

MATALAN

14 January 2019

Matalan results for the 13 weeks ended 24 November 2018

Matalan, a leading omni-channel fashion and homeware retailer of family value, announces its results for the 13 weeks ended 24 November 2018.

Financial highlights

13 weeks to 24 November 2018

- Total revenue increase of 4.9% (£308.3m vs. 2018 : £293.8m)
- Full price sales increase of 7.3%
- EBITDA of £40.0m (2018: £44.9m)
- Closing cash post FY18 refinancing of £91.2m (2018: £102.7m)

Peak trading for 5 weeks to 29 December 2018

- Total revenue increase of 4.0% (£148.0m vs. 2018: £142.3m)
- Sales growth in both channels; Stores +1.6%, Online +33.3%
- Resilient full price sales performance (decrease of -0.5%)
- Full year EBITDA range of £100m-£102m

Performance overview & Outlook

Commenting on performance Jason Hargreaves, Chief Executive Officer of Matalan, said:

“A strong third quarter and Christmas trading period demonstrates continued progress and market outperformance, against a very volatile and challenging backdrop. Full price sales growth of 7.3% in the third quarter has accelerated from the first half and is being driven through both our complementary store and online channels. Our investment programme is balanced and customer focussed, providing additional product choice, new and refurbished store space, and a further improved online journey. This is giving customers a better all round experience, and this all at the outstanding quality, design and value that we're famous for.

Our underlying profit performance remained robust, supported by strong sales growth, stock management and operational efficiency. Whilst the third quarter EBITDA stepped back £4m on last year, this was due to the biggest impact of our full year currency headwind falling in the quarter, at £16m.

In the run up to Christmas the market became increasingly distressed, and we benefited from a planned increase in our promotional sales mix. We also tactically used our database of 12 million active customers to target exclusive offers and discounts in further support of the trade plan. Growing sales over Christmas by 4%, including 33% growth online, without material dilution to our full price position is a testament to the strength and relevance of our offer. Savvy customers again proved that they will always seek out real value.

Although cautious for the year ahead in what we expect to be a very tough market, our approach is clearly working. As we move into the new year we are focused on our growth strategy, always putting the customer at the heart of what we do. The refurbishment of our existing store estate will continue as will the opening of several new stores. Alongside this we will further grow our online penetration and add even more product choice. As always, we remain rigorous in driving efficiency across the business and diligent in our execution. I would like to thank our colleagues for their hard work during a busy but successful festive period and I am confident that with their continued support we will maintain the current momentum.”

Ends

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About Matalan Retail Limited

Matalan, a leading out of town fashion and homeware retailer, operates through 228 stores in the UK, an e-commerce platform and 30 overseas franchise stores. Matalan Retail Limited was taken private in December 2006 by the acquisition of its parent company, Matalan Plc (now delisted and known as Matalan Limited), by Missouri Bidco Limited, subsequently renamed Matalan Finance Limited. Matalan Finance Limited has subsequently become a public limited company and is ultimately controlled by the Hargreaves family.