

MATALAN

12 October 2020

Matalan results for the 13 weeks ended 29 August 2020

Matalan, a leading omni-channel fashion and homeware retailer of family value, announces its results for the 13 weeks ended 29 August 2020.

Financial highlights

- Total revenue of £258.0m (2020: £292.0m) ¹
- Total revenue decline of 3.9% against the same 13 week period last year (2020: 268.4m) ²
- EBITDA post adoption of IFRS16 of £28.5m (2020: £42.8m) ³
- Restated EBITDA under IAS17 of £3.4m (2020: £16.3m)
- Strong closing cash of £162.3m (2020: £73.3m)

¹ Statutory comparative for the 13 weeks ended 29 August 2020 is the 14 weeks ended 31 August 2019

² Trading comparative restated to cover the 13 weeks ended 31 August 2019

³ EBITDA is reported before and after the adoption of IFRS 16-Leases, to also reflect performance under the previous accounting standard IAS17-Leases.

Performance overview

Commenting on performance Steve Johnson, Executive Chairman of Matalan, said:

“The remainder of our stores re-opened throughout June with the response from customers to our convenient, large and safe shopping environments continuing to be very positive. As a result, stores have traded well and, coupled with our online channel delivering strong growth, our underlying sales performance on a like-for-like basis was largely in line with last year.

A key focus for us during the summer was selling through the surplus seasonal stocks that we brought out of the lockdown period. We achieved our objective of exiting the season with a healthy terminal stock position, comparable with previous years, accepting this action had a heavy impact on profits during the quarter. The achievement of this important objective is a testament to the hard work of all of our colleagues in shaping and executing compelling events for our customers and positions us well to recover our full price sales mix in the Autumn/Winter period.

As previously announced, in June we successfully introduced additional liquidity into the business and reduced our cash paying debt service costs. The benefit of this exercise, in addition to the good stock clearance and sales performance, as well as the actions taken to manage working capital, capex and costs, are evident in a strong cash balance at the end of August. This healthy liquidity position provides the business with headroom to normalise its working capital position as we enter what will be another volatile and challenging trading period.

The recent resurgence in Covid-19 and reinstatement of Government restrictions will without doubt create further pressure on the economy and consumer behaviour in the coming months. As a result, we will remain cautious as we trade through the Autumn/Winter season, although confident that Matalan has demonstrated its robustness since trading in stores resumed and that we have taken all appropriate actions to protect our business, colleagues and customers. Whilst much of our focus is necessarily on the near term trading environment, there remain many opportunities to develop the business by further enhancing customer choice and experience alongside continuously improving our own efficiency and agility. As always, we intend to vigorously pursue these opportunities.”

Ends

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About Matalan

Matalan, a leading out of town fashion and homeware retailer, serves its customers through 231 stores in the UK, an e-commerce platform and 37 overseas franchise stores. The ultimate parent company of Matalan is Missouri Topco Limited, with the group being ultimately controlled by the Hargreaves family.