

next

July 2013



Income Statement

next

£m	July 2013	July 2012*		Full Price
Revenue	<u>1,677</u>	<u>1,640</u>	+ 2.2%	+ 3.9%
Operating profit	285	266	+ 7.2%	
Interest	<u>(13)</u>	<u>(15)</u>		
Profit before tax	272	251		
Taxation	<u>(55)</u>	<u>(60)</u>		
Profit after tax	<u>217</u>	<u>191</u>	+ 14%	
EPS	142.1p	118.5p	+ 20%	
Dividend per share	36.0p	31.0p	+ 16%	

* July 2012 profits and EPS exclude a £5m exceptional pension charge

Cash Flow

next

£m	July 2013	July 2012
Profit before tax	272	251 (underlying)
Depreciation / disposals	61	63
Capital expenditure	(53)	(38)
Working capital / other	(13)	1
Tax paid	(75)	(72)
ESOT maintenance	(22)	(20)
ESOT cover increase	(41)	(17)
Share buybacks	(170)	(112)
Net cash flow	<u>(41)</u>	<u>56</u>

Cash Flow

next

£m	July 2013	July 2012
Profit before tax (underlying)	272	251 (underlying)
Depreciation / disposals	61	63
Capital expenditure	(53)	(38)

Full Year

Jan 2014(e)
£120m

Jan 2013
£82m

- Warehouse & other
- Refurbishments
- New & extended

£24m

£15m

£81m

£21m

£10m

£51m

Balance Sheet

next

£m	July 2013	July 2012
Fixed assets	536	564
Goodwill and intangibles	45	45
Stock	372	388
Debtors	716	674
Creditors	(847)	(842)
Pension surplus	68	41
Dividends	(111)	(100)
Buyback / ESOT commitment	(48)	(96)
Net debt	(533)	(519)
Net assets	<u>198</u>	<u>155</u>

Balance Sheet

next

£m	July 2013	July 2012	
Fixed assets	536	564	- 5%
Goodwill and intangibles	45	45	
Stock	372	388	- 4%
Debtors	716	674	+ 6%

Directory Debtors

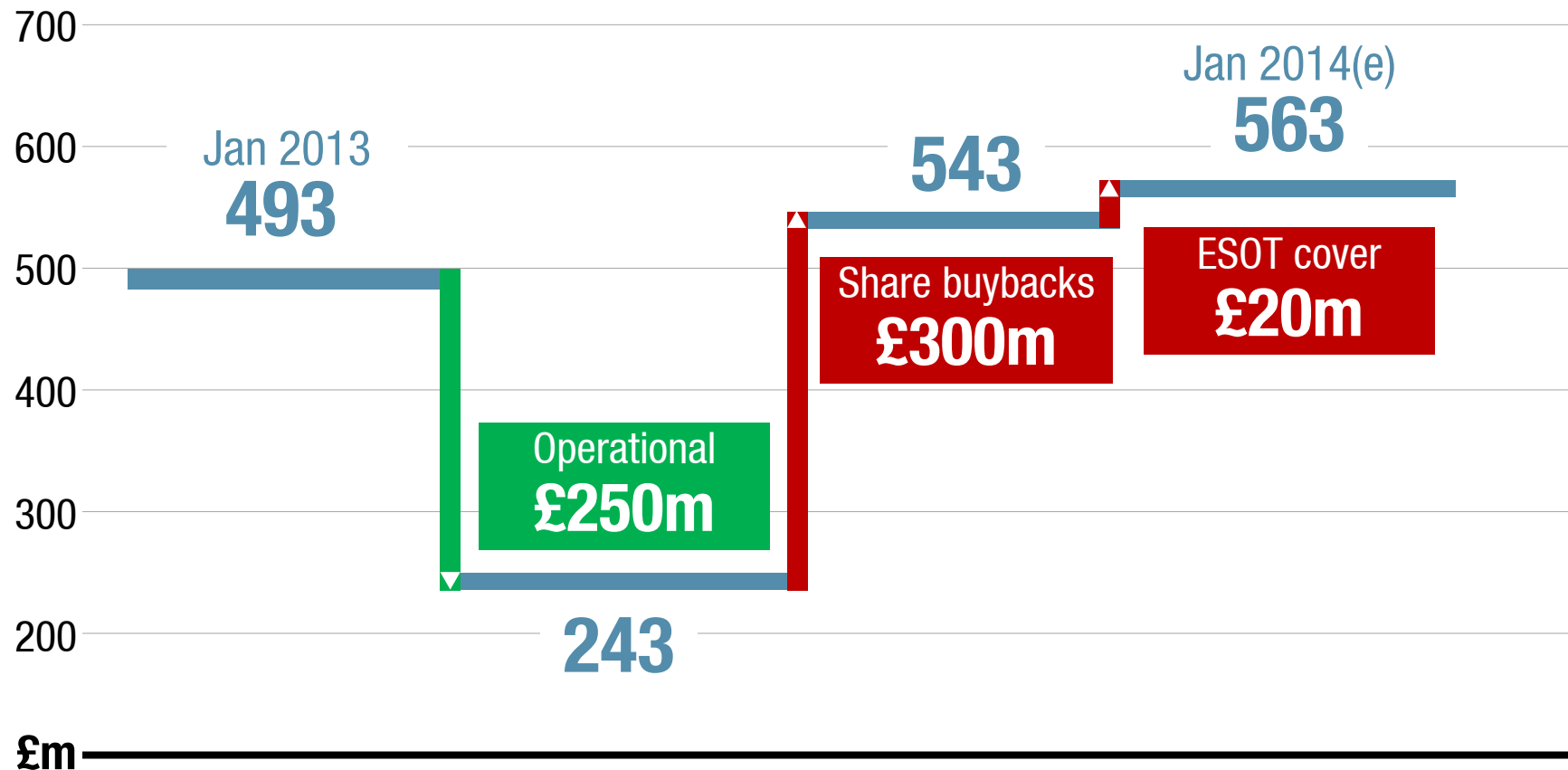


Annual Credit Sales Increase



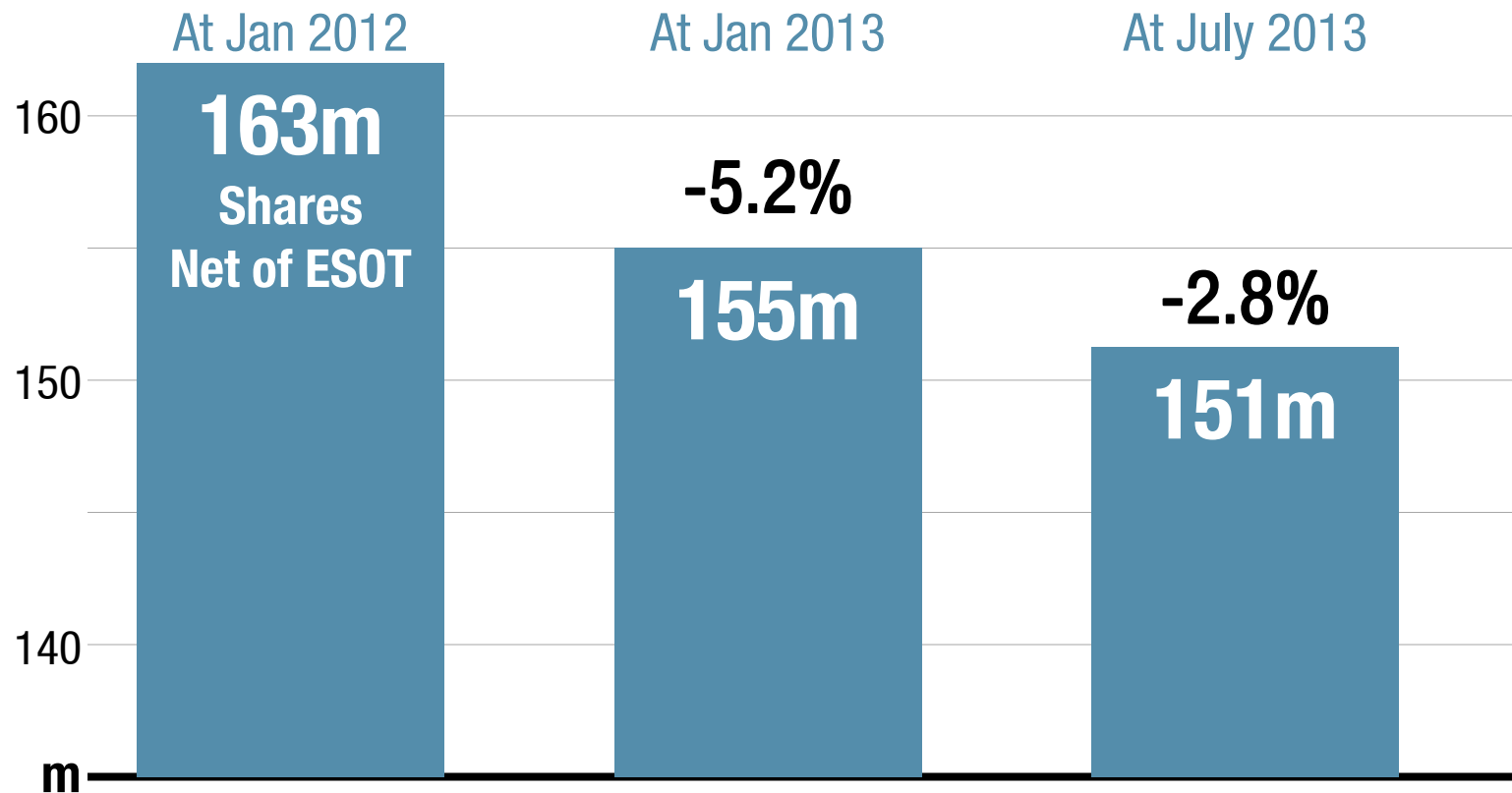
Full Year Debt, Cash Flow and Buybacks

next



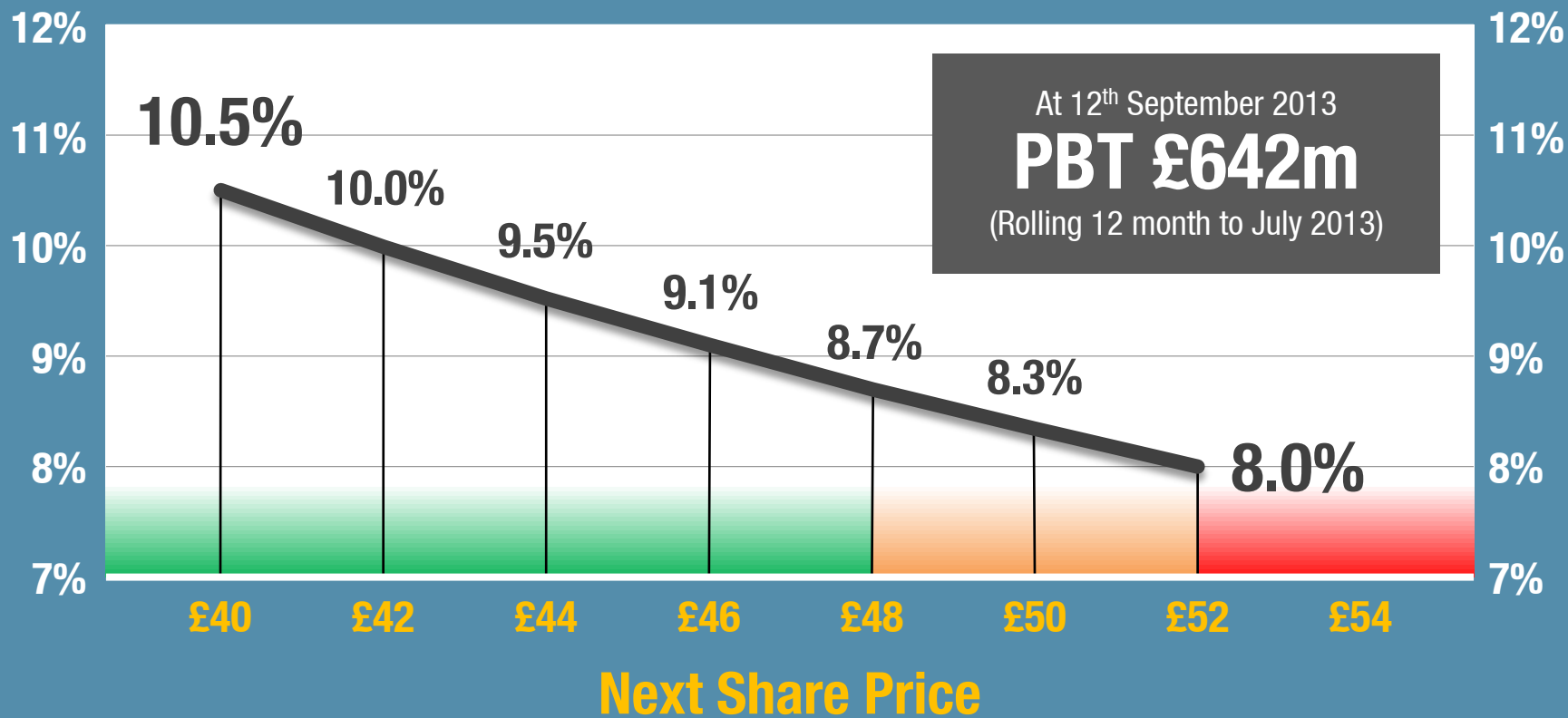
Shares in Issue

next



Equivalent Rate of Return (ERR)

next



West Bromwich

Retail





Retail : Sales Analysis

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£m	July 2013	July 2012	Total	Full Price	Markdown
Revenue (statutory sales)	1,000.6	1,009.9	- 0.9%	+ 0.6%	- 13.5%
Operating profit	124.3	122.7			

Sales from new space

Average net space growth (sq. ft.)	4.2%
Sales growth from net space	2.7%
Return on space	64%

Lower
stock
for Sale

-19%



Retail : Profit Analysis

next

£m	July 2013	July 2012	Total	Full Price	Markdown
Revenue (statutory sales)	1,000.6	1,009.9	- 0.9%	+ 0.6%	- 13.5%
Operating profit	124.3	122.7	+ 1.3%		
% to revenue	12.4%	12.2%			

Margin Movement

Bought-in gross margin	- 0.1%
Markdowns	+ 1.0%
Freight and fabric	+ 0.5%
Achieved gross margin	<u>+ 1.4%</u>

Retail : Profit Analysis

next

£m	July 2013	July 2012	Total	Full Price	Markdown
Revenue (statutory sales)	1,000.6	1,009.9	- 0.9%	+ 0.6%	- 13.5%
Operating profit	124.3	122.7	+ 1.3%		
% to revenue	12.4%	12.2%			

Margin Movement

Achieved gross margin	+ 1.4%
Store payroll	+ 0.1%
Store occupancy	- 0.8%
Warehouse and distribution	- 0.2%
Other overheads	- 0.3%
Margin movement	<u>+ 0.2%</u>

Directory

A high-angle, over-the-shoulder shot of a person with curly hair, wearing a grey business suit and black heels, sitting on concrete steps. They are holding a tablet computer that displays a grid of clothing items, likely a fashion or retail directory. The background consists of the grey concrete steps and a light-colored tiled floor.



Directory : Sales Analysis

next

£m	July 2013	July 2012	Total	Full Price	Markdown
Revenue (statutory sales)	597.6	551.7	+ 8.3%	+ 10.0%	- 9.0%
Operating profit	156.1	137.7			

Sales analysis

UK full price	+ 5.3%
UK Clearance Tab	+ 0.9%
International online	+ 2.9%
UK markdown	- 0.8%
Sales growth	<u>+ 8.3%</u>

Contribution to growth

Lower
stock
for Sale

-17%





Directory : Sales Analysis

next

£m	July 2013	July 2012	
Revenue (statutory sales)	597.6	551.7	+ 8.3%
Operating profit	156.1	137.7	

Sales drivers

			Contribution to customer growth
UK credit	2,778	2,647	+ 4.0%
UK cash	620	449	+ 5.3%
International	223	133	+ 2.8%
Active customers (000's)	<u>3,621</u>	<u>3,229</u>	<u>+ 12.1%</u>



Directory : Profit Analysis

next

£m	July 2013	July 2012	
Revenue (statutory sales)	597.6	551.7	+ 8.3%
Operating profit	156.1	137.7	+ 13.4%
% to revenue	26.1%	25.0%	

Margin movement

Bought-in gross margin	- 0.1%
Markdown	+ 2.0%
Freight & fabric	+ 0.3%
Achieved gross margin	<u>+ 2.2%</u>



Directory : Profit Analysis

next

£m	July 2013	July 2012	
Revenue (statutory sales)	597.6	551.7	+ 8.3%
Operating profit	156.1	137.7	+ 13.4%
% to revenue	26.1%	25.0%	

Margin movement

Achieved gross margin	+ 2.2%
Catalogue production	+ 0.4%
Marketing	- 0.4%
Bad debt & service charge	+ 0.1%
Warehouse & distribution	- 1.2%
Margin movement	<u>+ 1.1%</u>

Focus for the year ahead

next

Economic outlook

Retail space

Online



Economic outlook



Employment 2010 - 2013

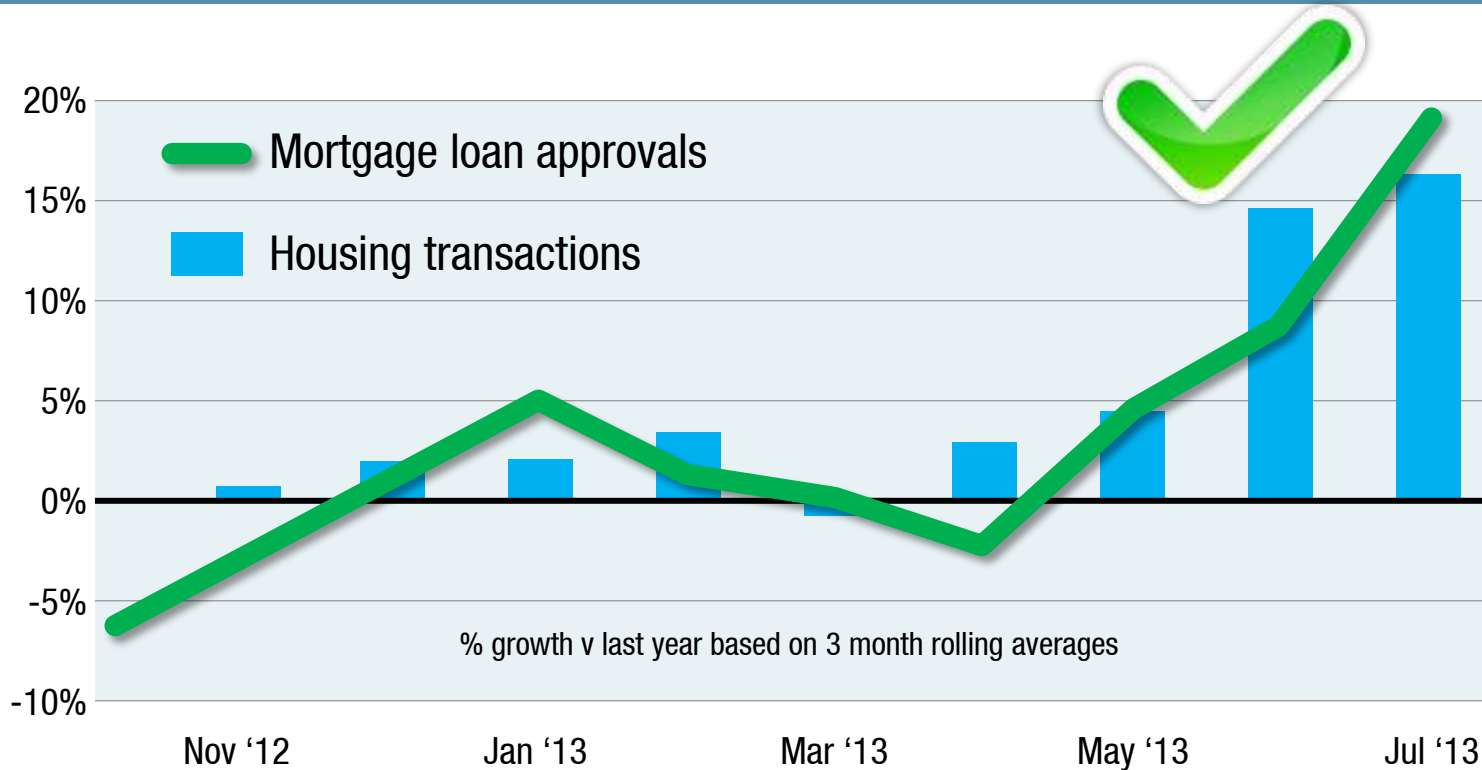
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Source: ONS, Sept'13

Housing

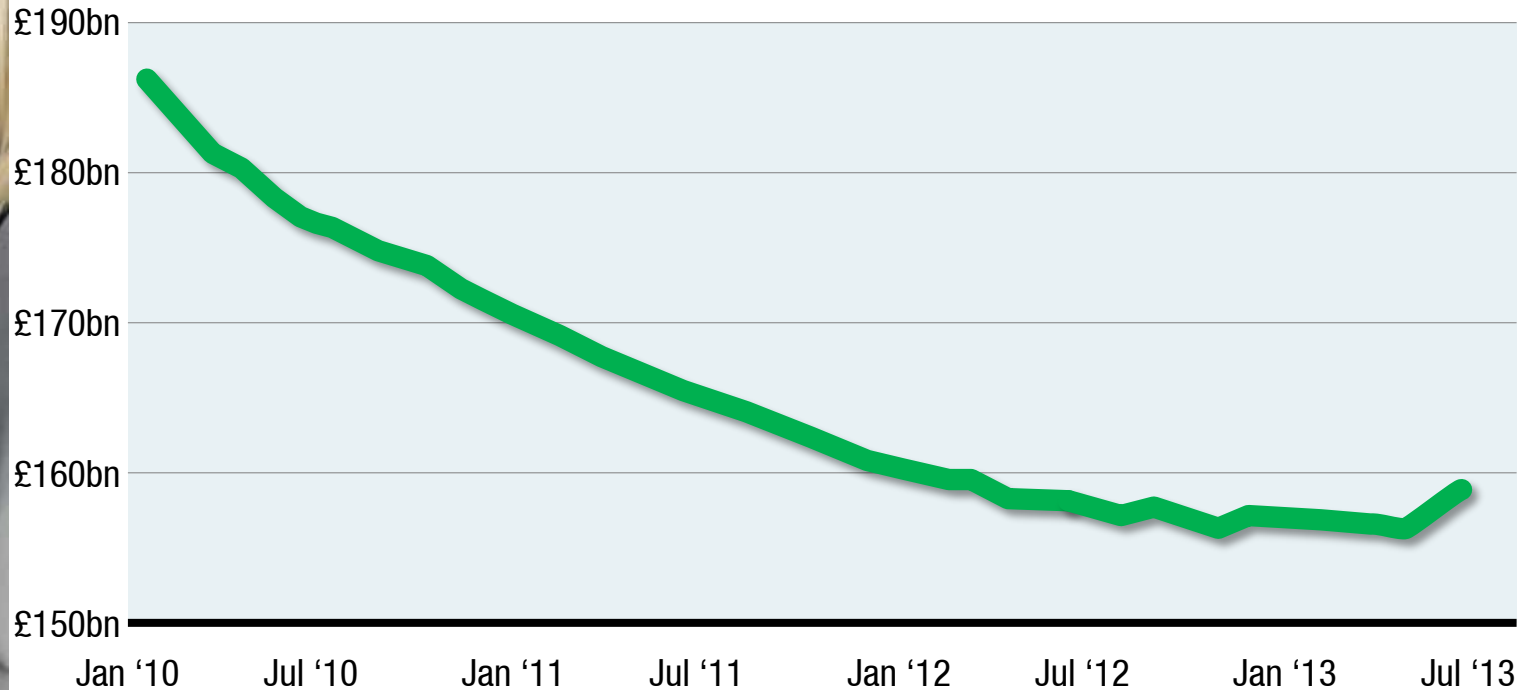
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Source: HM Treasury Databank, Aug '13

Unsecured credit balances 2010 - 2013

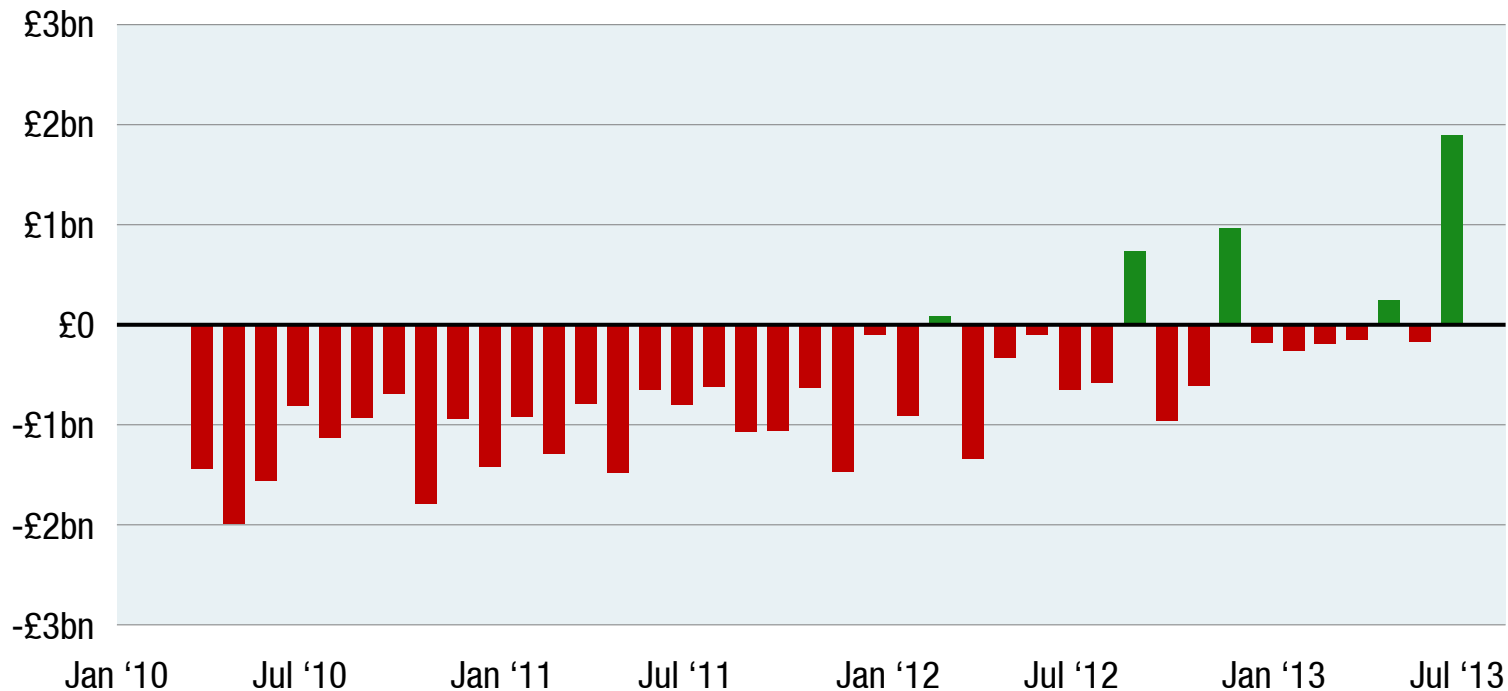
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Source: BOE, Aug '13

Movement in unsecured credit 2010 - 2013

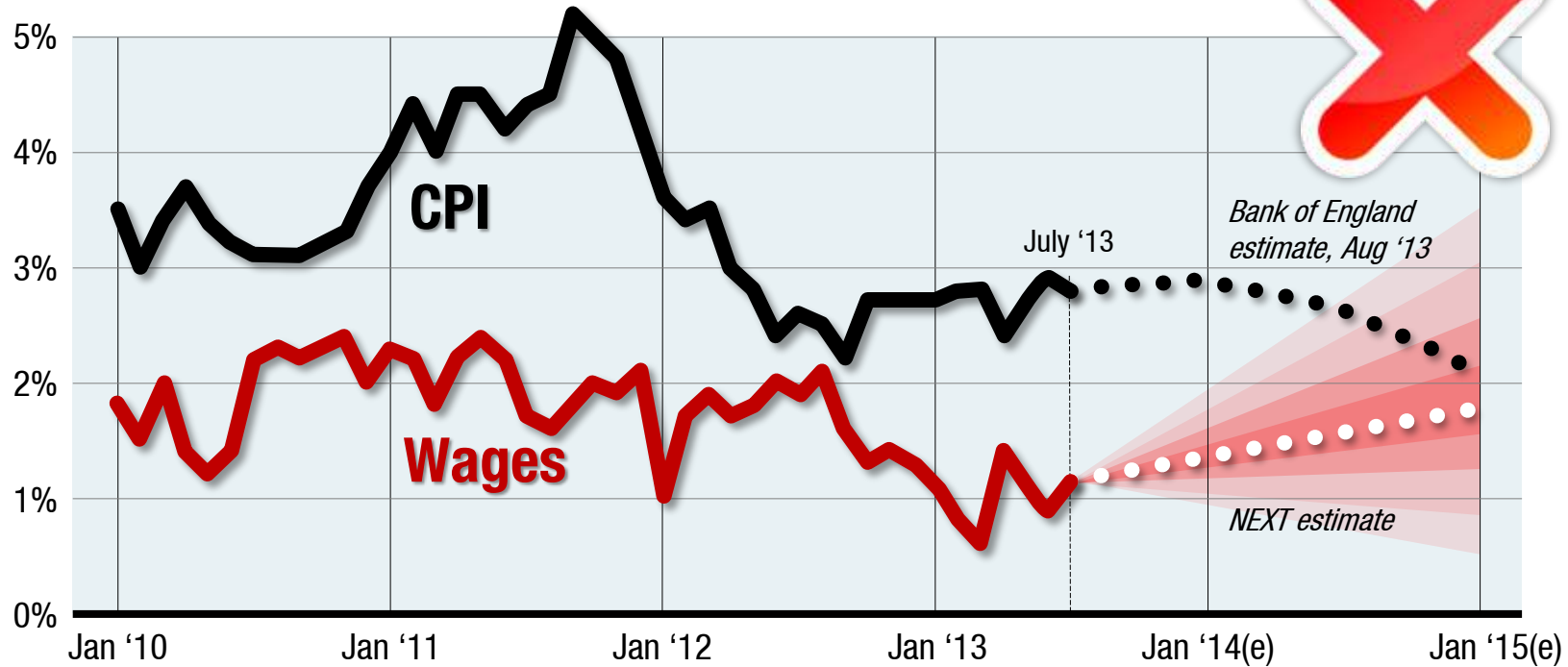
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Source: BOE, Aug '13

Inflation 2010 - 2013

next



Source: ONS, Sept '13

Outlook remains subdued

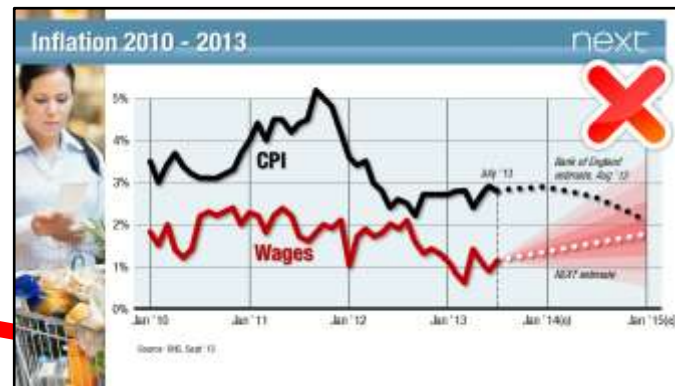


Reducing economic pressure...

with risks

- Housing bubble
- Credit sustainability

Spending drag persists



2013/14 Brand sales ranges

next

Estimate				Actual
1 st half	+ 1%	to	+ 4%	+ 2.3%
2 nd half	+ 1%	to	+ 4%	
Full year	+ 1.5%	to	+ 3.5%	

Retail space

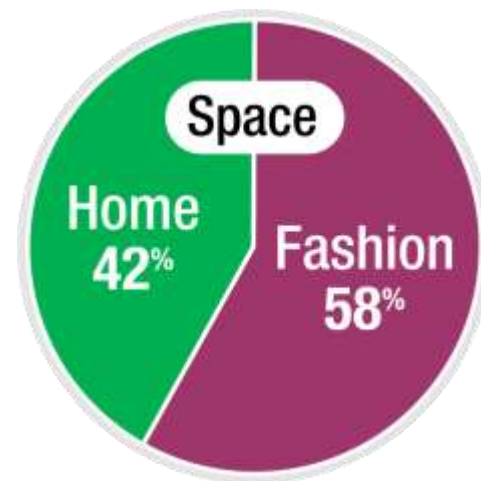


Retail space

next

	Stores	Sq. Ft.
July 2012	536	6.6m
Jan 2013	540	6.7m
New	6	110k
Re-sites & extensions (7)	-	70k
Closed	(5)	(40k)

July 2013	541	6.8m	+ 4.7%
Jan 2014(e)	543	7.0m	+ 4.4%



+ 300k sq. ft.

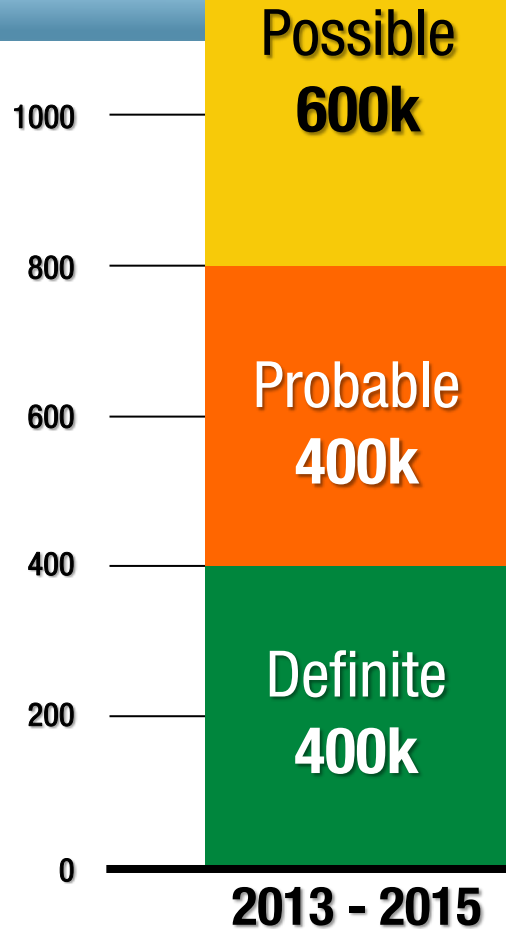
New store performance*

	Sales v target	Payback (months)	Store profit %	Company avg. store profit %
Fashion	+ 9%	18	23%	23%
Home stores	+ 6%	24	19%	18%
Total	+ 9%	19	22%	22%

* Forecast for stores opened in the last 12 months

Pipeline sq. ft. 2013 - 2015

next



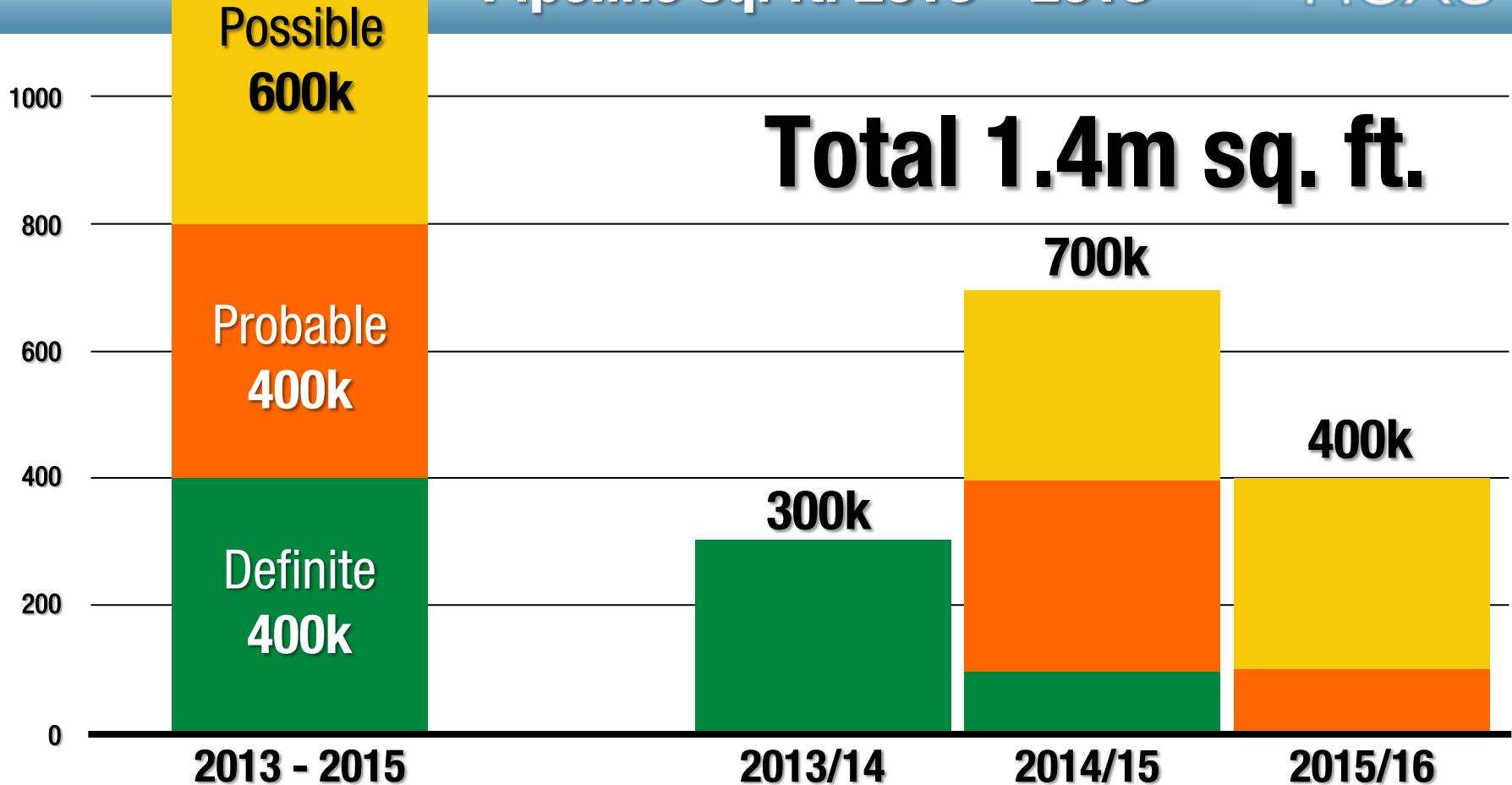
2013/14

2014/15

2015/16

Pipeline sq. ft. 2013 - 2015

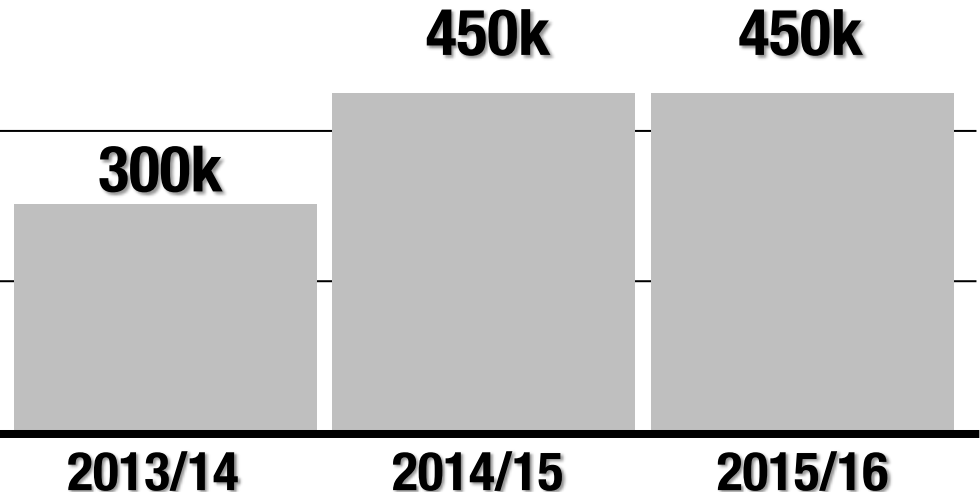
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1000
800
600
400
200
0



Current Guidance 1.2m sq. ft.



Before

Camberley



Camberley



Large fashion/home stores

next



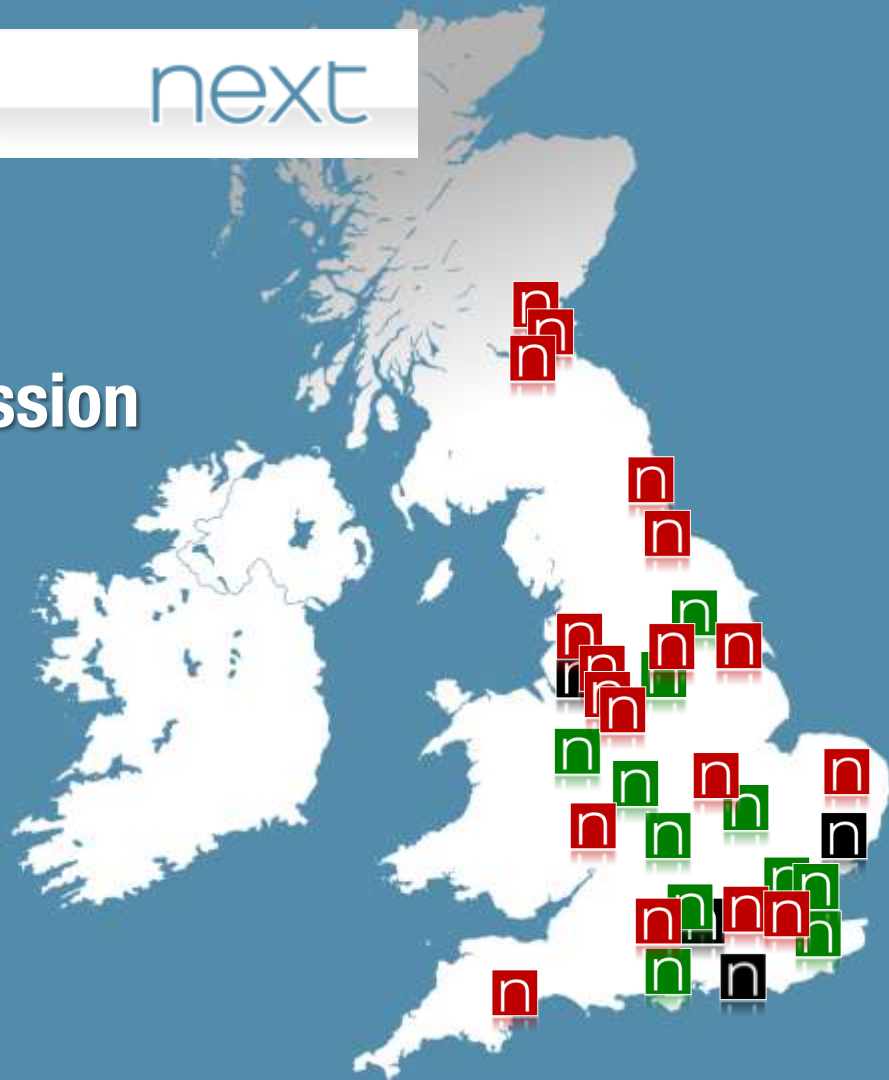
4 now open



11 with planning permission



18 under negotiation



Planning approach

next

- Public exhibitions
- Facebook campaigns
- Involving schools
- Engaging with councillors
- Directory customers



**What about
town centres?**





Camberley new
£21m(e)
Sales

Camberley Town Centre	£2m
-15%	-£0.3m

Farnborough Retail Park	£5m
Closed	

Leeds Trinity



Transformation

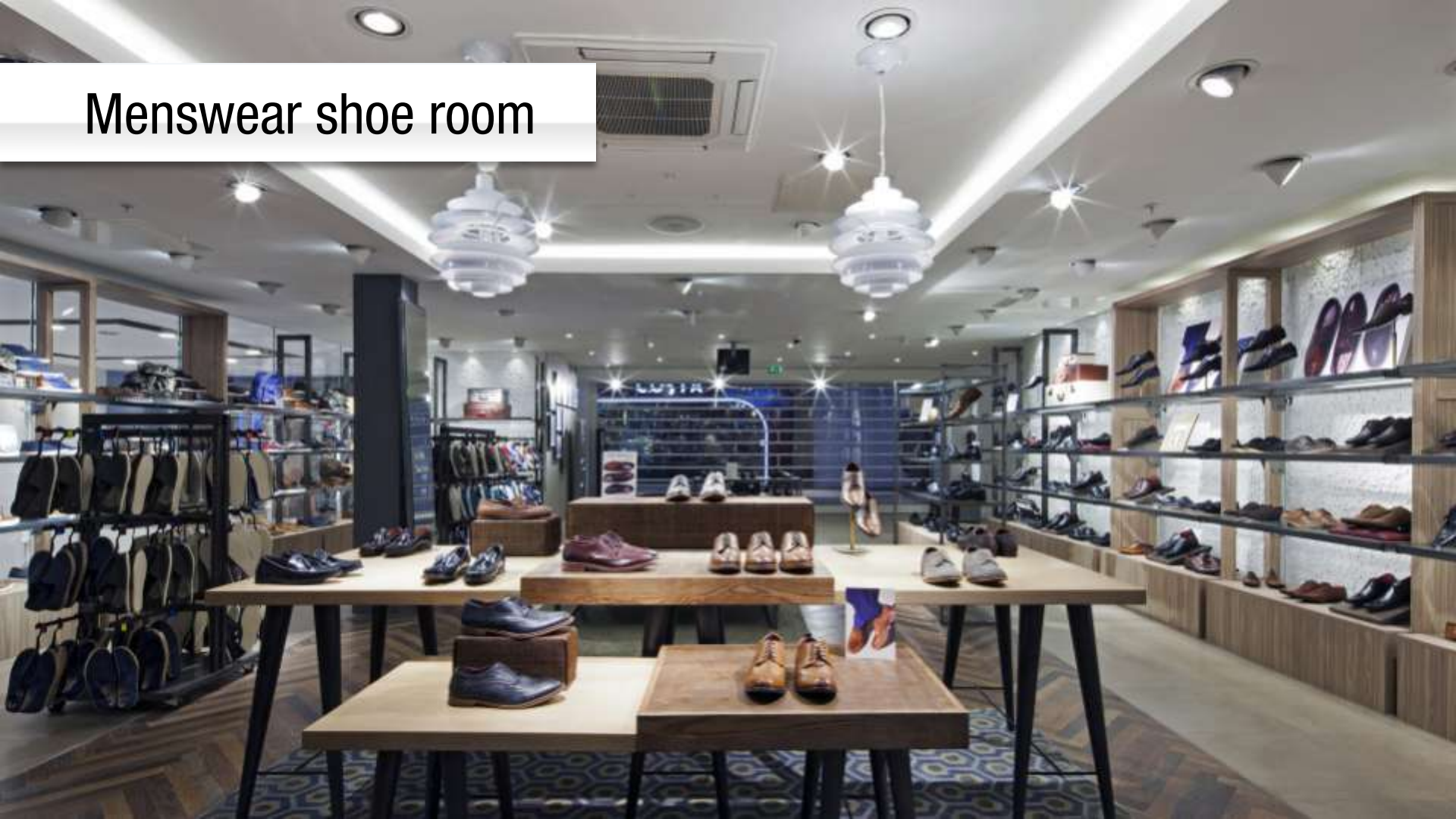
Childrenswear



Menswear



Menswear shoe room



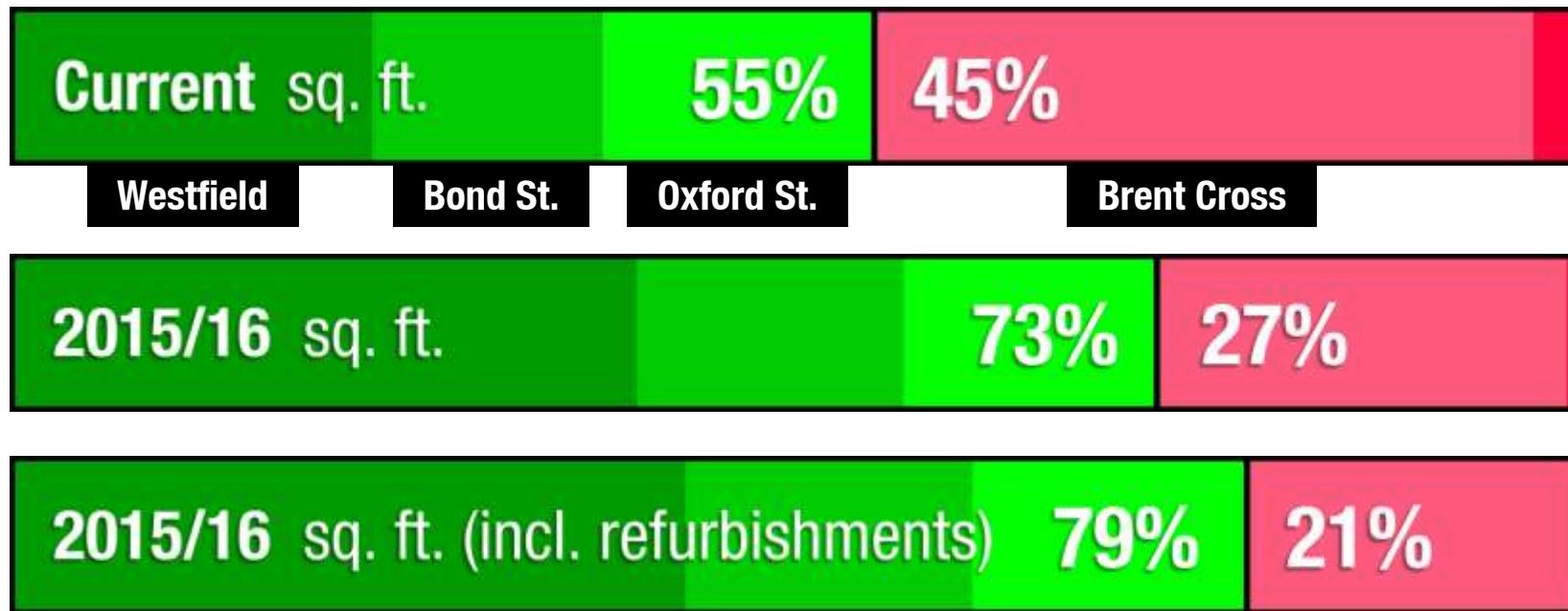
Natural light



Shop-fit quality

next

■ Excellent ■ Very good ■ Good ■ Room for improvement ■ Poor



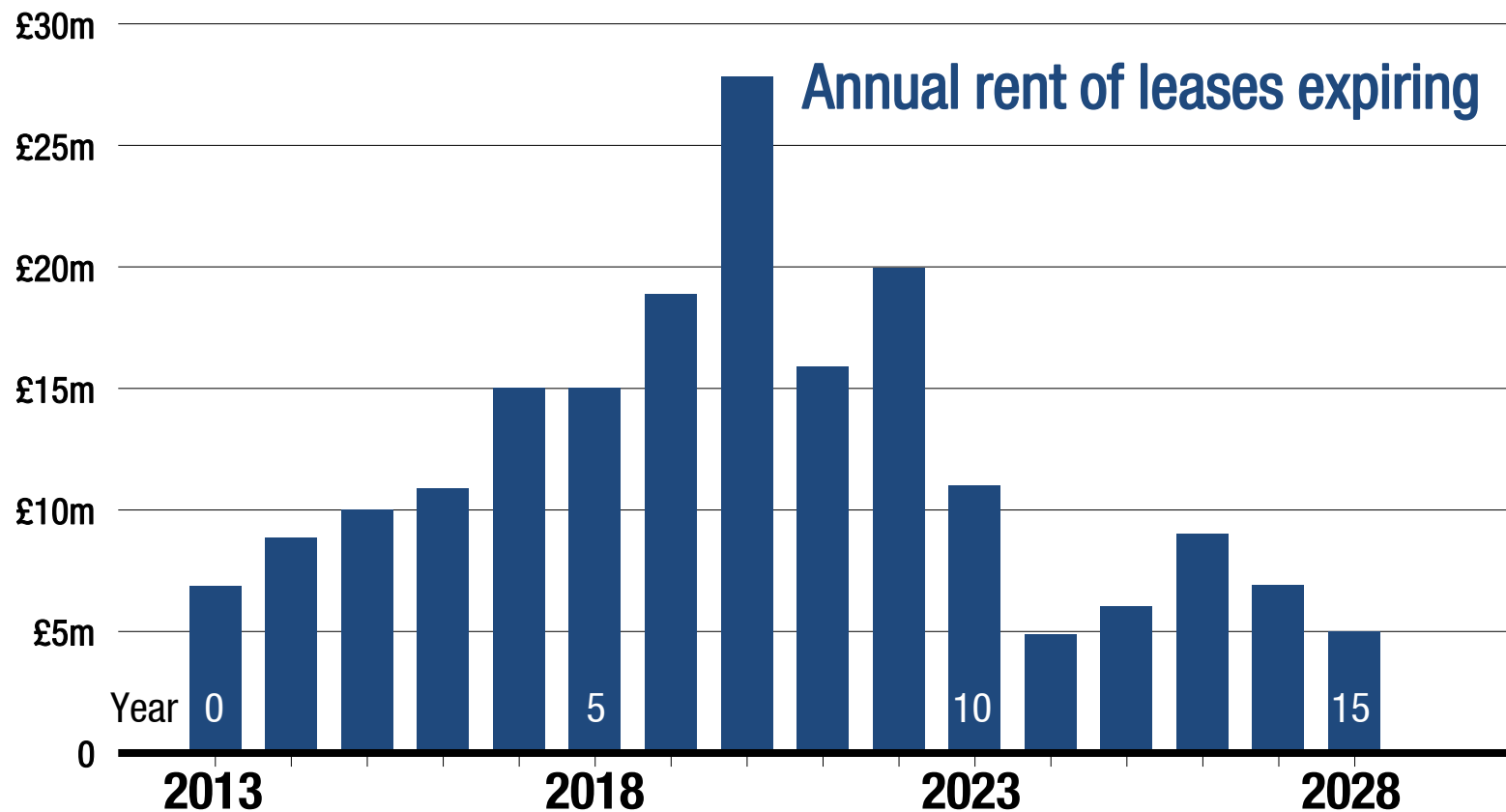
A risk?

Profitability of space

Availability of space

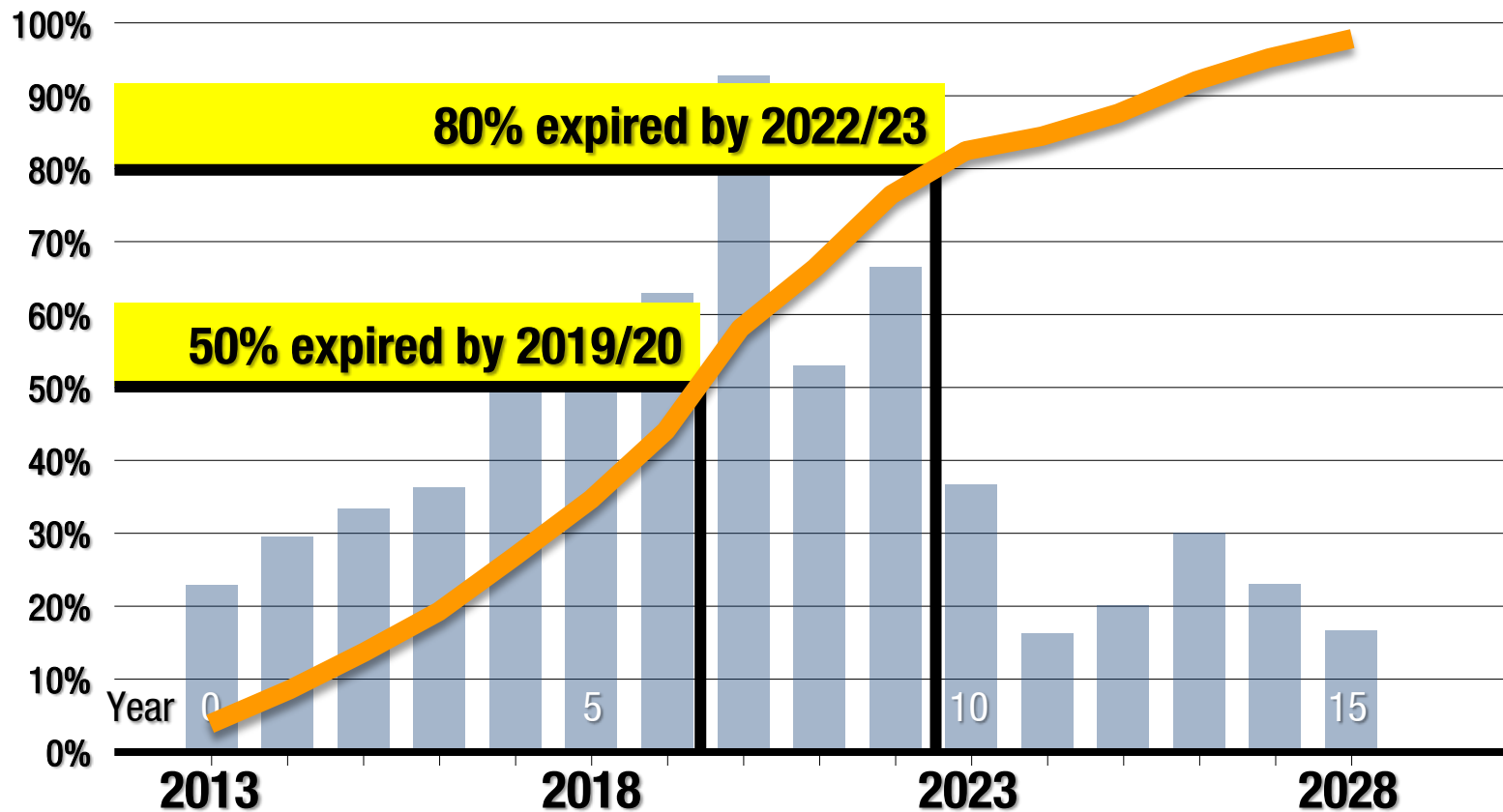
Servicing online

Better lease terms



Cumulative rental expiry

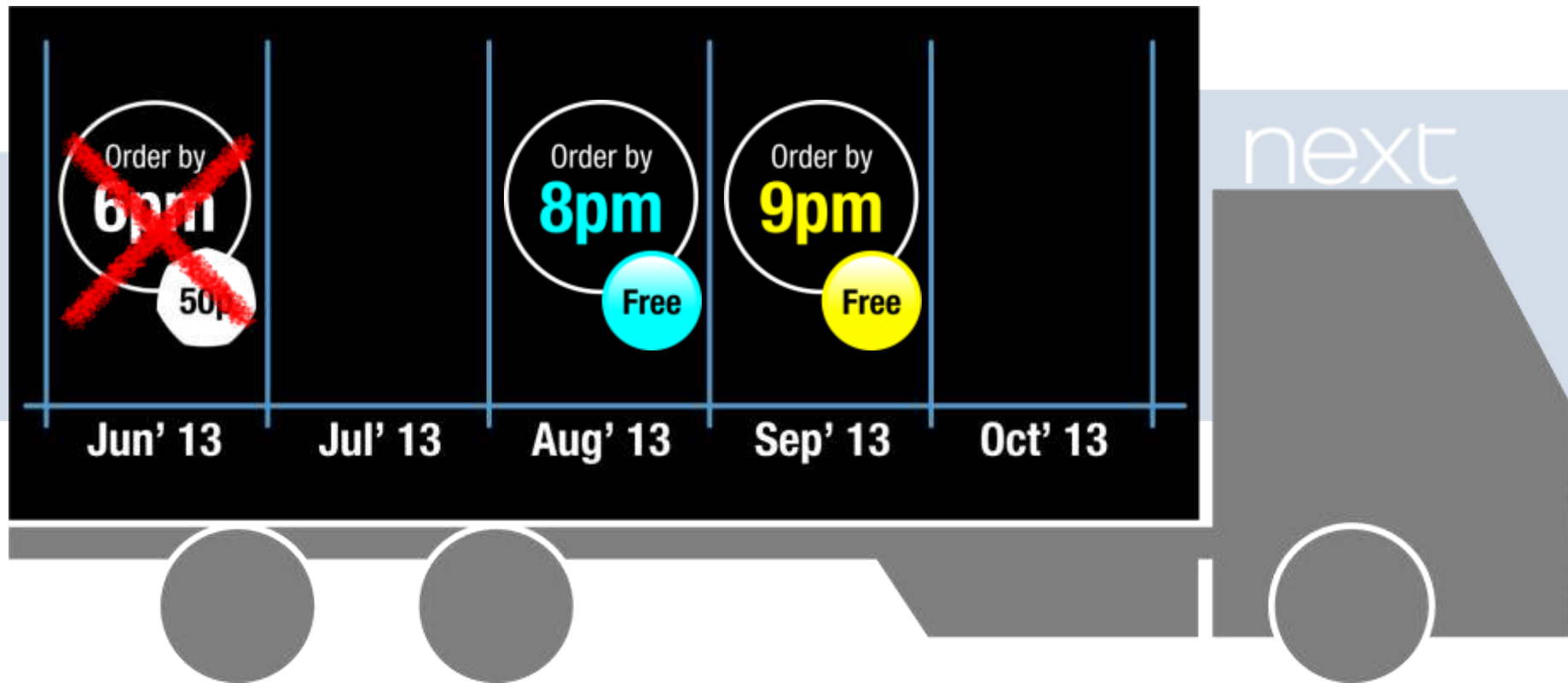
next



Online



Directory orders next day to store



Directory orders next day to store

Last year



Current



next

Publication changes

next



Publication changes

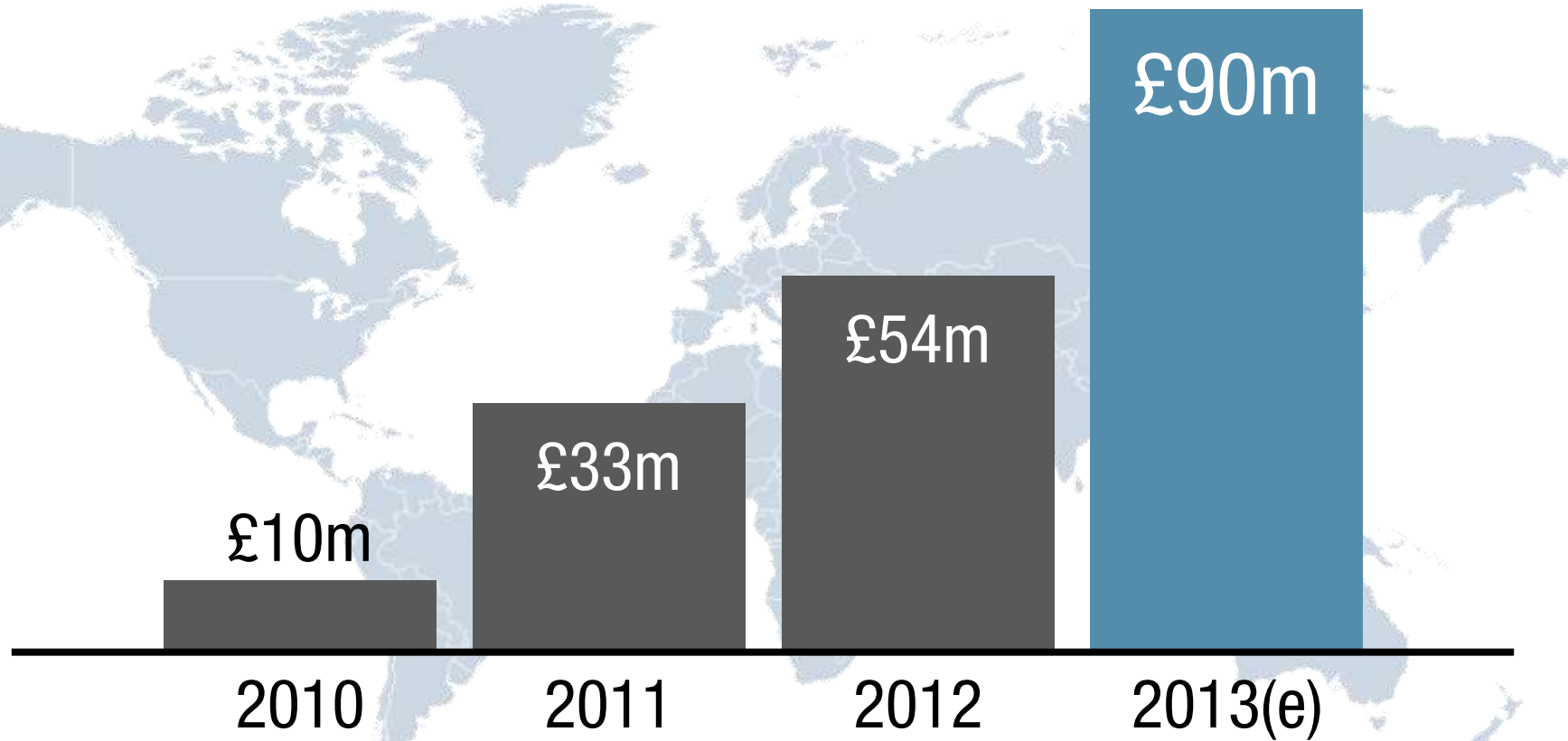
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Publication changes

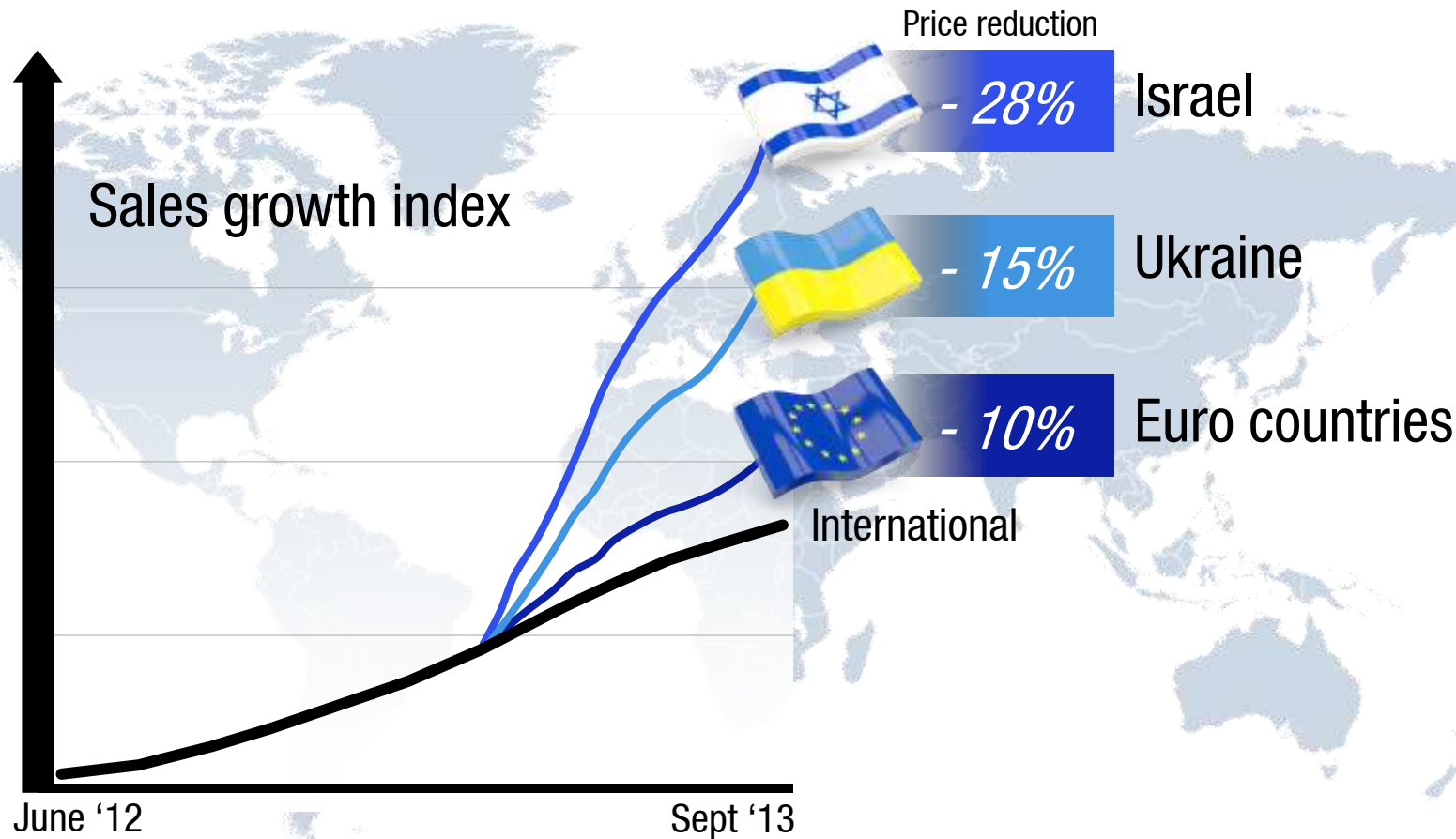
next





Impact of price reductions

next



Price reductions

next

Now in 17 territories



Profitability remains greater than 20%



Outlook for full year sales and profit

Profit guidance 2013/14

next

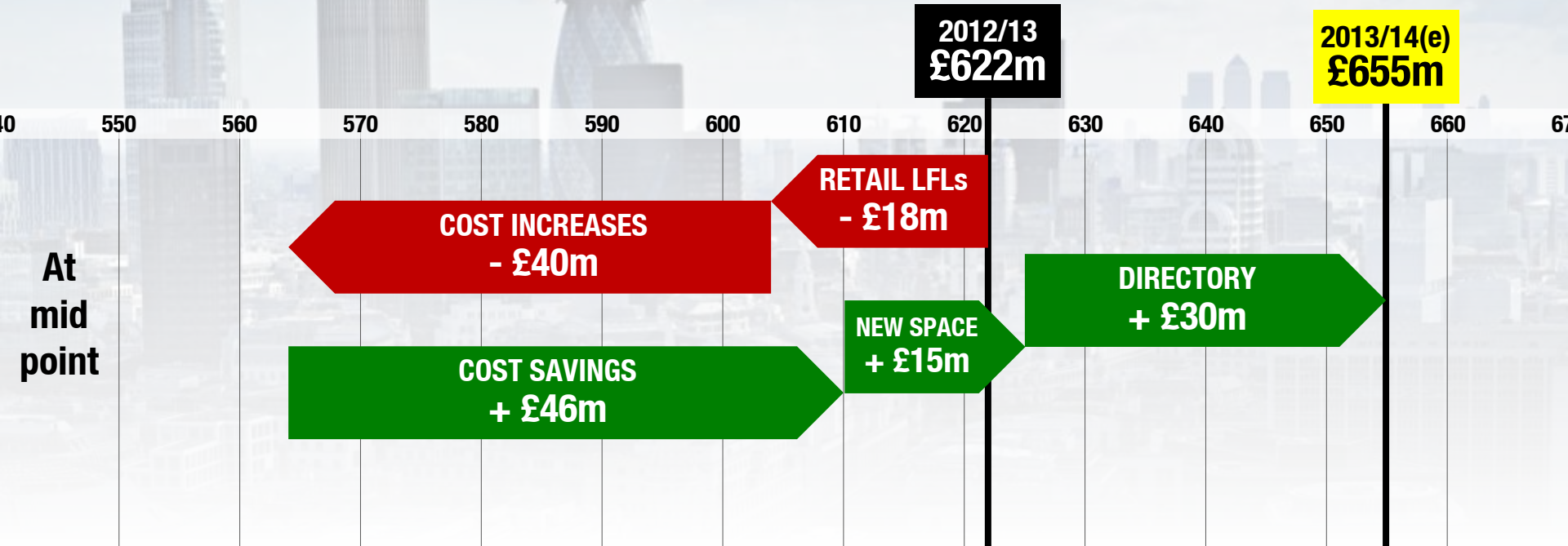
If...

Full Year Brand Sales

+ 1.5%

to

+ 3.5%



Outlook for 2013/14 - estimate

next

If...

Full Year Brand Sales

+ 1.5%

to

+ 3.5%

Then...

Profit before tax

£635m

to

£675m

Variance to last year

+ 2.2%

to

+ 8.6%

Buyback enhancement ~ 5%+

Growth in EPS

+ 7%

to

+ 14%

Dividend yield ~ 2.3%

TSR underlying (at constant PE ratio)

+ 9%

to

+ 16%

Outlook for 2013/14 - estimate

next

If...

Full Year Brand Sales

+ 1.5%

to

+ 3.5%

Then...

Profit before tax

£635m

to

£675m

Variance to last year

+ 2.2%

to

+ 8.6%

Buyback enhancement ~ 5%+

Growth in EPS (Including tax enhancement)

+ 12%

to

+ 19%

Dividend yield ~ 2.3%

TSR (Including tax enhancement)

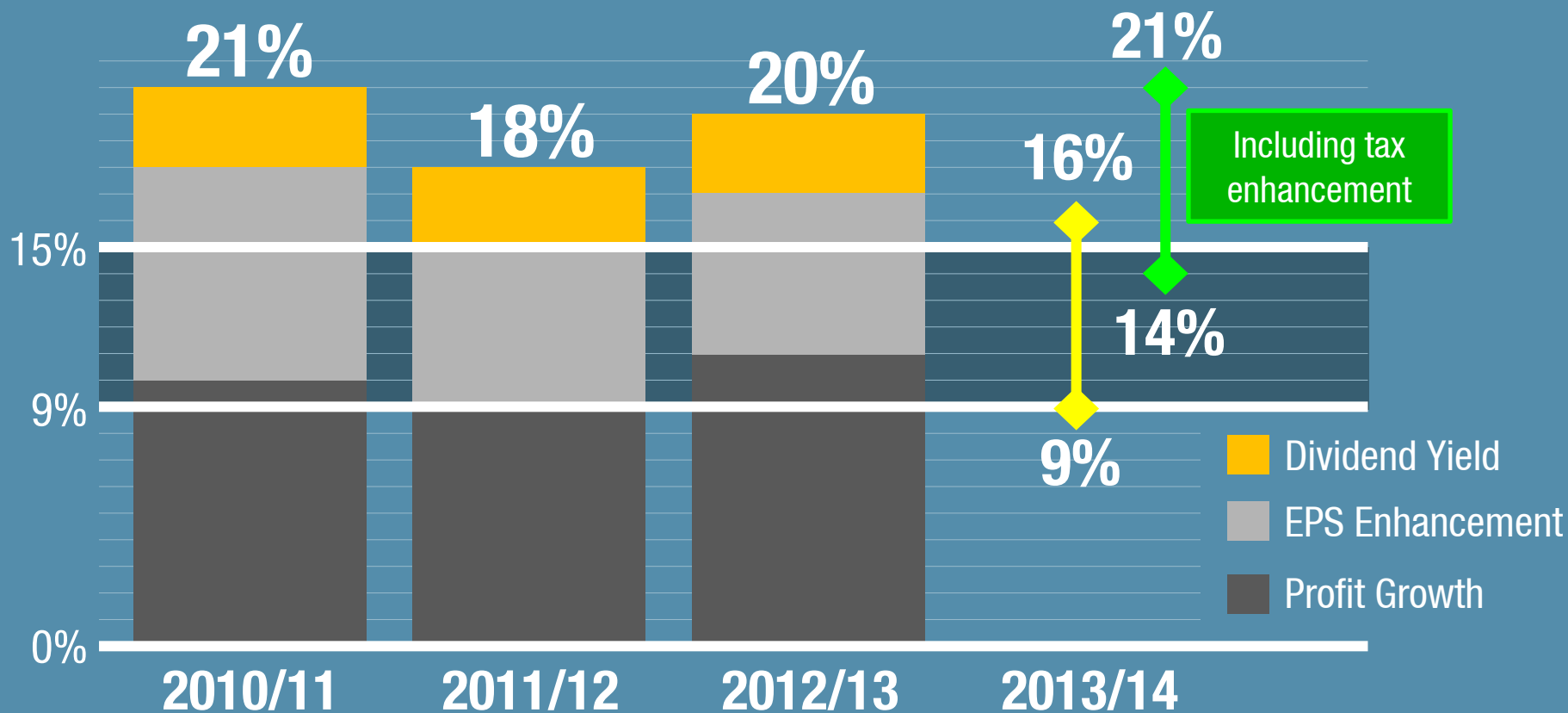
+ 14%

to

+ 21%

Long term TSR Assuming dividend at 2% and constant PE ratio

next



next

July 2013

