MOSS BROS.

GROUP PLC

TRADING UPDATE

Moss Bros Group PLC ("the Group"), the 'first choice for men's tailoring' today issues the following Trading Update for the 52-week period from 28 January 2018 to 26 January 2019.

Following a review of projections for the year ending 26 January 2019, the Board now anticipates that the Group will deliver profit at a level materially lower than current market expectations.

The Group does not anticipate any change to the previously announced expectations for the results for the 52-week period ending 27 January 2018, which will be announced on 27 March 2018 as planned.

The change in current expectations reflects the following main drivers:

- Following the consolidation of the Group's supplier base in response to Sterling weakness, there have been material short-term issues with the resulting availability of stock. This stock shortfall across all categories has had a negative effect on sales in all retail channels and will continue to do so until late Spring.
- Hire sales continue to be challenging, although the peak trading period for Hire is still to come. As such the Group has remained prudent in its outlook.
- The reduction in store footfall that was experienced towards the latter part of December, has continued, reflecting a more cautious consumer environment.

Whilst Moss Bros now anticipates lower full year sales as a result of the above issues, it is important that we continue to increase our investment in key areas of future growth, most notably our Ecommerce business, our product development, the customer experience and our Tailor Me proposition, which remains on plan. Our offer is strong, we continue to achieve traction from our investments in the business and we are confident that the business will return to strong growth.

Dividend Policy

As a consequence of this revised view on FY18/19 results, the Board has reviewed its approach to dividend. The Group has a strong balance sheet but, given the more challenging trading environment, the Board is taking a prudent approach to capital management and has decided to modify the existing dividend policy to ensure that we are able to fully cover our future dividends with profits in FY20/21 and onwards. The Board will therefore be recommending a final dividend of 1.97p, meaning a total FY dividend of 4p per share for FY17/18 (5.89p FY16/17).

Commenting on the outlook, Brian Brick, Chief Executive Officer, said:

"The beginning of the year has been hampered by short term stock delivery issues caused by the consolidation of our supplier base. The resulting stock shortage has undoubtedly driven a significant shortfall in sales, which will continue until late Spring. Although this has been a painful experience, I am confident that the availability issues are well on track to being resolved and the margin benefits from the consolidation will flow through.

This stock shortage, has led to a disappointing start to the year and whilst we are still at a very early stage of our new financial year, the more cautious consumer environment and the effect of short term weather impacts, has led to a readjustment of our profit expectations, to protect the Group's longer term investments.

In common with many UK retailers, the year ahead looks like being a very challenging one and we have taken action early to be sure we protect the underlying strength of the business. We do believe continued investment is essential to ensure we retain a sustainable point of differentiation and that we leverage our distinct position on the high street."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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