MOSS BROS GROUP PLC

TRADING UPDATE

Moss Bros Group PLC ("the Group") today issues the following Trading Update for the 24 week period from 28 July 2019 to 11 January 2020 ("the Period").

As set out at the time of our Interim Results, the Group has identified a clear and comprehensive strategy which seeks to transform the way in which it operates in its marketplace, elevating the brand in the eyes of its customers and investing in key strategic levers in order to drive long-term performance. Despite the well-documented challenging retail marketplace, the Group has made good progress overall, underpinned by a strong balance sheet and flexible store portfolio.

A key focus in the Period has been on delivering full price sales with less old season stock to clear. This has been successful and has resulted in improved retail gross margin rates throughout the Period. Like-for-like sales for the Period have been broadly in line with the Board's expectations against a backdrop of ongoing weak consumer confidence. The Group expects to report a full year adjusted loss before tax (pre-IFRS16) of approximately -£1m.

- As planned and in line with the strategic aim of elevating the brand, retail trading gross margins for the Period grew by c.300 basis points vs last year, as a result of a reduction in the level of clearance activity throughout the half, lower levels of promotional discounts and improved sourcing prices. We anticipate that the value of retail gross profit for the full year will be delivered at or above last year.
- Total sales for the Period were -3.0% below last year and -3.2% on a like for like basis.
- Total retail sales, including E-commerce and wholesale, comprised over 92% of Group revenue during the Period and were -1.6% lower than last year and -1.8% lower on a like for like basis.
- Online sales from our own website and other online marketplaces for the Period were down -0.4% on last year. Online comprised 17.0% of Group revenue during the Period, up from 16.6% last year.
- Tailor Me order numbers grew by 55% across the Period versus last year.
- Hire sales, which account for just under 8% of Group revenue in the Period, were -17.7% lower on a like for like basis. We continue to make progress in respect of newer hire services which may be offered to address the challenges facing our Hire business and expect to be able to update on this in the first half of FY20/21.
- Store portfolio continued to be actively managed and optimised. One new store opened during the year to date, two stores were relocated and two stores closed. The total estate is now 128 stores. We maintain flexibility in our store portfolio, with the average remaining lease length to either the next break or expiry being 28 months.
- The Group maintained a healthy cash balance across the year and expects to end FY19/20 debt free, with increased cash of c.£12.0m (£10.9m as at 26 January 2019).

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

"As I noted at the time of our Interim Results in September, we are gaining traction across a number of strategic levers which are aligned with our longer-term strategic goals.

We have seen more intensive discounting from our competitors and a materially lower level of footfall across the high streets and shopping centres of the UK. Despite this, we have resisted discounting pressures, facilitated by our careful buying plans which have meant that we are holding lower levels of terminal stock to clear. This has been particularly evident in our High Street stores where we were able to focus on delivering our core purpose of styling individuals for on form moments.

We continue to deliver against our brand elevating customer value proposition of offering our customers the chance to "Make It Yours", whether they wish to hire, buy or customise their outfit using our Tailor Me service, which goes from strength to strength.

Despite the delivery of progress against our strategic levers, we anticipate the year ahead will continue to be challenging until we see an improvement in consumer confidence and a stabilisation in footfall across UK shopping destinations combined with a re-alignment of occupancy costs to properly balance the costs and rewards of doing business in physical retail stores.

We remain debt free, with a strong balance sheet, and are confident in our ability to deliver enhanced returns to our shareholders over the longer term".

The Group will announce its Preliminary Results on 25 March 2020.

For further information please contact:

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