
NEW LOOK
HALF YEAR REPORT TO SEPTEMBER 2014, RELEASED DECEMBER 2014

FINANCIAL RESULTS FOR THE 26 WEEKS TO 27 SEPTEMBER 2014

- **Group revenue increased 4.7% to £788.6 million from £753.2 million in the prior year.**
  - » New Look Brand like-for-like sales +6.9%
  - » New Look UK (including E-commerce) sales +8.3% to £627.4m (H1 FY14: £579.4m)
  - » New Look UK (including E-commerce) like-for-like sales +8.0%
  - » New Look E-commerce sales +36.4% (own website +30.3%)
- **Gross margin maintained in spite of challenging full price sales of our Autumn / Winter range in September.**
- **Group adjusted EBITDA* increased 9.2% to £113.2 million from £103.7 million in the prior year.**
- **Group underlying operating profit increased 18.5% to £84.0 million from £70.9 million in the prior year.**
- **Group cash ends the period at £104.9m.**

* Adjusted EBITDA, a non IFRS measure, is calculated as the Group's underlying operating profit before depreciation of tangible fixed assets, amortisation of intangible fixed assets and the income statement charge in relation to the Group's onerous lease provision.

WE'RE CONSISTENTLY DELIVERING OUR STRATEGIC GOALS

Our aim is to become a truly global brand with great value-fashion product for our customers. We've set out a clear strategy of how we'll achieve this across our 5 pillars of product, brand, international, multichannel and people - which we're consistently and successfully delivering on.

Our store refurbishment is progressing well, with 305 stores across the Group in Concept format, and we were excited to win World Retail Awards Store Design of the Year for our White City store.

We've seen further developments in multichannel and our international expansion programme is advancing according to plan. Our China store roll out is on track and we've made good progress in Poland and Germany, though we've exited Russia and Ukraine given the political uncertainty.

We've strengthened our senior management team with the appointment of Paul Mason as Non-Executive Chairman and Mike Iddon as Chief Financial Officer.

We decided at the end of last financial year to divest our Mim subsidiaries in France and following our half year end, we've successfully completed the sale of this business to Main Asia in November.

BRAND

We continue to strengthen our brand identity with the near completion of our new logo roll-out, improved imagery and new engaging marketing channels, and we regularly monitor brand perception to measure success.

We're also continuing to build brand awareness in our newer markets such as China to make sure our unique proposition is clearly understood.

In April 2014 we launched our new and updated in-store 'Concept' in our White City store in west London, and are subsequently rolling this out to other brand flag stores across the estate. The new Concept won Store Design of the Year for >1,200 sqm at the World Retail Awards in September. We've also developed this concept for our smaller stores, giving our customers a truly exciting shopping experience wherever they are.

Our social channels form a strong part of our marketing strategy and we've been strengthening our engaging content, so we're pleased to have now reached over 3.1 million fans on Facebook. In China, we engage with over 222,000 fans across Weibo and Wechat.

PRODUCT

We continue to work on delivering consistency across the product range, with a fashion offering that appeals to all our customers. We're pleased that this has helped us grow our market share over this period and maintain our position as the 2nd largest Womenswear retailer in the UK by value**.

We're pleased to see growth in key womenswear categories, including woven tops, tailoring and casual bottoms, as we deliver the key trends.

We've seen continued success by offering greater choice to customers for example in women's footwear though our wide fit, real leather and comfort options, and where our bags range has been further extended with the introduction of real leather products.

Menswear has seen a positive Autumn/Winter launch, with improved product design that targets fashion, broadens our appeal and provides great value. We've seen particularly strong performance in e-commerce, both on our own site at www.newlook.com and through our 3rd party e-commerce partners.

We're focussed on the delivery of coordinated ranges at key price points to enhance our value-fashion perception amongst our customers. Our teams consistently deliver new products to stores that underpin our reputation as a fast fashion retailer, whilst stretching our price points at both the lower and higher prices, offering true choice to our customers.

** According to Kantar Worldpanel for the 52 weeks to September 2014

INTERNATIONAL

In China, we'd successfully grown to 13 trading stores at the end of the half, and now have 15 to date, covering a range of cities across the country. We're also pleased to have launched an online store on T-mall, a transactional website operated by the Alibaba Group, in September.

Operationally, we've built a strong team in the Shanghai office to manage our business in China, aided by our UK support centres. We're closely monitoring performance to identify improvements to our product selection and ranges by tailoring for the local market. We're also increasing the levels of domestic sourcing to deliver the trends more quickly, as well as improving margins.

We purchased our franchise business in Poland at the end of the last financial year, and during the first half of this year, we've refurbished our flagship Warsaw Zlote Tarsay store in the Concept format in September.

Concessions in Germany are providing us with an excellent platform into that market and we're expanding rapidly with one of our key partners there.

We continue to refine our franchise business and prioritise our profit making regions. We'll continue to develop the business where appropriate with existing franchise partners, trading in 119 stores at the end of the period. We chose to exit our franchise business in both Russia and Ukraine in the half, due to uncertainty in these markets.

MULTICHANNEL

We've made a number of improvements to our e-commerce proposition in the period, such as simplifying the check-out process, launching an enhanced mobile platform with better navigation and filters, and offering new European and international delivery options. This has led to online sales growing strongly and consistently, with revenue increasing by 36.4% (and on our own website by 30.3%).

In line with our international growth strategy, we've launched local language websites in France and Germany, and our French website is exceeding expectations with little marketing, whilst our German site continues to provide good learnings on this market.

By the end of the half, we were trading successfully through ten 3rd party e-commerce partners (ASOS, Ezibuy, Jabong, Koovs, La Moda, Lazada, The Iconic, Wildberries, Zalando and Zalora), which extends the footprint and reach of the New Look brand internationally. This channel to market offers us a low risk springboard into brand new markets which would have been more difficult to enter under traditional international strategies.

We also have launched operational iPads in UK stores for communications and data capture.

PEOPLE

Our ambition is to make sure that all of our people live and breathe the New Look brand, putting our customers at the heart of everything we do. We're working with our people on our shared mission to help our customers look good, feel great and have more fun, and so we strive to incorporate our brand values into everything we do; think customer, keep it simple, be brave, act with pace and take responsibility.

Building a highly motivated and talented workforce is key to our success and to deliver this, we support and develop our people to be the best they can be through our New Look Academy. We aim to deliver this by making sure we attract and retain the best talent, as this is integral to giving our customers a seamless shopping experience and to grow our business globally.

We continue to deliver on the strategic goals we outlined nearly two years ago.

OUTLOOK

Despite some improvement in consumer confidence, market conditions remain uncertain and as a result, we remain cautious about the outlook for the remainder of the year. However, we are confident in the quality and design of our product and stores, we continue to deliver on the strategic goals we outlined nearly two years ago, and we are well prepared for the Christmas trading period and beyond.

Anders Kristiansen
Chief Executive Officer

December 2014