

NEW LOOK

25 June 2019

NEW LOOK RETAIL GROUP LIMITED ("New Look" or "the Company" or "the Group") Full-Year Results to 30 March 2019 (FY19)

Return to underlying profitability driven by turnaround plan New Look enters FY20 with financial and operational stability

Financial headlines

- Revenue¹ -3.8% to £1,239.0m in line with expectations given focus on driving more profitable sales and fewer stores
- Core² like-for-like (LFL) sales -1.6% (FY18: -11.6%)
- Core adjusted EBITDA increased to £80.2m (FY18: £18.0m) demonstrating strength in key focus areas following financial restructuring
- Core underlying operating profit of £33.2m (FY18: loss of £35.7m)
- Implemented comprehensive restructuring on 3 May 2019 with long-term debt significantly reduced from c. £1,350m to £350m and addition of £150m of new long-term capital
 - Materially deleveraged balance sheet, lower cash debt servicing costs and strengthened liquidity, providing sufficient resources and financial stability to accelerate investment
- FY19 statutory loss before tax¹ was £522.2m (FY18: loss of £190.2m) principally driven by £423.3m goodwill and brand impairment charge (non-cash) relating to the restructuring³

Turnaround plan highlights

Significant progress made to deliver financial and operational stability, despite the challenging retail environment:

Progress in returning to proven broad appeal product and value-led pricing

- Improvements in YoY profitability across key Womenswear categories (e.g. dresses, separates and 'going out') with some remaining challenges being addressed, particularly footwear and accessories
- LFL customer conversion improved both in store (+3.5 percentage pts) and online (+5.5 percentage pts)
- Maintained number 2 position for overall Womenswear market share in 18 to 44 age range⁴
- Outperformed the UK market for core women's clothing in stores by 4.5 percentage pts⁵

Cohesive multichannel model and a fundamentally realigned supply chain

- E-commerce strategy focused on profitable sales improving e-commerce underlying operating profit by 78.2% to £21.2m (FY18: £11.9m)
- Click and Collect and e-commerce returns options continue to drive footfall into stores
- Launched 'order in store, collect in store' and photo search functionality, further enhancing customer experience
- Sales from mobile app now account for 10% of e-commerce sales

Significant cost savings actioned, and international review completed

- Cost savings in excess of £80m, overachieving plans, with further opportunities already identified for FY20
- Successfully addressed over-rented position of UK store estate and delivered reduced marketing expenditure, lower delivery costs and other efficiency improvements

- International strategic review complete resulting in closure of China and appointment of administrators in Belgium, France and Poland. The decisions were not taken lightly, and the review has been a long and considered process.

Board and leadership team changes (post period-end)

- Appointment of Nigel Oddy as Chief Operating Officer, effective 1 April 2019
- Founder and Non-Executive Director, Tom Singh, to retire at the end of June
- Appointment of Angela Luger, Colin Henry, Richard Cotter and Robin Terrell as Non-Executive Directors of the Board of New Look Retail Holdings Limited, which is the new ultimate parent of the New Look group following the financial restructuring

Alistair McGeorge, Executive Chairman, said:

“We have achieved a remarkable amount over the past year, delivering on our aim to achieve financial and operational stability.

“Firstly, we have made progress in recovering the broad appeal of our product and have delivered year-on-year improvements in profitability across key areas. Our e-commerce and store businesses are now working together better than ever, and we are starting to see the benefits of improved speed to market.

“Secondly, we have exceeded our cost saving plans, addressed our previously over-rented UK store estate, completed the review of our international businesses, and delivered further operational efficiencies across the business.

“Thirdly, we have successfully completed our financial restructuring, which has secured the company’s future and long-term profitability by materially deleveraging our balance sheet and providing us with the financial flexibility to better attack our future.

“We recognise that the past year has been incredibly challenging for our colleagues, investors, suppliers, creditors and other stakeholders. We are grateful for their continued support, and I particularly want to thank those colleagues who left the business for their contribution during their time here.

“Whilst New Look enters the new financial year in a fundamentally healthier and stronger position, in many respects today marks the starting line. We have more work to do to enhance trading and deliver further operational improvements as we continue our turnaround plans.

“Last year’s events restricted our ability to attract new talent. With the restructuring now complete, we can begin investing in our leadership and I am delighted that Nigel Oddy has joined us as Chief Operating Officer. Furthermore, we have a new Board in place to help deliver our plans.

“We expect the retail environment to remain as challenging as ever in the year ahead, with continued Brexit uncertainty and unseasonable weather impacting current trading. However, we will continue to focus on what is in our control by further enhancing profitability through our fantastic product, building brand equity and grasping new market opportunities.

“As New Look celebrates its 50th anniversary this year, I remain confident in the strength and appeal of the New Look brand, which I expect to continue to thrive in the years ahead.”

Notes

¹ Results are for the 53 Weeks to 30 March 2019 (comparatives for the 52 weeks ended 24 March 2018). Unless specified otherwise, the financial results are based on continuing operations, which comprises UK and ROI retail, e-commerce, third party e-commerce, franchise, France and Poland. Discontinued operations include China and Belgium.

² Core business comprises UK and ROI retail, e-commerce, third party e-commerce and franchise. Core LFL sales figure reflects UK and ROI retail and E-commerce as owned New Look operations

³ Following completion of the restructuring transaction New Look Retail Group Limited is no longer the ultimate parent of New Look Limited and its subsidiaries, which together cover the ownership of the New Look brand and trading activities of the core business. As the existing Group will no longer exist, the related goodwill is not considered to have any value.

⁴ Based on Kantar Worldpanel published data for the 52 weeks ended 10 March 2019 (Womenswear by value).

⁵ Measured by British Retail Consortium published YTD data for the 53 weeks ended 30 March 2019 for Women's Clothing.

Media Enquiries

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About New Look

New Look is a leading UK multichannel retail fashion brand offering exciting, on-trend, value fashion for women, men and teenage girls.

Our flexible fast-fashion business is built on an agile global supply chain with the ability to respond quickly to trends. We focus on delivering value for money and 'newness', with hundreds of new lines landing every week. Our ranges of apparel, footwear and accessories are designed with broad age appeal and global relevance. They are delivered by our great people in stores and support centres, who ensure we deliver great service - wherever, whenever and however customers choose to engage with us.