

16 January 2014

# N Brown Group PLC

## INTERIM MANAGEMENT STATEMENT

### ONLINE CHRISTMAS DRIVES STRONG SALES AT N BROWN

N Brown Group PLC, the multi-channel retailer, today announces a trading update for the 19 weeks ended 11 January 2014.

Total group revenue during the period increased by 5.2 %, including like-for-like growth of 5.1 %. In the six-week Christmas and New Year trading period ended 11 January, like-for-like revenue growth was 7.2 %.

Consistent with recent trends, the strongest sales performance came from the brands in our younger consumer segments, with good growth in Simply Be and excellent growth in Jacamo. Across all of our segments we saw a strong performance in the home categories driven by homewares and family gifts. Our menswear and footwear categories performed well, however growth in ladieswear slowed in October and early November, temporarily affected by the unusually mild autumn temperatures but performed well over Christmas. The rate of gross margin was a little below our expectations due to markdown activity, which has delivered a clean stock position coming into 2014. However the results forecast for the full year to 1<sup>st</sup> March 2014 remain broadly in line with expectations.

Online participation continues to grow and now accounts for 58% of revenue. A number of service improvements for customers underpinned our strong online performance. We rolled out Click and Collect across our own stores plus 3,500 parcel shops located all across the UK. We took orders right up to 7pm on 23<sup>rd</sup> December for delivery before Christmas. The next day service accounted for 40% of demand in the Christmas week. We expect online penetration to continue to increase steadily as we implement additional planned improvements to our customers' online experience, build the usage of click & collect for order fulfilment and shorten customer order lead times still further.

The performance of our stores, which we aim to expand to a chain of around 25 units in major shopping destinations nationally as part of our multi-channel strategy, has been very encouraging. The seven established stores generated like-for-like revenue growth of 34% and were profitable in the period. Our two most recent new stores - in Derby and Leeds which were opened in October, and which meet precisely our site selection criteria, performed strongly.

The increase in total revenue has further benefited from higher levels of new customer recruitment, which will underpin business growth during the remainder of the year and beyond.

We are also stepping up capital and revenue expenditure to drive our strategic initiatives outside the core UK home shopping business, this includes into our stores, international expansion, infrastructure and systems development.

The financial position of the group remains strong and has not materially changed since the interim results.

#### **Angela Spindler, Chief Executive, commented:**

"N Brown has continued to deliver robust, reliable growth whilst stepping up investment in our multi-channel, international future. Having been with the business now for six months, I am even more convinced of its substantial long-term growth potential. We are applying the group's unique skills in larger size fashion through a range of increasingly distinctive, relevant, contemporary brands across a broader base of customers and channels. We are only at the start of grasping this opportunity."

Ends

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