FULL YEAR RESULTS

APRIL 29TH 2015

N BROWN GROUP PLC
Where Fashion Fits!

A PIVOTAL YEAR

- Significant change and challenge
- Profit performance below initial expectations
- Strategic vision unchanged
- Improvements in systems, processes and structures
- Becoming a better retailer will deliver future growth
- Financial services represents further opportunity

AGENDA

- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- IMPROVING OUR RETAIL BASICS
- FINANCIAL SERVICES
- FIT 4 THE FUTURE
- INTERNATIONAL & STORES UPDATE
- SUMMARY
- Q&A

JOHN GUEST, FINANCIAL CONTROLLER

FINANCIALS & GUIDANCE

FINANCIAL SUMMARY

- Turnover £818m, flat yoy
- Product turnover +1.1% and services turnover -2.9%
- Gross margin down 60bps
- Adjusted trading profit £86.2m, down 13.4% yoy
- Adjusted EPS 20.49p
- Cash from operations £93.8m, +54% yoy
- Net debt £247m vs £214m LY
- Final and full year dividend held at 8.56p and 14.23p respectively

REVENUE

£m	Year to 28 Feb 2015	Year to 1 March 2014	Change
Sale of goods	582.9	576.7	+1.1%
Services	235.1	242.2	-2.9%
Cont. Revenue	818.0	818.9	-0.1%

Quarterly performance (% change YOY) shows diverging revenue trend:

REVENUE BY BRAND

£m	Year to 28 Feb 2015	Year to 1 March 2014	Change
JD Williams	294.6	302.8	-2.7%
Simply Be	134.2	132.4	+1.4%
Jacamo	77.3	69.6	+11.1%
Power Brands	**506.1**	**504.8**	**+0.3%**
Support Brands	234.4	245.3	-4.4%
Specialist Brands	77.5	68.8	+12.6%
Continuing revenue	**818.0**	**818.9**	**-0.1%**
Gray & Osbourn	14.5	16.0	-9.4%

N BROWN GROUP PLC
Where Fashion Fits!

GROSS MARGIN

- Group gross margin -60bps to 52.0%
- Impact of Product gross margin: -130bps
  - Better buying: +40bps
  - Tactical markdowns: -80bps
  - Price investment: -40bps
  - Mix: -50bps
- Impact of Financial Services gross margin: +70bps

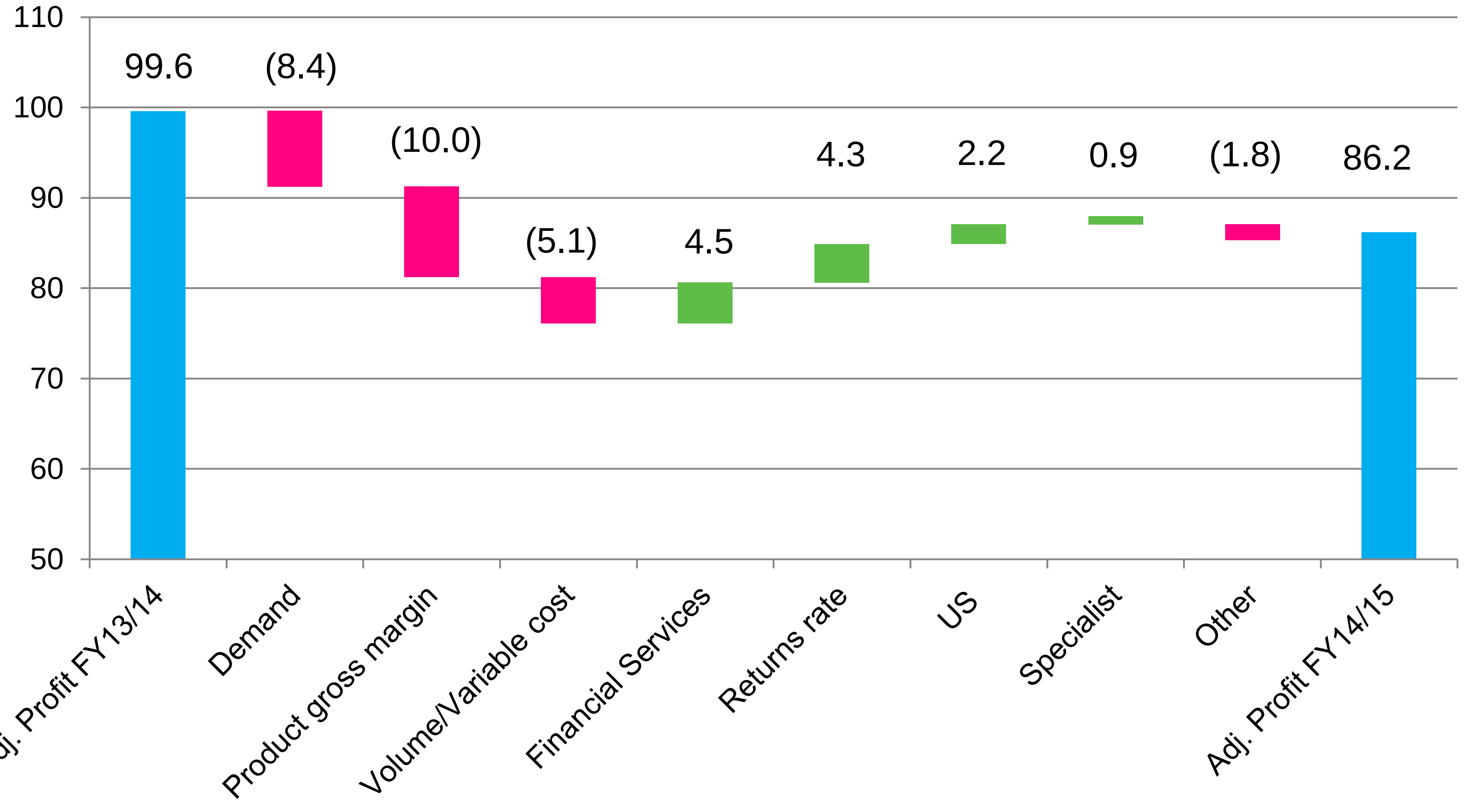
OPERATING PROFIT

£m	Year to 28 Feb 2015	Year to 1 March 2014	Change
Group Revenue	**818.0**	**818.9**	**-0.1%**
Gross Profit	425.6	431.1	-1.3%
Gross Margin %	52.0%	52.6%	-60bps
Distribution Costs	(73.9)	(69.4)	+6.5%
Sales and Administration	(257.9)	(255.2)	+1.1%
Operating Profit	**93.8**	**106.5**	**-11.9%**
Operating Margin	11.5%	13.0%	-150bps

Continuing operations, pre-exceptional items

N BROWN GROUP PLC
Where Fashion Fits!

PROFIT BRIDGE



N BROWN GROUP PLC

Where Fashion Fits!

GROUP PROFIT & LOSS

£m	Year to 28 Feb 2015	Year to 1 March 2014	Change
Operating Profit	**93.8**	**106.5**	**-11.9%**
Finance Costs (net)	(7.6)	(6.9)	+10.1%
Adjusted Trading Profit	**86.2**	**99.6**	**-13.4%**
Exceptional Costs	(12.6)	-	
Unrealised FX movement	2.7	(2.8)	
Profit Before Tax	**76.3**	**96.8**	**-21.2%**
Taxation	(16.5)	(21.3)	-22.5%
Profit from Cont. Ops	**59.8**	**75.5**	**-20.8%**
Discontinued Ops (G&O)	(10.4)	0.4	
Group Profit	49.4	75.9	-34.9%

N BROWN GROUP PLC
Where Fashion Fits!

NET ASSETS

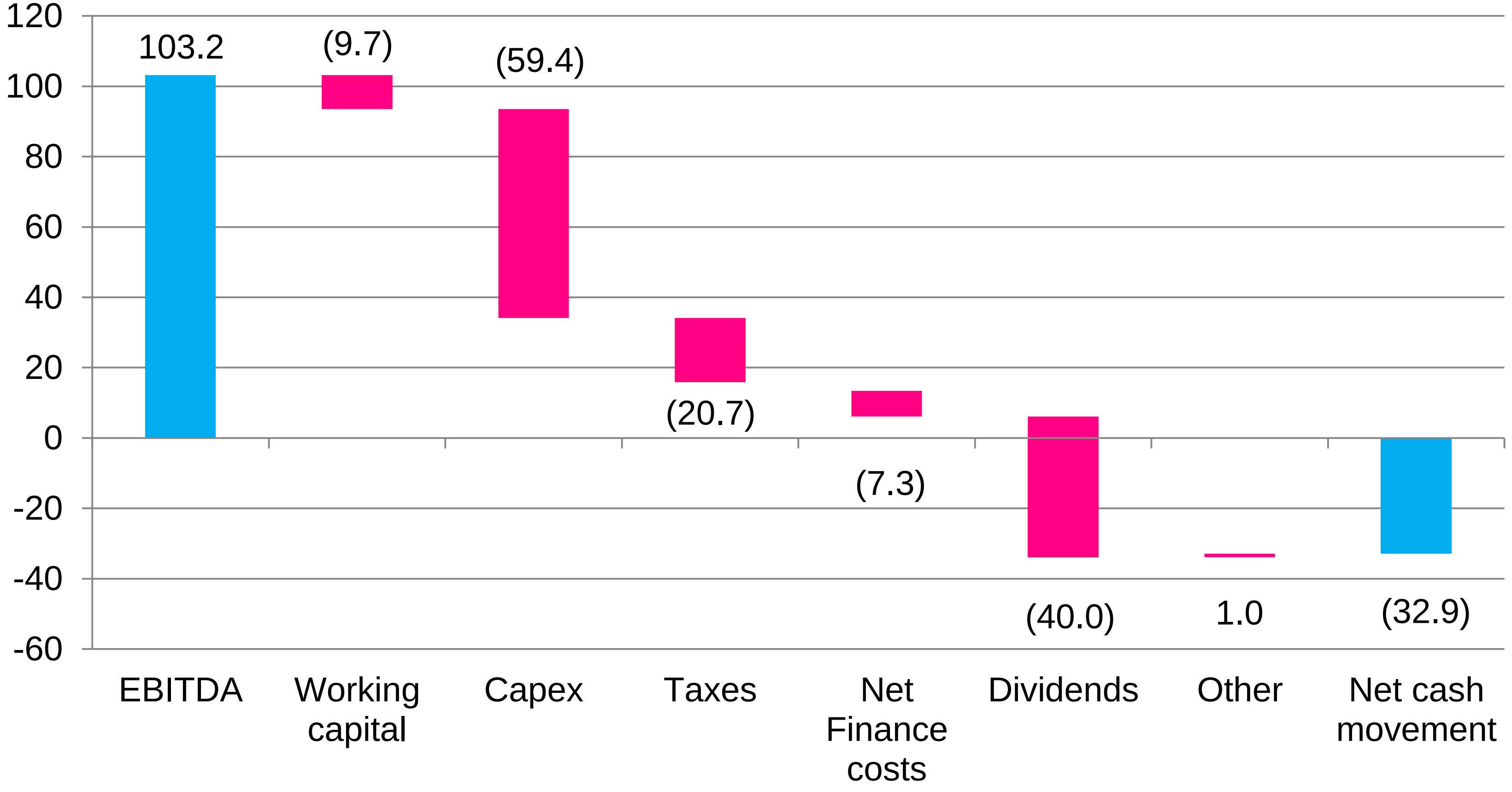
£m	28 Feb 2015	1 March 2014	Change
Non Current Assets	172.0	141.3	+21.7%
Inventories	94.8	89.9	+5.4%
Receivables/Prepayments	611.0	599.0	+2.0%
Creditors/Accruals	(131.3)	(127.0)	+3.4%
Retirement Benefit Deficit	(3.3)	(4.2)	-21.4%
Net Debt	**(246.6)**	**(213.7)**	**+15.4%**
Net Assets	**496.6**	**485.3**	**+2.3%**
Gearing	50%	44%	

RECEIVABLES & PROVISIONING

£m	28 Feb 2015	1 March 2014	Change
Gross Trade Receivables	627.9	628.1	-
Opening Bad Debt Provision	50.2	55.7	
Bad Debt Charge	66.4	67.8	-2.1%
Debtors Written Off	(76.1)	(73.3)	+3.8%
Closing Bad Debt Provision	40.5	50.2	-19.3%
Provision Ratio	6.5%	8.0%	

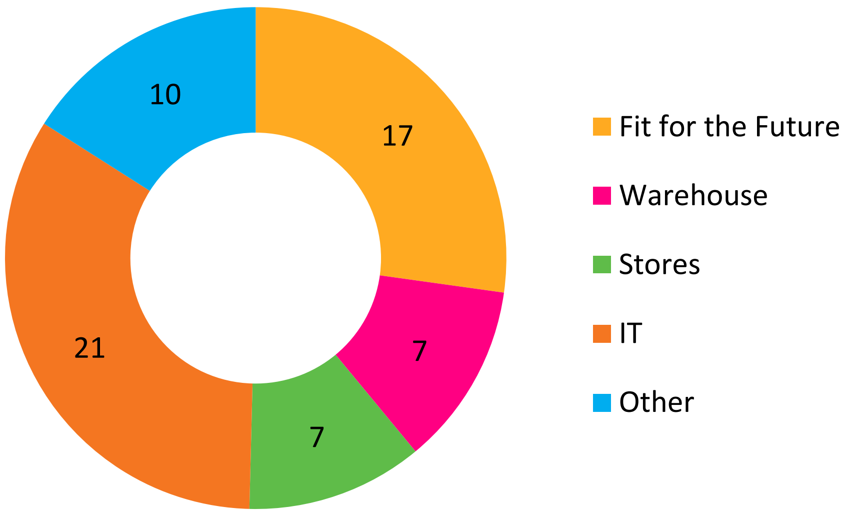
CASH FLOW

Cash flow from operations: £93.8m, + 54% yoy

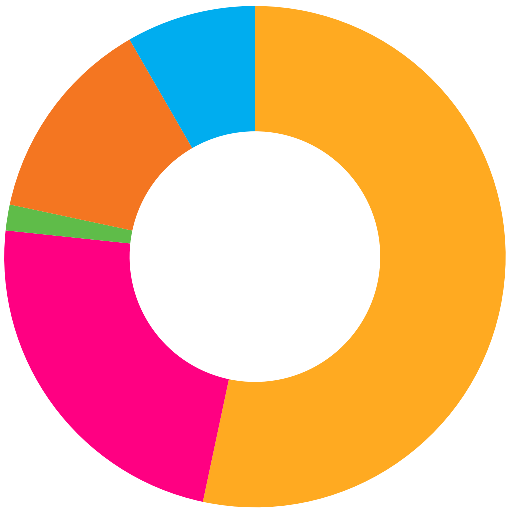


CAPITAL EXPENDITURE

FY14/15
£62.7m



FY15/16 guidance
£50-60m



FY16/17 capex guidance c.£35m

FY15/16 GUIDANCE

- No change to previous guidance:
  - Gross margin -100bps to flat
    - Impact of Product margin beneficial, impact of Financial Services margin a headwind
  - Group operating costs up mid-single digit YOY
  - Depreciation & amortisation £25m-£28m
  - Net interest costs £8m-£10m
  - Capex £50m-£60m
- Tax rate c.20%
- Exceptionals £5m-£7m

N BROWN GROUP PLC
Where Fashion Fits!

AGENDA

WHERE WE WERE

STRENGTHS
Demographics
Customer file
Fit capabilities
CRM
Credit book

MAINTAIN

WEAKNESSES
Merchandising
Value for money
Digital marketing
Brand awareness
Systems infrastructure

IMPROVE

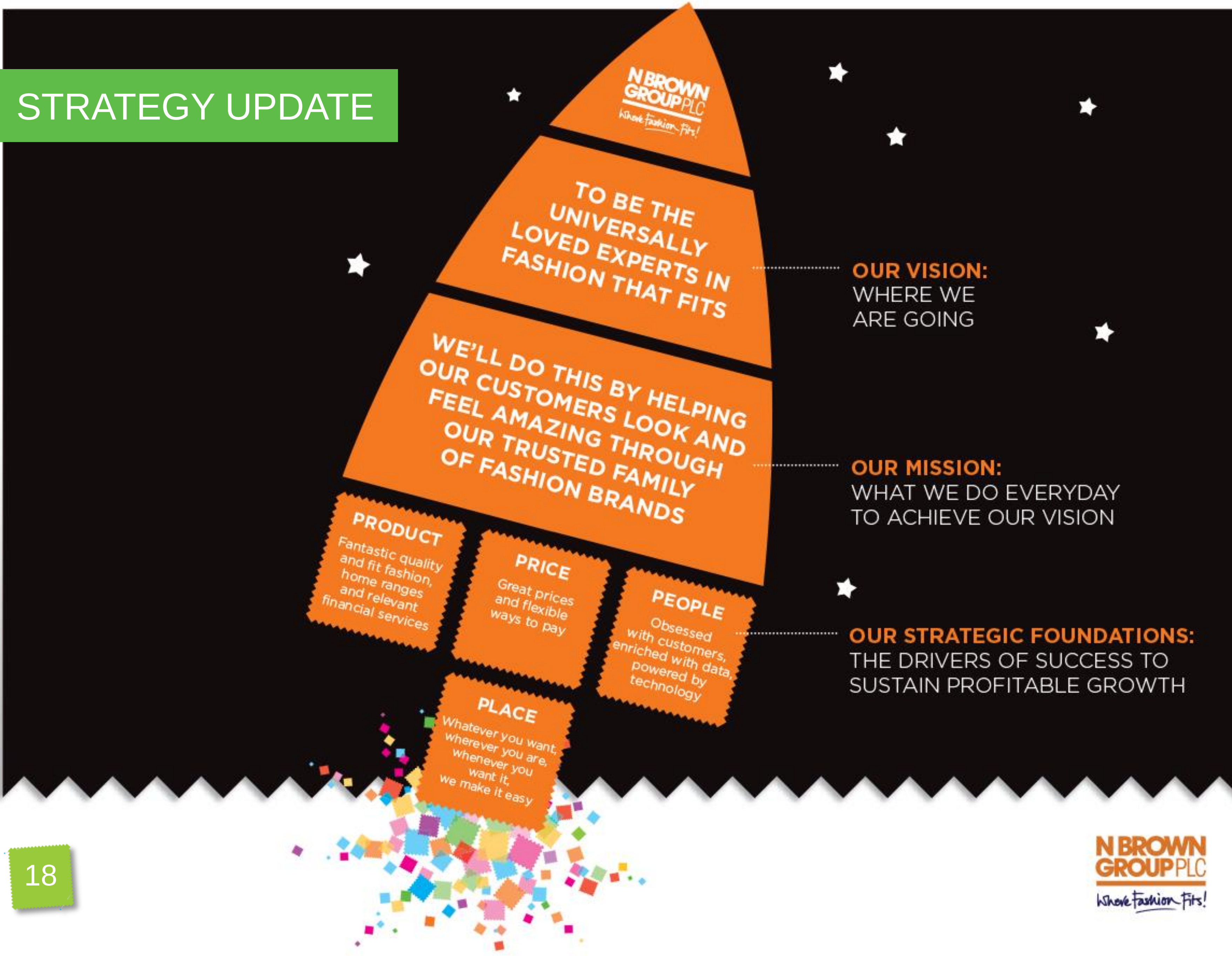
OPPORTUNITIES
Digital capability
Capitalise on niche
Broaden appeal
Grow scale

INVEST
Price
Cash customers
International
Stores

PROFITABLE GROWTH

N BROWN GROUP PLC
Where Fashion Fits!

STRATEGY UPDATE



N BROWN GROUP PLC
Where Fashion Fits!

JUDGING LONG-TERM PROGRESS

1. Increase customer satisfaction	No. 3 multi-channel retailer
2. Grow ladieswear share	+20bps in 16+ share
3. Grow menswear share	+10bps
4. Increase online penetration	Q4: 62%, +3ppts YOY
5. Increase home & gift penetration	Famous 5 sales +7% YOY
6. Grow international revenues	USA demand +13%
7. Increase operating margin	11.5%, -150bps

JOURNEY SO FAR - SUCCESSES

- 3 Power Brands
- ‘Famous 5’ in Home
- New cash customers
- Customer satisfaction
- Strong online metrics
- Quality of credit book
- Outsourced call centre

N BROWN GROUP PLC
Where Fashion Fits!

JOURNEY SO FAR - CHALLENGES

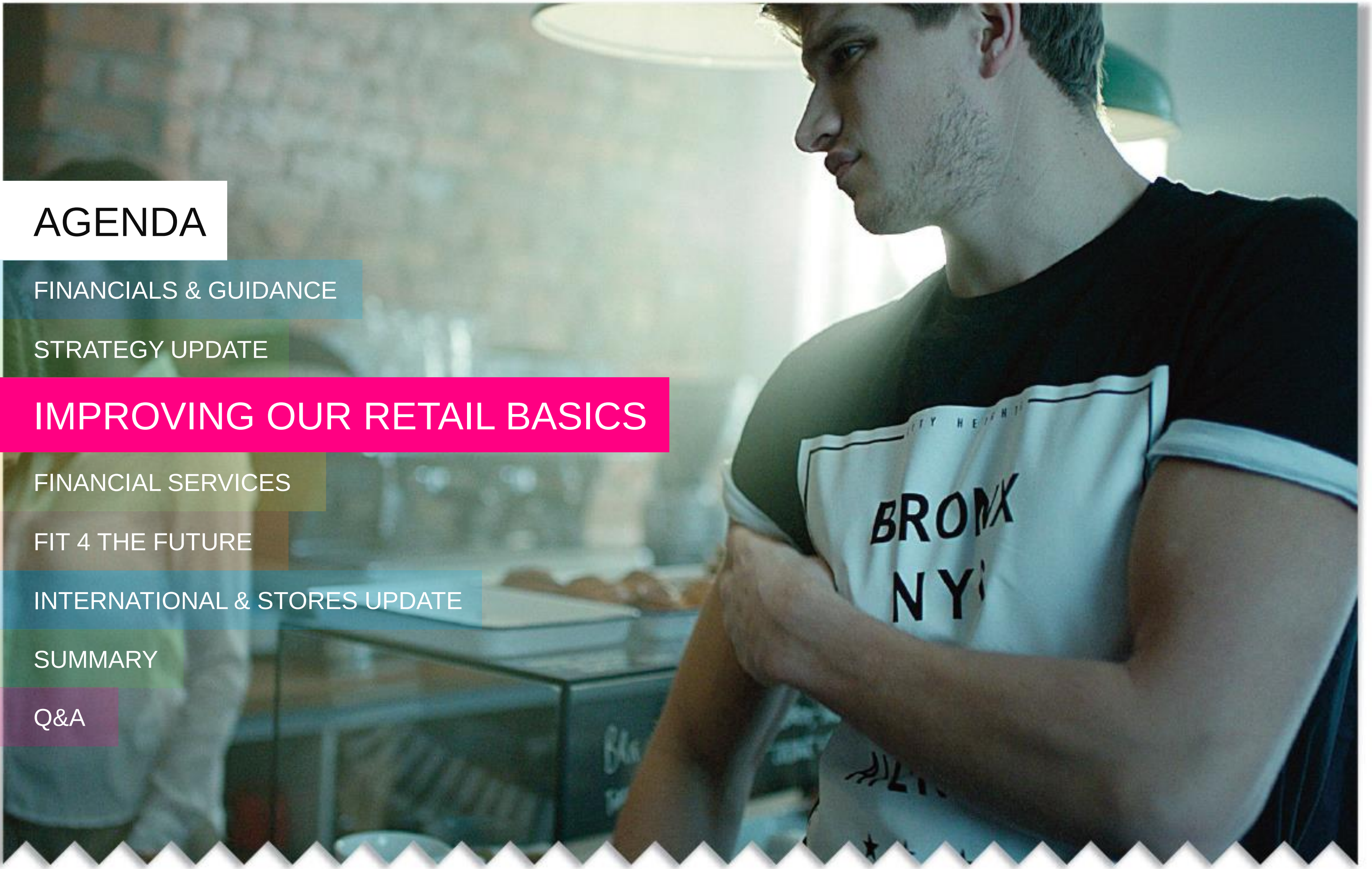
- Dialling back paper in Summer 2014
- Unseasonal trading conditions in AW14
- Credit policies impact top-line
- Uncompetitive pricing limiting appeal
- Profit dilution from stores & USA

N BROWN GROUP PLC Where Fashion Fits!

KEY PLANS FOR THIS YEAR

CUSTOMER	INFRASTRUCTURE	PROCESS
Build profile of Power Brands	Implementation year for Fit 4 the Future	New processes in Buying, Merchandising & Marketing
Increase share of wallet and customer loyalty	Warehouse extension	Rationalising SKUs and supplier base
Further service enhancements		Store efficiency review

N BROWN GROUP PLC
Where Fashion Fits!



AGENDA

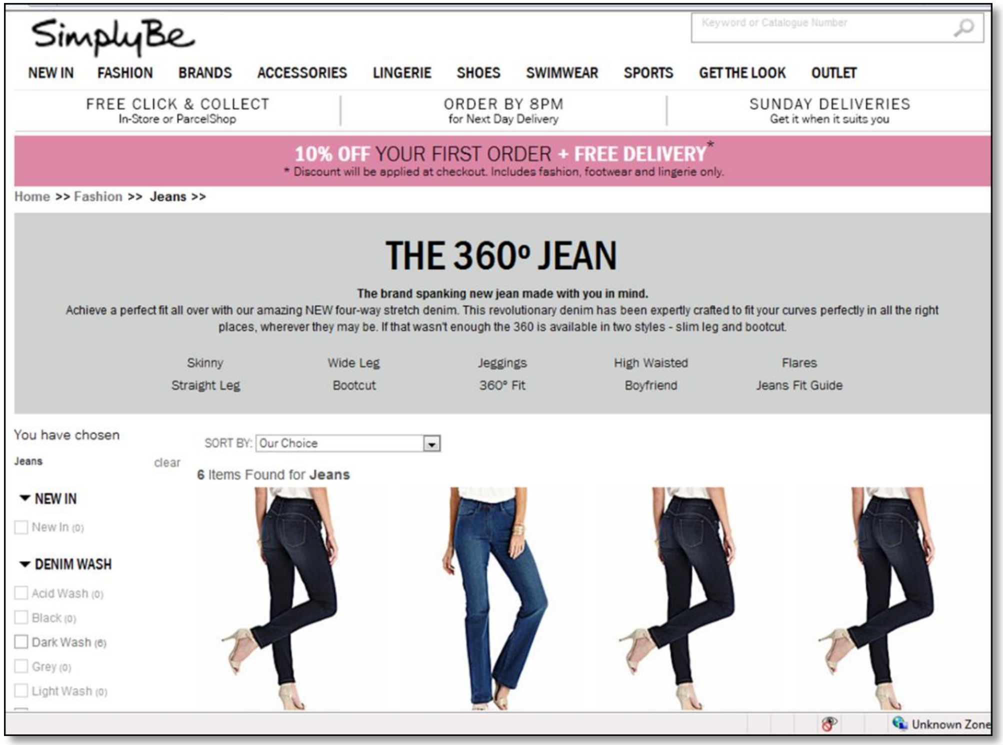
- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- **IMPROVING OUR RETAIL BASICS**
- FINANCIAL SERVICES
- FIT 4 THE FUTURE
- INTERNATIONAL & STORES UPDATE
- SUMMARY
- Q&A

N BROWN GROUP PLC

Where Fashion Fits!

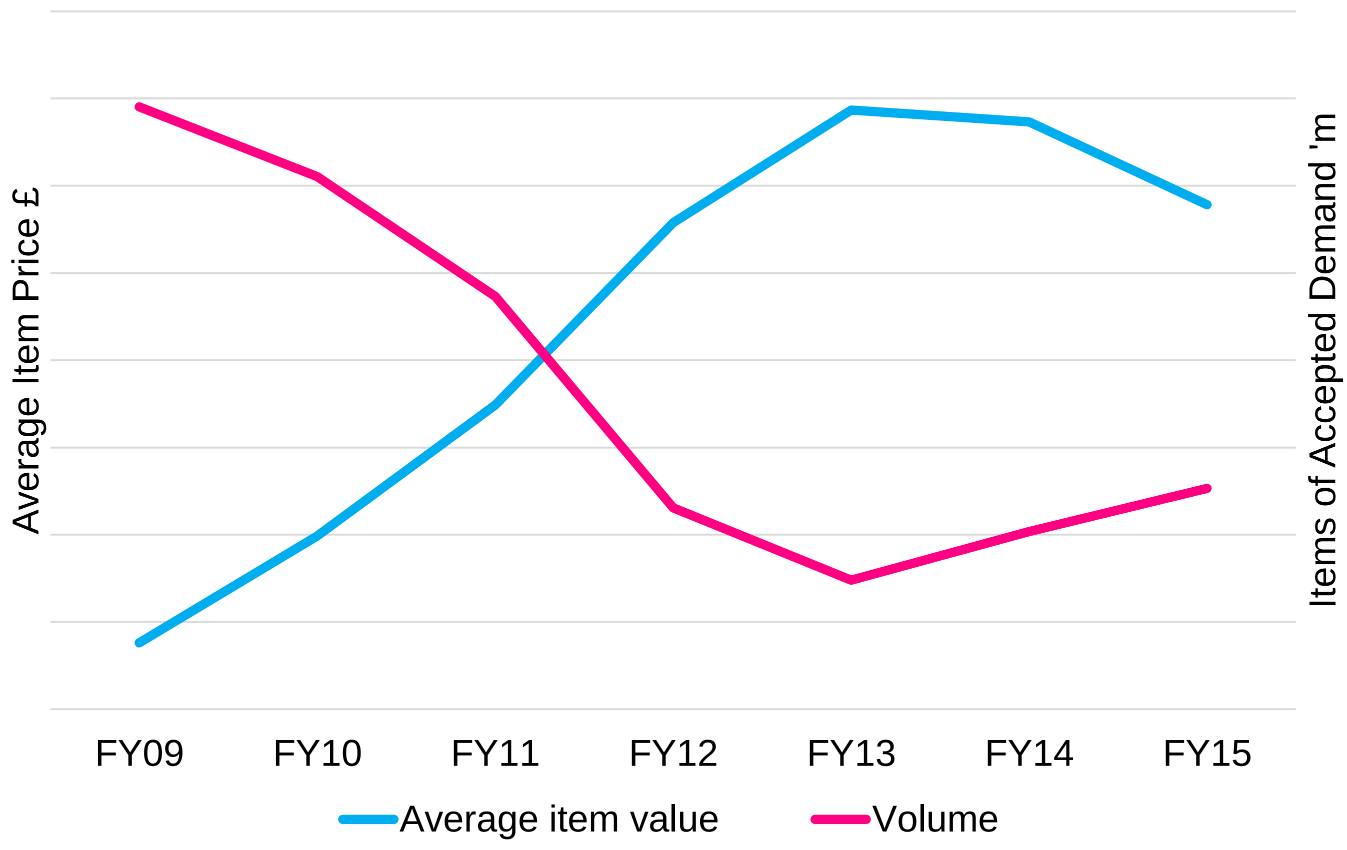
PRODUCT QUALITY

- Strengthened fit specialism
- Better size consistency
- Improving fabric qualities
- Developing unique and innovative products

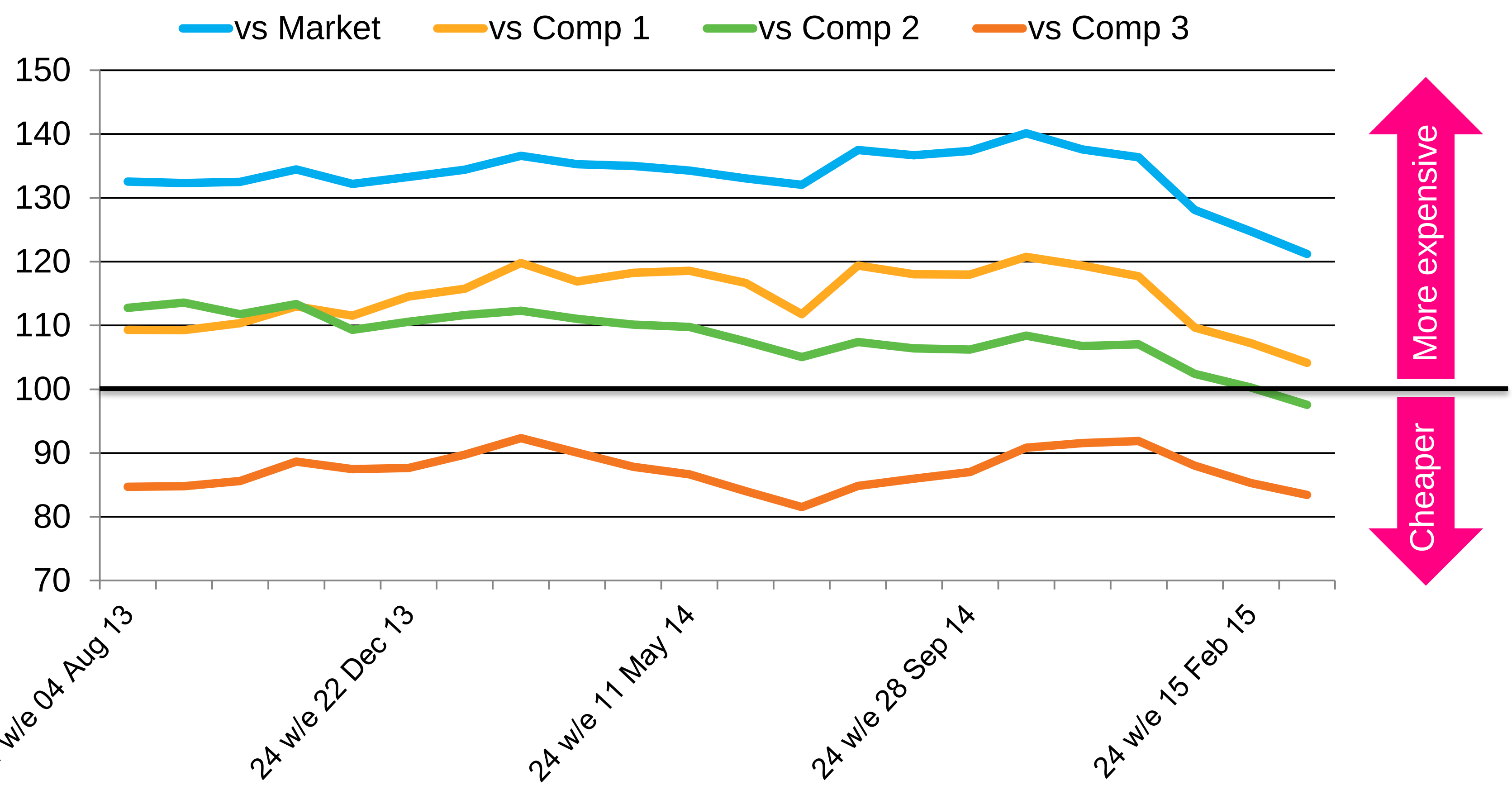


N BROWN GROUP PLC
Where Fashion Fits!

PRICE INVESTMENTS

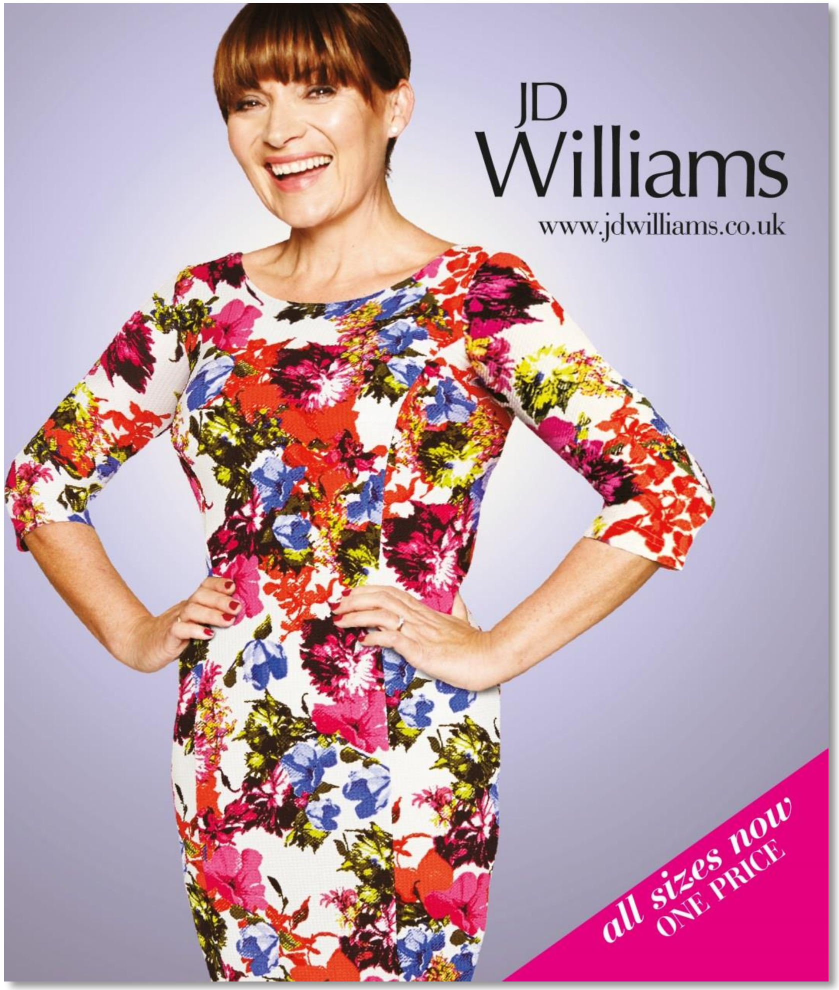


PRICE INVESTMENTS



PRICE INVESTMENTS

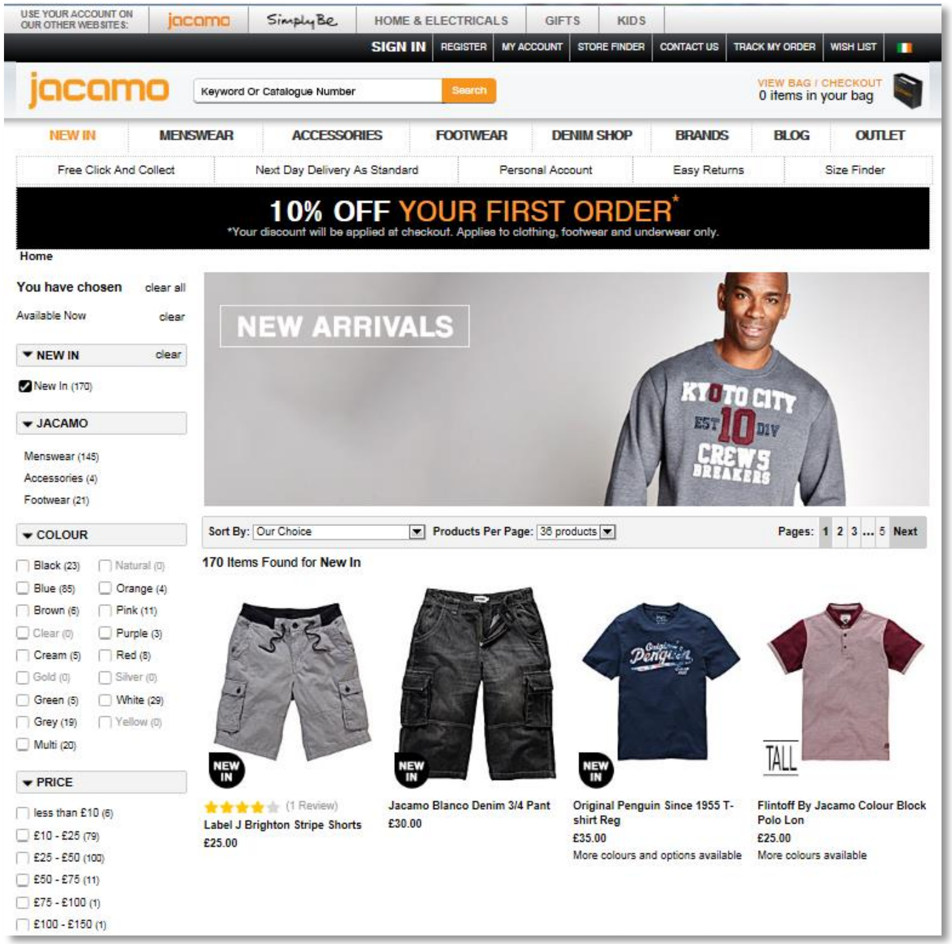
- Clear evidence that “right price” delivers growth
- Improved price architecture
- Focus on Best with improved ranging of unique and premium product
- Introduction of key value lines
- “All sizes one price” of JD Williams



N BROWN GROUP PLC
Where Fashion Fits!

RETAIL MINDSET

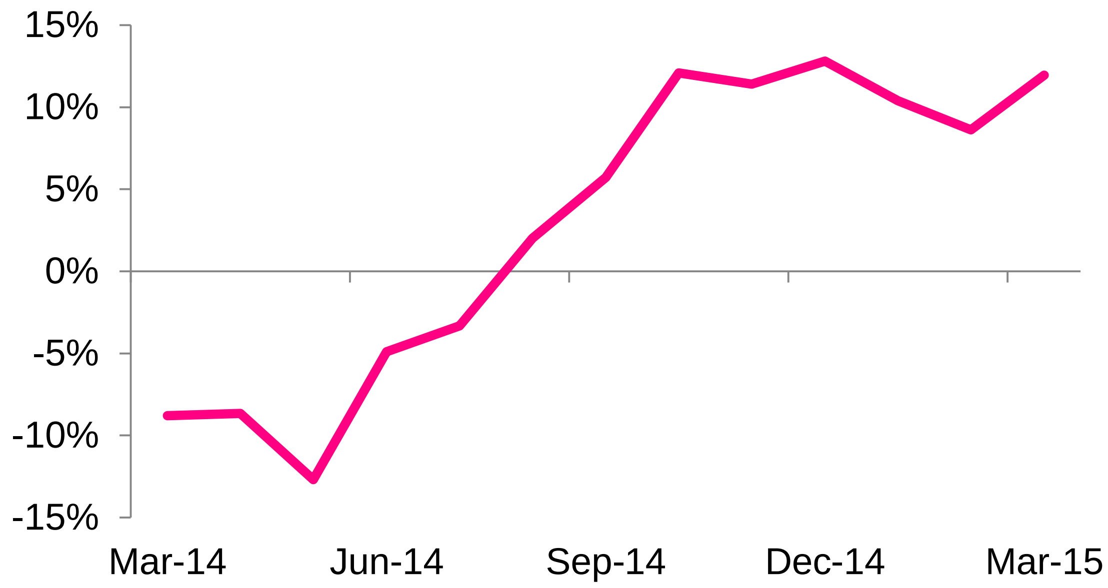
- Shifted product phasing
- Constant focus on Newness
- More innovative promotions and campaigns
- More in-season flexibility (+35%)
- Simpler processes from selection to sale



N BROWN GROUP PLC
Where Fashion Fits!

JD WILLIAMS RELAUNCH

- Significant increase in new customers orders:

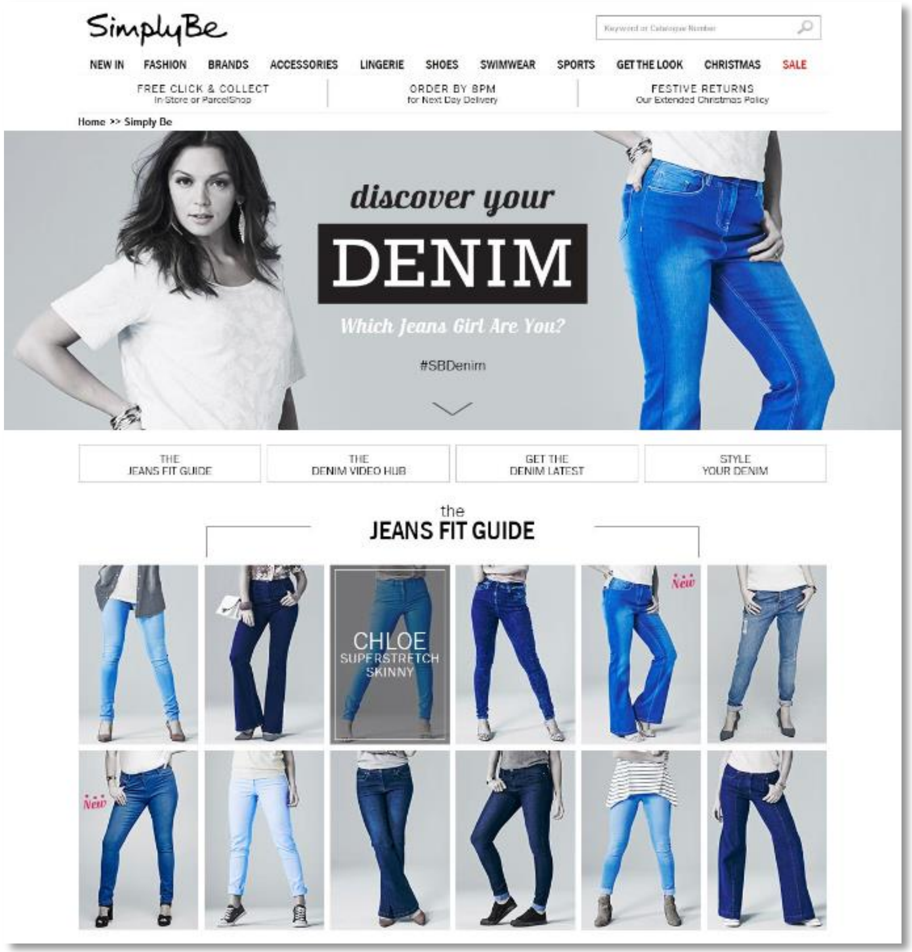


- Lorraine's range performing strongly
- SS15 modernisation of JDW Homewares
- To come: 50+ Menswear

N BROWN GROUP PLC
Where Fashion Fits!

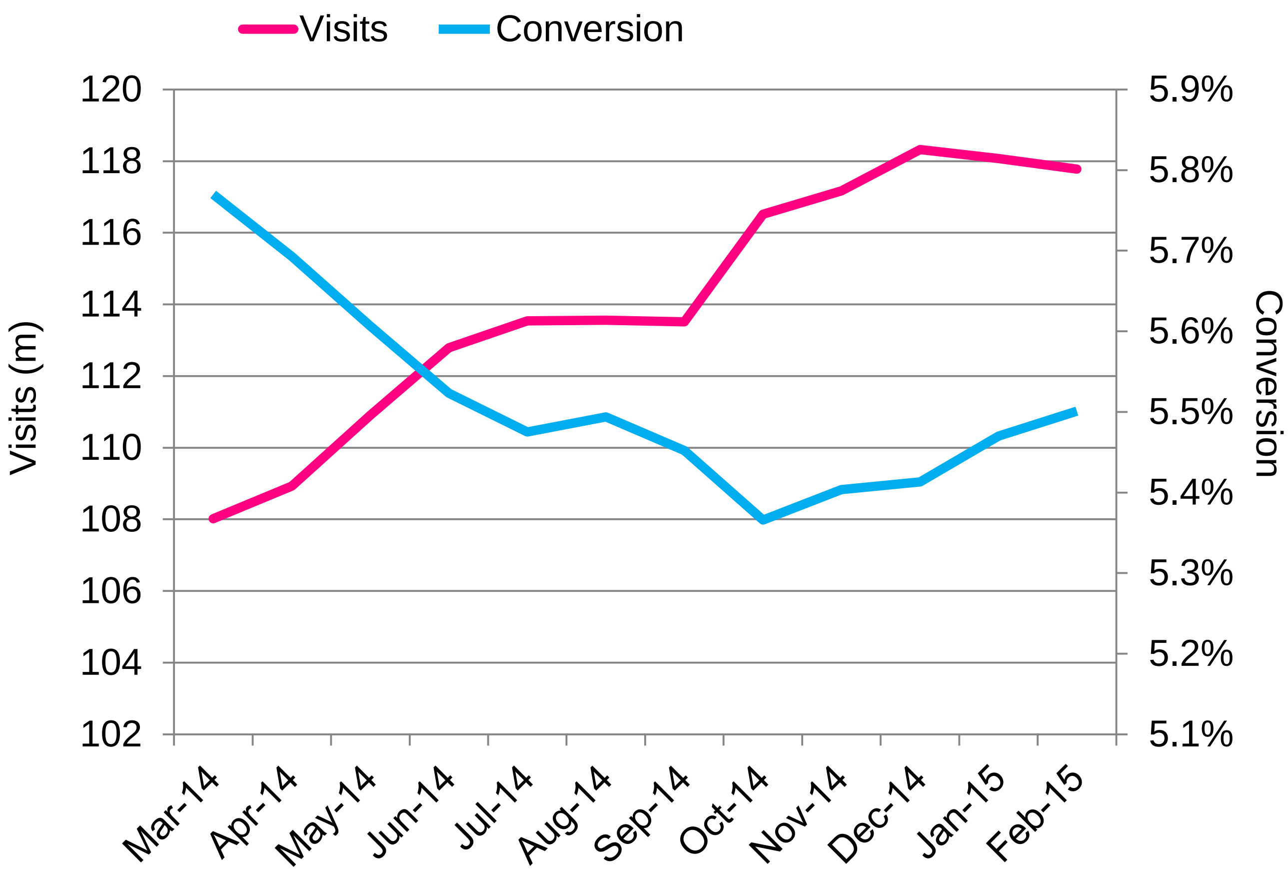
FROM DIRECT MAIL TO DIGITAL FIRST

- Simplified checkout
- Launched Amplience and Monetate
- Introduced predictive recommendations
- Currently testing personalisation tool
- New digital talent brought into Marketing team

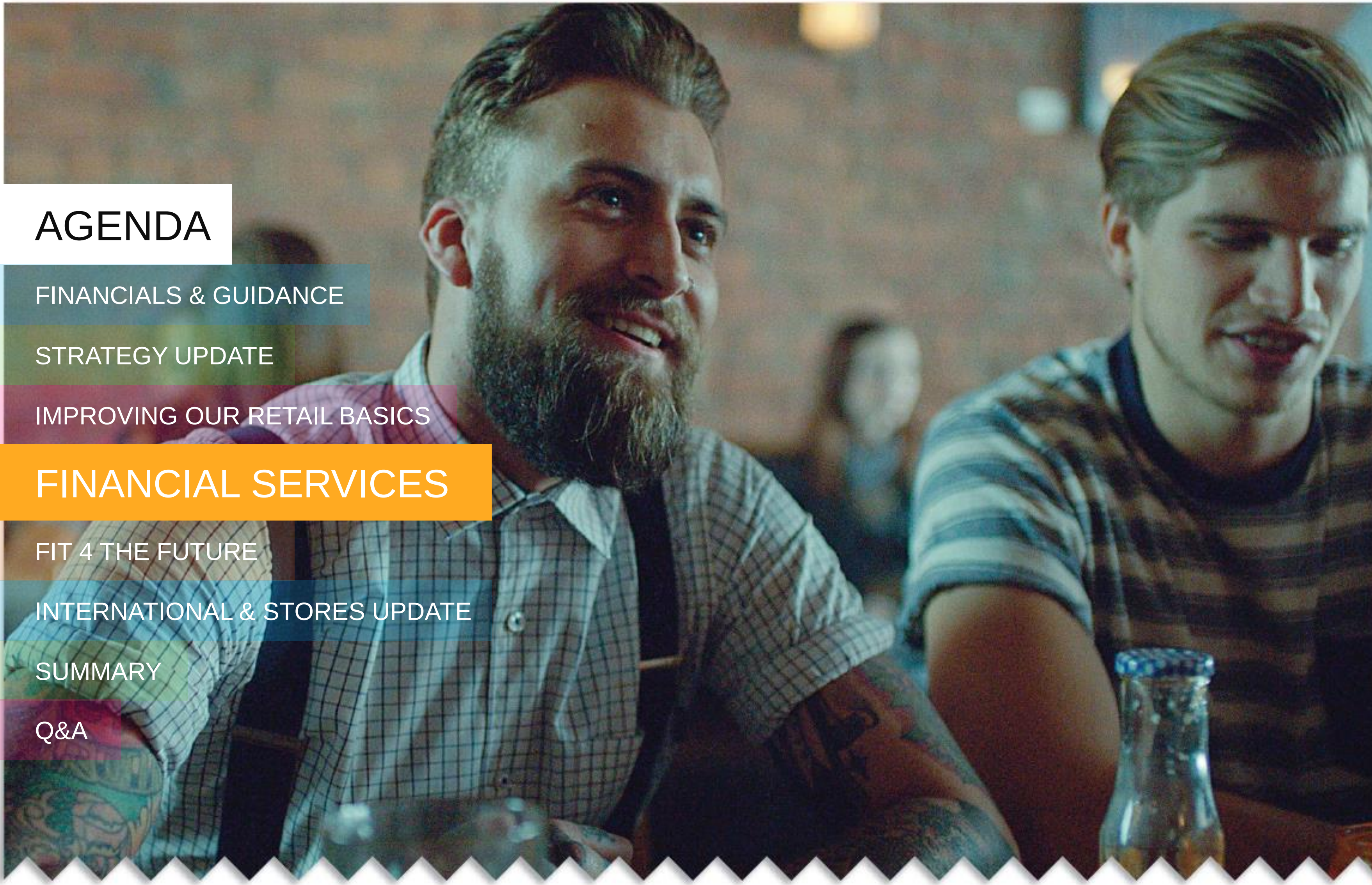


ONLINE METRICS

- Online demand +3%; Q4 +10%
- Active customers +4%; Q4 +11%
- Industry leading conversion



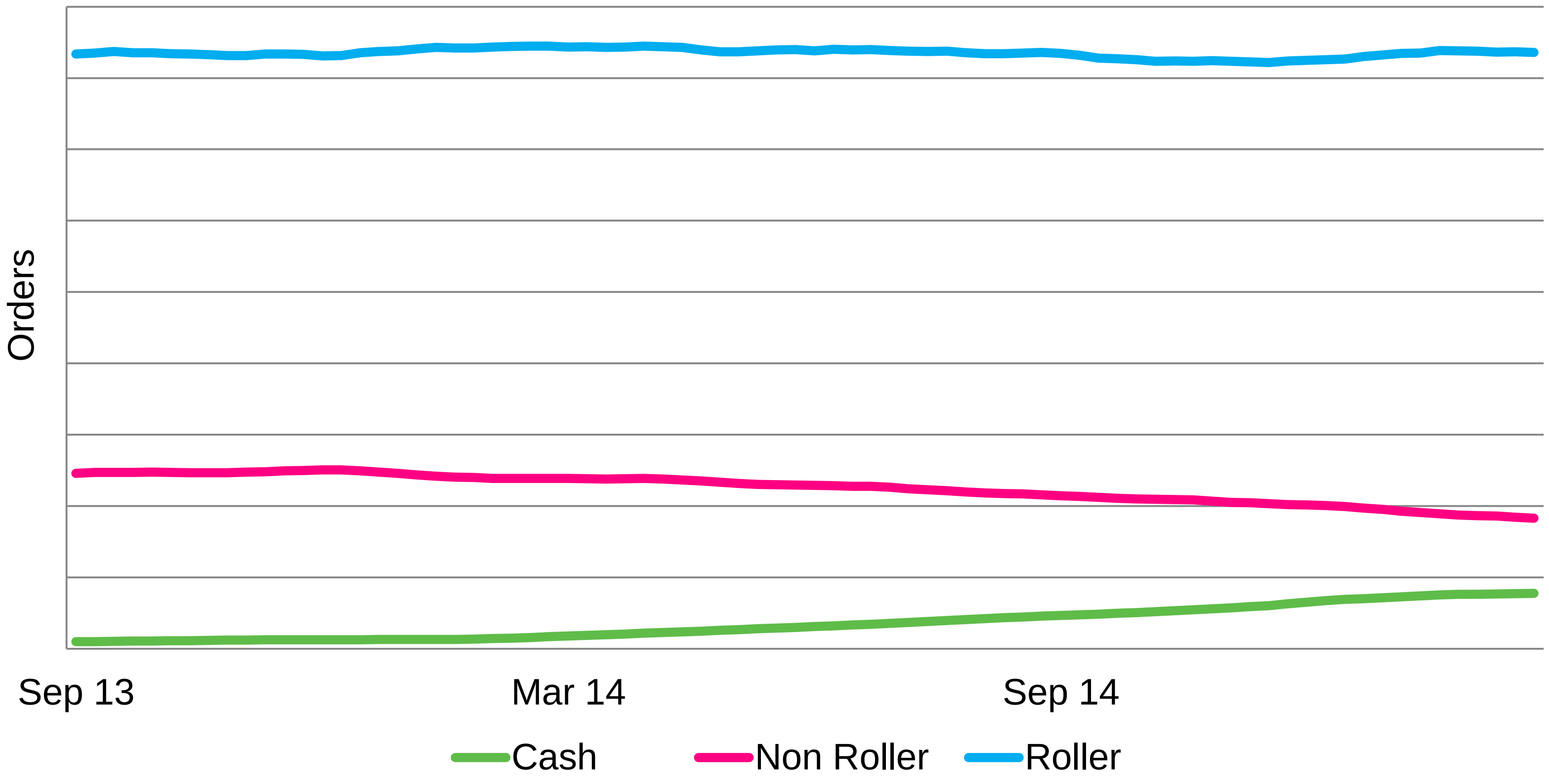
N BROWN GROUP PLC
Where Fashion Fits!



AGENDA

N BROWN GROUP PLC
Where Fashion Fits!

CASH AND CREDIT CUSTOMERS



CASH AND CREDIT CUSTOMERS

- Early days with cash customers but performing well and incremental to Rollers
- Work continues to optimise recruitment of cash customers
- Cash customers have higher AOV than non-rollers, lower returns rates and similar frequency:

	AOV	Frequency	Returns rate
Cash	£55	2x	+24%
Non-Rollers	£49	2x	+30%
Rollers	£77	5x	+30%

N BROWN GROUP PLC
Where Fashion Fits!

FUTURE PLANS

- Quality of debtor book
- Customer loyalty schemes
- Modernisation – Fit 4 the Future a key enabler
- Preparing for full FCA authorisation

N BROWN GROUP PLC
Where Fashion Fits!

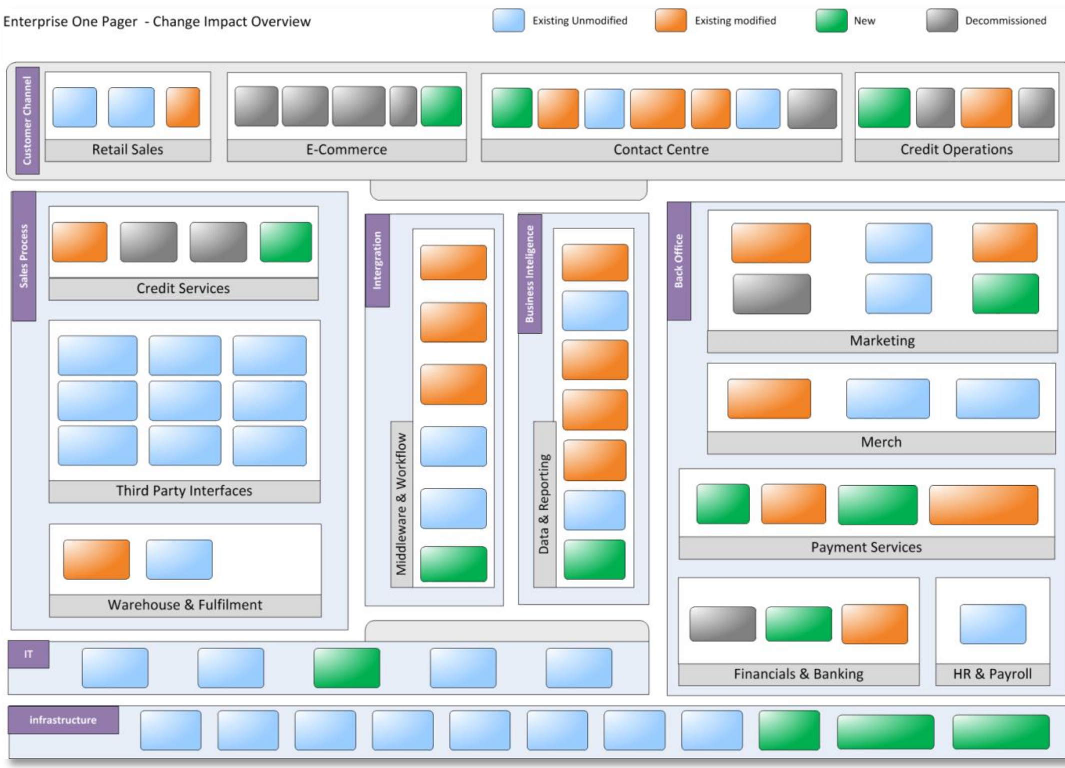
AGENDA

- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- IMPROVING OUR RETAIL BASICS
- FINANCIAL SERVICES
- **FIT 4 THE FUTURE**
- INTERNATIONAL & STORES UPDATE
- SUMMARY
- Q&A

N BROWN GROUP PLC
Where Fashion Fits!

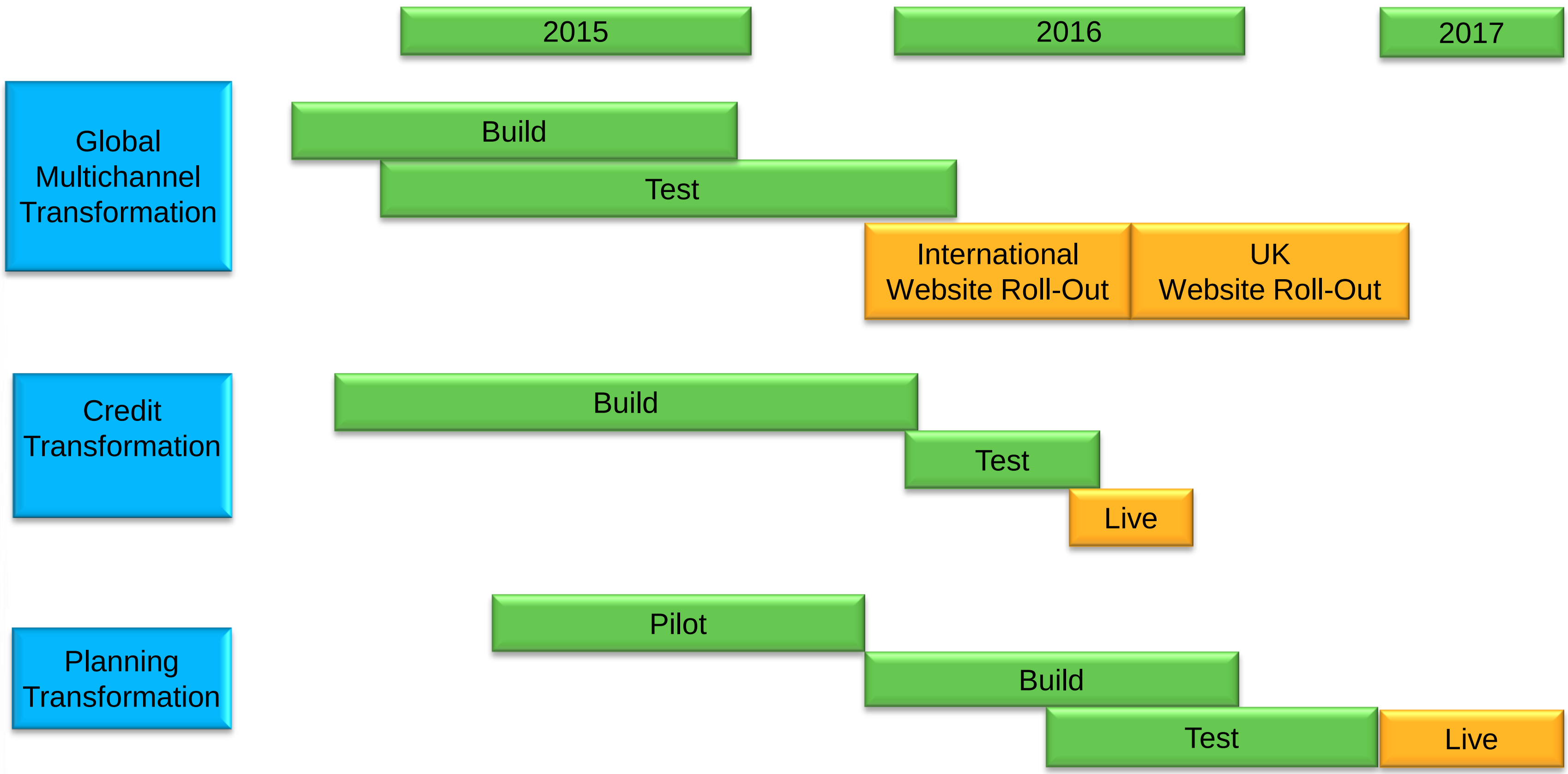
FIT 4 THE FUTURE

- New CIO and team
- Project re-assessed
- Risk minimisation
- Releases streamlined and project length reduced
- Customer facing improvements
- Organisation change programme



N BROWN GROUP PLC
Where Fashion Fits!

F4F TIMESCALE



F4F COSTS & BENEFITS

- Compelling business case for change
- Benefits include cost reductions, increased demand, improved margin and cost avoidance
- New case assumes higher level of ongoing systems investment
- Benefits start to ramp from H2 FY17; full impact FY20
- Some benefits will be reinvested back into the business

£m	Cost	Benefit
Global multi-channel transformation	41	24
Credit transformation	9	12
Planning transformation	15	9
Total	65	45

N BROWN GROUP PLC
Where Fashion Fits!

TOOLS F4F WILL GIVE US

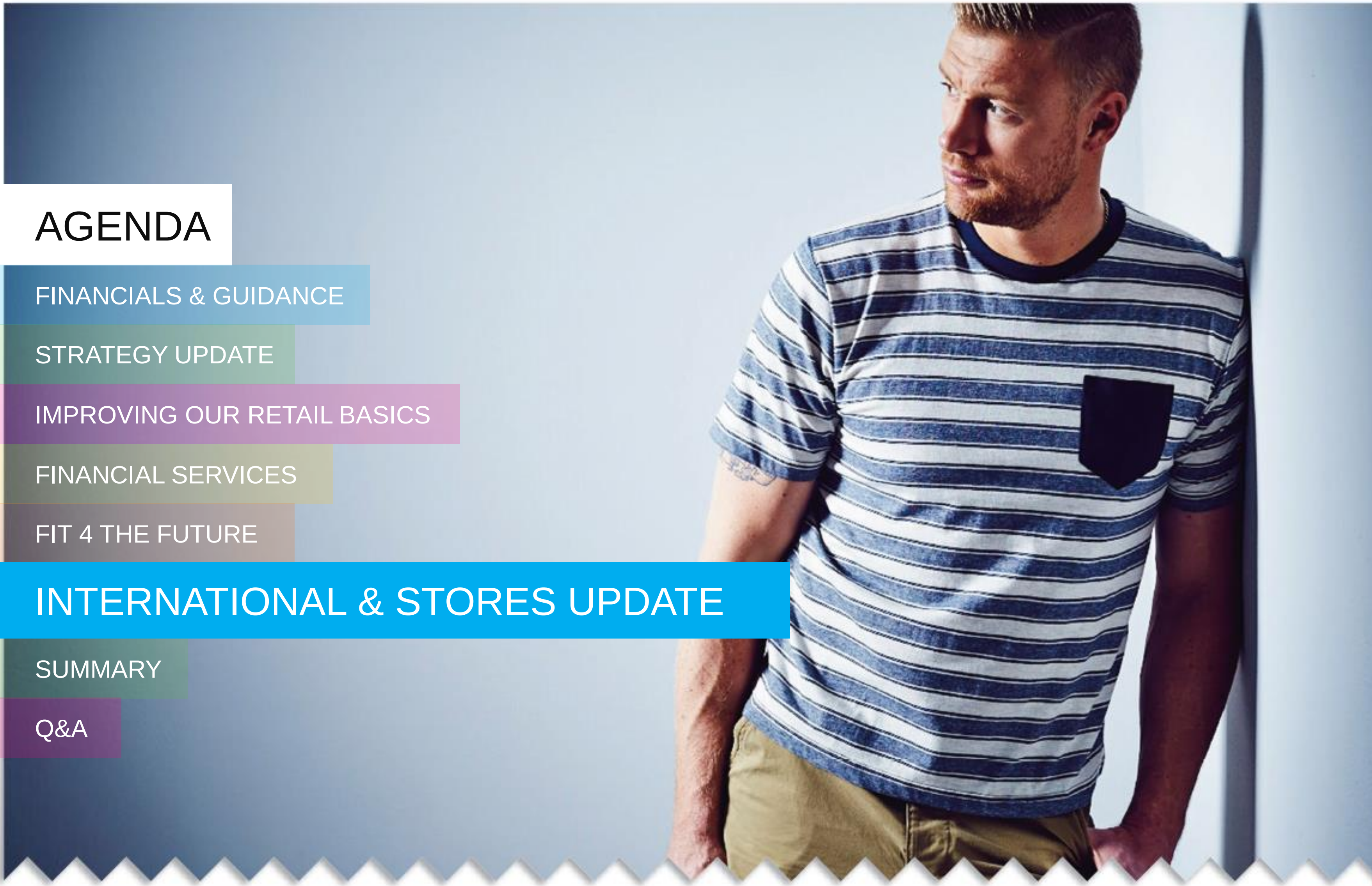
- Speed to market
- Cloud-hosted
- International web platform
- New financial products
- Improved personalisation
- Customer contact centre system
- Planning & forecasting system
- Real-time Single Customer View

N BROWN GROUP PLC
Where Fashion Fits!

WAREHOUSE EXTENSION

- Doubles pick-face; throughput capacity +30% and storage capacity +25%
- Total cost £24m
- Fully operational by mid-2016
- Future delivery improvements

N BROWN GROUP PLC
Where Fashion Fits!



AGENDA

- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- IMPROVING OUR RETAIL BASICS
- FINANCIAL SERVICES
- FIT 4 THE FUTURE
- **INTERNATIONAL & STORES UPDATE**
- SUMMARY
- Q&A

USA UPDATE

- Product demand +13%
- Operating loss reduced from £4.7m FY13/14 to £2.5m FY14/15
- Third-party credit provider live since July
- Customer loyalty improvements
- Cautious expansion prior to new international web platform – mid 2016

N BROWN GROUP PLC
Where Fashion Fits!

STORES UPDATE

- Sales from Jacamo and Simply Be stores +64% to £13m
- LFL +12%
- Operating loss £1.8m (£1.6m FY13/14)
- Medium-term strategy unchanged – 25 stores
- 15 stores today; Exeter best performing new store so far
- Efficiency review underway

N BROWN GROUP PLC
Where Fashion Fits!

AGENDA

- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- IMPROVING OUR RETAIL BASICS
- FINANCIAL SERVICES
- FIT 4 THE FUTURE
- INTERNATIONAL & STORES UPDATE
- **SUMMARY**
- Q&A

N BROWN GROUP PLC
Where Fashion Fits!

CONFIDENT IN THE FUTURE

- Driving strategy forward
- Encouraged by KPIs
- Disappointed by profit performance this year
- Improving the sustainability of future profit growth
- FY14/15 year of heavy lifting
- FY15/16 year of execution
- FY16/17 and onwards – realising our full potential

N BROWN GROUP PLC
Where Fashion Fits!

AGENDA

- FINANCIALS & GUIDANCE
- STRATEGY UPDATE
- IMPROVING OUR RETAIL BASICS
- FINANCIAL SERVICES
- FIT 4 THE FUTURE
- INTERNATIONAL & STORES UPDATE
- SUMMARY
- **Q&A**

APPENDIX

- Revenue by category
- Operating cash flow
- Group cash flow
- Exceptional items
- New reporting schedule
- Investor relations contacts

REVENUE BY CATEGORY

£m	Year to 28 Feb 2015	Year to 1 March 2014	Change
Ladieswear	248.1	253.8	-2.2%
Menswear	93.6	90.9	+3.0%
Footwear	49.0	50.3	-2.6%
Home & Gift	192.2	181.7	+5.8%
Product total	582.9	576.7	+1.1%
Financial Services	235.1	242.2	-2.9%
Cont. Revenue	818.0	818.9	-0.1%

N BROWN GROUP PLC
Where Fashion Fits!

OPERATING CASH FLOW

£m	Year to 28 Feb 2015	Year to 1 March 2014
Operating Profit	70.2	107.0
Depreciation, Amortisation & Share option charge	25.0	22.7
Impairment of brand intangible – G&O	8.0	-
Increase in Inventory	(4.9)	(3.4)
Increase in Receivables	(9.9)	(51.0)
Increase / (Decrease) in Payables	5.1	(12.7)
Pension obligation	0.3	(1.8)
Cash generated from operations	**93.8**	**60.8**

N BROWN GROUP PLC
Where Fashion Fits!

GROUP CASH FLOW

£m	Year to 28 Feb 2015	Year to 1 March 2014
Cash generated from operations	93.8	60.8
Taxation paid	(20.7)	(20.1)
Dividends paid	(40.0)	(38.9)
Capital expenditure	(59.4)	(20.8)
ESOT share issue net proceeds / (payments)	0.7	(0.4)
Net finance costs	(7.3)	(5.6)
Net cash outflow	**(32.9)**	**(25.0)**
Opening Net Debt	**(213.7)**	**(188.7)**
Closing Net Debt	**(246.6)**	**(213.7)**

N BROWN GROUP PLC
Where Fashion Fits!

EXCEPTIONALS

£m	Year to 28 Feb 2015
Strategy costs (Call centre outsourcing; re-organisation costs)	5.6
VAT	7.0
Total exceptional costs	**12.6**

N BROWN GROUP PLC
Where Fashion Fits!

NEW REPORTING SCHEDULE

• Q1 trading statement	19th June 2015
• Interims	14th October 2015
• Q3 / Christmas trading statement	21st January 2016
• Prelims	Late April 2016

N BROWN GROUP PLC
Where Fashion Fits!

IR CONTACT DETAILS

Bethany Hocking
Director of Investor Relations

Email: bethany.hocking@nbrowngroup.co.uk
Tel: 0161 238 1845
Mobile: 07887 536 153