

23 January 2018



Q3 TRADING STATEMENT

**GOOD PERFORMANCE IN A CHALLENGING MARKET
SIMPLY BE VERY STRONG, UP 14.5%, AND NEW PARTNERSHIP WITH ZALANDO ANNOUNCED**

N Brown, the online, specialist fit, fashion retailer, today announces the following trading update covering the 18 week period to 6 January 2018.

Q3 highlights:

- Group revenue +3.2%
- Product revenue +2.7%
 - Power Brand revenue +7.3%
 - Online revenue +9%
 - USA revenue +22%
- Financial Services revenue +4.6%
- Total active customers (12 month rolling basis) +4.7%
- Full year profit expectations unchanged

Angela Spindler, CEO, commented:

"I am pleased with the trading performance during the period, with 2.7% product growth following 5.9% last year. We delivered another record breaking Christmas and I would like to thank our colleagues for working so hard to make this happen.

"Simply Be was our standout brand, up 14.5%. We saw strong progress across our key strategic indicators, with online revenue up 9%, Power Brand revenue up 7.3% and the USA up 22%. The fashion market remains competitive and we invested in promotional activity across our brands and product categories, which successfully delivered market share gains.

"Financial Services continues to perform strongly, driven by the ongoing improvement in the quality of our loan book, which adds resiliency to our group in more challenging macro-economic conditions.

"We are confident in achieving our overall profit expectations. These remain unchanged, although we expect the shape of our results to be different than previously anticipated, as reflected in our revised guidance."

Q3 performance

Product revenue

Product revenue by brand	% change yoy
JD Williams	+3.0%
Simply Be	+14.5%
Jacamo	+4.6%
Power Brands	+7.3%
Secondary Brands	-8.4%
Traditional Segment	+3.9%
Product Revenue	+2.7%

Product revenue by category	% change yoy
Ladieswear	+0.7%
Menswear	+4.1%
Footwear & Accessories	+9.6%
Home & Gift	+2.1%

Simply Be continues to resonate well with our target customers and our Christmas campaigns were well received. This drove revenue up 14.5% during the period, against a double-digit comparative last year. Jacamo also had a good season, supported by a strong Christmas campaign, delivering further market share gains.

The relaunch of the JD Williams brand was a success, with new customers up 12% and very positive reactions from existing JD Williams customers. In line with our previously announced strategy of brand simplification, this season Fifty Plus brand customers have received the JD Williams marketing program. This has had mixed success due to the more traditional fashion preferences of some of these customers. This has impacted overall active customer metrics and Ladieswear performance. Actions are being taken to address this, and we are confident that these will deliver improving response rates from this customer group going forward.

Overall Power Brand revenue was up 7.3%, reflecting our strategy to drive these three brands ahead of those in our Secondary and Traditional segments. Power Brand active customers grew by 4.3%.

Secondary Brands revenue was down 8.4%. The largest brand here, Fashion World, was down high single digit as we diverted marketing investment into our Power Brands. Figleaves revenue was down as expected, with the brand part-way through its turnaround led by its new management team. We remain confident in the long-term success of this business. The growth in the Traditional Segment was driven by the Ambrose Wilson brand, continuing the positive trend reported in the first half.

We are pleased with the progress on trading partnerships, one of our key future growth levers, and are today announcing a new partnership for Simply Be and Jacamo with Zalando, Europe's leading online fashion platform, operating across 15 countries.

Online metrics

Overall, online penetration increased 4ppts year-on-year to 74%, with total online sales up 9%. 82% of new customer demand was generated online during the period, up 5ppts year-on-year.

During the period mobile devices generated 77% of all traffic, up 5ppts year-on-year. Within this, smartphones now account for 57% of all traffic and smartphone conversion increased by 2% year-on-year.

We continue to innovate and build on our technology capabilities. During the period we further upgraded our Simply Be app, launched the Simply Be Perks loyalty programme, rolled out delivery subscription offers on all three Power Brands and made further progress with the use of social media data for credit decisioning.

International

Our USA business moved back into positive growth in line with our plans, with revenue up 19% year-on-year or 22% on a constant currency basis. Our new marketing strategy, including strong influencer marketing, is working well and we expect performance to continue to accelerate.

We are on track to go live with Global Ship Anywhere by the end of this financial year, which further underpins future international growth.

Financial Services

During the period Financial Services revenue was up 4.6%. Interest received accounts for the vast majority of revenue here, and was up high single digits, whilst non-interest lines were down, as planned, and consistent with prior periods.

We delivered a further improvement in the quality of the customer loan book, and this is reflected in our upgraded gross margin guidance. The loan book continues to show healthy growth.

Full Year 17/18 Guidance

Updates:

- Product gross margin guidance is now -225bps to -250bps, from -70bps to -120bps previously. This is predominantly due to higher promotional activity.
- Financial Services gross margin guidance is now +500bps to +550bps, from +100bps to +200bps previously. This is a result of a further improvement in the quality of the customer loan book, together with several initiatives improving our customer proposition launched during the year.
- Group operating costs (excluding Depreciation & Amortisation) guidance is now +4% to +4.5%, from +4.5% to +5.5% previously, as a result of a continued tight cost control.
- Depreciation & Amortisation c.£29m, from £29m to £30m previously.
- Net interest costs c.£9m, from £8m to £9m previously.
- Tax rate c.23%, from c.22% previously.
- Net debt c.£350m, from £325m to £335m previously, entirely due to the growth in the loan book.

Other guidance remains unchanged from that provided at the half year results:

- H2 Exceptional costs c.£2m
- Capex c.£40m

IFRS9

The Group is currently assessing the anticipated effect of IFRS9 “Financial Instruments”, which will be implemented for our Feb 2019 year-end and replaces the existing IAS39. The Group is making good progress with its IFRS9 implementation project and expects to provide an indication of the effect IFRS9 will have on our results in April.

Analyst conference call

CEO Angela Spindler and CFO Craig Lovelace will be hosting a conference call for investors and analysts at 8.30am. Please contact MHP (nbrown@mhpc.com) for dial-in details.

Reporting calendar

We will be announcing our full year results on 26 April 2018.

Market expectations

The Board considers that market expectations for FY18 are best defined by forecasts published by analysts who consistently follow the Group. The current consensus Trading PBT as at 5 January 2018, of which the Board is aware, is £79.2m (range: £73.4m to £82.8m).

Quarterly performance

Revenue growth yoy	FY17/18		
	Q1 (13wks)	Q2 (13wks)	Q3 (18wks)
Product	+10.2%	+4.9%	+2.7%
Financial Services	-4.9%	+7.2%	+4.6%
Group	+5.6%	+5.6%	+3.2%

Revenue growth yoy	FY16/17			
	Q1 (13wks)	Q2 (13wks)	Q3 (18wks)	Q4 (8wks)
Product	-1.6%	+2.7%	+5.9%	+6.9%
Financial Services	+3.4%	+0.7%	-0.5%	-2.3%
Group	-0.2%	+2.1%	+4.1%	+3.6%

For further information:

N Brown Group

Angela Spindler, CEO

Craig Lovelace, CFO

Bethany Barnes (nee Hocking), Director of Investor Relations and Corporate Communications

0161 238 2202 / 1845

MHP Communications

Andrew Jacques

Simon Hockridge

020 3128 8100

nbrown@mhpc.com

About N Brown Group:

An expert in fashion that fits and flatters, N Brown is one of the UK's leading digital retailers. Its key retail brands are JD Williams, Simply Be and Jacamo. It offers an extensive range of products, predominantly clothing, footwear and homewares. N Brown is all about democratising fashion and is size inclusive, focusing on the needs of underserved customer groups – size 20+ and age 50+.

N Brown is headquartered in Manchester where it designs, sources and creates its product offer, and employs over 2,600 people across the UK.