16 June 2016

Q1 TRADING STATEMENT FOR THE 13 WEEKS TO 28 MAY 2016

TRADING IN LINE WITH EXPECTATIONS
TRANSFORMATION PROGRAMME REMAINS ON TRACK

Q1 financial highlights:

- Group revenue -0.2%
- Product revenue -1.6%
- Financial services revenue +3.4%
- Overall trading in line with expectations; full year guidance unchanged

Q1 strategic highlights:

- Continued increase in online sales penetration, up 5ppts year-on-year to 67%. Online revenue up 6%.
- 76% of new customer demand was generated online, up 8ppts year-on-year.
- Total active customers broadly flat year-on-year, with Simply Be, Jacamo and JD Williams brands recording healthy active customer growth, offset by a decline in Traditional titles and Fifty Plus.

Revenue yoy growth	**FY16**					**FY17**
	Q1 (13wks)	Q2 (13wks)	Q3 (18wks)	Q4 (8wks)	FY (52wks)	**Q1 (13wks)**
Product	+4.3%	+7.9%	+4.3%	-3.5%	+4.1%	**-1.6%**
Financial Services	-1.9%	+1.0%	+3.7%	+8.1%	+2.1%	**+3.4%**
Group	+2.5%	+5.8%	+4.1%	+0.2%	+3.5%	**-0.2%**

Angela Spindler, CEO, commented:

"Overall trading in the quarter has been in line with our expectations and our guidance for the full year remains unchanged. Product sales have been satisfactory when viewed against the challenging market backdrop. The growth achieved in Financial Services revenue was driven by the increase in new credit customers over the previous financial year.

"Our three Power Brands, JD Williams, Simply Be and Jacamo, continue to outperform the wider Group. Revenue from our Traditional Segment has continued to decline, but remedial actions are now well underway.

"Our systems transformation programme, Fit 4 the Future, remains on track in all respects. Looking forward, our new systems will give us a strong platform to capitalise on the significant growth opportunities ahead."

Q1 performance

Product

Within our Power Brands, Simply Be and Jacamo revenues were both up year-on-year, driven by ongoing product improvements and our new season campaigns, which are resonating well with their target customer bases. Both brands saw a significant increase in their active customer files. The JD Williams brand itself saw double-digit growth, although revenues for JD Williams as a whole were slightly down due to a weak performance from the Fifty Plus title. This dynamic is also reflected in the JD Williams active customer file. We will begin to migrate the Fifty Plus title into JD Williams from the Autumn. Overall, due to the impact of the Fifty Plus title, Power Brands product revenues were flat in the quarter.

Product revenues of the Secondary Brands, namely Fashion World, Figleaves, High and Mighty and Marisota, were marginally lower year-on-year. Within this, Fashion World was the strongest performer.

Our Traditional Segment (Julipa, Ambrose Wilson, Premier Man and House of Bath) saw a mid single-digit decline in product revenues, in line with the performance reported at our full year results. We continue to make improvements to our offer and customer proposition in our Traditional Segment. Early signs are encouraging, but it will take until the second half for these actions to positively impact performance.

By category, Menswear achieved the strongest performance, driven by the improvements we have made to our products, with revenue up mid single-digit. Ladieswear saw a low single-digit decline in revenue year-on-year against a challenging market backdrop. Footwear revenues declined by mid single-digit. Home and Gift revenues were broadly flat versus Q1 last year against a tough comparative.

During the period we ran successful targeted promotions in order to drive revenue. This trading stance resulted in a low single-digit decline in average selling price, which was more than offset by an increase in average units per basket.

Our online metrics continue to be very strong. Traffic was up 11% year-on-year. Mobile devices (smartphones and tablets) now generate 69% of all traffic, up over 5ppts year-on-year. Conversion was broadly unchanged during the period.

Our USA business continues to perform strongly, with Q1 revenue up 25% year-on-year, or 17% on a constant currency basis. We remain in cautious expansion mode in the USA, ahead of the new International web platform going live in August.

Financial Services

We had a good performance in our Financial Services division in Q1, with revenues up 3.4%. This was driven by interest payments from new credit customers recruited during FY16. As guided to in the full year results, we continue to expect both our arrears rate and our provision rate to increase slightly in FY17.

Our full FCA authorisation application is progressing in line with expectations.

Fit 4 the Future

Our systems transformation project, Fit 4 the Future, remains on track and to budget. We have completed the roll out of the first stage of our new merchandising systems as planned. We are now in testing phase for our new web platform and new credit systems, with the next significant milestone being the launch of the new USA website in August.

FY17 Guidance

At this early stage in the year, all FY17 guidance is unchanged from that provided at the full year results.

Given the trading performance in Q1, we expect the H1/H2 split to be broadly similar to that experienced in FY16.

Reporting calendar

We will be announcing our first half results on 11th October 2016.

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