

**N BROWN GROUP PLC**  
**FULL YEAR RESULTS**  
**10 MAY 2011**

**N Brown Group plc**

**ALAN WHITE**  
**CHIEF EXECUTIVE**

# RESULTS SUMMARY

	2011 £m	2010 £m	%
<b>Revenue</b>	718.8	690.0	+4.2
<b>Operating Profit</b>	102.6	97.6	+5.1
<b>Adjusted Pre-tax Profit</b>	98.2	93.1	+5.5
<b>Adjusted EPS (p)</b>	27.02	24.77	+9.1
<b>Total Dividend (p)</b>	12.41	10.79	+15.0

# KEY FEATURES

- Broadly based sales growth
- Strong online sales growth
- New brand launches/rollout
- Recent acquisitions
- International expansion

# HOME SHOPPING CUSTOMERS

	£m	% of Total	% Change
Younger (30 – 45)	240	33	+11
Midlife (45 – 65)	431	60	+2
Older (65+)	58	7	-9
	<b>719</b>	<b>100</b>	<b>+4</b>

- New Customer Sales +4%
- Active established customer accounts -3%
- Sales per established customer account +4%

# CUSTOMER BRANDS

30 - 45

45 - 65

65+

AB



C



DE



# HOME SHOPPING PRODUCTS

	Revenue £m	% of Total	% Change
Ladieswear	361	50	+1
Footwear	80	11	+10
Menswear	84	12	+25
Home & Leisure	194	27	-
	<b>719</b>	<b>100</b>	<b>+4</b>

Ladieswear 50% Size 20-38

Corsetry 74% D-L Cup

Fitting 83% 38" - 58" Back

Menswear 79% 38" - 64" Waist

Footwear 84% E-EEEEEE

ASP +7%

# BRANDS & CELEBRITIES

2010/11



ONETruoSaxon®



Ruby Rocks



Frock and Frill

HAMNETT®



Arlene Phillips

2011/12

Old Glory

SCOTT & WOODS



and Abigail



Isabella Cole

FUSIONS BY EAST



Slimma

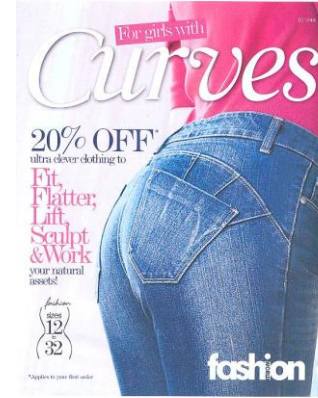
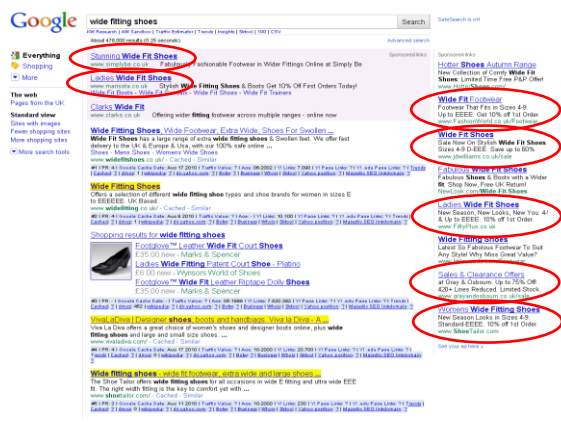


# MARKET SHARES

Category	% Total Retail Market		Online Ranking
	TY	LY	TY
Womens Outerwear	1.6	1.6	3 <sup>rd</sup>
Womens Outerwear 16+	5.0	4.5	1 <sup>st</sup>
Ladies Underwear	2.5	2.4	1 <sup>st</sup>
Ladies Footwear	1.7	1.5	5 <sup>th</sup>
Menswear	1.1	1.0	6 <sup>th</sup>

Source: Kantar Worldpanel 20 March 2011/NBG

# CUSTOMER RECRUITMENT



Online

TV/2<sup>nd</sup> Stage

Mini Catalogues

Press Advertising

Tyr 32%

12%

14%

41%

Lyr 27%

14%

18%

38%

Focus On  
Young/Mid

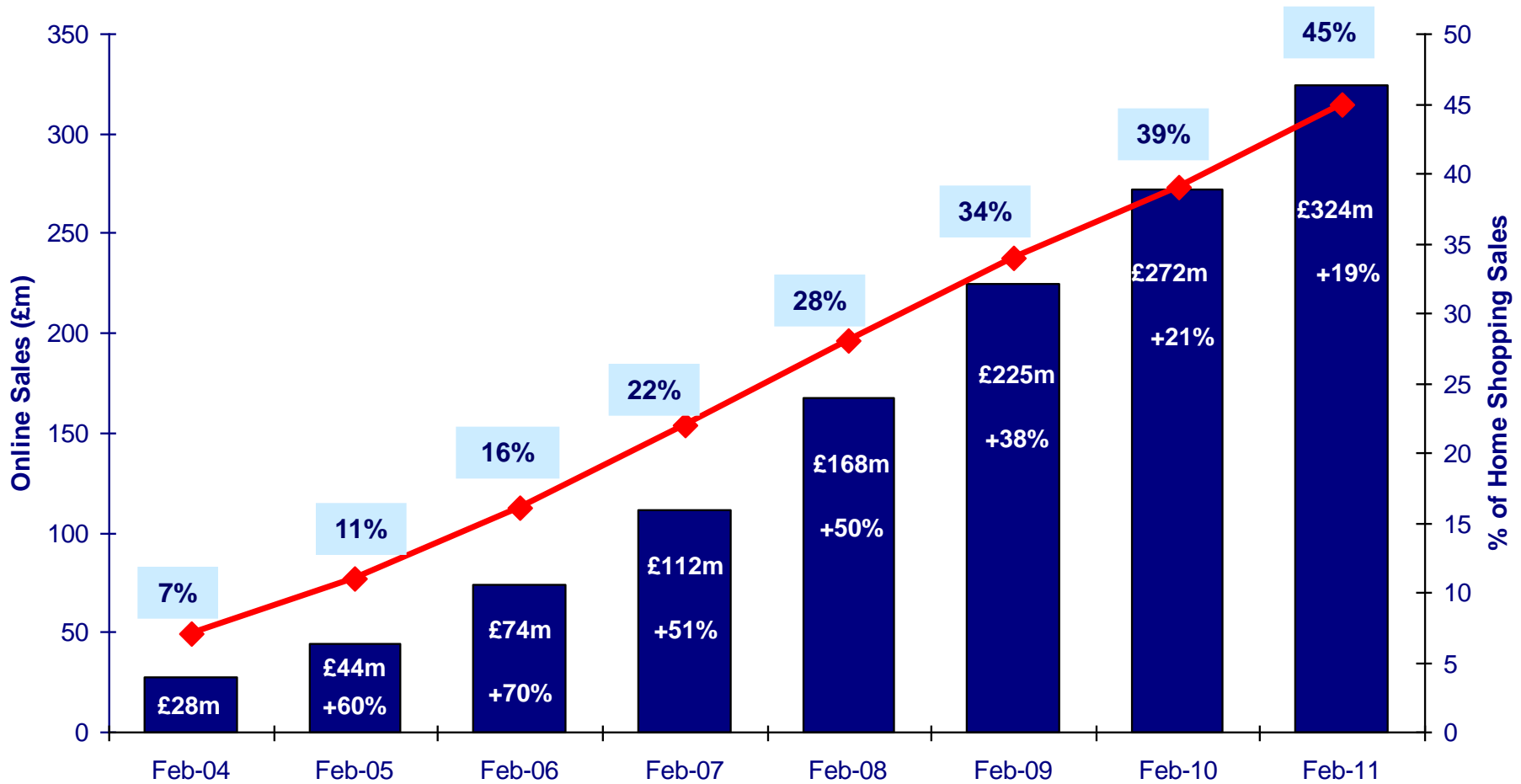
Focus On  
Mid/Old

Investment

Investment

57 % of first order value online

# INTERNET PENETRATION



# INTERNET SALES BY CUSTOMER GROUP

	<b>% Penetration</b>	<b>% Growth</b>
<b>Young (30 – 45)</b>	64	+24
<b>Midlife (45 – 65)</b>	37	+15
<b>Older (65+)</b>	21	+11
	<hr/> <b>45</b> <hr/>	<hr/> <b>+19</b> <hr/>

# ONLINE SALES DRIVERS

- AORTA Program
- Recruitment
  - 32% of total
  - 57% of first order value
- Email
  - 917 campaigns (+16%)
  - 87m emails sent (+12%)
  - Demand/Email (+32%)
- Clearance Activity
- Social Media
- AOV - £73 +33% vs. offline
- Weekly Stats
  - Unique visitors 751k
  - Sessions 1064k
  - Page views 22m
- Online Exclusives
  - £71m +34%
  - Supplier integration
- Organisation Restructure

# ONLINE SYSTEMS DEVELOPMENTS

- New registration process
- Real time credit scoring
- New product windows
- “My Account” pages enhanced
- Special delivery instructions/ Return request
- Online videos
- Online chat/Call Me
- New checkout process
- Product reviews – 4 ★ average
- i-Brochure – shop by spread
- Multi-variant testing
- Web content management system
- Mobile

# SIMPLY BE INTERNATIONAL

	Germany	USA	10/11	11/12
Sales (£m)	3.4	0.8	4.2	12
Operating Loss (£m)	1.7	0.6	2.3	3-4
Online Penetration	78	70		
Items per Order	3.2	2.6		
Returns Rate (%)	61	25		

## 2012 PLANS

### Germany

- Marketing & fulfilment cost efficiencies
- Online recruitment
- Reduce returns rate

### USA

- Test new recruitment channels
- Expand product range
- Increase online promotions
- Test new catalogue formats
- Aggressive growth

# HIGH & MIGHTY

- 2011 Sales £7m
- Loss of (£0.8m)
- Over last 12 months:
  - 3 relocations, 3 refits, 3 new stores (total now 17)
  - Moved website to group platform
  - New ranges (e.g. Tommy Hilfiger)
  - LFL sales +8%
- Plans for 2011/12:
  - 3 further store openings and ongoing upgrade of estate
  - Development of website and multi channel offer
  - Enhanced made to measure offer
  - Extend size range
  - Develop own label





# FIGLEAVES

- Acquired June 10 - £10.3m
- 2011 sales of £16m (+4% LFL)
- Loss of (£0.9m) for 8 months post acquisition
- Over last 12 months:
  - Agreed strategy
  - Centralised finance function / systems
- Plans for 2012
  - Increase order frequency
  - Increase breadth of offer
  - Develop own brand ranges
  - Cross-selling development
  - Ongoing website development
  - Cost efficiencies
  - Management restructure



# REVENUE SPLIT

	<b>2011</b>	<b>2010</b>	<b>%</b>
<b>Product Sales</b>	523.7	499.6	+4.8
<b>Services</b>	195.1	190.4	+2.5
<b>Total</b>	<b>718.8</b>	<b>690.0</b>	<b>+4.2</b>

# RESULTS SUMMARY

- Underlying Profit

	2011	2010	%
Operating Profit	102.6	97.6	5.5
International	2.3	1.7	
Acquisition	1.7		
<b>Core Operating Profit</b>	<b>106.6</b>	<b>99.3</b>	<b>7.3</b>

- Continued focus on niche products and customers
- Online channel still strong sales driver
- Investment in international, brands and acquisitions

**N Brown Group plc**

**DEAN MOORE**  
**Group Finance Director**

# HIGHLIGHTS

	2011	2010	Change
	£m	£m	
Turnover	718.8	690.0	<b>+4.2%</b>
Operating profit	102.6	97.6	<b>+5.1%</b>
Trading profit	98.2	93.1	<b>+5.5%</b>
Adjusted earnings per share	27.02p	24.77p	<b>+9.1%</b>
Dividends per share	12.41p	10.79p	<b>+15%</b>
Borrowings	180.1	170.1	<b>+5.8%</b>
Receivables	474.5	446.9	<b>+6.2%</b>

# GROUP TRADING ACCOUNT

52 weeks to 26 February 2011

	2011 £m	2010 £m	vs.LY
Group Turnover	718.8	690.0	+4.2%
Gross Profit	387.0	362.0	+6.9%
Gross Margin %	53.8%	52.5%	+130bps
Distribution Costs	(62.9)	(61.9)	+1.6%
Sales and Administration	(221.5)	(202.5)	+9.4%
Group Operating Profit	102.6	97.6	+5.1%
Operating Margin	14.3%	14.1%	

# GROUP PROFIT AND LOSS ACCOUNT

52 weeks to 26 February 2011

	2011	2010	vs.LY
	£m	£m	
Group Operating Profit	102.6	97.6	+5.1%
Finance Costs (net)	(4.4)	(4.5)	-2.2%
Group Trading Profit	98.2	93.1	+5.5%
Unrealised FX Exchange Losses	(3.7)	(7.4)	-50.0%
Profit before Tax	94.5.	85.7	+10.3%
Taxation	(22.8)	(23.2)	-1.7%
Profit after Tax	71.7	62.5	+14.7%

# PRE-TAX MARGIN

• Gross Margin	Product	+20bps
	Bad Debt	+160bps
	Financial Income	-50bps
• Operating Costs		-110bps
• Pre-tax margin (13.7%)		<hr/> +20bps <hr/>



# NET ASSET SUMMARY

At 26 February 2011

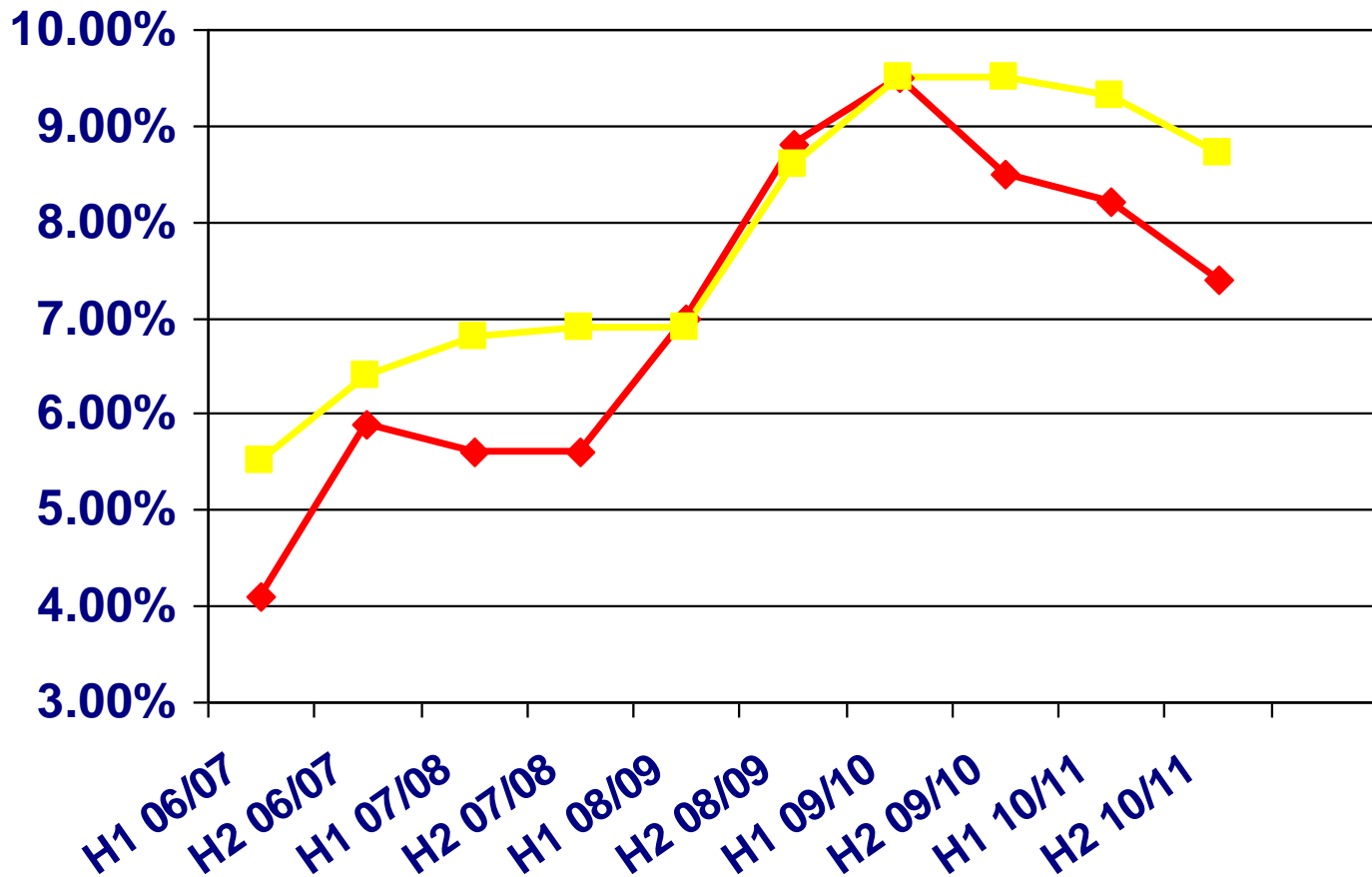
	2011	2010	vs.LY
	£m	£m	
Non Current Assets	124.8	108.8	+14.7%
Inventories	78.1	62.4	+25.2%
Receivables/Prepayments	490.8	463.6	+5.9%
Creditors/Accruals	(155.7)	(143.9)	+8.2%
Pension Surplus/(Deficit)	3.3	(1.8)	-
Net Borrowings	(180.9)	(170.1)	+6.3%
	<hr/>	<hr/>	
	360.4	319.0	+13.0%
	<hr/>	<hr/>	
Gearing	50%	53%	

# RECEIVABLES AND PROVISIONING

52 weeks to 26 February 2011

	2011 £m	2010 £m	Vs LY
Gross Trade Receivables	519.6	494.0	+5.2%
Opening Bad Debt Provision	47.0	41.1	
Bad Debt Charge	53.1	62.2	-14.6%
Debtors Written Off	(55.0)	(56.3)	-2.3%
Closing Bad Debt Provision	45.1	47.0	-4.1%
% of Receivables	8.7%	9.5%	
% of Turnover	7.4%	9.0%	
Average Balance	331	303	

# BAD DEBT PERFORMANCE



◆ Charge % Turnover    ■ Provision % Receivables

# OPERATING CASHFLOW

52 weeks to 26 February 2011

	2011	2010
	£m	£m
Operating Profit	102.6	97.6
Depreciation & Amortisation/Share Option Charge	16.8	15.8
(Increase)/Decrease in Stock	(12.0)	7.4
Increase in Receivables	(29.8)	(10.2)
Increase/(Decrease) in Payables	3.7	(0.5)
	<hr/>	<hr/>
	81.3	110.1
Pension Obligation	(7.4)	(4.0)
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Cash Generated from Operations	73.9	106.1
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# GROUP CASHFLOW

52 weeks to 26 February 2011

	2011	2010
	£m	£m
Cash generated from Operations	73.9	106.1
Taxation Paid	(16.5)	(14.4)
Dividends Paid	(31.5)	(29.5)
Investing Activities - Capex	(22.1)	(11.3)
- Fingleaves	(10.3)	-
Share Issue (Purchases)Proceeds	(0.3)	1.2
Finance Costs (net)	(4.0)	(3.9)
Net Cash (Outflow)/Inflow	(10.8)	48.2
Opening Borrowings	(170.1)	(218.3)
Closing Borrowings	(180.9)	(170.1)

# GROUP BORROWINGS

	Facility	Drawdown
	£m	£m
Securitisation Debt	200	190
Bilateral Loans	120	40
Overdraft	9	-
Gross Borrowings	329	230
Cash in Hand		(49)
Net Borrowings		181

- Securitisation Debt renewed March 2011 for 5 years.
- Bilateral loans in place until January 2012.

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# GROWTH STRATEGY





# KEY ACTIONS 2011/12

- Focus on winners in brand portfolio
- Online trading
- Launch of Fabrici
- Product development
  - USPs, brands, celebrities
- Enhance customer service
- Develop High & Mighty and Figleaves
- International expansion
- Store trial

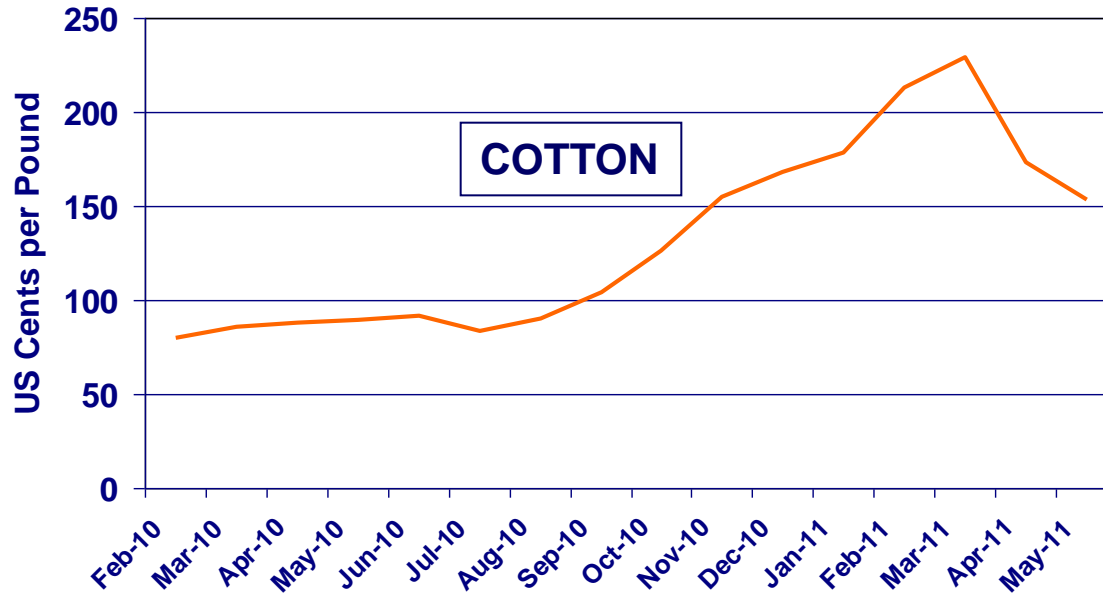
# CONCEPT STORE TRIAL

- **Objective** – increase multi-channel sales
- **Plan** – 3 stores – North West – 4-8,000 sq ft
- **Timing** – Q4 2011
- **How** – Stores team established
- **Concept** – full multi-channel
- **Cost** – Capex £3-4m



# SUPPLY CHAIN

- Commodity Prices



**+160%**

- Labour costs
- Capacity reductions
- Lead times
- Cost prices +9%

# **CURRENT TRADING – 10 WEEKS TO 7 MAY 2011**

- **Total Sales** **+4.8%**
- **Like for Like** **+1.5%**
- **Distortions – Late Easter, Royal Wedding, warm April**
- **Online Sales** **+16%**
- **Gross Margin** **Flat**

# SUMMARY

- Record sales and profits
- 15% dividend increase
- Core business
  - Niche customers & products + credit
  - online trading
  - flexible business model
- Acquisition turnarounds
- Development opportunities
  - international
  - multi-channel stores
- Current trading off to a positive start

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**10 MAY 2011**