



17 January 2022

Matalan results for the 13 weeks ended 27 November 2021

Matalan, a leading omni-channel fashion and homeware retailer of family value, announces its results for the 13 weeks ended 27 November 2021.

Financial highlights for the 13 weeks ended 27 November 2021

- Total revenue of £291.4m (2021: £244.8m)
- EBITDA profit post adoption of IFRS16 of £61.1m (2021: £54.1m) ¹
- Restated EBITDA profit under IAS17 of £36.2m (2021: £28.8m)
- Strong closing cash of £182.9m (2021: £184.9m)

Peak Trading for the 5 weeks to 1 January 2022

- Total revenue of £130.7m (2021: £121.0m)
- EBITDA profit post adoption of IFRS16 of £30.2m (2021: £31.8m) ¹
- Restated EBITDA profit under IAS17 of £21.0m (2021: £21.5m)
- Strong closing cash position of £163.3m (2021: £187.7m)
- Full year FY22 restated EBITDA guidance range under IAS17 of £98m-£100m

¹ EBITDA is reported before and after the adoption of IFRS 16-Leases, to also reflect performance under the previous accounting standard IAS17-Leases.

Performance overview

Commenting on performance Steve Johnson, Executive Chairman of Matalan, said:

“The results published today for the third quarter and Christmas trading period reflect a strong performance in what continue to be challenging circumstances, not just for ourselves but for the broader sector. The flow of inbound stock has suffered delays and volatility, negatively impacting availability for customers. In addition, the UK logistics and labour markets have also suffered their own levels of heavy disruption, all adding significant extra costs for retailers. I’m pleased with the way in which our business has responded in managing these challenges, demonstrating unprecedented levels of agility in making stock available to customers as quickly and efficiently as possible.

When ranges have become available there has been an extremely positive customer reaction with stock turning quicker than we’ve ever seen before. The reaction to our Ladies ranges has been particularly strong although we know that with a more consistent level of availability we could have satisfied even more of the high level of customer demand we were seeing for the great quality, design and value that we are famous for. As a result of this strong customer reaction and despite the lateness of stock arriving into the UK, we were still able to grow full price sales in the third quarter by over 10%. Our strong stock management disciplines also enabled us to effectively re-shape our stock mix over the autumn months and enter the main winter Sale on Boxing Day with volumes below those in recent years, protecting margins.

We successfully completed the first phase of our multiyear digital transformation programme with the implementation of online batch picking and sortation automation within our Knowsley warehouse in October. This adds to the online fulfil from store capability that we rolled out in 2020. Together these investments have enabled a significant scaling of our online channel over the last two years, with annual online turnover now in excess of £200m. To further progress our ambition to be a truly multi-branded omnichannel lifestyle retailer, in December we announced a long-term partnership with THG Ingenuity, the market leading end to end tech solution provider. Later in 2022 we plan to migrate to the high performing Ingenuity platform to support and accelerate further extensive online growth via a multitude of customer focussed features that will transform the user experience.

Our large and spacious out-of-town stores with convenient free parking remain a safe and appealing destination for customers. Our stores are very much complementary to a scaled up online channel and together they provide over 11 million savvy customers with convenient and flexible access to our ranges. We will therefore also continue to invest in our store portfolio in the years ahead, further enhancing the store environment and proposition to capitalise on what we see as an opportunity to add further range breadth and choice for customers in relevant and adjacent categories. We're excited about the opportunities ahead and avenues for growth in both store and online channels as we further build capability, while adding new own label ranges and growing our popular stable of third-party brands.

Matalan is continuing to evaluate alternatives and monitor market conditions with respect to a potential refinancing of its outstanding indebtedness.

Thanks to all of our colleagues, suppliers, and partners who continue to work incredibly hard in what remain challenging times, to serve our customers and deliver on the sizeable opportunities ahead."

Ends

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About Matalan

Matalan, a leading out of town fashion and homeware retailer, serves over 11m customers through 229 stores in the UK, an e-commerce platform and 52 overseas franchise stores. The ultimate parent company of Matalan is Missouri Topco Limited, with the group being ultimately controlled by the Hargreaves family.