

25 June 2024

MATALAN

Full year results for the year ended 24 February 2024

Significant improvement in underlying profitability, against challenging trading conditions
Good early operational progress in transformation of Matalan

Financial summary (£m)

	FY 2024	FY 2023 ¹	YOY change
Total revenue	1,082	1,153	(6)%
LFL revenue	1,049	1,119	(6)%
Gross margin ²	495	458	8%
Adjusted Pre-IFRS 16 EBITDA	53	28	92%
Closing Unrestricted cash	123	83	£40m
Loss Before Tax	(60)	(106)	(44)%

Note 1: The FY 2023 numbers referenced here are pro-forma figures for the underlying Matalan Group. These numbers better reflect Matalan's trading performance for FY 2023 and are different to those included in the statutory accounts because of the strategic sales process that was undertaken during the period. The numbers here are proforma incorporating 11 months of the old group structure and one month of the new group structure, as opposed to the numbers in the statutory accounts which reflect only 30 days of trading in FY 2023.

Note 2: The Gross Margin figure is calculated before selling & distribution costs.

Financial highlights:

- Early strategic focus on improving underlying profitability and full price sales:
 - EBITDA up 92% year-on-year to £53m as a result of gross margin improvements, tightly controlled costs and delivery of operational improvements
 - Revenue down 6% to £1,082m on a like-for-like basis, impacted by strategic decisions and challenging trading and market conditions; improved full price sales mix to 70%, up 4pp on last year through tighter stock and markdown control
- Gross margin improved 8% to £495m, driven by improved buying strategies, value creation programme, product margins & lower levels of discounting, as well as growth in full prices sales mix
- Closing unrestricted cash position of £123m represents a significant improvement in liquidity position, driven by both EBITDA growth and tighter levels of stock
- Loss Before Tax was reduced 44% to £(60)m versus the previous year

Operational highlights:

- Good early operational progress in transformation of Matalan; business foundations strengthened against a challenging backdrop
- Appointed new Executive team, alongside improving talent capabilities in wider teams
- Introduced new buying strategies to improve product and margins
- Invested £35m in price through value campaign in Q4 FY 2024 to reset value credentials
- Decisive actions taken to improve and strengthen online sales performance
- Opened two new successful stores in Portsmouth and Crewe
- Relunched the brand and developed distinctive brand purpose and proposition, supported by new customer insight
- Introduced 35 new third-party brands and extended size ranges online to offer more choice and style
- Cost efficiencies being delivered, with strengthened logistics capabilities through Knowsley depot automation

Jo Whitfield, Chief Executive Officer of Matalan, commented:

“In the last year we have kick started the transformation of Matalan against a very challenging backdrop, resetting the foundations of the business. We delivered a significant increase in underlying profit as a result of our clear focus on growing full price sales and tight cost control.

“With a new leadership team in place, we have put the customer back at the heart of Matalan to make sure we become top of their list of go-to value retailers. We have reset our value proposition, acted decisively to improve and strengthen our online performance and worked to improve our in-store execution.

“Looking ahead, we are determined to deliver better value, more choice and improved style for all our customers. It is still early days in our transformation, and while we have much more to do, with challenges ahead, we are pleased that the actions we have already taken are having an impact as we build a stronger, more modern Matalan.”

ENDS

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About Matalan:

Matalan is a leading UK and international fashion and homeware retailer, with a mission to be the first choice for outstanding family value. With a large store network in excess of 270 UK and international stores and integrated e-commerce platform, Matalan is a trusted brand which puts its customer at the heart of its business and delivers unrivalled product choice and exceptional style and quality to over 11 million loyal shoppers every year. Matalan is famously committed to offering a compelling value focused fashion and home offering, that continues to help millions of UK household budgets go further.

www.matalan.co.uk