



24 July 2023

**Matalan results for the 13 weeks ended 27 May 2023 and 5 weeks ended 1 July 2023**

Matalan, a leading omni-channel fashion and homeware retailer of family value, announces its results for the 13 weeks ended 27 May 2023 and 5 weeks ended 1 July 2023.

	13 weeks ended		5 weeks ended	
	27 May 2023	28 May 2022 <sup>1</sup>	1 July 2023	2 July 2022 <sup>1</sup>
Total Revenue (£m)	263.6	286.5	122.5	116.1
Revenue Growth %	-8.0%		5.5%	
EBITDA post adoption of IFRS 16 (£m) <sup>2</sup>	26.1	44.4	33.6	18.8
Margin %	9.9%	15.5%	27.4%	16.2%
EBITDA restated under IAS 17 (£m)	2.1	20.2	24.6	9.4
Margin %	0.8%	7.1%	20.1%	8.1%
Closing unrestricted cash (£m)	70.6	121.0	69.4	99.5

Full year FY24 EBITDA guidance range under IAS17 of £60m-£65m (2023: £30.6m)<sup>3</sup>

<sup>1</sup> Financial comparatives provided are those of Missouri Topco Ltd, the parent company of the Matalan group during the comparative reporting period and prior to its acquisition by Maryland Holdco Ltd in January 2023

<sup>2</sup> EBITDA is reported before and after the adoption of IFRS 16-Leases, to also reflect performance under the previous accounting standard IAS17-Leases.

<sup>3</sup> FY23 full year EBITDA is a proforma Missouri Topco Ltd comparative

**Performance overview**

**Commenting on performance Jo Whitfield, Chief Executive of Matalan, said:**

“Building a strong leadership team to take the business forwards has been a key focus for me in my first 3 months in role. I am really excited that the team are now in place and are bringing the strength of their impressive retail experience into play as we get moving on the opportunities to underpin profitable growth. They have landed with immediate positive impact and are upweighting our activities and focus across the business in areas such as design, ranging, sourcing, supply chain, people and omni channel operations.

The business had a challenging first quarter with cost of living pressure resulting in depressed consumer spending in discretionary categories. Unseasonal weather delayed a refresh of wardrobes for early Spring creating a tough start to the season.

However, as the new leadership team came together and the initial changes we have made started to take effect and as the weather improved, we have been able through June to reduce the cumulative EBITDA gap to last year from £18.1m to £2.9m. We are also confident of strong year-on-year profit improvement across the remainder of the year.

In addition to a challenging market backdrop, internal operational challenges created a gap to the market in the first quarter. We have two key areas of focus, those being driving our online channel, and improving both product choice and the strength of our price position for customers.

From an online perspective there has been a market trend that has shifted demand back towards stores. However, in addition we have seen our own online sales step back to an even greater extent. The business migrated to the THG Ingenuity platform at the end of March with some limited cutover disruption into early April. As with any scale project of this nature we are getting to grips with using a new platform with new functionality and are working with the THG team to learn quickly and respond with the improvements needed to both the platform and the customer offer.

Whilst recognising there is work to do, I must thank our wonderful store teams who delivered a resilient store performance during the quarter, sales within 1% of last year. This resilience strengthened through the quarter, and again into June where store growth of 15% was the driver of overall June sales growth of 6% against last year and a very strong level of profitability. Strong full price performance from the seasonal ranges was added to by improving currency and freight costs, closing the majority of the year-on-year profit deficit from the first quarter.

Taking account of market conditions and the delivery of our own focussed set of actions we have re-examined our full year outlook and reshaped our trading plans, tightened stock commitments and remixed our product offer for improved value wherever possible in autumn/winter ranges. Last year the July to February period generated minimal profits and we are confident in a step change in year-on-year profitability in the second half of the year. This is supported by an improved and largely hedged cost outlook in relation to the key areas of freight, energy and currency. As such our full year outlook is for EBITDA in the range of £60m-£65m, driven by a strengthened leadership approach that is part of a wider program of transformation.

We continue to closely manage our working capital and liquidity. In June we issued £25m of super senior notes to complete the £100m of new capital that was committed back in January. This injection will support the business through transition and enable us to establish stronger performance across the remainder of the year and beyond.

We are creating a much stronger Matalan, building on the assets the business has already around brand, customer loyalty and an engaged set of colleagues that want the business to thrive. We are surfacing clear routes to value through operational improvements, margin enhancement and business transformation to enable growth and have a number of initiatives already running across the business to enhance performance and improve profits in the years to come.

Thank you to all of our colleagues, suppliers, and partners who are working so hard to transform our business, to serve our customers and deliver on the sizeable opportunities ahead. We are all committed to building a stronger Matalan and are looking forward to ensuring the business reaches its potential for profitable growth.”

**Ends**

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**About Matalan**

Matalan, a leading out of town fashion and homeware retailer, serves over 11m customers through 230 stores in the UK, an e-commerce platform and 48 overseas franchise stores. The ultimate parent company of Matalan is Maryland Holdco Limited.