

17th August 2016

LAURA ASHLEY HOLDINGS plc
("the Group")

Laura Ashley Holdings plc announces its full final results for the 74 weeks to 30 June 2016.

Summary

- Profit before tax and exceptional items of £25.8m (2015: £22.9m – 53 week period).
- Profit before tax and after exceptional items of £23.9m (2015: £23.5m – 53 week period).
- Total like-for-like* retail sales up 4.1% with like-for-like* growth across all categories.
- Total Group sales of £400.9m (2015: £303.6m – 53 week period).
- Online revenue of £73.5m. (2015: £48.5m – 53 week period). Like-for-like* up 15.7%.
- Hotel revenue of £3.5m (2015: £1.9m – 53 week period).
- £5.0m net cash balance.
- Final dividend of 0.5 pence per share taking total dividends for the period to 2.5p.

**All references to "like-for-like" refer to a full 74 weeks comparison.*

Commenting on the results, Tan Sri Dr Khoo Kay Peng, Chairman, said:

"I am pleased with the overall performance of the business. Continued like-for-like growth in the UK market, boosted by the good performance of our digital channel, is encouraging.

I am happy that the Company has signed a new licence partner for Australia and am confident that the business opportunity there will be optimised. Such partnership opportunities, in new territories, will continue to be explored and developed.

I am grateful for the enduring loyalty of our many worldwide customers, whose love of the Brand and its rich heritage, has helped to grow and strengthen the business.

The Company will continue to focus on enhancing the design and quality of its product ranges upon whose provenance the Brand has been built. In a time of uncertainty for retail and the global economy at large, I am optimistic and confident that Laura Ashley will remain a business with solid foundations to withstand challenges as they arise."

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Overview

For the 74 weeks to 30 June 2016, total Group sales were £400.9m compared with the 53 week period last year (2015: £303.6m). Like-for-like* sales grew by 4.1% over the same period. e-Commerce sales grew to £73.5m (2015: £48.5m). Like-for-like* e-Commerce sales grew by 15.7%.

Group profit before taxation, excluding exceptional items, was £25.8m (2015: £22.9m). During the period, the Group incurred exceptional charges of £1.9m, which included a charge of £1.3m following a licence partner in Australia being placed into administration. Group profit before taxation, including exceptional items, was £23.9m (2015: £23.5m).

Operating expenses of £143.0m were recorded (2015: £105.3m – 53 week period).

Cash Flow and Balance Sheet

As at 30 June 2016, bank borrowings stood at £23.0m and the net cash balance was £5.0m. Inventory of £51.9m was in line with requirements. The bank borrowings reflect the balance of the loan due in respect of the property in Singapore which was acquired during the period.

Dividend

The Board has recommended the payment of a final dividend of 0.5 pence per share. This will take the total dividends paid for the 74 week period to 2.5p (period ended January 2015, 2.0p for a 53 week period). The dividend will be proposed at the forthcoming AGM and, subject to shareholders' approval, will be paid in due course.

UK Retail

As at 30 June 2016, the property portfolio in the UK comprised 192 stores (January 2015: 205). The portfolio is as follows: 117 Mixed Product stores, 48 Home stores, 25 concession stores, 1 Gifts & Accessories store and 1 Clearance outlet. During the reporting period, five stores were opened and eighteen were closed, reducing total selling space by 4.2% to 729,000 square feet.

Total UK retail sales of £363.2m were recorded during the period (2015: £267.4m - 53 weeks). Our UK retail business performed in line with the overall retail market and ahead of market in some product categories.

Total e-Commerce sales of £73.5m were recorded during the period (2015: £48.5m – 53 weeks). On a like-for-like* basis, sales grew by 15.7%.

Product

The UK business is split into four main categories. For the 74 weeks ended 30 June 2016, the relative split of UK sales was as follows: Home Accessories 30%, Furniture 30%, Decorating 23% and Fashion 17%. All categories recorded like-for-like* growth.

Furniture

The Furniture product category includes upholstered and cabinet furniture, beds and mirrors.

Furniture sales for the 74 weeks to 30 June 2016 increased by 2.1% over the same period last year with like-for-like* sales up 4.3%. The depth of choice and diversity of style have enabled the furniture business to flourish. New finishes, textures and materials have complemented what was already a comprehensive range. The availability of financing products has also helped this category to grow.

Home Accessories

The Home Accessories product category includes lighting, gifts, bed linen, rugs, throws, cushions and children's accessories.

Home Accessories sales for the 74 weeks to 30 June 2016 increased by 3.4% over the same period last year with like-for-like* performance up by 6.8%. The continued growth of this category is based on range additions, new and innovative product categories such as cookware and kitchen products as well as an enhanced seasonal offering. As always, these products are designed to work with our decorating themes.

Decorating

This category includes fabric, curtains, wallpaper, paint and decorative accessories.

Decorating sales for the 74 weeks to 30 June 2016 fell by 1.2% with like-for-like* sales up 1.6%. This category draws on a combination of brand heritage and contemporary classic design to give a rich and varied choice to our customers. We are extremely proud that our wide variety of made-to-measure curtains, wallpapers and growing paint ranges are all manufactured by ourselves in the UK.

Fashion

This category includes adult fashion, fashion accessories and perfumery.

Fashion sales for the 74 weeks to 30 June 2016 decreased by 3.9% over the same period last year with like-for-like* sales up 2.2%.

We have started to partner with selected British retailers to give broader exposure to our fashion ranges.

Hotel

The Laura Ashley hotel recorded sales of £3.5m (2015: £1.9m) over the period, reflecting the continued growth trend of recent years.

International Operations

Contributing 7.7% of total Group revenue, our international Franchise and Licensing channels are an important and strategic part of our business. As at 30 June 2016, there were 252 franchised stores (303 as at 31 January 2015) in 29 territories worldwide.

Franchise and Licensing revenue of £30.7m was recorded during the period to 30 June 2016. (2015: £31.2m). This was below expectation primarily due to the performance of a sluggish Japanese market and also due to continued political instability and economic difficulties in other territories.

We will continue to work closely with our partners and are confident that the Franchise and Licensing business will continue to grow and develop.

We are pleased to announce that we have acquired a new licence partner in Australia and are making good progress in a number of other territories.

Current Trading and Outlook

Trading for the six weeks to 13 August 2016 is performing in line with management expectations.

We will continue to focus on enhancing the design and quality of our product ranges upon whose provenance the Brand has been built. In a time of uncertainty for retail and the global economy at large, we are optimistic and confident that Laura Ashley will remain a business with solid foundations to withstand challenges as they arise.

Acknowledgements

The success of the Group is due, in no small part, to the hard work and commitment of the staff, management and my fellow board members. For this, I wish to convey my thanks and appreciation.

For their continued support and loyalty to the Group, I would like to thank our customers, shareholders and suppliers.

Group Statement of Comprehensive Income

For the Financial period ended 30 June 2016

	Notes	74 weeks to 30 June 2016 £m	53 weeks to 31 Jan 2015 £m
Revenue	5	400.9	303.6
Cost of sales		(228.9)	(174.5)
Gross profit		172.0	129.1
Operating expenses		(143.0)	(105.3)
Profit from operations		29.0	23.8
Share of operating (loss) of associate		(1.9)	(0.5)
Finance costs		(1.3)	(0.4)
Profit before taxation and exceptional items		25.8	22.9
Exceptional items		(1.9)	0.6
Profit before taxation		23.9	23.5
Taxation	6	(6.9)	(5.2)
Profit for the financial period*		17.0	18.3
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit pension schemes		1.1	(9.4)
Deferred tax effect		(0.2)	2.0
Total that will not be subsequently reclassified to profit and loss		0.9	(7.4)
Exchange differences on translation of investments		(2.2)	2.3
Other foreign exchange differences		1.8	(3.4)
Total that may be subsequently reclassified to profit and loss		(0.4)	(1.1)
Other comprehensive income/(expense) for the period net of taxation		0.5	(8.5)
Total comprehensive income for the period		17.5	9.8

*Earnings per share – basic and diluted – calculated based on

profit for the financial period	2	2.34p	2.51p
Adjusted earnings per share (excluding exceptional items)	2	2.60p	2.43p

Group Balance Sheet

As at 30 June 2016

	Notes	Group	
		30 June 2016 £m	31 January 2015 £m
Non-current assets			
Intangible assets		2.4	2.0
Property, plant and equipment		52.0	21.2
Investment property		3.9	-
Deferred tax assets		3.2	3.6
Investment in associate		2.6	3.7
		64.1	30.5
Current assets			
Inventories		51.9	51.0
Trade and other receivables		17.2	22.1
Cash and cash equivalents	4	19.8	27.8
		88.9	100.9
Total assets		153.0	131.4
Current liabilities			
Current tax liabilities		3.0	2.1
Trade and other payables		48.3	66.7
Short-term borrowings		16.1	-
		67.4	68.8
Non-current liabilities			
Retirement benefit liabilities		16.2	17.8
Deferred tax liabilities		0.2	0.2
Long-term borrowings		21.7	-
Provisions and other liabilities		0.6	0.7
		38.7	18.7
Total liabilities		106.1	87.5
Net assets		46.9	43.9
Equity			
Share capital		37.3	37.3
Share premium		86.4	86.4
Own shares		(0.8)	(0.8)
Retained earnings		(76.0)	(79.0)
Total equity		46.9	43.9

Group Statement of Changes in Shareholder's Equity

As at 30 June 2016

	Share Capital £m	Share Premium £m	Own Shares £m	Retained Earnings £m	Total Equity £m
Balance as at 25 January 2014	37.3	86.4	(0.8)	(74.3)	48.6
Profit for the financial period	-	-	-	18.3	18.3
Dividends paid	-	-	-	(14.5)	(14.5)
Other comprehensive expense	-	-	-	(8.5)	(8.5)
Balance as at 31 January 2015	37.3	86.4	(0.8)	(79.0)	43.9
Profit for the financial period	-	-	-	17.0	17.0
Dividends paid	-	-	-	(14.5)	(14.5)
Other comprehensive income	-	-	-	0.5	0.5
Balance as at 30 June 2016	37.3	86.4	(0.8)	(76.0)	46.9

Group Statement of Cash Flow

For the financial period ended 30 June 2016

		Group	
		2016	2015
		(74 weeks)	(53 weeks)
Note		£m	£m
Operating activities			
	Net cash inflow generated from operations	16.3	23.8
	Corporation tax paid	(5.8)	(5.2)
	Dividends paid	(14.5)	(21.8)
	Dividends received	-	0.1
	Finance costs	-	(0.4)
		(4.0)	(3.5)
Investing activities			
	Purchase of property, plant and equipment	(39.5)	(1.8)
	Purchase of intangible assets	(1.7)	(0.2)
	Sale of investment in shares	-	8.0
	Sale of property, plant and equipment	-	1.2
		(41.2)	7.2
Financing activities			
	Bank loan received	24.1	-
	Repayment of bank loan	(1.1)	-
	Interest expense	(0.6)	-
		22.4	-
Net (decrease)/increase in cash and cash equivalents		(22.8)	3.7

1 Basis of Preparation

Consolidated financial statements and accounting policies

The preliminary announcement for the period ended 30 June 2016 has been prepared in accordance with International Accounting Standards (“IAS”). The policies adopted by the Group in preparing the statement, are in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements have been prepared using the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies. Details of the accounting policies applied are those set out in Laura Ashley Holdings plc’s Annual Report 2016.

The annual financial information presented in this announcement for the period ended 30 June 2016 is based on, and is consistent with, that in the financial statements of Laura Ashley Holdings plc and its subsidiaries (“the Group”) for the period ended 30 June 2016, and those financial statements will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.

Statutory Accounts

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the period ended 31 January 2015 have been filed with the Registrar of Companies. The auditor’s report on these accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

The Group’s Annual Report for the period ended 30 June 2016 will be made available in due course and can be viewed and downloaded from the Group’s website at www.lauraashley.com. The Annual Report will be circulated in September 2016 to those shareholders who have elected to receive a copy in printed form.

2 Earnings per Share

Earnings per share is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares during the period (excluding treasury shares of 18,272,500).

	2016 (74 weeks)	2015 (53 weeks)
Profit for the financial period (£m)	17.0	18.3
Exceptional (loss)/gain (£m)	(1.9)	0.6
Weighted average number of ordinary shares ('000) - basic and diluted	727,763	727,763
Earnings per share	2.34p	2.51p
Adjusted earnings per share (excluding exceptional items)	2.60p	2.43p

3 Reconciliation of Profit from Operations to Net Cash Inflow from Operations

	2016 (74 weeks) £m	2015 (53 weeks) £m
Profit from operations	29.0	23.8
Exceptional (loss)/gain	(1.9)	0.6
Amortisation charge	1.2	0.6
Depreciation charge	4.6	2.9
Loss/(profit) on disposal of property, plant and equipment	0.2	(0.5)
Exchange movement on property, plant and equipment	0.1	0.1
(Increase)/decrease in inventories	(0.9)	1.3
Decrease in receivables	4.9	2.1
(Decrease) in payables	(17.8)	(5.9)
Movement in provisions	(3.1)	(1.2)
Net cash inflow from operations	16.3	23.8

4 Analysis of Net Funds

	At 31 Jan 2015 £m	Cash Flow £m	At 30 Jun 2016 £m
Cash and cash equivalents	27.8	(22.8)	5.0

The Balance Sheet shows cash balance of £19.8m of which £14.8m is restricted cash (overdraft). Therefore, the above reconciles movement in the period of pure net funds.

5 Segmental Analysis

	-----Retail-----					
	Stores	E-Commerce & Mail Order	Hotel	Total Retail	Total Non-Retail	Total
2016 (74 weeks)	£m	£m	£m	£m	£m	£m
Revenue	291.3	73.5	3.5	368.3	32.6	400.9
Contribution	22.7	17.0	(0.3)	39.4	13.5	52.9
Share of loss of associate				-	(1.9)	(1.9)
Indirect overhead costs				(23.9)	-	(23.9)
Finance costs				(1.3)	-	(1.3)
Exceptional items				(1.9)	-	(1.9)
Profit before taxation				12.3	11.6	23.9

	-----Retail-----					
	Stores	E-Commerce & Mail Order	Hotel	Total Retail	Total Non-Retail	Total
2015 (53 weeks)	£m	£m	£m	£m	£m	£m
Revenue	220.6	48.5	1.9	271.0	32.6	303.6
Contribution	19.6	9.6	(0.4)	28.8	13.4	42.2
Share of profit of associate				-	(0.5)	(0.5)
Indirect overhead costs				(18.4)	-	(18.4)
Finance costs				(0.4)	-	(0.4)
Exceptional items				0.6	-	0.6
Profit before taxation				10.6	12.9	23.5

The reported segments are consistent with the Group's internal reporting for performance measurement and resources allocation. The Group does not allocate indirect overhead costs between its retail and non-retail segments. As significant elements of the indirect overhead costs arise from the retail segment, it is decided that the entire indirect costs are allocated to this segment.

Retail revenue reflects sales through Laura Ashley's Managed Stores, Mail Order, e-Commerce and Hotel. Non-retail revenue includes Licensing, Franchising and Manufacturing. Contribution is stated after deducting direct operating expenses, buying, marketing and administrative costs.

5 Segmental Analysis (continued)

	Non-Current Assets		Revenue	
	2016	2015	2016	2015
	£m	£m	(74 weeks) £m	(53 weeks) £m
Destination				
UK & Ireland	23.7	26.8	372.3	273.9
Continental Europe	-	-	4.0	3.7
Other	40.4	3.7	24.6	26.0
	64.1	30.5	400.9	303.6

6. Taxation

The taxation charge for the period comprises taxation for the Group and the associate entity on current and prior periods' taxable profits.

The effective tax rate for the current period is higher than the rate of UK Corporation tax primarily due to the decrease in the Group's overall deferred tax asset due to the reduction in the UK tax rate and non-relievable losses arising in Japan.

In the previous period, the effective tax rate was lower than the rate of UK Corporation tax mainly due to capital gains being covered by capital losses in the Group, which eliminate the impact of excess depreciation over capital allowances, the decrease in the Group's overall deferred tax asset due to the reduction in the UK tax rate and the higher rate in Japan.