

LAURA ASHLEY HOLDINGS | Preliminary Results | RNS

RNS Number : 0757B

Ashley (Laura) Hldgs PLC

28 March 2013

28 March 2013**LAURA ASHLEY HOLDINGS plc**
("the Company")

Laura Ashley Holdings plc announces another strong set of results for the 52 weeks to 26 January 2013 with sales growth of 4.5% and profit growth of 9.2%.

Summary

- Total Group sales up 4.5% to £298.8m (2012: £285.9m), total UK retail sales up 3.1% to £263.0m.
- Like-for-like sales up 2.0% with positive like-for-like growth across most categories.
- Profit before taxation (including exceptional items) up 9.2% to £20.1m (2012: £18.4m).
- EPS of 2.02p up 12.8% (2012: 1.79p).
- Strong Balance Sheet with £34.6m cash at the year end (2012: £35.0m).
- Final dividend proposed of 1.0p per share making the total dividend of 2.0p per share for the year (2012: Total dividend 2.0p per share).
- E-Commerce, Franchising, Licensing and Wholesale growth of 17% taking non-store revenue to 26.7% of total. (2012: 23.8%).
- E-Commerce sales growth of 19.6%.
- International Franchise business growth of 13.3%.

Commenting on the results, Tan Sri Dr. K P Khoo, Chairman, said:

"I am pleased that we have maintained the progress of recent years and delivered another strong set of results. Continued like-for-like growth across retail, bolstered by strong performances from both our online and international businesses, have helped to deliver 9.2% growth in profit before tax. We are confident that, despite an extremely competitive retail sector and a challenging consumer environment, both our business and brand are able to continue the steady and robust progress of recent years. As we continue to expand both globally and online, we believe that our quality product ranges, based on sixty years of innovative design and a rich brand heritage, underpin the foundations of our future growth.

In the first two months of the current financial year, we have achieved like-for-like sales growth of 2.7%. This is an encouraging start to the year and we are confident that this progress can be maintained."

Enquiries:**Laura Ashley Holdings plc**

Seán Anglim CFO / Joint COO

020 7880 5100

Media Enquiries

Brunswick

Anita Scott **020 7404 5959**

James Olley

Corporate Broker

020 7894 7000

Cantor Fitzgerald Europe

Richard Redmayne

Mark Percy

Overview

For the 52 weeks to 26 January 2013, profit before taxation and exceptional items was up 6.9% to £20.1 million (2012: £18.8 million). Profit before taxation including exceptional items was up 9.2% to £20.1 million (2012: £18.4 million).

Total Group sales increased by £12.9 million (4.5%) to £298.8 million compared to the previous year of £285.9 million. Sales growth was recorded across UK stores, E-Commerce Franchising and Licensing. Total Internet sales grew by 19.6% to £42.2 million. Retail space was reduced by 4,000 square feet (0.5%), but the UK portfolio increased by 1 store, from 211 to 212.

Gross margin rate fell by 1.9% year on year reflecting selected re pricing and increased promotional activity. Operating expenses reduced by 0.9% to £106.7 million (2012: £107.7 million).

Cash Flow and Balance Sheet

Cash generated from operations in the year was £22.4 million (2012: £24.4 million). A net decrease in cash balances over the year of £0.4 million was recorded with the Group holding £34.6 million in cash as at the year end (2012: £35.0 million). Dividend payments of £14.5 million remained flat year on year.

Dividend

The Board has recommended a final dividend of 1.0 pence per share. When taken with the interim dividend of 1.0 pence per share paid on 30 October 2012, this takes the total dividend for the year to 2.0 pence per share (2012: Total dividend of 2.0 pence per share). This dividend will be proposed at the AGM on 5 June 2013 and, subject to shareholders' approval, will be paid on 12 July 2013 to all shareholders on the Register at the close of business on 14 June 2013. The ex-dividend date will be on 12 June 2013.

The Board will continue to review dividend payments on the basis of annual profitability, the economic climate and the needs of the business.

UK Retail : Stores

As at 26 January 2013, the property portfolio in the UK comprised 212 stores (2012: 211). We have five store types: 135 Mixed Product stores (selling all product categories), 50 Home stores (selling Home products only), 23 Home concession stores, 3 Gifts & Accessories stores and 1 Clearance outlet.

During the year ended 26 January 2013, we opened 6 new stores and closed 5 stores. As a result, total selling space fell by 0.5% to 802,000 square feet. The store openings/closures are part of an ongoing store portfolio realignment programme, which is focussed on optimising profitability.

UK Retail : E-Commerce

Our E-Commerce channel remains a key part of our multi-channel retail strategy, contributing 16.0% of total UK retail sales (14.1% of total Group sales). This has increased from 13.8% of total UK Retail sales last year (12.3% of total Group sales). Total E-Commerce and Mail Order sales were up 16.4% on last year. Within this figure and reflecting the trend we have seen over recent years, E-Commerce sales

were up 19.6%, more than compensating for an ongoing market decline in Mail Order sales. Laura Ashley now delivers its full product range to France, Germany, Austria, Italy and Switzerland, in addition to the UK. A mobile site, offering the complete range of our products, was added to the digital platform during the year. This combined with the introduction of a 'Click and Collect' service and continued functional enhancement, have helped the E-Commerce business continue the growth of recent years.

Product

The UK business is split into four main categories. For the financial year ended 26 January 2013, the relative split of UK sales is as follows: Furniture 30%, Home Accessories 28%, Decorating 23% and Fashion 19%.

Over 40% of our home furnishings sales are from products manufactured in the UK.

Furniture

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

Total Furniture sales increased by 0.5% (LFL +1.4%) for the year ended 26 January 2013.

We are pleased to have achieved good like-for-like growth in our most price sensitive category. Our success is based on the rich and diverse range of shapes and fabrics in our upholstery ranges. Classic, versatile, well-proportioned wooden furniture ranges underpin this core category for us.

Home Accessories

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

During the year ended 26 January 2013, sales of Home Accessories increased by 7.6% (LFL +8.5%).

The growth in this category is based on a balanced and comprehensive lighting collection, which features a unique custom made shade proposition and our increasingly popular printed bed linen. Additionally, our accessory ranges have become more relevant for gifting, therefore allowing us to take more advantage of key holiday and seasonal events.

Decorating

This category includes curtains, blinds, fabric, paint, decorative accessories and wall coverings.

During the year ended 26 January 2013, Decorating sales were up by 0.7% (LFL +1.6%).

Our entire Home range stems from decorating, our signature category. It remains both the inspiration and building block for all we do. The breadth of offer, distinctive design direction and co-ordinated approach continues to differentiate us from the rest of the high street.

Fashion

For the year ended 26 January 2013, UK retail fashion sales decreased by 5.6% (LFL -4.8%).

Despite a disappointing 2nd half performance, we are taking measures to enhance and improve the entire offering. We are talking to our customers and feel confident that, in an increasingly competitive category, our design and quality are moving in the right direction.

During Autumn 2012, the signature Laura Ashley fragrance 'Number 1' was re launched. Last sold during the 1990's, the re launch was an immediate success. A small range of associated products is being developed and will be launched later this year.

International Operations

Our international franchising operations continue to be an important part of the Laura Ashley business and, as at 26 January 2013, there were 266 (2012: 245) franchised stores in 28 (2012: 29) countries worldwide. They now include 4

stores in Russia. Work continues to engage franchise partners in China, India, South America and South Africa. Since the year closed, we have signed agreements with franchise partners in Poland, Armenia and The Baltic states.

Franchise revenues grew by 13.3% to £27.1 million.

Licensing income increased by 17.2% to £4.2 million. Licenses were awarded during 2012 for new categories, which included conservatory furniture and shower enclosures.

Hotel

The hotel has now been refurbished and will be officially launched as a Laura Ashley boutique hotel in a matter of weeks. A showcase for Laura Ashley, its product, design service and brand, the hotel will also become an important revenue and profit stream for the Group in the years to come.

Current Trading and Outlook

In the first two months of the current financial year, we have achieved like-for-like sales growth of 2.7%. This is an encouraging start to the year and we are confident that this progress can be maintained.

Group Statement of Comprehensive Income

For the financial year ended 26 January 2013

	Note	2013 £m	2012 £m
Revenue		298.8	285.9
Cost of sales		(172.8)	(159.9)
Gross profit		126.0	126.0
Operating expenses		(106.7)	(107.7)
Profit from operations		19.3	18.3
Share of operating profit of associate		1.4	0.8
Finance income		0.2	0.2
Finance costs		(0.8)	(0.5)
Profit before taxation and exceptional items		20.1	18.8
Exceptional items		-	(0.4)
Profit before taxation		20.1	18.4
Taxation	6	(5.4)	(5.4)
Profit for the financial year *		14.7	13.0
Other comprehensive income:			
Exchange differences on translation of investments		(1.2)	0.7
Other reserve movements		0.2	0.5
Actuarial loss on defined benefit pension schemes		(0.1)	-
Unrealised investment gains		3.4	1.0
Other comprehensive income for the year net of taxation		2.3	2.2
Total comprehensive income for the year		17.0	15.2
* Earnings per share - basic and diluted - calculated based on profit for the financial year	2	2.02p	1.79p
Adjusted earnings per share (excluding exceptional	2	2.02p	1.84p

items)

The Group's results shown above are derived entirely from continuing operations.

Group Balance Sheet

As at 26 January 2013

	2013	2012
	£m	£m
		Restated
Non-current assets		
Intangibles	2.3	1.7
Property, plant and equipment	23.6	25.6
Deferred tax asset	1.5	1.7
Investment in associate	5.2	5.2
Investment in quoted shares	6.7	3.3
	39.3	37.5
Current assets		
Inventories	47.4	53.1
Trade and other receivables	22.6	21.8
Cash and cash equivalents	34.6	35.0
	104.6	109.9
Total assets	143.9	147.4
Current liabilities		
Current tax liabilities	2.5	2.2
Trade and other payables	71.6	77.6
	74.1	79.8
Non-current liabilities		
Retirement benefit liabilities	6.6	6.7
Deferred tax liabilities	0.3	0.4
Provisions and other liabilities	-	0.1
	6.9	7.2
Total liabilities	81.0	87.0
Net assets	62.9	60.4
Equity		
Share capital	37.3	37.3
Share premium	86.4	86.4
Own shares	(0.8)	(0.8)
Retained earnings	(60.0)	(62.5)
Total equity	62.9	60.4

Group Statement of Changes in Shareholders' Equity

Equity

As at 26 January 2013

	Share Capital	Share Premium	Own Shares	Retained Earnings	Total Equity
--	------------------	------------------	---------------	----------------------	-----------------

	£m	£m	£m	£m	£m
Balance as at 29 January 2011	37.3	86.4	(0.8)	(63.2)	59.7
Profit for the financial year	-	-	-	13.0	13.0
Dividends paid	-	-	-	(14.5)	(14.5)
Other comprehensive income	-	-	-	2.2	2.2
Balance as at 28 January 2012	37.3	86.4	(0.8)	(62.5)	60.4
Profit for the financial year	-	-	-	14.7	14.7
Dividends paid	-	-	-	(14.5)	(14.5)
Other comprehensive income	-	-	-	2.3	2.3
Balance as at 26 January 2013	37.3	86.4	(0.8)	(60.0)	62.9

Group Statement of Cash Flow

For the financial year ended 26 January 2013

		2013	2012
	Notes	£m	£m
			Restated
Operating activities			
Cash generated from operations	3	22.4	24.4
Corporation tax paid		(4.9)	(4.2)
Dividends paid		(14.5)	(14.5)
Dividends received		0.1	-
Finance income		0.2	0.2
Finance costs		(0.8)	(0.5)
		2.5	5.4
Investing activities			
Purchase of property, plant and equipment		(1.9)	(7.5)
Purchase of intangible assets		(1.0)	(1.4)
		(2.9)	(8.9)
Net decrease in cash and cash equivalents	4	(0.4)	(3.5)

Reconciliation of Net Cash Flow to Movement in Net Funds

For the financial year ended 26 January 2013

		2013	2012
	Note	£m	£m
Net decrease in cash and cash equivalents		(0.4)	(3.5)
Net funds at the beginning of the financial year		35.0	38.5
Net funds at the end of the financial year	4	34.6	35.0

1 Basis of Preparation

Consolidated financial statements and accounting policies

The preliminary announcement for the year ended 26 January 2013 has been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 2013.

The annual financial information presented in this announcement for the year ended 26 January 2013 is based on, and is consistent with, that in the audited financial statements of Laura Ashley Holdings Plc and its subsidiaries ('the Group') for the year ended 26 January 2013, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on those financial statements is unqualified and does not contain any statement under Section 498(2) or (3) of the Companies Act 2006.

IAS 19 (revised) 'Employee Benefits' became effective on 1 January 1999 and was amended in June 2011. It prescribes the accounting and disclosures for employee benefits. The revised standard will apply to accounting periods beginning on or after 1 January 2013, and is required to be implemented by the Group in the year ending 25 January 2014. The impact of adopting this revised standard is assessed to be the current unrecognised actuarial loss of £4.5 million.

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 year ended 28 January 2012 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 year ended 26 January 2013 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 early May 2013 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 year by the weighted average number of ordinary shares during the year (excluding treasury shares of 18,272,500).

	2013	2012
Profit for the financial year (£m)	14.7	13.0
Exceptional losses (£m)	-	(0.4)
Weighted average number of ordinary shares ('000) - basic and diluted	727,763	727,763
Earnings per share	2.02p	1.79p
Adjusted earnings per share (excluding exceptional items)	2.02p	1.84p

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

	2013	2012
	£m	£m
		Restated
Profit from operations	19.3	18.3
Exceptional losses	-	(0.4)
Amortisation charge	0.4	0.5
Depreciation charge	3.8	4.6
Loss on disposal of property, plant and equipment	0.1	0.1
Exchange movement on property, plant and equipment	-	0.1
Decrease/(increase) in inventories	5.7	(4.4)
Increase in receivables	(0.8)	(0.1)
(Decrease)/increase in payables	(6.0)	5.7
Movement in provisions	(0.1)	-
Net cash inflow from operating activities	22.4	24.4

4 Analysis of Net Funds

	At 28 Jan 2012 £m	Cash Flow £m	At 26 Jan 2013 £m
Cash and cash equivalents	35.0	(0.4)	34.6

5 Segmental Analysis

-----Retail-----						

	E-Commerce			Total		
	Stores	& Mail Order	Hotel	Retail	Non-Retail	Total
2013	£m	£m	£m	£m	£m	£m
Revenue	218.9	46.2	1.3	266.4	32.4	298.8
Contribution	13.8	11.3	(0.1)	25.0	13.4	38.4
Share of profit of associate				-	1.4	1.4
Indirect overhead costs				(19.1)	-	(19.1)
Finance income				0.2	-	0.2
Finance costs				(0.8)	-	(0.8)
Profit before taxation				5.3	14.8	20.1

-----Retail-----						

	E-Commerce			Total		
	Stores	& Mail Order	Hotel	Retail	Non-Retail	Total
2012	£m		£m	£m	£m	£m
Revenue	217.8	39.6	0.3	257.7	28.2	285.9
Contribution	17.6	9.0	0.1	26.7	10.7	37.4

Share of profit of associate	-	0.8	0.8
Indirect overhead costs	(19.5)	-	(19.5)
Finance income	0.2	-	0.2
Finance costs	(0.5)	-	(0.5)
Profit before taxation	6.9	11.5	18.4

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.

	Non-Current Assets		Revenue	
	2013	2012	2013	2012
	£m	£m	£m	£m
Destination				
UK & Ireland	34.1	32.1	269.9	257.7
Continental Europe	-	0.2	4.4	5.8
Other	5.2	5.2	24.5	22.4
	39.3	37.5	298.8	285.9

6 Taxation

The taxation charge for the year comprises UK taxation on current and prior years' taxable profits.

The effective tax rate for the current and previous year is higher than the rate of UK Corporation tax primarily due to excess of depreciation over capital allowances and the decrease in the value of the Group's overall deferred tax asset due to the reduction in the UK tax rate.

This information is provided by RNS
The company news service from the London Stock Exchange

END

FR EAPDXALFDEFF

LAURA ASHLEY

For more on **Laura Ashley Holdings (ALY)**
view the [Laura Ashley Holdings Share Price](#)
and other related pages