

26 January 2017

## Findel plc (the "Group")

### Trading Update

Findel plc, the online value retail and education business, today releases a trading update for the 16 weeks since 1 October 2016. This should be read in conjunction with the Group's Interim Results announcement issued on 30 November 2016.

#### Group Performance

The Group has seen strong sales growth in the period of over 11%, up from 6.5% in the first-half.

Express Gifts, our largest business, has continued to perform well during this period which represents peak trading for the business. Total sales were up by 14%, within which product sales were up 15.0%.

Our 2016 new customer recruitment target for Express Gifts was significantly exceeded, with the customer base ending the calendar year 13% higher at 1.56m. In addition, Express Gifts also increased customer retention through a number of actions including the improved websites that were launched in April 2016. In light of this success, further investment in recruitment activity will be undertaken during the final quarter of the financial year for the first time. The additional stock of good-value products purchased from the Far East in US\$ to support this TV and digital recruitment activity will produce a lower product margin as a result of the weakening of Sterling. However, it remains a cost-effective recruitment method and will help to strengthen further the business's market-leading position as an online value retailer and its future prospects.

Findel Education saw a continuation of its improving sales trends in this relatively quiet period in its year, with the year-on-year sales decline narrowing from 5.4% at the half-year to 1.7% in the second half. Its warehouse consolidation project has now been successfully completed.

The Group incurred exceptional items totalling £3.8m in the first half of the year. It is expected that this figure will have increased to c.£8m by the year-end, with non-cash impairments accounting for around half of the increase. There has been no change to the provision required for financial services redress and refunds.

Net debt ended December 2016 at £81.8m, down by £9.3m from the previous year despite strong growth in the working capital requirements to support Express Gifts' additional recruitment.

#### Outlook

Despite the additional investment in marketing costs for recruitment at Express Gifts, Group's profit\* for the full year is expected to be within the range of current market forecasts\*\*.

#### Enquiries

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\*profit before tax and exceptional items

\*\* current market forecasts for FY17 PBT (before exceptional items) are in the range of £25.5m to £26.1m and for FY18 £27.0m to £29.0m.