

**6th April 2017**

## **Findel plc (the "Group")**

### **Post-close Trading Update**

Findel plc, the online value retailer and education resources business, today issues a trading statement having entered the close period for the 53 weeks ending 31<sup>st</sup> March 2017. Full-year results are expected to be announced in early June 2017.

#### **Group Performance**

The Group has seen strong sales growth and anticipates total like-for-like\* sales growth for the full year to be around 10%. As highlighted in January's trading statement the rate of sales growth accelerated in the second half of the year.

Overall, the Group expects to report a profit before tax and exceptional items slightly below the bottom of the range of consensus \*\*. Core net debt is expected to end the year at c. £80m, an improvement of around £5m on the prior year and slightly better than market expectations.

Within this, the Group's largest business, Express Gifts has had a strong year for customer and revenue growth. Total sales were up by 14%, within which product sales were up c16%. Customer growth increased by 21% for the first 13 weeks since the start of the calendar year.

As previously announced, Express Gifts has continued to invest in customer recruitment in the final quarter of the financial year for the first time, primarily promoting good value product purchased from the Far East in US\$. This helped to drive the increases in sales and customer numbers, but has dampened the overall margin achieved from these sales due to exchange rates. Over 40% of our established customers have also bought these products.

Findel Education has continued to see difficult market conditions for educational resources and expects to see full-year sales on a like-for-like basis\* declining by around 4%.

#### **Exceptional items**

The Group has recently relocated its head office functions from Hyde to Express Gifts' offices in Accrington. The move will result in ongoing cost savings and more closely align the group functions and Express Gifts.

The office in Hyde was shared with Findel Education. Findel Education will remain in situ and new tenants sought for the vacated space. In light of current market rates, and the lease running until 2034, the group anticipates recognising an onerous lease provision of around £8m, which will be recorded as an exceptional item in the current year.

As announced on 29<sup>th</sup> March, the provision set aside for customer refunds in respect of flawed historic financial services products has been increased by a further £11m, taking the last year exceptional charge in respect of this matter to £14.3m.

#### **Outlook**

The significant increase in the Express Gifts customer base and the continued investment in customer recruitment activity form an encouraging base to take into the new financial year. We remain watchful

of pricing conditions as a result of foreign exchange movements from the perspective of Express Gifts, but look forward to delivering growth in the coming year.

Notes:

*\* Like-for-like basis means a comparison of the 52 weeks to 31 March 2017 against the 52 weeks to 25 March 2016*

*\*\* The PBT range of consensus forecasts for the 53 weeks ending 31<sup>st</sup> March 2017 is £25.5m to £26m*

## **Enquiries**

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