



Mosaic Fashions hf

## Q1 FY 2008 Results



Derek Lovelock - CEO  
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29 June 2007

coast



oasis

Odille

principles

THE SHOE STUDIO

WAREHOUSE

Whistles

## Q1 FY 2008



- Q1 Highlights
- Brand performance
- Financial highlights
- Prospects

## Q1 Highlights, on a proforma basis

- Total group sales increased by 4% in the quarter, to £192m
  - Karen Millen, Oasis, Warehouse and Whistles delivered sales growth, Shoe Studio sales were level, however there were sales declines at Coast and Principles
- International sales, across all brands, were up 27%
  - Representing 18% of group turnover
- E-commerce sales amounted to £3.6m, almost three times Q1 FY2007
- EBITDA level on the year at £14.8m

## c o a s t - Q1

- Disappointing sales performance
- Strong dress fashion created intense competition
- Improvement in sales following Easter
- Eight stores opened in the quarter





## - Q1



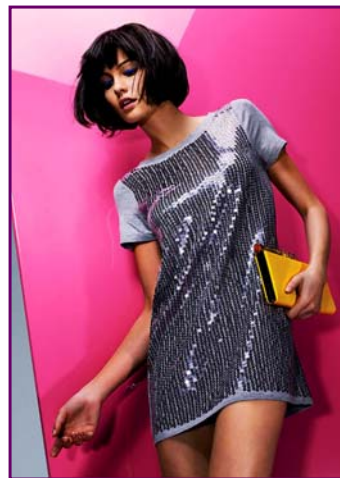
- Excellent sales growth, driven by International
- Strongest collection of recent seasons
  - Broader product ranges
- Improved visual merchandising
- Three stores opened in the quarter



## oasis - Q1



- Solid start to the year
  - Backed the strong young fashion trend
- Senior management re-organisation
  - Appointed Creative Director
- Five stores opened in Q1



## principles -Q1

- Challenging sales throughout the quarter
- Launch of 'Nouveau', a premium sub brand
- 12 stores opened in the quarter



## THE SHOE STUDIO - Q1

- Low margin in February as Autumn stocks were cleared
- Good margin and sales improvement in March and April
- Opened eight outlets in the quarter



## WAREHOUSE - Q1

- Strong sales growth on last year
- Backed a strong young fashion trend
- Excellent supply chain management
- Opened eight stores in the quarter



## Whistles - Q1

- Significant turnaround in the quarter
  - Difficult February but improvements through March and April
- First ranges from the new design team

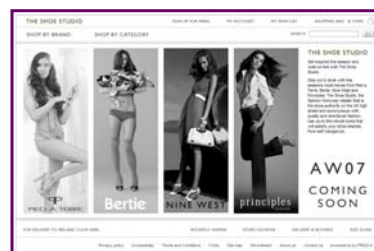


## International


- Total international sales up 27% in Q1, representing 18% of group turnover
- Opened in the new markets of Ukraine, Jordan and Thailand
- Openings in Q1
  - Holland (9), Middle East (8), Taiwan (3), Sweden (3), Ukraine (2), Malta (2), Thailand, Iceland, France.
- Now trading from 1,891 stores in 37 countries

## e-commerce


- Total e-commerce sales amounted to £3.6m, almost 3 times Q1 FY 2007
- Shoe Studio transactional website launched in February
- Coast transactional website launched in May
  - Sales are consistently more than three times those of the largest flagship store
- Karen Millen site to launch in August
- Whistles site to launch in October



## Financial Highlights



## Operating Results



Basis of presentation.

**Proforma basis:** The acquisition of Rubicon Retail Ltd. did not take place until October 2006. In order to provide clear and unambiguous information to investors, where indicated, figures for the current and comparative periods have been prepared as if all the businesses had been part of the group for the whole of those periods.

**Statutory basis:** 'Statutory Basis' financial information has been derived from the Consolidated Financial Statements and includes the post acquisition profits of Rubicon Retail Limited for the period from 13 October 2006 to 28 April 2007, together with their closing balance sheet as at 27 January and 28 April 2007

## Operating Results

### Proforma Consolidated Income Statement (abbreviated) For the quarter ended 28 April 2007

£ millions	1st Quarter		
	2007 28.01-28.04	2006 29.01-29.04	Year ended 27.01.2007
Sales	192.0	194.0	653.3
Cost of sales	-71.1	-68.3	-330.1
Gross profit	120.9	115.7	523.2
Distribution costs	-87.2	-82.3	-356.7
Administrative expenses before acquisition and integration costs	-26.7	-24.2	-99.2
Acquisition and integration costs	-0.1	-	-1.3
Total administrative expenses	-26.8	-24.2	-100.5
<b>Operating profit before financing costs</b>	<b>6.9</b>	<b>9.2</b>	<b>66.0</b>
Share of loss of associate	-0.1	-0.2	-0.7
<b>Operating profit after associates</b>	<b>6.8</b>	<b>9.0</b>	<b>65.3</b>
<b>EBITDA</b>			
Operating profit after associates	6.8	9.0	65.3
Acquisition and integration costs	0.1	-	1.3
Depreciation and amortisation	7.9	5.8	25.9
<b>EBITDA</b>	<b>14.8</b>	<b>14.8</b>	<b>92.5</b>
<b>Ratios</b>			
Sales growth	4%		
Operating profit growth (after associates)	-24%		
EBITDA growth	0%		
Gross margin	63.0%	62.9%	61.3%
EBITDA margin	7.7%	8.0%	10.8%

## Operating Results

### Statutory Consolidated Income Statement For the quarter ended 28 April 2007

£ millions	1st Quarter		
	2007 28.01-28.04	2006 29.01-29.04	Year ended 27.01.2007
<b>Operating profit before financing costs</b>	<b>6.9</b>	<b>6.7</b>	<b>48.1</b>
Share of loss of associate	-0.1	-0.2	-0.7
Net Financing costs before refinancing	-11.6	-5.3	-27.4
Net Financing costs arising from refinancing	-	-	-2.8
Total finance costs	-11.6	-5.3	-30.2
Profit / (loss) before tax	-4.8	1.2	17.2
Income tax expense / (credit)	1.5	-0.4	-6.5
<b>Profit / (loss) for the period</b>	<b>-3.3</b>	<b>0.8</b>	<b>10.7</b>
Basic earnings / (loss) per share (pence)	-0.114	0.027	0.369
Diluted earnings per share (pence)	-0.114	0.027	0.329



## Operating Results

### Consolidated Interim Balance Sheet 28 April 2007

Assets	28.04.2007	29.04.2006	27.01.2007
	£ millions	£ millions	£ millions
<b>Non-current assets:</b>			
Property, plant and equipment	83.1	52.8	83.4
Intangible assets	516.1	211.7	517.2
Investments in associates	0.3	0.4	0.4
Prepayments	6.8	3.4	6.8
Trade and other receivables	0.8	0.8	0.8
<b>Total non-current assets</b>	<b>607.1</b>	<b>269.1</b>	<b>608.6</b>
<b>Current assets:</b>			
Inventories	87.4	47	81.1
Trade and other receivables	62.5	26.1	62.8
Cash and cash equivalents	1.4	0	11.2
<b>Total current assets</b>	<b>151.3</b>	<b>73.1</b>	<b>155.1</b>
<b>Current liabilities:</b>			
Short term borrowings	-1.3	-17.0	-1.4
Bank overdrafts	-	-8.8	0.0
Trade and other payables	-92.1	-48.2	-95.4
Deferred income	-6.2	-3.1	-5.8
Income tax payable	-1.9	-1.5	-4.2
<b>Total current liabilities</b>	<b>-101.5</b>	<b>-78.6</b>	<b>-106.8</b>
<b>Net Current Assets</b>	<b>49.8</b>	<b>-5.5</b>	<b>48.3</b>
<b>Current ratio</b>	<b>1.49</b>	<b>0.93</b>	<b>1.45</b>

## Operating Results

### Consolidated Interim Balance Sheet 28 April 2007

Equity and liabilities	28.04.2007	29.04.2006	27.01.2007
	£ millions	£ millions	£ millions
<b>Equity:</b>			
Share capital	-23.5	-23.5	-23.5
Warrants	-9.8	-	-9.8
Share premium	-93.9	-93.9	-93.9
Retained earnings and reserves	-21.5	-13.0	-23.4
<b>Total equity</b>	<b>-148.7</b>	<b>-130.4</b>	<b>-150.6</b>
<b>Non-current liabilities:</b>			
Long term borrowings	-425.5	-113.2	-422.9
Deferred income	-13.2	-6.0	-13.9
Deferred tax liabilities	-69.5	-14.0	-69.5
<b>Total non-current liabilities</b>	<b>-508.2</b>	<b>-133.2</b>	<b>-506.3</b>
<b>Total equity and liabilities</b>	<b>-758.4</b>	<b>-342.2</b>	<b>-763.7</b>
<b>Equity ratio</b>	<b>20%</b>	<b>38%</b>	<b>20%</b>

# Operating Results

## Statutory Consolidated Statement of Cash Flows For the quarter ended 28 April 2007

£ millions	4th Quarter		Full Year
	2007	2006	2007
	28.10-27.01	29.10-28.01	29.01-27.01
<b>Cash flows from operating activities:</b>			
Operating profit before net financing cost	6.9	6.7	48.1
Adjustments for:			
Depreciation of property, plant and equipment	6.5	3.5	17.9
Amortisation of intangible assets	1.4	0.1	2.0
(Profit) / loss on disposal of property, plant and equipment	-	-	0.4
Share of loss of associates	-0.1	-0.2	-0.7
Operating profit before net financing cost	14.7	10.1	67.7
Increase in inventories	-6.3	-3.9	15.5
(Increase) / decrease in trade and other receivables	0.1	3.6	-2.7
Increase / (decrease) in trade and other payables	-2.9	-9.0	-11.7
Increase / (decrease) in deferred Income	-0.3	0.8	10.6
Cash generated by operations	5.3	1.6	79.4
Interest income received	0.1	0.3	2.7
Financing costs paid	-8.1	-7.5	-21.8
Income taxes paid	-0.8	-1.5	-8.2
Net cash provided by / (used in) operating activities	-3.5	-7.1	52.1

# Operating Results

## Statutory Consolidated Statement of Cash Flows For the quarter ended 28 April 2007

£ millions	4th Quarter		Full Year
	2007	2006	2007
	28.10-27.01	29.10-28.01	29.01-27.01
<b>Net cash provided by / (used in) operating activities</b>	<b>-3.5</b>	<b>-7.1</b>	<b>52.1</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	-6.2	-5.4	-28.1
Acquisition of subsidiaries, net of cash acquired	-	-	-137.4
Investment in associates	-	-0.5	-1.0
Net cash used in investing activities	-6.2	-5.9	-166.5
<b>Cash flows from financing activities:</b>			
Proceeds from sale of own shares	-	-	1.4
Proceeds from long term borrowings	-	-	353.3
Repayment of borrowings	-0.1	-10.5	-241.3
Net cash provided by / (used in) financing activities	-0.1	-10.5	113.4
<b>Net decrease in cash and cash equivalents</b>	<b>-9.8</b>	<b>-23.5</b>	<b>-1.0</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>-</b>	<b>-</b>	<b>-2.5</b>
<b>Cash and cash equivalents / (bank overdrafts) at start of period</b>	<b>11.2</b>	<b>14.7</b>	<b>14.7</b>
<b>Cash and cash equivalents / (bank overdrafts) at end of period</b>	<b>1.4</b>	<b>-8.8</b>	<b>11.2</b>

## Prospects



## Current Trade



- Very difficult May, however performance has improved in June
- We expect the UK market to continue to be challenging
- Confident that international and e-commerce growth will continue
- Forecast low double digit growth in proforma EBITDA for the year

## Prospects



- As announced last week, an offer for the whole outstanding share capital of the company, at a price of ISK 17.5, is pending

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