

WH Smith PLC

Pre-Close Trading Update

1 September 2021

Prior to entering its close period ahead of reporting its preliminary results for the twelve months ending 31 August 2021 on 11 November 2021, WH Smith PLC announces the following pre-close update.

WH Smith Trading Update

While both our Travel and High Street businesses continue to be impacted by the Covid-19 pandemic, we are encouraged by the improving trends. Total Group revenue in the period as a percentage of the financial year 2019 total revenue has been:

	H1	H2	8 weeks to 28 August 2021
Travel	41%	55%	64%
High Street	82%	85%	84%
Group	60%	65%	71%

WH Smith Travel

Our strategy to focus on customer conversion and increasing average transaction value continues to progress well. As expected, in UK Travel, passenger numbers remain significantly down versus 2019 levels, however we have continued to see a gradual recovery in sales as restrictions have eased throughout July and August. Sales as a percentage of 2019 total revenue, by channel in UK Travel, were as follows:

	H1	H2	8 weeks to 28 August 2021
Air	16%	17%	30%
Hospitals	70%	82%	85%
Rail	23%	42%	59%
Total	30%	38%	48%

In addition to the previously announced 18 InMotion stores won in UK airports, we are pleased to announce that we have won a further 4 technology and accessories stores across Edinburgh, Glasgow and Aberdeen airports. These stores will also trade under the InMotion brand, taking the total number of technology and accessories stores won across UK airports to 22. We expect to open these stores over the course of the first half of the 2021/22 financial year.

Outside of the UK, our North America business has performed well in July and August, with sales at 93% compared to 2019 levels. We remain confident in the strength of our North American business and in winning further stores in this market.

WH Smith High Street

In High Street, total revenue in the second half was 85% versus 2019. Our High Street business generates cash from its portfolio of well-located stores and growing internet businesses. We continue to focus on the return on space and cost efficiency by building additional flexibility into our cost base.

Cash and Liquidity

As at 28 August 2021, the Group remains in a strong position in relation to liquidity and cash management with cash on deposit of £107m. The £250m Revolving Credit Facility remains undrawn.

Outlook

WH Smith PLC expects the outcome for the year to 31 August 2021 to be slightly ahead of expectations outlined on 8 July 2021.

As previously stated, we remain confident in revenues returning to pre-Covid levels in the next two to three years. While there will be a return to good levels of profitability in the year ending August 2022, the trajectory of the recovery in travel remains uncertain. This combined with the previously announced accounting finance charges relating to the successful convertible bond issue on 29 April 2021, means that we currently anticipate the levels of profitability for the year ending August 2022 will be at the lower end of market expectations.

Although the pace of recovery varies across our markets, we are financially strong and well placed to capitalise on the multiple growth opportunities in our key markets.

2021 Preliminary Results

The WH Smith PLC preliminary results investor and analyst presentation for the year ending 31 August 2021 will be held at 9.00am on Thursday, 11 November 2021.

Enquiries:

WH Smith PLC

Mark Boyle	Investor Relations	07879 897687
Nicola Hillman	Media Relations	01793 563354

Brunswick

Tim Danaher	020 7404 5959
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