

22 January 2020

WH SMITH PLC

Trading update for the 20 week period to 18 January 2020

Good progress across the Group; completion of Marshall Retail Group acquisition ahead of plan and further significant contract wins in the US

The Group delivered a good performance in the period with total revenue up 7% and like-for-like revenue down 1% for the 20 weeks.

In Travel, total revenue was up 19% (up 5% excluding InMotion and Marshall Retail Group (MRG)) with like-for-like revenue up 3%. In our UK Travel business, we saw good sales growth across all of our key channels with strong sales per passenger driven by our initiatives and ongoing investment. Gross margin was in line with plan. Our store opening programme in the UK remains on track and we expect to open around 15 to 20 new units this year, including c.8 units in hospitals. Following our successful partnership with Well Pharmacy, we will also open, later in the year, a new flagship pharmacy format at Heathrow Terminal 2.

Our strategy to grow our Travel business outside of the UK continues to progress well. We completed the acquisition of MRG, a leading and fast growing US travel retailer, ahead of plan on 20 December 2019. The store opening programme for MRG remains on track and integration into the WH Smith Group is progressing well. Since announcing our intention to acquire the business on 17 October 2019, we have won a further 8 units in the US, which include MRG, WH Smith and InMotion branded stores, demonstrating the growth opportunities we see for the Group in the US. Outside of the US, we continue to make good progress and we have recently won a tender at Berlin Brandenburg Airport to open 3 units, including our first InMotion store in Germany.

Following the acquisition of MRG, WH Smith Travel operates over 600 stores outside of the UK (including over 280 stores in North America) and over 590 stores in the UK, making a total of nearly 1,200 Travel stores across 32 countries.

In our High Street business, our strategy of actively managing our space, gross margin growth and good cost control continues to deliver sustainable profit and good cash generation. Total revenue was down 5% with like-for-like revenue also down 5%. Gross margin was ahead of plan and we have identified £3m of additional cost savings which will be weighted towards the second half of the current financial year, bringing the total cost savings for the year to £12m.

Like-for-like sales are calculated on stores with similar selling space that have been open for more than a year (constant currency basis, includes InMotion from December 2019 and excludes Marshall Retail Group.)

Commenting on today's announcement, Carl Cowling, Group Chief Executive said:

"We are pleased with the progress the Group has made in the first 20 weeks, with total revenue up 7%.

"During the period, we completed the acquisition of MRG ahead of plan and integration into the Group is progressing well. This acquisition is in line with our strategic focus to grow Travel, almost doubles the size of our International Travel business and accelerates growth in the US, the world's largest travel retail market. Since announcing our intention to acquire the business, we are delighted to have won a further 8 new units in the US.

"In UK Travel, we have seen continued growth across all our key channels and we are on track to open a new flagship pharmacy format at Heathrow Terminal 2 this summer.

"Our High Street strategy continues to deliver through continued gross margin gains and tight cost control.

"Throughout this busy trading period, it is our colleagues, particularly across our stores, who work tremendously hard and I would like to take this opportunity to thank them. Without the continued support of our fantastic team we would not be able to achieve these results.

"Looking ahead, we are on track for the current year and as we continue to grow our share of the global travel retail market, the Group is well positioned for the years ahead."

Enquiries:

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Advance Notice of Interim Results

WH Smith PLC will announce its Interim Results 2020 on Wednesday 22 April 2020.