

12 March 2020

WH SMITH PLC

First Half Trading and Covid-19 Update

In light of current equity market conditions and the rapidly changing developments regarding Covid-19, the WH Smith Group provides the following update.

First Half Trading Update:

For the first half of the year to 29 February 2020, Group total revenue was up 7% with like-for-like (LFL) revenue down 1%. Total revenue in Travel was up 19% with LFL revenue up 2%. In High Street, total revenue was down 5% with LFL revenue down 4%. As a result, the Group is confident that underlying profit before tax for the first half, which will be reported on 22 April 2020, will be in line with market expectations.

Covid-19 Update:

WH Smith's key priority is the health and safety of its employees, customers and business partners.

The Group has been monitoring the financial impact of Covid-19 since the outbreak began across both its Travel and High Street businesses. In Asia Pacific, which accounts for approximately 5% of Travel's revenue, we have seen a significant impact on the business since February. In addition, over the last two weeks, the Group has started to see a material reduction in passenger numbers at airports outside of Asia Pacific in the UK (approximately 60% of Travel's revenue), the US (approximately 25% of Travel's revenue) and in Europe.

The Group is managing the business to protect profitability and is taking all necessary action to reduce costs. Based on current trading and modelling, the Group believes that the effects of Covid-19 will result in a reduction in our expectations for revenue and profit across the Travel business for the second half. Today, the Company is therefore providing guidance on the impact on full year results of Covid-19 based on an assumption of a challenging third quarter and a modest normalisation in the fourth quarter. For UK Travel, we expect revenue for the six months to be down approximately 15% on expectations which includes airports, our most affected channel, down 35% in March and April. On the same basis, including significant reductions in March and April, second half revenue in the US is expected to be approximately 20% lower than our expectations. The rest of our International business is also expected to be approximately 20% lower.

Clearly, the position is evolving fast and the Group will provide a further update at its Interim results on 22 April 2020.

While the Group is currently not seeing a significant impact on its High Street business, it recognises that Covid-19 could result in reduced high street footfall.

As a result, the Group currently estimates an adverse impact in the financial year ending 31 August 2020 of between £100m and £130m on the Group's revenue and between £30m and £40m on underlying Group profit before tax.

WH Smith is a resilient business with a strong balance sheet, substantial cash liquidity and strong cashflow. The Group has a strong management team in place and has consistently demonstrated that it can adapt and respond quickly to changing market conditions.

Over the longer term, the Board remains confident in the strategy and believes the Group is well positioned to benefit from the normalisation and growth of the global travel market.

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Advance Notice of Interim Results

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