

WH Smith PLC
19 January 2022

Trading update for the 20 week period to 15 January 2022

Good progress across the Group; further store wins in North America

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

"We are pleased with the progress the Group has made in the period.

"In Travel, we have focused on our strategic objectives of increasing customer conversion, growing average transaction value and winning new space, all of which continue to deliver good results. We have now opened 16 of the recently won InMotion technology stores in UK airports and are pleased with their performance. Our strong track record of winning new tenders in the US continues, with a significant nine store win at Kansas airport.

"Our High Street business performed well, in line with our expectations, with our online businesses delivering strong performances.

"As we enter our 230th year since the Company's founding in 1792, I would like to thank our entire team across the globe. In particular, my thanks go to our store colleagues who have worked tirelessly over the past number of weeks throughout such a busy trading period. We have an exceptionally strong team at WHSmith and we look forward to building on the strong foundations we have in place.

"Looking ahead, although we are seeing a small impact from the Omicron variant, we anticipate a resumption in the recovery of our Travel markets over the coming months. We are well placed for the key trading period in Travel this summer and the ongoing recovery in our markets."

Trading Update

The Group has delivered a good performance over the 20 week period. Prior to the emergence of the Omicron variant of Covid-19, we saw a consistent and encouraging recovery in our key Travel markets. In High Street, we adapted well to the evolving trading environment and delivered a good performance, despite reduced footfall.

For the 20 weeks to 15 January 2022, total Group revenue was 85% of 2019 revenue for the period.

Total Group revenue as a percentage of 2019 total revenue has been:

	% of 2019 Revenue¹		
	High Street	Travel	Group
September 2021	89%	73%	79%
October 2021	87%	84%	85%
November 2021	85%	94%	90%
December 2021	90%	83%	87%
Year to date	87%	83%	85%

¹ Equivalent month in 2019

Travel UK

In Travel UK, total revenue was 70% of 2019 revenue for the 20 week period. Prior to the emergence of the Omicron variant in early December, we saw a consistent and encouraging improvement in sales trends across all our channels which was followed by a resilient performance in December. We welcome the Government's relaxation of the testing regime for arriving passengers.

	% of 2019 Revenue¹			
	Air	Hospitals	Rail	Total
September 2021	42%	87%	71%	60%
October 2021	59%	92%	74%	71%
November 2021	71%	91%	74%	78%
December 2021	65%	94%	69%	74%
Year to date	58%	89%	70%	70%

We have made good progress in opening our recently won InMotion technology stores in UK air. We have now opened 16 of the 30 stores that we have won, including stores at London Heathrow, London Stansted, Manchester and Edinburgh airports. Initial reaction from customers and landlords has been very positive. We anticipate opening the remaining stores, which include further stores at London Heathrow and London Gatwick airports, prior to the peak trading period over the summer months. In addition, we have opened our first combined WHSmith pharmacy format in rail, at London Euston Station, and early customer and landlord feedback has also been positive.

Our key initiatives continue to deliver. We have increased average transaction values and expanded categories during the period, for example, in pharmacy and tech accessories ranges. This puts us in a strong position ahead of our peak trading period in the summer.

Travel – North America

In North America, we continued to see an improvement in air passenger numbers over the period and through the holiday season with Transportation Security Administration ('TSA') data for the week ending 1 January 2022 down 17% compared to 2019. Our resorts business in Las Vegas also benefited from improved visitor numbers. We have seen a small impact from the Omicron variant in January but, as elsewhere, we believe this will be short-term.

Our strong track record of tender wins continues. In the period, we won a further 13 new stores, including three InMotion stores and a significant tender at the new Kansas City airport to operate nine stores for 15 years. We now have over 60 stores won and due to open in North America over the next three years.

Overall revenue in North America for the 20 week period on a proforma basis was at 92% of 2019 levels.

Travel - Rest of World

Outside of the UK and North America, we have seen broadly similar trends to UK air, with a good recovery over the period September to December 2021 in Europe, with some softening thereafter following the impact of the Omicron variant. Asia remains the slowest recovering region. We are on track to open our first two InMotion stores at Dublin Airport in the spring.

High Street

In High Street, total revenue was at 87% of 2019 revenue for the 20 week period, in line with our expectations. Our online businesses, funkypigeon.com, cultpens.com and whsmith.co.uk

performed strongly over the 20 week period. Through the peak period, we maintained good stock availability and we exited Christmas with a clean stock position. Our cost savings target for the full year is on track and our gross margin has improved, driven by mix.

Liquidity

As a result of our trading performance, our cash generation for the first 20 weeks was ahead of plan. As at 31 December 2021, access to liquidity was £345m being cash on deposit of £95m and the undrawn RCF of £250m.

Outlook

We have a very strong pipeline of store openings with over 30 new stores opened in the period and 99 new stores won and due to open in Travel over the next three years.

Although we are seeing a small impact from the Omicron variant since the start of December 2021, we anticipate, subject to no further restrictions, our Travel markets will recover further through the spring and we are well placed for the key trading period in Travel over the summer and beyond.

Interim Results Announcement

WH Smith PLC will announce its 2022 Interim results on Wednesday 27 April 2022.

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