



ScS Group plc
("ScS" or the "Group")

TRADING UPDATE

ScS, one of the UK's largest retailers of upholstered furniture and floorings, announces that the Group's full interim results are subject to a short delay. This is as a result of yesterday's changes to the UK government policy in relation to the COVID-19 virus, which we are currently reviewing in conjunction with the Group's auditors.

The Company expects to be able to release its full interim results before the end of the week. In the meantime, the Company is pleased to announce the following highlights for the financial period and an update on current trading which is in line with the Board's expectations.

Financial highlights:

- Gross sales increased 0.5% to £160.1m (2019: £159.2m)
- Gross profit increased 0.3% to £71.7m (2019: £71.5m)
- Underlying EBITDA from continuing operations, on a comparable pre-IFRS 16 basis, improved by £0.4m to £3.8m (2019: £3.4m)
- Strong balance sheet with cash of £61.5m (2019: £62.5m), with access to an unutilised £12m committed revolving credit facility
- Interim dividend of 5.50p per share expected to be announced with the Company's interim results (2019: 5.50p per share)

	H1 FY20 Post IFRS 16 £m	IFRS 16 adj. £m	H1 FY20 Pre-IFRS 16 £m	H1 FY19 IAS 17 £m	Change
Gross sales	160.1	-	160.1	159.2	0.5%
Revenue	152.0	-	152.0	151.4	0.3%
Gross profit	71.7	-	71.7	71.5	0.3%
Gross margin	44.8%	-	44.8%	44.9%	(0.1%)
Underlying EBITDA	16.6	12.8	3.8	3.4	0.4
Underlying operating profit	1.7	0.7	1.0	0.8	0.2
Operating profit	1.2	0.7	0.5	0.4	0.1
Statutory (loss)/profit before tax	(0.6)	(1.3)	0.7	0.5	0.2
Underlying (loss) / earnings per share	(0.3p)	(2.6p)	2.3p	2.2p	0.1p
Statutory (loss) / earnings per share	(1.4p)	(2.6p)	1.2p	0.4p	0.8p

Please refer to the footnote of this highlights statement regarding the Group's adoption of IFRS16. For the purposes of a comparison with H1 FY19, the impact of the transition to IFRS 16, as well as IAS 17 pro-forma numbers have been presented.

Operational highlights:

- Like-for-like order intake down 4.4%
- Two year like-for-like order intake down 2.9%
- Investment in our e-commerce offering has driven an online sales increase of 24.5% to £9.8m (2019: £7.8m)
- Continued focus on customer service with "Excellent" Trustscore maintained on Trustpilot with over 200,000 reviews, one of only four companies in the UK to reach this milestone
- Centralised our customer experience team to support the entire branch network following the successful roll-out of our new in-store sales app

Current trading and outlook:

- Order intake up 3.3% on a like-for-like basis for the first seven weeks of the second half of the year to 14 March 2020. This strengthening performance has meant the year to date like-for-like order intake decline has reduced since the half year and is now down 3.0% for the 33 weeks to 14 March 2020
- Year to date trading in line with the Board's expectations
- We are mindful of the developing situation with the coronavirus (COVID-19), and the potential impact on deliveries and demand. This will be covered further in Company's interim results announcement

David Knight, Chief Executive Officer of ScS, commented:

"Trading has strengthened since our market update on 29 January 2020, with like-for-like order intake in the last seven weeks growing 3.3%. This is a significant improvement on trading for the first 26 weeks of the year, which had a like-for-like order intake decline of 4.4%. This has resulted in a like-for-like order intake decrease of 3.0% for the 33 weeks ended 14 March 2020.

Whilst consumer confidence remains low, the Group has been successful in sustaining profitable growth and increasing its resilience. Trading in the early part of the year was particularly challenging. However, the improvement and return to growth seen over the key winter sales period and for the first six weeks of the second half was encouraging. In the past week we have seen reduced footfall and we are mindful of the developing situation with COVID-19 and the potential impact on deliveries and demand. However, we believe the Group is as well positioned as it can be.

We continue to focus on providing excellent value, quality and choice for our customers, and are committed to our strategy. We remain confident in the future success of the Group."

COVID-19

We cannot predict the impact that COVID-19 might have on the Group's business. Management has considered severe but plausible downside sensitivity scenarios but these do not include the most severe of possibilities, for example, the Group's stores being forced to close for a prolonged period.

Further details in relation to the impact COVID-19 may have on the Group will be set out in the interim financial statements.

Note on IFRS 16:

In the current period, the Group has adopted the new accounting standard IFRS 16. This requires operating leases to be shown as right-of-use assets and lease liabilities to be recognised on the balance sheet. The Group, therefore, now recognises depreciation and interest costs in respect of these leases in the income statement for the period, rather than the rental charges, previously recognised under IAS 17. As we explained in the 2019 Annual Report, the Group has adopted the modified retrospective approach and therefore in line with the standard comparative disclosures have not been restated for IFRS 16. In order to aid comparison, a reconciliation between the two different bases of reporting will be set out in the interim results.

Enquiries:

ScS Group PLC

David Knight, Chief Executive Officer
Chris Muir, Chief Financial Officer

c/o Buchanan +44 (0)20 7466 5000

Buchanan

Richard Oldworth
Tilly Abraham
Charlotte Slater

Tel: +44 (0)20 7466 5000

scs@buchanan.uk.com

A live audio webcast will be available for streaming at 9.30am.

The audio webcast of the trading update will be accessible via the link below:

<https://webcasting.buchanan.uk.com/broadcast/5e4a72e82aec863039efc6c1>

Following the presentation, a replay will be available from midday via the same link.

Notes to editors

ScS is one of the UK's largest retailers of upholstered furniture and floorings, promoting itself as the "Sofa Carpet Specialist", seeking to offer value and choice through a wide range of upholstered furniture and flooring products. The Group's product range is designed to appeal to a broad customer base with a mid-market priced offering and is currently traded from 100 stores.

The Group's upholstered furniture business specialises primarily in fabric and leather sofas and chairs. ScS sells a range of branded products which are not sold under registered trade marks and a range of branded products which are sold under registered trade marks owned by ScS (such as Endurance, Inspire and SiSi Italia). The Group also offers a range of third party brands (which include La-Z-Boy, G Plan and Celebrity). The Company's flooring business includes carpets, as well as laminate and vinyl flooring.