

## Homebase returns to profit ahead of plan

- **Return to profit ahead of plan** – £3.2m profit for 2019 versus 2018 loss of £114.5m
- **Like-for-like growth delivered in 2019, and strong plan in place to accelerate progress in 2020**
- **Proposed completion of Company Voluntary Arrangement (CVA)** – 18-months ahead of plan due to strong financial performance
- **Acquisition of Bathstore in July 2019** – 49 Bathstore concessions now opened in Homebase stores

**London, UK: 27 February 2020** – Homebase, one of the UK's leading home and garden projects retailers, today provides an update on its turnaround and announces financial results for the 52 weeks to 29 December 2019.

### Financial headlines

Homebase has delivered a £3.2m EBITDA profit, compared with a loss of £114.5m in 2018.

Like for like sales were up 2.6 per cent and gross margin rate was up 2.8 per cent in the year as customers responded well to new ranges, and improvements to both in-store and online shopping experiences.

Nearly all 164 stores are now profitable.

Effective cost management across all areas has seen Homebase reduce its cost base by over £180m.

The year ended with a positive net cash balance of £17.0m, with further improvements expected in 2020.

### 2019 highlights

Building on its strong heritage, Homebase has refreshed and expanded its product ranges in home furniture, decorating, kitchens and garden, as well as investing in new products and services, creating a solid foundation for future growth.

- **Driving sales with new and expanded product ranges** – working with leading brands and our own product developers to introduce 3,000 new products to help customers create the latest home trends. Popular items such as the £60 [Occasional Chair](#) sold out online within just three weeks, with over £1.6m sold since launch.
- **Focusing on the in-store experience** – £10m was invested in stores in the UK and Ireland, including 51 refurbishments in December 2019, to create brand new inspirational kitchen showrooms, Bathstore concessions and home furnishing departments.
- **Investing in homebase.co.uk** to make it easier for customers to shop with Homebase. Hundreds of improvements were made to the website over the year, leading to sales increasing by over 50 per cent, with more than half of customers starting their shopping journey online.
- **Acquiring Bathstore as part of acquisition and concession partnerships strategy** has significantly enhanced Homebase's range and offer, with 49 concessions now open in Homebase stores. Partnerships with leading brands continue to complement Homebase's range of home furnishing, decorating and gardening products, and provide everything customers need for home and garden projects under one roof.
- **Significant reduction of the cost base by over £180m** – cost reduction plan exceeding targets across all areas laying the foundation for sustainable growth.

- **Secured Working Capital requirements** – asset-based lending facility of up to £95m from Wells Fargo Capital Finance.
- **Proposed completion of CVA** – proposal to conclude 18-months ahead of schedule due to strong financial performance.

**Damian McGloughlin, CEO of Homebase, comments:** *“Eighteen months into our turnaround, we’re extremely proud of what our team has achieved, working hard with our partners to return to profit and lay solid foundations for growth.*

*“We have a very clear vision for Homebase, and we’re excited about the plans we have for the future. We will continue to invest in our ranges, services, and team members as we make Homebase the go to place for the inspiration, expertise and products customers need to take their ideas and create homes they love.”*

#### Plans for 2020

In 2020, we will continue to invest in the business to deliver on this vision. Key pillars for growth include:

- **Expand product range to be a single destination for home and garden projects** – new ranges will include everything customers need from smaller home improvements and garden projects, all the way through to bigger makeovers such as new kitchens and bathrooms.

Further concessions will open with leading brands to continue to bring new partnerships that complement Homebase’s market leading ranges in decorating and garden.

- **New store formats** – building on Homebase’s strength in decorating, two small standalone stores will be trialled in Cheadle and Sutton, which will be called DECORATE by Homebase. These stores will provide everything customers need to bring their decorating projects to life, from the perfect paint colour and brushes, to flooring and tiling, along with the UK’s leading brands.



- **Investing in homebase.co.uk** – continued digital investment will build a trusted marketplace where customers can shop from an additional 18,000 products. Next / named day delivery will be launched in March to make it as easy and convenient as possible for customers to shop with Homebase.

- **Continued focus on developing our team** – all 6,600 team members will be trained in Homebase's new customer service programme in the first quarter of 2020 so that by Easter, all our team have the skills and knowledge they need to inspire and advise customers at every stage of their journey. Investment in team members continues with more City & Guilds accredited specialists in key areas of Garden and Decorating, supported by our leading suppliers.

**Andy Coleman, CFO of Homebase, comments:** *"In the last 12-months we've removed over £180m of cost from Homebase, as well as investing to create the right foundation for growth. Having returned to profit ahead of plan, we are very well set to undertake further investment in our stores, ranges, the online business and our teams."*

*"Customer response to the changes we're making is extremely encouraging, and 2020 will be a very exciting year for our team and customers."*

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**Media Enquiries:**

**M&C Saatchi Public Relations:** Flick Hudson  
[HomebasePR@mcsaatchi.com](mailto:HomebasePR@mcsaatchi.com)  
07809 463567

**Homebase:** Claire Abercrombie  
[claire.abercrombie@homebase.co.uk](mailto:claire.abercrombie@homebase.co.uk)  
01908 352460 / 07753 310573

**Notes to editors:**

**Homebase CVA background**

- Homebase CVA was approved by 96 per cent of creditors in August 2018.
- The CVA was due to end August 2021.
- Due to a strong financial performance, Homebase has proposed to conclude its CVA 18-months ahead of schedule in early April.

**About Homebase**

Founded in 1979, Homebase is a home and garden projects retailer offering customers the inspiration, expertise and products to create a home they love – all in one place.

Its wide range of products covers garden, decorating, home furnishings, kitchens and bathrooms, alongside complimentary concession from some of the UK's leading brands. Inspirational new store layouts are helping millions of customers combine on-trend collections with the project ideas, practical advice, partners and tools to bring their home and garden visions to life.

Homebase operates 164 stores and 23 standalone Bathstores employing over 6,600 people across the UK and Ireland, whose specialist knowledge sits at the heart of the friendly and inspiring in-store experience Homebase offers its customers.

For more information visit <https://www.homebase.co.uk/about-us/who-we-are>.

Homebase Banbury



**Garden centres**



**Best-Selling £60 Occasional Chair**



**Andy Coleman, CFO (L) and Damian McGloughlin, CEO (R)**

