
Business Update

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Smiths News PLC
20 January 2022

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This announcement contains inside information

Smiths News plc
("the Company")

Business Update

To coincide with its Annual General Meeting (being held today at 1130am), Smiths News plc is today issuing a business update, confirming trading and strategic progress in line with expectations and reaffirming priorities for the remainder of the year.

Trading update

The Board is pleased to report that overall trading in FY2022 to date is in line with market expectations, with the key elements of sales, sustainable efficiency savings, operational cost controls and health and safety performance all collectively on track. Recent uncertainty over the Omicron variant and subsequent 'Plan B' restrictions has had only limited impact on the Company's markets and the Board remains confident in the Company's profit and cash generation as the wider economic environment improves.

Strategic progress

The Company continues to make excellent progress with its strategic priorities: namely, to strengthen the core business and its underlying financial metrics, founded on reducing bank net debt, while ensuring the benefits of strong cash generation meet the needs of all stakeholders.

The first strategic priority, to reduce bank net debt to below 1x Adjusted pre-IFRS16 EBITDA, is expected to be achieved by the half-year, marking a key milestone. In recognition of this significant progress, in December 2021 the Company's banking facilities were favourably amended, extending the term by 1.75 years to August 2025 and allowing for a greater share of free cash to be distributed to shareholders.

Strategic priorities for FY2022

Our chief priority for the remainder of the year is to deliver on our commitments through continued close control of operations and capital management. We remain alert to the inflationary pressures in our markets and the wider economy and are planning accordingly. Our stated goals for sustainability and the gradual recovery of our ancillary businesses, which were impacted by the pandemic, are on track. Finally, we are pursuing a structured exploration and review of organic opportunities that can provide for new and incremental revenue streams in the longer term.

Jonathan Bunting, Chief Executive Officer of Smiths News, said:

"We start the new calendar year with confidence in our plans, underpinned by the demonstrable headway we have made over the last two years. The delivery of our commitments to stakeholders, founded on the sustainable value creation of our core business, remains our chief strategic and trading priority. In this regard, our people continue to show exceptional dedication and on behalf of the Board I would like to express my thanks for their essential contributions to our progress."

Enquiries:

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About Smiths News PLC

Smiths News PLC and its core business, Smiths News, is the UK's largest newspaper and magazine wholesaler, with an approximate 55 per cent. market share. It distributes newspapers and magazines on behalf of the major national and regional publishers, delivering to approximately 24,000 customers across England and Wales on a daily basis. The speed of turnaround and the density of Smiths News' coverage is critical to one of the world's fastest physical supply chains.

Ancillary businesses include: Dawson Media Direct (DMD) which supplies airlines and travel points in the UK; and Instore, which offers field marketing services to retailers and suppliers across the UK.

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