

This announcement contains inside information

3 March 2021

**Smiths News plc  
("the Company")**

**Trading Update**

**Robust performance in line with expectations**

Smiths News is pleased to report a robust operational and financial performance for the 26-week period to 27 February 2021, with profit and cash generation in line with market expectations.

The flexibility and resilience of the Company's business model in its core newspaper and magazine wholesaling operations has helped to ensure the business traded to plan throughout the period. A full service was maintained over both the second lockdown in England (November 2020) and the current UK wide restrictions (6 January 2021 to date), with our markets not experiencing the large reductions and fluctuations that occurred during the first months of the pandemic.

The Company expects Adjusted EBITDA (excluding IFRS16 - leases)<sup>(1)</sup> to be £20.5m for H1 2021 and our Bank Net Debt<sup>(2)</sup> to be £71m at 27 February 2021, which would result in a Bank Net Debt to Adjusted EBITDA ratio of 1.9x.

Given the stable performance of the business in H1 2021, the Board continues to expect that full year financial performance will be in line with market expectations.

Following the Company's successful refinancing in November 2020 and in light of continued delivery of its operating and financial plans, the Board intends to provide an update on its capital allocation policy and the timing of the reinstatement of dividends at its Interim Financial Results in May 2021.

**Jonathan Bunting, Chief Executive Officer, commented:**

*"Our performance in the period says much for the resilience of our markets, the strength and flexibility of our business model, and the dedication of our colleagues. I'm grateful for the unwavering support of all our stakeholders throughout these challenging months, including our supply chain partners. Working together to mitigate the impacts of the pandemic and associated lockdowns, we have delivered a strong performance that is founded on supporting the long term sustainability of our markets and supply chain. I very much look forward to providing a further update on our financial performance and wider progress in our Interim Results in May 2021"*

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## **About the Company**

Smiths News is the UK's largest newspaper and magazine wholesaling business with an approximate 55 percentage market share. It distributes newspapers and magazines on behalf of the major national and regional publishers, delivering to approximately 25,000 customers across England and Wales on a daily basis. The speed of turnaround in the UK and density of Smiths News' coverage is critical to one of the world's fastest physical supply chains.

## **Definitions**

### **Notes**

The Company uses certain performance measures for internal reporting purposes and employee incentive arrangements. The terms 'Bank Net Debt' and 'Adjusted EBITDA' are not defined terms under IFRS and may not be comparable with similar measures disclosed by other companies.

- (1) Adjusted EBITDA (excluding IFRS16) is calculated as Adjusted operating profit before depreciation and amortisation and excludes the impact of IFRS16 lease accounting in H1 2021 to aid comparability to H1 2020.
- (2) Bank Net Debt - is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under finance leases (excluding the adoption of IFRS16 lease accounting standards), as bank covenants are tested under 'frozen GAAP'. Net debt is calculated as total debt less cash and cash equivalents. Total debt includes loans and borrowings, overdrafts and obligations under leases.