

VRS (Valuation & Research Specialists)
Equity Research Team
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Share Price (26/07/2019) **GBP 1.88**

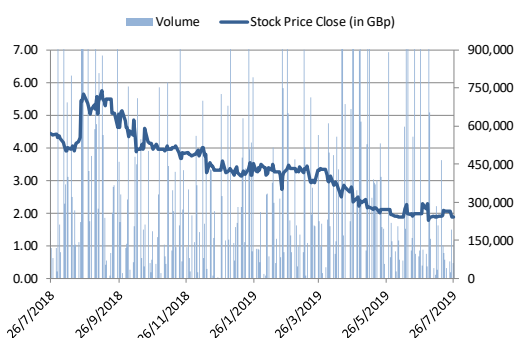
# of Shares (mn)	727.76
Market Cap (in £ mn)	13.65
A.D. Volume (p)	459,458
Beta Co-efficient	0.596

Statistical Data

Max 52 week, GBP	5.76
Min 52 week, GBP	1.77
1-M Rtn	-5.06%
6-M Rtn	-41.77%
12-M Rtn	-57.87%

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume (1 year, in GBP and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year.

LAURA ASHLEY HOLDINGS PLC

Listed on LSE, U.K.

[Bloomberg Ticker: ALY:LN] [Reuters Ticker: ALY.L]

Business Sector / Industry: Consumer Discretionary / Retail – Discretionary

Corporate & Investment Highlights

- Laura Ashley Holdings plc is engaged in designing and manufacturing products for home and fashion. The Company's segments include Retail and Non-Retail. The Retail segment includes sales through Laura Ashley's Managed Stores, Mail Order, e-Commerce and Hotel. The Non-Retail segment includes licensing, franchising and manufacturing.
- The Company's property portfolio in the United Kingdom includes approximately 190 stores. The Company's United Kingdom business includes the Home Accessories, Furniture, Decorating and Fashion categories. The Furniture product category includes upholstered and cabinet furniture, beds and mirrors. The Home Accessories product category includes lighting, gifts, bed linen, rugs, throws, cushions and children's accessories. The Decorating category includes fabric, curtains, wallpaper, paint and decorative accessories. The Fashion category includes adult fashion, fashion accessories and perfumery. The Company also holds interests in the Laura Ashley hotel. [Source: Reuters]

Consolidated Annual Financial Results (2018 versus 2017, £ millions)

(in £ mn)	2018	%	2017
Sales	257	-7.15%	277
Gross Profit	98	-10.16%	109
EBITDA	5	-56.64%	11
EBT	0	-98.41%	6
EATAM	-1	-135.00%	4

Source: Company. Note: Fiscal Year 2018 ends on June 30, 2018.

Consolidated Interim Financial Results (HY 2019 versus HY 2018, £ millions)

(in £ mn)	HY 2019	%	HY 2018
Sales	123	-8.76%	135
Gross Profit	47	-9.44%	52
Operating Income	1	-89.58%	5
EBT	-2	-134.88%	4
EATAM	-2	-144.12%	3

Note: HY 2019 stands for the period July – December 2018. Source: Company.

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BASIC FINANCIAL INDICATORS

<i>in £ millions</i>	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2012	285.90	126.00	18	13	1.0	0.2	-0.9	0.00	22%
2013	298.80	126.00	20	15	0.9	0.2	-0.9	0.00	25%
2014	294.50	125.20	21	16	0.9	0.3	-0.5	0.00	32%
2015	303.60	129.10	24	18	0.7	0.3	-0.5	0.00	42%
2016	400.90	171.90	23	16	0.9	0.3	1.0	0.52	36%
2017	277.00	109.20	6	4	3.4	0.4	3.6	0.91	11%
2018	257.20	98.10	0	-1	-9.7	0.4	10.3	0.87	-4%
2019 E	239.00	91.16	-2	-3	-4.5	0.4	10.4	0.77	-8%
2020 E	252.70	96.38	1	1	27.3	0.4	10.3	0.82	1%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price and current outstanding number of shares. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

Working Capital Ratios

<i>in £ millions</i>	2015	2016	2017	2018	2019 E	2020 E
Revenues	303.60	400.90	277.00	257.20	239.00	252.70
Cost (net of depreciation)	174.50	229.00	167.80	159.10	147.84	156.32
Gross Profit Margin	% 43%	43%	39%	38%	38%	38%
Net Income / Profit	18.30	15.90	4.00	-1.40	-3.00	0.50
Net Profit Margin	% 6%	4%	1%	-1%	-1%	0%
Cash & Cash Equivalents	27.80	5.00	0.00	0.00	0.10	0.10

Stock Days

	2015	2016	2017	2018	2019 E	2020 E
Days	107	81	126	128	128	128
Stock Inventory	51	51	58	56	52	55
Debtors Days	27	16	25	25	25	25
Debtors - Receivables	22	17	19	17	16	17
Creditors Days	140	80	111	101	101	101
Creditors - Suppliers	67	51	51	44	41	43
Operating Cycle (Days)	133	97	151	152	152	152
Cash Cycle (Days)	-6	17	40	51	51	51

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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Shareholders' Structure (Indicative Shareholders)

Malayan United Industries Bhd.	35.20%
Kay Peng Khoo, PhD	25.80%
Ruffer LLP	5.13%
AEON Co., Ltd.	4.84%
Pictet & Cie (Europe) SA	2.83%
Hargreaves Lansdown Stockbrokers Ltd.	2.14%
Cavendish Asset Management Ltd.	1.54%
The Hongkong & Shanghai Banking Corp. Ltd. (Private Bank SG)	1.37%
HSBC Global Asset Management (UK) Ltd.	0.98%
Hargreaves Lansdown Asset Management Ltd.	0.80%
Other	19.37%
Total	100.0%

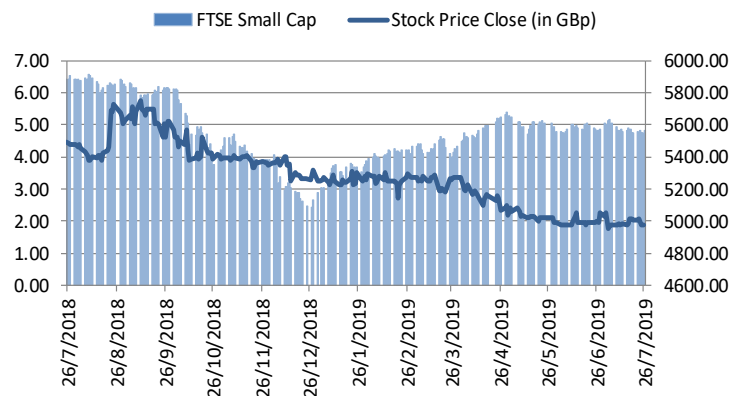
Source: Company, Marketscreener.

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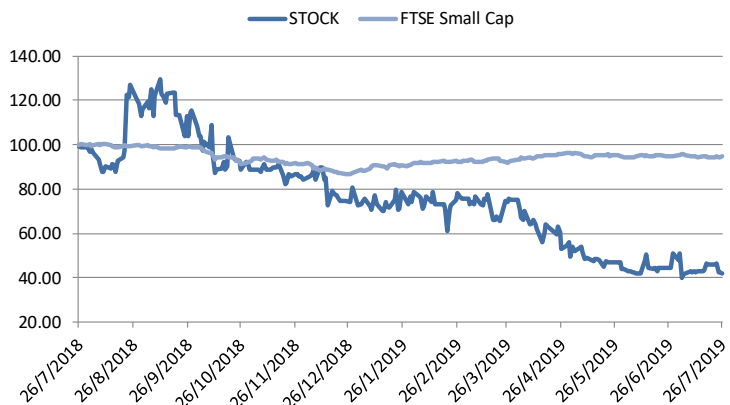
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Stock versus Index
(Last 52 Weeks or since listing, Stock Price in GBp, Index in points)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock versus Index
(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

LAURA ASHLEY HOLDINGS PLC

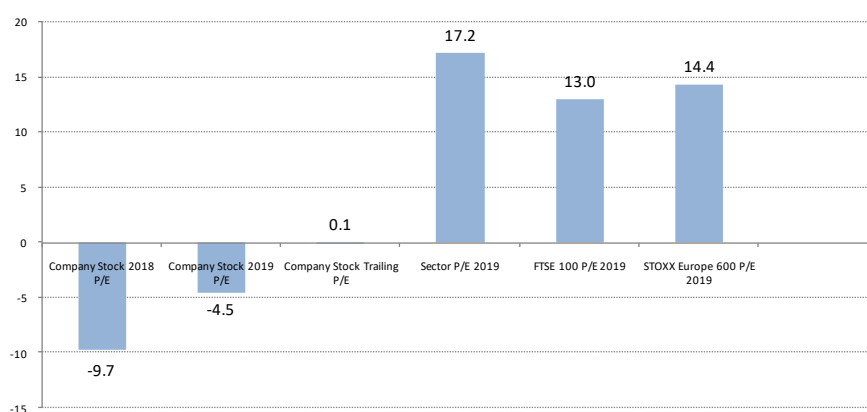
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	P/E Multiple
Company Stock 2018 P/E	-9.7
Company Stock 2019 P/E	-4.5
Company Stock Trailing P/E	0.1
Sector P/E 2019	17.2
FTSE 100 P/E 2019	13.0
STOXX 600 P/E 2019	14.4

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

EPS Estimates

In £	EPS
2018	-0.002
2019 E	-0.004
2020 E	0.001

Source: VRS calculations & estimates.

Note: EPS is based on current number of shares.

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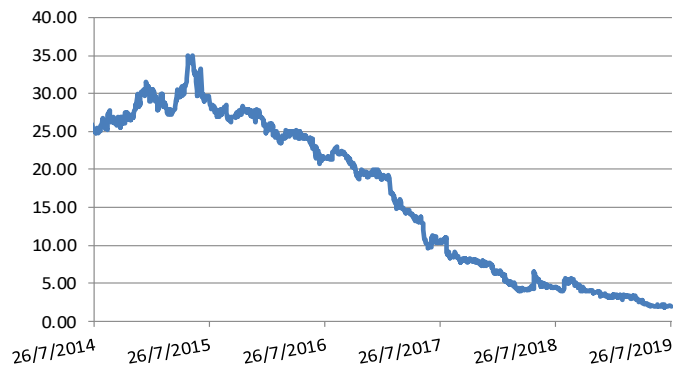
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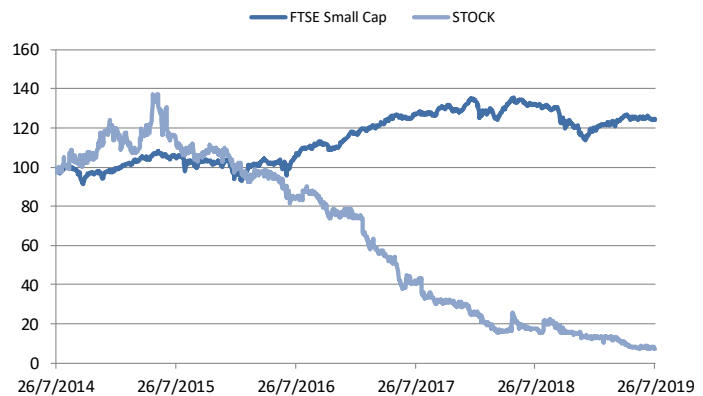
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Stock Price Performance
(Last 5 Years or since listing, Stock Price in GBP)



Source: Historical Data, Investing.com. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock versus Index
(Last 5 Years or since listing, Base = 100)



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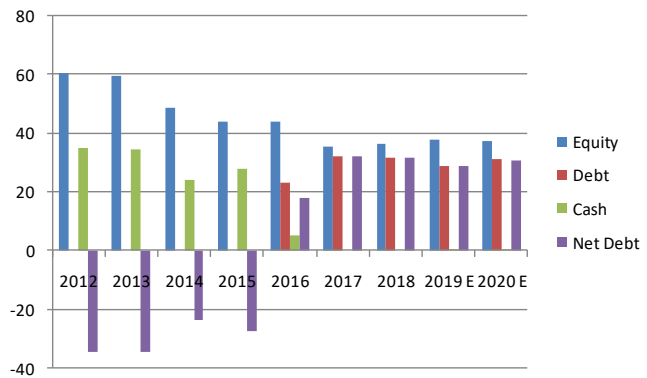
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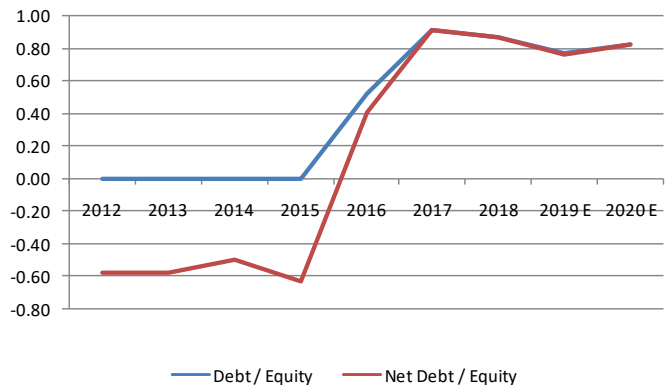
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Equity, Debt, Cash & Net Debt
(in £ millions)



Source: Company, VRS estimates

"Debt/Equity" & "Net Debt/Equity" Ratios
(times)



Source: Company, VRS estimates

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Revenue and Non-Current Assets Change FY 2018 vs FY 2017

Consolidated Sales Breakdown (£ millions)		
	2018	2017
UK, Ireland & France	243.3	260.4
Japan	8.1	9.8
Singapore	-	-
Rest of the World	5.8	6.8
TOTAL	257.2	277.0

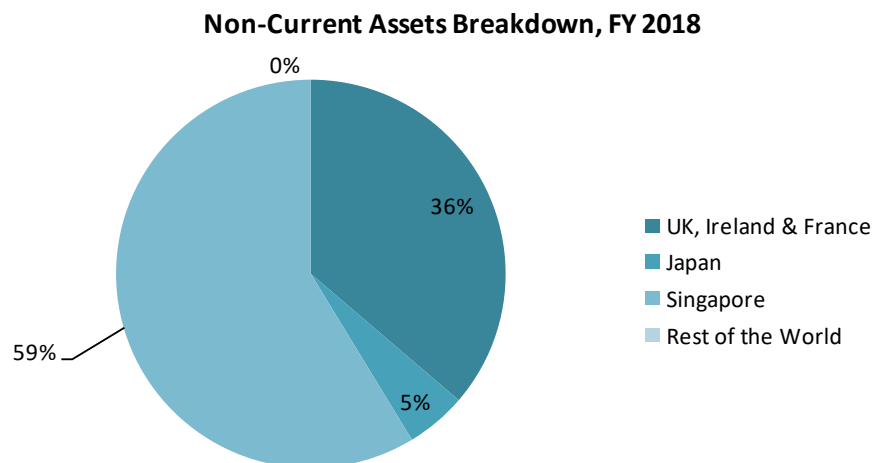
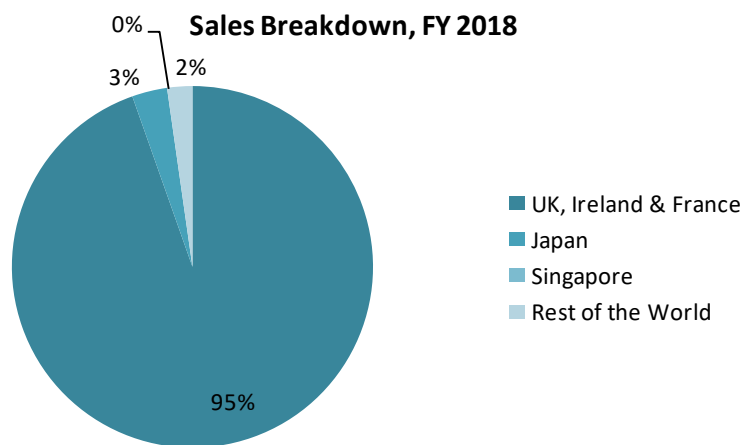
Consolidated Non-Current Assets Breakdown (£ millions)		
	2018	2017
UK, Ireland & France	18.7	19.1
Japan	2.6	2.6
Singapore	30.3	35.1
Rest of the World	-	-
TOTAL	51.6	56.8

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Consolidated Sales & Non-current assets Breakdown, FY 2018 (%)



Source: Company

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Consolidated Income Statement (In £ millions)

in £ millions, except earnings per share in £	2018	2017
Revenue	257.2	277.0
Cost of Sales	-159.1	-167.8
Gross Profit	98.1	109.2
Operating expenses	-91.7	-98.3
Impairment of property including cost of disposal	-4.7	-2.8
(Losses)/gains on disposal of stores	-0.8	0.8
Profit from operations	0.9	8.9
Share of operating loss of associate	-	-1.4
Other income	0.5	-
Finance costs	-1.3	-1.2
Profit before taxation	0.1	6.3
Taxation	-1.5	-2.3
(Loss)/profit for the financial period*	-1.4	4.0
Other comprehensive income	1.7	1.9
Actuarial gain on defined benefit pension schemes	-0.3	-0.4
Deferred tax effect	1.4	1.5
Total that will not be subsequently reclassified to profit and loss		
Exchange differences arising on re-translation of foreign operations	-0.3	-
Other reserve movement	1.3	0.5
Total that may be subsequently reclassified to profit and loss	1	0.5
Other comprehensive income for the period net of tax	2.4	2
Total comprehensive income for the period	1.0	6.0
* (Losses)/earnings per share - basic and diluted - calculated based on (loss)/profit for the financial period	-0.19	0.55

Source: Company

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Consolidated Balance Sheet (In £ millions)

in £ millions	2018	2017
Non-current assets		
Intangibles	1.4	1.9
Property, plant & equipment	43.9	47.5
Investment property	2.9	3.5
Deferred tax assets	2.1	2.6
Investment in associate	1.3	1.3
Investment in subsidiaries	-	-
	<u>51.6</u>	<u>56.8</u>
Current assets		
Inventories	55.7	57.7
Trade and other receivables	17.3	19.1
Cash and cash equivalents	-	-
	<u>73.0</u>	<u>76.8</u>
Total assets	124.6	133.6
Current liabilities		
Current tax liabilities	0.8	1.0
Trade and other payables	44.0	50.9
Short-term borrowings	12.7	12.0
	<u>57.5</u>	<u>63.9</u>
Non-current liabilities		
Retirement benefit liabilities	11.1	13.8
Deferred tax liabilities	-	0.1
Long-term borrowings	18.8	20.3
Provisions and other liabilities	0.8	0.1
	<u>30.7</u>	<u>34.3</u>
Total liabilities	88.2	98.2
Net assets	36.4	35.4
Equity		
Share Capital	37.3	37.3
Share Premium	86.4	86.4
Own Shares	-3.2	-3.2
Treasury Shares	-4.6	-4.6
Retained Earnings	-79.5	-80.5
Total Equity	36.4	35.4

Source: Company

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Consolidated Cash Flow Statement (In £ millions)

in £ millions	2018	2017
Operating Activities		
Cash generated from operations	5.6	5.8
Corporation tax paid	-1.6	-4.2
Dividends paid	-	-14.5
Dividends received	-	-
	4.0	-12.9
Investing activities		
Purchase of property, plant and equipment	-1.9	-0.5
Purchase of intangible assets	-0.4	-0.3
	-2.3	-0.8
Financing Activities		
Repayment of bank loan	-1.5	-1.3
Interest expense	-0.9	-0.7
	-2.4	-2.0
Net decrease in cash and cash equivalents	-0.7	-15.7

Source: Company

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VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies." VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

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DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
LAURA ASHLEY HOLDINGS PLC	ALY:LN	ALY.L	GBp 1.88	July 26, 2019	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

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