

WH Smith PLC

The global travel retailer

Pre-close Trading Update
11 September 2024

Strong peak trading period; announcement of a capital return with a £50m Share Buyback

Prior to entering its close period ahead of reporting its preliminary results on 14 November 2024, WH Smith PLC announces:

- Delivery of strong Q4 results through the peak trading period
- Outcome for the year to 31 August 2024 to be in line with expectations
- £85m return to the Company post buyout of the pension scheme
- £50m Share Buyback announced and an intention, subject to other requirements for capital, to return surplus cash to investors, in line with our capital allocation policy

Carl Cowling, Group CEO commented:

"We have ended the financial year in a strong position, delivering a performance in line with our expectations with good growth across our Travel businesses. Our UK division performed particularly well over the peak summer trading period.

"We are also today announcing the launch of a £50m share buyback, which reflects strong ongoing cash flow, the receipt of the pension fund buyout cash return, as well as the strength of our balance sheet, with leverage now within our target range.

"Our colleagues have worked extremely hard to deliver these results over what has been a very busy summer, and I would like to thank them for their contribution to the Group's success."

Group Revenue

Group revenue was up 7%¹ for the year versus 2023, driven by Travel which was up 10%¹. Travel performed well over its peak trading period in the second half, driven by our key initiatives and strong passenger numbers.

Group revenue compared to 2023 has been:

| | Total vs 2023 ¹ | | | | LFL ² vs 2023 ¹ | | | |
|--------------------------------|----------------------------|-------------|-------------|-------------|---------------------------------------|-------------|-------------|-------------|
| | H1 | Q3 | Q4 | Full Year | H1 | Q3 | Q4 | Full Year |
| Travel UK | 15% | 9% | 9% | 12% | 13% | 8% | 8% | 10% |
| North America | 7% | 3% | 4% | 6% | -% | -% | 1% | -% |
| Rest of the World | 19% | 15% | 13% | 15% | 12% | 7% | 7% | 9% |
| Total Travel | 13% | 8% | 9% | 10% | 10% | 5% | 6% | 7% |
| High Street³ | (4)% | (4)% | (6)% | (4)% | (2)% | (1)% | (3)% | (2)% |
| Group | 8% | 5% | 6% | 7% | 6% | 4% | 4% | 5% |

¹ Unaudited

² At constant currency

³ Includes internet businesses

Travel

In Travel, we delivered strong growth during the year, driven by the broadening of our categories and enhancing our ranges, most notably in food and drinks, health and beauty, and technology.

In the UK, our strategy to create a one-stop-shop for travel essentials is delivering strong results and our focus on category development continues. Ahead of the peak trading season, we launched a new food-to-go offer branded *Smith's Family Kitchen* which is performing ahead of expectations and, more recently, we opened our first own-brand *Smith's Kitchen* café at Princess Anne Hospital, Southampton.

Our businesses in North America and the Rest of the World continued to show good momentum. In North America, our initiatives are starting to deliver an improvement in trading, and this positions us well for future growth.

Our Rest of the World division is performing well as passenger numbers continue to improve across these markets.

High Street

Our High Street business has performed in line with expectations. During the second half, we have successfully opened 30 Toys "R" Us shop-in-shops within our stores and we expect to open a further 37 Toys "R" Us shop-in-shops ahead of Christmas 2024, taking us to a total of 76.

Pension buyout returns £85m to Company

Further to our announcement on 8 August 2022 which referred to the Buy In of the Group's defined benefit pension scheme, the Buy Out of the defined benefit scheme has now been completed. As a result, there will be no further cash contributions required from the Group. In addition, the Buy Out has resulted in a cash refund to the Group of c. £75m and the transfer to the Group of an investment fund of c.£10m which will convert to cash over the next two years.

Share Buyback

We remain committed to our capital allocation policy which focuses on four main areas: to invest organically in the business, a commitment to a progressive dividend policy, where appropriate to deliver value accretive acquisitions, and to return any surplus cash to shareholders.

In line with that policy, we are today announcing a £50m Share Buyback. The leverage of the Group as at 31 August 2024 was c.1.4x¹, and including the proceeds of the pension refund announced today, we estimate that the proforma leverage would have been c.1.1x¹.

Following today's announcement, it is our intention, subject to other requirements for capital, to return surplus cash to investors in line with our capital allocation policy, which includes our targeted leverage range of 0.75x-1.25x.

2024 Preliminary Results

The Company will announce its preliminary results for the year ending 31 August 2024 on 14 November 2024.

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