



## PRIMARK® Primark (LSE: ABF) 1Q17 Trading Update: “Good” UK Comps While Germany and the Netherlands Disappoint

- Primark’s parent company, Associated British Foods (ABF), reported its 1Q17 trading statement for the 16 weeks ended January 7, 2016. This report will focus only on Primark, ABF’s retail segment.
- At constant currency, Primark’s sales grew by 11% during the period and by 12% on a comparable-week basis. As reported, sales grew by 22% during the period and by 23% on a comparable-week basis.
- UK comps for the period were “good”, but were not disclosed. In Germany and the Netherlands, comps declined due to a rapid increase in selling space.

### 1Q17 Update

ABF reported sales growth for the 16 weeks ended January 7.

Primark’s revenues for 1Q17 increased 11% year over year at constant currency. As the last fiscal year for Primark was 53 weeks long, this reporting period began a week later than last year. On a comparable-week basis, Primark’s sales rose by 12% at constant currency. At actual currency, sales grew by 22% during the 16-week period ended January 7, 2017, and by 23% on a comparable-week basis.

Average retail selling space increased by 12% year over year. Despite posting “good” (though unspecified) comps in the UK, group comps were hindered by declines in Germany and the Netherlands due to a fast increase in selling space.

The company opened 15 new stores in Europe and the US, during the period. Primark’s Oxford Street store space was expanded by nearly 40% by Christmas, as planned. ABF said that the new Primark stores opened in 1Q17 traded strongly and that the US business continued to develop, where a sixth new store was opened.

### Outlook

ABF said that it expects Primark’s operating profit margin to decline through FY17 as previously forecast, due to the impact of the strengthening US dollar on input costs. It noted that it has forex contracts in place for the remaining purchases for this year. The company expects to increase selling space by a further 1.3 million sq ft this fiscal year.



FLASH REPORT

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