



FLASH REPORT



(LSE: MRW) 1Q18 Update: Comps Strengthen Further

- The UK's fourth-biggest grocery retailer, Morrisons, reported comps ex fuel of 3.4% for 1Q18.
- Total sales ex fuel were up 2.8%.
- More premium food lines and an extension of its clothing offer boosted sales.

1Q18 Update

Morrisons reported impressive top-line growth in 1Q18. The company grew comparable sales ex fuel by 3.4%, marking an acceleration from 2.9% in the previous quarter. Comps included contributions of 3.0% from retail and 0.4% from wholesale, which includes its agreement to supply groceries to Amazon.

Comps came in ahead of the 1.1%–2.0% estimates range recorded by S&P Capital IQ.

Total sales were up 2.8% ex fuel and up 5.8% including fuel.

The company noted a positive contribution from comparable volumes, “with more customers shopping more often at Morrisons.” An expanded premium food range and the extension of its Nutmeg womenswear offering to more than 50 stores also supported sales growth.

Outlook

Company guidance remains unchanged. This includes year-end net debt of less than £1 billion.

For FY18, analysts expect Morrisons to grow revenues by 3.4% and EBIT by 4.4%. Consensus calls for underlying diluted EPS to climb 13.8% to 12.21 pence.



FLASH REPORT

Deborah Weinswig, CPA

Managing Director
Fung Global Retail & Technology
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

John Mercer
Senior Analyst

Hong Kong:

8th Floor, LiFung Tower
888 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

London:

242–246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

New York:

1359 Broadway, 9th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com