

Bonmarché Holdings plc

21:06 21 Nov 2016

Relief rally for Bonmarche as it meets lowered expectations

Struggling fashion chain Bonmarche Holdings PLC (LON:BON) kept the market sweet by avoiding another profit warning in its interim results.

In line with revised expectations, profit before tax, excluding one-off items, slumped to £2.5m in the six months to 24 September from £6.4m in the year before.

Veteran retail analyst Nick Bubb described the interims as "pretty poor", with in-store like-for-like (LFL) sales down 8.6% year-on-year, but up 2.3% in the second quarter.

Half-year revenue fell to £93.1m from £97.0m in the year before.

New chief executive Helen Connolly said she remained confident the business would resume growth in the next financial year.

The company, which targets female customers aged 50 and over, said it had abandoned its model of four customer types, known internally as Susan, Linda, Margaret and Joan, and replaced it with a single persona: Lisa.

"Lisa represents the sweet-spot of our aim; we will continue to offer more traditional lines but their proportion of the range will reduce progressively, as we become comfortable that our existing customers are buying into the 'sweet-spot' product, which will ultimately comprise of more modern lines with broad appeal to our target market. This refocus on a single persona is a key development, which will help our colleagues more easily understand the audience we are seeking to address, in all areas of the business," Connolly claimed.

Broker Cantor Fitzgerald is sticking with its 'hold' recommendation until it gets more information on how the company is going to arrest the decline in both LFL sales and volumes.

"Helen Connolly, who recently joined as CEO, has encouragingly revisited the strategy. Initiatives include retail disciplines being strengthened, increasing brand awareness and making better use of the Bonus Club loyalty scheme. There is no plan as yet to modernise the increasingly dated store network," Cantor's Freddie George said.

The shares initially fell to 85p from Friday's closing price of 87.95p before rising to 91.5p for a 4.6% increase on the day. The shares are rated on just 9.2 times the earnings forecast for next year by Cantor Fitzgerald, and offer a yield of 7.6%.

The interim dividend was held at 2.5p.

Price: 8.5p

Market Cap: £4.25M

1 Year Share Price Graph



Share Information

Code: BON

Listing: LSE

52 week High Low
123.00p 7.05p

Sector: General Retailers

Website: bonmarcheplc.co.uk

Company Synopsis:

Bonmarché Holdings plc is one of the UK's largest women value retailers focused on selling affordable, stylish, premium quality clothing and accessories in a wide range of sizes to mature women via our own store portfolio, website, mail order catalogues and through the Ideal World TV shopping channel.

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