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Presentation

Operator
Hello and welcome to today's Superdry Investor and Analyst Call. Throughout this, all participants will be in listen-only mode, and afterwards there'll be a question-and-answer session. And just to remind you, this call is being recorded. So today I'm pleased to present Euan Sutherland, Chief Executive Officer, and Ed Barker, Chief Financial Officer. Please begin,

Euan Sutherland
Thank you very much and good morning, everybody, and thank you for joining today's call. As always, I'm joined by Ed Barker, our CFO. Following the statement there'll be an opportunity for Q&A. Please note that you can register to ask a question at any point during the introduction. And apologies again that last time there seemed to be a bit of a technical fault on the line which we hope we've corrected for today.

We updated the market recently, on 15th October, with our half one revenue expectations, and I'm pleased to confirm today that we are in line with that guidance. As highlighted in that update, weather has continued to be a major factor in performance during the half impacting the wider retail sector, but especially clothing. Superdry is not immune to these impacts, particularly given our current heavy product bias towards jackets and sweats. But despite these challenging market conditions, Superdry has delivered 6.4% brand revenue growth in the half, reflecting the continued strength of the brand. We remain as confident as ever in our global digital brand strategy and have made significant progress against that strategy in the first half. We further enhanced our B2B digital platform, allowing our wholesale partners to place their forward orders online in extra focus for the in-season capability that we have in place. This drives significantly increased efficiency and incremental sales opportunities for our sales team in this channel.

We were privileged to support the incredibly successful UK team at the 2018 Invictus Games in Sydney last month, providing over 8,400 items of clothing to the athletes and delegation. As well as growing our credibility and technical learnings in sportswear, our campaigns and widespread media coverage allowed us to showcase the brand to a huge global audience. At our capital markets event on 16th October, I talked about the progress made five months into our 18-month programme of product diversification. We will continue to build out Superdry's product range around our core categories of jackets and sweats, addressing the clear demand from both new and existing customers who recognise the brand DNA and are looking for something new.

A great example of the rapid progress we are making in women's wear is the introduction of a premium range of denim, introducing stretch fabric and thermal technology into garments which are driving growth year on year. On top of that, other innovations in women's wear – we're excited about the future opportunity that exists to grow our participation in this very significant segment.

We also recognise the ethical environmental headwinds that are facing the clothing industry and have been clear in our commitment to address this through our strategy. In our first step towards this ambitious goal of using 100% organic cotton, we launched our first range of fully organic cotton men's wear orange label t-shirts this season. We strive for operational excellence across the business. The progress behind our RFID rollout continues, with the technology now live in 30 stores in the UK and US. We're already seeing the benefits of the technology in these locations through more targeted and efficient replenishment of stock which will deliver working capital benefits and efficiencies in store, and allowing our colleagues more time to focus on customer-facing value-added activities.

In our European distribution centre, we have now fully integrated our wholesale, ecommerce and retail inventory into a single stock pool, in line with our programme set out in 2015. We have also implemented full multichannel capability into our US DC, and are now fulfilling ecommerce orders within that significant market. Not only does this significantly enhance our delivery proposition to US customers, it also opens up incremental distribution opportunities through third-party ecommerce partners in this important development market.

Finally, we continue to drive expansion into new markets through our capital-light growth strategy. And as highlighted at our prelims in July, we have rebalanced our physical space growth away from own stores towards franchise, adding a net 33 locations in 22 different countries in the first half. We also launched a new owned ecommerce site in Ireland, with plans to launch in Poland, Greece and Hong Kong in the coming weeks. The crucial driver of this growth is our development markets in China and the US, where we continue to make good progress. In China, we added a further 20 franchise stores in half one as we leverage our strong network of regional partners throughout the country, taking our portfolio of franchise stores to 35. Also in the US, we grew our full-price wholesale revenues in half one by 39%, including growth in key accounts as well as strong demand from independents.

I'll now hand over to Ed, who will run through the numbers in more detail.

Ed Barker

Thank you and good morning, everybody. As Euan's already mentioned, our update today confirms more specifically the guidance that we gave a few weeks ago, demonstrating the strength of the brand to deliver sales growth against the challenging backdrop. And again, just to reiterate, no new news today. We are in line with the guidance that we gave back on 15th October.

So, starting with brand revenue, which reflects the end prices paid by consumers, we saw growth of 6.4% in the first half to £832 million. Including the impact of China brand sales, which nearly doubled in the period, global brand revenue growth increases to 7.4%. Until now, we haven't included China in the brand revenue sales – or license sales, actually – within this metric, but, recognising the growing importance of these opportunities within our growth strategy, we'll be including these in our performance measures going forward. So we've adjusted our comparatives, and more details of that can be found in the R&S statement notes at the back.

Statutory revenue grew 3.1% to £415 million, and this was driven by our capital-light channels. This includes wholesale growth of 7.8%, reflecting both the expected moderation of growth rates in these historically rapidly growing markets, together with a slowdown of in-season orders as our partners have also seen the impact of unseasonably warm weather. Given this dynamic, our full-year guidance is for high single-digit growth in the wholesale channel, as we guided to on 15th October. At a headline level, ecommerce revenues grew 6.9% in the period. This was driven by the strong performance of our own ecommerce website, which grew 14%, along with the drag seen in our third-party ecommerce trading partners, albeit off the back of a very strong growth that they'd seen in the prior years.

Recognising the difficult trading conditions on the high street and as a consequence of the market wide pressure, we saw store revenues decline 2.3% in the first half. However, we are well progressed in implementing a wide range of previously flagged operational initiatives to drive improved performance in our own stores. We also benefited from the annualisation of store openings in the second half of FY'18, which increased net space growth by an average of 9.4% in the period. However, as previously flagged, we expect space growth to significantly decelerate on a full-year basis.

Though sales were weaker than originally anticipated, driven by the weather impacts, we do start to lap easier comparables as we move into the second half of the year now. As this is only a trading update, we'll provide margin and profit detail and full-year guidance at our interims on 12th December.

I'll hand back to Euan now to conclude the update.

Euan Sutherland

Thank you, Ed. So, from a financial perspective, no new news versus our update on 15th October where we saw more normalised trading patterns in the UK last week; trading returned to normal levels during that period. So we are – we have not yet seen a sustained period of seasonally typical weather in any of our markets as yet. As we highlighted in our previous update, our profits are heavily influenced by our performance in the second half, led by our cold-weather products such as jackets and sweats, which account for 55% to 60% of our autumn/winter sales within the current sales mix.

Despite the challenging trading conditions that the entire industry is facing, Superdry is in great shape, and we made significant progress in the heart against our strategy. We're now only six months into our product diversification and innovation programme that we articulated earlier in the year during our prelims presentation. However, we expect it will take up to 18 months before the full benefits come through of this vital programme. The brand remains strong and we have significant growth opportunities right across the business, not only with our product but also in terms of category, geography and customer.

So, at that point, that concludes the opening statements. Happy to take any of your questions.

Q&A

Operator

Thank you. So, ladies and gentlemen, if you wish to ask a question, please press 0 and then 1 on your phone keypad now, in order to enter the queue, and then, after I announce you, just ask that question. And if you find that question has been answered before it's your turn to speak, just press 0 and then 2 to cancel. And there will be a brief pause while the questions are being registered.

Okay, our first question for today is over the line of Michelle Wilson at Berenberg. Please go ahead. Your line is now open.

Michelle Wilson

Hi, good morning.

Euan Sutherland

Morning, Michelle.

Ed Barker

Morning, Michelle.

Michelle Wilson

Three questions from me. So, first of all just on the US wholesale business, you flagged that you saw 39% growth in the first half. Was that a result of adding new partners, and could you just remind us of which partners you work with in that market? And then, how does that wholesale growth compare to growth in own stores or ecommerce in that market? And that's the first question.

The second one, as far as I'm aware, Superdry hasn't participated in Black Fridays historically, or not on any major scale. Is there any plans to do that this year?

And then finally, obviously the weather not helpful so far in Q3 – H2, although very early days. Is there any other kind of headwinds we should be aware of in H2 other than the weather, or any easy wins that might be available in the second half?

Euan Sutherland

Okay, great. Let me do those in order for you. In US wholesale, we're really pleased that it was a balance of customers from both existing and new, and between the larger kind of fascias, if you like, like Macys and Bloomingdales, and a very healthy growth in independents. So I think, as we look at it, we always try and have a balance in our wholesale customer base. We've done that very effectively in Europe and the rest of the world, and that's starting to emulate the same shape in the US, driven by the fact that our senior wholesale head from the EU is now running the U S business, so he's seen that. He's half American, half Belgian. So we were pleased that it was a balanced growth and it was across a stronger and mixed new customer base.

In terms of own stores and ecommerce, ecommerce has shown good growth in the US. Own stores kind of – I guess the easiest way to say is mirrors the shape that we've given in the comments on retail as a whole. So retail is still under more pressure. And I guess the only last comment I make on US wholesale, it is coming from a low base. So we would expect to see strong double-digit wholesale growth going forward in the US as we build that business. If you remember back, we bought the business back in 2015 and we spent a couple of years resetting that business. The final point, I guess, on the US is that we haven't put any franchise stores down yet, but consistent with our capital-light strategy there are franchise opportunities available to us. But that's something for the future.

Black Friday, we have participated in the past. We've done it for the last three years, I think, if memory serves me right. So last year was UK, EU and US. Tends to be a bigger phenomenon US and UK. We're seeing that spread across into more European markets as peers in the market pick that up. The complexity in the EU, as you know, will be the different peak season dates for Christmas trading across the different European markets. So we have taken part before. Last year, we – the offer, as far as memory serves me right, was 20% off everything for the key days. We have also done in the past a number of winter exclusives, which have always been part of the company's history and heritage, where we take key categories and products at a discount for either one day or a short number of days in the lead-up to Christmas. So that's just a kind of public record of what we've done in the past.

And in term of headwinds or tailwinds for the second half, I guess the one that we tried to reflect in the outlook statement here has been the weather, and I guess the reason that we're flagging that is that we clearly highlighted in the prelims that we had had a 12 to 18 months' product diversification programme, which we've talked about, which moves the balance away from an overconcentration in jackets and sweats into a much more balanced apparel range that you would expect from us and you see in other peers.

That doesn't mean to say that we're not going to have leadership in jackets and sweats. It means that we can take some of the options practically in those categories and apply those with greater rate of sale and greater consumer choice into new and emerging categories – anything from women's wear through to sports through to the premium edit that we've talked about at previous capital markets day. So, coming back to kind of that, I think that the biggest headwind we'd see, Ed, is the weather uncertainty. As I've said in my statement, as we've tried to put in the R&S, when the weather has turned seasonally kind of normal, we've performed really, really well. When it's come back up to this week being kind of 15 – 14, 15 degrees in the UK and, if you look at the major cities that we operate through Europe, 17, 18, 19 degrees, that provides a particularly unusual and challenging environment for us.

Hopefully that gives you help. Anything else, Ed, you wanted to…?

Ed Barker

Yeah, I would just add that we haven't specifically guided to H2. We've made that clear in the last trading statement. We updated on H1 weather impact. We've clearly told you that weather could have a big impact on H2, particularly if it stays warm as part of that, and therefore I think, you know, most people are aware that it is a risk that will need to be looked at as we head into our peak season.

Michelle Wilson

Great, thank you. And can I just check, on Macy's, how many Macy's stores you're actually in? Is it all of the Macy's stores or still just a select few?

Euan Sutherland

It's not all of them. I don't have the number to hand. I'll get that for you. But as we previously talked about, it's a very controlled rollout, so we don't feel the need to get to them all. But I will come back and update you on the exact numbers, because for us, in any multi-brand wholesale, the opportunity is first we tend to land with men's wear and we look at getting a good presence on that floor. We then take that to the women's wear floor. We're now expanding that into the other category specialisms, so that goes right away through to the other end of the spectrum and saying we've got underwear in those areas and we've got swimwear and summer shop, etc. I haven't got a number on that to hand, but we'll come back. I was looking at Adam, but we'll get that number for you.

Michelle Wilson

Okay, great. Thank you.

Ed Barker

Thanks, Michelle.

Operator

We are now over to the line of John Stevenson at Peel Hunt. Please do go ahead.

John Stevenson

Well, morning, all.

Euan Sutherland

Hi, John.

John Stevenson

Back on the weather, I guess, but I don't know if you could make a comment on what your thoughts are in terms of a premium markdown for the season ahead. You know, are you starting to think about how you're going to change, you know, the likely sort of approach to discounting to get through the stock if this weather is continuing?

Second question just on some of your ranges. Obviously Preview recently dropped, and if you could comment on how that's doing. And you made the point that China has pretty much doubled. Can you maybe comment on progress in China as well, please?

Euan Sutherland

Sure. Okay, let me try and – I'll go in the order that you've asked. I'll make an opening comment around the kind of margin, hand over to Ed for that. I think if you look at our business at the moment, we're full price. We are wanting to maintain that. As we lead in to clearly a very promotional period around Black Friday, we will take part in that. At the moment we are trying to hold the line of lower promotional discounts. We need to remain dynamic and agile on that, is the only thing that I would say.

We're looking at the weather, as you will be too, over the next two or three weeks. That looks particularly challenging. I don't think that pulling a promotional lever now is particularly the best answer for that, because if there's not a stimulus for consumers to come into the store because it's 15, 16 degrees, I don't want to give away margin. So we will hold the line on that. You know, it will come at some point. Clearly last year, we had – we were right in the middle of an 18-month programme to re-base our legacy aged stock, which we updated everybody on two years ago. That meant that we were more aggressive with our markdown and clearance in January to clean up the stockpile. We're now finished that programme, so we will remain in very good availability and in very good stock of the colder weather product categories right the way through January, February, March. So there could well be some upside in that. It's just very difficult to predict with any certainty the impacts of the weather. And clearly as we go through the next 18 months to reset the product portfolio, we will be less exposed than we are today.

But so – kind of short answer on that is we're holding the line. I don't know, Ed, if you want to give any more comment on the margin impact of that.

Ed Barker

So, yeah, I would mimic exactly what Euan has said. We've got peak in front of us. We need to trade our way through peak, and then we will deal with what we need to at the end of that. Being very aware that the weather dynamic came very late last year, and we don't want to be without good full-price stock at that point in time. The other element is that now we have cleared out the older stock that we've talked through. We have a very clear outlet strategy going forward as a clearance route for the older stock as we move through that. So, again, you know, at this point in time, certainly not going to call any specific, different promotional strategy or markdown as a result of it.

John Stevenson

Okay.

Euan Sutherland

Just coming to your second point around new ranges – Preview. Yeah, Preview is very small; it's about 25 options. The first one came in and has gone through. The second ones are just landing now. Lots of learnings for us. First time we've ever done that. So this is fast in and fast out. In general, we had a pretty good hit rate across the lines that we've landed. We've had some learnings too, so some we just exited over the last week. But it's important for us to get them in fast, understand that consumer segment, trade it well and then trade out. It's a very small part of the business, so those are not the kind of bits that will kind of move the dial in total.

The big innovations that we're talking about, which was why it's going to take 12 to 18 months because we only started to invest in them, in the thinking, in the summer are around Edit. So the premium offer, which is more subtly branded based on the success that we had with the Idris range a couple of seasons ago, for men and women. The women's range comes in from February. The men's range comes in from August next year. We have talked about kids' wear. We are working in the background to develop something that is of interest there, and we expect to update you in detail on that in December.

Then there's a whole series of extra additional innovations coming in – anything from really exploiting denim and the bottom half of the body, which I know that we've talked about for season after season. We think that we're into a programme now with the specialist designers that we've now got in the business where that's going to become much more credible. Comments I made in the R&S and in the – on this call around women's denim. Early reads are much more interesting for us. We're seeing good growth there.

And then things like, you know, in the core categories, really releasing the design team to offer a full range of dresses and skirts, which, if you look at the category sizes and retail and brand in total, are huge. We've seen good growth in the summer season and in the autumn season from those categories. So innovation in the core, innovation in new categories coming through. I think, I guess, the only other ones to add to that would be technical and lightweight jackets. So fully waterproof jacket range coming through with a kind of Gore-Tex technology inside them, so lots of good stuff there. But it just takes us – it will take us a year to pull all of that together, and probably 18 months before all of that lands to all of our consumers.

John Stevenson

Okay, brilliant. Thank you.

Euan Sutherland

Thanks, John.

Ed Barker

And just picking up on China is the last one? Sorry.

Euan Sutherland

Sorry. Sorry John, I missed out on China.

John Stevenson

That's all right.

Euan Sutherland

Ed, do you want to do that now? Sorry.

Ed Barker

Yeah. So we're pleased with the progress that we're making in China. It's absolutely in line with the plans that we set out, and therefore still on track to break even during FY'20 as part of it. So I think it's more a story of on track and delivering as we expected as part of that, so that – the growth that you're seeing is not anything different to what we have planned out, John.

John Stevenson

Yeah, no, it's fine. It's really just a bit more detail, I guess, around, but we can probe it in, you know, off-mic or in December.

Euan Sutherland
Yes, I'm happy to update on that.

John Stevenson
Brilliant. Thank you very much.

Operator
Okay. We now go to Tony Shiret at Whitman Howard. Please go ahead.

Tony Shiret
Morning, gents.

Ed Barker
Hi, Tony.

Tony Shiret
Just a few – I just wondered the – you talked about the wholesale business splitting between sort of longer-term orders and sort of in-season orders. Can you give us some idea of how – what sort of proportion of the wholesale business is ordered in season versus longer term? And as part of that, can you give us some idea of where the, you know, longer-term pipeline stands year on year?

Second thing, in terms of looking at the global brand revenue growth of the first half, about 7%, I mean, can you tell us how much of the retail and ecom sales were full price versus discount, you know, and how that's moved year on year?

And lastly – and you may not be happy to answer this – but in terms of, you know, relative to the global brand growth in first half how you bought for the second half – you expecting global brand growth of more than that in the second half?

Euan Sutherland
Okay, three bits there. If I pick up the shape of the wholesale order book and where that comes in, and then Ed, I think, could pick up any comments around discount and forward view.

Just a comment on the second one is we have said pretty publicly that we went into a period of 18 months to clear legacy stock, and so that would have a higher level of discount and promotional activity than we would normally want to have. That has been the case. So we have been promoting longer and deeper to exit the legacy stock. On top of that, we've added a bit of the pressure that we've seen in the long, hot summer and autumn impact into that. But a general comment on that, we'll come back to that and any forward view, which we don't particularly give.

On wholesale, it's still heavily skewed towards the sell-in at the start of the seasons. We've always operated four seasons in wholesale. We have two bigger seasons and two smaller seasons. So the first point for us is to rebalance the sales volumes between the very big autumn/winter and then cat show and then spring/summer and flash ranges going in. So there's an opportunity to rebalance that. That helps us with our working capital, helps us with our customers' working capital and the flow.

In addition to that, we've got in-season orders where we see lines that sell particularly well. We can top those up for key customers across the world. And the – on top of that, then, the B2B technology just enables that to work much faster. So the easiest way to think about it is it's a B2B version of our consumer website. So a customer – be it a franchise customer, a multi-brand wholesale, independent, whichever route to market – can have the flexibility almost of shopping the brand and ordering it in for their business as a consumer would ordering it in for their kind of personal use.

Final bit that enables all of that is that we've moved the business now to include wholesale in a single stock pool, which means that we can allocate stock from any channel into a different channel seamlessly and on the spot. So we have teams rebalancing that working capital all the time, which was always set up to maximise the flow of working capital and minimising any risk. And in challenging conditions like this, we're already benefiting from that.

Ed, do you want to talk a little bit about the discount and forward view?

Ed Barker
Yeah. So, just first of all on the wholesale, you also talked about a forward view, Tony. We have given full-year guidance on wholesale, because we do have a better view of that earlier, and that's for high single digit, similar to H1. And that's because the wholesale orders that we've seen have not been immune to the weather impact either as part of that. So that whole – full-year guidance is out there.

In terms of global brand revenue, retail ecom, full price discount split, it's very much as Euan said. We are completing the 18 months of selling through the older stock. Therefore, this summer, we have continued to discount more than we would expect to going forward, but that level of discount is at a similar level to the year before. Slightly different options that are in it, but as we've cleared through that stock as part of it.

In terms of the buy for the second half and global brand revenue guidance for the second half, we haven't guided on H2, and that's because it is so weather-dependent, as we've talked about. The one that we have more certainty is over wholesale, as I've already said, but the H2 guidance is out there. Obviously at the beginning of the year we had guidance out there for the full-year sales that we were expecting, and that was global brand revenue of low double digit or high single digit statutory revenue growth, and a lot of the buy would have been in place for that at that point in time.

Tony Shiret
Okay. So you're saying that guidance is unchanged, are you?

Ed Barker
No. We're saying that that guidance is open to – you know, we can't predict what the weather is going to do in the second half. So the guidance that we gave for wholesale, we have changed down to high single digit. But we don't feel that with any certainty we can tell you what our stores are going to do and our ecommerce is going to do in the second half because it will be somewhat weather-dependent.

Tony Shiret
Okay. Sorry, remind us how much flex you have to change the buy?

Ed Barker
So, for what we're selling in the next six months, very limited, because it's obviously in stores at the moment and in depots at the moment. There's an element of back order that we can or can't place as part of it. There's also the flexibility that we have that Euan has alluded to through the single stock pool to be able to take any of the stock down any of our channels as part of that.

Tony Shiret
Okay, fine. Thank you very much.

Ed Barker
Thanks, Tony.

Euan Sutherland
Thanks, Tony.

Operator
Okay. We'll now go to the line of Niraj Amin at UBS. Please go ahead. Your line is now open.

Niraj Amin
Thanks. Morning, guys.

Ed Barker
Morning.

Euan Sutherland
Morning, Niraj.

Niraj Amin
Three from me, please. So the first one was on the Edit collection for women's wear. I suspect your wholesale partners have seen this and probably placed orders for this as well. Can you give us a bit of colour on what the reception has been towards that collection, perhaps what sell-through rates or order rates have been versus kind of your expectations?

The second question was a clarification around dynamics between Q1 and Q2 wholesale revenue growth. You've printed negative four and then plus 13. Is there anything we – that would explain this kind of shift?

And the third one was on ecommerce. Can you remind us of the mix between your third-party ecommerce partners and own ecommerce within that number that you report?

Euan Sutherland
Okay. Thank you for that. Let me do the first one and I'll pass the second one over to Ed.

So Edit collection, yes, has been sold in very well to wholesale for women's wear. We don't and haven't released the detail of that within the mix. So I don't have any data here to give you other than it's been really well received – so much so that we've now developed the men's Edit collection too. Both of those ranges were in high demand from our wholesale customer base, especially the European wholesale customer base and the European franchise base.

We have – you know, just to give you, I guess, a sense of the energy behind the brand, we've got – in sports, which was a – which was a different category that we sold in, we've got franchise partners that have taken standalone sports stores and are increasing the number of standalone sports stores, having had that in their mix for about a year. There are some of our wholesale and franchise customers that are looking to set up Edit as a separate mat, shop in shop or as a standalone. We haven't confirmed any plans on that, but that gives you a sense of the demand that we've got from wholesale, then hopefully that will give a bit more colour.

Ed?

Ed Barker
Yeah. Q1, Q2 revenue growth from a wholesale perspective; the key dynamic there is, unsurprisingly, weather. None of our wholesale partners wanted to receive autumn/winter during July and August, so we weren't shipping. We purposely held back from shipping as part of that, which is why you see that dynamic move. The only other thing that I would point out is the reason that we don't do a Q1 is Q1 is very small, and you can see it from those numbers as part of it. But the dynamic that you're looking at in wholesale is purely timing of when people would want their orders because of the weather.

In terms of ecommerce and the split, we don't give the split between third party and owned. But, broadly, third party is the minority, owned is the majority. And the other element to bear in mind is third party is lower margin because of the margin giveaway to the third party that we have, and owned is a higher-margin channel for us.

Niraj Amin
Great, thank you.

Euan Sutherland
Thanks, Niraj.

Operator
Okay. Before we go to the next question, which is Andy Wade at Numis, if anyone else has any final questions at this stage –

Speaker
Numis.

Operator
– Numis, sorry, please do press 0 and then 1 on your phone keypad. So, Andy, please go ahead.

Andy Wade
Morning, chaps.

Euan Sutherland
Hi, Andy.

Andy Wade
Hi there. Just a couple of quick ones for me. The first one, retail revenue. If you just sort of do ecommerce and stores flat year on year, and with a space down nine, implies – well, is a sales density decline around that sort of level, but clearly some of that will be due to a lower sales density in the new space. Just wondering how much of that sales density decline is due to the sales density differential, rather than like for like.

Ed Barker
So the way – it's always broad brush, and we don't give a like for like, but 70% to 75% productivity on the space is what we usually talk about on the new space. So that 9.4% space growth that we're talking about would, you know, broadly be around 7%. Taken with a decline in stores of minus 2.3 means that the like for like would have been around 9% to 10%. That's better than the Q4 that we had come out with at the end of April, but still a lot of work to do, which is why we've got the whole improvement area that we are doing on the retail sales help in terms of all of the different things that we're doing with RFID, linear merchandising by store, drop and lock and superfast replenishment. And so all of those sales help measures that we've talked through as well, we would expect to improve that like-for-like trend over time.

Andy Wade
Okay, great. And just to be clear, that nine – that's – that sort of like-for-like declining would – is after the benefit of clearance activity on legacy stock through the period as well?

Ed Barker
So it would include all of that, yes.

Andy Wade
Yes. And any sort of clue, because obviously that's not – that sort of thing isn't going to, you know, sort of now broadly complete, albeit there'll probably be a bit of hangover of stock going into the second half. How much would that have contributed to that first half?

Ed Barker
So, again, we haven't broken that out. We would expect that to drop off over time. That will probably have a like-for-like drag as you go back to full price. Again, the quantification of that would be the speed that we come off it, and it will be dependent, as you say, on the discounting or otherwise that we are going to do into the second half dependent on sales.

Andy Wade
Cool. Okay, thanks. And then the second one, I sort of appreciate the slight change in language since sort of mid-October where sort of – it was more equivocal, I guess, in mid-October where you were talking about. But now it's more of, you know, we haven't seen that sustained period of seasonally typical weather. I guess that implies a potential for some numbers to sort of edge back slightly. First of all, I guess, is that fair?

And then, secondly, sort of just been looking through the sort of temperatures – year-on-year change. And although it is sort of slightly warmer than average – sorry, than average, emphasise the right word there – slightly warmer than average, it is sort of colder than last year, certainly for the last month or so. So, versus last year, shouldn't we be seeing sort of a benefit year on year?

Euan Sutherland
I don't know which numbers you're looking at, but I certainly didn't see in any of our data that it was particularly colder. It was colder last week in the UK, clearly. And I can, you know, if you were looking at numbers we were looking at, now you see some very strong numbers. And the comment that we made in the R&S is really to try and help and reflect what we're looking at, which is we need a sustained period for our consumers to come out and have a stimulus to come and buy. In the days that we've seen that happen, we've seen some very strong performance. We've said that in the autumn period a few weeks ago. We certainly saw that last week in the UK.

We're not seeing that if you've been – how reliable the Google Weather is or whatever, but if you look at Stuttgart and Frankfurt and Paris and those kind of major cities across Europe, they're still up to kind of 16 to 18 degrees. That doesn't feel particularly normal to us. I guess we can debate the weather and the kind of stats. It doesn't feel like a stimulus for consumers to come in. The issue for us right now in this year is that we are too heavily skewed towards jackets and sweats, and the programme that we highlighted in the summer is a major programme of product rebalancing to move ourselves away from that dependence.

And so, you know, that, I guess, coming back to the top of your question, we didn't give specific guidance for the second half. We have got some unseasonably unhelpful headwinds that we can see going forward. We've got some very big weeks ahead of us. Clearly, the dynamic changes around Black Friday. But up until that, we're on a full-price stance and we're ready to go. And what pleases me is, looking at the performance and the conversion that we delivered when the weather kind of becomes kind of normal is very pleasing. If I've got a lot less footfall coming into the shops and onto the website, that's very difficult to deal with.

Andy Wade
Right, yeah. Okay, cool. That's helpful. Just – I was looking at – wasn't looking at Frankfurt and Munich and so on, I was just looking at various cities around the UK, and the last sort of month and looking at the temperature differential year on year there.

Ed Barker
Yeah. And we talked about the UK and the reaction last week. Of course, if the UK is only 30%, or less than 30% now, of our brand revenue. So we have to look internationally and we're selling internationally and we're far more exposed internationally to everything that's going on.

Andy Wade
Yeah, okay. Great, thanks very much.

Ed Barker
Thanks, Andy.

Operator
Okay. As that was the final question in today's call, can I please pass it back to you for any closing comments at this stage?

Euan Sutherland
Many thanks. Just conscious that he last time the system kind of shut down very quickly, so I'm just going to leave it for anybody else that's got anything else – follow-up to ask, so just to get a double check back with the operator that you don't see anything else coming through for us?

No? I'm taking that as a –

Operator
There's nothing. Yeah, nothing coming through.

Euan Sutherland

Yeah, okay. Thank you very much, everybody. Happy to take any follow-up questions. Ed and Adam and I will be around all day as usual. And we'll speak in about the next six weeks or so. Thank you very much.

Operator

This now concludes today's call. Thank you all very much for attending, and you can now disconnect your lines.