



TED BAKER  
LONDON

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**ANNUAL  
REPORT**

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**2002 – 2003**

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# CHAIRMAN'S STATEMENT

## RESULTS

I am pleased to report another strong set of results for Ted Baker this year. Improved sales and profits were achieved as we continue to deliver on our growth strategy. We have made further progress in developing our strong portfolio of collections, have continued to grow our brand's presence internationally and have reinforced our leading position in the UK with the opening of our largest store to date in Floral Street, Covent Garden. With 7,500 sq.ft. of retail space the store provides a wonderful showcase for our broad range of collections. I would like to thank everyone at Ted Baker for yet another successful year for our business.

I am pleased to announce that we have reached agreement in principle to enter into a licence agreement with Flair Menswear Pty Ltd for the distribution of our main clothing collections in Australia and New Zealand.

Turnover increased by 13.0% to £70.2 million (2002: £62.1m) for the 52 weeks ended 25 January 2003. Operating profit before one off charges (impairment of fixed assets: £1.6m (2002, trading loss: £0.3m)) increased by 12.2% to £11.5 million (2002: £10.2m). Including one off charges, operating profit decreased by 0.5% to £9.9 million (2002: £10.0m). Profit before tax and one off charges increased by 13.8% to £11.0 million (2002: £9.7m) and adjusted basic earnings per share increased by 12.7% to 18.6p per share (2002: 16.5p per share). Profit before tax increased by 0.5% to £9.5 million (2002: £9.4m) and basic earnings per share were in line with last year at 15.9p per share (2002: 15.9p per share).

## DIVIDENDS

The Board is pleased to recommend a final dividend of 5.8p per share (2002: 5.1p) making a total for the year of 8.7p (2002: 7.8p) an increase of 11.5% over the previous year. The final dividend will be payable on 20 June 2003 to those shareholders on the register on 23 May 2003.

## NON-EXECUTIVE DIRECTORS

The Board was delighted to welcome two new non-executive directors, Lord Stone of Blackheath and David Bernstein, in January 2003. We believe that their wealth of retail experience will be invaluable for the execution of our brand management and growth strategy in the next few years. Brian North retired in June 2002 having served as Chairman since flotation. We wish him well and would like to thank him for his contribution to the development of Ted Baker as a public company.

## CURRENT TRADING

We have made a strong start to the new financial year with total retail sales ahead by 33.4% for the first eight weeks, compared with the same period last year and wholesale sales are 32.1% ahead, both in line with expectations. We remain confident of another successful year for the growth and development of our brand.

Robert Breare  
Non-Executive Chairman

# CHIEF EXECUTIVE'S REVIEW

## STRATEGY

Ted Baker continues to pursue a policy of careful brand management and growth by extending the breadth of our collections, expanding our three distinct distribution channels, retail, wholesale and licensing, and developing our presence in key overseas markets, especially the United States. We continue to support our brand profile by opening stores in key retail locations and both our retail and licensed wholesale businesses have made further progress in the United States.

## RETAIL

Retail sales grew by 17.0% to £48.8 million (2002: £41.7m) reflecting the continued distinctive appeal of our brand, products and unique store environments. At 25 January 2003, the retail division consisted of 71 retail locations comprising 23 stores, 43 concessions and five outlet stores.

Our retail locations are the primary showcases for the Ted Baker brand and we have continued to manage and develop our stores and concessions portfolio to reflect the latest developments in our collections and support the growth of our wholesale and licensing distribution channels. In the UK, we opened our largest store to date in Floral Street, Covent Garden, in November. The store has received a very positive reaction and provides an excellent showcase for the Ted Baker brand. During the period we also opened one UK store in Heathrow Terminal 4 as well as nine further concessions in leading department stores.

We have continued to look for the right expansion opportunities for our brand overseas. Our primary strategic focus remains on developing our presence in the United States, to strengthen our brand profile and thereby accelerate both our wholesale and retail development. In May we expanded our existing New York store in Manhattan from 1,000 sq.ft to 5,000 sq. ft and in November we opened stores in new retail developments in Miami and San Jose. Although these stores are relatively new, we are encouraged by their performances to date. In Europe, we opened our first French store in Paris and are pleased with its early success and the positive reaction to our collections.

These openings, together with a full year's contribution from stores opened in the year ended 26 January 2002, gave rise to a 23.3% increase in average retail square footage over the period from 61,720 sq. ft. to 76,091 sq. ft. At 25 January 2003, total retail square footage was 91,813 sq. ft an increase of 38.2%.

Since the year end we have opened a new outlet store in Bicester and four further concessions. We expect to open further concessions in the current year. As announced in our trading update in January, we have plans to relocate at least three other UK stores during the coming year as we continue to improve the size and quality of our retail portfolio and respond to long term movements in retail markets. As a result, in the year ended 25 January 2003 we have made a provision against our net investment in the stores which will be disposed of during the current year, resulting in a one off charge of £1.6m.

## WHOLESALE

Sales from the wholesale division rose by 5.0% to £21.4 million (2002: £20.4m). Underlying sales rose by 12.9% after adjusting for Footwear sales in 2002 which are now licensed. All our collections performed well and we were particularly pleased with the performance of our more recent brand extensions, including Endurance, Accessories, Childrenswear and Underwear.

## LICENCE INCOME

Licence income increased by 39.5% to £2.0 million (2002: £1.5m), reflecting the continued development of our fragrance and US licences and a first full year of our Footwear licence.

In a very difficult market our US licensee, Hartmarx Corporation, has continued to grow the US wholesale business. Our Menswear collection was extended to all Bloomingdale's department stores and we anticipate further development of the business in the coming year.

Ted Baker Skinwear, our licensed fragrance range, has continued to perform strongly over the period and was enhanced by the launch of two new fragrances, "M" for men and "W" for women.

The Footwear licence and distribution agreement, with Pentland Group PLC, started contributing to our licence income this year and we are delighted by the results achieved to date, which have exceeded our expectations. We expect this performance to continue in the current year.

In September 2002 we launched the Ted Baker Watch collection, under licence with Zeon Ltd, and are very pleased with the performance to date.

Since the year end we have reached an agreement in principle to enter into a licence agreement with Flair Menswear Pty Ltd for the distribution of our main clothing collections in Australia and New Zealand. Flair Menswear is a very experienced and respected operator and we believe it is the right partner to establish a significant wholesale business in Australia and New Zealand.

## COLLECTIONS

Menswear turnover increased by 12.6% to £35.9 million (2002: £31.9m) and Womenswear grew by 16.1% to £30.4 million (2002: £26.2 million) as we continued to extend the breadth of our ranges. Womenswear now represents 43.3% of sales and we are encouraged by our success in a market which is significantly larger than the menswear market and offers strong growth potential. Other collections contributed turnover of £3.8 million, which represented an increase of 49.9% after adjusting for the transfer of the Ted Baker Footwear collection to our licensee Pentland at the beginning of this financial year. This underlying growth particularly reflects the successful extension of our Accessories collection which has considerable long term growth potential.

Ray Kelvin  
Chief Executive