

# BUSINESS REVIEW

## OUR MARKETS

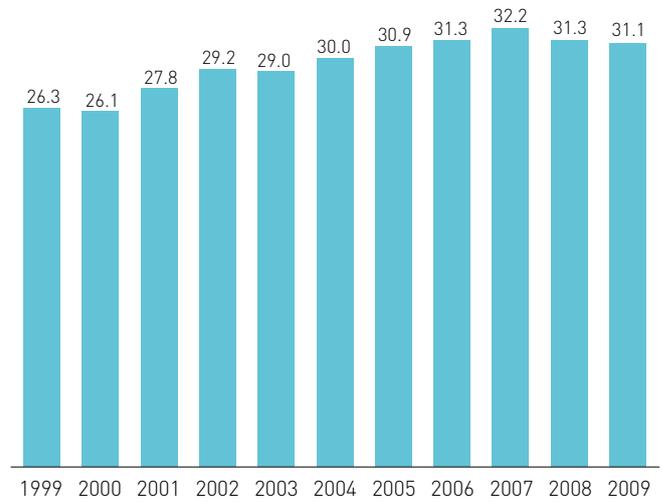
# WELL POSITIONED

**New Look is a market leader in the fast growing value segment of the UK clothing and accessories market.**

We offer fashion excitement, value and newness to a core target audience of fashion-conscious 16 to 45 year old women, as well as to men and children. The Group's product ranges comprise Womenswear, Accessories and Footwear, plus expanding ranges in Menswear and Childrenswear.

Womenswear (including Footwear and Accessories) accounted for 87.9% of the Group's revenue. The Generation range, which is categorised as part of New Look's Womenswear product range but is targeted at the 9-15 year old age group, accounted for 4.5% of the Group's revenue in the 2009/10 financial year. Menswear and Childrenswear accounted for 3.3% and 0.5% (excluding Generation), respectively, of the Group's revenue in the 2009/10 financial year.

Estimated UK clothing and footwear market by value £bn



Source: Kantar Worldpanel Total Market (calendar years ended).

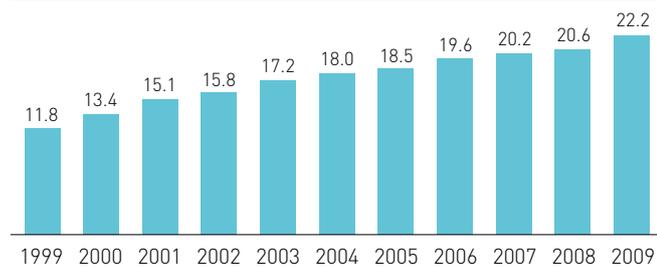


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**The UK market**

The UK clothing market was worth £31.1 billion in 2009, with women's clothing and accessories accounting for 47.5% of the market. New Look operates in the growing value segment of the UK clothing market, which has been the most dynamic segment in recent years, growing from 11.8% in 1999 to 22.2% of the market in 2009. The pace of New Look's own UK retail revenue growth has exceeded this in recent years.

**Estimated UK value clothing market share**  
 %



Source: Kantar Worldpanel value including New Look (calendar years ended).



The general increased customer focus on value, experienced in recent years in the UK market, has been accentuated by continued downward pressure on retail prices. We expect customer focus on value to continue and that the value segment of the UK apparel market will continue to outperform the overall UK apparel market in the medium term, increasing its recent share of the overall market.

A third-party survey of UK customers found that approximately half of those customers that had shifted their preference to value apparel products during the recent recession do not intend to change their consumption and spending patterns (in respect of apparel products) when general economic conditions recover.

New Look recently became the second largest retailer by value (revenue) in the UK women's clothing and accessories market, with a 5.2% market share as at 28 March 2010. This has grown significantly in recent years from 4.2% as at 29 March 2009. In the under 35 years of age segment of the women's clothing and accessories market, New Look is the largest retailer in the UK by value. We also have leading market shares in several UK womenswear categories, including women's tops and dresses. As at 28 March 2010, New Look was the largest retailer in UK women's footwear by volume. As at the same date, New Look was the largest retailer for UK teenwear by value (revenue), with a 9.5% market share.

**Our international markets**

Our intention is to continue to focus on Western Europe for the development of New Look's owned store network. We have already identified Russia, Poland and Singapore as attractive franchise opportunities, based on the relatively large market size and estimated long-term potential of the Russian and Polish markets and the strategic location of Singapore to access other Southern Asian markets.

As at 27 March 2010, New Look's store-based international presence extended to 13 countries (including own and franchise stores), of which four were new markets entered during the 2009/10 financial year (the Netherlands, Egypt, Singapore and Poland). Our most significant international markets are France, Belgium, the Netherlands and Ireland. Including our e-commerce capabilities, we now serve 35 countries, with plans to roll out to new territories.

The performance of the clothing markets in France and Ireland, in particular, over the last financial year, has been adversely impacted by the well documented wider economic conditions in those markets (see Financial Review section on page 47).