# WH Smith PLC

09:15 30 Oct 2018

## WH Smith expands travel business into US with US$198mln acquisition of digital accessories retailer InMotion

WH Smith PLC (LON:SMWH) shares jumped higher on Tuesday as the retailer expanded its travel business into the US with the US$198mln (£155mln) cash acquisition of InMotion, a  market leading retailer of digital accessories in US airports.

In a statement, the FTSE 250-listed high street books and stationery stores firm pointed out that the acquisition will double the size of its fast-growing international travel business and said it expects the purchase to be earnings per share accretive in the first full financial year after completion.

READ: WH Smith abandons initiative to resuscitate its declining High Street estate
Established in 1998, InMotion operates a concession portfolio of 114 stores across 43 airports in the US, with a presence in nine of the top ten and 22 of the top 25 busiest US airports.

In the calendar year to date, the group said InMotion has delivered like-for-like sales growth of 13%, following like-for-like growth of 12% in the 2017 calendar year.

For the financial year ending 31 December 2018, InMotion is expected to deliver sales of approximately US$166mln (£130mln, and underlying earnings (EBITDA) of approximately US$23mln (£18mln).

Scalable platform for US launch
Stephen Clarke, WH Smith's group chief executive commented: "InMotion is a highly successful pure-play travel retailer in the world's largest travel retail market."

He added: "As the market leader, recognised for its best-in-class customer service, InMotion is well positioned to take advantage of that potential.

 "In addition, InMotion provides us with a scalable platform to launch the WH Smith airport format into the US, the world's largest travel retail market for news, books and convenience products."

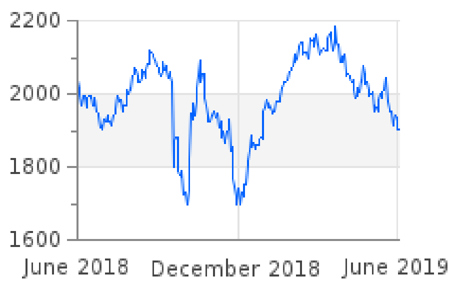
Debt financing sorted
In support of the acquisition, WH Smith said it has put in place a new four-year term loan of £200mln provided by the group's four existing facility banks - Barclays, BNP Paribas, HSBC UK, and Santander Corporate & Investment Banking.

In addition, WH Smith said its existing revolving credit facility of £140mln has been extended for a further year and now expires in December 2023.

**Price:** 1905p

**Market Cap:** £2060.01M

**1 Year Share Price Graph**




### Share Information

| | | |
|---|---|---|
| **Code:** | | SMWH |
| **Listing:** | | LSE |
| **52 week** | **High** | **Low** |
| | **2,222.00p** | **1,678.00p** |
| **Sector:** | | **General Retailers** |
| **Website:** | | **www.whsmithplc.co.uk** |

**Company Synopsis:**
*WHSmith PLC has 548 high street stores and 433 travel outlets at airport, train station, hospital and motorway service area locations across the UK which sell a wide range of newspapers, magazines, stationery, books and entertainment products.  .*

**Author:**
**Proactive Investors Ltd**
**+44 (0)207 989 0813**
**action@proactiveinvestors.com**

The company stressed that its "disciplined approach to cash and capital allocation remains unchanged, and the Group remains focused on cash generation and value creation for shareholders."

It said there would be no change to the share buyback programme of up to £50mln announced with its full-year results on 11 October 2018.

Completion of this transaction, which is subject to customary closing conditions including US regulatory approval, is expected before the end of the 2018 calendar year, the firm added.

Trading going well

In a brief trading update, appended to the acquisition statement, WH Smith said it had made a good start to its new financial year with group total revenue up 5% and like-for-like sales up 1% in the first 8 weeks.

It added that total revenue for its Travel business was up 10% in the period, with like-for-like revenue up 4%, while High Street total revenue was down 1% and like-for-like revenue was down 2%.

In a note to clients, analysts at City broker Peel Hunt said they "are very keen on the deal".

The analysts pointed out that, "whilst not cheap (£155mln is 10x current year EBITDA but InMotion is growing sales and profit in the 20%s), it is a very good business in its own right and crucially it opens a lot of doors."

They added: "WH Smith now has a platform from which to launch its Travel format into N America. We also expect that the InMotion format will be rolled out to the rest of the world. The market historically has been sniffy about UK retailers going to the US, but strategically we think that this is a great deal."

Shareholders thought the same, with WH Smith stock jumping 5.4% higher to 1,827p in early morning trading.

-- Adds analyst comment, share price --