

Issued: 9 January 2020

## MARKS AND SPENCER GROUP PLC QUARTER 3 2019/20 TRADING STATEMENT 13 WEEKS TO 28 DECEMBER 2019

**'Improved trading performance reflecting progress of transformation strategy'**

Third quarter revenue, constant currency	£m	Total	Like-for-like
<b>Total UK</b>	<b>2,767</b>	<b>-0.6%</b>	<b>0.2%</b>
Food	1,704	1.5%	1.4%
Clothing & Home	1,063	-3.7%	-1.7%
<b>International</b>	<b>251</b>	<b>-2.3%</b>	
<b>Group</b>	<b>3,018</b>	<b>-0.7%</b>	

### Highlights

- Trading reflects ongoing progress of transformation strategy
- UK like-for-like revenue slightly up, driven by improved quarter in both main businesses
- Food business maintains momentum of H1 with positive like-for-like revenue and further improvement in volumes, with standout performance in the 2-week Christmas period as customers responded to sharper value and more relevant innovation
- Clothing & Home improved run rate from H1 reflecting strong initial customer reception of Autumn ranges with signs of continuing recovery in core Womenswear, offset by underperformance in Menswear and Gifting
- Decisive actions to drive trade in-season including improved availability, a reduction in options and improving value helped reduce the value of stock into sale by 12%
- Full year guidance unchanged, although gross margins expected to be around lower end of guidance, largely offset by cost reduction programme

Steve Rowe, Chief Executive, said: "We delivered an improved performance in Q3 across both main businesses. The Food business continued to outperform the market and Clothing and Home had a strong start to the quarter, albeit this was followed by a challenging trading environment in the lead up to Christmas. As we drive a faster pace of change, disappointing one-off issues - notably waste and supply chain in the Food business, the shape of buy in Menswear and performance in our Gifting categories - held us back from delivering a stronger result. However, the changes we made earlier in the year in Clothing have arrested the worst of the issues of the first six months and we are progressively building a much stronger team for the future."

Additional points:

Clothing & Home UK online revenue was up 1.5%, which was lower than expected. Revenue was adversely impacted by competitor discounting in December and lower furniture dispatches at the start of the quarter. We generated an improved run rate in traffic and orders, started to implement improvements to search and personalisation in the period and launched an instalment payment option.

International revenue continued to reflect investment in price and franchise partner driven stock efficiencies. However, this investment translated into solid volume growth with retail sales of partners up, excluding the effects of disruption in Hong Kong.

We will report full year results on 20 May 2020.

- Ends -

*Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Marks & Spencer's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward-looking statements are subject to various risks and uncertainties, including failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets. For further information regarding risks to Marks & Spencer's business, please consult the risk management section of the 2019 Annual Report (pages 27-33).*

*The forward-looking statements contained in this document speak only as of the date of this announcement, and Marks & Spencer does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

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**Investor & Analyst Conference Call:**

The call will be hosted by Steve Rowe at 8.30am on Thursday 9 January 2020:

Dial in number: +44 (0)330 336 9125

Confirmation Code: 7835007

A recording of this call will be available until Thursday 16 January 2020:

Telephone: +44 (0) 20 7660 0134

Replay code: 7835007

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