



M&S

FULL YEAR RESULTS

RESHAPING M&S

21 MAY 2025



M&S

STUART MACHIN

CHIEF EXECUTIVE

THIRD YEAR OF GROWTH AND STRONG FINANCIAL POSITION

Profit before tax and adjusting items at £875.5m, up 22.2%

Statutory PBT down 23.9% at £511.8m due to a £248.5m non-cash impairment of investment in Ocado Retail Limited

Food sales up 8.7%; adjusted operating profit £484.1m and margin of 5.4%

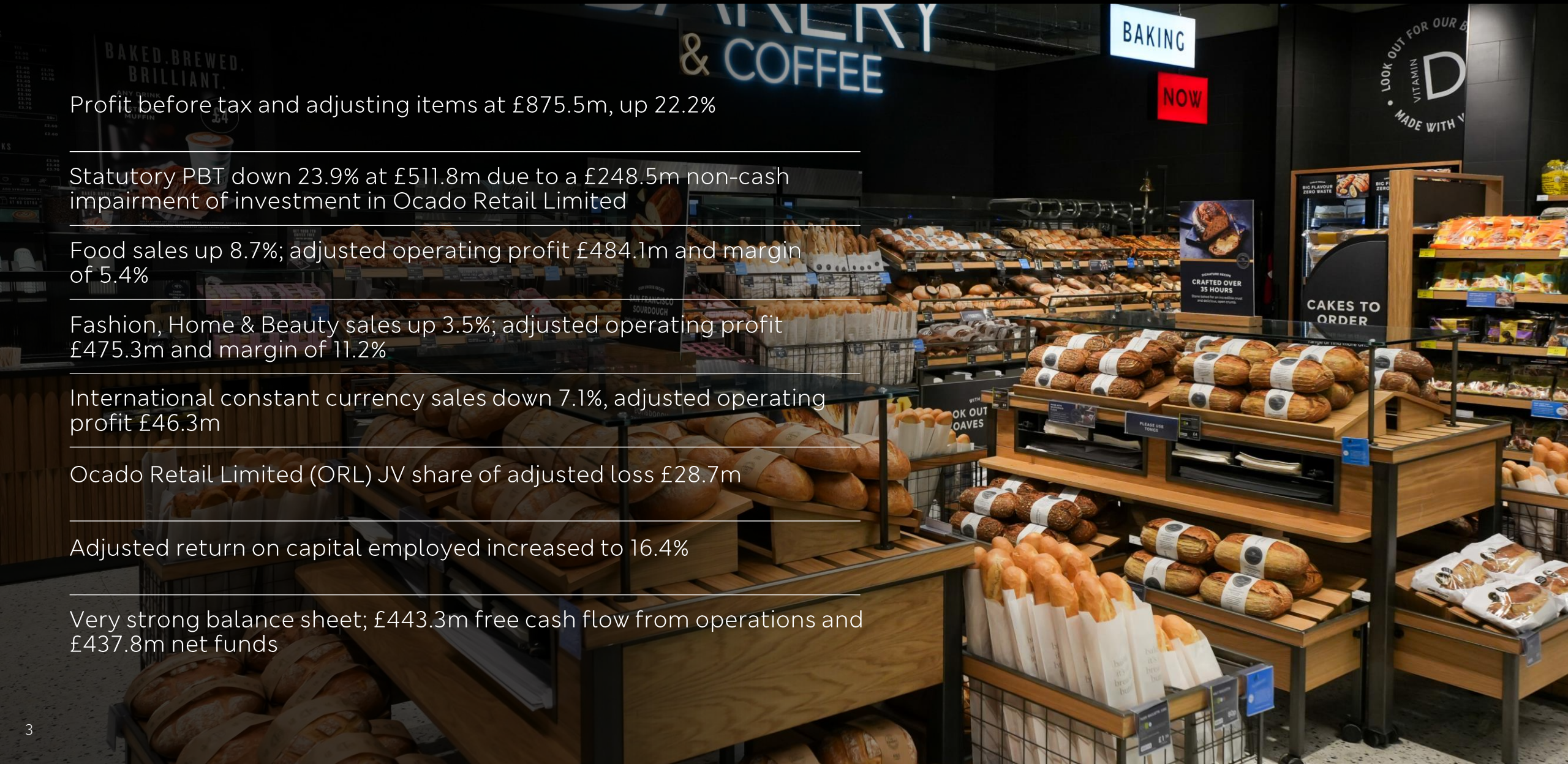
Fashion, Home & Beauty sales up 3.5%; adjusted operating profit £475.3m and margin of 11.2%

International constant currency sales down 7.1%, adjusted operating profit £46.3m

Ocado Retail Limited (ORL) JV share of adjusted loss £28.7m

Adjusted return on capital employed increased to 16.4%

Very strong balance sheet; £443.3m free cash flow from operations and £437.8m net funds





Food volume and value share growth for three years. LFL sales up 8.6% in 24/25

Fashion, Home & Beauty value share growth for three years. LFL sales up 4.4% in 24/25

International resetting and refocusing for future growth, developing a capital light operating model

Structural cost reduction of c.£120m in 24/25, with an ambition to achieve savings over £500m by 27/28

New Food and Full Line stores opened in the last three years generating paybacks ahead of hurdle rates

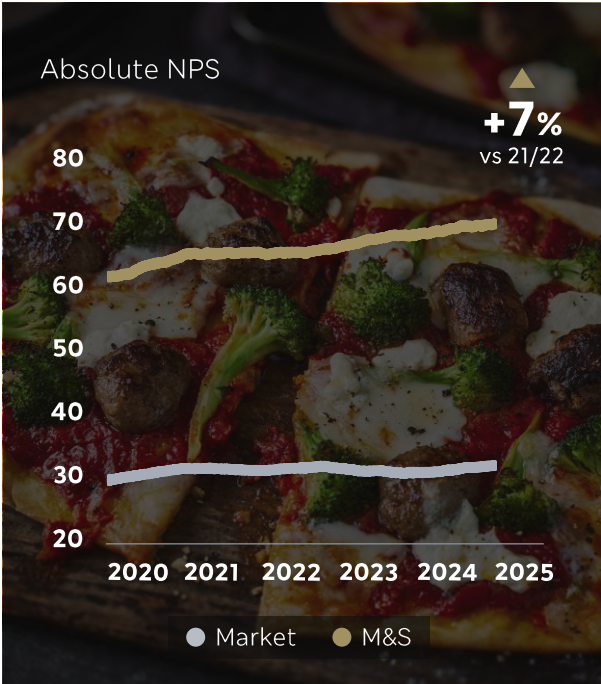
Increasing capital investment in 25/26 to £600m-£650m net of disposals to fuel growth and resilience



VALUE PERCEPTION

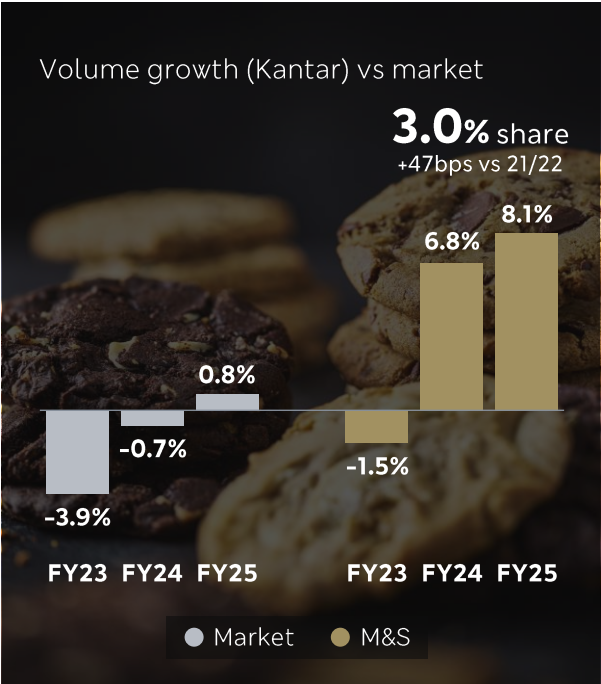
Investment in
trusted value driving
improved perception

Source: YouGov - Proportion of survey respondents that gave a positive response



QUALITY PERCEPTION

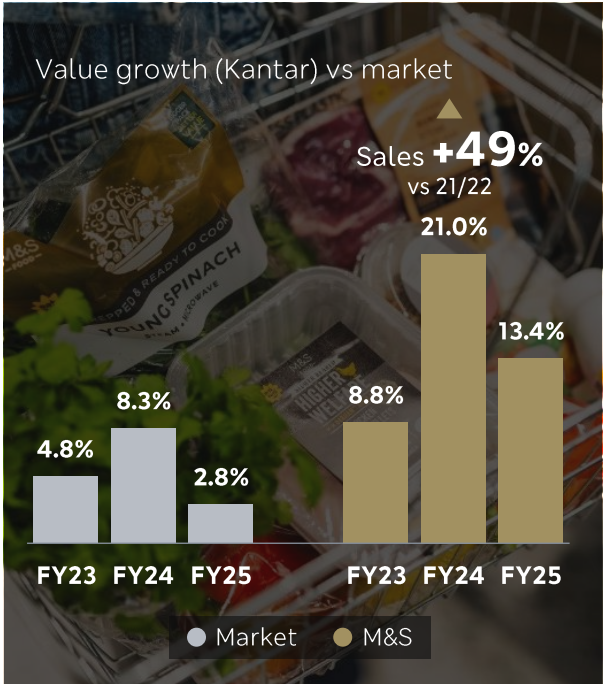
1,000 product
upgrades widening
quality gap to peers



VOLUME GROWTH

Volume growth
consistently ahead
of the market

Source: Kantar - 52 w/e 23 Mar 2025



LARGER BASKETS

Growth of larger baskets
ahead of the market

Source: Kantar - 52 w/e 23 Mar 2025

Customer value perception at a 10-year high

Remarksable value products appear in 1 in 4 baskets
Key shopping list item prices ‘dropped and locked’
‘Dine In’ popular as an all-year round offer

Investment in quality continues

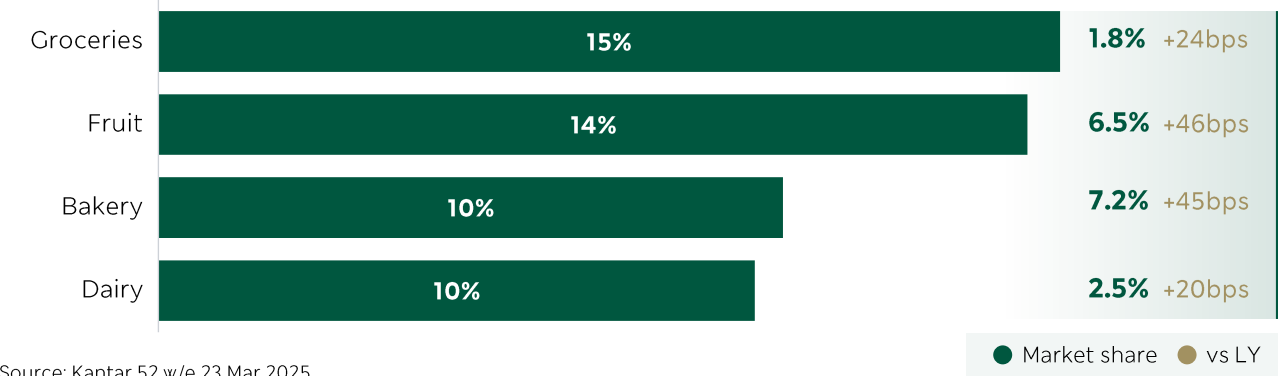
1,000 quality upgrades for second year running
Indian and Chinese meals, Gastro, and Pizza upgraded
Supplier investment widening quality premium to peers

Continuous innovation throughout the year

Weekly drumbeat of new product launches
1,400 products launched, driving social media interest
Increased customer frequency; transactions +7.3% vs LY

Sales growth in core categories driving market share

Market share and vs LY



SLOW COOKED
Pre-launch: +18% vs LY
Post-launch: +22% vs LY



CELEBRATION CAKES
Pre-launch: +10% vs LY
Post-launch: +30% vs LY



COOKIES
Pre-launch: +23% vs LY
Post-launch: +164% vs LY

FOOD: NEW STORES GENERATING STRONG RETURNS

New and renewal stores driving growth

Larger stores enabling customers to shop the full range

New stores outperformed target by c. 20%

Renewals strong - Chancery Lane up 35% on previous levels

Consistent outperformance of invested stores

Over 20% of Food stores now in renewal format

New Food stores opened in the last three years generating paybacks ahead of hurdle rates

Strong sales performance into years two and three

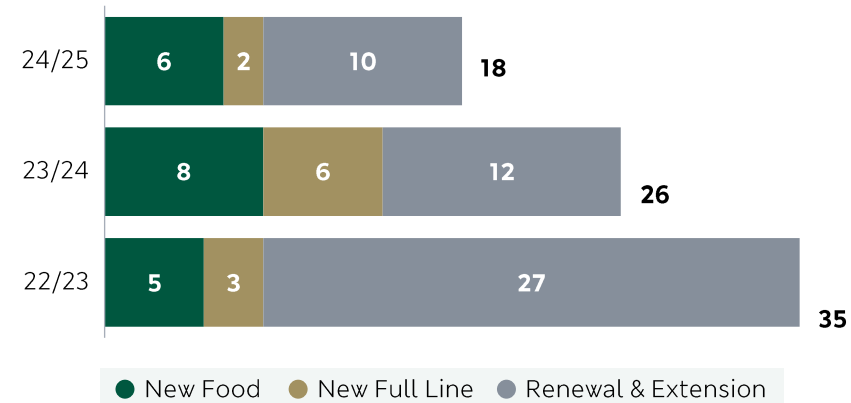
Building a pipeline for future growth

Pace of new openings is increasing

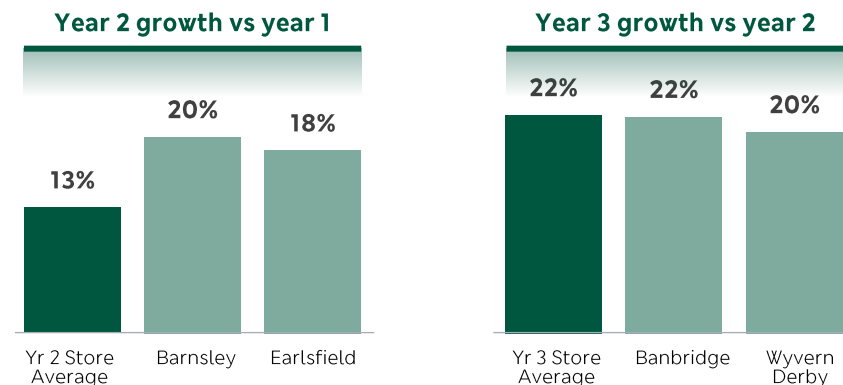
9 new Food stores and 2 extensions planned for 25/26

Maintaining target of 420 stores by 27/28

Food store openings over the last 3 years



New Food store performance in year 2 and year 3



Driving instore efficiency and productivity

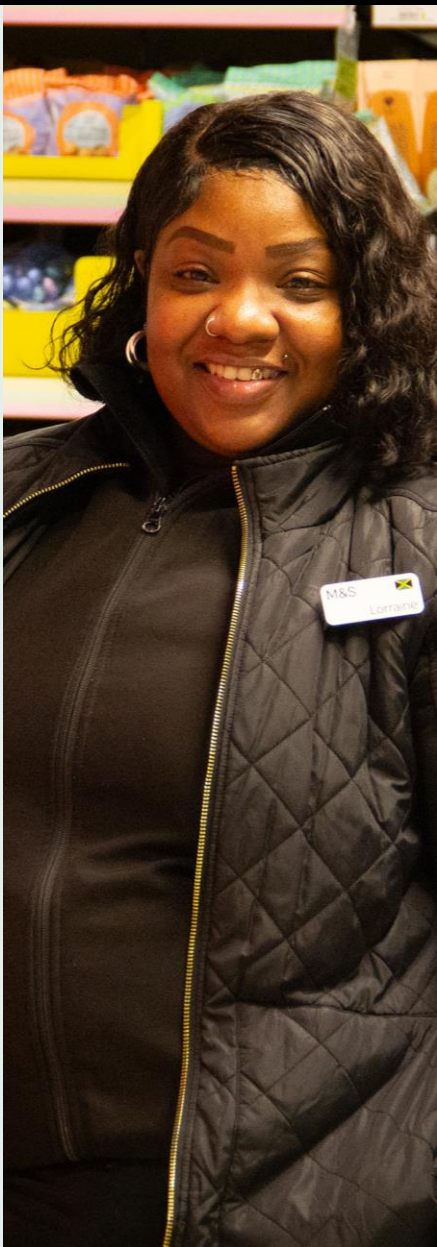
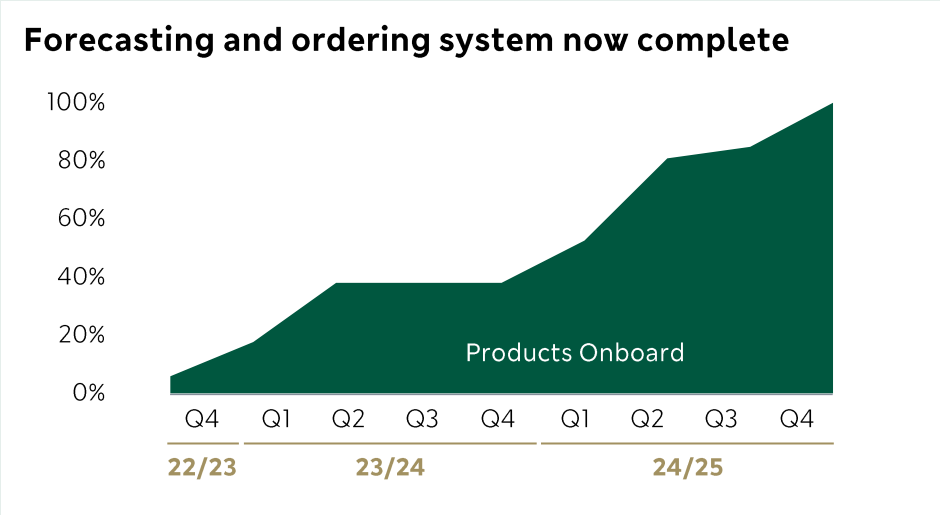
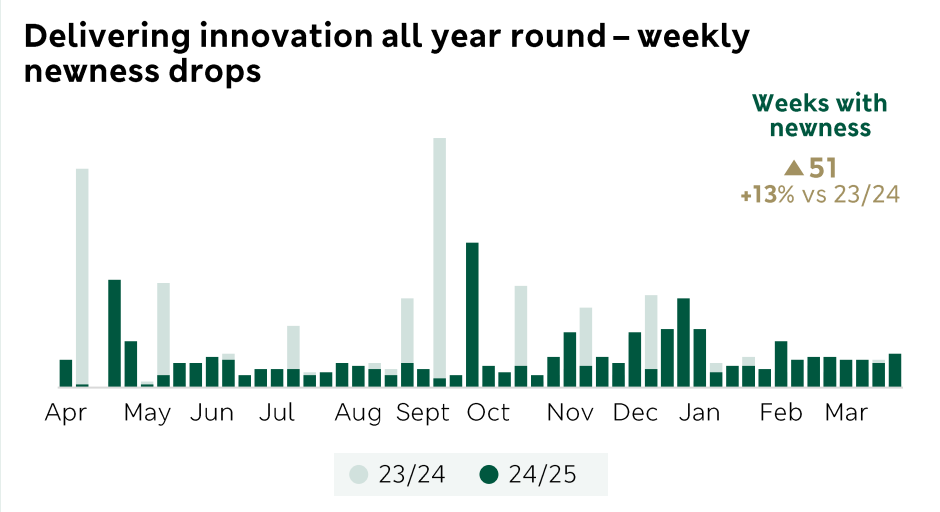
Forecasting and ordering system now complete
One Best Way retail operations reducing stock file errors and improving efficiency
Regular newness drops driving customer interest

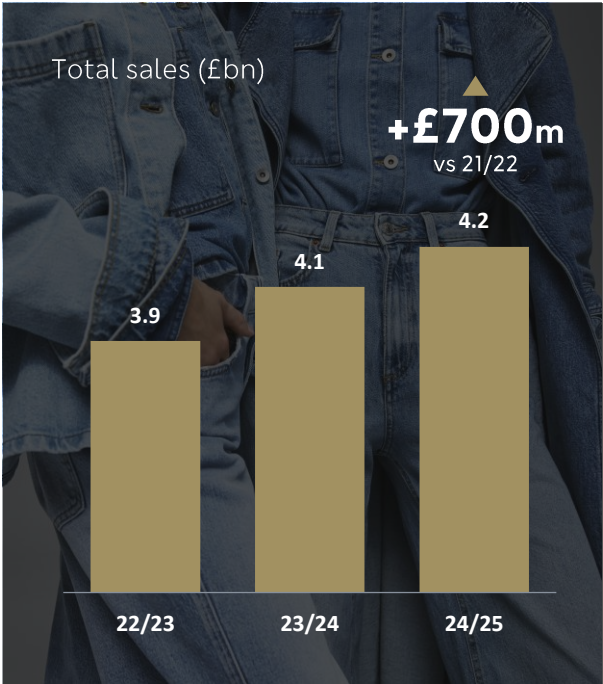
Building long term supplier agreements

Fortress Factory supplier agreements implemented across 7 sites
Broadening programme in 25/26
Suppliers upgrading capacity to enable future growth

Supply chain investment to support growth

A focus on deliveries to improve efficiency
New multi-temperature depot in Bristol under way
First step to modernising Food logistics network

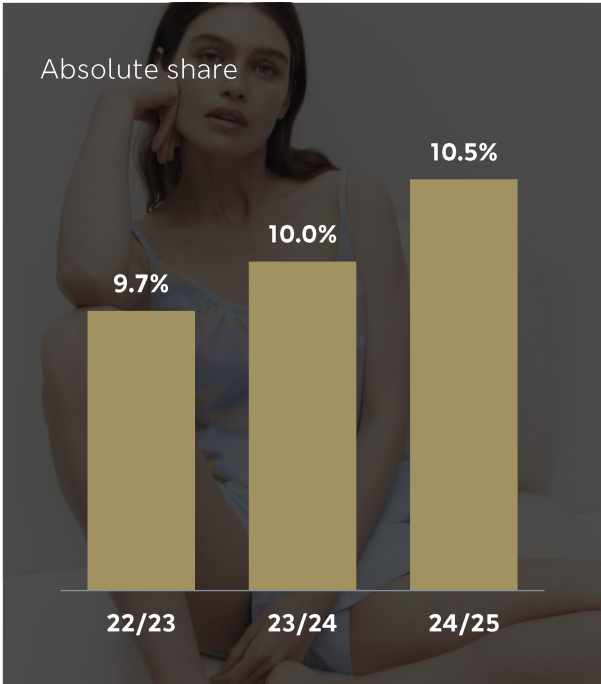




SALES GROWTH

Consistent delivery of sales growth over last three years

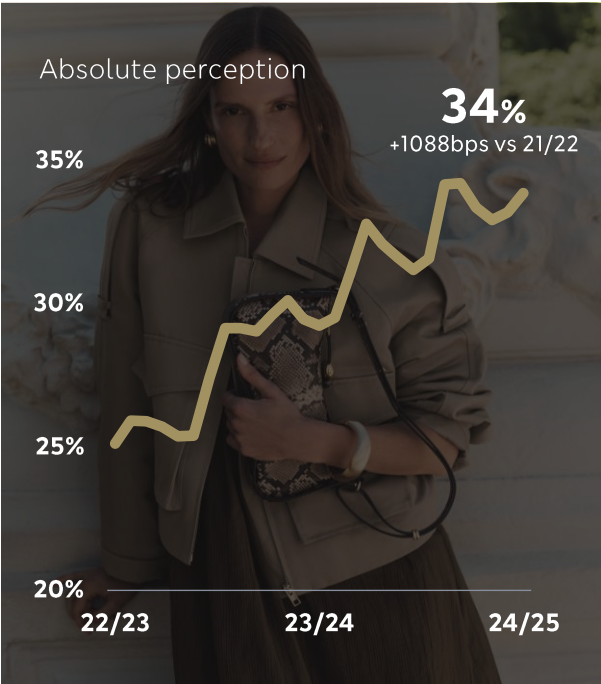
Source: Data UK and ROI



TOTAL VALUE SHARE

Value market share continues to grow, up 80bps vs 22/23

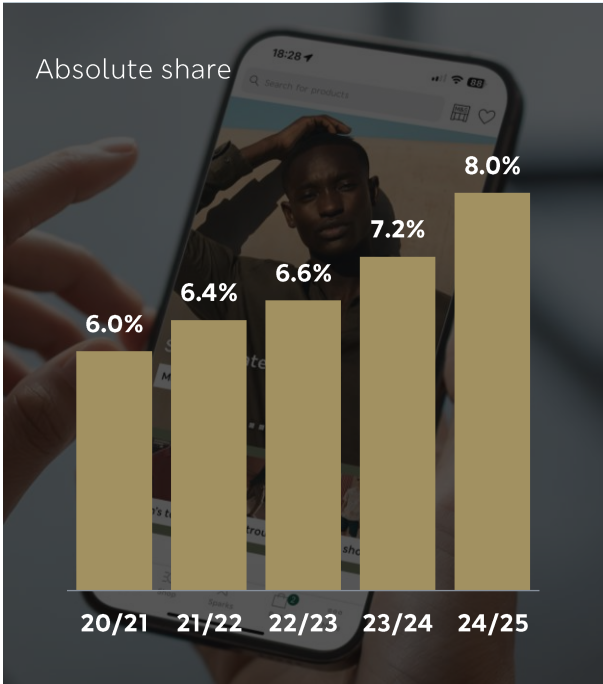
Source: Kantar 52 w/e 30 March 2025



CLOTHING STYLE PERCEPTION

Style perception continuing to increase, now ranked 2nd vs 6th in 2022

Source: YouGov - Proportion of survey respondents that gave a positive response



ONLINE VALUE SHARE

Online market share at highest ever level

Source: Kantar 52 w/e 30 March 2025

Increased style perception

Core categories growing, supported by strong campaigns and collaborations

Style perception increasing; ranked 2nd vs 6th in 2022

Continuing to lead on quality

Autograph grew 47% vs LY, with investment in quality and versatile product

Men's Autograph growing to £200m compared to £50m three years ago

M&S continues to be market leading, with quality improving further

Further investment into trusted value

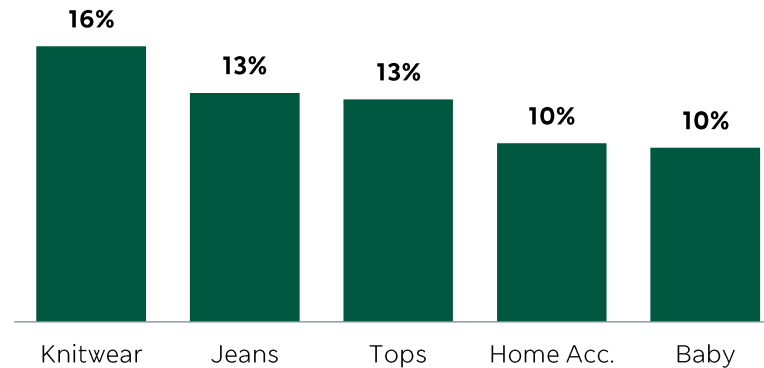
Moving to trusted value in kidswear with first price, right price approach

Full price trading mix broadly level year on year

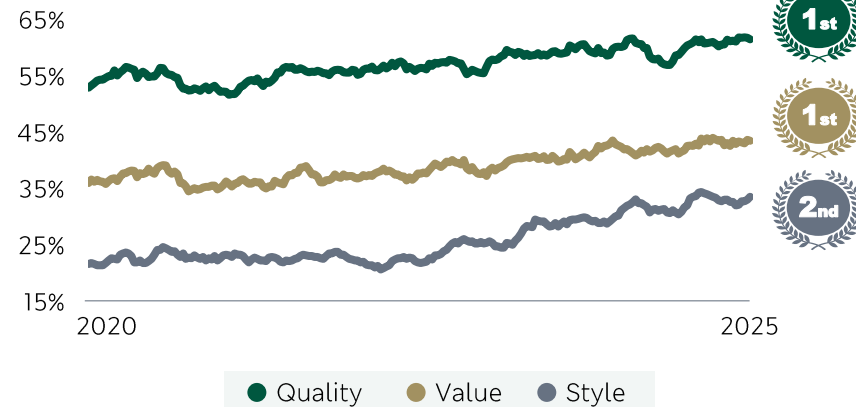
M&S remains market leading for value

Strong sales growth across categories

vs LY



Brand perception



FASHION, HOME & BEAUTY: IMPROVING ONLINE EXPERIENCE

Attracting new customers and driving sales

Active customers up 9% vs LY

Marketing continues to be focused towards brand and social channels

Improvements to the offer include upgraded imagery, navigation and availability

Partner brands growing at pace

Partner brand fashion sales increased 42%

Recent launches of top tier brands including Hush, Tommy Hilfiger and Calvin Klein

Total brands business now exceeds £200m for the first time

Better online experience, but more to do

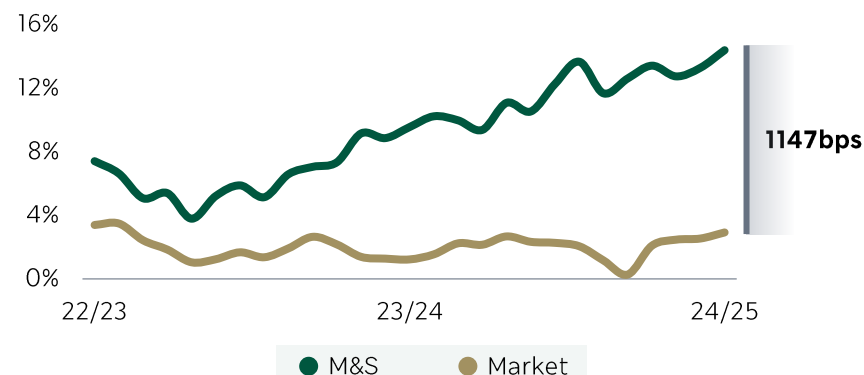
Much more to do in planning, ranging, in-store selling, delivery and fulfilment

Objective remains to become a truly omni-channel retailer

Online active customers (m) and frequency



M&S online performance vs the market



Source: Kantar 52 w/e 30 Mar 2025



FASHION, HOME & BEAUTY: STORES GENERATING STRONG RETURNS

Stores perform ahead of a declining market

Stores up 1% compared to a market down 3%

Dundee and Washington Galleries trading +15% vs plan

Fosse Park renewal trading +20% vs LY

Consistent outperformance of invested stores over 3 years

36 stores have been invested in over the last 3 years

New Full Line stores opened in the last three years generating paybacks ahead of hurdle rates

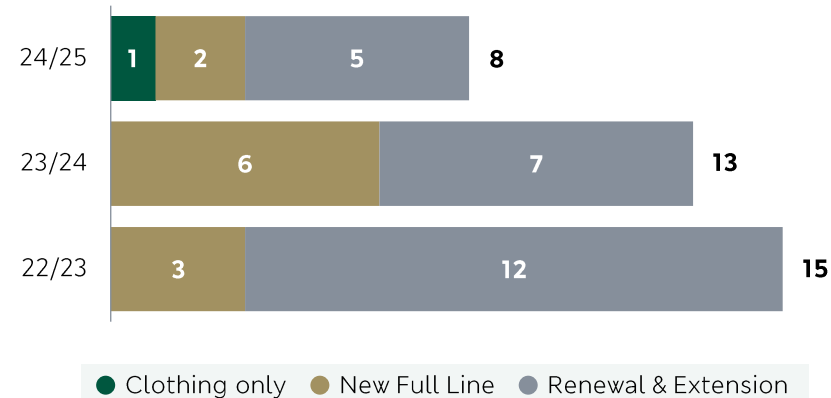
Strong sales performance into years 2 and 3

Building a pipeline for future growth

Battersea Fashion-only trial store providing inspiration for future renewals

Building Full Line rotation pipeline to achieve 180 store target by 27/28

Store openings over the last 3 years



Year 2 and year 3 Full Line store launches



Creating long-term sourcing partnerships

Strategic sourcing programme continues to develop
Investment in capacity and capability for future growth

Implementation of new planning platform

Future platform to link all buying activities from
budgeting to replenishment
Removing duplicative manual activities
More to do to fully implement across Fashion, Home
& Beauty

Investing in the logistics network

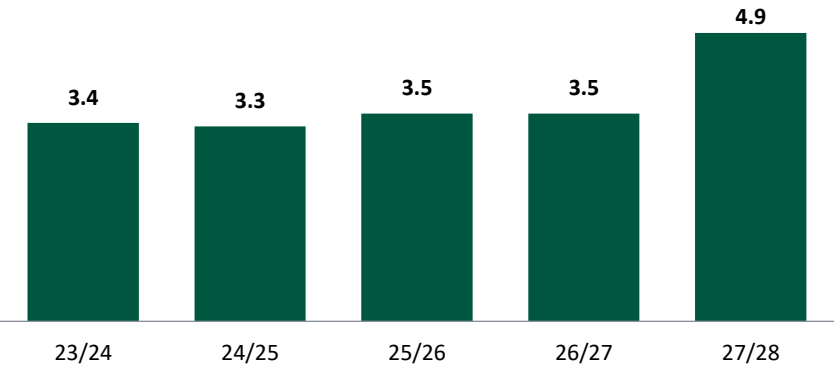
Creating efficient storage and automation in the
network
Enabling increase in capacity to improve service and
reduce costs

Strategic sourcing programme optimising supply base



Investments increasing capacity by 45%

Online daily singles capacity (m)



Weak performance in India and FH&B franchise orders

Reported sales down 8%, but improvements seen in second half
India impacted by challenging trading conditions
Growth in Food franchise shipments offset by a softer FH&B order book

Joint venture in India being reset under new leadership

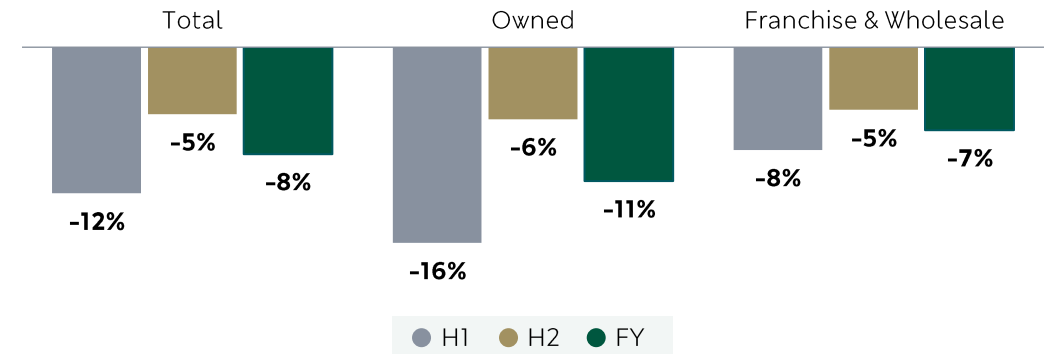
Shifting to a full price trading approach across stores and online
Optimising store estate focusing on prime locations
Tighter controls on stock and cost

Increasing investment in value and expanded partnerships

Investment in trusted value
Reset commercial and operating models to underpin a new bolder way of working
Ambition to grow marketplace business in Europe with expanded range and fulfilment capabilities

International reported sales

Sales vs LY



Strong revenue growth with losses reducing

Revenue up 15.5%, driven by growth in active customers and increased frequency

Investing in value through price drops and Ocado Price Promise
Initial improvements in product and slot availability with greater proportion of 'Perfect Orders'

M&S products outperforming on Ocado.com

Volume growth up 20.2% driving participation to 30.3%

Participation reaching c.50% in fresh categories

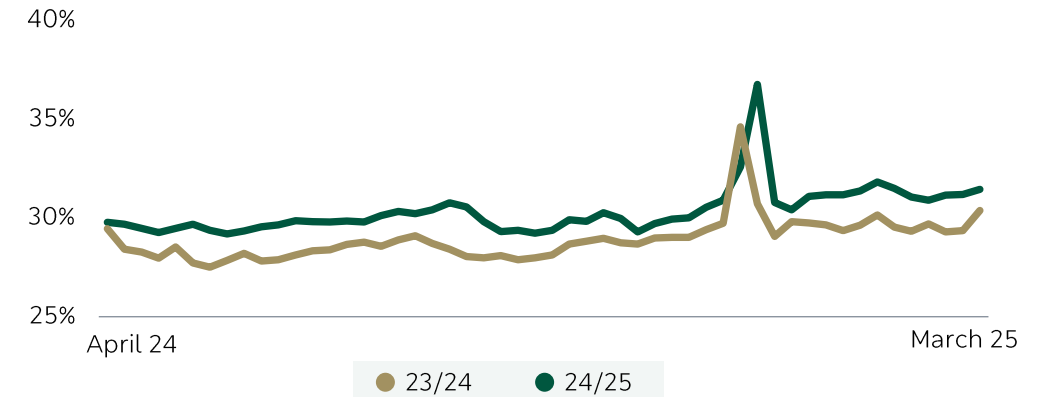
Growth in 'spine of the basket' products

Improved network supports reducing losses

Continued constraint of high service delivery costs and cost of Hatfield site

Further opportunities to improve CFC productivity

Focus on maximising capacity utilisation of existing network before future investment

Growth in M&S volume participation on Ocado.com

RESHAPING M&S

OUR STRATEGIC PRIORITIES

M&S

QUALITY FOOD, STYLISH CLOTHES, HOMEWARE AND BEAUTY

Drumbeat of weekly innovation in Food
Second year of over 1000 quality upgrades
Buying deeper and elevating style in Fashion
Category potential in Fashion, Home & Beauty

ENHANCED TRUSTED VALUE TO DRIVE VOLUME

Value lines driving volume in core categories in Food
Moving to trusted value with price investment in Kids and Home
Maintaining a 'First price. Right price' approach to trading



CREATE EXCEPTIONAL PRODUCTS



DELIVER PROFITABLE SALES GROWTH

BIGGER FREQUENT CUSTOMER BASE, SHOPPING MORE BROADLY

Always on social and brand marketing driving increased frequency
Objective to transform loyalty programme to drive personalised experiences

ONLINE AND OMNICHANNEL

Improving ranging, availability, proposition & margin
Increasing Ocado Retail profitability and online experience

STORE ROTATION AND RENEWAL

Building a pipeline to capitalise on strong returns
Focused investment in Food store renewals

GLOBAL GROWTH

International reset underway with new leadership team

STRUCTURALLY LOWER COST BASE

Ambition to achieve over £500m by 2027/28
Improving ways of working across the business

MODERNISED SUPPLY CHAINS

Completing Fashion, Home & Beauty logistics investments in-flight
Building capacity in Food, in Bristol, ready for growth



HIGH PERFORMANCE, CUSTOMER-CENTRIC CULTURE

Attracting talent, accelerating internal development and fast-tracking progression
Closer to customers and front-line colleagues

BETTER DECISIONS AND SERVICE THROUGH TECHNOLOGY

Investing in technology infrastructure and improving foundations

DISCIPLINED CAPITAL INVESTMENT AND ALLOCATION

Investment grade balance sheet to support growth

A woman with long dark hair, wearing a green sleeveless dress, is leaning her head on her arms which are resting on a large pile of lemons and limes. The background is a bright, hazy outdoor setting, possibly a beach or a field. The lemons and limes are in various stages of ripeness, with some being bright yellow and others green. A few lemons are sliced open, showing their juicy interiors.

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JEREMY TOWNSEND

CHIEF FINANCIAL OFFICER

FULL YEAR FINANCIALS AT A GLANCE

£13.9bn

+6.1%

Group sales

£511.8m

-23.9%

Profit before tax

£875.5m

+22.2%

Profit before tax
and adjusting items

£443.3m

+£5.5m

Free cash flow
from operations

£438m

+£392m better

Net funds
excluding leases

£1.79bn

+£0.4bn better

Net debt

RESHAPING M&S

FOOD PERFORMANCE

	24/25	23/24	Change vs 23/24
Sales (£bn)	9.0	8.3	8.7%
LFL sales %	8.6%	-	-
Operating profit before adjusting items (£m)	484.1	388.4	24.6%
Operating margin %	5.4%	4.7%	0.7% pts



FOOD OPERATING PROFIT MARGIN BRIDGE

Operating profit margin before adjusting items	%
23/24	4.7
Gross margin	(0.1)
Operating cost leverage	0.8
24/25	5.4

Operating costs to sales	%
Retail costs	0.5
Logistics costs	0.0
Digital & Technology	(0.1)
Central costs	0.4
Total	0.8



FASHION, HOME & BEAUTY PERFORMANCE

	24/25	23/24	Change vs. 23/24
Sales (£bn)	4.2	4.1	3.5%
<i>Store sales</i>	2.8	2.8	1.0%
<i>Online sales</i>	1.4	1.3	8.8%
LFL sales %	4.4%	-	-
Operating profit before adjusting items (£m)	475.3	437.5	8.6%
Operating margin %	11.2%	10.7%	0.5% pts



Operating profit margin before adjusting items	%
23/24	10.7
Gross margin	1.2
Operating cost deleverage	(0.7)
24/25	11.2

Operating costs to sales	%
Retail costs	0.8
Logistics costs	(0.2)
Digital & Technology	(0.6)
Central costs	(0.7)
Total	(0.7)



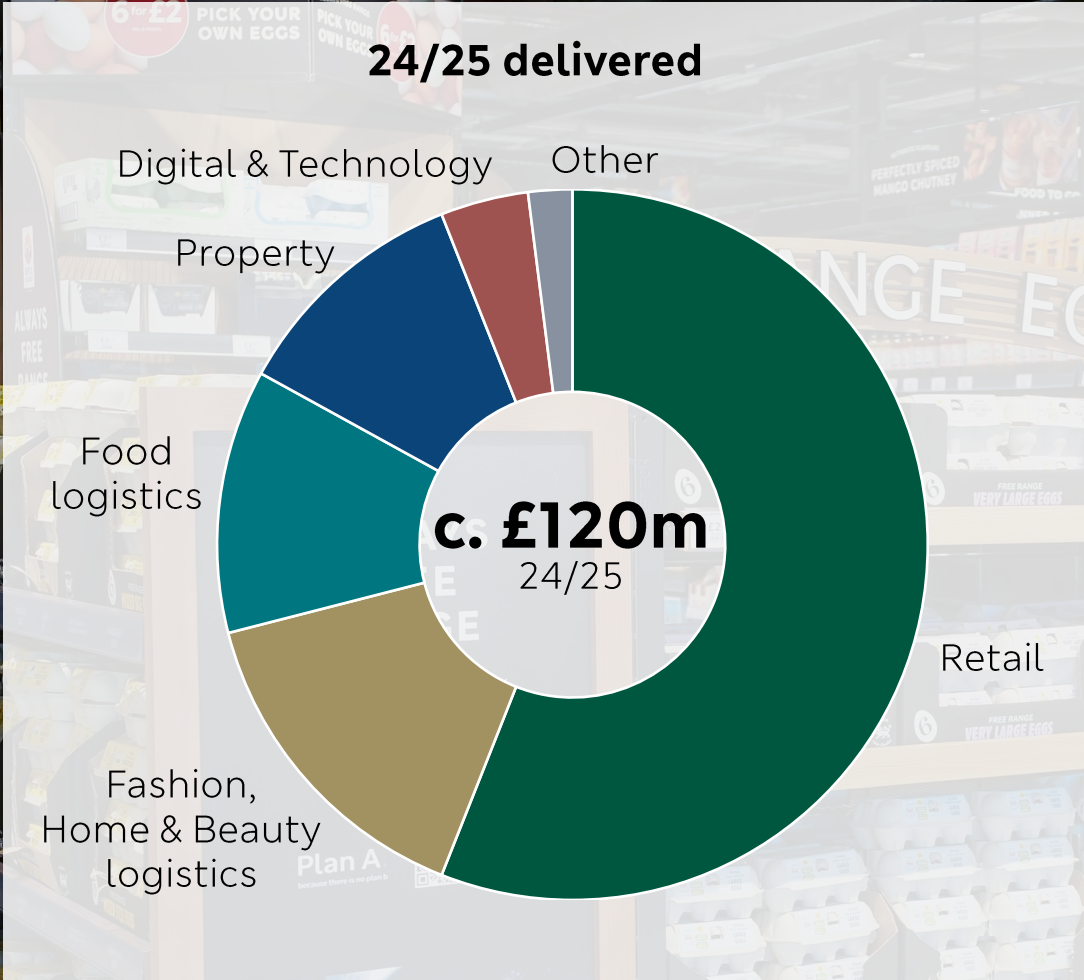
Total International

	24/25	Change vs 23/24 (Reported Currency)	Change vs 23/24 (Constant Currency)
Sales (£m)	658.0	(8.5%)	(7.1%)
Operating profit before adjusting items (£m)	46.3	(3.1%)	
Operating margin %	7.0%	0.4% pts	



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STRUCTURAL COST REDUCTION PROGRAMME



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GROUP PROFIT

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£m	24/25	23/24	£m Change	% Change
Sales¹				
Food	9,021.0	8,298.8	722.2	8.7%
Fashion, Home & Beauty	4,235.3	4,091.4	143.9	3.5%
International	658.0	719.1	(61.1)	(8.5%)
Total sales	13,914.3	13,109.3	805.0	6.1%
Operating profit¹				
Food	484.1	388.4	95.7	24.6%
Fashion, Home & Beauty	475.3	437.5	37.8	8.6%
International	46.3	47.8	(1.5)	(3.1%)
Ocado Retail	(28.7)	(37.3)	8.6	23.1%
Financial Services / other	7.5	2.2	5.3	240.9%
Total operating profit	984.5	838.6	145.9	17.4%
Net interest	(109.0)	(122.2)	13.2	10.8%
Adjusted PBT	875.5	716.4	159.1	22.2%
Adjusting items	(363.7)	(43.9)	(319.8)	n/a
Statutory PBT	511.8	672.5	(160.7)	(23.9%)

¹ Food and Fashion, Home & Beauty results include UK and ROI




FREE CASH FLOW

£m	24/25	23/24	£m Change
Operating profit	624.3	714.2	(89.9)
Adjusting items within operating profit	360.2	124.4	235.8
Operating profit before adjusting items	984.5	838.6	145.9
Depreciation, amortisation, impairments and disposals	542.6	526.3	16.3
Cash lease payments	(343.0)	(321.4)	(21.6)
Working capital	(38.6)	77.2	(115.8)
Financial interest	(2.6)	(31.2)	28.6
Taxation	(208.3)	(191.2)	(17.1)
Share of result from Associate	28.7	37.3	(8.6)
Loans to Associates	-	(62.0)	62.0
Adjusting / other items in cash flow	(61.4)	(12.6)	(48.8)
Free cash flow from operations before capex	901.9	861.0	40.9
Capex and disposals	(458.6)	(423.2)	(35.4)
Free cash flow from operations	443.3	437.8	5.5
Lease surrender payments	(19.0)	(24.1)	5.1
Transactions with non-controlling interest	(2.6)	0.0	(2.6)
Acquisitions, investments and divestments	(11.9)	(2.6)	(9.3)
Free cash flow	409.8	411.1	(1.3)
Dividends paid	(60.5)	(19.6)	(40.9)
Free cash flow after shareholder returns	349.3	391.5	(42.2)



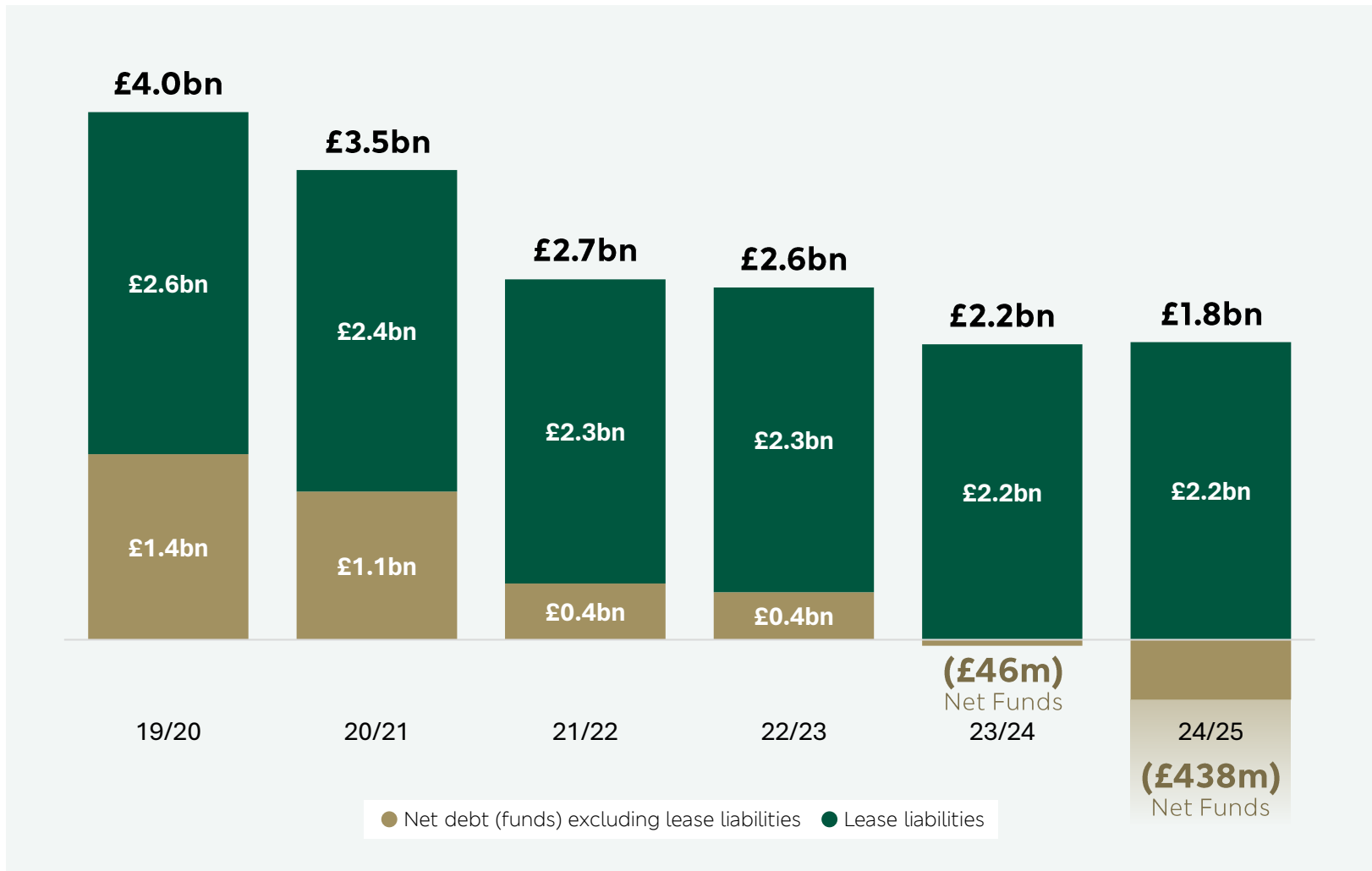
CHANGE IN NET DEBT



Change in Net Debt	£m
Free cash flow from operations	443
Lease surrender payments	(19)
Transactions with non-controlling interest	(3)
Acquisitions, investments and divestments	(12)
Dividends paid	(60)
Decrease in lease debt	(2)
Exchange and other non-cash movements	29
Decrease in total net debt	376

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BALANCE SHEET METRICS



RESHAPING M&S

INVESTMENT PERFORMANCE



FULL LINE STORES

Over the past three years
11 new Full Line stores have
generated returns ahead of
hurdle rates



FOOD STORES

Over the past three years
19 new Food stores have
generated returns ahead
of hurdle rates



STRONG RETURNS

Increasing return
on capital employed



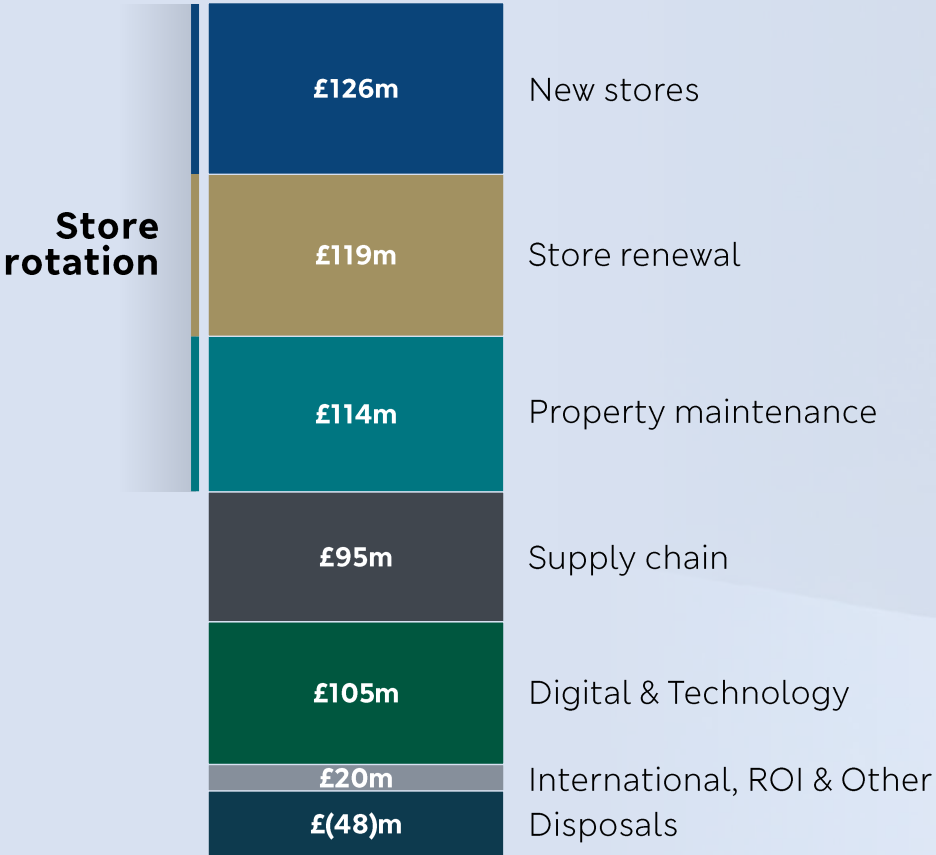
27/28 AMBITION

420 Food stores

180 Full Line stores

Capex net of disposals in 24/25

£530m



Plan for 25/26

c.£600m - £650m





Generation of free cash flow



Invest for growth and structural cost reduction



Returns on investment



Reducing net debt



Value creation for shareholders



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APPENDIX



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QUARTERLY SALES PERFORMANCE

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% change vs 23/24	Q1	Q2	Q3	Q4	FY
Food	5.6	10.6	8.7	10.0	8.7
Food LFL	4.7	10.3	8.9	10.6	8.6
Fashion, Home & Beauty	1.3	8.1	1.0	4.7	3.5
Fashion, Home & Beauty LFL	1.4	9.3	1.9	5.9	4.4
Total sales¹	4.2	9.7	5.9	8.4	7.0
Total sales LFL	3.6	10.0	6.4	9.2	7.2
International ²	(7.1)	(13.2)	(2.8)	(4.9)	(7.1)
Group sales²	3.6	8.4	5.6	7.8	6.3
Memo					
Online	5.1	15.4	4.4	6.6	7.5
Fashion, Home & Beauty online	5.8	16.5	6.1	7.3	8.8

¹ Food and Fashion, Home & Beauty include UK and ROI

² Constant Currency



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ADJUSTING ITEMS

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24/25	£m
Strategic programmes	(104.1)
Store estate	(84.4)
International reset	(20.6)
Digital & Technology transformation	(10.2)
Furniture simplification	11.1
Other adjusting items	(259.6)
Store impairments, impairment reversals and other property charges	2.3
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Ltd	(12.9)
Ocado Retail Limited - UK network capacity review	(2.0)
M&S Bank transformation and insurance mis-selling provisions	(15.5)
Legal settlement	20.5
Net pension finance income	4.1
Remeasurement of Ocado Retail Limited contingent consideration	-
Impairment of investment in Ocado Retail Limited	(248.5)
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(7.6)
Total adjusting items	(363.7)

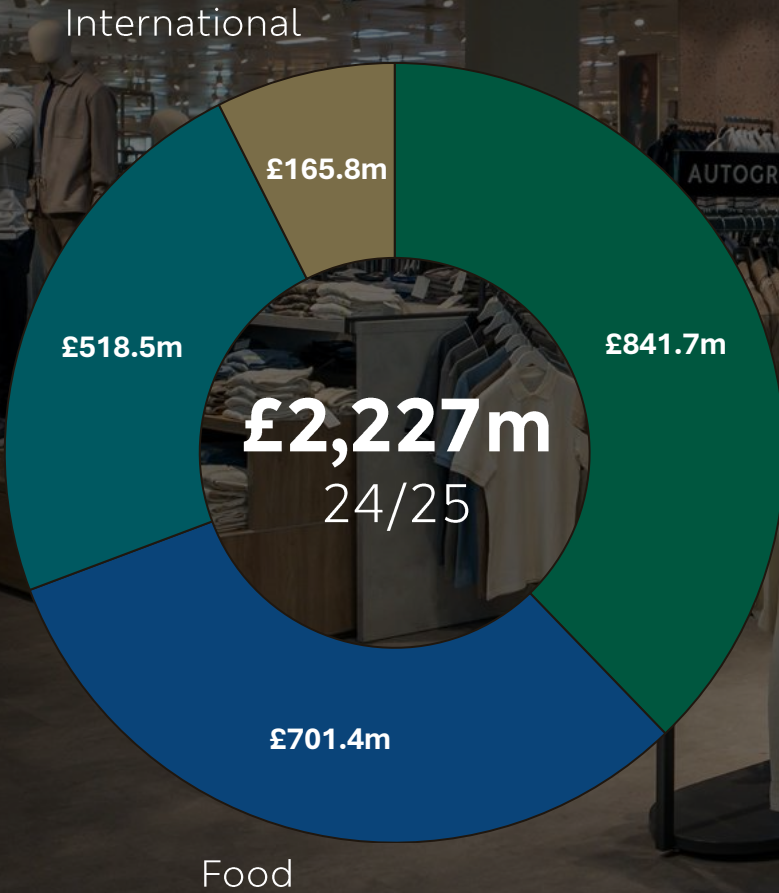


DEPRECIATION AND AMORTISATION

	24/25				
£m	Food	FH&B	Intl	Other	Group
Adjusting operating profit	484.1	475.3	46.3	(21.2)	984.5
Depreciation					
Tangible Asset	124.3	102.6	5.7	-	232.6
Right of use asset	73.2	49.7	19.0	-	141.9
Amortisation	28.1	30.4	5.9	-	64.4
Impairment & Disposals	16.2	77.1	-	-	93.3
Depreciation & Amortisation	241.8	259.8	30.6	-	532.2
Adjusted EBITDA	725.9	735.1	76.9	(21.2)	1,516.7
Interest payable on leases	42.9	43.1	9.3	-	95.3



LEASE LIABILITY BREAKDOWN



STORES AND SELLING SPACE

		NUMBER OF STORES					
UK	Selling space (m sq. ft)	Mar 25	Mar 24	Openings	Closures	Change	<i>Memo: Closures of which are relocations</i>
Shopping Centre	1.6	16	17	0	(1)	(1)	
Retail Park	4.7	83	81	2	0	2	2
High Street	2.0	67	74	0	(7)	(7)	
High Street - large	4.4	64	68	0	(4)	(4)	1
Full Line total	12.6	230	240	2	(12)	(10)	
FH&B only	0.0	1	0	1	0	1	
Outlets	0.3	30	30	0	0	0	
Food stores – Owned	2.8	324	325	6	(7)	(1)	3
Food stores – Franchise	0.8	468	463	13	(8)	5	
UK total	16.4	1,053	1,058	22	(27)	(5)	
FH&B – Owned	9.5						
Food – Owned	6.1						
ROI stores	0.6	38	26	12	0	12	
UK & ROI stores	17.1	1,091	1,084	34	(27)	7	
International		Mar-25	Mar-24	Openings	Closures	Change	
Owned/JV	1.3	146	152	3	(9)	(6)	
Franchise	2.7	249	256	12	(19)	(7)	
International stores	4.0	395	408	15	(28)	(13)	

OCADO RETAIL ECONOMIC INTEREST UNCHANGED

Ocado Retail is a joint venture, 50% owned by M&S and 50% by Ocado Group

M&S continues to be a 50% shareholder of Ocado Retail and our economic interest is unchanged

There are no significant changes to governance and decision-making processes at Ocado Retail

The 2019 JV Agreement planned for a switch of consolidation to M&S, without changes to ownership structure

Income statement

100% of Ocado Retail's results included line-by-line in M&S results
M&S Group Adjusted PBT stated after deduction of minority interests

Balance sheet

Assets / liabilities recognised line-by-line in M&S balance sheet and removed from 'Investments in associates'

'Intangible assets' include goodwill, brand and customer relationships

Existing shareholder loan eliminated on consolidation. Replaced with loan from Ocado Group

Cash flow

Ocado Retail included line-by-line in M&S cash flows

