

YOUR M&S

# Interims 2009

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Ian Dyson

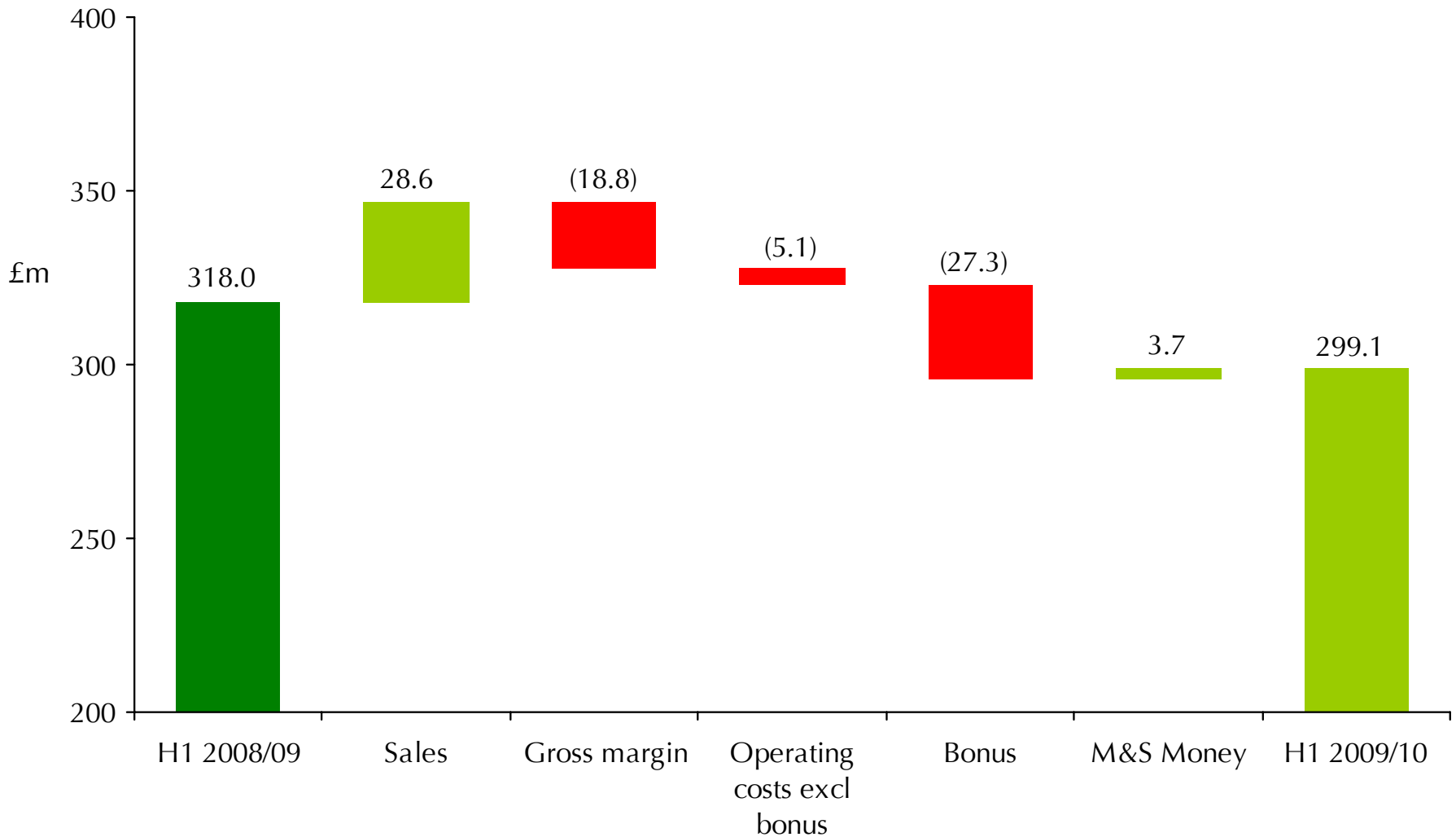
Group Finance and  
Operations Director

# Group financial highlights

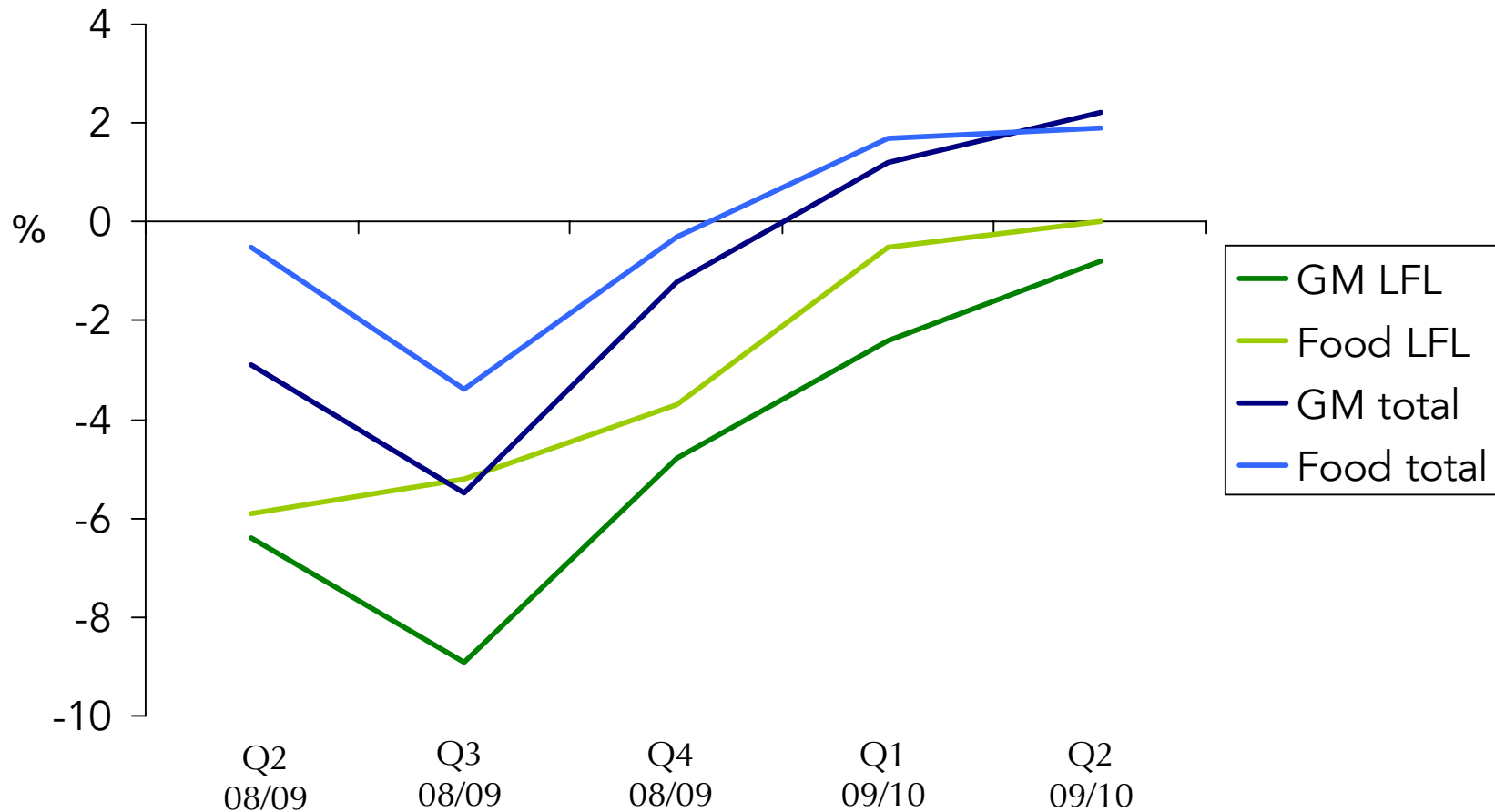
- Sales £4.3bn, +2.8%
- Profit before tax\* £298.3m, +0.2%
- Adjusted earnings per share\* 13.7p, level
- Net cash inflow £69.7m
- Net debt £2.4bn
- Interim dividend 5.5p

\*Before property disposals

# UK operating profit



# UK sales trend



# UK gross margin

## GM

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- 53.1%, down 30 bps
- Currency pressure
- Better buying
- Better markdowns management
- Selling price inflation

## Food

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- 31.4%, down 65 bps
- Investment in price and promotion
- Better buying
- Improvement in shrinkage and waste

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**Full year guidance -50 to -100 bps**

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# UK operating costs

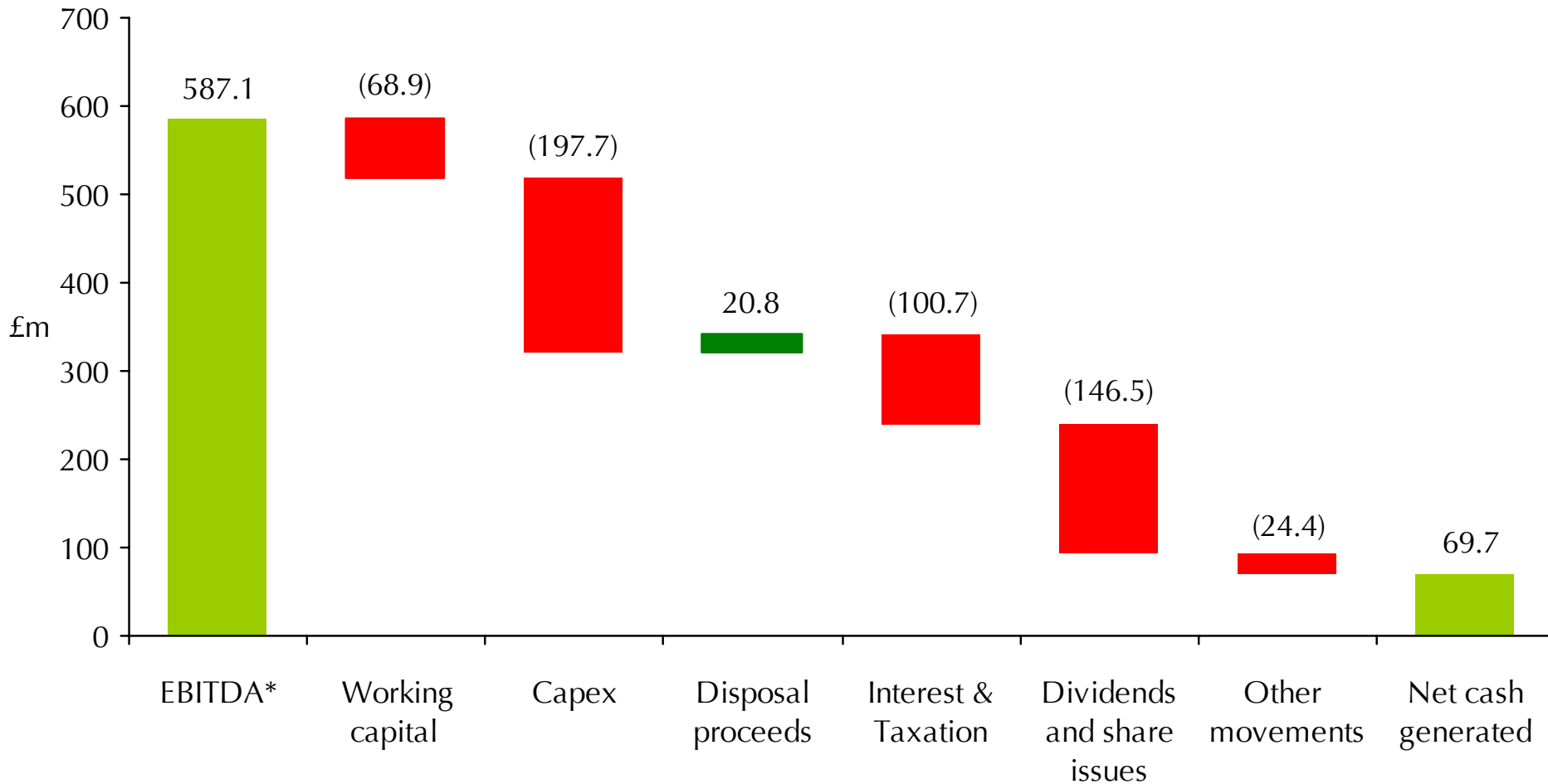
	£m	%
<b>2008/09 operating costs*</b>	<b>1,307</b>	
Depreciation	12	+0.9
Space growth	39	+3.0
Inflation	33	+2.5
<b>Underlying savings</b>	<b>(79)</b>	<b>-6.0</b>
<b>2009/10 operating costs*</b>	<b>1,312</b>	<b>+0.4</b>

\*Before bonus

# International

	TY £m	LY £m	Var %
<b>Revenue</b>	<b>445.2</b>	<b>396.7</b>	<b>+12.2</b>
- Owned	301.2	271.6	+10.9
- Franchised	144.0	125.1	+15.1
<b>Operating profit</b>	<b>65.9</b>	<b>54.4</b>	<b>+21.1</b>
- Owned	25.7	23.4	+9.8
- Franchised	40.2	31.0	+29.7

# Cash flow



\*Before property disposals

# Balance sheet and financing

- Net debt at £2.4bn (March 09 £2.5bn)
- Pro-forma fixed charge cover 3.7x
- Average interest rate 5.6%
- Pension
  - IAS 19 deficit £521m
  - March 2009 actuarial valuation in progress

# Summary

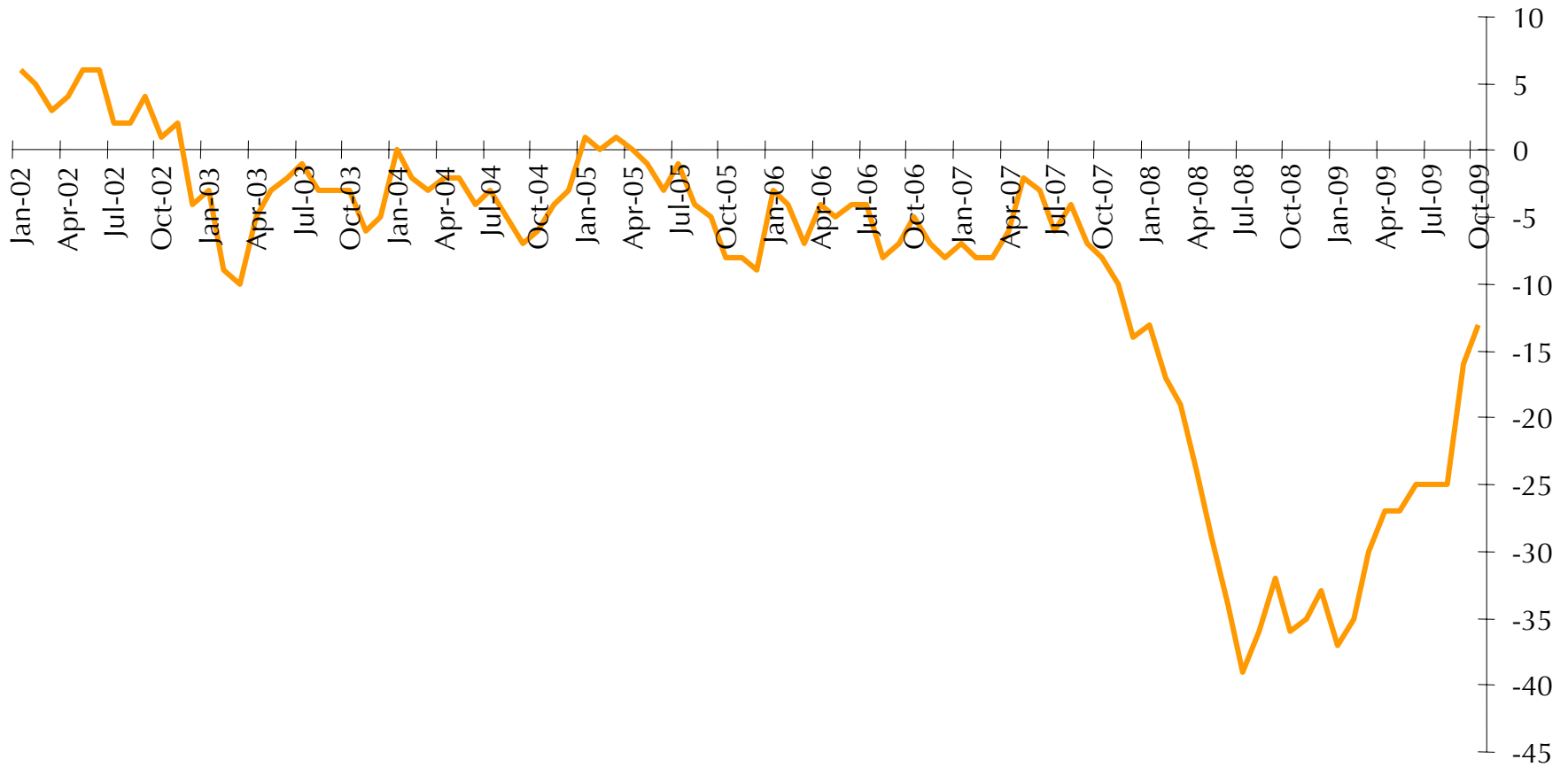
- Improving sales trend
- Profit in line with last year
- Net cash generated, reduced net debt
- Uncertain outlook, no change to approach

# Interims 2009

Stuart Rose

Chairman

# Consumer confidence

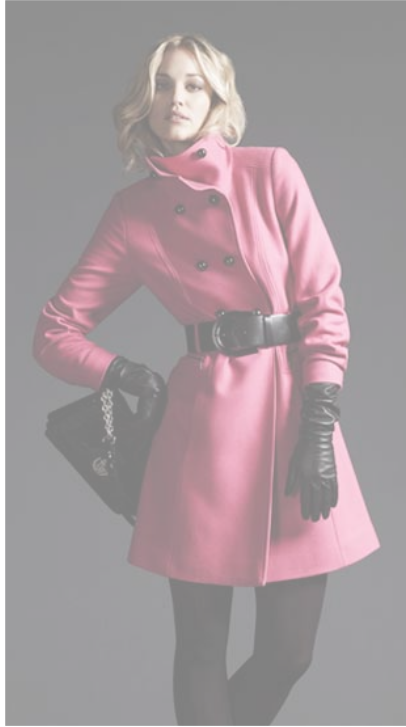


SOURCE: GfK Consumer Confidence October 2009

# Overview

- Progress to date
- Project 2020 - laying the foundations for sustainable long-term growth
  - Generating cost efficiencies;
  - Driving sales growth; and
  - Putting in place a platform for growth in multi-channel and International.

# General Merchandise



# Food



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# International



# Multi-channel

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## KNITWEAR

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# Supply chain and IT

## Efficiency



- ✗ Too many trucks
- ✗ Lots of manual processes



- ✓ Fewer trucks
- ✓ Streamlined processes
- ✓ Minimum 3% savings p.a.

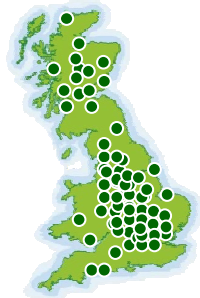
## Contract renegotiation



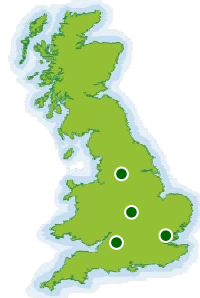
- ✗ 3PLs paid more as costs rise



- ✓ 3PLs paid on results



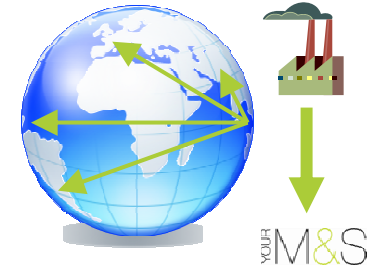
- ✗ Product handled twice
- ✗ 100 sites



- ✓ Product handled once
- ✓ 4 sites



- ✗ All Product sent via UK hub



- ✓ Product sent direct to country of sale

## Warehouse consolidation

## International supply chain

# Plan A

- Strong business case
- Profit positive
- Good progress to date
- Changing consumer behaviour



# Summary

- Good first half results
- Improving sales trend
- Project 2020 - laying the foundations for sustainable long-term growth
- Uncertain outlook
- Plan A

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# Interims 2009

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Steve Sharp

Executive Director,  
Marketing



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Quality worth every penny

MARKS & SPENCER  
CELEBRATING  
125 YEARS



YOUR M&S

Quality worth every penny

MARKS & SPENCER  
CELEBRATING  
125 YEARS







*Christmas*

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