

# 2012-2013 HALF YEAR RESULTS

**Marc Bolland**  
Chief Executive

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# Agenda

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1. Review of first half performance
  2. Financial performance
  3. Progress against the plan
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# Overview H1

- Group sales +1%
- GM has strongly improved during Q2
- Food growth ahead of the market
- Good growth in Multi-channel and International
- Gross margin up
- Profits slightly down
- Tight management of costs and capital

 Improved performance across the board in Q2

# General Merchandise

	Q1	Q2	H1
TOTAL SALES	-5.1	+0.1	-2.5
LFL SALES	-6.8	-1.8	-4.3
GROSS MARGIN	+95 bps		

Three action steps:

- Improved merchandising processes
- Recovered stock levels
- Backed the key trends

# General Merchandise

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LFL SALES	-6.8	-1.8	-4.3
GROSS MARGIN	+95 bps		

- Q2 strong improvement on Q1
- Gross margin favourable
- In Q4 last year we raised stock and merchandising issues

A/W 12

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# New team

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## General Merchandise



**Style Director**  
Belinda Earl



**John Dixon**  
Executive Director GM



**Womenswear**  
Frances Russell



**Lingerie & Beauty**  
Janie Schaffer



**Menswear**  
Scott Fyfe



**Kids & Home**  
Stefanie Chen

## Priorities for the new team

1. **Style, trends + best-in-class quality**
  2. **Value**
  3. **Real choice, not proliferation**
  4. **In-store and on-line shopping experience**
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	Q1	Q2	H1
TOTAL SALES	+2.9	+3.9	+3.4
LFL SALES	+0.6	+1.6	+1.1
GROSS MARGIN	+35 bps		

- Growth ahead of the market
- Leading innovation
- Competitive pricing
- Gross margin up



# International

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- Improved performance in Q2 +6.1%
- Sales in H1 +3.6%
- European markets remain challenging
- Continued strong LFLs in key markets



# Multi-channel

- Improved performance in Q2 +21.6%
- Sales in H1 +17.8%
- Mobile sales +77%
- Free next day delivery to stores launched



# FINANCIAL UPDATE

**Alan Stewart**

Chief Finance Officer

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# Group financial highlights

<b>REVENUE</b>	£4.7bn	+0.4%	+0.9% (CC)
<b>PBT</b>	£297m	-5.8%	-3.3%*
<b>EPS</b>	14.6p	-6.4%	-3.3%*
<b>DIVIDEND</b>	6.2p	LY 6.2p	
<b>NET DEBT</b>	£2.6bn	LY £2.0bn	£2.6bn*

*Note: Results are stated before non-underlying items*

*\* Pro forma adjustment to last half year to reflect change in terms of the property partnership*

# Divisional performance

	TY £m	LY £m	VAR %
<b>REVENUE</b>	<b>4,697</b>	<b>4,678</b>	<b>+0.4</b>
UK	4,200	4,174	+0.6
INTERNATIONAL	497	504	-1.4

<b>OPERATING PROFIT</b>	<b>355</b>	<b>369</b>	<b>-3.9</b>
UK	301	311	-3.3
INTERNATIONAL	54	59	-7.3

*Note: Results are stated before non-underlying items*

# UK gross margin H1 12/13

## GM

- 53.2%, up 95bps
- Input price pressure
- Favourable currency movements
- Tight management of stock

## FOOD

- 32.0%, up 35bps
- Commodity price inflation
- Improved buying
- Better management of waste

**UK 41.7%, up 30bps**

# UK operating costs H1 12/13

	TY £m	LY £m	VAR %
RETAIL STAFFING	444	425	+4.6
RETAIL OCCUPANCY	499	487	+2.3
DISTRIBUTION	189	190	-0.5
MARKETING & RELATED	79	77	+2.8
SUPPORT	272	263	+3.5
<b>TOTAL</b>	<b>1,483</b>	<b>1,442</b>	<b>+2.9</b>

*Note: Results are stated before non-underlying items*

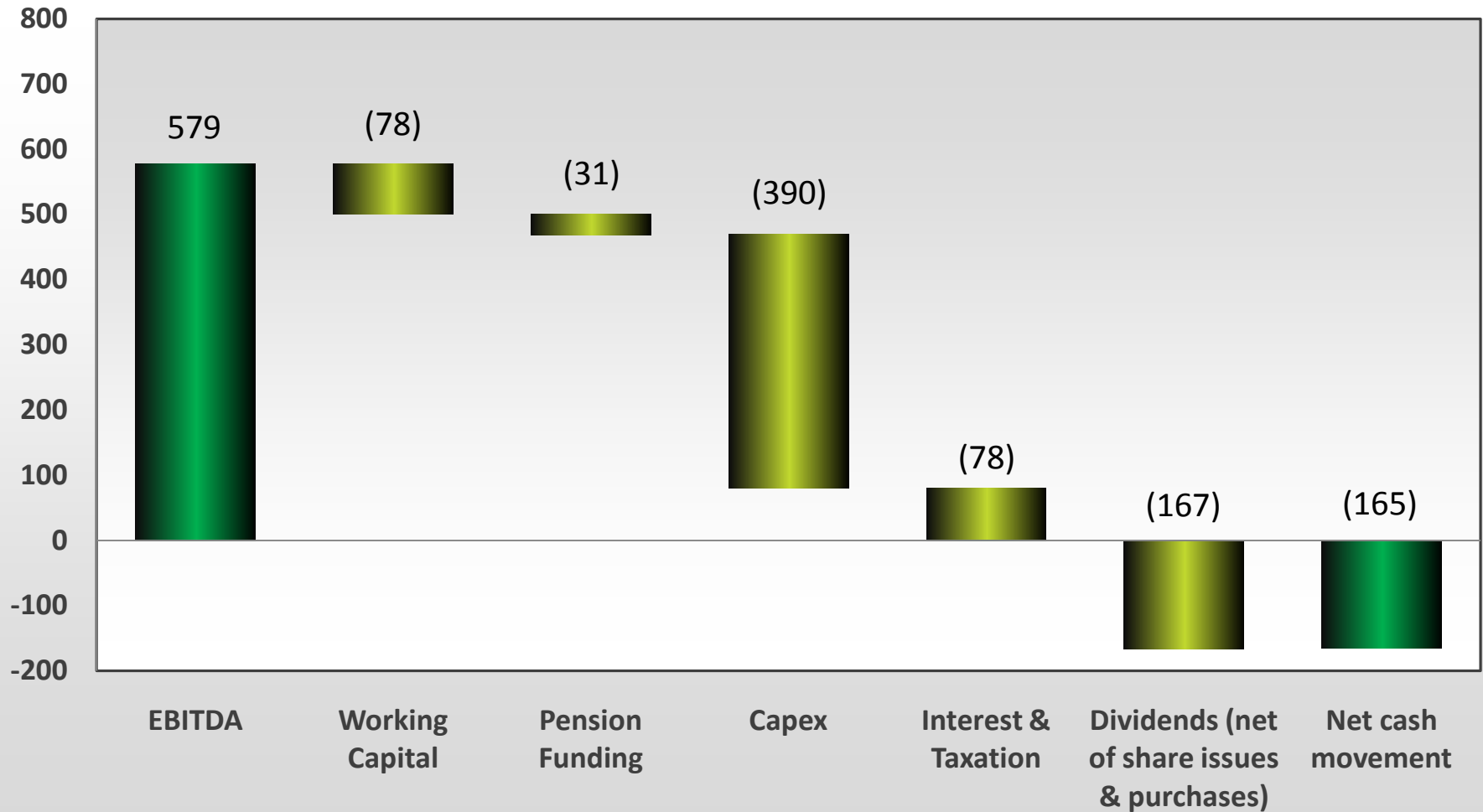


# International

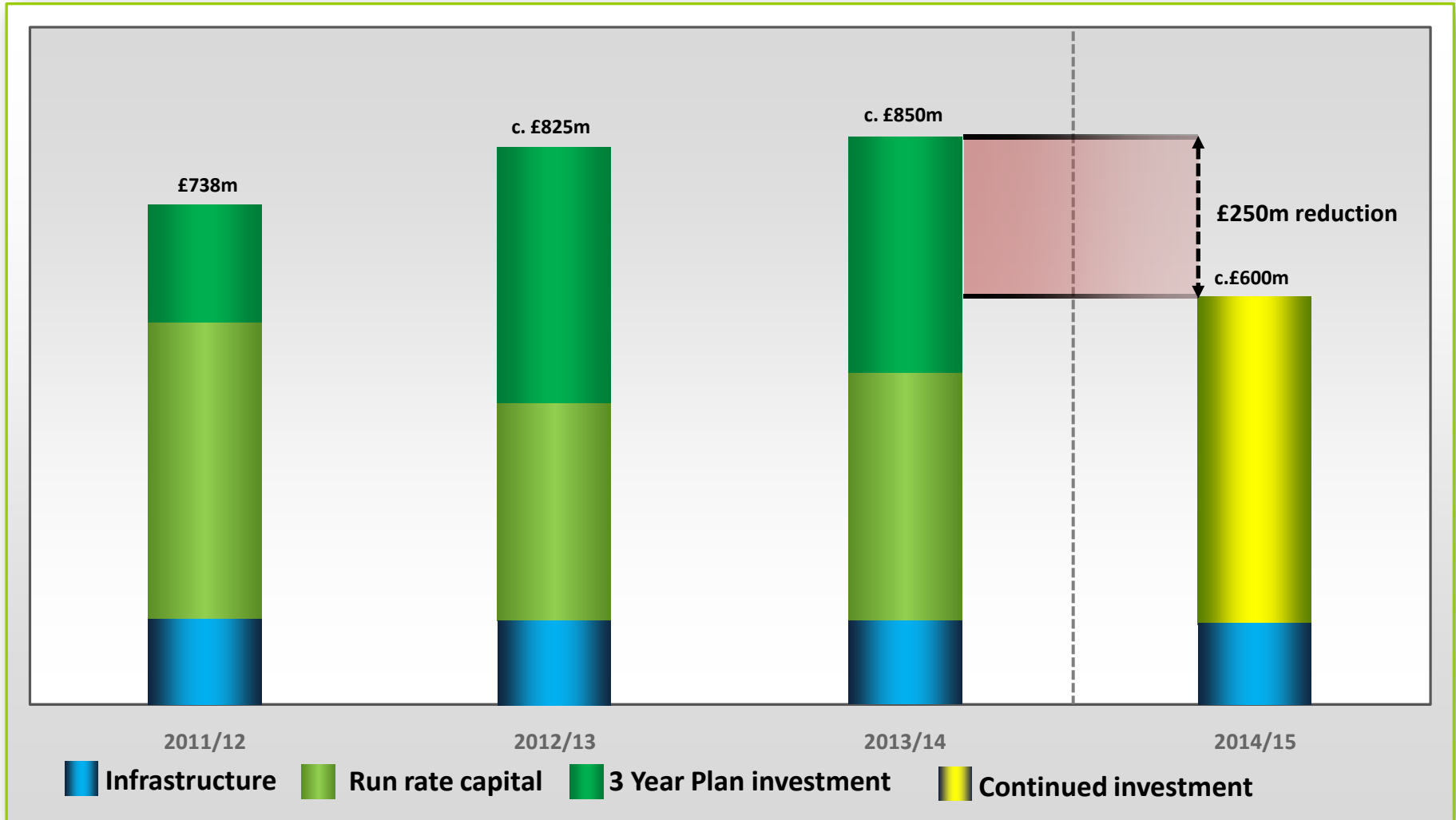
	TY £m	LY £m	VAR %	CONSTANT CURRENCY VAR %
<b>REVENUE</b>	<b>497</b>	<b>504</b>	<b>-1.4</b>	<b>+3.6</b>
EUROPE	272	300	-9.3	-1.5
MIDDLE EAST	111	102	+8.5	+9.2
ASIA	114	102	+12.3	+13.3
<b>OPERATING PROFIT</b>	<b>54</b>	<b>59</b>	<b>-7.3</b>	<b>-9.2</b>
EUROPE	6	11	-40.3	-51.8
MIDDLE EAST	33	33	+0.3	+1.3
ASIA	15	15	+0.6	-0.5

*Note: Results are stated before non-underlying items*

# Cash flow - Movement in net cash



# Capital expenditure



## IT & Supply Chain

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- Good progress with IT and supply chain improvements
  - Completed POS roll out and new store stock management system
  - SAP platform now operating across the UK business
  - New HR systems now in 100 stores and will be complete by end 2013
  - Food forecasting & ordering and space, range & display systems completed by the end of the year
  - E-commerce distribution centre live from Spring 2013
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# Balance sheet and financing

- Net debt at £2.6bn (LY £2.6bn on pro forma basis)
- IAS pension surplus £139m (LY £78m)
- Credit metrics remain strong
- Fixed charge cover 3.7x
- Average interest rate 6.1% (LY 6.5%)

# Summary

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- Improving margin across Food and GM
  - Tight cost control
  - Disciplined approach to capital expenditure
  - Strong balance sheet
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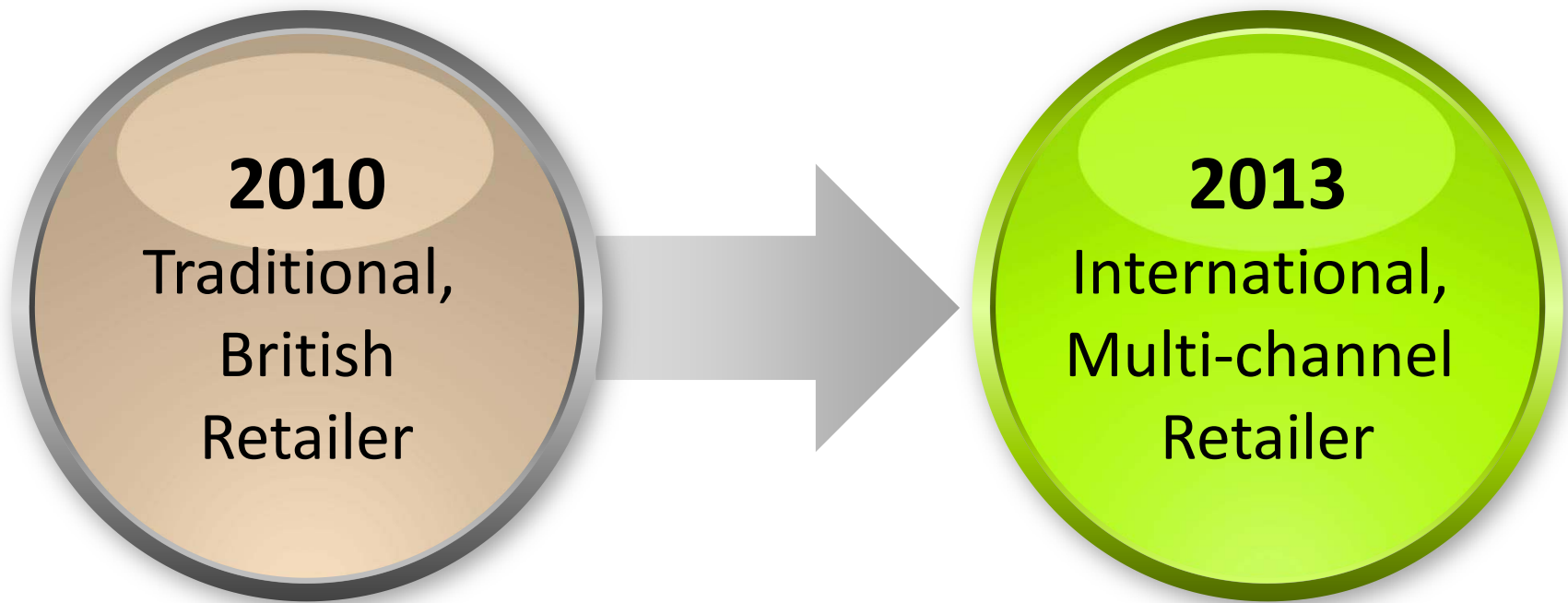
# 2012-2013 HALF YEAR RESULTS

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Chief Executive

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# Transforming the business





# Where we came from



# Where we will be in 18 months



*To become an International, Multi-channel retailer*

By  
2013

UK space and  
LFL growth

A leading UK  
Multi-channel  
retailer

International  
company

2010  
to  
2013

**Focus on UK**

BRAND  
STORES  
CLOTHING  
HOME  
FOOD

# Plan 2010 – 2013 – Journey so far

## Focus on UK

### Concept 11 roll out:

- All 446 stores will receive Phase 1 of Concept 11 by September 2013

### At the end of H1 2012:

- 192 stores finished, consisting of 96 full line stores and 96 Simply Foods
- 30% of GM sales, 39% of Food sales have been covered
- 30% of Full Line footage, 58% of Simply Food footage are now complete

## Focus on UK

### Concept 11 Phase 1 results - H1 2012

- New concept stores +2.6% ahead of rest of the estate now based on results from 130 stores
- IRR remains at 13%
- Strong increase in brand perception scores +7%
- Cheshire Oaks +30% ahead of expectation
- New Home performing very well in Cheshire Oaks and 10 other stores, will roll out to 79 stores
- New Beauty in 28 stores, will roll out to 121 stores

# Plan 2010 – 2013 – Journey so far

## International company

### ● Strategic markets trading well +13% LFL

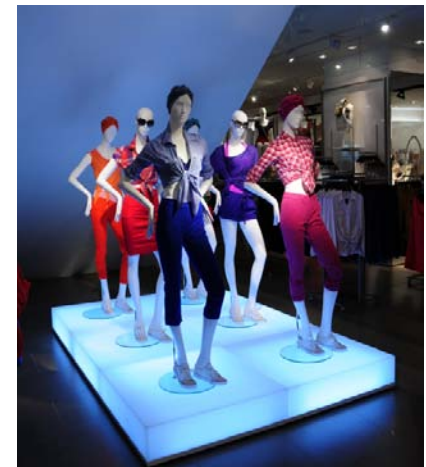
- India: Currently 26 stores  
10 stores to open in H2  
Pipeline of 55 stores identified
- Shanghai: Currently 10 stores  
5 stores to open in H2  
Golden Bell ahead of expectations
- Paris: Currently 2 stores  
3 new full line stores in the next 12 months  
So Ouest opened in October

- Capability for 100 stores per annum run rate by end of the year. 75 stores anticipated, based on our selective criteria



# Shanghai – Golden Bell

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# Plan 2010 – 2013 – Journey so far

**A leading UK  
Multi-channel  
retailer**

- Strong Multi-channel growth, 8% ahead of BRC
- Over 3.4 million website visits per week
- Leading in mobile
- 6 international websites launched
- EDC/NDC to open in April 2013
- New platform on track for April 2014



# Christmas 2012

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- Over 150 high quality, great value cashmere pieces from £29.50 to £149
- New £349 Savile Row Inspired black tie designed by Richard James
- Will launch 300 new food products, taking the Christmas range to 875 lines
- Launched the high street's first handcrafted mince pies



# Summary

- Improved performance across the board in Q2
- New GM team in place
- Environment remains challenging
- Continuing to managing costs and capex tightly
- Good growth in Multi-channel and International
- Well positioned for Christmas
- Strong progress in transforming the business

# APPENDICES

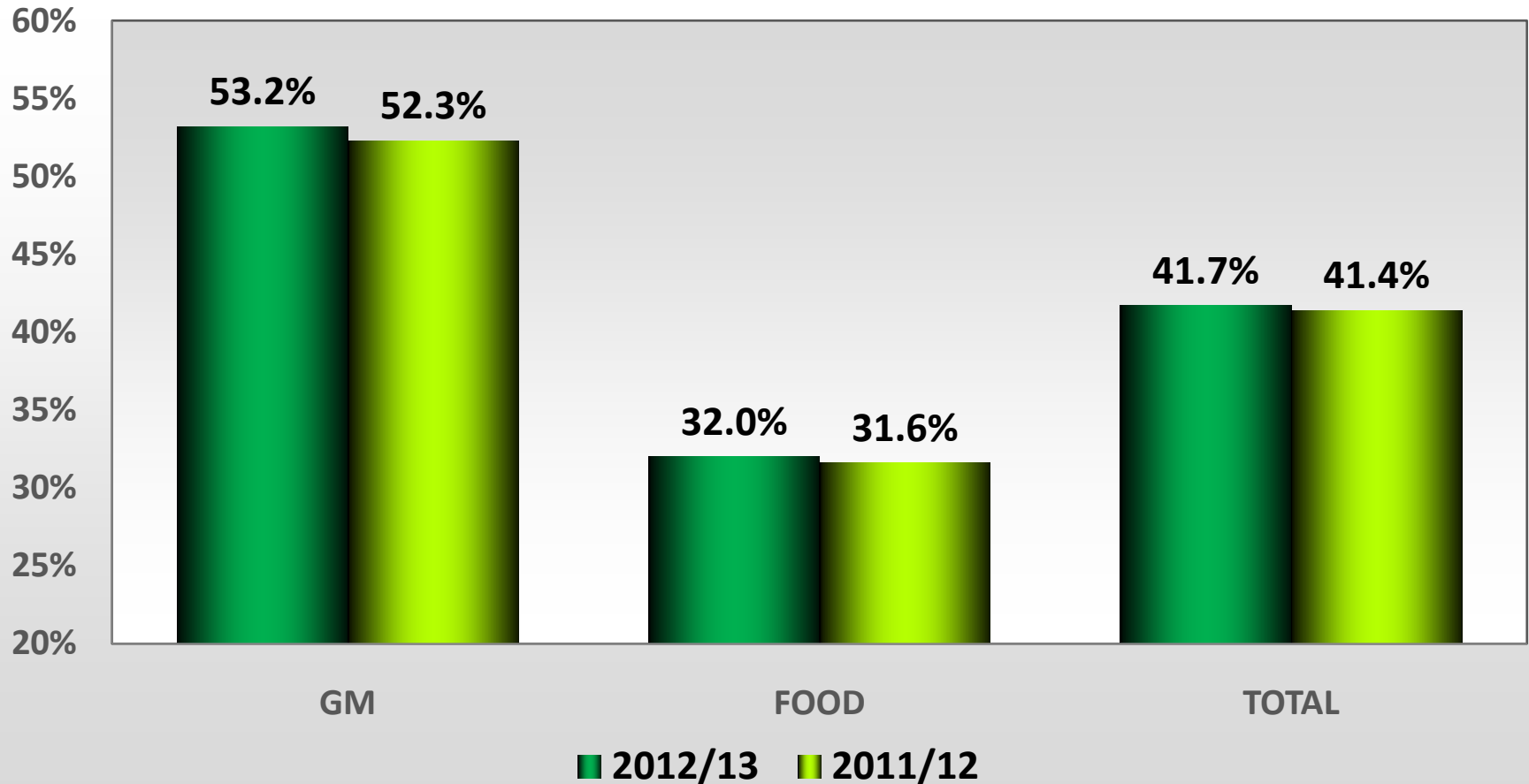
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# UK sales

	TY £M	LY £M	VAR %
CLOTHING	1,739	1,782	-2.4
HOME	178	185	-3.7
GENERAL MERCHANDISE	1,917	1,966	-2.5
FOOD	2,284	2,208	+3.4
TOTAL UK	4,201	4,174	+0.6

# UK gross margin

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*Note: Results are stated before non-underlying items*

# International

	TY £m	LY £m	VAR %	CONSTANT CURRENCY VAR %
<b>REVENUE</b>	<b>497</b>	<b>504</b>	<b>-1.4</b>	<b>+3.6</b>
OWNED	310	326	-4.7	+2.8
FRANCHISED	187	178	+4.7	+5.1
<b>OPERATING PROFIT</b>	<b>54</b>	<b>59</b>	<b>-7.3</b>	<b>-9.2</b>
OWNED	5	8	-39.1	-60.1
FRANCHISED	49	51	-2.4	-1.5

*Note: Results are stated before non-underlying items*

# Stores and space

	SEPT 2012	APR 2012	OPENINGS	CLOSURES	CHANGE
<b>UK</b>					
PREMIER	12	11	+1	-	+1
MAJOR	42	42	-	-	-
HIGH STREET	244	243	+2	-1	+1
SIMPLY FOOD OWNED	169	168	+2	-1	+1
SIMPLY FOOD FRANCHISED	232	220	+15	-3	+12
OUTLETS	47	47	-	-	-
<b>UK STORES</b>	<b>746</b>	<b>731</b>	<b>+20</b>	<b>-5</b>	<b>+15</b>
SELLING SPACE (M SQ FT)	16.2	16.0			+0.2
<b>INTERNATIONAL</b>					
EUROPE	155	157	+1	-3	-2
MIDDLE EAST	127	122	+9	-4	+5
ASIA	114	108	+9	-3	+6
<b>INTERNATIONAL STORES</b>	<b>396</b>	<b>387</b>	<b>+19</b>	<b>-10</b>	<b>+9</b>
SELLING SPACE (M SQ FT)	4.9	4.7			+0.2