

Issued: 10 January 2012

MARKS AND SPENCER GROUP PLC
QUARTER 3 2011/12 – INTERIM MANAGEMENT STATEMENT
13 weeks to 31 December 2011

'Marks & Spencer performs well in a challenging trading environment'

- Group sales ex VAT +2.4%
- Total UK sales ex VAT +1.8%: General Merchandise -0.8%, Food +4.5%
- Like for like UK sales ex VAT +0.5%: General Merchandise -1.8%, Food +3.0%
- Direct sales ex VAT +22.4%
- International sales +8.1%

Marc Bolland, Chief Executive said:

"Marks & Spencer performed well in a challenging trading environment.

"Our Food business performed very strongly as customers enjoyed our new and traditional Christmas products. This unique offer, coupled with our great deals, gave them more choice than ever before for a special Christmas at home.

"In Clothing our focus was on offering our customers real value at a time when they're managing their budgets carefully. Our trading strategy worked well, delivering a record performance in many categories including menswear and sleepwear.

"I would like to take this opportunity to thank all of our employees for their hard work in delivering a great Christmas for our customers."

Trading summary

Clothing sales were up 1.1% as we continued to invest in offering our customers even better value. Customers continued to recognise our leading quality, resulting in our biggest ever quarter in kidswear.

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Home sales were down 13.3%, primarily impacted by our decision to exit technology. Our key focus departments performed well, and the planned roll-out of new ranges and store layout later this year will provide a step change in our Home offer.

Food sales were up 4.5%, with customers choosing to protect their spending on festive food, despite the pressure on their disposable incomes. We offered an exciting range of seasonal products with more choice than ever before, introducing 600 new lines, including our best selling party food and dessert ranges.

Direct delivered a strong performance with sales up 22.4%. We made it even more convenient for our customers to shop with us through the extension of the next day delivery deadline and the launch of our Christmas Food to Order service on-line, which contributed to a 12% increase in orders.

International sales were up 8.1%, reflecting continued growth in the priority markets of India and Shanghai, as well as in our franchise business. We had a very good start to our newly opened flagship store in Paris.

Guidance

Our expectations for full year profit remain unchanged. Our decision to invest in promotions in General Merchandise will result in lower gross margin compared to previous guidance, but this will be off-set by additional savings generated by on-going tight management of costs.

Outlook

In light of the ongoing macro-economic uncertainty, we expect trading conditions to remain challenging. We continue to be cautious about the outlook for the year ahead. Our focus will be on offering our customers great value and quality at a time when they are managing their budgets carefully.

Marks and Spencer Group plc will report its fourth quarter trading statement for the 13 weeks ending 31 March 2012, on 17 April 2012.

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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.

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Investors & Analysts Conference Call:

This will be hosted by Marc Bolland at 08:45am on Tuesday 10 January 2012:

Dial in number: +44 (0)20 8515 2302

A recording of this call will be available until 20 January 2012:

Dial in number: +44 (0)20 7959 6720

Access Code: 4502117#

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