

Issued: 6 April 2011

## QUARTER 4 2010/11 – TRADING STATEMENT 13 WEEKS TO 2 APRIL 2011

### M&S TRADES WELL, GAINING MARKET SHARE IN A CHALLENGING ENVIRONMENT

#### Reported results\*

- Group sales +2.3%
- Total UK sales +1.0%: General Merchandise -3.4%      Food +4.9%
- LFL UK sales +0.1%: General Merchandise -3.9%      Food +3.4%
- Market share                      General Merchandise +30bps<sup>1</sup>      Food +10bps<sup>2</sup>

#### Underlying results\*

- Group sales +4.2%
- Total UK sales +3.2%: General Merchandise +1.2%      Food +4.9%
- LFL UK sales +2.2%: General Merchandise +0.7%      Food +3.4%

\*Due to 2009/10 being a 53 week financial year, this reported quarter does not include the first five days of the Christmas sale which were included in the comparative quarter last year. This had an adverse impact in the reported quarter on the total and like for like UK and General Merchandise sales. There was no impact on Food sales.

#### Trading summary

General Merchandise sales were in line with our expectations given the extremely tough like for like comparatives of +9.1% in this quarter last year and the recent challenging trading conditions. In difficult times, customers continue to turn to the value and quality with which the M&S brand is synonymous. We grew market share by 30bps to 11.6%<sup>1</sup> as we delivered affordable style across our ranges with products to suit every budget. Menswear and Lingerie performed particularly strongly and we had a good start to our new Womenswear Spring Campaign with customers responding well to our interpretation of the latest fashions.

More...

Food sales delivered another quarter of consistent improvement with market share up 10bps to 3.8%<sup>2</sup>. We launched more than 320 new products during the quarter, bringing the total of new lines launched over the last year to 1,900, over 25% of our range. Our quality continues to set us apart. We have seen a strong improvement in sales of our healthy food. 'Count on Us' and 'Simply Fuller Longer' were the UK's top healthy meal brands in January<sup>3</sup>. We offered our customers better than ever value through competitive pricing and great promotions such as the unique 'Dine In' offer on Mother's Day and Valentine's Day.

International sales were up 12.6%, reflecting strong performances across most of our markets offset by difficult trading conditions in Ireland and Greece. M&S Direct sales were up 13.7% in the quarter, as we reached the full anniversary of the launch of our Shop Your Way service.

**Marc Bolland, Chief Executive said:**

"We had a good fourth quarter in a challenging trading environment. In times like these customers are increasingly turning to M&S for value, quality and innovation. Strong products backed by great advertising meant we outperformed the market and grew share in both Food and Clothing."

"The plans we laid out in November continue to build momentum, demonstrated by our collaboration in Home with Sir Terence Conran, our 'bricks and clicks' return to France, and, importantly, our ability to attract best in class talent."

**Outlook**

Looking ahead to 2011/12 we expect the trading conditions to be increasingly challenging due to pressure on consumers' disposable incomes and higher commodity prices. As a result we are cautious about the outlook. Our focus will be on remaining competitive, and offering our customers great value and quality at a time when they will be managing their budgets carefully.

More...

We are now embarking on the first phase of our plan to develop M&S into a leading international multi-channel retailer. While the short term trading conditions will be difficult, we have identified a clear path for long term growth, and will continue to focus on delivering against our plan.

## Guidance

Guidance for financial year 2011/12:

- Gross margin is expected to be between 0 and 25 basis points higher than last year due to a combination of measures to mitigate input cost inflation.
- Operating costs are expected to increase c. 5% as a result of increased depreciation, space growth and inflation, as well as investment in growth initiatives, offset by underlying savings.
- The planned opening of new footage will add c. 2% to UK and c. 10% to International space.
- Group capital expenditure is expected to be around £900m.
- Effective tax rate is expected to be 25%

We will report our full year results for the year ended 2 April 2011 on 24 May 2011.

<sup>1</sup> Kantar Worldpanel Total Clothing, Footwear and Accessories value share for the 12 weeks ending 20 February 2011.

<sup>2</sup> Kantar Worldpanel Total Food & Drink share for the 12 weeks ending 20 March 2011.

<sup>3</sup> Kantar data for the 4 weeks ending 23 January 2011.

More...

*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.*

### **Contacts**

Investor Relations:

Majda Rainer +44 (0)20 8718 1563

Corporate Press Office: +44 (0)20 8718 1919

Out of hours calls: +44 (0)20 8718 2000

### **Investors & Analysts Conference Call:**

This will be hosted by Marc Bolland at 8am on Wednesday 6 April 2011:

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

A recording of this call will be available until Friday 15 April 2011:

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

Access Code: 4426777#