

M&S Collection
Pure Cotton Printed Maxi Tiered Dress £39.50

Full Year Results

M&S DELIVERS STRONG RESULTS AS IT RESHAPES FOR GROWTH

24 MAY 2023



STUART MACHIN

Chief Executive





INVESTMENT IN TRUSTED VALUE DELIVERING GROWTH

STRONG TRADING RESULTS

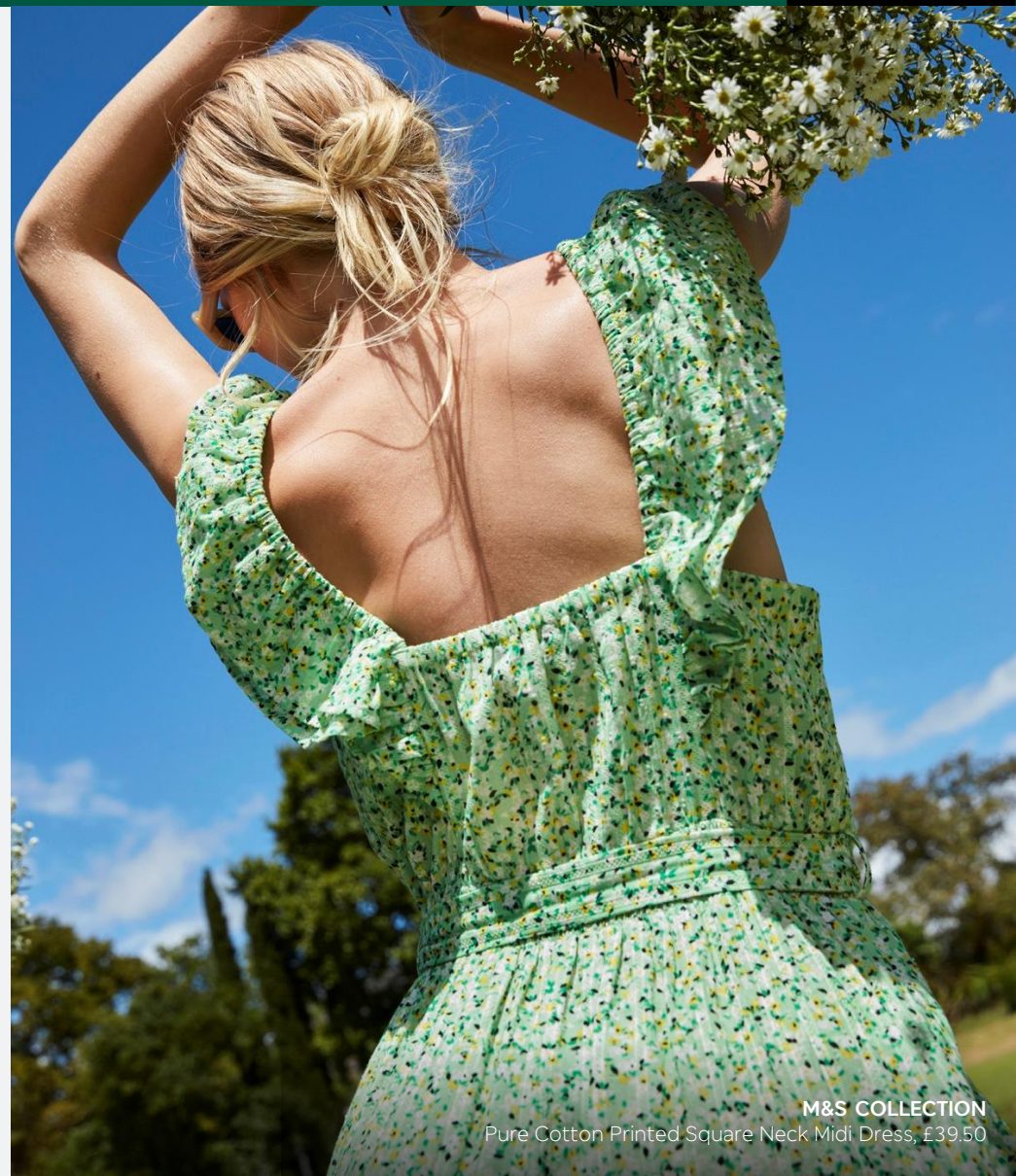
- Profit before tax and adjusting items £482.0m
- Food sales up 8.7%; investment in trusted value; strong growth in hospitality and franchise
- C&H sales up 11.5% with store sales up 14.9%, online up 4.8%. Strong demand for click and collect
- International sales up 11.2% at constant FX; rebound in partner demand
- Ocado Retail result reflects CFC growth and cost; capacity for future growth
- Robust balance sheet and cashflow; maintained investment grade credit metrics. Plan to restore dividend in FY24



INVESTMENT IN TRUSTED VALUE DELIVERING GROWTH

RESHAPING M&S TO DELIVER LONG-TERM GROWTH

- Clothing & Home delivering improved style perceptions and a sustained leading value position
- Food volume outperforms market; reflecting product innovation and value investment
- Ocado Retail reset underway; restoring leading service credentials and deeper collaboration with M&S
- Structural cost reduction programme delivering; over £150m of savings planned for FY24
- Accelerating store rotation; 8 full-line and 10 Food stores opening in FY24
- Progress on supply chain modernisation; Gist acquisition completed, integration on track



M&S COLLECTION
Pure Cotton Printed Square Neck Midi Dress, £39.50

JEREMY TOWNSEND

Chief Financial Officer





STRONG RESULTS AS M&S RESHAPES FOR GROWTH

FULL YEAR FINANCIALS AT A GLANCE

£12.0bn 9.9%	£475.7m 21.4%	£482.0m -7.8%
Group sales	Profit before tax	Profit before tax and adjusting items
£170.4m	£355.6m	£2.64bn
Free cash flow from operations	Net debt excluding leases	Net debt



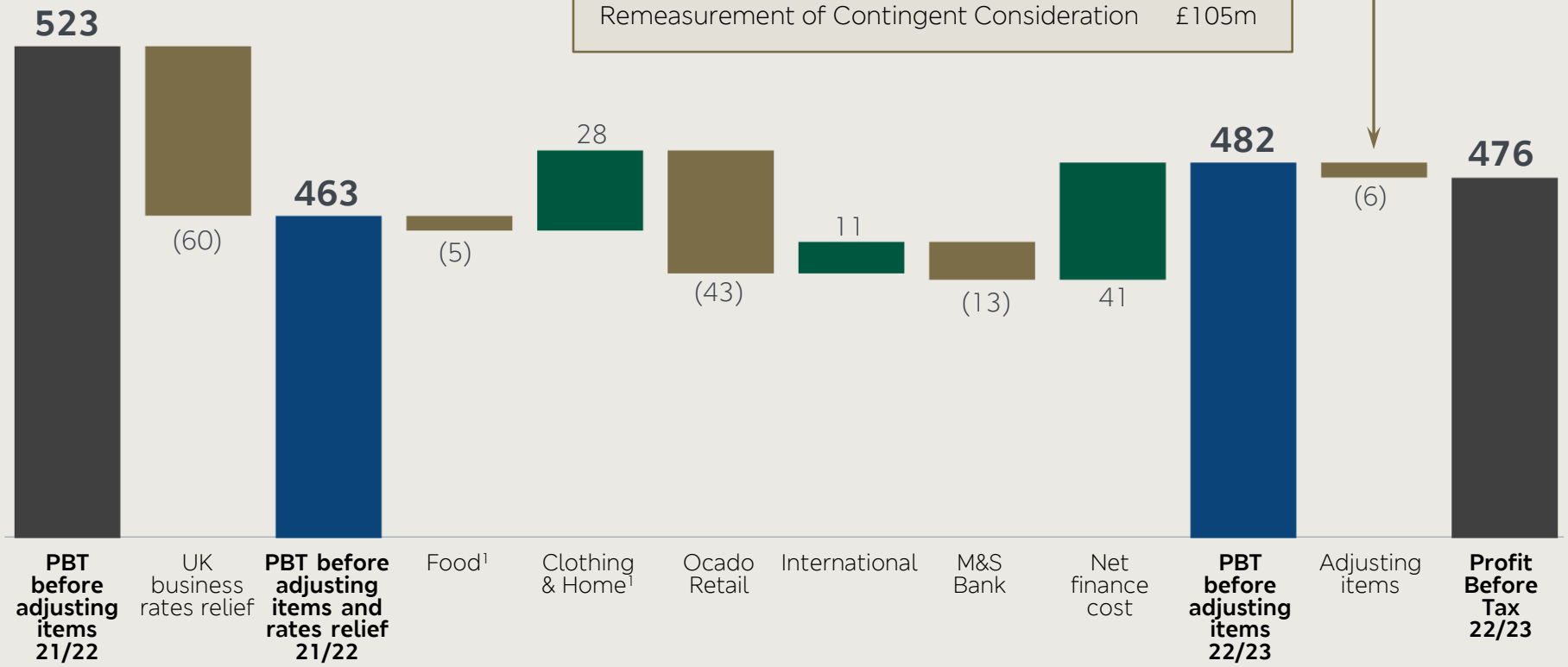
M&S Collection
Cotton Rich Butterfly Sweatshirt, £10.00
Cotton Rich Butterfly Print Leggings, £6.00
Cotton Rich Hoodie, £12.00
Kids' Slip-on Clogs, £7.00

GROUP PROFIT BRIDGE

£m

ADJUSTING ITEMS INCLUDE:

Store Estate	£(51)m
Acquisition of Gist	£(22)m
Remeasurement of Contingent Consideration	£105m



[1] Food and C&H performance excluding business rates relief



M&S Collection
Linen Blend Hawaiian Floral Shirt, £32.00
Quick Dry Swim Shorts, £15.00

TRADING PERFORMANCE IN FOOD

FOOD SALES

% Change from 21/22	H1	H2	FY
Total Food[1]	5.6	11.5	**8.7**
LFL	3.0	7.6	5.4

[1] FY/H2 Food sales includes an estimated 1.3%/2.4% positive impact from the Gist third party sales

DRIVERS OF FOOD SALES

52 Weeks Ended	1 Apr 23	2 Apr 22	% Change
Footfall (m) (average/week)	10.5	10.2	2.9
Transaction (m) (average/week)	9.0	8.0	12.5
Basket value inc VAT (£)	15.2	15.9	(4.4)
Sales ex VAT (£m)	**7,218.0**	**6,639.6**	**8.7**



M&S Food
High Protein Peanut & Oat Granola 400g, £3.50

FOOD OPERATING PROFIT PERFORMANCE

£m	H1	H2	FY 22/23	FY 21/22	Change vs. 21/22
Sales	3,317.5	3,900.5	7,218.0	6,639.6	8.7%
Operating profit before adjusting items	71.8	176.2	248.0	**277.8**	-10.7%
Operating margin	*2.2%*	*4.5%*	*3.4%*	*4.2%*	*-80bps*

Includes business rates relief of £24.6m



FOOD OPERATING PROFIT MARGIN BRIDGE

Operating profit margin before adjusting items	%
21/22	**4.2**
Business rates relief	(0.4)
Gross margin	(1.1)
Operating costs	0.7
22/23	**3.4**

Operating cost growth excluding business rates relief	**%**
Colleague pay, energy and other inflation	6.8
Growth	1.5
Investments/other	1.8
Cost savings and efficiencies	(5.7)
Underlying	**4.3**
3rd party distribution[1]	1.4
Total	**5.7**

[1] Relates to Cist operational costs of servicing 3rd parties

Cost growth of 5.7% less than sales growth of 8.7%, resulting in driving a 0.7ppt improvement in margin

TRADING PERFORMANCE IN CLOTHING & HOME

CLOTHING & HOME SALES

% Change from 21/22	H1	H2	FY
Total C&H	14.0	9.3	11.5
LFL	13.7	9.0	11.2
Online sales	4.9	4.8	4.8
Store sales	18.8	11.6	14.9

DRIVERS OF ONLINE SALES

52 Weeks Ended	1 Apr 23	2 Apr 22	% Change
Traffic (m)	446.5	405.7	10.1
Conversion (%)	6.7%	7.0%	(30) bps
Average order value (£)	58.6	55.4	5.8
Returns rate (%)	29.5%	25.6%	390 bps
Sales ex VAT (£m)	**1,176.4**	**1,122.7**	**4.8**

DRIVERS OF STORE SALES

52 Weeks Ended	1 Apr 23	2 Apr 22	% Change
Footfall (m) (average/week)	4.5	4.0	12.5
Transaction (m) (average/week)	1.8	1.7	5.9
Basket value inc. VAT (£)	37.4	34.9	7.2
Sales ex VAT (£m)	**2,538.6**	**2,209.5**	**14.9**

CLOTHING & HOME OPERATING PROFIT PERFORMANCE

£m	H1	H2	FY 22/23	FY 21/22	Change vs. 21/22
Sales	1,749.7	1,965.3	3,715.0	3,332.2	11.5%
Operating profit before adjusting items	171.4	152.4	323.8	**330.7**	-2.1%
Operating margin	*9.8%*	*7.8%*	*8.7%*	*9.9%*	*-120bps*

Includes business rates relief of £35.2m



CLOTHING & HOME OPERATING PROFIT MARGIN BRIDGE

Operating profit margin before adjusting items	%
21/22	**9.9**
Business rates relief	(1.0)
Gross margin	(2.9)
Operating costs	2.7
22/23	**8.7**

Operating cost growth excluding business rates relief	**%**
Colleague pay, energy and other inflation	4.1
Growth	2.7
Investments/other	1.4
Cost savings and efficiencies	(3.0)
Total	**5.2**

Cost growth of 5.2% less than sales growth of 11.5%, resulting in driving a 2.7ppt improvement in margin

INTERNATIONAL PERFORMANCE

TOTAL INTERNATIONAL

£m	22/23	21/22	Change vs. 21/22
Sales	1,055.0	937.2	12.6%
Operating profit before adjusting items	84.8	73.6	15.2%
Operating margin	*8.0%*	*7.9%*	*+10bps*

INTERNATIONAL EXCLUDING ROI

£m	22/23	21/22	Change vs. 21/22
Sales	741.0	637.8	16.2%
Operating profit before adjusting items	67.9	58.2	16.7%
Operating margin	*9.2%*	*9.1%*	*+10bps*

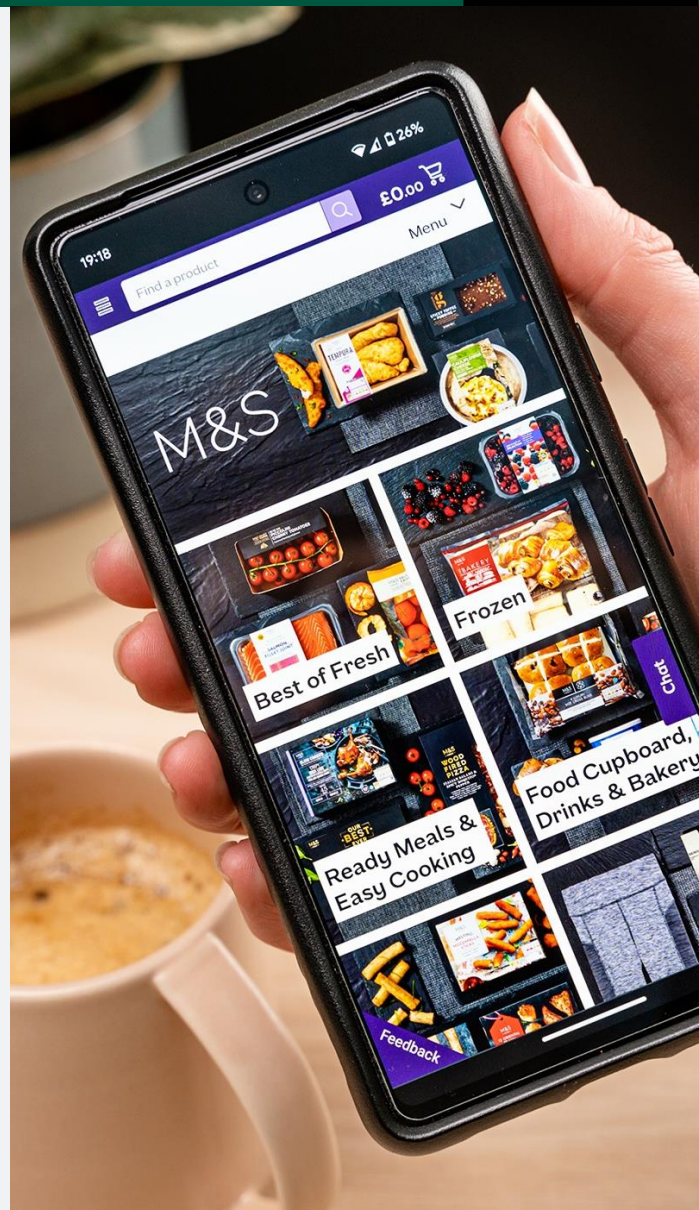


M&S Sharjah

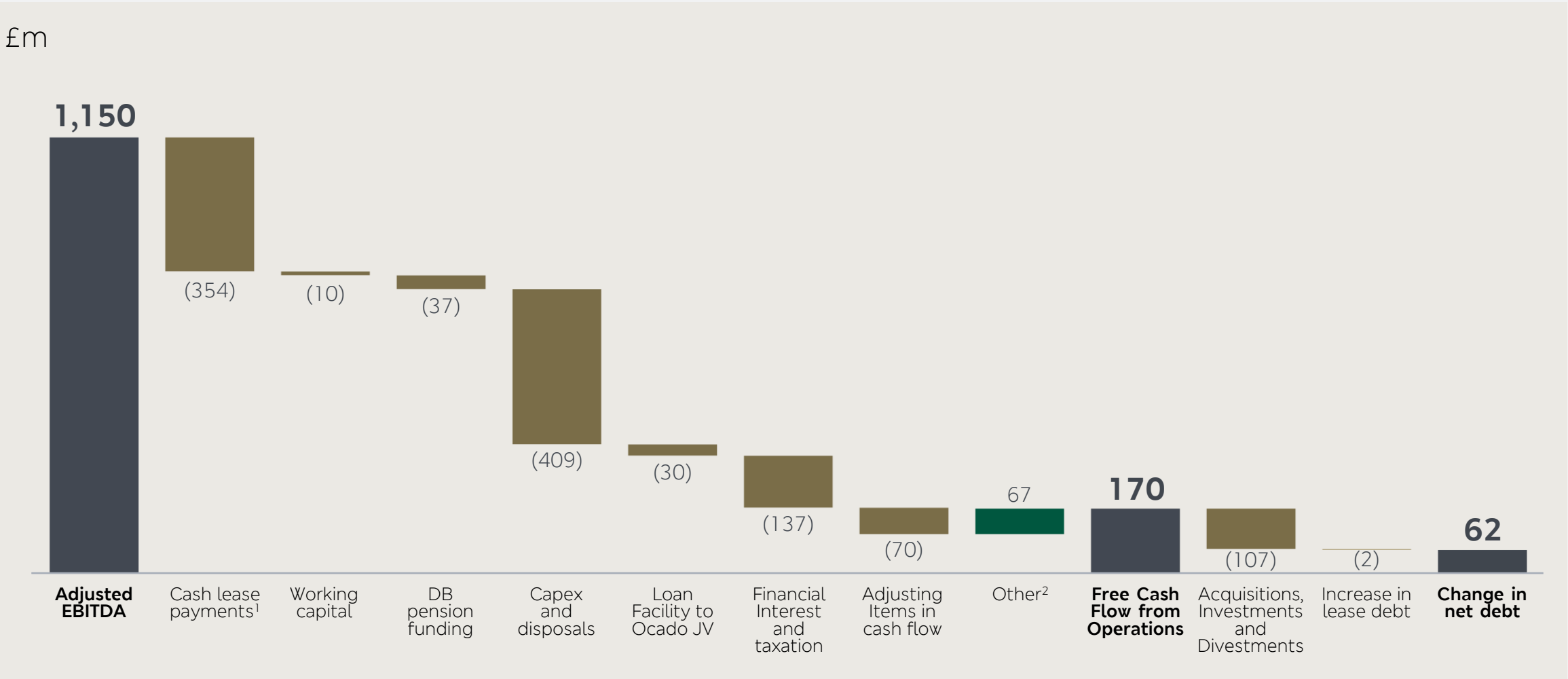
OCADO CONTRIBUTION TO M&S

SHARE OF (LOSS)/PROFIT

£m	52 w/e 26 Feb 23	52 w/e 27 Feb 22	Change £m
Revenue	2,222.0	2,248.8	(26.8)
EBITDA before exceptional items	**(15.1)**	**104.8**	**(119.9)**
Exceptional items	21.2	(14.4)	35.6
Depreciation and amortisation	(69.4)	(41.3)	(28.1)
Operating (loss)/profit	**(63.3)**	**49.1**	**(112.4)**
Net interest charge	(14.3)	(16.4)	2.1
Taxation	18.6	(4.9)	23.5
(Loss)/profit after tax	(59.0)	27.8	(86.8)
M&S 50% share of (loss)/profit after tax	**(29.5)**	**13.9**	**(43.4)**
Memo: M&S sales on Ocado.com	*625.6*	*615.9*	*9.7*



CASH FLOW AND CHANGE IN NET DEBT SINCE START OF YEAR



[1] Cash lease payments includes £220.3m repayment of lease liabilities, £11.5m of lease surrenders and £121.9m of interest

[2] 'Other' largely relates to reversal of Ocado loss, employee related share transactions and FX on International cash balances

CAPITAL EXPENDITURE INVESTMENT AREAS

CAPEX PRE-DISPOSALS IN 2022/23

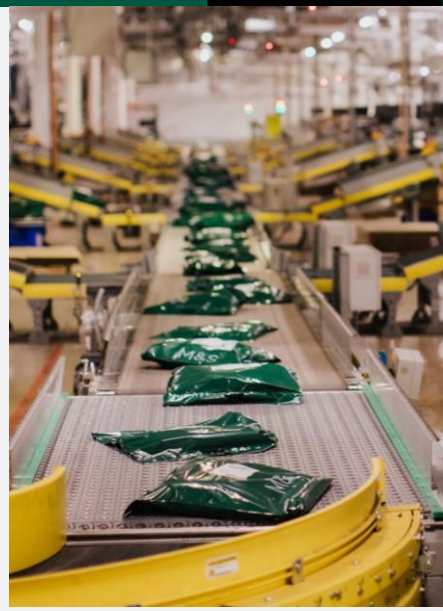
£403m

Accelerating store rotation	55	New UK stores
	70	UK store remodelling
	102	Property asset replacement
Modernised Supply Chain	37	Supply Chain
Digital	110	IT and M&S.com
	29	International

CAPEX EXPECTATION FOR 2023/24

c.£400m

Accelerating store rotation	90	New UK stores
	30	UK store remodelling
	110	Property asset replacement
Modernised Supply Chain	75	Supply Chain
Digital	80	IT and M&S.com
	20	International





CAPITAL ALLOCATION PRIORITIES

1. Focus on cash flow generation
2. Invest for growth and structural cost reduction
3. Balance sheet management – maintain and achieve investment grade credit metrics and rating
4. Restore the dividend



OUTLOOK AND GUIDANCE FOR 2023/24

Good start to the financial year with both Food and C&H in growth, but given uncertain outlook, expect market conditions to become more challenging

Modest growth in revenues driven by omni-channel growth and store rotation

Investment in trusted value, partly offset by actions to mitigate sourcing cost pressures and supported by structural cost savings of over £150m

Despite facing significant headwinds, we are encouraged by the strong foundations established last year



STUART MACHIN

Chief Executive





TRANSFORMATION PRIORITIES HELPING TO RESHAPE M&S



EXCEPTIONAL PRODUCT, TRUSTED BRAND

LEADING IN OMNI-CHANNEL

EXPANDED GLOBAL REACH

DELIVER PROFITABLE SALES growth

STRUCTURALLY LOWER COST BASE

HIGH PERFORMANCE CULTURE

IMPROVE OPERATING margins





DISCIPLINED INVESTMENT choices

ACCELERATING STORE ROTATION

MODERNISED SUPPLY CHAIN

COMPELLING CUSTOMER ECOSYSTEM

DRIVE SHAREHOLDER returns

DISCIPLINED CAPITAL ALLOCATION



CLOTHING & HOME BUILDING STYLE CREDENTIALS

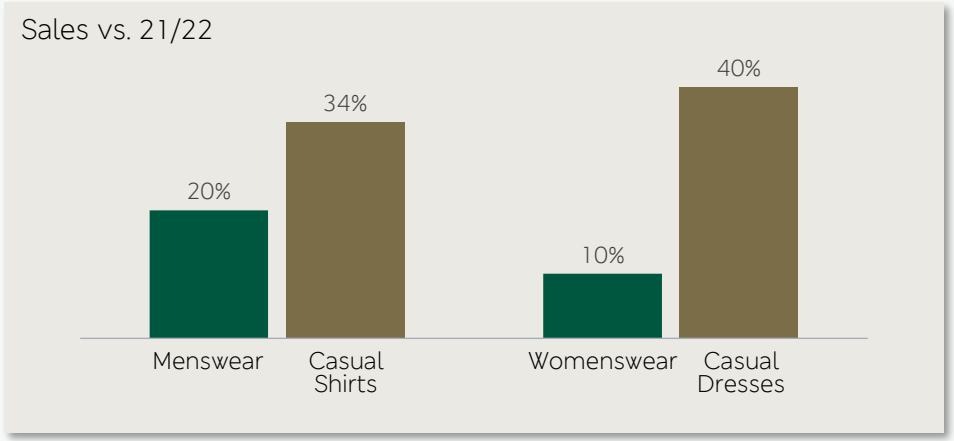
M&S
EST. 1884

CONFIDENT BUYING DRIVING IMPROVED SALES
Buying deeply into core lines; women's denim share 13%
Investing in areas critical to style perception
Digital analytics supporting buying decisions

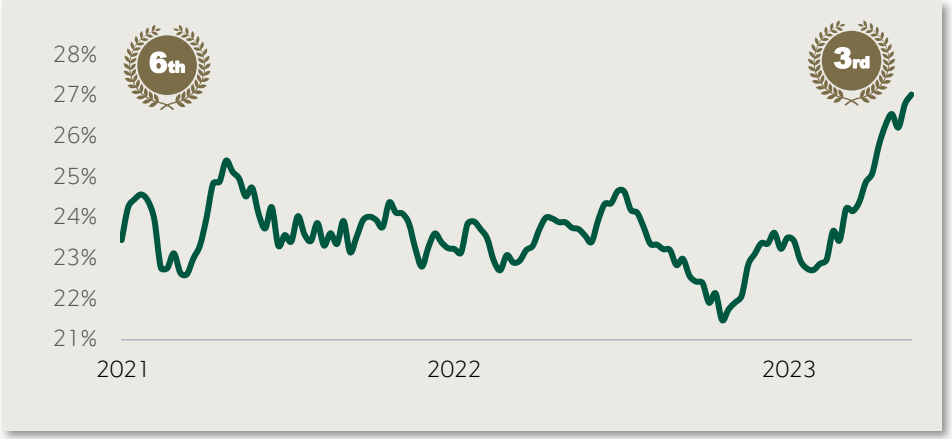
STRONG PERFORMANCE IN EVENT CATEGORIES
Formal strong, with men's Autograph sales up c.60%
Casual outperforms as part of focus on 'smart separates'
Home & Kids resilient; building style and driving awareness

SUSTAINED MARKET LEADING VALUE PERCEPTION
Full price sell through sustained on prior year
Number 1 on value, quality, sustainability perception
Style perception seeing strong improvement

CASUAL CATEGORIES DRIVING GROWTH



STYLE PERCEPTION AND RANKING IMPROVING



Source: YouGov



AUTOGRAPH
Cotton Modal Knitted Polo Shirt, £42.00

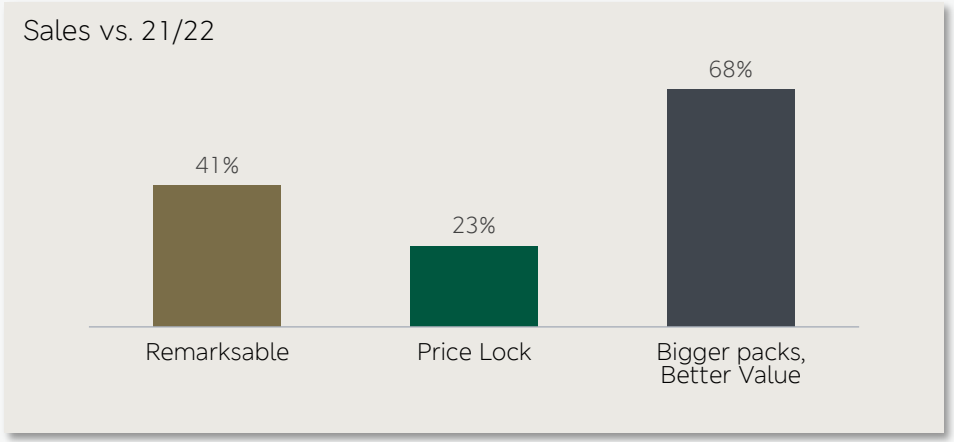
FOOD DRIVEN BY INVESTMENT IN INNOVATION & VALUE

FURTHER INVESTMENT IN TRUSTED VALUE
Protecting customers through limiting price inflation
Remarksable, Price Lock and Dine-In investment increased
Mix of value lines up; Remarksable in over c.20% of baskets

LEADING INNOVATION IN CENTRE-PLATE CATEGORIES
200 awards for innovation include RSPCA assured chicken
Strong seasonal and event sales; c.20% increase
Category resets in Homecare, Cereals, Frozen Desserts

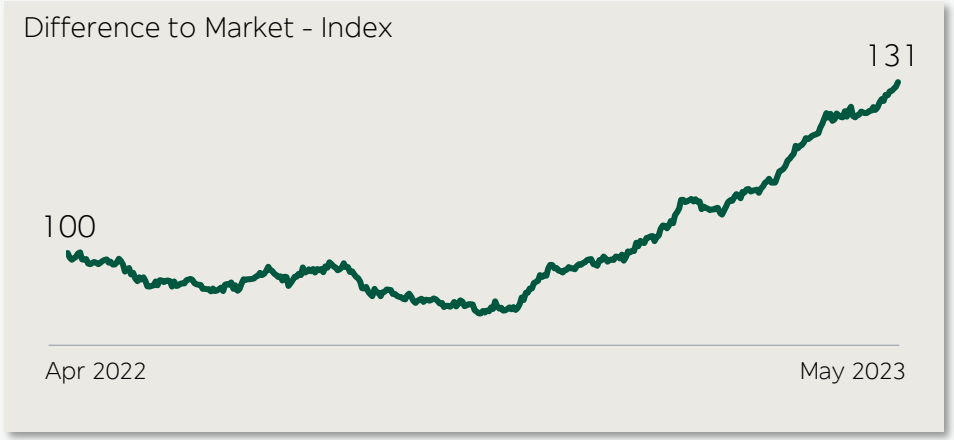
QUALITY AND VALUE PERCEPTION HIGHEST IN YEARS
Extended lead in quality perception
Strong position on sustainability
Value perception highest in six years

TRUSTED VALUE RANGES GROWING

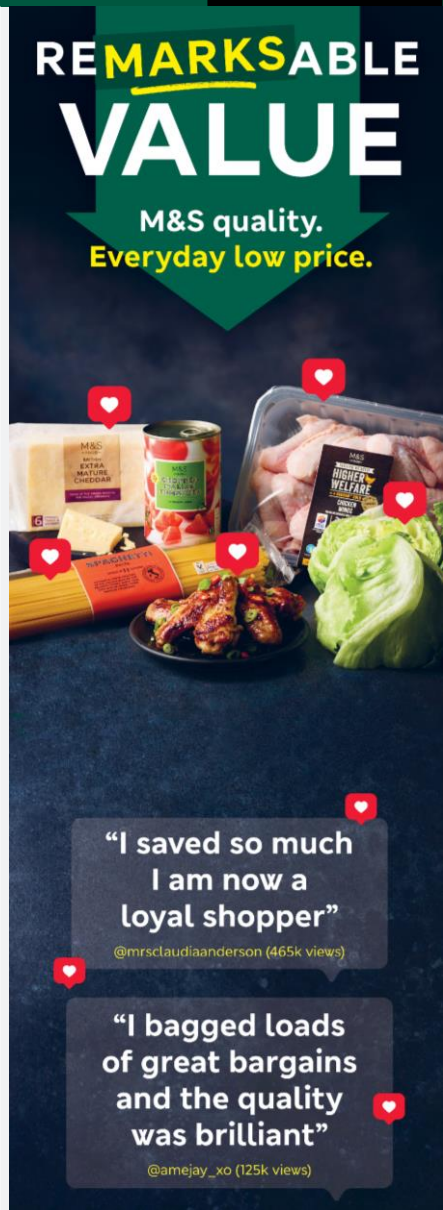


*Bigger Pack, Better Value

VALUE PERCEPTION SIGNIFICANTLY INCREASING

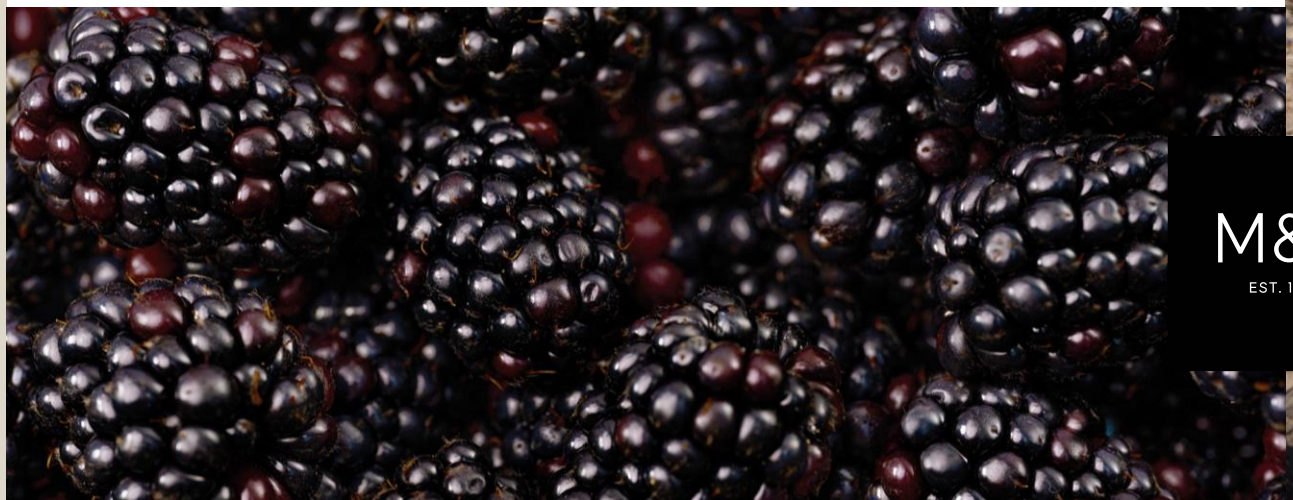


Source: M&S Internal data based on You Gov



KATIE BICKERSTAFFE

Co-Chief Executive





CLICK & COLLECT SALES SUPPORT GROWTH IN C&H ONLINE

M&S EST. 1884

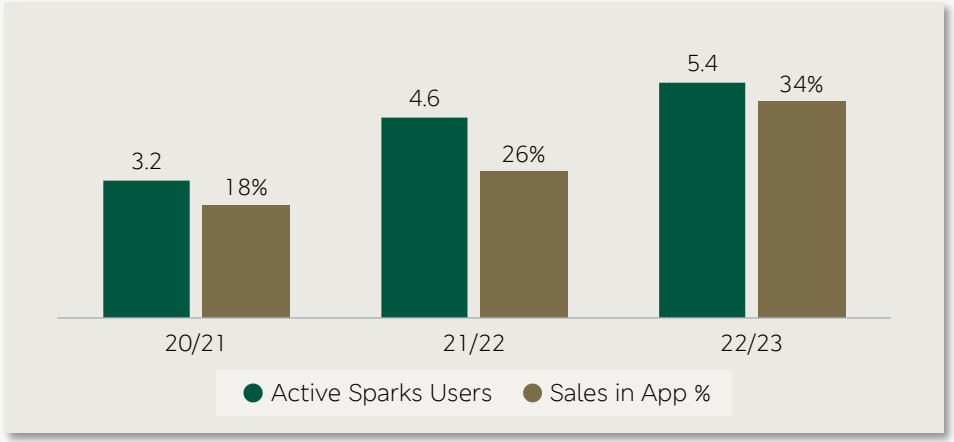
ONLINE GROWTH WITH CLICK & COLLECT STRENGTH
Online sales grew 4.8% despite challenging comparatives
Click and Collect continues to grow; +20% year-on-year
Returns rates normalised to pre-Covid levels

SPARKS AND APP HELPING RETAIN CUSTOMERS
M&S active App users increases by c.40%
Sparks & App create personalised 'shop front' to M&S
Personalisation growing; 1.3bn interactions, c.22% total

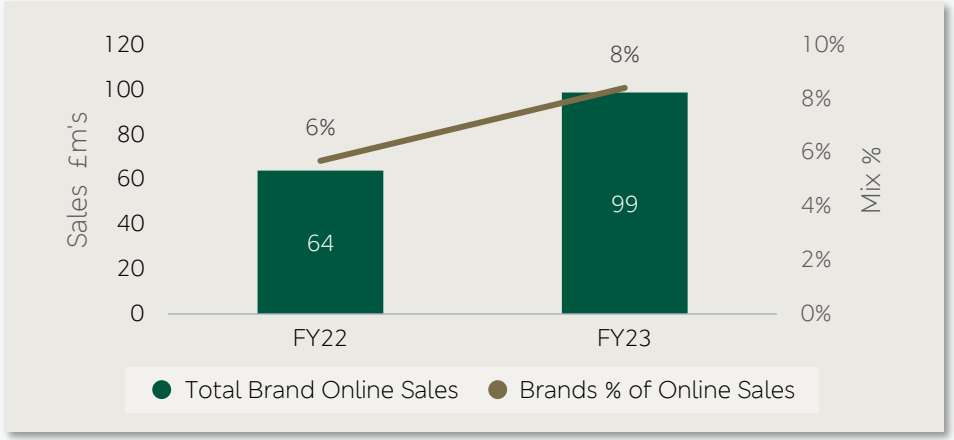
CREATING CONSISTENT SERVICE ACROSS CHANNELS
Digital Click and Collect being rolled to the estate
In-store fulfilment expanding capacity over peak periods
Simplifying returns process through local 'hub' stores

EARLY-STAGE GROWTH OF 3RD PARTY BRANDS
Trading with over 140 partners, with increasing relevance
Total 3rd party clothing brand sales doubled
Dropship to smooth on-boarding and reduce cost

GROWTH IN ACTIVE SPARKS USERS AND APP SALES



3RD PARTY BRAND ONLINE SALES AND MIX







OCADO RETAIL RESET, M&S FOOD IN GROWTH

RESETTING THE CUSTOMER PROPOSITION
'Perfect Execution' focus to improve customer service
Investing in value to broaden appeal
Working on improved front end experience in next phase

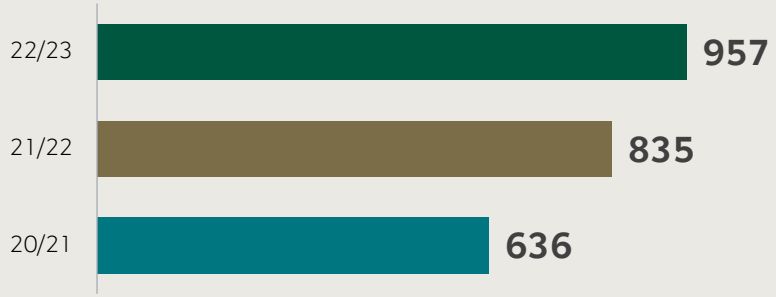
MORE COLLABORATION BETWEEN OCADO AND M&S
M&S range increasing, over 300 core lines added
Developing the M&S omni-channel Food offer
Further efficiencies sought in sourcing and logistics

IMPROVING OPERATING COSTS
Network optimisation; Hatfield ceasing operations
Shifting volume to more productive sites
Marketing efficiencies and overhead reductions

SUBSTANTIAL GROWTH AND PROFIT POTENTIAL
Strength of M&S Brand, coupled with Ocado's technology
Buying synergies generating increased M&S volumes
Invested capacity to grow sales and recover profitability

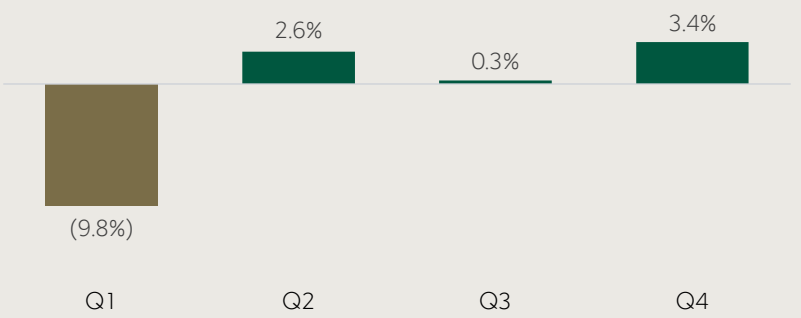
ACTIVE CUSTOMERS CONTINUE TO GROW

Average Active Customers at Year End (000's)



LAST THREE QUARTERS IN GROWTH

Ocado Retail Sales by Quarter vs LY (%)







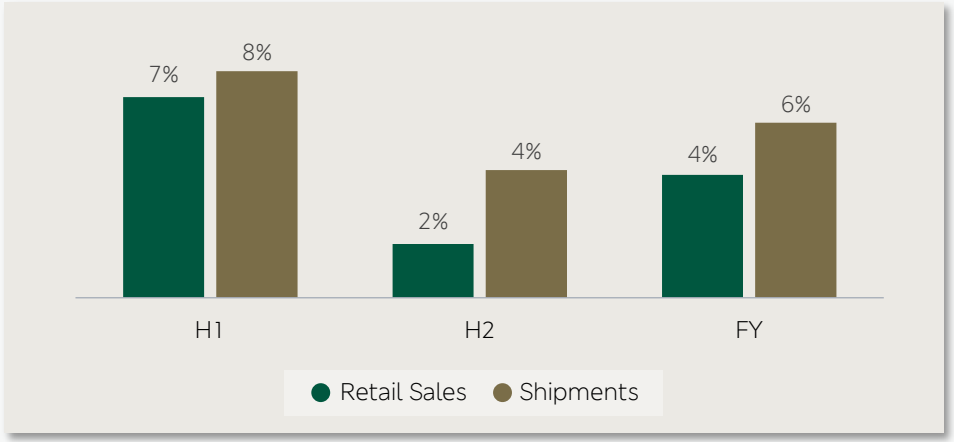
EXPANDING GLOBAL REACH THROUGH STRONG PARTNERSHIPS

DEMAND RECOVERY ACROSS PARTNER MARKETS
Partner sales driven by C&H; total retail sales +8%
Strong partner sales in the Middle East and Asia
Resilient performance despite market exits

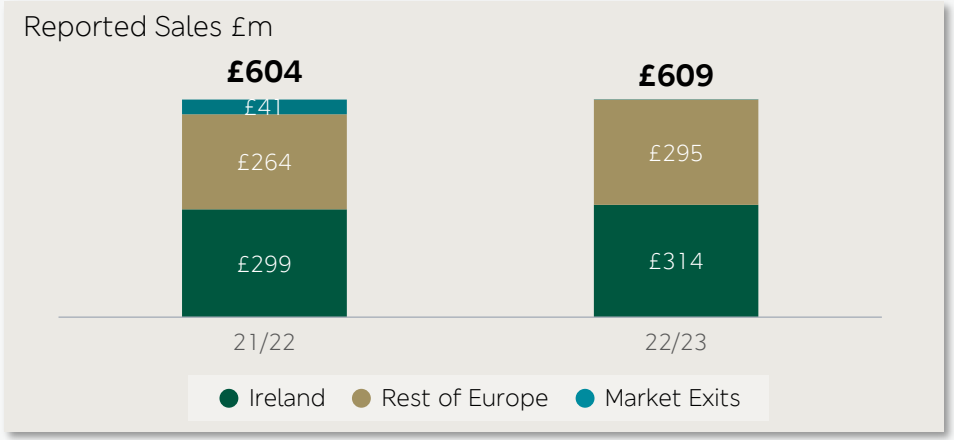
INVESTING IN EUROPEAN OPERATIONS
Online recovery in H2 led by marketplace demand
New Croatia hub supporting EU shipments
Improving customer proposition key focus

IMPROVING REPUBLIC OF IRELAND FOOD MARGINS
Food operations continued to be impacted by Brexit
Increased local sourcing and cost restructuring
New franchise partnerships; Applegreen encouraging

FRANCHISE SHIPMENTS AHEAD OF RETAIL SALES



GROWTH IN EUROPE DESPITE MARKET EXITS







STUART MACHIN

Chief Executive





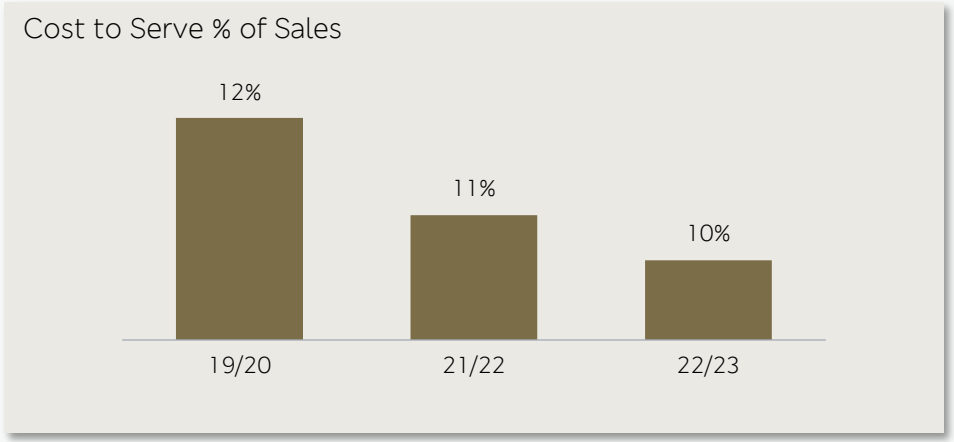
STRUCTURALLY REDUCING COSTS

INCREASING RETAIL EFFICIENCY
70% food transactions self-serve in self-checkout stores
Implementing efficient labour scheduling process
Investing to reduce energy costs

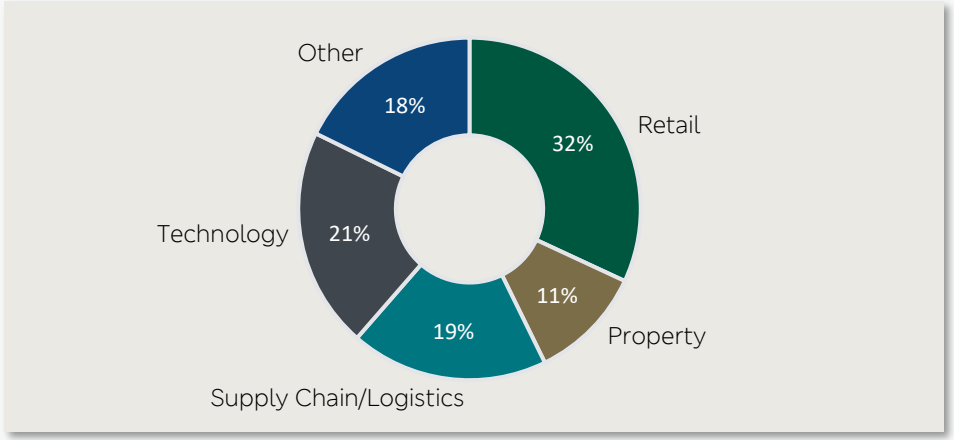
REDUCING COST IN THE SUPPLY CHAINS
Simpler single tier network
Improved returns processes, reducing stock movements
Investing in automation to drive down costs

SIMPLER, STREAMLINED SUPPORT CENTRE
Digital and tech teams combined, improving efficiency
Streamlining central functions to reduce cost
Closer to colleagues and customers

ALREADY ACHIEVING TARGET RETAIL COST TO SERVE



PLANNED STRUCTURAL COST REDUCTIONS BY CATEGORY





CREATING A CULTURE OF DELIVERY

CLOSER TO COLLEAGUES AND CUSTOMERS

Substantial investment in pay & reward

Working between stores and offices to increase efficiency

Support centre colleagues working in store



SIMPLER, FASTER ORGANISATION

Digital leadership reset

Technology, digital product and data teams unified

M&S Connect, with Bank and Sparks under one team



RAISING THE BAR ON TALENT

Fast track learning & Future Leaders programmes

Robust goals linked to nine priorities



BUILDING THE SKILLS FOR TOMORROW

Data science and AI apprenticeship expanded

BEAM academy continues to grow

Product Academy for omni-channel selling & service skills



MAKING DISCIPLINED INVESTMENT CHOICES

M&S EST. 1884

ACCELERATING STORE ROTATION

Creating high productivity stores in growth locations
8 new full-line shops & 10 food stores in the coming year
80+ stores in renewal format; supporting bigger baskets

MODERNISING THE FOOD AND C&H SUPPLY CHAINS

Aiming to create a lower cost; flow focused network
C&H: Strategic supply, systems upgrades, omni-network
Food: Gist benefits; new forecasting system, network plan

DIGITALLY CONNECTED CUSTOMER EXPERIENCE

Loyalty and payment supported by efficient technology
Personalisation developed and Sparks Pay launched
Connected experience through unified 'single sign on'

WHAT ROTATION ACHIEVES: CHESTERFIELD EXAMPLE



	21/22	22/23 Actuals to Date*
C&H Space (k sq.ft.)	20.7	+65%
C&H Sales	£1.82m	+137%
Food Space (k sq. ft.)	10.7	+13%
Food Sales	£3.7m	+67%

<4yrs Payback

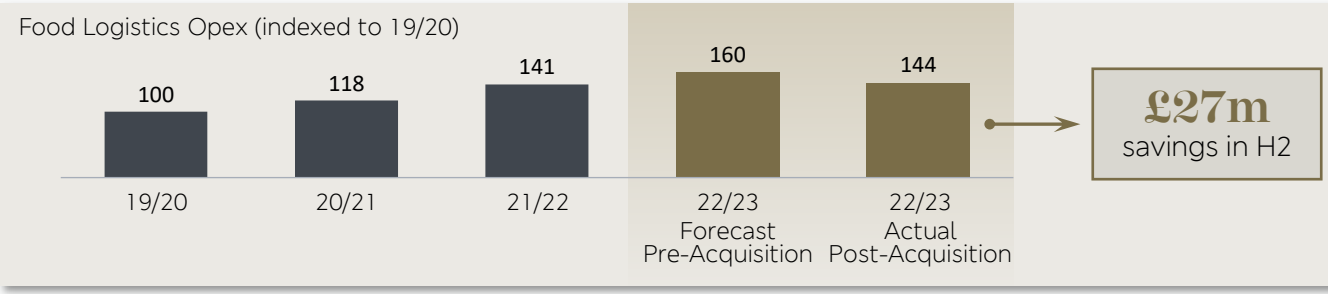


Old

New

* 21/22 refers to December 2021 – March 2022. Actuals to date refer to December 2022 – March 2023

GIST ACQUISITION DELIVERS IN-YEAR SAVINGS



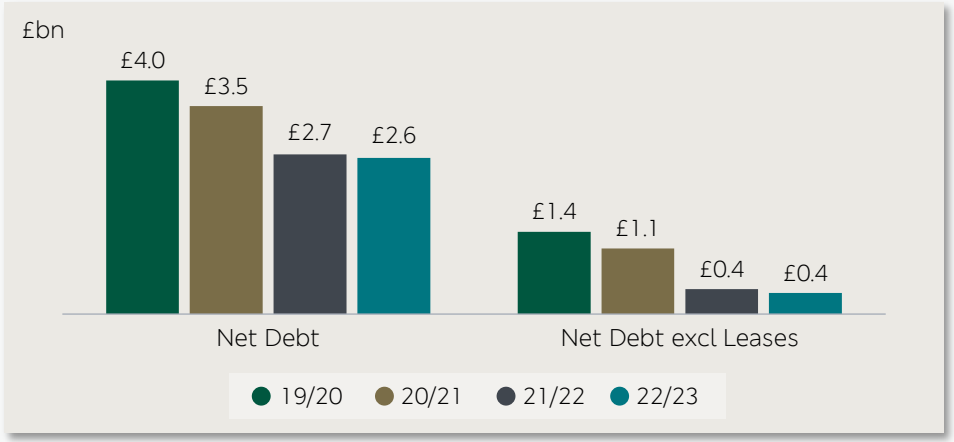
DRIVING SHAREHOLDER RETURNS – PLAN TO RESTORE DIVIDEND

FOCUS ON CASH FLOW GENERATION
Prioritising generation of cash flow
Investing in growth and structural cost reduction
Hurdle rates commensurate with risk

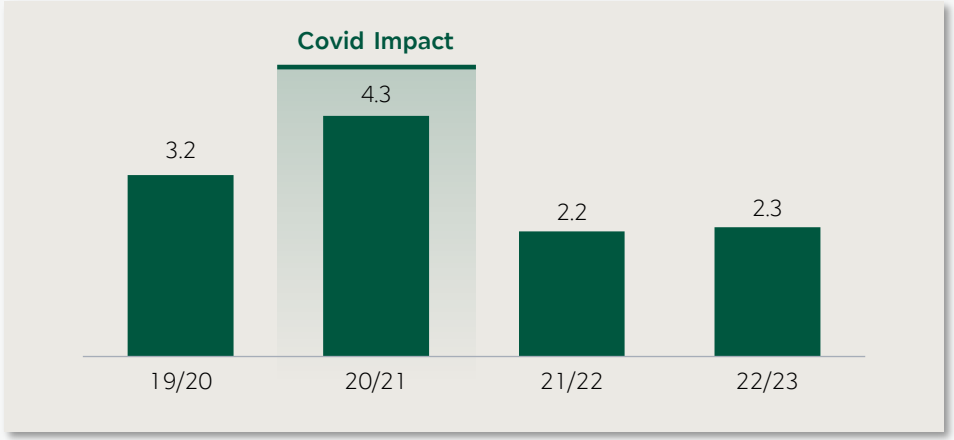
MAINTAINING INVESTMENT GRADE BALANCE SHEET
Objective to achieve/maintain investment grade rating
Net debt reducing and substantial cash balance
Key credit metrics now at 'investment grade' levels

PLAN TO RESTORE DIVIDEND IN FY24
Investments for growth can be funded from cashflow
Modest dividend planned in the coming year

NET DEBT CONTINUING TO REDUCE



NET DEBT: EBITDA SIGNIFICANTLY LOWER THAN 19/20





M&S Collection
Floral Square Print Midi Smock Dress, £45.00
Satin Collared Long Sleeve Shirt, £29.50
Linen Blend Ruched Sleeve Blazer, £59.00
Twill Wide Leg Trousers, £39.50
Faux Leather Cross Body Bag, £19.50

RESHAPING M&S FOR GROWTH

DELIVERED STRONG RESULTS
Plans to reshape M&S beginning to drive performance
Customers thinking about M&S differently; greater value in Food, improving style in C&H
Inspiring omni-channel renewal stores; opportunity for M&S growth through Ocado

RESHAPING M&S FOR GROWTH
Continuing to invest in trusted value for customers
Investing in store rotation, supply chain and technology
Structurally reducing costs and driving efficiencies

CONFIDENT OF DELIVERY IN THE YEAR AHEAD
Good start to the year with growth in both businesses
Despite uncertain outlook, optimistic about what can be achieved in the year ahead
The Board plans to restore the payment of dividends to shareholders in FY24





M&S Collection
Pure Cotton Bardot Beach Top, £35
Woven Tote Bag, £29.50

APPENDICES

M&S
EST. 1884



ADJUSTING ITEMS

	£m
Strategic programmes	
UK store estate	(51.3)
Structural simplification	(16.4)
Organisation	(10.7)
UK logistics	(10.5)
Other adjusting items	
Store impairments & other property charges	15.1
Acquisition of Gist Limited	(22.1)
Amortisation and fair value adjustments arising as part of the investment in Ocado Retail Ltd	(14.0)
M&S Bank charges	(2.0)
Franchise restructure	0.4
Remeasurement of Ocado Retail Limited contingent consideration	108.0
Net finance costs incurred in relation to Gist Limited deferred and contingent consideration	(2.8)
Total adjusting items	**(6.3)**





STRONG RESULTS AS M&S RESHAPES FOR GROWTH

QUARTERLY SALES PERFORMANCE VS. 21/22

% change to 21/22	Q1	Q2	Q3	Q4	FY
Food	6.6	4.5	10.2	13.2	8.7
Food LFL	3.4	2.5	6.3	9.2	5.4
Clothing & Home	18.2	10.3	8.8	10.2	11.5
Clothing & Home LFL	17.6	10.2	8.6	9.6	11.2
Total UK Sales	**10.3**	**6.5**	**9.7**	**12.3**	**9.6**
Total UK LFL	7.9	5.1	7.2	9.3	7.3
International	16.9	10.9	12.5	5.2	11.2
Group Sales*	**10.8**	**6.8**	**9.9**	**11.6**	**9.8**
Memo					
M&S.com	5.2	1.1	-0.2	8.3	3.0
Clothing & Home.com	7.0	2.9	0.7	11.1	4.8

*At constant currency



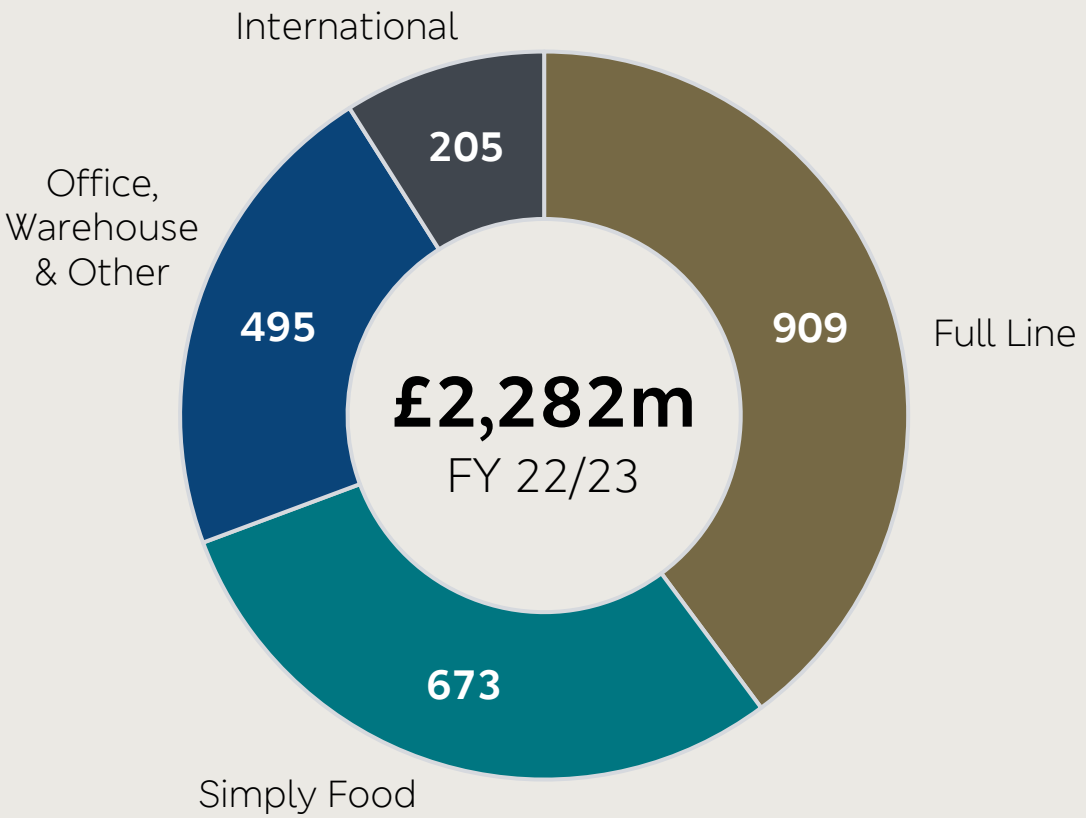
M&S Collection
Cotton Denim Floral Embroidered Jacket, £45.00
Jersey Round Neck Midi Tiered Dress, £27.50

DEPRECIATION AND AMORTISATION

	FY 22/23				
£m	**Food**	**C&H**	**Intl**	**Other**	**Group**
Adjusted operating profit	**248**	**324**	**85**	**(30)**	**627**
Depreciation					
Tangible asset	112	143	13	-	268
Right of use asset	85	56	25	-	166
Amortisation	33	48	6	-	87
Write off & disposal costs	11	(6)	(3)	-	2
Depreciation & Amortisation	**241**	**241**	**41**	**-**	**523**
Underlying EBITDA	**489**	**565**	**126**	**(30)**	**1,150**
Interest payable on leases	47	51	13	-	111



LEASE LIABILITY BREAKDOWN





STORES AND SELLING SPACE

		NUMBER OF STORES					
UK	**Selling space (m sq. ft)**	**Mar 23**	**Mar 22**	**Openings**	**Closures**	**Closures of which: Relocations**	**Change**
Shopping Centre	1.5	16	16	0	0	0	0
Retail Park	4.5	80	77	3	0	0	3
High Street – large	4.8	71	74	0	(3)	0	(3)
High Street	2.2	79	82	0	(3)	(3)	(3)
Full line total	**13.1**	**246**	**249**	**3**	**(6)**	**(3)**	**(6)**
Outlets	0.3	30	32	0	(2)	0	(2)
Food Stores - Owned	2.6	321	316	6	(1)	0	5
Food Stores - Franchise	0.8	467	463	10	(6)	0	4
UK stores	**16.8**	**1,064**	**1,060**	**19**	**(15)**	**(3)**	**4**
C&H	9.9						
Food	6.1						
International		**Mar 23**	**Mar 22**	**Openings**	**Closures**		**Change**
Owned/JV	1.8	159	152	10	(3)		7
Franchise	2.9	247	300	12	(65)		(53)
International stores	**4.8**	**406**	**452**	**22**	**(68)**		**(46)**