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## Investor Seminar

**1<sup>st</sup> April 2014**  
**Paris**

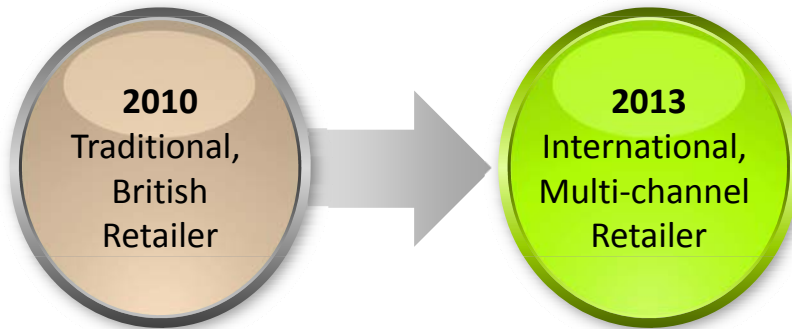
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### INTERNATIONAL STRATEGY

**Marc Bolland**  
Chief Executive

## Transforming the business

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## International, multi-channel retailer

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Interims November 2010

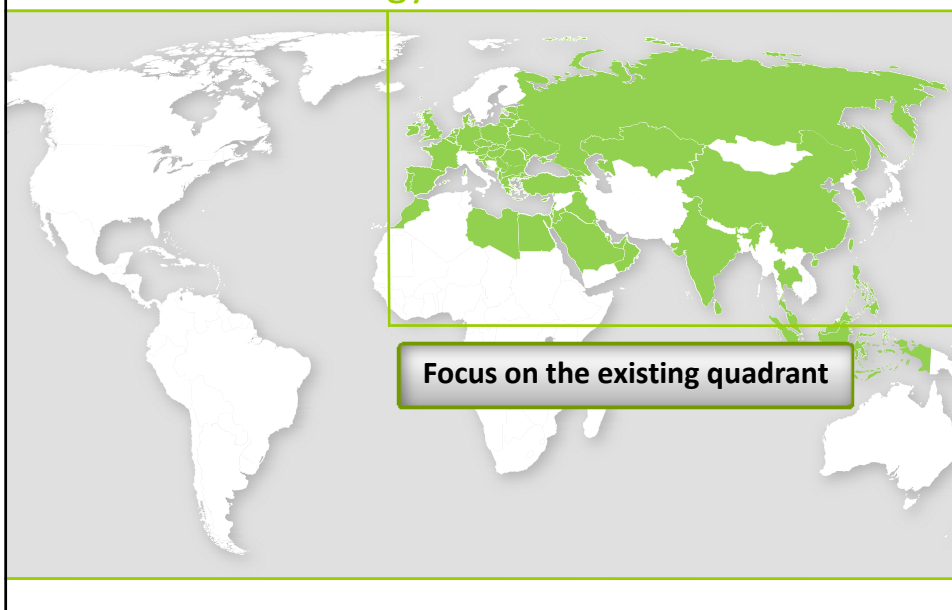
## International environment

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- The clothing market is developing into a global market place
  - The internet is playing a growing role in international markets
  - Flagship stores increasingly deliver brand presence and standout
  - Shopping malls are key vehicles for international trade
- ➡ We need to build the brand internationally and be .com ready

## International strategy 2015

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Flagships with clicks in higher penetration online markets

Flagships and store density in lower penetration online markets

- India
- China
- Middle East
- Russia
- Western Europe

**Develop owned markets:  
GM & Food  
key partners**

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**Supported by clicks in higher penetration online markets**

## Western Europe strategy

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- Focus on Flagships
- Drive online opportunity
- Drive food opportunity

## Focus on Flagships

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The Hague  
4,800 sqm

Champs Élysées  
1,000 sqm

Beaugrenelle  
3,000 sqm

## Drive online opportunity

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Trouver un magasin | Aide | Mon compte | Suivi de ma commande | FR - Français

Mon panier: 0 articles

Saisir un mot clé ou une référence

Déjà client? S'identifier | Nouveau client? S'enregistrer

Brit Chic | Femme | Lingerie | Homme | Enfant Et Bébé | Maison | Bons Plans | Soldes

→ Dépêchez-vous : Jusqu'à -50 % sur les vêtements Femme, Homme et Enfant et la décoration jusqu'au 27 Mars

Livraison gratuite à domicile | 5€ offerts lors de votre inscription à la newsletter M&S

# STYLE FESTIVAL

Oubliez la grisaille, place à l'été avec des couleurs vives et lumineuses : de quoi patienter jusqu'aux beaux jours qui arrivent à grands pas

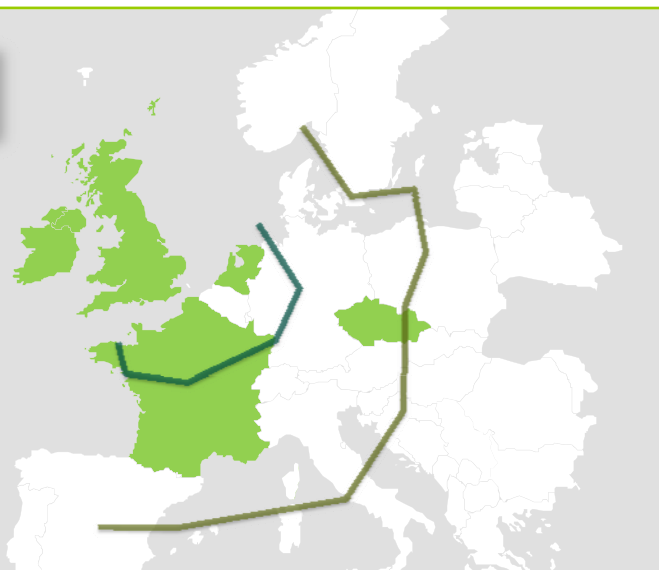
FEMME » HOMME » ENFANT »

— UNE COLLECTION PRINTEMPS-ÉTÉ 2014 HAUTE EN COULEUR —

## Fresh Food opportunity for Western Europe

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Same day delivery —  
Next day delivery —



## INTERNATIONAL UPDATE

**Jan Heere**

International Director

## Where we were in 2010/11

2010



337 stores in 41 territories, no websites



Export organisation



Shotgun approach to expansion

## Where we are today 2013/14

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2013

- 455 stores in 53 territories, 9 local websites
- Stronger international organisation
- Clear focused strategy
- Improved partner relationships
- 36% growth in three years\*

\*excluding Ireland

## Priority market: India update

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### BUILDING A LEADERSHIP POSITION

- Targeting 100 stores in India by 2016
- Flagship stores in Mumbai and Delhi with supporting stores
- Entering secondary cities such as Surat and Kanpur

Number of stores: 38

Operating Model: Joint Venture

Partner: Reliance Retail

## Priority market: China update

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**Number of stores:**  
15 in Shanghai, 15 in Hong Kong

**Operating Model:** Owned

**Website:** Online store on TMall

### DEVELOPING OUR PRESENCE

- Strong results in Hong Kong
- Focus on Flagships and central stores in Shanghai
- Flagship locations in Beijing and Guangzhou
- Local partner for roll-out
- Leverage E-commerce

## Priority markets: Franchise update

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**Number of stores:** 264

**Number of territories:** 32

**Total space:** 280,000 sq m

### DRIVING OUR FRANCHISE BUSINESS

- Strong & motivated partners
- Capital light
- Local market knowledge
- Immediate returns
- Accelerated growth

## Western Europe strategy

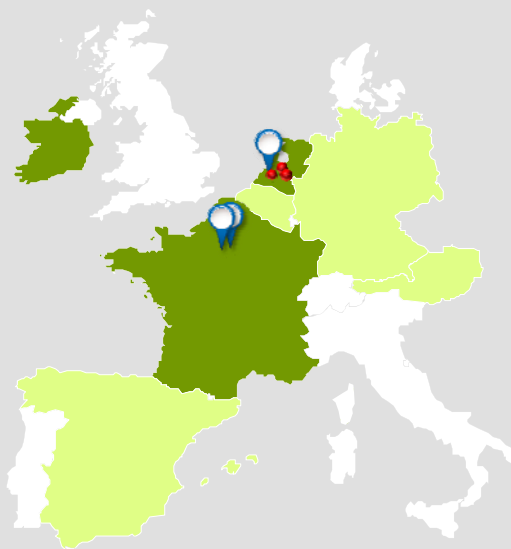
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- Focus on Flagships
- Drive online opportunity
- Drive food opportunity

## Western Europe: Where we are today

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- Bricks & Clicks
- Website only
- Flagship store
- Franchise Food stores



## France

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### Customer response:

- 1m customers visited our Paris stores in December 2013
- Autograph and cashmere are very strong
- No.1 stores for Indian meal boxes, Scotch pancakes & Devon scones

### Business update:

- Sales c. £50m in 2013/14
- Two full line stores opened in last 6 months, next full line store opens 9<sup>th</sup> April
- Stores will be profitable in three years as planned
- Stores will meet the hurdle rate of 12-15% IRR

## Case study: The Hague Flagship

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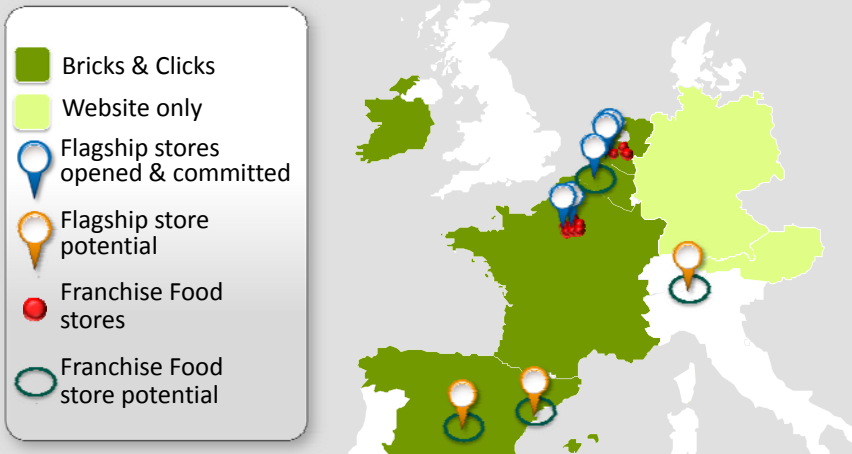


- 350,000 customers since the opening in February
- #MSDENHAAG was the 5<sup>th</sup> highest trending topic in the Netherlands
- Autograph accounts for 20% of total GM sales
- No.1 M&S store for clotted cream and crumpets

**Blueprint for future European flagship stores**

## Western Europe potential

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**By 2016/17: Sales of c.£250m (excluding Italy & Spain)**

## International growth potential

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### Ambition for the next three years:

- 250 new stores, 60% franchise
- Enter new territories with existing partners
- Increase International revenue by 25%
- Increase International profit by 40%

## INTERNATIONAL UPDATE

### Patrick Bousquet-Chavanne

Executive Director, Marketing & Strategy

## Future opportunities: Lingerie & Beauty

- New concept bringing together the very best of M&S's lingerie & edited beauty offer to customers internationally

### ● Roll out plans:

- Two stores now open in Saudi Arabia, aim for c.10 stores in the next two years
- First store to open in India this spring, aim for c.20 stores in the next two years

- Interest from other franchise partners to roll out the concept

MARKS & SPENCER  
*Lingerie & Beauty*



## INTERNATIONAL FOOD

### Steve Rowe

Executive Director, Food

## The International Food business today

31

Territories sell food

Food revenue and growing

£300m

+8%

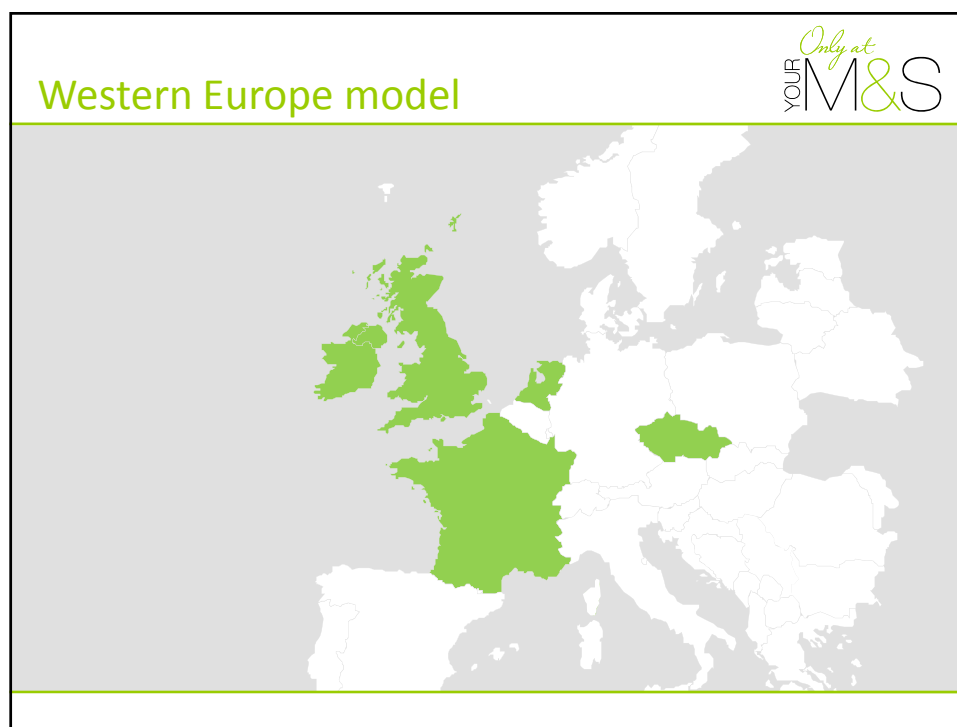
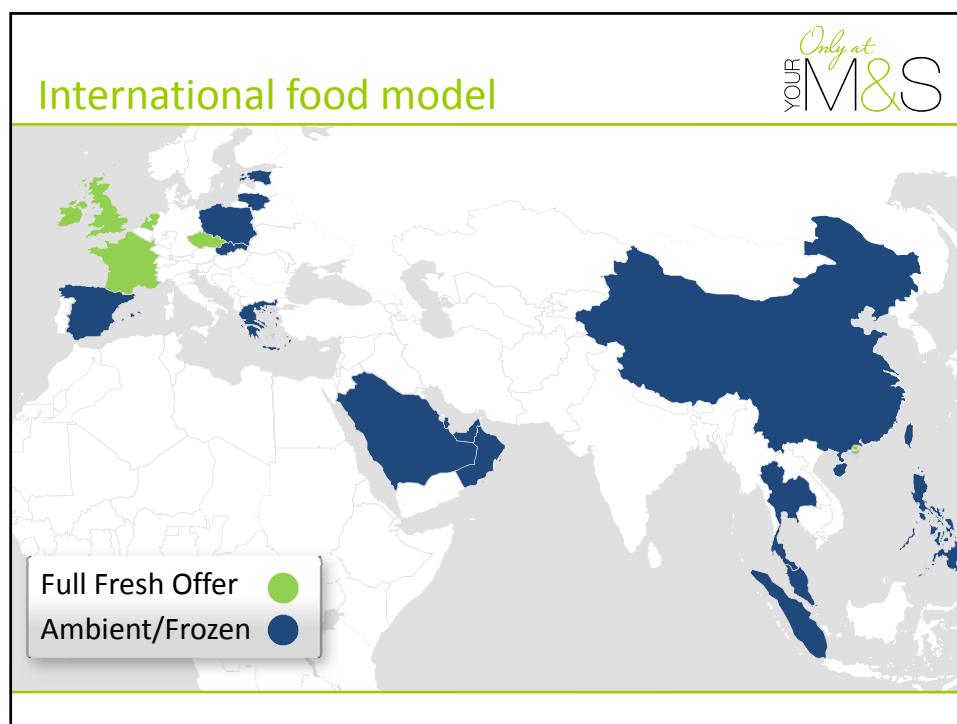
+1.2%

Positive LFL in Ireland

Rest of the world

+24%

+4%  
LFL



## Why M&S Food works internationally

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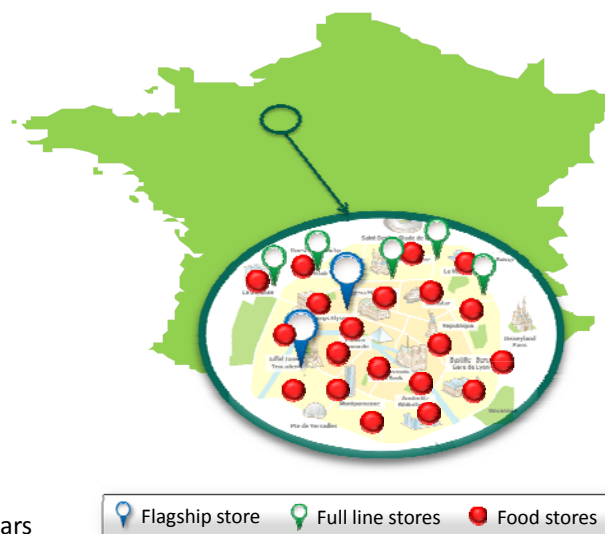
- Evolving lifestyles
- Growth of convenience
- Unique offer
- Brand strength
- Strong UK business



## Paris - case study

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- Strategy for Paris
  - Flagship
  - Food stores
  - Transport hubs
- Unrivalled products
- Early success
  - Highest Food RPFs in business
- Accelerating growth with franchise partners: 20 stores in next three years

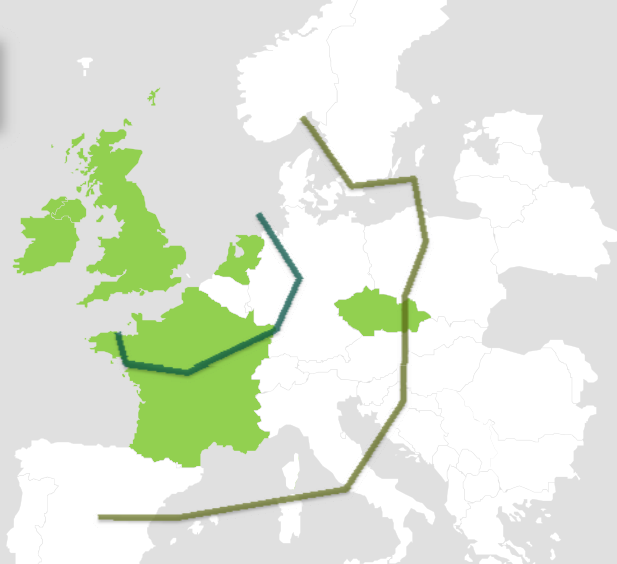


Store locations for illustrative purposes only

## Western Europe potential

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Same day delivery —  
Next day delivery —



## International Food strategy

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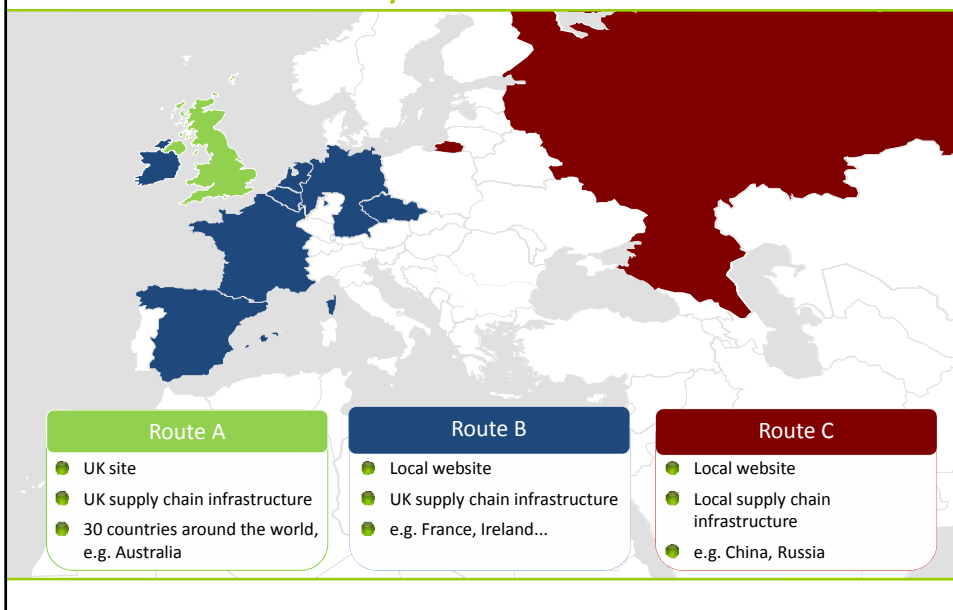
- Successful re-launch of Food Internationally
- Extend M&S Food presence in Western Europe
- Optimal store portfolio in key cities
- Focus on priority markets

## INTERNATIONAL ONLINE STRATEGY

**Laura Wade-Gery**

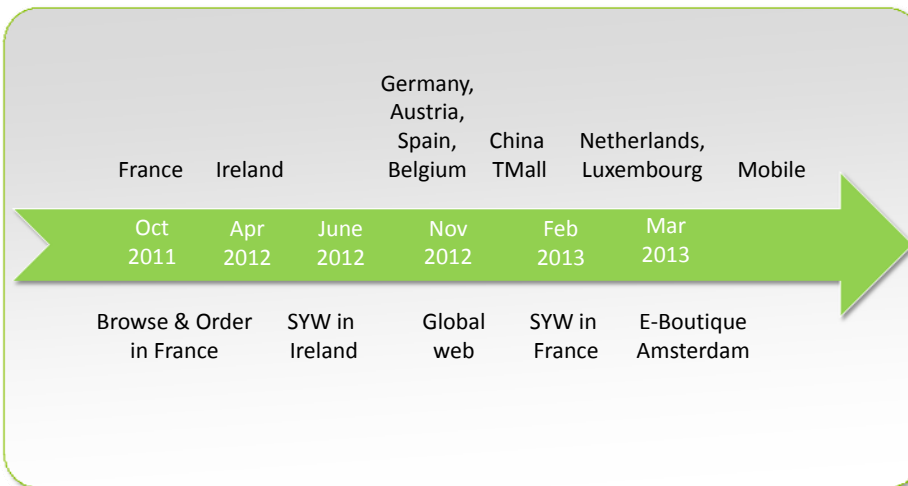
Executive Director, Multi-channel E-commerce

### Where we are today



## International E-commerce timeline

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## M&S E-commerce business in Europe

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### ● Different models:

- Bricks & Clicks
- 'Pureplay'
- .com platform



## 2013/14 has been a busy year

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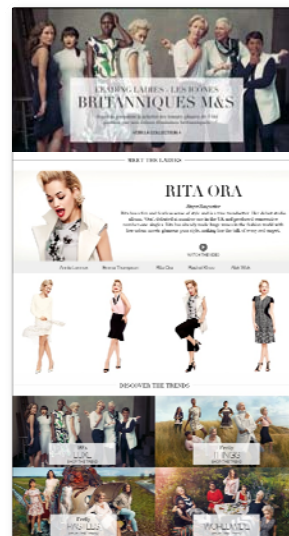
- Launch of new .com platform
- Brought International tech development in-house
- Transitioned International on to some of the new .com technology
- Pick from store in China



## Priorities for the year ahead

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- Local websites adopt new .com look & feel, weaving in editorial
- Leverage new fulfilment infrastructure:
  - Faster 'Shop Your Way'
  - Roll-out collection points
- Launch in Russia and Finland



## INTERNATIONAL STRATEGY

**Marc Bolland**

Chief Executive

### International Strategy - summary

- Transformation to International, Multi-channel retailer is on track
- Flagship strategy is working
- Well prepared for .com driven markets
- Franchise roll-out of fresh food in Europe
- Significant new opportunities exist in Lingerie & Beauty
- International markets have strong growth potential
- Franchise & partnerships will drive the majority of growth

## Q&A