

Issued: 9 January 2014

**MARKS AND SPENCER GROUP PLC
QUARTER 3 2013/14 INTERIM MANAGEMENT STATEMENT
13 WEEKS TO 28 DECEMBER 2013**

	Quarter 3 13 weeks to 28 December 2013	Christmas trading 8 weeks to 24 December 2013 ¹
Group sales ²	+1.8%	+3.2%
Total UK sales	+1.5%	+2.7%
- Like-for-like	-0.2%	+1.0%
Food	+4.1%	+3.8%
- Like-for-like	+1.6%	+1.5%
General Merchandise	-1.1%	+1.5%
- Like-for-like	-2.1%	+0.5%
M&S.com sales	+22.7%	+24.1%
International sales ²	+4.5%	+8.2%

Marc Bolland, Chief Executive said:

"We delivered an improved performance in General Merchandise over the important Christmas period, with sales up 1.5% in a highly promotional market. However, an exceptionally unseasonal October, which saw GM sales down strongly, has resulted in a quarterly performance below our expectations.

"Our Food business had an excellent quarter, with 4.1% growth and record sales over the Christmas period, including our biggest day ever in food of £64m on the 23rd December.

"M&S.com also had a great quarter with sales up 23%, strongly ahead of the market. Our strategy to transform M&S into an international, multi-channel retailer, will keep on improving our .com service with the launch of our new platform and our new warehouse at full capacity.

"I'd like to thank all of our colleagues for their exceptional hard work and commitment over the key Christmas period."

Marks and Spencer Group plc
Registered Office:
Waterside House
35 North Wharf Road
London W2 1NW
Registered No. 4256886
(England and Wales)

Trading summary

This has been a challenging quarter for the general merchandise market, with unseasonal conditions and higher than ever levels of discounting. Against this backdrop, we held our full price trading stance for much of the quarter, but as the level of promotional activity in the marketplace intensified in the run up to Christmas, we responded with a number of promotions.

We saw early signs of improvement in our Womenswear business, with customers responding positively to our re-focus on quality and style, resulting in small market share growth in this area for the first time in three years³. We delivered a good performance across key categories including coats, dresses and footwear. We managed stocks tightly, resulting in a clean position at the end of the quarter.

Our Spring/Summer collection has been very well received by the fashion press.

Our Food business delivered excellent results, with continued outperformance of the market and record sales over the festive period, up 6.1% over the food market's key Christmas and New Year trading period⁴. This included our biggest ever day at £64m, up 17% on our previous record in 2011. We launched c. 800 new products giving customers more choice than ever for a special Christmas, with record results in party food, desserts and deli. One in four families enjoyed an M&S turkey on Christmas Day.

M&S.com delivered a strong performance with total sales up 23%, and General Merchandise .com sales up 32% over the eight week Christmas trading period, well ahead of the market. This was driven by an increase in both traffic to the site as well as conversion, which was ahead of last year. Customers increasingly turned to mobile devices, with orders from tablets up over 100% and mobile phones up over 80%. We are continuing to build up the volume processed through our new e-commerce distribution centre and our new web platform is on track to launch this Spring, both of which will make a meaningful difference to our service.

The International business continued to perform well, with strong performance across most of the countries we trade in, especially in our key markets in India and China which delivered double digit growth.

Guidance

We now expect the full year gross margin in Food to be slightly ahead of the previous guidance of up 50 to 60bps. As a result of the investment in promotional activity, we now expect General Merchandise gross margin to be down 30 to 50bps. This will result in the full year UK gross margin being broadly level on last year. All other guidance remains unchanged.

Outlook

Given continued pressure on disposable incomes, we remain cautious about the outlook. Our focus is on continuing to transform Marks & Spencer into an international, multi-channel retailer.

Marks and Spencer Group plc will report its fourth quarter trading statement on 10 April 2014.

¹ 1 November to 24 December 2013

² Stated on ex-VAT and constant currency basis. International sales at actual currency were +5.6% on year for the quarter and +9.0% over the Christmas trading period.

³ Kantar 12 weeks to 24 November 2013

⁴ Three weeks to 4 January 2014

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 Thursday 9 January 2014:

Dial in number: +44 (0)20 8515 2301

A recording of this call will be available until 19 January 2014:

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

Access Code: 4660382#

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