

Issued: 2 April 2015

## Press Release

### MARKS AND SPENCER GROUP PLC QUARTER 4 2014/15 TRADING STATEMENT 13 WEEKS TO 28 MARCH 2015

**'Food outperformed the market; General Merchandise performance improved'**

Marks & Spencer continued to make strong progress against its four priorities for the year:

**1) Food business outperformed the market**

- Another strong performance in a difficult market: sales +3.7%; LFL +0.7%
- Specialist positioning continues to set us apart; record Valentine's sales
- New Simply Food stores performing well

**2) GM and Womenswear sales performance improved**

- General Merchandise: sales +1.3%, LFL +0.7%
- Customers recognising continued improvement in product quality and styling
- M&S.com sales back in growth as planned: sales +13.8%

**3) General Merchandise gross margin improvement on track**

- Good progress on gross margin: guidance unchanged at +150 to +200bps
- Full price sales up, discount participation slightly lower

**4) Strong cash generation**

- Improved operating costs performance: guidance improved from c. +2.0% to c. +1.5%
- Continued tight control of costs and capital expenditure

**Marc Bolland, Chief Executive, said:**

"We have made strong progress over the quarter. In Food we delivered another excellent performance, with sales growth ahead of the market. We continued to deliver on General Merchandise gross margin, and are pleased that we have achieved this whilst also improving General Merchandise sales. M&S.com has returned to growth, as planned, with further improvement in customer metrics."

## Trading summary

Food sales grew both at total and like-for-like level, as our specialist positioning continued to deliver results, in a difficult, deflationary quarter for the food market. Customers turned to us for special times of the year as well as everyday quality they can trust. We had a record Valentine's Day and launched over 350 new products over the quarter. We continue to invest in price in order to stay competitive while protecting the gross margin, with full year guidance of +10 to +30bps unchanged.

General Merchandise performance improved this quarter, driven by continued focus on product quality and styling. Our Spring/Summer ranges have been well received by customers, as evidenced by strong improvement in customer research scores, as well as great fashion press coverage, including that of our iconic suede skirt. In line with our plan for the year, we promoted less and focused more on full price sales. However, this was partly off-set by more stock going into the Christmas sale as a result of the unseasonal conditions through the Autumn/Winter season.

Macro-economic issues particularly in our Russia, Ukraine and Turkey franchise partnership, coupled with further weakening in the Euro, have significantly impacted International second half profit. Our key priority markets such as India continue to perform well.

M&S.com sales returned to growth as planned, with the website metrics including traffic, conversion and customer satisfaction continuing to improve. Our new distribution centre at Castle Donington performed well during the quarter.

Against the backdrop of recovering consumer confidence but continuing low inflation, our strategy remains to become an International Multi-channel retailer with focus on: General Merchandise gross margin and sales; cash flow and continuing growth in Food sales.

Marks and Spencer Group plc will report its full year results on 20 May 2015.

Fourth quarter sales	13 weeks to 28 March 2015
Food	+3.7%
- Like-for-like	+0.7%
General Merchandise <sup>1</sup>	+1.3%
- Like-for-like	+0.7%
M&S.com sales <sup>2</sup>	+13.8%
Total UK sales	+2.7%
- Like-for-like	+0.7%
International sales <sup>3</sup>	-3.8%
Group sales <sup>3</sup>	+1.9%

<sup>1</sup>Clothing sales were +1.2%, LFL +0.6%

<sup>2</sup>Memo only

<sup>3</sup>Stated on ex-VAT and constant currency basis. International sales at actual currency were -6.3% and Group sales were +1.6%.

*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 8.30am on Thursday 2 April 2015:

Dial in number: +44 (0)20 3427 1901  
Access Code: 8933609

A recording of this call will be available until 17 April 2015:

Dial in number: +44 (0)20 3427 0598  
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