

Issued: 7 April 2016

Press Release

Marks and Spencer Group Plc Quarter 4 2015/16 Trading Statement 13 Weeks to 26 March 2016

'Another good quarter in Food; more to do in Clothing and Home'

Food sales continue to outperform the market

- Sales +4.0%; LFL +0.0%; grew market share to 4.3%
- New store opening programme performing ahead of expectation

Significant increase in Clothing and Home gross margin

- Gross margin now expected to be between +240 to +250bps
- Continued improvement in buying margin and some investment in price

Some progress in Clothing and Home sales but more to do

- Sales -1.9%; LFL -2.7%; reduced proportion of sales on promotional discount
- M&S.com sales +8.2%; further improvement in customer satisfaction

Strong cash generation

- Continued tight management of costs and cash
- £150m share buyback programme completed

Steve Rowe, Chief Executive, said:

"I am very proud and privileged to be leading M&S. We are focused on getting even closer to our customers and putting them at the heart of everything we do.

"We had a mixed performance in the final quarter of the year. Our Food business once again outperformed the market by c.3.5% pts. Although the sales decline in Clothing and Home was lower than last quarter, our performance remains unsatisfactory and there is still more we need to do.

"Turning around our Clothing and Home business by improving our customer offer is our number one priority. I will update you on my thoughts on the business in May."

Trading summary

Overall, group sales were +1.9% for the quarter.

The Food business continued to outperform a highly competitive market. In line with our strategy, our store opening programme continues to drive strong sales growth. We opened 80 new stores in the year and as a result we grew our market share to 4.3%. Customers turn to us for special occasions and this quarter was no exception with our biggest ever Mothers' Day. We continued to invest in our special and different products launching 400 new lines whilst also offering great value for our customers.

In Clothing and Home, we faced a challenging backdrop characterised by price deflation and a flat market. Spring/Summer season launched with significantly higher product availability than last year. We continued to make improvements across range and design, for example, our Autograph sales were up 10%. We also began to reduce the proportion of sales on promotional discount and will continue to do so as we head into the new financial year. However as flagged at quarter three, we had more stock into sale. At the same time, we invested in sharpening our prices on a number of lines, whilst delivering a strong gross margin improvement. Although these actions contributed to the sales run rate improving since the last quarter, we still have a number of areas to address.

M&S.com delivered a good performance with strong improvement in customer satisfaction scores driven by improved website speed and ease of navigation. We ran fewer online only promotions giving customers a more consistent shopping experience across our channels.

Despite improved sales in both our franchise and owned businesses in International, the previously guided currency pressure and challenging trading conditions are still expected to heavily impact the full year profitability.

Fourth quarter sales	13 weeks to 26 March 2016
Group sales¹	+1.9%
Food ²	+4.0%
- Like-for-like	+0.0%
Clothing and Home ²	-1.9%
- Like-for-like	-2.7%
M&S.com sales ³	+8.2%
Total UK sales	+1.6%
- Like-for-like	-1.1%
International sales ¹	+3.8%

¹Stated on ex-VAT and constant currency basis. International sales at actual currency were +4.3% and Group sales were +1.9%.

²Timing of Easter contributed 1.0% to Food and 0.4% to Clothing and Home sales. ³Memo only.

Outlook

We now expect the full year Clothing and Home gross margin to be between +240 to +250bps. All other trading guidance remains unchanged.

Marks and Spencer Group plc will report its full year results for the 53 weeks ended 2 April 2016 on 25 May 2016. All of the above guidance is stated on a 52 week basis.

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.

For further information, please contact:

Investor Relations:

Majda Rainer +44 (0)20 8718 1563

Helen Cox +44 (0)20 8718 8491

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

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

Investors & Analysts Conference Call:

The call will be hosted by Steve Rowe and Helen Weir at 8.30am on Thursday 7 April 2016:

Dial in number: +44 (0)20 3427 1907

Access Code: 4274999

A recording of this call will be available until 17 April 2016:

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

- Ends -