

Issued: 10 January 2019

## Press Release

### Marks and Spencer Group Plc Quarter 3 2018/19 Trading Statement 13 Weeks To 29 December 2018

“Steady performance in difficult markets and transformation plan on track.”

Third quarter revenue, constant currency	£m	Total	Like-for-like
<b>Total UK<sup>1</sup></b>	<b>2,782</b>	<b>-2.7%</b>	<b>-2.2%</b>
Food	1,679	-1.2%	-2.1%
Clothing & Home	1,103	-4.8%	-2.4%
<b>International<sup>2</sup></b>	<b>262</b>	<b>-15.1%</b>	
<b>Group</b>	<b>3,044</b>	<b>-3.9%</b>	

<sup>1</sup> As reported at half year results, cards & gift wrap revenue has been reclassified from Clothing & Home to Food

<sup>2</sup> International revenue down 1.4% excluding impact of the sale of our Hong Kong business to our franchise partner and the closure of stores in loss making exit markets

#### Highlights

- Steady like-for-like performance with transformation programme on track
- Clothing & Home revenue reflecting lower footfall to stores, partly as a result of increasing pace of closures, with online growth of 14% driven by improvements to proposition and operations. Stock into sale down c.25%, as a result of planned reduction in stock levels
- Food like-for-like revenue reflecting price investment and the transition to trusted value with early signs of volume improvement and solid growth over the Christmas weeks
- Full year guidance remains unchanged

Steve Rowe, Chief Executive said: “Against the backdrop of well publicised difficult market conditions our performance remained steady across the period. Our Food business traded successfully over Christmas as customers responded to improved value. Our transformation programme remains on track. ”

The combination of reducing consumer confidence, mild weather, Black Friday, and widespread discounting by our competitors made November a very challenging trading period. However, overall our 13-week performance was steady with some early encouraging signs.

In Clothing & Home we are at the early stages of far reaching changes in range, in style, customer focus and channel mix. Our objective is to reshape our buy, deliver market leading value and focus

on stylish and wearable wardrobe “Must-Haves” as we grow our business with family aged customers seeking style, quality and value.

Improvements to our online proposition and operations helped us to mitigate lower footfall to stores resulting from, in part, the increasing pace of change in the store estate. Our Clothing & Home online sales performance was strong, with UK revenue up 14%, supported by an increased focus on digital marketing together with improvements to our delivery proposition and our operations at Castle Donington. Womenswear online growth significantly outperformed driven by areas including dresses and knitwear reflecting our “Must-Haves” and social media campaigns.

A solid performance in October and on-going actions to improve the flow of stock in our supply chain resulted in a c.25% reduction in stock in to the December sale. Our planned reduction in stock carrying levels meant that stock into sale was the lowest in five years.

We expect to see more far reaching changes in range and store development as the year ahead unfolds.

In Food we started on a journey to re-engineer the range and value proposition six months ago and are now making good progress. The underlying trend reflects the transition to ‘trusted value’ as we lower prices and remove complex and confusing multi-buy promotions. There are early signs of volume growth and we expect to see more momentum under a strong new management team as the year progresses.

Customers responded well to our Christmas ranges and campaign resulting in solid volume growth over the Christmas period, with the majority of stores delivering like-for-like revenue growth.

International revenue reflects the impact from the sale of our Hong Kong business to our franchise partner and the closure of stores in loss making exit markets. Excluding these effects, International revenue decreased 1.4% at constant currency largely due to the timing of franchise shipments and investment in improved pricing.

The full year guidance remains unchanged. We will report our full year results on 22 May 2019.

- Ends -

*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 regarding risks to Marks & Spencer’s business, please consult the risk management section of the 2018 Annual Report (pages 20-24).*

*The forward-looking statements contained in this document speak only as of the date of this announcement, and Marks & Spencer does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

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**Investor & Analyst Conference Call:**

The call will be hosted by Steve Rowe and Humphrey Singer at 8.00am on Thursday 10 January 2019:

Dial in number: +44 (0) 330 3369411

Confirmation Code: 2093969

A recording of this call will be available until Thursday 17 January 2019:

Dial in number: +44 (0) 20 7660 0134

Replay Code: 2093969