

Marks and Spencer Group Plc
Trading Update for 19 Weeks To 14 August 2021
STRONG START TO THE YEAR AND INCREASED GUIDANCE ON
PROFIT OUTLOOK

Based on trading in the 19 weeks to 14 August 2021, M&S is today updating the market on the resulting improvement in its sales performance and profit delivery. At the start of the year, continued restrictions across large parts of the M&S store portfolio meant that the trading outlook was highly uncertain. Since then, M&S has seen an encouraging performance providing confirmation that the transformation programme is on track.

Food revenue in the period has outperformed, increasing 10.8% on last year and 9.6% on 2019/20. Core categories and retail park locations have traded strongly. Hospitality and franchise are progressively improving, although remain below 2019/20 levels due to reduced footfall and the slow return to more normal work patterns. Despite the variable location performance, overall trading has been ahead of the market. To date, cost reduction programmes are helping to mitigate cost inflation and disruption in the supply chain, and the cost of increased colleague absence in the period.

Clothing & Home has seen a good recovery in its performance. Revenue is up 92.2% on last year and down just -2.6% on 2019/20. The change in our approach to trading, including more focussed ranges, fewer promotions and a substantially smaller summer sale, has resulted in full price sales up c.9% on 2019/20. The pivot to online has continued with store sales down -19.8% on 2019/20 as many locations remain in slow recovery from the pandemic, although retail parks have outperformed. MS2 has continued its momentum as the business improves its online and data capability. Clothing & Home online sales are up 61.8% on 2019/20 and comprised c.35% of total Clothing & Home sales, and our guest brands and Sparks programme are performing well.

International revenue is up 39.7% on last year and down only -5.2% on 2019/20 despite the impact of lockdown in India in the early part of the financial year and substantial Brexit related effects on the supply of Food to our businesses in the Republic of Ireland and France. The push into global online remains promising with sales up c.40% on last year and more than doubling on 2019/20.

Outlook

Although there has likely been an element of pent-up consumer demand in trading to date, we believe this performance provides strong confirmation of the beneficial effects of the last 18 months "Never the Same Again" changes. Despite this, there remains substantial uncertainty as to the continued strength of consumer demand, as well as disruption in both supply chains and consequent pressures on costs and margin.

However, assuming no further Covid-related restrictions on trading, at this early stage we expect adjusted profit before tax for the year to be above the upper end of previous guidance of £300-350m. We will report half year results on 10 November 2021 at which point we will provide more detailed financial guidance for the balance of the year.

Revenue, 19 weeks to 14 August ¹	% vs 20/21	% vs 19/20
Clothing & Home	92.2	-2.6
Food	10.8	9.6
International	39.7	-5.2
Group	29.1	4.4

<i>C&H online</i>	22.2	61.8
<i>C&H stores</i>	177.5	-19.8
<i>Food ex hospitality/franchise</i>	7.1	16.6

¹ Unaudited revenue for the 19-week period from 4 April to 14 August at constant currency.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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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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