

Press Release

MARKS &
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MARKS & SPENCER GREATER CHINA STRATEGIC REVIEW
-M&S will continue to trade profitable business in Hong Kong-
-M&S plans closure of ten mainland China stores-

Marks & Spencer has today announced the findings of its strategic review for Greater China, following a comprehensive review of all of its 466 International stores.

The review has looked at the performance and potential of each of the Group's international markets. It has shown that within Marks & Spencer's wholly-owned business in Greater China, the business is profitable in Hong Kong, however its ten stores in mainland China continue to make a loss.

PROFITABLE HONG KONG BUSINESS

- Marks & Spencer has a profitable wholly-owned business in Hong Kong, where it has traded since 1988, which benefits from strong brand awareness, an established store estate of 26 stores and loyal customer base.
- This Christmas, M&S is continuing to develop its popular Food offer, with its largest ever festive Food range, and three Food pop up stores located at Causeway Bay (Windsor House), Kowloon Bay (Mega Box) and Tuen Mun Town Plaza.

LOSS MAKING STORES IN MAINLAND CHINA

- Marks & Spencer's stores in China continues to make a loss. As a result, Marks & Spencer will be commencing discussions with its 441 employees^a in China with regards to its intention to close all of its ten stores in China.
- Customers across China can continue to shop Marks & Spencer products via leading online marketplaces, TMall.com and JD.com whilst the Group continues to review the best way to retain its online presence in China.

Adam Colton, Managing Director of Greater China at Marks & Spencer, said: "Following our wider, comprehensive International review, it is clear our business in Greater China is separated into two parts: a profitable business in Hong Kong and loss-making retail business in China. In Hong Kong, we have an established presence with 26 stores and our customers have embraced our quality, innovative clothing and food products.

"However, our review has shown that our stores in mainland China continue to make losses and as result we can no longer trade with a store presence in the Chinese market. We recognise the impact that these plans for mainland China will have on our colleagues there and we will engage with them continuously throughout this process."

Marks & Spencer's Strategic International Review

Marks & Spencer's review has shown that its International business is separated into two parts: an owned business that is loss making in a number of markets, and a profitable franchise business which made a profit of £87m last year.

^a Full time: 271 employees. Part time: 170 employees

Last year the Group's owned businesses in ten markets made a loss of £45m on revenues of £171m, and some markets have now been loss making for at least five years. The review has found this is due to a number of factors including its fragmented store owned-store portfolio and lack of scale. Additionally, there is limited opportunity for future growth in these markets.

Marks & Spencer is proposing to close all of its 53 wholly-owned stores in these ten markets, including ten in China and seven in France, as well as its stores in Hungary, Lithuania, Poland, Slovakia, Romania, the Netherlands, Belgium and Estonia.

At a Group level, if, following the outcome of the consultation, Marks & Spencer goes ahead with these proposals, it will incur non-underlying costs in the range of c.£150m to £200m, of which the vast majority will be cash, largely driven by property-related costs and redundancy costs.

Going forward Marks & Spencer proposes to operate with fewer wholly-owned markets and have a greater focus on its established joint ventures and franchise partnerships. Marks & Spencer will use its local market customer insights to build a more sustainable international business by focusing on improving customers' experience and driving profitability.

Marks & Spencer has 268 franchise stores in 34 markets, as well as established joint ventures in Greece and India. Working together with partners there, the Group will leverage their scale, infrastructure and local expertise. Marks & Spencer will also continue to develop its Food franchise business in France where there is a demand for its quality, innovative products at convenient locations.

In addition to Hong Kong, the Group will continue to operate owned businesses in the Republic of Ireland and Czech Republic, which are more profitable with strong brands resonance, established stores estates and customer bases.

Marks & Spencer also trades online in 21 markets reaching customers through its fully localised owned and operated websites, via established marketplaces such as Myntra in India and Zalando in Europe with its established franchise partners.

In summary, Marks & Spencer remains fully committed to an international strategy and believes its proposals would create a more sustainable, profitable and customer-focused International business for M&S.

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Notes to Editors

- Marks & Spencer entered Hong Kong in 1988 and now has 26 stores in Hong Kong and Macau.
- Marks & Spencer entered mainland China in 2008. The proposed ten stores to close in China are located at Baoshan Wanda Plaza, Golden Bell, Guanjian Street, Qingdao Licang Wanda Plaza, Shanghai Wings, Skymall, Wuhan Hanjie Wanda Plaza, Wujiaochang Wanda Plaza, Yuexing Global Harbour and The Place, Beijing.
- Marks & Spencer's 2016/17 Half Year and Strategic Update can be found at <http://corporate.marksandspencer.com/>

About Marks & Spencer

- Marks & Spencer sells high quality, great value clothing and home products as well as outstanding quality food.
- Established in 1884, Marks & Spencer currently has over 930 UK stores and 466 international stores.
- In addition to the UK, M&S has a store and/or online presence in 58 international markets.
- For more information please visit <http://corporate.marksandspencer.com/>