

press release

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M&S slashes dividend as profits tumble

- M&S cuts dividend to 15p after pre-tax profits fall to £706m
- The Share Centre advises M&S shareholders to sell citing better opportunities in the retail sector

Marks & Spencer's (M&S) share price slumped nearly 5 per cent this morning, after the retailer unveiled that annual profits were down by £400m and that the Group would be slashing its dividend to 15 pence. Retail stockbroker, The Share Centre advises M&S shareholders to sell citing better opportunities in the retail sector.

Commenting on M&S's results, Nick Raynor, investment adviser at The Share Centre said: "The decision to cut the annual dividend from 22.5 pence to 15 pence is a blow for M&S shareholders, who currently hold about a quarter of the retailer's shares. Although this is the first time M&S has cut its dividend in the last eight years, the Group is obviously not confident about being able to maintain it going forward.

"It appears M&S has had no choice but to drastically slash its dividend by a third, given the economic climate. The retailer has suffered as a result of the recession, as consumers continue to search for cheaper clothing and groceries. The dividend cut is just one of many efforts to help streamline the business and will save M&S approximately £120m. M&S has already announced 1,250 job losses and has even asked its "face" Mylene Klass to take a pay cut.

"With difficult trading conditions set to continue and a reduction in the dividend, we are advising M&S shareholders to sell. Although we are not big fans of the retail sector at present, those wanting exposure could pump for Tesco whose international presence, cheaper prices and growing dividend policy could help recession-proof the company and provide better value for shareholders."

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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