

## press release

10 December 2012

### Marks and Spencer reports mixed results yet remains a 'buy' for the contrarian investor

- Food sales help offset weaker homeware sales
- Discounting sees weaker full year margin expectations
- The Share Centre continues to recommend investors 'buy' Marks and Spencer

**As retailer Marks and Spencer reports on trading during the Christmas period Sheridan Admans, investment research manager at The Share Centre, explains what they mean for investors.**

"The Marks and Spencer trading statement for the Christmas period reported mixed results. The retailer's online next day delivery promise helped boost food sales which were up by 4.5%. This helped support profits against heavy discounting and weaker homeware sales, which saw a decrease of 13.3%. Clothing sales saw an increase of 1.1% and international sales were up by 8.1%.

"Concerns over disposable income expenditure remain and consumers are seeking discounts. This has had a negative impact on profits and resulted in the retailer expecting weaker margins for the full year. Despite this, full year profit forecasts remain unchanged as Marks and Spencer believe the effect of discounts on profits will be offset by cost savings elsewhere.

"We continue to recommend investors that are comfortable taking a contrarian view on this cyclical stock to 'buy' Marks and Spencer. The retailer continues to look at ways to reduce costs, whilst remaining competitive in these challenging economic conditions. It also aims to expand its overseas operations, so over time it can diversify its reliance on the UK consumer. In addition Marks and Spencer has a strong reputation in the UK for high quality produce at good value. This reputation

should pay dividends in a time of austerity, when people will be more conscious of their discretionary spending.”

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**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, individual shares and funds on [www.share.com](http://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](#). The Share Centre blog is also available at <http://blog.share.com>.

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