

Marks and Spencer Group PLC

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M&S hovers above FTSE 100 relegation zone but frenzy over new skirt offers hope for ailing clothing arm

Marks and Spencer Group PLC (LON:MKS) is hovering above the brink of falling out of the FTSE 100 ahead of the index's quarterly reshuffle as a tough retail market compounds problems at the company's ailing clothing division.

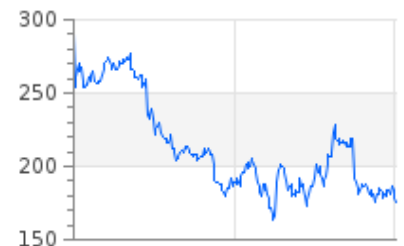
But there may be hope for the retailer yet after one of its soon-to-be-released items of clothing sent shoppers into a frenzy on social media.

On Monday, M&S posted on Instagram a photo of a purple knee-length skirt that is due to be released in Autumn. The post has since received more than 2,460 'likes' and dozens of comments from customers wanting to get their hands on the skirt before it goes on sale.

Price: 171.95

Market Cap: £3.35 billion

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: MKS

Listing: LSE

52 week	High	Low
	277.649	161.35

Sector: Retail

Website: www.marksandspencer.com

Company Synopsis:

Marks and Spencer Group is a retailer of clothing, food and home products in the United Kingdom. The Company has 622 stores, including Simply Food franchise stores, as well as an international business.

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The news comes as a welcome boost for the retailer, which has been struggling to lift sales in the womenswear unit in recent years despite efforts to revive the business.

READ: M&S profits plunge on store closure costs but shares bounce higher as results beat forecasts
Chief executive Steve Rowe first set out to turn around the business in 2016 by cutting prices, improving the quality of garments and making them more relevant to its target audience of women "just over 50". The group subsequently announced a series of management reshuffles and employed former Halfords chief executive, Jill McDonald, last year to take charge of the clothing division.

Difficult retail market hampers restructuring

However, weaker consumer confidence and tough competition from online rivals have undermined Rowe's restructuring plan.

In response to the growing shift towards online shopping, Rowe unveiled in May plans to shut 100 stores by 2020. M&S will move a third of its sales online and plans to have fewer, larger clothing and homeware stores in better locations.

M&S is reviewing several clothing brands, including long-standing womenswear label Per Una, which faces the axe.

Restructuring costs and weaker margins led to a 62% slump in pre-tax profit to £66.8m in the year to the end of March 2018. Group revenue increased 0.7% to £10.7bn as growth in food sales offset another decline in clothing and home.

FTSE reshuffle looms

M&S was facing the boot from the FTSE 100 in the last quarterly reshuffle in June but held onto its place.

READ: M&S faces FTSE 100 relegation in index's quarterly reshuffle

FTSE 100 changes are next due in September and M&S remains stubbornly above the relegation zone, according to The Share Centre.

"M&S continues to face competitive pressure from rivals, at the same time, relatively weak consumer sentiment has left sales growth uninspiring," said Helal Miah, investment research analyst at The Share Centre.

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