

Marks and Spencer slows food expansion plans

LONDON - Marks and Spencer, the British clothing-to-food retailer, announced on Wednesday a sharp rise in net profits on higher sales but plans to slow expansion of its number of standalone food stores.

Profit after tax quintupled to 84.7 million pounds (\$111.2 million, 95.9 million euros) in the group's half-year to September 30 on higher overall sales, M&S said in a statement.

Revenue grew 2.6 percent to 5.1 billion over the reporting period compared with a year earlier.

Despite its food division once more outperforming sales of clothing, Marks said it was facing pressure from "rapid growth of convenience" provided by competitors' home deliveries.

"In Clothing & Home... results are encouraging and in International we now have a profitable and robust business," chief executive Steve Rowe said in the earnings statement.

"We recognise now that we face stronger headwinds in Food which will be addressed in the year ahead," added Rowe, appointed last year in a bid to turn around the company's fortunes.

Marks said it will slow new openings of food stores to 80 in 2017-2018, down ten on earlier plans.

"The food business has been keeping M&S afloat in recent years, but now progress seems to be flagging here, the clothing division needs to start pulling its own weight," commented Laith Khalaf, an analyst at Hargreaves Lansdown financial services company.

"The festive period also looks set to be challenging," he added, noting that wages adjusted for inflation were down on a year ago.

The Bank of England's "recent interest rate rise might well make consumers think twice about loading up on debt to fund the annual Christmas splurge", noted Khalaf.

Source: AFP



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