

M&S posts falling net profit, clothing sales

LONDON - British retailer Marks and Spencer, regarded as a barometer of UK consumer demand, posted sliding net profit on Wednesday on tumbling clothing sales and a poor international performance.



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The first half of the group's financial year was dogged also by the company's decision to avoid discounting, while rainy weather dampened demand as shoppers avoided the British high street, M&S said in a statement.

Earnings after tax sank almost a quarter to £172.7 million (\$266 million, 242.2 million euros) in the 26 weeks to 26 September compared with the same period a year earlier, said M&S, which sells also food and household goods.

Profit was dented also by charges linked to a revamp of its British stores, impairments on some branches in western Europe, and closure costs arising from its exit from some Balkans countries.

The group's international division suffered a 2.4-percent decline in sales, hit by challenging economic conditions particularly in the Middle East and volatile currency moves in Europe.

However, overall sales gained 1.1 percent in the second quarter, aided by a 3.4-percent increase in food and soaring online demand.

The company's share price rallied 3.17 percent to stand at 537 pence in midday deals on London's rising stock market.

Investors cheered news of rising underlying pretax profits and the latest dividend payout.

Source: AFP

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