

JODY: So Dave today you've updated the City on our half year results. It's clearly been quite a challenging time for Tesco. How should we interpret those results?

Dave: It's fair to say, as you say it's been a challenging time but I think if you look at the results you can see some highlights. And I look to some of our countries in Central Europe and in Asia and I see some positive market-beating performance. But if I take it in its totality, I think we've got to be a little bit disappointed. I think relative to the market, we've not been as competitive as I would have liked us to be.

And that's why we now need to sort of re-think and re-energise ourselves around the customer agenda that we have been talking about, because I think there is some evidence that if we put the customer right back at everything we can do - then actually the performance could get better. So there is lots of opportunity but to be honest I see the first half year as being a relatively poor performance from us and one from which we need to grow.

JODY: So looking to the future, what are your priorities?

Dave: As I've said in the results today, whilst everybody is looking for me to announce a strategic review which is not what I'm about, it's only 7 weeks so we just need to be realistic. The three priorities I've called out today are:

We do have to recover and regain the competitiveness in our core UK business – we have to do that. I think we can do that – there are some real opportunities to do that and we will start doing that now.

Second thing we have to do is we have to recognise that if the, you know, the underlying profitability of the business is lower – I need to do some work protecting and strengthening the balance sheet.

And the third one I have to say is – rebuilding the trust and the transparency in the brand and the business. You know the brand is terms of what consumers see in the proposition, the ways that we work, but also the way that we share what we do and the way we share our business with the external world and that might be in the way that we present our report and accounts, for example, so that people can see more transparently how it is as a business.

So the UK, the balance sheet, trust and transparency in the brand and the business will be the priorities for now.

JODY: And clearly there has been a lot of focus in the last few weeks on the investigation, what can you tell us now about what has happened and what's going to happen next?

Dave: It's a good question and there are some things I can say and some things I can't. As you know on the 22nd of September we announced to the market that we had a concern about the reporting of our income statement. And what we've announced today is the results of independent and comprehensive review of that income statement, and it does confirm that we do have a problem of overstatement. And so what we've done, the Tesco part of the investigation and the Deloitte part of investigation has been focused on identifying around commercial income exactly what the numbers are. What we can't do is start an investigation around how those numbers came about and what it was that caused those numbers to be there because there will be an investigation by the regulator and we will be very open and very proactive in our support of their investigation but it's not for us to start that investigation - that's something that we have to support them with. So we have to wait for that.

JODY: And how do you think it's affected the mood?

Dave: You know what, it's interesting, I think it's fair to say that when news like that happens it is a bit of a body blow and I think people do reflect on what that says about some of the things that, you know, we might have done as Tesco. But the thing that's been really amazing, and I think really amazing, is the resilience with which people bounce back. Going to colleagues in store and seeing people around the business, actually, having an issue, in good old Tesco fashion having an issue, grabbing hold of the issue, taking control of the issue and being open and honest and straightforward about it – people I think appreciate that. And actually the energy and the passion and enthusiasm and the willingness to get back, engaged with customers has just been fantastic. So the heartbeat of the business is still very strong but it's fair to say that people are disappointed by the news of September the 22nd.

JODY: And if.. I have to ask this because I think some people are thinking it.. if you knew then what you know now – would you still have taken the job?

Dave: Yes. The fundamental reason why I believe that Tesco is a business I could join and add some value to hasn't changed. Some of the numbers have changed, some of the reasons behind those numbers mean that I have to think about how I change the business in perhaps slightly more of a way than I would have done beforehand. But this brand and this business has a bigger role to play in the lives of the people in the countries where it's present. I believe that it can be a massive force for good. Now – do we have to change in order to realise that – yes we do. But is there so much passion and so much energy and so much potential in the Tesco brand and business – yes there is. We've got some things to sort but that's fine that's life – we will deal with that. So I still feel extremely positive about what it is we can do but we need to get back to a place where the customer guides everything that we do.

JODY: *And in terms of the organisation Tesco – what kind of organisation do you want us to be in 6 months' time, in 5 years' time?*

Dave: Well let's start with 6 days' time shall we, because I think what we need to be tomorrow is what we need to be in 1 years' time, 3 years' time, 5 years' time. As long as this business is a customer-centric business – we will be fine. Let the customer decide for us where it is we ought to go against what it is he or she needs or wants. I think at Tesco we lose our way when we don't let the customer guide us. So as long as we are all, as long as you and I and everybody else that works here is constantly thinking about how it is we can work harder for customers, we will be fine.

The colleagues that have been out on the floor re-engaging with what this business is all about - come back really excited and there are lots and lots of ideas and opportunities for us to improve the business.

And everything that we do, the businesses that we are in, the countries we are in the activities ..- as long as they are done because we know that we give outstanding value, outstanding service to customers – that's the sort of business I want to be in.

JODY: *And the international businesses and the Group businesses have been under quite a lot of speculation – what should we say and what can you say to our colleagues in those businesses?*

Dave: First of all I would say – I apologise that I have not been able to keep my original plan of visiting – the investigation has affected that. And in a way the fact that I haven't been able to visit allows other people to speculate in all sorts of ways. I think what I would say is please keep completely focused, keep completely focused on serving customers in your business. We are looking at a Group wide review – we've made no conclusions whatsoever – I haven't even visited the businesses outside of the UK. The moment I make any decisions at all about what it is we might want to change in Tesco – I will tell you. So please, I understand the speculation, I'm sorry that it's there – but I really would ask you to ignore it and just focus on the day job of serving customers better every day.

JODY: *So we are coming up to the most important trading period of the year for us – for Christmas. What's your message to colleagues to our colleagues at that time.*

Dave: am I allowed two?

JODY: yes 😊

Dave: Okay. The first one would be THANK YOU. Because actually the way people have responded to me coming in, and the things that I have asked them to do – I could not have asked for a better reaction. And having them deal with the issues that we've had in terms of the investigation – there is an awful lot of work gone in from an awful lot of people but I've just been really impressed with the way that people have done that so I would just like to say – thank you for that.

Going into Christmas the invitation would be the following which is just carry on doing what we are doing. If 500 000 colleagues around the world are just thinking about how it is we can make one customer walk away from Tesco

with an experience, that was better than they expected – so that they go away happy to have been with us – that's what I would ask people to do.