Welcome to Slovakia

Facts
- Area: 49,000 sq km
- Population: 5.4 million
- Capital City: Bratislava
- GDP 2010: 65.9 billion Euro
- Inflation 2010: 1%
- Member of the EU from 2004
- Euro currency adopted in Jan 2009

Sources: UN, IMF World Economic Outlook Database, World Bank, Slovak Statistical Office
The economy has recovered with further growth to come

**GDP Growth Development in Slovakia and EU**

- **GDP**
  - 2010 Annual GDP growth: 4%
  - 2010 GDP per capita: 73% of EU average
  - SR forecast 2011: 3.4%
  - EU forecast 2011: 1.6%

- **Inflation**
  - Consumer Price Index has increased from 1% in 2010 to 3.3% in Q1 2011
  - Government reported food inflation shows faster growth
  - Tesco is using the scale of the group to buy better to protect customers from inflation

Source: Ministry of Finance of SR, European Commission Autumn forecast 2010

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**Strong, successful business, with impressive growth since your visit in 2006**

**Progress since 2006 in figures:**
- 18.1% CAGR in sales
- 8.1% CAGR in net sales area
- Customer numbers grown from 1.6 m to over 2m per week – 37% of the Slovak population now shops at Tesco
- 2010/11, Like for Like was a fantastic 10.9%

**Milestones since 2006:**
- 1st supermarket (Vrable) (2006)
- 1st Express (Bratislava) (2008)
- Samec CE non-food distribution (2007)
- Financial services (2009)
- Low energy Store in Rajec (2008)
- Tesco Mobile (2009)
- Club card launch (2009) - 1 million customers registered (2010)
- Extra format (2010)
- Market leader since 2010
- The strongest brand in Slovak retail market – Store Equity Index, Best Retail Brand awards, Top Retailer in SR award

**CSR highlights since 2006:**
- 5th biggest employer in Slovakia – 8,800 employees
- Run for Life started in 2006
- Low energy store (Rajec) (2008)
- ViaBona award for community program in 2009
- Tesco Foundation established 2010
- Responsible Retailer award in 2010

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**Number of Stores**

<table>
<thead>
<tr>
<th>Year</th>
<th>05/06</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>2011</td>
<td>15</td>
<td>21</td>
</tr>
</tbody>
</table>

**Customers Count Weekly (000)**

<table>
<thead>
<tr>
<th>Year</th>
<th>05/06</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,200</td>
<td>1,800</td>
</tr>
<tr>
<td>2011</td>
<td>1,500</td>
<td>2,000</td>
</tr>
</tbody>
</table>

**Sales incl VAT excl Petrol (£m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>05/06</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,500</td>
<td>2,000</td>
</tr>
<tr>
<td>2011</td>
<td>1,800</td>
<td>2,300</td>
</tr>
</tbody>
</table>

**Number of employees**

<table>
<thead>
<tr>
<th>Year</th>
<th>05/06</th>
<th>10/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4,000</td>
<td>5,500</td>
</tr>
<tr>
<td>2011</td>
<td>5,000</td>
<td>6,500</td>
</tr>
</tbody>
</table>
We have secured a leading position in a competitive market

Major players in the Slovak retail market

<table>
<thead>
<tr>
<th>No of Stores</th>
<th>Sales Area</th>
<th>Market Share April 2011</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESCO</td>
<td>87</td>
<td>314</td>
<td>18.9%</td>
<td>Price</td>
</tr>
<tr>
<td>KAUF LAND</td>
<td>42</td>
<td>126</td>
<td>14.1%</td>
<td>Prices</td>
</tr>
<tr>
<td>BILLA</td>
<td>115</td>
<td>164</td>
<td>13.6%</td>
<td>Produce</td>
</tr>
<tr>
<td>LIDL</td>
<td>119</td>
<td>89</td>
<td>6.0%</td>
<td>Produce</td>
</tr>
<tr>
<td>1K</td>
<td>22</td>
<td>72</td>
<td>3.2%</td>
<td>Price</td>
</tr>
<tr>
<td>Extra</td>
<td>4</td>
<td>36</td>
<td>1.3%</td>
<td>Range</td>
</tr>
<tr>
<td>Coop</td>
<td>3,309</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

1 GFK, Feb 2011; 2 GFK, Feb-April 2011, Till Roll Food

Slovakia Food Market Shares – 2006 to date

Source: GFK Till Roll Food, total year MAT Dec, 2011 to date / Feb-April 2011

Multi-format offer underpins success – 99 stores across 5 formats

Progress in multi-format strategy since 2006

- Launch of 9 new formats (1K, 2K, Expres)
- Store openings in existing formats: 22 new hypermarkets, 28 new 1K stores, 12 new Expres
- Total trading stores in existing formats (DS, HM, 5K, Extra 4, 1K, 2K, Expres 12)
- 25 new stores across the formats planned for this year opening

Further opportunities for large stores

Hypermarkets

- 22 new Hypermarkets has been opened since 2006
- Opportunity for medium town or large city infill
- 5 new Hypermarkets planned for this year
- Identified 27 opportunities across Slovakia

Extra

- Turnoff in Presovka in 2010
- Trading well: c.25% LFL in year 1
- 2 refits completed in 2010
- 3 refits are planned in 2011
- 1st Extra build on brown field in Zvolen

New formats since 2006

Express

- 1st Express store: Bratislava Komarkicka, Nov 2008 – now 12 stores trading
- 1st Express store outside of Bratislava will be opened by the end of this financial year (In Banska Bystrica)
- 59 opportunities identified in major cities
- Big opportunities in small towns, 40% population live in towns of less than 4,000 people

1K

- 1st store was opened in April 2006 in Vrable – now 28 stores trading
- 6 new 1K stores are planned for this year
- Extended range in response to customer demand (from 4,000 to more than 5,000 SKUs)
- 37 locations identified in towns across Slovakia

Further opportunities for large stores
Expres format has strong growth potential in meeting increasing need for convenience

Expres:
- Over 30,000 ft² of trading space across the Expres portfolio (10 leasehold stores, 2 freehold stores)
- c.3,000 items in range
- Convenient store for daily shopping – offering customers full range of their daily needs
- Currently located in large towns, in busy locations with high customer flow, or within residential areas
- 59 towns with potential sites for the format
- Main competitors: Lidl, Billa, Coop, Bala, corner shops

Tesco Extra is meeting demand for new way of shopping

Extra:
- Situated in towns from 50-500k habitants
- 56k items in range, including extended Fresh food and extra clothing range
  - New layout and range of Hardline and Softline
  - New way of shopping through various innovations
  - Offering customers new range of services (pharmacy, optician, photoshop, cafeteria)
- Creating destination worlds – baby, pet, confectionery

Customer feedback:
Positive customer response:
- Every 2nd customer surveyed in Petržalka now visits the store more often; 99% would recommend the store to friends and relatives
- Customers’ overall evaluation of the Extra format is highly positive - they most appreciate wider range across the departments, higher quality, nicer shopping environment
- Customer like the new Softline department, counters, recognise improvement in Produce quality and freshness.
- They welcome the self-service checkouts, new extra services and see staff as friendly and helpful

Petržalka – LFL Sales %
LFL of c.25% after refit

After refit to Extra

Petrzalka LFL %
Control stores LFL %
Our brand is one of the strongest in Europe

Customer appeal

- Tesco is by far the strongest brand in Slovak retail market, and one of the strongest in Europe
- Customers associate Tesco with positive attributes as for instance Reliability, Innovative, Successful.
- We have introduced many private labels and product lines to meet customer needs: Value, Standard, Finest, Healthy Living, Lighter Choices, Organic, Prava Chut (Real taste)

Store Equity Index 2010

<table>
<thead>
<tr>
<th>Brand</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tesco</td>
<td>3.6</td>
</tr>
<tr>
<td>Kaufland</td>
<td>2.8</td>
</tr>
<tr>
<td>Lidl</td>
<td>2.8</td>
</tr>
<tr>
<td>Aldi</td>
<td>1.6</td>
</tr>
<tr>
<td>Sedo</td>
<td>1.2</td>
</tr>
<tr>
<td>Hypermarché</td>
<td>0.6</td>
</tr>
<tr>
<td>Carrefour</td>
<td>0.5</td>
</tr>
<tr>
<td>CBA</td>
<td>0.5</td>
</tr>
<tr>
<td>Bala</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Just some of Tesco’s Brands in Slovakia

2011 European Top 10 Strongest Brands

Clubcard already driving improved loyalty – another reason to shop at Tesco

- National Clubcard launched September 2009
- By March 2011, 1,050,000 accounts – 20% of country population
- Clubcard sales participation above 70% in 2011/12
- One Premium Customer is worth ten uncommitted customers’ average weekly spend
Keeping the offer local

Tailored ranges

- In a typical Hypermarket we offer thousands of products made in Slovakia
- We support products made in Slovakia by POS in-store and in our leaflets to simplify customers choice
- In last three years we've launched initiatives such as Tesco local brand “real taste” and local products labelled with country flag
- In “real taste” range we have 58 lines, generating 80% YoY sales uplift

As part of the Tesco Group, we can offer a much stronger, broader offer to Slovakian consumers

Progress to date

- F&F brand growing: Tesco now No. 1 Clothing retailer in Slovakia
- Much improved hardlines offer using the skill of central buying
- Launched optician, pharmacies and photoshops in to Extra
- CE Range work to create destination categories i.e. Pet World, Baby World
- We have launched initial Financial Services i.e. credit card, loans

Plans for 2011/12

- Moving of administrations work to HSC frees up opportunities to improve the shopping trip
- More CE Category work on H&B, Frozen
- Global Food Sourcing team bringing more strength and depth to our own Tesco brand Food offer
- Refitting all hypermarkets to bring consistent and improved hardlines offer and full clothing offer
- Extra refits continuing to improve overall shopping trip

Retailing Services

- Built on UK model
- Uses the strength of Tesco brand and Customer base
- Launched new tariff to drive new business
- Plans to launch post-pay this year
- In next two years plan to launch
  - Tesco Direct
  - Grocery home shopping
People and Community

- Strength of local management teams (72% of local managers), training schemes, and apprenticeships (13% of employees are on development programmes for promotion to higher positions).
- Viewpoint staff survey results are the best in Europe.
- Business now managed locally rather than combined with the Czech Republic.
- Building a strong community partnership at local level:
  - Cooperation with many local charities on Christmas collections in our stores.
  - Run for Life gets more popular every year (40% growth in participation in 2011, 30% in 2010).
  - Via Bona award for our community programme in 2009.
- In last 5 years we have significantly reduced our CO2 emissions.
- We work on strong educational programmes for kids and local suppliers.
- We offer employees opportunities to spend a shift working for a local charity.

Looking ahead...

- Driving double-digit sales growth through continued expansion of multi-format portfolio and refit programme.
- Investment in the shopping trip – immediate focus on driving quality, availability and improved price position on fresh food.
- Building on the successful Clubcard launch.
- Growing strength of brand – moving into new services and online retailing.

Local Drivers of Returns

- More small stores in opening programme, reducing capital requirements for new growth.
- Further hypermarket conversions to Extras, driving sales and making the most of our existing assets.
- New services becoming a bigger part of business through Tesco’s mobile and internet.
- Working together as one region, continually improving the shopping trip for customers as well as improving returns.
In summary

- No. 1 market position, underpinned by strong multiformat business and a valued Tesco brand
- Strong brand loyalty driving growing market share and performance of new ventures such as Clubcard, Tesco mobile and optician
- We have a leading Non-food offer in our hypermarkets and already No. 1 clothing retailer in Slovakia
- There is a still good opportunity for growth both from existing estate small stores and the Internet
- Using the skill and scale of the group will improve the shopping trip for customers and improve returns