



Interim Results

2 October 2007



David Reid

Chairman



Highlights

- Sales are up 9.2%
- Underlying profit before tax up 14.3%
- Property programme going well
- Interim dividend up 13.9%
- Share buy-back value now over £800m

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International



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Strategy

- Core UK
- International
- Non-food
- Retailing services
- Community



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Community



**Introducing
Green Clubcard Points.**
Re-use any bag in-store
and now collect one
Clubcard Point.

**1 billion
bags saved**

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Responsible retailing



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Our people



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Andrew Higginson

Finance and Strategy Director



Results headlines

- Good growth in sales, profits and earnings
- Releasing value from property
- Benefits for shareholders
 - Share buy-backs
 - Strong dividend growth
- Strong cash flows and balance sheet



Group performance

- Sales up 9.2% to £24.7bn
- Trading profit up 10.1% to £1,249m
- Significant start-up costs on Direct and U.S.
- Trading margin up, at 5.7%*
- Group underlying profit up 14.3% to £1,317m

* Before start-up costs on Direct and the U.S.

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Property profits

H1 - £m	07/08	06/07
UK	121	39
International	(2)	(1)
	<u>119</u>	<u>38</u>
JV's	-	36
	<u>119</u>	<u>74</u>

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Property



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Group performance

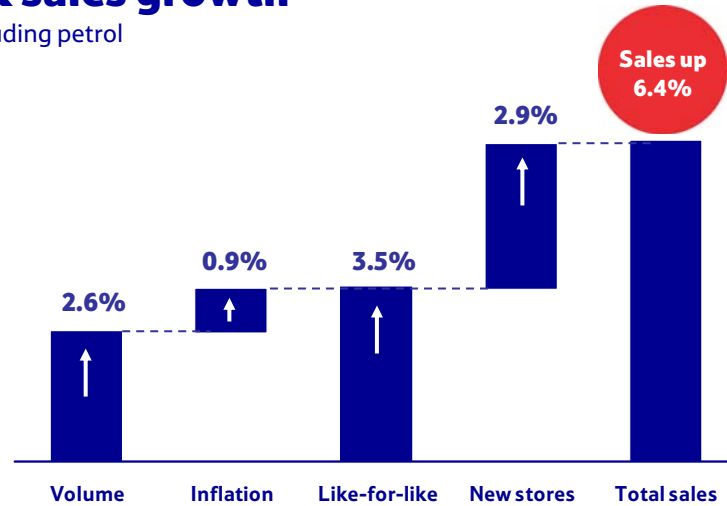
- Group operating profit up 18.9% to £1,309m
- Group pre-tax profit up 18.0% to £1,289m
- Underlying diluted earnings per share up 17.2% to 11.90p
- Proposed interim dividend up 13.9% to 3.20p



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UK sales growth

excluding petrol



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UK trading profit

- Trading profit up 8.2% to £978m
- Trading margin up, at 5.8%



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International

- Sales up 22.0% to £6.4bn at actual rates
- China consolidated for first time
- Trading profit up 17.8% to £271m at actual rates
- Margins rose, before inclusion of China

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Asia

- Sales up 26.1% to £2.9bn at actual rates
- Trading profit £124m, up 18.1% at actual rates
- Margin rose to 5.3%, excluding China
- Strong performances in Korea and Thailand
- Malaysia profitable despite Makro integration costs

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Europe

- Sales up 18.8% to £3.6bn at actual rates
- Trading profit £147m, up 17.6% at actual rates
- Trading margin stable at 4.7%

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tesco.com - grocery

- Sales up 24%
- Over 300,000 customers a week
- Bag-less delivery – 40% take-up

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Tesco Direct



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Telecoms

- Growing profitability
- Tesco Mobile
 - number one for customer satisfaction
 - fastest growing operator for pay-as-you-go

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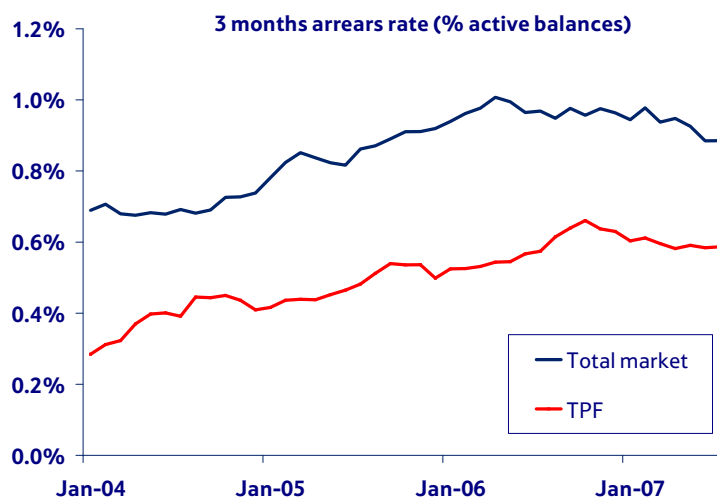
Tesco Personal Finance

- £26.5m share of profit
- Share of flood costs for year – £11m
- Launch of tescocompare.com



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Credit card arrears trends



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Source: APACS

JV's and Associates

- £32m profit
- Profit up 33% excluding sale of Weston Favell last year



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Finance costs and tax

- Net finance costs £52m
- Underlying net finance costs up slightly
- Interest cover strengthened to 25.8 times
- Effective tax rate 27.2%
- One-off benefit to deferred tax due to corporation tax change



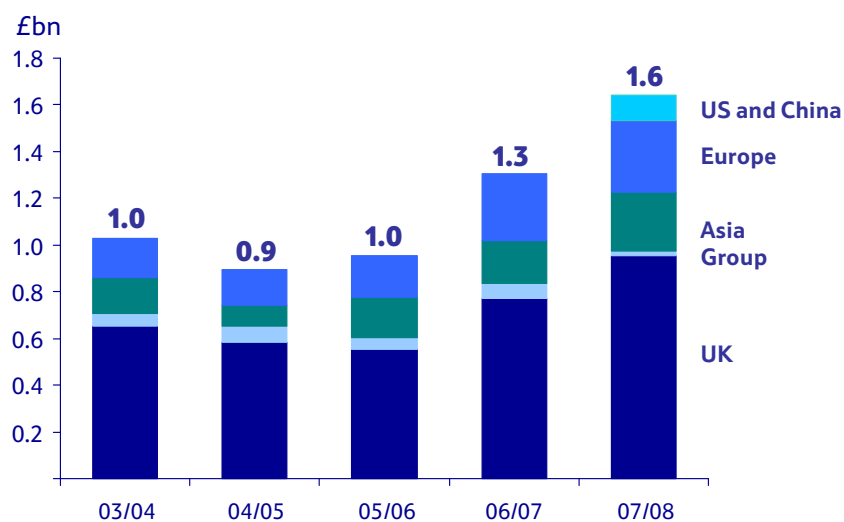
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Net debt, shares and pensions

- Net debt increased to £5.3bn
- Gearing broadly stable at 50%
- 96 million shares bought back in first half
- Meeting our commitment to end earnings dilution arising from issuing new shares
- IFRS pension deficit reduced to £530m post-tax



Capital expenditure



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Terry Leahy
Chief Executive



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International

- Sales up 22.0%
- First time contribution from China
- Profits advanced well
- Good margin growth

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Central Europe



Hungary

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Ireland and Turkey



Donabate



Izmir

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Turkey



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Asia



Korea



Thailand

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Asia



Malaysia



Japan

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China



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International

- Flexible
- Local
- Focus
- Multi-format
- Capability
- Brand

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Focus



**Czech
Republic**



Poland

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Multi-format



1K



2K



3K

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Express



Budapest



Bangkok



Seoul

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United States



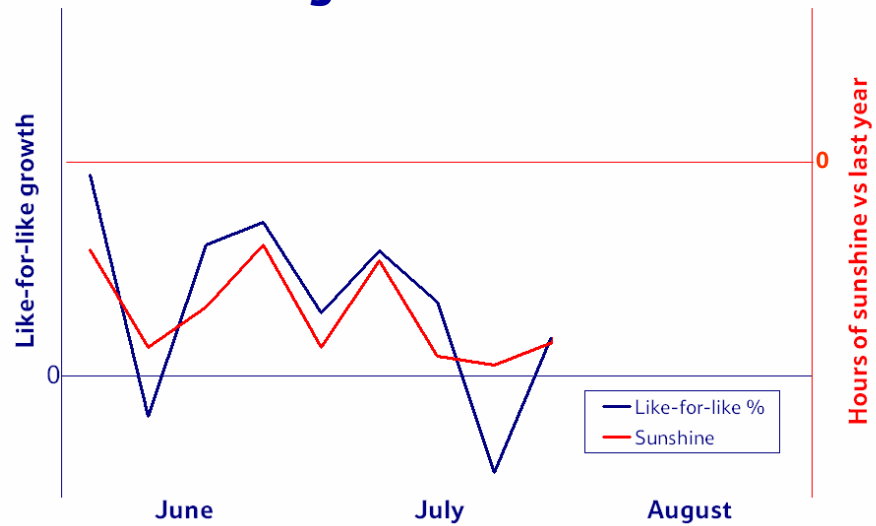
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UK



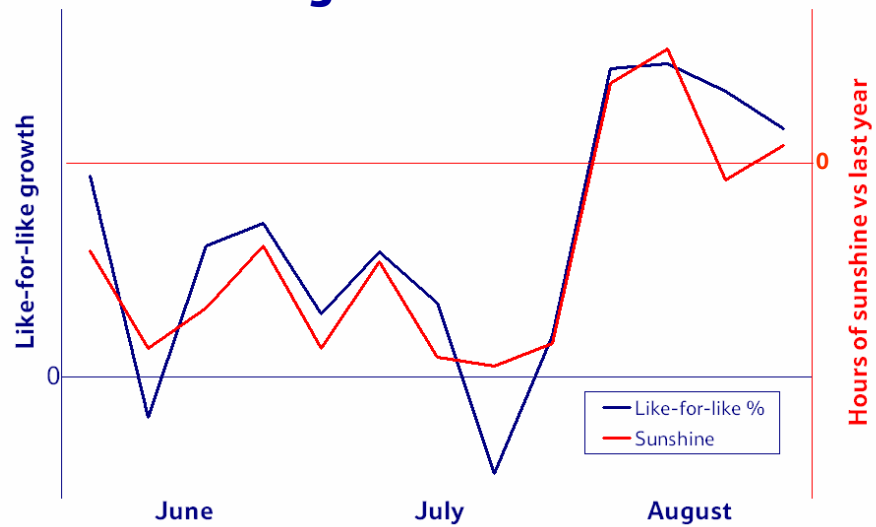
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Summer sales growth



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Summer sales growth



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Price



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Service



**4.5 million
more
customers**

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Finest



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Organic



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Availability



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Non-food



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Clothing



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Tesco Direct

TESCO direct
Autumn/Winter 2007-2008

New Catalogue
1000s of New
Products
Online Now

>>

With 3 ways to order and 2 ways to receive your order it couldn't be easier.

How to SHOP >>

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Homeplus



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Dobbies



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On-line services

- tescocompare.com
- tescodiets.com
- Baby & Toddler Club



www.tescodiets.com



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Retailing services

- Tesco Personal Finance
- tesco.com
- Telecoms



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Five part strategy

- Core UK
- International
- Non-food
- Retailing services
- Community



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Community



**1 billion
bags saved**

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Community



Shrewsbury



Marmaris

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Community



Sustainable
Consumption
Institute



Local

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Summary

- Good first half performance
- Resilient business model
- Broadly-based growth – across the Group
- Our five part strategy reflects our priorities
- Investing to drive long term growth
- Delivered by staying focused on our customers



Q&A



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