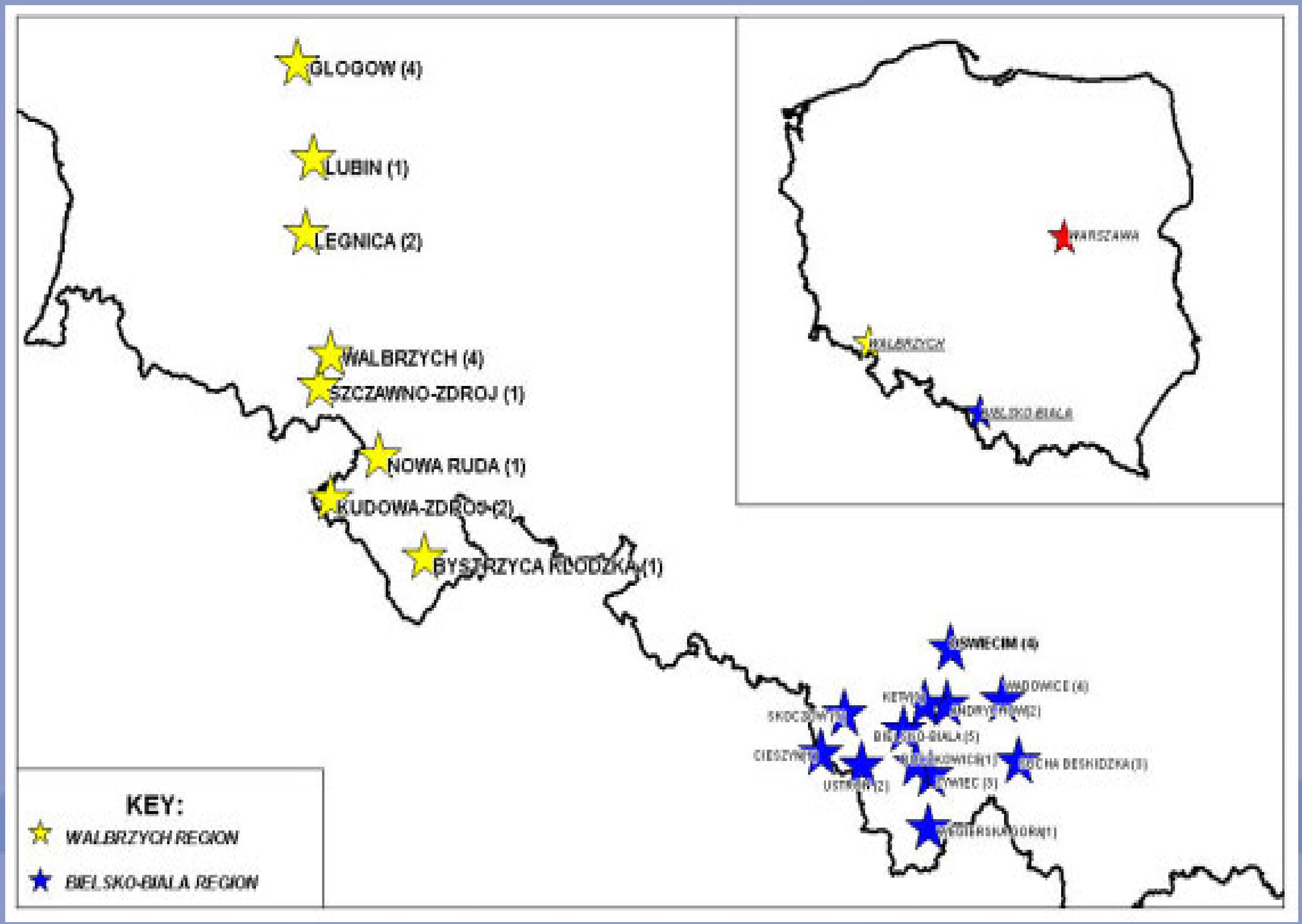
KEVIN DOHERTY

CEO POLAND

Entered the market in 1995

Savia stores acquired by Tesco




Walbrzych

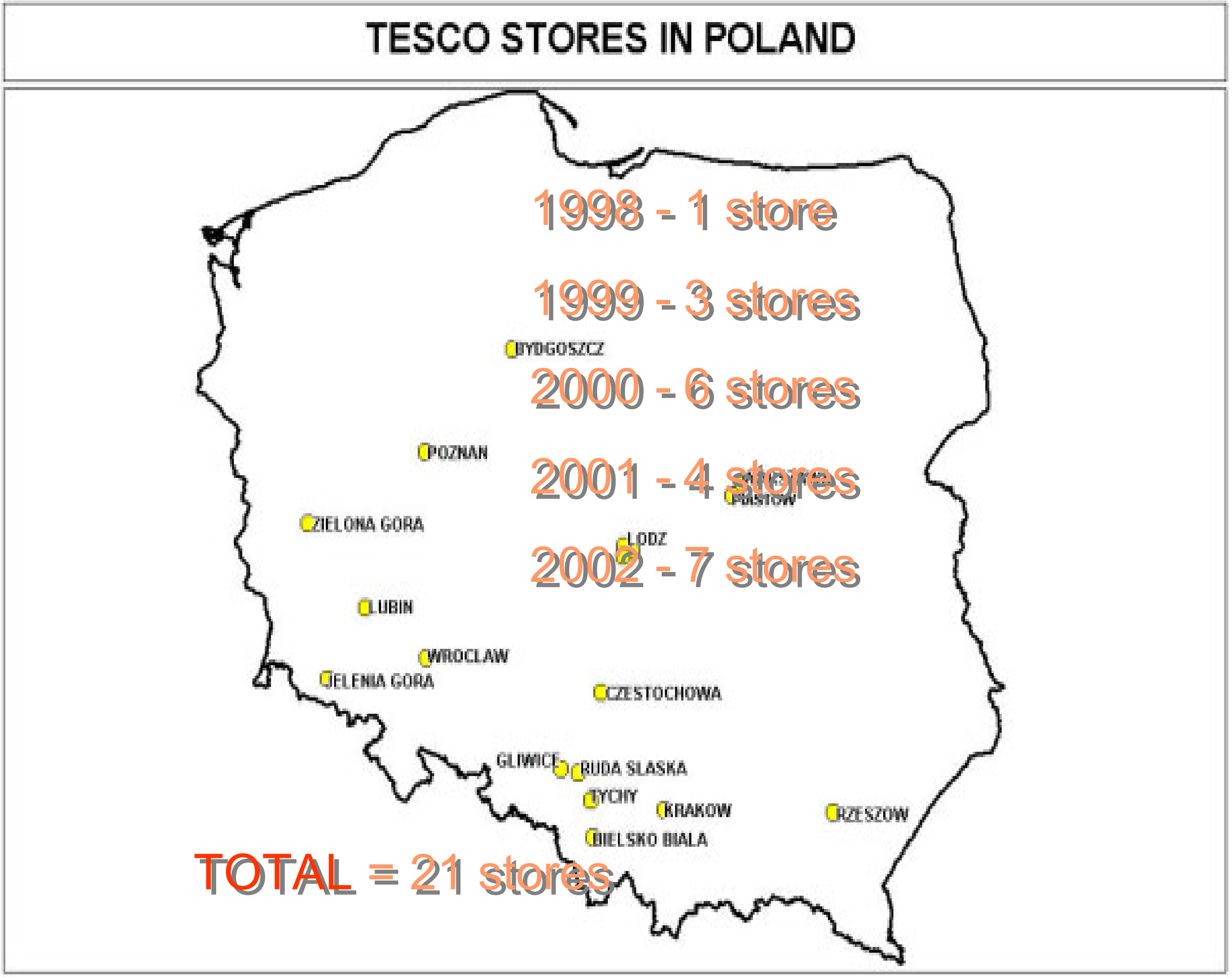

Kety


Opole


Czantoria

Wroclaw opened in 1998

Development programme 1998 - 2002



1998 - 1 store

1999 - 3 stores

2000 - 6 stores

2001 - 4 stores

2002 - 7 stores

TOTAL = 21 stores

Lubin - 7000 sqm


Rzeszów - 8000 sqm


Gliwice - 10000 sqm


Kraków- 12000 sqm

Why Poland

- 40 million population
- Developed CE business
- Underdeveloped modern market
- Total hypermarkets - 13% retail sales
- Profitable and leading
- EU membership

Competition

Number of stores by competitor

Fascia	1998	1999	2000	2001	*End 2002*	*End 2003*
TESCO	1	4	10	14	*34*	*40*
real	10	19	24	25	*25*	*26*
hypernova	2	2	9	15	*20*	*23*
Auchan	3	4	8	15	*16*	*19*
Géant	4	11	12	15	*15*	*19*
Kaufland	0	0	0	3	*15*	*25*
Carrefour	3	7	8	9	*12*	*14*
E.LECLERC	4	7	8	9	*9*	*12*
JUMBO	2	3	5	5	*5*	*5*
HIT	7	11	13	13	*0*	*0*
Total	**36**	**68**	**97**	**123**	***151***	***175***

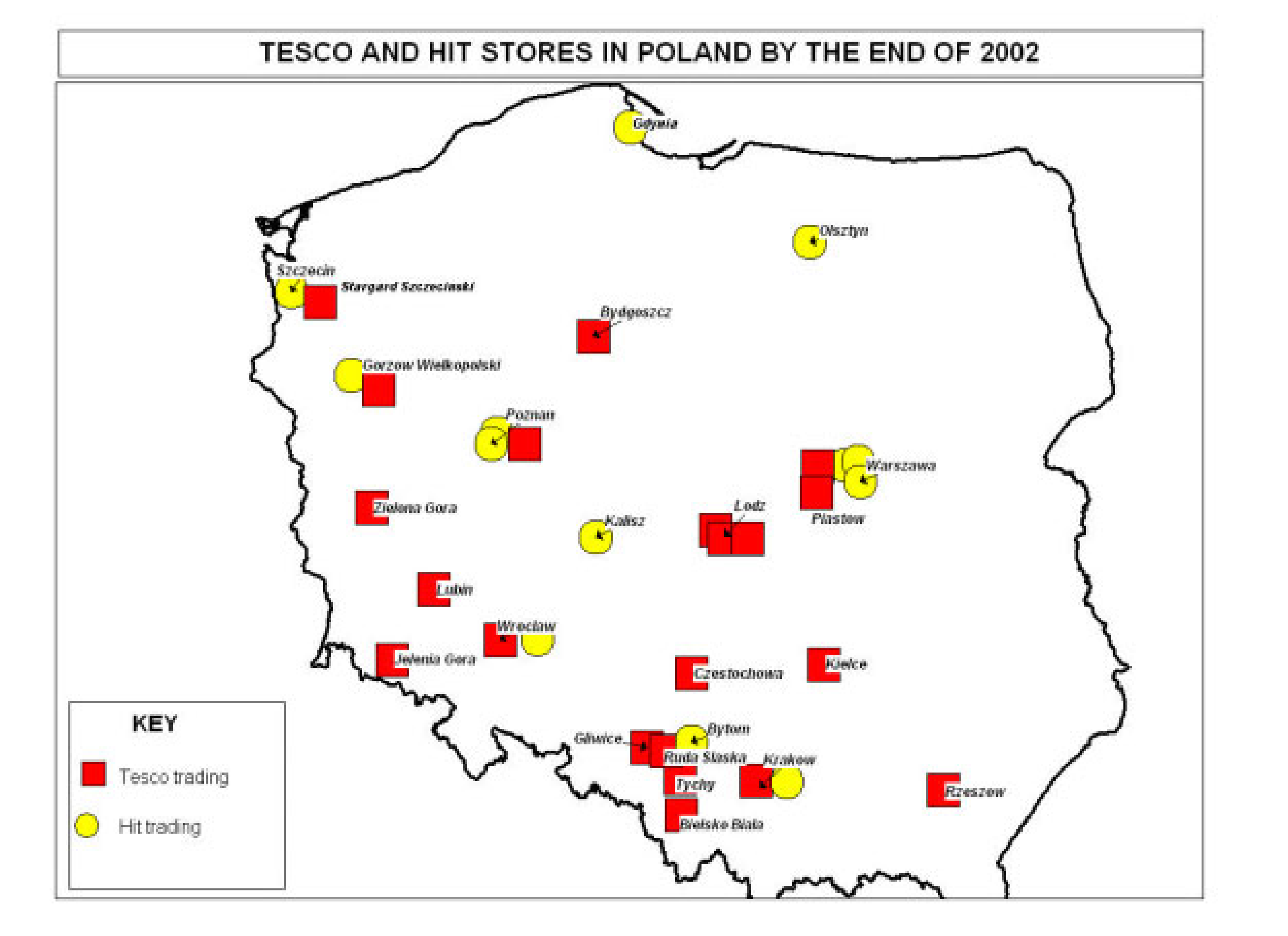
Market Share in Poland

	4q./2000	4q./2001	3q./2002
TESCO	***1,2%***	***1,6%***	**3,0%**
HIT	*2,0%*	*1,6%*	
AUCHAN	*1,7%*	*2,0%*	1,9%
LECLERC	*0,9%*	*1,3%*	1,1%
GEANT	*1,9%*	*2,1%*	1,8%
HYPERNOVA	*0,1%*	*0,6%*	0,8%
REAL	*4,0%*	*3,8%*	2,8%
JUMBO	*0,4%*	*0,3%*	0,2%
CARREFOUR	*0,8%*	*1,1%*	1,1%
KAUFLAND	----	----	0,3%
TOTAL HYPERMARKETS	**13,0%**	**14,4%**	**12,9%**

Hypermarket sector

	4q./2000	4q./2001	3q./2002
TESCO	**9,2%**	**10,8%**	**23,2%**
HIT	15,4%	11,4%	
AUCHAN	13,1%	13,7%	14,8%
LECLERC	6,9%	8,9%	8,2%
GEANT	14,6%	14,6%	13,8%
HYPERNOVA	0,8%	4,5%	6,3%
REAL	30,8%	26,5%	21,5%
JUMBO	3,1%	2,2%	1,6%
CARREFOUR	6,2%	7,3%	8,4%
KAUFLAND	----	----	2,1%
TOTAL HYPERMARKETS	100,0%	100,0%	100,0%

Tesco and HIT combined
34 hypermarkets - December 2002



Country Management Team

- Strong local management
- 7 expats - 15000 staff
- Culture attraction
- Strong succession plan

Progress in Poland

- Operational Development
- Operational Efficiencies

Progress in Poland

Operational Development

- Price
- Promotions
- Own Label
- Range

Price


PROMOCJA
zł


JAKOŚĆ DLA CIEBIE
zawsze
do 30%
niższa cena
od produktów markowych
NOWA LINIA PRODUKTÓW TESCO
PROMOCJA


PROMOCJA
Sałatka selerowa
1.69
zł


PROMOCJA


PROMOCJA
Czajnik OLKUSZ 2L
21.99
zł


2.99
zł

Promotions

Big n’ Bulk

Cosmetics Festival

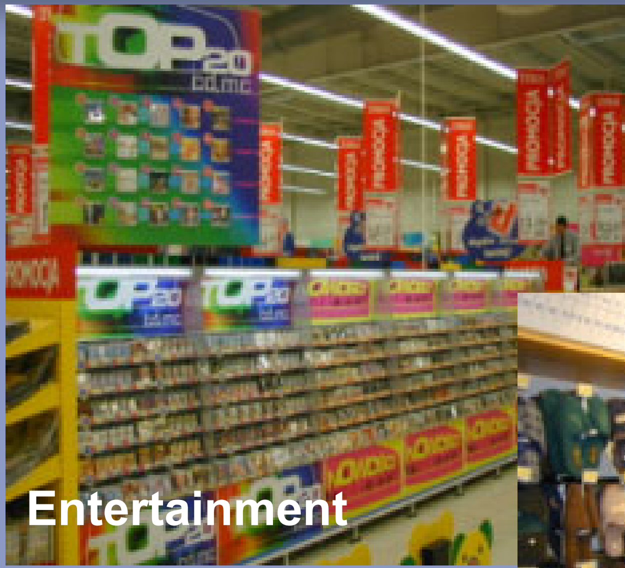
Food by Weight

Back to School

Own Label

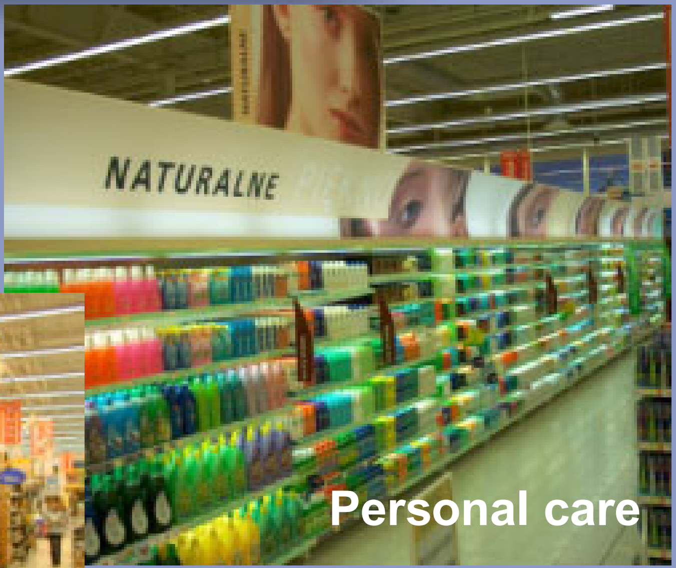
- 1200 products launched
- 600 Tesco Value lines
- 600 Tesco Brand lines

Range



Entertainment

Shoes



Personal care

Baby World

Cooked meats

Operational Efficiencies

- Head Office cost reduction
- Supply Chain development
- Build for less
- Buying better
- Store operating efficiencies

  - Productivity
  - Reduced expenses
  - Reduced stockloss

Operational Efficiencies

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So why HIT

- Scale
- Good sites
- Market leading position
- Synergies
- Supply Chain

HIT photos - 4 on page

- Warsaw Piastów
- Warsaw Górczewska
- Lódz Galeria
- Kraków Wielicka

Integration Progress

- IT systems converted
- People - Leadership
- Combined support office
- Understand customer needs
- Launched 400 value lines
- New range of textiles
- New range of hardlines
- Strengthened promotional offer
- Rebranding stores to Tesco

What differentiates Tesco

- Focused strategy
- Our people
- We are local
- Listen and react to customer needs

Conclusion

- We started late in 1998
- Market leader in 4 years
- Now leading vs following
- We are profitable
- Strong focused Management Team
- Proven hypermarket operator
- Outperforming our competitors
- We have a solid plan for the future to:

  - drive sales

  - reduce costs

  - deliver our profit and returns target

TESCO POLSKA