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CEO Hungary

TESCO

The image shows the TESCO logo in a bold, red, sans-serif font. Below the letters, there are five blue, slanted, parallel bars that serve as a decorative underline for the word.

Introduction

- Review of Hungarian Business
 - Store Portfolio
 - Competition
 - Tesco position, structure and people
 - Development
 - Future plans
 - Tomorrows agenda
- 

Looking back

- 1994 entered the market
- Entered country through acquisition (Global TH Ltd)
- Opened first hypermarket (Pólus) in 1996
- Opened 25 further hypermarkets
- Number one retailer in Hungary
- Profitable in 2000

Why Hungary

- Population : 10.2 million
- GDP Growth : 105.2% in 2000, Projected 2003 / 2004 104%
- Hungarian Inflation 5.6% (Sept 2002)
- EU Membership expected 2004
- Major foreign investment driving growth
- FDI in Hungary 2001 USD 2.4 billion
- FDI in Hungary 1989 – 2001 USD 23.4 billion

Major Investments in Hungary

- G. E.
- Phillip Morris
- Nokia
- Shell
- General Motors
- Audi
- PowerGen
- Unilever
- Coca-Cola
- Philips
- BAT
- Vodafone

New Government in Office – Socialist Peter Medgyessy



Our stores

1st store Pólus 1996



1996: 1 stores

1997: 2 stores

1998: 5 stores

1999: 9 stores

2000: 15 stores

2001: 21 stores

2002: 26 stores

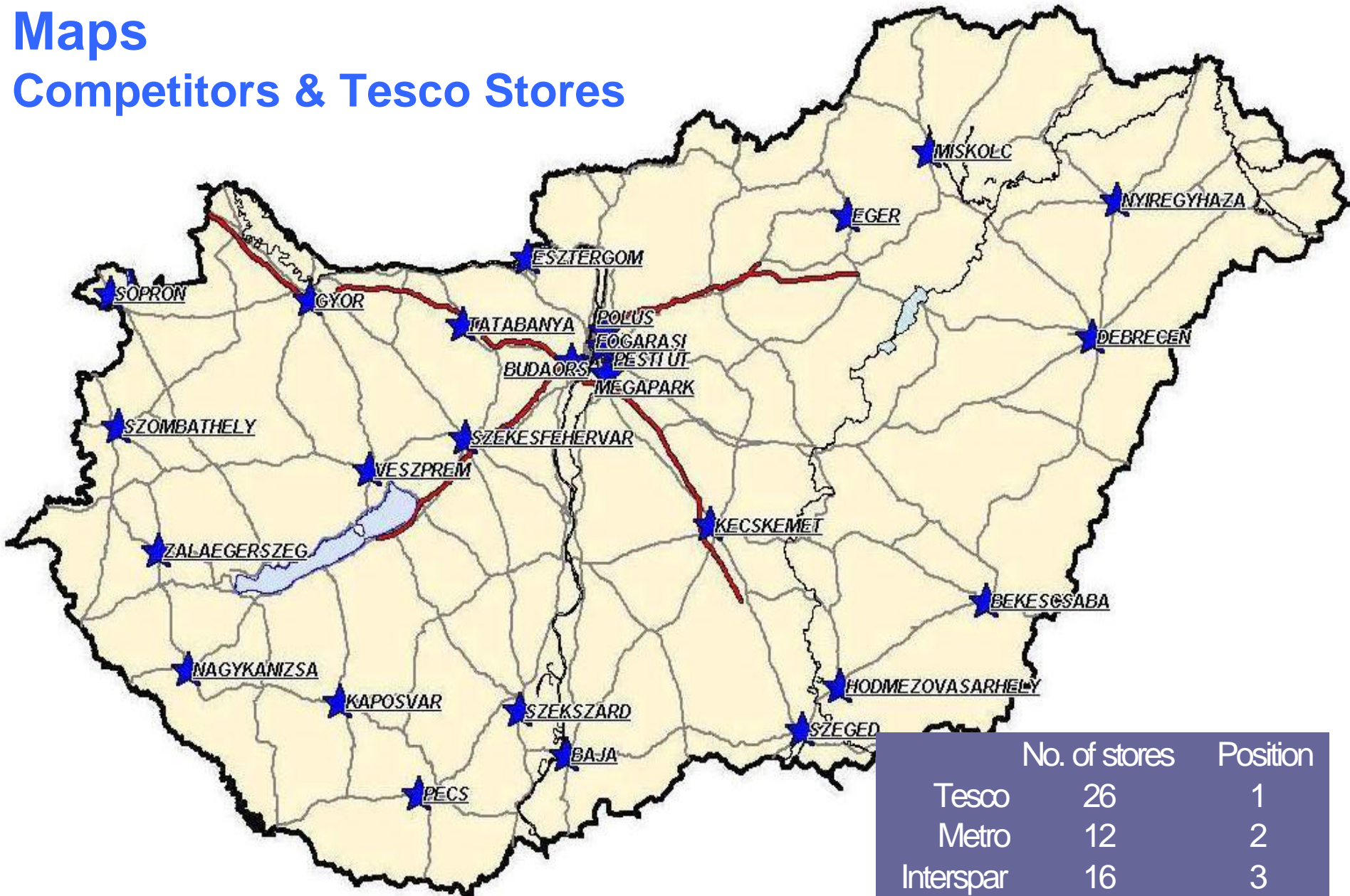
14th store Budaörs 2002



- Stores close to country borders
- New 5000 m2 format opened in Sept 2002
- Serve over 1 million customers per week
- Range reviews

Maps

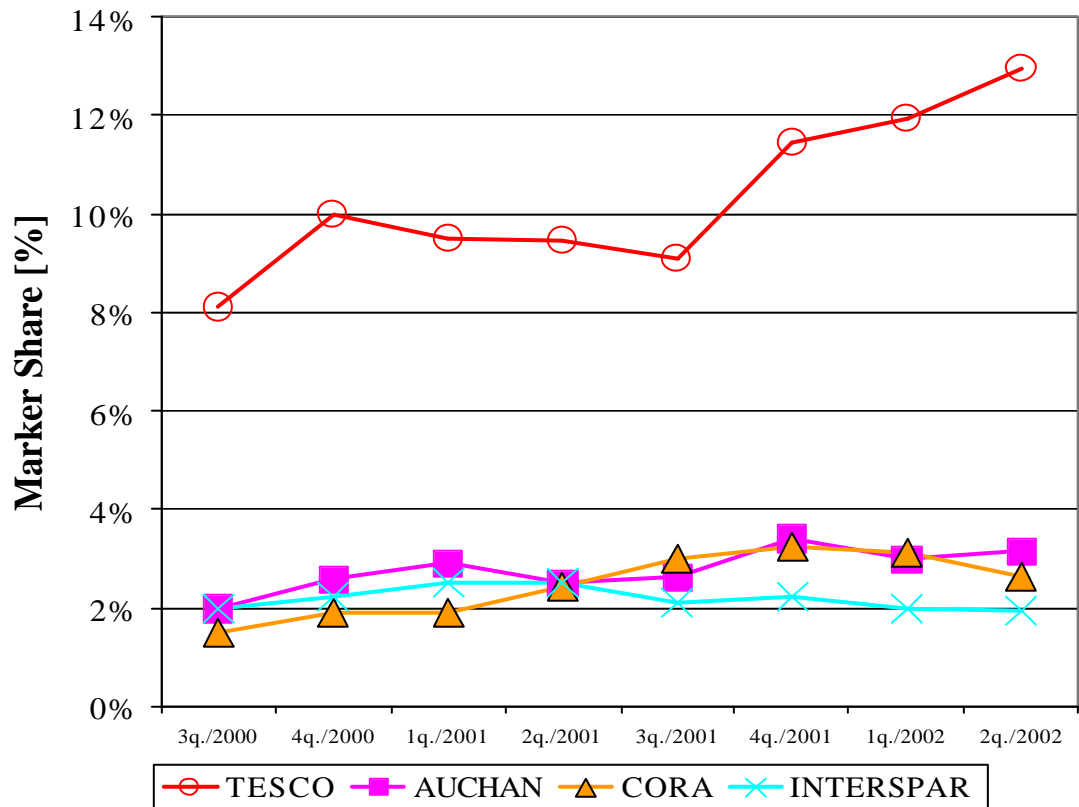
Competitors & Tesco Stores



	No. of stores	Position
Tesco	26	1
Metro	12	2
Interspar	16	3
Auchan	7	4
Cora	6	5

Market share info

Top Operators in Hungary



Country management structure

- 12 000 employees
- 99.9% Hungarian Business Team
- Hungarian Leadership
 - Finance
 - Marketing and Public Relations.
 - Personnel
 - Information Technology
 - Site Acquisition
 - Company Secretary

People

- Appointments
 - 64 Managers appointed, 58 internal
- Development
 - 74 Management trainees
 - 130 employees on education support
- Commitment
 - Staff Forums operational
 - Trade Union Partnership
- Values
 - Sharing knowledge and learning from experience
 - One team approach

Operational development –1

● Buying better

- Scale driving terms
- Regional and International sourcing developed




● Managing price / promotion

- Over 2m leaflets distributed
- Participation @ 15%



Price

- Weekly monitor / control – 40% of Sales
 - Launch of the We Are Cheaper campaign
 - Value & Standard Ranges
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Operational development -2

- Own brand development
 - Over 750 lines
- Primal meat
 - 11 stores now converted
- Produce Quality
 - Best Supply Chain in Hu.



Operating efficiencies

- Head Office Cost Reduction
 - Now less than 2%
- Build costs - build for less
 - 49% reduction over 5 years
- Distribution – supply chain development :
Herceghalom & Produce
- Store Operating Efficiency:
 - Management of cost base
 - Stock management process
 - Productivity

Distribution

- Herceghalom D.C.
 - 21,000m²
 - 700,000 cases a week
- Produce D.C.
 - 8,000m²
 - Quality control
 - 100, 000 cases a week

What differentiates Tesco


- Strategy
 - People
 - Being Local
 - Listening to customers
 - Living the Tesco Values
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Future plan

- 12 new Hypermarkets in two years
- Supply Chain Strategy
- Fresh Food D.C.
- Further Operating Efficiency
- Profitable Growth



Tesco Hungary Summary

- Established scale in Budapest and countryside
 - Leading against good competition
 - Good assets
 - Market leader
 - Well established focused team
 - Clear plan for future
 - On target to deliver profit
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Agenda - Friday 6th December

- TESCO Székesfehérvár
 - TESCO Budaörs
 - Auchan Budaörs
 - Cora Törökbálint
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