



Roadmap to Returns – Part II

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Agenda - Roadmap to Returns II

- Introduction
- Strong international results – 2005/6
- Accelerating our growth
- Pursuing our strategy
- Delivering returns

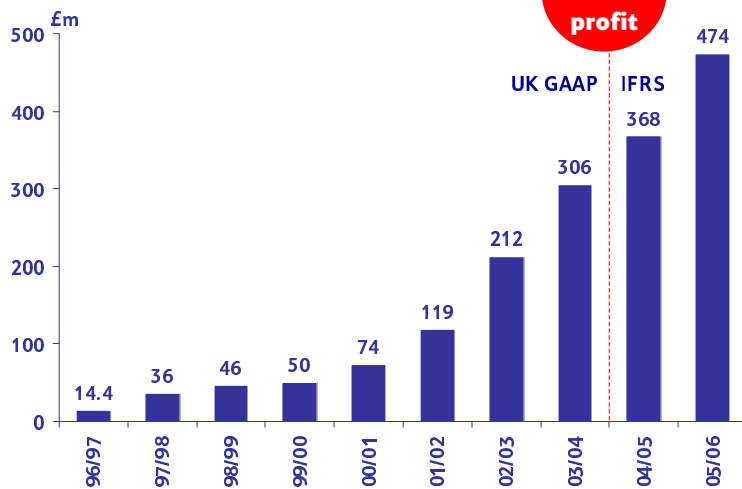


International sales



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International profits



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International headlines

- Sales up 23.0% to £9.2bn at actual rates
- Pre-property operating profit up 28.8% to £474m at actual rates
- Operating margins up 0.3% to 5.2%*
- International CROI up 0.4% to 11.4%

*VAT inclusive

Note: 52-week basis

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Asia

- Sales up 26.4% to £3.9bn at actual rates
- Pre-property operating profit up 30.1% to £203m at actual rates
- Operating margin up 0.2% to 5.2%*
- Results are before £9m loss in Taiwan

*VAT inclusive

Note: 52-week basis

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Europe

- Sales up 20.6% to £5.2bn at actual rates
- Pre-property operating profit up 27.8% to £271m at actual rates
- Operating margin up 0.3 to 5.2%*

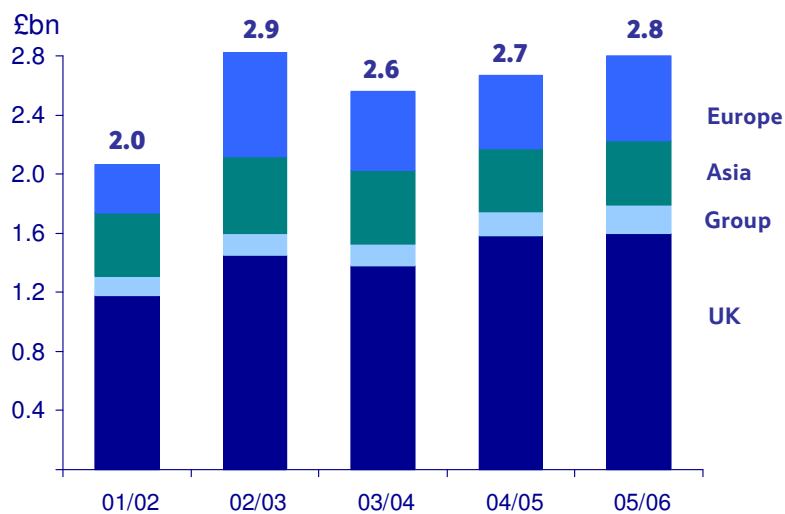
*VAT inclusive

Note: 52-week basis

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Capital expenditure



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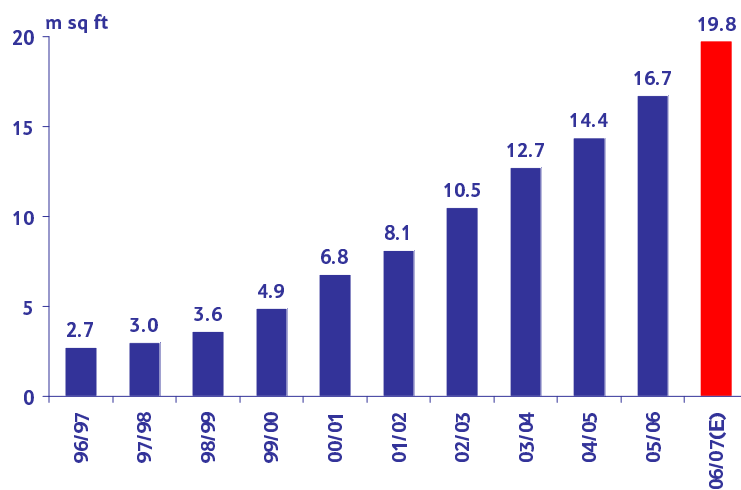
(includes acquisitions)

Accelerating our growth - new space



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International Space - Europe



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Strategy

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



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Focus



Taiwan



Czech
Republic



Slovakia

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Local - newer markets



Turkey



China

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Multi-format

- Express in seven countries including Japan, Turkey and Malaysia
- Thailand alone has 150 Express stores
- Three stores in Turkey



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Multi-format



1K



2K



3K

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Capability - our people



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Capability - international sourcing



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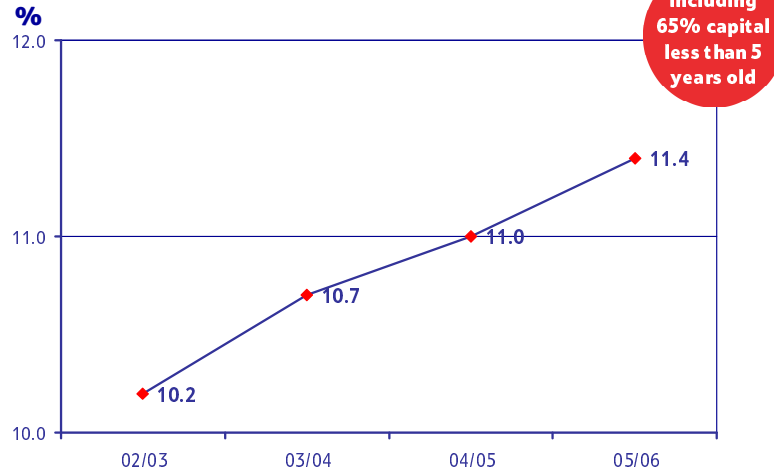
Capability - non-food



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International returns progress

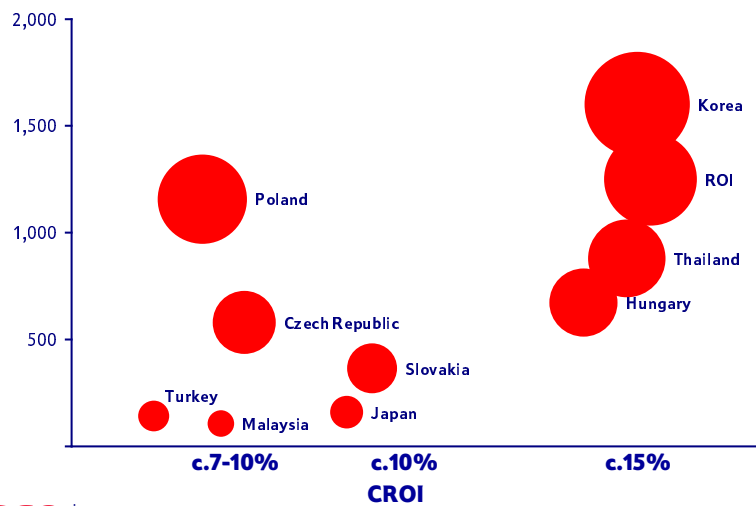
Cash return on investment



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International returns progress

£m capital invested / LFL CROI



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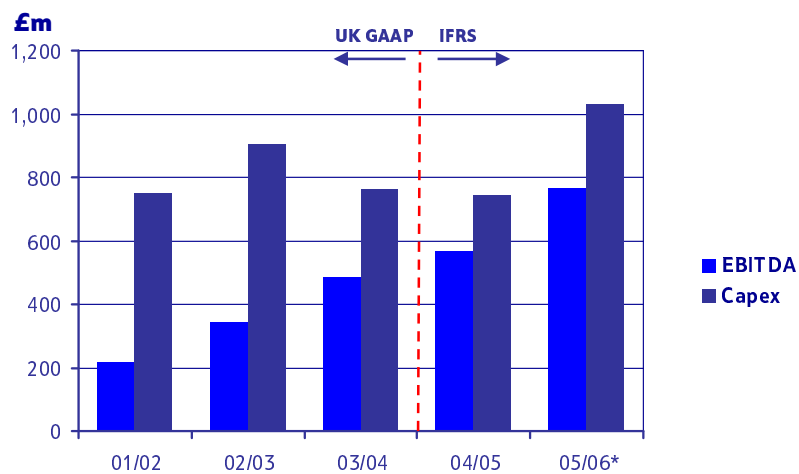
Poland

- Competitive market
- Hit acquisition
- Tesco is market leading - with 4%
- Poland grew sales over 30% last year
- Profits grew by over 40%
- Returns are rising



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International EBITDA / Capex



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*05/06 on 60 week basis

Current performance

LFL sales growth

	Q1 06/07*	H2 05/06
Czech	4.6	0.2
Ireland	5.5	5.4
Slovakia	6.1	4.3
Turkey	5.7	2.4

*11 weeks to 20 May 2006

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Summary

- Clear, successful strategy
- Scale businesses, good market positions
- Accelerating development
- Strong growth - sales, profits, cash flow
- Delivering rising returns

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