

Tesco in the Slovak Republic

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About Slovakia



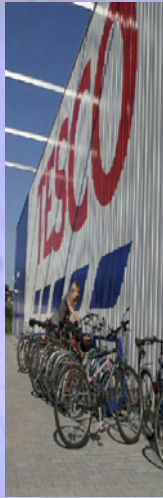
- **Area:** 49,000 sq km (11 400 sq mi)
- **Population:** 5.4 million
- **Capital City:** Bratislava
- Member of **the EU** from 2004
- **GDP:** US \$ 46.7 bn (2005 est.)
- **GDP per capita:** US \$ 8,480
- **Annual Growth:** 6.0%
- **Inflation:** 3.7%



Sources:
UN, 2005
IMF World Economic Outlook
Database
World Bank

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Tesco Key Milestones



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- 1996 – Acquisition of 7 Department Stores
- 1999 – First hypermarket opened
- 2000 – Tesco brand introduced
- 2003 – First 3K compact HM
- 2004 - Step change in competitiveness through price (Lev, Top 50)
- 2005 – First centralised distribution depot
First Petrol Filling Station opened
- 2006 – First 1K format opened
4 Carrefour stores to be acquired

Tesco Today



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- Market leader, rapidly growing
- Total net sales space 218 000 sq m
- 1,4 million customers per week
- Almost 8 000 employees
- 100% local store management
- Dedicated Operational and Fresh Commercial Management
- Awards: Best Retail Brand, Top Retailer SR

Multi- Format

- **Multi - Format approach**
 - 19 Large hypermarkets
 - 13 Compact hypermarkets
 - 1 Supermarket
 - 5 Department Stores
 - 3 Petrol Filling Stations



- **Department Stores**
 - Purchased in 1996
 - Important part of the business
 - Unique locations - center of towns
 - Plans to develop them

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3k compact store

- **Compact hypermarkets**
 - one destination store
 - the best customer shop locally
 - community store
 - simpler processes



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Flexible

- 1996 – two countries run as one business
- 2006 – two countries run as two businesses
- Recognising local aspects, cant be the same approach for all
- Established Local management team
 - We improved the business financially and operationally
 - Customers have notice the difference
 - Have focused on people and taken them with us

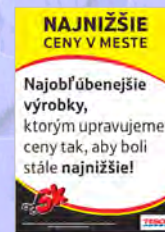


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Price



- concentrating on price
- price investment 1bn crowns
- Top 50 – most popular lines
- weekly price basket – 5 600 –
double check this



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Capability – Tesco Team

Local approach

Creating job opportunities

Our people

Communication

Supporting employees

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Skvelé pracovné prostredie

Dôverujeme si
a rešpektujeme jeden druhého ✓
Mám podporu svojho manžéra ✓
Moja práca je zaujímavá ✓
Mám príležitosť rásť
v rámci spoločnosti ✓

Jednajte s ľuďmi tak, ako
chceme, aby ľudia jednali s nami

Every little helps

A Great Place To Work

To be treated with respect ✓
A manager who helps me ✓
An interesting job ✓
An opportunity to get on ✓

Treat people how we like
to be treated

Trading philosophy

**TESCO AIM IS TO OFFER THE CUSTOMER THE BEST SHOPPING TRIP
IN THEIR TOWN WHERE:**

Nakupovanie

Ceny sú dobré ✓
Dostanem, čo potrebujem ✓
Skvelá obsluha ✓
Nestojím v rade ✓
Nakupovanie je ľahké
a príjemné ✓

Nikto sa nestará o zákazníkov
lepšie ako my

Every little helps

Shopping Trip

The prices are good ✓
I can get what I want ✓
The staff are great ✓
I don't queue ✓
Shopping is easy
and enjoyable ✓

No-one tries harder
for customers

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Tesco Brand

Tesco Value



Customer Benefit:

“Best value for money product in the category”

Benchmark:

“Quality that is fit for purpose”

Price Position:

“Cheapest”



Tesco Standard



Customer Benefit:

“Brand quality at a great price”

Benchmark:

“Leading volume brand in the category”

Price Position:

“10% to 20% cheaper than the benchmark”

Trading Environment

Competitors

- Metro – 5 stores
- Terno (Jednota COOP) – 12 stores
- Hypernova - 21 stores.
- Kaufland – 26 stores.
- Billa – 79 stores.
- Lidl - 56 stores.



Focused on Growing Returns

- Multi-format development program
- Consolidation
- International sourcing
- Developing Supply Chain network
- Leveraging international processes & systems
- Sharing knowledge & know-how (Option program)

