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Tesco in Asia

November 2008



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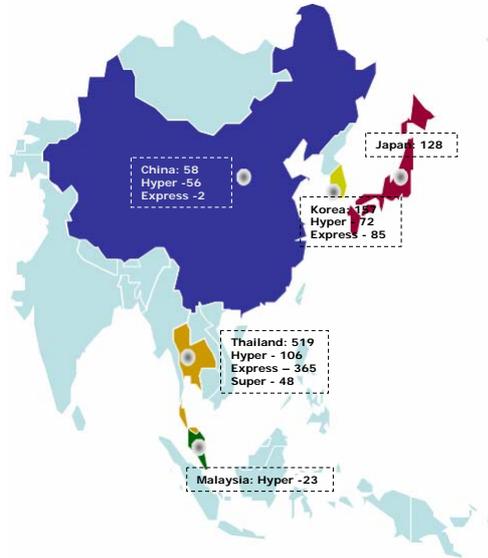
Leveraging Scale

Asia Joint Buying Team

Mark A Murphy - Commercial Director



Why is leveraging scale important?



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- Our Asian countries combined operate a total of **885** stores, including **256** hypes
- Building commercial capability in one location is easier and more efficient than multiple locations
- Aggregating buying volumes leads to higher margins and better value for our customers
- Utilising group infrastructure, expertise and resource
- It is also efficient for our suppliers

What we have done

- Established a Non-food Asia Commercial Team in Shanghai spring of 2007
- YTD we have shipped
 - China **798** Non-food items and **5** Fruit items
 - Korea **1,231** Non-food items and **4** Fruit items
 - Thailand **319** Non-food items and **6** Fruit items
 - Malaysia **926** Non-food items and **2** Fruit items
 - Japan **49** Non-food items
- Fiscal year 2008/2009 the above generated approximately £150 million at retail. Five-year plan is to increase this to £2.0 billion at retail.

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What we have done

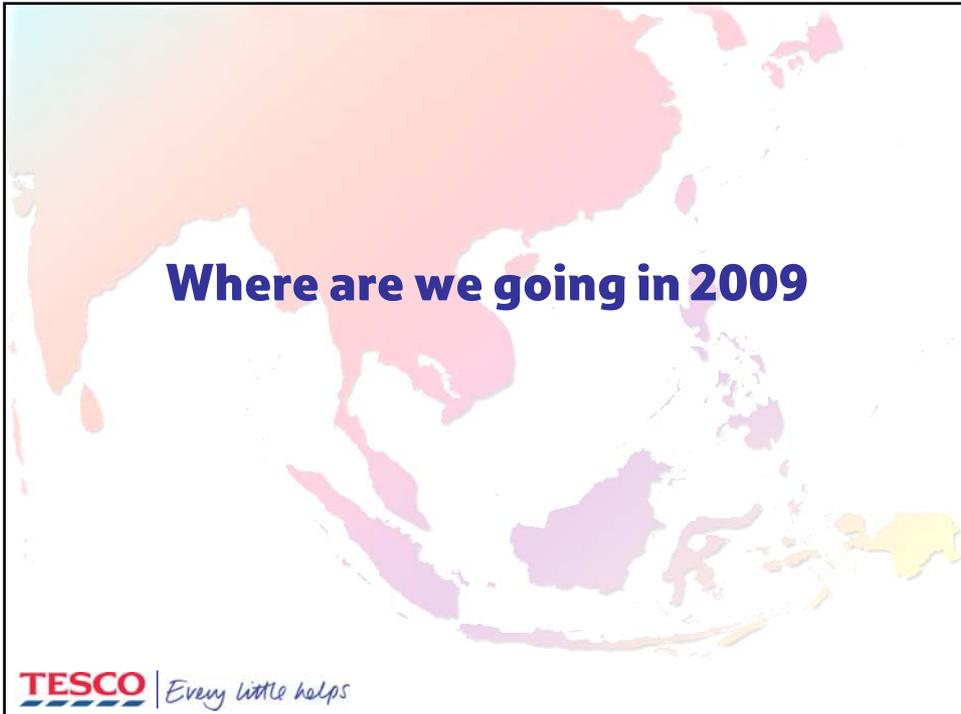
- Worked closely with International Sourcing to identify global opportunities
- Established a common calendar to launch new programs in all countries at same time (exception will be climate related ranges)
- Opened DC in Shanghai to serve China Non-food business
- Created common design for all packaging across Asia
- Implemented end-to-end process for working across all Asia countries

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Where are we going in 2009

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March

- 30 lines of Garden tools, Flower pots and Garden furniture
- 71 lines of Hangers, Laundry baskets and Food storage
- 16 lines of DIY tools



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May

- 12 lines of Luggage
- 10 lines of Camping
- 87 lines of Inflatables, Outdoor and Indoor sports, Bike accessories



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June

- 290 lines of Stationery, including Party goods, Paper, Writing instruments, Office supplies, Files, Folders and Home Office products



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July

- 402 lines of Cookware, Storage, Crockery and Glassware



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August

- Bedding and Electrical accessories



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September

- Update DIY
- Launch new camping range



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October

- Launch plasticware, Small domestic appliances and Toys



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November

- Launch of F&F in Women's, Men's and Children's Clothing



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December

- Cleaning mops, Brooms, Laundry baskets, Brushes and Cloths



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January

- Lunar New Year



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Other Products Under Development

- Working with Nickelodeon and Disney on exclusive products and promotions for Tesco Asia
- Common Photo Processing solution for Asia
- Exploring opportunities for Frozen, Grocery, Seafood and Meat



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In 2009 and Beyond...

We are looking forward to strong growth in Tesco private lines to improve sales, margins and customer value.



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Thank You!

