

TESCO | *Every little helps*

Tesco in Asia

November 2008





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Europe, Asia & IT Director



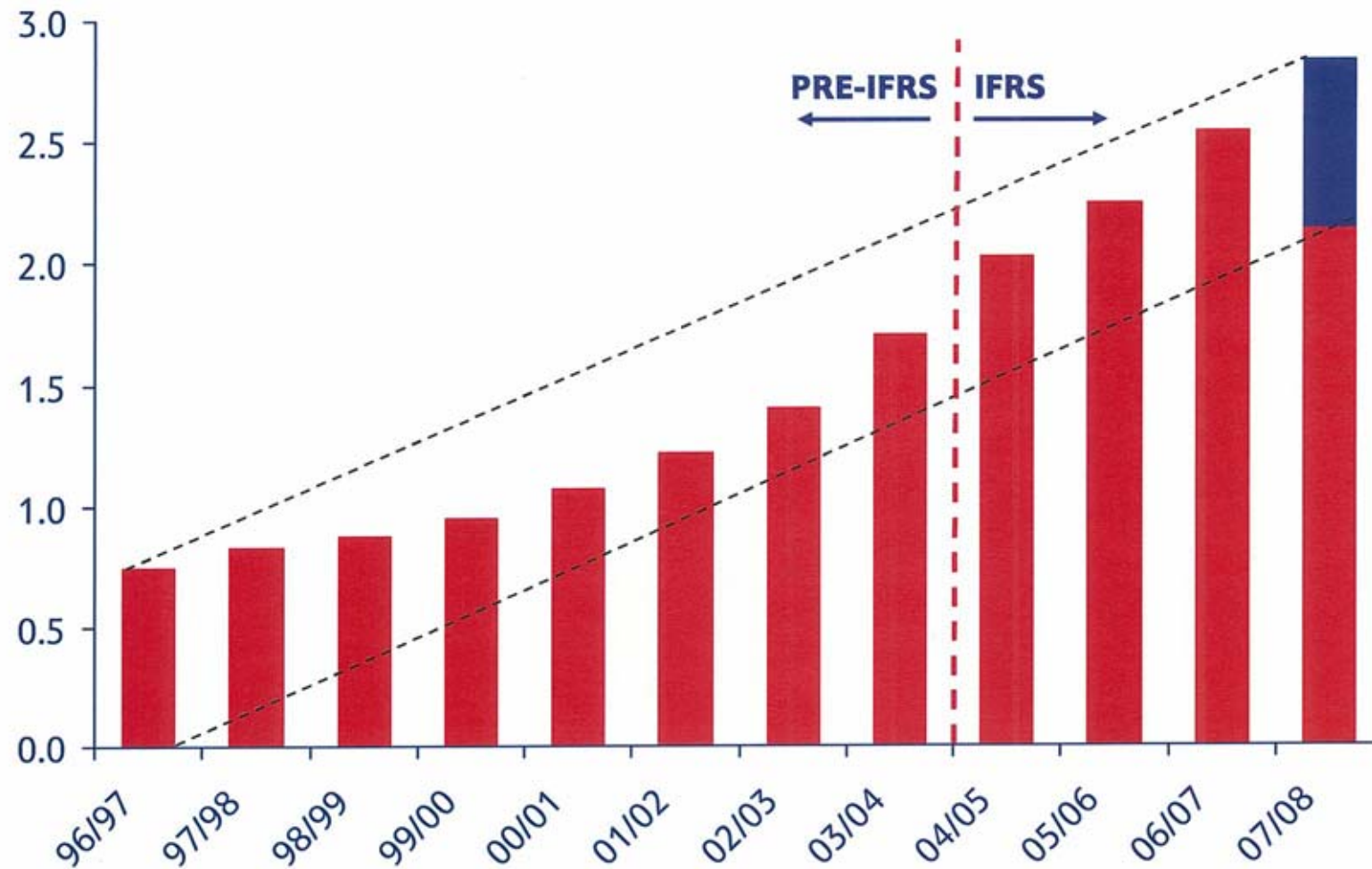
International – coming of age

- 12 markets – leader in 5
- 1,772 stores, 525 hypermarkets
- 49m sq ft – over 60% of Group space
- £1bn of EBITDA in 2007/08

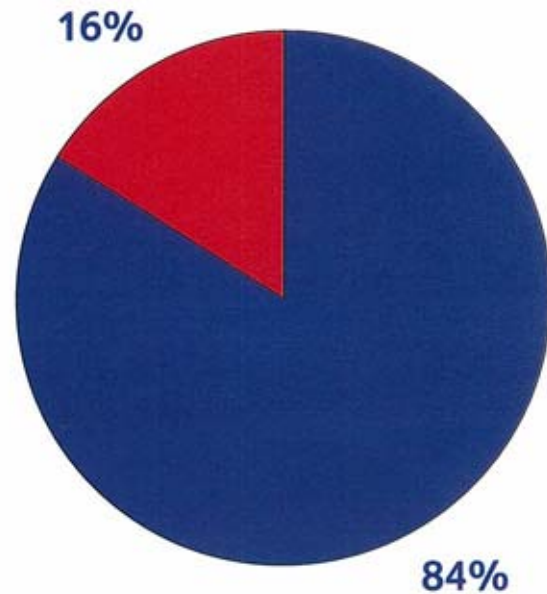


International – a new Tesco

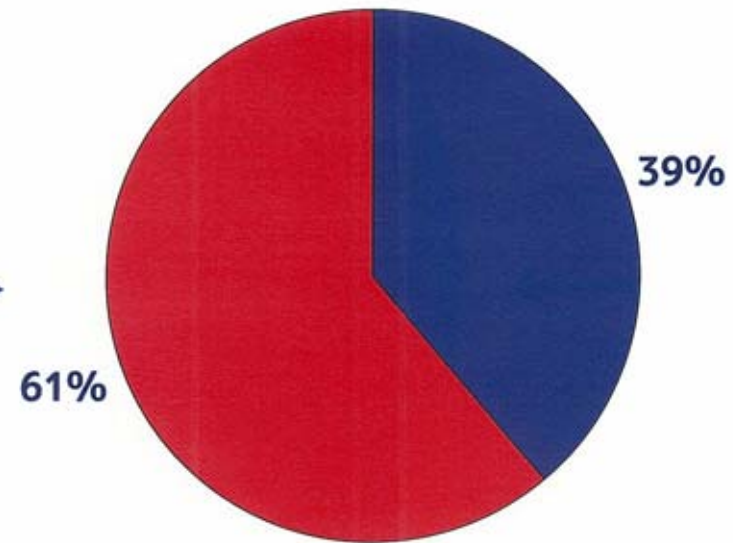
Group underlying profit - £bn



International space growth



1997

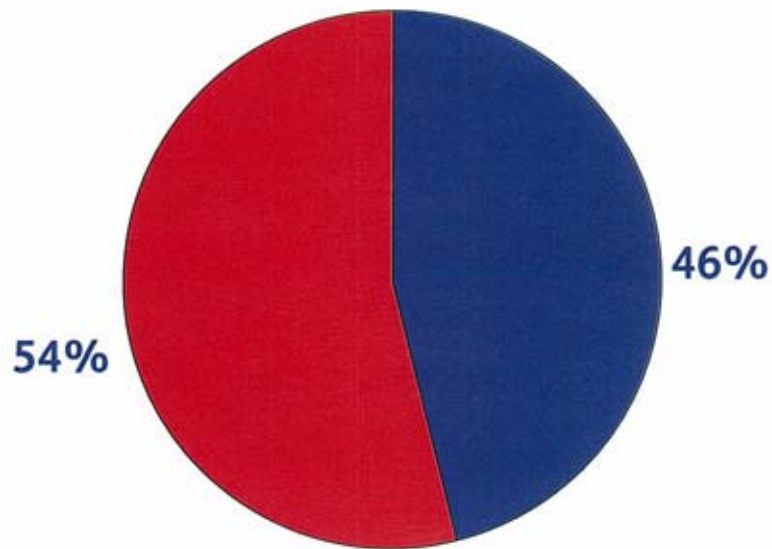


Today

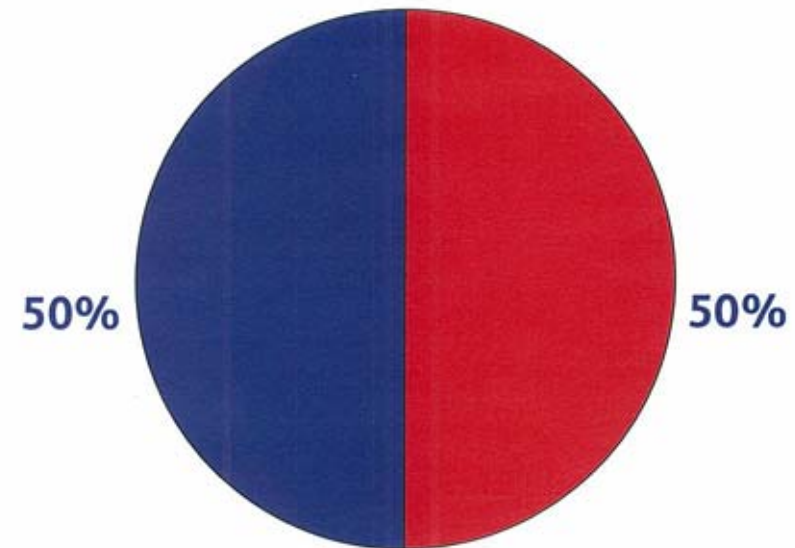
- UK space (sq ft)
- International space (sq ft)

Asia and Europe growth – 2007/08

Sales growth contribution



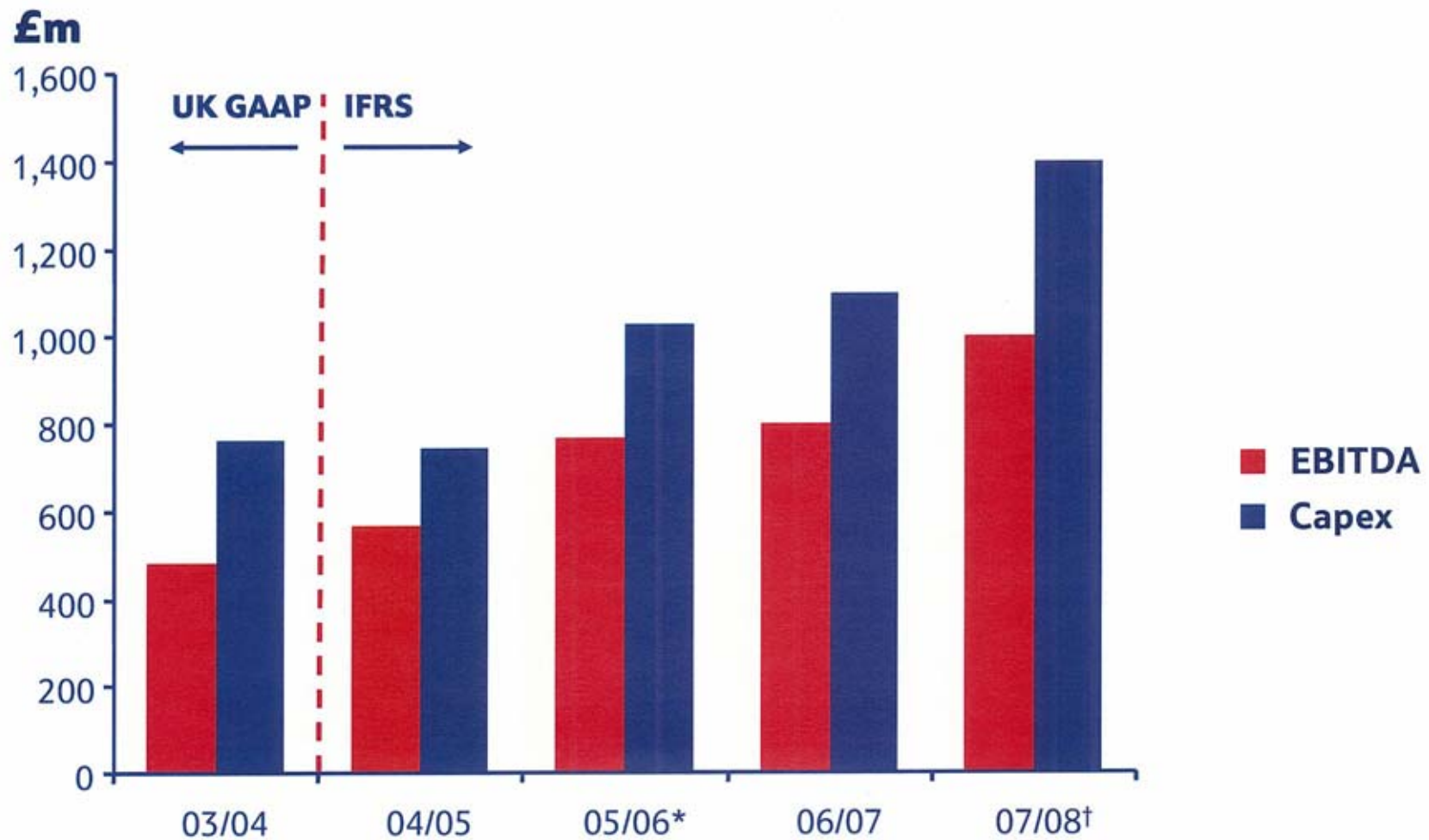
Profit growth contribution



■ UK
■ Asia and Europe

Continuing to invest in growth

- Mostly self-funded



*05/06 on 60 week basis

†07/08 excluding the U.S.

Our markets

| Start-up | Developing 1 | Developing 2 | Established |
|--|--|--|---|
| Early stage, exciting growth potential, returns dilutive short-term | Good market positions, improving returns | Market leading position, immature returns, growing well | Substantial profit centres, good returns, strong growth potential |
| <ul style="list-style-type: none"> • China • Japan • United States • India | <ul style="list-style-type: none"> • Turkey • Poland • Czech Republic | <ul style="list-style-type: none"> • Slovakia • Malaysia | <ul style="list-style-type: none"> • Korea • Ireland • Thailand • Hungary |

What's new?



Current performance

| | H1 LFL | Current LFL* |
|-------------|--------|--------------|
| South Korea | 0% | (2%) |
| China | 14% | 8% |
| Malaysia | 1% | 2% |

* Like-for-like sales growth for the 10 weeks ending 1 November 2008. South Korea like-for-like growth includes a seasonal adjustment for the different timing of the Chuseok festival this year.

What's different about us? – Our values

No-one tries harder for customers

Understand customers

Be first to meet their needs

Act responsibly for our communities

We treat people how we like to be treated

Work as a team

Trust and respect each other

Listen, support and say thank you

Share knowledge and experience

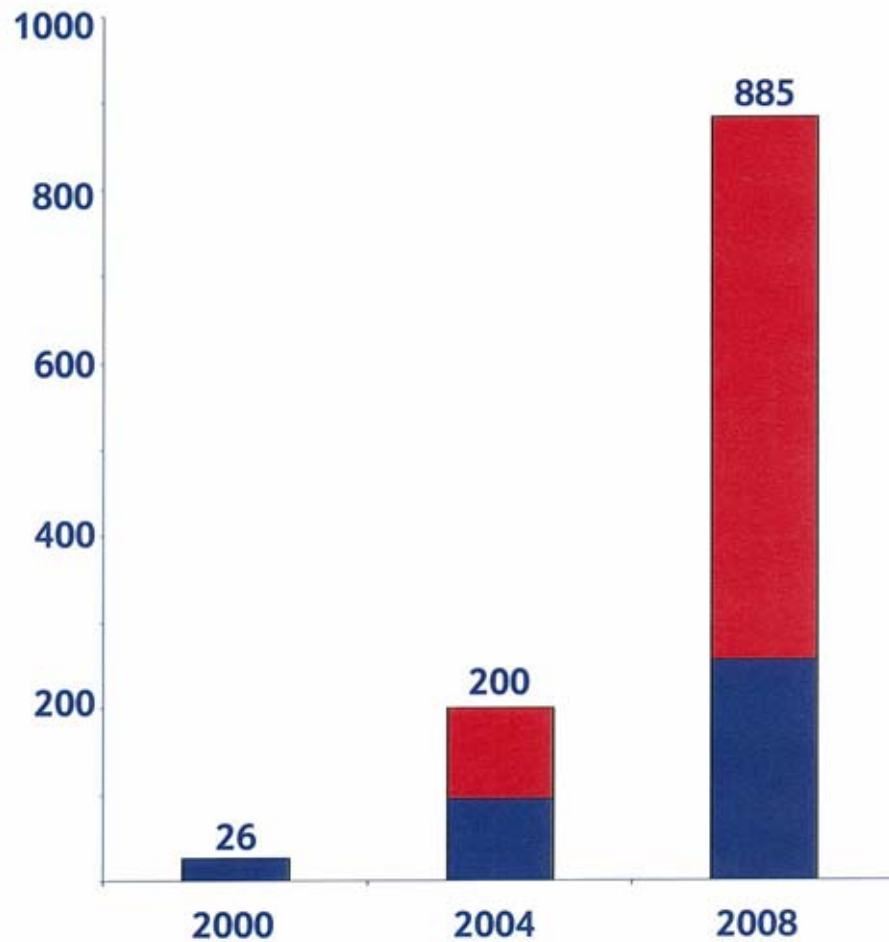
So we can enjoy our work

Progress in Asia since our last visit

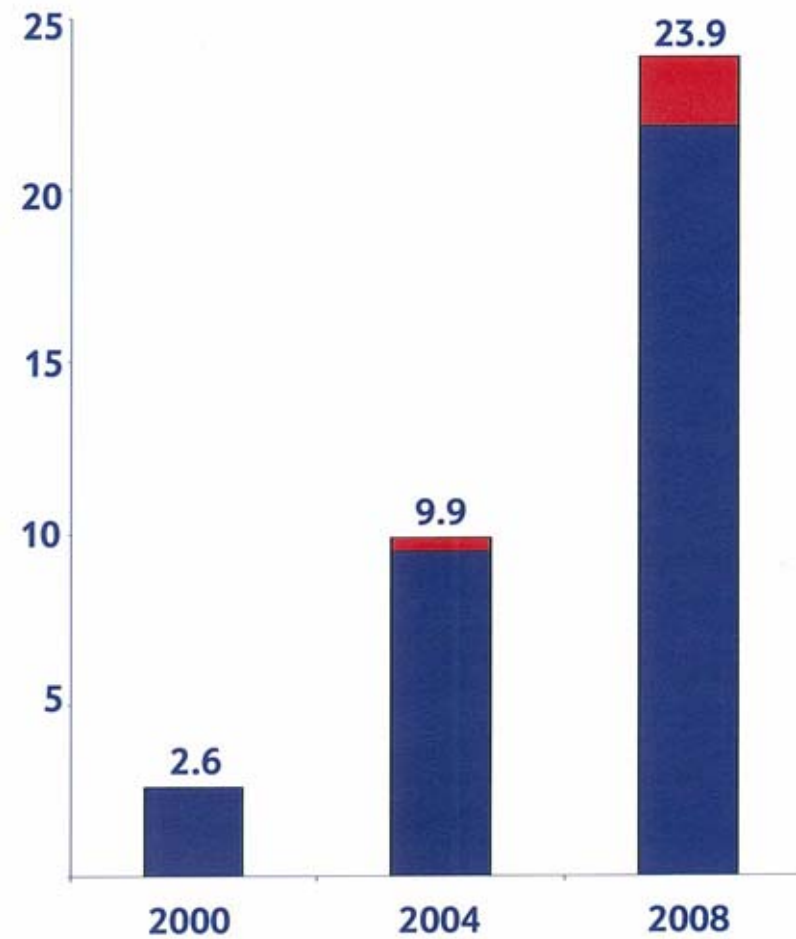
- Acquired 36 Homever stores
- Taken control of our business in China
- Integrated the Makro stores in Malaysia
- Announced exclusive franchise agreement with Tata in India, to be supported by our own cash & carry business
- Exited Taiwan

Progress in Asia

Number of stores



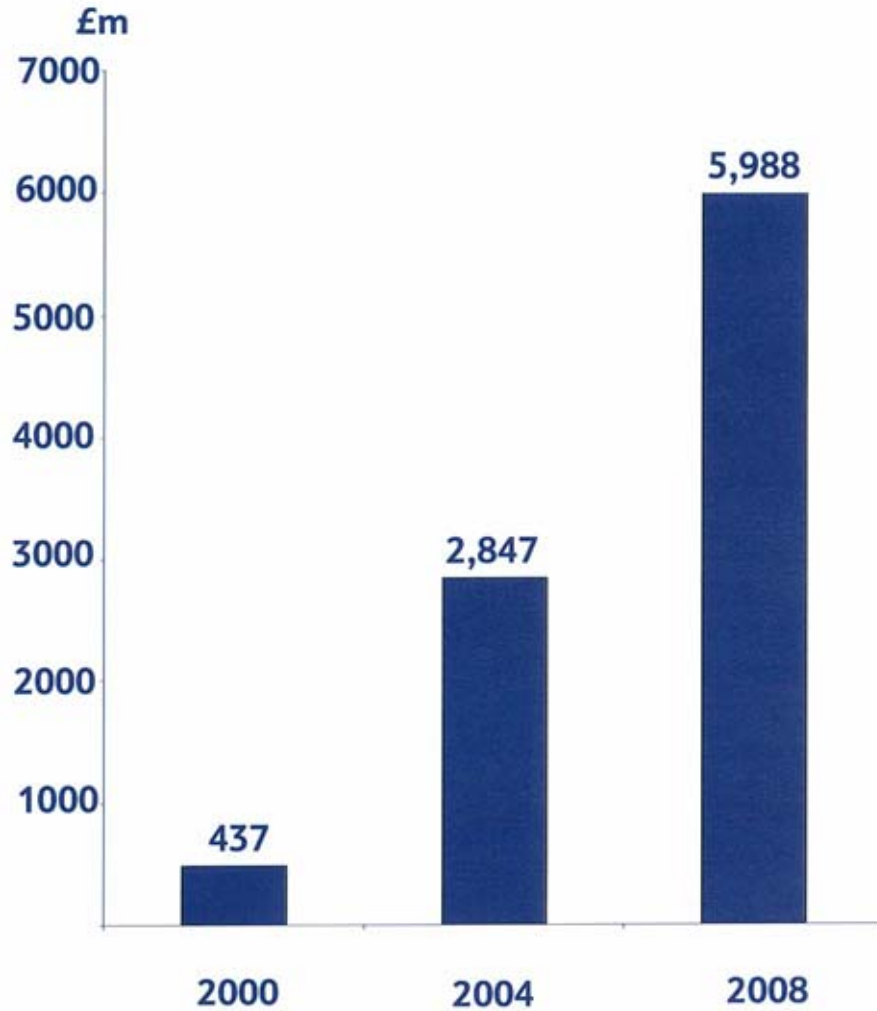
Space (m sq ft)



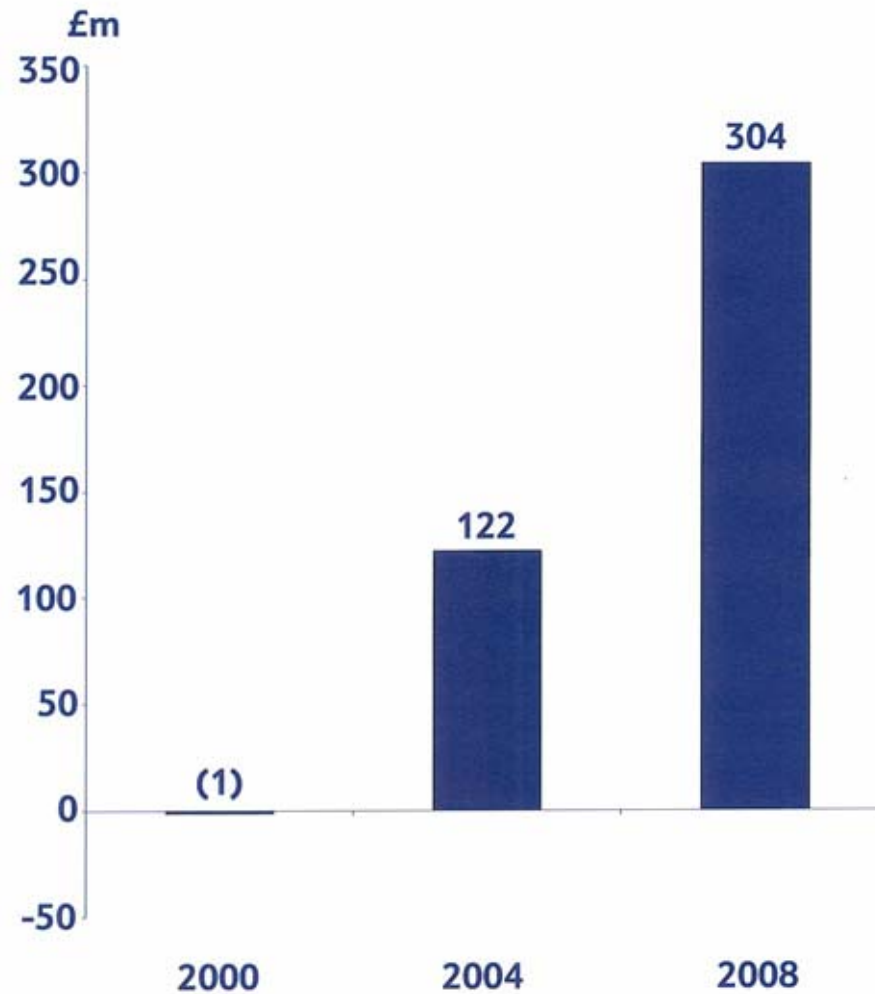
■ other stores ■ hypermarkets

Progress in Asia

Sales (inc. VAT)



Trading profit



Strategy

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

Focus

Before



After



Focus

Homeplus



Homever



Capability – people

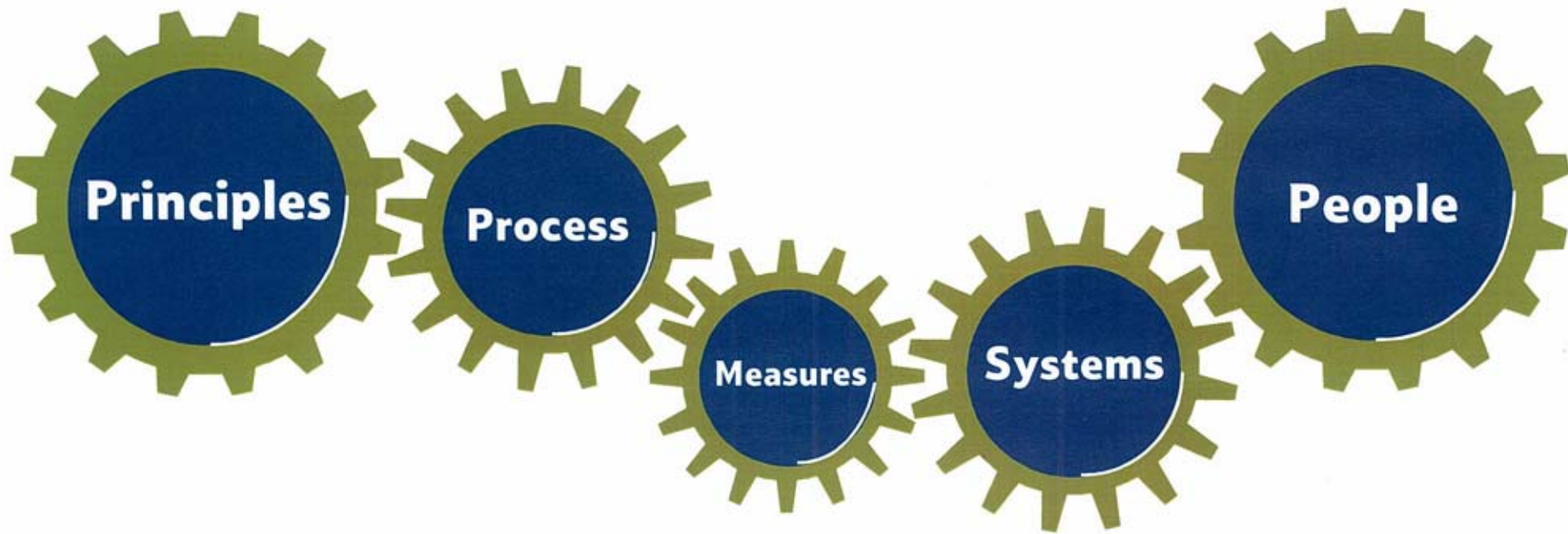
“Working alongside talented and driven people provides me great support and encouragement from senior sponsors and colleagues.

Every decision we make has a tangible result. I really enjoy seeing goals achieved, which makes me feel that I can really contribute something to the biggest UK retailer and gives me great motivation.”

Leon Sun, Chinese Graduate
(Commercial)



Capability – operating model



Capability – property

- Underpins the business
- We act as our own developers – creating value
- 885 stores
- Malls
- Predominantly freehold
- Multi-format
- Good locations

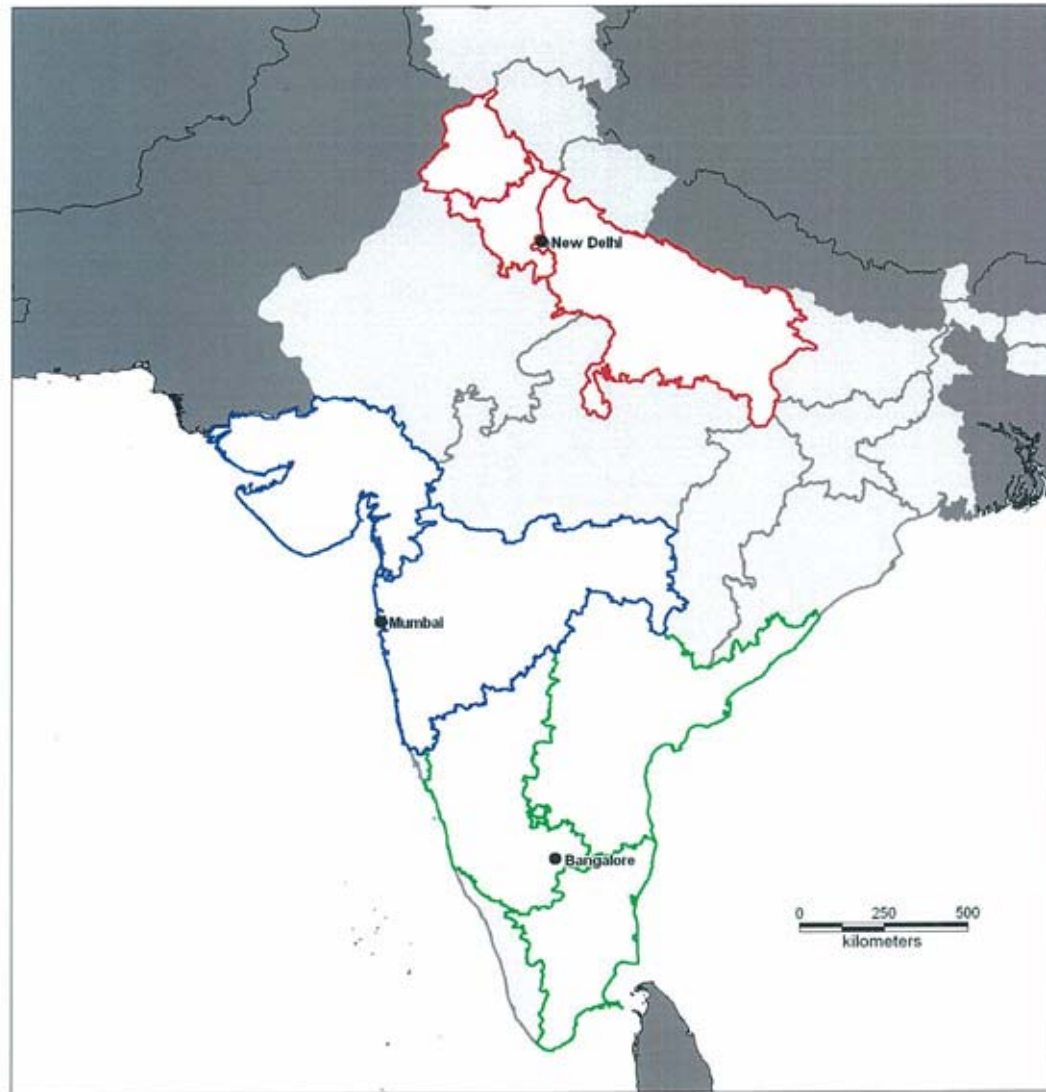
Multi-format



Flexible

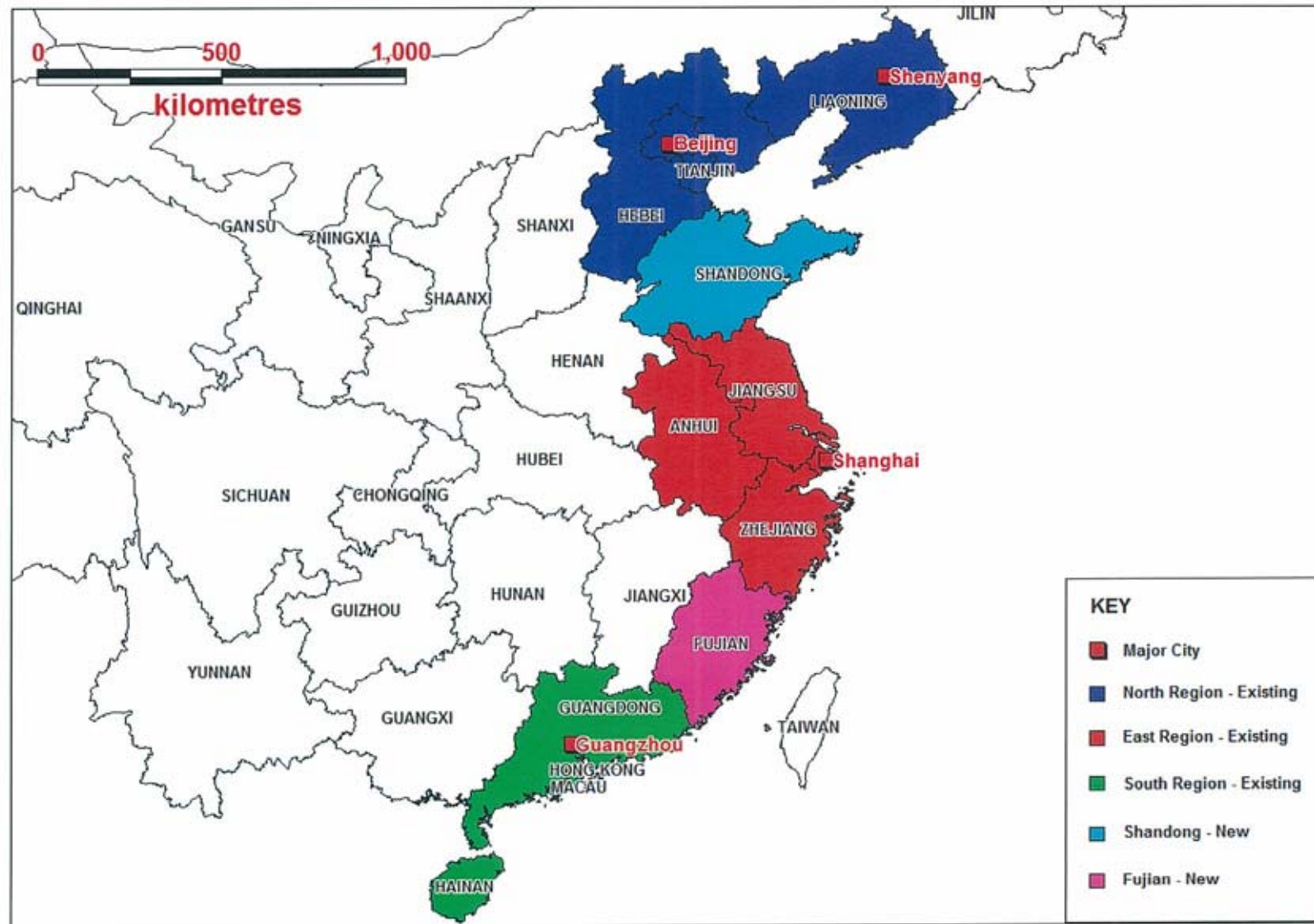


Local – India



- West Zone
- South Zone
- North Zone

Local – China

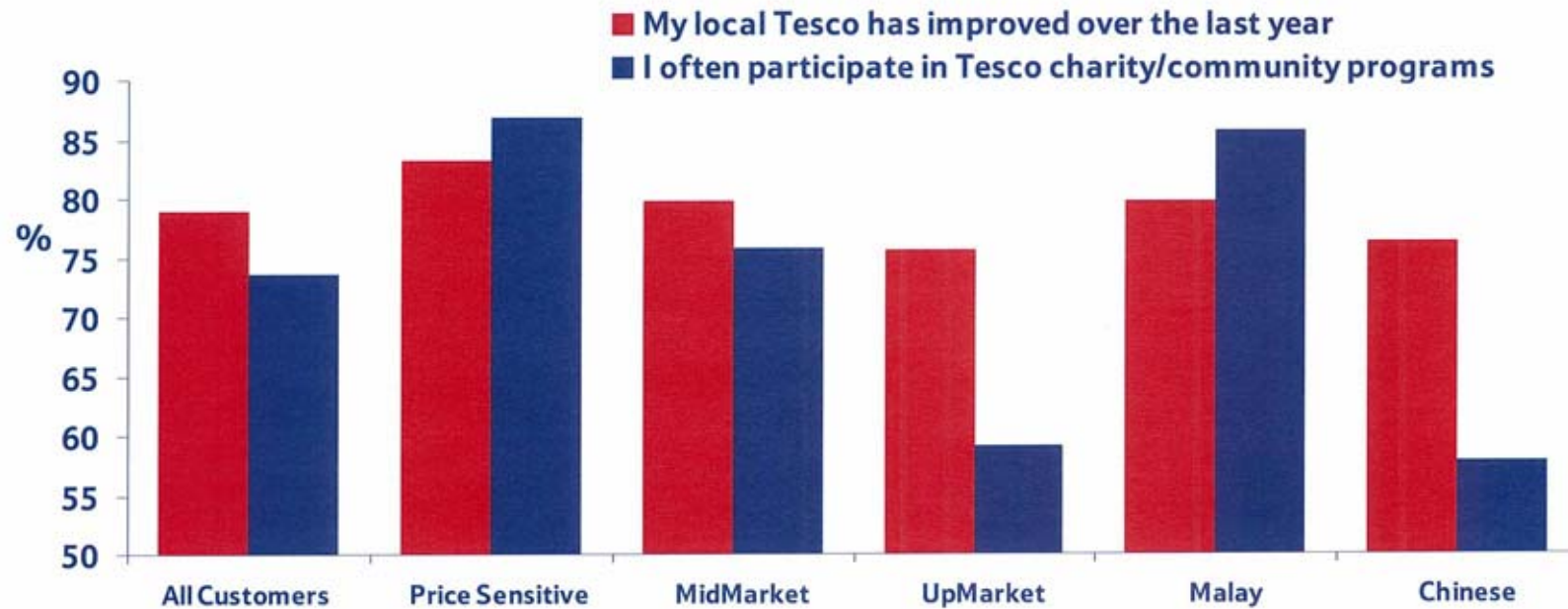


Local

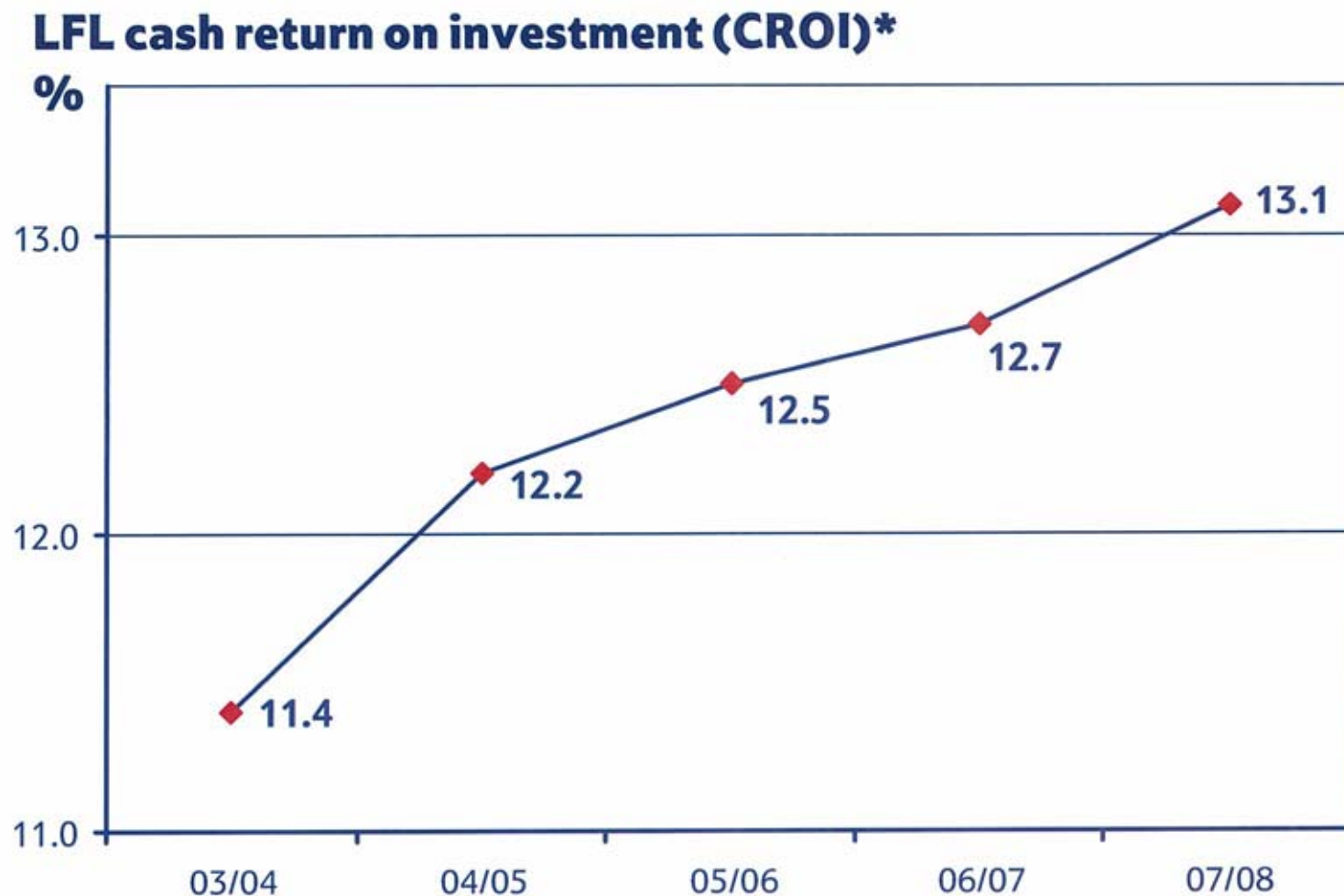


Brand

Tesco Malaysia



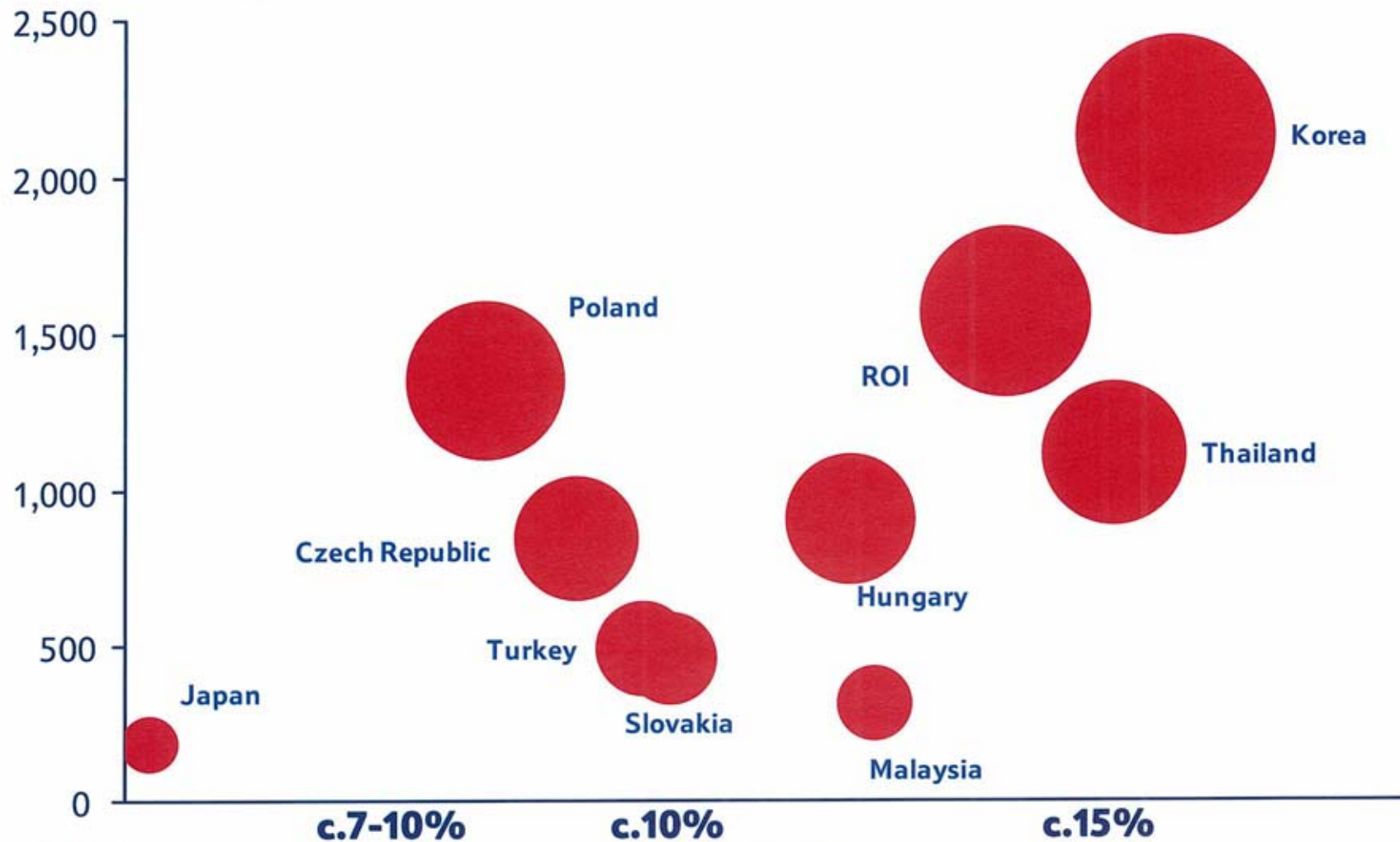
International returns progress



* CROI is measured as earnings before interest, tax, depreciation and amortisation, expressed as a percentage of net invested capital.

International returns – 2007/08

CROI vs £m capital invested



Seung-Han Lee

