



Preliminary Results

21 April 2009





David Reid

Chairman





Acquisitions



Korea



TPF

Organic growth



China



India



US

Community promises

- Actively supporting local communities
- Buying and selling our products responsibly
- Caring for the environment
- Giving customers healthy choices
- Creating good jobs and careers



Community

37 green
stores



£6.2m
raised



Our people





Laurie McIlwee

Group Finance Director



Results headlines

- Solid growth in sales, profit and earnings
- Continued investment in our strategy
- Substantial structural cost savings
- Good, well-covered dividend growth
- Strong, property-backed balance sheet
- Plans to bring capex down well below cash generation



Group performance*

- Sales £59.4bn, up 15.1%
- Trading profit rose 12.4% to £3.09bn
- Trading profit rose 16.2% before initial trading losses in the U.S. and the impact of Homever
- Group underlying profit £3.13bn, up 10.0%

* Growth reported on a consistent basis (12 months versus 12 months) for China



Property



Group performance

- Group pre-tax profit up 5.5%
- Lower growth rate principally due to IAS 32 and IAS 39



Returns to shareholders

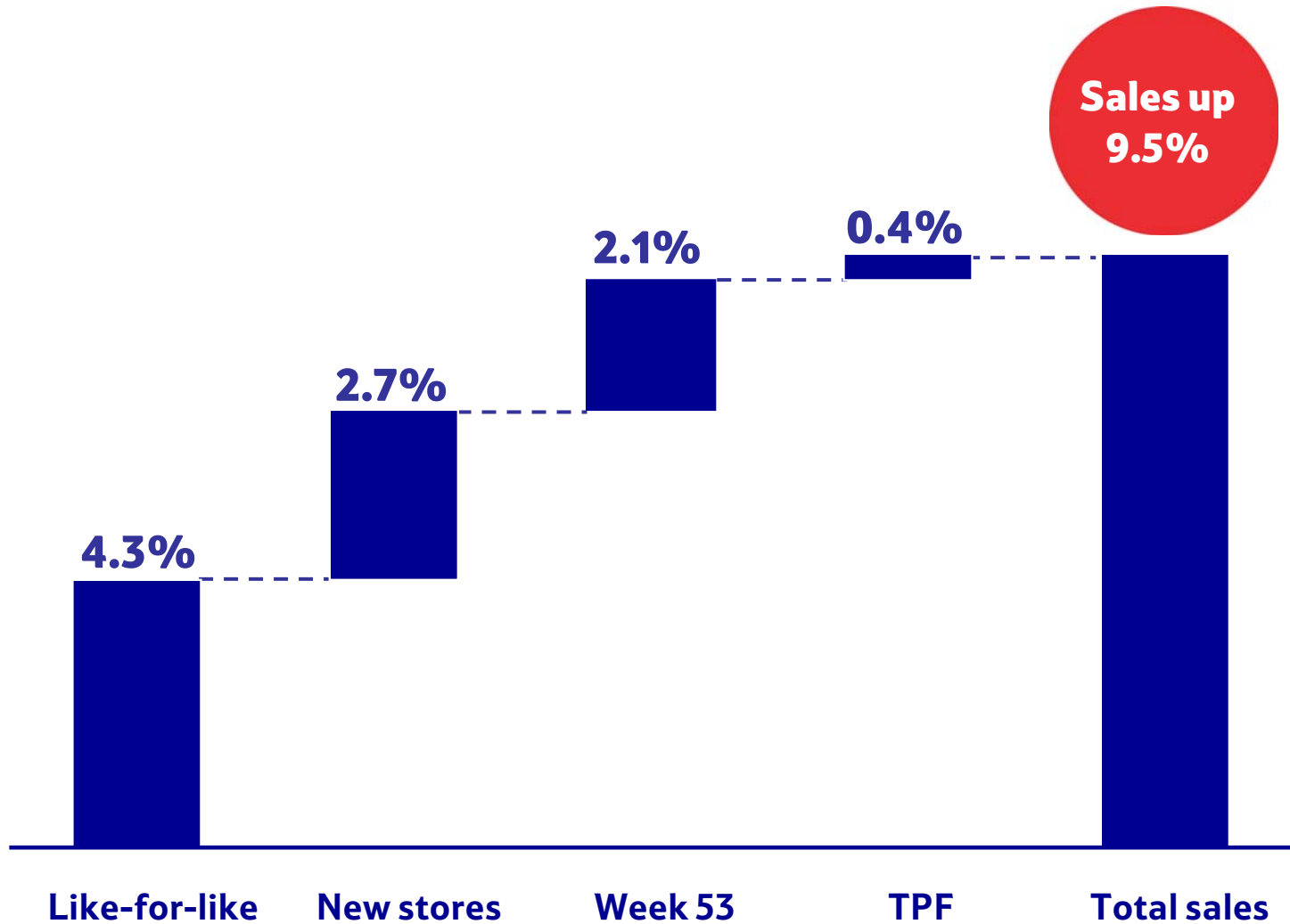
- Good underlying diluted earnings per share growth despite exceptional tax rebate last year
- Underlying diluted earnings per share up 9.7%*
- Proposed final dividend 8.39p, up 9.0%
- Full year dividend 11.96p, up 9.7%

* Using constant tax rate & based on 52 weeks



UK retail sales growth

including petrol



UK

- Like-for-like sales up 3.0%*
- Like-for-like growth in the last seven weeks of the year 2.1%*
- 3.4%* like-for-like growth in first six weeks of current year
- 4.4%* like-for-like growth before VAT change

* Ex-petrol



UK trading profit

- UK trading profit £2,381m, up 12.7%
- UK trading margin 6.2%
- Small contribution from TPF
- Investment in the shopping trip funded from step-change savings of £540m



International

- Sales £17.9bn, up 30.6% at actual rates
- Sales excluding Fresh & Easy and Homever up 26.7%
- Trading profits up 26.6% at actual rates*
- Trading margin unchanged*

* Excluding Fresh & Easy initial losses and Homever integration costs and pre-conversion losses



Asia

- Sales £7.6bn, up 29.4% at actual rates
- Excluding Homever, sales up 23.5% at actual rates
- Trading profit rose to £355m
- Excluding Homever, trading profit up 28.9% at actual rates
- Margins strong, driven by performances in Malaysia and Thailand

Europe

- Sales £10.1bn, up 29.1% at actual rates
- Deteriorating demand in some markets
- Trading profit rose to £496m, up 24.9% at actual rates



US



Retailing Services

- Investor seminar on Services planned
- Sales £3.4bn, up 11%*
- Trading profits rose to £460m, up 21%*

* Including TPF on a pro-forma basis



Tesco Personal Finance

- Acquisition completed in December 2008
- High quality book, no toxic assets and strong liquidity
- Bad debt experience better than industry average
- Underlying profit before tax £244m (pro-forma basis)



Tesco Personal Finance

- Insurance over 65% of profits
- Savings products attracted over 100,000 new customers
- Grown savings book to over £4.5bn
- Balance sheet in net surplus
- Separate balance sheet provided
- Core Tier One Ratio of 12%



JVs and Associates

- Profits were £110m, up from £75m last year
- Includes a 50-week contribution from TPF



Tax

- Tax charged at an effective rate of 26.7%
- Reflects new Corporation Tax rate from April 2008
- Expected tax rate this year around 27%



Net debt

- Increased to £9.6bn from £6.2bn
 - total capital outlay of £6.6bn in year
 - significant depreciation in Sterling
 - managed flow of property deals
- Plan to reduce debt in current year
- Average debt maturity of 11 years
- 75% of debt at fixed rates
- Weighted average coupon of 5.6%
- No liquidity or financing issues



Net finance costs

- Net finance costs increased to £362m*
- Underlying interest charge increased to £309m, up from £159m
- Increase driven by rise in net debt

* Includes the net return on our pension scheme's assets and liabilities and the impacts of IAS 32 and 39



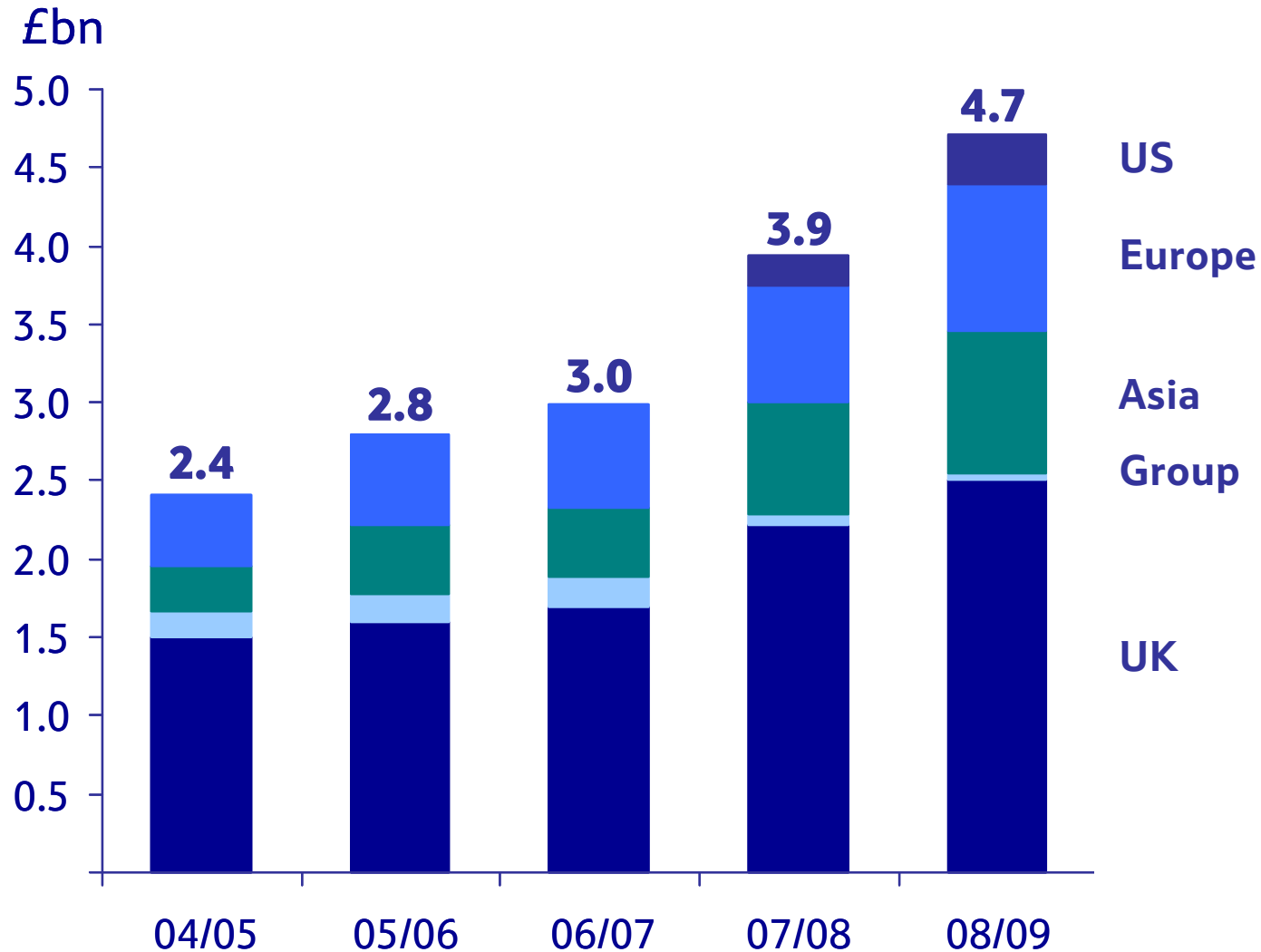
Pensions

- Award-winning defined-benefit pension scheme
- Triennial valuation showed a small deficit of £275m*
- Member and company contribution rates increased by an average of 0.7% of salary
- Post-tax IFRS pension deficit is £1.1bn

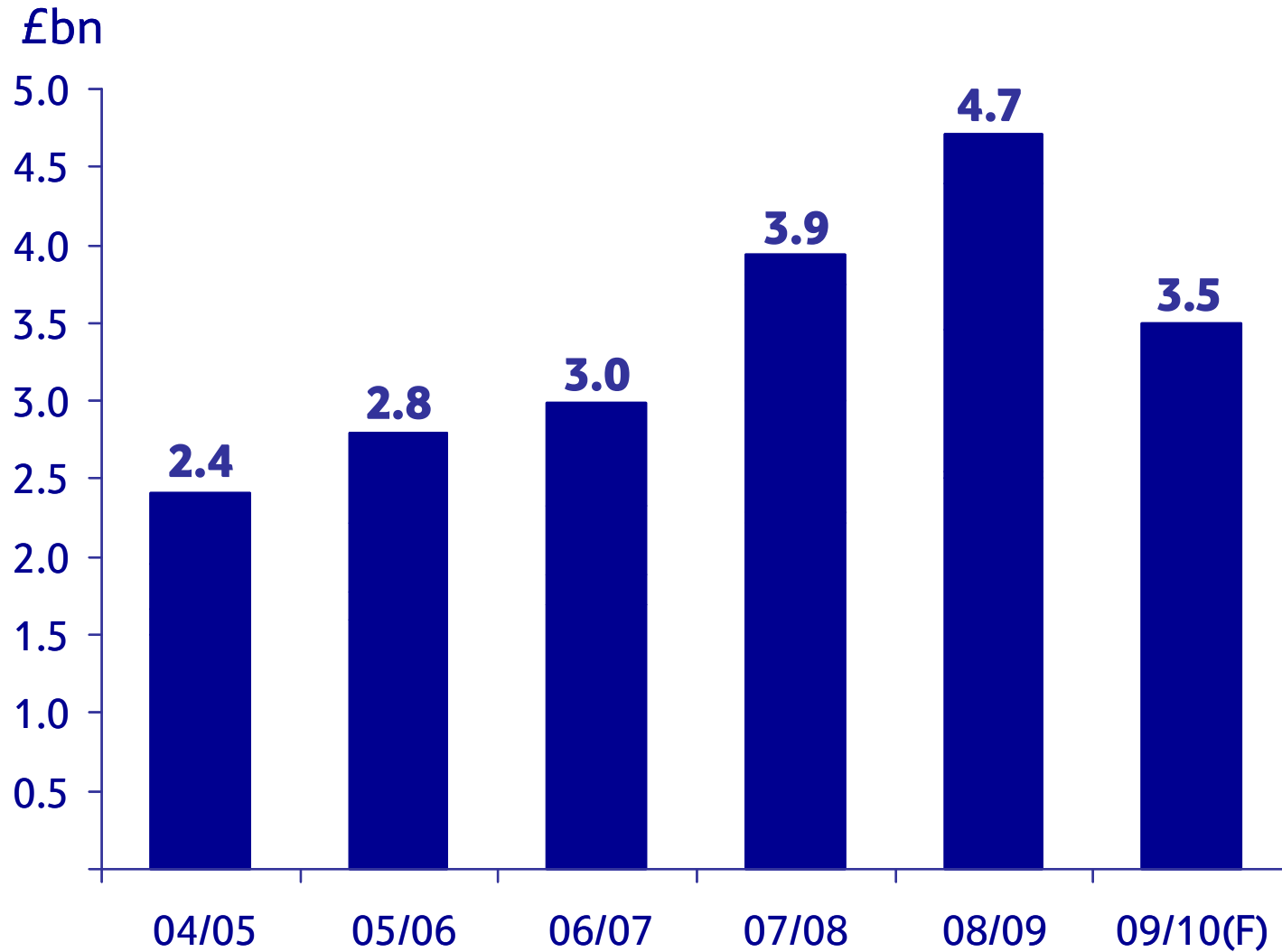
* As at 31 March 2008



Capital expenditure



Capital expenditure



Operating cash flow

- Operating cash flow of £5.0bn
- Up from £4.1bn last year and £0.3bn higher than capex



Returns

- On a 53 week basis, ROCE up to 13.0%*

* Adjusting for new investment in TPF and Homever







Terry Leahy

Chief Executive





International



Growing market share

	Q4 07/08	Q4 08/09	
Hungary	16.7	16.9	↑
Slovakia	15.0	15.7	↑
Czech Republic	7.7	8.3	↑
Poland	4.8	5.3	↑

Source: GFK

Non-food: clothing



Clothing
up 11%

Central Europe

Hungary



Small
formats



Europe

Ireland



Turkey



Asia

Korea



Thailand



Malaysia



Clubcard

China



Thailand



Asia

Japan



China



Focus

Build
for less



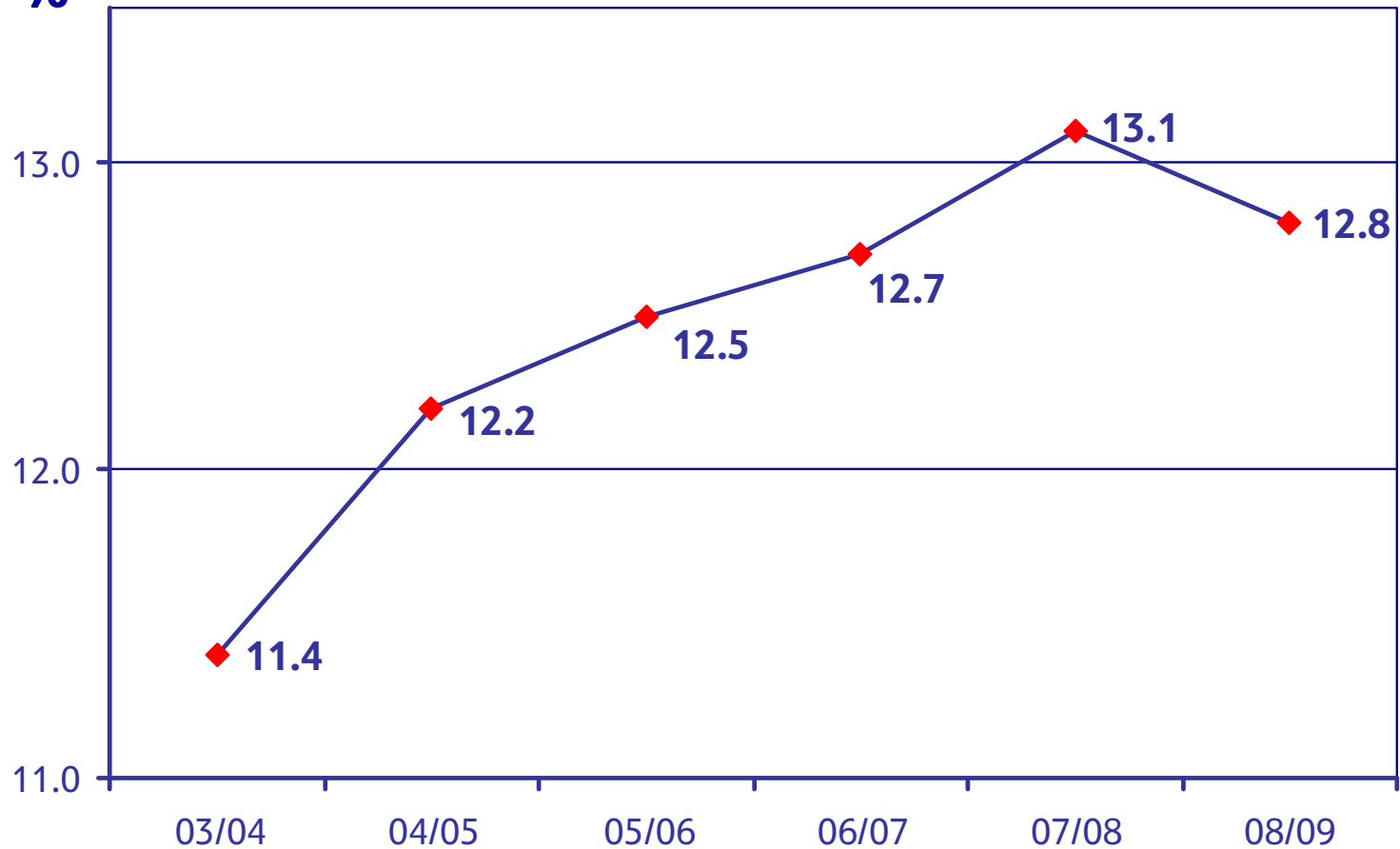
New space



International returns

LFL cash return on investment (CROI)*

%



Note: Excludes China

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

Fresh & Easy





UK



Price



Clubcard



Range



Service



Availability



Step-change



Reduced
distribution
costs



Energy
consumption
down 8%

Non-food



Tesco direct



Retailing services

- Tesco Personal Finance
- tesco.com
- Telecoms



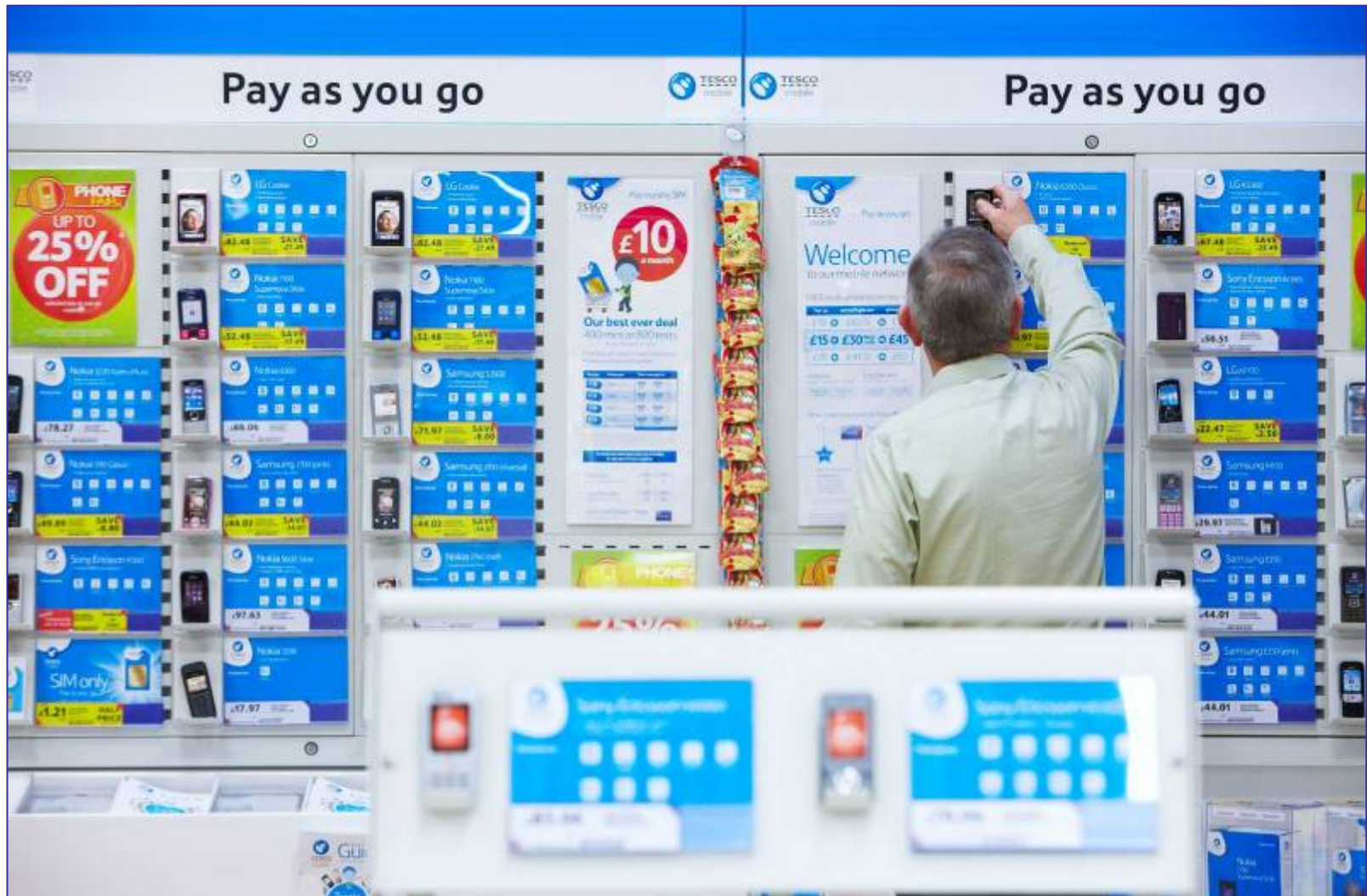
Tesco Personal Finance



tesco.com



Telecoms



Community



Summary

- Strategy giving us momentum through the downturn
- Our success is based on listening to customers
- Adjusting our business and approach successfully
- Step-change on community and climate change
- Investing in our strategy
- Platforms for growth internationally, in non-food and in services

TESCO | *Every little helps*

Q & A





Preliminary Results

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International returns – 2008/09

£m capital invested

