



Preliminary Results

20 April 2010





David Reid

Chairman





Progress - 09/10

Korea



China



Tesco Bank

TESCO
Home
Insurance

12
months for
the price of
8

Polish up your
cover with this
sparkling
deal

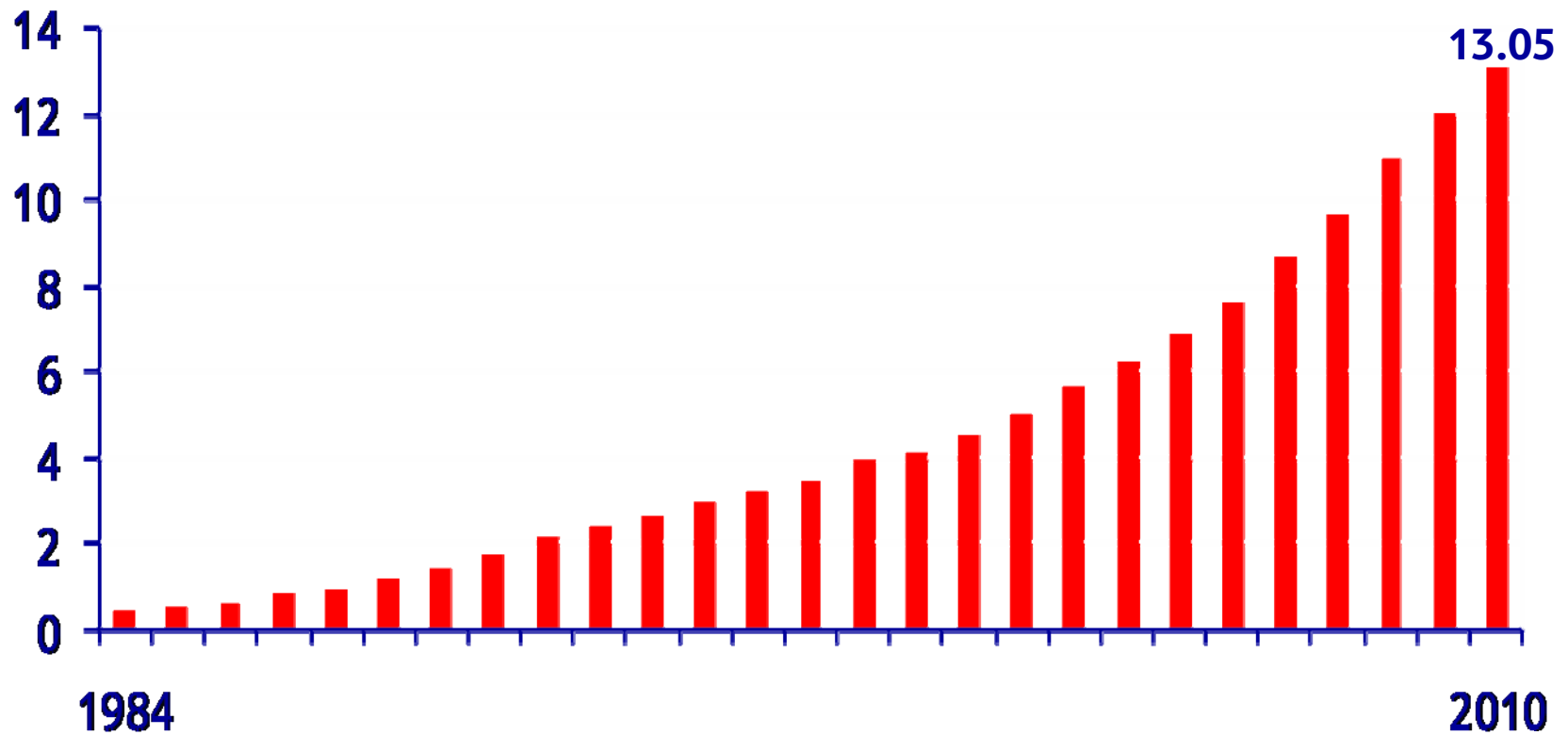
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www.tescobank.com

Every little helps

TESCO | *Every little helps*

Growing dividends

Pence
per share





Clubcard



Double
points



Slovakia



Poland



Thailand

Environment

Zero
carbon
store



TESCO | *Every little helps*

Community

£60m
raised for
good
causes



Community
Champions



People





Laurie McIlwee

Group Finance Director



Financial headlines

- Broadly-based, double-digit profit growth
- Increased investment in the shopping trip, funded by Step Change
- Debt reduction more than our £1bn target
- £1.8bn property sold at attractive yields
- Excellent prospects for improving returns



Group performance*

- Sales £62.5bn, up 7%
- Trading profit rose 12% to £3.4bn
- Pre-tax profit and underlying profit before tax grew by 10%

* growth on a 52 week basis



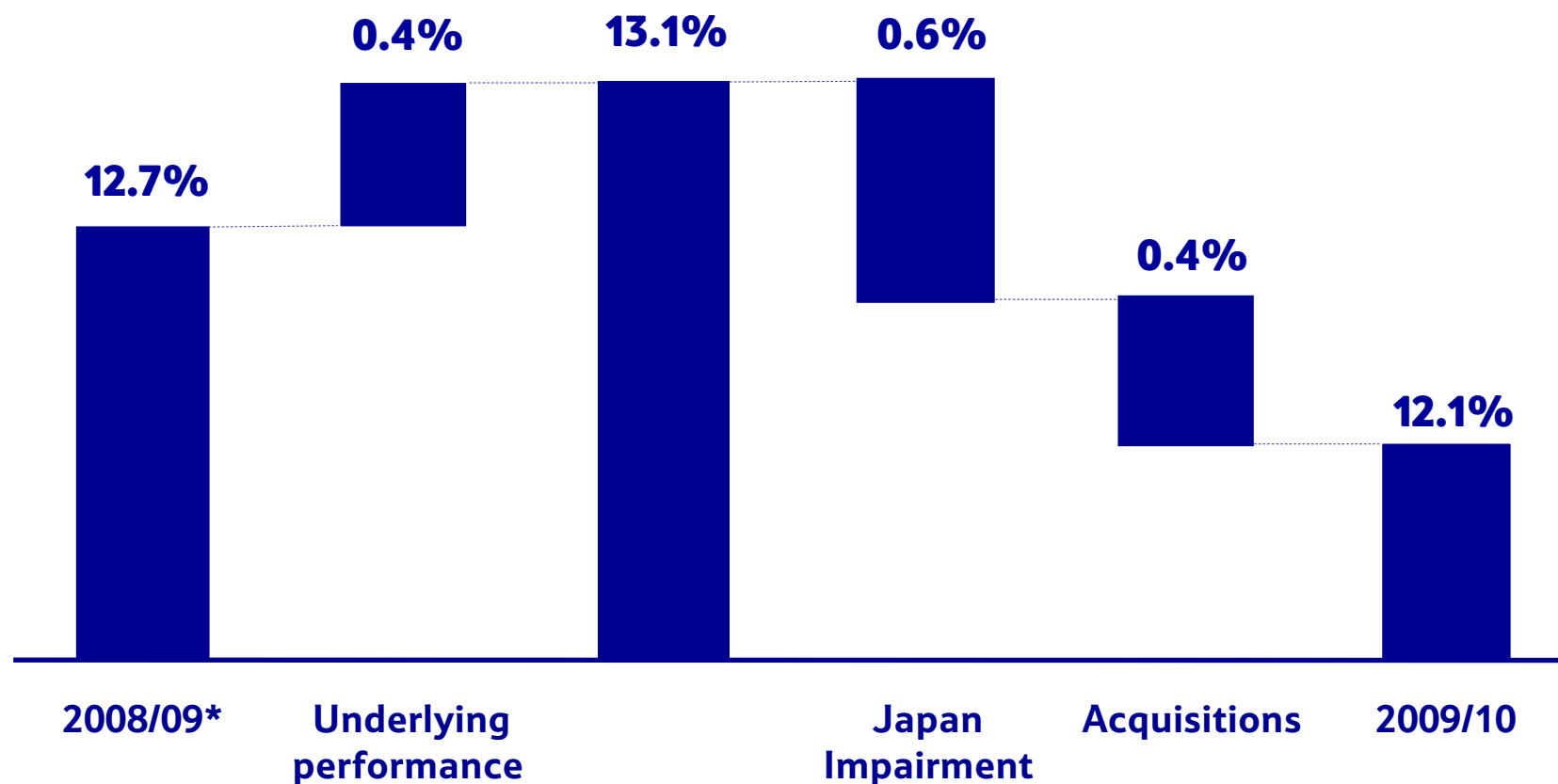
Returns to shareholders

- Underlying diluted earnings per share up 9%* to 31.66p
- Full-year dividend also up 9%
- Proposed final dividend 9.16p

* On a constant tax-rate basis



Group ROCE



*On a 52 week basis, restated for IFRIC13 and IFRS2

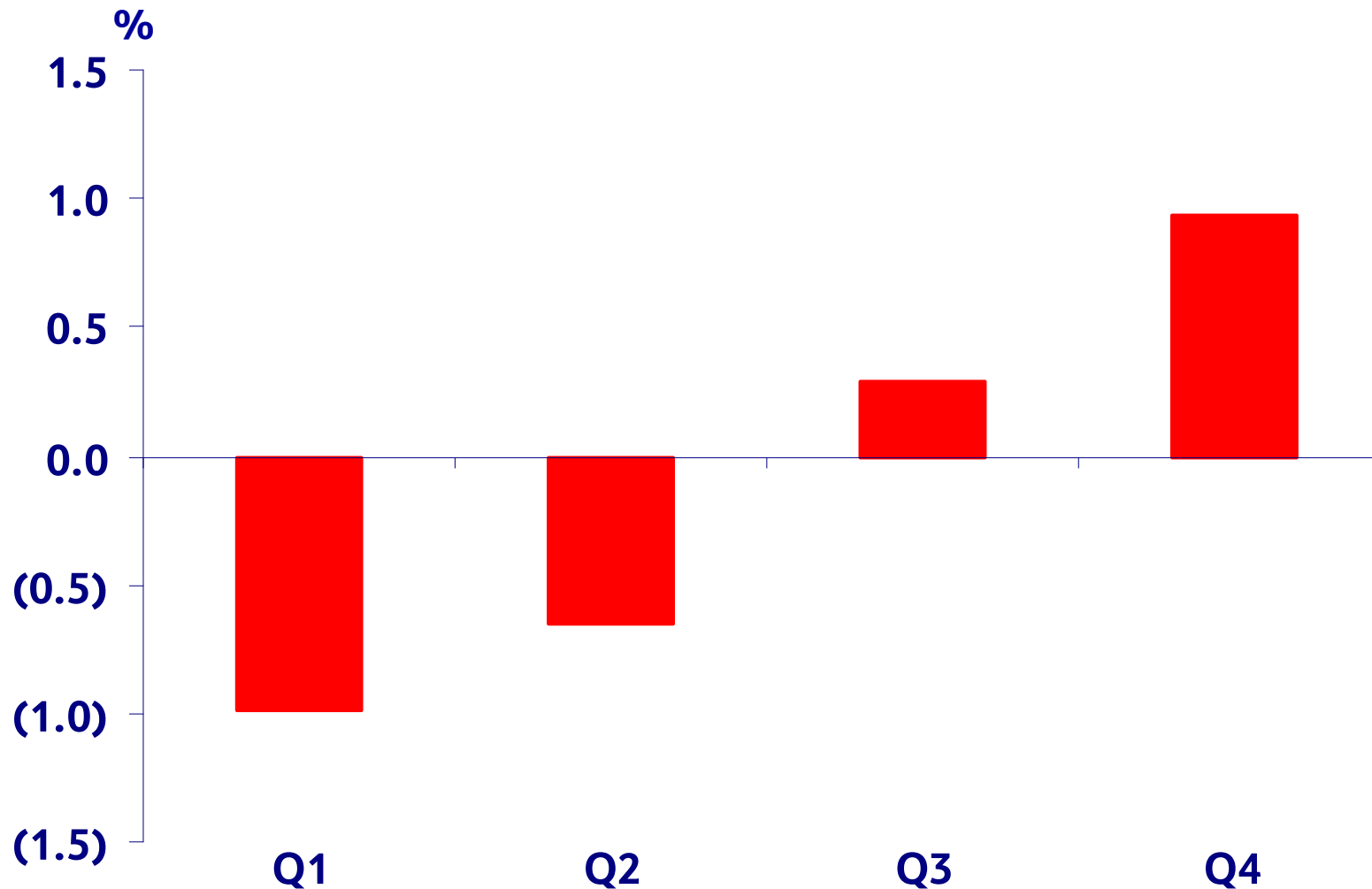
UK

- Sales up 6.1%*
- 3.2% growth from like-for-like*
- Trading profit up 7%

* Ex-petrol, VAT-adjusted



Tesco sales growth vs competitors



Source: Kantar Worldpanel

Note: Competitor set comprises Asda, J Sainsbury, Morrisons, Co-Op, Somerfield, Iceland, Waitrose, Budgens, M&S

Maintaining success in the UK

- Improving shopping trip for customers and funding this investment
- Sustaining optimum level of new space to grow profitably into the long-term



Step Change

- £550m incremental savings this year
- 'Better, simpler and cheaper'
- Targeting £800m global savings this year



Stock reduction

Before



After



Long-term UK growth

- 3-4% like-for-like growth
- New space pipeline to deliver a further 3-4% of new sales
- Excellent potential in non-food



International



Korea



Slovakia

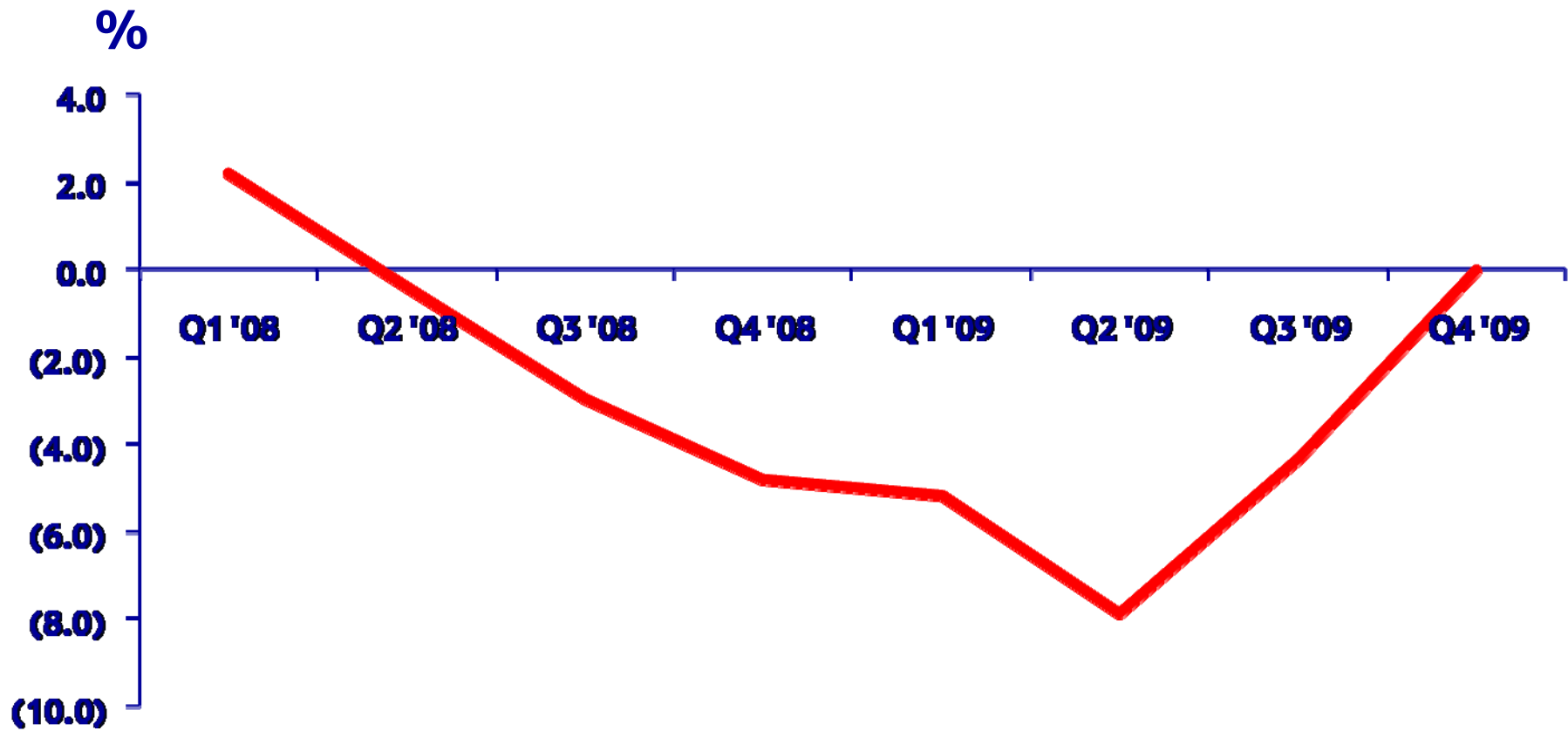


Turkey



China

International LFL



Asia

- Sales up by 20%
- Trading profit rose 24%
- Turned around acquired Korean stores that had been loss-making



China



China



Japan



Europe

- Sales stable
- Trading profit performance resilient



Ireland



United States



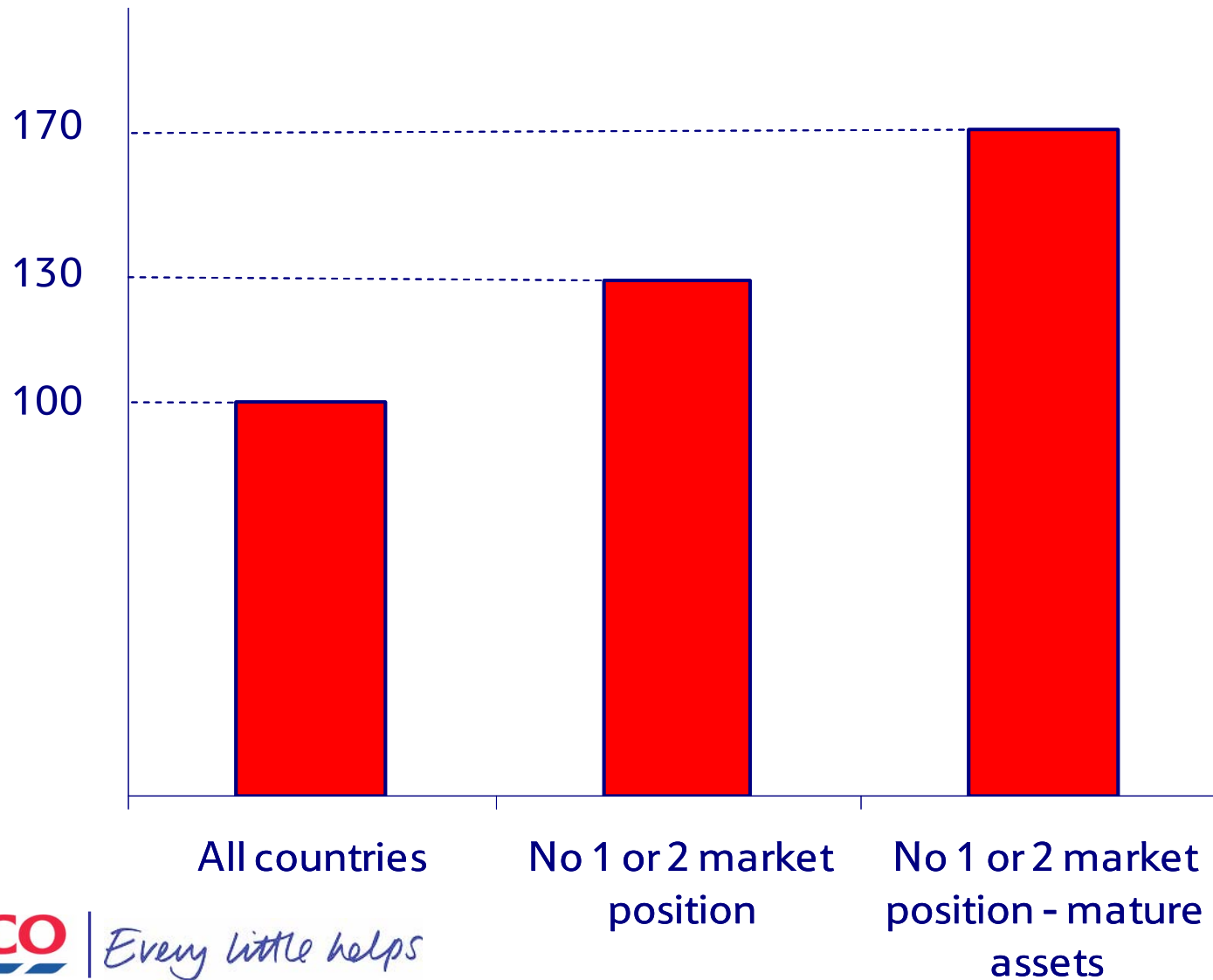
International returns

- Like-for-like CROI down by 0.5%
- Continued investment through downturn
- Benefits of investment already being seen in Asia
- Drivers of improvement:
 - scale
 - asset maturity
 - market position



International returns

Index



Retailing Services

- Profits £540m, up 18%*
- Contributed a quarter of Group profit growth
- Significant potential for future growth

* including Tesco Bank on a pro-forma basis



Tesco Bank

- Focus on setting up systems and infrastructure
- Migration progressing well
- Profits rose 13%* to £250m
- Bad debt trends improving and better than industry average
- Balance sheet in net surplus, with strong tier-1 capital ratio over 12%

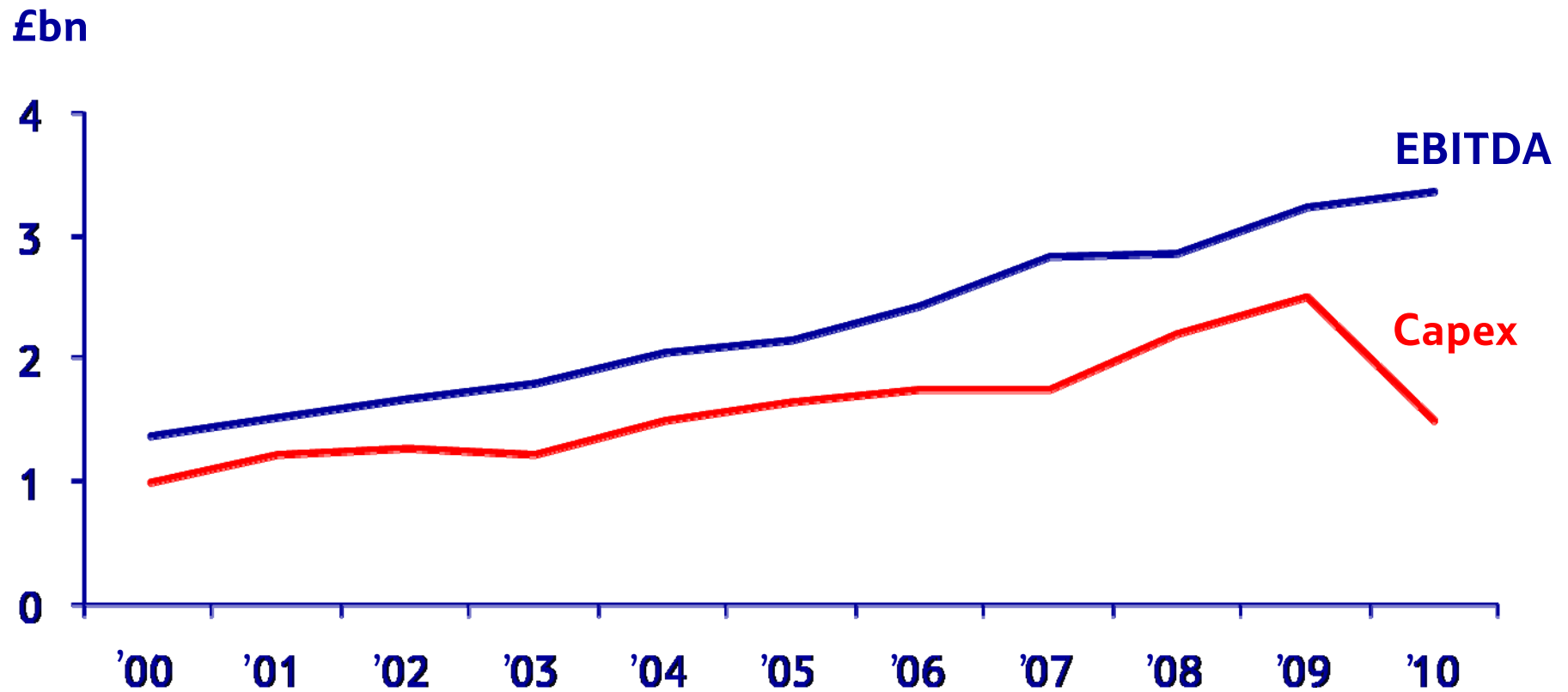
* including Tesco Bank on a pro-forma basis

Balance sheet

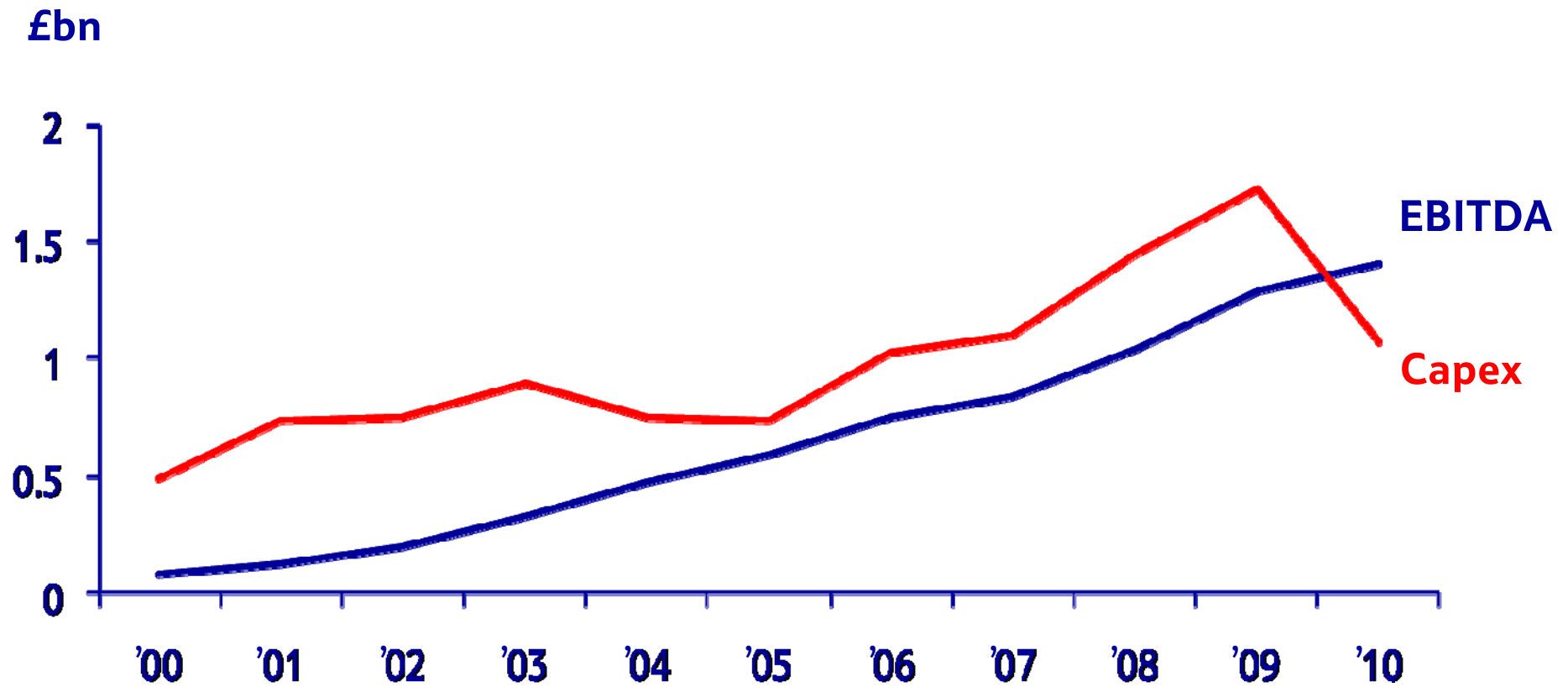
- Net debt reduction on £1.7bn, ahead of £1bn target
- Reduction achieved through:
 - managing capital expenditure back to a normal level
 - £0.6bn working capital improvement
 - release of value from property



UK cashflow



International cashflow



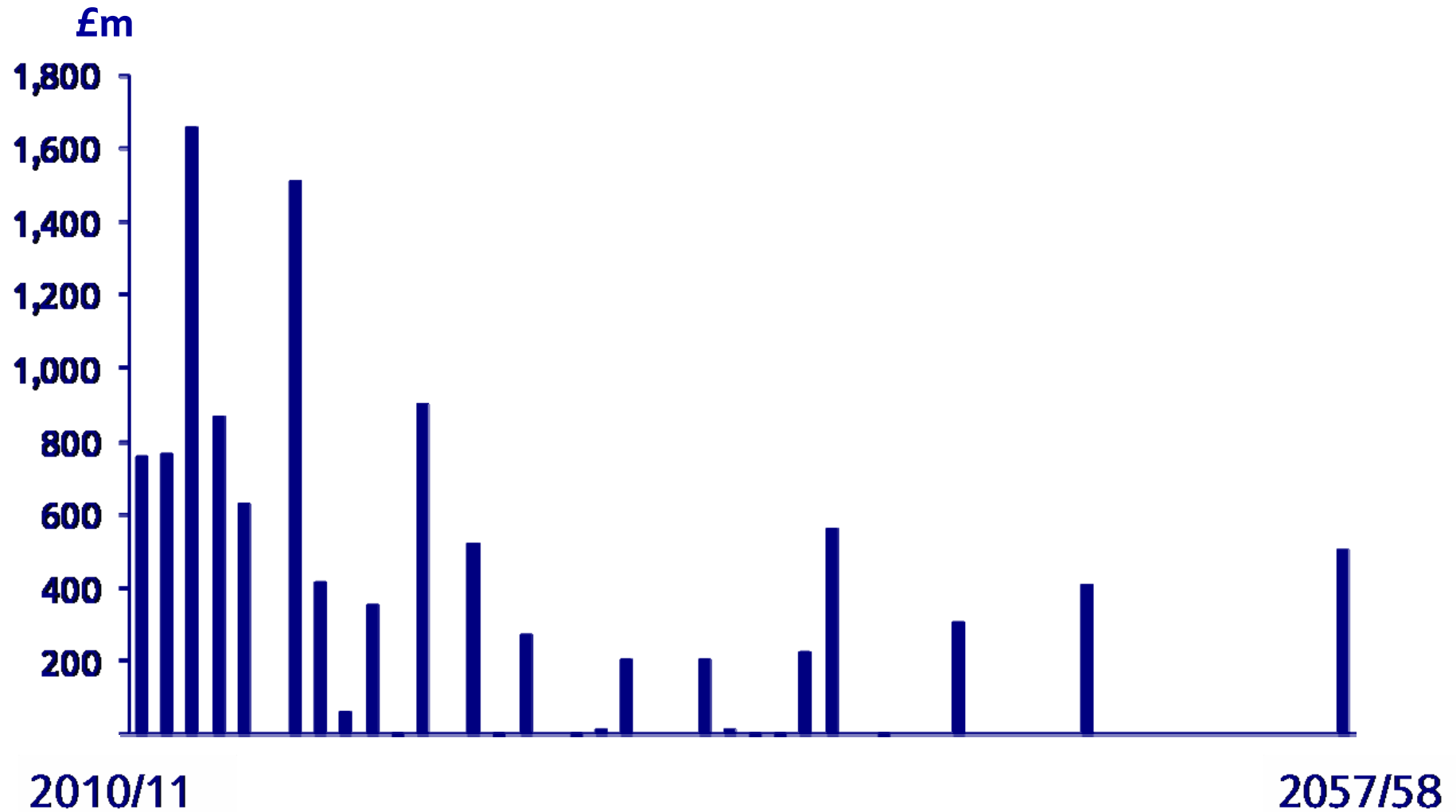
Note: Excludes China Property and U.S.

Balance sheet

- Improved key credit metrics
- Financing and liquidity positions remain strong



Debt maturity profile



Balance sheet

- Group capex this year about £3.5bn
- Target to reduce debt to £7.5bn by year-end



Property



Irlam



Fushun

Property

- Solid UK margin progress as increased rents absorbed
- Yields substantial and sustainable profits
- Useful source of funds for financing growth
- Property worth significantly more than book value



Conclusion

- Delivering for shareholders
- Strengthening the balance sheet
- Continued investment in our strategy
- Strong outlook for returns



Terry Leahy

Chief Executive





International



China



Hungary



Ireland



Malaysia

Central Europe market share

	2008	2009
Hungary	15.8	16.8
Slovakia	15.5	15.6
Czech Republic	7.8	8.1
Poland	4.8	4.9

Source: GFK

Central Europe

Poland



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Central Europe

Czech
Republic



Slovakia



TESCO | *Every little helps*

Slovakia



Central Europe

Hungary



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Europe

Turkey



Ireland

- Completed operational changes
- 12,000 price reductions, averaging 20%
- Like-for-like turnaround – now strongly positive
- Growing market share



Korea



China



Asia

Thailand



Malaysia



Japan



India



Fresh & Easy

Compton



Manhattan
Beach



Fresh & Easy



Fresh & Easy



Fresh & Easy

- Store economics improving steadily
- We'll grow sales by more than 50% this year

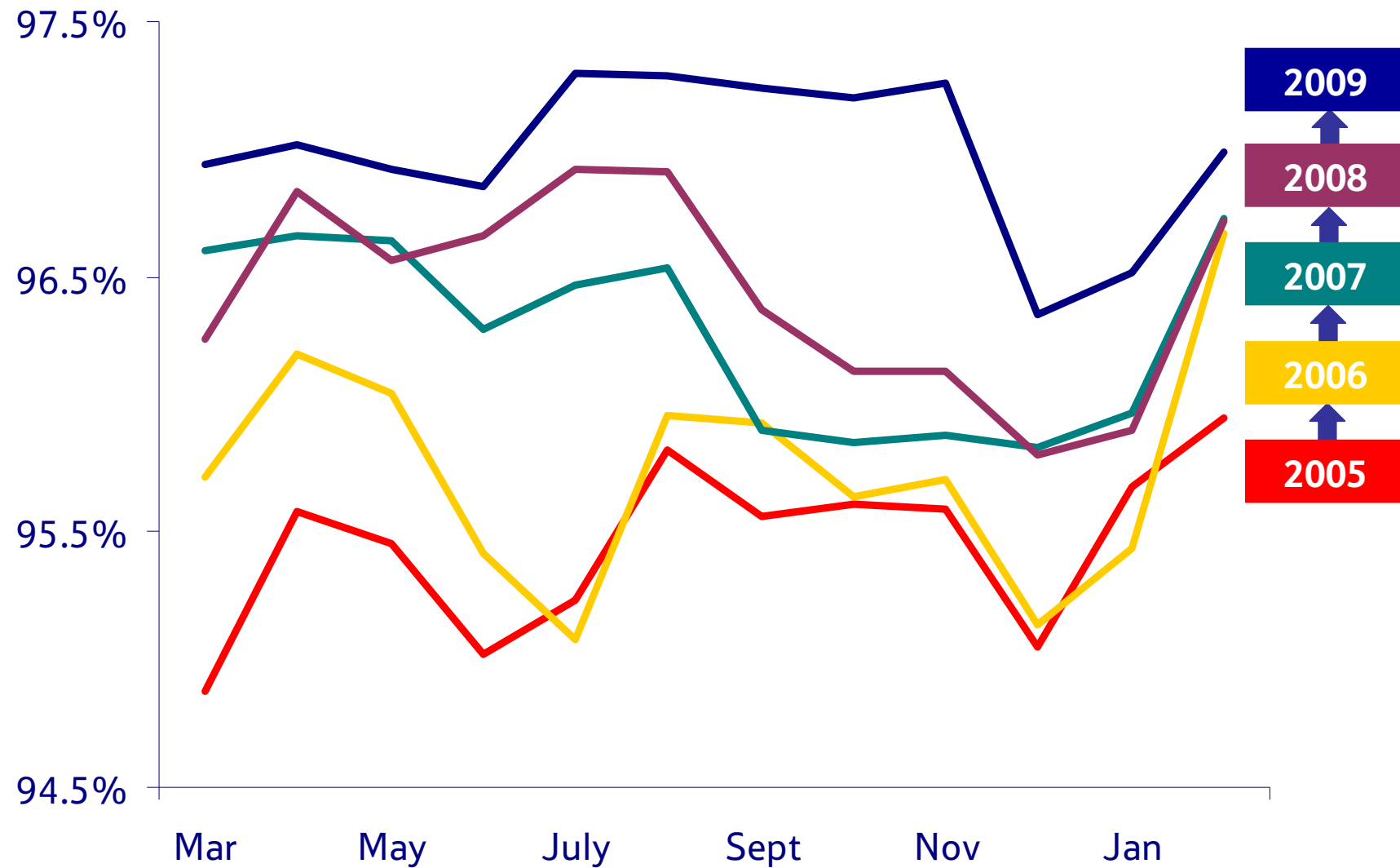


UK



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Availability



Service



Range



Discount
brands



Finest

Quality



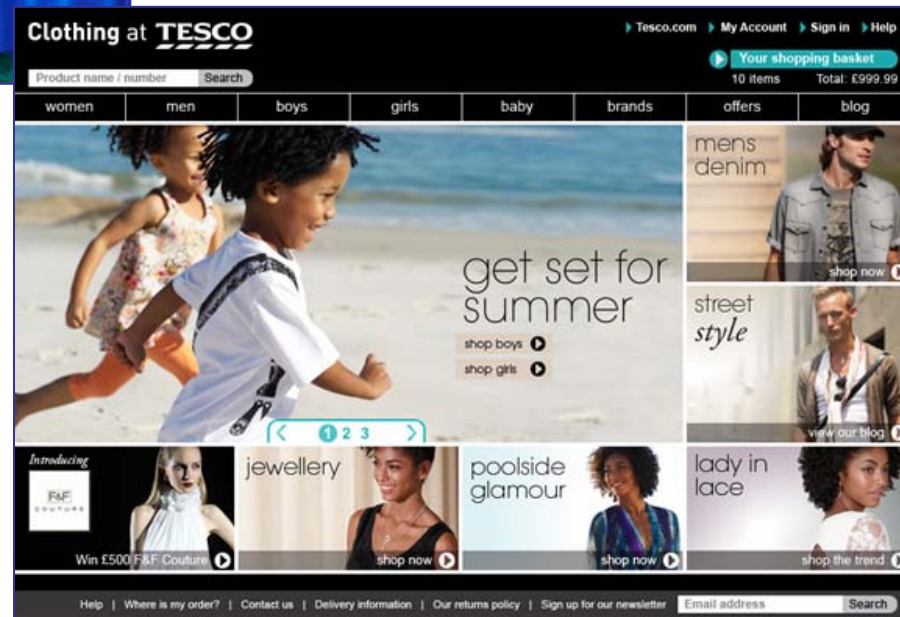
Clubcard



Non-food



UK - clothing



International - clothing





Tesco Bank



tesco.com

Substitutions will never cost you more



If we have to substitute a more expensive product for the one you ordered, we will only charge you the price of your ordered item.[†]

[†] Substituted products for link-save and multi-buy offers such as Buy One Get One Free and Meal Deal offers are not included.

All offers in one place



Over 1,000 each week, so they're easy to find. What's more, you can view your regular shopping on promotion all in one place. Simply select 'Favourites on Special Offer.'

Tesco direct



Telecoms



dunnhumby

dunnhumby is now present in 26 markets



... and analyses the shopping transactions of **350 million** customers



Environment – long-term targets



- Become a zero carbon business by 2050
- Reduce the carbon impact of the products we sell by 30% by 2020
- Help our customers halve their own footprint by 2020

Good jobs and careers



Conclusion

- Strong, flexible business model
- Well-gearred into the global recovery
- Emerging from recession even stronger
- Delivering for all stakeholders
- Good outlook for higher returns
- Renewed target to increase ROCE to 14.6%



Q & A





Preliminary Results

20 April 2010



International returns – 2009/10

