



Tesco – a Half Year update 2011/12

At Tesco, the new team has been in place for six months and in these turbulent times - with customers feeling the pressure of rising inflation, high fuel prices and turmoil in the world's stock markets - we still continued to grow sales and profits as a Group.

Group sales up 8.8%

Group underlying profit up 6.2%

It's been key in the first half for us to focus on our plans to break even in the US, and we've also made big changes to our UK business.

In the UK, we've delivered a solid performance.

UK trading profit up 4.5%

Our customers are under pressure - the rising cost of living means they've got less money in their pockets.

To grow the UK core.

We said we wanted to get back to leading in the UK and that's what we're doing, by making the biggest change to our pricing and promotions strategy for many years.

£500m investment reducing prices on more than 3000 goods.

We've invested over £500m in lowering prices on over 3000 everyday lines, including 1000 of our own brand products. Added to our other promotions, this will help us reduce inflation for our customers.

7000 new jobs

As part of our plan to create 7,000 new jobs this year net, we're opening regeneration stores in some of the most deprived areas of the country. We've helped people who've been out of work for a long time to get back on track. Like Ingrid, a mother of two. She's landed her first ever job at the age of 41 with Tesco.

INGRID LEWIS, Park Road Extra, Toxteth

"I've been a young mum from the age of 16. Never worked. This was a great opportunity. It's the best thing that's happened to me really. It's really changed my life."

To be an outstanding international retailer in stores and online

In other parts of the world, our performance has been strong. Across Asia, Europe and the US we've grown our share in most markets.

Growing market share

Double digit increases in sales and profits

In Asia, we've seen our sales and profits rise, with Thailand leading the way, helped by our first Extra format store in the region which has been really popular with customers. Korea and Malaysia also delivered good growth and in China, our sales grew rapidly as we opened more new stores.

The rollout of our Extra format in Europe has also helped us make huge strides, boosting our performance in General Merchandise, Clothing and Electricals.

Europe profits up 11.8%

The economy in Ireland has been difficult for everyone, but we've had a particularly good half year in the Czech Republic and Slovakia.

In the US, Fresh & Easy has made good progress, delivering a strong increase in like for like sales.

US like-for-like sales up 11.7%

Losses have started to come down significantly, as we said they would.

Significant fall in losses 23.2%

Our customers in the US have benefited from improvements both in the stores and in our fresh offering, and from the launch of our Friends of Fresh & Easy loyalty card.

We're making progress in our plans to create a full service retail bank, with more customers opening new accounts.

We're attracting more and more customers

We're getting closer to rolling out the rest of our banking products on our own platform and, to make sure we get it right for customers, we've decided to launch them more slowly. Like our mortgages, which we'll now be launching next year.

Sales in our online businesses have also grown, and we're focused on our ambition to be a truly outstanding multichannel retailer.

Click and Collect now available in 500 UK stores

Grocery dotcom is growing well and will be launching in Prague later this year, and Warsaw next year.

36% rise in Tesco Mobile contract customers

More customers than ever are discovering the benefits of our mobile phone services.

To grow retail services in all our markets

Around the world, we're expanding, including our joint venture with Vodafone in Hungary.

Right across Tesco, we're working hard to make sure we're really focused on what customers want.

To be a creator of highly valued brands

We've launched new premium brands including Parioli our Italian food range, Lathams and Nutri Cat our pet food range and ChokaBlok ice cream. They give more customers the chance to buy quality products at affordable prices and we're planning to launch more brands in the months to come.

As our business grows around the world, we're committed to doing the right thing for the environment.

To put our responsibilities to the communities we serve at the heart of what we do

We're proud to have been named the world's top retailer by the Carbon Disclosure Project for our efforts in tackling climate change. We've opened our zero carbon training Academy in Korea and later this year, we're opening another zero carbon store, this time in Thailand.

It's an important time for Tesco as we focus on the strength and diversity of our business around the world. There's a lot more to come from us this year and our people are more ready than ever to deliver.

A Business for the New Decade