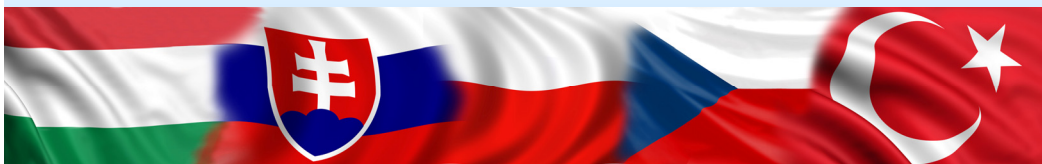




## The first 100 days

Philip Clarke – CEO

June 2011



## New strategy

To grow the UK core

To be an outstanding international retailer in stores and online

To be as strong in everything we sell as we are in food

To grow retail services in all our markets

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

To be a creator of highly valued brands

To build our team so that we create more value



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## Immediate team objectives

Keeping the UK strong and growing

Becoming outstanding internationally, not just successful

Becoming a multi-channel retailer wherever we trade

Delivering on the potential of Retailing Services

Applying Group skill and scale

Delivering higher returns



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## A good start in the UK

Keeping the UK strong and growing

- New Board in place
- New stores performing even better than planned
- Trading well in Food – on absolute and relative terms
- Non-food – better than Q4 but still a big opportunity
  - Our plan for Non-food:
    - Re-lay space (in Superstores and Extras), introduce new assortments
    - Drive value (both the Value brand, absolute value for money)
    - More Brands in clothing and general merchandise
    - Click & Collect (to 600 stores)
    - Extend online range in clothing and general merchandise

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## Asia, Europe and the US

Becoming outstanding internationally, not just successful

- Strong sales performance in Asia
  - Slight weakness in Malaysia and Korea continues
- Good growth in Europe
  - Improved trading in Central Europe
  - Slow start to the year in Ireland
    - Rise of discounters
    - Consumers affected by economy, especially outside Dublin
- Encouraged by momentum in the US
  - LFL strengthened
  - Many improvements coming

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## Multi-channel approach driving innovation

- Counting down to Grocery dotcom launches in Poland and Czech
- Re-platformed Clothing website in the UK, Marketplace launch 2012
- Continued roll-out of Click & Collect – 600 stores by year end
- Blinkbox – a good platform to capture changing consumer needs
  - Low capital intensity with the potential for high returns
  - Ensuring we build our digital presence
- BzzAgent – broadening dunnhumby's range of services
  - Capability and innovation in product marketing through social media
  - Driving consumer advocacy – an increasingly important decision driver

Becoming a  
multi-channel  
retailer  
wherever we  
trade

**TESCO**

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## Tesco Bank – delivering on ambitious plans

- Final stages of migration underway
- Gearing up for new product launches
  - Mortgages – expect customer marketing to start late summer / early autumn
  - Current accounts will add to our ability to meet customer needs in 2012
- Expecting good growth from next year
  - Good underlying customer growth
  - Margins robust
  - Double-run / interest costs unwinding
  - Pushing on with full-service, integrated offer
- Major benefits expected in 2012/13, first migration-free year

Delivering on  
the potential  
of Retailing  
Services

**TESCO**

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## Structural changes support the application of Group skill and scale

Applying Group skill and scale

- Introduction of matrix structure

		Driving					
		UK	Asia	Europe	USA	Services	Property
Enabling	Finance						
	Personnel						
	Corporate & Legal Affairs						
	Commercial						
	IT						
	Property						
	Services						
	Marketing						

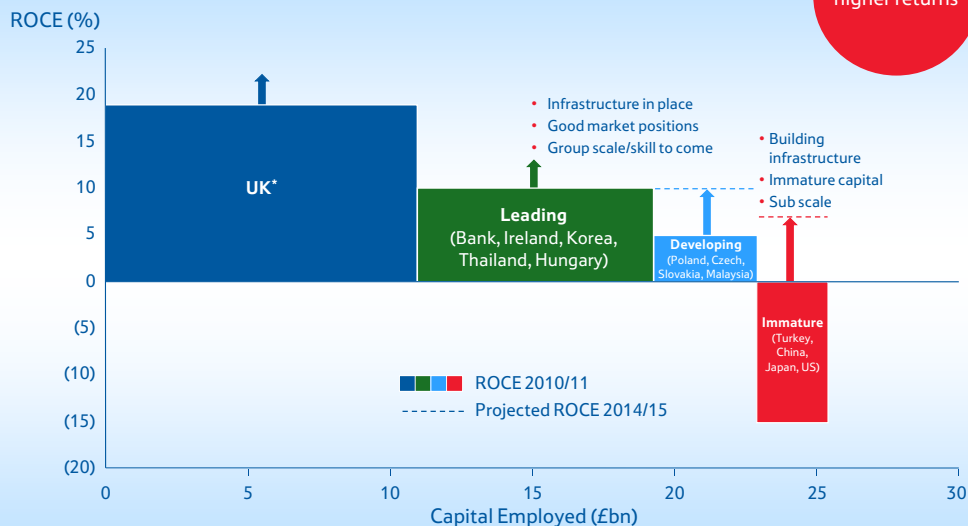
- Already reaping the rewards of Group scale
  - Clubcard roll-outs – substantially cheaper and more rapid customer take-up
  - Venture brands launched in UK, Europe
- Key changes to support our marketing capability
  - Tim Mason – additional role as Chief Marketing Officer
  - Matt Atkinson – Group Marketing & Digital Officer



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## Increased focus and commitment on ROCE

Delivering higher returns



\* Excludes the impact of the sale & leaseback programme



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## Central Europe – one of the key drivers of ROCE

- Progress since our last visit
  - Increased the scale of our businesses, built out strong positions
  - Succeeded in creating a local offer and trading well pre-scale benefits
  - Better linked in locally:
    - Suppliers, governments, community
    - More local management; Slovakia now run separately
  - Identified the catalysts for change, which will drive our targeted ROCE improvement
    - Group skill & scale
    - Express, 1k, 2k, 3k....multi-format
    - Rejuvenated hypers & the Extra format
- Some things have been tougher than we thought
  - Recession – hard everywhere
  - Market structures (not fully consolidated)
  - Hard discounters trading well
- Firm plans in place and renewed confidence to drive returns to double-digits



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## Summary

- Making progress on our immediate objectives
- Already seeing the benefit of some of the changes we're making
- There is a lot more to come
- Central Europe – a great example of the application of Group skill and scale
- Consumers are challenged in most markets – value still top of the agenda



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