



News release....

Thursday 10 January 2013

TESCO PLC

CHRISTMAS & NEW YEAR TRADING STATEMENT

- **UK like-for-like sales growth of +1.8% benefiting from an improving offer for customers**
 - Recovering in-store performance – particularly in food
 - Strong contribution from online
- **Asia and Europe – similar performance to Q3**
- **Chris Bush appointed as UK Managing Director**

Philip Clarke – Chief Executive

“The Group performed broadly in-line with our expectations through the Christmas period, with an improved performance in the UK and maintained trends elsewhere as we continue to experience tough trading conditions - particularly in Central Europe.

“I am pleased with our performance over the important Christmas and New Year period in the UK, which reflects the progress we are making in improving our offer for customers.

“This performance was driven by a further improvement in our food business in-store and a strong contribution from online, which included our biggest ever week for internet sales, a successful first Christmas for Grocery Click & Collect and a better performance for Tesco Direct, our online general merchandise business.

“We are just nine months into the implementation of our six-part plan, which is about Building a Better Tesco in the UK for the long-term. Whilst our seasonal performance is encouraging, there is a lot more to do and the team is focused on delivering further improvements for customers in 2013.”

Group sales

Group sales in the six weeks to 5 January 2013 increased by 3.8% including petrol (3.5% at actual exchange rates) and by 3.9% excluding petrol (3.6% at actual exchange rates).

UK performance

In the UK, total sales including VAT and petrol grew by 4.2% and by 4.3% excluding petrol.

Like-for-like sales grew by 1.8% - our strongest rate of growth for three years. This was driven by a much stronger food performance than last year and a further improvement from the third quarter. Most of our efforts to date under our six-part plan to Build a Better Tesco in the UK have focused on food - and particularly fresh food - so this performance provides further encouragement that the delivery of the plan is on track.

Finest and Everyday Value both outperformed the business as a whole, with customers responding well to a much stronger seasonal offering in these ranges, in addition to the successful re-launch of Everyday Value in April last year.

Our general merchandise performance - both in-store and online - was better than in the third quarter but was still a drag on our overall rate of growth, with more to be done on refocusing the business on sustainable, profitable categories in the coming year. Clothing enjoyed a stronger period - again, both in-store and online - on top of positive performances in the last two quarters.

We saw a slightly lower contribution from net new space in the period, reflecting our reduced opening programme, although those new stores we have opened performed well.

We benefited from a strong online performance over the period, with online food sales growth of 18%. Over half a million food orders were fulfilled in the week before Christmas, with nearly 5% of these being picked up by customers choosing to use our drive-through Click & Collect service, which is now available at over 140 stores.

Tesco Direct sales were up by more than 16%, with Click & Collect once again proving a particularly attractive option for customers ahead of Christmas. Many customers chose to collect their orders from one of over 600 Express stores now offering Click & Collect, providing an even greater level of convenience.

Today, following a period of nine months during which Philip Clarke temporarily led both the Group and the UK business, we are announcing the appointment of Chris Bush as UK Managing Director. Chris, who has over 30 years of experience at Tesco, will take responsibility for the UK business, supported by the strong UK Leadership Team. Further details on this announcement and related management moves can be found at: www.tescopl.com/talkingshop/Jan2013.

International performance

Our international businesses performed at a similar level to Q3, with total international sales growth of 3.4% (2.6% at actual exchange rates).

Asia delivered an increase in total sales of 7.6% (8.1% at actual exchange rates), with a slightly better like-for-like sales growth rate than the third quarter. This reflects a stronger performance in Thailand more than offsetting the impact of a greater number of enforced store closure days in Korea than we experienced in Q3.

In Europe, total sales declined by (0.6)% (a decline of (2.4)% at actual exchange rates). The like-for-like sales performance for the region was similar to the third quarter and continued to be impacted by reduced consumer spending, with all markets experiencing economic headwinds.

In the United States, total sales for Fresh & Easy were up by 4.1%. We will update on progress on our strategic review of Fresh & Easy at our Preliminary Results in April, as planned.

Outlook

Consistent with the guidance provided in our Third Quarter Interim Management Statement in December, our outlook for the full year for the UK is unchanged and we expect the broad trends we have seen so far in the second half to continue through to the year-end, in particular the persistently tough conditions for consumers in Central Europe.

Appendix 1 – Segmental Sales Growth Rates

	Christmas Period 2012/13 Sales Growth (inc. VAT)					
	Actual rates		Constant rates		Like-For-Like	
	Inc. Petrol	Exc. Petrol	Inc. Petrol	Exc. Petrol	Inc. Petrol	Exc. Petrol
Group	3.5%	3.6%	3.8%	3.9%	0.4%	0.3%
International	2.6%	2.7%	3.4%	3.5%	(2.0)%	(2.0)%
Asia	8.1%	8.1%	7.6%	7.6%	(0.2)%	(0.2)%
Europe	(2.4)%	(2.3)%	(0.6)%	(0.4)%	(3.7)%	(3.6)%
United States	0.8%	0.8%	4.1%	4.1%	(2.1)%	(2.1)%
UK	4.2%	4.3%	4.2%	4.3%	1.7%	1.7%
Tesco Bank	(3.9)%	(3.9)%	(3.9)%	(3.9)%	n/a	n/a

Appendix 2 – UK Like-For-Like Growth

	Christmas Period Like-For-Like Growth 2012/13	Third Quarter Like-For-Like Growth 2012/13
UK LFL (inc. VAT, inc. petrol)	1.7%	(1.2)%
UK LFL (inc. VAT, exc. petrol)	1.7%	(0.7)%
UK LFL (exc. VAT, exc. petrol)	1.8%	(0.6)%
UK LFL (exc. VAT, exc. petrol and IFRIC 13 compliant)	1.4%	(0.1)%

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Notes:

For UK, ROI and the US, these results are for six weeks for both the current year and the previous year comparison, for the period ended 5 January 2013 and 7 January 2012 respectively.
 For Tesco Bank and India, these results are for the month of December and one additional week for both the current year and the previous year comparison, for the period ended 7 January 2013 and 7 January 2012 respectively.
 For all other countries, these results are for six weeks for both the current year and the previous year comparison, for the period ended 6 January 2013 and 8 January 2012 respectively.
 Our Preliminary Results for 2012/13 will be released on 17 April 2013.