17 June 2014

DEUTSCHE BANK GLOBAL CONSUMER CONFERENCE

Philip Clarke, Tesco PLC

TESCO

Introducing Tesco

- Group sales £71bn ($120bn)
- Group trading profit £3.3bn ($5.6bn)
- Over 500,000 colleagues
- 7,305 stores worldwide
- Tesco.com in 11 markets
- Over 85m shopping trips a week

Third party marketplace
Sellers at Tesco

Introducing Tesco

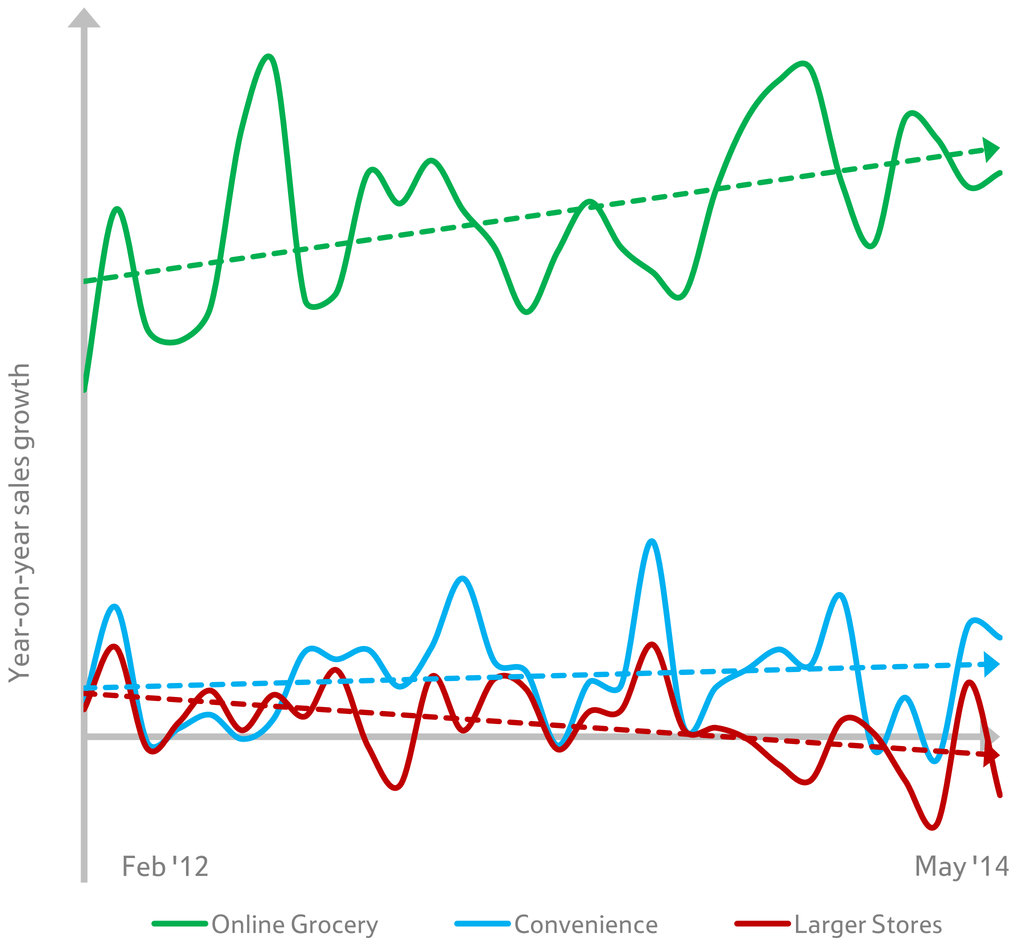
	UK	Asia	Europe	Bank
Sales	**£48bn**	**£10.9bn**	**£10.8bn**	**£1bn**
Profit	**£2.2bn**	**£692m**	**£238m**	**£194m**
	Established in **1919**	**1st** or **2nd** in **3** markets	**1st** or **2nd** in **5** markets	**£6bn** saving deposits
	Market leader	**2,417** stores	**1,510** stores	**7m** customer accounts
	3,379 stores	**JV with CRE in China**	Pan-regional sourcing	A complete retail bank

The Tesco advantage

- Global sourcing scale
- World-class supply chain and logistics
- Strong people, processes and systems
- Great store locations, multiple formats
- Profitable online grocery business
- Strong own-brands and services
- Unrivalled customer insight
- Most loyal customer base
- Banking and telecoms services

An industry in transition

Sales growth – Kantar 4 week data



Consumer-driven trends

Strong growth in online

- Rapid online migration now a mainstream consumer trend
- Customers increasingly blurring boundaries between online and offline
- Smartphone and tablet penetration gaining pace

Strong growth in convenience

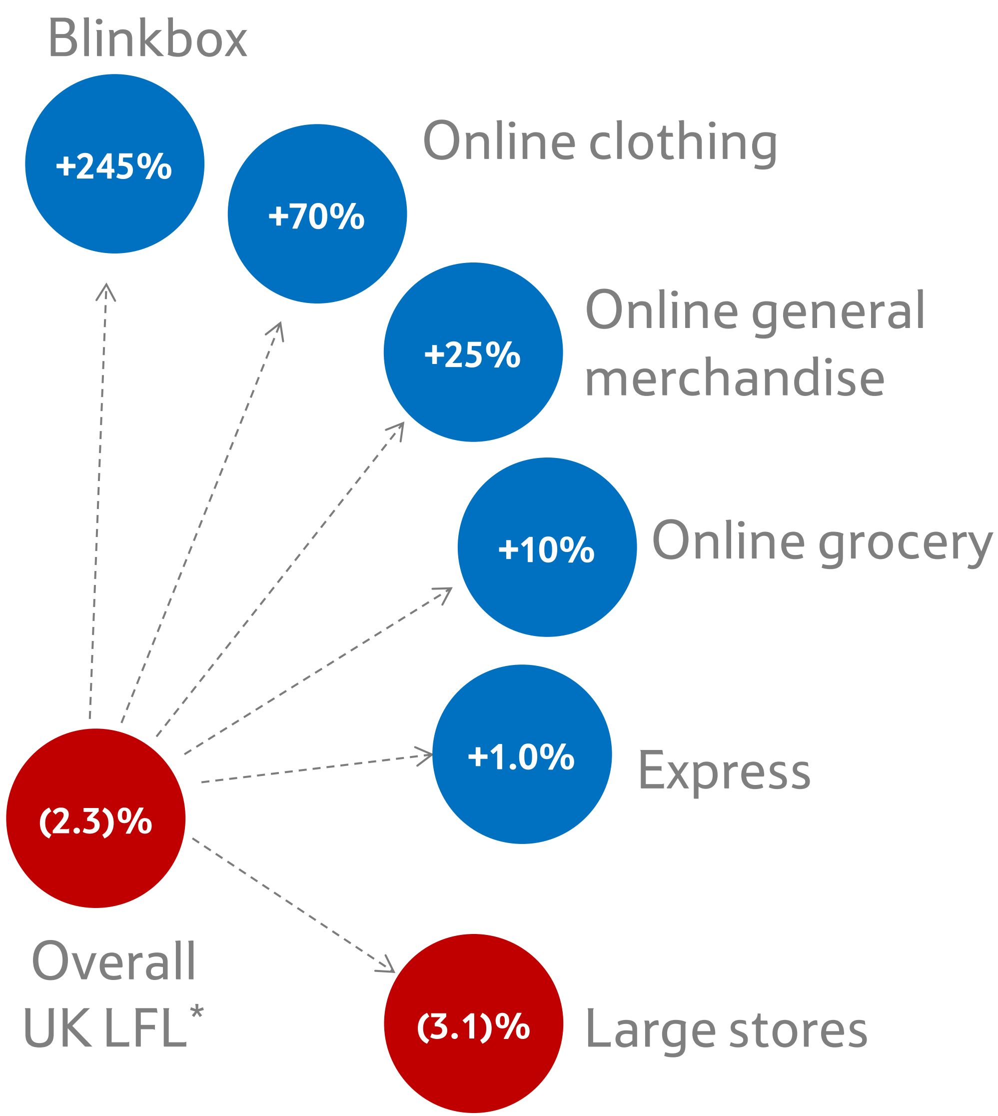
- Rise in small missions as more customers seek to buy local, little and often
- Fuel prices still an issue for many consumers
- Long-term trend towards smaller households continuing

Large out-of-town formats under pressure

- Affected by consumer channel shift to online and convenience
- Some customers appear to be adopting 'new norm' of frugality
- Increased levels of competition
- GM transformation programme holding back sales in short-term

Source: Kantar Worldpanel 4 week Total Till Roll data to 5 January 2014.

Christmas highlighted the trends



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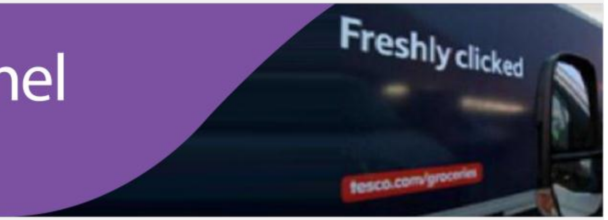
*Overall UK LFL (Inc. VAT) includes statutory adjustments. Select sales statistics shown.

Strategic priorities

1. Continuing to invest in strong UK business

2. Establishing multichannel leadership



3. Pursuing disciplined international growth

DISCIPLINED INTERNATIONAL GROWTH

Korea, Malaysia, Thailand	Significant future potential
Ireland, Czech, Hungary, Poland, Slovakia	Improve returns, hold position
China, India, Turkey	Refocus on more profitable approach to growth

TESCO

We have strengthened our foundations in the UK

Service & Staff

Stores & Formats

Price & Value

Range & Quality

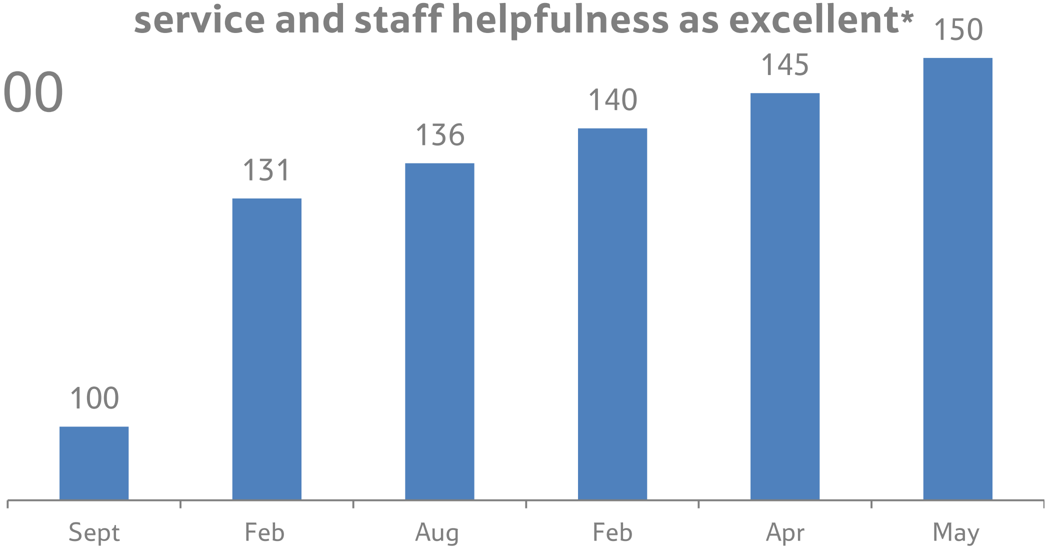
Brand & Marketing

Clicks & Bricks

Good progress for customers

- Price Promise
- Materially improved full range of > 8,000 products in our core Tesco range
- Re-launched ranges – Everyday Value, *finest**, Healthy Living
- New General Merchandise in stores
- New generation F+F in >100 stores
- Service improved

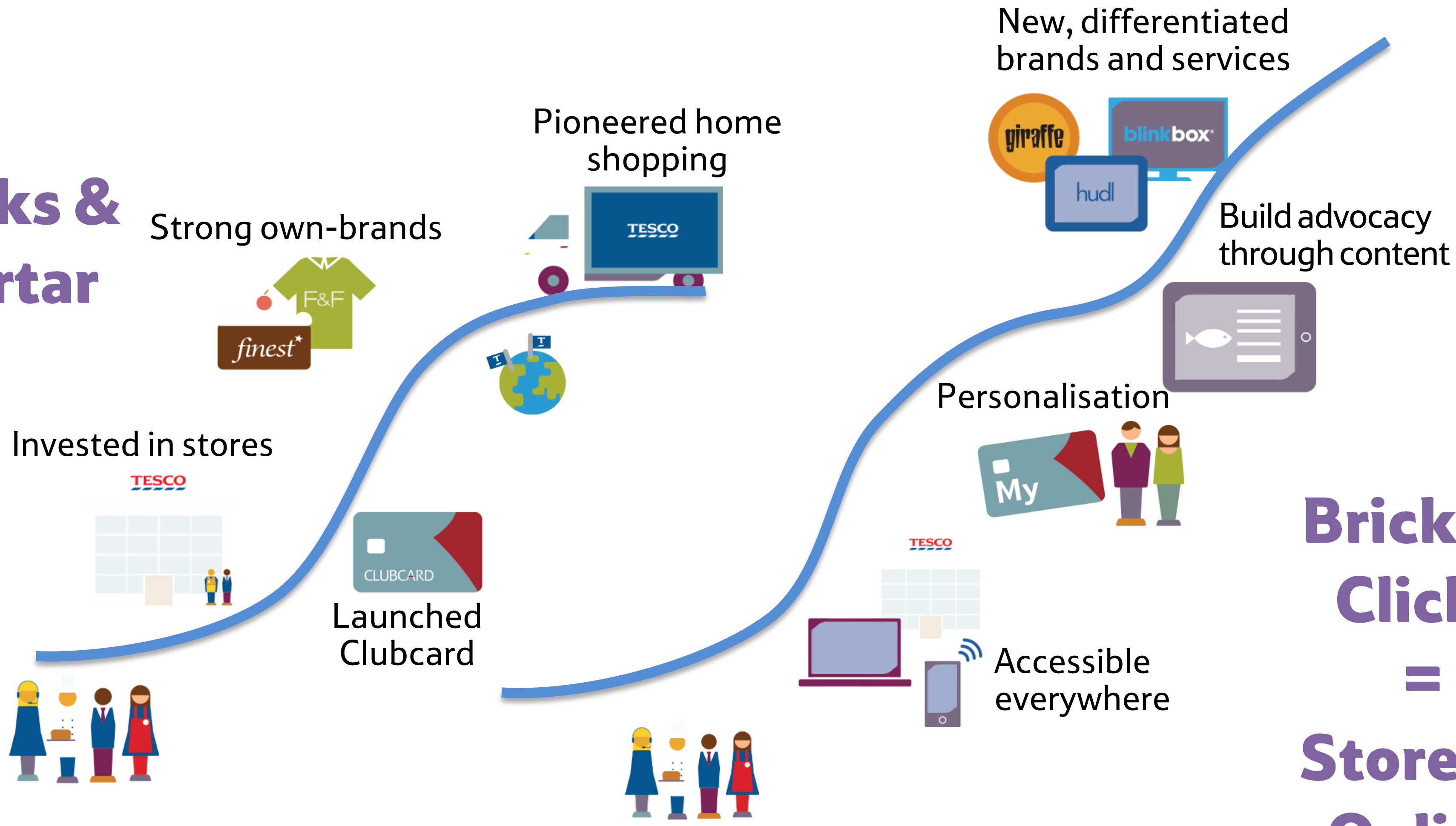
More customers are rating overall customer service and staff helpfulness as excellent*



* The index represents the percentage change in the proportion of customers responding positively to these statements

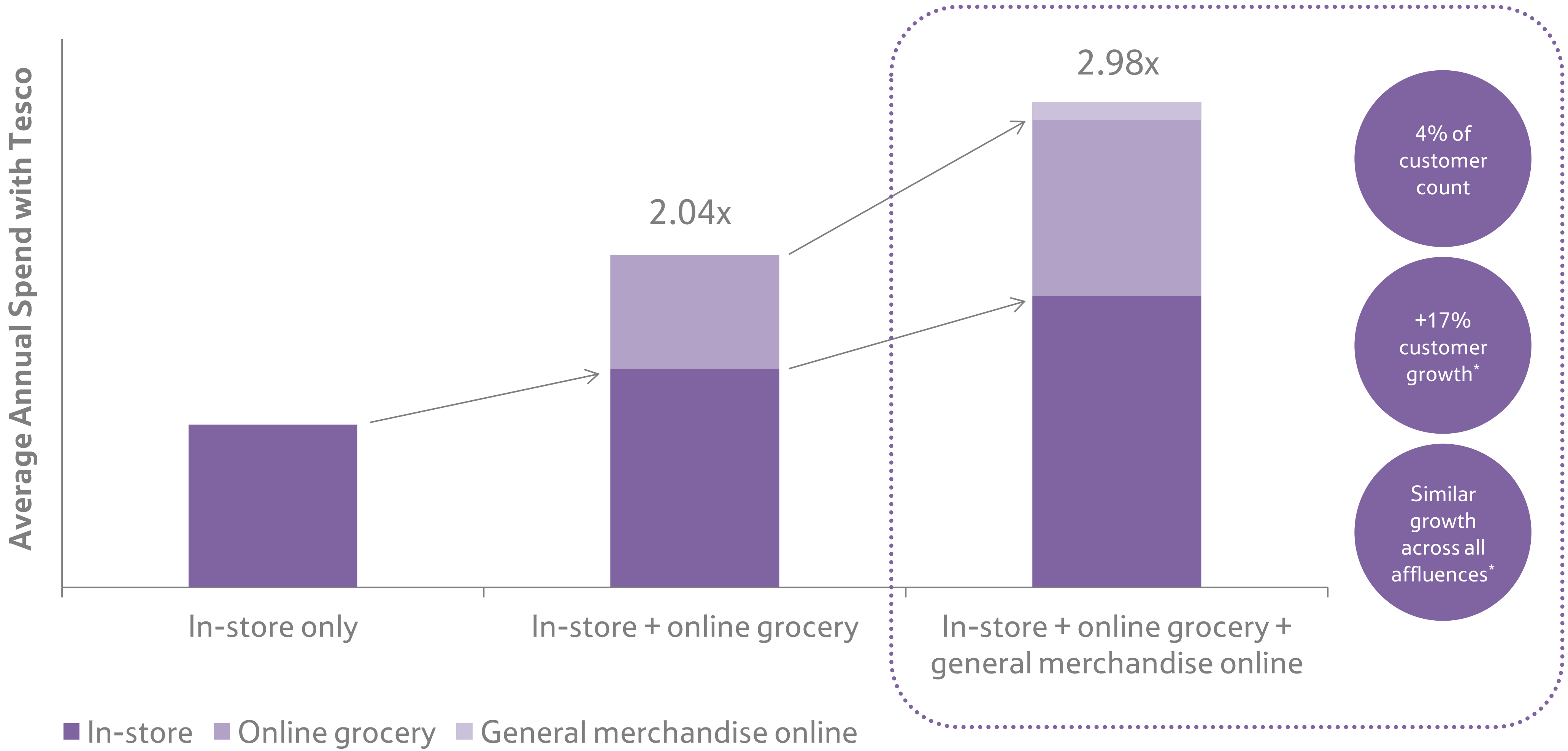
Moving from the first curve to the second curve

Bricks & Mortar



Bricks & Clicks = Stores & Online

Customers value retailers who get it right



All data shown is based on a sample of 2m Clubcard customers annual spend across in-store, online grocery and general merchandise online for the 52 weeks to 26 January 2014.

* Growth is versus the same period for the prior year.

Winning in the new era of retail

In February, we laid out our accelerated plans:

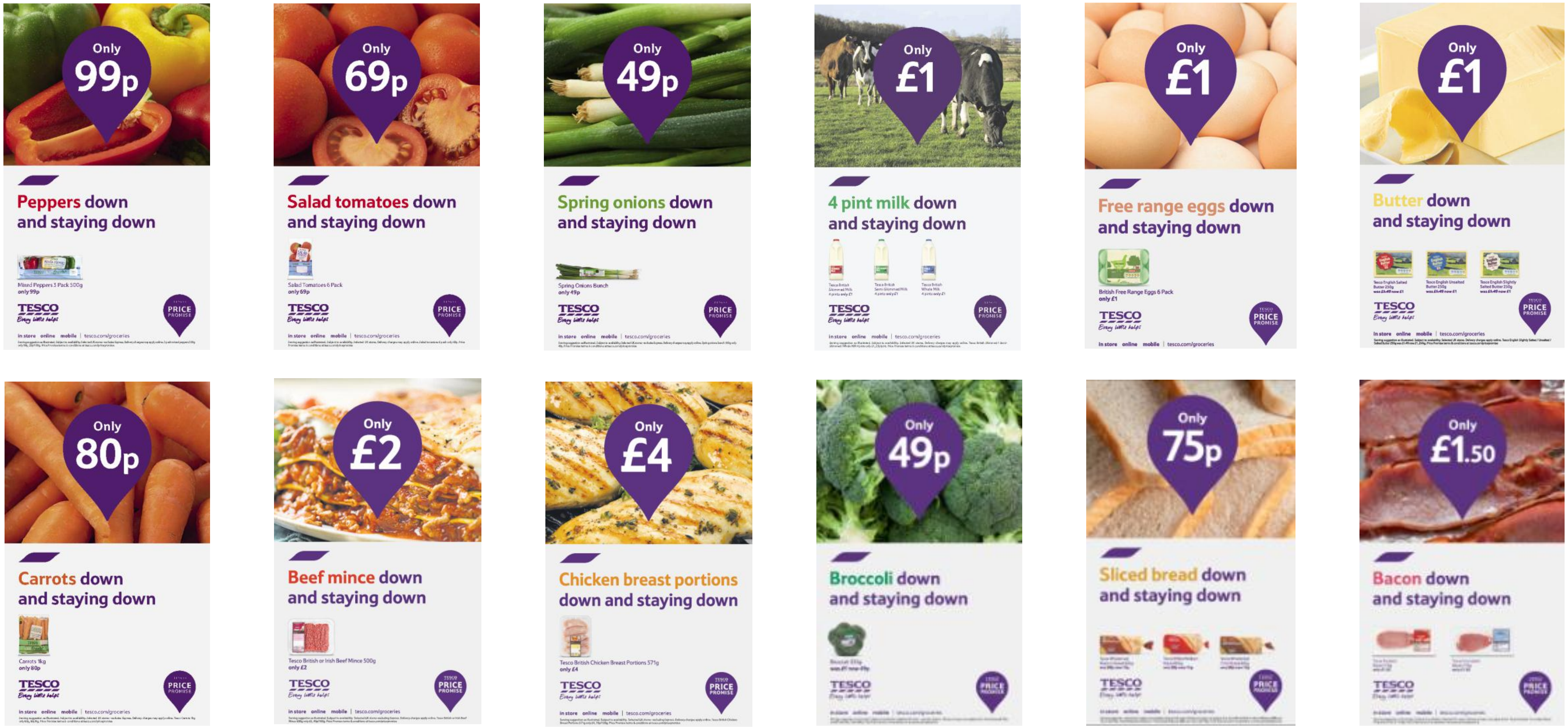
We have been clear about what we need to do for some time

- Sharper prices, improved quality, stronger ranges, better service
- A focus on building customer loyalty
- The reinvention of our large store formats
- The transformation of non-food – first Clothing and now GM
- Convenience stores tailored to their customers
- Provision of added value products and services
- Seamless connections for customers

- Building a Better Tesco has strengthened the foundations
- We are now accelerating the rate of improvement for customers

TESCO 9

Accelerating our plans: Sharper prices



Every day low prices on the lines that matter most

Accelerating our plans:
Building loyalty with Clubcard Fuel Save

More than 5 million

customers have already saved money on fuel

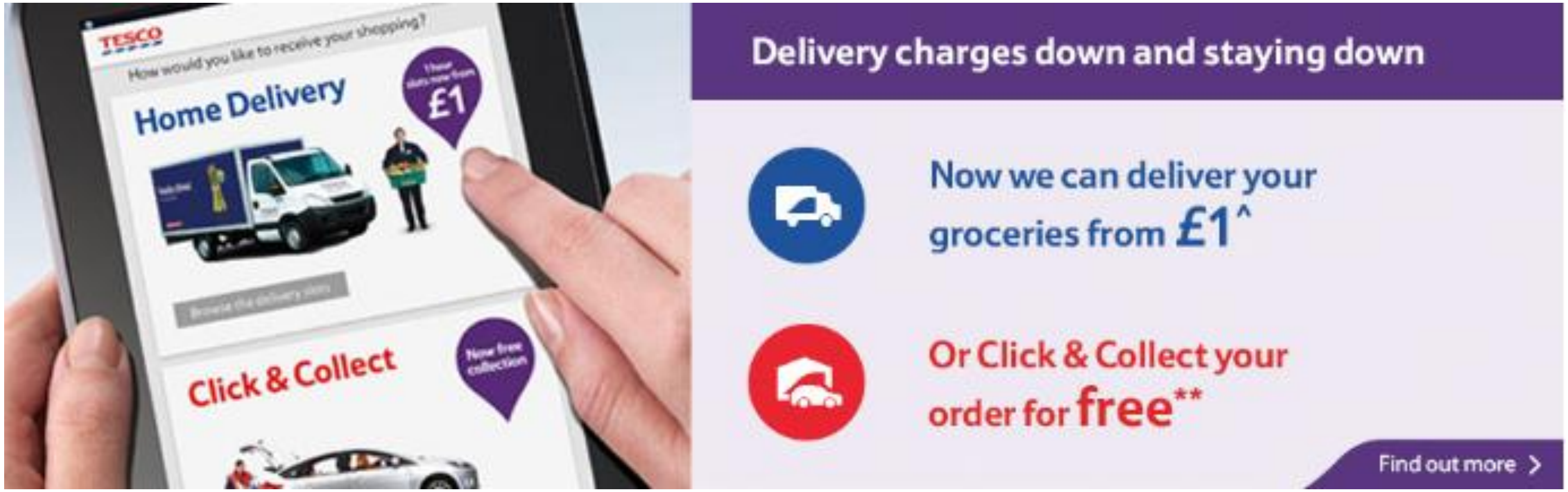
7 pence per litre

average saving

Greater value for loyal customers through Clubcard Fuel Save

* Based on Welsh trial.

Accelerating our plans:
Lowering the cost of online shopping



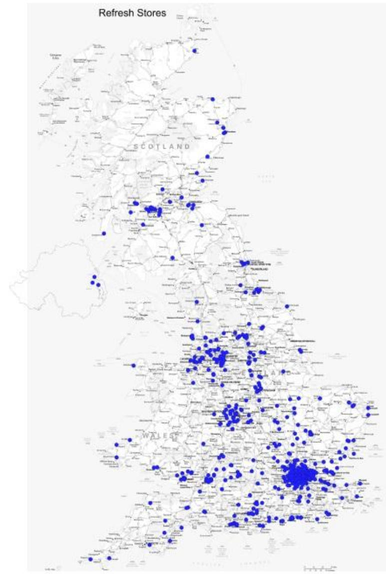
Accelerating our plans: making our larger stores fit for the multichannel era

'Ingredients'

An accelerated refresh programme

Roll-out programme

		To date^	Refresh roll-out	
Format	Total number of stores*	Refresh stores	14/15	Ongoing per year
Extra	247	82	c.110	c.60
Superstore	482	178	c.50	c.100
Metro	195	46	c.40	c.50
Express	1,672	309	c.450	c.375
Capex		c.£400m	c.£500m	c.£500m



- Typical refresh work lasts up to 16 weeks
- Accelerated programme: short-term disruption, long-lasting uplift

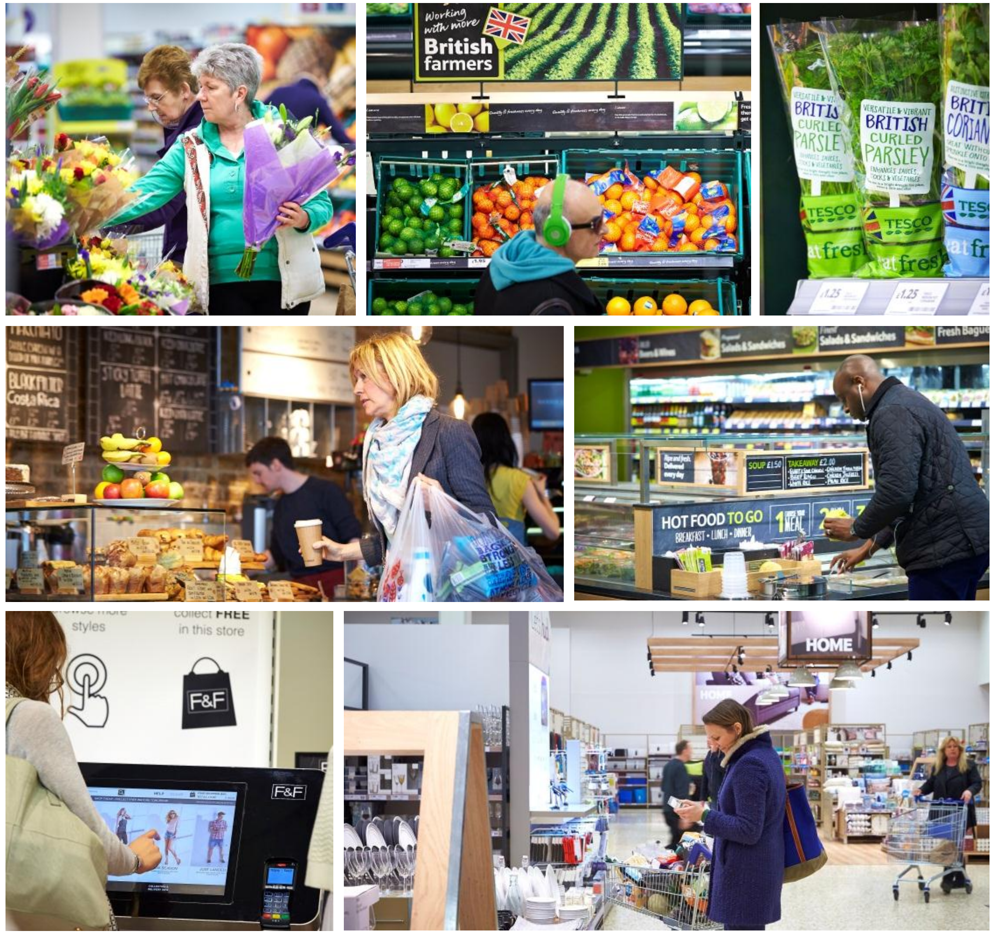
Typical refresh store uplift 3 to 5%

^ From March 2012 to year end 2013/14.
* As at 24 February 2014.

The ingredients for our larger stores are clear

c.50,000+ sq ft (247 stores)

- Food First
- Food to Go in specific locations
- Destination Clothing
- General Merchandise
- Appropriate and relevant New Food Experiences



110 Extra refreshes this year, c.£1m to £4m each

Slough Extra, 90k

Re-launched in May

- Focus on fresh food and services
  - Introduced Euphorium Bakery and The Bakery Project
  - Harris+Hoole coffee shop
  - Decks carvery restaurant
  - New Food to Go section – including halal sandwiches
  - Extended ranges in World Foods
  - New service ranges including Opticians and the Phone shop
  - F&F Next Generation


Bidston Moss, 79k

Re-launched in June

- Food focused offer:
  - Food at the front of the store
  - Refreshed produce
  - Food to Go
  - Island counters
  - Decks restaurant
- Next Generation F&F
- Beauty World
- Destination GM
- Community room

Surrey Quays Extra, 65k

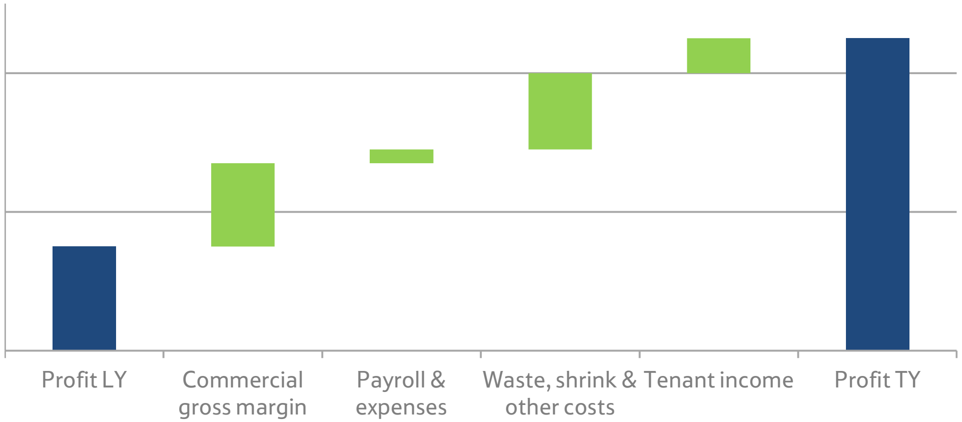
Re-launched in June

- Focus on fresh food and services
  - Produce, counters, bakery
  - Introduced Euphorium bakery and The Bakery Project
  - Pharmacy, Tesco Phone Shop, latest clothing and improved GM offer

And we have started to downsize some stores

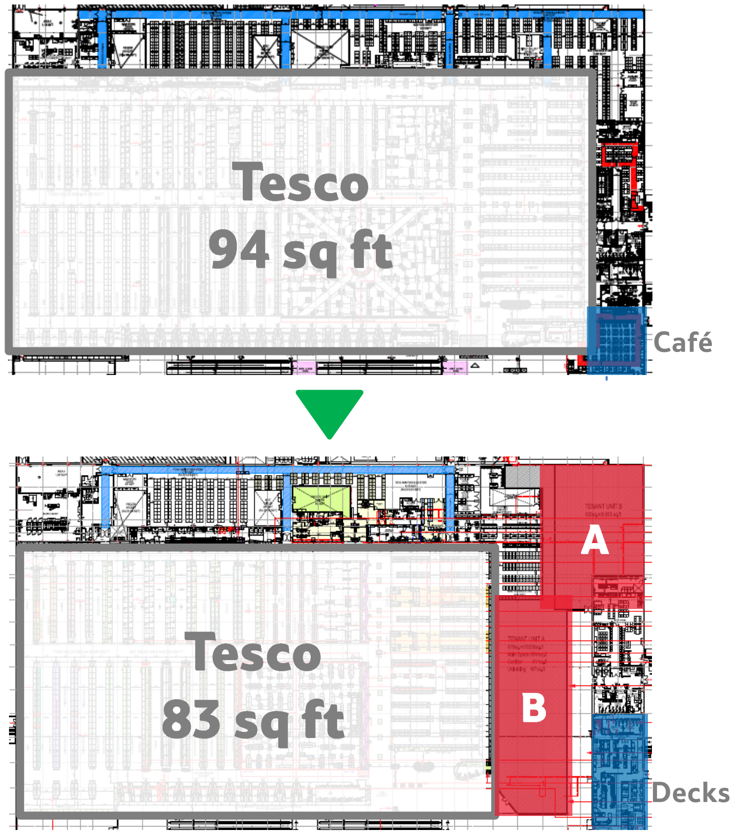
- Newport and Stockton completed with five similar schemes planned for 2014
  - Glasgow St Rollox, Leigh, Culverhouse Cross, Oldham Huddersfield Road and Prescot
- Reduced GM and Electrical space, better choice
- Complementary retail tenants

Newport profit progression year-on-year



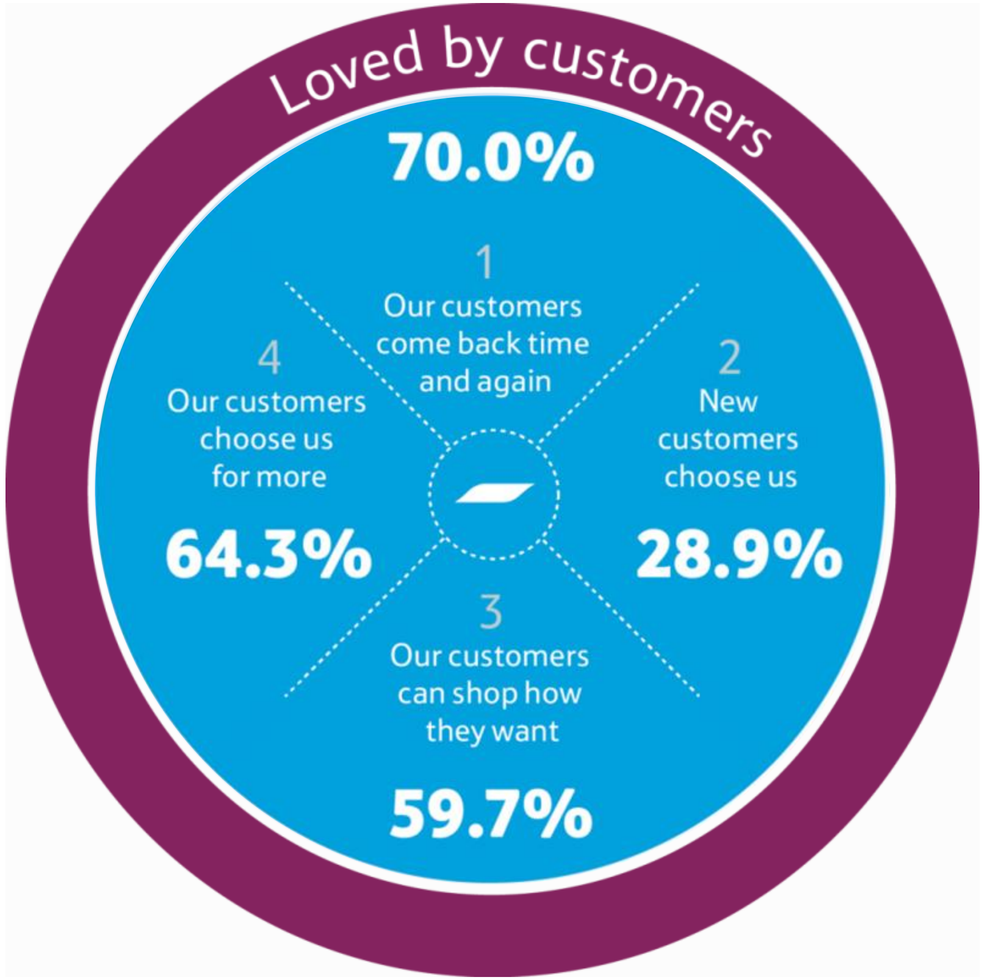
£3m capital
Projected Yr 3 CROI > 50%

Newport Extra



We are focused on driving loyalty

- Retaining loyal customers
- Attracting more new customers
- Shopping across our channels
- And across our brands



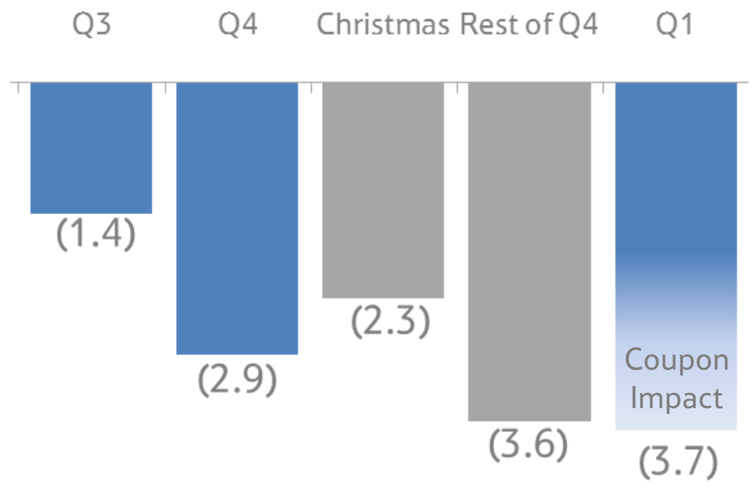
Greater loyalty → Greater lifetime value

1. Percentage of last year's loyal customers* who are still loyal to Tesco
2. New loyal customers* as a percentage of last year's loyal customer base
3. Percentage of loyal customers* who in the last 13 weeks have shopped two or more channels**
4. Percentage of loyal customers* who in the last 13 weeks have bought / held products from Bank, Telecoms, Clothing***

The implementation of our strategy is creating near-term headwinds

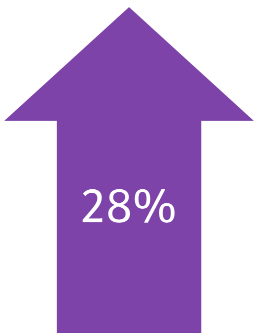
- Significant reduction in short-term couponing
- Deflationary effect of price cuts
- Refresh disruption and fewer new stores
- General merchandise transformation
- Focus on loyalty will deliver LFL sales growth and attractive and sustainable returns

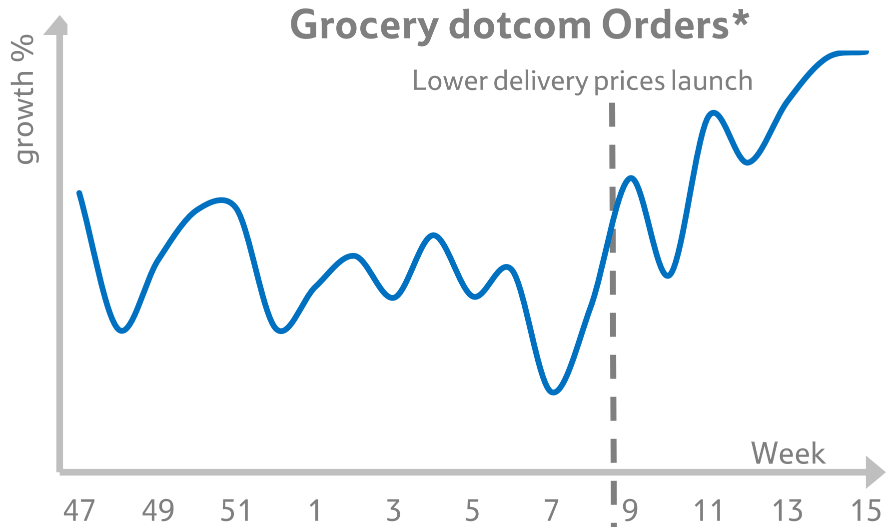
UK like-for-like trends



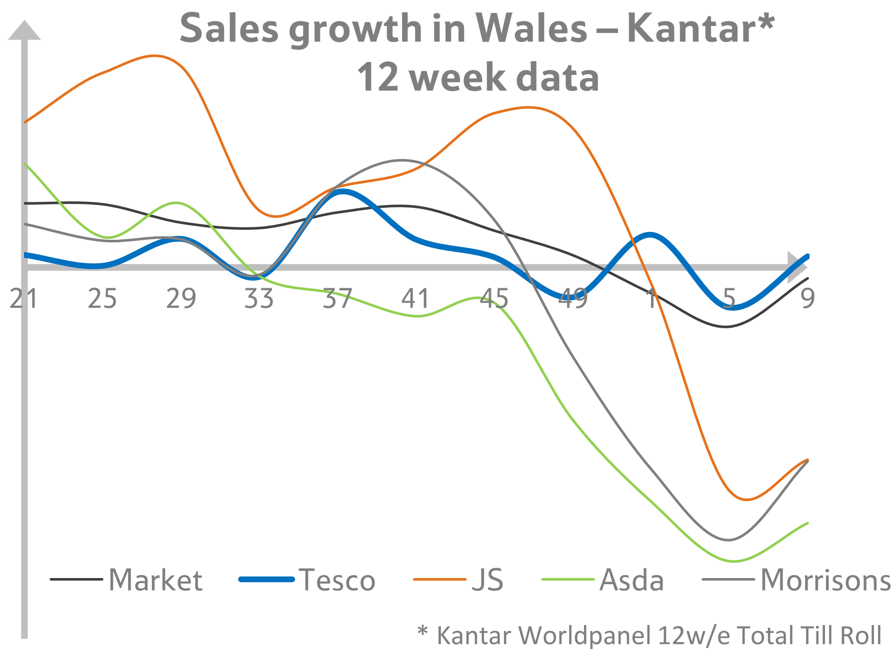
Lead indicators

- Volumes up c.28% in lines where we cut prices
- Record orders in Grocery Home Shopping
- Building response to Clubcard Fuel Save, led by the pilot in Wales
- Strongest improvement in Customer Viewpoint in refreshed stores





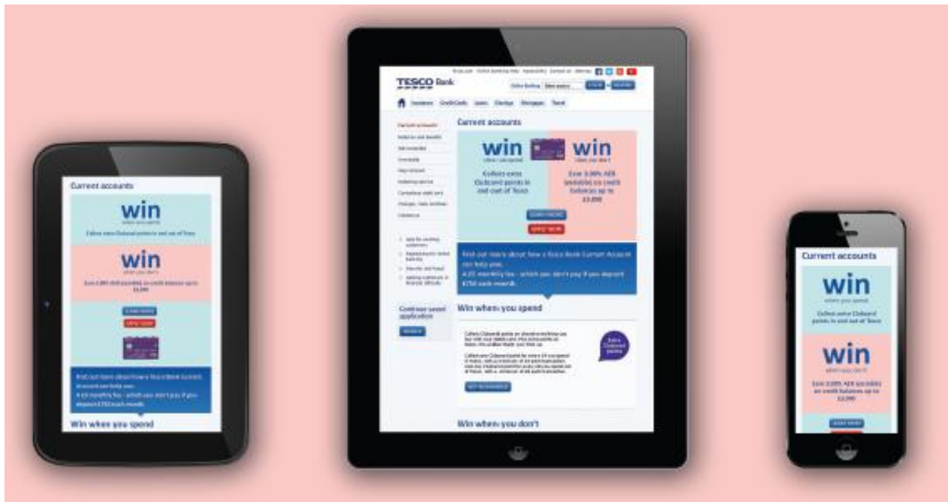
*Adjusted for the timing impact of Easter



* Kantar Worldpanel 12w/e Total Till Roll Data, using a postcode definition for Wales

Our new current account

10 June 2014



Back to leading for customers

- Customers’ expectations are changing
- We are firmly focused on the most compelling offer
- Customer focus will drive success
- Increasing loyalty is key
- Pace is accelerating

Disclaimer

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tesco as of the date of the statement. All written or oral forward-looking statements attributable to Tesco are qualified by this caution. Tesco does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tesco's expectations.

Q & A