



News release...

Tuesday 9th December 2014

TRADING UPDATE

In recent weeks we have implemented new policies and procedures which will govern our commercial income activities and taken actions to invest in and improve our customer offer.

In our interim results on 23rd October we highlighted that full year profitability would be impacted by actions we may choose to take and that the commercial income overstatement would affect second half results as we revisited our plans with the new management team.

Our new Commercial approach will underpin stronger long-term relationships with our suppliers, benefiting customers, whilst at the same time ensuring that revenue recognition is transparent and appropriate. We have retrained our entire team and begun the cascade with our suppliers.

In addition, we have invested further in service, with more than 6,000 new colleagues in store, increased product availability on key lines and invested in price - all aimed at enhancing our customer offer. The early feedback from customers is encouraging.

On the 8th January we will share more detail about the measures we plan to take to improve the competitiveness of the UK customer offer and to strengthen the balance sheet. On the basis of the changes and investments made to date we now anticipate Group trading profit for the financial year ending February 2015 will not exceed £1.4 billion.

Dave Lewis, CEO said:

“Tesco is focused, and will continue to focus, on doing the right thing for customers. This means running our business in a way that everything we do creates sustainable value. Whilst the steps we are taking to achieve this are impacting short-term profitability, they are essential to restoring the health of our business. We will not engage in short term actions that compromise in any way our offer for customers.

We still have much to do but are making good progress in developing our plans to improve the long-term positioning of the Group and I will share more of that on the 8th January. Our priorities remain restoring competitiveness in the UK, protecting and strengthening the balance sheet and rebuilding trust and transparency. For now, all the Tesco team is focused on delivering the best Christmas for customers.”

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