



24 April 2015

PRELIMINARY RESULTS – Fixed Income Investor Call

Alan Stewart – CFO, Shubhi Rao - Group Treasurer

TESCO

Agenda

- Update on three key priorities
- Full year results
- Q&A

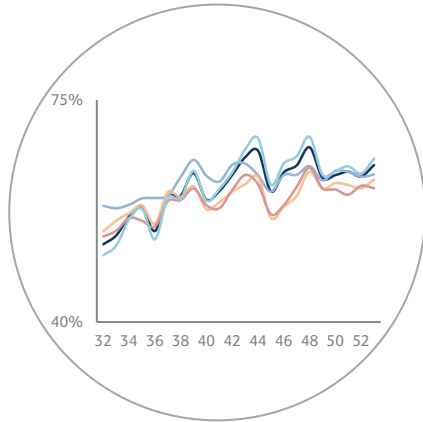


Three priorities

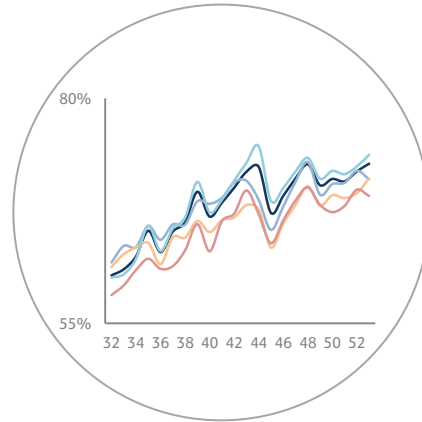
- 1 Regaining competitiveness in our UK business
- 2 Protecting and strengthening the balance sheet
- 3 Rebuilding trust and transparency



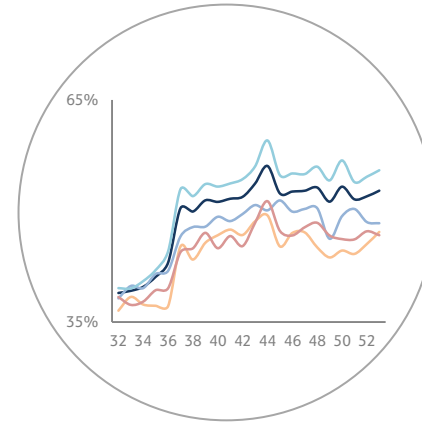
Investing in our customer offer



Service



Availability



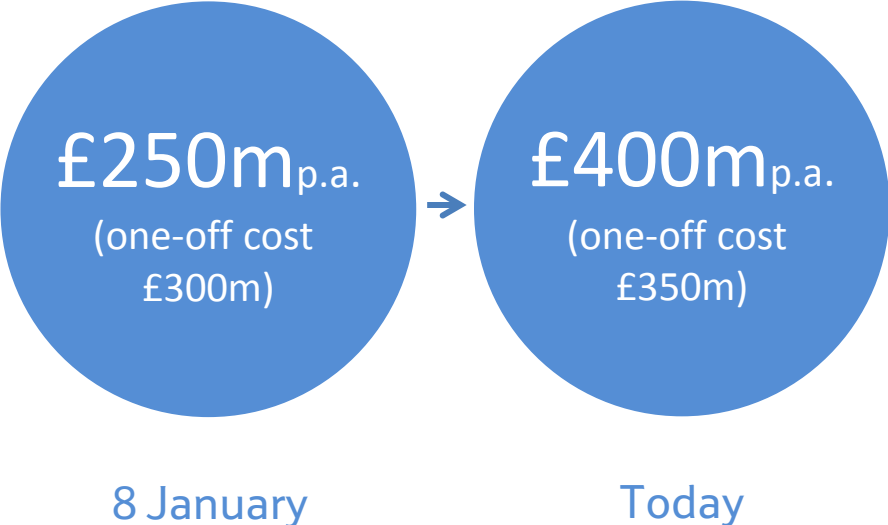
Price



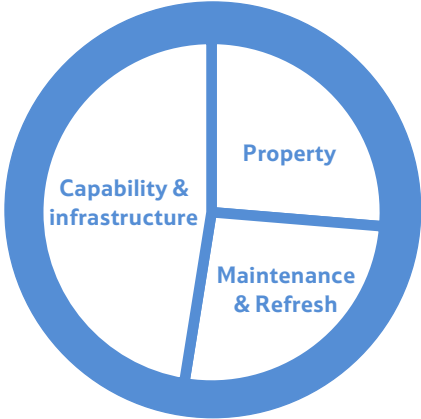
Source: Customer Viewpoint Survey

Note: Service chart reflects % customers rating overall service and colleague helpfulness as excellent. Availability chart reflects % customers who were strongly satisfied with overall availability. Price chart reflects % customers very satisfied with prices paid.

Simple, agile, lower cost



Strengthening the balance sheet



Reduction to
£1bn capex

No final
dividend

2014/15



Pension consultation
started



Strengthening the balance sheet



49 sites exited



Full ownership of 21 superstores regained



Property

- £22.9bn owned property valuation
- £0.9bn JV property valuation net of debt

	UK	Asia	Europe	Group
Property* – wholly owned				
- Estimated market value	£10.5bn	£8.3bn	£4.1bn	£22.9bn
- NBV**	£10.5bn	£6.1bn	£3.7bn	£20.2bn
% net selling space owned	41%	66%	75%	59%
% total property owned – by value***	40%	71%	74%	53%

- **British Land asset swap completed post year-end**

* Stores, malls, investment properties, offices, DC's, fixtures and fittings and WIP. Excludes JVs.

** Property, plant and equipment excluding vehicles.

*** Excluding fixtures and fittings.

Liquidity and funding

£2.2bn

Nov 2017

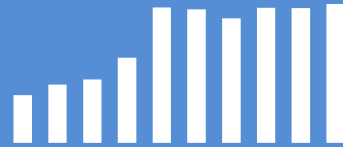
Bilateral
facilities

£2.6bn

Nov 2019
+ 1 year
+ 1 year

Committed
facilities

£22bn



Leverage



Reshaping the portfolio



Portfolio review
ongoing



On track



Continue to review
full-value options





Full year results

Group performance

Continuing operations	14/15 53 wks	Change % 53 wks	Change % 52 wks
Group sales	£69,654m	(1.7)%	(3.0)%
Group trading profit	£1,390m	(58.1)%	(58.2)%
One-off items	£(7,022)m	(776.7)%	-
Operating loss	£(5,792)m	n/a	n/a
Group losses before tax	£(6,376)m	n/a	n/a
Underlying profit before tax	£961m	(68.5)%	(68.4)%
Diluted losses per share	(70.24)p	n/a	n/a
Underlying diluted earnings per share	9.42p	(70.6)%	(70.5)%

Segmental performance

	Sales	Change*	Trading profit	Change*
	14/15	52 wks	14/15	52 wks
UK	£48.2bn	(1.7)%	£467m	(78.8)%
Asia	£10.5bn	(0.9)%	£565m	(15.3)%
Europe	£9.9bn	(0.6)%	£164m	(31.1)%
Bank	£1.0bn	2.1%	£194m	0.0%
Group	£69.7bn	(1.3)%	£1,390m	(57.5)%

* At constant exchange rates.

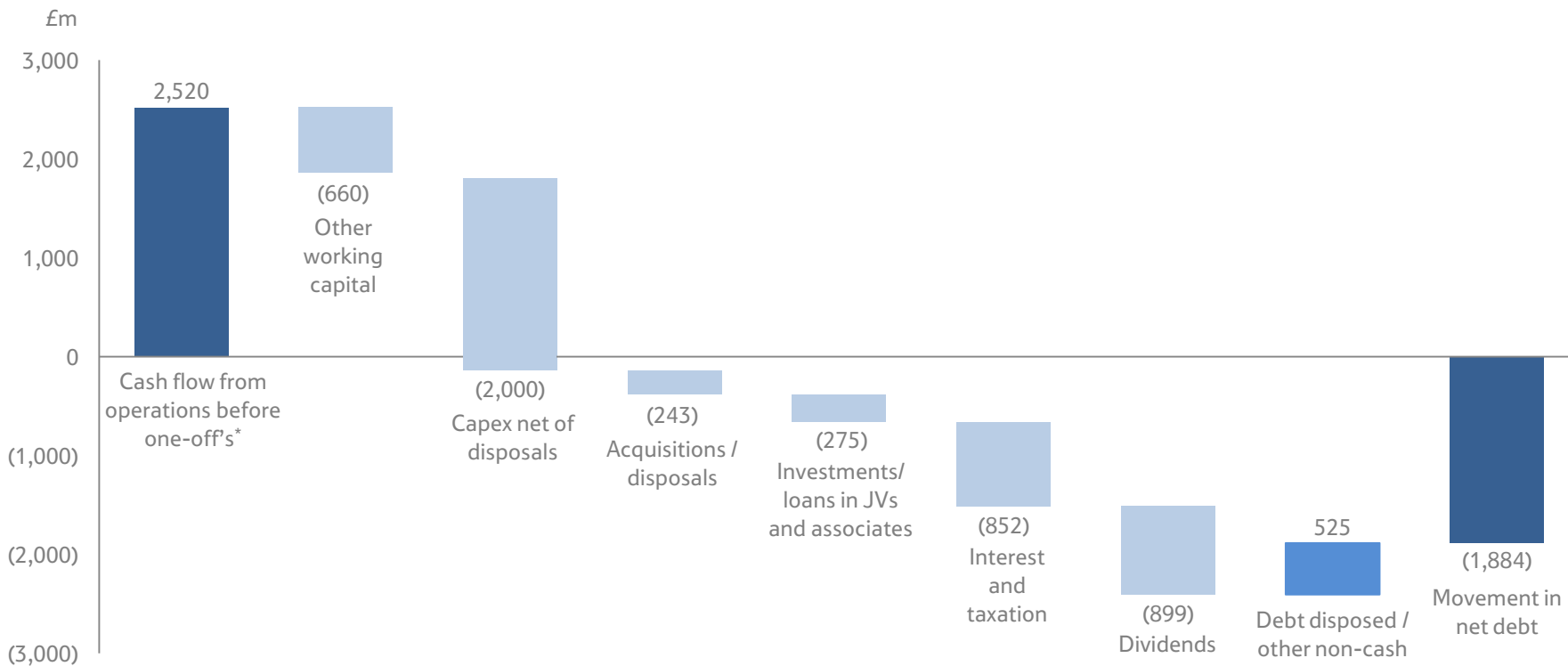


One-off items

Property impairment and onerous lease charges	£(4,727)m
Goodwill and other impairments	£(878)m
Stock	£(570)m
Restructuring	£(416)m
Commercial income adjustment (prior years)	£(208)m
Other	£(223)m
Total one-off items	£(7,022)m



Retail cash flow



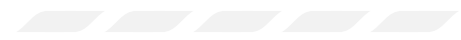
Reflects reported cash flow from operations £715m adjusted for the working capital impact of one-offs of £1,805m as detailed in Note 14 of the preliminary results statement.

This working capital impact of one-offs of £1,805m comprises stock (£569m), onerous lease and restructuring provisions (£964m), commercial income adjustment (£208m) and other items (£64m).

Summary

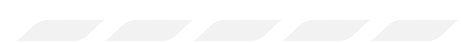
- Facing into reality
- Transformation programme progressing well
- Customer offer improving
- Volume-driven recovery beginning
- Active balance sheet management
- Rebuilding trust and transparency in our business
- Unprecedented pace of change
- Reinvestment, reinvestment, reinvestment





PUTTING OUR CUSTOMER FIRST





Q & A



Disclaimer

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