

# Our Full Year Results 2016/17

**Dave Lewis, Group CEO**

**Jason Tarry, Chief Product Officer**

**Alessandra Bellini, Chief Customer Officer**

**Dave:** This morning we've announced the results for the business in 2016/17 and I'm delighted to say that the results are ahead of the plan that we set for ourselves just a year ago. It's been a fantastic performance. From a customer point of view our range is simpler, our prices are lower, and our service and availability has never, never been better. It's a fantastic achievement by Tesco colleagues around the world and I'm pleased to say that that performance has driven a sharp improvement in sales, in volume, in cash and in profit.

So it's a result that we can all be proud of and it's been driven by 500,000 Tesco colleagues around the world and what it is I'd like to do today is share with you a little bit about what those results mean, but also carry on the tradition of asking some of my colleagues from the Exec to help me with those results. Before I do that, I'd say that the profit that we're going to announce today is £1.28 billion, which is 30% growth year-on-year and as you'll see it means that the performance of the business as represented by the Big Six is 'green' for the Group and 'green' for the UK and Ireland. So it's a fantastic performance.

Fresh food is the most important category for customers. It drives their choice of where it is they want to shop. So you'll remember in Christmas we talked about the operational performance. What I'd like to do now is introduce to you Alessandra Bellini who is our Chief Customer Officer, just joined us, and Jason Tarry who's been here just a little while longer as our Chief Product Officer.

So Jason, why don't I start with you, you know I talk about the food performance of the business, tell me what it is it's driving such as strong food performance?

**Jason:** Thanks Dave. Yeah, our food performance has been very strong but it's been led by Fresh food performance and I'm pleased to say it's been good across the Group. So here in the UK we've seen market out-performance all year driven through our 'first for fresh' program, and particularly pleasing has been the launch of our farm brands just about a year ago, and now two-thirds of all customer baskets contain one of our farm brands. In Ireland we've seen a strong volume performance despite a deflationary market across Bakery, Meat and Produce, and finally in Thailand we've also seen market out-performance, so good performance across the Group.

**Dave:** And it's a, it's a place in our business where we come in to a lot of contact with suppliers, we really do get to the heart of, you know, agriculture. Tell us a little bit about how it is you've been working with suppliers and the feedback you're getting to what is a crucial partnership in our business?

**Jason:** Yeah you're right, our partnership with our suppliers is absolutely critical to our progress to date, and our progress going forward. They are key stakeholders in our business and again I'm very proud of the work that the Product teams have undertaken across the Group. Whether it be, you know, more productive longer term partnerships, or simplification of the buying model, or publication of payment terms and our performance against those. And we're seeing that reflected in the feedback from suppliers, and it's particularly pleasing to see the scores of prompt payment. 84% of our suppliers are pleased with the fact that we pay them promptly and on time.

**Dave:** It's a fantastic performance from you and all the team but also with the supply chain working with suppliers, never been better and as you say a critical partnership. But then it comes a little bit to the brand, Ale, and, you know, putting you on the spot a little bit, it's important that all of that good work is perceived well by our customers when they shop with us at Tesco and you've been doing some work on how our quality is perceived, so what can you share with us there?

**Alessandra:** Well let me start first of all by saying 'hi' to everyone and thank you for the very warm welcome I received. Thank you to all the people I've met so far, and the ones I will meet because it's been wonderful to get to know them, and to get to understand this wonderful business. Now back to your question, what are customers thinking right now? Let's start with the colleagues. Colleagues 'helpfulness' score has gone up to 80% which is incredibly high. We know however our biggest opportunity is to really improve the perception of quality for our fresh food especially, as we were talking about, and there while we have been improving over the last few years, we are in fact the most improved retailer over the last year. It wasn't until we broke with our new campaign that that score really accelerated and improved. We now see an improvement of 5% year-on-year.

**Dave:** Fantastic. So what's next then with Food Love Stories?

**Alessandra:** We really need to continue to perform and concentrate on the quality of our food and to make sure that that is communicated very clearly to our customers, together with the value that we can offer through the wonderful offers and the good pricing that we have.

**Dave:** Now with that the only thing that's left for me to do is to say thank you to nearly a half a million Tesco colleagues around the world. I hope you're proud of the results that we've announced today. Certainly I'm proud of the results that together we've generated this last year. You know it's two and a half years ago that I joined Tesco and if you'd have told me back then that we would be here now, ahead of where we said we would be on that recovery for our business, I definitely would have taken it. But it really is to the credit of every colleague in the business and our partners outside who have shown how much they care about the business but applied themselves and their expertise to serving our shoppers a little better every day and for that I thank you very much indeed.