

TESCO

Welcome to your AGM



John Allan

Chairman



Serving Britain's shoppers a little better every day.

16 June 2017

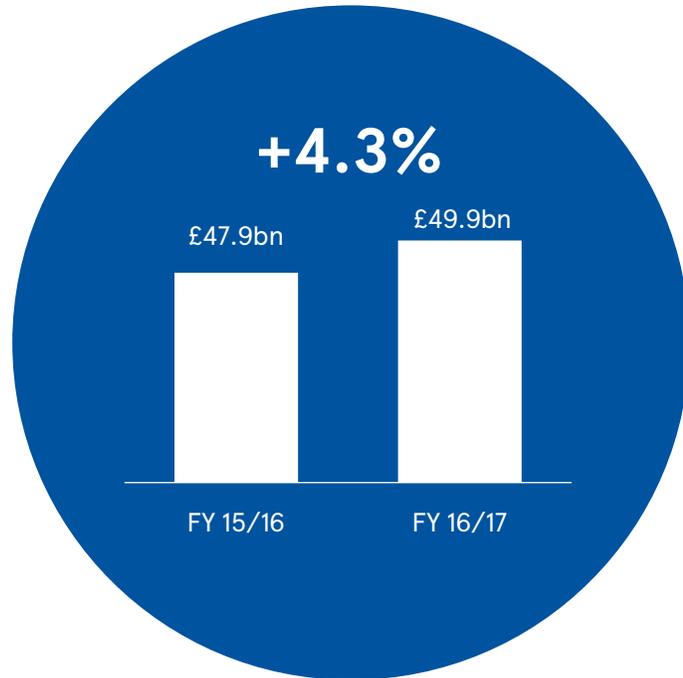
Dave Lewis, Group Chief Executive



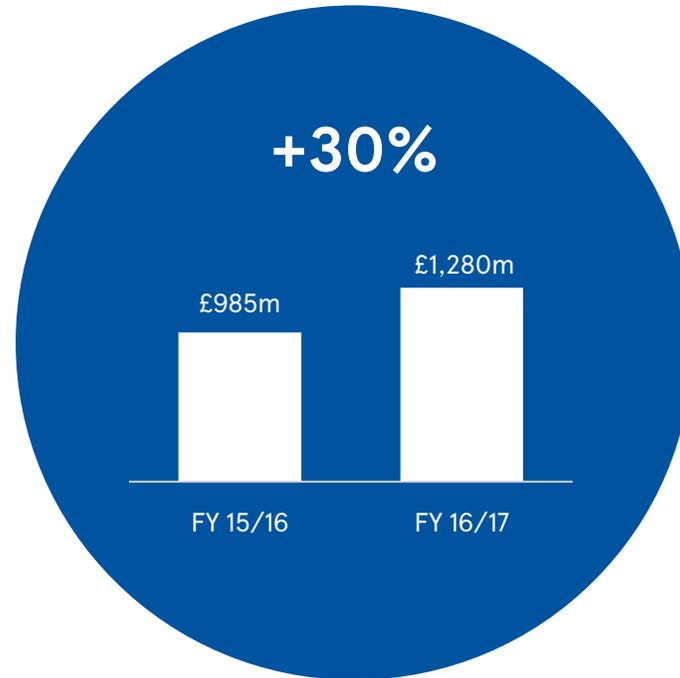
Agenda.

- A year of strong performance
- Our six strategic drivers
- 1Q update
- Unlocking new growth

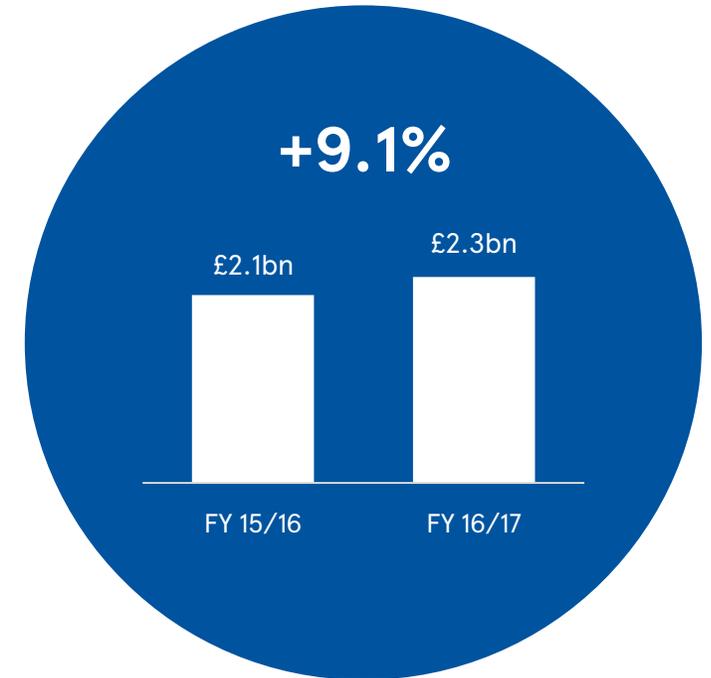
A year of strong performance.



Positive sales growth



Strong profit growth



Strong cash generation

A year of strong performance – UK.



Volume-based recovery

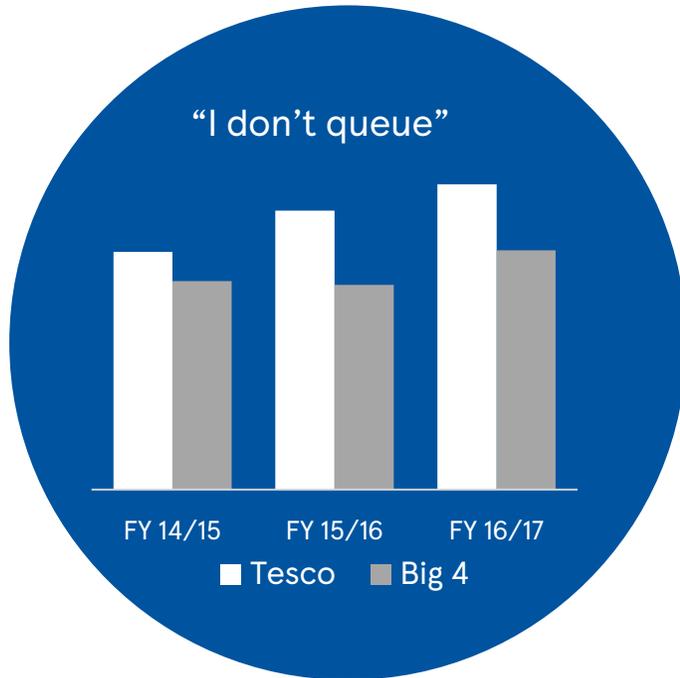


Transaction growth



Increasing footfall

A year of strong performance – Better service.



Speed of service



Record helpfulness

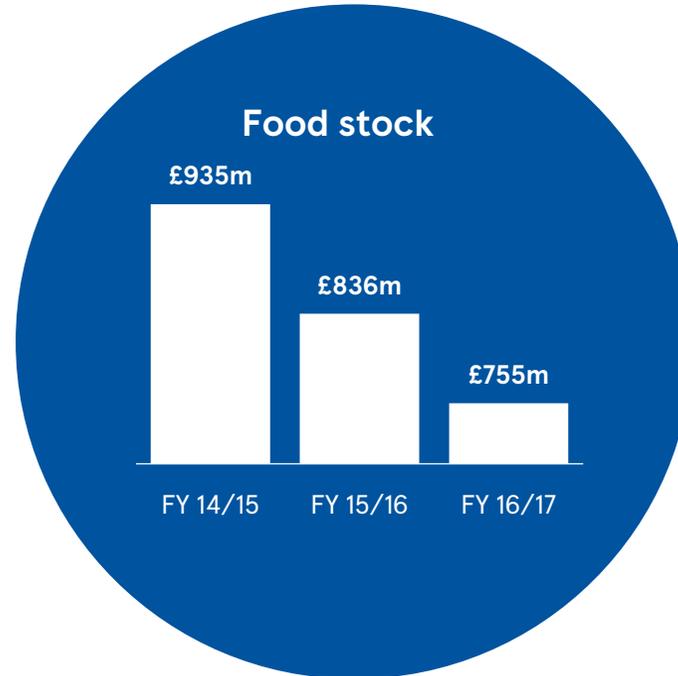


Colleagues closer
to customers

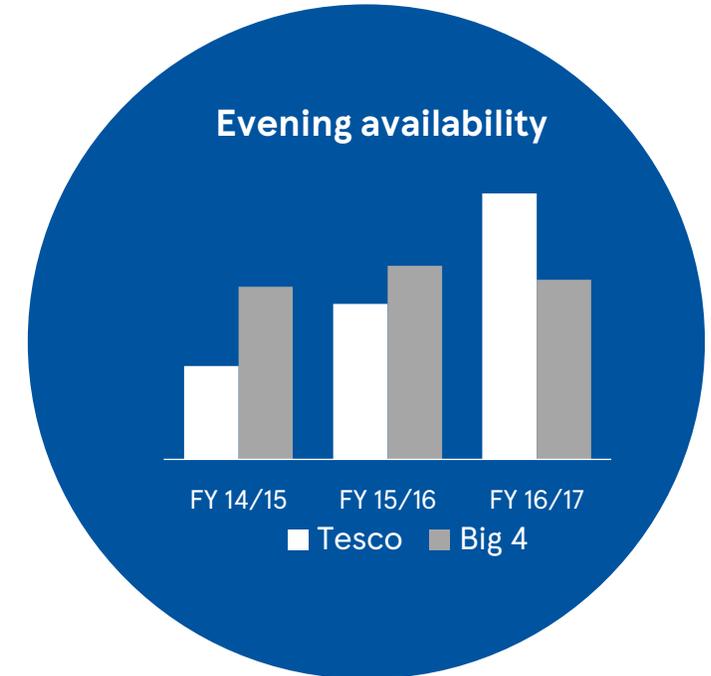
A year of strong performance – Record availability.



Sales-based availability



Clearer backrooms



Available at all times

A year of strong performance – Price.



Lower prices



Fewer promotions



Depth of promotions

A year of strong performance – Right range.



Further range reduction

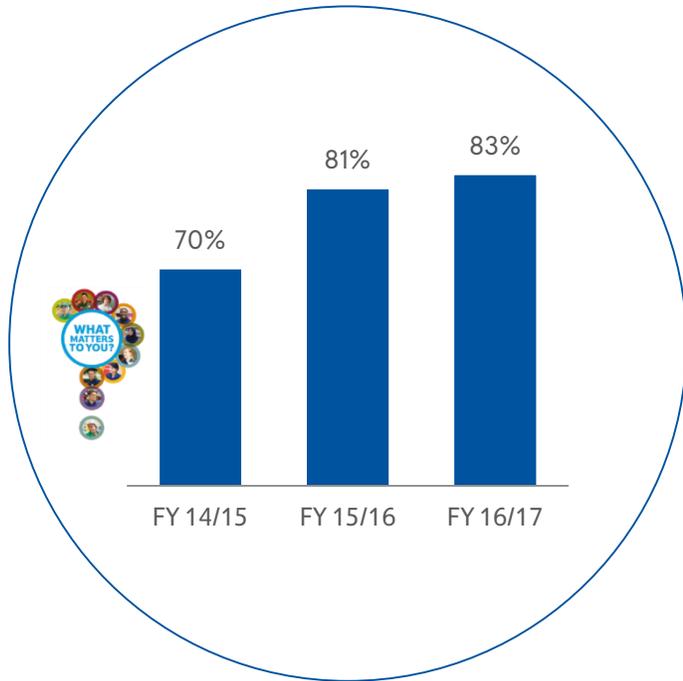


Further increase
in own label space



One touch replenishment

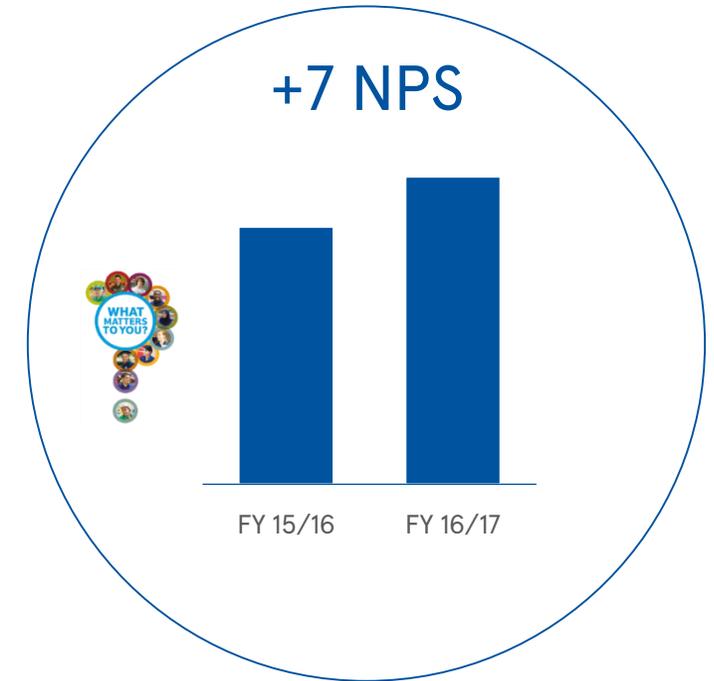
A year of strong performance – A great place to work.



Engaged colleagues

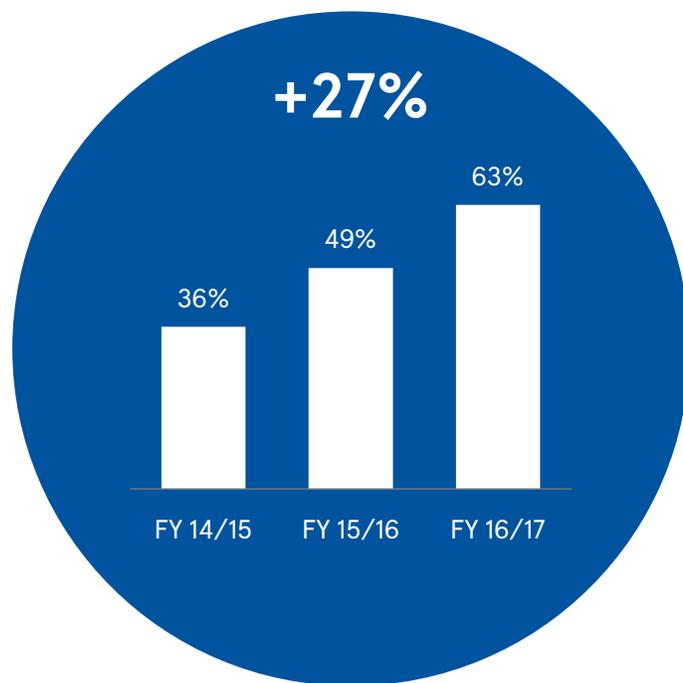


A simpler job

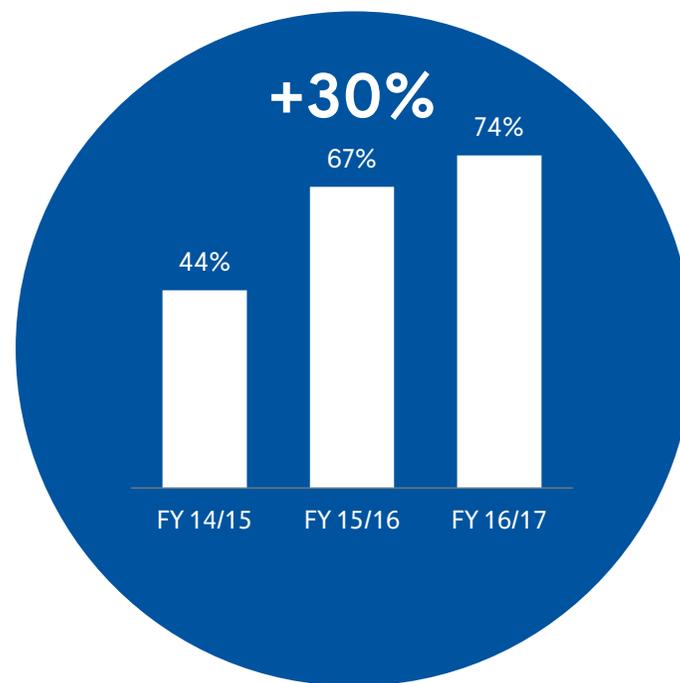


A great place to shop

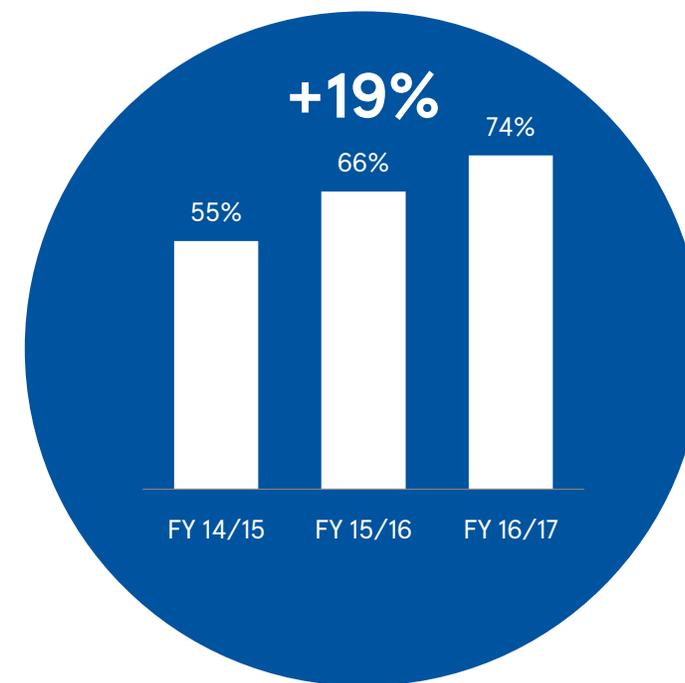
A year of strong performance – Supplier partners.



Simple, transparent & easy to deal with



Communicates well & available when needed



Treats me fairly

A year of consolidation – International.



Volume growth



Sales growth



Portfolio simplification

Our six strategic drivers.

1. A differentiated brand

2. Reduce operating costs by a further £1.5bn

3. Generate £9bn cash from operations

4. Maximise the mix to achieve a 3.5% – 4.0% Group margin

5. Maximise value from property

6. Innovation

Our six strategic drivers – Progress.

1. A differentiated brand

- YouGov most improved brand

2. Reduce operating costs by £1.5bn

- £226m of cost savings

3. Generate £9bn cash from operations

- £2.3bn retail cash generation

4. Max the mix to achieve a 3.5%–4.0% Group margin

- Group operating margin 1.8% to 2.3%

5. Maximise value from property

- Released £0.5bn value

6. Innovation

- 2,422 new products
- PayQwiq
- Free From Retailer of the Year

1Q update.



Like-for-like performance.



+1.0%

Group

+2.2%

UK & ROI

(3.0)%

International

Strong fresh food growth.



Like-for-like sales growth in food



UK fresh food volumes



ROI fresh food volumes

Food Love Stories.



Helping customers – Value.

£4 per kg



‘Our Catalonian climate grows the sweetest, juiciest cherries’ says Maria, fruit farmer.

‘Sweet price, too’ says Tesco.

TESCO Every little helps Weekly Little Helps

Tesco Cherry Box 1kg, while stocks last. Selected stores. Delivery charges may apply.

2 for £4

49p



TESCO Weekly Little Helps

Half price

90p



Weekly Little Helps

£89p

Tyrrells 150g packs



£2

1.5kg chicken drumsticks



Only 49p

Per pack on selected fruit



Half price

Now £1.60

Magnum 4 pack



TESCO Every little helps

£3.50

£3



‘The best banger’ said the Grocer magazine.

‘For the best buck’ added Tesco.

10 finest* Pork & Caramelised Onion Sausages

TESCO Every little helps Weekly Little Helps

Grocer Food & Drink CATEGORY CHAMPION

Finest* Pork & Caramelised Onion Sausages 687g. Serving suggestion. While stocks last. Selected stores and online. Excludes Express. Ends 13/06/17. Delivery charges may apply. Verification at thegrocerwinlabel.co.uk/2017-winners

Helping customers – Health.



Charity Round Up



Awareness –
Free health checks



Move –
6.6 million miles



Little Swaps

Helpful Little Swaps.

65% lower in saturated fat
 38% lower in sugar
 27% less salt



Helpful Little Swaps Basket

Helpful Little Swaps Basket	
Dolmio Bolognese Sauce Low Fat 320g	75p
Tesco Goodness Cereal Bars Banana 6 x 21g	89p
Walkers Baked Ready Salted Crisps 6 x 25g	90p
Nestlé Oat Cheerios Low Sugar 325g	£1
Heinz No Added Sugar Beans 3 x 200g	84p
Barilla Wholewheat Spaghetti 500g	50p
HP Reduced Salt and Sugar Brown Sauce 450g	£1.25
Tesco No Added Sugar Swiss Style Muesli 1kg	£1.99
Rosedene Farms Small Tangy Apples	49p
Tesco Turkey Breast Stir Fry 400g	£3
Coca Cola Diet Coke 1.25L Bottle	90p
Tesco Low Fat Greek Style Yoghurt 500g	£1
Total £13.51	
Difference £2.86*	
% Difference 17%	

17% cheaper
 saving £2.86†



Regular Basket

Regular Basket	
Dolmio Original Bolognese Sauce 320g	£1
Banana Bliss Fruit Bars 4 Pack 104g	£1.29
Walkers Ready Salted Crisps 6 x 25g	£1.50
Nestlé Cheerios Cereal 375g	£1.24
Heinz Beans 3 x 200g	£1
Barilla Spaghetti 500g	75p
HP Top Down Brown Sauce 450g	£1.50
Tesco Swiss Style Muesli 1kg	£1.99
Tesco Milk Chocolate Digestives 300g	60p
Tesco Beef Stir Fry Strips 357g	£3.50
Coca Cola Regular 1.25L Bottle	£1
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Total £16.37**	

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 38% lower in sugar
 27% less salt



Helpful Little Swaps Basket

17% cheaper
 saving £2.86†

† Only items in the Helpful Little Swaps basket are on promotion ending 23-5-17, after which the price of all items, saturated fat, salt and sugar within and price of each item in the Helpful Little Swaps basket is not affected. ** Actual regular basket total. The exact composition items in the regular basket, see www.tesco.com/groceries for nutritional information for all items. Prices in the regular basket taken on 21-5-17. All items subject to availability whilst stocks last.

Consistent tangible progress.



Customer satisfaction



Colleague engagement



Supplier partners



For shareholders

Britain's favourite supermarket – third year running.



Unlocking new growth.

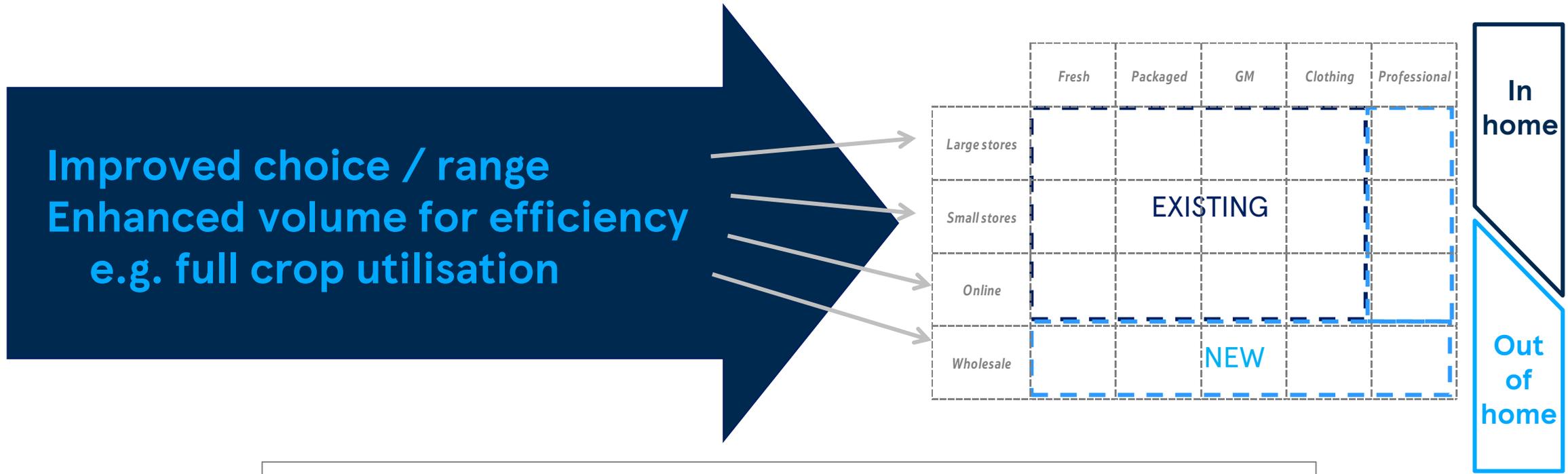


The UK's leading food business.

PRODUCT

CHANNELS

CUSTOMER



Incremental to standalone 3.5% - 4.0% margin ambition

The UK's leading food business.



Growth



Synergies



Multiple

Summary.

- Full Year Results ahead of our expectations
 - 30% increase in Group operating profit before exceptional items
 - 60% increase in UK & ROI operating profit before exceptional items
- Strong momentum in 1Q
- Continuing to deliver on our six strategic drivers
- Creating long-term value for all our stakeholders
- Well-placed in a challenging market environment
- Proposed merger with Booker unlocks new growth and creates new volume

Thank you.



Voting



Q&A