26 June 2015
ANNUAL GENERAL MEETING
Dave Lewis – Group CEO
The customer’s champion

Photos: Tesco PLC, DHL, Daily Telegraph, BBC
Recent challenges

UK like-for-like sales growth

Group trading profit

UK market share
## Financial consequences

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property impairment and onerous lease charges</td>
<td>£(4,727)m</td>
</tr>
<tr>
<td>Goodwill and other impairments</td>
<td>£(878)m</td>
</tr>
<tr>
<td>Stock</td>
<td>£(570)m</td>
</tr>
<tr>
<td>Restructuring</td>
<td>£(416)m</td>
</tr>
<tr>
<td>Commercial income adjustment (prior years)</td>
<td>£(208)m</td>
</tr>
<tr>
<td>Other</td>
<td>£(223)m</td>
</tr>
<tr>
<td><strong>Total one-off items</strong></td>
<td><strong>£(7,022)m</strong></td>
</tr>
</tbody>
</table>
Three priorities

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

Service  Availability  Price
Simple, agile, lower cost

£250m\textsubscript{p.a.} savings

£400m\textsubscript{p.a.} savings

8 January

22 April

Welwyn Garden City
New commercial approach

Range review

Clearer, lower, stable prices

Market leading choice

2.5x
Customers responding

Service chart reflects % customer 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.

Source: Customer viewpoint survey
Transactions

Year-on-year change in UK transactions by quarter %

<table>
<thead>
<tr>
<th>Year</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>(4.0)%</td>
<td>2.0%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>2.0%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2014/15</td>
<td>(4.0)%</td>
<td>2.0%</td>
<td>(4.0)%</td>
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<td>2.0%</td>
<td>(4.0)%</td>
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<td>(4.0)%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2015/16</td>
<td>(4.0)%</td>
<td>2.0%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>2.0%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>(4.0)%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

+1.3%
Volume-based recovery

UK LFL Volume

(7.0)
2.0%

1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2010/11 2011/12 2012/13 2013/14 2014/15 2015/16

+1.4%
Protecting and strengthening the balance sheet

- Cash generation
- Better trading
- Portfolio review ongoing
- Continue to review full-value options

dunnhumby
Rebuilding trust and transparency

22nd September

Commercial income issue
Investment case
Brand
Rebuilding trust and transparency

- Supplier Network
  - 2,500 members

- Supplier Helpline
  - 205 calls

- Supplier Protector Line
  - 12 issues

- Supplier Training
  - 628 attendees

- Payment Terms
  - £100K
  - 14 days
Small actions, bigger impact

5%

Reducing own-label sugar

Tackling food waste

Local communities
What’s next?

Regaining competitiveness in our UK business

Protecting and strengthening the balance sheet

Rebuilding trust and transparency
Serving Britain’s shoppers a little better every day.