Serving shoppers a little better every day.

10 April 2019

Dave Lewis – CEO
Alan Stewart – CFO
Agenda.

• Progress so far
• Full year results
• What’s next?
Progress so far.
Our six strategic drivers

1. A differentiated brand
2. Reduce operating costs by £1.5bn
3. Generate £9bn cash from operations
4. Max the mix to achieve 3.5% - 4.0% Group margin
5. Maximise value from property
6. Innovation
A differentiated brand

Feb 2014 – Feb 2019

BrandIndex Score


100 years of great value

Exclusively at Tesco

Weekly Little Helps

Food Love Stories

Farm Brands

A differentiated brand

A differentiated brand

Quality perception

Value perception

Effectiveness

1. Reflects YouGov Brand perception measures of quality and value on a 12 week rolling basis.
Reduce operating costs by £1.5bn

Cumulative cost savings

Cost savings towards £1.5bn target

By type:
- Store operating model: £973m
- Logistics and distribution: £112m
- Goods not for resale: £267m

By geography:
- UK&ROI: £894m
- Central Europe: £217m
- Asia: £241m
Generate £9bn cash from operations

Feb 2017 – Feb 2019

Cumulative retail cash generated from operations

<table>
<thead>
<tr>
<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY 18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>£2.5bn</td>
<td>£5.6bn</td>
<td>£8.6bn</td>
</tr>
</tbody>
</table>

Sources of cash – three years to Feb 2019

- Improved profitability: 90%
- Working capital inflow: 10%

1. Cumulative retail cash generated from operations excluding pension deficit repayments, cash outflows relating to SFO fine and shareholder compensation scheme payments and cash payments in lieu of colleague bonus shares.
Maximise the mix

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By geography

- **UK&ROI:** 2H 14/15: (0.2)%, 2H 18/19: 3.0%
- **CE:** 2H 14/15: 1.6%, 2H 18/19: 4.0%
- **Asia:** 2H 14/15: 6.0%, 2H 18/19: 7.4%
- **Group:** 2H 14/15: 0.8%, 2H 18/19: 3.8%

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By channel

- **TESCO direct**
  - FY 17/18
    - Sales £405m
    - Loss £(94)m

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By product

- **General merchandise**
  - **2H 14/15**
    - 3.0%
  - **2H 18/19**
    - 10%
  - **FY 17/18**
    - 3.8%

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1. Operating margin shown before exceptional items for 2H 14/15 to 2H 18/19 and excludes Booker.
2. Reflects the reduction in UK general merchandise sales in store over the last four years, as we continue to focus on more sustainable and profitable categories.
Maximise value from property

Proceeds released: £1.7bn

Freehold proportion: 41% → 53%

Repurposing: 3,583k sq ft

1. Represents UK & ROI freehold proportion by value for FY14/15 and FY18/19 (exc. Booker).
Innovation

1. Reflects the total amount of new products launched, or existing but significantly improved products launched in the UK&ROI over the last four years.

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1. \(15,607\)

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The bigger picture – 2015 to 2019

Quantum sales growth

2014/15: £49.3bn
2018/19: £56.9bn

Profit progression

2014/15: £1.0bn
2018/19: £2.2bn

Delivering margin¹

2H 2014/15: 0.8%
2H 2018/19: 3.96% inc. Booker

3.79% exc. Booker

¹ 2H 14/15 and 2H 18/19 operating margin shown before exceptional items and amortisation of intangible assets. Note: all numbers are shown on a continuing operations basis.
The bigger picture – 2015 to 2019

1. Reflects colleagues recommending Tesco as a great place to work as part of our “What Matters To You?” survey undertaken every January and August for the Group.
2. Reflects % of UK & ROI suppliers responding positively when asked “Overall how satisfied are you with your experience of working with Tesco?” as part of the annual Supplier Viewpoint survey.
Significant growth opportunities for our grocery suppliers

Source: Tesco actual sales inc. Booker.
All other retail sales are based on KantarWorldPanel UK data for the 52 weeks Total Till Roll ending 24 February 2019.
1. The dashed outline shows Morrisons reported results (year ended 3 Feb 2019) in order to include wholesale sales.
Four years of progress – margin progression

### Group

<table>
<thead>
<tr>
<th></th>
<th>2H 14/15</th>
<th>1H FY 15/16</th>
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### UK & ROI

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### Central Europe

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### Asia

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1. Performance: All figures shown at actual exchange rates. Sales exclude VAT and fuel. Profit shown is operating profit before exceptional items and amortisation of acquired intangibles. Margin change is year-on-year movement in operating margin before exceptional items and amortisation of acquired intangibles.

2. Engagement: NPS reflects % of fans minus critics answering the question ‘Based on your visit, how likely is it that you would recommend Tesco to a friend or colleague?’ for large stores. Supplier Viewpoint reflects % of UK&ROI suppliers responding positively when asked ‘Overall how satisfied are you with your experience of working with Tesco?’ as part of the annual Supplier Viewpoint survey. Great place to work reflects % of UK&ROI colleagues recommending Tesco as a great place to work as part of our ‘What Matters To You?’ survey undertaken every January and August.
Joining Forces

Sales: £5.8bn
Profit: £196m
Customer satisfaction: 86%

£79m Synergies
£(145)m
£(50)–(75)m
One off costs

“Business as usual”¹

Note: Booker results consolidated for the 51 weeks from 5 March 2018 to 23 February 2019.
1. Reflects customer recommend score for Q4 FY18/19, Booker sales exc. VAT and operating profit before exceptional items, excluding synergies.
Central Europe

Performance

- Sales: (4.9)%
- Profit: +56.3%
- Margin: +115bp

Simpler, lower cost model

- 5 days stock reduction
- £109m cost savings

Building trust

- Great place to work: 71% → 77%
- Great place to shop: 28% → 48%

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1. Performance: Sales exclude VAT and fuel. Profit shown is operating profit before exceptional items. Margin change is year-on-year movement in operating margin before exceptional items. All figures shown at actual exchange rates.

2. Simpler, lower cost model: Stock reduction reflects gross reduction in stock days year-on-year.

3. Building trust: Reflects % of colleagues recommending Tesco as ‘a great place to work’ and as ‘a great place to shop’ as part of our ‘What Matters To You?’ survey undertaken every January and August.
Asia

Performance

1. Performance: Sales exclude VAT and fuel. Profit shown is operating profit before exceptional items. Margin change is year-on-year movement in operating margin before exceptional items. All figures shown at actual exchange rates.

Engagement

2. Engagement: Reflects % of suppliers responding positively when asked ‘Overall how satisfied are you with your experience of working with Tesco?’ as part of the annual Supplier Viewpoint survey. Reflects % of colleagues recommending Tesco as a great place to work as part of our ‘What Matters To You?’ survey undertaken every January and August for Asia.
Group capability

Own brand

Star lines

Business services
FY results.
Sales growth\(^1\)  
\[ \text{FY 17/18} \rightarrow \text{FY 18/19} \]  
\[ 51.0\text{bn} \rightarrow 56.9\text{bn} \]  
\[ +11.5\% \]

Profit growth\(^2\)  
\[ \text{FY 17/18} \rightarrow \text{FY 18/19} \]  
\[ 1.646\text{m} \rightarrow 2.206\text{m} \]  
\[ +34.0\% \]

Retail cash generation\(^3\)  
\[ \text{FY 17/18} \rightarrow \text{FY 18/19} \]  
\[ 2.773\text{m} \rightarrow 2.502\text{m} \]  
\[ (9.8)\% \]

Dividend growth  
\[ \text{FY 17/18} \rightarrow \text{FY 18/19} \]  
\[ 3.00p \rightarrow 5.77p \]  
\[ +92.3\% \]

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1. Group sales growth at actual rates on a comparable days and a continuing operations basis.
2. Group operating profit before exceptional items and amortisation of acquired intangibles on a continuing operations basis.
3. Retail cash generated from operations on a continuing operations basis.

Note: All prior year numbers and growth rates above do not include Booker in the base. Last year figures restated for impact of IFRS 15.
## Group income statement

<table>
<thead>
<tr>
<th></th>
<th>FY 18/19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group sales</strong></td>
<td>£56,883m</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>£7,028m</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>Group revenue</strong></td>
<td>£63,911m</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Operating profit</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>£2,206m</td>
<td>34.0%</td>
</tr>
<tr>
<td><em>Margin (%)</em></td>
<td>3.45%</td>
<td>59bps</td>
</tr>
<tr>
<td><strong>JVs and associates</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>£24m</td>
<td>500%</td>
</tr>
<tr>
<td><strong>Net finance costs</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>£(272)m</td>
<td>23.6%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>£1,958m</td>
<td>52.5%</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>£(455)m</td>
<td>(47.2)%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>£1,503m</td>
<td>54.2%</td>
</tr>
<tr>
<td><strong>Diluted EPS</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>15.40p</td>
<td>29.4%</td>
</tr>
</tbody>
</table>

1. Before exceptional items and amortisation of acquired intangibles.
2. Before exceptional items and amortisation of acquired intangibles, net pension finance costs and fair value remeasurements attributable to owners of the parent.

### Three year EPS progression<sup>2</sup>

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
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<tr>
<td>FY 16/17</td>
<td>7.30p</td>
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<tr>
<td>FY 17/18</td>
<td>11.90p</td>
</tr>
<tr>
<td>FY 18/19</td>
<td>15.40p</td>
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</table>
## Segmental performance

<table>
<thead>
<tr>
<th></th>
<th>UK &amp; ROI</th>
<th>Central Europe</th>
<th>Asia</th>
<th>Tesco Bank</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group sales</strong></td>
<td>£44,883m</td>
<td>£6,030m</td>
<td>£4,873m</td>
<td>£1,097m</td>
<td>£56,883m</td>
</tr>
<tr>
<td>change at constant exchange rates %</td>
<td>16.1%</td>
<td>(4.5)%</td>
<td>(4.1)%</td>
<td>4.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>change at actual exchange rates %</td>
<td>16.1%</td>
<td>(4.9)%</td>
<td>(1.6)%</td>
<td>4.7%</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>£6,760m</td>
<td>£268m</td>
<td>–</td>
<td>–</td>
<td>£7,028m</td>
</tr>
<tr>
<td><strong>Group revenue</strong></td>
<td>£51,643m</td>
<td>£6,298m</td>
<td>£4,873m</td>
<td>£1,097m</td>
<td>£63,911m</td>
</tr>
<tr>
<td><strong>Like-for-like sales</strong></td>
<td>2.9%</td>
<td>(2.3)%</td>
<td>(6.2)%</td>
<td>–</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Operating profit</strong>(^1)</td>
<td>£1,537m</td>
<td>£186m</td>
<td>£286m</td>
<td>£197m</td>
<td>£2,206m</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>2.98%</td>
<td>2.95%</td>
<td>5.87%</td>
<td>17.95%</td>
<td>3.45%</td>
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1. Before exceptional items and amortisation of acquired intangibles.
Tesco Bank

• Focus on banking for Tesco customers
• Operating profit\(^1\) up 16.6%
• Mortgage balances £3.8bn, up 25%, in competitive market
• Unsecured lending £8.7bn, up 1.8%
• Strong balance sheet, with a Risk Asset Ratio of 18.4%

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<thead>
<tr>
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<th>FY 18/19</th>
<th>Change</th>
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<tbody>
<tr>
<td>Lending to customers</td>
<td>£12,426m</td>
<td>7.8%</td>
</tr>
<tr>
<td>Secured lending</td>
<td>£3,753m</td>
<td>25.1%</td>
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<tr>
<td>Unsecured lending</td>
<td>£8,673m</td>
<td>1.8%</td>
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<tr>
<td>Bad debt: asset ratio</td>
<td>1.4%</td>
<td>(0.1)%</td>
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<tr>
<td>Operating profit pre exceptional items</td>
<td>£197m</td>
<td>16.6%</td>
</tr>
<tr>
<td>Cost: income ratio(^1)</td>
<td>56.2%</td>
<td>3.8% improvement</td>
</tr>
<tr>
<td>Net interest margin</td>
<td>3.8%</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Tier 1 capital ratio</td>
<td>16.3%</td>
<td>0.1%</td>
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<tr>
<td>Total capital ratio</td>
<td>18.4%</td>
<td>(1.0)%</td>
</tr>
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</table>

1. Operating profit before exceptional items.
Sources and uses of cash

1. Exceptional cash items includes £(128)m of restructuring payments, £(81)m utilisation of onerous leases, £(43)m for payments in relation to Shareholder Compensation Scheme payments and £14m of other income.
2. The cost of major acquisitions and disposals are removed from the Group’s free cash flow.
Retail operating cash movement year-on-year

- Increase in retail cash profitability: £2,773m
- Timing impact from P&H administration: £579m
- 2H 18/19 working capital timing impact: £(278)m
- Prior year underlying working capital inflow: £(210)m
- Other: £(354)m
- 18/19: £2,502m

c. £(490)m working capital timing impact

£8m
Capital expenditure

Ongoing capex guidance: between £1.1bn and £1.4bn
Balance sheet progress

Net debt

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<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY 18/19¹</th>
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<tr>
<td>£3.7bn</td>
<td>£2.6bn</td>
<td>£2.9bn</td>
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Lease commitments

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<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY 18/19²</th>
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<tr>
<td>£7.3bn</td>
<td>£6.9bn</td>
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Pension deficit

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<td>£5.5bn</td>
<td>£2.7bn</td>
<td>£2.3bn</td>
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Total indebtedness £12.2bn (down £0.1bn year-on-year)

1. Net debt includes £747m impact of our combination with Booker.
2. Lease commitments include an £360m relating to Booker.
Debt reduction

- Repayment of £1.2bn of outstanding debt during FY 18/19:
  - £0.7bn maturity
  - Tender offers in April £0.6bn and October £0.6bn
  - £0.7bn new issue in October 2018
Improving debt metrics

1. Total indebtedness ratio: Net Debt + defined pension deficit (net of tax) + discounted operating lease commitments / EBITDAR.
2. Fixed charge cover: EBITDAR / (Net finance costs (before exceptional charges, net pension finance costs and fair value re-measurements) + Retail operating lease expense).
3. Total indebtedness ratio post–IFRS 16: Net Debt + defined pension deficit (net of tax) / EBITDAR.
4. Fixed charge cover post IFRS-16 impact: EBITDAR / (Net finance costs (before exceptional charges, net pension finance costs, fair value re-measurements) and adjusted to remove IFRS 16 interest expense) + cash rent.
Dividend

• Proposing final dividend of 4.10p
• Full year dividend of 5.77p (up 92.3%)
• Reflects continued improvement in business and confidence in ongoing cash generation
• Expecting to reach c.2 times earnings cover in 2019/20\(^1\)

1. On a post-IFRS 16 basis.
## Guidance

<table>
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<tr>
<th><strong>Operating margin</strong></th>
<th>3.5% to 4.0% Group operating margin by 19/20</th>
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<tr>
<td><strong>Operating costs</strong></td>
<td>Reduce operating costs by a further £1.5bn by 19/20</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td>Underlying decrease of around £0.2bn per annum</td>
</tr>
<tr>
<td><strong>Pension deficit contribution</strong></td>
<td>£285m per annum from April 2018</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>£1.1bn - £1.4bn per annum</td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>c.4% of long-term debt per annum</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>Decreasing to c.20% over medium term</td>
</tr>
</tbody>
</table>
| **Dividend**         | Expecting to reach c.2 times EPS cover in 19/20  
Broadly one-third: two-thirds split between interim and final |
| **Debt metrics**     | Leverage at 3x to 2.5x Total indebtedness/EBITDA$^2$ |

---

2. On a post-IFRS 16 basis.
Financial summary.

- Sales growth of 11.5%
- Operating profit\(^1\) growth of 34.0%
- 3.96% Group operating margin in second half (excl. Booker margin of 3.79%)
- £79m Booker ‘joining forces’ synergies, ahead of plan
- Retail operating cash flow generation of £2.5bn
- £532m cost savings in year; £1.4bn savings to date
- Total indebtedness down £0.1bn to £12.2bn
- Full year dividend growth of 92.3%; c.two times cover\(^2\) in 2019/20 financial year

1. Group operating profit before exceptional items and amortisation of acquired intangibles on a continuing operations basis.
2. On a post-IFRS 16 basis.
What’s next?
Capital markets days

“Untapped Value Opportunities”
Tesco Groceries Capital Markets Day
18 June 2019
Wednesfield Garden City

ESG: Our approach
Tesco Group ESG Day
18 June 2019
Wednesfield Garden City

18 June 2019
26 June 2019
Three pillars

PRODUCT
- Design/ Sourcing
- Procurement
- Distribution & Logistics
- Own Label & Category Management

CHANNEL
- SHOPPER INSIGHT
- LARGE STORES
- SMALL STORES
- ONLINE
- WHOLESALE

CUSTOMER
‘Untapped value opportunities’ – three pillars

- **Product**
  - Andrew Yaxley
  - Improving our offer for **customers**
  - Reducing our **costs**
  - Focus on **cash**

- **Channel**
  - Tony Hoggett

- **Customer**
  - Alessandra Bellini
‘Untapped value opportunities’ – max the mix

<table>
<thead>
<tr>
<th></th>
<th>Fresh</th>
<th>Packaged</th>
<th>GM</th>
<th>Clothing</th>
<th>Professional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Large stores</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Small stores</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Online</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Wholesale</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**UK & ROI**
Jason Tarry

**Booker**
Charles Wilson

**Central Europe**
Matt Simister

**Asia**
Alison Horner

---

TESCO
‘Untapped value opportunities’ – transformation

Finance

HR

Business services
Sustainable value creation for shareholders

Medium-term ambitions

- 3.5% to 4.0%
- £9bn
- £1.5bn

Underlying philosophy

- Customer satisfaction
- Cash profitability
- Free cash flow
- EPS growth
Our priorities for allocating capital

1. Reinvest in business & customer offer
2. Maintain leverage at 3x to 2.5x Total indebtedness/EBITDAR\(^1\)
3. Grow dividend to c.2x EPS cover\(^1\), then maintain at c.50% pay-out ratio\(^1\)
4. Consideration of inorganic growth opportunities that may arise
5. Return surplus cash to shareholders

---

1. On a post-IFRS 16 basis.
2019/20: Celebrating 100 years of great value

Prices that take you back

Exclusively at Tesco

Loyalty
Summary.

• Delivered full year ahead of expectations
• Significant increase in profitability
• Strong progress against our strategic drivers
• Second half margin already in ambition range
• 2019/20: Celebrating 100 years of great value
• Looking forward to our capital markets days
Appendix.
## Segmental performance

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales FY 18/19</th>
<th>Sales FY 17/18</th>
<th>Change constant rates</th>
<th>Change actual rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK &amp; ROI</td>
<td>£44.9bn</td>
<td>£38.7bn</td>
<td>16.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>£6.0bn</td>
<td>£6.3bn</td>
<td>(4.5)%</td>
<td>(4.9)%</td>
</tr>
<tr>
<td>Asia</td>
<td>£4.9bn</td>
<td>£4.9bn</td>
<td>(4.1)%</td>
<td>(1.6)%</td>
</tr>
<tr>
<td>Bank</td>
<td>£1.1bn</td>
<td>£1.0bn</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Group</td>
<td>£56.9bn</td>
<td>£51.0bn</td>
<td>11.3%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Operating profit FY 18/19</th>
<th>Operating profit FY 17/18</th>
<th>Change constant rates</th>
<th>Change actual rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK &amp; ROI</td>
<td>£1,537m</td>
<td>£1,059m</td>
<td>45.0%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Central Europe</td>
<td>£186m</td>
<td>£119m</td>
<td>56.3%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Asia</td>
<td>£286m</td>
<td>£299m</td>
<td>(6.7)%</td>
<td>(4.3)%</td>
</tr>
<tr>
<td>Bank</td>
<td>£197m</td>
<td>£169m</td>
<td>16.6%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Group</td>
<td>£2,206m</td>
<td>£1,646m</td>
<td>33.5%</td>
<td>34.0%</td>
</tr>
</tbody>
</table>

1. Change shown on a comparable days basis.
Like-for-like sales performance¹

Tesco UK

ROI

Booker

¹ Exc. VAT, exc. Fuel.
Like-for-like sales performance

Central Europe

<table>
<thead>
<tr>
<th></th>
<th>17/18 3Q</th>
<th>17/18 4Q</th>
<th>18/19 1Q</th>
<th>18/19 2Q</th>
<th>18/19 3Q</th>
<th>18/19 4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>17/18 3Q</th>
<th>17/18 4Q</th>
<th>18/19 1Q</th>
<th>18/19 2Q</th>
<th>18/19 3Q</th>
<th>18/19 4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>(9.6)%</td>
<td>(14.0)%</td>
<td>(9.0)%</td>
<td>(4.8)%</td>
<td>(8.0)%</td>
<td>(3.0)%</td>
</tr>
</tbody>
</table>

UK like-for-like sales performance\(^1\) by format

**Large stores**
- 17/18 Q3: 2.4%
- 17/18 Q4: 2.6%
- 18/19 Q1: 1.9%
- 18/19 Q2: 1.7%
- 18/19 Q3: 0.8%
- 18/19 Q4: (0.4)%

**Small stores**
- 17/18 Q3: 2.1%
- 17/18 Q4: 2.3%
- 18/19 Q1: 2.7%
- 18/19 Q2: 5.2%
- 18/19 Q3: 3.0%
- 18/19 Q4: 3.3%

**Online grocery FY 18/19: 2.8%**

## Exceptional items

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 18/19</th>
<th>FY 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net restructuring and redundancy costs</td>
<td>£(220)m</td>
<td>£(102)m</td>
</tr>
<tr>
<td>Provision for customer redress</td>
<td>£(16)m</td>
<td>£(24)m</td>
</tr>
<tr>
<td>FCA obligations</td>
<td>£37m</td>
<td>£25m</td>
</tr>
<tr>
<td>Property transactions</td>
<td>£105m</td>
<td>£79m</td>
</tr>
<tr>
<td>Tesco Bank FCA charge</td>
<td>£(16)m</td>
<td>-</td>
</tr>
<tr>
<td>Booker integration costs</td>
<td>£(15)m</td>
<td>-</td>
</tr>
<tr>
<td>Release of provision relating to HMRC VAT appeal</td>
<td>£176m</td>
<td>-</td>
</tr>
<tr>
<td>Guaranteed minimum pensions (GMP) equalisation</td>
<td>£(43)m</td>
<td>-</td>
</tr>
<tr>
<td>Net impairment reversal of non-current assets and onerous lease provision</td>
<td>£10m</td>
<td>£53m</td>
</tr>
<tr>
<td>Sales of Lazada</td>
<td>£7m</td>
<td>£124m</td>
</tr>
<tr>
<td>Disposal of opticians business</td>
<td>-</td>
<td>£38m</td>
</tr>
<tr>
<td><strong>Total exceptional items in statutory operating profit</strong></td>
<td>£25m</td>
<td>£193m</td>
</tr>
</tbody>
</table>
Disclaimer.

This document may contain forward-looking statements that may or may not prove accurate. Forward-looking statements are statements that are not historical facts; they include statements about Tesco’s beliefs and expectations and the assumptions underlying them. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tesco as of the date of the statement. All written or oral forward-looking statements attributable to Tesco are qualified by this caution. Tesco does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tesco’s expectations.