Maximising the mix by region:
UK & ROI.

Jason Tarry
Max the mix: “Untapped value opportunities”.

<table>
<thead>
<tr>
<th>Customer</th>
<th>UK &amp; ROI</th>
<th>Central Europe</th>
<th>Asia</th>
<th>Booker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Stores</td>
<td>JT</td>
<td></td>
<td>MS</td>
<td>AH</td>
</tr>
<tr>
<td>Convenience</td>
<td>AH</td>
<td></td>
<td></td>
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<tr>
<td>Online</td>
<td></td>
<td></td>
<td>JT</td>
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<tr>
<td>Wholesale</td>
<td></td>
<td></td>
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<td>CW</td>
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<table>
<thead>
<tr>
<th></th>
<th>Fresh</th>
<th>Packaged</th>
<th>GM</th>
<th>Clothing</th>
<th>Professional</th>
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<tbody>
<tr>
<td>JT</td>
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<td>JT</td>
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<td>MS</td>
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<td>CW</td>
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</tbody>
</table>

TESCO
Max the mix: UK & ROI: a structurally advantaged business.

- **Unrivalled reach**: 3,590 stores, Every UK postcode, >99% online coverage
- **Loyal customer base**: 49m weekly transactions, 19m households
- **World-class expertise**: 300,000 colleagues, WMTY 81%, >50% Own Brand, 62 strategic supplier partners, Most efficient supply chain
- **Strong financial position**: £45bn sales, £3.2bn online sales, £1.5bn profit, Industry leading margins 3.0%
Max the mix: UK & ROI: progress to date.

- 5th year running
- £1.5bn profit loss
- £2bn

Customer
Cost
Cash
“Everything I wanted to buy was available”.

Note: Reflects customers responding positively to “Was everything you wanted to buy available?” as part of the periodic Customer Spotlight survey.
Max the mix: UK & ROI: so many opportunities...

...to focus on a few:

| Large stores: | Optimising space and reducing costs (counters) Growing profitable categories (F&F) |
| Small stores: | Tailoring our offer (Metro) |
| Online: | Improving our proposition for customers |
| Ireland: | Specific geographic solutions |
| Booker: | Accessing new growth |
Max the mix: UK & ROI: Counters.

- **Market in decline**: \(9\%\) decrease
- **Shoppers visit every 4 days but only shop counters every 6 weeks**: 1 in 20 baskets
- **Driver of Brand Experience**: 7th most important
- **Cost base**: £(168) m
Max the mix: UK & ROI: Counters.

Right offer for customers

- Close or replace: 82
- No change: 112
- Flex hours: 175
- Blended approach: 435

£64m removed, one year payback
Max the mix: UK & ROI:

**Strong core**
- Sales £1.7bn
- Volume Share 8%
- >10% Operating margin

**Channel opportunity**
- Large store space
- Small stores penetration
- Online

**Growth**
- £16.56 spend per customer
- ASP +5.1%
- Win share
Max the mix: UK & ROI: **Clothing.**

**In-store opportunity**

- **Customers**
  - >10 min from credible offer
- **Repurpose GM**
  - Space -> Clothing

- **42%**
- **67 stores**
- **123k sq. ft.**
Max the mix: UK & ROI: Clothing.

Online opportunity

25%

most searched brand

Online clothing penetration

3rd party platform

next
Max the mix: UK & ROI: Metro.

Right Size:
Single floor

Own Brand:
F&F, Booker, GM
Bring in Partners

Repurposing space

Range, Price, Promotion
+400bps

Improving service model

Improving gross margin¹

Reducing costs¹

1. Results from initial one store trial.
Max the mix: UK & ROI: Metro.

Tailoring the proposition

95 stores
more like

69% Top up shop/
Food for now

31% Main shop

61 stores
more like

156 stores
1m sq. ft. in 87 city centres

Max the mix: UK & ROI: Metro.
Max the mix: UK & ROI: Online.

Best proposition in the market

Today

Range
Nearest store range
99.7% coverage
20k-30k lines

When + Where
Delivery at home
Collect from 329 stores
Book slots in advance
Same-day/next-day

Missions
Main shop
2-3 day rolling

Helpful services
Delivery Saver subscription

Best proposition in the market
Max the mix: UK & ROI: Online.

With options for the future...

**Range**
- Nearest store range
  - 99.7% coverage
  - 20k-30k lines

**When + Where**
- Delivery at home
- Collect from 329 stores
- Book slots in advance
- Same-day/next-day

**Missions**
- Main shop
  - 2-3 day rolling

**Helpful services**
- Delivery Saver subscription

**Future**
- Fuller range
- Over 9,000 locations
- Unattended delivery and collection
- 3rd party delivery

**Missions**
- Top-up
  - Food for now

**Helpful services**
- Auto-replenishment
- Meal solutions
- Other subscriptions
Max the mix: ROI: Strong business with opportunity to grow.

152

Strong store base

21.8%

Market share

0 → 15.4

NPS

72%

coverage

Leading in 5 of 10 regions
Max the mix: ROI: Specific opportunities.
Max the mix: Booker.

Charles Wilson
Max the mix: Booker: Customers.

Customers
- #1 cash and carry
- #1 delivered wholesaler

Retail
- #1
  - Retailers: 91k
  - Collect: £1.6bn
  - Delivered: £2.1bn
  - Accounts: 1,000
  - Independents: 85,000

Catering
- #3
  - Pubs: 58k
  - Restaurants: 111k
  - Work-place/Cost: 147k
  - Fast Food: 92k
  - Small Business: 538k
  - Accounts: 22k

Collect: £1.6bn
Delivered: £2.1bn
Collect: £1.3bn
Delivered: £0.8bn

85,000
2,134
3,336

£1.3bn
£0.8bn

£1.6bn
£2.1bn

1,000
85,000
3,336
2,134
Max the mix: Booker: Cash and Costs.

Cash £304m
Low capex
High cash growth

Capex £28m
for £512m sales growth

Costs 11% of sales inc. Delivery
Stop e.g. 67% self scan
Simplify e.g. 44% full pallets & 30% less top stocks
Standardise e.g. profitable delivery & branch segments

Costs: Joining Forces
£79m achieved
On track for £200m

Procurement “best of both”
UK’s leading food business

Distribution & fulfilment
Magor One Stop PFS

GNFR Utilities Print

1. Figures relate to 2018/19 Full Year.
Max the mix: Booker: Costs - Joining Forces.

**Magor**
25 of 196 Booker BCs served
Capex £1m, saving £2.2m p.a.
Deliver chill from Oct 2019

**Tesco petrol forecourts**
443 Tesco petrol forecourts
supplied from Booker
Capex £0.1m

**One Stop**
760 One Stops supplied
Capex £0.6m saving £1m p.a.
Max the mix: Booker: Customers – Joining Forces.

Premier / Budgens / Londis profits +£6k. Booker Sales + £512m in LY +11% lfl

Tesco quality
Improved Retail Price Points
Minimum 30% POR
Direct to depot deliveries

<table>
<thead>
<tr>
<th></th>
<th>WSP</th>
<th>RRSP</th>
<th>POR%</th>
</tr>
</thead>
<tbody>
<tr>
<td>WSP</td>
<td>£12.00</td>
<td>£4</td>
<td>25%</td>
</tr>
<tr>
<td>RRSP</td>
<td>£10.50</td>
<td>£3.75</td>
<td>30%</td>
</tr>
<tr>
<td>POR%</td>
<td>£24.49</td>
<td>£6.69</td>
<td>39%</td>
</tr>
<tr>
<td>POR%</td>
<td>£22.99</td>
<td>£6.49</td>
<td>41%</td>
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</table>

SAVE £1.50
Max the mix: Booker: Customers – Growth opportunities.

Big Group better
- 1m customers / £6bn sales
  - Improve choice, quality, price and service

#1 Convenience
- 9k stores / £10bn sales
  - Forecourts, convenience
  - Optimise ranges / logistics / services

#3 Catering
- £2.1bn sales
  - Low capex growth with independents and multiple customers

#1 Digital / delivery
- 4k vans
  - £5.6bn sales
  - Improve efficiency and coverage

#1 Big Tesco stores
- Bulk packs
  - 100+ stores in September
  - Top up at Tesco

Services
- Finance
  - Phone
  - Fuel
  - Payment / loyalty

Click & Collect
- 4k vans
  - £5.6bn sales
  - Improve efficiency and coverage

Top up at Tesco
- 200 stores
Max the mix: Booker: Customers – Growth opportunities.

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Ambition £bn</th>
<th>Implementation timescale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Group better</td>
<td>0.5 – 1.0</td>
<td>2018/19</td>
</tr>
<tr>
<td>Tesco bulk packs &amp; top up</td>
<td>0.2 – 0.4</td>
<td>2019/20</td>
</tr>
<tr>
<td>Convenience</td>
<td>0.3 – 0.6</td>
<td>2020/21</td>
</tr>
<tr>
<td>Catering</td>
<td>0.3 – 0.6</td>
<td>2021/22</td>
</tr>
<tr>
<td>Digital/delivery</td>
<td>0.2 – 0.4</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>0.1 – 0.2</td>
<td></td>
</tr>
<tr>
<td>Ambition</td>
<td>2.5</td>
<td></td>
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<td>International</td>
<td>tbc</td>
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Max the mix: UK & ROI: a structurally advantaged business.

Unrivalled reach
- 3,590 stores
- Every UK postcode
- 5,737 symbols
- >99% online coverage
- 49m weekly transactions
- 19m Clubcard households
- 91k retailers 968k small businesses

Loyal customer base
- 49m weekly transactions
- 19m Clubcard households
- 91k retailers 968k small businesses
- >99% online coverage
- >50% Own Brand
- WMTY 81%
- 62 strategic supplier partners
- 300,000 colleagues

World-class expertise
- Most efficient supply chain
- #1 Cash & Carry #1 Wholesale
- £45bn sales
- >50% Own Brand
- £1.5bn profit
- Industry leading margins 3.0%

Strong financial position
- £3.2bn online sales
- £3.2bn profit
- £5.8bn sales £197m profit
Max the mix: Central Europe.
Matt Simister
Max the mix: Central Europe: A growing region.

Strong GDP growth across the region c.2.5–4%.

Low levels of unemployment across the region with Prague the lowest rate in Europe.

Improving standards of living.

Growing consumer spending across the next 3 years.

Key trends are health, convenience, single person households and increasing wealth.

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Slovakia</td>
<td>3.4</td>
<td>3.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>3.7</td>
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<td>3.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>3.9</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Poland</td>
<td>3.4</td>
<td>3.0</td>
<td>2.7</td>
</tr>
</tbody>
</table>

1. IGD Grocery Retail Market share data.
Max the mix: **Central Europe:** a strong, profitable presence.

<table>
<thead>
<tr>
<th></th>
<th>Czech Republic</th>
<th>Slovakia</th>
<th>Hungary</th>
<th>Poland</th>
<th>Central Europe</th>
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<tbody>
<tr>
<td>Large hypermarkets</td>
<td>32</td>
<td>20</td>
<td>68</td>
<td>63</td>
<td>183</td>
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<tr>
<td>Compact hypermarkets</td>
<td>51</td>
<td>43</td>
<td>44</td>
<td>70</td>
<td>208</td>
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<tr>
<td>Supermarket</td>
<td>62</td>
<td>58</td>
<td>35</td>
<td>214</td>
<td>369</td>
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<tr>
<td>Convenience</td>
<td>147</td>
<td>29</td>
<td>57</td>
<td>1</td>
<td>234</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>292</strong></td>
<td><strong>150</strong></td>
<td><strong>204</strong></td>
<td><strong>348</strong></td>
<td><strong>994</strong></td>
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<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating profit</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£4.1bn</td>
<td>£197m</td>
</tr>
<tr>
<td></td>
<td>£1.9bn</td>
<td>(£11)m</td>
</tr>
</tbody>
</table>
Max the mix: repositioning cost base to compete.

- Removing unproductive space
- Simplifying customer offer
- Reducing stock
Max the mix: addressing unproductive space.

Unprofitable stores closed

Done: 0.7m sq. ft.

Opportunity: up to 2.0m sq. ft.

Repurposing

91

Asset sales

9 department stores

3 hypermarkets (May 2019)
Max the mix: simplifying the customer offer.

- More focused GM range: 32% reduction
- Simpler food range: 18% reduction
- Less change
  - Promotions: 22% reduction
  - Price changes: 27% reduction
  - Range variation: 63% reduction
Max the mix: reducing excess stock.

Net stock (days)

Tesco Kapelanka hypermarket (Poland)

11 days removed so far...

2 years ago this warehouse was full of pallets floor to ceiling
Max the mix: sustainable, profitable, cash generative business.

Improving profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/17</td>
<td>£58m</td>
<td>0.9%</td>
</tr>
<tr>
<td>17/18</td>
<td>£119m</td>
<td>1.8%</td>
</tr>
<tr>
<td>18/19</td>
<td>£186m</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Improving cash cycle (days)

- 16/17: 10 days
- 17/18: 5 days
- 18/19: 1 day
- 19/20: (5) days

2018/19 cash: £378m
Max the mix: creating additional value with Group support.

**Starlines**
- 600 SKUs
- Price perception +5ppts

**Own Brand**
- 1,085 launched
- c. 2,500 to come

**Business services**
- 1,000 FTEs
- 25% more efficient
Max the mix: capital light opportunities for growth.

SK
73% reach
16% share

CZ
66% reach
9% share

HU
75% reach
17% share

5.6m Clubcard

£19bn

1. GFK market share data; GFK FMCG market panel.
Max the mix: Asia.

Alison Horner
Max the mix: Asia: Big opportunity for growth.

£64bn
Grocery retail market

50%
Traditional trade

Increasing urbanisation

Thailand’s urban population of 43.9% in 2010 will rise to 58.4% by 2030

1. Euromonitor for Thailand and Malaysia.
Max the mix: Asia: No.1 in hypermarkets in both Thailand and Malaysia with opportunity to extend reach.

We are No.1 on trust both in Thailand and Malaysia

1. Thailand and Malaysia combined as of year end 18/19.
2. 18/19 results for Asia, operating profit margin before exceptional items and amortisation of acquired intangibles.
Max the mix: Asia: Reset for growth.

Reduce running cost and capex

Create new propositions

Seize high value growth opportunity

Simplify

Differentiate

Grow
Max the mix: Asia: Simplify: lowering running costs of large stores.

Total operating profit (% sales)

<table>
<thead>
<tr>
<th></th>
<th>18/19 H1</th>
<th>FY Actual</th>
<th>Q1 1920</th>
<th>Ambition</th>
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<tbody>
<tr>
<td>2018/19</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2019/20</td>
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</table>

Note: reduction in space and range data excludes partnerships

Total build cost (£k)

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,859</td>
<td>3,087</td>
</tr>
</tbody>
</table>

15% reduction in selling space

+4.4% sales

+3.2% operating profit

+6.0% cash
Max the mix: Asia: Simplify: improving returns of small stores.

Total operating profit (% sales)

Note: run rate refers to blended profit for P2/P3

Total build cost (£k)

- 50% fixed work removed
- New price policy
- Regional promotions
- Reduced deliveries
Max the mix: Asia: Differentiate: new convenience proposition.

“For fresh, simple and helpful... the one stop shop, for your every day needs”

Best of Existing Offer (For Later)
- Meat
- Household essentials
- Stamp and Clubcard

New Range (For Now)
- Ready to Eat
- Health and Beauty
- WIGIG

For today
Max the mix: Asia: Differentiate: new convenience proposition.
Max the mix: Asia: Differentiate: proposition tested in 30 stores.

Sales ↑110%  Sales ↑9%  Bakery ↑85%  Health & Beauty ↑9%

Ready to eat  Fresh for later  Leveraging hypermarkets  Improved mix
Max the mix: Asia: Differentiate: encouraging results.

A platform for convenience growth in Thailand

Customer appeal

Customer Count +10%
Satisfaction +16%

Attractive financial model

Sales +6%
Operating margin +1.5%

Strong returns

Build costs £17k
Payback 2.9 years
Max the mix: Asia: Grow: opportunity for 750 new convenience stores.

Today: 1,583 stores

- North: 181
- North East: 336
- Central: 436
- South: 138
- Bangkok: 482

Medium-term

- North: c.300
- North East: c.500
- Central: c.700
- South: c.200
- Bangkok: c.700
Max the mix: Asia: Grow: additional opportunities to extend our reach.

- Serving Mom & Pop stores in Malaysia
- 20% sales growth
- Own Brand led 29 markets c.£0.5bn?
- B2B
- Club pack
- Export
Break.
Disclaimer.

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