

OUTPERFORMANCE IN A SUBDUED UK MARKET

All sales on exc. VAT, exc. fuel basis	Sales £m	Total sales change (constant rates)	Like-for-like sales change
UK & ROI	11,168	1.3%	0.8%
UK	9,088	(0.4)%	0.4%
ROI	567	2.7%	1.3%
Booker	1,513	12.4%*	3.1%
Central Europe	1,296	(7.9)%	(4.9)%
Asia	1,244	2.6%	0.1%
Tesco Bank	270	(1.9)%	n/a
Group	13,978	0.4%	0.2%

At actual rates, the Group sales change is 0.4%. UK&ROI sales change is 1.2%, Central Europe sales change is (10.8)% and Asia sales change is 7.3%.

*Booker consolidated from 5 March 2018, therefore includes 9 additional days vs. 1Q 2018/19. Booker sales change on a comparable days basis is 3.1%.

Dave Lewis, Chief Executive:

“We have had a strong start to the year, growing ahead of the UK market on both a volume and value basis. Our customer offer is more competitive than ever, with a wider choice of our ‘Exclusively at Tesco’ products now available in more stores, helping to drive more than 10% sales growth across the range.

Following a particularly good Easter, our ‘100 Years of Great Value’ event in May proved very popular with more than 1.5 million customers benefiting from discounted Clubcard Prices.”

Trading update (13 weeks ended 25 May 2019)

In the UK, whilst overall grocery market growth was subdued, we outperformed in both sales and volume terms (by +0.2% and +1.3% respectively) as we made further investments in range, price and loyalty as part of our ‘100 Years of Great Value’ celebrations for customers. Our fresh food volume outperformance was particularly strong in prepared foods (+2.4%)¹ and bakery and dairy (+1.6%)¹. We delivered a strong Easter performance across all formats, including our biggest-ever sales day for small stores on Easter Sunday.

UK online grocery sales were up 7.0% year-on-year, with the proportion of customers choosing to Click & Collect their orders increasing to over 10%. The closure of Tesco Direct in July last year impacted total UK sales growth by (0.8)%. ROI sales growth improved to 2.7% at constant rates, following our successful ‘You Won’t Pay More’ campaign in addition to targeted coupon activity.

Booker continues to grow well despite lapping exceptionally strong growth last year driven by one-off contract wins. Booker’s customers are responding positively to the benefits of ‘Joining Forces’ including our improved offer in fresh food and the launch of over 100 new and exclusive fresh-cut flowers and drinks products, helping to drive total sales growth (on a comparable days basis) of 4.2% excluding tobacco.

In Central Europe, customer ratings of price satisfaction improved, driven by our ‘Star lines’ initiative. Sales of the 600 key products included in the initiative outperformed the rest of the business, by c.5%. Declining sales in Poland, including the impact of store closures and two fewer trading days, impacted Central European sales by c.(4)%. Significantly cooler weather across the region further impacted sales by up to c.(2)%.

In Asia, sales increased by 7.3% at actual rates. At constant rates our sales performance improved by more than 3% quarter-on-quarter to 2.6%, with a stronger customer offer contributing to a better performance across all formats and categories. We saw an increase in market share in Thailand driven by strong growth in the Bangkok area.

Contacts

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A call for investors and analysts will be held today at 8.00am.

Dial in number: 0800 358 9473 (toll free) / +44 (0) 333 300 0804

Access Code: 94332100#

A recording will be available on +44 (0) 333 300 0819 and access code 301287528# until 12 July 2019.

We will be hosting a Capital Markets Day on 18 June to share some of the ‘untapped value opportunities’ available for Tesco, and we will also be holding an ESG-focused event on 26 June 2019.

Notes

1. Sales value and volume outperformance data is for 13-weeks ending 25 May 2019 and is sourced from IRI Retail Advantage™, global insight providers to the retail industry. IRI market definition excludes Aldi and Lidl.