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Transcription

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Speakers: Dave Lewis (Group CEO) and Alan Stewart (Group CFO)

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Presentation

Operator

Hello and welcome to the Tesco 1Q results Analyst Call. Throughout the call all participants will be in listen-only mode and afterwards there will be a question and answer session. And just as a reminder, this conference call is being recorded. Today, I am pleased to present Dave Lewis, Group CEO, and Alan Stewart, Group CFO. Please begin your meeting.

Dave Lewis

Thank you, Mirela. Good morning, everybody and thank you for joining us. And as you've heard, as usual, I am joined by our CFO, Alan Stewart. Hopefully you've had a chance by now to review our press release. We tried to keep it really simple and focused on the key drivers of our sales performance given that it's a quarterly trading update. With that in mind, I am pleased to report that Q1 has been a good start to the year in a subdued market. I say subdued for several reasons. You'll be familiar already with some of the challenges in terms of consumer sentiment, but also because of the weather and other events like last year's royal wedding.

Now, as the Tesco CEO over the last five years, I have tried very hard never to talk about the weather, but there does come a point where you need to say something, and in Central Europe in particular it was five degrees cooler in April and May this year, which impacted total sales by around 2%. Now, as you know, in the UK the weather too has been a little variable this year versus last, but nevertheless, we have outperformed the UK market in both sales and volume terms. Total sales were just over £9 billion, including a 0.8% impact – negative impact – from the closure of Tesco Direct, where we took the strategic decision last year to remove unprofitable sales. This strong performance is the reflection on the underlying improvements we've made to our offer, including the broader roll-out of our Exclusively at Tesco brand. These brands continue to be really popular with customers with sales up by more than 10%, and customer quality perception at twice that of our old Everyday Value ranges.

From a seasonal perspective we had a very good Easter. Easter eggs drove volume growth of 5% in our impulse category, and Easter Sunday was the best trading day on record for our convenience business. In May we launched our second 100 Years of Great Value event with some very strong promotion. The launch of Jack's products into 850 Tesco stores for the first time as well as Clubcard Prices. More than 1.5 million customers benefitted from Clubcard price discounts in May and engagement with our Clubcard app increased significantly with average daily downloads up 350%.

I am also really pleased that we had some wider industry and customer recognition for the quality of our offer too. Last week we won the Fresh Produce Consortium's Awards for Best of the Best Fresh Produce Business and multiple fruit and veg retailer of the year for the first time on record. And on Tuesday night we were delighted to be recognised at the Grocer Golds, winning the Grocer 33 Awards for availability and service for the first time since 2010 and 2011 respectively, and I don't believe there's a time on record where we won both of them in the same year. I am also particularly pleased that for the fifth year running, customers voted us Britain's favourite supermarket.

Turning to Booker, it's been another good quarter with non-tobacco sales up 4.2% on a same day basis. Catering in particular performed very well and in a competitive market Booker continued to maintain a leading price position. Through our Joining Forces programme we've introduced 100 new and exclusive lines for Booker customers and improved the range and price in key fresh and packaged products. We've also shared with some of Booker's retail customers the benefits of our 'Bigger Group, Better for All' initiative with a target retail profit benefit of over £6,000 per year.

In Ireland total sales were 567 million up 2.7%. Performance was particularly good in our core food categories, including produce, chilled food and grocery. Increased marketing support has also driven high customer awareness of our You Won't Pay More campaign with extremely competitive prices on 800 key own brand and branded launches -- products. In Central Europe we had a good Easter with positive growth over the seasonal period in Czech and Slovak. Customers are responding well to our Star Lines initiative with sales growth on the key 600 products that matter most to our customers, outperforming the rest of the business by 5%. Overall our sales growth was held back by Poland, which included store closures and too fewer trading days impacting performance in the region by 4%. In Asia, momentum has improved as our business moved back into growth with sales up 2.6%. We continue to improve the offer for customers in Thailand and during the important Songkran Festival we focused on great value offers to help customers celebrate. We also continue to see a positive sales contribution from B2B sales which we now run with a centralised model.

In Malaysia, we've seen strong growth, particularly in grocery and general merchandise. We've also launched a very competitive promotion on prawns which is an important item for customers in Malaysia, with sales up 87%. So across the Group it's been a good performance. Despite the subdued environment we continue to do the right things for customers. In the banks, sales were £270m as we continue to focus on the products that matter most to Tesco customers. Our offer across the board is stronger than ever and as a result our core UK business is outperforming the market. Thank you for listening and I'll hand you back to Mirela for your questions.

Q&A

Operator
Thank you. And if you do wish to ask a question, please press 01 on your telephone keypad now. If you wish to withdraw your question, you may do so by pressing 02 to cancel. And there will be a brief pause while questions are being registered. First question is from the line of Andrew Gwynn from Exane BNP Paribas. Please go ahead. Your line is now open.

Andrew Gwynn (Exane BNP Paribas)
Good morning, everybody. Two questions from me. First, obviously, market dynamics. You said you've outperformed the industry. What's your best guess on industry growth over the same period? And then, the second one, obviously, you highlighted a very good Easter. Outside of that, clearly, things are a little bit more difficult. I'm just wondering if you could give a sense of— Are there any glimpse of positivities we move away from those particularly difficult periods of comparison, so maybe outside of the royal wedding period, or whatever? Thank you.

Dave Lewis
So, Andrew, in terms of the dynamics, I think what we've always done is talk about our performance versus the market. I think what you see in some of the external measures is flat to negative—slightly negative volume in total with some return of inflation, depending on different categories. Against that, we've outperformed the market in terms of—0.2% in terms of sales value, and 1.2%/1.3% in terms of volume. So particularly pleased with the volume outperformance. I think when you talk about Easter, very happy with the performance in Easter. I suppose the critical thing is those categories which are weather dependent. Be it clothing, be it seasonal general merchandising. You've seen a lot more impact there from weather and we've seen the change in weather this year versus last year and into the second quarter last year the weather was particularly good and we'll have to wait and see what it is in the second quarter of this year. But in the core categories, in the core food offer, I'm very, very pleased with the performance of the UK business.

Andrew Gwynn
Okay. That's all pretty clear. Just on the—Obviously, on the market last year, if you think about the World Cup and whatnot, people buying lots of alcohol, presumably not that great for profit. So to what extent is there a slightly more balanced view when it comes to profitability perspective?

Dave Lewis
Well, I think, this is a trading call rather than a margin call. We were clear back in the results that we looked at consensus for this year and we were happy with where it stood when we were talking margins. I'm not—I wouldn't change that view at this moment in time. But clearly the mix will be different. There was a World Cup last year; there isn't the same activity this year. But those things come and go in food retail so we just have to steer our course through that.

Andrew Gwynn
Okay, perfect. Thanks.

Dave Lewis
Thank you.

Operator
Next question is from Bruno Monteyne from Bernstein. Please go ahead. Your line is open.

Bruno Monteyne (Bernstein)
Hi, good morning, Dave and Alan. Can I just follow up on Andrew's point and your answer where you say the market is flat to small negative in volume, but you're outperforming by 1.3%. So would it be right to say that you're having positive volume growth in your UK business? Is my first question. The second one, if you look at the delta between yourselves and your volume outperformance, is it largely because you're still cutting prices or is it largely the mixture towards the Exclusively at Tesco products that are driving the difference between the two? And my last question is, +0.4% is obviously not very high or exciting like-for-like growth number. Is it strong enough at this level to continue Tesco's recovery path? Thank you.

Dave Lewis
Thank you, Bruno. Three questions: Is it positive like-for-like core UK volume? Yes, it is. It's investment in the mix as we talked about at the results. So to your second question, it's much more about as investing in Exclusively at Tesco brand, as I talked about. A growth of 10% in those products. We've been extending distribution and increasing the number of lines and the depth of that and the breadth of that across the estate so that's what's driving some of that. And as I say, the reaction to those has been really, really strong. And to your third question: 'Is it strong enough?' Yes, it is. As you know, I'm a very big believer that the important access in terms of volume is at the product contract level and everything that we're doing at that point is working very well for us. We'll share a little bit more of that in the Capital Markets Day when we talk about untapped value opportunities.

Bruno Monteyne
Thank you.

Dave Lewis
Thank you.

Operator
Next question is from Dave McCarthy from HSBC. Please go ahead. Your line is now open.

Dave McCarthy (HSBC)
Good morning, gents. Couple of questions, both on the same subject really. Your Exclusively at Tesco range you say is up by 10%, but it's gone into more stores. What's its like-for-like performance on the ranges that you originally introduced? The reason I ask that is when I walk around the stores I don't feel it's being sold to me. I think it just seems to be available, it's on the bottom, it's gone back onto the bottom shelf in fixture. I'm not seeing any promotion behind that. So when we take account of you put it into new stores and you've got the extended ranges, what's the real underlying performance there? And then related to that, you've introduced Jack's products into a number of stores. The Jack's products don't have the Exclusively at Tesco sub-brand on them. Just wondered what the rationale was for doing that when you've already got a sub-brand that you're working on?

Dave Lewis
Okay. Morning, David. Two ways of answering the question. So look, judging like-for-like as we go through is obviously difficult as you're building out. If I look at the actual sales performance of the Exclusively at Tesco brand, I'm really very happy. I'm really very happy. What we've done is we've increased the number of SKUs. I think we're now running at about 430 different SKUs. And what we've been doing gradually through the course of the year is expanding the breadth of that distribution through the estate. So I'm seeing that impact. If I look at things—The first ones we did: Farm Brands are now in their third year and they continue to be very strong in terms of like-for-like performance. To your point about selling them. Look, based on the sales performance, I'm very happy. We did some communication, you'll remember, in October/November last year where we showed the price comparison of Exclusively at Tesco basket versus some of our competitors. That's a campaign that will return. I think when you see this year, we've obviously been doing other things as well, as part of our centenary and putting value across the store. Not just in the Exclusively at Tesco campaign.

And that's where it comes to your Jack's question. We didn't sub-brand it Exclusively at Tesco, but clearly it was something we put in as something exclusively not available anywhere else as part of the centenary celebration. This was always part of our plan about how it is we would build a new brand under the Tesco business. And so that was part of that roll-out and I was really quite pleased with the way that the Jack's volume moved through the 800+ extras during that month of May. But it was, for a time period, it was to judge customers' reaction and all part of the experimental process we talked about when we launched Jack's. So far, so very good, David. Thank you.

Dave McCarthy

All right. Any idea—Can you give us any clue of what the participation is of Exclusively at Tesco?

Dave Lewis

Last time I looked it was in about 84%/85% of all baskets.

Dave McCarthy

Right. Okay. Thanks very much. Cheers.

Operator

Next question is from Clive Black from Shore Capital. Please go ahead. Your line is now open.

Clive Black (Shore Capital)

Good morning, gentlemen, from Liverpool. More like we're in Thailand at the minute, with the rain. Couple of questions there, if I may. Could you give us more colour around your experience in general merchandising, apart from your comment on Direct? And secondly, could you just—It's the first chance I think I've had to talk to you since you announced you wanted to sell the mortgage book from the bank. Could you just give us some colour behind the rationale of that, please?

Dave Lewis

Sure. Why don't I start and then I'll pass to Alan, he can give you some more on the bank in particular. Look, Clive, to your point, if it's raining in Liverpool. What we've seen in general merchandising this year is, that a lot of the seasonal lines: let's take the easy one, garden furniture and things such as that. We've definitely seen a weather impact there this year. And we've also seen it in clothing. So our clothing performance over the last five years has been really very strong and if I look at this period, our clothing outperformance versus the [? 00:15:07] market is about 2.4%. And yet, we're talking about clothing volumes which are down nearly 10%. So the two things I'd pull out in general merchandising more broadly would be that element of seasonal; that sort of barbecue, garden furniture type category and the impact it's having on seasonal clothing. I think when it comes to the mortgage book, there are two things that I would talk to and then I'll pass to Alan. He can give you more flavour. Obviously, we've been very clear about repositioning Tesco as a bank for Tesco customers and thinking through what the right product and proposition is there. And then there are some particular things I think when we look at mortgages in the mortgage market, they've come together to make the decision. But, Alan, do you want to add a little more on that?

Alan Stewart

Thanks, Dave. And building on Dave's point about the focus on Tesco customers. The mortgage business is originated through brokers and therefore it's disconnected to a certain degree from the customers and the retail customers. I think that's point one. Point two is that over the last three years or so the mortgage market in the UK has changed very significantly from the economics of it. And that's principally driven by the recompensing of a number of competitors in the UK home market. And when we look at the economics of the business, frankly, the economics are a key part of the decision. Obviously, we need to look after the 23,000 customers who are there and if the sale process concludes to a disposal of the book, we'll make sure we protect them. But it's really about the focus on Tesco customers and the economics of the mortgage business and the way it's [ph 00:16:48] delivered.

Clive Black

Thanks, Alan. Can you give any colour as to how the—just the proportionality if it assumes circa £180m to £200m of profit from the bank, how material [ph 00:17:03] is that change? Is it benefit, is it a substantial one-off hit of setback cash inflows?

Alan Stewart

Look, the—If there was anything to say, we would say – if we get to that point – but it's not something which I'm focused or concerned about at all. The mortgage business, given what I've just said, hasn't been delivering very good economics in terms of the profitability. One of the reasons why people like mortgage business is they're long-lasting. They tend it to be historically relatively sticky, but even the mortgage market is changing, as you know. People are re-mortgaging and often changing after three years. So it's a business where the economics are really, shall we say, questionable.

Clive Black

Okay. Thank you very much, guys.

Alan Stewart

Cheers, Clive.

Operator

Next question is from Rob Joyce from Goldman Sachs. Please go ahead. Your line is open.

Rob Joyce (Goldman Sachs)

Morning, guys. Three from me. Just—Obviously, alluding to [ph? - 00:17:56] some price investments relative to the market with those volume numbers. Can you give us some numbers around how you see your relative pricing, how that's evolved in the last quarter? Particularly versus the big four. Second one would be just – can you remind us when we should annualise the major investments in Exclusively at Tesco? When they'll be in the base for the like-for-like numbers. And then thirdly, just looking at Central Europe, given the fairly material negative like-for-like there, should we be thinking about negative leverage through the profit line there, at this stage of the year? Thanks very much.

Dave Lewis

Okay, Rob. Let me try and help you. In terms of price investment, you're absolutely right, we have been investing in prices. We said we were going to, we said that we saw an opportunity for us to invest more when we gave the results. I think, we don't give any indication in terms of price indices, but if I were to give you one set of facts: I updated for this meeting where our Exclusively at Tesco basket was versus the German retailer. So the basket that I shared with you in October 2018, if I look at the prices that were in week commencing the 10th of June, our cost in Tesco was £32.40. That was 78p cheaper than Aldi and £1.48 cheaper than it was in Lidl. So we continue to make price investments. We're trying to do it strategically and in a targeted way.

To your second question, Exclusively at Tesco, I think you're talking about October. Really, we got to any sort of material improvement, it's only really in October/November that you started to see it. So that's when you should probably look to be thinking about annualization. And in Central Europe, I'm not worried about the leverage point. Part of this is stores, part of this is indeed weather. But actually, again, back to the point core categories, core volumes, core contracts. Absolutely comfortable that we're following the strategy that we set out and it's worked for us over the last two years. So, no, I'm not concerned about the leverage impact that you allude to.

Rob Joyce

Thanks very much, Dave. And then just very quickly on the pricing, that's very helpful versus discounters. Any sense of how you're moving the price gap versus the rest of the big four?

Dave Lewis

Yeah, quite a lot I said, not that I'm going to quote. I think the thing is if I look at the level of inflation that's in the marketplace, and most of that obviously is driven normally by the big four, if you look at the level which is Tesco, it's significantly less than the market.

Rob Joyce

Okay, thanks very much.

Dave Lewis

Thank you.

Operator

And just as a reminder, if you do wish to ask a question, please press 01 on your telephone keypad now. And the next question is from Dusan Milosavljevic from Berenberg. Please go ahead, your line is now open.

Dusan Milosavljevic (Berenberg)

Good morning. Just three quick questions from me. First one is on the online business in the UK, I think it was growing at around 2, 3% over Christmas and in previous years it's been there at those kind of levels, so now it's picked up a little bit. I just wanted to ask you what do you think is driving that and is it a question [? + 00:21:27] of market acceleration.

And, the other point-- the second question is just in Thailand, obviously we had a couple of market headwinds and you were rationalising unprofitability in the country, and it seems like the turns are improving. Again, can we expect-- where are we in that annualization of those range rationalisations which you were doing and what can we expect on that front going forward? Just a little bit more colour on that.

Dave Lewis

Did you say you had three questions?

Dusan Milosavljevic

Well, I wanted to hold on for the third one but –

Dave Lewis

Okay, no problem. I was just taking notes, that's all. In terms of online growth, in the first quarter was 7% so it was a tick up versus what you've seen before. I think a couple of things there. Actually, changing the propositioning Click+Collect has helped, we can collect up 10% in that period. So, look, we've been working very hard on getting the commercials right in grocery home shopping. Very happy with the performances there and the proposition is competitive in the marketplace. But the things that are significant are, that were coming off a base which is 2 or 3% as you say, the change in Click+Collect.

Some of the changes we've put into the operation have actually improved delivery and service and availability so all of that is coming through the customer feedback on grocery home shopping versus the competitive offer is really very positive and we're seeing it in the growth. In terms of Thailand, I think what you should see is that the material step changed that went as part of renegotiating terms and as it is now pretty much behind us.

Myself and the Exec were in Thailand just over a week ago reviewing the business there. I think we're back now into a more business as usual so the sort of things you've seen from us in the UK in terms of range rationalisation, still more that we can do, and we'll carry on but that's back much more now to business as usual. And, really quite happy and excited by some of the growth opportunities that now start to present themselves to us in Thailand as we've reset the business. So, that's what I would say on Thailand. So, what's your third question?

Dusan Milosavljevic

The question was just on actually the regional and range performance in Central and Eastern Europe. Has there been a drag from the rationalisation of general merchandise ranges there because that's something you were flagging, I think, in previous periods? And the other thing is, I guess you were flagging in Czech Republic and Slovakia was good performance and then, I guess that leaves us with Hungary, is there anything to flag about Hungary? [inaudible - 24:17]

Dave Lewis

No, nothing particular to flag in terms of Hungary. I think to be honest we're in the place we've been before, which is there are three markets where our performance has been good versus the market and the momentum carries on. I've just picked out one or two highlights in one or two categories, that's all.

I think yes there is drag across the whole [? + 00:24:40] market in general merchandising as a result of our decisions on mix but by far and away the most notable thing in Central Europe is that we continue the transition that we have in Poland. That's stores, that's couple of trading days and then you've got the issue of weather and general merchandising that I referred to earlier.

Dusan Milosavljevic

Very clear, thank you.

Dave Lewis

No problem.

Operator

Next question is from Xavier Le Mené from Bank of America Merrill Lynch. Please go ahead, your line is now open.

Xavier Le Mené (Bank of America Merrill Lynch)

Good morning, Dave. Good morning, Alan. Two quick ones, if I may. The first one, can you give us some indication about your inflation actually in Q1, that would be quite helpful. And second one back to [? + 00:25:51] question about market dynamics, how do you see the political uncertainty right now? What are your expectations going forward in the UK?

Dave Lewis

How long have we got? Look, in terms of-- as you know we tend not to want to get into specific volume and inflation numbers anymore but, I think market-- if I use an external number for you, I think the [? + 00:25:53] industry data on food inflation towards the end of May was something like 1.2%. And I think if you use the same basis, the inflation for Tesco during that period was .3%. So, they're externally quoted numbers but they wouldn't be, if I look at the relativity, they wouldn't be a mile away from what I see in terms of my internal numbers.

And look, I think your question was about politics going forward? We continue to stay focused on what we're doing. We did do some stockpiling for Brexit at the end of March. We're now selling that stock through. We're pretty much through all the stock that we built for that. We'll stay abreast of things as we get to October. I think the thing that everybody in the industry knows is the ability for the industry absorb stock building in October will be very different from what it was in March given seasonality and Christmas upcoming. So, we'll continue to stay abreast of it. We'll see what the machinations come but I'm definitely not a political predicter of things. We'll just stay focussed on what's best to run the business whatever the prevailing outcome is.

Xavier Le Mené

Okay.

Dave Lewis

I sounded like a politician then I realised. I'm sorry. I'm trying to avoid the question.

Xavier Le Mené

Thank you.

Dave Lewis

Thank you.

Operator

Next question is from Sreedhar Mahamkali from Macquarie. Please go ahead, your line is now open.

Sreedhar Mahamkali (Macquarie)

Yes, hi. Good morning. Couple of questions please. Firstly, going back to your matrix, the context of maxing the mix, your change in Click+Collect today or the proposition change, basket change, is it the signal that online in general is actually now more profitable or is it just the Click+Collect part of it that you're more comfortable with? How should we see your online strategy? That would be helpful to understand.

And I guess part B there, if you've got an idea, what percentage online home delivered versus Click+Collect would be very helpful to understand. And second question, [? 00:28:07] like-for-like has that continued to build through Q1, potentially accelerating through the rest of the year? How should we think about the shape of Asia this year?

Dave Lewis

Okay. Thank you, Sreedhar. Good morning. Look, in terms of the matrix, definitely versus where we started sharing that max and mix matrix with you, the profitability of our online business has definitely improved. Very happy with the contribution it's now starting to make and therefore much more investable as we go forward.

It's very important that we keep our commercial sense as we grow the online business. Click+Collect is a relatively small part of the total grocery shopping, so whilst it grew by 10% as part of the 7% growth we talked about, still the vast majority, a very significant majority, is grocery home shopping delivered. But the fact that the economics are improving gives us optionality about how we can invest in that going forward so again, so far so good.

In terms of Asia, the thing you've always got to be careful with in Asia is the timing of particular religious events. So, we talked about Songkran in Q1. So actually, in the middle of that you've got some. But actually, the more fundamental thing is that if, I think it's in the notes of the release, at current prices the growth in Asia was a little bit more than 7%. We see a good performance in Asia going forward but it's not really about like-for-like through the quarter and on because actually the seasonal events are more significant particularly in the Thai market. I suppose, Sreedhar, what I'm saying is that we're really very happy with how the turnaround in Asia has progressed. We're back to a-- on a constant basis 2.6% growth. On a current basis 7% sales growth and we look forward to maintaining our momentum in Asia as part of the transformation.

Alan Stewart

If I could just add, Sreedhar, in terms of [? 00:30:16] this is an earnings call and therefore it's-- isn't an earnings call [ph? + 00:30:20], it's about the sales. Remember the shape of the full year last year, it's the full year element rather than the first half second half as regards to the Asian segment so we definitely had some shift from first half into second half. It's much more about full year profitability last year and then how it plays out this year is likely to be more balanced, so don't look at the second half last year and double it is basically [ph? - 30:42] what I'm saying. Good point.

Sreedhar Mahamkali

Thank you.

Dave Lewis

Sreedhar, is that helpful?

Sreedhar Mahamkali

Yep, very helpful. Thank you.

Dave Lewis

Thank you.

Operator

And next question is from Nick Coulter from Citi. Please go ahead your line is now open.

Nick Coulter (Citi)

Hi, good morning. Just one from me please. Can I ask explicitly about your comfort with the market consensus given the shares are going a little bit weaker this morning? So, notwithstanding any IFRS 16 impacts, are you comfortable, or how comfortable are you with the markets' expectations on both profit and also cashflow please?

Dave Lewis

Okay. So, Nick, good morning. Look, as Andrew said, it's obviously not an earnings call. We talked about in the results we were very clear at that time that we were very happy with consensus and we remain exactly in that position.

Nick Coulter

So, you're travelling on a trajectory that gives you significant comfort to hit the markets' expectations?

Dave Lewis

Nick, very happy with what we said when we gave the results in April to the same question. I'm not-- so we were happy with consensus at that point, nothing has changed.

Nick Coulter

Brilliant, thank you.

Alan Stewart

If I could make a statement [ph? + 00:31:58] the sooner we can get, given that we're reporting on IFRS 16, the sooner we can get IFRS 16 numbers into the market, then the clearer people will be if there is confusion at the moment, Nick.

Dave Lewis

Very good.

Operator

Next question is from Andrew Porteous from HSBC. Please go ahead, your line is also open.

Andrew Porteous (HSBC)

Hi, morning, gents. A few on Booker if I could do please.

Dave Lewis

Sure.

Andrew Porteous

You're delivering some good growth there against tough comps, I just wanted to dig down a bit and see where that growth is coming and can you talk about whether you're still adding or recruiting symbol groups on an underlying basis once we ex out those one-off contracts, and could you also give us an idea on the mix between retail growth and catering growth within those overall Booker numbers?

And then a last one quickly was on Booker within Tesco's. You opened a few of them now and it seems to have gone a little bit quiet. Could you update us on the progress there and how well they're resonating with customers?

Dave Lewis

Okay. Good morning, Andrew. Yes I can. Look, the good growth does continue and as you say, it comes on some very significant and tough comps. The things we pulled out was actually strong growth in catering and we talked about the hundred new and exclusive lines that we'd introduced. There is some growth in the retail business but the one that we would point to is in catering. Importantly I think, and again I called it out in the script is, that retail customers are now starting to see the benefits of the bigger group, so that's enhancing the retail offer particularly for our symbol customers.

And, in terms of Booker into Tesco, we're in-- we've got ranges in 70 of our large stores. Still working on the absolute right mix but happy with the performance. And when we talk about untapped value opportunities at the capital markets day next Tuesday, I've invited Charles to share with you what some of those opportunities are but obviously at the minute Booker, so far, so very good.

Andrew Porteous

Thank you.

Dave Lewis

Okay.

Operator

And as a final reminder, if you do have any questions, please press 01 on your telephone keypad now. And no further questions registered at this time, so I'll hand the call back to the speakers for any closing comments. Please go ahead.

Dave Lewis

Okay. Thank you, Mirela, and thank you everybody for joining us this morning. As I said earlier, really very happy with the start of the business across the Group. We continue to focus on the most important things, which is giving better value and service for our customers and we continue to outperform the UK market as we do so. I look forward to seeing some or most of you at the capital markets day next week but have a very good day, thanks for joining us.

Operator

And this now concludes the conference call. Thank you all for attending, you may now disconnect your lines.