

A little help.

To help investors and other stakeholders understand a little better what is happening we are sharing a one-off deeper insight into our 1Q 20/21 trading performance, the focus of which is our UK & ROI business.

Channel Mix

UK 8.7% LFL

Figure 1. Large stores

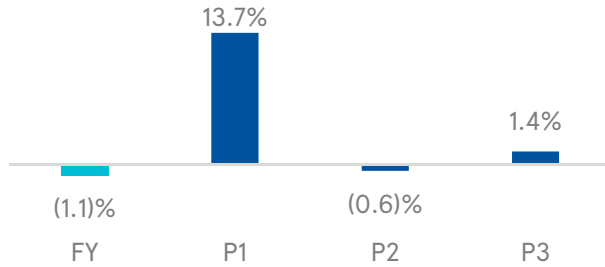


Figure 2. Small stores¹

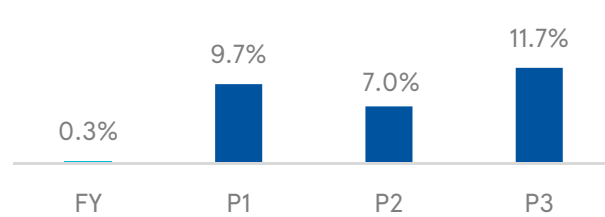
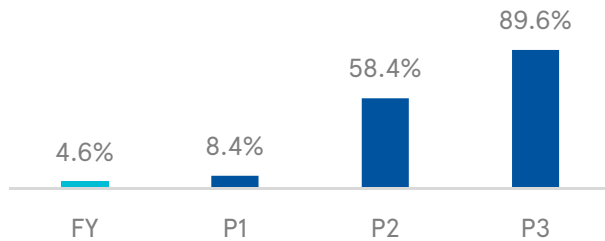


Figure 3. Online



ROI 20.5% LFL

Figure 4. Large stores

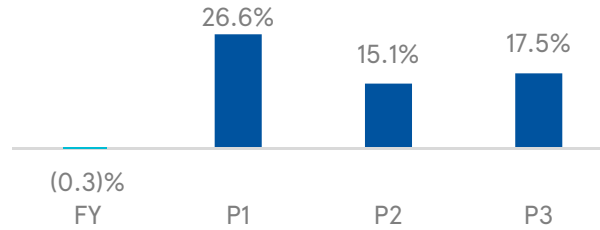


Figure 5. Small stores

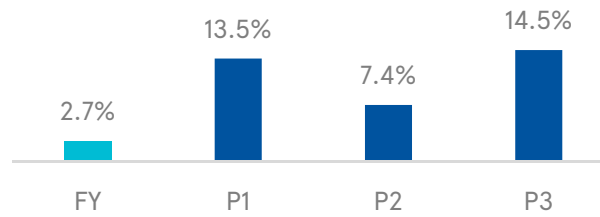
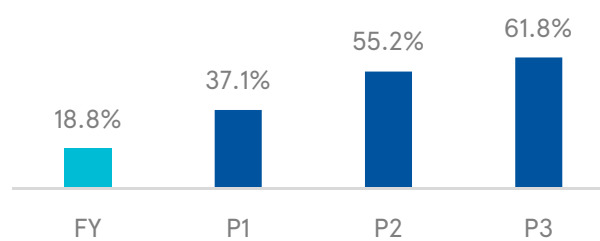


Figure 6. Online



Booker 0.6% LFL

Figure 7. Retail

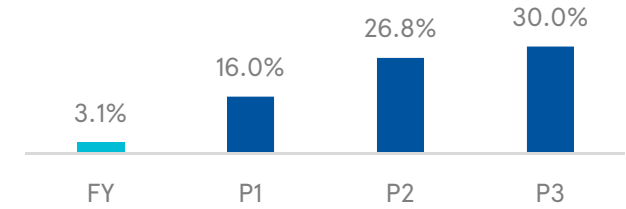
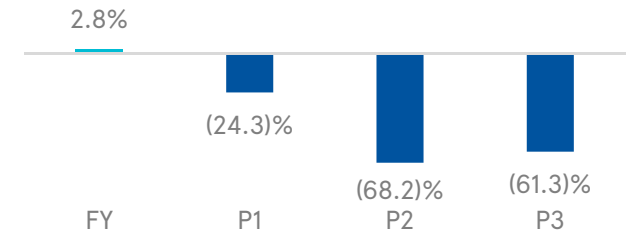


Figure 8. Catering



1. Small stores is Express & One Stop; Metro stores are not included.

Basket size and transactions

Customers are shopping less frequently and the size of the basket has increased

Figure 9. UK large stores

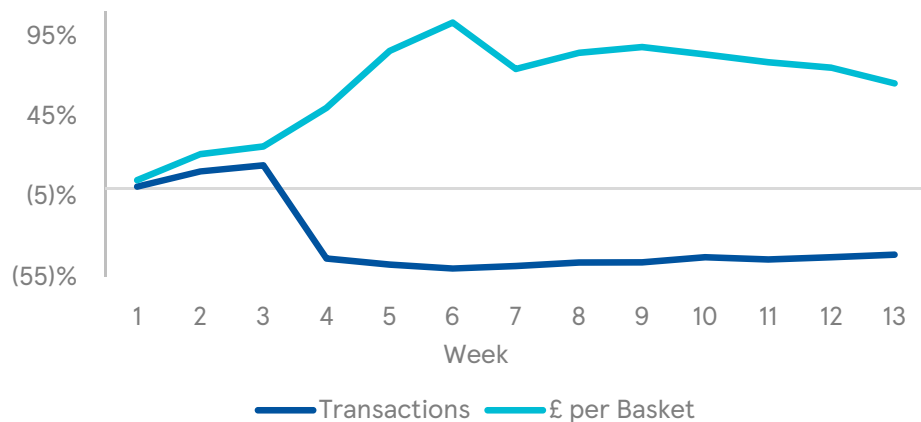


Figure 11. ROI large stores

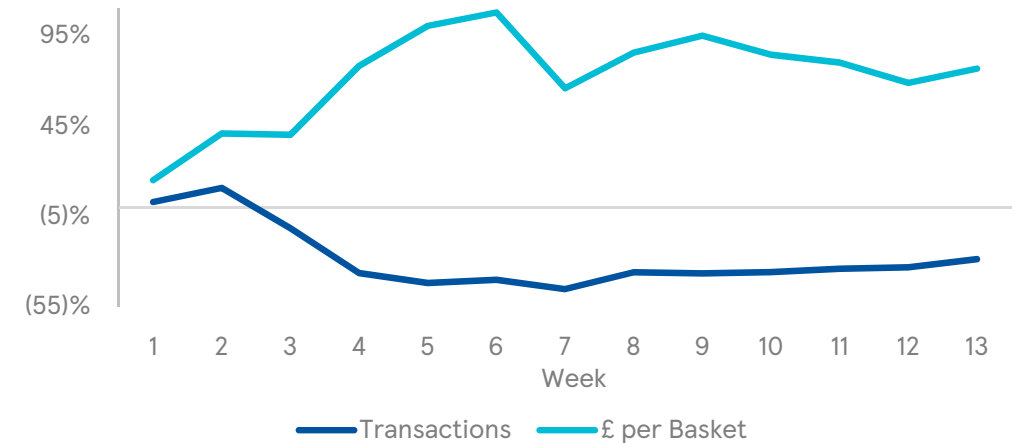


Figure 10. UK small stores¹

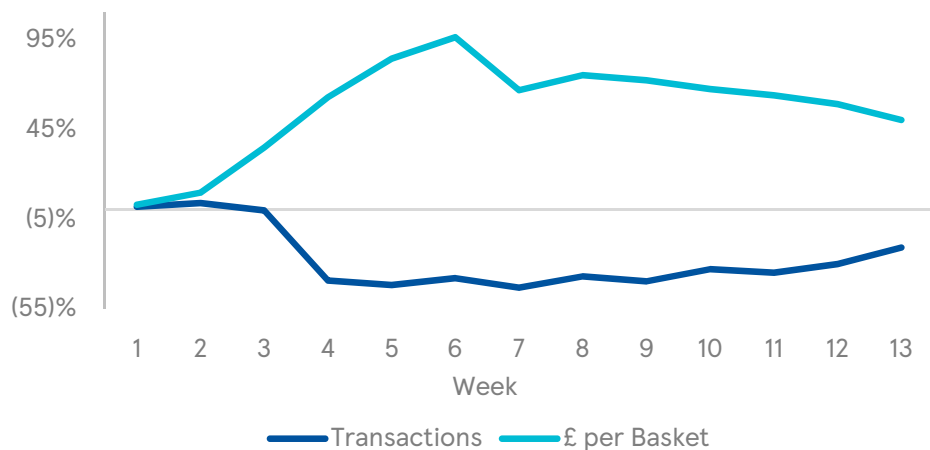
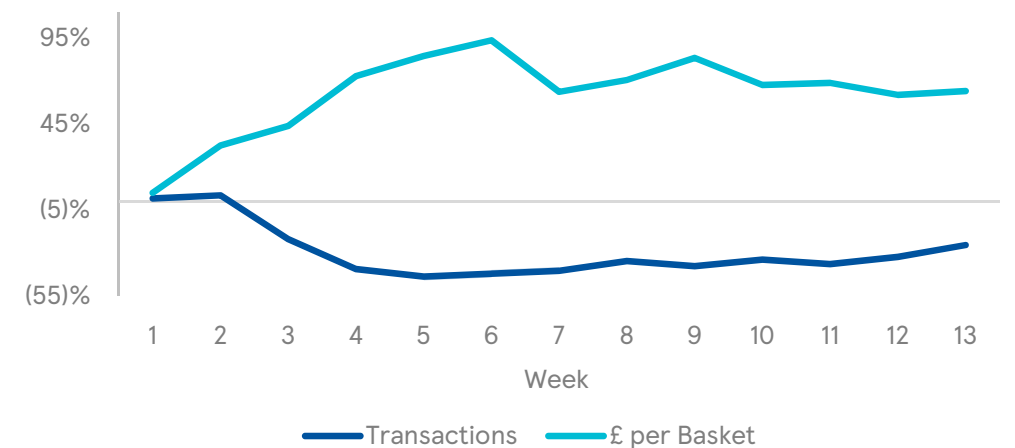


Figure 12. ROI small stores



1. UK small stores is Express only.

Category and Channel breakdown

Figure 13. Very strong food sales; GM and clothing improving through the quarter

	Participation		LFL sales growth	
	1Q LY	1Q TY	1Q LY	1Q TY
Fresh	42.0%	41.5%	(0.9)%	7.6%
Packaged	41.2%	43.7%	1.5%	15.4%
General Merchandise	5.1%	4.7%	(4.8)%	(0.4)%
Clothing	2.6%	2.0%	(5.7)%	(18.6)%
Other incl. Tobacco	9.0%	8.0%	7.3%	(2.9)%
Total	100.0%	100.0%	0.4%	8.7%
Fuel	15.8%	7.9%	7.8%	(49.6)%

Figure 14. Strong growth in large stores, convenience and online

	Participation		LFL sales growth	
	1Q LY	1Q TY	1Q LY	1Q TY
Large	69.5%	67.4%	(1.3)%	5.4%
Convenience	18.4%	18.0%	1.7%	9.5%
Metro	2.9%	2.0%	(0.7)%	(22.8)%
Online	9.3%	12.6%	8.5%	48.5%
Total	100.0%	100.0%	0.4%	8.7%

1. Data shown is for the UK.

2. 'Other incl. Tobacco' also includes the contribution from One Stop and kiosks at petrol filling stations.

3. Fuel sales participation is shown as a percentage of revenue (i.e. sales incl. fuel).

Online

Figure 15. Doubled capacity; from 9% to over 16% of sales



Figure 16. Exceptionally strong sales growth

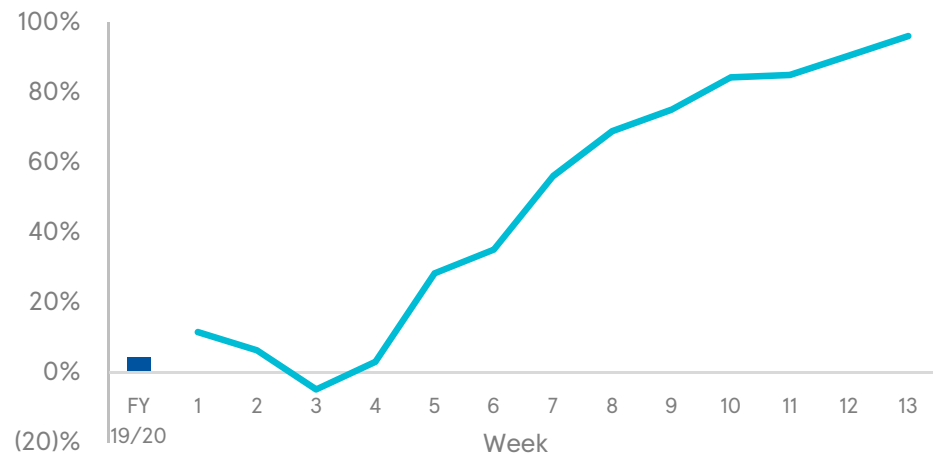


Figure 17. Significant increase in online sales¹

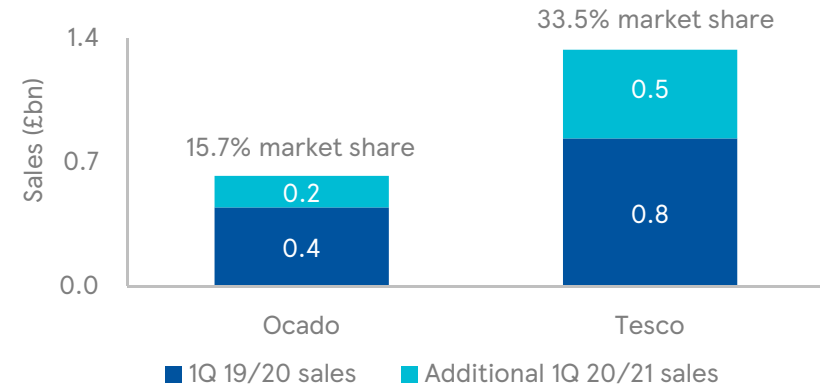


Figure 18. Capturing further growth on top of our existing plans



Figure 19. Great online value proposition for vulnerable customers²

	Aldi Food Parcel	Tesco ³
No. items	22	up to 80
Estimated price of products	£19.97	£102.16
Delivery/service charge	£5.02	£2.00
Total Price	£24.99	£104.16
Delivery/service charge as % of estimated price of products	25.1%	2.0%

1. Tesco internal data, competitor reported performance and Kantar data.

2. Competitor data as at 29 April 2020.

3. Price based on average value of online order by vulnerable customers, delivery charge based on 8-hour delivery window for vulnerable customers.

Brand

Core Brand Metrics

Figure 20. Strong improvement in Brand Index¹

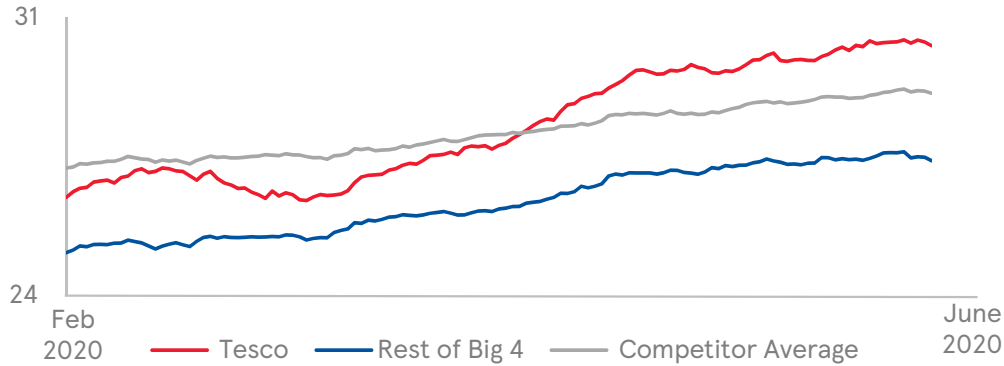


Figure 21. Improved ratings of both quality and value²

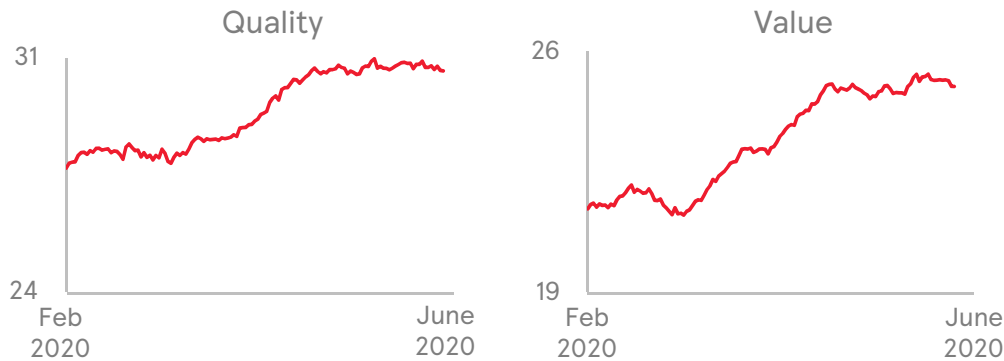


Figure 22. YoY improvement across Brand health²

Index	Impression	Quality	Value	Reputation	Satisfaction	Recommend
+490	+660	+370	+500	+560	+280	+590

COVID-19 Specific Brand Metrics

Figure 23. Top supermarket for 'doing the right thing'³

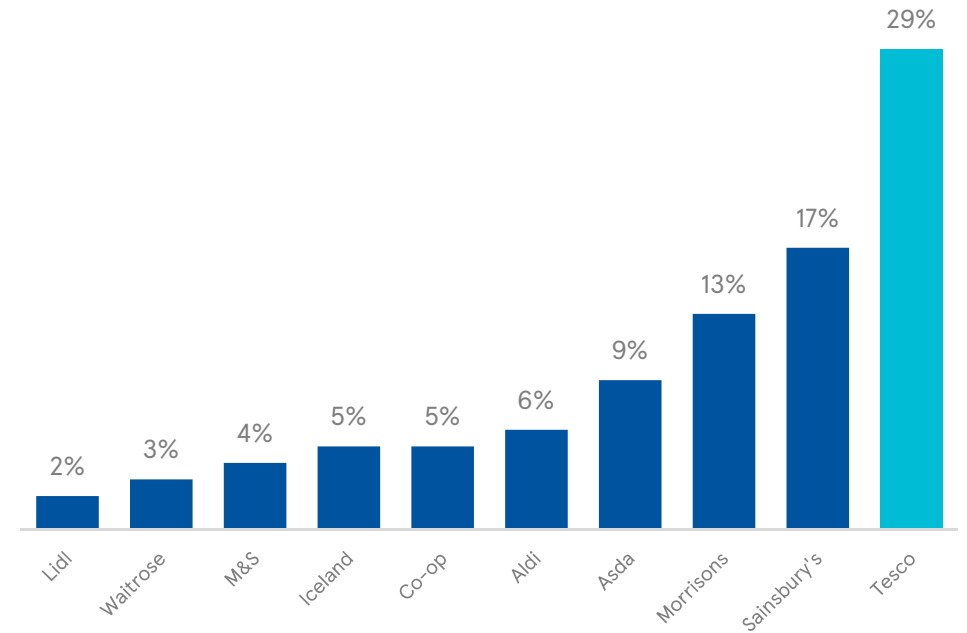


Figure 24. Customers are confident in social distancing measures⁴

92% of customers are confident in our social distancing measures

90% of customers believe that our stores are a safe place to shop

1. YouGov Brand Index, 12 week roll; 'Competitor Average' consists of rest of Big 4, Aldi, Lidl, Waitrose, M&S and Co-op.

2. YouGov index measures, 12 week roll; Fig. 22 details the year-on-year bps improvement in 1Q.

3. Brands 'doing the right thing' survey by Message House April 2020.

4. Internal customer viewpoint survey.

Switching from Aldi

Figure 25. Sharp increase in customers switching from Aldi to Tesco¹

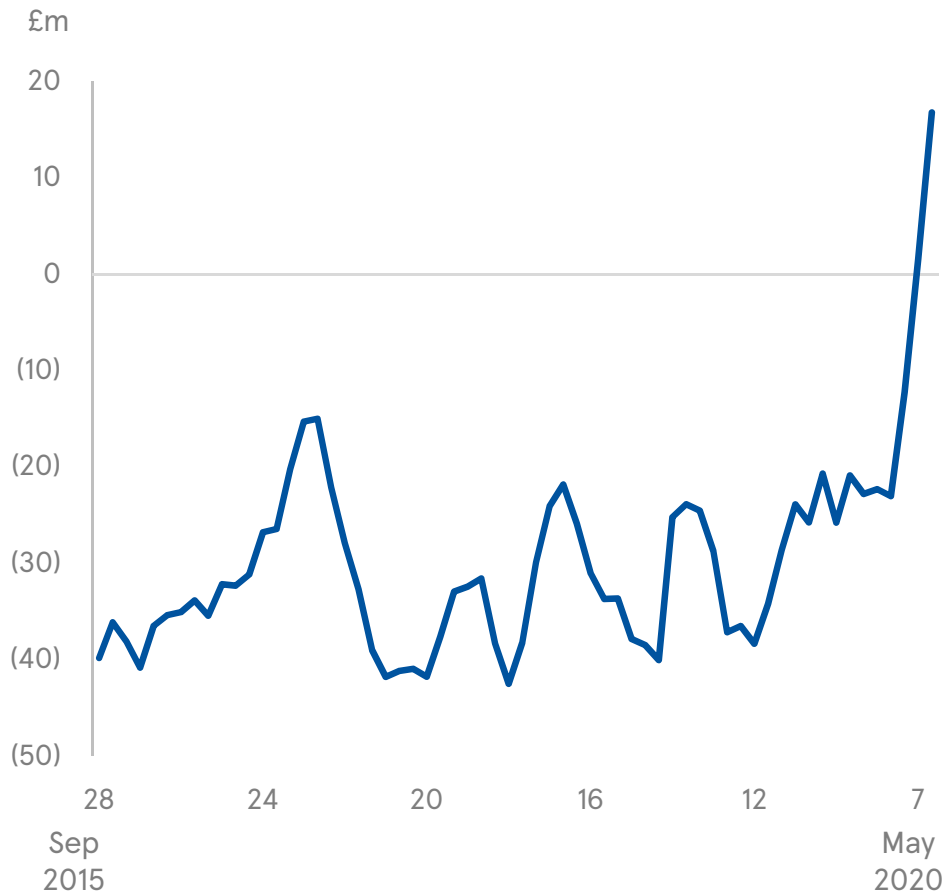
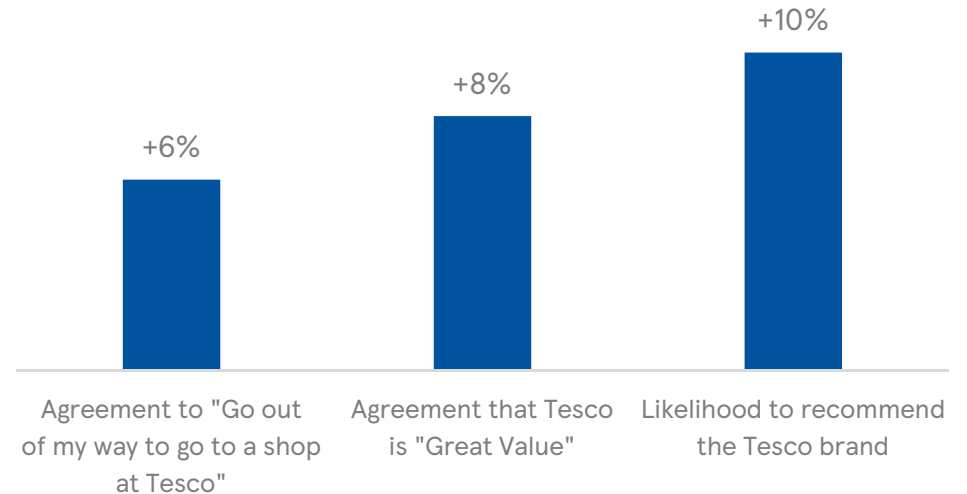


Figure 26. Tesco customers shopping less elsewhere²

(4.5)% Fewer customers also going to Aldi

(1.3)% Fewer customers also going to the rest of the Big 4

Figure 27. 'Aldi Price Match' improving customer perceptions³



1. Kantar value net switching data 12 w/e to 17 May 2020.

2. Kantar Buyers (%) YoY change; total grocery 12 w/e to 17 May 2020; figure of (1.3)% is an average of the rest of the Big 4 individual movements.

3. Survey by Hall & Partners; fieldwork dates 17 March to 1 April 2020, sample size: 1,297.

Booker

Figure 28. Significant total sales change across channels¹

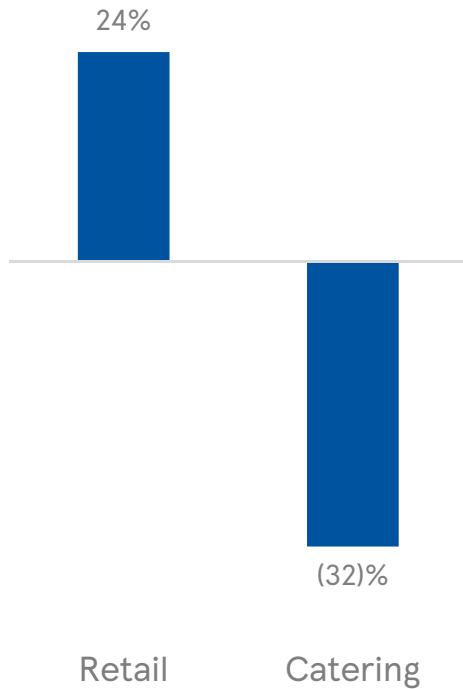


Figure 29. Catering LFL sales down significantly²

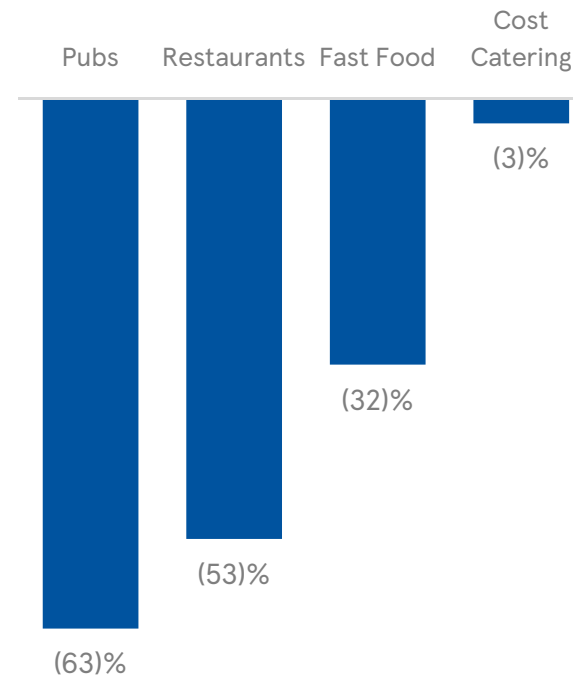
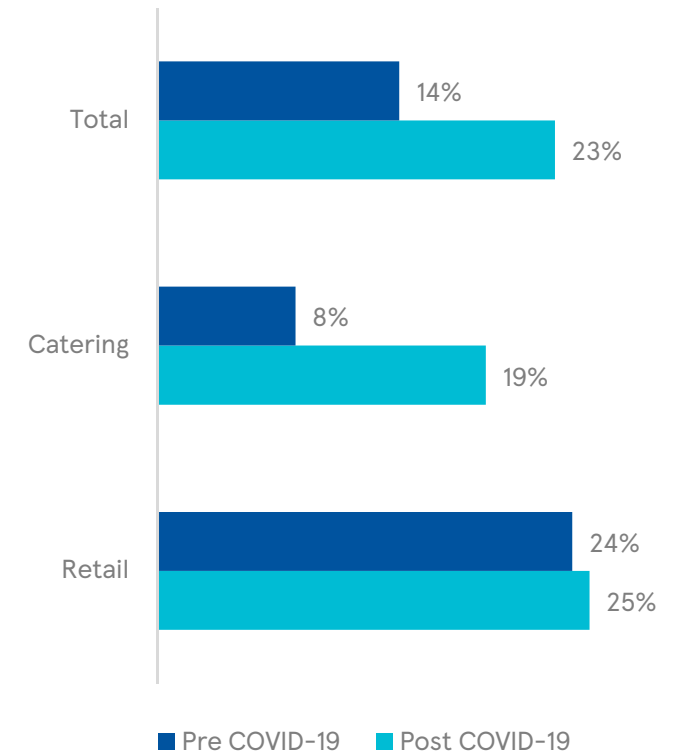


Figure 30. Growing market share in all areas³



1. Includes a non-LFL sales contribution from Best Food Logistics that was acquired in early March.

2. Cost Catering includes catering services for customers in a non-restaurant environment such as workplace canteens, nursing homes, schools, prisons and hospitals.

3. Estimated market share.

Costs

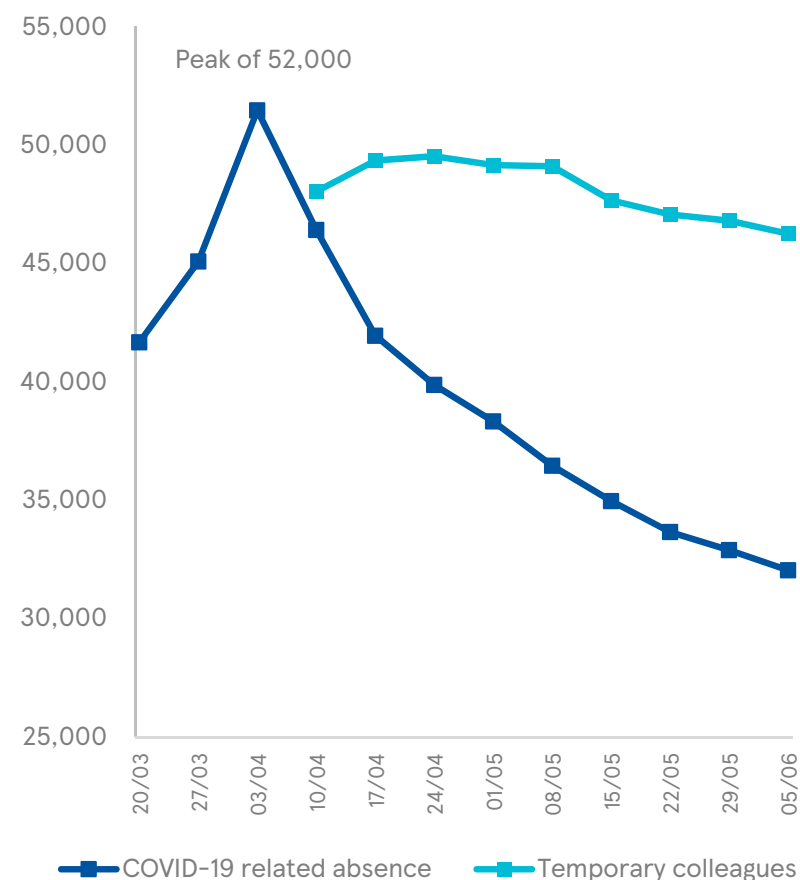
Figure 31. Current best view¹ of incremental costs (illustrative and highly likely to change)

<i>£m</i>	1Q Act.	2Q Fcst.	3Q Fcst.	4Q Fcst.	Total
12 weeks pay for 26,000 vulnerable colleagues incl. pregnancy	(38)	(30)	(27)	(25)	(120)
Colleague absence / backfill / additional 47,000 colleagues	(99)	(100)	(50)	(50)	(300)
Safety consumables ²	(29)	(16)	(10)	(10)	(65)
Additional distribution costs	(23)	(10)	(6)	(6)	(45)
Property costs	(33)	(21)	(21)	(20)	(95)
10% front line colleague bonus	(78)				(78)
Other costs	(71)	(47)	(11)	(8)	(137)
Total incremental costs	(371)	(225)	(125)	(119)	(840)
Business Rates Relief (England & Scotland)	101	148	147	137	532

1. Assumptions based on internal plans as at end-May 2020.

2. Safety consumables includes costs for masks, hand sanitiser, wipes, other GSNFR and additional use of carrier bags in online operations.

Figure 32. COVID-19 related absence remains high at c.32,000



Bank

Figure 33. Banking and Money Services heavily impacted

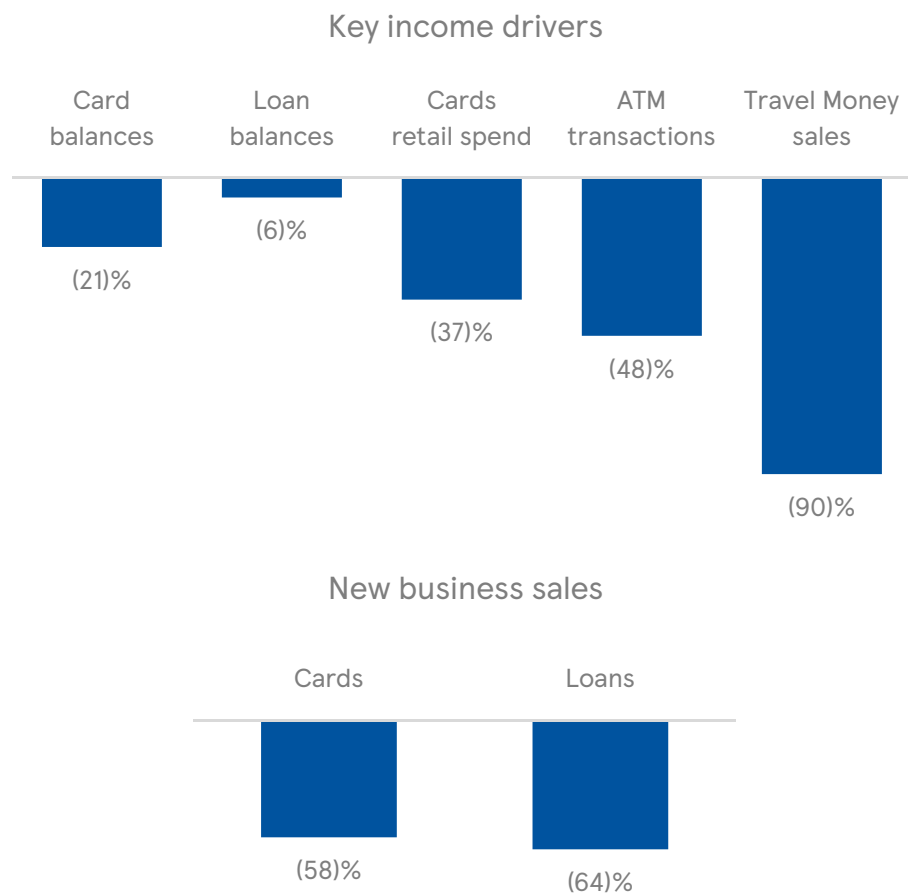


Figure 34. Capital ratios and liquidity remain strong

	1Q 20/21	YoY improvement
Tier 1 capital ratio	21.8%	+5.5%
Total capital ratio	24.6%	+6.2%
Loan:deposit ratio	100.9%	16.6% lower

Figure 35. Macro-economic assumptions have worsened¹

Scenario	April ²	Now
GDP (5 years average)	1.2%	1.3%
GDP (2Q 2020)	(12.0)%	(25.2)%
Unemployment (5 years average)	4.8%	5.5%
Unemployment peak (3Q 2020)	6.2%	7.5%
Unemployment 2020	5.6%	6.4%
Base rate (5 years average)	0.1%	0.1%

1. Forecasts are sourced from Experian.

2. 'April' scenario detail is as per Note 36 'Events after the reporting period' in FY 19/20 financial statements.

Disclaimer

Certain statements made in this document are forward-looking statements. 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", "should", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward looking statements are based on current expectations and assumptions and are subject to a number of known and unknown risks, uncertainties and other important factors that could cause actual results or events to differ materially from what is expressed or implied by those statements. Many factors may cause actual results, performance or achievements of Tesco to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Important factors that could cause actual results, performance or achievements of Tesco to differ materially from the expectations of Tesco include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty, including as a result of global pandemics. As such, undue reliance should not be placed on forward-looking 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. Other than in accordance with legal and regulatory obligations, Tesco undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.