

## Q3 AND CHRISTMAS TRADING STATEMENT 2023/24.

### Like-for-like sales (exc. VAT, exc. fuel)

Q3 covers the 13 weeks to 25 November 2023 and Christmas covers the 6 weeks to 6 January 2024

	Q3	+	Christmas	=	19 weeks
<b>UK &amp; ROI</b>	<b>+7.3%</b>		<b>+6.4%</b>		<b>+6.9%</b>
UK	+7.9%		+6.8%		+7.5%
ROI	+8.3%		+5.5%		+7.3%
Booker	+3.9%		+4.1%		+4.0%
<b>Central Europe</b>	<b>(1.4)%</b>		<b>+1.6%</b>		<b>(0.3)%</b>
<b>Retail</b>	<b>+6.6%</b>		<b>+6.0%</b>		<b>+6.4%</b>

### Ken Murphy, Chief Executive:

“The Tesco team has worked harder than ever to help customers celebrate this Christmas, with our strongest ever range of great value, fantastic quality food. I want to say a huge thank you to all of our colleagues for their relentless dedication and energy. We stepped up our investment in service over the key festive period, with more colleagues on the shop floor, helping to deliver market-leading availability and making this our best Christmas yet.

As part of our focus on value, we offered a full Christmas dinner for just £2.09 per person, helping to drive record sales in the weeks leading up to Christmas and further market share gains. We put a strong focus on quality and innovation too, with over 550 new and improved festive products. Over 18 million customers took the opportunity to treat themselves by shopping from our Finest range, which saw sales growth of nearly 17%.

Over the period we cut nearly 2,700 prices, with a further 150 prices cut just this week, cementing our position as the UK’s cheapest full-line grocer. Our powerful combination of great value, quality, availability and service means that we head into the New Year in great shape to keep delivering for customers.”

### Performance highlights.

#### UK: Continuing to outperform the market, with stronger than expected volume growth

- Strong market share performance, up +15bps to 27.9% in the four weeks to Christmas<sup>1</sup>, with net switching gains for ten consecutive periods<sup>2</sup>
- Six-week Christmas like-for-like sales increase of 6.8% includes growth of 9.2% in the four weeks to Christmas
- Consistent volume growth across the period; particular strength in fresh food supported by market-leading availability
- Now consistently the cheapest full-line grocer for over 14 months<sup>3</sup>; continuing to inflate less than all key competitors
- Prices cut on nearly 2,700 products with savings of c.10%, alongside unrivalled value proposition of Aldi Price Match, Low Everyday Prices & Clubcard Prices; further 150 Price Cuts and double Clubcard points announced this week
- Continued investment in innovation and quality with over 550 new and improved festive products, including the launch of our ‘Finest Chef’s Collection’ festive food to order range; quality perception up +91bps YoY vs market decline<sup>4</sup>; won 35 Christmas food awards
- Total Finest sales up 16.7% including a record Christmas sales week; continued net switching gains from premium retailers, now for 17 consecutive periods<sup>5</sup>
- Clubcard sales penetration up further 3ppts YoY to 83%; issued 83m digital personalised coupons and launched a personalised ‘Shop & Save’ campaign rewarding customers with additional savings over Christmas
- Online sales up 11.5%, supported by strong execution, with orders, volumes, pick rates and availability all up YoY; delivered nearly half a million Whoosh orders in lead up to Christmas
- Over two million meals donated to foodbanks by customers and colleagues through our Winter Food Collection

#### ROI: Sales and volume growth driving strongest market share in nine years

- Market share growth, up +73bps to 24.5%<sup>6</sup>; switching gains for 12 consecutive periods<sup>7</sup> & strongest share since 2015
- Particularly strong performance in fresh food driven by consistently strong volumes
- Value proposition further strengthened by market-leading Clubcard Prices deals on festive favourites; Clubcard sales penetration up 10ppts YoY to 85%
- 21 stores benefiting from extensive refresh, including new and improved fresh produce and bakery areas and new innovations across the store including coffee, hot food & food-on-the-go

## **Booker: Strong growth throughout period as we continue to win with independent caterers and retailers**

- Total 19-week Catering like-for-like sales up 3.5%
  - Catering like-for-like sales (exc. Best Food Logistics) grew 10.1%, with continued focus on value including largest ever price lock on over 700 key products throughout festive period
  - Investment in quality recognised through award of 2023 Quality Awards Foodservice Operator of the year
  - Best Food Logistics sales decline of (4.7)% includes impact of stepping away from unprofitable sales
- Total 19-week Retail like-for-like sales up 4.1%
  - Retail like-for-like sales (exc. tobacco) grew 9.4%, supported by biggest ever Christmas campaign with a new programme of 'Fantastic Festive Deals' on key lines and even lower 'Festive Four' produce prices
  - Strong execution throughout period, with market-leading availability; further 158 net new retail partners signed up
  - Tobacco sales decline of (4.2)% reflects continuing market contraction
- Opened 119k sq ft. distribution centre at former Makro site in Fareham, as part of ongoing network redevelopment, offering improved service to Booker retail partners and freeing up additional capacity within existing branch network

## **Central Europe: Encouraging response to investment in value against a continually challenging backdrop**

- Improving performance across the period, with customers responding to further investment in value, through Clubcard Prices and our Low Price Guarantee on over 500 own brand lines
- Volume growth in Food over six-week Christmas period, supported by particular focus on quality within fresh food and strong seasonal ranges
- Clubcard sales penetration up 4ppts YoY to 89%, supported by targeted digital campaigns

**Bank:** Sales up 32.8%, reflecting the impact of a higher interest rate environment and continued growth in lending, and our insurance business continuing to benefit from high levels of both renewals and new business

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## **Outlook.**

Our continued investments across the full breadth of our customer offer have resulted in a stronger trading performance than anticipated. As a result, we are upgrading our guidance for the current financial year. We now expect retail adjusted operating profit of c.£2.75bn, above our previous guidance range of £2.6bn to £2.7bn, resulting in strong retail free cash flow generation of around £2.0bn. We continue to expect Bank operating profit of between £130m and £160m.

## **Contacts.**

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A call for investors and analysts will be held today at 09:00am. A link will be available at on our website at [www.tescopl.com/investors](http://www.tescopl.com/investors). A transcript and playback facility will also be made available after the call.

We will report our full year results on Wednesday 10 April 2024.

### Additional sales detail.

19 weeks to 6 Jan 24 (exc. VAT, exc. fuel)	Sales £m	Sales change (constant rates)	Sales change (actual rates)
<b>UK &amp; ROI</b>	<b>21,196</b>	<b>+7.2%</b>	<b>+7.2%</b>
UK	16,808	+8.1%	+8.1%
ROI	1,117	+7.8%	+7.5%
Booker	3,271	+2.9%	+2.9%
Central Europe	<b>1,654</b>	<b>+0.2%</b>	<b>+2.0%</b>
<b>Retail</b>	<b>22,850</b>	<b>+6.7%</b>	<b>+6.8%</b>
Bank	589	+32.8% <sup>8</sup>	+32.8% <sup>8</sup>
<b>Group</b>	<b>23,439</b>	<b>+7.2%</b>	<b>+7.4%</b>

### UK fuel sales.

	Sales £m 19 weeks	Like-for-like sales growth				
		Q3	+	Christmas	=	19 weeks
UK exc. fuel	16,808	+7.9%		+6.8%		+7.5%
Fuel	2,398	(13.9)%		(12.1)%		(13.4)%
<b>UK revenue</b>	<b>19,206</b>	<b>+4.4%</b>		<b>+4.3%</b>		<b>+4.4%</b>

### UK channel like-for-like sales growth.

	Q3	+	Christmas	=	19 weeks
Large	+7.8%		+6.8%		+7.5%
Convenience	+4.5%		+4.6%		+4.5%
Online	+12.3%		+9.9%		+11.5%
<b>Total UK</b>	<b>+7.9%</b>		<b>+6.8%</b>		<b>+7.5%</b>

### Booker like-for-like sales growth.

	Q3	+	Christmas	=	19 weeks
<b>Total Retail</b>	<b>+4.6%</b>		<b>+2.9%</b>		<b>+4.1%</b>
Retail	+10.4%		+7.0%		+9.4%
Tobacco	(4.5)%		(3.6)%		(4.2)%
<b>Total Catering</b>	<b>+2.7%</b>		<b>+5.2%</b>		<b>+3.5%</b>
Catering	+9.4%		+11.6%		+10.1%
Best Food Logistics	(5.7)%		(2.6)%		(4.7)%
<b>Total Booker</b>	<b>+3.9%</b>		<b>+4.1%</b>		<b>+4.0%</b>

### Notes.

- UK Kantar Tesco year-on-year change in market share of Grocers' Total Till Roll on 4 w/e rolling basis to 24 December 2023
- UK Kantar net switching gains 12 w/e rolling basis to 24 December 2023
- Cheapest full-line grocer based on UK Price index, an internal measure calculated using the retail selling price of each item on a per unit or unit of measure basis. Competitor retail selling prices are collected weekly by a third party. The price index includes price cut promotions and is weighted by sales. Full-line grocers consists of Tesco, Sainsbury's, Asda and Morrisons
- Quality perception based on YouGov 12 w/e rolling basis to 7 January 2024
- UK Kantar net switching gains from M&S & Waitrose 12 w/e 24 December 2023
- ROI Kantar Tesco year-on-year change in market share of Total Grocery market on 4 w/e rolling basis 24 December 2023
- ROI Kantar net switching gains 12 w/e 26 November 2023
- Bank prior year sales have been restated to reflect the adoption of IFRS 17, which relates to insurance contract accounting