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Presentation

Operator

Will be in a listen-only mode and afterwards, there will be a question and answer session. And just to remind you, this call is being recorded. Today I'm pleased to present Dave Lewis, Group CEO and Alan Stewart, Group CFO. Please begin.

Dave Lewis

Thanks Hugh. Good morning, everyone, and thank you for joining Alan and I. It's a very busy day today, so I'll keep my remarks brief, so that we have plenty of time for your questions. Pleased to report that our growth plan is firmly on the track that we set for it and we're now grown sales for 10 consecutive quarters in the UK and Ireland and for the Group. Like-for-like sales for the Group were at 1.8%, which is our highest rate of quarterly growth since 2011.

In the UK and ROI business, like-for-like sales grew 3.5%, stepping up as we gain access to faster-growing parts of the market through Booker. Total business growth in the UK was over £300 million, significantly ahead of our competitive sets. We're beginning to realise the growth opportunity of the merger, with Booker sales up 14.3%, thanks to strong underlying performance and new business wins. In our wider Tesco business, sales were up by 2.1% in the UK driven by growth in food.

We continued the re-launch of our own brand ranges, and towards the end of the quarter, we made further price investment in our fresh foods. We've also taken some important decisions to strengthen our mix, in particular with the closure of Tesco Direct as we exit an unprofitable platform and emphasise those areas of general merchandising which are more sustainable such as homeware and cookware.

In the Republic of Ireland, we delivered a 3% growth with customers responding very positively to our more competitive pricing. It's a particularly good performance given challenges from the weather at the start of the quarter, which closed all of our stores for a day.

Turning to Central Europe, the underlying business is strengthening with continued positive growth in fresh food and basket sizes increasing. The headline sales number down 1% reflects the impact of regulatory changes in Poland, our largest Central European market, where we lost six trading days due to restrictions on Sunday openings, and in Slovakia where we had four days of restricted opening time.

In Asia, again customers are responding positively to our investments in lower prices and fresh food sales grew by 4.5%, with a particularly good performance in Malaysia.

Looking at the quarter as a whole, Asia sales were down 9% impacted by our decision to step back from bulk-selling in Thailand which we annualised in April. And at the bank, sales grew by 7% with secured lending forming an increasingly significant part of the portfolio. Mortgage products now compromise 27% of the overall lending portfolio, which is up more than four percentage point's year-on-year.

So, a good start for the year and exactly where we planned to be. We're well placed to deliver on our plans as we continue to further strengthen our offer for customers through the current months.

Thank you for listening. And I'll hand back to Hugh now for your questions.

Q&A

Operator

Thank you. Ladies and gentlemen, if you wish to ask a question, please press zero and then one on your phone keypad in order to enter the queue and then after I announce you, just ask that question. And if you find that question has been answered before it's your turn to speak, just press zero and then two to cancel. And there will be a brief pause while the questions are being registered.

Okay, our first question is from the line of Bruno Monteyne at Bernstein. Please go ahead. Your line is open.

Bruno Monteyne

Good morning, Dave. Three questions for me please. The Booker growth is a big step-up from previous quarters, a very rapid step-up. Is that largely due to the impact of like your plans related to the merger or is there some one-off because of the Palmer & Harvey business going bust before? Can you just give us some colour about whether this is new rate for Booker for the few quarters or a blip?

The second question is around Thailand or Asia. Quarter one was when it really went big negative, minus 6%, another negative on top. I thought you've been annualising against a bad quarter in Asia and things would start getting better. Can you explain that?

And the third was on online grocery, or as you call it, home shopping in UK. You don't provide numbers, but can you sort of indicate whether you are keeping market share within the overall UK online food market or whether you're still stepping down on that? Thank you.

Dave Lewis

Okay. Very good. Thank you, Bruno. Good morning. So look, to your Booker question, I think it's actually in fairness a combination of both. I think we're starting to see some of the benefits of the plans. We talk in the release about some of the things that we're particularly doing to help the service levels and performances at the Booker business. But it's obvious that some of the new business wins have come because there has been change in the market price. So, I suspect that's contributing in a one-off way. So, we are happy with the underlying business performance as I said in the script, and we're winning new business as well. But as you say, that's a significant step-up from where Booker has been historically.

In Thailand, if you go back to last year, it was 6% in the first quarter. But then it actually got stronger, i.e. the decline got stronger, in Q2 and Q3. And that's because we started in April so there is still some annualisation of that. And the other thing that you'll see is that we are making some investments in Thailand particularly around fresh food, so we made some price investments in the first quarter of this year as well. So, it's a combination of those two things which are impacting this year's number.

And in terms of online shopping, growth is around 4%. Really very happy with the fact that basket size is increasing and actually subscription rates to delivery sale have continued to increase. So better quality. In terms of market share, we're holding market share in grocery shopping.

Bruno Monteyne

Back on Asia, Dave, your Asian segment is the most profitable in terms of operating profit, as per your disclosure. Is the kind of declines you see actually because you're optimising the business or you're running the risk of having operational deleveraging in Asia and Thailand?

Dave Lewis

No, it's not an issue in terms of – look, obviously it's a trading statement rather than a margin statement. But there is no issue in terms of operational deleverage. We saw the benefits in the margin last year of changing the mix. And what you're seeing here is just finishing that mix element and then a second and subsequent investment in fresh food. And I'm seeing the volume come back. That's a model that you've seen in other parts of our business.

Bruno Monteyne
Thank you, Dave.

Dave Lewis
Okay.

Operator
Okay, our next question is of the line of Andrew Gwynn at Exane. Please go ahead. Your line is now open.

Andrew Gwynn
Hi, good morning all. Two quick questions for me.

Dave Lewis
Hi Andrew.

Andrew Gwynn
Good morning. So the first is just on the like-for-like for Booker. Could you give us the ex-tobacco like-for-like? And the second one just comes back to the – obviously in the statement you mentioned there is a little bit more price investment going into meat and fresh. So what's the logic behind that and how material is it? I think I saw on the wires this morning inflation in Q1 of around about 2%. So should we sort of gear ourselves up for a significant deceleration in that or are we really sort of talking at the margin? Thanks.

Dave Lewis
So in Booker if you look in the trading update, Andrew, you see 14.3 including tobacco, 12.4 excluding tobacco. And in fresh, it's a continuation of what it is you've seen from us over the last three years: as we improve the business and we see an important to invest for our customers we continue to do so. So that's a continuation of what you've seen from Tesco and we did that towards the end of the – the very end of the quarter.

In terms of – I think what we talked about in terms of – I was asked earlier by the media what we've seen. I think the range of different estimates I see are somewhere between 1.8 and 2.4 in the marketplace. We obviously don't give any views on inflation. We try to minimise it. And that was compared to, I think, second half at the very end of last year where it actually got slightly above 3%.

Andrew Gwynn
Okay, thanks so much.

Dave Lewis
Thank you.

Operator
Okay. Our next question is over to the line of Charlie Muir-Sands at Deutsche Bank. Please go ahead. Your line is now open.

Charlie Muir-Sands
Yeah, good morning. Three quick questions. The first one is just to clarify that comment on inflation. So you're saying that that you feel that market inflation is around 2%. I wondered if you felt at least in the exit rate whether you are still improving your price relative position?

Secondly, you've obviously announced the plans to close Tesco Direct. You haven't given the size of that business in recent years but I wondered if you could give us some help there including also what kind of sales transfer you might hope to achieve back into the stores or the dot-com business?

And then thirdly, you called out positive like-for-like sales in the clothing business which is clearly very impressive given the weather we've had.

Dave Lewis
Yes.

Charlie Muir-Sands
I just wondered whether you could talk particularly about why you think you're performing so well in that category? Thanks.

Dave Lewis
Okay. So in terms of inflation, we only ever talk about market inflation from a business point of view. As you know, we don't try and forecast or give a view. We try and minimise it for our customers. And particularly for me, we continue to ask ourselves, have we got a competitive offer? And we continue to think we have a competitive offer and that's what we see in the Group as a business.

But it's always a constant adjustment and that's why I call out the fact that we made some price investments at the very end of the quarter. But that's been a feature of the last three years. We've dropped our prices by more than 6% over that period and we continue to look to invest. So I'm quite happy with where we finish the quarter in terms of competitiveness.

Why don't I talk about clothing? I'll let Alan talk about Direct. Clothing, the F&F brand continues to perform really very well so you've seen it in terms of growth. The bit that I like is that quality is also improving, with 87% of the sales being full price, which is up 140 basis points. The feedback we get is range, quality and price have all stepped up significantly over the last three years and we're getting really strong customer appreciation for that so that's what's driving the clothing business. Alan do you want to talk about Direct?

Alan Stewart
Yeah, Charlie in terms of Tesco Direct, it's around a 400 million business and we don't expect any real transfer into the rest of the business. There are some products which are available through the grocery home shopping order, but at this point they are very, very small. It's an area as we've said we'll look at, and then we'll seek to match customers desires with what we can deliver well through the grocery home offer. I'd say at the moment it's really pretty minimal.

Charlie Muir-Sands
Great, thank you.

Operator
Okay. We're now over the line of David McCarthy at HSBC. Please go ahead, David. Your line is now open.

David McCarthy
Okay, thanks very much. Good morning gents. I just wanted to ask about pricing again. You've obviously had all the income from the suppliers starting to flow through. You know, Charles finished his negotiations in March. So, can you actually quantify the investment you've just done into pricing that you've just talked about? Is it a 100 million, 200 million? You often do give us a figure. And has that improved your relative price position, yes or no versus your key competitors? And then finally, have you done anything on pricing at Booker? Have they had any benefit through from the benefits of the supplier income?

Dave Lewis
Okay. All right David, just to help, so I think when Jason and Charles had the first conversations with suppliers in March. They're not complete and so I don't want you to get ahead of yourself in terms of what, I think your phrase was the flowing of funds. That's not the position that we are in. So, the investment has been a continued investment. I don't think I've ever given hundreds of millions as a guide.

Actually, I am more interested in what it is we do to the relative basket. So, the investments we've made have sharpened the competitive position at the end of our first quarter and we continue to look for opportunities to do that. So if, as you say, as a result of supplier negotiations we have more opportunities, then you could see that being invested in price.

I think the other bit, David, to call out when we talk about our competitive position is what we're doing with the own brand and the relaunch that we have referred to. So, we're just under 3,000 SKUs into a 10,000 SKU relaunch of the brand. We'll finish that by the end of this year. And by the positioning of the Exclusively at Tesco brands we give a much stronger value proposition for our customers as well, so that's another way of investing in price.

At the moment, there's been no price investments in Booker for the reasons as I stated before. We're not at a place where synergies are being realised to be reinvested. So that's really where we are. It continues to be that constant adjustment. As you know, we look at the price basket in very many different ways on a weekly basis and we adjust where we see either opportunities or on rare occasions now where we might see a competitive need.

David McCarthy
Okay, thank you very much.

Dave Lewis
Cheers.

David McCarthy
Thanks. Bye.

Operator
Okay. We are now over to Dan Ekstein at UBS. Please go ahead, Dan. Your line is open.

Dan Ekstein
Thank you. Good morning everyone. I've got two questions please. First one, I think at a supplier conference in the past couple of weeks, you guys were telling suppliers that there was going to be another phase of Project Reset with potential further rationalisation of the supplier base. I wondered you could talk a bit more about your plans there and what it means for both customers and suppliers?

And then the second question is on promotional intensity. Would you agree that you've become more promotional in the past six months than perhaps the year prior? And if so, how does that fit into your overall trading strategy? Thanks.

Dave Lewis
Okay Dan, so look in terms of suppliers, two things to say. One is, there's a constant review of categories that goes through the retail business. What we were talking about though in terms of the supplier conference was, we continue to look at our range through two particular lenses. The first is very customer-centric. Have we got the right range always available? And that means being prepared to give more space to the lines that matter most, and we continue to see opportunities to do that.

So, if we've got a range which is not productive, that's taking up the space of the volume that we need for the highest-selling lines then we'll continue to change the portfolio accordingly. I think the second thing is significant: we talked about having a smaller number of suppliers that we work with more strategically over a long tenure and that's what we continue to do. But we've been doing that over the last three years, and in the supplier conference we just updated people on where we are.

So, for us that feels like business as usual. And it also, I think, is where our suppliers expect that as given the strategy we said. But it's all about being much more available for customers all the time, but also in a partnership that people – both parties are happy to invest in given medium and long-term opportunities.

And then in terms of promotional intensity, no major change. I think promotion intensity for Tesco over the last six to nine months has been around sort of 30-35% so there's not been any major change in there for me to comment on really.

Dan Ekstein
Okay, thank you very much for that. Cheers.

Dave Lewis
No problem. Thanks Dan.

Alan Stewart

Sorry. The one thing I would add, Dave, is just that in terms of the promotional is that we're always interested in how it feels to a customer and obviously from our perspective, which is invisible, is what it – how much we're investing in that promotional activity. So from the outside, it might always look as if it's shifted a little bit, but when we actually – the way we measure it in terms of cost and as Dave said the 30-35% no change. But the important thing is what does the customer feel when they see that promotion.

Dan Ekstein

Thanks, Alan.

Operator

We are now over to the line of Dusan Milo at Berenberg. Please go ahead. Your line is open.

Dusan Milosaljevic

Good morning. Just two questions for me please. The first one: in regards to your own label rebranding initiatives, you've done around the 3,000 SKUs up to date. But can you please tell us what percentage of sales have you touched with this initiative? And also, if you can give us any KPIs in respect to what customer response was in respect to these rebranded own label ranges?

The second question is on Booker. It's pretty clear that consolation is helpful, of course. But doesn't that make you a bit more confident in respect to delivering the revenue synergies you were guiding on in the prelims?

And the final question was just follow-up on Dan's earlier question. The recent supplier reset, I think what Dan was referring to is probably the fact that it's going to be more of a supplier reset as opposed to the range reset. And suppliers I spoke to don't see it kind of as an ongoing process, but more as a kind of acceleration in that process of consolidating supplier base. So I just wanted to make sure if we've understood that correctly.

Dave Lewis

Okay. So Dusan, if I take them in order. So in the own label relaunch we've done 2,850 of 10,000. In terms of percentage of sales, I think it's just above 30% of sales because of the different category sizes against those SKUs. The KPIs we've used, there were a lot in the development. And there were some which are category-specific around design and quality. If you remember back to the Markets Day and other, I've given guidance on quality specifications that we set for the three tiers. So, we have to make sure that we deliver on those and we test against it.

And then obviously we look at and we track the measures in terms of trial and repeat rates, as we introduce them across and so far, so very good. I'm very encouraged by what I've seen.

In terms of Booker, look, as I've said, we're happy with the way things have started. We remain committed to the synergies that we've put into the merger case but since then we've also said that we saw, you know, our aspiration was higher than that in terms of the £2.5 billion opportunity and we continue to be, you know, aiming for that and the first ten weeks have been pretty good in that regard. So no need to change it, lots more to do but pleased with the first steps.

When you talk about supplier resets, it's true to say if you go back to 2015 there was an element of supplier reset in the category reset. So, I think I was very clear when we said we wanted to change our approach to commercial income, that what I wanted was a longer-term, more strategic relationship with our suppliers. We entered into a number of that, some didn't enter into that and fell away, so this is a continuation, for me, of what it is we've continued to do over the last three years.

The critical thing is we want the partners that want to be able to invest in our business and innovate for our customers. And you know, we've seen opportunities to do that and it's a constant reshaping of capability across the portfolio. The critical thing for suppliers is that we do that in an open and a transparent and a fully-engaged way but obviously there's, you know, a strong commercial element to that.

Dusan Milosaljevic

Very clear, thank you. And just as a clarification, 30% of sales that these initiatives have touched, that's 30% of own label sales –

Dave Lewis

Correct.

Dusan Milosaljevic
– or 30% of – own label sales, okay.

Dave Lewis
No, yeah, of the own label sales it's 30%, sorry, I thought that was your question, yeah?

Dusan Milosaljevic
Yeah, yeah. Absolutely. Thank you very much.

Dave Lewis
Okay.

Operator
Okay, we're now over to Rob Joyce at Goldman Sachs. Please do go ahead.

Rob Joyce
Hi, morning guys.

Dave Lewis
Hi Rob.

Rob Joyce
Just two from me. Just firstly on Booker and the growth, I wonder if you'd give us a little bit more clarity on the mix there? I just remember this time last year Booker said there's some very high growth again but mainly driven by the drinks category which wasn't really profitable growth. I was wondering if there's anything in here – should we think of this as profitable growth or growth mainly in categories that aren't high margin?

And then the second one is just to clarify on the pricing message. Did you say, now, year over year your relative basket is more competitive versus the rest of the big four? Thank you very much.

Dave Lewis
So, to Booker, it's pretty broad-ranged, so it's not one category focused and that comes from, you know, winning new business as well as strengthening underlying business. So, it's not skewed to any particular category, Rob. I see it across all the core grocery, as well as BWS – beers, wines and spirits – and others, so it's broad.

In terms of pricing I didn't make a relativity to the big four. What I said is I'm very happy with how we exited the quarter in a relative price position. I can't precisely remember where it was when we exited Q1 last year, I'd have to go away and have a look but all I can tell you is I'm happy with where we are in terms of our price positioning as we stand today.

Rob Joyce
Okay, so you're not seeing any of that gap being closed, really, in the first half of the year?

Dave Lewis
Which gap?

Rob Joyce
Sorry, your price – your relative – sorry, you've not seen the relative price position worsen in 2018, you haven't seen that?

Dave Lewis
No, I think what I'm saying is the price gap changed at the very end of the quarter because we made some more investments in our fresh food.

Rob Joyce
Okay, alright, thank you.

Alan Stewart
Rob, remember that in the first half of last year we took the opportunity to invest and improve our pricing position.

Dave Lewis
Indeed.

Alan Stewart
We were clear as we ended the year in April that, year on year, we'd improved our relativity and we were happy with that and we're saying that, as today, we're happy with our relativity.

Rob Joyce
Okay, thank you.

Operator
Okay, we're now over to Xavier Le Mené at Bank of America Merrill Lynch. Please go ahead, your line is now open.

Xavier Le Mené
Yes, good morning gentlemen. Most of my questions have been answered. Just one, actually: can you comment a bit more the volume trend on what you have seen in the UK recently and if you can give us a bit of granularity on fresh versus ambient food?

Dave Lewis
So, Xavier, I think what we've been trying to do, especially as we bring Booker in, is sort of move on with the measure. I'm very happy with the volume in the business but I look at the volume in a quantum across all of Tesco's business. That's why we tried to give you some of the insight. You know, our sales growth in the quarter was more than £300 million and if I look at that quantum versus the competitive set, it's a significant quantum greater than any. And that, I think, is a better proxy than getting into segmental breakdowns of volume piece by piece. So, overall, I'm really very happy with the volumes. It's translating into good – very good – conversations with suppliers but it's the quantum of sales growth that for us is crucial and at more than £300 million, it's more than a number of our competitors combined.

Xavier Le Mené
Okay, thank you.

Operator
Okay, we're now over to James Anstead at Barclays. Please go ahead, your line is now open.

James Anstead
Good morning, two questions from me, if that's okay. Firstly, I think Tesco Direct has been losing money for quite a long time, so I just wondered what prompted you to take the action to close it now, rather than two years ago, five years ago. Any comment on that? And secondly, I know that headline like-for-like sales isn't necessarily the most relevant way of thinking about the underlying sales trends in Asia but is it realistic to get back to flat like-for-like sales at some point this year, or is the impact from deflation and welfare cards likely to be too heavy?

Dave Lewis
Okay, so James, let me help. So look, I think it's fair to say I don't think Tesco Direct has ever made money. So, you know, your question is right. I think, very candidly, when we set out the plan three-and-a-half years ago we felt that we had bigger priorities on where we should put our efforts earlier. We also tried to make an investment at Fenny Lock, which was trying to address the underlying profitability, so we gave it one more go to try and change the economics of the whole structure. It didn't work. It made it better, it lost less money than it used to, but it still lost money and so actually it was all about timing, where it sat in terms of its materiality and the pecking order of things that we wanted to change in the business.

And you know, I think I've said a number of times that one of the things that Alan and I and the team have been trying to do is set over a period of time what to change when so that we don't lose any of the operational cadence as we make these changes, so it was really a function of that: having tried to resurrect the profit and it not being as successful as we would have liked to be.

In terms of Asia, look I think, you know, Q1 bulk selling finishes in April. We get back to a place where, at the moment, you know, our impact in Q1 investment is around 2% of investments, so deflation of around 2%. I don't see that being projected through the course of the year, so we do see Asia coming back. The bit that we don't know, James, is exactly what will happen in terms of welfare cards. That's something, obviously, in the hands of the government so we'll watch it. But I'm really very encouraged by the volume growth in fresh food from the investment that we've made, if I look at the underlying business. And you know, that's a way of operating that you've seen from us in the UK, in Ireland and in Central Europe. So, you know, we've got some track record with that.

James Anstead
Okay, that's helpful. Thank you.

Dave Lewis
Cheers.

Operator
Okay, we're now over to Nick Coulter at Citi. Please go ahead.

Nick Coulter
Hi, good morning.

Dave Lewis
Hi Nick.

Nick Coulter
Two from me, please. Firstly, could you talk about the decision to roll out the big-pack grocery aisles into another 50 stores, kind of that process and how you've tweaked the offer as you've gone along? And then, on Chef Central, how does Beckton differ from Bar Hill? How has that offer moved on –

Dave Lewis
Yeah.

Nick Coulter
– in the second trial? Thanks so much.

Dave Lewis
Okay. So actually, just because it will help, I'll do them in reverse if I may? So Chef Central Bar Hill was completely segregated. It was done that way because of being able to prepare whilst the merger was still being finalised. When you go to Beckton, you'll see it's not – it doesn't have a wall separating it in the same way, so it's actually incorporated into the Tesco store, so that's the evolution of that. It lowers significantly the cost of setting it up and shortens the – if you remember, I said the payback on Chef Central Bar Hill was six months. If the sales rates are similar in Beckton, then the return on investment will be even shorter.

In terms of the big pack extension into 50 large Tescos, it's really been – the things that are being modified have been mainly around range, Nick. As we try things, some things have worked, some things have not been quite right so we constantly were modifying the range and just judging from the customer reaction, because in those stores, we see some local catering participation but we also see Tesco customers taking part and, you know, roughly at the minute as we roll out, 75% of the range is working really very well, 25% of it is we tweak as we take it into different stores, will be a sort of, rule of thumb but, you know, very early days.

Nick Coulter
But in totality, given that you've moved from two to 50 in quite short order then the trends and the space productivity must be

encouraging, I suppose?

Dave Lewis
Yes, as I said last time, the sales densities of what we've put in so far have been – have meant that they hold their own, so, so far so good.

Nick Coulter
And then on, if I may, just on Beckton? Is there a minimum spend? How has that side of the experience evolved from Bar Hill because obviously you had different tills within Bar Hill, I was wondering how you've managed that?

Dave Lewis
Yeah, now, it's still the same transaction.

Nick Coulter
Okay, thank you so much.

Dave Lewis
Okay.

Operator
Okay, before going to the next question which is Stewart McGuire at Credit Suisse, if anyone has any further questions at this stage, please do press zero and then one on your phone keypad now. And, Stewart, over to you.

Stewart McGuire
I guess, that means I'm last in the queue. Hi Dave, hi Alan.

Dave Lewis
Come on, Stewart.

Alan Stewart
Hi.

Stewart McGuire
Can you just clarify the 87% of clothing at full price that's up 140 basis points, I think you said? That's question number one.

Dave Lewis
Right.

Stewart McGuire
Question number two, there's no mention of volume in the release at all and I guess, it's the backdoor way of saying, what's your inflation rate? But can you speak a little about volume, give us a little bit of colour?

And then question number, completely off-piste here, you called out the bank and the improvement in secured lending. Can you give us any colour as to what that might mean from a profitability perspective? Understanding this is trading update but given that you've commented on secured lending, that would be great. Thank you very much.

Dave Lewis
Okay, so that first one it was 87% full price up 140 bps. I think, that goes back to just really very happy with the way the team are managing the F&F brand. Quality and range, very strong feedback and as we get that right, not necessary to have so much volume on sales so that's a three-year trended improvement, very happy.

Look, in terms of volume, we talk about total quantum. We don't want to get into giving any views on inflation for the reasons that I've said many times. And now that we have a business in the UK which is across the channels that it is, we think it's better to be talking about the total quantum of growth that we're bringing and that's why I go back to the, you know, more than 300 million of sales growth. If I look at the volume under that across the business in the UK, I'm really very happy and as I say, the quantum of growth which comes back into the volume of what it is we're doing with our suppliers is significantly greater than the combination of our competitors. So, that's how we'd increasingly want you to understand what we're doing with the business.

Within that, fresh food continues to be the focal point. We continue to make new investments and are happy with the performance there. And in terms of bank, I, obviously, can't say anything about profitability and I wouldn't. I think the reason we put the mortgage rate in is we've had questions before about what is the composition of the assets in the bank and I think, as we talk to people about how much secured lending there is, you know, 27% up four points, that seems to be the thing that people are most interested in. And we've been very clear that our, you know, the strategy for the bank is we'll increase the proportion of secured lending this year and in the years ahead. So, Stewart, that's the only comment I can really give you on the bank at this stage.

Stewart McGuire
That's great. Thanks very much, Dave. Cheers.

Operator
Okay, and that was the final question for today's call. So, back to you for any closing comments.

Dave Lewis
Thanks very much, Hugh. Look as I said earlier, thank you for your time this morning. Now from a Tesco point of view, our growth plan is firmly on the track that we set for it and we're pleased with the start for the year. It's our strongest quarter since 2011 and our 10th consecutive quarter of growth for the group. Our task now is to continue the momentum, keep serving our customers better. We continue to invest in our offer and will continue to do that. So, thank you very much for joining us today and I suspect we won't see you at the AGM later this afternoon but have a fantastic weekend. Thanks very much for your time.

Operator
This now concludes the call. Thank you all very much for attending and you can now disconnect your lines.