

Tesco Preliminary results 2024/25.

Ken Murphy, Chief Executive Officer
Imran Nawaz, Chief Financial Officer

10 April 2025



TESCO

Agenda.



01. Introduction

02. Preliminary results

03. Strategic progress

04. Q&A

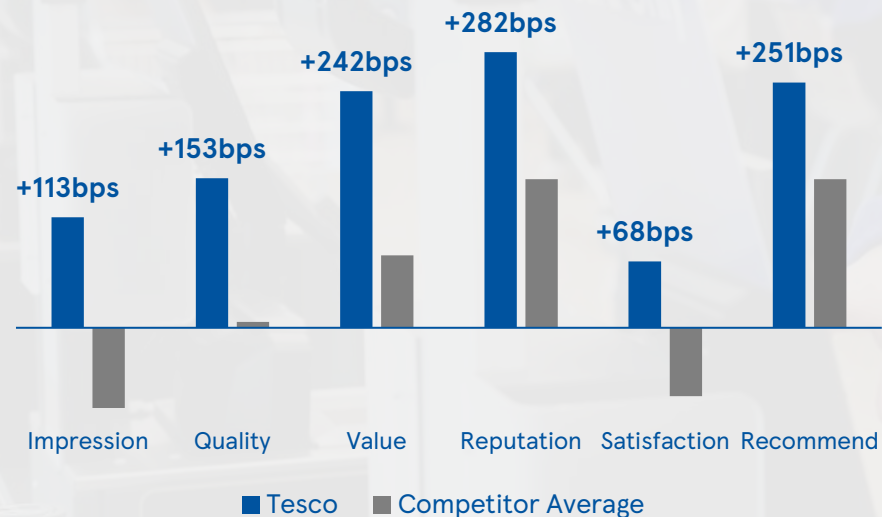
Introduction

Ken Murphy

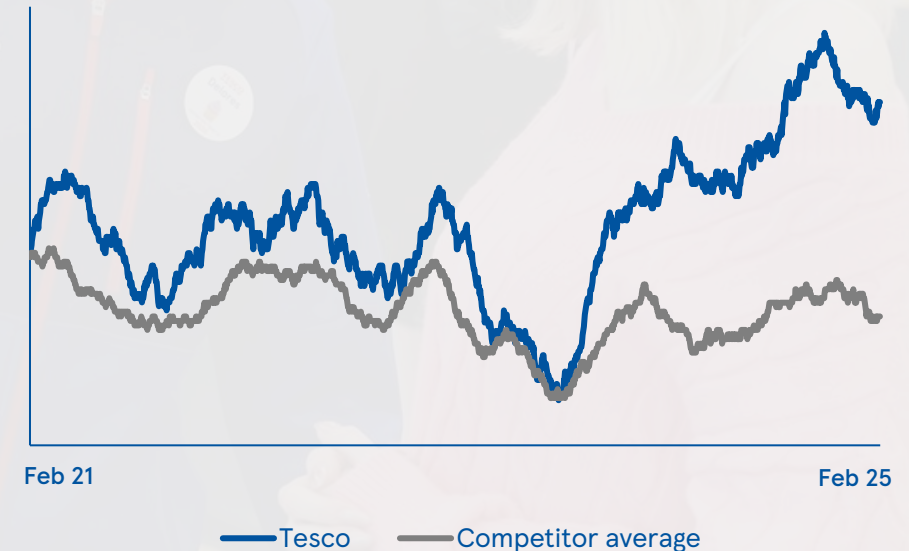


Further improving customer satisfaction.

Progress across all measures of brand perception¹



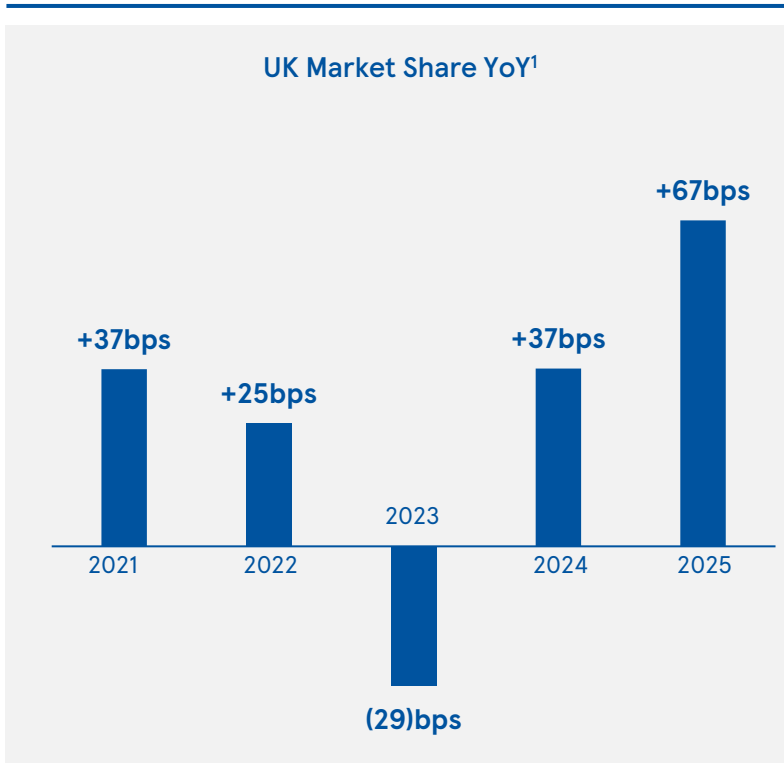
Brand perception growing ahead of market average²



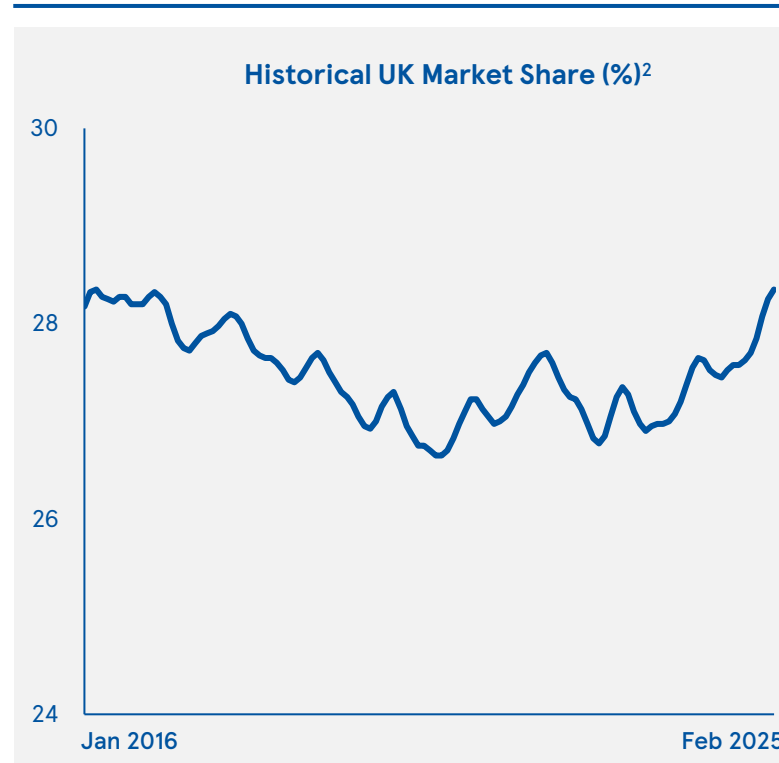
1. Brand Perception based on YouGov BrandIndex scores for the 12 weeks ended 23 February 2025. Competitor average refers to Sainsbury's, Asda, Morrisons, Aldi & Lidl.
2. Brand YouGov BrandIndex, Rebased - Brand Perception based on YouGov BrandIndex scores for the 12 weeks ended 23 February 2025. Competitor average refers to Sainsbury's, Asda, Morrisons, Aldi & Lidl.

Winning market share in UK and ROI.

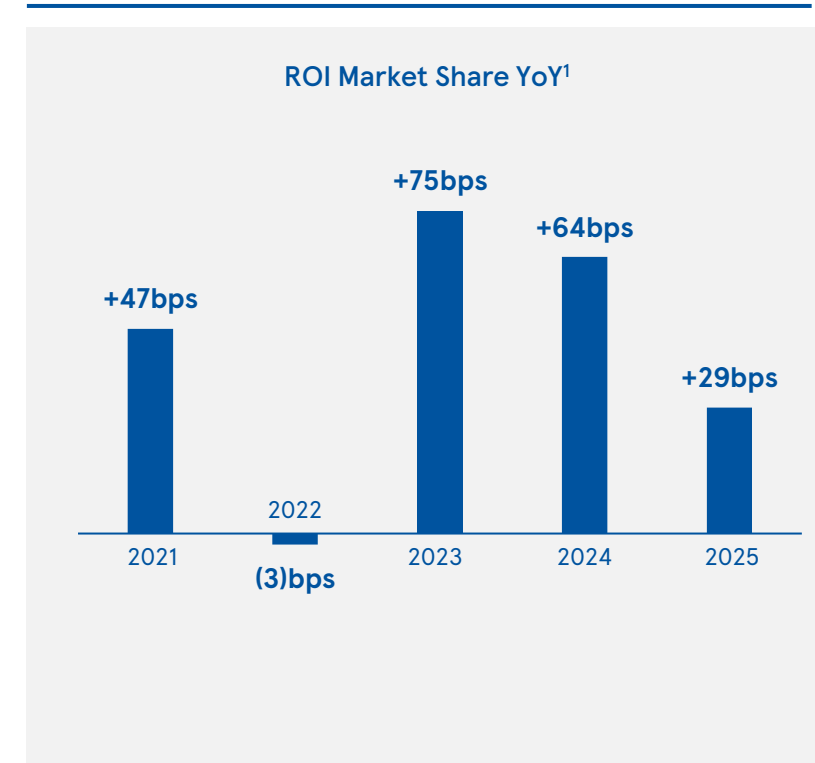
UK share gains



Highest UK share since 2016



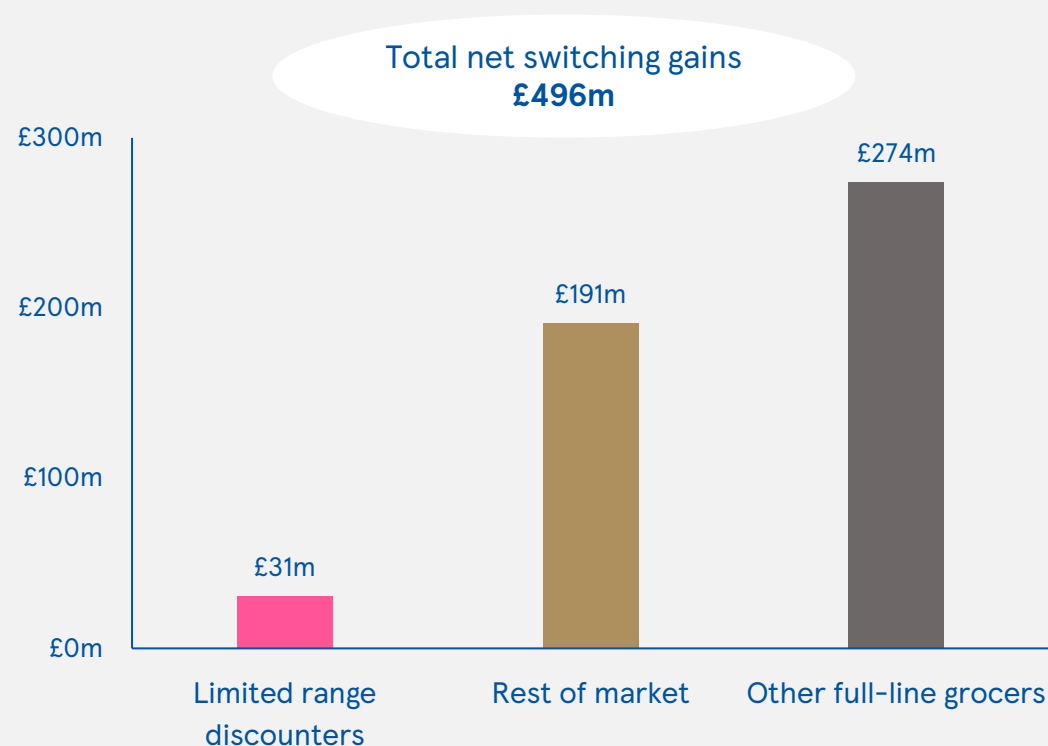
ROI share gains



1. YoY change in Kantar Total Till Roll for 12 weeks to 23 February 2025 / comparable period in prior years.
2. Kantar Total Till Roll on 12-week rolling basis: 31 January 16 to 23 February 25. Rolling average of last 4 month share.

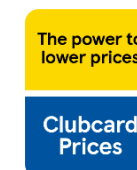
Taking share from across the market.

Net switching gains in FY 24/25¹

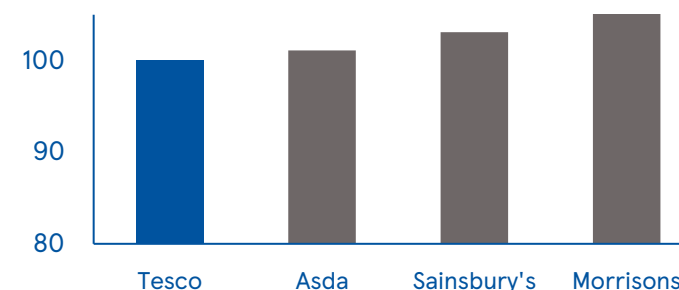


Broad-based market share gains, supported by:

- Our powerful value proposition:



- Launching >1,000 new products and improving >600
- Market-leading availability²
- Cheapest full-line grocer throughout the year³:



1. UK Kantar net switching gains 52-week rolling basis to 23 February 2025. Limited range discounters refers to Aldi & Lidl. Other full-line grocers refers to Sainsbury's, Asda & Morrisons.
2. Large store availability based on Multi channel tracker. 3 period rolling data. Responses to: "I Can Get What I Want".
3. UK Price index as of 22 February 2025: 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 to reflect customer importance.

Supporting our colleagues.

Further colleague satisfaction improvement;
85% recommend as 'a great place to work'¹

5.2% rise in UK store colleague pay
by end of August 2025

Over 21,000 colleagues now registered
for our new virtual GP service

Recognised as 'Retailer Employer of
the Year' at the Grocer Gold Awards



TESCO

1. Source: Every Voice Matters (EVM) survey, our annual colleague engagement, January 2025.

Partnering with our suppliers.

Further increase in supplier satisfaction, highlighting strong relationships¹

Extended the Tesco Sustainable Pig Group, one of six sustainable farming groups

Working together to improve supply chain resilience and sustainability

Ranked 1st in the Advantage supplier survey for ninth year running



1. Source Kantar Supplier viewpoint H2 24/25. Supplier satisfaction at 88.2% in H2 in the UK & ROI, +1.4% compared to H1 24/25 and 85.3% in CE +1.7% vs H1 24/25.

Strong financial performance.

+4%

Group sales¹

+11%

Group adjusted operating profit²

£1.75bn

Free cash flow

£1.9bn

Dividend and buybacks in
last 12 months³

1. Group sales at constant rates of exchange and excludes VAT and Fuel.
2. At constant rates of exchange.
3. Share buybacks and ordinary dividends paid in the 12 months from April 2024.

Well placed to keep winning for customers.

Robust balance sheet and a well-invested business

Positive momentum as we start the year

Recent increase in competitor activity

FY 25/26 Guidance¹

Group adjusted operating profit of £2.7bn to £3.0bn

Free cash flow within our mid-term guidance range of £1.4bn to £1.8bn

£1.45bn share buyback to be completed by April 2026



Creating sustainable value.

Improved customer satisfaction supporting volume growth and market share gains

Strong financial performance, robust balance sheet and positive momentum

Flexibility and firepower to continue winning in a highly competitive market

Full year results

Imran Nawaz



Performance headlines.

On a continuing operations basis¹

Growing sales volumes, with further market share gains in the UK and Ireland

Profit growth from stronger volumes and Save to Invest delivery

Another year of strong cash generation

Returned £1bn to shareholders through share buybacks

Net debt ratio now at 2.0x, including £0.7bn of Bank disposal proceeds

Group sales²

+4.0%

Like-for-like +3.1%

Profit³

£3,128m

+10.9% vs. last year

Free cash flow

£1,750m

£(313)m vs. last year

Net debt⁴

£(9,454)m

reduced by £230m vs last year

EPS⁵

27.38p

+17.0% vs. last year

Dividend

13.70p

+13.2% vs. last year

1. The performance of the Banking operations has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business ('IMS') has been presented on a continuing operations basis and therefore within headline performance measures.
2. Group sales at constant rates of exchange and excludes VAT and Fuel.
3. Group adjusted operating profit before adjusting items, including Insurance and Money Services. Change shown at constant rates.
4. Net debt now includes Insurance and Money Services, with the prior year reported on a consistent basis. The impact on the prior year is to reduce net debt by £80m.
5. Adjusted diluted EPS before adjusting items. Change shown is at actual rates.

Segmental performance.

On a continuing operations basis¹, where the Insurance and Money Services business has been presented within headline performance measures

	Sales ²	Change at constant Rates	LFL	Adjusted operating Profit ³	Change at constant Rates	Margin ⁴
UK & ROI	£59,450m	4.2%	3.1%	£3,016m	10.3%	4.6%
Central Europe	£4,186m	2.5%	2.2%	£112m	28.9%	2.6%
Group	£63,636m	4.0%	3.1%	£3,128m	10.9%	4.5%

1. The performance of the Banking operations has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business ('IMS') has been presented on a continuing operations basis and is now included in the UK & ROI segment.
2. Sales exclude VAT and fuel. Sales change shown at constant rates.
3. Adjusted operating profit before adjusting items.
4. Margin % at actual rates.

LFL sales +4.0%; strong volume growth throughout the year; market share gains +67bps¹

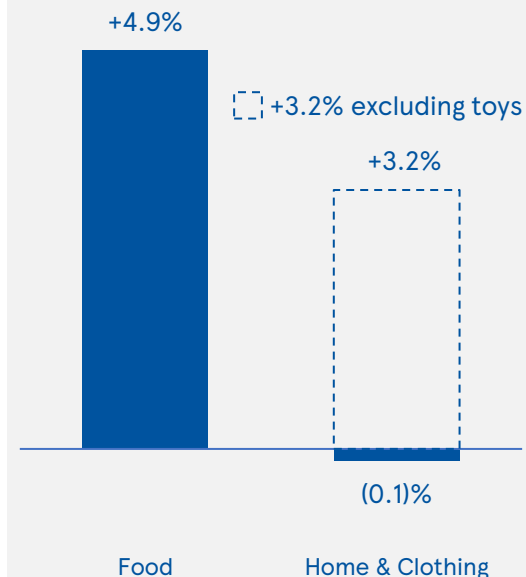
Food +4.9%; investments in value and quality delivering volume growth ahead of the market

Clothing +3.0%; strong womenswear performance

Decline in home reflects transition to a commission model for toys with The Entertainer

Strong growth in large and online; small decline in convenience due to ongoing tobacco decline

LFL – Food/Non-Food View



LFL – Channel View

Large	4.1%
Convenience	(0.2)%
Online	10.2%

UK – Online.

Sales growth¹ +10.2%; includes a c.3ppts contribution from Tesco Whoosh

Improving customer satisfaction metrics

Tesco Whoosh now in over 1,500 stores, including launch into 42 large stores

Total Online ¹	24/25	YoY change
Sales inc. VAT	£6.8bn	10.2%
Orders per week	1.3m	10.8%
Basket size ¹	£109	3.6%
% of UK total sales	13.5%	0.6ppts

1. Sales, orders and % of UK total sales includes Tesco Whoosh, Basket size excludes Whoosh.

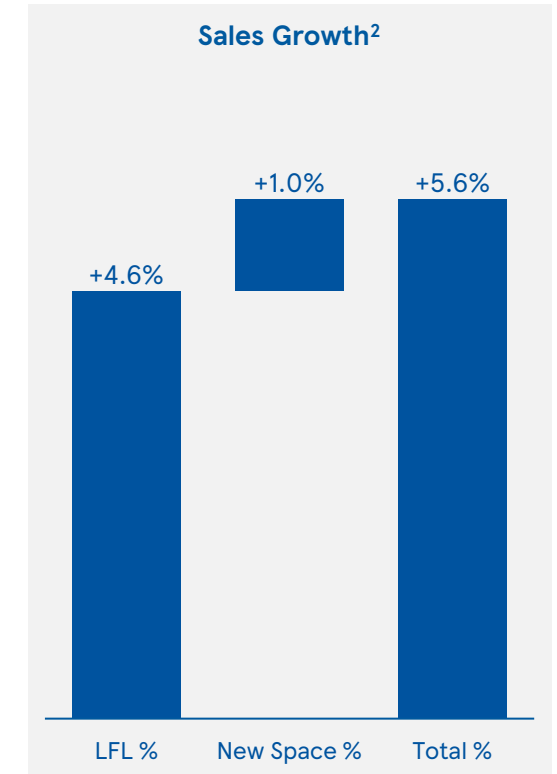
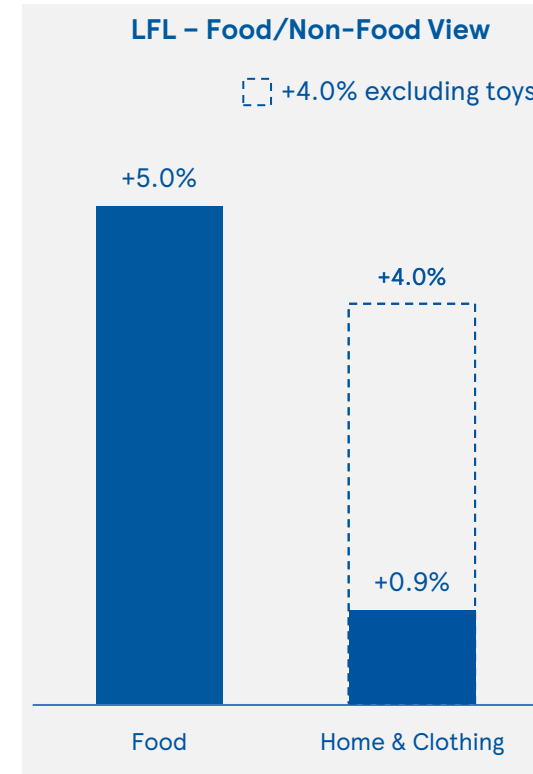
ROI.

LFL sales +4.6%, driven by strong volumes;
market share gains +29bps¹

Food sales +5.0%, supported by ongoing
investments in our fresh proposition

Home & Clothing +0.9%, reflects transition to a
commission model for toys with The Entertainer

New space contributing +1.0%pts, driven by
opening of 12 new stores



1. Kantar market share based on 12 w/e ending 23rd February 2025.
2. Growth shown at constant rates.

Booker.

Core Retail +0.9%; symbol brands¹ continue to perform well, whilst challenges in independent convenience sector continue

Core Catering +2.1%; supported by volume growth as customers responded well to our value investments

Continued decline in the tobacco market and ongoing weakness in parts of the fast-food market serviced by Best Food Logistics

	Sales	LFL
Core Retail	£3,234m	0.9%
Core Catering ²	£2,621m	2.1%
Tobacco	£1,694m	(8.8)%
Best Food Logistics	£1,441m	(5.1)%
Total	£8,990m	(1.8)%

1. Symbol brands refers to Premier, Londis, Budgens and Family Shopper.

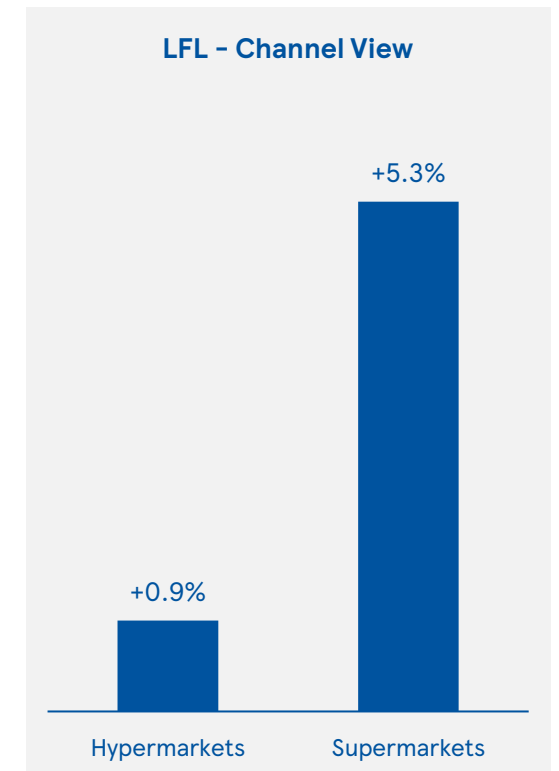
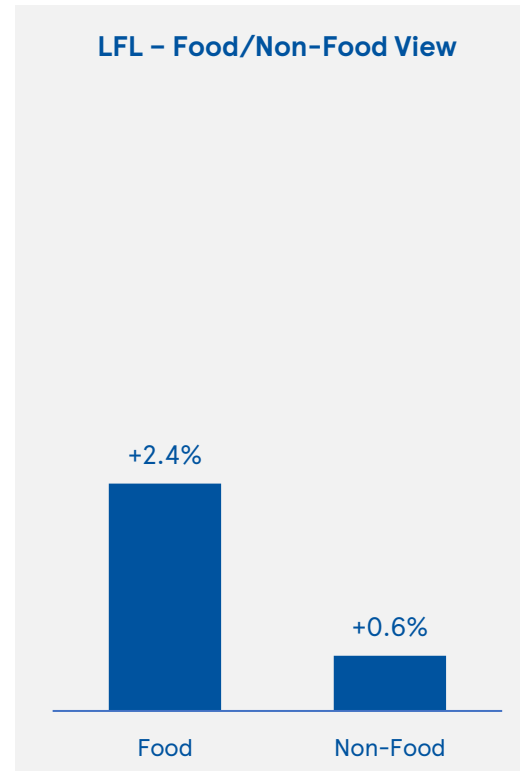
2. Includes small businesses sales and sales from Venus Wine and Spirit Merchants PLC, which was acquired in June 2024. Venus is excluded from LFL growth.

Central Europe.

LFL sales +2.2%, driven by improved category mix and volume growth

Food sales up +2.4%; volume-driven, due to positive response to value & range investments

Growth across all channels, with particularly strong growth in Supermarkets



Group operating profit.

On a continuing operations basis¹

• UK & ROI

- Strong volume growth in UK and ROI, partially offset by Booker trading challenges
- Ongoing Save to Invest delivery, more than offsetting net operating cost inflation
- Insurance and Money Services contributing c.3pppts to operating profit²

• Central Europe

- Operating profit² recovery driven by improved category mix and volume growth

	UK & ROI	CE	Group
Operating profit ²	£3,016m	£112m	£3,128m
Operating profit growth % (YoY) ³	10.3%	28.9%	10.9%
Margin ⁴	4.6%	2.6%	4.5%
Margin YoY ⁴	+30 bps	+58 bps	+33 bps

1. The performance of the Banking operations has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business ('IMS') has been presented on a continuing operations basis and therefore within headline performance measures.
2. Operating profit before adjusting items at actual rates.
3. Percentage change shown at constant rates.
4. Margin % shown at actual rates.

Statutory profit after tax.

On a continuing operations basis¹

- £(417)m of **adjusting items** reflects:
 - Non-cash net impairment charge of £(286)m, due primarily to increase in discount rates
 - Amortisation of acquired intangibles of £(76)m
- £46m decrease in **net finance costs**:
 - Lower net interest costs as a result of net refinancing activities
- £(86)m higher **tax** charge:
 - Year-on-year profit growth
 - Full year effect of higher UK statutory tax rate

	24/25 £m	23/24 £m	YoY £m
Adjusted operating profit	3,128	2,829	299
Adjusting items ²	(417)	(8)	(409)
Operating profit	2,711	2,821	(110)
Net finance costs ³	(492)	(538)	46
Joint ventures and associates	(4)	6	(10)
Group tax ³	(611)	(525)	(86)
Statutory profit after tax	1,604	1,764	(160)

1. The performance of the Banking operations has been presented as a discontinued operation to the date of disposal. The Insurance and Money Services business ('IMS') has been presented on a continuing operations basis and therefore within headline performance measures.

2. Adjusting items within operating profit.

3. Including adjusting items.

Free cash flow.

- Working capital outflow of £(45)m reflects lower trade balances in fuel, driven by price deflation. Prior year inflow driven by elevated input cost inflation
- Capex spend of £1.4bn, prioritising high returning investments
- Net interest costs lower, principally due to the impact of refinancing activity in the prior year
- Tax paid of £(355)m, £(141)m higher year-on-year:
 - No further tax relief related to the one-off pension contribution in FY 20/21²
 - Year-on-year profit growth
 - Partially offset by a one-off tax deduction arising on the accounting loss recognised from the disposal of our banking operations

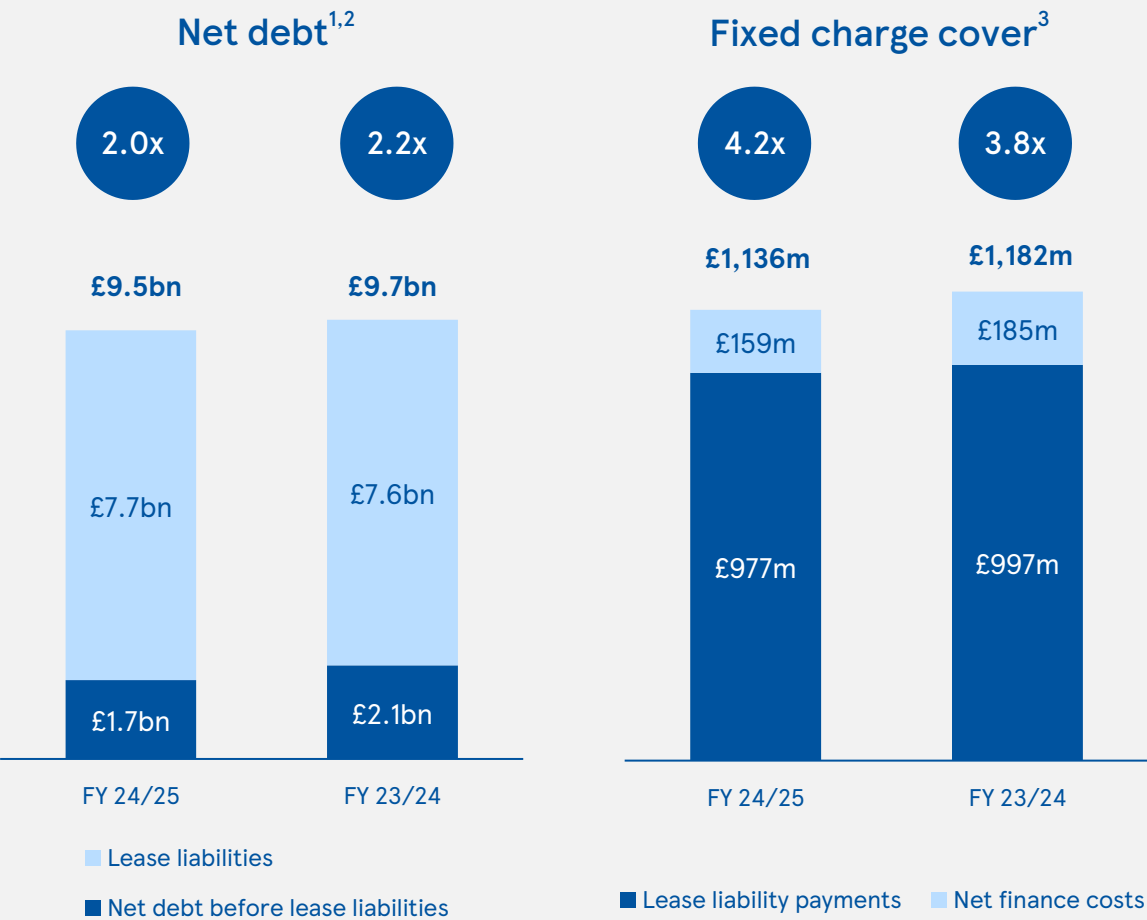
	24/25 £m	23/24 £m
Cash generated pre-working capital	4,692	4,415
(Increase)/decrease in working capital	(45)	418
Operating cash flow	4,647	4,833
Cash capex ¹	(1,392)	(1,289)
Net interest	(500)	(560)
Tax paid	(355)	(214)
Dividends received	2	9
Repayments of obligations under leases	(598)	(623)
Share schemes	(54)	(93)
Free cash flow	1,750	2,063

1. Cash capex excluding store buybacks, direct store purchases and associated refits.
 2. Tax relief was spread over four years. Fully utilised in FY 23/24.

Balance sheet metrics.

Balance sheet remains strong with net debt² ratio of 2.0x

Fixed charge cover improved to 4.2x reflecting strong EBITDA growth



1. Net debt is inclusive of IFRS 16 lease liabilities.

2. Net debt now includes Insurance and Money Services, with the prior year reported on a consistent basis. The impact on the prior year is to reduce net debt by £80m.

3. Fixed charge comprises net finance costs (excluding net pension finance income/costs, interest expense on lease liabilities, capitalised interest and fair value remeasurements) and total lease liability payments from continuing operations.

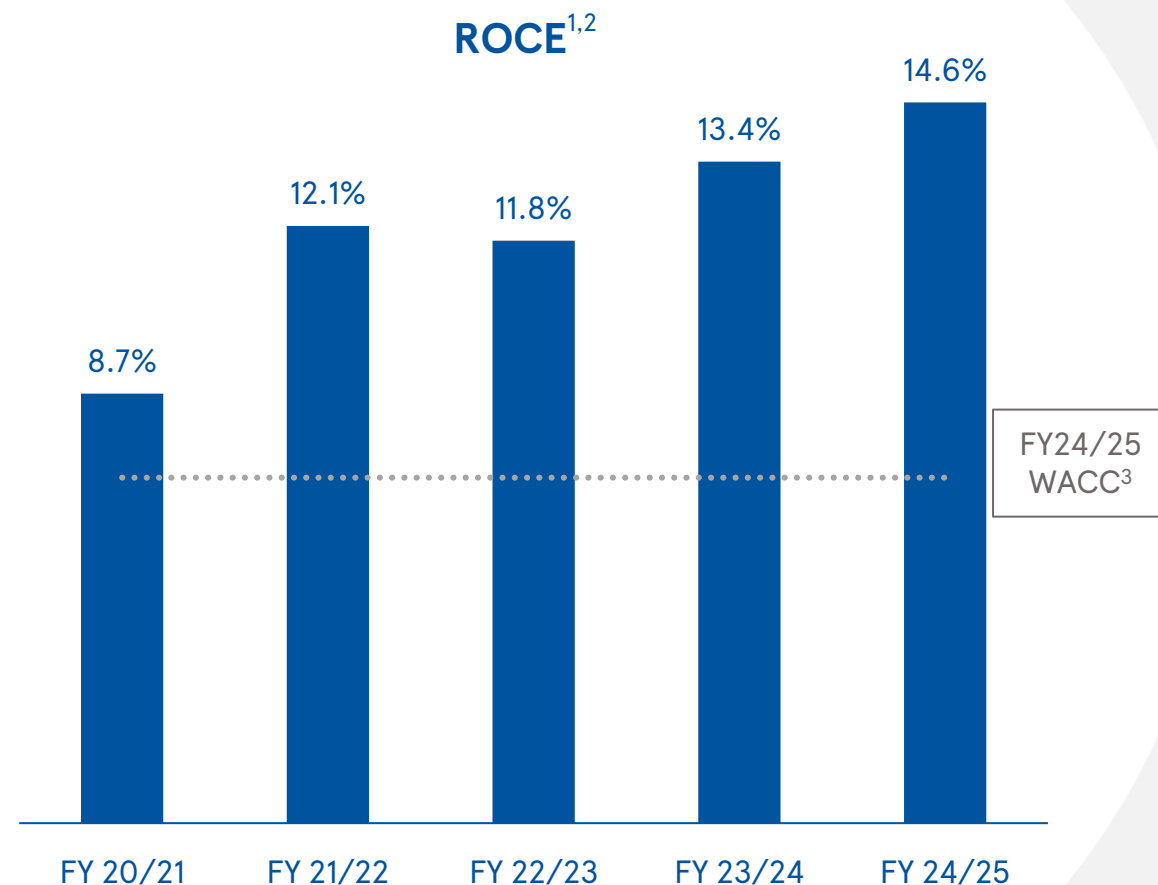
Return on capital employed.

Continued investment in our estate;
90 new stores & 463 stores refreshed

Investing in automation; new robotic automation
at our existing Peterborough DC and Aylesford
fresh food DC opening summer 2025

Developing AI technology solutions to drive
productivity, competitiveness & value for
customers

Total FY 24/25 capex £1.46bn



1. Return on capital employed (ROCE) is now presented on a Group continuing operations basis in FY 24/25, which includes Insurance and Money Services. Prior years have not been restated.

2. ROCE is defined as adjusted operating profit divided by the average of opening and closing capital employed. Capital employed defined as net assets of the Group excluding: the pension deficit/surplus, net assets of the disposal group and non-current assets classified as held for sale; current and deferred tax balances and an adjustment to remove the impact of deferred tax liabilities recorded against identified assets acquired in business combinations; and Net debt.

3. UK pre-tax weighted average cost of capital.

Strategic progress

Ken Murphy

TESCO

Multi-year performance framework.

Drive top-line growth

- Increasing customer satisfaction relative to the market
- Growing or at least maintaining our core UK market share

Grow absolute profits & maintain sector-leading margins

- Leveraging our assets efficiently across all channels
- Accessing new revenue streams across our digital platform
- Targeting productivity initiatives to at least offset inflation

Generate
£1.4bn to £1.8bn
free cash flow per year

Progress against the framework.

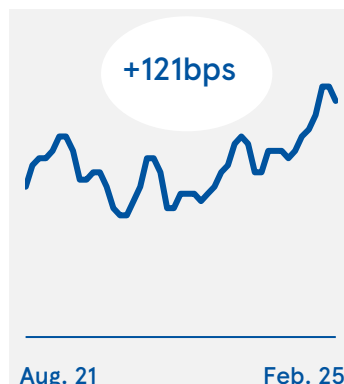
Drive top-line growth

Grow absolute profits & maintain sector-leading margins

Customer satisfaction¹



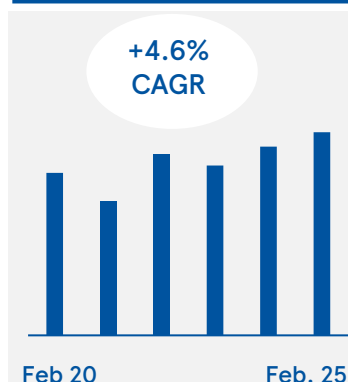
UK market share²



Top line growth



Retail adj. operating profit³



New profit opportunities



Save to invest



£9.6bn
cumulative free cash
flow since FY20/21

£1.9bn
of free cash flow on
average since FY20/21

1. Brand Perception based on YouGov BrandIndex scores for the 12 weeks ended 23 February 2025 in comparison to the 12 weeks ended 28 August 2021.
2. Kantar Total Grocers Total Till Roll on 12-week rolling basis, increase from 12 weeks ended 15 August 2021 to 12 weeks ended 23 February 2025.
3. Profit CAGR calculation compares FY24/25 with FY19/20, to avoid Covid distortion in FY20/21.

Our strategic priorities.



**Magnetic
value for
customers**

Re-defining value to become
the customer's favourite



**I love my
Tesco
Clubcard**

Creating a competitive
advantage through powerful
digital capability



**Easily the
most
convenient**

Serving customers wherever,
whenever and however they
want to be served



**Save to
Invest**

Simplify, become more
productive & reduce costs

Magnetic value.



>600 everyday essentials price matched to Aldi



>1,000 Low Everyday Prices locked until Easter

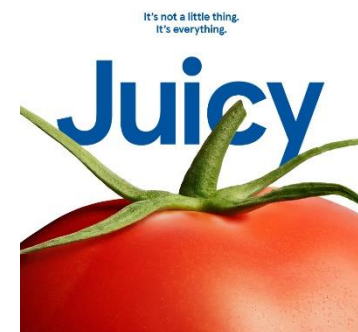
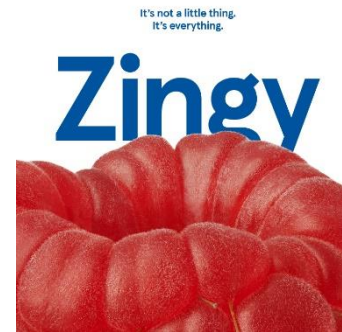
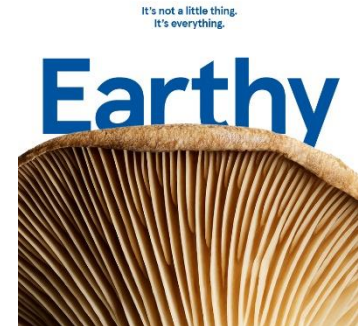
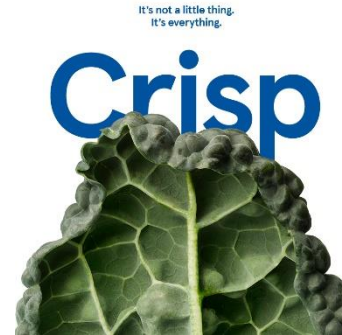


c.8,000 Clubcard Prices offered each week

Further improvements in price position against the market since January 2025

Customers could save up to £392 a year with Clubcard Prices¹

Exclusive Clubcard deals on everyday services, including Tesco Mobile and Tesco Insurance



1. Clubcard Prices saving of up to £392 is based on the top 25% of Tesco Clubcard members and large stores sales between 6 January 2024 and 4 January 2025. Tesco Clubcard Price savings versus regular Tesco price.

Leading on value.



Was £3.25
**NOW
£3**
for 400g



We've not just cut prices.
We've slashed them.

TESCO
Every little helps



Tesco Finest 6 Pork Sausages 400g, £7.50/kg.
Majority of larger stores.



Was £1.25
**NOW
£1.10**



We've not just cut prices.
We've slashed them.

TESCO
Every little helps

Tesco Honey Nut Corn Flakes 500g, £0.22/100g.
Majority of larger stores.



Was £3.25
**NOW
£2.50**
for 400g



We've not just cut prices.
We've slashed them.

TESCO
Every little helps



Tesco Strawberries 400g, £6.25/kg.
Majority of larger stores.

Investing in quality across our ranges.



Taste Discoveries range, inspired by Japanese and Korean cuisine



Health-led High Protein and Gut Sense ranges



400 new Tesco Finest products in UK, including Finest Steakhouse range; expansion of Finest in Central Europe

TESCO

Investing in our stores.

Continuously enhancing our customers' experience in store



Fresh together



Showcasing product quality and innovation



Energy efficient refrigeration

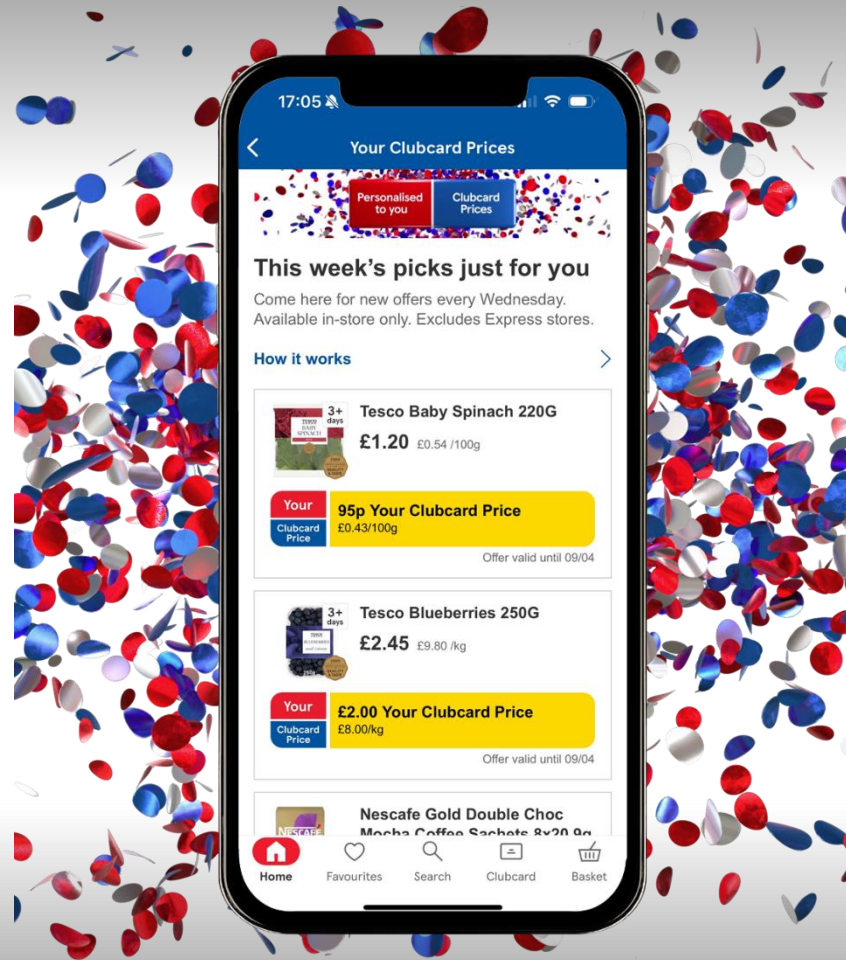
I love my Tesco Clubcard even more.



Get £100 worth of Clubcard points when you book a holiday with easyJet holidays using Clubcard vouchers.



Celebrating 30 Years of Clubcard with exclusive Reward Partner offers and competitions



Trial of Your Clubcard Prices, with customers receiving weekly offers personalised to them



Clubcard Challenges offered to 10m customers, awarding up to £50 worth of Clubcard Points

Enhanced retail media offer.

Over 9,000 campaigns delivered across the year

Growth in active advertisers and spend per campaign

Launched store wrapping at scale and video ads at Tesco.com

Over 5,000 digital screens across stores

Recognised for innovation and creativity:



Three campaign award wins and shortlisted for 'Media Brand of the Year'

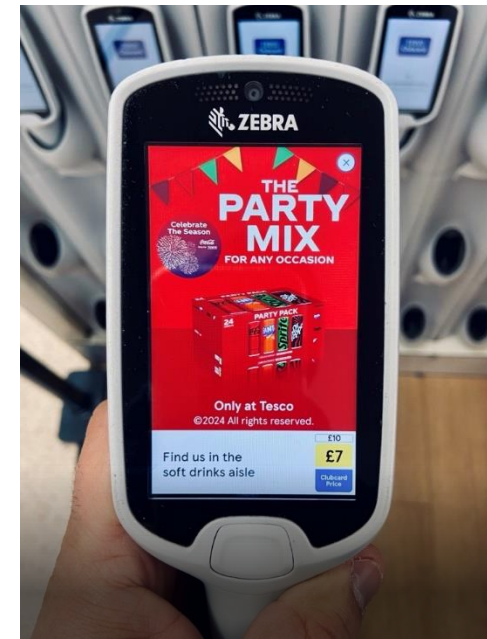


Ranked joint #1 in European retail media network



Shortlisted for 'Best Commerce Media Strategy' for Mondelez campaign

34



Easily the most convenient.

In-store



- Opened 90 new stores across the Group
- Further 463 stores refreshed

Online



- 2.4m active customers of grocery home shopping service
- 770k Delivery Saver subscribers; +9% YoY



- >1,500 stores offering Tesco Whoosh
- Tesco Marketplace: >400k products across homeware, furniture and electronics

Booker winning in a challenging market.



c.98%

Availability, improved YoY¹

VENUS

Venus integration and capacity expansion enhancing on-trade offer



Premier

Winner of 'Symbol / Franchise Retailer of the Year' for a third year



Launch of Scoot rapid-delivery service for retail partners

Supporting our communities.

Stronger Starts funding of £13m for over 12,000 projects in UK

Launched Fruit & Veg for Schools campaign, benefiting 400 UK schools

80 schools added to Stronger Starts Food Programme in ROI, bringing total to c.240

Over 300m meals donated to charities and local communities since 2016



Caring for our planet.

Reduced Scope 1 & 2 emissions by 65%¹, exceeding our 60% target by Dec 2025

On track to achieve target of 65% healthy food sales by Dec 2025²

Launched two low carbon concept farms, trialling innovation in our supply chain

1. Versus 2015/16 baseline.
2. Sales by volume in the UK and ROI, compared to our 58% 2019/20 baseline.



Well placed to keep winning for customers.

Improved customer satisfaction driving volume growth and market share gains

Strong financial performance; Group adjusted operating profit up 11%, free cash flow of £1.75bn

Significant progress in long-term growth opportunities and enhancing digital capability

Guidance provides flexibility to be able to respond to current market conditions

Creating sustainable value for every stakeholder

Appendix



TESCO

Guidance.

Group profit	Adjusted operating profit of between £2.7bn and £3.0bn
Free cash flow	Within our medium-term guidance range of £1.4bn to £1.8bn
Capex	Expect similar level of capital investment in FY 25/26 (FY 24/25: £1.46bn)
Net finance costs¹	Broadly in line with last year (FY 24/25: £(536)m)
Leverage ratio	Targeting c.2.8 – 2.3 times Net debt ² /EBITDA
Tax	Effective tax rate to remain around 27% in FY 25/26
Dividend	Progressive (broadly targeting c.50% of earnings) Interim dividend 35% of prior year full year dividend, in line with our policy
Share buyback	£1,450m share buyback programme, including return of £700m proceeds from sale of banking operations, to be completed by April 2026

1. Guidance relates to adjusted net finance costs (including finance charges payable on lease liabilities).
2. Net debt is inclusive of IFRS 16 lease liabilities.

Debt and liquidity.

Debt maturity profile

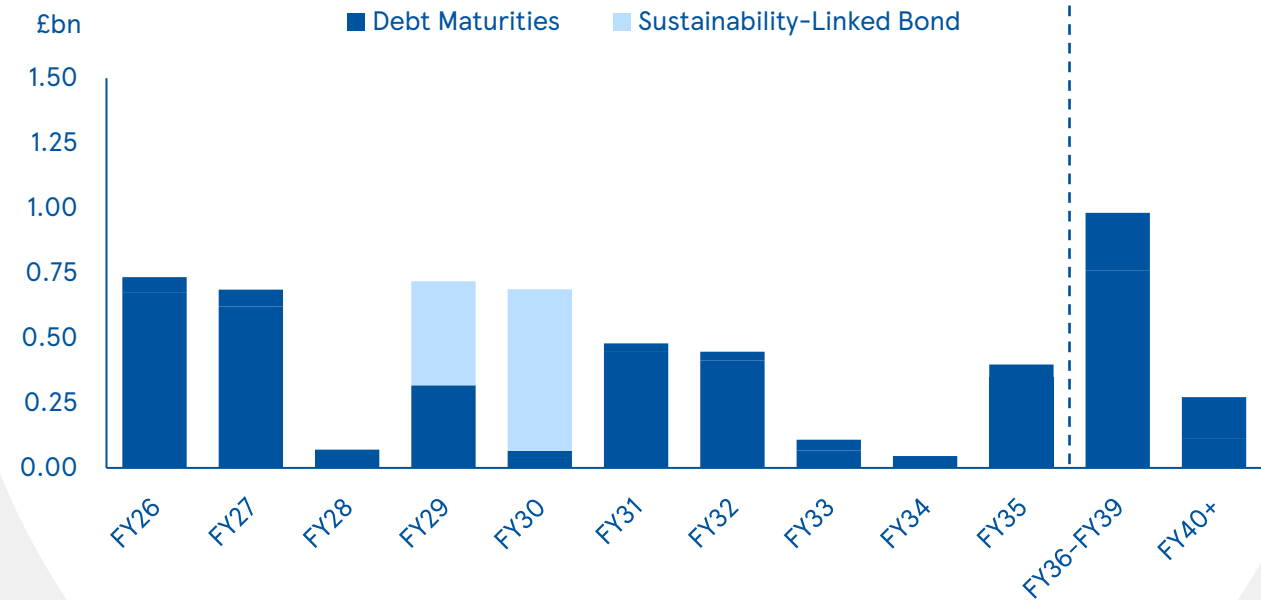
Smooth debt maturity profile

- Less than £1bn maturing in any one year
- Weighted average maturity of c.6 years

Weighted average interest cost of <5%

Strong liquidity position

- £3.6bn cash¹
- £2.5bn of undrawn committed facilities



1. Cash and cash equivalents plus short term investments less reported overdraft (figure excludes discontinued operations).

Adjusting items – FY 24/25.

	FY 24/25 £m	FY 23/24 £m
Net impairment (charge) / release on non-current assets	(286)	28
Amortisation of acquired intangible assets	(76)	(74)
Save to Invest restructuring provisions	(43)	(50)
Property transactions	2	75
Other ¹	(14)	13
Total adjusting items in statutory operating profit (continuing operations)	(417)	(8)
Net finance costs	44	20
Tax	79	68
Total adjusting items (continuing operations)	(294)	80
Adjusting items (discontinued operations)	(65)	(628)
Total adjusting items	(359)	(548)

Disclaimer.

Certain statements made in this document are forward-looking statements. For example, statements regarding future financial performance, 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.