



# **Tesco in the United States 2007**

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# Tesco in the United States 2007

- 104 guests – 68 buy-side and 36 sell-side
- 2 days
- 2 markets – LA and Las Vegas
- 8 fresh&easy stores
- 7 competitor stores
- Home office, DC, kitchen and mock store

# Key messages

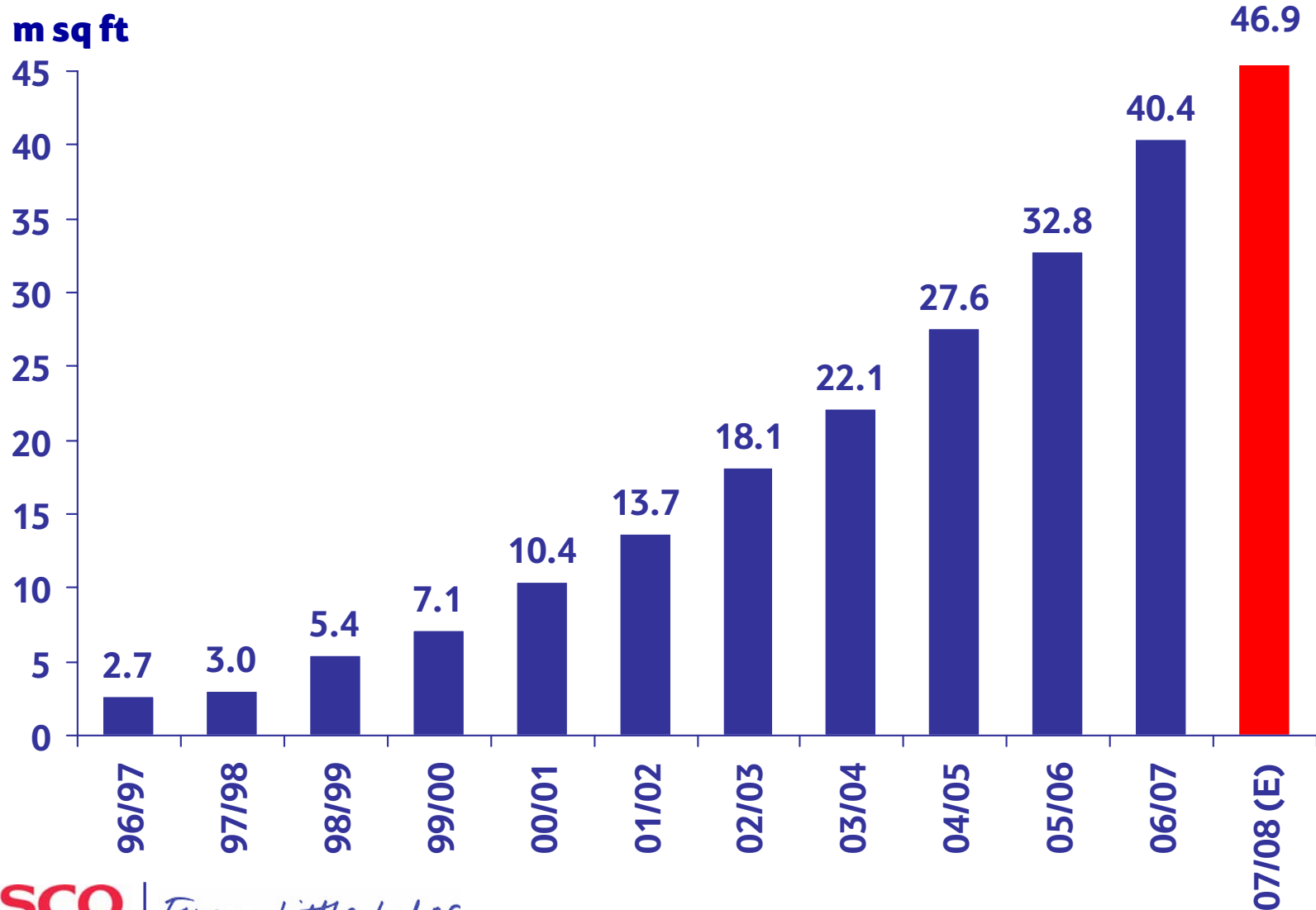
- New and potentially very significant business for Tesco
- Carefully researched format designed for US consumers today
- Launch, not a trial, into an affluent and fast growing market
- Draws on the full range of Tesco skills:
  - Format development
  - Localisation
  - Capability transfer
  - Property development
  - Fresh food supply chain
  - Branding
  - Private label
- Competitive economics - model built from scratch
- Strong and experienced management team

# Tesco International

- 1,376 stores in 12 countries
- 42m sq ft (retail)
- £11bn sales and £843m EBITDA\* last year
- £564m trading profit with margins rising to 5.7% last year
- 36% of group trading profit growth in H1
- Steadily rising returns
- Competitive, scale businesses, in good market positions

\* EBITDA excludes property profits and incremental IAS 19 pensions charge

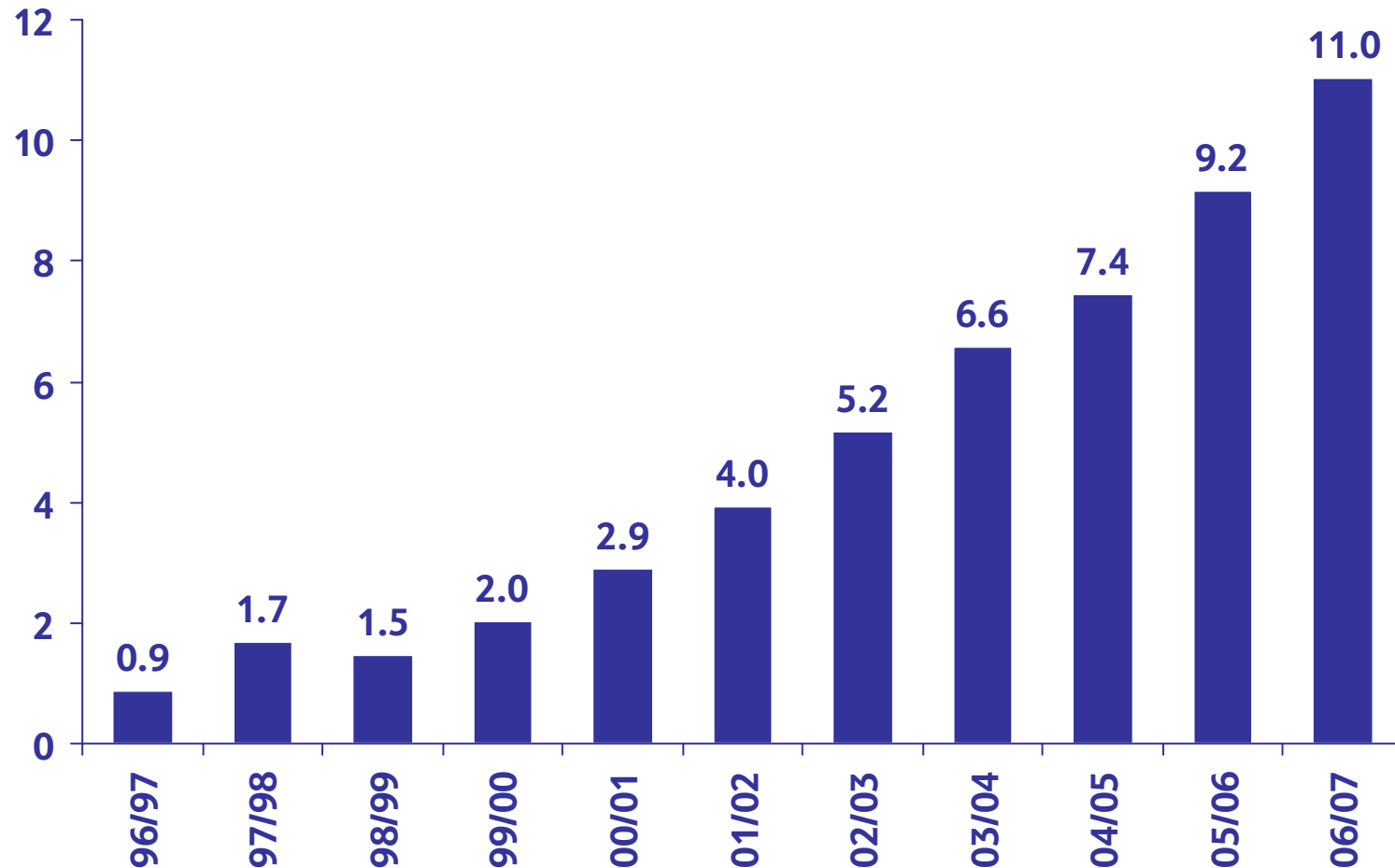
# International space



# International sales

**24%  
of group  
sales**

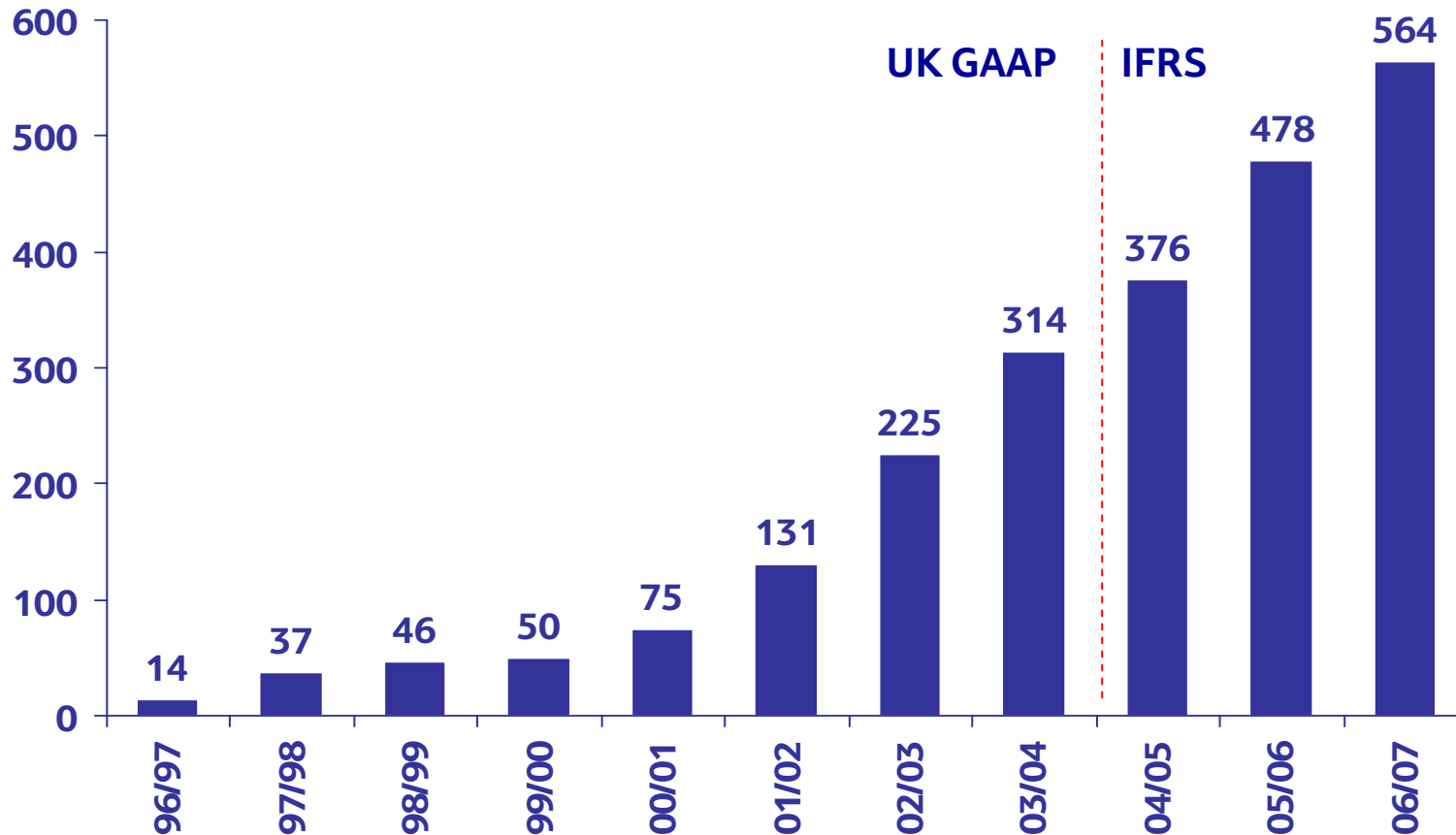
**Sales incl. VAT (£bn)**



# International profits

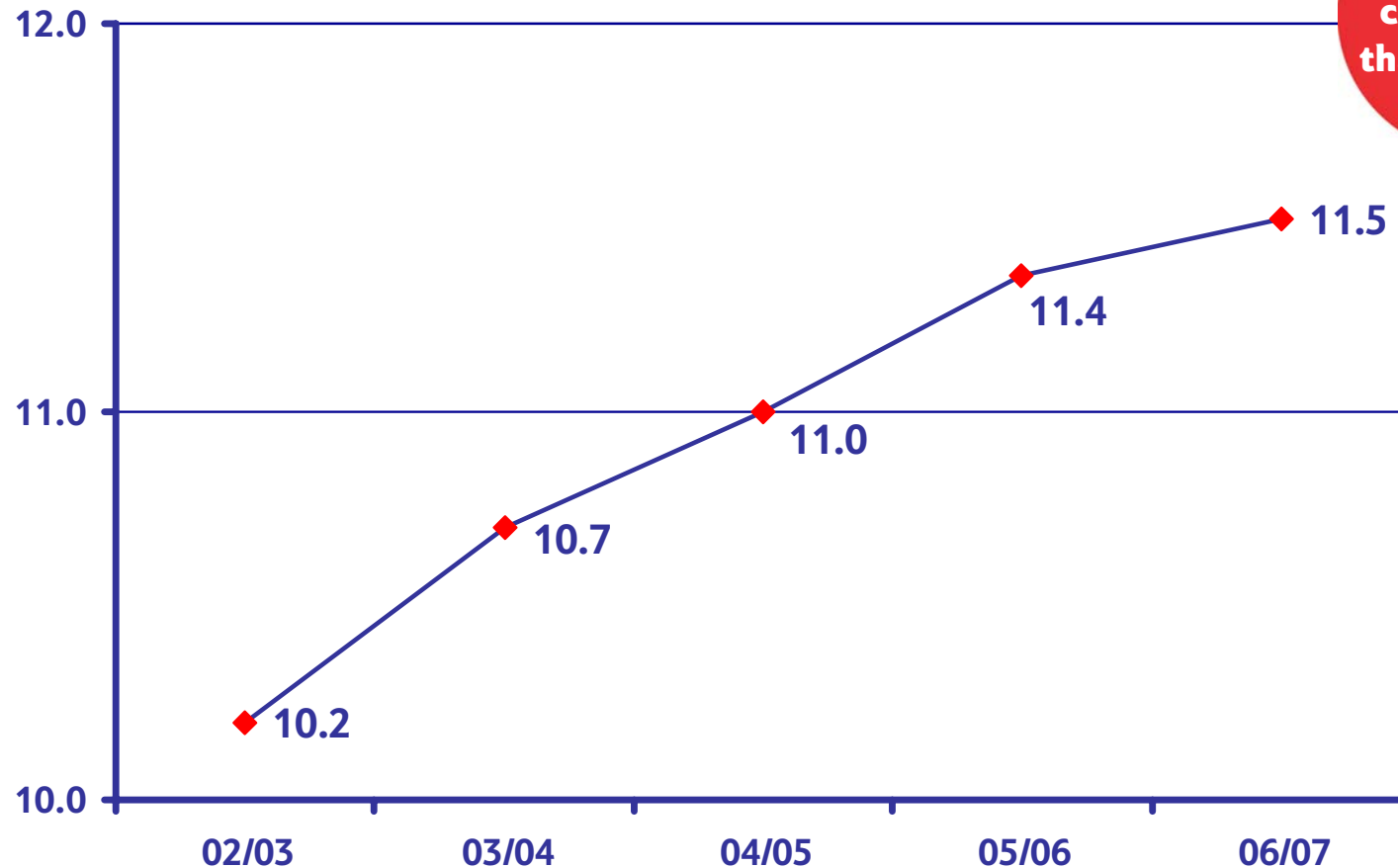
Half a  
£ billion  
profit

Trading profit (£m)



# International returns progress

Cash return on investment (%)



Over 70%  
capital less  
than 5 yrs old

# Opportunities for International returns

- Maturing assets
- Investment in high return countries
- Newer markets getting to scale
- Maximising benefit of recent acquisitions
- Lower capital intensity formats
- Supply chain investment payback
- Regional / global sourcing
- Private label / non-food expansion

# Tesco in the United States 2007

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These statements are based on our current expectations and involve certain risks and uncertainties, which are difficult to predict and may be beyond our control, as well as assumptions. If assumptions prove to be incorrect or if known or unknown risks and uncertainties materialize into actual events or circumstances, actual results may differ materially from what is forecast due to a variety of factors.

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