

CONTINUED MOMENTUM – GAINING MARKET SHARE & GROWING VOLUMES.

Sales performance (exc. VAT, exc. fuel) for the 13 weeks ended 25 May 2024:

	Sales (£m)	LFL sales change
UK & ROI	14,330	3.6%
UK	11,368	4.6%
ROI	731	4.4%
Booker	2,231	(1.3)%
Central Europe	975	0.6%
Retail	15,305	3.4%

Ken Murphy, Chief Executive:

“We’ve continued to build momentum in the business, with strong volume growth across the UK, Republic of Ireland and Central Europe supported by easing inflation. We continue to be the cheapest full-line grocer and are the most competitive we’ve ever been, with our value, product quality and service driving better brand perception and customer satisfaction. Our market share reflects this, growing more than at any other time in the past two years, with customers switching to us from other retailers, shopping with us more often and with more in their baskets.

We are looking forward to helping our customers celebrate a great summer of sport. We recently launched more than 100 new and exciting own brand products, including our Finest Dine In summer menu, based on classic pub dishes, and improved our Picnic & Deli, BBQ and Sweet Treat ranges. Tesco Finest growth was particularly strong in the quarter as customer perception of the quality of our products continues to improve.

Following another strong quarter, we're pleased to reiterate our guidance for the full year, with sales trends in line with our expectations and the business well-positioned for the months ahead.”

Performance highlights¹.

UK: Strong market share performance and strengthening volumes

- Market share growing ahead of all key competitors, up +52bps to 27.6%², supported by 15 consecutive periods of positive switching gains³
- Food sales up +5.0%, including strong volume growth across the quarter, particularly in fresh food; non-food sales up +0.7%, driven by strong growth in clothing
- Cheapest of the full-line grocers for 19 consecutive periods⁴ through powerful combination of Aldi Price Match on c.700 lines, Low Everyday Prices, with >1,000 prices locked, and Clubcard Prices
- Growth in all channels; online sales up +8.9%, driven by volume growth and strong contribution from Whoosh
- Finest sales continue to grow strongly, up +12.5%; net switching gains from premium retailers for 22 periods³
- Ongoing investment in colleague hours supporting further improvement in brand perception, customer satisfaction⁵ and availability, which is up +1.5ppts year-on-year to 95.9%

ROI: Fourth consecutive quarter of volume growth drives further market share gains

- Continued growth in market share, up +59bps⁶, with 18 consecutive periods of positive switching gains⁷
- Growth in all channels; food sales up +5.1%, with fresh volumes particularly strong, supported by investment in the fresh proposition

Booker: Continued underlying growth in core retail & catering following exceptional performance last year

- Core retail* sales up +1.0%, with further improvements in availability and 204 net new retail partners
- Core catering* sales up +2.2%, with new Fareham DC supporting increased capacity and volumes
- Overall sales decline of (1.3)% reflects continued tobacco market decline and weakness in parts of the fast-food market serviced by Best Food Logistics; performance also reflects strength of prior year comparatives
- Recent acquisition of Venus Wine and Spirit Merchants PLC strengthens on-trade premium drinks offer

CE: Sales growth driven by strengthening food volumes

- Positive customer response to sustained price investment supporting growing food volumes, up +2.8%
- Customer NPS growing ahead of the market in Hungary, Slovakia and Czech Republic⁸

* Booker 'Core retail' refers to retail excluding tobacco sales; 'Core catering' refers to catering sales excluding Best Food Logistics

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

We will report our Interim Results on Thursday 3 October 2024.

Additional Q1 sales detail (exc. VAT, exc. fuel) (on a continuing operations basis).

	Sales (£m)	Total sales change (constant rates)	Total sales change (actual rates)
UK & ROI	14,330	4.1%	3.9%
UK	11,368	5.3%	5.3%
ROI	731	5.1%	2.4%
Booker	2,231	(2.0)%	(2.0)%
Central Europe	975	0.9%	(5.0)%
Retail	15,305	3.8%	3.3%
Tesco Bank	271	59.9%	59.9%
Group	15,576	4.5%	3.9%

The results of our existing banking operations (credit cards, loans and savings) have been treated as discontinued following our 9 February 2024 announcement of the proposed sale to Barclays, with comparatives restated. As such, Tesco Bank sales included in continuing operations above refer only to the retained Tesco Bank business i.e. insurance and money services. Total Tesco Bank sales in the first quarter were £469m, which grew by 40.2%. We remain on track to complete the transaction by the end of this calendar year.

UK Fuel.

	Sales (£m)	LFL sales change
UK exc. fuel	11,368	4.6%
Fuel	1,643	(4.4)%
UK revenue	13,011	3.4%

Booker sales breakdown.

	LFL sales change
Retail (ex. tobacco)	1.0%
Catering* (ex. tobacco)	2.2%
Tobacco	(5.2)%
Best Food Logistics	(6.8)%
Total Booker	(1.3)%

* Includes small businesses sales

Guidance (as set out in our Preliminary Results published on 10 April 2024).

For the 2024/25 financial year, we expect retail adjusted operating profit of at least £2.8bn. In addition, we expect total adjusted operating profit from the retained Tesco Bank business of around £80m, which includes a part-year amount of partnership income, based on the completion of the transaction towards the end of this calendar year. We expect to generate retail free cash flow within our guidance range of £1.4bn to £1.8bn.

Notes.

1. Sales growth percentages refer to like-for-like change unless otherwise stated
2. UK Kantar Tesco year-on-year change in market share of Grocers' Total Till Roll for 12 weeks ended 12 May 2024
3. UK Kantar net switching gains 12 week ending rolling basis to 12 May 2024. 'Premium retailers' comprise M&S and Waitrose
4. 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 to reflect customer importance. 'Full-line grocers' comprise Tesco, Sainsbury's, Asda and Morrisons
5. Brand perception and customer satisfaction based on year-on-year changes in YouGov BrandIndex scores for the 12 weeks ended 26 May 2024
6. ROI Kantar Tesco year-on-year change in market share of Total Grocery market for 12 weeks ended 12 May 2024
7. ROI Kantar net switching gains 12 weeks ending rolling basis to 12 May 2024
8. BASIS Global Brand Tracker. 3 period rolling data. Responses to the question: "How likely is it that you would recommend the following company to a friend or colleague?"