

J Sainsbury plc

We employ over 185,000 colleagues who work hard every day to make our customers' lives easier and to provide them with great products, value for money and service whenever and wherever it is convenient for them.

Food

Our strategic focus is to help our customers live well for less. Through the combination of our supermarket, convenience and groceries online offerings, we ensure that customers are able to access great value, high quality products in the way that suits them, when it suits them. We continue to invest in range, price, service and quality, both in our own label offer, but also working with a broad variety of exciting brands to differentiate our offer. We are using space innovatively in our larger supermarkets by working with selected partners to maximise our use of space and help make Sainsbury's an attractive retail destination.

General Merchandise & Clothing

We offer a wide range of products across our Argos, Tu, Sainsbury's Home and Habitat brands, in stores and online. Since acquiring Argos in September 2016, we have rapidly integrated the business, realising significant synergies. The supply chain and fulfilment model of Argos means we are strongly positioned to serve our customers whenever and wherever they want. Offering high street style at supermarket prices has made Tu clothing very popular with our customers.

Financial Services

Financial Services are an integral part of our business, representing another opportunity for the group to offer a full range of services to our customers. Sainsbury's Bank & Argos Financial Services, together, offer accessible products such as mortgages, credit cards, insurance, travel money, and personal loans that reward loyalty.

H1 18/19 Highlights

Headline figures

£302m ↑ 20%

Underlying profit before tax

3.1p ↔

Interim dividend

£16,612m ↑ 4%

Retail sales inc VAT, inc fuel

10.3p ↑ 18%

Basic earnings per share

Group performance

£351m ↑ 15%

Group underlying operating profit

£619m ↑ £183m

Free cash flow

£335m ↑ 23%

Retail operating profit

3.2x ↓ from 3.6x

Lease adjusted net debt/
underlying EBITDA

£16m ↓ 53%

Financial Services operating profit

£834m ↓ £530m from

Net debt March 2018

2.25% ↑ 36bps

Retail underlying operating margin

£121m

Cost savings

Sales

0.6%

LfL sales increase inc VAT, ex fuel

4.3% 🛒

Convenience sales growth

6.9% 🛒

Groceries online sales growth

1.2%

Total retail sales growth inc VAT, ex fuel

Categories

1.2% 🛒

Grocery sales growth

1.5% 🛒

General Merchandise sales growth

(1.0)% 🛒

Clothing sales growth

£63m

EBITDA synergies delivered in H1

Opened

60

Argos SiS, total 251

Taste the Difference

food sales

↑ **3%**

volume

↑ **4%**

Market leading rate of pay

£9.20p

per hour for Sainsbury's store colleagues

Nectar

19m

collectors

Largest loyalty programme in the UK

Growing customer numbers at Sainsbury's Bank

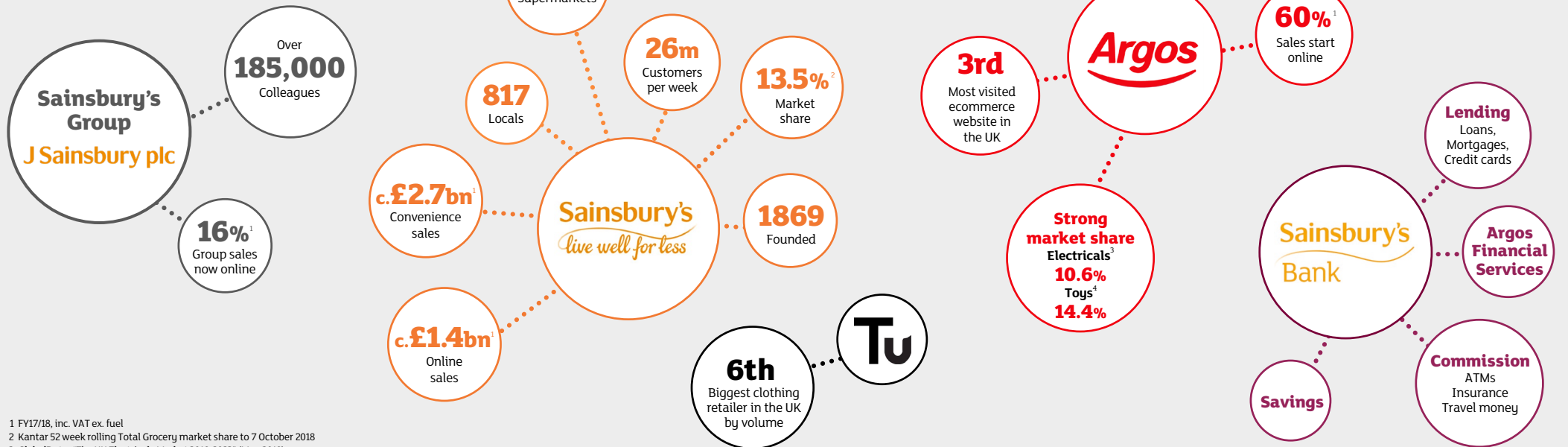
↑ **5%**

Argos Financial Services

↑ **8%**

Group overview

as at 22 September 2018



1 FY17/18, inc. VAT ex. fuel
 2 Kantar 52 week rolling Total Grocery market share to 7 October 2018
 3 GlobalData, "The UK Electricals Market 2018-2023" (May 2018)
 4 NPD, "UK Toys Market Overview: NPD Consumer Panel - Full Year 2017" (March 2018)

Investment case

A stable food business

Growth opportunities in Clothing, General Merchandise and Sainsbury's Bank

Leveraging our assets; store estate, brands, online presence, customer knowledge, logistics

Generating strong, consistent cash flows, which:

- Fund a consistent dividend
- Can be reinvested in higher return growth opportunities

Our business strategy

“Our vision is to be the most trusted retailer where people love to work and shop. Our goal is to make our Customers’ lives easier every day by offering great quality and service at fair prices.”



Priority 1
Further enhance our differentiated food proposition

Priority 3
Diversify and grow Sainsbury's Bank

Priority 2
Grow General Merchandise and Clothing and deliver synergies

Priority 4
Continue cost savings and maintain balance sheet strength

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