

# J Sainsbury plc

We employ over 178,000 colleagues who work hard every day to make our customers' lives easier and to provide them with great products, quality 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 concession partners to maximise our use of space and help make Sainsbury's an attractive retail destination.

## General Merchandise & Clothing

We are one of the largest general merchandise and clothing retailers in the UK, offering 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 cutting-edge 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. We are strongly positioned in womenswear and childrenswear.

## 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.

## Q1 19/20

### Headline figures


**(1.6)%**

LfL sales growth inc VAT, ex fuel


**(1.2)%**

Total retail sales growth inc VAT, ex fuel

#### Categories

**(0.5)%** 

Grocery sales growth

**(3.1)%** 

General Merchandise sales growth

**(4.5)%** 

Clothing sales growth

### Channel performance

**1.5%** 

Convenience sales growth

**5.1%** 

Groceries online sales growth

### Q1 highlights

Reduced prices on more than  
**1,000**  
Own brand products

**Improved**  
Grocery market share performance

Pay@Browse technology now available in  
**206**  
Argos stores

Smartshop now available in  
**148**  
stores

**1.3m**  
Customers now regularly use the Nectar app

Now the **5th** biggest clothing retailer in the UK by volume

## FY 18/19 Highlights

### Headline figures

**£635m** ↑ 8%

Underlying profit before tax

**11.0p** ↑ 8%

Final dividend

**£28,466m** ↑ 2%

Retail sales exc VAT, inc fuel

**22.0p** ↑ 8%

Underlying earnings per share

### Group performance

**£723m** ↑ 4%

Group underlying operating profit

**£461m** ↑ £29m

Free cash flow

**£692m** ↑ 11%

Retail operating profit

**3.5x** ↓ from 3.6x

Lease adjusted net debt/underlying EBITDA

**£31m** ↓ 55%

Financial Services operating profit

**£1,636m** ↓ £222m

Net debt

**2.43%** ↑ 19bps

Retail underlying operating margin

**£220m**

Cost savings

### Sales

**(0.2)%**

LfL sales increase inc VAT, ex fuel

**0.4%**

Total retail sales growth inc VAT, ex fuel

**3.7%** 

Convenience sales growth

#### Categories

**0.6%** 

Grocery sales growth

**0.0%** 

General Merchandise sales growth

**6.9%** 

Groceries online sales growth

**(0.8)%** 

Clothing sales growth

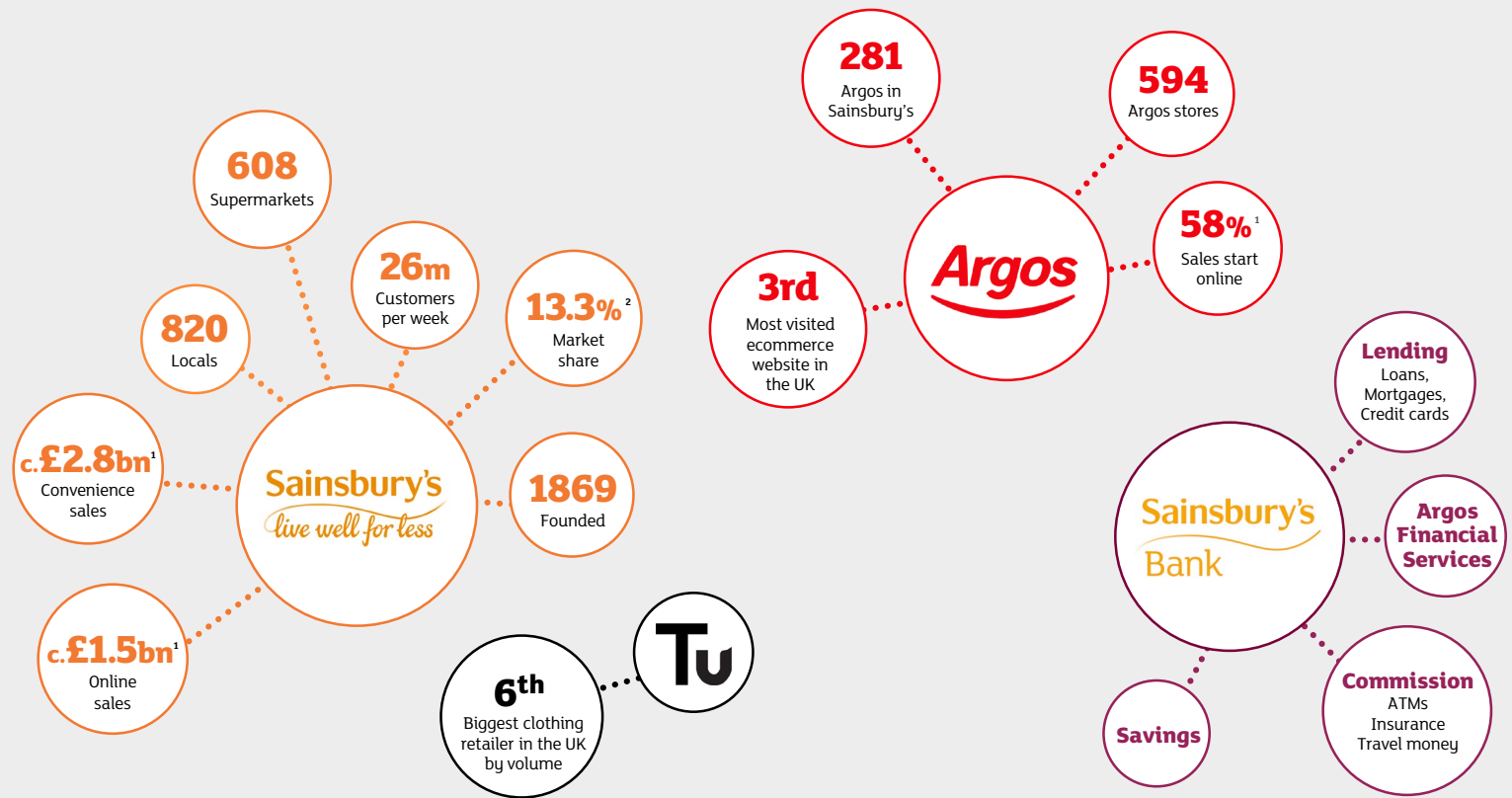
**£6.6bn**  
General Merchandise

**£19.4bn**  
Grocery

**£950m**  
Clothing

# Group overview

as at 9 March 2019



<sup>1</sup> FY18/19, exc. VAT inc. fuel  
<sup>2</sup> Kantar 52 week rolling Total Grocery market share to 24 February 2019

## Investment case

A strong, differentiated 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
- Reduce leverage
- 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**  
Differentiate food and grocery through quality, value and service

**Priority 3**  
Offer our customers easy access to financial services

**Priority 2**  
Grow General Merchandise and Clothing

**Priority 4**  
Generate efficiencies to invest in our digital future

**Priority 5**  
Strengthen the balance sheet

## Investor Relations contacts

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