

Osmaston Park

25 January 2012

Overview

- Update from John Rogers
- Meet Sainsbury's management
- Tour logistics

2011/12 Interim Results

Highlights

	H1 2011/12 £m	H1 2010/11 £m	Change %
Underlying results			
Sales (inc VAT)	12,848	11,944	▲ 7.6
Sales (inc VAT, ex fuel)			▲ 4.3
Operating profit	396	370	▲ 7.0
Net finance costs	(57)	(51)	▼ (11.8)
Share of JV profits	15	13	▲ 15.4
Profit before tax	354	332	▲ 6.6
Tax rate	26.6%	26.5%	▼ (10) bps
Basic EPS ⁽¹⁾	13.9p	13.1p	▲ 6.1
Interim dividend	4.5p	4.3p	▲ 4.7
Statutory results			
Items excluded from underlying results	41	134	n/a
Profit before tax	395	466	▼ (15.2)

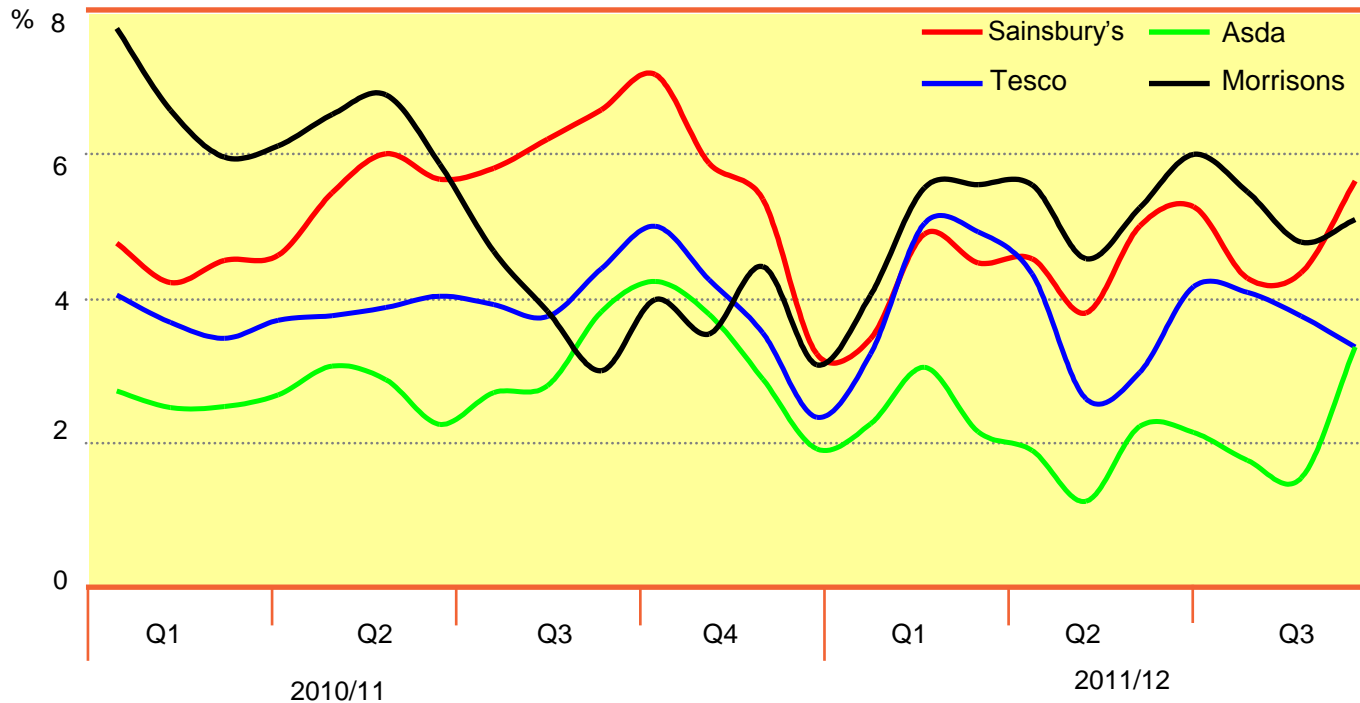
(1) Basic underlying earnings per share

Sales growth

- Good sales performance in a challenging market
 - 28 quarters of like-for-like sales growth
 - consistent contribution from new space

Sainsbury's strong in a tough market

Sales growth¹

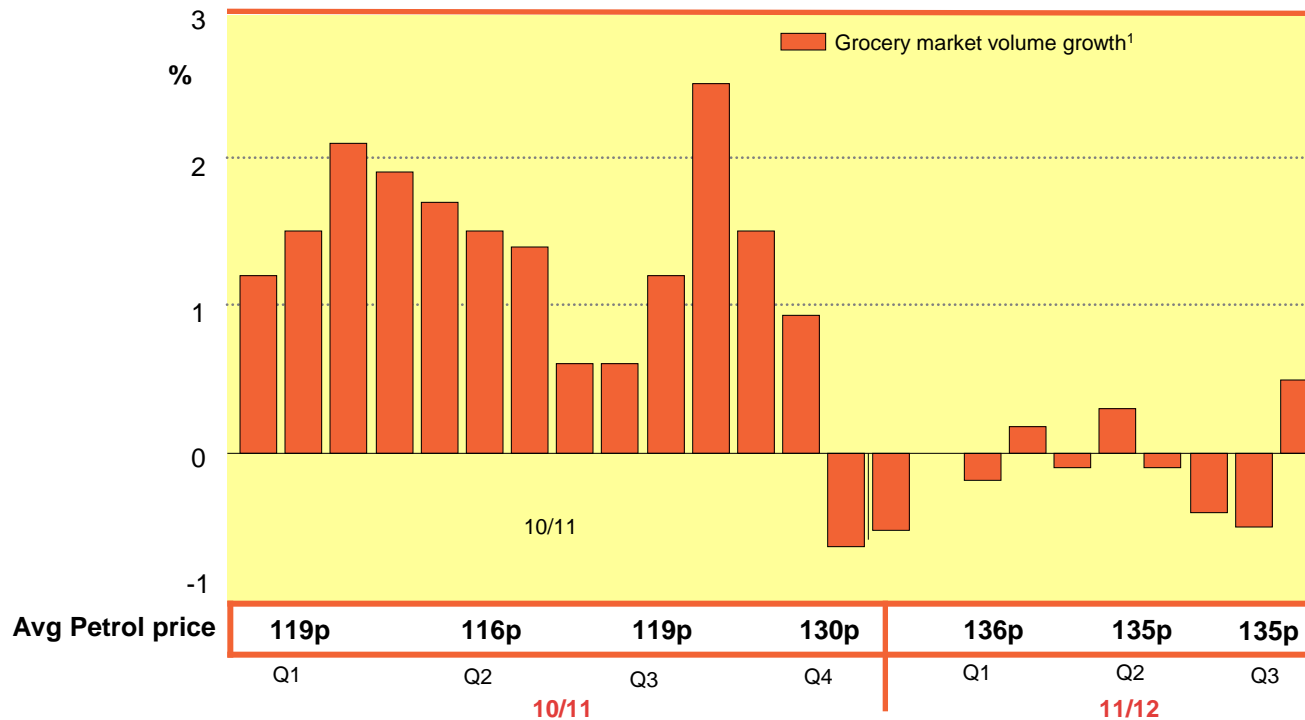


⁽¹⁾ Kantar Total Till roll 12 w/e

Market Backdrop

Customers spending to a budget

- Customers have adopted new behaviours to cope with economic pressures
- Economic environment to remain challenging

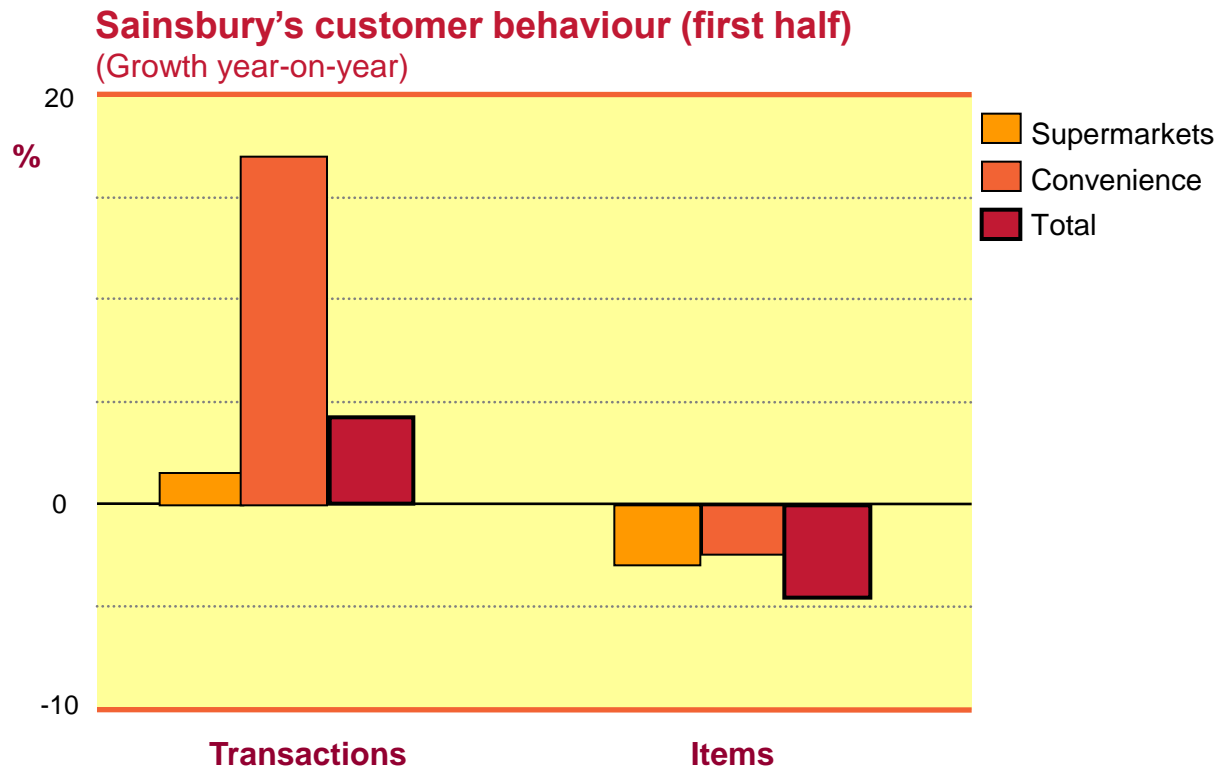


(1) Kantar Total Till roll 12 w/e

Market Backdrop

Savvy shopping

- Customer transactions up almost 1 million to nearly 22 million⁽¹⁾
- Customers spending more locally and managing spend in the basket



(1) Average weekly transactions

Live Well For Less

Quality products at great prices



"I can help my family lead a healthy lifestyle with tasty and nutritious meals that don't cost the earth"

"They care about helping their customers do a little more with their shopping budget"

"Sainsbury's are allowing you to live the high life on a budget"

Live Well For Less

Value for values



Sainsbury's
20 by 20
Sustainability
Plan



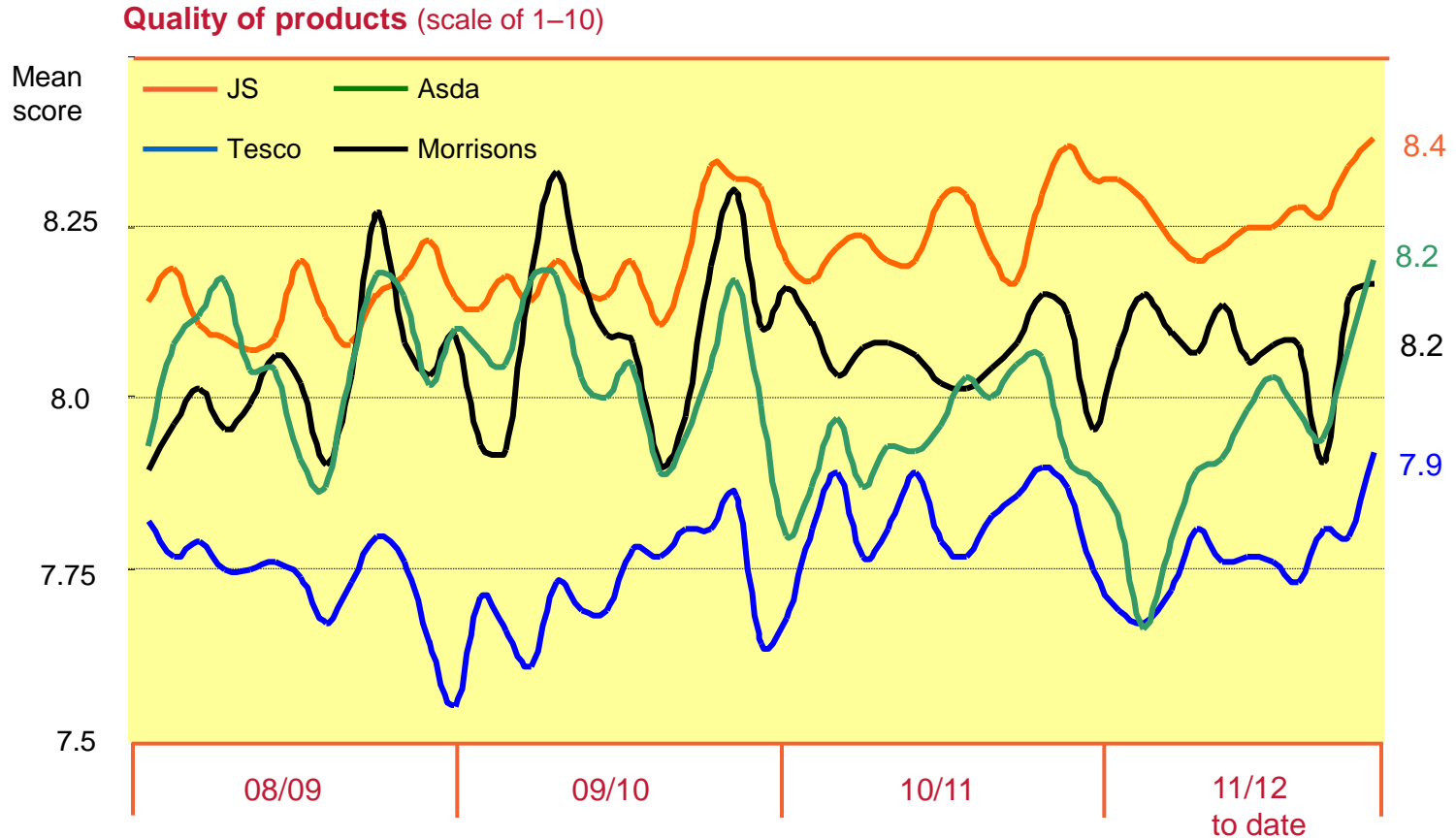
1 million kids
CHALLENGE We are
Active Kids **2011**



Sainsbury's
official partner of the Paralympic Games

Live Well For Less

Customers rate us number one for quality food

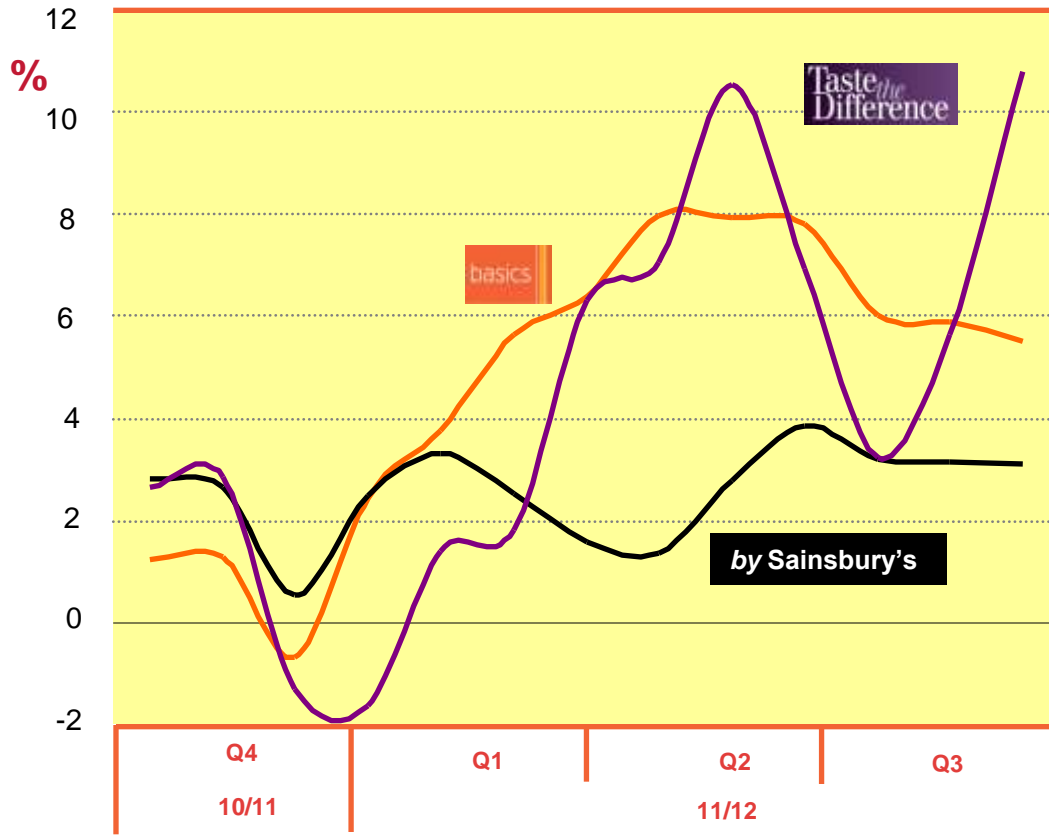


Source: Ipsos-MORI unweighted rolling 8 wk data, questionnaire completed online since Jan 2009
Base sizes per rolling period: JS (c800), Tesco (c400), Asda (c250), Morrisons (c200)

Live Well For Less

Own label strong and growing

Own label driving sales

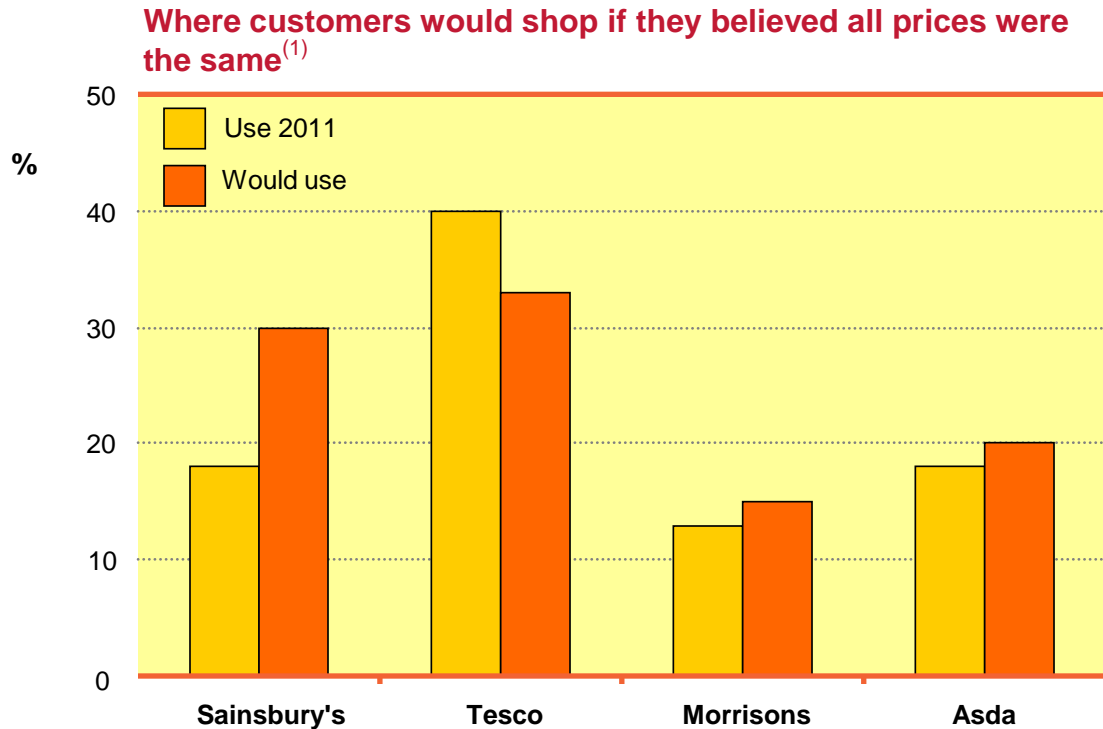


- basics, by Sainsbury's and Taste the Difference all growing strongly
- Customers continue to shop across the range
- by Sainsbury's relaunch – converted ranges growing more than 10%

Live Well For Less

Price perception continues to lag reality

- Investments in price over past 6 years have closed gap to peers
- Closing the remaining gap between perception and reality a key opportunity



(1) Morgan Stanley Alphawise. Based on an online survey, conducted in April 2011, of 1,264 UK adults claiming to have active involvement in household grocery shopping. Responses to question "If Asda, Tesco, Sainsbury and Morrisons all had similar size stores that were equally easy to get to and had the same prices, which one would you use as your main supermarket?"

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Brand Match



- Addressing the gap between price perception and reality
- Unique in market – immediate coupon at till
- Around 50% of baskets are cheaper at Sainsbury's
- Majority of discount vouchers issued are for less than £1

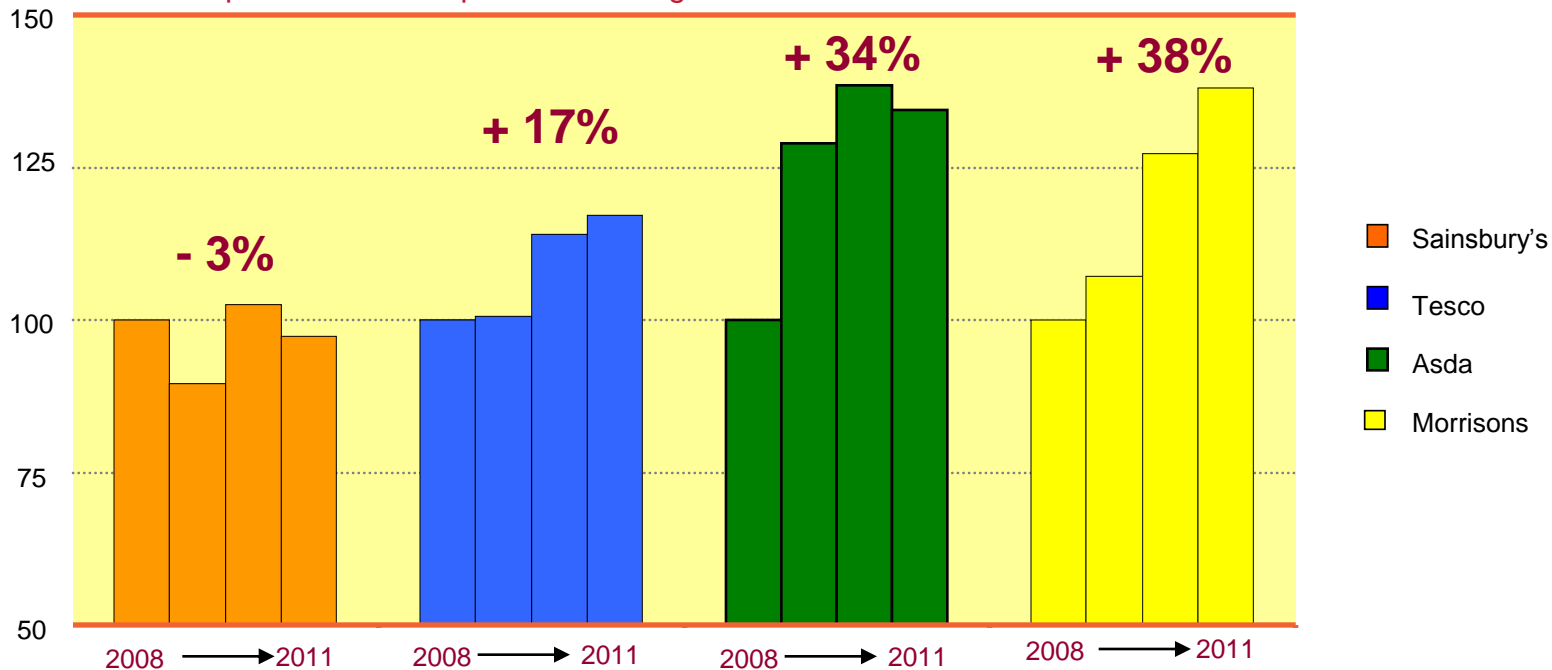
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Nectar is a competitive advantage

- Insight from loyalty schemes supports focused investment
- Coupon-at-till highest ROI form of marketing

Effective allocation of advertising spend

Growth in spend on TV and print advertising since 2008⁽¹⁾

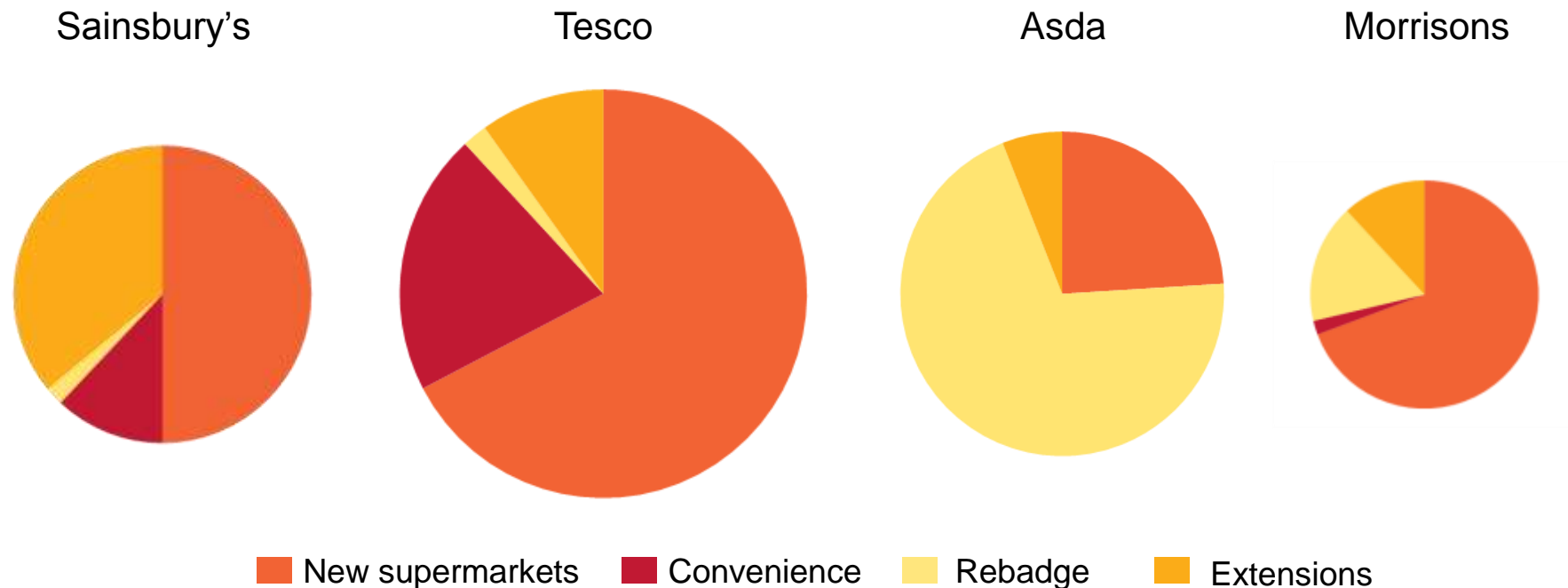


⁽¹⁾ Source: AdDynamix spend across TV, press and radio. Includes finance spend. Estimated spend in 2011

Growing Space and Creating Property Value

A differentiated space growth strategy

2011/12 Planned openings of the Big 4⁽¹⁾

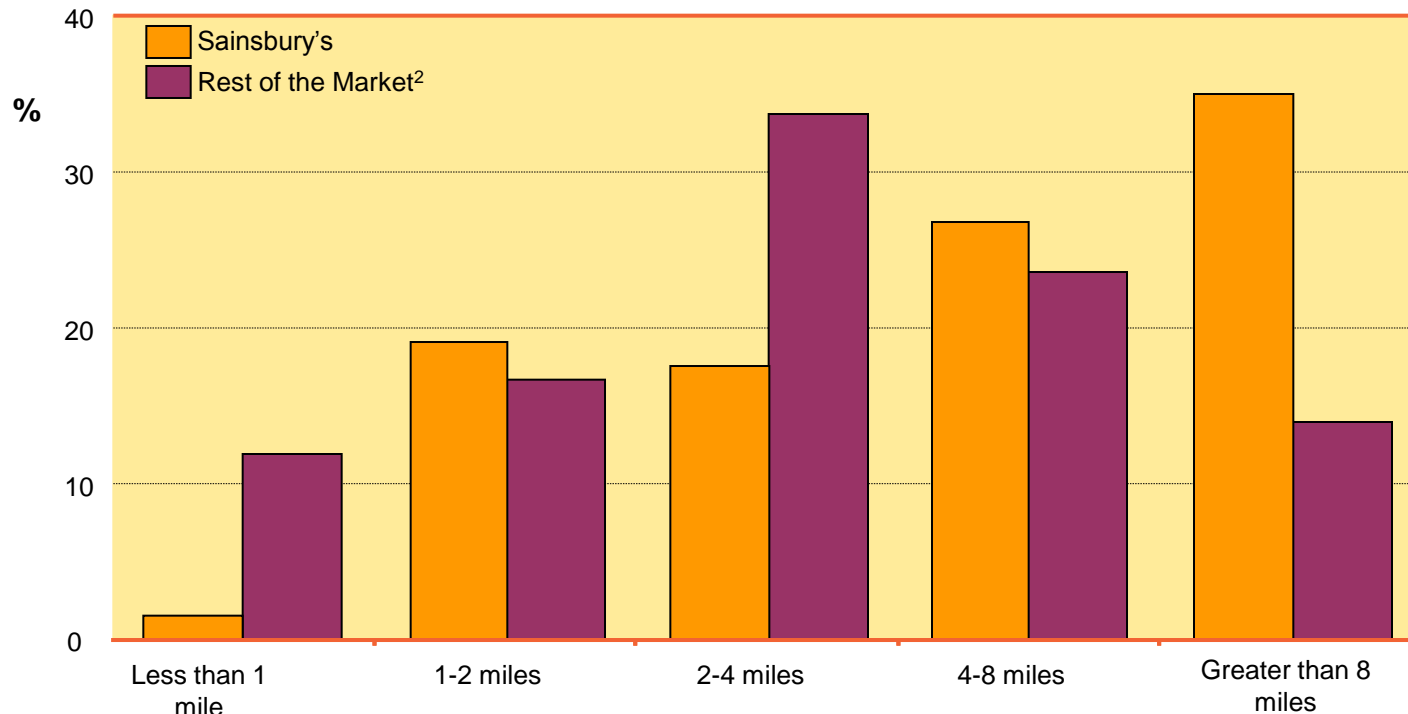


⁽¹⁾ Sainsbury's company data

Growing Space and Creating Property Value

Space growth not at expense of existing estate

Distance of planned new stores from existing supermarkets
(% of total square feet ¹)



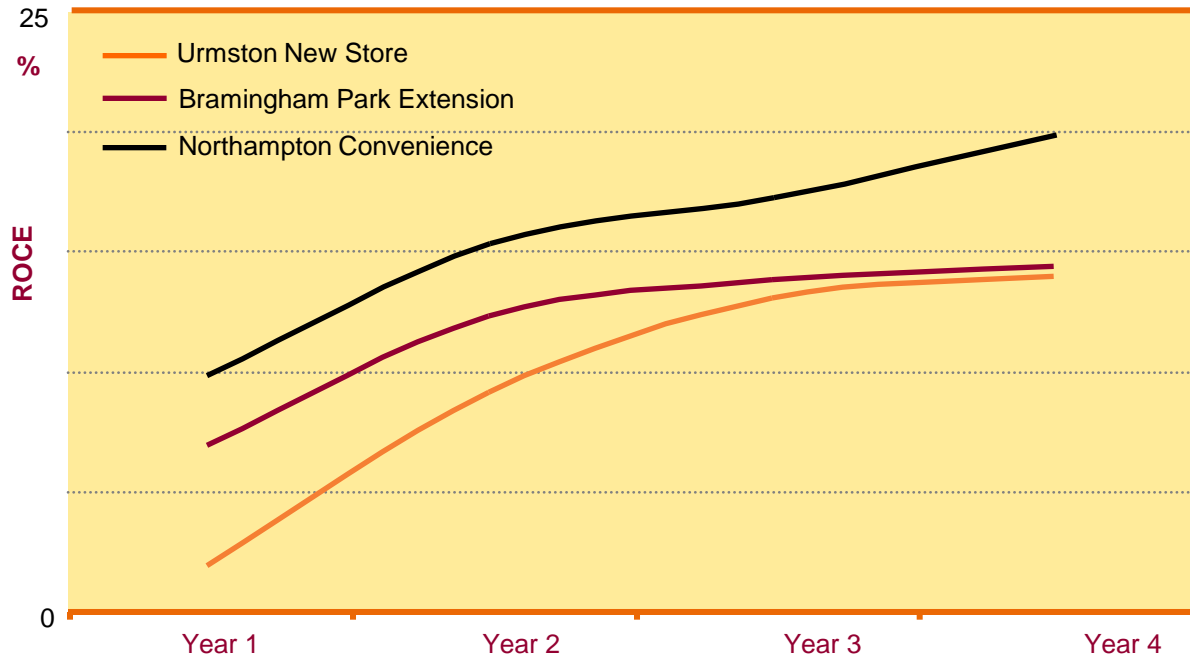
⁽¹⁾ Sainsbury's Company data for granted new store planning applications

⁽²⁾ Defined as Tesco, Asda and Morrisons

Growing Space

Investments delivering accretive ROCE

Pre-tax ROCE



- Excludes property profits
- Property profit a key benefit from extensions



New Store
Urmston (Manchester)
June 2009

- Town Centre
- 32k sq ft



Extension
Bramingham Park
December 2010

- 11k sq ft extension
- Total store now 54k sq ft



Convenience
Northampton
July 2009

- 2.5k sq ft store
- LFL 6% YTD

Osmaston park

Scheme details

- Store extended by 35,000 sq ft in August 2011
 - including 30,000 sq ft non-food
- Performing ahead of budget
 - non-food trading particularly well
- Property value enhanced by extension

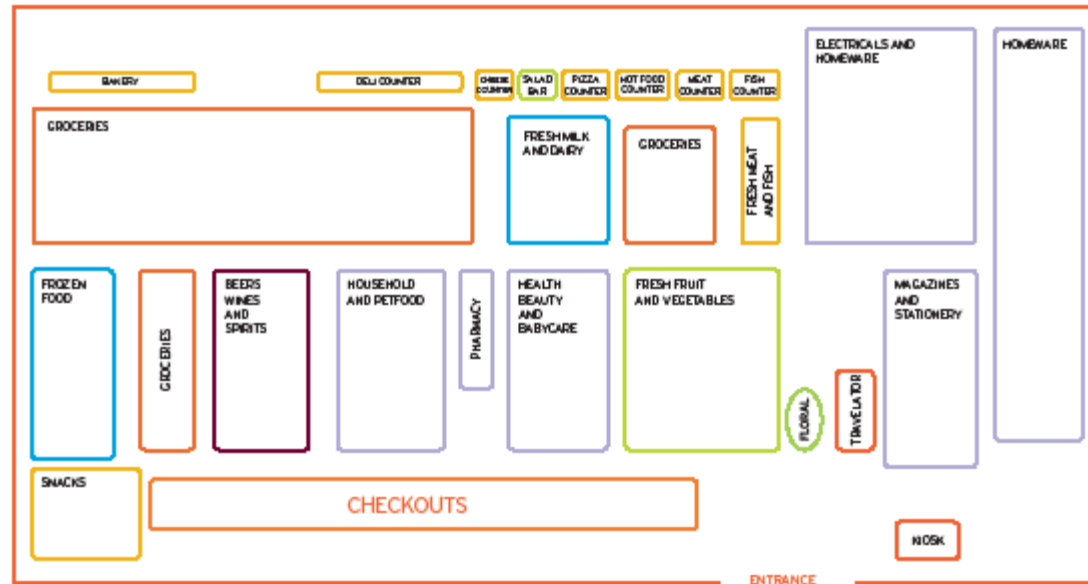
	Post extension sq ft	Change sq ft
Food	38,000	▲ 16,000
Non-food	30,000	▲ 19,000
Total	68,000	▲ 35,000



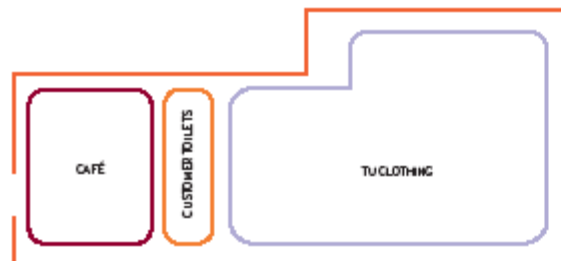
Sainsbury's Management

- Property
 - Philip Bell-Brown, Directory of Property Development
 - Matt Birch, Director of Assets & Estates
- Convenience
 - Helen Buck, Convenience Director
- Complementary Non-Food
 - Robbie Feather, Business Unit Director, General Merchandise
- Great Food
 - Simon Twigger, Business Unit Director, Fresh
- Online
 - Jon Rudoie, Director of Online

Store tour logistics



GROUND FLOOR



MEZZANINE FLOOR