

11 January 2012

Third Quarter Trading Statement for 14 weeks to 7 January 2012

Record-breaking Christmas, completes a strong quarter

- **Total sales for third quarter up 7.0 per cent (4.5 per cent excluding fuel)**
- **Like-for-like sales for third quarter up 4.8 per cent (2.1 per cent excluding fuel)**
- **Two year like-for-like sales growth 5.7 per cent excluding fuel**
- **Christmas customer transactions up 1.5 million to 26 million¹, increasing market share²**

Justin King, Chief Executive, said, "This was a strong quarter, rounded off by our best Christmas ever, despite the economic backdrop. Across the quarter customers chose Sainsbury's to help them Live Well for Less, taking advantage of our great value offer during October and November and then treating themselves and their families over the holiday season. There were 26 million customer transactions in the Christmas week, 1.5 million more than last year.¹ Like-for-like sales excluding fuel were up 2.1 per cent, which was on top of a market-beating Christmas in 2010, giving two-year like-for-like growth of 5.7 per cent. This performance would not have been possible without the fantastic efforts of our 150,000 colleagues.

This was a record-breaking Christmas, with our biggest ever week, day and hour for sales as customers celebrated with Sainsbury's quality food. *Taste the Difference (TtD)* grew by over ten per cent in the quarter. We sold over £2 million worth of *TtD* Norfolk Black Free Range turkeys and almost 50,000 of the new *TtD* Kirsch Cherry Filled Christmas Pudding. *basics* also grew strongly, especially staple ingredients. For example, sales of *basics* unsalted butter increased by 82 per cent and *basics* dried fruits were up 30 per cent, reflecting the growth in home baking.

Customers have really embraced Live Well for Less, taking advantage of Sainsbury's unique combination of quality and value to help manage their total spend. Brand Match has been a big hit with customers, who increasingly recognise the great value for money that Sainsbury's offers. As a result of this success we have extended our Brand Match promise into 2012. A record number of people used their Nectar cards in the quarter, with £100 million worth of points redeemed. Our petrol promotions remain popular, helping to drive a 7.5 per cent increase in petrol volumes.

General merchandise and clothing continued to grow faster than food. Gok Wan's second range - Christmas party wear - was launched on 17 November and helped drive sales across our TU clothing range, increasing market share.³ Our Christmas gifts range sold nearly one million units, up over ten percent. The best seller was our Trivia Box, a collection of quiz questions perfect for Christmas stockings. Events such as our half-price toy promotion also helped drive this good performance, despite the testing market conditions for non-food.

This quarter we added over 600,000 square feet of new space, including our 1,000th store, in Irvine, Scotland, and 21 new convenience stores. Convenience grew at almost 25 per cent, driven by new space and strong like-for-like sales growth, as customers topped up at Sainsbury's Locals to manage their total spend in the quarter. Our larger supermarkets' performance was especially strong over Christmas as customers sought out a one-stop shop to buy everything they needed for the festive period.

Sainsbury's multi-format, multi-channel offer enables customers to shop how they choose, when they choose. Groceries online grew at almost 20 per cent and we delivered a record 160,000 orders per week over the Christmas period, with our best-ever availability and customer service. Christmas week was our strongest for 'Click and Collect', with last-minute shoppers able to order online and pick up in one of 870 stores the next day. Almost 75 per cent of online general merchandise orders at Christmas used 'Click and Collect'.

Consistent with trends over the past year, we expect customers to spend cautiously in 2012, particularly in the first few months as they tighten their belts post Christmas. Although the short term remains challenging, key events later in the year, such as the Queen's Diamond Jubilee and London 2012 Olympic and Paralympic Games, provide opportunities for growth. We will continue to invest in our offer to support our customers through these difficult times."

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Notes

1. Customer transactions in the seven days prior to Christmas (December 18-24).
2. Total market share data based on Kantar Total Till Roll data for 12 weeks ended 25 December 2011.
3. Clothing market share data based on Kantar data for 12 weeks ended 27 November 2011.
4. All sales figures contained in this trading statement are stated including VAT and in accordance with IFRIC 13.
5. Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.
6. Sainsbury's also released today its Third Quarter Corporate Responsibility update. This is available at www.j-sainsbury.co.uk/investor-centre/results-and-presentations/
7. A conference call will take place at 8:45am. To listen to the audio webcast we recommend that you register in advance. To do so please visit www.j-sainsbury.co.uk prior to the event and follow the on-screen instructions. To view the transcript of the conference call go to www.j-sainsbury.co.uk and follow the on-screen instructions in the third quarter trading statement section.
8. Sainsbury's will report its 2011/12 Fourth Quarter results on 21 March 2012.
9. Sainsbury's 2011/12 Fourth Quarter Trading Statement will reflect the 10 weeks ending 17 March 2012.

2011/12	Q1	Q2	H1	Q3
Sales growth including fuel (%)				
Total	7.3	7.8	7.6	7.0
Like-for-like	4.8	5.4	5.1	4.8
Sales growth excluding fuel (%)				
Total	4.3	4.4	4.3	4.5
Like-for-like	1.9	1.9	1.9	2.1