

18 March 2014

Fourth Quarter Trading Statement for 10 weeks to 15 March 2014

Declining sales in a tough market, continued outperformance of peers

- **Total sales for fourth quarter down 1.5 per cent (down 1.0 per cent ex fuel)**
- **Like-for-like sales for fourth quarter down 3.8 per cent (down 3.1 per cent ex fuel)**

Justin King, Chief Executive, said, "We have seen a decline in sales in the quarter reflecting tough comparatives. This time last year our sales benefited significantly from the discovery of horsemeat in some branded and competitors' products. We are pleased, however, that market data shows we have maintained market share at 17%¹.

The market is now growing at its slowest rate since 2005, with falling food inflation in particular benefiting customers. The later timing of Easter and Mother's Day, which fall in quarter one of our new financial year, and unseasonable weather have also contributed to lower market growth year-on-year.

We continue to see growth in our own-brand ranges, significantly ahead of branded products, with penetration now at 51 per cent, versus 47 per cent for the market². Our own-brand products are, on average, 20 per cent cheaper than a branded equivalent and are also supported by the values that our customers expect of us. We recently lowered the price of our milk, bread and eggs, but continue to pay a fair price to farmers through our Dairy Development Group, and only use British flour in our in-store bakeries and eggs from hens that are free to roam. Customers continue to tell us they recognise the uniqueness and value for money of our own-brand ranges.

Our general merchandise and clothing business continues to perform well, with particularly strong growth in menswear of over 23 per cent year-on-year. During the quarter we announced the renewal of our collaboration with the designer Gok Wan for a further 12 collections, and also released our eleventh collection of his ladieswear. Following successful trials, we have introduced our new general merchandise and clothing format into 53 stores, with a further 26 planned for the first quarter of the next financial year.

During the quarter we announced the completion of the acquisition of Lloyds Banking Group's share of Sainsbury's Bank, and are on track to complete the transition process as planned. We expect the Bank to become an increasingly important part of the value that customers receive from Sainsbury's, and another driver of customer loyalty.

Growth in our convenience business remains strong at over 15 per cent, and for the first time, during the quarter we saw one million transactions in a day. As well as opening around two new stores per week, we are part way through a programme to refit produce equipment in existing stores, responding to customer demand for more fresh food. Our groceries online business is growing at six per cent year-on-year, reflecting a reduction in marketing while the new customer website is launched. This roll-out is now 80 per cent complete and is due to finish in April.

Store operational standards and in-store execution remain high, as demonstrated by 21 wins over the financial year in the Grocer 33 award, with record high levels of availability.

We have opened approximately one million square feet of new space over the year, in line with our plans, including 22 convenience stores during the quarter. This brings a total for the year of 13 new supermarkets, 91 convenience stores and six extensions. We have also refurbished a further 54 stores.

Although some economic indicators are showing an improvement in the health of the economy, we expect the outlook for customers to continue to be challenging for the coming year. We remain confident that our differentiated offer, supported by 'value for values', Nectar data and Brand Match, will allow us to outperform our peers in the year ahead."

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¹ Kantar Worldpanel Market Share 12 weeks ending 2 March 2014

² Kantar Worldpanel Market Share 52 weeks ending 2 March 2014

1. All sales figures contained in this trading statement include VAT and are in accordance with IFRIC 13.
2. Like-for-like sales include the impact of extensions as follows:

	Q1	Q2	H1	Q3	Q4	H2	FY
Sales growth including fuel							
Total	3.6%	5.0%	4.4%	2.5%	-1.5%	0.9%	2.7%
Like-for-like	0.7%	2.1%	1.5%	0.0%	-3.8%	-1.5%	0.0%
Sales growth excluding fuel							
Total	3.3%	4.6%	4.0%	2.7%	-1.0%	1.2%	2.7%
Like-for-like	0.8%	2.0%	1.4%	0.2%	-3.1%	-1.1%	0.2%
Included in like-for-like sales							
Net contribution from extensions	0.2%	0.3%	0.3%	0.0%	0.1%	0.0%	0.2%

3. Store investment programme 2013/14:

	Q1	Q2	H1	Q3	Q4	H2	FY
Supermarkets							
New	1	5	6	3	1	4	10
Replacements	-	-	-	3	-	3	3
Extensions	-	2	2	4	-	4	6
Refurbishments	6	2	8	5	2	7	15
Closures	-	-	-	-3	-1	-4	-4
Convenience							
New	19	31	50	19	22	41	91
Closures	-1	-1	-2	-1	-	-1	-3
Refurbishments	10	12	22	11	6	17	39

4. 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.
5. Sainsbury's also released today its Fourth Quarter Corporate Responsibility update. This is available at www.j-sainsbury.co.uk/investor-centre/results-and-presentations/
6. A conference call will take place at 8:30am. 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 fourth quarter trading statement section.
7. Sainsbury's will announce its Preliminary results for 2013/14 on 7 May 2014, and the First Quarter Trading Statement on 11 June 2014.