

11 June 2014

**First Quarter Trading Statement for 12 weeks to 7 June 2014****Continued growth in a challenging market**

- **Total Retail sales for first quarter up 1.0 per cent (ex fuel), down 0.3 per cent (inc fuel)**
- **Like-for-like Retail sales for first quarter down 1.1 per cent (ex fuel), down 2.4 per cent (inc fuel)**
- **Winner of Grocer 33 Customer Service and Availability Awards for the second consecutive year**

Justin King, Chief Executive, said "Throughout the quarter we have continued to invest in reducing prices and improving quality, increasing the value of our offer. Lower food price inflation and reduced fuel prices are a welcome respite to customers' finances but they continue to spend cautiously, leading to industry growth in the quarter being the slowest in a decade.

*Brand Match* continues to reassure our customers that we remain competitive on price for their branded shop. Once again, over 50 per cent of the vouchers issued confirm to our customers that their branded shop was the same price or cheaper. Recent changes from £20 spend to 10 items makes it even easier for our customers to take advantage of *Brand Match*.

We continue to invest in the quality of our product offer. Own-brand remains a key point of difference, with our *Taste the Difference* range performing particularly strongly in the quarter, with sales up nearly 10 per cent. This Easter we launched our first *by Sainsbury's* Easter eggs, more than doubling our own-brand market share to 40 per cent<sup>1</sup>. We also successfully completed the trial of our first in-store scratch bakery in a convenience store and we continue to support British farmers by using British flour and cream in the one million products we bake from scratch every day.

At the same time service levels in our stores remain industry leading. Strong availability throughout the day, combined with great in store standards and colleague engagement with our customers serves to highlight our differentiated offer. We are delighted that these high service levels have again been recognised, winning the Grocer 33 Customer Service and Availability Awards for the second year in a row.

Our general merchandise and clothing businesses continued to grow strongly in the quarter with clothing in particular performing well delivering double-digit like-for-like sales growth. We have also announced a trial of a new online clothing offer, increasing the reach of our clothing business to customers across the country. Entertainment has also seen good growth, supported by new releases in the quarter including Disney's "Frozen", where our market share exceeded 20 per cent in the first week of release.

Our complementary channels and services are an increasingly important component of our growth, with sales from convenience and online nearly doubling over the last five years to 15 per cent of total sales. Convenience sales grew by over 18 per cent year-on-year and during the quarter we opened our 200<sup>th</sup> convenience store in London. Groceries online grew by over 10 per cent year-on-year, following the roll-out of our new and improved web and mobile platforms which was completed in April. Sainsbury's Bank's transition remains on track and during the quarter we opened our 1,500<sup>th</sup> ATM and launched two new credit cards.

During the quarter we opened 27 new convenience stores and refurbished a further 12 convenience stores. We opened one supermarket extension, and refurbished three supermarkets. We remain on track to deliver around two new convenience stores per week and around 750,000 square feet of new space this year.

We expect customer spending to remain cautious and we will continue to invest to keep our offer competitive to help customers balance their household budget. We remain confident that our clear strategy and differentiated offer will allow us to continue to outperform our supermarket peers through the remainder of the year."

**Investor Relations**

Mike Scott  
+44 (0) 20 7695 0080

**Media**

Trevor Datson  
+44 (0) 20 7695 7295

<sup>1</sup> Kantar Worldpanel, Confectionery Database, data to 27 April 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:

	<b>FY 2013/14</b>	<b>Q1</b>
<b>Sales growth including fuel</b>		
Total	2.7%	-0.3%
Like-for-like	0.0%	-2.4%
<b>Sales growth excluding fuel</b>		
Total	2.7%	1.0%
Like-for-like	0.2%	-1.1%
<b>Included in like-for-like sales</b>		
Net contribution from extensions	0.2%	0.2%

3. Store investment programme 2014/15:

	<b>Q1</b>
<b>Supermarkets</b>	
New	-
Replacements	-
Extensions	1
Refurbishments	3
Closures	-
<b>Convenience</b>	
New	27
Closures	-
Refurbishments	12

At the end of the quarter, we had 592 supermarkets and 638 convenience stores.

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 First Quarter Corporate Responsibility update. This is available at [www.j-sainsbury.co.uk/investor-centre/results-and-presentations/](http://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](http://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](http://www.j-sainsbury.co.uk) and follow the on-screen instructions in the First Quarter Trading Statement section.
7. Sainsbury's will announce its Second Quarter Trading Statement on 1 October 2014.