

Third Quarter Trading Statement for the 14 weeks to 4 January 2014

Good sales performance in a tough market

- **Total sales for third quarter up 2.5 per cent (2.7 per cent excluding fuel)**
- **Like-for-like sales for third quarter flat (0.2 per cent excluding fuel)**
- **28 million customer transactions in the seven day run up to Christmas**
- **Strong sales growth in *Taste the Difference* over the Christmas period**

Justin King, Chief Executive, said, "This quarter has been characterised by a very tough sales environment throughout October and November, with customers saving up in order to treat their families over the Christmas period. However, we saw strong sales in the key period over Christmas, helping record numbers of customers to *Live Well for Less*. Like-for-like sales excluding fuel of 0.2 per cent, coupled with a strong contribution from new space, led to our best Christmas ever.

As ever, our colleagues did a fantastic job of looking after our customers during the busiest time of the year. The seven days prior to Christmas was our busiest ever trading week, with more than 28 million transactions. Monday 23rd December was the busiest day and saw our biggest trading hour, with customers spending nearly £17 million. Also on the 23rd, Stanway in Essex was our first ever store to take £1 million in sales in one day. Our customers continue to see the benefits of our loyalty scheme, choosing to redeem over £120 million worth of Nectar points to help with the cost of their Christmas shop, a nine per cent increase year-on-year.

It has been another strong quarter for own brand products. *Taste the Difference* grew strongly at over 10 percent, performing particularly well over the Christmas period. We sold more than 100,000 *Taste the Difference* fresh turkeys and turkey crowns, nearly half of which were Sainsbury's Norfolk Blacks. Our Christmas food ordering service was even more popular this year with over 100,000 orders, up 24 per cent year-on-year.

Our convenience business is growing at nearly 18 per cent, and this year on Christmas Eve we had our biggest ever sales day at nearly £7 million. This underscores how customers choose convenience stores to top-up their main supermarket shop, especially at the busiest times of the year. Groceries online has grown at over 10 per cent during the quarter, and on 22nd December saw our strongest ever sales day, reaching over £5 million, with highest ever levels of customer service. During the quarter we launched a new groceries online website which will make it easier for customers to navigate the site and include items which they may have forgotten, or not previously considered. We also introduced an online delivery pass, which more than 10,000 customers have already purchased.

Our general merchandise and clothing business achieved record levels of market share. We are now the UK's sixth largest retailer of homeware by value and the eleventh largest retailer of clothing by value. This year saw strong growth of over 25 per cent in Tableware and nearly 30 per cent in Gifting and we sold more than a quarter of a million Christmas jumpers and more than 300,000 onesies.

This quarter we have added over 555,000 square feet of new space, comprised of six supermarkets, four extensions, and 19 convenience stores. We continue to invest in our existing store estate, refurbishing five supermarkets and 11 convenience stores in the quarter. We remain on-track to deliver our target of around a million square feet of new space by the end of the year.

As with last year, we expect customers to spend cautiously in the few months following Christmas, in an attempt to rebalance the household finances. The general economic backdrop remains uncertain for many families, so helping them to *Live Well for Less* remains the key to continuing our market outperformance."

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Notes

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

	Q1	Q2	H1	Q3
Sales growth including fuel (%)				
Total	3.6%	5.0%	4.4%	2.5%
Like-for-like	0.7%	2.1%	1.5%	0.0%
Sales growth excluding fuel (%)				
Total	3.3%	4.6%	4.0%	2.7%
Like-for-like	0.8%	2.0%	1.4%	0.2%
Included in like-for-like sales (%)				
Net contribution from extensions	0.2%	0.3%	0.3%	0.0%

3. Store investment programme 2013/14:

2013/14	Q1	Q2	H1	Q3
Supermarkets				
New	1	5	6	3
Replacements	-	-	-	3
Extensions	-	2	2	4
Refurbishments	6	2	8	5
Closures	-	-	-	(3)
Convenience				
New	19	31	50	19
Closures	(1)	(1)	(2)	(1)
Refurbishments	10	12	22	11

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 Third 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 third quarter trading statement section.
7. Sainsbury's will announce its Fourth Quarter Trading Statement on Tuesday 18 March 2014.