

First Quarter Trading Statement for the 12 weeks to 6 June 2015

Progressing well with our strategy

- **Total Retail sales for first quarter down 0.6 per cent (excl fuel), down 2.3 per cent (inc fuel)**
- **Like-for-like Retail sales for first quarter down 2.1 per cent (excl fuel), down 3.7 per cent (inc fuel)**

Mike Coupe, Chief Executive, said, "Trading conditions are still being impacted by strong levels of food deflation and a highly competitive pricing backdrop. These pressures, including the effect of our own targeted price investment, have led to a fall in like-for-like sales for the quarter. We outlined in our Strategic Review in November some of the key actions we would be taking to remain competitive in this environment and are encouraged by some of the early trends that we are seeing in our key trading and operational metrics.

Volume and transactions continue to grow as customers are benefiting from our improved value and further investments in quality. We have simplified our promotional offer which has reduced promotional participation further, helping to lower waste and give customers even better levels of availability. We committed to deliver our cost savings programme without impacting the customer experience. This is supported by our internal customer service measures which have never been higher as well as our third consecutive win of the annual *Grocer 33 Service and Availability Awards*.

We are known for our differentiated offer and, to reinforce our quality credentials, we announced in our Strategic Review that we would invest in the quality of 3,000 own-brand products. During the quarter we introduced new products in several categories, including areas such as produce and speciality bread, focusing on British sourcing wherever possible. We have also improved our seasonal fresh offer in time for summer. For example, our *by Sainsbury's* BBQ Smoked Chilli Pulled Pork and *by Sainsbury's* BBQ Sweet Chilli Chicken Thighs give customers meat cuts and flavours that are perfect for the barbeque. We are on track to deliver all of our planned quality improvements.

Sainsbury's Bank opened its 182nd Travel Money Bureau in the quarter and Travel Money grew strongly at over 40 per cent. We were named 'Best Card Provider (standard rate)' at the Moneyfacts Awards for the third successive year. Clothing delivered sales growth of over five per cent and we launched our 17th Gok Wan collection which saw its second-best launch week. Our clothing online offer remains popular with our customers and we will roll this out nationwide over the summer. In the quarter we also opened our 300th petrol station, in Livingston, which is our third remotely-manned site offering customers fuel 24 hours a day.

We continue to make it easier for customers to shop with us whenever and wherever they want. We have now opened 20 grocery Click & Collect sites and remain on track to have 100 sites by the end of 2015. Groceries online had a record week in the quarter with 256,000 orders. We have increased the number of delivery slot options to give customers greater flexibility and we won the quarterly *Grocer 33* award for online service and availability, reflecting the improvements in our own customer satisfaction scores. We opened three Argos digital stores during the quarter in North Cheam, Nantwich and West Hove and we will have opened ten by the end of the first half. Our convenience business remains in double-digit growth and we have opened ten convenience stores during the quarter.

Despite the challenging market conditions, we are confident that we are building on strong foundations and making good progress with our strategy. We continue to invest in our broad range of products and services and our multiple channels to market. These areas represent strong future growth opportunities and contribute towards our resilience in the current trading environment."

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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:

	FY 2014/15	Q1
Retail sales growth excluding fuel		
Total	(0.2)%	(0.6)%
Like-for-like	(1.9)%	(2.1)%
Included in like-for-like sales		
Net contribution from extensions	0.2%	0.1%
Retail sales growth including fuel		
Total	(2.0)%	(2.3)%
Like-for-like	(3.6)%	(3.7)%

3. Store investment programme 2015/2016:

2015/16	Q1
Supermarkets	
New	1
Replacements	1
Extensions	-
Refurbishments	-
Closures	(1)
Convenience	
New	10
Closures	(3)
Refurbishments	4

At the end of the quarter, Sainsbury's had 598 supermarkets and 714 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 & Sustainability 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 first quarter trading statement section
7. Sainsbury's will announce its Second Quarter Trading Statement on 30 September 2015