

Fourth Quarter Trading Statement for the nine weeks to 11 March 2017

Solid food performance at Sainsbury's and good growth at Argos

- **Combined Sainsbury's and Argos like-for-like sales up 0.3 per cent (excl. fuel)**
- **Sainsbury's: Total Retail sales¹ up 0.1 per cent (excl. fuel) and like-for-like Retail sales down 0.5 per cent (excl. fuel)²**
- **Argos: Total sales up 3.8 per cent and like-for-like sales up 4.3 per cent**

Mike Coupe, Group Chief Executive, said: "We are pleased with this performance and are making good progress against our key priorities. Customers appreciate the quality, choice and value of our differentiated food offer and our *Tu* clothing brand again performed ahead of the market³, with sales up five per cent.

"Argos delivered another strong quarter of growth, with like-for-like sales up by over four per cent. We are investing in digital to deliver excellent service and availability, with enhancements to the Argos website and app. Online participation is growing, driven by mobile and *Fast Track* delivery and customers are responding well to new ranges.

"Sainsbury's Bank continues to deliver good growth and our competitive personal loan offers sold well.

"The market remains very competitive and the impact of cost price pressures remains uncertain. However, we are well placed to navigate the external environment and remain focused on delivering our strategy."

Strategic and operational highlights

We are focused on delivering the five pillars of our strategy:

We know our customers better than anyone else

To achieve our goal of being the most trusted retailer where people love to work and shop, it is vital that we understand what our customers want

- We continue to simplify Sainsbury's trading strategy in favour of lower regular prices
- We have reduced promotional participation, lowering operating costs and cutting food waste

Great products and services at fair prices

We continue to improve the quality and range of our Food, Clothing and General Merchandise products

- Sainsbury's has extended its successful pre-prepared vegetable range with new products including butternut squash waffles and sweet potato tagliatelle and has launched three varieties of white and seeded gluten-free bread in 186 of its in store bakeries
- Sainsbury's General Merchandise sales were down by four per cent over the quarter, impacted by this year's later Mother's Day and Easter
- Argos delivered strong sales growth in technology categories, with particularly good contributions from mobile phones, video gaming, wearable tech and sports equipment

¹ Sainsbury's Total Retail sales excluding the impact of the sale of the Pharmacy business. Including the impact of the sale of the Pharmacy business, total Sainsbury's Retail sales were down 1.4 per cent (excl. fuel)

² After adjusting for the estimated seasonal impact from the timing of this year's later Mother's Day and Easter, Sainsbury's like-for-like Retail sales would have been up 0.1 per cent

³ Kantar Worldpanel (24 weeks ending 12 February 2017)

- Sainsbury's Bank delivered good progress, with competitive rates driving strong growth from personal loans in particular

There for our customers

Our ambition is to make our customers' lives better and easier every day by finding new ways to save them time, money and effort

- Groceries Online grew by seven per cent, with orders up eight per cent
- Convenience business delivered good growth, with total sales growth of nearly seven per cent. We opened ten Convenience stores in the quarter
- We have opened a further 11 Argos Digital stores in Sainsbury's supermarkets, bringing the total to 41 and opened another Mini Habitat store in a Sainsbury's supermarket, bringing the total to eight

Colleagues making the difference

The service standards set by our colleagues make the difference to our customers every day

- Our colleagues deliver market-leading customer service and availability for customers and we have twice as many wins in the weekly Grocer 33 Service & Availability survey as any of our three largest competitors

Our values make us different

Our values underpin our strategy, make good business sense and give us real competitive advantage

- Sainsbury's is expanding its *Waste less, Save more* initiative to more than 140 city boroughs, towns and villages across the UK to help customers reduce food waste in their homes
- Sainsbury's has invested in a new Bakery College in Bromley-by-Bow to help train and develop its in-store bakers

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Notes

- All sales figures contained in this trading statement are stated including VAT⁴ and in accordance with IFRIC 13
- Total Retail sales and like-for-like Retail sales performances for Sainsbury's, Argos and the Group are set out in the tables below:

	Q1	Q2	H1	Q3	Q4	H2	FY
Sainsbury's Retail sales growth excluding fuel							
Total	0.3%	(0.4)%	(0.1)%	(0.3)%	(1.4)%	(0.6)%	(0.4)%
Total (excl. impact of sale of Pharmacy business)				0.8%	0.1%	0.6%	
Like-for-like	(0.8)%	(1.1)%	(1.0)%	0.1%	(0.5)%	(0.1)%	(0.6)%
Sainsbury's Retail sales growth including fuel							
Total	(0.1)%	0.0%	(0.0)%	1.4%	(0.3)%	0.8%	0.4%
Total (excl. impact of sale of Pharmacy business)				2.4%	1.0%	1.9%	
Like-for-like	(1.0)%	(0.5)%	(0.7)%	1.7%	0.3%	1.2%	0.2%
Argos Retail sales growth							
				Q3	Q4	H2	
Total				4.1%	3.8%	4.1%	
Like-for-like				4.0%	4.3%	4.1%	

- Sainsbury's store investment programme 2016/17

At the end of the quarter, Sainsbury's had 605 supermarkets and 806 convenience stores (including seven franchise stores)

2016/17	Q1	Q2	Q3	Q4	FY
Supermarkets					
New	-	1	3	1	5
Replacements	-	1	-	-	1
Extensions	-	-	-	-	-
Refurbishments	-	4	8	9	21
Closures	-	(1)	(1)	-	(2)
Convenience					
New	7	9	15	10	41
Closures	(6)	-	(2)	-	(8)
Extensions	-	-	-	-	-
Refurbishments	-	1	-	11	12

At the end of the quarter, Argos and Habitat store estate was as follows:

2016/17	H1	Q3	Q4
Argos stores	725	723	712
Argos in Sainsbury's	15	30	41
Argos in Homebase	95	83	57
Habitat ⁵	4	7	8
Other ⁶	4	42	40
Total	843	885	858

⁴ Argos sales growth for pre-acquisition periods set out in note 4 excludes VAT

⁵ Three Habitat stores, one Habitat store in Argos, four Habitat stores in Sainsbury's

⁶ 36 collection points in Sainsbury's, one collection point in Habitat, two temporary Argos stores, one convenience store

4. Argos' historic total and like-for-like sales performance is set out below. This reflects its pre-acquisition periods: FY2015/16 for the 52 weeks to 27 February 2016; Q1 for the 13 weeks to 28 May 2016; Q2 for the 13 weeks to 27 August 2016; and H1 for the 26 weeks to 27 August 2016

	FY	Q1	Q2	H1
	2015/16	2016/17	2016/17	2016/17
Argos sales growth (ex VAT)				
Total	0.0%	2.6%	3.0%	2.8%
Like-for-like	(2.6)%	0.1%	2.3%	1.2%

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 Fourth Quarter Corporate Responsibility & Sustainability 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 fourth quarter trading statement section
8. The sale of our Pharmacy business to LloydsPharmacy completed on the 31 August 2016. The impact of this disposal is excluded from like-for-like sales for a period of one year from this date
9. Sainsbury's will announce its Preliminary results for 2016/17 on 3 May 2017