

J Sainsbury plc

We employ over 178,000 colleagues who work hard every day to make our customers' lives easier and to provide them with great products, quality and service whenever and wherever it is convenient for them.

Food

Our strategic focus is to help our customers live well for less. Through the combination of our supermarket, convenience and groceries online offerings, we ensure that customers are able to access great value, high quality products in the way that suits them, when it suits them. We continue to invest in range, price, service and quality, both in our own label offer, but also working with a broad variety of exciting brands to differentiate our offer. We are using space innovatively in our larger supermarkets by working with selected concession partners to maximise our use of space and help make Sainsbury's an attractive retail destination.

General Merchandise & Clothing

We are one of the largest general merchandise and clothing retailers in the UK, offering a wide range of products across our Argos, Tu, Sainsbury's Home and Habitat brands, in stores and online. Since acquiring Argos in September 2016, we have rapidly integrated the business, realising significant synergies. The cutting-edge supply chain and fulfilment model of Argos means we are strongly positioned to serve our customers' whenever and wherever they want. Offering high street style at supermarket prices has made Tu clothing very popular with our customers. We are strongly positioned in womenswear and childrenswear.

Financial Services

Financial Services are an integral part of our business, representing another opportunity for the group to offer a full range of services to our customers. Sainsbury's Bank & Argos Financial Services, together, offer accessible products such as mortgages, credit cards, insurance, travel money, and personal loans that reward loyalty.

FY 18/19 Highlights

Headline figures

£635m ↑ 8%
Underlying profit before tax

11.0p ↑ 8%
Final dividend

£28,466m ↑ 2%
Retail sales exc VAT, inc fuel

22.0p ↑ 8%
Underlying earnings per share

Group performance

£723m ↑ 4%
Group underlying operating profit

£461m ↑ £29m
Free cash flow

£692m ↑ 11%
Retail operating profit

3.5x ↓ from 3.6x
Lease adjusted net debt/
underlying EBITDA

£31m ↓ 55%
Financial Services operating profit

£1,636m ↓ £222m
Net debt

2.43% ↑ 19bps
Retail underlying operating margin

£220m
Cost savings

Sales

(0.2)%
Lfl sales increase
inc VAT, ex fuel

3.7% 🛒
Convenience sales growth

6.9% 🛒
Groceries online sales growth

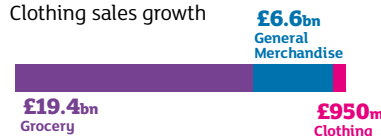
0.4%
Total retail sales
growth inc VAT, ex fuel

Categories

0.6% 🛒
Grocery sales growth

0.0% 🛒
General
Merchandise
sales growth

(0.8)% 👕
Clothing sales growth



1,200
Argos points
of presence

Opened
90
Argos SiS,
total 281

Taste the
Difference
food sales
↑ **2%**

volume
↑ **2%**

Market leading
rate of pay
£9.20p
per hour for
Sainsbury's
store colleagues

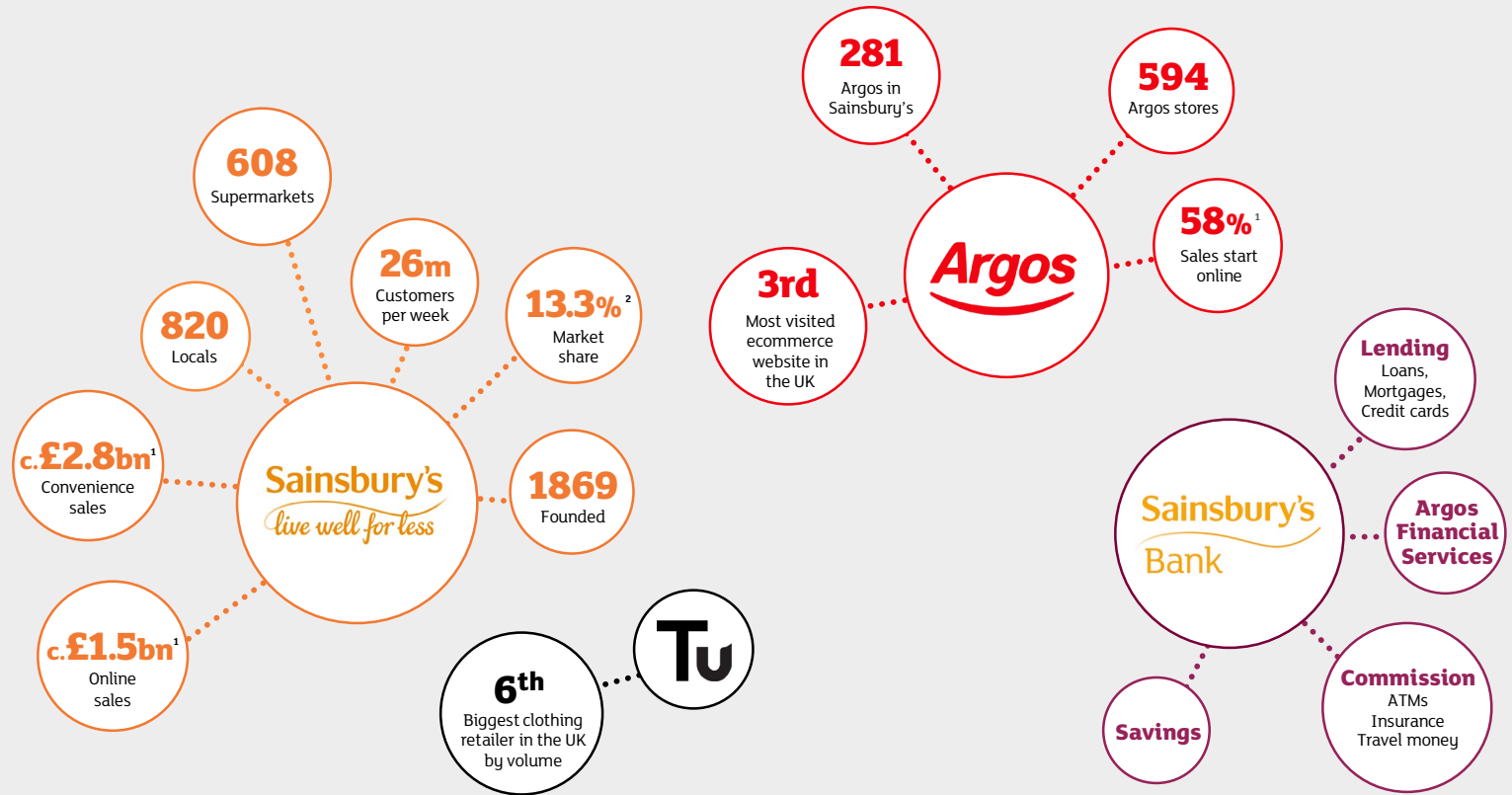
£4.7bn
Group sales
start online

Smartshop
now available
in over
100
stores

Growing customer
numbers at
Sainsbury's Bank
↑ **5%**
Argos Financial
Services
↑ **6%**

Group overview

as at 9 March 2019



¹ FY18/19, exc. VAT inc. fuel
² Kantar 52 week rolling Total Grocery market share to 24 February 2019

Investment case

A strong, differentiated food business

Growth opportunities in Clothing, General Merchandise and Sainsbury's Bank

Leveraging our assets; store estate, brands, online presence, customer knowledge, logistics

Generating strong, consistent cash flows, which:

- Fund a consistent dividend
- Reduce leverage
- Can be reinvested in higher return growth opportunities

Our business strategy

“Our vision is to be the most trusted retailer where people love to work and shop. Our goal is to make our Customers' lives easier every day by offering great quality and service at fair prices.”



Priority 1
Differentiate food and grocery through quality, value and service

Priority 3
Offer our customers easy access to financial services

Priority 2
Grow General Merchandise and Clothing

Priority 4
Generate efficiencies to invest in our digital future

Priority 5
Strengthen the balance sheet

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