J Sainsbury plc

Q3 Trading statement

2020/21

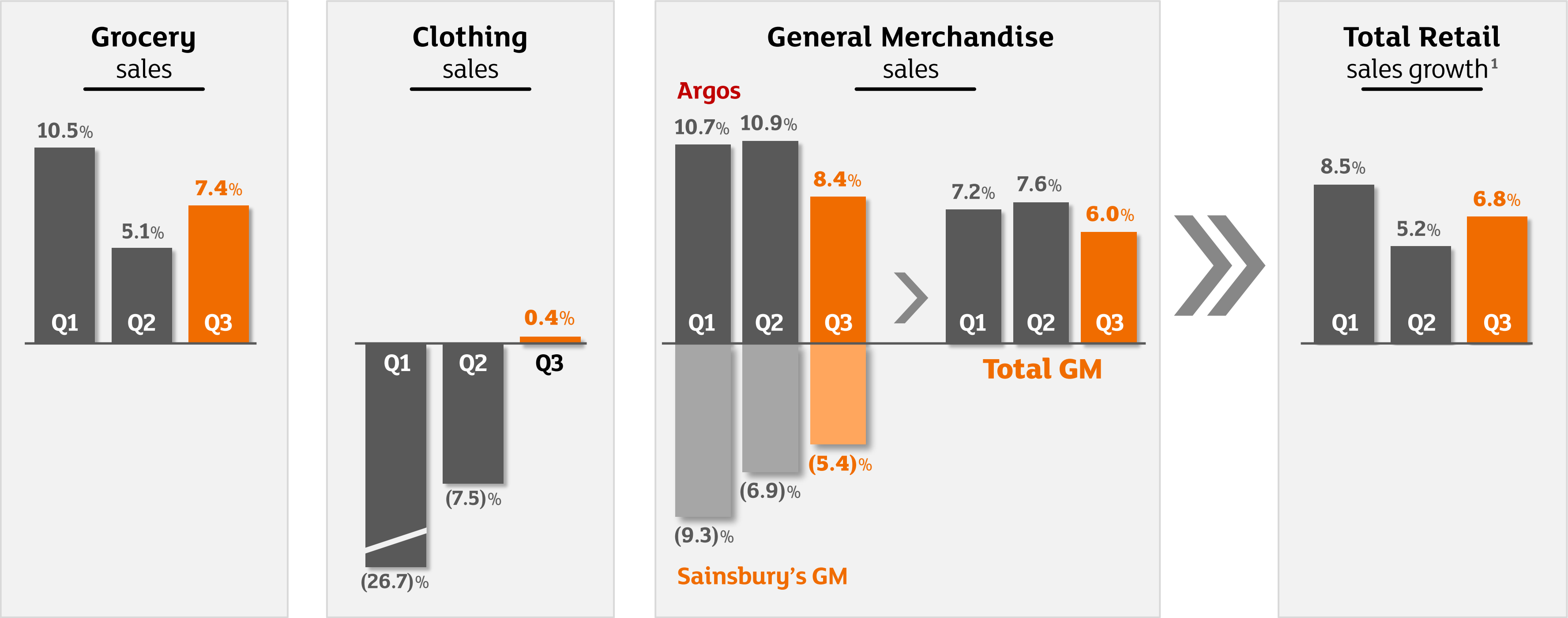
Q3 and Christmas performance

- Strong operating performance despite external challenges
  - Good availability
  - Continued acceleration of online grocery capacity growth
  - Record customer satisfaction scores
  - Argos digital transformation delivered through peak trading

- Q3 LfL sales growth 8.6%[1]
  - 9.3% over 9 week Christmas period[2]
  - Upgrade to profit expectations reflects stronger sales and margin performance

1 Total retail (exc. Fuel) LFL sales growth, 15 weeks to 2 Jan 21
2 Total retail (exc. Fuel) LFL sales growth, 9 weeks to 2 Jan 21

Retail sales growth by category



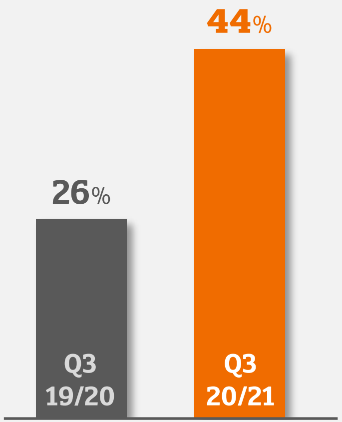
1 Exc. fuel

Q3 digital sales of £4bn

Strong digital participation

Total digital

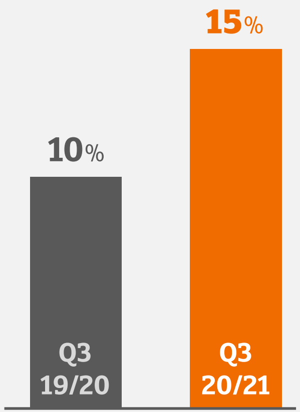
sales ▲ 81%



Digital participation[1]

Clothing online

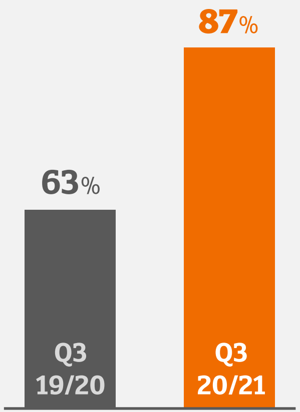
sales ▲ 51%



Online participation

Argos digital

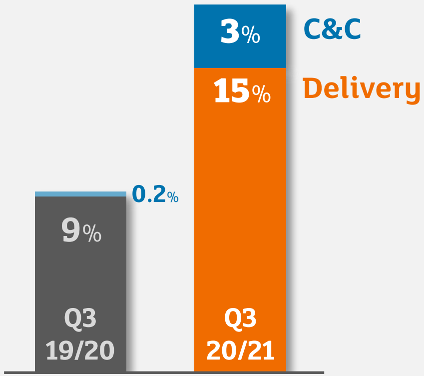
sales ▲ 49%



Digital participation

Groceries online

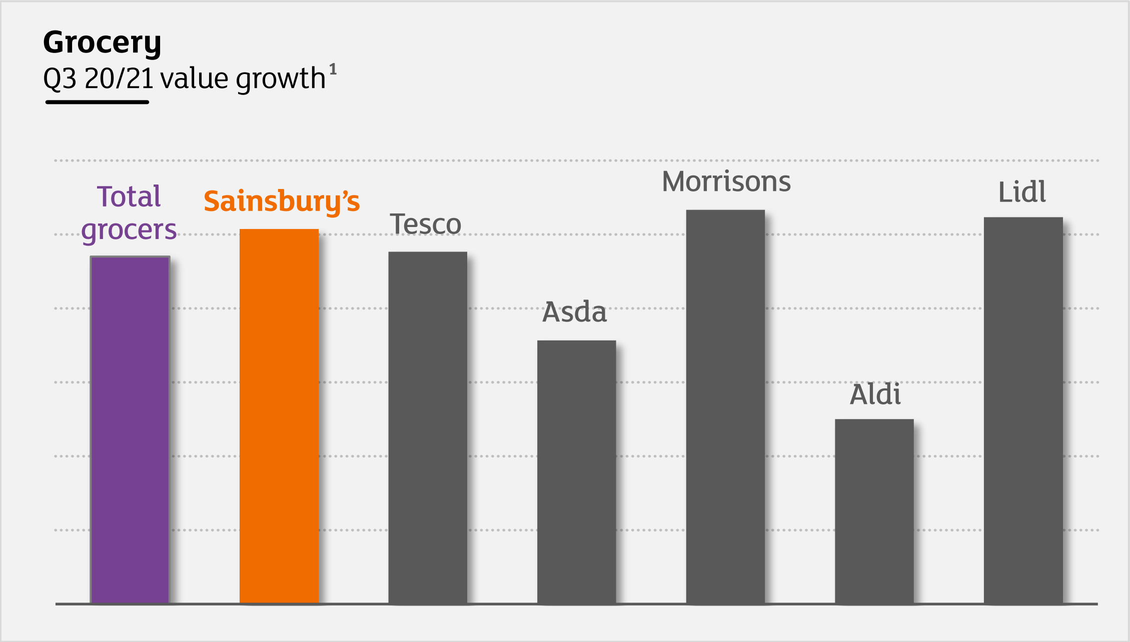
sales ▲ 128%



Online participation[2]

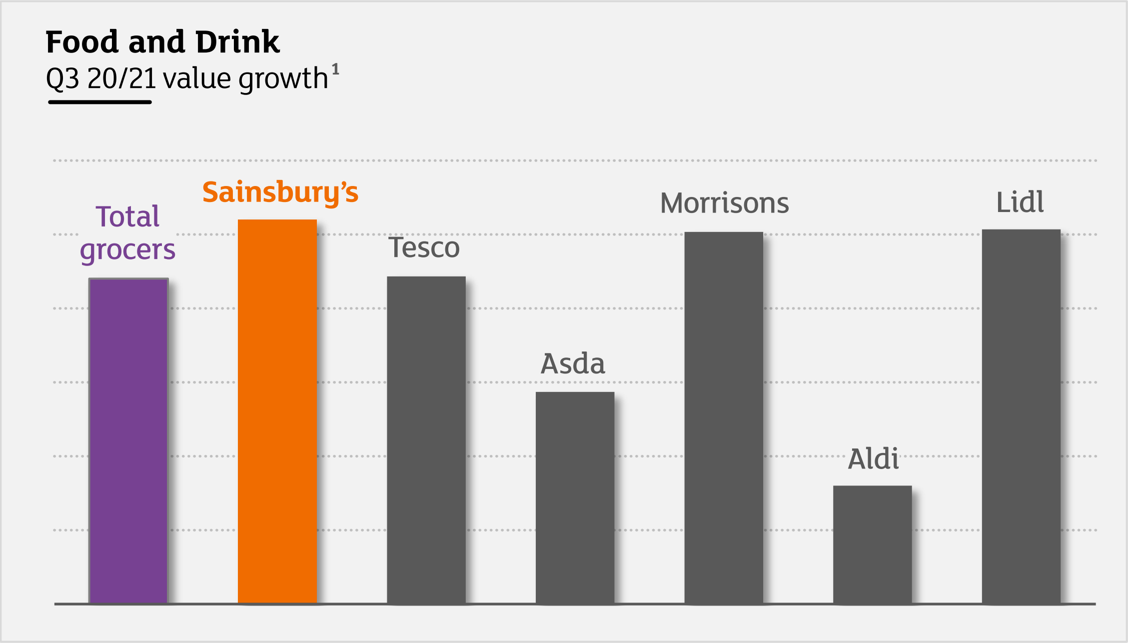
1 Of total Retail sales exc. Fuel. Includes SmartShop sales
2 Of total Grocery sales

Grocery sales performance versus market



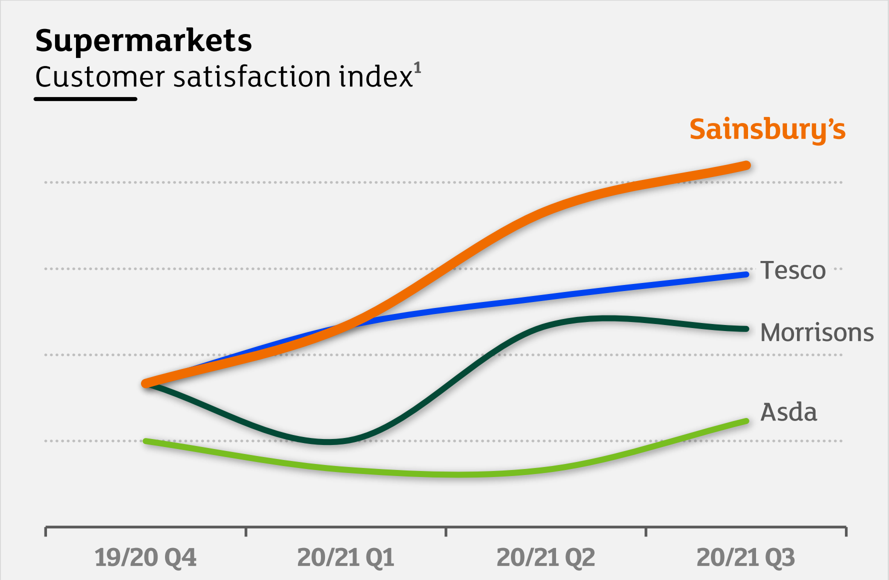
1 Kantar Total Grocery 12-week value YoY growth, 12 weeks to 27 Dec 2020. Includes Food, Beverages, Alcohol, some Household and Health & Beauty categories

Grocery sales performance versus market



1 Kantar Total Food & Drink 12-week value YoY growth, 12 weeks to 27 Dec 2020. Includes Fresh & Chilled, Ambient Groceries & Frozen Food. Excludes Alcohol, Household, Toiletries & Healthcare

Customers recognising our investment in service



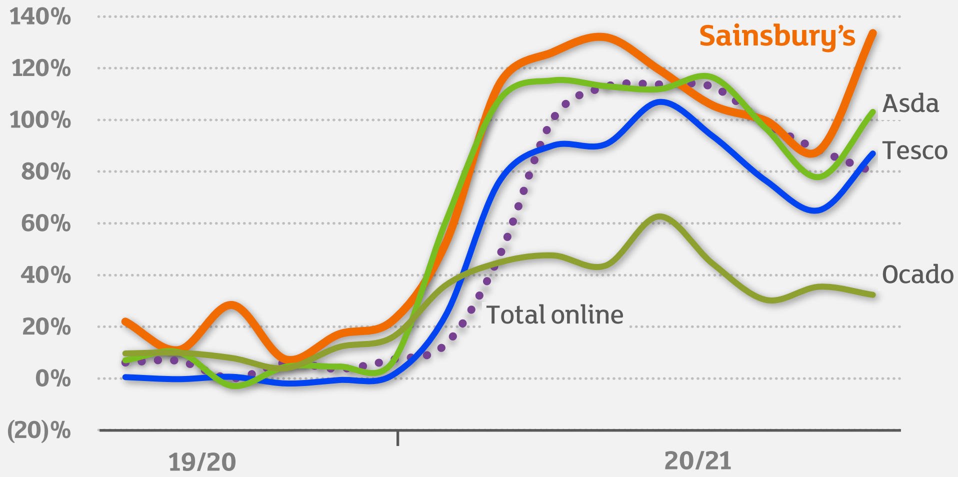
Customer Satisfaction[2]

Speed of checkout **+16%**	Availability of products **+6%**
Variety of items **+10%**	Availability of colleagues **+10%**
Value for money spent **+1%**	

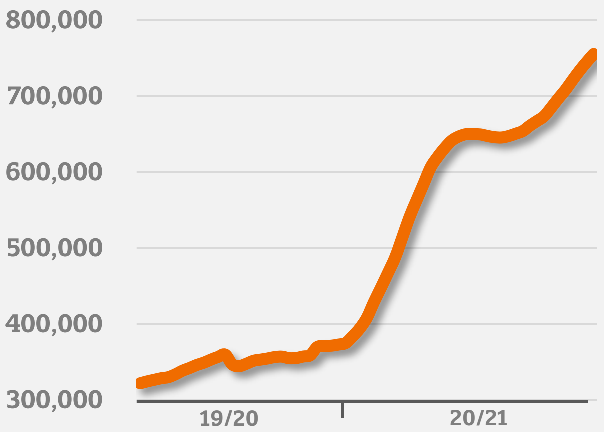
1 Supermarket customer satisfaction %. Competitor benchmarking survey.
2 Lettuce Know customer satisfaction data, 4 week average 6 Dec 2020 – 2 Jan 2021, YoY percentage point growth

We have continued to grow online grocery capacity

Online sales growth[1]



Online weekly orders (12 week rolling avg.)[2]



1 Nielsen Panel Data; Total Business; Rolling 4 wkly Value Sales, % YoY Growth; to 28 Nov 2020
2 12 weekly rolling basis, from H1 19/20 to Q3 20/21

Groceries Online: driving productivity

Rapid profitable expansion leveraging technology investments

Orders per van

+56%[1]

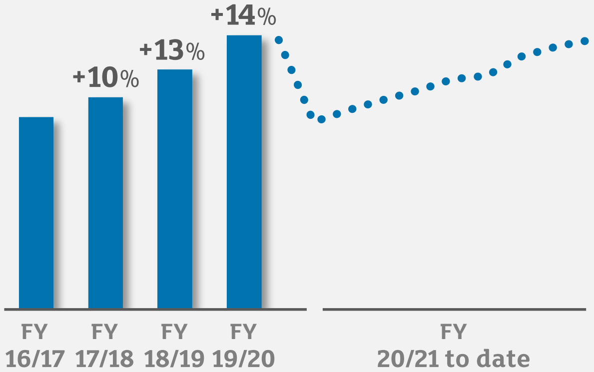
Average basket size

+9%

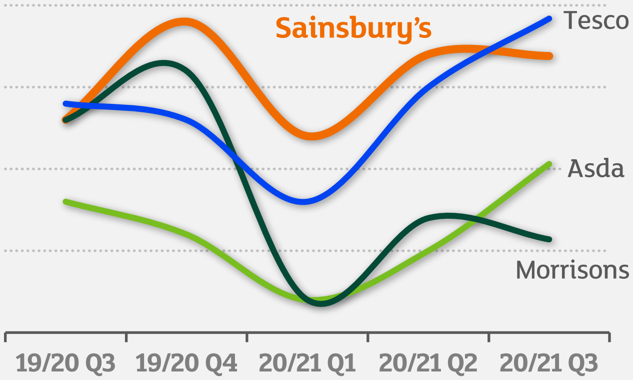
Click and Collect
participation

from 3% to 16%[2]

Items picked per hour



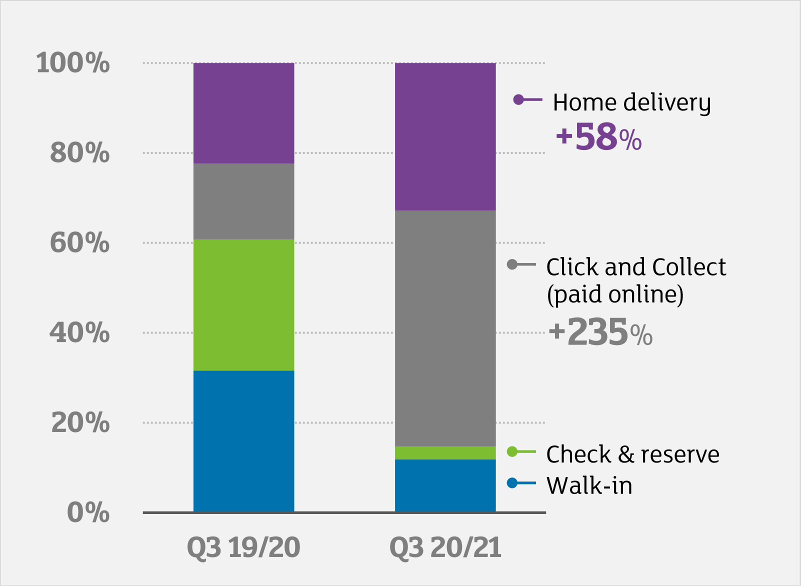
Online Customer satisfaction index[3]



1 exc. C&C orders
2 Sales participation of total groceries online sales Q3 20/21 vs Q3 19/20
3 Online customer satisfaction %. Competitor benchmarking survey

Nearly 90% of Argos sales online in peak quarter

Customers have changed the way they shop



In the next 3 years we will transform our business

We are clear on our priorities

Food First

- Better value and innovation
- Underpinned by buying benefits and lower cost to serve

Brands that Deliver

- Customer and profit focus
- Supporting the core food business

Save to Invest

- Structurally lower operating costs to fuel investment in the core
- Cutting complexity and increasing pace of execution

Connected to Customers

Know and serve our customers better, use the power of Nectar

Net Zero 2040

Become net zero by 2040

7 key metrics

Delivering for customers and driving stronger financial outcomes

Operational

- Strong customer satisfaction scores
- Maintain strong colleague engagement
- Deliver our Net Zero commitment

Financial

- UPBT growth
- Grocery market share performance
- 200bp+ reduction in retail operating cost to sales
- Dependable retail free cash flow: £500m pa average [1]

1 From March 2023 onwards