

First Quarter Trading Statement for the 16 weeks to 25 June 2022

Trading in line with expectations, outlook unchanged, good grocery volume market share performance

Simon Roberts, Chief Executive of J Sainsbury plc, said: “We really understand how hard it is for millions of households right now and that’s why we are investing £500 million and doing everything we can to keep our prices low, especially on the products customers buy most often. We’re working hard to reduce costs right across the business so that we can keep investing in these areas that customers care most about. The progress we are making on improving value, quality, innovation and service is reflected in our improved grocery volume market share.

“Our customers are watching every penny and every pound but they also look to Sainsbury’s when they want to treat themselves, particularly at special occasions. We are really connected to our customers and through strong delivery of our plan, we have outperformed the market at key events such as the Jubilee¹.

“I would like to thank my colleagues for their brilliant efforts this quarter. We are proud to be the first major supermarket to pay the Living Wage to all colleagues, regardless of where they live - and to have increased Sainsbury’s colleague pay by 25% and Argos by 39% over the past five years. The pressure on household budgets will only intensify over the remainder of the year and I am very clear that doing the right thing for our customers and colleagues will remain at the very top of our agenda.”

Financial highlights and outlook

- Good grocery performance, with sales down 2.4% against last year’s elevated COVID-19 driven levels and 8.7% ahead of pre-pandemic sales
- General Merchandise and Clothing sales in line with expectations, with an improved sales trend following the first five-week period when non-essential retail was closed during lockdown last year
 - Argos sales down 7% in the last 11 weeks of the quarter, down 19% in the first five weeks
 - Sainsbury’s General Merchandise sales down 5% in the last 11 weeks, down 30% in the first five weeks
 - Clothing sales down 2% in the last 11 weeks, down 26% in the first five weeks
- Outlook unchanged; continue to expect FY22/23 underlying profit before tax of between £630m and £690m

	Q1 22/23 YoY (vs Q1 21/22)	Q1 22/23 Yo3Y (vs Q1 19/20)
Total sales growth %	16 weeks to June 25th	16 weeks to June 25th
Grocery	(2.4%)	8.7%
Total General Merchandise	(11.2%)	(6.2%)
GM (Argos)	(10.5%)	(4.5%)
GM (Sainsbury's supermarkets)	(14.6%)	(13.8%)
Clothing	(10.1%)	3.9%
Total Retail excl. Fuel	(4.5%)	5.4%
Like-for-like sales excl. Fuel	(4.0%)	

Strategic and operational highlights

Food First: Good volume market share performance against strong prior year comparative and ahead of the market versus pre pandemic², reflecting improved value position and product innovation. Structurally advantaged store estate and reputation for quality also ensuring customers are consistently choosing Sainsbury’s to help them celebrate special occasions and trade up for everyday treats.

Value

- Investing over £500 million over the two years to March 2023 in keeping our prices low, funded by cost savings; continuing to inflate behind competitors³
- Sainsbury’s Quality, Aldi Price Match campaign driving secondary customer basket growth⁴, matching Aldi on over 240 products, including the top 20 products that customers buy most often

- More Price Lock items held at stable prices than any of our big 4 competitors
- Value index against Aldi strongest ever; improved 350 basis points year-on-year⁵
- Improved value messaging in-store through new value aisles and stronger promotional signage

Quality & Innovation

- Launched 371 new products during the quarter, including 95 new Taste the Difference products. Performance of our new Summer Edition range has been strong with many lines exceeding expectations
- Taste the Difference sales were up over 12% year-on-year over the Jubilee week with customers choosing to celebrate with traditional British summer products. Taste the Difference Prosecco and clotted cream scones were particularly popular and we sold a record-breaking number of Taste the Difference strawberries
- Sales of beer, wines and spirits during the Jubilee week were the highest ever outside of Christmas and Easter, with Pimms, sparkling wine and champagne selling particularly well

Service

- Supermarket customer satisfaction continues to be ahead of our key competitors⁶
- Store improvement programme driving efficiency and delivering better service for customers. Greater product breadth in areas like World Foods and improved layouts making it easier for customers to find what they want
- Groceries online order numbers continue to normalise as more customers return to store. Sales were 94% above pre-pandemic levels and we are pleased with our market share performance as we hold on to customers gained during the pandemic

Brands that Deliver:

- Argos sales down 4.5% versus 19/20, maintaining the improved trend against pre-pandemic levels seen in Q4 21/22⁷ and reflecting improved availability
- In line with our plan to reduce costs and improve convenience, we closed six Argos standalone stores and opened five Argos stores inside Sainsbury's supermarkets, bringing the total to 405 stores inside supermarkets
- Opened our seventh new Local Fulfilment Centre, enabling more customers to buy from Argos faster and more conveniently
- Sainsbury's General Merchandise down 14.6%, reflecting tough lockdown-driven comparatives and strategic decision to rebalance space allocation in stores and exit the entertainment category
- Clothing sales were up 3.9% versus pre-pandemic and down year-on-year against a benefit from competitors being closed during lockdown. Women's dresses, holiday wear and swimwear performed especially well as travel increased
- Nectar is driving value by delivering personalised prices for over one million regular customers through *My Nectar Prices*. Nectar digital registrations are now at 9.6 million
- Financial Services continues to make progress with our plan to simplify the business. We are cautiously growing unsecured lending balances and Travel Money volumes are recovering faster than expectations

Plan for Better:

- Launched our new Community and Partnership strategy, which focuses on tackling food poverty, with a total of £2 million given to stores to support projects in their local community
- Extended our successful food donation partnership with Neighbourly to convenience stores
- Introduced partnership with UK charity Newlife to all supermarkets, where Tu clothing not sold in store will be recycled or resold to support disabled and terminally ill children
- To reduce plastic, we launched refillable handwash pouches, which are estimated to save a total of 28 tonnes of plastic every year and changed five pack Fairtrade bananas from plastic bags to paper bands, removing 25 million single-use plastic bags

Detailed sales information

	2021/22				2022/23	
	Q1	Q2	Q3	Q4	Q1 YoY	Q1 Yo3Y ⁸
Like-for-like sales growth						
Like-for-like sales (excl. fuel)	1.6%	(1.4)%	(4.5)%	(5.6)%	(4.0)%	
Like-for-like sales (incl. fuel)	8.4%	3.0%	0.6%	2.7%	2.9%	
Total sales growth						
Grocery	0.8%	0.8%	(1.1)%	(1.6)%	(2.4)%	8.7%
Total General Merchandise	(1.4)%	(11.4)%	(16.0)%	(21.1)%	(11.2)%	(6.2)%
GM (Argos)	(3.7)%	(12.0)%	(16.1)%	(20.4)%	(10.5)%	(4.5)%
GM (Sainsbury's Supermarkets)	11.2%	(8.0)%	(15.7)%	(24.1)%	(14.6)%	(13.8)%
Clothing	57.6%	9.2%	(2.7)%	(9.3)%	(10.1)%	3.9%
Total Retail (excl. fuel)	1.6%	(1.7)%	(5.3)%	(6.2)%	(4.5)%	5.4%
Fuel	95.1%	36.1%	47.5%	80.1%	48.3%	26.9%
Total Retail (incl. fuel)	8.5%	2.7%	(0.1)%	2.2%	2.5%	8.9%

Investor Relations Enquiries

James Collins +44 (0) 20 7695 0080

Media Enquiries

Rebecca Reilly +44 (0) 20 7695 7295

Notes

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 events or 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.

A conference call will take place at 9:15am (BST). To listen to the audio webcast please register at <https://sainsburys-q1-trading-statement-22-23.open-exchange.net/registration>. A transcript and recorded copy of the Q&A call will be available following the conference call.

Sainsbury's will announce its Interim Results for the half year ending 17 September 2022 on 3 November 2022.

¹ Nielsen EPOS YoY unit growth: Sainsbury's growth vs Total Outlets growth. Jubilee week 28 May to 4 June 2022

² Nielsen panel data, Grocery volume growth. 15 weeks to 18 June 2022 versus 15 weeks to 15 June 2019. Total FMCG excl. K&T

³ Nielsen panel data, Top 100 SKUs by retailer. Average Selling Price YoY growth

⁴ Secondary Shoppers – Volume Growth. Nielsen Panel, Total FMCG (excl. Kiosk & Tobacco), 12wks to 28 May 22. Market Universe: Total Outlets

⁵ Value Reality: 6 March – 25 June 2022 vs 7 March – 26 June 2021. Edge by Ascential; internal modelling

⁶ Competitor Benchmarking survey. Supermarket overall satisfaction. Q1 22/23 data

⁷ Q4 21/22 Argos Yo2Y sales growth vs Q4 19/20 of (4.7)%

⁸ Q1 22/23 vs Q1 19/20