

First Quarter Trading Statement for the 16 weeks to 22 June 2024

Biggest market share gains of any grocer as more customers choose Sainsbury's for their main shop

Trading Highlights

- Strong sustained Grocery momentum with a second year of volume growth as customers continue to respond to our value, innovation and leading quality. Volume growth has remained strong as inflation has slowed, despite tough weather comparatives in recent weeks
- Biggest market share gains of any grocer during the quarter¹ with consistent net switching gains² as more customers choose Sainsbury's for their main shop³
- Sainsbury's General Merchandise and Clothing performance reflects improvement in clothing trend offset by weaker seasonal general merchandise sales
- Argos sales declined against a particularly strong comparative period with significantly lower seasonal sales and weaker Consumer Electronics demand, notably in Gaming
- Commenced previously announced £200 million share buyback programme, to be completed in FY24/25
- Additionally expect to return at least £250 million to shareholders once the sale of Sainsbury's Bank's Core Banking Business to NatWest has completed and the future model for Argos Financial Services is in place
- Continue to expect FY24/25 Retail underlying operating profit of between £1,010 million and £1,060 million, growth of between five per cent and ten per cent versus FY23/24, and to generate at least £500 million of Retail free cash flow

Sales Performance (YoY)*	Q1 16 weeks to 22 June 2024
Sainsbury's	4.2%
<i>Grocery</i>	4.8%
<i>General Merchandise + Clothing</i>	(4.3)%
Argos**	(6.2)%
Total Retail (exc. fuel)	2.6%
Like-for-like sales (exc. fuel)	3.0%

* Revised category disclosure reflects Next Level Sainsbury's strategy changes. Historic disclosure available at the end of the release

**Excludes the impact of closing the Argos business in the Republic of Ireland. Sales performance including impact; Argos (7.7)%, Total Retail (exc. fuel) 2.3%, Like-for-like sales (exc. fuel) 2.7%

Simon Roberts, Chief Executive of J Sainsbury plc, said:

"We are pleased with our market-beating grocery performance and the early progress we're making against our Next Level Sainsbury's plan. We've been winning from competitors every month for 15 months, as more and more people are choosing Sainsbury's for their big weekly shop.

"We are laser focused on delivering the best combination of value and quality in the market and our customers are recognising that with 98% of big baskets including Nectar Prices or Aldi Price Match. Innovation continues to be a top priority and we launched 400 new products this quarter, almost half of which were Taste the Difference, which continues to outperform a strong premium market. Our Summer ranges are the perfect complement to this Summer of Sport and we're gearing up for Wimbledon this week and England's quarter final match on Saturday night.

"Our food business is going from strength to strength and I would like to thank all of my colleagues and our suppliers and farmers for the brilliant job they are doing every day to deliver for all our customers."

Strategic Highlights

First choice for food: Our consistent focus on great value, quality and service is delivering. We are winning more volume from Primary customers than all other full-choice grocers⁴. This is driving basket size growth significantly ahead of all competitors⁵ and a second year of volume growth

- Improvement in value perception ahead of the market⁶, with 98 per cent of big baskets including Nectar Prices or Aldi Price Match products. We now have more than 650 products in our Aldi Price Match, as well as offering Low Everyday Prices on around 1,000 products

- Increased our Summer innovation by 10 per cent year on year with more than 400 new products, almost half of which are Taste the Difference. Taste the Difference remains our fastest growing own brand, with sales growth of 14 per cent and we continue to perform ahead of all competitors in Premium Own Label volume growth⁷
- Groceries Online participation increased to 14 per cent, as customers return to more time efficient ways to shop. Our OnDemand service continues to grow rapidly, with sales up more than 80 per cent
- Overall supermarket customer satisfaction has increased 4 percentage points and remains consistently ahead of full-choice competitors⁸ as higher levels of colleague engagement support the delivery of leading customer service. Scores for product availability have improved across all channels, particularly in supermarkets with an 8 percentage point improvement year-on-year⁹
- Remain focused on addressing food poverty in the UK and taking further action to reduce food waste. Partnering with Olio across our estate to redistribute 'use by' surplus food following a successful trial
- Positive improvement in Clothing sales momentum, particularly in Womenswear, benefiting from renewed focus on core ranges but offset by the impact of unseasonal weather in recent weeks

Loyalty everyone loves: The role of Nectar within our business continues to develop as we annualise the launch and rapid roll out of Nectar Prices. Customers are reacting positively to the value they can access and the ability to accumulate rewards quickly¹⁰

- Reached our highest Nectar participation to date over the Easter Bank Holiday, with almost 18 million customers now digital Nectar collectors and customer metrics in ease, relevance and value improving during the quarter¹⁰
- Your Nectar Prices, our personalised offer, has been live on Groceries Online for six months. Almost 90 per cent of eligible baskets include a personalised offer, delivering significant savings to online customers
- Major brands are increasingly partnering with us to run innovative promotional events, driving strong sales growth and customer engagement, while continuing to connect with us for Nectar360's deep media capabilities, valuable insights and strong returns on advertising spend

More Argos, more often: We are making progress with our More Argos, more often strategy outlined in February, both in transforming the business and reshaping our core commercial and digital proposition. Despite a tough trading backdrop, we are enhancing our digital offer and improving our range, particularly expanding to more popular premium brands

- Argos sales declined against a tough comparative, reflecting an unseasonal start to Summer, impacting seasonal categories like House and Garden and Outdoor Furniture. Weaker Consumer Electronics sales were driven by softer demand, particularly in Gaming
- Consumers continue to shop general merchandise more cautiously but respond to value. Our new Big Red promotional events join up our best value offers across multiple categories and have performed well with strong customer engagement
- Extending ranges in key categories:
 - Extended Lego range by over 20 per cent in the past year, with a greater focus on offering complete collections at mid-premium price points, driving sales growth of 40 per cent
 - Introduced new suppliers through stockless Supplier-Direct Fulfilment (SDF) arrangements across categories including power tools, bedding and sofas, offering more complete missions and ranges. This has driven SDF sales growth of 7 per cent and a shift towards higher ticket items

Save and invest to win: Mobilising our plan to unlock a further £1 billion of operating cost savings over the next three years, creating the fuel to continue investing in our customer proposition, productivity and operations whilst driving higher returns

- The migration of our Food forecasting capabilities will complete this Summer, supporting the optimisation of sales, waste and stock. This is already delivering significant benefits, with availability improvements ahead of target
- Accelerating our ambition to become the UK's leading AI-enabled grocer by committing to a five-year strategic partnership with Microsoft. Key focus areas are enhancing customer experiences online using generative AI, empowering store colleagues by using real-time data and insights for key processes and using machine learning capabilities to improve efficiency

Like-for-like sales performance	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Like-for-like sales (exc. fuel)	9.8%	6.6%	7.4%	4.8%	2.7%
Like-for-like sales (inc. fuel)	3.9%	2.2%	5.3%	2.9%	2.4%

Total sales performance	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	9.9%	7.5%	8.4%	6.5%	4.2%
<i>Grocery</i>	11.0%	8.9%	9.3%	7.3%	4.8%
<i>GM (Sainsbury's) + Clothing</i>	(2.5)%	(8.7)%	(0.3)%	(5.5)%	(4.3)%
Argos (inc. ROI)	5.1%	(2.6)%	(0.9)%	(6.6)%	(7.7)%
Total Retail (exc. fuel)	9.2%	5.8%	6.5%	4.3%	2.3%
Fuel	(21.4)%	(17.1)%	(7.2)%	(7.8)%	0.4%
Total Retail (inc. fuel)	3.3%	1.5%	4.4%	2.4%	2.1%

Like-for-like sales performance exc. Argos ROI	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Like-for-like sales (exc. fuel)	10.0%	6.6%	7.4%	4.8%	3.0%
Like-for-like sales (inc. fuel)	4.0%	2.2%	5.3%	2.9%	2.6%

Total sales performance exc. Argos ROI	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Sainsbury's	9.9%	7.5%	8.4%	6.5%	4.2%
<i>Grocery</i>	11.0%	8.9%	9.3%	7.3%	4.8%
<i>GM (Sainsbury's) + Clothing</i>	(2.5)%	(8.7)%	(0.3)%	(5.5)%	(4.3)%
Argos	6.1%	(0.1)%	1.7%	(4.7)%	(6.2)%
Total Retail (exc. fuel)	9.3%	6.2%	7.1%	4.7%	2.6%
Fuel	(21.4)%	(17.1)%	(7.2)%	(7.8)%	0.4%
Total Retail (inc. fuel)	3.3%	1.5%	4.4%	2.4%	2.3%

Total sales performance - previously reported detail	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Total General Merchandise:	4.0%	(2.6)%	(0.6)%	(5.6)%	(7.3)%
<i>GM (Sainsbury's)</i>	(1.2)%	(2.7)%	0.9%	0.4%	(5.3)%
<i>GM (Argos) (inc. ROI)</i>	5.1%	(2.6)%	(0.9)%	(6.6)%	(7.7)%
Clothing	(3.7)%	(14.6)%	(1.7)%	(11.7)%	(3.3)%

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 webcast presentation and live Q&A will be held at 9:15 (BST). This will be available to view on our website at the following link: <https://sainsbury-q1-trading-statement-2024-25-analyst-call-july-02.open-exchange.net/>

A recorded copy of the Q&A call and a transcript will be available at www.about.sainsburys.co.uk/investors/results-reports-and-presentations following the event.

Sainsbury's will announce its Interim Results for the 28 weeks ending 14 September 2024 on 7 November 2024.

Enquiries

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¹ Worldpanel by Kantar - Grocery Value YoY market share gains – FMCG excl. Kiosk and Tobacco. 14 weeks to 9 June 2024

² Worldpanel by Kantar Packs Net Switching – FMCG excl. Kiosk and Tobacco. Net switching gains for last 15 periods of 4 week reads to 9 June 2024

³ Worldpanel by Kantar Shopper Mission "Main Shop" YoY volume share gains - FMCG excl. Kiosk and Tobacco. 14 weeks to 9 June 2024

⁴ Worldpanel by Kantar Primary Shopper Growth YoY - FMCG excl. Kiosk and Tobacco. 14 weeks to 9 June 2024

⁵ Worldpanel by Kantar Packs per Trip growth YoY - FMCG excl. Kiosk and Tobacco. 14 weeks to 9 June 2024

⁶ YouGov Brand Index – Supermarket Value for Money perception metric

⁷ Worldpanel by Kantar Premium Own Label Packs growth - FMCG excl. Kiosk and Tobacco. 14 weeks to 9 June 2024

⁸ CSAT Supermarket Competitor Benchmark data – Overall Supermarket satisfaction score

⁹ CSAT Supermarket Competitor Benchmark data – Availability of Products Supermarket satisfaction score

¹⁰ Nectar Brand Tracker, May 2024