

Fourth Quarter Trading Statement for the ten weeks to 14 March 2015

Positive response to price investment as volume and like-for-like transactions increase

- **Total Retail sales for fourth quarter down 0.3 per cent (excl fuel), down 2.7 per cent (inc fuel)**
- **Like-for-like Retail sales for fourth quarter down 1.9 per cent (excl fuel), down 3.9 per cent (inc fuel)**
- **Over 1,100 prices reduced since we announced our £150 million price investment**
- **Volume increases across the business as new customers discover our great value**

Mike Coupe, Chief Executive, said, "The trading environment remains challenging and the decisions we have taken to improve our competitiveness are reflected in our quarterly performance. Since we announced our Strategic Review in November we have lowered the regular prices of over 1,100 products, ensuring our price position relative to our major competitors has never been stronger. In addition, we have absorbed record levels of food deflation in categories where we trade most strongly¹ - produce, dairy, fresh ready meals, meat, fish and poultry - allowing customers to continue to *Live Well for Less* at Sainsbury's.

During the quarter we have seen volume growth across the food business and an average uplift of over three per cent on the 1,100 products where we have made price reductions.

We have implemented our Value Simplicity programme, which is designed to replace one-off promotions with every day, lower prices. For example our '3 for £10' offer on key meat, fish and poultry lines has been replaced by regular lower prices on each individual product. This has been well received by our customers and allows them to budget and shop more conveniently.

As we have reduced prices and simplified our promotional offer, we have seen like-for-like transactions grow in the quarter as new customers are discovering the great value we represent.

We consistently outperform our major peers on product quality². To enhance these credentials further, we announced in November our commitment to improve the quality of over 3,000 products. We are making good progress with this programme - we have recently rolled out improvements to our fresh salmon and *Taste the Difference* crisp ranges - and the rate at which we launch these innovations will increase in the new financial year. Our store operational standards remain high with four Grocer 33 wins in the ten weeks and record levels of availability.

Our strategy to deliver a broad range of products and services through our increasingly multi-channel offer is also progressing well. During the quarter our general merchandise and clothing businesses performed strongly, up more than six per cent on last year. Growth in our convenience business remains strong at 14 per cent and in the quarter we opened 23 convenience stores. Our groceries online business saw order numbers increase by 14 per cent, with a record week of 245,000 orders. By the end of 2015 our customers will be able to Click and Collect their online grocery orders from 100 sites. This is yet another way for us to serve our customers whenever and wherever they want. Sainsbury's Bank grew sales of its loans by 21 per cent and we also announced the opening of Argos digital stores in ten of our supermarkets.

We expect the market to remain challenging for the foreseeable future. Food deflation is likely to persist for the rest of this calendar year, and competitive pressures on price will continue. However, we believe that the great value and quality of our products, combined with a strong focus on developing our multi-channel offer, will enable us to outperform our supermarket peers."

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Notes

1. Nielsen Panel - % Spend Share of Total Grocery (ex T&K & FS) & Index vs Top 4
2. HPI Brand & Communications Tracker - Per period - Total sample (c.1,000)
3. All sales figures contained in this trading statement are stated including VAT and in accordance with IFRIC 13
4. Like-for-like sales include the impact of extensions as follows:

	Q1	Q2	H1	Q3	Q4	H2	FY
Retail sales growth excluding fuel							
Total	1.0%	(0.8)%	0.0%	(0.4)%	(0.3)%	(0.4)%	(0.2)%
Like-for-like	(1.1)%	(2.8)%	(2.1)%	(1.7)%	(1.9)%	(1.8)%	(1.9)%
Included in like-for-like sales							
Net contribution from extensions	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%
Retail sales growth including fuel							
Total	(0.3)%	(2.3)%	(1.4)%	(2.5)%	(2.7)%	(2.6)%	(2.0)%
Like-for-like	(2.4)%	(4.1)%	(3.4)%	(3.9)%	(3.9)%	(3.9)%	(3.6)%

5. Store investment programme 2014/15:

2014/2015	Q1	Q2	H1	Q3	Q4	H2	FY
Supermarkets							
New	-	2	2	4	-	4	6
Replacements	-	1	1	1	-	1	2
Extensions	1	3	4	1	-	1	5
Refurbishments	3	2	5	7	1	8	13
Closures	-	(1)	(1)	(1)	(1)	(2)	(3)
Convenience							
New	27	23	50	25	23	48	98
Closures	-	(1)	(1)	(1)	-	(1)	(2)
Refurbishments	12	10	22	7	14	21	43

At the end of the quarter, Sainsbury's had 597 supermarkets and 707 convenience stores

6. 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
7. 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/
8. A conference call will take place at 8:30am. 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
9. Sainsbury's will announce its Preliminary results for 2014/15 on 6 May 2015, and the First Quarter Trading Statement on 10 June 2015