

Third Quarter Trading Statement for the 15 weeks to 9 January 2016

Good sales performance with like-for-like volume and transaction growth

- **Total Retail sales for third quarter up 0.8 per cent (excl fuel), down 0.7 per cent (inc fuel)**
- **Like-for-like Retail sales for third quarter down 0.4 per cent (excl fuel), down 1.8 per cent (inc fuel)**
- **Over 30 million customer transactions in the seven days before Christmas (up 2.6 per cent year-on-year)**

Mike Coupe, Chief Executive, said: "We have traded well during the festive period in a highly competitive market. Our stores delivered excellent levels of service and availability and we launched several new seasonal products and range improvements. As a result we have seen our market share grow in the quarter¹.

Customers continued to enjoy our Christmas classics. We sold over 17,000 Golden Bow Rich Fruit Cakes and over 550,000 Cognac Laced Christmas Puddings. Both of these centrepieces won Good Housekeeping taste tests. Customers also embraced our innovative products such as our Salted Maple & Pecan Pudding and our new sparkling alternative to Prosecco - Pignoletto. We launched our new *Taste the Difference* wines in time for Christmas which were well received and contributed to sales growth of over 18 per cent across the range. Our programme to invest in the quality of over 3,000 products remains on track.

We reduced our levels of vouchering and promotional participation year-on-year. We also reduced the number of multi-buys in favour of lower regular prices, continuing our commitment to simplify prices and promotions. Our continued investment in quality, price and service drove like-for-like transaction and volume growth year-on-year.

Our colleagues continue to deliver brilliant customer service. During the quarter we won seven out of 12 weeks of the *Grocer 33 Service & Availability* award. This reflects a fantastic effort by our colleagues, particularly over the Christmas trading period where stores are at their busiest.

We opened 16 convenience stores in the quarter and had our biggest ever day for convenience sales on 24 December. Groceries online sales grew at nearly ten per cent and orders by 15 per cent. We had a record week in the quarter, delivering over 289,000 online orders. We now have 101 Click and Collect sites nationwide.

General Merchandise achieved good sales growth of five per cent in the quarter and clothing nearly six per cent, despite the unseasonal weather impact. Sainsbury's Bank also delivered good performance with 11 per cent volume growth in loans and 29 per cent growth in travel money transactions.

Our Christmas advertising campaign *Mog's Christmas Calamity* was a huge success, with nearly 37 million online views and the exclusive *Mog's Christmas Calamity* book topping the UK bestselling book charts for four consecutive weeks. The charitable donation from the sales of the *Mog's Christmas Calamity* book and soft toy, on behalf of Sainsbury's, Judith Kerr and HarperCollins Children's Books totalled more than £1.5m and will be donated to support Save the Children's work to improve child literacy in the UK.

Given our good performance in this quarter, we now expect our like-for-like sales in the second half of the year to be better than the first. Food deflation and pressures on pricing will ensure that the market remains challenging for the foreseeable future. We will continue to remain competitive on price and our performance this quarter provides further evidence that our strategy is working."

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¹ Kantar Worldpanel 12 week data (ending 3 January 2016 and 6 December 2015)

Notes

- All sales figures contained in this trading statement are stated including VAT and in accordance with IFRIC 13
- Like-for-like sales include the impact of extensions as follows:

	FY 2014/15	Q1	Q2	H1	Q3
Retail sales growth excluding fuel					
Total	(0.2)%	(0.6)%	0.3%	(0.1)%	0.8%
Like-for-like	(1.9)%	(2.1)%	(1.1)%	(1.6)%	(0.4)%
Included in like-for-like sales					
Net contribution from extensions	0.2%	0.1%	0.1%	0.1%	0.0%
Retail sales growth including fuel					
Total	(2.0)%	(2.3)%	(1.8)%	(2.0)%	(0.7)%
Like-for-like	(3.6)%	(3.7)%	(3.3)%	(3.5)%	(1.8)%

- Store investment programme 2015/2016:

2015/16	Q1	Q2	H1	Q3
Supermarkets				
New	1	1	2	1
Replacements	1	1	2	-
Extensions	-	-	-	-
Refurbishments	-	4	4	2
Closures	(1)	(1)	(2)	-
Convenience				
New	10	27	37	16
Closures	(3)	-	(3)	-
Refurbishments	4	-	4	-

At the end of the quarter, Sainsbury's had 600 supermarkets and 757 convenience stores

- 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
- Sainsbury's also released today its Third Quarter Corporate Responsibility & Sustainability update. This is available at www.j-sainsbury.co.uk/investor-centre/results-and-presentations/
- 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 third quarter trading statement section
- On 5 January 2016 the company released an RNS in relation to a possible offer for Home Retail Group Plc. A presentation outlining an overview of the strategic rationale for the combination can be found at <http://www.j-sainsbury.co.uk/investor-centre/home-retail-offer/>
- Sainsbury's will announce its Fourth Quarter Trading Statement on 15 March 2016