

Fourth Quarter Trading Statement for the nine weeks to 12 March 2016

Positive like-for-like Retail sales growth (excl. fuel) for the first quarter in over two years

- **Total Retail sales for fourth quarter up 1.2 per cent (excl. fuel), up 0.5 per cent (inc. fuel)**
- **Like-for-like Retail sales for fourth quarter up 0.1 per cent (excl. fuel), down 0.4 per cent (inc. fuel)**
- **Supermarkets deliver like-for-like transaction and volume growth**
- **Commitment to phase out vast majority of multi-buy promotions across grocery products**

Mike Coupe, Chief Executive, said: "We have delivered a strong performance this quarter. Our supermarkets recorded both like-for-like transaction and volume growth and we continue to exceed our internal metrics for service and availability. We also maintained our market share in the quarter¹. The market will remain competitive as food deflation continues to impact sales growth.

We are progressing well with our quality investment in 3,000 own-brand products. The New Year is traditionally a time when customers focus on healthy eating and to cater for this demand we launched a number of vegetable-based product innovations including boodles (butternut squash noodles) and courgetti (spiralized courgette) which are proving extremely popular with our customers. We also introduced new lines to our healthier bread range including the rye loaf and sprouting grain boule, both of which are high in fibre.

Our promotional participation levels continue to reduce year-on-year, running at an average of 28 per cent for the quarter². Customers have told us that multi-buy promotions do not meet their shopping needs today. They are often viewed as confusing, create storage challenges and unnecessary waste. In response to this, we recently announced that we will be phasing out the vast majority of our multi-buy promotions across grocery products by August this year. We will continue to simplify our trading strategy in favour of lower regular prices. We are also committed to reducing waste and in January we launched our Waste less, Save more initiative in Swadlincote, Derbyshire. The town will receive £1 million to trial the latest technology and innovations in reducing household waste.

Our in-store operational metrics for service and availability remain excellent and are beating our internal targets. Year-to-date we have won 16 *Grocer 33 Service & Availability* awards, ahead of our run-rate in the previous year. We opened 16 convenience stores including our second micro store in Richmond. Groceries online sales grew at nearly 14 per cent and orders by nearly 19 per cent. We simplified our online nectar redemption process, making it easier for customers to redeem their points, and improving the online customer experience.

Clothing delivered over ten per cent growth and we introduced our 22nd Gok Wan collection which had its best ever February launch. Entertainment also performed well, with nearly 11 per cent growth driven by some big releases in the quarter. Sainsbury's Bank continued its good performance with 15 per cent volume growth in Insurance new business and 12 per cent growth in Travel Money in-store transaction volumes.

We have traded well this year and are making excellent progress implementing our strategy. The market will remain competitive but we are confident that we will continue to outperform our major peers."

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¹ Kantar Worldpanel 12 week data, year-on-year (ending 28 February 2016)

² Nielsen Homescan, % Spend on deal (Total Business, four week data up to 13 February 2016)

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:

	Q1	Q2	H1	Q3	Q4	H2	FY
Retail sales growth excluding fuel							
Total	(0.6)%	0.3%	(0.1)%	0.8%	1.2%	0.9%	0.4%
Like-for-like	(2.1)%	(1.1)%	(1.6)%	(0.4)%	0.1%	(0.2)%	(0.9)%
Included in like-for-like sales							
Net contribution from extensions	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
Retail sales growth including fuel							
Total	(2.3)%	(1.8)%	(2.0)%	(0.7)%	0.5%	(0.2)%	(1.2)%
Like-for-like	(3.7)%	(3.3)%	(3.5)%	(1.8)%	(0.4)%	(1.3)%	(2.5)%

- Store investment programme 2015/2016:

2015/16	Q1	Q2	H1	Q3	Q4	H2	FY
Supermarkets							
New	1	1	2	1	1	2	4
Replacements	1	1	2	-	-	-	2
Extensions	-	-	-	-	-	-	-
Refurbishments	-	4	4	2	1	3	7
Closures	(1)	(1)	(2)	-	-	-	(2)
Convenience							
New	10	27	37	16	16	32	69
Closures	(3)	-	(3)	-	-	-	(3)
Extensions	-	-	-	-	1	1	1
Refurbishments	4	-	4	-	2	2	6

At the end of the quarter, Sainsbury's had 601 supermarkets and 773 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 Fourth 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
- The sale of our Pharmacy business to LloydsPharmacy is expected to complete in the second quarter of 2016/17. The impact of this disposal will be excluded from Like-for-like sales for a period of one year from the applicable closing date
- Sainsbury's will announce its Preliminary results for 2015/16 on 4 May 2016, and the First Quarter Trading Statement on 8 June 2016