

Third Quarter Trading Statement for the 14 weeks to 3 January 2015

Good sales performance in a tough market

- **Total Retail sales for third quarter down 0.4 per cent (excl fuel), down 2.5 per cent (inc fuel)**
- **Like-for-like Retail sales for third quarter down 1.7 per cent (excl fuel), down 3.9 per cent (inc fuel)**
- **Over 29.5 million customer transactions in the seven days before Christmas**
- **Over 1,000 product prices reduced since we announced our £150 million price investment**

Mike Coupe, Chief Executive, said, "Sainsbury's has provided a great Christmas for our customers. Food price deflation and falling fuel prices have enabled our customers to treat themselves over the festive period.

Customers traded up over Christmas as sales of our *Taste the Difference* range grew by five per cent year-on-year. As an example, sales of our *Taste the Difference* Conegliano Prosecco grew by over 30 per cent. We also sold over 57 million mince pies and over 550,000 turkeys, up eight per cent year-on-year.

Our colleagues continue to provide excellent in-store service, and again did a fantastic job of serving our customers during the busiest time of the year. A record-breaking week before Christmas saw over 29.5 million customer transactions. We continued to help our customers *Live Well for Less* with the redemption of £124 million worth of Nectar points during the quarter supported by our popular *Christmas Double-Up* campaign.

The trend of more frequent and local shopping continues and we saw growth of over 16 per cent in our convenience business in the quarter. As well as over six million convenience customer transactions in the week before Christmas, we also saw our largest ever day for convenience sales on 24th December, taking over £8 million. For our groceries online business, this Christmas was our biggest to date. In the three days to 23rd December, our online team delivered more than 110,000 orders.

Our clothing and general merchandise businesses traded strongly over the quarter, in particular our clothing business was up nearly ten per cent year-on-year. We sold more than twice the number of Christmas jumpers compared to last year and our 'snowman' jumper, designed by one of our colleagues, was our best-seller by volume.

We opened 25 new convenience stores and refurbished a further seven in the quarter. We also opened four new supermarkets, one extension and one replacement store, and refurbished seven supermarkets.

In November, we announced our plans to invest £150 million in the prices of some of our most popular products. This week we are lowering prices on over 700 of these, including reductions in our Meat, Fish and Poultry categories. For example, the regular price of our 260g boneless cod fillets has dropped from £4.00 to £3.30 and the regular price of a Sainsbury's 1.35kg British whole chicken has fallen from £4.50 to £3.50. This now means we have reduced the prices of over 1,000 products since we made our announcement.

The outlook for the remainder of the financial year is set to remain challenging, with food price deflation likely to continue. Our performance in the third quarter showed an improving trend quarter-on-quarter. However, given the uncertainty in the trading environment, food price deflation and the price reductions we announced this week, we currently expect our fourth quarter like-for-like to be similar to that of our first half. Our prices versus our supermarket peers have never been better and alongside our differentiated quality and service offer, we are confident we will help our customers *Live Well for Less* throughout 2015."

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Notes

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

	Q1	Q2	H1	Q3
Sales growth excluding fuel				
Total	1.0%	(0.8)%	0.0%	(0.4)%
Like-for-like	(1.1)%	(2.8)%	(2.1)%	(1.7)%
Included in like-for-like sales				
Net contribution from extensions	0.2%	0.2%	0.2%	0.2%
Sales growth including fuel				
Total	(0.3)%	(2.3)%	(1.4)%	(2.5)%
Like-for-like	(2.4)%	(4.1)%	(3.4)%	(3.9)%

3. Store investment programme 2014/15:

2014/2015	Q1	Q2	H1	Q3
Supermarkets				
New	-	2	2	4
Replacements	-	1	1	1
Extensions	1	3	4	1
Refurbishments	3	2	5	7
Closures	-	(1)	(1)	(1)
Convenience				
New	27	23	50	25
Closures	-	(1)	(1)	(1)
Refurbishments	12	10	22	7

At the end of the quarter, Sainsbury's had 598 supermarkets and 684 convenience stores.

4. 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.
5. 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/
6. 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.
7. Sainsbury's will announce its Fourth Quarter Trading Statement on Tuesday 17 March 2015.