

J Sainsbury PLC Interim Results 24/25 Aide-Memoire

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Please read the cautionary statement regarding forward-looking statements set out on page 205 of the Annual Report and Financial Statements 2024.

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1. FY 24/25 Outlook and Guidance

a) From Preliminary Results announcement 23/24 and associated conference call

- We are confident of delivering strong profit growth in the year ahead. We expect to continue to grow grocery volumes ahead of the market, driving profit leverage. Combined with continued growth in Nectar profit contribution, a resilient Argos profit performance and continued strong cost saving delivery, we expect this to deliver retail underlying operating profit of between £1,010 million and £1,060 million, growth of between five per cent and ten per cent
- In relation to the retail underlying operating profit guidance, Simon Roberts, CEO said on the Preliminary Results conference call: *"To be clear, this is an ambitious range, it's not us aiming low with the intention of raising over the course of the year. It assumes some better Summer weather, but just a normal Summer, this will provide some support to Argos sales and margins, but also to Sainsbury's sales."*
- Our strong grocery momentum has continued into the new financial year and while we will face tougher comparatives, we expect to continue to generate volume growth and outperform the market. Against last year's cool and wet Summer, we additionally expect a sales benefit across the business from more normal seasonal weather
- We expect a lower profit contribution from Financial Services this year as we prepare to change the scope of the business. We expect a continued healthy profit contribution from the commission-based products we will retain. However, profits from our core banking products will continue to be impacted by higher funding costs and will additionally be impacted by preparations for phased withdrawal from these areas. Therefore, we expect these products to be loss-making and hence a net Financial Services contribution of between break even and £15 million
- We expect to generate Retail free cash flow of at least £500 million

b) From Q1 24/25 Trading Statement

- 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

2. Commentary and disclosure from H1 23/24 Interim Results announcement

H1 Financial Summary	2023/24	2022/23	YoY
Group sales (inc. VAT)	£18,865m	£18,338m	2.9%
Retail sales (inc. VAT, excl. fuel)	£15,805m	£14,674m	7.7%
Retail underlying operating profit	£485m	£477m	1.7%
Underlying profit before tax	£340m	£340m	-
Underlying basic earnings per share	10.5p	11.2p	(6)%
Interim dividend per share	3.9p	3.9p	-
Net debt (inc. lease liabilities)	£(5,643)m	£(6,165)m	£522m
Non-lease net (debt)/funds	£(231)m	£361m	£(592)m
Retail free cash flow	£520m	£759m	£(239)m
Return on capital employed	7.9%	7.7%	20bps

- **Grocery:** sales up 10.1%. Volume growth across both quarters driving record market share gains and consistent market outperformance
- **General Merchandise:** sales up 1.1% despite tough weather comparatives over the Summer (up 2.5% excluding the impact of the closure of Argos in the Republic of Ireland)
 - “Sales of outdoor and seasonal products were down more than 30% in the second quarter, reflective of our very poor summer weather”
- **Clothing:** sales down 8.4%, reflecting a disciplined trading approach in a seasonally weak and promotionally-driven market
 - “Our Tu Clothing business had a tough summer with impulse purchases down significantly as a result of poor weather in July and August and a particularly warm early September”

3. Technical considerations for H1 24/25

- There are no calendar or other technical issues which would impact the H1/H2 phasing of sales and profits and/or Q2 sales performance
- We had fully annualised by the end of Q1 2024/25 the closure of Argos in the Republic of Ireland, so this will no longer impact Argos's reported sales performance
- There will be no impact on sales this financial year from the Homebase stores acquired
- The March 2024 year end share count was 2,370,612,927
- The most recent update on the number of shares in issue (at September 2nd) was 2,360,088,616. Monthly updates are available here: <https://www.about.sainsburys.co.uk/investors/regulatory-news>

4. Recent Kantar City Read data

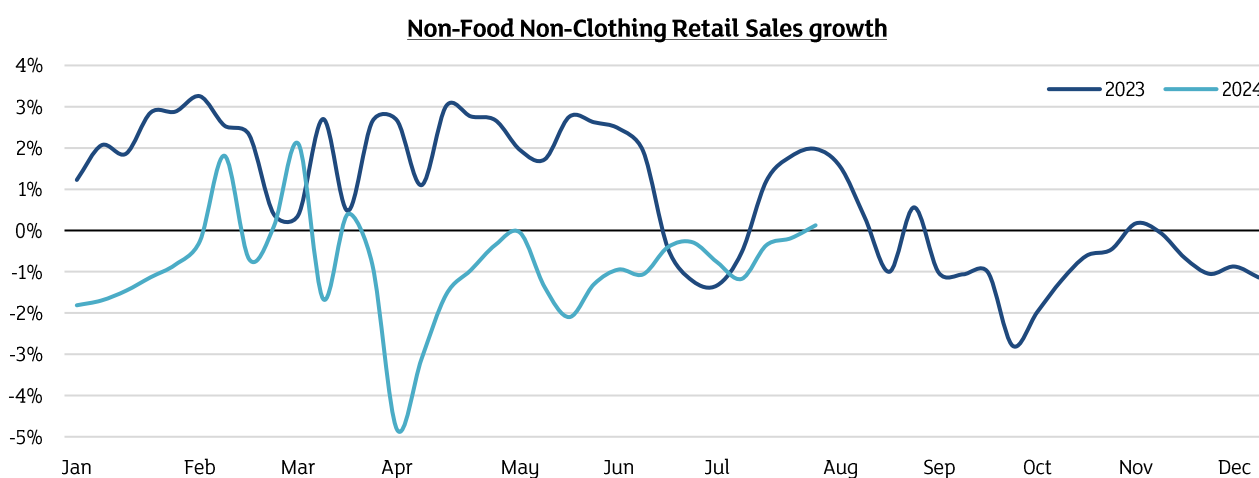
- The table below shows Kantar's read of Sainsbury's Grocery growth over recently reported quarters and for the weeks to date of Q2
- The publicly available four-week Kantar periods do not exactly align to our reporting periods. We have shown the Kantar read on Sainsbury's for the Kantar periods within both 23/24 and 24/25 which have been reported to date
- Sainsbury's reported numbers are shown in the tables towards the end of this document

	23/24				24/25	
	Q1	Q2	Q3	Q4	Q1	Q2 to date
Kantar City Read Sainsbury's Total Grocery growth*	10.9%	11.1%	10.6%	9.5%	7.3%	7.8%

*Closest aligned Kantar City Read period – 2 weeks behind Sainsbury's reported period

5. BRC- KPMG Retail Sales Monitor: Non-Food Non-Clothing Market growth

- The BRC chart below shows UK non-food non-clothing retail sales growth (4-week rolling data):



6. Sales performance: from Q1 24/25 trading statement

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%
Grocery	11.0%	8.9%	9.3%	7.3%	4.8%
GM (Sainsbury's) + Clothing	(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%
Grocery	11.0%	8.9%	9.3%	7.3%	4.8%
GM (Sainsbury's) + Clothing	(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)%
GM (Sainsbury's)	(1.2)%	(2.7)%	0.9%	0.4%	(5.3)%
GM (Argos) (inc. ROI)	5.1%	(2.6)%	(0.9)%	(6.6)%	(7.7)%
Clothing	(3.7)%	(14.6)%	(1.7)%	(11.7)%	(3.3)%

7. Detailed 24/25 guidance from 23/24 Preliminary Results presentation

Profit

- We expect retail underlying operating profit growth of between £1,010 million and £1,060 million, growth of between five per cent and 10 per cent
- We expect net Financial Services contribution of between break even and £15 million

Finance costs

- We expect underlying net finance costs of between £310 million and £320 million, including £260 million lease interest

Space

- We expect to open three supermarkets and around 25 new convenience stores, with four supermarkets and three to five convenience stores to close
- We expect to open around eight Argos stores inside Sainsbury's and close around 15-20 Argos standalone stores
- We expect the standalone Argos store estate will reduce to around 190 stores by March 2025, and we expect to have 450-460 Argos stores inside Sainsbury's supermarkets as well as 480-500 Argos collection points

Depreciation and amortisation

- We expect retail underlying depreciation and amortisation of around £1.15 billion, including around £0.4 billion right of use asset depreciation

Tax rate

- We expect an underlying tax rate of around 30 per cent

Capital allocation

- We have committed to a progressive dividend policy from the start of 2024/25 and to the commencement of a share buyback programme, with £200 million of share capital to be bought back over the course of the next financial year

Capital expenditure

- We expect core retail cash capital expenditure (excluding Financial Services) in 2024/25 to be £800-£850 million, with an additional £70 million of strategic investment in our EV charging business

Retail free cash flow

- We expect to generate at least £500 million of retail free cash flow in 2024/25, in line with our commitment of generating at least £1.6bn of retail free cash flow over the next three years

Net Debt

- We continue to target leverage of net debt to EBITDA of 3.0x to 2.4x

Pension

- We expect total pension scheme cash contributions to be around £45 million

8. Useful Links

- Q1 24/25 Trading Statement: <https://www.about.sainsburys.co.uk/~media/Files/S/Sainsburys/documents/reports-and-presentations/2024/q1-trading-statement-2024-25/j-sainsbury-plc-q1-2425-trading-statement.pdf>
- Q1 24/25 Transcript: <https://www.about.sainsburys.co.uk/~media/Files/S/Sainsburys/documents/reports-and-presentations/2024/q1-trading-statement-2024-25/J%20Sainsbury%20plc%20Q1%202425%20Transcript.pdf>
- Preliminary Results 23/24: <https://www.about.sainsburys.co.uk/~media/Files/S/Sainsburys/documents/reports-and-presentations/2024/Preliminary%20Results/J%20Sainsbury%20Plc%20Preliminary%20Results%202324%20Statement.pdf>
- Preliminary Results 23/24 Transcript: <https://www.about.sainsburys.co.uk/~media/Files/S/Sainsburys/documents/reports-and-presentations/2024/sainsbury-plc-preliminary-results-2324-transcript.pdf>
- Interim Results 23/24: https://www.about.sainsburys.co.uk/~media/Files/S/Sainsburys/documents/reports-and-presentations/2023/Interim_Results_2324/J%20Sainsbury%20plc%20Interim%20Results%202324%20Statement.pdf

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