J Sainsbury plc

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Q3 Trading Statement 2025/2026
Friday, 9 January 2026

Presentation

Simon Roberts
Chief Executive Officer

Well, a very good morning, everyone, and a Happy New Year. Welcome to our Quarter Three Trading Statement, covering the 16 weeks to January 3rd. I'm going to talk about our trading performance, and then Bláthnaid and I, of course, will be happy to take all of your questions.

But before I do any of that, I'd like to say a huge thank you to all of our colleagues, all of our suppliers, and all of our farmers, because our strong Q3 performance was the result of an outstanding team effort across our whole business, probably the best Christmas execution I've seen us deliver in my nine years at Sainsbury's, so a big thank you to our entire team.

We described very clearly in our statement today how we set ourselves up strongly to deliver over the peak period. We upgraded our profit guidance in November, but we were super clear then, as we have been all year, that our priority was sustaining the strength of our competitive position and really standing out in an increasingly competitive market. So, we invested in the areas that really matter most to customers: delivering great value; distinctive and differentiated quality and innovation; outstanding product availability; and market-leading customer service.

Our customer satisfaction metrics across all of these areas tell us that customers really noticed, driving consistently strong trading momentum across the whole quarter against a softening grocery market.

Performance was strong across all our grocery formats. Alongside our core supermarkets, we had record sales in our Convenience stores, and Online sales growth of 14%, including a very strong increase in OnDemand sales.

But, perhaps more than anything, we're particularly proud of the flawless execution of our plan this Christmas, particularly across fresh food. We delivered our best ever fresh food availability when it mattered most to customers in the key Christmas week, on the really big days, right across the store network. We did this together with a clean stock outturn post peak, with very limited waste, and next to no markdown.

This reflects the investments that we have made across our operations in recent years, as well as all our colleagues and our suppliers planning and delivering this. Again, a big thank you to them all.

Now, the strength of our trading performance has meant that we're able to reiterate our profit guidance today, despite a weaker general merchandise backdrop. We're upgrading our free cash flow guidance, reflecting the strong working capital progress in particular. We continue to expect to return more than £800 million of cash to shareholders this financial year.

Now, these two charts firstly show the strength of our grocery volume market share performance across this peak quarter, where we have now outperformed the market for six consecutive years, and, secondly, the strengthening of our performance relative to the wider grocery market over the course of the year, with switching gains accelerating over the course of the year, and now more than double the level in Q3 that they were in Q1, with gains coming from across the breadth of our competitor base.

Now looking at sales growth across the business, grocery growth was broadly in line with the first half, with volume growth remaining at around 2%, despite a softer market backdrop. Clothing sales were broadly in line with last year, gaining share in a weak, seasonally driven market, and general merchandise sales were down year on year, partly reflecting the reduced space allocation.

Argos sales declined by 1%, but with volume growth offset by the impact of lower average selling prices across the market, reflecting subdued customer spending on bigger ticket items like furniture, heavy promotional activity, and a weak gaming market.

Now focusing back on the drivers of our strong grocery performance, the consistency of our value delivery is key here: Nectar Prices, Aldi Price Match, and, for the first time this peak period, through personalised Your Nectar Prices being available to all our supermarket customers. More customers are shopping bigger baskets at Sainsbury's, and this really stands out in a market where volume growth has been under pressure.

Sainsbury's has always had a reputation for quality fresh food, and our performance here has been outstanding, with Fresh food sales growth of 8%. Strong availability has supported customers buying more fresh ingredients and proteins, with fruit and veg sales up 6%; meat, fish, and poultry sales up 9%; and dairy sales up 10%.

Perhaps the clearest indicator of customers choosing Sainsbury's for their big Christmas shop is our fantastic availability, and the fact that we sold 20% more turkeys year on year, and every single one of them was British.

Taste the Difference sets us apart from our competitors, with our high premium own label sales penetration reflecting our reputation for quality and innovation. From this strong base, we grew premium own label sales and market share faster than anyone in the market. Taste the Difference Fresh food sales were up 15% year on year.

Argos delivered volume growth in a subdued general merchandise market, with weak consumer confidence, a high level of promotional activity, and headwinds from online traffic trends. Volume growth was offset by a lower average selling price, reflecting promotional activity and the impact of weaker big ticket sales in categories such as furniture, and lower gaming sales.

Sales growth and market share were strong in homewares, electricals and toys, in our expanding ranges of supplier direct fulfilled items, and through our app, where we are building higher customer loyalty and share of mind.

Brand perceptions improved on value, quality, and overall satisfaction, and tight stock control ensured that we exited the quarter with a very clean stock position. We continue to expect Argos profits to be broadly in line with last year, but down year on year in the second half.

Now, we've made reference to the balanced choices we're making across the business many times. We're investing in our customer proposition across value, quality, and service, and bringing more great food to more customers in more locations, and in delivering personalised value.

Through our capital investment programmes across technology, digitisation, and automation, we're improving the customer proposition, we're improving the store execution and efficiency, and we're building a structural cost advantage over competitors who are not making these investments.

These balanced choices help us deliver a consistently winning proposition for customers and sustain momentum that will deliver for all our stakeholders. We look forward to talking in more detail to you about these with our full year results in April. For now, let's open the call for Bláthnaid and I to take all your questions. Thank you.

Question and Answer Session

Operator

We will now go to Q&A. If you would like to ask a question, please use the raise hand feature at the bottom of your screen. Alternatively, if you have dialled in, please press star-9 on your handset now. To keep things as fair as possible, please only ask one question per person. If we get additional time, please rejoin the queue by reraising your hand or pressing star-9, and we will try to get back to you. We will pause for a moment to allow questioners to enter the queue. The first question is from Freddie Wild at Jefferies. Please unmute yourself and begin with your question.

Freddie Wild, Jefferies

Happy New Year to you guys. First of all, would you mind – I think there's a bit of confusion out there today why we're seeing consensus move down on what is quite a strong like-for-like numbers. Could you help us understand a bit more about the moving parts of the P&L? It may be grocery over-deliver; maybe there's a bit more pressure in general merchandise in Argos than you were expecting.

Then the second question, if I may, is could you just give us your thoughts on the outlook for inflation and volume in grocery over the year ahead? Finally, I just want to check your comments. I guess it's a bit on from that second question. Your competitor yesterday called the consumer resilient, and I just wondered whether you would echo those remarks, or how you would see the consumer. Thank you.

Simon Roberts

Freddie, thank you. Well, let's take those in turn. Look, I think on the first question, we were super clear when we sent out our guidance in November that our priority, as we said at the start of the year, was to continue to sustain the strength of our competitive position. We said that in April, you'll remember, and we said that again in November. We did that at a time when we strengthened our guidance; you'll remember that clearly. We were confident that we could do exactly that and deliver profits of more than £1 billion. But we set that out, I think, very clearly in November.

Now, look, to your question, trading since then has been very much in line with our expectations in grocery. So, what we set out in November, the balanced choices that we talked about then, the things that we were clear would be a feature of our plan, and we set our guidance. Really, the grocery business has played out exactly as we expected, and important to say that we absolutely stuck to the plan that we built through the course of last year.

It was a bit softer in general merchandise, but the important thing to say here is we didn't compromise our grocery business to compensate for a weaker consumer sentiment in general merchandise. So, that's how that's played out since then. I think, look, where we are today, with about seven weeks of the year to go, there's still plenty that could happen out there in that period of time, but we've a very strong plan for this period.

But with seven weeks to go, as it currently stands, we'd expect our profits clearly to be more than £1 billion, but probably to be slightly lower than last year's outturn, as we continue to drive through our plan, do the right things for our customers, manage balanced choices for all of our stakeholders.

In the context of a very tough backdrop, which others have spoken about already this week, for the industry, with significantly unexpected costs, both from NI and regulatory costs, the subdued general merchandise market, we think that would be a very good outcome. So, that's where we are on the full year, Freddie.

On inflation and volume, look, I think, as we've come through the third quarter, actually, we've seen our volume performance, as you've heard this morning already, be very robust.

When we look at our volume Quarter 1 to Quarter 2, Quarter 2 to Quarter 3, actually, Quarter 2 improved a bit on Quarter 1, and Quarter 3 improved a bit on Quarter 2. So, our volume is very robust in the context of how we've delivered.

Why is that? Because customers are really trusting and buying into our total quality value and service proposition. Despite the fact that volumes for the industry got a bit softer towards Christmas, we've seen the strength of our volume performance over the quarter endure.

Look, I think it's very clear we're over the peak inflation. Good news: inflation coming down. Commodities are more certain. We're not expecting the unexpected costs that we had in this financial year as we look ahead. So, I think a more clear move towards inflation coming down.

We're obviously very focused on ensuring that the strength of our volume performance continues. We've got clear plans; we'll continue to see through on that as we continue to build trust with customers on our offer. We'll talk obviously more in April about our outlook for the new year, based on where the market and inflation and the competitor set is at that point in time.

Look, I really agree with the comments yesterday. I think, in grocery, the consumer, very resilient but, I think, making very clear choices, both to trade up and trade down in the basket. We talked about this in November. That's why our value proposition is really working for us; customers' real confidence in the ability to trade up, with Taste the Difference – you saw the strength of that 15% growth, fresh food sales at 8% – but also the strength of Aldi Price Match, the biggest in the market, and Nectar Prices.

Really importantly – I would just make the point here – Your Nectar Prices is becoming a real game-changer for us. The size of the investment we now make in personalised value, which is a value that only we can see, is very significant now in giving customers more confidence in the total value they can get when they shop at Sainsbury's.

So, the consumer's resilient, they want to trade up, they want to treat themselves, they want to do that at great value, they want great quality, but they also want assurance on the items they buy most often every week that they can get great value. That's exactly, not just for this Christmas, but over the last five years, how we've built our value position.

Freddie Wild, Jefferies

That's fantastic. Thank you so much.

Simon Roberts

Thank you.

Bláthnaid Bergin

Thank you, Freddie.

Operator

The next question is from Sreedhar Mahamkali at UBS. Please unmute yourself and begin with your question.

Simon Roberts

Sreedhar, good morning.

Sreedhar Mahamkali, USB

Hi, good morning, Simon. Good morning, Bláthnaid, and James and team. Sorry to not stick to the instructions for one question; probably a couple from me as well. You touched on Nectar Prices, Simon, just now. Can you actually more broadly talk about how your price position has evolved, as you measure it, versus the key competitors through the period? Reflecting your comment on Nectar Prices, how clearly are you able to measure it? Has it continued to improve in the period? That's the first question.

Second question, I think you've already kiboshed the question a little bit, but I'll try and have a go again. I know it's a bit too early to talk about profit outlook for the year ahead; we've not even finished the year, but your plan is to deliver profit leverage over the period of the strategy. Does the volume growth you're building give you confidence to think you'll deliver the profit leverage and profit growth for the year ahead, please? Thank you. To the extent you can comment on that.

Simon Roberts

All right, Sreedhar, thank you. Why don't I speak to Nectar Prices, and maybe Bláthnaid, whilst we're not going to get into next year, maybe just a little bit about how we think about our Next Level plan and where we're up to. I mean, just to double down on the point we just made, we came into this year very clear, I think, back in April that our number 1 priority was to sustain the strength of our competitive position.

You've seen in Quarter 1, Quarter 2, and now in Quarter 3 how that's exactly what we've done. As competition in the market has become a bit more intense this year, we've made sure that we've positioned the Sainsbury's grocery business for customers in a way where more and more customers are getting confidence to do their big trolley shops with us.

Exactly to your question, Nectar is so fundamental in that. I mean, just to bring to life what it's meaning for customers, for the average Christmas shop this year, customers saved about £27 on their Christmas shop. Over the course of the year, customers are saving around £450 as a result of using Nectar on their shopping. We saw the highest participation of Nectar Prices over this Christmas that we've seen at any point in time.

So, the propensity of Nectar to give customers real confidence and trust is building all the time. At the same time, as I described earlier, we've added Your Nectar Prices now to become available for every supermarket shopper. That really is giving customers, across the things they buy frequently, that confidence in that value.

So, when we think about our position against the market – to your question – as I said, when we look at the volume across the quarters, volume is around 2% for us. It was around 2% in Quarter 1, it got a smidgen better in Quarter 2, and it's got a smidgen better in Quarter 3. So, our volume performance is very consistent.

We always said, didn't we, that we would make sure that our value position was strong, and that's exactly what we've done. I think, of course, pricing in this industry and in this market is incredibly dynamic, week to week. Different retailers make different moves at different points of time, as everyone's tried to navigate the impact of inflation, the impact of the costs coming through, but also present the best value they can to customers.

I think our team have done a really good job at managing that, week to week, period to period, balanced to make sure the strength of the customer offer is where it needs to be. Also, we manage these costs of inflation and the impact they have.

The overriding point I would make is our volume performance for the sixth consecutive Christmas, we're really delighted with. Even as volume softened a bit in the market, as we came into the key Christmas weeks, you can see in our numbers today the strength of our volume performance.

I come back to our core strategy: food first, centre of the plate, items that people buy week in, week out, confidence in the value, confidence in the quality, confidence in the service. That's really what's played through in our performance, which is why both our price position and our overall proposition continues to get more traction with customers.

I think navigating this inflation environment will be one of the key defining points of this year, won't it? What we've done is stick to exactly what we've said, which is sustaining the strength of our overall competitive position.

Bláthnaid Bergin

Thanks, Simon. So, let me take the profit leverage question. At the start of the year, the market was very dynamic, a lot of headwinds, particularly with the cost inflation that we saw coming in, so we laid out quite clearly, unlikely to deliver profit leverage this year. That still remains our position. We'll guide on next year when we get there, but what I would say is that we remain committed to our plan and committed to delivering profit leverage over the life of the plan.

We've seen the volume growth. We're confident in what's coming through in the volume growth, and the investments we're making are in the right place. We called up the cash guidance today to at least £550 million, so on track for that £1.6 billion over the life of the plan. Cost savings programme, you'll have seen in the RNS, we're on track and on target to deliver that £1 billion. So, all else being equal, we're absolutely committed to profit leverage over the life of the plan.

Sreedhar Mahamkali, UBS

One very quick follow-up on the free cash flow upgrade. Can you expand on that, which aspects of working capital you're over delivering, please?

Bláthnaid Bergin

So, there's a combination, and in a business like this, working capital is complex. It's like landing a jumbo jet on the head of a pin as you come into your end. We have been running a working capital programme over the last three years. Last year, we focused on inventory. You'll have seen again this year the discipline that we had in inventory and the keen exit that we had on the back of Christmas. So, inventory will continue to deliver a little bit this year.

We've also been working on payment terms and what we want to do there, and they're starting to deliver and come through as well. So, it's really just discipline and focus on the cash management across all areas of cash. So, you've got that in all areas of the P&L as well. We look forensically at cash.

Sreedhar Mahamkali, UBS

Thank you both.

Simon Roberts

Thanks, Sreedhar.

Operator

The next question is from Rob Joyce at BNP Paribas. Please unmute yourself and begin with your question.

Simon Roberts

Hello, Rob. Happy New Year.

Bláthnaid Bergin

Happy New Year, Rob.

Rob Joyce, BNP Paribas

Happy New Year to you both. Thanks very much for taking the questions. So, first one, sorry, just in terms of that relative pricing, do you think you've improved or has that got worse over the period? Just there's quite a few questions in the market on that in terms of grocery.

Then the second one would just be on Argos. My estimate's roughly gone from a £20 million tailwind to a £20 million headwind in the second half, so that's that flat number you talk about. Is that about right? Have you exited the period with clean stock? Is there any help from this cold snap we've had in there? Thank you.

Simon Roberts

Rob, thanks. Well, why don't I pick up the first point and then maybe Bláthnaid on Argos. Look, I think, as you've heard me say a number of times, Rob, look, we started the year really clear on our priority on the competitive position, and that position hasn't changed at any point through the year.

Now, you'll remember at the half, we talked about the fact that we'd inflated a bit behind the market in the first half. We've come into the Christmas period with very strong momentum. That's what's given customers confidence to shop with us. I mentioned just before that our volume performance actually tipped up a little bit Quarter 3 from Quarter 2, which I think just shows the confidence customers have in the offer.

Then I think what shifts the balance as the year develops is the importance of this personalised value I've just been talking about. You shouldn't underestimate how much of our value investment we're now putting into personalised value and giving customers value unique to them when they do their big shop.

So, in the round, you can see in our volume how strong our big basket growth has been, customers putting more items in the basket this Christmas, buying into Nectar Prices, the highest participation, and now Your Nectar Prices. So, we're absolutely focused on balancing this inflation. It’s been a challenge through the course this year, high inflation in the market, how do we balance what we put through to the shelf whilst giving customers great value? We think we've got the balance about as good as we could have done through this period, and it's worked in terms of the Christmas plan.

As we look into the new year, obviously our value position is super important this time of year. Just having a really good look through the offer this week in stores and online, you'll see the strength of our value position, both in the biggest Aldi Price Match in the market and in Nectar Prices again.

Look, I think the last thing I would say just on the theme is there's a lot of noise, isn't there, in the last few weeks to Christmas around prices. We stuck to a plan that we built through the course of the year; we didn't make any changes to that plan. Now, I would say overall, an observation I would make is it was clear where others were adapting their plans based on some of the shifts that were happening. We didn't need to do that, we built a plan, we stuck to it, we executed it, and customers shopped more with us this Christmas. Bláthnaid.

Bláthnaid Bergin

Yes, so, Argos, look, we're pleased with the volume growth, but as you can imagine, average selling price, big ticket items, consumer confidence, a little bit under pressure as well, so we saw that coming through in the overall sales number.

We guided to flat profit year on year in Argos; we're holding the guidance on that. So, we are not chasing profit in Argos, we're really focused on the transformation, getting the foundations right. You'll have seen some of the actions as we came through the quarter, the visits to the app up 33%, and some of the supplier direct fulfilled products, over 20,000 new SKUs coming online on that.

So, we were also really pleased with the stock position, we exited clean, which was really important to us. That shows the discipline that we're getting into the operation as well.

Simon Roberts

Rob, just on the last point, maybe if I could just add one other point we didn't make reference to which is important to say that, I mean, you'll have seen obviously the link between the fact that we just had so little markdown and clearance this quarter as well. That was another important factor in just – we just were so clean in how we managed stock levels, not just in the last few days, but actually all the way through. That was obviously helpful, both in managing the operation of all of that, but we just didn't need to deal with a big clearance or waste issue in any way this year.

Rob Joyce, BNP Paribas

Thank you. Just very quickly on the inflation, you referenced the inflation environment a few times, how are we seeing that inflation environment evolving into 2026?

Simon Roberts

Well, I think, as has been pretty well documented by others this week for sure, and by a number of you, I think it's clear we're past the inflation peak. I think we'll obviously talk in April about where the context is there, where the competitive dynamics are at that point in time. But at this point in time, I would say that the two or three things that are clear to us is that we wouldn't clearly expect the unexpected cost impacts to come at us again next year that we've dealt with this year. So, particularly, the impacts, obviously, of EPR and NI, we see, obviously, commodity costs becoming more stable and obviously there'll be wage inflation. But we plan for those things a long way out.

I just would make the point again that we have a very mature and developed Save to Invest programme now that's been building actually over five years. When we come to the end of this financial year, we'll have delivered £2 billion of structural cost savings in that period of time. That programme continues to be very important in navigating operating cost inflations next year. But I think the overall picture I would set this against is an environment that is much easier to predict than the one we had to navigate into this year.

Rob Joyce, BNP Paribas

Thank you.

Simon Roberts

Thanks.

Operator

The next question is from Elizabeth Moore at Citi. Please unmute yourself and begin with your question.

Simon Roberts

Elizabeth, Happy New Year. Good morning.

Elizabeth Moore, Citi

Happy New Year. Thank you. So just one question on the grocery growth. You delivered another really strong quarter, but I was wondering if you'd be able to break down how much space contributed to that number, both in terms of the new store space contribution and then also the reallocation of space away from general merchandise within the store.

Simon Roberts

Yes, thanks, Elizabeth. I think that the overriding point here, and we can definitely share some of the detail with you, perhaps after the call, is that our space programme we're really pleased with. There were two components to this. The first was reallocating space in some of our key supermarkets towards the food offer. We wanted to bring more assortment to those locations.

We've done a substantial number of stores. We'll do that at about 70 stores this year, actually. Those stores went through that change during the summer period in the main, and so were online over this Christmas. We could definitely see the benefits, both in customer satisfaction, but also in volume of customers being able to buy a wider range of food products.

Coming back to this big point, you want to come to Sainsbury's and get everything you want in stock, and more and more we've been able to do that. The other part of our space programme, as you know, has been to begin our biggest new store opening programme in a decade, which is comprised of both supermarket and convenience locations.

We're in the first phase of getting the new supermarkets, particularly the Homebase conversions, open. Again, the reaction we've had in those stores, we're really pleased with. So, I think the impact of new space actually builds into next year from this year, because obviously the stores we've landed this year have got a partial year effect where they'll come into a full year effect for next year.

So, we'll show you as we kind of get into next year how we see the new space being an increasingly important part of our volume underpin. But I would just characterise all that by saying the More for More plan is something we're really pleased with the progress. Actually, I think when we look back, the disruption took a bit longer than ideal to get through.

But once we're through the disruption, we can see the benefits for customers and particularly actually this Christmas, in the stores that have been open for a year now, we saw a big tick up in their performance this Christmas as customers were just much more confident with the new store and the scale of the assortment that we've got.

Then the other point to that, which I mentioned, obviously, we've taken some space from GM, of the GM downside impacts there, if you could call it that, about 150 basis points linked to the space out, I think. But net-net, the overall position here is a more focused GM range in those stores, more assortment for customers, better overall outcome for the business. Thank you.

Operator

The next question is from François Digard at Kepler Cheuvreux. Please unmute yourself and begin with your question.

Simon Roberts

François, Happy New Year.

François Digard, Kepler Cheuvreux

Good morning. Yes, Happy New Year. Thank you. Do you believe the market Christmas trading trends are indicative of underlying market momentum and therefore extrapolating for the coming months? In line with that, do you plan to significantly rebalance the mix between Aldi Price Match, Nectar, on the centre of the plate prices?

Simon Roberts

Thanks, François. Look, I think if we take a step back on what we've observed, not just over the Christmas period, but over the course of this year, I think what's really clear to us – and we do a lot of listening to customers, as you would expect me to say – is customers want confidence and trust.

Whether they come and do their shopping in the second week of January, or the week before Christmas, or the middle of summer, that they can be really sure they're getting the value that they expect on products and items they buy, first of all, most frequently. Then secondly, where they want to trade up, they can get a trade up at really good quality and really good price. Thirdly, that when they come and shop with us, as we're talking today, they can get the full store or online experience, whether that be availability, whether that be service, whether that be loyalty, all the things that we've been working to build.

What we saw this Christmas was a really strong performance in our grocery business for the sixth year running. We saw more customers shop their big trolley shop at Sainsbury's because of their confidence in all of the components of our offer. One of the things I think we would reflect on is the benefit of building understanding and loyalty of that offer. So, the biggest Aldi Price Match in the market, Your Nectar Prices, is really working for us.

I would say over the course of this year, there's been a lot of noise in the market this year, a lot of new pricing campaigns, a lot of new efforts by different retailers to bring new pricing and value platforms. But actually, it takes time for customers to work out what all that means. One of the things we've really seen the benefit of is having a really clear, simple to understand value proposition that customers buy into week in, week out. That worked this Christmas, that's worked throughout this year. Progressively, that's been working over the last three years plus for us.

So, our focus is giving customers value that they want. As we come into this year, the strength of our Nectar platform and the price matches is going to make sure we've got continued really strong value. So, of course, we'll continue to listen to customers all the time. But there's a big benefit here of customers knowing what they get from Sainsbury's, continuing to expect it and continuing to deliver it.

François Digard, Kepler Cheuvreux

Thank you very much. So, no more focus on Every Day Low Price more than usual?

Simon Roberts

Well, I think in the Aldi Price Match, there's a massive focus on Every Day Low Price, clearly, because they're the biggest price match in the market, one of the things people buy most often. We've got all of those products at prices people expect alongside Nectar Prices. So, we started Every Day Low Price back in 2016, in reality, and it's been building since that period of time. The strength of that offer, week in, week out is really underpinning the strength of customers' value, confidence in Sainsbury's.

François Digard, Kepler Cheuvreux

Thank you very much.

Simon Roberts

Thanks.

Operator

The next question is from Benjamin Yokyong-Zoega at Deutsche Bank. Please unmute yourself and begin with your question.

Simon Roberts

Benjamin, good morning. Happy New Year.

Benjamin Yokyong-Zoega, Deutsche Bank

Thanks very much. Good morning. Happy New Year. I had a couple questions, one to follow up around Nectar Prices and one around channels.

Simon Roberts

Sure.

Benjamin Yokyong-Zoega, Deutsche Bank

I just wanted to ask what kind of impacts you've been seeing from those value investments into Your Nectar Prices over Q3. I guess to ask the last question in a different way, would you expect the mix of value investments going into Your Nectar Prices to remain broadly unchanged as we head into 2026?

Then on channels, you've called out the record performance in convenience. Are you able to comment on how that roughly 2% volume growth was broken down by channel?

Simon Roberts

Thanks, Benjamin. So, I don't want to repeat myself too much on Nectar Prices. What new can I add for your question? Look, I mean, I think the key point here is I've mentioned already we had our highest ever participation in Nectar over this Christmas and actually I would just double down on the point that when we look at the number of SKUs now that are linked to Nectar Prices, we're north of 10,000 SKUs consistently, which is a third of our assortment is now linked to Nectar Prices. Hence the reason why customers are getting more and more confident to rely and trust on Nectar Prices.

Just when we look to your question actually in the context of Nectar on participation, we see both in online and in our supermarkets some of the highest participation we've ever seen. In fact, online there isn't much more we can do. Everyone shopping online pretty much is using Nectar now for obvious reasons given the benefits it brings to a long list grocery shop.

In terms of where do we go next on this, obviously Your Nectar Prices, I've said this morning, that represents now a significant proportion of our total investment in value. So, it's at least 25% of our total value investment is now going into personalised value. Customers really like that because they see us serve up every week on their Nectar app products that are unique to them.

In fact, one of the things you might see in our comms this week is Mark Given's just done a great run through of how Nectar prices are working for customers, which you might well see on some of the social media channels the next few days, which really unpacks why for customers it works so well for them. Nectar Prices in store and then that personalised value, which as I say now represents a much bigger part of the value investment that we've done before.

But obviously we balance the overall value investment that we place. We started this year with a really clear priority to sustain our competitive position. That's what we've done. Nectar's really underpinned that.

On your question on channels, look, we're absolutely delighted with our Convenience performance this Christmas. The team did an amazing job here because we identified all sorts of things in the convenience mission that we could really tune up. I think what we're seeing is it was a record for Convenience and actually particularly powered by fresh food to your question. We've done things to make sure that we've got our assortment right in fresh – in convenience. Of course, we'd always want to add more fresh space into those stores as customers want more of those products.

But that's been a really strong part of the Convenience performance. We had a record New Year's Eve. We really stepped on our ability to satisfy customer needs in those last few hours of 2025, across all the channels, Supermarkets, Convenience and Online. I mentioned earlier, 14% growth in Grocery Online. We really invested in our Grocery Online proposition for this Christmas.

We saw the biggest step up in customer satisfaction we've seen, actually. That was a function of much more slot availability, really good product availability. We saw the best ever product availability online this Christmas and we really invested to achieve that.

I mentioned earlier, and it's in the statement too, OnDemand was also a really big part of our overall online performance. We're now the biggest partner in the UK working with Deliveroo and Uber Eats on our on demand platform.

Benjamin Yokyong-Zoega, Deutsche Bank

Great, thank you very much.

Operator

The next question is from Matthew Clements at Barclays. Please unmute yourself and begin with your question.

Simon Roberts

Morning, Matthew. Happy New Year.

Matthew Clements, Barclays

Morning. Thanks for taking the time. A couple of questions, if that's all right. One, really strong growth again in Taste the Difference. I just wonder if you could talk us through the outlook for the Premium Own Label into next year. Do you expect the structural drivers to remain in place? Or could the brand make a bounce back if suppliers are investing in price there?

The second question on grocery would be around – sorry to bring you back to your pricing strategy again but just thinking more broadly about this investment in personalised pricing. So, Your Nectar Prices is clearly a very efficient way of giving customers very attractive value. But how easy is it to communicate that value on a broader, almost national scale, when at least one of your competitors is being very noisy around a very basic EDLP pricing, shelf edge beyond loyalty prices, for example? How easy is it to communicate that value?

Then the third and final question on Argos. So, you're in volume growth. I think you said earlier, you didn't have to run a big sale. Seems like in the second half, you might get some benefit from EPR as well. I'm just thinking, so in that context, the profit decline is maybe a bit surprising to us, probably not to you, but for next year, what levers do you have in your control to drive profit growth at Argos beyond market?

Simon Roberts

So, thanks, Matthew. Should I maybe pick up on TTD and the pricing communication point, and then maybe we can just talk about how we think about Argos H1, H2 and into this year? Look, I think when we sat out our Food First plan five years ago now, I remember really clearly, we talked about really driving innovation and product development in a way that we hadn't done for a period of time. This has been a hallmark of the Sainsbury's brand for decades, but we had lost our way a bit back then in making innovation a real standout for us.

So, we started in 2020, actually, to really focus on this principle of quality at Sainsbury's. Our challenge was always, if we could fix customer protections on value, then our quality credentials would really stand much stronger actually than anyone else again. That's exactly what we've done. We built a very strong team, a fantastic team, who are developing new products all the time in Taste the Difference.

For this Christmas, we had our best ever innovation plan, 260 new products, and they really were a big hit with customers. Now that has also clearly come alongside this big shift in the consumer to want to be able to buy restaurant quality meals to eat at home. We've now a Taste the Difference brand that will go through £2 billion of sales this year. We've actually already just about achieved that number seven or eight weeks out before the end of the year. You saw the size of the growth. We've delivered 15% in Fresh food, in fact, overall.

So, it's a really, really key part of what we do. I think more and more, particularly with the launch of things like Taste the Difference Discovery that we rolled out before Christmas, that was an absolute hit with customers and I have to say, customers have really bought into that kind of premium level of Taste the Difference that we launched, particularly in areas like MFP, in meal solutions, in cheese, in wine.

If you didn’t have a chance to try any of those products over Christmas, then they’re still available, many of them. We’ve really elevated the premium nature there, and the customers are really buying into it.

We think it plays into the uniqueness of the Sainsbury's brand, and we think it plays into the structural change in the market that we see continuing, so lots more opportunities to accelerate in TTD, and we're really pleased, obviously, with the market outperformance that we've achieved.

On your question about communicating to customers on value, look, I think it's always a combination of all these things, isn't it? Customers want to go to the shelf and the products they buy week in, week out and be sure they're getting the value they expect, and that's where the Price Match is really important, that's where Nectar Prices is really important.

We should never underestimate – it's always been true at the shelf edge; the job of price communication is critically important. But there's also a danger when pricing and competitive pressures get more intense, that becomes very noisy. I think the danger almost is filling up stores with lots of cardboard and messaging doesn't necessarily mean customers understand the pricing position.

We take a very balanced approach on this, and making sure customers can see price at the shelf edge, but then to your question, using the Nectar app to reach more and more customers digitally, and that's where customers see the benefit of Your Nectar Prices. The fact we've added that now for all of our supermarket customers as well as grocery online and Smart Shop, has been a real game changer for us this year. You go into the app every week, the offers land the day before you normally do your biggest shop, and you see the offers that are unique to you.

Bláthnaid?

Bláthnaid Bergin

On Argos, look, H1, we had some good weather, that gave us a bit of a tailwind in H1. H2, some headwind, consumer sentiment, I've talked about that, volume up, but the average selling price down as consumer held back in that big ticket spending.

As we head into next year, look, we are very focused on the Argos transformation. We're getting some of those building blocks in place. You'll have seen, I talked about the app usage up 33%. We've also got the supplier direct fulfilled products. That's 20,000 new SKUs that are live on the system today, so broadening that range for our customers as well, which is really important.

As we head into the next few weeks and into next year, the cost saving programme is starting to get a little bit of momentum into Argos, and they're on track to deliver what they need to deliver, so pleased with that performance there.

You'll see the new financial services products coming online. They'll be live for the new financial year as well, so there you can start to see the components and the blocks coming together in Argos for next year.

Simon Roberts

Thank you. Thanks for the question.

Operator

The next question is from Manjari Dhar at RBC. Please unmute yourself and begin with your question.

Simon Roberts

Hello, Manjari. Happy New Year.

Bláthnaid Bergin

Happy New Year.

Manjari Dhar, RBC Capital Markets

Happy New Year. Morning, Simon. Morning, Bláthnaid. I just had two questions, if I may. The first question was a bit of a follow on, on Taste the Difference. We've been seeing some very good premium segment growth in the market over recent periods, so I was just wondering how you see the competitive backdrop in premium food specifically and anything that your competitors are doing that you feel that you need to respond to.

Then my second question was on Argos. I guess given the softer performance across peak, has that changed the way that you guys are thinking about the forward buy for Argos into 2026? Thank you.

Simon Roberts

Thanks, Manjari. Okay, well, look, I'm definitely conscious we've talked a fair bit on TTD. Look, I think, no surprise, everyone's looking at their innovation and quality because it's where the customer is. Customers want to trade down in the basket and trade up in the basket, and so making sure, if you're a grocery retailer in the UK, you've got the right range to meet that demand is obviously a really key strategic focus, I think, for many brands.

I think for Sainsbury's, what really stands out here is this has been the absolute cornerstone of what Sainsbury's has stood for, for decades, actually, quality, innovation, being at the heart of how consumers in the UK think about – what they want to eat and enjoy with family at home has always been something that we've taken is a very core of our brand.

What we've done is really amplify that deep focus for what Sainsbury's has always been about. What we've been able to do is really capitalise on this move towards customers wanting to treat themselves at home with premium foods, but also really double down on the strength of our brilliant team, actually, at discovering and finding products from around the world that customers want to be able to buy in their local Sainsbury's.

That's what's enabled us year on year on year on year now, because we've just delivered 15% growth in this period, but that's on top of similar growth last year and the year before and the year before and the year before that. We intend to be very focused on continuing to accelerate this focus for us.

There's always things we can do better. There's always products we can find – in fact, I was just with James this morning, who's our Director of Product Development, and he was talking about some of the big ideas the team are already working on for next year, and I'm pretty sure there's going to be some very special things coming through.

Actually, one of the big highlights away from Christmas for this year is we launched in the summer an absolutely groundbreaking range of products on Summer Deli. The customers could buy three of those for £8, and that really, really delivered for customers great quality.

…Okay, Manjari, that's on TTD. Look on Argos, I think we were happy with the volume, right? It was a tough market, but we actually grew volumes year on year, which we were pleased with.

…Apologies for that, Manjari. Okay, hopefully that's the test nearly finished. Yes, just that we're pleased with volumes over the period in Argos, particularly given the softness in the market.

Look as Bláthnaid said just now, we're very focused on our More Argos, More Often plan, we have 20,000 more products and supplier direct fulfilments, 30% increase in customers using the Argos app. All of those things are going to be really important as we keep driving through our customers using the Argos app. All of those things are going to be really important as we keep driving through our More Argos, More Often plan.

Manjari Dhar, RBC Capital Markets

That's great, thank you.

Simon Roberts

Thank you.. Okay, next question.

Operator

The next question is from Xavier Le Mené from Bank of America. Please unmute yourself and begin with your question.

Simon Roberts

Xavier, good morning.

Xavier Le Mené, Bank of America

Thank you for taking my question. Good morning and Happy New Year to you. Two questions, if I may be brief. First one is just on the competitive landscape. Do you have any expectation for 2026? As you've mentioned, a lot of noises, but do you have any expectation for potentially market to remain rational, become potentially a bit more competitive? Any thought on that would be much appreciated.

The second one, can you potentially comment a bit the mix of products you've got in food, branded goods, private labels? Whether you've seen any change within private labels going towards the Every Day Low Price products, on the value ones just to get a sense of the mix here?

Simon Roberts

Great, thank you. Well, look, I think, I mean, the most important point maybe just to double down on here, is, look, we've definitely seen an elevation of the competitive intensity over the course of this year. That's no surprise, given the events that started the year.

We were very clear back in April, and one of the things that I think our team did a brilliant job on is being very clear from the outset that we built a plan for this year that sustained the strength of our competitor position, and we've faultlessly executed that every period since.

We’ve been very clear what we set out to do, and we’ve delivered it period by period, and you can see in our results this Christmas how that’s worked for us. One of the things that I’d say in businesses like this, sometimes it’s tempting to adapt your offer to respond to what others are doing, and we definitely saw others do that this Christmas.

We didn’t do that. We built a plan and we stuck to it, and because of that, we delivered it very consistently.

I would say overall that the market continues to behave very rationally. There’s always quite a bit of noise in the few weeks to Christmas, various stunts here and there to try and win a bit of extra share, but when you look more broadly, I would say the market continues to be rational. Of course, it does because there’s been lots of inflationary pressures to deal with this year. Whilst inflation is going to come down a bit, there’s still substantial operating cost pressures to always navigate, and so I would expect that environment to continue.

I think the key point to make here is that we’ve spent five years building our proposition in food as we put food back at the heart of Sainsbury’s, and we’re not going to concede on any of that. We’ve built really strong momentum over that five year period.

Because we’ve done that, we’ve also been able to make investments now in the long term, the strength of our value, the strength of our quality, the strength of our service, but also we’re investing now through our Next Level plan in technology and automation, in personalisation, in all the strategic platforms that are critical to win in this industry over the long term.

We’re doing that at a time when some of our competitors aren’t able to make those investments. The strength of sticking to our plan, investing in new capabilities, doing the right things for customers every day, that’s underpinned by how we continue to approach our position in this market.

In terms of the mix question that you ask, I’ve said a number of times today and also in November, look, we saw customers - you might remember a slide from our interim presentation where we could see that customers were both trading down and trading up in the basket. That’s going to continue because customers are still navigating, in lots of cases, the challenges of the cost of living.

Inflation’s coming down a bit, but it’s not going to come down dramatically. It’s going to take time to find its new base, and so the strength of our Price Match and the strength of our Taste the Difference trade up, as we’ve said today, become really important. They’ll continue to be at the forefront of our plans as we look forward.

But I think what we’re looking at here is Sainsbury is delivering, again, a Christmas with a very strong set of value credentials that customers have trusted and Nectar being and Your Nectar Prices being a key part of that.

Availability, I would just double down on this point – we’ve never delivered as strong availability as we did this Christmas. On the big days when people want to get everything at once, nothing’s much more hassle than having to go to different stores to get different parts of your Christmas shop. Our team really delivered on availability.

Thirdly, as I’ve said, our service metrics are really strong as well. Value comprises all those things, doesn’t it, and we’ll take all of that into this year and make sure we continue to deliver that consistency week in, week out. Thank you.

Operator

Next question is from Francisco Alesese from JP Morgan. Please unmute yourself and begin with your question.

Simon Roberts

Hello, good morning. Happy New Year.

Francisco Alesese, JP Morgan

Hi guys. Happy New Year. Or a start to the year, more like it. Sorry, I'm definitely being a bit slow in this start of the year, but the answer is not clear to me and I think the question is straightforward. Why isn't there any volume drop through in the second half? What has changed versus the first half? Is this driven by bigger promotional intensity in grocery or is Argos dragging the performance, or is there any other reason behind the implied 2H profit downgrade, I guess?

Simon Roberts

I mean, I think that's - thanks for the question. Let's just recap on the key points we shared this morning. The first point is that when we shared our strengthening of profit guidance in November, you'll remember we said that against the context of we were going to sustain our competitive positions throughout the year, and we were very clear to signal the balance choices that we would make to invest in the strength of our offer, which we planned through the course of the year, and we signalled in November to you.

We did that at the same time as we strengthened our guidance from around £1 billion to at least £1 billion. We shouldn't underestimate - I know none of us do. When we started this year, there was a lot of uncertainty, and therefore we laid out profit guidance that suggested a profit outcome that could have been below £1 billion or could have been above it.

In November we were able to say, as well as continuing to invest in the strength of our offer, we were able to strengthen our outcome to more than £1 billion. We were very clear about that in November, and as I've described this morning, we delivered a Quarter 3 outcome in grocery exactly as we expected.

We delivered for customers a really strong plan. We were able to exit clean. We invested in the key areas of the shopping trip. One of the things I would observe is that we really invested in store operations, we invested in colleagues in stores, we invested in availability in a way that I think gave us a real advantage compared to some of our competitors who either didn't do that or pulled back on some of those choices when volumes got a bit tougher.

We're making choices here obviously for the weeks of the quarter, but we're also making choices here to sustain the strength of Sainsbury's grocery performance over months and years to come, and that's why we laid out that guidance in the way we did in November.

While we are pleased to be able to confirm today that despite some softening in general merchandise, which to your point definitely happened over the Christmas period, we grew volumes, but there was some softening there. Argos performance will be broadly flat over the year, but a bit down in the second half, but actually we can sustain what we said in November, and we can also improve our cash outturn, as Bláthnaid shared, to £550 million from £500 million, and we can continue to make the right decisions for Sainsbury's.

We would expect, based on what I said earlier in the call, which is ahead of £1 billion, but a bit less than last year, is our central view with eight weeks to go, that that would mean that Sainsbury's profits would be a bit up in the second half. But we've got six or seven weeks to go, let's see how that plays through. But we're very, very encouraged with the performance we delivered this year, given the start point that we had to navigate and all the things that have come at the industry.

Francisco Alesese, JP Morgan

Okay, that's good colour. Thanks, Simon.

Operator

Next question is from Karine Elias at Barclays. Please unmute yourself and begin with your question.

Simon Roberts

Hello, Karine. Happy New Year.

Operator

Please unmute yourself and begin with your question.

Karine Elias, Barclays

Hi, thank you very much and happy New Year as well. A lot of my questions have been answered, but I just wanted to pick up on a few things that you said that were very interesting.

Obviously you stuck to your price decision throughout the year and delivered a very strong set of results. Some of your competitors yesterday seemed to suggest that there was definitely some more investment in value, obviously, fear of volume probably being a little bit weaker and competitors' pricing strategies as well.

Do you feel that this was probably more of a function of perhaps Christmas coming in a little bit later or fear around that? I know it's difficult to read into January, there tends to be a lot of noise in particular around Everyday Low Price, but anything that you can pick up that would be very useful. Thank you.

Simon Roberts

Okay, Karine, thanks. Look, I think, just maybe just to double down on a couple of points that we've said, we started in April with a very clear priority for the year to sustain our competitive position. As I said earlier in the call, one of the things we're really encouraged by is the consistency actually of our volume performance throughout the year, so around 2%, but Q2 got a bit better than Q1 and Q3 got a bit better than Q2.

I think what we've seen over the course of the year is actually the underlying strength of our grocery business, powered by value, quality, and service has given customers confidence to shop more with us.

Look, I think coming into the last few weeks of the Christmas, obviously the market softened a bit on volume. We also anniversaried a very strong comp last year. In that last few weeks we were anniversarying a strong comp as well as delivering that strong growth that we've described.

Look, inevitably as volumes came off a bit, I think we saw in a number of brands various activities that put more, I would say, more pricing into the market in short term responses. We didn't do that. We stuck to our plan, as I said. Building a plan, getting the whole team really engaged in it and then delivering it was the route to our success this Christmas.

As I said, we invested in things like availability, store labour, nothing's more frustrating as a store manager than not having enough labour to run the operation, the biggest weeks of the year, and so we really backed our team to make sure they could show up brilliantly for customers.

Because of all of that, we think we've got the balance right between our value position, our operations, and then exiting really clean from Christmas. Then on the theme of exiting clean for Christmas, I think that we come into this January again with a very strong focus on value. It's one of the things we always focus on very significantly at this time of year for the obvious reasons as customers tighten their belts even further.

The strength of our Aldi Price Match, EDLP is a real focus on everyday basics in the shopping trip for customers, and then Nectar and Your Nectar Prices we've spoken about. You'll see if you look in store and online, just the strength of our Nectar offer as we come into early January. Thank you.

Operator

The final question is from Clive Black at Shore Capital. Please unmute yourself and begin with your question.

Simon Roberts

Hello, Clive.

Clive Black, Shore Capital

Morning Simon and Bláthnaid, and many congratulations on the award of your CBE. Really deserved.

Simon Roberts

Well, thank you and definitely one for our entire team. Just a massive team effort from everyone at Sainsbury's over the last few years, so a real tribute to all of our team and colleagues.

Clive Black, Shore Capital

Well done. First of all, you've mentioned that your Nectar Prices quite a few times this morning, and thank you for the presentation. How far through its maturity journey do you think that mechanism is? Are you in the foothills or is it actually quite advanced now? That's my first question.

Then just secondly I'd be interested to know your thoughts on category performance across your grocery assortment in particular this year, whether you are seeing any particular changes? I think alcohol has, for example, been mentioned in a number of dispatches and you've talked about fresh food.

In terms of where you see categories going, how well positioned do you think Sainsbury is for the direction of travel of the market? Thank you.

Simon Roberts

Thanks, Clive. Look, I think, I mean, honestly, we're still in a relatively early phases of personalised value. We only added it for all of our supermarket customers this summer. This was the first Christmas, obviously customers could access that value.

Now for obvious reasons, we see personalisation, loyalty, and then the use of that more connected relationship with customers as a massive source of value, and the possibilities here, both in what we deliver for customers, but also in the value we can create through the partnerships with our suppliers, in the way that which retail media works is a very significant focus for us. Mark and his team are leading out some really ambitious work, thinking in this space about how we continue to build our ambition.

If we think about what we've done, we started back in April '23 when we launched Nectar Prices with about 300 products. We've scaled that to more than 10,000. Then at the same time, we started at the personalisation end of the telescope rather than the universal end and so we've been building these capabilities in Your Nectar Prices over the last couple of years. We're seeing major opportunities to extend that as more and more customers buy into the importance of personalised value.

I think in the end, it's a balance. You've got to have universal value that everyone can access, as we've described, and you've got to have – you need personalised value. I think the big thing we've got to think about is customers, whether they be in store or online, in many ways are being bombarded with messages of all sorts of different value propositions.

It's one of the reasons why I think you've got to be really sure about adding different elements to a value proposition beyond what's really working because what you don't want to do is add confusion to the mix. What you want to make sure is customers see the value that they have, really respond to it and feel that it's really right for them, and then our job as retailers is to create value from that connection with customers, how we use that data, how we build partnerships with our suppliers and our partners.

I would make the point actually, just linking to retail media, the step-up we saw this year in brand partners and clients wanting to work through Nectar360 and with our new platform Pollen to put campaigns in place for customers to be able to get value, all of those things connect together to personalisation, loyalty, retail media and the huge opportunity that we see in front of us.

So I hope that gives some colour there. Just massive credit to our team that are really pioneering in this space, because I can't imagine if you don't have these capabilities, how you can win in this sector. When we look over the next 10 years plus, it's going to be such a key part of strategic capability in grocery.

On your second question – sorry.

Clive Black, Shore Capital

Sorry, I was just going to ask – do you see a rising proportion of your, what we might call price investment, going into personalised pricing or is it about right at the minute in that respect?

Simon Roberts

Yes, I think it's about right. It's at least 25% of our price investment, obviously depending on different times of the year. I think it's about right, and obviously we'll continue to look at how we balance that. But no, I think where we want to be right now, we've got to about the right balance.

Clive Black, Shore Capital

Sorry. Thank you.

Simon Roberts

No, really good. Super relevant question on how customer behaviours are changing, what that's meaning at the category performance level. I think, there's a broader context here and there's what happens over Christmas. Now, whatever we might like to think about people eating differently in the weeks to Christmas, for sure this year, people bought a lot of mince pies, they bought a lot of chocolate and they still bought a lot of alcohol.

We saw some records actually, particularly in areas like Christmas bakery and confectionary. Huge volumes went through in those areas. We saw a very big shift up in our market outperformance on no and low alcohol. The market differential of our performance compared to others really stepped up there. I think that's been a trend that's been building for a while and further accelerated this year.

I think more broadly to the point is it's very clear, isn't it, customers are thinking about value and they're increasingly thinking about health. Now, as a brand, we positioned ourselves in the health space over a long period of time and the options that we've given customers on healthier choices, on more protein-based products, has been a real strength of what we've done.

I think the strength of Sainsbury's fresh food business really comes to a fore as this shift begins to take greater velocity. Our fresh food business grew at 8% through the quarter, but through all of what we've done on Food First, we put our fresh food business at the heart of that. What we've done in areas like fruit and veg, protein, building those long-term supplier relationships, why are they so important? It means that we've always got the products customers want to buy as they shift more to healthier choices. So that's been a very much joined-up part of what we've done.

You'll see us do lots more in the healthier space. There's a big campaign going to come this year linked to Nectar again, lots of product development happening in this space. So something we listen very closely to customers on and want to make sure we play to our strengths of a very strong fresh food business that can really meet more of those health needs as they build.

Clive Black, Shore Capital

Thank you. Thank you very much, and well done.

Simon Roberts

Thanks, Clive.

Operator

That was our final question. I will now hand back to Simon Roberts for closing remarks.

Simon Roberts

Okay. Well, huge thank you, everyone, for joining us this morning. Really great to hear everyone's questions, really good questions. Really good to spend some time just reviewing the quarter. Bláthnaid and I very much look forward to seeing everyone in April for the full year. Stay safe with the weather out there. Thanks for your time this morning and see you soon.

End