J Sainsbury plc

Interim Results
2021/22



J Sainsbury plc

Simon Roberts

Chief Executive Officer



A strong first half



Growing momentum

Market share gains



A strong operating performance

Strength in digital

Cost savings



Delivering on our priorities

Food First

Brands that Deliver

Save to Invest

Connected to Customers

Plan for Better



Agile and adapting at pace

J Sainsbury plc

Kevin O'Byrne
Chief Financial Officer



Agenda

01



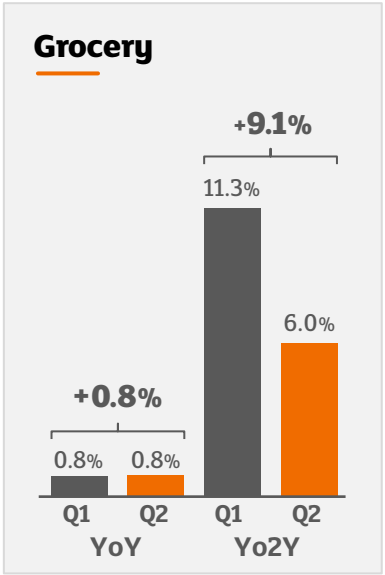
Financial highlights

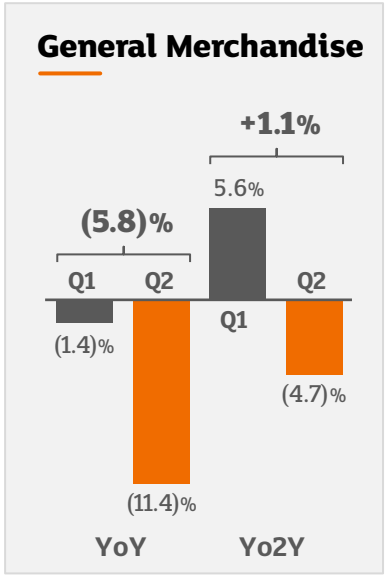
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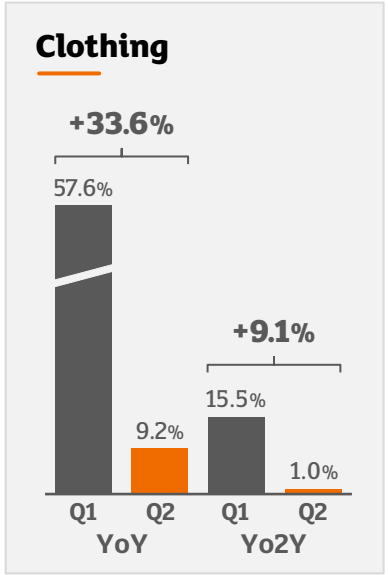


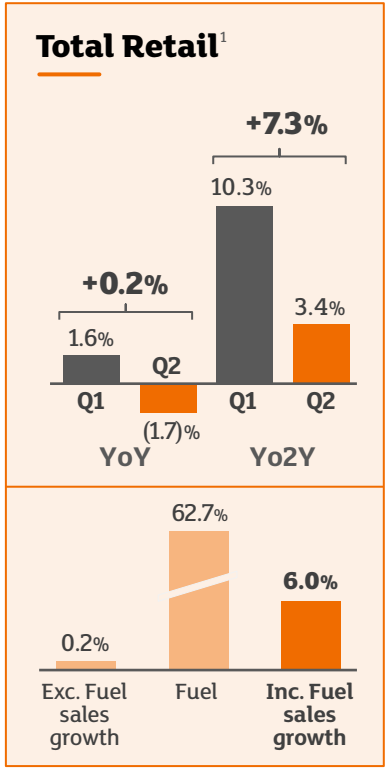
Strategic highlights

Retail sales growth by category







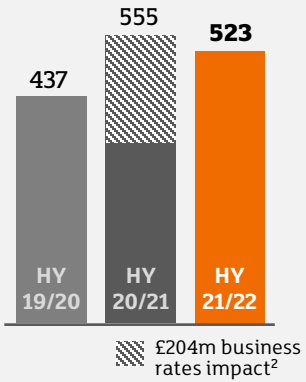


1 Exc. fuel

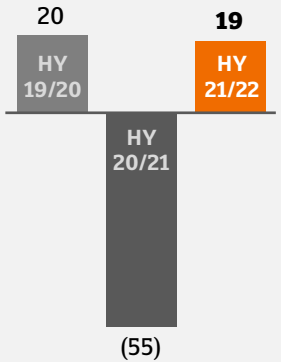
Group performance overview

Retail underlying operating profit[1]

up 20% Yo2Y
down 6% YoY

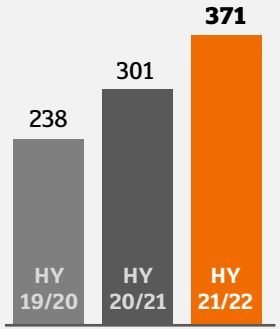


Financial Services operating profit[1]

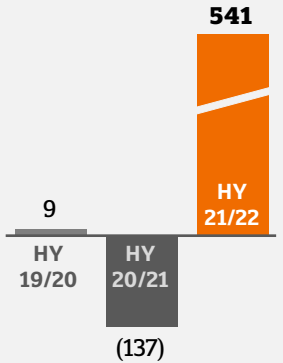


Underlying profit before tax

up 56% Yo2Y
up 23% YoY



Statutory profit / loss before tax

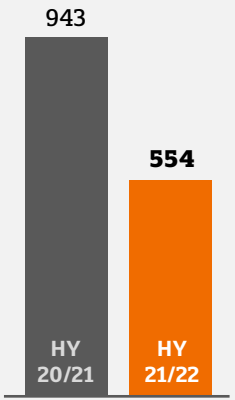


All figures £m

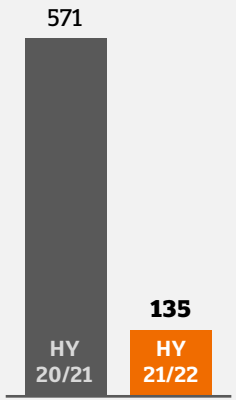
1 Underlying
2 H1 20/21 published before decision to forgo business rates relief. The impact of additional business rates on H1 20/21 would have been to reduce profits by £204m

Group performance overview

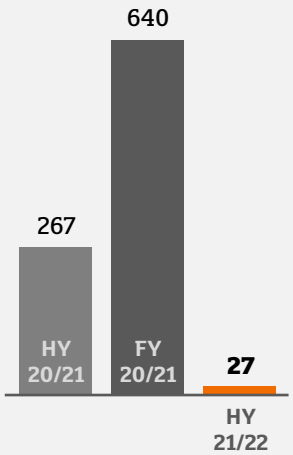
Retail free cash flow



Underlying working capital movement



Net debt excluding leases

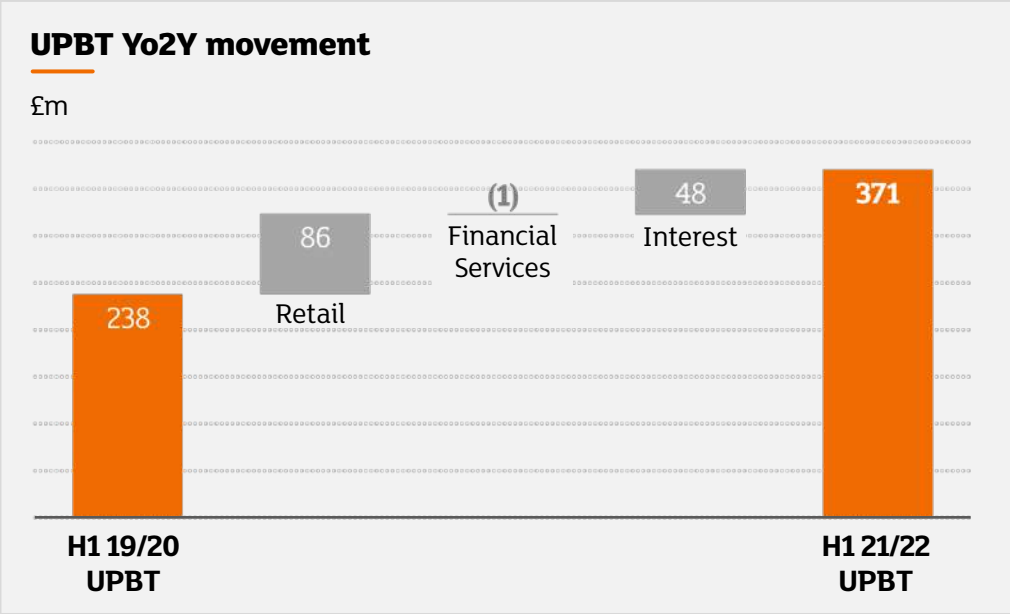


Dividend per share



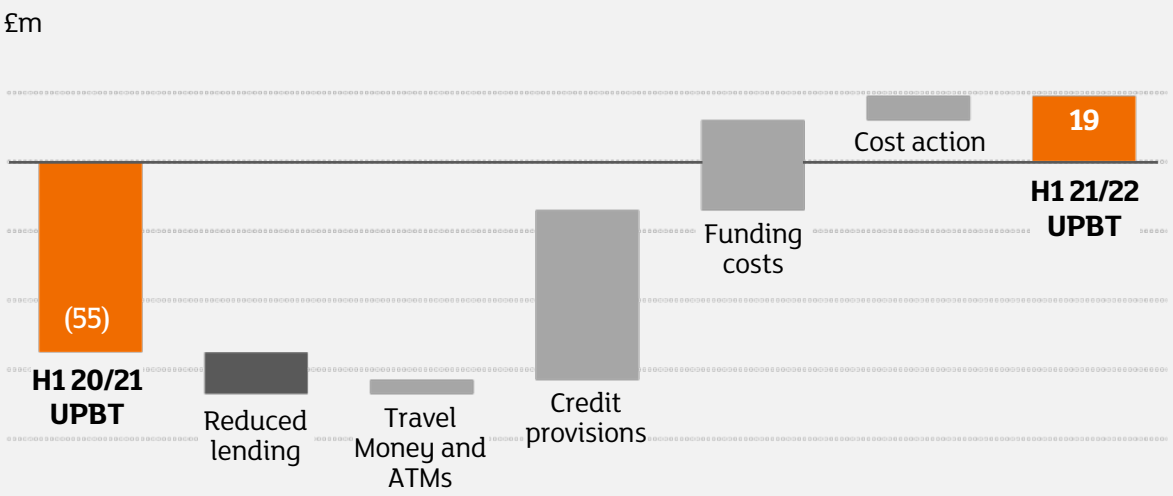
All figures £m

Underlying profit before tax



Financial Services

UPBT YoY movement



Items excluded from underlying results

£m	H1 2021/22	H1 2020/21
Restructuring programmes	(32)	(266)
Impairment charges (Retail and FS)[1]	-	(214)
Income recognised in relation to legal disputes	181	42
IAS 19 pension income/(expenses)	6	8
Property, finance and acquisition adjustments	15	(8)
Total items excluded from underlying results	**170**	**(438)**

Guidance

Restructuring, impairment and integration one-off costs of £900m-£1bn from FY20/21 to FY23/24 (c. £300m cash), with £75m-£100m costs and around £125m cash in the current year

Cash impact of current year legal disputes

- **£75m** cash received in prior financial years
- **£27m** received in H1 21/22
- **£13m** non-cash provision release
- **£67m** to be received in H2 21/22

1 In the prior year, the effect of COVID-19 and accelerated structural integration programme were deemed an impairment indicator in line with IAS 36. A full review was performed covering Retail and Financial Services assets

Net debt and Retail free cash flow

£m	H1 2021/22	H1 2020/21	FY 2020/21
Net cash from operating activities[1]	1,056	1,418	
of which working capital movements	*135*	*571*	
Capital expenditure	(298)	(290)	
Disposal proceeds[2]	39	41	
Lease repayments[3]	(243)	(226)	
Retail free cash flow	**554**	**943**	
Dividends paid on ordinary shares	(165)	-	
Other[4]	(265)	(164)	
Movement in net debt	**124**	**779**	
Opening net debt[5]	**(6,469)**	**(6,947)**	
Closing net debt[5]	**(6,345)**	**(6,168)**	**(6,469)**
Of which:			
Lease liabilities	**(6,318)**	**(5,901)**	**(5,829)**
Net debt excluding lease liabilities[5]	**(27)**	**(267)**	**(640)**

- Working capital reversal from strong FY2020/21 position
- Net debt exc. lease liabilities down **£613m** from FY 2020/21
- Net debt inc. lease liabilities down **£124m** from FY 2020/21
- Lease liabilities increased as we served notice to purchase 13 stores upon lease expiry

1 H1 20/21 published before decision to forgo business rates relief. The impact of additional business rates on H1 20/21 would have been to reduce profits by £204m

2 Includes dividends received from JVs, net of JV capital injections

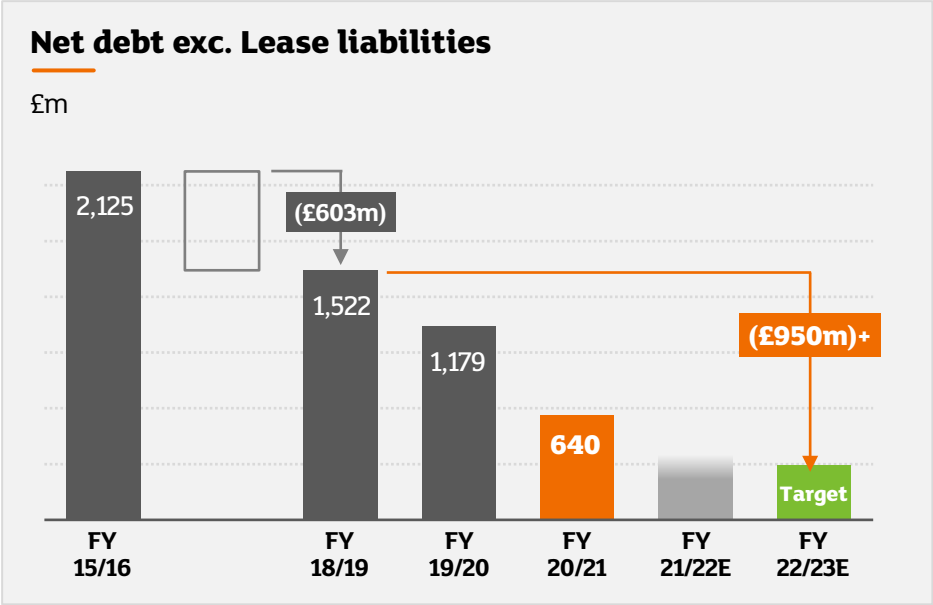
3 Includes initial direct costs on right-of-use assets

4 Includes the net movement to lease liabilities, reflecting non-cash additions in the period offset by payments made. Also includes impact of conversion of perpetual securities, cash impact of share purchases and share issuances.

5 Net debt definition excludes derivatives not linked to borrowings, and includes perpetual securities as debt

Balance sheet targets

- On target for £950m+ net debt reduction over four years to March 2023[1]
- Average free cash flow £500m+ p.a. three years to March 2025
- Medium-term leverage reduction target: Net debt/EBITDA[2] less than 3x



1 Excluding the impact of perpetual securities conversion
2 Net debt (inc. perpetual securities) on a post-IFRS 16 basis divided by Group underlying EBITDA. Net debt/ EBITDA for H1 21/22 was 3.3 times

Summary and Outlook

Strong first half performance

- Grocery sales up year-on-year reflecting tailwinds from sustained in-home consumption and investments made in the food offer
- Market share gains
- Underlying profit before tax up 23% year-on-year, and up 56% on a two-year basis
- Good underlying free cash flow generation
- Free cash flow and net debt reduction targets on track
- Strong cost savings progress, particularly at Argos

Outlook unchanged

- 2021/22 UPBT at least £660m
- Average free cash flow £500m+ p.a. three years to March 2025
- Net debt reduction target £950m+ for four years to March 2023[1]

1 Excluding the impact of perpetual securities conversion

J Sainsbury plc

Simon Roberts
Chief Executive Officer



A strong first half



Growing momentum



A strong operating performance

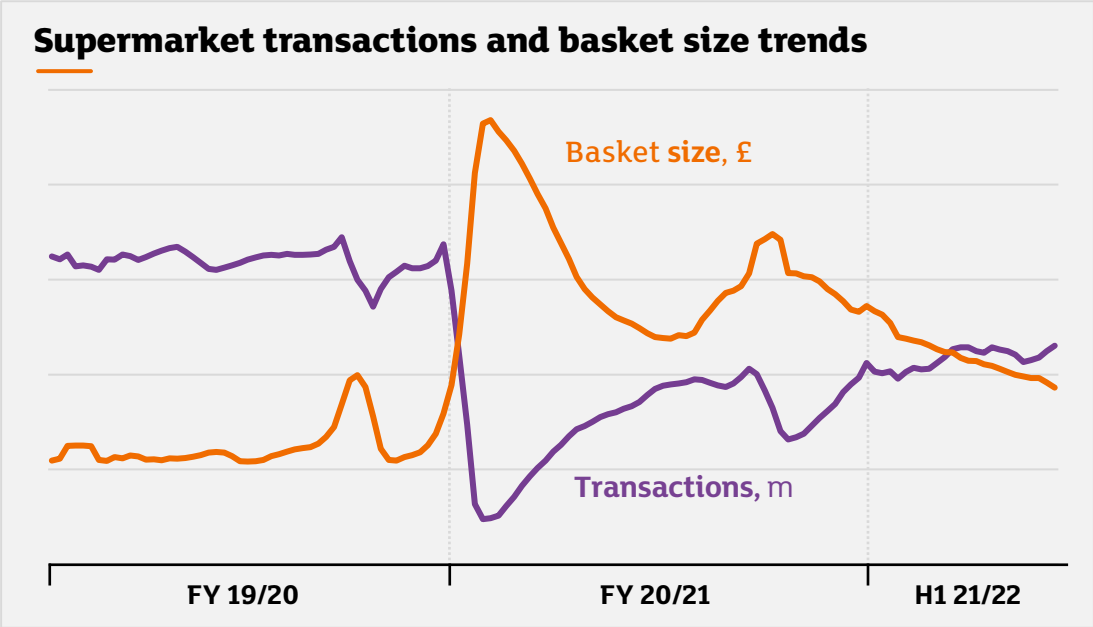


Delivering on our priorities



Agile and adapting at pace

Customer behaviour continuing to normalise



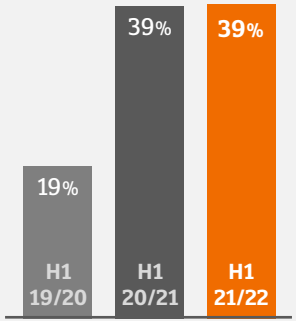
Continued growth in digital sales, significantly ahead of 19/20

Total Digital

Sales

Flat YoY

up **108%** Yo2Y



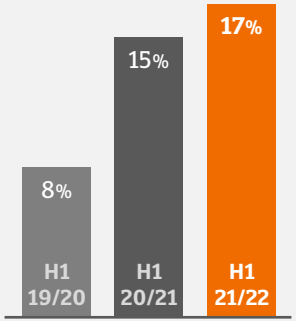
Digital participation

Groceries Online

Sales

up **13%** YoY

up **128%** Yo2Y



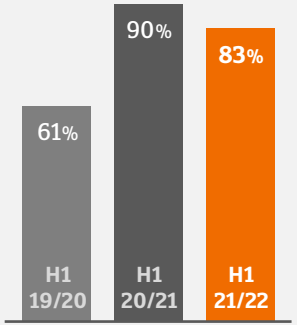
Digital participation[1]

Argos Digital

Sales

down **13%** YoY

up **42%** Yo2Y



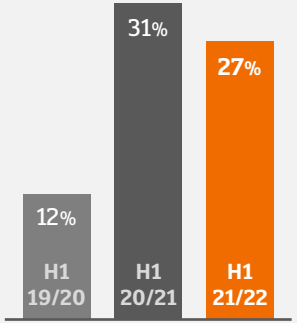
Digital participation

SmartShop

Sales

up **4%** YoY

up **306%** Yo2Y

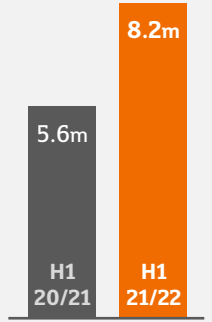


Sales participation[2]

Nectar

Digital users

Users up 46% YoY

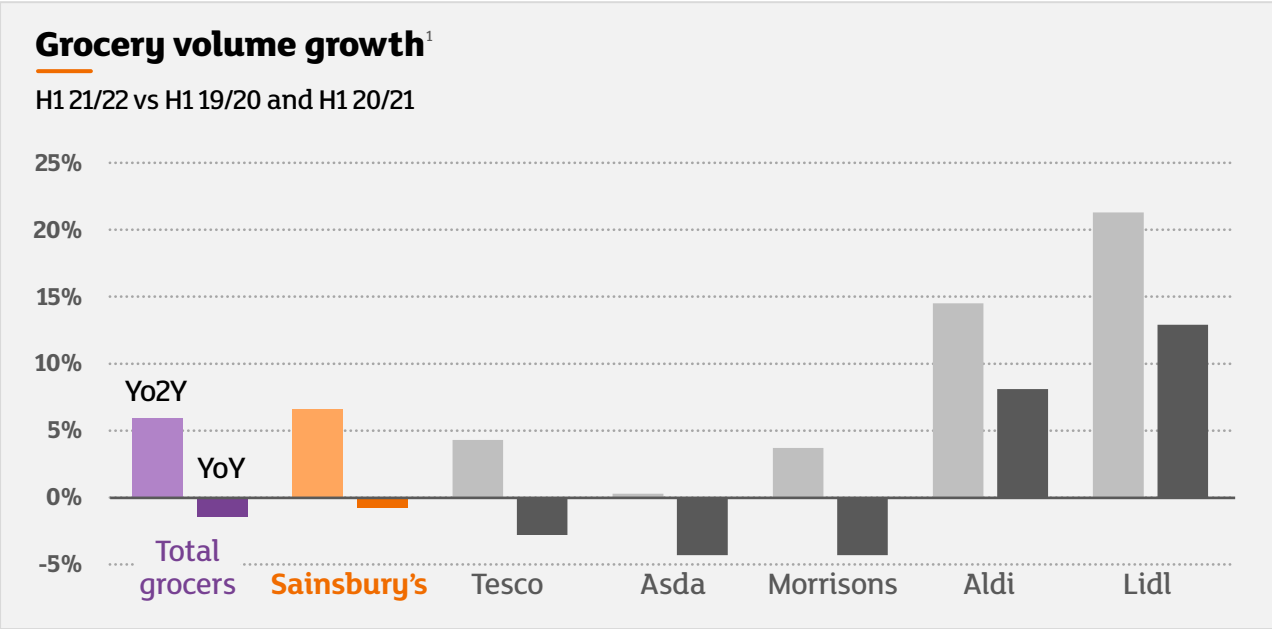


Nectar digital registrations

1 Of total Grocery sales

2 Sales participation in stores with handsets

Growing ahead of the market on a one-year and two-year basis

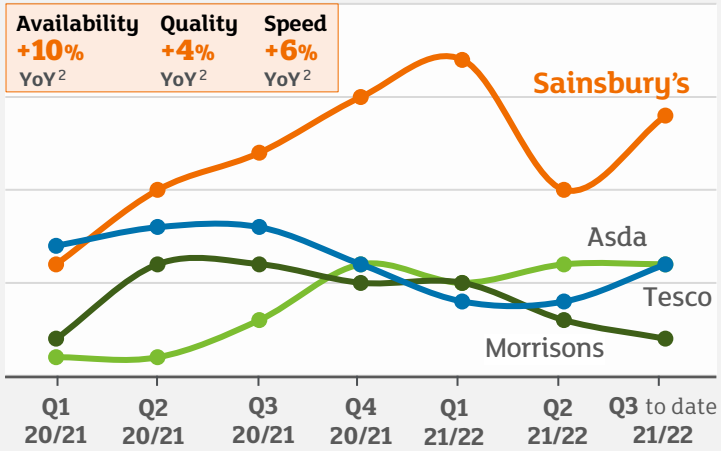


1 NielsenIQ Panel volume growth YoY and Yo2Y. Total FMCG (excluding Kiosk & Tobacco), 28 weeks to 18 Sept 21, 19 Sept 20 and 21 Sept 19. Market Universe: Total Outlets.

Customer satisfaction

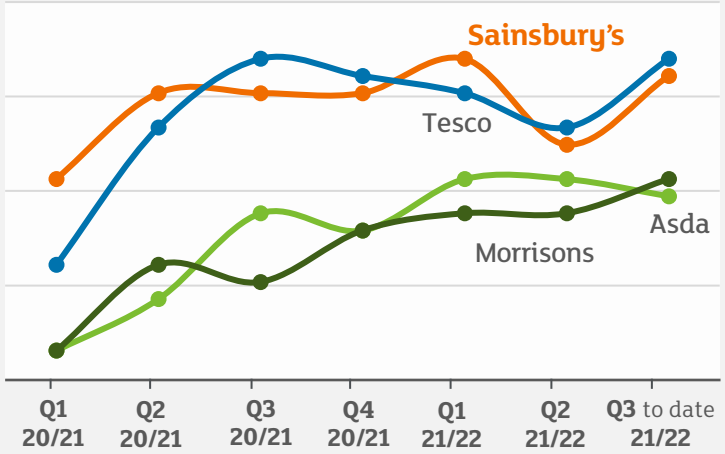
Supermarkets

Customer satisfaction index[1]



Online

Customer satisfaction index[1]



1 Supermarket and Online customer satisfaction %. **Source:** Competitor benchmarking survey. Q3 to date = P8 data (4 week score)

2 Competitor benchmarking survey, supermarkets. H1 2021/22 YoY

We are delivering on our priorities

Purpose

Driven by our passion for food, together we serve and help every customer

Priorities

- **Food First**
- **Brands that Deliver**
- **Save to Invest**
- **Connected to Customers**
- **Plan for Better**

Valued behaviours



- **Own it**
- **Make it better**
- **Be human**

Measures

Operational

- Grocery market share performance
- Strong customer satisfaction scores
- Maintain strong colleague engagement & improve representation
- Deliver our Plan for Better commitment

Financial

- UPBT growth
- 200bp+ reduction in retail operating costs to sales
- Dependable retail free cash flow £500m+ pa average
- Increase Return on Capital employed

Delivering against our plan

- **Food back at the heart** of Sainsbury's
- Portfolio brands supporting food, delivering for **customers and shareholders** in their own right
- **Structurally lower cost to sales ratio** (by at least 200bps)
- **Pursue partnerships** or outsource where faster
- **Robust profit delivery**, consistent dependable cashflow
- **8 key metrics**, consistent reporting, linked to incentives



8 key metrics

Delivering for customers and driving stronger financial outcomes

Operational

- ↑ Grocery market share performance
- → Strong customer satisfaction scores
- → Maintain strong colleague engagement
- → Deliver our Plan for Better commitment

Financial

- ↑ UPBT growth
- ↑ 200bps+ reduction in retail operating cost to sales
- ↑ Dependable retail free cash flow: £500m+ pa average
- → Increase Return on Capital employed[1]

1 ROCE: return divided by capital employed. Return is defined as a 52 week rolling underlying profit before interest and tax. Capital employed is defined as group net assets excluding the pension deficit/ surplus and excluding net debt. The average is calculated on a 14 point basis

Food First | Brands that Deliver | Save to Invest | Connected to Customers | Net Zero 2040

Food First

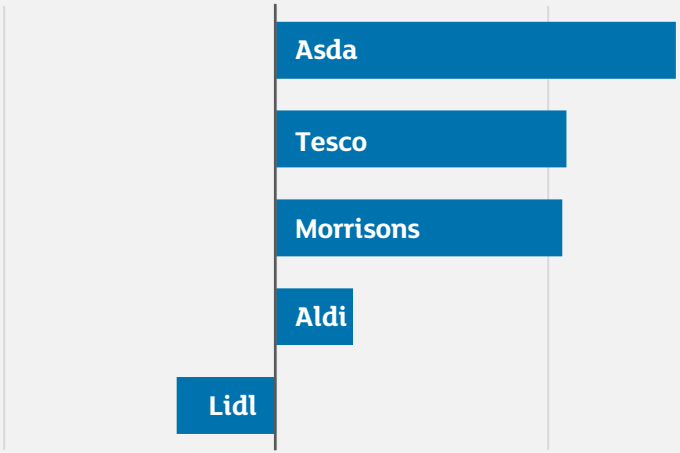
- Better value and innovation
- Underpinned by buying benefits and lower cost to serve

- Improve real and perceived **value for money**
- Increase **innovation** pace
- Grow **Online** capacity and extend routes to market
- Expand physical points of distribution, focusing on **Convenience**
- Deliver **Plan for Better** commitment
- **Tailor** price, proposition and operations to catchments and local customers
- Adapt **supermarket formats** for changing role and to drive efficiency
- Focus **customer service and operational excellence** on what matters for customers

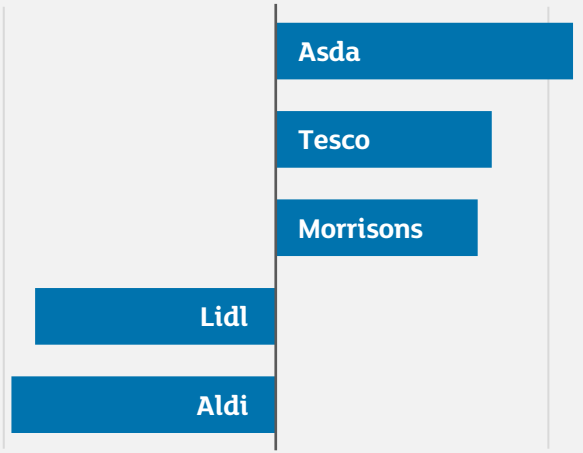
Strong grocery volume gains from competitors

Switching gains[1]

Volume switching 28 weeks to H1 21/22, Yo2Y (m)



Volume switching 28 weeks to H1 21/22, YoY (m)



1 Nielsen FMCG (excl. Kiosk & Tobacco)- Volume switching (m) 28 weeks to 18 Sept 21 vs 28 weeks to 19 Sept 20 and 21 Sept 19

Delivering better value to customers

Price Lock



+

Core, high volume investment



+

Sainsbury's Quality, Aldi Price Match

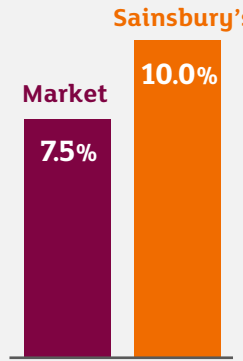
ALDI PRICE MATCH

Value: investment in key centre of plate and fresh categories

Core, high volume investment

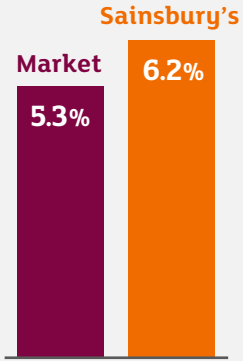
- **Halo driving** categories
- Focus on core own brand products, especially **Meat, Fish & Poultry** and **Produce**
- Market outperformance in key Fresh categories
- Availability protected

Meat, Fish & Poultry



H1 Yo2Y Volume Growth[1]

Produce



H1 Yo2Y Volume Growth[1]

1 NielsenIQ Panel volume growth Yo2Y. Meat, Fish and Poultry and Produce categories. 28 weeks to 18 Sept 21 vs 21 Sept 19. Market Universe: Total Outlets.

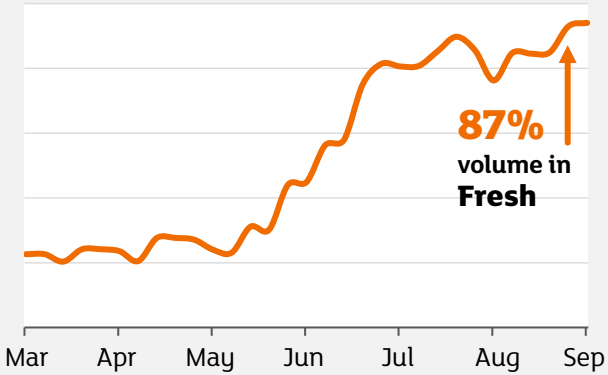
Value: Sainsbury's Quality, Aldi Price Match

Sainsbury's Quality, Aldi Price Match (SQAPM)

- **c.300** SKUs
- Focus on **Low Prices and EPP**
- Focus on **Fresh** categories
- Continuing **Halo benefits**
- Positive volume differential

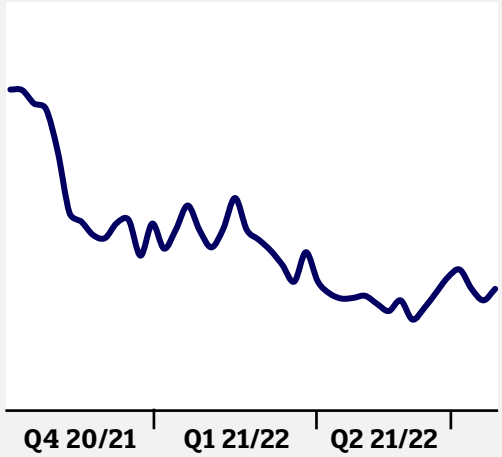


Proportion of SQAPM volumes in Fresh



Value: continued improvement on price position vs competitors

Price index vs Aldi



Total

H1 22 vs FY 21[1,3]

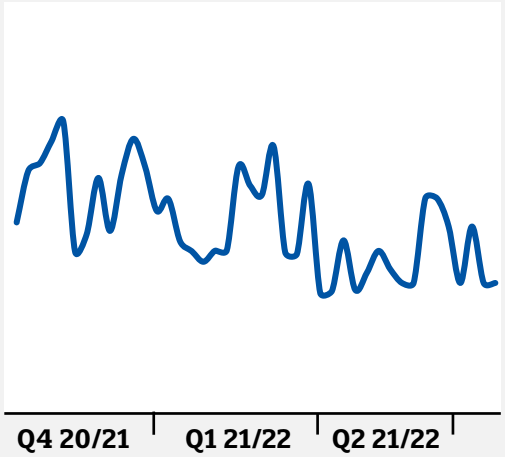
improved **400**bps

Centre of plate[2]

H1 22 vs FY 21[1,3]

improved **370**bps

Price index vs Tesco



Total

H1 22 vs FY 21[1,4]

improved **10**bps

Centre of plate[2]

H1 22 vs FY 21[1,4]

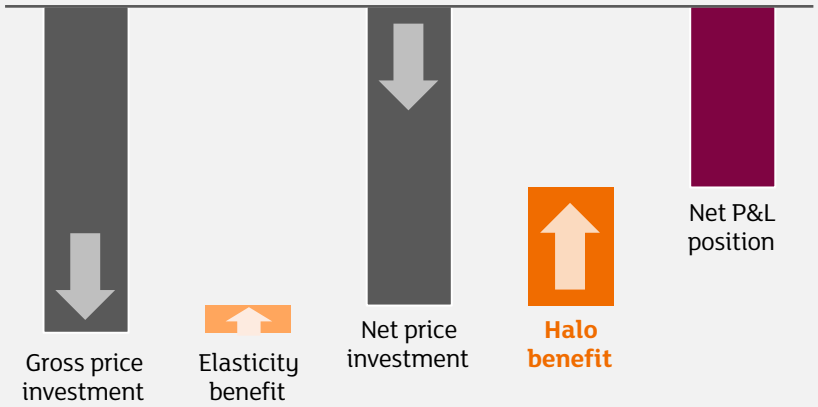
improved **240**bps

1 Value Reality. Mar-Sep 2021 vs Mar 2020-Mar 2021; Edge by Ascential; internal modelling

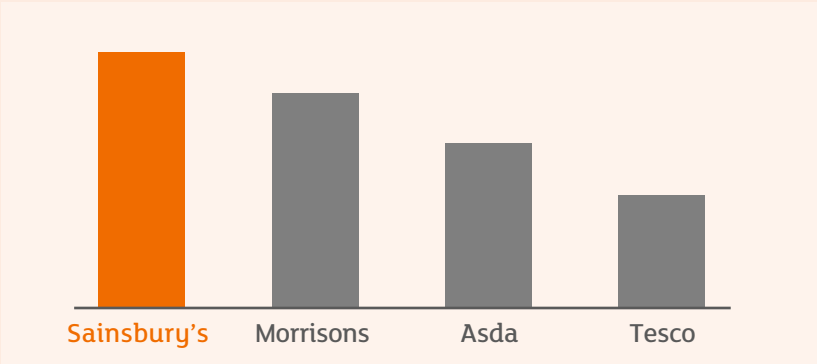
2 Meat, Fish and Poultry 3 Price index data vs Aldi unavailable in weeks 4-26 of 20/21 4 Price index data for Tesco Clubcard unavailable in weeks 29-40 of 20/21

Value: price investment driving “halo” volume uplift

Halo benefit from price investment



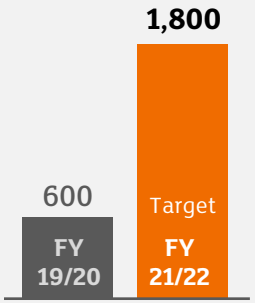
Growth in secondary customers ahead of the Big 4[1]



1 **Source:** Secondary Shoppers – Contribution to Volume Growth. Nielsen Panel, Total FMCG (excl. Kiosk & Tobacco), 12wks to September 2021. Market Universe: Total Outlets.

Food Innovation: transforming new product development

On track to triple innovation



Delivering across Food First

Basket size	↑
Trade-up	↑
Halo spend	↑

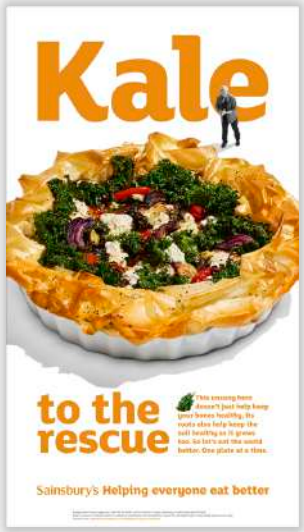
Autumn Editions





Food Innovation: Helping Everyone Eat Better

Eat Better



Better Value

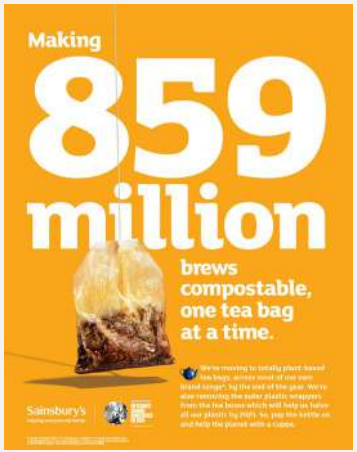


Accessible innovation



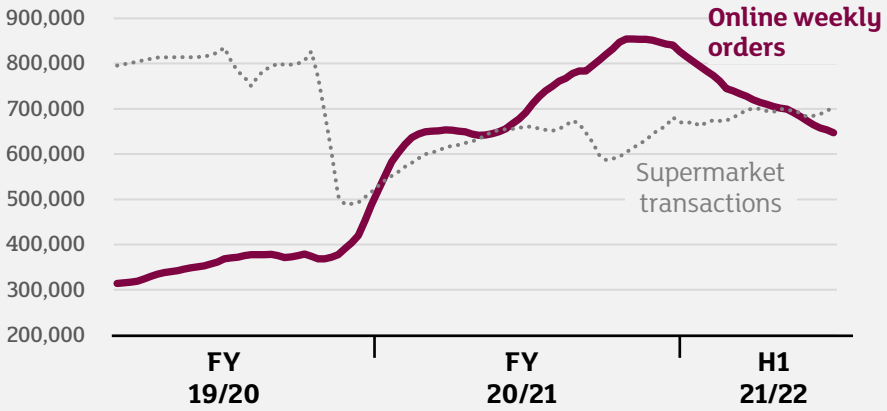


Plan for Better



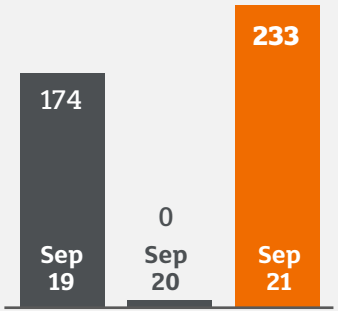
Online demand still very strong despite normalisation

Online weekly orders[1]



Same day delivery and C&C relaunched

Number of stores



1 8 week rolling average, Groceries Online Home Delivery and Click&Collect

Unique breadth of online grocery options for customers









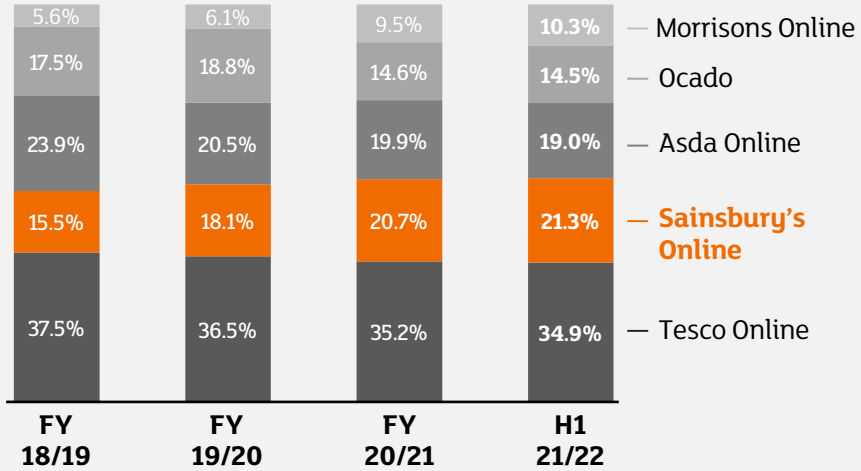
	GOL Delivery	GOL Click & Collect	Chop Chop	Deliveroo / Uber Eats
Stores	254	325	48	390
Cities & towns	98% UK population	98% UK population	22	95
Average basket size	£95-£100	£90-£95	£30-£35	£20-£25
Average weekly orders	640k	75k	72k	

c.60% sales in London

Biggest online market share winner: now market #2

Strong online market share gains[1]

Share of top 5 competitors

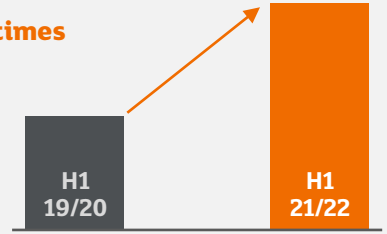


1 **Source:** Nielsen panel data , Value share of top 5 competitors. Sainsbury's gained most % share between FY18/19 and H1 21/22

Strong online productivity

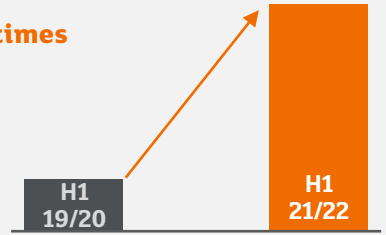
Profit contribution margin

2 times



Online profit contribution

4 times



Basket size

up 4% Yo2Y



Items picked per hour (IPH)

up 9% Yo2Y



Drops per hour

up 10% Yo2Y



Plan for Better: bold commitments to drive positive change

PRINCIPAL PARTNER
UN CLIMATE CHANGE CONFERENCE UK 2021
IN PARTNERSHIP WITH ITALY

Better for you

Healthy & sustainable diets

At least **83% healthy and better for you sales** tonnage by **2025**

Better for the planet

Reduction in Carbon emissions

Reduce **Scope 1 & 2** emissions to **Net Zero by 2035**

Reduce **Scope 3** emissions by **30% by 2030**

Reduction in Food waste

Reduce food waste by **50% by 2030**

Reduction in plastic packaging

Reduce our use of plastic packaging by **50% by 2025** and **increase recycling**

Sustainable sourcing & biodiversity

Sourcing with integrity and delivering a **Net positive** impact of operations on biodiversity

Better for everyone

Championing human rights

Committed to **championing** human rights

Community & Partnerships

Leave a **measurable positive impact** on the communities we serve and source from

Skills and opportunities for all

Ahead of national rates, at least **75%** of our colleagues on an **apprenticeship** will **successfully complete** their programme

An inclusive place to work and shop

Committed to achieving our **diverse leadership representation targets by 2024**

Food First | Brands that Deliver | Save to Invest | Connected to Customers | Net Zero 2040

Brands that Deliver

- Customer and profit focus
- Supporting the core food business

nectar

Focus on food, coalition and data monetisation

Argos | Tu | habitat

Reduce cost to serve
Improve profit delivery

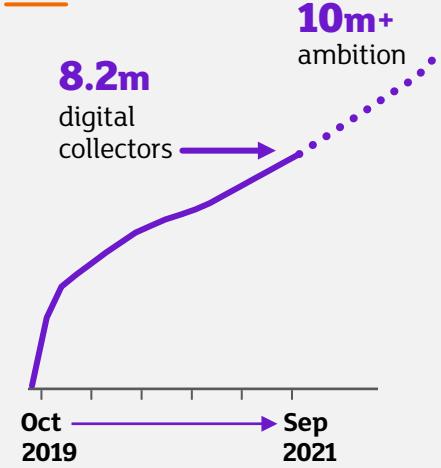
Sainsbury's Bank

Simplify and strengthen

Brands that Deliver

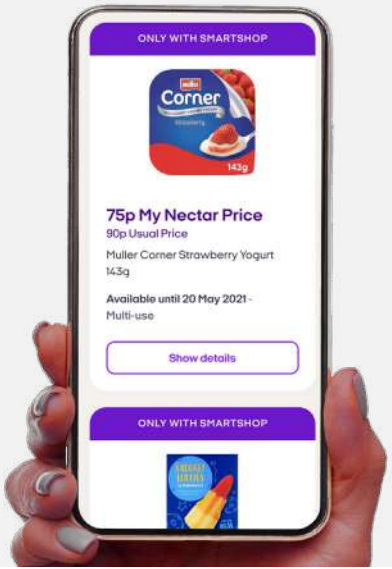
Nectar: growing digital customer base, advancing personalisation

Digital Nectar



Nectar Prices

1. Customer potential sales value score
2. Price sensitivity score
3. Product offer types
4. Personalised pricing



Brands that Deliver

Nectar360: key B2B revenue streams

Loyalty

Retained long-term Nectar partnerships

Shopper Marketing

Advertising in and around store



Data and Insights

Bespoke analytics and insight products



Digital Media

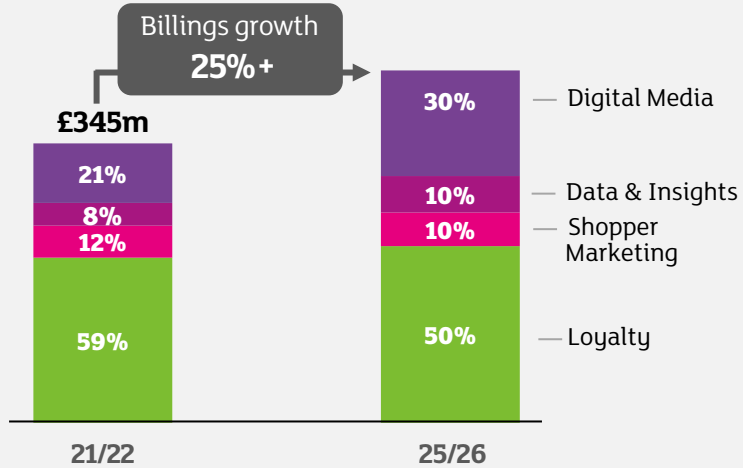
Advertising onsite (sainsburys.co.uk & argos.co.uk) and offsite (the wider web / social platforms)



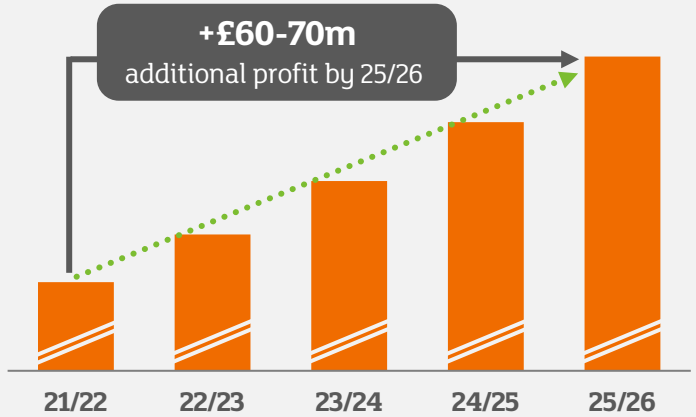
Brands that Deliver

Nectar Profit Growth: driven by Digital Media

Nectar360 Billings



Forecast Incremental Nectar360 Group Profit Contribution

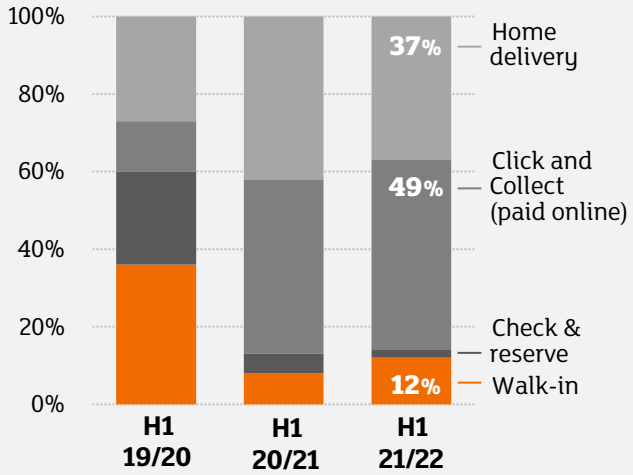


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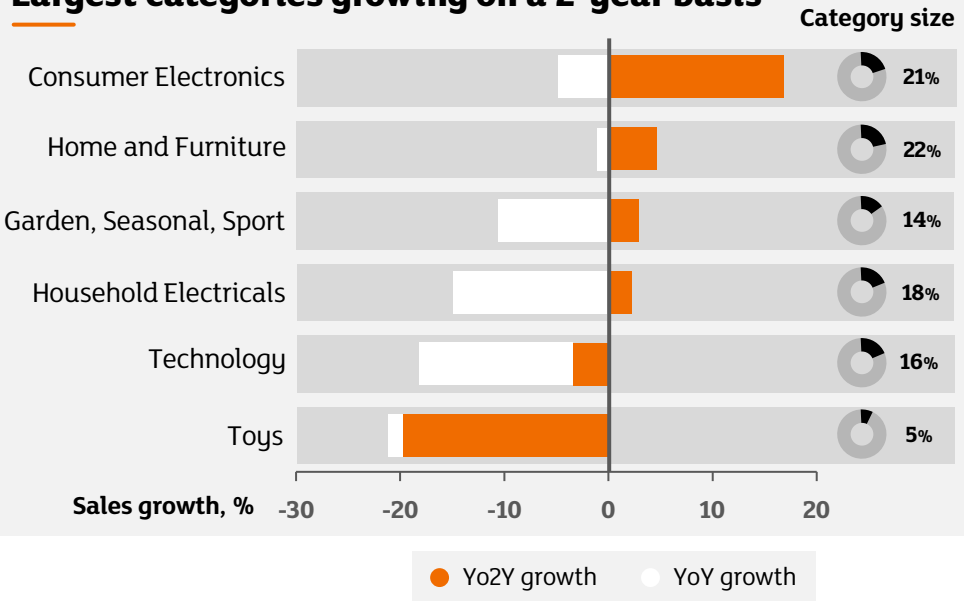
Brands that Deliver

Argos: digital transformation, category breakdowns

Flexible fulfilment options



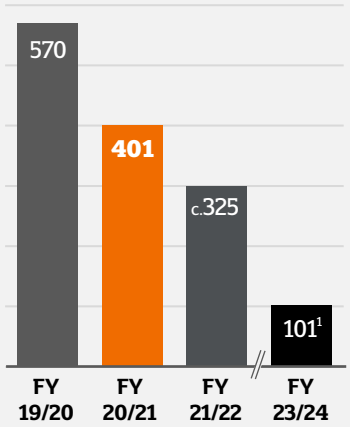
Largest categories growing on a 2-year basis



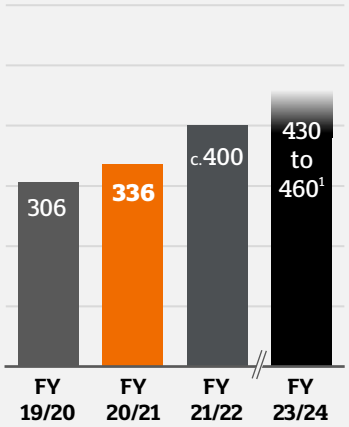
Brands that Deliver

Argos transformation: lower cost to serve by £105m

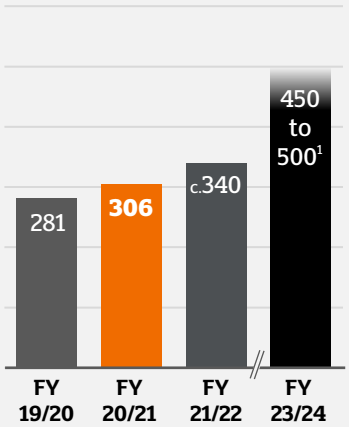
Standalone stores



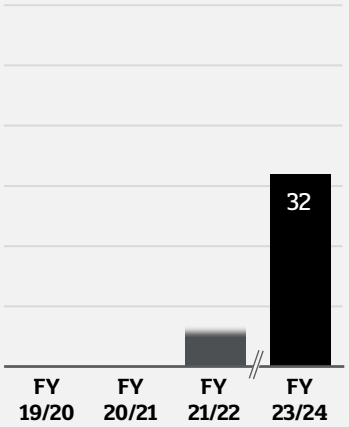
Argos stores in Sainsbury's



Collection points



Local fulfilment centres



1 exc. Republic of Ireland stores

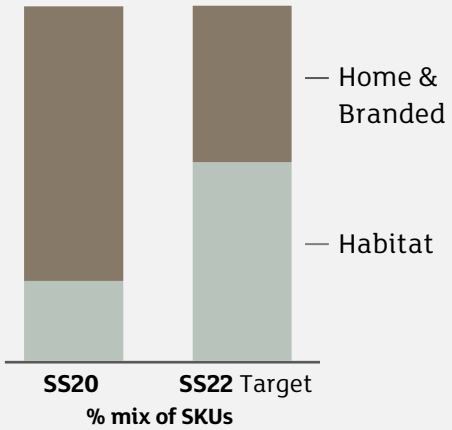
Brands that Deliver

Habitat brand relaunch: driving home and furniture performance



- Lead Home and Furniture brand
- Improved market position for home and furniture
- New brand commitment: *"make your home a happy habitat"*
- Introduction of Habitat Kids

Increase in Habitat Mix



Brands that Deliver

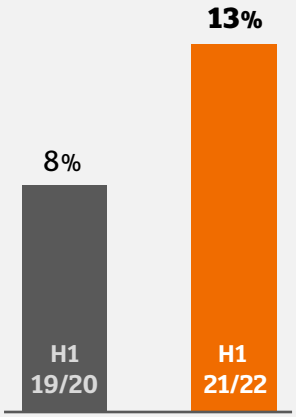
Clothing: a stronger, more profitable business

Market share

6th
Largest UK retailer[1]

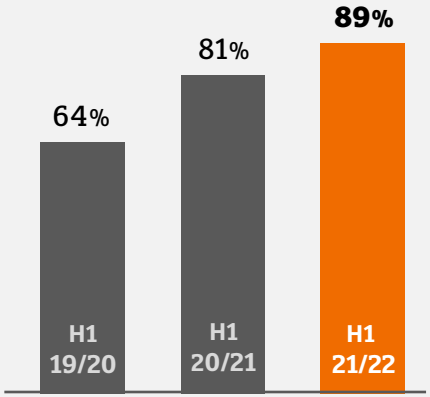
Online sales

+70% Yo2Y



Online participation

Growing full price sales participation



Full price sales participation



1 Kantar 24-week data to 19 September 2021. Volume market share, Total clothing, footwear and accessories

Brands that Deliver

Financial Services: strategy focused on Sainsbury's customers

1	2	3	4	5	6
Capital self sufficiency	**Improve returns**	**Financial services cash generative**	**Transform the cost base**	**Reduce risk profile to group**	**Focus on Sainsbury's customer base**

Financial Services extended credit on **21% of Argos sales,** up year on year and growing

96% of Storecard sales through Argos digital channels

Over 3 in 4 Bank and Insurance customers have a Nectar card

Nectar customers benefit from better rates on Bank products

Food First | Brands that Deliver | Save to Invest | Connected to Customers | Net Zero 2040

Save to Invest

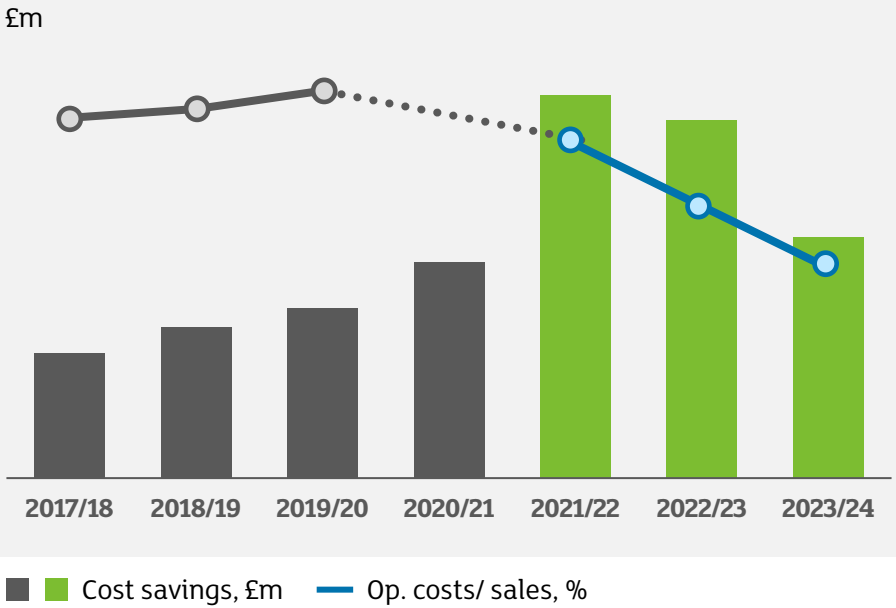
- Structurally lower operating costs to fuel investment in the core
- Cutting complexity and increasing pace of execution

Structural change to accelerate cost reduction

- Reduce operating costs to **fuel investment in the core**
- Transform our approach to costs and radically simplify our organisation
- Reduce retail operating costs to sales by more than **200bps**
- Work with suppliers to drive value

Strategic cost reduction plan on track

Reduce retail operating costs/ sales % by 200 bps+



Accelerated cost saving plans

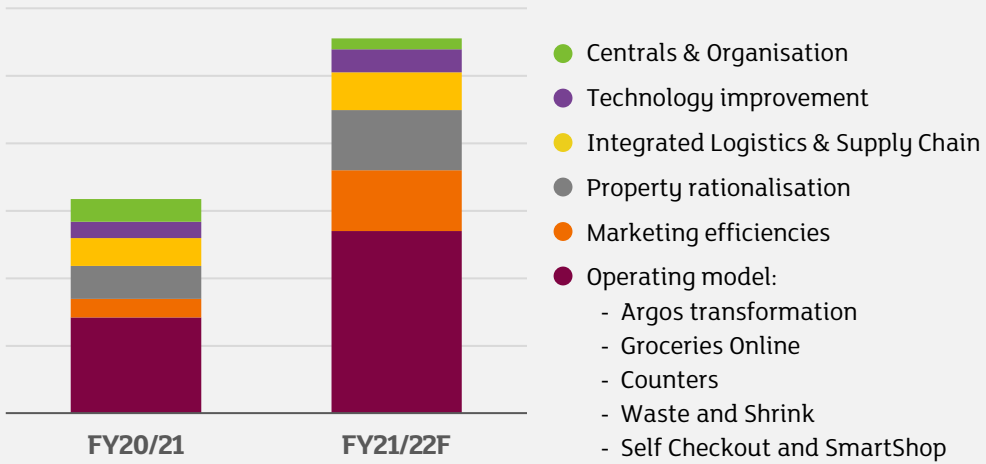
- Driving momentum in cost programmes
- Addressing inflationary cost pressures
- Structural transformation: c. 75% structural cost savings
- Adapting to customer behaviour and channel mix changes

Save to Invest

Accelerating cost savings

Key cost savings programmes

£m



Save to Invest

Key cost saving programmes

£105m

Argos store transformation and fulfilment model

- Store rationalisation
- Local Fulfilment Centre programme: two LFCs now open

£70m-100m

Centrals and Organisation support costs

- Office space reduction
- New ways of working
- Reduction of central support roles

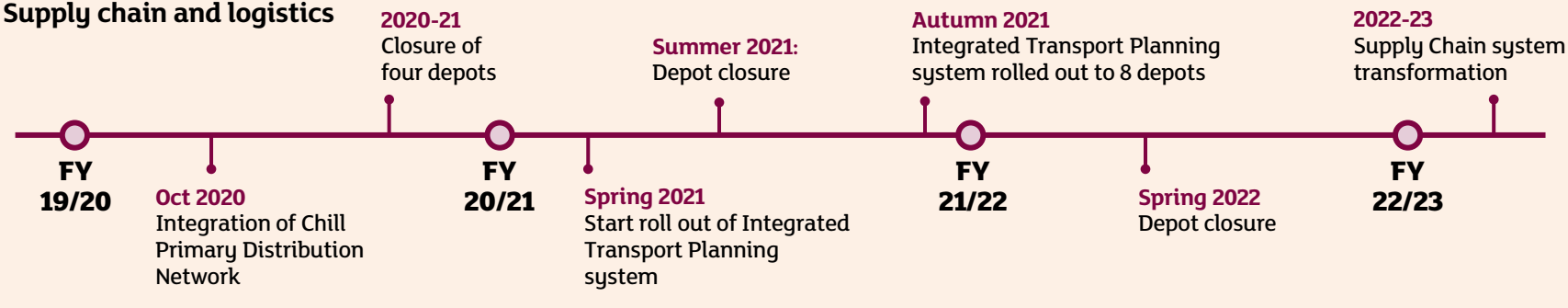
£60m

Counters

- Lower cost to serve
- Reduced waste

£250m-300m

Supply chain and logistics



Moving at pace to change the business

- **Food back at the heart** of Sainsbury's
- Portfolio brands supporting food, delivering for **customers and shareholders** in their own right
- **Structurally lower cost to sales ratio** (by at least 200bps)
- **Pursue partnerships** or outsource where faster
- **Robust profit delivery**, consistent dependable cashflow
- **8 key metrics**, consistent reporting, linked to incentives



Delivering for shareholders

Profit inflection

- Cost transformation: 200bp+ reduction in cost to sales
- Working with suppliers to unlock value
- Funding stronger food performance
- 2021/22 UPBT of at least £660m[1]

High returning capital projects

- Reducing cost to serve and improving working capital
- Argos transformation capital cost £143m, annual cost reduction £105m[2]
- Logistics and infrastructure capital cost £201m, annual cost reduction £250-300m[2]

Strong free cash flow

- £950m+ net debt reduction March 2019 to March 2023[3]
- £500m+ average FCF for the three years to March 2025
- Sustainable, well covered dividend

1 Vs 2019/20 UPBT £586m
2 by March 2024
3 Excluding impact of perpetual securities conversion

We are delivering on our priorities

Food First

- Better value and innovation
- Underpinned by buying benefits and lower cost to serve

Brands that Deliver

- Customer and profit focus
- Supporting the core food business

Save to Invest

- Structurally lower operating costs to fuel investment in the core
- Cutting complexity and increasing pace of execution

Connected to Customers

Know and serve our customers better, use the power of Nectar

Plan for Better

Environmental and social sustainability at our core

J Sainsbury plc

Appendices



Guidance for 2021/22

Profit
- Expect to report underlying profit before tax of at least £660 million in FY 2021/22

Space
- In FY 2021/22, we expect to open four supermarkets and around 25 new convenience stores, and to close around 5 supermarkets and around 25 convenience stores
- In FY 2021/22, we expect to open around 70 Argos stores inside Sainsbury's, and to close around 70 Argos standalone stores
- The standalone Argos store estate will reduce to around 100 stores by March 2024, while we expect to have 430-460 Argos stores inside Sainsbury's supermarkets as well as 450-500 Argos collection points

Depreciation and amortisation
- We expect depreciation and amortisation of around £1.2bn, including around £500m right of use asset depreciation

Financial Services
- Financial Services expected to continue to deliver profit in H2 2021/22
- No capital injections into the Bank are expected

Items outside of underlying
- Restructuring, impairment and integration one-off costs of £900m-£1bn from FY 2020/21 to FY 2023/24 (around £300m cash)
- Of this, we expect to incur costs of £75m-£100m and cash of around £125m in FY 2021/22

Finance costs
- We expect net finance costs of around £320m-£330m, including around £280m lease interest

Dividend
- We expect to maintain a policy of paying a dividend covered 1.9 times by underlying earnings

Capital expenditure
- Core retail cash capital expenditure is expected to be around £700-750m in the 3 years to FY 2023/24

Pension
- Cash contributions for FY 2021/22 are expected to be £76 million

Net debt and Cash flow
- Expect non-lease net debt to reduce by at least £950m over the four years to FY 2022/23, before the beneficial impact of the perpetual convertible bond
- Expect to generate average retail free cash flow of at least £500m over the three years to FY 2024/25

Leverage
- Medium term leverage reduction target of Net Debt/EBITDA of less than 3.0 times

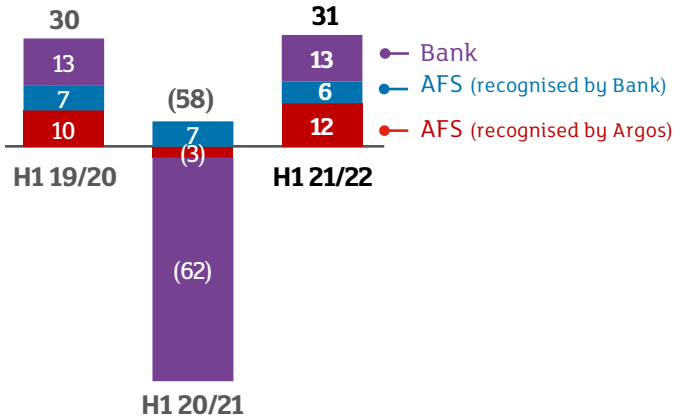
Tax rate
- Expect an underlying tax rate in FY 2021/22 of around 25 per cent

Financial Services

Group contribution basis	H1 2021/22	H1 2020/21	Change
Total income[1]	£187m	£170m	↑ 10%
Underlying operating profit	£31m	£(58)m	↑ N/A
Customer lending[2]	£5.0bn	£6.2bn	↓ £1.2bn
Customer deposits	£4.6bn	£5.4bn	↓ £0.8bn
Active customers – Bank	1.8m	2.0m	↓ 10%
Active customers – Argos FS	2.1m	2.3m	↓ 9%
Cost/income ratio	66%	79%	↓ 13ppt
Net interest margin[3]	4.3%	3.1%	↑ 120bps
Bad debt as a percentage of lending[4]	1.3%	2.7%	↓ 140bps
CET 1 Ratio[5]	17.4%	14.9%	↑ 250bps
Total Capital Ratio[6]	20.1%	17.8%	↑ 230bps
Liquidity Coverage Ratio[7]	247%	173%	↑ 74ppt
Total Resource[8]	1,869	2,103	↓ 11%

Financial Services UPBT

£m, Group Contribution

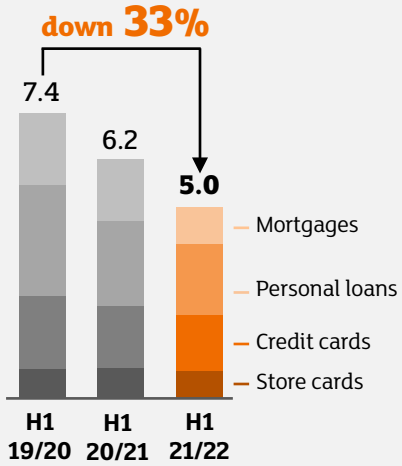


1 Net interest, net commission and other operating income
2 Amounts due from customers at the Balance Sheet date in respect of loans, mortgages, credit cards and store cards net of provisions
3 Net interest receivable / average interest-bearing assets
4 Bad debt expense / average net lending
5 Common equity tier 1 capital / risk-weighted assets
6 Total capital / risk-weighted assets
7 Liquidity coverage ratio 12 month average
8 FTE and contractors

Financial Services: performance drivers and coverage

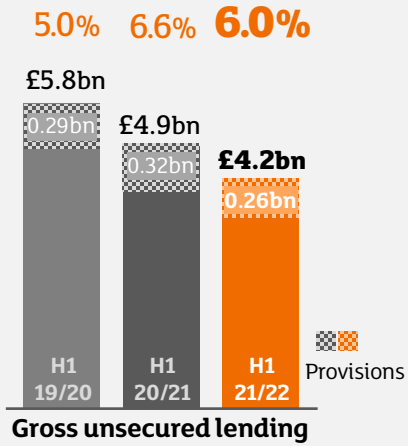
Customer assets

£bn



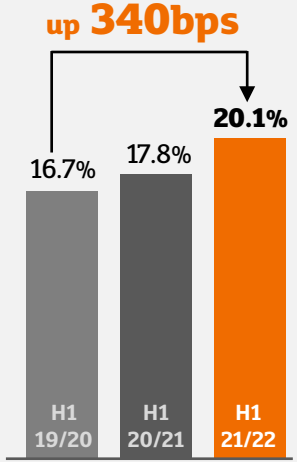
Credit provisions

Unsecrured lending Coverage Ratio



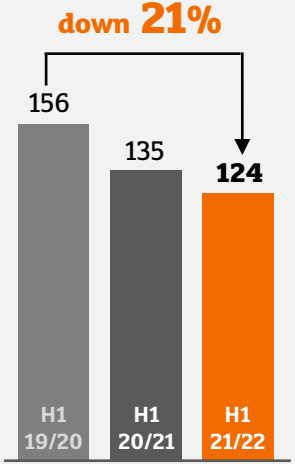
Total capital ratio

%



Costs[1]

£m



1 Group contribution basis

Sainsbury's sales area and store numbers

As at 18 September 2021

Supermarkets

	Area ('000 sq ft)	Number
Opening figures 2021/22	20,822	598
New stores	17	1
Closures	(6)	(1)
Replacement stores	-	-
Extensions / refurbishments / downsizes	(33)	39
Space optimisation	-	-
Closing figures H1 2021/22	**20,800**	**598**

Convenience

	Area ('000 sq ft)	Number
Opening figures 2021/22	1,929	813
New stores	18	8
Closures	(24)	(10)
Replacement stores	-	-
Extensions / refurbishments / downsizes	-	-
Space optimisation	-	-
Closing figures H1 2021/22	**1,923**	**811**

Total

	Area ('000 sq ft)	Number
Opening figures 2021/22	22,751	1,411
New stores	35	9
Closures	(30)	(11)
Replacement stores	-	-
Extensions / refurbishments / downsizes	(33)	39
Space optimisation	-	-
Closing figures H1 2021/22	**22,723**	**1,409**

Sainsbury's store estate

As at 18 September 2021

Number of stores

Sq ft sales area	Under 10,000	10,000 to 20,000	20,001 to 40,000	40,001 to 60,000	Over 60,000	Total
Convenience	811	0	0	0	0	**811**
Supermarkets	43	118	194	179	64	**598**
Total stores	854	118	194	179	64	**1,409**

Space by store size ('000 sq ft)

Sq ft sales area	Under 10,000	10,000 to 20,000	20,001 to 40,000	40,001 to 60,000	Over 60,000	Total
Convenience	1,923	-	-	-	-	**1,923**
Supermarkets	336	1,777	5,710	8,658	4,319	**20,800**
Total stores	2,259	1,777	5,710	8,658	4,319	**22,723**

Argos and Habitat store numbers

	As at 6 March 2021	New stores	Disposals/ closures	**As at 18 Sept 2021**
Argos stores	401	-	(36)	365
Argos stores in Sainsbury's	336	37	-	373
Argos total store numbers	737	37	(36)	738
Argos Collection Points	306	-	(26)	280
Habitat	3	-	-	3
Total Argos and Habitat points of presence	1,046	37	(62)	1,021

Sainsbury's investment programme

H1 2021/22

Supermarket

New stores

Staplehurst	Q1

Closures

Welshpool	Q2

Convenience

New stores

York – Davygate	Q1
Wembley - Wembley Place	Q1
Wapping – London Dock	Q1
Bristol – Charlton Hayes	Q2
Hamilton – Portland Place	Q2
Salford – New Bailey Square	Q2
York Station	Q2
Newham – Brunel Street Works	Q2

Closures

Brandon Loc	Q1
Rugby Town Loc	Q1
Wold Rd Loc	Q1
Premier Loc	Q1
Chilwell Local	Q1
Fleet Street	Q2
Mid City Place Loc	Q2
Sheffield Upper Hanover Street	Q2
Beckfield Lane Loc	Q2
Martineau Place	Q2

Retail margin

As of 18 September 2021

£m	HY 2021/22	HY 2020/21	Change
Retail sales (inc VAT, inc fuel)	17,315	16,338	6.0% ↑
Retail sales (excl VAT, inc fuel)	15,511	14,715	5.4% ↑
Retail underlying EBITDA[1]	1,141	1,190	4.1% ↓
Retail underlying EBITDA margin %[2]	7.36	8.08	72bps ↓
Retail underlying operating profit[3]	523	555	5.7% ↓
Retail underlying operating margin %[4]	3.37	3.77	40bps ↓

Grocery sales performance by channel

	HY 2021/22	HY 2020/21
Total Sales fulfilled by Supermarket stores	(0.5)%	11.8%
Supermarkets (inc Argos stores in Sainsbury's)	(3.0)%	3.2%
Groceries Online	12.8%	102.2%
Convenience	4.9%	(8.0%)

1 Retail underlying operating profit before underlying depreciation and amortisation of £618 million

2 Retail underlying EBITDA divided by underlying retail sales excluding VAT

3 Retail underlying earnings before interest, tax and Sainsbury's underlying share of post-tax profit from joint ventures

4 Retail underlying operating profit divided by underlying retail sales excluding VAT

Financial metrics

	HY 2021/22	HY 2020/21
Return on capital employed[1]	6.3%	7.9%
Net debt to EBITDA[2]	3.3x	2.7x
Fixed charge cover[3]	2.3x	2.8x
Underlying tax rate	26.4%	27.6%
Core retail capex / sales[4]	2.0%	2.0%

1 ROCE: Return is defined as a 52 week rolling underlying profit before interest and tax. Capital employed is defined as group net assets excluding the pension deficit/surplus and excluding net debt. The average is calculated on a 14 point basis. Return on capital employed (ROCE) is a 52 week measure and so is still impacted by the H2 2020/21 decision to forgo Business rates relief. Adjusted for the phasing impact of £204m relating to business rates, ROCE would have been 8.0 per cent

2 Net debt of £6,345 million includes lease obligations under IFRS 16, divided by Group underlying EBITDA of £1,932 million, calculated for a 52-week period to 18 September 2021

3 Group underlying EBITDA divided by rent (both capital and interest) and net underlying finance costs, where interest on perpetual securities is treated as an underlying finance cost

4 Core retail capex divided by retail sales inc VAT excl fuel

Plc Board



Martin Scicluna
Chairman



Simon Roberts
Chief Executive



Kevin O'Byrne
Chief Financial Officer



Brian Cassin
Non-Executive Director



Jo Harlow
Non-Executive Director



Adrian Hennah
Non-Executive Director



Tanuj Kapilashrami
Non-Executive Director



Susan Rice
Senior Independent Director



Keith Weed
Non-Executive Director

Plc Board

Martin Scicluna
Chairman

Date of Appointment:
March 2019 (joined the Board November 2018)

Skills and experience
Martin joined the Board as Chairman Designate and Non-Executive Director on 1 November 2018. He was appointed **Chairman of the Board** on 10 March 2019 and is also **Chairman of the Nomination Committee** and a **member of the Corporate Responsibility & Sustainability Committee**. Martin brings a wealth of experience from over 25 years' service as an executive and non-executive board director in a wide range of companies. Previous roles include Chairman of RSA Insurance Group plc, Chairman of Great Portland Estates plc, Senior Independent Director and Chair of the Audit Committee of Worldpay Inc., and Non-Executive Director and Chair of the Audit Committee of Lloyds Banking Group plc. He was a partner at Deloitte LLP for 26 years, serving as Chairman from 1995 to 2007, where his clients included Dixons, WH Smith, Alliance Unichem and Cadbury.

Martin has extensive experience as a Chair. He brings valuable knowledge and skills in developing strategy and evaluating business opportunities, along with understanding of the financial services sector and how it operates. Martin also led a robust selection process, culminating in the appointment of Simon Roberts as Sainsbury's Chief Executive Officer.

Simon Roberts
Chief Executive Officer

Date of Appointment:
June 2020 (joined the Operating Board July 2017)

Skills and experience
Simon was appointed as Chief Executive Officer on 1 June 2020, having joined Sainsbury's and the Operating Board in July 2017 as Retail & Operations Director, responsible for Stores, Central Operations and Logistics. He is a **member of the Corporate Responsibility & Sustainability Committee**. Simon brings a wide range of experience and leadership skills to the Board from previous executive and non-executive roles. He has over 30 years' experience leading major UK retail brands, having spent 15 years at Marks and Spencer and 13 years at Boots. Prior to joining Sainsbury's, Simon was Executive Vice President of Walgreens Boots Alliance and President of Boots UK and Ireland. During his tenure, Simon led Boots to achieve growth in sales and transactions, increased retail gross margin and doubled sales online. Before Boots, Simon was at Marks and Spencer Group plc, where he started his career in stores. He is currently the Non-Executive Chairman of the Institute of Customer Service.

Simon led Sainsbury's industry-leading store operations restructure and digitalisation throughout 2018, which is now delivering improved customer satisfaction, market leading productivity and further investment in value for customers. He has enabled a significant transformation in capabilities and leadership across Sainsbury's operations. Simon is a dedicated, determined and enthusiastic champion of customers and colleagues. He is the Operating Board Sponsor of diversity and inclusion within Sainsbury's.

Plc Board

Kevin O'Byrne
Chief Financial Officer

Date of Appointment:
January 2017

Skills and experience
Kevin joined the Board on 9 January 2017 and brings a wealth of retail and finance experience to the Board from his varied previous Chief Executive and Chief Financial Officer roles. His skills and experience in leading finance and driving performance improvement provide the business with valuable expertise in pursuing its strategy. Kevin was previously Chief Executive Officer of Poundland Group Limited until December 2016 and held executive roles at Kingfisher plc from 2008 to 2015, including Divisional Director UK, China and Turkey, Chief Executive Officer of B&Q UK & Ireland and Group Finance Director. Prior to this, he was Group Finance Director of Dixons Retail plc and European Finance Director of Quaker Oats. He was a Non-Executive Director of Land Securities Group PLC from 2008 to September 2017, where he was Chairman of the Audit Committee and Senior Independent Director. Kevin is currently a Non-Executive Director and Chairman of the Audit Committee of Centrica plc.

Kevin is a skilled Chief Financial Officer, with extensive international retail and finance experience gained during previous and current executive and non-executive positions. He has applied this knowledge to the Finance, Internal Audit, Investor Relations, Property, Procurement and Strategy functions at Sainsbury's, driving the performance of the business. Kevin is the Operating Board Sponsor for the LGBT+ inclusion stream within Sainsbury's.

Brian Cassin
Non-Executive Director

Date of Appointment:
April 2016

Skills and experience
Brian joined the Board on 1 April 2016 and is a member of **the Audit and Nomination Committees.** He brings relevant experience of running a FTSE 30 group with knowledge of big data and analytics, both areas of key importance to Sainsbury's. As Chief Executive Officer of Experian plc, Brian brings strong leadership experience and a substantial background in operating within a regulated environment. He joined Experian plc as Chief Financial Officer in April 2012, a post he held until his appointment as Chief Executive Officer in July 2014. Prior to this, he spent his career in investment banking at Greenhill & Co, where he was Managing Director and Partner. Brian has also held various roles at Baring Brothers International and at the London Stock Exchange.

Brian's experience as a current chief executive and his work in the financial and technology sectors provide valuable industry insight.

Plc Board

Jo Harlow
Non-Executive Director

Date of Appointment:
September 2017

Skills and experience
Jo joined the Board on 11 September 2017 and became **Chair of the Corporate Responsibility & Sustainability Committee** in May 2018. She is a **member of the Nomination and Remuneration Committees**. Jo brings a wealth of experience in consumer-facing businesses and the telecoms and technology industries, both in the UK and internationally. She was Corporate Vice President of the Phones Business Unit at Microsoft Corporation and before that was Executive Vice President of Smart Devices at Nokia Corporation, following a number of senior management roles at Nokia from 2003. Prior to that, she held marketing, sales and management roles at Reebok International Limited from 1992 to 2003 and at Procter & Gamble Company from 1984 to 1992. Jo currently serves as Non-Executive Director and Chair of the Remuneration Committee of InterContinental Hotels Group plc, Non-Executive Director and Chair of the Remuneration Committee of Halma plc, Member of the Supervisory Board of Ceconomy AG and Director of Chapter Zero.

Jo has broad experience from executive and non-executive roles and as Chair of the Corporate Responsibility and Sustainability Committee, she has helped the business deliver its sustainability strategy. She also brings current external Remuneration Committee experience

Adrian Hennah
Non-Executive Director

Date of Appointment:
April 2021

Skills and experience
Adrian joined the Board on 1 April 2021 and is **Chair of the Audit Committee** and a **member of the Nomination Committee**. Adrian has significant financial and strategic expertise leading the performance and strategy of many large companies. He started his career working in audit and consultancy with PwC and Stadtsparkasse Koeln, the German regional bank. Adrian spent 18 years in Chief Financial Officer roles at three FTSE 100 companies. He was Chief Financial Officer at Reckitt Benckiser (RB) for seven years and held the same position at Smith & Nephew and Invensys. Prior to this he spent 18 years at GlaxoSmithKline working in both finance and operations. He was also previously Non-Executive Director and Chair of the Audit Committee at RELX. Adrian currently serves a Non-Executive Director of Oxford Nanopore Technologies plc, a Non-Executive Director of Unilever Plc and as an external member (NED) of the Finance Committee (Board) of Oxford University Press.

Adrian brings extensive financial and leadership experience to Sainsbury's gained from Chief Financial Officer positions held in some of the UK's largest companies, notably at RB, which produces leading hygiene, health and nutritional brands.

Tanuj Kapilashrami
Non-Executive Director

Date of Appointment:
July 2020

Skills and experience
Tanuj joined the Board on 1 July 2020 and is a **member of the Nomination and Remuneration Committees**. She is a highly experienced HR professional with significant experience in talent and change management both in the UK and internationally. Tanuj joined Standard Chartered Bank in 2017 and is currently the Group Head of HR. Prior to this, she spent 17 years in key global and regional HR leadership roles within HSBC. Tanuj is also a Trustee of Asia House and a Director of Financial Services Skills Commission Limited.

Tanuj is an excellent addition to the Board as the business continues to adapt and support its colleagues in a rapidly changing marketplace.

Plc Board

Susan Rice
Senior Independent Director

Date of Appointment:
Joined the Board June 2013. Senior Independent Director since 6 July 2016.

Skills and experience
Susan joined the Board on 1 June 2013 and has been the **Senior Independent Director** since 6 July 2016. She is also **Chairman of the Remuneration Committee** and a **member of the Nomination Committee.** Susan has extensive experience as a Non-Executive Director, as well as in retail banking, financial services, leadership and sustainability. She has been a member of the Scottish First Minister's Council of Economic Advisors, a Managing Director of Lloyds Banking Group Scotland and Chief Executive, then Chairman, of Lloyds TSB Scotland plc. She has also held a range of non-executive directorships, including at the Bank of England and SSE plc. Susan is currently Chair of Scottish Water and Scottish Water Business Stream Limited, Chair of the Banking Standards Board, Chair of the Scottish Fiscal Commission and Senior Independent Director of The North American Income Trust plc.

Susan provides insight to the Board from her extensive experience gained as Chair, Senior Independent Director and Non-Executive Director of various businesses. As Chair of the Remuneration Committee, she has played a key role in revising the current Remuneration Policy and strategy. Her expertise in financial services is invaluable to the Board as part of its oversight of Sainsbury's Bank and Argos Financial Services.

Keith Weed CBE
Non-Executive Director

Date of Appointment:
July 2020

Skills and experience
Keith joined the Board on 1 July 2020 and is a **member of the Audit, Corporate Responsibility & Sustainability and Nomination Committees**. Keith is an exceptionally capable marketing and digital leader. He has championed new ways of integrating sustainability into business and building brands with purpose. Keith has a strong business background, having spent 36 years at Unilever, most recently as Chief Marketing and Communications Officer which included leading the company's ground-breaking sustainability programme globally. While at Unilever, Keith led different parts of the business, where he worked closely with Sainsbury's and other retailers. He has strong international experience and knowledge, having run international businesses and worked in other countries. He is currently a Non-Executive Director of WPP PLC, President of the Advertising Association, Trustee Director of Business in the Community and President of the Royal Horticulture Society. He is also a trustee of Grange Park Opera. Keith was awarded a CBE for services to the advertising and marketing industry in the 2021 New Year Honours List.

Keith plays an important role as Sainsbury's focuses on putting food back at the heart of the business and delivering on our Plan For Better. He has an excellent understanding of sustainability and digital and the ways that technology is transforming businesses.

Retirements in 2021/22

David Keens retired from the Board on 9 July 2021

Life President
Lord Sainsbury of Preston Candover KG

Operating Board



Simon Roberts
Chief Executive Officer



Kevin O'Byrne
Chief Financial Officer



Rhian Bartlett
Food Commercial Director



Jim Brown
Chief Executive Officer, Sainsbury's Bank



Tim Fallowfield OBE
Company Secretary and Corporate Services Director



Mark Given
Chief Marketing Officer



Phil Jordan
Chief Information Officer



Clo Moriarty
Retail & Digital Director



Paula Nickolds
General Merchandise & Clothing Director



Angie Risley
Group HR Director

Operating Board

Simon Roberts
Chief Executive Officer
See Appendix 10

Kevin O'Byrne
Chief Financial Officer
See Appendix 11

Rhian Bartlett
Food Commercial Director

Date of Appointment:
November 2020

Skills and experience
Rhian joined the Operating Board in November 2020, having returned to Sainsbury's in 2019 as Director of Fresh Food. Rhian is responsible for delivering the commercial performance of Sainsbury's food business and brands. She has over 20 years' experience in the retail industry and has held a variety of senior commercial roles, including Customer and Digital Director at Screwfix and Director of UK Trading at eBay. Rhian's previous roles at Sainsbury's include Business Unit Director Non-Food Grocery and Head of Online Merchandising. Rhian is a Non-Executive Director at Speedy Hire Plc and is a Trustee of Grocery Aid.

Jim Brown
Chief Executive Officer, Sainsbury's Bank

Date of Appointment:
June 2019

Skills and experience
Jim joined Sainsbury's Bank in June 2019. He has held several senior international financial services roles, most recently for RBS in the UK as CEO of Williams and Glyn and, prior to that, as CEO of Ulster Bank in Northern Ireland and the Republic of Ireland. Before moving to Ireland, Jim was based in Hong Kong and was CEO Retail and Commercial Banking, Asia and the Middle East for RBS and ABN AMRO. He has also been a member of the RBS Group Management Committee, ABN AMRO Top Executive Group, ABN AMRO Global Consumer Leadership Team and the RBS/Bank of China Joint Steering Committee. Earlier in his career, he held several senior executive roles for Citibank in Asia, Australia and New Zealand. Jim has also held board positions at Ulster Bank, Saudi Hollandi Bank, The Royal Bank of Scotland (China) Co. Ltd and RBS (Pakistan) Ltd. He is a past President of the Institute of Banking in Ireland. He is currently a Certified Bank Director.

Operating Board

Tim Fallowfield OBE
Company Secretary and Corporate Services Director

Date of Appointment:
September 2004

Skills and experience
Tim joined Sainsbury's in 2001 as Company Secretary, having previously held the position of Company Secretary and General Counsel at Exel plc, the global logistics company, now part of DHL. Tim is a qualified solicitor and began his career at the international law firm, Clifford Chance. He joined Sainsbury's Operating Board in September 2004 and, in addition to his role as Company Secretary, he is responsible for the Corporate Services Division, comprising Legal Services, Data Governance and Information Security, Safety and Insurance, and Shareholder Services. He chairs the Group Safety Committee and the Data Governance Committee. Tim is Chairman of the Disability Confident Business Leaders Group, which works with Government in shaping the disability employment agenda and in raising awareness of the benefits of employing disabled people. He was awarded an OBE for services to disability awareness in the 2020 New Year Honours List.

Mark Given
Chief Marketing Officer

Date of Appointment:
June 2020

Skills and experience
Mark joined the Operating Board in June 2020. He has significant experience in customer insight, brand communication and digital marketing. Mark joined Sainsbury's in 2012, becoming Marketing Director for the Sainsbury's Food business in 2017. He was appointed Chief Marketing Officer in August 2019 and has responsibility for marketing across Sainsbury's, Argos, *Tu* clothing and Habitat brands. Mark has also been responsible for the Nectar Loyalty coalition and Nectar360 since the business was acquired by Sainsbury's in 2018. Prior to joining Sainsbury's, Mark built his digital skills leading the Priority programme at O_2, where he was Head of Sponsorship. Before this, Mark worked with key brands at Heineken UK where he was Brand Director. He began his career at Procter & Gamble UK and worked across Europe on a variety of brands. Mark is currently a Council Member of the Incorporated Society of British Advertisers (ISBA) and a Fellow of the Marketing Society.

Phil Jordan
Chief Information Officer

Date of Appointment:
January 2018

Skills and experience
Phil joined the Board in January 2018 and has brought a fresh, global perspective on technology to the Operating Board, in addition to a wealth of experience in digital, data and business transformation. Prior to joining Sainsbury's, Phil had a long and successful track record in telecommunications. Most recently, he was Global Chief Information Officer at Telefonica, overseeing Digital Transformation and Information Technology and, prior to that, was Chief Information Officer for Vodafone UK/Ireland. Phil has worked as a Non-Executive Adviser on Technology in the Investment and Retail Banking sector and is currently a Non-Executive Director, member of the Audit Committee and Chair of the Cyber-Security Committee of TalkTalk Telecom Group PLC.

Operating Board

Clodagh Moriarty
Chief Digital Officer

Date of Appointment:
June 2018

Skills and experience
Clodagh was appointed Retail and Digital Director in June 2020, having served as Chief Digital Officer since June 2018, when she joined the Operating Board. Clodagh is responsible for all stores and their operations, as well as Sainsbury's digital offer and strategy, ensuring customers experience an integrated and seamless shopping experience across Sainsbury's, Argos, *Tu*, Sainsbury's Bank and Nectar. She is also a member of the Sainsbury's Bank Board and sits on its Nomination and Remuneration Committees. Clodagh has previously been Director of Online, Head of Online Trading, Merchandising & Content and Category Manager for Meal Solutions at Sainsbury's. She joined Sainsbury's as Head of Strategy, following nine years at Bain & Company.

Paula Nickolds
General Merchandise & Clothing Commercial Director

Date of Appointment:
June 2021

Skills and experience
Paula joined Sainsbury's and the Operating Board in June 2021. She is responsible for delivering performance across general merchandise and clothing brands at Sainsbury's. Paula has 25 years' experience in retail, gained at the John Lewis Partnership, which she joined as a graduate trainee before holding a variety of senior roles in product, buying and marketing. Most recently, she was Buying and Brand Director and then Commercial Director, before becoming Managing Director in 2017. Paula is an Ambassador for the UK charity Smart Works.

Angie Risley
Group HR Director

Date of Appointment:
January 2013

Skills and experience
Angie was appointed Group HR Director and became a member of the Operating Board with responsibility for human resources in January 2013. Before joining Sainsbury's, Angie was the Group HR Director for Lloyds Banking Group and an Executive Director of Whitbread PLC with responsibility for HR and Corporate Social Responsibility. She was previously a Non-Executive Director and Chair of the Remuneration Committee of Serco plc. Angie is currently a Non-Executive Director, member of the Compliance & Culture Committee and Chair of the Remuneration Committee at Smith & Nephew plc.

Supplementary financial details

1. Weighted average number of shares

HY 2021/22 was 2,245.4m (and 2,349.5m diluted)
HY 2020/21 was 2,211.7m (and 2,317.1m diluted)

2. Dividend

	2021/22	2020/21
Interim	**3.2p**	3.2p
Final	**-**	7.4p
Total	**3.2p**	**10.6p**

The interim dividend dates:

	Ordinary shares
Ex-dividend	11 November 2021
Record	12 November 2021
Payment	17 December 2021

3. Financial calendar

Q3 trading statement 12 January 2022
(16 weeks to 8 January 2022)

Preliminary results 28 April 2022
(52 weeks to 5 March 2022)