10 January 2025

J Sainsbury plc

Third Quarter Trading Statement for the 16 weeks to 4 January 2025

Winning share at Christmas for the fifth consecutive year as more customers choose Sainsbury's

Simon Roberts, Chief Executive of J Sainsbury plc, said:

"We have won grocery market share for the fifth consecutive Christmas, with more customers choosing Sainsbury's for their big shop. Driven by our leading combination of quality, value and service, we have achieved seven consecutive quarters of volume performance ahead of the market and further accelerated our two-year volume growth.

"The strength of our customer service and operational performance stood us apart in delivering our biggest ever Christmas. Customers shopped later than ever and we achieved our highest ever sales in the final days before Christmas. I would like to recognise and thank all of our colleagues who worked so hard to deliver record customer satisfaction and our suppliers who helped us deliver our best ever Christmas availability.

"Customers trust Sainsbury's to deliver great quality food and drinks. Over half of big Christmas baskets contained a Taste the Difference product, helping Taste the Difference deliver sales growth of 16 per cent, outperforming all key competitors. Customers chose Sainsbury's for their big festive celebrations with party food sales up nearly 40 per cent and more than 200 bottles of fizz sold every minute in the key days ahead of Christmas, over one third of which were Taste the Difference. Customers are also recognising our consistently strong value more and more, helped by record numbers of customers shopping Nectar Prices, driving gains from competitors as we attract new big basket customers to Sainsbury's.

"Our people are fundamental to achieving our Next Level Sainsbury's plan and we are pleased to announce that we will raise pay for our hourly-paid colleagues by five per cent in the year ahead, split into two separate increases to help manage a particularly tough cost inflation environment. We believe in rewarding our colleagues well for delivering leading service and productivity and we will be the best paying UK grocer from March."

	YoY Sales Growth	
Total sales performance	**Q3** *16 weeks to 4 Jan 25*	**Christmas** *6 weeks to 4 Jan 25**
Sainsbury's	3.7%	3.8%
Grocery	*4.1%*	*3.8%*
Sainsbury's General Merchandise and Clothing	*(0.1)%*	*3.4%*
Argos	(1.4)%	1.1%*
Total Retail (exc. fuel)	**2.7%**	
Like-for-like sales (exc. fuel)	2.8%	

**Argos Christmas sales growth of 1.1% is shown for the 8 weeks to 4 January 2025 so that both years' periods include Black Friday trading. For the 6 weeks to 4 January 2025, Argos sales were up 10.2%*

2024/25 Outlook

- We expect to deliver full year Retail underlying operating profit in line with consensus and the midpoint of our £1,010-£1,060 million guidance range, representing growth of around seven per cent
- This reflects continued operating leverage from Sainsbury's grocery volume growth, strong growth in Nectar profit contribution and delivery of cost saving targets
- We now expect total Financial Services underlying operating profit to be around £30 million (previous guidance: between £15 million and £25 million)
- We continue to expect to generate Retail free cash flow of at least £500 million

Strategic Highlights

First choice for food: We have continued to deliver industry-leading customer service[1], consistently great value and outstanding quality, driving sustained grocery volume growth in stores and online and further market outperformance[2] against tough comparatives.

- With customers shopping late and record volumes in the days ahead of Christmas, we were determined to deliver excellent availability and service for customers. We made targeted investments in stores and online and delivered our highest ever Christmas customer satisfaction scores both online and in supermarkets[3]
- Value perception continues to improve[4], reflecting the ongoing consistency of our value position and supported by Nectar Prices on more than 9,000 products, driving record Nectar sales participation. More and more customers are choosing us for their big weekly shop[5] as a result, driving switching gains[6] and market outperformance[2]. We additionally launched Aldi Price Match in our Convenience stores in November, an industry first which has been very well received by customers, driving a strong sales response and improved Value for Money customer satisfaction[7]
- We continued to build on our reputation for great quality. Over 300 new Taste the Difference products helped our premium range deliver sales growth of 16% in the key Christmas weeks[8], ahead of the market and all key competitors[9], and our fresh food sales across fruit, vegetables, meat, fish and poultry outperformed the market throughout the quarter[10]
- General merchandise and clothing sales were broadly stable year on year. Clothing sales grew by 2.2%, outperforming the market and all supermarket competitors[11], reflecting significant improvements in range and availability. This was offset by lower general merchandise sales, as we accelerate our space reallocation programme and focus on full-price seasonal sales
- We are donating every penny that customers spent on *by* Sainsbury's and Free From classic mince pies during December to Comic Relief through our Nourish the Nation partnership, raising over £4 million through community initiatives. This will help us donate over five million meals over the Winter as part of our mission to make good food accessible to all

Loyalty everyone loves: Our second Nectar Prices Christmas delivered outstanding value for customers and record Nectar sales participation[12]. We continue to deliver strong growth in Nectar360 revenues as retail media income grows and we remain on track to deliver incremental profit of at least £100 million in the three years to FY26/27.

- We extended the reach of Nectar Prices during the quarter to cover more promotional mechanics, including our 25% off 6 wine offer, helping customers to save an average of £26 on big basket shops during Christmas week.
- More than one million participated in our annual Count up to Christmas campaign, collecting additional points to spend over the festive period

More Argos, more often: Continued improvements to our digital proposition, delivery offers, product and promotions delivered positive traffic trends and sales growth in the key Black Friday and Christmas weeks. However, this was more than offset by the impact on sales and gross margins of subdued customer spending outside these key periods and a highly promotional environment.

- Customer satisfaction scores have improved in key areas such as appealing promotions, variety of items, product availability and ease of using our website[13], reflecting actions we have taken to extend the breadth of our range, enhance our digital experience and highlight great value. One in four people in the UK visited the Argos website over Black Friday weekend, a significant increase year on year
- Over the quarter, sales were strongest in technology, while the toy market was weak and customer demand in bigger ticket categories including furniture and larger consumer electronics remained subdued

Save and invest to win: In an environment where offsetting operating cost inflation is increasingly important, we continue to make good progress against our target to deliver £1 billion of cost savings by March 2027 through investing in our customer proposition, productivity and operations, whilst driving higher returns.

- Our investments in checkout technology continue to deliver, with customers using SmartShop handheld self-scanning technology on around 30 per cent of grocery volumes over the peak period, delivering cost savings and higher speed of checkout customer satisfaction in the key peak Christmas week
- Having completed the roll-out in Food of AI-driven demand forecasting technology, we delivered our best ever product availability through the key peak period
- We continue to improve depot productivity through investments in technology, process and capability
- We believe that happy, well engaged colleagues deliver great customer service and so today we announced our decision to increase pay for retail colleagues by five per cent this year, split into two increases in March and August. This will allow us to navigate a challenging cost environment while ensuring we continue to lead the sector in how we reward our brilliant colleagues. Colleagues across both Sainsbury's and Argos will move to £12.45 per hour in March, and £13.70 for those based in London, with a further increase to £12.60 per hour in August and £13.85 for those based in London

Like-for-like sales performance	2023/24				2024/25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Like-for-like sales (exc. fuel)	9.8%	6.6%	7.4%	4.8%	2.7%	4.2%	2.8%
Like-for-like sales (inc. fuel)	3.9%	2.2%	5.3%	2.9%	2.4%	1.9%	0.0%

Total sales performance	2023/24				2024/25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sainsbury's	9.9%	7.5%	8.4%	6.5%	4.2%	5.1%	3.7%
Grocery	*11.0%*	*8.9%*	*9.3%*	*7.3%*	*4.8%*	*5.3%*	*4.1%*
GM (Sainsbury's) & Clothing	*(2.5)%*	*(8.7)%*	*(0.3)%*	*(5.5)%*	*(4.3)%*	*2.2%*	*(0.1)%*
Argos (inc. ROI)	5.1%	(2.6)%	(0.9)%	(6.6)%	(7.7)%	(1.4)%	(1.4)%
Total Retail (exc. fuel)	**9.2%**	**5.8%**	**6.5%**	**4.3%**	**2.3%**	**4.1%**	**2.7%**
Fuel	(21.4)%	(17.1)%	(7.2)%	(7.8)%	0.4%	(10.6)%	(17.4)%
Total Retail (inc. fuel)	**3.3%**	**1.5%**	**4.4%**	**2.4%**	**2.1%**	**1.9%**	**0.0%**

Total sales performance – previously reported categorisation	2023/24				2024/25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total General Merchandise:	4.0%	(2.6)%	(0.6)%	(5.6)%	(7.3)%	(1.7)%	(1.5)%
GM (Sainsbury's)	*(1.2)%*	*(2.7)%*	*0.9%*	*0.4%*	*(5.3)%*	*(3.3)%*	*(2.3)%*
GM (Argos)	*5.1%*	*(2.6)%*	*(0.9)%*	*(6.6)%*	*(7.7)%*	*(1.4)%*	*(1.4)%*
Clothing	(3.7)%	(14.6)%	(1.7)%	(11.7)%	(3.3)%	8.3%	2.2%

Notes

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

A webcast presentation and live Q&A will be held at 09:15 (GMT). This will be available to view on our website at the following link:
https://sainsburys-q3-trading-update.open-exchange.net/registration

A recorded copy of the webcast and Q&A call, alongside slides and a transcript of the presentation will be available at www.about.sainsburys.co.uk/investors/results-reports-and-presentations following the event.

Sainsbury's will announce its Preliminary Results for the year ending 1 March 2025 on 17 April 2025.

Enquiries

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[1] Competitor Benchmark data, Overall Satisfaction, supermarkets, Q3 24/25
[2] Kantar Panel, Total FMCG (exc. Kiosk and Tobacco), Volume growth vs the Market, 16 weeks to 29 December 2024
[3] Lettuce Know, Christmas week commencing 22nd December 2024, Supermarket overall satisfaction. Since start of LK programme
[4] YouGov Brand Index – Supermarket Value for Money Perception metric net %, Value metrics, Q3 24/25 YoY
[5] Kantar Panel, Total FMCG (excl K&T), Shoppers numbers YoY growth , Main shop mission, 12w to 1st Dec 2024
[6] Kantar Panel data. Total FMCG (exc. Kiosk and Tobacco). Retailer to/ from net volume switching, 16 weeks to 29 December 2024
[7] Lettuce Know – Q3 2024/25 Convenience scores, Value for Money
[8] Internal Taste the Difference sales data, 4 weeks to 4th January 2025
[9] Kantar Panel, Total FMCG (exc. Kiosk and Tobacco), Premium Own Label tier, YoY % value growth, 4 weeks to 29 December 2024
[10] Kantar Panel, Total FMCG (exc. Kiosk and Tobacco), YoY % Fresh value growth by category, 16 weeks and 4 weeks to 29 December 2024
[11] Kantar Panel, Total Clothing, Footwear and Accessories. Retailer share of value – YoY% share gains. 12 weeks to 8 December 2024
[12] Nectar participation – Supermarkets and Groceries Online
[13] Customer Satisfaction – Argos, Q3 2024/25 YoY scores, Appealing promotions, Availability of products, Ease of using website and Variety of items