

News Release

Release date: 7 January 2013

Wm Morrison Supermarkets Plc provides a Christmas Trading Update

Trading

The environment over the Christmas period has continued to be challenging with hard pressed consumers increasingly shopping to a budget and vouchering a prominent feature of a highly promotional market. Against this backdrop and the increasing growth of other channels, we have sought to deliver a balance of top line performance and returns.

In the 6 weeks to 30 December total sales* excluding fuel were down by 0.9% (0.5% including fuel). Like for like sales* declined by 2.5% (2.2% including fuel).

Notwithstanding these difficult market conditions, which we expect to continue through 2013, our sales performance in the period was disappointing. This reflects both the need to improve our promotional innovation and the communication of our points of difference, as we highlighted in November, and the accelerating importance of other channels, such as online and convenience, which Morrisons has only recently entered. However we continued to maintain good availability and high standards of service throughout the seasonal peak, a reflection of the continuing strength of our supply chain and the commitment of our colleagues.

The Group's financial position remains strong and we expect full year net debt to be in the range of £2.1bn - £2.2bn. Our two year programme to retire £1 billion of equity, originally announced in March 2011, is well advanced. To date we have acquired 329m shares at a total investment of £931m.

Commenting on Morrisons Christmas trading, Chief Executive Officer, Dalton Philips said;

“Our 130,000 colleagues have done an outstanding job serving our customers great value food this Christmas and I would like to thank them for their dedication and hard work. In a difficult market our sales performance was lower than anticipated, but we have a strong business and significant opportunities to advance our strategy, as we accelerate our multi-channel offer”.

Outlook

2012 was difficult for the consumer and the sales environment has proved to be challenging. Through the self help available to us we have managed our business tightly and accordingly the Board believes that our full year performance will be broadly in line with its expectations.

*exc. VAT and reported in accordance with IFRIC 13