

News Release

Release date: 9 January 2014

Wm Morrison Supermarkets Plc provides a Christmas trading update and pre close statement

Resilient profit outlook despite fall in sales

Trading

The Christmas period has been very challenging with a marked slowdown in market growth. Hard pressed consumers elected to economise and managed their budgets very tightly, buying less and shopping selectively across a range of formats and retailers. In the 6 weeks to 5 January 2014 total sales* excluding fuel were down by 1.9% (3.3% including fuel). Like-for-like sales* declined by 5.6% (7.1% including fuel).

The difficult market conditions were intensified for Morrisons by the accelerating importance of the online and convenience channels, where Morrisons is currently under-represented, and by targeted couponing which was particularly prevalent in the market this Christmas. Although the strength of our unique supply chain and the commitment of our colleagues enabled us to maintain high standards of service and strong availability throughout this peak period, our sales performance was not as strong as we had planned.

The rollout of convenience stores continues at pace with 85 now open and with a target of 200 by the end of 2014/15. Our online food operation is ready to launch.

The Group's financial position remains strong and we expect full year net debt to be in line with previous guidance of £2.7bn.

Chief Executive Officer, Dalton Philips, said:

“In a very tough market our sales performance over Christmas was disappointing. However we are firmly focused on driving our core business and accelerating our penetration of the fast growing channels. Our convenience business is building towards an operation of scale and the first food deliveries of Morrisons.com will be made tomorrow, reaching half of UK households by the end of the year.”

Outlook

Whilst the sales environment continues to be very challenging, we have continued to manage our business very tightly. The Board expects that our full year underlying profit performance will be towards the bottom of the range of current market expectations**.

* exc. VAT and reported in accordance with IFRIC 13

** Underlying profit: range £783m - £853m, consensus £812m (source: company compiled data)