

News Release

Release date: 8 May 2014



Wm Morrison Supermarkets PLC

Q1 Interim Management Statement

As anticipated the market has continued to be competitive throughout the period. In the 13 weeks to the 4 May 2014, total sales* excluding fuel were down by 4.2% (down 5.6% including fuel) and like for like sales* were down 7.1% (8.2% including fuel).

In March we announced plans to realise savings of £1bn over the coming three years to strengthen our business and reinforce our core customer proposition. Since then we have been making significant improvements to the layout of our stores and on 1 May cut prices permanently on over 1,200 of the products that matter most to our customers, firmly re-establishing our credentials as a value-led grocer with a focus on fresh food.

We continue to make good progress in all our strategic initiatives. The investment we have been making in our IT infrastructure and systems is on track, providing us with the platform we need to drive cost out of our business and deliver planned savings of £1bn over the next three years.

During the quarter we opened two core stores from our remaining pipeline as well as a further 11 M local convenience stores. We are on schedule to meet our target of having up to 200 convenience stores open by the end of the year.

Morrisons.com is performing ahead of our expectations with industry leading metrics on the key points of on time deliveries and replacement items. Following a successful launch phase in Warwickshire and Yorkshire, momentum is building rapidly and on Monday 12 May we will make our first deliveries in London. By the year end our online business will reach up to 50% of UK households and, together with convenience, is expected to account for over £500 million of annualised sales.

A detailed update on all these initiatives will be provided at our Interim Results in September.

The financial position of the Group remains strong with net debt of £2.8bn, in line with our expectations.

Dalton Philips, Chief Executive, said:

“The plans we set out at our results in March are on track. The reaction of our customers to the 1,200 “I’m Cheaper” price cuts we announced last week has been very positive. Although it will take time for their full impact to be felt, we are confident that these meaningful and permanent reductions in our prices will enable our clear points of difference to resonate strongly with consumers.”

Outlook

Whilst the trading environment remains challenging, our financial outlook for the full year of underlying profit before tax in the range of £325m - £375m, remains unchanged.

*exc. VAT and reported in accordance with IFRIC 13

Enquiries:

Investor Relations

Andrew Kasoulis 07785 343515

Media Relations

Wm Morrison Supermarkets plc Richard Taylor 0845 611 6912

Citigate Dewe Rogerson: Simon Rigby 020 7282 2847

Lindsay Noton 020 7282 1032

There will be an analyst conference call at 9 a.m. today, the details of which are:

Dial in number: +44 (0) 20 3003 2666

Pass code: 3840585 / Morrisons

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Replay access number: +44 20 8196 1998

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