



MORRISONS

News Release

Release date: 7 May 2015

Wm Morrison Supermarkets PLC Q1 Trading Statement – 13 weeks to 3 May 2015

In the 13 weeks to 3 May, total sales* excluding fuel were down 1.1% (down 5.1% including fuel) and like-for-like* (LFL) sales were down 2.9% (6.6% including fuel). Online contributed 1.0% to LFL during the period.

David Potts joined the business as CEO on 16 March. Our priorities are to improve the customers' shopping trip and make our core supermarkets strong again. We are listening hard to customers and colleagues and, wherever possible, we are responding quickly.

As previously announced we closed more stores than we opened during the period, which led to a net reduction in selling space of over 50,000 square feet. In addition, we are taking steps to simplify our Head Office, and anticipate incurring associated one-off costs of £30m-£40m during 2015/16.

The financial position of the Group remains strong, with further good progress during the period. Net debt fell by around £150m, to £2.2bn compared to £2.3bn at the end of 2014/15.

David Potts, Chief Executive, said:

“My initial impressions from my first seven weeks are of a business eager to listen to customers and improve. I have been very pleased by the desire and support of colleagues, and by the genuine warmth and affection for Morrisons shared by both colleagues and customers.

“This is a business with many attributes, some unique. Our task is to use those advantages to improve the shopping trip for customers and create value.”

Outlook

We anticipate that underlying profit before tax will be higher in the second half than the first.

A full assessment of the business is underway, and we will provide a more detailed update at the time of the Group's interim results in September. However, as outlined at the 2014/15 preliminary results, the focus continues to be to invest more for customers in order to build trading momentum.

*For supermarkets, online and convenience stores, reported exc.VAT and in accordance with IFRIC 13.

| Sales Performance (exc. VAT) | | | | | |
|-------------------------------------|----------------|-----------|-----------|-----------|----------------|
| | 2014/15 | | | | 2015/16 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Group LFL: | | | | | |
| Sales exc-fuel* | -7.1% | -7.6% | -6.3% | -2.6% | -2.9% |
| Sales inc-fuel* | -8.2% | -7.5% | -8.0% | -5.1% | -6.6% |

* For supermarkets, online and convenience stores, reported exc. VAT and in accordance with IFRIC 13

| Summary of operational key performance indicators (KPIs) | | | | | |
|---|----------------|-----------|-----------|-----------|----------------|
| | 2014/15 | | | | 2015/16 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| LFL Items per Basket <i>y-on-y change*</i> | -5.9% | -3.2% | -2.4% | -0.1% | -0.1% |
| LFL Number of Transactions <i>y-on-y change*</i> | -3.6% | -5.0% | -3.3% | -1.9% | -3.2% |
| Number of SKUs | 23,600 | 22,400 | 22,150 | 21,950 | 21,650 |
| Items on Promotion <i>y-on-y change</i> | -5.0% | -12.9% | -13.6% | -8.1% | -4.3% |
| Promotional Participation <i>y-on-y change (bps)</i> | -30 | -140 | -240 | -160 | -210 |

* Excludes online and convenience

- ENDS-

Enquiries:

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

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Replay facilities – available for 7 days

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