Preliminary Results 8 March 2012

Slide 2 - Sir Ian Gibson

Good morning everyone. I'm pleased to welcome you to Morrisons preliminary results announcement for the year ended 29th January 2012.

It has been, as we all know, a difficult year for the UK economy and for the consumer. We're therefore delighted to be able to report that Morrisons has continued to perform well and has delivered another good set of results.

With sales ahead of the market and an 8% increase in underlying profits to £935m. In line with the policy we set out last year we've also delivered a double digit increase in our dividend and are well advanced on our equity retirement programme.

Once again our focus on fresh food, exciting promotions and great value was appreciated by a record number of customers, with 400,000 more visiting our stores every week.

We're also pleased to report that we've made good progress across the range of initiatives that we outlined last year to make Morrisons "Different and Better Than Ever" and lay the foundations for future growth. Dalton will update you on those shortly.

Looking ahead, we expect a challenging year in 2012. Building on good performance last year, a growing customer base, tight cost discipline throughout the business and the range of new opportunities that we're pursuing, we are well positioned to continue to deliver profitable growth.

And now let me hand over to Richard who will take you through the financials.

Slide 3 - Richard Pennycook

Thanks Ian and good morning everyone. Let me take you through the numbers.

Slide 4 – Financial summary

You've seen the headlines already – another very solid year with profits and earnings growth ahead of topline growth, reflecting the self-help that we have both in the centre of our profit and loss account and in the balance sheet to finance the equity retirement.

Our dividend growth of 11% is in line with our underlying earnings growth, and ahead of our guarantee to shareholders of a minimum double digit return for last year, this year and next.

Slide 5 – Turnover bridge

Looking at the sales picture, and thinking of the consumer, it has a depressingly familiar shape, with fuel price increases averaging 15%, the biggest component in the year. The fact that Morrisons consistently offers the cheapest fuel in town, reflected in our volume increase of £166m, is clearly a positive in bringing traffic to our sites, but the £447m that our customers had to pay for increased pump prices was one of the key drains on disposable income last year – and it came on the back of nearly £400m in the prior year too. In our budget submission to the Chancellor, we have urged him to consider deferring the planned 3p per litre fuel duty increase, given the windfall he is already getting from high oil prices.

In store, the picture was evenly balanced between like-for-like sales growth and sales from new stores. Our like for likes were ahead of the market, whilst our space growth was a little behind market levels. We are determined to retain our capital discipline as we roll out more space. Overall, our market share was constant year on year, whilst the capital deployed to maintain this position was below the average for the sector.

Slide 6 – Sales performance

Looking at the sales breakdown in a little more detail, we were pleased to continue an unbroken run of increasing the numbers of customers visiting our stores, up 1.3% like-for-like and an overall increase to 11.4m customers per week. The fact that customers are not increasing their spend levels, despite inflationary pressures, is absolutely to be expected – and indeed we consciously helped our customers to manage their spend down in the year, through our continuing price crunch activities, Fuel Britannia promotions and a strong relaunch of our value range late in the year.

Slide 7 – Underlying earnings

You are familiar with our underlying earnings calculation – and this chart shows the breakout. Underlying profit at £935m was c1.5% ahead of consensus, although in the detail of the accounts you will note that this included a £5m release of an onerous lease provision against our Tunbridge Wells store, which was an old Safeway store that was closed some years ago. Given the success of our Future Formats, we have decided to reopen the store in April, and therefore no longer require the provision.

Despite the slight outperformance to consensus, we are not guiding to any change in consensus numbers for the current year, given the likely state of the market and also our positive investment agenda around multichannel and convenience.

Underlying earnings per share were up 11%, ahead of profits, helped by both the gradual reduction in headline corporation tax rates and the early effects of the equity retirement programme.

Slide 8 – Operating profit

Our operating profit performance was pleasing in the year. Our tight cost control can be seen in the administrative expenses line, up less than 2%, and our overall operating margin increased by 20 basis points when the dilutive effect of fuel prices on our sales mix is backed out. This performance was very consistent with the guidance we have previously given.

Slide 9 – Cash flow

Turning to our cash performance, we delivered a 10% improvement in operating cash flows, up to £1.3bn in the year. It was an accelerating year for investments, with a total of £900m across capital expenditure, acquisitions and investments. The capex line includes, as usual, the new store programme (which totalled 640,000 square feet), our systems investments and the new regional distribution centre at Bridgwater. The subsidiary acquisitions relate to Kiddicare and Flower World, and the investment of £31m relates to our stake in Fresh Direct in New York. The combined £900m was slightly below guidance of £1bn, due purely to timing. Our guidance for next year is £1.2bn, reflecting the roll forward of £100m from last year and an additional £100m for our increasing investments in multichannel and convenience.

Looking at returns to shareholders, the combination of dividends and the equity retirement saw £670m returned – three times the level of the prior year.

A big year of investment and increased shareholder returns resulted in net debt rising to £1.47bn – to leave gearing at 27%, still comfortably the lowest level in the sector.

Slide 10 – Enhancing shareholder returns

This next chart summarises our approach to shareholder returns – on the left our 5 year dividend growth record against the FTSE and our sector, and on the right the likely progression of our £1bn equity retirement programme, which remains well on track.

Slide 11 – Financing profile

We are using the strength of our balance sheet to invest for future growth whilst at the same time enhancing returns to shareholders. This has resulted in a planned increase in debt financing, and we have taken the opportunity to diversify and improve our overall funding profile. This chart shows the maturity and funding position at the start of the year and at the end, with a much improved profile achieved. We anticipate further financing through our established bond programme in the coming year, and our net debt will rise to c£2.2bn by the year's close.

Slide 12 – Return on capital employed

With record amounts of new space opening in the market at present, we are conscious of investor concerns about capital returns and discipline. At Morrisons, we believe we are very focused on returns, and undertook a review during the year of all stores opened in the past 5 years. This chart shows their performance versus the hurdle rate set at the time of making the investment decision. So our past track record is solid.

Slide 13 – Return on capital employed

Looking ahead, we retain our new space target of 2.5m square feet by January 2014, but with a slightly different shape in the coming two years. We expect to open 700,000 square feet in the current year instead of our previous 800,000 square foot target, with the remainder opening in year 3.

We are reporting a new key performance indicator today, in the form of Return on Capital Employed. The definition of the measure we intend to use is included at the back of your packs. We want to contribute to the debate on industry returns, and give reassurance to our shareholders that we will remain disciplined and focused in our use of their money for future investment.

Our record of returns has shown steady improvement in recent years, to a level comfortably above our weighted average cost of capital. In the coming period we expect our ROCE to be flat, reflecting the uptick in our infrastructure investments and space expansion currently. New stores have low returns in their early years, but of course are highly valuable long term investments. Over the coming few years, as we move through the period of infrastructure catch up and filling out the white spaces on the map where we do not have stores, we would expect returns to strengthen further.

Now let me hand you over to Dalton.

Slide 14 - Dalton Philips

Thank you Richard and good morning.

Today I'm going to cover three things. Firstly, I'll share with you what we're doing to help budget conscious shoppers in this tough environment, secondly, I'll provide you with further details on our vision for making Morrisons Different and Better than Ever, and finally, I'll update you on the huge progress we're making with our initiatives to deliver this vision.

Slide 15 - Pressure on customers

As you all know, the economy in 2011 continued to put a squeeze on customers. Inflation rose, disposable income fell, and consumer confidence stagnated.

Slide 16 - Shoppers more professional in 2012

2012 will be no less challenging for our customers. The Professional Shopper trend we described at the interims is here to stay.

Customers are spending to budgets not around them. We're seeing spikes in the number of till receipts at round numbers like £10 and £20. They're eating in, not out, and cooking more from scratch. They're shouting about bargains on social media and investing time to save money; spending more time in store, checking prices and comparing products.

Slide 17 - Strong position

The challenge for our industry is how best to serve these Professional Shoppers.

At Morrisons we're well placed to do so. Our results are testament to our record of execution against the fundamentals of price, service and range.

On price, we focus aggressively on base pricing and last year we had more podium finishes in the Sun basket league than any other retailer. We offer market leading promotions, which capture the mood of the nation, such as Fuel Britannia and The Great British Price crunch and we set the agenda with innovative mechanics such as 'Free Shopping' and 'Disney Magical Moments'.

On service our HOT programme – which stands for Hello, Offer, Thank – leads the industry. Over the last 6 months we've won the Grocer's mystery shopper competition more often than any other supermarket, on range we leverage our vertical integration and craft skills to deliver an outstanding fresh offer and we're innovating, bringing customers exciting new ranges like M savers and M Kitchen.

In 2012 we'll continue to deliver for our customers by relentlessly focusing on these fundamentals. We'll also be equally rigorous in maintaining our balanced and disciplined approach to trading. Retailing is very competitive. There's a constant cut and thrust in the market, but at Morrisons we'll continue to keep our composure and manage both the sales and the margin lines and we'll do this whilst continuing to build for the future, which is what I'm going to talk about now.

Slide 18 - Recap: Our vision for the business

You're familiar with our Vision to become Different and Better than Ever. We're proud of what makes us Different: our distinctive offer centred on fresh foods; more craft skills than anybody else; outstanding colleagues; a vertically integrated supply chain; and a unique heritage firmly rooted in providing outstanding value. Being Different means when we choose to compete we do so in a way that is truly Morrisons, leveraging our unique attributes.

And we'll be "Better than Ever" by improving our business, doing more of the things that matter for our customers: great fresh food; outstanding service; and being more efficient. We're also seizing new opportunities, leveraging better processes, formats, channels, and categories.

At the interims in 2010, I summarised our initiatives under the three key themes of: driving our top-line, Increasing efficiency and capturing new areas of growth. Before I give you an update on how we're progressing with these, I want to take a few moments to share with you the convictions that underpin them.

Slide 19 - Our convictions

We've six convictions which form the foundation of how we're taking our business forward. These are our beliefs about what's happening in the market, what matters to customers and how we'll make the most of our unique capabilities. Let me take you through the six.

Slide 20 - Our convictions

Our first conviction is that we'll be food focused, not a generalist. In any industry, winners focus on doing a few things really well, rather than many things half-heartedly. We'll be better at food because we'll focus on food. Food is over 90% of our in-store business, it's our core and it will stay that way. In our stores general merchandise will complement food and never compromise it. Vertical integration, craft skills and Market Street are competitive advantages that give us opportunities to differentiate on food. We'll reinforce them.

Slide 21 - Our convictions

Secondly, food shopping should be experiential, not purely functional. Hypermarkets will be a blip in the pages of retail history. For 1,000s of years, customers have shopped in vibrant markets, not soulless sheds. In a marketplace they can not only see food, they can touch it and smell it. They can see where it comes from and there are skilled people on hand to serve and advise. They're experiential and convenient, great to shop, yet loaded with value. Our stores will embody these tried and tested principles.

Slide 22 - Our convictions

Thirdly, the world is changing, but some things are forever and value is one of them. Food is the second biggest bill after the mortgage and customers are managing it more professionally than ever. Even after the downturn, customers will stay focused on value. They won't trade up as readily, they'll track what they're buying. Without fantastic value at every level, professional shoppers will move elsewhere. We've a strong heritage on value. We'll build on this by driving operational costs out, prices down and quality up.

Slide 23 - Our convictions

Our 4th conviction is skills not just drills. It's people, not processes alone, that deliver for customers. Shopkeepers, not box tickers, underpin great customer service, store standards and availability. Fresh quality and experience are the products of knowledgeable, engaged colleagues who really know their trade. We'll continue to empower our store managers and nurture skilled craftspeople.

Slide 24 - Our convictions

Our next conviction is that general merchandise will be clicks, not bricks. General merchandise is migrating online and away from big box supermarkets. Customers get a better range and better value, and a superior experience shopping from the comfort of their armchair, rather than amidst a cluttered hypermarket. The future of general merchandise won't be 'big box', it'll be delivered in a cardboard box.

Slide 25 - Our convictions

And finally, customers are looking for multi-format and multi-channel. Better technology and busy lifestyles are changing the way they shop. Different customers in different locations want different products. They buy them using different channels, online, using smart phones and via kiosks, and in different formats; visiting convenience stores, larger stores and speciality stores. To serve more customers, more of the time, we need to be multi-format and multi-channel.

Slide 26 - Delivering on our convictions

These six convictions are big bold beliefs. These convictions will shape this business for the future. These convictions underpin everything we're building, and that's what I want to talk to you about now. The initiatives that will deliver against these convictions, that drive our topline, increase efficiency, and capture new sources of growth to make Morrisons "Different and Better than Ever"

Slide 27 - Driving topline

We've four initiatives underway to drive our topline and we're on track with all of them. Today I'll focus on 'Fresh Formats' and 'Strengthening our Own Brand'. But in the appendices you'll find an update on how we're 'Enhancing our service culture' and moving from 'National to Nationwide', both of which are going really well.

Slide 28 - Fresh Formats

By combining learnings from our Space Lab and our Fresh Lab we've already transformed 12 stores with a concept we believe offers the best fresh food in the UK**,** unrivalled value and fantastic service in a store that really feels different.

We've taken out barrier gates, lowered displays, and pushed back checkouts, to wow customers with an outstanding fresh vista as they enter the store. At our counters, we've knocked down walls to showcase our craft skills.

And in our grocery aisles, we've liberated 10% of ambient space. I've talked to you about the examples of balsamic vinegars and plug-in air fresheners before and we continue on this journey. For example, we've reduced the number of sardine lines from 13 to 8 and the entire canned fish section has gone from 4 bays to 3, with sales now outperforming the control stores by 9%. We haven't always got it right, but we've learnt from our mistakes. In fact we recently reintroduced Parozone bleach in response to customer feedback after we'd taken it off the shelves

Freeing up this 10% has given us room to expand chilled and fresh food, and introduce new, relevant ranges such as kids clothing. On Monday in St Albans you'll experience this fantastic new concept for yourselves but this isn't a "one size fits all" approach. Each store is tailored to suit the needs of different customers in different locations so we've introduced fresh-to-go pies in Shrewsbury, a sushi bar in St Albans and a patisserie in Portobello Road, Edinburgh.

Slide 29 - Fresh Formats

In the stores where we've made changes, sales over the last quarter have been really encouraging. Bakery is up 6%, sales at our new fish and butchery counters are up 13%, and produce sales are up 14%. Where we rationalised ambient space, we've held sales and margins, so we know Liberate works.

Of course, delivering a fresh, enhanced experience comes with some additional operating costs. But with our increasing customer numbers and basket size in these stores, we're confident we've a winning and profitable proposition with customer appeal.

Slide 30 - Fresh Formats

We'll take this experiential, fresh concept to another 36 stores over the next few months, bringing our total to 48 stores by the end of H1, representing c.15% of our sales. We'll tailor the offer to suit the needs of local customers whilst ensuring each store delivers the appropriate return. The capex for these stores will average £1.7m, varying with the elements we introduce.

In September I'll update you further on our rollout plans, and we'll keep driving towards our target of liberating 750k sq ft of ambient space, with 114k sq ft liberated by H1.

Slide 31 - Strengthening our Own Brand

We're making strong progress on our 3 year journey, building a great "Own Brand" that really is worth switching supermarkets for.

We've created a unique brand architecture, centred on consumer needs of fresh, convenience, quality, value and responsibility, whilst recognising the classic UK good, better, best structure. The result is a family of consumer relevant brands.

In October, we launched over 600 products in our new M Kitchen range offering restaurant quality food in the convenience of customers' homes. It's been really well received by customers. We're generating £1.3m sales per week, up 40% on sales in the same categories last year. Our 'Cumberland Pie' and our 'Minted Lamb Shank' have been a particular hit – each selling over 200 units per hour.

In January, we launched M savers. At a time when affordability is more important than ever, we've put together a comprehensive selection of family essentials from washing up liquid to fresh apples to baked beans, all at excellent value. We've increased our range to over 500 lines, enabling customers to do a full shop and over half of these products cost under £1, which is great for families on a tight budget. With M savers, you can feed a family of four toad-in-the-hole with peas and carrots for only 41p per person! Again, the customer response has been fantastic. We're now selling 42,000 lasagnes per week, compared to 28,000 in our Value range last year.

We also launched two new categories, our Morrisons bread, and our traditional beef range, which now accounts for over 40% of loose beef sales.

Slide 32 - Strengthening our Own Brand

We'll launch further categories throughout 2012. 5,000 products in total, including our standard tier range. By January 2014 we'll have re-launched almost 10,000 products to create an Own Brand that's really worth switching supermarkets for.

Slide 33 - Increasing efficiency

We're not just driving sales, we're making strong progress on efficiency. It's with these savings that we can invest in better value and service for customers, greater profitability and in growth opportunities for our business.

Slide 34 - Driving store productivity

We're continuing to drive in store productivity. We know that every hour of every day that we save in store equates to around £1.4m annual cost savings. This is a scale business so small changes deliver big benefits.

To date, we've successfully trialled and rolled out 11 initiatives such as: Introducing mobile shelf edge label printers saving us £500K, or our zero gap filling process which saved us £1.5m. We've been making lots of small changes across our business in order to secure efficiency savings of £25m in 2011, whilst also improving the shopping experience for our customers.

We're incubating over 40 projects, both big and small, in our Fresh Working lab. We'll continue our pilots, such as, introducing mobile phones in-store to improve in-bound communication and we're developing an electronic version of our paper order pads. We'll rollout ideas when they're successfully trialled like switching to grease-proof bread baking tins, saving over £500k and introducing an electronic software system for receipt of newspapers and magazines, saving £3.5m. We'll deliver another £40m savings this year, against our £100m target by Jan 2014.

Slide 35 - Indirect procurement

With indirect procurement, we reviewed over 100 areas of expenditure, across both revenue and capex. Through e-auctions, rate negotiations, consolidating spend and reducing consumption we've stripped out costs, both big and small.

For example: we've now the right number of rubbish containers and waste collections at our stores and packhouses, saving us over £300k and by consolidating packaging across stores and manufacturing, we saved £4m combined with the other initiatives we mentioned at the interims, we've achieved our target of £40m total savings.

We also went after capex.

In November, we opened our first 'Lean store' at Newport. Through a huge range of small savings, such as using a simpler steel frame for the building and removing an extra delivery dock from our warehouse. We saved £2m, a saving of some 30% of the build and fit out costs from the original estimate. We're already applying many of the savings to our new builds and finding ways to rollout the rest where applicable.

In 2012, there will be no let up. We're on track to achieve £100m savings by Jan 2014

Slide 36 - Revamping our systems

We're over halfway through our IT systems upgrade. It's a 6 year programme covering every system we have giving us the technology we need to grow our existing operations and position us for the future. It's an extremely complex project so we're happy to take a cautious and methodical approach to get it right.

I'm delighted with our progress. We're on track and on budget.

Last year we put in place our new product master file and we took Enterprise Resource Planning, or ERP, into every produce site. We can now keep track of every piece of produce through each site. This will improve availability, and save us £3m annually

In 2012 we'll bring ERP into our Woodheads meat manufacturing operations and develop a forecast system for our distribution centres, to improve stock accuracy and availability. Our programme is progressing to plan and we're on target to unlock £100m by January 2014.

Slide 37 - Capturing growth

Our third area of focus is capturing growth. We're focusing on expanding 'vertical integration', developing our online proposition, and advancing convenience.

Slide 38 - Vertical integration

Over the last two years we've significantly grown our manufacturing business. We've expanded further on fresh with the acquisition of Simply Fresh at Worsley, Farmers Boy at Deeside, and Flower World in Derbyshire. With these acquisitions we increased our headcount by 20% and sales from our sites grew by 8%.

We've also reached an agreement to acquire the 105k sq ft Winsford meat processing plant from Vion, and last week we announced the acquisition of a site in Grimsby, to expand into seafood.

We've got some great plans for 2012. We'll start integrating our Winsford site, and by opening our Grimsby seafood plant we'll generate over 200 jobs, taking our manufacturing headcount to over 6,800 colleagues. We'll keep reviewing new opportunities as they arise.

With the investments we've made and the opportunities we see, we remain confident that we'll deliver on our £50m EBITDA growth target.

Slide 39 - Moving online- general merchandise

With the total online market in the UK worth almost £70bn and growing at 16% and the online grocery market worth £6bn and currently growing at 19% we see clear opportunities for Morrisons online. Over the past year we've taken the first steps to develop a general merchandise and an online food offer.

In general merchandise, we've expanded Kiddicare into a genuine 'multichannel' business. Kiddicare has been performing well. Over the last six months, order volumes through their website were up by almost 40%. We also announced plans for 10 destination stores.

Some categories, where customers want to try before they buy, or where the products have an emotional connection, will always need a bricks and mortar presence. Our new stores will showcase around 6,000 products, at the same prices as online. These stores will put us within easy driving distance of a third of the UK population and will employ over 700 new colleagues across the country.

We've put together a world class team – you may have seen the announcement we made last week and in twelve months, we've gone from having no online capability to having an industry leading platform. Kiddicare's technology has been upgraded to a single platform with capability to launch multiple websites, offer click and collect, and generate a single view of the customer.

This year we'll invest £15m to renovate the Best Buy stores, and open our first store in Q3 and we'll use Kiddicare's advanced platform to take Morrisons online as planned in Q4, into non-food categories that are relevant, sit adjacent to the food shop and deliver the right return.

Slide 40 - Moving online-food

With food, we made a fantastic investment in an online food retailer that I believe is one of the finest in the world. Fresh Direct is growing strongly and making profit and not just EBITDA, but actual EBIT.

Our team in New York has learnt some big things, about how to do food online really well and make it profitable, like the importance of customers trusting the quality of the fresh food they receive. In the UK, over a fifth of customers who stop shopping online do so because of poor quality products. Fresh Direct rate every single product on a 5* scale if it's not up to scratch, it's not stocked.

For their customers, food quality is one of the most cited reasons given for shopping online. Capacity management is also a huge challenge. Through Fresh Direct we're learning so much. You can't control when or what a customer orders however FreshDirect have designed the systems and processes that give them the flexibility to respond in a cost effective manner.

Clearly you can sense that we're very excited about what we're learning about online food but I stand by my original position which is if we can't do this in a compelling and profitable manner, we won't do it at all.

Slide 41 - Advancing convenience

Convenience accounts for £1 in every £5 spent on grocery and is growing at twice the rate of the rest of the UK retail market and it's a really fragmented market, so there's headroom to grow.

We now have 3 convenience stores. Each one creates a distinctive, fresh-focused Morrisons experience. We started with our first two 'M locals' at Ilkley and Wilmslow, in residential neighbourhoods and in January, we opened our third at Grafton Street, close to Manchester University. This is our first suburban M local with high transient footfall, and a slightly larger store size of 4,250 sq ft. All the usual elements of M local are included but we've adapted the range for the nearby student population. We've extended hot food to go and meal solutions and included study essentials like biros and highlighters. We're also getting more familiar with the different trading patterns. Our transient store is really busy on Mondays whereas our neighbourhood stores generate over 50% of sales at the weekend. It's early days, but the results are really encouraging with sales and margin well ahead of expectations so we know that we've got a core model that works but the key to success in convenience is about being flexible in different locations.

To ensure we've an outstanding offer, we'll trial a further 20 stores this year, in city centres, transport hubs, petrol stations and other locations and we'll develop the infrastructure, logistics system and rollout capability, that will enable us to open 50 stores next year.

Slide 42 - Delivering on our convictions

I've talked to you today about our programme of initiatives that will drive topline, Increase efficiency and capture new areas of growth.

What does it all add up to? With these convictions, where will this business go?

Slide 43 - Blank slide

Let me take you on a very brief journey to the future.

Slide 44 - (2016 calendar image)

…imagine it's 2016.

Slide 45 - (Morrisons landscape image)

Here's the landscape where years before we began building. Building against our six convictions and here's our customer, at the heart of our vision shopping in experiential, food-focused stores that offer outstanding value with access to Morrisons through other channels and formats and we're delivering this great shopping experience because we operate our business differently.

Our unique supply chain and efficient operations bring fantastic fresh food from field to fork, from catch to kitchen. Our vertically integrated manufacturing business is operating in multiple categories, providing the quality, cost and provenance so critical to our customers and our skilled and engaged colleagues are passionate about what we do because it's so different. It's a really exciting future ahead of us.

We're a business with an ambitious vision, grounded in clear convictions, with untapped opportunity, and the right initiatives and when we deliver against every initiative, against every conviction, we'll be a business which is truly Different and Better than Ever.

Slide 46 - In summary

So to summarise, It's been another good year for Morrisons. We have delivered strong results, underlying profits were up 8%. The annual dividend was up 11%And our equity retirement programme is on track. We are performing well in the face of a challenging market, our core business is fundamentally strong, we're responding to the mood of the nation with our value proposition and we've got momentum.

We’re also making great progress towards being Different and Better than Ever, we’ve clear convictions and we’re making good progress across our whole programme of initiatives.

We’re focused on sustaining our momentum and continuing to work harder than ever for our customers in these challenging economic times and whilst trading for today, we’re building for tomorrow. Doing things our way and retaining the traditional Morrisons discipline to ensure sustainable and profitable growth.

I’m really excited by this business, the team and the path ahead. We’ve a massive opportunity to do something really special.

Thank you very much – and now let’s hand over to your questions.