

News Release

Release date: 09 January 2018

Strong sales growth as a broader, stronger Morrisons begins to take shape

For the ten weeks to 7 January, Group like-for-like* (LFL) sales excluding fuel were up 2.8%, comprising contributions from Retail of 2.1% and Wholesale of 0.7%. Group LFL including fuel was up 3.0%. Total sales* were up 2.6% excluding fuel (2.8% including fuel).

Sales were especially strong over the Christmas and New Year period with Group LFL of 3.7% for the six weeks to 7 January, comprising Retail of 2.8% and Wholesale of 0.9%.

We again worked hard to improve the shopping trip and serve customers better. Automated ordering was live in all stores across most categories, helping improve availability and stock levels throughout the period. Customer satisfaction again improved year-on-year – we had more tills open, shorter queues, and customers noticed our colleagues' friendliness even at the busiest times. We also continued to become more competitive and, despite input cost pressures on many commodities, the price of a basket of key Christmas items was the same as last year. LFL volume was positive.

More and more customers are coming to Morrisons, with LFL transactions up 2.3% year-on-year. Sales of our 'Best' premium range were up 25%, with this year's much broader offer proving very popular with customers. 'Food to Order' sales were up over 50%, with the service available in-store and online, and the wider range including both 'Free From' and 'Morrisons Makes It'. As previously announced, during Q3 and early Q4 we introduced an almost entirely new Home & Leisure range, replacing 95% of items with more modern designs at great value prices, which are proving popular with customers.

Morrisons.com sales grew over 10%. More customers were able to access Morrisons.com through new store pick areas, especially in the north east of England. Store pick will continue to grow as we further expand the service into more new areas.

Wholesale growth continues to accelerate. The strong Wholesale sales performance in the period was helped by supplying some tobacco to our partner McColl's earlier than initially planned.

After some successful trials, the previously announced agreement to start supplying all 1,650 McColl's stores** with both Safeway products and national brands will begin this month. It will be a rolling programme of around 25 additional McColl's stores each week.

David Potts, Chief Executive, said:

"More and more customers found more things they wanted to buy at competitive prices at Morrisons this Christmas. The hard work and friendliness of our colleagues continues to be key in delivering our strengthening performance, and I would like to thank them for everything they do for our customers.

"Our plans to become a broader and stronger business are progressing well, with another period of positive like-for-like sales and the start of the rolling programme to supply McColl's."

Outlook:

Our 2017/18 year-end expectations are unchanged.

* Reported ex-VAT and in accordance with IFRIC 13.

** Initially Morrisons will supply c.1,000 McColl's convenience shops and 350 newsagents, with the remainder of the McColl's estate (c.300 recently acquired convenience shops) migrating in due course.

Figure 1 - LFL sales performance (ex-VAT)

	2016/17		2017/18			
	9 weeks to 1 Jan	Q4	Q1	Q2	Q3	10 weeks to 7 Jan
Retail contribution to LFL ¹	2.9%	2.5%	3.0%	2.1%	2.1%	2.1%
Wholesale contribution to LFL ²	0.4%	0.4%	0.4%	0.5%	0.4%	0.7%
Group LFL ex-fuel	3.3%	2.9%	3.4%	2.6%	2.5%	2.8%
Group LFL inc-fuel	5.0%	4.8%	6.3%	4.1%	3.4%	3.0%

Reported in accordance with IFRIC 13.

¹ Includes supermarkets and Morrisons.com sales. Morrisons.com sales through Dordon CFC contributed 0.2% in the 10 weeks to 7 Jan

² Wholesale comprises sales to third parties, including those via our manufacturing business

Figure 2 - Summary of Retail operational key performance indicators³

	2016/17		2017/18			
	9 weeks to 1 Jan	Q4	Q1	Q2	Q3	10 weeks to 7 Jan
LFL Number of transactions ³	5.2%	4.6%	4.6%	3.2%	2.1%	2.3%
LFL Items per basket ³	-5.3%	-5.3%	-6.9%	-5.5%	-3.6%	-4.4%

³ Excludes Morrisons.com sales through Dordon CFC

Notes:

This announcement includes inside information.

- ENDS-

Enquiries:

Wm Morrison Supermarkets plc

Trevor Strain – Chief Financial Officer 0845 611 5000
 Andrew Kasoulis – Investor Relations Director 0778 534 3515

Media Relations

Wm Morrison Supermarkets plc: Julian Bailey 0796 906 1092
 Citigate Dewe Rogerson: Simon Rigby 0207 282 2847
 Kevin Smith 0207 282 1054