

News Release

Release date: 10 May 2018

Wm Morrison Supermarkets Plc Q1 Trading Statement - 13 weeks to 6 May 2018

For the 13 weeks to 6 May, Group like-for-like* (LFL) sales excluding fuel were up 3.6%, comprising contributions from retail of 1.8% and wholesale of 1.8%. Group LFL including fuel was up 1.9%. Total sales* were up 3.8% excluding fuel (2.1% including fuel).

We continued to invest in the customer shopping trip, and again improved our competitiveness. Inflation was broadly flat and volume growth accelerated during the period.

As food maker as well as shopkeeper, we are able to deal direct with farmers and growers: our new 'Wonky' brand of low-priced, good quality fruit and vegetables minimises waste and utilises more of the whole crop. We also launched 'Savers' recently, our lowest-priced own label range, initially comprising almost 300 ambient, chilled and frozen items. In addition, our 'Nutmeg' brand continues to be popular with customers, and the new Womenswear range is now in almost 130 stores.

We opened two new stores in the period, in Abergavenny and St. Ives near Cambridge. Both have had a strong start and the feedback from customers has been excellent. As with many of our Fresh Look learnings of recent years, we will be applying successful new store local initiatives nationally across our estate.

We are now open for business as a wholesaler, and started supplying our new partner McColl's through a rolling programme of around 25 stores per week during the first quarter. These stores receive a full fresh, frozen and ambient offer from Morrisons, comprising both brands and the new Safeway range. In addition, we are supplying some McColl's stores with tobacco and some ambient products slightly earlier than we initially planned. Overall, all our wholesale supply initiatives contributed 1.8% to Group LFL, and we are on track for our targets of £700m of annualised sales by the end of the year and £1bn in due course.

David Potts, Chief Executive, said:

"We are pleased to have made a strong start to the year, again becoming more competitive for customers while delivering growth on growth. We expect to continue to improve in the year ahead.

"During a busy period of exciting new ranges, new store openings, strong supermarket and wholesale growth, and the peaks and troughs of the seasons, our colleagues once again did an outstanding job for customers."

Outlook:

As announced at our recent preliminary results, we expect net debt to continue to fall during 2018/19, although first half phasing will be impacted by the timing of payroll payments due to last year's 53rd week.

Our expectations remain unchanged and we are confident of another strong year ahead.

* Reported ex-VAT and in accordance with IFRIC 13

Figure 1 - LFL sales performance (ex-VAT)

	2017/18				2018/19
	Q1	Q2	Q3	Q4	Q1
Retail contribution to LFL ¹	3.0%	2.1%	2.1%	2.0%	1.8%
Wholesale contribution to LFL ²	0.4%	0.5%	0.4%	0.8%	1.8%
Group LFL ex-fuel	3.4%	2.6%	2.5%	2.8%	3.6%
Group LFL inc-fuel	6.3%	4.1%	3.4%	2.8%	1.9%

Reported in accordance with IFRIC 13

¹ Includes supermarkets and Morrisons.com sales. Morrisons.com sales through Dordon CFC contributed 0.2% in Q1 2018/19

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

Figure 2 - Summary of Retail operational key performance indicators³

	2017/18				2018/19
	Q1	Q2	Q3	Q4	Q1
LFL Number of transactions	4.6%	3.2%	2.1%	2.0%	0.7%
LFL Items per basket	-6.9%	-5.5%	-3.6%	-3.9%	-1.1%

³ Excludes Morrisons.com sales through Dordon CFC

Notes:

This announcement includes inside information.

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There will be an analyst conference call at 8.30 a.m. today, the details of which are as follows:

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Replay facility available for 7 days:

Replay dial-in number: +44 (0)800 358 2049
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