

News Release

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Wm Morrison Supermarkets PLC Q3 Interim Management Statement - 13 weeks to 3 November 2013

Morrisons third quarter performance was in line with its expectations. In the quarter to 3 November 2013, total store sales* excluding fuel were up by 1.0% (up 0.1% including fuel) with like for like sales* down 2.4% (down 3.0% including fuel). Consumer confidence remains subdued and we continue to see heavy promotional activity across the industry. As previously indicated, our low exposure to the sector's key growth areas of convenience and online continues to impact the sales performance of the Group.

We are however progressing well with our plans to develop a significant presence in these channels. With a clear, online fresh food proposition now in place, the ranging and marketing plan has been finalised and the technology platform and integration are nearing completion. In January 2014, as planned, we will commence online food deliveries in Warwickshire direct from the Dordon CFC followed by an extension to Yorkshire shortly thereafter, using a delivery spoke in Leeds. By the end of 2014 we expect to be serving over 50% of UK homes, including London.

We opened a further 36 M local convenience stores during the quarter bringing the total to 69 across the country, of which around half are in London and the South East, the important growth area for Morrisons. We are pleased with their performance and remain on track to have 100 M local stores open by the end of the current year. We confirm today that our target is to open a further 100 M locals in 2014/15. Our new distribution centre in Bury is now operational and will support the expansion of our convenience network in the North West.

We have made further good progress in delivering on our other strategic initiatives. Our innovative Fresh Format concept was introduced into a further 42 stores, including two new stores, and we are well on track to meet our target of converting 100 stores to Fresh Format by the end of the year. The performance of these stores and customer feedback remain strong.

The first phase of our Own Brand development programme has been completed with some 11,000 improved products relaunched. The second phase, focusing on driving efficiencies through our supply chain, has now commenced.

Early in October we introduced our new Pick of the Shop offers and our Big Christmas Bonus scheme to reward loyal customers. Our Christmas advertising campaign launches tomorrow with the theme “*Go on it’s Christmas*”. Our aim is to help customers treat themselves and their families this Christmas with award-winning food at affordable prices. Our promotional plan includes industry leading deals that matter to our customers.

The financial position of the Group remains strong with Group net debt of £2.7bn.

Dalton Philips, Chief Executive, said:

“We continue to grow our sales in this tough market whilst making great progress on our strategy to be a multi-channel retailer. I said at the outset that our online offer would be unmistakably Morrisons and I’m very confident that the service we unveil in January will live up to that promise. Many of our customers will be able to experience our distinctive online food service early in the new year and we expect to be able to serve 50% of UK homes by the end of the year. In convenience we are currently opening three M locals a week bringing the Morrisons brand to an ever increasing number of new customers. We’ve made good progress in strengthening our core proposition during the quarter and with Christmas just round the corner, we are pleased to see customers responding well to our Big Christmas Bonus and industry leading deals.”

Outlook

We expect the market to remain challenging for the remainder of the year and continue to manage the business tightly. Our performance in the third quarter was in line with our expectations and accordingly our financial outlook for the full year remains unchanged.

*exc. VAT and reported in accordance with IFRIC 13