

Business review



Sainsbury's celebrates its 140th anniversary this month and we do so from a position of increasing fitness and strength. We have made fundamental improvements to our operation over the last few years, but one thing has not changed: our commitment to the values that have underpinned our business throughout our history. Our passion for great food at fair prices, our commitment to customers, colleagues and suppliers and our strong ethical approach to business. This is the heart of our brand and it has helped our strong continued improvement.

About Sainsbury's

J Sainsbury plc was founded in 1869 and today comprises 502 supermarkets and 290 convenience stores. It jointly owns Sainsbury's Bank with Lloyds Banking Group and has two property joint ventures with Land Securities Group PLC and The British Land Company PLC.

The Sainsbury's brand is built upon a heritage of providing customers with healthy, safe, fresh and tasty food. Quality and fair prices go hand-in-hand with a responsible approach to business. Sainsbury's stores have a particular emphasis on fresh food and we strive to innovate continuously and improve products in line with customer needs.

We now serve over 18 million customers a week and have a market share of around 16 per cent. Our large stores offer around 30,000 products and we offer complementary non-food products and services in many of our stores. An internet-based home delivery shopping service is also available to 88 per cent of UK households.

	2009 £m	2008 £m
Sales (including VAT)	20,383	19,287
Sales (excluding VAT)	18,911	17,837
Underlying operating profit	616	535
Underlying profit before tax	543	488
Profit before tax	466	479
Profit after tax	289	329
Underlying basic earnings per share	22.1p	19.6p
Basic earnings per share	16.6p	19.1p
Proposed dividend per share	13.2p	12.0p

Notes

Like-for-like sales: Like-for-like sales are Easter adjusted for comparative purposes. 2008/09 included an Easter Sunday trading week. 2007/08 included two Good Friday trading weeks and an Easter Sunday trading week.

Underlying operating profit: Underlying profit before tax from continuing operations before underlying net finance costs and share of underlying post-tax results from joint ventures.

Underlying profit before tax: Profit before tax from continuing operations before any profit or loss on sale of properties, investment property fair value movements, impairment of goodwill, financing fair value movements and one-off items that are material and infrequent in nature. In the prior financial year, these one-off items were the costs relating to an approach from Delta Two, the costs associated with the Office of Fair Trading dairy inquiry and fair value gain on other financial asset.

Underlying basic earnings per share: Profit after tax from continuing operations attributable to ordinary shareholders before any profit or loss on sale of properties, investment property fair value movements, impairment of goodwill, financing fair value movements and one-off items that are material and infrequent in nature, divided by the weighted average number of ordinary shares in issue during the period, excluding those held by the ESOP trusts, which are treated as cancelled.

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. They appear in a number of places throughout the Annual Report and Financial Statements and include statements regarding our intentions, beliefs or current expectations and those of our officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.