

Tesco PLC

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Tesco up as it delivers tenth consecutive quarter of positive like-for-like sales growth, boosted by Booker acquisition

Tesco PLC (LON:TSCO) has delivered a tenth consecutive quarter of positive like-for-like sales growth, boosted by its acquisition of wholesale Booker which closed earlier this year.

In a first-quarter trading update for the 13 weekend to 26 May 2018, the retail giant reported group like-for-like sales growth of 1.8%, with an increase in the UK & the Republic of Ireland of 3.5%. Analysts' forecasts were for a range of 1.7% to 2.5% growth, and the headline number is a slowing from growth of 2.3% in the previous quarter.

READ: Tesco to shut loss-making Tesco Direct website

The FTSE 100-listed group added that Booker - consolidated from 5 March 2018 - saw like-for-like sales growth of 14.3% in the period including tobacco - 12.4% growth excluding tobacco - driven by a strong underlying performance and new business wins.

It said that like-for-like sales at its UK supermarket operations were up 2.1%, with the performance improving through the quarter - after taking the timing of Easter into account - and recovering from the impact of adverse weather conditions experienced in March.

The firm added that clothing like-for-like sales were up 1.7% with full price sales participation in stores increasing by 140 basis points year-on-year to over 87%, although general merchandise as a whole negatively impacted total sales growth as it continued to refine its ranges.

Tesco said its grocery home shopping business performed strongly in the quarter, with both transactions and basket size growing year-on-year, and more customers using its Delivery Saver subscription service.

International performance weak

On the international front, Tesco said that despite a strong underlying performance in Central Europe, with growth in fresh food and improving performance in Hungary, overall like-for-like sales were down 1.0% in the quarter, due to the impact of regulatory changes.

Meanwhile, it added, Asia like-for-like sales were down 9.0%, although the performance improved towards the end of the quarter as a decision to remove bulk-selling was annualised in April.

Dave Lewis, Tesco's chief executive said: "Our growth plans are on track and we are pleased with the momentum in the business."

He added: "We are delighted with initial progress on Booker, and are focused on delivering the synergy benefits that our merger brings."

Price: 243.1

Market Cap: £23.81 billion

1 Year Share Price Graph



Share Information

Code: TSCO

Listing: LSE

52 week High Low
293.4 187.05

Sector: Retail

Website: www.tesco.com

Company Synopsis:

Tesco - the leading supermarket in Britain With small grocery stores under the Tesco Metro brand name, big supermarkets outside cities (Tesco Extra) and 24-hour stores.

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Tesco's recovery continues apace

Richard Hunter, head of markets at interactive investor, commented: "Tesco's recovery continues apace, with a quarter of growth which builds on the lofty standards set in the full-year numbers in April."

He added: "Overall sales improved on the previous year, with the core UK and Ireland performance coming in even stronger. Meanwhile, the wisdom of the Booker acquisition, whose own growth was particularly strong in the quarter, is already becoming apparent, whilst the decision to focus more sharply on its more profitable lines with the removal of Tesco Direct is sound."

Hunter concluded: "It is easy to forget the dominance Tesco enjoys in market share, such that the improved sales performance is even more impressive. Even the recent switch, whereby wage growth is now outpacing inflation, could boost Tesco's prospects in terms of stronger consumer confidence."

In early trading, Tesco shares were 2.4% higher at 255.9p.

-- Adds analysts comment, share price --

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