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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

Securities Exchange Commission  
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Date: 1 July 2004

Dear Sir

## MANAGEMENT CHANGES / QUARTER 1 TRADING STATEMENT

Please find enclosed copies of the above announcements made to the London Stock Exchange on 1 July 2004.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Hazel Jarvis'.

**Hazel Jarvis**  
Assistant Company Secretary

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FINANCIAL

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Handwritten initials 'dlw' and the date '7/13' in black ink.

1 July 2004

## TRADING UPDATE

J Sainsbury plc today issued a trading update for the first quarter of the 2004/5 year covering the 12 weeks to 19 June 2004.

Total sales growth for Sainsbury's including petrol was up 1.9% for the quarter compared with 0.8% in the fourth quarter of last year. On a like for like basis, sales were up 1.0% compared with -0.9% for the fourth quarter last year. Buoyant trading in petrol has boosted this sales performance.

Customers are already seeing the benefits of our early moves to lower prices introduced in May, which are resulting in lower margins. We are implementing a number of specific measures to improve on-shelf availability in our stores, including the deferral of a planned depot closure and operating with higher than average wastage levels. In addition, we are aggressively trading out of our over stocked position in non-food goods. These additional measures will also negatively impact margins. As a result, underlying profit before tax for 2004/05 will be significantly below consensus market forecasts with the majority of the impact expected in the first half.

Justin King, Chief Executive, is undertaking a thorough review of the business. This review encompasses the customer offer in terms of quality, range, price and promotional activity; operational processes and systems; supply chain; central costs; and the store estate and property assets. We will combine a presentation on this review with our Quarter 2 trading statement on 19 October 2004.

While this review is taking place, Sainsbury's is delaying future uncommitted investment in store developments and this move is likely to reduce capital spending in 2004/5 from an estimated £700m to below £500m before store acquisitions. In addition we will be focusing all resources on customer facing activities.

### Notes

1. For 2004/05 market consensus for profit before tax, pre amortisation of goodwill, exceptional costs and non-operating items including 5 weeks contribution from Shaw's was £505m.
2. The sale of Shaw's was completed on 30 April 2004 and will be reported as a discontinued business with estimated operating profits of £11m.
3. The AGM and EGM will be on 12 July 2004.

**There will be two conference calls today for analysts and investors with Justin King. To help ensure the conference begins in a timely manner, please dial in 5 to 10 minutes prior to the scheduled start time. The details are:**

#### **To listen to the 8.30 (BST) Conference Call:**

Dial **+44 (0) 20 7984 7582** You will be asked to give your name and company details. You will then be placed on hold and will hear music until the presentation starts.

#### **To participate in the 15:00 (BST) Conference Call:**

Dial **+1 718 354 1153** or **+44 (0) 20 7784 1005**. You will be asked to give your name and company. You will then be placed on hold and will hear music until the presentation starts

There will be a replay of both calls, which will be available for 7 days. Please email Kally Wilson ([kally.wilson@sainsburys.co.uk](mailto:kally.wilson@sainsburys.co.uk)) for details.

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