

## **Steve Murrells on BBC Breakfast – 21 Sep 2017: Transcript**

### **Charlie Stayt - presenter**

So, we're going to have a look at the business news now. The Co-operative Group releasing their latest results for the first half of this year. Colletta has all the details for us... also going to be talking to the boss.

### **Colletta Smith – business correspondent**

Yes indeed. Hi Charlie, Hi Naga. Morning everyone.

Its £25m profit over the first half of this year for the Co-op Group which also runs funeral and insurance services as well of course as their convenience stores on high streets right across the UK. And that's a really big jump compared to the same period last year - up nearly 50 percent on their pre-tax profits. I'm joined this morning by Steve Murrells who is Chief Executive of the Co-operative Group. Hi there Steve.

Let's talk first of all about that big increase. It looks good on paper but actually it was because of some pretty big losses last year thanks to the bank which you've now managed to wash your hands of.

### **Steve Murrells – Co-op Chief Executive**

Well that is true we no longer have the drain of the bank on those numbers. But a 47 percent increase is pleasing. Our core businesses are doing really well and I think at the same time we've been able to put £35m back into the pockets of our members and their local causes. So the combination of those two things is actually giving us good confidence and we started the year off well.

### **Colletta**

Food sales up a little bit but you've recently been overtaken by Aldi in terms of supermarket share across the UK. Lidl's chomping at your heels are you worried about the discount as a particular at the moment?

### **Steve**

You know I'm quite relaxed about market share numbers because in fact our strategy 18 months ago set out the fact that we would lose a little bit of market share as we've disposed of some of our stores and what we're now seeing is that playing out. But if you strip those 300 stores out of the number that we recently sold, our underlying share is still growing and as we're saying today our convenience business is seeing four and a half percent like for like and we're now enjoying 14 consecutive courses of food performance. So I think we're in good shape. Our funeral business is seeing its market share grow as well so tells me that the Co-op way of doing business is connecting more and more with the country.

### **Colletta**

Well talk me through those stores that you sold. You sold a whole chunk to McColl's but now you're interested in buying the NISA brand, taking on more stores, so which way are you going – are you trying to cut down or are you trying to expand your store?

### **Steve**

So we're certainly looking to grow our scale through buying and if we do move into more areas of wholesaling, that gives us more scale that we would then seek to pass in terms of lower prices down to members and customers. The stores that we have disposed of weren't the type of stores that we wanted in terms of our convenience offer. They were very small stores, around about a thousand square feet. They work well for McColl's – they weren't what we wanted for the future. At the same time though we're opening a hundred new stores each year. So the cogs of growth continue to be wheeled and we'll continue to look at our store portfolio as we continue.

**Colletta**

And you've now managed to sell the final one percent stake that you had in the Co-op Bank. You now don't have any share at all in the Co-op Bank. What would you say to customers of that Bank who specifically invested in the Co-op because of its ethical principles now being sold out to big US investment firms?

**Steve**

Well, we played a key part in the future of the bank over the summer. We made sure that the bank has a future going forward and we spent all of our time worrying about pensioners and members.

**Colletta**

You can't necessarily influence its ethos anymore?

**Steve**

No we can't. As you say we sold our 1 percent share this morning to an existing shareholder. That gives us certainty to run our core businesses and it's now enabled us to focus on other areas. The bank is well-run, well-maintained and the name of co-operative is very much observed by independent adjudicators and the minister and it will be really up for the bank to show it can continue with its ethical starts that it's had in the past.

**Colletta**

And in terms of your food stores at the moment are you under pressure to up prices, because wholesalers and the people that you're buying the food in from are seeing increases in prices thanks to Brexit?

**Steve**

Certainly inflation is coming through. We're working hard to put a ceiling on that and we haven't passed as much on to members and customers... we've absorbed it. Striking the balance between making sure we do the right thing with our suppliers is important. The pound has devalued. But again, the Co-op difference about being able to give £35m back to its members at a time when they need it is something that only we can do and we'll continue to do that as Brexit bites.

**Colletta**

Steve, thank you very much for joining us this morning. That's Steve Murrells there. Lots to talk about at the Co-op Group which has fingers in so many pies, so many different businesses.

**Naga Munchetty – presenter**

It certainly does. OK, thank you very much.

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