

2018 Retail Annual Results article from Jo Whitfield – April 2019

This morning we published our Annual Results for 2018. This is our opportunity to tell our 4.6 million members how their Co-op is doing as a business, how we're supporting their communities and how we're campaigning on the issues important to them.

Here's how we're doing in Food.

Stronger Co-op

4.4% 

like-for-like sales increase

£204m 

underlying profit - 12% increase
(2017: £182m)



£7.3bn 

total sales (2017: £7.1bn)

Stronger Communities



**Supplying 4,000
extra independent
stores**

Following the acquisition of Nisa and supply arrangement with Costcutter Supermarkets Group



£75m

invested in more than 100 new food stores creating 1,600 new jobs



4 pop up shops

at major summer festivals.
Reaching 200,000 younger customers



**Compostable
carrier bag**

UK's first compostable carrier bag



Fairtrade

6.3% increase in Fairtrade sales compared to 2017



100% British meat

All of our Co-op branded fresh meat is British including the meat used in our sandwiches, ready meals and frozen products.

The numbers

We've had an absolutely fantastic year in Food and I'm delighted to share our results.

Like-for-like store sales remained strong at 4.4% up, ahead of the market by 3%. Convenience store like-for-like sales were up 5.3% ahead of the market by 1.5%. We've delivered five years of like-for-like growth in our core convenience estate as a result of the investment we've made in creating award-winning food sold in modern and friendly stores.

Our sales for the year were £7.3bn (2017: £7.1bn). And all this against the backdrop of some unpredicted weather events including the Beast from the East and the most amazing hot summer weather.

Underlying operating profit (which excludes any one-off items, property and business disposals and the change in value of investment properties) was up 12% to £204m (2017: £182m) a strong performance given that this includes paying our Membership rewards.

Making an impact

Our ambition to be the number one convenience food retailer remains on track, driven by our 'closer' strategy: closer to you, closer to what you need and closer to what you care about.

And in turn, we've made a significant contribution to our Co-op ambition of building a Stronger Co-op and Stronger Communities. Showing that, not only are we beating the competition but we're also making a difference in our local communities.

Closer to you

Last year we opened more than 100 new food stores and refitted 150. That's 400 new stores that we've opened in the last four years, at a time when other retailers are being forced to abandon the high street. And the new stores have been making on average 15% more than the ones we opened in 2012 – this is just incredible and it's thanks to improved locations and the ever improving range and quality of our products.

We've invested heavily in reaching thousands of new customers with our own-brand products too, through our acquisition of Nisa, our wholesale deal with Costcutter and our new Franchise stores. We're now supplying 4,000 stores serviced by Nisa across the UK and the sales figures that we're seeing are really encouraging.

And we formed some great partnerships. Our partnership with Live Nation saw us open some hugely successful pop up shops over the summer at four major music festivals: Download, Latitude, Reading and Leeds. This really helped us to reach out to, and attract, a younger generation. We can't wait to go again this year and are excited to have added four more festivals to the line-up – including the iconic Glastonbury Festival.

Closer to what you need

We invested heavily in improving our logistics networks and our new Dalcross distribution centre, just outside Inverness, supports our aim to be a greener business by allowing us to use more double-decker lorries, cutting 1,800 road miles per day.

And we've invested in giving our store colleagues the right tools to do their job too, such as headsets, tablets, Shifts app and new Handheld Terminals (HHT's) – helping them to serve customers better.

We've continued to attract great recognition and awards for our products – a customer, over the summer, campaigned to make our delicious Limited Edition burger crisps part of our everyday range and more recently our Irresistible Sea Salt and Chardonnay Vinegar crisps are getting quite a celebrity following, with Ben Fogle even tweeting 'I'd argue these are the best salt and vinegar crisps in Great Britain right now?'

Closer to what you care about

In September we introduced the UK's first compostable carrier bag to 1,400 Co-op stores replacing conventional single-use plastic carrier bags. This is a much needed change in the battle to reduce plastic and in the spirit of co-operation we're sharing the information needed to bring this to market with anyone who wants it.

We continue to support British farmers. Last year we developed our Co-op Pork Farming Group and moved all of our pork to be 100% RSPCA Assured, Outdoor-Bred pork. And we extended our commitment to 100% British meat to include our frozen products too.

And we launched Foodshare – our food re-distribution programme for stores, tackling the increasing problem of food waste and making it easier for our stores to donate unsold food. We're currently donating around 35,000 products each week to 400 local food charities and community partners, helping people in local communities in most need.

Thank you – you're brilliant – and I am so grateful for all your hard work

We've had a really great year: the market remains tough, with lots of Brexit uncertainties ahead, but our results show that we're doing all the right things, we're more than holding our own in the convenience sector, and we've certainly got lots to be proud of.

It's thanks to all your hard work that we've got here. Thank you for all you've done to make 2018 such a successful year. I am immensely proud of each and every one of you.

2019 is off to a great start, let's maintain that drive and ambition to help us to keep growing.

Thank you!

Jo