

Asda unveils its fourth quarter and full year strategy update and announces £600m investment in stores

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Asda today unveiled its fourth quarter and full year financial results for 2014, posting a 1% fall in like-for-like sales for the year to 31st December and a 2.6% fall in the 12 weeks to 4th January, in a quarter when the retail market as a whole slowed significantly.

Speaking at an event in London this morning, President and CEO of Asda, Andy Clarke, warned that while the retail market remained “in one of its most challenging and changeable periods in history”, the Asda business was firmly focused on delivering its long term plan, including a £600m investment plan in expanding and improving the Asda store estate.

At the same time as recognising the challenging market backdrop, the Asda CEO and CFO Alex Russo highlighted the steps taken by the retailer in 2014 to deliver against their five-year strategic plan. Wins included:

- A £300 million investment in lowering prices in 2014 – £100m more than planned as part of its five year pledge to invest over £1 billion in reducing the cost of living for its customers.
- 15 separate fuel price cuts since September 2014 – bringing down the cost of petrol to 105.7pppl and diesel which is now 111.7pppl.
- Opening 17 new stores, unveiled its new format proposition at its Grantham superstores and announced eight further ‘store of the future’ remodels for 2015.
- Opening 200 new Click and Collect sites, taking the total to 600 by the end of 2014 – more than half way to Asda’s 2018 target of 1,000. Asda also more than doubled the number of Click and Collect points it has in London Underground stations since November 2013.
- In September 2014 Asda acquired state-of-the art Click and Collect technology, developed in Holland, that will offer customers even greater convenience by allowing them to collect their shopping from stand-alone, temperature controlled Intelligent Pods in under 60 seconds, with the first due to open on a major commuter belt between Manchester and Liverpool in St Helen’s from Q2.

Commenting on the year, Clarke said: “2014 saw an acceleration in the structural shift in the market and whilst we saw it brewing and put the right plan in place to address it – delivering solid wins for our business and keeping the ship steady in a turbulent market, the pace and scale of change has exceeded all expectations.

“The first year of our plan was very much about building the foundations –a work out to limber us up for what is to come in 2015 – by leading the price agenda in a deflationary market. We have a clear plan for sustainable, profitable growth and creates a proposition that gives customers what they want.

“I’m pleased that we can announce our continued investment in the UK with £600m for new and improved stores in 2015. With such a powerful force like Walmart behind us that fully supports our strategy, we’re in a unique position in a difficult market – a position of great strength.”

Expanding on plans to invest £600 million into creating new stores and improving existing ones as part of its strategy to redefine value retailing in the UK, Clarke outlined that in 2015 Asda would invest in:

- 17 new store openings in 2015 including 3 supermarkets in London
- 62 stores will undergo a major remodel to reflect changing shopper habits
- More than 150 new remote Click and Collect sites will be created
- 36 new petrol stations will also open this year

Reiterating its strong relationship with parent company Walmart, Clarke highlighted recent investments by the world's largest retailer in its UK teams.

In what Clarke called "a massive recognition of the contribution, knowledge and experience that sit in our teams in the UK", Walmart has asked Asda experts to pull together teams that will support growth in sourcing and online grocery shopping across its international markets.

This will see IPL – International Procurement Limited, a wholly owned subsidiary of Asda – and Asda's online grocery team working closely across several markets to share expertise and innovation. The aim is that this shared knowledge will lead to more simple, efficient and transparent supply chains ultimately giving customers the freshest products quicker and at the best prices; and to help develop and deliver Walmart's grocery home shopping plans and follows the launch of one of three "mission control" Network Operation Centres at Asda's head office in Leeds supporting Walmart's web operation 24-7 across the globe.

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