DANSK SUPERMARKED GROUP AND SAINSBURY'S ANNOUNCE OUTCOME OF NETTO UK STRATEGIC REVIEW

Monday 4 July, 2016

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Dansk Supermarked Group (DSG) and Sainsbury's today announce that, following a comprehensive review, they will end their joint venture of trial Netto UK stores. It is expected that the 16 stores will continue to trade throughout July and will close during August.

The Netto UK JV was launched in June 2014 to explore the fast-growing discount grocery retail segment in the UK. Following the initial period of trial store openings, DSG and Sainsbury's made their decision to end the venture after assessing trading data, customer and operational insights, expansion costs, the evolving food retail market and long-term strategies for each business.

Mike Coupe, Chief Executive of Sainsbury's, said: "Netto is an excellent retailer with talented leaders and colleagues and we have learnt a great deal about the discount grocery retail market from this trial venture. Since we first envisaged the trial, almost three years ago, the grocery sector has evolved significantly and we launched our strategy 18 months ago to address these changing dynamics.

"Against this backdrop, as planned, we carried out a detailed review with DSG on the future of Netto. To be successful over the long-term, Netto would need to grow at pace and scale, requiring significant investment and the rapid expansion of the store estate in a challenging property market. Consequently, we have made the difficult decision not to pursue the opportunity further and instead focus on our core business and on the opportunities we will have following our proposed acquisition of Home Retail Group. Our learnings from the trial will undoubtedly benefit the rest of our business as we move forward."

Per Bank, CEO of Dansk Supermarked Group, said "We, together with Sainsbury's, set out to trial Netto in the UK to provide us with the basis to review the business at the end of the trial period. Whilst we are pleased with the performance of the stores to date, it has become clear to both partners that the business requires greater scale over a short period of time to achieve long-term success. Reaching scale has been challenging due to appropriate site availability and therefore we decided together to end the joint venture and focus on other opportunities within our respective businesses.

"We have thoroughly enjoyed the collaboration with Sainsbury's and will now apply key learnings and insights within our business to deliver added value for our customers and owners."

The businesses are working together to minimise the impact of this decision on Netto colleagues and will be consulting with and supporting colleagues through this period of change.

The current carrying value of the investment in the Netto JV within J Sainsbury plc consolidated group accounts is £20m which will be written down to zero. Sainsbury's is also expecting cash costs of circa £10m to wind down the business. These amounts will be excluded from underlying results.

Ends

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Notes to Editors

Netto UK

Netto is a Danish international discount supermarket. Dansk Supermarked Group and Sainsbury's launched their Netto UK joint venture in June 2014. The first store was opened in Moor Allerton, Leeds in November 2014. There are 16 trial stores now trading in the North of England; in Lincoln, Sheffield, Doncaster, Lymm, Hull, Ellesmere Port, Southport, Leeds, Cleckheaton, Manchester, Salford, Ormskirk and Brookfield.

Dansk Supermarked Group

Founded in 1906, Dansk Supermarked Group has always put the customer's needs at the heart of all of the company's actions. Combining strong values and sound business practice, Dansk Supermarked Group has grown to become the largest Danish retail company with a market share in Denmark of approx. 35 %, operating more than 1,400 discount stores, compact hypers and hyper markets in five countries. Every day, nearly 50,000 employees across Denmark, Germany, Poland, Sweden and the UK seek to deliver the best possible shopping experience to more than two million customers who visit the stores or shop online.

The desire to innovate and change to the benefit of the customers has remained a mainstay in Dansk Supermarked Group. It is part of the company's heritage to rethink retail, and Dansk Supermarked Group will continue to strive for setting new standards for the industry - both abroad and at home.

The group is owned by The Salling Foundations (81%) and The Maersk Group (19%).

J Sainsbury plc

Founded in 1869, Sainsbury's today operates 1,375 stores - 601 supermarkets and 774 convenience stores - employing around 161,000 colleagues across the UK. With over 25 million customer transactions every week, the company's focus is on providing great quality products at fair prices. Sainsbury's sells food, clothing and general merchandise to customers across supermarkets, convenience stores and online, as well as fuel from petrol filling stations adjacent to some of it stores. Sainsbury's Bank offers accessible financial services products such as credit cards, insurance, travel money and personal loans that reward customers who both bank and shop with Sainsbury's. Strong, well-established values are integral to Sainsbury's success in helping customers *Live Well for Less*.

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