

Corporate objectives

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The Company's 'Recovery to Growth' plan spans from March 2007 to March 2010 and has five areas of focus:

- **Great food at fair prices:** To build on and stretch the lead in food. By sharing customers' passion for healthy, safe, fresh and tasty food, Sainsbury's will continue to innovate and provide leadership in delivering quality products at fair prices, sourced with integrity.
- **Accelerating the growth of complementary non-food ranges and services:** To continue to accelerate the development of non-food ranges and services following the principles of quality and value and to provide a broader shopping experience for customers.
- **Reaching more customers through additional channels:** To extend the reach of Sainsbury's brand by opening new convenience stores and developing the online home delivery operation.

- **Growing supermarket space:** To expand the Company's store estate, actively seeking and developing a pipeline of new stores and extending the largely under-developed store portfolio to provide an even better food offer while also growing space for non-food ranges.
- **Active property management:** The ownership of property assets provides operational flexibility and the exploitation of potential development opportunities will maximise value.

These areas are underpinned by Sainsbury's **strong heritage and brand** which consistently sets it apart from major competitors. A passion for healthy, safe, fresh and tasty food, the Company's values, innovation and strong ethical approach to business are what customers want and expect from Sainsbury's. Despite current economic conditions these values remain important for customers who give Sainsbury's most credit among the four major supermarkets for addressing the issues of most concern to them.

Targets March 2007 – March 2010

- Space growth – ten per cent new space by March 2010
- Development of grocery and non-food ranges
- Costs – cost savings to offset half of operating cost inflation
- Channel growth through online and convenience expansion
- Profit – profit growth flowing through at a percentage rate to sales in high single digits
- Annual investment in price and quality of 100 – 150 basis points
- Sales growth – total additional sales of £3.5 billion by March 2010
- Capital expenditure of £2.5 billion by March 2010
- Cash flow broadly neutral over three years

