

Tesco shares jump on “hugely impressive” results and promise of plenty at Christmas

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[TESCO shares](#) jumped after profits doubled and the nation's biggest food seller offered reassurance that shelves would remain stocked over [Christmas](#) despite the [supply](#) and lorry driver crisis that is blighting businesses and consumers alike.

In the six months to August, sales rose 3% to £27.3 billion while profits soared by more than 100% to £1.1 billion, partly thanks to the efforts of [Harry Kane](#), [Gareth Southgate](#) and co who gripped the nation over the summer with a run to the final of the delayed Euro 2020 tournament.

Families staycationing in the UK also helped the supermarket giant, now being talked of as a possible takeover candidate in the wake of a private equity deal for Morrisons and rumours Sainsbury could go the same way.

Chief executive Ken Murphy was under some pressure from the [City](#), with [investors](#) suggesting he lacked a bigger vision for Tesco.

Today he launched a £500 million share buy back programme, promised more of the same in future, and upped profit forecasts. He said strong relationships with suppliers meant shelves would remain stocked. There will be no Christmas shortage of turkeys, he pledged.

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The shares jumped 13p, 5%, to 267p which values Tesco at £20 billion. That is nearly three times what Clayton, Dubilier & Rice just paid for Morrisons, but begins to look like a digestible meal for someone if they chose to launch a bid.

Murphy said: "Against a backdrop of profound change, Tesco has many unique advantages. The scale and reach of our store estate and online operations are unmatched in the UK. Our ability to reward loyalty through Clubcard enhances our relationship with customers. Our world-class food retail expertise combined with our strong supplier partnerships ensures we can offer our customers great value and quality, removing reasons to shop elsewhere. Together, these strengths mean that Tesco can anticipate and respond to changes in the market, meeting customers' needs better than anyone."

Richard Lim of Retail Economics said: "These are hugely impressive results and the retailer has once again become the one to watch. Their transformation towards a more simplified business model is delivering improved efficiency and winning over customers with a renewed focus on price and loyalty."

Murphy played down talk of a supply chain crisis. He said: "It is no secret that there are problems in the supply chain. We are maintaining very good availability. But there will be

bumps in the road up to Christmas and beyond.”

Murphy today says Tesco has been repurposed – it wants to serve customers, shareholders and indeed the planet “a little better every day”.

He refused to get involved in the row between government and business over staff shortages, saying simply: “Our results speak for themselves.”

He did note regarding the government’s “levelling up” policy that retailers are a “fantastic beacon of progression” where “anyone from any background can make it to the top”.

Murphy said he would need a crystal ball to be sure what will happen with supplies over the next few months, but said: “We are coping. I don’t expect challenges to go away, I expect us to overcome them.”

He also played down inflation worries, saying that lately his own customers had enjoyed deflation, falling costs, due to intense price competition in the supermarket sector.

Sophie Lund-Yates at Hargreaves Lansdown said: “Tesco’s enormous scale means it’s weathering the supply chain crisis better than others- it’s times like these when being the biggest fish in the pond really counts. The mature, deeply rooted nature of its supply relationships have been a key tool in allowing Tesco to keep its shelves well stocked, and outshining competitors in the process. The size of Tesco’s distribution network also can’t be overstated, which again gives the group the flexibility to deliver the goods at scale.”