# Tesco profits triple but supermarket warns of impact of inflation on costs

Tesco's profits have more than trebled last year, but the supermarket warned that it faces a battle to "keep the cost of the weekly shop in check".

The UK's largest supermarket chain reported pre-tax profits of £2.03bn, up from £636m the previous year.

Retail sales in the UK increased by 2.3% year on year, while group sales, excluding fuel, grew by 2.5% to £54.8bn.

But Tesco warned of "significant uncertainties" and said performance would be impacted by the investment needed to keep prices from low compared with other budget retailers like Aldi and Lidl.

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It said customer shopping behaviour was returning to normal levels as the nation comes out of the pandemic.

Previously supermarkets like Tesco saw huge spikes in sales as restaurants closed and more people ate at home.

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Chief executive Ken Murphy said: "Clearly, the external environment has become more challenging in recent months.

"Against a tough backdrop for our customers and with household budgets under pressure, we are laser-focused on keeping the cost of the weekly shop in check — working in close partnership with our suppliers, as well as doing everything we can to reduce our own costs."

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Mr Murphy said Tesco was managing to keep the increase in living costs a "bit under the number for the overall market".

As a result, the retailer said its profits were likely to fall this year to between £2.4bn and £2.6bn.

UK inflation <a href="https://hearth.com/has-hit-7%">https://has-hit-7%</a> and is expected to surpass 8% in 2022.

Tesco's online sales declined by 6% as some customers went back to shopping in store as COVID restrictions were eased.