

FP&A Financial Performance Analysis – Tesco PLC

Introduction

This report presents a concise FP&A-style analysis of Tesco PLC's recent financial performance. The purpose of the analysis is to assess whether year-on-year revenue growth translated into improved profitability and to identify key movements in margins and operating profit.

The analysis is designed to replicate the type of high-level management information used within finance teams to support performance review and decision-making.

Data Sources and Scope

All data used in this analysis has been sourced exclusively from Tesco PLC's Annual Report and Financial Statements, with no external data sources used. The specific sections of the Annual Report referenced include group income statement, group cash flow statement and key performance indicators.

A summary of the data sources and scope of analysis is documented in the "Overview" worksheet within the accompanying Excel workbook.

Methodology

Financial data was extracted and analysed using Microsoft Excel. The analysis focuses on key performance measures commonly used in FP&A and management reporting.

The following metrics were calculated and analysed:

- Revenue growth (year-on-year)
- Gross margin
- Operating margin
- Year-on-year movement in operating profit

All calculations, assumptions, and insights are presented transparently within the "Performance Analysis" worksheet of the Excel workbook. The worksheet contains both the numerical calculations and supporting insights aligned to each metric.

Financial Performance Analysis

Revenue Performance

Tesco achieved approximately 2.5% year-on-year revenue growth between FY2024 and FY2025. This indicates resilient demand and pricing across the period, despite a challenging operating environment. This revenue trend is calculated and documented within the Performance Analysis worksheet.

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Profitability and Margins

Gross margin improved slightly year-on-year, suggesting stable core trading performance. However, operating margin declined from approximately 4.1% to 3.9%, indicating increased operating cost pressure.

While gross profit performance remained broadly stable, higher administrative and operating costs reduced profitability at the operating level.

Margin calculations are shown in detail within the Performance Analysis worksheet.

Operating Profit Movement

Despite revenue growth, operating profit declined by approximately £110 million year-on-year. This confirms that cost pressures more than offset improvements in revenue and gross profit.

The year-on-year movement in operating profit is clearly quantified and is shown within the Excel workbook.

Visual Performance Summary

A clustered column chart comparing revenue and operating profit for FY2024 and FY2025 is included within the Performance Analysis worksheet of the Excel workbook.

The chart visually demonstrates that revenue increased year-on-year and operating profit declined slightly over the same period.

This visual summary supports the numerical findings and highlights the divergence between top-line growth and operating profitability.

Conclusion

Overall, the analysis shows that while Tesco delivered modest revenue growth, this growth did not translate into improved operating profitability. The decline in operating margin and operating profit indicates that cost pressures remain a key factor impacting overall performance.

From an FP&A perspective, the findings highlight the importance of monitoring cost control and operating efficiency alongside revenue growth when assessing financial performance.