



FULL-YEAR RESULTS

11 MARCH 2021

JOHN LEWIS
PARTNERSHIP

JOHN LEWIS
& PARTNERS

WAITROSE
& PARTNERS



OUR YEAR: COMING THROUGH STRONGER

- Coming through the **biggest health and economic challenge** of our lifetimes
- Partners responded with **agility**, business adapting to way customers want to shop
- Shopping habits changed **irreversibly**: customers now want more **local, convenient** and **curated** options
- **Proud** of presence on high street - must **rebalance**, blending online and store
- **Investing** in our turnaround; Partnership Plan on track and confident in future



THE PARTNERSHIP PLAN - OUR FIVE YEAR STRATEGY FOR GROWTH



OUR FINANCIAL PERFORMANCE

Loss before tax

£(517)m, down by £(663)m vs last year

Profit before PB, tax and exceptionals

£131m, up £61m vs last year

Without £190m Government support we would have made a loss

Debt ratio

3.4 times, improved from 3.9 times last year

Total net debt

£2.1bn, reduced by £309m vs last year

Liquidity

£1.5bn cash plus **£0.5bn** in facilities

To deliver the plan, meet debt obligations and respond to trading uncertainty and volatility

Note: 2020/21 is a 53 week year and is reported on that basis. 2020/21 results have benefitted from an additional week's trade compared to 2019/20. The impact on Profit before PB, tax and exceptional items is small.

FINANCIAL IMPACT OF COVID

- **Trading profit down £98m** - excluding additional 53rd week of year, down £128m
- Covid hit trading profit through lost sales, lower margins and higher fulfilment costs. Plus, direct operational costs of **£65m**
- **Redeployed 4,500 Partners** from John Lewis to Waitrose, avoiding extra costs
- Costs **offset** by Government support of £190m - would have made a loss before exceptionals without it
- Used support as Government intended us to and helped keep the **business running**



PROFIT EXPECTATIONS

- Unable to declare a **bonus** - our equivalent of a dividend for our Partner owners but will restart once profits (before exceptionals) reach £150m and debt ratio below 4 times
- Plan to **invest** £800m in 2021/22 to support our turnaround, approximately 40% higher than recent years
- Given this raised level of investment, we expect our financial results to **worsen** in 2021/22
- Expect **profits to rebound** in 2022/23, targeting £400m profit by 2025/26
- By 2030, aiming for 40% of profits to come from **outside retail** with financial services and private rented housing key priorities



JOHN LEWIS - LAYING FOUNDATIONS FOR GROWTH

- Like-for-like sales **flat** at 0%; trading operating profit down 25%
- Online **growth** of 73% helped counter shop closures (shut at least 20 weeks of 53)
- High **customer service** satisfaction:
 - Net promoter score of 70, up 4 points
 - Topped Customer Service Index twice
 - First place in YouGov Brand Rankings for fourth consecutive year
- **30 new fashion and beauty brands** launched, further 50 being introduced
- **11,000 virtual appointments** including Home Styling, Nursery and Personal Styling. Delivered nearly 1,600 virtual events like Beauty Weekends
- Almost all products rented within **48 hours** of furniture rental trial with Fat Llama



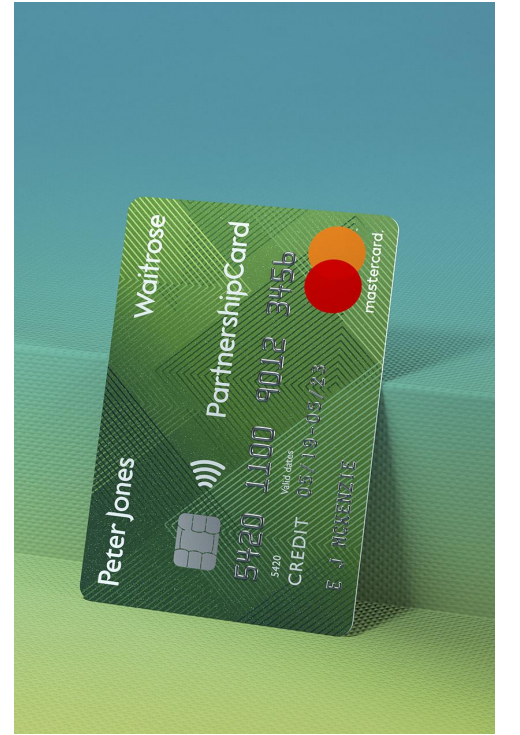
REBALANCING STORES AND ONLINE

- Nearly 50% of customers use **both store and online** when making a purchase
- Increase **investment in digital** ensuring stores reflect how customers want to shop
- **‘Right Space, Right Place’:**
 - **Greater convenience:** More local and convenient shops nationwide
 - **Destination stores:** Showcase inspiring products and unique experiences
 - **Enhanced Click & Collect:** Expanding our network
 - **Smaller service stores:** Featuring the very best of John Lewis
 - **Bringing our brands closer together:** Trials of John Lewis in Waitrose
 - **Rebalance:** Some areas unable to profitably sustain a large store



INVESTING IN OUR BRAND

- Investing to create more **enticing** store experiences and improve **online capability**
- Focus on **value**: new **pricing** later this year, more **rental** options
- **Home and Nursery**: Launching new and exciting ranges
- Innovative **Financial Services**:
 - new home insurance
 - online interest free credit



WAITROSE - PUSH TO FURTHER GROWTH

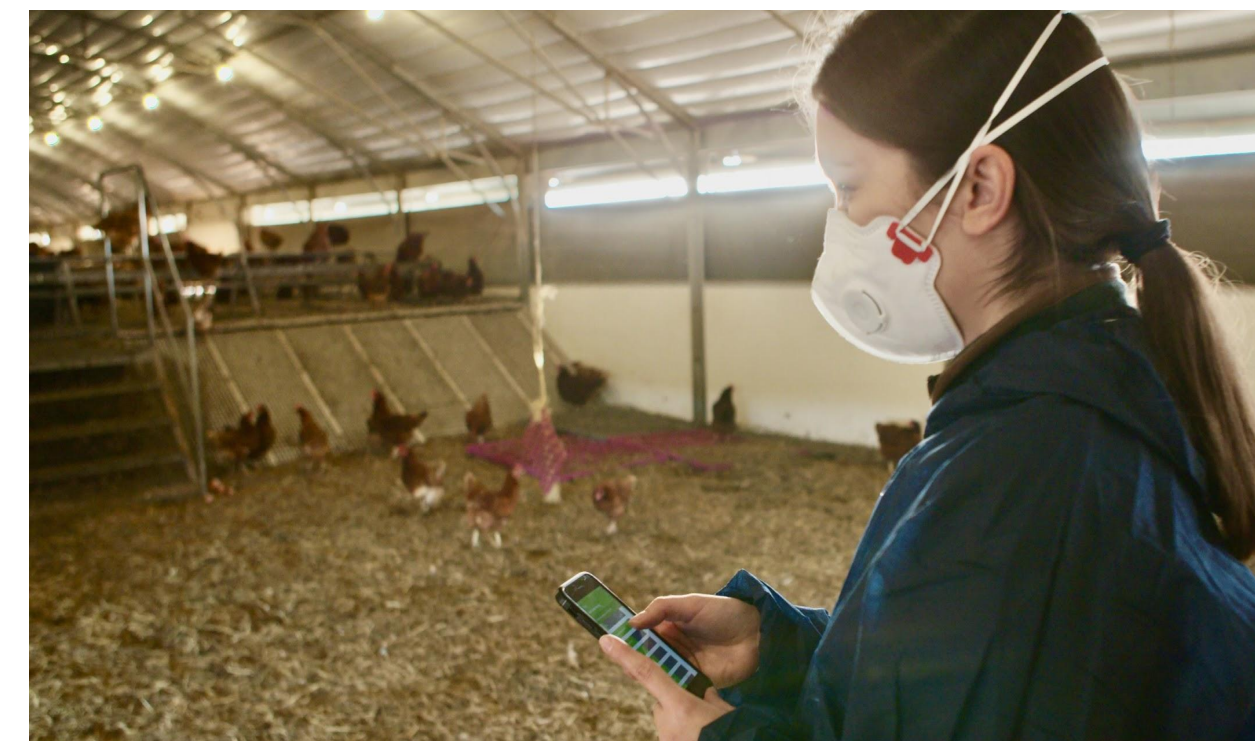
- Like-for-like sales up 10%; trading profit margin squeezed by sales mix, extra labour costs due to Covid and **shift to online**
- **Fastest growing online retailer**; orders quadrupled to 240,000 per week
- **Improved customer satisfaction**, up 5.5% points; Which? Supermarket of the Year; won The Grocer's Store of the Week award 18 times
- Significant **customer spend** switched to Waitrose.com after exited Ocado
- Attracting **new, younger customers** with Deliveroo, available in 40 shops
- Prices **reduced** more than 15% on 200 popular own-label products; relaunched the Duchy from Waitrose range

Note: Extra labour costs due to Covid in trading profit is through sickness absence, shielding, and care of vulnerable family members



OUR COMMITMENTS TO SUSTAINABILITY AND COMMUNITIES

- Launched **Agriculture Strategy**; first retailer to measure wellbeing of farm animals
- Voted best supermarket by Greenpeace in tackling **single use plastics**
- **Halving food waste** by 2030. All key raw materials in own-brand John Lewis products from **sustainable** or **recycled sources** by 2025
- First retailer to sign up to HRH The Prince of Wales's **Terra Carta** earth charter
- **Give A Little Love** raised £3m for FareShare and Home-Start, further £2m pledged. Tackling **food poverty** and waste with 'Farm to Family'



OUR COMMITMENTS TO PARTNERS

- Provided free food and drink and increased Waitrose shopping discount to 25% to **support Partners** through the pandemic
- Targeting return of **bonus** and payment of the **voluntary Real Living Wage**
- Developing new Partnership-wide **diversity and inclusion plan**
- Continued investment in **health and wellbeing services** and been doing so since 1929 - 19 years before NHS
- Became one of the **first** UK businesses to roll out rapid lateral flow Covid testing for our Partners, delivering 80,000 tests to date



CONFIDENT IN THE FUTURE

Confident about the future and **coming through stronger**:

- **Deep understanding of customers**, where, when and how they want to shop
- **Firm foundations and momentum**, adapting to customer needs
- **Strength in Partnership**, our unique employee-ownership model





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