

HALF-YEAR RESULTS 22/23



JOHN LEWIS
& PARTNERS

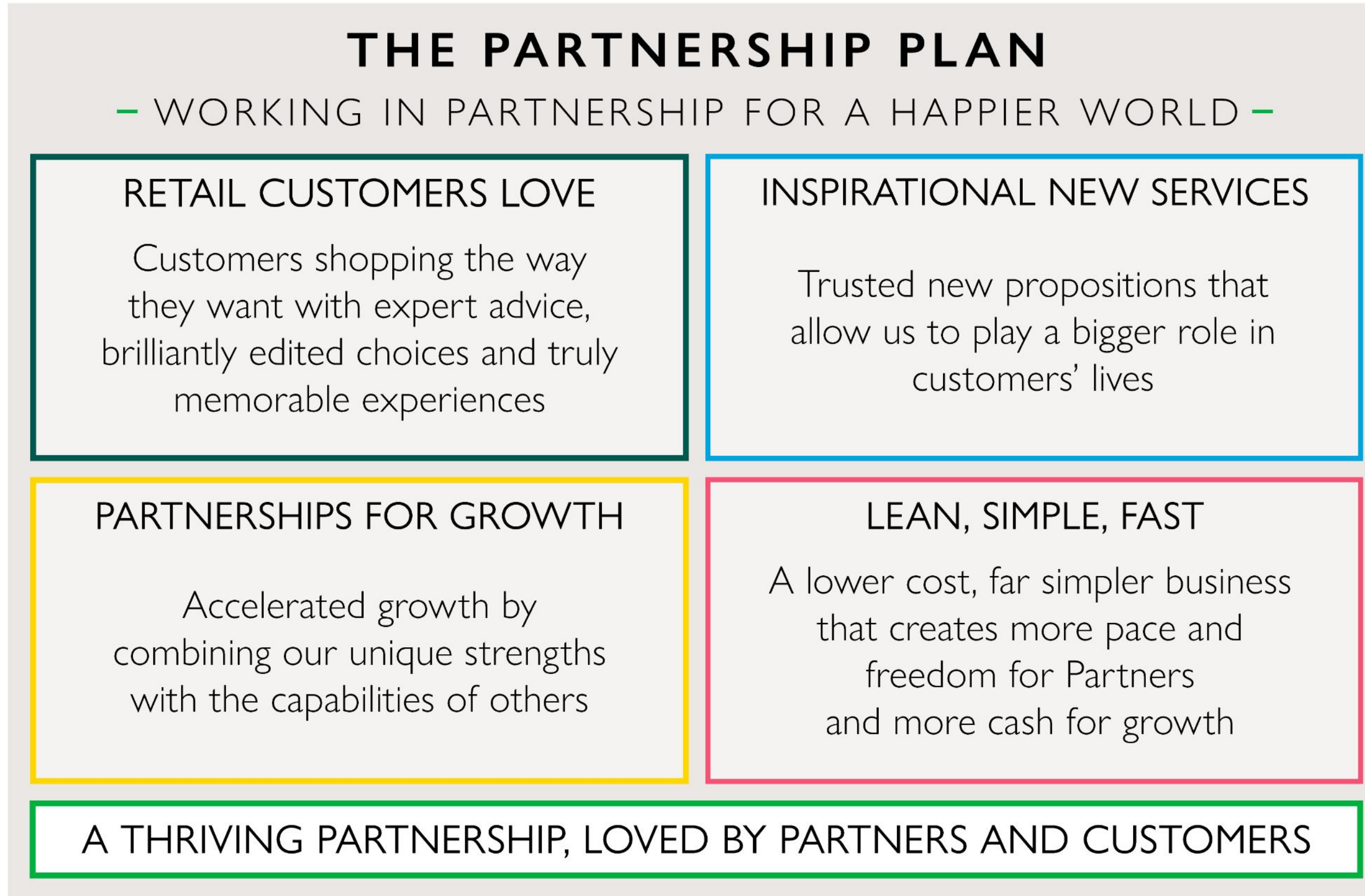
JOHN LEWIS
PARTNERSHIP

WAITROSE
& PARTNERS

Resilient performance despite uncertain environment

- Responding and adapting to **unprecedented cost of living crisis**
- **Prioritising support** for Partners, customers suppliers and communities with **targeted help**
- This is in line with being a business with a **strong purpose**
- **Our strength and agility as a business** means we can make these choices
- **Customer numbers up** in John Lewis and Waitrose and sales higher than pre-pandemic
- **Expanded our efficiency programme** to help mitigate inflation
- **Good progress with diversifying** - financial services and housing rental
- **Strong balance sheet**, loyal customers and dedication of Partners means we're resilient and able to invest for long term





Key financial headlines

Loss before tax, bonus and exceptionals

£92m

£69m profit LHY

£52m loss HI 19/20

Loss before tax

£99m

£29m loss LHY

£192m profit HI 19/20

Partnership sales

£5.7bn

Down 3% LFL vs LHY, Waitrose down 5%, JL up 3%
Up 9% LFL vs HI 19/20, Waitrose up 7%, JL up 13%

In-year cost savings

£90m

Stepped up efficiency programme to improve profitability

- **Lean, Simple Fast** a pillar of Partnership Plan to improve profitability
 - **£90m saved this half, £240m since programme began**
 - **On track to hit £300m by the end of this year**
- **Stepped up activity** amidst inflationary pressures to go further:
 - **Simplifying how we do business:**
 - Shop processes enabling Partners to focus more time on serving customers
 - John Lewis returns - streamlining and reducing time to get returns back on sale
 - **Working closely with suppliers:**
 - Continuing to seek value in the cost of goods we sell
 - Ensuring each product category delivers the best customer offer
 - **Empowering Partners** to identify and deliver change locally



Key financial headlines

Liquidity

£1.5bn

£0.4bn lower than LHY

Net debt

£1.6bn

£0.1bn lower than LHY

- **£150m of debt repaid early**
- **£192m of investment during H1** to deliver the Partnership Plan
- **£80m working capital investment** (mostly building stock in preparation for H2)
- **Pension scheme remains in surplus of £642m**

Waitrose: delivering on value and values for customers

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- **Sales of £3.6bn** are -5% like-for-like (+7% vs 2019)
- **Customer numbers up 6% YOY to 13.4 million**, managing spend by trading into own brand, online sales settling at 15% versus 5% pre-pandemic
- **Inflationary pressures** in cost of good sold and costs of running the business impacting profitability in the short term
- **Delivering Value For Money**
 - **Working hard with suppliers** to mitigate costs for customers
 - **Essential Waitrose** remains the UK's biggest value range, in nearly 7 in 10 baskets
 - **MyWaitrose** customers benefited from £46m in money-off vouchers
- **Continue to open new routes to customers** with Shell, Deliveroo and added Dobbies garden centres
- **Never more important to protect standards and welfare** e.g. £16m for pig farmers, 2.8m meals to vulnerable communities
- **Tackling costs and improving efficiency** for customers remains priority

John Lewis: reinvigorating the brand, investing in customer experience



- **Sales of £2.1bn, +3% like-for-like; +13% versus 3 years ago**
- **Total customer numbers are up 4% YOY to 12.2 million**
- **Growth in own-brand ranges and £500m investment in price**
 - Revitalising John Lewis & Partners mid-tier range
 - 3 million ANYDAY customers since launch in spring 2021
- **Holding prices of essential items where possible** e.g. school uniforms
- **Stabilisation of online/shop mix to 60:40% v pre-Covid 40:60%**
- **Investment in customer experience** across store, app, online
- **New brand promise, For All Life's Moments;** store format trial in 2023
- **Deeper customer relationships** - refreshed My John Lewis programme
- **John Lewis Finance growth with 11% increase in customer numbers,** savings and investments, testing new loan product, relaunched pet insurance

Supporting and investing in our Partners



- **Conscious decision to support partners** through cost of living crisis with financial support and health and wellbeing help
- **One-off cost of living payment to Partners equal to £500** per full-time Partner (pro-rated for part-time Partners)
- **Increasing entry level pay** for Partners
- **Doubled financial assistance** of grants and loans
- **Free meals at work** over winter
- Extra support on pay and free food **totals £45m**



- **Outlook uniquely uncertain**, but we are well placed to navigate current inflationary headwinds
- **Strong balance sheet** to help with trading volatility
- **Significantly investing in our brands** and delivering our Partnership Plan
- **Expanding our efficiency programme** to improve profitability
- Ready to give customers a memorable and **affordable Christmas**
- **Substantial strengthening of performance** needed for Bonus
- **Confidence in our strategy** to transform and grow our business



Questions