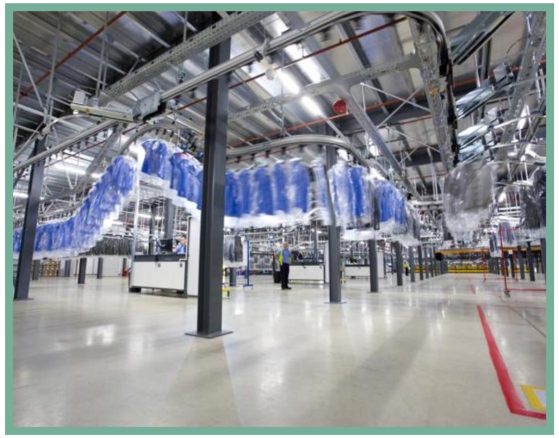
Unaudited Full Year Results

2016/17

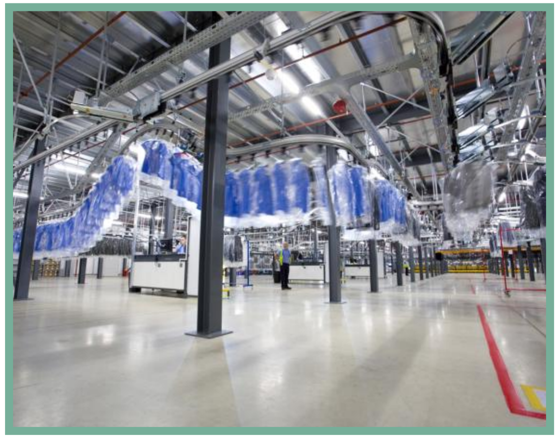
John Lewis Partnership



Overview

John Lewis Partnership

Sir Charlie Mayfield



Our results

- Sales and market share growth in both Waitrose and John Lewis
- Profits before exceptionals[1] up over 20%, largely due to lower pension accounting charges. After excluding these and our long leave accounting charges, profits before exceptionals up 2% in spite of trading pressures and investment in pay
- Exceptional items in the year reflect steps taken to adapt the Partnership for the future
- Partnership Bonus of 6%, equivalent to more than 3 weeks pay. Greater proportion of profits retained to strengthen our balance sheet

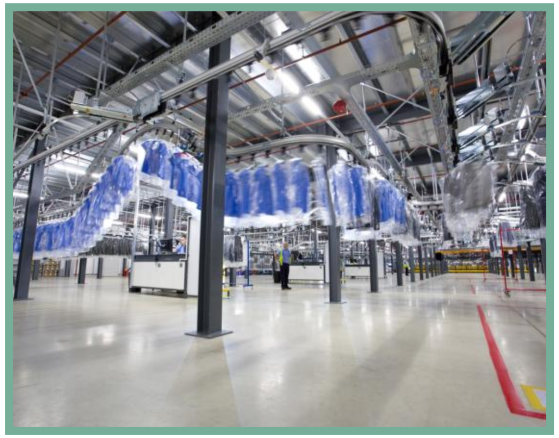
[1] *Profits before exceptionals is Profit before Partnership Bonus, tax and exceptional items.*

Acceleration of our strategy

- Strengthening the appeal of our two well-loved brands
- Creating better jobs, for better performing Partners, on better pay
- Strengthen our financial position

Financial results and sustainability

Patrick Lewis

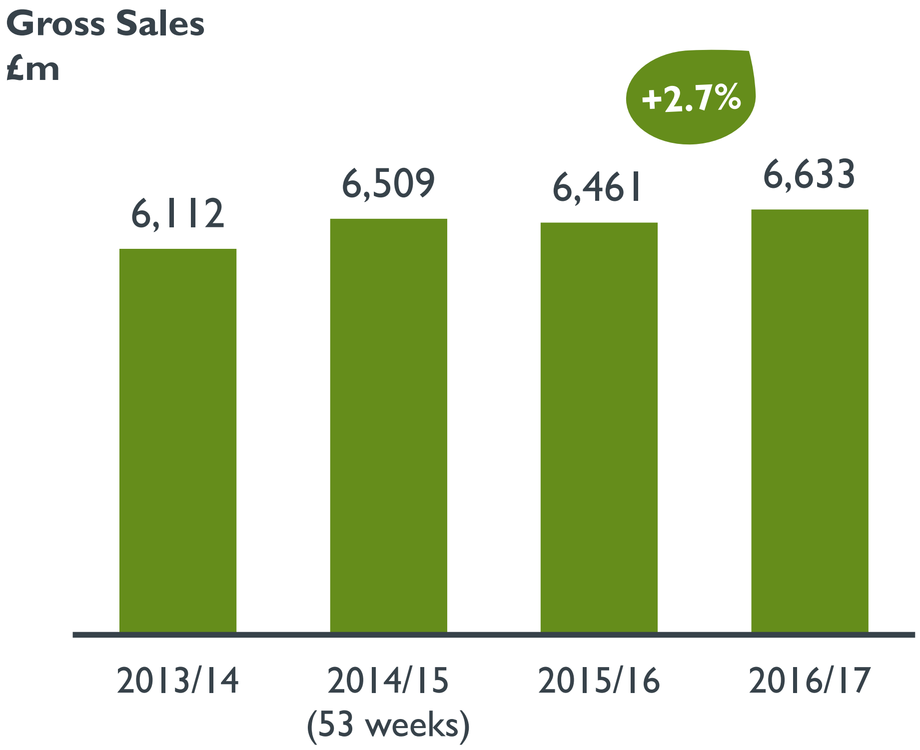


Financial highlights

- Gross sales of £11.4bn, up £355m (+3.2%)
- Profit before Partnership Bonus, tax and exceptionals[1] of £370.4m, up £65m (+21.2%), largely due to lower pension accounting charges. Including exceptionals up £142.8m (+32.8%) to £577.6m
- Net debt of £250.6m down £122m (+32.7%)
- Triennial actuarial pension deficit of £479m at 31 March 2016, nearly half the deficit at the previous valuation in March 2013
- Accounting pension deficit expected to be £1bn at January 2017, higher than the £940m at January 2016
- Partnership Bonus of 6%, equivalent to more than 3 weeks pay

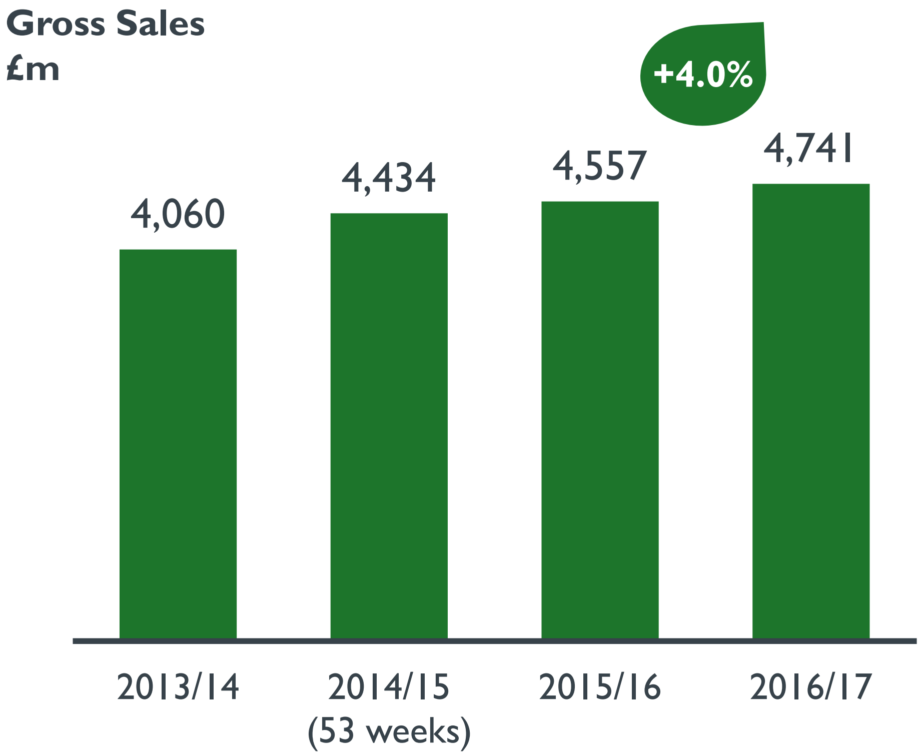
[1] Exceptional income of £207.2m (2015/16: income of £129.3m).

Strengthening sales in Waitrose as year progressed



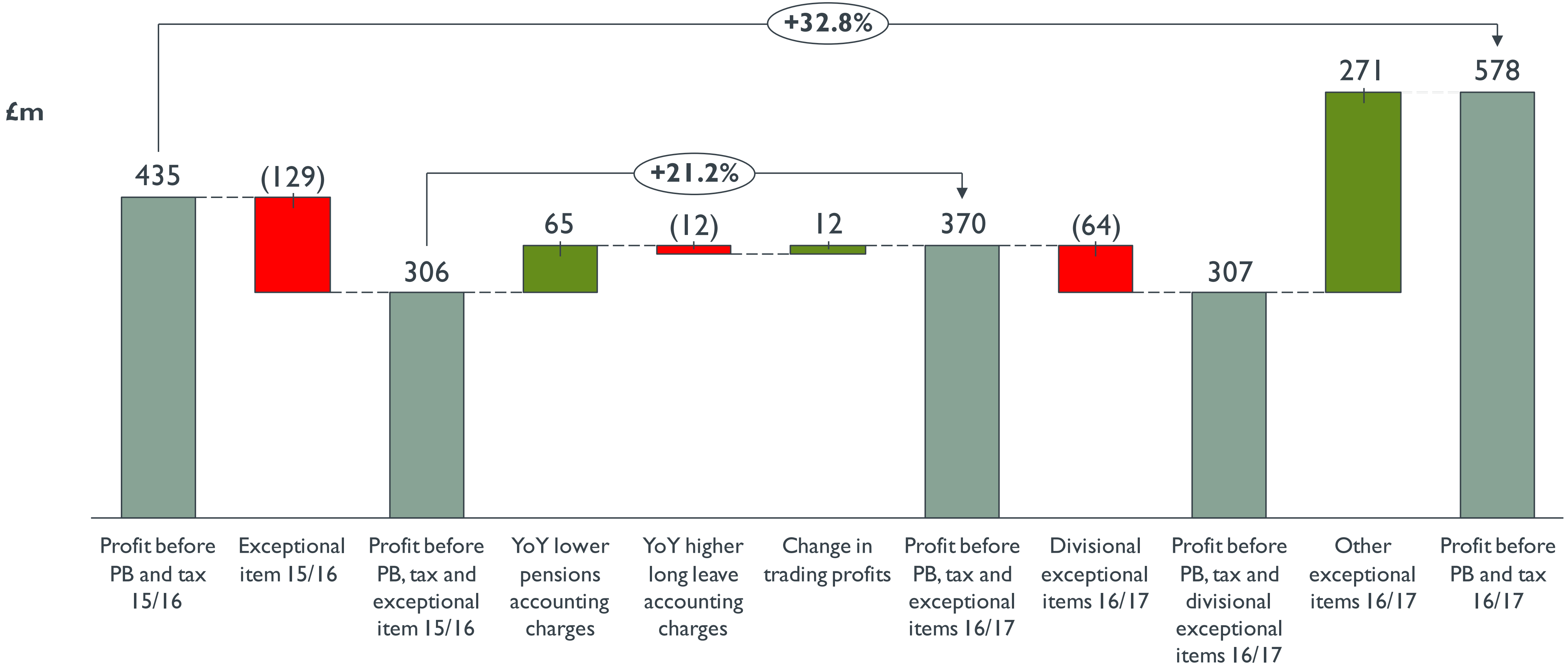
- Gross sales up +2.7%
- LFL sales down -0.2% but improved in second half
- 270,000 more customer transactions each week
- Record market share during Christmas week

Solid sales growth in John Lewis

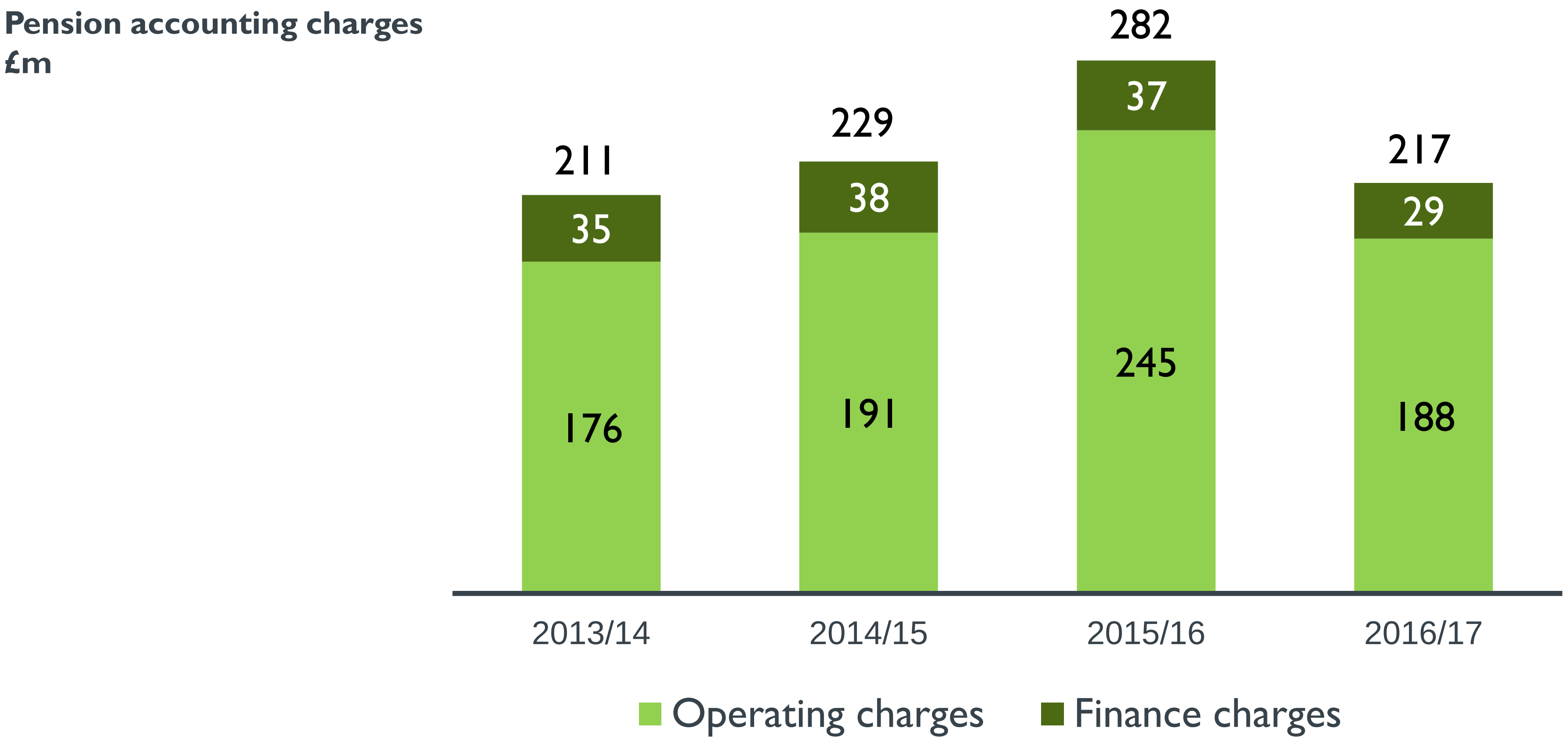


- Gross sales up +4.0%
- LFL sales up +2.7%
- BRC outperformance of +2.8%
- Record breaking Peak Sales - Black Friday 2016 was JL's largest day of sales on record

Increase in trading profit and reduced pension costs

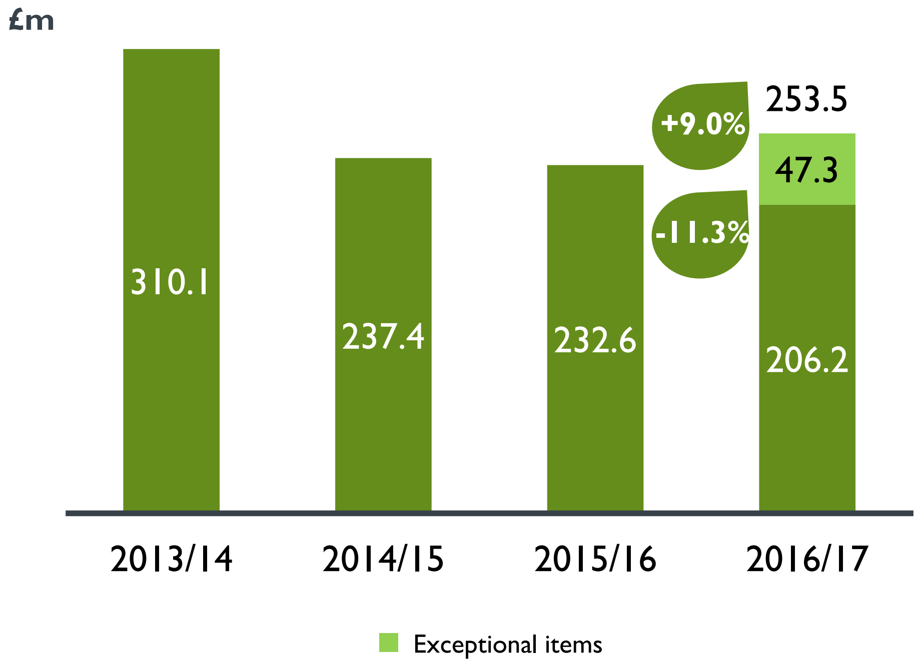


Lower pension accounting charges

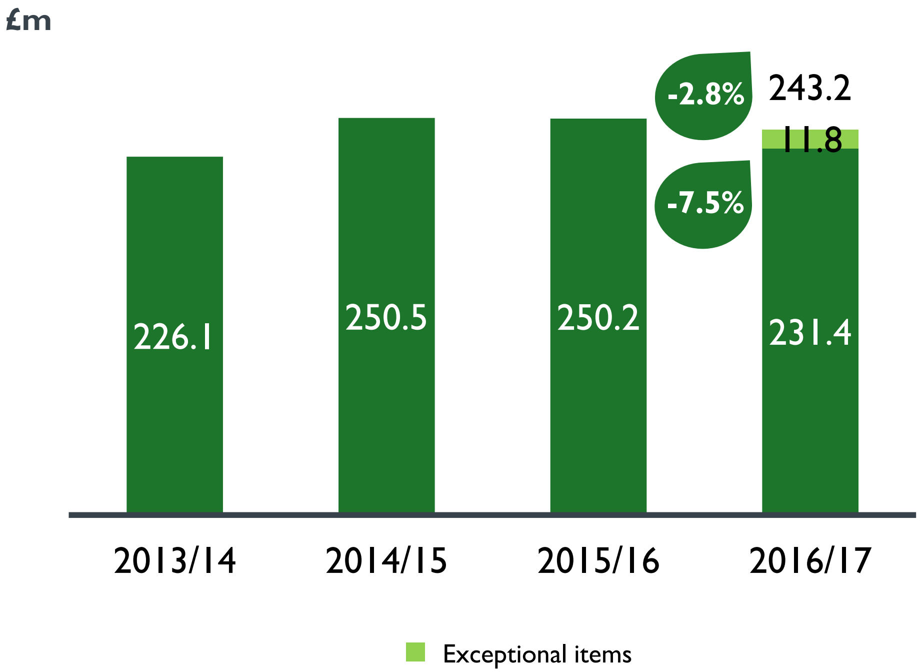


Solid operating profits in a tougher market

Waitrose



John Lewis



Exceptional items

	2016/17 £m	2015/16 £m
Reduction in pension obligation (a)	270.0	-
Strategic review (b)	(42.9)	-
Restructuring and redundancy (c)	(20.7)	-
Profit on sale of Clearings building (d)	0.8	129.3
Total	**207.2**	**129.3**

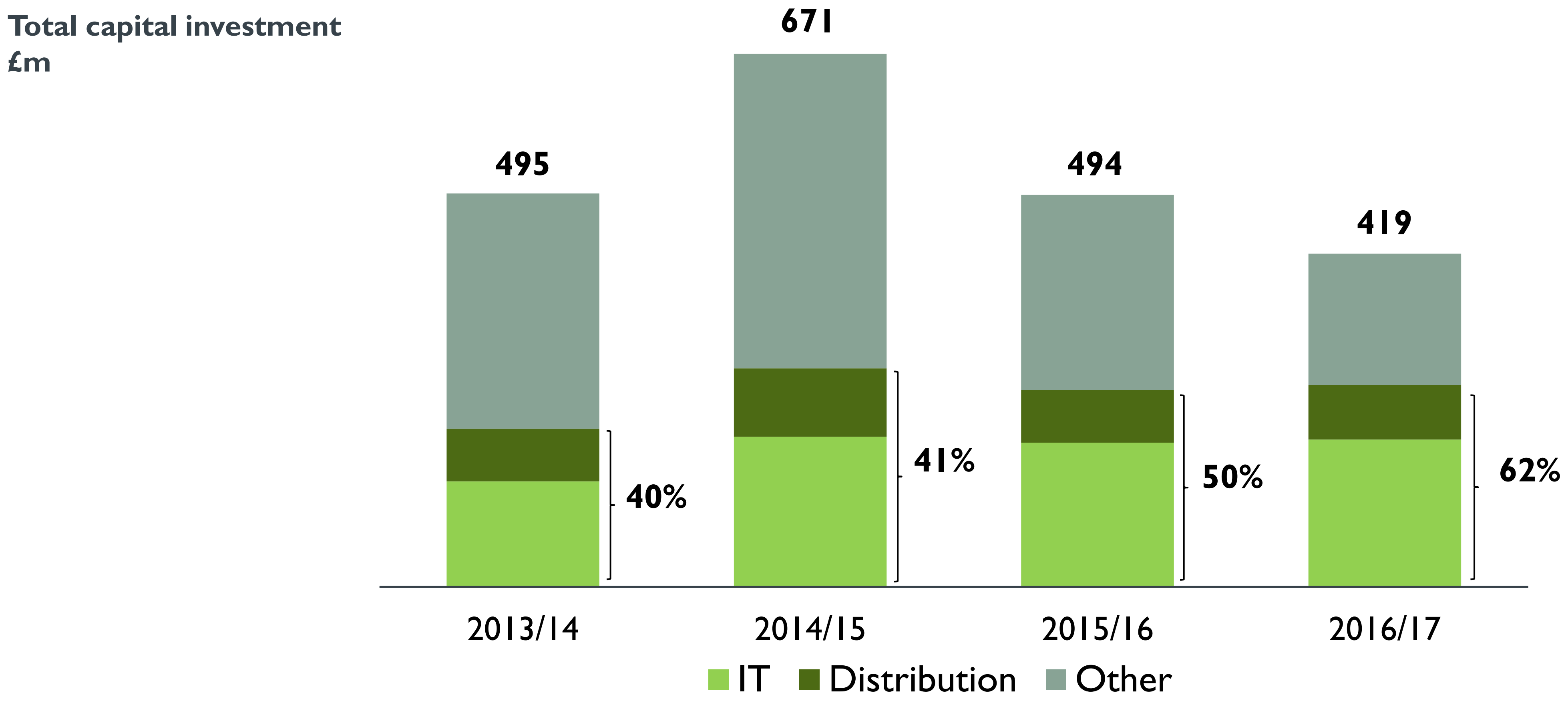
a) Reduction in pension obligation following change to the annual inflation rate assumed for pensions accrued prior to April 1997

b) Write down of property and other assets no longer intended to be developed or are now being exited, and related costs

c) Restructuring and redundancy costs, principally in relation to distribution, contact centre and head office operations

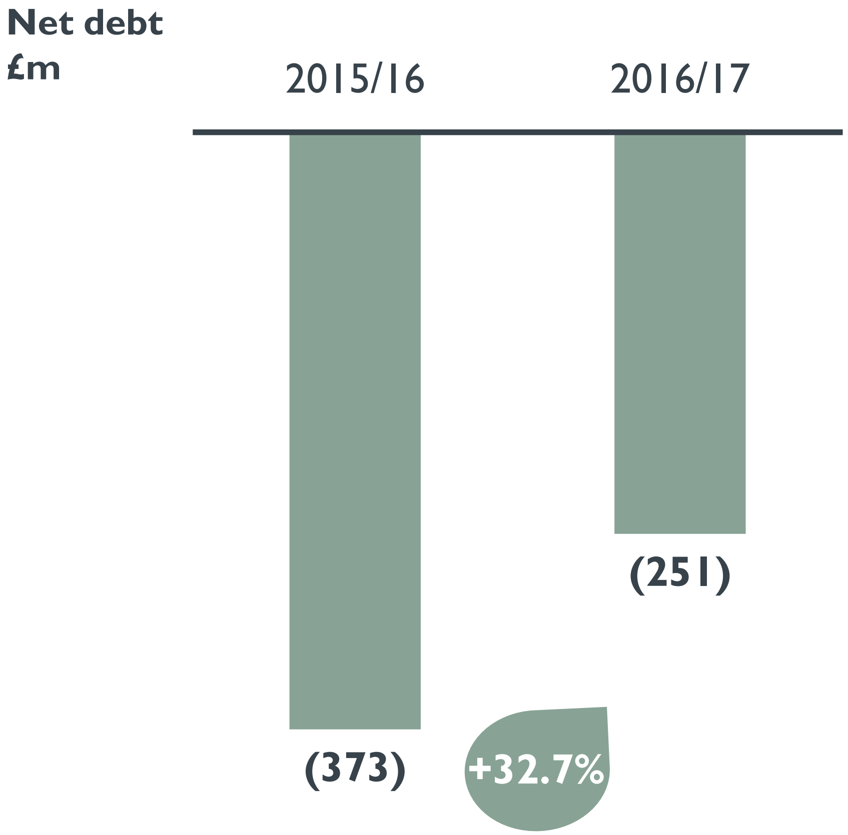
d) Finalisation of the Clearings sale

Total capital spend lower but greater proportion in IT and distribution



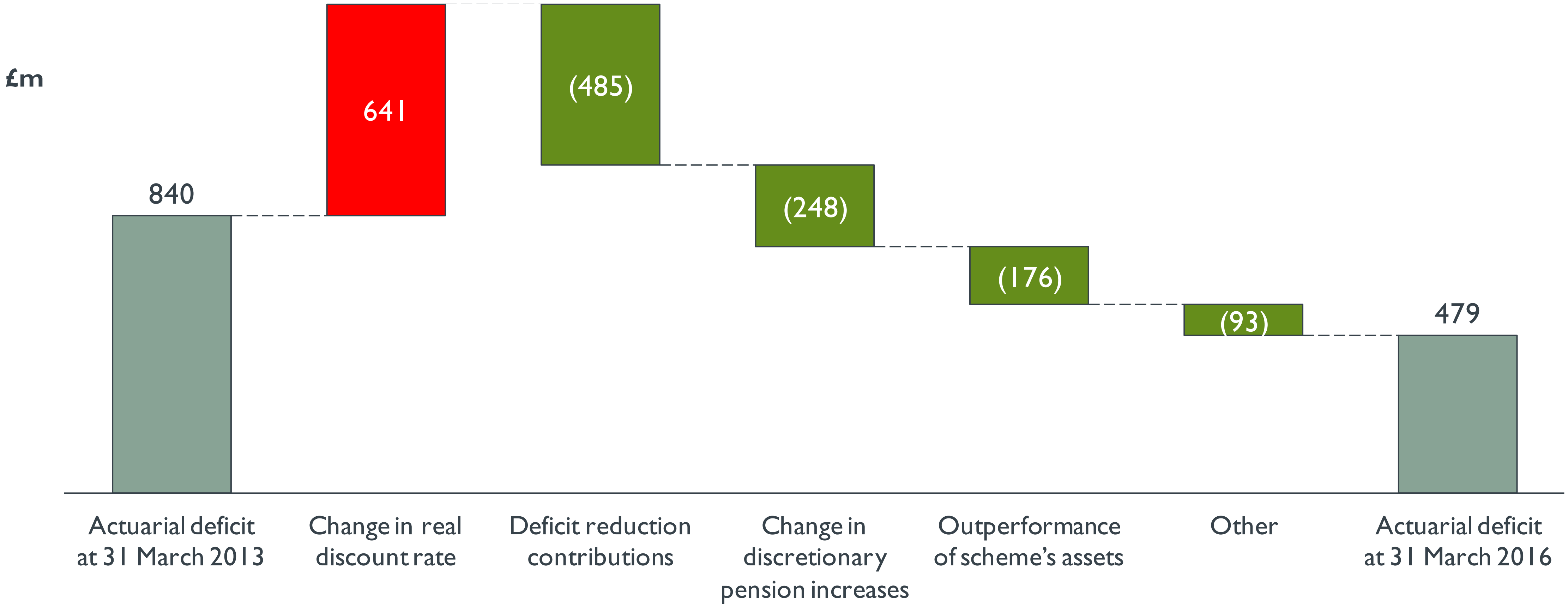
Note: Percentages are proportion of capital spend on IT and distribution in the respective year

Net debt significantly lower than last year



- Strong cash from operations over last 12 months of approximately £900m
- Reduction in capital expenditure spend
- One off and deficit reduction contributions to pension scheme of £125m
- Repayment of Partnership bond in April from surplus cash
- Cancellation of preference stock

Actuarial pension deficit nearly halved from last valuation



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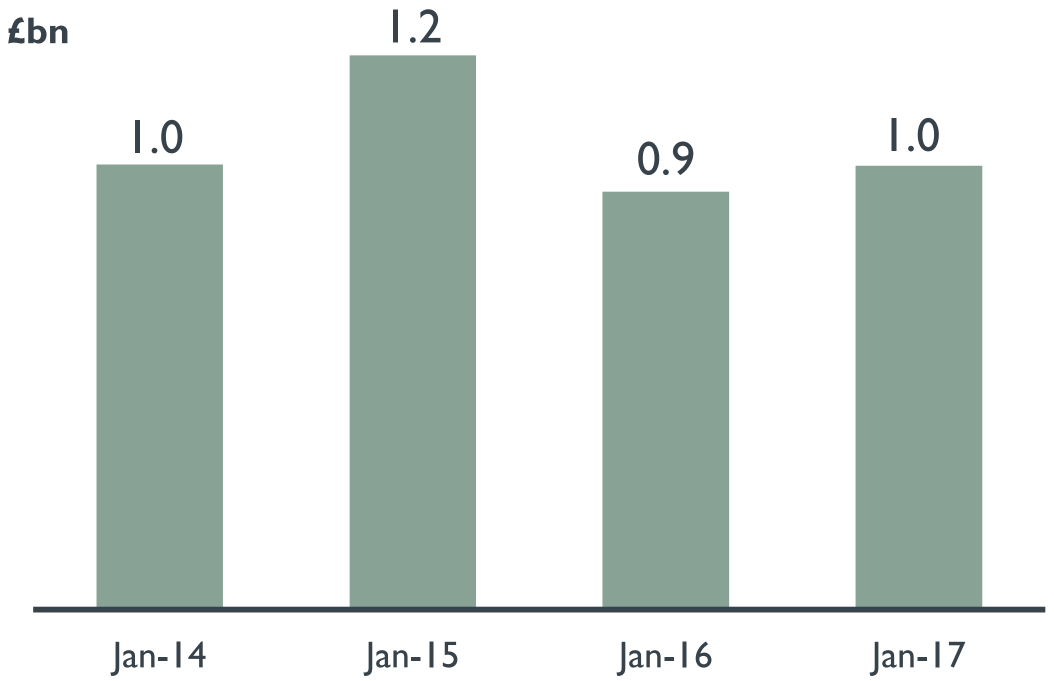
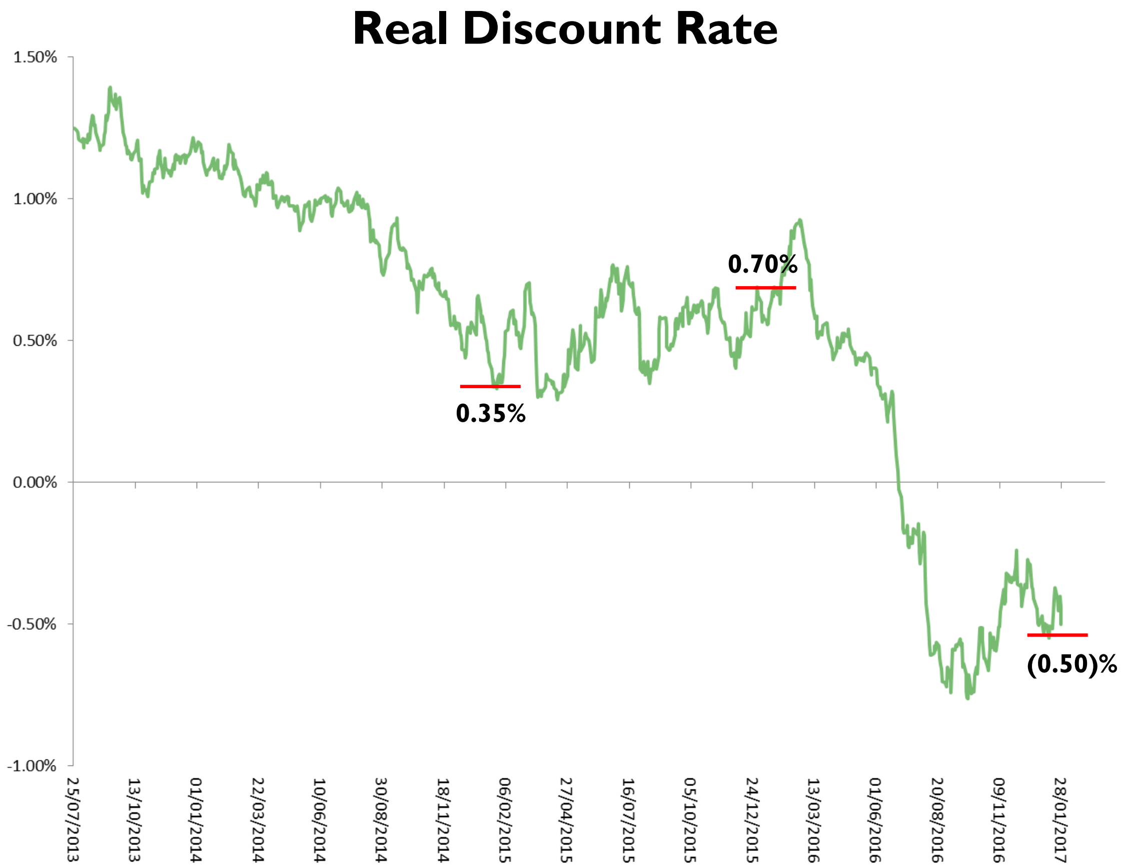
Accounting pension fund deficit





Partnership Bonus is lower

- Board has decided to retain a greater proportion of profit to strengthen our balance sheet. The reasons are:
  - Our total debts have increased to more than 4 times our annual cash flow and we need that to come down to around 3 times
  - The outlook remains volatile and uncertain due to the economy and pace of change in retail
  - Determination to accelerate our plans for the future - maintaining levels of investment even if conditions get tougher and covering costs of organisational changes

Continued investment in Partners

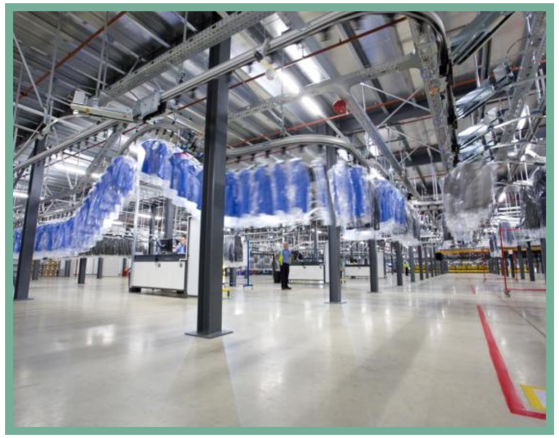
- Pay for Performance
- Ensure Partners' pay remains well above the National Living Wage
- Average increase of 5.0% in pay rates for our non-management Partners
- Above market pension offer

		2014/15	2015/16	2016/17
		£m	£m	£m
Partnership Bonus (inc NI)		156	145	89
Pension	Cash contributions (DB and DC)	172	176	178
	Additional one-off and deficit reduction contributions	332	-	125
Partner Benefits	Partnership Discount	72	75	73
	Dining room subsidy	25	25	23
	Other	30	31	31
Total investment in Partners		**787**	**452**	**519**

Stronger brands and new growth

John Lewis Partnership

Rob Collins



Waitrose

Regenerating our branches

- Programme of regeneration underway - investment in most shops over next three years
- Trials in Barbican and Twyford
- Include new food service formats and further developments in payments
- Online investment

Waitrose

A leading food service offer

- Food service sales up 4.7%
- 121 cafes, 7 wine bars, 9 juice bars and 85 bakery grazing
- Sushi Daily counters rolled out to 24 shops

Waitrose

Uncompromisingly good products

- Waitrose 1 premium range launched in May
  - 766 products
  - Generated sales growth of 17.5%
  - Products gained an average of 4.2 stars out of five on ratings and reviews

- Market leaders in English and Welsh wine

Waitrose

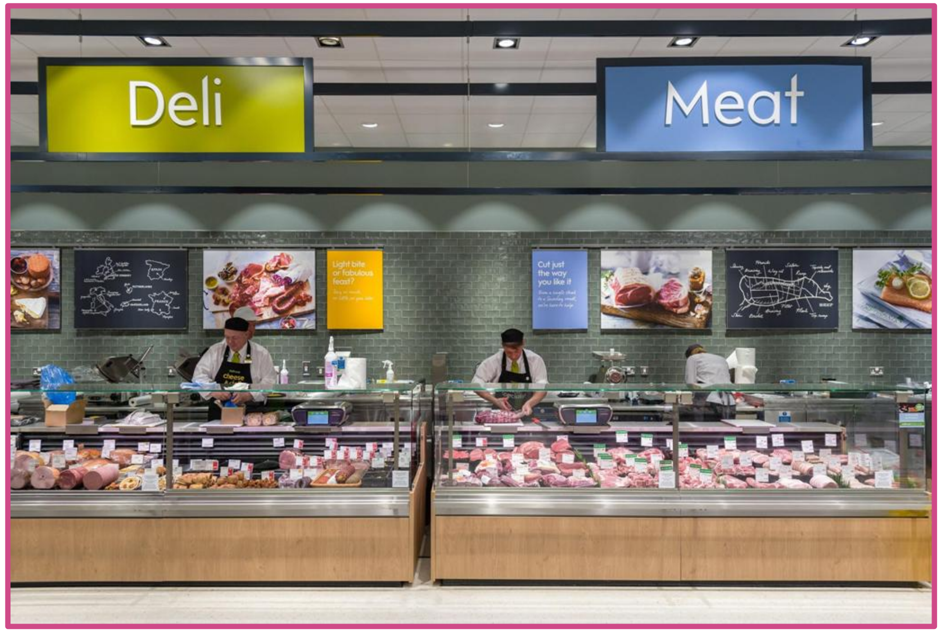
Uncompromisingly good products

- UK's first grazing pledge launched
- First retailer to set a deadline for brands to convert to more sustainable tuna
- First retailer to ban microbeads in cosmetic products

Waitrose

Even more focus on service

- Flexible working model - right Partner, right place, right time
  - Rolling out to all supermarkets by end of July following successful trial
  - Increased productivity by 2.4% (items scanned per hour)



Waitrose

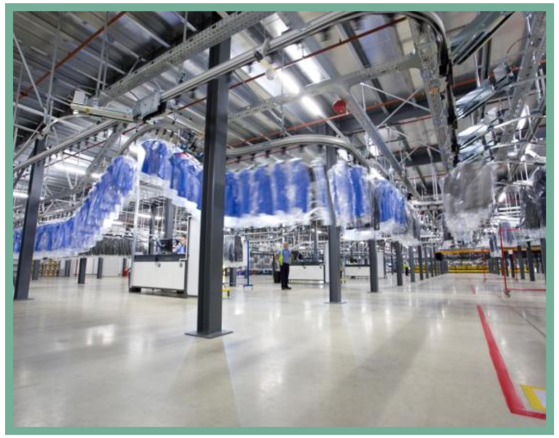
Looking ahead

- Three year branch regeneration programme continues
- 7 new branches planned in 2017/18 (including Faringdon, opened in February)
- Sushi planned in 36 more branches
- Further developing our Food Service proposition
- Expansion of Waitrose 1

Stronger brands and new growth

John Lewis Partnership

Paula Nickolds



John Lewis

Second half more important than ever

- Six weeks trading +4.9% and +2.7% LFL, outperformed the market
- Black Friday was a trading and operational success; biggest ever sales week at £199.8m
- Ad campaign had over 64m social views

John Lewis

Encouraging sales progress in all 3 categories

Fashion +3.8%

Home +3.0%

EHT +6.8%

John Lewis

Developing inspiring own-brand…

- Invested in our in-house design capability
- Launched modern rarity, our first luxury ready-to-wear fashion label
- Launched Design Project, a series of beautifully designed future design classics
- Builds on our ambition to build £1bn own-brand Home business by 2020

John Lewis

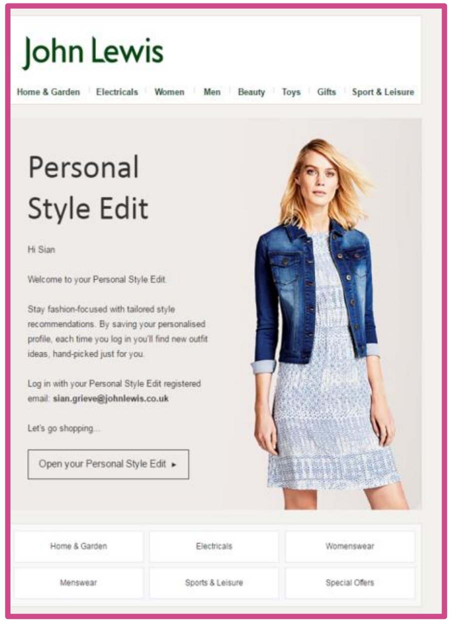
…alongside exclusive new brands

- Only high street retailer to sell cult online brands Hush and Finery
- First national UK retailer to stock Marc Jacobs Beauty, part of £9m Beauty Halls investment
- Launched new exclusive Home brands, Leon and Loaf; built on success of exclusive West Elm launch
- First with Technology exclusives from brands including Oculus Rift and Dyson

John Lewis

Continuing to build a business focused on our customers

- Grew customer numbers by 2.7% to 12.1m
- 2.3m myJohnLewis members
- Personal Style Edit on johnlewis.com
- Improved speed of service at Click & Collect points with customer-facing check-in points in three branches



John Lewis

Shops as places of inspiration and experience

- Opened two new shops in Chelmsford and Leeds – most service-led to date
- John Lewis Gardening Society saw 171,000 visitors
- Smart Home concept rolled out to three shops
- Shops increasingly represent wider opportunities for services - opticians, &Beauty spas, Kuoni travel agents, branded cafes and restaurants, Bureau de Change

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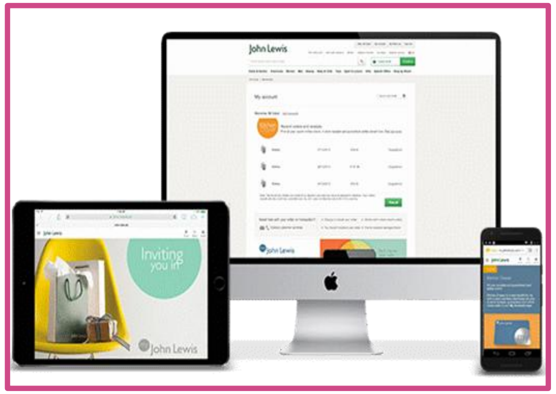
John Lewis

Omnichannel underpins success

- Two-thirds of customers used more than one channel
- New integrated platform for johnlewis.com
- Investment in operational excellence in new sites at Magna Park:
  - £150m investment, 2.4 million sq ft, 500 new jobs
  - Part of five-year, £500m investment plan in systems with £250m investment in distribution network



John Lewis

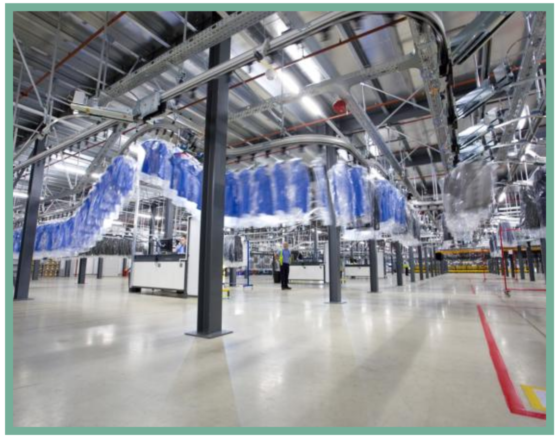
Looking ahead

- New shop opening in Oxford on 24 October
- Investment in mobile handsets for branch Partners
- Five Australian shop-in-shops opened and largest shop-in-shop in Dubai to open later this month
- Exciting new product launches to come….

Conclusion

John Lewis Partnership

Sir Charlie Mayfield



First 5 weeks' trade

Gross sales increase	5 week total	5 week LFL
John Lewis Partnership	+0.5%	
Waitrose	+0.4%	-1.4% *
John Lewis	+0.5%	-1.4%

* excluding petrol

Looking ahead

- Starting from a position of strength
- Trading pressures will continue as a result of wider changes taking place in retail
- Rate of change in selling prices likely to be significantly slower than rate of change in input costs as a result of weakness in Sterling exchange rate
- Expect both inflationary cost pressures and competition to intensify in the market
- Accelerating aspects of our strategy to ensure the Partnership's success
- Expect significant one-off costs of change to impact short-term profits

Unaudited Full Year Results

John Lewis Partnership

2016/17