



Now & the Future

Partnership strategy update

27 June 2018

Sir Charlie Mayfield

Patrick Lewis

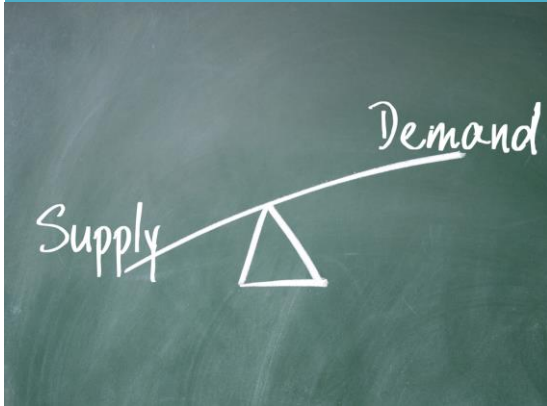
Rob Collins

Paula Nickolds

“The John Lewis Partnership is like a Curate’s egg, both good and bad. Some of their strengths can be weaknesses. For example, one of the enormous strengths is its history, the values, model and philosophy but much of the future of the Partnership will be defined by how it deals with those strengths in this current environment. Can it answer these threats without losing what it stands for?”

The challenge

Excess of supply vs demand



Inflationary pressures



What choices are we making?

- Strong position relative to market
- Difference not scale
- Built off sound financial strategy





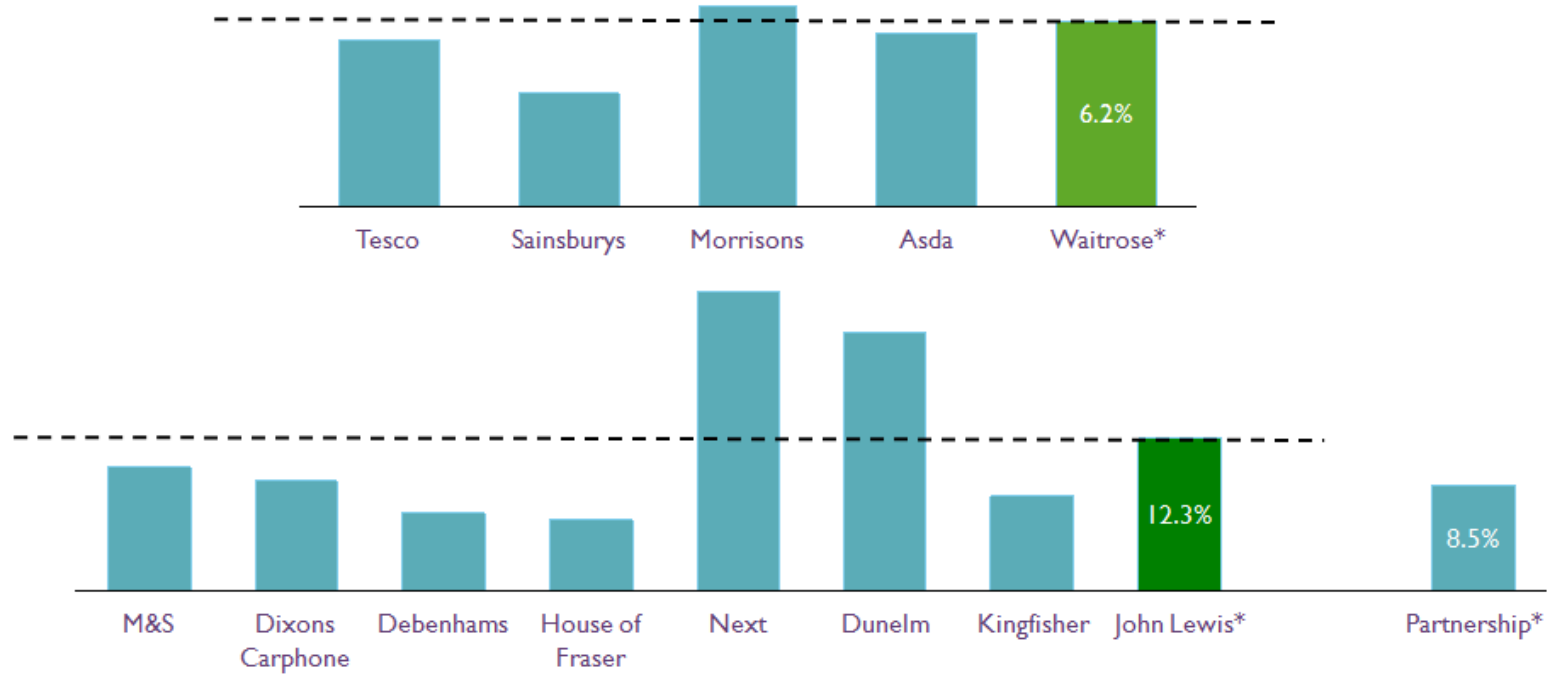
Securing the Partnership's future

Patrick Lewis

The Partnership model

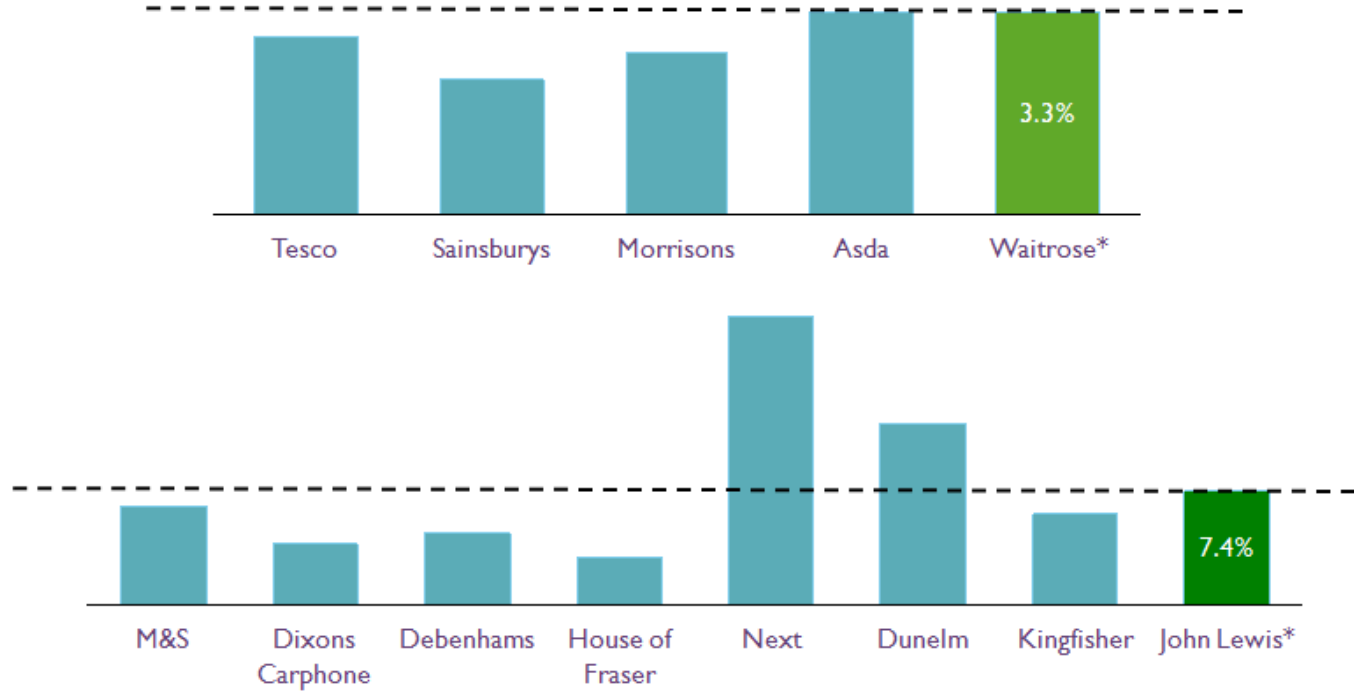


Return on invested capital %



* Includes allocation of Group costs and adjustment for above market benefits
 Source: information from latest Company annual reports and websites

Operating margin %



* Includes allocation of Group costs and adjustment for above market benefits
 Source: information from latest Company annual reports and websites

Our financial strategy

Long term

Financially independent

Strong and flexible

Rewards of ownership
shared with Partners



Debt reduction and
investment in the future

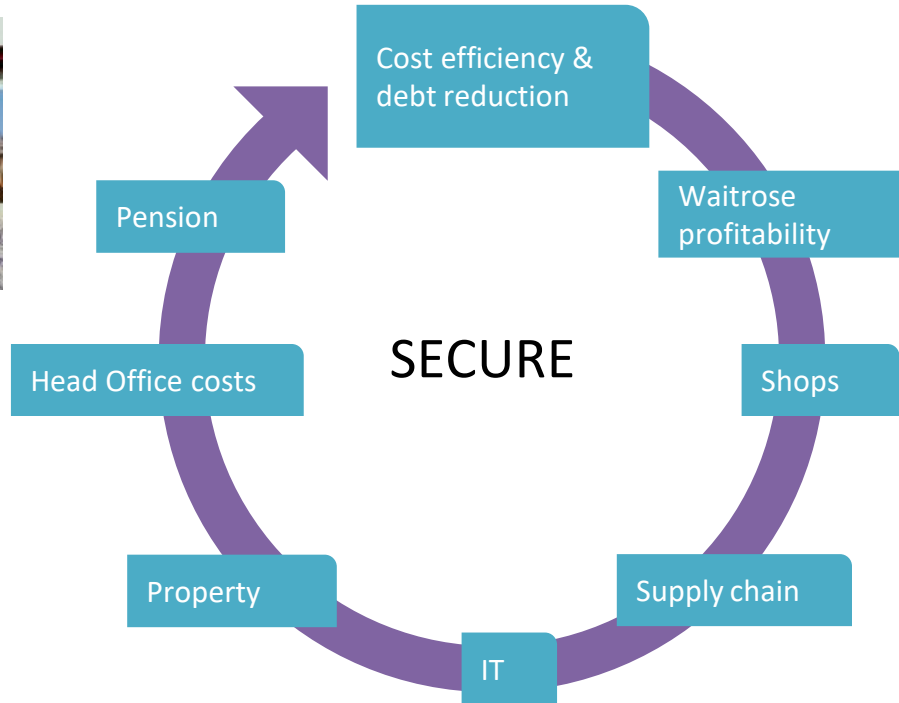
Strengthening our balance sheet

In the last three years we have:

- Stopped new investment in physical growth
- Halved the accrual on our DB pension scheme
- Reduced discretionary pension increases
- Reduced Partnership Bonus
- Doubled our total liquidity to over £1bn



Prioritising a strong and flexible balance sheet

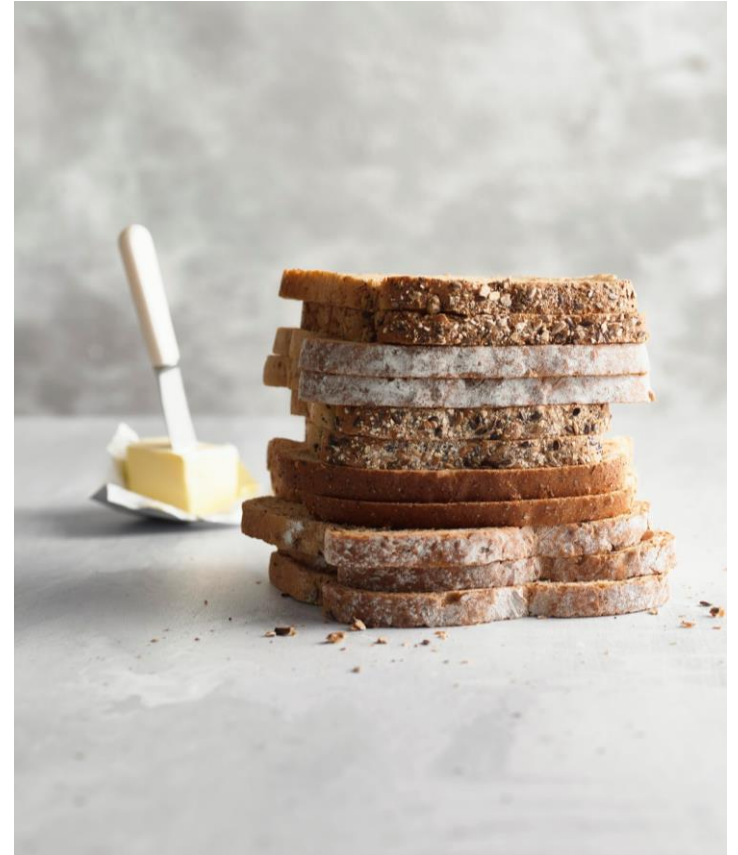




Differentiating Waitrose

Rob Collins

Differentiation: product



Differentiation: innovation



Differentiation: tailoring



Differentiation: health & wellbeing



Differentiation: doing the right thing



Differentiation: Service

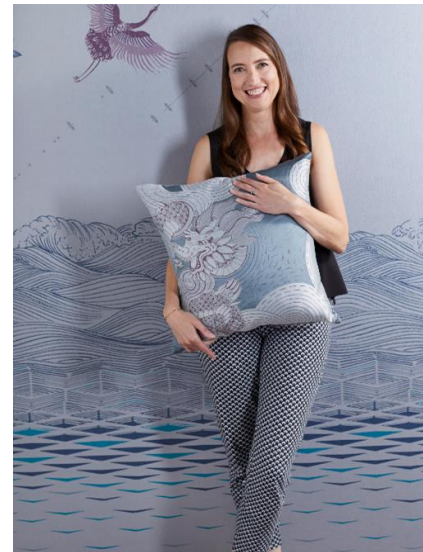




Differentiating John Lewis

Paula Nickolds

Differentiation: Product



Differentiation: Service



Differentiation: New and enhanced services



Always here, never standing still





Summary

Sir Charlie Mayfield

Summary

- We will continue innovation
- A financial strategy ready for all weathers
- Partners at the heart



New brand identity

WAITROSE
& PARTNERS

JOHN LEWIS
& PARTNERS



Questions