

John Lewis Partnership Christmas trading statement for six weeks ending 30 December 2017

Thursday 11 January 2018

Trading highlights include:

- Gross sales at the John Lewis Partnership were up 2.5% versus last year to £1,962m¹
- Waitrose gross sales (excluding fuel) were £928m, up 1.4% versus last year and up 1.5% on a like-for-like basis. Unlike last year's trading update, these numbers exclude New Year's Eve. If included like-for-like sales would be up an estimated 2.2%
- John Lewis gross sales were £1,034m, up 3.6% versus last year and up 3.1% on a like-for-like basis and significantly outperformed the market by 4.5%²
- Black Friday was John Lewis's most successful sales day in its history and contributed to the biggest ever week of sales, up 7.2% year-on-year
- 65.5% of John Lewis Click & collect sales collected from Waitrose stores, an increase of 0.9%pts compared to last year

Sir Charlie Mayfield, Chairman of the John Lewis Partnership, said: "We traded well during the Christmas period, with gross sales in the six weeks to 30 December £1,962m, up 2.5% on last year, with 1.4% sales growth in Waitrose and 3.6% in John Lewis. This was due to the exceptional hard work and commitment of our Partners. We focused on our differentiated product offering, attention to service and strong value proposition, underpinned by our Never Knowingly Undersold promise.

The pressure on margin seen in the first half of the year has intensified because of our choice to maintain competitive prices, despite higher costs mainly due to the weaker exchange rate. This will negatively affect full-year financial results as indicated previously.

Looking ahead to 2018/19 we expect trading to be volatile due to the economic environment and anticipate that competitive intensity will continue, driven by the structural changes taking place in the retail industry. We are well placed to continue building the strength of our two leading brands through these changes and will maintain our current investment plans. Our focus continues to be offering our customers the best range of products and the best value, supported by a market leading service.

As usual, Bonus will be decided in March. The Board expect to continue their policy of strengthening the balance sheet and maintaining investment for the future. As indicated at the half year, we expect our Debt ratio³ at January 2018 to be higher than last year's four times. Over the long-term, we continue to target a Debt ratio of around three times."

¹ The six week period this year runs from 19 November to 30 December 2017. Last year's six week trading period was to 31 December 2016.

² British Retail Consortium (BRC)

³ The Debt ratio is a measure of the Partnership's total net debts (including pension deficit and a measure for operating lease commitments) relative to its cash flow. For definition see page 9 of our 2017 Annual Report and Accounts.

Waitrose

Waitrose achieved like-for-like sales growth, up 1.5%, in a market which continues to be highly competitive with industry margins under pressure. Including the impact of New Year's Eve trade, which this year falls outside the reported period, total like-for-like sales are up an estimated 2.2%. Our online business performed very strongly achieving the biggest week of sales in its history.

Our overall sales performance this Christmas is testament to the strength of our brands and to the dedication and hard work of our Partners. Thanks to them we were able to create a real festive buzz in our branches. For example, we doubled the number of tastings in our branches for some of our innovative new products, such as our Chocolate and Ginger Mince Pies. Our one-day-only offers were also very successful and drove footfall.

We launched 500 new festive products – for example our new Heston Citrus Sherbert Lazy Gin sold a month's worth of stock in one day and sales of our premium range Waitrose 1 products were up by 4.2% in volume.

John Lewis

John Lewis significantly outperformed the market again this year, building on last year's strong peak trading performance despite the challenging, highly promotional trading environment.

Our inspiring Christmas proposition, innovative product assortment and competitive position on price helped us to build sales momentum across the period. We also offered customers popular shop experiences including my John Lewis customer Christmas events which saw a 15% increase in attendance and an 18% uplift in sales compared to last year. Across the three product areas there was a particularly good performance in Fashion up 4.9%, and EHT up 5.0% while Home was down 0.3% as customers were more cautious about bigger purchases for their homes.

Our continued participation in Black Friday underpinned our commitment to price matching through our Never Knowingly Undersold policy. The Black Friday week was the busiest in our history and included a record hour for online trade. In the lead up to Christmas, our strong operational performance allowed us to respond to record demand and extend our Click & collect cut off in John Lewis shops to 23 December for pick up on Christmas Eve.

John Lewis Partnership plc will report its full year results ending 27 January 2018 on 8 March 2018.

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Notes to editors

The John Lewis Partnership operates 49 John Lewis shops across the UK, johnlewis.com, 352 Waitrose shops, waitrose.com and business to business contracts in the UK and abroad. The business has annual gross sales of over £11bn. It is the UK's largest example of an employee-owned business where all 84,000 staff are Partners in the business.

Waitrose has 352 shops in England, Scotland, Wales and the Channel Islands, including 66 convenience branches, and another 27 shops at Welcome Break locations. It combines the convenience of a supermarket with the expertise and service of a specialist shop – dedicated to offering quality food that has been responsibly sourced, combined with high standards of customer service. Waitrose also exports products to 58 countries worldwide and has eight shops which operate under licence in the Middle East. Waitrose's omnichannel business includes the online grocery service, waitrose.com, as well as specialist online shops including waitrosecellar.com for wine, waitroseflorist.com for plants and flowers and waitrosegifts.com for gifts. In recent months, Waitrose has been awarded the much-coveted European-wide Compassion in World Farming *'Best Retailer Award'*, Soil Association's *'Best Organic Supermarket Award 2017'* and The Drinks Business *'Retail Buying Team of the Year Award'*.

John Lewis operates 49 John Lewis shops across the UK (35 department stores, 12 John Lewis at home and shops at St Pancras International and Heathrow Terminal 2) as well as johnlewis.com. John Lewis, *'Best In-Store Experience 2017'*, *'Best Furniture Retailer 2017'*, *'Best Homewares Retailer 2017'** stocks around 350,000 separate lines in its department stores and johnlewis.com across fashion, home and technology. johnlewis.com is consistently ranked one of the top online shopping destinations in the UK. John Lewis Insurance offers a range of comprehensive insurance products – home, car, wedding and event, travel and pet insurance and life cover – delivering the values of expertise, trust and customer service expected from the John Lewis brand.

* Verdict Consumer Satisfaction Awards 2017

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