

**John Lewis plc makes the following announcement for John Lewis Partnership plc,  
the ultimate holding company of John Lewis plc**

9.15am Tuesday 21 April 2020

**YOUR PARTNERS THROUGH IT ALL:  
TRADING UPDATE AND 2020 ANNUAL REPORT AND ACCOUNTS**

Dear Partner,

I wanted to thank you for your extraordinary commitment and professionalism during the pandemic. Your support to each other, to customers and to the community has been inspiring and humbling. The Partnership has come together in a wonderful way, with thousands of John Lewis Partners supporting Waitrose.

Today we are publishing our [Annual Report and Accounts](#), which sets out the Partnership's financial performance for last year. The Partnership is to all intents and purposes a social enterprise. We prioritise customers and Partners ahead of profit. We aim to make sufficient profit to invest in customers and Partners, not the maximum amount possible.

I wrote to you with the highlights of last year's financial performance when I announced the bonus decision in March. With the outbreak of COVID-19, I wanted to give you the latest picture on our trading performance. I also wanted to say more about how we are supporting customers, Partners, suppliers, and our communities at this time of national emergency.

This is a time of great uncertainty and volatility and the full year picture is impossible to predict. We are therefore looking at a range of different possible outcomes and how these might affect profits, sales and cash flow.

We are confident that the future of the business is strong. Our short term trading has though been significantly affected, principally because of the closure of all 50 John Lewis branches. John Lewis online remains open - providing essential goods and services to enable customers to live well at home - and online sales are substantially up on last year. But it has not been enough to offset the loss of shop trade. Demand at Waitrose has risen sharply but operating costs have increased too, especially as we have expanded online delivery.

**Prioritising safety**

The safety of our customers and Partners is our absolute priority. In our shops we have put in place checkout screens; raised the contactless payment limit to £45; introduced floor markers to support social distancing. In our warehouses and distribution we are operating social distancing and maintaining high health and safety standards. We are working round the clock to ensure Partners have all the personal protection equipment you need.

**Supporting Partners**

Partners are daily making significant personal sacrifices. All non-management Partners and first level managers will receive a one off award of £200. Partners who have been furloughed largely as a result of the closure of John Lewis shops, will receive full contractual pay until the end of May.

**Supporting the community and our suppliers**

As a Partnership we have a particular responsibility to support those in the greatest need. We have created a wellbeing area for NHS staff at the Nightingale Hospital in London, and are looking to do similar in Birmingham. With the British Medical Association we are providing boxes containing essentials such as toiletries, snack food, tea, coffee and socks for NHS workers. We have also given NHS staff priority service in our Waitrose shops.

We are also supporting elderly and vulnerable customers, with the first shopping hour of the day given over to them and one quarter of our online slots reserved for them. I know many more customers would like home delivery than we can cater for and this has caused understandable frustration. We also have set up a £1m fund to support vulnerable members of the local community, including schools for the children of key workers.

These are difficult times for suppliers. We are sticking by our commitment to pay our smaller food suppliers with a turnover below £100,000 within seven days. And we are donating £200,000 from the Waitrose charitable foundation to support overseas farmers.

**Trading**

The pandemic has significantly changed the trading patterns in both brands. In Waitrose, we have seen strong sales growth up 8% year-on-year since 26 January. Items in highest demand have been cupboard essentials like rice, pasta, long life milk; home baking; frozen foods and cleaning products. Sales have increased in both our shops and online. Demand for home delivery has been especially strong and we have increased our capacity by 50%, which puts us in good stead ahead of the ending of the Ocado contract in September.

In John Lewis, trading has been mixed. With stores closed, we have seen a significant spike in our online sales which are up 84% year-on-year since the middle of March. The highest demand has been in areas linked to working and living at home like technology and food preparation but also in looking after and entertaining our children and keeping fit. However, these are some of our less profitable lines. We are buying more Scrabble but fewer sofas. Overall, John Lewis sales are down 17% year-on-year since the middle of March, and down 7% year-on-year since 26 January.

Our worst case scenario for the full year assumes significant sales decline between April and June, and weak sales thereafter. Over the course of the full year, this worst case would result in a sales decline of around 35% in John Lewis, around double the current level, while at Waitrose it would result in a more modest decline of less than 5%.

**Cash and liquidity**

We started the financial year with just over £900m cash and investments in the bank and with access to a further £500m of undrawn committed bank facilities. Six weeks into the crisis, we are holding

broadly the same level of cash and investments. But with such unprecedented trading volatility we have a range of actions that we are ready to take to secure the financial sustainability of the Partnership.

The Government has introduced a 12-month business rates holiday for England and Scotland. This will save the Partnership around £135m this financial year. The Government has also deferred payment of VAT until March 2021, which will help our short term cash flow.

The Board has already taken a number of steps to preserve liquidity. These include:

- Lowering our planned stock intake in line with our slower trading in John Lewis.
- Reducing operating costs, including cutting back on our marketing spend by close to £100m.
- Minimising capital and investment commitments: Our capital and investment spend for 2020/21 will be over £200m less than originally planned.
- Furloughing more than 14,000 Partners whose jobs are temporarily no longer supported by the business.
- Negotiating with landlords regarding rent relief, including an immediate switch to monthly from quarterly payments.
- Working with our banking partners to consider how extra flexibility can be provided, should it be needed.

In addition, the Executive Team, Non Executive Directors of the Partnership Board, the Independent Directors and I will be taking a 20% cut in pay from April, initially for three months.

With these actions and continued close attention, I am confident that we have sufficient cash to operate successfully through a broad range of potential scenarios.

### **Emerging stronger from the crisis**

I announced in March that we will be undertaking a Strategic Review of the Partnership, to strengthen our core retail business and develop new services outside retail. The review will now be accelerated and will be substantially complete by the summer. It will seek to take account of changes in consumer behaviour to come out of the pandemic, such as a more pronounced shift to online and a desire to shop in more sustainable ways.

The Partnership has been trading for nearly a century. It has survived a world war and bombings, economic crashes and crises. Thanks to you, we shall also come through COVID-19 too and emerge stronger.

Sharon White  
Partner & Chairman

**-ENDS-**

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**Notes to editors:**

About the John Lewis Partnership

The [John Lewis Partnership](#) owns and operates two of Britain's best-loved retail brands - John Lewis & Partners and Waitrose & Partners. Started as a radical idea nearly a century ago, the Partnership is the largest employee-owned business in the UK and amongst the largest in the world, with over 80,000 employees who are all Partners in the business. For all intents and purposes, the Partnership is a social enterprise; the profits made are reinvested into the business - for customers and Partners. John Lewis & Partners operates 50 shops across the UK (37 department stores, 12 John Lewis at home and shops at St Pancras International and Heathrow Terminal 2) as well as [johnlewis.com](#). Waitrose & Partners has 338 shops in England, Scotland, Wales and the Channel Islands, including 61 convenience branches, and another 27 shops at Welcome Break locations. Waitrose & Partners exports products to more than 50 countries worldwide and has nine shops which operate under licence in the Middle East. The retailer's omnichannel business includes the online grocery service, [Waitrose.com](#), as well as specialist online shops including [waitrosecellar.com](#) for wine and [waitroseflorist.com](#) for plants and flowers. Our food business is bigger than our non-food business and our John Lewis shop sales represent less than a quarter of the Partnership's total revenue.