Unaudited Half-Year Results

14 September 2017

John Lewis Partnership

Our results

- Always anticipated a challenging year with difficult market conditions
- Gross sales up by 2.3% in both Waitrose and John Lewis; a solid performance
- Significant change activity ongoing across the Partnership
- Profit before tax and exceptionals down 4.6%; after excluding property profits, down 17.2%
- Acceleration of our strategy
  - Strengthening the appeal of our two well-loved brands
  - Creating better jobs, for better performing Partners, on better pay
  - Strengthening our financial position

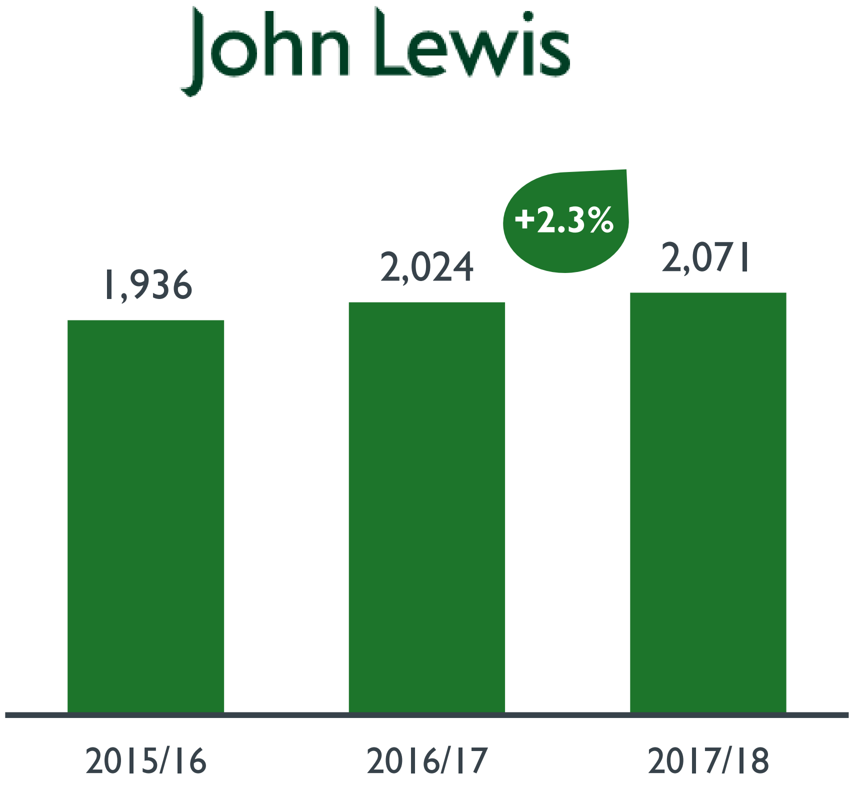
Financial highlights

- Gross sales of £5.4bn, up £121m (+2.3%)
- Profit before tax and exceptionals[1] of £83.0m, down £4m (-4.6%). After excluding property profits, down £15m (-17.2%)
- Net debt of £421.2m, £128.1m (23.3%) lower than 30 July 2016
- Accounting pension deficit, net of deferred tax, of £881m, £24m (2.8%) higher than at January 2017
- Estimated actuarial pension deficit of £290m

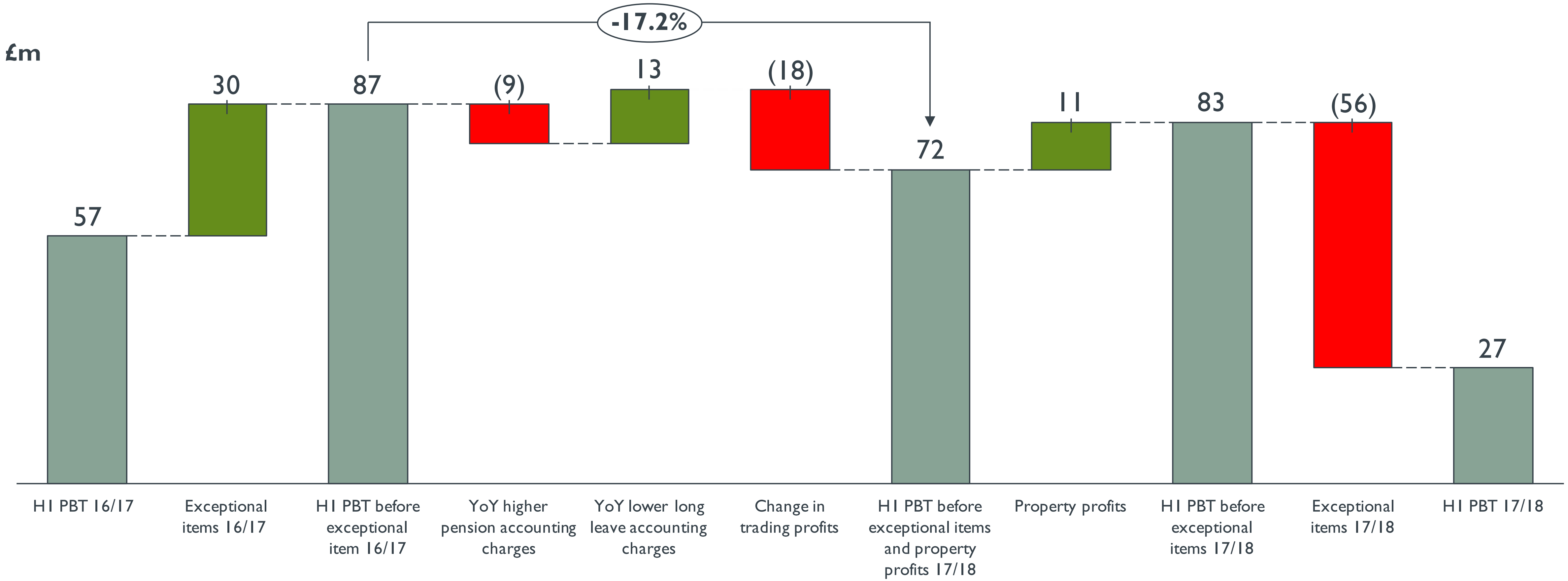
[1] Exceptional items of £56.4m (2016/17: £30.1m)

Solid sales growth despite challenging market

H1 Gross Sales
£m



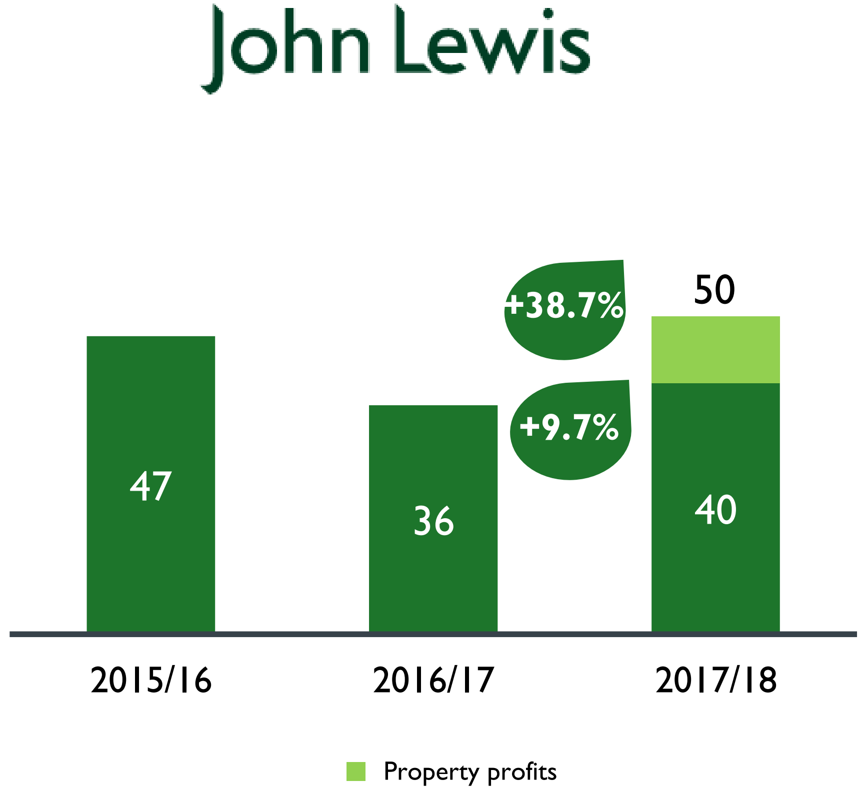
Partnership PBT pre exceptionals down



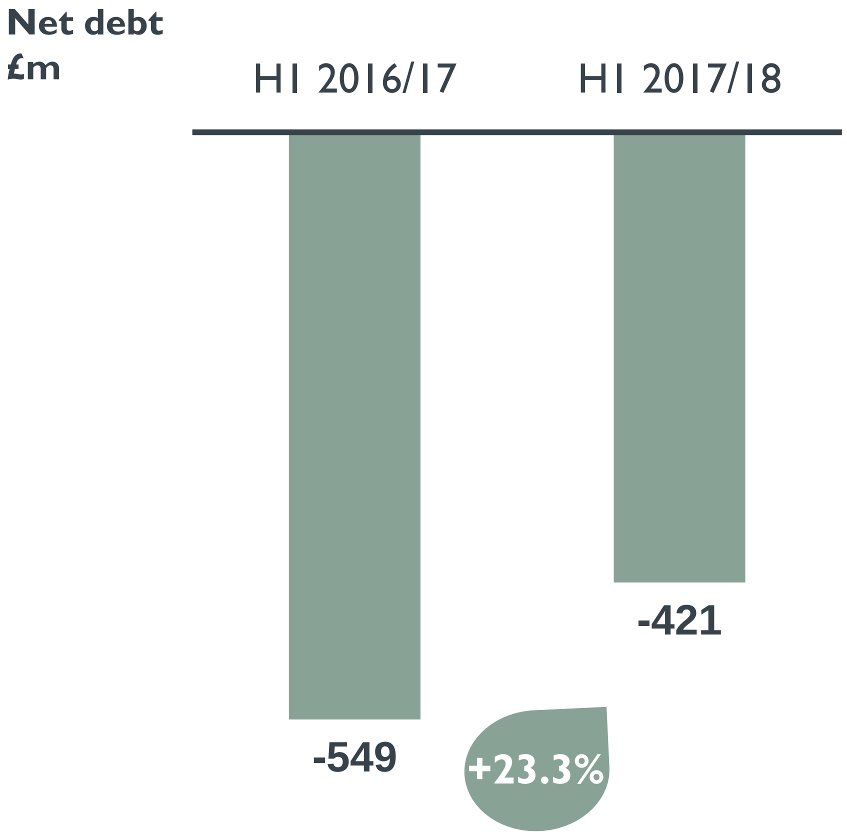
Note: Trading profit excludes pensions and long leave accounting charges as well as property profits

Profits up in John Lewis, but down in Waitrose as margin declined

H1 Operating profit
£m



Net debt significantly lower than last year



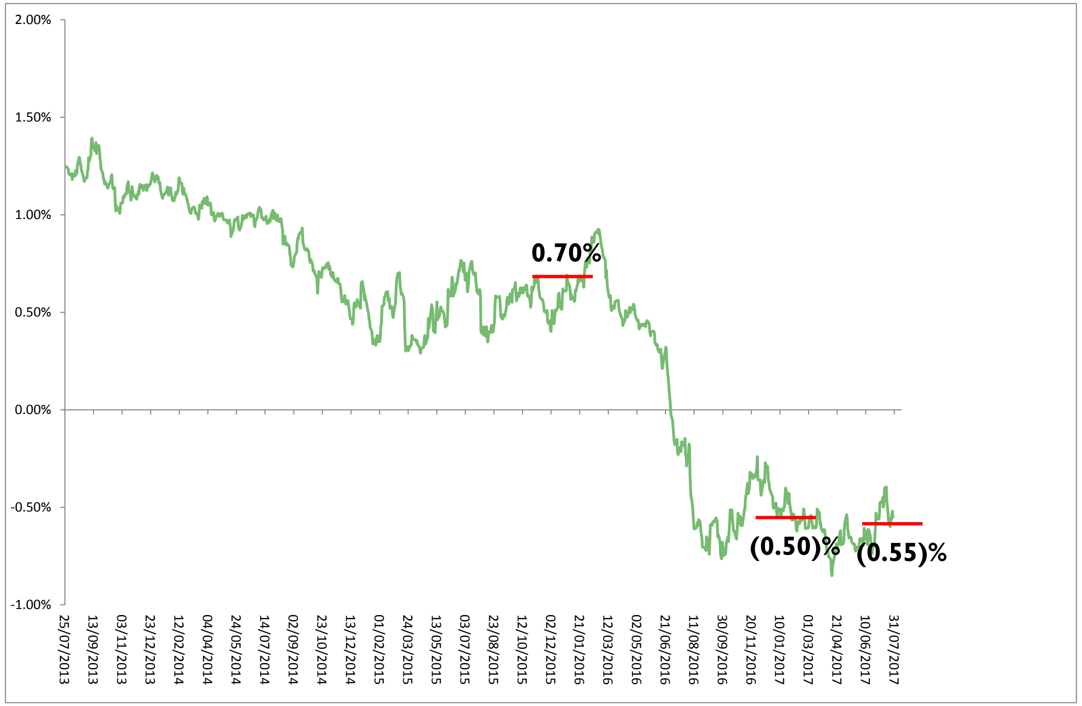
- Strong cash from operations over last 12 months
- Reduction in capital expenditure
- Reduced Partnership bonus distribution
- Strong liquidity position
- We continue to expect our Debt ratio will worsen at January 2018 compared to last year. Continue to target a long-term Debt ratio of around three times

Note: Debt ratio is a measure of the Partnership's total debt relative to its cash flow

Pensions

- Accounting pension deficit, net of deferred tax, of £881m, £24m (2.8%) higher than at January 2017
- Ten year deficit repair plan - £209m of £303m paid to date, of which £84m paid in H1. Estimated actuarial pension deficit of £290m at July 2017
- Continued strong performance of scheme assets
- Interest rate and inflation hedging programme continues
- Pension accounting charges for the year expected to be c.£25m higher than last year

Real discount rate



Waitrose

Performance summary

- Gross sales up 2.3%
- LFL sales up 0.7%
- Costs - well controlled in head offices, distribution and shops
- Margin - cost of goods growing significantly faster than our retail inflation (1.5%) especially in meat, fish and dairy; we have consciously absorbed the gap.

Waitrose

Uncompromisingly good customer experience

- Year 1 of three-year branch regeneration programme
  - Projects of varying scale completed in 68 branches; 62 more planned for H2
- Significant investment in online grocery – profitable sales growth of 4.3%
- One new core supermarket and two convenience shops opened in H1
- First-ever Food Service Director appointed to achieve potential in the market

Waitrose

Driving productivity

- Roll-out of flexible working completed this month
  - Encouraging early signs - productivity uplift of 3.2% where model is embedded
  - Positive customer feedback - right Partner, right place, right time
- Multi-functional devices being trialled
- 1.6% improvement in productivity in our shops
- Head office costs down 2.4%

Waitrose

Uncompromisingly good innovation

- Full relaunch of chilled prepared meals - new Chinese lines saw sales growth of 30%
- Relaunch of Good to Go range (including sales, sandwiches and snacking) – sales growth of 5%
- 80 Waitrose 1 products to launch
- Around 600 Christmas products including Heston's Black Forest Panettone

Waitrose

Uncompromising on ethics

- Winner of Compassion in World Farming's Best Retailer Award for highest welfare standards in Europe
- Grazing commitment for dairy cattle extended to 120 days
- Extension of commitment to Fairtrade - all tea to be Fairtrade by October
- Packaging commitment - all packaging to be widely recyclable, reusable or home compostable by 2025
- Sponsorship of national beach clean with Marine Conservation Society

Waitrose

Uncompromisingly good value and quality

- New lower prices announced on hundreds of essential Waitrose products
- Marketing campaign focused on provenance and quality as well as price

Waitrose

Looking ahead

- Three year branch regeneration continues
- New branches to open in Banbury and Winchmore Hill
- Sushi Daily counters roll-out to 21 more branches
- Christmas marketing campaign

John Lewis

Good performance against a challenging market

- Gross sales up 2.3%, delivered growth in market share and customer numbers
- BRC outperformance of +0.6%
- Operating profit before exceptionals up 38.7%. After excluding property profits, up 9.7%
- Sales during the Clearance period up 4.5% compared to last year
- Relentless focus on the customer and differentiating our brand from competitors will set us up for success in the second half where the majority of profit is delivered.

John Lewis

Category performance reflects market dynamics

Fashion +3.5%

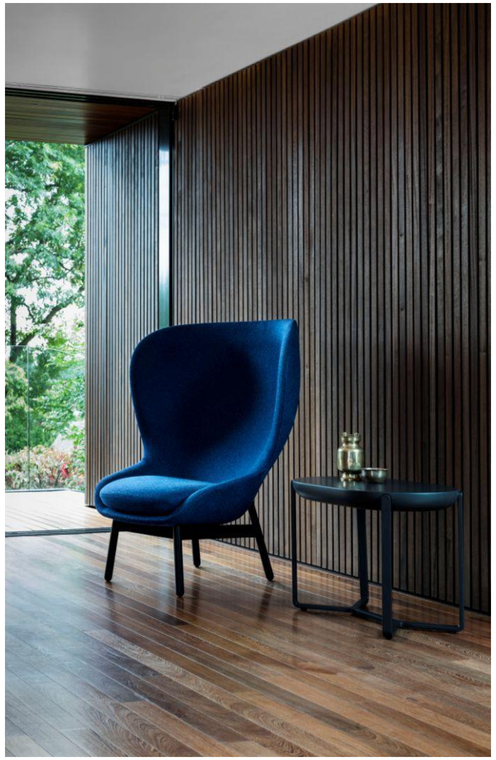
Home 0.0%

EHT +2.5%

John Lewis

Investment in own brand and exclusives

- Our first in-house denim lifestyle brand for women - AND/OR
- An exclusive new collection with Doshi Levien and Leckford - a collection inspired by Spedan Lewis, founder of the John Lewis Partnership
- Focus on exclusive branded products as well as important technology launches such as Samsung Frame and Microsoft Surface



John Lewis

Relentless focus on customers

- Investment in technology to both empower our Partners and to enhance the customer experience
- Reinvention of the department store – our shops as an invitation to experience our brand
- Responding to the customer need for inspirational content, we started shooting John Lewis Fashion at our 50,000sq ft cutting edge studio at Origin Park
- Topped YouGov's 2017 BrandIndex survey of most highly rated brands by consumers

John Lewis

Well placed for the all-important second half

- Only Here Autumn/Winter campaign supports our focus on own brand and exclusive products
- New shop opening in Oxford on 24 October
- Investment in enhancing the customer experience ahead of Peak
- Inspiring Christmas proposition with a wide assortment of innovative gifts and a focus on unique in-store customer experiences
- Second half key profit driver

Conclusion

John Lewis Partnership

Sir Charlie Mayfield

First 6 weeks' trade

Gross sales increase	6 week total	6 week LFL
John Lewis Partnership	+2.4%	
Waitrose	+1.2%	+0.4% *
John Lewis	+4.5%	+2.6%

* excluding fuel

Looking ahead

- Well set for the all-important seasonal peak
- Headwinds that have dampened consumer demand and put pressure on margins to continue into next year
- Higher pension accounting charges, due to low market interest rates at start of year
- Operating capital expenditure for the full year expected to be lower than last year
- Full year profits will depend, as they always do, on the final quarter

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