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

1. OUR PURPOSE
Return on invested capital %

Source: information from latest Company annual reports and websites

* Includes allocation of Group costs and adjustment for above market benefits
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
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

**Strengthening our balance sheet**
Prioritising a strong and flexible balance sheet

Cost efficiency & debt reduction

Pension

Head Office costs

Property

IT

Supply chain

Shops

Waitrose profitability

SECURE
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