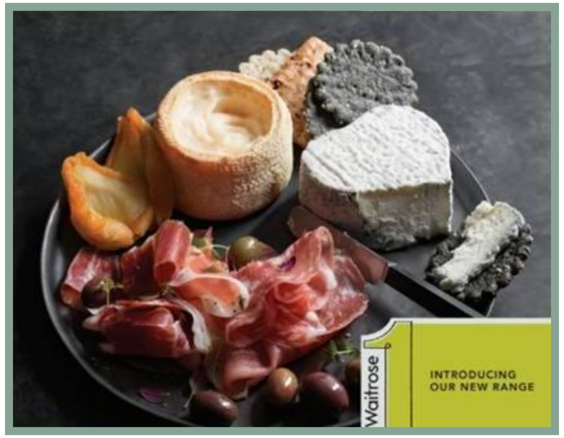
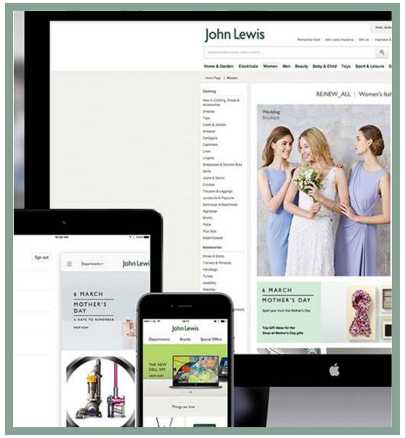
Investor meetings

September 2016

John Lewis Partnership

IT'S YOUR BUSINESS — 2028 —





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Agenda

- 2016/17 H1 Results
- Looking Ahead
- Overview of the Partnership
- Contacts

2016/17 H1 Results

John Lewis Partnership

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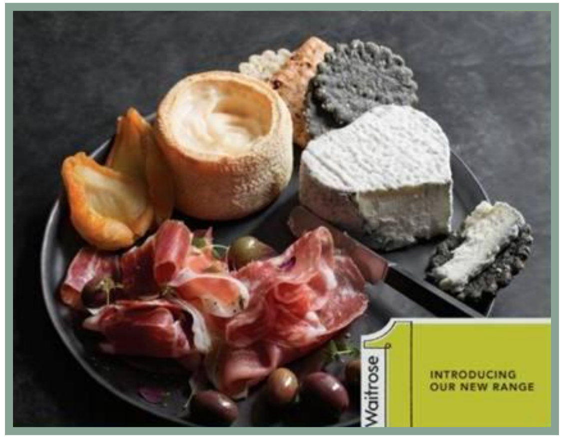
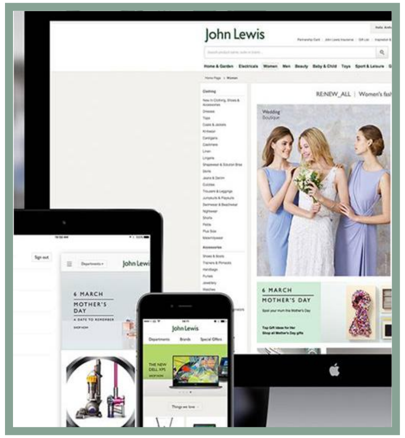




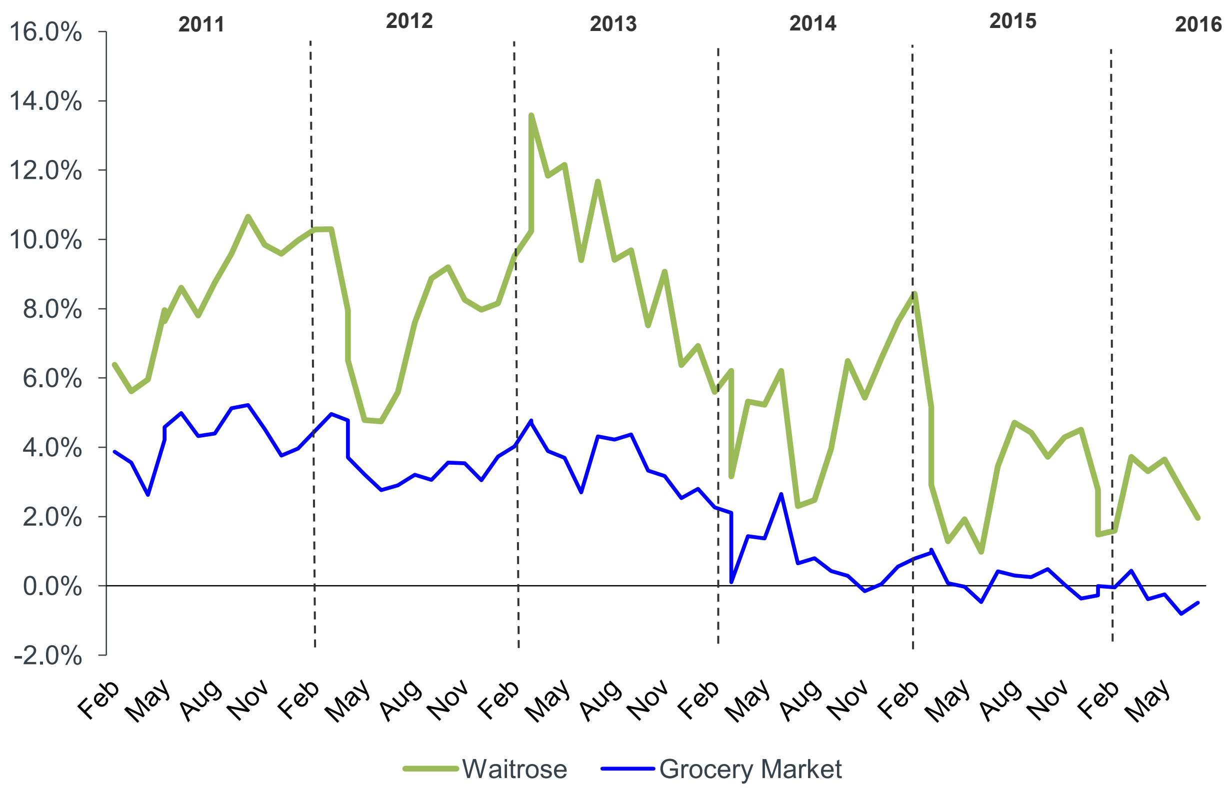
Financial highlights

- Gross sales of £5.3bn, up £158m (+3.1%)
- Revenue of £4.7bn, up £124m (+2.7%)
- Operating Profit before exceptionals* of £139m (-4.3%)
- Profit before tax and exceptionals* of £82m, down £14m (-14.7%) with lower operating profits in Waitrose and John Lewis and higher financing costs for our long leave scheme, partly offset by reduced pension operating costs
- Net debt of £549m, £115m (17.3%) lower than 1 August 2015
- Accounting Pension deficit of £1,454m, £512m (54.4%) higher than January 2016

* *Exceptional charge of £25.0m in Waitrose for the write-down of property assets no longer intended to be developed and related costs, following a strategic review (2015/16: income of £128.0m following the sale of the Clearings building)*

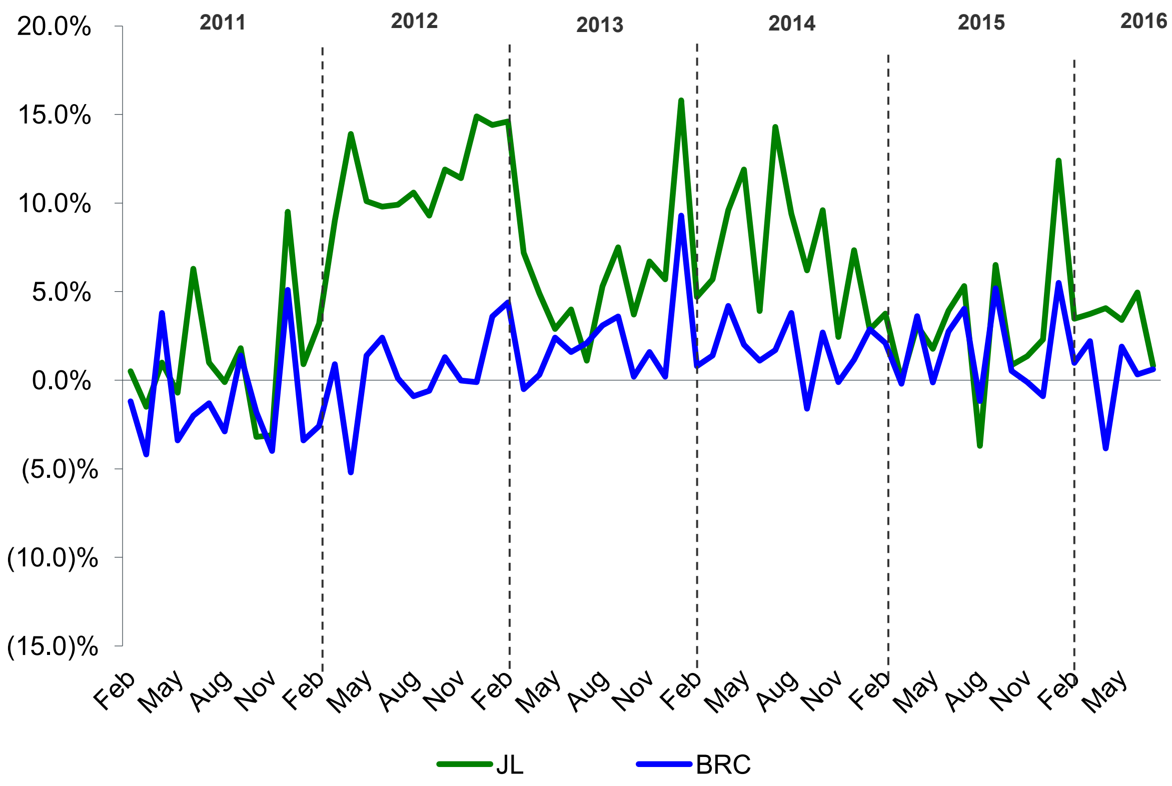
Continuing to outperform the market

Waitrose sales growth[1] exceeding the market



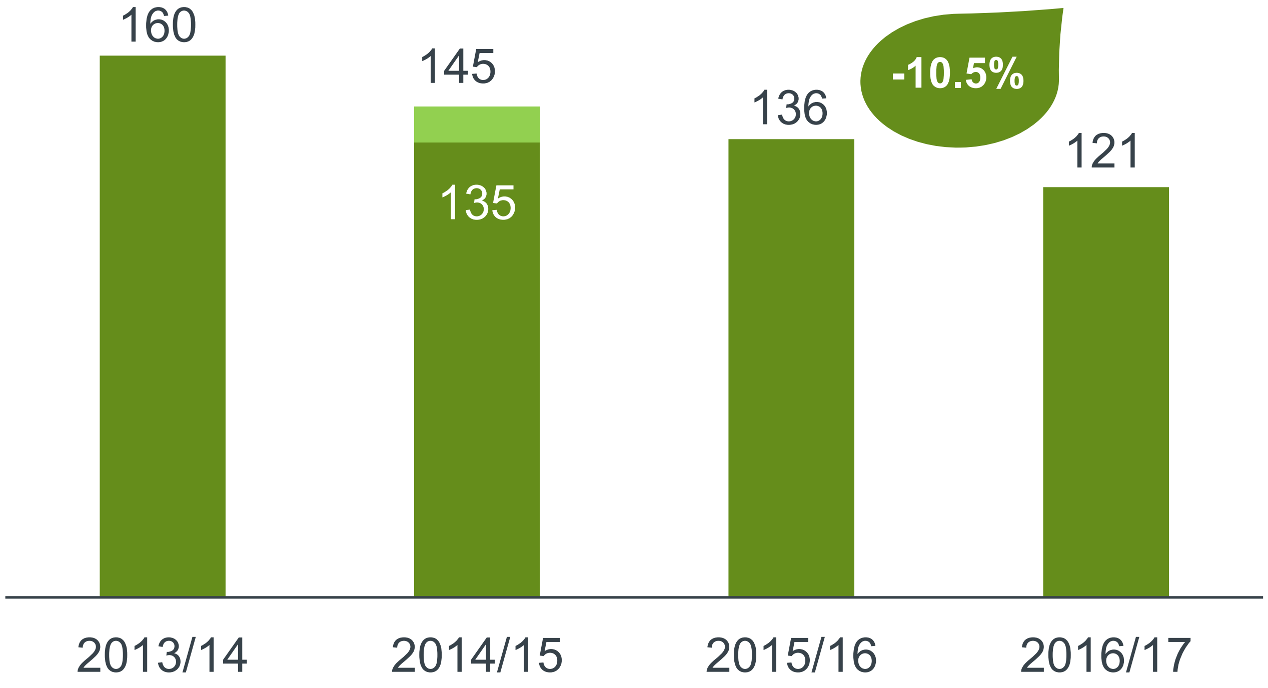
1. Kantar 12 week Grocery data, YOY

John Lewis LFL[2] ahead of BRC



2. Like for like sales is merchandise sales including VAT

Waitrose
(£m, before exceptionals)



Op. Margin *5.6%* *4.9%* *4.5%* *4.0%*

Excluding property profits *4.5%*

Property profits of £10.5m in 2014/15

Focus on innovation: Waitrose 1 range of 626 'best in class' products launched

Waitrose hospitality sales up 7.1%

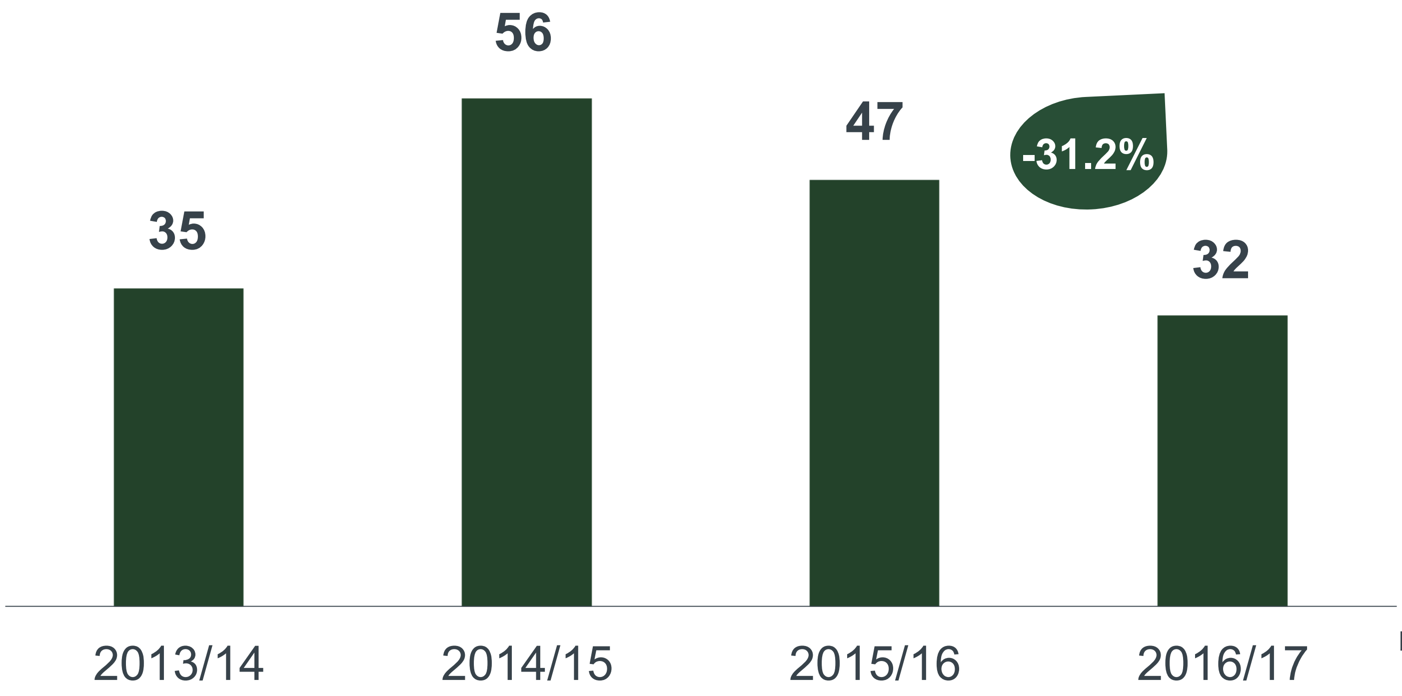
13 awards in H1

Productivity in shops – items sold per worked hour up 2.1%

Shifting our investment to our existing shops and e-commerce business

Significant efficiency programme investment

John Lewis
(£m, before exceptionals)

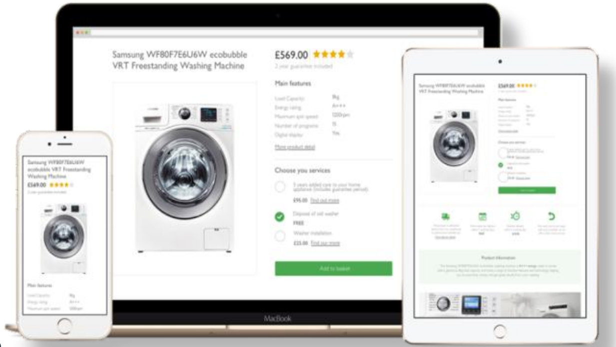


Op. Margin *2.5%* *3.8%* *3.0%* *2.0%*

Customer tracking for easier shopping

Magna Park investment

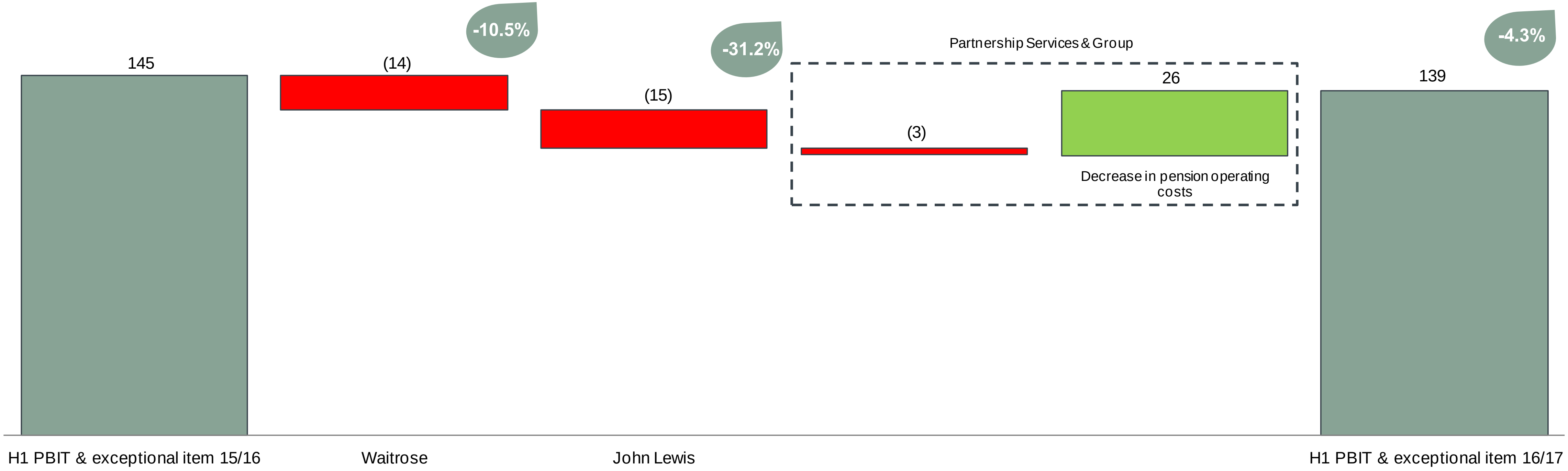
Focus on innovation: new own-brand luxury womenswear label, Modern Rarity



Consistent experience

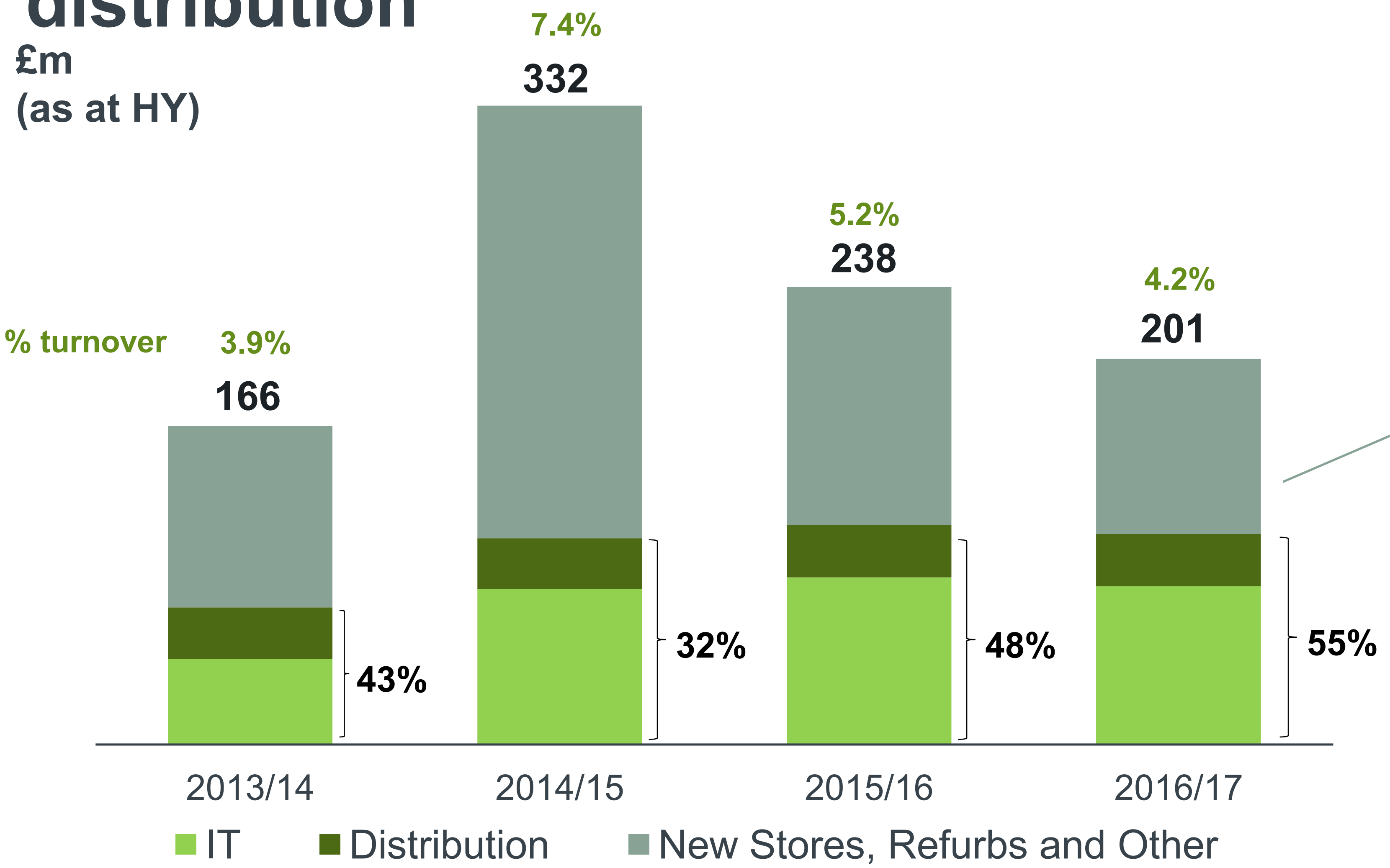
Lower operating profits partly offset by reduced pension costs

£m



PBT & exceptionals: £82m (-14.7% YOY)

Total capital spend reduced but greater proportion in IT and distribution



	Capex	YOY
FY 2016/17 Forecast	~£460m	-6.8%
FY 2015/16	£494m	-26.4%
FY 2014/15	£671m	

IAS19 Accounting Deficit v Funding Deficit

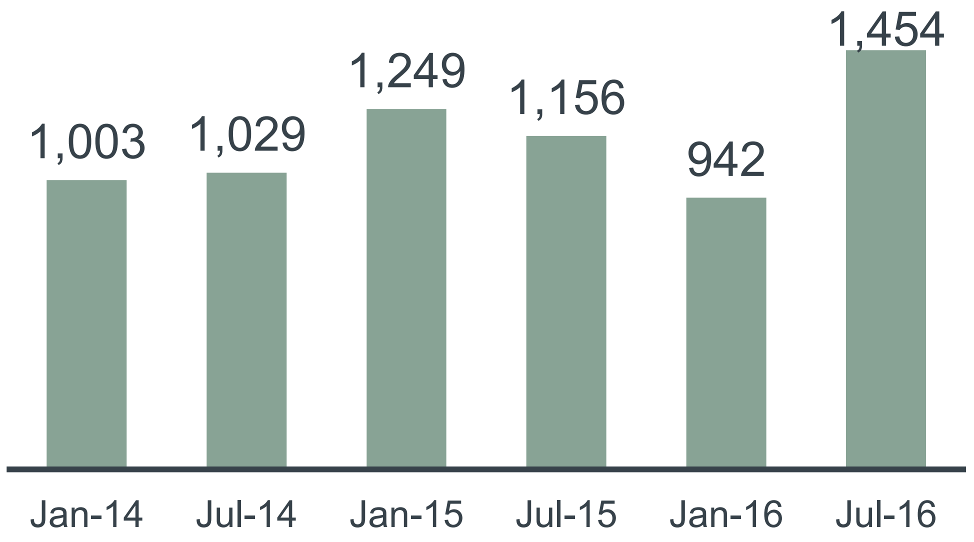
IAS 19 at 30 July 2016
£1,454m

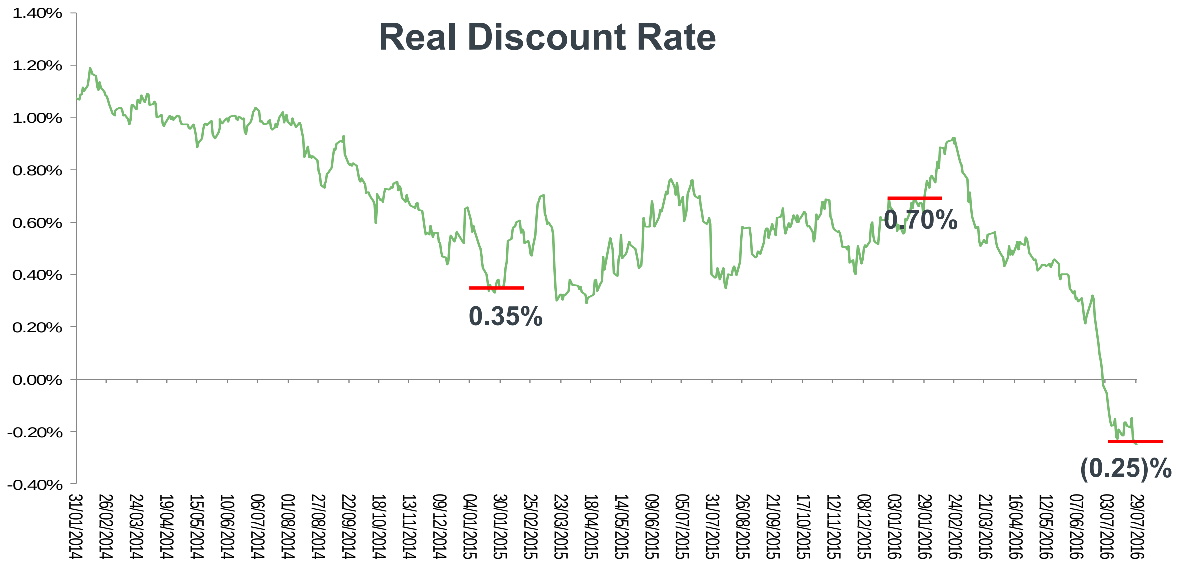
Funding Deficit at 30 March 2013
£840m
On the 2013 basis:
Funding Deficit at 31 March 2016
£642m

Current triennial valuation in progress.
Deficit will be as at **31 March 2016**.

Concluded by this financial year end.

£m





Pension Deficit: Actions taken

Steps taken by the Partnership will drive a more sustainable and less volatile pension scheme

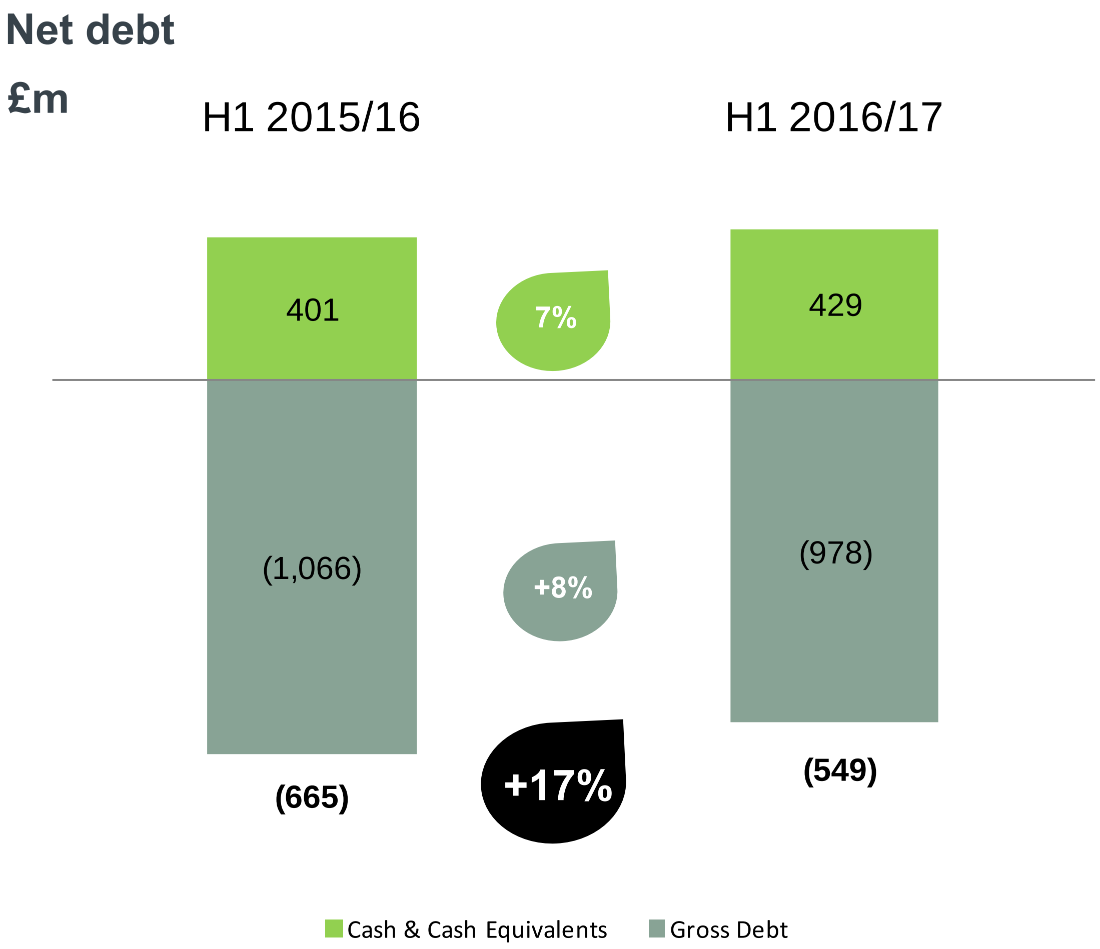
Existing Pensions

- Introduced an interest and inflation hedging programme for pension scheme assets
- 60% of assets hedged within 3 – 5 years
- Will significantly reduce volatility in the current Pension deficit

Future Pensions

- Halved the accrual rate to 1/120th of final salary
- Extended the period before the Defined Benefit scheme can be joined, from 3 to 5 years' service
- Will significantly limit any further increases in the Pension Deficit

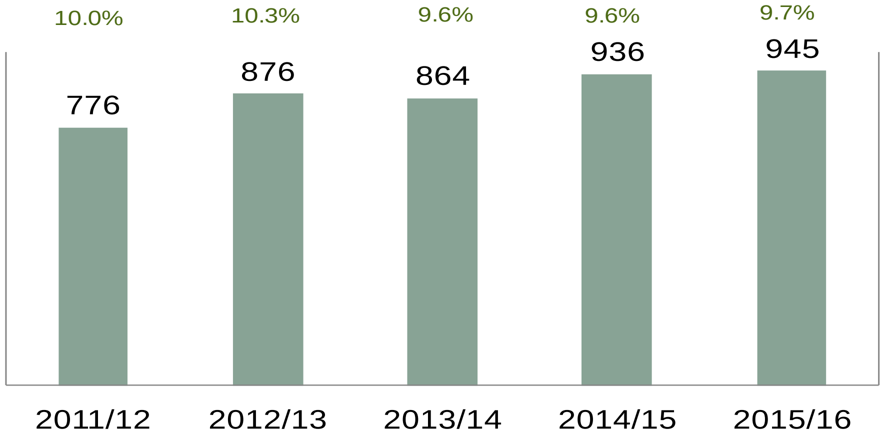
Net debt significantly lower than last year



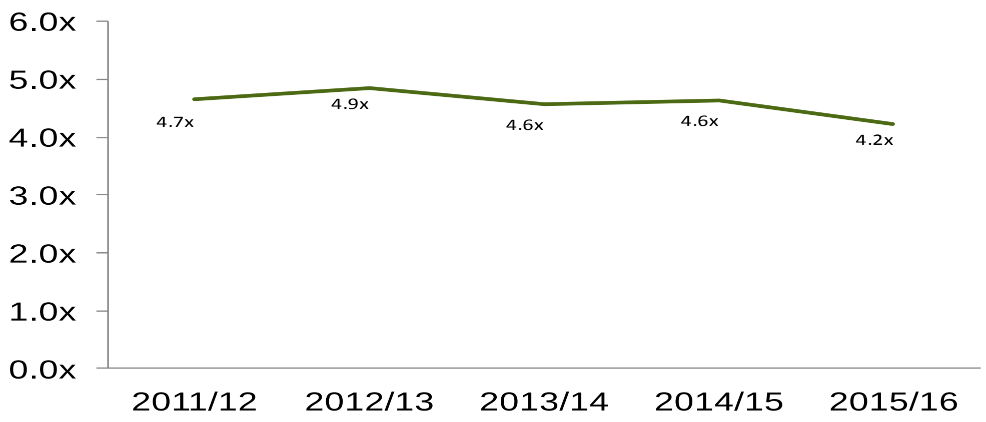
- Strong cash from operations over last 12 months
- Reduction in capital expenditure spend
- Strong liquidity position enabling £137m contribution to pension scheme in February to prepay approximately 10 months of contributions
- Repayment of Partnership bond in April from surplus cash

A conservatively managed Balance Sheet

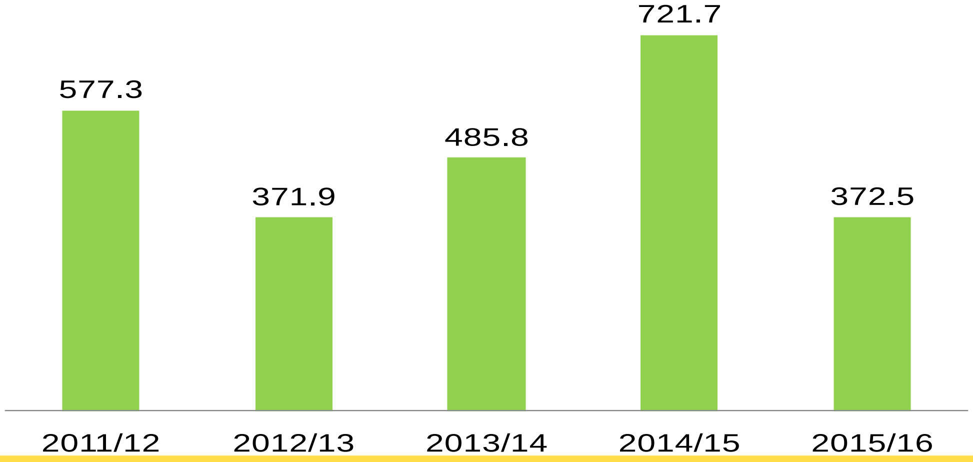
Strong EBITDAR (£m) and EBITDAR margin



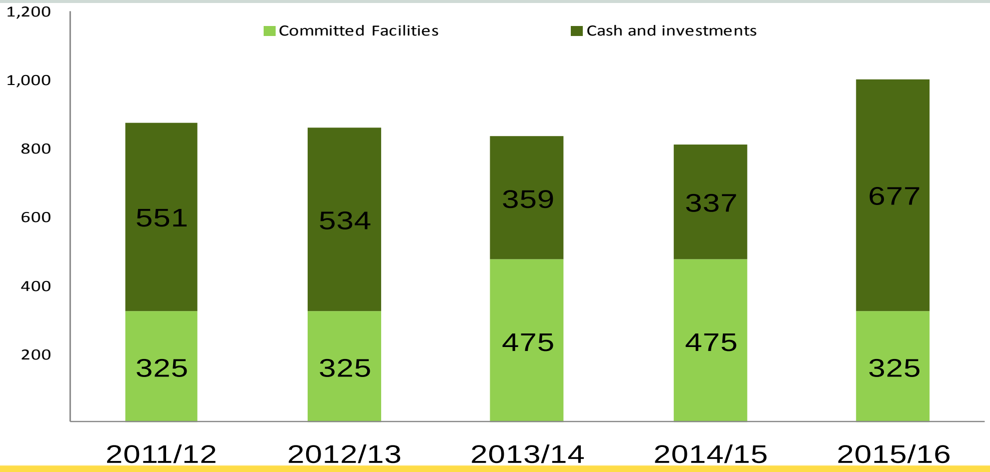
High fixed charge cover (EBITDAR / Interest+Rent)



Net debt lower (£m)



Strong liquidity (£m)



Looking Ahead

John Lewis Partnership

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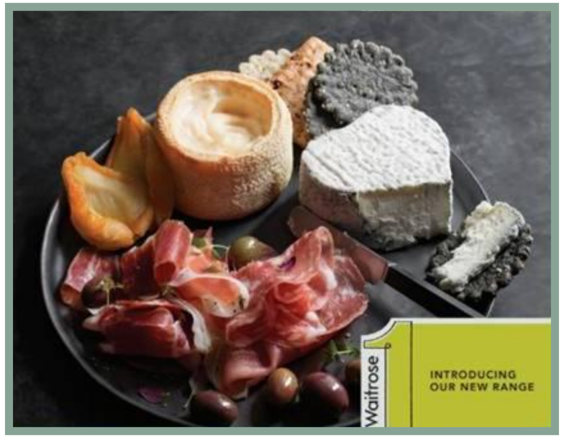
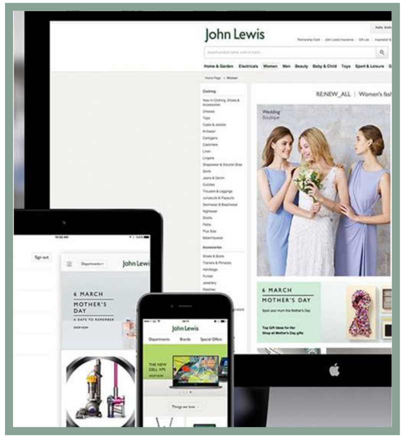
— 2028 —





A good start to the second half

Gross sales increase	6 week total	6 week LFL
John Lewis Partnership	+3.8%	
Waitrose	+5.0%	+1.4% *
John Lewis	+2.0%	+0.7%

* excluding petrol

Looking ahead

- Expect to trade well compared to the market
- Structural changes in retail will not ease
- Our commitment to competitive pricing, excellent service, increasing pay and investing for the long term have held back profits
- We expect trading pressures to continue through this year and next
- Uncertainty of leaving EU will remain and the full impact of this change is yet to become clear

Overview of the Partnership

John Lewis Partnership

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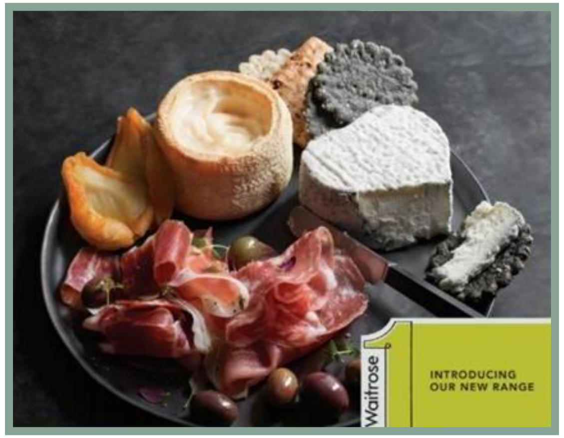
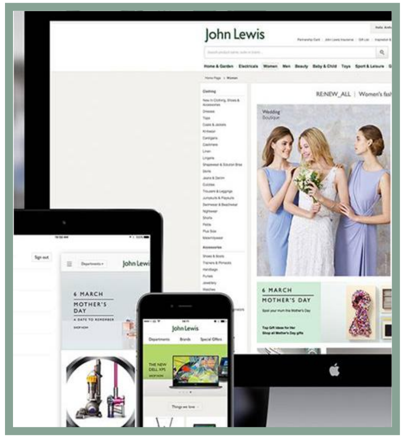
— 2028 —





Market overview

- Far reaching changes taking place in society, in retail and in the workplace
- Deep structural changes in retail
- Our response:
  - Decisions to prioritise investments in IT, our distribution network, pay and a shift towards our existing Waitrose stores
  - Our ownership structure makes it especially important that we look further into the future and our plans anticipate bigger changes
  - The Partnership’s “It’s Your Business 2028” strategy to get ahead of the significant changes that are affecting the wider retail market will position us well for the future

John Lewis Partnership: A unique ownership model

Our Partners are responsible for

- Taking responsibility for our business success
- Building relationships powered by our principles
- Creating real influence over the business

So we have engaged and productive partners...

...providing an outstanding customer experience

- Verdict best clothing retailer, best homewares retailer, best electronics retailer
- Which? Best supermarket

Creating the UK's best food and non-food brands

John Lewis

Waitrose

The future environment

Society

- Emerging markets
- Polarised wealth
- Health paradox
- Resource scarcity

"The Partnership takes a long-term view, and in doing so we see that profound changes are taking place in society and to our planet. Our strength lies in our ability to respond to these opportunities and challenges."

Benet Northcote
Director, Corporate Responsibility

Workplace

- Life expectancy
- New technology
- Next generation
- Flexible careers

"Partners are our competitive advantage and our longer term financial health relies on Productivity. The two are intrinsically linked. Productivity works in harmony with Performance, Pay and Progression to form our '4Ps', positioning us ready for the future trends we see in the workplace."

Andrew Murphy
Group Productivity Director

Retail

- Seamless experience
- Data analytics
- Product to service
- Squeezed margins

"Our industry is undergoing fundamental structural change. Our challenge is to identify the opportunities this provides to drive growth into our business, while maintaining the democratic core of the Partnership."

Tom Athron
Group Development Director

A long term approach: It's Your Business 2028

Enabled by our unique ownership structure, we are focusing on the long term...

Financial Sustainability

- Increase the resilience of our balance sheet to market shocks
- Build our financial firepower to invest in new growth in the future

Stronger brands and new growth

- Renewing our focus on strengthening the appeal of our two well-loved brands
- Building new business in high growth areas
- Continuing to grow market share

Better jobs, better performing Partners, better pay

- Improving productivity, increasing the sales and profit we can make per Partner
- Partners receiving above market pay, because they achieve above market performance

The Partnership

A company which puts financial prudence and balance sheet strength at its heart, via its constitution.

The Constitution of the
John Lewis Partnership

The constitution contains various references to financial prudence and our balance sheet

To safeguard the Partnership's future and to sustain economic vitality, the Partnership will not overreach its financial resources and must not risk any loss of its financial independence.

John Lewis Partnership
in numbers

150 years of history

Constitution written in 1928

88,900 dedicated Partners

46 John Lewis shops across the UK

349 Waitrose shops across the UK

Contacts

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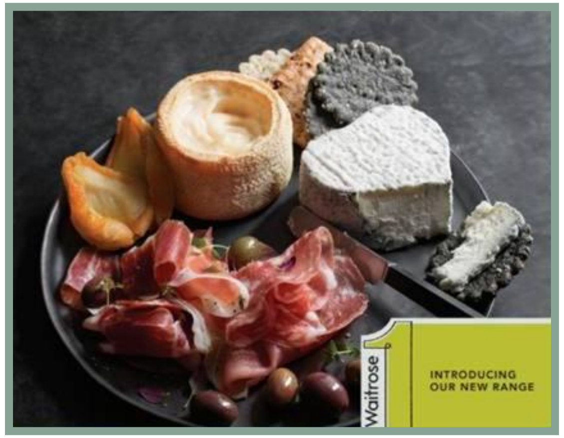

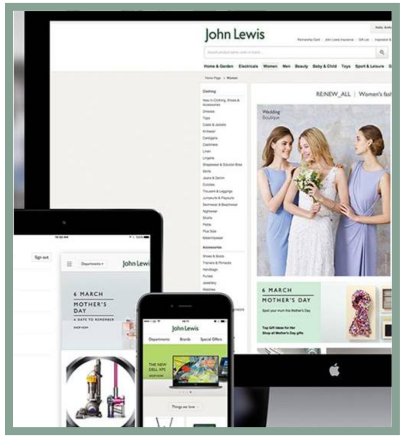

Contacts

- Patrick Lewis (Group Finance Director)

  patrick.lewis@johnlewis.co.uk
  T: +44 (0)20 7592 6398

- Alan Drew (Head of Treasury and Corporate Finance)

  alan.drew@johnlewis.co.uk
  T: +44 (0)20 7798 3614

- Dedicated debt investor relations inbox

  investor.relations@johnlewis.co.uk

- Lynn Lochhead (Assistant Group Treasurer)

  lynn.lochhead@johnlewis.co.uk
  T: +44 (0)20 7798 3443

- Christopher Houlihan (Senior Treasury Analyst)

  christopher.houlihan@johnlewis.co.uk
  T: +44 (0)20 7592 5389