SUMMARY

Key Issue
Recommendation
Analysis
Alternatives
Strategy
Implementation plan
Financial Analysis
Risks and Mitigation
KEY ISSUE

How to build the 2028 strategy within the current competitive scenario?

Partner satisfaction

Supply chain efficiency

New consumer behaviour
CURRENT SITUATION

UK’s largest multichannel retailer
86,700 permanent Partners
Revenues: 11 bi Pounds in 2016

34 department stores
12 John Lewis at home shops
353 Waitrose supermarkets
Online and catalog business
Production Unit
Leckford farm

Philosophy:
The Partnership’ ultimate purpose is the happiness of all its members
CHALLENGES

Role of technology
Jobs of The Future
Change in consumer behaviour

Competitors
Tesco & Amazon
Harrods
Marks & Spencer

Brexit
Workforce source
Supply chain
Invest in increasing **customer loyalty** and **employee satisfaction**

- **Training → Jobs of the future**
  - Employee

- **Open EU office → Better import costs**
  - Supply Chain

- **Loyalty program → Customized experience**
  - Consumer
INTERNAL ENVIRONMENT

STRENGTHS

- Customer Experience
- Brand equity
- Partnership Program

WEAKNESSES

- International Business
- Data analysis expertise
ALTERNATIVES

CONSUMER

Loyalty Program
- Develop loyalty program platform
- Omnichannel

Enhance customer experience
Gather insights of consumer behaviour

Acquisition
- Retail focused Startup
- Data analysis Startup

High tech expertise demand
Data analysis can be provided from consultancy
**ALTERNATIVES**

**SUPPLY CHAIN**

- **EU Office**
  - Legal entity inside EU
  - Import & Export Operations with Transfer Price

- **Vertical Integration**
  - Key suppliers in UK
  - EU based suppliers

- **Internationalization**
  - Bricks & Clicks experience
  - E-commerce

- **Hedge devaluation of £ through transfer price**

- **Increase of assets**
  - Acquisition cost to expand footprint

- **Low experience in international markets**
  - Supply Chain expansion cost
**Alternatives**

### Employee

<table>
<thead>
<tr>
<th>Learning &amp; Development</th>
<th>Recruitment</th>
<th>Consolidation</th>
</tr>
</thead>
</table>
| • Partner with universities  
  • In-company training | • Tech Specialists from main universities | • Consolidate warehouse operations  
  • Lay-offs |
| Develop manual labor partners to prepare for tech demand | Enhance tech expertise | No adherence with JLP’s 7 principles |
CUSTOMER STRATEGY

WHAT?
Create a loyalty program
Customize promotions
Enhance customer experience

HOW?
Data analysis to understand customer behaviour

Omnichannel strategy:
In stores experience events
- Cooking classes
- Lectures
- Fashion Weeks

Online
- Website: Click and collect, recommendation of products
- APP

Subscriptions of products for Waitrose
- Curated boxes once a month
MY JLP APP

Registry with JLP Loyalty number

The platform will analyze customer behaviour

Customized promotions will be suggested based on profile

User will activate the desired discounts

Discounts can be used online or in store
SUPPLY CHAIN STRATEGY

Open an office in Portugal
Optimize purchases on continental EU
Mitigate currency effects
Hire qualified tech workforce
Develop tech and data analysis
MY JLP APP

- Free access to the platform
- Promotions entered by the suppliers
- Segmentation data access
- Promotions results analysis
- Better customer profile understanding
EMPLOYEES STRATEGY

**JLP School of the Future**
Training program for employee retention
Develop from bottom to top
Online and In Company courses
Partner with universities
Recruit tech experts from main universities
## IMPLEMENTATION PLAN

<table>
<thead>
<tr>
<th>Customer</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Investment (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<tr>
<td>App Development</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Omnichannel Interaction</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Set of In-store actions</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Marketing Plan</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Curated Box line-up setting</td>
<td>1</td>
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</table>

<table>
<thead>
<tr>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospect new office</td>
</tr>
<tr>
<td>Start-up EU Office</td>
</tr>
<tr>
<td>Roadshow with suppliers</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reevaluate benefits program</td>
</tr>
<tr>
<td>Partnership with University</td>
</tr>
<tr>
<td>Create JLP School of the Future</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Rolling Forecast / Expansion Plan Review</th>
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<tr>
<td>1</td>
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<table>
<thead>
<tr>
<th>Investment Cash Flow</th>
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<tr>
<td>77</td>
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</table>
## Finance

<table>
<thead>
<tr>
<th>Gross Sales</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waitrose</td>
<td>6633.2</td>
<td>6765.864</td>
<td>7036.499</td>
<td>7317.959</td>
<td>7610.677</td>
</tr>
<tr>
<td>John Lewis</td>
<td>4741</td>
<td>4978.05</td>
<td>5276.733</td>
<td>5593.337</td>
<td>5928.937</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11374.2</strong></td>
<td><strong>11743.91</strong></td>
<td><strong>12313.23</strong></td>
<td><strong>12911.3</strong></td>
<td><strong>13539.61</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Operating Cost</th>
<th>-10896</th>
<th>-11182.6</th>
<th>-11476.8</th>
<th>-11778.8</th>
<th>-12088.6</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>96%</td>
<td>95%</td>
<td>93%</td>
<td>91%</td>
<td>89%</td>
</tr>
</tbody>
</table>

| Operating Profit | | | | | |
| Waitrose         | 253.5 | 258.57 | 268.9128 | 279.6693 | 290.8561 |
| John Lewis       | 243.2 | 255.36 | 270.6816 | 286.9225 | 304.1378 |
| Group and other  | -18.5 |        |         |         |         |
| **Total**        | **478.2** | **513.9** | **539.6** | **566.6** | **595.0** |
## FINANCIAL FEASIBILITY

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short Term Loan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net finance costs</strong></td>
<td>-107.8</td>
<td>-120.299</td>
<td>-134.246</td>
<td>-149.811</td>
<td>-167.18</td>
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<tr>
<td><strong>Implementation costs</strong></td>
<td>-212</td>
<td>-325</td>
<td>-197</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before Partnership Bonus, tax and exceptional items</strong></td>
<td>370.4</td>
<td>182.0</td>
<td>80.8</td>
<td>220.1</td>
<td>427.8</td>
</tr>
</tbody>
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# RISKS AND MITIGATION

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation</th>
<th>Severity</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low bargaining power with suppliers</td>
<td>Evaluate Expansion plan + Increase consumption to leverage volumes</td>
<td>H</td>
<td>120 mi</td>
</tr>
<tr>
<td>Big players taking over the market</td>
<td>Omnichannel actions to improve differentiation</td>
<td>M</td>
<td>100 mi</td>
</tr>
<tr>
<td>Employee satisfaction decreases</td>
<td>Endomarketing + Reevaluate relevance of Benefits of the Future</td>
<td>M</td>
<td>60 mi</td>
</tr>
</tbody>
</table>
FINAL CONSIDERATIONS

Be UK’s Top 1 retailer for customers and employees

- Increase consumer satisfaction
- Supply chain optimization
- Partner engagement

Total Investment: 733 mi

Total revenue: 13,5 bi (19%)