

John Lewis Partnership slumps to £517m loss; warns on more store closures

By

[Elias Jahshan](#)

-

March 11, 2021



The John Lewis Partnership has warned over further store closures as it swung to a £517 million annual loss after the pandemic battered its department stores.

The group, which also owns upmarket grocery chain Waitrose, said it does not expect all its John Lewis shops to reopen at the end of the current lockdown.

It did not specify how many of its 42 John Lewis shops are under threat, but confirmed it was in talks with landlords and would make a final decision at the end of March.

Recent reports suggested another eight stores were earmarked to be shut, on top of the eight that closed down last year – alongside seven loss-making Waitrose stores.

The latest imminent store closures suggests that further jobs could be at risk, after 1300 were impacted by the eight John Lewis store closures last year.

A John Lewis Partnership spokesman said the firm would always try to redeploy elsewhere in the business, with redundancies a “last resort”.

The retailer’s trading update for the year ending January 30 showed that the Covid-19 pandemic had plunged the retail giant into hefty loss before tax of £517 million. This compared to profits of £146 million the previous year.

The partnership attributed this to substantial exceptional costs of £648 million, mainly the write down in the value of John Lewis shops owing to the pronounced shift to online, as well as restructuring and redundancy costs from store closures and changes in head office.

On the partnership's balance sheet, John Lewis shops are now at almost half the value they were before this year's and last year's write downs.

However, when taking exceptionals out of the equation, John Lewis Partnership recorded a full-year profit of £131 million – up from £70 million last year.

It said that figure would've been a loss if the business did not take advantage of £190 million worth of government support through the business rates holiday and furlough scheme.

Meanwhile, John Lewis Partnership's overall trading operating profit declined to £1.69 billion from £1.79 billion last year.

It said it was "significantly challenged" as the improvement seen in Waitrose, helped by its status as an "essential" retailer and being allowed to remain open during lockdown, was insufficient to cover the substantial decline in John Lewis which had endured restrictions.

Waitrose trading operating profit grew to £1.14 billion compared to £1.06 billion previous year, while John Lewis trading operating profit declined to £554 million after £734 million last year.

On the other hand, Waitrose sales grew 10 per cent year-on-year to £7.6 billion while John Lewis sales dropped two per cent year-on-year to £4.72 billion.

Overall, John Lewis Partnership's full year sales increased five per cent year-on-year to £12.32 billion and revenue increased six per cent year-on-year to £10.77 billion. These figures were boosted by a surge in ecommerce growth in both its fascias.

Waitrose.com grew fourfold since February 2020, taking in around 240,000 orders a week, while Johnlewis.com's sales skyrocketed 73 per cent, now accounting for three quarters of John Lewis' total sales.

The partnership said its results were expected to get worse in the current financial year as it looks to invest £800 million as part of an overhaul to turn around its fortunes, which will only partially be offset by annual cost savings of £300 million.

The firm also said it wanted to restart staff bonuses as soon as profits recover to at least £150 million on a sustainable basis.

Last year, the John Lewis Partnership had scrapped its staff bonus for the first time since 1953.

It hopes to be back to profit in 2022-23, with £200 million next year and £400 million by 2025-26.

“All our John Lewis stores need to be exciting places to shop, more reflective of the tastes and interests of local customers,” John Lewis Partnership chair Dame Sharon White said.

“This will require investment and we are working closely with landlords and local authorities. We are keen to play our part in the revitalisation of the high street.

“Hard as it is, there is no getting away from the fact that some areas can no longer profitably sustain a John Lewis store.

“Regrettably, we do not expect to reopen all our John Lewis shops at the end of lockdown, which will also have implications for our supply chain.

“We are currently in discussions with landlords and final decisions are expected by the end of March.

“We will do everything we can to lessen the impact and will continue to provide community funds to support local areas.”

She added: “We are going through the greatest scale of change in the partnership’s 156-year history.

“As employee-owners, we share the responsibility of securing the partnership for future generations of customers and partners.

“Difficult decisions taken now will hopefully set the course for those next generations.”

with PA Wires

