

11 July 2018

J D WETHERSPOON PLC

PRE-CLOSE TRADING STATEMENT

J D Wetherspoon plc presents below its pre-close trading statement for the financial year to 29 July 2018. The preliminary results are due to be announced on 14 September 2018.

Current trading

For the 10 weeks to 8 July 2018 like-for-like sales increased by 5.2% and total sales by 5.6%. In the year to date (49 weeks to 8 July 2018) like-for-like sales increased by 5.2% and total sales by 4.2%.

Property

The Company has opened 6 new pubs since the start of the financial year and has completed the sale of 23 pubs. No further openings are expected in the current year.

About £9m of exceptional, non-cash losses are expected in this financial year, mainly a result of pub disposals which were below the value in our balance sheet.

The Company has also spent £15.6m on buying the freehold "reversions" of pubs of which we were previously tenants.

Financial position

The Company remains in a sound financial position. Net debt at the end of this financial year is expected to be about £740m.

The Company spent £51.6m in respect of share buybacks in the first quarter of the year.

As previously reported, the shareholding of Tim Martin has risen above 30%, as a result of share buybacks in the last 12 years. A rule 9 'whitewash', under the relevant regulations, will again be put forward at the General Meeting in November, which will allow the Company to continue to undertake buybacks

Outlook

The chairman of Wetherspoon, Tim Martin, said:

"We are frequently asked about the effect of Brexit on the Company and the economy. The main advantage of Brexit is that the EU is a protectionist system that imposes high tariffs on non-EU imports such as wine, rice, coffee, oranges, children's shoes and clothes, and over 12,000 other products.

"Leaving the EU allows the UK to adopt the approach of countries like Singapore, Hong Kong, Switzerland and Australia by dismantling these tariff walls, which improves general living standards.

"As the retiring Australian High Commissioner, Alexander Downer, has recently said:

"You will do well if you open your markets and you embrace free trade; there was never a country that embraced free trade that was poor as a result."

"In this connection, Wetherspoon has started to review its product range and has exchanged French champagne for sparkling wine from the UK and Australia, and German wheat beer for UK and American alternatives. The new products are now available, at reduced prices, in our pubs.

"We plan further initiatives in this area in the coming months.

"Huge progress has been made in leaving the EU: the referendum has taken place; the manifestos of the main parties, respecting the result, were endorsed in the general election; Article 50 was triggered and the sensible decision was taken to allow legal EU migrants to stay post-Brexit.

"Unsurprisingly, the prime minister has run into difficulties by making the mistake of prioritising a "deal" with the unelected EU representatives, which they have little incentive to accommodate, rather than a sensible implementation of Brexit in areas under the control of parliament.

"99% of the benefits of leaving the EU, including the avoidance of vast financial contributions, the elimination of tariffs and the reacquisition of fishing rights, need no agreement from any third party. The prime minister can avoid most current problems by prioritising these areas.

"I enclose below (Appendix 1) an article I wrote for the Sun newspaper on this issue.

"We continue to anticipate a trading outcome for this financial year in line with our previous expectations."

"As in the current year, we anticipate considerable cost increases next year, in areas including business rates, the sugar tax, utility taxes and wages. In addition, as a result of an increase in our "swaps", our interest rates will rise by around £7m.

Trading statement ends.

Article by Tim Martin in The Sun newspaper on 28 June 2018:

"WE HAVE A TERRIFIC CHANCE TO CHOOSE FREE TRADE AND A ROAD TO RICHES AFTER BREXIT

"After the epic referendum battle and two years of trench warfare, the UK is approaching a fork in the road.

"The key issue for the country today is whether we adopt the free trade approach of hugely successful economies such as Singapore, Hong Kong, Switzerland, Australia and New Zealand, or whether we continue to shelter behind the EU's high-tariff barriers.

"Tariffs are taxes on imported goods, which keep prices in shops and pubs at artificially high levels.

"The EU masquerades as a free-trade system, but the reality is that it imposes tariffs on imports from the 93 per cent of the world that isn't a member of the bloc.

"Brussels' unelected chief Eurocrat Jean-Claude Juncker and his autocratic acolytes have the temerity to lecture Donald Trump on free trade.

"Yet the EU itself keeps prices high by imposing tariffs on more than 12,000 imported products, including rice, coffee, oranges, new world wine, and children's shoes and clothes.

"For example, every bottle of New Zealand wine bought in a UK pub or supermarket has been subject to a tariff, which is collected by the UK government and sent to Brussels.

"The best future policy for the UK is to follow our Singaporean friends and Antipodean cousins by getting out of the EU's protectionist customs union, and ending tariffs.

“Free trade never made anyone poorer, as the Aussie High Commissioner recently said. And, indeed, free trade is what most people thought they were voting for in the 2016 referendum.

“Free trade, cunningly styled “no deal” by pro-Remain spin doctors, has always been the best option, but has become even more attractive, now that the intransigence and arrogance of EU negotiators has become clear.

“Fair play, Theresa May and David Davis — you gave the negotiations with the EU your best shot but it’s now time to take the road to freedom.

“Carping critics say they could have done better, but the public instinctively knows that you’ve tried hard and that it takes two to tango.

“So, let’s be bold and scrap all tariffs on Brexit day, March 29, 2019.

“It will immediately boost living standards, by reducing prices, and will be especially beneficial for the less well-off. Juncker will cry into his claret at the new, competitive UK.

“Even companies such as BMW and Airbus, which urged us to join the euro and asked their workers to vote Remain, will benefit.

“Their engines, and other components imported from the EU, would continue to be free of tariffs. However, components from outside the EU would also become tariff-free, which is not usually the case today. Not only that, but their workers would be better off too, which is a plus for any business.

“And instead of sending £39billion into Brussels’ unaudited coffers, let’s invest the money here.

“Dividing it equally among our 650 MPs would allow each one to spend £60million in their constituency, on local projects. If MPs don’t like that suggestion, the £39billion could instead be used to reduce taxes or government debt. Our democratically elected Parliament can debate the best approach and decide.

“Most of us understand Chancellor Philip Hammond’s dogged attempts to get public expenditure under control, after the trauma of the credit crunch.

“But, it must make sense to invest this money in the UK, rather than the EU.

“Finally, free of Juncker’s shackles, we can regain control of our fishing waters, boosting the morale and income of our beleaguered coastal communities.

“No longer will 60 per cent of fish in UK waters be landed by EU boats.

“The public, too, has its role to play now. Project Fear, promoted by the CBI, the Financial Times and big businesses, has tried to frighten us with threats of gridlocked Channel ports and lorry parks across Kent when we leave the EU.

“Few believe them, but let’s call their bluff. UK consumers and businesses should now start to favour and prefer non-EU and British products wherever possible, dramatically reducing pressure on those ports.

“Wetherspoon has started by swapping champagne for UK and Aussie sparkling wine, and German wheat beer for the English and Welsh equivalent.

“As a result of this tactic, the public is benefitting from equal or better quality and lower prices. And there are a large number of other EU products that can be replaced in all pubs and supermarkets in the next year or two.

“The public instinctively understands the benefits of world trade, so let’s make buying non-EU a national goal for the next few years.

“It’s tough on our excellent EU suppliers, of course, but that’s the price the continent is paying, unfortunately, for a failing and undemocratic system, with unelected apparatchiks like Juncker and Barnier in charge.”

Ends.

Enquiries:

John Hutson	Chief Executive Officer	01923 477777
Ben Whitley	Finance Director	01923 477777
Eddie Gershon	Company spokesman	07956 392234

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK and Ireland. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.com
3. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, to meet the requirements of the FCA’s Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. This announcement contains inside information on J D Wetherspoon plc.
5. The current financial year comprises 52 trading weeks to 29 July 2018.
6. The next trading update is expected to be the Company’s final results announcement on 14 September 2018.