

J D Wetherspoon PLC
Preliminary Results
1 October 2021

Background

- Average food hygiene score of 4.97 out of 5
- 774 pubs (out of 787) have a maximum score
- £23m spent on bonuses and free shares, 99.6% paid to staff below board level and 89.8% to pub staff
- Top Employer UK for 17 consecutive years (Top Employers Institute)
- 242 pubs are listed in CAMRA's Good Beer Guide 2021
- £18.8m raised for CLIC Sargent in the 17-year partnership

The only independent government scheme assessing food hygiene standards



	Total premises scored	Average premises score out of 5
Aldi	794	4.99
Nando's	409	4.99
TGI Fridays	76	4.99
Waitrose	357	4.98
GBK	54	4.98
Wetherspoon	787	4.97
McDonalds	1,156	4.97
ASK	61	4.96
Sainsbury	947	4.95
Las Iguanas	47	4.95
Walkabout	21	4.95
Browns	21	4.95
Giraffe	19	4.95
Greggs	1,372	4.94
Lidl	672	4.93
Pret A Manger	376	4.93
Pizza Express	323	4.93
Starbucks	798	4.92
Miller & Carter	105	4.92
Costa Coffee	2,167	4.91

Financial Summary

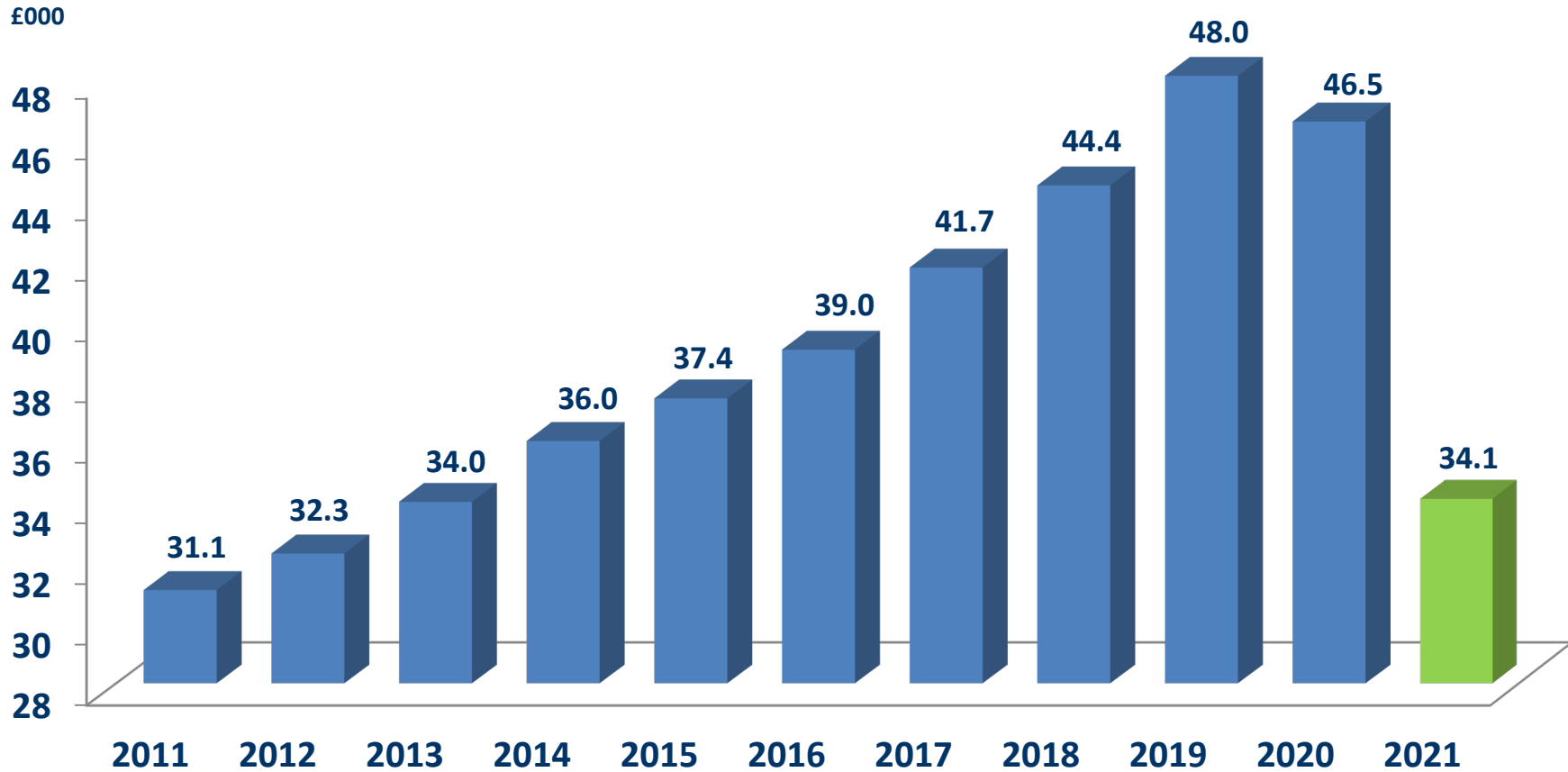
	2021	2020	Var%		2019	2018	2017 ²	2016	2015	2014	2013	2012 ²
Revenue (£m)	772.6	1,262.0	-38.8%		1,818.8	1,693.8	1,660.8	1,595.2	1,513.9	1,409.3	1,280.9	1,197.1
Like-for-like sales	-38.4%	-29.5%			+6.8%	+5.0%	+4.0%	+3.4%	+3.3%	+5.5%	+5.8%	+3.2%
(Loss)/profit before tax and property gains and losses ³ (£m)	(152.4)	(33.5)	-354.9%		96.9	104.3	100.0	75.3	78.5	80.8	76.9	72.4
(Loss)/profit before tax ³ (£m)	(154.7)	(34.1)	-353.7%		102.5	107.2	102.8	80.6	77.8	79.4	76.9	72.4
Underlying (Losses)/Earnings per share ¹ (p)	(119.2)	(35.9)	-231.8%		70.2	76.5	66.6	43.8	47.6	48.0	44.7	41.3
Free cash flow per share ¹ (p)	(67.8)	(54.2)	-25.5%		92.0	88.4	97.0	76.7	89.8	74.1	51.8	70.4
Dividend per share (p)	–	-	0.0%		12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
After exceptional items:												
(Loss)/profit before tax ³ (£m)	(172.0)	(94.8)	-81.4%		95.4	89.0	76.4	66.0	58.7	78.4	57.1	58.9

¹ Including shares held in trust. Underlying earnings per share are before exceptional items and exclude gains/losses on property and deferred tax credits.

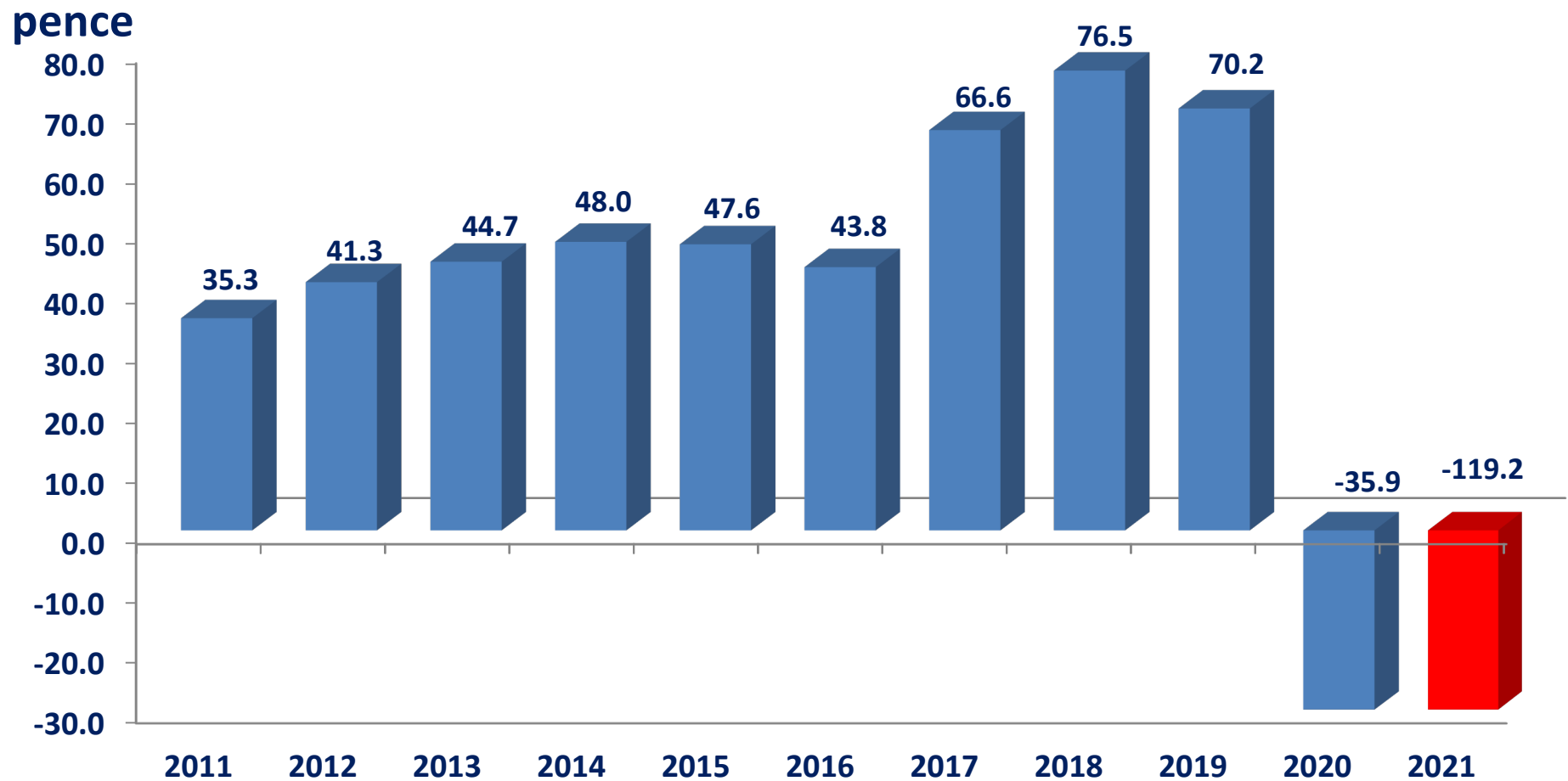
² Financial year contains 53 weeks.

³ Excluding impact of IFRS 16.

Average Weekly Sales Per Pub (including VAT)



Underlying (Losses)/Earnings Per Share (pence)*



*Underlying earnings/(losses) per share are before exceptional items and exclude gains/losses on property and one-off deferred tax benefits relating to changes in corporation tax rates. We include all shares held in trust.

Like-for-like Performance

%	2021	2020		2019	2018	2017	2016	2015	2014	2013	2012
Bar	-42.2	-29.3		+5.8	+5.1	+3.1	+3.3	+1.2	+2.7	+3.8	+2.8
Food	-37.4	-30.1		+8.3	+5.1	+5.7	+3.5	+7.3	+12.0	+10.9	+4.8
Fruit/slot machines	-52.1	-20.9		+10.3	+2.9	-1.2	-2.8	-2.8	-3.1	+0.4	-2.8
Hotel	-27.1	-38.7		+3.9	+2.3	+9.9	+9.7	+24.2	+6.3	–	–
LFL sales	-38.4	-29.5		+6.8	+5.0	+4.0	+3.4	+3.3	+5.5	+5.8	+3.2
LFL Pub profit ¹	-88.3	-53.5		+0.1	+1.2	+8.4	-0.3	-1.1	+2.0	+4.4	-2.2

¹ Excludes head office, depreciation, share incentive plan, property gains and losses, and interest costs.

10 Year Operating Profit (pre-IFRS16)

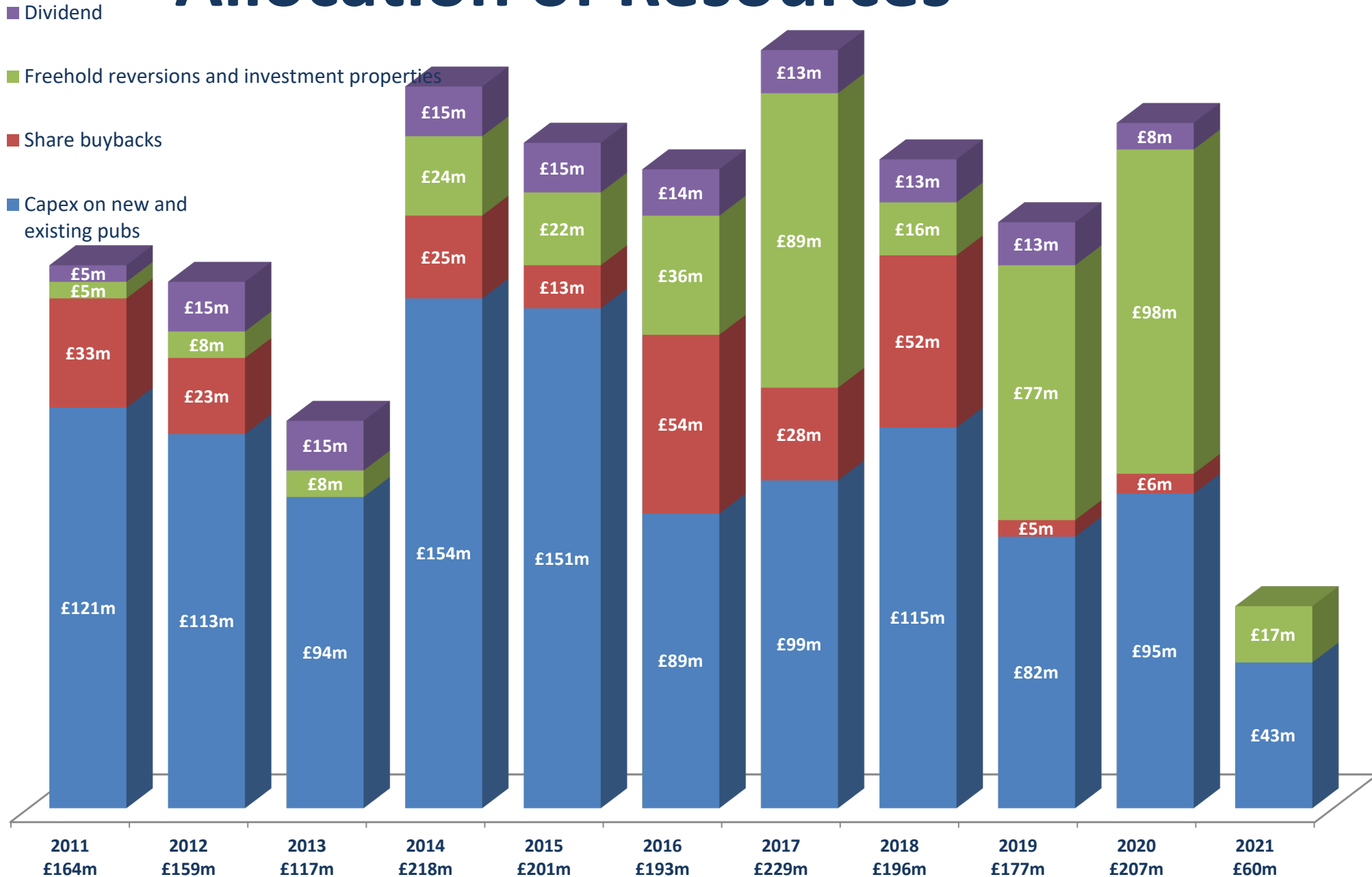
£m	2021	2020	2019	2018	2017 ¹	2016	2015	2014	2013	2012 ¹
Turnover	772.6	1,262.0	1,818.8	1,693.8	1,660.8	1,595.2	1,513.9	1,409.3	1,280.9	1,197.1
Pub profit (pre repairs)	82.3	214.2	349.7	338.6	330.6	288.3	285.4	284.4	259.0	245.4
Repairs	(63.3)	(75.9)	(76.9)	(71.3)	(66.2)	(54.9)	(53.4)	(59.4)	(48.0)	(46.6)
Head office costs	(37.3)	(40.8)	(47.5)	(44.3)	(51.3)	(41.9)	(43.9)	(42.7)	(40.4)	(36.6)
Share Incentive Plan	(10.3)	(10.7)	(11.6)	(11.4)	(10.7)	(9.6)	(8.9)	(7.2)	(6.2)	(5.7)
Depreciation and impairment	(76.5)	(79.6)	(81.8)	(79.3)	(73.9)	(72.2)	(66.7)	(58.1)	(53.1)	(49.2)
Operating (loss)/profit	(105.1)	7.2	131.9	132.3	128.5	109.7	112.5	117.0	111.3	107.3
Operating margin	-13.6%	0.6%	7.3%	7.8%	7.7%	6.9%	7.4%	8.3%	8.7%	9.0%
Gains and losses on property	(2.3)	(0.7)	5.6	2.9	2.8	5.3	(0.7)	(1.4)	–	–
EBIT before exceptionals	(107.4)	6.5	137.5	135.2	131.3	115.0	111.8	115.6	111.3	107.3
Exceptional items	(27.5)	(60.7)	(7.0)	(18.3)	(26.9)	(14.6)	(19.1)	–	(19.8)	(13.5)
EBIT after exceptionals	(134.9)	(54.2)	130.5	116.9	104.4	100.4	92.7	115.6	91.5	93.8

¹ Financial year contains 53 weeks.

Summary of Exceptional Items

		2021 £000	2020 £000
Operating exceptional items			
Covid-19		2,762	29,091
Redundancy/Restructuring Payments		6,179	-
Gaming machine settlement		-	(15,890)
		8,941	13,201
Exceptional property losses			
Disposal programme		1,707	8,151
Other property losses	<i>Impairment of property, plant and equipment</i>	1,999	23,904
	<i>Impairment of intangible assets</i>	-	10,699
	<i>Impairment of right of use assets</i>	2,133	4,722
		5,839	47,476
Other Exceptional Items	<i>Exceptional Finance Costs (Hedge Ineffectiveness)</i>	12,690	-
Exceptional tax	<i>Tax effect on operating exceptional items</i>	(3,271)	(5,885)
	<i>Impact of corporation tax rate change</i>	10,385	4,252
		7,114	(1,633)
Total exceptional items		34,614	59,044

Allocation of Resources



Cash Capital Expenditure

£m	2021	2020		2019	2018	2017	2016	2015	2014	2013	2012
New Openings:											
Acquisition and development costs:											
Current year	11.5	18.6		19.8	32.0	27.2	38.6	76.5	64.5	40.4	57.2
Future year	9.6	31.8		7.5	14.4	13.1	16.6	30.5	33.2	12.8	10.4
Freehold reversions and investment properties	16.9	98.5		77.2	16.3	88.6	36.1	21.6	23.6	7.7	7.8
	38.0	148.9		104.5	62.7	128.9	91.3	128.6	121.3	60.9	75.4
Reinvestment in existing pubs:											
Kitchen and bar equipment / furniture etc.	8.8	18.5		28.7	46.2	25.3	16.0	18.4	22.6	16.7	22.5
Refurbishments	10.9	24.9		18.7	17.5	19.8	12.4	19.2	22.0	12.8	11.6
Business and IT projects	2.6	0.9		6.9	5.2	13.5	5.1	7.1	11.6	11.4	11.1
	22.3	44.3		54.3	68.9	58.6	33.5	44.7	56.2	40.9	45.2
Total	60.3	193.2		158.8	131.6	187.5	124.8	173.3	177.5	101.8	120.6

Movement in Net Debt

£m	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Opening Net debt	817.0	737.0	726.2	696.3	650.8	601.1	556.6	474.2	462.6	437.7
Free cash flow	83.3	58.9	(97.0)	(93.4)	(107.9)	(90.5)	(109.8)	(92.9)	(65.3)	(91.5)
Disposal of fixed assets	(2.6)	(4.8)	(9.3)	(4.7)	(19.6)	(22.5)	(0.7)	(0.5)	(0.6)	(0.9)
New pubs and extensions	21.1	50.4	27.2	46.4	40.3	55.2	107.0	97.7	53.2	67.6
Freehold reversions and investment properties	16.9	98.5	77.2	16.3	88.6	36.1	21.6	23.6	7.7	7.8
Share buy-backs	–	6.5	5.4	51.6	28.4	53.6	12.7	24.6	–	22.7
Dividends paid	–	8.4	12.7	12.7	13.4	14.2	14.6	14.9	15.1	15.5
Net exceptional finance income	–	–	–	–	(0.4)	–	–	–	–	–
Gaming machine settlement	–	–	–	–	–	–	–	16.7	–	–
Share placing proceeds	(91.5)	(138.0)	–	–	–	–	–	–	–	–
Other	1.3	0.1	(5.4)	1.0	2.7	3.6	(0.9)	(1.7)	1.5	3.7
Closing Net debt	845.5	817.0	737.0	726.2	696.3	650.8	601.1	556.6	474.2	462.6
Available facility	1,083.0	993.0	895.0	860.0	860.0	840.0	840.0	690.0	575.0	575.0
Other borrowings	16.2	18.4	–	0.1	0.2	0.3	2.0	4.7	10.2	16.1
Less net borrowings	(845.5)	(817.0)	(737.0)	(726.2)	(696.3)	(650.8)	(601.1)	(556.6)	(474.2)	(462.6)
Unutilised facility	249.7	194.4	158.0	133.9	163.9	189.5	240.9	138.1	111.0	128.5

IFRS16 – impact

Profit and loss impact	Pre IFRS 16 (£m)	Post IFRS 16 (£m)	Variance (£m)
EBITDA	(£30.9)	£18.7	£49.6
Depreciation	(£76.0)	(£120.9)	(£44.9)
Operating loss	(£105.1)	(£100.4)	£4.7
Disposal of leases	-	£2.2	£2.2
Interest	(£47.3)	(£66.7)	(£19.4)
Loss before tax	(£154.7)	(£167.2)	(£12.5)
Tax	£19.2	£20.7	£1.5
Loss after tax	(£135.5)	(£146.5)	(£11.0)

Balance sheet impact	Pre IFRS 16 (£m)	Post IFRS 16 (£m)	Variance (£m)
Right-of-use assets	-	£468.5	£468.5
Net lease liabilities	-	(£512.3)	(£512.2)
Other	-	£43.8	£43.7
Net Debt	(£883.1)	(£1,395.4)	(£512.2)

Based on leases in place at the year end

Property Update

	2021	2020		2019	2018	2017	2016	2015	2014	2013	2012
Trading pubs at start of FY	872	879		883	895	926	951	927	886	860	823
Freehold pubs opened	4	2		4	6	9	10	24	31	14	18
Leasehold pubs opened	1	–		1	–	1	6	6	15	15	22
Closures/disposals	(16)	(9)		(9)	(18)	(41)	(41)	(6)	(5)	(3)	(3)
Total trading pubs	861	872		879	883	895	926	951	927	886	860
New hotels in period	–	–		1	4	7	7	9	4	2	2
Total number of hotels	57	58		58	57	53	46	39	30	26	24
Pubs in Republic of Ireland	7	7		7	5	5	5	4	1	–	–
Average cost of development (£k)	2,125	2,330		2,644	2,773	2,299	2,459	2,070	1,643	1,552	1,420
Freehold average cost (£k)	1,516	723		960	542	721	907	843	559	589	639
Average Size (sq.ft.) – Openings	4,024	4,005		4,851	5,201	4,379	4,264	4,321	3,585	3,643	3,325
Freehold (%)	66.3	64.3		61.4	58.7	57.0	51.4	49.2	46.6	44.2	43.8
Leasehold (%)	33.7	35.7		38.6	41.3	43.0	48.6	50.8	53.4	55.8	56.2

“It’s a People Thing”

- 39,025 employees on average in FY2021, increasing to 42,048 by 20 Sept 2021
- Nearly 14,000 employees are shareholders
- 96% of hourly paid employees are on guaranteed hours contracts
- Recognised as one of ‘Britain’s Top Employers’ in a Guardian publication for 17 consecutive years
- £22.8m paid in bonuses and free shares, of which 89.8% was paid to staff working in our pubs
- Continuing increases in manager length of service



Financial year	Average pub manager length of service (Years)	Average kitchen manager length of service (Years)
2012	9.0	5.1
2013	9.1	6.0
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6

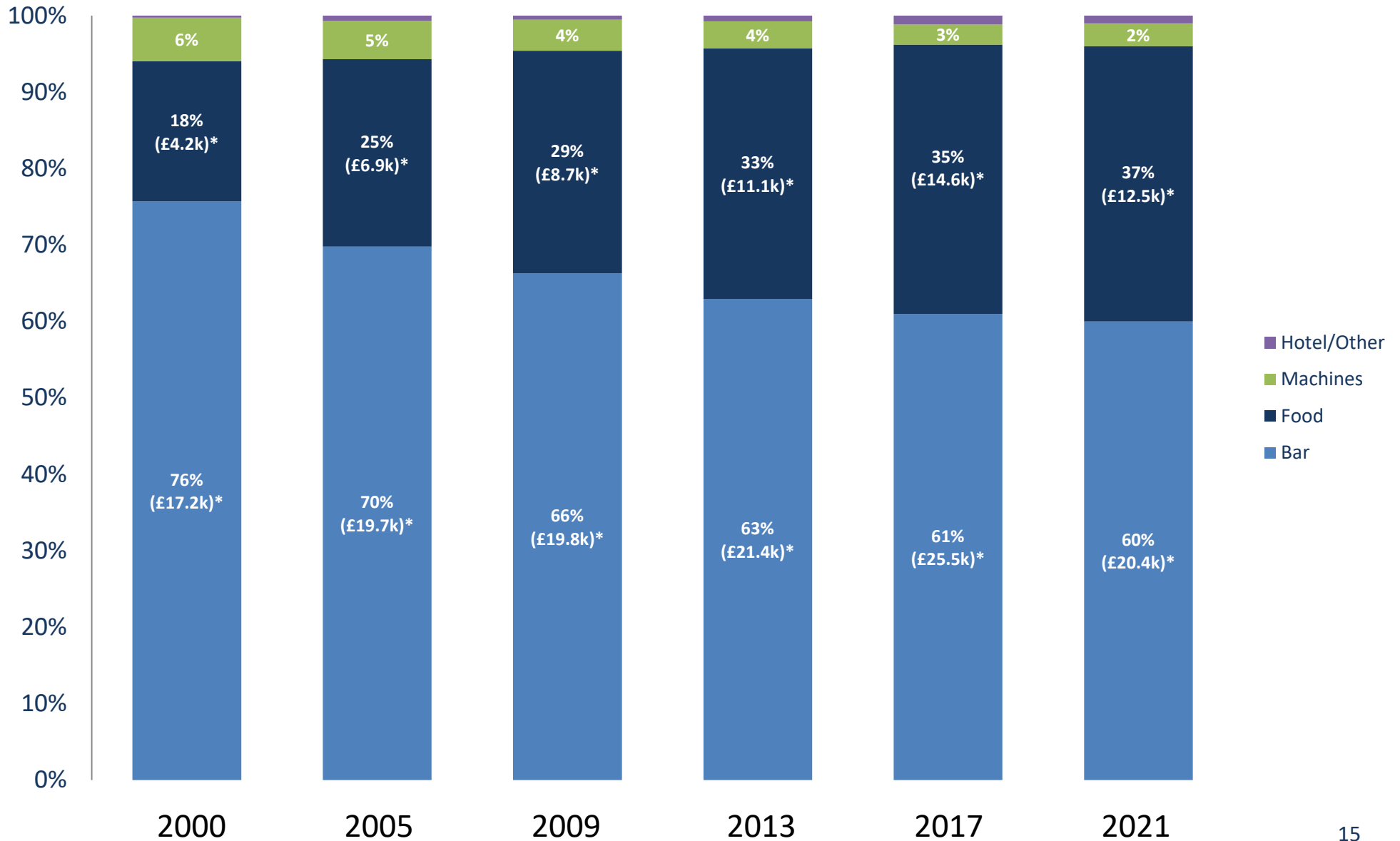
Financial Year	Bonus and free shares £m	(Loss)/Profit after tax £m	Bonus etc as % of profits
2006	17	40	41%
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	-30	-
2021	23	-136	-
Total	454	641	49%

ESG (Environmental, social and governance)

It is in the company's interest to run an ethical and sustainable business. Initiatives that have been undertaken include:

- the replacement of plastic straws with 100% biodegradable and 100% recyclable paper straws and wrappers.
- the conversion of used cooking oil to biodiesel for agricultural use.
- the cessation of single-use portion pots and cling film in the kitchens.
- the introduction of customer allergen screens in most pubs and detailed allergen information on the company's website.
- the establishment of three network groups to support employees at all levels:
 - Women
 - LGBTQIA+
 - Race and ethnic diversity
- the segregation of waste into seven recycling streams including glass, tin/cans, cooking oil, paper/cardboard, plastic, lightbulbs and general waste. Any remaining non-recyclable waste is sent to waste-to-energy power plants which reduce CO2 and the use of fossil fuels. No waste is sent to landfill.
- a reduction of 47% in greenhouse gas emissions, adjusted for sales, between 2014 and 2019, confirmed by energy consultants ISTA. Initiatives include the installation of Cheetah energy management systems, which reduce energy consumption in kitchen ventilation, LED lighting and other measures.
- from October 2022, all electricity supplied to Wetherspoon pubs in the UK being generated from 100% renewable sources.

Changing sales mix since 2000



*Average sales per week

Taxation*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	Total 2012 to 2021 £m
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
VAT	93.8	244.3	357.9	332.8	323.4	311.7	294.4	275.1	253	241.2	2,727.60
Alcohol duty	70.6	124.2	174.4	175.9	167.2	164.4	161.4	157	144.4	136.8	1,476.30
PAYE and NIC	101.5	106.6	121.4	109.2	96.2	95.1	84.8	78.4	70.2	67.1	930.5
Business rates	1.5	39.5	57.3	55.6	53	50.2	48.7	44.9	46.4	43.9	441
Corporation tax	–	21.5	19.9	26.1	20.7	19.9	15.3	18.1	18.4	18.2	178.4
Corporation tax credit (historic capital allowances)	–	–	–	–	–	–	-2	–	–	–	-2
Machine duty	4.3	9	11.6	10.5	10.5	11	11.2	11.3	7.2	3.3	89.9
Climate change levies	7.9	10	10.4	9.2	9.7	8.7	6.4	6.3	4.3	1.9	74
Stamp duty	1.8	4.9	3.7	1.2	5.1	2.6	1.8	2.1	1	0.8	25
Sugar tax	1.3	2	2.9	0.8	–	–	–	–	–	–	7
Fuel duty	1.1	1.7	2.2	2.1	2.1	2.1	2.9	2.1	2	1.9	20.2
Carbon tax	–	–	1.9	3	3.4	3.6	3.7	2.7	2.6	2.4	23.3
Premise licence and TV licences	0.5	1.1	0.8	0.7	0.8	0.8	1.6	0.7	0.7	0.5	8.2
Landfill tax	–	–	–	1.7	2.5	2.2	2.2	1.5	1.3	1.3	12.7
Furlough Tax Rebate	-213	-124.1	–	–	–	–	–	–	–	–	-337.1
Eat out to help out	-23.2	-	-	-	-	-	-	-	-	-	-23.2
Local government grants	-11.1	-	-	-	-	-	-	-	-	-	-11.1
TOTAL TAX	36.975	440.7	763.6	728.8	694.6	672.3	632.4	600.2	551.5	519.3	£5.6bn
TAX PER PUB (£000)	42.94425	533	871	825	768	705	673	662	632	617	£6.3m
TAX AS % of NET SALES	4.8%	34.9%	42.0%	43.0%	41.8%	42.1%	41.8%	42.6%	43.1%	43.0%	39.7%

*UK taxes only

Current Trading and Outlook

- Like-for-like sales in the first nine weeks of the current financial year were 8.7% lower than the same weeks in 2019, before the pandemic started. In the last four weeks of the period, like-for-like sales were minus 6.4%.
- Excluding airport pubs, where like-for-like sales declined by 47.3%, like-for-like sales declined by 7.1% in the first nine weeks, and by 4.8% in the last four.
- Total employee numbers averaged 39,025 in the financial year, which increased to 42,003 for the week ending 20 September 2021.
- Wetherspoon is cautiously optimistic about the outcome for the financial year, on the basis that there is no further resort to lockdowns or onerous restrictions.

Questions

wetherspoon

Appendices

Appendices

- A 10 year overview
- B 10 year financial trends
- C 10 year debt overview
- D1 ROC/CROCCE/ROE calculations
- D2 ROC/CROCCE/ROE calculations
- E Swap maturity profile

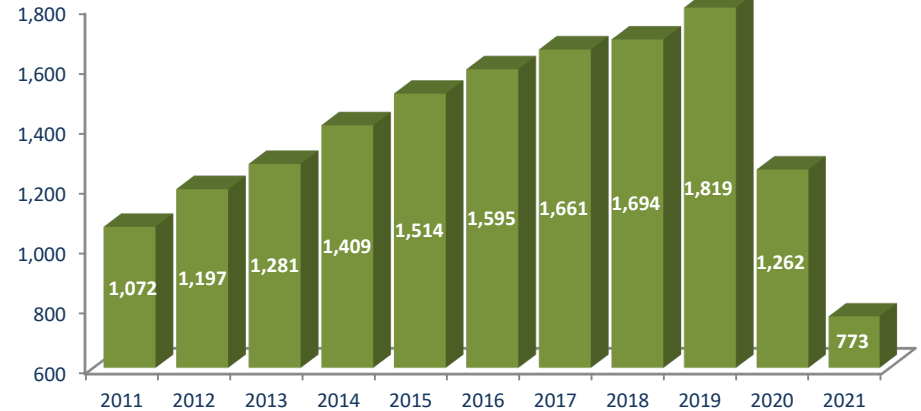
Appendix A

10 Year Overview

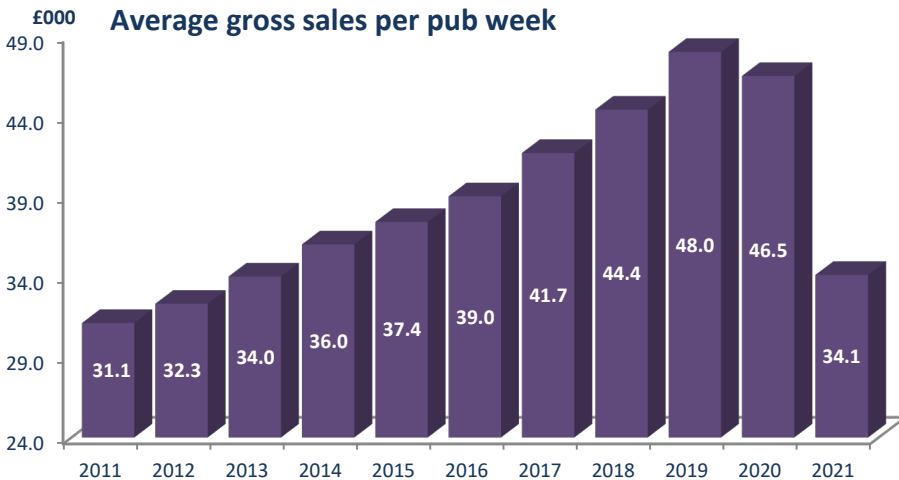
Number of pubs



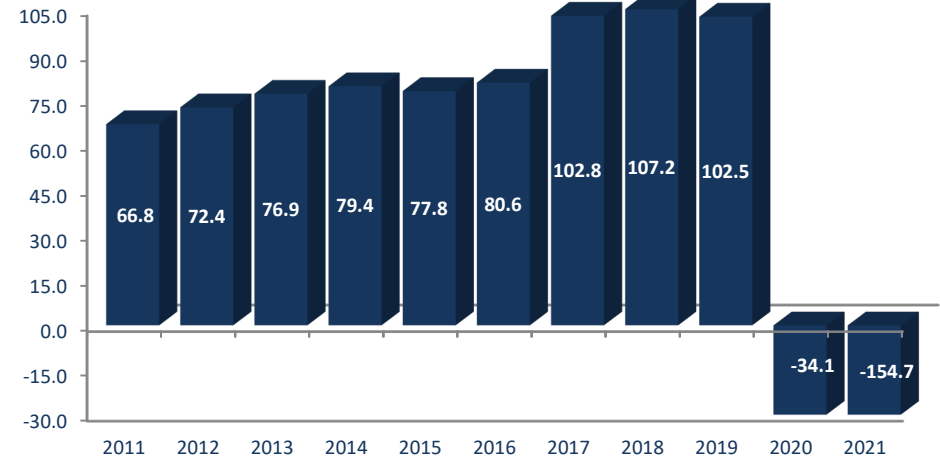
£ millions Turnover



Average gross sales per pub week



£ millions Profit before tax (before exceptional items)



Appendix B

10 Year Financial Trends

	2021	2020		2019	2018	2017	2016	2015	2014	2013	2012
Sales per pub (£000) (1)	1,573	2,017		2,075	1,921	1,807	1,694	1,620	1,562	1,476	1,401
EBITDA per pub (£000) (2)	(21.7)	139.9		253.3	248.0	229.0	209.2	200.9	204.5	200.9	194.9
Number of pubs	861	872		879	883	895	926	951	927	886	860
% freeholds (%)	66	64		61	59	57	51	49	47	44	44
CROCCE (3) (%)	(1.4)	3.9		9.7	10.0	9.9	9.7	9.6	10.5	10.6	10.8
Cash return on investment (3) (%)	(5.3)	3.2		12.4	13.5	13.3	12.2	11.7	12.3	12.4	12.6

(1) Calculated on 52 week period

(2) Excluding sale & leaseback rent, calculated on 52 week period

(3) See appendix D1 and D2 for calculation

Appendix C

10 Year Debt Overview

	2021	2020		2019	2018	2017	2016	2015	2014	2013	2012
Net debt/EBITDA	-27.32*	9.48*		3.36	3.39	3.39	3.47	3.37	3.21	2.88	2.96
(EBITDAR - Reinvestment)/Fixed charge	-0.21*	1.01*		2.26	2.25	2.21	2.14	1.97	1.79	1.88	1.75
Interest cover (times)	--2.85	-1.33		3.72	4.19	3.72	2.92	2.73	3.11	2.66	2.68
Interest cover pre exceptional (times)	-2.27	0.16		3.92	4.84	4.61	3.34	3.29	3.19	3.24	3.07
Fixed charge cover (times)											
statutory	-1.19	0.01		1.92	1.94	1.78	1.63	1.57	1.76	1.56	1.58
excluding depreciation	-0.27	0.84		2.71	2.79	2.54	2.32	2.22	2.32	2.09	2.06
excluding depreciation and Exceptional items	0.06	1.48		2.78	2.98	2.81	2.46	2.41	2.34	2.28	2.20

*Waivers agreed against covenant tests due to the impact of Covid-19 pub closures

Appendix D1

ROC/CROCCE/ROE

		2021 £000	2020 £000
Shareholders equity per accounts		300,344	325,199
Deferred tax balances		16,546	26,521
Interest rate swaps valuations		37,643	82,194
Impairment balances		48,190	44,058
Net book value of revalued assets		(4,540)	(4,939)
Adjusted shareholders equity	(a)	398,183	473,033
Net debt		845,474	816,987
Capital employed	(b)	1,243,657	1,290,020
Accumulated depreciation (excluding impairments)	(c)	1,088,872	1,017,917
Cash capital employed	(d)	2,332,529	2,307,937

ROC/CROCCE/ROE

		2021 £000	2020 £000
EBITDA (cash return)	(e)	(30,942)	86,150
Depreciation and amortisation	(f)	(76,474)	(79,639)
EBIT	(g)	(107,416)	6,511
Interest		(47,260)	(40,606)
Profit before tax		(154,676)	(34,095)
Current tax	(h)	(1,166)	588
Profit after cash tax	(i)	(155,842)	(33,507)
Deferred tax credit/(charge) (excluding exceptional items)		20,315	3,570
Profit after tax		(135,527)	(29,937)
Return on capital employed [(g+h)/average b]*		(8.6%)	0.6%
Cash return on cash capital employed [(e+h)/average d]*		(1.4%)	3.9%
P&L return on shareholders equity [i/average a]*		(35.8%)	(7.6%)
Cash Return on Investment [(i-f)/(average a+c)]		(5.3%)	3.2%

*All returns are calculated after tax

Swap Maturity Profile

Swap Value	From	To	Weighted Average %
£770m	02 July 2018	29 Jul 2021	2.42%
£770m	30 July 2021	30 July 2023	1.61%
£770m	31 July 2023	30 July 2026	1.10%
£770m	31 July 2026	30 June 2028	1.33%
£770m	01 July 2028	29 March 2029	1.32%

