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# **J.D. Wetherspoon Plc**

## *Preliminary Announcement*



**6 September 2002**



# Highlights -Twelve Months to 28 July 2002

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- Turnover up 24% to £601.3m
- Profits before tax up 21% to £53.6m
- Earnings per share up 17% to 16.6p
- Free cash flow per share 33.5p - double EPS
- Dividend per share increased by 10% to 3.22p

# Openings- First Half 2002 (35)

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## M25

Heathrow Airport  
London (Goodmans Field)

## Midlands

Bedworth  
Biddulph  
Mansfield  
Milton Keynes  
Stratford upon Avon  
Worksop

## North East

Batley  
Doncaster  
Huddersfield  
Sheffield  
Whitley Bay

## Northern Ireland

Enniskillen  
Lisburn

## North West

Altrincham  
Fleetwood  
Lancaster X 2  
Liverpool  
Workington  
Wirral

## Scotland

Glasgow  
Inverness  
Livingston  
Motherwell

## South East

Andover  
Chelmsford  
Gatwick Airport  
Hastings  
Norwich  
Portsmouth

## South West

Street

## Wales

Llandudno  
Wrexham



# Openings- Second Half 2002 (52)

## M25

Camberley  
Camden  
Epsom  
Greenwich  
Islington  
London - Farringdon Road

## Midlands

Birmingham  
Coalville  
Newcastle Under Lyme  
Stone

## North East

Barnsley  
Doncaster  
Grimsby  
Harrogate  
Huddersfield  
Middlesbrough  
Richmond  
Sheffield  
Shipley  
Washington  
York X 2

## Northern Ireland

Derry  
Newtownards

## North West

Bolton  
Burnley  
Liverpool X 2  
Manchester

## Scotland

Dundee  
Falkirk  
Glasgow X 3

## South East

Bexleyheath  
Chelmsford  
Harlow  
Ilford  
Maidenhead  
Maidstone  
Norwich  
Poole  
Windsor  
Witham

## South West

Bristol X 2  
Chard  
Plymouth  
Salisbury  
Taunton

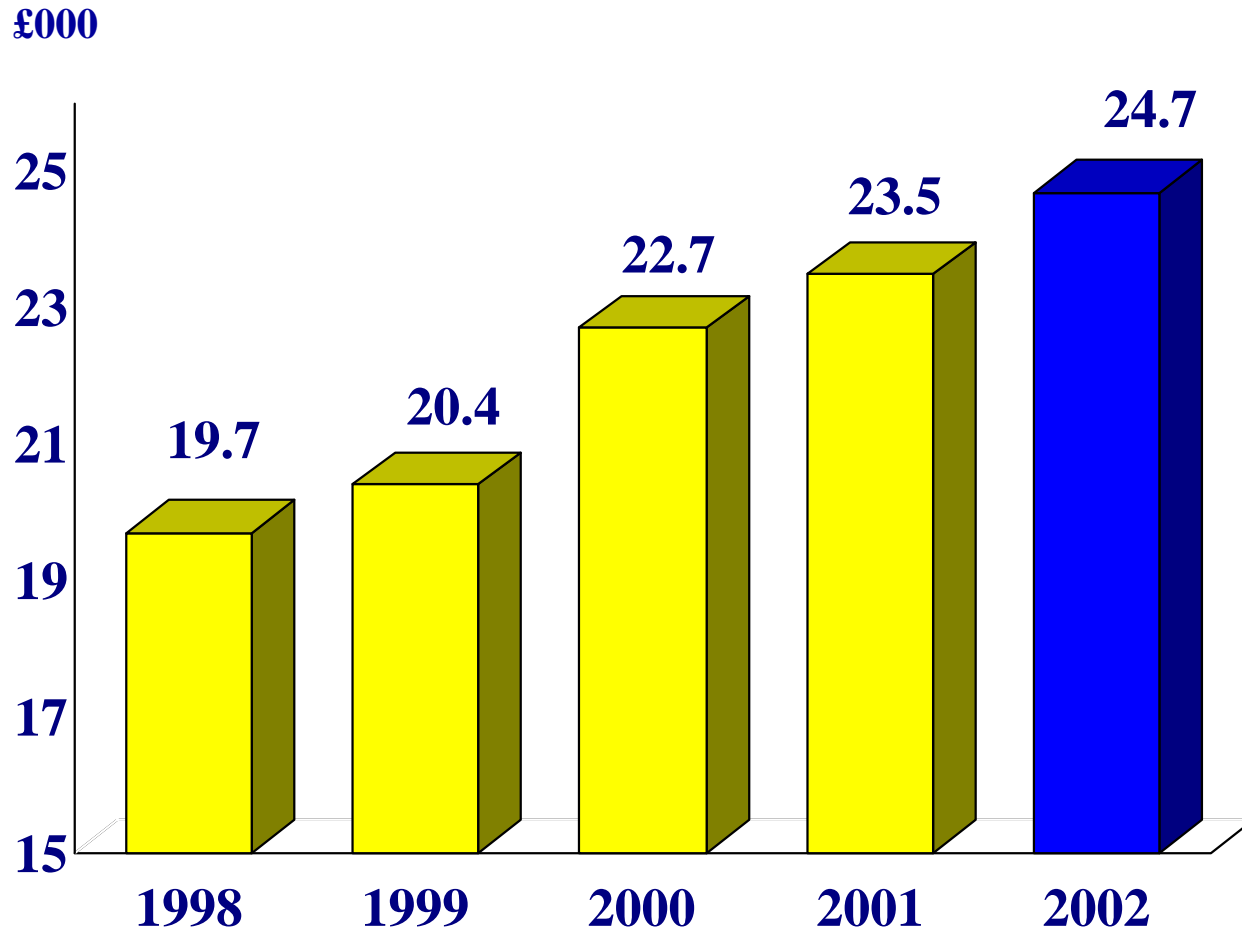
## Wales

Carmarthen  
Newport



# Five Year View

## Average Sales Per Pub Week (including VAT)



# Like For Like Sales

<b>%</b>	<b>1<sup>st</sup> Half 2002</b>	<b>2nd Half 2002</b>	<b>Full Year 2002</b>	<b>Full Year 2001</b>
Bar	3.9	3.3	3.5	6.2
Food	10.2	9.3	9.9	11.4
<b>Total</b>	<b>5.5</b>	<b>4.7</b>	<b>5.0</b>	<b>7.5</b>

# Trading

## SUNDAY ROAST

Roast dishes are available on Sunday only.



Roast beef, chicken or nut roast  , served with roast potatoes, two Yorkshire puddings, cauliflower cheese, carrots, peas and gravy.

**£4.09**  
each




 suitable for vegetarians  contains nuts  
We monitor the presence of nuts in all of our products; however, we cannot guarantee that any items are free from traces of nuts.  
Subject to availability. Participating businesses.  
\*Participating in the guidelines only.  
Visit our Web site: [www.jdwetherspoon.co.uk](http://www.jdwetherspoon.co.uk)

# TOM AND JERRY™


AT Wetherspoon

## Children's MENU



REGISTERED CHARITY NUMBER 803288  
J D WETHERSPOON SUPPORT THE CHARITY CLIC

Available from opening until **5.00pm** every day.  
Choose any children's meal, an ice cream sundae and a drink for **£1.99**

**PLUS FREE**  
  
COLOURING SET

A PACK OF CRAYONS AND A COLOURING SHEET INCLUDED WITH THE MEAL.

# Trading

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- Curry club - expanded offer
  - July 2002 volumes double previous year
- Steak out - expanded range September 2002
  - steak choice / rack of ribs
  - 85,000 per week
- National breakfast offer September 2002/10am opening



# Costs/Purchasing Initiatives

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- Food buying e.g. burger buns (£169,000)
- Capital - carpets (£178,000)
- Other examples - napkins/till rolls/toilet rolls (£133,000)
- Future areas
  - soft drinks
  - spirits
  - capital items
  - non-consumables

# Pub Sales Performance

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2000/01 Pubs • Sales £22.9k (+10% -v- first year)

2001/02 Pubs • Sales £26.1k

Lloyds

- Original 10 - £27.7k (at acquisition £10.0k)
- Development
  - 2000/01 4
  - 2001/02 20\*
  - Average sales £30.0k

Weekly sales include VAT

\* Includes 2 JDW conversions

# People

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- BII Supreme training award two years running
- Developing advanced diploma in Licensed Retailing (Leeds Met. University)
- Lowest ever employee turnover
- 57% of assistant managers are internal promotions

# The Winter Gardens, Harrogate

5,800 Square feet



# The Postern Gate, York

4,900 Square feet



# Lloyds, Glasgow

5,800 Square feet



# Operating Margins - Summary

	2002		2001	
	£000	% of Sales	£000	% of Sales
Turnover	<b>601,295</b>	-	483,968	-
Pub Operating Profit	<b>141,660</b>	<b>23.6</b>	119,559	24.7
Sale & leaseback rentals	<b>(7,721)</b>	<b>(1.3)</b>	(7,717)	(1.6)
Head Office Costs	<b>(27,511)</b>	<b>(4.6)</b>	(23,788)	(4.9)
EBITDA	<b>106,428</b>	<b>17.7</b>	88,054	18.2
Depreciation	<b>(36,343)</b>	<b>(6.0)</b>	(29,674)	(6.1)
<b>Statutory operating profit</b>	<b>70,085</b>	<b>11.7</b>	58,380	12.1

# Pub Operating Margins

	2002	2001
Gross margin	<b>62.5%</b>	62.0%
Staff costs	<b>23.9%</b>	23.0%
Other pub costs (rent, rates, utilities)	<b>15.0%</b>	14.3%
Pub operating profit	<b>23.6%</b>	24.7%



# LFL Trends - Pubs Opened In Each Year

	<b>Total</b>	<b>1999/00</b>	<b>1998/99</b>	<b>1997/98</b>	<b>1996/97 and prior</b>
Like for like sales growth (%)	5.0	10.2	5.1	4.0	2.2
Like for like profit growth (%)	3.8	13.6	3.5	3.1	-1.7
Number of pubs	343	93	72	65	113

# Cash Flow

	<b>2002</b>	2001	
	<b>£000</b>	£000	
Cash from operations	<b>113,700</b>	93,005	
Interest and tax	<b>(23,604)</b>	(16,016)	
Investments in existing pubs	<b>(18,726)</b>	(15,792)	
Free cash flow available for new pub development	<b>71,370</b>	61,197	<b>+17%</b>
Dividends	<b>(4,445)</b>	(4,529)	
Disposal proceeds	<b>412</b>	-	
Investment in own shares	-	(241)	
Total investments in new pubs and extensions (including interest)	<b>(132,096)</b>	(130,578)	
Cash outflow before financing	<b>(67,013)</b>	(74,151)	
Free cash flow per share	<b>33.5p</b>	29.1p	

# Financial - Funding

	<u>2002</u>	<u>2001</u>
Gearing (%) – post FRS19	<b>98</b>	88
– pre FRS19	<b>82</b>	75
Interest cover (times)	<b>4.2</b>	4.2
Fixed charge cover (times) - statutory	<b>2.1</b>	2.0
- excluding depreciation	<b>2.8</b>	2.7

# Financial - Funding

	<u>£m</u>
Existing gross debt	316
Unutilised facilities at 28 July 2002	36
New facilities (repayable 5-10 years)	55
Total facilities	<u>407</u>
Unutilised facilities and cash balances	<u>105</u>

# Underlying Economic Profits

	2002 £'000	2001 £'000	
PBT	<b>53,568</b>	44,317	
Add: Depreciation	<b>36,343</b>	29,674	
Less: Capital invested in existing pubs	<b>(18,726)</b>	(15,792)	
Economic profit	<b>71,185</b>	58,199	+22%
% Sales	<b>11.8%</b>	12.0%	
Economic profit after tax on cash basis	<b>62,629</b>	55,857	
Cash tax rate	<b>16.0%</b>	5.0%	
ROC (pre tax)	<b>14.7%</b>	14.9%	
ROC (after cash tax)	<b>13.3%</b>	14.5%	
ROE (after cash tax)	<b>19.5%</b>	20.1%	

# JDW - The Last 10 Years

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Sales per pub (£000)	577	619	702	786	848	872	904	1,004	1,040	<b>1,093</b>
EBITDA per pub (£000) (1)	131.6	135.6	149.5	177.6	190.8	184.9	188.0	203.8	205.9	<b>207.4</b>
Average capital employed per pub (£000)	842	820	895	949	974	1028	990	972	1018	<b>1049</b>
Number of pubs	67	87	110	146	194	252	327	428	522	<b>608</b>
% freeholds (%)	40	37	33	35	31	30	21	32	40	<b>42</b>
Pre tax roc (%) (2)	13.4	12.2	13.3	16.1	16.3	13.1	15.0	14.3	14.9	<b>14.7</b>
Post tax roc (%) (2)	12.4	11.4	12.5	15.7	15.9	12.9	14.8	13.9	14.5	<b>13.3</b>
Free cashflow per share (pence)	3.0	4.1	7.4	11.3	14.4	13.3	20.3	24.2	29.1	<b>33.5</b>

(1) Excluding sale & leaseback

(2) Return after capital re-investment and sale & leaseback charges

# Pipeline

	<b>2002</b>	<b>2001</b>
On site	25	25
With planning/licensing	60	61
Terms agreed	60	65
In negotiation	166	170
	<b>311</b>	<b>321</b>

# Prospects

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- Strong August trading (5.9% LFL sales)
- Growth opportunities - food/Lloyds
- Annual openings 80 (+/- 10)
- Target - 1500 + sites
- Strong cash generation/earnings growth



# Appendices

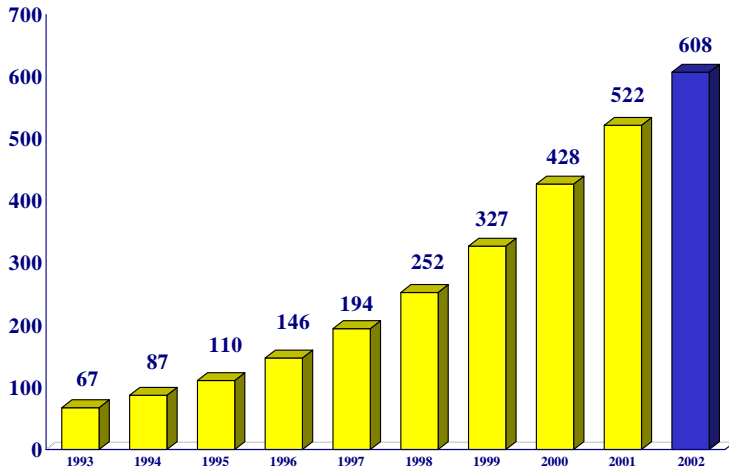
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A - 10 Year financial trends

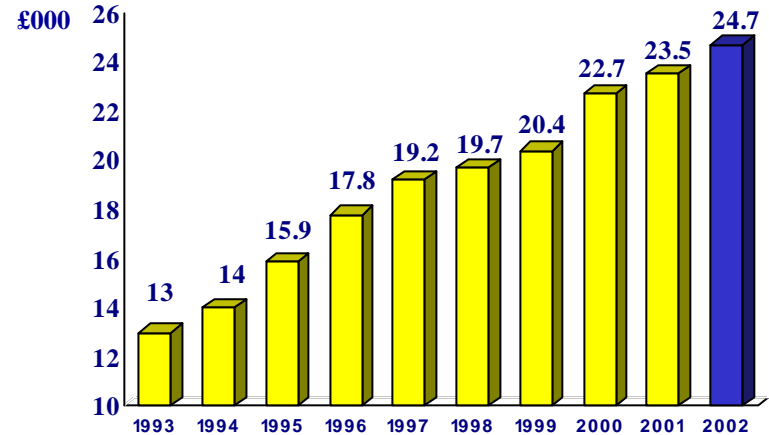
B - Capital trends

# 10 Year Financial Trends

## Number of Pubs

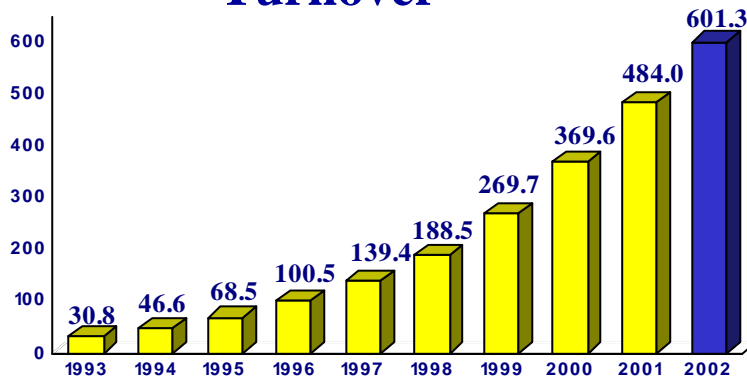


## Average Sales Per Pub Week (including VAT)



£ millions

## Turnover



£ millions

## Profit Before Tax



# Capital Trends

Appendix B

	1998	1999	2000	2001	2002
Size (sq.ft.) – openings	3,401	3,037	3,217	3,526	<b>3,808</b>
Number of openings	68	84	101	94	<b>87</b>
% which are freehold	49	58	67	75	<b>53</b>
Freehold average cost (£k)	463	427	465	443*	<b>500**</b>
Average development cost (£k)	965	941	1,049	1,178	<b>1,262</b>
Average cost per sq. ft.	284	310	326	334	<b>331</b>
Increase in average cost (%)	12	9	4	3	<b>-1</b>
Population within 2 miles	72,000	70,000	77,000	70,000	<b>70,000</b>
Pub openings with beer gardens (%)	42	50	73	62	<b>46</b>

\* £506k including existing pubs

\*\* £597k including existing pubs

