

JD WETHERSPOON PLC

Interim Results 2011



11 March 2011

Highlights – Six Months to 23 January 2011



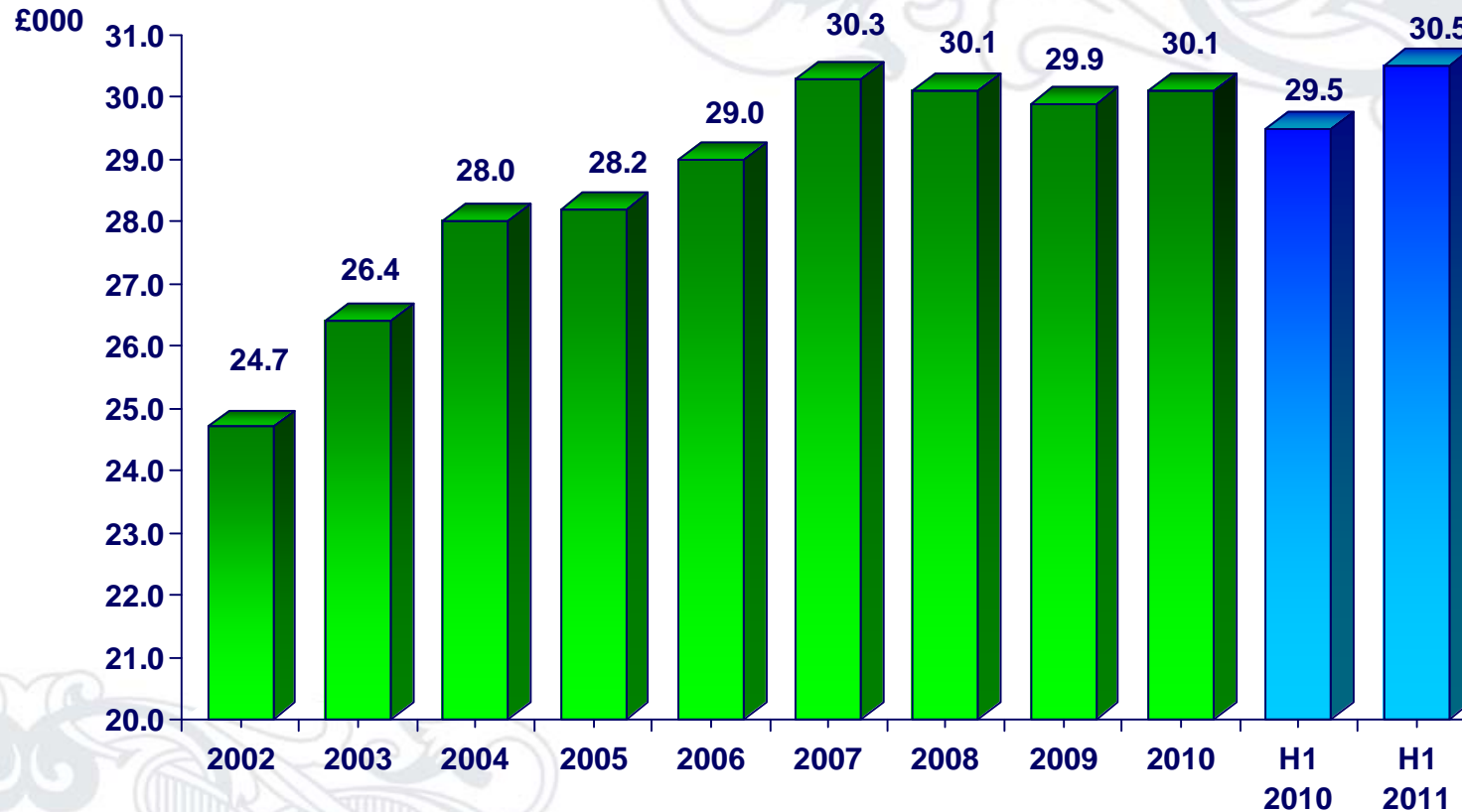
- Turnover up 7.6% to £525.4m
- Operating profit up 1.4% to £49.6m
- Operating margin down 0.6% to 9.4%
- Profit before tax down 11.0% to £32.2m
- Earnings per share down 9.1% to 15.9p
- Free cash flow per share up 7.2% to 16.4p
- Dividend per share 4p (2010: 19p)

Strong sales growth



Kirk Davis – FD

Average Sales Per Pub Week (including VAT)



Strongest average pub sales



Like for Like Sales/Profits

%	H1 2011	H1 2010	H2 2010	2010	2009	2008	2007
Bar	+0.6	+0.1	-1.6	-0.8	+2.5	-4.3	+3.3
Food	+7.4	-2.1	+2.2	+0.1	-0.4	+7.9	+12.6
Machines	-3.8	+14.1	+10.1	+12.1	-7.5	-5.8	+2.7
Total LFL sales	+2.3	+0.1	+0.1	+0.1	+1.2	-1.1	+5.6
LFL profits	-3.0	+0.5	-4.6	-2.0	-1.7	-6.6	+7.0

Like for likes driven by strong food growth



Operating Margin

- Gross margin broadly maintained
 - Tax increases absorbed
- Staff costs higher
 - Investment in earlier opening and catering
- Operating costs
 - Investment in enhancements to the operation
- Depreciation lower as % of sales

Net decrease in underlying operating margin c60 basis points

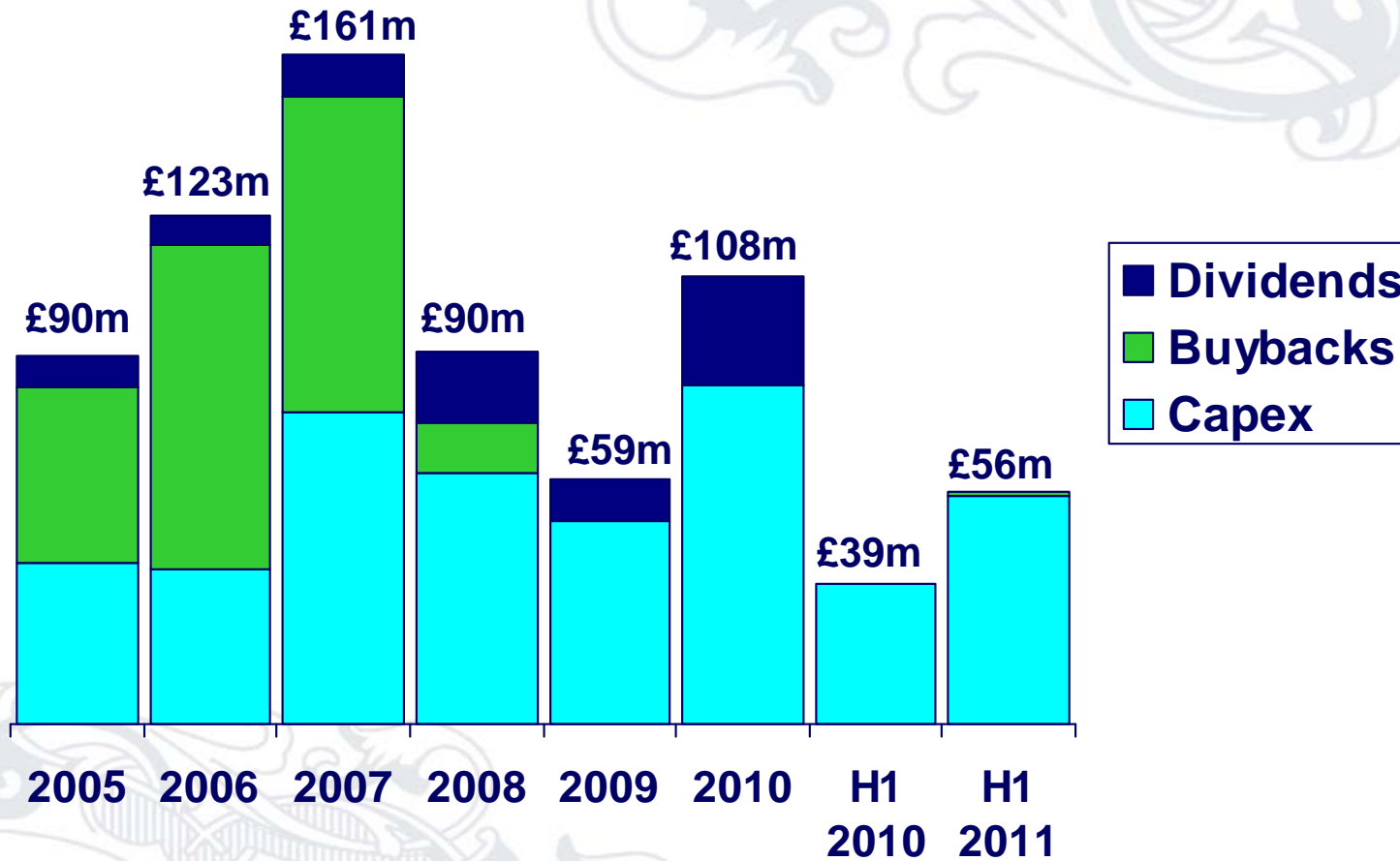
Operating Margin - Summary



	H1 2011 £000	H1 2011 % of Sales	H1 2010 £000	H1 2010 % of Sales
Turnover	525,364		488,132	
Pub profit (pre repairs)	110,273	21.0	107,125	22.0
Repairs	(17,726)	(3.4)	(16,953)	(3.5)
Head office costs	(19,152)	(3.7)	(17,604)	(3.6)
Share Incentive Plan	(2,271)	(0.4)	(1,537)	(0.3)
Depreciation	(21,555)	(4.1)	(22,176)	(4.6)
Operating Profit	49,569	9.4	48,855	10.0



Allocation of Resources



Focus on new openings and reinvestment programme



Capital Expenditure

	HY11 £m	HY10 £m
Acquisition and developments costs		
Current year	37.8	22.2
Future year	0.5	2.1
New openings	38.3	24.3
Fixtures and fittings	6.6	4.7
Refurbishments	3.6	3.3
IT & related projects	6.4	1.5
Reinvestment	16.6	9.5
Total	54.9	33.8

Investment in new till system and improving facilities



Movement in Net Debt inc. Finance leases

	<u>£m</u>
FY10 Net debt	388.4
Free cash flow	-22.7
New pub capex	38.3
Share buy backs	1.2
Other	0.9
HY11 Net debt	<u>406.1</u>

- Free cash flow increased to £22.7m (2010: £21.3m).
 - Increase in cash from operations due to working capital benefits in current period offset by increased investment in existing pubs
- Total net bank borrowing (including finance leases) of £406.1m, an increase of £17.7m in the last 6 months (July 2010: £388.4m)

Increase in net debt inc. finance leases due to new pubs and refurbishments



Debt Position

	H1 2011	H1 2010	FY 2010
Net debt/ EBITDA	2.8	2.7	2.7
Interest cover (times)	2.9	3.9	3.4
Fixed charge cover (times) – statutory	1.6	1.8	1.8
- excluding depreciation	2.1	2.4	2.3

Resilient performance



Dividends

- 4p interim dividend (2010:19p including 7p special dividend)
 - Dividend cover is 4.0 times
 - Dividend yield is 0.9%
- Paid on 25th May 2011

Dividend reinstated at previous level



Financial Summary

- Strong sales result
- Operating margin decline reflects ongoing investment and cost pressures
- Continued strong cash generation
- Strong financial position – facilitating ongoing pub opening programme
- Unutilised banking facilities and cash balances of £151.4m as at 23 January 2011 (July 2010: £170.5m)



John Hutson - CEO



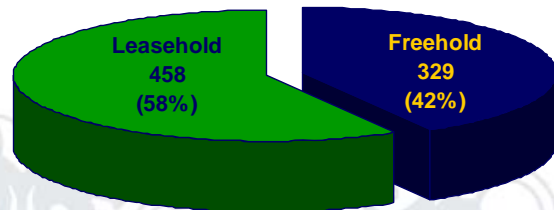
Business Update

- Property
- New openings
- Continued improvement
- Current trading and outlook

Property Update

	HY 11	FY 10
Trading pubs at start of FY	775	731
Freehold pubs opened	8	15
Leasehold pubs opened	6	32
Closures	-2	-3
Total trading pubs	787	775

- Average cost of development £1.12m, up from £849k last half year
- Closures as result of a relocation of our unit at Gatwick Airport (South terminal) and one pub in London.
- 20 pubs opened as of 11 March 2011
- 15 pubs on site as of 11 March 2011



Opportunities remain for profitable investment

The Green Parrot, Perranporth

Open Date: 22nd October 2010



Acquired from: private owner
Customer Area: 4,533 sq ft
Development Costs: £1,293k



The Sheaf Island, Sheffield

Open Date: 17th September 2010



Acquired from: private owner

Customer Area: 4,129 sq ft

Development Costs: £1,285k



The Foley Arms, Great Malvern

Open Date: 7 December 2010



Acquired from: private owner

Customer Area: 4,832 sq ft

Development Costs: £2,209k





Continued Improvement

- Over 232 pubs are in the CAMRA Good Beer Guide
- Record ever coffee sales
- Britain's Top Employers 2011 Award
- Raised over £4m for CLIC Sargent (for children with cancer)
- 144 Loo Awards
- Apprenticeships and under 18 employees
- Reinvestment – Aztec, toilets, carpets etc
- Bonus – £12.3m paid in H1, 94% of bonus awards made to employees below board level

Ongoing improvements in the business

Current Trading and Outlook



- Inflation expected in operating costs
- Opportunities for profitable investment
- Largest ever ale festival expected this spring
 - Ale festival 23 March – 10 April
- LFL sales for the 6 weeks to 6 March 2011 were 2.8% with total sales growth of 7.9%

Remain confident of future prospects



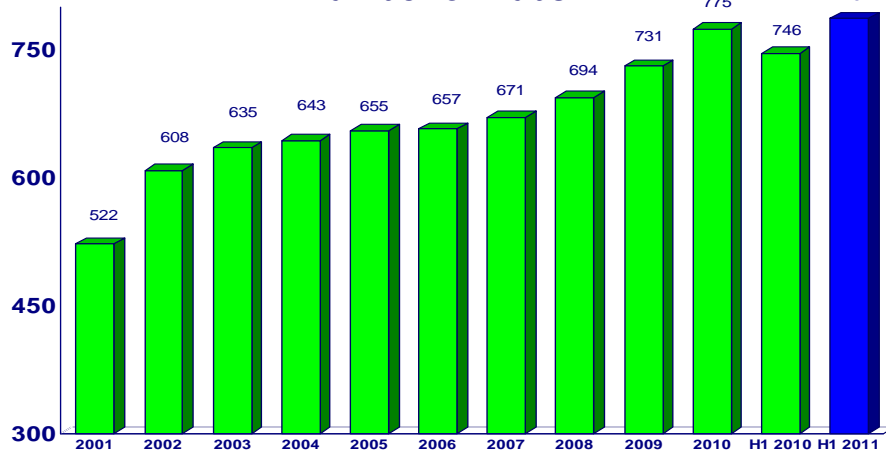
Appendices

- A 10 Year Financial Graphs
- B 10 Year Trends
- C Capital Trends
- D ROC/CROCCE/ROE
- E ROC/CROCCE/ROE Calculations
- F Net Debt year on year movement
- G Cash flow

10 Year Summary

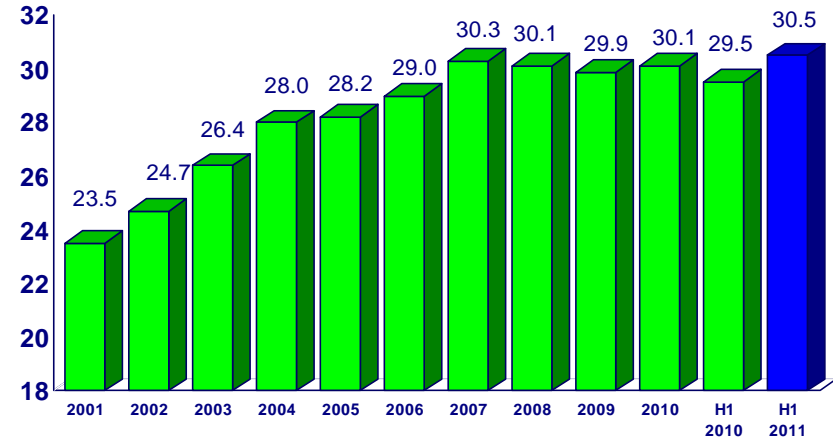


Number of Pubs



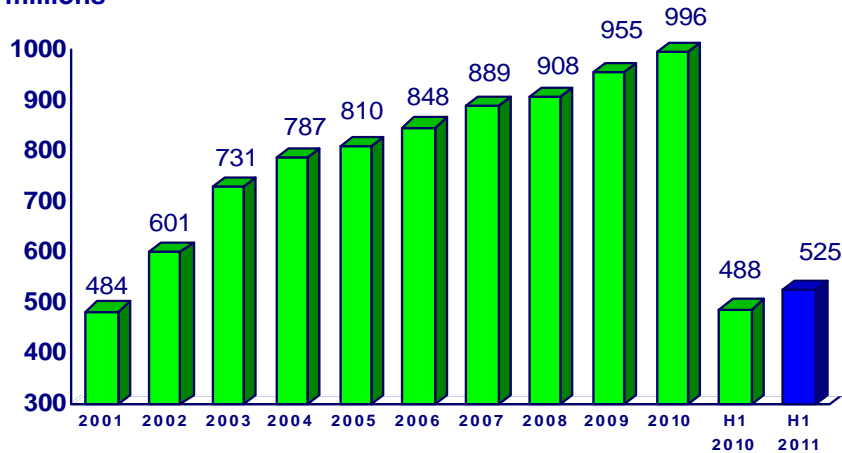
£000

Average Sales Per Pub Week (including VAT)



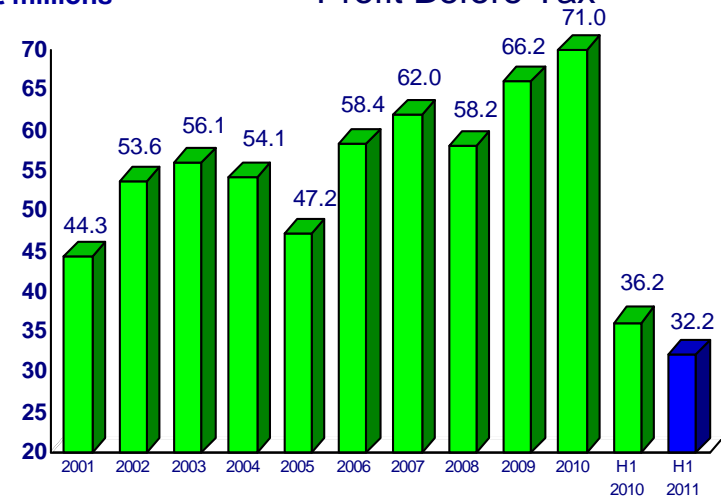
Turnover

£ millions



£ millions

Profit Before Tax





JDW - Financial Trends

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 H1	2011 H1
Sales per pub (£000)	1,093	1,169	1,239	1,246	1,283	1,354	1,333	1,344	1,335	661	674
EBITDA per pub (£000) (1)	207.4	201.9	204.4	195.7	205.6	219.0	211.6	212.9	205.8	96.2	97.6
Number of pubs	608	635	643	655	657	671	694	731	775	746	787
% freeholds (%)	42	42	41	41	41	42	42	42	41	41	42
CROCCE (%) (2)	13.9	13	12.6	11.7	11.9	12.2	11.3	11.1	10.8	10.7	10.3
Cash return on equity (%) (2)	18.8	17.1	15.8	14.4	14.7	15.5	14.2	13.5	12.6	13.0	11.1
Free cash flow per share (pence)	33.5	38.8	36.7	37.1	42.1	35.6	50.6	71.7	51.3	15.3	16.4
Adjusted earnings per share (pence) (3)	16.6	17.0	17.7	16.9	24.1	28.1	25.7	32.6	34.9	17.5	15.9

- (1) Excluding sale & leaseback
 (2) See appendix D for calculation
 (3) Excluding exceptional items



Capital Trends

<u>Financial Year</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2010</u> <u>H1</u>	<u>2011</u> <u>H1</u>
Size (sq.ft.) - Openings	3,808	3,721	4,317	4,176	3,928	3,855	3,618	3,359	3,781	4,123	3,377
Number of openings	87	45	28	13	9	18	23	39	47	17	14
% which are freehold	53	56	43	54	22	61	57	33	32	12	57
Freehold average cost (£k)	597	511	640	873	625	750	958	765	857	615	813
Average development cost (£k, excluding FH)	1,262	1,317	1,431	1,401	1,301	1,520	1,498	851	857	849	1,120
Average cost per sq.ft.	331	354	331	335	331	394	414	253	226	206	332
Population within 2 miles	70,000	73,000	51,000	64,000	59,000	45,000	50,000	38,000	67,000	58,000	69,000

* Excluding Airport Sites



ROC/CROCCE/ROE

	2011 H1	2010 H1
• P&L return on capital	11.7%	11.5%
• CROCCE	10.3%	10.7%
• P&L return on equity	15.8%	19.2%
• Cash return on equity	11.1%	13.0%



ROC/CROCCE/ROE

		H1 2011 £000	H1 2010 £000
Profit after tax	(a)	22,142	24,375
Add: interest	(b)	17,348	12,637
Profit pre-interest	(c)	39,490	37,012
Add: deferred tax		313	833
Depreciation		21,557	22,180
Cash return	(d)	61,360	60,025

• P&L return on capital [(c)/average (g)]	11.7%	11.5%
• CROCCE [(d)/average (h)]	10.3%	10.7%
• P&L return on equity [(a)/average (e)]	15.8%	19.2%
• Cash return on equity [(d)-(b)/average (h)-(f)]	11.1%	13.0%



ROC/CROCCE/ROE

	H1 2011 £000	FY 2010 £000
Shareholder funds per balance sheet	190,621	162,142
Add: cum losses on disposal	47,817	47,817
: hedging provision	50,346	61,391
	(e) <u>288,784</u>	<u>271,350</u>
Add: net debt	(f) 406,101	388,391
Capital employed	(g) <u>694,885</u>	<u>659,741</u>
Add: deferred tax provision	76,060	75,579
Less: deferred tax asset	(14,782)	(17,597)
Cumulative depreciation	476,782	455,224
Less: revaluation reserve	(10,775)	(11,052)
Cash capital employed	(h) <u>1,222,170</u>	<u>1,161,895</u>



Movement in Net Borrowings

Jan 2011 Vs Jan 2010

Overall increase in net borrowings of £17.7m from July 10 (2010: increase of £2.8m).

Compared to last half year, the difference of £ 14.9 m represents:

	£m
Cash operating profit	0.7
Working capital	8.5
Cash from operations	<u>9.2</u>
Interest	(1.0)
Tax	(0.1)
Capital reinvestment	(7.1)
SIPS	<u>0.5</u>
Free cash flow	1.5
Investment in new pubs	(14.0)
Issue of new shares	(0.2)
Share buy backs	(1.2)
Non cash movement	<u>(1.0)</u>
Net borrowings	<u>(14.9)</u>



Cash Flow

	H1 2011 £000	H1 2010 £000	FY 2010 £000
Free Cash Flow	22,740	21,258	71,347
HMRC Gaming Settlement	-	-	14,941
Dividends	-	-	(26,174)
Proceeds on Disposal	-	-	170
Investment in new pubs	(38,319)	(24,319)	(57,739)
Free cash flow	(15,579)	(3,061)	2,545
Issue of new shares	77	303	523
Share Buy Backs	(1,217)	-	-
Change in Cash & Cash Equivalents	(16,719)	(2,758)	3,068
Non Cash Movements	(991)	(49)	(1,435)
Movement in net debt	(17,710)	(2,807)	1,633
Free cash flow per share	16.4p	15.3p	51.3p