
J.D. Wetherspoon Plc

Interim Announcement

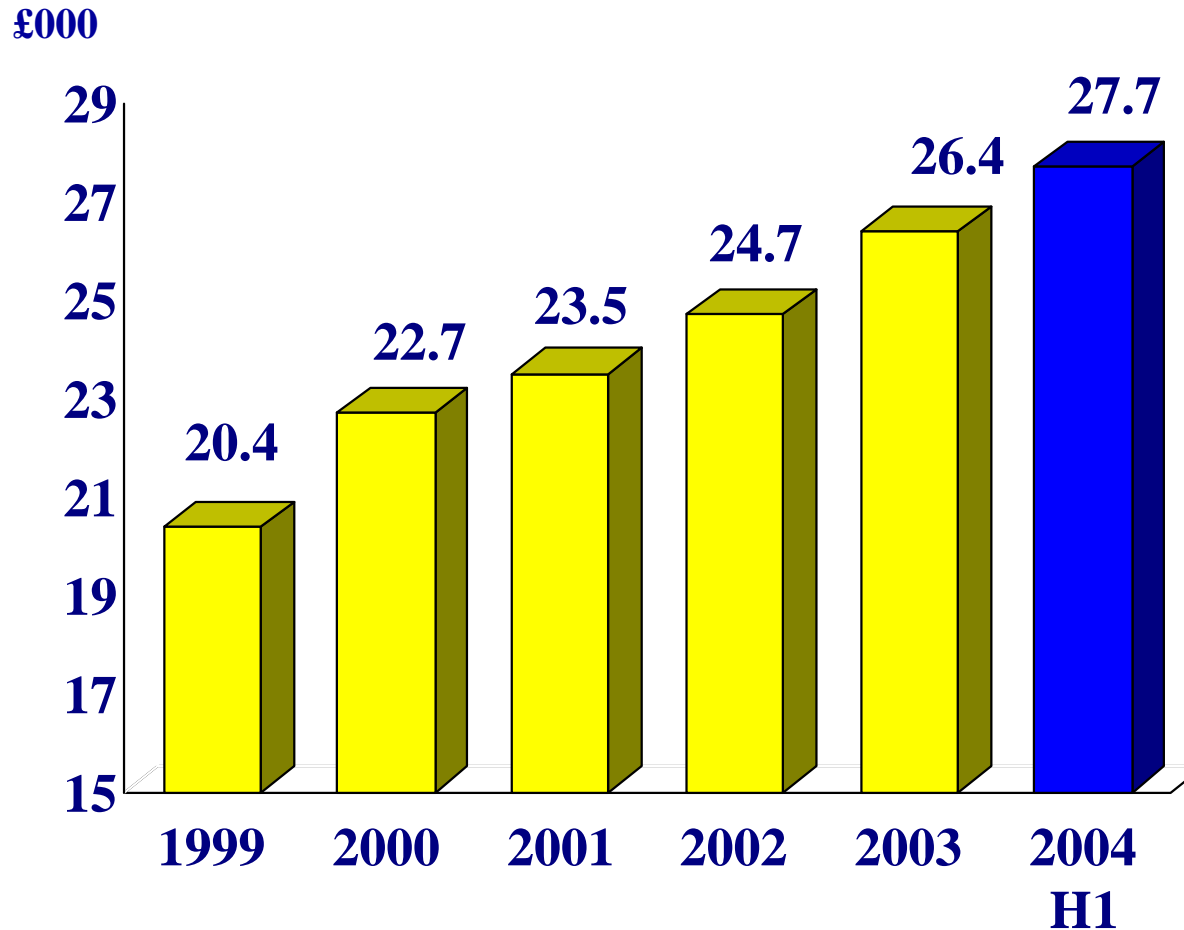
3 March 2004



Highlights -Six Months to 25 January 2004

- Turnover up 11% to £389.0m
- Operating profit up 10% to £38.6m
- Profit before tax up 9% to £27.8m
- Earnings per share up 15% to 9.0p
- Free cash flow per share up 15% to 21.7p
- Dividend per share increased by 10% to 1.33p

Average Sales Per Pub Week (including VAT)



Like For Like Sales

%	H1 2004	Year 2003	Year 2002	Year 2001	Year 2000	Year 1999
Bar	4.9	2.1	3.5	6.2	13.8	11.6
Food	4.0	11.4	9.9	11.4	8.1	(2.1)
Total Sales	4.8	4.1	5.0	7.5	12.4	8.6
LFL Profits	4.5	(0.9)	3.8	7.0	13.0	10.1

Trading

- Product range
- Airport expansion
- Breakfasts/early opening

People

- Diploma in Licensed Retailing
 - Nottingham Trent University
 - 80 Candidates
 - All Pub Managers Eligible
- 50% Recruitment Now On-Line

Management Team

- Operational board (16 people)
 - Aged between 31 and 43 (average 37)
 - Length of service between 3 and 13 years (average 8)
 - 75% with University degrees
- Additional 30 senior and 109 middle managers

Cost Base

- Purchasing initiatives
 - AWP/SWP machine rent
 - Crockery/napkins/kitchen paper
 - Self fill cash dispensers
- Cost increases
 - Food ingredients
 - Utilities
- Distribution plans

The Saracen's Head Inn, Daventry



The Saracen's Head Inn, Daventry



The Saracen's Head Inn, Daventry



Gatehouse, Chichester (Lloyds)



Gatehouse, Chichester (Lloyds)



Gatehouse, Chichester (Lloyds)



New Pub Sales Performance

- 2000/01 Pubs Sales £26.1k (+6.1%)
- 2001/02 Pubs Sales £29.6k (+8.8%)
- 2002/03 Pubs Sales £31.6k (+14.5%)
- 2003/04 Pubs Sales £32.5k

Sales per week including VAT

Pub Operating Margins (%)

	H1 2004	H1 2003	Year 2003
Gross margin	62.9	62.4	62.7
Staff costs	(24.9)	(24.5)	(24.5)
Other pub costs	(16.8)	(16.2)	(16.3)
Pub operating profit	21.2	21.7	21.9

Operating Margins - Summary

	H1 2004		H1 2003		Year 2003	
	£000	% of Sales	£000	% of Sales	£000	% of Sales
Turnover	388,964	-	350,606	-	730,913	-
Pub Operating Profit	82,527	21.2	75,954	21.7	160,030	21.9
Sale & leaseback rentals	(4,021)	(1.1)	(3,861)	(1.1)	(7,801)	(1.0)
Head Office Costs	(18,058)	(4.6)	(15,772)	(4.5)	(34,037)	(4.7)
Depreciation	(21,887)	(5.6)	(21,308)	(6.1)	(43,209)	(5.9)
Operating Profit	38,561	9.9	35,013	10.0	74,983	10.3

Cash Flow

	H1 2004	H1 2003	
	£000	£000	
Cash from operations	69,289	62,395	+11%
Interest and tax	(17,168)	(12,537)	
Investments in existing pubs	(8,148)	(9,220)	
Free cash flow available for new pub development	43,973	40,638	+8%
Dividends	(4,700)	(4,334)	
Investment in own shares	-	(153)	
Disposal proceeds	6,796	-	
Total investments in new pubs	(25,572)	(48,540)	
Cash flow before share capital changes	20,497	(12,389)	
Share buybacks	(25,744)	-	
Issue of new shares	349	215	
Net cash outflow	(4,898)	(12,174)	
Free cash flow per share	21.7p	18.9p	+15%

Pub Investment Levels

	H1					
	2004	2003	2002	2001	2000	1999
Capital re-investment	2.1	2.2	3.1	3.3	3.9	3.3
Repairs	2.9	2.7	2.5	1.8	1.3	1.4
Total (% of sales)	5.0	4.9	5.6	5.1	5.2	4.7
Total (£k per pub)	61	58	62	53	52	42

*H1 annualised

Financial - Funding

	H1 2004	H1 2003	Year 2003
Gearing (%) – post FRS19	103	97	97
– pre FRS19	85	82	81
Interest cover (times)	3.6	3.7	4.0
Fixed charge cover (times) - statutory	1.8	1.9	1.9
- excluding depreciation	2.5	2.6	2.7

Revised £250m banking facility (total facilities £418m)

Underlying Economic Profits

	H1 2004 £'000	H1 2003 £'000	
PBT	27,822	25,611	
Add: Depreciation	21,887	21,308	
Less: Capital invested in existing pubs	(8,148)	(9,220)	
Economic profit	41,561	37,699	+10%
Cash tax	(6,858)	(5,230)	
Economic profit after tax on cash basis	34,703	32,469	+7%

ROC/CROCCE/ROE

	<u>H1 2004</u>	<u>H1 2003</u>
● P&L return on capital	9.2%	8.3%
● Crocce	12.7%	12.4%
● P&L return on equity	11.5%	10.5%
● Cash return on equity	16.0%	16.2%

Detailed calculations included in appendix D

Financial Issues

- Exceptional loss
- Share buybacks
- Share option replacement

Pipeline

Prospects

- February trading (3.9% LFL Sales)
- Licensing reform/smoking debate/gaming reform
- Continuing cost pressures
- Strong cash generation
- Continued growth prospects

Appendices

A - 10 Year Financial Graphs

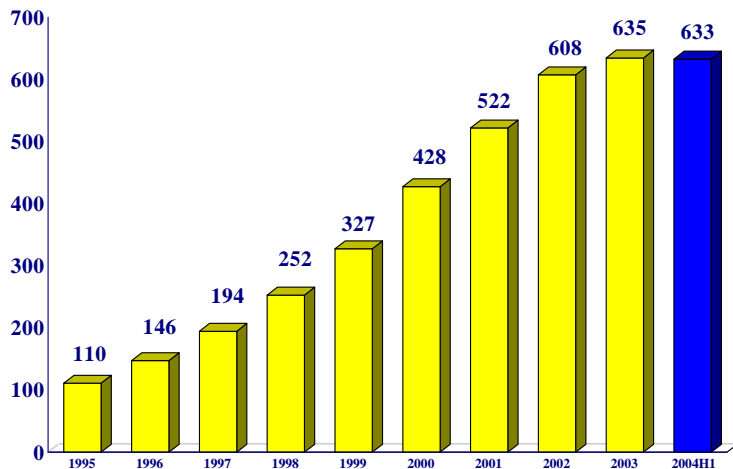
B - 10 Year Trends

C - Capital Trends

D – ROC/CROCCE/ROE Calculations

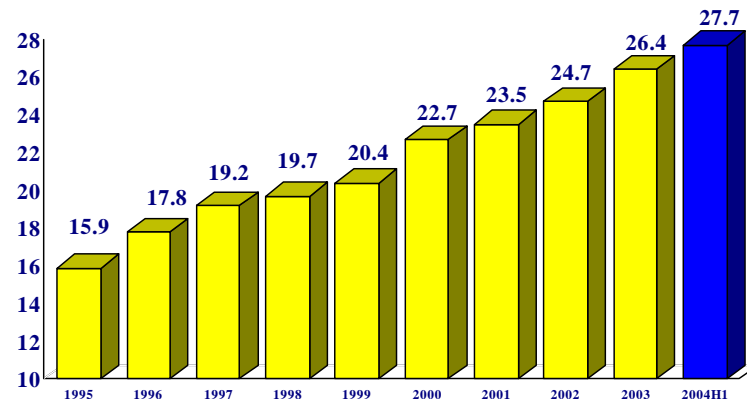
10 Year Summary

Number of Pubs



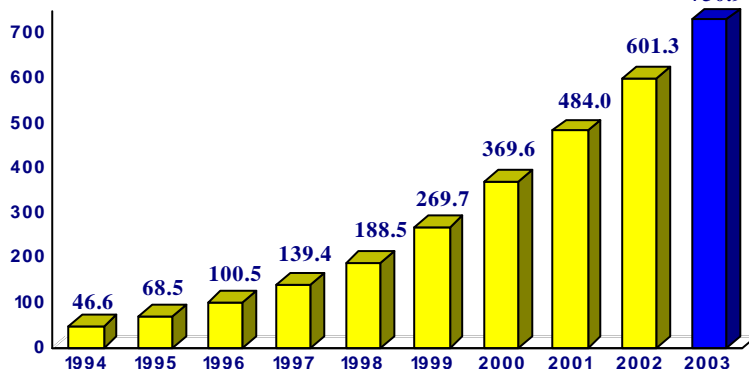
Average Sales Per Pub Week (including VAT)

£000



£ millions

Turnover



£ millions

Profit Before Tax



JDW - Financial Trends

Appendix B

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	H1 2004
Sales per pub (£000)	619	702	786	848	872	904	1,004	1,040	1,093	1,169	1,225
EBITDA per pub (£000) (1)	135.6	149.5	177.6	190.8	184.9	188.0	203.8	205.9	207.4	201.9	203.8
Number of pubs	87	110	146	194	252	327	428	522	608	635	633
% freeholds (%)	37	33	35	31	30	21	32	40	42	42	41
CROCCE (2)	14.8	15.0	17.1	14.1	15.0	15.7	15.6	15.3	13.9	13.0	12.7
Cash return on equity (2)	15.8	17.5	21.7	18.3	20.8	20.9	20.3	20.1	18.8	17.1	16.0
Free cash flow per share (pence)	4.1	7.4	11.3	14.4	13.3	20.3	24.2	29.1	33.5	39.7	43.4 (3)

- (1) Excluding sale & leaseback
 (2) See appendix D for calculation
 (3) H1 annualised



Capital Trends

	1998	1999	2000	2001	2002	2003	H1 2004
Size (sq.ft.) – openings	3,401	3,037	3,217	3,713	3,808	3,721	3,977
Number of openings	68	84	101	94	87	45	8
% which are freehold	49	58	67	75	53	56	25
Freehold average cost (£k)	463	427	465	506	597	511	405
Average development cost (£k)	965	941	1,049	1,178	1,262	1,317	1,392
Average cost per sq. ft.	284	310	326	334	331	354	350
Increase in average cost (%)	12	9	4	3	-1	7	-1
Population within 2 miles	72,000	70,000	77,000	70,000	70,000	73,000	47,000
Pub openings with beer gardens (%)	42	50	73	62	46	51	25

ROC/CROCCE/ROE

		H1 2004 £000	H1 2003 £000
Profit after tax	(e)	18,285	16,698
Add: interest	(f)	10,739	9,402
Profit pre-interest	(g)	29,024	26,100
Add: deferred tax		2,679	3,683
Depreciation		21,887	21,308
Cash return	(h)	53,590	51,091

	Half 1	Annualised
• P&L return on capital [(g)/average (c)]	9.3%	8.3%
• CROCCE [(h)/average (d)]	12.7%	12.4%
• P&L return on equity [(e)/average (a)]	11.7%	10.5%
• Cash return on equity [(h)-(f)/average (d)-(b)]	16.2%	16.2%

ROC/CROCCE/ROE

		H1 2004 £000	July 2003 £000
Shareholder funds per balance sheet	(a)	305,790	318,628
Add: cum losses on disposal		7,959	2,351
Add: net debt	(b)	313,758	308,860
Capital employed	(c)	619,548	627,488
Add: deferred tax provision		63,555	62,419
Cumulative depreciation		185,819	169,366
Less: revaluation reserve		(23,075)	(22,439)
Cash capital employed	(d)	845,847	836,834