Interim Results 2008

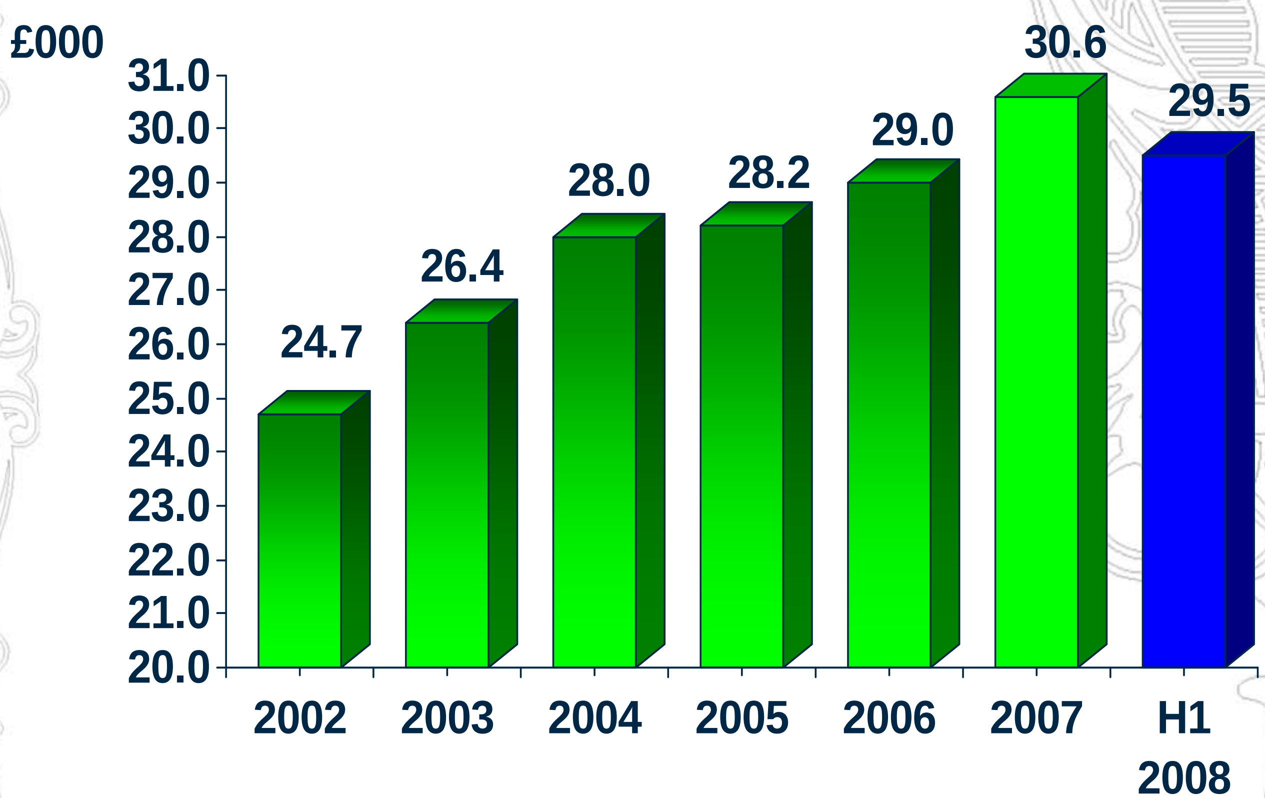
J·D·WETHERSPOON

7 March 2008

Highlights –
Six Months to 27 January 2008

• Turnover	up 0.4% to £440.2m
• Operating profit	down 4% to £44.4m
• Operating Margin	down 0.5% to 10.1%
• Profit before tax	down 13% to £28.5m
• Earnings per share	down 11% to 12.9p
• Free cash flow per share	11.3p (2007: 17.0p)
• Dividend per share	4.4p (2007: 4.0p)

Average Sales Per Pub Week (including VAT)



Sales resilient despite non smoking

Like for Like Sales/Profits

%	H1 2008	FY 2007	FY 2006	FY 2005	FY 2004
Bar	(6.0)	3.3	2.2	(1.4)	2.9
Food	9.7	12.6	3.6	2.1	4.2
Machine	(6.0)	2.7	(1.4)	(2.4)	6.1
Total sales	**(2.0)**	**5.6**	**2.0**	**(0.6)**	**3.4**
LFL Profits	**(3.1)**	**7.0**	**5.9**	**(4.0)**	**(0.7)**

Strong Food Sales

Pub Operating Margin

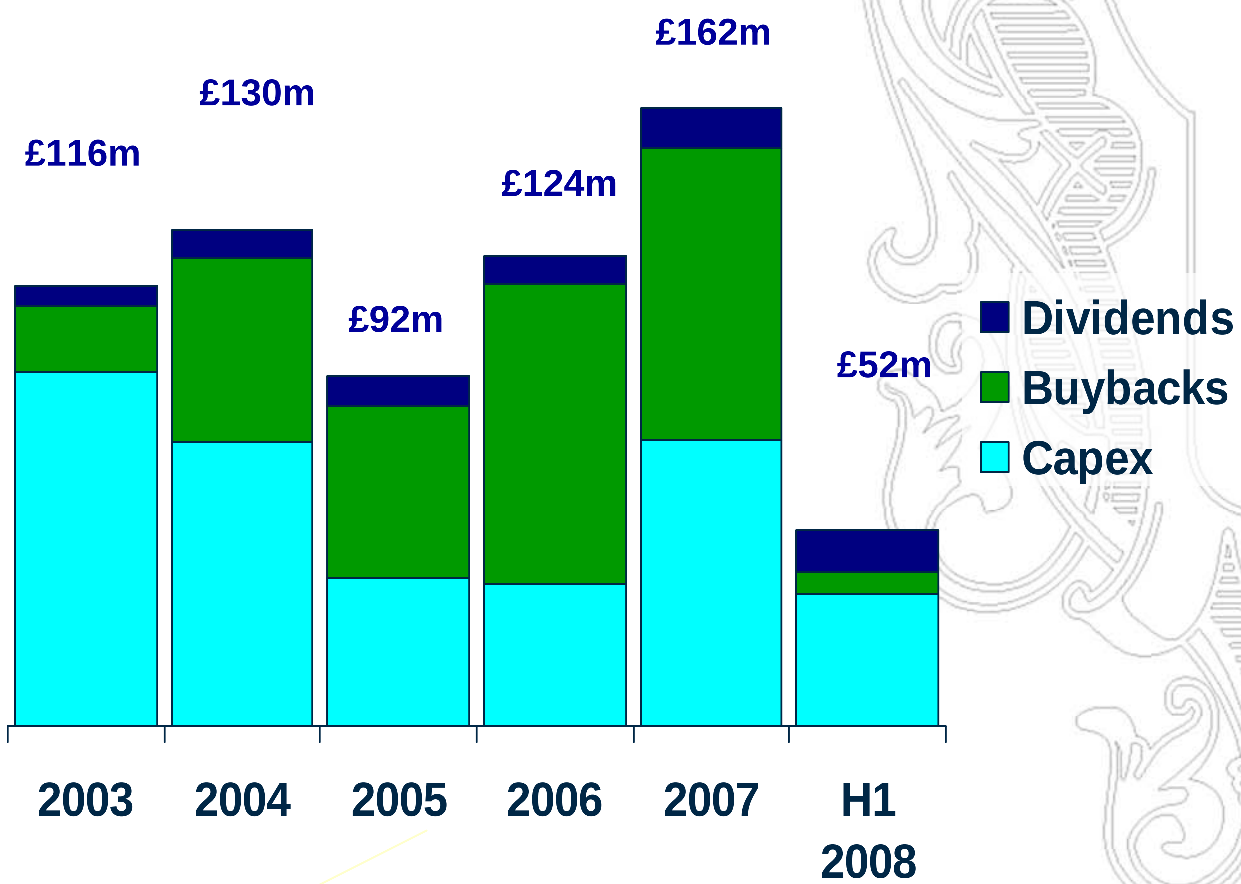
- Slight gross margin decline due to increased food sales and some food cost pressure
- Staffing Costs
  - Wages pay rates higher and impact of food service costs
  - One off Head Office payments due to staff reductions
- Operating costs
  - Repairs lower
  - Utilities slightly lower
- Depreciation higher due to investment in facilities
- Loss on disposal due to aborted property costs

Stable Pub Operating Margin H1 2008 on H2 2007

Operating Margin - Summary

	H1 2008 £000	H1 2008 % of Sales	H1 2007 £000	H1 2007 % of Sales	FY 2007 % of Sales
Turnover	**440,166**	**-**	**438,374**	**-**	-
Pub Operating Profit	**86,846**	**19.7**	**86,372**	**19.7**	19.5
Head Office Costs	**(17,605)**	**(4.0)**	**(17,040)**	**(3.9)**	(4.0)
Share Incentive Plan	**(1,310)**	**(0.3)**	**(1,352)**	**(0.3)**	(0.3)
Depreciation	**(22,994)**	**(5.2)**	**(21,920)**	**(5.0)**	(4.9)
(Loss)/Gain on disposal	**(513)**	**(0.1)**	**829**	**0.2**	-
Impairment provision	**-**	**-**	**(618)**	**(0.1)**	-
Operating Profit	**44,424**	**10.1**	**46,271**	**10.6**	10.3

Allocation of Resources



Careful management of resources

Movement in Net Borrowings

- Free cash flow declined to £16.0m (2007: £25.6m). Excluding the £8.2m timing of interest payments of underlying free cash flow has declined £1.4m year on year.
- Overall increase in net borrowings of £28.7m (2007: £30.2m) a reduction of £1.5m compared to same period last year (see Appendix E).
- Total net borrowings £462.5m (2007: £433.8m)

Debt Position

	H1 2008	H1 2007	FY 2007
Net debt/ EBITDA	**3.6**	**2.8**	3.2
Interest cover (times)	**2.8**	**3.5**	3.1
Fixed charge cover (times) – statutory	**1.7**	**1.8**	1.8
- excluding depreciation	**2.2**	**2.4**	2.3

Cash Flow

	H1 2008	H1 2007	FY 2007
Cash from operations	**55,617**	**60,273**	124,933
Interest	**(23,653)**	**(12,998)**	(27,422)
Tax	**(8,974)**	**(10,103)**	(19,598)
Investment in existing pubs	**(6,229)**	**(10,548)**	(24,046)
Investment in own shares (SIP)	**(671)**	**(1,053)**	(1,488)
Free cash flow	**16,090**	**25,571**	52,379
Dividends	**(11,240)**	**(4,537)**	(10,295)
Disposal proceeds	**646**	**3,773**	4,768
Investments in new pubs	**(28,681)**	**(22,686)**	(51,951)
Finance Lease	**(230)**	**-**	(1,988)
Cash flow before share capital changes	**(23,415)**	**2,121**	(7,087)
Share buybacks	**(5,661)**	**(37,288)**	(77,015)
Issue of new shares	**415**	**4,954**	5,927
Movement in net borrowings	**(28,661)**	**(30,213)**	(78,175)
Free cash flow per share	**11.3p**	**17.0p**	35.6p

Banking facilities

- UK banking facility £415m
  - Matures December 2010
  - 10 participating lenders
  - £250m swap expiring in 2014
  - £150m swap until 2009 replaced by new swap until 2016
  - Average interest cost of swaps 5.5%
- US private placement $140m -£87m
  - Matures September 2009
  - Foreign Exchange swap in place

Total facilities £522m (including overdraft)

Dividends

- Substantial increase last year (155%)
- Increase of 10% H1 2008 on H1 2007
- 4.4p interim dividend (2007:4.0p)

Share buybacks

- 1.0m of shares bought at a cost of £5.7m
- Total of £273m since 2003
- Flexibility on future cash allocation

Continued Improvement

- New products eg. Coors light and cocktails
- Success of wine and ale festivals
- Fairtrade coffee
- Training awards
- New menu and food ranges

Ongoing improvements in the business

Property

- 2007/08 H1 10 new pubs
- 2007/08 FY c23 planned
- 2009 c30 target
- More favourable property market
- Currently 42% freehold

Maintain target return on investment

Non-Smoking – an update

- Strong food sales, decline in bar sales
- Difficult to predict
  - Scotland
  - England pre-1st July
- Exact timing of recovery uncertain

2008 H2 Issues

- Similar H2 sales trends
- Some cost pressures
  - Higher marketing costs
  - Lower GP due to cost increases and mix
- Slightly more cautious trading outlook

Outlook

- Gearing impact of lower bar sales on operating margins
- Bar sales recovery timing
- Significant cost pressures
- Dedicated staff
- Excellent pubs

Confident of future prospects

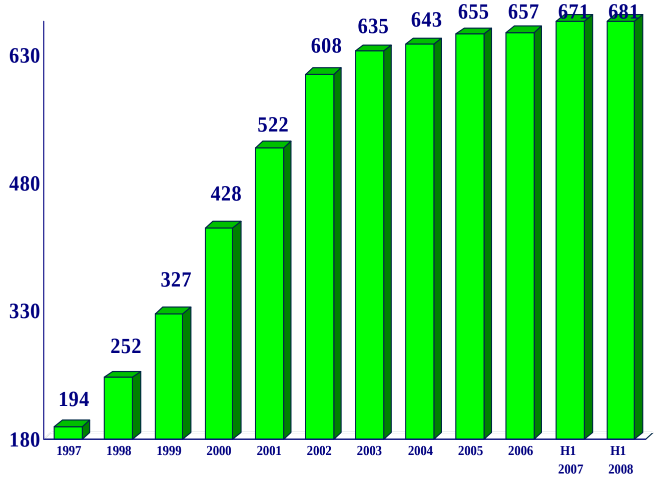
Appendices

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

10 Year Summary

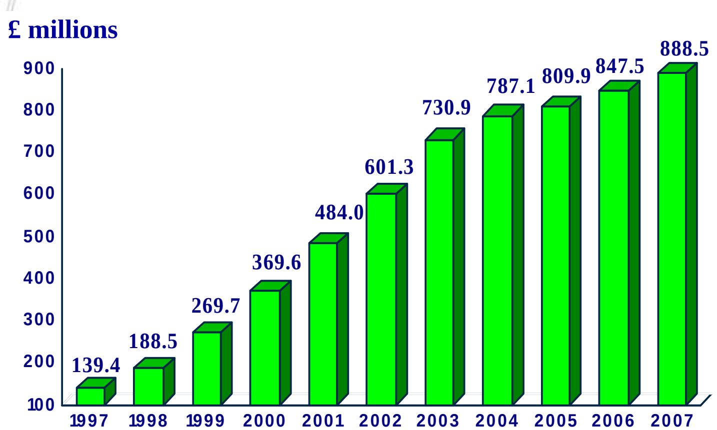
Appendix A

Number of Pubs

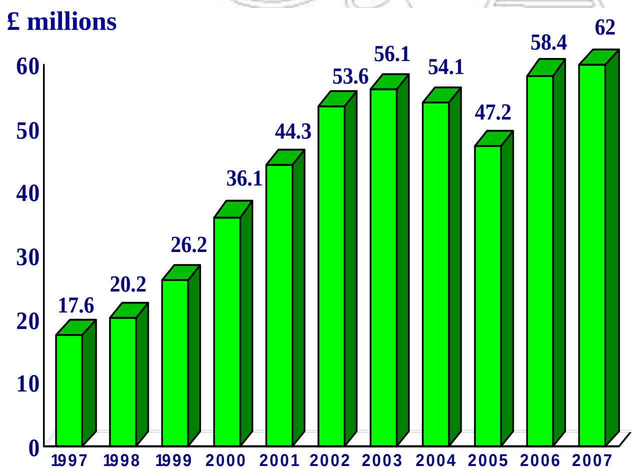


Average Sales Per Pub Week (including VAT)

Turnover



Profit Before Tax



JDW - Financial Trends

Appendix B

	1999	2000	2001	2002	2003	2004	2005	2006	2007	**H1 2008**
Sales per pub (£000)	904	1,004	1,040	1,093	1,169	1,239	1,246	1,283	1,354	**653**
EBITDA per pub (£000) (1)	188.0	203.8	205.9	207.4	201.9	204.4	195.7	205.6	219.0	**100**
Number of pubs	327	428	522	608	635	643	655	657	671	**681**
% freeholds (%)	21	32	40	42	42	41	41	41	42	**42**
CROCCE (%) (2)	15.7	15.6	15.3	13.9	13.0	12.6	11.7	11.9	12.2	**11.2**
Cash return on equity (%) (2)	20.9	20.3	20.1	18.8	17.1	15.8	14.4	14.7	15.5	**14.4**
Free cash flow per share (pence)	20.3	24.2	29.1	33.5	38.8	36.7	37.1	42.1	35.6	**11.3**

(1) Excluding sale & leaseback
(2) See appendix D for calculation

Capital Trends

Appendix C

	2000	2001	2002	2003	2004	2005	2006	2007	H1 2008
Size (sq.ft.) – openings	3,217	3,713	3,808	3,721	4,317	4,176	3,637	3,885	**3,595**
Number of openings	101	94	87	45	28	13	9	18	**10**
% which are freehold	67	75	53	56	43	54	22	61	**60**
Freehold average cost (£k)	465	506	597	511	640	873	625	750	**1,094**
Average development cost (£k)	1,049	1,178	1,262	1,317	1,431	1,401	1,301	1,520	**1,341**
Average cost per sq. ft.	326	334	331	354	331	335	331	394	**373**
Increase in average cost (%)	4	3	-1	7	-6	1	-1	19	**-5**
Population within 2 miles	77,000	70,000	70,000	73,000	51,000	64,000	59,000	45,000	**63,000**
Pub openings with outside drinking (%)	73	62	46	51	54	62	88	100	**100**

ROC/CROCCE/ROE

Appendix D1

		H1 2008 £000	H1 2007 £000
Profit after tax	(e)	18,340	21,743
Add: interest	(f)	15,949	13,398
Profit pre-interest	(g)	34,289	35,141
Add: deferred tax		219	1,157
Depreciation		22,994	21,920
Cash return	(h)	57,502	58,218

• P&L return on capital [(g)/average (c)]	10.7%	11.8%
• CROCCE [(h)/average (d)]	11.2%	12.3%
• P&L return on equity [(e)/average (a)]	19.2%	19.5%
• Cash return on equity [(h)-(f)/average (d)-(b)]	14.4%	15.6%

ROC/CROCCE/ROE

Appendix D2

		H1 2008 £000	FY 2007 £000
Shareholder funds per balance sheet		**166,091**	172,607
Add: cum losses on disposal		**13,884**	13,884
: hedging provision		**13,809**	1,318
	(a)	**193,784**	187,809
Add: net debt	(b)	**462,466**	433,805
Capital employed	(c)	**656,250**	621,614
Add: deferred tax provision		**79,619**	79,400
Less: deferred tax asset		**(4,473)**	(975)
Cumulative depreciation		**344,361**	321,367
Less: revaluation reserve		**(22,554)**	(22,554)
Cash capital employed	(d)	**1,053,203**	998,852

Movement in Net Borrowings

Appendix E

Jan 2008 V Jan 2007

Overall increase in net borrowings of £28.7m (2007:£30.2m)
Compared to last half year the difference of £1.5m represents:

	£m
Cash Operating profit	(0.1)
Working Capital	(4.6)
Cash from operations	(4.7)
Interest	(10.7)
Tax	1.1
Capital reinvestment	4.4
SIPS	0.4
Free cash flow	(9.5)
Dividends	(6.7)
Disposal proceeds	(3.1)
Investment in new pubs	(6.0)
Finance lease	(0.2)
Share buybacks	31.5
Issue of new shares	(4.5)
Net debt movement	(1.5)