

JD WETHERSPOON PLC

Preliminary Results 2007



7 September 2007



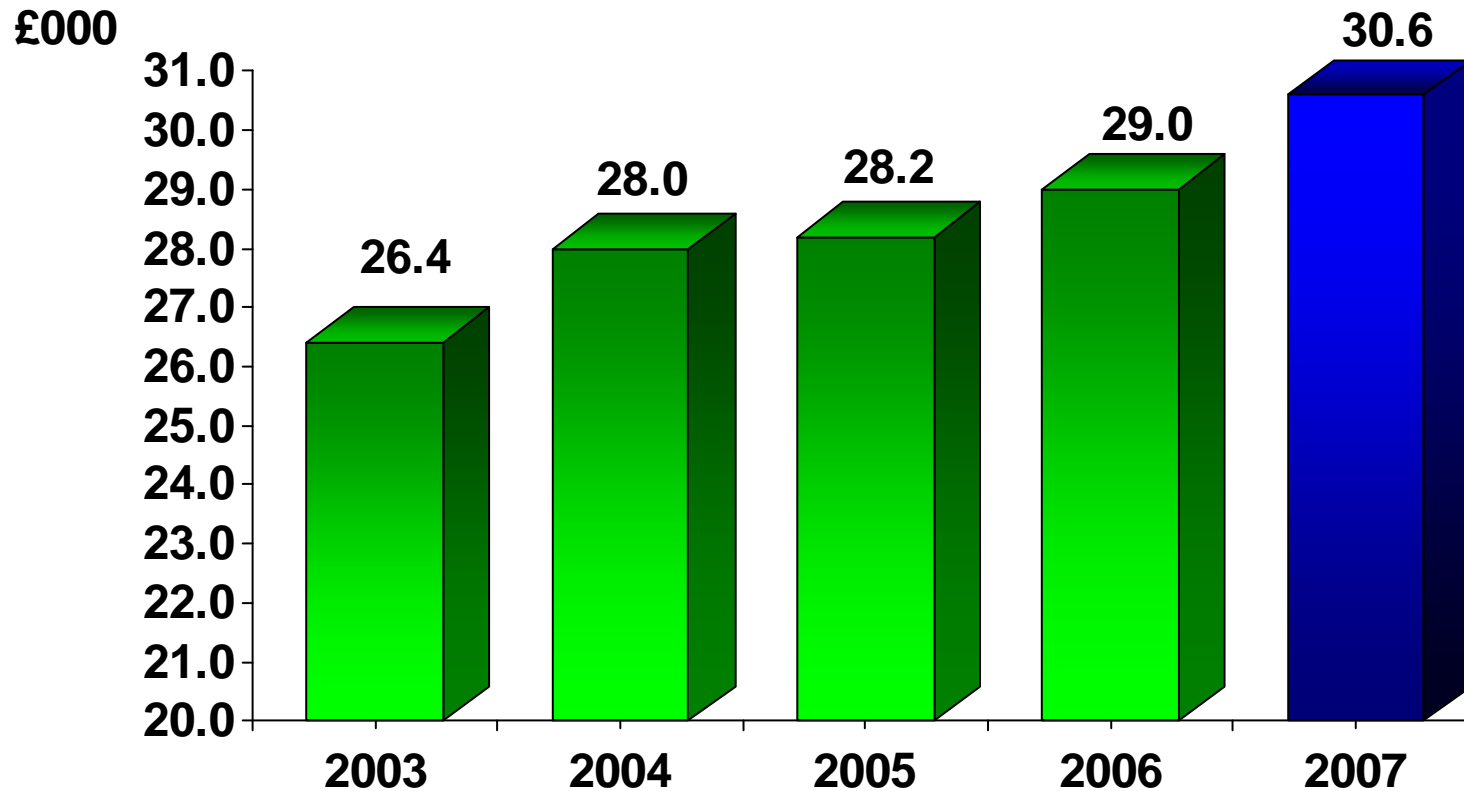
Highlights – Year to 29 July 2007

	<u>Reported Results</u>	<u>Excluding 53 week last year*</u>
• Turnover £888.5m	+5%	+7%
• Operating profit £91.1m	+9%	+12%
• Profit before tax £62.0m	+6%	+9%
• Earnings per share 28.1p**	+17%	+20%
• Free cash flow per share 35.6p (2006: 42.1p)		
• Dividend per share 12.0p (2006: 4.7p)		

*Growth on a 52 week basis excluding benefit of 53rd week last year

**Excludes one-off tax credit

Average Sales Per Pub Week (including VAT)



+3% compound growth over last 5 years.



Like for Like Sales/Profits

%	2007	2006	2005	2004	2003
Bar	3.3	2.2	(1.4)	2.9	2.1
Food	12.6	3.6	2.1	4.2	11.4
Machines	2.7	(1.4)	(2.4)	6.1	3.0
Total LFL Sales	5.6	2.0	(0.6)	3.4	4.1
LFL Profits	7.0	5.9	(4.0)	(0.7)	(0.9)



Operating Margin - Summary

	2007 £000	2007 % of Sales	2006 £000	2006 % of Sales
Turnover	888,473	-	847,516	-
Pub Operating Profit	172,946	19.5	162,349	19.2
Head Office Costs	(35,207)	(4.0)	(32,860)	(3.9)
Share Incentive Plan	(3,086)	(0.3)	(2,480)	(0.3)
Depreciation	(43,946)	(4.9)	(43,393)	(5.1)
Gain on disposal	1,282	-	-	-
Impairment provision	(876)	-	-	-
Operating Profit	91,113	10.3	83,616	9.9

Modest improvement in operating margin

Pub Operating Margin

- Gross margin improvement
- Wages
 - pay rates
 - bonus payments
- Operating costs
 - utilities (+£7.5m)
 - rent costs encouraging

Increase of 30 basis points (100 basis points excluding utilities)



Non-Smoking - Scotland

	First Month April 2006	Q4 FY 2006	H1 FY 2007	Full Year FY 2007
Sales:				
- Total	+3.2	-0.3	5.3	5.2
- Bar	-0.8	-3.4	2.1	1.8
- Food	+12.8	+7.7	13.2	12.4
- Machines	-8.4	-11.3	-0.1	5.6
LFL pub profit	-5.4	-11.0	-1.3*	+7.1*

*includes impact of utilities

Encouraging recovery after initial dip

Non-smoking – Wales & Northern Ireland



	Bar	Food	Machines	Total
Wales	-2.1	+23.2	+1.8	+4.8
Northern Ireland	-6.1	+23.5	-11.0	+1.6

Strong performance on food sales



Non-Smoking – Post July 1st

Total Company

LFL Sales	Bar	Food	Machines	Total
July	+1.3%	+24.8%	+9.1%	+5.3%
August	-3.2%	+12.5%	-1.2%	+1.1%

Following initial trends seen in Scotland?

Cash Flow



	2007	2006
Cash from operations	124,933	133,366
Interest and tax	(47,020)	(37,963)
Re-financing costs	-	(1,412)
Investment in existing pubs	(24,046)	(20,810)
Investment in own shares (SIP)	(1,488)	(3,469)
Free cash flow	52,379	69,712
Dividends	(10,295)	(7,367)
Disposal proceeds	4,768	4,645
Investments in new pubs	(51,951)	(16,766)
Cash flow before share capital changes	(5,099)	50,224
Share buybacks	(77,015)	(78,683)
Issue of new shares	5,927	6,974
Movement in net debt	(76,187)	(21,485)
Free cash flow per share	35.6p	42.1p

Capital Expenditure

- Total £86.7m
 - 2007 openings £31.6m
 - 2008 openings £26.3m
 - Re-investment £28.8m
- Re-investment £28.8m
 - £6.8m non-smoking
 - £4.2m refurbishments
 - £16.1m fixtures and fittings
 - £1.7m head office

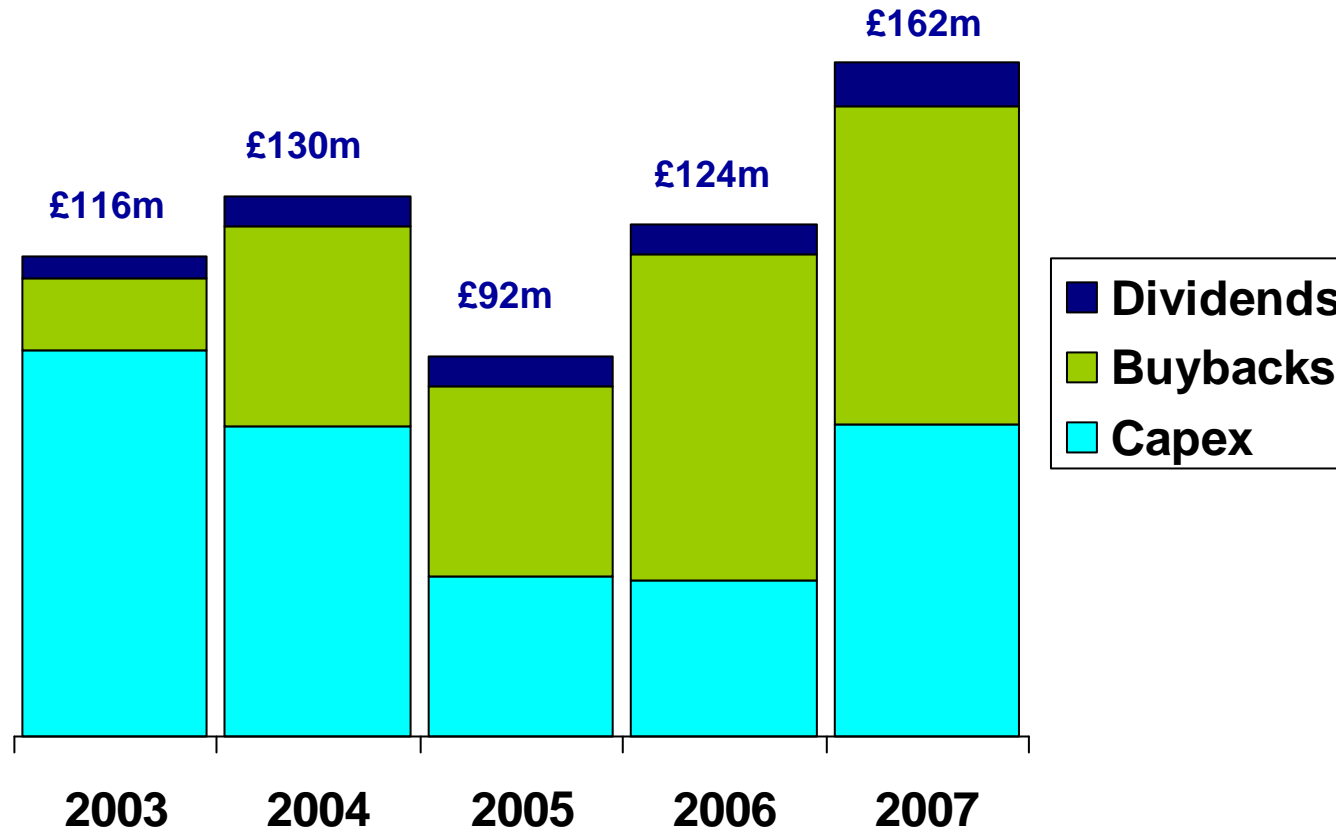


Dividends

- In line with previous statement
- 12.0p full year (2006: 4.7p)
- Dividend cover 2.3*

*Normalised EPS excluding tax credit

Allocation of Resources



Last 5 years }

£319m invested in pubs

£305m return to shareholders



Financial - Funding

	<u>2007</u>	<u>2006</u>
Net debt/ EBITDA	3.2	2.8
Interest cover (times)	3.1	3.3
Fixed charge cover (times) - statutory	1.8	1.8
- excluding depreciation	2.3	2.3



Banking Facilities

- UK banking facility £415m
 - Matures December 2010
 - 10 participating lenders
- US private placement \$140m - £87m
 - Matures September 2009
 - Fully hedged
- Total facilities £522m (including overdraft)
- Interest rate hedging £150m (July 2009)

Property

- Monitor opportunities / developments
- Currently 42% freehold
- Current market uncertainty



ROC/CROCCE/ROE

	2007	2006
• P&L return on capital	11.7%*	11.1%
• Crocce	12.2%	12.0%
• P&L return on equity	20.2%*	16.5%
• Cash return on equity	15.5%	14.8%

*Excludes one-off deferred tax credit

Detailed calculations in appendix D



Trading Performance

- Record weekly sales per pub
- Modest margin improvement
- Uncertainty regarding non-smoking

Stanley Jefferson



The Bishop's Mill



Marketing - Spirits

Long Drinks & Spirits



SINGLE 25ml and a mixer **£1.70** **DOUBLE 50ml and a mixer** **£2.70**

FREE MIXER INCLUDED WITH ALL SPIRITS*



SINGLE 25ml and a mixer **£1.85** **DOUBLE 50ml and a mixer** **£2.85**

Marketing

Great range of juices

Choose from:

- **NEW** pomegranate
- fresh orange
- apple
- cranberry

£1.30
14oz glass

NEW Shloer
flavours white grape • red grape
white grape, mango & passion fruit

NEW Appletiser
(counts as 1-a-day fruit)

J20
flavours orange & passion fruit
apple & melon • orange & cranberry

Pepsi 14oz glass
go large with a pint
for 20p extra

£1.30
each

TTJ1001Y1

Global Beers

PERONI – ITALY
330ml 5.1% ABV

TYSKIE – POLAND
500ml 5.6% ABV

LEFFE – BELGIUM
330ml 6.6% ABV

£1.99 each

Beers of the World

ZYWIEC – POLAND
500ml 5.6% ABV

LECH – POLAND
500ml 5.2% ABV

KOZEL – CZECH
500ml 4.8% ABV

EFES – TURKEY
500ml 5.0% ABV

£1.99 each

Marketing

Real Ale Fresh and Natural



<p>£1.59 pint Featuring one of the above</p>	<p>£1.69 pint 4.5% ABV</p>	<p>£1.79 pint 5.0% ABV</p>
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Finest Guest Ales Over 600 regional ales sold nationally.

Featuring ales such as:

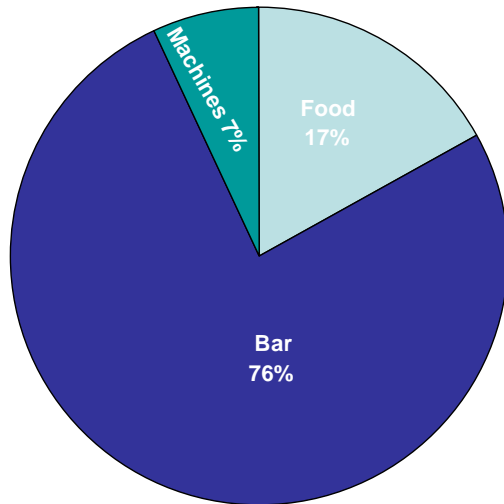


£1.79
pint



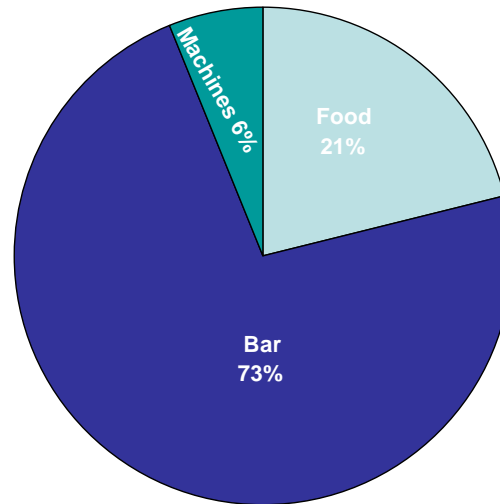
Britain's No.1 supporter of microbreweries.

Developing Product Mix



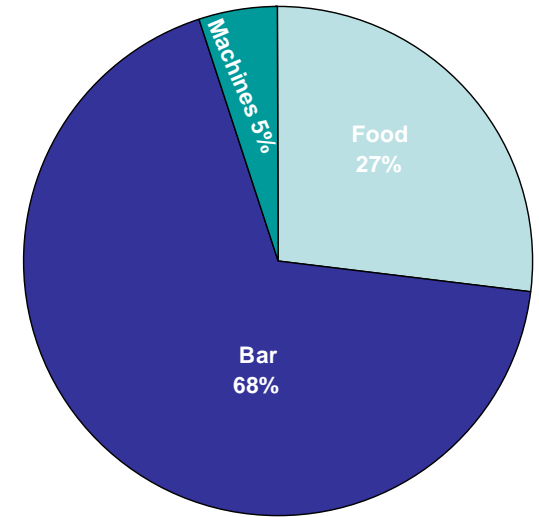
1997

(Sales £139m)



2002

(Sales £601m)



2007

(Sales £888m)

Food sales per week up to £8.2k from £3.3k over 10 years



Real Ale

- The biggest beer and wine festivals in the world – 1.6m pints of real ale in 14 days and 1.3m glasses of wine in 14 days.
- JDW continues to support local brewers with over 400 regularly supplying to JDW pubs.



On Trade Comparisons

- Total on trade wine sales (AC Nielsen):
 - +3% to May 2007
 - JD Wetherspoon wine sales +9.4%
- Real ale sales (AC Nielsen Jan 2007):
 - Decline of 3%
 - JD Wetherspoon real ale sales +10.8%
- Soft drinks represents 15.3% of JDW bar sales
- Food/soft drinks/coffee around 50% of sales.

The Environment

- Recycling cooking oil into Bio Diesel
- Scottish deliveries transported from Daventry by train.
- Pub recycling has exceeded 11,000 tonnes in 3 years.
- Pilot glass recycling scheme - Government backing to extend to all pubs.
- Distribution centre carbon neutral in 12 months.
- Melton Mowbray 'Green' pub opening this month.

Bio Diesel Truck and Train





Bonus Payments

- £19m paid in year on staff bonus plus free shares.
- Pub managers 29% / assistant managers 16% / staff 11%*
- Single pub manager average remuneration £42,000**
- Overall JDW 15% pay-out*
- John Lewis 18% pay-out***

* Average % of salary paid in bonus and free shares.

** Includes basic pay plus bonus plus free shares plus accommodation.

*** As per John Lewis 2007 accounts.



JDW – Did you know?

- Fetzer is twice the size of Blossom Hill in the managed on-trade.
- JD Wetherspoon are Lavazza's biggest single customer.
- Over 650 pubs - 90 per cent of the estate Cask Marque accredited.
- 119 pubs listed in CAMRAs Good Beer Guide 2007.
- Worlds biggest seller of Kopparberg cider, outselling the whole of the Swedish home market.
- JD Wetherspoon is the biggest seller of Pimms in the world.
- The No.1 fund raiser for CLIC Sargent (£2 million target).
- Times Top 100 employer for the 5th year running



Pipeline

- 10 on site
- 13 permissions in place
- 43 deals agreed subject to permits
- 131 in negotiation
- 197 total pipeline



2008 Considerations

- Non-smoking impact on sales
- Food sales mix → 30% already
- Minimum wage +3% (October 2007)
- Utilities benefit circa £5m
- Increasing interest rates



Current Trading and Outlook

- August total Company sales +3.6% (LFL +1.1%)
- Short-term uncertainties
- Long term – non-smoking beneficial to industry
- Strong pipeline / investment opportunities
- 1000-1500 pubs still the target

Confident of longer term prospects



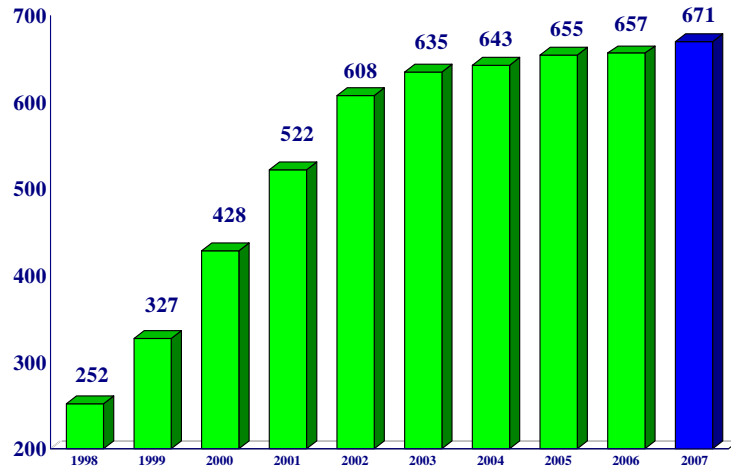
Appendices

- A - 10 Year Financial Graphs
- B - 10 Year Trends
- C - Capital Trends
- D - ROC/CROCCE/ROE Calculations

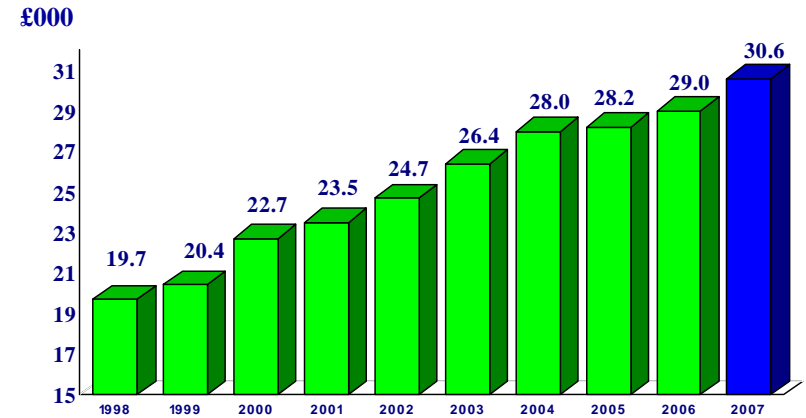
10 Year Summary



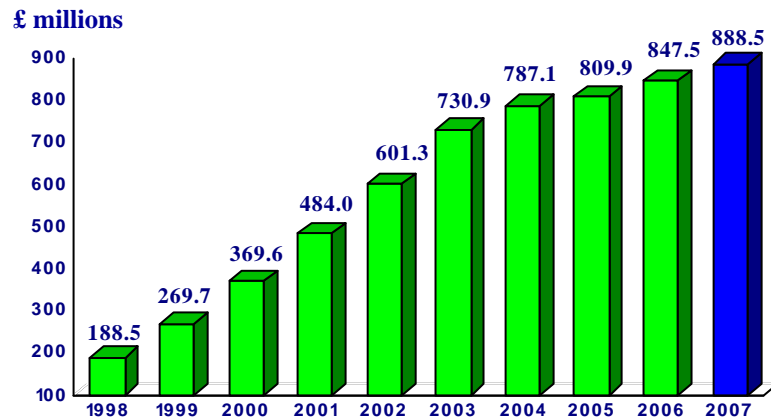
Number of Pubs



Average Sales Per Pub Week (including VAT)



Turnover



Profit Before Tax





JDW - Financial Trends

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales per pub (£000)	872	904	1,004	1,040	1,093	1,169	1,239	1,246	1,283	1,354
EBITDA per pub (£000) (1)	184.9	188.0	203.8	205.9	207.4	201.9	204.4	195.7	205.6	219.0
Number of pubs	252	327	428	522	608	635	643	655	657	671
% freeholds (%)	30	21	32	40	42	42	41	41	41	42
CROCCE (%) (2)	15.0	15.7	15.6	15.3	13.9	13.0	12.6	11.7	12.0	12.2
Cash return on equity (%) (2)	20.8	20.9	20.3	20.1	18.8	17.1	15.8	14.4	14.8	15.5
Free cash flow per share (pence)	13.3	20.3	24.2	29.1	33.5	38.8	36.7	37.1	42.1	35.6

(1) Excluding sale & leaseback

(2) See appendix D for calculation

Capital Trends

Appendix C



	1999	2000	2001	2002	2003	2004	2005	2006	2007
Size (sq.ft.) – openings	3,037	3,217	3,713	3,808	3,721	4,317	4,176	3,637	3,855
Number of openings	84	101	94	87	45	28	13	9	18
% which are freehold	58	67	75	53	56	43	54	22	61
Freehold average cost (£k)	427	465	506	597	511	640	873	625	750
Average development cost (£k)	941	1,049	1,178	1,262	1,317	1,431	1,401	1,301	1,520
Average cost per sq. ft.	310	326	334	331	354	331	335	331	394
Increase in average cost (%)	9	4	3	-1	7	-6	1	-1	19
Population within 2 miles	70,000	77,000	70,000	70,000	73,000	51,000	64,000	59,000	45,000
Pub openings with beer gardens (%)	50	73	62	46	51	54	62	88	100*

*excluding 2 airport sites

ROC/CROCCE/ROE

Appendix D1



	2007	2006
	£000	£000
Profit after tax	46,834	39,901
Less: deferred tax credit	5,472	-
Underlying PAT	(e) 41,362	39,901
Add: interest	(f) 29,089	25,228
Profit pre-interest	(g) 70,451	65,129
Add: deferred tax	2,192	422
Depreciation	43,946	43,393
Cash return	(h) 116,589	108,944

• P&L return on capital [(g)/average (c)]	11.7%	11.1%
• CROCCE [(h)/average (d)]	12.2%	12.0%
• P&L return on equity [(e)/average (a)]	20.2%	16.5%
• Cash return on equity [(h)-(f)/average (d)-(b)]	15.5%	14.8%

ROC/CROCCE/ROE

Appendix D2



	2007	2006
	£000	£000
Shareholder funds per balance sheet	172,607	201,575
Add: cum losses on disposal	13,884	13,884
: hedging provision	1,318	7,151
	(a) 187,809	222,610
Add: net debt	(b) 433,805	355,630
Capital employed	(c) 621,614	578,240
Add: deferred tax provision	79,400	82,958
Less: deferred tax asset	(975)	(3,030)
Cumulative depreciation	321,367	282,497
Less: revaluation reserve	(22,554)	(22,554)
Cash capital employed	(d) 998,852	918,111