

wetherspoon



The Booking Office, Waverley Station, Edinburgh



The Thomas Waghorn, Chatham

PRELIMINARY RESULTS 9TH SEPTEMBER 2016

John Hutson – CEO
Ben Whitley – FD

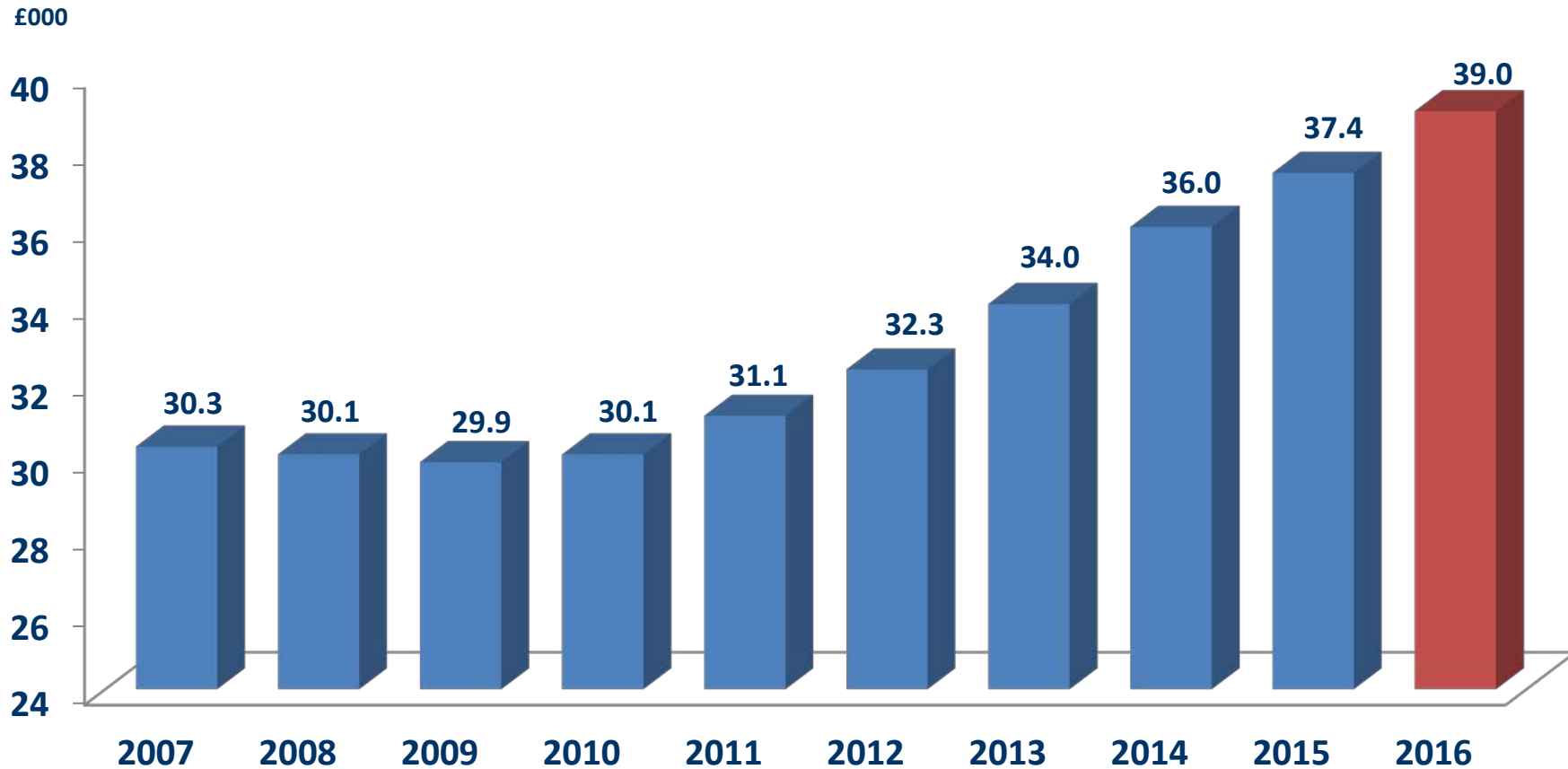
Financial Summary

	2016	2015	Var%		2014	2013	2012 ²	2011	2010	2009	2008	2007
Revenue (£m)	1,595.2	1,513.9	+5.4%		1,409.3	1,280.9	1,197.1	1,072.0	996.3	955.1	907.5	888.5
Like-for-like sales	+3.4%	+3.3%			+5.5%	+5.8%	+3.2%	+2.1%	+0.1%	+1.2%	-1.1%	+5.6%
Profit before tax (£m)	80.6	77.8	+3.6%		79.4	76.9	72.4	66.8	71.0	66.2	58.2	62.0
Underlying Earnings per share ¹ (p)	43.8	47.6	-8.0%		48.0	44.7	41.3	35.3	34.9	32.6	27.6	27.1
Free cash flow per share ¹ (p)	76.7	89.8	-14.6%		74.1	51.8	70.4	57.7	52.9	71.7	50.6	35.6
Dividend per share (p)	12.0	12.0	Maintained		12.0	12.0	12.0	12.0	19.0	0.0	12.0	12.0
After exceptional items:												
Profit before tax (£m)	66.0	58.7	12.5%		78.4	57.1	58.9	61.4	60.5	45.0	54.2	62.0

¹ Including shares held in trust. Underlying earnings per share are before exceptional items and exclude gains/losses on property and deferred tax credits.

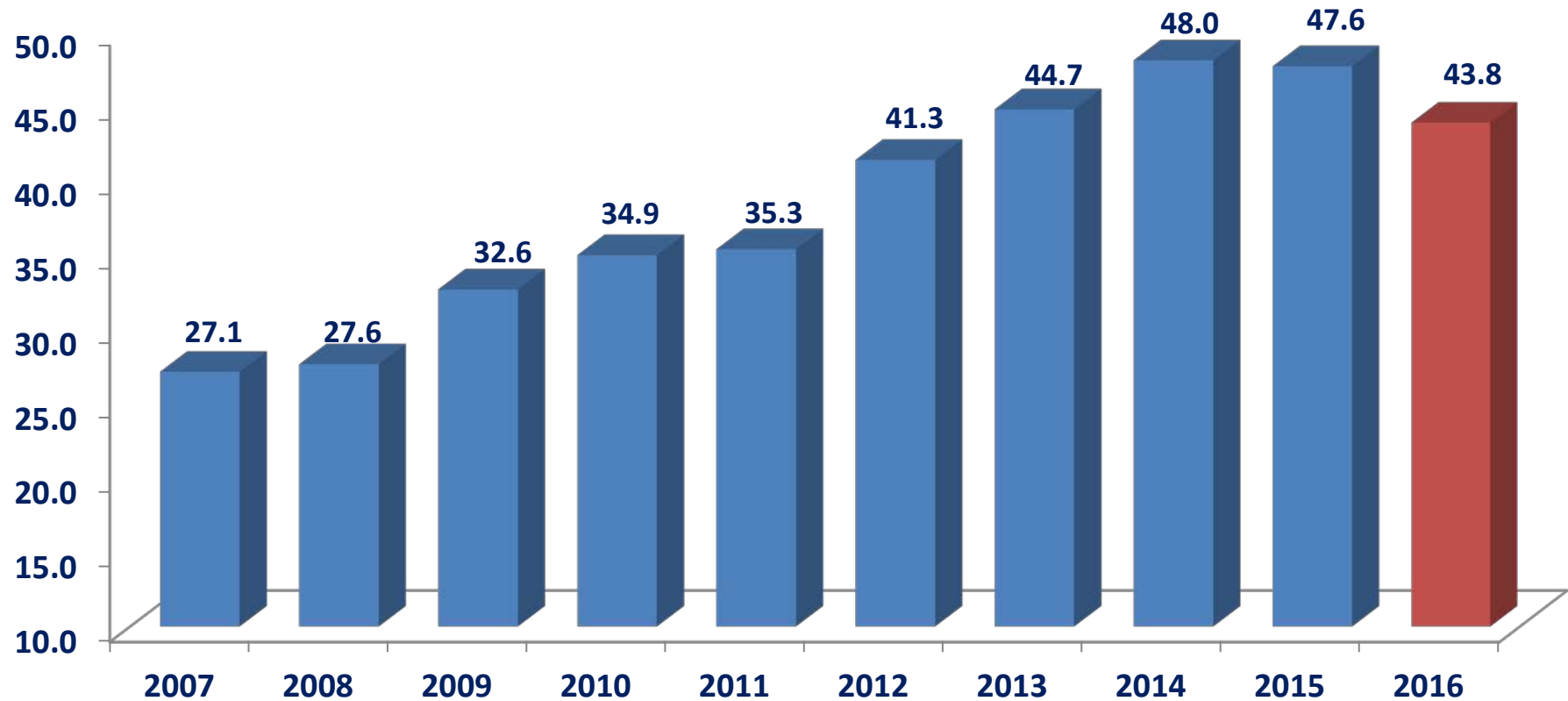
² Financial year contains 53 weeks

Average Weekly Sales Per Pub (including VAT)



Underlying Earnings Per Share (pence)*

pence



*Underlying earnings per share are before exceptional items and exclude gains/losses on property and one-off deferred tax benefits relating to changes in corporation tax rates. We include all shares held in trust.

Like-for-like Performance

%	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Bar	+3.3	+1.2		+2.7	+3.8	+2.8	+1.7	-0.8	+2.5	-4.3	+3.3
Food	+3.5	+7.3		+12.0	+10.9	+4.8	+4.2	+0.1	-0.4	+7.9	+12.6
Machines	-2.2	-2.8		-3.1	+0.4	-2.8	-3.9	+12.1	-7.5	-5.8	+2.7
Hotels	+9.7	+24.2		+6.3	-	-	-	-	-	-	-
LFL sales	+3.4	+3.3		+5.5	+5.8	+3.2	+2.1	+0.1	+1.2	-1.1	+5.6
LFL Pub profit*	-0.3	-1.1		+2.0	+4.4	-2.2	-1.2	-2.0	-1.7	-6.6	+7.0

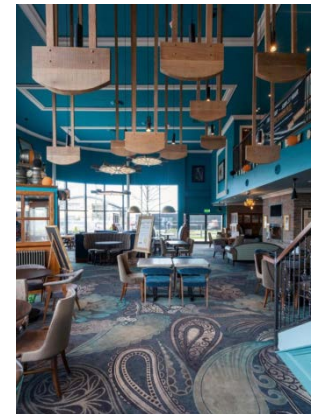
*Excludes head office, depreciation, share incentive plan, property gains and losses, and interest costs

10 Year Operating Profit

£m	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Turnover	1,595.2	1,513.9		1,409.3	1,280.9	1,197.1	1,072.0	996.3	955.1	907.5	888.5
Pub profit (pre repairs)	288.3	285.4		284.4	259.0	245.4	226.8	218.5	208.4	199.5	203.2
Repairs	(54.9)	(53.4)		(59.4)	(48.0)	(46.6)	(38.4)	(35.4)	(29.8)	(30.6)	(34.1)
Head office costs	(41.9)	(43.9)		(42.7)	(40.4)	(36.6)	(36.7)	(35.9)	(33.9)	(31.0)	(32.3)
Share Incentive Plan	(9.6)	(8.9)		(7.2)	(6.2)	(5.7)	(5.1)	(3.5)	(2.6)	(2.3)	(3.1)
Depreciation and impairment	(72.2)	(66.7)		(58.1)	(53.1)	(49.2)	(44.4)	(43.7)	(45.1)	(45.1)	(43.9)
Operating profit	109.7	112.5		117.0	111.3	107.3	102.2	100.0	97.0	90.5	89.8
Operating margin	6.9%	7.4%		8.3%	8.7%	9.0%	9.5%	10.0%	10.2%	9.7%	10.1%
Gains and losses on property	5.3	(0.7)		(1.4)	-	-	-	-	-	-	1.3
EBIT before exceptionals	115.0	111.8		115.6	111.3	107.3	102.2	100.0	97.0	90.5	91.1
Exceptional items	(14.6)	(19.1)		-	(19.8)	(13.5)	(5.4)	(10.6)	(21.9)	(3.3)	-
EBIT after exceptionals	100.4	92.7		115.6	91.5	93.8	96.8	89.4	75.1	87.2	91.1

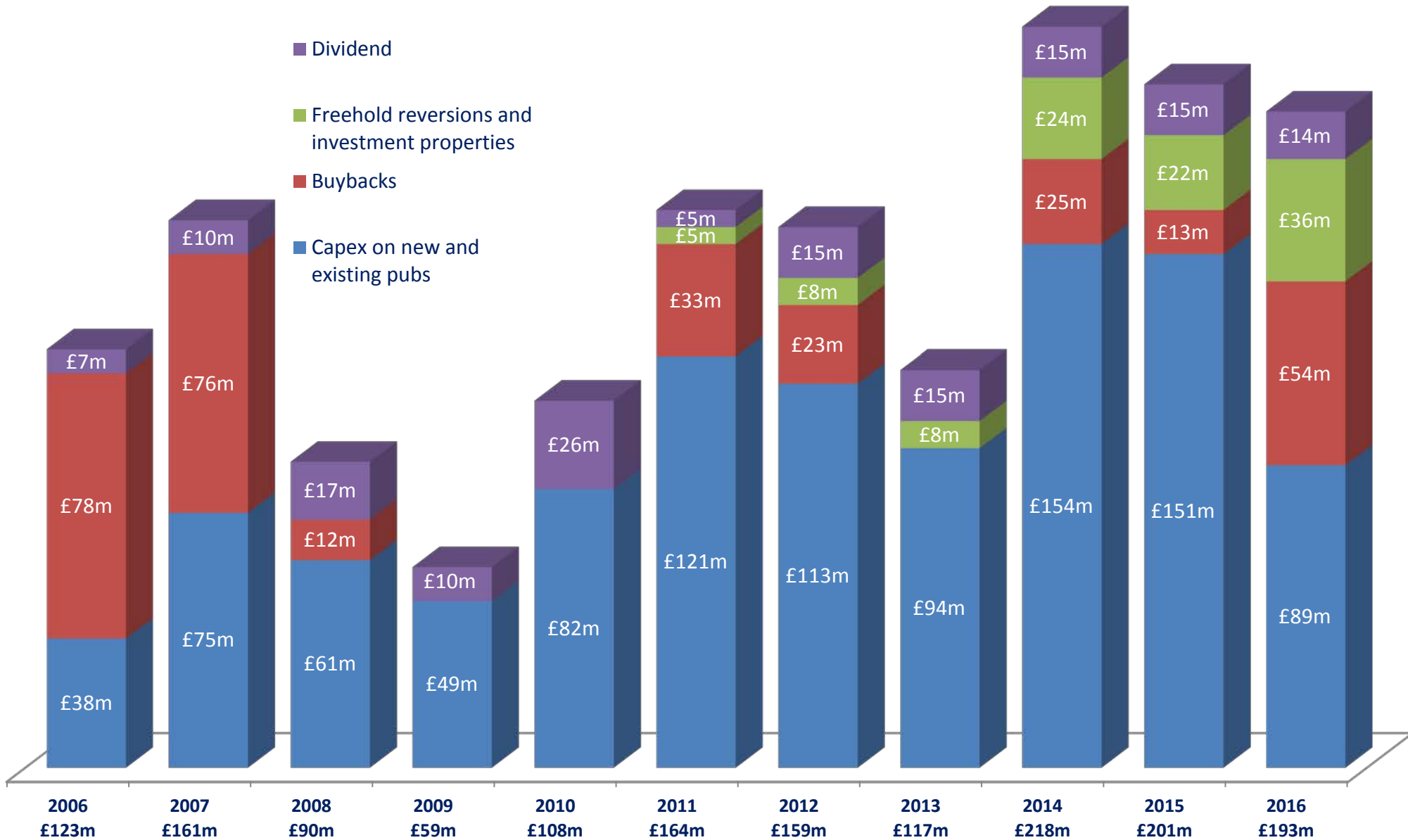
Cost Increases

- Bar and food (modest)
- Hourly paid staff rates: +5% (October 2014)
- Hourly paid staff rates: +8% (August 2015)
- Depreciation: +8%
- Utilities (modest)



The Posset Cup, Portishead, Somerset

Allocation of Resources



Capital Expenditure

£m	2016	2015	2014	2013	2012	2011	2010	2009	2008
New Openings:									
Acquisition and development costs:									
Current year	38.6	76.5	64.5	40.4	57.2	74.0	45.2	32.0	31.0
Future year	16.6	30.5	33.2	12.8	10.4	9.0	12.5	5.8	17.6
Freehold reversions and investment properties	36.1	21.6	23.6	7.7	7.8	4.6	-	-	-
	91.3	128.6	121.3	60.9	75.4	87.6	57.7	37.8	48.6
Reinvestment in existing pubs:									
Kitchen and bar equipment / furniture etc.	16.0	18.4	22.6	16.7	22.5	13.4	12.8	7.2	4.6
Refurbishments	12.4	19.2	22.0	12.8	11.6	9.8	7.2	2.4	4.1
Business and IT projects	5.1	7.1	11.6	11.4	11.1	15.2	4.1	1.4	3.6
	33.5	44.7	56.2	40.9	45.2	38.4	24.1	11.0	12.3
Total	124.8	173.3	177.5	101.8	120.6	126.0	81.8	48.8	60.9

Movement in Net Debt

£m	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Opening Net debt	601.1	556.6	474.2	462.6	437.7	388.4	390.0	442.3	436.8	355.6
Free cash flow	(90.5)	(109.8)	(92.9)	(65.3)	(91.5)	(78.8)	(71.3)	(99.5)	(71.4)	(52.4)
Disposal of fixed assets	(22.5)	(0.7)	(0.5)	(0.6)	(0.9)	(1.1)	(0.2)	(0.5)	(0.8)	(4.8)
New pubs and extensions	55.2	107.0	97.7	53.2	67.6	83.0	57.7	37.8	48.6	52.0
Freehold reversions and investment properties	36.1	21.6	23.6	7.7	7.8	4.6	-	-	-	-
Share buy-backs	53.6	12.7	24.6	-	22.7	32.8	-	-	12.0	77.0
Dividends paid	14.2	14.6	14.9	15.1	15.5	5.2	26.2	10.4	17.4	10.3
Gaming machine settlement	-	-	16.7	-	-	-	(14.9)	-	-	-
Share Issues	-	-	-	-	-	-	(0.5)	(0.6)	(0.5)	(5.9)
Other	3.6	(0.9)	(1.7)	1.5	3.7	3.6	1.4	0.1	0.2	5.0
Closing Net debt	650.8	601.1	556.6	474.2	462.6	437.7	388.4	390.0	442.3	436.8
Available facility	840.0	840.0	690.0	575.0	575.0	550.0	550.0	542.0	522.2	522.2
Finance leases and other borrowings	0.3	2.0	4.7	10.2	16.1	7.9	8.9	2.0	2.7	3.0
Less net borrowings	(650.8)	(601.1)	(556.6)	(474.2)	(462.6)	(437.7)	(388.4)	(390.0)	(442.3)	(436.8)
Unutilised facility	189.5	240.9	138.1	111.0	128.5	120.2	170.5	154.0	82.6	88.4

10 Year Debt Overview

	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Net debt/EBITDA	3.47	3.37		3.21	2.88	2.96	2.98	2.70	2.74	3.24	3.21
Interest cover (times)	2.92	2.73		3.11	2.66	2.68	2.73	3.08	2.43	2.71	3.13
Interest cover pre exceptional (times)	3.34	3.29		3.19	3.24	3.07	2.88	3.45	3.14	2.81	3.13
Fixed charge cover (times)											
statutory	1.49	1.39		1.75	1.56	1.57	1.62	1.67	1.50	1.63	1.77
excluding depreciation	2.18	2.04		2.31	2.08	2.05	2.06	2.14	2.01	2.15	2.32
excluding depreciation and exceptionals	2.31	2.22		2.33	2.27	2.18	2.12	2.26	2.26	2.19	2.32

Property Update

	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Trading pubs at start of FY	951	927		886	860	823	775	731	694	671	657
Freehold pubs opened	10	24		31	14	18	34	15	13	13	11
Leasehold pubs opened	6	6		15	15	22	16	32	26	10	7
Closures/disposals	(41)	(6)		(5)	(3)	(3)	(2)	(3)	(2)	-	(4)
Total trading pubs	926	951		927	886	860	823	775	731	694	671
New hotels in period	7	9		4	2	2	-	6	3	2	-
Total number of hotels	46	39		30	26	24	22	22	16	13	11
Pubs in Republic of Ireland	5	4		1	-	-	-	-	-	-	-
Average cost of development (£k)	2,459	2,070		1,643	1,552	1,420	1,207	857	851	1,498	1,520
Freehold average cost (£k)	907	843		559	589	639	825	857	765	958	750
Average Size (sq.ft.) – Openings	4,264	4,321		3,585	3,643	3,325	3,572	3,781	3,359	3,618	3,855
Freehold (%)	51.4	49.2		46.6	44.2	43.8	43.4	41.3	41.7	42.1	41.6
Leasehold (%)	48.6	50.8		53.4	55.8	56.2	56.6	58.7	58.3	57.9	58.4

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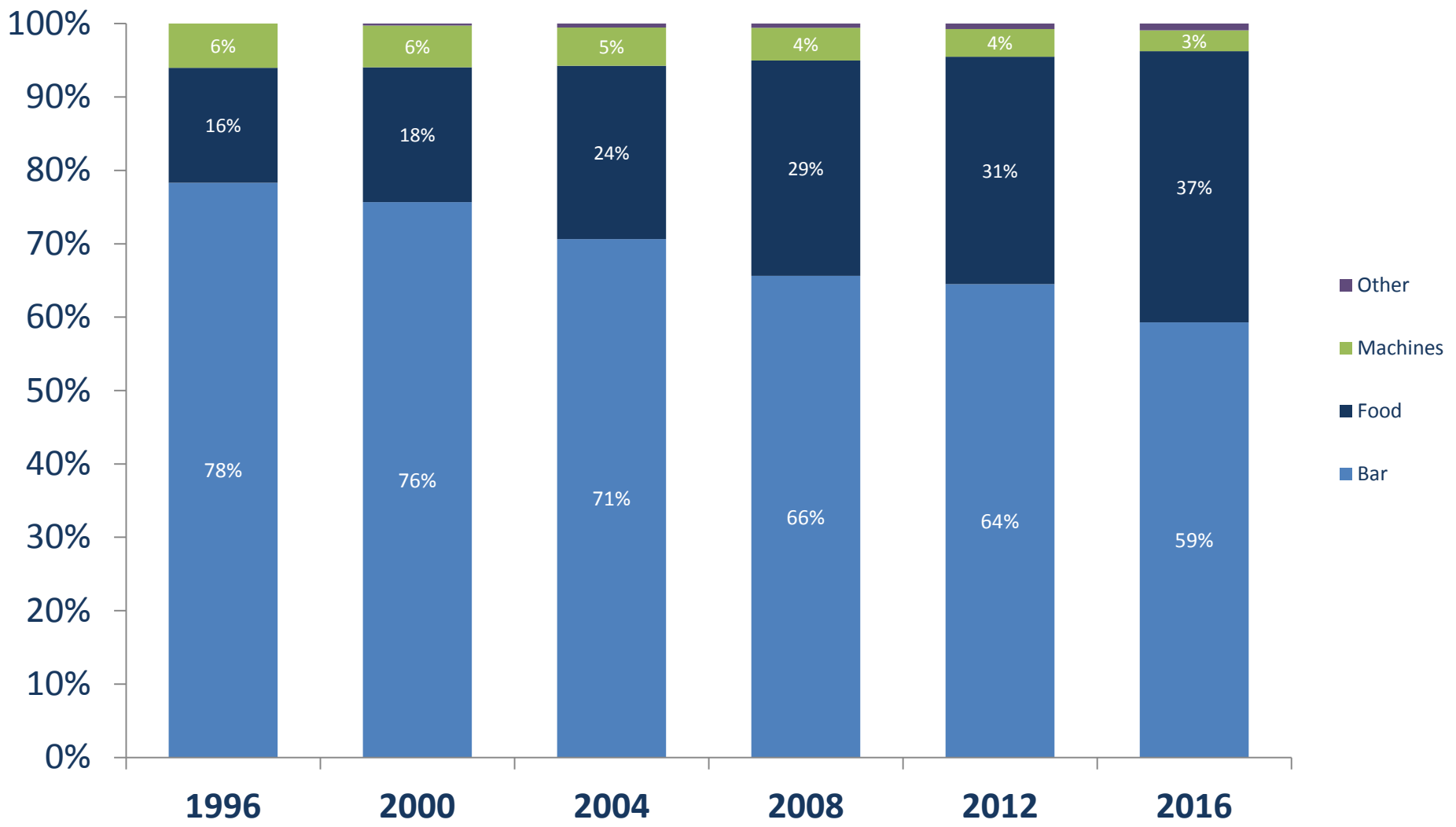


“It’s a People Thing”



- More than 36,000 employees at the end of period
 - Dedicated employee website & e-learning suite
 - Catering Academy – 896 employees have graduated with 222 employees currently going through the programme
- Staff retention at its highest ever level. Average length of service for:
 - Pub managers now over 11 years and 1 month
 - Kitchen managers 7 years and 5 months
- We have been recognised as one of ‘Britain’s Top Employers’ in a Guardian publication for 15 consecutive years
- We have signed up to the Government ‘Think, Act, Report’ campaign aiming to improve gender equality in the workplace
- Around 10,000 employees are shareholders in the Company
- A record £33.0m paid in bonuses and free shares, of which 86% was paid to staff working in our pubs

Changing Sales Mix over Last 20 Years



Peach BrandTrack:

Britain's favourite big brand

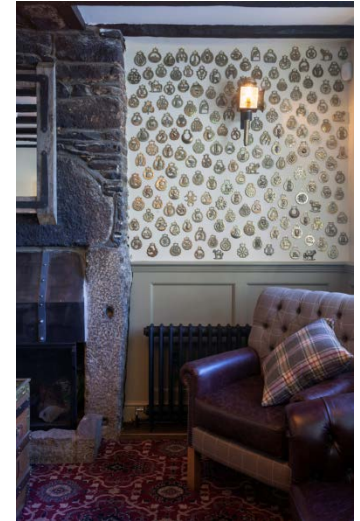
If the following brands were available in the same location, which would be your first choice to eat at? (ranked by % of adults choosing each brand)

(out of a list of 17 – the top 6)	Apr-16	Oct-15	Apr-15	Oct-14	Apr-14	Oct-13	Apr-13	Oct-12	May-12
JD Wetherspoon	12%	12%	12%	13%	13%	12%	11%	11%	10%
Pizza Express	8%	8%	6%	6%	7%	7%	7%	7%	7%
Nando's	8%	7%	7%	7%	8%	8%	9%	9%	11%
Wagamama	7%	6%	6%	6%	7%	5%	6%	-	-
Toby Carvery	6%	6%	7%	6%	7%	5%	5%	5%	5%
Harvester	6%	6%	6%	6%	6%	8%	8%	8%	8%

Respondents first choice of brand from following list: Beefeater Grill, Bella Italia, Brewers Fayre, Café Rouge, Fayre & Square, Frankie & Benny's, Harvester, Hungry Horse, Nando's, Pizza Express, Pizza Hut, Sizzling Pubs, Slug & Lettuce, TGI Fridays, Toby Carvery, Wagamama, JD Wetherspoon.

Successes and achievements

- Over 918 of our pubs are Cask Marque approved
- Raised £1.6m in the last 12 months and over £12.6m during the 14-year partnership with CLIC Sargent, a charity caring for children with cancer providing support for families at home and in hospital from the day of diagnosis
- As at 24 July 2016, average food hygiene rating score of 4.89 out of a maximum of 5. A total of 91.7% of pubs have achieved the maximum score of 5
- Winners in eleven categories in 'The Loo of the Year' awards
- Windmill, Stansted Airport named the best airport pub in the world at the 2016 FAB (International Food and Beverage Excellence) awards



The White Hart Hotel, Okehampton

Taxation

	FY 2016 £m	FY 2015 £m	FY 2014 £m	FY 2013 £m	FY 2012 £m
VAT	311.7	294.4	275.1	253.0	241.2
Alcohol duty*	164.4	161.4	157.0	144.4	136.8
PAYE and NIC	95.1	84.8	78.4	70.2	67.1
Business rates	50.2	48.7	44.9	46.4	43.9
Corporation tax	19.9	15.3	18.1	18.4	18.2
Corporation tax credit (historic capital allowances)	–	(2.0)	–	–	–
Machine duty	11.0	11.2	11.3	7.2	3.3
Climate change levies	8.7	6.4	6.3	4.3	1.9
Carbon tax	3.6	3.7	2.7	2.6	2.4
Fuel duty	2.1	2.9	2.1	2.0	1.9
Landfill tax	2.2	2.2	1.5	1.3	1.3
Stamp duty	2.6	1.8	2.1	1.0	0.8
Premise licence and TV licences	0.8	1.6	0.7	0.7	0.5
TOTAL TAX	672.3	632.4	600.2	551.5	519.3
TAX PER PUB (£000)	705	673	662	632	617
TAX AS % of SALES	42.1%	41.8%	42.6%	43.1%	43.4%
PRE-EXCEPTIONAL PROFIT AFTER TAX (PAT)	56.9	57.5	58.9	65.2	57.3
PAT as % of SALES	3.6%	3.8%	4.2%	4.4%	4.8%

*UK taxes only

Current Trading and Outlook

- LFL sales for the six weeks to 4th September +4.1%
- Positive start
- Caution over rest of year given strong LFL sales last year and low inflation environment
- Currently anticipate a slightly improved trading outcome for the current financial year



The Paddle Steamer, Largs, Ayrshire

Questions



The Mossy Well, Muswell Hill, London

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Harpsfield Hall, Hatfield, Hertfordshire



Appendix

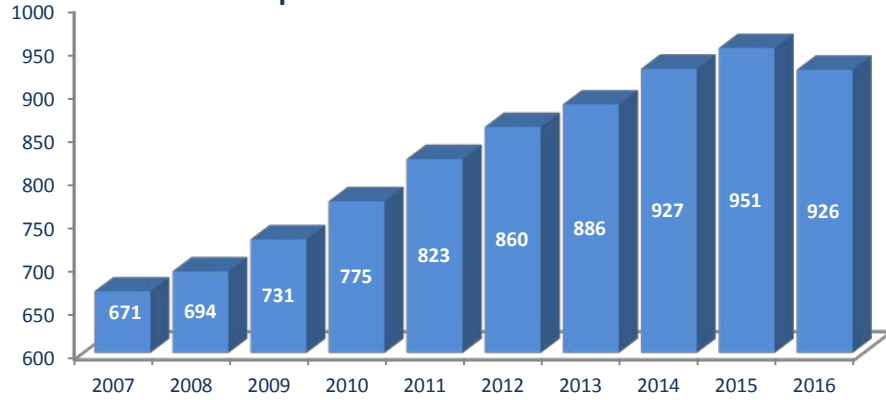
Appendices

- A 10 year overview
- B 10 year capital trends
- C 10 year financial trends
- D1 ROC/CROCCE/ROE calculations
- D2 ROC/CROCCE/ROE calculations
- E Cash flow
- F1 Summary of exceptional items
- F2 Pub disposal programme
- G Swap maturity profile

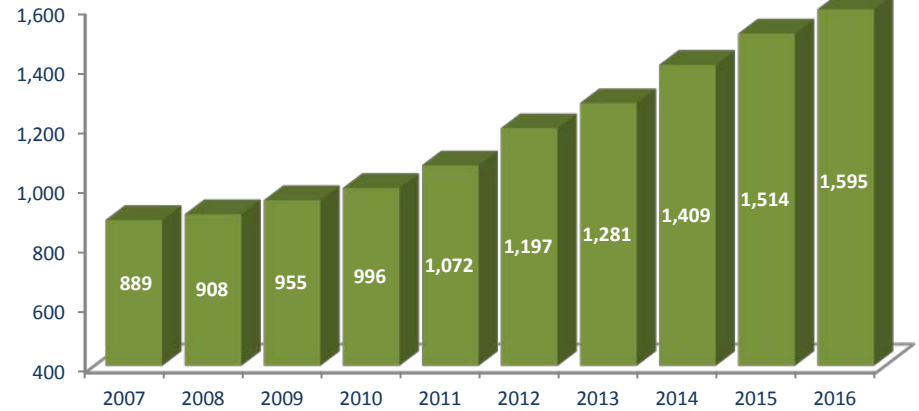
Appendix A

10 Year Overview

Number of pubs



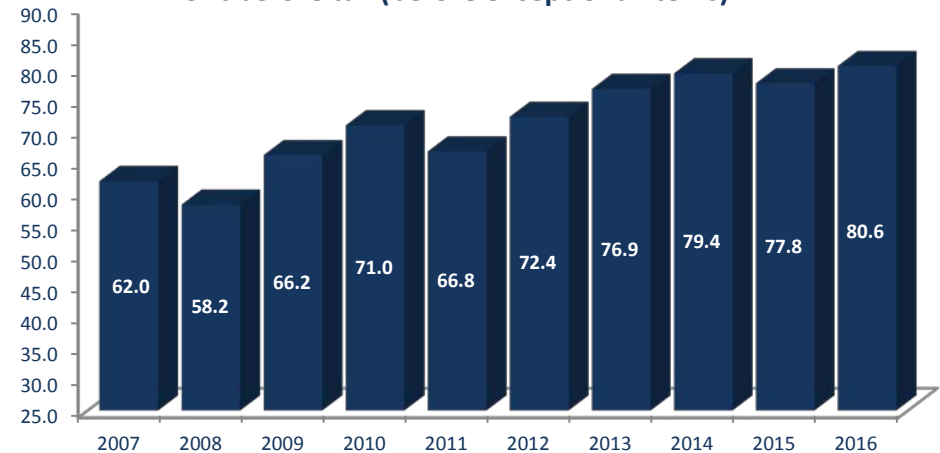
£ millions Turnover



£000 Average gross sales per pub week



£ millions Profit before tax (before exceptional items)



10 Year Capital Trends

	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Average Size (sq.ft.) – Openings	4,264	4,321		3,585	3,643	3,325	3,572	3,781	3,359	3,618	3,855
Number of openings	16	30		46	29	40	50	47	39	23	18
% which are freehold	63	80		67	48	45	68	32	33	57	61
Freehold average cost (£k)	907	843		559	589	639	825	857	765	958	750
Average development cost (£k, excluding FH)	2,459	2,070		1,643	1,552	1,420	1,207	857	851	1,498	1,520
Average development cost per sq.ft.	577	479		458	426	427	338	226	253	414	394
Population within 2 miles	57,000	58,000		27,000	30,000	39,000	54,000	67,000	38,000	50,000	45,000

10 Year Financial Trends

	2016	2015		2014	2013	2012	2011	2010	2009	2008	2007
Sales per pub (£000)	1,694	1,620		1,562	1,476	1,401	1,360	1,335	1,344	1,333	1,354
EBITDA per pub (£000) (1)	209.2	200.9		204.5	200.9	194.9	198.7	205.8	212.9	211.6	219.0
Number of pubs	926	951		927	886	860	823	775	731	694	671
% freeholds (%)	51	49		47	44	44	44	41	42	42	42
CROCCE (2) (%)	9.7	9.6		10.5	10.6	10.8	10.7	11.0	11.3	11.4	12.3
Cash return on investment (2) (%)	12.2	11.7		12.3	12.4	12.6	11.8	12.9	13.6	14.0	15.4

(1) Excluding sale & leaseback rent

(2) See appendix D1 and D2 for calculation

Appendix D1

ROC/CROCCE/ROE

		FY 2016 £000	FY 2015 £000
Shareholders equity per accounts		207,448	222,893
Deferred tax balances		63,015	69,777
Interest rate swaps valuations		63,477	39,973
Impairment balances		43,054	49,769
Net book value of revalued assets		(6,550)	(7,244)
Adjusted shareholders equity	(a)	370,444	375,168
Debt		650,760	601,108
Capital employed	(b)	1,021,204	976,276
Accumulated depreciation (excluding impairments)	(c)	755,698	712,065
Cash capital employed	(d)	1,776,902	1,688,341

ROC/CROCCE/ROE

		FY 2016 £000	FY 2015 £000
EBITDA (cash return)	(e)	187,274	178,482
Depreciation and amortisation	(f)	(72,212)	(66,668)
EBIT	(g)	115,062	111,814
Interest		(34,452)	(34,016)
Profit before tax		80,610	77,798
Current tax	(h)	(18,347)	(21,544)
Profit after cash tax	(i)	62,263	56,254
Deferred tax credit/(charge) (excluding exceptional items)		(5,342)	1,201
Profit after tax		56,921	57,455
Return on capital employed [(g+h)/average b]*		9.7%	9.5%
Cash return on cash capital employed [(e+h)/average d]*		9.7%	9.6%
P&L return on shareholders equity [i/average a]*		16.7%	15.2%
Cash Return on Investment [(i-f)/(average a+c)]		12.2%	11.7%

*All returns are calculated after tax

Appendix E

Cash Flow

	FY 2016 £000	FY 2015 £000
Free Cash Flow	90,485	109,778
Proceeds on Disposal	22,520	723
Investment in new pubs	(55,209)	(106,974)
Freehold reversions & investment properties	(36,083)	(21,612)
Dividends	(14,190)	(14,591)
Share Buy Backs	(53,580)	(12,714)
Other	(3,595)	833
Movement in net borrowings	(49,652)	(44,557)

Summary of Exceptional Items

		FY 2016 £000	FY 2015 £000
Operating exceptional items	<i>Inventory valuation</i>	–	5,231
	<i>Restructuring costs</i>	–	782
		–	6,013
Exceptional property losses			
Disposal programme	<i>(see next slide)</i>	12,370	–
Other property losses	<i>Onerous lease reversal</i>	(949)	(841)
	<i>Onerous lease provision</i>	977	2,699
	<i>Impairment of property, plant and equipment</i>	1,924	11,195
	<i>Impairment of other assets</i>	239	–
		14,561	13,053
Other exceptional items	<i>Exceptional tax items – deferred tax</i>	(8,363)	(4,809)
	<i>Tax effect on operating exceptional items</i>	(483)	(1,626)
		(8,846)	(6,435)
Total exceptional items		5,715	12,631

Summary of pub disposal programme

The Company has offered a number of its pubs for sale. At the year end, 29 sites had been sold, three were classified as held for sale and an additional nine sites have been closed as part of the disposal programme.

		FY 2016 £000	FY 2015 £000
Disposal programme	<i>Loss on disposal of pubs</i>	8,477	–
	<i>Impairment of assets held for sale</i>	598	–
	<i>Impairment of property, plant and equipment – closed pubs</i>	2,287	–
	<i>Impairment of other non-current assets - closed pubs</i>	491	–
	<i>Onerous lease reversal – sold pubs</i>	(427)	–
	<i>Onerous lease provision – closed pubs</i>	944	–
		12,370	–

Swap Maturity Profile

Swap Value	From	To	Weighted Average %
£400m	12 Nov 2014	31 Jul 2016	3.5%
£400m	31 Jul 2016	31 Jul 2018	2.2%
£400m	31 July 2018	31 July 2021	3.7%
£150m	31 July 2021	31 July 2023	3.8%