

24 January 2024

J D WETHERSPOON PLC

Trading Update Announcement

J D Wetherspoon plc ('Wetherspoon' or 'the company') announces an update on current trading, before entering its close period for its interim results, for the six months ending 28 January 2024, which are expected to be announced on 22 March 2024.

Current trading

In the 25 weeks to 21 January 2024, like-for-like (LFL) sales were +10.1% higher than the same period a year ago. Bar sales increased by +11.8%, food by +7.9% and slot/fruit machines by +10.4%. Hotel room sales increased by +3.1%.

LFL sales in the last 12 weeks were +11.1% higher than the same period a year ago.

Total sales have grown by +8.4% in the year to date.

The "Coffer CGA Business Tracker" reports monthly LFL sales for a number of multi-outlet pub and restaurant companies.

In December, the latest month for which information is available, the tracker reported industry LFL sales of +8.8%, compared to +15.2% for Wetherspoon.

LFL sales in the last three weeks of the period were +5.8%.

Wetherspoon has outperformed the tracker for 16 consecutive months.

Financing

Interest costs for FY24, excluding IFRS 16 notional interest, are expected to be approximately the same as they were in FY23 (£51 million).

Debt levels at the end of FY24 are currently expected to be broadly in line with the level reported at the end of FY23 (£642m).

Property

The company has opened two pubs in the year to date, at London's Heathrow airport and at London Euston railway station.

Five pubs have been sold and eight leasehold pubs have either been surrendered to the landlord or sublet. The disposals and surrenders resulted in a cash inflow of £3.8 million.

The company currently has a trading estate of 814 pubs.

Outlook

Wetherspoon chairman Tim Martin said:

"Wetherspoon, like the hospitality industry, has seen a consistent but slow recovery, following the pandemic.

"Although inflation is, in general, reducing, labour and energy costs are far higher than pre-pandemic.

"A main issue for the pub trade is that labour costs are around 30% of sales, compared to around 10% for supermarkets.

“The price of a pint in a supermarket is about £1, so a 10% increase in labour costs (which are around 10 pence per pint) necessitates a one pence increase in the selling price to cover costs.

“However, for pubs, the average selling price of a pint is around £4.50. The labour per pint is therefore around £1.35 (30% of £4.50), necessitating a 13.5 pence increase in the selling price to cover extra costs.

“The inevitable consequence is that increased labour costs raise the differential in prices between the hospitality industry and supermarkets.

“At the same time, pubs pay far higher VAT and business rates than supermarkets, further exacerbating the price disparity.

“In particular, pubs and restaurants pay 20% VAT in respect of food sales, whereas supermarkets pay almost nothing, a tax differential which is surely unfair.

“Notwithstanding these issues, Wetherspoon currently expects an outcome for the financial year in line with market expectations, and will provide further updates as the year progresses.”

Ends.

Enquiries:

John Hutson	Chief Executive Officer	01923 477777
Ben Whitley	Finance Director	01923 477777
Eddie Gershon	Company spokesman	07956 392234

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK and Ireland. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.com
3. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, to meet the requirements of the FCA's Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. This announcement contains inside information on J D Wetherspoon plc.
5. The current financial year comprises 52 trading weeks to 28 July 2024.
6. The next trading update is expected to be the Company's interim results statement on 22 March 2024.