

JD WETHERSPOON PLC

Interim Results 2012



9 March 2012



Kirk Davis – FD

Highlights – Six Months to 22 January 2012



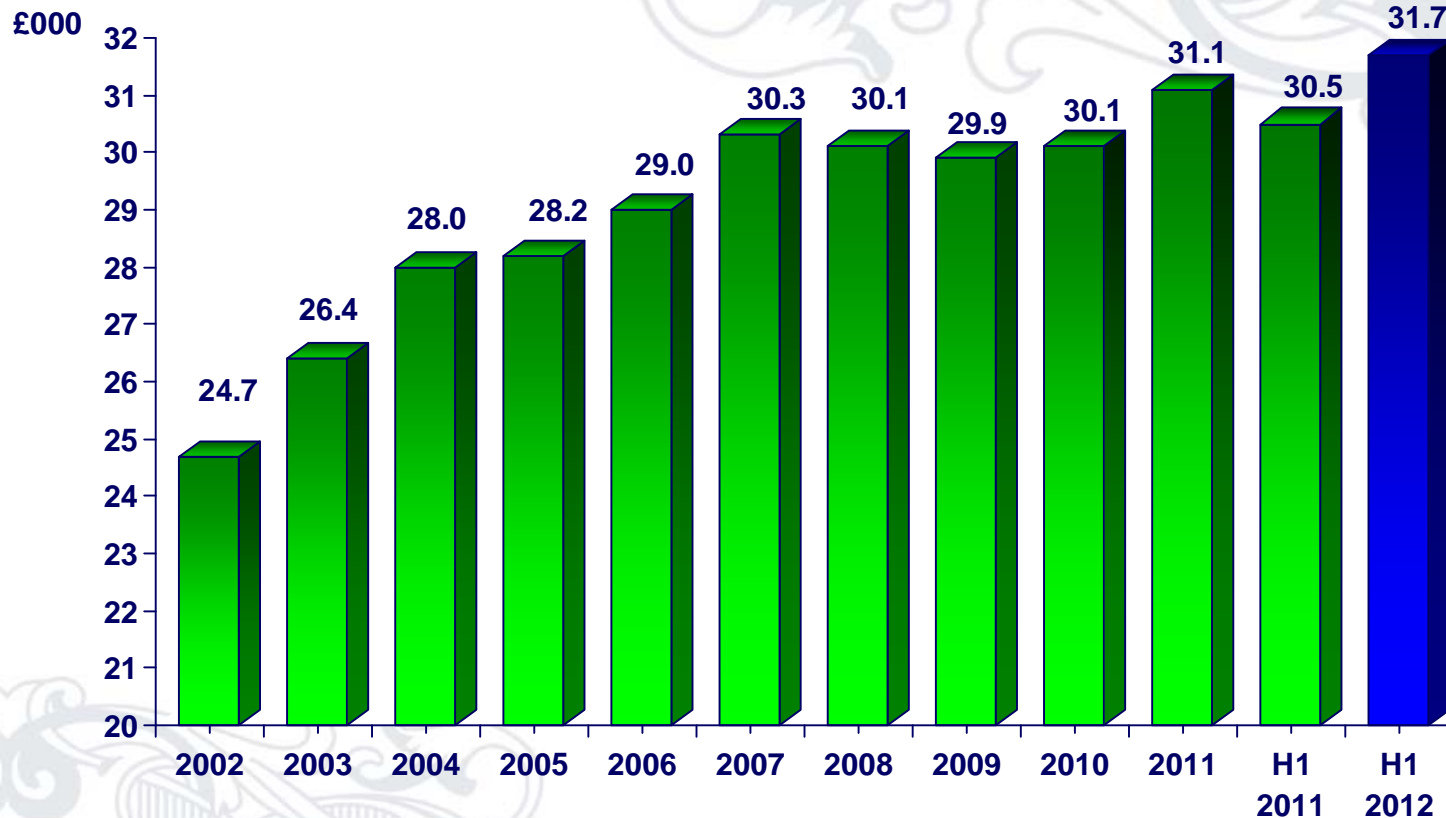
- Revenue £569.4m (2011: £525.4m) +8.4%
- Like-for-like sales +2.1%
- Free cash flow per share 27.5p (2011: 16.9p) +62.7%
- Free cash flow £34.9m (2011: £22.7m) +53.7%

Before exceptional items:

- Operating profit £53.1m (2011: £49.6m) +7.2%
- Profit before tax £35.8m (2011: £32.2m) +11.1%
- Earnings per share 20.2p (2011: 16.5p) +22.4%

Interim dividend 4p (2011: 4p) maintained

Average Sales Per Pub Week (including VAT)



Record Average Sales Per Pub Week



Like for Like Sales/Profits

%	H1 2012	H1 2011	H2 2011	2011	2010	2009	2008
Bar	+3.4	+0.6	+2.7	+1.7	-0.8	+2.5	-4.3
Food	+0.1	+7.4	+1.3	+4.2	+0.1	-0.4	+7.9
Machines	-3.8	-3.8	-3.9	-3.9	+12.1	-7.5	-5.8
Total LFL sales	+2.1	+2.3	+1.9	+2.1	+0.1	+1.2	-1.1
LFL profit	+1.2	-1.8	-0.6	-1.2	-2.0	-1.7	-6.6

Operating Margin - Summary



	H1 2012 £000	H1 2012 % of Sales	H1 2011 £000	H1 2011 % of Sales
Turnover	569,375		525,364	
Pub profit (pre repairs)	117,623	20.6	110,273	21.0
Repairs	(20,073)	(3.5)	(17,726)	(3.4)
Head office costs	(18,245)	(3.2)	(19,152)	(3.7)
Share Incentive Plan	(2,400)	(0.4)	(2,271)	(0.4)
Depreciation	(23,789)	(4.2)	(21,555)	(4.1)
Operating profit (before exceptionals)	53,116	9.3	49,569	9.4
Exceptional items	(2,599)	(0.4)	-	-
Operating profit	50,517	8.9	49,569	9.4



Cost Increases

- Tax increases on excise duty, business rates and carbon tax
- Bar and food supplies
- Staff costs
- Utility costs

Exceptional Items – Summary

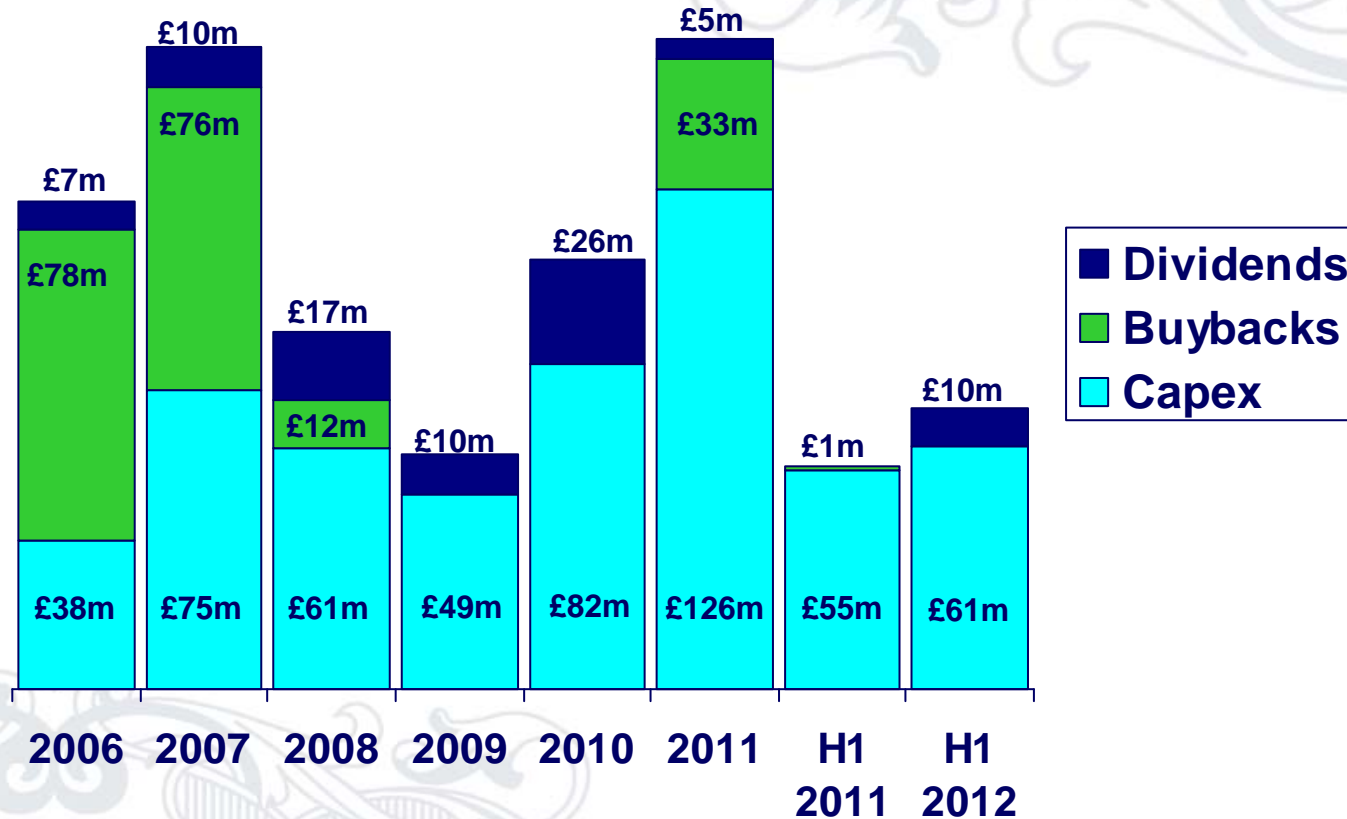


	H1 2012	H1 2011
	£000	£000
IT related assets written off	1,933	-
Property related write-offs	666	-
Total	2,599	-

Allocation of Resources



£123m	£161m	£90m	£59m	£108m	£164m	£56m	£71m
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Increased capex on new openings, reinvestment and dividend payment



Capital Expenditure

	HY12 £m	HY11 £m
Acquisition and development costs		
Current year	39.1	37.8
Future year	2.6	0.5
New openings	41.7	38.3
Fixtures and fittings	8.1	6.6
Refurbishments	5.7	3.6
IT & related projects	5.0	6.4
Reinvestment	18.8	16.6
Total	60.5	54.9



Movement in Net Debt inc. Finance leases

	<u>£m</u>
FY11 Net debt	437.7
Free cash flow	(34.9)
New pub capex	41.7
Advance under finance leases	1.2
Dividends	10.5
Other	0.4
HY12 Net debt	<u>456.6</u>

- Free cash flow increased to £34.9m (2011: £22.7m). The increase in free cash flow was mainly driven by working capital improvements.
- Total net bank borrowing (including finance leases) of £456.6m, an increase of £18.9m in the last 6 months (July 2011: £437.7m)

Debt Position



	H1 2012	H1 2011	FY 2011
• Net debt/ EBITDA	2.99	2.82	2.98
• Interest cover (times)	2.92	2.86	2.73
• Interest cover pre exceptional (times)	3.07	2.86	2.88
• Fixed charge cover (times)			
– statutory	1.67	1.65	1.62
– excluding depreciation	2.15	2.08	2.06
– excluding depreciation and exceptionals	2.20	2.08	2.12

Banking Facilities



- Amendment and restatement of existing facility completed.
 - Now runs until 31 March 2016
 - Total facilities (including overdraft) £575m
- £250m of new swaps entered into from November 2014 to July 2018, at an average cost of 2.4%. Delivering c. £7.5m of interest saving per annum from November 2014.
- In addition our existing swaps mature as follows:
 - £250m swap expiring in November 2014
 - £150m swap expiring in July 2016
 - Average interest cost of swaps 5.5%
- Unutilised banking facilities and cash balances of £125.4m as at 22 January 2012 (July 2011: £120.2m)



Financial Summary

- Robust financial performance
- Operating margin decline reflects increasing tax and cost pressures
- Continued strong cash generation
- Unutilised banking facilities and cash balances of £125.4m as at 22 January 2012 (July 2011: £120.2m)



John Hutson - CEO



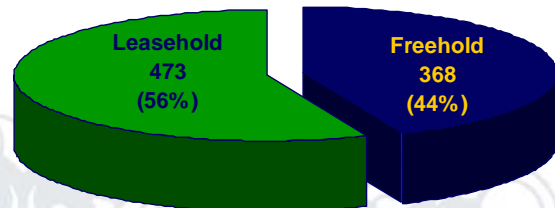
Business Update

- Property
- New openings
- Continued improvement
- Cost outlook
- Taxation
- Current trading and outlook

Property Update

	HY 12	FY 11
Trading pubs at start of FY	823	775
Freehold pubs opened	9	34
Leasehold pubs opened	11	16
Closures	(2)	(2)
Total trading pubs	841	823

- Average cost of development £1.4m, up from £1.2m last year
- Closure of one pub in suburban London and one unit at Gatwick Airport (North terminal)
- 24 pubs opened as of 9 March 2012
- 9 pubs on site as of 9 March 2012
- Opening programme reduced to around 40 this financial year





The Leyland Lion, Leyland

Open Date: 18 October 2011

Acquired from: Independent owner

Customer Area: 2,870 sq ft

Development Costs: £955k



The Swan Hotel, Leighton Buzzard

Open Date: 2 August 2011



Acquired from: Independent owner

Customer Area: 2,551 sq ft

Development Costs: £2,606k



The Beehive, Gatwick South Terminal

Open Date: 24 August 2011



Acquired from: Global Infrastructure Partners (GIP)

Customer Area: 2,562 sq ft

Development Costs: £1,085k



The Willow Tree, Stowmarket

Open Date: 17 January 2012



Acquired from: Independent Owner

Customer Area: 2,096 sq ft

Development Costs: £1,972k



Continued Improvement



- 238 pubs are in the CAMRA Good Beer Guide
- Raised over £5.2m for CLIC Sargent (for children with cancer)
- 188 Loo Awards
- 500 new apprenticeships
- Increased reinvestment – toilets, carpets and redecoration
- Bonus – £10.9m paid in H1, 98% of bonus awards made to employees below board level
- Investment in plate warmers, glass washers, cutlery and crockery



Cost Outlook

- Energy consumption
- Continue to keep costs under review
- Continue to focus on maintaining well-invested estate for the long-term benefit of the company
- Unsustainable tax regime

Taxation



	11/12	10/11
	First half	First half
	£m	£m
VAT	115.6	95.1
Alcohol duty	65.6	61.6
PAYE and NIC	32.8	32.9
Business rates	21.0	20.2
Corporation tax	9.0	11.1
Machine duty	1.6	1.5
Fuel duty	1.3	1.3
Carbon tax	1.2	0.0
Climate change levy	0.6	0.8
Stamp duty	0.6	0.5
Landfill tax	0.6	0.5
Premise licence and TV licences	0.2	0.2
TOTAL TAX	250.1	225.7
TAX AS % OF SALES	43.9%	43.0%
NET PROFIT AFTER TAX (£m)	23.3	22.1
NET PAT AS % OF SALES	4.1%	4.2%

Current Trading and Outlook



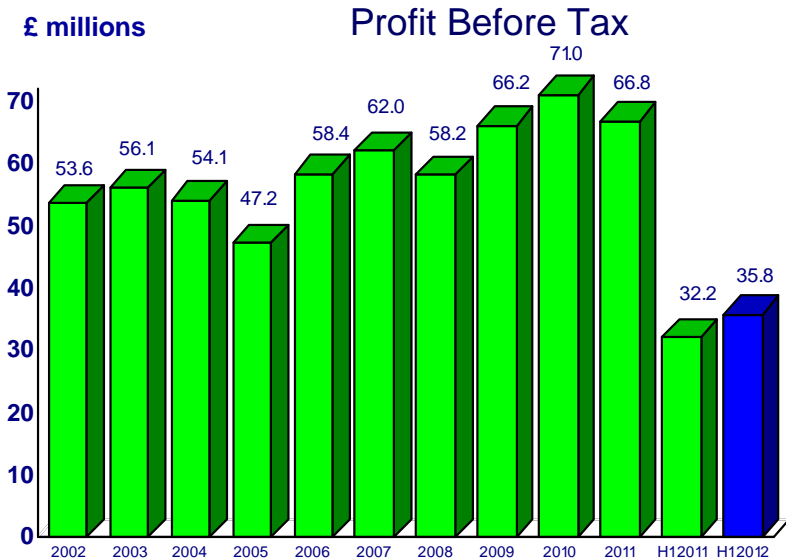
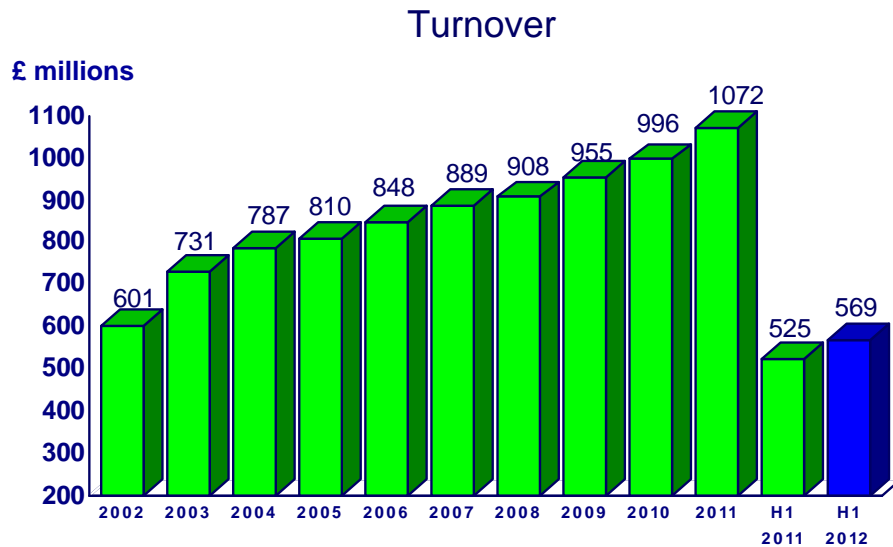
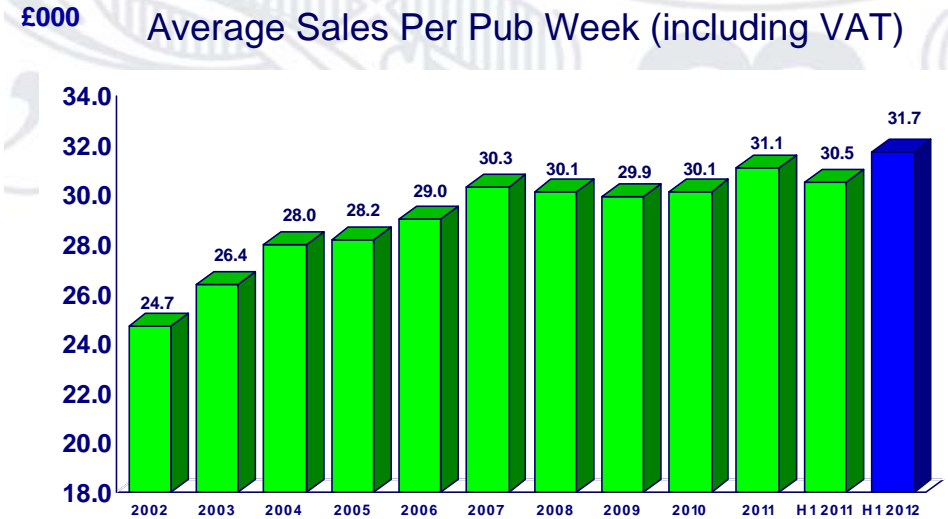
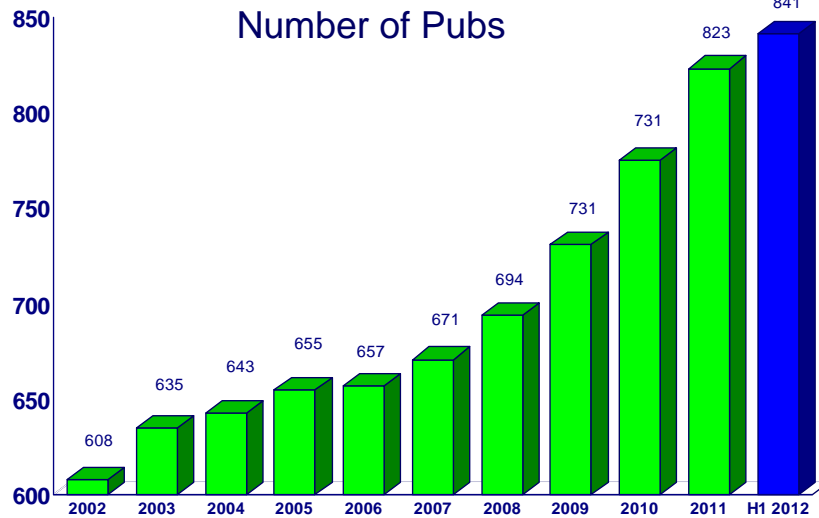
- Largest ever ale festival expected this spring plus summer events
 - Ale festival 14 March – 1 April
- Continuing pressure from increased taxation
- Continuing inflation in operating costs
- LFL sales for the six weeks to 4 March 2012 declined by 0.7% with total sales growth of 6.1%
- Slightly more cautious about the potential outcome for this financial year

Appendices



- A 10 Year financial graphs
- B 10 Year trends
- C Capital trends
- D1 ROC/CROCCE/ROE
- D2 ROC/CROCCE/ROE calculations
- D3 ROC/CROCCE/ROE calculations
- E Cash flow
- F SWAP maturity profile

10 Year Summary





JDW - Financial Trends

	2003	2004	2005	2006	2007	2008	2009	2010	2011	H1 2011	H1 2012
Sales per pub (£000)	1,169	1,239	1,246	1,283	1,354	1,333	1,344	1,335	1,360	674	688
EBITDA per pub (£000) (1)	201.9	204.4	195.7	205.6	219.0	211.6	212.9	205.8	198.7	97.6	98.8
Number of pubs	635	643	655	657	671	694	731	775	823	787	841
% freeholds (%)	42	41	41	41	42	42	42	41	44	42	44
CROCCE (%) (2)	13.0	12.6	11.7	12.0	12.2	11.3	11.2	10.8	10.5	10.3	10.3
Cash return on equity (%) (2)	17.1	15.8	14.4	14.8	15.5	14.2	13.5	12.6	11.5	11.1	11.6
Free cash flow per share (pence)	38.8	36.7	37.1	42.1	35.6	50.6	71.7	52.9	59.7	16.9	27.5
Adjusted earnings per share (3)	17.0p	17.7p	16.9p	24.1p	28.1p	25.7p	32.6p	36.0p	35.3p	16.5p	20.2p

- (1) Excluding sale & leaseback
 (2) See appendix D for calculation
 (3) Excluding exceptional items



Capital Trends

<u>Financial Year</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2011</u> <u>H1</u>	<u>2012</u> <u>H1</u>
Size (sq.ft.) - Openings	3,721	4,317	4,176	3,928	3,855	3,618	3,359	3,781	3,572	3,377	3,305
Number of openings	45	28	13	9	18	23	39	47	50	14	20
% which are freehold	56	43	54	22	61	57	33	32	68	57	45
Freehold average cost (£k)	511	640	873	625	750	958	765	857	825	813	668
Average development cost (£k, excluding FH)	1,317	1,431	1,401	1,301	1,520	1,498	851	857	1,207	1,120	1,359
Average development cost per sq.ft.	354	331	335	331	394	414	253	226	338	332	411
Population within 2 miles	73,000	51,000	64,000	59,000	45,000	50,000	38,000	67,000	54,000	69,000	52,000



ROC/CROCCE/ROE

	2012 H1	2011 H1
• P&L return on capital	11.6%	11.7%
• CROCCE	10.3%	10.3%
• P&L return on equity	17.6%	15.8%
• Cash return on equity	11.6%	11.1%



ROC/CROCCE/ROE

		H1 2012 £000	H1 2011 £000
Profit after tax, before exceptional items	(a)	25,611	22,142
Add: interest	(b)	17,307	17,348
Profit pre-interest	(c)	42,918	39,490
Add: deferred tax		(90)	313
Depreciation		23,789	21,557
Cash return	(d)	66,617	61,360

• P&L return on capital [(c)/average (g)]	11.6%	11.7%
• CROCCE [(d)/average (h)]	10.3%	10.3%
• P&L return on equity [(a)/average (e)]	17.6%	15.8%
• Cash return on equity [(d)-(b)/average (h)-(f)]	11.6%	11.1%



ROC/CROCCE/ROE

	H1	FY
	2012	2011
	£000	£000
Shareholder funds per balance sheet	181,090	171,045
Add: cumulative losses on disposal	55,805	53,206
: hedging provision	64,518	57,880
	(e) 301,413	282,131
Add: net debt	(f) 456,630	437,693
Capital employed	(g) 758,043	719,824
Add: deferred tax provision	54,129	55,879
Cumulative depreciation	523,409	499,620
Less: revaluation reserve	(10,235)	(10,514)
Cash capital employed	(h) 1,325,346	1,264,809



Cash Flow

	H1 2012 £000	H1 2011 £000	FY 2011 £000
Free Cash Flow	34,920	22,740	78,818
Dividends	(10,475)	-	(5,211)
Proceeds on Disposal	250	-	1,100
Investment in new pubs	(41,666)	(38,319)	(87,618)
	(16,971)	(15,579)	12,911
Issue of new shares	46	77	225
Share Buy Backs	-	(1,217)	(32,759)
	(16,925)	(16,719)	45,445
Non Cash Movements	(2,012)	(991)	(3,857)
Movement in net debt	(18,937)	(17,710)	(49,302)
Free cash flow per share	27.5p	16.9p	59.7p



Swap Maturity Profile

Swap Value	From	To	Weighted Average Value
£400m	31 Jul 2009	12 Nov 2014	5.5%
£400m	12 Nov 2014	31 Jul 2016	3.6%
£250m	31 Jul 2016	31 Jul 2018	2.4%