

wetherspoon



The Silver Penny, Dublin

PRELIMINARY RESULTS 13 SEPTEMBER 2019

John Hutson – CEO
Ben Whitley – FD

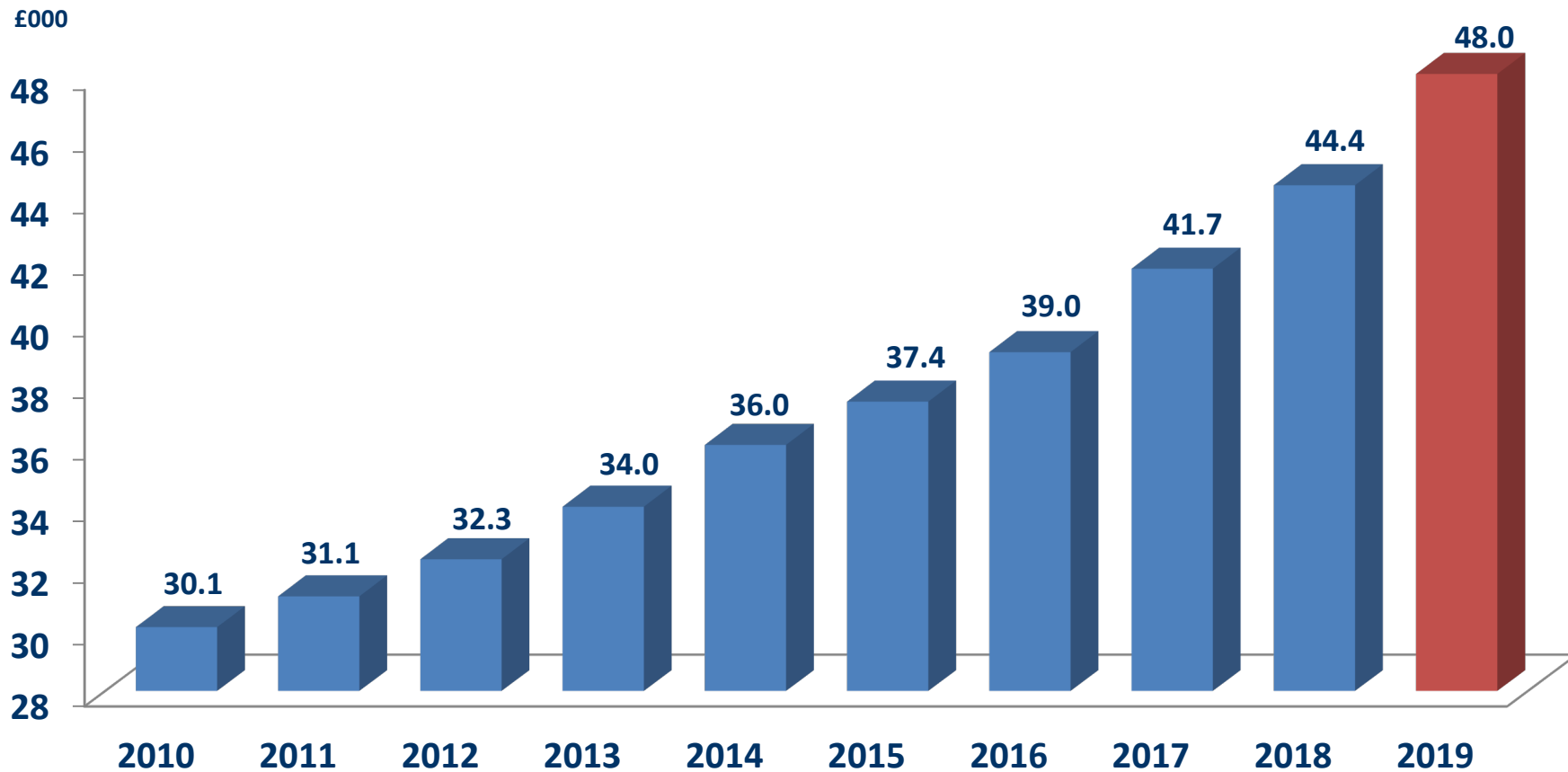
Financial Summary

	2019	2018	Var%		2017 ²	2016	2015	2014	2013	2012 ²	2011	2010
Revenue (£m)	1,818.8	1,693.8	+7.4%		1,660.8	1,595.2	1,513.9	1,409.3	1,280.9	1,197.1	1,072.0	996.3
Like-for-like sales	+6.8%	+5.0%			+4.0%	+3.4%	+3.3%	+5.5%	+5.8%	+3.2%	+2.1%	+0.1%
Profit before tax and property gains and losses (£m)	96.9	104.3	-7.1%		100.0	75.3	78.5	80.8	76.9	72.4	66.8	71.0
Profit before tax (£m)	102.5	107.2	-4.5%		102.8	80.6	77.8	79.4	76.9	72.4	66.8	71.0
Underlying Earnings per share ¹ (p)	70.2	76.5	-8.2%		66.6	43.8	47.6	48.0	44.7	41.3	35.3	34.9
Free cash flow per share ¹ (p)	92.0	88.4	+4.1%		97.0	76.7	89.8	74.1	51.8	70.4	57.7	52.9
Dividend per share (p)	12.0	12.0			12.0	12.0	12.0	12.0	12.0	12.0	12.0	19.0
After exceptional items:												
Profit before tax (£m)	95.4	89.0	+7.2%		76.4	66.0	58.7	78.4	57.1	58.9	61.4	60.5

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

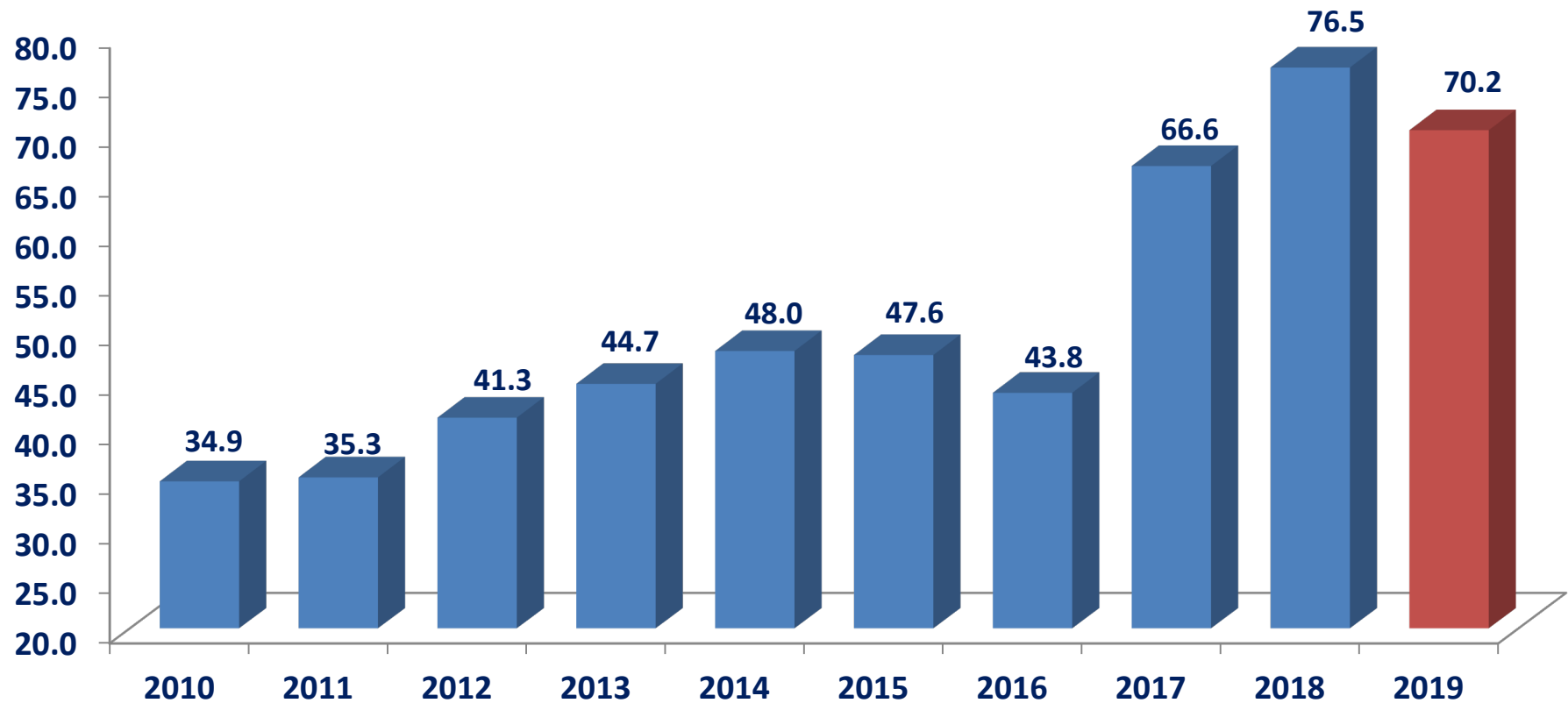
² Financial year contains 53 weeks.

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. Excludes re-statement to deferred tax announced 14 September 2018.

Like-for-like Performance

%	2019	2018		2017	2016	2015	2014	2013	2012	2011	2010
Bar	+5.8	+5.1		+3.1	+3.3	+1.2	+2.7	+3.8	+2.8	+1.7	-0.8
Food	+8.3	+5.1		+5.7	+3.5	+7.3	+12.0	+10.9	+4.8	+4.2	+0.1
Fruit/slot machines	+10.3	+2.9		-1.2	-2.2	-2.8	-3.1	+0.4	-2.8	-3.9	+12.1
Hotel	+3.9	+2.3		+9.9	+9.7	+24.2	+6.3	–	–	–	–
LFL sales	+6.8	+5.0		+4.0	+3.4	+3.3	+5.5	+5.8	+3.2	+2.1	+0.1
LFL Pub profit*	+0.1	+1.2		+8.4	-0.3	-1.1	+2.0	+4.4	-2.2	-1.2	-2.0

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

10 Year Operating Profit

£m	2019	2018	2017 ¹	2016	2015	2014	2013	2012 ¹	2011	2010
Turnover	1,818.8	1,693.8	1,660.8	1,595.2	1,513.9	1,409.3	1,280.9	1,197.1	1,072.0	996.3
Pub profit (pre repairs)	349.7	338.6	330.6	288.3	285.4	284.4	259.0	245.4	226.8	218.5
Repairs	(76.9)	(71.3)	(66.2)	(54.9)	(53.4)	(59.4)	(48.0)	(46.6)	(38.4)	(35.4)
Head office costs	(47.5)	(44.3)	(51.3)	(41.9)	(43.9)	(42.7)	(40.4)	(36.6)	(36.7)	(35.9)
Share Incentive Plan	(11.6)	(11.4)	(10.7)	(9.6)	(8.9)	(7.2)	(6.2)	(5.7)	(5.1)	(3.5)
Depreciation and impairment	(81.8)	(79.3)	(73.9)	(72.2)	(66.7)	(58.1)	(53.1)	(49.2)	(44.4)	(43.7)
Operating profit	131.9	132.3	128.5	109.7	112.5	117.0	111.3	107.3	102.2	100.0
Operating margin	7.3%	7.8%	7.7%	6.9%	7.4%	8.3%	8.7%	9.0%	9.5%	10.0%
Gains and losses on property	5.6	2.9	2.8	5.3	(0.7)	(1.4)	–	–	–	–
EBIT before exceptionals	137.5	135.2	131.3	115.0	111.8	115.6	111.3	107.3	102.2	100.0
Exceptional items	(7.0)	(18.3)	(26.9)	(14.6)	(19.1)	–	(19.8)	(13.5)	(5.4)	(10.6)
EBIT after exceptionals	130.5	116.9	104.4	100.4	92.7	115.6	91.5	93.8	96.8	89.4

¹ Financial year contains 53 weeks.

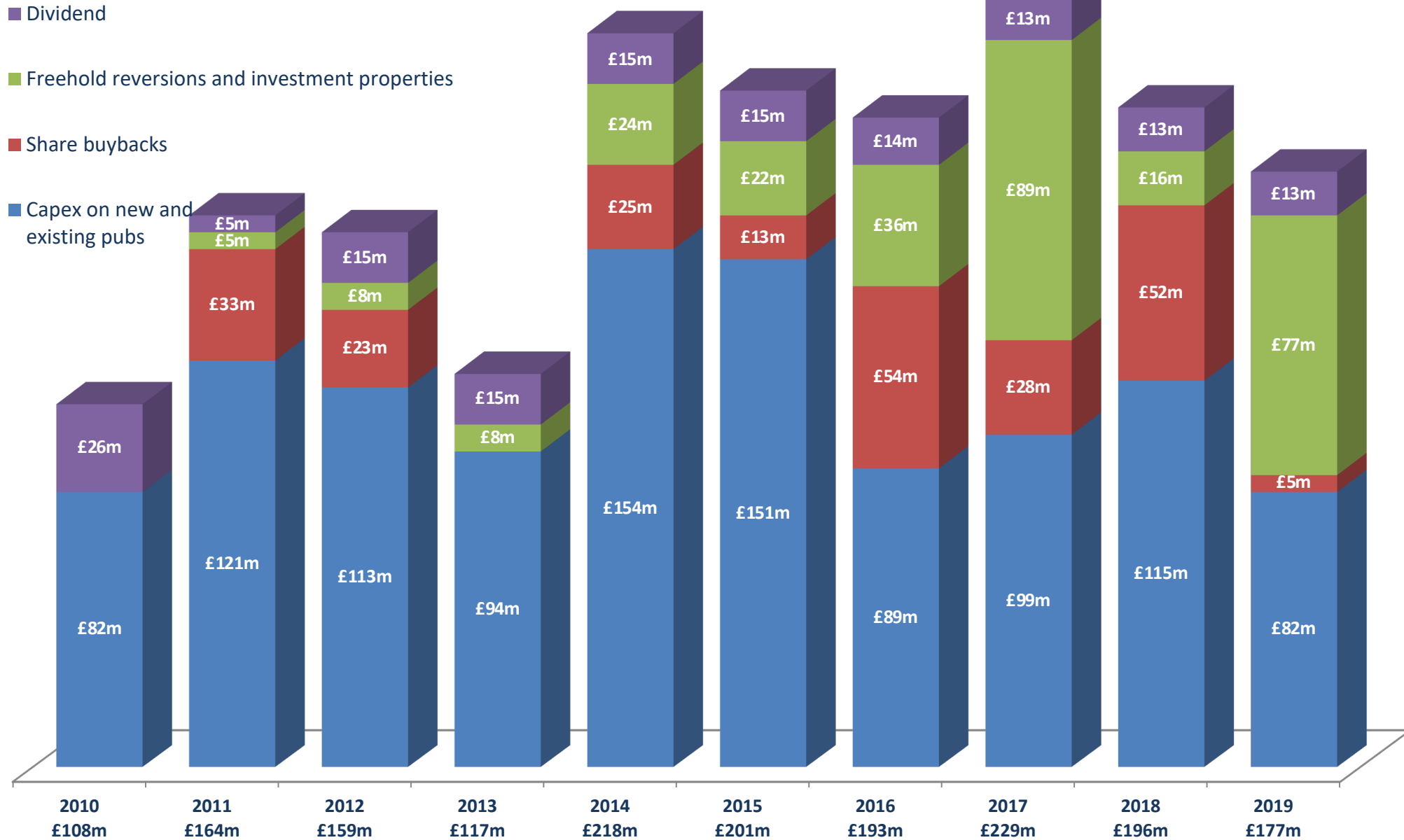
2019 Cost Increases

- Wages: +£71.4m (+12.9%)
- Interest: +£7.1m (+25.5%)
- Repairs: +£5.6m (+7.9%)
- Utilities +£5.5m (+10.6%)
- Depreciation: +£2.5m (+3.2%)



The Captain Alexander, Liverpool

Allocation of Resources



Cash Capital Expenditure

£m	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
New Openings:										
Acquisition and development costs:										
Current year	19.8	32.0	27.2	38.6	76.5	64.5	40.4	57.2	74.0	45.2
Future year	7.5	14.4	13.1	16.6	30.5	33.2	12.8	10.4	9.0	12.5
Freehold reversions and investment properties	77.2	16.3	88.6	36.1	21.6	23.6	7.7	7.8	4.6	–
	104.5	62.7	128.9	91.3	128.6	121.3	60.9	75.4	87.6	57.7
Reinvestment in existing pubs:										
Kitchen and bar equipment / furniture etc.	28.7	46.2	25.3	16.0	18.4	22.6	16.7	22.5	13.4	12.8
Refurbishments	18.7	17.5	19.8	12.4	19.2	22.0	12.8	11.6	9.8	7.2
Business and IT projects	6.9	5.2	13.5	5.1	7.1	11.6	11.4	11.1	15.2	4.1
	54.3	68.9	58.6	33.5	44.7	56.2	40.9	45.2	38.4	24.1
Total	158.8	131.6	187.5	124.8	173.3	177.5	101.8	120.6	126.0	81.8








Movement in Net Debt




£m	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Opening Net debt	726.2	696.3	650.8	601.1	556.6	474.2	462.6	437.7	388.4	390.0
Free cash flow	(97.0)	(93.4)	(107.9)	(90.5)	(109.8)	(92.9)	(65.3)	(91.5)	(78.8)	(71.3)
Disposal of fixed assets	(9.3)	(4.7)	(19.6)	(22.5)	(0.7)	(0.5)	(0.6)	(0.9)	(1.1)	(0.2)
New pubs and extensions	27.2	46.4	40.3	55.2	107.0	97.7	53.2	67.6	83.0	57.7
Freehold reversions and investment properties	77.2	16.3	88.6	36.1	21.6	23.6	7.7	7.8	4.6	–
Share buy-backs	5.4	51.6	28.4	53.6	12.7	24.6	–	22.7	32.8	–
Dividends paid	12.7	12.7	13.4	14.2	14.6	14.9	15.1	15.5	5.2	26.2
Net exceptional finance income	–	–	(0.4)	–	–	–	–	–	–	–
Gaming machine settlement	–	–	–	–	–	16.7	–	–	–	(14.9)
Share Issues	–	–	–	–	–	–	–	–	–	(0.5)
Other	(5.4)	1.0	2.7	3.6	(0.9)	(1.7)	1.5	3.7	3.6	1.4
Closing Net debt	737.0	726.2	696.3	650.8	601.1	556.6	474.2	462.6	437.7	388.4
Available facility	895.0	860.0	860.0	840.0	840.0	690.0	575.0	575.0	550.0	550.0
Finance leases and other borrowings	–	0.1	0.2	0.3	2.0	4.7	10.2	16.1	7.9	8.9
Less net borrowings	(737.0)	(726.2)	(696.3)	(650.8)	(601.1)	(556.6)	(474.2)	(462.6)	(437.7)	(388.4)
Unutilised facility	158.0	133.9	163.9	189.5	240.9	138.1	111.0	128.5	120.2	170.5

Property Update

	2019	2018		2017	2016	2015	2014	2013	2012	2011	2010
Trading pubs at start of FY	883	895		926	951	927	886	860	823	775	731
Freehold pubs opened	4	6		9	10	24	31	14	18	34	15
Leasehold pubs opened	1	–		1	6	6	15	15	22	16	32
Closures/disposals	(9)	(18)		(41)	(41)	(6)	(5)	(3)	(3)	(2)	(3)
Total trading pubs	879	883		895	926	951	927	886	860	823	775
New hotels in period	1	4		7	7	9	4	2	2	–	6
Total number of hotels	58	57		53	46	39	30	26	24	22	22
Pubs in Republic of Ireland	7	5		5	5	4	1	–	–	–	–
Average cost of development (£k)	2,644	2,773		2,299	2,459	2,070	1,643	1,552	1,420	1,207	857
Freehold average cost (£k)	960	542		721	907	843	559	589	639	825	857
Average Size (sq.ft.) – Openings	4,851	5,201		4,379	4,264	4,321	3,585	3,643	3,325	3,572	3,781
Freehold (%)	61.4	58.7		57.0	51.4	49.2	46.6	44.2	43.8	43.4	41.3
Leasehold (%)	38.6	41.3		43.0	48.6	50.8	53.4	55.8	56.2	56.6	58.7

IFRS 16 – impact

Profit and loss impact		£m
EBITDA		£58
Depreciation		£(50)
Operating profit		£8
Interest		£(22)
Profit before tax		£(14)
Tax		£2
Profit after tax		£(12)

Balance sheet impact		£m
Right-of-use assets		£618
Net lease liabilities		£(617)
Other		£1

Based on leases in place at the year end

“It’s a People Thing”

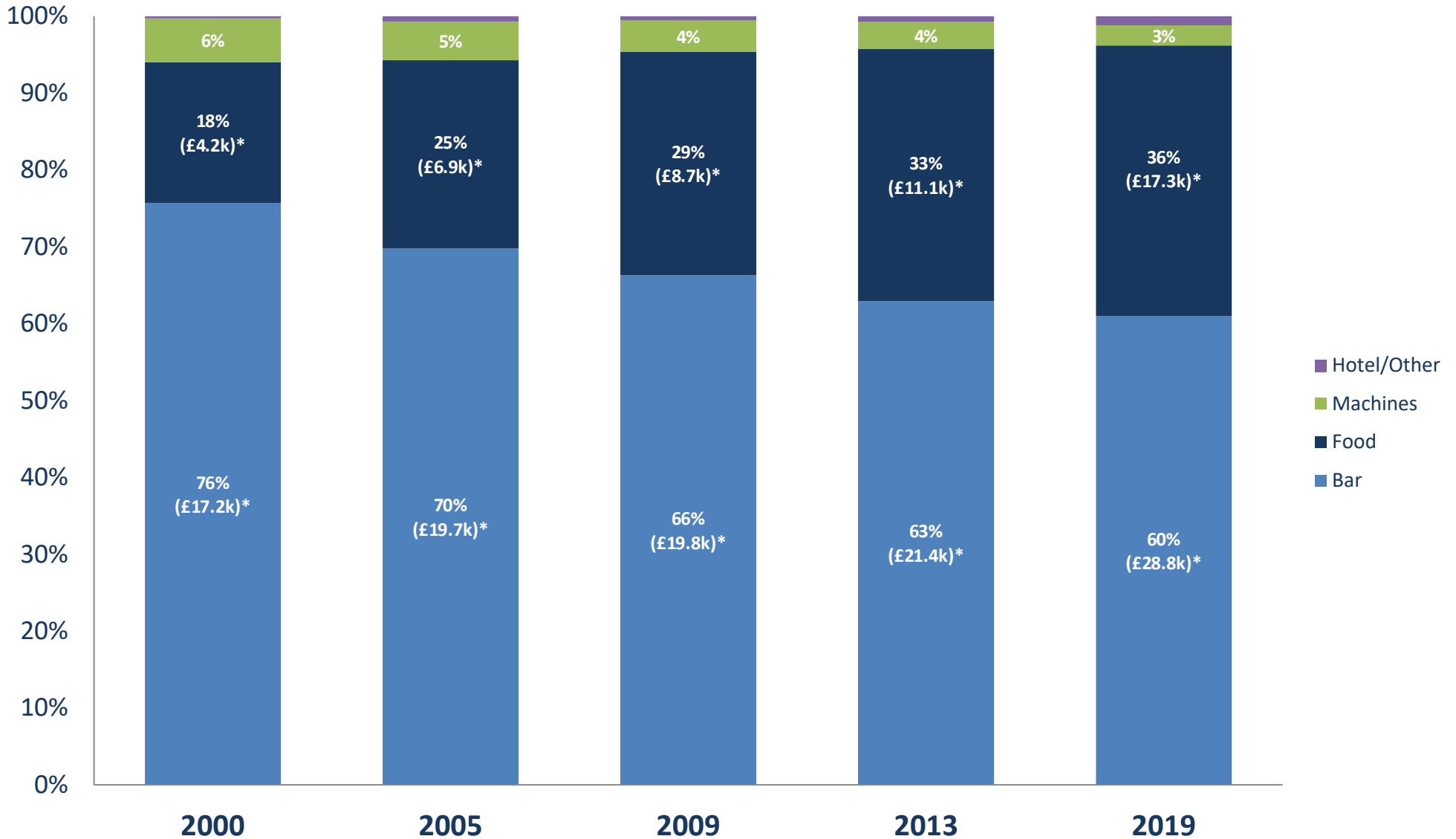
- Around 42,000 employees of which nearly 13,000 are shareholders
- Manager retention:

	2019	2013	2008
Pub Manager	12 yr 2 mth	9 yr 8 mths	7 yr 1 mth
Kitchen Manager	8 yr 1 mths	6 yr 5 mths	4 yr 7 mths



- Recognised as one of ‘Britain’s Top Employers’ in a Guardian publication for 16 consecutive years
- £46m paid in bonuses and free shares, of which 86% was paid to staff working in our pubs
- Employee development
 - Degree Apprenticeship in Business Practice BA (Hons)
 - Diploma in Higher Education: Business Management Practice
 - Levels 2-4 Apprenticeships in Hospitality
 - ‘Wethercentre Development Programme’
 - Academies for pubs – kitchen, people and cellar/coffee/dispense
- Around 95% of hourly paid employees are on guaranteed hours contracts

Changing Sales Mix since 2000



*Average sales per week

Achievements

- 99% of pubs Cask Marque approved
- Raised £1.6m in the last 12 months and over £17.6m during the 16-year partnership with CLIC Sargent
- Average food hygiene rating score of 4.97 out of a maximum of 5. A total of 97.4% of pubs have achieved the maximum score of 5
- 19.9 million GB customers have visited Wetherspoon in the last 6 months*
- 248 pubs are listed in CAMRA's Good Beer Guide 2020

Company	Total Premises	Average Rating
Aldi	630	4.99
Waitrose	355	4.98
J D Wetherspoon plc	799	4.97
McDonald's	1,168	4.96
Sainsbury's	982	4.95
Pret A Manger	329	4.95
Nando's	321	4.95
ASK	103	4.94
Greggs	1,242	4.92
Pizza Express	421	4.92
Others;		
Burger King	397	4.86
Hungry Horse	221	4.82
All Bar One	52	4.81
Harvester	191	4.73
Yates	52	4.73
Bella Italia	107	4.69
Young's	171	4.50
Brew Dog	29	4.43

Food Hygiene Ratings League table,
www.scoresonthedoors.org.uk

*CGA BrandTrack, April 2019

Out to Lunch

- Top rank on Out to Lunch Restaurant League Table on the food and service offered to children
- 4 out of maximum 5 stars awarded
- Top marks on vegetarian and vegan options, healthy drinks options and using sustainable fish, free range RSPCA eggs and British beef

Company	Score	Stars
Top 5;		
JD Wetherspoon	70/100	4 Stars
Ikea	69/100	4 Stars
Harvester	64/100	3.5 Stars
Wahaca	63/100	3.5 Stars
Leon	59/100	3.5 Stars
Others;		
Zizzi	58/100	3 Stars
Nando's	55/100	3 Stars
Hungry Horse	50/100	3 Stars
McDonald's	50/100	3 Stars
Pizza Hut	45/100	2.5 Stars
Pizza Express	35/100	2 Stars

Out to Lunch Restaurant League table,
www.soilassociation.org

Taxation

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
VAT	357.9	332.8	323.4	311.7	294.4	275.1	253.0	241.2
Alcohol duty*	174.4	175.9	167.2	164.4	161.4	157.0	144.4	136.8
PAYE and NIC	121.4	109.2	96.2	95.1	84.8	78.4	70.2	67.1
Business rates	57.3	55.6	53.0	50.2	48.7	44.9	46.4	43.9
Corporation tax	19.9	26.1	20.7	19.9	15.3	18.1	18.4	18.2
Corporation tax credit (historic capital allowances)	–	–	–	–	(2.0)	–	–	–
Machine duty	11.6	10.5	10.5	11.0	11.2	11.3	7.2	3.3
Climate change levies	10.4	9.2	9.7	8.7	6.4	6.3	4.3	1.9
Stamp duty	3.7	1.2	5.1	2.6	1.8	2.1	1.0	0.8
Sugar tax	2.9	0.8	–	–	–	–	–	–
Fuel duty	2.2	2.1	2.1	2.1	2.9	2.1	2.0	1.9
Carbon tax	1.9	3.0	3.4	3.6	3.7	2.7	2.6	2.4
Premise licence and TV licences	0.8	0.7	0.8	0.8	1.6	0.7	0.7	0.5
Landfill tax	–	1.7	2.5	2.2	2.2	1.5	1.3	1.3
TOTAL TAX	764.4	728.8	694.6	672.3	632.4	600.2	551.5	519.3
TAX PER PUB (£000)	871	825	768	705	673	662	632	617
TAX AS % of NET SALES	42.0%	43.0%	41.8%	42.1%	41.8%	42.6%	43.1%	43.4%
PRE-EXCEPTIONAL PROFIT AFTER TAX (PAT)	79.6	83.7	77.0	56.9	57.5	58.9	65.2	57.3
PAT as % of NET SALES	4.4%	4.9%	4.6%	3.6%	3.8%	4.2%	4.4%	4.8%

*UK taxes only

Current Trading and Outlook

- LFL sales for the six weeks to 8th September +5.9%
- A reasonable start to the financial year
- We anticipate a reasonable outcome for the year, subject to the future sales performance.

Questions

FESTIVAL ALES AVAILABLE ON THE WETHERSPOON APP

THE WORLD'S BIGGEST

REAL-ALE FESTIVAL

CELEBRATING 40 YEARS WITH 40 BEERS

WED 9 – SUN 20 OCT

FEATURING FIVE INTERNATIONAL BREWERS

ISLE OF GUERNSEY GURAM ARGON ITALY BALLISTIC AUSTRALIA MASH MASH AUSTRALIA ALESMITH USA

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Appendices

Appendices

- A 10 year overview
- B 10 year financial trends
- C 10 year debt overview
- D1 ROC/CROCCE/ROE calculations
- D2 ROC/CROCCE/ROE calculations
- E1 Summary of exceptional items
- E2 Pub disposal programme
- F1 CGA Brand Track: brand for sit down meal
- F2 CGA Brand Track: branded drinking occasion
- F3 CGA Brand Track: eating at quick serve outlets
- F4 CGA Brand Track: breakfast visits
- G Swap maturity profile

Appendix A

10 Year Overview

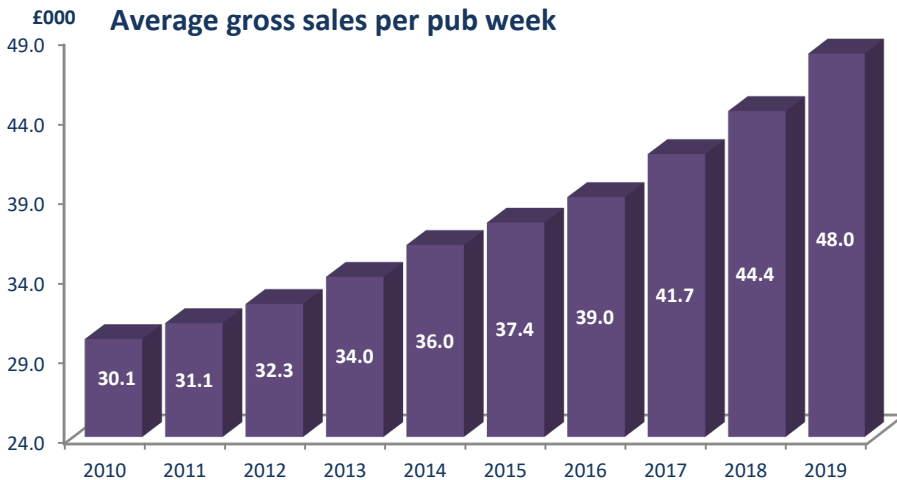
Number of pubs



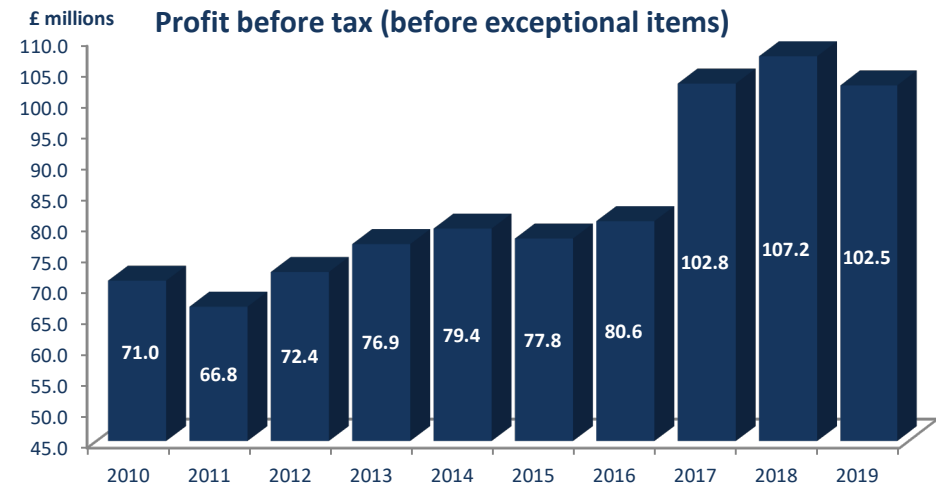
£ millions Turnover



Average gross sales per pub week



Profit before tax (before exceptional items)



Appendix B

10 Year Financial Trends

	2019	2018		2017	2016	2015	2014	2013	2012	2011	2010
Sales per pub (£000) (1)	2,075	1,921		1,807	1,694	1,620	1,562	1,476	1,401	1,360	1,335
EBITDA per pub (£000) (2)	253.3	248.0		229.0	209.2	200.9	204.5	200.9	194.9	198.7	205.8
Number of pubs	879	883		895	926	951	927	886	860	823	775
% freeholds (%)	61	59		57	51	49	47	44	44	43	41
CROCCE (3) (%)	9.7	10.0		9.9	9.7	9.6	10.5	10.6	10.8	10.7	11.0
Cash return on investment (3) (%)	12.4	13.5		13.3	12.2	11.7	12.3	12.4	12.6	11.8	12.9

(1) Calculated on 52 week period

(2) Excluding sale & leaseback rent, calculated on 52 week period

(3) See appendix D1 and D2 for calculation

Appendix C

10 Year Debt Overview

	2019	2018		2017	2016	2015	2014	2013	2012	2011	2010
Net debt/EBITDA	3.36	3.39		3.39	3.47	3.37	3.21	2.88	2.96	2.98	2.70
(EBITDAR - Reinvestment)/Fixed charge	2.26	2.25		2.21	2.14	1.97	1.79	1.88	1.75	1.74	2.01
Interest cover (times)	3.17	4.19		3.72	2.92	2.73	3.11	2.66	2.68	2.73	3.08
Interest cover pre exceptional (times)	3.72	4.84		4.61	3.34	3.29	3.19	3.24	3.07	2.88	3.45
Fixed charge cover (times)											
statutory	1.74	1.94		1.78	1.63	1.57	1.76	1.56	1.58	1.62	1.67
excluding depreciation	2.53	2.79		2.54	2.32	2.22	2.32	2.09	2.06	2.07	2.16
excluding depreciation and exceptionals	2.78	2.98		2.81	2.46	2.41	2.34	2.28	2.20	2.13	2.27

Appendix D1

ROC/CROCCE/ROE

		2019 £000	2018 £000
Shareholders equity per accounts		316,812	286,562
Deferred tax balances		31,073	34,881
Interest rate swaps valuations		49,072	24,109
Impairment balances		19,675	20,329
Net book value of revalued assets		(5,334)	(5,753)
Adjusted shareholders equity	(a)	411,298	360,128
Net debt		737,022	726,193
Capital employed	(b)	1,148,320	1,086,321
Accumulated depreciation (excluding impairments)	(c)	951,986	878,378
Cash capital employed	(d)	2,100,306	1,964,699

ROC/CROCCE/ROE

		2019 £000	2018 £000
EBITDA (cash return)	(e)	219,327	214,496
Depreciation and amortisation	(f)	(81,811)	(79,305)
EBIT	(g)	137,516	135,191
Interest		(35,057)	(27,942)
Profit before tax		102,459	107,249
Current tax	(h)	(22,484)	(23,701)
Profit after cash tax	(i)	79,975	83,548
Deferred tax credit/(charge) (excluding exceptional items)		(346)	134
Profit after tax		79,629	83,682
Return on capital employed [(g+h)/average b]*		10.3%	10.4%
Cash return on cash capital employed [(e+h)/average d]*		9.7%	10.0%
P&L return on shareholders equity [i/average a]*		20.7%	23.4%
Cash Return on Investment [(i-f)/(average a+c)]		12.4%	13.5%

*All returns are calculated after tax

Summary of Exceptional Items

		2019 £000	2018 £000
Exceptional property losses			
Disposal programme	<i>(see next slide)</i>	4,108	13,221
Other property losses	<i>Impairment of property, plant and equipment</i>	2,252	3,588
	<i>Impairment of other assets</i>	52	–
	<i>Onerous lease</i>	628	1,442
		7,040	18,251
Exceptional tax	<i>Tax effect on operating exceptional items</i>	(188)	(1,278)
		(188)	(1,278)
Total exceptional items		6,852	16,973

Appendix E2

Summary of pub disposal programme

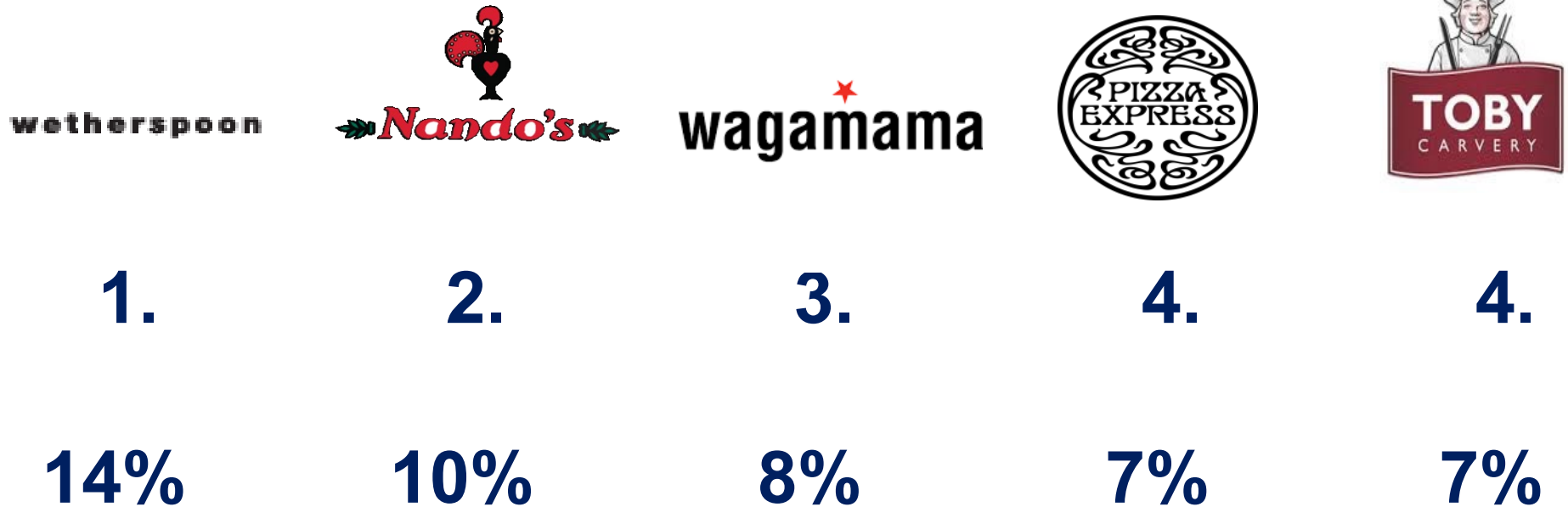
The company has offered several of its sites for sale. At the year end, 8 (2018: 19) sites had been sold, including sites which were closed in the previous year, two were classified as held for sale.

		2019 £000	2018 £000
Disposal programme	<i>Loss on disposal of pubs</i>	1,583	8,701
	<i>Impairment of property, plant and equipment</i>	1,298	–
	<i>Impairment of other non-current assets</i>	93	–
	<i>Onerous lease provision – closed pubs</i>	1,134	4,520
		4,108	13,221

CGA BrandTrack:

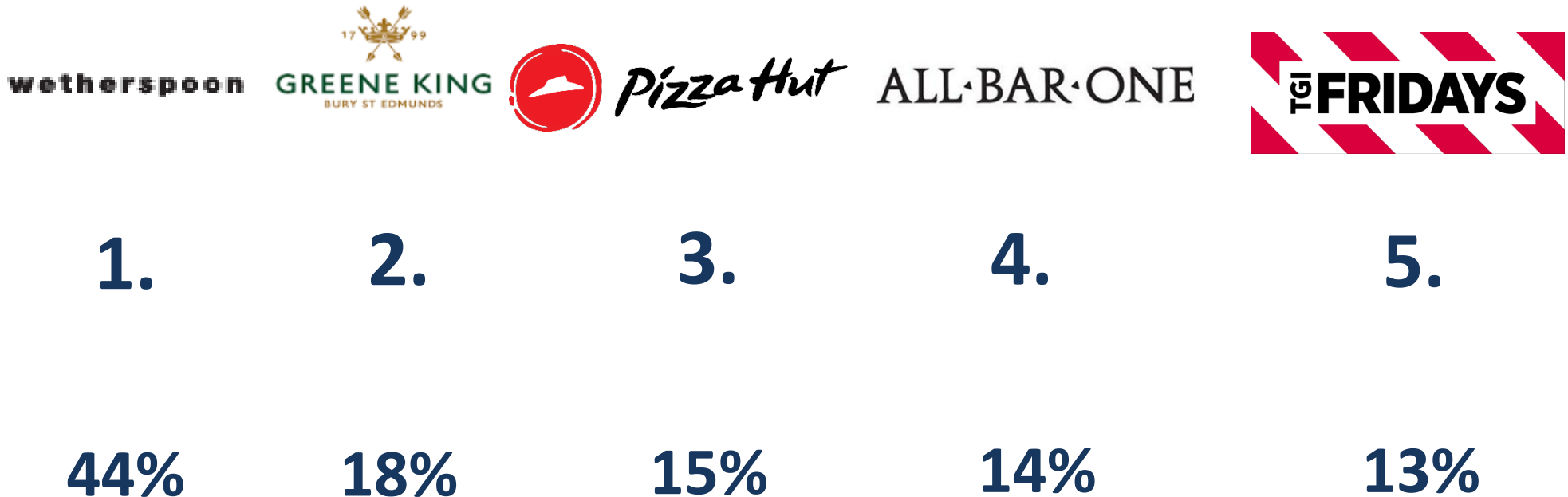
JDW consistently succeed in being voted preferred brand to eat out at

Q: If the following brands were available in the same location, which would be your first choice to eat at?



CGA BrandTrack:

Standout choice for branded drinking occasions



Percentage of GB drinking population drinking at brand in past 6 months

CGA BrandTrack:

JDW is the 4th most used eating brand in GB, holding its own against quick serve outlets



wetherspoon



1.

2.

3.

4.

5.

60%

53%

49%

43%

39%

Percentage of GB population eaten at brand in past 6 months

Swap Maturity Profile

Swap Value	From	To	Weighted Average %
£770m	02 July 2018	29 Jul 2021	2.42%
£770m	30 July 2021	30 July 2023	1.61%
£770m	31 July 2023	30 July 2026	1.10%
£770m	31 July 2026	30 June 2028	1.33%
£770m	01 July 2028	29 March 2029	1.32%

