2 November 2016

J D WETHERSPOON PLC
Q1 Trading Update

J D Wetherspoon plc ('Wetherspoon' or 'the Company') presents below its Q1 trading update for the 13-week period up to 23 October 2016.

Current trading

For the 13 weeks to 23 October 2016, like-for-like sales increased by 3.5% and total sales increased by 2.3%. The level of like-for-like sales reduced to 2.3% in the last 5 weeks of the period.

The operating margin, excluding property gains, in the 13 weeks to 23 October 2016 was 8.6%, compared with 5.8% in the same 13 weeks last year. The margin was unusually high during the period and was unusually low for the same three months last year. The Company currently anticipates an operating margin of around 7% for the current financial year.

Property

The Company has opened one new pub since the start of the financial year and has sold nine. We intend to open about 15 pubs in the current financial year.

Financial position

The Company remains in a sound financial position.

Information on debt levels

Following a recent meeting with a major shareholder, the Company issued a summary of its current views in respect of debt. The summary is as follows:

"The Company understands that debt always involves risk: the greater the debt, the greater the risk. As a rapidly expanding company, Wetherspoon has historically had higher debt levels than the conservatively financed 'family brewers', the debts of which have often been around 2 times EBITDA, but the levels have usually been lower than the large pub 'PLCs', where they sometimes rose to 5 to 8 times EBITDA, in recent years, often with unfortunate consequences.

"As well as expanding rapidly by opening new pubs, Wetherspoon has bought back approximately half of its shares in this millennium, at a cost of £400m and has spent approximately £140m on freehold reversions: freeholds of properties where Wetherspoon was the tenant. This level of expenditure and debt may be justifiable in an era of (a) low interest rates, (b) reasonable historic prices for shares and property and (c) an experienced board which is sceptical of dangerous fashions in the financial world. Even so, the Company's debt levels during this period, which have benefited shareholders, have clearly involved significant risk.

"As at 24 July 2016, the Company's net debt/EBITDA was 3.47 times. Over the past 15 financial year ends, this ratio has been:

Financial Year End	Net Debt / EBITDA
2002	2.85
2003	2.61
2004	2.78
2005	2.81
2006	2.80
2007	3.21
2008	3.24
2009	2.74
2010	2.70
2011	2.98
2012	2.96
2013	2.88
2014	3.21
2015	3.37
2016	3.47

"Weighing the level of debt and risk is a difficult job. Our aim is to be conservatively financed as the business matures, although a precise timetable depends on many factors. For the foreseeable future, it is intended that the Company's net debt/EBITDA will be around 3.5 times. The ratio may rise for a temporary period, for example, if there were a sudden deterioration in trading, in which instance the Company would seek to reduce the level in a timely manner. Insofar as it is possible to generalise, the board believes that debt levels of between 0 and 2 times EBITDA are a sensible long-term benchmark."

Outlook

The chairman of Wetherspoon, Tim Martin, said:

"Angela Merkel of Germany and François Hollande of France have supported the stance of the unelected EU 'President' Juncker in stating that the "UK must pay a price" for leaving the EU and that there "must be a threat" to the UK. According to press reports, Juncker told European business leaders, in October, not to negotiate with UK companies and to adopt an "intransigent" attitude. This suggested approach puts an unfair burden on the excellent European suppliers with which UK companies, like Wetherspoon, have traded for many decades. For example, Wetherspoon normally agrees on trade deals with suppliers for 3 to 10 years. If we, and companies like ours, are unable to agree on tariff-free transactions, it will inevitably result in a loss of business for European companies which have done nothing to deserve this outcome. Indeed, the ultimate sanction will be in the hands of UK consumers, should they take offence at the hectoring and bullying approach of Juncker and co. French wine, Champagne and spirits, German beer and Swedish cider, for example, are all at extreme risk.

"The Company's sales growth has been strong in the last few months, but has slowed in recent weeks. The Company anticipates higher costs in the remainder of the current year, for instance in the areas of wages, business rates and repairs. The Company also intends to increase the level of capital investment in existing pubs from £34m in 2015/6 to around £60m in the current year.

“The Company has made a reasonable start in the current year, but any forecasts for the full year are inevitably tentative, with nine months still to go – and the outlook for the current financial year is unchanged. We will provide updates as we progress through the year.”

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 53 trading weeks to 30 July 2017.

6. The next trading update is expected to be the Company’s statement on 18 January 2017.