

18 January 2017

J D WETHERSPOON PLC

Q2 Trading Update

J D Wetherspoon plc ('J D Wetherspoon' or 'the Company') announces an update on current trading, before entering its close period for its interim results, for the six months ending 22 January 2017, which are expected to be announced on 10 March 2017.

Current trading

For the first 12 weeks of the second quarter (to 15 January 2017), like-for-like sales increased by 3.2% and total sales by 0.7%. In the year to date (25 weeks to 15 January 2017), like-for-like sales increased by 3.4% and total sales increased by 1.6%.

We expect the operating margin (before any exceptional items) for the half year ending 22 January 2017 to be around 8.0%, 1.7% higher than the same period last year.

Property

The Company has opened two new pubs, since the start of the financial year, and has sold 21. We intend to open 10 to 15 pubs in the current financial year. We have now sold the majority of those pubs which had been put on the market in 2016, with a remaining small number which is either 'under offer' and going through the sales process or being marketed by our agents.

Financial position

The Company remains in a sound financial position. Net debt at the end of this financial year is currently expected to be around £50m higher than the level at the last financial year end, partly as a result of the purchase of an increased number of freehold reversions.

Outlook

The chairman of J D Wetherspoon, Tim Martin, said:

"In recent weeks, I have been asked frequently by the media to comment on the difference between the apocalyptic predictions by most economists for the economy and the actual outcome, following the referendum.

"The Bank of England's chief economist, Andy Haldane, called these predictions a 'Michael Fish' moment for economists, but his comments demonstrate a deep misunderstanding of the situation.

"Michael Fish's predictions were a misinterpretation of data on one evening, under great time pressure. In contrast, the majority of economists, economic institutions, politicians and intellectuals has consistently misunderstood the implications of the euro, its predecessor

the exchange rate mechanism and the implications of leaving the EU, over a period of about 30 years.

“The underlying reason for their catastrophically poor judgement is a semi-religious belief in a new type of political and economic system, represented by the EU, which lacks both proper democratic institutions and the basic ingredient for a successful currency – a government.

“It also lacks any genuine commitment to free trade, other than to countries which are in, or on the borders of, the EU. Unless these lessons are learned and acknowledged by economists, their historic mistakes will be repeated.

“As regards the other frequently asked question about the government’s stance on dealing with the EU, the golden rule in any negotiations, ignored by David Cameron, is the willingness to walk away.

“Most people now understand that the mutual imposition of World Trade Organisation (WTO) tariffs would create a windfall for the UK, so a sensible basic mantra for the UK is ‘free trade or World Trade Organisation rules – the EU can choose’.

“As previously indicated, the Company anticipates significantly higher costs in the second half of the financial year. On an annualised basis, these are expected to rise by about 4% for wages, by £7m for business rates and by £2m for the Apprenticeship Levy, in addition to cost increases at around the level of inflation in other areas. As previously announced, the Company intends to increase the level of capital investment in existing pubs from £34m in 2015/6 to around £60m in the current year.

“In view of these additional costs and our expectation that like-for-like sales will be lower in the next six months, the Company remains cautious about the second half of the year. Nevertheless, as a result of modestly better-than-expected year-to-date sales, we currently anticipate a slightly improved trading outcome for the current financial year, compared with our expectations at the last update.”

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Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. 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 interim results statement on 10 March 2017.