7 May 2014

J D WETHERSPOON PLC

INTERIM MANAGEMENT STATEMENT

J D Wetherspoon plc ('J D Wetherspoon' or the 'Company') announces its Interim Management Statement for the period up to 6 May 2014, incorporating the 13-week period to 27 April 2014, as required by the FCA's Disclosure and Transparency Rules.

Current trading

For the 13 weeks to 27 April 2014, like-for-like sales increased by 6.2%, and total sales increased by 10.9%. In the year to date (39 weeks to 27 April 2014), like-for-like sales increased by 5.6%, and total sales increased by 9.7%. Sales were good through February and March, but like-for-like growth decreased in April – and Easter was below last year.

The operating margin, in the 13 weeks to 27 April 2014, was 8.0%, compared with 8.2% in the first half of the current financial year. In the year to date (39 weeks to 27 April 2014), the operating margin was 8.1%. At this stage, we expect the full year margin to be in the region of 8.0 to 8.3%.

Property

The Company has opened 28 new pubs and disposed of 3 since the start of the financial year. We have 17 sites under development and, in line with our last update, intend to open around 45 pubs in the current financial year. It is our present intention to open approximately 30–40 pubs in the following financial year.

Financial position

The Company has bought back 1,056,949 shares, at a total cost of £8.5 million, since the start of the financial year. There have been no other significant changes in the Company's overall financial position since the publication of the interim accounts on 14 March 2014.

Outlook

As previously indicated, the biggest dangers to the pub industry are the VAT and business rates disparity between supermarkets and pubs and the continuing imposition of stealth taxes, such as the late-night levy and increased fruit/slot machine taxes. However, the Company welcomes the recent reduction in excise duty for beer. In general, we anticipate that taxation and input costs will continue to rise.

As a result of the slowdown in sales growth in recent weeks and our strong performance in the final quarter of last year, combined with the slightly unpredictable impact of the World Cup, the Company retains an element of caution about the exact outcome for the final quarter, but anticipate a reasonable outcome for the year as a whole.

VAT

Wetherspoon, in association with a large number of breweries, pub and related companies, has campaigned for some time for VAT equality between pubs and supermarkets. Supermarkets pay no VAT in respect of food sales, allowing them to subsidise their alcoholic drinks prices, to the detriment of pubs. A recent survey by Cardinal Research has demonstrated that almost 100% of pubco tenants support the campaign for VAT equality. In fact, it seems clear that informed workers in the licensed trade are almost entirely united in support of VAT equality and Jacques Borel's VAT Club, which has been created to campaign for this objective. It is disappointing, therefore, that a small number of pubco directors have not joined the VAT Club and are not actively campaigning for tax equality with supermarkets. The chairman of Wetherspoon, Tim Martin, has recently written an article on this subject (available at http://www.hospitalityandcateringnews.com/2014/04/tim-martin-attacks-pubco-leadership/) which has appeared in various trade publications, including Propel, Hospitality & Catering News, The Publican's Morning Advertiser and Eat Out. The article is also reproduced below.

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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.co.uk

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. The current financial year comprises 52 trading weeks to 27 July 2014.

5. The next trading update is expected to be the Company's statement on 9 July 2014.

6. An article from Hospitality & Catering news, referred to in the trading statement, is reproduced below:

Tim Martin attacks pubco leadership

April 22, 2014

Tim Martin, founder of J D Wetherspoon, has come out fighting for the Jacques Borel campaign for VAT equality with supermarkets, expressing strong criticism of many UK pub companies and their records. He argues that pubco directors who have failed to support the Jacques Borel VAT Club 'deserve to be taken to task for their poor commercial judgement and appalling track records' – and proceeds to do so.

There's no doubt that Tim's argument – produced in full below – will not be accepted in all quarters, but H&C News suspects that many pubco employees and tenants will privately agree, and so will their customers. And informed questions from shareholders might even help senior management teams to look again at their position on the VAT campaign.

Tough at the Top

In "Good to Great", author Jim Collins identified a key characteristic of successful companies as receptiveness to criticism and the concomitant ability to listen. Criticism is the engine for improvement and top managers instinctively encourage and distil it.

When I criticised Enterprise Inns' chief Ted Tuppen for campaigning for lower personal taxes for himself, rather than joining Jacques Borel's campaign for VAT equality with supermarkets for his own tenants, I was surprised to be told by a well-known CEO that this criticism was "unhelpful", especially since tax is the number one issue facing the trade. For some, protecting the fragile egos of CEOs is more important than creating a level playing field for pubs.

We all expect politicians, football managers and others to take it on the chin when they balls it up. By the same token, pubco directors who have failed to support Jacques Borel's VAT

Club deserve to be taken to task for their poor commercial judgement and appalling track records.

Tuppen is a classic example of someone who is renowned for hostility to criticism and who has consequently made mistake after mistake over the years. In spite of the fact that almost 100% of Enterprise tenants opposed the last government's plans to transfer licensing to local authorities, Enterprise took the contrary view, leaving licensees to deal with the higher fees and greater bureaucracy – significant factors in the downfall of many pubco tenants.

At the same time, Enterprise embarked on a mad borrowing binge, while hiking beer prices and rents to unsustainable levels, with dire personal consequences for their own licensees when the downturn arrived. Enterprise's profits have halved over the last few years, as it has fought to survive by selling pubs, and many feel that its current business model is doomed, in any event. Five years of like for like declines testify to the tribulations of its tenants on the front line.

Perhaps Tuppen's most catastrophic error of judgement was the foolhardy decision to spend about £1 billion of mostly borrowed money as Enterprise bought its own shares and cancelled them (the opposite of a rights' issue) just before the credit crunch. In the 12 months to September 2007 alone Enterprise bought 102.9 million shares for £658 million. This left the company strapped for cash at a crucial time – and the price Enterprise paid for its own shares was many times higher than the price today.

Marston's and Greene King are other notable absentees from the VAT Club and their commercial judgements in recent years have also been desperately poor. Marston's, like Enterprise, embarked on a borrowing extravaganza in the years leading up to the credit crunch, partly to finance the purchase of its own shares. In the 2 financial years to 2008 Marston's bought and cancelled £150 million worth of its own shares at about £4 per share. However in 2009, in order to shore up its finances, it raised about £165 million in a rights' issue at only 59 pence a share. The effect of the rights' issue was to more than double the number of Marston's shares in existence, thereby halving the profits attributable to each share. In 2007 Marston's earnings per share were about 26 pence, yet in 2013 its earnings had declined to about 12 pence as the appalling dilution of the rights' issue took its toll.

Greene King's history tells a similar story of chronic financial misjudgement. In the 2 financial years up to 2008, it bought over £180 million worth of its own shares at about £10 per share. Yet in 2009 it reversed tack and raised about £210 million in a rights' issue at only 270 pence per share. Ouch! Greene King's earnings per share have also suffered, declining from 65 pence in its 2007 accounts, to 57 pence in its last financial year. All that work by so many people and all those new pubs, yet the earnings have gone down!

Ian Payne, formerly of the failed Laurel and now of Stonegate, and Mark McQuater, formerly of the failed Barracuda and now of Inventive Leisure, are other notable non-members of the VAT Club – the private equity boys, with a small coterie of honourable exceptions, have been especially poor at supporting VAT equality for the pub industry. Their financial records in the pub world have also generally been diabolical.

The multi-billion dollar question is why patently dreadful commercial judgement and non-membership of the VAT Club, along with a failure to campaign effectively for fair taxes, seem to be common characteristics of certain companies. Elitist attitudes and intellectual superiority are undoubtedly part of the answer. Widely-reported recent market research from trade experts Cardinal showed that pub tenants overwhelmingly want their landlords to campaign for VAT equality, yet Enterprise, Marston's and Greene King have not done so.

There is evidently a feeling among the relevant directors that they know better than the folks on the front line – almost always a precursor to corporate decline. Failure to listen and abhorrence of criticism are closely linked to this elitist trait.

Legendary investor Warren Buffett has said that you should only invest in a company that's so simple it could be run by an idiot – because one day it will be. The shareholders of the companies I have criticised will have to decide if that day has arrived for them. Does a refusal to campaign for tax equality with supermarkets when pubs have lost 50% of their beer sales to those businesses make you an idiot? That is the question for shareholders, but also for their companies' customers, employees and tenants.