

**13 July 2016**

**J D WETHERSPOON PLC**

### **PRE-CLOSE TRADING STATEMENT**

J D Wetherspoon plc presents below its pre-close trading statement for the financial year to 24 July 2016. The preliminary results are due to be announced on 09 September 2016.

#### **Current trading**

For the 11 weeks to 10 July 2016 like-for-like sales increased by 4.0% and total sales increased by 3.8%. In the year to date (50 weeks to 10 July 2015) like-for-like sales increased by 3.4% and total sales increased by 5.5%.

The full-year operating margin before exceptional items and before a £3.8m gain on property is expected to be around 6.8%, compared to 7.4% last year.

#### **Property**

The Company has opened 13 new pubs since the start of the financial year, has sold 29 and has closed 11. We expect to open 16 new pubs in this financial year. There will be around £13m of exceptional, non-cash losses in this financial year, which are mainly associated with pub disposals and closures.

#### **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 £670m.

The company has bought back 5.7m shares, at a total cost of £39m, since the start of the financial year.

#### **Outlook**

The chairman of Wetherspoon, Tim Martin, said:

“As most people will be aware, an unusual number of forecasts for the UK economy have been made in the run-up to, and the aftermath of, the referendum. Most of the forecasts from representatives of institutions which are normally responsible for financial stability were extremely negative.

“For example, the International Monetary Fund’s Christine Lagarde said in May that a leave vote in the referendum would be “pretty bad to very, very bad.”

“An IMF report additionally said that a leave vote would have a “negative and substantial effect”.

“Similar comments were made by the Bank of England Governor Mark Carney. H.M. Treasury also warned that Brexit would cost the average household about £4,000 per annum in the future. The CBI, Goldman Sachs, Morgan Stanley, PWC and many FTSE 100 CEOs, among others, supported this negative view.

“The Chancellor of the Exchequer George Osborne repeatedly warned that mortgage and interest rates were likely to rise in the event of a leave vote and threatened an emergency budget to increase taxes and to reduce public expenditure.

“Osborne`s stance was supported by Prime Minister David Cameron, who also forecast an increased likelihood of war and genocide.

“Unbeknown to most voters, one of the “architects” of the Remain campaign, which devised the above approach, was Peter Mandelson (“How the struggle for Europe was lost”, Peter Mandelson, Financial Times, 2 July), who worked closely with Cameron, Osborne and others.

“In my opinion, the above individuals and organisations are either dishonest, or they have a poor understanding of economics, since democracy and prosperity are closely linked and the EU is clearly undemocratic. By voting to restore democracy in the UK, I believe the UK’s economic prospects will improve, although it is quite possible that the unprecedented and irresponsible doom-mongering, outlined above, may lead to some kind of slowdown.

“In spite of the dire warnings above, Wetherspoon trade strengthened slightly in recent weeks and we consequently anticipate a modestly improved outcome for this financial year. Caution should be exercised in extrapolating current levels of sales growth for future years.”

#### **Enquiries:**

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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](http://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. This announcement contains inside information on JD Wetherspoon plc.

5. The current financial year comprises 52 trading weeks to 24 July 2016.
6. The next trading update is expected to be the Company's final results announcement on 09 September 2016.
7. The article below was written by Tim Martin on the 27 June 2016. It outlines his views on the advantages of Brexit, the best approach to negotiating with the EU and a sensible approach to immigration.

### The New Magna Carta

"The western world is aghast that a majority of Russian people seems to approve of Mr Putin's authoritarian rule, shackling of the press and intimidation of opponents. Yet most are oblivious to a subtler reduction in democracy in the EU in recent years: laws instigated by unelected commissioners; a European Court whose judgements override national parliaments; MEPs with limited powers; unaudited accounts for two decades and a ruling class of five unelected presidents. Both eastern and western regimes brought economic hardship to their peoples, with 50% youth unemployment in Greece and Portugal being one example in the west. The cataclysmic referendum result on Thursday has shaken the world. Democracy is back, but like prisoners confronted with freedom for the first time in decades, the nation is frightened and awestruck by its unlimited options.

The legacy of Project Fear is that the majority seems to believe that economic prospects are now worse, but unless history is turned upside down, the reverse is true. Democracy has always proved to be economic steroids. It took Japan and South Korea no time to emerge from the backwaters once democracy took root. The United States economy, with democracy enshrined in its constitution, became the most successful in the world from nowhere, once it shook off the colonial yoke- no taxation without representation was the mantra. Compare unfortunate South America. With similar population, resources and climate, but without the democratic heritage, the continent floundered badly and is still struggling mightily to shake off its autocratic chains. Examples of the economic success of democracy abound from New Zealand and Australia to Canada, Singapore and Norway.

Warren Buffett, the world's greatest investor, has said that he cannot forecast where the stock market is going and he doesn't think anyone else can either. This modesty is not reflected in the

central bankers and other soothsayers who, before the referendum, forecast trouble for the UK economy in the event of Brexit. The IMF, the OECD, the Bank of England, the CBI, Goldman Sachs, FTSE chief executives and others lined up to prophesy economic trouble ahead. Blinded by spreadsheets and ego, these Mystic Megs can't see the wood for the trees. The 'wood' in this case being the above examples of countries which have thrived as democracy has increased – most, but not all, economists, from David Smith at the Sunday Times to Martin Wolf at the FT and Mark Carney at the Bank of England, just don't get this point.

So now that the British have set themselves free, what do we do? The key, as in any successful negotiations, is to avoid being hectored or rushed. The timescale set by David Cameron seems sensible- the referendum was not a manifesto, so we need until the autumn to hammer out a plan. For most businesses free trade is a good starting point. It was helpful of our German friends, at their equivalent of the CBI, to point out the economic folly of attempting to impose tariffs on the EU's biggest customer- the UK. If both sides impose the same tariffs, the UK public finances will gain hugely, since we run a massive deficit with the EU, but free trade will benefit both our citizens and the EU's. We can be sure that French, Italian and other producers of goods we import will take a similar view to the Germans, and that this free-trade philosophy will prevail, whatever the unelected President Juncker may think. Confounding received opinion, it's the Brussels bureaucracy which is threatened by Brexit, not The UK, hence the hollers from Juncker and co.

On the world stage the EU acts as a 'customs union' which imposes tariffs on food, wine and manufactured goods from most non-EU countries. Wetherspoon, for example, the UK's biggest seller of wine in pubs, pays tariffs on most of the 95% of our wine we import from outside the EU. Eliminating tariffs on non-EU imports will be a huge shot in the arm for UK consumers, reducing shop prices and improving living standards, while acting as a catalyst for trade with the world.

Contrary to perceptions, most, but not all, Brexiteers also believe that immigration is a common factor in almost all successful democratic economies. The United States, Australia, New Zealand and Singapore, for example, have had consistently rising populations over many decades and that has gone hand in hand with superior economic performance. The leaders of the Leave campaign generally recognise this point, but believe that the essential factor is to have control over the process through an Australian-style points system, which welcomes immigrants provided they have the qualifications the country needs.

The EU system, whereby entire countries become entitled to live anywhere in the EU, once they have passed the various 'tests', will no longer apply in the UK, unless parliament decides otherwise. All parties in this debate agree that current UK residents from EU countries, who have generally made such a valuable contribution to the economy, will be allowed to stay here as a matter of international law. My own strong view is that current inhabitants of EU countries, who are now entitled to work and reside in the UK, should also be allowed to do so in future. This approach, similar to our historic and excellent relationship with Ireland, recognises the importance of immigration to the economic success of the UK, but means that control of the future rests with a democratically elected parliament, not with the Byzantine scheming of EU bureaucrats.

A drawback of these proposals is that high levels of immigration have put an undoubted strain on some public services. A sensible solution would be to divert the funds saved from EU membership, about £9bn per annum, to those communities, especially less-affluent ones, that have felt the most pressure.

Democracy, prosperity and freedom are inextricably linked. The EU is heading down an increasingly autocratic path, which has already caused severe economic problems in most of southern Europe, and risks further contagion on the continent. Brexit is a modern Magna Carta, reasserting democratic control in the UK. It is up to UK citizens now to participate in formulating policies based on free trade with Europe and the world, an enterprise economy and sensible immigration policies, with parliamentary control. As one US president said, we have nothing to fear but fear itself. But Big Brother in Brussels is no longer in charge. The world is our oyster, provided we think clearly, debate strongly and prevent the paranoia and hyperbole of the referendum process from clouding our judgement."