

Interim Results 2009



13 March 2009

Highlights – Six Months to 25 January 2009

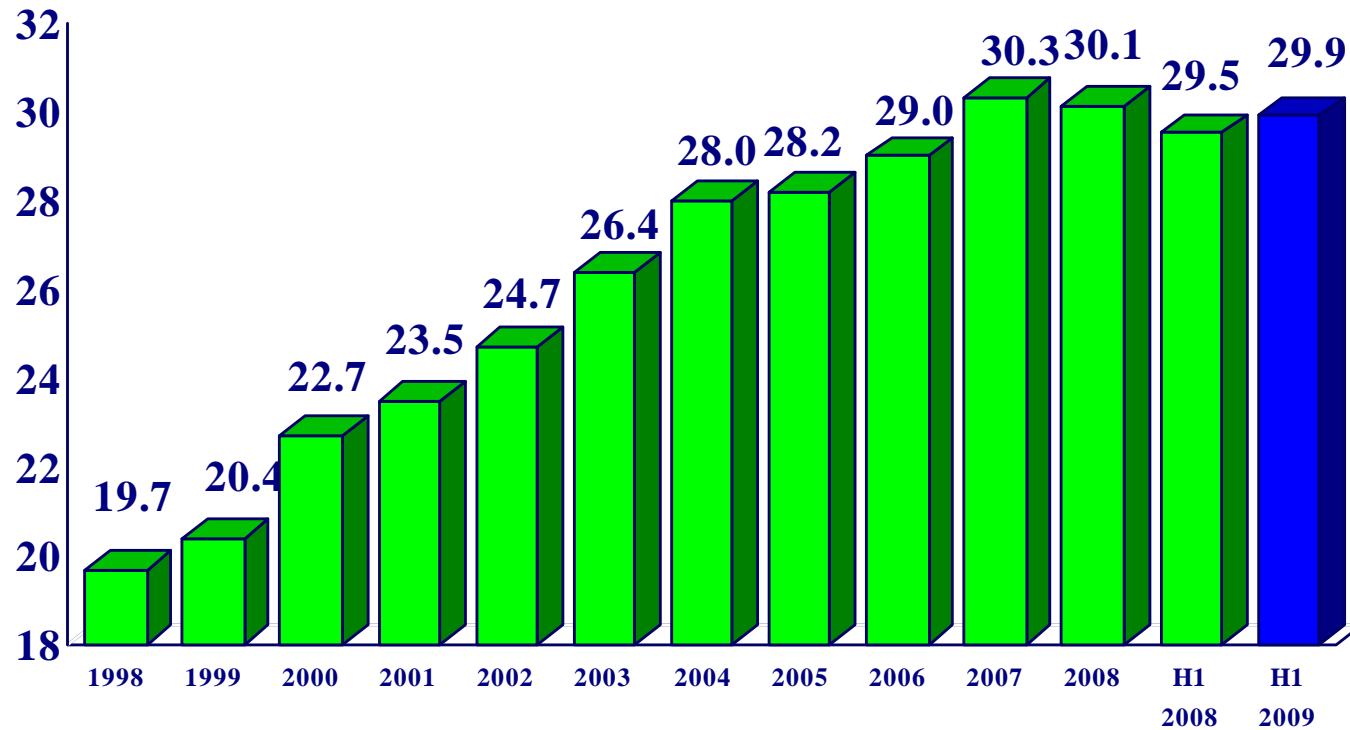
Financial Highlights

Reported Results

Revenue	£468.7m (2008: £440.2m)	+6.5%
Like-for-like sales		+1.9%
Operating profit before exceptional items	£46.8m (2008: £46.2m)	+1.3%
Operating profit after exceptional items	£42.3m (2008: £44.4m)	-4.7%
Operating margin before exceptional items	10.0% (2008: 10.5%)	-0.5%
Operating margin after exceptional items	9.0% (2008: 10.1%)	-1.1%
Profit before tax before exceptional items	£30.8m (2008: £30.2m)	+2.0%
Profit before tax after exceptional items	£25.6m (2008: £28.5m)	-10.2%
Earnings per share before exceptional items	16.0p (2008: 13.9p)	+15.1%
Earnings per share after exceptional items	12.5p (2008: 12.9p)	-3.1%
Free cash flow per share	28.2p (2008: 11.3p)	+150%



Average Sales Per Pub Week (including VAT)



Sales resilient despite challenging times

Like for Like Sales/Profits

%	H1 2009	FY 2008	FY 2007	FY 2006	FY 2005
Bar	2.7	(4.3)	3.3	2.2	(1.4)
Food	2.0	7.9	12.6	3.6	2.1
Machine	(7.9)	(5.8)	2.7	(1.4)	(2.4)
Total sales	1.9	(1.1)	5.6	2.0	(0.6)
LFL Profits	(4.0)	(6.6)	7.0	5.9	(4.0)



Bar sales back into positive growth

Operating Margin

- Gross margin broadly unchanged, helped by positive bar mix effect, offsetting food cost growth.
- Staffing Costs
 - Higher wage rates offset by manning efficiencies.
- Operating costs
 - Repairs cash spend consistent year on year.
 - Utilities higher following new contract on 1st October. Consumption savings now running at 13%.
- Head office
 - Costs are 3.9% of sales compared to 4% for the whole of last year.
- Depreciation lower due to older assets coming to the end of their depreciation life cycle
- Exceptional items include property disposals and litigation costs.



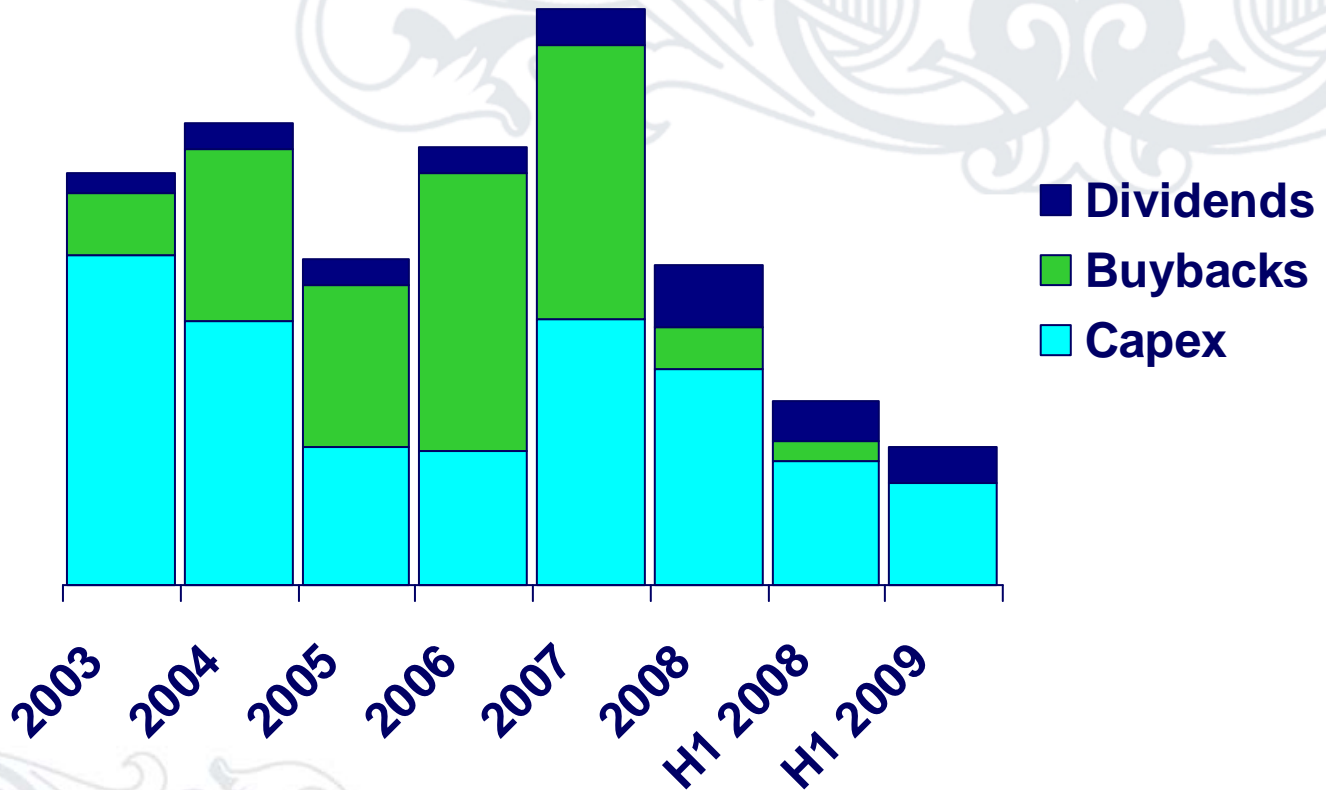
Excluding exceptionals, operating margin down 50 basis points

Operating Margin - Summary

	H1 2009 £000	H1 2009 % of Sales	H1 2008 £000	H1 2008 % of Sales	FY 2008 % of Sales
Turnover	468,718	-	440,166	-	
Pub Operating Profit	88,541	18.9	86,846	19.7	19.2
Head Office Costs	(18,370)	(3.9)	(16,357)	(3.7)	(4.0)
Share Incentive Plan	(1,246)	(0.3)	(1,310)	(0.3)	(0.3)
Depreciation	(22,192)	(4.7)	(22,994)	(5.2)	(5.0)
Litigation	(1,398)	(0.3)	(327)	(0.1)	(0.1)
Redundancy	-	-	(921)	(0.2)	(0.1)
(Loss)/Gain on disposal	(1,122)	(0.3)	(127)	(0.0)	(0.0)
Impairment provision	(147)	(0.0)	-	-	-
Aborted properties	(1,774)	(0.4)	(386)	(0.1)	(0.1)
Operating Profit	42,292	9.0	44,424	10.1	9.6



Allocation of Resources



Focus on debt reduction

Movement in Net Borrowings

- Free cash flow increases to £39.2m (6 months to January 2008: £16.1m).
- Overall decrease in net borrowings of £4.4m from year end (6 months to January 2008 : increase of £28.7m) a favourable movement of £33.1m compared to the same period last year (see Appendix E).
- Total net borrowings £435.2m (January 2008: £462.5m)



£95m free cash flow in last 12 months

Debt Position

	H1 2009	H1 2008	FY 2008
Net debt/ EBITDA	3.2	3.6	3.3
Interest cover (times)*	2.9	2.9	2.7
Fixed charge cover (times) – statutory	1.6	1.7	1.6
- excluding depreciation	2.1	2.2	2.2

*excluding exceptional items



Significant reduction in net debt/EBITDA



Cash Flow

	H1 2009	H1 2008	FY 2008
Cash from operations	78,741	55,617	134,369
Interest	(20,624)	(23,653)	(29,220)
Tax	(10,077)	(8,974)	(17,974)
Investment in existing pubs	(4,839)	(6,229)	(12,323)
Investment in own shares (SIP)	(4,036)	(671)	(3,181)
Free cash flow	39,165	16,090	71,671
Dividends	(10,439)	(11,240)	(17,380)
Disposal proceeds	-	646	793
Investments in new pubs	(23,907)	(28,681)	(48,559)
Finance Lease	(474)	(230)	(739)
Cash flow before share capital changes	4,345	(23,415)	5,786
Share buybacks	-	(5,661)	(12,031)
Issue of new shares	81	415	461
Movement in net borrowings	4,426	(28,661)	(5,784)
Free cash flow per share	28.2p	11.3p	50.7p



150% increase in free cash flow per share

Banking facilities

- New bilateral of £20m from Abbey Santander
 - Matures December 2010
 - Cost similar to USPP
- US private placement \$140m -£87m
 - Matures September 2009
 - To be repaid out of facilities and free cash flow
- UK banking facility £415m
 - Matures December 2010
 - 10 participating lenders
 - £250m swap expiring in 2014
 - £150m swap until 2009 replaced by new swap until 2016
 - Average interest cost of swaps 5.7%



Total facilities now £542m (including overdraft)

Continued Improvement

- Growth of traditional ales
- Over 170 pubs are in the CAMRA Good Beer Guide
- Training awards and diplomas
- Award winning homegrown products
- Energy consumption savings



Ongoing improvements in the business

Property

- 2008/09 H1 21 new pubs
- 2007/08 H1 10 new pubs
- 2008/09 FY c35 planned
- More favourable property market
- Currently 42% freehold
- Lower average cost of development



Increased opportunities for profitable investment

Current Trading and Outlook

- Sales in 6 weeks to 8th March 2009.
 - LFL sales +1.9%
 - Total sales +5.6%
- Tougher comparatives
- Cost pressures easing but
 - Utility – year on year costs higher
 - Labour costs
 - Duty increase expected April 2009
- Economic outlook uncertain
- Opportunities for profitable investment
- Dedicated staff
- Excellent pubs



Confident of future prospects

Appendices

- A 10 Year Financial Graphs
- B 10 Year Trends
- C Capital Trends
- D ROC/CROCCE/ROE Calculations
- E Net Debt year on year movement



10 Year Summary

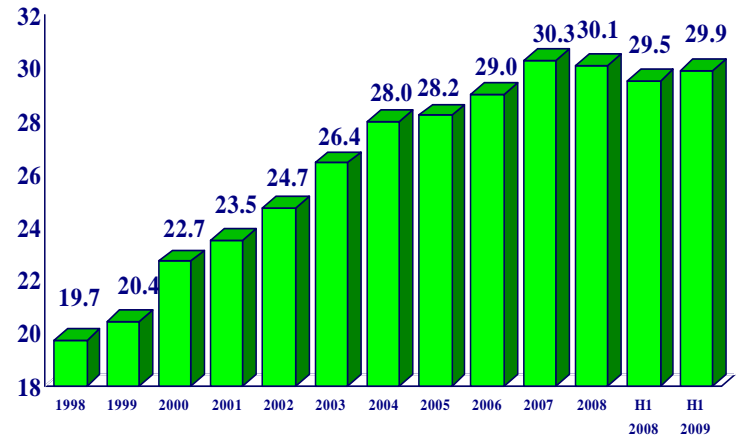
Appendix A

Number of Pubs

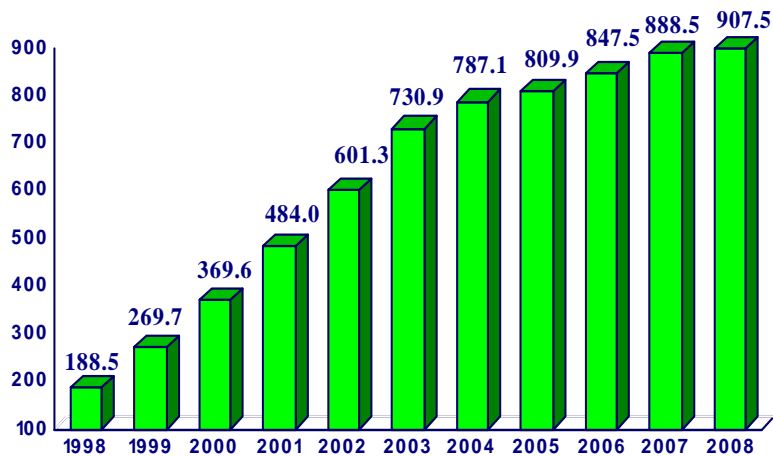


Average Sales Per Pub Week (including VAT)

£000

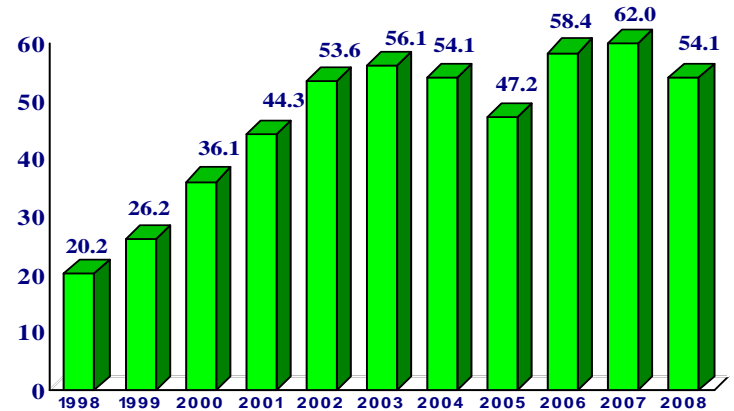


Turnover



Profit Before Tax

£ millions



JDW - Financial Trends

Appendix B

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	H1 2009
Sales per pub (£000)	904	1,004	1,040	1,093	1,169	1,239	1,246	1,283	1,354	1,333	666
EBITDA per pub (£000) (1)	188.0	203.8	205.9	207.4	201.9	204.4	195.7	205.6	219.0	206.8	96.0
Number of pubs	327	428	522	608	635	643	655	657	671	694	714
% freeholds (%)	21	32	40	42	42	41	41	41	42	42	42
CROCCE (%) (2)	15.7	15.6	15.3	13.9	13.0	12.6	11.7	11.9	12.2	11.0	10.3
Cash return on equity (%) (2)	20.9	20.3	20.1	18.8	17.1	15.8	14.4	14.7	15.5	13.6	12.2
Free cash flow per share (pence)	20.3	24.2	29.1	33.5	38.8	36.7	37.1	42.1	35.6	50.7	28.2
Adjusted earnings per share (pence)	9.4	11.8	14.2	16.6	17.0	17.7	16.9	24.1	28.1	27.6	16.0

(1) Excluding sale & leaseback

(2) See appendix D for calculation



Capital Trends

Appendix C

<u>Financial Year</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <u>YTD</u>
Size (sq.ft.) - Openings	3,526	3,808	3,721	4,317	4,176	3,928	3,855	3,615	3,428
Number of openings	94	87	45	28	13	9	18	23	21
% which are freehold	75	53	56	43	54	22	61	57	38
Freehold average cost (£k)	506	597	511	640	873	625	750	958	869
Average development cost (£k, excluding FH)	1,178	1,262	1,317	1,431	1,401	1,301	1,520	1,498	912
Average cost per sq.ft.	334	331	354	331	335	331	394	414	267
Increase in average cost (%)	2	-1	7	-6	1	-1	19	5	-36
Population within 2 miles	70,000	70,000	73,000	51,000	64,000	59,000	45,000	50,000	50,519
Pub openings with external drinking (%)	62	46	51	54	62	44	100*	89*	60*

* Excluding Airport Sites



ROC/CROCCE/ROE

Appendix D1

	H1 2009 £000	H1 2008 £000
Profit after tax	(a) 17,348	18,340
Add: interest	(b) 16,716	15,949
Profit pre-interest	(c) 34,064	34,289
Add: deferred tax	(647)	219
Depreciation	22,191	22,994
Cash return	(d) 55,608	57,502

• P&L return on capital [(c)/average (g)]	10.5%	10.7%
• CROCCE [(d)/average (h)]	10.3%	11.2%
• P&L return on equity [(a)/average (e)]	16.7%	19.2%
• Cash return on equity [(d)-(b)/average (h)-(f)]	12.2%	14.4%



ROC/CROCCE/ROE

Appendix D2

	H1	FY
	2009	2008
	£000	£000
Shareholder funds per balance sheet	<u>147,051</u>	<u>180,547</u>
Add: cum losses on disposal	17,747	13,884
: hedging provision	54,571	856
	<u>(e) 219,369</u>	<u>195,287</u>
Add: net debt	(f) 437,457	442,205
Capital employed	<u>(g) 656,826</u>	<u>637,492</u>
Add: deferred tax provision	63,151	78,648
Cumulative depreciation	388,621	366,429
Less: revaluation reserve	(16,798)	(19,681)
Cash capital employed	<u>(h) 1,091,800</u>	<u>1,062,888</u>

Movement in Net Borrowings

Appendix E

Jan 2009 V Jan 2008

Overall decrease in net borrowings of £4.4m (2008: increase of £28.7m)

Compared to last half year the difference of £33.1m represents:

	£m
Cash operating profit	0.1
Working capital	23.0
Cash from operations	<u>23.1</u>
Interest	3.0
Tax	(1.1)
Capital reinvestment	1.4
SIPS	<u>(3.3)</u>
Free cash flow	23.1
Dividends	0.8
Disposal proceeds	(0.6)
Investment in new pubs	4.7
Finance lease	(0.2)
Share buybacks	5.6
Issue of new shares	<u>(0.3)</u>
Net debt movement	<u>33.1</u>

