

02 MAY 2012

## JD WETHERSPOON PLC

### THIRD QUARTER TRADING UPDATE

JD Wetherspoon plc ('JD Wetherspoon' or the 'Company') announces its Interim Management Statement for the period up to 1 May 2012, as required by the FSA's Disclosure and Transparency Rules

#### **Current trading**

For the 13 weeks to 22 April 2012, like-for-like sales increased by 2.0%. Total Company sales, over the same period, increased by 8.4%. In the year to date (39 weeks to 22 April 2012), like-for-like sales increased by 2.0%, and overall Company sales increased by 8.4%.

The operating margin before exceptionals, in the 13 weeks to 22 April 2012, was 8.1%, compared with 9.3% in the first half of the current financial year, and the year-to-date (39 weeks to 22 April 2012) operating margin before exceptionals was 8.9%. We expect to see the operating margin before exceptionals improve in the final quarter as compared with the third quarter, although we continue to expect the operating margin before exceptionals for the second half of this financial year as a whole to decline, compared with that achieved in the first half.

#### **Property**

The Company has opened 29 new pubs and closed two pubs, since the start of the financial year. We have several sites under development and, in line with our last update, intend to open approximately 40 pubs in the current financial year. It is our present intention to open approximately 20 to 30 pubs in the next financial year.

#### **Financial position**

The Company bought back 4 million shares, at a total cost of £16.6 million, in recent weeks. There have been no other significant changes in the Company's overall financial position, since the publication of the interim accounts on 9 March 2012.

## **Taxation**

The pub industry was burdened with considerable additional taxes at the time of the recent budget announcement. As well as excise duty, a change in allowances for fruit/slot machine taxation has resulted in increased costs for Wetherspoon of £2 million per annum. The government has also announced the introduction of a 'late-night levy', in effect another tax, which will also cost approximately £2 million per annum. The effect of the three tax increases in the next financial year will be approximately £11 million.

The extra taxes on fruit/ slot machines and the late-night levy are not applicable to supermarkets, so the tax disparity between supermarkets and pubs has been further increased.

The total tax bill for Wetherspoon in the current financial year, including VAT, excise duty, corporation and other taxes will be approximately half a billion pounds, about a £50-million increase, compared with the previous financial year. We have also created approximately 3,000 jobs in the same period, but all of the economic benefits of our expansion are currently being levied by the government as taxes - an unsustainable situation.

Many companies in the pub and catering industry, including Fuller's, Robinsons, Shepherd Neame and Thwaites, for example, have joined the 'VAT Club', headed by Jacques Borel, and are urging the government to reduce VAT for our industry, along with many other countries, in order to generate additional jobs and taxes for their economies. The current tax system, whereby pubs pay 20% VAT on food sales, while supermarkets pay virtually nothing, is bad for jobs and taxes.

The overall level of taxes and the disparity with supermarkets have greater economic effect in less affluent parts of the UK. The result is that the majority of prominent pub and catering companies are investing in the southern part of the UK and in major town and city centres elsewhere, contributing to serious economic problems for many high streets in Britain and Northern Ireland.

## **Outlook**

As previously stated, the main challenges for the company, in this financial year of 53 trading weeks, will be the continuing cost pressures resulting from government legislation, including recent increases in excise duty, business rates and carbon tax. We continue to be slightly more cautious about the potential outcome for the current financial year.

## **Enquiries:**

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## **Notes to editors**

1. JD 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 JD Wetherspoon, in order to meet the requirements of the FSA's Disclosure and Transparency Rules. It should not be relied on by any other party, for 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 next trading update is expected to be issued on 11 July 2012.

5. The current financial year comprises 53 trading weeks to 29 July 2012.

6. An extract from our 2012 interim report is repeated below, providing further clarity on the tax burden faced by the pub industry:

### **"Taxes and regulation**

The table below breaks down the taxes paid in the six months to 22 January, in comparison with both the previous year and our profit after tax:

	11/12	10/11
	First half	First half
	£m	£m
VAT	115.6	95.1
Alcohol duty	65.6	61.6
PAYE and NIC	32.8	32.9
Business rates	21.0	20.2
Corporation tax	9.0	11.1
Machine duty	1.6	1.5
Fuel duty	1.3	1.3
Carbon tax	1.2	0.0
Climate change levy	0.6	0.8
Stamp duty	0.6	0.5
Landfill tax	0.6	0.5
Premise licence and TV licences	0.2	0.2
<b>TOTAL TAX</b>	<b>250.1</b>	<b>225.7</b>
<b>TAX AS % OF SALES</b>	<b>43.9%</b>	<b>43.0%</b>
<b>NET PROFIT AFTER TAX (£m)</b>	<b>23.3</b>	<b>22.1</b>
<b>NET PAT AS % OF SALES</b>	<b>4.1%</b>	<b>4.2%</b>