

10 July 2019

J D WETHERSPOON PLC

PRE-CLOSE TRADING STATEMENT

J D Wetherspoon plc (the "Company") today announces its pre-close trading statement for the financial year ending 28 July 2019. The preliminary results are due to be announced on 13 September 2019.

Current trading

For the 10 weeks to 7 July 2019 like-for-like sales increased by 6.9% and total sales increased by 6.6%. Year-to-date like-for-like sales have increased by 6.7% and total sales increased by 7.4%.

Property

Since the start of the financial year, the Company has opened five new pubs and disposed of nine. No further openings are expected in the current financial year.

At this stage, about £3m of exceptional, non-cash losses are expected in this financial year, mainly a result of pub disposals which were below the value in our balance sheet.

In the current financial year to date, the Company has spent £71m on buying the freeholds of pubs of which it was previously the tenant and has bought back £5.4m of the Company's shares.

Financial position

The Company remains in a sound financial position. Net debt at the end of this financial year is expected to be about £745m.

Outlook

The chairman of Wetherspoon, Tim Martin, said:

"The main issue for shareholders, which dominates debate, relates to the nature of the UK's post-Brexit relationship with the EU.

"The dichotomy between a 'no-deal' Brexit and a 'deal', as it is often portrayed in the media, politics and business, is highly misleading. The term no-deal really means 'multi-deal' - a multitude of deals agreed between individuals, businesses, governments and other organisations.

In contrast the term 'deal' refers to a 'mono-deal' – a single overarching agreement, which aims to govern the entire relationship between the UK and the EU.

"In reality, a multi-deal Brexit (ie no-deal) is already proceeding at pace. Jean Marc Puisseuseau, the boss of the port of Calais, has said "there will not be any delay" in Calais (appendix 1). Ryanair has said that fears about planes not flying post-Brexit "is no longer a risk" (appendix 2). British Airways agrees.

"Wetherspoon, for example, has made arrangements to replace French champagne and brandy, and German beer, with alternatives from the UK, Australia and America. In addition, most spirits and beer exports to the EU from non-EU countries are not subject to tariffs, in any event.

“Initial fears about huge post-referendum job losses in the City of London have proved to be wide of the mark, as legal and practical arrangements have been made, as indicated in the article by Reuters (appendix 3) below.

“These sorts of deals and arrangements are the tip of a giant iceberg of similar transactions, across the trading spectrum, negotiated and facilitated by individuals, businesses and civil servants - the negative undertone of no-deal is an illusion.

“The real issue for the UK relates to the desirability of an overarching mono-deal, governing all aspects of the UK’s future relationship with the EU, as envisaged in Theresa May’s withdrawal agreement.

“The multi-deal approach, which immediately allows the UK to trade freely with the rest of the world, is a better alternative. As the House of Lords said in March 2017, there is then no legal liability to make any payments to the EU.

“It enables the UK to regain control of fishing and to eliminate tariffs on thousands of non-EU imports, such as bananas, rice, wine and children’s clothes - many of which are not produced in the UK.

“Democratic accountability will also be improved - the most important determinant of economic success.

“A complex and overarching mono-deal, agreed under duress, is unnecessary and counterproductive. It would reduce the flexibility of UK businesses and Parliament in the future. The multi-deal approach is simpler, safer and will yield immediate dividends.

“As regards Wetherspoon, the Company’s expectation for our annual results is unchanged for the current financial year.”

Appendix 1 – Extract from Reuters, Jonathan Saul, 9 January 2019

“Calais port boss expects little disruption from a no-deal Brexit

Britain leaving the European Union without an agreement over its future relationship with the bloc will not create delays at the French port of Calais, the port’s chief said on Wednesday, despite concerns raised over potential logistical chaos.

Dover is Britain’s main gateway to Europe, with up to 16,000 trucks a day passing through to Calais at peak times, transporting everything from perishable food to medicines and industrial goods needed to keep factories running.

Jean-Marc Puissesseau, president and chief executive of Port Boulogne Calais, told the BBC’s Today programme that the port “will be ready” on March 29, the date when Britain will leave the EU if no agreement is reached.

“The trucks will be passing as they are doing today,” he said. “There will not be any delay.” ”

Appendix 2 - Extract from Reuters Business News, Sarah Young, 21 November 2018

“Ryanair says not seeing any Brexit impact, well-prepared for no-deal

Europe's biggest low cost airline Ryanair is not seeing any impact from Brexit on demand for flights, and is prepared for a no-deal, chief marketing officer Kenny Jacobs said.

Ryanair was not interested in buying British regional airline Flybe, which put itself up for sale last week, he added in a press conference on Wednesday.

He reiterated comments that Ryanair, which has been hit by a series of strikes this year, would come to agreements with unions in its main markets before the end of March.

The comments on Brexit from the Irish airline echo what smaller British rival easyJet said on Tuesday, about it being prepared for a no-deal scenario, and the uncertainty over Britain's future relationship with the European Union having no impact on ticket sales.

"The demand that's out there...is really, really strong. The European consumer, the British consumer just continues to book," Jacobs said.

Ryanair's chief executive Michael O'Leary has in the past warned that a disorderly Brexit could ground flights for a number of weeks after the UK leaves on March 29, but after reassurances on flying rights provided by the EU last week, that is no longer a risk, said Jacobs.

"If we're in a no-deal Brexit situation, flying will be fine," he said. "

Appendix 3 – Reuters, Andrew MacAskill, Simon Jessop, Carolyn Cohn, 26 September 2018

“With six months to go before Brexit, 630 finance jobs have left - Reuters survey

As few as 630 UK-based finance jobs have been shifted or created overseas with just six months to go before Brexit, a far lower total than banks said could move after Britain's surprise vote to leave the European Union, according to a new Reuters survey.

Many bankers and politicians predicted after the June 2016 referendum that leaving the EU would prompt a mass exodus of jobs and business and deal a crippling blow to London's position in global finance.

But as Brexit Day nears, the number of jobs that UK-based financial institutions say they expect to move in the event of a "hard" Brexit was around 5,800, just 500 more than the last survey in March, and with more firms responding. That compares to around 10,000 in the first survey in September 2017.

The results are based on answers from 134 of the biggest or most internationally-focused banks, insurers, asset managers, private equity firms and exchanges to a survey conducted by between Aug. 1 and Sept. 15.

Nearly all of those surveyed said they are moving as few people as possible, hoping for a last-minute political deal that protects access to the EU's \$19.7 trillion-a-year economy after Britain leaves the bloc.

The likelihood of a "hard" or "no-deal" Brexit has increased substantially since Prime Minister Theresa May's plan for maintaining ties with the EU has been rejected by Brussels as well as by many politicians in her own Conservative Party.

Many business chiefs fear Britain could be heading for a chaotic split that would spook financial markets and dislocate trade flows across Europe and beyond. Some politicians on both sides put the odds of talks collapsing at more than 50 percent.

The survey findings suggest London, which has been a critical artery for the flow of money around the world for centuries, is likely to remain the world's largest centre of international finance. While New York is by some measures bigger, it is more centred on American markets, while London focuses on international trade.

Extreme forecasts for UK job losses in a hard Brexit scenario have ranged from about 30,000 roles, estimated by the Brussels-based Bruegel research group in February 2017, to as many as 232,000 by the London Stock Exchange in January 2017.

Iain Anderson, the executive chairman of Cicero, a public affairs company, which represents many finance companies, agreed with the survey findings that the impact of Brexit is likely to be much more modest than initially predicted.

Anderson said early estimates were made by executives in a period of unprecedented emotional turmoil following the vote.

"They have now moved through the five stages of grief," he told Reuters.

Bankers Bluff?

Ninety-seven of the companies that responded said they would have to move staff or restructure their businesses because of Brexit, although only 63 specified numbers. The rest said it would have no impact, that they were still deciding what to do or they declined to comment.

HSBC, which has publicly said up to 1,000 jobs could move to Paris, has so far not moved any staff, a source at the bank told Reuters as part of the survey. Royal Bank of Scotland, which expects to move 150 to Amsterdam, also has not moved any employees, an RBS source said.

Many other large international banks said in the survey that although they have moved or hired a small number of staff in European cities, they are aiming to shift as few jobs as possible and will take decisions about staff redeployment over several years.

Goldman Sachs, which has taken a new office in Frankfurt and plans to move 500 people to Europe, has only moved or hired about 100 so far. JPMorgan, which has publicly said up to 4,000 jobs could move, said recently in a staff memorandum it has only asked "several dozen" staff to move.

The 134 firms who responded to Reuters for this survey - against 119 who responded in March and 123 in September 2017 - employ the bulk of UK-based workers in international finance.

The respondents included the 20 investment banks that earned the most fees from investment banking in Europe, the Middle East and Africa in 2016, according to Thomson Reuters' data.

Some companies predicted the number of job moves will increase significantly over the next few months. For example, Bank of America plans to move more than 100 staff to Paris early next year.

Many companies said they hoped to use a transition agreement already agreed in principle between the EU and Britain that would maintain the current level of access to the EU until the end of 2020.

Over the longer term, they were counting on an internationally accepted banking mechanism to allow them to conduct trades in the EU through their existing bases in Britain.

Richard Small, a financial regulation lawyer at Addleshaw Goddard, said companies probably exaggerated at first and lowered estimates on more careful consideration.

Companies are now focusing on ensuring they have the right infrastructure in place, including licences and real estate, so that they can ramp up their operations if they have to.

"They've got themselves in a place that they will be nimble and can scale up and down more quickly," he said.

Bankers said it is still too early to say what the long-term results of Brexit will be.

“The truth is no one wants to move anyone and it all depends on what happens with the negotiations,” said one executive at a U.S. bank.

“It could be lower. It could be higher. If you can tell me what will happen with the negotiations then I will be able to give you an accurate estimate of how many jobs will move.” ”

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Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK and Ireland. 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 52 trading weeks to 28 July 2019.
6. The next trading update is expected to be the Company’s final results announcement on 13 September 2019.