

## Results Presentation

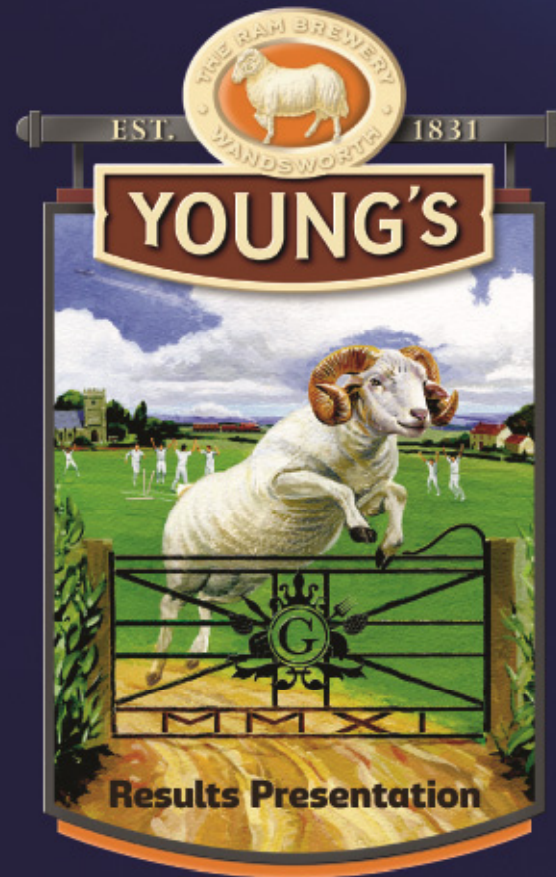
# Today's agenda

- Introduction Stephen Goodyear
- Financial review Peter Whitehead
- Operations review Patrick Dardis
- Introduction to Geronimo Rupert Clevely
- Geronimo – progress to date Stephen Goodyear  
Well & Young's  
Summary
- Q&A

# Highlights

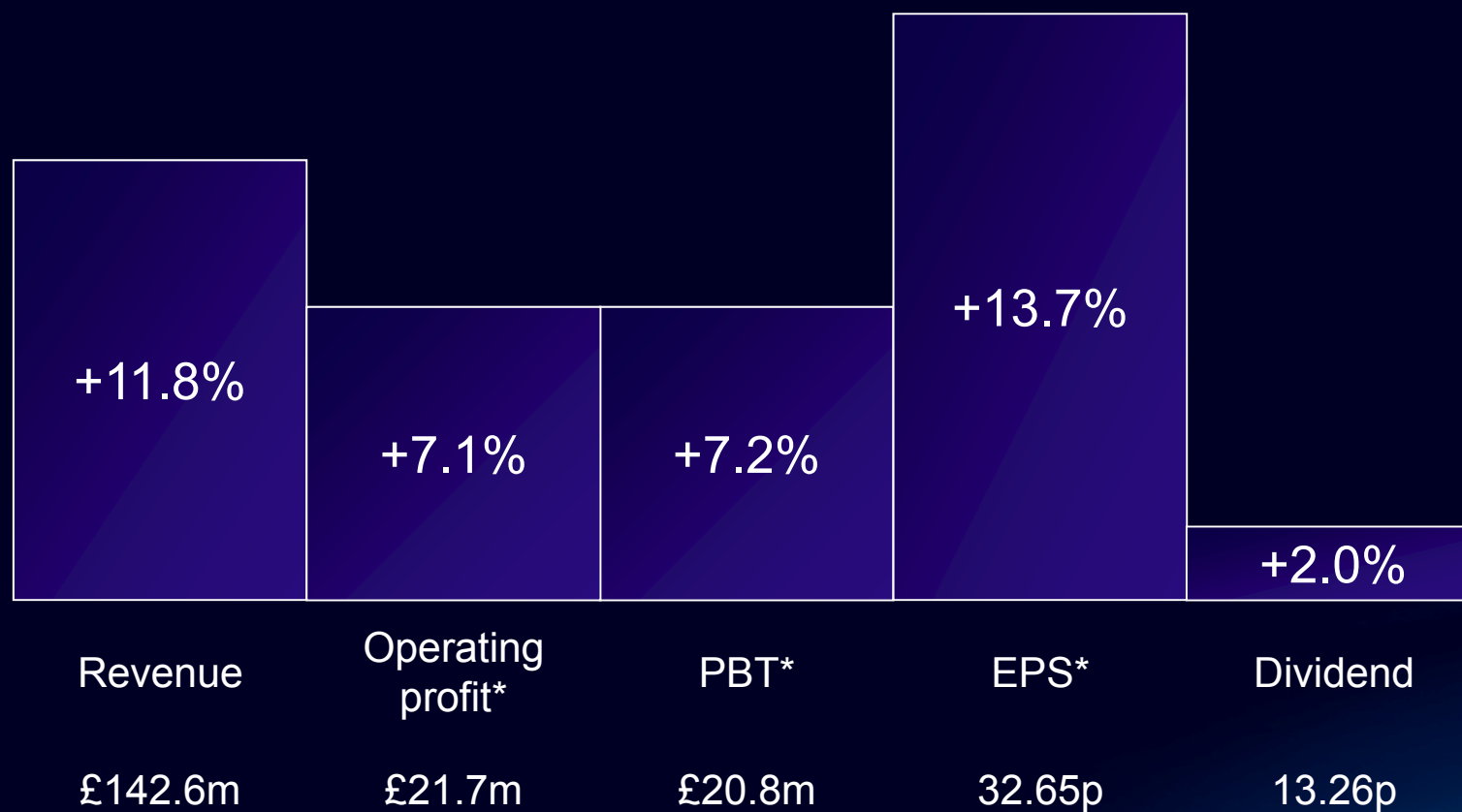
- Good results across the business
- Strong growth in hotels profits
- Geronimo acquisition an excellent opportunity to accelerate growth
- Robust balance sheet and final dividend increased for 14th consecutive year
- Very strong start to current year - managed house revenue up 8.8% like for like





“FINANCIAL REVIEW!”

## Strong results for 53 weeks ended 4 April 2011



\* adjusted for exceptional items



## Group results

	2011 £m	2010 £m	%
Managed houses	29.23	26.31	+11.1
Tenanted houses	5.39	5.35	+0.7
Corporate services	(12.87)	(11.36)	-13.3
Wells & Young's	2.64	1.96	+34.7
Finance costs (net)	(3.57)	(2.84)	-25.7
<b>Adjusted profit before tax</b>	<b>20.82</b>	<b>19.42</b>	<b>+7.2</b>

## Adjusted profit on continuing operations

	2011 £m	2010 £m
Profit before tax (including Wells & Young's)	15.3	18.4
Add back Wells & Young's tax included in above	0.5	0.3
Operating exceptional items	4.9	0.2
Wells & Young's exceptional items	0.1	0.5
<b>Adjusted profit before tax</b>	<b>20.8</b>	<b>19.4</b>
Tax excluding (exceptional items)	(5.1)	(5.6)
<b>Adjusted profit after tax</b>	<b>15.7</b>	<b>13.8</b>
 <b>Adjusted basic EPS (pence)</b>	 <b>32.65</b>	 <b>28.71</b>

## Strong cash generation and investment

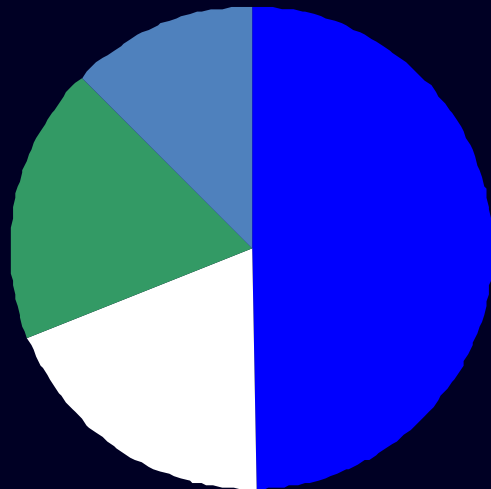
	2011 £m	2010 £m
Cash generated from operations	29.7	26.9
Interest, tax and dividends	(14.4)	(14.0)
Free cashflow	15.3	12.9
Disposals	3.3	1.0
Geronimo acquisition	(60.0)	-
Other capital expenditure	(18.6)	(10.8)
<b>(Increase)/decrease in net debt</b>	<b>(60.0)</b>	<b>3.1</b>



# Investment in period (excluding Geronimo acquisition)

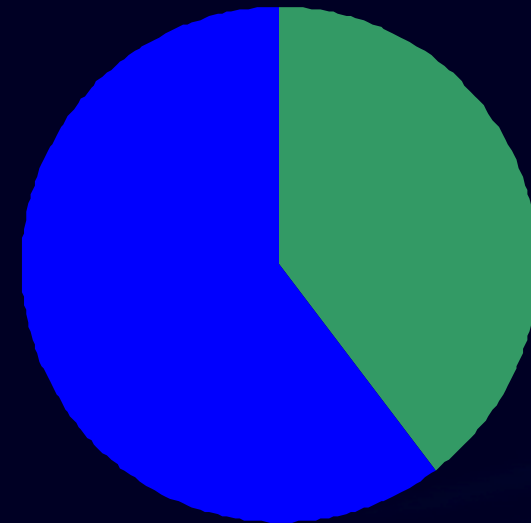
Total Spend: £18.4 million (2010: £10.7 million)

By Division



■ Managed £9.1m ■ Hotels £3.5m  
■ Geronimo £3.4m ■ Tenanted £2.4m

By Nature of Spend



■ Investment on recent acquisitions £7.3 M  
■ Investment expenditure on existing estate £11.1 M

# Geronimo acquisition

- Consideration of £60m, financed through new £100m five year bank facility with RBS and Barclays
- Robust balance sheet post deal net debt/EBITDA of < 4x
- Earnings enhancing in first year of ownership
- £1.5m of annualised costs savings achieved, to plan

# Resultant debt structure

## Longer dated committed facilities:

- £30 million long term (March 2023)
- £20 million medium term (March 2018)

£50.0 million

## Medium dated committed facilities:

- £50 million RCF (Dec 2015)
- £50 million term loan (Dec 2013 to 2015)

£100.0 million

Net debt

£122.6 million

% of debt fixed

82%

Interest cover

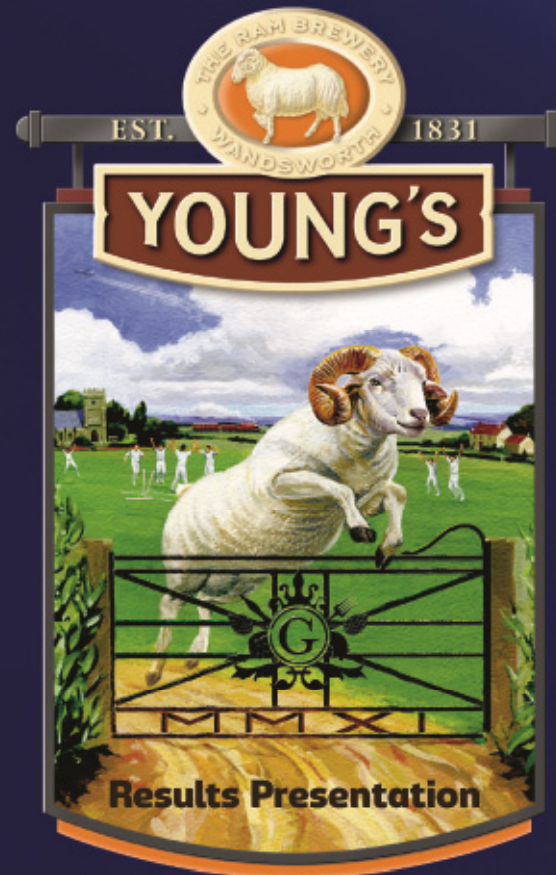
5.4 times

Debt/EBITDA

3.6 times

Loan to value (no revaluation since 1997)

36.5%



“OPERATIONS REVIEW!”



## Estate profile of trading pubs

	2010	+	-	Transfers	2011
Managed	120	2	(2)	2	122
Geronimo	-	27	-	-	27
Tenanted	99	2	(2)	(2)	97
Total	219	31	(4)	-	246

Out of the total of 246 pubs, there are 193 freeholds and 12 virtual freeholds (leases with > 40 years to run, with rents that are less than < £10K per annum)

# Like for like sales

*Adjusted for additional five days of trade*

	Number of sites	Sales £m	Change %
Managed	118	113.3	1.9
Tenanted	93	13.4	1.2
	<b>211</b>	<b>126.7</b>	<b>1.8</b>

# Young's operating performance at pub level

*Adjusted for additional five days of trade*

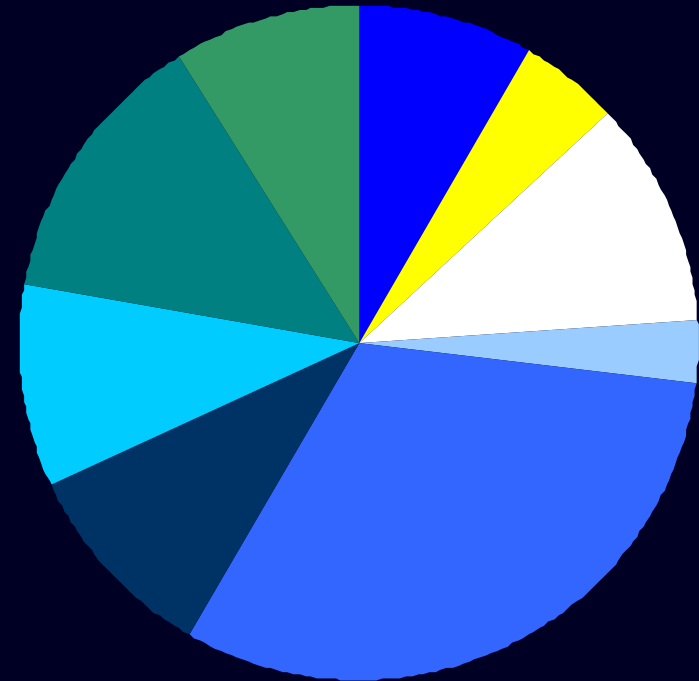
	2011	Change
Revenue	£m	%
Managed	116.0	+ 2.7
Geronimo	10.3	N/A
Tenanted	14.2	- 0.5
Total	140.5	+ 10.8
EBITDAR*		
Managed	35.9	+ 3.2
Geronimo	3.3	N/A
Tenanted	7.2	+ 1.7
Total	46.4	+ 10.7

*\*At outlet level, before interest, taxes, depreciation, rents payable*

# Young's managed operating highlights

*Adjusted for additional five days of trade*

- Resilience despite challenging market:
  - Revenue up 2.7% (LFL 1.9%)
  - Operating profit up 4.5% (LFL 4.6%)
  - EBITDAR up 3.2%
- Greatest growth from hotels (RevPar up 14.2%)
- Invested £12.6m in managed estate
- 26.9% return from 2010's major developments
- Geronimo brings new, parallel and growing concept to Young's



Central London 10 City 6  
Greater London 13 South London 4  
South West London 38 Thames Side 12  
West London 12 Home Counties 16  
West Country 11



# Managed liquor and food – highlights

*Adjusted for additional five days of trade*

## Liquor

- Sales 1.9% up on last year
- 2<sup>nd</sup> Young's pub beats £1m net profit threshold; driven by 31% liquor sales growth
- March cask ale festival throughout Young's managed estate – great success
- Hand in Hand – Cask Ale Pub of the Year finalist
- Highest ever liquor sales



## Food

- Sales 3.9% up on last year
- Lass O' Richmond Hill – wins the coveted Morning Advertiser Best Steak Pub in Britain Award
- Record redemptions for our latest “Dine with Wine” offer
- Highest ever food sales and mix (26.5%)



## Strong performance in hotels

	First half		Second half		Total	
Room rate	£64.40	£4.61	£67.34	£4.95	£65.82	£4.73
Occupation	71.7%	7.40%	62.8%	0.70%	67.0%	3.80%
REVPAR	£46.16	£7.72	£42.29	£3.49	£44.11	£5.49

## Hotel – highlights

- Accommodation sales up 15.2%
- 23 boutique rooms added to the Alma
  - Good initial trading with strong growth in liquor and food sales
  - National press coverage provided great reviews
- Revenue management system launched
- New bespoke hotel web site launched
- Another 60 rooms upgraded to our new high standard including Red Lion in Radlett



## Strong performance from Geronimo

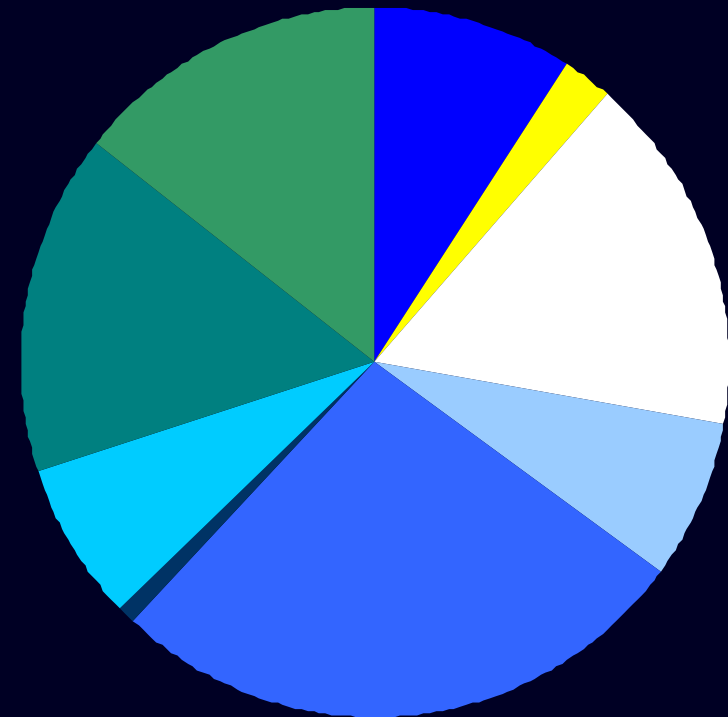
- 16 weeks results under Young's ownership
  - Revenue £10.3m
  - Operating profit £1.4m
  - EBITDA £2.4m
- Sales/profit momentum continues
  - Total sales up 16.9%\*
  - LFL sales up 12.6%\*
  - EBITDA £6.0m\* excluding head office

*\* Based on Geronimo company's period for the 40 weeks to 4 April 2011*



# Tenanted operating highlights

- Revenue and operating profit were marginally ahead (LFL: sales up 1.2%, operating profit up 1.9%)
- London bias provides some protection from challenging market
- £1.5m invested in existing pubs and £0.8m on one acquisition (White Hart in Witley)
- Three pubs sold, two transferred to managed estate

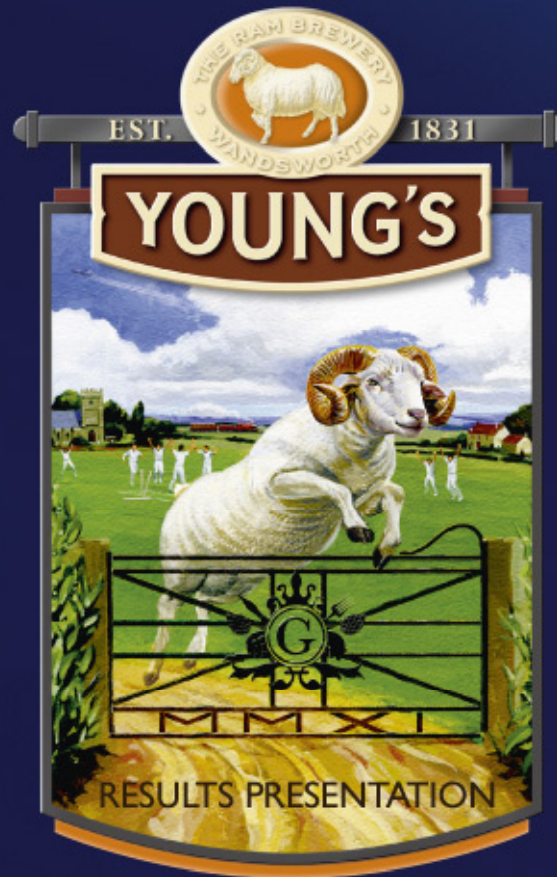


Central London 9      City 2  
Greater London 16      South London 7  
South West London 26      Thames Side 1  
West London 7      Home Counties 15  
West Country 14

## Tenanted operating highlights (continued)

- Benefits from last year's investments showing through
- Introduced new code of practice and more flexible packages aimed at attracting the best tenants
- “Local Heroes” range of guest ales
- Additional focus on wine range and product knowledge has delivered 1.1% uplift in volume
- Tailored training courses driving better standards and customer experience
- Determined effort from dedicated tenants to overcome tough trading conditions
- Remains an important part of the group's strategy going forward





“GERONIMO!”

# About Geronimo



History / heritage



Key team



Complementary businesses



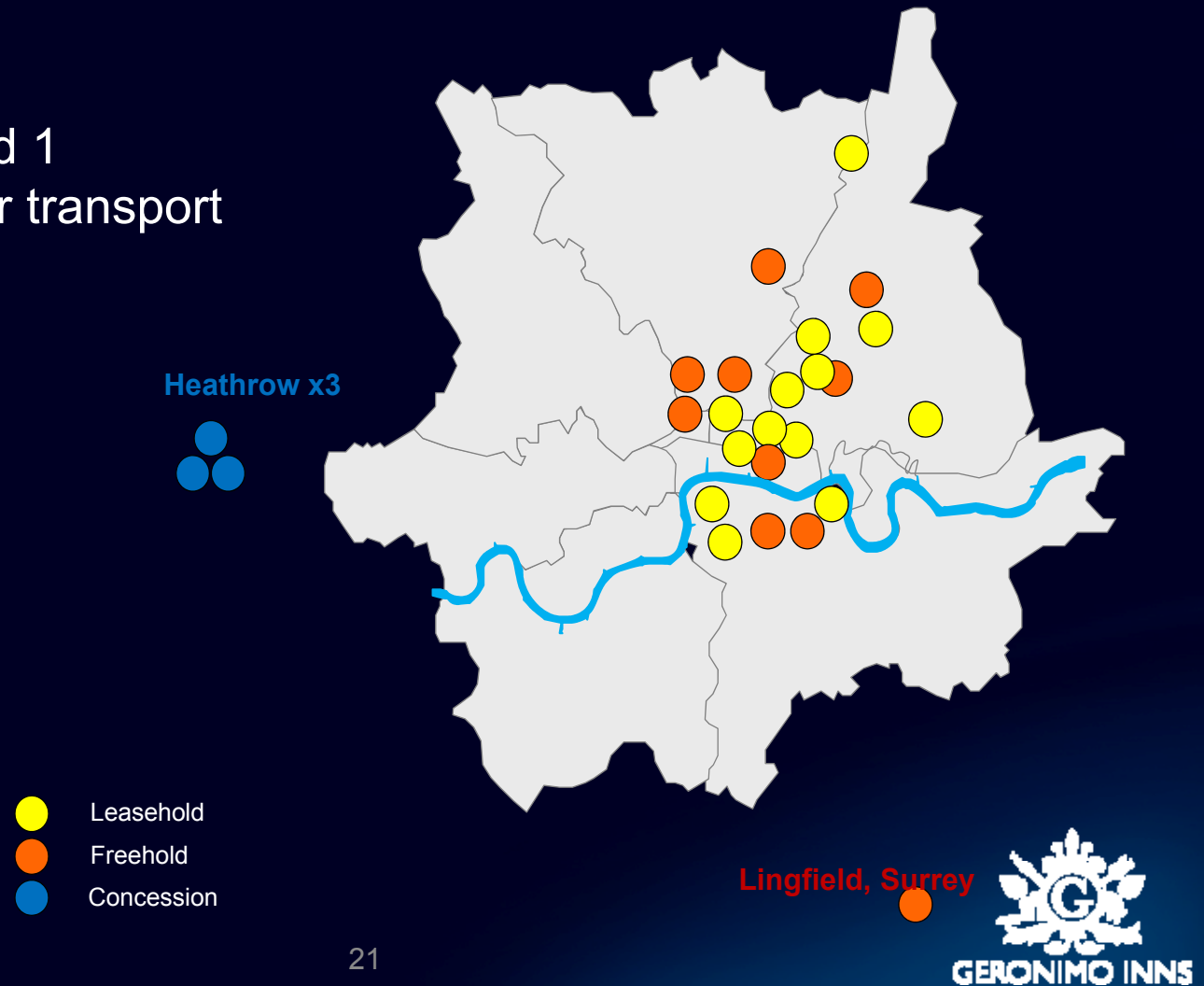
Premium end managed houses



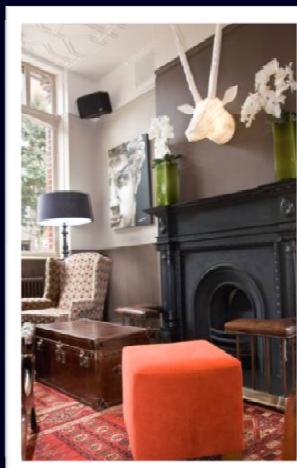
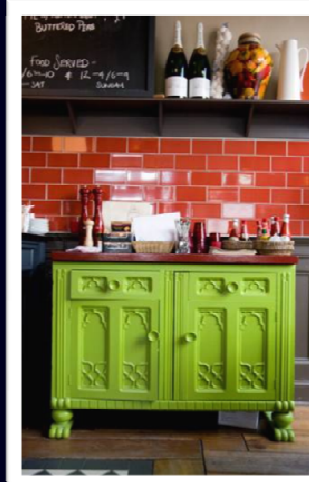


## Geronimo: high quality estate focused on London area...

- 21 in London
- 3 concessions and 1 leasehold at major transport hubs
- 1 in Surrey



## Geronimo style

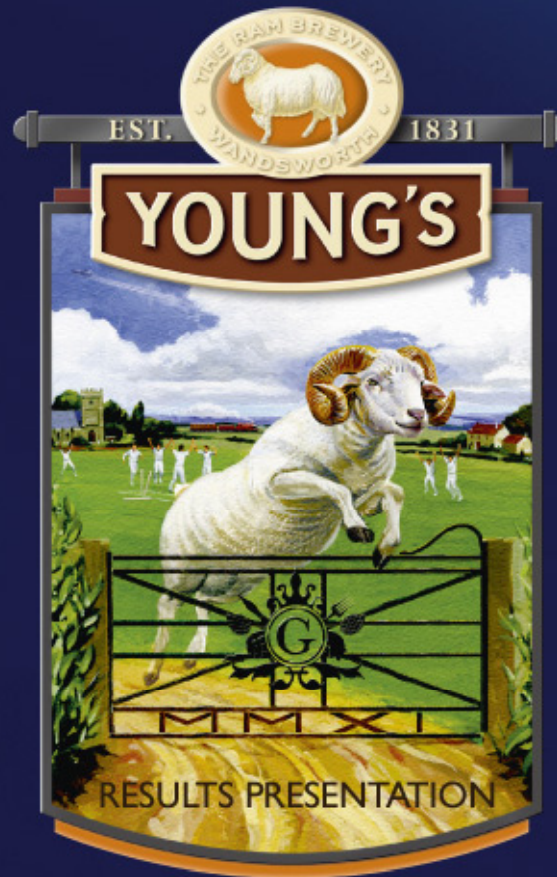


# Geronimo - progress since acquisition

- Acquired on 16 December
- Integration proceeding well
- Synergies coming through as planned
- Three new sites added
  - Surprise, Chelsea
  - Lion and Unicorn, Kentish Town
  - Freehold interest in the Crown, Bow
- Trading well and in line with our expectations







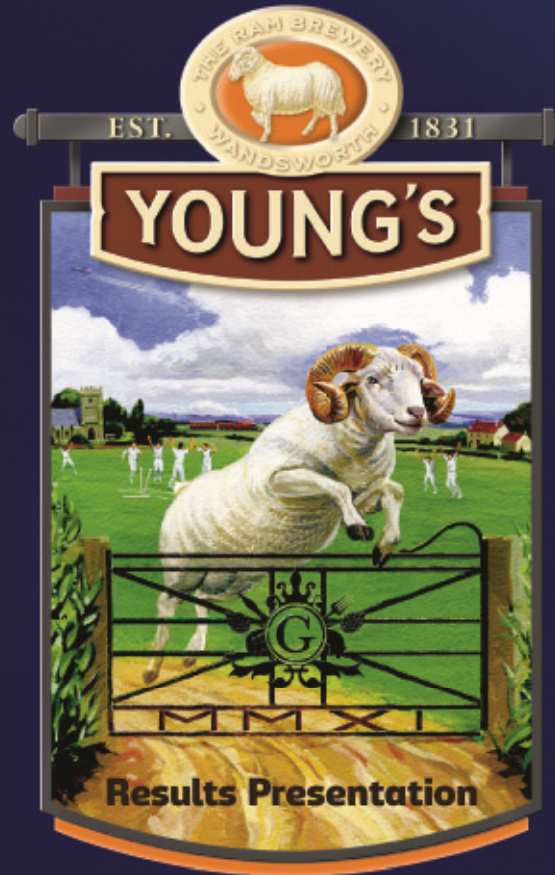
“WELLS & YOUNG’S!”

# Wells & Young's

- 40% brewing partnership with Charles Wells, Bedford
- Good year, contributing £2.6m adjusted profit before tax
- Following loss of Corona Extra and Red Stripe, focus now on driving own brands and focusing on operational efficiencies
- Open to bringing in new brands where terms are attractive







“OUTLOOK AND PROSPECTS!”

# Outlook and prospects

- Current year to benefit from last year's investments, offset by the related extra interest costs
- Very strong managed trade for first 7 weeks, up 34.2% in total (including Geronimo) and up 8.8% on a like for like basis
- Three sites likely to open in current year:
  - The Cow, Stratford (Westfield shopping centre)
  - Plough, Clapham Junction
  - Wheatsheaf, Borough Market
- Quality and growth potential of our estate should mitigate the effects of what remains a very fragile economic recovery

# Questions



