



# Results Presentation

for the 52 weeks ended 28 March 2009

# Agenda

1. Highlights
2. Financial review
3. Operations review
4. Outlook



# Highlights

- Robust performance in very challenging conditions
  - Financial market turmoil
  - Recession
  - Inflationary pressures and duty increases
- Adjusted profits before tax up 3.1% at £19.2 million
- Adjusted EPS up 5.7% at 27.77p
- Proposed dividend increased 2.0% to 6.63p



# Robust results in testing market



All results on continuing activities and where marked \* adjusted for exceptional items and other non recurring items



# Acquisitions

- Total investment of £12.1m
- All high quality managed pubs
  - The Old Ship, Chiswick (on the Thames)
  - Parrot, Canterbury
  - The Roebuck, Hampstead
  - The George, Fulham
- The Beaufort, a new development in Hendon opened during the year



# The strategy

Retail success from delighting customers with stylish pubs, high service standards, quality food and market leading drinks

## Premium offer

- Food
- Drinks
- Training/Service

## Premium location

- Exploiting the location
- Ambience/environment



# Active estate management

- Acquisitions
  - £12.1M invested in four acquisitions
  - £3.7M invested on developing pubs acquired this year and last
- Improved returns from recent investments and developments
  - Strong returns from prior year managed house refurbishments
    - Sales up 23.3%
    - Cash return on incremental investment 17.1%
  - £2.9M invested in major managed house developments and £1.0M in tenanted ones
  - £4.3M of maintenance CAPEX and other projects
- Optimising balance of the estate
  - 1 transfer from tenancy to managed
  - 2 tenancies have ceased trading
- Disposals
  - Sale of a tenanted pub for £1.4 million







## 2. Financial review



# Adjusted profits on continuing operations

	2009	2008
	£M	£M
Reported PBT (including Wells & Young's)	4.2	11.6
Add back Wells & Young's tax included above	0.7	(0.8)
Young's exceptional items	10.5	(0.7)
Wells & Young's exceptional items	3.8	3.8
Premium on redemption of debenture	-	6.8
Discount of site proceeds	-	(2.1)
Adjusted profit before tax	19.2	18.6
Tax excluding exceptionals	(5.9)	(6.2)
Adjusted profit after tax	13.3	12.4
Adjusted earnings per share	27.77p	26.28p

# Review of exceptional items

	2009
	£M
Young's	
Profit on sale of property	0.9
Impairment of properties	(10.6)
Capital gains tax on ESOP shares	(0.1)
Hotel project fees written off	(0.7)
	<hr/>
	(10.5)
	<hr/>
Wells & Young's	
Impairment of property	(2.7)
Reorganisation costs	(0.6)
Foreign exchange contracts	0.4
Interest rate SWAP	(0.8)
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	(3.7)
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# Strong cash flow & continued investment

	2009	2008
	£M	£M
Cash inflow from operating activities	26.4	26.6
VAT owed on site disposal	(10.3)	10.3
Interest, tax and dividends	(9.0)	(10.1)
Free cashflow	<u>7.1</u>	<u>26.8</u>
Capital expenditure and acquisitions	(24.4)	(38.1)
Exercise of share options	0.6	1.8
Premium on redemption of the debenture	-	(6.8)
Disposals net of reorganisation costs	<u>1.4</u>	<u>67.8</u>
(Increase)/ decrease in net debt	<u>(15.3)</u>	<u>51.5</u>

# Investment in the pub estate

Total spend: £24.0M (2008: £38.1M)

By Division



By Nature of Spend



■ Acquisitions - £12.1M

■ Investment on recent acquisitions - £3.7M

■ Investment expenditure on existing estate - £8.2M

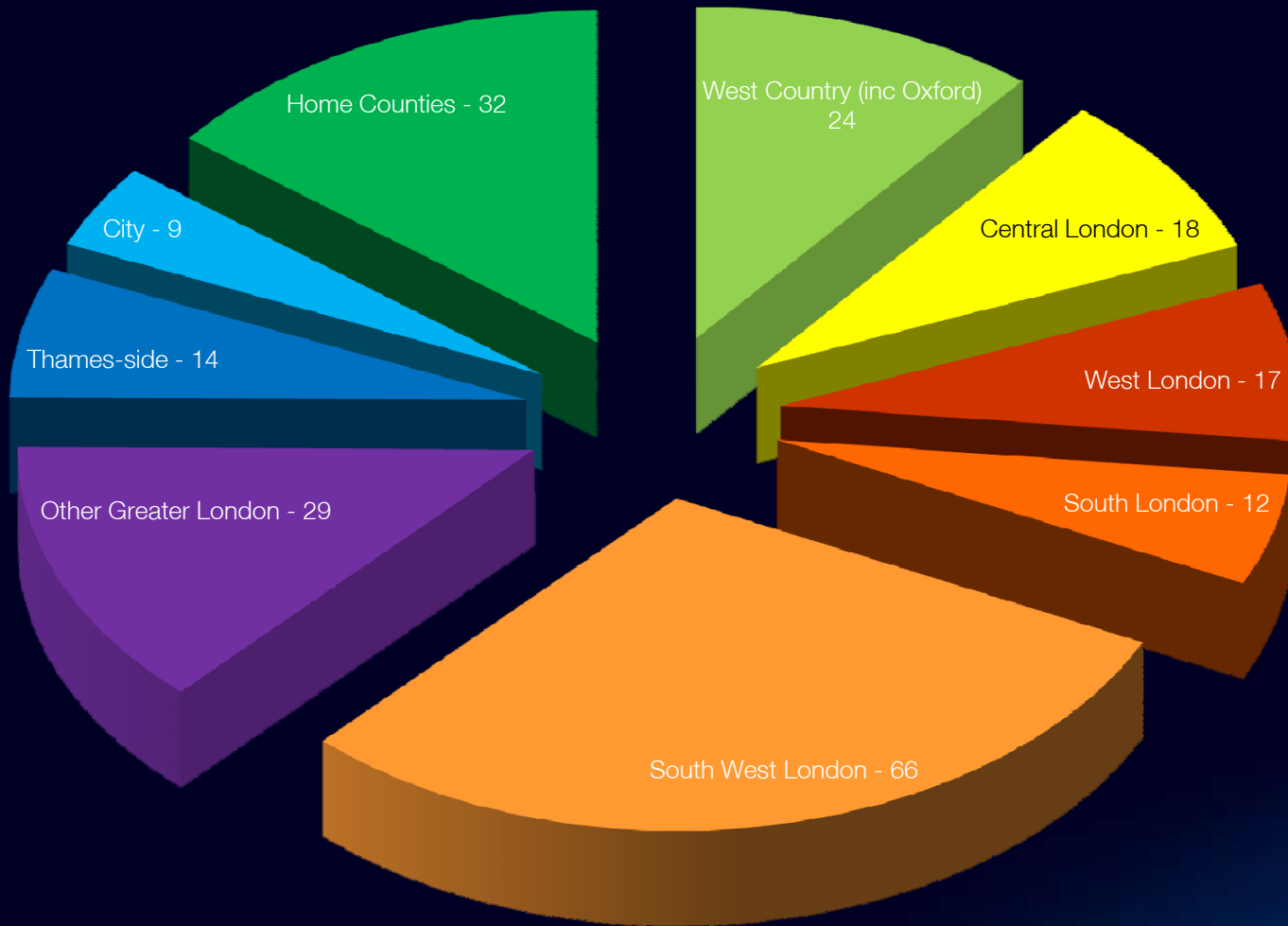


# Estate profile of trading pubs

	April 2008	+	-	Transfers	March 2009
Managed	116	5		1	122
Tenanted	103	-	(3)	(1)	99
Total	219	5	(3)	-	221
Freehold	183	4	(2)	-	185

- ❖ The freeholds above exclude eleven leases with in excess of 40 years to run, with rents that in total amount to less than £10K

# Geographical split of Young's pubs



# Debt structure

Long dated committed facilities <ul style="list-style-type: none"><li>• £50m long term finance (March 2018 to 2023)</li><li>• £40m medium term finance (March 2013)</li></ul>	£90.0m
Net debt	£65.3m
Gearing (no revaluation since 1997)	40%
% of debt fixed	54%
Interest cover	5.4X
Composite fixed rate on fixed debt	6.0%

# Financial summary

- Solid results in testing conditions
- Continued dividend growth
- Conservative financing in place for the long term
- Good cash generation and strong balance sheet







### 3. Operations review



# The Pubican Awards 2009

24th March 2009, London



# Operational highlights

- Significant market challenges
  - Credit crunch/recession impact sales
  - Costs and duty increases impact profitability
- Managed houses
  - Top line growth but flat LFL sales
  - Additional cost pressures
  - Managed houses represent 88.6% of Retail turnover and 82.3% of EBITDA
  - Publican Managed House Pub Company of the year
  - Nightingale was Publican's community pub of the year
- Tenanted houses
  - Tenants being hit hard by tough economic climate
  - Providing support and absorbing some cost increases on tenant's behalf





# Managed Houses – key financials

- Revenue up 4.5%
- LFL revenue flat on same outlet basis
- Total food sales up 7.3% and maintained gross margins
- RevPAR down 7.9% to £38.69
- Operating profit down 3.4% at £25.9M, reflecting significant cost increases and disruption on sites acquired last year





# Managed Houses – key initiatives

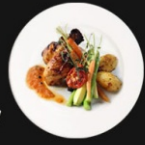
- Product range
  - Comprehensive cask ale offering including guest ales
  - Exciting lager portfolio with continental heritage
  - New wine lists in all our pubs
  - The look and feel of a free house
- Food menus and promotions
  - New food menus focussing on best of British produce
  - Starchef.net designed to enhance gross margins
  - Chefs forum to share best practice
  - Lunchtime express menu/increased snack offer
  - Promotional offers for quieter times - Dine with Wine
  - 14,247 Dine with Wine vouchers downloaded from Young's online with a 54% redemption rate.
- Websites
  - 82 pubs with dedicated websites
  - Total e-mail database stands at 242,765 customers
  - An increase of 95,508 customers (65%) on last year
  - Total hits in last 12 months = 3.7 million
  - An increase of 76% hits on last year
  - Central booking system now in place for hotels
  - Over £1 million revenue taken through hotel's individual websites in last 12 months.
- Efficiencies
  - Reducing the cost base
  - Energy conservation plan, smart meters

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## Dine with Wine

2 people, 2 courses and a bottle of wine for

# £20



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\* Additional courses, side dishes and drinks will be charged at full price.  
\* A soft drink option is available as an alternative to the bottle of wine on request.  
\* Voucher valid from Sun Sunday until Fri Friday to Thursday, from 11 January through to 28 February 2009 (inclusive).  
\* One voucher valid per two persons. Please hand voucher to member of staff when ordering.  
\* Offer available at selected Young's pubs only subject to availability. See [www.youngs.co.uk](http://www.youngs.co.uk) for full list of participating pubs.  
\* We reserve the right to substitute menu items.  
\* Available to persons aged 18 or over only.  
\* Voucher not valid in conjunction with any other offer or promotion.  
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# Tenanted Houses – key financials

- Revenue down 3.3%
- LFL revenue down 4.9% with beer volumes down 9.3%
- One transfer to management
- Operating profit down 2.7% at £5.8 million
- High quality estate that is part of our heritage and future



# Tenanted Houses – key initiatives

- Product range
  - Innovative wine range giving unique list of wines but at affordable prices
  - Guest ale programme gives tenants product range and point of difference
  - Suppliers working directly with tenants to drive volumes
  - Established tenants forum to build on best practice
- Support
  - Shared investment schemes
  - Greater use of discounts, price and duty increases delayed
  - More investment in training and recruitment
  - Joint initiative with IFBB
- Greater focus on estate management



## Like-for-like sales

	Number of sites	Sales £m	Change %
Same outlet			
Managed	107	103.9	-
Tenanted	94	12.7	-4.9
	201	116.6	-0.6
Un-invested			
Managed	84	82.1	-1.9
Tenanted	82	10.4	-6.1
	166	92.5	-2.4



# Operating performance at pub level

Revenue	2009	2008	Change
	£000's	£000's	%
Managed	111,415	106,630	+4.5
Tenanted	14,329	14,818	-3.3
	125,744	121,448	+3.5

## EBITDAR\*

Managed	34,231	34,171	+0.2
Tenanted	7,465	7,710	-3.2
	41,696	41,881	-0.4

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

# Key performance indicators of same outlet pubs

## Managed

Average weekly revenue	£18.7K	0.0% per pub
Food Mix	25.5%	+0.2% points
Average EBITDAR	£310K	-1.1%

## Tenanted

Average EBITDAR	£71.0K	-5.4%
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# Wells & Young's – performance review

- Young's share of PBET of £1.9 million in line with expectations
- Contracted out primary distribution to KNDL
  - £2.8m share of exceptional impairment charge on distribution centre
  - £0.6m restructuring costs
- Young's Bitter becomes the UK's first cask ale to secure the Red Tractor logo



# Operations summary

- Robust performance given the very challenging conditions
- Continuing to invest
- Tight focus on costs
- Supporting tenants
- Quality acquisitions will continue, but only at sensible prices





## 4. Outlook

# Outlook

- Challenging conditions set to remain
- Market conditions remain difficult, not least as a result of rising unemployment
- Additional costs will continue to affect the business, duty rises and the strength of the euro in particular
- Trading in the last 13 weeks was 3.0% ahead of last year albeit 1.3% behind on a same outlet like for like basis
- Not immune from recession, but well placed for when recovery comes



# Questions

