



Results presentation

for the 52 weeks ended 29 March 2008

Agenda

1. Results review
2. Retail operations
3. Wells & Young's Brewing Company
4. Strategy & outlook

Significant events and highlights

- First full year's trading since the major transformation
 - Timing of brewery sale was excellent
 - Premium positioning helping performance
- Strong results in testing conditions
 - Inflationary pressures and duty increases
 - Smoking ban
 - Poor summer weather
 - Consumer spending
- Adjusted profits before tax up 54.7% at £18.6 million
- Adjusted EPS up 50.3% at 26.28p
- Recommended final dividend increased 34.3% to 6.50p



Retail highlights

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

- Good sales and strong profit growth in managed houses
- Resilient sales within tenanted estate brings profit uplift
- Strong period of investment continues, a further investment of £37.9m brings the total over last two years to £83.2m
- Nine pubs acquired in the period
- Robust performance in turbulent market

Estate development

- £37.9M invested in the estate
- Managed houses
 - £26.6M invested in acquisitions and their development
 - £9.4M invested in existing estate
- Tenanted houses
 - £1.9M invested in tenanted houses
 - Of which eight (£0.8M) have had major refurbishments
- Strong returns from prior year managed house refurbishments
 - Sales up 40.2%
 - ROIC of 28.6%
- Acquisitions provide CROCCE returns
 - 7.7% for managed houses
 - 6.3% for tenanted houses



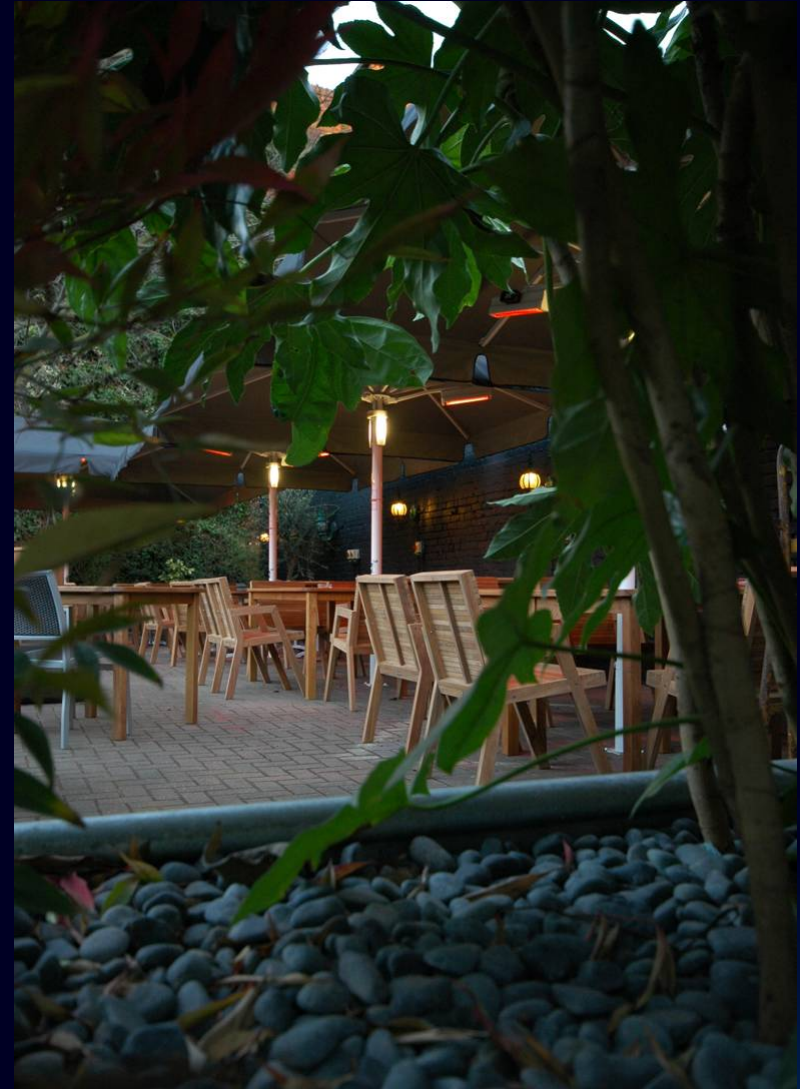
Acquisitions

- Rose & Crown, Farnborough Kent acquired in first half
- Seven pubs acquired in Feb/Mar making little profit impact
 - Cock & Hen, Fulham
 - Mitre, Lancaster Gate
 - Porchester, Westbourne Grove
 - Stinging Nettle, Shepherds Bush
 - Marlborough, Richmond
 - Albion, City
 - Seven Stars, Brighton
- The Beaufort, Hendon opened in April
- Building next to the Alma, Wandsworth



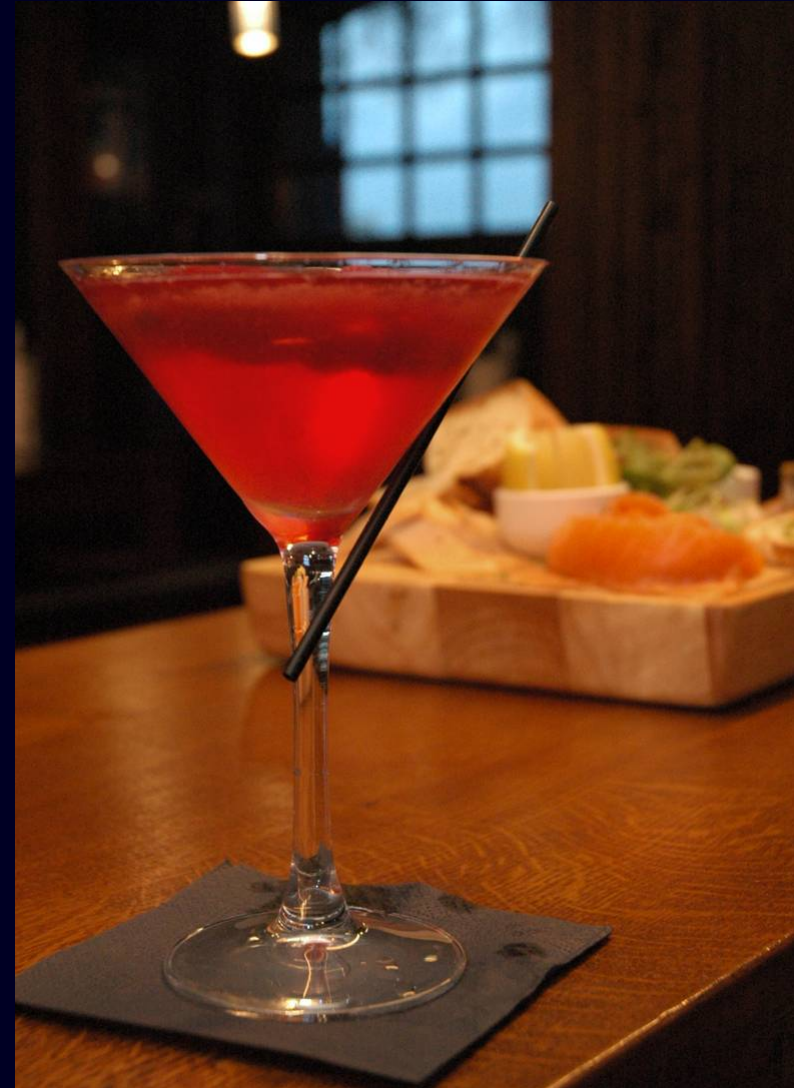
Managed - major developments

- Albert, Kingston
- Bell, Fetcham
- Brewers Inn, Wandsworth
- Bunch of Grapes, London Bridge
- Chequers, Walton
- Clock House, Peckham Rye
- Devonshire, Balham
- Flask, Hampstead
- Greyhound, Carshalton
- Halfway House, Earlsfield
- King's Arms, Fulham
- Spotted Horse, Putney
- Swan, Walton



Tenanted - major developments

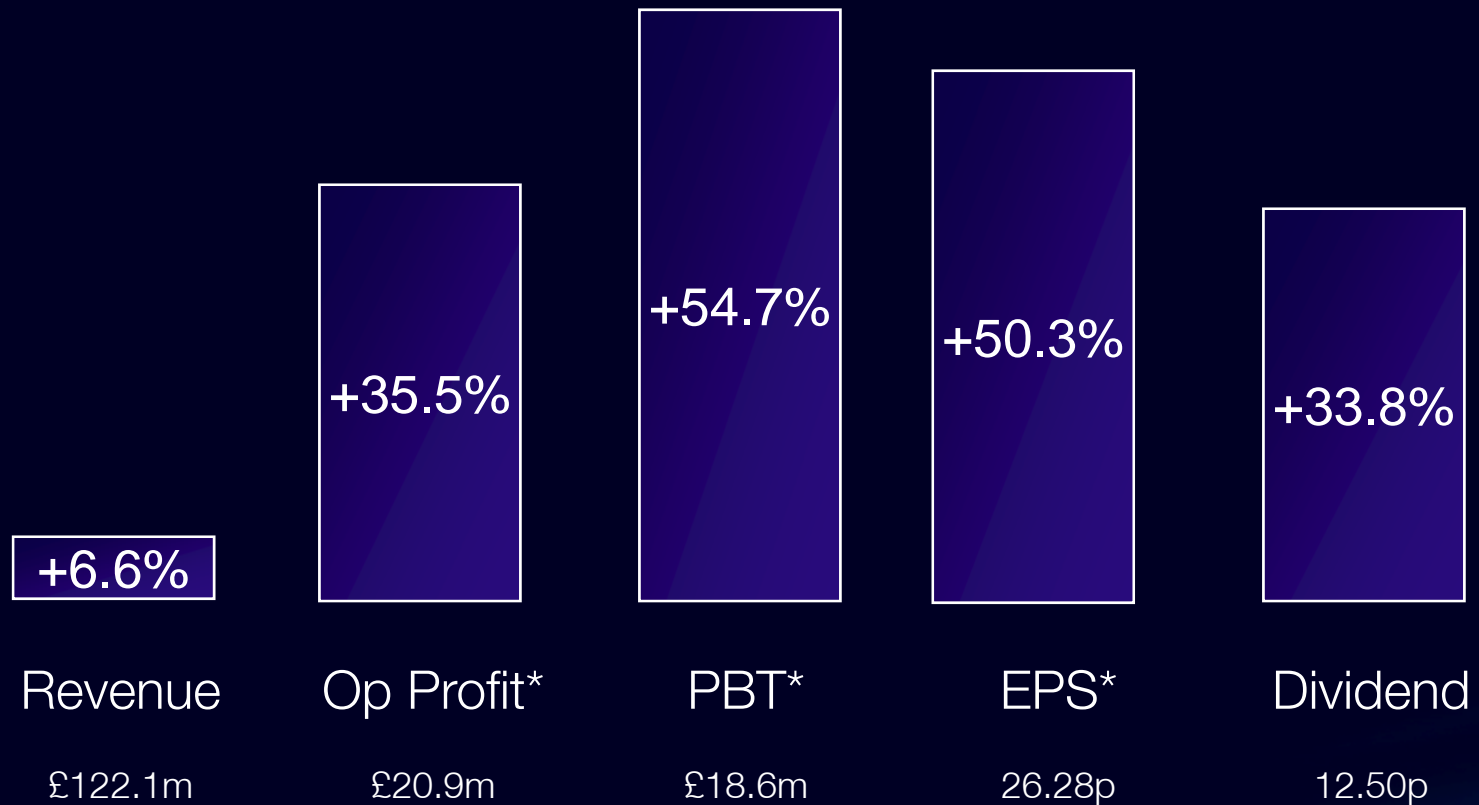
- Black Lion, Surbiton
- Castle, Battersea
- Half Moon, Putney
- O'Connors, Chelmsford
- Old Sergeant, Wandsworth
- Prince of Wales, Tooting
- Red Cow, Richmond
- Thatched House, Hammersmith





1. Results review

Strong underlying results



All results on continuing activities and where marked * adjusted for exceptional items, premium paid on redemption of debenture and discount of site proceeds

Adjusted profits on continuing operations

	2008 £M	2007 £M
Reported PBT (including associate)	10.8	8.7
Operating exceptional items	(0.7)	1.2
Associate's exceptional items	3.8	-
Premium on redemption of debenture	6.8	-
Discount of site proceeds	(2.1)	2.1
Adjusted profit before tax	18.6	12.0
Tax (excluding exceptionals)	(6.2)	(3.9)
Adjusted profit after tax	12.4	8.1
Basic EPS	13.67p	10.35p
Adjusted basic EPS	26.28p	17.49p

Exceptional items

	2008 £M	2007 £M
(a) Operating exceptional items		
Profit/(loss) on sales of properties and investments	1.3	(0.5)
Impairment of property	(1.4)	-
Capital gains tax on ESOP allocated shares	0.8	(0.5)
Property valuation costs	-	(0.2)
	<hr/> 0.7	<hr/> (1.2)

(b) Associate operating exceptional items

Impairment of brands	(2.9)	-
Reorganisation costs	(0.9)	-
	<hr/> (3.8)	<hr/> -

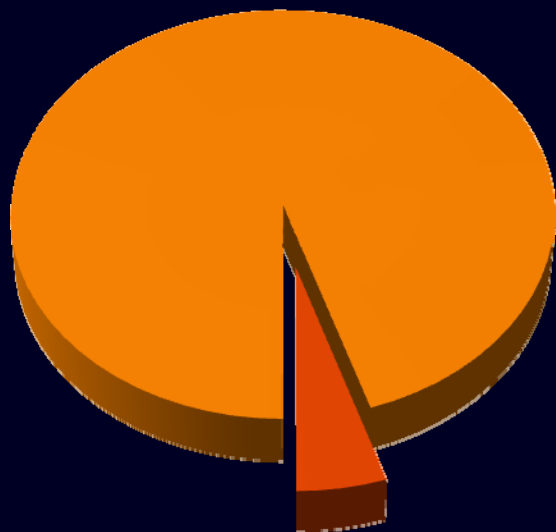
Period of significant investment

	2008 £M	2007 £M
Cash inflow from operating activities	26.6	27.8
VAT owed on site disposal	10.3	-
Interest, tax and dividends	(10.1)	(11.9)
Free cash flow	26.8	15.9
Capital expenditure/acquisitions	(38.1)	(46.7)
Investment in associate	-	(10.0)
Exercise of share options	1.8	0.5
Premium on redemption of debenture	(6.8)	-
Disposals net of reorganisation costs	67.8	(6.4)
Decrease/(increase) in net debt	51.5	(46.7)

Investment in the pub estate

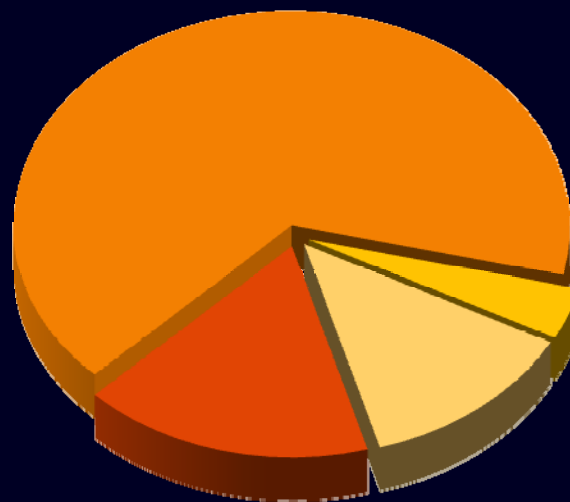
Total spend: £37.9M (2006/07: £45.3M)

By division



- Managed - £36M
- Tenanted - £1.9M

By nature of spend



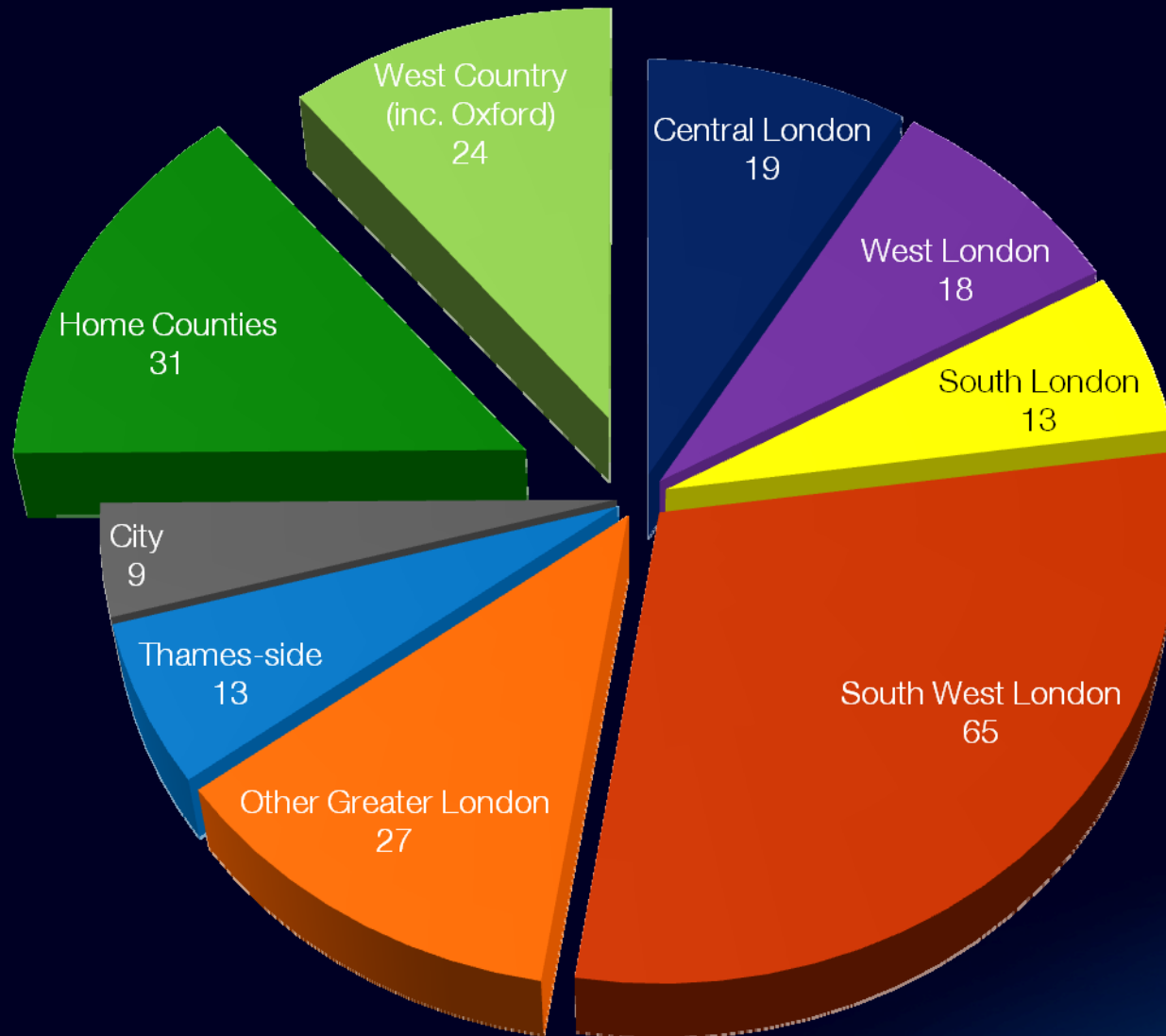
- Acquisitions - £25.1M
- Post acquisition investment - £1.5M
- Investment on major developments on existing sites - £4.9M
- Other capital expenditure on existing sites - £6.4M

Estate profile of trading pubs

	April 2007	+	-	Transfers (net)	March 2008
Managed	114	8	(1)	(5)	116
Tenanted	102	-	(4)	5	103
Total	216	8	(5)	-	219
Freehold	177	8	(1)	-	184

- ❖ The Brewery Tap, being closed has been excluded from managed numbers but included in freeholds
- ❖ The Beaufort in Hendon, opened in April 2008, is excluded from this analysis
- ❖ The freeholds above exclude ten leases with in excess of 44 years to run, with rents that in total amount to less than £10K

Geographical split of Young's pubs



Financing

- Redemption of high coupon debenture
- New £90m committed banking facilities with RBS
 - £50m long term finance (10-15yr)
 - £40m medium term finance (5yr)
- Year end net debt of £50m
 - Interest cover of 4
 - Net debt/EBITDA of 1.5
- Year end net debt of £60.3m, once adjusted for VAT
 - Net debt/EBITDA of 1.9
- Substantial headroom for further acquisitions

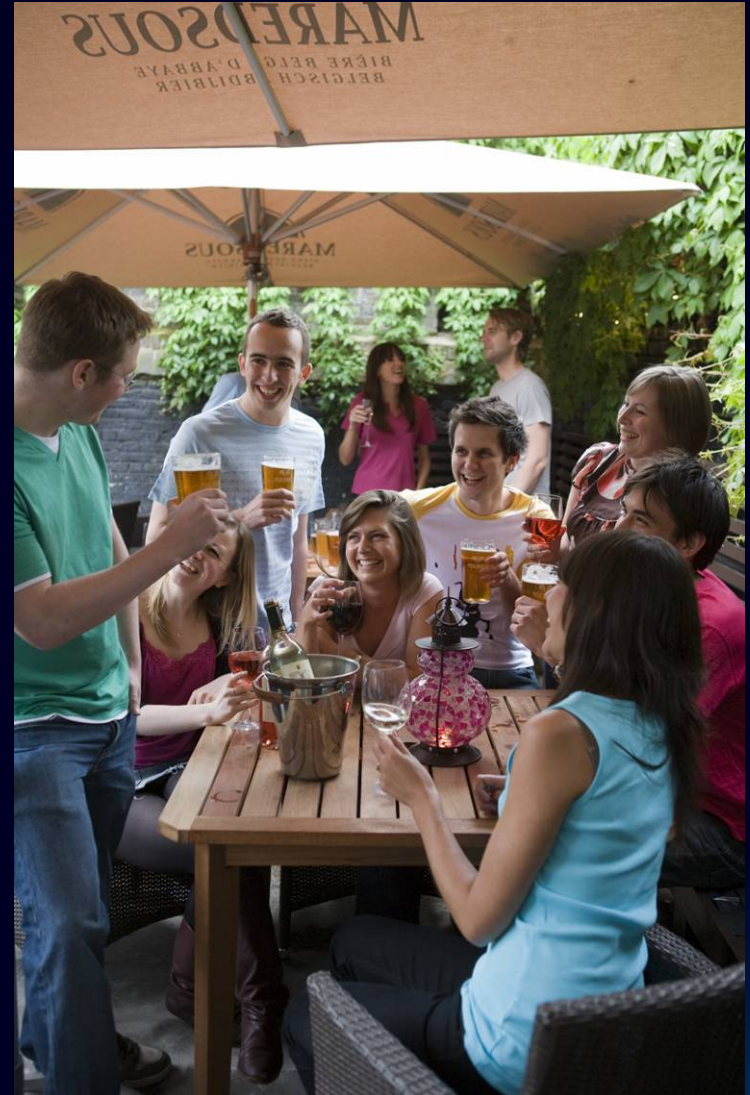


Capital structure

	2008 Adjusted for VAT	2008	2007
Net debt	£60.3m	£50.0m	£101.5m
Gearing	35.0%	29.0%	58.9%
% of debt fixed	58.1%	70.0%	38.6%
Debt/EBITDA	1.9 x	1.5 x	4.4 x
Interest cover	N/A	4.0 x	3.0 x
Composite fixed rate	6.0%	6.0%	7.4%

Financial summary

- Strong results in testing conditions
- Proceeds of Brewery sale invested in the business
- Extended banking facilities on favourable terms
- Good cash generation and strong balance sheet
- Disposed of Plough Clapham Junction and 4 leasehold sites
- Share split





2. Retail operations

Strong managed house performance

- Revenue up 8.1%
- LFL revenue up 4.7% on same outlet basis, up 1.2% un-invested.
- Food sales up 16.0% and now represent 25.4% of managed revenue, +1.8% points.
- RevPAR up 4.7% to £42.04.
- Operating profit up 19.7%, despite smoking ban, poor summer weather and economic uncertainty.



- Both the Guinea and Alma featured in the top 10 pubs in the UK as chosen by industry leaders.
- Improved wet & dry margins more than offsetting input price rises.



Operating performance at outlet level

Revenue

Managed

Tenanted

2008	2007	Change
£000's	£000's	%
106,630	98,648	+8.1
14,818	14,698	+0.8
121,448	113,346	+7.1

EBITDAR*

Managed

Tenanted

34,171	29,414	+16.2
7,710	6,978	+10.5
41,881	36,392	+15.1

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

Like-for-like sales

	Number of sites	Sales £m	change %
Same Outlet			
Managed	96	92.0	+ 4.7
Tenanted	86	12.5	- 2.0
	182	104.5	+ 3.8
Un-invested			
Managed	74	68.4	+ 1.2
Tenanted	72	10.1	- 1.8
	146	78.5	+ 0.8

Key performance indicators of same outlet pubs

Managed

Average weekly revenue	£18.4K	+4.7% per pub
Food Mix	23.9%	+1.2% points
Average EBITDAR	£316K	+9.3%

Tenanted

Average EBITDAR	£75K	+6.8%
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Managed houses – key initiatives

- Expanded consumer choice
 - Lagers: Pilsner Urquell, Amstel, Heineken,
 - Guest cask ale for first time – Deuchars



Pilsner Urquell



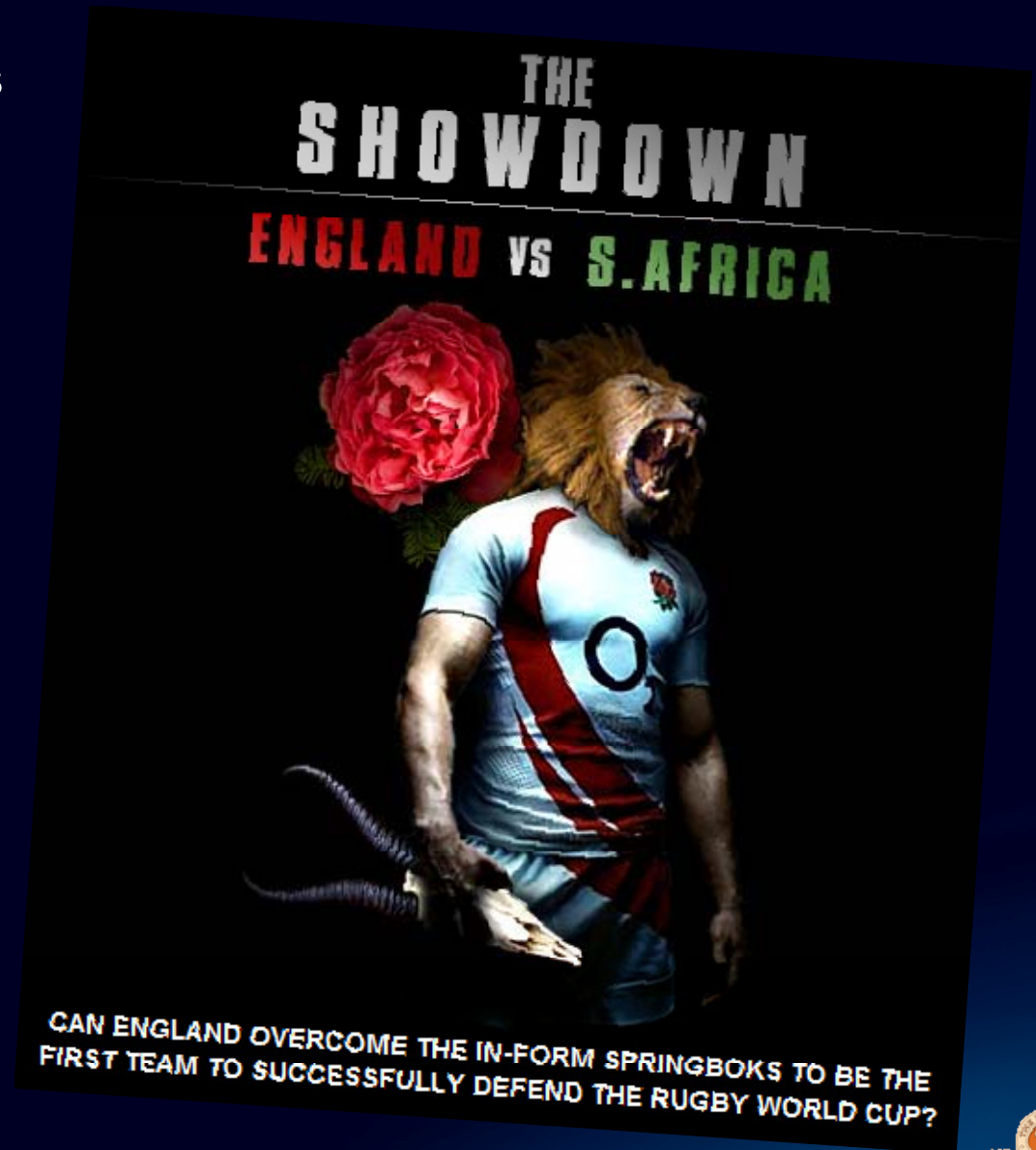
Managed houses – key initiatives

- Cultivating loyalty
 - Consumer response with market leading mystery drinker survey results 90.1% (+6.4% points)
 - Staff where 75% of management changes are promoted from within
 - Academy Awards Dinner motivates and drives performance
 - Last year's retail re-organisation having very positive affect



Managed houses – key initiatives

- Web based innovations
 - Websites now in over 70 (2007: 51) pubs
 - New web based Young's wide hotel booking system
 - Database with more than 100,000 e-mail addresses



Resilient tenanted house performance

- Revenue up 0.8%
- LFL revenue down 2.0% on same outlet basis, down 1.8% un-invested.
- Five transfers from management, sold a freehold and three leaseholds.
 - Plough Clapham Junction
 - Square Tavern
 - Lonsdale
 - RamBaBa
- Operating profit up 14.6%, despite smoking ban, poor summer weather and economic uncertainty.



Tenanted houses – key initiatives

- Actively managing the estate
 - Variable tenure (3 – 20 years) but seeking to move to longer leases to drive profit performance
 - Stylish refurbishments to managed house standard
- Sharing better buying terms through a newsletter sent to tenants six times each year
- Expanded consumer choice
 - Lagers: Pilsner Urquell, Amstel, Heineken,
 - Guest cask ale for first time – Deuchars IPA
- Introduced Imagine (mystery customer) programme throughout estate



Tenanted houses – key initiatives

- Training initiatives and support for our tenants
 - Induction/legislative compliance courses
 - Managed house training made available
 - Actually motivating and improving the quality of our tenants
 - Introduced payment plans to assist tenants with debt
 - BUT taking hard decisions where necessary





3. Wells & Young's Brewing Company

Wells & Young's – performance review

- Trading in line with expectations in difficult conditions
 - Raw materials and duty increase
 - Smoking ban and poor summer
- Focusing on cask ale portfolio
- £1.7m contribution to adjusted profit before tax
 - Share of exceptional items of £3.8m including impairment of non-core lager bands (£2.9m)



4. Strategy & outlook

Active operational management

- Focused quality retail pub business
 - 219 pubs in London and Southern England
- Premium strategy to provide clear point of differentiation...
 - Premium end of the market - style, quality and individuality of a Young's pub
 - Measure against best individual pub and restaurant operators
 - Strong emphasis on service and training
 - Food growth from skilled chefs and fresh produce
 - Attractive environment from well invested estate
 - Strong locations
- ...Designed to drive performance
 - More customers and better gross margins
 - Like for like sales from innovation and differentiation
 - Operational efficiencies to offset inflationary pressures



Active estate management

Organic growth augmented by:

- Improved returns from recent investments and developments
- Ongoing investment in high returning projects
- Optimising balance of the estate
 - Transfers between managed and tenanted
 - Transferring tenanted to long leases
- Acquisitions
 - Prices proving resilient in London and South East
 - Competition easing
- Disposals



Outlook

- Challenging conditions and trading against strong April comparatives
- Current trading is resilient
 - Revenue up 3.4% in 8 weeks to 24 May 2008
 - LFL sales up 1.6% on a same outlet basis
- Young's business offers some resilience in difficult economic times
- Improving comparatives
 - 1 July smoking ban anniversary
 - This summer can't be worse than last year.....can it?
- But inflationary headwinds
- Benefits of recent acquisitions and investments
- Improving opportunities for further acquisitions
- Confident of continued progress



Questions