



RESULTS PRESENTATION

2013 INTERIM REVIEW

DOING THINGS BETTER BY HALF

TODAY



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STEPHEN GOODYEAR

SUMMARY

STEPHEN GOODYEAR

HIGHLIGHTS

- Another excellent period, especially when compared against strong comparatives
 - Revenue up 8.0%
 - LFL revenue up 5.6%
- Operating profit up 15.1% as margin continues to strengthen
- Adjusted profit before tax up 18.6%
- Proactive estate management
 - £17.7m invested (including four freeholds) largely financed through the summer's strong cash flow
- Strong balance sheet
 - Net debt as a multiple of EBITDA fell to 2.6 (2012: 3.0) times
 - Gearing of 32.0% (2012: 35.8%)
- Progressive dividend policy
 - 6.1% rise in interim dividend; 17 consecutive years of unbroken increase



STRATEGY

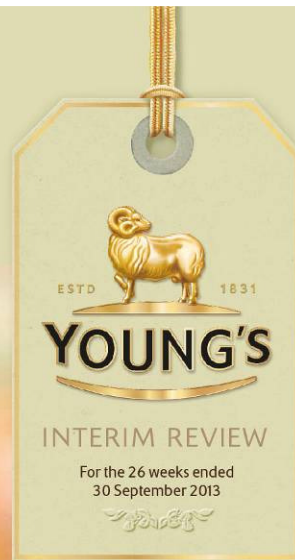
- Pure play, differentiated pub company
 - Well invested, premium end of the market, based in London and south east
 - Proactive estate management
- Investment in high returning projects
 - Acquisition of managed houses, either as packages or individual sites
 - Investing to exceed customer expectations
 - Estate of fewer, but better quality, tenanted houses
- Driving...
 - Superior like-for-like performance
 - Gross margin improvements
 - Operational efficiency and scale benefits



PREMIUM STRATEGY DRIVING MANAGED HOUSE REVENUE GROWTH



	2011 Interims 26 wks %	2012 Year-end 52 wks %	2012 AGM 13 wks %	2012 Interims 26 wks %	2013 Year-end 52 wks %	2013 AGM 13 wks %	2013 Interims 26 wks %	2013 Last 7 wks %
LFL	+4.0	+6.0	+4.0	+5.7	+4.6	+6.8	+6.0	+4.6
TOTAL	+37.9	+29.1	+10.1	+12.9	+10.0	+10.7	+9.0	+7.7

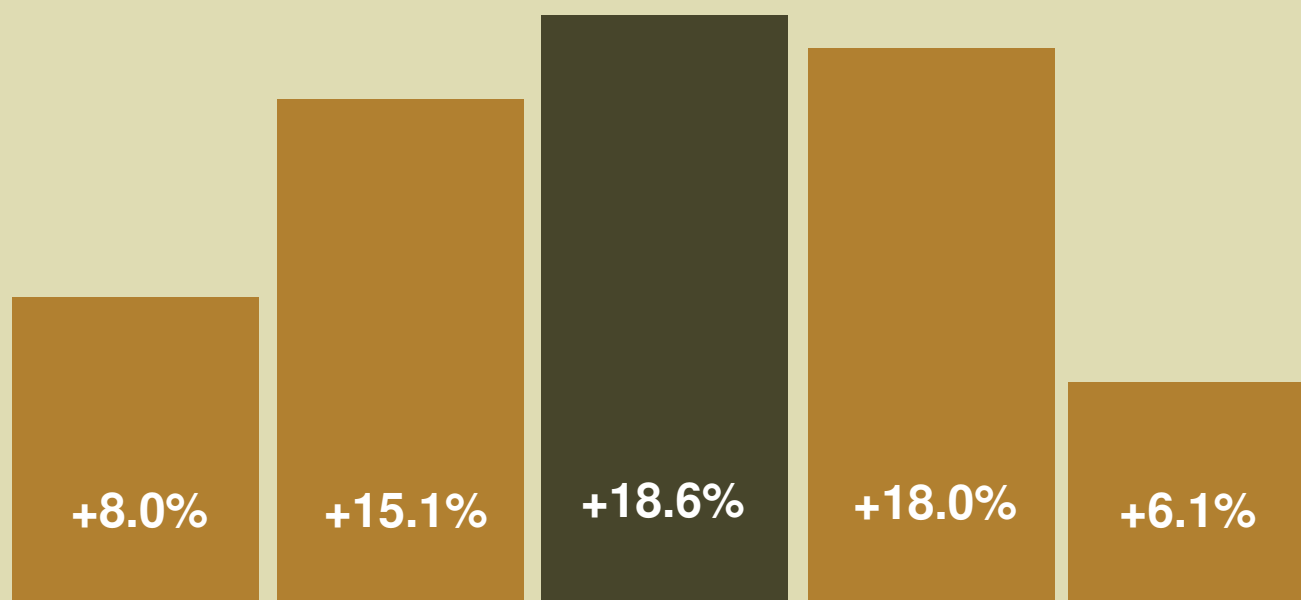


FINANCIAL REVIEW

2013 INTERIM REVIEW

DOING THINGS BETTER BY HALF

STRONG RESULTS



Revenue	Operating profit*	PBT*	EPS*	Dividend
£108.2m	£18.7m	£15.9m	25.26p	7.45p

** adjusted to exclude exceptional items*

GROUP RESULTS



	2013 £m	2012 £m	Change %
Managed houses	25.25	21.60	+16.9
Tenanted houses	1.85	2.30	-19.6
Corporate services	(8.35)	(7.61)	-9.7
Operating profit	18.75	16.29	+15.1
Operating margin	17.3%	16.3%	+1.0pts
Finance costs (net)	(2.86)	(2.89)	+1.0
Profit before tax	15.89	13.40	+18.6

Adjusted to exclude exceptional items

MANAGED LFL REVENUE AT PUB LEVEL



	No. of pubs	£k	Change %	AWT per pub £k
Young's	121	72,618	+7.0	23.1
Geronimo	33	25,644	+3.5	29.9
Total	154	98,262	+6.0	24.5

MANAGED LFL OPERATING PROFIT AT PUB LEVEL



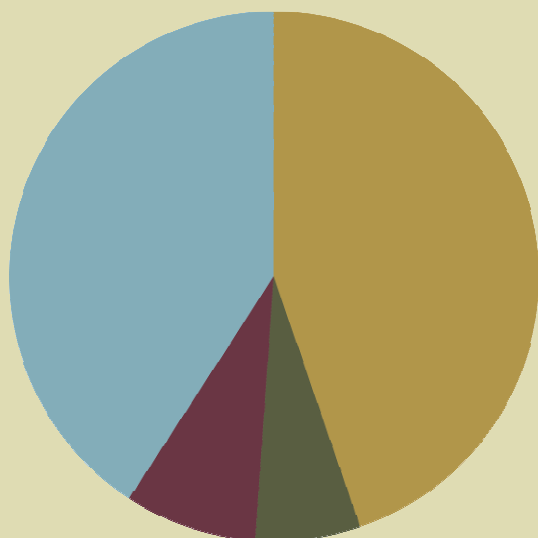
	£k	Change %	Margin %	Change %
Young's	19,113	+10.3	26.3	+0.8
Geronimo	5,271	+26.0	20.6	+3.7
Total	24,384	+13.4	24.8	+1.6

CAPITAL INVESTMENT IN PUB ESTATE



Total: £17.6m (2012: £9.5m)

By division



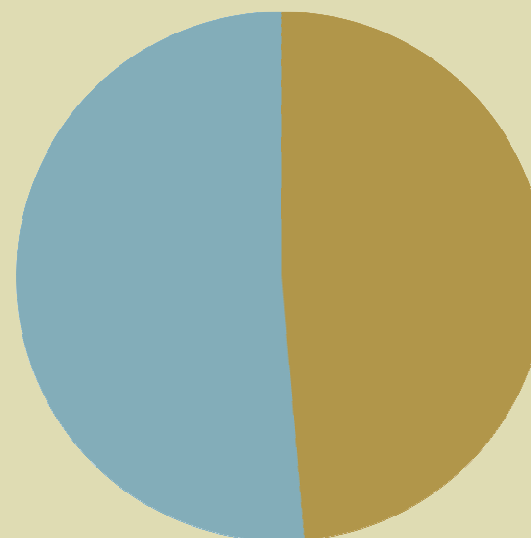
■ Young's Managed £7.9m

■ Young's Hotels £1.1m

■ Tenanted £7.2m

■ Geronimo £1.4m

By nature of spend



■ Investment on existing estate £8.7m

■ Acquisitions £8.9m

STRONG CASH GENERATION AND INVESTMENT



	2013 £m	2012 £m
Cash generated from operations	25.6	16.3
Interest and tax	(5.1)	(5.1)
Dividends	(3.7)	(3.5)
Disposals	-	2.8
Capital expenditure	(17.7)	(9.5)
(Increase)/decrease in net debt	(0.9)	1.0

DEBT STRUCTURE



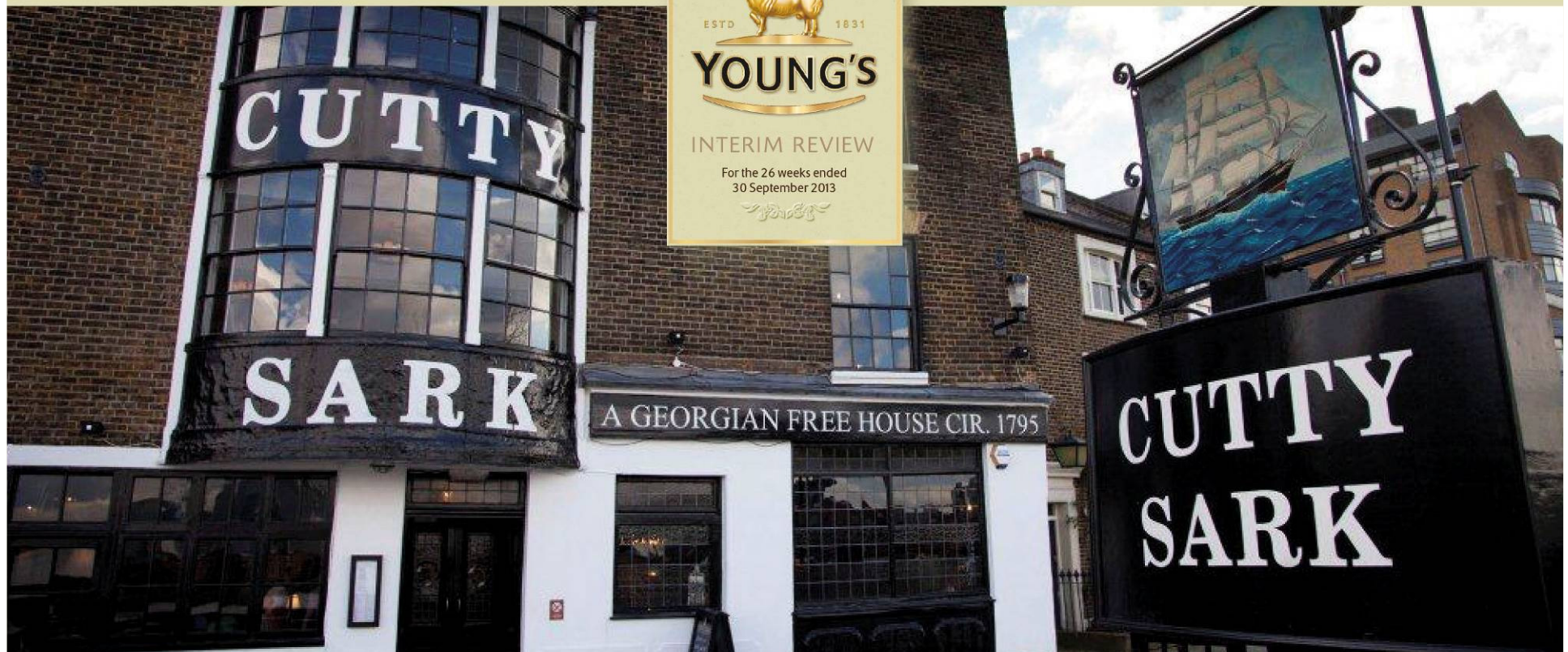
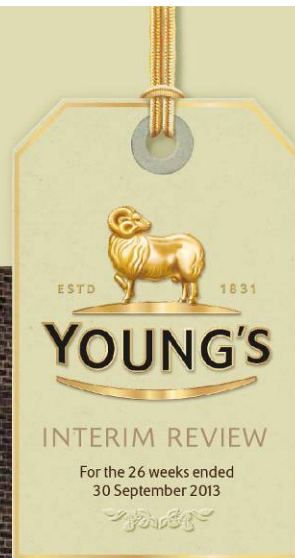
Longer-dated committed facilities	
£30m long term (March 2023)	£50.0m
£20m medium term (March 2018)	
Medium-dated committed facilities	
£50m RCF (Dec 2015)	£100.0m
£50m term loan (Dec 2013 to 2015)	
Net debt	£113.5m
% of debt fixed	88.1%
Interest cover (based on last 12 months' trade)	5.5 times
Net debt/EBITDA (based on last 12 months' trade)	2.6 times
Loan to value	21.3%

PUB PORTFOLIO



	April 2013	+	-	Transfers	Sept 2013
Young's Managed	125	-	-	3	128
Geronimo	34	-	-	1	35
Tenanted	78	3	-	(4)	77
Total	237	3	-	-	240

Out of the total of 240 pubs, there are 187 freeholds and 13 long leases with peppercorn rents (leases with > 39 years to run, with rents that are < £10K per annum)



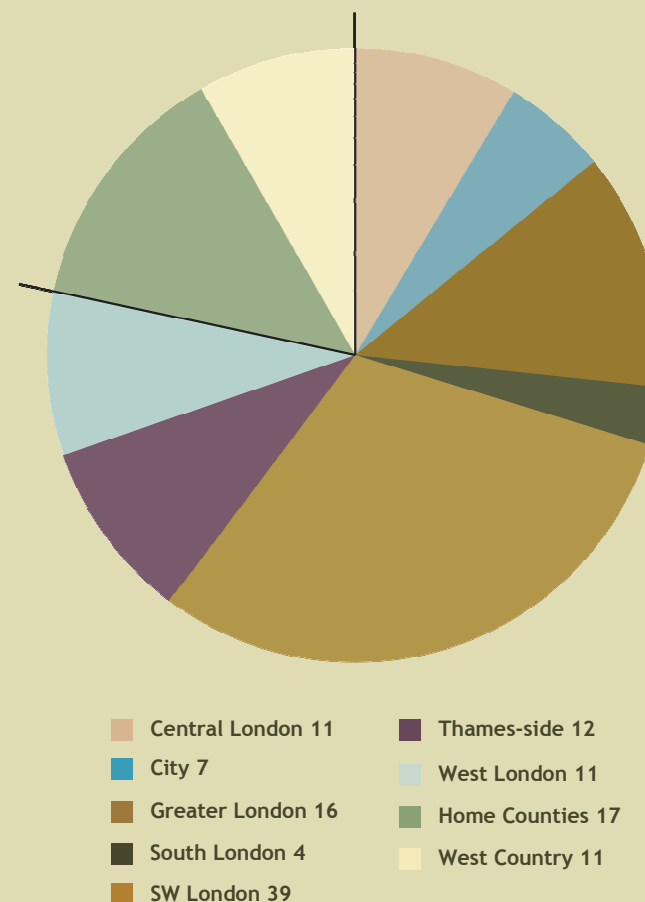
MANAGED HOUSES – YOUNG'S

2013 INTERIM REVIEW

DOING THINGS BETTER BY HALF

YOUNG'S MANAGED ESTATE

- 128 prime sites, including 18 hotels
 - Revenue up 12.1%
 - LFL revenue up by 7.0%
 - Operating profit up 14.9%
- Hotels' RevPAR up 2.0% at £55.22
- New pubs prospering
 - Cutty Sark, Narrowboat and Wheatsheaf, exceeding expectations
- Food leading the way
 - Food LFL sales up 10.5%, with drink LFL up 5.7%
- Record breaking summer along the river
 - Over half of Young's Thames-side pubs beat their all time 26 week record
- Commitment to our customers
 - Always striving for excellence, whether in product portfolio, food, service, ambience or design
- Commitment to our people
 - Y factor training programme developing talent throughout the business



WELL-INVESTED ESTATE



Pub developments	Additions	Hotel developments
Dog & Fox (Wimbledon)	Bull & Gate (Kentish Town)	Brook Green (Hammersmith)
Duke of Wellington (Notting Hill)	Three Lords (City)	Crown (Chertsey)
Queen Adelaide (Wandsworth)	Marquess Tavern (Islington)	
Flask (Hampstead)	King's Arms (Epsom)	
Hand & Spear (Weybridge)		
White Hart (Barnes)		
Horts (Bristol)		
£5.3m	£2.6m	£1.1m

REVENUE HIGHLIGHTS



- **Drink**

- Growth across all product groups, with mix reflecting the warm summer
- New fresh identity for Young's brands
- Programme of both food and drink master classes

- **Food**

- Fastest growing part of the business, 28.5% of total revenue
- A balance of great British classics and individual innovation by our chefs
- Locally sourced and prepared in-house
- Creative barbeque offers

- **Accommodation**

- Integral to our growth strategy, with 400 rooms and 29 to be added soon
- Brook Green rooms upgraded to boutique quality
- Open kitchens now at Dog & Fox and Crown, driving outstanding food growth
- RevPAR - £55.22, up 2.0% on last year

	LFL	Total	Mix
Drink	+5.7%	+11.3%	65.8%
Food	+10.5%	+16.0%	28.5%
Accommodation	+6.8%	+6.8%	5.3%
Other	-11.7%	-23.7%	0.4%
Total	+7.0%	+12.1%	100.0%

CREATIVE, TARGETED AND EFFECTIVE MARKETING

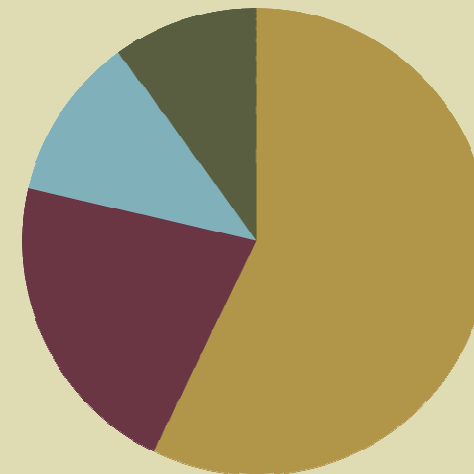


- Harnessing digital platforms to drive awareness and bookings
 - Database now exceeds 650,000
 - Mobile responsive website launched, which now handles 30% of demand
 - Promoting local events and maintaining Young's pubs in each community's heart
- New role of sales coordinators in the 25 leading sites
 - Providing exciting programme of events developed to match local market needs
- Young's Day, an annual event
 - Rewards loyalty and celebrates our rich heritage each year on 19th September
- Updated facade rolled out in five pilot sites
 - Intensive roll out programme from February

DRINK MIX



- Absolute and LFL growth across categories
- Beer and cider
 - Still dominant part of drink mix (57.1%)
 - Robust growth 4.3%, with cider up 24.0%
- Leading role in craft beer revolution
 - 80% of Young's pubs sell craft beer
 - Challenging people's expectations
- Wine
 - Growing part of mix (21.3%)
 - Sales up 9.2%, with the warm summer bringing out the sparkling (up 27.7%) and rosé drinkers (up 23.3%)
 - Knowledgeable staff drive sales
- Spirits 11.3% of mix and growing
 - Sales up 7.0%
 - “Speakeasy” cocktail bar concepts



Beer Other Spirits Wine

	Beer	Wine	Spirits	Other
2013	57.1%	21.3%	11.3%	10.3%
2012	57.9%	20.5%	11.2%	10.4%
Growth	4.3%	9.2%	7.0%	5.3%

ACCOMMODATION



	2010	2011	2012	2013
Hotels	16	17	17	18
Rooms	347	370	380	400
Room rate	£64.40	£71.61	£73.10	£72.57
Occupancy	71.7%	73.7%	74.1%	76.1%
RevPAR	£46.16	£52.79	£54.14	£55.22

YOUNG'S - CAPITAL INVESTMENTS





MANAGED HOUSES – GERONIMO

2013 INTERIM REVIEW

DOING THINGS BETTER BY HALF

GERONIMO



- Revenue up 1.0%
 - LFL estate growing by 3.5%, despite the challenge of last year's Olympic uplift
 - Excluding the Stratford sites, revenue was up 7.8%, with the LFL estate growing by 7.1%
 - Estate's average weekly take is now £30k per pub
- Period of consolidation allows time to focus on profit conversion
 - Operating margin 20.4% (2012:16.5%)
 - Labour scheduling improvements
 - Purchasing synergies achieved
- Operating profit up 24.9%



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- 26 sites on acquisition, five transfers and four acquisitions

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GERONIMO, THE “LIFE STYLE” BRAND



- Understands the new generation whilst appealing to traditionalists
- Newspaper and database communication brings sense of belonging to our club
- Health conscious food
- Environmental responsibility driving the food, the culture and detail
- Wine sales strong (beer sales less than half drink sales), but setting remains that of a pub
- Growing niche in high profile music venues
- Continually fresh and creative design
- Club room brand evolves to meet changes in consumer habits
- Branded social media, PR and dynamic video messaging all driven from the centre
- Retains individuality and allows a point of difference in the Young's stable



DEVELOPMENTS

- Pub developments
 - Adam and Eve (Fitzrovia), Lord Palmerston (Tufnell Park) and Elgin (Notting Hill)
- Programme of continual refreshes
- Adding to and developing the private hire
 - Coat and Badge (Putney), Elgin (Notting Hill), King's Head (Winchmore Hill), Prince Albert (Battersea) and Red Barn (Blindley Heath)
- Transfers
 - Bull's Head (Barnes), reopens December



REVENUE HIGHLIGHTS



- Revenue up 1.0% and LFL sales up 3.5% as the post Olympic period sets in
 - Excluding Stratford sites, revenue was up 7.8% with LFL up 7.1%
- Drink
 - Strong absolute growth up 5.8%, with LFL sales up 5.1%
 - Wine an integral part of brand strength
- Food
 - Absolute growth up 2.5% and LFL growth up 1.6% against a very strong comparative
 - Quality ingredients, great execution and service
 - Provenance - boat skippers, farmers and our own label products
 - Creative marketing - tasty Tuesdays and City Farms
- Other
 - Comparative distorted by Olympic effect and change in Club Room policy

	LFL*	LFL	Total	Mix
Drink	+9.4%	+5.1%	+5.8%	67.3%
Food	+5.1%	+1.6%	+2.5%	32.2%
Other	-7.2%	-44.2%	-46.8%	0.5%
Total	+7.1%	+3.5%	+1.0%	100.0%

* LFL excludes Stratford sites

GERONIMO - INNOVATIVE STYLE AT ITS HEART



OUR PEOPLE

- **Hospitality industry challenges**
 - Exceeding customers' expectations is integral to our success
 - Employ 3k+ people, and with high staff turnover, regular and responsive training is essential
- **Recruitment**
 - Website enables us to attract candidates, track applicants and screen for quality
 - Member of Hospitality Perceptions Group working to attract people into the industry
- **Skills training and Management Academy**
 - The Y Factor and the G Way give an induction and provide the essential skills
 - Academy provides management and leadership training
 - Succession planning (70%+ of management appointments are internal)
 - E-learning platform has provided health and safety training for a decade
- **Chef's Academy**
 - We sponsor 15+ apprenticeships in professional cookery at local colleges
 - New Academy develops chefs for the future
- **Objective online appraisal system**
 - Develops, promotes and retains top talent
 - Provides career and succession plans





TENANCIES

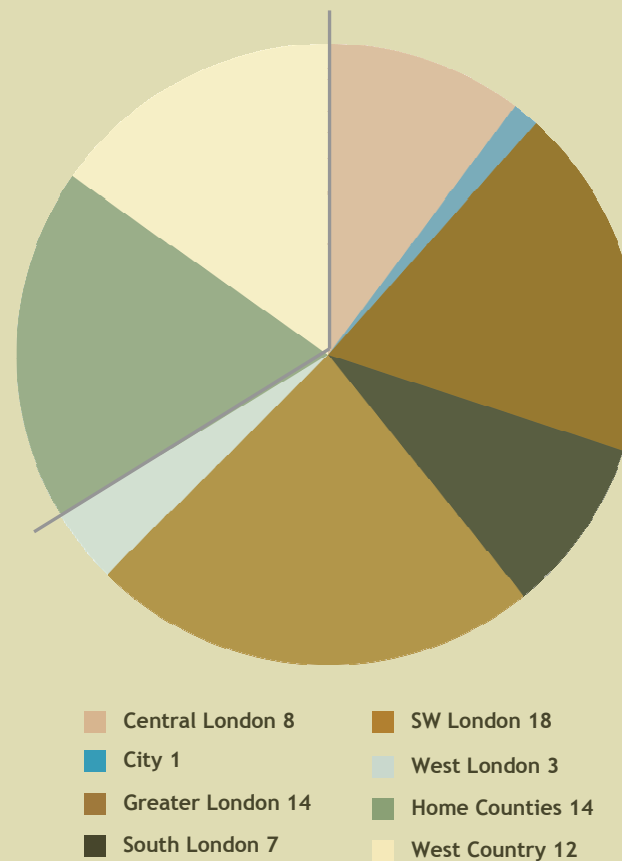
2013 INTERIM REVIEW

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TENANTED OPERATING HIGHLIGHTS



- **Reconstructing our tenanted model**
 - Last year: seven sold; two leases expired; one transferred to managed
 - This period: four transferred to managed
 - Three new freeholds acquired - Clapham North, New Inn (Ealing) and Royal Oak (Bethnal Green)
 - 77 tenancies now (18 months ago: 88)
 - As expected, total sales down 7.1%; profits down 19.4%
- **Commitment to tenancies remains**
 - Smaller estate of better quality pubs



TENANTED INITIATIVES AND ENHANCEMENTS

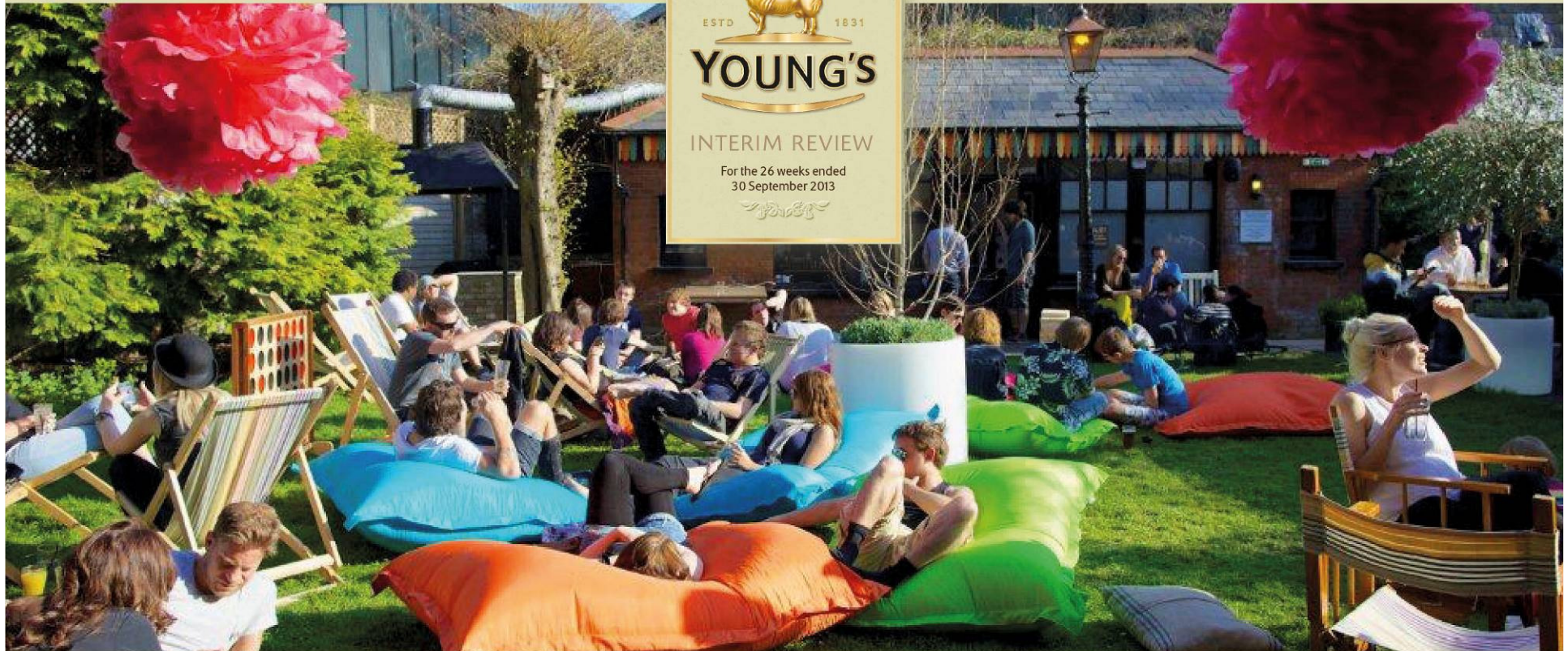
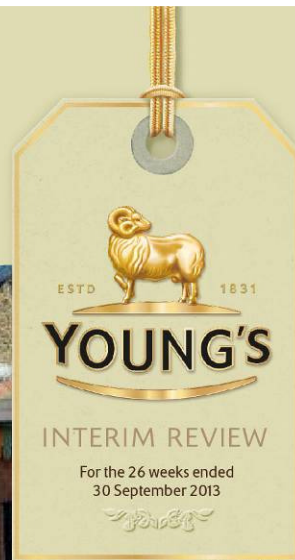


- **Commitment to our tenants**
 - Improved support with stronger partnership principle
 - Improved access to training
 - Extended portfolio of leading brands
 - Our code of practice achieved industry accreditation
- **Marketing**
 - Newly appointed sales and marketing manager
 - New website under development
 - Soon to be re-branded
 - Investing in systems and processes to drive better tenant recruitment
- **Strategy**
 - Focus on fewer, better invested pubs capable of sustainable growth
 - Limited future disposals but potential for further acquisitions or transfers from management



TENANTED





SUMMARY

2013 INTERIM REVIEW

DOING THINGS BETTER BY HALF

OUTLOOK AND PROSPECTS



- Good start to second half
 - Sales for the first seven weeks up 7.7% (4.6% on a LFL basis)
- New managed openings
 - Bull's Head bringing jazz back to Barnes in December
 - The Bull & Gate opens in Kentish Town in February
- New pubs in the pipeline
 - Acquired the Boatman (Guildford) and exchanged contracts for the Guard House (Woolwich) and actively looking for other sensibly priced assets
- Strategy remains the same
 - A consistent strategy along with a strong financial profile and committed team continues to deliver superior returns for shareholders
 - 6.1% rise in interim dividend; 17 consecutive years of unbroken increase

