

# Preliminary results

## For the 52 weeks ended 28 March 2016





# Today

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Strategy and business review

Stephen Goodyear, Chief Executive

Financial review

Peter Whitehead, Finance Director

Managed Houses

Patrick Dardis, Retail Director

Ram Pub Company

Stephen Goodyear

Outlook

Stephen Goodyear

# Strategy and business review





# Pure play, differentiated pub company

- Well-invested, premium end of the market
- Based primarily in London and the south east
- Focussed on:
  - Investing in high returning projects
  - Acquiring managed houses
  - Expanding hotels operation
  - Exceeding customer expectations
  - Maintaining an estate of quality tenanted houses
  - Exploiting operational efficiency and scale benefits





# Driving...

|   | 2013<br>Year End<br>52 weeks | 2014<br>Year End<br>52 weeks | 2015<br>Year End<br>52 weeks | 2016<br>Year End<br>52 weeks |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Strong Managed House LFL performance</b> | <b>+4.6%</b>                 | <b>+6.7%</b>                 | <b>+6.5%</b>                 | <b>+5.6%</b>                 |
| <b>Improved operating margins</b>           | <b>+14.9%</b>                | <b>+15.7%</b>                | <b>+16.5%</b>                | <b>+16.7%</b>                |
| <b>Adjusted earnings per share</b>          | <b>36.34p</b>                | <b>42.88p</b>                | <b>50.62p</b>                | <b>57.20p</b>                |
| <b>Healthy cash generation</b>              | <b>£35.1M</b>                | <b>£47.3M</b>                | <b>£50.6M</b>                | <b>£60.4M</b>                |
| <b>Continued investment</b>                 | <b>£20.5M</b>                | <b>£33.6M</b>                | <b>£50.9M</b>                | <b>£45.1M</b>                |

**Robust trading, total sales up 8.1% and 5.3% on a like-for-like basis for the last seven weeks**





## Business review

- Revenue up 8.3% to £245.9M
- Managed House LFL sales up 5.6%  
- the 3rd consecutive year above 5%
- Adjusted profit before tax up 10.6% to £35.4M
- Dividend increased for 19th consecutive year,  
up 6.0% at 9.07, total for the year 17.45 pence
- Balance sheet underpinned by our portfolio of  
freehold property, predominantly in London -  
valued at £665.8M



# Financial review





## Another period of strong results

|                   |         |  |        |
|-------------------|---------|--|--------|
| Revenue           | £245.9M |  | +8.3%  |
| Operating profit* | £41.0M  |  | +9.6%  |
| PBT*              | £35.4M  |  | +10.6% |
| EPS*              | 57.20p  |  | +13.0% |
| Dividend          | 17.45p  |  | +6.0%  |

\* Adjusted to exclude exceptional items



## Operating performance by division

Managed Houses

£53.3M



+6.4%

Ram Pub Company

£4.5M



+4.7%

Outlet profit

£57.8M



+6.3%

Operating profit

£41.0M






+9.6%

\* Adjusted to exclude exceptional items






## Managed LFL revenue at pub level

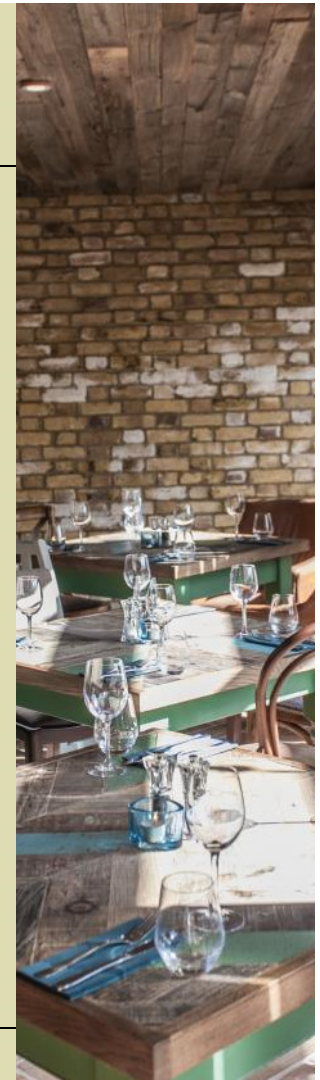
|                |  |  |  |
|----------------|---|---|---|
| No. of pubs    | 121   | 33  | 154   |
| £M             | 168.6   | 48.4  | 217.0   |
| Change %       | +7.7  | -1.0  | +5.6  |
| AWT per pub £K | 26.8  | 28.2  | 27.1  |





## Managed LFL profit at pub level

|                     |  |  |  |
|---------------------|---|---|---|
| EBITDA £M           | 53.9  | 12.6  | 66.5  |
| Operating profit £M | 42.5  | 9.7   | 52.2  |
| Change %            | +7.5  | -0.8  | +5.9  |
| Margin %            | 25.2  | 20.0  | 24.0  |
| Change % points     | -   | +0.1  | +0.1  |





## Healthy cash generation and investment

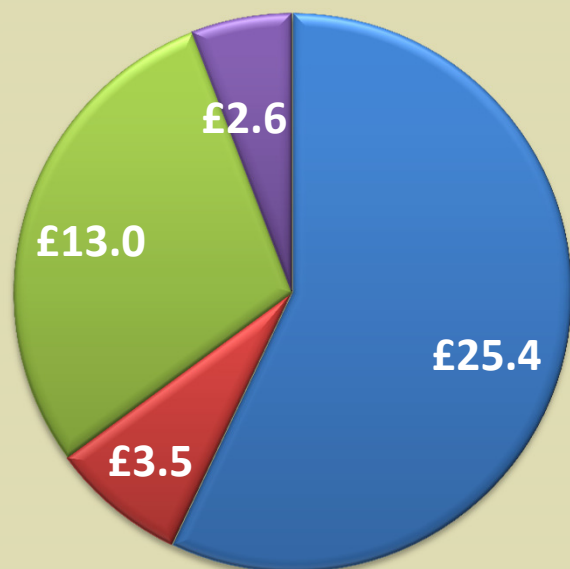
|                                | 2016<br>£M | 2015<br>£M |
|--------------------------------|------------|------------|
| Cash generated from operations | 60.4       | 50.6       |
| Interest and tax               | (12.2)     | (12.0)     |
| Share issue                    | 0.5        | -          |
| Dividends                      | (8.2)      | (7.7)      |
| Disposals                      | 3.6        | 3.3        |
| Capital expenditure            | (45.1)     | (50.9)     |
| Non-cash items                 | (0.2)      | (0.3)      |
| Increase in net debt           | (1.2)      | (17.0)     |





## Pub investments £44.5M

By division



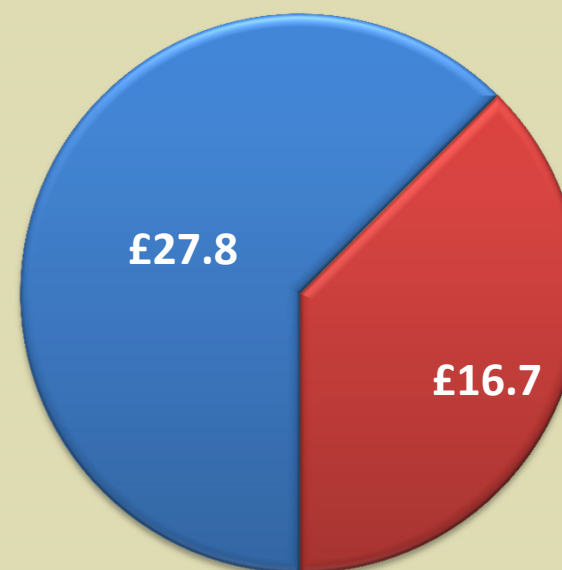
■ Young's pubs

■ Geronimo

■ Young's hotels

■ Ram Pub Company

By nature of spend







■ Investment on existing estate

■ Acquisitions



## Pub portfolio

|                   |  |  |  |  |
|-------------------|---|--|---|---|
| March 2015        | 129   | 37   | 80  | 246   |
| Additions         | 4   | 4  | -   | 8   |
| Disposals         | (1)   | -  | (2)   | (3)   |
| Transfers (net)   | (1)   | (1)  | 2   | -   |
| <b>March 2016</b> | <b>131</b>  | <b>40</b>  | <b>80</b>   | <b>251</b>  |

*\*Out of the total of 251 pubs, there are 192 freeholds and 15 long leases with peppercorn rents (leases with > 37 years to run, with rents that are < £10K per annum)*





## Debt structure

|  |         |
|--|---------|
| Term loans<br>- £20M (March 18), £50M (March 21) and £30M (March 23) | £100.0M |
| Revolving credit facilities net of cash<br>- £75M (March 2019)       | £30.2M  |
| Net debt   | £130.2M |
| % of debt fixed  | 76.8%   |
| Interest cover (times)   | 7.7     |
| Net debt/EBITDA (times)  | 2.2     |
| Loan to value  | 19.6%   |
| Gearing  | 28.6%   |



# Managed Houses



# Operating highlights



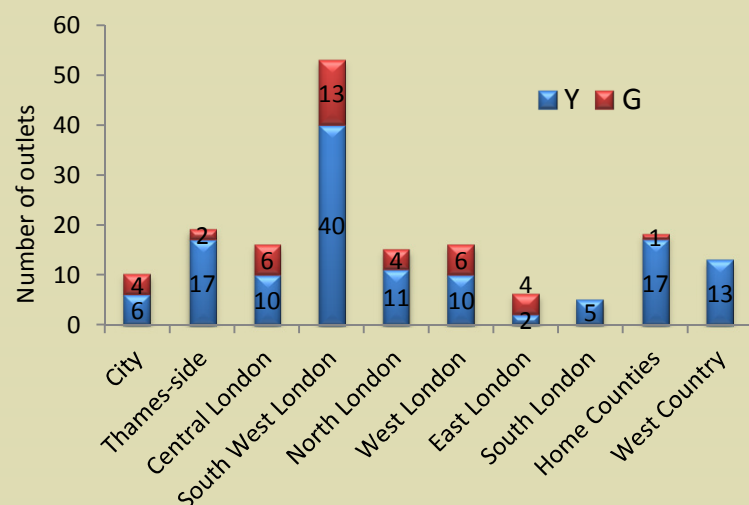
- Revenue up 8.7%, underpinned by LFL growth of 5.6%
- Driven by Young's revenue growth of 10.5% (7.7% LFL)
- Geronimo revenue up 3.2% (-1.0% LFL)
- Geronimo offer being reinvigorated
- Operating profit up 6.4% to £53.3M
- £41.9M invested in developing/adding to existing estate
- Estate now comprises of 131 Young's pubs (incl. 22 hotels) and 40 Geronimo pubs

Outlets

171

Capex investment

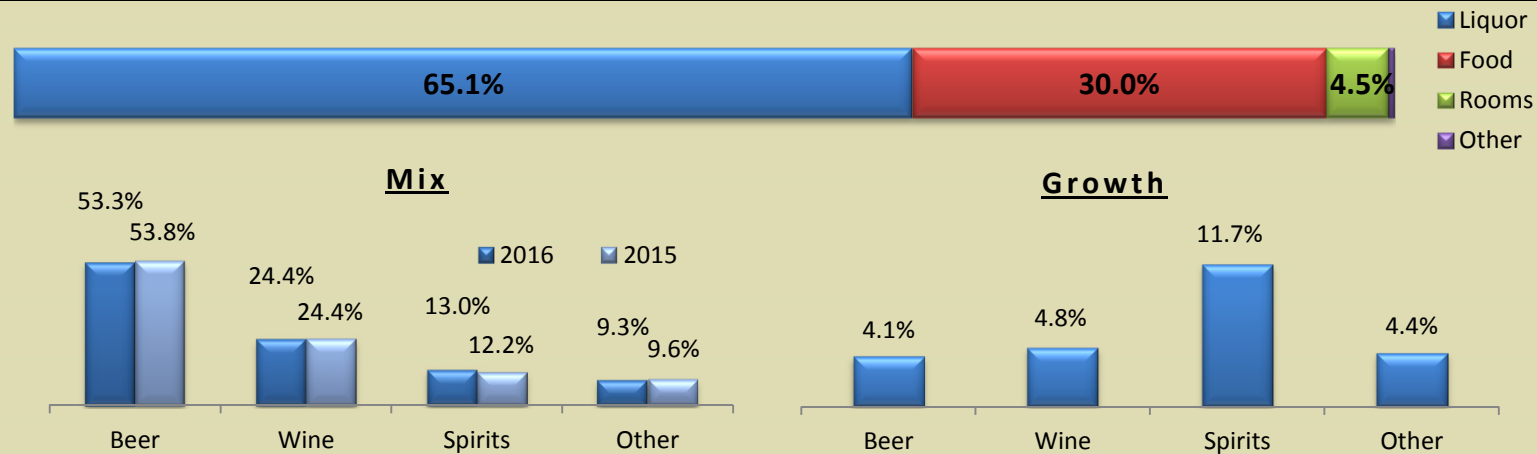
£41.9M



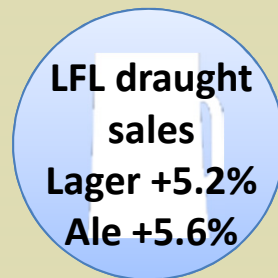
| Additions                     | Pub developments          | Hotel developments              |
|-------------------------------|---------------------------|---------------------------------|
| Bull and Gate (Kentish Town)  | Bull (Streatham)          | Bear Inn (Esher)                |
| Canonbury (Islington)         | Dirty Dicks (Bishopsgate) | Bell at Stow (Stow on the Wold) |
| Nine Elms Tavern              | Founders Arms (Southwark) | Brewers Inn (Wandsworth)        |
| Old Brewery (Greenwich)       | Old Ship (Richmond)       | Bulls Head (Chislehurst)        |
| Trafalgar (Tooting)           | Swan (Walton-on-Thames)   | Lamb Inn (Hindon)               |
| Grocer (Spitalfields Market)  | Wood House (Dulwich)      |                                 |
| Leman Street Tavern (Aldgate) | Clarence (Whitehall)      |                                 |
| Guardhouse (Woolwich)         | Prince Albert (Battersea) |                                 |
| £16.2M                        | £22.2M                    | £3.5M                           |



# Managed drink revenue

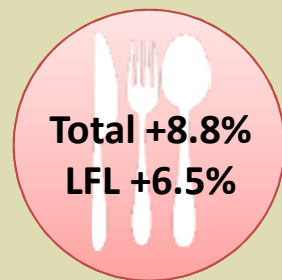
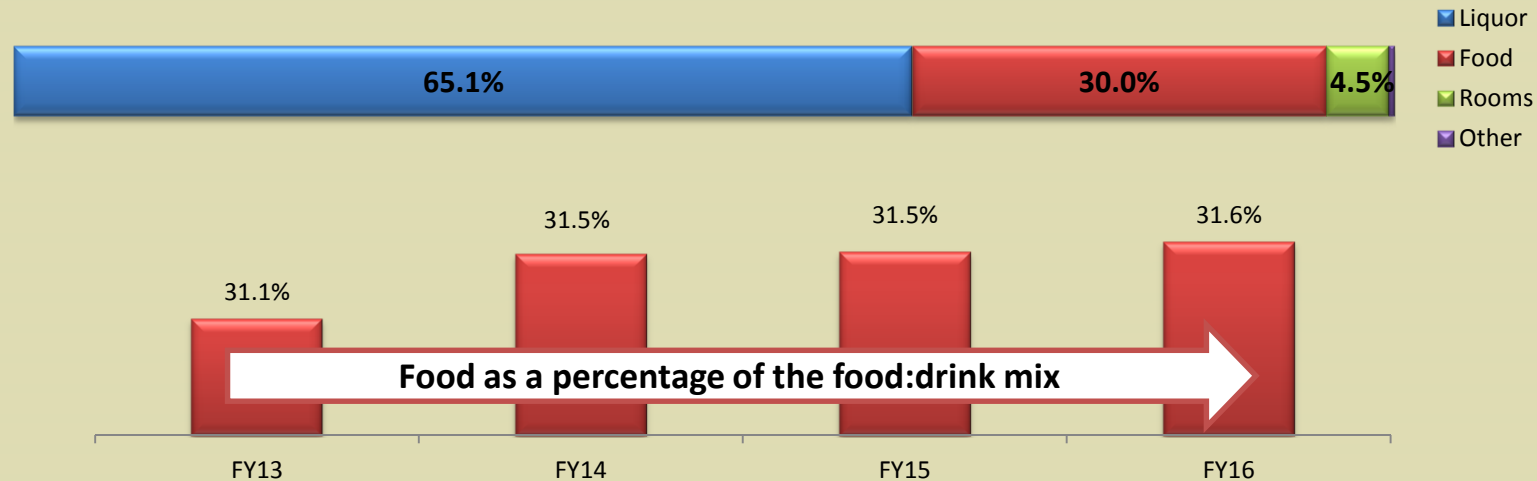


**New truly special wine portfolio and interesting new craft spirit products**



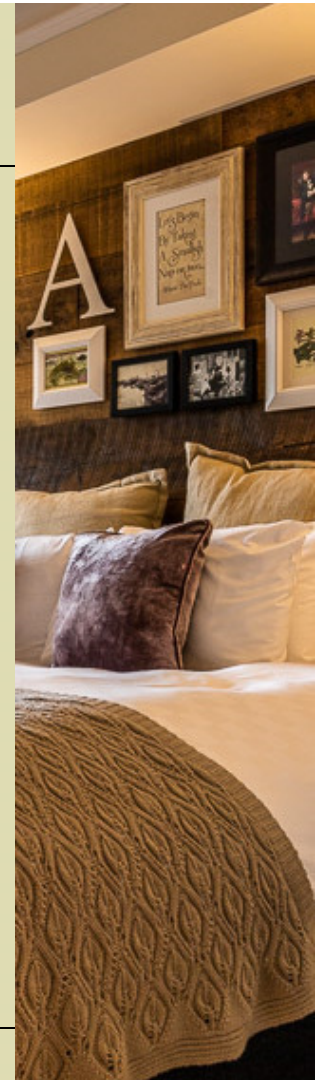
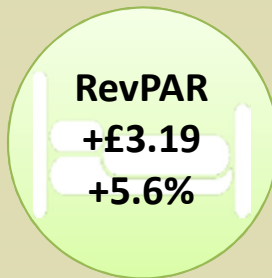
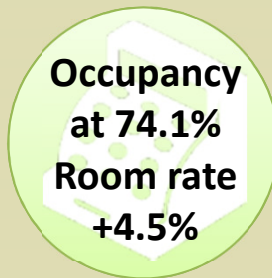
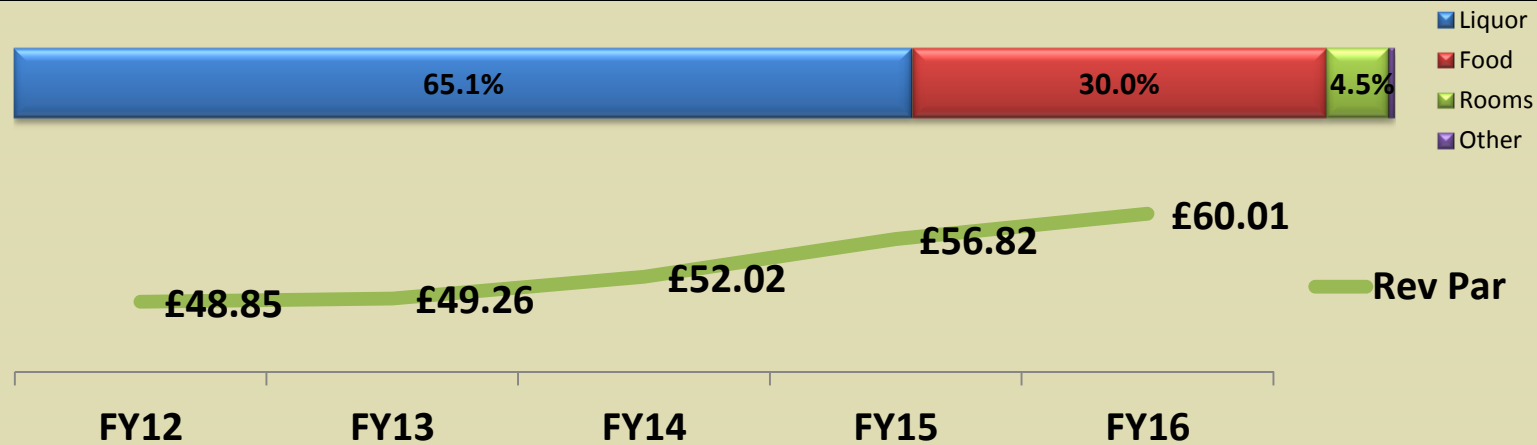


# Managed food revenue

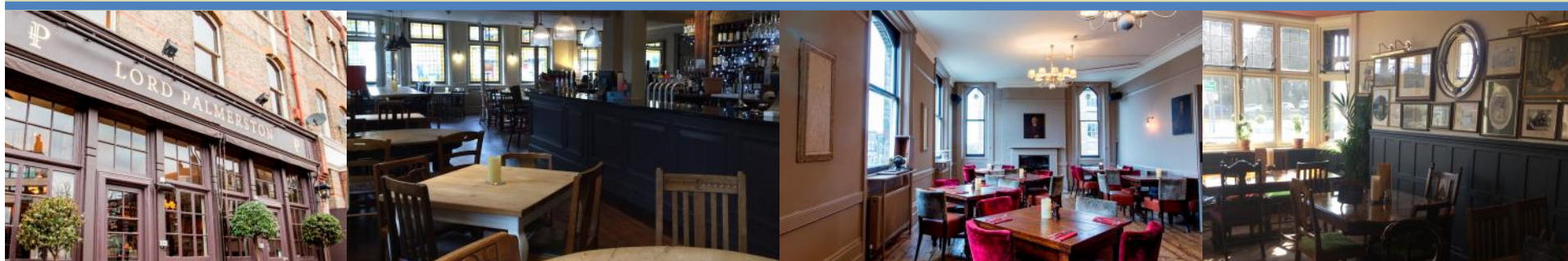




# Managed accommodation revenue



# Ram Pub Company





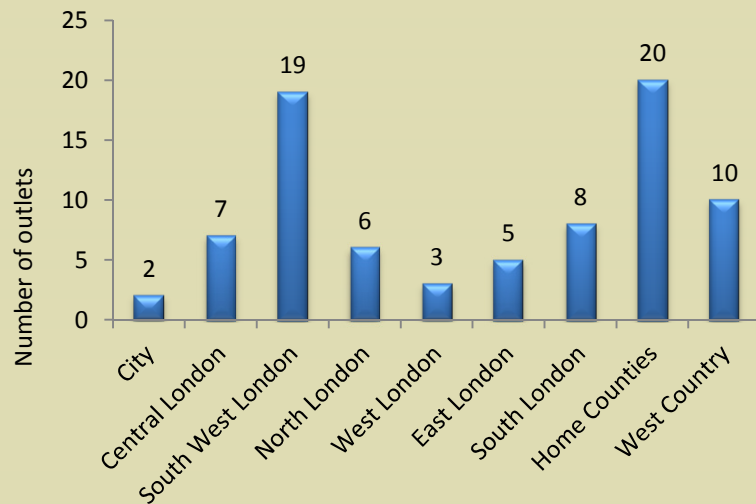
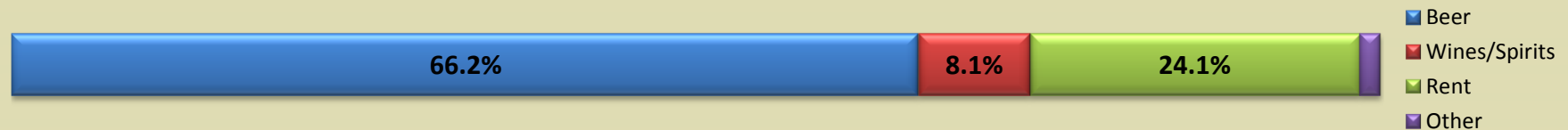
# Ram Pub Company

- Revenue up 1.6%, and 1.0% on LFL basis
- Operating profits increased by 4.7%
- Performance driven by:
  - Increased barrelage and more premium mix
  - Operating efficiencies through better buying
  - Benefitting from re-branding and new website
- Invested £2.6M, with 7 major developments
- Active estate management
  - Lord Palmerston (Tufnell Park) from Geronimo and the Rose and Crown (Farnborough) from our Young's Managed Houses
  - Replacing two underperforming pubs
- Distinctive signage and strapline 'Everyone's local'





# Operating performance/estate management



**Beer sales**  
Total +3.9%  
LFL +3.0%

**LFL**  
Barrelage  
+1.2%

## Pub developments

Bristol Ram (Bristol)

Calthorpe Arms (Bloomsbury)

Railway Telegraph (Thornton Heath)

Waggon and Horses (Surbiton)

Grey Horse (Kingston)

Horse Pond Inn (Castle Cary)

Fountain Inn (Lewes)

**£2.6M**

# Outlook





- Managed house revenue for past 13 weeks up 8.0% in total and 5.1% on a LFL basis (7 weeks: 8.1% and 5.3%)
- This year will benefit from:
  - Recent two freehold acquisitions
  - Full year benefit of eight additions made last year
  - Momentum from recent investments
- National Living Wage embraced, extended to 18s and over
- Queen's 90<sup>th</sup> birthday, Euro '16, and the Referendum....
- Benefits from relative economic strength of the South East
- Well placed to deliver superior shareholder returns through the talent, commitment and passion of our people