

Results Presentation

November 2011

Today's agenda

- Introduction Stephen Goodyear
- Financial Review Peter Whitehead
- Managed Houses – Young's Patrick Dardis
- Managed Houses – Geronimo Rupert Clevely
- Tenancies Stephen Goodyear
- Outlook and Prospects Stephen Goodyear



Highlights

- Encouraging results
 - Very good trading from existing estate
 - Benefit from Geronimo acquisition
 - Strong growth in hotel profits
- Continued focus on successful strategy
- Estate revaluation results in £174.0m net uplift to £497.4m
- 5.0% interim dividend increase (15th consecutive year)
- Robust balance sheet
- Very positive start to second half

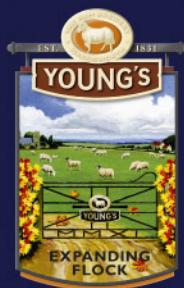


Strategy: Active operational management

- Pure play differentiated pub company focused on
 - Premium end of the market
 - Style, quality and individuality
 - Service and training
 - Food growth from skilled chefs and fresh produce
 - Well invested estate
 - Distinctive and complementary styles of Young's and Geronimo
- Designed to drive
 - Like for like sales performance
 - Gross margin improvements
 - Operational efficiency and scale benefits to offset inflationary pressures

Strategy: Active estate management

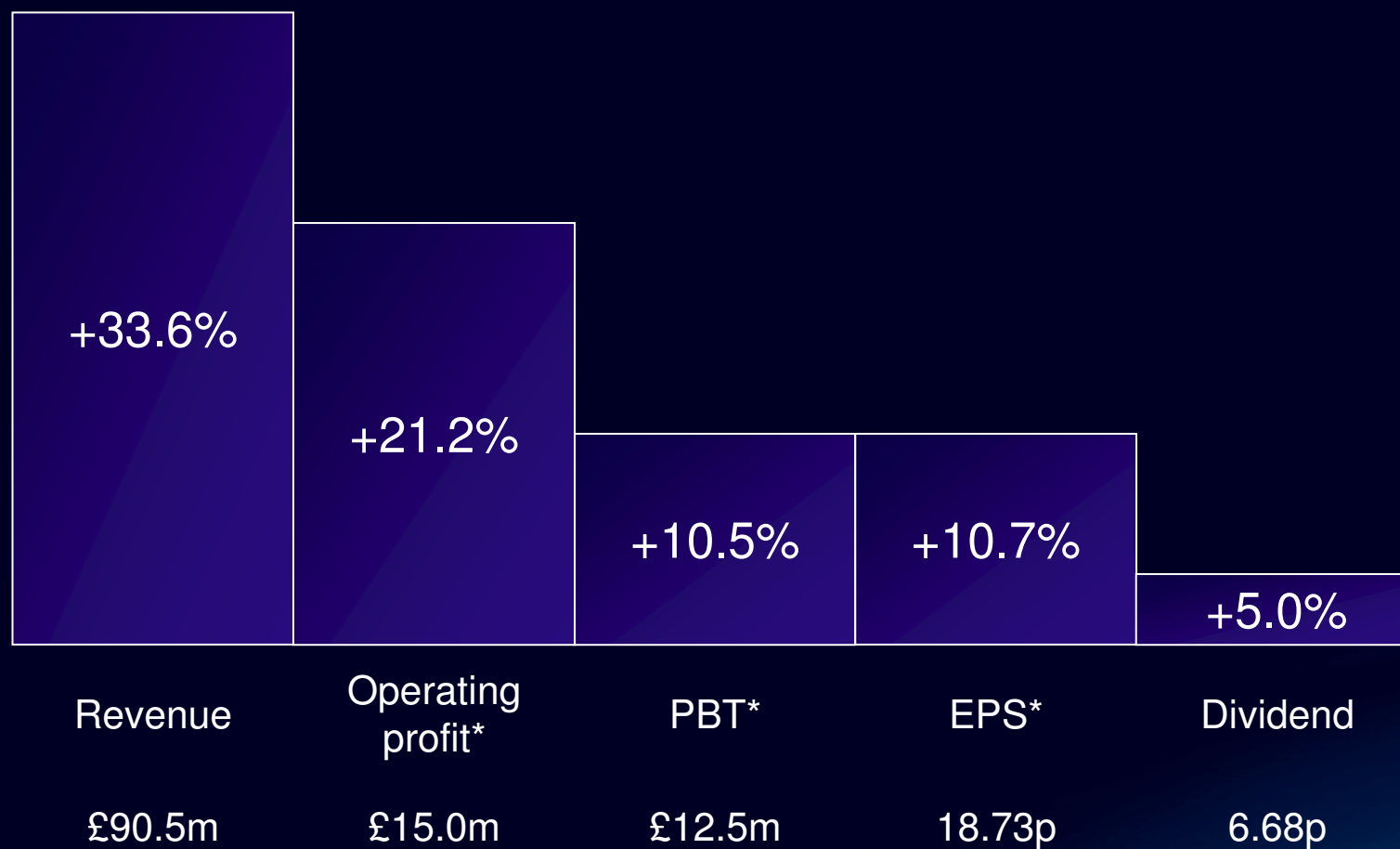
- Investment in existing estate on high returning projects
 - Development opportunities
 - Refurbishment
 - Hotel expansion
- Rollout
 - Young's
 - Geronimo
 - Shopping centres/transport hubs
- Acquisitions
 - Emphasis on London managed pubs
 - Individual pubs or packages that maintain the quality of the estate
 - Leverage existing management and operational infrastructure
- Active churn of tail of estate and tenancies



Section 1 Financial Review



Strong results for 26 weeks ended 3 October 2011



* adjusted for exceptional items

Adjusted profits on continuing operations

	2011 £m	2010 £m
(Loss)/profit before tax	(16.1)	10.9
Operating exceptional items	28.6	0.4
Adjusted profit before tax	12.5	11.3
Tax (excluding exceptional items)	(3.5)	(3.1)
Adjusted profit after tax	9.0	8.2
Adjusted basic EPS (pence)	18.73	16.92

Group results

	2011 £m	2010 £m	Change %
Managed houses	18.78	15.26	+23.1
Tenanted houses	2.84	2.70	+5.2
Corporate services	(6.61)	(5.57)	-18.7
Finance costs (net)	(2.56)	(1.12)	-128.6
Adjusted profit before tax	12.45	11.27	+10.5
Discontinued item	(1.12)	0.99	N/A

Like for like sales

	Number of sites	Sales £m	Change %
Managed – Young's	116	61.3	+4.0
Tenanted	92	6.8	-
Total	208	68.1	+3.6
Managed – Geronimo*	25	17.7	+12.6

*Geronimo like for like sales are based on their comparatives which were outside Young's period of ownership

Operating performance at pub level

	2011	Change
Revenue	£m	%
Managed	63.6	+5.6
Geronimo	19.5	N/A
Tenanted	7.2	-1.1
Total	90.3	+33.6
EBITDAR*		
Managed	20.4	+5.8
Geronimo	6.0	N/A
Tenanted	3.7	+1.5
Total	30.1	+31.5

*Earnings before interest, taxes, depreciation, rents payable

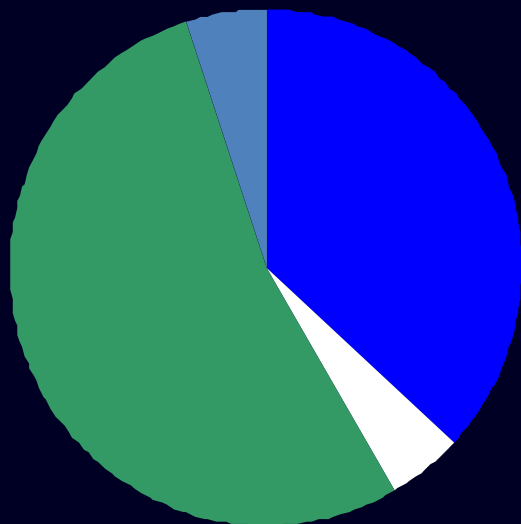
Strong cash generation and investment

	2011 £m	2010 £m
Cash generated from operations	14.8	10.9
Interest, tax and dividends	(8.0)	(5.7)
Free cash flow	6.8	5.2
Disposals	3.6	2.7
Capital expenditure	(12.2)	(8.2)
Increase in net debt	(1.8)	(0.3)

Investment in period

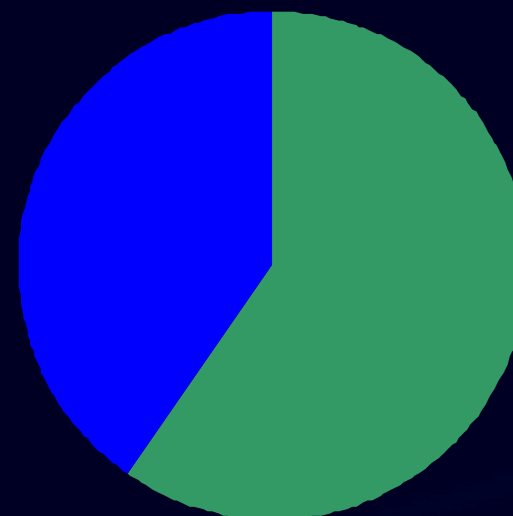
Total: £12.2 million (2010: £10.7 million)

By division



Managed £4.5m Hotels £0.6m
Geronimo £6.5m Tenanted £0.6m

By nature of spend



Investment on recent acquisitions £7.3m
Investment expenditure on existing estate £4.9m

Estate profile of trading pubs

	April 2011	+	-	Transfers	Oct 2011
Managed	122	1	(1)	-	122
Geronimo	27	2	-	1	30
Tenanted	97	-	(3)	(1)	93
Total	246	3	(4)	-	245

Out of the total of 245 pubs, there are 191 freeholds and 13 virtual freeholds (leases with > 40 years to run, with rents that are < £10K per annum)

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

£124.5 million

% of debt fixed

80.3%

Interest cover

5.2 times

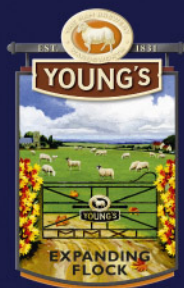
Debt/EBITDA

3.4 times

Loan to value

24.3%





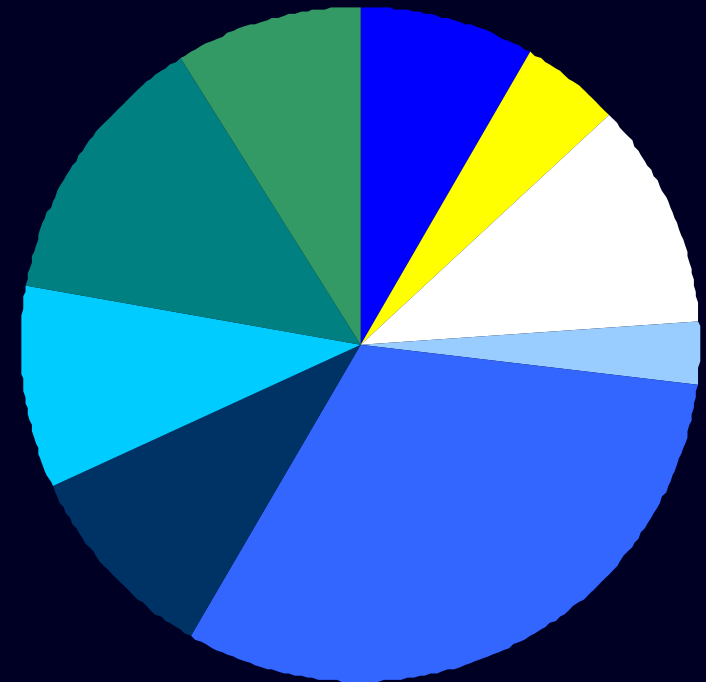
Section 2

Managed Houses – Young's



Premium Young's branded estate

- 122 well located and invested pubs and hotels
- Strong performance against a mixed backdrop
 - Revenue up 5.6% (LFL 4.0%)
 - Operating profit up 4.6% (LFL 1.2%)
 - Hotels RevPAR up 14.3% at £52.79
- Invested £5.1m in estate
- New design format at Plough, Clapham Junction
- 180th anniversary celebrations



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	

Liquor – highlights

- Liquor sales 3.4% up on last year
- Exploiting enduring popularity of cask ale
 - Diverse range of Wells & Young's products
 - Local Hero range
 - Young's Prince of Ales and 1831 Anniversary Ale
- Introduction of London craft ales
 - Meantime and Camden products
- American craft bottled beers
- Popular beer and cider festivals



Food – highlights

- Food sales 7.8% up on last year
- Introduced new menu concepts
 - Old Tom's English cheese and ham with wine and craft beers
 - American / English fusion at the Plough, Clapham Junction
- Two new divisional chefs driving quality and value
- Matching customers' needs with menu by occasion
- British provenance is at the core of food development



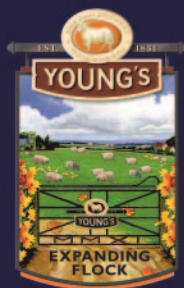
Accommodation – highlights

- Niche boutique hotel presence
- RevPAR up 14.3% at £52.79
- Instant results from last year's addition of 23 boutique rooms at the Alma, Wandsworth
- 55 other rooms upgraded
- New branding and website delivering results
- Revenue management system has provided the platform for outperformance



Developments





Section 3.

Managed Houses – Geronimo



Contemporary Geronimo brand

- 30 high quality well invested food led pubs
 - 25 in London
 - 3 concessions and 1 leasehold at St Pancras
 - 1 in Surrey
- Geronimo brings
 - Long term growth potential
 - Distinctive format that complements Young's respected estate
 - Expertise in concessions



Geronimo fully integrated and trading well

- Strong underlying performance
 - Revenue £19.5m
 - EBITDA £4.3m
 - Operating profit £2.8m
- Sales/profit momentum continues
 - Total sales up 24.2%*
 - LFL sales up 12.6%*

* Based on pre Young's ownership for the 26 weeks
to 3 Oct 2010



Liquor and food – highlights

- Liquor sales 28.4% up on last year
 - Customers trading up across the board
 - Continue to broaden the ale and lager offer
- Food sales 17.2% up on last year
 - Restaurant quality food at pub price
 - Growth in all day food
- Food accounts for 34.9% of revenue



New sites

- Lion & Unicorn, Kentish Town
- Cow, Westfield – Stratford City last stop before the Olympics
- Transfers from Young's
 - Half Moon, the iconic Putney music pub (Sept)
 - King's Arms, Chelsea (Oct)





LONDON PUBS



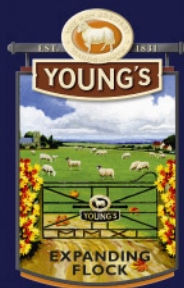
GERONIMO INNS



TRANSPORT HUBS



GERONIMO INNS

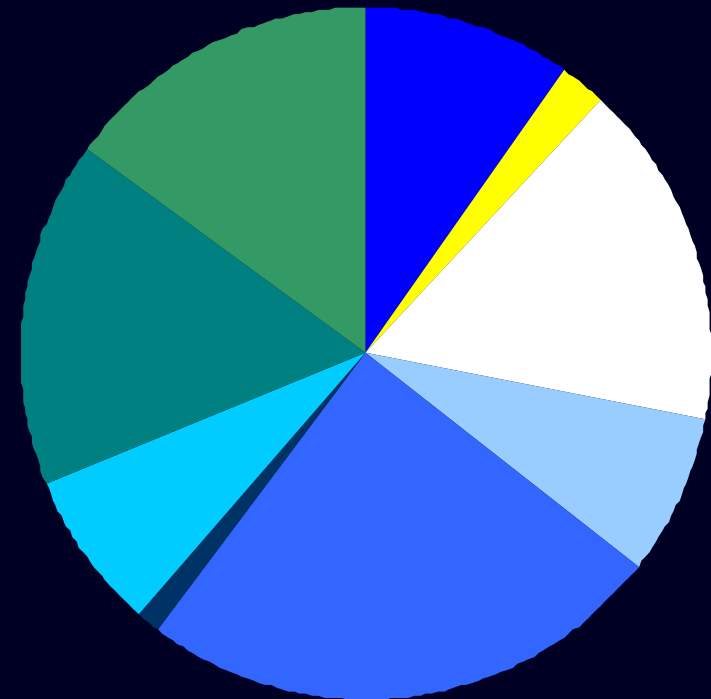


Section 4 Tenancies



Tenanted operating highlights

- 93 traditional pubs
- LFL sales flat in the period
- Total sales down 1.1% due to disposals and transfers
- Operating profit up 5.2%
- Average EBITDAR per pub of £37.3K
- £0.6m invested in existing pubs
- Guest Ale Festival - second year following 2010's success
- London bias provides some protection from challenging market



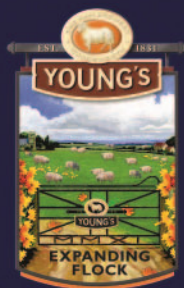
■ Central London 9 ■ City 2
■ Greater London 15 ■ South London 7
■ South West London 23 ■ Thames Side 1
■ West London 7 ■ Home Counties 15
■ West Country 14



Refocusing around smaller tenanted estate

- Three pubs sold, one transferred to managed estate
- Additional disposals in second half
- Focus on sites capable of profitable growth, befitting the Young's brand
- Smaller estate will remain an important part of our strategy going forward
- If BISC report becomes statutory, no material change needed to our operations





Section 5. Outlook and Prospects



Outlook and prospects

- Positive start to trading in second half
 - Total sales up 45.1%
 - Like for like sales up 5.4%
 - Geronimo like for like 6.8%
- London-orientated estate helps insulate us from the worst of the downturn
- Healthy pipeline
 - Oyster Shed, Cannon Street riverside
 - Wheatsheaf, Borough Market
 - Shopping centres and transport hubs
 - Opportunities from changing industry landscape
- Focus on maximising shareholder value through well invested estate

Investment summary

- **Well located:** London and Home counties focused pub estate
- **Managed pub focus:** >80% of operating profit at outlet level
- **Well invested:** predominantly freehold backed balance sheet
- **Strong financial position:** Low gearing vs. sector (3.4 times net debt/EBITDA)
- **Financial track record:**
 - Good growth and cash generation record
 - Consistent dividend growth (15 consecutive years)
- **Growth opportunities**

