

2012

Interim Review



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



- Adjusted profit up 11.2%, reflects:
 - excellent trading from existing estate
 - extended periods of truly awful weather
 - extraordinary events in London this summer
 - flexibility of our team to adapt to a variety of circumstances
- Further £9.5m invested in estate
- Soundly financed and predominantly freehold backed estate
- Progressive dividend policy, 5.1% dividend increase (16th consecutive year of growth)



A summer of contrasting managed house fortunes



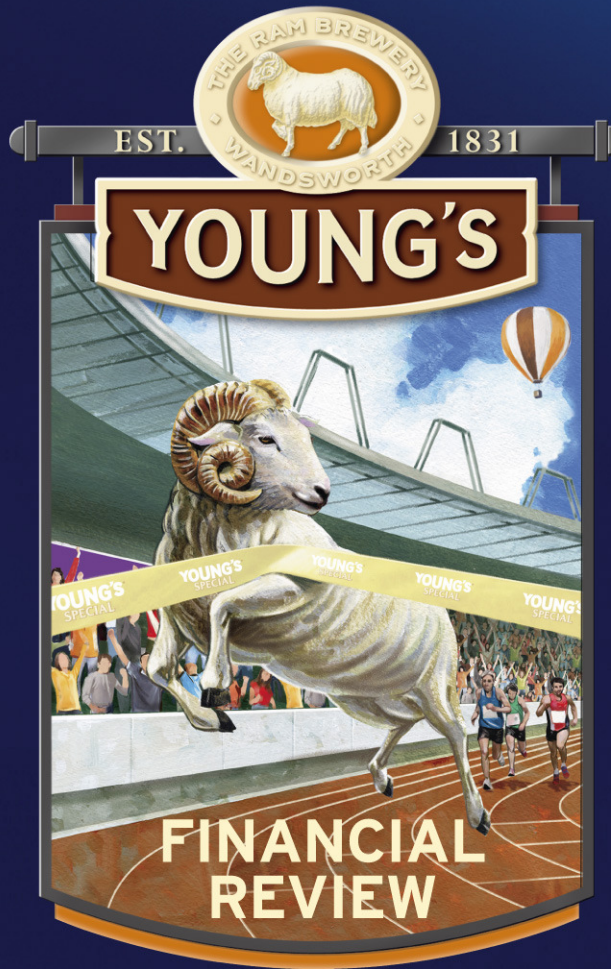
	Prelims Revenue increase 7 weeks to 21 May 2012	AGM Revenue increase 13 weeks to 9 July 2012	Interim Revenue increase 26 weeks to 1 October 2012
Like-for-like	-2.0%	+4.0%	+5.7%
Total revenue	+3.9%	+10.1%	+12.9%

Strategy



- Pure play, differentiated pub company
 - Well invested, premium end of the market estate based in London and South East
- Active estate management
 - Investment in high returning projects
 - Acquisition of managed houses, either as bolt on packages or individual sites
 - Estate of fewer, but better quality, tenanted houses
 - Appointment of new Director of Property
- Driving...
 - Superior like-for-like revenue performance
 - Gross margin improvements
 - Operational efficiency and scale benefits





2012

Strong results

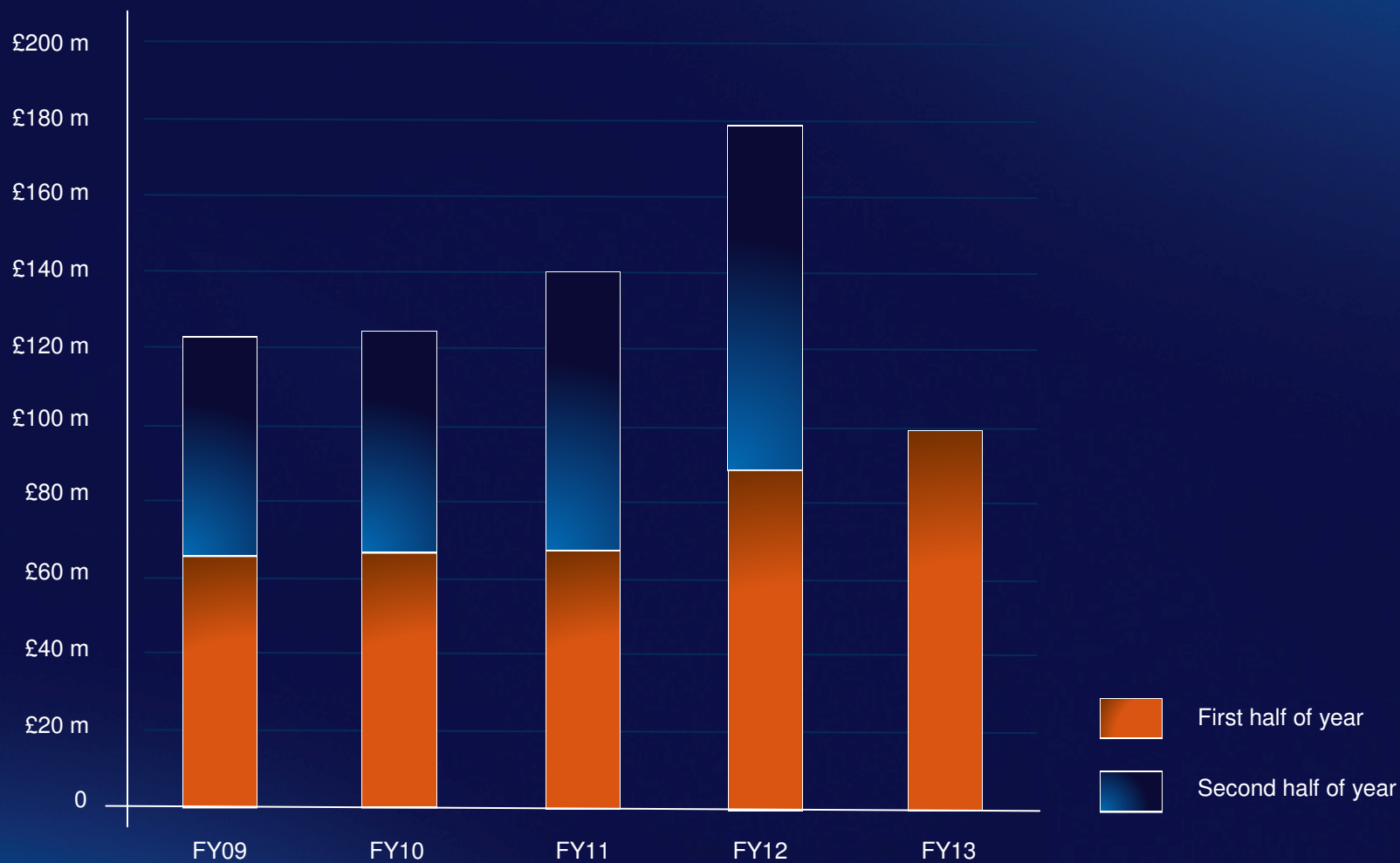


Revenue	Operating profit*	PBT*	EPS*	Dividend
£100.2m	£16.3m	£13.9m	22.13p	7.02p

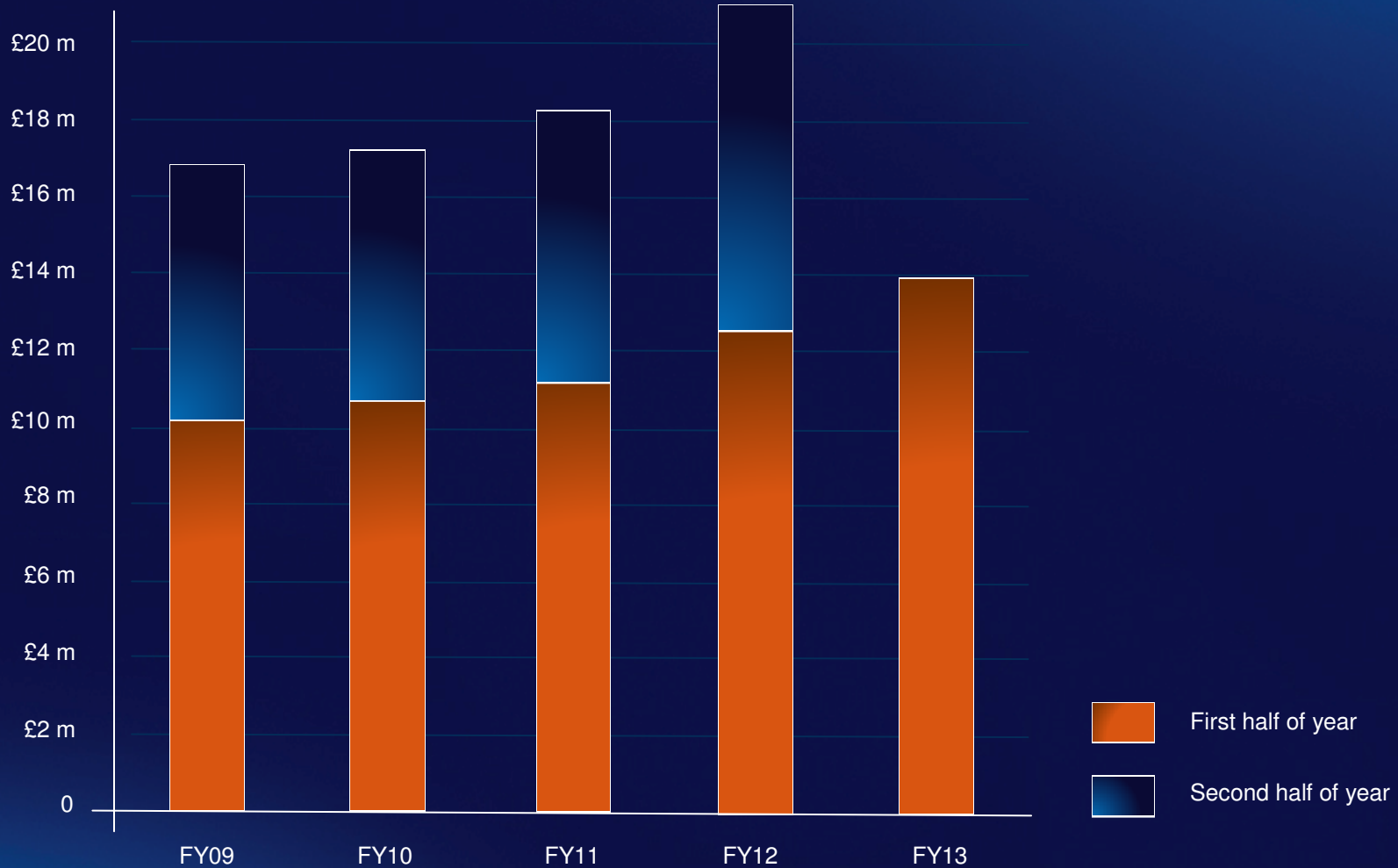
* adjusted to exclude exceptional items



Strong track record – revenue growth



Strong track record – adjusted PBT growth



Like-for-like revenue



	Number of sites	Revenue £m	Change %
Managed	146	86.8	+5.7
Tenanted	81	6.1	-0.4
Total	227	92.9	+5.3



Margin evolution

Interim 2011 operating margin

16.59%

Managed margin

+0.40%pts



Tenanted margin

-0.13%pts



Change revenue mix

-0.31%pts



Corporate service cost

-0.29%pts



Interim 2012 operating margin

16.26%

Group results



	2012 £m	2011 £m	Change %
Managed houses	21.60	18.78	+15.0
Tenanted houses	2.30	2.84	-19.0
Corporate services	(7.61)	(6.61)	+15.1
Finance costs (net)	(2.44)	(2.56)	-4.7
Adjusted profit before tax	13.85	12.45	+11.2
Discontinued item	-	(1.12)	N/A

Operating performance at pub level (same outlet)



	2012	Change	2012 per pub
Revenue	£m	%	£k
Young's Managed	67.0	+6.1	563
Geronimo	19.8	+4.5	735
Tenanted	6.1	-0.4	75
Total	92.9	+5.3	409
EBITDA*			
Managed	20.8	+6.1	175
Geronimo	4.7	+8.9	175
Tenanted	2.8	-4.0	34
Total	28.3	+5.4	125

**Earnings before interest, tax and depreciation*

Strong cash generation and investment

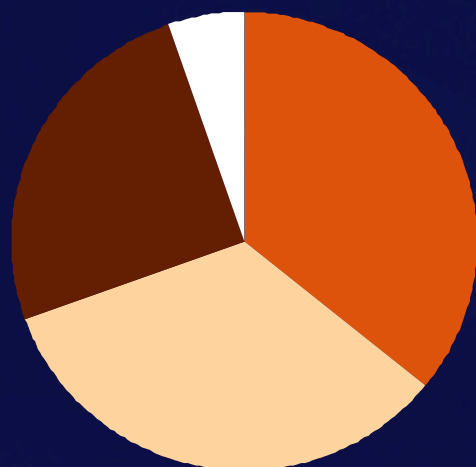


	2012 £m	2011 £m
Cash generated from operations	16.3	14.7
Interest and tax	(5.1)	(4.7)
Dividends	(3.5)	(3.3)
Free cash flow	7.7	6.7
Disposals	2.8	3.6
Capital expenditure	(9.5)	(12.2)
Decrease/(increase) in net debt	1.0	(1.9)

Investment in period

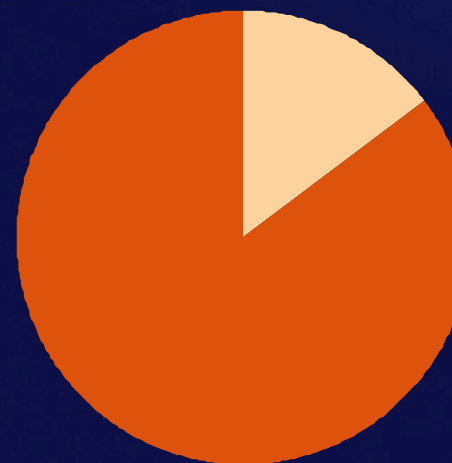
Total: £9.5m (2011: £ 12.2m)

By division



■ Young's Managed £3.4m ■ Hotels £3.2m
■ Geronimo £2.4m ■ Tenanted £0.5m

By nature of spend



■ Investment on recent acquisitions £1.4m
■ Investment on existing estate £8.1m

Pub portfolio



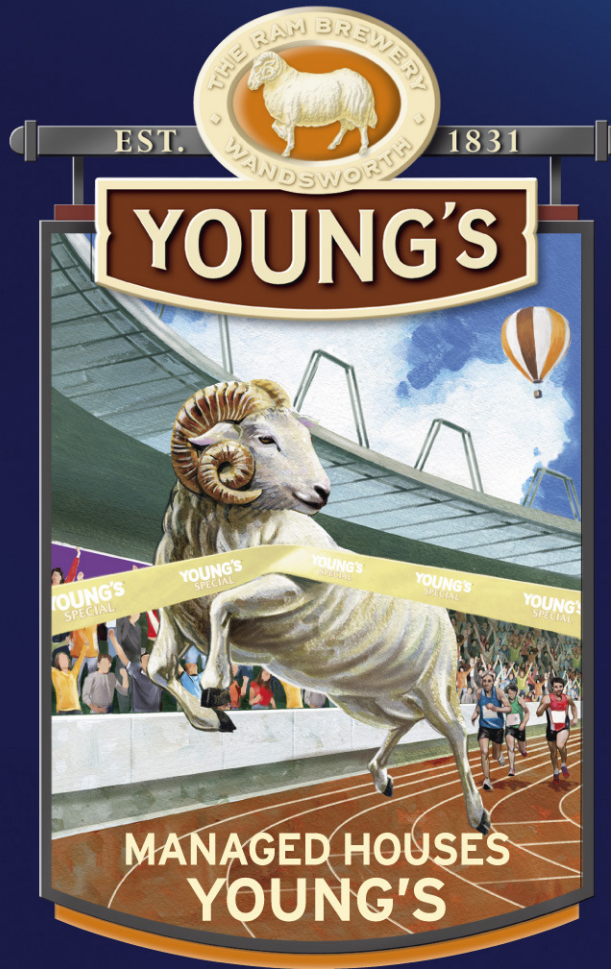
	April 2012	+	-	Transfers	Oct 2012
Young's Managed	121	-	-	-	121
Geronimo	33	1	-	1	35
Tenanted	88	-	(6)	(1)	81
Total	242	1	(6)	-	237

Out of the total of 237 pubs, there are 182 freeholds and 13 long leases with peppercorn rents (leases with > 40 years to run, with rents that are < £10K per annum)

Debt structure



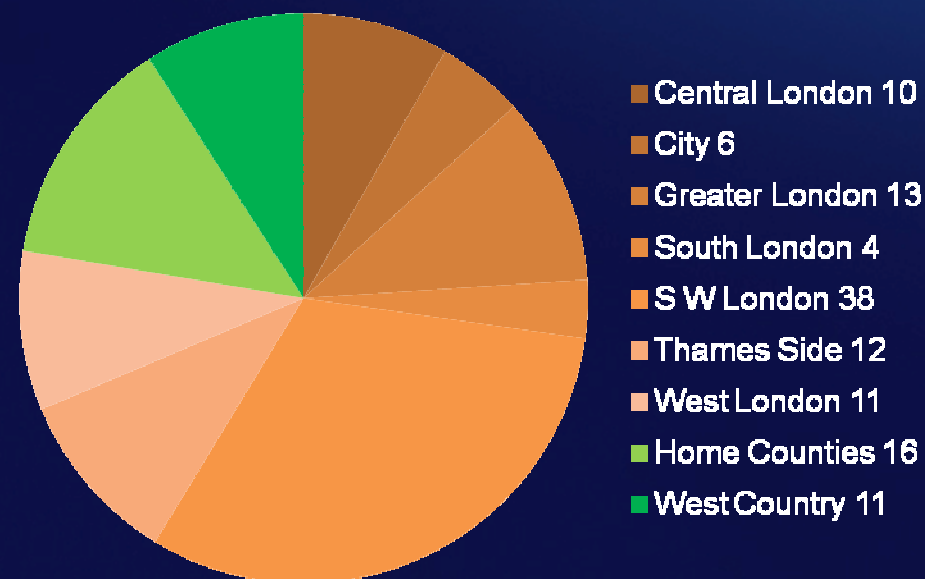
Longer dated committed facilities: <ul style="list-style-type: none">• £30m long term (March 2023)• £20m medium term (March 2018)	£50.0m
Medium dated committed facilities: <ul style="list-style-type: none">• £50m RCF (Dec 2015)• £50m term loan (Dec 2013 to 2015)	£100.0m
Net debt	£117.1m
% of debt fixed	85.4%
Interest cover	5.5 times
Net debt/EBITDA	3.0 times
Loan to value	23.2%



2012

Young's estate

- 121 prime located pubs and hotels
- Well invested estate and operational resource delivering results
 - Premium position strategy
 - Best in class service, culture and ambience
 - Widening differentiation from competitors
- Strong absolute and LFL performance
 - Revenue up 6.8% (LFL 6.1%)
 - Operating profit up 8.7% (LFL 7.6%)
 - Hotels' RevPAR up 2.6% at £54.14



Well invested estate

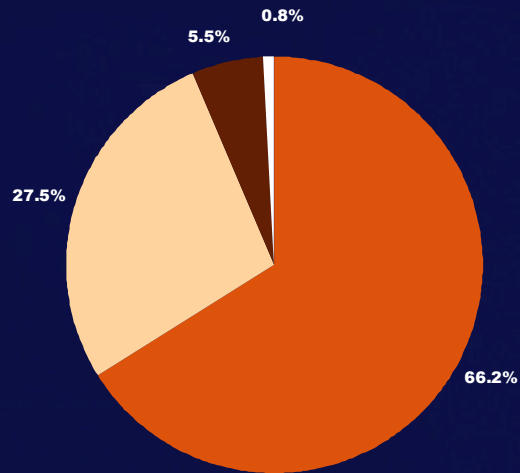


Last year's projects	Projects completed in first half	Projects completed in second half
Cock Tavern	Duke's Head (Wallington)	Foley
Coach & Horses	Thatched House	King's Head (Roehampton)
Hollywood Arms	Marquess of Anglesey	Grove Balham
Trinity Arms	Windmill (Clapham)	Smiths@Brook Green
Founder's Arms	Waterside	Albert
Home Cottage	Bulls Head Chislehurst	
Plough (Clapham Jct.)		
Boathouse		
Leather Bottle		
Investment £3.0m	Investment £1.2m	Investment £3.3m

Revenue mix



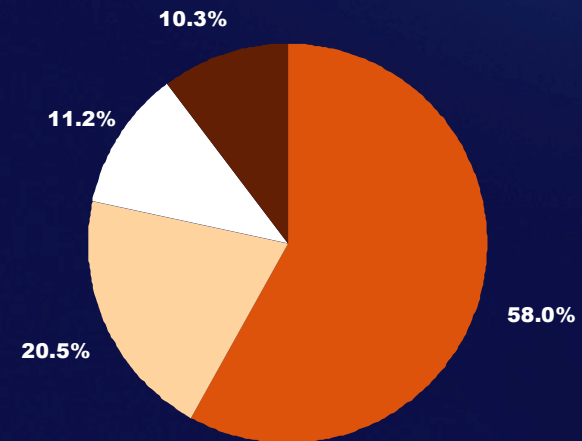
Revenue mix



■ Liquor
 ■ Food
 ■ Accommodation
 ■ Other

	Liquor	Food	Accom	Other
2012	66.2%	27.5%	5.5%	0.8%
2013	67.2%	26.5%	5.6%	0.7%

Liquor product mix



■ Beer
 ■ Wine
 ■ Spirits
 ■ Other

	Beer	Wine	Spirits	Other
2012	58.0%	20.5%	11.2%	10.3%
2011	59.1%	19.6%	11.2%	10.1%

Liquor and food highlights



Liquor

- Revenue up 5.3% (LFL 4.8%)
- Matching beer and cider portfolio with demand
 - Premium brand volume growth continues
 - London craft ales
 - American craft bottled beers
 - Beer and cider festivals
 - Draught cider 9.3% growth
 - Beer and cider 58.0% of wet product mix
- Wine and spirits growth is major trend
 - Wine up 9.8%, spirits up 5.4%

Food

- Revenue up 10.8% (LFL 9.5%)
- Top quality, locally sourced, prepared in-house with bespoke menus
- British provenance at core
- Academy kitchen and divisional chefs
- Best burger in the World Challenge
- British classics cook off competition
- Waterside Chef on MasterChef
- Experimenting with different concepts

Growing boutique hotel presence



Bull's Head 10 rooms added

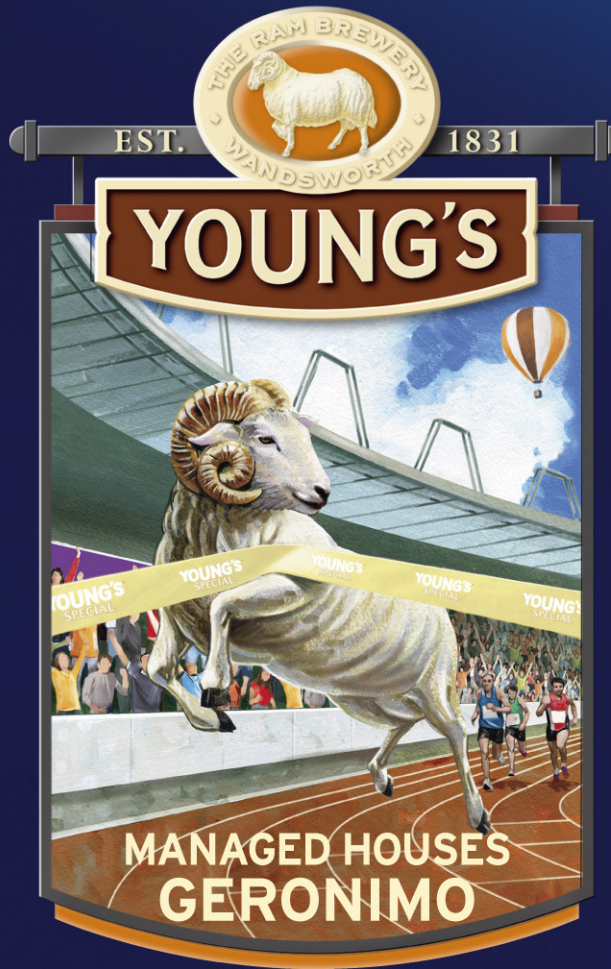
Foley Arms 17 rooms added



Accommodation – RevPAR



	2010	2011	2012
Hotels	15	16	16
Rooms	347	370	380
Room rate	£64.40	£71.61	£73.10
Occupancy	71.7%	73.7%	74.1%
RevPAR	£46.16	£52.79	£54.14



2012

Geronimo estate



- 35 well located and invested pubs
 - 31 London pubs
 - Three Heathrow concessions
 - One in Surrey
- Pub Company of the Year – Restaurant R200 winner “the pub group to beat”
- Growth from like-for-like business and recent developments
- Focus on maximising the offer
 - Targeted investment
 - Club rooms and events market
 - Restaurant quality food at pub prices
 - Great delivery, service and people



Recent investments

- Last year's four new sites
 - Lion & Unicorn (Kentish Town) UK's 7th best Gastro pub voted by the readers of the short list
 - Oyster Shed, embankment near Cannon Street
 - Cow, Westfield (Stratford City) had a fantastic Olympics, peak trading beating all the group's previous bests
 - Calf, our first pop-up pub, helped increase our Olympic presence
- Last year's transfers
 - King's Arms (Chelsea) from Young's Managed
 - Half Moon, the iconic Putney music pub and the Chelsea Ram from Young's Tenanted
- This year's transfer
 - Princess of Wales (Clapton)



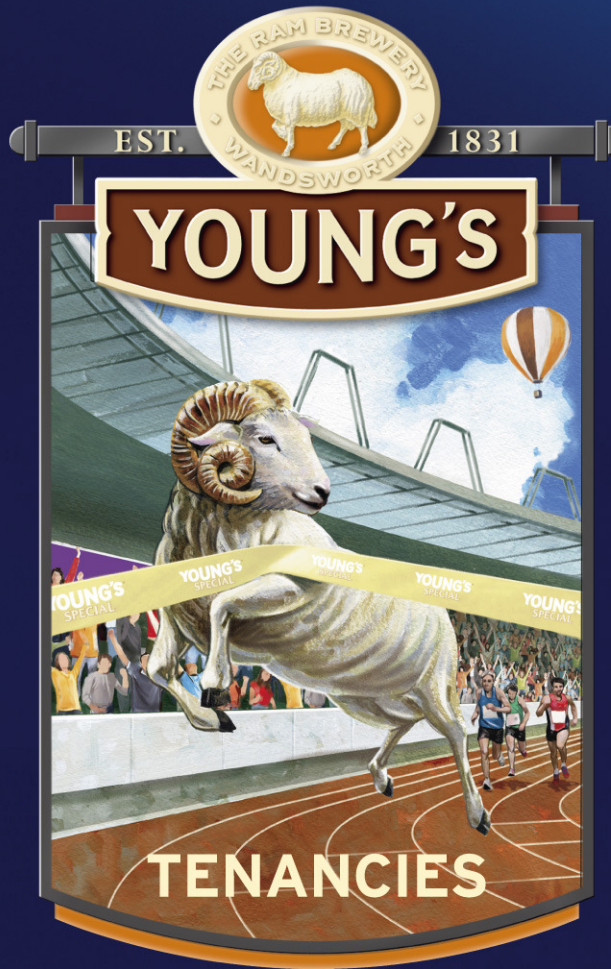
Strong absolute and like-for-like progress

- Revenue up 32.7% (LFL 4.5%)
 - Liquor revenue up 37.6% (LFL 4.5%)
 - Food revenue up 21.6% (LFL 4.1%)
- Operating profit up 50.6% driven by like-for-like and new businesses
- Invested £2.4m in estate, major work at:
 - Five Tuns (Terminal 5)
 - Builder's Arms (Chelsea)
 - Phoenix (Victoria)
- Food accounts for 32.2% of revenue
- Wine revenue accounts for 25.6% of the liquor mix



Geronimo style

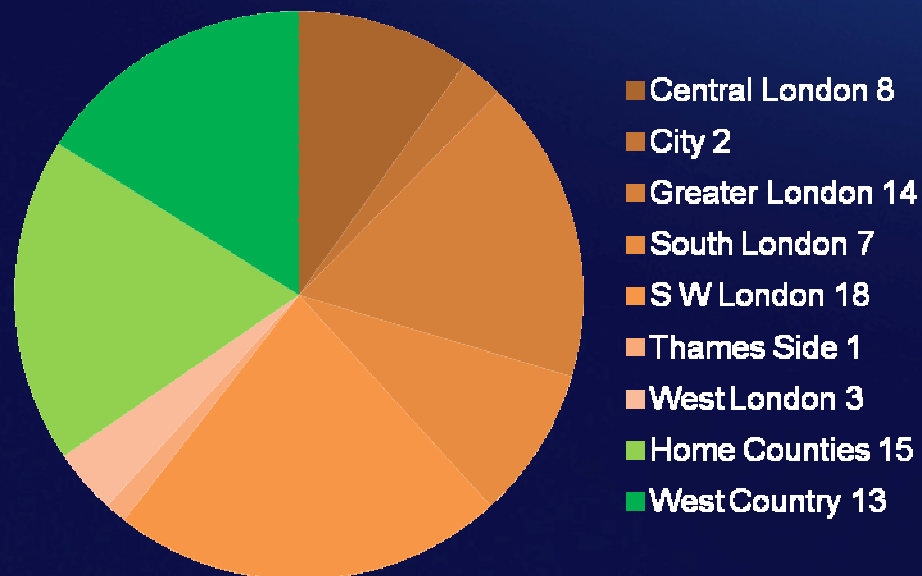




2012

Tenanted estate

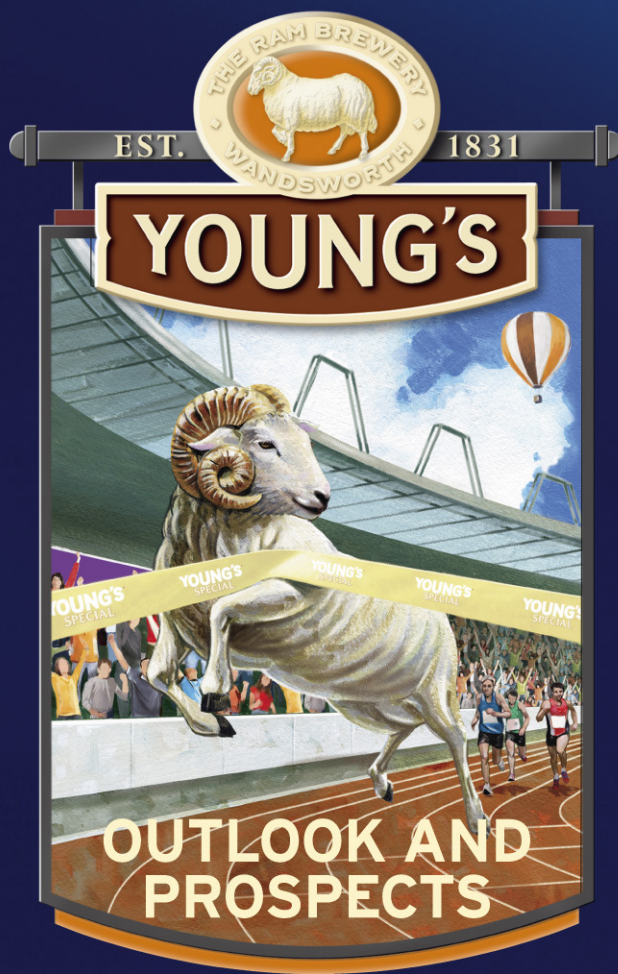
- Refocusing on a smaller better quality estate capable of profitable growth
- 81 pubs (Sept 2011 – 93) generating:
 - 6.2% (Sept 2011 – 8.0%) of group revenue
 - 9.6% (Sept 2011 – 13.1%) of the outlet level operating profit
 - Strong cash flow
- £0.5m invested in retained pubs
- London bias provides some protection from challenging market



Tenanted operating highlights

- In the last 18 months we have disposed of:
 - 13 pubs for £9.8m, £1.7m over book value
 - Transferred one pub to our Young's managed operations and three to Geronimo
- Total revenue and operating profit down 14.2% and 19.0% respectively
- Like-for-like revenue flat
- Average EBITDA of remaining pubs £34.0k over last six months





2012

Current trading and outlook

- Managed house revenue for the first seven weeks
 - Revenue up 9.4%
 - Like-for-like revenue up 6.0%
- H2 trading will benefit from new pubs and recent investments
 - Wheatsheaf (Borough Market) and King's Head (Roehampton)
 - Hotel developments at Foley Arms (Claygate) and Bull's Head (Chislehurst)
 - Cutty Sark (Greenwich) and The Narrowboat (Islington)
 - Profit conversion continuing to build
- Strong balance sheet provides opportunity to grow both through selective acquisitions and packages
- Focus remains on expanding managed pub operation

