



Fuller, Smith and Turner PLC

Preliminary Results  
for the 52 weeks ended 27 March 2010

# Michael Turner

## Chairman





# Agenda

Financial Highlights

Corporate Progress

Strategy

Key Financials

Fuller's Inns

The Fuller's Beer Company

Prospects



# Financial Highlights

- Revenue up 8% to £227.7m (2009: £210.0m)
- Adjusted<sup>1</sup> PBT up 17% to £26.6m (2009: £22.8m)
  - Statutory PBT up 86% to £26.8m (2009: £14.4m)
- Adjusted<sup>1</sup> EPS up 17% to 34.19p (2009: 29.12p)
  - Basic EPS up 115% to 34.37p (2009: 16.00p)
- Total dividend<sup>2</sup> up 12% to 11.00p (2009: 9.85p)

<sup>1</sup> Excluding exceptional items

<sup>2</sup> Pence per 40p share



# Corporate Progress

- An outstanding performance despite the recession
- Managed Pubs and Hotels LFL sales up 2.7%
- Managed Pubs and Hotels profits up 25% led by acquisition of 11 iconic London pubs during 2009
- Tenanted Inns LFL profits down 1%
- Own Beer volumes up 2%
- Beer Company profits up 7%



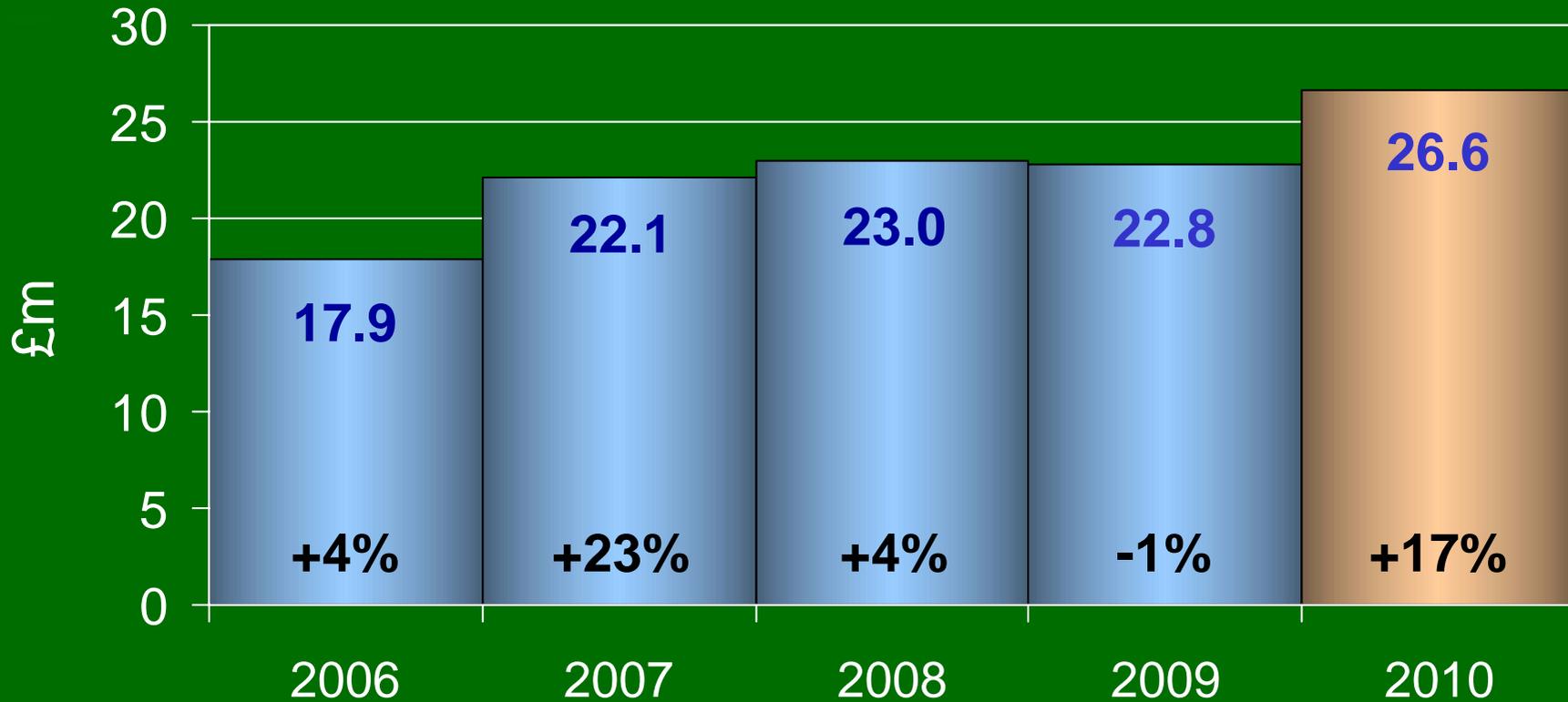
# Consistent Strategy

Fundamental objective remains to maximise shareholder returns by generating high quality, sustainable earnings

- Long term focus
- Culture of style not fashion
- Passion for quality
- Premium positioning
- Pride in our brands
- Continuing to expand the business
- Investing through the cycle



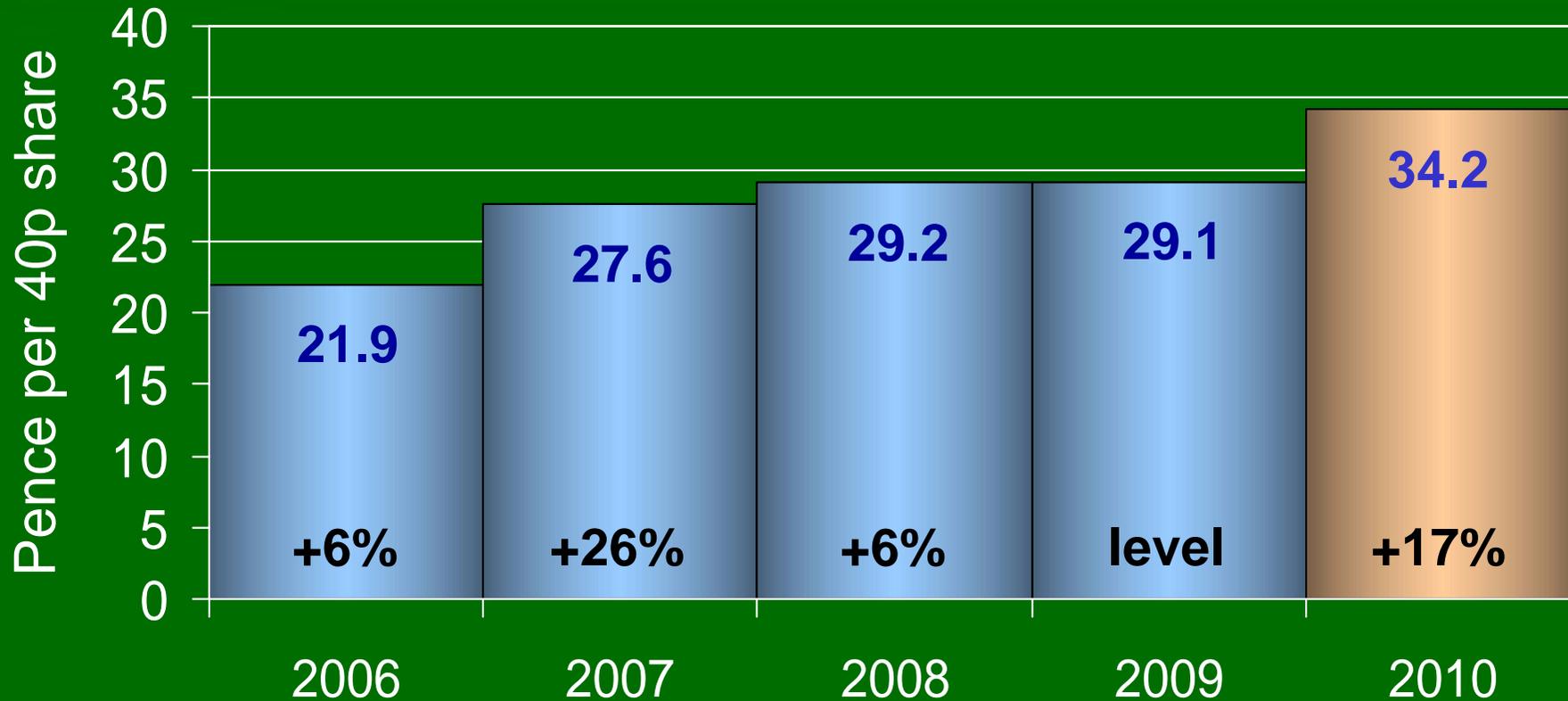
# Adjusted Profits



*Adjusted profits are profits before tax excluding exceptional items*



# Adjusted EPS



*Excluding exceptional items*

*2006 and 2007 adjusted for the five for two share split*



# Full Year Dividends



*2006 and 2007 adjusted for the five for two share split*



# James Douglas

## Finance Director



# Segmental Split

*Excluding exceptional items*

	2010	2009	
	£m	£m	
<b>Segment Revenue</b>			
Fuller's Beer Co.	97.9	91.8	+ 7%
Managed Pubs and Hotels	137.9	124.0	+ 11%
Tenanted Inns	26.1	26.0	level
Inter segment revenue	(34.2)	(31.8)	+ 8%
Revenue	227.7	210.0	+ 8%
<b>Segment Profits</b>			
Fuller's Beer Co.	8.9	8.3	+ 7%
Managed Pubs and Hotels	15.8	12.6	+ 25%
Tenanted Inns	9.9	10.2	- 3%
Central costs	(2.6)	(2.1)	+ 24%
Operating profits	32.0	29.0	+ 10%
Net finance costs	(5.4)	(6.2)	- 13%
Adjusted profits	26.6	22.8	+ 17%



# Statutory Profit Reconciliation

	2010 £m	2009 £m	
<b>Adjusted profits</b>	26.6	22.8	+ 17%
Profits on property disposals	1.1	-	
Impairment of fixed assets	(1.0)	(6.9)	
Goodwill impairment	(0.2)	(0.4)	
Onerous lease provision	-	(0.8)	
Reorganisation costs	-	(0.3)	
VAT claims	0.3	-	
<b>Statutory profit before tax</b>	<b>26.8</b>	<b>14.4</b>	<b>+ 86%</b>
Effective tax rate on adjusted profits	28.2%	28.9%	
Adjusted earnings per share	34.19p	29.12p	+ 17%
Basic earnings per share	34.37p	16.00p	+ 115%



# Generation and use of Cash

	2010 £m	2009 £m
<b>EBITDA</b>	43.6	40.2
Share based payment	2.1	1.4
Working capital / other	4.5	0.9
Pension	(1.1)	(0.8)
Interest	(4.5)	(5.9)
Tax	(7.0)	(3.7)
Capex excluding pub acquisitions	(13.9)	(14.0)
<b>Cash generated</b>	<b>23.7</b>	<b>18.1</b>
Pub acquisitions	(30.2)	(10.2)
Disposals	2.4	0.5
Dividends and share buy backs	(9.4)	(7.1)
<b>Net debt (increased) / repaid</b>	<b>(13.5)</b>	<b>1.3</b>



# Borrowings

	2010	2009
EBITDA*	£43.6m	£40.2m
Gross borrowings	£108.8m	£95.1m
% fixed / capped	54%	78%
Net debt	£107.7m	£94.2m
Net debt / EBITDA*	2.5x	2.3x
Interest cover*	5.9x	4.7x
Composite cost of debt	4.4%	5.9%

\* Excluding exceptional items



# Analysis of Net Finance Costs

	2010 £m	2009 £m	Comment
Interest receivable	-	(0.2)	
Bank borrowings	2.2	3.6	LIBOR and margin will increase
Debentures	2.1	2.1	Fixed rate
Preference shares	0.1	0.1	Fixed rate
Net interest on pension liabilities	0.9	0.3	AA bond rate
Lease discount unwind	0.1	0.3	Notional rate
Total net finance costs	<u>5.4</u>	<u>6.2</u>	

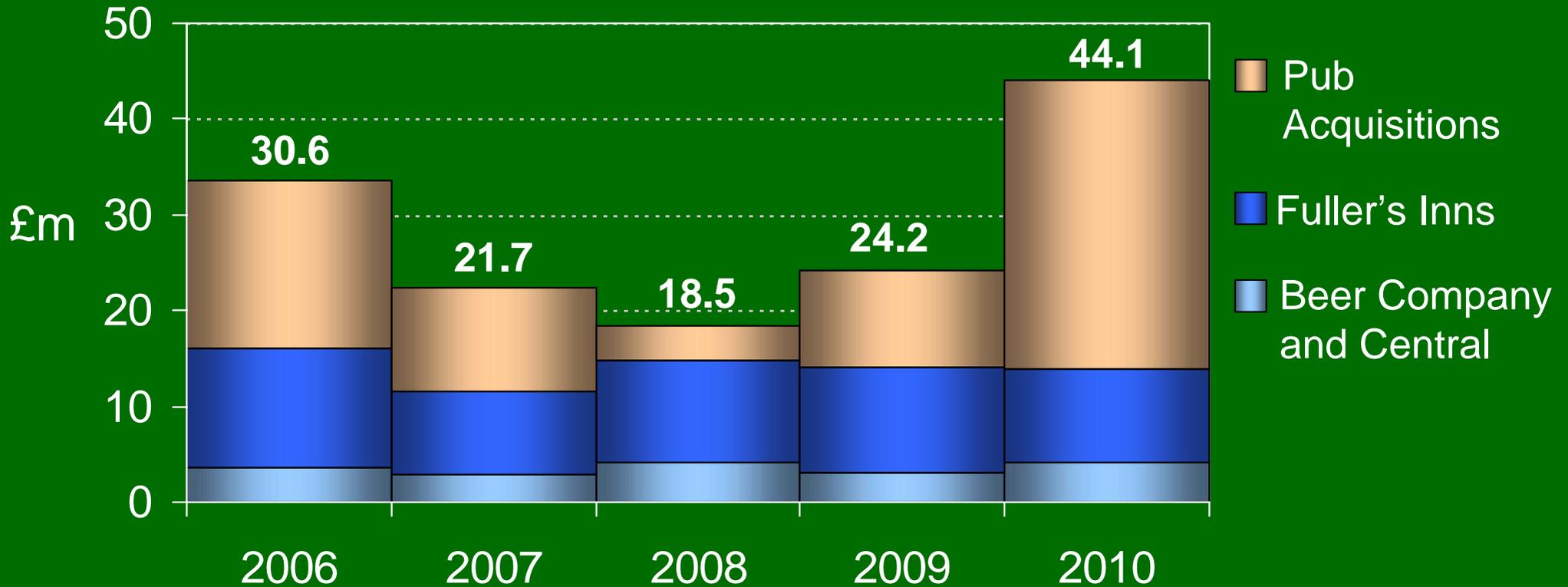


# New Bank Facilities

- £100m for five years to May 2015
  - Barclays, Co-op, Mediobanca
  - No amortisation requirement
- Freedom to add funding for acquisitions
- Committed unused facilities increased by £18m
- £20m fixed, £20m capped for five years
- 2010/11 blended interest charge estimated at 4.7% based on current rates



# Annual Capital Expenditure



We expect capex for 2011 to be £12.0m, excluding pub acquisitions



Simon Emeny  
Managing Director  
Fuller's Inns



# Fuller's Inns





# Retail Split

	March 2009	+	-	March 2010
Managed Pubs and Hotels	156	+ 8	- 1	163
Tenanted Inns	203	+ 1	- 1	203
	<hr/> 359	+ 9	- 2	<hr/> 366



# Managed Pubs and Hotels

## Key Figures

	2010	2009	
Revenue	£137.9m	£124.0m	+ 11%
LFL sales	+ 2.7%	+ 3.0%	
Operating profit*	£15.8m	£12.6m	+ 25%
EBITDA*	£23.7m	£20.3m	+ 17%

\* Excluding exceptional items



# Managed Pubs and Hotels

## Our Four Pillars





# Recent Managed Pub Acquisitions





# Managed Pubs and Hotels

## Investment in our Estate

Three key requirements direct our investment:

- The Manager
- The Market
- The Design





# Managed Pubs and Hotels

## Accommodation





# Managed Pubs and Hotels

## LFL Sales

- 5 years of unrivalled consistent growth

	Fuller's	Industry*
2005/06	+ 3.7%	+ 2.7%
2006/07	+ 8.2%	+ 3.6%
2007/08	+ 3.6%	- 0.3%
2008/09	+ 3.0%	+ 1.0%
2009/10	+ 2.7%	+ 0.8%

\* Source: internal weighted average estimates of Greene King, Wetherspoon, Mitchells & Butlers, Marston's, Spirit, Whitbread, and Young's.



# Tenanted Inns





# Tenanted Inns

## Key Figures

	2010	2009	
Revenue	£26.1m	£26.0m	level
Operating profit	£9.9m	£10.2m	- 3%
LFL profits	- 1%	- 2%	
EBITDA	£11.5m	£11.7m	- 2%



# Tenanted Inns

## Our Tenanted Strategy

- Over arching values of Quality, Service and Pride are a pre-requisite
  - Consistent high standards
- Cask ale is a key differentiator
- Genuine partnership between Fuller's and the Tenant
- Improve Tenant profitability
- Dispose of sites which cannot fit our template



# Tenanted Inns

## Working with our Tenants

- Training
- Provide incentives for those with the highest standards
  - Master Cellarman
- Support on
  - Marketing activities
  - Food training
  - Drinks portfolio
- Excellent recent retention rates





# Fuller's Inns

## Summary

- An excellent performance during a deep recession
- Strong Managed LFL sales once again
- Recent acquisitions enhance the business substantially
- Sector leading performance from Tenanted business
- Business really well positioned



WELCOME TO THE  
**FULLER'S INNS CONFERENCE 2010**



CEASELESS IMPROVEMENT



John Roberts

Managing Director  
The Fuller's Beer Company



# Key Drivers

- Broad portfolio of award-winning brands
- Premium positioning
- Total commitment to quality
- High profile marketing support
- Excellent service
- Well-balanced business
  - On Trade    – Off Trade
  - Export      – Wine Division





# The Fuller's Beer Company

## Key Figures

	2010	2009	
Revenue	£97.9m	£91.8m	+ 7%
Operating profit*	£8.9m	£8.3m	+ 7%
EBITDA*	£11.0m	£10.4m	+ 6%

\* Excluding exceptional items



# The Fuller's Beer Company

## Comparison with UK Market

	Fuller's UK Volume	UK Market Volume*
Total Ale	+ 1%	- 5%
Cask Ale	- 1%	- 3%
On Trade Ale	level	- 6%
Off Trade Ale	+ 4%	level
Total Beer	level	- 3%

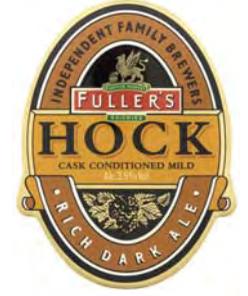
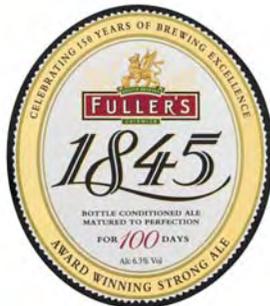
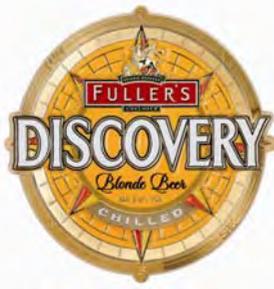
\* Source: BBPA



# The Fuller's Beer Company

## Beer Volumes

	2010 '000 brls	2009 '000 brls	
Own Beer			
Free On Trade	117.5	120.3	- 2%
Fuller's Inns	40.5	37.8	+ 7%
Off Trade	36.6	35.1	+ 4%
Exports	25.4	22.4	+ 13%
<b>Total Own Beer</b>	<b>220.0</b>	<b>215.6</b>	<b>+ 2%</b>
Foreign Beer	104.7	103.6	+ 1%
<b>Total Beer</b>	<b>324.7</b>	<b>319.2</b>	<b>+ 2%</b>





# The Fuller's Beer Company

## Seafarers and Bengal Lancer

**ALL ABOARD!**

THE LIGHT, FLAVOURSOME ALE THAT'S AS REFRESHING AS A SEA BREEZE. AND FOR EVERY PINT SOLD WE MAKE A DONATION TO SEAFARERS UK, THE UK'S LEADING MARITIME CHARITY.

Fuller's and George & Co. Ltd are the names of the brewer and bottler. The name of the beer is Seafarers Ale. The name of the charity is Seafarers UK. The name of the tap handle is Seafarers Ale. The name of the glass is Seafarers Ale. The name of the tap handle is Seafarers Ale. The name of the glass is Seafarers Ale.

FULLERS.CO.UK | DRINKAWARE.CO.UK

LEAD THE CHARGE!

TRY A REFRESHING GLASS OF BENGAL LANCER HERE. EXCLUSIVE TO FULLER'S PUBS THROUGHOUT FEBRUARY.

**BENGAL LANCER**

FULLERS.CO.UK | DRINKAWARE.CO.UK



# The Fuller's Beer Company

## London Pride

- The UK's leading Premium Ale
- Continue to increase market share
- High profile national advertising
- Comprehensive promotions and sponsorship programme
  - English Golf Union
  - London Marathon





# The Fuller's Beer Company

## Organic Honey Dew

- The UK's leading organic beer
- Increased marketing investment
- High profile advertising
- Major sampling programmes





# The Fuller's Beer Company Hampshire Distribution Centre





# The Fuller's Beer Company

## Summary

- Own Beer volumes up 2%
- Fuller's Beer Company profits up 7%
- Brand range is a key strength
- Continuing to increase market share
- Ongoing investment – marketing and operations

**J.P.Morgan**

**2010**  
**Family Business Honours**



# Prospects

- An outstanding year
- First ten weeks
  - Managed Pubs and Hotels LFL sales up 3.5%
  - Own Beer volumes level
- Future is uncertain
  - Taxes up and inflation rising
- Long term strategy continues to deliver
- Strong balance sheet with good cash generation
- Business model is resilient
- Well placed to meet the challenges ahead



LOEPPNER  
ESTD 1845  
FULLER'S  
BENGAL LANCER  
BOTTLE CONDITIONED  
INDIA PALE ALE  
FAMILY BREWERY

The fuller flavour.



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WHATEVER YOU DO, TAKE PRIDE.