



Fuller, Smith & Turner PLC

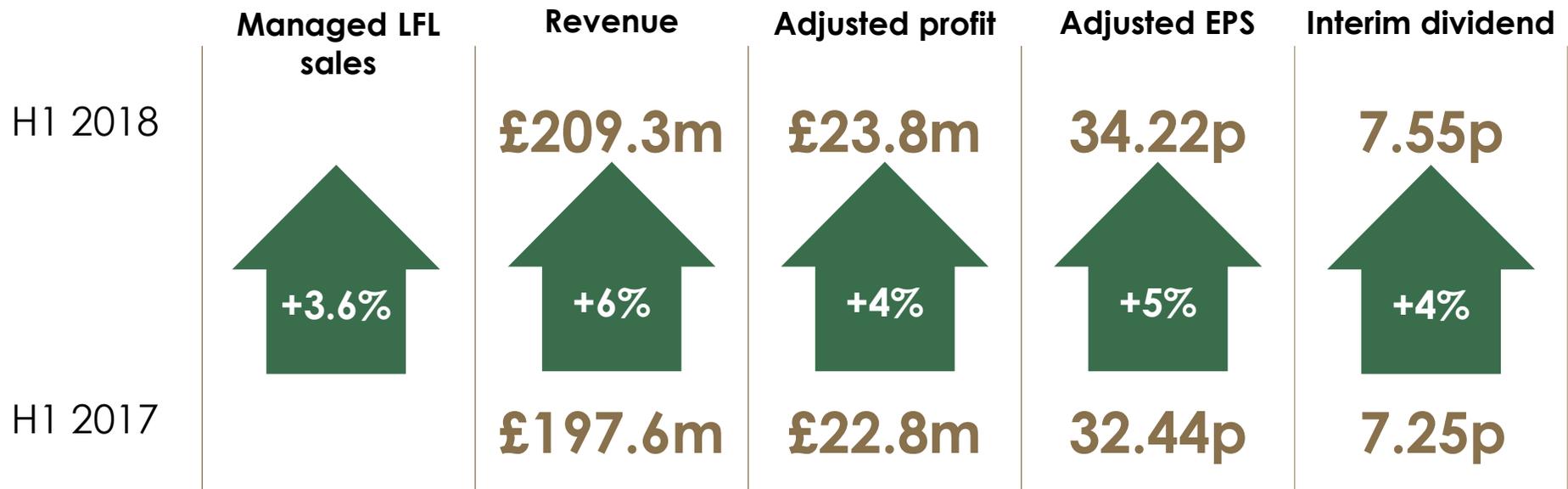


HALF YEAR RESULTS

FOR THE 26 WEEKS ENDED
30 SEPTEMBER 2017

Highlights

A good performance against strong headwinds



Group performance

	H1 2018 £m	H1 2017 £m	YoY Growth
Revenue	209.3	197.6	+6%
Operating costs	(182.6)	(171.4)	+7%
Operating profit	26.7	26.2	+2%
Net finance costs	(2.9)	(3.4)	-15%
Adjusted profit	23.8	22.8	+4%
Depreciation and amortisation	10.9	10.1	+8%
EBITDA	37.6	36.3	+4%

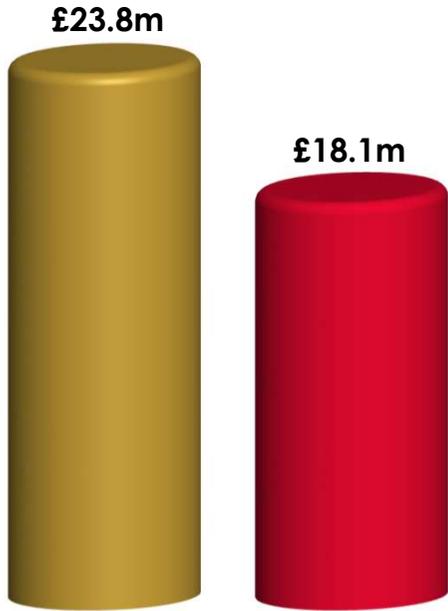
All items are before separately disclosed items and tax

Group overview

Five year history

Adjusted profit*

+42%†

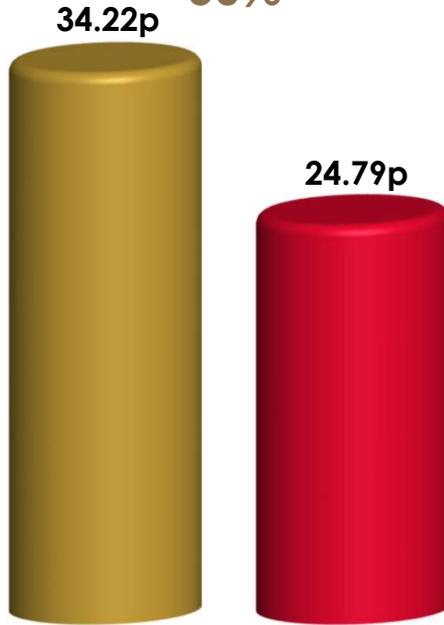


H1 2018

H1 2014

Adjusted EPS

+50%†



H1 2018

H1 2014

Interim dividend

+41%†



H1 2018

H1 2014

*Adjusted profits are before separately disclosed items and tax

† 5 year growth rates

Managed Pubs and Hotels

	H1 2018 £m	H1 2017 £m	
<i>LFL sales growth</i>	+3.6%	+3.4%	
Revenue	140.2	130.8	+7%
Operating costs*	(121.2)	(112.8)	+7%
Operating profit*	19.0	18.0	+6%
<i>Operating margin</i>	13.6%	13.8%	
Depreciation and amortisation	8.3	7.4	+12%
EBITDA*	27.3	25.4	+7%
<i>EBITDA margin</i>	19.5%	19.4%	

- Improved LFL performance despite challenging conditions
- Operating margin down slightly due to 4% LFL cost base increase
- Prior years' investments in our estate have led to increased depreciation charge
- EBITDA margin up

* Excluding separately disclosed items

Tenanted Inns

	H1 2018 £m	H1 2017 £m	
LFL profits	+3%	-2%	
Average EBITDA per pub	+7%	+1%	
Revenue	15.6	15.6	Level
Operating costs*	(8.9)	(9.0)	-1%
Operating profit*	6.7	6.6	+2%
Operating margin	42.9%	42.3%	
Depreciation and amortisation	0.8	0.8	Level
EBITDA*	7.5	7.4	+1%
EBITDA margin	48.1%	47.4%	

* Excluding separately disclosed items

	30 Sept 2017	1 April 2017	24 Sept 2016
Pubs	181	192	196

- Operating profit up despite decreased site numbers
- 11 pubs sold in the period for £8.7 million
 - 17 times EBITDA multiple
- Average EBITDA per pub up 7%

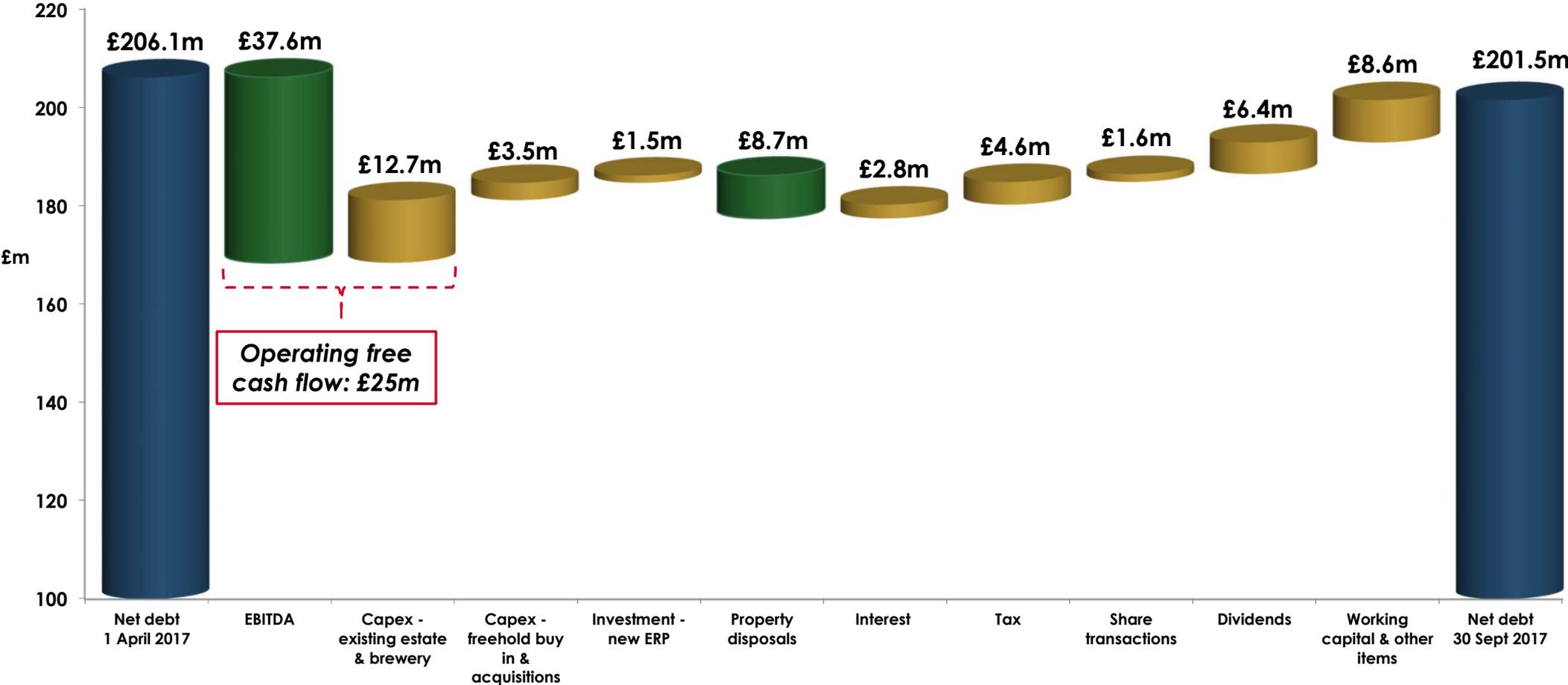
The Fuller's Beer Company

	H1 2018 £m	H1 2017 £m	
<i>Total beer and cider volumes</i>	+1%	-4%	
Revenue	78.9	74.8	+5%
Operating costs*	(75.5)	(70.9)	+6%
Operating profit*	3.4	3.9	-13%
<i>Operating margin</i>	4.3%	5.2%	
Depreciation and amortisation	1.8	1.9	-5%
EBITDA*	5.2	5.8	-10%
<i>EBITDA margin</i>	6.6%	7.8%	

- Challenging cask market offset by growth in cider and craft beer
- Increased marketing and site repairs spend
 - £0.5 million increase
- Capex invested in H1 2018 of £3.8 million
- Nectar craft beer wholesaler growing strongly

* Excluding separately disclosed items

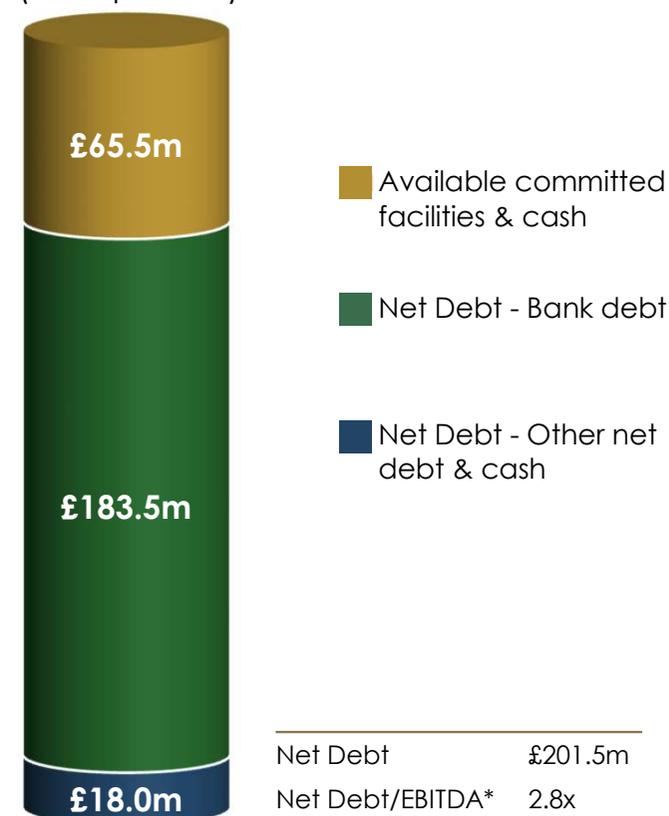
Cash generation



Strong financial position

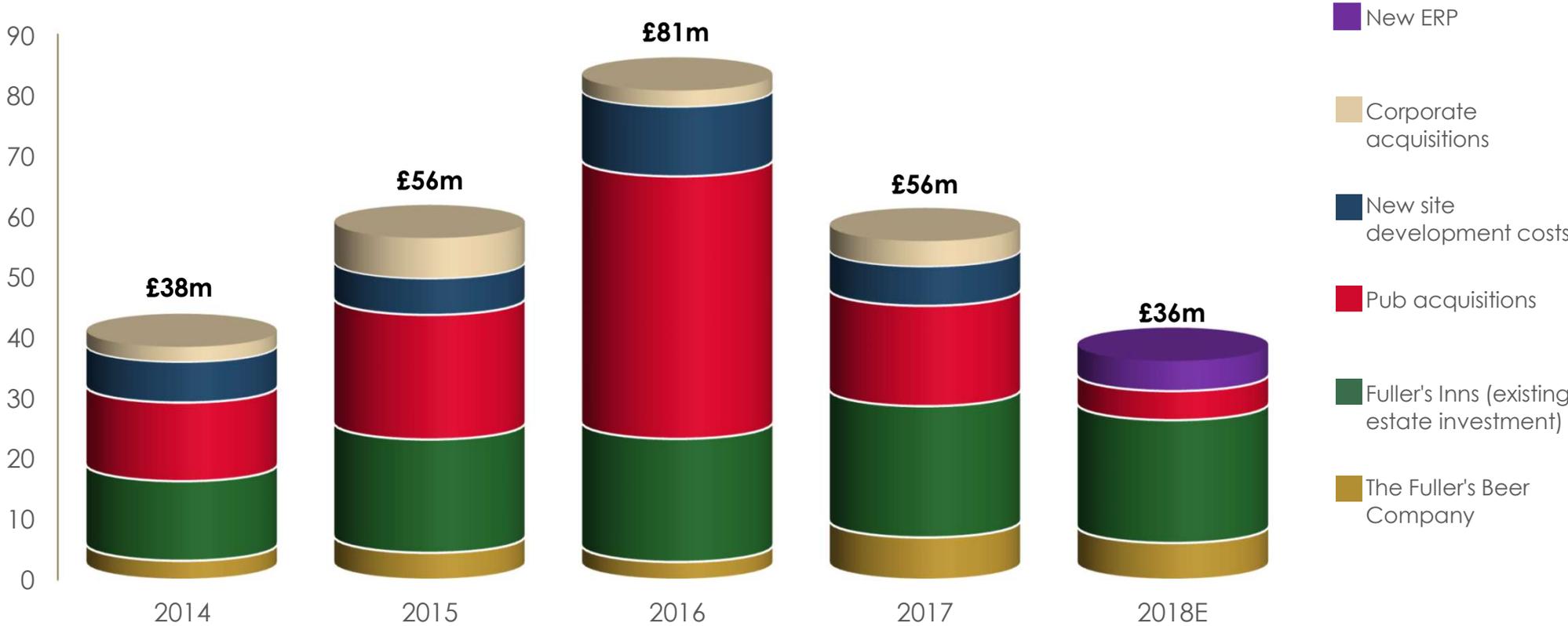
- Net debt at 30 Sept 2017 of £201.5 million
- Net Debt/EBITDA* reduced from 3.0 times to 2.8 times
- £65.5 million available committed facilities and cash
 - 58% of period end net borrowings fixed or capped
 - Average cost of gross borrowings for H1 2018 of 2.7% (H1 2017: 3.1%)
- High quality, mainly freehold, asset base
- Flexibility to borrow strategically

Borrowing Capacity
(30 Sept 2017)



* Net Debt/EBITDA is calculated on a pro forma 12 month basis adjusting as appropriate for acquisitions and disposals

Investing for the long term



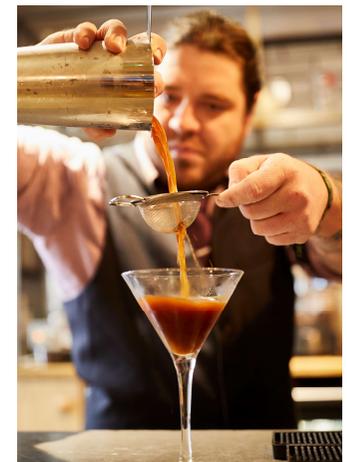
Consistent strategy

- To deliver a distinctive customer experience across the whole Fuller's estate
- To grow by carefully targeted acquisitions and developments that enhance our premium business
- To build a leaner cost base by investing and improving processes to increase efficiency
- To grow the reputation, distribution and sales of our premium brands
- Supporting all the above by recruiting, developing and investing in the best people



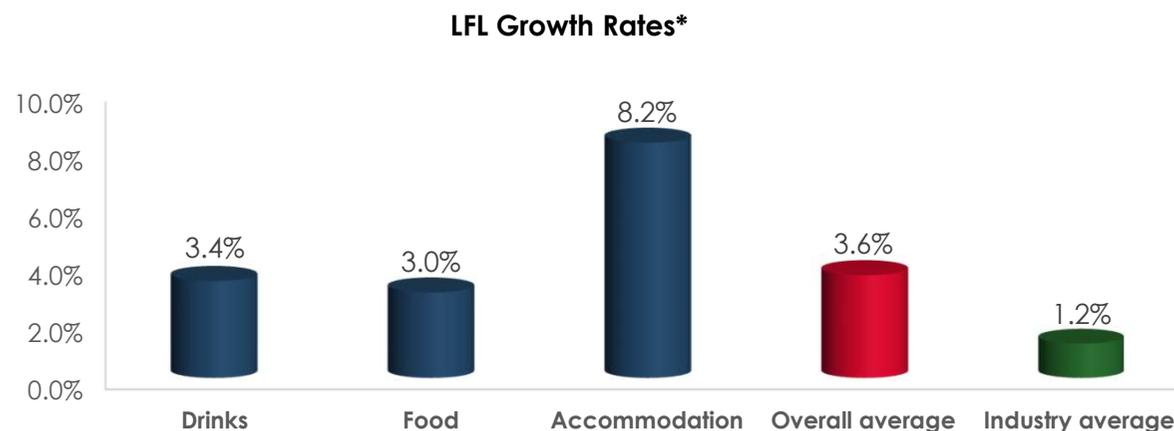
Resilient and balanced business model

- Our vertically integrated business model, with three distinct segments, helps mitigate our exposure to economic pressures
- We have accommodated unprecedented cost pressures in H1 2018
 - Business rates increased £1.0 million
 - Staff cost pressures including National Living Wage and the Apprenticeship Levy
 - Input price inflation with rising input costs, particularly food costs starting to hit margins
- Comprehensive strategy in place to attract and retain the best people in the continued uncertain political climate



Managed Pubs and Hotels

- Consistent outperformance of Peach Tracker
- All parts of the business in growth
- Drinks sales continue to grow through a vibrant portfolio of exciting brands
- Accommodation continues to grow strongly, RevPAR up 7%
- The Stable performing in line with expectations, supported by further targeted digital consumer marketing



Managed Pubs and Hotels

- Committed to maintaining and improving well-invested pubs in stunning locations offering outstanding customer experiences
- Investment in our estate in H1, with 28 closure weeks and schemes completed at sites including:
 - The Barrowboy & Banker, London Bridge
 - The Great Northern Railway Tavern, Hornsey
 - The Still & West, Southsea
- Added 18 rooms to the estate, taking total bedroom stock to 724 rooms
- Plan to develop over 100 new rooms in the next two years
- Two station sites – Euston (The Signal Box) and Liverpool Street (The Parcel Office) – due to open in 2018
- The Mayfly, Stockbridge transferred from Tenanted Inns since period end with another due imminently



Managed Pubs and Hotels

- Enhanced digital presence
 - Improved websites with focus on online booking for tables and events, generating improved management information
 - Investment in app-based communications and learning system
 - Continued programme of targeted emails with relevant news
- New food management system roll out complete
 - Providing high quality margin information
 - Insight to allow more dynamic pricing
- Further focus on recruiting and developing the best people in a highly competitive environment
 - Recruited 50 new apprentices
 - Continued investment in home grown chefs
 - Drive for higher levels of employee engagement – including improvements in digital connectivity



Tenanted Inns

- Taking our Tenanted Inns to a new high with a new turnover based agreement and exciting initiatives
- Seven pubs now on new agreement with positive early results
- Over £1 million invested in capital projects, including The Ship & Bell, Horndean and King Charles, Winchester
 - Plans to invest a further £2 million in the second half of the year
- Looking to attract entrepreneurial partners with strong business acumen and a passion for food
 - Development of new partner website
 - Plans underway to improve chef support
- Disposal programme progressing well
 - 11 pubs sold for £8.7 million in the first half
 - One sold subsequently
 - Four remain to be sold



The Fuller's Beer Company

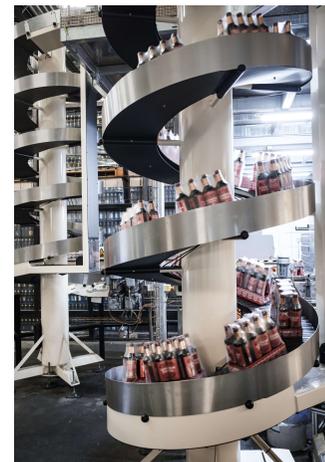
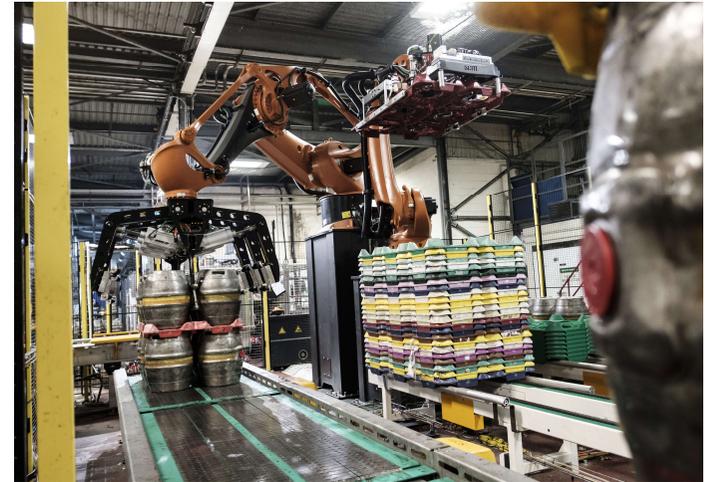
- Total beer and cider volumes have grown slightly in a challenging market, with margin under pressure
- Strategy in place for London Pride – reinforcing the premium position of our core brand
 - Rebranded livery, supported by upweighted marketing investment
 - Award winning digital campaign #whenitrainsitpours
 - London Pride Unfiltered continues to gain listings
- Frontier driving growth with volume up 9%
 - Continued regular presence on the important festival circuit
 - Strong marketing presence during the Summer with campaign in *Time Out*
- Cornish Orchards cider volumes up 34%
 - Growth from new listings
 - Presence for second year running at Boardmasters Festival



Half Year Results for the 26 weeks ended 30 September 2017

The Fuller's Beer Company

- Major investment in our Chiswick Brewery to reduce operating costs through increased efficiency
 - Improved automation on the cask racking line
 - Installation of new bottling line equipment
 - Purchased new vehicles for our distribution fleet
- Nectar progressing according to plan
 - Access to a centrally ordered, wider product range benefiting both Managed Pubs and Tenanted Inns
 - Longer term integration benefits still to come through better reach and distribution
- Upgrade and replacement of core IT systems
 - On track to deliver operational and cost benefits in FY 2019
 - Benefits will include increased use of technology in all aspects of our business to drive efficiency and enhanced business intelligence capability



Summary

- A good performance against strong headwinds
 - Adjusted PBT up 4% to £23.8m
 - Adjusted EPS up 5% to 34.22p
 - Interim dividend up 4% to 7.55p
- Another industry leading performance by the Managed Estate
- Realising benefits of improved digital footprint with better customer journey and management information
- Strategy to build a Tenanted Estate for the future progressing well
- New branding and marketing launched for London Pride
- Strong growth from Frontier and Cornish Orchards
- Committed to further investment in all parts of the business to maintain and grow our position



Current trading and outlook

- Current trading
 - Managed LFL sales up 3.7% for 33 weeks
 - Tenanted LFL profits up 2% for 33 weeks
 - Total beer & cider volumes up 1% for 33 weeks
- Projects started in last 12 months are poised to deliver benefits to the business
- Well-prepared for a continued uncertain political and economic outlook
- Resilient, consistent, long term strategy and business model encourages future growth
 - Well invested pubs offering excellent customer experiences in outstanding locations
 - Vibrant and relevant core brand portfolio supported by seasonal variations to keep customers interested
 - Commitment to recruiting, developing and retaining the best people to drive the business forward



Appendix – Reconciliation to statutory profit

	H1 2018 £m	H1 2017 £m	
Adjusted profit	23.8	22.8	+4%
Separately disclosed items	(0.2)	(1.4)	
Profit before tax	23.6	21.4	+10%
Tax on adjusted profit	(4.9)	(4.9)	
Tax on separately disclosed items	–	1.2	
Profit after tax	18.7	17.7	+6%
Adjusted EPS	34.22p	32.44p	+5%
Basic EPS	35.12p	32.08p	+10%

Appendix – Separately disclosed items

	H1 2018 £m	H1 2017 £m
Profit on sale of properties	4.8	0.5
Acquisition costs	(0.1)	(0.6)
Upgrade and replacement of core IT systems	(1.5)	–
Asset impairments	(2.9)	–
Reorganisation costs	–	(0.6)
Deemed remuneration on the future purchase of shares in The Stable	–	(0.3)
Pension scheme finance costs	(0.5)	(0.4)
Total separately disclosed items	(0.2)	(1.4)
Tax on separately disclosed items	–	1.2
Separately disclosed items net of tax	(0.2)	(0.2)

Appendix – Fuller's Inns

	1 Apr 2017	Disposed	Lease expiry	30 Sept 2017	Acquired	Disposed	24 Nov 2017	Within the M25
Managed Pubs & Hotels	198	–	(1)	197	1	–	198	61%
Tenanted Inns	192	(11)	–	181	–	(1)	180	28%
Total Fuller's	390	(11)	(1)	378	1	(1)	378	
The Stable	17	–	–	17	–	–	17	
Total Group	407	(11)	(1)	395	1	(1)	395	

Managed Pubs & Hotels
– Analysis of total revenue

