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UNTIL 7AM FRIDAY 8 JUNE 2018

FULLER, SMITH & TURNER P.L.C.
("Fuller's", "the Group" or "the Company")

Financial results for the 52 weeks ended 31 March 2018

Growing in the Fuller's Way

Financial Highlights

As 2017/18 was a 52 week year and 2016/17 was a 53 week year, a number of alternative measures are shown below in addition to the various statutory measures. For details see the notes section at the end of the document. Figures in the Chairman's Statement and Chief Executive's Report are on a 52 week comparative.

Financial Highlights	2017/18 52 weeks to 31 March 2018	2016/17 53 weeks to 1 April 2017	Change 53 week comparative	Change 52 week comparative
Revenue	£403.6m	£392.0m	+3%	**+5%**
EBITDA	£70.9m	£70.5m	+1%	**+2%**
Adjusted profit	£43.2m	£42.9m	+1%	**+3%**
Adjusted earnings per share	62.90p	61.39p	+2%	**+4%**
Total annual dividend	19.55p	18.80p	+4%	**n/a**
Statutory profit before tax	£43.6m	£39.9m	+9%	**n/a**

- Revenue up 5% to £403.6 million (2017: £384.6 million*)
- EBITDA[1] up 2% to £70.9 million (2017: £69.2 million*)
- Adjusted profit[2] up 3% to £43.2 million (2017: £42.1 million*)
- Adjusted earnings per share[3] up 4% to 62.90 p (2017: 60.23p*)
- Total annual dividend up 4% to 19.55p (2017: 18.80p)

* 2017 figures are for the 52 weeks ended 25 March 2017

[1] Earnings before separately disclosed items, interest, tax, depreciation and amortisation
[2] Adjusted profit is the profit before tax excluding separately disclosed items
[3] Calculated using adjusted profit after tax and the same weighted average number of shares as for the basic earnings per share (EPS) and using a 40p ordinary share. Basic EPS was 64.89p (2017: 58.09p)

Operational Indicators

- Good performance from Managed Pubs and Hotels with like for like sales[4] growth of 2.9%, led by a strong performance from accommodation
- Strong performance from Tenanted Inns – like for like profits rose 3%
- Total beer and cider volumes were flat[5] in a challenging market place.

Strategy Update

- Completed seven transformational redevelopments during the year
- Digital projects undertaken in the last year now live – including new food and menu management system, online booking and an internal communications app
- Continued the successful roll out of our new Tenanted Inns turnover agreement with 13 pubs on this model at the year end
- Acquired Dark Star Brewing – adding further depth to our portfolio and broadening our customer base
- Excellent pipeline of new sites and capital investments.

Current Trading

- Managed Pubs and Hotels like for like sales up by 2.5% (2017: +6.6%) in first nine weeks
- Tenanted Inns like for like profits up 2% (2017: +5%) for first nine weeks
- Own beer and cider volumes down 3% (2017: +7%) in first nine weeks
- Acquired four well-located City bars from We Are Bar Group
- Acquisition of Bel & The Dragon, comprising six iconic pubs that are a perfect fit with Fuller's premium pub portfolio
- Investment in new pilot brewery and improved visitor experience will increase innovation from our brewing team and truly showcase our iconic Chiswick brewery to the burgeoning ranks of beer enthusiasts
- Resilient, well-balanced business model, clear vision, excellent balance sheet and strong management team combine to put Fuller's in a good position to continue to deliver growth.

Commenting on the results, Chief Executive Simon Emeny said: "The year has seen another good performance with a solid set of results, particularly from Fuller's Inns. It has been a year of building for the future – with a number of internal projects coming to fruition. In February we were delighted to acquire Dark Star Brewing, a craft cask brewer in Sussex, and since the year end we have purchased an additional 10 excellent sites.

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[4] Managed Pubs and Hotels like for like sales excludes The Stable
[5] Down 1% on a 52 vs 53-week basis

"Our Managed Pubs and Hotels have again delivered like for like sales that are above the industry average and our Tenanted Inns are making real progress with a 3% increase in profits. Although we have seen a marginal drop in total beer and cider volumes, it has been a year of progress for the Fuller's Beer Company, which has a clear strategy to return to growth and exciting, achievable plans in place.

"The four sites we have acquired from We Are Bar Group are good, well-located additions to our City business and the six Bel & The Dragon sites are a perfect fit with our existing quality estate. They offer delicious, fresh food, an interesting and premium drinks portfolio and 57 bedrooms – all areas where we have expertise.

"While we are still in a time of national and global uncertainty – and we do not underestimate the related wider market and economic issues that we will have to navigate over the months ahead – we believe we are in a strong position.

"We have an excellent team of motivated people both at management level and throughout the business, we have pubs that are well-invested and in strong, iconic locations, and we have a bold and proud portfolio of beer and cider brands. These assets are backed by a robust financial position and that puts us in a good place to continue to deliver for our shareholders, our customers and our employees."

Pursuant to Listing Rule 9.6.11, the Company announces that, with effect from 1 July 2018, Peter Swinburn will take on the role of Senior Independent Director. He will be taking over from John Dunsmore who has held this position for the last seven years. John Dunsmore will remain on the Board until the Annual General Meeting in July 2019.

-**Ends**-

For further information, please contact:

<u>Fuller, Smith & Turner P.LC.</u>

Simon Emeny, Chief Executive	020 8996 2000
James Douglas, Finance Director	020 8996 2000
Georgina Wald, Corporate Comms Manager	020 8996 2198 / 07831 299801

<u>Instinctif Partners</u>

Justine Warren	020 7457 2020

Notes to Editors:

Fuller, Smith and Turner P.L.C. is an independent traditional family brewer founded in 1845 and is based at the historic Griffin Brewery in Chiswick, London, where brewing has taken place continuously since 1654. As of today [8 June 2018], the Company runs 179 Tenanted pubs and 209 Managed Pubs and Hotels, with a focus on delicious fresh, home-cooked food, outstanding cask and craft ale, great wine and exceptional service. The Company also has 781 boutique bedrooms in its Managed estate. The Fuller's pub estate stretches from Brighton to Birmingham and from Bristol to the Greenwich Peninsula, including 174 locations within the M25. Fuller's owns The Stable, a craft cider and gourmet pizza restaurant business, which has 17 sites in England and Wales.

The Fuller's Beer Company brews a portfolio of premium beers including London Pride, Frontier Craft Lager and a variety of cask and craft keg beers supported by a changing seasonal range. The Company owns Cornish Orchards – a craft cider maker producing a range of award-winning ciders and premium soft drinks – and Nectar Imports, a wholesale drinks business. In February 2018, Fuller's also acquired Dark Star Brewing, a craft cask brewer based in Sussex.

Photography is available from the Fuller's Press Office on 020 8996 2175 or by email at pr@fullers.co.uk.

Copies of this statement, the Annual Report and results presentation will be available on the Company's website, www.fullers.co.uk. The presentation will be available from 12 noon on 8 June 2018.

FULLER, SMITH & TURNER P.L.C.
FINANCIAL RESULTS FOR THE 52 WEEKS ENDED 31 MARCH 2018

CHAIRMAN'S STATEMENT

It is very pleasing to be reporting another year of growth for the Company. We grew total revenue by 5% to £403.6 million and our adjusted profit has increased by 3% to £43.2 million. It has been a year of projects at Fuller's – all aimed at ensuring your company remains fit for the future.

Our adjusted earnings per share (EPS), a measure our shareholders watch with interest, has risen again, by 4% to 62.90p. Our total annual dividend has also risen by 4% to 19.55p, continuing seven decades of unbroken growth. Over the last five years these measures have risen by 49% and 43% respectively – delivering excellent returns for our many long-term shareholders.

This year's success has once again been driven by a strong performance in our Managed Pubs and Hotels, where like for like sales have risen by 2.9%. Our like for like accommodation sales have led the way, increasing by 5.2 % during the year. It is exciting to see this division start the new financial year with the acquisition of 10 great sites. These comprise four bars from We Are Bar Group, which have great potential, and Bel & The Dragon, made up of six well-appointed sites serving fine food and with boutique accommodation. All 10 will fit perfectly into our existing premium pub estate.

The Tenanted Inns division has had a good year, with a strong rise in profits and good progress on its strategic initiatives. More investment, an excellent team of Business Development Managers, additional take up of our new turnover agreement and good use of the learnings from our Managed Pubs are adding real value to our Tenants and we are seeing that come through in financial benefits for both parties.

It has been another tough year in the beer industry, but The Fuller's Beer Company has solid plans in place, evidenced in February 2018 by the acquisition of Dark Star Brewing – a wonderful brewer in Sussex with an established cask ale portfolio that will further broaden our consumer appeal. We have a first-rate brewing team, a new pilot brewery about to come on stream and excellent marketing – especially through digital and social media campaigns – to promote these beers to an ever wider range of consumers.

DIVIDEND

The Board is pleased to announce a final dividend of 12.00p (2017: 11.55p) per 40p 'A' and 'C' ordinary share and 1.20p (2017: 1.155p) per 4p 'B' ordinary share. This will be paid on 26 July 2018 to shareholders on the share register as at 22 June 2018. The total dividend of 19.55p per 40p 'A' and 'C' ordinary share and 1.955p per 4p 'B' ordinary share represents a 4% increase on last year and will be covered more than 3.2 times by adjusted earnings per share.

Michael Turner
Chairman
7 June 2018

CHIEF EXECUTIVE'S REVIEW

The year has seen another good performance with a solid set of results, particularly from Fuller's Inns. It has been a year of building for the future – with a number of internal projects coming to fruition. In February we were delighted to acquire Dark Star Brewing, a craft cask brewer in Sussex, and since the year end we have purchased an additional 10 excellent sites.

Our Managed Pubs and Hotels have again delivered like for like sales that are above the industry average and our Tenanted Inns are making real progress with a 3% increase in profits. Although we have seen a marginal drop in total beer and cider volumes, it has been a year of progress for the Fuller's Beer Company, which has a clear strategy to return to growth and exciting, achievable plans in place.

As ever, it is our people who make Fuller's what it is today. We have a great team here at all levels, with a strong culture and values. During the year, we have invested in a new digital learning and communications platform – Fuse. This app-based initiative allows us to connect all 5,000 team members together, share best practice, develop our online learning, and communicate quickly and simply. In the first five months, over 7,000 pieces of content have been posted and as a by-product of Fuse, we have moved payslips online – the equivalent of saving 21.5 trees each year.

During the year, we have had to absorb a number of cost pressures including a huge rise in business rates, the second year of the National Living Wage, the Apprenticeship Levy and imported inflation due to a weaker pound. Despite this, we have continued to grow profits and the impact has been mitigated to a margin dilution of 10 basis points. This was due to the efforts of the whole team across Fuller's and I thank them for their contribution to these results.

FULLER'S INNS

Fuller's Inns continues to contribute the majority of our revenue and profit and this year our Managed Pubs and Hotels contributed £271.2 million in revenue and £33.4 million in operating profit, with Tenanted Inns contributing £30.2 million in revenue and £12.9 million in operating profit.

Managed Pubs and Hotels

With like for like sales rising by 2.9% during the year, our Managed Pubs and Hotels have once again outperformed the market. Accommodation led the way with a rise in like for like sales of 5.2%, while the comparable metric for drinks rose 3.3% and food rose 1.5%. Our Managed Pubs and Hotels always have a pub, in the truest sense of the word, at their heart and this is reflected in our sales mix, which comprises 63% wet trade, 30% food and 7% accommodation.

Improving the customer journey

Our unparalleled focus on outstanding service is the key differentiator between us and our competitors and in the current economic climate, we believe that the best way to continue to grow is to offer an experience that cannot be replicated in a competitor venue or at home. We do that with an unfaltering commitment to well-invested pubs in stunning locations, interesting menu dishes freshly cooked by skilled chefs, a variety of exciting premium drinks and service from engaged and enthusiastic team members. All of this is supported by a passion for delivering memorable experiences – and one that keeps the customer returning – reflected in a rise in our Net Promoter Score (an external customer survey measure) for the fifth consecutive year on the back of feedback from over 35,000 customers.

During the year, we completed work on some key digital projects. One is our new online booking portal, which has led to a 42% rise in auto confirmed online bookings. It also facilitates pre-ordering and pre-payment and enabled us to invest in a centralised booking team that also takes overspill calls from the pubs, improving customer response times.

Two other digital initiatives went live during the year. The first was a software programme that allows people with a food allergy to quickly filter the online menu and find suitable dishes. The second was FnB Manager, a food stock and reporting system that gives our head chefs a framework to evolve menu content, monitor the performance of dishes and foods, reduce waste and follow consumer trends – providing the tools and agility to keep the menu fresh and relevant.

Keeping our food offer fresh

Food continues to be a key driver for our customers with sales of £76.3 million during the year. Food quality and provenance are paramount at Fuller's and one of the core strands to our food offer is the quality of the suppliers we work with. We always prefer a long-term relationship with a supplier who has a similar culture and ethos to us.

For instance, our meat supplier, Owton's, is a sixth-generation family business that purchases whole carcasses and invests in a well-trained workforce of skilled butchers to deliver the specific cuts we require for our dishes. Our chefs visit our suppliers and farmers as part of their training and this commitment to a symbiotic relationship ensures our standards remain high and our kitchen teams engaged with the food they deliver.

Putting our people first

As part of our commitment to continually developing our team, we launched a new in-kitchen training programme for our head chefs. By focusing on skills in a variety of areas including cooking, presentation and team work, the course helps chefs to develop their own kitchen teams in the art of classical kitchen skills and promotes the head chef's role as coach and mentor.

Against the competitive backdrop for talent, we are committed to recruiting the very best people and delivering the best training throughout our business. With Brexit on the horizon, this included supporting our EU and EEA team members through the bureaucratic process of permanent residency and covering costs for eligible team members with over one year's service.

We are also looking to the home market and were delighted to take on 71 chef apprentices. Each of these spends at least one day each week in college and we have already had one of these apprentices in the final of our Chef of the Year competition after just nine months in the kitchen. We will be recruiting a similar number next year and look forward to seeing this group progress their careers.

Innovative consumer marketing

Although we only made one acquisition during the year – The Manor near Christchurch – it came with a further 10 bedrooms. This year saw the first dedicated marketing campaign aimed at promoting our accommodation – *Beautiful Bedrooms by Fuller's*. At the year end, we had 724 bedrooms. We acquired another 57 with Bel & The Dragon and have identified opportunities for around a further 100 across the estate. We would like to encourage more customers to book direct through our website and a Book Direct campaign, which ran on digital platforms, brought in £30,000 of revenue in one day.

Many other successful marketing initiatives were also run during the year, including the second year of *My Dad's Pub* on Father's Day. The number of entries rose from 300 in 2016 to 2,000 and it was highly commended in the Webbys digital awards. *Shakespeare in the Garden* also included a secondary tour with a smaller cast, suitable for pubs with smaller gardens. Nearly 4,500 people came to see the show last summer.

The Fuller's Kitchen digital marketing campaign has also gained traction and further improvements in our online CRM activity have led to successful digital campaigns targeted at frequent visitors and lapsed customers. Through our eCRM activity, we can better identify and target valuable customers who are more likely to visit on receipt of a targeted email.

Investing in our properties

During the year, we invested £16.0 million in our Managed Pubs and Hotels. This includes several large schemes in our pubs to broaden our customer appeal including The Barrowboy & Banker on London Bridge, The Wykeham Arms in Winchester, The Swan overlooking Hyde Park in Bayswater, The Red Lion in Barnes, The Swan in Staines, The Victoria in London W2, and The Great Northern Railway Tavern in Hornsey. We also have a development pipeline of three new sites that will open during 2019 – they are The Parcel Office at Liverpool Street Station, The Signal Box in Euston Station and The Windjammer on the River Thames at Royal Dock by London City Airport.

Since the year end, we have acquired 10 new sites – four bars in the City of London from We Are Bar Group and six beautiful country pubs from Bel & The Dragon. The four City bars include three Jamies sites – Fleet Place, Creechurch Street and London Bridge – and The Saint in Paternoster Square. We will be investing heavily in these sites and the total investment – both acquisition and redevelopment costs – for all four bars will be around £5.3 million.

The Bel & The Dragon sites comprise six pubs in affluent home counties locations in Cookham, Windsor, Reading, Kingsclere, Odiham and Churt, acquired for £18.5 million. They are well-managed, established, stunning pubs with delicious, fresh food, an interesting and premium drinks portfolio and 57 boutique bedrooms. With five freeholds, they are a perfect fit with our existing estate, have an engaged, well-trained team and will continue to run under the Bel & The Dragon name.

The Stable

The Stable has shown good progress in the very challenging casual dining market. The senior team is working well and delivering results and it has been focusing on its credentials as a cathedral to cider and gourmet pizza with the roll out of its Cidermasters programme, which improves product knowledge and builds on the team's passion for cider. Gabe Cook from TV's *Sunday Brunch* has been recruited as The Stable's official Cider Ambassador.

The team has also launched The Stable Cider Awards, engaging with its cider suppliers, and rolled out an app that allows customers to order at the table, thereby increasing spend per head and speeding up the payment process.

Tenanted Inns

It has been a good year for our Tenanted Inns with like for like profits rising by 3% and the average EBITDA per pub rising by 2%. Total revenue reflects the impact of the sale of 12 pubs that no longer represented our tenanted vision, however the division still made a profit contribution of £12.9 million. At the year end, we had 13 Tenants on our new turnover agreement and an additional five have come on board since the year end.

During the year, 11 major schemes were completed in our Tenanted Inns and we now have a long-term plan of capital expenditure. We have increased the amount of capex in our Tenanted Inns by 43% this year and supported the Tenants' own investment through access to kitchen design and equipment in line with our managed houses. We transferred two pubs during the period into the Managed Pubs and Hotels division, The Mayfly near Stockbridge and The Windmill in Southwark, with one going the other way – The Jolly Farmer in Worplesdon.

Leveraging our expertise

In tandem with the turnover agreement, we have helped our Tenants improve their menus and wine lists and are rolling out the Fuse communications platform to our Tenants too so they can easily access templates, tips and creative ideas.

During the year, we dedicated a member of the food team to working with Tenants on delivering value from our Managed Pubs' food suppliers, providing access to kitchen training programmes and improving food safety and compliance. This move has been very successful with 27 Tenants already buying at consistently better prices and, with an average saving of 10% on their food cost base, we expect to see more Tenants follow this route.

Recruiting the right people

Our focus on recruiting entrepreneurial Tenants led to an overhaul of our recruitment website and brochure, and a look at new and different opportunities to entice small business owners to consider the merits of a pub. We continue to reduce the number of tenancies-at-will and this is currently running at just six. In addition, the number of pubs on substantive agreements has risen to 95% – up from 85% two years ago.

Winning relationships

We have worked hard to continually improve our service, differentiate ourselves from the competition and work in genuine partnership with our Tenants. Following the recent disposals, our Business Development Managers (BDM) are now focused on fewer pubs and the issues that really matter such as drinks range, margin management and marketing the pub. In the recent survey by publiKAM, an independent survey asking tenants about the support from their BDM, we saw a rise in our average scores and we outperform the market in all but one area (where we equal the industry score).

Inspiring stories always help to recruit new aspirational business people and we were delighted when Craig Johnston, the sous chef at The Royal Oak in Paley Street, the only Fuller's pub with a Michelin Star, won this year's *MasterChef: The Professionals*. In what can only be seen as testament to the fantastic training he received at the pub, he was promptly poached by the competition's judge, Marcus Wareing.

THE FULLER'S BEER COMPANY

It is an exciting time to be a fan of great beer with the continued explosion of the micro-brewery market and increased innovation from brewers both on a national and global level. While this is great for consumers, space on the bar is at a premium and our total beer and cider volumes were level. Revenue rose 5% driven largely by a strong performance from Nectar Imports, our boutique wholesaler.

The acquisitions of Cornish Orchards, Nectar Imports and Dark Star add further depth to our Beer Company and are part of our ongoing four pillar strategy to grow our position in this vibrant marketplace.

Brewing efficiencies

A number of investments have been made in the Brewery during the year, including the installation of two new robots to further automate the cask racking line and a new palletiser and accumulation spiralators to the bottling line, considerably increasing its capacity and speed.

The main improvements to the efficiency of the Beer Company will come when our new ERP (enterprise resource planning) IT system goes live later this year. Improvements will come in stock control, traceability and distribution. In the short to medium term we will also be taking a holistic approach to our warehousing and logistics and how we optimise our various sites – particularly Chiswick, Horndean and Nectar in Wiltshire.

Stronger customer relationships

The acquisition of Nectar has given us access to a wider customer base although we have been meticulous in ensuring we do not compromise the customer's choice in order to promote our own beer. It also allows us to offer Fuller's Inns a more dynamic and contemporary range of beers from one wholesaler, which reduces cost and complexity. The addition of a cold store at Nectar has further enhanced its portfolio with the inclusion of cask ale as part of its range for the first time.

The year has been a good one for Cornish Orchards with volumes rising 34% due both to increased rate of sale and new listings in both on and off trade accounts, including Mitchells & Butlers. We have also ensured that we can deliver points of difference to our customers – such as the Fuller's & Friends collaboration with six craft brewers to create a box set of six fantastic, unique beers exclusive to Waitrose and, again for Waitrose, London Pride Unfiltered in cans.

Heightened consumer engagement

The year has seen a number of outstanding digital marketing campaigns undertaken by The Fuller's Beer Company, as well as a freshening of the London Pride livery – which improved its stand out on the bar and led to us retaking the position of top selling cask ale in London.

We are proud to have celebrated our 12th year as the Official Beer of the London Marathon and our social campaign, #RunWithPride, which ran pre, during and post the event has had over one million impressions and delivered a 4:1 return on our investment. I am pleased to announce we have renewed our sponsorship for a further 10 years.

Frontier Lager has also had a busy year with *Frontier Find Flavour* sessions activated in Fuller's Inns managed and tenanted pubs, as well as a number of national account and free trade outlets. The brand also continued to deliver in the important events space, including a presence at Carfest and the BBC Proms. In total, over 1.1 million pints of beer and cider have been served at events and brand partnerships during the year.

A rejuvenated portfolio

Today's consumer demands more choice and bigger, bolder flavours. We have addressed this using our own beer and cider portfolios, a strong seasonal calendar, collaboration brews, our agency portfolio and, most recently, the acquisition of Dark Star for a consideration of £6.3 million. Dark Star, an excellent brewer of hop-forward beers, will unlock further opportunities on the bar.

Meanwhile, Cornish Orchards has rebranded its suite of ciders to reinforce its values of natural products from fresh, pressed apples and introduced Cornish Dry to the market, which is already gaining fans and generating sales.

Alongside this activity, we are opening up our brewery at Chiswick to a whole new tranche of drinkers. Our new pilot brewery – which will allow our brewers to experiment and create many more limited-edition brews – will be up and running in June and forms part of a project called *Destination Chiswick*. This initiative will heighten our visitor experience and encourage events at the Griffin Brewery – the first of which will be the inaugural London Brewers' Alliance beer festival later this month. We intend to capitalise on over 170 years of heritage and reinforce our position as the original London brewer.

FINANCIAL PERFORMANCE

The results reported within the financial statements and within this section are for the 52 weeks ended 31 March 2018, compared to the 53 weeks ended 1 April 2017. All commentary is for the statutory periods, except for like for like information. The additional 53rd week in the prior period contributed £8.0 million of revenue and £0.8 million of adjusted profit[6].

The Group has a strong financial position as a cash generative business with a high quality, mainly freehold asset base (over 88% by book value) and a ratio of net debt to pro forma EBITDA[7] of 2.9 times (2017: 2.9 times).

We have grown revenue by 3% on the prior year, largely driven by good like for like trading within the Managed estate along with strong growth from Nectar. Our operating profits before separately disclosed items fell by 1% to £49.2 million (2017: £49.5 million). The £1.2 million fall in operating profit in The Fuller's Beer Company was partially offset by growth of £1.0 million in the Managed Pubs and Hotels division. Adjusted profit[8] increased by 1% to £43.2 million (2017: £42.9 million) and EBITDA[7] increased by 1% to £70.9 million (2017: £70.5 million) reflecting our continued investment in our estate and leading to a depreciation and amortisation charge increase of 3% on the prior period.

The Group generated cash available for discretionary spend of £51.0 million (2017: £59.6 million) with the decrease largely due to a £4.4 million net working capital cash outflow in the year compared to a £3.7 million net working capital cash inflow last year. In line with our long-term investment strategy, we invested £41.6 million in capital expenditure (2017: £55.8 million).

We spent £28.2 million on continued investment in our existing business through pub refurbishment, new pub openings, investment in equipment at the Chiswick Brewery (including cask line automation, a new bottling line and vehicles), increasing warehouse capacity at Cornish Orchards and Nectar, and investment in a new ERP system.

We have also spent £4.3 million on the acquisition of two pubs that fit with our strategic goals – The Manor in Christchurch and a freehold site in Lambeth – as well as acquiring the freehold to The Bishop on the Bridge in Winchester, an existing Fuller's pub, for £2.8 million. Furthermore, we purchased The Dark Star Brewing Company Limited for £6.3 million. Asset disposals from the sale of properties within the tenanted portfolio raised £10.1 million and generated a separately disclosed profit of £5.6

[6] Adjusted profit is the profit before tax excluding separately disclosed items
[7] Earnings before separately disclosed items, interest, tax, depreciation and amortisation
[8] Adjusted profit is the profit before tax excluding separately disclosed items

million, which we reinvested in our estate as part of our property portfolio management.

The Group has £210 million of available long-term facilities, £126.7 million of which is available until August 2021, £33.3 million of which is available until August 2020, and £50 million of which is available until August 2019. An additional £30 million facility is available until August 2018. Our undrawn committed facilities at 31 March 2018 were £53.5 million, with a further £11.7 million of cash held on the balance sheet.

The net gain on separately disclosed items of £0.4 million comprises, principally, £6.1 million of profits on the disposal of properties and a £1.2 million reversal of deemed remuneration on the future purchase of shares in The Stable, offset by £3.4 million of ERP replacement costs, £1.9 million of net impairment costs primarily in the Managed Pubs and Hotels division, and a net charge on our pension deficit of £1.0 million.

A full analysis of the tax charge for the year is set out in note 5. Tax has been provided for at an effective rate of 20.4% (2017: 21.2%) on adjusted profits. The overall effective tax rate of 20.2% is due to the net gain on separately disclosed items being taxed at an effective tax rate of 0%.

The defined benefit pension scheme deficit has decreased by £5.4 million to £32.5 million (2017: £37.9 million). The present value of pension obligations decreased from £149.3 million to £142.0 million, driven by the RPI inflation assumption decreasing from 3.30% to 3.20%, and a £3.7 million fall due to the updating of the mortality assumptions. This was partly offset by a decrease in the fair value of scheme assets of £1.9 million from £111.4 million to £109.5 million. Deficit recovery payments of £2.0 million were made during the financial year.

During the period 536,827 ‘A’ ordinary 40p shares were purchased into treasury for a total of £5.3 million (2017: 341,415 ‘A’ ordinary 40p shares for £3.5 million). In addition, 214,645 ‘B’ ordinary 4p shares were purchased for £0.2 million by or on behalf of the Trustees of the Long-Term Incentive Plan to cover future issuance (2017: 105,764 ‘B’ ordinary 4p shares for £0.1 million).

CURRENT TRADING AND PROSPECTS

For the first nine weeks, like for like sales in our Managed Pubs and Hotels are up by 2.5%, like for like profits in our Tenanted Inns are up 2% and total beer and cider volumes in The Fuller’s Beer Company are down by 3% against an exceptionally strong start last year. In addition, we have acquired 10 new sites.

We have spent much of the last financial year working internally, building systems and developing initiatives that underpin the business and create a framework for further growth in the future. The four sites we have acquired from We Are Bar Group are good, well-located additions to our City business and the six Bel & The Dragon sites are a perfect fit with our existing quality estate. They offer delicious, fresh food, an interesting and premium drinks portfolio and 57 bedrooms – all areas where we have expertise.

While we are still in a time of national and global uncertainty – and we do not underestimate the related wider market and economic issues that we will have to navigate over the months ahead – we believe we are in a strong position. We have an excellent team of motivated people both at management level and throughout the business, we have pubs that are well-invested and in strong, iconic locations, and we have a bold and proud portfolio of beer and cider brands. These assets are backed by a robust financial position and that puts us in a good place to continue to deliver for our shareholders, our customers and our employees.

Simon Emeny
Chief Executive
7 June 2018

Fuller, Smith & Turner P.L.C.
Financial Highlights
For the 52 weeks ended 31 March 2018

	52 weeks ended 31 March 2018	53 weeks ended 1 April 2017	*Change 2017/2018*
Revenue	£403.6m	£392.0m	*+3%*
Adjusted profit [1]	£43.2m	£42.9m	*+1%*
Adjusted earnings per share [2]	62.90p	61.39p	*+2%*
EBITDA [3]	£70.9m	£70.5m	*+1%*
Basic earnings per share[4]	64.89p	59.21p	*+10%*
Profit before tax	£43.6m	£39.9m	*+9%*
Dividend per share [4]	19.55p	18.80p	*+4%*
Net debt [5]	£201.9m	£206.1m	
Pro forma net debt / EBITDA [6]	2.9x	2.9x	

[1] Adjusted profit is the profit before tax excluding separately disclosed items.
[2] Calculated using adjusted profit after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share.
[3] Earnings before separately disclosed items, interest, tax, depreciation, loss on disposal of plant and equipment, and amortisation.
[4] Calculated on a 40p ordinary share.
[5] Net debt comprises cash and short-term deposits, bank overdraft, bank loans, debenture stock and preference shares.
[6] Pro forma net debt / EBITDA is calculated on a 12 month basis adjusting as appropriate for acquisitions and disposals.

Fuller, Smith & Turner P.L.C.
Condensed Group Income Statement
For the 52 weeks ended 31 March 2018

		52 weeks ended 31 March 2018			53 weeks ended 1 April 2017		
	Note	**Before separately disclosed items £m**	**Separately disclosed items £m**	**Total £m**	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Revenue	2	**403.6**	**–**	**403.6**	392.0	–	392.0
Operating costs	2	**(354.4)**	**(4.7)**	**(359.1)**	(342.5)	(3.1)	(345.6)
Operating profit		**49.2**	**(4.7)**	**44.5**	49.5	(3.1)	46.4
Profit on disposal of properties		**–**	**6.1**	**6.1**	–	0.9	0.9
Finance costs	4	**(6.0)**	**(1.0)**	**(7.0)**	(6.6)	(0.8)	(7.4)
Profit before tax		**43.2**	**0.4**	**43.6**	42.9	(3.0)	39.9
Taxation	5	**(8.8)**	**–**	**(8.8)**	(9.1)	1.7	(7.4)
Profit for the year		**34.4**	**0.4**	**34.8**	33.8	(1.3)	32.5
Attributable to:							
Equity shareholders of the Parent Company		**34.7**	**1.1**	**35.8**	33.9	(1.2)	32.7
Non-controlling interest		**(0.3)**	**(0.7)**	**(1.0)**	(0.1)	(0.1)	(0.2)

Earnings per share per 40p 'A' and 'C' ordinary share		**Pence**		**Pence**	Pence		Pence
Basic	6			**64.89**			59.21
Diluted	6			**64.49**			58.54
Adjusted	6	**62.90**			61.39		
Diluted adjusted	6	**62.51**			60.69		
Earnings per share per 4p 'B' ordinary share							
Basic	6			**6.49**			5.92
Diluted	6			**6.45**			5.85
Adjusted	6	**6.29**			6.14		
Diluted adjusted	6	**6.25**			6.07		

The results and earnings per share measures above are all in respect of continuing operations of the Group.

Condensed Group Statement of Comprehensive Income
For the 52 weeks ended 31 March 2018

	Note	**52 weeks ended 31 March 2018 £m**	53 weeks ended 1 April 2017 £m
Profit for the year		**34.8**	32.5
Items that may be reclassified to profit or loss			
Net gains on valuation of financial assets and liabilities		**1.5**	-
Tax related to items that may be reclassified to profit or loss	5	**(0.2)**	-
Items that will not be reclassified to profit or loss			
Net actuarial gains / (losses) on pension schemes	11	**4.4**	(14.6)
Tax related to items that will not be reclassified to profit or loss	5	**(0.8)**	2.1
Other comprehensive gain / (loss) for the year, net of tax		**4.9**	(12.5)
Total comprehensive income for the year, net of tax		**39.7**	20.0
Total comprehensive income attributable to:			
Equity shareholders of the Parent Company		**40.7**	20.2
Non-controlling interest		**(1.0)**	(0.2)

Fuller, Smith & Turner P.L.C.
Condensed Group Balance Sheets
As at 31 March 2018

	Note	**31 March 2018 £m**	1 April 2017 £m
Non-current assets			
Intangible assets		**45.4**	39.0
Property, plant and equipment	8	**564.1**	557.5
Investment properties		**4.6**	4.7
Other financial assets		**–**	0.1
Other non-current assets		**0.4**	0.4
Deferred tax assets		**8.7**	10.4
Total non-current assets		**623.2**	612.1
Current assets			
Inventories		**13.5**	14.0
Trade and other receivables		**22.9**	21.6
Cash and short-term deposits	10	**11.7**	15.3
Assets classified as held for sale		**2.1**	5.9
Total current assets		**50.2**	56.8
Current liabilities			
Trade and other payables		**(64.0)**	(68.6)
Current tax payable		**(4.0)**	(4.6)
Provisions		**(0.1)**	(0.5)
Borrowings	10	**(30.0)**	(20.0)
Other financial liabilities		**(3.7)**	–
Total current liabilities		**(101.8)**	(93.7)
Non-current liabilities			
Borrowings	10	**(183.6)**	(201.4)
Other financial liabilities		**(1.8)**	(8.5)
Retirement benefit obligations	11	**(32.5)**	(37.9)
Deferred tax liabilities		**(18.0)**	(16.8)
Provisions		**(0.6)**	(0.7)
Other non-current payables		**(0.2)**	(0.2)
Total non-current liabilities		**(236.7)**	(265.5)
Net assets		**334.9**	309.7
Capital and reserves			
Share capital		**22.8**	22.8
Share premium account		**4.8**	4.8
Capital redemption reserve		**3.1**	3.1
Own shares		**(19.2)**	(16.7)
Hedging reserve		**(1.1)**	(2.6)
Retained earnings		**328.4**	301.4
Equity attributable to equity holders of the parent		**338.8**	312.8
Non-controlling interest		**(3.9)**	(3.1)
Total equity		**334.9**	309.7

Approved by the Board and signed on 7 June 2018.

M J Turner, FCA
Chairman

Fuller, Smith & Turner P.L.C.
Group Statement of Changes in Equity
For the 52 weeks ended 31 March 2018

Group	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 26 March 2016	**22.8**	**4.8**	**3.1**	**(15.8)**	**(2.6)**	**293.0**	**305.3**	**(4.4)**	**300.9**
Profit for the year	–	–	–	–	–	32.7	32.7	(0.2)	32.5
Other comprehensive loss for the year	–	–	–	–	–	(12.5)	(12.5)	–	(12.5)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**20.2**	**20.2**	**(0.2)**	**20.0**
Shares purchased to be held in ESOT or as treasury	–	–	–	(3.6)	–	–	(3.6)	–	(3.6)
Shares released from ESOT and treasury	–	–	–	2.7	–	(2.1)	0.6	–	0.6
Dividends (note 7)	–	–	–	–	–	(10.1)	(10.1)	–	(10.1)
Share-based payment charges	–	–	–	–	–	1.7	1.7	–	1.7
Tax credited directly to equity (note 5)	–	–	–	–	–	0.2	0.2	–	0.2
Adjustments arising from change in non-controlling interest	–	–	–	–	–	(1.5)	(1.5)	1.5	–
Total transactions with owners	**–**	**–**	**–**	**(0.9)**	**–**	**(11.8)**	**(12.7)**	**1.5**	**(11.2)**
At 1 April 2017	**22.8**	**4.8**	**3.1**	**(16.7)**	**(2.6)**	**301.4**	**312.8**	**(3.1)**	**309.7**
Profit for the year	–	–	–	–	–	35.8	35.8	(1.0)	34.8
Other comprehensive income for the year	–	–	–	–	1.5	3.4	4.9	–	4.9
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1.5**	**39.2**	**40.7**	**(1.0)**	**39.7**
Shares purchased to be held in ESOT or as treasury	–	–	–	(5.5)	–	–	(5.5)	–	(5.5)
Shares released from ESOT and treasury	–	–	–	3.0	–	(2.2)	0.8	–	0.8
Dividends (note 7)	–	–	–	–	–	(10.5)	(10.5)	–	(10.5)
Share-based payment charges	–	–	–	–	–	0.8	0.8	–	0.8
Tax debited directly to equity (note 5)	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Adjustments arising from change in non-controlling interest	–	–	–	–	–	–	–	0.2	0.2
Total transactions with owners	**–**	**–**	**–**	**(2.5)**	**–**	**(12.2)**	**(14.7)**	**0.2**	**(14.5)**
At 31 March 2018	**22.8**	**4.8**	**3.1**	**(19.2)**	**(1.1)**	**328.4**	**338.8**	**(3.9)**	**334.9**

Fuller, Smith & Turner P.L.C.
Group Cash Flow Statements
For the 52 weeks ended 31 March 2018

	Note	**52 weeks ended 31 March 2018 £m**	53 weeks ended 1 April 2017 £m
Profit before tax		**43.6**	39.9
Net finance costs before separately disclosed items		**6.0**	6.6
Separately disclosed items	3	**(0.4)**	3.0
Depreciation and amortisation		**21.7**	21.0
		70.9	70.5
Difference between pension charge and cash paid		**(2.0)**	(1.0)
Share-based payment charges		**0.8**	1.7
Change in trade and other receivables		**(0.9)**	(0.6)
Change in inventories		**0.7**	(1.6)
Change in trade and other payables		**(4.2)**	5.9
Cash impact of operating separately disclosed items	3	**(4.0)**	(2.4)
Cash generated from operations		**61.3**	72.5
Tax paid		**(9.0)**	(9.2)
Cash generated from operating activities		**52.3**	63.3
Cash flow from investing activities			
Business combinations	9	**(10.6)**	(20.8)
Purchase of property, plant and equipment		**(27.6)**	(35.0)
Sale of property, plant and equipment and investment property		**10.8**	4.4
Cash acquired on acquisition		**0.4**	–
Net cash outflow from investing activities		**(27.0)**	(51.4)
Cash flow from financing activities			
Purchase of own shares		**(5.5)**	(3.6)
Receipts on release of own shares to option schemes		**0.8**	0.6
Interest paid		**(5.6)**	(5.9)
Preference dividends paid	7	**(0.1)**	(0.1)
Equity dividends paid	7	**(10.5)**	(10.1)
Drawdown of bank loans		**10.0**	16.5
Repayment of other loans		**(18.0)**	–
Cost of refinancing		–	(0.1)
Cost of new derivative instruments		–	(0.1)
Net cash outflow from financing activities		**(28.9)**	(2.8)
Net movement in cash and cash equivalents		**(3.6)**	9.1
Cash and cash equivalents at the start of the year	10	**15.3**	6.2
Cash and cash equivalents at the end of the year	10	**11.7**	15.3

Cash and cash equivalents comprise cash and other short-term highly liquid investments with a maturity of three months or less.

There were no significant non-cash transactions during either period.

1. Preliminary Statement

The consolidated financial statements of Fuller, Smith & Turner P.L.C. for the 52 weeks ended 31 March 2018 were authorised for issue by the Board of Directors on 7 June 2018.

This statement does not constitute statutory financial statements as defined by Section 435 of the Companies Act 2006. The financial information for the 52 weeks ended 31 March 2018 has been extracted from the statutory financial statements on which an unmodified audit opinion has been issued and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory financial statements for the 53 weeks ended 1 April 2017, including an unmodified auditor's report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Group financial statements are presented in Sterling and all values are shown in millions of pounds (£m) rounded to the nearest hundred thousand pounds, except when otherwise indicated. The accounting policies used have been applied consistently, except where set out below, and are described in full in the statutory financial statements for the 52 weeks ended 31 March 2018, which will be mailed to shareholders on or before 22 June 2018 and delivered to the Registrar of Companies. The financial statements will also be available from the Company's registered office: Griffin Brewery, Chiswick Lane South, Chiswick, London, W4 2QB, and on its website, from that date.

2. Segmental Analysis

For management purposes, the Group's operating segments are:

- Managed Pubs and Hotels, which comprises managed pubs, managed hotels and The Stable Pizza & Cider Limited;
- Tenanted Inns, which comprises pubs operated by third parties under tenancy or lease agreements; and
- The Fuller's Beer Company, which comprises the brewing and distribution of beer, cider, wines, spirits and soft drinks, Nectar Imports Limited and The Dark Star Brewing Company Limited.

The Group's business is vertically integrated. The most important measure used to evaluate the performance of the business is adjusted profit, which is the profit before tax, adjusted for separately disclosed items. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit. More details of these segments are given in the Chief Executive's Review. Segment performance is evaluated based on operating profit before separately disclosed items and is measured consistently with the operating profit before separately disclosed items in the consolidated financial statements.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation. Group financing, including finance costs and revenue, and taxation are managed on a Group basis.

2. Segmental Analysis (continued)

52 weeks ended 31 March 2018	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated[1] £m	Total £m
Revenue					
Segment revenue	**271.2**	**30.2**	**152.9**	**–**	**454.3**
Inter-segment sales	**–**	**–**	**(50.7)**	**–**	**(50.7)**
Revenue from third parties	**271.2**	**30.2**	**102.2**	**–**	**403.6**
Segment result	**33.4**	**12.9**	**6.8**	**(3.9)**	**49.2**
Operating separately disclosed items					**(4.7)**
Operating profit					**44.5**
Profit on disposal of properties					**6.1**
Net finance costs					**(7.0)**
Profit before tax					**43.6**
Other segment information					
Capital expenditure: property, plant and equipment	**18.8**	**3.0**	**5.8**	**–**	**27.6**
Business combinations (note 9)	**1.5**	**2.8**	**6.3**	**–**	**10.6**
Depreciation and amortisation	**16.4**	**1.5**	**3.8**	**–**	**21.7**
Impairment of property	**(3.5)**	**–**	**–**	**–**	**(3.5)**
Reversal of impairment on property	**0.8**	**0.8**	**–**	**–**	**1.6**

1 Unallocated expenses represent primarily the salaries and costs of central management.

53 weeks ended 1 April 2017	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated[1] £m	Total £m
Revenue					
Segment revenue	261.3	31.2	147.9	–	440.4
Inter-segment sales	–	–	(48.4)	–	(48.4)
Revenue from third parties	261.3	31.2	99.5	–	392.0
Segment result	32.4	13.2	8.0	(4.1)	49.5
Operating separately disclosed items					(3.1)
Operating profit					46.4
Profit on disposal of properties					0.9
Net finance costs					(7.4)
Profit before tax					39.9
Other segment information					
Capital expenditure: property, plant and equipment	26.0	2.1	6.9	–	35.0
Business combinations (note 9)	19.3	–	1.5	–	20.8
Depreciation and amortisation	15.7	1.6	3.7	–	21.0
Impairment of property	–	–	–	–	–
Reversal of impairment on property	–	–	–	–	–

1 Unallocated expenses represent primarily the salaries and costs of central management.

3. Separately Disclosed Items

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Amounts included in operating profit:		
Acquisition costs	**(0.6)**	(1.3)
Reorganisation costs	**–**	(1.5)
Deemed remuneration on the future purchase of shares in The Stable	**1.2**	(0.3)
Impairment of properties	**(3.5)**	–
Reversal of impairment on property	**1.6**	–
Replacement of core IT systems	**(3.4)**	–
Total separately disclosed items included in operating profit	**(4.7)**	(3.1)
Profit on disposal of properties	**6.1**	0.9
Separately disclosed finance costs:		
Finance charge on net pension liabilities	**(1.0)**	(0.8)
Total separately disclosed finance costs	**(1.0)**	(0.8)
Total separately disclosed items before tax	**0.4**	(3.0)
Separately disclosed tax:		
Change in corporation tax rate (note 5)	**–**	1.0
Profit on disposal of properties	**(1.0)**	–
Other items	**1.0**	0.7
Total separately disclosed tax	**–**	1.7
Total separately disclosed items	**0.4**	(1.3)

Acquisition costs of £0.6 million during the 52 weeks ended 31 March 2018 (2017: £1.3 million) relate to transaction costs on property and business acquisitions. In the 53 weeks ended 1 April 2017, the costs incurred related to site acquisitions both completed and aborted. See note 9.

The reorganisation costs of £1.5 million incurred in the prior period were principally incurred within The Fuller's Beer Company and primarily related to staff costs.

Deemed remuneration on the future purchase of shares in The Stable relates to the remuneration element of the decrease in the estimated value of the option remaining on The Stable group of companies. The current estimate of the amount payable for the remaining 24% is £1.6 million, all of which is accrued at the Balance Sheet date.

The property impairment charge of £3.5 million during the 52 weeks ended 31 March 2018 relates to the write down of three licensed properties to their recoverable value. The reversal of impairment on property credit of £1.6 million during the 52 weeks ended 31 March 2018 relates to the write back of previously impaired licensed properties to their recoverable value. There were no property impairment charges or reversal of impairment charges for the 53 weeks ended 1 April 2017.

The profit on disposal of properties of £6.1 million during the 52 weeks ended 31 March 2018 (2017: £0.9 million) relates to the disposal of twelve licensed properties (2017: six licensed properties) and two unlicensed properties (2017: nil).

The cash impact of operating separately disclosed items before tax for the 52 weeks ended 31 March 2018 was £4.0 million cash outflow (2017: £2.4 million cash outflow).

4. Finance Costs

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Interest expense arising on:		
Financial liabilities at amortised cost – loans and debentures	**5.9**	6.2
Financial liabilities at amortised cost – preference shares	**0.1**	0.1
Total interest expense for financial liabilities	**6.0**	6.3
Unwinding of discounts on provisions	**–**	0.3
Total finance costs before separately disclosed items	**6.0**	6.6
Finance charge on net pension liabilities (note 3)	**1.0**	0.8
Total finance costs	**7.0**	7.4

5. Taxation

Tax on Profit on Ordinary Activities

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Tax charged in the Income Statement		
Current income tax:		
Corporation tax	**8.3**	9.6
Amounts under/(over) provided in previous years	**0.1**	(0.1)
Total current income tax	**8.4**	9.5
Deferred tax:		
Origination and reversal of temporary differences	**0.4**	(1.0)
Change in corporation tax rate (note 3)	**–**	(1.0)
Amounts overprovided in previous years	**–**	(0.1)
Total deferred tax	**0.4**	(2.1)
Total tax charged in the Income Statement	**8.8**	7.4
Analysed as:		
Before separately disclosed items	**8.8**	9.1
Separately disclosed items	**–**	(1.7)
	8.8	7.4

5. Taxation (continued)

Reconciliation of the Total Tax Charge
The tax expense in the Income Statement for the year is higher (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are reconciled below:

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Profit from continuing operations before taxation	**43.6**	39.9
Accounting profit multiplied by the UK standard rate of corporation tax of 19% (2017: 20%)	**8.3**	8.0
Items not deductible for tax purposes	**0.5**	0.5
Current and deferred tax under/(over) provided in previous years	**0.1**	(0.2)
Change in corporation tax rate	**–**	(1.0)
Other	**(0.1)**	0.1
Total tax charged in the Income Statement	**8.8**	7.4

Deferred tax relating to items charged/(credited) to the Income Statement

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Deferred tax depreciation	**(1.2)**	(1.5)
Rolled over capital gains	**1.0**	(0.6)
Retirement benefit obligations	**0.1**	–
Employee share schemes	**0.3**	0.1
Pub acquisition costs	**(0.1)**	(0.1)
Others	**0.3**	–
Deferred tax in the Income Statement	**0.4**	(2.1)

Tax relating to items charged/(credited) to the Statement of Comprehensive Income

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Deferred tax:		
Change in corporation tax rate	**–**	0.3
Valuation gains on financial assets and liabilities	**0.2**	–
Net actuarial gains/(losses) on pension scheme	**0.8**	(2.4)
Total tax charged/(credited) in the Statement of Comprehensive Income	**1.0**	(2.1)

Tax relating to items charged/(credited) directly to equity

	52 weeks ended 31 March 2018	53 weeks ended 1 April 2017
Deferred tax:		
Increase / (reduction) in deferred tax liability due to indexation	**0.3**	(0.1)
Share-based payments	**0.2**	–
Deferred tax depreciation	**(0.1)**	–
Current tax:		
Share-based payments	**(0.1)**	(0.1)
Total tax charged/(credited) to equity	**0.3**	(0.2)

5. Taxation (continued)

During the prior period The Finance Act 2016 received Royal Assent. The main impact was the reduction of the UK corporation tax rate from 18% to 17% from 1 April 2020. The impact in the 53 weeks to 1 April 2017 was a credit to separately disclosed items in the Income Statement of £1.0 million, and a charge to the Statement of Comprehensive Income of £0.3 million.

6. Earnings Per Share

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Profit attributable to equity shareholders	**35.8**	32.7
Separately disclosed items net of tax	**(1.1)**	1.2
Adjusted earnings attributable to equity shareholders	**34.7**	33.9

	Number	Number
Weighted average share capital	**55,169,000**	55,223,000
Dilutive outstanding options and share awards	**344,000**	636,000
Diluted weighted average share capital	**55,513,000**	55,859,000

40p 'A' and 'C' ordinary share	**Pence**	Pence
Basic earnings per share	**64.89**	59.21
Diluted earnings per share	**64.49**	58.54
Adjusted earnings per share	**62.90**	61.39
Diluted adjusted earnings per share	**62.51**	60.69

4p 'B' ordinary share	**Pence**	Pence
Basic earnings per share	**6.49**	5.92
Diluted earnings per share	**6.45**	5.85
Adjusted earnings per share	**6.29**	6.14
Diluted adjusted earnings per share	**6.25**	6.07

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 1,815,668 (2017: 1,760,953).

Diluted earnings per share amounts are calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Adjusted earnings per share are calculated on profit before tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. Adjusted earnings per share measures have been included as the Directors consider that these measures better reflect the underlying earnings of the Group.

7. Dividends

	52 weeks ended 31 March 2018 £m	53 weeks ended 1 April 2017 £m
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2017: 11.55p (2016: 11.00p)	**6.4**	6.1
Interim dividend for 2018: 7.55p (2017: 7.25p)	**4.1**	4.0
Equity dividends paid	**10.5**	10.1
Dividends on cumulative preference shares (note 4)	**0.1**	0.1
Proposed for approval at the Annual General Meeting:		
Final dividend for 2018: 12.00p (2017: 11.55p)	**6.6**	6.4

The pence figures above are for the 40p 'A' ordinary shares and 40p 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the Trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

8. Property, Plant and Equipment

Group	Land & buildings £m	Plant, machinery & vehicles £m	Containers, fixtures & fittings £m	Total £m
Cost				
At 26 March 2016	496.9	38.8	140.5	676.2
Additions	13.3	2.8	19.8	35.9
Acquisitions (note 9)	16.4	–	0.2	16.6
Disposals	(3.4)	(1.2)	(6.3)	(10.9)
Transfers from investment property	0.5	–	–	0.5
Transfer to assets held for sale	(6.8)	–	(1.4)	(8.2)
At 1 April 2017	516.9	40.4	152.8	710.1
Additions	7.9	3.4	14.6	25.9
Acquisitions (note 9)	4.3	–	–	4.3
Disposals	(0.7)	(0.8)	(6.7)	(8.2)
At 31 March 2018	**528.4**	**43.0**	**160.7**	**732.1**
Depreciation and impairment				
At 26 March 2016	31.9	24.3	86.2	142.4
Provided during the year	4.0	2.2	14.0	20.2
Disposals	(0.6)	(1.2)	(5.9)	(7.7)
Transfer to assets held for sale	(1.2)	–	(1.1)	(2.3)
At 1 April 2017	34.1	25.3	93.2	152.6
Provided during the year	4.3	2.2	14.4	20.9
Disposals	(0.7)	(0.8)	(6.7)	(8.2)
Impairment loss net of reversals	2.7	–	–	2.7
At 31 March 2018	**40.4**	**26.7**	**100.9**	**168.0**
Net book value at 31 March 2018	**488.0**	**16.3**	**59.8**	**564.1**
Net book value at 1 April 2017	482.8	15.1	59.6	557.5
Net book value at 26 March 2016	465.0	14.5	54.3	533.8

9. Business Combinations

On 20 February 2018, the Company purchased 100% of the shares in The Dark Star Brewing Company Limited, a manufacturer of beer, for £6.3 million.

The Company has the option to acquire the remaining 49% of the shares in Nectar Imports Limited in 2018 and a liability of £2.1 million has been recognised at the balance sheet date, which reflects management's best estimate of the option value. Under the terms of the agreement the total consideration will not exceed £10m.

In the prior year, the Company purchased an additional 25% of the shares in The Stable Pizza & Cider Limited for £2.7 million, bringing the Company's interest in the Stable Pizza & Cider Limited to 76%. The Company has the option to acquire the remaining 24% of shares in 2018 and a liability of £1.6 million has been recognised at the balance sheet date, which reflects management's best estimate of the option value.

The Company also paid £1.2 million in contingent consideration to the former owners of Cornish Orchards Limited, which was acquired on 4 June 2013, and £0.3 million to the company that formerly held the import and distribution rights to Sierra Nevada.

During the 52 weeks ended 31 March 2018, the Company has individually acquired two new pubs for £4.3 million, both of which have been treated as business combinations as they were operating as a business at the point the Company acquired them.

10. Cash, Borrowings and Net Debt

Analysis of Net Debt

	At 1 April 2017 £m	Cash flows £m	Non-cash[1] £m	**At 31 March 2018 £m**
Cash and cash equivalents				
Cash and short-term deposits	15.3	(3.6)	–	**11.7**
	15.3	(3.6)	–	**11.7**
Debt				
Bank loans[2]	(193.7)	8.0	(0.2)	**(185.9)**
Other loans	(0.2)	–	–	**(0.2)**
Debenture stock	(25.9)	–	–	**(25.9)**
Preference shares	(1.6)	–	–	**(1.6)**
	(221.4)	8.0	(0.2)	**(213.6)**
Net debt	(206.1)	4.4	(0.2)	**(201.9)**

[1] Non-cash movements relate to the amortisation of arrangement fees
[2] Bank loans net of arrangement fees

	At 26 March 2016 £m	Cash flows £m	Non-cash[1] £m	At 1 April 2017 £m
Cash and cash equivalents				
Cash and short-term deposits	6.2	9.1	–	15.3
	6.2	9.1	–	15.3
Debt				
Bank loans[2]	(177.0)	(16.5)	(0.2)	(193.7)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
	(204.7)	(16.5)	(0.2)	(221.4)
Net debt	(198.5)	(7.4)	(0.2)	(206.1)

[1] Non-cash movements relate to the amortisation of arrangement fees
[2] Bank loans net of arrangement fees

11. Pensions

Total amounts included in the Balance Sheet arising from the Group's pension obligations in respect of its defined benefit retirement plan are:

	2018 £m	2017 £m
Fair value of Scheme assets	**109.5**	111.4
Present value of Scheme liabilities	**(142.0)**	(149.3)
Deficit in the Scheme	**(32.5)**	(37.9)

	Defined benefit obligation		**Fair value of Scheme assets**		**Net defined benefit / (deficit)**	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Balance at beginning of the year	**(149.3)**	(119.5)	**111.4**	96.0	**(37.9)**	(23.5)
Included in profit and loss						
Current service cost	**–**	–	**–**	(0.3)	**–**	(0.3)
Net interest cost	**(3.8)**	(4.2)	**2.8**	3.4	**(1.0)**	(0.8)
	(3.8)	(4.2)	**2.8**	3.1	**(1.0)**	(1.1)
Included in Other Comprehensive Income						
Actuarial gains/(losses) relating to:						
Actual return less expected return on Scheme assets	**–**	–	**(0.9)**	15.5	**(0.9)**	15.5
Experience gains/(losses) arising on Scheme liabilities	**5.3**	(30.1)	**–**	–	**5.3**	(30.1)
	5.3	(30.1)	**(0.9)**	15.5	**4.4**	(14.6)
Other						
Employer contributions	**–**	–	**–**	–	**–**	–
Employer special contributions	**–**	–	**2.0**	1.3	**2.0**	1.3
Employee contributions	**–**	–	**–**	–	**–**	–
Benefits paid	**5.8**	4.5	**(5.8)**	(4.5)	**–**	–
	5.8	4.5	**(3.8)**	(3.2)	**2.0**	1.3
Balance at end of the year	**(142.0)**	(149.3)	**109.5**	111.4	**(32.5)**	(37.9)

The key assumptions used in the 2018 valuation of the Scheme are set out below:

Key financial assumptions used in the valuation of the Scheme	**2018**	2017
Rate of increase in pensions in payment	**3.20%**	3.30%
Discount rate	**2.60%**	2.60%
Inflation assumption – RPI	**3.20%**	3.30%
Inflation assumption – CPI	**2.20%**	2.30%

Mortality assumptions	**2018 Years**	2017 Years
Current pensioners (at 65) – males	**21.9**	22.2
Current pensioners (at 65) – females	**23.9**	24.3
Future pensioners (at 65) – males	**23.3**	24.0
Future pensioners (at 65) – females	**25.4**	26.2

11. Pensions (continued)

Assets in the Scheme

	2018 £m	2017 £m
Corporate bonds	**21.9**	21.8
UK equities	**23.9**	20.5
Overseas equities	**24.8**	26.3
Alternatives	**34.3**	37.0
Property	**–**	–
Cash	**1.2**	2.3
Annuities	**3.4**	3.5
Total market value of assets	**109.5**	111.4

12. Post Balance Sheet Event

Following the period end the Company acquired Bel & the Dragon for £18.5 million and four Managed leasehold properties for £3.5 million.