



**Fuller, Smith and Turner PLC**  
**Half Year Results**  
for the 26 weeks to 27 September 2008



Michael Turner

Chairman



# Agenda

Strategy

Corporate Progress

Key Financial Data

Fuller's Inns

The Fuller's Beer Company

Prospects



# Consistent Strategy

Fundamental objective 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



# Corporate Progress

## First Half

- Managed LFL sales up 2.3% (invested)
- Adjusted earnings per share up 1%
- Adjusted profits down 1%
- Fuller's Inns profits down 2%
- Own Beer volumes 1% lower
- Fuller's Beer Company profits down 3%
- Net debt reduced by £13.6m to £90.1m (2007: £103.7m)



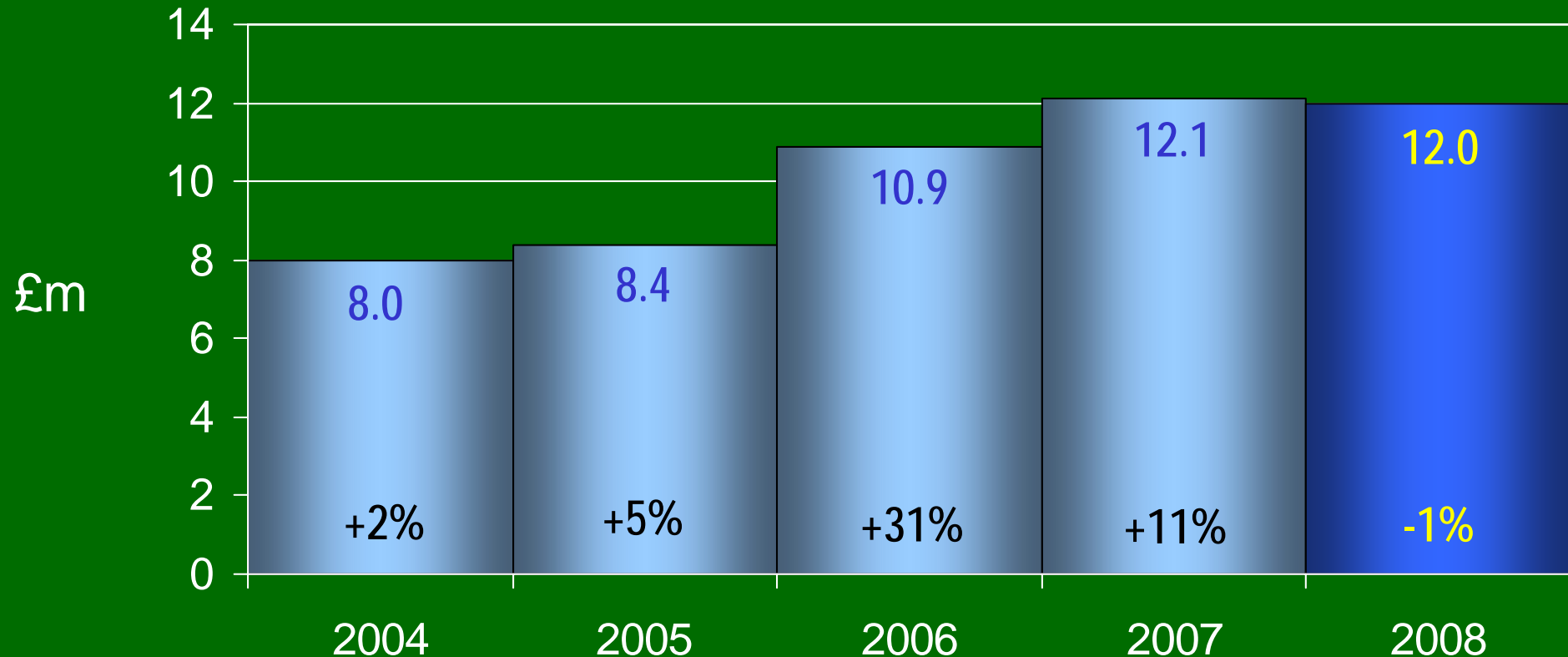
# Financial Highlights

- Revenue up 1% to £94.4m (2007: £93.3m)
- Adjusted\* PBT down 1% to £12.0m (2007: £12.1m)
- PBT down 6% to £12.0m (2007: £12.7m)
- EBITDA\* level at £20.9m (2007: £21.0m)
- Adjusted\* EPS up 1% to 15.29p (2007: 15.18p)
- Basic EPS down 35% to 13.13p (2007: 20.34p)
- Interim dividend up 2% to 2.85p (2007: 2.80p)

\* *Excluding exceptional items*



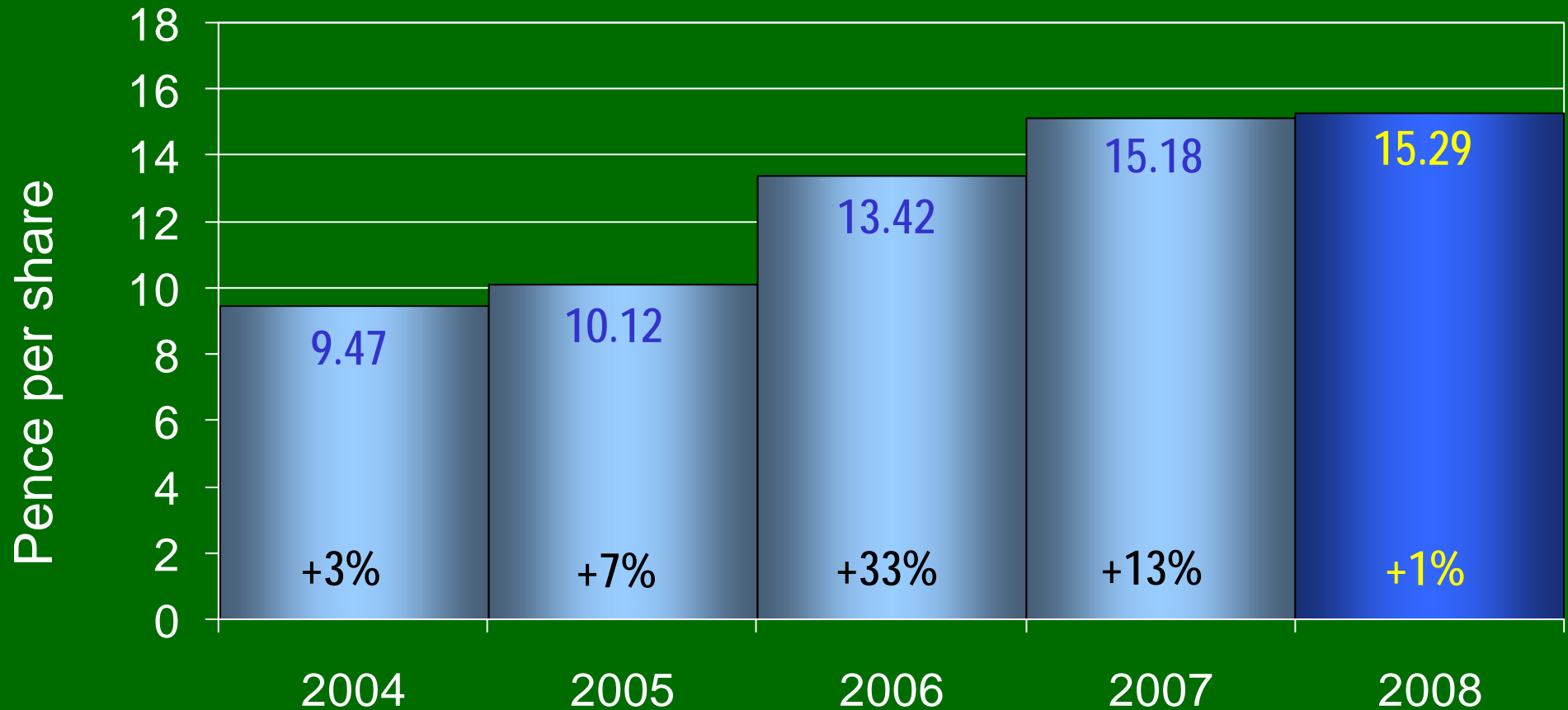
# Adjusted Half Year Profits



*Adjusted profits are profits before tax excluding exceptional items*



# Adjusted Half Year EPS

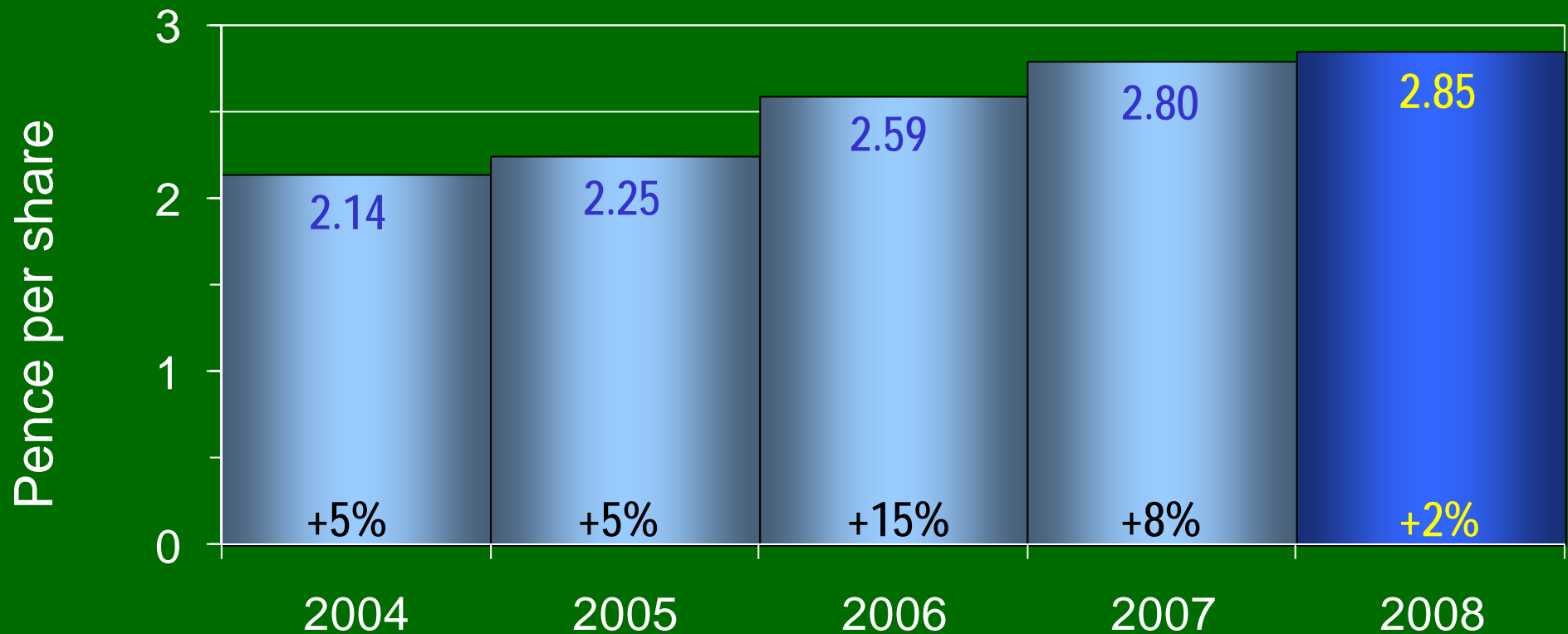


*2004 to 2006 adjusted for the five for two share split*





# Interim Dividend



*2004 to 2006 adjusted for the five for two share split*



James Douglas

Finance Director



# Segmental Split

	H1 2008	H1 2007	
<b>Segment Revenue</b>	£m	£m	
Fuller's Inns	74.4	73.5	+1%
Fuller's Beer Company	30.9	30.3	+2%
Inter segment revenue	(10.9)	(10.5)	+4%
Revenue	94.4	93.3	+1%
<b>Segment Profits</b>			
Fuller's Inns	13.0	13.3	-2%
Fuller's Beer Company	3.4	3.5	-3%
Central costs	(1.2)	(1.3)	-8%
Operating profit	15.2	15.5	-2%
Net finance costs	(3.2)	(3.4)	-6%
Adjusted profit	12.0	12.1	-1%



# Statutory Profit Reconciliation

	H1 2008 £m	H1 2007 £m	
Adjusted profit	12.0	12.1	-1%
Profit on property disposals	-	0.6	
Statutory profit before tax	12.0	12.7	-6%
Adjusted earnings per share	15.29p	15.18p	+1%
Basic earnings per share	13.13p	20.34p	-35%*
Effective tax rate	29.2%	30.1%	

\* H1 2007 benefited from a one off tax credit of £2.5m due to corporation tax rate change, while H1 2008 bore a one off tax charge of £1.2m due to abolition of Industrial Buildings Allowances

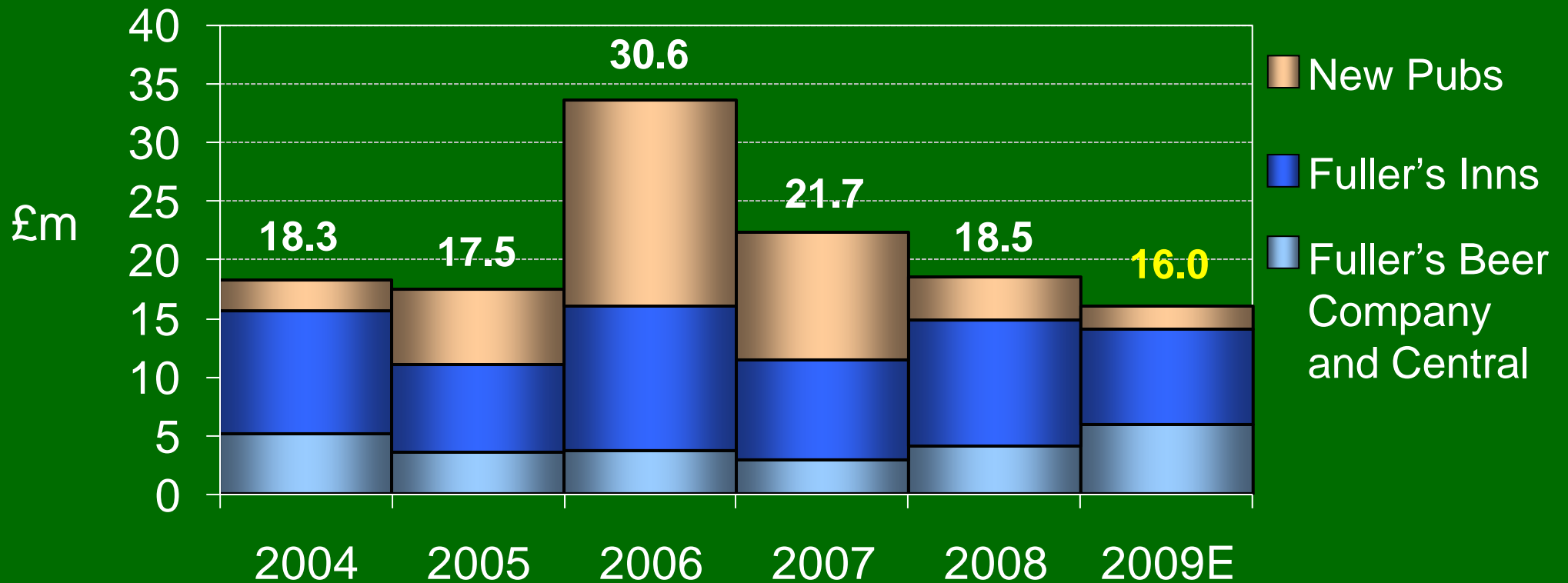


# Cash Flow

	H1 2008 £m	H1 2007 £m
EBITDA	20.9	21.0
Share based payment	0.8	0.8
Working capital / other	(0.3)	0.1
Pension	(0.5)	(8.4)
Capex	(6.9)	(11.2)
Disposals	0.2	1.9
Interest and tax	(3.1)	(5.5)
Share buy backs and dividends	(5.7)	(5.9)
Net debt at start of period	(95.5)	(96.5)
Net debt at end of period	<u>(90.1)</u>	<u>(103.7)</u>



# Annual Capital Expenditure

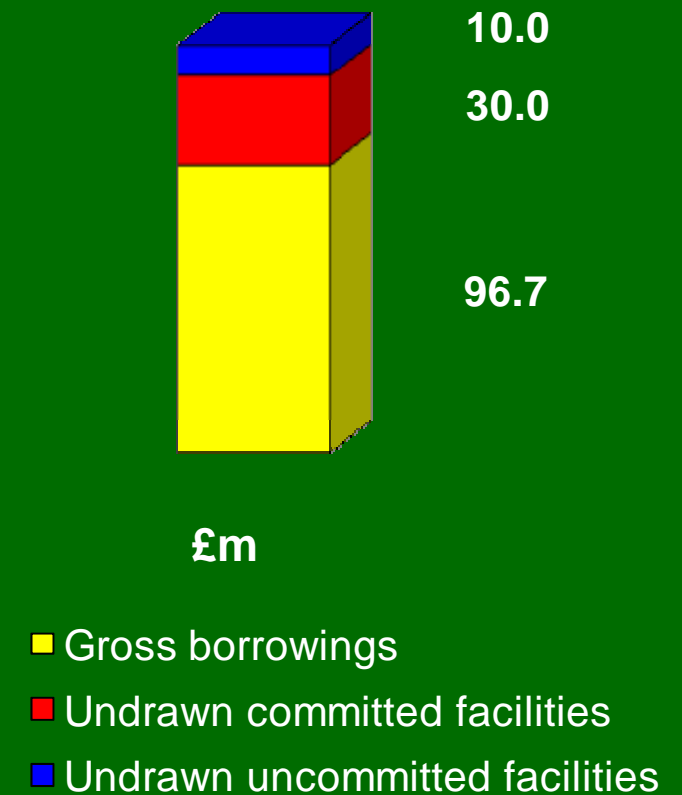


*Estimated 2009 expenditure includes £1.9m spend already committed on new pub acquisitions*



# Fuller's has Plenty of Debt Headroom

	H1 2008	H1 2007
EBITDA*	£20.9m	£21.0m
Gross borrowings	£96.7m	£105.0m
Net Debt	£90.1m	£103.7m
Net Debt / EBITDA*	2.2x	2.5x
Interest Cover*	4.8x	4.6x
Headroom on committed facilities	£30.0m	£30.0m
Headroom on uncommitted facilities	£10.0m	£8.8m



\* Excluding exceptional items



# Debt Repayment Profile

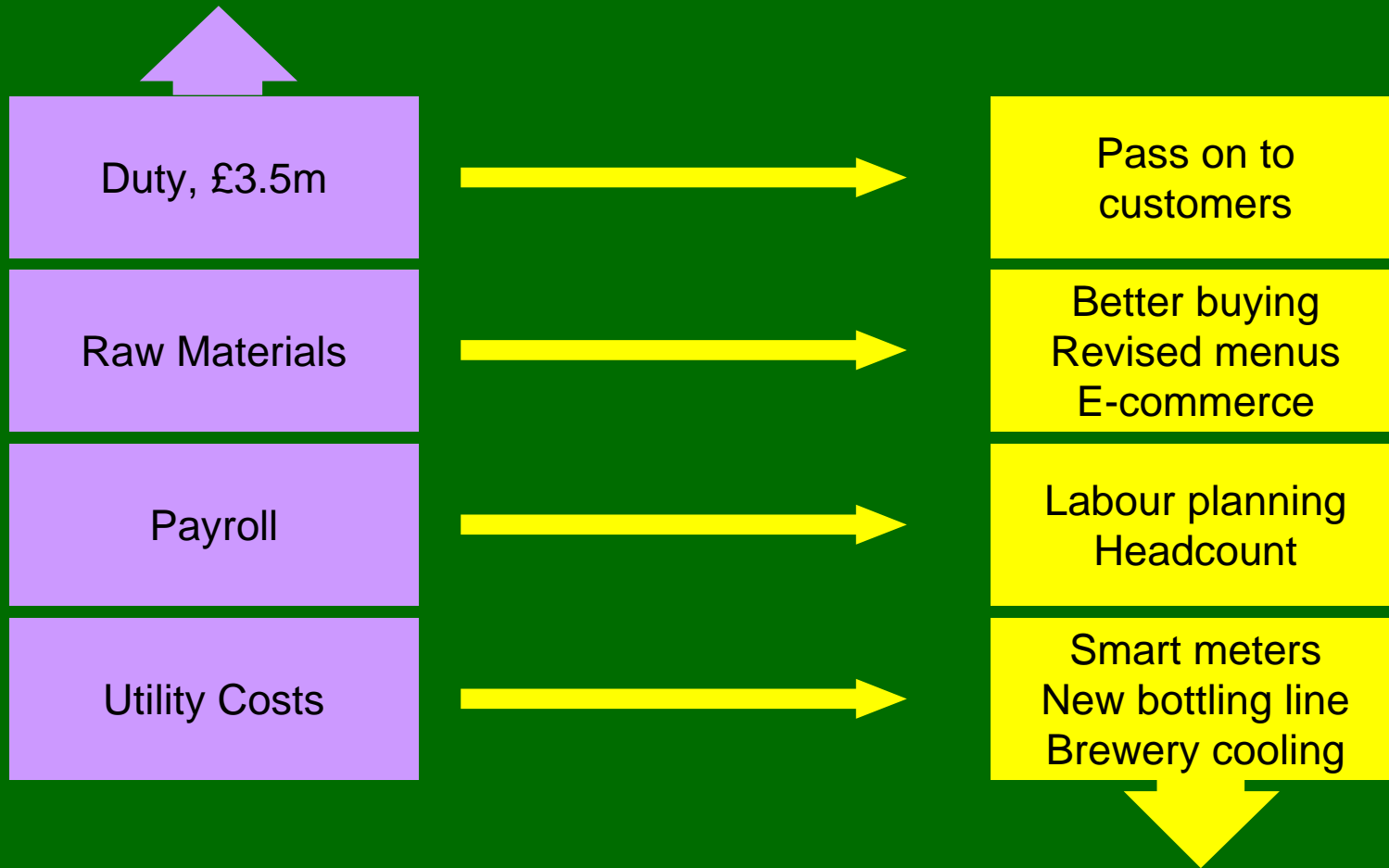
	£m	
FY 2008/09	4.1	At 27 September 2008 84% (2007: 84%) of gross borrowings are at fixed or capped rates until 2010 or repayment if earlier
FY 2009/10	8.8	
FY 2010/11	56.4	
2023	6.0	Main facilities need to be refinanced by November 2010
2028	19.8	
No due date	1.6	
Gross borrowings September 2008	<u>96.7</u>	Composite cost of debt is 6.2% (2007: 6.2%)





# Weathering The Storm

Cost inflation pressures £5.5m (excluding duty)



Cost saving opportunities £2m



**Simon Emeny**

Managing Director  
Fuller's Inns



# Key Drivers

- Quality in everything we do
- Outstanding drinks portfolio
- Delicious food
- Boutique accommodation
- Differentiated experience





# Fuller's Inns

## Key Figures

	H1 2008	H1 2007	
Revenue	£74.4m	£73.5m	+ 1%
Operating Profit	£13.0m	£13.3m	- 2%
EBITDA	£17.5m	£17.5m	level



# Retail Split

	March 2008	Transfers	Additions	Disposals	Sept 2008
Managed Pubs and Hotels	157	-	-	(5)	152
Tenanted Pubs	203	-	1	-	204
	<hr/> 360	-	1	(5)	<hr/> 356



# Managed Pubs and Hotels





# Managed Pubs and Hotels

## Trading Patterns

- Revenue up 1%
- LFL sales up 2.3% (invested)
- Food represents 27% of revenue\* (2007: 27%)
- Accommodation represents 8% of revenue (2007: 7%)
- Profits down 4%

*\* Revenue adjusted to exclude sites where food is franchised out*



# Boutique Bedroom Accommodation





**ACTION WEEK 2008** FULLERS

TWO WEEKS, ONE GREAT EVENT  
2ND - 15TH NOVEMBER



**Churchill Night**  
An evening of stiff upper lips.



Connecting you now (and it's free!)



**THE GROVE LOCK AMERICAN DINER**

Join us on Tuesday 4th November



THE OLD CUSTOM'S CHRONICLE

**GREAT NEWS**

YOU CAN ENJOY TRADITIONAL HOME-MADE

Purchase four main meals and receive

Thank you for your valued custom

FULLERS

We'd like to thank you for visiting The Red Lion.

Simply collect a stamp every time you purchase your chosen drink, receive ten stamps and get your chosen drink with our compliments.

The Six Bells

**Beer Festival**

Friday 14th November to Sunday 16th November

**Business Card Draw**

Who says you can't mix business with pleasure?

**Come back and see us soon**

We hope you enjoyed your visit to The Red Lion today.

**CHINESE** As seen on A.D.L.

The Red Lion, Barnes

**GREAT BRITISH DINNER AND CHARITY AUCTION**

The Jolly Farmer

**FISH NIGHT**

HAMPSHIRE FOOD FESTIVAL



# Tenanted Pubs





# Tenanted Pubs

## Trading Patterns

- Revenue level
- Average revenue per pub down 1%
- LFL sales down 1.9%
- Profits level
- No transfers from Managed Estate
- One pub acquired – Lewes Arms



# Tenanted Pubs

## Supporting our Tenants

- Very few rent concessions
- Support on
  - Marketing activities
  - Food training
  - Drinks portfolio
- Continued investment in estate



# Fuller's Inns

## Summary

- Continued robust performance
- Differentiated experience is vital for customers
- Estate is in excellent condition
- Consistent sector leading invested LFL sales reflect strategy of the last five years
- Helping develop and support our Tenants' initiatives
- Strong business model



**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
- Well-balanced business
  - On Trade
  - Off Trade
  - Export
  - Wine Division





# The Fuller's Beer Company

## Key Figures

	H1 2008	H1 2007	
Revenue	£30.9m	£30.3m	+ 2%
Operating profit	£3.4m	£3.5m	- 3%
EBITDA	£4.4m	£4.5m	- 2%





# The Fuller's Beer Company

## Beer Volumes

	H1 2008 '000 brls	H1 2007 '000 brls	
<b>Own Beer</b>			
Free On Trade	59.4	60.6	- 2%
Fuller's Inns	18.4	18.8	- 2%
Off Trade	16.9	17.3	- 2%
Exports	11.5	10.7	+ 8%
<b>Total Own Beer</b>	<b>106.2</b>	<b>107.4</b>	<b>- 1%</b>
Foreign Beer	54.8	59.0	- 7%
<b>Total Beer</b>	<b>161.0</b>	<b>166.4</b>	<b>- 3%</b>



# The Fuller's Beer Company

## Comparison with UK Market

	H1 2008 Fuller's UK Growth	H1 2008 UK Market Growth*	Comparison
Total Beer	- 4 %	- 6 %	+2 %
Total Ale	- 2 %	- 9 %	+7 %
Off Trade Ale	- 2 %	- 2 %	in line
Cask Ale	- 2 %	- 8 %	+6 %

\* Source: BBPA



# The Fuller's Beer Company

## London Pride

- The UK's leading Premium Ale
- Increased market share
- Continued high profile advertising
  - “Whatever you do, take Pride”
- Comprehensive promotions and sponsorship programme





# The Fuller's Beer Company

## Organic Honey Dew



- The UK's leading organic beer
- Marketing investment doubled
- Poster and press advertising
- Major On/Off Trade sampling programmes

**It's easy to see why people love Honey Dew.**

**Britain's favourite organic beer.**



OPEN...AND ENJOY.

ENGLISH GOLF UNION OFFICIAL BEER

WHATEVER YOU DO, TAKE PRIDE.

Ingredients: hops, barley, yeast, pride.

WHATEVER YOU DO, TAKE PRIDE.

RESERVE

DAK AGED ALE

LONDON PRIDE

LONDON PRIDE

It's easy to see why people love Honey Dew.

HONEY DEW

VINTAGE ALE

FOLLERS



# The Fuller's Beer Company

## Summary

- Increased market share
- Margins maintained - not chasing volume
- Increased marketing investment
- Own Beer volumes 1% lower
- Foreign Beer volumes 7% lower
- Fuller's Beer Company profits down 3%
- Wine Division profits up 12%



# The Fuller's Beer Company





# Prospects

- A resilient start to a truly challenging year
- Managed LFL sales up 2.2% (invested) – for 33 weeks
- Strong financial position
- Well invested estate
- Strong brands
- Well-prepared for anticipated storms ahead
- Ready to exploit opportunities



**WHATEVER  
YOU DO,  
TAKE PRIDE.**

