



Fuller, Smith and Turner PLC  
Preliminary Results  
for the 52 weeks ended 28 March 2009



Michael Turner

Chairman



# Agenda

Strategy

Financial Highlights

Corporate Progress

Key Financials

Fuller's Inns

The Fuller's Beer Company

Prospects



# 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



# Financial Highlights

- Revenue up 3% to £210.0m (2008: £203.1m)<sup>1</sup>
- Adjusted<sup>2</sup> PBT down 1% to £22.8m (2008: £23.0m)
- Adjusted<sup>2</sup> EPS level at 29.12p (2008: 29.15p)
- Final dividend increased to 7.00p (2008: 6.90p)

<sup>1</sup> Revenue has been restated to include all excise duty

<sup>2</sup> Excluding exceptional items

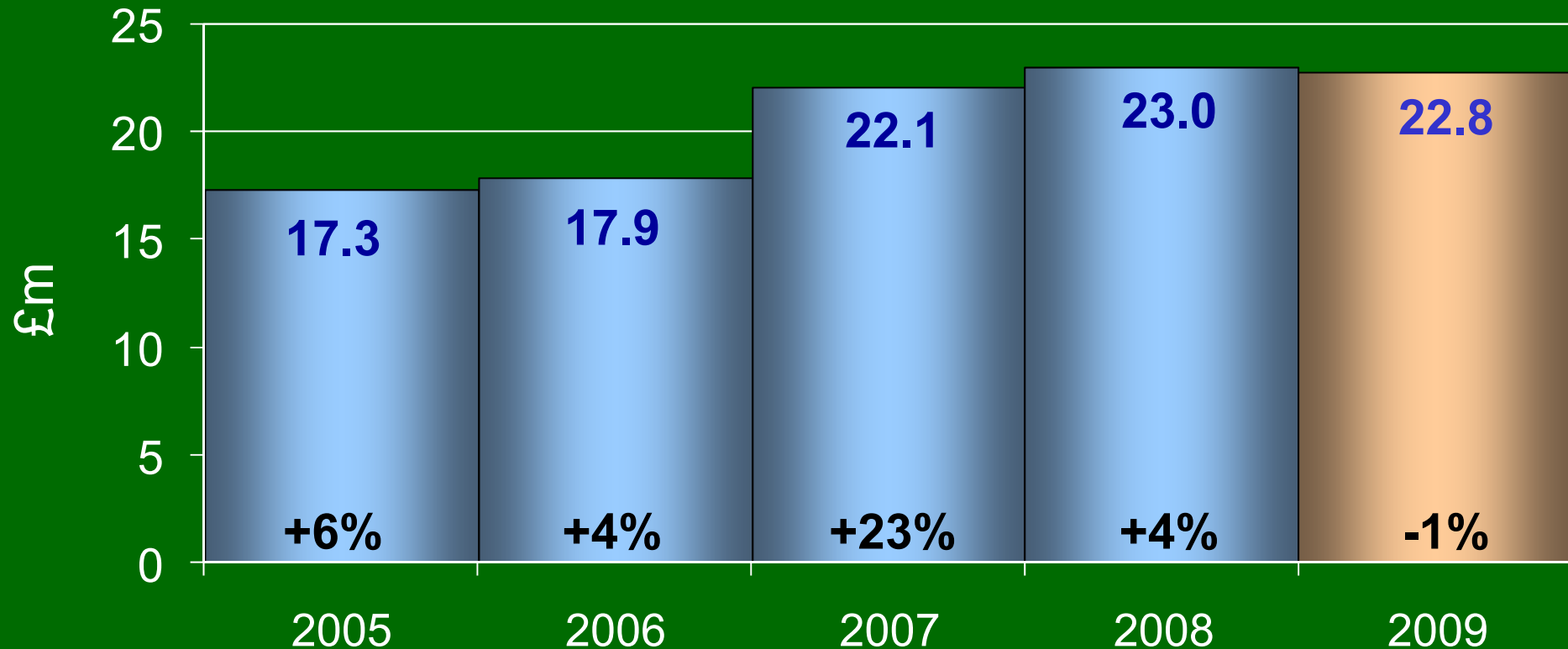


# Corporate Progress

- A strong performance in difficult times
- Managed Pubs and Hotels LFL sales up 3.0%
- Fuller's Inns profits down 5% due to cost pressures
- Own Beer volumes level
- Beer Company profits up 4%
- Five high quality Pub acquisitions made in year
- A further seven iconic Pub acquisitions since year end



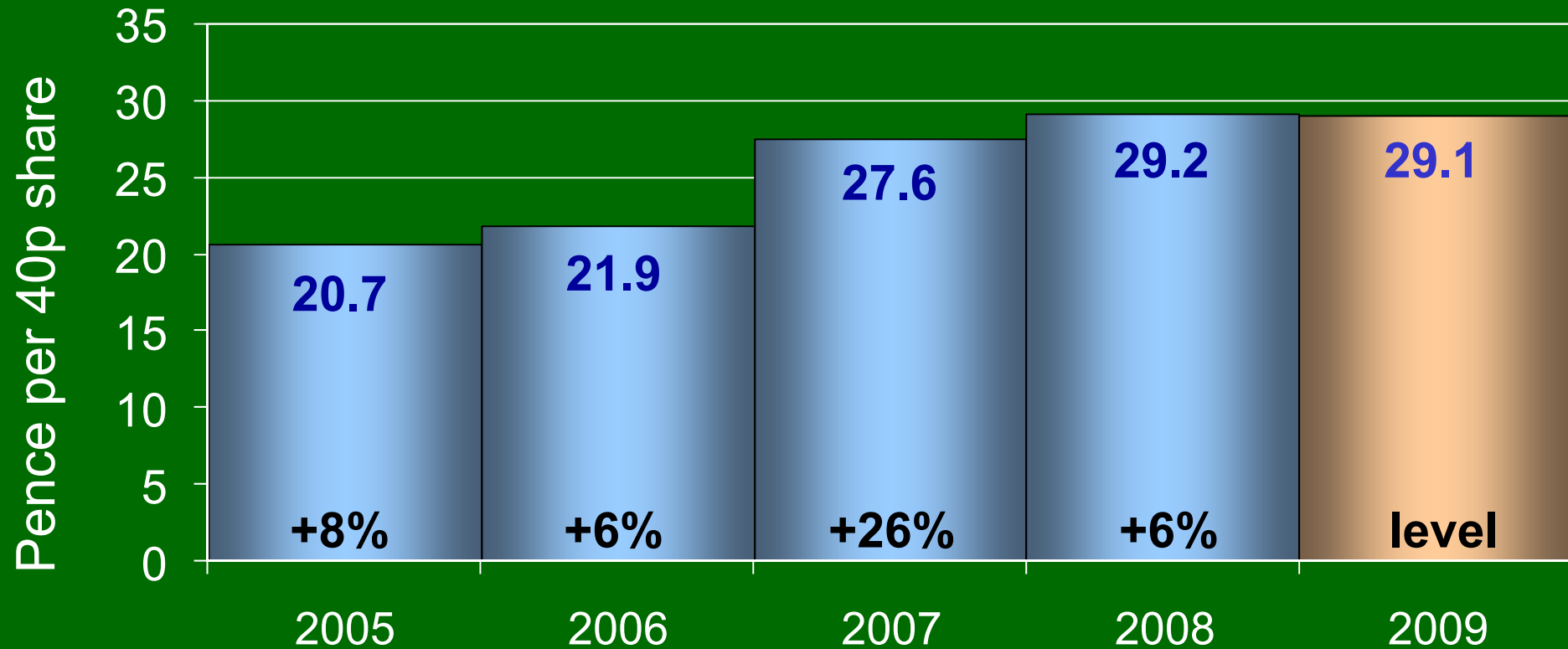
# Adjusted Profits



- Adjusted profits are profits before tax excluding exceptional items
- 2005 and earlier restated for IFRS



# Adjusted EPS

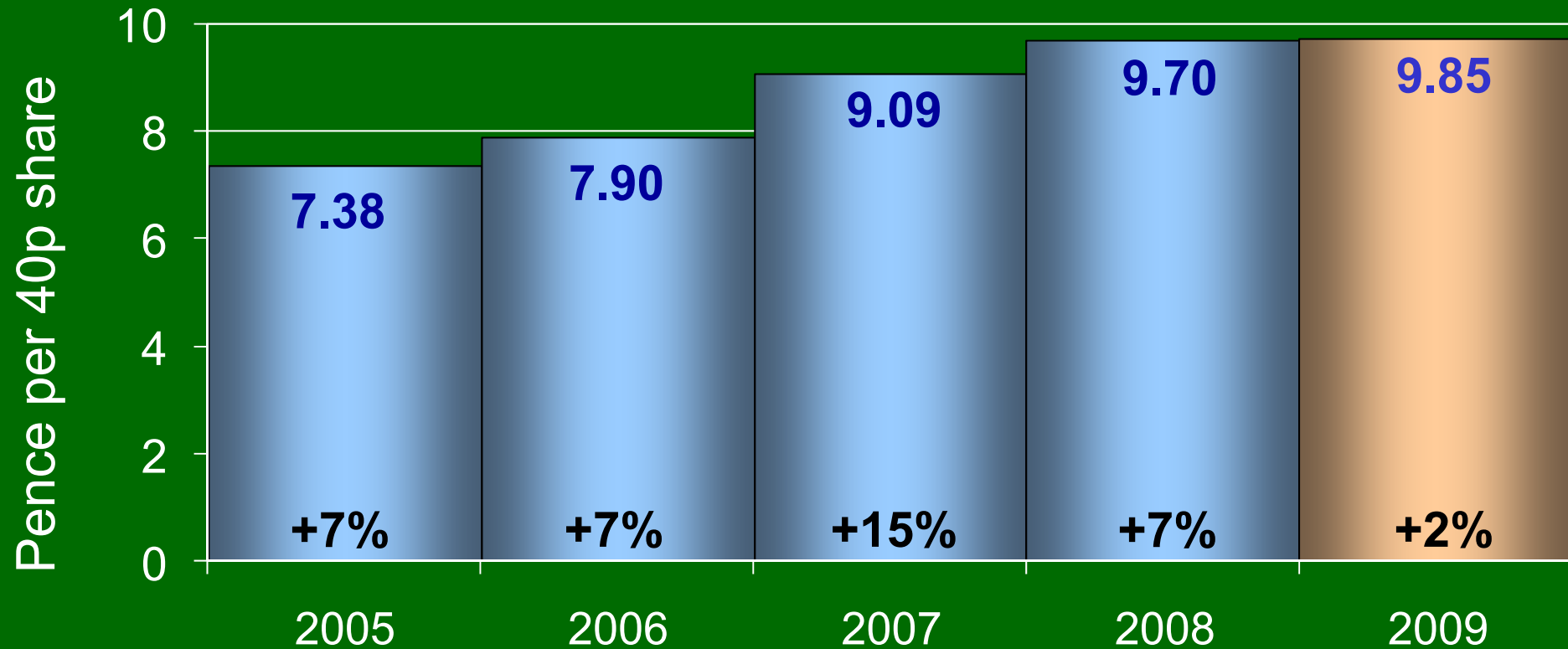


- *Excluding exceptional items*
- *2005 to 2007 adjusted for the five for two share split*
- *2005 and earlier restated for IFRS*





# Full Year Dividends



- 2005 to 2007 adjusted for the five for two share split



James Douglas

Finance Director



# Change in Accounting Policy

- Revenue is now stated including all Excise Duty
- Previously we deducted Excise Duty where we were responsible for accounting for it to HMRC
- We changed to this policy on adoption of IFRS
- New treatment makes comparison of performance easier and aligns statutory and management reporting
- Impact is to increase prior year revenue by £22.0m
- No impact on profits in any period



# Segmental Split

	2009	2008	
	£m	£m	
<b>Segment Revenue</b>			
Fuller's Inns	150.0	146.3	+3%
Fuller's Beer Co.	91.8	87.7	+5%
Inter segment revenue	(31.8)	(30.9)	+3%
Revenue	210.0	203.1	+3%
<b>Segment Profits*</b>			
Fuller's Inns*	22.8	23.9	-5%
Fuller's Beer Co.*	8.3	8.0	+4%
Central costs*	(2.1)	(2.5)	-16%
Operating profits*	29.0	29.4	-1%
Net finance costs	(6.2)	(6.4)	-3%
Adjusted Profits*	22.8	23.0	-1%

\* Excluding exceptional items



# Statutory Profit Reconciliation

	2009	2008
	£m	£m
<b>Adjusted profits</b>	22.8	23.0
Profits on property disposals	-	5.3
Impairment of fixed assets	(6.9)	-
Goodwill impairment	(0.4)	-
Onerous lease provision	(0.8)	(2.1)
Reorganisation costs	(0.3)	-
Pension adjustment	-	(2.4)
<b>Statutory profit before tax</b>	<b>14.4</b>	<b>23.8</b>
Effective tax rate on adjusted profits	28.9%	29.5%
Adjusted earnings per share	29.12p	29.15p
Basic earnings per share	16.00p	34.33p



# Generation and use of Cash

	2009 £m	2008 £m
<b>EBITDA</b>	40.2	40.5
Share based payment	1.4	1.6
Working capital / other	0.9	(2.2)
Pension	(0.8)	(8.5)
Interest and tax	(9.6)	(11.3)
Capex excluding Pub Acquisitions	(14.0)	(14.8)
<b>Cash generated</b>	18.1	5.3
Pub Acquisitions	(10.2)	(3.7)
Pub Disposals	0.5	8.2
Dividends and share buy backs	(7.1)	(8.8)
<b>Net debt repaid</b>	1.3	1.0



# Borrowings

	2009	2008
EBITDA*	£40.2m	£40.5m
Gross borrowings	£95.1m	£99.4m
Net Debt	£94.2m	£95.5m
Net Debt / EBITDA*	2.3x	2.4x
Interest Cover*	4.7x	4.6x

\* Excluding exceptional items



# Debt

- £27.5m of committed facilities were undrawn at year end
- Since year end spent £25m acquiring seven iconic Central London pubs
- Pub acquisitions increase pro forma net debt / EBITDA ratio to 2.8 from 2.3
- Main facilities expire November 2010
- Existing facilities pricing attractive compared to refinancing
- £10.0m of uncommitted overdraft unused at year end





# Debt Repayment Profile

	£m	
Within one year	8.8	At 28 March 2009 78% (2008: 87%) of gross borrowings are at fixed or capped rates
FY 2010/11	58.9	
2023	6.0	
2028	19.8	
No due date	1.6	
Gross borrowings March 2009	95.1	Composite cost of debt is 5.2% (2008: 6.4%)
Less cash in hand	(0.9)	
Net debt March 2009	94.2	



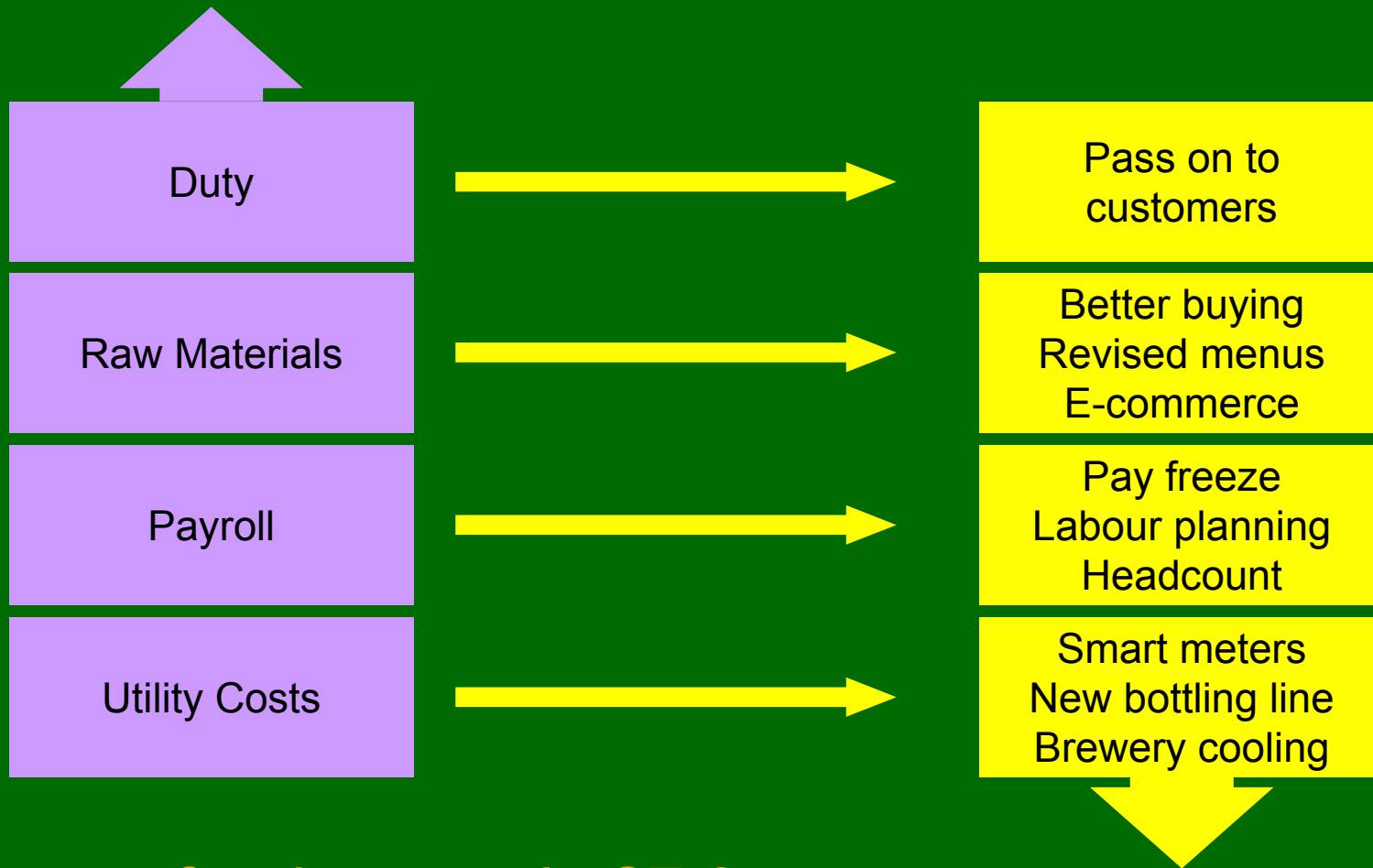
# Analysis of Net Finance Costs

	2009 £m	2008 £m	Comment
Interest receivable	(0.2)	(0.1)	
Bank borrowings	3.6	4.5	70% hedged
Debentures	2.1	2.1	Fixed rate
Preference shares	0.1	0.1	Fixed rate
Net Interest on pension liabilities	0.3	(0.2)	AA bond rate
Lease discount unwind	0.3	-	Notional rate
Total net finance costs	<u>6.2</u>	<u>6.4</u>	



# Weathering The Storm – an update

Increasing costs

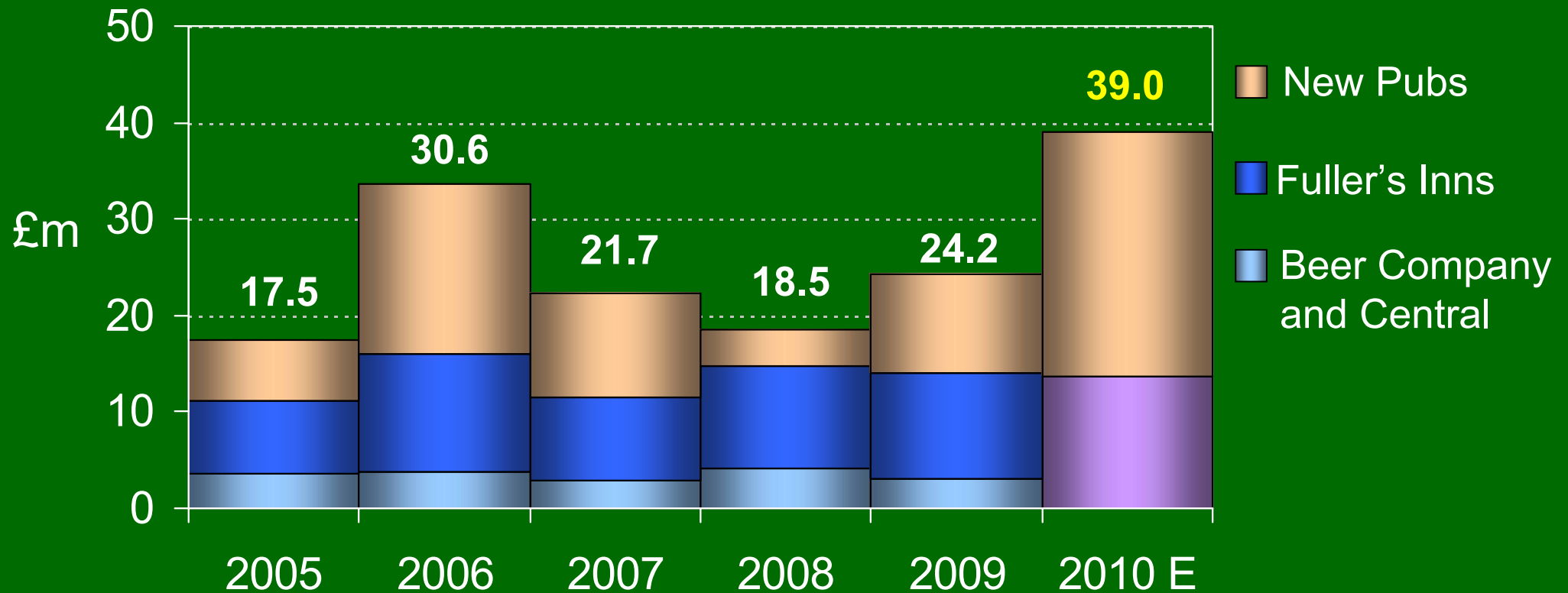


Cost increase for the year is £7.3m

Mitigating actions



# Annual Capital Expenditure





Simon Emeny

Managing Director  
Fuller's Inns



# Key Drivers

- Our results are driven by sector leading LFL growth
- We achieve this by focusing on
  - Outstanding cask conditioned ales, delicious food, great wines and exemplary service
  - Innovative retail marketing
  - Operating a high quality estate
  - Continuing to invest in the fabric of our properties



# Fuller's Inns

## Key Figures

	2009	2008	
Revenue	£150.0m	£146.3m	+3%
Operating Profit*	£22.8m	£23.9m	-5%
EBITDA*	£32.0m	£32.6m	-2%

\* Excluding exceptional items



# Retail Split

	March 2008	+	-	March 2009	Since Year end	5 June 2009
Managed Pubs and Hotels	157	+4	-5	156	+7	163
Tenanted Pubs	203	+1	-1	203	-	203
	360	+5	-6	359	+7	366





# Tenanted Pubs





# Tenanted Pubs

## Trading Patterns

- Revenue level
- Profits level
- Average revenue per pub level
- LFL profits 2% lower
- No transfers to or from Managed Estate
- One pub acquired – Lewes Arms



# Tenanted Pubs

## Supporting our Tenants

- Continued investment in estate
- Master Cellarman
- Support on
  - Marketing activities
  - Food training
  - Drinks portfolio
- Few rent concessions



Before investment



After investment



# Managed Pubs and Hotels





# Managed Pubs and Hotels

## LFL Sales

- The recession has slowed growth rates
- We continue to report industry leading LFL sales growth

	Fuller's	Industry*
2005/06	+3.7%	+2.6%
2006/07	+8.2%	+3.5%
2007/08	+3.6%	-0.4%
2008/09	+3.0%	+0.3%

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



# Managed Pubs and Hotels

## Trading Patterns

- Revenue up 3%
- LFL sales up 3.0% (2008: up 3.6%)
- Profits declined by 8%
- Energy costs alone increased by £1.0m
- Food represents 27% of revenue\* (2008: 27%)
- Accommodation represents 7% of revenue (2008: 7%)
- Wet revenue drove growth led by cask ale
- 13 major projects during the year (2008: 18)

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



# Boutique Pub Bedrooms





# Recent Managed Pub Acquisitions

- Three pubs from Mitchells & Butlers in February 2009
- Seven pubs from Punch in April / May 2009
- Average purchase price of £3.3m
- Excellent geographic fit
- Already trading well







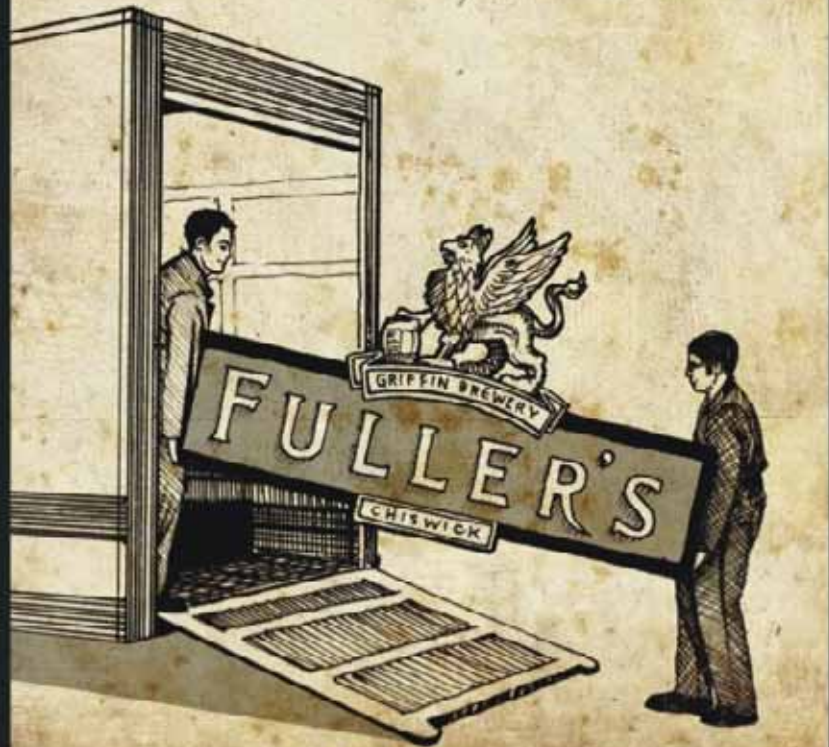


# Fuller's Inns

## Summary

- A strong performance during a deep recession
- LFL sales continuing to lead sector
- Recent acquisitions enhance the business
- The estate is in excellent condition
- Business well positioned

Fuller's are very proud  
to be the new owners of  
The Scarsdale.



BREWED JUST 3.3 MILES FROM  
THE SCARSDALE TAVERN.



WHATEVER YOU DO,  
TAKE PRIDE.



**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

	2009	2008	
Fuller's Inns	£31.8m	£30.9m	+3%
External customers	£60.0m	£56.8m	+6%
Total revenue	£91.8m	£87.7m	+5%
Operating profit*	£8.3m	£8.0m	+4%
EBITDA*	£10.4m	£9.9m	+5%

\* Excluding exceptional items



# The Fuller's Beer Company

## Beer Volumes

	2009 '000 brls	2008 '000 brls	
<b>Own Beer</b>			
Free On Trade	120.3	121.9	-1%
Fuller's Inns	37.8	37.9	level
Off Trade	35.1	36.3	-3%
Exports	22.4	20.2	+11%
<b>Total Own Beer</b>	215.6	216.4	level
Foreign Beer	103.6	109.5	-5%
<b>Total Beer</b>	319.2	325.9	-2%



# The Fuller's Beer Company

## Comparison with UK Market

	Fuller's UK Growth	UK Market Growth*
Total Ale	-2%	-8%
Cask Ale	-1%	-6%
Off Trade Ale	-3%	-3%
Total Beer	-3%	-7%

\* Source: BBPA





# The Fuller's Beer Company

## Organic Honey Dew

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





# The Fuller's Beer Company

## London Pride

- The UK's leading Premium Ale
- Continued to increase market share
- High profile national advertising
  - “Whatever you do, take Pride”
- Comprehensive promotions and sponsorship programme
  - Including English Golf Union and London Marathon







# The Fuller's Beer Company

## Summary

- Own Beer volumes level
- Volumes in growth in second half
- Continuing to increase market share
- Increased investment – marketing and brewery
- Fuller's Beer Company profits up 4%





# Prospects

- Strong performance in testing times
- Hard work from all the team
- Long term strategy delivering
- Business model is resilient
- Strong balance sheet with good cash generation
- First nine weeks LFL sales up 1.8%
- Caution over economy
- Well placed to meet the challenges ahead

Ingredients: hops,  
barley,  
yeast,  
pride.



WHATEVER YOU DO, TAKE PRIDE.

The fuller flavour.



[WWW.FULLERS.CO.UK](http://WWW.FULLERS.CO.UK)  
[WWW.DRINKAWARE.CO.UK](http://WWW.DRINKAWARE.CO.UK)

WHATEVER YOU DO, TAKE PRIDE.