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Fuller, Smith and Turner PLC

Half Year Results
for the 26 weeks ended 1 October 2011

fullers.co.uk | drinksware.co.uk



Michael Turner

Chairman

Agenda

- Strategy and Corporate Progress
- Financial Results
- Operations
- 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
- Continue to expand the business



Financial Highlights

- Revenue up 6% to £128.2m
- Adjusted PBT up 5% to £16.5m
- Adjusted EPS up 8% to 21.48p
- EBITDA up 4% to £25.0m
- Interim dividend up 6% to 5.05p
- Net debt / EBITDA at 1.9x on a pro forma basis

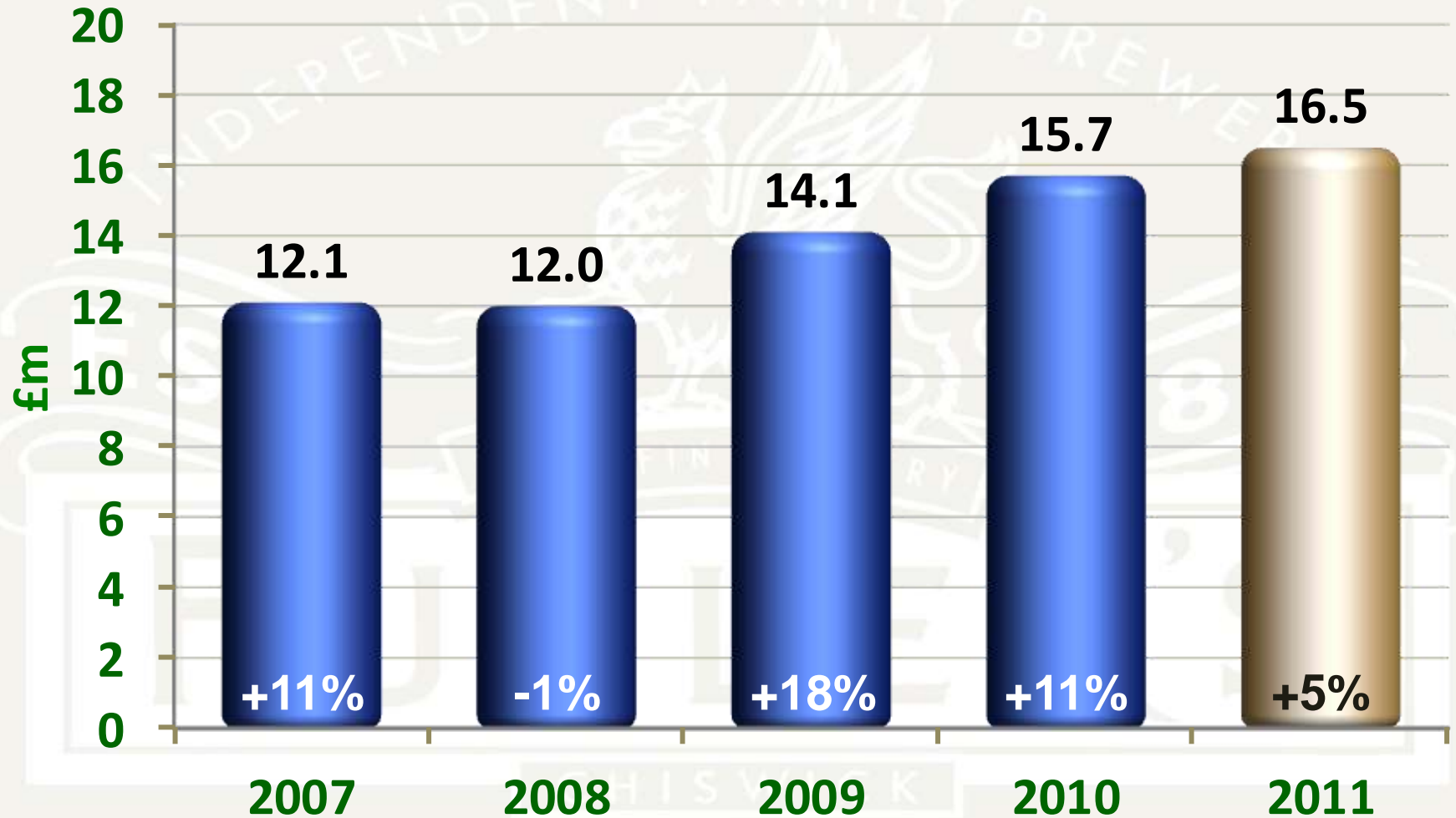


Corporate Progress

- 12 pub acquisitions completed since last year end
- Managed Pubs and Hotels LFL sales up 3.9%
- Managed Pubs and Hotels profits up 1%
- Tenanted Inns profits up 2%
- Own Beer volumes up 2%
- Beer Company profits up 12%
- Beer Company MD recruited, starts 12th December

Profit measures are operating profits excluding exceptional items

Adjusted Half Year Profits



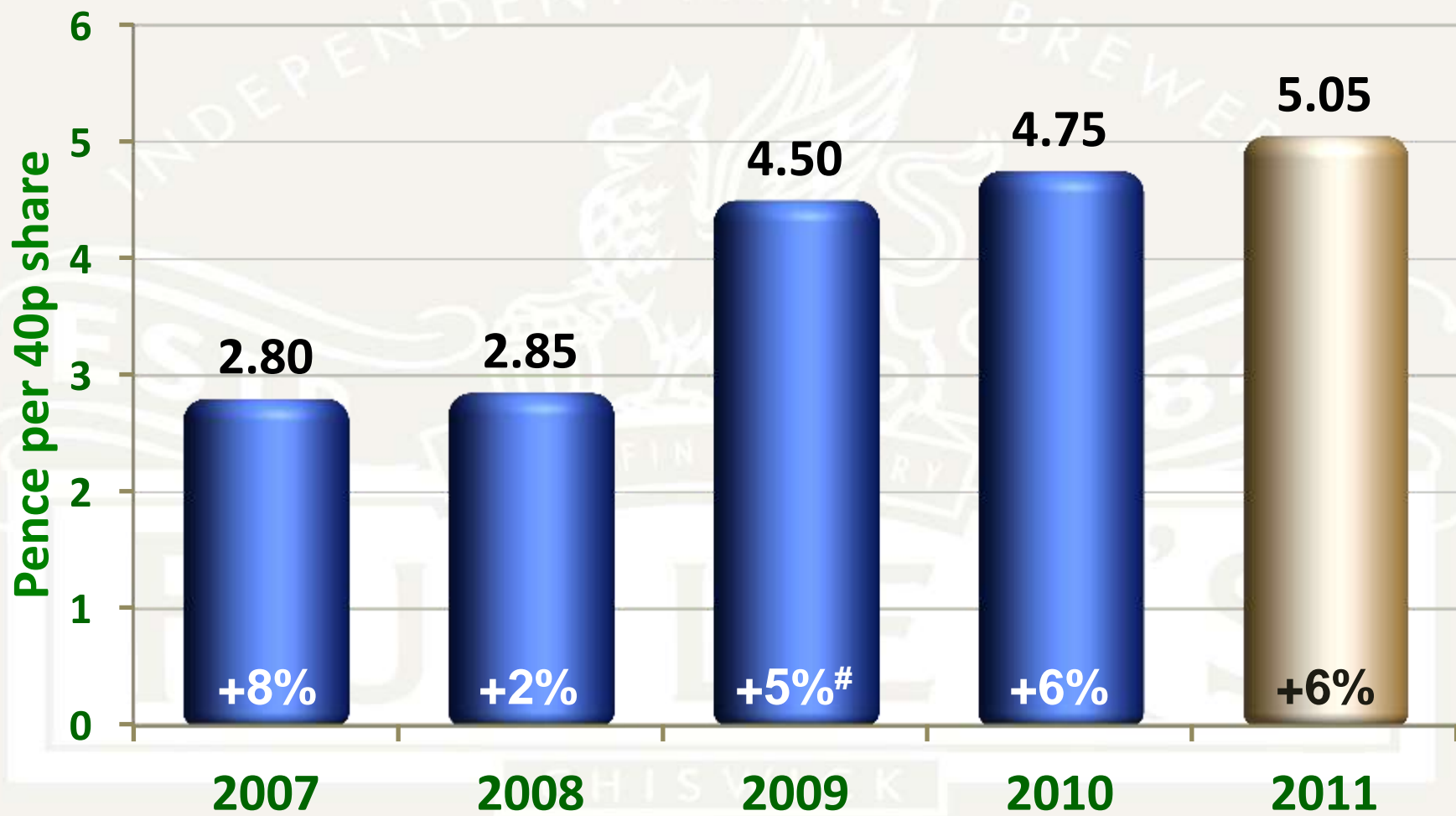
Adjusted profits are profits before tax excluding exceptional items

Adjusted Half Year EPS



Excluding exceptional items

Interim Dividend



2009 % increase ignores the 1.50p rebasing of the interim dividend



James Douglas

Finance Director

Group Performance

	H1 2011 £m	H1 2010 £m	
Revenue	128.2	121.5	+6%
Operating costs*	(109.5)	(103.4)	+6%
Operating profit*	18.7	18.1	+3%
Net finance costs*	(2.2)	(2.4)	-8%
Adjusted profit*	16.5	15.7	+5%
Depreciation	6.3	6.0	+5%
EBITDA*	25.0	24.1	+4%

* Excluding exceptional items

Managed Pubs and Hotels

Key Figures

	H1 2011	H1 2010	
LFL sales	+3.9%	+3.3%	
Revenue	£78.6m	£74.8m	+5%
Operating costs*	£68.2m	£64.5m	+6%
Operating profit*	£10.4m	£10.3m	+1%
Operating margin	13.2%	13.8%	
Depreciation	£4.3m	£4.1m	+5%
EBITDA*	£14.7m	£14.4m	+2%

* Excluding exceptional items

Tenanted Inns

Key Figures

	H1 2011	H1 2010	
LFL profits	+1%	+1%	
Revenue	£13.7m	£13.5m	+1%
Operating costs*	£8.5m	£8.4m	+1%
Operating profit*	£5.2m	£5.1m	+2%
Operating margin	38.0%	37.8%	
Depreciation	£0.8m	£0.8m	level
EBITDA*	£6.0m	£5.9m	+2%

* Excluding exceptional items

Fuller's Beer Company

Key Figures

	H1 2011	H1 2010	
Own Beer volumes	+2%	-2%	
Revenue	£54.9m	£51.3m	+7%
Operating costs	£50.3m	£47.2m	+7%
Operating profit	£4.6m	£4.1m	+12%
Operating margin	8.4%	8.0%	
Depreciation	£1.2m	£1.1m	+9%
EBITDA	£5.8m	£5.2m	+12%

Exceptional Items

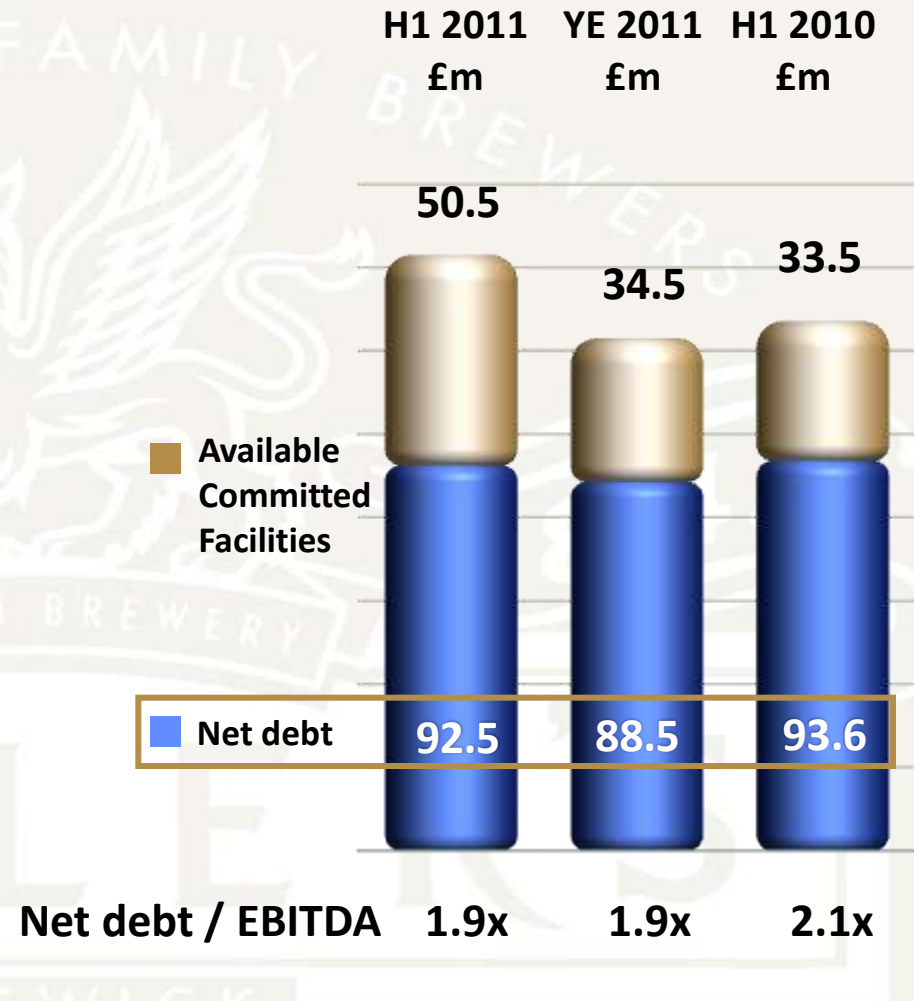
	H1 2011 £m	H1 2010 £m
Profit on sale of properties	0.6	1.6
Asset impairments & reversals	0.1	(0.9)
Insurance gain	-	0.4
Acquisition costs	(0.6)	-
Abortive acquisition costs	(0.4)	-
Mark to market of financial instruments	(0.2)	-
Total exceptional items	(0.5)	1.1
Tax on exceptional items	0.1	(0.3)
Tax gain due to reduction in tax rate	1.3	1.3
Exceptional items net of tax	0.9	2.1

Generation and Use of Cash

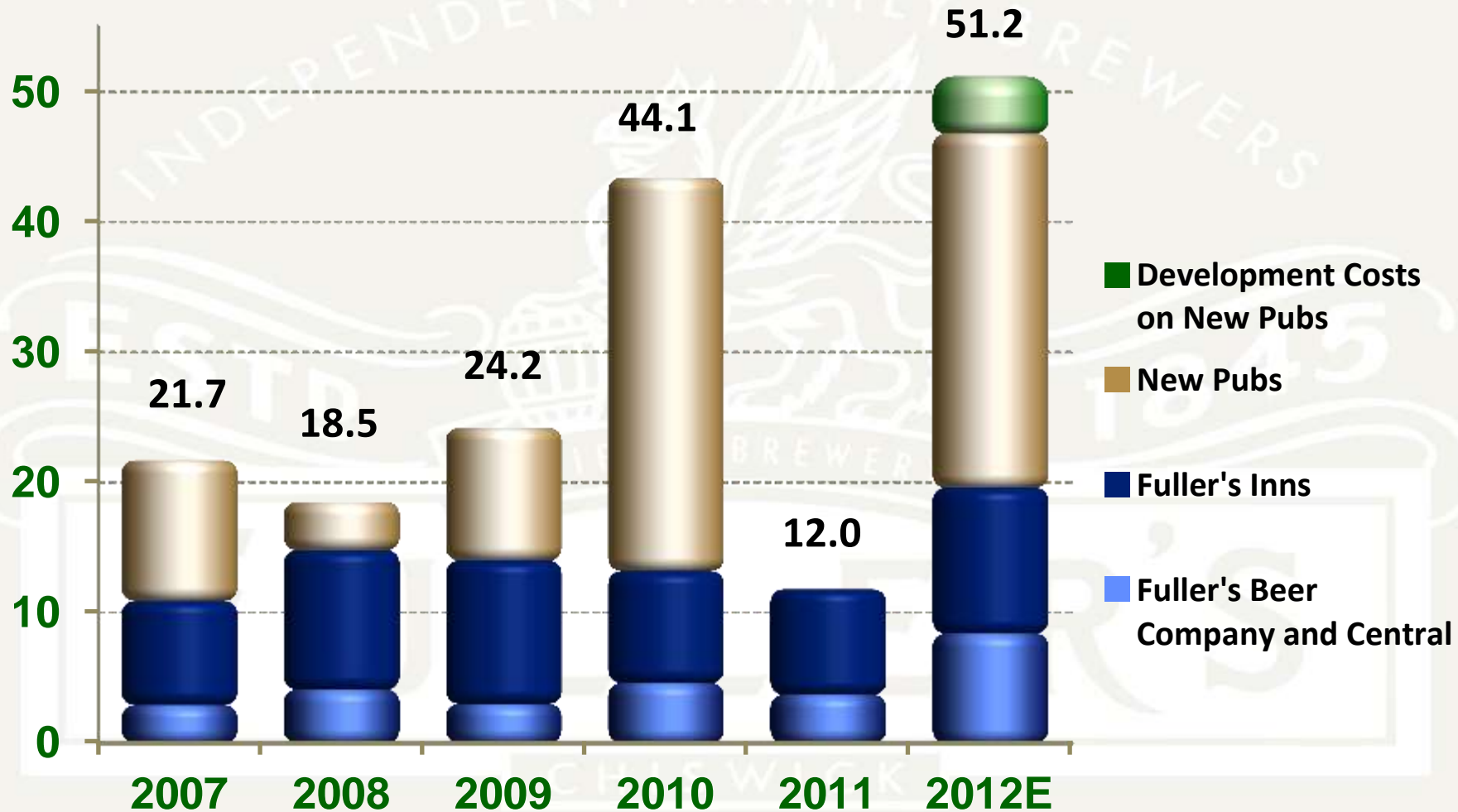
	H1 2011 £m	H1 2010 £m
EBITDA	25.0	24.1
Share based payment	1.0	1.1
Working capital / other	(0.2)	0.1
Pension	(0.5)	(0.2)
Interest and refinancing costs	(2.1)	(2.4)
Tax	(4.4)	(3.6)
Cash available for discretionary spend	18.8	19.1
Capex excluding pub acquisitions	(8.1)	(6.1)
Acquisition costs expensed in period	(0.6)	-
Abortive acquisition costs	(0.4)	-
Pub acquisitions	(10.6)	-
Property disposals	1.6	2.6
Dividends and share buy backs	(4.5)	(1.4)
Cash flow	(3.8)	14.2
Non cash movement	(0.2)	(0.1)
Net debt movement	(4.0)	14.1

Borrowing Capacity

- £30m new facility with Rabobank agreed in August
- Co-terminal in May 2015 with existing facilities
- Banks now commit £120m split equally across 4 banks
- Freedom to add further funding for acquisitions
- 91% of period end gross borrowings fixed or capped
- Blended cost of borrowings for 2011/12 is 4.5%



Annual Capital Expenditure



2012E represents the current estimate of capital expenditure for the 52 weeks to 31 March 2012 and includes acquisition costs



Simon Emeny

Group Managing Director

Our Retail Estate

	Managed Pubs and Hotels	Tenanted Inns	Total
3 April 2011	162	196	358
Additions	4	3	7
Disposals	-	(4)	(4)
1 October 2011	166	195	361
Additions	5	-	5
Disposals	(1)	-	(1)
25 November 2011	170	195	365

- Of 12 additions since 3 April, seven are freehold and five are leasehold
- 99 new bedrooms in pubs acquired since 3 April

Pub Acquisitions – Development Opportunities

- Under exploited sites
- Acquisition cost of £2.8m
- Future investment spend of £4.4m
- Both currently closed for redevelopment, pre-opening costs being incurred in current year
- 49 bedrooms when redevelopment complete
- Loss making until development completed



The White Swan Hotel, Stratford-upon-Avon



The Crown Inn, Bishop's Waltham, Hampshire

Pub Acquisitions – London Gems



The Cabbage Patch, Twickenham

- Previously run by sole traders
- Fuller's brand will add value
- Sites will respond positively to the investment that we will make in H2 and deliver profits next year
- Both leases – option to buy freehold of Lamb & Flag at agreed price from 2013



The Lamb & Flag, Covent Garden



Pub Acquisitions – Tenanted Inns

- Quality freeholds
- £6.0m acquisition cost
- Great London locations



The Seven Stars, Carey Street WC2



The Coach & Horses, Soho



The Plough, East Sheen

Pub Acquisitions – Post Period End

- Five Managed Pubs and Hotels acquired from Marston's for £16.0m on 1 November
- High turnover managed houses in excess of £6m p.a.
- Two freehold, three leasehold
- Four Central London, one Home Counties
- 58 bedrooms
- Sites will respond well to Fuller's branding
- Integration complete



The Wellington, Waterloo



The Hand & Flower, Kensington Olympia

Refurbishment

- Creating characterful individual pubs to reflect our food and drink offer
- Enhancing estate to realise full potential of individual sites with a focus on:
 - Maximising food potential
 - Boutique bedrooms
 - Outside seating areas
 - Function rooms

The Iron Duke, Mayfair



Refurbishment



The King's Head, Guildford



The Thomas a Becket, Worthing



The Pilot, Chiswick



The Six Bells, Thame



The Stonemason's Arms, Hammersmith

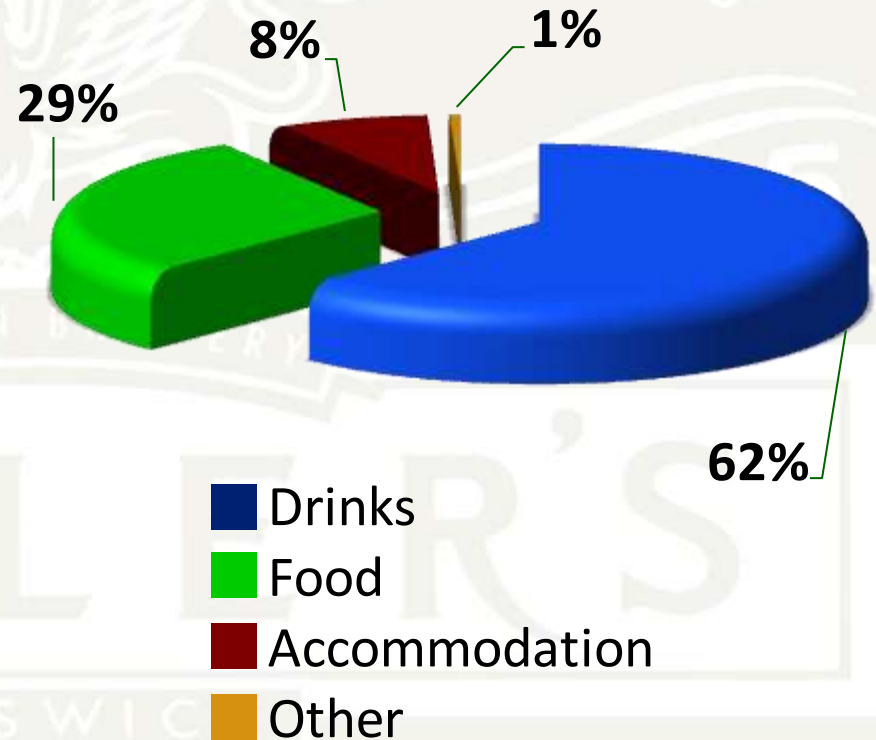
Managed Pubs and Hotels

Components of Invested LFL Sales

- Food and Accommodation continue to grow fastest

LFL growth rates

Drinks	+3.1%
Food	+4.4%
Accommodation	+10.8%
TOTAL	+3.9%



Food

- LFL sales up 4.4%
- Point of difference is freshly cooked food
- 26% of main meals sold are blackboard specials
- Pub classics such as Fish & Chips and Homemade Pies make up 34% of mains sold
- Average retail price of main meal sold is £9.15



Accommodation

The Drayton Court, Ealing

- 475 rooms at September 2008
- 554 rooms at end of Half Year
- We expect to have 612 from completed acquisitions at the end of the financial year
- 70% of bookings now online and this is driving occupancy
- LFL occupancy up 4%
- LFL average room rate up 4%



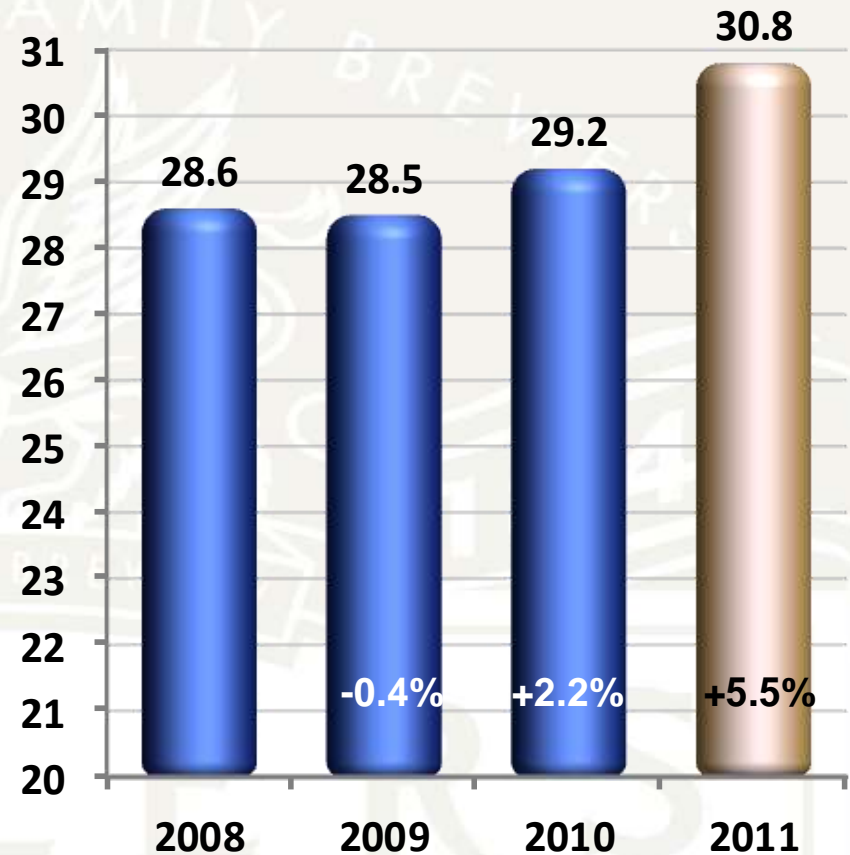
Tenanted Inns



Tenanted Inns

- LFL profits +1%
- Average EBITDA +5.5%
- Our tenants stay an average of 6 ½ years
- New initiatives such as mystery shopper improving retail standards
- Continued investment in trading areas
- Disposal process now complete
 - 11 pubs sold since March 2010
 - Raised £4.3m, small profit against 2009 book value
 - 195 pubs in estate including 3 acquisitions in H1

Average H1 EBITDA per pub £'000



Fuller's Beer Company



Brewery Investment

- Construction of new conditioning tanks complete
- Added 30,000 barrels of capacity for bottled beer market
- New capacity will enable volume growth in Off Trade and Export markets
- Flexibility for further expansion
- Brewery has seen 4 major projects with a combined spend of £9m over the last 3 years and a further £3m in H2



Fuller's Beer Company

Beer Volumes

Own Beer	2011 '000 brls	2010 '000 brls	
Free On Trade	52.0	53.0	-2%
Fuller's Inns	20.2	19.6	+3%
Off Trade	18.6	19.1	-3%
Exports	18.7	15.4	+21%
Total Own Beer	109.5	107.1	+2%
Foreign Beer	58.9	59.0	level
Total Beer	168.4	166.1	+1%

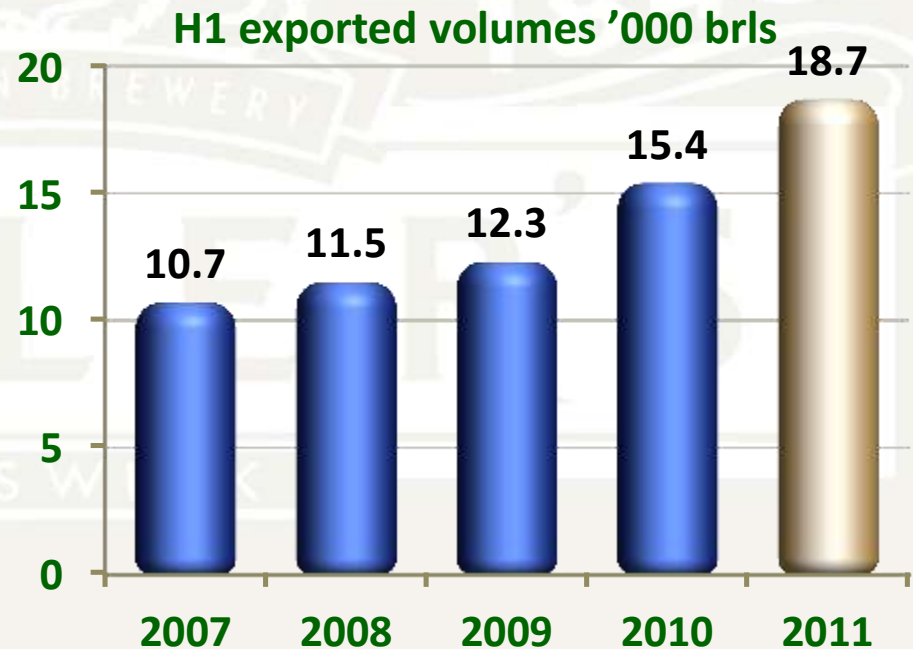
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- New high profile advertising across:
 - 200 black cabs
 - 125 London buses on key routes
 - 500 roadside, rail and underground poster sites
- QR code for the smartphone website www.wheninlondon.com
- Bar staff uniforms, branded glassware



Exports

- 110% volume growth over 5 years
- 1 in 6 barrels now exported
- Conditioning tanks investment secures platform for growth
- 75% of volume sold to six countries
- Target to grow Russia and Far East
- Top three export brands are London Pride, ESB and London Porter
- Over 75% of Vintage ale is exported



New Product Development

- Current launches
 - Black Cab Stout
 - Mighty Atom
- Successful seasonal beers
 - Spring Sprinter
 - Summer Ale
- Continuing popular series
 - Past Masters
 - Vintage Ale
 - Brewer's Reserve No. 3
- Strong future pipeline





Summary

- Adjusted profits increased by 5%
- Own Beer volumes up 2% driven by exports leading to 12% rise in Beer Company profits
- Managed Pubs and Hotels profits up 1% with 3.9% LFL sales growth
- Tenanted Inns profits up 2%
- Highest level of investment underway across the business since Gales acquisition in 2005





UK Beer Duty

- 1 million employed by UK beer and pub industry contributing £21 billion to the economy
- UK Beer Duty has increased 35% since March 2008
- UK Beer volumes down 13% over the same period
- Overseas duties
 - UK is 8 times higher than France
 - 11 times higher Germany and Spain
- Current inflation implies a further 7% increase in 2012



Prospects

- Another good performance
- 2012 will be 52 week year (2011 was 53 weeks)
- Managed LFL sales up 3.8% for 33 weeks
- Own beer volumes up 1% for 33 weeks
- “*When In London*” campaign aimed at recruiting new drinkers to London Pride
- Strong balance sheet with good cash generation
- Long term strategy continues to deliver
- Funds available to invest in new opportunities



LONDON PRIDE
standing

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