



Fuller, Smith and Turner PLC  
Preliminary Results  
for the 52 weeks ended 31 March 2012



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

52 weeks (2012) vs 53 weeks (2011)

- Adjusted EPS up 7% to 39.82p
- Revenue up 5% to £253.0m
- Adjusted PBT up 3% to £30.3m
- EBITDA up 3% to £47.8m
- Final dividend up 8% to 7.60p
  - Total dividend up 7% to 12.65p
- Net debt / EBITDA at 2.7x on a pro forma basis



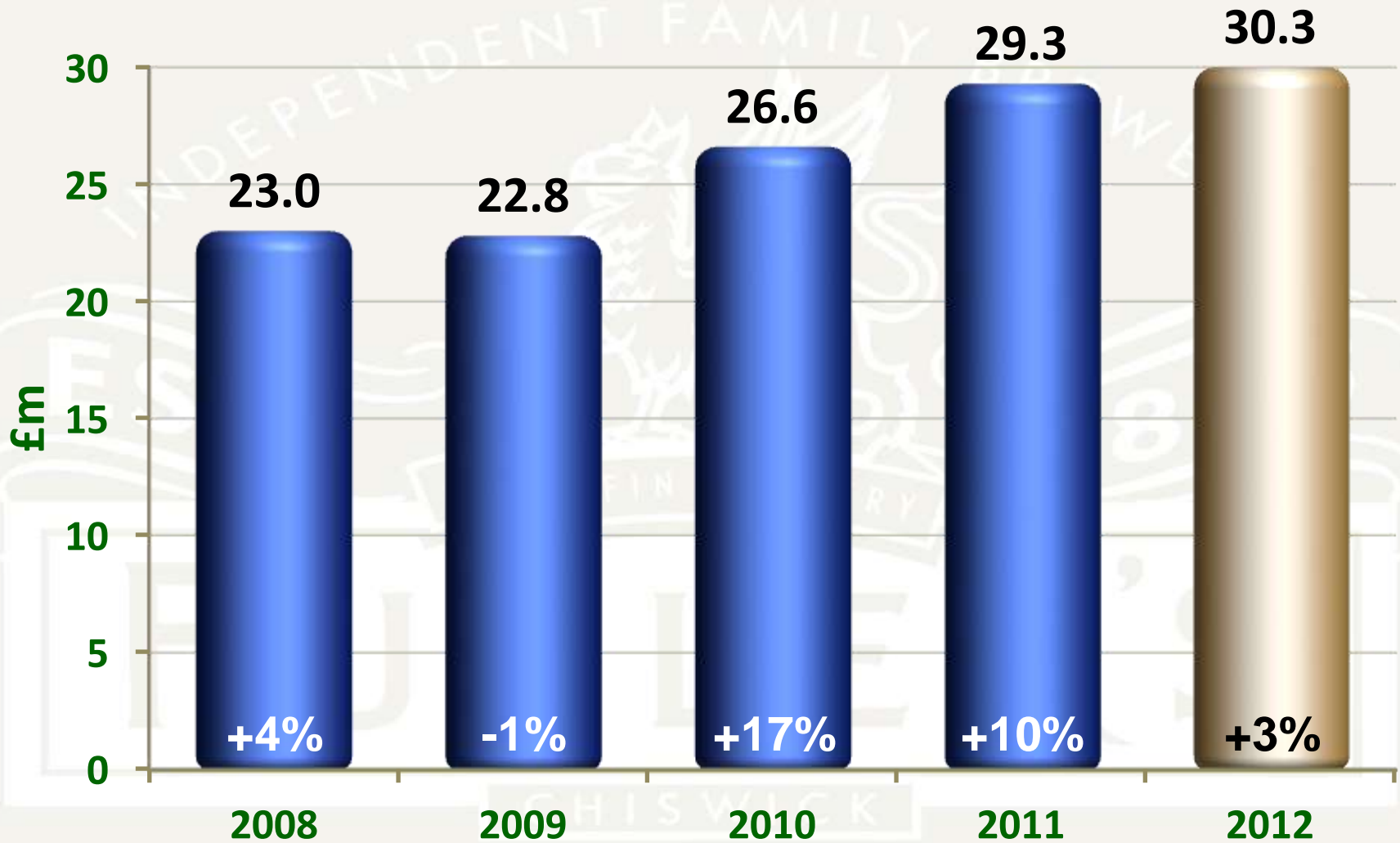
# Corporate Progress

- 30 pub acquisitions completed since last year end
- Managed Pubs and Hotels LFL sales up 4.2%
- Tenanted Inns profits up 4%
- Beer Company profits up 2%
- All business segments in growth
- Divisional Managing Directors in place

*Profit measures are operating profits excluding exceptional items*

# Adjusted Profits

Five year growth of 37%



*Adjusted profits are profits before tax excluding exceptional items  
2011 was a 53 week period*

# Adjusted EPS

Five year growth of 44%



*Excluding exceptional items  
2011 was a 53 week period*



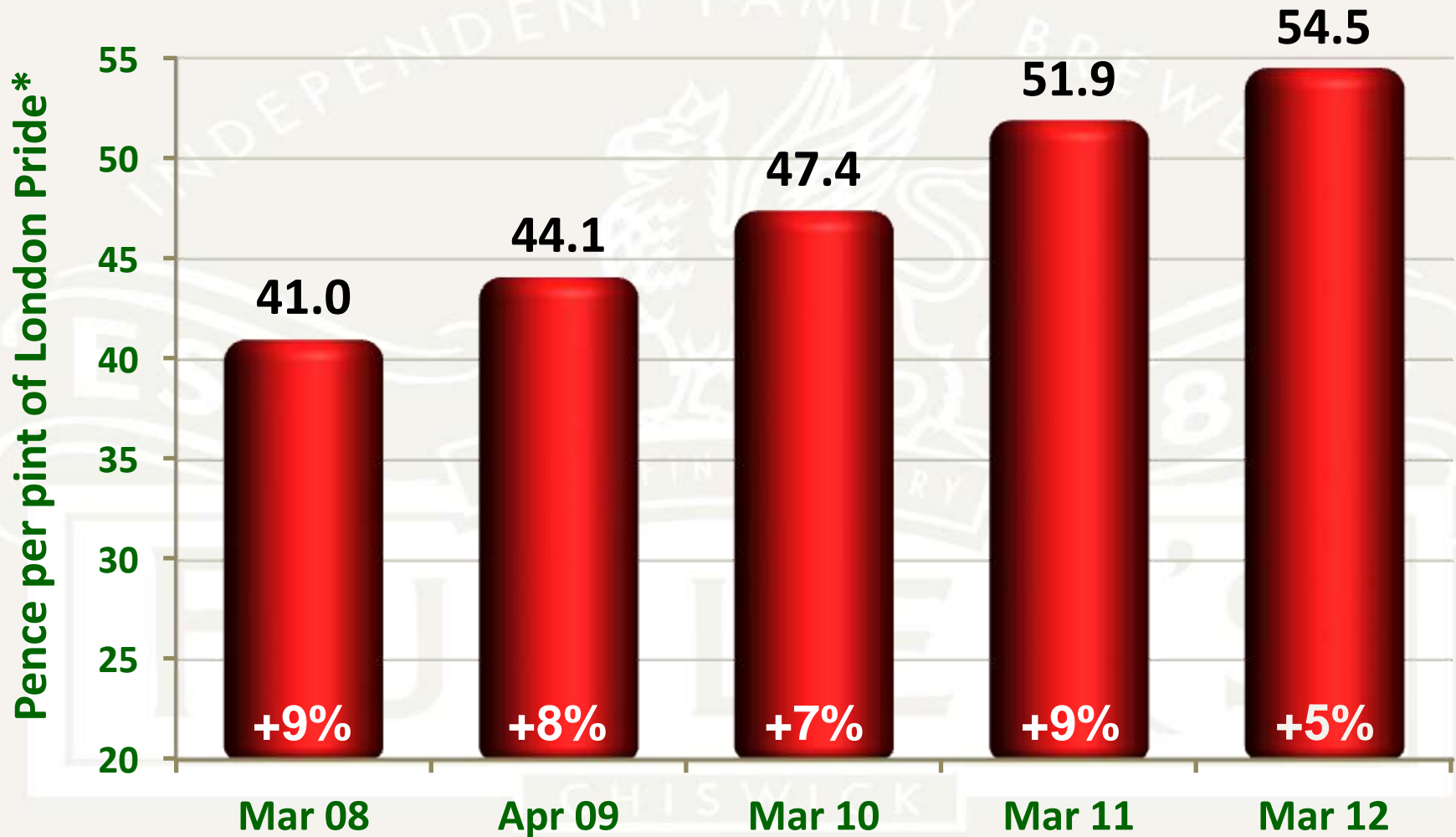
# Full Year Dividend

Five year growth of 39%



# Beer Duty

Five year increase of 45%



\* Pence figures are for a 4.1% ABV beer and include the VAT paid on top of the duty rate

# Total Taxes Paid

	2012 £m	As % of revenue
Group revenue (VAT inclusive) for the year	303.6	
Taxes paid for the year:		
Alcohol duty	44.6	
VAT	32.2	
PAYE and NIC	17.6	
Corporation tax	8.7	
Business rates	7.3	
Stamp duty	2.2	
Premise, TV and other licences	0.4	
Fuel duty	0.3	
Environmental levies	0.3	
<b>Total Tax</b>	<b>113.6</b>	<b>37%</b>
<b>Profit after tax attributable to shareholders</b>	<b>23.7</b>	<b>8%</b>



James Douglas

Finance Director

# Group Performance

	<b>2012</b> 52 weeks £m	<b>2011</b> 53 weeks £m	
<b>Revenue</b>	253.0	241.9	+5%
<b>Operating costs*</b>	(218.1)	(207.8)	+5%
<b>Operating profit*</b>	34.9	34.1	+2%
<b>Net finance costs*</b>	(4.6)	(4.8)	-4%
<b>Adjusted profit*</b>	30.3	29.3	+3%
<b>Depreciation &amp; amortisation</b>	12.9	12.5	+3%
<b>EBITDA*</b>	47.8	46.6	+3%

\* Excluding exceptional items

# Managed Pubs and Hotels

## Key Figures

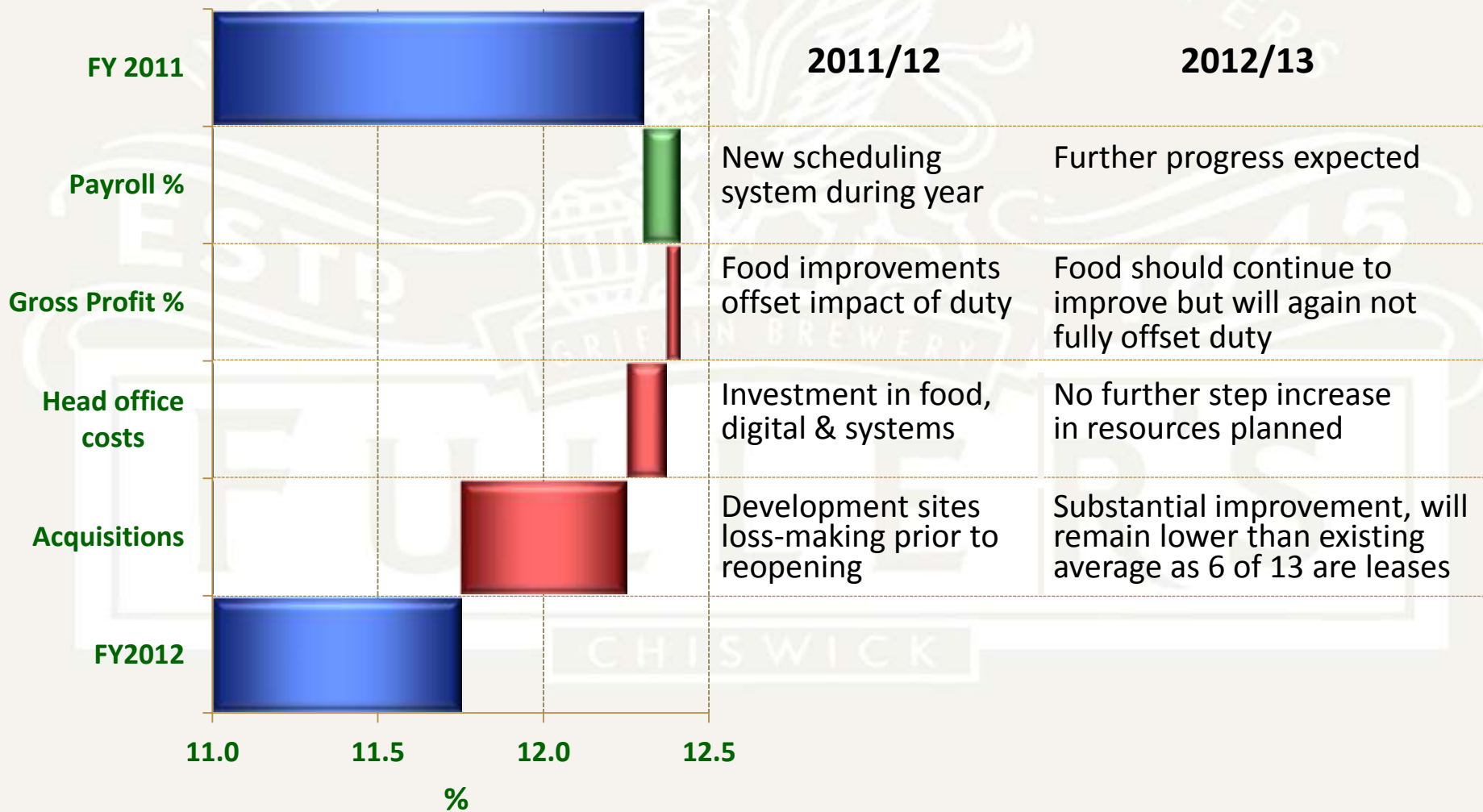
	<b>2012</b>	<b>2011</b>	
	52 weeks	53 weeks	
<b>LFL sales</b>	+4.2%	+3.9%	
<b>Revenue</b>	£155.7m	£147.2m	+6%
<b>Operating costs*</b>	£137.4m	£129.1m	+6%
<b>Operating profit*</b>	£18.3m	£18.1m	+1%
<b>Operating margin</b>	11.8%	12.3%	
<b>Depreciation &amp; amortisation</b>	£8.6m	£8.5m	+1%
<b>EBITDA*</b>	£26.9m	£26.6m	+1%

\* Excluding exceptional items

# Margin Evolution

- Managed Pubs and Hotels margin down 0.5% on last year

## Managed Pubs and Hotels operating margin



# Tenanted Inns

## Key Figures

	<b>2012</b> 52 weeks	<b>2011</b> 53 weeks	
<b>LFL profits</b>	+2%	-1%	
<b>Revenue</b>	£27.5m	£26.9m	+2%
<b>Operating costs*</b>	£17.2m	£17.0m	+1%
<b>Operating profit*</b>	£10.3m	£9.9m	+4%
<b>Operating margin</b>	37.5%	36.8%	
<b>Depreciation</b>	£1.6m	£1.6m	Level
<b>EBITDA*</b>	£11.9m	£11.5m	+3%

\* Excluding exceptional items



# The Fuller's Beer Company

## Key Figures

	<b>2012</b> 52 weeks	<b>2011</b> 53 weeks	
<b>Total Beer volumes*</b>	+2%	level	
<b>Revenue</b>	£109.1m	£104.1m	+5%
<b>Operating costs</b>	£100.1m	£95.3m	+5%
<b>Operating profit</b>	£9.0m	£8.8m	+2%
<b>Operating margin</b>	8.2%	8.5%	
<b>Depreciation</b>	£2.7m	£2.4m	+13%
<b>EBITDA</b>	£11.7m	£11.2m	+4%

\* Total Beer volume growths for both periods are stated on a 52 week comparable basis.

# Exceptional Items

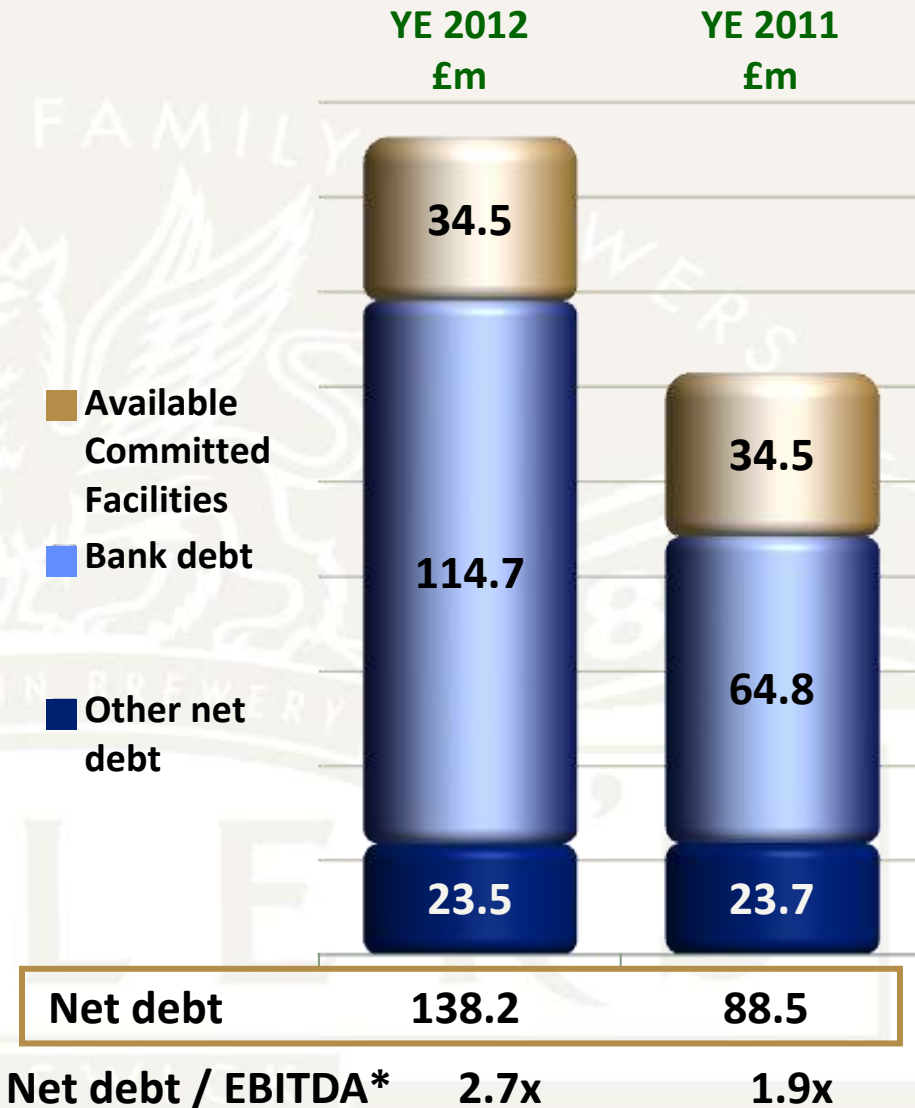
	2012 £m	2011 £m
Profit on sale of properties	0.6	2.7
Asset impairments & reversals	2.0	(1.4)
Pub acquisition costs expensed in period	(2.6)	-
Abortive acquisition costs	(0.4)	-
Onerous lease charges	(0.9)	-
Insurance gain	-	0.4
Mark to market of financial instruments	(0.2)	-
<b>Total exceptional items</b>	<b>(1.5)</b>	<b>1.7</b>
Tax on exceptional items	0.3	(0.5)
Tax gain due to reduction in tax rate	2.5	2.6
<b>Exceptional items net of tax</b>	<b>1.3</b>	<b>3.8</b>

# Generation and Use of Cash

	2012 £m	2011 £m
<b>EBITDA</b>	47.8	46.6
Share based payment	1.9	1.8
Working capital / other	3.9	(3.4)
Pension	(0.9)	(0.4)
Interest and refinancing costs	(4.5)	(4.6)
Tax	(8.7)	(8.6)
<b>Cash available for discretionary spend</b>	<b>39.5</b>	<b>31.4</b>
Capex on existing estate and brewery	(17.1)	(12.0)
Pub acquisitions – business purchases	(52.8)	-
Pub acquisitions – development capex	(4.8)	-
Total capex	(74.7)	(12.0)
Acquisition costs paid in period	(2.0)	-
Property disposals	1.9	4.0
Dividends and share buy backs	(14.3)	(4.1)
<b>Cash flow</b>	<b>(49.6)</b>	<b>19.3</b>
Non cash movement	(0.1)	(0.1)
<b>Net debt movement</b>	<b>(49.7)</b>	<b>19.2</b>

# Borrowing Capacity

- Two new £30m facilities
  - Rabobank, August 2011
  - Co-Operative Bank, March 2012
- Co-terminal in May 2015 with existing facilities
- £150m committed across four banks
- Freedom to add further funding for acquisitions
- 79% of period end gross borrowings fixed or capped
- Estimated blended cost of borrowings for 2012/13 is 4.2%



\* Net debt / EBITDA is on a pro forma 12 months basis for pubs acquired and disposed of in the year

# Annual Capital Expenditure



2012 excludes pub acquisition costs, principally stamp duty, of £2.6m.

2013E represents the current estimate of capital expenditure for the 52 weeks to 30 March 2013 and committed pub acquisitions. Further pub acquisitions would be in addition to this.



Simon Emeny

Group Managing  
Director

# New Directors

## Managing Director – The Fuller’s Beer Company

### Ian Bray

- Joined us in December, previously European Marketing Director of Bunge SA
- Extensive FMCG marketing background



## Managing Director – Fuller’s Inns

### Jonathon Swaine

- Promoted in February, from position of Retail Operations Director
- Previously worked for Molson Coors



# Our Retail Estate

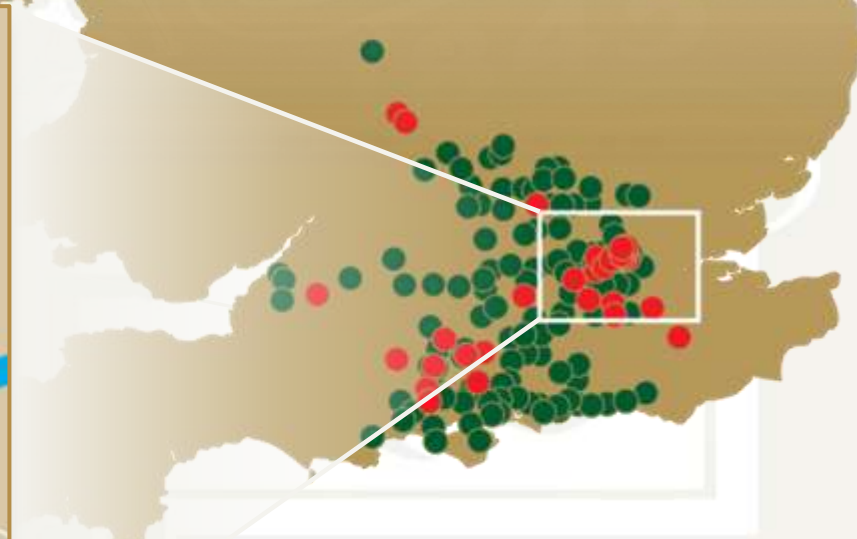
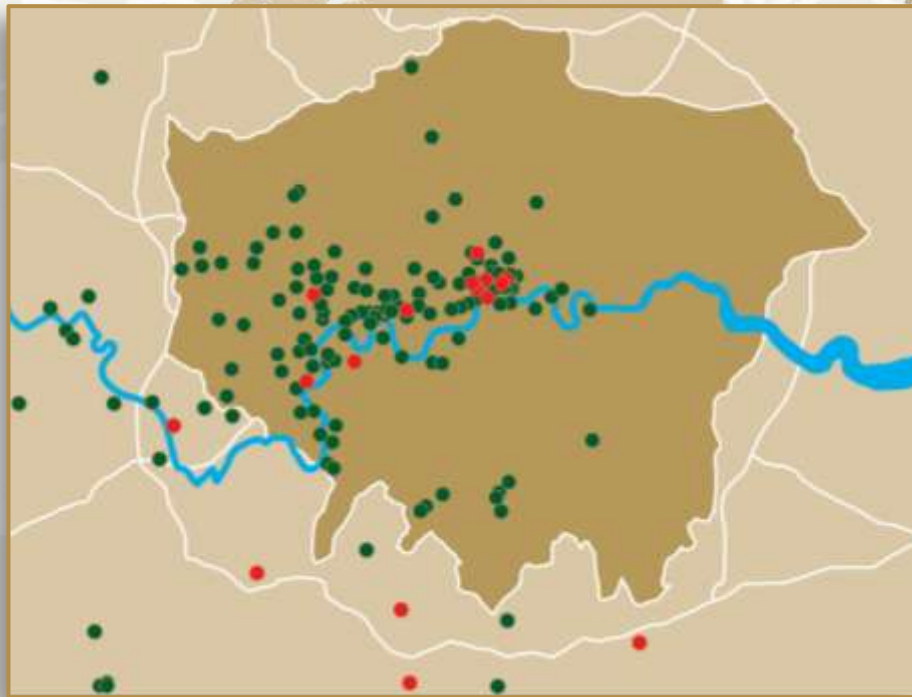
	<b>Managed Pubs and Hotels</b>	<b>Tenanted Inns</b>	<b>Total</b>
<b>3 April 2011</b>	<b>162</b>	<b>196</b>	<b>358</b>
Acquisitions	13	17	30
Disposals	(1)	(4)	(5)
<b>31 March 2012</b>	<b>174</b>	<b>209</b>	<b>383</b>

- Of 30 additions since 3 April 2011, 24 are freehold and 6 are leasehold
- 99 new bedrooms in pubs acquired in the year, plus another 35 added through development, total bedrooms are now 620 at 31 March 2012



# Our Increased Estate

- Fuller's existing estate
- Acquisitions made in 2011/12



# Acquisitions Strategy

## Objectives

### Further enhance quality of estate

- Addition of high turnover pubs
- Long term potential essential

### Increase London presence

- Fuller's London heartland
- Greatest synergies and efficiencies

### Expand South East coverage

- Opportunities to increase brand reach
- Strong synergies across the Group

## Selection Criteria

### Demographics

- Higher incomes
- Professionals

### Property

- Character & charm
- Underlying quality
- Timeless

### Opportunity to add value

- Application of beers, brand & standards
- Under-exploited trading spaces
- Impact of refurbishment

### Outside space

- Very important post smoking ban
- Broadens appeal

### Freehold

- Freehold preferred
- Leasehold considered in key strategic locations



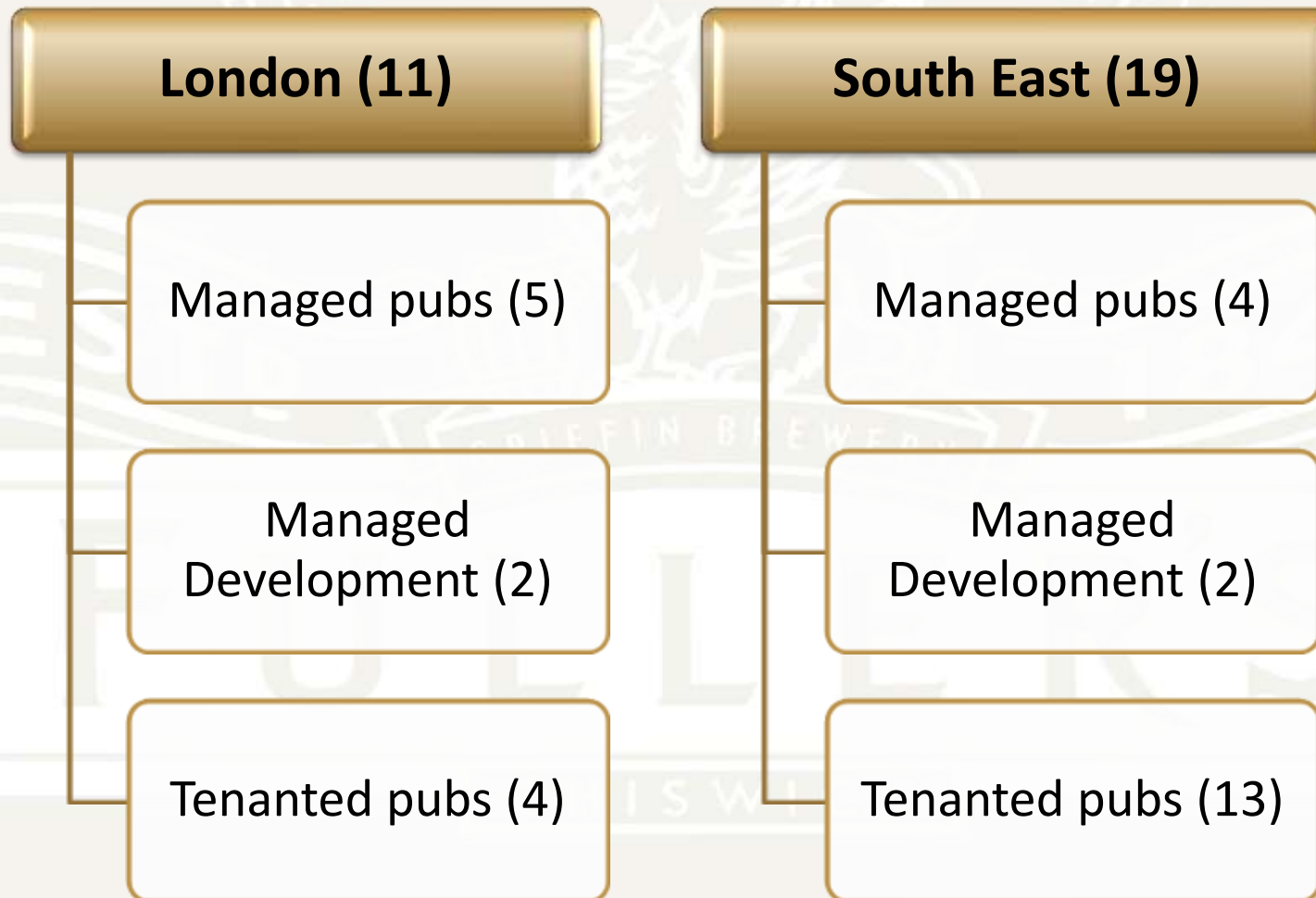
Must have



Nice to have

# Pub Acquisitions

- Acquisitions in the year are segmented as follows:



# Pub Acquisitions – London

## Managed (5)

- Trading ahead of expectations
- Four leases, one freehold
- EBITDA conversion high, cask ale sales growing
- Investments underway, two completed H2
- Strong trading post investment



The Wellington, Waterloo



The Cabbage Patch, Twickenham



THE PARCEL YARD

# Pub Acquisitions – London

The Tokenhouse, Moorgate

## Development Opportunities (2)

- Both leaseholds
- The Parcel Yard on King's Cross main concourse is the largest station pub in the country
- The Tokenhouse in Moorgate has been remodelled to capitalise on the local market
- Investment spend of £2.2m
- Opened March and April 2012
- Pre-opening costs incurred in year
- Additional riverside site in pipeline



# Pub Acquisitions – London

## Tenanted (4)

- Four freehold sites in great locations
- Existing lessees in place



The Seven Stars, Carey Street WC2



The Coach & Horses, Soho



The Plough, East Sheen

# Pub Acquisitions – South East

## Managed (4)

- Four excellent freehold sites in prosperous towns
- Includes 23 bedrooms
- Sites will respond well to Fuller's branding
- Investments planned FY 2013

## Tenanted (13)

- 13 freehold tied pubs with lessees in place
- Trading in line with expectations
- These pubs will benefit from Fuller's brand and beers



The Boater, Bath



The Red Lion, Wendover



# Pub Acquisitions – South East



The Mayfly, Stockbridge



The William Walker, Winchester



The Old Thatch Tavern, Stratford-upon-Avon



The Sir John Barleycorn, Cadnam

# Pub Acquisitions – South East

## Development Opportunities (2)

- Acquisition cost of £2.8m, plus £3.5m investment spend
- Opened March & April 2012
- Losses and pre-opening costs incurred in year
- Trading ahead of investment plans
- 49 bedrooms post development
- Additional site in pipeline FY 2013



The Crown Inn, Bishop's Waltham, Hampshire

# Pub Acquisitions – South East



The White Swan Hotel,  
Stratford-upon-Avon



# Refurbishment

Aim to create characterful individual pubs consistent with our premium food and drink offer

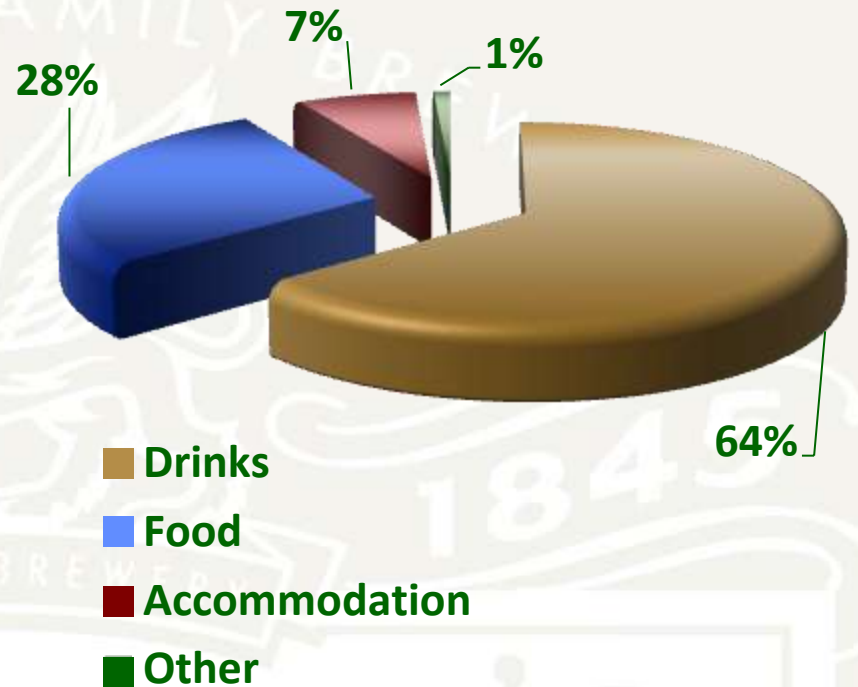
- Large projects at 18 sites with a total spend of £4.2m in year
- A number of transformational refurbishments to reposition offer
- Targeted investments recognising potential of each site, including:
  - Stylish bedrooms
  - Function rooms
  - Outside seating areas



# Managed Pubs and Hotels

## LFL growth rates

Drinks	+4.0%
Food	+4.5%
Accommodation	+7.4%
<b>TOTAL</b>	<b>+4.2%</b>



- Food and Accommodation continue to lead growth
- Investment in food team is driving quality and consistency
- 28% increase in the number of rooms in the last year, to 620 at 31 March 2012

# Investing in Digital

## Web

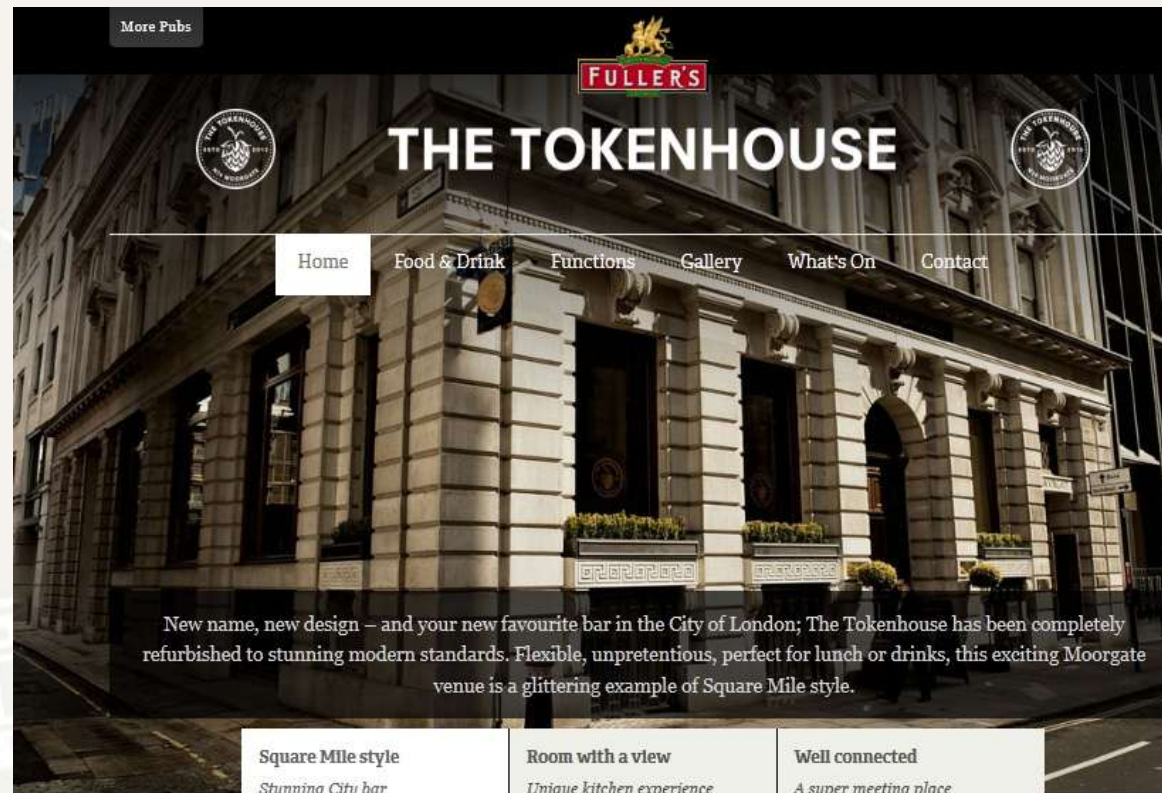
- New microsites for each pub and hotel – launched 31 May
- Smartphone & iPad friendly
- Online table bookings
- Enhanced room booking experience

## Offers & loyalty

- Targeted offers in quiet months

## Social media

- Integrated with our website
- Site-led support



Square Mile style  
*Stunning City bar*

Room with a view  
*Unique kitchen experience*

Well connected  
*A super meeting place*



**Fabulous food**

*Our fabulous food is a cut above your traditional pub grub. Menus here are innovative and special - bursting with creative ideas, fresh ingredients and big flavours.*



**New improved bar**

*The new and improved horseshoe bar plays host to a wide range of high-class thirst quenchers – from Fuller's famous ales to premium lagers, fine wines and spirits.*



**A special venue**

*Special occasions merit a special venue, and here at The Tokenhouse we're proud to present some of the most stylish party venues in Moorgate. Great for group gatherings!*

*A modern place with a modern menu - seeking to serve up the very best of British.*

# Tenanted Inns



# Tenanted Inns Strategy

## Acquisitions & Disposals

17 quality acquisitions



11 sold in last 24 months, as did not fit our long term criteria



**Estate – 209 pubs**



Average quality

## Operations

**We want to achieve...**

A common approach across estate to:

- ✓ Raise standards, quality and hence profit
- ✓ Develop offer to meet customer expectations of a Fuller's pub
- ✓ Encourage entrepreneurship

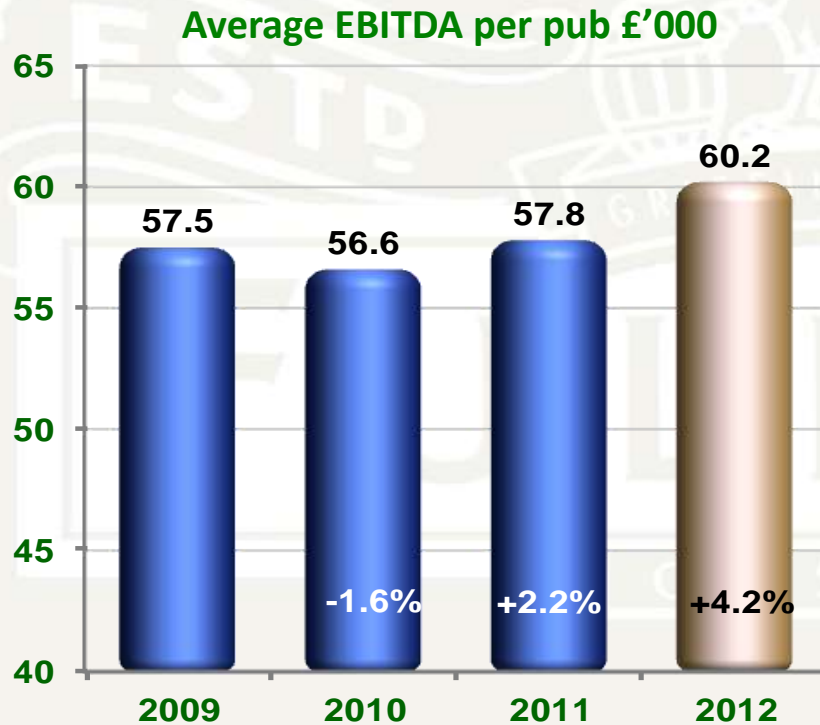
**Actions we have taken...**

- ✓ Highest ever numbers of Tenants trained in year
- ✓ Mystery shopper programme
- ✓ BII membership for all Tenants
- ✓ Joint investment in customer facing areas
- ✓ Inflation-based rent capped at 3%



# Tenanted Inns

- 17 additions to estate in year
- LFL profits +2%
- Average EBITDA per pub +4%
- 85% of Tenants surveyed would recommend Fuller's to other publicans\*



The Leather Exchange, London Bridge

\* Source: Tenant Track 2012 survey conducted by Him! Research & Consulting

# The Fuller's Beer Company



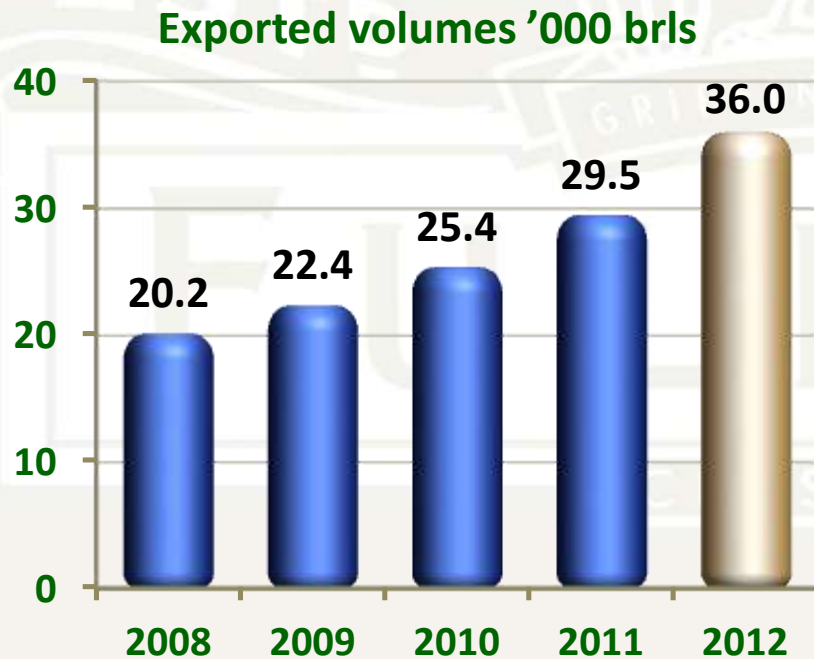
# The Fuller's Beer Company

## Beer Volumes

	<b>2012</b> 52 weeks <b>'000 brls</b>	<b>2011</b> 52 weeks <b>'000 brls</b>	
<b>Own Beer</b>			
Free On Trade	100.8	106.9	-6%
Fuller's Inns	41.4	40.3	+3%
Off Trade	39.2	38.8	+1%
Exports	36.0	29.5	+22%
<b>Total Own Beer</b>	<b>217.4</b>	<b>215.5</b>	<b>+1%</b>
Foreign Beer	114.3	110.8	+3%
<b>Total Beer</b>	<b>331.7</b>	<b>326.3</b>	<b>+2%</b>

# Exports

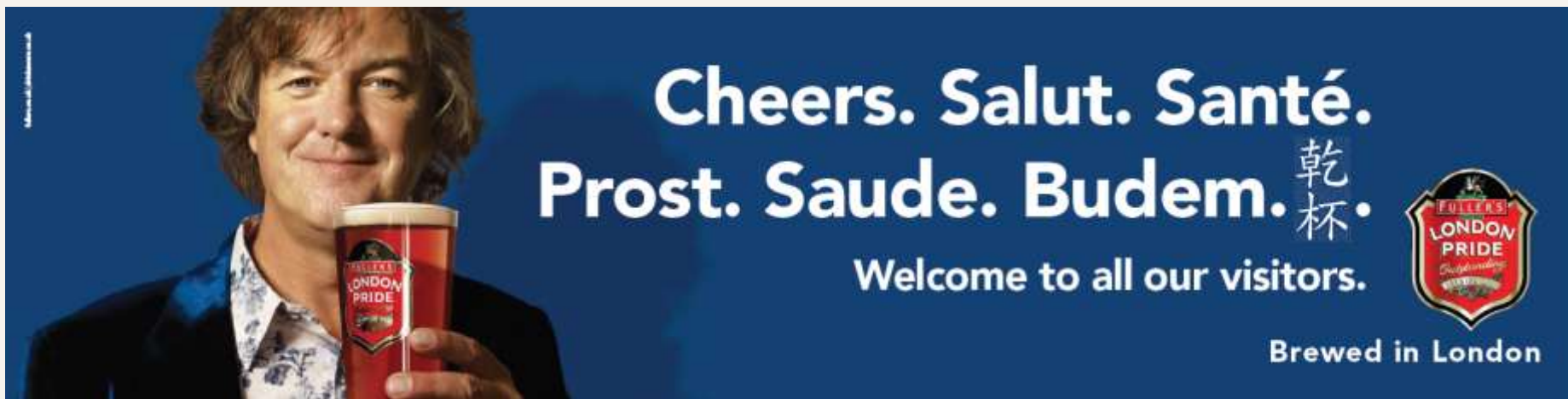
- 116% volume growth over five years
- 1 in 6 barrels exported
- 10 million pints sold for export for the first time this year
- Target to grow sales to emerging markets, our most recent being Brazil



# Investing for the Future

- Brewing capacity:
  - New conditioning tanks now in use, providing 30,000 barrels of additional capacity for bottled and keg beers
  - Will support volume growth in Off Trade and Export markets
  - Further conditioning capacity can be added in future at a lower incremental cost
- New logistics deal improving site optimisation and flexibility for growth
- Additional resource for our Traditional Free Trade has assisted growth in this area





## Marketing

- 'Brewed in London' poster campaign will speak to 20 million Londoners between now and September
- 45% of core market will be reached four times every two weeks
- Local campaigns with taxis, riverboats and brewery banner will reinforce the message to Londoners and visitors alike
- Activity will confirm London Pride as THE London ale



# Investing in our Range

- Following success of cask product, Black Cab Stout has been launched in bottle form for Export and Off Trade
- Hope & Glory – delicious Diamond Jubilee beer made with barley from HRH Prince of Wales' estate and Sovereign hops
- Wild River – an exciting mid-Atlantic pale ale brewed with American hops, launching in June
- Continuing our connoisseur series of Past Masters, Vintage Ale and Brewer's Reserve



# Looking ahead to Summer 2012



## Diamond Jubilee

- National Celebration
- Impact over long weekend
- Particularly good for Tenanted and Beer Company



## Euro 2012 football

- Impact over four weeks
- Favourable impact for pubs and Off Trade beer sales



## Olympics

- Once in a lifetime opportunity
- London's profile – exports boost
- Will drive hotel bookings, beer sales and pub takings in key London areas





# Summary

- Transformational year which saw capital investment of £75m, including the addition of 30 pubs
- Adjusted profits increased by 3%
- Managed Pubs and Hotels profits up 1% with 4.2% LFL sales growth
- Tenanted Inns profits up 4%
- Own Beer volumes up 1% led by exports

*Volume growth and like for like measures are on a 52 week comparable basis*





# Prospects

- The year ended March 2012 was a very positive year for the Company
- Capital investment of £75m in the year has laid strong foundations for growth FY 2013 and beyond
- Extraordinary weather has produced an unrepresentative start to the year
  - Total Managed sales up 7.2% for 8 weeks
  - Managed LFL sales down 2.3% for 8 weeks
- Well placed to capitalise on the exciting summer of opportunity
- Long term strategy continues to deliver
- Funds available to invest in new opportunities

**My favourite  
Londoner.**



**Brewed in London**



INDEPENDENT FAMILY BREWERS

# Appendix

ESTD

1845

GRIFFIN BREWERY

FULLER'S

CHISWICK

# Pubs Acquired – year ended 31 March 2012

## Managed Division

- The Boater, Bath, BA2 4BQ
- The Cabbage Patch, Twickenham, TW1 3SZ
- The Crown Inn, Bishop's Waltham, SO32 1AF
- The Hand & Flower, Hammersmith, W14 8XJ
- The Horse & Groom, Alresford, SO24 9AQ
- The Lamb & Flag, Covent Garden, WC2E 9EB
- The Market Hotel, Reigate, RH2 9AY
- The Parcel Yard, King's Cross, N1C 4AH
- The Pavilion End, Moorgate, EC4M 9BR
- The Red Lion Hotel, Wendover, HP22 6DU
- The Tokenhouse (formerly Bluu), Moorgate, EC2R 6DA
- The Wellington, Waterloo, SE1 8UD
- The White Swan Hotel, Stratford-upon-Avon, CV37 6NH

# Pubs Acquired – year ended 31 March 2012

## Tenanted Division

- The Bear & Ragged Staff, Michelmarsh, SO51 0LB
- The Coach & Horses, Soho, W1D 5DH
- The Duke of York, Tunbridge Wells, TN2 5TD
- The Forester, Ealing, W13 9EP
- The Fox & Hounds, Lyndhurst, SO43 7BG
- The Frog & Wicket, Hook, RG27 0NS
- The George & Dragon, Westerham, TN16 1AW
- The Kingswood Arms, Kingswood, KT20 6EB
- The Mayfly, Stockbridge SO20 6AZ
- The Old Plough, Stoke D'Abernon, KT11 3BN
- The Old Thatch Tavern, Stratford-upon-Avon, CV37 6LE
- The Ox Row Inn, Salisbury, SP1 1EU
- The Plough, East Sheen, SW14 7AF
- The Seven Stars, Holborn, WC2A 2JB
- The Sir John Barleycorn, Cadnam, SO40 2NP
- The Three Horseshoes, Laleham, TW18 1SE
- The William Walker, Winchester, SO23 9EX