



Fuller, Smith and Turner PLC

Final Results
for the 52 weeks ended
29 March 2014

Agenda

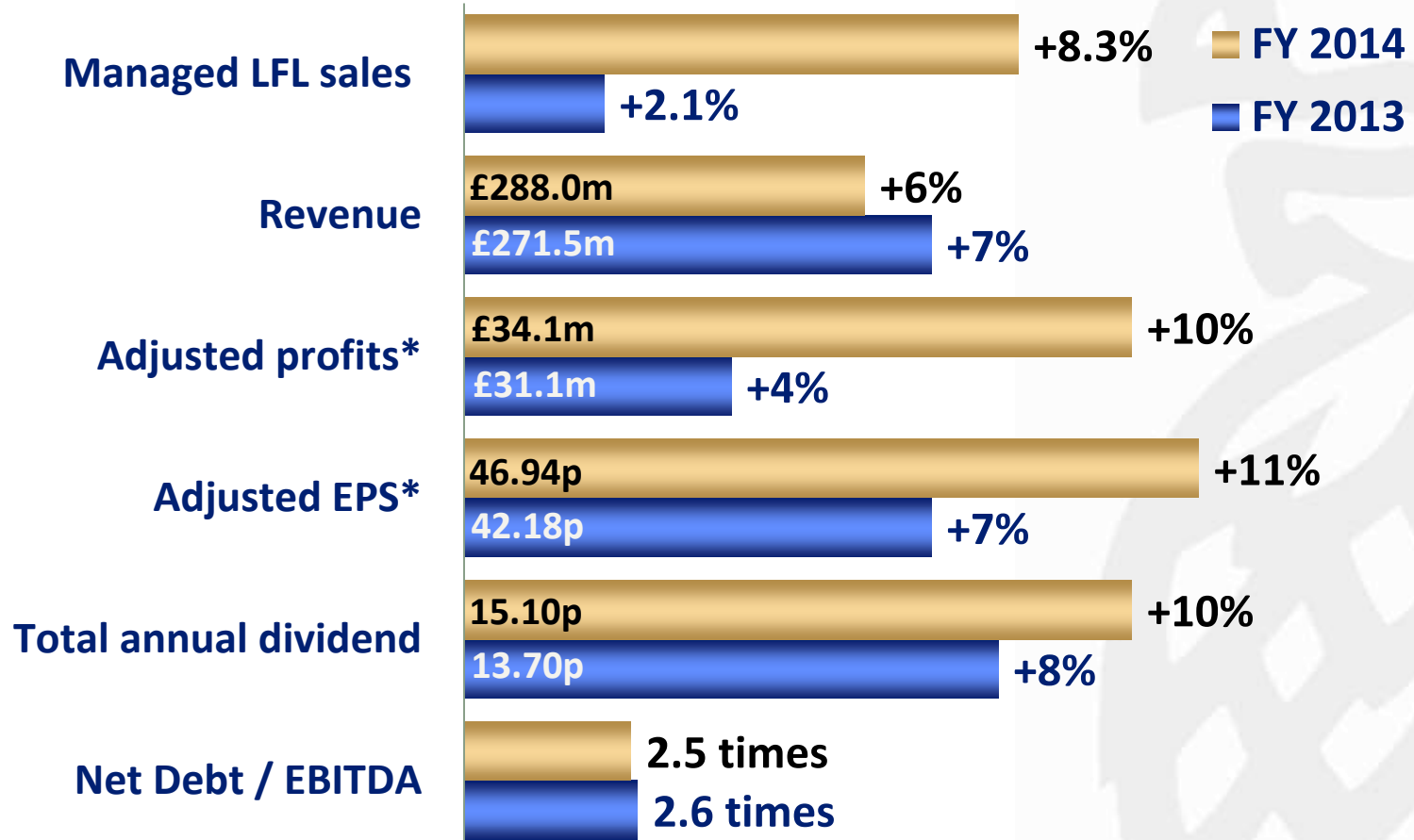
- Overview
- Financial Results
- Strategy and Operations
- Prospects



Highlights

A very strong year for the Group

Growth on prior year (%)



* Excluding exceptional items. 2013 has been restated to exclude pension finance costs/income from adjusted profit

Group Performance

	2014 £m	2013 £m	
Revenue	288.0	271.5	+6%
Operating costs*	(248.1)	(234.5)	+6%
Operating profit*	39.9	37.0	+8%
Net finance costs*	(5.8)	(5.9)	-2%
Adjusted profit*	34.1	31.1	+10%
Depreciation & amortisation	14.6	14.2	+3%
EBITDA*	54.5	51.2	+6%

* Excluding exceptional items. 2013 has been restated to exclude pension finance costs/income from adjusted profit

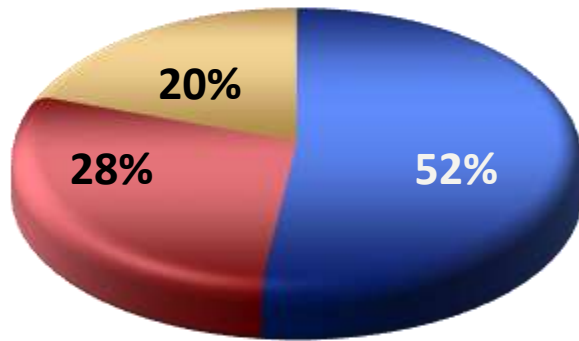
Exceptional Items

	2014 £m	2013 £m
Profit on sale of properties	1.9	5.0
Acquisition costs	(1.1)	(0.5)
Asset impairments & reversals	(0.5)	(1.0)
Onerous lease provision releases	0.9	-
Reorganisation costs	(1.2)	-
Pension scheme finance costs*	(0.6)	(0.9)
Total exceptional items*	(0.6)	2.6
Tax on exceptional items	0.1	0.8
Reduction in tax rate	3.4	1.2
Exceptional items net of tax*	2.9	4.6

* 2013 has been restated to include pension finance costs in exceptional items

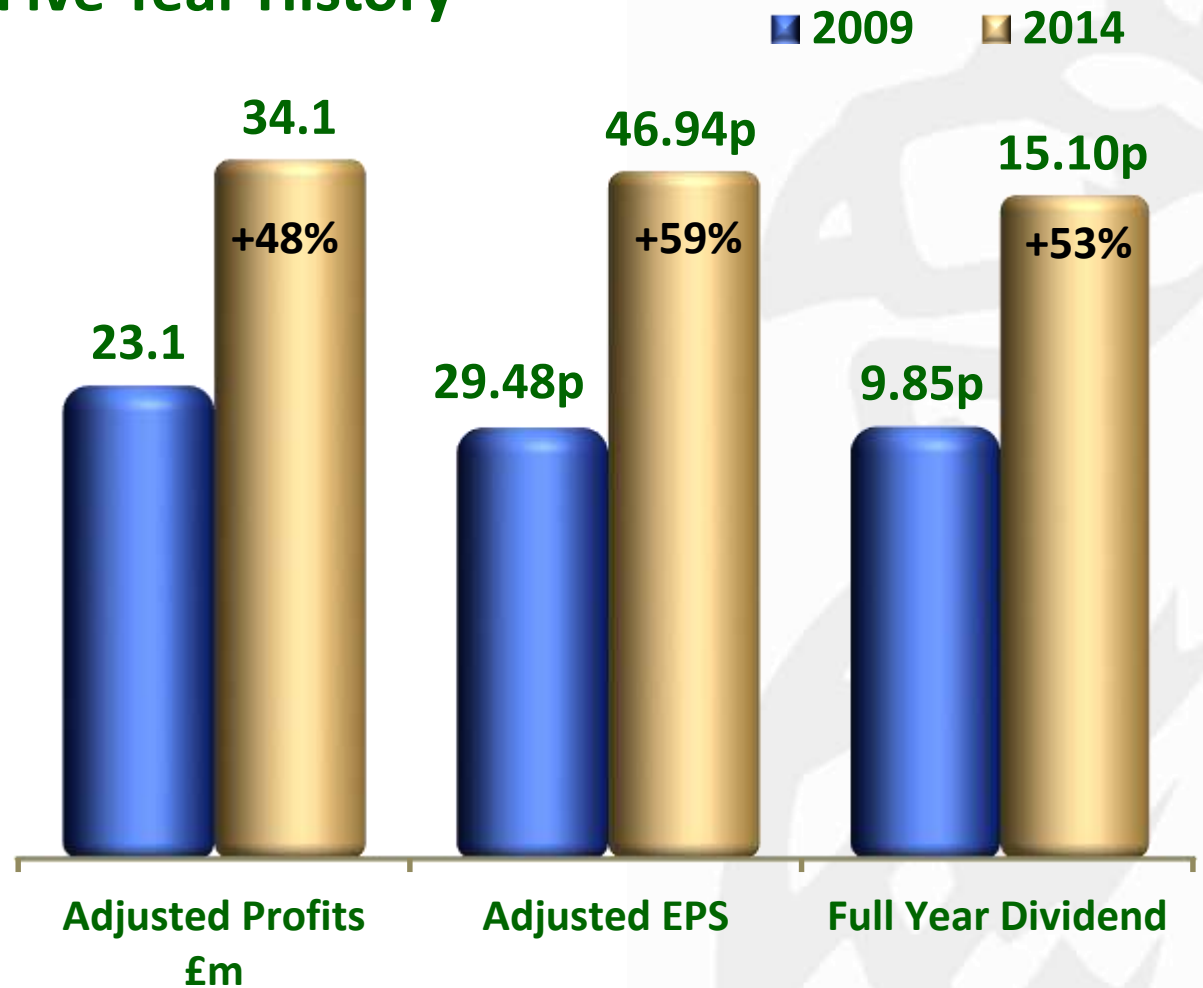
Group Performance

Share of Operating Profit



- Managed Pubs & Hotels
- Tenanted Inns
- The Fuller's Beer Company

Five Year History



Share of operating profit above excludes exceptional items and before unallocated central management costs. Adjusted profits are profits before tax excluding exceptional items. 2009 has been restated to exclude pension finance costs/income from adjusted profit

Managed Pubs and Hotels

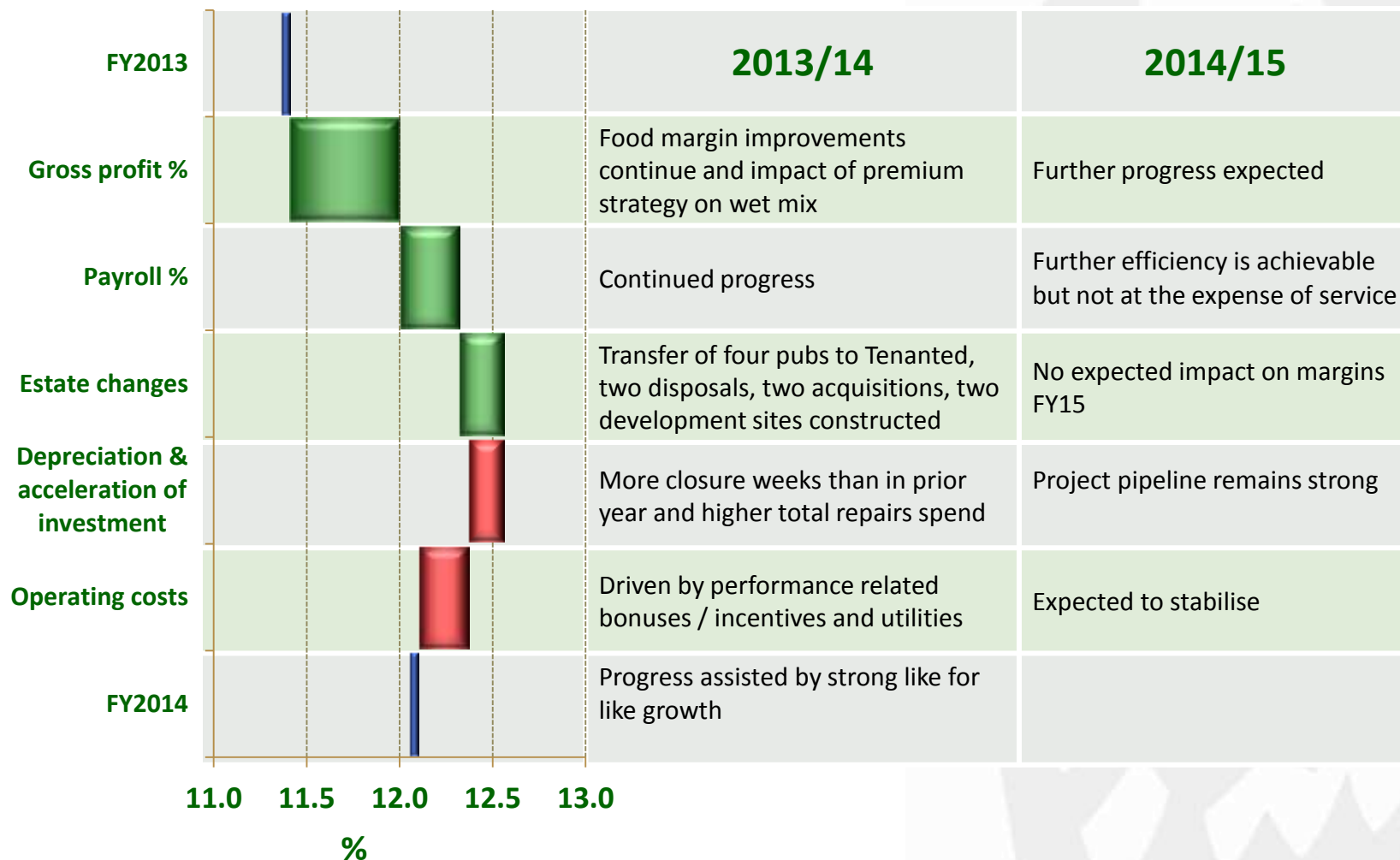
	2014	2013	
LFL sales	+8.3%	+2.1%	
Revenue	£186.0m	£170.1m	+9%
Operating costs*	£163.5m	£150.7m	+8%
Operating profit*	£22.5m	£19.4m	+16%
Operating margin	12.1%	11.4%	
Depreciation & amortisation	£10.0m	£9.6m	+4%
EBITDA*	£32.5m	£29.0m	+12%

* Excluding exceptional items

Margin Evolution

Managed Pubs and Hotels margin up 69 bp on last year

Managed Pubs and Hotels operating margin



Tenanted Inns

	2014	2013	
LFL profits	+2%	+1%	
Average EBITDA per pub	+1%	+9%	
Revenue	£31.3m	£30.8m	+2%
Operating costs*	£19.0m	£18.6m	+2%
Operating profit*	£12.3m	£12.2m	+1%
Operating margin	39.3%	39.6%	
Depreciation	£1.6m	£1.6m	level
EBITDA*	£13.9m	£13.8m	+1%

* Excluding exceptional items

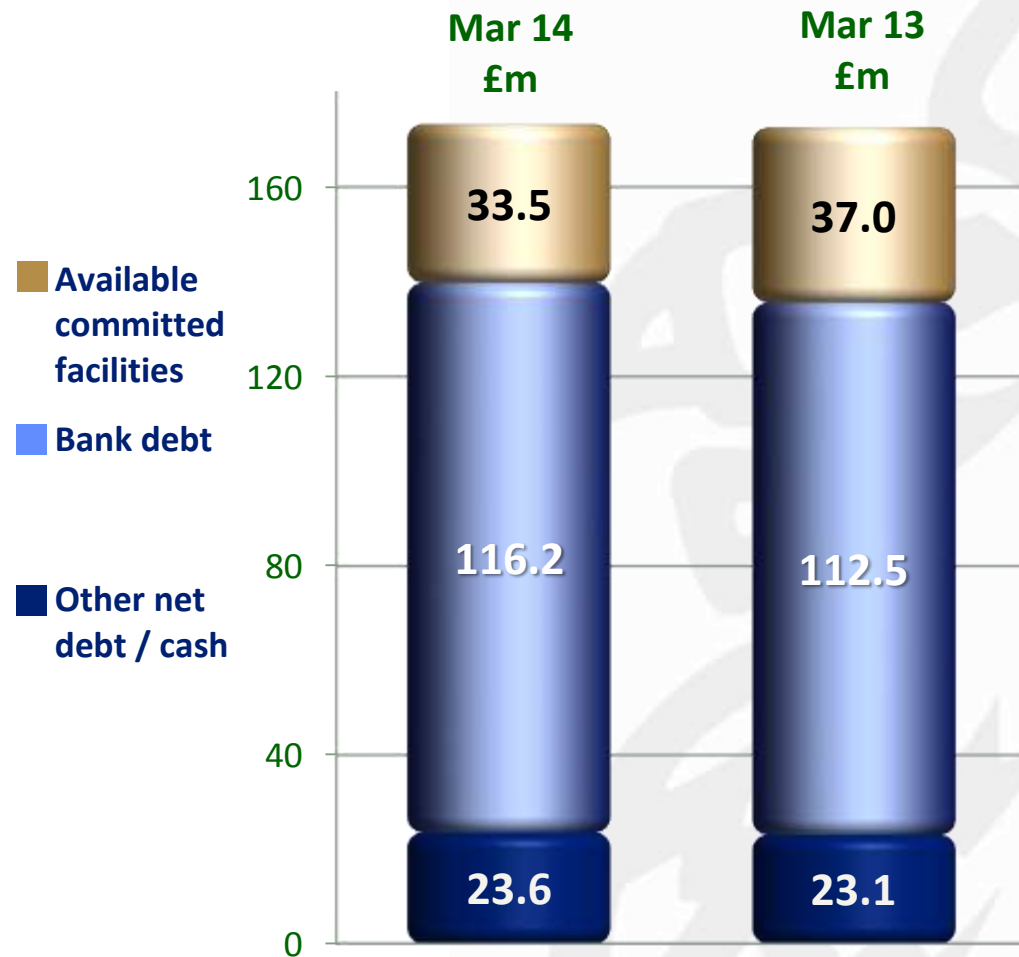
The Fuller's Beer Company

	2014	2013	
Total beer & cider volumes	+1%	level	
Revenue	£115.8m	£113.6m	+2%
Operating costs*	£107.3m	£104.9m	+2%
Operating profit*	£8.5m	£8.7m	-2%
Operating margin	7.3%	7.7%	
Depreciation & amortisation	£3.0m	£3.0m	level
EBITDA*	£11.5m	£11.7m	-2%

* Excluding exceptional items

Borrowing Capacity

- £150m committed across five banks until May 2015
- Refinancing likely in 2014
- Freedom to add further funding for acquisitions
- 78% of period end gross borrowings fixed or capped
- Interest rate hedges in place stepping down gradually to 2022
- Estimated blended cost of borrowings for 2014/15 is 4.3%



Net debt	139.8	135.6
Net debt / EBITDA*	2.5x	2.6x

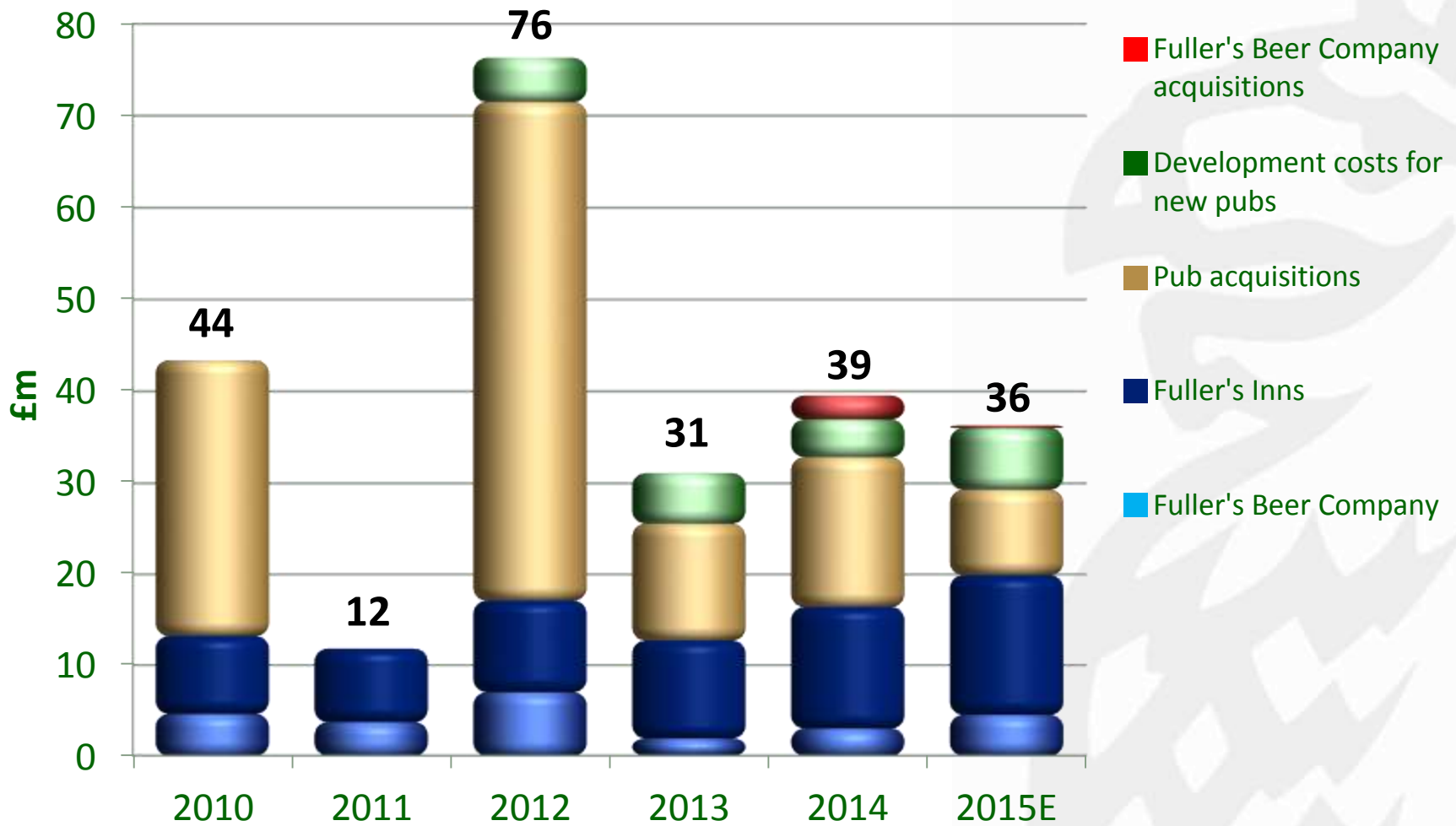
* Net debt / EBITDA is on a pro forma 12 months basis for pubs acquired and disposed of in the year

Generation and Use of Cash

	2014 £m	2013 £m
EBITDA	54.5	51.2
Working capital / other adjustments	4.9	(2.4)
Interest	(5.3)	(5.4)
Tax	(8.0)	(8.1)
Cash available for discretionary spend	46.1	35.3
Capex on existing estate and brewery	(16.4)	(12.7)
Fuller's Beer Company acquisitions	(2.5)	-
Pub acquisitions*	(15.1)	(11.4)
Pub development costs	(4.1)	(5.5)
Acquisition and other exceptional costs paid	(2.1)	(1.5)
Property disposals	2.6	9.5
Dividends and share transactions	(11.8)	(10.6)
Cash flow	(3.3)	3.1
Non cash movement (incl. acquired debt)	(0.9)	(0.5)
Net debt movement	(4.2)	2.6

* Includes both pubs acquired as businesses and purchases of freeholds

Annual Capital Expenditure



Capital expenditure for all years includes pub acquisition costs paid in the period, which from 2012 onwards we have treated as exceptional expenses in the statutory accounts. 2015E represents the current estimate of capital expenditure for the year to March 2015 and committed pub acquisitions. Further pub acquisitions would be in addition to this.

The Fuller's Vision

“We will create and operate the most stylish pubs and hotels whilst brewing Britain’s most coveted premium brands for discerning customers both at home and abroad.”

Drivers for Growth

Distinctive Pub & Hotel Experience



Targeted Acquisitions & Developments



Premium Brand Portfolio

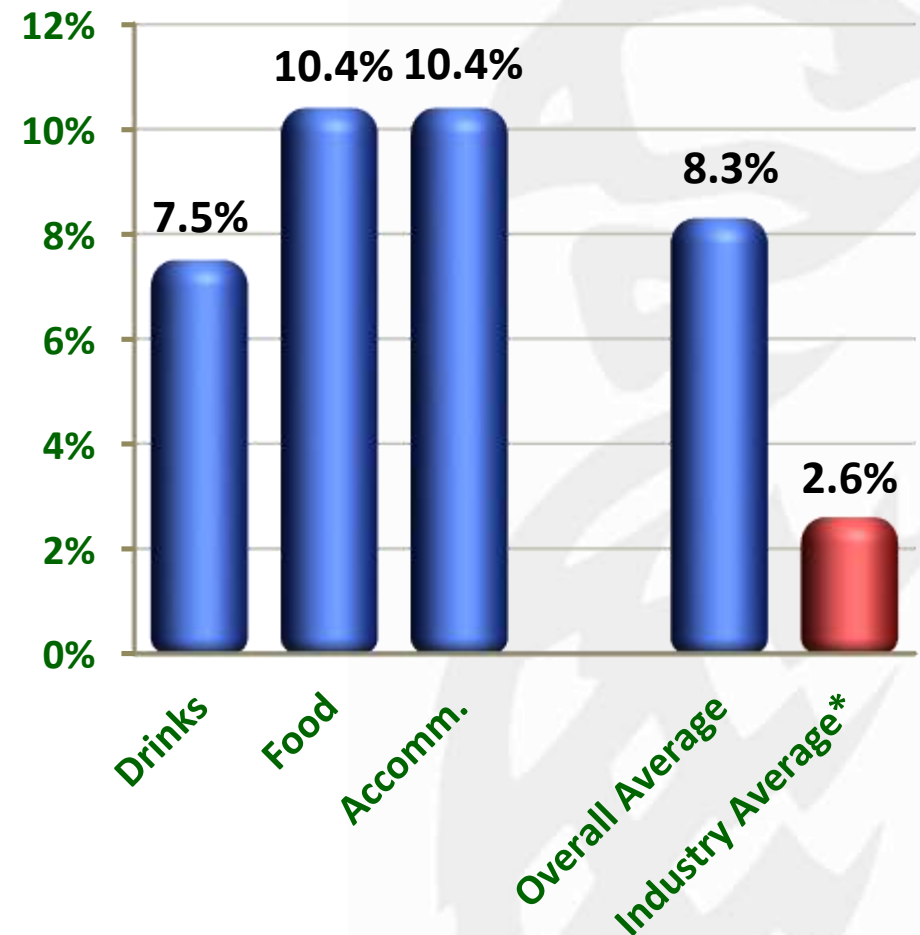


Managed Pubs and Hotels Trading



- Sector leading LFL sales, substantially ahead of Peach Tracker throughout year
- Drinks sales growing, through premiumisation of portfolio and good trading conditions
- Food continues to perform strongly
 - Average food spend per cover up 7% to £11.29
 - Covers up 4%
- Accommodation showing excellent growth following strong Olympic year

LFL Growth Rates



* Peach Tracker index 52 weeks to 29 March 2014

Our Fresh Food

Key elements in the Fuller's experience

- Continuing our *Only at Fuller's* range
 - London Porter smoked salmon is our highest selling starter
 - New additions include Cornish Orchards cider pork sausage
- Freshly prepared
 - Launch of new chef development programme
 - Investment in kitchens
- Locally sourced, seasonal food
 - Inclusion of ingredients from local farmers and producers
 - Seasonal focus – currently spring salads



Our People

People are fundamental to the delivery of Engaging Service

- Almost 10,000 days invested on pub staff training during year
 - E-learning, in pub activity, events and off-site training courses
 - 25% increase in training budget
- 50 Service Coaches
- Fresh approach to recruitment
- Focus on reward and recognition for great service
- Structured career path and development programme



Our Boutique Accommodation

- 622 bedrooms across 12 hotels and 14 pubs with rooms
- 13 new bedrooms added during the year
 - Eight at The White Buck, Burley in the New Forest
 - Five at The Pilot, Greenwich
- Additional 71 refurbished to our high quality boutique standard
- Improvements made to the booking journey for rooms on our website – initial figures show 60% increase in direct bookings
- 15 additional rooms at The Mad Hatter, SE1 planned for FY2015



The White Buck
Burley



The Pilot
Greenwich



Our New Additions

The Albannach, Trafalgar Square

- Lease acquired March 2014
- Prime tourist location with a large trading area over three floors
- Planned conversion to Ale & Pie format under new name, The Admiralty



The Albannach, Trafalgar Square

The White Hart, Southwark

- Purchased in July 2013

The Distillers, Hammersmith

- Added November 2013, refurbished and reopened 2 June

Cams Mill, Fareham

- Freehold new build which recreated the former mill on Fareham estuary
- Opened November 2013, already serving 1,900 covers per week



Cams Mill, Fareham



London's Pride, Heathrow Terminal 2



- £1.7m investment now complete
- Opened for first flights 4 June
- Prominent location with 5,500 square feet, the only airside pub in the new Queen's Terminal
- 200 covers for eating in and dedicated area for plane picnics to take away
- Bespoke library area and bookshop

Development Pipeline – Riverside Pubs

One over the Ait, Kew Bridge

Two floor riverside pub within a new development, close to Kew Gardens, will open Autumn 2014



The Tideway, Fulham Reach

South facing terrace with views over The Harrods Depository and the Boat Race course, will open late 2014



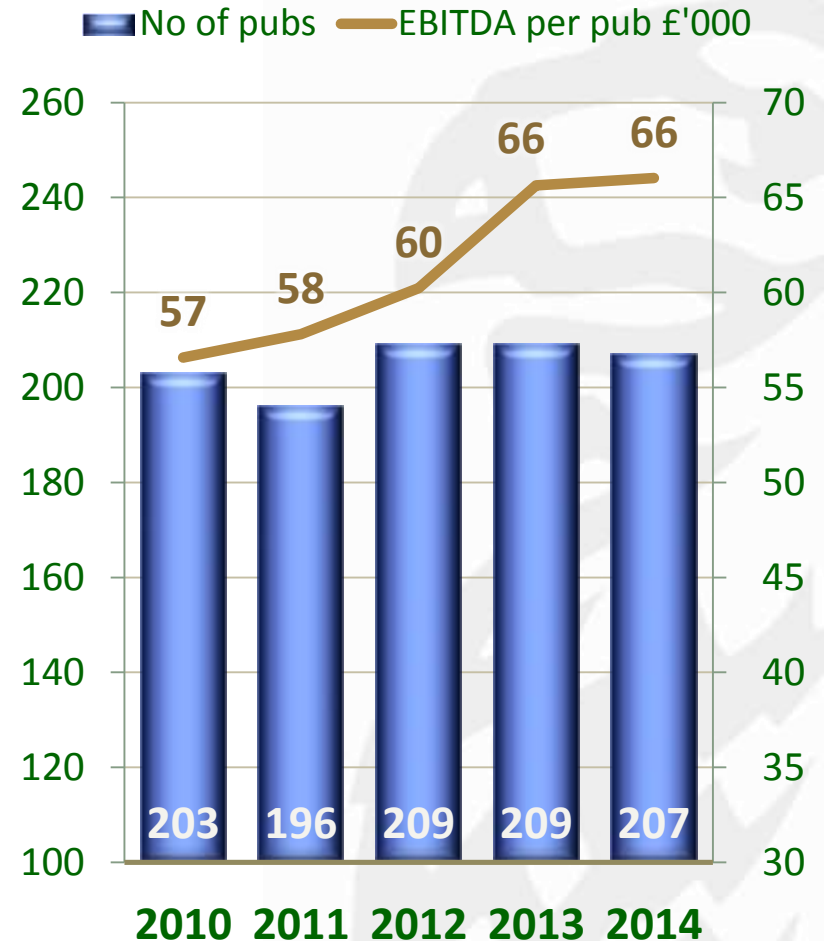
The Sail Loft, Greenwich

Part of the New Capital Quay Development, with views of Canary Wharf, will open Spring 2015

Tenanted Inns

- LFL profits up 2% on prior year following increased investment in repairs
- 207 Tenanted pubs at 29 March 2014
 - Four Managed pubs have been transferred to Tenanted
 - Purchase of The White Hart, Southwark in July 2013
 - Four pubs sold during year
- Average EBITDA per pub has increased 15% over five years

Tenanted estate over five years



Working with our Tenants

- Top rated company in recent industry survey of tenants*
- Best Tenanted & Leased Pub Company 2014 at Publican Awards
- Average length of tenure of our Tenants remains over six years
- Sector leading service agreement now covers 80% of our estate
- New subsidised online training platform, assisting Tenants to train their staff at low cost
- Our Tenants' Forum and annual open day provide us with quality feedback for enhancing our support



Paul and Pippa Hitchcock, The Butcher's Arms



The Publican Awards 2014

*2014 him! consultancy survey of tenants across the industry

The Fuller's Beer Company

A transformational year as our new strategy shows promising progress

- Acquisition and investment in Cornish Orchards
- Launch of Frontier, our new wave craft lager, now available in bottles in over 600 Tesco stores
- Expansion of agency beer portfolio
- Commenced our £1.7m investment in 10 new tanks supporting growing Export business
- New advertising campaign emphasising our heritage and London credentials



Made of London Campaign – Spring 2014

- Latest phase reached 8.3 million adults in London including adverts in print, underground stations and increased emphasis on social media

Find friends

Alistair Home Find Friends

BESTSELLER

The last two centuries have given us some great books. Many based in London. About Londoners. Like the pipe smoking sleuth from Baker Street, the nanny that preferred her umbrella to the Routemaster, and the boy that never grew up. OK, so he wasn't from London, but he did visit - probably flew over our brewery - and while those authors were busy writing their stories, we were writing ours. Brewing books, dating back to 1845. They're not famous, but like any good classic they're still being read today, by our brewers, who in turn continue our story with new recipes and tales of cask and keg. Not exactly populist, but to enjoy our story you don't have to read it, just take a sip.

Made of London
BREWED BESIDE THE THAMES

Fuller's London Pride
Brewery

Like Follow Message

Timeline About Photos Brewery Tour Likes

PEOPLE >

★★★★★
38k likes 2,969 visits

Invite your friends to like this Page

Post Photo / Video

Write something...

Post



WELCOME to the Cornish Orchards website. [Enjoy exploring](#) and we'd love you to [sign up to our newsletter!](#)

Cornish Orchards Acquisition Update

- Exceptional quality cider made from freshly pressed local apples
- Premium soft drinks range now available in a number of Fuller's pubs
- Recently installed new tanks have already increased cider capacity by 60%
- Currently increasing capacity further for next harvest so that by the end of 2014 we expect to have trebled capacity

WESTSIDE DRINKS

Exclusive drinks portfolio

- Since launch in October 2013 this new sales team has already been successfully opening up new markets
- Targeting stylish bars, clubs and restaurants seeking premium products on their bar



Sierra Nevada

- Exclusive UK distribution rights for Sierra Nevada range agreed March 2014
- The premier American craft beer, brewing 1m US barrels per year
- Great fit with Fuller's – family owned, high quality craft brewer with premium products



Frontier



- Frontier is currently stocked in over 230 premium pubs, bars and restaurants across the country
- The majority are outside the Fuller's estate



Fuller's Beers at Home and Abroad

Fuller's beers are loved both at home and overseas

- Award-winning – most recently London Porter won SIBA's Best Keg Beer for 2013/14
- Constant innovation – changing programme of seasonal beers as the trend continues for interesting, flavourful craft ales

Exports

- We export one in every five barrels brewed
- Exports is now the second largest trade channel for our Own Beer
- Key strength in breadth and flexibility of our range
- Developing our portfolio in existing markets
 - Sweden is now our largest market
- London's Pride, Heathrow Terminal 2 will be a showcase of our beers to international customers



Summary

- A very strong performance from the Group
 - Adjusted PBT up 10% to £34.1m
 - Adjusted EPS up 11% to 46.94p
- Growth led by Managed Pubs and Hotels, in the underlying business and new developments
- Recognition for our continued commitment in supporting our Tenants
- Transformational year for The Fuller's Beer Company as new strategic initiatives are put into action
- Our people are at the core of our business, receiving increased focus and investment



Current Trading and Prospects

- Continuing good progress
 - Managed LFL sales up 8.0% for nine weeks
 - Tenanted LFL profits up 4% for nine weeks
 - Total beer & cider volumes up 10% for nine weeks
- Strong pipeline of investment
 - Three Thames-side pubs to be opened this year
 - Acquisition of The Windmill, Portishead in May 2014
- Significant investment continues in all areas of the business
- Our high quality estate, strong pipeline and healthy balance sheet puts us in an excellent position



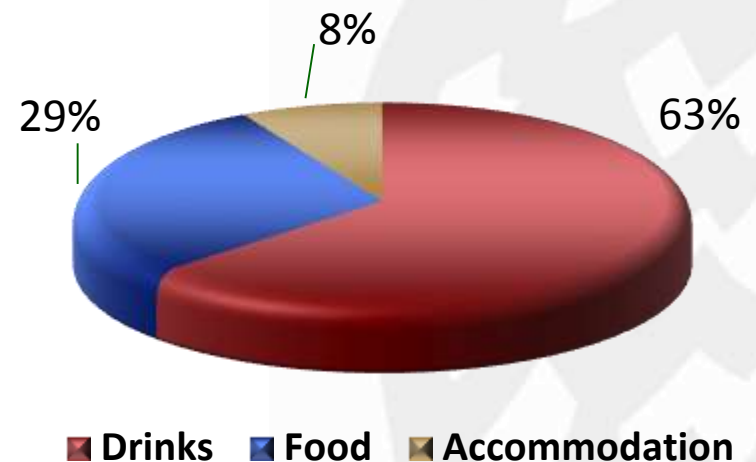


Appendix – Fuller's Inns

	March 2013	Acquired/ developed	Disposed	Transfers	Transfers	March 2014	Acquired/ developed	Transfers	June 2014
Managed Pubs and Hotels	177	3	(2)	(4)	3	177	2	1	180
Tenanted Inns	209	1	(4)	4	(3)	207	-	(1)	206
Total	386	4	(6)	-	-	384	2	-	386

- Since the year end we have opened London's Pride, Heathrow Terminal 2 and acquired The Windmill, Portishead
- 62% of our Managed pubs and 28% of our Tenanted pubs are inside M25

Managed Pubs and Hotels – share of total turnover



Appendix – Reconciliation to Statutory Profit

	2014 £m	2013 £m	
Adjusted profit[#]	34.1	31.1	+10%
Exceptional items [#]	(0.6)	2.6	
Profit before tax[*]	33.5	33.7	-1%
Tax on adjusted profit	(7.9)	(7.6)	+4%
Exceptional tax	3.5	2.0	
Profit after tax[*]	29.1	28.1	+4%
Adjusted EPS[#]	46.94p	42.18p	+11%
Basic EPS[*]	52.14p	50.43p	+3%

[#] 2013 restated to exclude pension finance costs/income from adjusted profit

^{*} 2013 pension finance costs/income are restated in line with the change in accounting policy as a result of IAS19 (amendment)

HYSTERIA OVER OUR WISTERIA

The purple genus has been steadily scaling our brewery walls since 1816. It's the oldest in England. So when the wisteria at Kew Gardens died, they took a trip across Kew Bridge and up the Great West Road to knock on our door. We happily obliged them with a cutting and a few crates of London Pride. It seems botanists are fans of our tasty ale too. Or maybe they figured out the secret to England's oldest wisteria? It's been fed a drop or two every night since it was a sapling.



Made of London

BREWED BESIDE THE THAMES