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UNTIL 7AM FRIDAY 21 NOVEMBER 2014

FULLER, SMITH & TURNER P.L.C.
Financial results for the 26 weeks ended 27 September 2014

An excellent first half for the Group

Financial Highlights

- Adjusted earnings per share[1] up 12% to 27.67p (2013: 24.79p)
- Adjusted profit before tax[2] up 8% to £19.6 million (2013: £18.1 million)
- Revenue up 10% to £161.6 million (2013: £146.3 million)
- EBITDA[3] up 9% to £30.7 million (2013: £28.1 million)
- Interim dividend up 10% to 6.40p (2013: 5.80p)
- Net debt to EBITDA[4] 2.6 times (2013: 2.5 times)

Operational Indicators

- Strong like for like sales growth of 6.5% in Managed Pubs and Hotels
- Tenanted Inns like for like profits[5] increased by 5%
- Total beer and cider volumes rose by 6%

Strategy Update

- Acquired three new managed freehold sites – The Bull Hotel in Bridport, The Harp in Covent Garden and The Windmill in Portishead
- Opened London's Pride at Heathrow, Terminal 2
- Good pipeline of openings to come during the rest of the year
- Acquired 51% of The Stable, craft cider and gourmet pizza business, and opened a seventh site with up to four more planned for the next 12 months
- London Pride activity is gaining momentum and wider portfolio of premium brands continues to drive new accounts

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[1] Calculated using adjusted profit after tax and the same weighted average number of shares as for the basic earnings per share and using a 40p ordinary share. Basic earnings per share were 25.33p (2013: 28.71p)
[2] Adjusted profit before tax is the profit before tax excluding exceptional items. Statutory profit before tax was £18.3 million (2013: £16.8 million)
[3] Pre-exceptional earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation
[4] Net debt to EBITDA is adjusted as appropriate for acquisitions and disposals in the last 12 months
[5] Operating profit before exceptional items.

We have also continued to focus on our existing tenants by improving the training on offer – and have been delighted at the take up. As well as traditional classroom courses, we have introduced low cost, online training for our tenants to use for themselves and their teams in their own pubs.

Having the best tenants, a great product portfolio for them to sell and the right training to develop their skills and improve their performance is only part of the story. This is underpinned by a strong programme of investment to keep the pubs in top condition.

With the ever increasing amount of government intervention in our sector, we have decided to put more resource behind our corporate affairs. Therefore, after more than 20 years running one of the industry's most successful sales forces, Richard Fuller will be taking up a new position of Corporate Affairs Director. He will act as Fuller's main liaison with Government, industry and the communities in which we operate. In order to facilitate this move, the sales team will now report directly to the Managing Director of the Fuller's Beer Company and personnel, currently part of Richard's remit, will report directly to me.

THE FULLER'S BEER COMPANY

It has also been a good start to the year for The Fuller's Beer Company with total beer and cider volumes up 6% on last year. Revenue for the Beer Company increased 7% to £62.4 million (2013: £58.3 million) and operating profit before exceptional items rose 3% to £4.1 million (2013: £4.0 million), despite £0.2 million higher marketing expenditure in the period.

We have completed a number of capital investment programmes during the period to provide the additional capacity we require to continue the growth of our beer and cider business. Ten new conditioning tanks, at a cost of £1.7 million, came into operation at Chiswick providing increased capacity for Frontier and Export beers and in Duloe, Cornwall, capacity is now up to 15,000 barrels, compared to 6,000 barrels when we purchased it, and we have pressed a record number of apples this season.

Our *Made of London* marketing campaign continues to build on our London credentials with a new tie-in with the *Evening Standard* showcasing interesting Londoners who help make up our great city. Part of the *Evening Standard* campaign also focussed on five events, with celebrities with a London connection attending a series of intimate Q&A events in Fuller's pubs. Bringing our flagship brand activity into our flagship London pubs has helped to cement London Pride's position as *the* London beer. In addition, a new poster campaign, with evocative shots, took to the streets and tube platforms and all of this is supported with increased social media activity.

In order to build engagement and help make London Pride the most ordered, most talked about and most loved brand with our consumers, our social media activity has been aimed at driving interaction. We launched '*Drop of Pride'* to encourage companies to put themselves forward on Facebook for a delivery of London Pride to their offices. This has been followed up by #EmptyPint, where customers can tweet a photo of their empty pint glass in return for an immediate response with a code for a free pint to refill it in a London Fuller's pub.

The new brands in our portfolio, including our agency brands, have also performed well. Frontier has been the star of the show at many of the summer's top festivals including Street

Feast and Meatopia. This growing brand is now available in 341 outlets – of which the majority are outside of our own estate. Frontier is accounting for a growing proportion of lager sales where it sits on the bar and we expect to see it continue to grow sales and distribution.

Sierra Nevada, the number one US craft beer for which we are the sole UK distributor, is also performing well and is now fully integrated into the supply chain. As well as generating sales with existing customers, it provides a useful way of opening new doors for us. Veltins, a German lager we represent in the UK, has been selling well in the free trade and we feel that the building blocks we have been laying in the Beer Company over recent months and years are starting to gain positive traction.

Finally, the other elements that make up The Fuller's Beer Company have also contributed to these numbers. Our wine business continues to generate good sales and provides a useful source of income through both our tied estate and free trade customers. Cornish Orchards is also seeing growth and we were delighted to be graced with a Royal Visit by HRH the Duchess of Cornwall this summer.

FINAL SALARY PENSION SCHEME

We closed our final salary pension scheme to new members in August 2005. As reported at the year end, the Company has concluded a period of consultation with the Trustees and Members of that scheme, with the expectation that the scheme will close to future accrual with effect from 1 January 2015.

FINANCIAL PERFORMANCE

The Group's net debt has increased by £16.1 million during the period to £155.9 million, following both strong cash generation from operations and high levels of investment. Total capital expenditure for the period of £34.4 million included acquiring 51% of The Stable Pizza & Cider Limited, the freehold of The Bull Hotel, Bridport and the purchase of a further three pubs.

During the period the Group successfully arranged new £180.0 million bank loan facilities, replacing the previous bank borrowing arrangements which were due to expire in May 2015. The new facilities have a five year term expiring in August 2019, have no amortisation requirements and provide £30.0 million of additional funding over and above the former arrangements. Our undrawn committed five year banking facilities at 27 September 2014 have increased to £44.5 million and this gives us the flexibility to invest in future opportunities as they arise.

EBITDA increased by 9% to £30.7 million (2013: £28.1 million). Our increased capital spend was partially offset by the increase in EBITDA, so that the ratio of net debt to EBITDA only increased to 2.6 times (2013: 2.5 times). Net finance costs before exceptional items increased marginally from £2.9 million to £3.1 million as a result of the expensing of £0.2 million of remaining arrangement fees on the previous bank facilities.

Net exceptional costs before tax of £1.3 million consists of profits on property disposals of £0.8 million, offset by acquisition costs expensed of £1.0 million, property impairment charges of £0.5 million, onerous lease charges of £0.2 million and a net interest charge on our pension deficit of £0.4 million.

Statutory profit before tax after exceptional items was £18.3 million (2013: £16.8 million). Tax has been provided for at an effective rate of 21.4% (2013: 23.2%) on adjusted profits. The overall effective tax rate of 23.0% (2013: 4.2%) was higher as the result of non-tax deductible exceptional items. The prior period effective rate was impacted by the deferred tax credit of £3.4 million relating to the stepped reduction in the UK corporation tax rate from 23% down to 20% from April 2015, all of which was recognised in the period to 28 September 2013. The net impact of these items meant that basic earnings per share were 25.33p (2013: 28.71p).

The deficit on the defined benefit pension scheme has increased from the year end by £3.0 million to £20.2 million (March 2014: £17.2 million, September 2013: £11.8 million). Despite lower inflation assumptions and better than expected returns on the plan assets, there was a substantial increase in the calculated value of the scheme liabilities, driven by a lower discount rate.

During the period 102,500 'A' ordinary 40p shares and 3,558,009 'B' ordinary 4p shares were purchased by the Company into treasury for a total of £4.4 million. In addition 72,500 'A' ordinary 40p shares were purchased for £0.7 million by the Trustees of the Company's Share Incentive Plan to cover future issuance.

CURRENT TRADING AND PROSPECTS

We have seen a positive start to the second half and trading for the 33 weeks to 15 November 2014 has been good. Like for like sales in our Managed Pubs and Hotels have risen by 6.8%, while our Tenanted like for like profit is up by 3%.

Since the half year, we have opened our latest Ale & Pie pub, The Admiralty on Trafalgar Square, and the next site in our exciting pipeline, One Over the Ait at Kew Bridge, opened today [21 November 2014]. Two more riverside pubs in London are already scheduled along with a number of new locations for The Stable.

The Fuller's Beer Company beer and cider volumes have risen by 4%. Our new initiatives continue to resonate with our customers and we expect this part of the business to deliver good results for the full year.

The Company is in robust health and we face the future with optimism and confidence. Our high quality predominantly freehold estate, passionate team and healthy balance sheet put us in an excellent position to continue to deliver good returns for the Company and our investors.

Simon Emeny
Chief Executive
21 November 2014