



FULLER, SMITH & TURNER PLC HALF YEAR RESULTS FOR THE 26 WEEKS ENDED 26 SEPTEMBER 2015

MICHAEL TURNER

CHAIRMAN



AGENDA

HIGHLIGHTS

MICHAEL TURNER

FINANCIAL REVIEW

JAMES DOUGLAS

STRATEGY & OPERATIONS REVIEW


SIMON EMENY

SUMMARY & OUTLOOK

SIMON EMENY

HIGHLIGHTS

STRONG FIRST HALF

	MANAGED LFL SALES	REVENUE	ADJUSTED OPERATING PROFIT	ADJUSTED EPS	INTERIM DIVIDEND
H1 2016	 +5.6%	£177.7m	£21.6m	30.74p	6.90p
H1 2015		£161.6m	£19.6m	27.67p	6.40p

JAMES DOUGLAS

FINANCE DIRECTOR



GROUP PERFORMANCE

	H1 2016 £m	H1 2015 £m	
Revenue	177.7	161.6	+10%
Operating costs	(153.2)	(138.9)	+10%
Operating profit	24.5	22.7	+8%
Net finance costs	(2.9)	(3.1)	-6%
Adjusted profit	21.6	19.6	+10%
Depreciation and amortisation	8.8	8.0	+10%
EBITDA	33.3	30.7	+8%

All items exclude exceptional income and costs



EXCEPTIONAL ITEMS

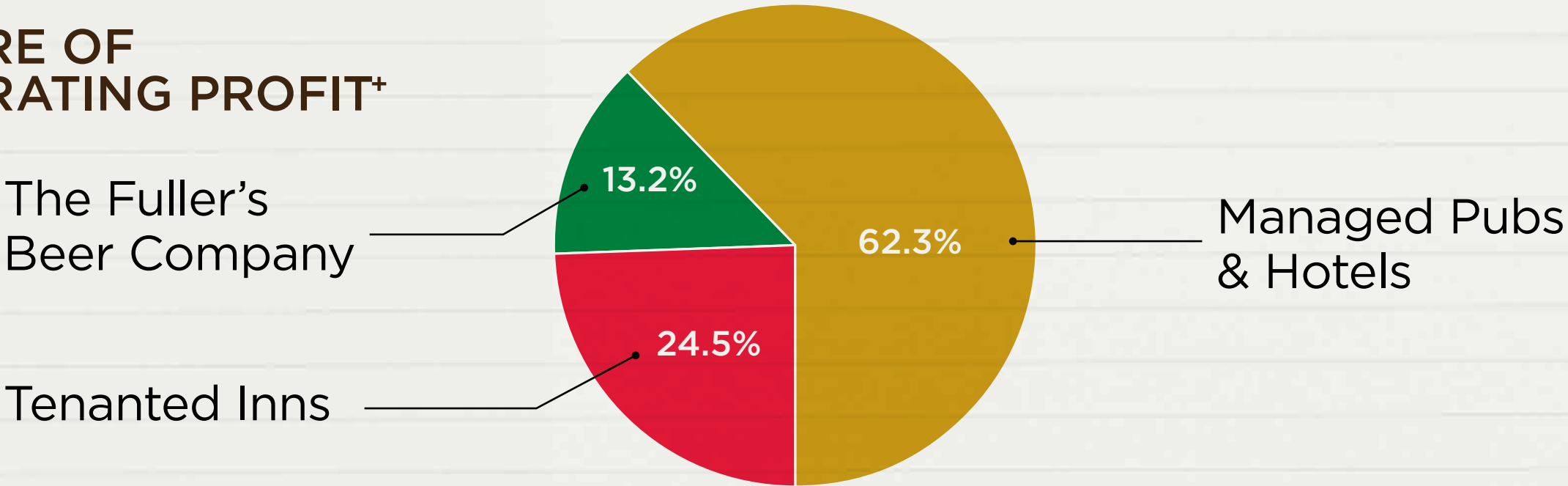
	H1 2016 £m	H1 2015 £m
Profit on sale of properties	1.6	0.8
Acquisition costs	(0.5)	(1.0)
Onerous lease provision releases/(charges)	0.2	(0.2)
Deemed remuneration on the future purchase of shares in The Stable	(1.3)	-
Asset impairments	-	(0.5)
Pension scheme finance costs	(0.4)	(0.4)
Total exceptional items	(0.4)	(1.3)
Tax on exceptional items	(0.1)	-
Exceptional items net of tax	(0.5)	(1.3)



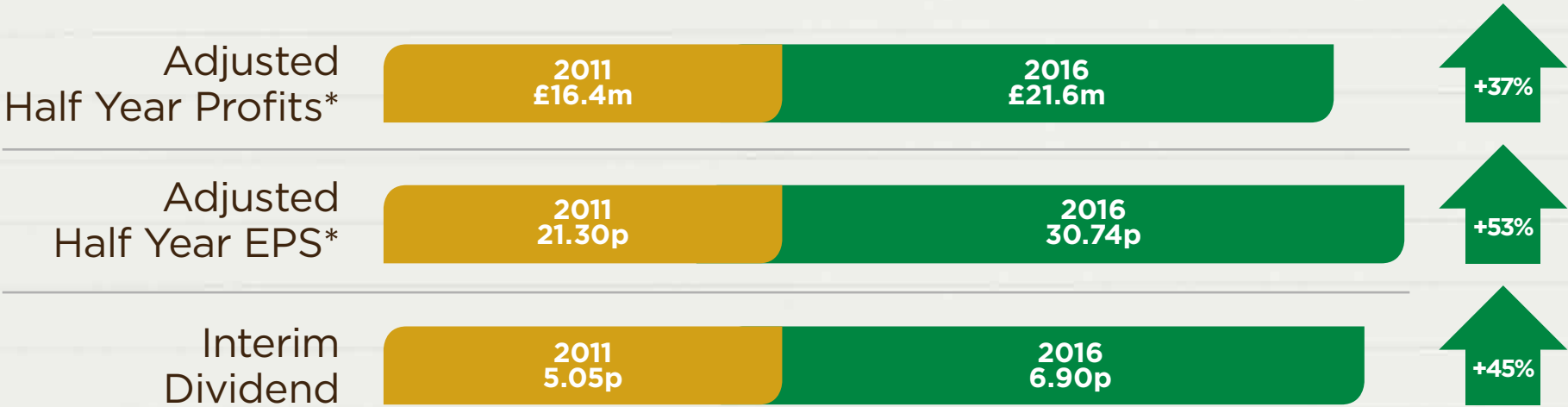


GROUP PERFORMANCE

SHARE OF OPERATING PROFIT⁺



FIVE YEAR HISTORY



⁺ Share of operating profit above is revised for changes in transfer prices and shared cost allocations and excludes exceptional items and unallocated central management costs. *Adjusted profits are profits before tax and exceptional items.

MANAGED PUBS & HOTELS

H1 2016
£m

H1 2015+
£m

LFL sales

+5.6%

+6.5%

Revenue

121.9

106.4

+15%

Operating costs*

(104.9)

(91.5)

+15%

Operating profit*

17.0

14.9

+14%

Operating margin

13.9%

14.0%

Depreciation and amortisation

6.3

5.6

+13%

EBITDA

23.3

20.5

+14%

* Excluding exceptional items + Revised for changes in transfer prices and shared cost allocations



TENANTED INNS

H1 2016

H1 2015⁺

LFL profits

+3%

+5%

Average EBITDA per pub

+2%

+4%

Revenue

£m

16.1

£m

16.0

+1%

Operating costs*

(9.4)

(9.3)

+1%

Operating profit*

6.7

6.7

Level

Operating margin

41.6%

41.9%

Depreciation and amortisation

0.8

0.8

Level

EBITDA

7.5

7.5



Level

* Excluding exceptional items + Revised for changes in transfer prices and shared cost allocations





THE FULLER'S BEER COMPANY

	H1 2016	H1 2015 ⁺	
Total beer and cider volumes	 +1%	 +6%	
Revenue	£m 63.0	£m 61.3	+3%
Operating costs	(59.4)	(57.7)	+3%
Operating profit	3.6	3.6	Level
Operating margin	5.7%	5.9%	
Depreciation and amortisation	1.7	1.6	+6%
EBITDA	5.3	5.2	+2%

+ Revised for changes in transfer prices and shared cost allocations

SECURING GREAT LOCATIONS FOR THE LONG TERM

- £29.9m expenditure on buying-in three freeholds of leasehold sites
- At implied yields above our long term funding cost
- Market prices on a stand-alone basis
- Protect trading profits in perpetuity
- Option value in space not currently occupied by Fuller's
- The Stable sites purchased by Fuller's



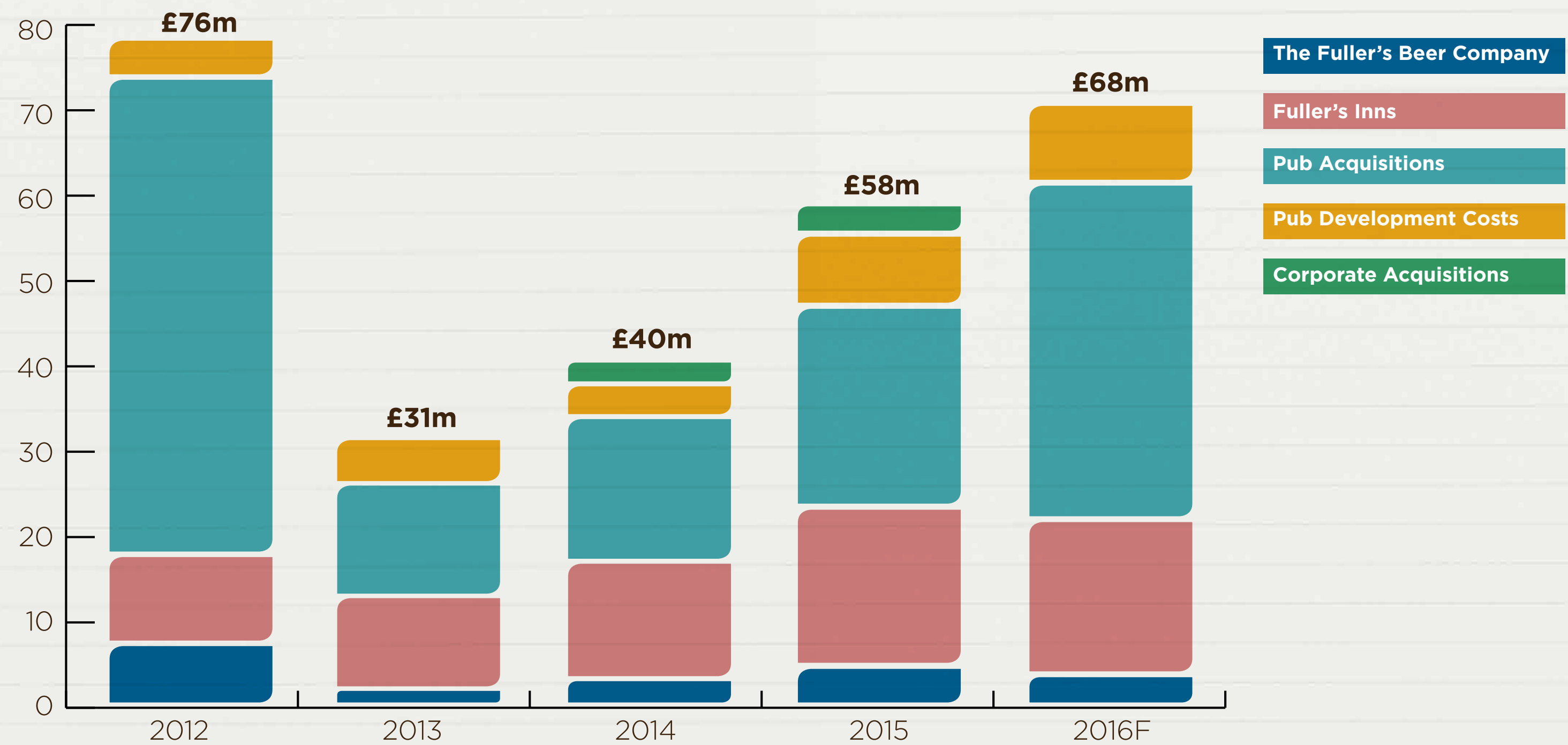
GENERATION & USE OF CASH

	H1 2016 £m	H1 2015 £m
EBITDA	33.3	30.7
Working capital / other adjustments	4.6	4.2
Interest	(2.7)	(2.8)
Tax	(4.0)	(3.8)
Cash available for discretionary spend	31.2	28.3
Capex on existing estate and brewery	(10.1)	(13.3)
Corporate acquisitions	-	(3.6)
Pub acquisitions*	(36.7)	(17.0)
Pub and The Stable development costs	(6.1)	(0.5)
Acquisition and other exceptional costs paid	(0.5)	(2.0)
Property disposals	3.0	2.4
Dividend and share transactions	(9.3)	(9.6)
Cash flow	(28.5)	(15.3)
Non cash movement (incl acquired debt)	(0.1)	(0.8)
Net debt movement	(28.6)	(16.1)

* Includes pubs acquired as businesses and purchases of freeholds



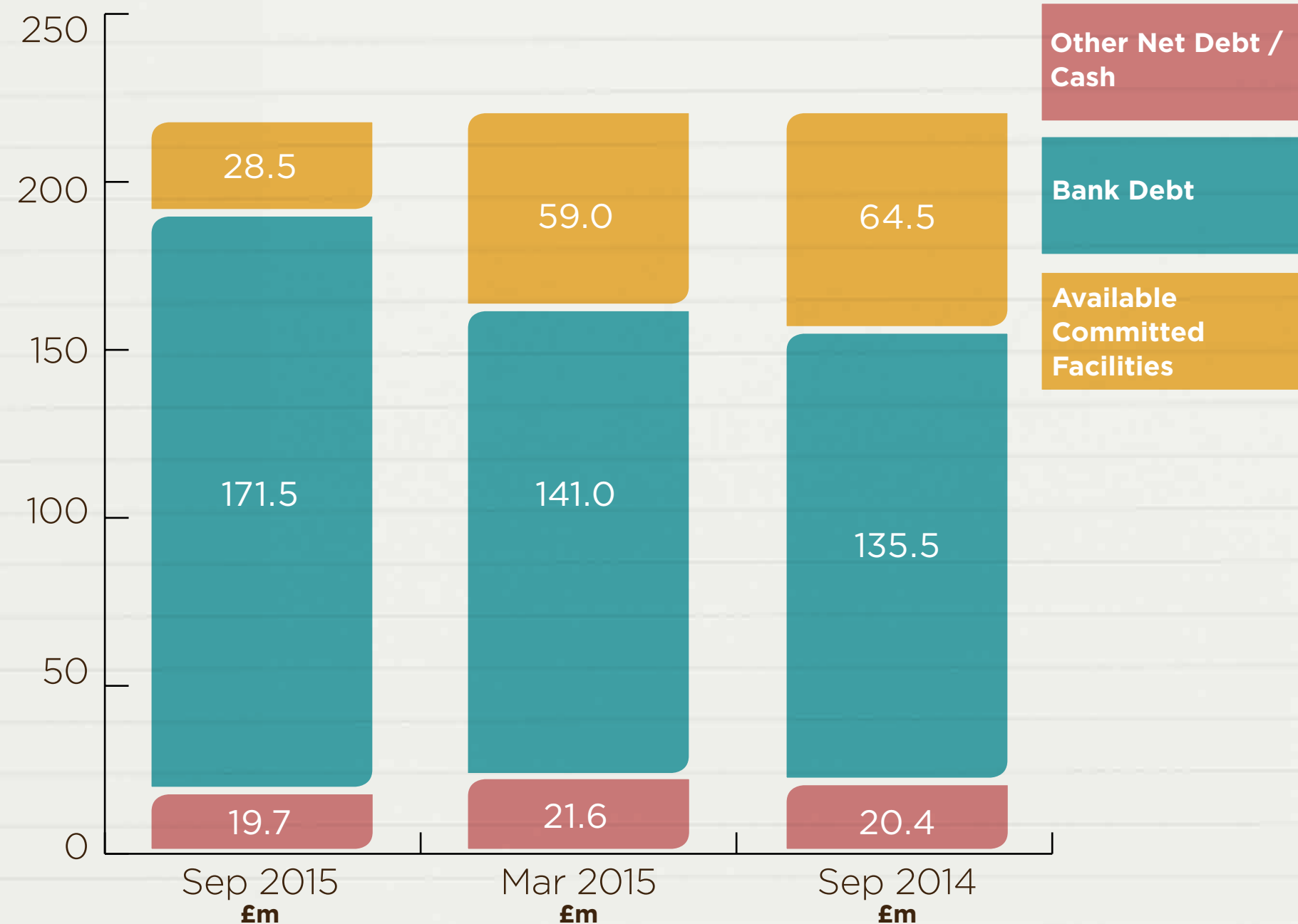
ANNUAL CAPITAL EXPENDITURE



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. 2016F represents the current capital expenditure forecast for the year to 26 March 2016 and committed pub acquisitions. Further pub acquisitions would be in addition to this.

BORROWING CAPACITY

- Committed facilities
 - £130m across four banks until August 2020
 - £50m until August 2019
 - £20m until August 2016
- 57% of period end gross borrowings fixed or capped
- Interest rate hedges in place stepping down gradually to 2022
- Estimated full year blended cost of borrowings for FY 2016 has reduced to 3.6%



NET DEBT

191.2

162.6

155.9

NET DEBT/EBITDA*

3.0x

2.7x

2.6x

*Net debt / EBITDA is on a pro forma 12 months basis for acquisitions and disposals in the period

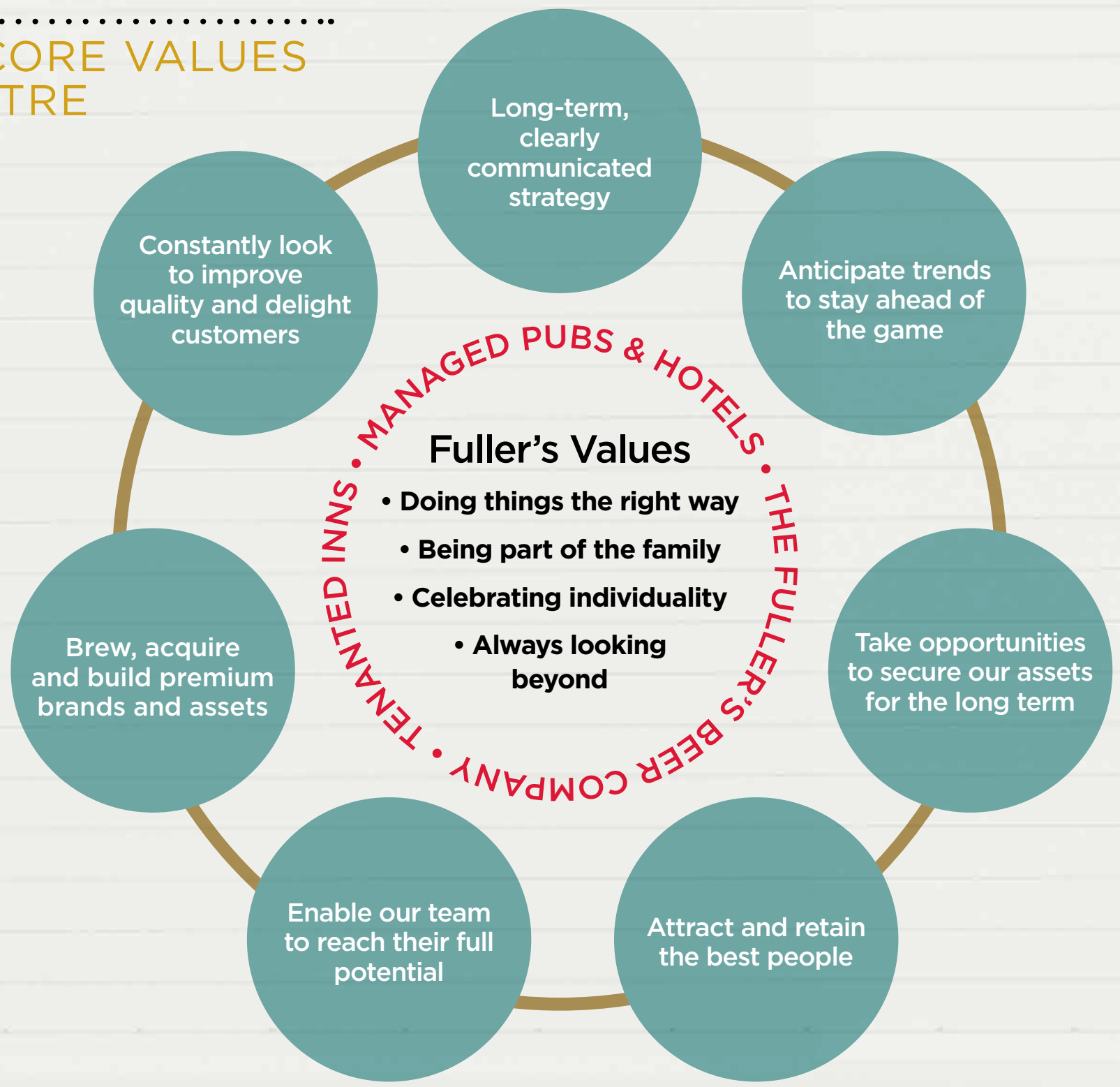
SIMON EMENY

CHIEF EXECUTIVE



A CLEAR STRATEGIC PLAN

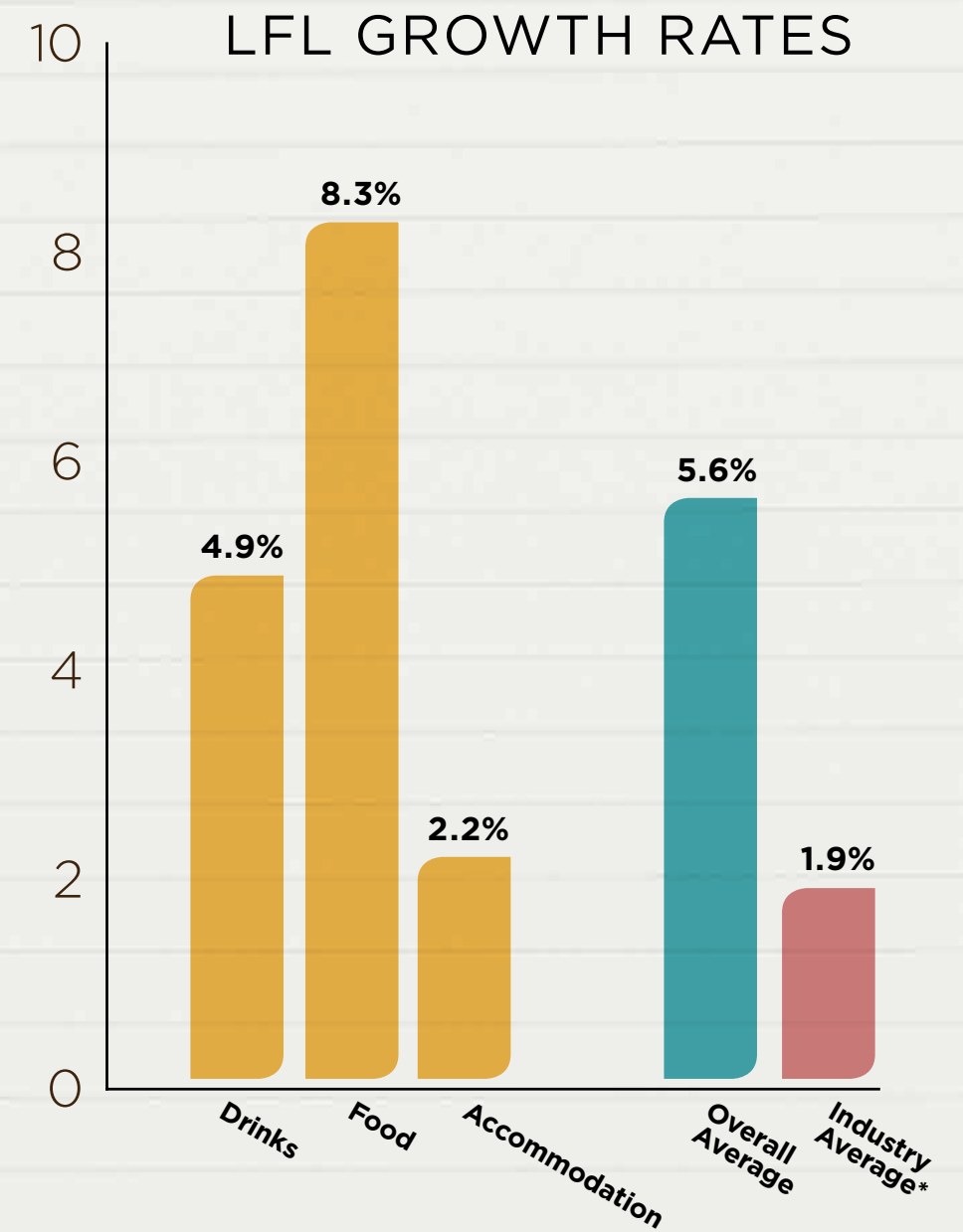
WITH OUR CORE VALUES
AT THE CENTRE



MANAGED PUBS & HOTELS

DELICIOUS FOOD, PREMIUM BRANDS,
THE BEST CUSTOMER SERVICE

- Excellent like for like sales – again well ahead of the Peach Tracker
- Focus on people is reaping rewards – training programmes continue to grow
- Delicious food from highly engaged chefs
- Continued investment in our high quality estate
- Premium drinks range designed to meet and exceed our customers' expectations



*Peach Tracker index 26 weeks to 26 September 2015

MANAGED PUBS & HOTELS

A COMMITMENT TO FRESH, DELICIOUS FOOD –
UNIQUE TO OUR PUBS

- Continued menu development with named artisan producers for our *Only at Fuller's* range
- Investment in first-class kitchen equipment, layout and design
- Firm commitment to training across our kitchen teams
 - Developing our head chefs of the future
 - Inspiring creativity and building motivated teams
 - Added second chef trainer to our head office team
 - Three level development programme, with 42 graduates in September 2015
 - Graduation hosted by triple Michelin-starred chef Pierre Koffmann, to further inspire our team



MANAGED PUBS & HOTELS

TAKING CUSTOMER SERVICE TO NEW HEIGHTS

- **Development programmes in place from day one of a team member's career**
 - Delivering over 1,000 training days per month
 - 400 people in development across the business, all with a higher wage rate in recognition
- **Leading edge service coach programme**
 - Significant increase in Net Promoter Score in pubs with a service coach
 - Increased tenure of team members who qualify as service coaches
 - Creates a halo effect to customer service throughout the pub



MANAGED PUBS & HOTELS

ATTRACTING DISCERNING CUSTOMERS WITH GREAT LOOKING PUBS

- **Continued investment in stunning refurbishments with interesting design features**
 - Always staying ahead of the competition, keeping pubs fresh and relevant
 - £7.8m invested during the first half



West Country smoked ham, fresh pineapple. Avocado and chilli.

THE GREAT POULTRY STREET £11.00
Free-range chicken, roasted red pepper, local field mushrooms, our fresh tomato sauce and mozzarella.

THE BATH BLASTER (USING NAGA CHILLIES!) £11.00
Spicy local chopped pork, Naga chillies, garlic, red onion, basil leaves mushrooms, our fresh tomato sauce and mozzarella.

THE AVONMOUTH ANGLER £12.00
Jackson's smoked mackerel, smoked salmon, marinated spinach, our fresh tomato sauce and mozzarella. Topped with fresh parsley and lemon.

THE BILLY THE KID £12.00 (V)
Caramelised onions, field mushrooms, mozzarella and mozzarella. Topped with fresh...



THE STABLE

IT'S ALL ABOUT THE CIDER & PIZZA

THE CIDER

- Tasting board #1 seller
- 60-80 refreshing local ciders per site, with up to 30 taps
- Innovating – chilled bag-in-a box

THE PIZZA

- Fresh, local ingredients to create a unique combination of flavours
- Artisan sourdough from the original 2009 yeast starter
- Together this creates a premium product – bestsellers priced over £13

THE BUSINESS

- LFL growth
- Shared systems and experience boosting margins
- Exceeding our investment expectations

THE PEOPLE

- Founders, Richard and Nikki Cooper, are joint managing directors
- Passionate about the offer and the team
- Inspire the “Stablehands” to share that passion

OPENINGS & PIPELINE

TAKING THE STABLE TO A WIDER AUDIENCE



Bridport
Weymouth
Bristol
Poole
Bath
Newquay
Falmouth

Plymouth

Bath
(relocated)

Winchester

Southampton
Birmingham

Cheltenham
Cardiff

Whitechapel
Kew Riverside

Exeter,
plus two sites
in legals

March
2015

April
2015

May
2015

August
2015

November
2015

December
2015

Q4 2015/16

H1 2016/17





TENANTED INNS

PROVIDING A POINT OF DIFFERENTIATION

- **Working in partnership for long-term success**
 - £1.0m of expensed investments and £1.2m of capitalised investments
 - Sharing of ideas from the managed estate
 - Access to high quality, online training programmes
 - Exciting range of premium Fuller's products available to tenants
 - Excellent bench strength in head office team

DRIVING

- **LFL Fuller's beer volumes up 5%**
- **LFL wine volumes up 3%**
- **LFL profits up 3%**



THE FULLER'S BEER COMPANY

INTERESTING BEERS FOR INTERESTED CONSUMERS

- **Exciting times for a dynamic market**
 - Six million adults say they have drunk craft beer in the last six months
 - New and inspiring subcategories are making beer exciting again
 - Growth is centered on smaller, lower volume, higher priced brands that drive consumer interest
 - IPAs, hopped pale ales, red ales and stouts are seeing a resurgence of interest
 - Cans and keg beers have real “new” appeal
 - More sophisticated consumers looking for new flavours and new formats
 - More recognition for the skill of the brewer



THE FULLER'S BEER COMPANY

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A PREMIUM RANGE TO SATISFY A BROAD CUSTOMER BASE

- **Exciting new beers for flavour seekers**
 - Frontier volumes have doubled year on year, now our second biggest brand
 - Canned range opens doors in more craft beer sites
 - Sierra Nevada range extensions are in demand
 - New additions coming to the keg ale range including Montana Red
- **Oliver's Island, Golden Ale**
 - Attracting new drinkers to the ale category with excellent sales
 - Now our second biggest cask ale brand in the UK
- **Cornish Orchards**
 - Bringing in new cider fans and a great premium brand extension for our range
- **London Pride**
 - Gained market share on the bar in our London heartland



THE FULLER'S BEER COMPANY

YOUR FAVOURITE BEERS WHERE YOU WANT THEM



SOHO HOUSE



M&S

Waitrose



BAR & BRASSERIE

· BROWNS ·

ESTABLISHED 1973



Sainsbury's



BYRON



SUMMARY

.....

- **A strong first half**
 - Adjusted PBT up 10% to £21.6m
 - Adjusted EPS up 11% to 30.74p
 - Dividend up 8% to 6.90p
- **Good performance achieved again across all divisions**
- **Acquired two new pubs and the freeholds of three high profile existing sites**
- **The Stable progressing ahead of our investment plan**
- **Keeping a step ahead with:**
 - Continued focus on recruiting, retaining and developing the right people
 - Consistent investment to further develop our premium position
 - A long-term focus with quality at its heart

CURRENT TRADING & OUTLOOK

- **Momentum continuing into second half**
 - Managed LFL sales up 5.8% for 33 weeks
 - Tenanted LFL profits up 4% for 33 weeks
 - Total beer & cider volumes up 1% for 33 weeks
- **Value enhancing acquisitions**
 - The Great Northern Railway Tavern, Hornsey, aquired in October 2015
 - The Sutton Arms, EC1, acquired in November 2015
 - The Stable, Southampton, opened on 4 November 2015
 - New riverside pub, The Sail Loft, Greenwich Reach, to be opened in January 2016
- **On track to deliver further progress**





FULLER'S
BREWED WITH THE HOPES OF
BLACK CAT
STOUT

DESIGNED BY HAND-
BREWED TO BE
A SMOOTH, SWEET,
AND SMOOTH BEER.
BREWED WITH
HOPES OF
A SMOOTH, SWEET,
AND SMOOTH BEER.
BREWED WITH
HOPES OF
A SMOOTH, SWEET,
AND SMOOTH BEER.

FRONT STREET

A DOUBLE HOPPED BREW
FULLER'S
WILD RIVER
PACIFIC PALE ALE

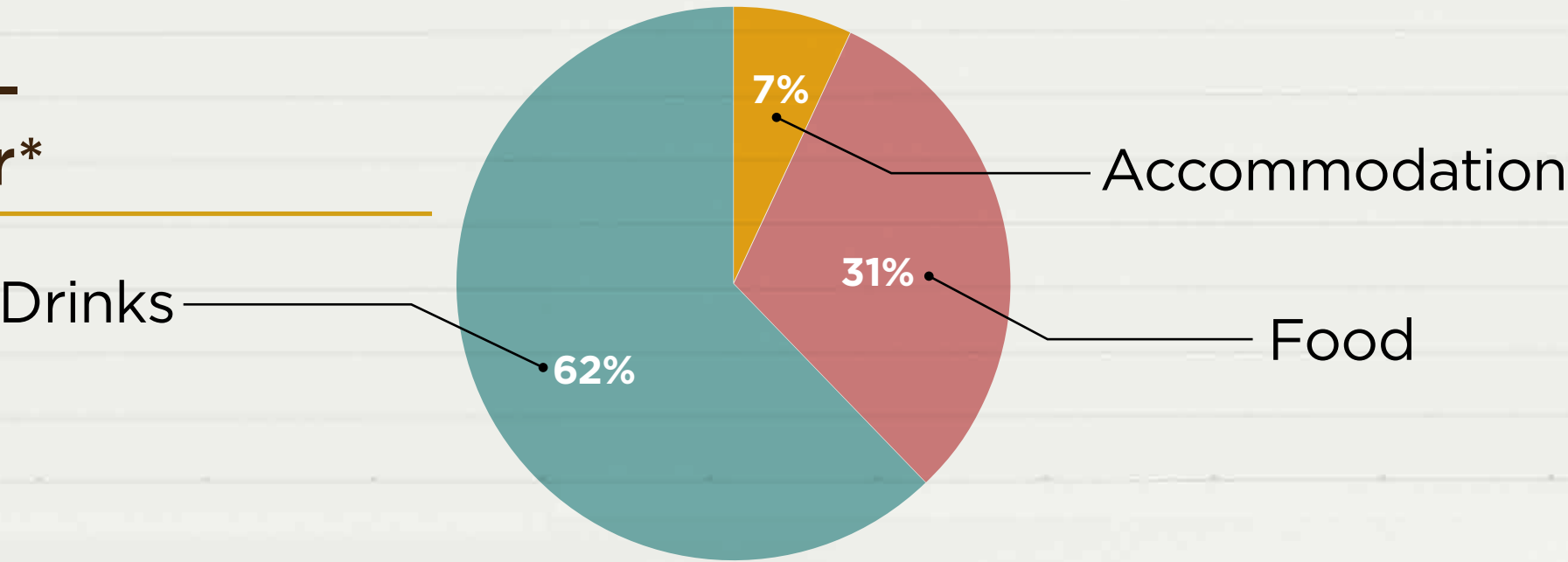
APPENDIX - RECONCILIATION TO STATUTORY PROFIT

	H1 2016 £m	H1 2015 £m	
Adjusted profit	21.6	19.6	10%
Exceptional items	(0.4)	(1.3)	
Profit before tax	21.2	18.3	16%
Tax on adjusted profit	(4.4)	(4.2)	5%
Exceptional tax	(0.1)	-	
Profit after tax	16.7	14.1	18%
Adjusted EPS	30.74p	27.67p	11%
Basic EPS	29.84p	25.33p	18%

APPENDIX - FULLER'S INNS

	28 March 2015	Acquired/ developed	Disposed	26 Sept 2015	Acquired/ developed	20 Nov 2015	Within the M25
Managed Pubs & Hotels	188	1	(1)	188	1	189	60%
Tenanted Inns	203	1	(2)	202	1	203	29%
Total Fuller's	391	2	(3)	390	2	392	
The Stable	7	2	-	9	1	10	
TOTAL	398	4	(3)	399	3	402	

Managed Pubs & Hotels –
Analysis of total turnover*



*Including The Stable