



FULLER, SMITH & TURNER PLC

ANNUAL RESULTS FOR THE 52 WEEKS ENDED 26 MARCH 2016

AGENDA

.....

HIGHLIGHTS

MICHAEL TURNER

FINANCIAL REVIEW

JAMES DOUGLAS

STRATEGY & OPERATIONS REVIEW

SIMON EMENY

SUMMARY & OUTLOOK

SIMON EMENY

HIGHLIGHTS

AN EXCELLENT YEAR

	MANAGED LFL SALES	REVENUE	ADJUSTED PROFIT	ADJUSTED EPS	TOTAL ANNUAL DIVIDEND
FY 2016	<div>+4.8%</div>	£350.5m	£40.9m	58.35p	17.90p
FY 2015		£321.5m	£36.4m	51.51p	16.60p

GROUP PERFORMANCE

	2016 £m	2015 £m	
Revenue	350.5	321.5	+9%
Operating costs	(303.6)	(279.2)	+9%
Operating profit	46.9	42.3	+11%
Net finance costs	(6.0)	(5.9)	+2%
Adjusted profit	40.9	36.4	+12%
Depreciation and amortisation	18.1	16.4	+10%
EBITDA	65.0	58.7	+11%

All items exclude exceptional income and costs



EXCEPTIONAL ITEMS

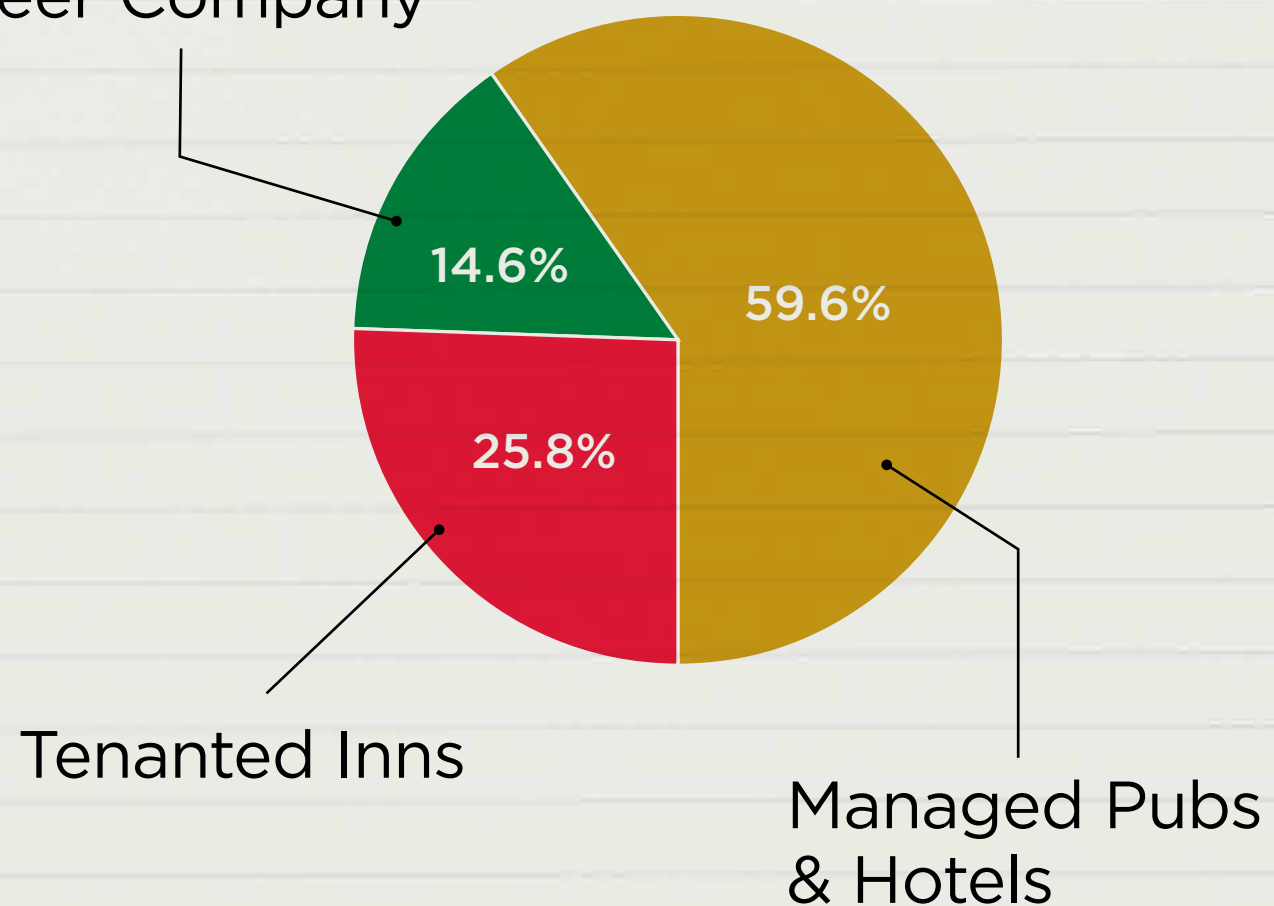
	2016 £m	2015 £m
Profit on sale of properties	2.9	0.8
Acquisition costs	(1.1)	(1.2)
Onerous lease provision releases/(charges)	0.2	(0.3)
Deemed remuneration on the future purchase of shares in The Stable	(2.2)	-
Asset impairments	(0.8)	-
Pension fund curtailment gain	-	1.2
Fair value movement in interest cap	0.1	-
Pension scheme finance costs	(0.8)	(0.8)
Total exceptional items	(1.7)	(0.3)
Tax on exceptional items	2.2	0.1
Exceptional items net of tax	0.5	(0.2)



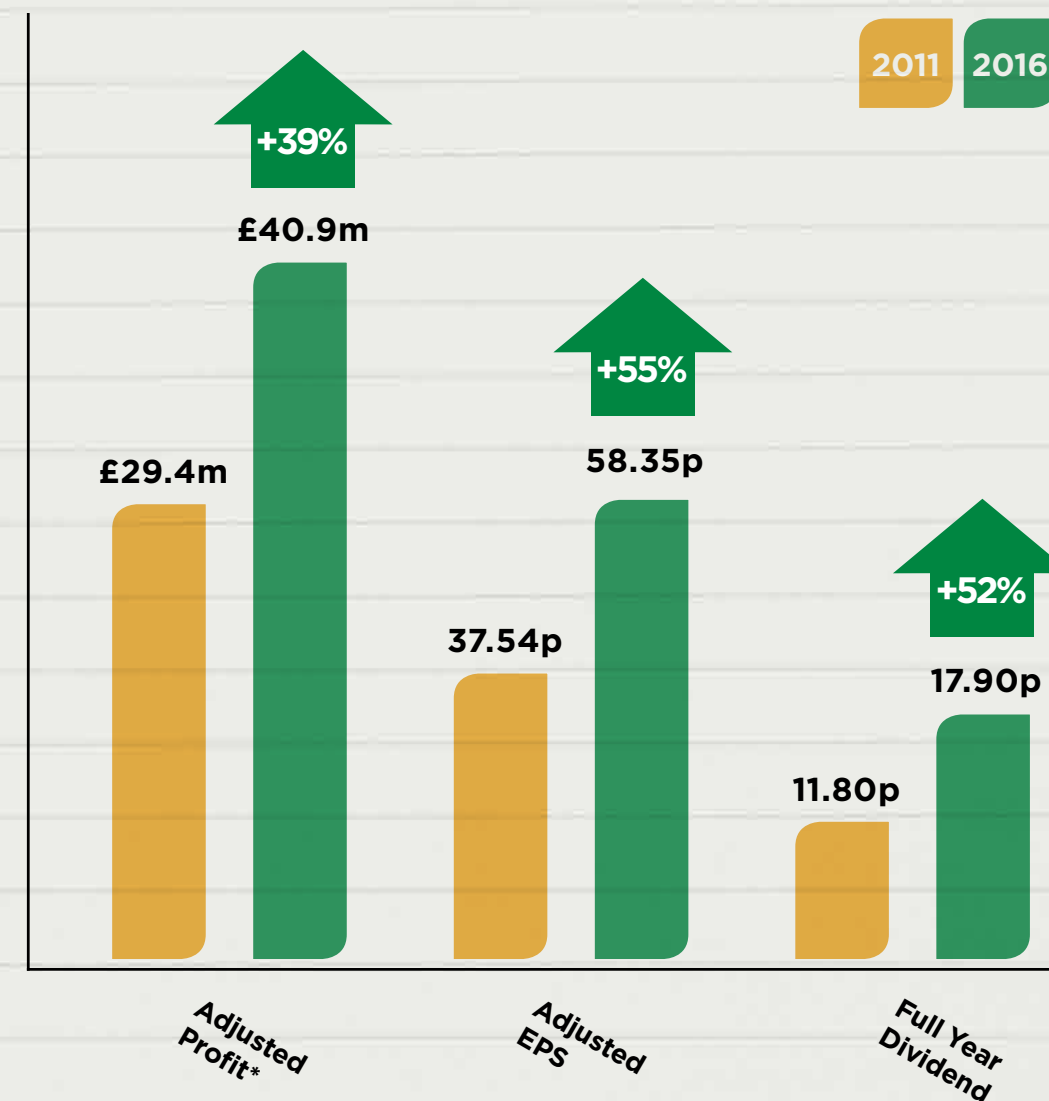
GROUP OVERVIEW

SHARE OF OPERATING PROFIT[†]

The Fuller's
Beer Company



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

2016
£m

2015[†]
£m

LFL sales

+4.8%

+6.3%

Revenue

238.4

213.8

+12%

Operating costs*

(207.5)

(187.5)

+11%

Operating profit*

30.9

26.3

+17%

Operating margin

13.0%

12.3%

Depreciation and amortisation

13.0

11.5

+13%

EBITDA

43.9

37.8

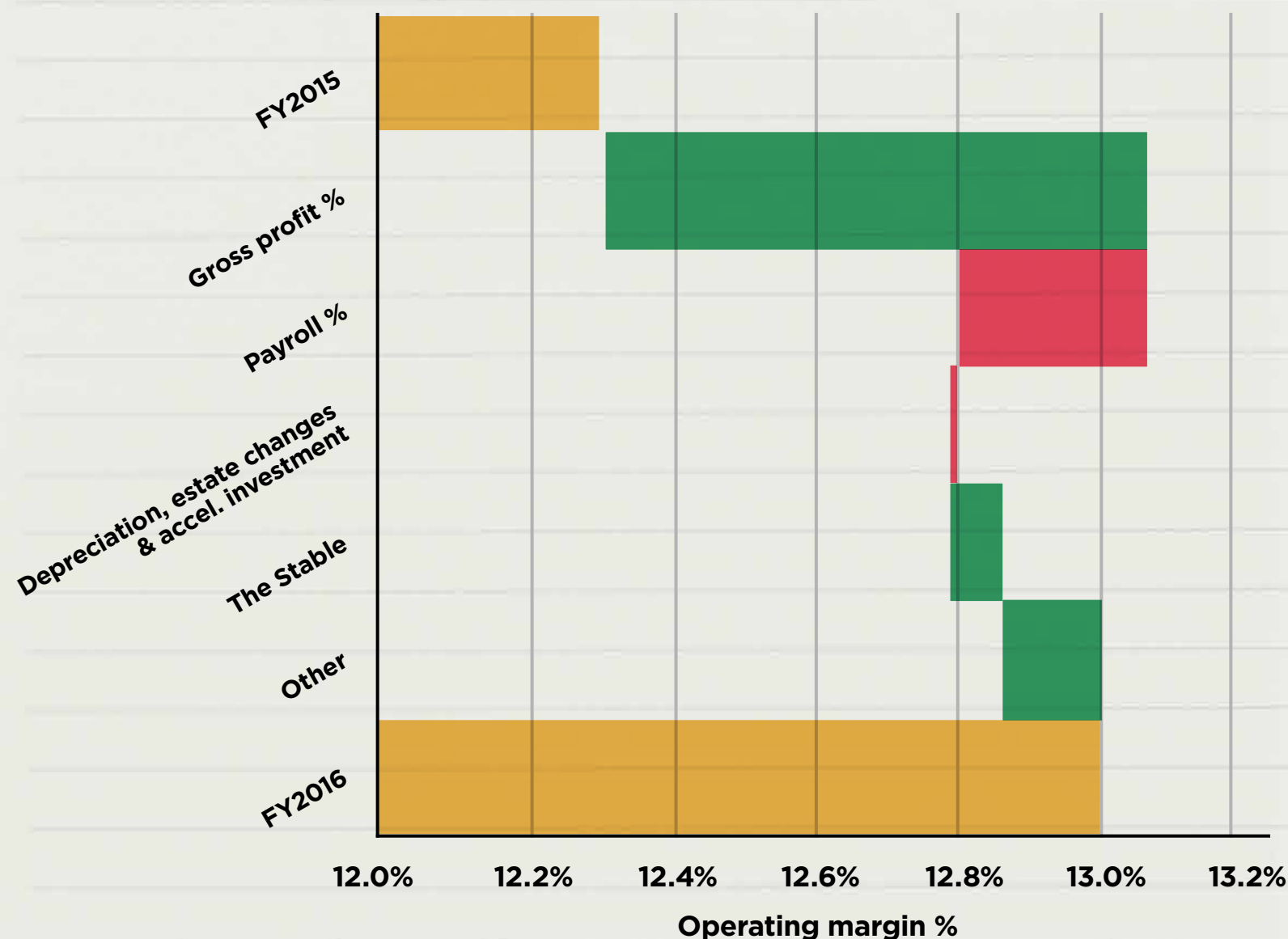
+16%

* Excluding exceptional items [†] Revised for changes in transfer prices and shared cost allocations



MARGIN EVOLUTION

Managed Pubs & Hotels margin up
0.7% on last year



Improvements in both food and bar
GP%, partly the result of food deflation

Early adoption of NLW for staff in training
programmes, higher food mix

Impact of additional investment in year mitigated by
delivery of profit from new openings from prior year

Transition from a small loss FY2015 to a profit
this year

Includes savings on Sky and rent payable,
partly offset by increased head office costs

TENANTED INNS

2016

2015[†]

LFL profits

+2%

+5%

Average EBITDA per pub

+2%
£83k

+5%
£81k

Revenue

£m
31.5

£m
31.4

Level

Operating costs*

(18.1)

(18.0)

+1%

Operating profit*

13.4

13.4

Level

Operating margin

42.5%

42.7%

Depreciation and amortisation

1.6

1.6

Level

EBITDA

15.0

15.0

Level

* Excluding exceptional items [†] Revised for changes in transfer prices and shared cost allocations





THE FULLER'S BEER COMPANY

	2016	2015 [†]	
Total beer and cider volumes	↓ 1%	↑ +4%	
Revenue	£m 126.8	£m 120.9	+5%
Operating costs*	(119.2)	(113.3)	+5%
Operating profit*	7.6	7.6	Level
Operating margin	6.0%	6.3%	
Depreciation and amortisation	3.5	3.3	+6%
EBITDA	11.1	10.9	+2%

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

GENERATION & USE OF CASH

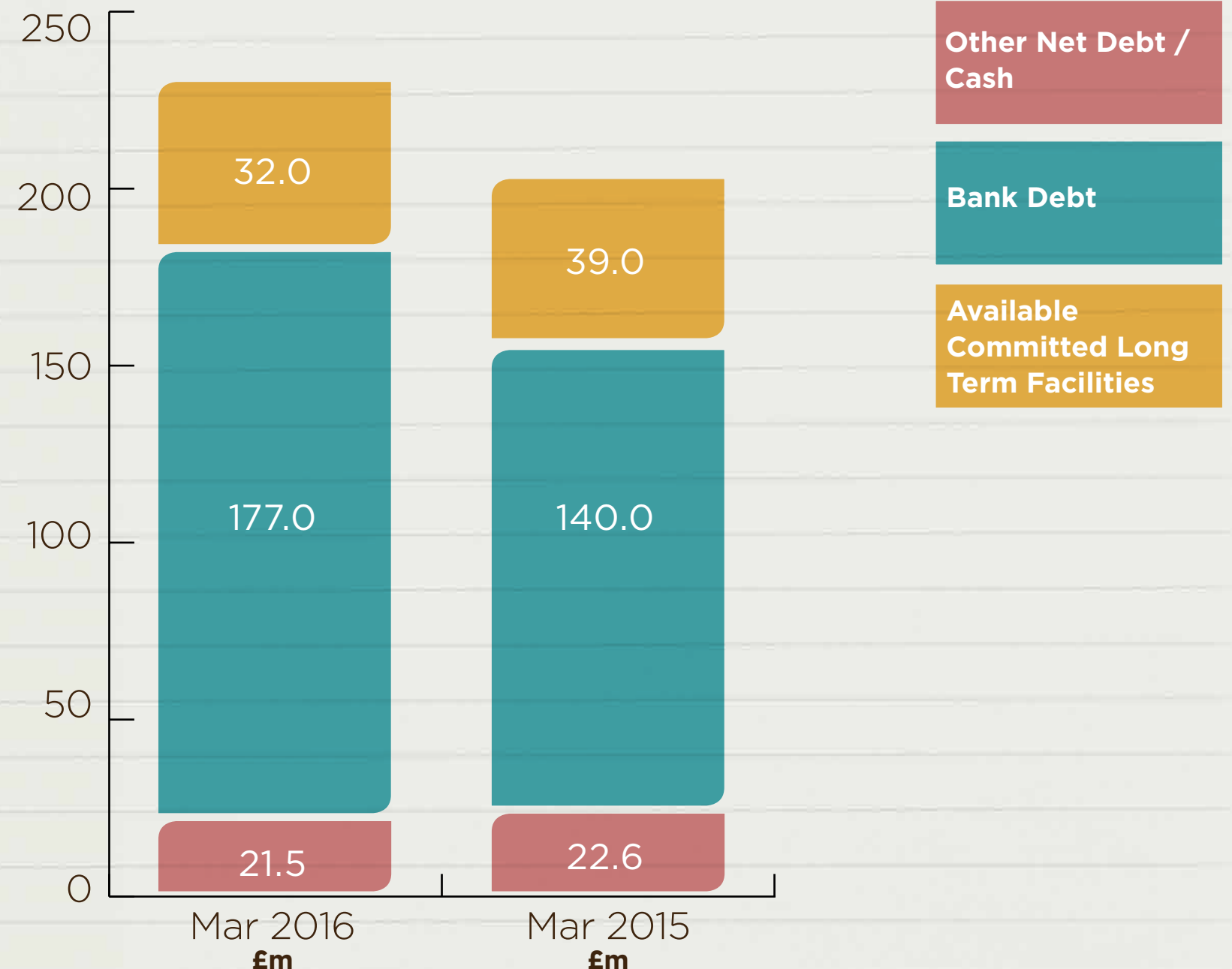
	2016 £m	2015 £m
EBITDA	65.0	58.7
Working capital / other adjustments	5.6	2.5
Interest	(5.3)	(5.2)
Tax	(8.5)	(8.3)
Cash available for discretionary spend	56.8	47.7
Capex on existing estate and brewery	(23.1)	(23.0)
Corporate acquisitions	(2.7)	(6.7)
Pub acquisitions*	(13.5)	(20.6)
Purchase of freeholds of existing sites	(29.9)	-
Pub and restaurant development costs	(11.5)	(6.0)
Total capital expenditure	(80.7)	(56.3)
Acquisition and other exceptional costs paid	(1.1)	(1.7)
Property disposals	5.1	3.3
Dividend and share transactions	(15.0)	(14.9)
Cash flow	(34.9)	(21.9)
Non cash movement (incl acquired debt)	(1.0)	(0.9)
Net debt movement	(35.9)	(22.8)

*Represents new pubs acquired.



BORROWING CAPACITY

- Additional £30m facility arranged in January 2016 with HSBC to August 2020
- Committed facilities
 - £160m across four banks until August 2020
 - £50m until August 2019
 - £20m until August 2016
- 55% of period end gross borrowings fixed or capped
- Interest rate hedges in place stepping down gradually to 2022
- Blended cost of borrowings for FY 2016 has reduced to 2.8%



NET DEBT

198.5

162.6

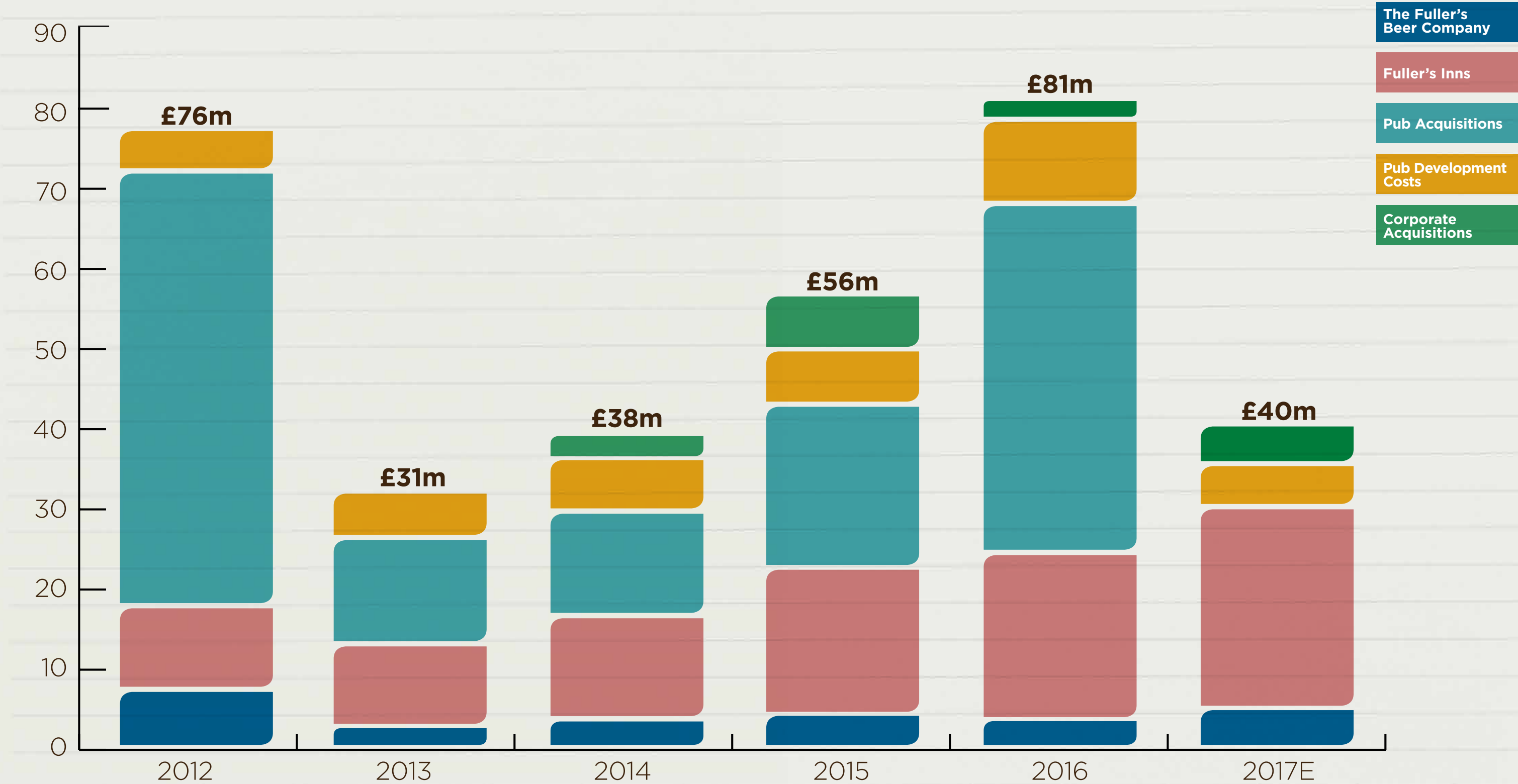
NET DEBT/EBITDA*

3.0x

2.7x

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

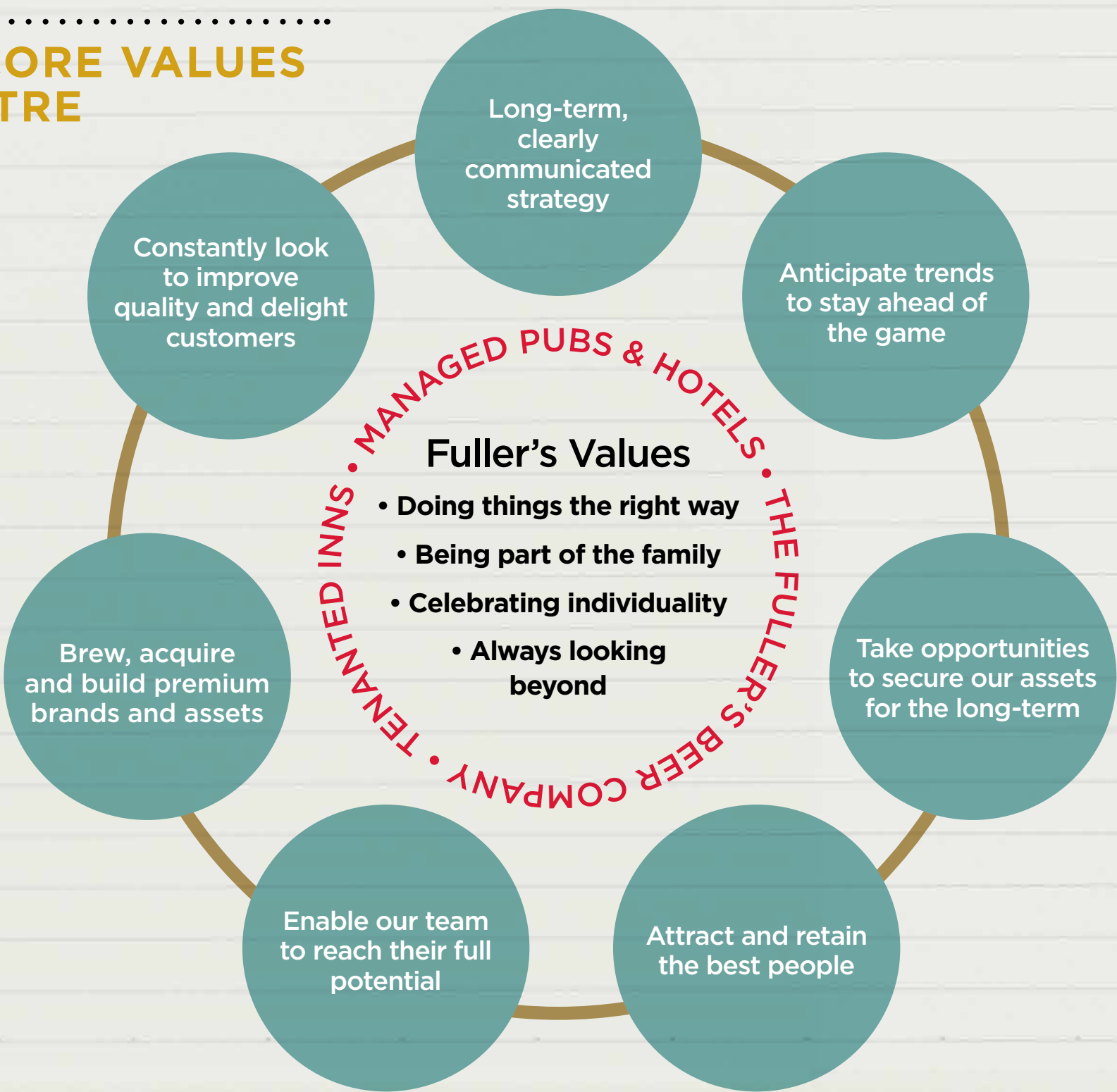
ANNUAL CAPITAL EXPENDITURE



2017E represents the current capital expenditure forecast for the year to March 2017 and committed pub and freehold acquisitions.

A CLEAR STRATEGIC PLAN

.....
WITH OUR CORE VALUES
AT THE CENTRE



ACHIEVEMENTS

- Strong financial performance - driven by investments in the estate, people and food
- Continued focus on training and development, awarded Company of the Year and Employer of the Year by our peers
- Purchase / development of six new pubs
- Success of recent strategic investments - Cornish Orchards and Sierra Nevada (UK agency) continue to grow, opened six new Stable sites



OUR PEOPLE DRIVE OUR BUSINESS

- Exceptional people with outstanding service are our key differentiator
- Winner of Best Pub Employer at The Publican Awards 2016
- Record number of training days
- Investment made in new leadership programme
- High proportion of internal promotions – over 70% of appointments
- Fuller's Chefs' Guild is driving better chef retention and menu creativity



TOMORROW'S CONSUMER

- Is looking for authenticity and genuine provenance
- Expects the unusual, new flavours, new formats, new food experience – and is prepared to pay a higher price when they find it
- Has a diverse lifestyle – focusing on occasion based eating and drinking
- Decisions are driven by the online presence of the venue
- Is individualistic and empowered to share their experiences through social media
- Expects to pay quickly and using latest technology



NEW SITES IN NEW TRADING AREAS

- Changes to transport infrastructure are creating new attractive neighbourhoods
- Five new pubs purchased (four freeholds):
 - The Great Northern Railway, Hornsey
 - The Lord Northbrook, Lee
 - The Queen's Head, Kingston
 - The King's Head, Earl's Court
 - The Sutton Arms, Barbican
- The Sail Loft, Greenwich Reach, developed and opened January 2016
- Six new Stable restaurants opened in the year



PUBS WITH INDIVIDUALITY FOR DISCERNING CUSTOMERS

- Our long-standing model of creating bespoke pubs with personality matches the consumer demands of today
- Allows each pub to meet the needs of the community it serves
- A total of £20m invested in existing pubs, including 18 significant refurbishments during the year



TAKING THE STABLE TO A WIDER AUDIENCE



NEW PREMIUM BRANDS

- Expanded our range of chilled and filtered beers available in keg format, catering for a wide range of tastes:
 - Montana Red, our new American red rye ale
 - Fuller's IPA – another addition to our craft keg range
 - Wild River, Black Cab Stout and Frontier in 330ml craft cans
- Cornish Orchards Blush on draught launched in April 2016
- Wider availability of Sierra Nevada seasonal beers



ROUTES TO A FRAGMENTED MARKET

- Consumers want a wider range of premium brands and use a wider range of venues
- Westside Drinks targeting specialist bars and restaurants in the South East
- Increased presence at street food and other festivals – 1,350 event days for Frontier during the year
- Capitalised on these developments by implementation of regional sales team and investment in Nectar





INVESTMENT IN NECTAR IMPORTS

.....

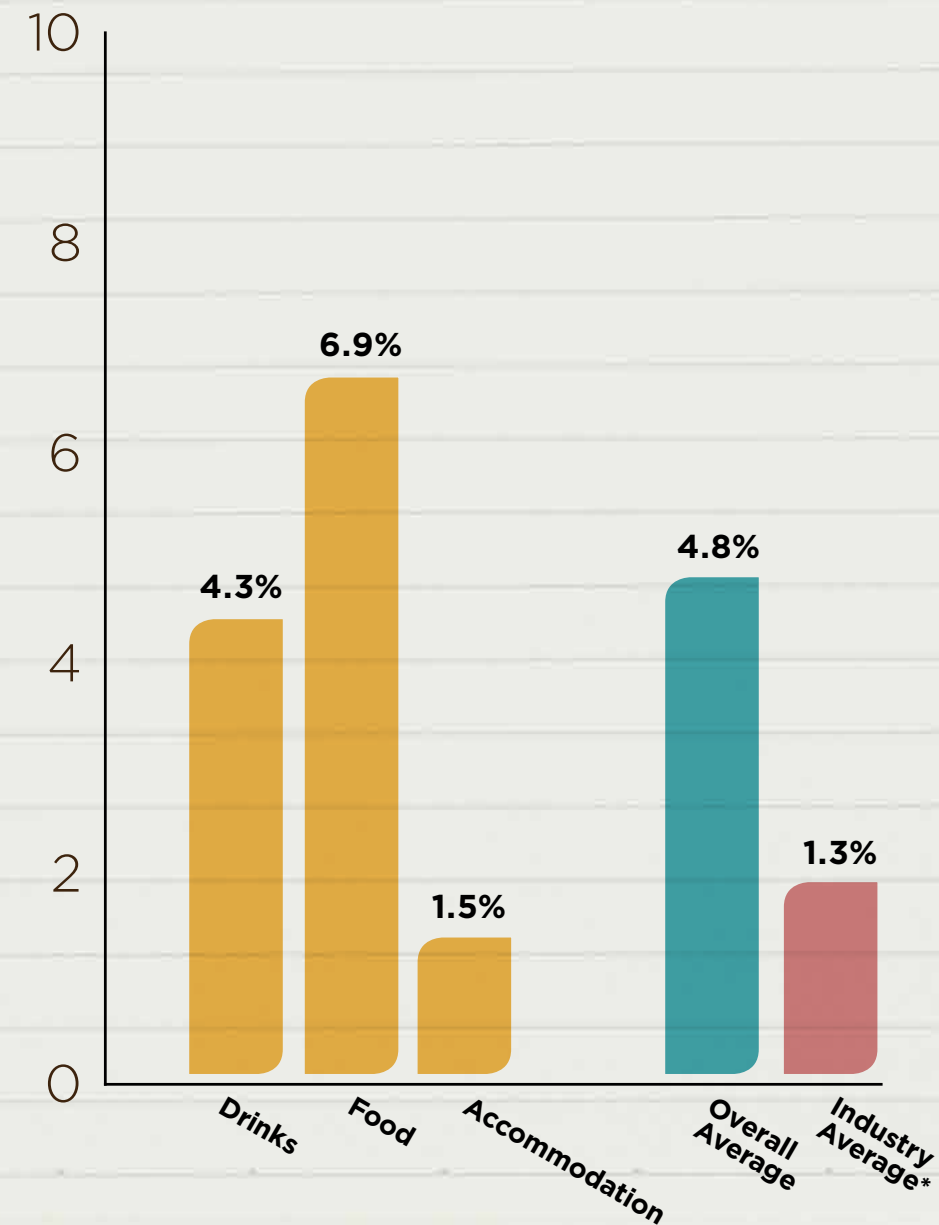
- Acquired 51% of Nectar Imports Limited on 31 December 2015
- Expands our geographic footprint
- Provides opportunity for another route to market for our brands
- Offers a full range of craft products with single drop one-day delivery for customers
- Similar culture and values – another family-run business
- Consideration of £2.7m with option to buy remaining 49% in the future



DELICIOUS FOOD, PREMIUM BRANDS, THE BEST CUSTOMER SERVICE

- Excellent like for like sales
- Delicious freshly-prepared food from highly engaged chefs
- Premium drinks range designed to meet and exceed our customers' expectations
- Tougher trading in our hotels but accommodation still playing a key role

LIKE FOR LIKE SALES

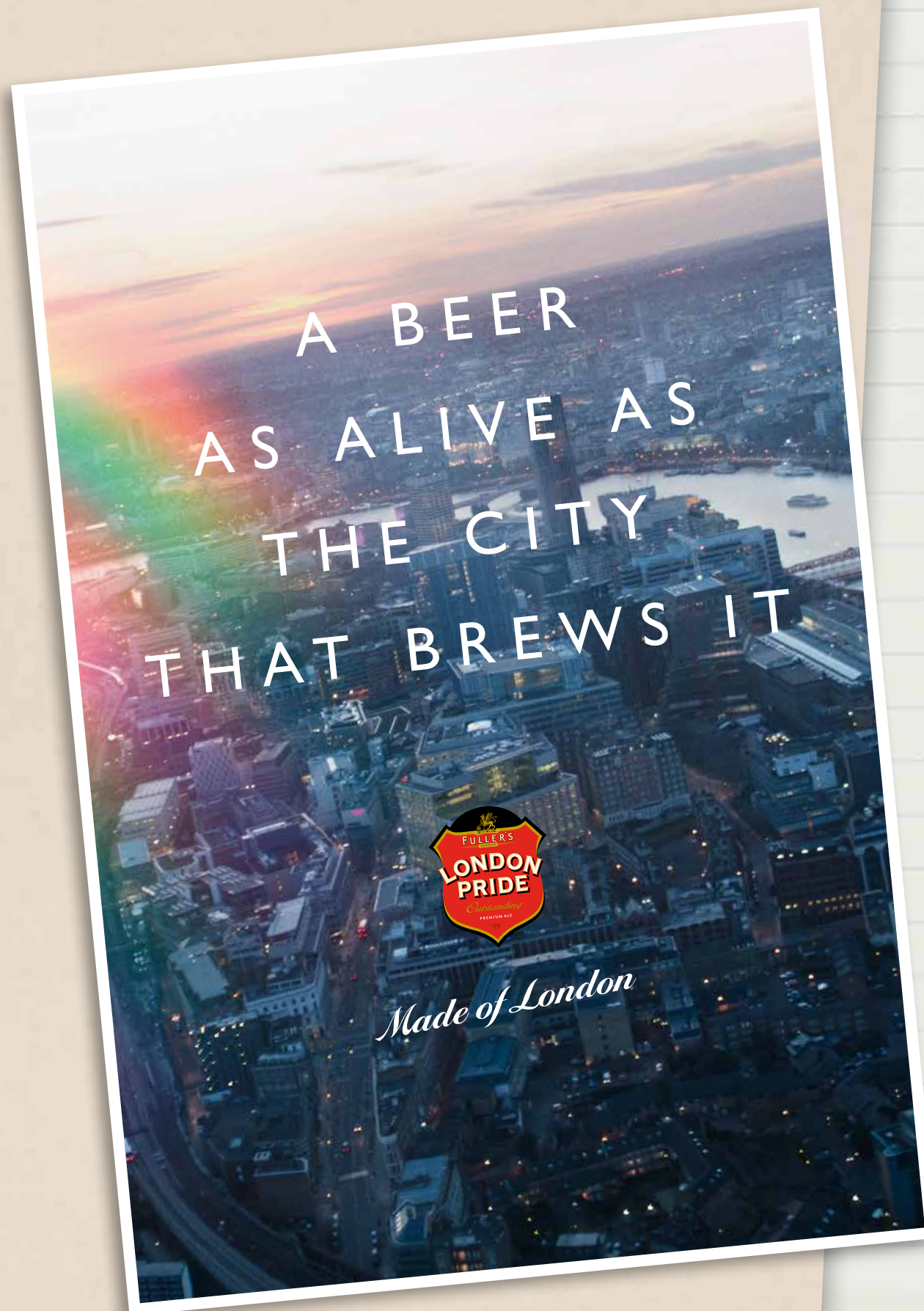


*Peach Tracker index 52 weeks to 26 March 2016

SECURING OUR LONG-TERM FUTURE

- Fuller's remains a predominantly freehold business – 88% of our pubs
- Purchase of three freeholds of existing businesses in the year
- Another freehold purchase will complete in June
- With the purchase of Kew Riverside in April 2016, Fuller's now owns five of The Stable's premises
- Securing long term shareholder value
- Renewal of six leases during the year, securing these London sites for the future





CASK ALE - THE HEART OF FULLER'S

- Cask ale delivers a flavour keg will never match
- London Pride *Made of London* campaign continued, using iconic photography of London
- London Marathon Official Beer status agreed for a further three years
- Benefited from the Rugby World Cup with an excellent London Pride marketing programme based on *Made of Rugby*
- Launched a new, contemporary look for Seafarer's with new glassware and pump clips
- Oliver's Island, our new golden ale, has become our second best-selling cask ale

A DIFFERENTIATED TENANTED PARTNERSHIP

- We are below the threshold for the Market Rent Only legislation
- Like for like profits up 2% and total profits level, despite sale of five pubs in year
- Our tenants are talented entrepreneurs and our collaborative approach benefits both partners
- The winners of both our internal awards, *The Griffin Trophy* and *Master Cellarman*, for 2015 were tenancies
- Provides another market for our premium brands, which have grown significantly this year



CURRENT TRADING & OUTLOOK

- **Current trading**

- Managed LFL sales up 2.7% for 10 weeks
- Tenanted LFL profits down 2% for 10 weeks
- Total beer & cider volumes down 5% for 10 weeks

- **Value enhancing investments**

- The Stable, Whitechapel, opened on 22 April 2016 and Kew Riverside site acquired
- Record level of investment planned, with seven schemes already completed since 1 April and four more currently underway

- Our long term investment strategy and strong balance sheet, combined with a vision for tomorrow's consumers will drive long-term growth



SUMMARY

- **An excellent year**

- Adjusted PBT up 12% to £40.9m
- Adjusted EPS up 13% to 58.35p
- Dividend up 8% to 17.90p

- Acquired or developed six new pubs, opened six new Stable sites and purchased majority stake in Nectar

- Securing our long term future

- Purchase of key freeholds
- Secured six new leases on London sites
- Investment continues in people and quality
- Business planning for tomorrow's consumer





**“IF IT ISN'T
COOKED
FRESH, IT'S NOT
ON THE MENU”**



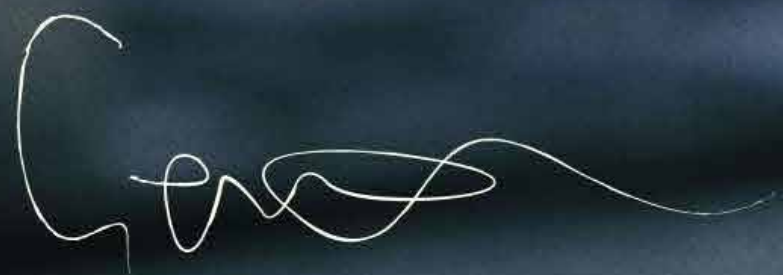
Luke Emmess, Head Chef
The Still & West, Southsea



@FULLERSKITCHEN WE TAKE TASTE PERSONALLY

A chef with dark hair and a beard, wearing a white chef's coat and a blue apron, is focused on his work in a kitchen. The background is blurred, showing other kitchen equipment and staff.

“EVERY DISH IS A SIGNATURE DISH”

A handwritten signature in white ink, appearing to read 'Gavin Sinden', is positioned above the chef's name.

Gavin Sinden, Head Chef
The Stonemasons Arms, Hammersmith



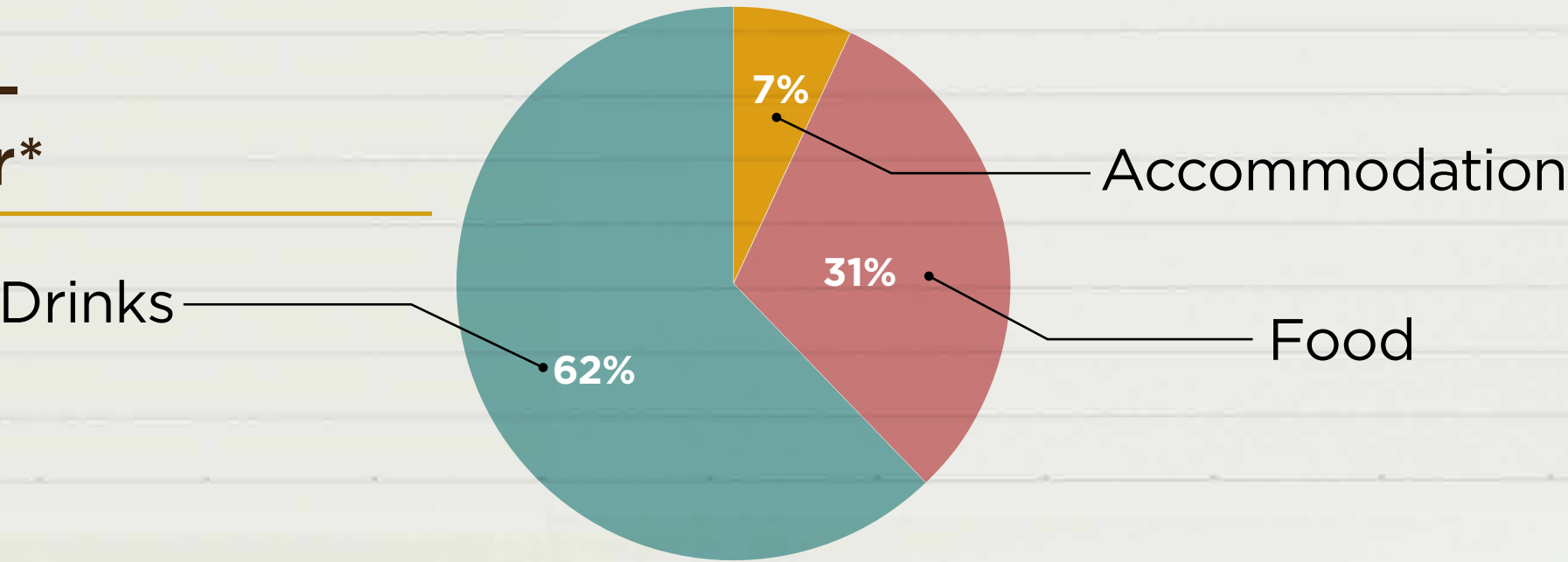
APPENDIX - RECONCILIATION TO STATUTORY PROFIT

	2016 £m	2015 £m	
Adjusted profit	40.9	36.4	+12%
Exceptional items	(1.7)	(0.3)	
Profit before tax	39.2	36.1	+9%
Tax on adjusted profit	(8.4)	(7.9)	+5%
Exceptional tax	2.2	0.1	
Profit after tax	33.0	28.3	+17%
Adjusted EPS	58.35p	51.51p	+13%
Basic EPS	59.25p	51.15p	+16%

APPENDIX - FULLER'S INNS

	28 March 2015	Acquired/ developed	Disposed/ Transferred	26 March 2016	Acquired/ developed	Disposed/ Transferred	10 June 2016	Within the M25
Managed Pubs & Hotels	188	4	(1)	191	-	2	193	61%
Tenanted Inns	203	2	(5)	200	-	(3)	197	28%
Total Fuller's	391	6	(6)	391	-	(1)	390	
The Stable	7	6	-	13	1	-	14	
TOTAL	398	12	(6)	404	1	(1)	404	

Managed Pubs & Hotels –
Analysis of total turnover*



*Including The Stable