



ANNUAL RESULTS

FOR THE 52 WEEKS ENDED 31 MARCH 2018



HIGHLIGHTS

GROWING IN THE FULLER'S WAY

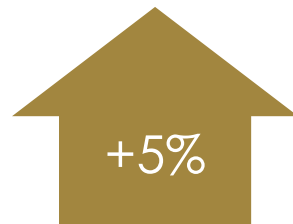
FY 2018

MANAGED LFL SALES



REVENUE

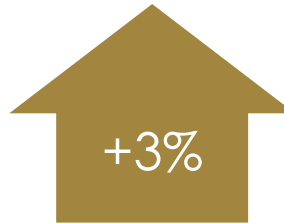
£403.6m



£384.0m

ADJUSTED PROFIT

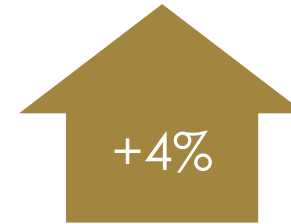
£43.2m



£42.1m

ADJUSTED EPS

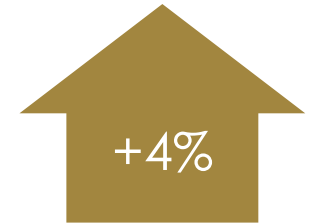
62.90p



60.23p

TOTAL ANNUAL DIVIDEND

19.55p



18.80p

FY 2017 (52 weeks)

LFL sales for 2017 are for the 52 weeks to 25 March 2017

Compared to FY 2017 (53 weeks), Revenue increased by 3%, Adjusted Profit increased by 1%, and Adjusted EPS increased by 2%

GROUP PERFORMANCE

	2018 £m	2017 £m	YoY Growth (53 week)	YoY Growth (52 week)
Revenue	403.6	392.0	+3%	+5%
Operating costs	(354.4)	(342.5)	+3%	+5%
Operating profit	49.2	49.5	-1%	+1%
Net finance costs	(6.0)	(6.6)	-9%	-8%
Adjusted profit	43.2	42.9	+1%	+3%
Depreciation and amortisation	21.7	21.0	+3%	+5%
EBITDA	70.9	70.5	+1%	+2%

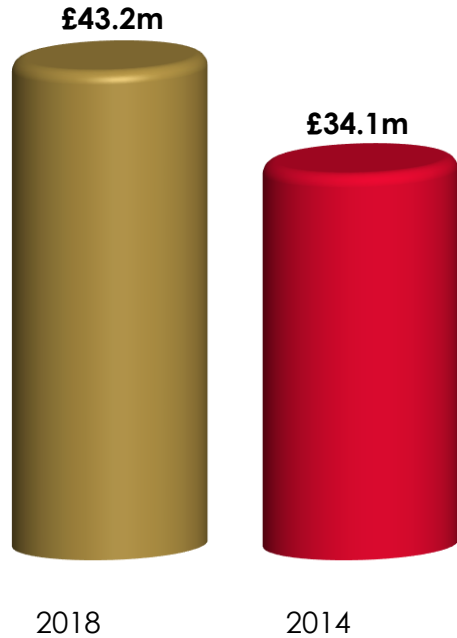
2018 results are for the 52 weeks ended 31 March 2018, 2017 results are for the 53 weeks ended 1 April 2017

GROUP OVERVIEW

FIVE YEAR HISTORY

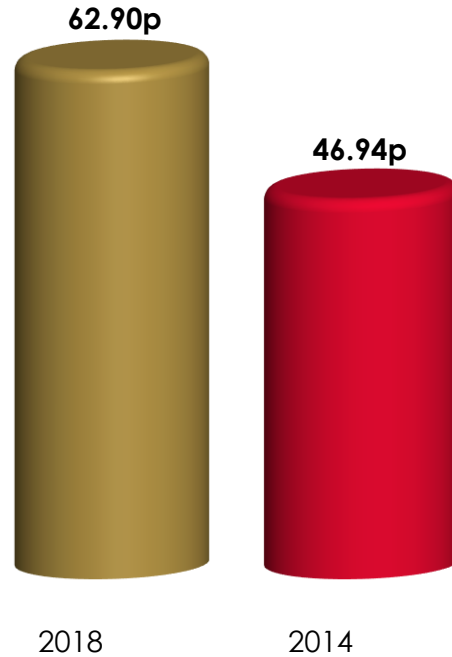
ADJUSTED PROFIT*

+39%†



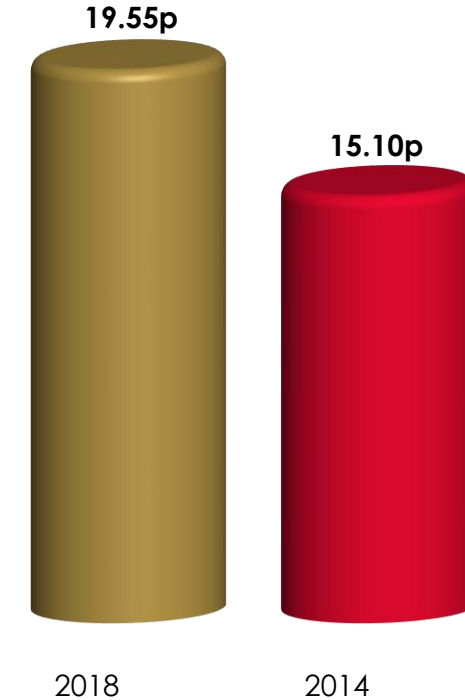
ADJUSTED EPS

+49%†



ANNUAL DIVIDEND

+43%†



* Adjusted profits are before separately disclosed items and tax
† 5 year growth rates

MANAGED PUBS AND HOTELS

	2018 £m	2017 £m	YoY Growth (53 week)	YoY Growth (52 week)
LFL sales growth*	+2.9%	+3.7%		
Revenue	271.2	261.3	+4%	+6%
Operating costs**	(237.8)	(228.9)	+4%	+6%
Operating profit**	33.4	32.4	+3%	+5%
Operating margin	12.3%	12.4%		
Depreciation and amortisation	16.4	15.7	+4%	+6%
EBITDA**	49.8	48.1	+4%	+6%
EBITDA margin	18.4%	18.4%		

* LFL sales for 2017 are for the 52 weeks to 25 March 2017

** Excluding separately disclosed items

2018 results are for the 52 weeks ended 31 March 2018, 2017 results are for the 53 weeks ended 1 April 2017

Commentary

- Continued LFL sales growth in all segments of the business
- Accommodated cost base increases, including business rates, NLW and the Apprenticeship Levy, without materially impacting margin

TENANTED INNS

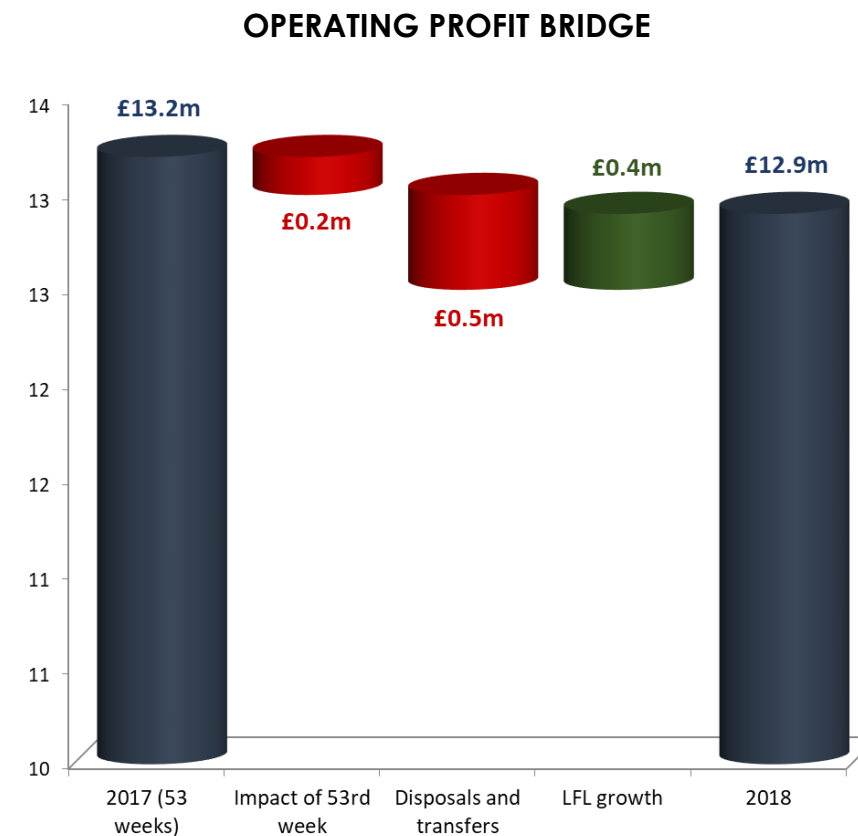
	2018 £m	2017 £m	YoY Growth (53 week)	YoY Growth (52 week)
LFL profits*	+3%	-1%		
Average EBITDA per pub	+2%	+2%		
Revenue	30.2	31.2	-3%	-1%
Operating costs**	(17.3)	(18.0)	-4%	-2%
Operating profit**	12.9	13.2	-2%	-1%
Operating margin	42.7%	42.3%		
Depreciation and amortisation	1.5	1.6	-6%	-4%
EBITDA**	14.4	14.8	-3%	-1%
EBITDA margin	47.7%	47.4%		
Capital expenditure	3.0	2.1	+43%	+43%

* LFL profits for 2017 are for the 52 weeks to 25 March 2017

** Excluding separately disclosed items

2018 results are for the 52 weeks ended 31 March 2018, 2017 results are for the 53 weeks ended 1 April 2017

Annual Results for the 52 weeks ended 31 March 2018



THE FULLER'S BEER COMPANY

	2018 £m	2017 £m	YoY Growth (53 week)	YoY Growth (52 week)
Total beer and cider volumes			-1%	Level
Revenue	152.9	147.9	+3%	+5%
Operating costs*	(146.1)	(139.9)	+4%	+6%
Operating profit*	6.8	8.0	-15%	-13%
Operating margin	4.4%	5.4%		
Depreciation and amortisation	3.8	3.7	-	-
EBITDA*	10.6	11.7	-9%	-8%
EBITDA margin	6.9%	7.9%		

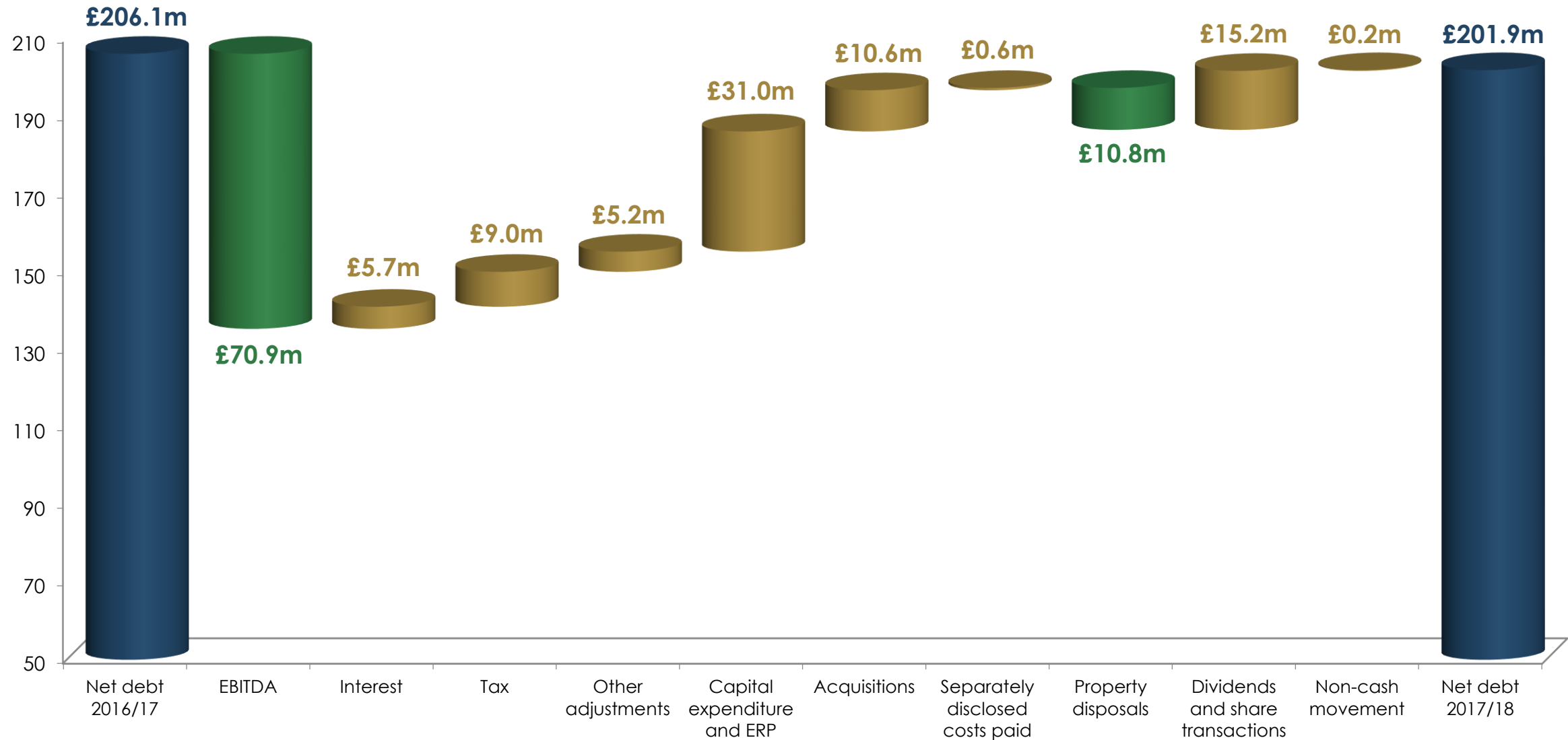
* Excluding separately disclosed items

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Commentary

- Principal driver of revenue growth has been a strong performance from Nectar
- Challenging on-trade market conditions have impacted net margin
- Dark Star Brewing acquired in February 2018

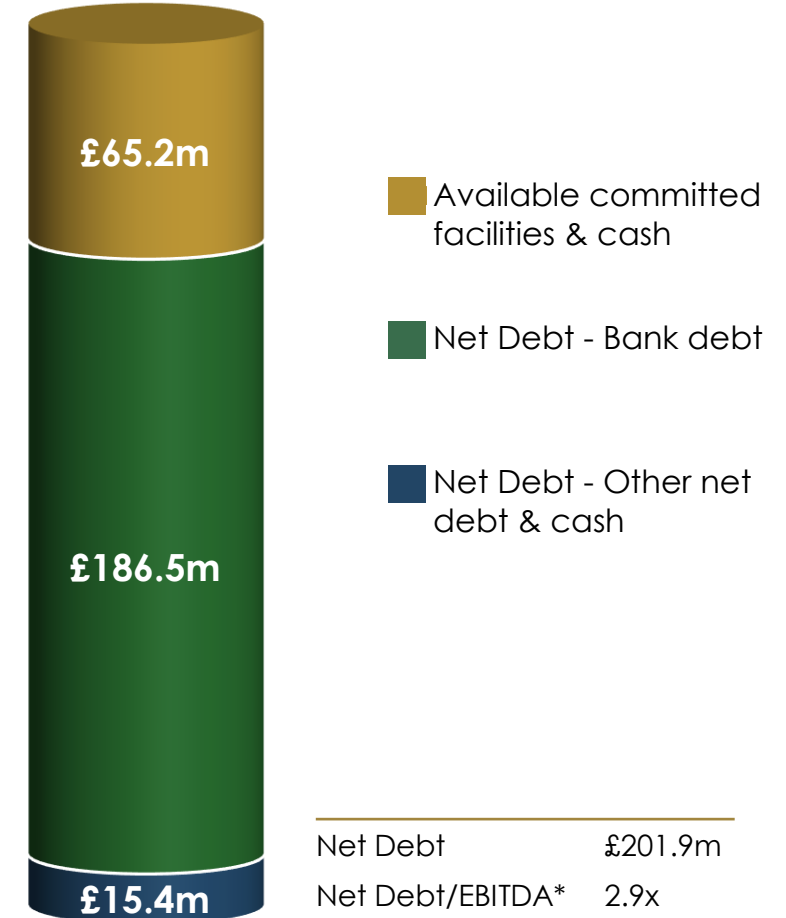
SOURCES AND USES OF CASH



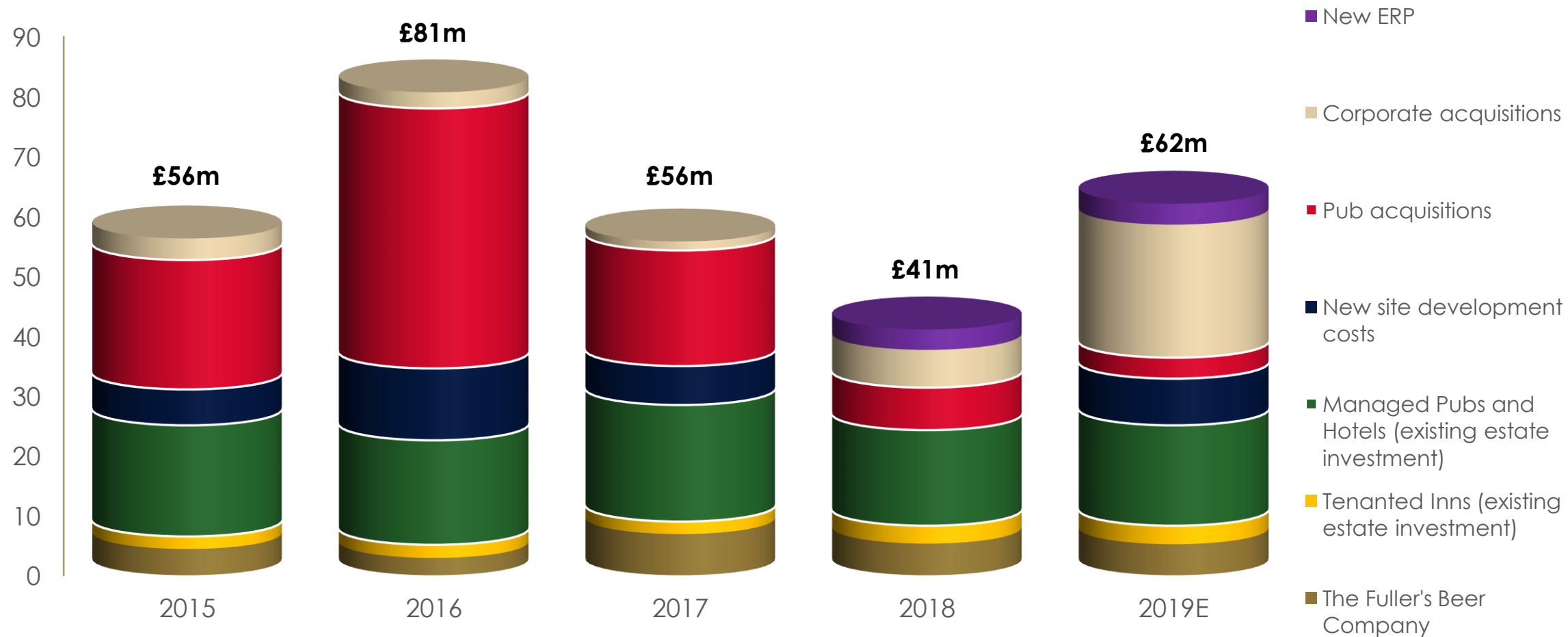
A VERY HEALTHY BALANCE SHEET

- Net debt at 31 March 2018 of £201.9m
- £65.2 million available committed facilities and cash
 - 58% of period end net borrowings fixed or capped
 - Average cost of gross borrowings for 2018 of 2.8% (2017: 3.0%)
- Strong financial position, due to
 - Cash generative business
 - High quality asset base – 88% freehold by book value
 - Low Net Debt/EBITDA* of 2.9 times (2017: 2.9 times)
- Flexibility to borrow strategically

Borrowing Capacity
(31 Mar 2018)



INVESTING FOR THE LONG TERM

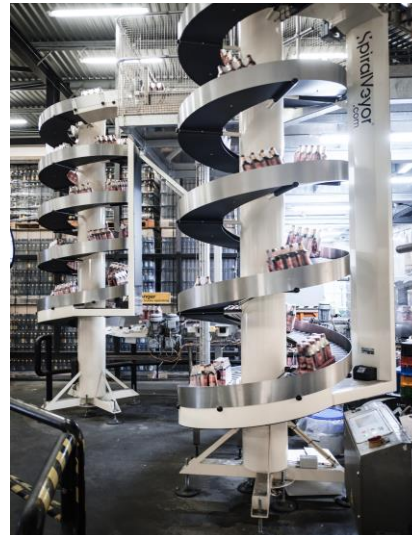




To be the leading operator of stylish pubs and hotels, while brewing and supplying Britain's most coveted premium brands for discerning customers both at home and abroad

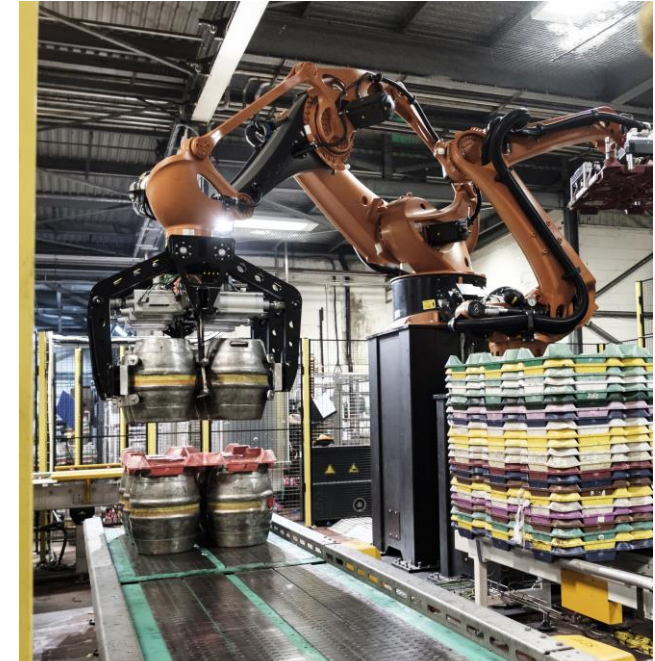
OUR STRATEGY

- To deliver a distinctive customer experience across the whole Fuller's estate
- To grow by carefully targeted acquisitions and developments that enhance our premium business
- To build a leaner cost base by investing and improving processes to increase efficiency
- To grow the reputation, distribution and sales of our premium brands
- Supporting all the above by recruiting, developing and investing in the best people



BUILDING FOR THE FUTURE

- Disposed of 12 pubs that no longer fitted with our Tenanted Inns vision and strategy
- Activated a number of key digital initiatives
 - Fuse – app-based internal communication tool to improve communication and knowledge throughout the Company
 - FnB food management system – better reporting and information on customer trends to encourage menu creativity
 - Rolled out new online booking system *Design my Night* – resulting in online bookings rising 42%, enabling pre-order and pre-payment systems and development of a centralised booking team
 - Initiative launched to improve online menus, including a screening option for customers with food allergies
 - ERP system, which will revolutionise The Fuller's Beer Company systems, is progressing well and will go live in Q2
- Invested in brewery operations with new cask racking automation, bottling line and distribution vehicles
- Reduced debt by £4.2 million
- Company is in an excellent position to seize new opportunities



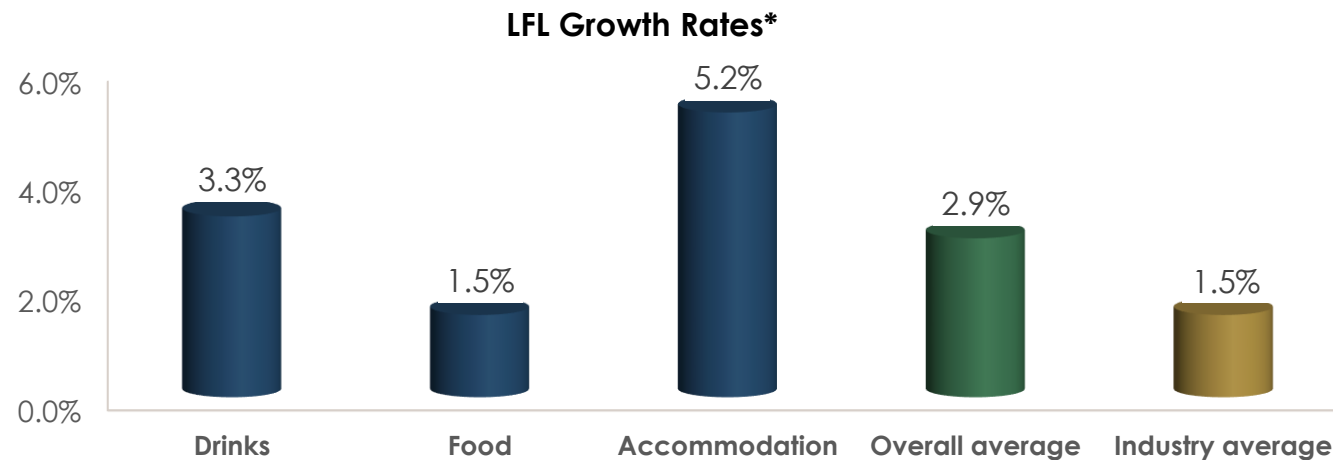
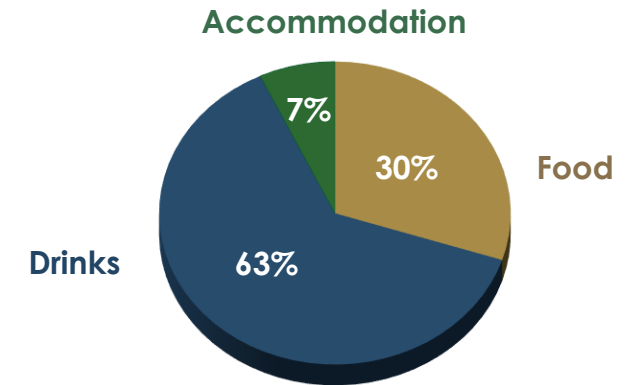
designmynight

fuse

MANAGED PUBS AND HOTELS

- Another good year for Managed Pubs and Hotels, which have yet again outperformed the Peach Tracker
- Managed Pubs and Hotels account for 68% of group operating profit
- High quality pub estate in stunning locations with wet sales accounting for 63% of turnover
- Accommodation leading the way with excellent growth from our *Beautiful Bedrooms*
- Attracted new customers and repeat business from captivating events, excellent digital marketing and engaging social media campaigns

Analysis of Revenue



* Peach Tracker index 52 weeks to 1 April 2018. LFL sales for 2017 are the 52 weeks to 25 March 2017



MANAGED PUBS AND HOTELS – THE FULLER’S DIFFERENCE

- Recruit and develop the best people
 - Recruited 71 enthusiastic chef apprentices – with more to come next year
 - Continued commitment to structured career development with 7,920 face to face training days supported by online learning
- Deliver delicious food and an exciting drinks portfolio
 - Enhanced in-kitchen training for Head Chefs to inspire innovation and ensure they mentor and develop the kitchen team
 - Inspirational initiatives such as the Chef of the Year competition – with winners spending four days in New York working at some of the world’s best restaurants
 - Excellent long-term relationships with quality suppliers that have the same ethos, culture and high standards as Fuller’s
 - A relevant and changing drinks portfolio supporting memorable experiences like meet the brewer nights and gin festivals
 - Premium spirits and mixers underpinned by supplier training to deliver a perfect serve every time

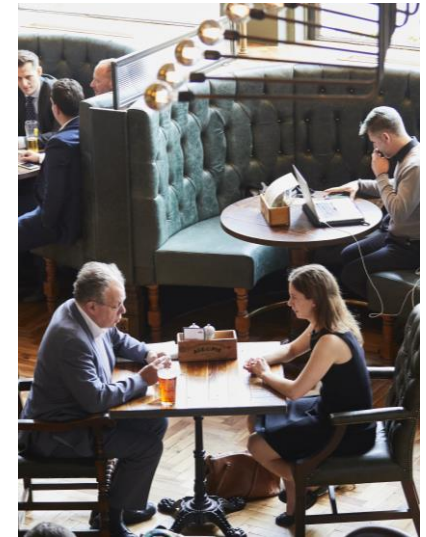


MANAGED PUBS AND HOTELS – THE FULLER’S DIFFERENCE

Continued investment in stunning pubs at a range of iconic locations

- 724 bedrooms, with opportunities for more including
 - The Counting House, Cornhill – 15
 - The Blackbird, Earl's Court – 9
 - The Cromwell Arms, Romsey – 9
 - The White Hart, Stockbridge - 10

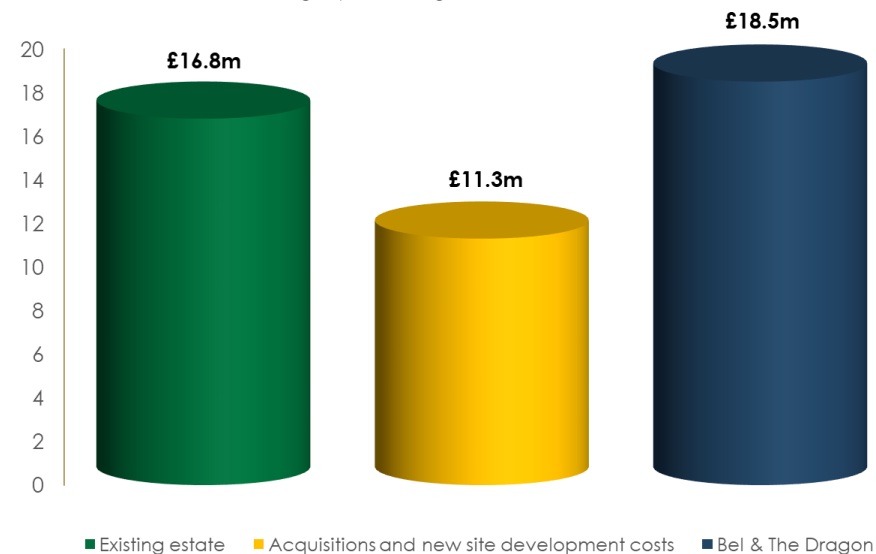
- Major schemes in our existing estate to continually broaden the appeal of our pubs
 - The Barrowboy & Banker, London Bridge
 - The Great Northern Railway Tavern, Hornsey
 - The Swan Hotel, Staines
 - The Red Lion, Barnes
 - The Swan, Hyde Park
 - The Wykeham Arms, Winchester
 - The Victoria, W2



MANAGED PUBS AND HOTELS – ACQUISITIONS

- Two pubs transferred from Tenanted Inns
 - The Mayfly, near Stockbridge
 - The Windmill, Southwark
- Acquired The Manor, Christchurch – a superb country inn with 10 bedrooms, scheduled for a total refit
- Three sites in the development pipeline, opening in 2019
 - The Signal Box, Euston Station
 - The Parcel Office, Liverpool Street Station
 - The Windjammer, Royal Wharf, Docklands – another addition to our riverside portfolio
- Post year end, acquired 10 outstanding new sites
 - Four popular bars in our City heartland from We Are Bar Group
 - Acquired Bel & The Dragon, six delightful pubs, all with rooms, that are a perfect fit with our existing estate

2019 INVESTMENT PLAN



BEL & THE DRAGON – A PERFECT FIT

- An established, respected brand and a well-run business
- Six fantastic pubs with a total of 57 bedrooms
 - Five sites are freehold
 - Average weekly sales of £28k
 - Potential to add at least another seven bedrooms
 - Located in Odiham, Churt, Windsor, Kingsclere, Cookham and Reading
- A premium, distinctive offer with balanced sales mix – 54% wet, 34% dry, 12% accommodation
- Wealthy, home-counties locations with strong long-term prospects from new house-building
- Established, loyal customer base
- A group of highly engaged team members that are already delivering a first class customer experience

BEL & THE DRAGON



THE STABLE

- Year of solid progress in a very challenging market
- Taken our passion for cider to new heights with further development of the Cidermaster programme
- Appointed Gabe Cook, from TV's *Sunday Brunch*, to be The Stable's official Cider Ambassador
- Further developed our vegan and vegetarian range in response to customer demand
- Order and pay app operational – improves customer journey by allowing at table ordering and speeding up payment
- Launched The Stable Cider Awards – voted for by the customers



TENANTED INNS

- Year of real progress to improve the appeal of our Tenanted Inns and build a model that is fit for the future
- Initiatives that started during the last year are now taking root and beginning to generate good returns
- 13 pubs on our new turnover agreement at year end – expect to sign up another 15 in this next financial year
- Capex investment in our Tenanted Inns has increased by 43% during the year
- Disposed of 12 pubs that no longer fit with our strategy
- Focus on recruiting the best entrepreneurial tenants has been supported with improved website and marketing
- Access to Managed Pub food suppliers – 27 Tenants now buying at better prices with an average saving of 10% on food costs
- Improvements in our scores in the *publicKAM* Tenant Satisfaction Survey put us ahead of the competition and are a step towards our goal of having the most admired Pub Partnerships in the sector



THE FULLER'S BEER COMPANY

Four key elements to the Beer Company strategy

Brewing efficiencies

- Investment in cask line automation, new bottling line and vehicles
- New ERP system will improve processes and reduce costs

Stronger customer relationships

- Nectar gives access to wider customer base and has grown volume
- Benefit of recent investments in our sales team still to come

Heightened consumer engagement

- Impactful social media campaigns that gain traction and followers
- Investment in Destination Chiswick and new pilot brewery, creating London's best visitor experience for beer, brewing and pubs

A rejuvenated portfolio

- A seasonal range and collaboration beers that add excitement and relevance
- Launched Cornish Orchards Dry Cider, a delicious addition to the range to broaden our appeal
- Acquired Dark Star Brewing



DARK STAR ACQUISITION

- Acquisition of Dark Star has many similarities strategically to Cornish Orchards
 - A 25 year history in craft cask ale brewing at a 14,300 barrel brewery
 - A well-established brand with strong regional credentials and the ability to grow the brand outside of its local area
 - Similar culture and ethos to Fuller's with a commitment to quality and great tasting beer
- Acquired for a consideration of £6.3 million
- Dark Star beers, especially Hophead, already enjoy a regular presence in Fuller's Managed Pubs
- Hop-forward beers that broaden our range and attract new drinkers
- Huge opportunity to bring these great beers to new customers including the currently untapped off trade and export markets



SUMMARY

- Playing to our strengths to deliver another year of growth
 - Adjusted PBT up 3% to £43.2m
 - Adjusted EPS up 4% to 62.90p
 - Annual dividend up 4% to 19.55p
- A year of consolidation, ensuring we are fit for the future with a number of projects either completed or nearing completion
- Managed Pubs and Hotels have again outperformed the market with accommodation leading the way
- Investment in digital solutions is realising benefits in online bookings, food management and employee communications
- New turnover agreement and investment in the estate has put our Tenanted Inns division in a very strong position
- Focused strategy for the Fuller's Beer Company gives us a clear route forward for this important part of the business
- Underpinning all of this activity is constant investment in our people, our pubs and our brand portfolio



CURRENT TRADING AND OUTLOOK

- Current trading
 - Managed LFL sales up 2.5% (2017: +6.6%) for 9 weeks
 - Tenanted LFL profits up 2% (2017: +5%) for 9 weeks
 - Total beer & cider volumes down 3% (2017: +7%) for 9 weeks
- Excellent new acquisitions will add to the Fuller's growth story in the coming year
 - Dark Star Brewing – great beers ready for a wider roll out
 - We Are Bar – four City sites that will add to our Central London business
 - Bel & The Dragon – six sites, with 57 bedrooms that are a perfect fit with our existing quality estate
- Vertically integrated business model – equipped to navigate an uncertain and challenging trading environment
 - A dynamic and well-invested predominantly freehold estate of pubs in stunning locations
 - Strong and experienced management team leading dedicated and motivated teams
 - A financially robust business with a strong balance sheet, poised for further growth



APPENDIX – RECONCILIATION TO STATUTORY PROFIT

	52 weeks 2018 £m	53 weeks 2017 £m	YoY Growth
Adjusted profit	43.2	42.9	+1%
Separately disclosed items	0.4	(3.0)	
Profit before tax	43.6	39.9	+9%
Tax on adjusted profit	(8.8)	(9.1)	
Tax on separately disclosed items	-	1.7	
Profit after tax	34.8	32.5	+7%
Adjusted EPS	62.90p	61.39p	+2%
Basic EPS	64.89p	59.21p	+10%

2018 results are for the 52 weeks ended 31 March 2018, 2017 results are for the 53 weeks ended 1 April 2017

APPENDIX – SEPARATELY DISCLOSED ITEMS

	52 weeks 2018 £m	53 weeks 2017 £m
Profit on disposal of properties	6.1	0.9
Acquisition costs	(0.6)	(1.3)
Replacement of core IT systems	(3.4)	-
Reorganisation costs	-	(1.5)
Asset impairments	(1.9)	-
Deemed remuneration on the future purchase of shares in The Stable	1.2	(0.3)
Finance charge on net pension liabilities	(1.0)	(0.8)
Total separately disclosed items	0.4	(3.0)
Tax on separately disclosed items	-	1.7
Separately disclosed items net of tax	0.4	(1.3)

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APPENDIX – FULLER'S INNS

	1 Apr 2017	Acquired	Disposed	Lease expiry	Transfers	31 Mar 2018	Acquired	Disposed	8 Jun 2018	Within the M25
Managed Pubs & Hotels	198	1	–	(1)	1	199	10	–	209	60%
Tenanted Inns	192	1	(12)	–	(1)	180	–	(1)	179	27%
Total Fuller's	390	2	(12)	(1)	–	379	10	(1)	388	45%
The Stable	17	–	–	–	–	17	–	–	17	
Total Group	407	2	(12)	(1)	–	396	10	(1)	405	