



**STRICTLY EMBARGOED  
UNTIL 7AM FRIDAY 23 NOVEMBER 2018**

**FULLER, SMITH & TURNER P.L.C.  
("Fuller's", "the Group" or "the Company")**

**Half year results for the 26 weeks ended 29 September 2018  
*Increased investment for the long term***

### **Financial Highlights**

- Revenue up 6% to £222.1 million (2017/18: £209.3 million)
- EBITDA<sup>1</sup> up 2% to £38.2 million (2017/18: £37.6 million)
- Adjusted profit before tax<sup>2</sup> down 1% to £23.6 million (2017/18: £23.8 million)
- Adjusted earnings per share<sup>3</sup> down 1% at 33.83p (2017/18: 34.22p)
- Interim dividend up 3% to 7.80p (2017/18: 7.55p)
- Proforma net debt to EBITDA<sup>4</sup> of 3.1 times (2017/18: 2.8 times).

### **Operational Indicators**

- Good performance from Managed Pubs and Hotels with like for like sales rising 4.1% (2017/18: 3.6%), total profits reflect high number of 92 closure weeks (2017/18: 29 weeks) due to investment in estate
- Strong results from Tenanted Inns with like for like profit increasing 4% (2017/18: 3%), four pubs sold and a rise in average EBITDA per pub of 2%
- Total beer and cider volumes for The Fuller's Beer Company rose marginally by 0.2% (2017/18: 1%), with revenue up 7% and operating profit up 9%.

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1. Pre-separately disclosed earnings before interest, tax, depreciation, loss on disposal of plant and equipment, and amortisation

2. Adjusted profit before tax is the profit before tax excluding separately disclosed items. Statutory profit before tax was £20.8 million (2017/18: £23.6 million)

3. 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 29.65p (2017/18: 35.12p)

4. Proforma net debt to EBITDA is calculated on a 12 month basis adjusting as appropriate for acquisitions and disposals

## Strategy Update

- Acquired 10 excellent new sites – including six Bel & The Dragon country inns in the Home Counties and four City bars that fill geographical gaps in our estate
- Front-loaded investment programme to maintain our premium position and excellent customer offer
- Continued good progress in our Tenanted division, with 23 pubs on the new turnover agreement and four pubs sold as part of our strategic review
- Further developments in The Fuller's Beer Company to build a sustainable business that is fit for the future with full integration of the Dark Star Brewing operation, increased collaboration projects and Pilot Brewery coming on stream
- Final stages of development of new ERP IT system, which went live post the period end.

## Current Trading and Outlook

- Managed Pubs and Hotels like for like sales up by 4.4% for 33 weeks
- Tenanted Inns like for like profit rose 2% for 33 weeks
- Total beer and cider volumes increased 0.5% for 33 weeks.

Commenting on the results, Chief Executive Simon Emeny said: "I am pleased to be reporting another good performance. Each division is delivering growth and we continue to benefit from having a well-balanced business. Our excellent management team has further strengthened the business through a clear vision, a strong set of values and a commitment to growth through offering an outstanding customer experience and recruiting, developing and retaining the best people.

"While our revenues have continued to grow, we experienced a small drop in Group profits – however, this should be taken in context. We made a conscious decision to front-load our investment programme – impacting our profitability by £0.9 million. Although we would have seen profit increase had we not taken this action, we believe this is the right decision and ensures our estate is in the best possible position to benefit from the busy Christmas period and beyond.

"In the 33 weeks since 1 April 2018, like for like sales in our Managed Pubs have risen 4.4%, while like for like profit in our Tenanted Inns is up 2% and total beer and cider volumes in The Fuller's Beer Company are marginally up 0.5%.

"Since the period end, we have opened The Albert Arms in Esher, with six bedrooms, and added seven new bedrooms to The Fox & Goose, Hanger Lane, while a further 28 bedrooms are due to come on stream before the year end. We will also be opening The Signal Box at Euston Station in December.

“The second half of the year is also an exciting time for The Fuller's Beer Company. We are installing our new canning line at Dark Star, will be brewing our second suite of *Fuller's & Friends* collaboration beers and building on the early work of our Fuller's First initiative to grow the share of our own beers in our Managed and Tenanted estates. We will also be optimising and driving business benefits from the new ERP system and launching an online B2B sales platform.

“Finally, it would be impossible to look forward to the second half of the year without reference to Brexit, which is due to happen on the penultimate day of our financial year. Facing uncertainty is never easy, but Fuller's is an exceptionally well-established operation and benefits from a balanced business model which is designed to be flexible enough to adapt to changing trends and markets yet resilient enough to weather any storm. With a first-class team of people, a well-invested pub estate and a portfolio of outstanding brands, we are ready and able to face the future.”

**-Ends-**

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**Notes to Editors:**

**Fuller, Smith and Turner P.L.C.** is an independent traditional family brewer founded in 1845 and is based at the historic Griffin Brewery in Chiswick, London, where brewing has taken place continuously since 1654. As of 23 November 2018, the Company runs 182 Tenanted pubs and 203 Managed Pubs and Hotels, with a focus on delicious fresh, home-cooked food, outstanding cask and craft ale, great wine and exceptional service. The Company also has 782 boutique bedrooms in its Managed estate. The Fuller's pub estate stretches from Brighton to Birmingham and from Bristol to the Greenwich Peninsula, including 173 locations within the M25. In June 2018 Fuller's acquired Bel & The Dragon, comprising six stunning country inns (included in the pub numbers above), and the Company also owns The Stable, a craft cider and gourmet pizza restaurant business, which has 17 sites in England and Wales.

The Fuller's Beer Company brews a portfolio of premium beers including London Pride, Frontier Premium London Lager and a variety of cask and craft keg beers supported by a changing seasonal range. The Company owns Cornish Orchards – a craft cider maker producing a range of award-winning ciders and premium soft drinks – and Nectar Imports, a wholesale drinks business. In February 2018, Fuller's also acquired Dark Star Brewing, a craft cask brewer based in Sussex.

**Photography is available from the Fuller's Press Office on 020 8996 2175 or by email at [pr@fullers.co.uk](mailto:pr@fullers.co.uk).**

*Copies of this statement, the Interim Report and results presentation will be available on the Company's website, [www.fullers.co.uk](http://www.fullers.co.uk). The presentation will be available from 12 noon on 23 November 2018.*

**FULLER, SMITH & TURNER P.L.C.**  
**HALF YEAR RESULTS FOR THE 26 WEEKS ENDED 29 SEPTEMBER 2018**

**CHAIRMAN'S STATEMENT**

I am pleased to be announcing a solid set of results in a continued challenging environment. Our total revenue has risen by 6% to £222.1 million (2017/18: £209.3 million) although our adjusted profit is down a marginal 1% to £23.6 million (2017/18: £23.8 million). This reflects a considered decision to invest the majority of this year's capital expenditure programme in the first half.

As a company with a very long-term view, we continue to invest for the future both in terms of capital projects within our premium pub portfolio and in the development of our people. During the last recession we maintained our investment programmes, winning customers and increasing market share. We believe in ensuring that our excellent pub estate, our breweries and our teams are in the best position to continue to deliver outstanding service to our customers and to grow in the future.

As a result of our decision to invest, our adjusted earnings per share, a metric that is always of interest to our shareholders, was down slightly by 1% to 33.83p (2017/18: 34.22p). However, our dividend payment has increased by 3% – continuing the upward trajectory our dividend payments have taken since the 1950s.

Our Managed Pubs and Hotels continue to generate the majority of our revenue and profit and it is pleasing to see like for like sales rise 4.1% (2017/18: 3.6%). Our consistently strong offer of delicious, fresh, seasonal food, an outstanding portfolio of premium brands, well-invested pubs in stunning locations and exemplary customer service continues to create memories and customer experiences that keep our guests happy and coming back for more.

It has also been a good year for our Tenanted Inns. The new turnover agreement continues to prove popular and successful for both our Tenants and the Company. This year, like for like profit in this part of the business rose 4% (2017/18: 3%). Engagement with our Tenants is good and I am delighted to see so many taking advantage of access to more favourable purchasing terms through our food suppliers and back of house support.

It has been a busy year for The Fuller's Beer Company too – with the integration of Dark Star Brewing, a rebrand for Frontier and some great sponsorships for our iconic London Pride brand. The Pilot Brewery located at Chiswick is now fully operational and our new ERP (enterprise resource planning) IT system is up and running. The range of beers which The Fuller's Beer Company is producing are more exciting than ever and it is fantastic to

see Chiswick taking its place at the heart of London's vibrant beer scene. We would also like to thank the Chancellor of the Exchequer for getting the second half of the year off to a great start with a freeze in beer duty – this was wonderful recognition for the contribution brewing and pubs make to the UK economy.

As ever, it is our people who deliver this success. They are an amazing team and I am proud to work with them. I would like to thank them all for their hard work, commitment and dedication.

## **DIVIDEND**

The Board is pleased to announce an increase of 3% in the interim dividend to 7.80p (2017/18: 7.55p) per 40p 'A' and 'C' ordinary share and 0.780p (2017/18: 0.755p) per 4p 'B' ordinary share. This will be paid on Wednesday 2 January 2019 to shareholders on the register as at Friday 7 December 2018.

Michael Turner  
Chairman  
22 November 2018

## CHIEF EXECUTIVE'S REVIEW

I am pleased to be reporting another good performance. Each division is delivering growth and we continue to benefit from having a well-balanced business. Our excellent management team has further strengthened the business through a clear vision, a strong set of values and a commitment to growth through offering an outstanding customer experience and recruiting, developing and retaining the best people.

While our revenues have continued to grow, we experienced a small drop in Group profits – however, this should be taken in context. We made a conscious decision to front-load our investment programme – impacting our profitability by £0.9 million. Although we would have seen profit increase had we not taken this action, we believe this is the right decision and ensures our estate is in the best possible position to benefit from the busy Christmas period and beyond.

We announce these results with the continuing political and economic turmoil that has formed the backdrop for all UK businesses over the past two and half years. However, despite rises in business rates – £0.4m in the first half alone – and further increases in wage costs, we continue to deliver an excellent offer for our customers, career opportunities for our team members and a return for our shareholders.

Shortly after the period end, we went live with our major ERP IT project. This once in a generation investment will ensure that we have the latest tools and data capabilities to allow us to compete. Having launched successfully, we are now entering the stage of optimising and delivering the business benefits.

### **FULLER'S INNS**

Our Managed Pubs and Hotels, which contribute nearly 70% of our profits, have again seen strong like for like growth with sales rising 4.1%. I am also delighted with the good progress made by our Tenanted Inns, particularly around the strategic plan we embarked upon two years ago that has seen us sell the tail end of our estate and create a new partnership agreement to enhance the benefits of the tenanted model for both sides.

#### ***Managed Pubs and Hotels***

It has been a busy period for our Managed Pubs and Hotels with revenue rising by 7% to £149.4 million (2018/19: £140.2 million). Our operating profit was down by 3% to £18.5 million (2017/18: £19.0 million) as a result of a front-loaded investment programme, with nine major schemes taking place in the first half – resulting in 92 closure weeks, compared with 29 in the comparable period last year.

Our Managed Pubs and Hotels have a very clear strategy – invest in great pubs in stunning locations, ensure the consumer offer is premium, relevant and that every customer leaves happy, and recruit, develop and retain exceptional people. During the first half of this financial year we have maintained our focus, and delivered, on that strategy.

### ***The Estate***

During the period, we have also added 10 new pubs to our Managed Pubs and Hotels business. The six Bel & The Dragon country inns, which are being run as a standalone entity, are performing well and will continue to retain their own identity. There are further economic benefits to be realised through integration of some suppliers, while protecting the integrity of the pubs' distinct food offer. These six beautiful sites also added 57 boutique bedrooms to our growing portfolio.

The four We Are Bar sites have been fully integrated and have improved our City footprint by filling gaps in our estate. The Trinity Bell in Creechurch Lane has already undergone a transformational scheme and we will continue to invest in these bars in 2019.

During the period, we also bought out all the minority interests of one of our earlier acquisitions, The Stable – famous for its craft cider and artisan pizza. This young brand continues to broaden our appeal by attracting a younger, more female audience to the Fuller's family.

### ***The Consumer Offer***

Encouragingly, the growth in revenue during the period incorporates all three income streams – food, drink and accommodation. Our like for like drinks sales have led the charge, rising by 5.5% – with consumers continuing to look for a broad range of interesting, premium products. Limited edition collaboration beers, that are available *Only at Fuller's*, are providing increasing interest at the bar, chatter on social media and driving footfall into our pubs. Meanwhile, further developments in the gin market, illustrated by the increased range in our pubs, has led to sales of this important spirit rising by 41%. This trend has been supported by innovation from our suppliers in tonics and other mixers. Soft drinks sales have risen by 8% and in the emerging low and no-alcohol market, sales have risen 56%.

We have a very balanced pub business and our like for like food sales have also risen, increasing by 1.6%. Our chefs have met the rising trend for healthy eating by doubling the number of vegetarian and vegan dishes in their repertoires. During the period, we also ran a month-long Fuller's Veggie Kitchen at The Fence in Farringdon, which was a huge success with its immersive veggie experience, while The Stable continues to deliver an excellent vegan offer, which has proved popular with customers.



The implementation of the integrated recipe and stock system (FnB) that was rolled out in the last full year gives us improved visibility of food stocks and margins and has helped minimise food waste without impacting creativity and innovation. Sunday is still the busiest week day for food sales, with sales of Sunday roasts contributing around £16 million to revenue last year.

Our like for like accommodation sales have also risen during the year by 1.8% on top of strong sales for last year and we were delighted to be named in the top three large UK hotel operators in the country by Which? Travel – a great testament to our 782 delightful boutique bedrooms and excellent standard of hospitality.

Today's pub is truly becoming the third space for our customers – and with each redevelopment, we continue to provide more plug sockets, USB points and superfast wifi. This investment ensures we stay relevant to this consumer demand for connectivity.

### ***Our People***

The recruitment shortage facing our sector should not be underestimated. We need government commitment to look at the Migrant Advisory Committee's Tier 2 recommendations – and see how they can be adapted for the hospitality industry – to help ensure that we can fill the vacancies we have to continue opening new pubs and build sustainable businesses for the future.

It is pleasing that, against this challenging environment, our focus on training in recent years has continued and our chef apprenticeship programme continues to produce outstanding chefs for the future. This homegrown approach has definitely taken off – bringing consistency in standards, techniques and culture to our kitchens. In addition, we are cross-training more of our front of house staff, broadening their skillset, so they can cover in the kitchen if necessary too. There is a pay incentive for these team members and it is one of many steps we are taking to ensure Fuller's remains at the forefront in continuing to attract and retain the best talent.

### ***Tenanted Inns***

Our Tenanted estate remains a strong, cash generative part of our business and has had a strong start to the year, with like for like profit rising 4% and average EBITDA per pub rising 2%. Revenue was £15.6 million, reflecting the sale of another four pubs that completed our strategic disposal plan, while operating profit is down by 3% due to the disposals in the last 12 months. Rents grew £0.2 million, which we chose to reinvest in additional repairs.

During the first half of the year, we invested in transformational schemes at The Oak at Aston Clinton, The Horse & Jockey at Curbridge, The Chequers at Chipping Norton and The Cross Keys at Great Missenden. At a total investment of £2.1 million, this was double the amount invested in the Tenanted estate in the prior half year. We also transferred four pubs from our Managed estate, all during the second quarter.

The strategic review of our Tenanted Inns, which commenced two years ago, is already delivering returns with 23 Tenants now signed up to the six year turnover agreement. We expect to exceed our target of 28 pubs on this partnership arrangement by the year end and we have been delighted to see a rise in drinks sales in pubs on this new agreement too.

We have also been leveraging the expertise of our Managed estate to help our Tenants and 40 are now signed up to use our preferred food suppliers. This leads to an average saving for the Tenant of around 10% on their food basket. In addition, we have rolled out access to Food Alert to 100 pubs, which helps to ensure our Tenants are well prepared for ever-changing EHO requirements and provides an audit service at no cost to them. We have extended our Fuse digital communications and learning platform to the Tenanted estate too.

It is encouraging to see our pubs attracting more entrepreneurial Tenants than ever, with the number of pubs on substantive agreements at a high of 95% and, conversely, the number of tenants at will at an all-time low. As ever, our Tenants play an active role in Fuller's with Monica Lishman of The Beehive, a Tenanted pub in Wandsworth, taking the Master Cellarman title in June this year.

## **THE FULLER'S BEER COMPANY**

We have made good progress in The Fuller's Beer Company and this key part of our business continues to evolve. Total beer volumes increased marginally by 0.2%, our revenue has risen 7% to £84.6 million (2017/18: £78.9 million) and our operating profit is up by 9% to £3.7 million (2017/18: £3.4 million). Our sales growth has been driven by Nectar and a strong performance from premium brands. The Dark Star operation is now fully integrated, with Hophead adding a hop-forward alternative in an increasing number of Fuller's pubs. During the period, we also completed the buyout of Nectar.

We have made good progress with our key brands. London Pride was the official beer of the Women's Hockey World Cup – where London Pride, Frontier and Cornish Orchards quenched the thirst of more than 150,000 attendees to the event at the Queen Elizabeth Olympic Park. Meanwhile, we continued our iconic Official Beer sponsorship of The Virgin Money London Marathon and London Pride Unfiltered was the Official Beer Partner of Pride in London with striking iconic rainbow branding for fonts in pubs along the Parade route. These events help cement London Pride's unrivalled position in the Capital.

Frontier – our second biggest brand – has been rebranded during the period, with a bold design across fonts, bottles, cans and glassware to improve its standout on the bar and increase rate of sale. New packaging for multi-packs in the off trade has also moved away from plastic shrink wrap and into cardboard. The new look has involved repositioning

Frontier as London Premium Lager, building on the authenticity that comes from our geographical location and broadening its appeal to a wider audience.

At Cornish Orchards, we have installed a new canning line and 330ml cans of Cornish Orchards Gold and Blush cider have been rolling out since early June. We intend to can some of the fantastic soft drinks that we produce at the Cider Farm in the future. We will also be installing a canning line at Dark Star's brewery in Sussex imminently, which we will use to can both Dark Star and Fuller's beers.

Innovation is key for today's consumer and we were delighted to commission our new 10-barrel Pilot Brewery during the period. This exciting feature is clearly visible to visitors to the Brewery and gives our excellent brewing team, under the stewardship of Head Brewer Georgina Young, the opportunity of experimenting with a much wider range of ingredients, tastes and flavours.

The Pilot Brewery has been well received by the beer community and is a focal point in our Destination Chiswick programme. Using our breweries as showpieces for our great beers satisfies the experiential desire of today's beer drinkers too – and both the Hopfest at Dark Star and the inaugural London Brewers' Alliance Festival held at Chiswick attracted a sell-out crowd.

## **FINANCIAL PERFORMANCE**

The Group continues to have a strong financial position as a cash generative business with a high quality, mainly freehold asset base and a ratio of net debt to pro forma EBITDA<sup>4</sup> at 3.1 times.

We have grown revenue by 6% on the prior period to £222.1 million. Adjusted profit<sup>2</sup> of £23.6 million is 1% down on the prior period. Managed Pubs and Hotels have seen 4.1% like for like sales growth and 7% growth in total revenue including the impact of acquisitions. The high level of investment in our pub estate over the period has led to more closure weeks than the equivalent period last year and this has resulted in operating profit falling 3% to £18.5 million (2017/18: £19.0 million). This also accounted for more than half of the fall in operating margin from 13.6% in 2017/18 to 12.4% this half, with the balance being the impact of the National Living Wage and business rates. Tenanted Inns operating profit has decreased 3% to £6.5 million due to the effect of properties disposed. Average EBITDA per pub has increased by 2% on the prior period. The Fuller's Beer Company has seen a 9% increase in operating profit to £3.7 million (2017/18: £3.4 million) with Nectar performing particularly well and total beer and cider volumes increasing 0.2%. Our margin has also slightly increased to 4.4% (2017/18: 4.3%).

EBITDA<sup>1</sup> increased by 2% to £38.2 million (2017/18: £37.6 million). Net finance costs before separately disclosed items increased from £2.9 million to £3.2 million, mainly due to the increase in debt to fund recent acquisitions.

The Group generated cash from operating activities of £29.1 million in the period (2017/18: £23.0 million). The improvement on last year is largely due to the working capital outflow of £1.3 million being less than the unusually large £8.0 million outflow in the prior period. We spent £26.2 million on acquisitions in the period and this resulted in net debt increasing £21.2 million from 31 March 2018 to £223.1 million with the ratio of net debt to proforma EBITDA<sup>4</sup> increasing to 3.1 times (2017/18: 2.8 times).

We have made significant investments in the business over the period. We spent £19.2 million on the acquisition of Bel and The Dragon, a business consisting of six premium pubs, £3.3m on the acquisition of a further four pubs and £3.7 million acquiring the remaining minority shareholdings in The Stable Pizza and Cider Limited and Nectar Imports Limited. We invested £16.5 million in the Fuller's Inns estate and projects in The Fuller's Beer Company including a new canning line for Cornish Orchards, a pilot plant for developing new innovative beers and a new visitor centre at the Griffin Brewery. We also invested a further £2.7 million in the upgrade and replacement of our core IT system. This has been expensed within separately disclosed items. The new system went live shortly after the period end.

We disposed of five properties in the period including all four properties that were categorised as held for sale at 31 March 2018. The sales raised proceeds of £3.5 million and generated a £1.3 million profit on disposal which is included in separately disclosed items.

During the period we renewed one of our bank facilities and extended the amount by a further £20 million. At 29 September 2018, the Group has £210 million of available long-term facilities of which £176.7 million is available until August 2021 and £33.3 million is available until August 2020. An additional short-term facility of £50 million is available until August 2019. Our undrawn committed facilities at 29 September 2018 were £42.0 million, with a further £22.0 million of cash held on the Balance Sheet.

Net separately disclosed items before tax of £2.8 million (2017/18: £0.2 million) consists of £2.7 million investment in the upgrade of the core IT system, £0.4 million reorganisation costs related to the new systems, £0.6 million of acquisition costs and a net interest charge on our pension deficit of £0.4 million offset by profits on property disposals of £1.3 million. We also recognised a £1.6 million site impairment charge relating to two sites but this was offset by a £1.6 million reversal of impairments on three sites recognised in previous periods. After separately disclosed items, statutory profit before tax was therefore £20.8 million (2017/18: £23.6 million).

Tax has been provided for at an effective rate before separately disclosed items of 20.3% (2017/18: 20.6%). The overall effective tax rate is 20.7% (2017/18: 20.8%). A full analysis of the tax charge is set out in note 5.

The net impact of these items results in basic earnings per share decreasing by 16% to 29.65p (2017/18: 35.12p), with adjusted earnings per share<sup>3</sup> down 1% to 33.83p (2017/18: 34.22p).

The deficit on the defined benefit pension scheme has fallen £10.0 million from the year end to £22.5 million (31 March 2018: £32.5 million, 30 September 2017: £33.6 million). The decrease was due to a £4.9 million actuarial gain on liabilities (mainly due to an increase in the discount rate), a £4.4 million actuarial gain on assets and £1.1 million of deficit recovery contributions offset by £0.4 million of interest cost.

During the period 266,247 40p 'A' ordinary shares were purchased by the Company into treasury for a total of £2.6 million. In addition, 30,066 4p 'B' ordinary shares were purchased for a total of £28,789 by the Trustees of the Company's Long Term Incentive Share Plan to cover future issuance.

## **THE BOARD**

During the period, Finance Director James Douglas announced his intention to stand down from The Board and he left, post the period end, on 16 November 2018. James has played a pivotal role in our success over the last 11 years and we wish him well. The search for his successor is well underway and, in the meantime, we have appointed Deborah Stevenson to the role of Interim Finance Director. She has a proven track record in a wide range of companies and we welcome her to the business.

## **CURRENT TRADING AND OUTLOOK**

In the 33 weeks since 1 April 2018, like for like sales in our Managed Pubs have risen 4.4%, while like for like profit in our Tenanted Inns is up 2% and total beer and cider volumes in The Fuller's Beer Company are marginally up 0.5%.

Our front-loaded investment programme is poised to deliver good returns over the busy Christmas period and we are also looking forward to opening our new site, The Signal Box, in Euston Station in December.

Since the period end, we have opened The Albert Arms in Esher, with six bedrooms, and added seven new bedrooms to The Fox & Goose, Hanger Lane, while a further 28 bedrooms are due to come on stream before the year end.

The second half of the year is also an exciting time for The Fuller's Beer Company. We are installing our new canning line at Dark Star, will be brewing our second suite of *Fuller's & Friends* collaboration beers and building on the early work of our Fuller's First initiative to grow the share of our own beers in our Managed and Tenanted estates. We will also be

optimising and driving business benefits from the new ERP system and launching an online B2B sales platform.

Finally, it would be impossible to look forward to the second half of the year without reference to Brexit, which is due to happen on the penultimate day of our financial year. Facing uncertainty is never easy, but Fuller's is an exceptionally well-established operation and benefits from a balanced business model which is designed to be flexible enough to adapt to changing trends and markets yet resilient enough to weather any storm. With a first-class team of people, a well-invested pub estate and a portfolio of outstanding brands, we are ready and able to face the future.

Simon Emeny  
Chief Executive  
22 November 2018

Fuller, Smith & Turner P.L.C.  
**Financial Highlights**  
For the 26 weeks ended 29 September 2018

	<b>Unaudited</b> 26 weeks ended <b>29 September</b> <b>2018</b> £m	Unaudited 26 weeks ended 30 September 2017 £m	Change 2018/2017	Audited 52 weeks ended 31 March 2018 £m
<b>Revenue</b>	<b>222.1</b>	209.3	6%	403.6
<b>Adjusted profit <sup>1</sup></b>	<b>23.6</b>	23.8	-1%	43.2
<b>Adjusted earnings per share <sup>2</sup></b>	<b>33.83p</b>	34.22p	-1%	62.90p
<b>EBITDA <sup>3</sup></b>	<b>38.2</b>	37.6	2%	70.9
<b>Basic earnings per share<sup>4</sup></b>	<b>29.65p</b>	35.12p	-16%	64.89p
<b>Profit before tax</b>	<b>20.8</b>	23.6	-12%	43.6
<b>Dividend per share <sup>4</sup></b>	<b>7.80p</b>	7.55p	3%	19.55p
<b>Net debt <sup>5</sup></b>	<b>223.1</b>	201.5		201.9
<b>Pro-forma net debt / EBITDA <sup>6</sup></b>	<b>3.1 times</b>	2.8 times		2.9 times

*1 Adjusted profit is the profit before tax excluding separately disclosed items.*

*2 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.*

*3 Pre-separately disclosed earnings before interest, tax, depreciation, loss on disposal of plant and equipment and amortisation.*

*4 Calculated on a 40p ordinary share.*

*5 Net debt comprises cash and short-term deposits, bank overdraft, bank loans, debenture stock and preference shares.*

*6 Pro-forma net debt / EBITDA is calculated on a 12-month basis adjusting as appropriate for acquisitions and disposals.*

**Fuller, Smith & Turner P.L.C.**  
**Condensed Group Income Statement**  
**For the 26 weeks ended 29 September 2018**

		Unaudited – 26 weeks ended 29 September 2018			Unaudited – 26 weeks ended 30 September 2017			Audited – 52 weeks ended 31 March 2018		
	Note	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
<b>Revenue</b>	2	<b>222.1</b>	-	<b>222.1</b>	209.3	-	209.3	403.6	-	403.6
Operating costs	3	<b>(195.3)</b>	<b>(3.7)</b>	<b>(199.0)</b>	(182.6)	(4.5)	(187.1)	(354.4)	(4.7)	(359.1)
<b>Operating profit</b>		<b>26.8</b>	<b>(3.7)</b>	<b>23.1</b>	26.7	(4.5)	22.2	49.2	(4.7)	44.5
Profit on disposal of properties	3	-	<b>1.3</b>	<b>1.3</b>	-	4.8	4.8	-	6.1	6.1
Finance costs	3,4	<b>(3.2)</b>	<b>(0.4)</b>	<b>(3.6)</b>	(2.9)	(0.5)	(3.4)	(6.0)	(1.0)	(7.0)
<b>Profit before tax</b>		<b>23.6</b>	<b>(2.8)</b>	<b>20.8</b>	23.8	(0.2)	23.6	43.2	0.4	43.6
Taxation	3,5	<b>(4.8)</b>	<b>0.5</b>	<b>(4.3)</b>	(4.9)	-	(4.9)	(8.8)	-	(8.8)
<b>Profit for the period</b>		<b>18.8</b>	<b>(2.3)</b>	<b>16.5</b>	18.9	(0.2)	18.7	34.4	0.4	34.8
Attributable to:										
Equity shareholders of the Parent Company		<b>18.6</b>	<b>(2.3)</b>	<b>16.3</b>	18.9	0.5	19.4	34.7	1.1	35.8
Non-controlling interests		<b>0.2</b>	-	<b>0.2</b>	-	(0.7)	(0.7)	(0.3)	(0.7)	(1.0)
		<b>18.8</b>	<b>(2.3)</b>	<b>16.5</b>	18.9	(0.2)	18.7	34.4	0.4	34.8
<b>Earnings per ordinary share (pence)</b>			<b>40p 'A' and 'C'</b>	<b>4p 'B'</b>		<b>40p 'A' and 'C'</b>	<b>4p 'B'</b>		<b>40p 'A' and 'C'</b>	<b>4p 'B'</b>
Basic	6		<b>29.65</b>	<b>2.96</b>		35.12	3.51		64.89	6.49
Diluted	6		<b>29.54</b>	<b>2.95</b>		34.81	3.48		64.49	6.45
Adjusted	6		<b>33.83</b>	<b>3.38</b>		34.22	3.42		62.90	6.29
Diluted adjusted	6		<b>33.71</b>	<b>3.37</b>		33.92	3.39		62.51	6.25

The results and earnings per share measures above are all in respect of continuing operations of the Group.



**Fuller, Smith & Turner P.L.C.**  
**Condensed Group Statement of Comprehensive Income**  
**For the 26 weeks ended 29 September 2018**

	<b>Unaudited 26 weeks ended 29 September 2018</b>	Unaudited 26 weeks ended 30 September 2017	Audited 52 weeks ended 31 March 2018
	Note	£m	£m
<b>Profit for the period</b>		<b>16.5</b>	18.7
<i>Items that may be reclassified to profit or loss</i>			
Net gains on valuation of financial assets and liabilities		<b>0.5</b>	0.6
Tax related to items that may be reclassified to profit or loss	5	<b>(0.1)</b>	(0.2)
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial gains on pension schemes	10	<b>9.3</b>	3.7
Tax related to items that will not be reclassified	5	<b>(1.6)</b>	(0.6)
<b>Other comprehensive income for the period, net of tax</b>		<b>8.1</b>	3.6
<b>Total comprehensive income for the period</b>		<b>24.6</b>	22.3
Total comprehensive income attributable to:			
Equity shareholders of the Parent Company		<b>24.4</b>	23.0
Non-controlling interests		<b>0.2</b>	(0.7)
		<b>24.6</b>	22.3

**Fuller, Smith & Turner P.L.C.**  
**Condensed Group Balance Sheet**  
**29 September 2018**

	Note	At 29 September 2018 Unaudited £m	At 30 September 2018 Unaudited £m	At 31 March 2018 Audited £m
<b>Non-current assets</b>				
Intangible assets		50.1	38.6	45.4
Property, plant and equipment	8	590.4	558.4	564.1
Investment properties		4.6	4.7	4.6
Other financial assets		0.1	0.1	-
Other non-current assets		0.4	0.6	0.4
Deferred tax assets		7.1	9.4	8.7
<b>Total non-current assets</b>		<b>652.7</b>	<b>611.8</b>	<b>623.2</b>
<b>Current assets</b>				
Inventories		15.7	15.2	13.5
Trade and other receivables		28.6	21.6	22.9
Cash and short-term deposits	9	22.0	9.0	11.7
Assets classified as held for sale		-	-	2.1
<b>Total current assets</b>		<b>66.3</b>	<b>45.8</b>	<b>50.2</b>
<b>Assets classified as held for sale</b>		<b>-</b>	<b>2.1</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables		(72.5)	(60.8)	(64.0)
Current tax payable		(4.5)	(4.7)	(4.0)
Provisions		(0.1)	(0.1)	(0.1)
Borrowings	9	(50.0)	(30.0)	(30.0)
Other financial liabilities		-	-	(3.7)
<b>Total current liabilities</b>		<b>(127.1)</b>	<b>(95.6)</b>	<b>(101.8)</b>
<b>Non-current liabilities</b>				
Borrowings	9	(195.1)	(180.5)	(183.6)
Other financial liabilities		(1.2)	(7.9)	(1.8)
Retirement benefit obligations	10	(22.5)	(33.6)	(32.5)
Deferred tax liabilities		(20.2)	(16.5)	(18.0)
Provisions		(0.6)	(0.6)	(0.6)
Other non-current payables		(0.5)	-	(0.2)
<b>Total non-current liabilities</b>		<b>(240.1)</b>	<b>(239.1)</b>	<b>(236.7)</b>
<b>Net assets</b>		<b>351.8</b>	<b>325.0</b>	<b>334.9</b>
<b>Capital and reserves</b>				
Share capital		22.8	22.8	22.8
Share premium account		4.8	4.8	4.8
Capital redemption reserve		3.1	3.1	3.1
Own shares		(19.8)	(16.1)	(19.2)
Hedging reserve		(0.6)	(2.0)	(1.1)
Retained earnings		341.5	316.2	328.4
<b>Equity attributable to equity holders of the parent</b>		<b>351.8</b>	<b>328.8</b>	<b>338.8</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>(3.8)</b>	<b>(3.9)</b>
<b>Total equity</b>		<b>351.8</b>	<b>325.0</b>	<b>334.9</b>

**Fuller, Smith & Turner P.L.C.**  
**Condensed Group Statement of Changes in Equity**  
**For the 26 weeks ended 29 September 2018**

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total equity £m
<b>Unaudited – 26 weeks ended 29 September 2018</b>									
At 31 March 2018	22.8	4.8	3.1	(19.2)	(1.1)	328.4	338.8	(3.9)	334.9
Profit for the period	-	-	-	-	-	16.3	16.3	0.2	16.5
Other comprehensive income for the period	-	-	-	-	0.5	7.6	8.1	-	8.1
<b>Total comprehensive income for the period</b>	-	-	-	-	0.5	23.9	24.4	0.2	24.6
Shares purchased to be held in ESOT or as treasury	-	-	-	(2.6)	-	-	(2.6)	-	(2.6)
Shares released from ESOT and treasury	-	-	-	2.0	-	(0.9)	1.1	-	1.1
Dividends (note 7)	-	-	-	-	-	(6.6)	(6.6)	-	(6.6)
Share-based payment charges	-	-	-	-	-	0.5	0.5	-	0.5
Adjustment arising from change in non-controlling interest	-	-	-	-	-	(3.7)	(3.7)	3.7	-
Tax charged directly to equity (note 5)	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
<b>At 29 September 2018</b>	<b>22.8</b>	<b>4.8</b>	<b>3.1</b>	<b>(19.8)</b>	<b>(0.6)</b>	<b>341.5</b>	<b>351.8</b>	<b>-</b>	<b>351.8</b>
<b>Unaudited – 26 weeks ended 30 September 2017</b>									
At 1 April 2017	22.8	4.8	3.1	(16.7)	(2.6)	301.4	312.8	(3.1)	309.7
Profit for the period	-	-	-	-	-	19.4	19.4	(0.7)	18.7
Other comprehensive income for the period	-	-	-	-	0.6	3.0	3.6	-	3.6
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	0.6	22.4	23.0	(0.7)	22.3
Shares purchased to be held in ESOT or as treasury	-	-	-	(2.2)	-	-	(2.2)	-	(2.2)
Shares released from ESOT and treasury	-	-	-	2.8	-	(2.2)	0.6	-	0.6
Dividends (note 7)	-	-	-	-	-	(6.4)	(6.4)	-	(6.4)
Share-based payment charges	-	-	-	-	-	0.8	0.8	-	0.8
Adjustment arising from change in non-controlling interest	-	-	-	-	-	-	-	-	-
Tax credited directly to equity (note 5)	-	-	-	-	-	0.2	0.2	-	0.2
<b>At 30 September 2017</b>	<b>22.8</b>	<b>4.8</b>	<b>3.1</b>	<b>(16.1)</b>	<b>(2.0)</b>	<b>316.2</b>	<b>328.8</b>	<b>(3.8)</b>	<b>325.0</b>

Fuller, Smith & Turner P.L.C.  
**Condensed Group Statement of Changes in Equity (continued)**  
**For the 26 weeks ended 29 September 2018**

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total £m	Non- controlling interest £m	Total equity £m
<b>Audited – 52 weeks ended 31 March 2018</b>									
At 1 April 2017	22.8	4.8	3.1	(16.7)	(2.6)	301.4	312.8	(3.1)	309.7
Profit for the period	–	–	–	–	–	35.8	35.8	(1.0)	34.8
Other comprehensive income for the period	–	–	–	–	1.5	3.4	4.9	–	4.9
<b>Total comprehensive income/(loss) for the period</b>	–	–	–	–	1.5	39.2	40.7	(1.0)	39.7
Shares purchased to be held in ESOT or as treasury	–	–	–	(5.5)	–	–	(5.5)	–	(5.5)
Shares released from ESOT and treasury	–	–	–	3.0	–	(2.2)	0.8	–	0.8
Dividends (note 7)	–	–	–	–	–	(10.5)	(10.5)	–	(10.5)
Share-based payment charges	–	–	–	–	–	0.8	0.8	–	0.8
Tax credited directly to equity (note 5)	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Adjustment arising from change in non-controlling interest	–	–	–	–	–	–	–	0.2	0.2
<b>At 31 March 2018</b>	22.8	4.8	3.1	(19.2)	(1.1)	328.4	338.8	(3.9)	334.9

**Fuller, Smith & Turner P.L.C.**  
**Condensed Group Cash Flow Statement**  
**For the 26 weeks ended 29 September 2018**

		<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
	Note			
<b>Group profit before tax</b>		<b>20.8</b>	23.6	43.6
Net finance costs before separately disclosed items		<b>3.2</b>	2.9	6.0
Separately disclosed items	3	<b>2.8</b>	0.2	(0.4)
Depreciation and amortisation		<b>11.4</b>	10.9	21.7
		<b>38.2</b>	37.6	70.9
Difference between pension charge and cash paid		<b>(1.0)</b>	(1.1)	(2.0)
Share-based payment charges		<b>0.5</b>	0.8	0.8
Change in trade and other receivables		<b>(5.1)</b>	–	(0.9)
Change in inventories		<b>(2.0)</b>	(1.2)	0.7
Change in trade and other payables		<b>5.8</b>	(6.8)	(4.2)
Cash impact of operating separately disclosed items	3	<b>(3.4)</b>	(1.7)	(4.0)
<b>Cash generated from operations</b>		<b>33.0</b>	27.6	61.3
Tax paid		<b>(3.9)</b>	(4.6)	(9.0)
<b>Cash generated from operating activities</b>		<b>29.1</b>	23.0	52.3
<b>Cash flow from investing activities</b>				
Business combinations	11	<b>(20.1)</b>	–	(10.6)
Purchase of property, plant and equipment		<b>(16.5)</b>	(16.2)	(27.6)
Sale of property, plant and equipment		<b>3.5</b>	8.7	10.8
<b>Net cash outflow from investing activities</b>		<b>(33.1)</b>	(7.5)	(27.4)
<b>Cash flow from financing activities</b>				
Purchase of own shares		<b>(2.6)</b>	(2.2)	(5.5)
Receipts on release of own shares to option schemes		<b>1.1</b>	0.6	0.8
Interest paid		<b>(3.0)</b>	(2.7)	(5.6)
Preference dividends paid		<b>(0.1)</b>	(0.1)	(0.1)
Equity dividends paid	7	<b>(6.6)</b>	(6.4)	(10.5)
Drawdown of bank loans		<b>31.5</b>	(11.0)	10.0
Repayment of bank loans		<b>(6.0)</b>	–	(18.0)
Cost of refinancing		<b>(0.2)</b>	–	–
Cost of new derivative instruments		<b>(0.1)</b>	–	–
<b>Net cash outflow from financing activities</b>		<b>14.0</b>	(21.8)	(28.9)
<b>Net movement in cash and cash equivalents</b>	9	<b>10.0</b>	(6.3)	(4.0)
Cash acquired on acquisition	11	<b>0.3</b>	–	0.4
Cash and cash equivalents at the start of the period		<b>11.7</b>	15.3	15.3
<b>Cash and cash equivalents at the end of the period</b>	9	<b>22.0</b>	9.0	11.7

**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
**For the 26 weeks ended 29 September 2018**

**1. Half Year Report**

***Basis of Preparation***

The half year financial statements for the 26 weeks ended 29 September 2018 have been reviewed by the auditor and prepared in accordance with the Disclosure and Transparency Rules ("DTRs") of the Financial Conduct Authority and with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as adopted by the European Union and should be read in conjunction with the Annual Report and Financial Statements for the 52 weeks ended 31 March 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The half year financial statements do not constitute full accounts as defined by Section 434 of the Companies Act 2006. The figures for the 52 weeks ended 31 March 2018 are derived from the published statutory accounts. Full accounts for the 52 weeks ended 31 March 2018, including an unqualified auditor's report which did not make any statement under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Directors have reviewed current performance and forecasts, combined with expenditure commitments, and made appropriate enquiries. On the basis of the strong cash flows generated by the business and the significant headroom available on the bank facilities, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

The half year financial statements were approved by the Directors on 22 November 2018.

***Adoption of New Standards and Interpretations***

The following new and amended IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations are effective for the Group's period commencing 1 April 2018:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments (2014)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards
- Amendments to IAS 28: Investments in Associates and Joint Ventures.

On 28 May 2014, the International Accounting Standards Board issued IFRS 15, Revenue from Contracts with Customers, which is effective for periods starting on or after 1 January 2018. IFRS 15 replaces existing revenue recognition guidance and establishes a comprehensive framework for determining whether, how much and when revenue is recognised by introducing a five-step model. Almost all of the Group's revenue is derived through sales of drink, food and accommodation in our managed estate and drink in our tenanted estate and beer company. These represent simple transactions with only one performance obligation, require a low level of judgement in determining

**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
**For the 26 weeks ended 29 September 2018**

**1. Half Year Report (continued)**

the consideration and the timing of transfer of control occurs at a point of time. The remainder of the group's revenue is made up of rental income received from tenanted and unlicensed properties and accrued interest using the effective interest method which are outside of the scope of IFRS 15. The group does not receive any dividend income. After a detailed assessment of all the Group's revenue, the Group concluded that the adoption of IFRS 15 did not have a material impact on the Group's financial performance, position or cash flows. The standard must be applied retrospectively. The group has chosen to adopt the modified approach and no restatement of the comparatives was required.

On 24 July 2014, the International Accounting Standards Board issued IFRS 9, Financial Instruments: Recognition and Measurement, which is effective for periods starting on or after 1 January 2018. Debt instruments currently classified as held to maturity and measured at amortised cost meet the conditions for classification at amortised cost under IFRS 9. The Company's current hedge relationships qualified as continuing hedges, on the adoption of IFRS 9. IFRS 16 Leases (effective 1 January 2019) will result in most leases being accounted for on-balance sheet recognising a new category of right-of-use asset and liability based on discounted future lease payments. The impact on the results of the Group are expected to be material, with the asset being depreciated over the shorter of the lease term or its useful life and the lease payment being apportioned between a finance charge and capital repayment. The Group is continuing to assess the potential impact on its financial statements.

Other than the above, the accounting policies adopted are consistent with those applied in the 52 weeks ended 31 March 2018, which were published as part of the accounts for that year and which are available from the Group's website, [www.fullers.co.uk](http://www.fullers.co.uk).

**Taxation**

Taxes on income in the interim periods are accrued using the tax rate that is expected to be applicable to total annual earnings for the full year in each tax jurisdiction based on substantively enacted or enacted tax rates at the interim date.

**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
For the 26 weeks ended 29 September 2018

**2. Segmental Analysis**

<b>Unaudited – 26 weeks ended 29 September 2018</b>	<b>Managed Pubs and Hotels £m</b>	<b>Tenanted Inns £m</b>	<b>The Fuller's Beer Company £m</b>	<b>Unallocated<sup>1</sup> £m</b>	<b>Total £m</b>
<b>Revenue</b>					
Segment revenue	149.4	15.6	84.6	–	249.6
Inter-segment sales	–	–	(27.5)	–	(27.5)
<b>Revenue from third parties</b>	<b>149.4</b>	<b>15.6</b>	<b>57.1</b>	<b>–</b>	<b>222.1</b>
<b>Segment result</b>	<b>18.5</b>	<b>6.5</b>	<b>3.7</b>	<b>(1.9)</b>	<b>26.8</b>
Operating separately disclosed items					(3.7)
<b>Operating profit</b>					<b>23.1</b>
Profit on disposal of properties					1.3
Net finance costs					(3.6)
<b>Profit before tax</b>					<b>20.8</b>
<b>Other segment information</b>					
Capital expenditure on property, plant and equipment	10.1	2.1	4.3	–	16.5
Business combinations	18.1	–	2.0	–	20.1
Depreciation and amortisation	8.6	0.9	1.9	–	11.4
Impairment of property	1.6	–	–	–	1.6
Reversal of impairment of property	(1.3)	(0.3)	–	–	(1.6)

<b>Unaudited – 26 weeks ended 30 September 2017</b>	<b>Managed Pubs and Hotels £m</b>	<b>Tenanted Inns £m</b>	<b>The Fuller's Beer Company £m</b>	<b>Unallocated<sup>1</sup> £m</b>	<b>Total £m</b>
<b>Revenue</b>					
Segment revenue	140.2	15.6	78.9	–	234.7
Inter-segment sales	–	–	(25.4)	–	(25.4)
<b>Revenue from third parties</b>	<b>140.2</b>	<b>15.6</b>	<b>53.5</b>	<b>–</b>	<b>209.3</b>
<b>Segment result</b>	<b>19.0</b>	<b>6.7</b>	<b>3.4</b>	<b>(2.4)</b>	<b>26.7</b>
Operating separately disclosed items					(4.5)
<b>Operating profit</b>					<b>22.2</b>
Profit on disposal of properties					4.8
Net finance costs					(3.4)
<b>Profit before tax</b>					<b>23.6</b>
<b>Other segment information</b>					
Capital expenditure on property, plant and equipment	11.3	1.1	3.8	–	16.2
Business combinations	–	–	–	–	–
Depreciation and amortisation	8.3	0.8	1.8	–	10.9
Impairment of property	2.9	–	–	–	2.9

<sup>1</sup> Unallocated expenses represent primarily the salary and costs of central management.



**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
**For the 26 weeks ended 29 September 2018**

**2. Segmental Analysis (continued)**

<b>Audited – 52 weeks ended 31 March 2018</b>	Managed Pubs and Hotels £m	Tenanted Inns £m	The Fuller's Beer Company £m	Unallocated <sup>1</sup> £m	Total £m
<b>Revenue</b>					
Segment revenue	271.2	30.2	152.9	–	454.3
Inter-segment sales	–	–	(50.7)	–	(50.7)
<b>Revenue from third parties</b>	271.2	30.2	102.2	–	403.6
<b>Segment result</b>	33.4	12.9	6.8	(3.9)	49.2
Operating separately disclosed items					(4.7)
<b>Operating profit</b>					44.5
Profit on disposal of properties					6.1
Net finance costs					(7.0)
<b>Profit before tax</b>					43.6
<b>Other segment information</b>					
Capital expenditure on property, plant and equipment	18.8	3.0	5.8	–	27.6
Business combinations	1.5	2.8	6.3	–	10.6
Depreciation and amortisation	16.4	1.5	3.8	–	21.7
Impairment of property	3.5	–	–	–	3.5
Reversal of Impairment on property	(0.8)	(0.8)	–	–	(1.6)

1 Unallocated expenses represent primarily the salary and costs of central management.

**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
**For the 26 weeks ended 29 September 2018**

**3. Separately Disclosed Items**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Amounts included in operating profit:</b>			
Acquisition costs	<b>(0.6)</b>	(0.1)	(0.6)
Impairment of properties	<b>(1.6)</b>	(2.9)	(3.5)
Replacement of core IT systems	<b>(2.7)</b>	(1.5)	(3.4)
Reorganisation costs	<b>(0.4)</b>	–	–
Deemed remuneration on the future purchase of shares in The Stable	–	–	1.2
Reversal of impairment on property	<b>1.6</b>	–	1.6
<b>Total separately disclosed items included in operating profit</b>	<b>(3.7)</b>	(4.5)	(4.7)
<b>Profit on disposal of properties</b>	<b>1.3</b>	4.8	6.1
<b>Separately disclosed finance costs:</b>			
Finance charge on net pension liabilities (note 10)	<b>(0.4)</b>	(0.5)	(1.0)
<b>Total separately disclosed items before tax</b>	<b>(2.8)</b>	(0.2)	0.4
<b>Separately disclosed tax:</b>			
Profit on disposal of properties	<b>(0.3)</b>	(0.9)	(1.0)
Other items	<b>0.8</b>	0.9	1.0
<b>Total separately disclosed tax</b>	<b>0.5</b>	–	–
<b>Total separately disclosed items</b>	<b>(2.3)</b>	(0.2)	0.4

Acquisition costs of £0.6 million during the 26 weeks ended 29 September 2018 (30 September 2017: £0.1 million, 31 March 2018: £0.6 million) relates to transaction costs on property and business acquisitions.

The property impairment charge of £1.6 million during the 26 weeks ended 29 September 2018 relates to the write down of two licensed properties to their recoverable value. During the 52 weeks ended 31 March 2018, three licensed properties were written down to their recoverable value totalling £3.5 million. The reversal of impairment on property credit of £1.6 million during the 26 weeks ended 29 September 2018 relates to the write back of previously impaired licensed properties to their recoverable value (31 March 2018: £1.6 million).

The expenditure in relation to the upgrade of core IT systems of £2.7 million relates to the costs associated with the development of a new ERP system for the Group. The costs incurred primarily relate to consultancy and incremental additional staff costs to support the project.

The reorganisation costs of £0.4 million during the 26 weeks ended 29 September 2018 were principally incurred as a result of the change in IT system and primarily relate to staff costs.

**Fuller, Smith & Turner P.L.C.**  
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**3. Separately Disclosed Items (continued)**

The profit on disposal of properties of £1.3 million during the 26 weeks ended 29 September 2018 (30 September 2017: £4.8 million, 31 March 2018: £6.1 million) relates to the disposal of five properties. During the 52 weeks ended 31 March 2018, twelve licensed properties and two unlicensed properties were disposed, generating a profit of £6.1 million.

Deemed remuneration on the future purchase of shares in The Stable relates to the remuneration element due to the change in the estimated value of the option previously held on The Stable group of companies.

The cash impact of operating separately disclosed items before tax for the 26 weeks ended 29 September 2018 was £3.4 million cash outflow (30 September 2017: £1.7 million cash outflow, 31 March 2018: £4.0 million cash outflow).

**4. Finance Costs**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Interest expense arising on:</b>			
Financial liabilities at amortised cost – loans and debentures	<b>3.1</b>	2.8	5.9
Financial liabilities at amortised cost – preference shares	<b>0.1</b>	0.1	0.1
<b>Total finance costs before separately disclosed items</b>	<b>3.2</b>	2.9	6.0
Finance charge on net pension liabilities (note 3)	<b>0.4</b>	0.5	1.0
<b>Total finance costs</b>	<b>3.6</b>	3.4	7.0

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**5. Taxation**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Tax on profit on ordinary activities</b>			
Current income tax:			
Corporation tax	4.3	4.9	8.3
Amounts over provided in previous years	–	–	0.1
<b>Total current income tax</b>	<b>4.3</b>	<b>4.9</b>	<b>8.4</b>
Deferred tax:			
Origination and reversal of temporary differences	–	–	0.4
<b>Total deferred tax</b>	<b>–</b>	<b>–</b>	<b>0.4</b>
<b>Total tax charged in the Income Statement</b>	<b>4.3</b>	<b>4.9</b>	<b>8.8</b>

	<b>Unaudited 26 weeks ended 30 September 2017 £m</b>	Unaudited 26 weeks ended 24 September 2016 £m	Audited 53 weeks ended 1 April 2017 £m
<b>Tax relating to items charged to the Statement of Comprehensive Income</b>			
Deferred tax:			
Tax charge on valuation gains on financial assets and liabilities	0.1	0.1	0.2
Tax charge on actuarial gains on pension scheme	1.6	0.6	0.8
<b>Tax charge included in the Statement of Comprehensive Income</b>	<b>1.7</b>	<b>0.7</b>	<b>1.0</b>
<b>Tax relating to items charged/(credited) directly to equity</b>			
Deferred tax:			
Increase/(reduction) in deferred tax liability due to indexation	0.1	(0.1)	0.3
Deferred tax depreciation	–	–	(0.1)
Share-based payments	–	0.1	0.2
Current tax:			
Share-based payments	–	(0.2)	(0.1)
<b>Tax charge/(credit) included in the Statement of Changes in Equity</b>	<b>0.1</b>	<b>(0.2)</b>	<b>0.3</b>

The taxation charge is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

**Fuller, Smith & Turner P.L.C.**  
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**6. Earnings Per Share**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Profit attributable to equity shareholders</b>	<b>16.3</b>	19.4	35.8
Separately disclosed items net of tax	<b>2.3</b>	(0.5)	(1.1)
<b>Adjusted earnings attributable to equity shareholders</b>	<b>18.6</b>	18.9	34.7

	<b>Number</b>	Number	Number
<b>Weighted average share capital</b>	<b>54,976,000</b>	55,236,000	55,169,000
Dilutive outstanding options and share awards	<b>207,000</b>	488,000	344,000
<b>Diluted weighted average share capital</b>	<b>55,183,000</b>	55,724,000	55,513,000

<b>40p 'A' and 'C' ordinary share</b>	<b>Pence</b>	Pence	Pence
Basic earnings per share	<b>29.65</b>	35.12	64.89
Diluted earnings per share	<b>29.54</b>	34.81	64.49
Adjusted earnings per share	<b>33.83</b>	34.22	62.90
Diluted adjusted earnings per share	<b>33.71</b>	33.92	62.51

<b>4p 'B' ordinary share</b>	<b>Pence</b>	Pence	Pence
Basic earnings per share	<b>2.96</b>	3.51	6.49
Diluted earnings per share	<b>2.95</b>	3.48	6.45
Adjusted earnings per share	<b>3.38</b>	3.42	6.29
Diluted adjusted earnings per share	<b>3.37</b>	3.39	6.25

For the purposes of calculating the number of shares to be used above, 'B' shares have been treated as one-tenth of an 'A' or 'C' share. The earnings per share calculation is based on earnings from continuing operations and on the weighted average ordinary share capital which excludes shares held by trusts relating to employee share options and shares held in treasury of 2,008,293 (30 September 2017: 1,747,950, 31 March 2018: 1,815,668).

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**6. Earnings Per Share (continued)**

Diluted earnings per share is calculated using the same earnings figure as for basic earnings per share, divided by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted earnings per share is calculated on profit before tax excluding separately disclosed items and on the same weighted average ordinary share capital as for the basic and diluted earnings per share. An adjusted earnings per share measure has been included as the Directors consider that this measure better reflects the underlying earnings of the Group.

**7. Dividends**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Declared and paid during the period</b>			
Final dividend paid in period	6.6	6.4	6.4
Interim dividend paid in period	–	–	4.1
<b>Equity dividends paid</b>	<b>6.6</b>	6.4	10.5
<b>Dividends on cumulative preference shares (note 4)</b>	<b>0.1</b>	0.1	0.1
	<b>Pence</b>	Pence	Pence
<b>Dividends per 40p 'A' and 'C' ordinary share declared in respect of the period</b>			
Interim	7.80	7.55	7.55
Final	–	–	12.00
	<b>7.80</b>	7.55	19.55

The pence figures above are for the 40p 'A' and 'C' ordinary shares. The 4p 'B' ordinary shares carry dividend rights of one-tenth of those applicable to the 40p 'A' ordinary shares. Own shares held in the employee share trusts do not qualify for dividends as the Trustees have waived their rights. Dividends are also not paid on own shares held as treasury shares.

The Directors have declared an interim dividend of 7.80p (2017: 7.55p) for the 40p 'A' ordinary shares and 40p 'C' ordinary shares, and 0.780p (2017: 0.755p) for the 4p 'B' ordinary shares, with a total estimated cost to the Company of £4.3 million (2017: £4.2 million).

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**8. Property, Plant and Equipment**

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Net book value at start of period</b>	<b>564.1</b>	557.5	557.5
Additions	<b>16.6</b>	14.3	25.9
Acquisitions	<b>20.6</b>	–	4.3
Disposals	<b>(0.1)</b>	–	–
Impairment loss net of reversals	–	(2.9)	(2.7)
Depreciation provided during the period	<b>(10.8)</b>	(10.5)	(20.9)
<b>Net book value at end of period</b>	<b>590.4</b>	558.4	564.1

During the 26 weeks ended 29 September 2018, the Group recognised a charge of £1.6 million (30 September 2017: £2.9 million, 31 March 2018: £3.5 million) in respect of the write down in value of two sites to their recoverable value. Following an improvement in trading performance and an increase in the estimated future cash flows of certain previously impaired sites, reversals of £1.6 million were recognised during the 26 weeks ended 29 September 2018 (30 September 2017: £nil, 31 March 2018: £0.8 million).

**9. Analysis of Net Debt**

	At 31 March 2018 £m	Cash flows £m	Non cash <sup>1</sup> £m	At <b>29 September 2018</b> £m
<b>Unaudited – 26 weeks ended 29 September 2018</b>				
<b>Cash and cash equivalents:</b>				
Cash and short-term deposits	11.7	10.3	–	<b>22.0</b>
	11.7	10.3	–	<b>22.0</b>
<b>Debt:</b>				
Bank loans <sup>2</sup>	(185.9)	(31.5)	–	<b>(217.4)</b>
Other loans	(0.2)	–	–	<b>(0.2)</b>
Debenture stock	(25.9)	–	–	<b>(25.9)</b>
Preference shares	(1.6)	–	–	<b>(1.6)</b>
Total borrowings	(213.6)	(31.5)	–	<b>(245.1)</b>
<b>Net debt</b>	<b>(201.9)</b>	<b>(21.2)</b>	–	<b>(223.1)</b>

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and corporate acquisitions.

2 Bank loans net of arrangement fees.

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**9. Analysis of Net Debt (continued)**

	At 1 April 2017 £m	Cash flows £m	Non cash <sup>1</sup> £m	At 30 September 2017 £m
<b>Unaudited – 26 weeks ended 30 September 2017</b>				
<b>Cash and cash equivalents:</b>				
Cash and short-term deposits	15.3	(6.3)	–	9.0
	15.3	(6.3)	–	9.0
<b>Debt:</b>				
Bank loans <sup>2</sup>	(193.7)	11.0	(0.1)	(182.8)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(221.4)	11.0	(0.1)	(210.5)
<b>Net debt</b>	<b>(206.1)</b>	<b>4.7</b>	<b>(0.1)</b>	<b>(201.5)</b>

	At 1 April 2017 £m	Cash flows £m	Non cash <sup>1</sup> £m	At 31 March 2018 £m
<b>Audited – 52 weeks ended 31 March 2018</b>				
<b>Cash and cash equivalents:</b>				
Cash and short-term deposits	15.3	(3.6)	–	11.7
	15.3	(3.6)	–	11.7
<b>Debt:</b>				
Bank loans <sup>2</sup>	(193.7)	8.0	(0.2)	(185.9)
Other loans	(0.2)	–	–	(0.2)
Debenture stock	(25.9)	–	–	(25.9)
Preference shares	(1.6)	–	–	(1.6)
Total borrowings	(221.4)	8.0	(0.2)	(213.6)
<b>Net debt</b>	<b>(206.1)</b>	<b>4.4</b>	<b>(0.2)</b>	<b>(201.9)</b>

1 Non-cash movements relate to the amortisation of arrangement fees, arrangement fees accrued and corporate acquisitions.

2 Bank loans net of arrangement fees.



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**10. Retirement Benefit Obligations**

<b>The amount included in the Balance Sheet arising from the Group's obligations in respect of its defined benefit retirement plan</b>	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
Fair value of Scheme assets	113.4	111.9	109.5
Present value of Scheme liabilities	(135.9)	(145.5)	(142.0)
<b>Deficit in the Scheme</b>	<b>(22.5)</b>	(33.6)	(32.5)

**Key financial assumptions used in the valuation of the Scheme**

Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.25%	3.30%	3.20%
Discount rate	2.85%	2.70%	2.60%
Inflation assumption – RPI	3.25%	3.30%	3.20%
Inflation assumption – CPI	2.25%	2.30%	2.20%

**Mortality Assumptions**

The mortality assumptions used in the valuation of the Scheme as at 29 September 2018 are as set out in the financial statements for the 52 weeks ended 31 March 2018.

<b>Assets in the Scheme</b>	<b>At 29 September 2018 £m</b>	At 30 September 2017 £m	At 31 March 2018 £m
Corporate bonds	21.1	21.8	21.9
UK equities	25.6	24.4	23.9
Overseas equities	28.0	24.9	24.8
Alternatives	33.9	35.9	34.3
Property	–	–	–
Cash	1.4	1.4	1.2
Annuities	3.4	3.5	3.4
<b>Total market value of assets</b>	<b>113.4</b>	111.9	109.5

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10. Retirement Benefit Obligations (continued)

	<b>Unaudited 26 weeks ended 29 September 2018 £m</b>	Unaudited 26 weeks ended 30 September 2017 £m	Audited 52 weeks ended 31 March 2018 £m
<b>Movement in deficit during period</b>			
Deficit in Scheme at beginning of the period	<b>(32.5)</b>	(37.9)	(37.9)
Movement in period:			
Net interest cost	<b>(0.4)</b>	(0.5)	(1.0)
Net actuarial gains/(losses)	<b>9.3</b>	3.7	4.4
Contributions	<b>1.1</b>	1.1	2.0
<b>Deficit in Scheme at end of the period</b>	<b>(22.5)</b>	(33.6)	(32.5)

On 1 January 2015 the plan was closed to future accruals.

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**11. Business combinations**

During the 26 weeks ended 29 September 2018, the Company acquired 100% of the shares of Bel & The Dragon, a business incorporated in the UK and consisting of six premium pubs. A further four pubs were bought and treated as a business combination as they were operating as a business at the point the Company acquired them. Both these transactions have been accounted for by the purchase method of accounting.

			Bel & The Dragon 2018	Pubs 2018
Number of pubs/restaurants purchased			6	4
	Book Value £m	Fair value adjustments £m	Bel & The Dragon 2018 £m	Pubs 2018 £m
<b>Provisional fair value</b>				
Intangible assets	-	-	-	3.5
Property, plant and equipment	11.2	9.4	20.6	-
Current assets	0.8	-	0.8	-
Current liabilities	(2.4)	-	(2.4)	-
Deferred tax	(0.4)	(1.6)	(2.0)	-
Borrowings	(6.0)	-	(6.0)	-
Cash and cash equivalents	0.3	-	0.3	-
Goodwill	-	1.8	1.8	-
<b>Consideration</b>	<b>3.5</b>	<b>9.6</b>	<b>13.1</b>	<b>3.5</b>
Cash consideration paid	-	-	13.1	3.3
Cash deposit paid in prior year	-	-	-	0.2
<b>Total consideration</b>	<b>-</b>	<b>-</b>	<b>13.1</b>	<b>3.5</b>
<b>Net outflow of cash</b>				
Cash consideration paid			13.1	3.3
Repayment of third party loans on acquisition			6.0	-
Repayment of liability arising on acquisition			0.1	-
Cash and cash equivalents acquired			(0.3)	-
<b>Net cash outflow in respect of purchase of businesses</b>			<b>18.9</b>	<b>3.3</b>

The fair values above are provisional figures, being the best estimates currently available. Amendments may be made to these figures in the 12 months following the date of acquisition when additional information is available. The goodwill arising is attributable to synergies and the value of an assembled workforce. The acquisitions have contributed £4.1 million to revenue and an operating loss of £0.2 million for the period from the date of acquisition to the Balance Sheet date.

If it is not practical to identify the revenue and profit on an annualised basis as the months for which the businesses have been owned are not representative of the annualised figures, and pre-

**Fuller, Smith & Turner P.L.C.**  
**Notes to the Condensed Financial Statements**  
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**11. Business combinations (continued)**

acquisition trading results are not indicative of the trading expected going forwards. Pro-forma results have therefore not been included.

During the period the Company also purchased the remaining 24% of the shares in The Stable Pizza & Cider Limited for £1.7 million and the remaining 49% of the shares in Nectar Imports Limited for £2.0 million. Both companies are now 100% owned.

During the 52 weeks ended 31 March 2018, the Company acquired two new pubs for £4.3 million and The Dark Star Brewing Company Limited for £6.3 million, both of which were treated as business combinations. There were no business combinations for the 26 weeks ended 30 September 2017.

**12. Principal Risks and Uncertainties**

In the course of normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. Systems and processes are in place to enable the Board to monitor and control the Group's management of risk, which are detailed in the Corporate Governance Report of the Annual Report and Financial Statements 2018. The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are consistent with those detailed on pages 24 to 27 of the Annual Report and Financial Statements 2018, and are available on the Fuller's website, [www.fullers.co.uk](http://www.fullers.co.uk).

The Group continues to face challenges in the light of the political and economic uncertainty as Brexit negotiations progress. The exact nature and process of the UK's exit from the EU are unknown but are expected to impact freedom of movement of EU nationals; cause fluctuations in foreign exchange rates; lead to changes to input prices and interest rates; and precipitate a slowdown in the UK economy, all of which may impact the Group. The Group continues to plan for the potential outcomes of the UK's exit from the EU in order to limit any negative impacts on the Group's operations and financial performance.

**13. Shareholders' Information**

Shareholders holding 40p 'C' ordinary shares are reminded that they have 30 days from 23 November 2018 should they wish to convert those 'C' shares to 'A' shares. The next available opportunity after that will be June 2019. For further details, please contact the Company's registrars, Computershare on, 0370 889 4096.

**14. Statement of Directors' Responsibilities**

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer or the undertakings included in the consolidation as a whole and has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union. The interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of material related party transactions in the first six months and any material changes to related party transactions.

By order of the Board

**Michael Turner**  
Chairman

**Simon Emeny**  
Chief Executive

22 November 2018

## **Independent Review Report to the Members of Fuller Smith & Turner P.L.C.**

### **Introduction**

We have reviewed the condensed set of financial statements in the half yearly financial report of Fuller, Smith & Turner P.L.C. for the twenty six weeks ended 29 September 2018 which comprises the Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income, Condensed Group Balance Sheet, Condensed Group Statement of Changes in Equity, Condensed Group Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half yearly financial report which comprises the Chairman's Statement and Chief Executive's Review, and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the Annual Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the twenty six weeks ended 29 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

GRANT THORNTON UK LLP  
AUDITOR  
LONDON  
22 November 2018