

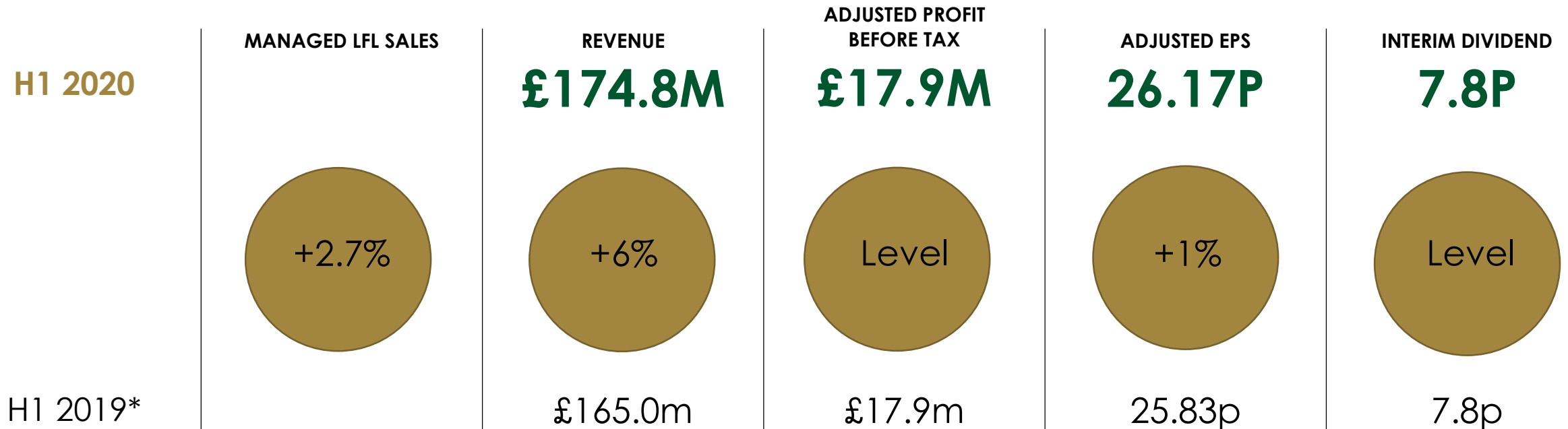
HALF YEAR RESULTS

FOR THE 26 WEEKS ENDED
28 SEPTEMBER 2019



HIGHLIGHTS

A SOLID START FOR OUR FOCUSED PUBS AND HOTELS BUSINESS

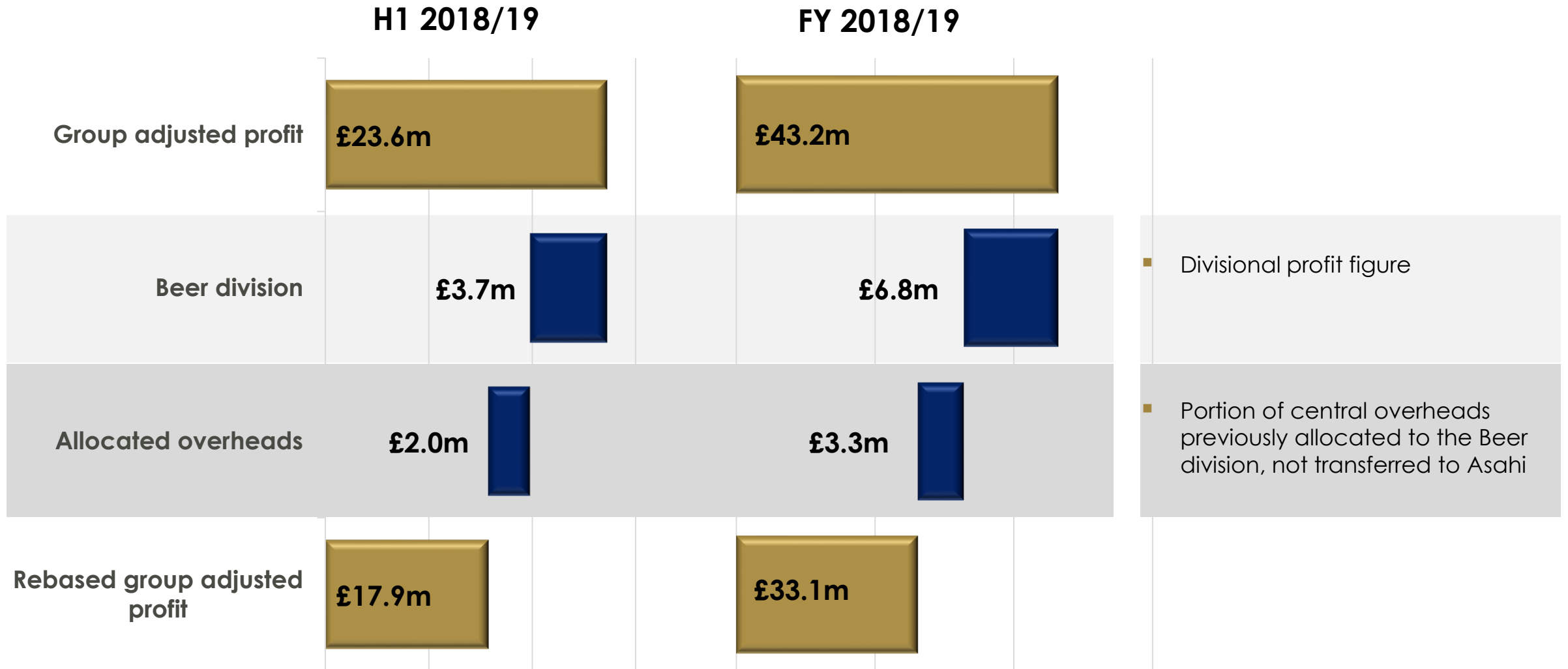


All figures above are from continuing operations and on a comparable basis to prior periods, excluding *IFRS 16 Accounting for Leases* adjustments.

See appendix for reconciliation to IFRS 16 figures.

* H1 2019 figures have been restated to exclude discontinued operations, and updated to exclude central overhead allocations

PRIOR YEAR REBASING



GROUP PERFORMANCE

Comparable basis, continuing operations	H1 2020 £m	H1 2019 £m	YoY Growth
Revenue	174.8	165.0	+6%
Operating costs*	(154.5)	(143.9)	+7%
Operating profit*	20.3	21.1	-4%
Net finance costs*	(2.4)	(3.2)	-25%
Adjusted profit	17.9	17.9	Level
Depreciation and amortisation	9.9	9.5	+4%
EBITDA*	30.2	30.6	-1%

Commentary

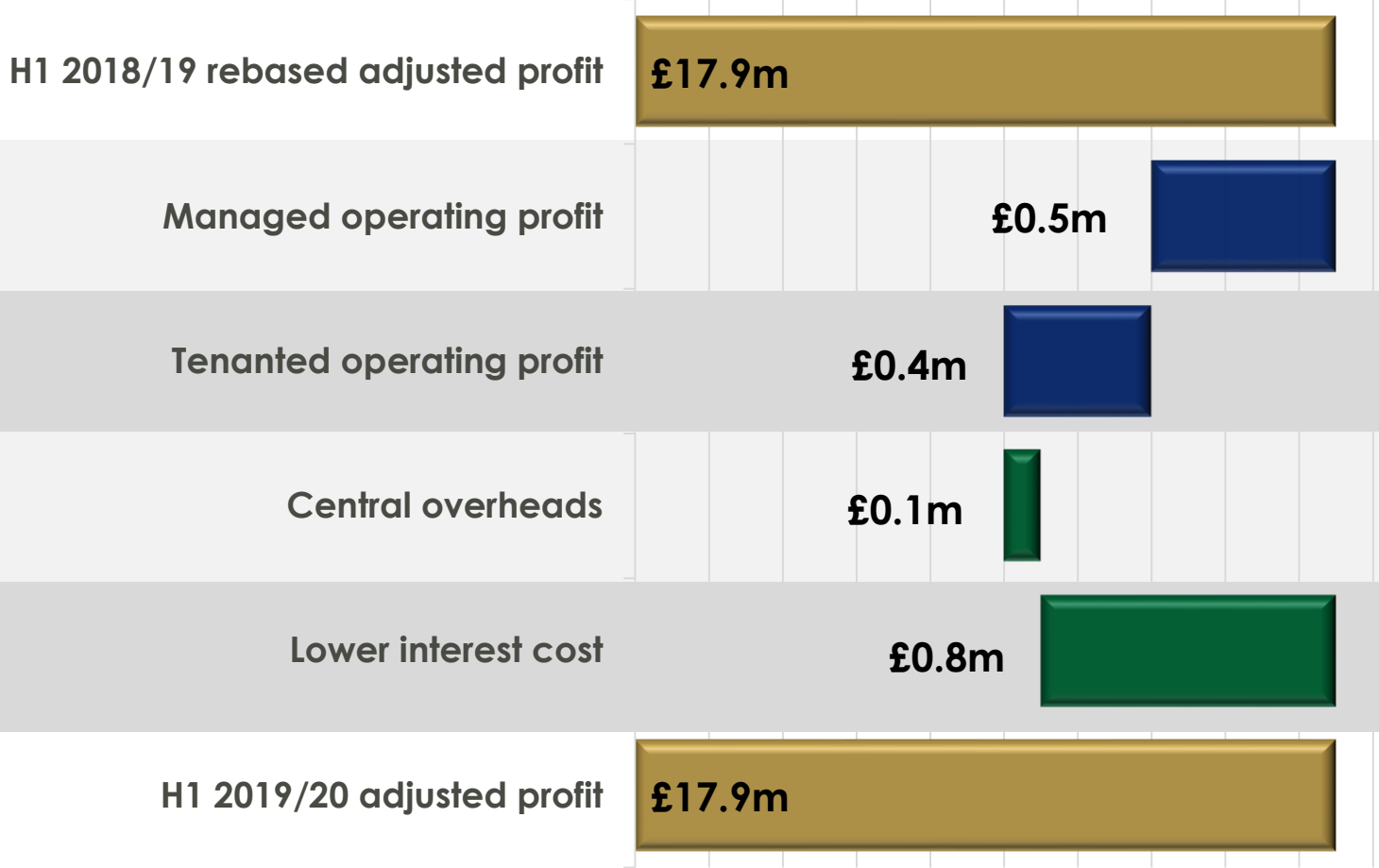
- Operating profit reduced 4% due to the impact of higher business rates, wage inflation and pension auto-enrolment increases and temporarily high central costs during this transitional phase for the Group
- Finance costs before the impact of IFRS 16 fell 25% following the receipt of proceeds from the sale of the Beer Business

H1 2020 figures exclude IFRS 16 Accounting for Leases adjustments. H1 2019 figures have been restated to exclude discontinued operations, as updated to exclude central overhead allocations in line with current period treatment

* Excluding separately disclosed items

HALF YEAR PROFIT BRIDGE

H1 2019/20



- Small reduction in Managed operating profit due to cost pressures and increased maintenance costs
- Small reduction in Tenanted operating profit due to strong comparative period for volumes and increased maintenance costs
- Minor movement in central overheads while business remains in transition phase
- Reduced borrowings following cash proceeds from disposal. This will only partly continue into H2 as portion of cash proceeds reinvested and returned to shareholders

MANAGED PUBS AND HOTELS

	H1 2020 £m	H1 2019 £m	YoY Growth
LFL sales growth	+2.7%	+4.1%	
Revenue	156.8	149.4	+5%
Operating costs*	(134.7)	(126.8)	+6%
Operating profit*	22.1	22.6	-2%
Operating margin	14.1%	15.1%	
Depreciation and amortisation	8.7	8.4	+4%
EBITDA*	30.8	31.0	-1%
EBITDA margin	19.6%	20.7%	

Commentary

- Good LFL growth of 2.7%, building on strong prior period
- Revenue growth of 5% includes full period of Bel & The Dragon sites
- Reduction in profit of 2% principally the result of previously flagged cost pressures
- Includes increase in maintenance costs

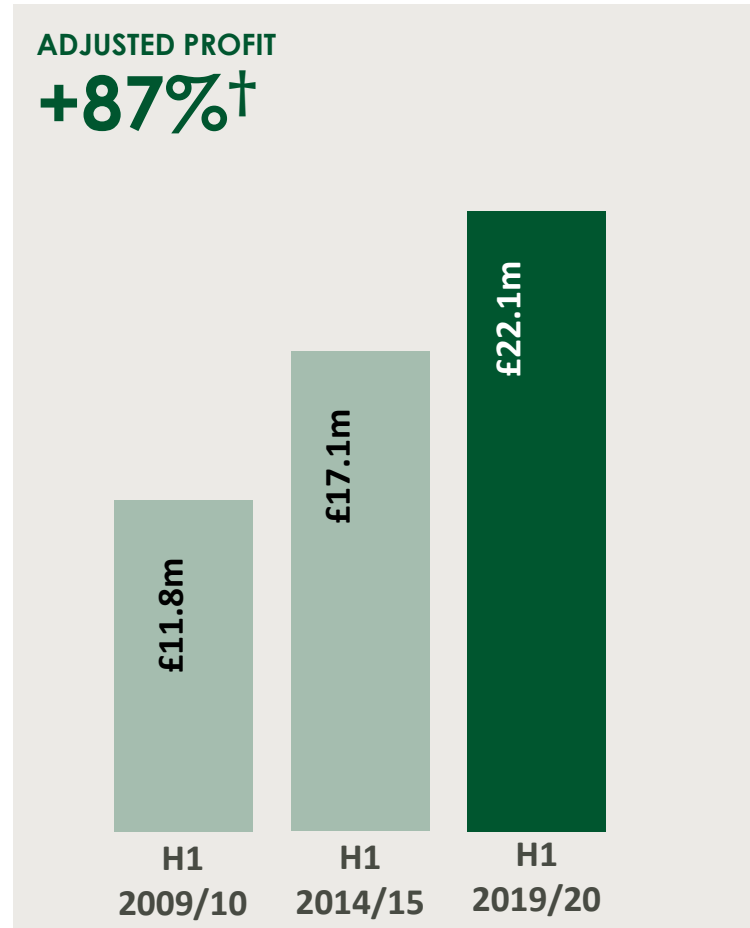
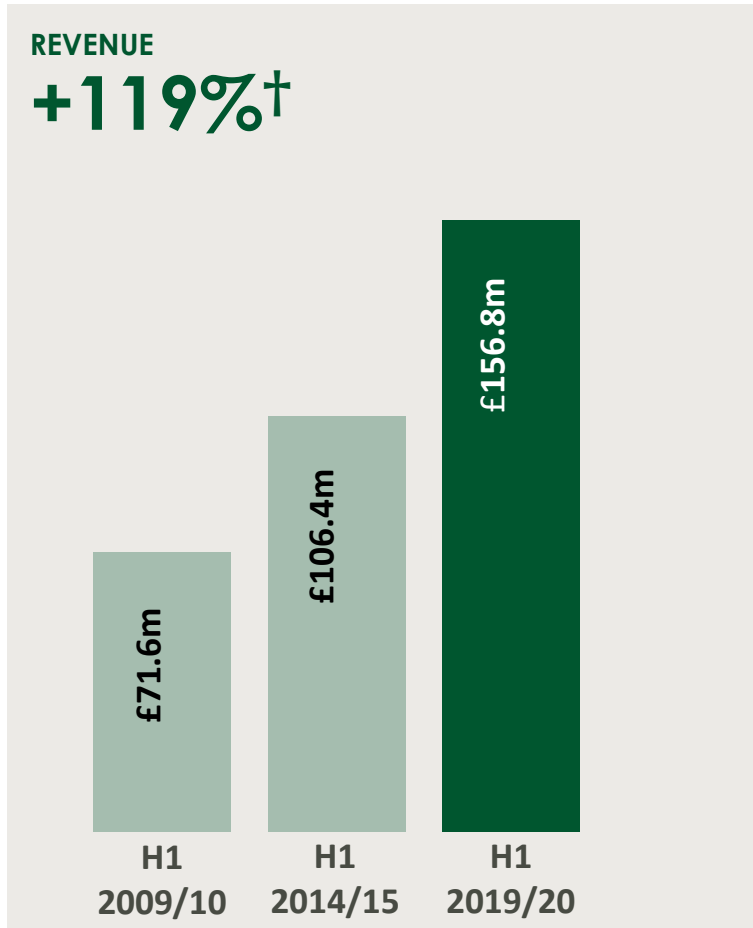
H1 2020 figures are on a comparable basis to prior periods (i.e. excluding IFRS 16 Accounting for Leases adjustments). H1

2019 figures have been restated to exclude central overhead allocations in line with current period treatment

* Excluding separately disclosed items

10 YEAR PROGRESSION OF OUR MANAGED BUSINESS

10 YEARS OF STRONG GROWTH



Commentary

- Revenue has increased 119% over the last 10 years from a combination of strong LFL growth and acquisitions
- Adjusted profit has increased 87% over the last 10 years, which is slightly below the revenue growth rate, principally due to recent significant business rate increases and wage inflation

* Adjusted profit is before separately disclosed items and tax. Prior period figures have been updated to exclude central overhead allocations in line with current period treatment.

† 10 year growth rates

TENANTED INNS

	H1 2020 £m	H1 2019 £m	YoY Growth
LFL profit	-3%	+4%	
Average EBITDA per pub	-4%	+2%	
Revenue	16.0	15.6	+3%
Operating costs*	(9.4)	(8.6)	+9%
Operating profit*	6.6	7.0	-6%
Operating margin	41.3%	44.9%	
Depreciation and amortisation	1.0	0.9	+11%
EBITDA*	7.6	7.9	-4%
EBITDA margin	47.5%	50.6%	

Commentary

- LFL profit down 2.8%, following strong prior period which included the football World Cup
- Another period of continued investment and increased spend on property maintenance
- Reduction in volumes against strong comparatives was a key factor in average EBITDA per pub reducing 4%

H1 2020 figures are on a comparable basis to prior periods (i.e. excluding IFRS 16 Accounting for Leases adjustments). H1 2019 figures have been restated to exclude central overhead allocations

* Excluding separately disclosed items

THE SALE OF THE FULLER'S BEER BUSINESS

- Sale of the entire Fuller's Beer Business to Asahi Europe Ltd (AEL) for an enterprise value of £250m, completed 27 April 2019
- Sale included all Fuller's beers, cider and soft drinks production, The Griffin Brewery, Cornish Orchards, Dark Star, Nectar Imports, the wine wholesale business and the distribution thereof
- AEL granted licence in perpetuity to use the Fuller's and other relevant trademarks
- Profit on sale recognised in H1 2020 £164.5m
- Return of capital to shareholders via 'D' shares of £69m, completed October 2019
- Voluntary contribution made to the defined benefit pension scheme of £24m in October 2019



SEPARATELY DISCLOSED ITEMS

	H1 2020 £m	H1 2019 £m
Continuing operations:		
Replacement of core IT systems and reorganisation costs	(1.9)	(3.1)
Property related items	(1.0)	0.7
Separately disclosed finance charges	(0.3)	(0.4)
Separately disclosed items (continuing) pre IFRS 16	(3.2)	(2.8)
IFRS 16 – impairment of right of use asset	(3.1)	-
Separately disclosed items – statutory, continuing	(6.3)	(2.8)
Discontinued operations:		
Profit on sale of the Fuller's Beer Business	164.5	-
Total Group separately disclosed items	158.2	(2.8)

Commentary

- Profit on the sale of the Fuller's Beer Business recognised of £164.5m. £7.0m of costs associated with the sale were previously recognised in the second half of FY 2019
- Property related items of £1.0m comprises a loss on disposal of property, acquisition costs and asset impairments
- Net asset impairment charges of £0.4m, plus £3.1m for write-down of leased assets under IFRS 16

CASHFLOWS AND NET DEBT

Pre IFRS 16	H1 2020 £m
Net debt at 30 March 2019	(245.2)
EBITDA pre IFRS 16	30.2
Interest and tax	(10.0)
Working capital, pension and other*	(4.1)
Dividends and share transactions	(5.2)
Sale of Fuller's Beer Business	230.9
Capex including pub acquisition	(17.4)
Other separately disclosed items	(2.2)
Net debt at 28 September 2019 pre IFRS 16	(23.0)

* Includes cash inflow from discontinued operations of £0.6m

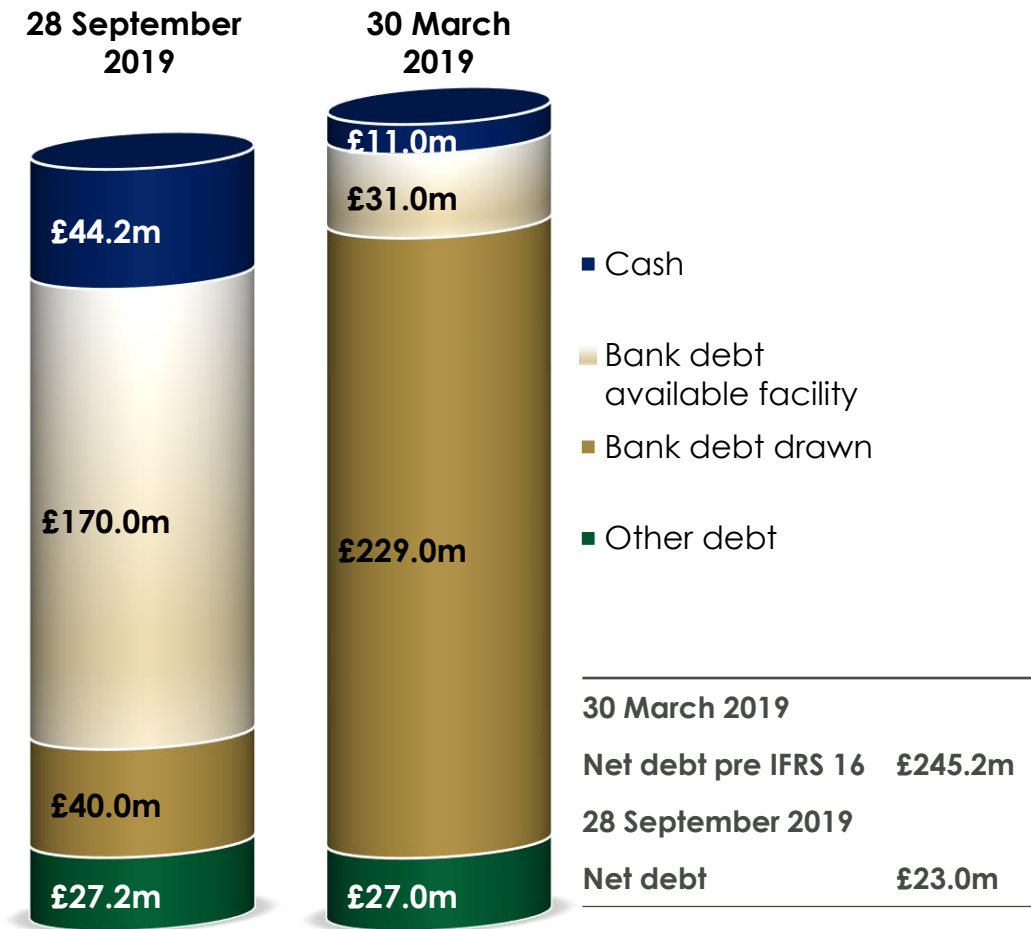
Commentary

- Since the period end, £69m has been returned to shareholders, Cotswold Inns & Hotels has been purchased for £40m and £24m has been injected into the pension scheme
- Capital expenditure of £17.4m includes the purchase of The Trinity for £3.7m and significant investment in seven pubs
- Sale proceeds from the Fuller's Beer Business comprises £250m sale price, less working capital adjustments, legal and other costs. An additional £7.0m of costs were paid in FY 2019.

STRONG FINANCIAL POSITION

- Net debt at 28 September 2019 of £23.0m pre IFRS 16
- Committed bank facilities of £210m
 - £216.6m available (including cash)
 - Average cost of gross borrowings for H1 2020 of 3.0% (H1 2019: 2.8%)
- Cash outflows already incurred in H2:
 - £69m returned to shareholders
 - £40m purchase of Cotswold Inns & Hotels
 - £24m injection to pension scheme
- Strong financial position, due to:
 - Cash generative business
 - High quality asset base – 89% freehold by book value
 - Comfortable levels of net debt/EBITDA leverage

Available Facilities



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

FINANCIAL SUMMARY

- Strong Managed like for like sales growth
- Group performance for H1 in line with last year's rebased profit
- Current challenges impacting FY2020:
 - Delivery of Transitional Services Agreement for Asahi
 - Resolution of ERP system inefficiency
 - Continuing cost pressures
 - Adapting the overhead structure of the business to fit with the current shape of the business
- Interim dividend of 7.8p
- Strong balance sheet including significantly reduced pension deficit following voluntary contribution of £24m in H2
- Purchase of Cotswold Inns & Hotels from existing bank facilities



STRATEGY AND OPERATIONS REVIEW



POST-TRANSACTION PROGRESS UPDATE

- Transitional Services Agreement with Asahi in place and expected to run until May 2020 on existing ERP system
- Long-term supply agreement with Asahi is working well and ensures Fuller's pubs are the home of Fuller's beers
- Successfully completed a £69m return of capital to our shareholders
- New Executive Team now in place – ready to lead to a focused pubs and hotels business
- Move to our new offices at Pier House, Strand on the Green, to take place in the Spring
- Acquisition team continuously looking at high quality opportunities – evidenced by Cotswold Inns & Hotels purchase



CURRENT PRIORITIES

- Key priority is to reduce our central costs and overheads
 - Complete the TSA by May 2020
 - Replace the brewery-focused ERP system with a proven, appropriate and simplified accounting system
 - Complete the move to our new offices
 - Further align and streamline our support functions to best serve a focused pubs and hotels operation
- Put the success of our pubs and hotels at the heart of everything we do



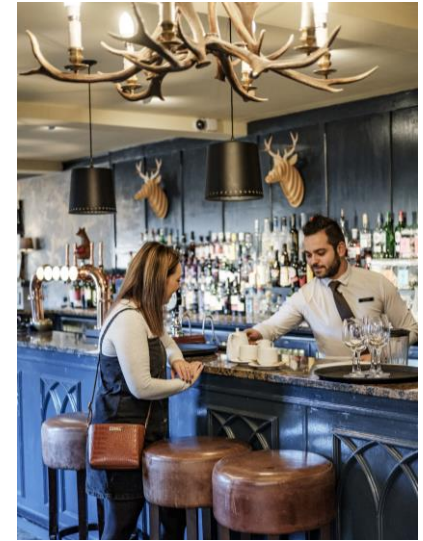
A STRATEGY FOR THE FUTURE

- Based around our culture, our values, and a dedication to delivering a memorable experience that ensures *Every Customer Leaves Happy*
- Warm and engaging service from people with genuine passion, delivered by attracting and retaining the best people
- Taking real pride in wonderful, well-presented pubs and hotels in stunning locations, with a continuous investment programme
- Giving our discerning customers more reasons to visit more often with a quality offer of delicious, fresh food, a great portfolio of interesting drinks and beautiful bedrooms
- Using our database and external sources to better understand and communicate with existing and potential customers
- Maintaining our disciplined approach to acquisitions and investments



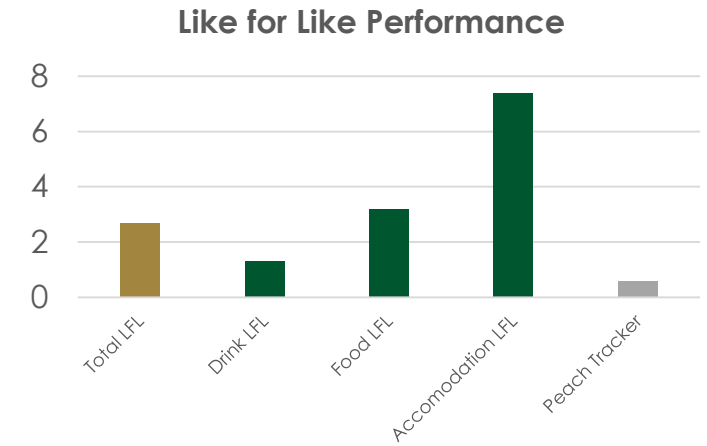
STRATEGY IN ACTION: COTSWOLD INNS & HOTELS

- A great example of our strategy in action – sites that fit with our expertise and geographical footprint
- Consideration of £40m underpinned by seven superb freehold sites in the Cotswolds – paid from existing banking facilities
- Cost synergies expected on overheads and procurement terms
- Immediately earnings enhancing with returns increasing as we move towards full integration
- Existing and lapsed planning consents already in place to add further bedrooms to the sites
- A premium customer experience in stunning locations, popular with domestic and overseas tourists
- Delicious, fresh, seasonal food, a premium portfolio of drinks, excellent bedrooms and exceptional customer service



MANAGED PUBS AND HOTELS

- Good performance against strong comparatives with like for like sales rising 2.7% and growth in all three categories
 - Food sales rose 3.2%
 - Drink sales up 1.3%
 - Accommodation sales increased 7.4%
- Growth impacted by cost pressures – especially wage inflation and business rates
- Two drinks-led pubs transferred from Tenanted Inns – The Coach & Horses in Soho and The Swan, EC3
- Impact of investment programme closures similar to prior year
- Well-invested predominantly freehold estate of iconic pubs and hotels in excellent locations



ATTRACTING AND RETAINING THE BEST PEOPLE

- Continue to invest in our people and develop home-grown talent
 - Nearly 3,000 people have undertaken development, either online, in situ or at a class, during the period
 - 124 trained Mental Health First Aiders
 - 288 team members have completed a progression, transition or leadership programme
 - 55% of our general managers are internal promotions
- Our apprenticeship programme goes from strength to strength
 - Recruited 120 apprentices since April
 - 19 general managers have started our degree apprenticeship programme at an investment cost of £8,000 per person
 - Levy spend is at 60% – significantly higher than the industry average
- Chefs' Guild continues to deliver great results with an additional focus on leadership skills for our head chefs
 - Michelin-starred Simon Rogan appointed President of The Chefs' Guild



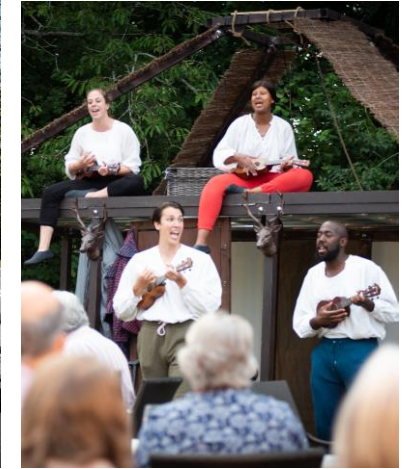
INVESTING FOR THE FUTURE

- Continued investment, both back and front of house, in our existing estate to maintain our premium position
- Completed seven major schemes including
 - The Anglers in Teddington
 - The Bishop on the Bridge in Winchester
 - The Mason's Arms in Battersea
- Added 10 new hotel rooms at The White Hart in Stockbridge
- Capacity across the estate to add more bedrooms – including at newly acquired Cotswold Inns & Hotels sites
- Additional rooms at The Counting House and The Blackbird added in prior year delivering excellent return on investment
- Estate today includes 1,028 beautiful bedrooms
- Pipeline of new sites and large investments
 - The Parcel Office, Liverpool Street
 - The Windjammer, Royal Dock
 - The White Horse, Wembley
 - Bel & The Dragon, Westerham
 - The Bear at Burton, Christchurch
 - The Mayfly, Stockbridge



IMPROVING OUR CUSTOMERS' DIGITAL JOURNEY

- Overall goal of ensuring all digital activity drives increased footfall or spend per head
- Successful digital-led campaign trialled at three sites, increasing direct bedroom bookings by 5-10% each month
- New websites for our *Beautiful Bedrooms* including a new hotel finder based on location and reasons to visit – eg dog friendly in Berkshire or suitable for cyclists in The New Forest
- Visitors to our bedroom pages have doubled
- Increased our contactable customer database by 64,000 people
- Series of interesting blogs to bring pubs and promotions to life, entice new customers and improve search engine optimisation
- Introduction of *Good Food Talks* app for those with visual or reading difficulties – improving access to our fantastic food offer
- Better use of our database to increase dwell time in our pubs – for example, targeting our *Shakespeare in the Garden* customers with a dinner offer around the play



TENANTED INNS

- Performance reflects the strong comparatives from last year and increased maintenance costs with like for like profits down 3%
- Turnover agreement pubs outperformed those on standard tenancies
- Added and invested in four sites from the Managed estate
- Appointed Iain Rippon as Head of Operations in October 2019 – an experienced, high quality tenanted operator
- Increased brand portfolio available to Tenants, including Asahi brands, gives improved customer choice
- Over 400 Tenants and their team members have engaged with a Fuller's training programme
- Continued to grow the number of Tenants engaging with our Chefs' Guild and accessing our food suppliers – particularly relevant in light of the possible impact of Brexit



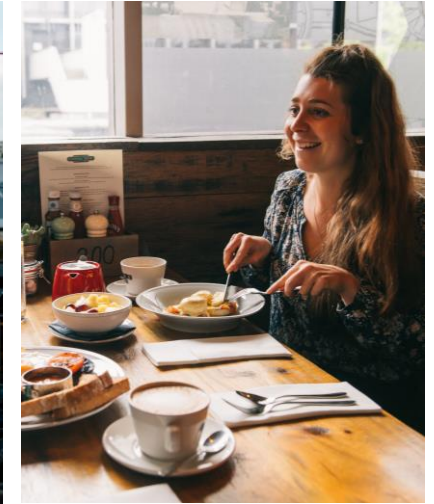
SUMMARY

- An unprecedented period of change for our business
- Good performance from our Managed Pubs and Hotels business with like for like sales growth across food, drink and accommodation
- Added one new site during the period – The Trinity at Borough
- Innovative events and marketing programme in place to deliver memorable experiences for our customers and give them more reasons to visit more often
- £250m sale of the Fuller's Beer Business to Asahi Europe Ltd completed on 27 April 2019
- Readjusting to life as a focused pubs and hotels business
- Highly motivated and engaged Executive Team in place to drive our strategy forward



OUTLOOK

- Current trading for the last 36 weeks
 - Managed like for like sales up 2.1%; Total sales up 5.1%
 - Tenanted like for like profits down 2%
- Successful acquisition of Cotswold Inns & Hotels – including seven stunning freehold sites in the Cotswolds
- Clear strategy in place to deliver excellent results as a focused, premium pubs and hotels business
- Investment will continue in our people and properties, with an exciting pipeline already in place
- Focus on operational efficiencies to mitigate continued cost pressures, political and economic uncertainty
- Excited by the future – the right team in place to build the business and take advantage of appropriate, relevant and exciting opportunities
- We have started our journey – the structure of the company will evolve during the coming months as we shape ourselves for future growth



APPENDIX – FULLER'S ESTATE

	30 Mar 2019	Acquired /new	Disposed	Transfers	28 Sept 2019	Acquired /new	12 Dec 2019	Within the M25
Managed Pubs & Hotels	204	–	–	2	206	9	215	58%
Tenanted Inns	180	1	–	(2)	179	–	179	28%
Total Fuller's	384	1	–	–	385	9	394	44%
The Stable	17	–	(1)	–	16	–	16	
Total Group	401	1	–	–	401	9	410	
No. of bedrooms	817	–	–	–	817	211	1,028	

APPENDIX - IMPACT OF IFRS 16 ACCOUNTING FOR LEASES

- Applied this year for first time
- Changes accounting for leases so that most leases are recognised as a right-of-use asset by the lessee
- Operating lease expense is replaced by depreciation and a finance charge
- Net impact to adjusted profit for H1 is £0.5m reduction to profit
- Additional separately disclosed items of £3.1m due to impairment of lease assets
- A new right of use asset of £86.7m and lease liability of £95.8m have been recognised; net impact £9.1m reduction to net assets
- No impact on cashflow
- Banking covenants have been revised to take account of IFRS 16
- No restatement of comparatives required

Impact on H1 2020	£m
Operating costs reduction	5.3
Depreciation increase	(4.5)
Finance costs increase	(1.3)
EBITDA	5.3
Adjusted operating profit*	0.8
Adjusted profit before tax*	(0.5)

* Before additional separately disclosed items under IFRS 16, which comprise a £3.1m impairment charge on lease assets

APPENDIX - RECONCILIATION TO STATUTORY PROFIT

	Post IFRS16 H1 2020 £m	Pre IFRS16 H1 2020 £m	H1 2019 £m	YoY Growth Pre IFRS 16
Adjusted profit (continuing operations)	17.4	17.9	17.9	Level
Separately disclosed items	(6.3)	(3.2)	(2.8)	
Profit before tax (continuing)	11.1	14.7	15.1	-3%
Tax on adjusted profit	(3.5)	(3.5)	(3.7)	
Tax on separately disclosed items	1.1	0.5	0.5	
Profit after tax (continuing)	8.7	11.7	11.9	-2%
Net profit from discontinued operations	165.0	165.0	4.6	
Profit after tax	173.7	176.7	16.5	+971%
Adjusted EPS – continuing	25.27p	26.17p	25.83p	+1%
Basic EPS – continuing	15.81p	21.27p	21.65p	-2%