



FULL YEAR RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2020



The Bear of Burton, near Christchurch, Opened 12 March 2020

AGENDA

Coronavirus Impact

Key Metrics

Financial Review

Strategy and Operations Review

Outlook and Coronavirus Response

Summary

WHERE WE WERE – YEAR END MINUS THREE WEEKS

- Sale of the Fuller's Beer Business to Asahi Europe Ltd completed for an enterprise value of £250m in April 2019
- Returned £69m to our shareholders
- Voluntary contribution of £24m to the defined benefit pension scheme
- Acquired Cotswold Inns & Hotels – including seven stunning freehold sites – for an enterprise value of £40m in October 2019
- On track to deliver an outstanding year for shareholders



The Manor House, Tetbury (top) and
The Bay Tree, Burford

CORONAVIRUS IMPACT

- Business was primed and ready to start the new financial year in a strong position
- Pubs and hotels severely impacted from beginning of March – started closing pubs week commencing 16 March 2020, with full closure by 20 March 2020
- Estimated negative impact on our profit performance in March of over £10m, with cash burn of £4-5m per month during full closure
- Guaranteed pay for team members to the end of March prior to furloughing 99% of eligible employees
- Cancelled Tenants' rent to provide reassurance and protect their businesses
- Frequent communication with team members through CEO vlogs and webinars
- Board and Executive Team members took voluntary temporary pay cut of 25% and 20% respectively and all non-essential spending frozen
- Assessed as Investment Grade and issued £100m of commercial paper under the Bank of England Covid Corporate Financing Facility
- Three stage plan for recovery in place and well underway



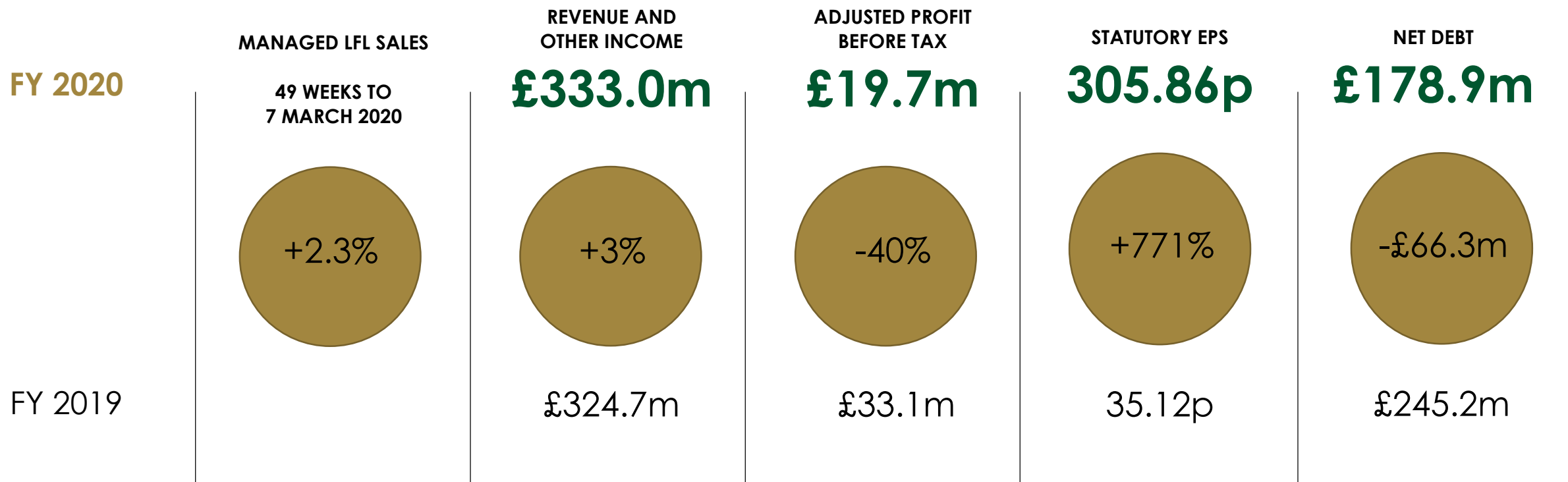
Clapping for carers at The Prince Albert, Twickenham and The Bell & Crown, Strand-on-the-Green

CORONAVIRUS FINANCIAL IMPACT

- All pubs and hotels shut on 20 March 2020
 - Pay guaranteed for staff to the end of March
 - Limited benefit of government support in this financial year
 - Tenants' rent cancelled from 15 March 2020
- Complete loss of revenue during closure with material reductions in like for like sales in the period leading up to closure
- Limited time during the period to take mitigating actions on costs
- Profit impact for FY2020 estimated to be in excess of £10m due to:
 - Loss of revenue and limited ability to reduce costs in the short term
 - Write-down of stock values in sites
 - Review of income recognised for Tenants' rent (both licensed and unlicensed) and increasing debt provisions to appropriate levels
 - Write-down of certain capitalised development projects
- Decision taken not to propose a final dividend payment for FY2020

KEY METRICS

A TRANSFORMATIONAL YEAR FOR A LONG-TERM BUSINESS



All figures above are on a comparable basis to prior periods, excluding IFRS 16 Accounting for Leases adjustments. All figures relate to continuing operations, except for Statutory EPS, which is for total Group operations. They do however include the first three weeks of significant impact from the coronavirus pandemic. See appendix for reconciliation to IFRS 16 figures.

GROUP PERFORMANCE

	Post IFRS 16 FY 2020 £m	Pre IFRS 16 FY 2020 £m	FY 2019 £m	YoY Growth Pre IFRS 16
Revenue and other income	333.0	333.0	324.7	+3%
Operating costs*	(307.1)	(308.0)	(284.7)	+8%
Operating profit*	25.9	25.0	40.0	-38%
Net finance costs*	(7.9)	(5.3)	(6.9)	-23%
Adjusted profit*	18.0	19.7	33.1	-40%
Separately disclosed items	(14.8)	(8.2)	(10.1)	
Profit before tax	3.2	11.5	23.0	-50%
Net profit before tax from discontinued operations	163.0	163.0	3.1	
Profit before tax - total Group	166.2	174.5	26.1	+569%

2019 figures exclude discontinued operations, as updated to exclude central overhead allocations in line with current period treatment

* Excluding separately disclosed items

Commentary

- Coronavirus has had a significant impact on trading results in final three weeks
- Operating profit reduced 38% principally due to the impact of coronavirus
- Finance costs before the impact of IFRS 16 fell 23% following the receipt of proceeds from the sale of the Fuller's Beer Business
- Statutory PBT includes profit on sale of the Fuller's Beer Business

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 2020 £162.4m
- 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



DIVISIONAL RESULTS

	2020 £m	2019 £m	YoY Growth
Managed			
LFL sales growth [#]	+2.3%	+4.9%	
Revenue	299.6	293.8	+2%
Operating profit*	28.7	42.7	-33%
Tenanted			
LFL profit	-3%	+1%	
Revenue	29.7	30.9	-4%
Operating profit*	11.7	13.8	-15%

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

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

[#] 2020 is for the 49 weeks to 7 March 2020

* Excluding separately disclosed items

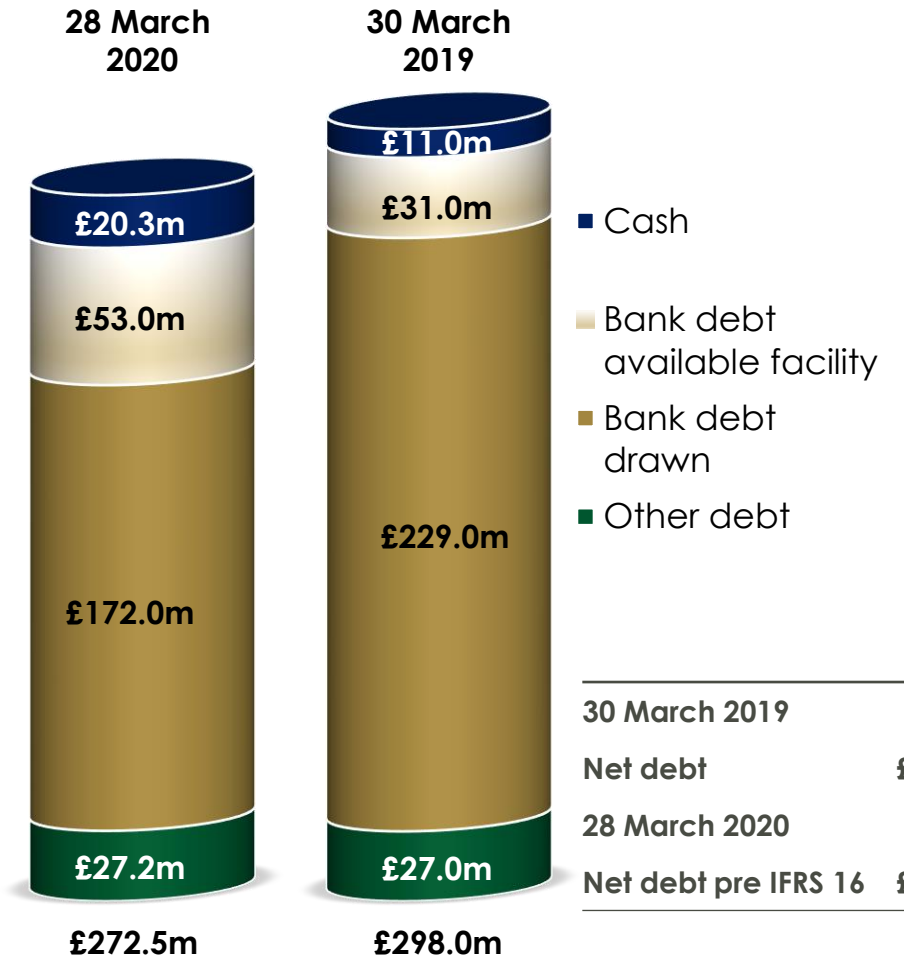
Commentary

- Coronavirus has significantly impacted trading results in the final three weeks as very little and then no income, with little opportunity for cost mitigation in the short period before year end
- Prior to the closure we committed to pay Managed division team members in full to the end of March
- We made an early commitment to our tenants to not charge commercial rent during the period of closure
- Results also negatively impacted by increases in debt provisions and stock write downs related to coronavirus

STRONG LIQUIDITY POSITION

- Net debt at 28 March 2020 of £178.9m pre IFRS 16 includes part of the working capital outflow associated with closure of estate
- Bank facilities of £225m, £26m of debentures. Total £251m
 - £73m was available (including cash) at year end
 - £33m facilities expire August 2020, the remainder run to August 2021
 - Average cost of gross borrowings for FY 2020 of 2.3% (2019: 2.9%)
 - Lending banks remain very supportive
- Comfortable levels of pro forma net debt / EBITDA leverage – 3.1x including full year of Cotswold Inns & Hotels acquisition*

Available facilities and cash at year end



* Pro forma net debt / EBITDA is calculated on a 12-month basis excluding IFRS 16, adjusting as appropriate for acquisitions, pub disposals and the impact of coronavirus

CURRENT FINANCIAL POSITION

- Actions taken to minimise cash outflows during estate closure:
 - Government support for business has been accessed, most notably through the Coronavirus Job Retention Scheme and Business Rates holiday for hospitality businesses
 - Undertaken proactive discussion with our landlords
 - Managed reductions in the supply chain including renegotiating contracts with suppliers
 - Temporary salary reductions for Board and Executive Team members
- Estimated monthly cash burn was £4-5m during full closure
- Agreed revised covenants with all lenders, focused on liquidity for March, June and September covenant tests
- Entered into the Covid Corporate Financing Facility programme and issued £100m of Commercial Paper providing flexibility for coming months
 - Provides short-term unsecured debt at 60bps
 - Repayable in May 2021

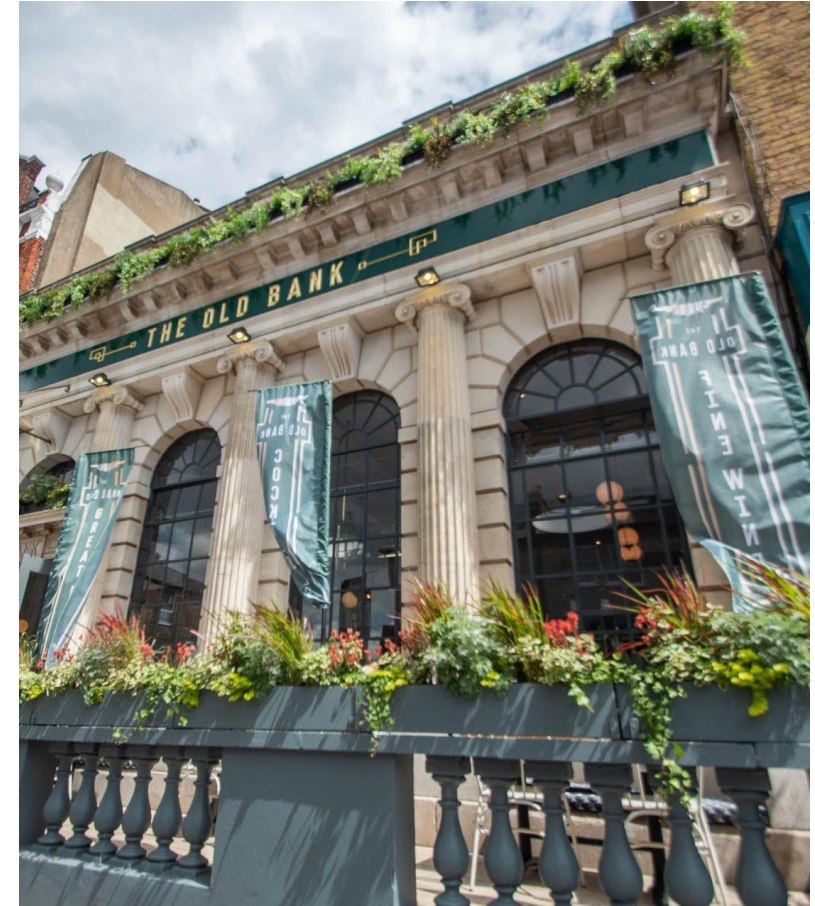
STRONG BALANCE SHEET

- Highly cash generative business, will recover working capital as sales volumes return
- High quality asset base
 - 91% of Fuller's pubs and hotels are freehold by book value
 - Property portfolio was last revalued in 1999
- Well-invested estate, supported by capital expenditure of £89m in the year
- Activity in 2020 strengthened Balance Sheet position:
 - £40m purchase of Cotswold Inns & Hotels, seven freehold hotels
 - £24m injection to pension scheme helped reduce the pension liability to £4.7m at year end
 - New freehold offices at Pier House, in Strand-on-the-Green by the Thames, has long-term value

Pre IFRS 16	2020 £m
Property, plant & equipment	617.7
Other non-current assets	40.4
Current assets (excluding cash)	20.8
Net debt	(178.9)
Other current liabilities	(42.0)
Other non-current liabilities	(24.5)
Net assets at 28 March 2020 pre IFRS 16	433.5

FINANCIAL SUMMARY

- Strongest balance sheet in the industry underpinned by excellent, well invested freehold estate
- Good Managed Pubs and Hotels like for like sales growth to week 49 against tough comparators
- Cash available to ride out continued turbulence ahead
- Revised covenants agreed with lenders, appropriate for post-coronavirus trading conditions
- Well-funded pension scheme
- Business in a great position to excel when favourable trading conditions return
- Too early to give guidance on expected performance for FY2021



The Old Bank, Northcote Road, Clapham
Refurbished May 2019

STRATEGY AND OPERATIONS REVIEW



The Ship at Langstone
Refurbished October 2019

WHERE WE WERE – YEAR END MINUS THREE WEEKS

- Delivering the final elements of the Transitional Services Agreement with Asahi (completed in April 2020)
- Ready to move into Pier House – our new freehold offices at Strand-on-the-Green
- Opened The Windjammer at Royal Docks and The Bear of Burton, near Christchurch
- New Exec Team in place and ready to action strategic growth plans
- Capital investment plan for the year completed with a number of transformational refurbishments and further projects underway
- Excited and confident about the future – business in an excellent position following a transformational year



Our new offices at Pier House, Strand-on-the-Green (top) and The Bear of Burton, near Christchurch

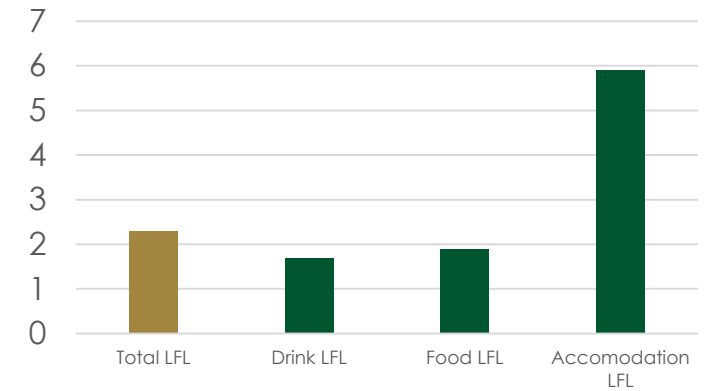
MANAGED PUBS AND HOTELS

- Good performance against strong comparatives with like for like sales rising 2.3% for 49 weeks and growth in all areas
- Completed 14 transformational refurbishments during the year
- Acquired The Trinity, a popular local venue adjacent to Borough tube station

Post year end:

- Fewer than 25% of sites still temporarily closed with pub team members furloughed
- Estate is well-invested and in excellent condition for reopening
- Managers and their teams active in their communities throughout the crisis raising money for charity and supporting the vulnerable
- Completed the integration of Bel & The Dragon and Cotswold Inns & Hotels
- The Stable Pizza & Cider business sold to Three Joes, a sourdough pizza business, allowing us to focus on our premium pubs and hotels

Like for Like Performance



Bel & The Dragon at Cookham

TENANTED INNS

- Figures also impacted by closure of all sites for the last two weeks of the year
 - Like for like profit down 3%
 - Total revenue down 4% (to the end of February: down 2%)
- Appointed Iain Rippon as Head of Operations in October 2019 – an experienced, high quality tenanted operator
- Transferred two wet-led sites to the Managed division – The Coach & Horses, Soho and The Swan, EC3

Post year end:

- Early decision taken to cancel rent for tenants when pubs closed due to coronavirus – ensuring they were in a strong position when lockdown ended
- Tenants are engaged and working with the tenanted team to ensure a strong start following reopening
- Number of tenants offered takeaway and delivery services as well as supplying meals for local charities and acting as neighbourhood stores



During the coronavirus pandemic, The Angel & Crown in Richmond, (top) has been feeding the homeless while The Red Lion, Ealing, has been running a community store

PEOPLE AT OUR HEART

- New learning journey ensuring development starts at day one and provides individual learning journeys, whatever the team member's long-term ambition
- Continued commitment to pastoral care and mental health with 144 trained Mental Health First Aiders
- Fuse learning platform has continued to grow with extensive online library and has proved invaluable for communicating with our teams
- Our award-winning training and development continues to reap rewards
 - *BII NITA*: Best Apprenticeship Programme
 - *Training Journal* Silver Award: Best Apprenticeship Programme
 - Over 90% of General Manager appointments were internal promotions

Post year end:

- Kept in contact with team members through Fuse using regular Chief Executive vlogs and webinars on key topics such as the furlough scheme
- Surveyed team members on thoughts and concerns regarding returning to work
- Constant check ins with our team through Fuse and personal contact reinforcing our company culture and values and providing signposting and advice for coping on an emotional level
- Health and safety of colleagues and customers is paramount



It's our purpose: Happy Teams, serving Happy Customers

INVESTING FOR THE FUTURE

- Completed 14 major schemes including:
 - The Windjammer at Royal Docks
 - The Anglers in Teddington
 - The Bear of Burton near Christchurch
 - The Mayfly in Stockbridge
- On site at The White Horse, exciting new build pub in an extensive residential scheme adjacent to the iconic Wembley Stadium complex
- Estate now includes over 1,000 bedrooms – with addition of Cotswold Inns & Hotels and 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

Post year end

- Completed four schemes that were planned and halted due to lockdown and used temporary closure to undertake a further 11 projects
- Estate is well-invested and in excellent condition – low maintenance costs while under temporary closure and sites ready for reopening
- Comprehensive actions taken including full risk assessments, one way systems and use of barriers and spacing to reduce contact points in light of coronavirus



The Hare & Hounds, Tetbury

USING OUR DIGITAL FOOTPRINT TO DELIVER TIMELY AND RELEVANT CUSTOMER COMMUNICATIONS

- Single customer view database allows a quick and easy way to get the right message to the right customer at the right time
 - 1.1 million contactable customers, up 94% from prior year
 - Targeted email campaigns delivering high click rates of 24%
 - Campaigns contributed £1.9m in sales revenue, after discount
- Work completed with CBRE to combine the database with socio-demographic data to identify our key customer groups and their traits and behaviour

Post year end:

- In the current constantly changing environment, fast and accurate communication with our most engaged customers is crucial
- Rolling out order and pay at table web solution, providing an additional hygiene factor and further enhancing the quality of our data
- New wifi partner, Wireless Social, will improve data capture adding another level to our customer data and ability to understand our customers' behaviour
- Launched #FirstPint and #OutAndAbout campaigns on social media



The Windjammer at Royal Docks (top two) and The Vintry, Cannon Street, refurbished January 2020

OUTLOOK



Private dining room at The Mayfly, near Stockbridge,
on the banks of the River Test.

OUR THREE STAGE PLAN



Stage One – to end of July 2020: A measured return to business

- A gradual, phased reopening with 27 sites opened on 4 July and over 75% of our Managed Pubs and Hotels, and most Tenanted Inns, open by the end of July
- Monitoring and evaluating consumer behaviour
- Focus on reducing our cash burn
- Utilising flexible furlough scheme to protect our team members



Stage Two – August to October 2020: Keep cash burn to a minimum

- Open remaining pubs, using learnings from Stage One pubs
- Reintroduce Tenants' rent on a tapered basis
- Ensure our teams are best placed and focused to maximise growth



Stage Three – November to March 2021: Returning to normality

- Focus on cash generation
- Undertake refinancing discussions in H2
- Restart our capex programme in Q4
- Aim for a return to profitability

SUMMARY

- It has been an unprecedented year of change – for Fuller's, for the industry, for the planet
- Robust performance from both our Managed and Tenanted divisions
- Sale of The Stable ensures focus now firmly on premium pubs and hotels
- An unwavering long term focus – underpinned by a predominately freehold estate
- A talented team with nimble decision making to allow us to react to changes in the external environment
- An estate that is well-invested, in excellent condition and geographically balanced with 56% of sites outside the M25
- Over 1,000 bedrooms in city and countryside locations, perfectly placed for a boom in staycations
- The liquidity headroom to survive a prolonged period of reduced trading due to capacity constraints
- Robust plans in place to navigate tough times in the medium term and be ready to grow again in the long term
- An industry-leading business that has true longevity – with the backbone, determination and clear strategy and vision to weather this storm and lead the way out



Service at Cotswold Inns & Hotels (top), and The Churchill Arms, Kensington Church Street

APPENDIX: RECONCILIATION TO STATUTORY PROFIT

	Post IFRS16 2020 £m	Pre IFRS16 2020 £m	2019 £m	YoY Growth Pre IFRS 16
Adjusted profit (continuing operations)	18.0	19.7	33.1	-40%
Separately disclosed items	(14.8)	(8.2)	(10.1)	
Profit before tax (continuing)	3.2	11.5	23.0	-50%
Tax on adjusted profit	(6.2)	(6.5)	(6.5)	
Tax on separately disclosed items	2.0	0.7	1.3	
(Loss)/profit after tax (continuing)	(1.0)	5.7	17.8	-68%
Net profit from discontinued operations	162.9	162.9	1.7	
Profit after tax	161.9	168.6	19.5	+765%
Adjusted EPS – continuing	21.41p	23.95p	48.40p	-51%
Basic EPS – total Group	293.70p	305.86p	35.12p	+771%

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 2020 is £1.7m reduction to profit
- Additional separately disclosed items of £6.6m due to the one-off impairment of lease assets
- A new right of use asset of £107.0m and lease liability of £112.9m have been recognised; net impact £5.9m reduction to net assets
- No impact on cashflow
- Banking covenants were revised to take account of IFRS 16
- No restatement of comparatives required

Impact on 2020	£m
Operating costs reduction	10.4
Depreciation increase	(9.5)
Finance costs increase	(2.6)
EBITDA	10.4
Adjusted operating profit*	0.9
Adjusted profit before tax*	(1.7)

* Before additional separately disclosed items under IFRS 16, which comprise a £6.6m impairment charge on lease assets

APPENDIX: SEPARATELY DISCLOSED ITEMS

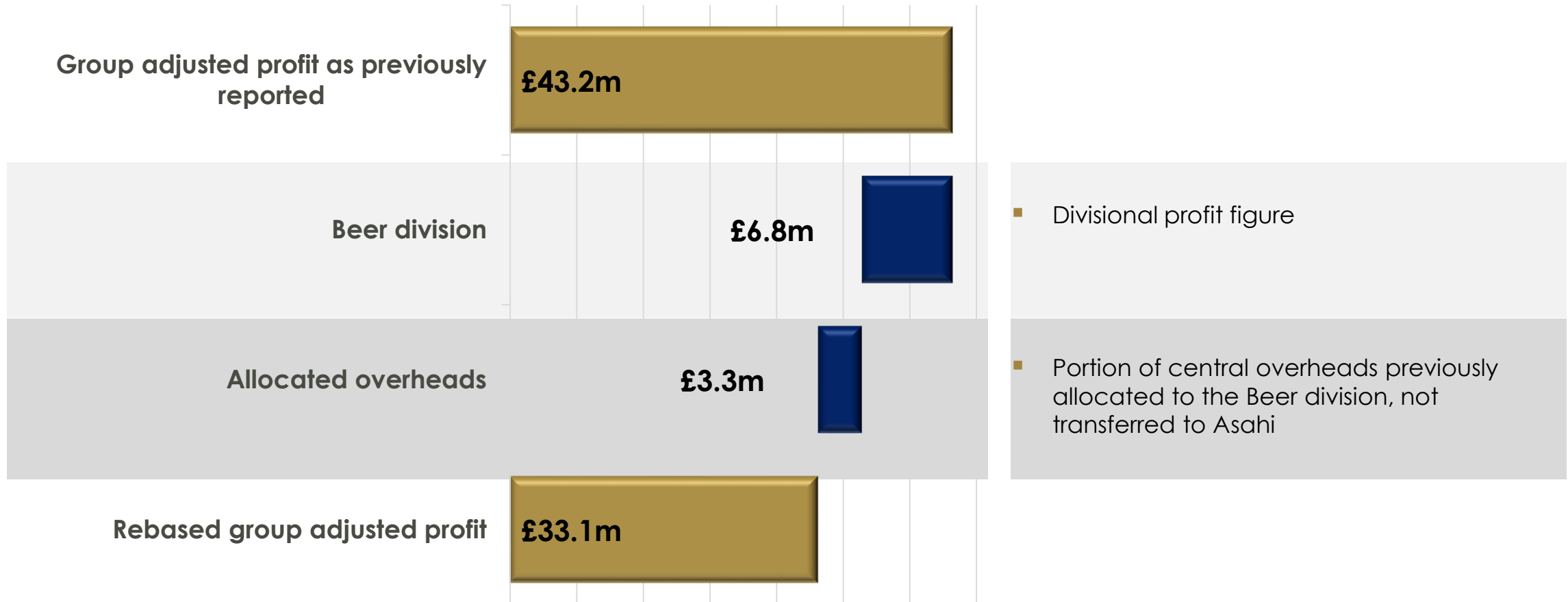
	2020 £m	2019 £m
Continuing operations:		
One-off IT and reorganisation costs	(3.6)	(7.5)
Property related items	(4.1)	(1.8)
Separately disclosed finance charges	(0.5)	(0.8)
Separately disclosed items (continuing) pre IFRS 16	(8.2)	(10.1)
IFRS 16 – impairment of right of use asset	(6.6)	-
Separately disclosed items – statutory	(14.8)	(10.1)
Discontinued operations:		
Profit on sale of the Fuller's Beer Business	162.4	(7.0)
Total Group separately disclosed items	147.6	(17.1)

Commentary

- Profit on the sale of the Fuller's Beer Business recognised of £162.4m. £7.0m of costs associated with the sale were previously recognised in FY 2019
- Property related costs of £4.1m comprise acquisition costs and asset impairments, offset by a £9.6m gain on disposal of property
- Net asset impairment charges of £12.3m, plus £6.6m for write-down of leased assets under IFRS 16

APPENDIX: PRIOR YEAR REBASING POST SALE OF THE FULLER'S BEER BUSINESS

FY 2018/19



APPENDIX: A FOCUSED PUBS AND HOTELS BUSINESS VISION & VALUES

We create exceptional experiences full of style and spirit – characterful pubs and hotels where everyone feels they belong... and where people leave happier than when they arrived

Underpinned by our values:

- Doing things the right way
- Being part of the family
- Celebrating individuality
- Always asking *what's next?*

And by our purpose:

- Happy Teams, serving Happy Customers



APPENDIX: A FOCUSED PUBS AND HOTELS BUSINESS STRATEGY FOR GROWTH

- 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



APPENDIX: STRATEGY IN ACTION

COTSWOLD INNS & HOTELS ACQUISITION

- A great example of our strategy in action – sites that fit with our expertise and geographical footprint
- Enterprise value of £40m underpinned by seven superb freehold sites in the Cotswolds – paid from existing banking facilities
- Cost synergies expected on overheads and procurement terms
- Planning consents already in place to add further bedrooms to the sites
- A premium customer experience in stunning locations, popular with domestic tourists
- Delicious, fresh, seasonal food, a premium portfolio of drinks, excellent bedrooms and exceptional customer service
- Perfectly placed to capitalise on the staycation market.



APPENDIX: REOPENING ACTION PLAN

Operational plans:

- Every site individually risk assessed to create detailed plans including seating, toilets, service operation, movement flow and additional changes such as barriers, sanitiser points and clear communication
- Intensified cleaning regime – above and beyond standards expected by our customers – with PPE available and team members completing health screening questionnaires at start of shift
- Order and pay at table web solution with QR codes on tables to reduce need for menus and cash payments
- Using technology through booking systems and wifi sign on process to capture data for NHS *Test & Trace*
- **Financial plans:**
- Focus on minimising cash burn, while delivering premium experience – cash burn £4-5m per month during full closure
- Working with tenants to ensure they are in the best position to reopen, with the financial resource to support their opening plans

People plans:

- Use of online learning for pre-opening training
- Balancing return to work with prudent use of the Government furlough scheme
- Continually reviewing actions in line with changes to Government advice and consumer behaviour – this has been a steep learning curve for our teams and our customers and we will need to continue to be flexible and react accordingly

APPENDIX: FULLER'S ESTATE

	30 Mar 2019	Acquired /new	Disposed	Transfers	28 Mar 2020	Acquired/ (disposed)	29 Jul 2020	Within the M25
Managed Pubs & Hotels	204	10	(1)	3	216	(1)	215	58%
Tenanted Inns	180	1	(1)	(3)	177	–	177	28%
Total Fuller's	384	11	(2)	–	393	(1)	392	44%
The Stable	17	–	(3)	–	14	(14)	-	
Total Group	401	11	(5)	–	407	(15)	392	
No. of Bedrooms	817	211	–	–	1,028	–	1,028	