



**HALF YEAR RESULTS FOR THE 26 WEEKS ENDED 26 SEPTEMBER 2020**

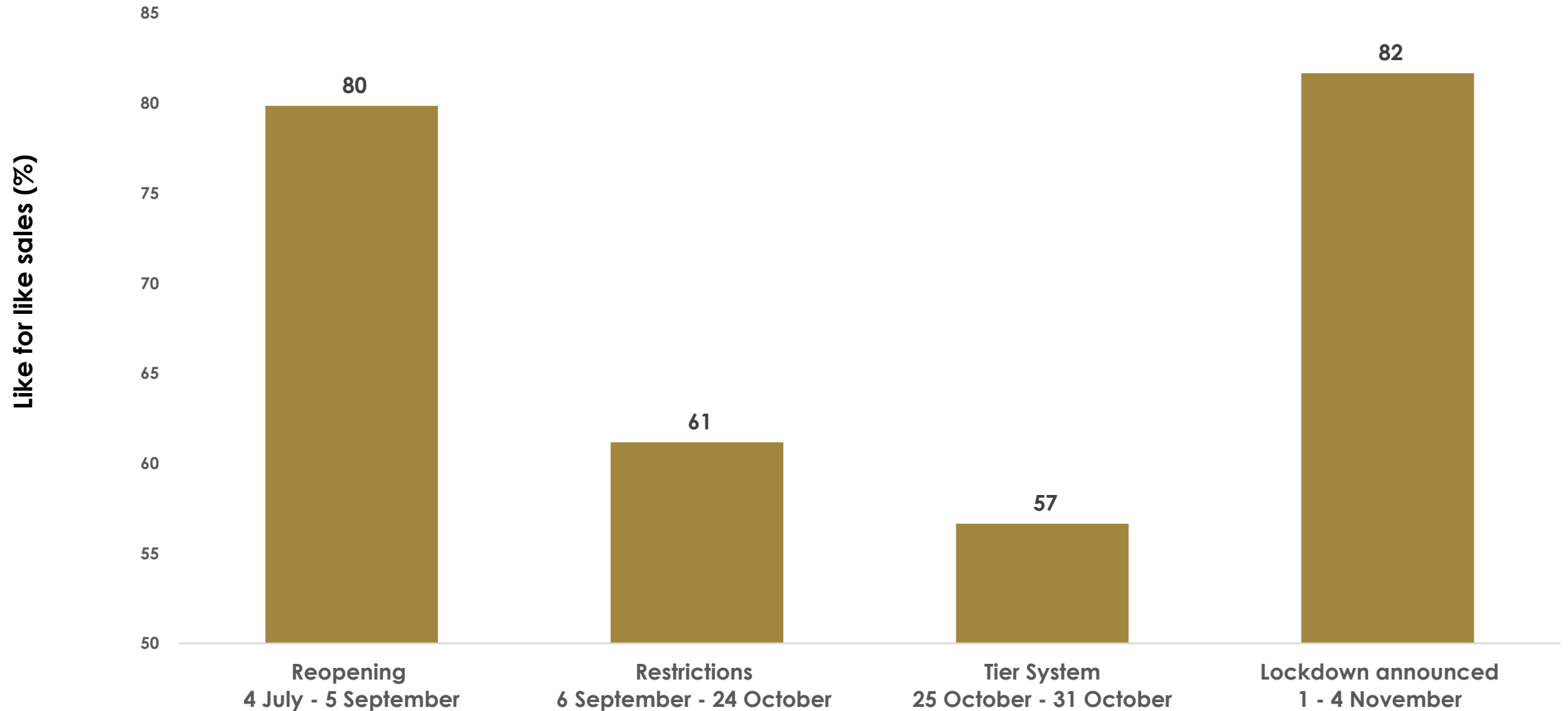
# SETTING THE SCENE

- These are extraordinary times – but this presentation will show that Fuller’s is in good shape to navigate a course through
- The investment made in ensuring our pubs and hotels were coronavirus safe was well-received by our customers
- Trade grew steadily during the summer – but was impacted by the increased restrictions prior to the second lockdown
- We have used lockdown to good advantage, accelerating existing plans and using the closure to complete planned investments
- We are optimistic about the future of the business – and we know our customers are keen to once again return to safe and sensible socialising in our pubs and hotels
- We have the right long-term strategy, the right people, the right pubs, and the financial resources to exit the coronavirus pandemic in the best possible position

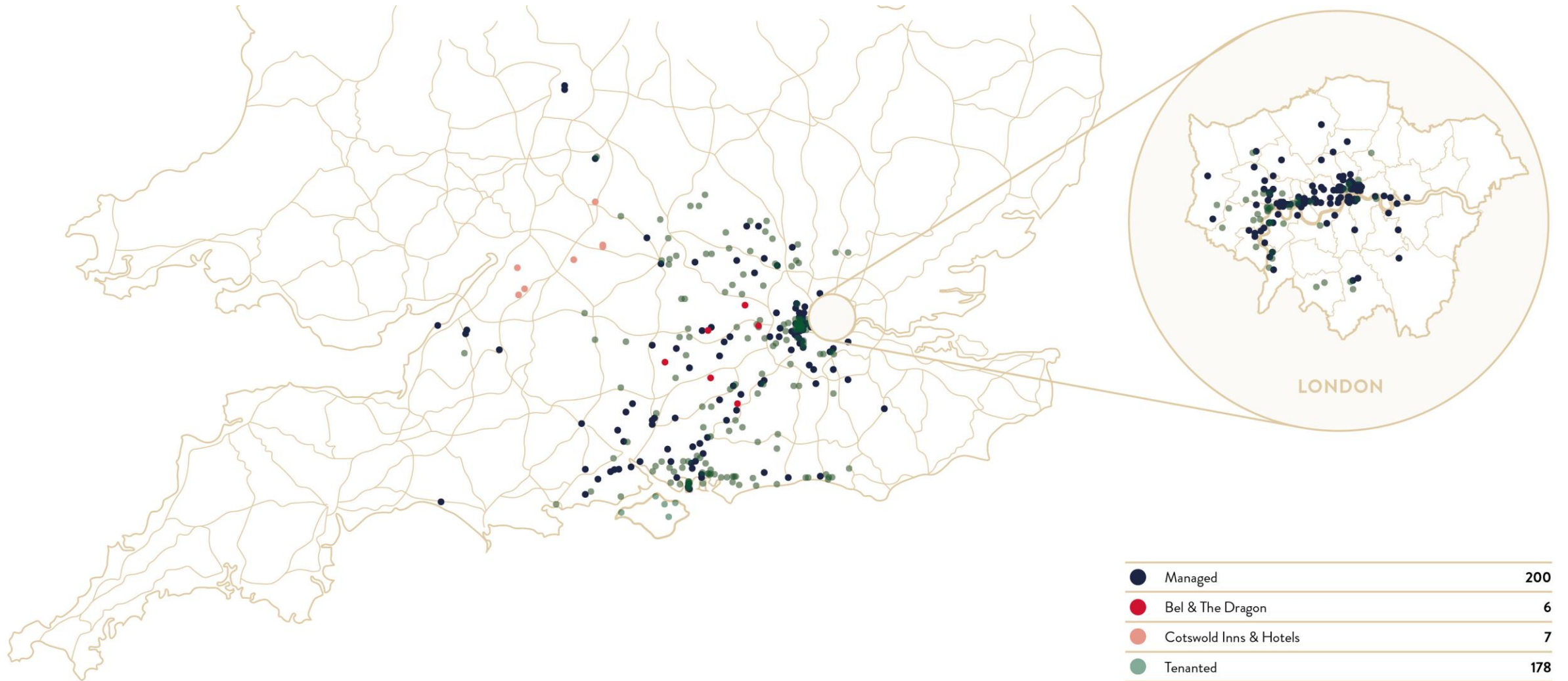


The Manor House, Moreton-in-Marsh (bottom)

# MANAGED PUBS AND HOTELS



# A GEOGRAPHICALLY BALANCED BUSINESS



# UTILISING THE CLOSURE PERIOD

- Used the temporary closure of the estate to ensure we emerge stronger from lockdown
- Continued with planned investments and brought forward planned schemes in Bel & The Dragon and Cotswold Inns & Hotels
- Accelerated the roll out of planned digital initiatives such as Order & Pay and the introduction of Wireless Social as our new Wi-Fi partner
- Implemented targeted marketing campaigns using social and digital media, and our single customer view database, to promote our pubs and hotels
- Completed the Transitional Services Agreement with Asahi, our move to Pier House, and the integration of Bel & The Dragon and Cotswold Inns & Hotels – both people and systems
- Streamlined our support function to create a leaner, more efficient central resource
- Rightsized across the pub estate to reflect likely short-term sales impact – redeployed as many team members as we have made redundant
- Business is well-placed for reopening, a return to normality, and future growth



The Fox & Pelican at Grayshott near Hindhead

# INVESTING FOR THE FUTURE

- Accelerated our programme of investing in external spaces and gardens to create further winterproof trading areas
- Completed six major schemes:
  - Opened The White Horse at Wembley, adjacent to the iconic Wembley Stadium complex, part of a redevelopment including over 6,000 new homes
  - Completed refurbishments at The Coach & Horses in Soho, The Trinity in Borough, The Windmill in Waterloo, The Grove Lock near Leighton Buzzard and The Fox & Pelican in Grayshott, near Hindhead
- Completed smaller schemes in several Bel & The Dragon sites and at a number of Cotswolds Inns & Hotels, including a spectacular new dining room at The Bear of Rodborough
- Brought forward future plans to take advantage of the current closure – small investments underway at 10 sites



The Dining Room at The Bear of Rodborough, Stroud (top) and The Anglers, Teddington

# COTSWOLD INNS & HOTELS

- An excellent and timely acquisition
- Acquired for an enterprise value of £40m in October 2019 – paid from existing banking facilities
- Seven superb freehold sites in the Cotswolds
- A premium customer experience in stunning locations, popular as wedding venues and with international and domestic tourists
- Cost synergies already delivered on overheads and procurement terms
- Delicious, fresh, seasonal food, a premium portfolio of drinks, excellent bedrooms and exceptional customer service
- Boom in staycation business led to higher sales than prior year
- Planning consents already in place to add further bedrooms to the sites
- Five of our highest performing sites in the first half are in the Cotswold estate



The Swan, Bibury (top) and bedroom at The Lamb, Burford

# TENANTED INNS

- Committed to ensuring our tenants are always in the strongest position to build their businesses and serve their communities
- Commercial rent suspended for first four months of the financial year
- Tapered rent introduced from August
- Innovative initiatives and community support shown by our entrepreneurial Tenants throughout the pandemic
- Commercial rent, again suspended from November
- Highly cash generative part of our balanced business – bounced back quickly after first lockdown
- Excellent retention of Tenants throughout the pandemic
- Good interest from potential Tenants, showing confidence in this part of our business
- Strong partnerships with our Tenants – who emerged from the first lockdown in a robust position, and will do so again



Tia Nicholson and Ashley Cherrett, Tenants at The Cedars in Ryde, Isle of Wight (top) and Steve & Nick de Wiggondene-Sheppard, Tenants at The Bell at Outwood, Surrey



# CORONAVIRUS FINANCIAL RESPONSE

- For the entire first quarter of the financial year, all pubs and hotels remained closed
- Actions taken to minimise cash outflows during estate closure:
  - Government support for business has been accessed
  - Undertaken proactive discussions with our landlords and supply chain
  - Temporary salary reductions for Board and Executive Team members
- Agreed revised covenants with all lenders, focused on liquidity for March, June, September and December
- Entered into the Covid Corporate Financing Facility programme and issued £100m of commercial paper
- Commenced a phased reopening programme for our Managed Pubs and Hotels on 4 July 2020
- Returned to profitability and positive cash generation in August and September

# KEY METRICS

	H1 2021	H1 2020
Managed LFL sales	<b>75.2%</b>	
Revenue and other income	<b>£45.6m</b>	£167.1m
Adjusted (loss)/profit before tax	<b>£(22.2)m</b>	£17.9m
Adjusted EPS	<b>(33.33)p</b>	26.17p
Net debt	<b>£187.4m</b>	£178.9m*

All figures relate to continuing operations

\*Net debt figure is at 28 March 2020. Net debt excludes lease liabilities.

# GROUP PERFORMANCE

	<u>APRIL - JUNE</u> CLOSED £m	<u>JULY</u> REOPENING £m	<u>AUGUST -</u> <u>SEPTEMBER</u> TRADING £m
Revenue and other income	1.2	6.0	38.7
Operating costs*	(17.5)	(9.6)	(36.7)
Operating (loss)/profit*	(16.3)	(3.6)	2.0
Depreciation and amortisation	5.0	1.6	3.2
Adjusted EBITDA*	(11.3)	(2.0)	5.2

\* Excluding separately disclosed items  
Numbers exclude the impact of IFRS 16

## Commentary

- April – June reflect the period of full lockdown when the entire estate was closed
- Operating costs are shown net of government support from the furlough scheme
- July was a period of phased reopening, culminating with 76% of our Managed estate open
- August and September show a rapid return to profitability despite reduced capacity and social distancing rules

# GEOGRAPHICAL SPLIT OF MANAGED SALES

		No of Sites	Invested LFL Index
Outside M25	Rural	25	103.3
	Suburban	35	84.0
	Urban	18	88.3
	<b>Total</b>	<b>78</b>	<b>91.5</b>
Inside M25	Rural	-	-
	Suburban	63	69.9
	Urban	37	45.1
	<b>Total</b>	<b>100</b>	<b>62.5</b>
	<b>Total</b>	<b>178</b>	<b>75.2</b>

## Commentary

- Figures reflect the benefit of the balanced nature of the Fuller's Managed Pubs and Hotels business
- A further 22 pubs remain closed and another six were non-comparable due to refurbishment closures – and therefore not included in these figures
- Rural figures do not include the seven Cotswold Inns & Hotels, which were in growth against their prior year
- High quality Central London estate well set to bounce back when conditions allow

# A RESILIENT BUSINESS

	AUGUST 2020	SEPTEMBER 2020	Total
<b>Managed</b>			
Revenue	14.5	19.9	<b>34.4</b>
Operating profit*	1.4	2.9	<b>4.3</b>
<b>Tenanted</b>			
Revenue	2.0	2.3	<b>4.3</b>
Operating profit*	0.7	0.9	<b>1.6</b>
<b>Total operating profit*</b>	<b>2.1</b>	<b>3.8</b>	<b>5.9</b>

## Commentary

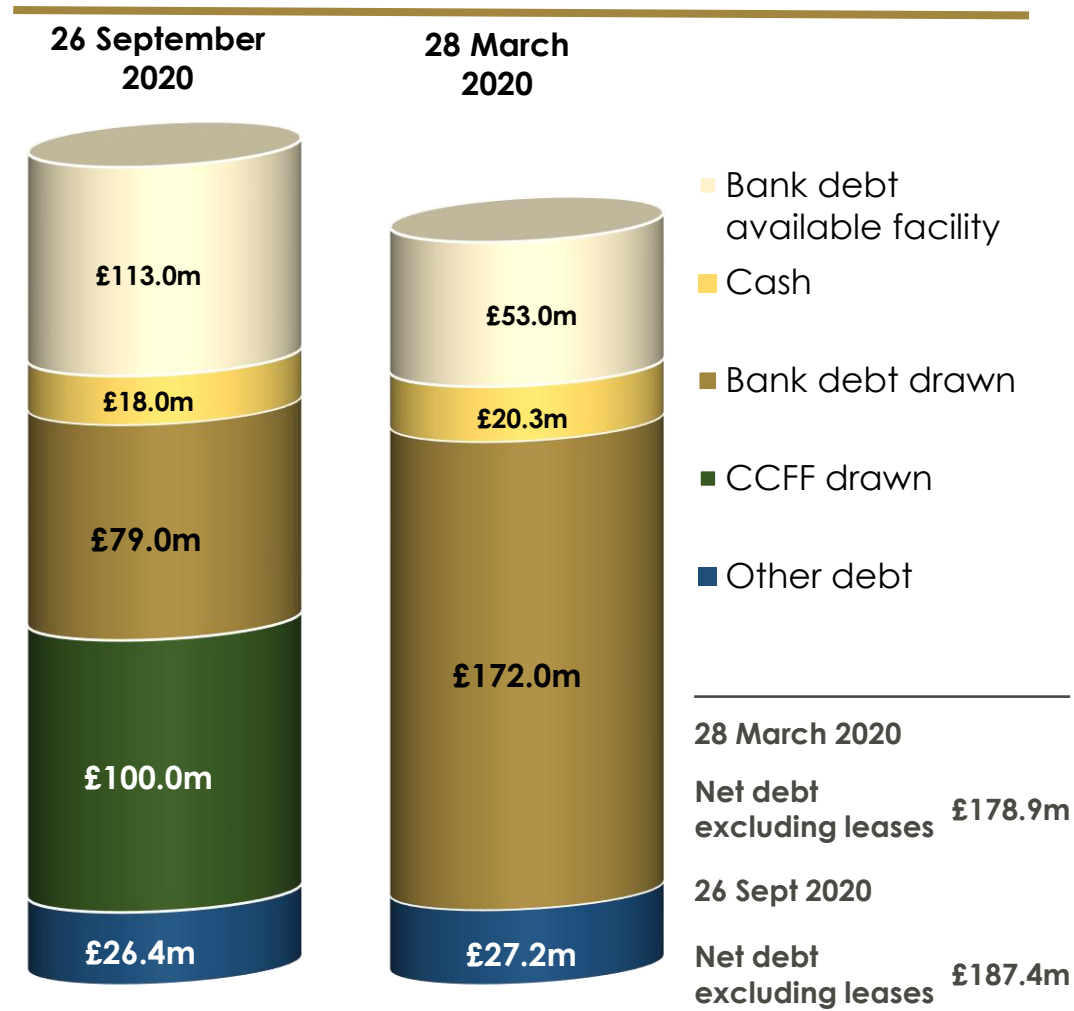
- August was a four week month and trading included nine days of *Eat Out to Help Out*
- September was a five week month, which included the final four days of *Eat Out to Help Out*
- Our Managed Pubs and Hotels were successful in finding new ways to maximise trade under the new guidelines and the majority traded profitably after reopening
- The vast majority of our Tenants opened in July. Commercial rent suspended during lockdown – phased reintroduction from August

\* Excluding separately disclosed items  
Numbers exclude the impact of IFRS 16

# STRONG LIQUIDITY POSITION

- Net debt at 26 September 2020 of £187.4m excluding leases
- Working capital started to rebuild following our phased reopening programme
- Bank facilities of £292m, £26m of debentures. Total £318m
  - £131m of liquidity (cash and undrawn bank facilities) at half year
  - £192m bank facilities expire August 2021
  - £100m of commercial paper issued under the Covid Corporate Financing Facility which expires in May 2021
  - Average cost of gross borrowings for H1 2021 of 2.8% (FY 2020: 2.3%)
  - Refinance process underway and existing lending group all remain supportive

## Available facilities and cash at year end



# STRONG BALANCE SHEET

## UNDERPINNED BY AN EXCELLENT ESTATE

- High quality asset base
  - 92% of Fuller's estate is freehold by book value
  - Property portfolio was last revalued in 1999
- The Estate is well balanced with 56% sitting outside the M25
- Our London estate is a blend of suburban, community, City, transport hubs and West End locations
- We have continued to invest in our estate with over £7m invested during the first half
- New freehold offices at Pier House, in Strand-on-the-Green by the Thames, have long-term value

	H1 2021 £m
Property, plant & equipment	607.5
Right-of-use assets	88.9
Other non-current assets	32.1
Current assets (excluding cash)	26.7
Net debt	(187.4)
Other current liabilities	(47.3)
Lease liabilities	(94.1)
Other non-current liabilities	(25.3)
<b>Net assets at 26 September 2020</b>	<b>401.1</b>

# CURRENT FINANCIAL POSITION

- Proven ability to quickly return to profitability and cash generation, assuming sensible social distancing rules are in place
- Balanced estate helps to reduce exposure to risk in city locations, while office workers gradually return
- Tight management of stock levels leading into November lockdown period has helped avoid significant write-offs
- Continued to rightsize staffing in our support centre, pubs and hotels to ensure optimal trading cost base for reopening
- Maximised opportunities to furlough staff during November lockdown period
- Refinance process underway and existing lending group all remain supportive



# OUTLOOK

- Fuller's is well-placed to emerge in a strong position as the UK reopens, improved test and trace is implemented, and vaccination programme gets underway
- Clear, long-term strategy remains unchanged with a focus on delicious food, a vibrant portfolio of drinks, beautiful bedrooms and outstanding customer experience, all delivered in well-invested pubs and hotels in iconic locations
- Balanced estate in terms of operational style, geography and demographics – a key facet for recovery
- Projects underway around further digital initiatives, exciting marketing plans, and continued investment in the estate
- Passionate and dedicated people – ready and excited to open on 2 December 2020 and to deliver a great Christmas for our customers
- Entrepreneurial Tenants ready and waiting to reopen
- Good liquidity headroom and strong financial position, underpinned by 92% freehold estate, ensures Fuller's is well-placed for the immediate future and a return to long-term growth



# APPENDIX: COSTS DURING CLOSURE

	April - June CLOSED H1 2021 £m
Revenue and other income	1.2
Cost of sales	(0.5)
<i>Staff costs</i>	<b>(20.4)</b>
<i>Coronavirus JRS</i>	<b>16.8</b>
Net staff costs	<b>(3.6)</b>
Property costs	<b>(3.7)</b>
Utilities	<b>(0.7)</b>
Depreciation and amortisation	<b>(5.0)</b>
Other costs	<b>(4.0)</b>
Operating loss*	<b>(16.3)</b>

## Commentary

- Revenue primarily consisted of rental income on unlicensed premises
- £16.8 million of staff costs were reclaimed through the CJRS – for much of the first three months c99% of eligible staff were placed on furlough
- A total of £23.3 million was reclaimed under the CJRS in H1 2021
- £6.5 million of property costs were saved because of the business rates holiday

\* Excluding separately disclosed items  
Numbers exclude the impact of IFRS 16

# 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: FULLER'S ESTATE

	28 Mar 2020	Acquired /new	Disposed	Transfers	26 Sept 2020	Acquired/ (disposed)	26 Nov 2020	Within the M25
Managed Pubs & Hotels	217	-	(3)	(1)	213	(1)	212	58%
Tenanted Inns	177	-	-	1	178	(2)	176	28%
<b>Total Fuller's</b>	<b>394</b>	-	(3)	-	<b>391</b>	(3)	<b>388</b>	44%
The Stable	14	-	(14)	-	-	-	-	
<b>Total Group</b>	<b>408</b>	-	(17)	-	<b>391</b>	(3)	<b>388</b>	
<b>No. of Bedrooms</b>	<b>1,028</b>	-	-	-	<b>1,028</b>	-	<b>1,028</b>	