



Bel & The Dragon, Wendover



**FULL YEAR RESULTS FOR THE 52 WEEKS ENDED 27 MARCH 2021**

# AGENDA

Setting the Scene

Review of Current Trading

Strategy and Progress

Financial Review

Outlook

The Business Case



The Blue Boat, Hammersmith

# SETTING THE SCENE

- An extraordinary year that both started and ended with our entire pub estate closed, and with onerous social distancing restrictions for the 16 months to date
- Our clear and consistent strategy, purpose and vision, aimed at delivering sustainable returns for the long term, is as relevant as ever
- Used the time to set our business up superbly for the future by investing in our pubs, accelerating digital projects and focusing on our people
- Started the new year with a robust financial position following bank refinancing and equity raise
- Strong customer demand since reopening and in the bookings pipeline
- We are optimistic about the future as we return to normality with our pubs reopened and trading



# CURRENT TRADING

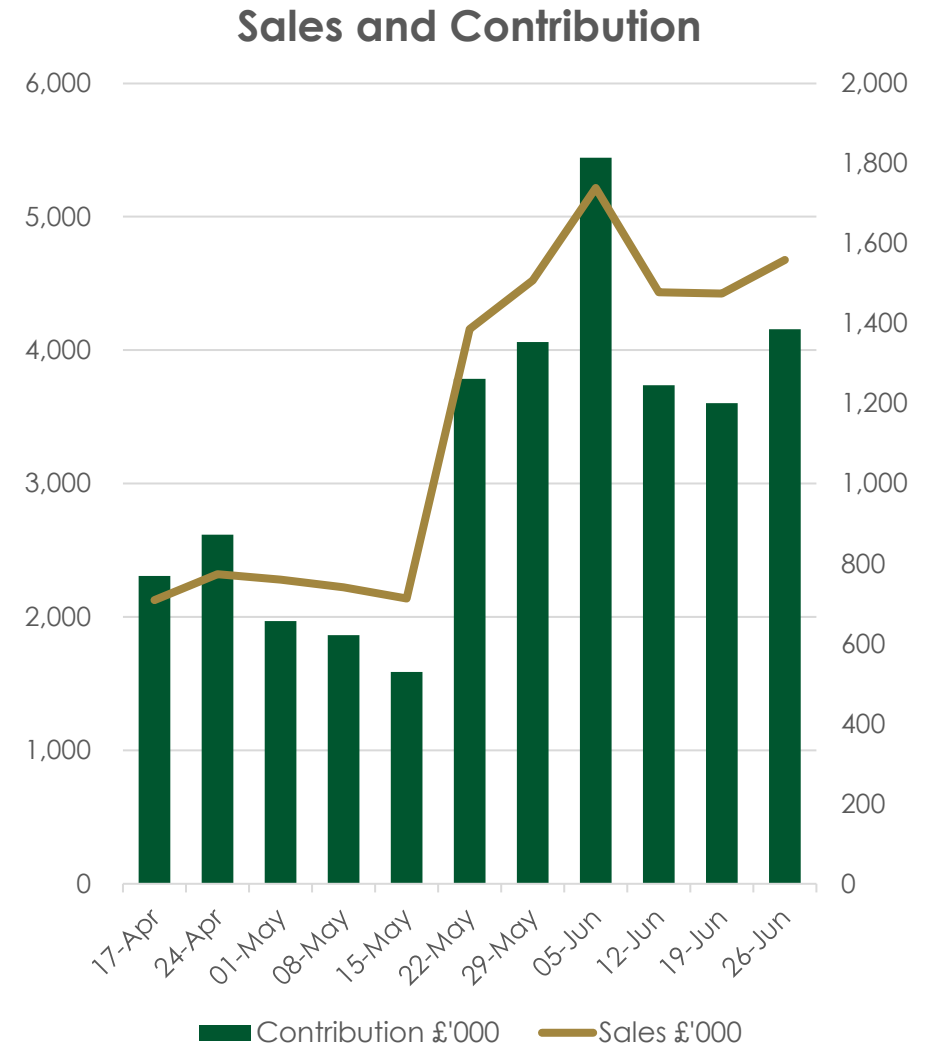
- All pubs open, but trading under government restrictions
- Balanced business with various geographical areas taking very different recovery trajectories
- Managed like for like sales for 12 weeks to 3 July 2021 at 76% of 2019 levels, reflecting continued impact of social distancing restrictions on trading, particularly in our London pubs
- Staycation business continues to flourish, particularly strong in Cotswold Inns & Hotels purchased in October 2019 (and therefore not included in our like for likes)
- 100% occupancy in our Tenanted estate, with full commercial rent reintroduced on 26 June 2021
- Focus on recruitment and supply chain to counteract current challenges



City life returning at The Banker

# CURRENT TRADING

- Sales have shown strong progression on a weekly basis
- Initial phase of reopening focused on sites with significant outdoor trading areas
- The business has been managed with a laser like focus on daily trading metrics
- As a result, cash contribution from the estate has been excellent throughout the phased reopening of the business
- The strong trading has been complemented by the proactive strengthening of the Balance Sheet through an equity placing raising £52m in April 2021



# A FOCUSED PUBS AND HOTELS BUSINESS WITH A CLEAR PURPOSE, VISION AND VALUES

## Our purpose:

- Happy teams, serving happy customers

## Our vision:

- 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

## Delivered through our values:

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



# A STRATEGY FOR THE LONG TERM

- To deliver a distinctive customer experience across the whole Fuller's estate
- To grow by carefully targeted acquisitions and developments that enhance our premium business
- To build a leaner cost base by investing and improving processes
- Supporting these objectives by recruiting, developing and investing in the best people
- A clear ESG strategy under *Life is too good to waste*



The Mayfly, on the River Test near Stockbridge

# ENVIRONMENTAL SOCIAL GOVERNANCE

## *Life is too good to waste*

### **Our environment is too good to waste**

A road to net zero delivered through energy and waste management, reducing our carbon footprint

### **Our communities are too good to waste**

Supporting the communities in which we operate through charity links and community-based initiatives

### **Our people are too good to waste**

Creating an inclusive workplace, taking care of our teams' wellbeing and providing genuine career opportunities



A Special Olympics athlete taking part in an event



# CONTINUED INVESTMENT IN OUR ICONIC ESTATE

- Accelerated investments in outside areas and gardens have made alfresco drinking and dining a year-round feature and delivered extended trading space
- Opened one new pub and completed 10 transformational schemes
  - Opened The White Horse at Wembley, adjacent to the iconic Wembley Stadium complex and 6,000 new homes
  - Completed refurbishments at sites including The Coach & Horses in Soho, The Prince Blücher in Twickenham and The King's Arms Hotel in Woodstock
- Completed enhancement schemes across our Cotswold Inns & Hotels and Bel & The Dragon sites to build on these already stunning venues
- Over 1,000 bedrooms across the estate – well placed to benefit from another summer of staycations
- Reviewed our freehold and leased property portfolio – resulting in surrender or disposal of small number of non-core or unprofitable sites

## Looking ahead

- Further investment in our gardens and outside trading areas with schemes planned at over 90 venues



The Grove Lock, Leighton Buzzard (top)  
and The Windmill at Waterloo

# OUR PEOPLE FRONT AND CENTRE

- Provided emotional and financial support, plus enhanced access to online training for team members during the months of lockdown
- Rightsized and redeployed our pub teams to counteract the impact of the covid pandemic and protect jobs
- Successfully completed the Transitional Services Agreement with Asahi, moved to Pier House and integrated Bel & The Dragon and Cotswold Inns & Hotels – both people and systems
- Streamlined support function and enhanced our central sales operation driving direct customer bookings
- Developed our employer brand *True to You* and enhanced our training offer and career paths

## Looking ahead

- Focus on current recruitment issues, building on our apprenticeship programme and rolling out our employer brand

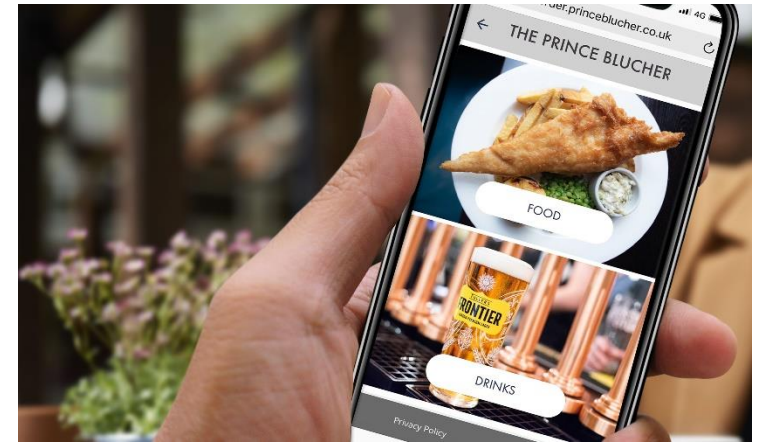


# SYSTEMS AND DIGITAL COMMUNICATIONS THAT WORK FOR US AND OUR CUSTOMERS

- Accelerated roll out of digital solutions including *Order & Pay* and improvements to central booking system
- Digital marketing campaigns with high engagement and additional focus on domestic tourism to maximise the staycation opportunity
- Single customer view database continually improves understanding our consumers' behaviour – enabling the right message through the right digital media, increasing bookings and sales
- Identified a new central finance system, *Microsoft Business Central*, with implementation project underway and on schedule

## Looking ahead

- Further optimisation of the digital customer journey, improving visibility on search engines and reducing steps from search to booking



# TENANTED INNS

- Our high-quality Tenanted Inns continue to play an important strategic role in our balanced estate
- 175 well-invested, freehold pubs in great locations – operational efficiencies due to estate size
- Highly cash generative part of our company
- Predominately in rural and suburban locations
- Suite of agreements in place allowing the right tenant to access the right partnership
- Strong financial support provided through the pandemic including suspension of commercial rent for our Tenants during closures, with gradual reintroduction on reopening

## Looking ahead

- Tenants in an excellent position for the future having invested in their pubs and outside spaces during lockdown



The Angel & Crown in Richmond (top) and  
The Horse & Jockey, Curbridge

# FINANCIAL REVIEW



The Anglers, Teddington

# CORONAVIRUS FINANCIAL RESPONSE

- On average sites were only open for 29% of the financial year
- Severe restrictions in place while the business was open and operating
- Strong focus on cash:
  - 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
- Cash burn when fully closed was £4-5 million per month
- Agreed revised covenants with all lenders, focused on liquidity for the entire year
- Entered into the Covid Corporate Financing Facility programme and issued £100m of commercial paper
- When we have been able to trade we have been able to generate cash contribution from the estate

# KEY METRICS

	FY 2021	FY 2020
Managed LFL sales	<b>64.3%</b>	
Revenue and other income	<b>£73.4m</b>	£319.7m
Adjusted (loss)/profit before tax	<b>£(48.7)m</b>	£19.4m
Adjusted EPS	<b>(72.09)p</b>	22.13p
Net debt*	<b>£218.1m</b>	£178.9m
Net debt* at 30 June 2021	<b>£150.6m</b>	

All figures relate to continuing operations  
\*Net debt excludes lease liabilities.

# DIVISIONAL RESULTS

	Total £m
<b>Managed</b>	
Revenue	64.0
Operating loss*	(26.1)
<b>Tenanted</b>	
Revenue	9.2
Operating profit*	1.2
<b>Total operating loss* (excluding central costs)</b>	<b>(24.9)</b>

## Commentary

- Trading reflects seven months of full closure and the remainder was under various trading restrictions
- Managed Pubs & Hotels found new ways to maximise trade under the guidelines and majority traded profitably during August/September under lowest level of restrictions
- Tenants' commercial rent was suspended during each full lockdown – with a phased reintroduction after each one
- Estimated Group operating loss during closure of £42 million after central overheads

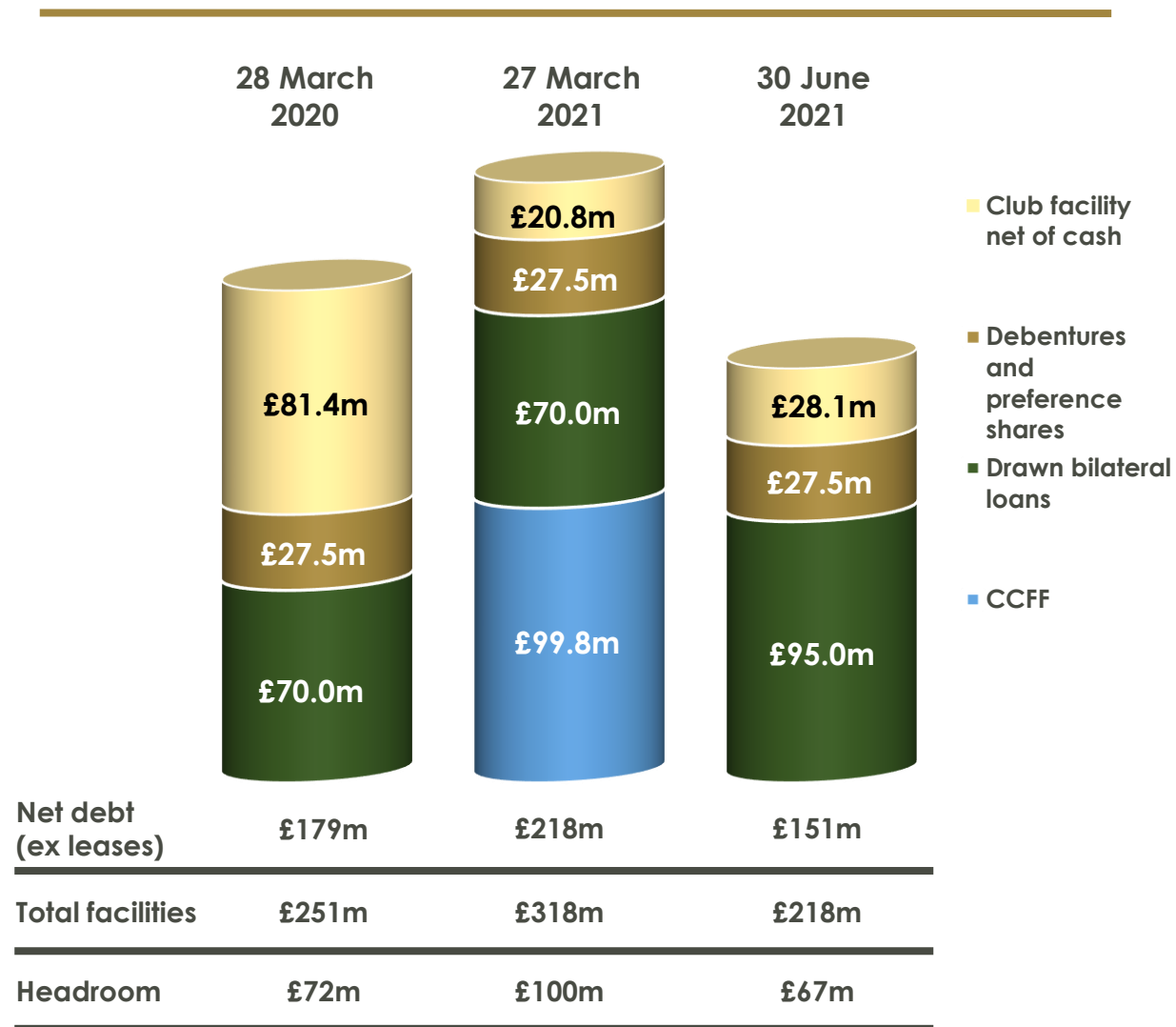
\* Excluding separately disclosed items



# STRONG LIQUIDITY POSITION

- Net debt at 27 March 2021 of £218.1m excluding leases
- At year end bank facilities of £292m, £26m of debentures. Total £318m
- Average cost of gross borrowings for FY 2021 of 2.5% (FY 2020: 2.3%)
- Post year end liquidity has been strengthened:
  - Agreed 18-month amendment and extension to bank facilities of £192m to 19 February 2023, with revised liquidity-based covenants to 31 March 2022
  - Equity placing in April 2021 raised £52m
  - Net debt at 30 June 2021 is now £151m
  - Repaid £100m CCFF in May 2021
  - £67m of liquidity (cash and undrawn bank facilities) at 30 June 2021

## Net debt



# CASHFLOW

	FY 2021 £m
<b>Adjusted EBITDA</b>	<b>(13.1)</b>
Working capital	(5.1)
Interest	(4.5)
Tax	3.4
Pension	(2.3)
Capital expenditure	(16.5)
Disposals	10.8
Other	(2.1)
<b>Cash movement in net debt</b>	<b>(29.4)</b>

## Commentary

- The working capital outflow reflects the temporary effect of the closure of the business
- The working capital position reverses as the business reopens
- Capex includes significant development programmes such as:
  - The White Horse, Wembley
  - The Trinity, Borough
  - The King's Arms, Woodstock
- Non-core properties totalling £10.8m disposed of during the year to maintain a strong Balance Sheet

# STRONG BALANCE SHEET

## UNDERPINNED BY AN EXCELLENT ESTATE

- High quality asset base
  - 91% of Fuller's estate is freehold by book value
  - Property portfolio was last revalued in 1999
- Well-balanced estate with 56% of properties 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 £16m invested during the year

	FY 2021 £m
Property, plant & equipment	<b>590.2</b>
Right-of-use assets (IFRS 16)	<b>81.9</b>
Other non-current assets	<b>30.4</b>
Current assets (excluding cash)	<b>27.2</b>
Net debt (excluding leases)	<b>(218.1)</b>
Other current liabilities	<b>(32.7)</b>
Lease liabilities (IFRS 16)	<b>(89.9)</b>
Other non-current liabilities	<b>(9.5)</b>
<b>Net assets at 27 March 2021</b>	<b>379.5</b>

# CURRENT FINANCIAL POSITION

- Balance sheet strengthened further post year end through £52m equity raise
- Net debt, excluding leases, as at 30 June £151m, below pre-pandemic levels
- Debt facilities extended post year end, earliest maturing debt now February 2023
- Liquidity-based covenant suite agreed with lenders for the upcoming financial year
- Continued to rightsize staffing in our support centre, pubs and hotels to ensure optimal trading cost base for reopening
- Proven ability to trade our estate to optimise cash contribution during period of social distancing restrictions
- We have a well-balanced estate that will gain further momentum as office workers and inbound tourism return



The Ship at Langstone

# OUTLOOK



The Kingswood Arms, Banstead

# OUTLOOK

- Priorities for the next 12 months include
  - Delivering on our strategic goals
  - Continued investment in our estate
  - Refinancing our bank facilities
  - Implementing the new central finance system
  - Completing our employer brand and digital customer journey projects
  - Carefully monitoring and assessing appropriate opportunities in the market
- Looking forward to the promised removal of restrictions on 19 July 2021
- Plan to reintroduce our dividend once the business is again trading profitably on a sustained basis



# A GREAT COMPANY FOR LONG-TERM INVESTMENT

- An outstanding predominately freehold estate that is well-invested, geographically balanced and in excellent condition
- A cash generative business driven by an iconic Managed business and entrepreneurial Tenants
- A strong Balance Sheet and careful financial management
- A very clear and consistent purpose, vision and strategy
- Excellent people from a strong Board and Executive Team to first-class teams in our Managed Pubs and Hotels and entrepreneurial Tenants
- Enduring appeal of the high-quality British pub has never been stronger



The Still & West, Old Portsmouth's most famous pub

WHITE HORSE

FULLER SMITH & TURNER

PUB & DINING

Hilton



# APPENDIX: FULLER'S ESTATE

	28 Mar 2020	New	Disposed	Transfers	27 Mar 2021	Disposed	7 Jul 2021	Within the M25
Managed Pubs & Hotels	<b>217</b>	1	(5)	(2)	<b>211</b>	(2)	<b>209</b>	57%
Tenanted Inns	<b>177</b>	–	(4)	2	<b>175</b>	–	<b>175</b>	28%
<b>Total Fuller's</b>	<b>394</b>	1	(9)	–	<b>386</b>	(2)	<b>384</b>	44%
The Stable	<b>14</b>	–	(14)	–	<b>–</b>			
<b>No. of Bedrooms</b>	<b>1,028</b>	–	–	–	<b>1,028</b>	(1)	<b>1,027</b>	

# APPENDIX: A GEOGRAPHICALLY BALANCED BUSINESS

