



Full Year Results for
the 52 weeks ended
26 March 2022



Agenda

THE LONG-TERM VIEW
CURRENT TRADING
FINANCIAL REVIEW
STRATEGY IN DETAIL
SUMMARY



Celebrating The Queen's Platinum Jubilee in style

THE LONG-TERM VIEW

- Predominately freehold-backed company with over 175 years of history and experience
 - Completed Directors' revaluation exercise – valuing estate at £995.6m
- High-quality, premium estate, geographically balanced, cash generative and well-invested
 - £42m invested over the last two years
- Company in excellent financial health, with a strong Balance Sheet
 - New £200m bank facilities in place for the next four years
- Well positioned and ready to continue the Fuller's long-term growth story
 - Reviewed and refreshed our strategy, relevant to today's consumer

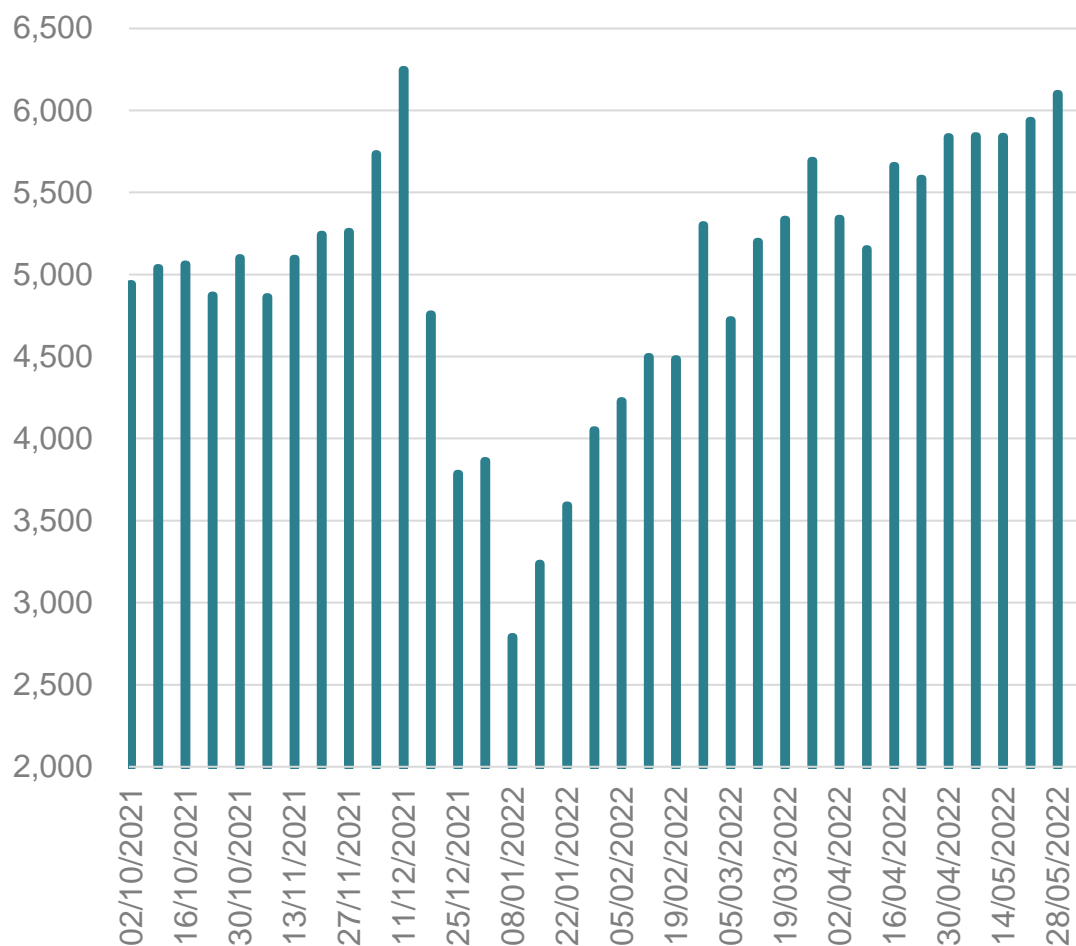


The Ship at Langstone

CURRENT TRADING

- Real momentum in the run up to Christmas with strong sales in the first two weeks of December
- Omicron variant resulted in the implementation of Plan B on 8 December 2021, which had a negative impact on sales as people sheltered and Christmas parties were cancelled
- On 26 January 2022, the recommendation to work from home was lifted, which immediately led to sales growing as people returned to the City
- Sales momentum has continued post year end with total sales for the first 10 weeks of FY 2023 up 4% on pre-pandemic levels and up 130% against the same period last year

Total sales (£000s)



TIME WELL SPENT BUILDING FOR THE FUTURE

- **Maintained investment in estate** – including winterisation of gardens and a number of transformational refurbishments
- **New Employer Brand** – supported with employee engagement survey, improved communications, new benefits package and recruitment platform
- **A clear ESG strategy** – led by new Director of Sustainability, based around *Life is too good to waste*, focused on our people, planet and communities with an aim to achieve Net Zero by 2030
- **Successful implementation of new finance system** – improved management information and efficiencies from a system designed for a hospitality business
- **Completed refinancing of all bank facilities** – new unsecured £200m facility for four years
- **Directors' revaluation of our estate** – to demonstrate inherent valuation at £995.6m
- **Digital transformation project completed** – delivering improved connectivity across our various digital touchpoints, creating a seamless digital customer journey
- **Reviewed and refined our strategy** – to ensure we evolve with the changing external environment and respond to changes in long and short-term consumer behaviour



*Kingsley – Chief Cocktail Maker at The Saint, Bow Churchyard
Holding court and quenching the thirsts of City workers in the
Square Mile*

FINANCIAL REVIEW

INCOME STATEMENT

	FY 2022 £m	FY 2021 £m
Revenues	253.8	73.4
Operating costs	(235.3)	(113.7)
Adjusted operating profit/(loss)	18.5	(40.3)
Finance costs	(11.3)	(8.4)
Adjusted profit/(loss) before tax	7.2	(48.7)
Separately disclosed items	4.3	(9.1)
Taxation	(4.4)	9.6
Profit/(loss) after tax	7.1	(48.2)
Adjusted EPS	9.79p	(72.09)p

All figures are post IFRS 16
All figures relate to continuing operations

COMMENTARY

- Revenues recovering despite year starting with all pubs closed, outside areas only open from 12 April 2021, inside with restrictions from 17 May 2021 and full restrictions only lifted on 19 July 2021
- Group returned to profitability with adjusted profit before tax of £7.2m
- Average cost of borrowing increased due to the repayment of the CCFF in May 2021
- Separately disclosed items include the profit on the disposal of non-core properties
- Tax on underlying earnings has been provided at 16.7%. Total tax charge includes £3.3m relating to deferred tax arising from change in tax rates
- Recovery of adjusted EPS to 9.79p for FY2022
- DPS of 11.31p consisting of interim dividend of 3.90p and proposed final dividend of 7.41p, giving a total dividend payout of £7.0m

DIVISIONAL RESULTS

	FY 2022 £m	FY 2021 £m
Managed Pubs and Hotels		
Revenue	228.8	64.0
Operating profit/(loss)*	24.7	(26.1)
EBITDA	48.0	(1.4)
EBITDA %	21.0%	(2.2)%
Tenanted Inns		
Revenue	25.0	9.2
Operating profit*	11.1	1.2
EBITDA	12.9	3.0
EBITDA %	51.6%	32.6%
Total revenue		
	253.8	73.2
Total operating profit/(loss)* (excluding central costs)		
	35.8	(24.9)

* Excluding separately disclosed items

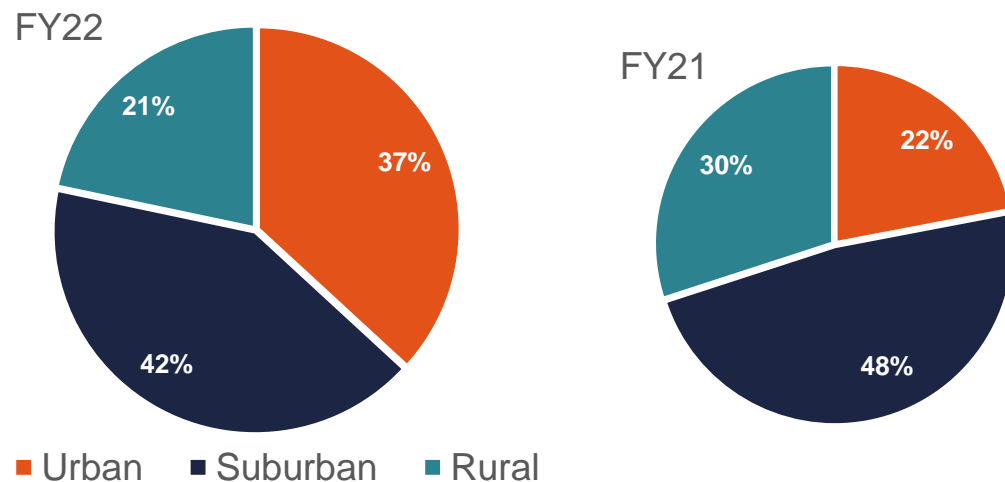
COMMENTARY

- Managed Pubs and Hotels delivered £228.8m of revenue and operating profit of £24.7m despite the first four months being impacted with lockdowns and restrictions and Christmas heavily affected by Omicron
- Tenanted Inns revenue grew to £25.0m and operating profit to £11.1m as our tenants demonstrated their resilience and ability to adapt to changing market dynamics
- Tenanted division has remained consistently profitable when open, regardless of restrictions, with EBITDA margins of 51.6%
- Despite fluid and challenging conditions, we have generated strong revenues of £253.8m with positive momentum in sales and profitability as we enter the new financial year

MANAGED REVENUE ANALYSIS

	FY 2022 £m	FY 2021 £m
Drink	132.8	32.2
Food	72.6	24.6
Accommodation	21.9	5.8
Other	1.5	1.4
Total	228.8	64.0

Revenue split by category



COMMENTARY

- 58% of Managed sales are from drink sales – which were most impacted by lockdowns and restrictions
- Managed Pubs and Hotels like for like sales compared to pre-pandemic levels:
 - 43 weeks to 22 Jan 2022: 81%
 - Nine weeks from 22 January to 26 March 2022: 94%
 - Five weeks to 26 March 2022: 97%
- Our balanced estate meant that while urban sites were more heavily impacted by work from home and overseas travel restrictions, rural areas thrived as people decided to have staycations
- Suburban areas, although impacted by lack of tourism, benefited from people working from home

THE INFLATIONARY ENVIRONMENT

Current challenges:

Mitigating factors:

Labour

- Industry-leading benefits package
- Investment in home-grown talent
- New recruitment system launched
- Continued commitment to apprentices
- Enhanced labour scheduling tool

Energy

- Electricity 100% hedged Q1, 50% for rest of year
- Gas 100% hedged Q1, 75% for rest of year
- FY23 total forecast to be c.£4m higher than FY22
- Usage decreasing through ESG strategy

Food and drink

- Long-term supply agreement with Asahi
- Forward buying agreements with mainly UK producers
- Dynamic menu management to protect margins and quality, while limiting customer price increases

CENTRAL INFRASTRUCTURE

	FY 2022 £m	FY 2021 £m
Staff costs	9.6	7.5
Legal, insurance and professional	3.1	3.3
IT and communications	2.3	2.3
Depreciation	0.7	0.7
Other costs	1.6	1.8
Total central costs	17.3	15.6

COMMENTARY

- Successful implementation of new Microsoft Business Central finance system. Implemented in November 2021 with no issues and enabling improved management information to allow for more agile decision making
- Increase in staff costs in part due to no furlough in FY2022 compared to £0.8m in FY2021, plus investment in reward and retention
- Total central costs at 6.8% of revenue – aiming to reduce this to below 5.5% over next few years

STRONG BALANCE SHEET

	FY 2022 £m
Property, plant & equipment	592.7
Right-of-use assets (IFRS 16)	73.8
Other non-current assets	47.3
Current assets (excluding cash)	20.3
Net debt (excluding leases)	(131.9)
Other current liabilities	(57.7)
Lease liabilities (IFRS 16)	(80.7)
Other non-current liabilities	(14.6)
Net assets at 26 March 2022	449.2

COMMENTARY

- High quality asset base
 - 92% of Fuller's estate is freehold by book value
 - Property portfolio was last revalued in 1999
 - Updated Directors' valuation of the estate at £995.6m
- 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 £26m invested during the year

STRONG ASSET BACKING

Directors' portfolio valuation

Directors' valuation

- Standard valuation methodology, using projected cashflows and applying a suitable multiple, taking into account comparable market transactions
- Of the 211 pubs that make up our Managed Pubs and Hotels the derived valuation implied a prudent average multiple of 10.5x (freehold was 11.8x)
- For the 174 pubs that comprise the Tenanted division the valuation implied an average multiple of 10.9x, which is comparable to recent market transactions of leased and tenanted assets

Independent validation

- Fleurets were engaged to provide a valuation for 20% of the freehold Managed estate to provide independent assurance
- Fleurets applied the same valuation methodology and its valuation implied an average multiple of 11.6x

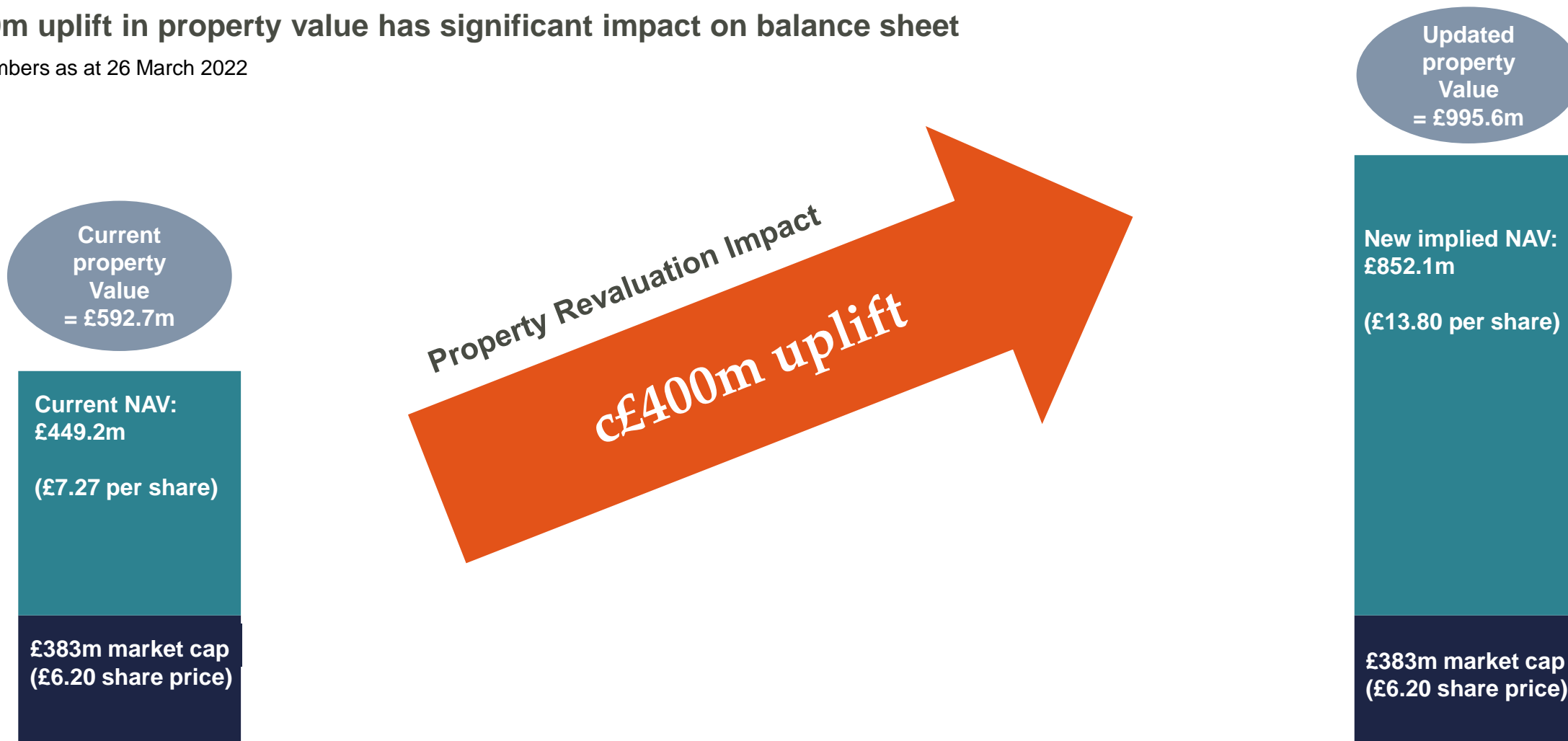
STRONG ASSET BACKING

Directors' portfolio valuation

The valuation of the total estate is £995.6m which compares to the historical net book value of the estate included within the accounts of £592.7m

£400m uplift in property value has significant impact on balance sheet

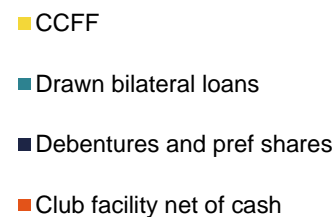
All numbers as at 26 March 2022



NET DEBT

- Net debt at 26 March 2022 of £131.9m excluding leases (27 March 2021: £218.1m)
- Bank facilities of £192m, £26m of debentures. Total £218m as at year end
- Post year end, new banking facilities of £200m have been agreed with a term of four years, split between a term loan of £90m and a RCF of £110m
- During the year:
 - Equity placing in April 2021 raised £52m
 - Repaid £100m Covid Corporate Financing Facility (CCFF) in May 2021
- Net debt of £131.9m compares to Directors' asset valuation of £995.6m which produces loan to value of 13%.

Net debt



	26 March 2022	27 March 2021
Net debt (excluding leases)	£132m	£218m
Total facilities	£218m	£318m

CASHFLOW

	FY 2022	FY 2021
	£m	£m
Adjusted EBITDA	44.3	(13.1)
Working capital	27.8	(5.1)
Interest	(7.2)	(4.5)
Tax credit	2.5	3.4
Pension	(2.3)	(2.3)
Capital expenditure	(25.8)	(16.5)
Net proceeds of equity placing	51.8	-
Dividend	(2.4)	-
Disposals	10.0	10.8
Other	(3.0)	(2.1)
Cash movement in net debt	95.7	(29.4)

COMMENTARY

- Steady improvement in trading resulting in much improved EBITDA of £44.3m, despite only being fully opened from 19 July 2021 and the severe impact of Omicron
- Significantly improved working capital position, although quantum is one-off given the estate was closed at the beginning of the financial year
- Net proceeds of £51.8m raised through equity placing in April 2021
- Non-core properties disposed as part of continued review of portfolio resulting in £10m realised cash
- Cash movement in Net Debt was inflow of £95.7m

CAPITAL ALLOCATION FRAMEWORK

Policy	Targets & Philosophy	Outlook
Invest in long-term organic growth	<i>Returns-based approach to capital investment</i>	<ul style="list-style-type: none"> Outlook - annual investment of £10-15m on maintenance capex and £10-15m on trade enhancing capex
Sustainable & progressive dividend	<i>Dividend cover normalised range of 2.5-3x</i>	<ul style="list-style-type: none"> FY22 Final Dividend of 7.41p Outlook - progressive dividend growth in line with EPS growth to drive dividend yield for investors
Invest in additional growth opportunities	<i>Disciplined approach to assessing investment opportunities</i>	<ul style="list-style-type: none"> IRR used to measure the merits of trade-enhancing investments or M&A
Targeting leverage of c. 3x ND/EBITDA	<i>Strong Balance Sheet maintained - target leverage at c.3x Net Debt / EBITDA</i>	<ul style="list-style-type: none"> Recent refinancing provides certainty of funding If within our leverage target then surplus cash may enable additional shareholder returns

DRIVING RETURNS WHILE MAINTAINING LEVERAGE AT c.3X ND/EBITDA

FY23 GUIDANCE

- Continued recovery of managed revenues
- Margin pressures from inflation
- Depreciation expected to be in the region of £25m
- Interest charge expected to be in the region of £10m
- Adjusted effective tax rate of 17%
- Capital expenditure of £20-25m
- IFRS 16 guidance in appendix



*The White Buck at Burley
Our amazing team love to show off their fantastic garden*



The Jack Horner
Sits on the corner of Tottenham Court Road and
Bayley Street in London's West End

STRATEGY IN DETAIL

BUILDING ON OUR STRENGTHS

Strengths

- 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

Opportunity

- Evolving consumer and economic backdrop represents the ideal time to relight our growth aspirations
- Reviewed and evolved our long-term strategy, purpose and vision in line with these changes



*The Scarsdale Tavern, Kensington (top) and The Bell & Crown, Strand-on-the Green, West London
Two great examples of classic Fuller's pubs – loved, cherished, well-invested and real assets to their communities*

A CLEAR STRATEGY

Our Purpose

We create experiences that
nourish the soul

Our Strategic Pillars

- Delight our customers
- Inspire our people
- Enhance our estate
- Evolve our business
- Own our impact because *Life is too good to waste*



The Mayfly, on the River Test near Stockbridge

DELIGHT OUR CUSTOMERS

Objective

- Surprise and delight with distinctive service
- Tailor the experience in every pub and hotel
- Create a smoother customer journey
- Attract new customers and increase visit frequency

We will do this by...

- Investment in training excellence
- Exciting events in pub, such as *Shakespeare in the Garden*, opera, comedy, live music and innovative performances and activities
- Delicious and interesting fresh food prepared by skilled chefs trained through our Chefs' Guild academy
- Beautiful bedrooms in exciting and iconic locations
- Our new booking and CRM systems, which will link together and provide a seamless journey for the customer
- Innovative partnerships – for example *Made in Hackney*, a social enterprise that works with us on our plant-based dish development



INSPIRE OUR PEOPLE

Objective

- Create a workplace where everyone feels they belong
- Appreciate and value our colleagues
- Support and encourage career development
- Attract the best talent

We will do this by...

- Launching our new inclusion action plan
- Recruiting at least 100 apprentices each year
- Creating a network of mental health first aiders to support team members on site
- Industry-leading benefits – launched at the end of 2021
- Developing home-grown talent – over 60% of our managers are internal promotions and we will grow this number to over 70%
- Continued development in our excellent Chefs' Guild training academy
- Having a strong employer brand – *True to You* – and a first-class recruitment system and processes



It is our people that make the difference and we love home-grown talent – which is why our development programmes are so important to us

ENHANCE OUR ESTATE

Objective

- To buy, invest and maximise the performance of iconic properties that add long-term value to our property portfolio
- Evolve our estate through transformational investment and refurbishments
- Invest in growing the estate through strategic acquisitions that enhance the value of our property portfolio

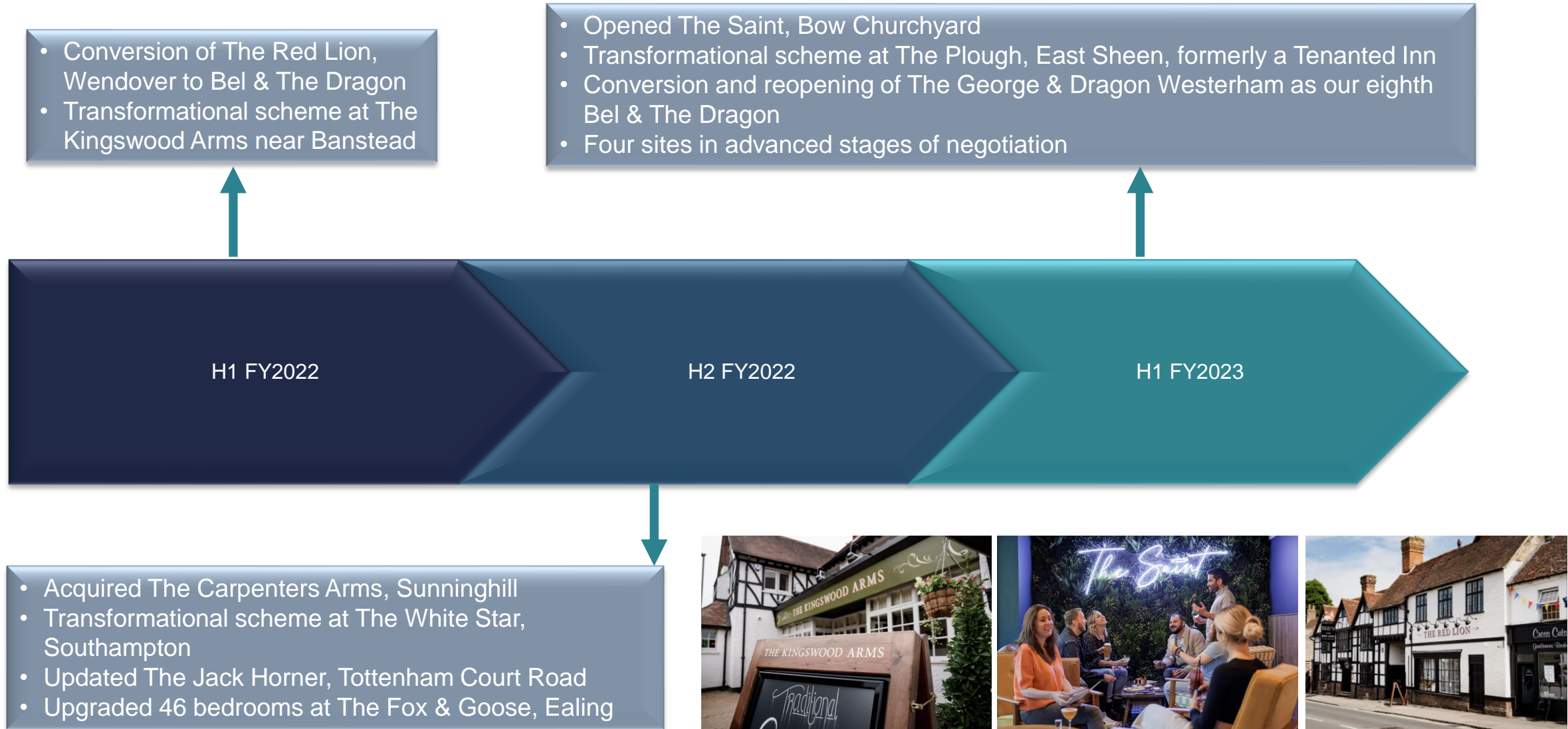
We will do this by...

- Continuing with our programme of investment across our estate – both in maintaining the quality of our assets and delivering trade enhancing projects
- Constantly assessing the optimal operating model for each pub
- Working with and investing alongside our Tenants
- Growing through acquisitions when relevant opportunities arise



The Plough in East Sheen has transferred to Managed from Tenanted, showing how we maximise the potential of our estate

PROPERTY PIPELINE



EVOLVE OUR BUSINESS

Objective

- Innovate to excite future customers
- Grow our profitability
- Enhance our supplier partnerships

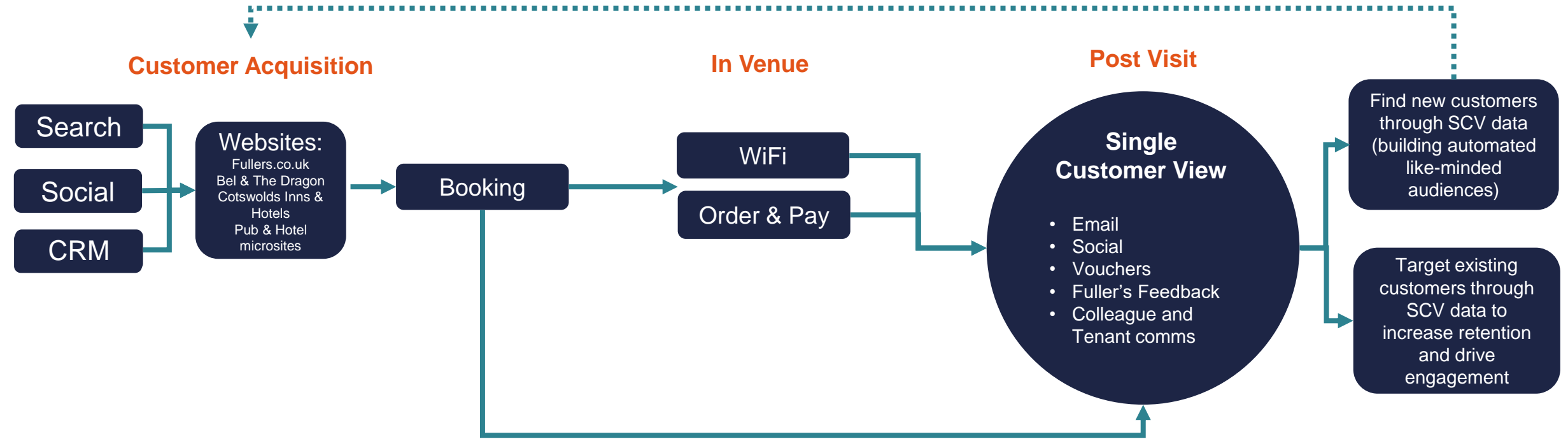
We will do this by...

- Rebranding our identity in line with our position as a leading pubs and hotels business – a clean, contemporary feel that still reflects our heritage
- Optimising the digital customer journey for new and potential customers
- Flexing our consumer proposition to adapt to changes in consumer work patterns and spending behaviour
- Managing margins with effective labour scheduling and agile menu management
- Improved digital connectivity to maximise the efficiency of our systems
- Leveraging our long-term supply agreement with Asahi
- Continuing to select seasonal, British, sustainably sourced ingredients



*Our new brand identity and **The White Star** in Southampton, a transformational refurbishment that has repositioned the business*

THE DIGITAL CUSTOMER JOURNEY



- Simplified customer journey, driving users through multiple touchpoints with ease
- Single Customer View (SCV), understanding customer behaviour through diverse data collection
- Ability to build robust like-minded audiences from existing customer data to drive new customer acquisition

OWN OUR IMPACT BECAUSE *Life is too good to waste*

Objective

- Take action to protect and respect our planet
- Create spaces for communities to connect and feel welcome
- Care for our people and foster a sense of belonging

We will do this by...

- Aiming to reach Net Zero by 2030 for operational and 2040 for supply chain carbon emissions
- Continuing to use 100% renewable electricity in our Managed Pubs and Hotels
- Ensuring no food goes to waste by 2025
- Donating 1% of our profits to charity each year
- Working with organisations who support the physical and mental well-being of our team members
- Diversifying our workforce by removing barriers and creating clear development pathways



*Electric charging points at **The Fox & Goose, Ealing**, and the Fuller's Bridge Walk, which raised over £25,000 for Special Olympics Great Britain*

TENANTED INNS

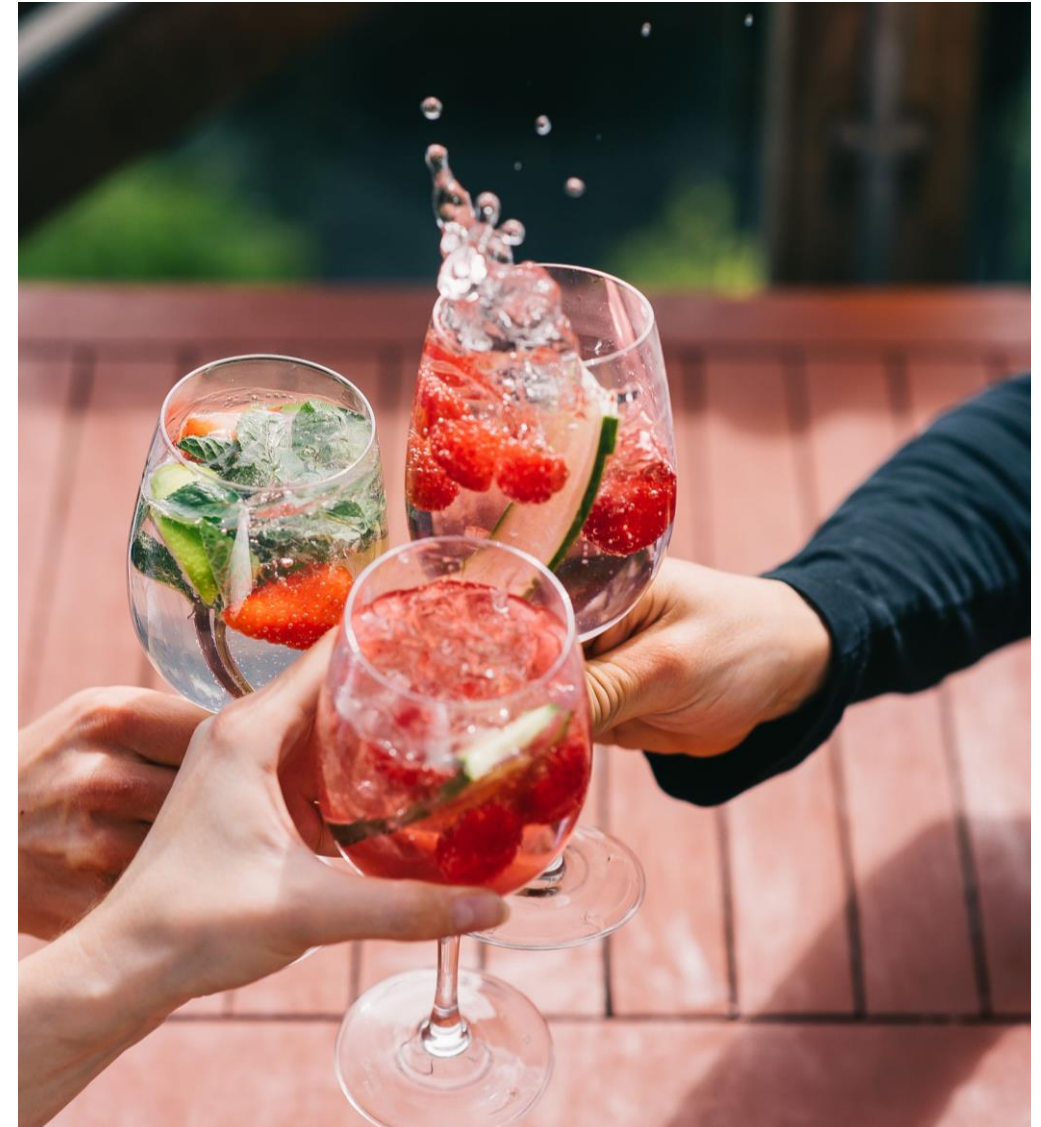
- We value the ownership of our Tenanted Inns division
 - It is an integral, highly profitable and cash generative part of our business
 - A symbiotic relationship with both parts of the business benefiting by learning from the other
 - Ownership enables pubs to be traded optimally
- Delivered profits during the last financial year of £11.1m
- Debt at record low levels, while compliance with the tie agreement is above the industry average
- Dedicated central support for turnover agreement pubs to build sales for mutual benefit
- High level of interest from entrepreneurial Tenants
- Completed five major projects, investing jointly with our Tenants, during the year



*The Three Horseshoes at Alton and The Crab Tree in Shoreham
Two pubs where we have jointly invested with our Tenants*

SUMMARY

- Our strategy, vision and purpose has evolved to reflect changing consumer and economic environments
- We have a strong Balance Sheet, further enhanced by refinancing our bank facilities
- The last two years have been used wisely, investing in infrastructure and strategic projects
- Our business is underpinned by a predominately freehold estate of well-invested, iconic properties – Directors' valuation at £995.6m
- Sales continue to recover well, with a strong growth trajectory in the City and Central London
- The pub continues to show resilience in challenging economic conditions
- We are a dynamic business with strong foundations and are well-placed and ready for future growth and success



Summer is coming and our **Summer of Spritz** campaign will be promoting a great range of summer drinks and cocktails through our digital channels and in-pub



Fuller's first Bridge Walk – over 80 team members raised a collective total in excess of £25,000 for Special Olympics GB

Appendix: Fuller's Estate

	27 Mar 2021	New	Disposed	Transfers	26 Mar 2022	Transfers	8 June 2022	Within the M25
Total Fuller's	386	1	(2)	-	385	-	385	44%
Managed Pubs & Hotels	211	1	(2)	1	211	(4)	207	57%
Tenanted Inns	175	-	-	(1)	174	4	178	28%
Number of bedrooms	1,028	3	(1)	-	1,030	-	1,030	

Appendix: IFRS 16 reconciliation

	Pre IFRS 16	IFRS 16	Post IFRS 16
Revenue and other income	253.8	-	253.8
Operating costs	(237.6)	2.3	(235.3)
Adjusted operating profit	16.2	2.3	18.5
Finance costs	(8.2)	(3.1)	(11.3)
Adjusted profit before tax	8.0	(0.8)	7.2
Separately disclosed items	1.2	3.1	4.3
Profit before tax	9.2	2.3	11.5
Depreciation and amortisation	18.9	6.9	25.8
EBITDA	35.1	9.2	44.3

Appendix: A geographically balanced business

