



Full Year Results for the 53 weeks ended 1 April 2023



*Reopening The Admiralty, the only pub on Trafalgar Square
Fuller's Chief Executive Simon Emeny and London Fire
Brigade Deputy Assistant Commissioner Greg Ashman*

AGENDA

RETURN TO GROWTH

FINANCIAL REVIEW

STRATEGY UPDATE

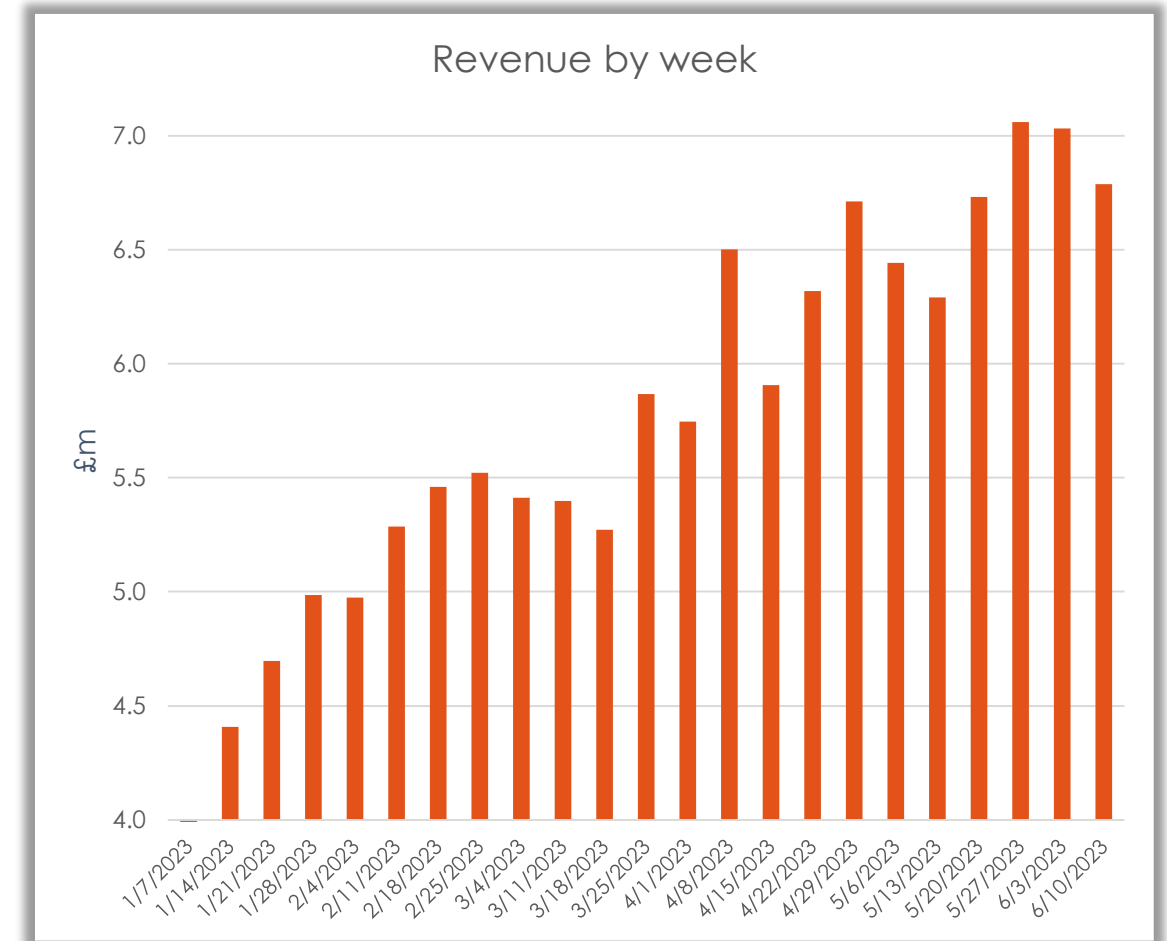
CURRENT TRADING & OUTLOOK



*The Sanctuary House Hotel, near Westminster Abbey
Open and ready in time to celebrate The King's Coronation in style*

A RETURN TO STRONG LIKE FOR LIKE GROWTH

- Business performing well with year-on-year like for like sales up 17.5% for the full year and up 13.9% in the first 10 weeks of FY2024
- Long-term fundamentals remain in place
 - Predominately freehold, well-invested estate
 - Strong Balance Sheet
- Strategy unchanged and consistently implemented



OUR STRATEGY

Purpose

Why we exist

We create experiences that nourish the soul

Mission

Where we are heading

We're crafting a family of distinctive pubs and hotels where people feel they belong

Values

How we do it

Doing things the right way

Being part of the family

Celebrating individuality

Always asking what's next?

Strategy

What we will do to achieve it

Delight our customers

Inspire our people

Enhance our estate

Evolve our business

Own our impact

PATHWAY TO FURTHER GROWTH

Growing our existing business

- Investment in our estate to protect and grow the underlying business
- Cost opportunities as inflation abates
- Volume growth through driving sales and innovation
- Upside from pricing changes
- London continues to return – both offices and tourists

Proactive Asset Management

- Capital recycling through:
 - Transfers to Tenanted Inns
 - Transfers to Managed Pubs and Hotels
 - Disposal of a small number of sites that no longer fit our long-term strategy and vision

Acquisition

- Strong position to take advantage of appropriate, predominately freehold, opportunities that add long-term value

LONDON'S CONTINUED RECOVERY



London Calling:
LFL Food Sales +57.3%
LFL Drink Sales +32.3%
LFL Accommodation Sales +79.3%
Hotel RevPar +83%

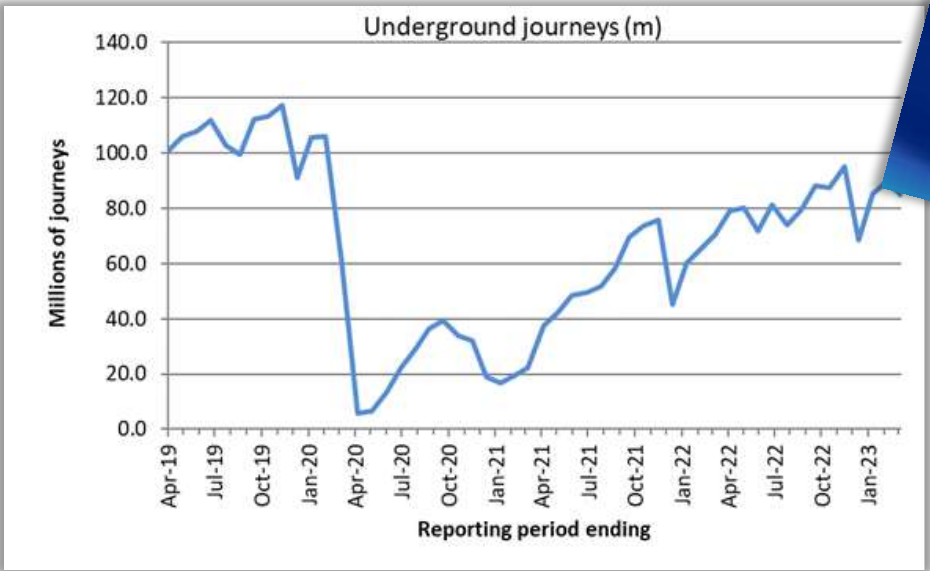


Photo: Transport for London



The Willow, Bourton-on-the-Water
An iconic location in the Venice of the Cotswolds

FINANCIAL REVIEW

INCOME STATEMENT

	FY2023 53 weeks £m	FY2022 52 weeks £m	
Revenues	336.6	253.8	+33%
Operating costs	(311.5)	(235.3)	
Adjusted operating profit	25.1	18.5	
Finance costs	(12.4)	(11.3)	
Adjusted profit before tax	12.7	7.2	+76%
Separately disclosed items	(2.4)	4.3	
Taxation	(2.4)	(4.4)	
Profit after tax	7.9	7.1	
Adjusted EPS	16.10p	9.79p	+64%

- Revenues increased by 33% despite trading disrupted by train and tube strikes. There were covid restrictions in the prior year
- Adjusted profit increase of 76% to £12.7m despite the challenging cost environment
- 53rd week contributed £5.7m to revenues and £0.3m to adjusted profit
- Average cost of borrowing increased from 4.2% to 7.0% due to increase in Bank of England rates
- Separately disclosed items include asset impairments net of profits on the disposal of non-core properties
- Tax on underlying earnings has been provided at 22.8%
- Adjusted EPS grew to 16.10p for FY2023, increase of 64% on prior year
- DPS of 14.68p consisting of interim dividend of 4.68p and proposed final dividend of 10.0p, giving a total dividend payout of £8.9m

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

DIVISIONAL RESULTS

	FY2023 £m	FY2022 £m
Managed Pubs and Hotels		
Revenue	306.8	228.8
Operating profit*	30.0	24.7
EBITDA*	53.4	48.0
EBITDA %	17.4%	21.0%
Tenanted Inns		
Revenue	29.8	25.0
Operating profit*	13.2	11.1
EBITDA*	15.5	12.9
EBITDA %	52.0%	51.6%
Central costs		
Operating costs*	(18.1)	(17.3)
% of revenue	5.4%	6.8%
Total revenue	336.6	253.8
Total operating profit*	25.1	18.5

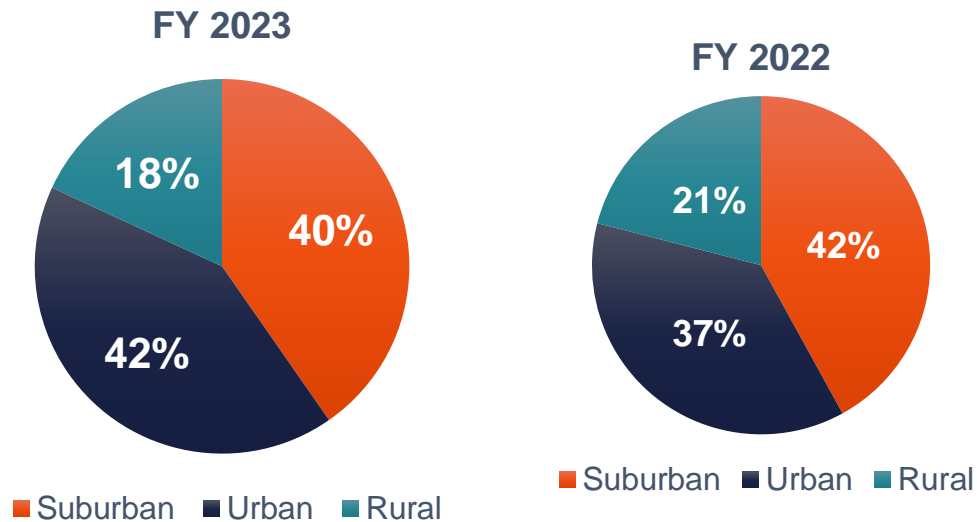
* Excluding separately disclosed items

- Managed Pubs and Hotels delivered revenues of £306.8m (up 34%) and operating profit of £30.0m (up 21%)
- Decline in reported EBITDA margin from 21.0% to 17.4% impacted by:
 - Rise in utilities costs by £6.6m or 87%
 - VAT increase on food and accommodation from average rate of 8.75% in FY2022 to 20% in FY2023
- Tenanted Inns revenue grew to £29.8m and improvement in EBITDA margin from 51.6% to 52.0%
- Central costs have increased by £0.8m mainly due to increased payroll costs, as recruitment was paused during lockdowns

MANAGED REVENUE ANALYSIS

	FY2023 £m	FY2022 £m
Drink	179.9	132.8
Food	91.4	72.6
Accommodation	33.7	21.9
Other	1.8	1.5
Total	306.8	228.8

Revenue split by category

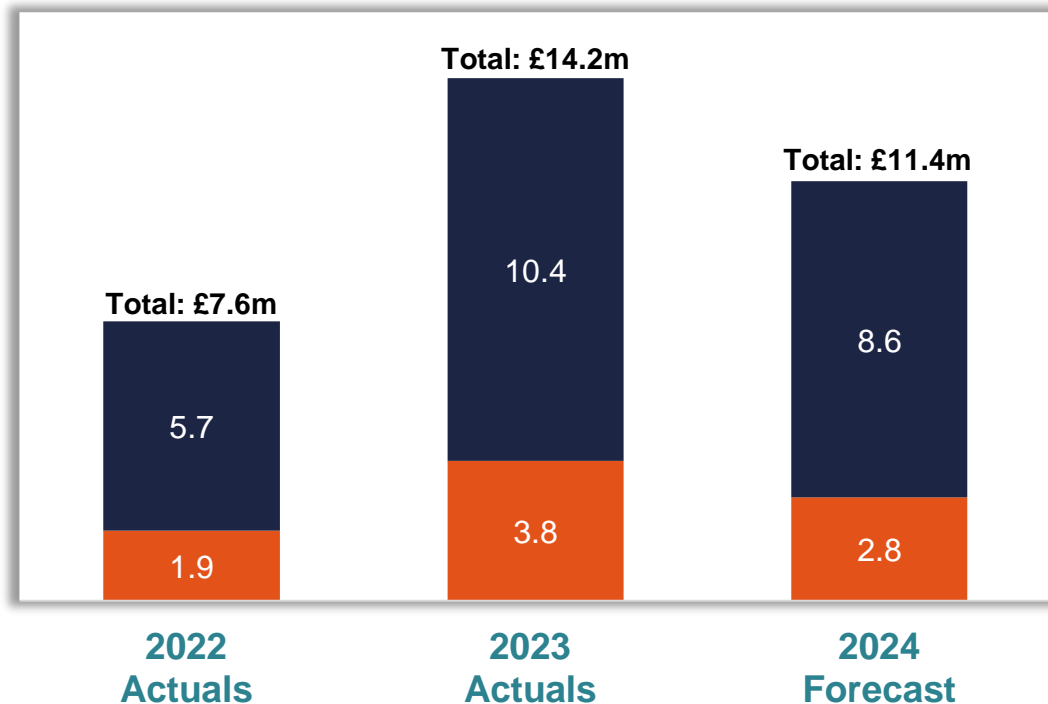


- Well balanced revenues with strong growth across all categories
- FY2023, like for like sales against prior year were at +17.5%, and total sales were up 34%
- Strong growth in both suburban areas with like for like sales up 13.9% and urban areas up 33.0% against prior year
- Disruption caused throughout the year by train and tube strikes – impacted sales by over £5m and profits by estimated £4m
- Despite this, like for like sales in Central London were up 40.1% compared to the prior year, demonstrating the return to offices and tourism into London – with more to come

ENERGY COSTS

Total Gas and Electricity

■ Gas ■ Electricity



- Total utilities cost for FY2023 was £14.2m representing an 87% increase on FY2022
- We mitigated some of the increases through forward market purchases
- We have also reduced usage significantly – 14% gas and 13% electricity against FY2020 – through behavioural changes and investments in energy reduction initiatives
- For the current financial year, we are 100% hedged on our expected wholesale gas and electricity requirements
- Total energy costs forecast to reduce 20% to £11.4m



THE INFLATIONARY ENVIRONMENT

Labour

- Investment in home-grown talent – April 2023 pay awards of 6-11%
- Enhanced reporting and dynamic management of sales per labour hour
- Implemented improved labour scheduling tool

Food and drink

- Drink price inflation – relatively modest due to long-term supply agreement with Asahi
- Stubbornly high food price inflation – mitigated through supplier relationships, dynamic menu management and pricing

Interest

- Zero premium collar – September 2022 over £60m of the term loan – floor sold at 310bps, and cap purchased at 500bps
- Total drawn debt of £147m of which 19% is fixed, 40% is variable and the remaining 41% is variable but within a fixed range of 310bps and 500bps

STRONG BALANCE SHEET

	FY2023 £m	FY2022 £m
Property, plant & equipment	583.3	592.7
Right-of-use assets (IFRS 16)	66.4	73.8
Other non-current assets	46.7	47.3
Current assets (excluding cash)	22.1	20.3
Net debt (excluding leases)	(132.8)	(131.9)
Other current liabilities	(55.1)	(57.7)
Lease liabilities (IFRS 16)	(71.8)	(80.7)
Other non-current liabilities	(16.2)	(14.6)
Net assets	442.6	449.2

- High quality asset base
 - 92% of Fuller's estate is freehold by book value
 - Directors' valuation of the estate at £995.6m performed June last year – remains our view of long-term value
- Net debt stable – with cash generated in the year funding investment in the estate and shareholder returns

NET DEBT

- Net debt at 1 April 2023 of £132.8m excluding leases (26 March 2022: £131.9m)
- New bank facilities of £200m were agreed in May 2022 with a term of four years, split between a term loan of £90m and a RCF of £110m
- Significant cash headroom

Facility	Facility	Term	Cost	Drawn (net of cash)*
Bank facilities	£200m	May 2026	SONIA plus 227.5bps - 295bps	£105.3m
Debentures	£25.9m	£6m to Dec 2023 £20m to April 2028	£6m at 10.7% £20m at 6.875%	£25.9m
Preference shares	£1.6m	n/a	7.5%	£1.6m
Total	£227.5m			£132.8m

*Net of arrangement fees

CASHFLOW

	FY2023	FY2022
	£m	£m
Adjusted EBITDA	51.8	44.3
Working capital	(1.1)	27.8
Interest	(8.7)	(7.2)
Tax credit	-	2.5
Pension	(2.3)	(2.3)
Acquisitions	(5.7)	(2.3)
Capital expenditure	(25.0)	(23.5)
Net proceeds of equity placing	-	51.8
Disposals	16.0	10.0
Dividends	(7.4)	(2.4)
Share buyback	(4.8)	-
Lease payments	(9.8)	(8.6)
Other	(3.0)	(3.0)
Cash movement in net debt	-	87.1
Non-cash movements	(0.9)	(0.9)
Movement in net debt	(0.9)	86.2

- Steady improvement in trading resulting in improved EBITDA of £51.8m
- Small working capital outflow due to 53rd week including extra supplier payment run. One-off benefit last year as the estate was closed at the beginning of the financial year
- Capital investment of £25m to enhance quality of core estate
- Acquisitions of £5.7m of selected, high-quality additions to the business
- Non-core properties disposed as part of continued review of portfolio resulting in £16m realised cash
- Total dividends and buybacks of £12.2m compared to £2.4m last year

CAPITAL ALLOCATION FRAMEWORK

Policy	Targets & Philosophy	Outlook
Invest in long-term organic growth	Returns-based approach to capital investment	<ul style="list-style-type: none">Maintaining annual investment of £10-15m on maintenance capex and £10-15m on trade enhancing capex
Sustainable & progressive dividend	Dividend cover normalised range of 2.5-3x	<ul style="list-style-type: none">FY2023 Final Dividend of 10.0pProgressive dividend growth in line with EPS growth once cover normalised
Invest in additional growth opportunities	Disciplined approach to assessing investment opportunities	<ul style="list-style-type: none">IRR used to measure the merits of trade-enhancing investments or M&A
Targeting leverage of 3x ND/EBITDA	Strong Balance Sheet maintained - target leverage at 3x Net Debt / EBITDA	<ul style="list-style-type: none">Refinancing provides certainty of funding£4.8m of share buybacks in year – constantly reviewing benefits of further buybacks

DRIVING RETURNS WHILE MAINTAINING LEVERAGE AT 3X ND/EBITDA

FY2024 GUIDANCE

- Continued recovery of revenues
- Depreciation expected to be in the region of £25m
- Interest charge expected to be in the region of £13-14m
- Adjusted effective tax rate of 25%
- Capital expenditure of £20-25m
- IFRS 16 guidance in appendix





The George & Dragon, Westerham
A stunning terrace overlooking the Kent countryside

STRATEGY UPDATE

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
- A long-term strategy that remains unchanged



Opportunity

- Build on the five strategic pillars – customer, people, estate, evolution and ESG
- Deliver long-term, sustainable growth through our proactive plan focusing on growing our existing business, proactive asset management and acquisition
- London continues to build as office workers and international tourists return, with more uplift still to come



DELIGHT OUR CUSTOMERS

- Creating experiences that *nourish the soul*
- Pride in celebrating the individuality of our pubs and people to deliver outstanding visits for our guests
- Like for like drink sales rose 20.5%
 - Stunning terrace takeovers with Maison Mirabeau, our new Provence rosé wine partner
 - Bespoke activity in the Cotswolds with Champagne Laurent-Perrier and the *Financial Times*
- Like for like food sales rose 10.1%
 - Successful roll-out of our spring/summer menu including a larger range of snacks and sharers for our craft venues, building on current consumer trends
 - Innovative new dishes such as Laverstoke Buffaloumi
- Like for like accommodation sales rose 24.7%
 - Return of international tourists has helped like for like sales in Central London bedrooms rise by 79.3% with occupancy now at 91%
 - RevPar increased by 25% from £71.30 to £88.94



INSPIRE OUR PEOPLE

- People & Talent Director Dawn Browne will join the Main Board as of 3 July 2023, recognising the importance of people development to the business
- A further 220 apprenticeships planned for this year, including around 130 in the Chefs' Guild – making full use of our Apprenticeship Levy
- Further improvements in recruitment and retention
 - Continued commitment to developing our people with 65% of GMs being internal promotions and further investment in leadership development
 - Partnership with *Rest Less* and resulting press coverage helping to attract older workers
 - Partnership with *Global Work & Travel*, supporting Australians to find employment on their working holiday visas
 - New recruitment website and partnership with Harri has improved the quality of the recruitment process, resulting in more engaged candidates
- Increased level of engagement with our second Happiness Index Survey



ENHANCE OUR ESTATE

- Long-term strategic objectives
 - Acquisition and investment to maximise the performance of iconic properties
 - Add long-term value to our property portfolio
- Significant Investments during the year
 - The Plough at East Sheen – £1.0m investment
 - The George & Dragon, Westerham – now part of Bel & The Dragon following £2.6m investment
 - The Willow, Bourton-on-the-Water – £3.9m acquisition and investment
 - The Admiralty reopened following a £3.3m rebuild due to fire last July
 - The Sanctuary House by Westminster Abbey reopened for the Coronation after £2.5m bedroom investment
- Proactive asset management to realise the benefit of Managed and Tenanted models and long-term changes to market conditions



PROACTIVE ASSET MANAGEMENT

Action	Sites	Financials
Acquisitions	The Willow, Bourton-on-the-Water The Rising Sun, near Bashley The Queen's Arms, Heathrow T2	£7.8m investment in acquisition and development costs
Disposal of properties with low returns	6 non trading sites 3 trading sites	£16m of proceeds, yielding £12m of profit on disposal
Lease surrenders of properties with low returns	5 sites	£2m payment in FY2023
Opportunistic disposals	The Mad Hatter, Southwark	£20m in value – NBV of £2.7m (completion summer 2024)
Transfers to Managed	2 sites in FY2023 1 site in FY2024	£3.6m investment
Transfers to Tenanted	4 sites in FY2023 23 sites in FY2024	Long-term resilience and forecast full year benefit in excess of £1m incremental profit

EVOLVE OUR BUSINESS

- Live by our value of always asking *what's next?*
- Strengthened Executive Team with appointment of Sam Bourke, a seasoned retail marketer with digital experience
- Continue to realise benefits from the digital transformation project, delivering smooth and effective engagement at all digital touchpoints on the customer journey
 - Better integration of sales lead management seen pre-booked sales up 20% against pre-covid levels
 - Direct bookings through the Fuller's Hotels websites risen by 46% year on year
 - Increased contactable database by 66% during last full year



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

- Good progress made on targets around reduce, recycle and reuse
- Opened our first two fully electric pubs – The Admiralty on Trafalgar Square and The Queen’s Arms at Heathrow Terminal 2
- Reduced energy usage by 14% for gas and 13% for electricity
- Upcycling of furniture built into the investment programme
- Recycling rate increased from 35% to 57% following move to Veolia, with zero waste going to landfill
- Implementing programme of sustainability champions to share best practice
- On target to reach Net Zero by 2030 for operational emissions and 2040 for our supply chain
- Continue to raise funds for Special Olympics Great Britain, donating over £450k in the last financial year alone
- Supported numerous local causes through our pubs to ensure our pubs remain at the heart of their communities



TENANTED INNS

- Tenanted Inns revenue of £29.8m and profits of £13.2m
- Capex investment of £4.7m in exciting joint schemes in partnership with our Tenants
- Turnover-linked pubs performing well as central marketing support continues to add value
- Financial benefit of transfers
 - Lower capex
 - Shared risk and reward
 - Owner-operator has the ability to be more flexible in a small-scale operation
- Strong pipeline of entrepreneurial Tenants
- Named Best Tenanted & Leased Pub Company (up to 500 sites) at The Publican Awards



Ushma Patel and Derek O'Brien, Tenants of The Plough in Norwood Green, winners of Fuller's Glorious Gardens competition.

CURRENT TRADING AND OUTLOOK

- Momentum continues to grow, increasingly strong sales
- Excellent start to the year with like for like sales up 13.9%
- London trading is strong with more still to come from international tourists, office workers and increased footfall at transport hubs
- Continued focus on our long-term strategy with an Exec Team working in harmony to delight our customers, inspire our people, enhance our estate, evolve our business and own our impact
- Motivated, engaged and dedicated team members across our Managed Pubs and Hotels supported with excellent training and development opportunities
- Successful and inspirational Tenants and a first-class Tenanted support team
- Outstanding, predominately freehold, iconic estate and a clear vision, strategy and customer offer
- Well-positioned to deliver long-term, sustainable growth for our shareholders





This year's annual bridge walk delivered £20,000 for Special Olympics GB

Appendix: Fuller's Estate

	26 Mar 2022	New	Disposed	Transfers	1 April 2023	Transfers	10 June 2023	Within the M25
Total Fuller's	385	3	(11)	-	377	-	377	44%
Managed Pubs & Hotels	211	3	(6)	(4)	204	(4)	200	57%
Tenanted Inns	174	-	(5)	4	173	4	177	29%
Number of bedrooms	1,033	13	-	-	1,046	(22)	1,024	

Appendix: IFRS16 reconciliation

	Pre IFRS16 £m	IFRS16 £m	Post IFRS16 £m
Revenue and other income	336.6	-	336.6
Operating costs	(313.5)	2.0	(311.5)
Adjusted operating profit	23.1	2.0	25.1
Finance costs	(9.5)	(2.9)	(12.4)
Adjusted profit before tax	13.6	(0.9)	12.7
Separately disclosed items	(4.0)	1.6	(2.4)
Profit before tax	9.6	0.7	10.3
Depreciation and amortisation	20.4	6.3	26.7
EBITDA	43.5	8.3	51.8

Appendix: A geographically balanced business

