

Half Year Results for the 26 weeks ended 28 September 2024



ESTABLISHED 1845

FULLER'S



The Holly Bush, Hampstead

AGENDA

HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

CURRENT TRADING &
OUTLOOK



The Windmill, Portishead – overlooking The Severn Estuary

STRATEGIC HIGHLIGHTS

A busy and successful first half of the year

Enhance our Estate

- Completed sale of 37 non-core pubs to Admiral Taverns for £18.3m
- Sold The Mad Hatter for a total consideration of £20m – a £17.2m profit to book value
- Acquired Lovely Pubs – seven stunning pubs for £22.5m, at a 7.25x multiple of EBITDA
- Completed 20 significant investments across the estate, with a similar number planned in H2

Inspire our People

- Delivering our industry-leading *Lead your Way* programme to all General Managers, Head Chefs and support centre managers

Delight our Customers

- Opened our new Fuller's Kitchen Academy to drive standards, innovation and creativity

Evolve our Business

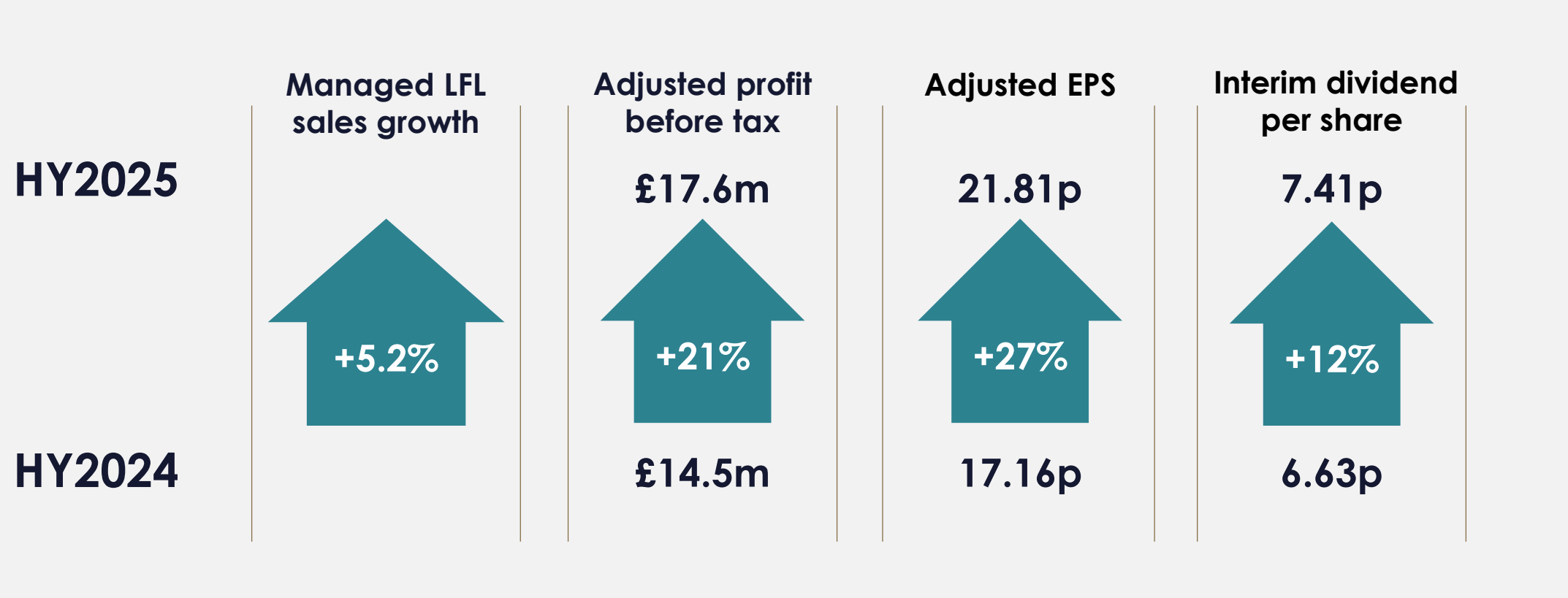
- Improved use of targeted digital comms, based on distinct messages for different customers

Own our Impact

- Roll out of electrification of kitchens – 22 across the estate

FINANCIAL HIGHLIGHTS

Another strong set of results





The Butcher's Hook & Cleaver, West Smithfield

FINANCIAL REVIEW

INCOME STATEMENT

	HY2025 £m	HY2024 £m	
Revenues	194.1	188.8	+3%
Operating costs	(169.9)	(167.4)	
Adjusted operating profit	24.2	21.4	
Finance costs	(6.6)	(6.9)	
Adjusted profit before tax	17.6	14.5	+21%
Separately disclosed items	11.4	0.4	
Taxation	(7.2)	(4.2)	
Statutory profit after tax	21.8	10.7	
Adjusted EPS	21.81p	17.16p	+27%

- Reported revenues up 3%, reflecting movement of 23 pubs from Managed to Tenanted – like for like Managed sales up 5.2%
- Operating margin improvement from 11.3% to 12.5% driven by effective portfolio and cost management
- Adjusted profit before tax increased by 21% to £17.6m
- Separately disclosed items largely relate to profit on disposal of The Mad Hatter
- Adjusted earnings per share up 27% – enables interim dividend of 7.41p, up 12%

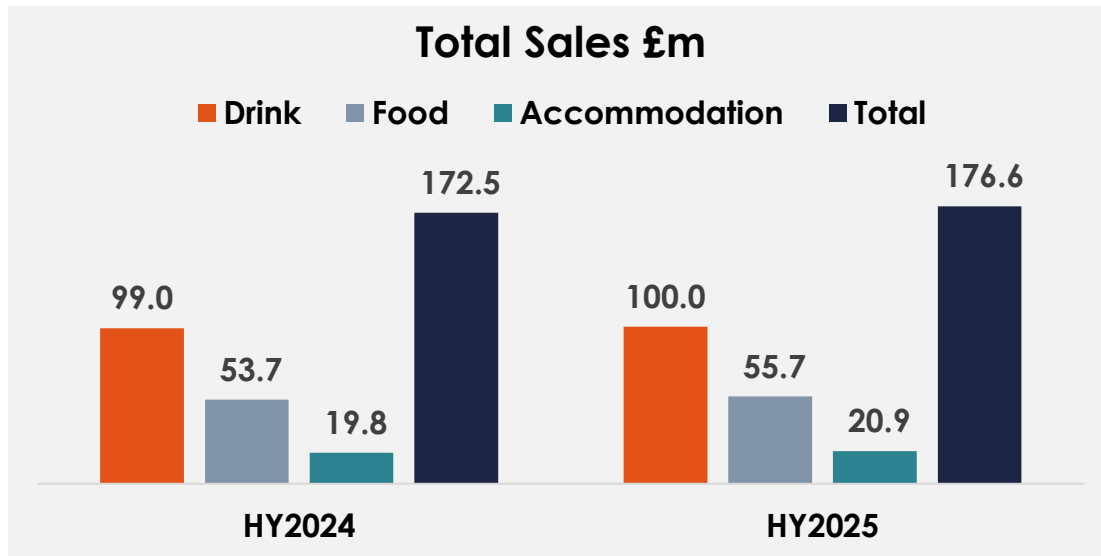
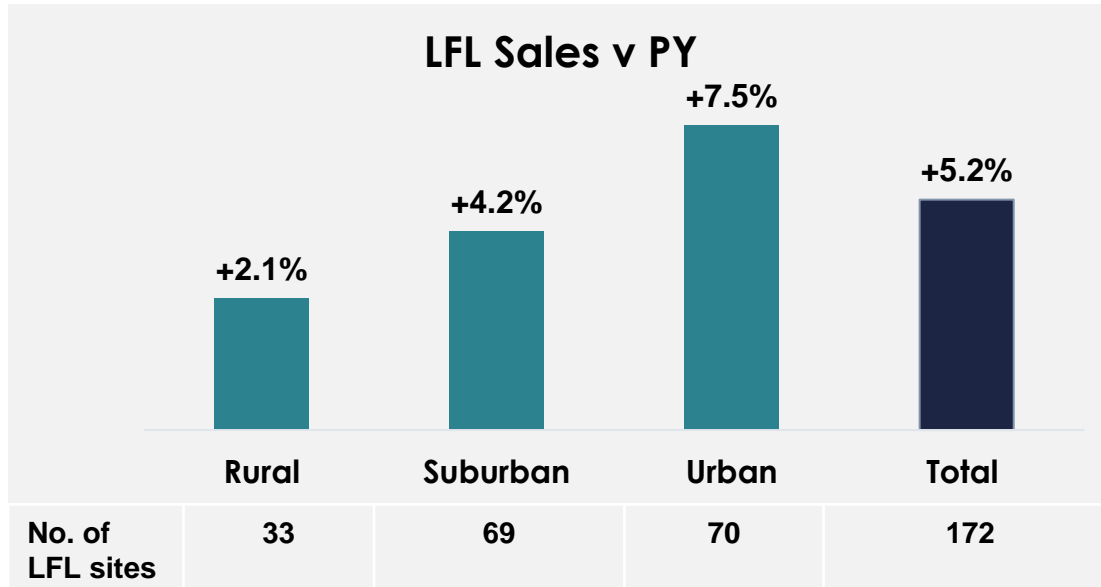
DIVISIONAL RESULTS

	HY2025 £m	HY2024 £m
Managed Pubs and Hotels		
Revenue	176.6	172.5
Operating profit*	27.7	25.4
EBITDA*	39.1	37.1
EBITDA %	22.1%	21.5%
Tenanted Inns		
Revenue	17.5	16.3
Operating profit*	7.5	6.9
EBITDA*	9.1	8.3
EBITDA %	52.0%	50.9%
Central costs		
Operating costs*	(11.0)	(10.9)
% of revenue	5.7%	5.8%
Total revenue	194.1	188.8
Total operating profit*	24.2	21.4

- Grown Managed Pubs and Hotels EBITDA margin from 21.5% to 22.1%
- Tenanted Inns EBITDA margin increased to 52.0% aided by disposal of 37 non-core sites and transfer in of 23 Managed Pubs and Hotels
- Central costs held flat, decreased as a percentage of revenue year on year

* Excluding separately disclosed items

MANAGED REVENUE ANALYSIS



- HY2025, like for like Managed sales growth of 5.2%
 - Pricing benefit of 6.7%
- Particularly strong performance in Urban areas, which were up 7.5%
- Well-balanced revenues with like for like sales growth across all categories
 - Drink like for like sales up 4.9%
 - Food like for like sales up 5.5%
 - Accommodation like for like sales up 4.9%

STRONG BALANCE SHEET

	HY2025 £m	HY2024 £m
Property, plant & equipment	580.3	580.5
Right-of-use assets (IFRS 16)	56.8	62.8
Other non-current assets	50.2	45.2
Current assets (excluding cash)	21.5	21.3
Net debt (excluding leases)	(128.2)	(129.4)
Other current liabilities	(49.9)	(50.3)
Lease liabilities (IFRS 16)	(64.4)	(68.8)
Other non-current liabilities	(26.1)	(18.5)
Net assets	440.2	442.8

- High quality asset base
 - 87% of Fuller's estate are freehold sites
 - Invested £10.0m into the estate to maintain and enhance our premium position
 - 20 significant investments across the business
- Net debt flat – cash generated by the business and disposals have funded investment in the estate, Lovely Pubs acquisition and returns to shareholders through dividends and share buybacks

NET DEBT

- Net debt at 28 September 2024 of £128.2m excluding leases (30 September 2023: £129.4m)
- Reduced leverage – net debt/EBITDA** of 2.3 times (30 September 2023: 2.6 times)
- Significant headroom available with £200m bank facilities to May 2027
- Zero premium collar until September 2025 over £60m of the term loan – floor sold at 310bps, and cap purchased at 500bps. Average cost of debt of 7.6%, expected to reduce with forecast base rate reductions

	Facility	Term	Cost	Drawn (net of cash)*
Bank facilities	£200m	May 2027	SONIA plus 227.5bps - 295bps	£106.7m
Debentures	£19.9m	April 2028	6.875%	£19.9m
Preference shares	£1.6m	n/a	7.5%	£1.6m
Total	£221.5m			£128.2m

*Net of arrangement fees

**Pro forma net debt / EBITDA is calculated on a 12-month basis adjusting as appropriate for acquisitions and pub disposals

CASHFLOW

	HY2025 £m	HY2024 £m
Adjusted EBITDA	37.6	34.8
Working capital	(10.8)	(4.2)
Interest	(5.0)	(5.2)
Tax payment	(1.4)	-
Pension	(1.4)	(1.2)
Acquisitions	(21.1)	-
Capital expenditure	(10.0)	(9.0)
Disposals	36.4	-
Lease payments	(4.3)	(4.5)
Other	-	2.4
Free cashflow to equity	20.0	13.1
Dividends	(6.5)	(6.1)
Share buybacks	(8.4)	(3.5)
Cash movement in net debt	5.1	3.5
Non-cash movement	(0.2)	(0.1)
Movement in net debt	4.9	3.4

- Strong cashflow generation has delivered shareholder returns and enabled continued investment in the estate
- Working capital outflow is largely the unwind of £7.7m one-off benefit from last year – due to timing of year end payment run
- Acquisition of Lovely Pubs on 6 August – net cash flow of £21.1m
- Maintaining significant capital investment in the core estate – £10.0m in HY2025
- Disposal proceeds largely relate to 37 non-core sites sold to Admiral Taverns for £18.3m and £17.0m from the disposal of The Mad Hatter
- Share buybacks and dividends of £14.9m - up 55% on last year

CAPITAL ALLOCATION FRAMEWORK

Policy	Targets & Philosophy	HY2025 Update
Invest in long-term organic growth	Returns-based approach to capital investment	<ul style="list-style-type: none">Invested £10m into the estate in HY2025 with plans to invest around £30m in the full year
Sustainable & progressive dividend	Dividend cover normalised range of 2.5-3x	<ul style="list-style-type: none">HY2025 Interim dividend of 7.41p – up 12%
Invest in additional growth opportunities	Disciplined approach to assessing investment opportunities	<ul style="list-style-type: none">Strong Balance Sheet with significant headroom for high quality acquisition opportunities
Targeting leverage of 3x Net Debt/EBITDA	Strong Balance Sheet maintained – target leverage at 3x Net Debt/EBITDA	<ul style="list-style-type: none">Buyback continuing with intention to repurchase up to 6.5m 'A' shares4.3m repurchased as at 28 Sept 24 at a discount of 27% to the 2021 equity placing

FY2025 GUIDANCE

- Strong start to the year, with continued sales and earnings growth
- Depreciation expected to be in the region of £27m
- Interest charge expected to be in the region of £14m
- Adjusted effective tax rate estimated at 27 – 28%
- Organic capital investment of c.£30m
- IFRS 16 reconciliation in appendix





BUSINESS REVIEW

Mortons Kitchen Bar & Deli, Dickens Heath

STRATEGY HOUSE

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*

Enhance
our estate

Inspire our
people

Delight
our
customers

Evolve our
business

Own our
impact

INVESTING IN OUR ICONIC ESTATE

- Total investment in H1 of £10m
 - £8.5m in Managed Pubs & Hotels
 - £1.5m in Tenanted Inns
- Planned investment in H2 of c.£20m
- Schemes in H1 include £2m investment at The Head of the River in Oxford
 - Riverside location in a popular tourist area
 - Upgraded rooms delivering a higher room rate
- Planned schemes for H2 include:
 - £1.6m at The Hand & Flower, Olympia
 - Already on site and ready to capitalise on development in the area
 - £2.1m at The Drayton Court, West Ealing
 - Already on site, in an area benefiting from the Elizabeth Line
 - £4m at The Chamberlain Hotel, Minories
 - Part of a transformational redevelopment



GROWING OUR ESTATE

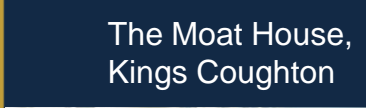
Lovely Pubs Acquisition

- Seven outstanding properties in affluent Warwickshire acquired for £22.5m – an EBITDA multiple of 7.25x
- Six of the sites are freehold and one site has 16 bedrooms
- Immediately earnings enhancing
- Freshly-cooked, locally-sourced, food from skilled kitchen teams – in line with Fuller's philosophy
- An exciting range of drinks, with cask ale very much present – in line with Fuller's heritage
- Exceptional customer service that puts the guest at the heart of the business – in line with Fuller's values
- A business that immediately enhances our estate, adding new iconic locations to our footprint





The Queen's Head,
Stoke Pound



The Moat House,
Kings Coughton



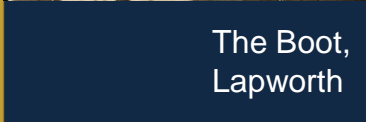
The Orange Tree,
Chadwick End



The Farm,
Monkspath



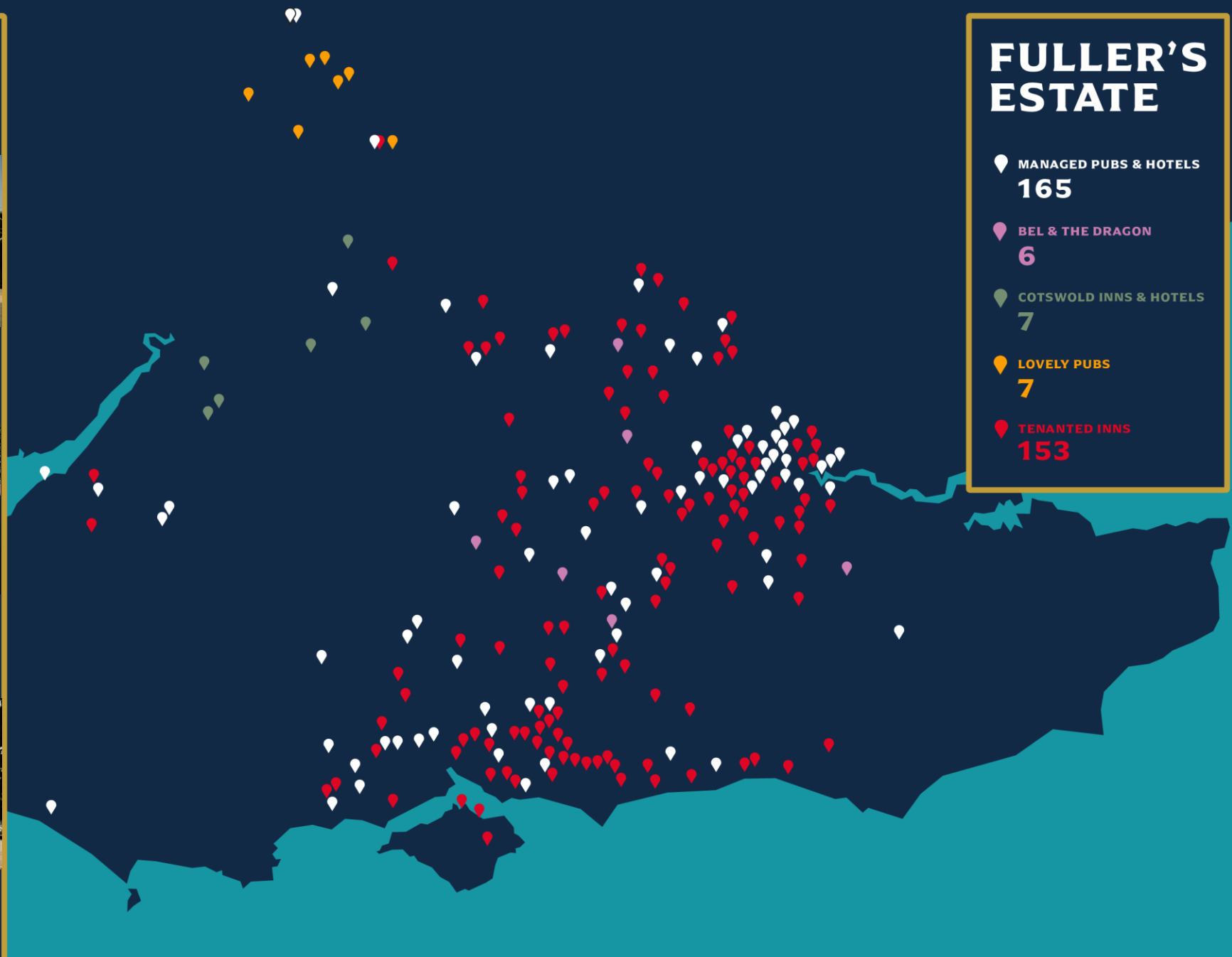
Mortons Kitchen Bar &
Deli, Dickens Heath



The Boot,
Lapworth



Baraset Barn, Alveston



FULLER'S ESTATE

- MANAGED PUBS & HOTELS
165
- BEL & THE DRAGON
6
- COTSWOLD INNS & HOTELS
7
- LOVELY PUBS
7
- TENANTED INNS
153

TENANTED INNS

- Positive impact of 23 Managed to Tenanted transfers and sale of 37 non-core sites
- Revenues up 7% and operating profit increased to £7.5m (FY2024: £6.9m).
- Average EBITDA per pub is up 12% year on year
- Continue to invest capital in partnership with our Tenants – £1.5m during the first half, with the same again planned in H2
- Good Tenant engagement with events, regular communication and support for community events through our Community Support Initiative
- Launching new Support Hub – an online resource with access to contracts, DE&I guidance, risk assessments, marketing support and lots more
- Strong pipeline of entrepreneurial Tenants – estate is 96% let to long-term Tenants



CONTINUED INVESTMENT IN OUR PEOPLE

The best people build the best businesses

- Continued roll out of *Lead Your Way*, our industry-leading, six-month management development programme
 - All GMs have completed the course or are on the journey
 - Pier House senior managers have started
 - All Head Chefs scheduled to start in H2
- 70% of our General Managers are internal promotions
- Positive results – team turnover has reduced by a third over the last two years
- Investing in the Fuller's Kitchen Academy in Reading – a purpose-built training hub for our teams to learn, grow and excel
- Investing in our teams delivers excellent customer service – NPS score of 66.7 (FY2024: 64.6)



Lead Your Way Support Centre



FRESH FOOD AND PREMIUM DISHES

To tantalise the tastebuds and deliver financially

- Like for like food sales up by 5.5%
- Margin improvement from a combination of food deflation and improved menu development
- Further planned investment for our Fuller's Kitchen Academy – creating an environment to inspire our amazing chefs and nurture their creativity
- Already seeing results, such as an evolved offer with Prix Fixe menus that can be promoted centrally
- Playing to our strengths – campaign to hero Sunday Roasts
- Leveraging the Chef's Guild to maintain our market leadership



DELICIOUS DRINKS

Premium drinks for premium drinkers

- Like for like drink sales up 4.9%
- Continued clear focus on choice, range and premiumisation across all categories
- Cocktail sales continue to grow – up 6.7% in value and 2.3% in volume
 - Sales up 271% v pre-covid levels, now accounts for one third of spirits sales
- Successful campaign around cask ale, supported by an elegant social marketing campaign and exciting in-pub events
 - Supported by online training for team members on our Attensi platform
- No/low alcohol continues to grow share – sales are up 84%, driven by increased rate of sale



BEAUTIFUL BEDROOMS

- Like for like accommodation sales rose 4.9%
 - RevPAR up 6% to £114.10
 - Average room rate of £137.90 – an increase of 9%
- Added 16 bedrooms with the acquisition of The Baraset Barn near Stratford-upon-Avon – one of our Lovely Pubs
- Investments completed or underway at:
 - The Head of the River, Oxford
 - The Hand & Flower, Olympia
 - The Drayton Court, West Ealing
- Planned investment in H2:
 - The Chamberlain Hotel, Minorities
 - Bel & The Dragon, Odiham
 - The Manor House, Moreton- in-Marsh



DRIVING OUR DIGITAL FOOTPRINT

- Detailed understanding of our customers enables perfectly targeted marketing that we know will resonate
- Use of a variety of data to build these customer personas – from both internal and external sources
- Structured approach to reaching our customers through digital channels
 - c.41% of revenue goes through digital channels
 - Contactable database of 1.7m
 - Further 3.1m customers can be reached through targeted social
- Supported by beautiful imagery and content that we know will drive sales and build loyalty
- Customer journey peaks with outstanding service and the human touch in our pubs and hotels



Life is too good to waste

On the road to Net Zero

- Grassroots Beef now on the menu at Bel & The Dragon, Cotswold Inns & Hotels and a number of Fuller's pubs, with a view to further listings in the future
 - Grassroots uses 52% less carbon than traditional beef
- Continued roll out of electric-first kitchens
 - 22 kitchens across the estate
 - Opened first fully electric hotel – The Head of the River in Oxford
- Installed first two *rapid* EV charging points at The Hampshire Hog, Clanfield with more to follow
 - Can fully charge a car in under an hour
- Continued reduction in energy use for the third year in a row
 - Gas down 1.2%
 - Electricity down 1.5%



SUMMARY AND OUTLOOK

- Company is in excellent shape and delivering outstanding results
 - Like for like sales up 5.2%
 - Adjusted PBT up 21%
- Strong growth has continued
 - Like for like sales for first 32 weeks of the year up 5.4%
 - Christmas bookings up 15% on the same time last year
- Prudent Balance Sheet – continue to seek opportunities in line with our capital allocation framework
- Exciting programme of brilliant in-pub events to drive trade and build loyalty
- Despite fresh challenges presented by the Chancellor's budget, we look forward to the future with confidence and optimism





Christmas light switch on at The Kingswood Arms, Banstead

Appendix: Fuller's Estate

	30 Mar 2024	New	Disposed	28 Sep 2024	Disposed	13 Nov 2024
Total Fuller's	370	7	(38)	339	(1)	338
Managed Pubs & Hotels	180	7	(2)	185	-	185
Tenanted Inns	190	-	(36)	154	(1)	153
Number of bedrooms	1,015	16	(6)	1,025	-	1,025

Appendix: IFRS16 reconciliation

	Pre IFRS16 £m	IFRS16 £m	Post IFRS16 £m
Revenue and other income	194.1	-	194.1
Operating costs	(171.3)	1.4	(169.9)
Adjusted operating profit	22.8	1.4	24.2
Finance costs	(5.1)	(1.5)	(6.6)
Adjusted profit before tax	17.7	(0.1)	17.6
Separately disclosed items	11.4	-	11.4
Profit before tax	29.1	(0.1)	29.0
Depreciation and amortisation	10.5	2.9	13.4
Adjusted EBITDA	33.3	4.3	37.6

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