

J.D. Wetherspoon Plc

Preliminary Results



2 September 2005



Highlights - Twelve Months to 24 July 2005

- Turnover up 3% to £809.9m
- Operating profit down 9% to £70.4m
- Profit before tax down 15% to £46.1m
- Earnings per share down 7% to 16.4p
- Free cash flow per share 37.1p (2004: 36.7p)
- Dividend per share increased by 10%

Openings- 2005 (13)

Birmingham*

Liverpool Airport

Bradford

Peterborough*

Cardiff

Spalding*

Carlisle

St. Albans*

Exeter*

Stourbridge

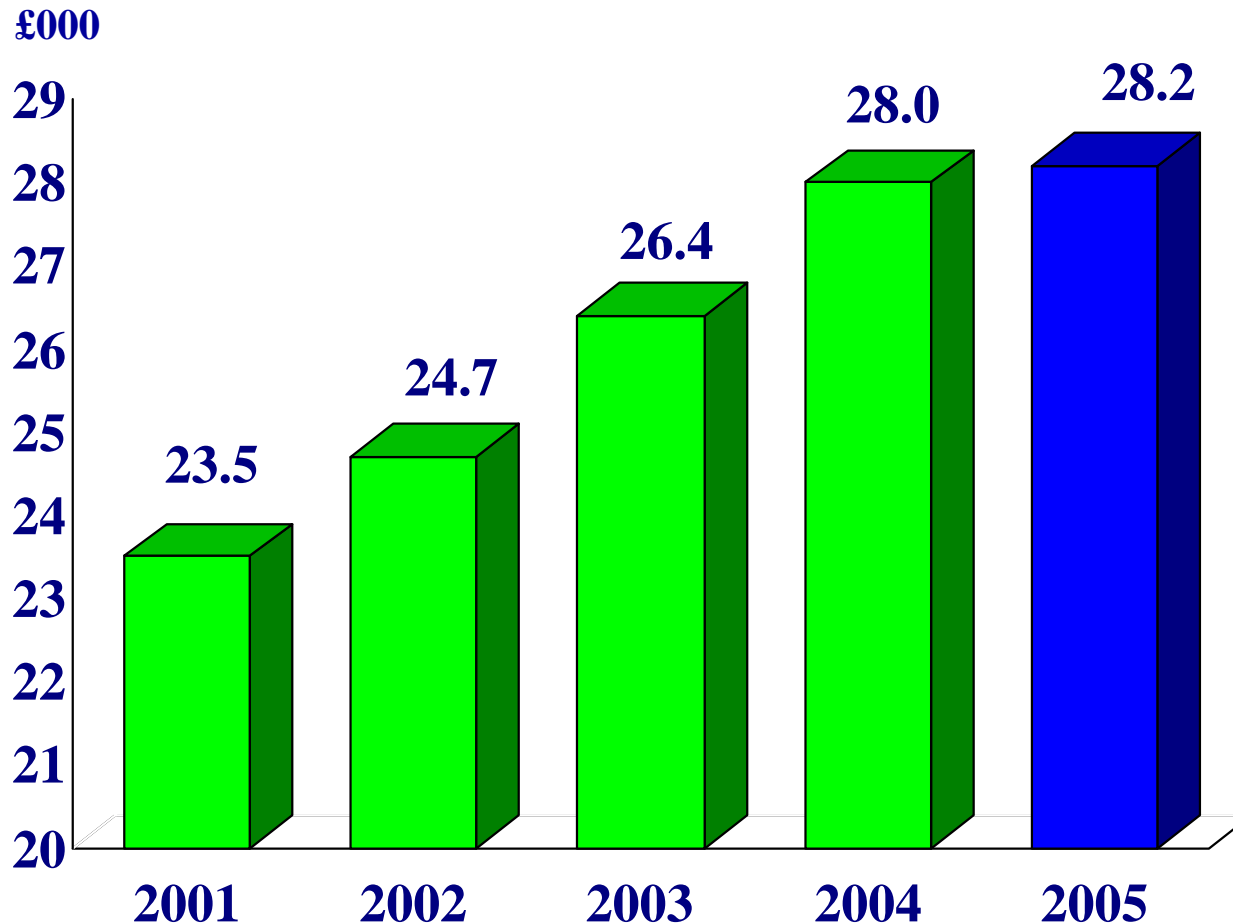
Gatwick Airport

Swindon*

Kendal*

* Non-smoking

Average Sales Per Pub Week (including VAT)



Like For Like Sales/Profits

%	2005	2004	2003	2002	2001
Bar	(1.4)	2.9	2.1	3.5	6.2
Food	2.1	4.2	11.4	9.9	11.4
Total Sales	(0.6)	3.4	4.1	5.0	7.5
LFL Profits	(4.0)	(0.7)	(0.9)	3.8	7.0

Marketing

- Lavazza– Italy’s favourite coffee (70 beans/cup)
- Wine - house wine biggest selling on-trade brand
- Cider – 14 independent products (6 medal winners)
- Perry – 20% of market (80% excluding Babycham)
- Pimms – 200% increase in volumes
- Beer festivals
 - National (>3 million pints)
 - Local microbreweries

Continued Food Development

- Menu masters award for kids menu:
 - choice/ value/nutritional
- Local produce: Exmoor beef/Cumbrian lamb
- Enhanced menu trial:
 - paella/venison casserole/haddock florentine
- Being good/healthy options/five a day
- Continued success of club formats e.g.
 - steak club volumes (+60%)

Licensing Reform

- 2005 costs £1.3 million + internal time
- 100% conversion applications made
- Extra hours trading

Non-Smoking

- 36 pubs at 31 August 2005
 - 7 new
 - 29 conversions
- Average cost of conversion £50-60k
- Target circa 50 by end of 2005
- Review progress early 2006

Non-Smoking

- August LFL sales minus 7%
- Operating margins - high food mix
 - increase in labour costs
- Some smokers leave on change
- Build up new trade over time

Sales

- Weekly sales £28.2k
- Food mix 25%
- Machine sales 5%

Operating Margins - Summary

	2005		2004	
	£000	% of Sales	£000	% of Sales
Turnover	809,861	-	787,126	-
Pub Operating Profit	152,284	18.8	154,920	19.7
Head Office Costs	(31,428)	(3.9)	(33,045)	(4.2)
Share incentive plan	(985)	(0.1)	(149)	-
Licensing reform costs	(1,330)	(0.2)	(150)	-
EBITDA	118,541	14.6	121,576	15.5
Depreciation	(48,157)	(5.9)	(43,948)	(5.6)
Operating Profit	70,384	8.7	77,628	9.9

Costs

- Staff costs
- Utilities (£4m increase)
- Repairs/capital re-investment
- HO costs

Cash Flow

	2005	2004
	£000	£000
Cash from operations	123,460	128,874
Interest and tax	(36,697)	(33,251)
Investments in existing pubs	(14,173)	(20,590)
Investment in own shares (SIP)	(3,816)	(1,556)
Free cash flow	68,774	73,477
Dividends	(7,520)	(7,322)
Re-financing costs	-	(1,325)
Interest received	3,555	-
Disposal proceeds	8,547	7,891
Total investments in new pubs	(24,495)	(54,056)
Cash flow before share capital changes	48,861	18,665
Share buybacks	(45,718)	(48,583)
Issue of new shares	271	1,219
Movement in net debt	3,414	(28,699)
Free cash flow per share	37.1p	36.7p

Financial - Funding

	<u>2005</u>	<u>2004</u>
Net debt / EBITDA	2.8	2.8
Gearing (%) – post FRS19	129	117
– pre FRS19	102	95
Interest cover (times)	2.9	3.3
Fixed charge cover (times) - statutory	1.6	1.8
- excluding depreciation	2.3	2.4

ROC/CROCCE/ROE

	<u>2005</u>	<u>2004</u>
● P&L return on capital	8.8%	9.3%
● Crocce	12.0%	12.6%
● P&L return on equity	10.6%	11.4%
● Cash return on equity	14.9%	15.8%

Detailed calculations included in appendix D



Exceptional Items

• Loss on disposal (8 pubs)	2,306
• Distribution	2,984
• Impairment of trading pubs	1,068
• Restructuring	859
• Non-trading properties	163
	<hr/>
	£7,380k
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IFRS

No Issues	Will Impact	Possible
<ul style="list-style-type: none">• Pensions• Share options• Goodwill	<ul style="list-style-type: none">• Deferred tax on property gains• No accrued dividends• Lease incentives	<ul style="list-style-type: none">• Interest rate hedging• Leases

Current Trading and Outlook

- August – (1.7%) LFL sales
- Cost initiatives
- 2006 challenges
- Marketing activity
- New menu launch
- Strong underlying cash generation

Appendices

A - 10 Year Financial Graphs

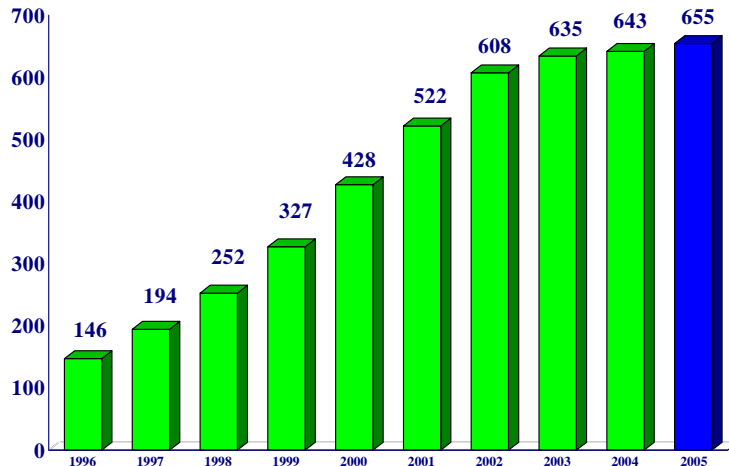
B - 10 Year Trends

C - Capital Trends

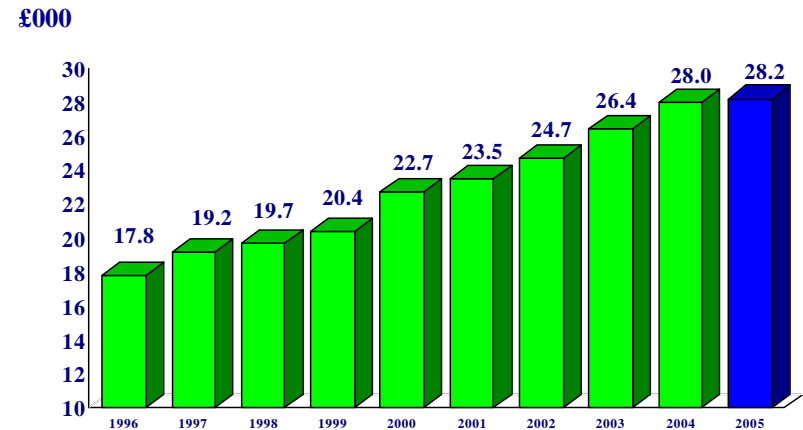
D – ROC/CROCCE/ROE Calculations

10 Year Summary

Number of Pubs

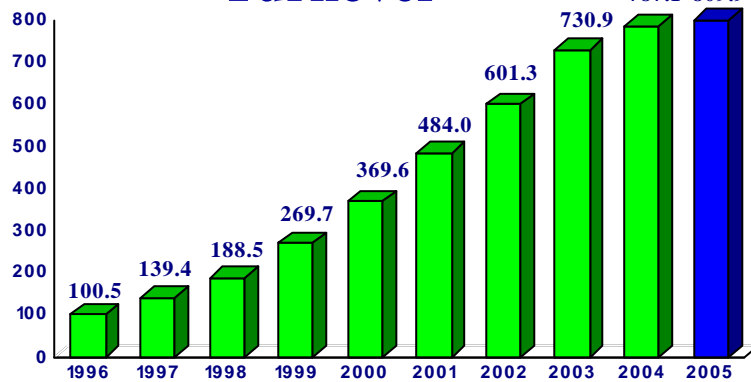


Average Sales Per Pub Week (including VAT)



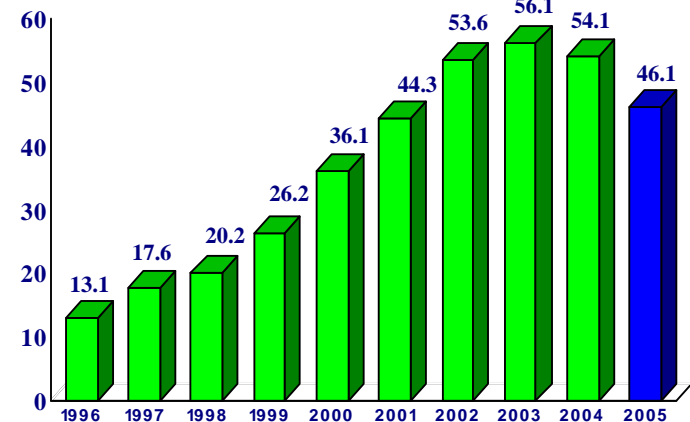
£ millions

Turnover



Profit Before Tax

£ millions



JDW - Financial Trends

Appendix B

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Sales per pub (£000)	786	848	872	904	1,004	1,040	1,093	1,169	1,239	1,246
EBITDA per pub (£000) (1)	177.6	190.8	184.9	188.0	203.8	205.9	207.4	201.9	204.4	195.7
Number of pubs	146	194	252	327	428	522	608	635	643	655
% freeholds (%)	35	31	30	21	32	40	42	42	41	41
CROCCE (%) (2)	17.1	14.1	15.0	15.7	15.6	15.3	13.9	13.0	12.6	12.0
Cash return on equity (%) (2)	21.7	18.3	20.8	20.9	20.3	20.1	18.8	17.1	15.8	14.9
Free cash flow per share (pence)	11.3	14.4	13.3	20.3	24.2	29.1	33.5	38.8	36.7	37.1

(1) Excluding sale & leaseback

(2) See appendix D for calculation



Capital Trends

	1999	2000	2001	2002	2003	2004	2005
Size (sq.ft.) – openings	3,037	3,217	3,713	3,808	3,721	4,317	4,176
Number of openings	84	101	94	87	45	28	13
% which are freehold	58	67	75	53	56	43	54
Freehold average cost (£k)	427	465	506	597	511	640	873
Average development cost (£k)	941	1,049	1,178	1,262	1,317	1,431	1,401
Average cost per sq. ft.	310	326	334	331	354	331	335
Increase in average cost (%)	9	4	3	-1	7	-6	5
Population within 2 miles	70,000	77,000	70,000	70,000	73,000	51,000	64,000
Pub openings with beer gardens (%)	50	73	62	46	51	54	62

ROC/CROCCE/ROE

Appendix D1

		2005	2004
		£000	£000
Profit after tax	(e)	<u>30,409</u>	35,347
Add: interest	(f)	<u>24,329</u>	23,554
Profit pre-interest	(g)	54,738	58,901
Add: deferred tax		1,377	5,562
Depreciation		<u>48,157</u>	43,948
Cash return	(h)	<u>104,272</u>	<u>108,411</u>

• P&L return on capital [(g)/average (c)]	<u>8.8%</u>	9.3%
• CROCCE [(h)/average (d)]	<u>12.0%</u>	12.6%
• P&L return on equity [(e)/average (a)]	<u>10.6%</u>	11.4%
• Cash return on equity [(h)-(f)/average (d)-(b)]	<u>14.9%</u>	15.8%

ROC/CROCCE/ROE

Appendix D2

	2005	2004
	£000	£000
Shareholder funds per balance sheet	259,884	288,954
Add: cum losses on disposal	14,528	8,424
	(a) 274,412	297,378
Add: net debt	(b) 334,145	337,559
Capital employed	(c) 608,557	634,937
Add: deferred tax provision	67,495	66,244
Cumulative depreciation	206,347	206,354
Less: revaluation reserve	(22,554)	(23,117)
Cash capital employed	(d) 859,845	884,418

