

21 JANUARY 2015

J D WETHERSPOON PLC

PRE-CLOSE STATEMENT

J D Wetherspoon plc ('J D Wetherspoon' or the 'Company'), announces an update on current trading, before entering its closed period for its interim results, for the six months ending 25 January 2015, which are expected to be announced on 13 March 2015.

Current trading

For the first 12 weeks of the second quarter (to 18 January 2015), like-for-like sales increased by 2.8% and total sales by 6.8%. Like-for-like sales slowed to approximately 2% in December and have slowed further in the last fortnight. In the year to date (25 weeks to 18 January 2015), like-for-like sales increased by 4.6% and total sales increased by 9.1%.

We expect the operating margin (before any exceptional items), for the half year ending 25 January 2015, to be around 7.3%, 0.9% lower than the same period last year. This reduction is mainly due to an above-inflation increase in pay for staff and an increase in utility and supplier costs. In addition, gross margins are under pressure as a result, we believe, of increased price competition from supermarkets.

Property

The Company has opened 11 new pubs so far this financial year and currently has 10 sites under development. In line with previous estimates, we intend to open approximately 30 to 40 pubs in the current financial year.

The Company opened its second pub in the Republic of Ireland in December in Dun Laoghaire. We have completed on a further three sites in Swords, Cork and Dublin.

Financial position

In the period under review, the Company bought back 196,500 shares for cancellation, at a total cost of £1.5million, at an average price of £7.96 per share. There have been no significant changes in the Company's overall financial position since the publication, on 13 October 2014, of the annual report and accounts for the year ended 27 July 2014.

Commentary on current trading

Tim Martin, Chairman of Wetherspoon, makes the following comments on the pub industry:

“Wetherspoon has had significantly better sales growth in the last couple of years than our main competitors, reflecting a pattern that has continued since our flotation. Even Wetherspoon, however, has seen flat bar sales in the last two months, when food sales have continued to rise. Inevitably, bar sales in the industry as a whole, especially where pubs have not benefited from Wetherspoon's level of investment, will have fared less well. This situation reflects the dire need for the pub industry to campaign for equal tax treatment for pubs and supermarkets. It is certain that the

current wave of pub closures, which continues at a high level, will accelerate when economic growth slows or reverses.

The majority of investment in larger pub companies has been in “food-led” businesses, which have very low levels of bar sales, apart from those which are consumed with meals. Fewer and fewer customers, outside pockets of affluence, in an accelerating trend, are using pubs for “drinking occasions”, which do not involve eating. The main reason behind this trend is not that people prefer to drink at home, for example, but relates to the huge and growing price differential between pubs and supermarkets. This differential has been created and increased by the fact that business rates per pint are far higher in pubs and that supermarkets pay no VAT in respect of food, whereas pubs pay 20% - enabling supermarkets to subsidise the price of beer and other products.

A number of major pub companies believe that they can avoid the resulting malaise by investing in out-of-town pubs which are really “quasi-restaurants”. Unfortunately, these businesses too are already starting to suffer the effects of the tax disparity with supermarkets and they will clearly, in our view, be unable to escape the consequences of an unequal tax system.

Neither these businesses nor the main pub industry newspaper, the Publican Morning Advertiser (PMA), have campaigned for tax equality with supermarkets. In the case of the PMA, the editor has questioned the financial motives of the leader of the tax equality campaign, Jacques Borel, but has utterly failed to campaign himself or through his newspaper for tax equality, which would help to ensure the future of pubs.

The pub industry is in a strange position, whereby market research clearly shows that almost 100% of individual licensees believe their companies should support a campaign for tax equality, yet several major pubcos and the main trade newspaper have not actively done so. Following chaos at our banks, the supermarkets themselves have recently witnessed a situation where the tectonic plates of the industry moved, even though the boardrooms at the major industry players were oblivious to this fact. That is the position now in the pub industry and the companies that do not speak out about the dangers of tax inequality are likely to be those that suffer most in the future”.

Outlook

As we have previously stated, the biggest financial dangers to the pub industry continue to be the VAT and business rates disparity between supermarkets and pubs and the continuing imposition of stealth taxes, such as the late-night levy and the reduced allowances for gaming machine income.

Although the reduction in sales growth may have an impact on our operating margin if the trend continues, the company is aiming for a broadly satisfactory outcome in the current financial year.

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Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.co.uk
3. This announcement has been prepared solely to provide additional information to the shareholders of JD Wetherspoon, to meet the requirements of the FCA's Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. The current financial year comprises 52 trading weeks to 26 July 2015.
5. The next trading update is expected to be the Company's interim results statement on 13 March 2015.