

15 July 2015

J D WETHERSPOON PLC

PRE-CLOSE STATEMENT

J D Wetherspoon plc presents below its pre-close statement for the financial year to 26 July 2015. The preliminary results are due to be announced on 11 September 2015.

Current trading

For the 11 weeks to 12 July 2015 like-for-like sales increased by 2.9% and total sales increased by 6.5%. In the year to date (50 weeks to 12 July 2015) like-for-like sales increased by 3.4% and total sales increased by 7.6%.

The operating margin in the 11 weeks to 12 July 2015 was 7.0%, compared with 8.3% in the same 11 weeks last year. The full-year operating margin is expected to be around 7.4% and, as previously indicated, full-year profit before tax is unlikely to be higher than last year.

Property

The Company has opened 26 new pubs and disposed of 6 since the start of the financial year. We have 9 pubs under development and, in line with our last update, intend to open around 30 pubs in the current financial year. It is our present intention to open between 20 and 30 pubs in the next financial year and we have recently announced our intention to sell 20 pubs which no longer fit our requirements.

Financial position

The company has bought back 1,621,163 shares, at a total cost of £12.5 million, since the start of the financial year. In our preliminary results announcement we intend to provide an update on impairment provisions. The Company remains in a sound financial position.

Outlook

The chairman of Wetherspoon, Tim Martin, said:

"The recent government announcement regarding the "living wage" adds considerable uncertainty to future financial projections in the pub industry. The average price of a pint in a supermarket is less than £1 and we estimate staff costs to be around 10% or 10 pence. In contrast, a pint in a pub costs around £3 and staff costs are about 25% or 75 pence. Increased labour costs therefore affect pubs with far greater force than supermarkets.

"This disadvantage is compounded by a huge VAT and business rates disparity between pubs and supermarkets, which is putting unsustainable pressure on many pubs in our industry, especially in smaller towns and less-affluent areas.

"Pubs contribute around 40% of sales as taxes of one kind or another and are important generators of jobs. Capricious initiatives by the government, widening the financial disparity between pubs and supermarkets, will threaten the future of many more pubs.

"Wetherspoon is conscious of the need to attract and retain excellent staff. In addition to a 5% minimum starting-pay increase announced last October, we agreed an 8% increase for the 3 August this year, before the government introduced its latest plans. We also pay approximately one third of profits to staff in bonuses and free shares and 80% of this is paid to staff who work in our pubs.

"Furthermore, we estimate that each of our pubs generates taxes of approximately £650,000 per annum, around 10 times our net profits per pub. We strongly urge the government to harmonise VAT and business rates for pubs and supermarkets and to end the current tax inequalities."

At this early stage, a number of factors likely to influence our trading performance next year are difficult to quantify. Positive aspects include an increase in pub numbers, a better economy and slightly lower interest rates. Less favourable aspects include heightened competition from supermarkets and restaurant groups, and increased staff, repairs, bar and food costs.

We currently anticipate a trading performance similar to, or slightly above, the current year, with an increased second half weighting, and will provide updates in our regular statements in the course of the next 12 months.

Enquiries:

John Hutson	Chief Executive Officer	01923 477777
Ben Whitley	Interim Finance Director	01923 477777
Eddie Gershon	Company spokesman	07956 392234

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 J D 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 final results announcement on 11 September 2015.