

**12 July 2017**

## **J D WETHERSPOON PLC**

### **PRE-CLOSE TRADING STATEMENT**

J D Wetherspoon plc presents below its pre-close trading statement for the financial year to 30 July 2017. The preliminary results are due to be announced on 15 September 2017.

#### **Current trading**

For the 11 weeks to 9 July 2017 like-for-like sales increased by 5.3% and total sales increased by 3.6%. In the year to date (50 weeks to 9 July 2017) like-for-like sales increased by 3.9% and total sales increased by 1.9%.

The full-year operating margin before exceptional items and before a £1.6m gain on property is expected to be between 7.6% and 7.8% for the 53-week period, compared to 6.9% last year.

#### **Property**

The Company has opened 9 new pubs since the start of the financial year and has sold or closed 38. We expect to open one more pub before the financial year end. There are expected to be around £24m of exceptional, non-cash losses in this financial year, which are mainly associated with pub disposals and closures.

As previously announced, the company has increased capital expenditure in older pubs, which will be about £65m in the current year. Areas of expenditure include staff rooms, kitchen and garden upgrades, and IT improvements. We anticipate expenditure continuing at this, or a slightly higher, rate for the next few years.

As previously announced, the company has bought the freeholds of a number of properties of which it was previously the tenant. We have spent £89.5 million on 44 of these freeholds in the year to date, and have spent £190.9 million on 102 freeholds since 2011.

#### **Financial position**

The Company remains in a sound financial position. Net debt at the end of this financial year is currently expected to be around £715m.

The company has bought back 3.4m shares, at a total cost of £31m, since the start of the financial year.

#### **Outlook**

The chairman of Wetherspoon, Tim Martin, said:

“Sales have been good in the last 11 weeks, probably helped by unusually good weather.

“As previously stated, the Company anticipates that like-for-like sales of about 3 to 4% will be required to maintain profits at this year's levels in our next financial year.

“As is the case for most public companies, shareholders and the media are interested in our views on the Brexit process. I have outlined my views in a few paragraphs on some of the issues, which can be found at the end of this statement. In general, it is my view that requests to the government, like the one last week from the FCA, for "clarity" and to "hammer out a post-Brexit transitional arrangement this year" are unrealistic and increase pressure to agree unfavourable terms. It also makes the FCA and similar organisations seem rather weak. Everyone knows that these sorts of deals aren't within the government's gift - and the City and businesses are supposed to be able to deal with uncertainty.”

**Trading statement ends.**

**Comments by Tim on Brexit negotiations:**

### DON'T TIE THE GOVERNMENT'S HANDS

*“We'll do well with or without a free trade deal, so stop tying the hands of our negotiators”  
says Tim Martin*

“Don't believe the media furore – an unprecedented political consensus has emerged on the main aspects of leaving the EU. However, it is not one most politicians or the media care to acknowledge. A consensus, especially between Labour and Conservatives, is just too embarrassing for our adversarial system – and is also barely newsworthy.

“The last parliament voted overwhelmingly to trigger Article 50, and the main manifestos, the basis for the election of about 85% of MPs, backed the referendum decision.

“Since Theresa May and Jeremy Corbyn each won more votes for their parties than many thought possible, helped by their upholding of the referendum result, thoughtful MPs and commentators realise that the UK star is irrevocably hitched to the Brexit caravan.

“This surreal unity of political purpose, disguised by handbags-at-dawn polemics, is reinforced by almost complete unanimity in favour of a free trade deal with the EU.

“The government has stated that it wants “a bold and ambitious free trade agreement” and shadow Brexit Secretary Keir Starmer agrees, saying in March that it was critical to hold the government to account on this pledge. The DUP, the SNP, Sinn Fein and Plaid Cymru all sing from a similar hymn-sheet.

“The media too seems united in this objective. The Times, the Guardian, the Financial Times, the Mail and Mirror, for example, are all free-traders now.

“Yet the cherished goal is at risk from the phoney war being waged in parliament and the media.

“As any buyer of a house or car knows, if you want something too badly, you will pay a very high price – especially if your desire is obvious to the counterparty. The basic principle of obtaining a good deal is that you need an alternative plan – necessity never makes a good bargain, as Benjamin Franklin said. So a viable alternative has to be the cornerstone of the government's position.

“Yet the unelected EU presidents, Jean Claude Juncker and Donald Tusk, have unfortunately become convinced of our desperation for a free trade deal, and are determined to extract a high price. Hence the early suggestions of a contribution to the EU of €50bn, or even €100bn, combined with a petulant and antagonistic negotiating stance.

“The UK's viable alternative, the basis on which we and the EU trade with America, China, India and most of the world, is World Trade Organisation rules. EU tariffs, themselves subject to WTO rules, are relatively small, averaging about 3%, as many commentators have noted – and the EU, according to the rules, cannot impose higher tariffs on the UK than are charged to other non-EU countries.

“Since the majority of the UK's trade is currently conducted on the basis of these rules, it is absurd to talk of cliff edges and an apocalypse if EU trade reverts to them in the future.

“The think tank Open Europe, neutral during the referendum campaign, estimates a likely difference to our 2030 GDP of less than 1%, plus or minus, from leaving the EU, depending on the deals that are struck and the policies that are pursued.

“Many dyed-in-the-wool remainers, especially economists, are currently engaged in a rerun of project fear, forecasting dire outcomes in the absence of a deal.

“However, the public can see that the recession, combined with increased unemployment and interest rates, predicted by many of the same economists for the immediate aftermath of a leave vote, did not materialise. They are deeply sceptical of apocalyptic warnings now from the same quarter.

“The majority of the public instinctively understands the government's bargaining dilemma. Yet the supposedly sophisticated CBI, the Financial Times, the Times and the other usual suspects are vociferous in their forecasts of trouble in the absence of a free trade deal. As a result, they are loading the dice hugely in favour of EU negotiators.

“The public's message to Carolyn “We're all doomed” Fairbairn, head of the CBI, and other gloomsters is: put a sock in it. We'll do well with or without a free trade deal, so stop tying the hands of our negotiators, who are doing their best to achieve a respectable outcome.”

**Ends.**

#### **Enquiries:**

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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.com](http://www.jdwetherspoon.com)
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. This announcement contains inside information on JD Wetherspoon plc.
5. The current financial year comprises 53 trading weeks to 30 July 2017.
6. The next trading update is expected to be the Company's final results announcement on 15 September 2017.