



Results Presentation

for the 26 weeks ended 29 September 2007

Agenda

1. Results review
2. Retail operations
3. Wells & Young's Brewing Company
4. Strategy & outlook

Significant events and highlights

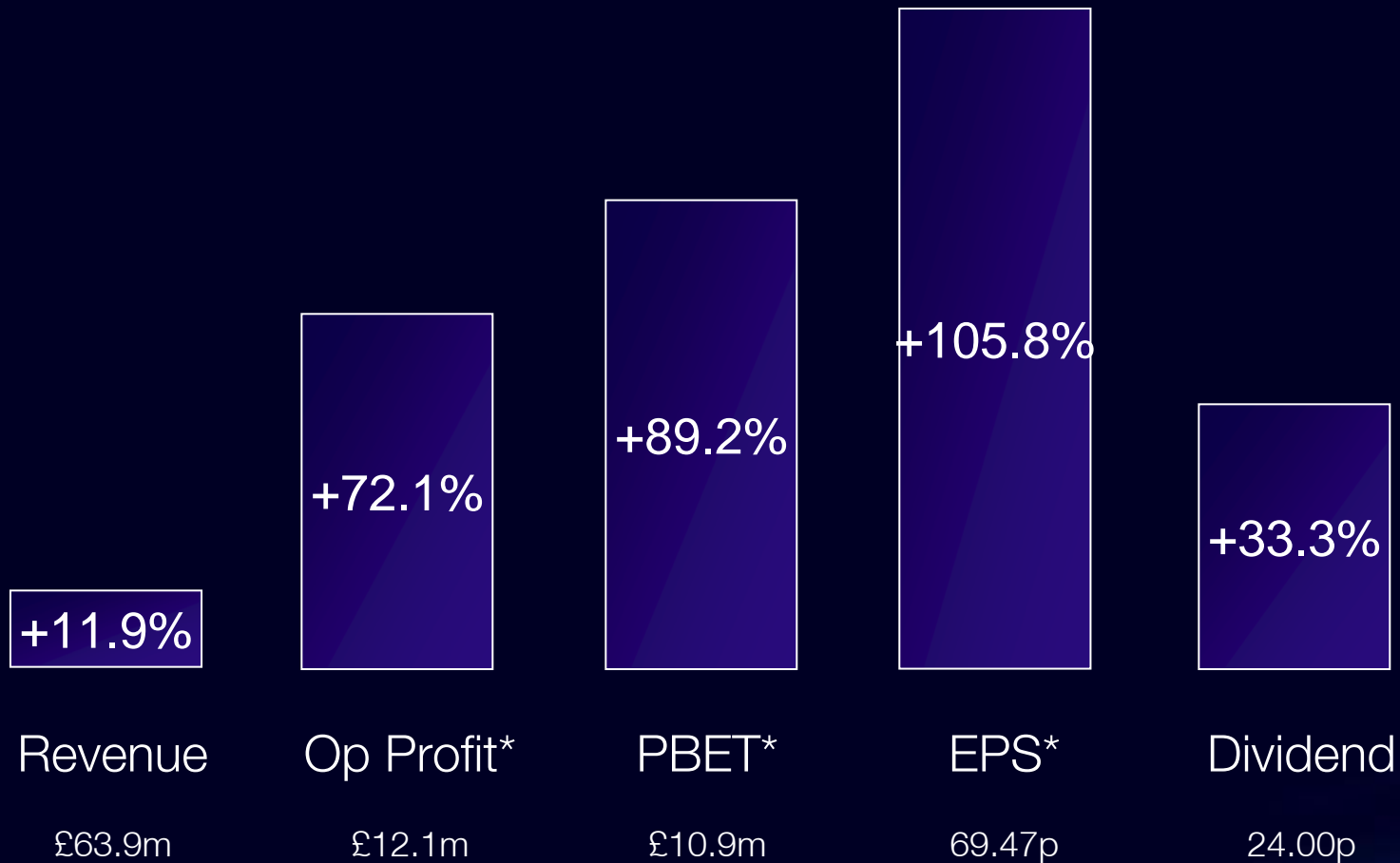
- Strong first half performance
 - incorporating benefits from last year's substantial changes to the business
 - focus now on operational improvements
 - revenue up 11.9% on continuing activities and profits before exceptional items are up 89.2%
 - free cash flow £13.2M, up £9.0M
 - relocation to new head office complete together with associated savings
- Underlying EPS on a continuing basis up 105.8% at 69.47p
- Another step change in interim dividend, up 33.3% at 24.00p. It has now doubled over the last two years





1. Results Review

Strong underlying results from continuing operations



* - Before exceptional items, premium on redemption of debenture and discount of site proceeds

Adjusted profits from continuing operations

	2007 £M	2006 £M
Reported PBT	4.3	0.4
Operating exceptional items	-	1.3
Non-operating exceptional items	0.3	0.2
Associate exceptional items	0.9	-
Premium on redemption of debenture	6.8	-
Discount of site proceeds	(1.5)	3.9
Share of associate's tax expense	0.1	-
Adjusted profit before tax	10.9	5.8
Tax (excluding exceptionals)	(2.8)	(1.9)
Adjusted profit after tax	8.1	3.9
Adjusted EPS	69.47p	33.75p

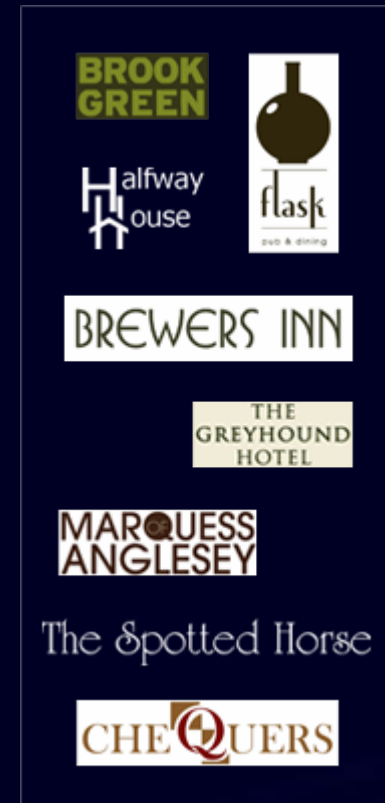
Operating growth driving net debt reduction

	2007/08 £M	2006/07 £M
Cash inflow from operating activities*	16.4	11.5
Working capital movements	2.1	(2.0)
Interest, tax and dividends	(5.3)	(5.3)
Free cash flow	13.2	4.2
Capital expenditure/acquisitions	(8.4)	(37.8)
Investment in associate	-	(10.0)
Part proceeds from sale of Wandsworth sites	10.3	
Premium on redemption of debenture	(6.8)	-
Other	(1.3)	(4.3)
Decrease/(increase) in net debt	7.0	(47.9)

* Stated before working capital

Estate development

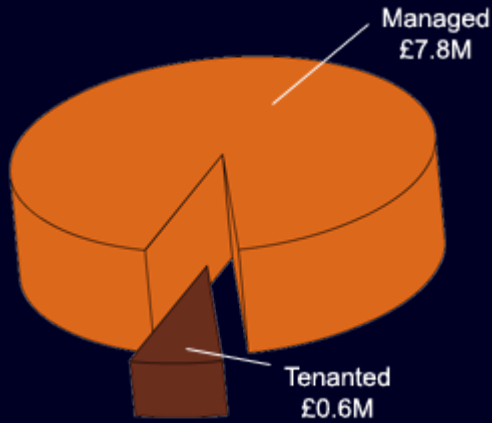
- £8.4M invested in the estate in first half
 - Acquired 1 managed pub - Rose and Crown, Farnborough
 - £4.3M invested in managed house refurbishments on existing sites
 - £0.6M invested in tenanted refurbishments, with further investment underway
- Strong returns from prior year investment in existing sites
 - CROCCE +25.9%
- Prior year acquired sites now integrated into estate
 - CROCCE +6.1% (impacted by disruption caused by renovation)



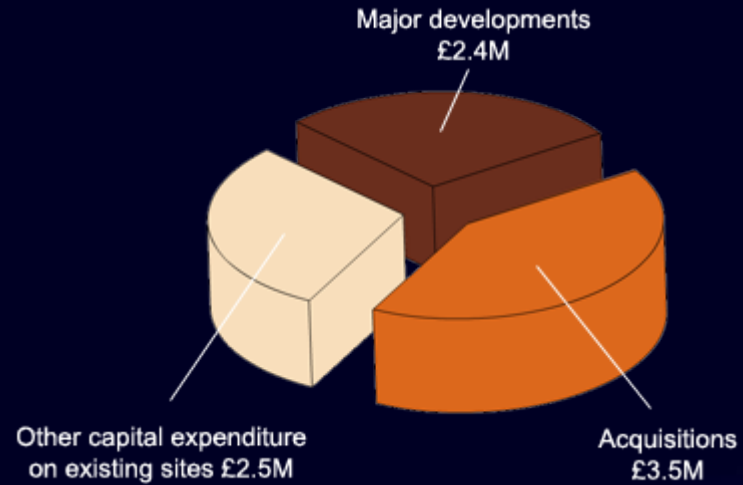
Investment in the pub estate

Total spend: £8.4M (2006: £37.4M)

By division



By nature of spend



Estate profile

	1 April 07	+	-	Transfers (net)	29 Sept 07
Managed	114	1	-	(3)	112
Tenanted	102	-	(1)	3	104
Total	216	1	(1)	-	216
Freehold	177*	1	-	-	178*

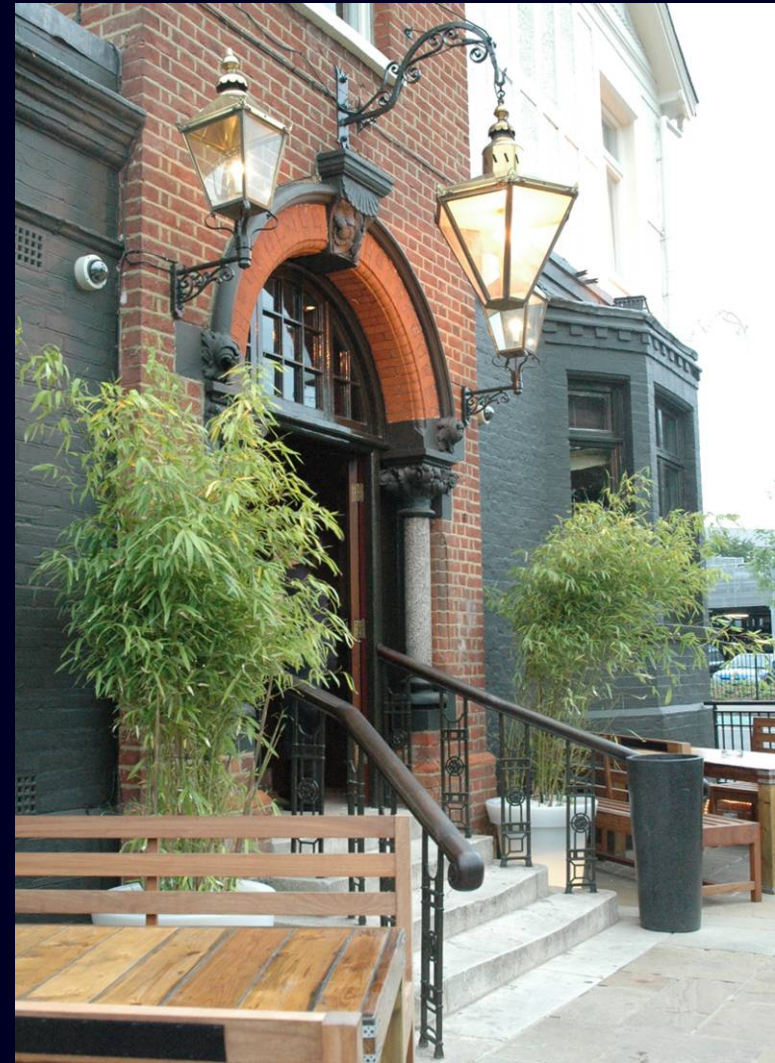
*Freehold includes the Brewery Tap, which is closed, but excludes 10 leases with in excess of 45 years to run, with rents that in total amount to £10K

Capital structure

	2007	2006
Net debt	£94.5M	£102.6M
Minerva receivable	£58.7M	£69.0M
Gearing	53.3%	62.2%
% of debt fixed	79.4%	38.3%
Composite fixed rate	6.6%	7.4%
Interest cover	3.9	3.2

Financial summary

- Restructuring business complete
- Further investment in estate of £8.4m
- Strong balance sheet
 - Remaining proceeds (£58.7M) from sale of brewery site due in January
 - 9.5% debenture redeemed in May to improve flexibility of our financing structure
 - Net debt before Minerva receivable of £94.5M of which 79.4% is fixed at 6.6%
- Results have benefited from
 - Like for like growth, despite a difficult summer
 - Improved supply terms
 - Recent investments
 - Headcount reductions
 - W&Y underlying profitability which compares positively with discontinued brewing operation





2. Retail Operations

Retail Highlights

Retail success from delighting customers with high service standards, quality food, market leading drinks and stylish pubs

- Strong revenue (13.6%) and profit (33.0%) growth
- Only one pub acquired, but investment continues in existing pubs and particularly hotels
- Last year's developments showing good returns
- Over 80% of the managed estate will have been redeveloped by the year end
- Eight pubs and the three Thames side developments opened last year have now been fully integrated into the managed estate



Operating performance at outlet level

	2007	2006	Change
<u>Revenue</u>	£000's	£000's	%
Managed	56,001	49,317	+13.6
Tenanted	7,402	7,283	+1.6
	63,403	56,600	+12.0

<u>EBITDAR*</u>	£000's	£000's	%
Managed	18,381	14,444	+27.3
Tenanted	3,843	3,085	+24.6
	22,224	17,529	+26.8

* At outlet level, before interest, depreciation, rents payable

Like-for-like sales

	Number of sites	Revenue £M	change %
Same Outlet			
Managed	99	48.6	+ 5.7
Tenanted	88	6.4	+ 0.8
	187	55.0	+ 5.2
Uninvested			
Managed	81	37.8	+ 1.9
Tenanted	78	5.5	+ 0.5
	159	43.3	+ 1.7



Continued investment in managed houses

- Success of our recent redevelopments continues to support our premium strategy
- Estate development:
 - One pub acquired for £3.5m (Rose and Crown, Farnborough)
 - £4.3m invested in managed house developments with major projects


- Brewers Inn, Wandsworth
- Brook Green Hotel
- Bunch of Grapes, London Bridge
- Chequers, Walton on the Hill
- Clockhouse, Peckham Rye
- Crown, Chertsey
- Greyhound, Carshalton
- Halfway House, Earlsfield
- Spotted Horse, Putney
- Windmill on Clapham Common



- Benefit of hotel investment shows through with RevPAR up 14.0% at £42.59

Delighting existing customers and attracting new ones

- Targeted customer marketing activity:
 - Websites now in 56 pubs with 800K+ unique hits in the period, year on year growth of 185%
 - Profile of our estate and redevelopments has been raised significantly through consumer PR in both national and local press.
- Leading the way in customer service
 - Major point of differentiation from our competitors
 - Pub managers are incentivised on service levels monitored independently by a mystery drinker programme
 - 125% year on year increase in training hours



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Strong tenanted house performance

Operating highlights:

- Strong operating profit (35.9%) growth
- Estate refurbishment continues to raise the standards of the tenanted estate
 - £0.6 million invested in H1
 - Major works underway (Red Cow in Richmond, Thatched House in Hammersmith, Black Lion in Surbiton, Half Moon in Putney)
- Improving service through training
- Estate development
 - Three transfers from managed (Robin Hood, Sutton, Cock Inn, Maidstone, Ship Inn, East Grinstead)
- Negotiations underway on additional long leases - 6 signed to date more to follow



Smoking Ban – England and Wales

Short term issue - longer term opportunity

- Good compliance across the estate
- Customer feedback largely positive
- Trading impact hard to determine at this stage:
 - Poor summer weather
 - Wider impact of redevelopments
 - Significant investment in outside areas
- Winter months may prove more challenging





3. Wells & Young's Brewing Company

Integration complete

- Now completed its first full year, a transitional one, which has included
 - challenge of integrating the Wells, Young's and Courage beers into one customer focused portfolio
 - combining two workforces
 - agreement to outsource Wandsworth distribution to KN Drinks Logistics
- Results for the six months under review
 - revenue £108.6M
 - adjusted profit was £3.0M
 - exceptional costs during this transitional year £2.1M
 - 458,000 barrels sold of which 255,000 were brewed in Bedford
 - achieved against a background of a difficult beer market with higher raw material and utility costs compounded by a poor summer





4. Strategy & outlook

Strategy is Delivering

- Widening differentiation of Young's pubs continues
- Good like for like sales growth in challenging market
- Positive benefits from:
 - recent redevelopments
 - improved beer supply terms
 - other productivity and purchasing gains
- Strong growth in food offsetting impact from smoking ban and driving outlet EBITDA growth



Outlook

- Step change in first half financial performance, despite disappointing summer weather and smoking ban
- Second half comparatives have already benefited from the gains from last summer's structural changes
- The second half also has a number of uncertainties.
 - Smoking ban impact over the colder winter months
 - Concerns over consumer spending
- Managed house sales resilient post period end
 - Sales for the first six weeks up 8.7%
 - Same outlet like for like sales up 8.3% (up 1.4% on uninvested basis)
- We remain confident in the outlook for Young's for the year as a whole.