



J D WETHERSPOON PLC

PRESS RELEASE

J D Wetherspoon plc announces preliminary results for the year ended 28 July 2002.

Highlights

- Turnover up 24% to £601.3m
- Profits before tax up 21% to £53.6m
- Earnings per share up 17% to 16.6p
- Free cash flow per share 33.5p – double EPS
- Dividend per share increased by 10% to 3.22p
- Like for like sales increased by 5.0%
- 87 pubs opened

Commenting on the results, Tim Martin, the chairman of J D Wetherspoon plc, said:

"I am pleased to report a year of excellent progress for Wetherspoon. Sales increased by £117.3 million to £601.3 million, a rise of 24%.

We opened 87 pubs during the year, compared with 94 in the previous year. The total number of pubs now operated by us is 610, including 2 opened since the year end. The new pubs are in a variety of locations throughout Britain and Northern Ireland, are slightly larger in size than recent years, and opened at the highest level of initial sales that we have experienced.

Like-for-like sales increased by 5.9% in August, helped by good summer weather, and total company sales increased by 25%.

As a result of another strong trading performance, a good pipeline of new sites and our excellent team, I remain confident of our future prospects."

Enquiries:

Tim Martin	Chairman	01923 477777
John Hutson	Managing Director	01923 477777
Jim Clarke	Finance Director	01923 477777
Eddie Gershon	Press Office	07956 392234

Photographs are available at: www.newscast.co.uk

6 September 2002



CHAIRMAN'S STATEMENT

I am pleased to report a year of excellent progress for Wetherspoon. Sales increased by £117.3 million to £601.3 million, a rise of 24%. Operating profit increased by 20% to £70.1 million and profit before tax rose by 21% to £53.6 million. Earnings per share increased by 17% to 16.6p.

Capital investment was £155.9 million and net gearing at the year end was 98% (2001: 88%). Gearing excluding the impact of deferred taxation was 82%, which compares to 75% at the end of the previous year. Net interest was covered 4.2 times (2001: 4.2 times) by operating profit. Operating margins were 11.7% compared with 12.1% last year, mainly as a result of higher labour costs. Cash profits per pub increased marginally to £207,400.

Free cash flow after payments of tax, interest and capital investment of £18.7 million in existing pubs increased by 17% to £71.4 million, resulting in a cash flow per share of 33.5p, more than double earnings per share, before investment in new pubs, loan repayments, proceeds from the sale of fixed assets and dividends paid. Free cash flow growth was slightly lower than turnover growth principally as a result of the cash tax charge rising from 5% to 16% of profits. It is anticipated that the cash tax charge will rise to approximately 30% of profits by 2010.

Economic profit, calculated by adding depreciation to profit before tax and subtracting capital expenditure on existing pubs, increased by 22% to £71.2 million, with capital investment in existing pubs at 3.1% of turnover, compared with 3.3% of turnover in the previous period.

We are now approaching the 10th anniversary of our flotation on the stock market. During this period, our compound annual growth in sales has been 39%, profits before tax 33% and earnings per share, excluding deferred taxation, 25%.

Dividends

The board proposes, subject to shareholders' consent, to pay a final dividend of 2.12p per share on 29 November 2002 to those shareholders on the register at 27 September 2002, bringing the total dividend for the year to 3.22p per share, a 10% increase on the previous year. At this level, dividends will be covered 5.2 times by earnings, compared with 4.8 times in 2001. A scrip alternative will again be offered to shareholders.

Finance

The company had £36 million of unutilised banking facilities and £14 million of cash at the balance sheet date. Since the year end, £55 million of new banking facilities have been agreed. Total facilities, which are now in excess of £400 million, coupled with our strong organic free cash flow, underpin the company's expansion plans for the foreseeable future.

The company continues to fund an increasing percentage of capital investment from organic free cash flow. In 1998, 26% of new pub development was financed in this way and this percentage has steadily increased so that 54% of our new pub development, excluding capitalised interest, was financed organically in the year under review and we anticipate internally financing an increasing proportion of our capital expenditure over the next few years.



Further progress

We opened 87 pubs during the year, compared with 94 in the previous year. The total number of pubs now operated by us is 610, including 2 opened since the year end. The new pubs are in a variety of locations throughout Britain and Northern Ireland, are slightly larger in size than recent years, and opened at the highest level of initial sales that we have experienced.

We acquired the first 10 Lloyds pubs 2 years ago and sales at those pubs have more than doubled. In addition, we have opened 24 new Lloyds pubs which have achieved extremely high levels of initial sales.

Like-for-like sales increased by 5.0% and like-for-like profits by 3.8% in the year, resulting in our 22nd year of like-for-like increases.

As we have indicated in the past, our approach is to try and make small, incremental improvements to the business regularly, rather than instigating major reorganisation. To this end during the year, we have endeavoured to upgrade every area of the business, including, for example, our IT systems, food delivery systems, training, buying and design of new pubs.

In terms of external recognition, we are very pleased to have won the Supreme Training Award from the British Institute of Innkeeping for the second year in a row and to have won other awards, for example, for the quality of the design of our pubs in Llandudno and Ross-on-Wye.

Historically, pubs in Britain have not allowed access to children. In individual pubs over recent years, we have applied for children's licences which allow accompanied children to use certain areas of the pub during restricted hours. In April, we successfully extended this experiment to nearly all our pubs, resulting in a considerable improvement in food and soft drink sales.

Following the successful introduction of cappuccinos some time ago, we now intend to open all our pubs at 10am, approximately 1 hour earlier than currently, for the provision of coffee and breakfasts, and believe that this will create further momentum in the food side of the business.

Regulation

A number of organisations including the CBI (Confederation of British Industry) have criticised the increasing amounts of regulation from the government and from Europe.

As stated previously, increased regulation increases pub costs but the government is also proposing to interfere with the regulation of pub licences by transferring jurisdiction to local authorities from magistrates. This transfer will be a laborious and expensive process and is hard to justify since areas of licensing now controlled by local authorities are slower and more expensive than those controlled by magistrates. The proposals are also absurd as ultimate authority will still rest with magistrates who will deal with appeals against local authorities. The disruption and expense of these proposals cannot be justified and are strongly opposed by the huge majority of individual licensees. The government indicates that their proposals will save money but the basic licensing fee is rising from the current £10 per annum to an average of approximately £400 per annum, leaving aside other costs. Any other proposed savings can be just as well achieved using the magistrates' system.

The pub industry is a major employer and contributor to the Exchequer, with around 40% of pub revenues paid in tax. In these circumstances, the government should listen to those affected by the proposed legislation and leave responsibility for licensing with magistrates.



People

I would like to thank again our employees, partners and suppliers for their dedicated work in creating another year of great progress for the Company.

Prospects

Like-for-like sales increased by 5.9% in August, helped by good summer weather, and total company sales increased by 25%.

We have 25 sites in the course of construction, 60 with the necessary permissions for development, a further 60 on which terms have been agreed and 166 currently in negotiation.

As a result of another strong trading performance, a good pipeline of new sites and our excellent team, I remain confident of our future prospects.

Tim Martin
Chairman
6 September 2002



Profit and loss account

for the year ended 28 July 2002

	Notes	2002 £000	2001 £000
Turnover		601,295	483,968
Operating profit	2	70,085	58,380
Net interest payable	3	(16,517)	(14,063)
Profit on ordinary activities before taxation		53,568	44,317
Tax on profit on ordinary activities	4	(18,152)	(14,457)
Profit on ordinary activities after taxation		35,416	29,860
Dividends	5	(6,902)	(6,185)
Retained profit for the year	14	28,514	23,675
Earnings per ordinary share	6	16.6p	14.2p
Fully diluted earnings per ordinary share	6	16.4p	14.0p

All activities relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of recognised gains and losses has been presented.

Note of historical cost profits

	2002 £000	2001 £000
Reported profit on ordinary activities before taxation	53,568	44,317
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	673	670
Realisation of property deficits of previous years	(235)	-
Historical cost profit on ordinary activities before taxation	54,006	44,987
Historical cost profit for the year retained after taxation and dividends	28,952	24,345



Cash flow statement

for the year ended 28 July 2002

	Notes	2002 £000	2001 £000	2001 £000
Net cash inflow from operating activities	7	113,700	113,700	93,005
Returns on investments and servicing of finance				
Interest received		53	53	976
Interest paid – existing pubs		(17,346)	(17,346)	(15,436)
Interest paid and capitalised into new pubs		(2,254)		(3,004)
Net cash outflow from returns on investment and servicing of finance		(19,547)		(17,464)
Taxation				
Corporation tax paid		(6,311)	(6,311)	(1,556)
Capital expenditure and financial investment				
Purchase of tangible fixed assets for existing pubs		(18,726)	(18,726)	(15,792)
Proceeds of sale of tangible fixed assets		412		-
Purchase of own shares for ESOP trust		-		(241)
Investment in new pubs and pub extensions		(132,096)		(127,574)
Net cash outflow from capital expenditure and financial investment		(150,410)		(143,607)
Equity dividends paid		(4,445)		(4,529)
Net cash outflow before financing		(67,013)		(74,151)
Financing				
Issue of ordinary shares		5,750		2,057
Advances under bank loans		65,037		40,156
Advances under US senior loan notes		44		44
Net cash inflow from financing		70,831		42,257
Increase/(Decrease) in cash	9	3,818		(31,894)
Free cash flow	6		71,370	
Cash flow per ordinary share	6		33.5p	29.1p



Balance sheet

at 28 July 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Tangible assets	10	<u>745,041</u>	<u>625,903</u>
Current assets			
Stocks		8,594	7,503
Debtors due after more than one year		7,682	6,986
Debtors due within one year		8,237	6,764
Investments		203	241
Cash		13,609	9,791
		<u>38,325</u>	<u>31,285</u>
Creditors due within one year	11	(122,919)	(81,965)
Net current liabilities		<u>(84,594)</u>	<u>(50,680)</u>
Total assets less current liabilities		<u>660,447</u>	<u>575,223</u>
Creditors due after more than one year	12	(292,915)	(253,581)
Provisions for liabilities and charges	13	(57,399)	(47,803)
Total net assets		<u>310,133</u>	<u>273,839</u>
Capital and reserves			
Called up share capital		4,292	4,224
Share premium account		124,819	116,389
Revaluation reserve		23,386	23,824
Profit and loss account		157,636	129,402
Equity shareholders' funds	14	<u>310,133</u>	<u>273,839</u>



Notes

1 These preliminary statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. They have, however, been extracted from the statutory accounts for the periods ending 28 July 2002 and 29 July 2001 on which unqualified reports were made by the company's auditors.

The 2001 statutory accounts have been filed with the Registrar of Companies. The 2002 statutory accounts will be sent to shareholders in October 2002 and will be filed with the Registrar of Companies following their adoption at the forthcoming Annual General Meeting.

2 Analysis of continuing operations

	2002 £000	2001 £000
Turnover	601,295	483,968
Cost of sales	(503,699)	(401,800)
Gross profit	<u>97,596</u>	<u>82,168</u>
Administrative expenses	(27,511)	(23,788)
Operating profit	<u>70,085</u>	<u>58,380</u>

Cost of sales includes distribution costs and all pub operating costs.

3 Net interest payable

	2002 £000	2001 £000
Interest payable on bank loans and overdraft	14,255	11,761
Interest payable on US senior loan notes	5,277	6,528
Less:		
Interest capitalised	(2,266)	(2,979)
Interest receivable	<u>(749)</u>	<u>(1,247)</u>
Charge to profit and loss account	<u>16,517</u>	<u>14,063</u>



4 Taxation

Analysis of current period tax charge

	2002 £000	2002 £000	2001 £000	2001 £000
UK corporation tax on profits for the year at 30%	9,299		5,906	
Adjustments in respect of prior years	-		(863)	
Advance corporation tax	(743)		(2,701)	
Total current tax	8,556			2,342
 Deferred tax				
Origination and reversal of timing differences	9,596		12,115	
Total deferred tax	9,596			12,115
 Tax on profit on ordinary activities		18,152		14,457

5 Dividends

	2002 £000	2001 £000
Interim paid of 1.10p per share (2001: 1.00p)	2,353	2,109
Final proposed of 2.12p per share (2001: 1.93p)	4,549	4,076
	6,902	6,185

6 Earnings and cash flow per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation for the period of £35,416,000 (2001: £29,860,000) and on 213,202,101 (2001: 210,542,854) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period.

Fully diluted earnings per share has been calculated in accordance with FRS14 and is after allowing for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. The number of shares used for the fully diluted calculation is 215,316,001 (2001: 213,486,301).

The calculation of free cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to existing pubs, after funding interest on existing pubs, tax and all other reinvestment in pubs open at the start of the period ('free cash flow'). It is calculated before taking account of proceeds from property disposals and inflows and outflows of financing from outside sources and dividend payments, and is based on the same number of shares in issue as that for the calculation of basic earnings per share.



7 Net cash inflow from operating activities

	2002 £000	2001 £000
Operating profit	70,085	58,380
Profit on disposal of fixed assets	(24)	-
Depreciation of tangible fixed assets	36,343	29,674
Change in stocks	(1,091)	(2,817)
Change in debtors	(1,395)	(409)
Change in creditors	9,782	8,177
	113,700	93,005

8 Reconciliation of net cash flow to movement in net debt

	2002 £000	2001 £000
Increase/(Decrease) in cash in the year	3,818	(31,894)
Cash inflow from increase in debt financing	(65,081)	(40,200)
Movement in net debt during the period	(61,263)	(72,094)
Opening net debt	(241,577)	(169,483)
Closing net debt	(302,840)	(241,577)

9 Analysis of net debt

	2001 £000	Cash flow £000	Non Cash Movement £000	2002 £000
Cash at bank and in hand	9,791	3,818	-	13,609
Debt due within one year	-	-	(24,831)	(24,831)
Debt due after one year	(251,368)	(65,081)	24,831	(291,618)
Net debt	(241,577)	(61,263)	-	(302,840)



10 Tangible fixed assets

	Freehold and long leasehold property £000	Short leasehold property £000	Equipment, fixtures and fittings £000	Expenditure on unopened properties £000	Total £000
Cost or valuation					
At 30 July 2001	280,362	251,304	149,876	37,212	718,754
Reclassification	23,164	4,562	-	(27,726)	-
Additions	60,582	38,232	33,503	23,552	155,869
Disposals	(67)	(336)	(139)	-	(542)
At 28 July 2002	364,041	293,762	183,240	33,038	874,081
Depreciation					
At 30 July 2001	8,755	26,856	57,240	-	92,851
Reclassification	11	(11)	-	-	-
Charge for the year	5,508	6,583	24,252	-	36,343
Disposals	(2)	(42)	(110)	-	(154)
At 28 July 2002	14,272	33,386	81,382	-	129,040
Net book value					
At 28 July 2002	349,769	260,376	101,858	33,038	745,041
At 29 July 2001	271,607	224,448	92,636	37,212	625,903

11 Creditors due within one year

	2002 £000	2001 £000
Bank loans	24,831	-
Trade creditors	54,352	50,418
Corporation tax	4,682	2,437
Other tax and social security	12,716	7,715
Other creditors	3,987	3,881
Dividend payable	4,549	4,076
Accruals and deferred income	17,802	13,438
	122,919	81,965

12 Creditors due after one year

	2002 £000	2001 £000
Bank loans repayable by instalments	204,715	164,509
US senior loan notes repayable in a single instalment in 2009	86,903	86,859
	291,618	251,368
Other creditors	1,297	2,213
	292,915	253,581



13 Provisions for liabilities and charges

	2002 £000	2001 £000
Deferred tax		
Accelerated capital allowances	49,126	40,860
Other timing differences	8,273	7,686
Advance corporation tax	-	(743)
Full provision for deferred tax	57,399	47,803
Provision at start of year	47,803	35,688
Deferred tax charge in profit and loss account for year	9,596	12,115
Provision at end of year	57,399	47,803

14 Capital, reserves and shareholders' funds

	Share Called-up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	2002 Shareholders' funds £000	2001 Shareholders' funds £000
At start of year	4,224	116,389	23,824	129,402	273,839	246,830
Allotments	67	7,672	-	-	7,739	3,334
Transfer	-	-	(438)	438	-	-
Profit for the year	-	-	-	35,416	35,416	29,860
Dividends	-	-	-	(6,902)	(6,902)	(6,185)
QUEST Transfer	1	758	-	(718)	41	-
At end of year	4,292	124,819	23,386	157,636	310,133	273,839