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Chairman

Preliminary Results – 29 November 2007

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Finance Director

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Financial Highlights



52 weeks ended 29 September 2007

% Growth

Revenue	£1,894m	10.1 %
EBITDA*	£472m	9.8 %
Operating profit*	£343m	11.0 %
Profit before tax*	£207m	(0.5) %
EPS*	35.5p	21.2 %
Total dividend	14.25p	16.3 %

*Before exceptional items

- **FY 2007 events**

- ◆ Special Dividend of £486m and share consolidation in Oct 2006
- ◆ Disposal of 102 pubs to Trust Inns for £101m in Oct 2006

- **Results include a full year of the Acquired Sites**

- ◆ Revenue £176m; operating profit* £33m
- ◆ Pre-opening and closure costs of £14m in FY 2007
- ◆ Acquired Sites included in like-for-like sales from FY 2008

- **Revaluation of property assets in Group accounts**

- ◆ Increases fixed asset value by £1.1bn
- ◆ Exceptional charge of £32m after tax

- **Reporting to debt investors**

* Before pre-opening and closure costs

FY 2007 Results - Summary



	<i>FY 07</i> <i>£m</i>	<i>FY 06</i> <i>£m</i>	
Operating Profit*	343	309	11.0%
Net Interest	(136)	(101)	
PBT*	207	208	(0.5)%
Tax	(62)	(64)	
Earnings*	145	144	0.7%
EPS*	35.5p	29.3p	21.2%
Average no. of shares	408m	491m	

* Before exceptional items

- **Put in place to support delivery of JV transaction**
 - ◆ Interest rate and inflation swaps
- **Post tax deficit of £155m at year-end date**
 - ◆ Falling long term interest rates
 - ◆ Rising long term inflation expectations
 - ◆ Reduced liquidity
- **Exceptional accounting item – not cash**
- **Utilise hedges in a future property based financing**

Remain committed to property-based refinancing

FY 2007 Results – Exceptional Items



<i>£m</i>	<i>Gross</i>	<i>Net</i>
Operating Profit		
- Financial hedges	(221)	(155)
- Property disposals	22	15
- Impairment from revaluation	(45)	(32)
- Integration of Acquired Sites	(4)	(3)
- Property JV transaction	(7)	(7)
- Tax adjustments		27
Total Exceptional Items	(255)	(155)

Operating Performance



	<i>FY 07</i> <i>£m</i>	<i>FY 06</i> <i>£m</i>		
Revenue				
Pubs & Bars	968	958	1.0%	} Retail +9.1%
Restaurants	908	762	19.2%	
SCPD	18	-		
	1894	1720	10.1%	
Operating Profit*				
Pubs & Bars	191	179	6.7%	} Retail +8.7%
Restaurants	145	130	11.5%	
SCPD	7	-		
	343	309	11.0%	

*Before exceptional items

Underlying Profit Growth



<i>FY 2007</i>	<i>Division Total</i>	<i>Acquired Sites</i>	<i>Core Estate</i>	<i>Core Growth vs LY</i>	<i>Adjusted Growth vs LY*</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>%</i>	<i>%</i>
Pubs & Bars					
Revenue	968	16	952	- 0.6%	+ 3.5%
Operating Profit	191	3	188	+ 5.0%	+ 11.9%
Restaurants					
Revenue	908	160	748	+ 2.7%	
Operating Profit	145	16	129	+ 4.0%	

Strong underlying improvement in margins

*Excluding contribution from major disposals

Like-for-Like Sales: Divisional*



	<i>FY 07</i>	<i>H1 07**</i>
Same Outlet (Invested and uninvested pubs)		
Pubs & Bars	4.7%	5.1%
Restaurants	1.0%	1.6%
Total***	3.0%	3.6%
Uninvested		
Pubs & Bars	3.0%	3.4%
Restaurants	0.1%	0.4%
Total***	1.7%	2.1%

* Excludes Acquired Sites

** 32 weeks to include the entire Easter Period

*** Includes Hollywood Bowl

Like-for-Like Sales: Segment*

	<i>FY 07</i>	<i>H1 07**</i>
Same Outlet (Invested and uninvested pubs)		
Residential	3.1%	4.1%
High Street	3.0%	2.9%
Total	3.0%	3.6%
Uninvested		
Residential	1.5%	2.3%
High Street	2.3%	2.2%
Total	1.7%	2.1%

* Excludes Acquired Sites

** 32 weeks to include the entire Easter period

Balancing Sales Growth & Margin

	<i>FY 07</i>	<i>H1 07</i>
Uninvested LFL Sales*	+1.7%	+2.1%
Average Selling Price**	up < 2%	up 2%
Movement in Gross Margin (%)	Slightly down	flat
Movement in LFL Gross Profit (£)	+ve	+ve

Sustaining LFL cash contribution from sales

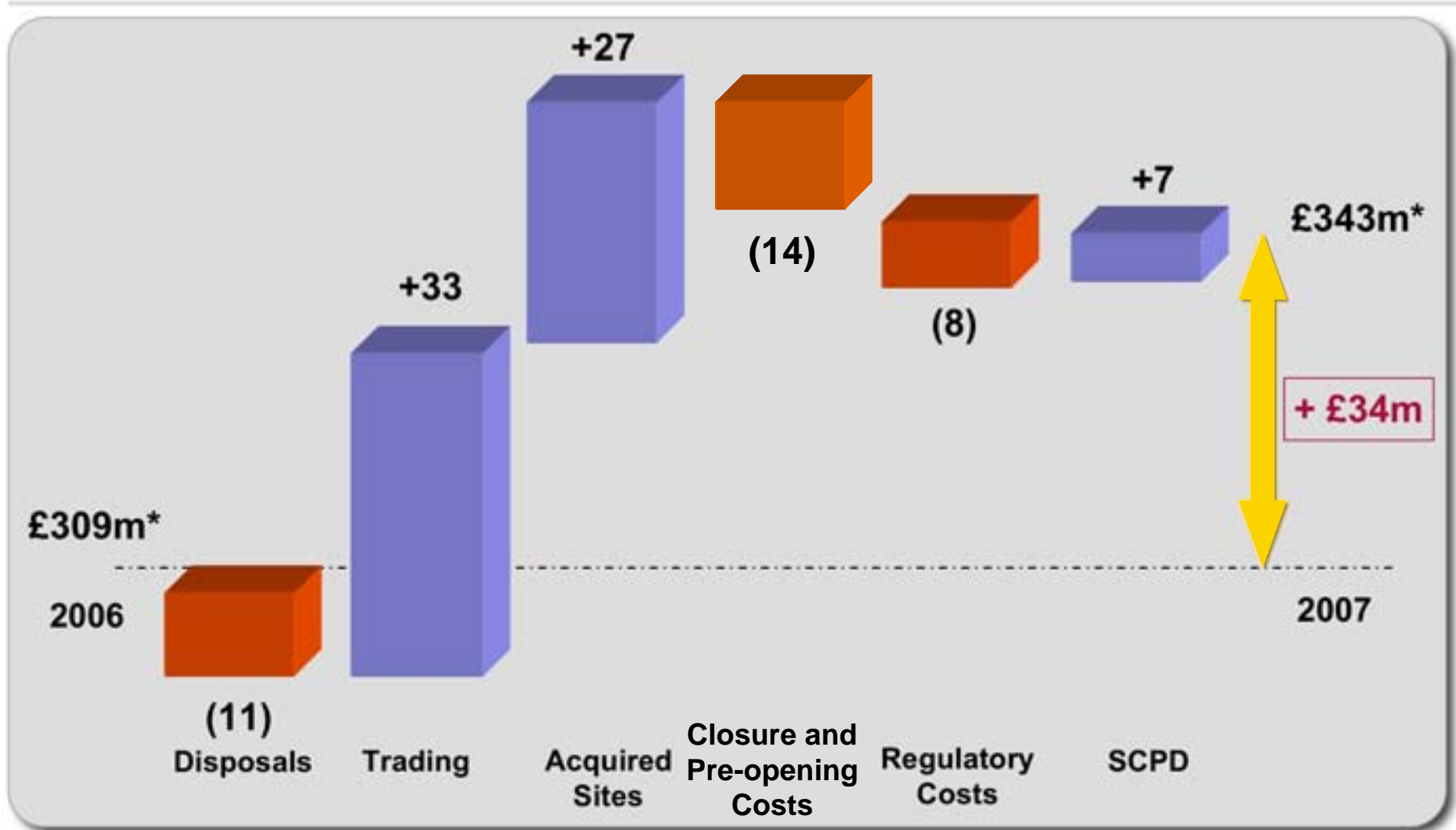
* like-for-like sales to 32 weeks to include the entire Easter weekend in both periods

** Drink & Food

- **Same outlet drink sales: up 2.2%**
- **Same outlet food sales: up 5.1%**
- **Outlet staff costs: 23.6% of sales**
- **Tight cost controls**

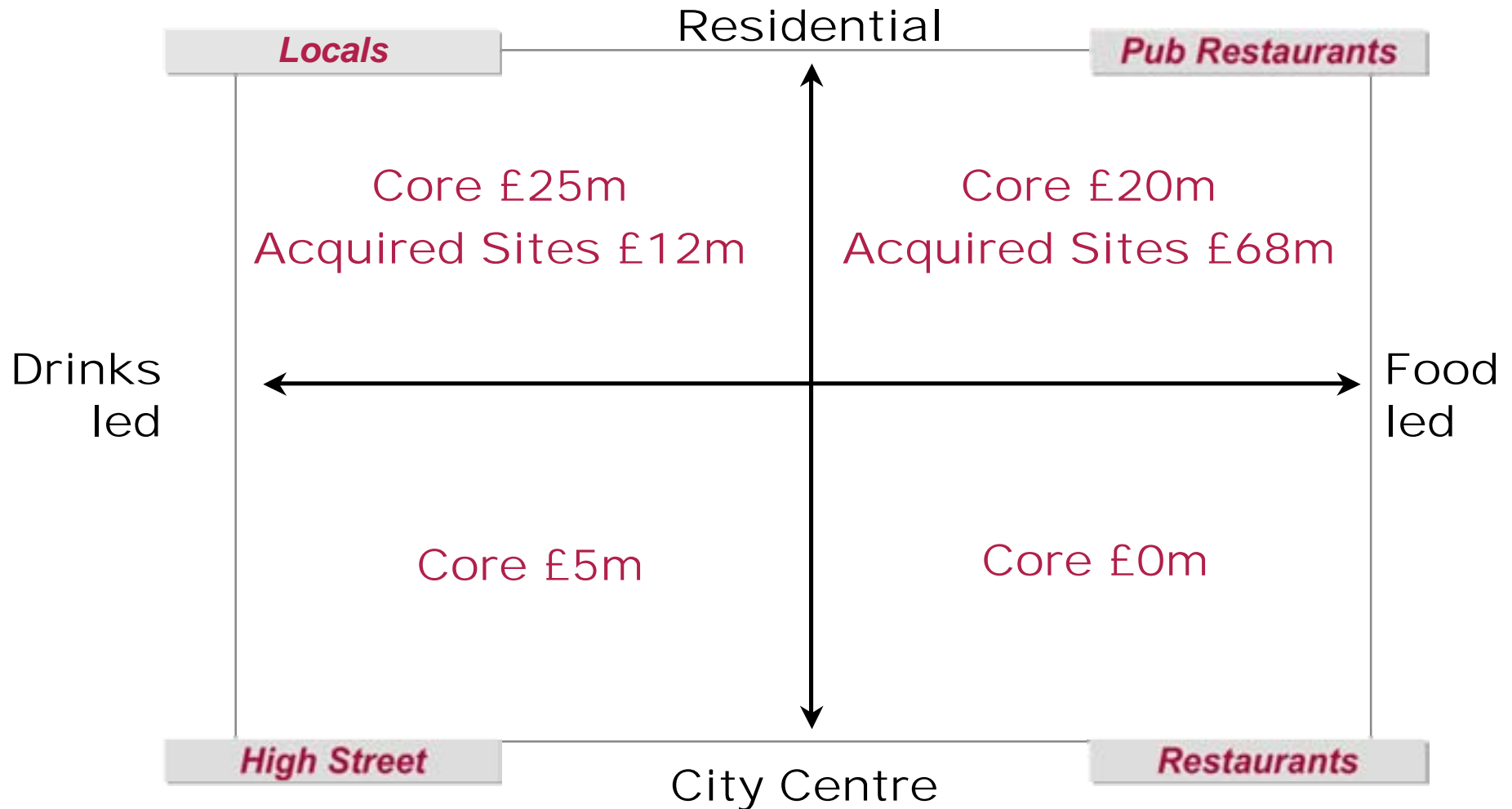
Strong margin performance

Operating Profit Movement



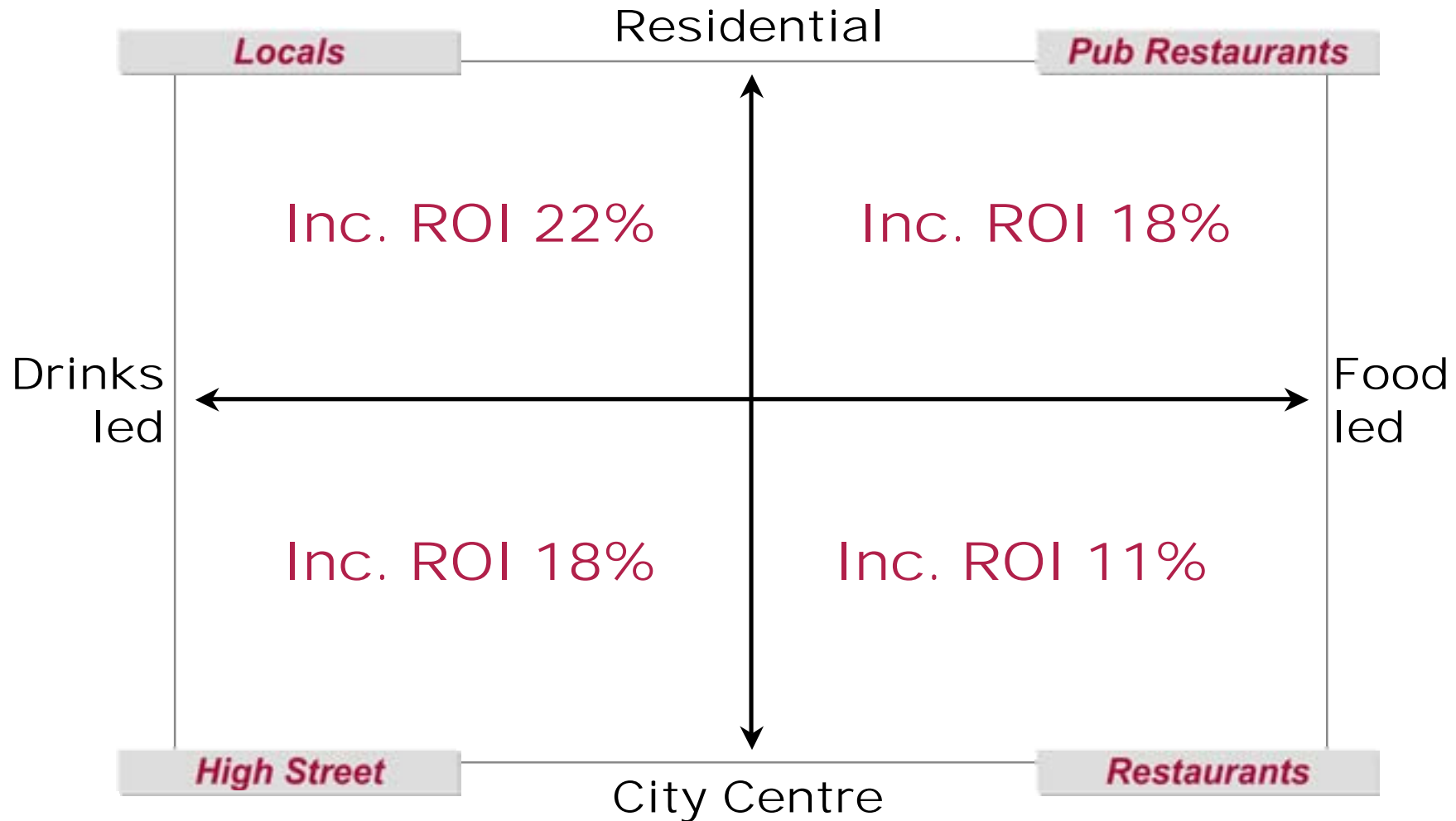
* Before exceptional items

FY 2007 Expansionary Capital



Note: Excludes non trading property (£1m)

Returns by Segment

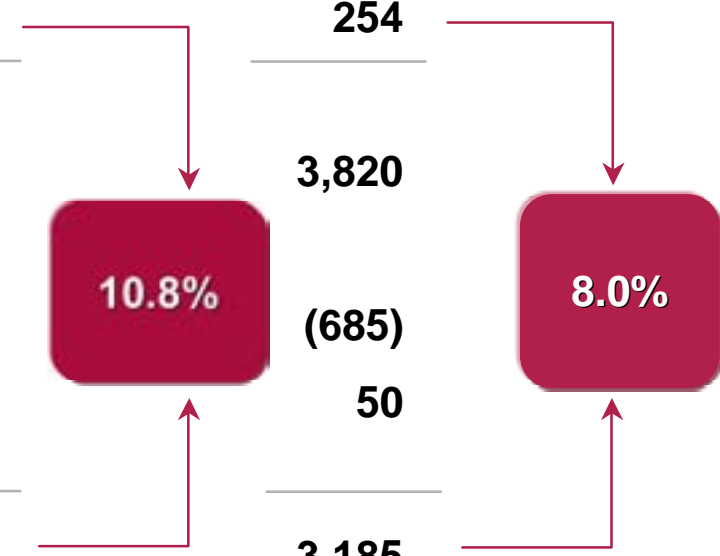


18% overall incremental ROI

Notes: Incremental ROI is calculated before tax and after depreciation
Cumulative £1.1bn UK expansionary investment over the last 16 years, excluding Acquired Sites

Strong Cash Returns

<i>12 months to 29 September 2007</i>	<i>CROCCE</i>	<i>£m</i>	<i>NOPAT</i>
<i>£m</i>		343	
EBIT	343		
Depreciation/Amortisation	129		
EBITDA	472	(89)	
Cash Tax (at 26% of EBIT)*		254	
Cash Return		3,820	
Average Net Operating Assets**		(685)	
Accumulated Depreciation	347	50	
Revaluations**		3,185	
Goodwill written off	50		



* Unleveraged tax rate

** Excluding 2007 revaluation

Cash Flow (a)

	<i>FY 07</i>	
	<i>£m</i>	
EBIT	343	
Depreciation & amortisation	129	
EBITDA	472	
Working capital / non cash items	19	
Maintenance capex	(122)	} £(99)m
Expansionary capex	(131)	
Purchase of Acquired Sites	(8)	
Disposals	162	
Additional pension contributions	(40)	
Operating Cash Flow after Net Capex*	352	

* Before exceptional operating expenditure of £12m

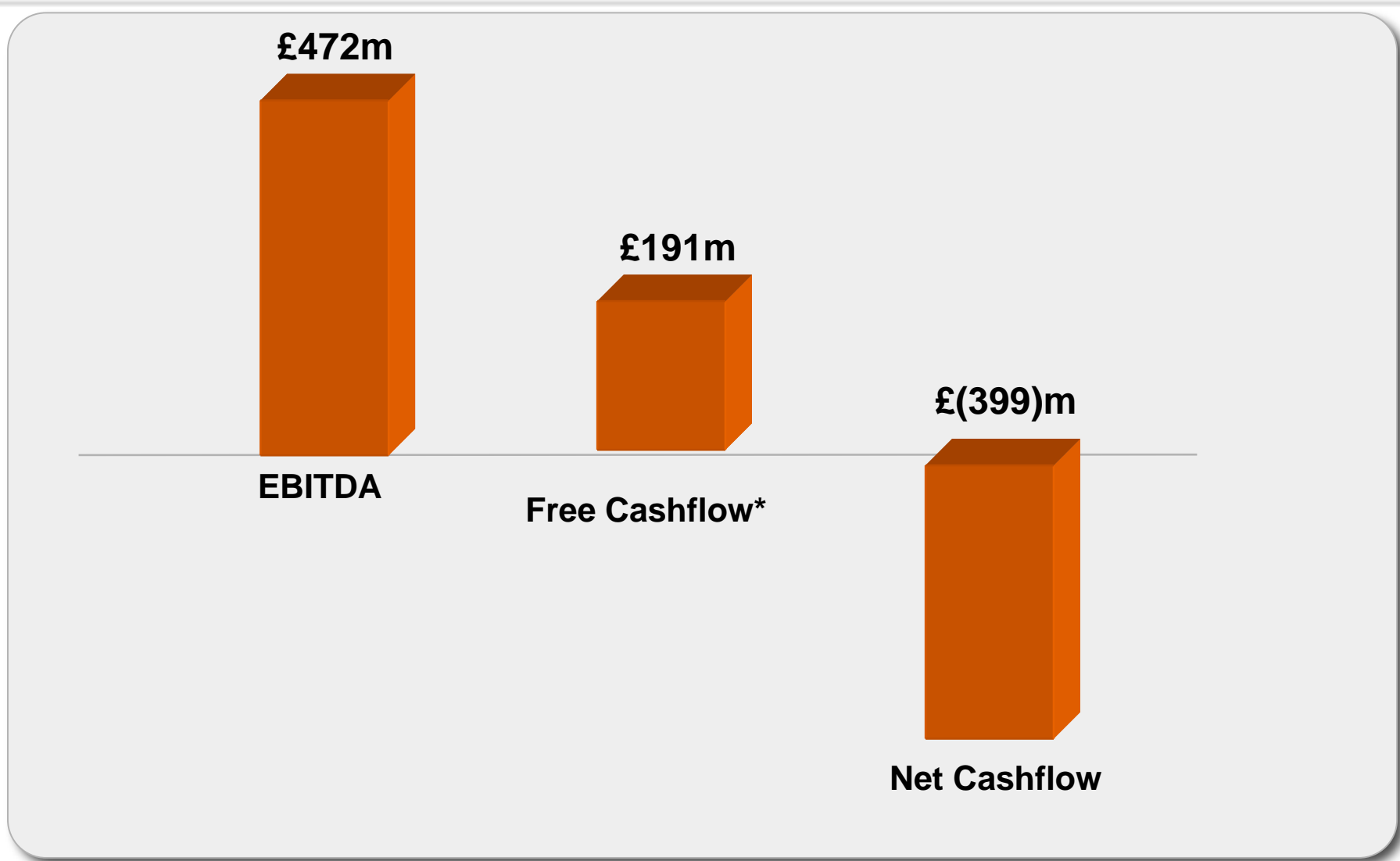
Cash Flow (b)

	<i>FY 07</i> <i>£m</i>
Operating Cash Flow after Net Capex	352
Net Interest paid	(145)
Tax paid	(33)
Normal dividends paid	(52)
Special Dividend paid	(486)
Exercise of share options	11
Shares repurchased	(46)
Net Cash Flow*	(399)

Closing Net Debt : £2,479m

* Before total expenditure on exceptional items of £12m and bond repayments of £39m

Free Cash Flow



* Free cashflow = EBITDA + working capital – maintenance capital – interest - tax

- **Net Debt : EBITDA** **5.25x**
- **Book Gearing*** **61%**
- **Interest Cover**** **2.3x**

Lower net finance income from pensions in FY08

* Net Debt / (Net Assets + Net Debt)

** Excluding net finance income from pensions

- **IAS 19 deficit of £18m, as at 29 September 2007**
 - ◆ Updated mortality assumptions
- **Full Actuarial Valuation as at 31 March 2007**
 - ◆ Gilts-based deficit of c.£250m
 - ◆ Recovery plan to close past service deficit
- **Schedule of future contributions being finalised**
 - ◆ Special contribution of £4m in FY08, plus £20m already committed
 - ◆ Special contributions of £24m p.a. for FY09 and FY10

Next formal review in three years' time

- **Rigorous review of different ways to release additional value from property**
- **Preferred option was JV transaction and R20 was most competitive bidder**
- **Debt market crisis in July prevented implementation**
- **Valuation gap still exists**
- **Actively looking at options to realise objective as soon as debt markets permit**
- **Revisiting merits and feasibility of a REIT**

Aim to access property upside for shareholders

- **Property value of £5bn in year end accounts**
 - ◆ Revaluation of freehold / long leasehold properties up £1.1bn
 - ◆ Aggregate value of individual pubs – not portfolio
 - ◆ Plan to revalue each year on a rolling basis
- **Alternative valuation based on PropCo structure**
 - ◆ Freehold / long leasehold properties alone worth £4.8bn*
 - ◆ Based on yield of 5.8% on £280m of rent
 - ◆ Excludes value of OpCo – c.£200m underlying EBITDA for FY07

Valuation upside from high quality estate

* Before any purchaser's costs

- Ordinary Dividend
 - ◆ Final: 10.0p, up 16.3%
 - ◆ Total: 14.25p, up 16.3%
- Special Dividend
 - ◆ £1 per share in Oct 2006

Maintain progressive policy for dividends

- **Good sales growth and operating margin result**
- **On track for full uplifts from Acquired Sites in 2008/9**
- **Achieving high returns on investment**
- **Strong cash flows from trading and from disposals**
- **Aim to release additional value from property**
- **Dividend increase of 16.3%**

Generating further value for shareholders

Tim Clarke

Chief Executive

Preliminary Results – 29 November 2007

- **Fourth year of strong growth: EPS 2003-07 up 105%**
- **Value and volume strategy driving market share gains**
- **Format innovation delivering high returns**
- **Productivity, purchasing and efficiency gains**
- **Rapid conversion of Acquired Sites**

Strengthened competitive position

- **Tightening consumer environment**
- **Rapid response to changing market conditions**
 - Reinforcing value and volume strategy
 - Gearing up roll-out of category killer formats
- **Pubs & Bars**
 - Sustained volume driven growth
 - Rapid food growth and drinks share gains
- **Restaurants**
 - Enhancing value and quality of winter menus
 - Initial sharp upturn in volumes in November

Sustainable, volume driven profitability

Profitable Market Share Gains

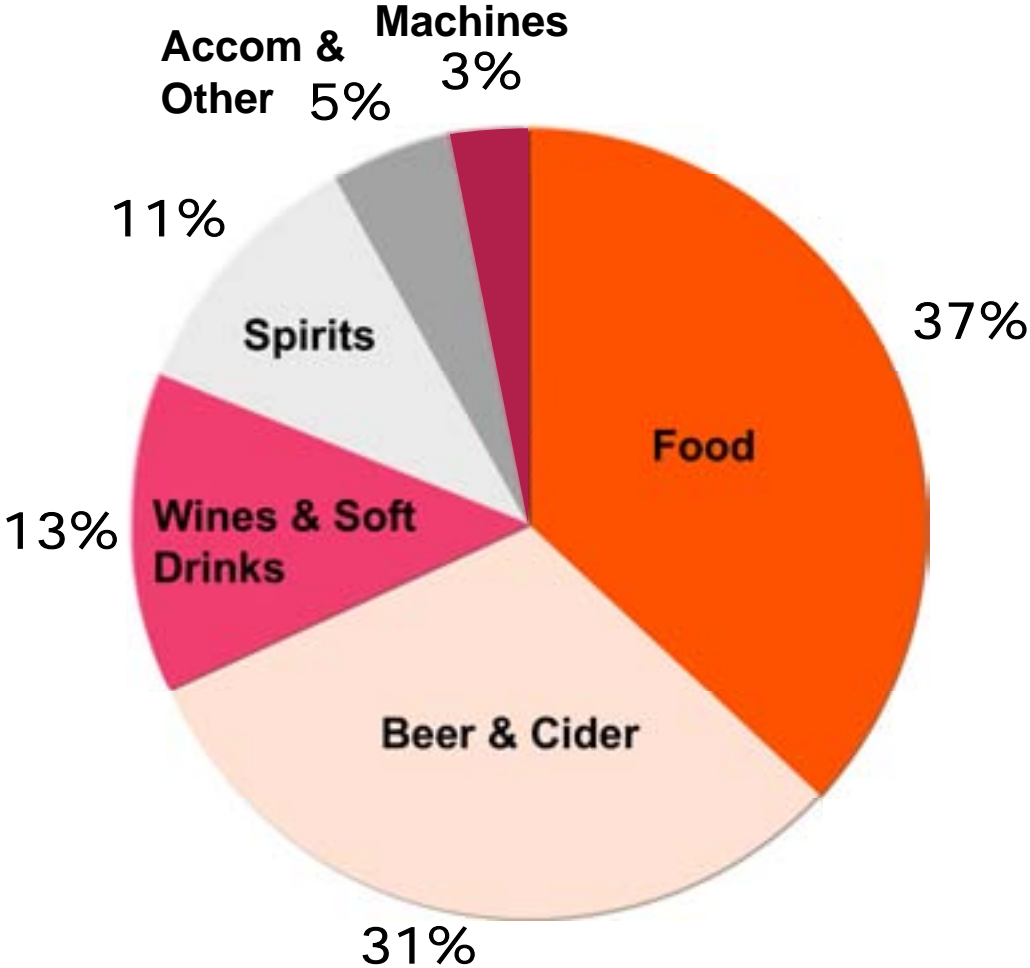


	<i>MAB Volume Growth (1)</i>	<i>Estimated Market Volume Growth (2)</i>
Food	6%	3%
Wine & Soft Drinks	1%	-2%
Spirits	-1%	-4%
Beer & Cider	0%	-4%

(1) Same outlet like-for-like growth

(2) MAB estimates based on BBPA/AC Neilsen/ONS

Sales Mix



Increasing exposure to growth categories

Note: Managed Sales

Divergent Disposable Income Trends

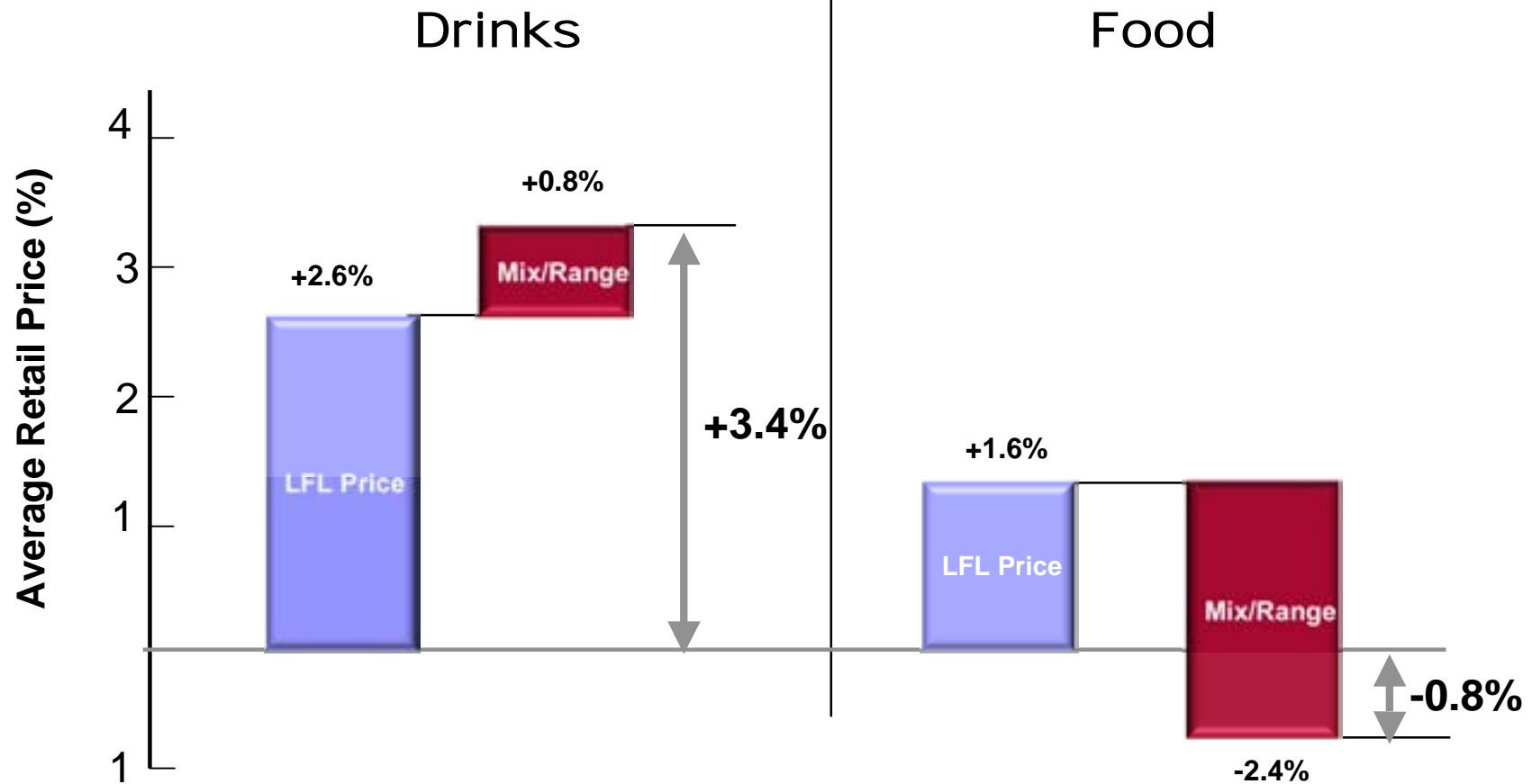
% of UK Households	17%	38%	31%	13%
MAB estate segmentation	27%	44%	25%	4%
Socio/Economic grp	Professionals/ managerial	Mainstream suburban	Skilled blue collar	Low paid/ unemployed
Economic position	Strong earnings growth	Interest rates/ stealth taxes	Full employment	Tax credits/ welfare
Earnings growth	+4.3%	+2.6%	+3.8%	+3.0%
	(1.3)%	(4.0)%	+0.3%	0.0%
ONS inflation rates by social group	+5.6%	+6.6%	+3.5%	+3.0%

Source: MAB estimates from current ONS and Family Spending Survey data

- **High sales sensitivity to customer value perceptions**
 - High price elasticity in mid/lower affluence segments
 - Rising menu quality expectations in higher affluence segments
- **Customer buying behaviours different by occasion**
 - Daytime / early evenings – value and speed
 - Later evenings / weekends – quality and service
- **Attracting higher food volumes**
 - Generates high margin drinks sales
 - Low marginal employment costs
 - High GP drop through to operating margin

Revenue investment in quality and value

Retail Price



Value positioning to drive market share gains

Note: Includes the Acquired sites

High Food Volumes at Pub & Company Level

- **Like-for-like food sales up 5.1%***
- **Average weekly food sales £6,800: +12%**
- **Average number of meals served per week: 1070: +15%**
- **Total food sales £684m: +22%**

107 million meals per annum

* Excludes the Acquired Sites

Value for money in all market segments



Average Price of a Main Meal (£s)



Source: Menurama

The Value and Volume Model

Pub & Carvery example

	2004	2007	
Average spend per head	£4.71	£4.01	-15%
Average meal volumes per pub per week	1,800	2,950	+64%

- **Price elasticity >4 times**
- **42% drinks sales mix**
- **Ave profit per pub +29%**

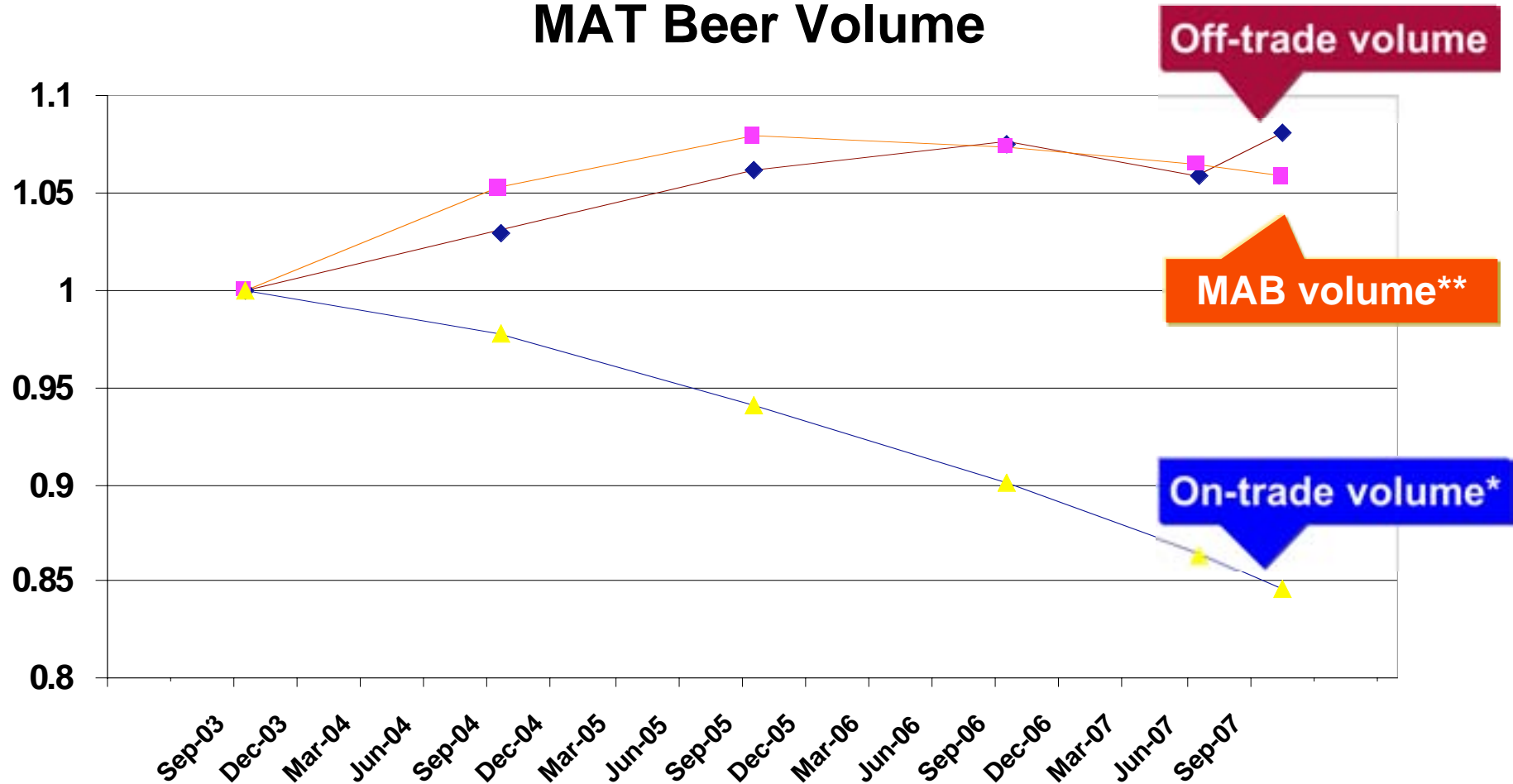


Very attractive profitable volume growth

Gaining share in declining on-trade beer market



MAT Beer Volume

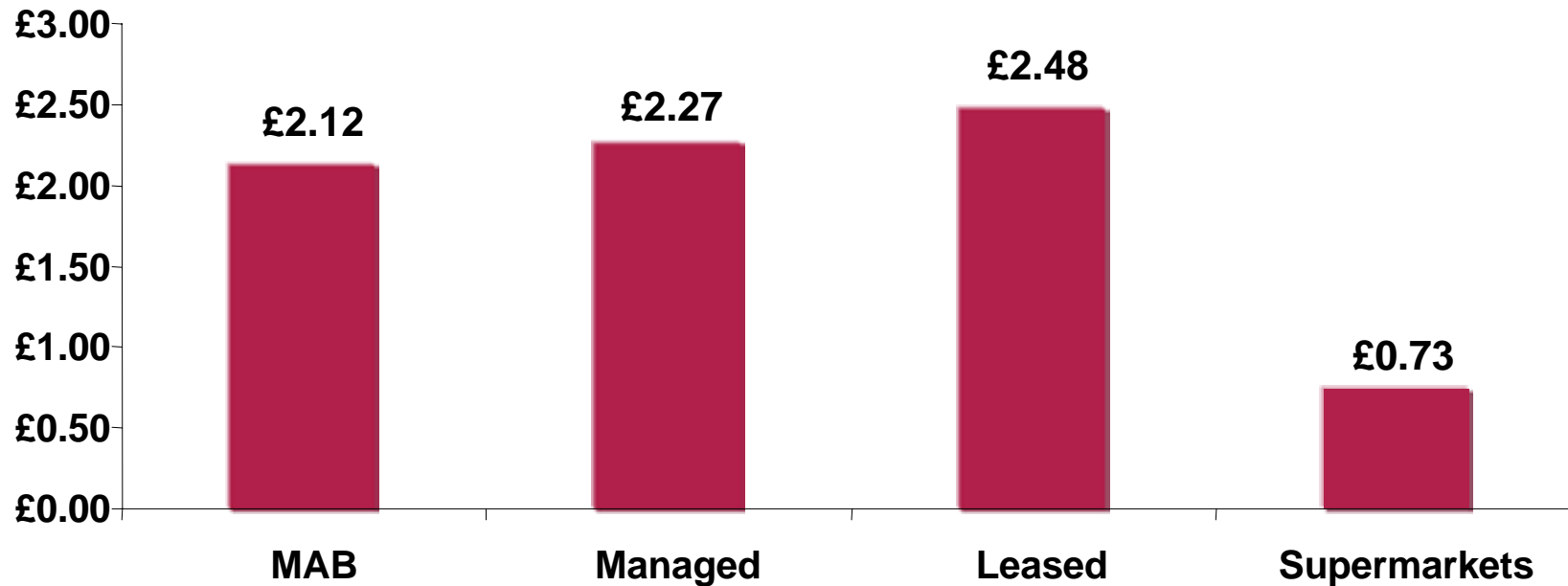


Sustainable profitability from market share gains

Source: BBPA: * Excludes MAB Volume: ** MAB same outlet volumes to October 2007

Drinks Price Gap

Average Price per Pint of Standard Lager - FY07



Price change:
FY03 to FY07

+8%

+8%

+14%

-1%

Balancing short profitability with long term share gains

Wine

- Sales volumes +3%
- Draught dispense in 600 pubs
- Own label



Soft Drinks

- Sales volumes flat
- Fresh juices +4%
- Draught carbonates +1%
- Packaged carbonates & mixers -5%



Coffee

- Sales volumes +23%
- c.1,200 coffee machines installed



Productivity

- **Rapid growth in staff contribution per hour: +3.9%***
- **Enhancement of scheduling system**

Purchasing

- **COGS index increases held to under 1%**
- **£7m of purchasing synergies from acquisition**

Infrastructure efficiencies

- **Current year rationalisation process underway**
- **£7m of annualised cost savings to be delivered in 08/09 year**

Scale efficiencies underpin value and volume strategy

* Excluding the Acquired Sites

Residential Pub Restaurants

- **Suburban Pub Restaurants**
 - **Good growth in Harvester, Toby, Pub & Carvery**
- **Commuter Belt Pub Restaurants**
 - **Decline in Vintage Inns**
 - **New competitive capacity**
- **Mid market slow-down in disposable incomes**



Toby Carvery, Banbury



The Hedgehog, Vintage Inns, Lichfield

Same outlet like-for-likes +0.7%

Pub Restaurants Margin Reinvestment

- **Plan to reinvest c.2% of food margin in quality and value**
- **Concentrated in:**
 - **Vintage Inns menu quality**
 - **Harvester and Toby value and quality**
 - **Pub Carvery value**
- **Introduced at end October: Dark Nights menus**
- **Strong growth upswing in November**
- **In all cases generating:**
 - **Higher main meals cash GP**
 - **Incremental starters / desserts and drinks**
 - **Staff productivity gains**
 - **Higher net operating profit**

Margin reinvestment to drive Pub Restaurants' profitability

- **Rapid integration process**
 - 172 sites converted to date
 - 9 Franchised
 - 15 disposed on premium multiples
- **Remaining conversions to be completed in first half**
- **Outstanding site quality**



The Scotsbridge Mill, Premium Country Dining, Rickmansworth

Speed of integration delivers growth platform

Pub Restaurants – Acquired Sites

- **Initial sales uplifts of c.20%**
 - Residential sites strongly ahead
 - Poor Summer impacted destination sites
 - Post conversion sales build up
- **Strongest uplifts:**
 - Limited change in customer profile
 - Overtness of branding
 - Strong value offer
- **Post conversion focus:**
 - Productivity
 - Operating margins



The Oakmere, Harvester, Potters Bar

Confident in delivery of 08/09 year targets

Residential Pubs

- Widening drinks market share gains
- Repositioning to food: 21% sales mix
- Food sales up 16%
- High returns from c.70 conversions
- Rapid expansion in Sizzling Pub Co, Cornerstone and Metro Professional
- Exited pubs with limited food potential



The Travellers Rest, Sizzling Pub Co, Reading



Merry Hill, Cornerstone, Wolverhampton

Same outlet like-for-likes +6.3%

High Street & City Centre Markets

- 25% of sales
- Strong format portfolio
- Successful evolution of O'Neill's, Scream & Town Pubs
- Central London buoyant: All Bar One, Nicholson's
- Rapid food growth
- Breakfast and coffee opportunity



Clachan,
Nicholson's,
London



The Queen of Hearts, Scream, Manchester

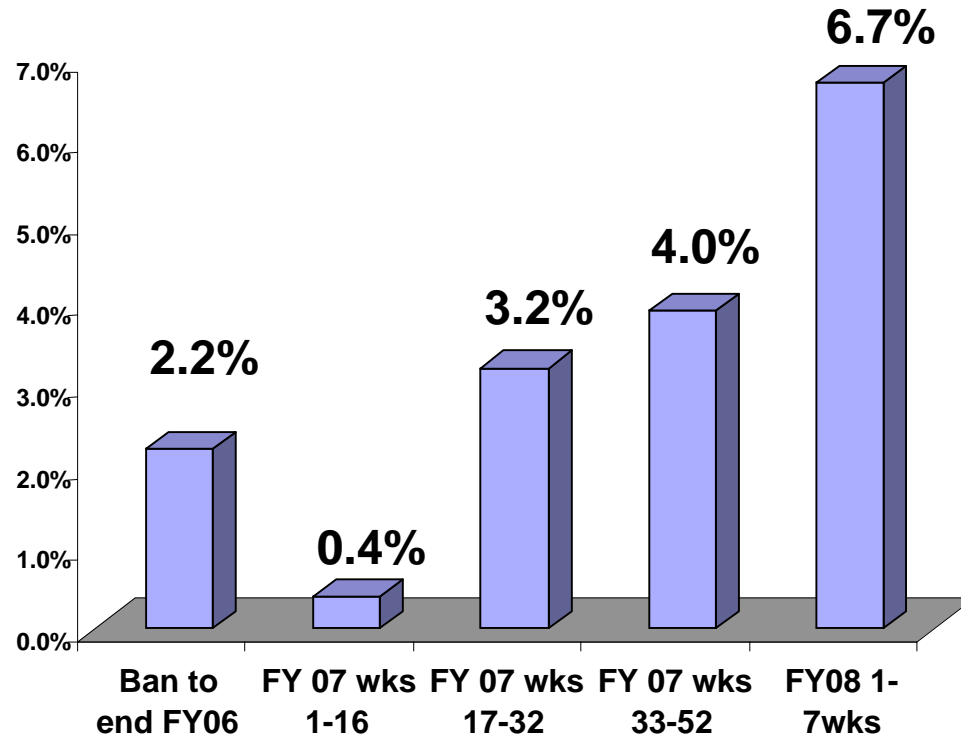
Same outlet like-for-like sales growth +3.0%

- **c.100 conversions including remaining Acquired Sites**
- **6 to 8 new build, high take, super-pubs**
- **Increasing focus on category killer, value formats**
- **Rapid expansion of Sizzling Pub Co, Pub Carvery, Cornerstone**
 - **Over 50 to be opened this year**
 - **c.300 pubs, over 15% of the total estate by end 2008**
 - **Average sales uplifts of £7k per week**

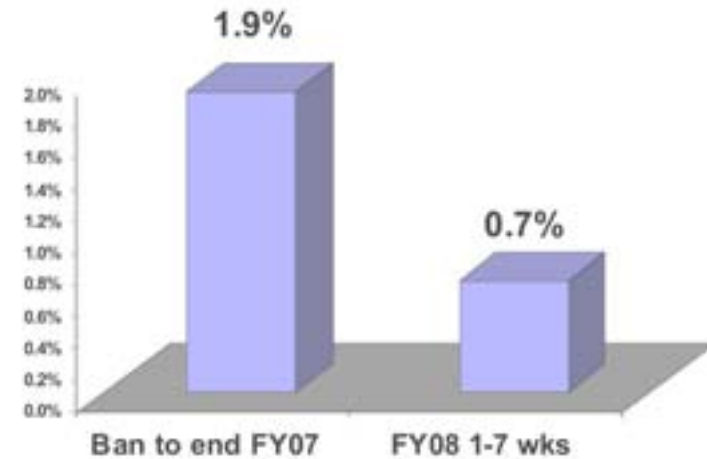
**High returns from estate repositioning to
highest growth segments**

Smoking Ban

Scottish like-for-like sales since ban



English like-for-like sales since ban



2nd year strong growth in Scotland
Initial post ban slowdown in England

- **Same outlet like-for-likes up 1.4% in first seven weeks**
- **Same outlet like-for-likes up 2.4% in November**
- **Positive impact of new menus and pricing actions in Restaurants**
- **Pubs & Bars accelerating drinks share gains & food sales growth**
- **Remaining Acquired Sites to close for conversion**

**Out-performance in a more challenging market conditions
Stronger November**

- **Uncertain consumer outlook**
- **First winter of smoking ban impact**
- **Resilience against on-trade declines**
- **Positive consumer response to Restaurants' sales actions**
- **Power of MAB format portfolio**
- **Focus on top line growth from managed super-pubs**
- **Intensifying value and volume model**
- **Attractive strategy for scale operator with high takes**

Accelerating share gains amidst challenging trading conditions

- **Overriding commitment to shareholder value**
- **Unlocking the embedded value of the estate**
- **Higher valuations placed by dedicated property investors**
- **Best sites, formats and operational skills**
- **Key is mutual incentives for property and operations in lease arrangement**

Equity growth case for both property and operations

- **Out-performing amidst tougher conditions**
- **Formats positioned to growth segments**
- **Scale advantages in value driven markets**
- **Operational excellence, cost efficiency**
- **Consolidation opportunities**
- **Property: reviewing options for unlocking value**

Focus on sustainable shareholder value

Questions & Answers

Preliminary Results – 29 November 2007