

Simon Burke

Chairman

Half Year Results – 20 May 2011

Tim Jones

Finance Director

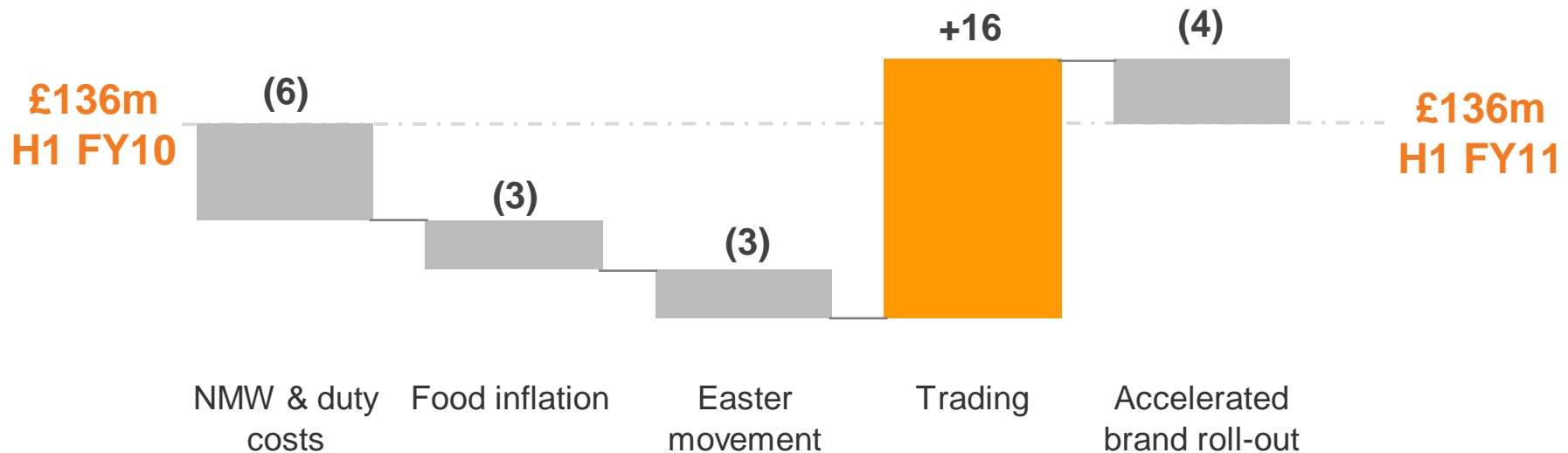
Half Year Results – 20 May 2011

Income statement

28 weeks ended 9 April 2011

	H1 FY11 £m	H1 FY10 £m	
Retained Estate:			
Revenue	912	875	4.2%
Operating profit	136	136	
Other operations	5	20	
Total operating profit	141	156	(9.6%)
Interest	(78)	(83)	
PBT (pre exceptionals)	63	73	(13.7%)
EPS (pre exceptionals)	11.3p	13.0p	(13.1%)

Retained Estate: EBIT movement



Retained Estate: Key statistics

Retained Estate

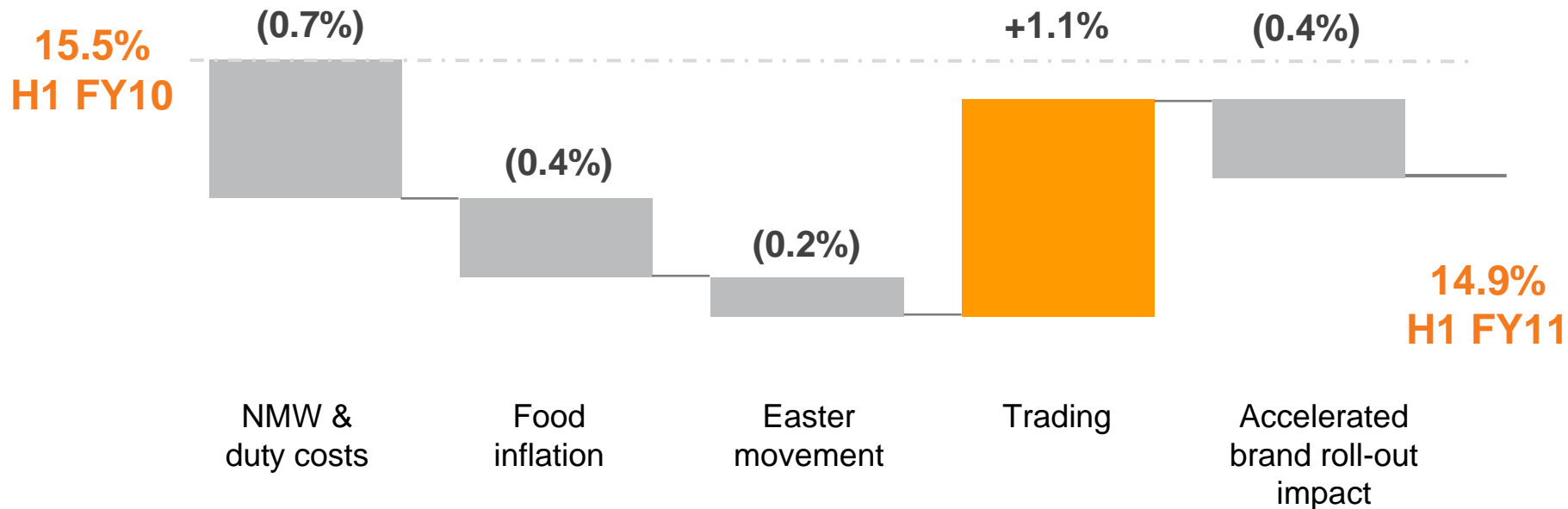
28 weeks ended 9 April 2011

H1

Growth

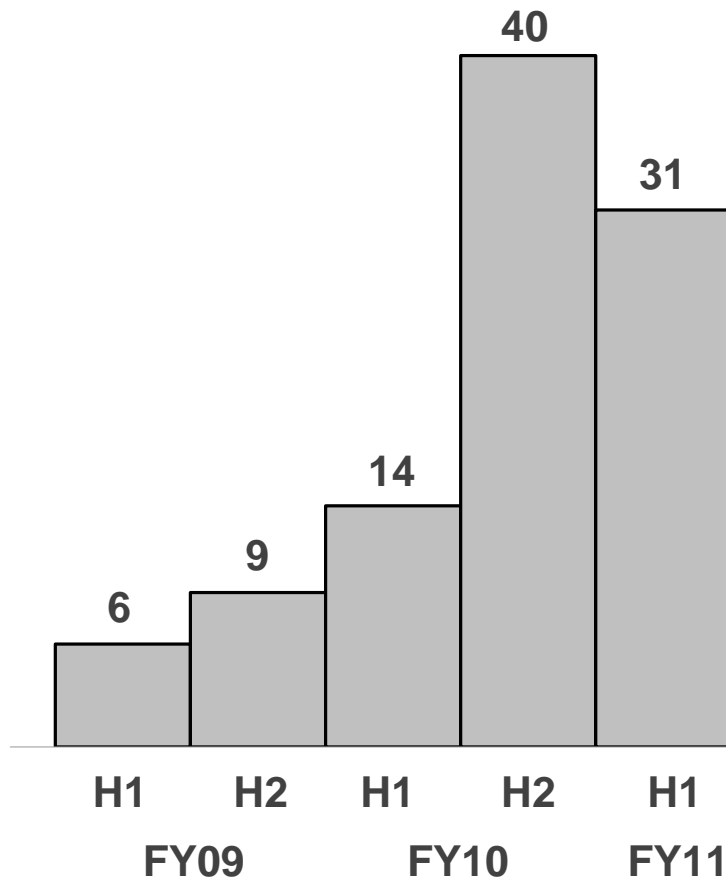
Food spend per head		7.4%
Food customer numbers		0.1%
Food cash gross margin		8.6%
Total cash gross margin		4.3%
Outlet staff costs	24.9%	(0.2) ppts
Net margin	14.9%	(0.6) ppts

Retained Estate: Net operating margin

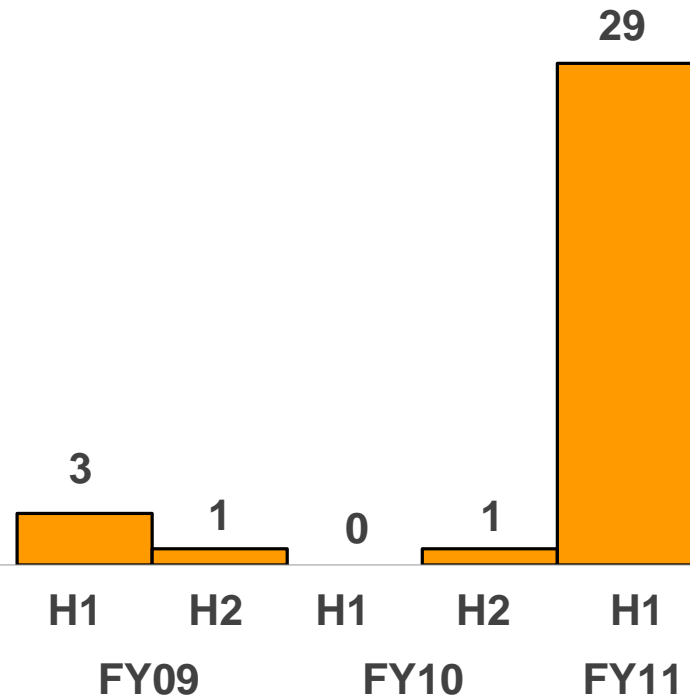


Brand roll-out

Conversions



New openings



Capital expenditure

- EBITDA return of 19% on last 2 years' investments
- Total capex in H1 FY11 of £99m
 - £53m rolling out brands
 - £43m refurbishment capital
 - £3m infrastructure
- Total capex in FY11 estimated at £170m
 - £75m rolling out brands
 - £85m refurbishment capital
 - £10m infrastructure

Group cash flow

	H1 FY11 £m	H1 FY10 £m
EBITDA	199	225
Working capital / non cash items	(30)	5
Maintenance capex	(46)	(59)
Net interest paid	(69)	(74)
Tax	(8)	0
Deficit pension contributions	(20)	(15)
Operating Cash Flow	26	82
Expansionary capex	(53)	(9)
Disposals	417	21
Share capital	2	2
Net Cash Flow	392	96

Group net debt

	Apr 11 £m	Sep 10 £m
Securitisation debt	(2,257)	(2,274)
Cash & other	152	215
Securitised net debt	(2,105)	(2,059)
Cash / (unsecured net debt)	185	(243)
Group net debt	(1,920)	(2,302)
Net Debt : EBITDA*	4.9x	5.1x

- Ratio calculated using previous 12 months' EBITDA for the Retained Estate

Internal operations & property disclosure

H1 FY11	Operations £m	Property £m	Total £m
Revenue	912	-	912
EBITDAR	215	-	215
Rent	(123)	102	(21)
EBITDA	92	102	194
EBITDA %	10.1%		21.3%

- Replicates estimated market rent for all properties
- Internal rent included in performance evaluation
- All brands profitable post internal rent
- Increased focus on margin and capital efficiency

Key messages

- Robust like-for-like sales growth
- Net debt under 5 times EBITDA through disposals
- Proceeds extracted from securitisation
- Strong pipeline of brand roll-out investment opportunities

Jeremy Blood

Interim Chief Executive

Half Year Results – 20 May 2011

Key messages

- Underlying business is strong
- A clear strategy to drive value
- Strategy implementation on track

Good progress more to do

Personal observations

- Asset quality
- Brand potential
- Committed people

Strong foundations for growth

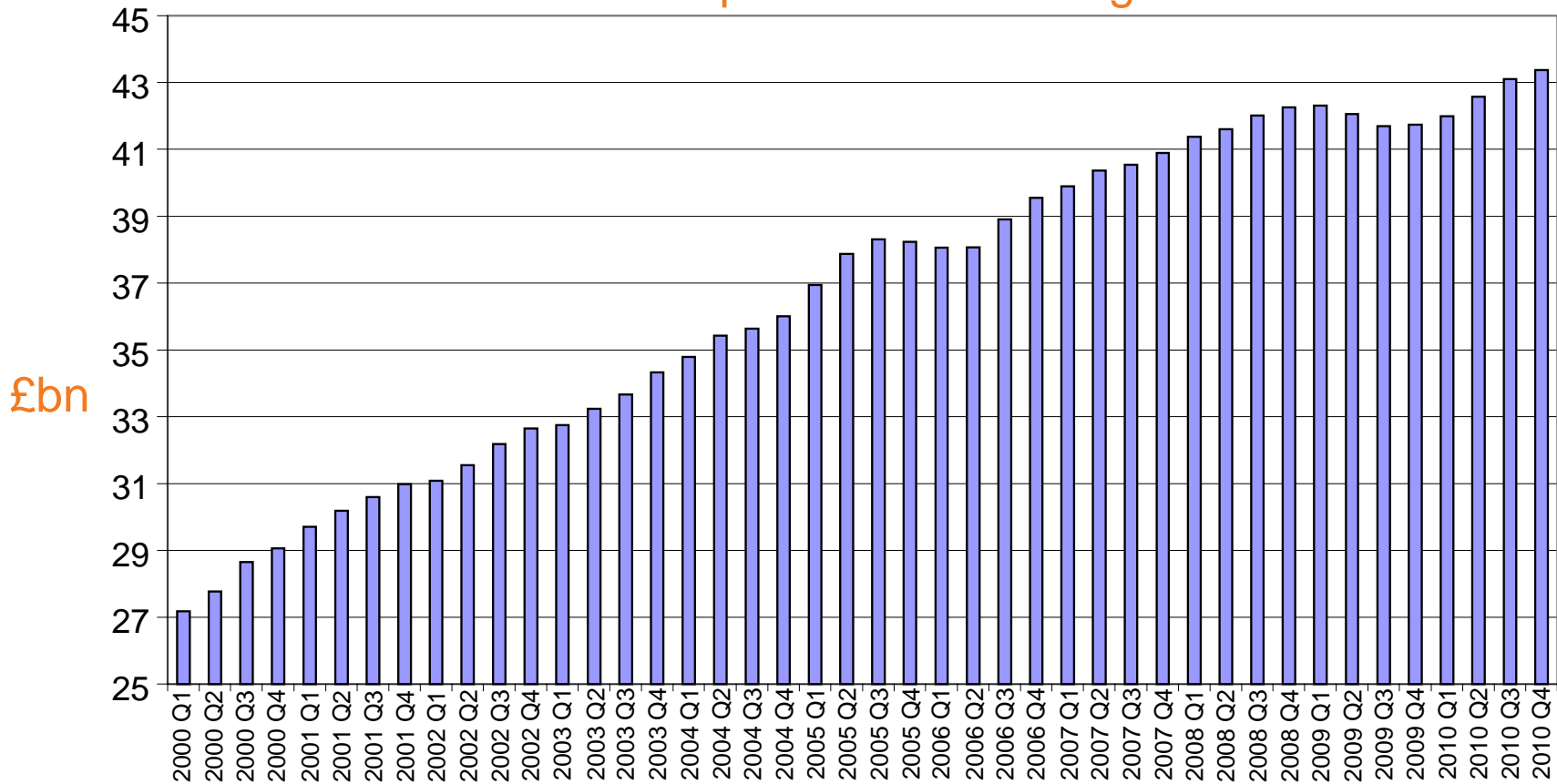
Clear & continuing strategy

- Focus on food growth
- Brands
 - Roll-out
 - Continual innovation
- Margin growth
 - Gross margins
 - Cost base
 - Capital efficiency

Strategy will drive value and earnings growth

Eating-out continues to grow

Consumer expenditure on eating-out



Over £40bn market in attractive long term growth

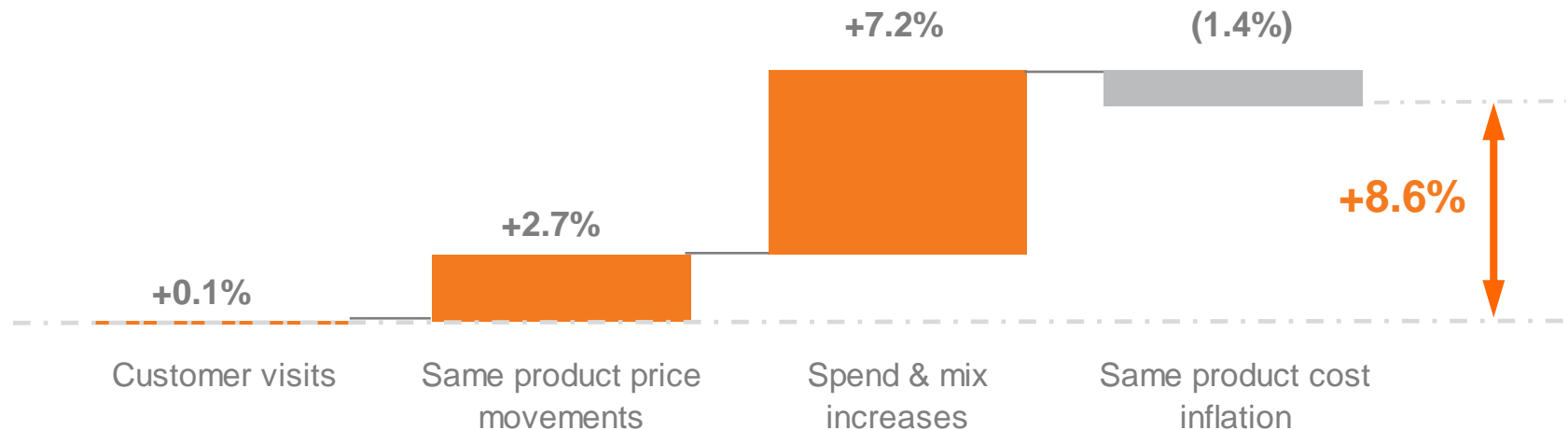
Food drives like-for-like sales

	FY 10 Wk 1-33	FY 10 Wk 34-52	FY 11 Wk 1-33
Food	4.5%	5.0%	5.5%
Drinks	1.4%	1.5%	1.8%
Total	2.7%	3.0%	3.3%

Food is engine for growth

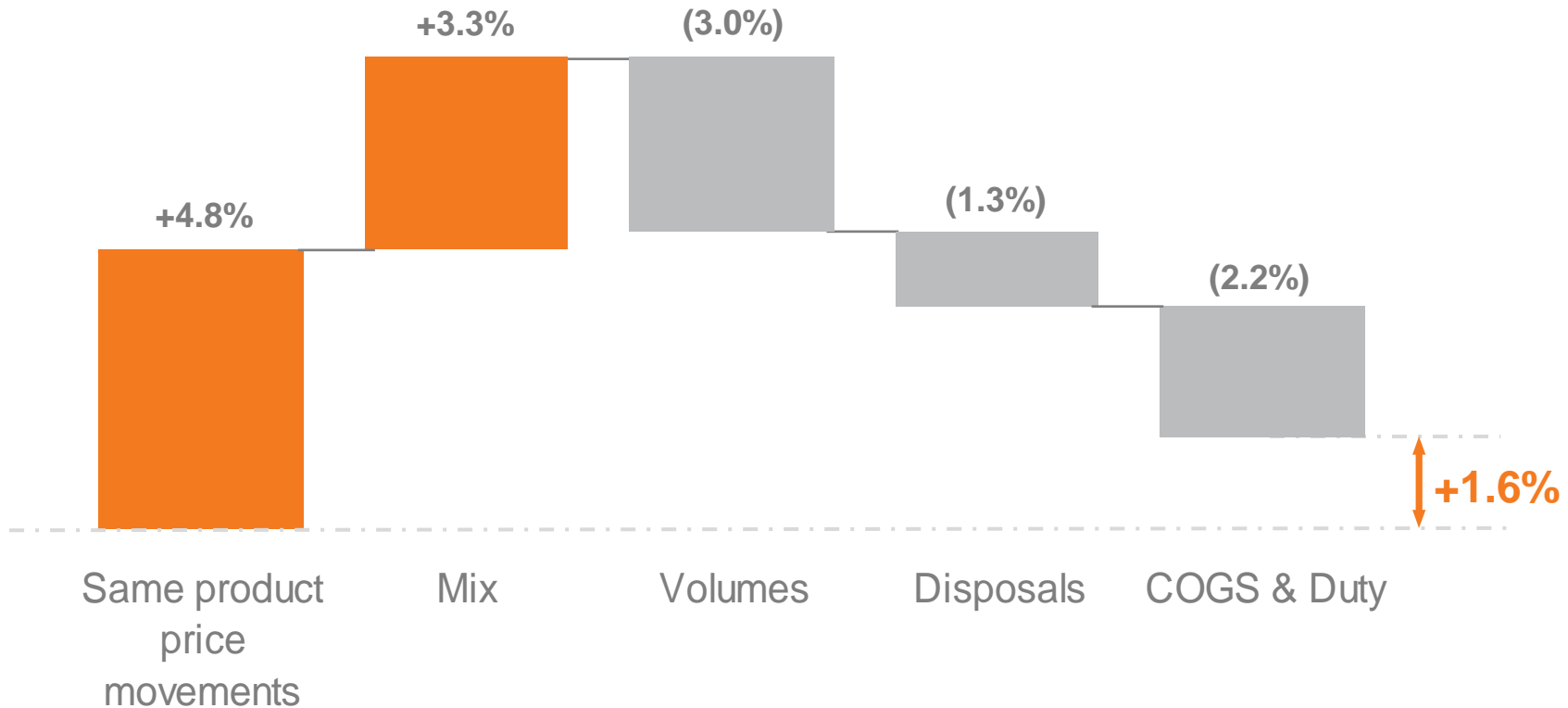
Menu innovation driving cash margins

H1 Food cash gross margin



Sustainable cash margin growth

Price key factor in drink cash margin



Balancing price and volume to deliver improved cash

Building brand power



Step change in capital programme

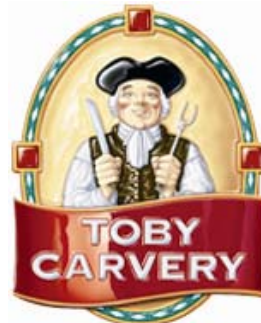
- 31 conversions
- 29 new openings
 - Successful conversion of Ha Ha Bar & Grill
 - Site acquisitions continue
- Strong pipeline of good sites

BAR & BRASSERIE
· **BROWNS** ·
ESTABLISHED 1973

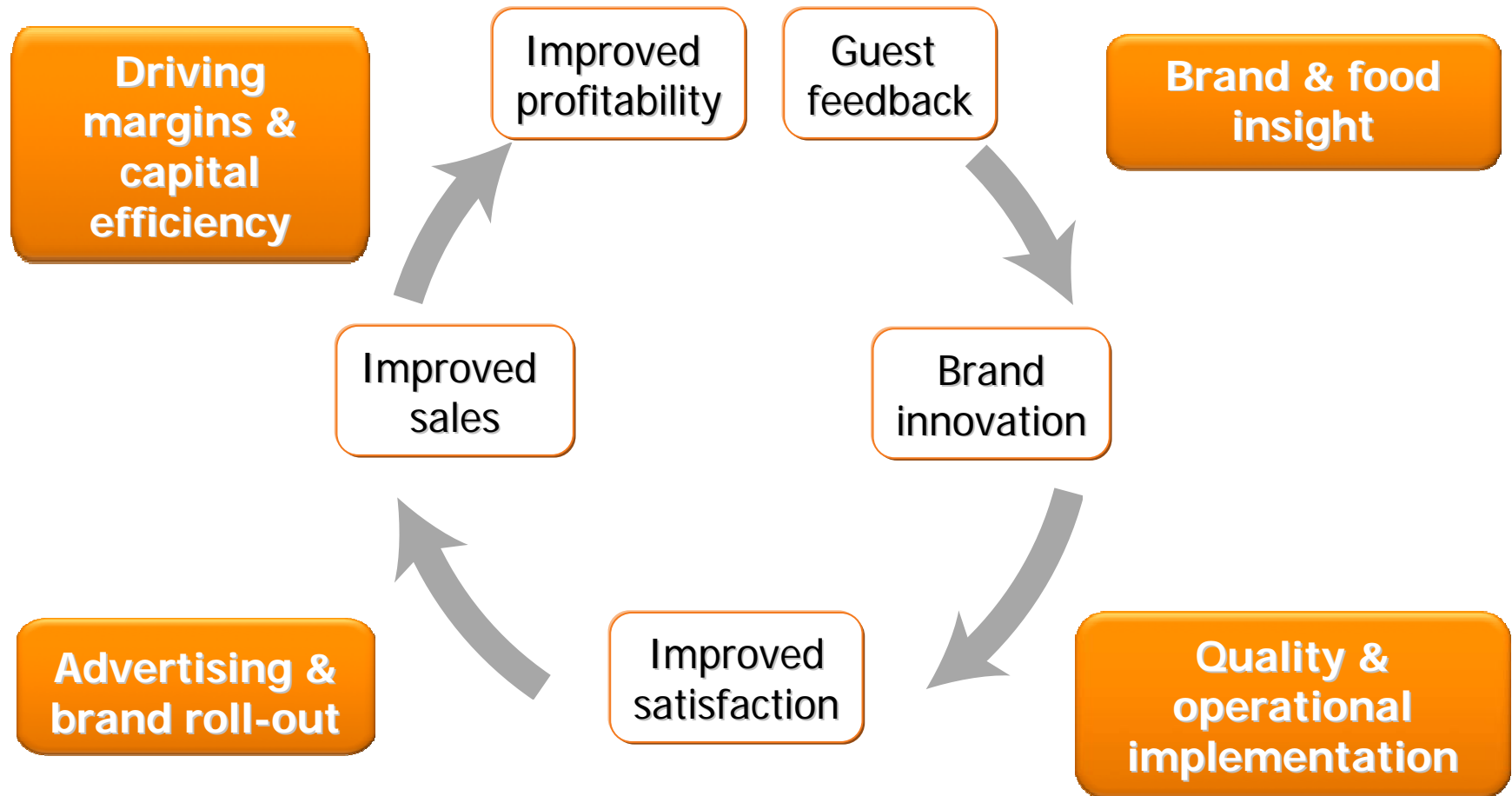
ALL·BAR·ONE

Brand potential remains high

Brand	Current	Potential Site
Harvester	176	400
Toby	135	300
Vintage Inns	224	350



Building brand power





Salad & Grill



Before



After

PICK A GRILL, SAUCE, SIDE & UNLIMITED SALAD - IT'S ALL IN THE PRICE

TASTY GRILLS + SAUCE + SIDE + SALAD

CHICKEN	STEAKS	GREAT WITH CHICKEN & COMBOS	TO COMPLETE YOUR MEAL CHOOSE FROM ONE OF THE FOLLOWING SIDES...
<p>Our famous spit-roasted chicken is fresh, British and farm assured.</p> <p>HARVESTER RECOMMENDS:</p> <p>1/2 Spit-roast Chicken 310kcal. £6.50</p> <p>Flame-grilled Chicken Breast 260kcal. £5.70</p> <p>Both served with grilled corn on the cob.</p> <p>GRILLS</p> <p>Full Rack of Ribs 1250kcal. £9.99</p> <p>Served with grilled corn on the cob.</p> <p>Baby Rack of Ribs 310kcal. £6.40</p> <p>A smaller portion of our famous Harvester ribs, served with grilled corn on the cob.</p>	<p>Our steaks are 31 day matured and served with garden peas and a grilled half tomato.</p> <p>HARVESTER RECOMMENDS:</p> <p>Box Rump Steak 470kcal. £9.40</p> <p>Box Sirloin Steak 490kcal. £10.40</p> <p>12oz Rump Steak 810kcal. £12.40</p> <p>10oz Ribeye Steak 1040kcal. £13.40</p> <p>7oz Fillet Steak 340kcal. £15.99</p> <p>Surf 'n' Turf</p> <p>Add your choice of 5 king prawns (100kcal) OR 4 pieces of scampi (150kcal) to your steak.</p> <p>BURGERS</p>	<p>We've made a few suggestions for which sides work best, but feel free to pick any sauce you fancy.</p> <p>GREAT WITH CHICKEN & COMBOS</p> <p>Harvester Country Gravy Rich, rustic meaty gravy. 30kcal. (Vegetarian gravy also available.)</p> <p>Hot Piri Piri Explosively spicy sauce. 40kcal.</p> <p>Harvester Barbecue Dip Our legendary and original rich, sticky dip. 50kcal.</p> <p>Chilli, Ginger & Spring Onion A sweet and sour style sauce with a citrus twist. 70kcal.</p> <p>Chilli & Garlic A spicy, full-bodied sauce to make your mouth water. 80kcal.</p> <p>Lenon & Herb Piri Piri A tangy sauce with a mild piri kick. 120kcal.</p>	<p>To complete your meal choose from one of the following sides...</p> <p>Baby Potatoes Hot buttered baby potatoes. 110kcal.</p> <p>Mashed Potato Mashed potatoes. 170kcal.</p> <p>Pilau Rice Fragrant Basmati and wild rice, blended with aromatic spices. 240kcal.</p> <p>Jacket Potato Hot from the oven. 240kcal.</p> <p>Seasoned Fries Crisp, lightly seasoned and very mouth-watering. 380kcal.</p>

EARLYBIRD ALL DAY

Now available 12-3pm every day - a selection of complete Harvester meals at Earlybird prices! And don't forget to help yourself to as much salad as you like!

Harvester Burger Flame-grilled 100% beef burger, topped with melted Emmental cheese, tomato, iceberg lettuce and mayonnaise in a toasted white bun served with crisp, seasoned fries. 970kcal. £5.10

Fish and Chips Chunky battered fish served with crisp, seasoned fries, garden peas and tartare sauce. 960kcal. £5.70

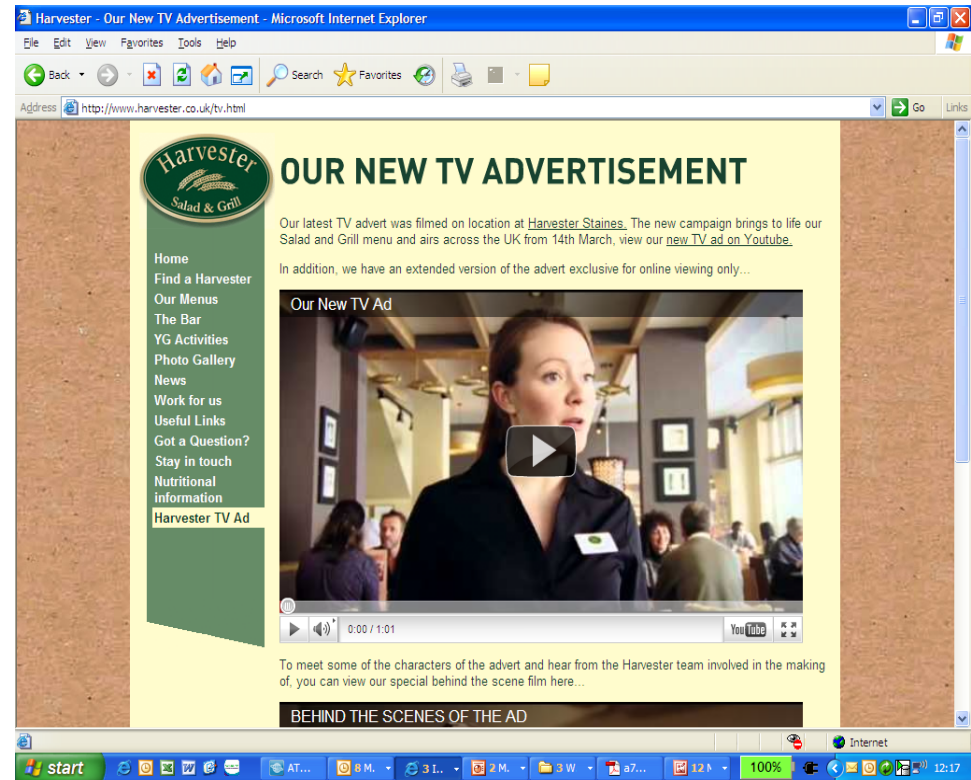
Sausage & Mash £4.99

**Stronger brand proposition for customers...
better economic model**

Re-engineering the operation



National advertising



Driving sales in existing sites and new locations

New locations



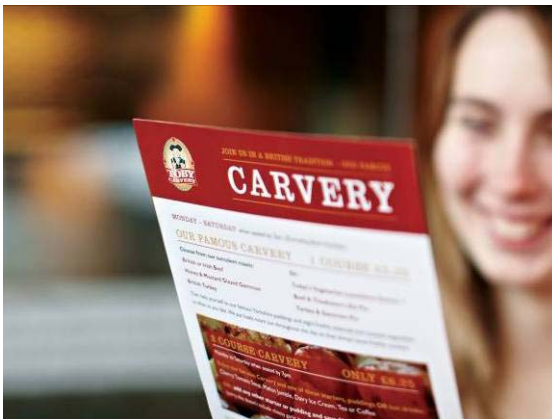
Retail park developments trading successfully

Continual innovation



Maximising utilisation of assets

Improving brand strength



Driving value from operational leadership

GOOD PROGRESS

- Guest satisfaction
- Food sales & margins
- LFL momentum
- Brand roll-out
 - Strong pipeline
 - Good ROI

INVESTING FOR FUTURE

- Brand advertising
- New site costs

MORE TO DO

- Driving value from scale
 - Overhead efficiency
 - Procurement
- Capital efficiency

Good progress...more to do

Outlook

- Current trading is robust
- Consumer spending weaknesses set to continue
- Cost pressures have returned

Conclusion

- Underlying business is strong
- A clear strategy to drive value
- Strategy implementation on track...more to do

Brand roll-out will deliver value growth

Questions & Answers

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