John Lovering

Chairman

Half Year Results – 19 May 2010

Jeremy Townsend

Finance Director

Half Year Results – 19 May 2010

Key Messages

- Stable like-for-like sales growth
- Further gross margin improvement
- Tight cost control
- Significant profit growth
- Continued net debt reduction

Well positioned for growth

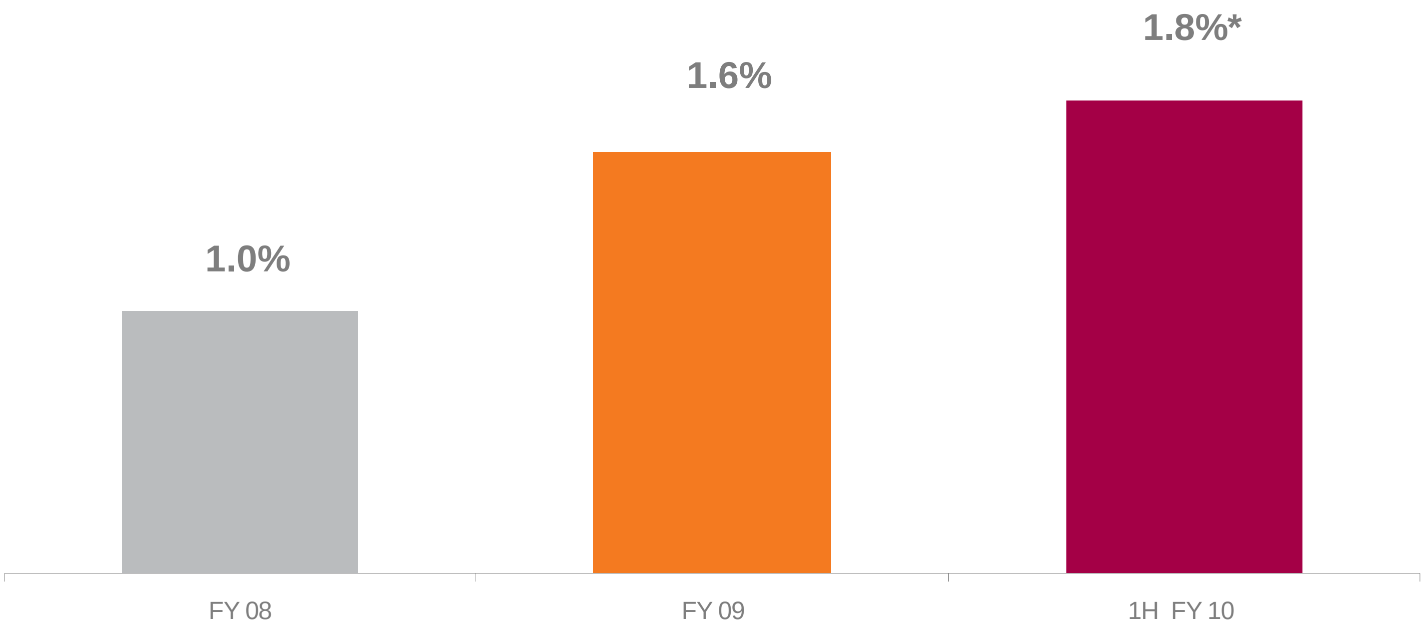
Financial Highlights

28 weeks ended 10 April 2010		Growth
Revenue	£1,037m	1.3%
EBITDA*	£225m	7.7%
Operating profit*	£156m	12.2%
Net Interest*	£(83)m	9.8%
Profit before tax*	£73m	55.3%
EPS*	13.0p	54.8%

Strong profit uplifts

* Before exceptional items and other adjustments

Like-for-Like Sales Growth



Continuing stable like-for-like trends

*33 weeks to 15 May

Like-for-Like Sales Growth

%	FY 09 Total	FY 10 Wk 1-33
Food	3.1%	4.3%
Drink	1.8%	0.3%
Other	(8.7%)	(2.3%)
Total	1.6%	1.8%

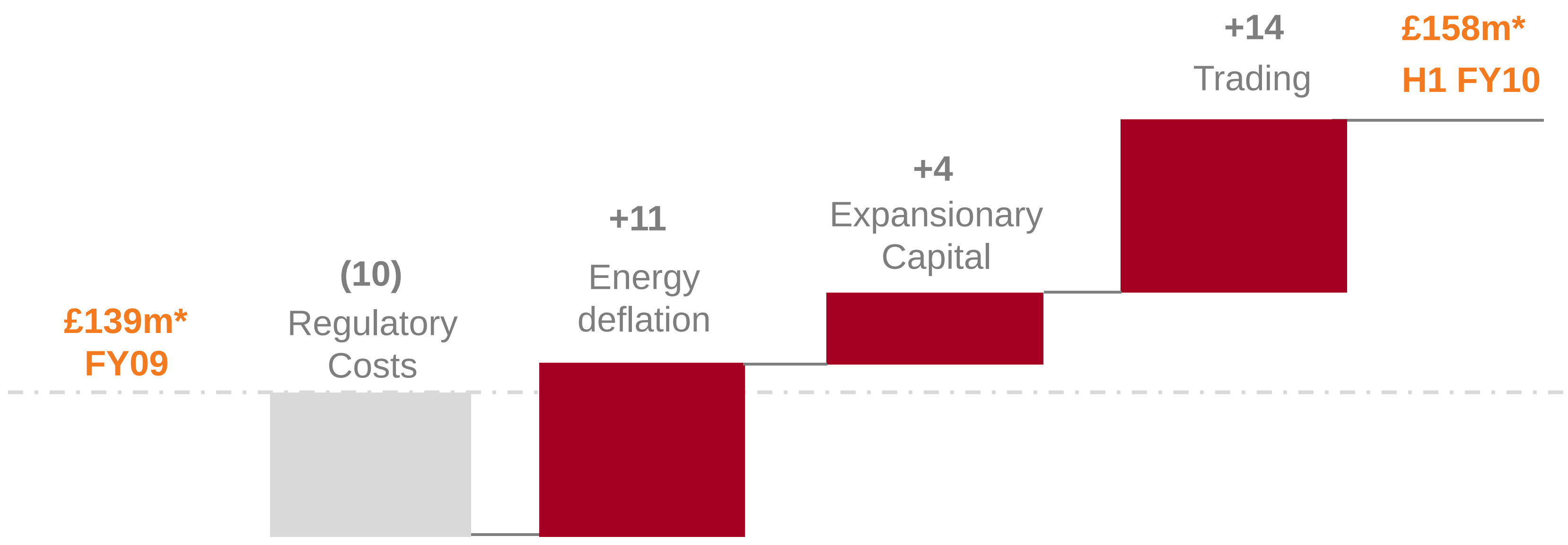
Good growth in food and drink

Key Retail Operating Statistics

- Gross margin up 0.9% points
- Cash gross margin up 2.8%
- Outlet staff costs 24.9% of sales
- Operating margin up 1.6% points

Gross margin improvement and tight cost control

H1 Retail Operating Profit Movement



Good trading and cost deflation drive profits increase

* Before exceptional items and other adjustments

Outlook for H2 Costs

- Similar regulatory cost increases
- Some inflationary cost rises in H2
- Efficiency gains now projected at £25m
- Small increase in closure and pre-opening costs

Relatively benign inflation environment

Cash Flow (a)

H1 FY10	£m
EBIT	156
Depreciation & amortisation	69
EBITDA	225
Working capital / non cash items	5
Capital expenditure	(68)
Disposals	21
Additional pension contributions	(15)
Operating Cash Flow after Net Capex	**168**

Cash Flow (b)

H1 FY10	£m
Operating cash flow after net capex	168
Net interest paid	(74)
Tax paid	-
Issue of share capital	2
Net Cash Flow	**96**

Group Debt and Outstanding Facilities

	Apr 09 £m	Sept 09 £m	Apr 10 £m
Securitisation debt	(2,345)	(2,319)	(2,303)
Cash / other	120	102	115
Unsecured drawings	(411)	(383)	(325)
Net debt	**(2,636)**	**(2,600)**	**(2,513)**
Unsecured facility	£550m	£550m	£425m
Headroom	+£139m	+£167m	+£100m

Cash inflows reduce net debt significantly

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Pension Scheme

- IAS 19 pension deficit £147m
- Triennial valuation agreed
- Deficit for actuarial purposes agreed at £400m
- Additional contributions increased from £24m to £40m
- Flexibility to execute strategic plans

Funding agreement removes balance sheet uncertainty

Balance Sheet

Net debt : EBITDA*	5.7x
Book gearing**	71%
Interest cover†	1.9x
Fixed charge cover††	2.3x
Property value	£4.5bn

Strengthened balance sheet from significant debt reduction

EBITDA is before exceptional items and other adjustments
* MAT
** Net debt / (net assets + net debt)
† Operating Profit / Net interest charge
†† EBITDAR / (interest + rent)

Summary

- Strong margin and cost management
- Significant profit growth
- Net debt reducing
- Capital recycling into expansion brands
- Strong financial platform

Well positioned for growth

Adam Fowle

Chief Executive

Overview

- Gross margin improvements
- Delivering spend per head and volume increases
- Capital expenditure and investment returns
- Progress against strategic plan

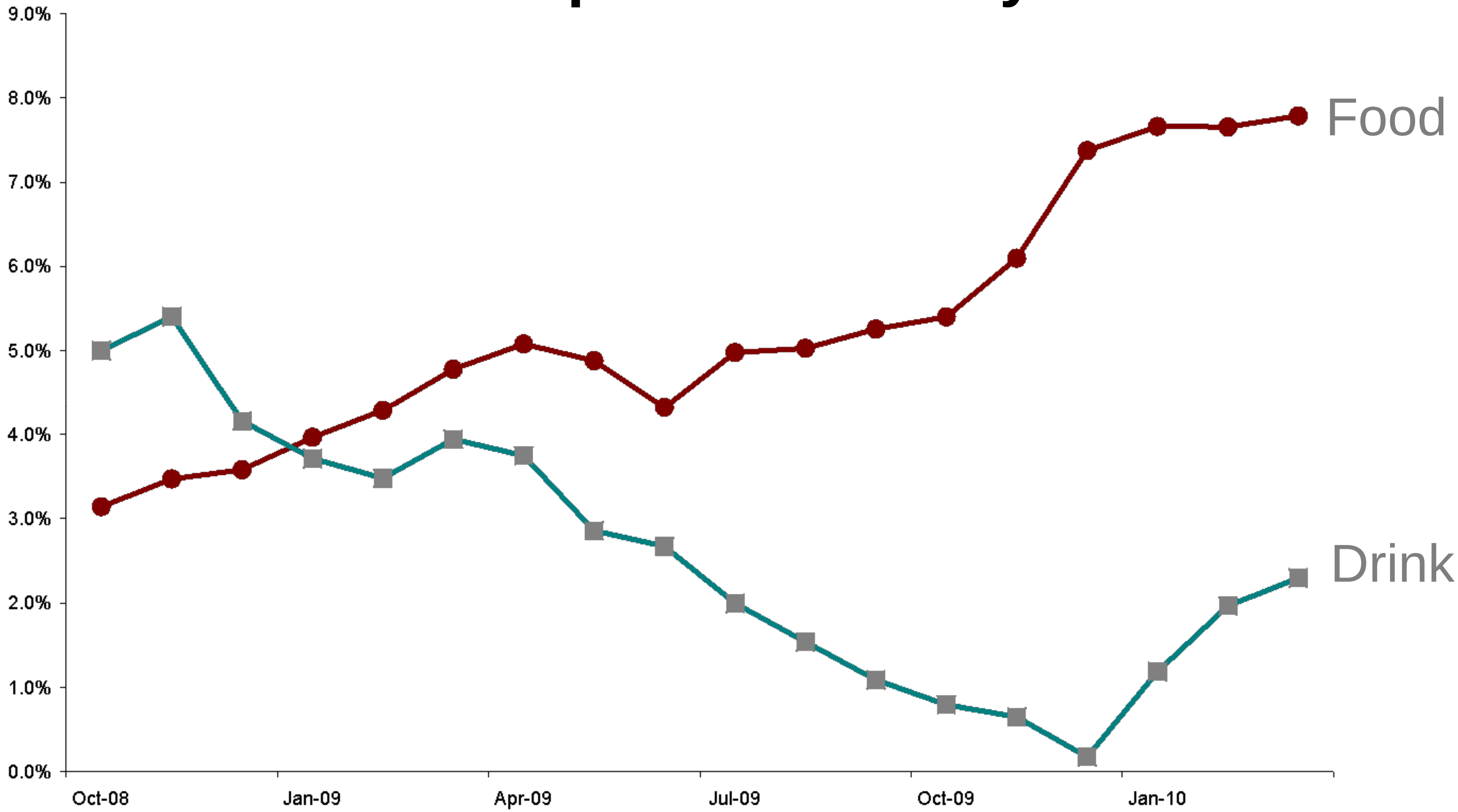
Retail H1 Performance

	FY09 H1	FY09 H2	FY10 H1
Total sales growth*	2.9%	2.3%	**1.3%**
Like-for-like sales	1.2%	2.1%	**1.8%**
Operating margin %	13.6%	17.2%	**15.2%**
Change in operating margin %	(3.2)% pts	(1.1)% pts	**+1.6% pts**
Change in EBIT	(16.8)%	(2.4)%	**13.7%**

Performance trend maintained into FY10

*Includes SCPD

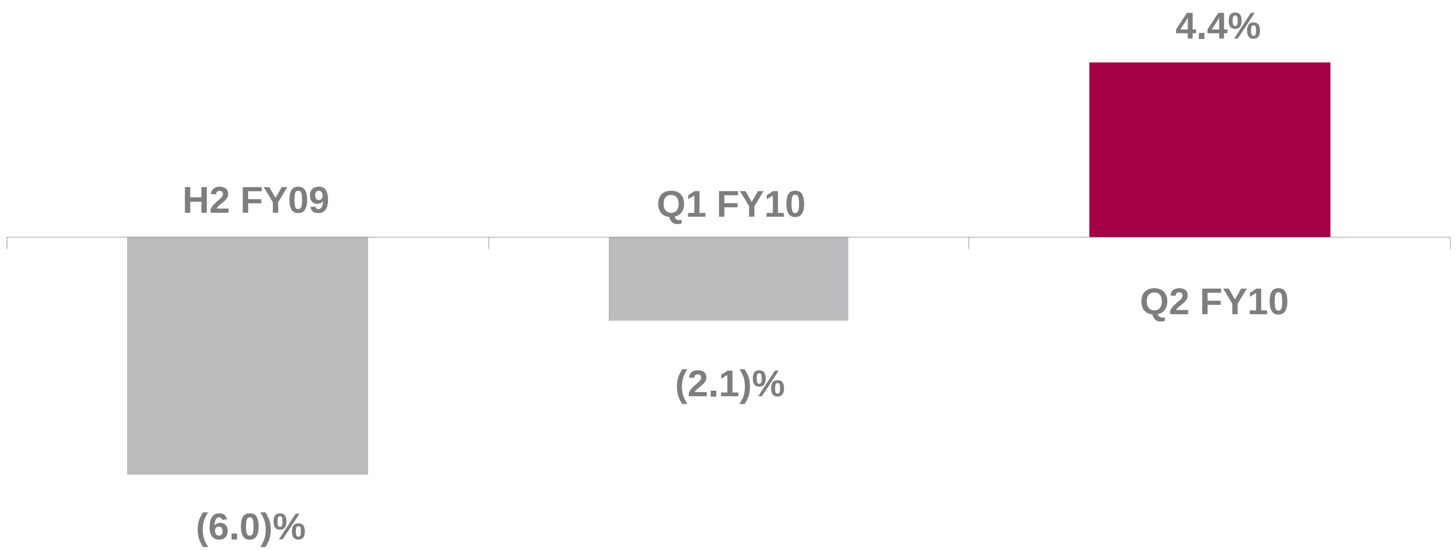
MAB Market Outperformance by Value



Continued market outperformance

* 12 month moving average total
Sources: Crest data, the NPD Group; Nielsen CGA

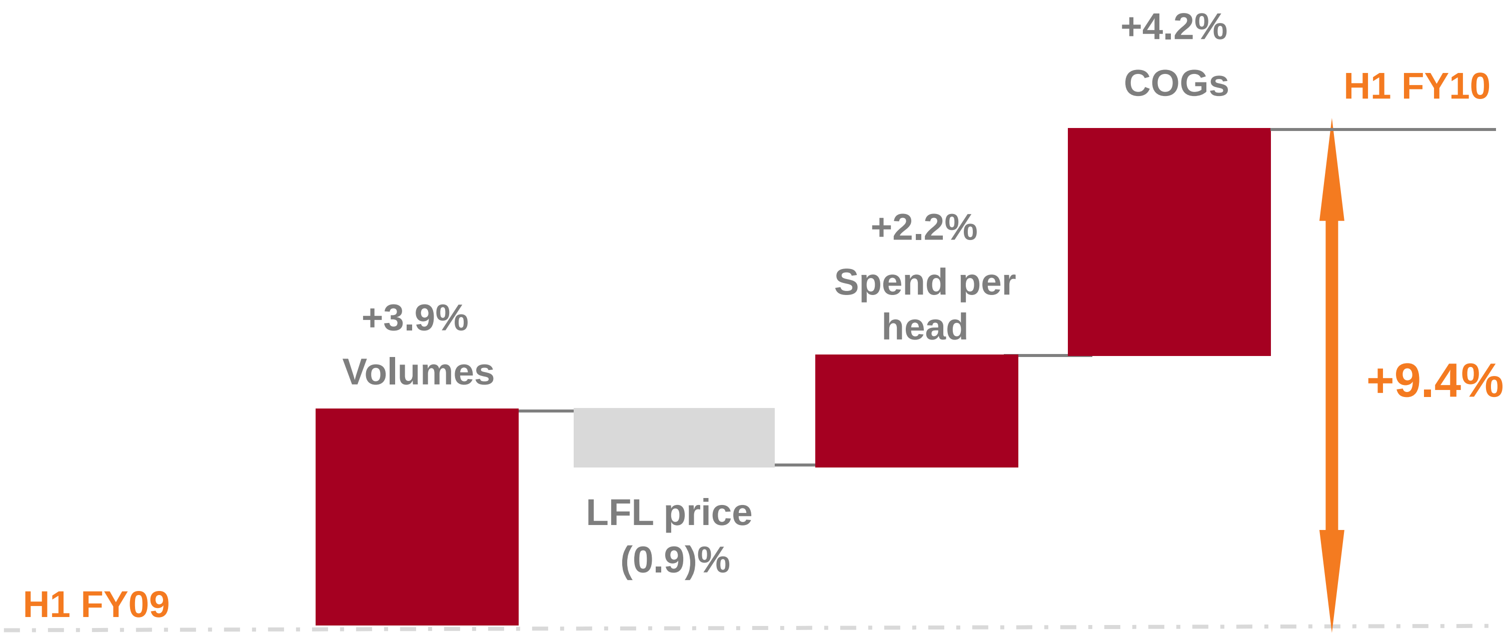
Food Spend per Head (incl. VAT)



Increasing food spend per head

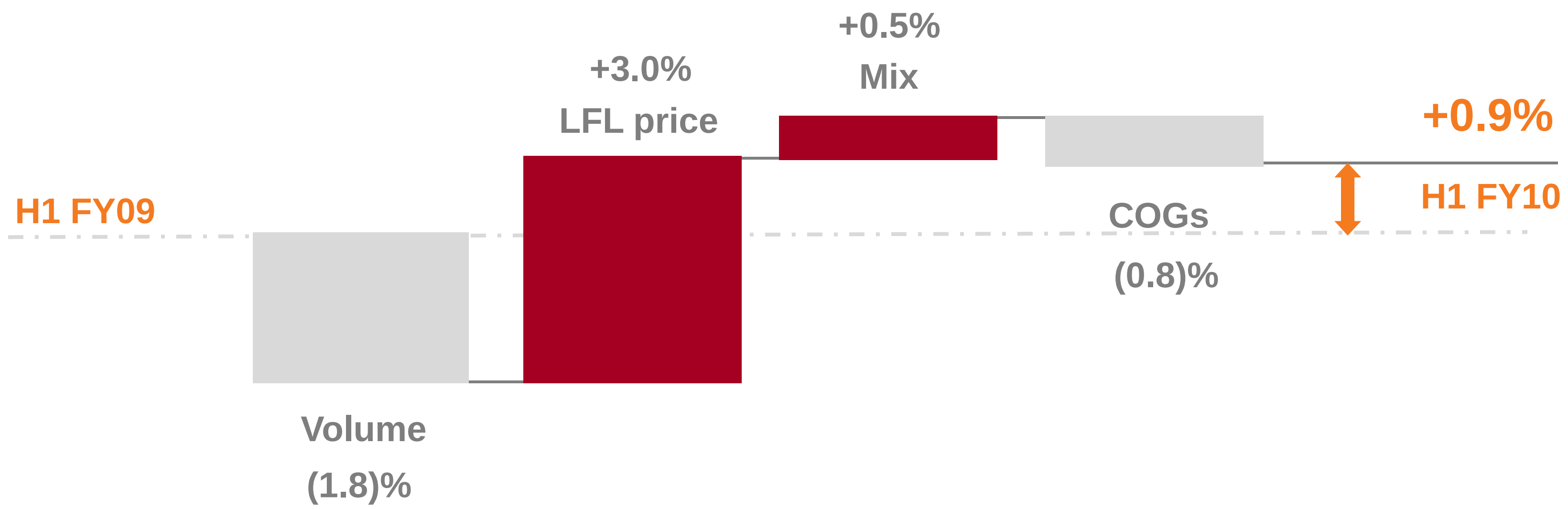
H2 FY09=weeks 34-52; Q1 FY10=weeks 1-16; Q2 FY10=weeks 17-28

Food Cash Gross Margin Increase



Significant uplifts in food cash margins

Drink Cash Gross Margin Increase



Improved margins drive profits performance

Brands Driving Sales Growth

Broadcast Advertising Requirements

- Broad appeal & high guest satisfaction
- Brand name recognisable by current & future users
- Distinctive consumer offer
- Wide brand distribution

Reduced reliance on promotional offers

'The Great Roast Debate'

- Digital: Facebook slogan "Join The Debate"
  - 110k active participants
- Radio advertising
- Press partnership with Daily Mirror
- TV advertising

Toby Carvery Performance

Performance compared with last promotional offer

- Meals up 2.3%
- Spend per meal up 70p
- Return on investment over 100%

Significant potential to drive profitable sales

Brands by Expansion Focus

Expand

Maintain	Selective	Active
Bars & venues	Browns	Vintage Inns
Ember Inns	Miller & Carter	Premium Country Dining
Community pubs	Metro Professionals	Harvester
Town pubs	All Bar One	Toby Carvery
Scream	Nicholson's	Crown Carveries
Hollywood Bowl	O'Neill's	Sizzling Pub Company
614 sites	312 sites	897 sites

Focus on six brands for active expansion

Performance by Brand Category

	Maintain	Expand
Same outlet sales growth	(1.7)%	3.0%
AWT per pub *	£16.8k	£22.1k
Food AWT per pub *	£2.9k	£11.3k
EBITDA per pub *	£197k	£267k
EBITDA % *	22.6%	23.2%

Performance supports focus on Expand brands

* Annualised figures

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Operational Delivery

- Productivity up 1.8%
- Guest satisfaction up 3%
- Food quality up 2%
- 2,500 NVQs completed or in progress in first half
- Non-drink supply chain review

Continuing focus on productivity and efficiency

Capital Programme

- Last 2 years investments
  - 66 conversions to expansion brands
  - Over 25% EBIT return
  - Over 30% EBITDA return
- FY10 £50m expansionary capital
- Maintenance spend continues to be more focused

Strong investment track record

Strategic Review Progress

Targeted area	Progress
Reshape to food-led business	✓
Withdrawal from price sensitive drinks-led pubs	✓
Improve operating margins	✓
Improve returns on capex	✓
Address pension funding & reduce net debt	✓
Operating and property disclosure	Ongoing
Address incentive schemes and culture	Ongoing

Good progress made with plans in place across all areas

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Outlook

- Uncertainty over government fiscal policy
- Increased pressure on discretionary spending likely
- Cost pressures currently stable
- LFLs continuing strongly
- Comparable margin uplift more challenging in H2

Challenging market but increasing confidence

Summary

- Strong brands drive sales and margin improvements
- Financial stability underpins platform for growth
- Strategic plans being implemented
- Significant potential within existing estate
- Development of further expansion plans underway

Significant potential for future growth

Questions & Answers