



Interim Results



**For the 26 weeks ended
2 October 2023**

Welcome

Simon Dodd

CEO

FY24 H1



Record profit performance

- Record interim profits (PBT) of £28.0 million; up by 12.0%
- Sector-leading operating margin of 15.8%; up by 30 bps
- Revenue up by 5.4% to a record of £196.5 million
- Total investment of £39.1 million;
 - £20.3 million invested in our existing estate
 - £18.8 million spent on five freehold acquisitions
- Interim dividend up by 6.0% to 10.88p per share (FY23 interim: 10.26p per share)



Well positioned for growth

- Completed on two freehold acquisitions after the period end; exchanged contracts on one other freehold pub
- Continue to invest with exciting projects underway at Defector's Weld (Shepherd's Bush), Bedford Arms (Chenies) and the extension to the Guinea Grill (Mayfair)
- Last six weeks boosted by the Rugby World Cup; total sales up by 5.8% and like for like sales up 3.3%
- Excitement for Christmas is building; bookings are 13.0% ahead of last year





Financials

Mike Owen
CFO



Record interim profits

	FY24 H1 £m	FY23 H1 £m	% change
Revenue	196.5	186.5	+5.4%
EBITDA*	47.9	45.0	+6.4%
Operating profit*	31.0	29.0	+6.9%
Operating margin*	15.8%	15.5%	+0.3pts
Profit before tax*	28.0	25.0	+12.0%
Earnings per share*	36.08p	34.54p	+4.5%
Dividend per share	10.88p	10.26p	+6.0%

*Adjusted to exclude non-underlying items

Pub performance

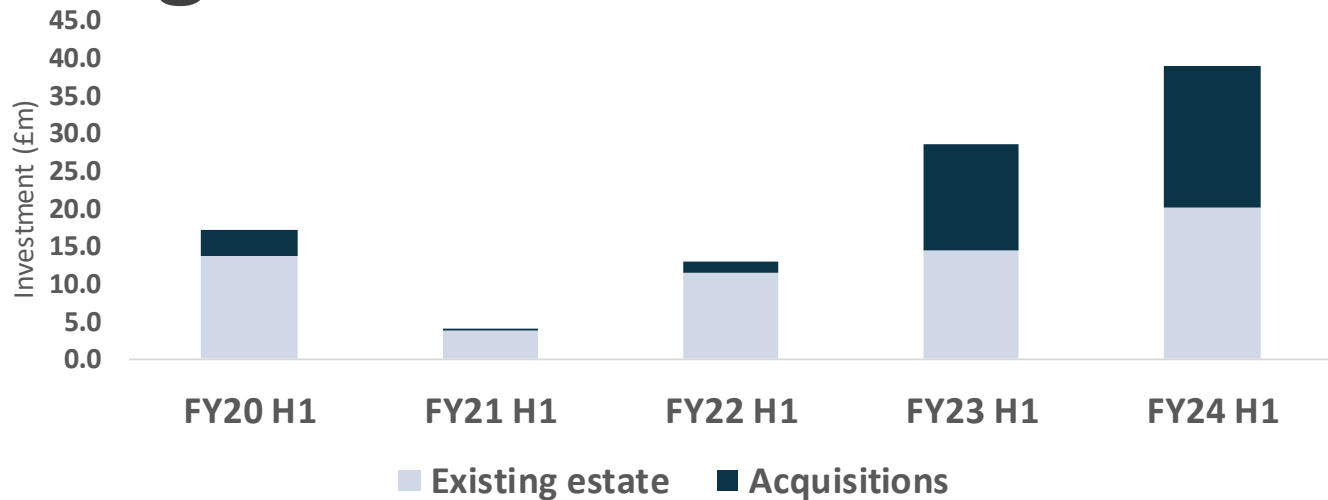
	FY24 H1 £m	FY23 H1 £m	% change
Revenue	196.2	186.1	+5.4%
AWT per pub (£k)	33.4	32.4	+3.1%
EBITDA*	59.0	55.6	+6.1%
Operating profit*	42.8	40.0	+7.0%
Profit margin*	21.8%	21.5%	+0.3pts

*Adjusted to exclude non-underlying items





Significant investment



	FY20 H1	FY21 H1	FY22 H1	FY23 H1	FY24 H1
	£m	£m	£m	£m	£m

Existing estate

13.8

3.8

11.5

14.5

20.3

Acquisitions

3.5

0.4

1.6

14.2

18.8

Total investments

17.3

4.2

13.1

28.7

39.1

FY24 H1

Acquisitions



White Hart
(Ford)



Libertine
(Westbourne)



White Lion
(Tenterden)



Stag
(Belsize Park)



Huntsman
(Brockenhurst)

April

May

June

July

August

September

Investments in our estate



Marquess of Anglesey
(Covent Garden)

April

Porchester (Bayswater)



Chelsea Ram (Chelsea)

May

Crown (Twickenham)



Lamb Inn (Hindon)

July

Paternoster (St Paul's)



Clapham North (Clapham)

August

Coach & Horses (Isleworth)





Free cash flow

	FY24 H1 £m	FY23 H1 £m
Adjusted EBITDA	47.9	45.0
Rent payments*	(4.9)	(3.5)
Working capital	(4.5)	5.0
Maintenance capex	(8.9)	(7.2)
Interest	(1.6)	(2.4)
Tax	(7.0)	(3.0)
Pension and other	(2.1)	(1.7)
Free cash flow	18.9	32.2

*In respect of leases held as right-of-use assets under IFRS 16



Net funds flow

	FY24 H1 £m	FY23 H1 £m
Free cash flow	18.9	32.2
Share proceeds	-	0.1
Dividends	(6.0)	(6.0)
Development capex	(11.4)	(7.3)
Acquisitions	(18.8)	(14.2)
Disposals	-	-
Net funds flow	(17.3)	4.8

Freehold rich estate

Managed	
April 2023	226
Additions	
4	
Transfers	
-	
Disposals	
-	
October 2023	
230	



40	Leasehold
192	Freehold
232	Total
230	Managed
2	Other
232	Total

- Year ended 3 April 2023 pub estate value of £842.5 million
- Purchase of five freehold pubs during the period
- 173 freeholds and 19 long leases with peppercorn rents – 83% of our estate
- Acquired two freehold pubs since the period end; disposed of Salt Room (Islington)



Performance history

	FY20 H1	FY21 H1	FY22 H1	FY23 H1	FY24 H1
	£m	£m	£m	£m	£m
Healthy operating cash generation	42.2	0.0	71.4	48.5	41.3
Adjusted PBT	26.6	(19.6)*	21.8*	25.0	28.0
Active investment strategy	17.3	4.2	13.1	28.7	39.1
Adjusted earnings per share**	42.85	(31.80)p*	28.22p*	34.54p	36.08p
Dividend per share**	10.57p	0.00p	8.55p	10.26p	10.88p

*From continuing operations

**Share placing took place during FY22 H1

Operational Review

Simon Dodd
CEO

Relentless execution of a customer-led strategy

Our pubs and bedrooms are as individual as the customers that we serve



Investment in our existing estate while adding pubs with character and heritage



Our premium offer is exciting, often colourful and always innovative



Surprising and delighting our customers in every visit

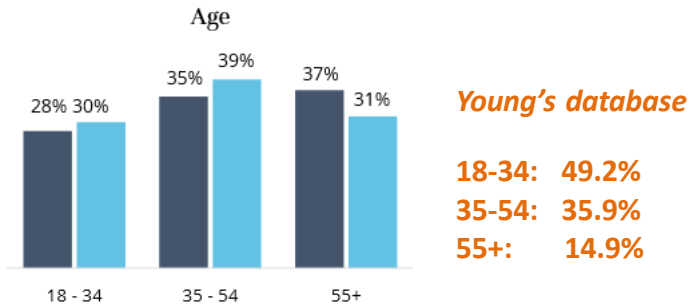
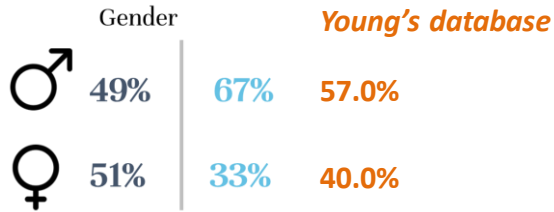


We develop and nurture our people

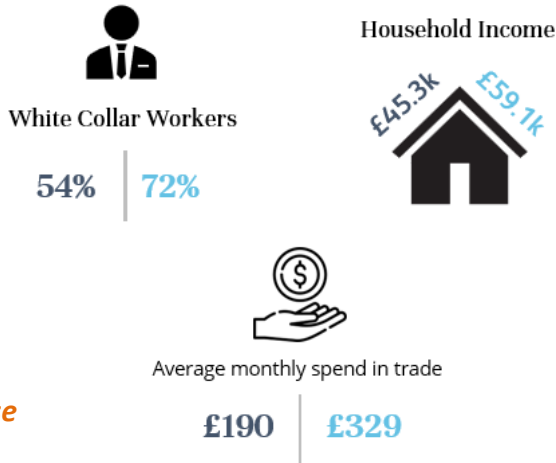


Targeting the right Young's customers

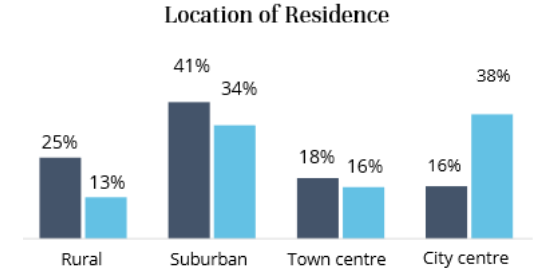
Demographic



Propensity to consume



Location



Average UK consumer / *Young's consumer*

Source: CGA BrandTrack Data H1 2023 (Sample 9,053/391)

Operational highlights

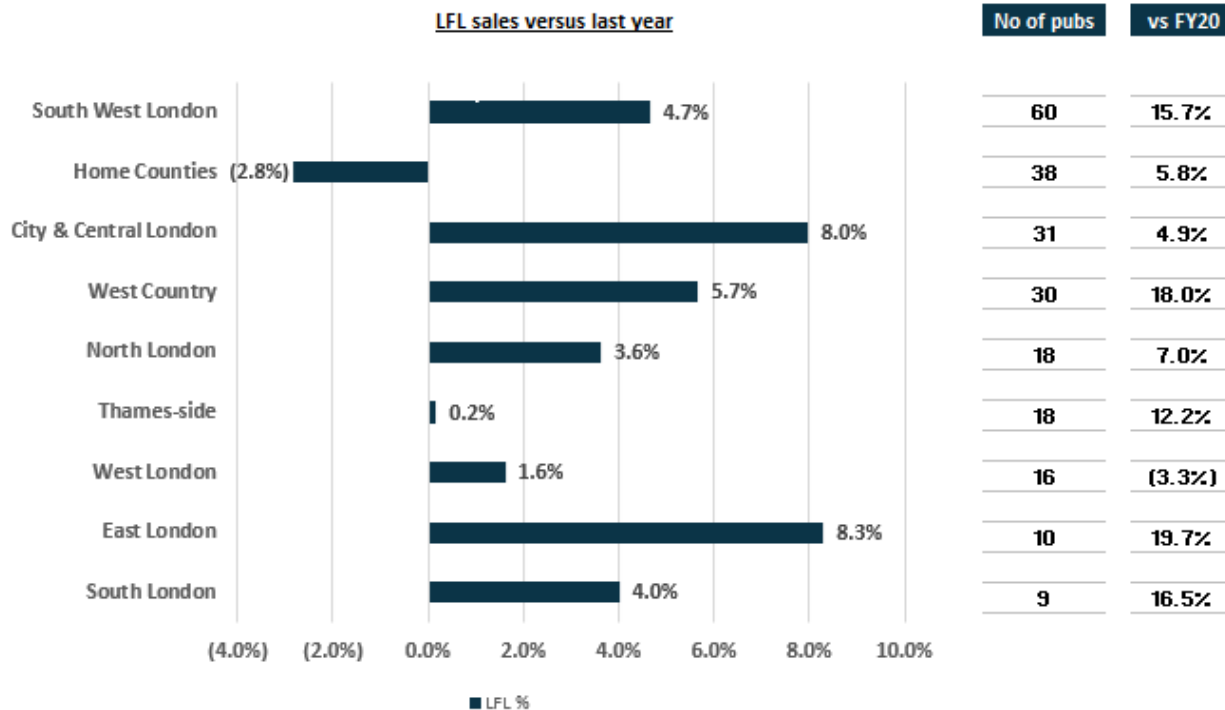
- Successfully mitigated cost headwinds; adjusted managed operating margin up by 30 bps to 21.8%
- Sales up 5.4%, like-for-like sales up 3.6%
- Our best performing area of the City & Central London continues to thrive, with sales ahead of last year by 8.0%
- The Ram Agency with a headcount of over 400 team members, saving more than £500,000 so far this year
- 59% General Manager and 60% Head Chef appointments internal to Young's





London leading the way

LFL sales versus last year



Drink sales

	Revenue	Beer & cider	Cocktails
LFL	+4.1%	+8.5%	+12.5%
Total	+5.5%	+10.0%	+13.6%

- Added Asahi Super Dry and Beavertown Lunar Haze to our premium draught range; helping drive 2.2% volume growth
- Our rugby themed cask ale 'Drop Gold' helped raise money for the Wooden Spoon charity during the World Cup
- Guinness defies seasonality with volume up by 26.6%
- Our seasonal spritz campaign helps drive cocktail growth, up by 12.5%



Food sales

	Revenue	Sunday sales
LFL	+1.4%	+4.3%
Total	+4.4%	+7.5%

- Positive sales growth despite challenging economic climate and slowdown in consumer spending
- Focus on fresh, seasonal and locally sourced British ingredients with menus tailored to the individual pub
- ‘Sunday best’ campaign launched to reinforce the importance of roasts and the unique environment our pubs provide
- Food inflation easing; dynamic approach to cost pressures across our food supply chain



Rooms

	Revenue	£ ARR	£ RevPAR
LFL	+10.1%	+7.7%	+7.9%
Total	+9.6%	+8.0%	+12.6%
Total		£112.12	£86.85
vs Last year		+£8.34	+£9.74

- Total sales up 9.6%; RevPar of £86.85; Occupancy up 3.2% to 77.5%
- Added 32 bedrooms, bringing total Young's Rooms to 825
- Roll out of new booking engine to improve the guest experience when booking a Young's room
- Project onsite at the Bedford Arms (Chenies) to transform the 15 bedroom property



Our community

- Commitment to become net zero across scope 1, 2 and 3 emissions by 2040
- Bedford Arms will be our first non-fossil fuel pub – all electricity coming from renewable sources
- Aligning our sustainable reporting activities with the TCFD framework for April 2024
- We continue to work closely with the Zero Carbon Forum and Savills Earth on our net zero carbon pathway
- Pledged to raise more than £150,000 for our partner Wooden Spoon charity
- Launched ‘Wasteless Pub’ project in collaboration with our waste management partners Suez





Outlook

- Last six weeks sales up 5.8%, like-for-like sales up by 3.3%
- Christmas bookings are strong as we look forward to delivering our first uninterrupted Christmas for four years
- Completed on two freehold acquisitions: Crooked Billet (Clapton) and the Ship Inn (Noss Mayo, Devon)
- Number of projects currently onsite due to reopen in the second half
- Mindful of the macroeconomic uncertainty as well as the possible impact of further rail strikes
- Confident in our strategy of operating premium, individual and well-invested managed pubs and bedrooms



Acquisition of City Pubs

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The Transaction will be subject to the conditions and terms summarised in the announcement and to the full terms and conditions to be set out in the Scheme Document, to be published in due course.

Transaction summary

- Acquisition of City Pubs for £162m, satisfied by a combination of cash and new Young's A shares
- A highly complementary portfolio of 50¹ individualised and well-invested managed pubs and 240 bedrooms across London and the south of England
- Predominantly freehold estate with a significant number located in affluent towns and cities
- Premium, well-invested and wet-led approach
- Significant opportunity to accelerate our existing growth strategy and create value for all stakeholders

¹ Trading sites



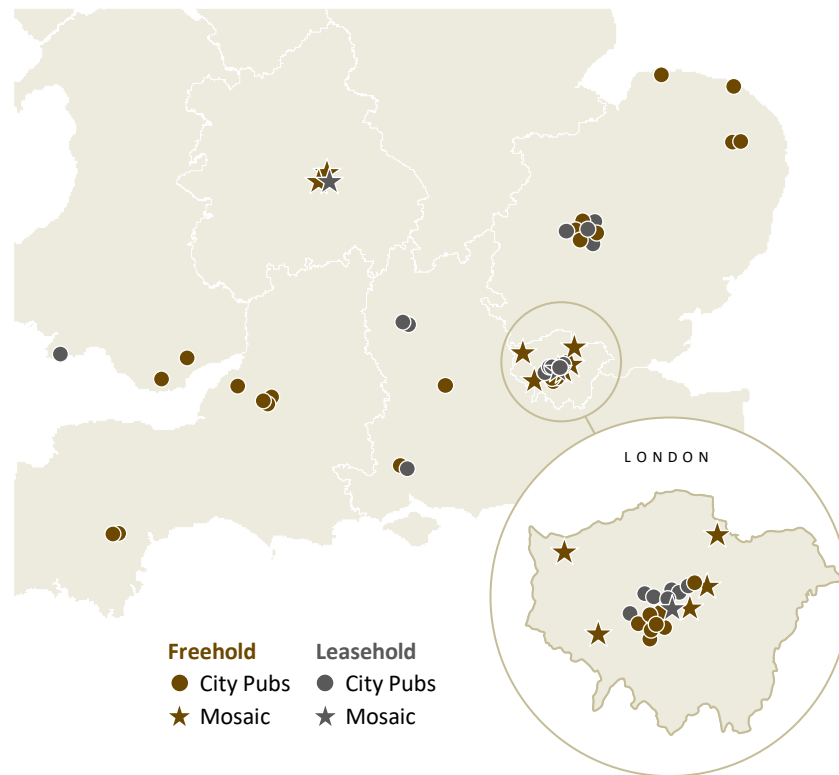
Transaction rationale

- ✓ Rare opportunity to acquire a high-quality portfolio of scale
 - >20% increase to 279¹ managed pubs and 1,000+ premium bedrooms
- ✓ Fits our strategy to operate premium, individual and differentiated pubs and bedrooms
- ✓ Expected cost-saving and efficiency benefits through purchasing and overhead synergies
- ✓ Opportunity for operational synergies at pub level through leveraging our best-in-class operating practices, scale and booking platforms and digital technology
- ✓ Continued growth opportunity; both for LFL food, drink and bedroom sales through operating practices and investment in the estate at attractive returns
- ✓ The culture of Young's and City Pubs' businesses are closely aligned

¹ Trading sites

City Pubs estate overview

- City Pubs' highly complementary managed pub and bedroom portfolio will enhance our high-quality offering across London and the South of England
 - 21 in London (o/w 6 Mosaic pubs)
 - 23 in the South of England
 - 3 Mosaic pubs in Birmingham
 - 3 in Wales
- Predominantly freehold, premium and well-invested pub estate



Note: Shown for managed trading sites

City Pubs format overview



High quality, predominantly wet-led pubs complemented by a strong food proposition, well invested outside spaces and premium bedrooms

City Pubs financials

Illustrative Pub EBITDA components

- City Pubs FY22 central costs of £5.6m
- Acquired two pubs (Bateman and Plough) with an estimated combined EBITDA of £0.6m
- Disposed of 3 loss-making pubs with a combined LTM Jun-23 EBITDA of £0.5m
- This transaction is expected to generate margin benefits including through purchasing synergies (approximate gross margin differential of ~3% between Young's, as of Apr-23, and City Pubs, as of Dec-22)
- Synergy benefits are expected to be largely achieved over two years with exceptional costs weighted towards the first year



Expected purchasing synergies

Expected other operational synergies and improvements

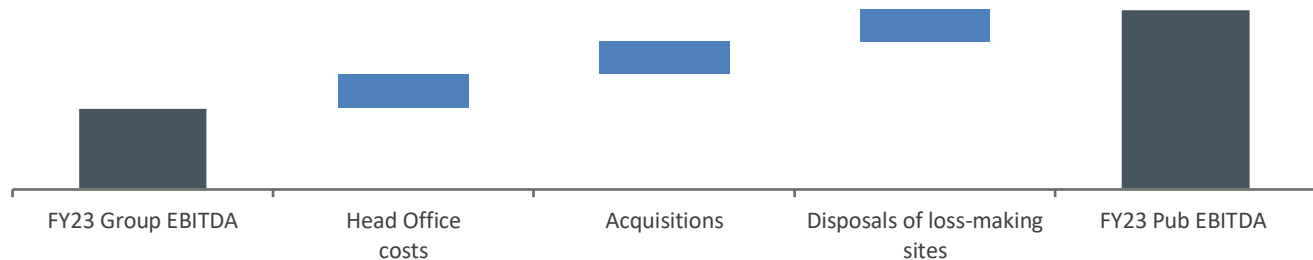


Chart not to scale

Financing and financial impact

- £162m consideration, of which £122m paid in cash (debt funded) alongside an issuance of 3.6m¹ Young's A shares worth £40m¹
 - 108.75 pence in cash and 0.032658¹ new Young's A shares per existing City Pubs Share
- City Pubs net debt of £5.2m as at 25 Jun-23
- Acquisition financed through term loans of £130m with Barclays, HSBC and NatWest
- Target to return to below 2.5x leverage over the short to medium term (pre-IFRS 16)
- The transaction is expected to be earnings enhancing in the first full year of ownership

¹ Based on closing share price of Young's A shares as of 15 November 2023

Debt facilities

Pre-Transaction capital structure

Committed facilities of £205m

	Term loans		RCF	PP
Facility Size	£20m	£50m	£100m	£35m
Maturity	May-24	May-27	Mar-25	Jul-39

Key

----- New facilities

Post-Transaction capital structure

Committed facilities of £335m

	Term loans		RCF	PP	
Facility Size	£20m	£110m	£50m	£120m	£35m
Maturity	Nov-25	Nov-28	May-27	Nov-28	Jul-39

} New acquisition facilities
} Refinanced facilities

Key dates

- 16th November – Firm offer Rule 2.7 announcement
- Within 28 days – posting of Scheme document
- Mid-Jan – Court Meeting and General Meeting
- Q1 2024 – Expected to become effective subject to Shareholder vote and satisfaction or waiver of conditions

Conclusion

- Excellent opportunity to acquire a highly attractive predominantly freehold estate across London and the South of England
- 50 premium, well-invested managed pubs¹ and an additional 240 bedrooms to complement the portfolio
- The culture of the two businesses are closely aligned
- City Pubs' estate fits our strategy to operate premium, individual and differentiated pubs and bedrooms
- Significant opportunity to accelerate our existing growth strategy and create value for all stakeholders

¹ Trading sites





Thank you!!!