

03 May 2017

J D WETHERSPOON PLC

Q3 Trading Update

J D Wetherspoon plc ('J D Wetherspoon' or 'the Company'), announces its Q3 trading update for the 13-week period up to 23 April 2017.

Current trading

For the 13 weeks to 23 April 2017 like-for-like sales increased by 4.0% and total sales increased by 1.3%. Year-to-date like-for-like sales have increased by 3.5% and total sales have increased by 1.4%.

The operating margin in the 13 weeks to 23 April 2017 was 7.3%, compared with 6.4% in the same 13 weeks last year. The year-to-date operating margin was 7.8% compared with 6.3% last year.

Property

The Company has opened 9 pubs since the start of the financial year and has sold 36. In addition, 3 pubs have been closed and are being marketed. We expect to open one further pub in this financial year. About £16m of exceptional, non-cash losses are expected in this financial year, mainly as a result of the disposal programme.

Financial position

The Company remains in a sound financial position. Net debt at the end of this financial year is now expected to be about £70m higher than the level at the last financial year end, mainly as a result of expenditure on freehold reversions (pubs where the Company was previously the tenant) and share buybacks.

Outlook

The chairman of JD Wetherspoon, Tim Martin, said:

"A number of individuals and organisations, which previously supported UK membership of the euro and its disastrous predecessor the ERM, and who recently promoted the erroneous view of a severe economic downturn in the immediate aftermath of a leave vote in the referendum, are again offering the government advice.

"For example, Carolyn Fairbairn of the CBI has recently said that 'leaving the negotiating table without a deal shouldn't be Plan B, but Plan Z'. It is doubtful if Ms Fairbairn has ever been involved in serious business negotiations herself, since this is the same as a housebuyer saying to a seller, 'I must have your house at any cost'. In this case the buyer will not pay the market price, but will pay the maximum that the seller believes he can afford.

"It is hard to believe that such foolhardy advice could emanate from a business organisation.

"As many people have said, including many remain supporters, it is essential to adopt an approach that stresses the UK's willingness to trade on World Trade Organisation (WTO) terms, possibly abolishing import tariffs unilaterally, which would lead to substantial reductions in consumer prices- and increased living standards.

"The current desperation of the CBI and others for a 'deal' is only encouraging the absurd posturing of the unelected 'President' Juncker and his acolytes, and creates an absurdly pessimistic picture of the UK's position if a sensible deal is not forthcoming.

"As EU businesses know, they will suffer acutely if UK companies and consumers switch their allegiance to domestic or other non-EU suppliers. The CBI should let those businesses make the case for a free trade deal, rather than undermining the government's negotiating position.

"As previously reported, the company expects significantly higher costs in the second half of the financial year, mainly for business rates, utility taxes, excise duty and labour. In view of these costs and stronger sales comparisons, the company remains cautious about the second half of the year.

"Nevertheless, as a result of better-than-expected year-to-date sales, we currently anticipate a slightly improved trading outcome for the current financial year, compared with our expectations at the last update.

"As a result of these higher costs the company anticipates it will require like-for-like sales of about 3 to 4% in our next financial year to maintain profits at current levels."

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Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.com
3. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, to meet the requirements of the FCA's Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. The annual report and financial statements 2016 has been published on the Company's website on 9 September 2016.
5. The current financial year comprises 53 trading weeks to 30 July 2017.
6. The next trading update is expected to be the Company's statement on 12 July 2017.