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**UNDERLYING TRADING IMPROVED IN THE SECOND HALF AND WE HAVE CONFIDENCE IN THE LONG-TERM PROSPECTS OF THE BUSINESS.**

### Overview

Greene King is a strong business with an excellent track record of delivery and resilience in tough market conditions. This has been a challenging financial year with pressures on both revenue and margins as consumer confidence remains fragile and a number of industry-specific input costs continue to rise ahead of headline inflation. Moreover, adverse weather in the second half and stronger competition across the year have given us additional challenges. I am pleased that the investments we made in the customer offer and other actions taken in the second half are starting to pay off and that underlying trading is improving. We are fully focused on delivering our aim of building the best pub and beer company in Britain.

### Performance

Group revenue was down 1.8% to £2,176.7m and group operating profit before tax and exceptional and non-underlying items<sup>1,2</sup> was down 9.3% to £373.1m. Group profit before tax rose by 6.8% to £197.5m while group profit before tax and exceptional and non-underlying items<sup>1,2</sup> was down 11.2% to £243.0m. Adjusted earnings per share<sup>1,2</sup> was down 11.4% to 62.7p.

### Dividend

While trading this year was below our initial expectations, the board has recommended a final dividend of 24.4p, reflecting our confidence in the long-term prospects of the business. This takes the total dividend for the year to 33.2p, in line with last year. We have a long-term track record of covering our debt amortisation, core capital expenditure and dividend from our free cash flow and the board continues to target a dividend covered approximately two times by earnings.

### People

We have 39,000 talented and hard-working team members who are responsible for the continued success of the business. Under the leadership of our strong management team, they responded well to the challenges we are experiencing in the market place and, supported by the £10m investment into value, service and quality, helped to deliver an improvement in underlying trading in the second half of the year. I should like to record our thanks for their effort and commitment.

### Board changes

In February this year, Richard Smothers joined the board of Greene King as chief financial officer in succession to Kirk Davis. Richard has 20 years of experience at blue-chip retail and consumer-focused companies in senior financial roles. He is a strong addition to both the board and executive team. I should like to record the board's thanks to Kirk for his contribution to Greene King, particularly during the integration of Spirit.

### Looking ahead

We are pleased with the most recent trading performance although we are aware that we have benefited from better weather and sporting events. Building pub brands that customers admire remains central to our strategy and we are focused on providing the customer with offers that deliver compelling value, service and quality. We shall maintain our discipline in investing in both our estate and our people to generate long-term value, while continuing to manage our capital structure prudently. Our aim is that Greene King will emerge from the current challenging environment stronger than ever and I look forward to reporting on our progress next year.

**Philip Yea**  
Chairman  
27 June 2018

1. Adjusted measures exclude the impact of exceptional and non-underlying items as detailed in note 5 of the financial statements.

2. The directors use a number of alternative performance measures (APMs) that are considered critical to aid the understanding of the group's performance. APMs are explained on page 128 of this annual report.