

The WOLVERHAMPTON & DUDLEY BREWERIES, plc
('W&DB')

Acquisition of Wizard Inns Limited

The Board of W&DB announces that it has agreed to acquire Wizard Inns Limited ('Wizard') for a net consideration, including assumed debt, of £89.9 million (1). The consideration will be paid in cash and will be satisfied from existing bank facilities.

Wizard has an estate of 63 high quality managed outlets, located mainly in the south of England. The estate, around half of which is freehold, comprises a mix of well-situated high turnover community pubs and unbranded bars. The Wizard estate is a good fit with W&DB's existing operating formats, offering opportunities for both conversion and replication across the business.

In the year ended 28 December 2003 Wizard generated pub EBITDA of £12.1 million, pub EBIT of £8.9 million and operating profit after central overheads of £5.9 million, with turnover of £43.8 million. As at 28 December 2003, Wizard had a net asset value of £63.6 million (2).

It is expected that the acquisition will be earnings enhancing before goodwill amortisation and will cover its cost of capital in the first full year following the acquisition (3). Full year overhead and purchasing synergies in excess of £2.5 million are expected in the year ending September 2005.

Commenting, Ralph Findlay, Chief Executive of W&DB, said; 'The acquisition is consistent with our strategy of expanding our estate organically and geographically, where suitable opportunities occur that meet our returns criteria. Wizard has a good track record, in part because of its strong service culture, the essence of which we will seek to retain and develop across comparable Pathfinder Pubs'.

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