



15 October 2019

MARSTON'S PLC YEAR END TRADING UPDATE

Marston's PLC ("the Group") issues the following Trading Update for the year ended 28 September 2019. The preliminary results will be announced on 27 November 2019.

Group turnover was up 3% to £1.2bn. We anticipate reporting EBITDA broadly flat year on year and underlying profit before tax of around £101 million with higher operating profits in our Taverns and Beer businesses offset by lower earnings in Destination and Premium.

Total pub sales increased 3%, including like-for-like sales growth of 0.8% and the contribution from our pub expansion programme. In the most recent 10 weeks, like-for-like sales were up 1.9%.

Taverns: against a strong comparative year our wet-led Taverns pubs performed strongly with managed and franchised like-for-like sales growth of 1.9% including growth of 5.4% in the last 10 weeks.

Destination and Premium. Like-for-like sales were 0.1% ahead of last year, reflecting stronger drink sales offset by lower food sales. Premium Pubs and Bars performed well with growth in Pitcher & Piano, Revere Bar and Revere Country. Operating margins will be below last year principally reflecting increased margin investment and higher labour costs as a percentage of sales.

Marston's Beer Company: Total volumes were up 1% for the period, building on an outstanding year for brewing last year.

Net debt for the year ended in line with our expectations at £1,399 million. As highlighted at the Interims, we increased stock levels as part of our Brexit-preparedness planning. We are confident that the Group is as prepared as it can be for a potential no-deal Brexit on 31st October and we have implemented our contingency plans to ensure we can best service our customers over the key Christmas trading period.

2020 Outlook

In 2020, as previously highlighted, the 53rd trading week will offset the impact of the step-up in securitised interest (which reverses by c £3m in 2021). Following a review of our operational plans for 2020 we are proposing to invest an additional £2-3 million in pub training, localised pub team incentive initiatives and digital marketing investment. We believe these actions are expected to improve the quality and momentum of our pub business over the medium term.

In addition, we are seeking to accelerate our stated debt reduction target of £200 million by 2023. To that end we are increasing our disposals guidance from £40 million to £70 million for the current financial year.

We therefore expect underlying profit before tax in 2020 to be at a similar level to 2019, reflecting growth in underlying operating profits offset by increased disposal activity, additional pub investment and higher interest charges. We will expand on the positive initiatives described above, together with the impact of the new lease accounting standard at the preliminary results in November.

The guidance above does not reflect the impact of the new IFRS16 lease accounting standard, details of which we shall provide at the preliminary results in November.

Commenting, Ralph Findlay, Chief Executive Officer, said:

'Our drinks businesses have performed well, achieving further growth against an exceptionally strong 2018. Wet-led pubs have led the charge continuing their positive trajectory and food pubs have achieved modest sales growth.

"Operationally, we remain focused on further improving our proposition and plan to make additional investment in both our pub teams and digital marketing in the forthcoming year.

"Our principal focus is on reducing our net debt by £200 million and creating a high quality business that is cash generative after dividends and capital expenditure. We are making encouraging progress and have decided to increase the pace of our disposal programme this year to accelerate the achievement of this target."

Forthcoming Events

Please find below the forthcoming reporting dates for the Group, which are also available on the investor calendar on our website -

| | |
|--------------------------|------------------|
| 2019 Preliminary results | 27 November 2019 |
| 2020 Interim results | 13 May 2020 |
| 2020 Preliminary results | 25 November 2020 |

ENQUIRIES:

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NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of 1,539 pubs situated nationally, comprising managed, franchised and leased pubs.
- Marston's is the UK's leading brewer of premium cask and packaged ales, with a portfolio including Marston's Pedigree, Wainwright, Hobgoblin, Young's, Bombardier, Lancaster Bomber, Banks's, Jennings, Wychwood, Ringwood, Brakspear, Courage, McEwan's and Mansfield beers. Marston's also has a range of licensed brands including Estrella Damm, Warsteiner, Erdinger, Kirin, Shipyard and Founders.
- Marston's employs around 14,000 people.