

**MARSTON'S PLC**

**COVID-19 Update**

Marston's provides the following update in light of the Government's advice to the general public earlier this week to avoid pubs and other hospitality venues in order to contain the spread of the COVID-19 virus.

For the 24 weeks to 14<sup>th</sup> March 2020, like-for-like sales in our pubs were 1% below last year. In Marston's Beer Company, beer volumes are in line with expectations. Although recent trading has been impacted by COVID-19, this has been marginal to date and pub like-for-like sales have been broadly flat over the last two weeks. That said, we anticipate that the Government's advice will result in significantly lower sales in the coming weeks.

Given the ongoing uncertainty, we are unable to quantify the impact of COVID-19 on our financial and trading performance at this stage, however we expect a reduction to our expectations for Financial Year 2020. The scale of this will depend upon how the situation develops and over what timescale, and the impact of further measures taken by the Government.

We are taking an extremely prudent approach and being cautious in our management of the business during this period of unprecedented uncertainty.

In 2019, we commenced a debt reduction programme, with a target to reduce debt by £200 million by 2023. We have made good progress towards that target, having ceased the new-build programme, reducing capital expenditure by approximately £80 million per year and increased the disposals target for this financial year from £45 million to £85-90 million.

In addition, we have taken the following actions:

- We have significantly reduced capital expenditure for the foreseeable future.
- We are reducing overhead and other variable costs.
- Working capital, including stock levels, is being managed very tightly.
- Recognising that tenants and lessees face similar challenges, we have reassured them that we will suspend rent on a case by case basis where it is appropriate to do so.
- We have completed £60 million of disposals in the year to date. Given this, and based upon transactions in the pipeline, we retain our full year target of £85-90 million.

Recent statements from the UK Government suggest that the current state of much reduced social activity is likely to continue for several months at least. If that is the case, it is unlikely that an interim dividend will be recommended in May, retaining c.£20 million in the business.

We have appropriate headroom on both our bank and securitised facilities, supported by a 93% freehold estate. As a consequence of this, and the actions we have taken to date, we believe that we have sufficient liquidity to maintain operations at a materially reduced level of business. In addition, we are having discussions with our banking group about the provision of covenant waivers for the second half-year, in the event these should be required. Whilst at an early stage, those discussions have been constructive.

In addition to the above, we welcome the measures outlined by the UK Government yesterday to provide support for the hospitality sector. The overriding message was 'we will do whatever it takes' to 'support jobs, income and businesses'. The measures proposed include the provision of £330 billion to provide liquidity for businesses, and significant reliefs for business rates and rent. Further measures are to be proposed which are intended to support employment. Whilst the full details of these proposals have still to be scrutinised, they represent good progress towards the very significant commitment which the hospitality sector requires from the Government, and an acknowledgement of the importance of pubs to jobs, the economy, and communities.

#### **ENQUIRIES:**

**Marston's PLC** Tel: 01902 329516

Ralph Findlay, Chief Executive Officer

Andrew Andrea, Chief Financial and Corporate  
Development Officer

**Instinctif Partners**

Justine Warren

Tel: 07785 555692

Matthew Smallwood

Tel: 07831 379122

#### **NOTES TO EDITORS**

- Marston's is a leading pub operator and independent brewer.
- It has an estate of around 1,400 pubs situated nationally, comprising managed, franchised and leased pubs.
- It is the UK's leading brewer of premium cask and packaged ales, including Marston's Pedigree, Wainwright, Lancaster Bomber and Hobgoblin. The beer portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear and Mansfield beers. Marston's has added Bombardier, Courage and McEwan's to its brand portfolio most recently, as well as a range of licensed brands including Young's, Founders and Estrella Damm.
- Marston's employs around 14,000 people.