



MARSTON'S

Where people make pubs.

Preliminary results

for the 52 weeks ended
30 September 2023



The King Charles, Chesham



The Hollybush, Penn



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William Rucker - Chair

- Strong trading ahead of the market despite consumer headwinds
- Revenue and earnings growth, cash generation, debt reduced
- Good operational progress
- Good platform for sales, margin and cash progression into 2024



- **Resilience of demand to socialise remains strong**
- **‘Value for Experience’ key to growth**
 - ‘Best near me’
 - Strong reason to visit (Sport, Music)
 - High quality outdoor space
- **Maximise sales on high demand occasions**
 - Offer value outside those periods
- **Hybrid working favours community pubs**



Bulls Head, Kings Norton

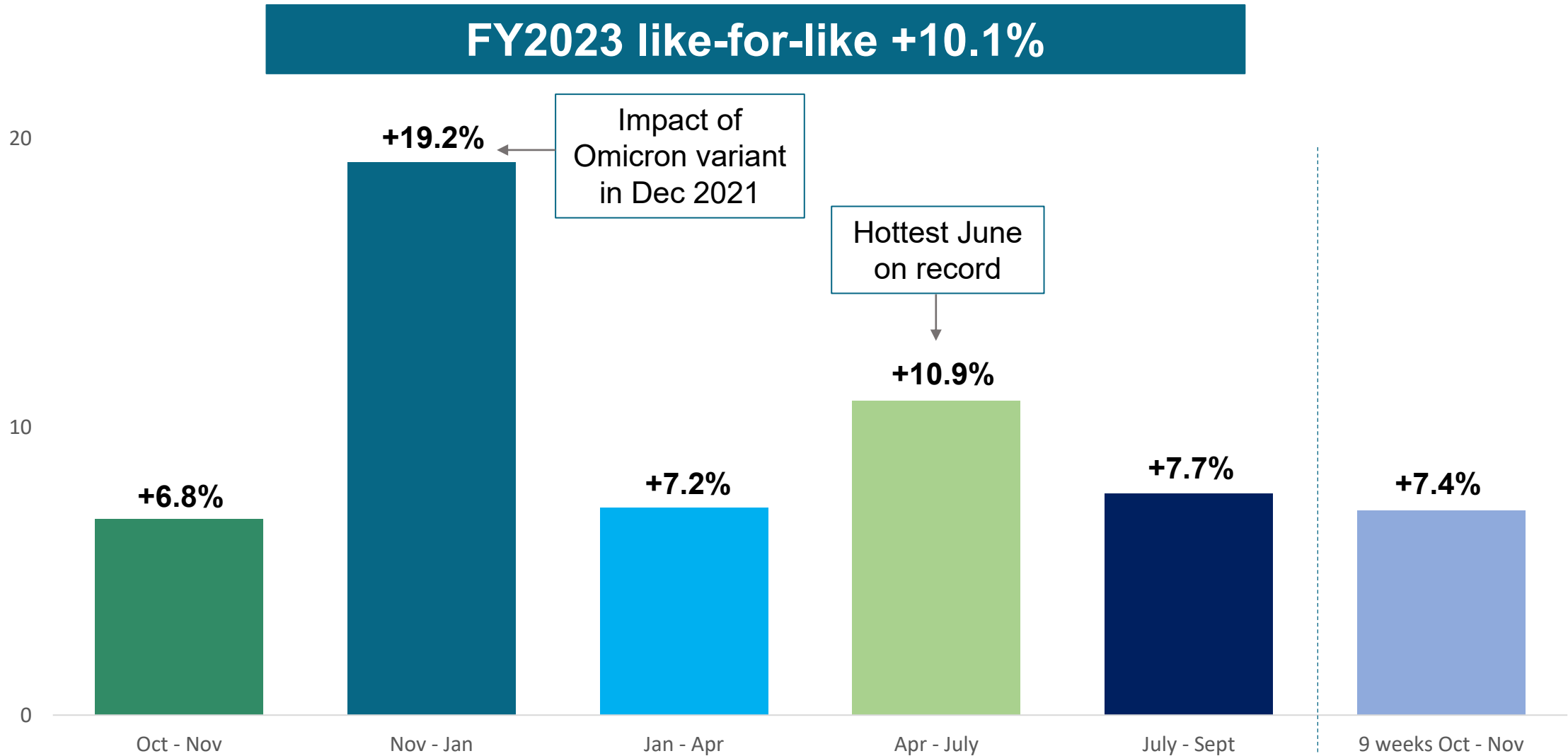


- Sense of momentum and pace after a challenging period for the sector which Andrew Andrea navigated the business through well
- Justin Platt joins as CEO on 10 January 2024
- First-class management team in place to support Justin



Like-for-like sales performance versus FY2022

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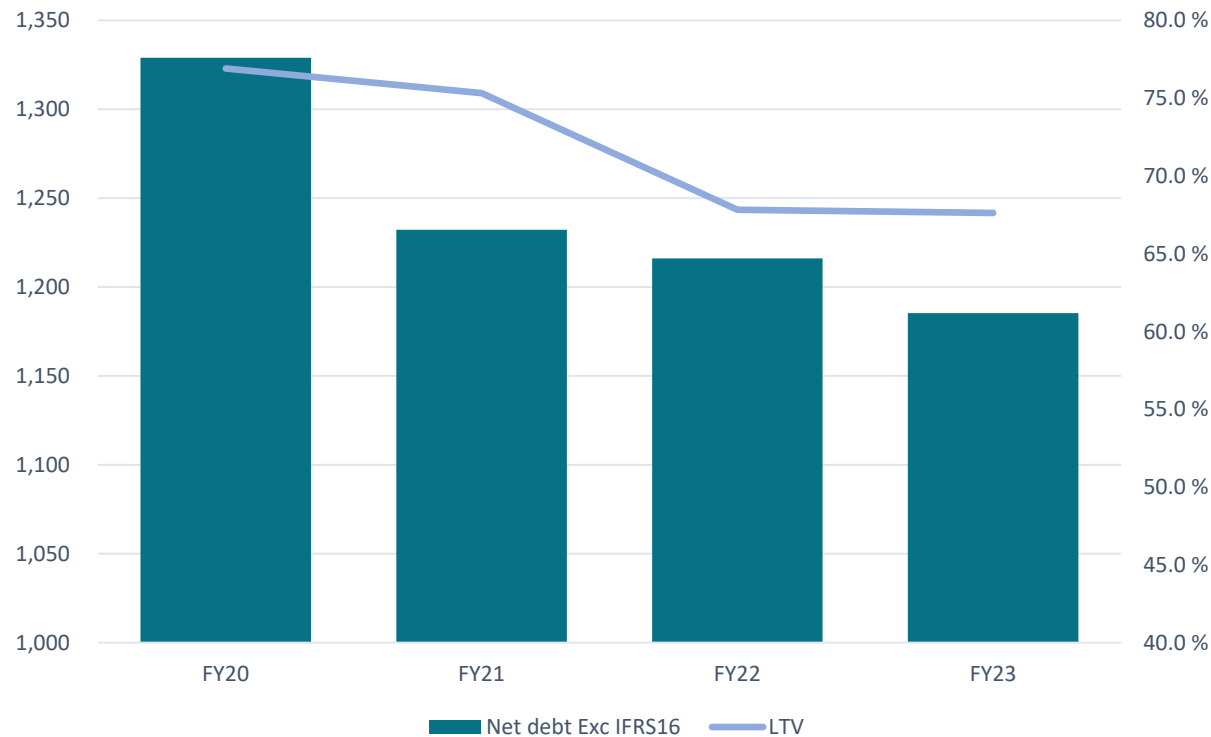
	2023	2022	Comments
Revenue	£872m	£800m	+9.1% growth
Pub operating profit	£125m	£115m	+8.1% pub profit growth
Income from associates	£10m	£3m	Earnings growth, £21.6m dividend received
Net finance costs	£(99)m	£(91)m	Increase in base rates and new RCF costs
Profit before tax	£36m	£28m	+28.2% profit growth
Earnings per share	5.1p	4.3p	+18.6% EPS growth

Underlying continuing operations results for the period

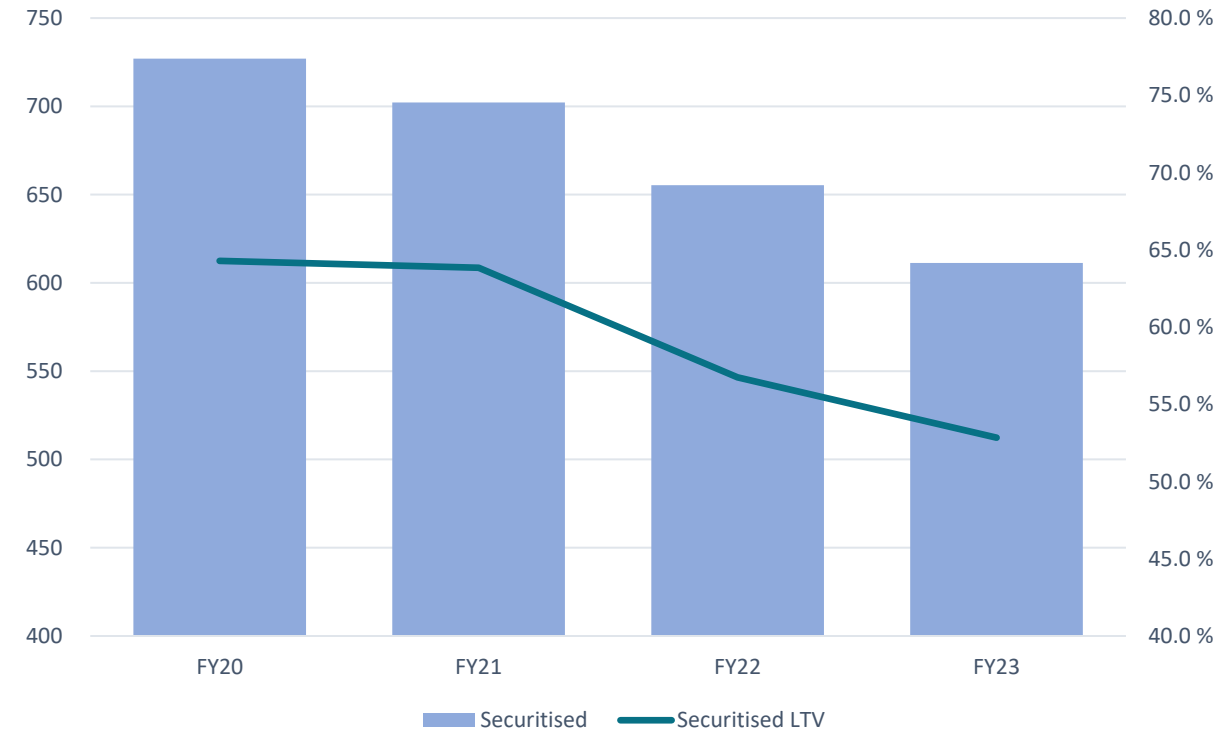
	2023 £m	2022 £m	Comments
Operating cash flow	141	134	
Net interest	(89)	(76)	
Bank fees	(4)		
Capex	(65)	(70)	FY24 c.£50-£55m
Disposals	51	10	FY23 - higher than NBV FY24 c.£50m
Net cash flow – pre exceptionals	34	(2)	
Exceptional cash flows			
Working capital one-offs			
Brewing disposal proceeds		28	£28.2m contingent payment Dec 21
Bank Fees			
Net cash flow	34	26	

Debt reductions and improving loan to value

Debt and LTV - ex IFRS16



Securitised Debt and LTV



Securitisation LTV c50% with a long-term low-cost debt structure

- **Property**

- Disposals higher than NBV
- £2.1 billion estate, fair values of core estate maintained

- **NAV per share**

- NAV per share £1.01

- **Pensions**

- £12.9 million accounting surplus vs £15.1 million surplus October 2022
- £6m net annual cash outflow
- Triennial valuation 2023, results early 2024

- **Income from associates**

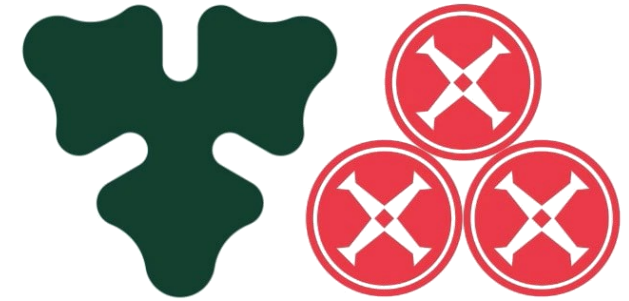
- 40% share of PAT in CMBC
- Non-cash item
- FY23 £9.9m vs £3.3m in FY22

- **CMBC dividends derived from operating cash flow of CMBC**

- Cash flow from the operating business including working capital movements and one-offs
- FY23 £21.6m vs £19.4m in FY22

- **Joint venture with Carlsberg**

- Operationally controlled by Carlsberg
- Post JV, Marston's is a focused pub company which benefits from a long-term key customer relationship with CMBC



CARLSBERG MARSTON'S
BREWING COMPANY



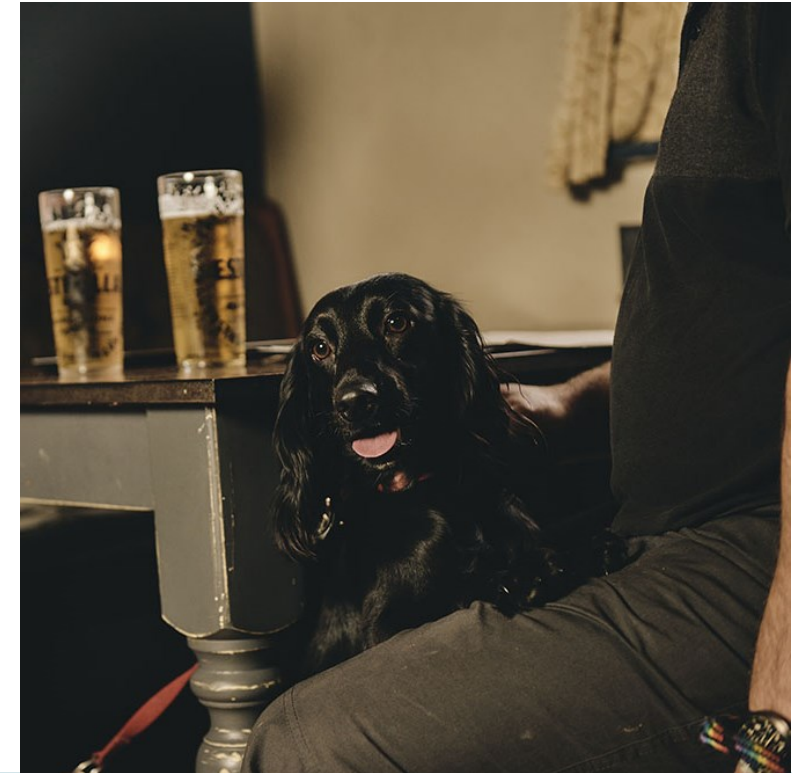
Curious Cow, Harrogate



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Operational Review

- **Creating a great pub business**
 - A place to socialise – always welcome to simply have a drink
 - ‘Best around here’ – sport, music, ale
 - Well invested outside space
 - Menu simplification - great food quality, speed of service and guest satisfaction
- **Predominantly community pubs**
 - Consistent sales profile
 - Limited exposure to volatile city centre
- **Two core propositions in mainstream market**
 - Community – entry level
 - Signature – premium mainstream
 - Evolution of the Retail Partnership
- **Cost focused, driving operational efficiencies**



- **Recruit**
 - Use of social media platforms
 - Alternative talent pools – ex-offender programme
 - Apprenticeship programme – 306 apprentices; c75% retention
- **Reward**
 - Continue to pay above NMW
 - Boost – increased variable pay to pub teams
- **Retain**
 - Aspire programme for deputy managers – pipeline into managed and retail
 - On-line and app-based training platforms



Creating a sustainable business

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Through 'Doing more to be proud of' we focus on four core pillars: Planet, People, Product and Policy, which reflect our core values and the areas we can make the biggest impact



Saved 302,575 pints of water per day



Supporting ex-offenders back into employment



23,844 carvery meals rescued from waste being resold saving 59.61 tonnes of Co2e

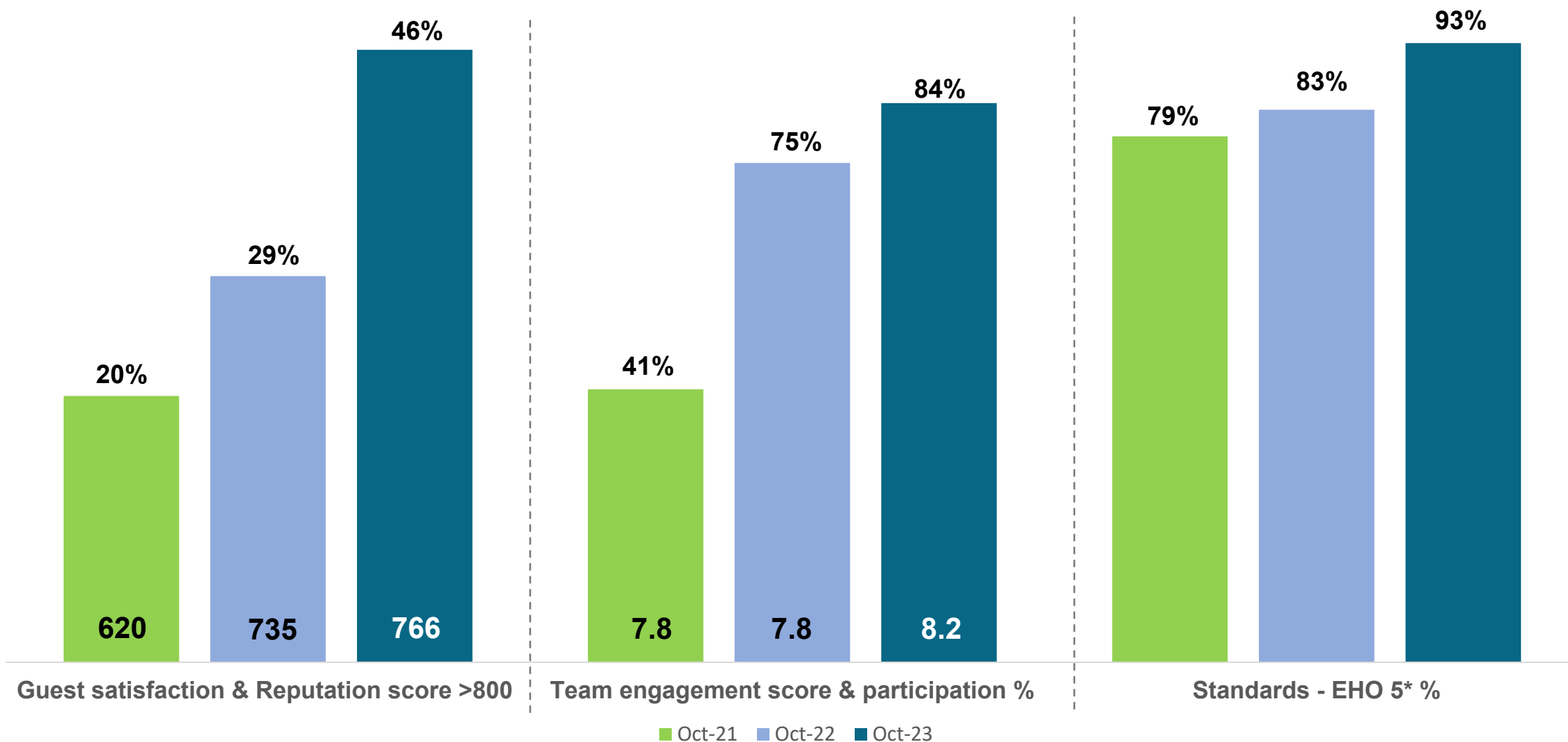


Increasing our FTSE4Good score to 4 and 93% of our pubs have achieved 5* EHO



Pub goals – satisfaction, engagement and standards

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- **Benefits of action taken in FY2023 will further drive efficiencies in FY2024**
- **Labour**
 - Upgraded labour deployment system
 - Right number of people at the right time
- **Repairs**
 - Process efficiencies – minimising call out charges
- **Energy**
 - Smart meters integrated into reporting system
 - focus on out-of-hours usage
 - Retail partners incentive

Cost	Impact	Comments
Food and drink	Food cost c2-3%	<ul style="list-style-type: none"> Planned food and drink price increase in Q2 80% of food contracted 75% of drinks contracts fixed until October 2024
Labour	Expect to mitigate	<ul style="list-style-type: none"> £1m H2 impact mitigated through efficiencies Increases above NLW/NMW in previous years Maximising labour scheduling system Performance related bonus schemes
Utilities	Electricity – fixed for FY2024	<ul style="list-style-type: none"> Energy – gas fixed to March 2025 Continued work on energy saving initiatives

2024

↓

Focused community pub business and outdoor trading
Technology supporting and enhancing customer journey
Evolution of partnership

↓

Stable cost outlook
Impact of Head Office cost reductions in FY2024 - £5m
Further £3m cost efficiency programme to flow through in FY2024

↓

Predictable cashflows
FY2024 – targeting c£50m disposals
EBITDA driving free cash flow growth

Operating profit - upgraded by £3m – based on cost efficiencies

Revenue

- Price increases in Q2 – expected to normalise thereafter
- Targeting c.£50m disposals will naturally impact revenue growth
- Net revenue still expected to grow

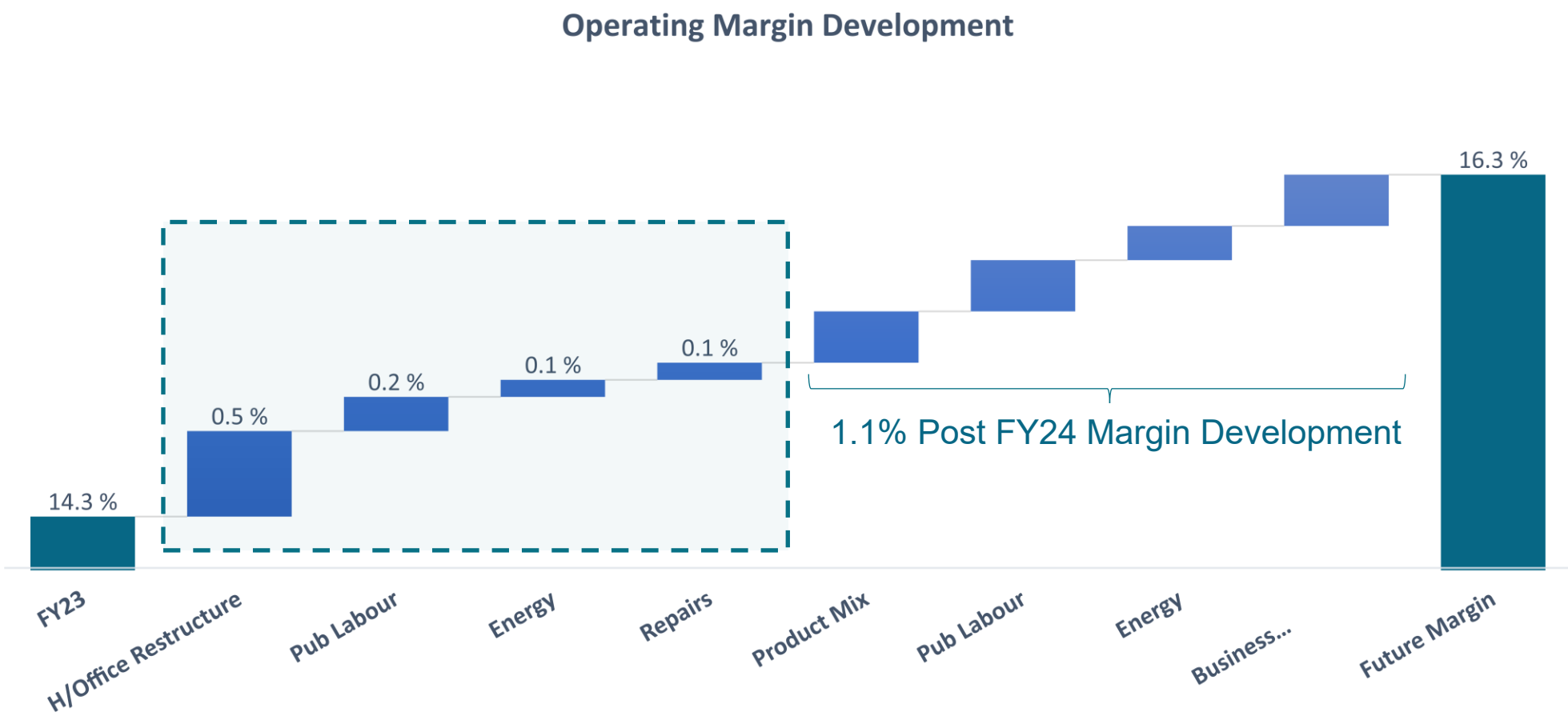
Margins

- Improvement of +0.9%, underpinned by cost efficiency programme
- Majority of costs known

Cash

- Capex – c.£50-55m
- Disposals – c.£50m
- Interest – Securitisation step up as previously guided

2% pub EBIT margin improvement through efficiencies



- **FY2023 - year of simplification delivering positive momentum**
 - Revenue and earnings growth
 - Cash generation and debt reduction
- **FY2024 will see benefit from actions taken in FY2023 to improve margins**
 - Cost efficiency programme to drive operational efficiencies
 - Continued evolution of partnership
- **Current trading**
 - Trading to end of November is +7.4% vs last year
 - Christmas bookings strong and ahead of last year
- **Justin Platt joins as CEO on 10 January 2024**



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Questions?



Ty Mawr, Cardiff

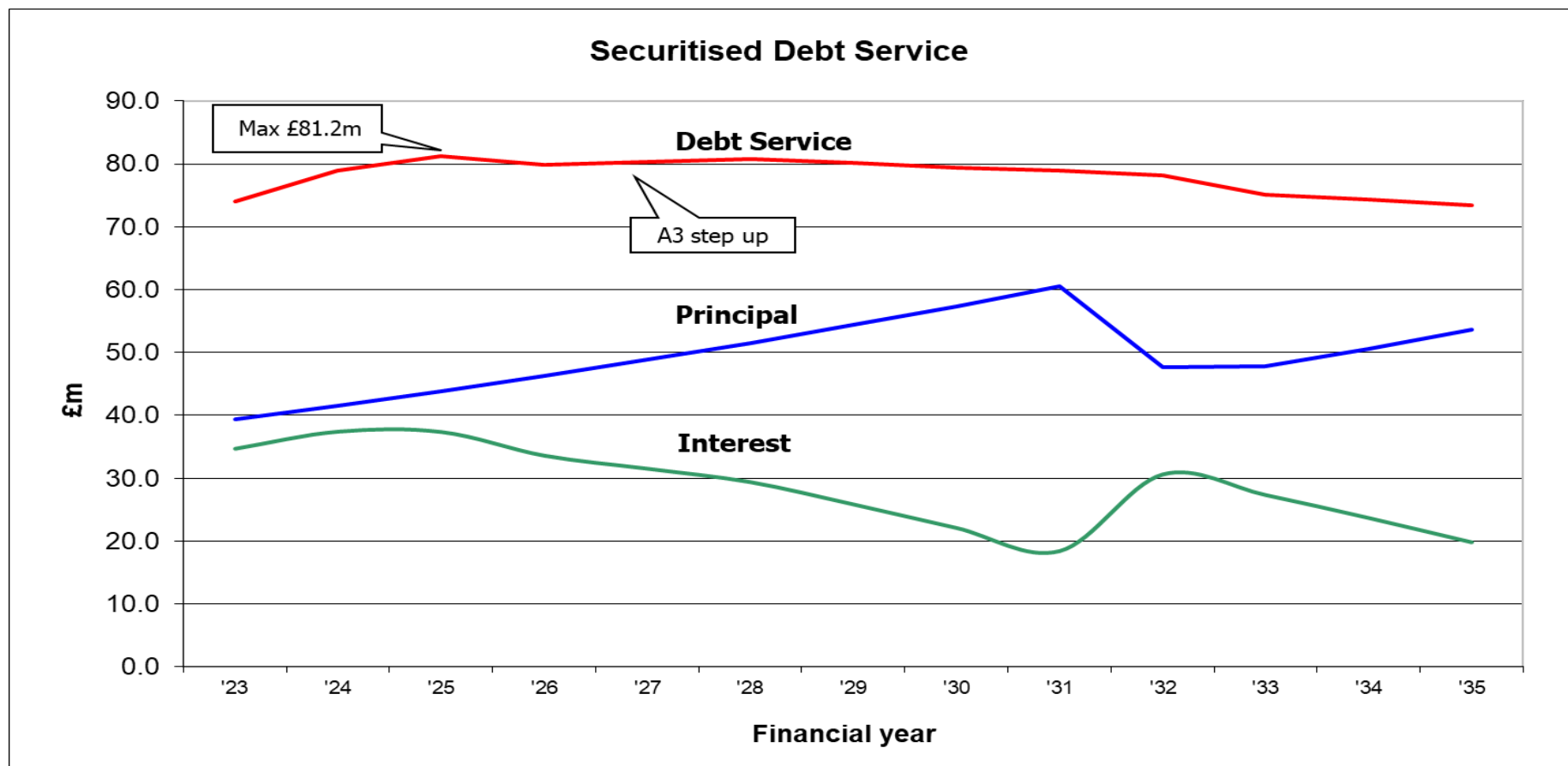
	2023	2022	Comments
Revenue	£872m	£800m	
Pub operating profit	£90m	£142m	
Income from associates	£10m	£3m	
Net finance (costs)/income	£(121)m	£18m	
(Loss)/profit before tax	£(21)m	£163m	Property valuation and swap movement
(Loss)/earnings per share	(1.5)p	21.7p	

Continuing operations results for the period

	Pubs		Lodges		Total
	Number	Value (£m)	Number	Value (£m)	Value (£m)
Securitized	909	1,142	7	15	1,157
Non-securitized					
Unsecured freehold	141	247	5	13	260
Freehold – property lease	127	308	10	28	336
Total freehold	1,177	1,697	22	56	1,753
Leasehold	237	274	8	13	287
Total	1,414	1,971	30	69	2,040
Freehold mix	83%		73%		

£m	Depreciation		Interest	
	2023	2022	2023	2022
Non-IFRS 16	33.7	32.5	85.4	75.3
IFRS 16	11.8	11.7	13.8	15.7
Total	45.5	44.2	99.2	91.0

Tranche	Type	Principal outstanding at 30 September 2023	Step-up date	Final maturity date
A2	Fixed/floating	£129.2m	July 2019	2027
A3	Fixed/floating	£200.0m	April 2027	2032
A4	Floating	£119.6m	October 2012	2031
B	Fixed/floating	£155.0m	July 2019	2035
Total		£603.8m		



		FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Principal	£m	39.4	41.5	43.9	46.3	48.8	51.5	54.4	57.4	60.5	47.6	47.8	50.6	53.6
Interest	£m	34.6	37.4	37.3	33.6	31.5	29.4	25.8	22.1	18.4	30.6	27.3	23.7	19.8
Debt Service	£m	74.0	78.9	81.2	79.8	80.3	80.8	80.2	79.5	79.0	78.2	75.1	74.3	73.5

	No of Pubs		Revenue (£m)		EBITDA (£m)		Operating profit (£m)	
	2023	2022	2023	2022	2023	2022	2023	2022
Managed and Franchised	1,184	1,199	835.9	766.1	149.6	140.6	105.2	97.4
Tenanted and Leased	230	266	36.4	33.5	20.7	19.1	19.6	18.0
Total	1,414	1,415	872.3	799.6	170.3	159.7	124.8	115.4



Never full,
fancy another?