



11 October 2023

**MARSTON'S PLC**  
**('Marston's' or 'the Group')**

**Trading update for the 52 weeks to 30 September 2023**

Marston's PLC issues the following trading update for the 52 weeks to 30 September 2023.

**Trading**

All sales comparisons are compared to the same period in FY2022.

Total retail sales in the Group's managed and franchised pubs for the 52-week period were +11.3% on last year.

Like-for-like sales for the 52-week period were +10.1% vs FY2022. Both drink sales and food sales have been strong, demonstrating the resilience and appeal of our predominantly suburban pub estate.

Like-for-like sales in the 10 weeks from 23 July 2023 to 30 September 2023 were +7.7% vs FY2022, reflecting the well-documented wetter weather over the July and August summer months. Drink sales in this period were behind food sales, principally due to the weather. The last five weeks like-for-like sales were +12.0%, providing strong momentum into the new financial year, with both food and drink sales in strong growth.

Our strategy continues to be centred upon delivering affordable pub experiences for our guests in a quality environment, both inside and out. The level of customer demand remains encouraging, and we have continued to make positive progress on guest satisfaction measures over the year.

As we set out in the Interim Results in May and July trading update, we successfully trialled our franchise-style model in 19 of our food-led managed pubs to complement the 714 wet-led pubs operated under this model. We are very pleased with the result of the pilot to date, with sales growth significantly exceeding that of our broader food business. We are on track for the target of 50 food-led franchised pubs in FY2024.

Looking forward, the combination of our strategy and the principally suburban location of our pub portfolio positions us well to withstand the challenging consumer environment, and the actions to dispose of non-core pubs ensures we have a portfolio of well-invested pubs which will continue to deliver high-quality earnings and sustainable future growth.

**Cost Outlook**

As previously guided, we have fixed our energy costs for FY2024 and have secured a significant proportion of our food and drink costs for the year, providing us with a high degree of confidence for the next financial year.

In addition, as a consequence of pursuing the operational strategy of simplifying the business and driving efficiencies, and following a review of the business structure over the summer, we have reduced head

office headcount costs by approximately £5 million, the majority of which will benefit FY2024 and subsequent years. This cost reduction is expected to translate into higher pub operating profitability than was previously anticipated.

Over the medium term we are focused on continuing to improve efficiencies across the business to further enhance our operating profit margins and are targeting an improvement of at least 200 basis points to these margins over the next 2-3 years, of which 50 basis points is achieved through the cost reduction described above. Further detail will be set out in the Preliminary Results in December.

### **Cashflow and Financing**

Net borrowings (excluding IFRS16 commitments) as at 30 September were £1,185 million, £31 million below last year and £19 million lower than H1. We are targeting debt reduction of £60-70 million in FY2024.

During the year we generated £55 million of non-core pub disposal proceeds (net of VAT). We have concluded a further strategic assessment of assets and in FY2024 we expect to dispose of around £50 million of additional non-core properties.

Our borrowing is largely long-dated and asset-backed. 93% of our borrowings are hedged and therefore not at risk of changes in interest rate movements that may occur during the year.

### **Commenting, Andrew Andrea, Chief Executive Officer, said:**

*"Two years ago, we set out our vision and strategy with a clear objective to create a simplified, high quality predominately suburban pub business, with minimal exposure to city centres where demand is more volatile. Operationally, we remain focussed on the core pillars of driving guest satisfaction in a great environment served by engaged and focussed teams, which remains relevant despite the macro challenges facing the consumer.*

*"The benefits of this strategy are now coming through. We are pleased that the strong trading momentum which characterised H1 of this year has continued into H2, culminating in a 12% like for like performance most recently. The simplification of the business, together with the extension of the franchise model into our food-led pubs, has enabled us to introduce additional efficiencies into the business, which will improve margins in 2024 and beyond, through improved sales performance and continued cost savings.*

*"We continue to make good progress across our key medium term strategic goal of reducing the Group's borrowings to below £1bn, including the accelerated disposal of non-core pubs.*

*"An improving outlook in which cost headwinds are abating, together with the actions we have taken this year to drive further efficiencies, leaves us confident that Marston's remains well-placed to continue to outperform in the current macroeconomic environment, grow revenue and profitability, as well as deliver improved margin in the year ahead."*

### **Forthcoming Events**

Please find below the forthcoming reporting dates for Marston's, which are also available on the investor calendar on our website - [www.marstonspubs.co.uk/investors](http://www.marstonspubs.co.uk/investors)

2023 Preliminary Results

5 December 2023

#### **ENQUIRIES:**

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Hayleigh Lupino, Chief Financial Officer

**Instinctif Partners**      Tel: 020 7457 2010/2005  
Justine Warren  
Matthew Smallwood  
Joe Quinlan

#### **NOTES TO EDITORS**

- Marston's is a leading pub operator with a 40% holding in Carlsberg Marston's Brewing Company

- It operates an estate of 1,415 pubs situated nationally, comprising managed, franchised and leased pubs
- Marston's employs around 11,000 people

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