



# MARSTON'S

## Preliminary Results

03 December 2024

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For the 52-week period ended  
28 September 2024



# Agenda

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## Key Headlines

Justin Platt  
CEO

2

## Financial Performance

Hayleigh Lupino  
CFO

3

## Operational Progress

Justin Platt  
CEO

4

## Summary & Outlook

Justin Platt  
CEO

5

## Q&A

# A New Chapter as a Leading Pure Play Hospitality Business



**Strong Trading Performance  
ahead of Market**

**LFL Revenue +4.8%**

**Significant Margin  
Expansion**

**EBITDA margin +190bps**

**Robust Free Cash Flow  
Generation**

**£44m Recurring FCF**

**Excellent Operational  
Progress**

**Reputation score up to 800**

**Strategic value drivers underpinning  
sustainable growth**

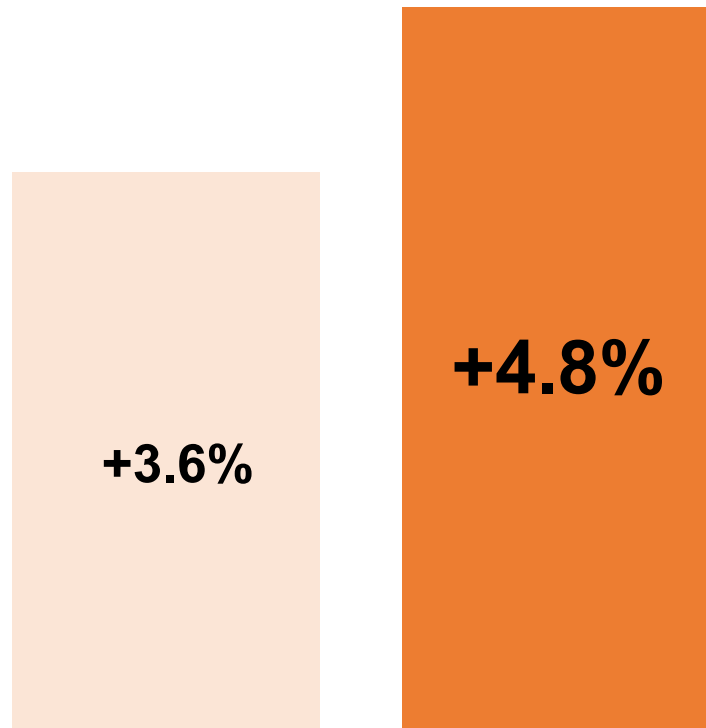
# Financial Performance

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Hayleigh Lupino,  
CFO

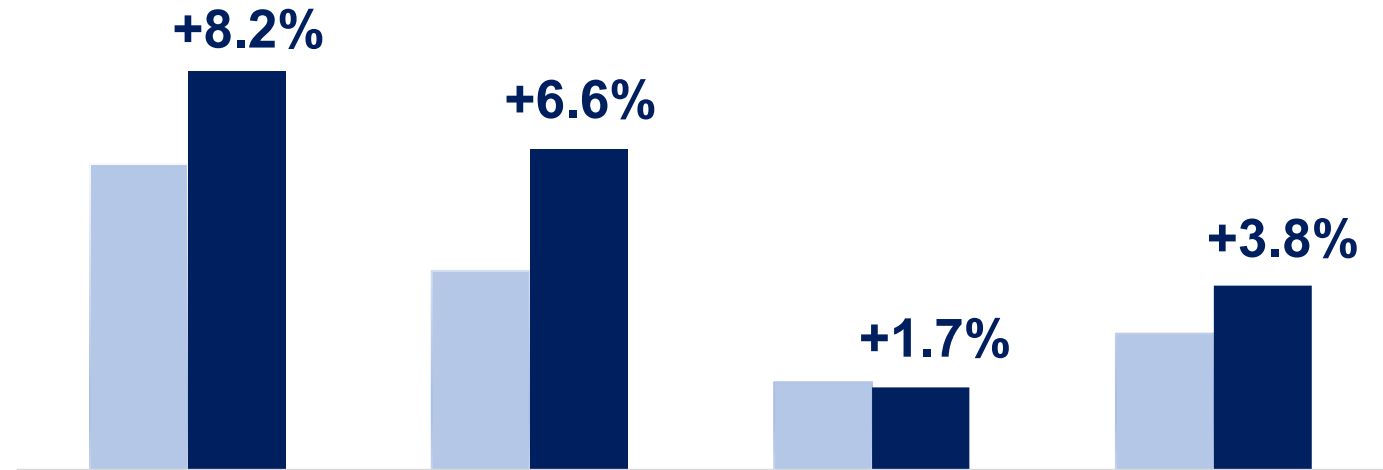


# LFLs up vs. FY2023, Consistently Outperforming the Market



FY2024

Market<sup>1</sup> Marston's



Q1 FY2024  
Oct-Dec 23

Q2 FY2024  
Jan-Mar 24

Q3 FY2024  
Mar-Jun 24

Q4 FY2024  
Jun - Sep 24

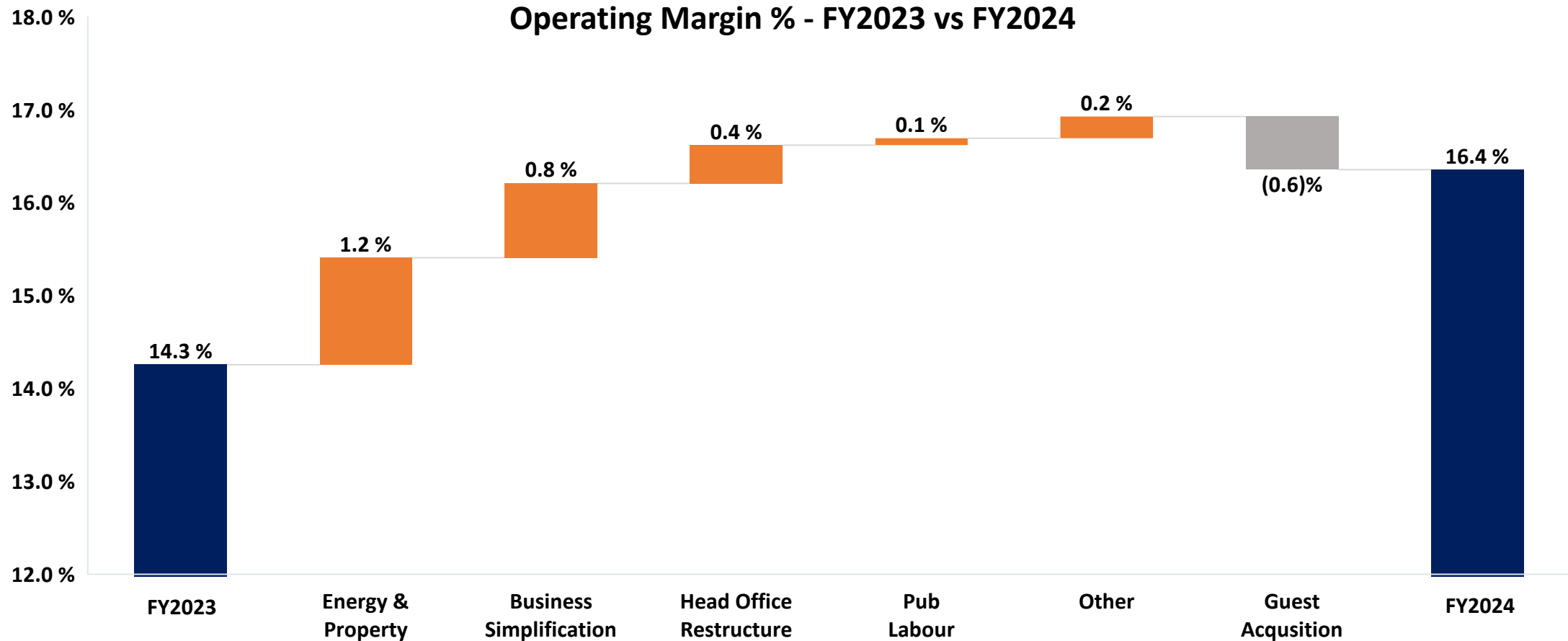
Market<sup>1</sup>

Marston's

# Strong Earnings and Operating Profit Growth, with Significant Margin Improvement

	FY2024	FY2023	Comments
Revenue	£899m	£872m	+3.0% growth, LFLs +4.8% growth
EBITDA	£193m	£170m	+13.0% growth
<i>EBITDA margin</i>	21.4%	19.5%	+190bps
Pub operating profit	£147m	£125m	+17.9% pub profit growth
<i>Pub operating profit margin</i>	16.4%	14.3%	+210bps
Net finance costs	£(105)m	£(99)m	Bank facility A&E fees, timing of disposals
Profit before tax	£42m	£26m	+65% growth
Earnings per share	5.2p	3.5p	+49% growth

# Improved Margins to Deliver Further Cash Upside



**+210BPS OPERATING MARGIN IMPROVEMENT**

# £44m of FCF Driven by Improving Operating Cash Flow

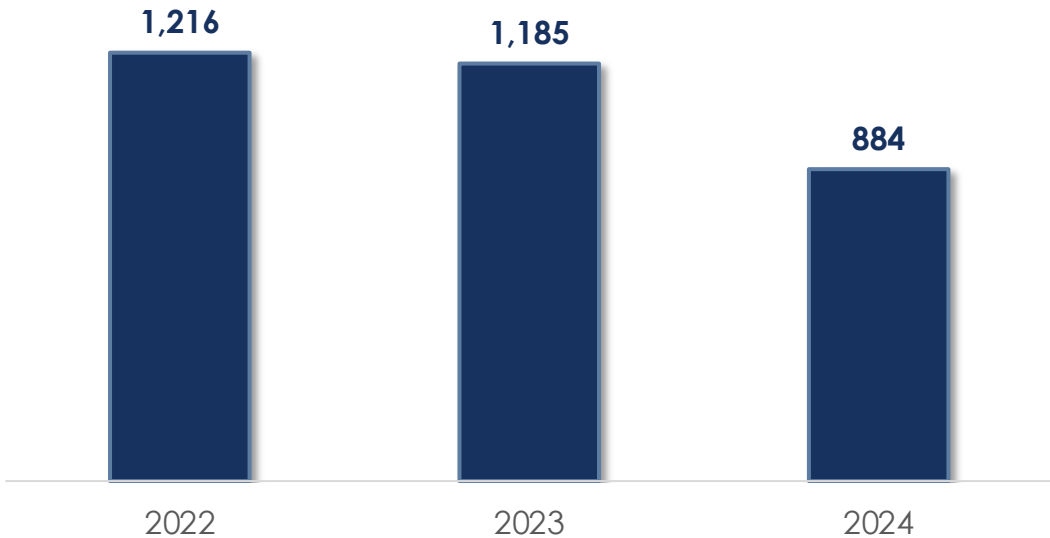
<i>£m</i>	FY2024	FY2023	Comments
<b>Operating cash flow</b>	<b>194</b>	<b>120</b>	<i>Excluding CMBC dividend</i>
Net interest	(104)	(93)	<i>Including fees and costs</i>
Capex	(46)	(65)	<i>FY2025 c.£60m</i>
<b>Recurring free cash flow<sup>1</sup></b>	<b>44</b>	<b>(38)</b>	
CMBC dividend	14	21	
Disposals	252	51	<i>FY2024 £206m CMBC disposal</i>
<b>Net cash flow</b>	<b>310</b>	<b>34</b>	



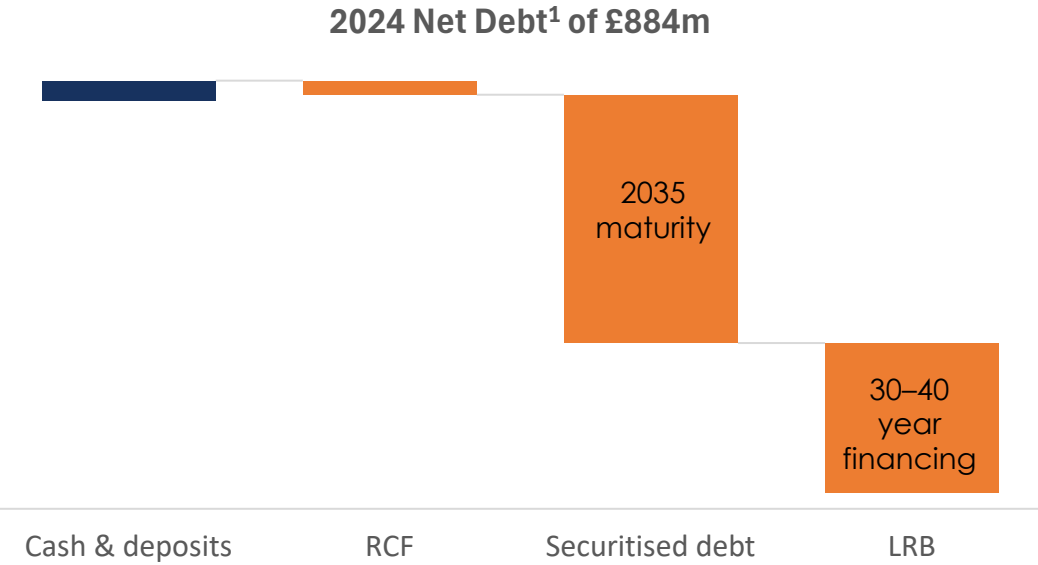
# Derisked and Stable Debt Profile

- Significantly **derisked and stable debt** profile with no material refinancing requirement for **at least** 10 years
- Net debt<sup>1</sup> reduced to **£884m**, achieving **target ahead of FY2026 schedule**
- **Cash positive in FY2024**, reduced reliance on bank facility

Net Debt<sup>1</sup> reduced 27% since 2022 (£m)



No material need to refinance for at least 10 years



**STRONG FINANCING POSITION UNDERPINNED BY £2.1BN IN ASSETS – 83% FREEHOLD**

1. Excludes IFRS 16 lease liabilities

# Financing

## Finance Facility

- £200 million amendment and extension to financing facility to the end of July 2026 – potential for 1 year extension to July 2027
- £60 million is hedged, £60 million fixed at 3.45% to 2029

## Securitisation

- £560 million long-term securitisation debt to 2035
- £120 million securitisation liquidity facility; not utilised

## Long Term Leases

- £338 million long-term other lease related borrowings, capped and collared at 1% and 4%
- £374 million - IFRS 16 lease liabilities

**100% OF MEDIUM TO LONG-TERM FINANCING HEDGED**

# Strategic Disposals and Stable NAV

## Property

- £47 million disposal proceeds, £4 million exchanged, completed post-period end
- High quality 83% effective freehold pub estate, £2.1bn asset value

## Net Asset Value

- NAV of £1.03 per share (FY2023: £1.01 per share)
- Movement in NAV driven by sales performance, higher property valuations & debt reduction

## Pensions

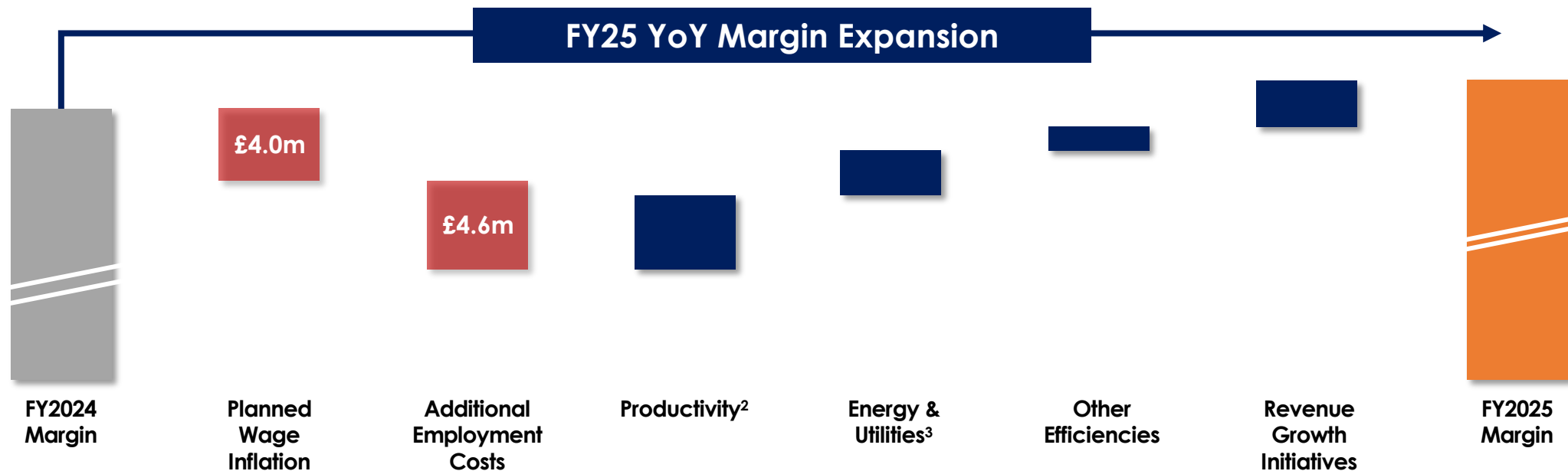
- £13.1 million surplus vs £12.9 million surplus September 2023
- £6m net annual deficit contribution ceased at end of FY2024

**HIGH QUALITY AND PREDOMINANTLY FREEHOLD ESTATE WITH STABLE VALUATIONS**

# Improved Execution of the Operating Model will Offset Impact of Budget Measures

## REITERATING COMMITMENT TO OUR STATED CAPITAL MARKETS DAY TARGETS

- Additional employment costs reflect NI threshold changes and higher percentage increase to NLW and NMW
- This impact will be **offset in FY2025**, and beyond<sup>1</sup>





# Summary and Outlook

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## Trading

- Encouraging start to FY2025 with like-for-like sales in the first six weeks +3.9% vs. last year
- Christmas bookings tracking ahead of last year, with high levels of reservations

## Costs & Margin

- Autumn Budget placing additional pressure on costs, but overall package of measures is manageable in the context of CMD targets
- Continue to target EBITDA margin improvement of 200-300bps over the medium-term

## Cash

- Cash inflow supported by CMBC sale and robust recurring free cash flow generation
- Targeting over £50m of recurring free cash flow per annum

## Financing

- CMBC disposal expected to reduce interest expense by c.£18m annually
- £200 million amendment and extension to the financing facility to the end of July 2026

# Operational Progress

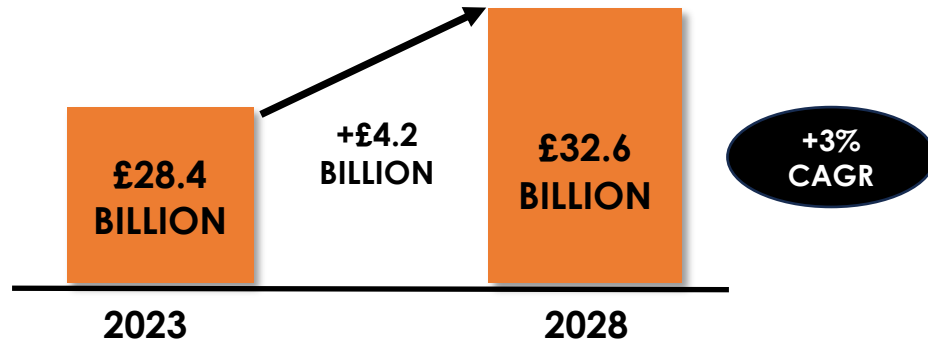
Justin Platt,  
CEO



# The UK Pub Market Offers Significant Value Opportunity

## The UK Pub Sector Growing At 3% CAGR

### UK PUBS & BARS MARKET TOTAL REVENUE<sup>1</sup>



## Local Pubs Market Is Buoyant

### LFL REVENUE GROWTH – OCT 2024 MAT<sup>2</sup>

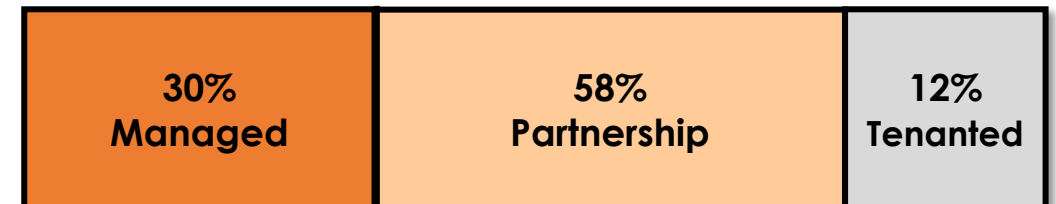


## Marston's Community Based Estate



## Marston's Balanced Management Model

### MARSTON'S TOTAL PUB MANAGEMENT





# Driving Growth with a focus on 5 Key Value Drivers

To create a high margin, highly cash generative local pub company based on differentiated formats and a brand portfolio that is naturally balanced to appeal across a range of consumer segments

## KEY VALUE DRIVERS

- 1 **Execute a Market Leading Pub Operating Model**
- 2 **Capex to Create Differentiated Pub Formats**
- 3 **Digital Transformation**
- 4 **Expansion of Managed & Partnership Models**
- 5 **Leveraging Marston's synergies in Targeted Acquisitions**

## METRICS

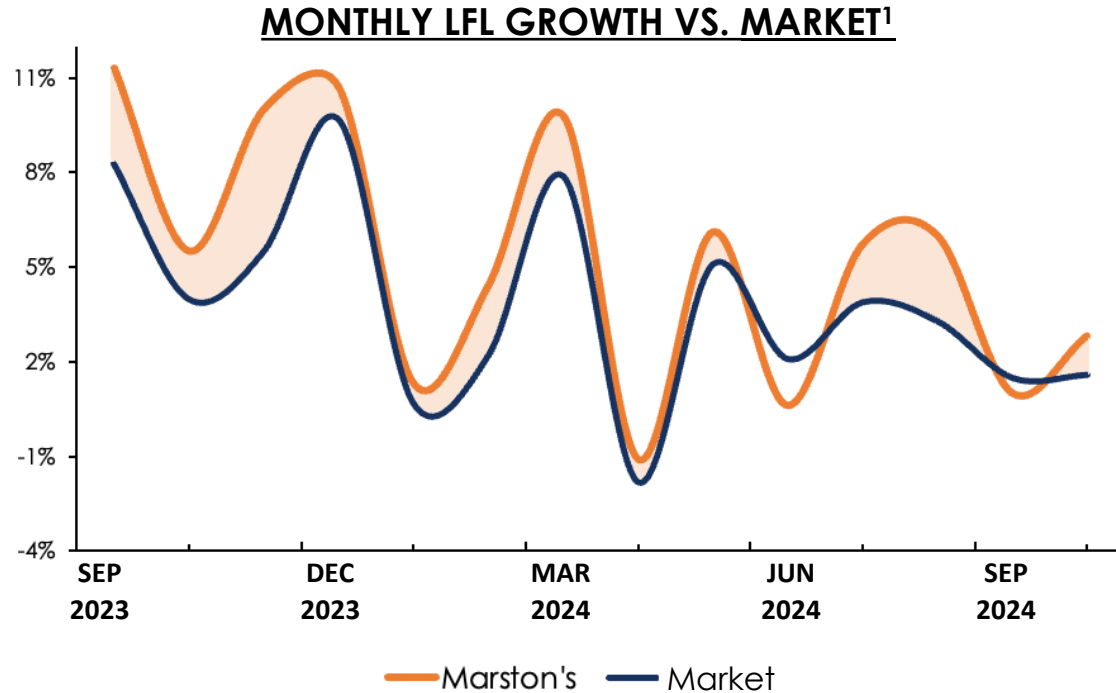
LFL Revenue growth ahead of the market

Sustained EBITDA margin expansion  
200-300 bps

Investment Capex  
>30% ROIC

# Early Success in Executing a Market Leading Operating Model

## Revenue Growth Ahead of Market



- LFL sales ahead of market in FY2024
- Current trading LFL sales 1.2% ahead of market

## Launching Demand Driving Events



- Calendar of events with compelling reasons to visit
- Cheers to Heroes executed very successfully

# Early Success in Executing a Market Leading Operating Model

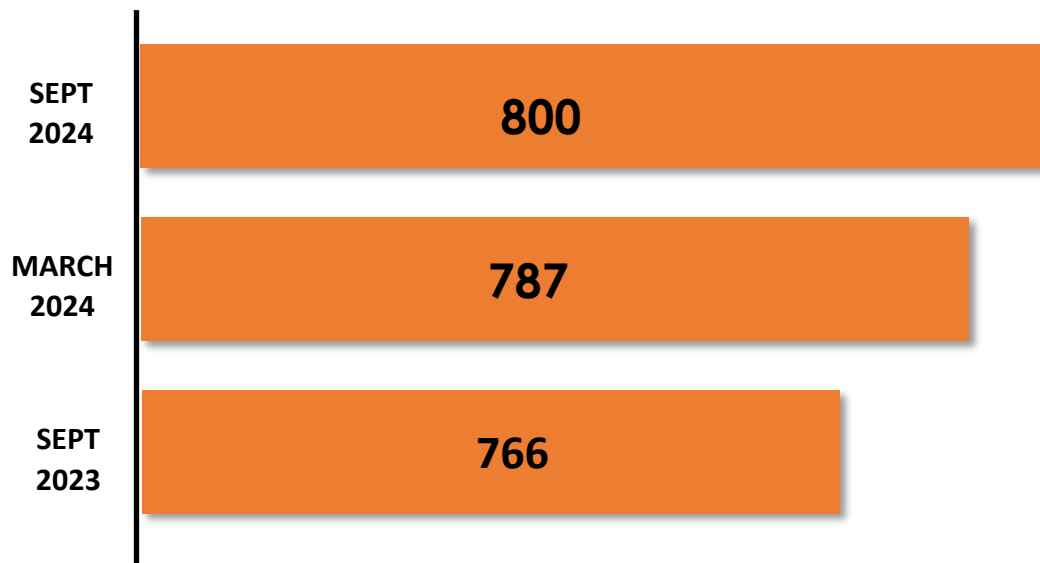
Good progress reducing costs to drive margin improvements

<u>COST</u>	<u>MARGIN IMPACT</u>	<u>INITIATIVES</u>
LABOUR	+0.5%	<ul style="list-style-type: none"><li>• Labour productivity - right people, right time</li><li>• Overhead reductions - Head Office reorganisation</li></ul>
FOOD + DRINK	+0.8%	<ul style="list-style-type: none"><li>• Menu simplification &amp; managing input costs</li><li>• Rigorous approach to category management</li></ul>
ENERGY + PROPERTY	+1.2%	<ul style="list-style-type: none"><li>• Energy Saving Programme - 8% usage efficiency</li><li>• Reduced reactive maintenance repairs</li></ul>

# Early Success in Executing a Market Leading Operating Model

Delivering industry leading guest satisfaction

## MARSTON'S REPUTATION SCORE<sup>1</sup>



- Simplified and loved food menus
- Excellent service through locally-led teams
- Guest obsessed with focus on consistency of delivery

# Promising Outlook for FY2025

## Demand Driving Event Programme



- 'Always On' Nationally Curated Event Plan
- Q1 Cheers to Heroes & Marston's Magical Christmas
- Q2-Q4 powerful events that drive visitation

## New Format Launches



- 2 Room Pub is key format launch priority for FY2025
- Designed to drive appeal with Family Diners AND Pub Regulars
- Pilot launches very successful in driving incremental demand

# Summary and Outlook



**Strong Financial  
& Operational  
Performance**

**Good Early Progress  
against 5 Key Value  
Drivers**

**Reaffirming Targets  
set at  
Capital Markets Day**

**Reliable Delivery of  
Recurring Free  
Cash Flow**

**Very well placed to win in a growing market**



# Q&A

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# Appendices

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# Safely and Sustainably Operating the Business

Significant progress with our ESG agenda in FY 2024

## FY2024 HIGHLIGHTS

### PRODUCT

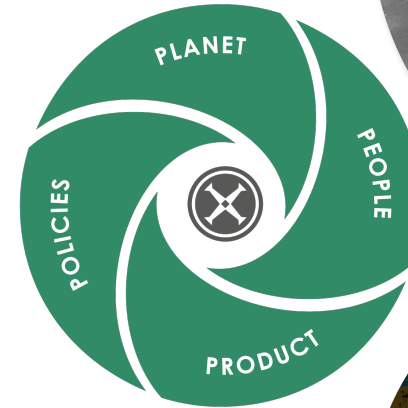
- Reduced food waste by 32% - **on track for 50% by 2030**
- Supporting charities to eradicate food poverty

### PLANET

- Increased electric vehicle chargers - **445 across our estate**
- Proud to operate with **zero waste to landfill status**
- **Expanding range of pubs with solar panels**, alongside Pub Support Centre

### PEOPLE

- **BEST** Large Pub Company Employer 2024
- **WINNER** of PCA Tied Tenant Survey
- **GOLD** award for Armed Forces Employer Recognition Scheme



# Statutory P&L summary

<i>£m</i>	<b>FY2024</b>	<b>FY2023</b>	<i>Comments</i>
Revenue	£899m	£872m	+3.0% growth
Operating profit*	£152m	£90m	+68.2% growth
Profit/(loss) before tax*	£14m	£(31)m	<i>Return to statutory profit, swap movements</i>
Earnings/(loss) per share (p)*	2.8p	(3.0)p	
(Loss)/income from associates – discontinued	£(36)m	£10m	<i>Share of profit after tax, and impairments/disposal loss</i>

# High quality pub estate

	Pubs		Lodges		Total
	Number	Value (£m)	Number	Value (£m)	Value (£m)
Securitized	845	1,130	7	16	1,146
Non-securitized					
Unsecured freehold	138	250	5	13	263
Freehold – property lease	127	328	10	29	357
<b>Total Freehold</b>	<b>1,110</b>	<b>1,708</b>	<b>22</b>	<b>58</b>	<b>1,766</b>
Leasehold	229	270	8	13	283
<b>Total</b>	<b>1,339</b>	<b>1,978</b>	<b>30</b>	<b>71</b>	<b>2,049</b>
<b>Freehold mix</b>	<b>83%</b>		<b>73%</b>		
<i>Unlicensed Properties<sup>1</sup></i>					<b>22</b>
<b>Total Fixed Assets</b>					<b>2,069</b>

# IFRS 16 versus IAS 17 profit comparison

<i>£m</i>	FY2024 IFRS 16	FY2024 IAS 17	FY2023 IFRS 16	FY2023 IAS 17
Revenue	898.6	898.6	872.3	872.3
Operating Expenses	(751.4)	(761.1)	(747.5)	(757.5)
Operating profit	147.2	137.5	124.8	114.8
Net finance costs	(105.1)	(91.3)	(99.2)	(85.4)
Profit before tax	42.1	46.2	25.6	29.4
EBITDA	192.5	170.8	170.3	148.5

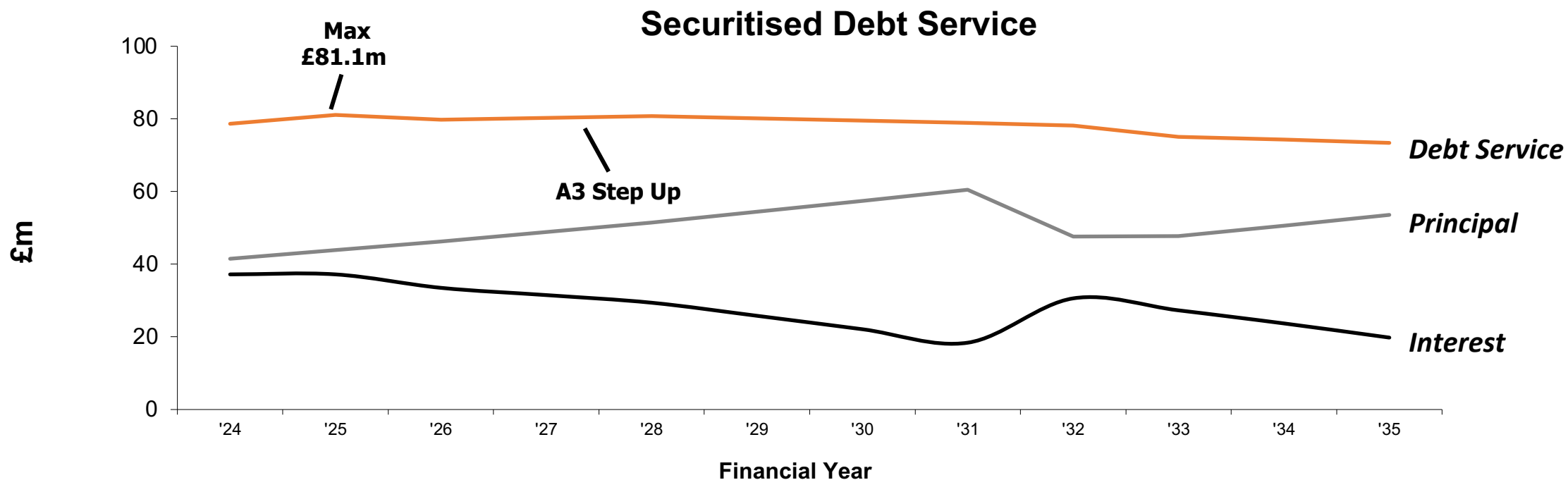
# IFRS 16 versus IAS 17 analysis

<i>£m</i>	2024	2023
Depreciation: Non-IFRS 16	33.3	33.7
Depreciation: IFRS 16	12.0	11.8
<b>Total Depreciation</b>	<b>45.3</b>	<b>45.5</b>
Interest: Non-IFRS 16	91.3	85.4
Interest: IFRS 16	13.8	13.8
<b>Total Interest</b>	<b>105.1</b>	<b>99.2</b>
<b>IAS 17 net rent charge</b>	<b>21.7</b>	<b>21.8</b>

# Securitised debt profile

Tranche	Type	Principal outstanding at 28 September 2024	Step-up date	Final maturity date
A2	Fixed/floating	£99.5m	July 2019	2027
A3	Fixed/floating	£200.0m	April 2027	2032
A4	Floating	£107.8m	October 2012	2031
B	Fixed/floating	£155.0m	July 2019	2035
<b>Total</b>		<b>£562.3m</b>		

# Debt profile



(£m)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Principal	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	37.2	37.2	33.5	31.5	29.4	25.8	22.1	18.4	30.6	27.3	23.7	19.8
Debt Service	78.7	81.1	79.8	80.3	80.8	80.2	79.5	78.9	78.2	75.1	74.3	73.4

# Estate analysis by operating model

	No. of Pubs		Revenue (£m)		EBITDA (£m)		Operating Profit (£m)	
	2024	2023	2024	2023	2024	2023	2024	2023
Managed and Partnership	1,182	1,184	870.5	835.9	177.4	149.6	133.2	105.2
Tenanted and Leased	157	230	28.1	36.4	15.1	20.7	14.0	19.6
<b>Total</b>	<b>1,339</b>	<b>1,414</b>	<b>898.6</b>	<b>872.3</b>	<b>192.5</b>	<b>170.3</b>	<b>147.2</b>	<b>124.8</b>