



MARSTON'S PLC YEAR-END TRADING UPDATE

10 October 2017

Marston's PLC issues the following update on trading for the year ended 30 September 2017. The preliminary results will be announced on 30 November 2017.

Trading

We made further progress in implementing our strategy, achieving growth in revenue and earnings led by the performance of wet-led pubs and brewing.

In Destination and Premium, like-for-like sales were 0.9% above last year. The more subdued summer trading and relatively stronger performance of wet sales compared to food sales was consistent with the market. A disciplined approach to pricing and promotions and good cost control contributed to the operating margin in Destination and Premium being only slightly below last year despite the continued cost pressures.

In Taverns, like-for-like sales were 1.6% above last year. These wet-led community pubs continue to benefit from greater consumer interest in local beers and craft drinks and the continuing development of our offers, together with the continued strong performance of pubs operated under franchise-style agreements.

In Leased, like-for-like profits are estimated to be up 1% compared to last year reflecting the high quality of our Leased estate, together with licensee stability.

In Brewing, we have had a transformational year including the successful acquisition of the Charles Wells Brewing and Beer ("CWBB") business in June, and growth in distribution through entering into long term agreements including Punch B and Hawthorn Leisure. The integration of CWBB is on track, and performance is in line with our expectations. Own-brewed volumes increased 6% demonstrating the strength of our brand portfolio and the acquisition of CWBB, and contributed to market share growth in the on trade and the off trade.

Estate Expansion

We completed 19 new pubs and bars and eight lodges. Openings were weighted towards the end of the financial year, and four pubs planned for September will open in late October.

In the 2018 financial year we now expect to open 15 pubs and bars, and six lodges. This modest trimming of our openings programme reflects a degree of caution given recent subdued market conditions, but our investment criteria are unchanged. Our new pubs continue to open strongly and the performance of those opened in recent years remains good and in line with targets. We remain confident that investment in new pubs and bars creates shareholder value, and is an important component of our strategy to achieve organic growth. We have a good pipeline of sites beyond 2018.

Outlook

Sales and profits for the year are ahead of last year, and we target further growth in 2018. There is no significant change to the cost trends highlighted previously, but we have identified cost savings of approximately £5m per annum including the recently announced reorganisation of the pub operational structure, demonstrating that we are alert to opportunities to mitigate ongoing cost increases.

Ralph Findlay, Chief Executive Officer, commented:

"Our priority is to focus on quality, service and standards. We are well placed to continue to implement our growth strategy through investment in higher quality pubs and bars and through our unrivalled beer brand range supported by high customer service standards."

ENQUIRIES:

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NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of around 1,550 pubs situated nationally, comprising managed, franchised and leased pubs.
- It is the UK's leading brewer of premium cask and bottled ales, including Marston's Pedigree, Wainwright, Lancaster Bomber and Hobgoblin. The beer portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear and Mansfield beers. Following the acquisition of Charles Wells brewing and beer business, Marston's has added Bombardier, Courage and McEwan's to its brand portfolio most recently, as well as the license to brew and distribute Estrella Damm and Young's beers.
- Marston's employs around 15,000 people.