15 May 2019

MARSTON'S PLC
INTERIM RESULTS FOR THE 26 WEEKS ENDED 30 MARCH 2019

Revenue and earnings growth, improved operating cash flow, dividend maintained

	Underlying			Statutory	
				2019	2018
Revenue	£553.1m	+ 5%		£553.1m	£529.0m
Profit/(loss) before tax	£37.0m	+ 2%		£19.1m	£(13.4)m
Earnings/(loss) per share	4.9p	+ 2%		2.6p	(2.0)p

- **Underlying revenue and earnings growth in all trading segments**

- **Like-for-like operating margins in line with last year**

- **Managed and franchised like-for-like sales +2.2%, up 3.2% in last 10 weeks of period**
  - Destination and Premium like-for-like sales +1.2%, Taverns +3.9%
  - Managed and franchised like-for-like operating margins in line with last year
  - Average profit per pub +1%

- **Continued organic growth in Brewing**
  - Revenue +8%, own-brewed and licensed volumes +4%
  - Stable margins, operating profit +8%
  - Positive benefits from new distribution contracts
  - Leading market shares: on-trade premium ale 22%, premium packaged ale 28%
  - No.1 UK exporter of ale

- **Good progress on debt reduction plan**
  - Earnings growth achieved, H1 operating cash flow +6% at £66.8 million
  - At least £5 million annual interest savings for next 5 years following swap reprofiling
  - Target to reduce net capex by £30 million in 2019 and further £25-30 million in 2020
  - Targeting £120 million disposal proceeds 2020-2023

- **Outlook and dividend**
  - Interim dividend maintained at 2.7 pence per share, as previously guided
  - Momentum maintained into the second half of the year, strong Easter trading
  - Confident of meeting our earnings expectations for the full year

Commenting, Ralph Findlay, CEO said:

"I am pleased to report continued growth across all segments of the business. Our Taverns wet-led community pubs have built on the strong trading performance last year and it is particularly encouraging to see our food-led pubs once again achieving increasing momentum in profitable like-for-like sales growth. Our leading Brewing business goes from strength to strength, winning new distribution contracts and continuing to grow market share.

"We remain focussed on our strategic objectives and good progress has been made with our stated aim to improve cash generation and reduce the Group's leverage. Whilst the backdrop of ongoing uncertainty around Brexit continues to be challenging, opportunities for growth remain and we are confident of delivering another year of profitable growth for our shareholders."

Forthcoming Events

Please find below the forthcoming reporting dates for the Group, which are also available on the investor calendar on our website - www.marstons.co.uk/investors

July trading update	24 July 2019
2019 Preliminary results	27 November 2019
2020 Interim results	13 May 2020

ENQUIRIES:

Marston's PLC Tel: 01902 329516
Ralph Findlay, Chief Executive Officer
Andrew Andrea, Chief Financial and Corporate Development Officer

Instinctif Partners Tel: 020 7457 2020
Justine Warren
Matthew Smallwood

A live audio webcast of the results presentation will be available at
http://view-w.tv/795-1295-21612/en

NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of 1,551 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 as well as a range of licensed brands including Young's, Founders and Estrella Damm.
- Marston's employs around 14,500 people.
- Leverage is defined as the ratio of net debt before lease financing to underlying EBITDA.
- The underlying results reflect the performance of the Group before exceptional and other adjusting items. The Directors consider that these figures provide a useful indication of the underlying performance of the Group.

GROUP OVERVIEW

We are pleased to report growth in underlying revenue, profit before tax and earnings per share in the period and a return to profit on a statutory reporting basis against a difficult backdrop. The business is doing well in an uncertain climate.

Total underlying revenue increased by 4.7% with growth in all trading segments, reflecting the strong growth in Brewing, the contribution from new openings and pub acquisitions and positive like-for-like sales in our pub businesses. Total managed and franchised like-for-like sales were up 2.2% with growth in both Destination and Premium and Taverns. Our beer business achieved 4.4% growth in own-brewed and licensed volumes.

Group underlying operating margins were 0.3% behind last year principally reflecting lower margins in Taverns, driven by £0.4 million of non-recurring opening costs for the new pubs acquired in the period and the continued impact of conversion to franchised pubs. Like-for-like margins in managed and franchised pubs and Brewing are in line with last year. Average profit per pub increased 1% in the period on an MAT basis.

Underlying operating profit of £76.1 million (2018: £74.3 million) was up 2.4%.

Underlying profit before tax was up 1.9% to £37.0 million (2018: £36.3 million), reflecting growth in each of our trading segments offset by higher finance costs. Basic underlying earnings per share for the period of 4.9 pence per share (2018: 4.8 pence per share) were up 2.1% on last year.

On a statutory basis, profit before tax was £19.1 million (2018: £13.4 million loss). The year-on-year movement principally reflects the non-recurrence of the non-cash accounting adjustments relating to the estate valuation. The difference between the statutory and underlying profit principally reflects around £12 million of non-cash items relating to the fair value of swaps and an increase in pension cost for the period, together with reorganisation costs. Basic earnings per share were 2.6 pence per share (2018: 2.0 pence loss per share).

The change in debt resulting from cash flows was £14 million better than 2018. Operating cash flow of £66.8 million was 6% higher than last year principally reflecting higher profits in the period. As is usual for our first half year there has been an increase in net debt reflecting the Group's earnings profile, the phasing of capital expenditure and dividend payments.

Net debt at the period end was £1,438 million and net debt excluding lease financing was £1,082 million. Excluding property leases with freehold reversion entitlement, the ratio of net debt to underlying EBITDA was 4.8 times at the period end (2018: 4.8 times on a pro-forma basis). Fixed charge cover remains strong at 2.5 times.

During the period we concluded a reprofiling of swap interest within the securitisation. This will contribute to interest savings of at least £5 million per annum versus our expectations over the next five years, in line with the target we set out to achieve at the preliminary results. The reprofiling also provides improved free cash flow, fixed charge cover and covenant headroom for the next five years. It is cash neutral on a net present value basis over time.

Consequently following the actions taken with improved cash flow and the reprofiled swap interest, we expect the overall level of net debt to reduce in the second half year.

Outlook and dividend

We have made a solid start to the second half of the year, incorporating strong trading over the Easter weekend, and we are confident of achieving our earnings expectations for the full year reflecting the benefits of softer comparatives in our Destination and Premium business and lower interest charges than originally anticipated.

With regard to cost guidance for 2019 there are no material changes to the cost trends highlighted at the Preliminary Results. We have protected a significant proportion of our cost base through long-term relationships with suppliers and fixed price contracts, actively managing risks to our margins. During the period we also stockpiled several core lines in anticipation of a disorderly Brexit at the end of March. Consequently, stock levels were around £6 million higher than the corresponding period last year. We continue to closely monitor the Brexit situation and are well placed to implement any necessary contingency plans.

We declare an interim dividend at 2.7 pence per share reflecting the guidance provided in the January 2019 Trading Update, where we signalled our intention to maintain the dividend at the current level during the period of debt reduction to 2023 described below.

GROUP STRATEGY

Operational Strategy

Our operational strategy is focused on offering customers a great experience through both our pubs and beer business. There are two key objectives to achieving our strategy:

- Operating high-quality pubs and lodges offering great places to drink, eat and stay;
- Operating a best-in-class beer business with a wide range of premium and local brands and great service.

1. **High-quality pubs and lodges offering great places to drink, eat and stay.**

We operate across the breadth of the market, with flexible operating models targeting the growing UK eating-out and accommodation markets through new-build and format development. This helps ensure we have the right consumer offer and operating model to maximise sales and profits for each individual pub. Our key segments are as follows:

Destination and Premium – 408 pubs

Our Destination pubs offer a combination of a great pub environment accompanied by great value family dining. Our Pitcher and Piano bars, Revere bars (Lost and Found, Foundry) and country pubs offer premium food and drink in attractive, often iconic town centre and suburban locations.

This year, we are targeting to open nine pubs and bars.

We target a CROCCE of 12%-15% on freehold new-build investment.

Taverns – 1,143 pubs

Our community pubs are well-located "great locals" with a traditional pub ambience. We operate managed, franchised and leased models offering flexibility for our licensees to run their pub under a business model that is best suited to their needs to develop a thriving modern community pub business with growth potential.

Earlier this year, we acquired 15 well-located community pubs from Aprirose on a leasehold basis which have strong growth potential. We have substantially completed the £4 million post acquisition investment and initial trade is very encouraging. We are targeting an annualised 25% CROCCE by financial year 2020.

Increased room investment

We operate over 1,500 rooms across our pub estate. Accommodation acts as a complementary and incremental income stream and aligns with the increasing market in UK business and leisure travel. We are targeting at least four new-build lodges this year with a target CROCCE of 12% on a freehold investment.

Consumer experience: a great offer underpinned by consistent value, quality and service.

As we have previously described the wider sector has seen intense competition in recent years and oversupply in some areas. Whilst there are some clear signs of a slowdown in site openings, we are still observing extensive price discounting, particularly in food.

To profitably compete against this backdrop:

- We operate pubs and bars, exploiting our brewing heritage, drinks knowledge and experience. Around half of the profit generated from our pub estate is from drinks-led venues.
- We have largely avoided investing in competitive high street and shopping mall locations.
- In our Premium pubs and bars, innovative drink and food offers in an excellent design environment have contributed to a strong sales performance.

- In Taverns the continued development of the franchise-style model, together with a strong drinks and entertainment offer, has enhanced our ability to respond quickly to consumer trends.
- The trend towards premiumisation of drinks continues across all categories. We are able to fully exploit the benefits of our market-leading beer portfolio.
- The continued rollout of a new EPOS system is driving further operational benefits from a customer perspective, together with efficiency improvements in our back-of-house operations.

This year we will make a modest investment in margin given market levels of price promotion. Offering consistent everyday value is critical and our recent menu launches reflect this, offering our customers value through our "rhythm of the week" offers. We estimate that this requires around £2 million of margin investment on an annualised basis. The early signs are encouraging with an immediate improvement in cover trends.

2. Beer Company – extend our leading market shares

Exploiting the growth segments in the beer market
The positive trends in the UK beer market are being driven by consumers seeking a wider choice of beers with local provenance and taste, including craft and world beers. IPAs, including US craft beers and craft keg beers, are increasing in popularity and non-alcoholic beers are in significant growth from a small base.

The off-trade continues to grow in both absolute terms and in share of the total drinks market. The strongest growth is in premium bottled ale, a market segment in which we have a leading share, and canned craft beer.

Our strategy has anticipated many of these trends and evolved rapidly to meet the changing dynamics of the market with focus on the growth parts of the beer market. In the last 10 years we have achieved a fourfold increase in turnover and profits have doubled in a declining beer market as we have continued to grow our market share. Our market position continues to strengthen with a 14% share of the total ale market, 22% of the premium ale market in the on-trade and 28% of the premium ale market in the off-trade.

Sustainable long-term growth of local, national and global portfolio of brands
Our ale portfolio has been enhanced significantly through acquisitions. Wainwright, acquired in 2015, is our fastest growing cask ale brand and in 2017 the acquisition of Bombardier, Young's and Courage provided distribution opportunities in London and the south of England, as has McEwan's in Scotland. These acquisitions enhanced an already strong and unrivalled core brand range including Marston's, Banks's, Jennings, Wychwood and Ringwood.

Hobgoblin remains our biggest ale brand and the "unofficial Beer of Halloween". We continue to evolve the brand with the introduction of Hobgoblin IPA which was awarded the "best IPA in the world" in the 2018 World Beer Awards. We achieved a total of 19 Gold, Silver or Bronze medals in 2018.

In addition to our ale portfolio, Marston's has exclusive UK licences for US craft beers including Shipyard and Founders; world lagers including Estrella Damm, Warsteiner and Kirin; and Kingstone Press Cider. These brands have been an important growth driver. Estrella Damm continues to be one of the fastest growing premium lagers in the market, up 35% in 2019; Shipyard, No.2 craft beer in the UK On Trade, was up 27%.

Our brands are also distributed globally, with exports accounting for around 10% of our own-brewed beer. We export 19 brands to 61 countries, including our six key markets of Russia, Canada, France, Italy, Germany and the USA. Export volumes increased by 17%.

Our marketing strategy is underpinned by a combination of both national and local marketing. Sports sponsorship includes a five year extension to the beer supply into Lord's Cricket Ground, and Wainwright sponsorship of the 2019 Oxford and Cambridge University Boat Race, both of which provide us with a platform to showcase our brands in London and nationally.

Industry leading insight

We pride ourselves that our customers in both the on-trade and off-trade value our market leading position and insight. We leverage our knowledge of the beer market with our customers to improve their offers, receiving supplier awards from several of our major customers. Our annual On-Trade and Off-Trade Beer Reports are valued by our customers and the industry generally.

World class supply chain delivering highest quality at optimal cost in brewing and logistics

Our beer business provides brewing, packaging and distribution services for a wide range of customers, in addition to our own pubs. Three of our six breweries are British Retail Consortium "A" rated or above. We distribute to around a quarter of the 46,000 on-trade outlets in the UK and have opened a new distribution facility in Thurrock, in addition to the 11 depots we have nationwide, to further enhance our distribution capability.

In addition to the new business generated in 2018 as distributor to Punch, Hawthorn and Brakspear, we have secured additional distribution agreements with New River Retail, Young's, Charles Wells and Trust Inns.

The Marston's brewery in Burton-upon-Trent is our centre of excellence for packaging. The commissioning of the new canning line in 2018 has further improved our canning efficiency and opens up more customer opportunities in addition to bottling. We currently package c.40% of the UK premium bottled ale market.

This strong foundation in brewing and logistics excellence, together with sensible investment in our business makes us well placed to participate in continued consolidation of the UK beer supply chain.

<u>Financial Strategy</u>

In our January trading update we set out a commitment to targeting a £0.2 billion reduction in net debt by 2023.

This was:

- A reduction in new-build investment to around £25 million per annum from 2020 onwards, with investment weighted towards pubs with accommodation, where we are seeing the strongest returns.
- The disposal of £80-90 million of certain non-core assets in 2020-23.
- Through the improvements in free cash flow set out in November 2018 relating to the final salary pension scheme (which has a modest deficit that is expected to be eliminated within three years), the securitisation and reduced organic capital expenditure.

Although new-build investment is being scaled back, new-build pubs and accommodation deliver strong returns and will continue to contribute to growth in Group earnings. In addition, the reduced level of estate expansion will facilitate increased focus on generating like-for-like profit growth from the core pub estate.

The benefits of this plan will be most evident from 2020 but our progress in achieving these targets is encouraging:

We have already begun with:

Reduction in interest payments: As described above, we have successfully reprofiled the swap interest payments within the securitisation. We expect the reduction in interest payments to contribute to at least £5 million of interest savings per annum for the next five years compared to our current plans. The net present value of this exercise is broadly neutral and importantly does not incur any swap break costs.

Capital expenditure reduction: It remains our intention to reduce net capital expenditure in 2019 by £30 million relative to 2018 and our guidance remains unchanged on this. The further reduction of new-build expenditure to around £25 million and the reduced organic capital expenditure are embedded in our planning process for 2020.

Disposals: Our guidance for 2019 remains unchanged for disposals of £45-50 million and we are targeting at least £40 million of disposals for 2020.

Earnings growth maintained: Earnings growth has been achieved in the first half year and we remain confident of achieving earnings growth in this financial year.

Maintain dividend: The Board is committed to maintaining the dividend at the current level during this period of debt reduction focus.

At this early stage, the actions we have put in place give us confidence that the debt reduction target is achievable over the period.

PERFORMANCE AND FINANCIAL REVIEW

	Underlying revenue		**Underlying operating profit**		**Operating margin**	
	2019	2018	**2019**	2018	**2019**	2018
	£m	£m	**£m**	£m	**%**	%
Destination and Premium	**215.7**	210.7	**35.2**	34.6	**16.3**	16.4
Taverns	**154.2**	148.2	**39.3**	38.6	**25.5**	26.0
Brewing	**183.2**	169.2	**14.5**	13.4	**7.9**	7.9
Group Services	**-**	-	**(12.9)**	(12.3)	**(2.3)**	(2.3)
Group	**553.1**	528.1	**76.1**	74.3	**13.8**	14.1

Destination and Premium

Total revenue increased by 2.4% to £215.7 million reflecting like-for-like sales growth of 1.2% and the benefits of our new-build pub-restaurants and bars and positive like-for-like sales. Underlying operating profit of £35.2 million was in line with last year with the benefits of sales growth and a continued disciplined approach to margin management and cost control.

Reported operating margin of 16.3% is 0.1% below last year reflecting our controlled approach to managing promotional activity and tight cost control.

Taverns

Total revenue increased by 4.0% to £154.2 million, principally reflecting an increase of 3.9% in managed and franchised like-for-like sales. Operating profit was up 1.8% on last year reflecting this sales growth, partially offset by circa £0.4 million of opening costs for the 15 pubs acquired in the period.

Operating margin was 0.5% below last year at 25.5%, reflecting the impact of the opening costs and the continued impact of converting pubs to franchise. Operating margins in our like-for-like managed and franchised pubs were up 0.1% versus last year.

Brewing

Total revenue increased by 8.3% to £183.2 million, principally reflecting the continued growth in own-brewed and licensed volumes and the new distribution contracts described above. Underlying operating profit increased by 8.2% to £14.5 million.

Operating margin of 7.9% was in line with last year reflecting a stabilisation of margins following the acquisition of the Charles Wells beer business in 2017.

Taxation

The underlying rate of taxation of 15.7% in 2019 (2018: 16.8%) is below the standard rate of corporation tax due to (i) significant deferred tax movements in the year at the future enacted rate of 17%, (ii) the deferred tax benefit created by the retention of capital allowances on fixtures in property disposals and (iii) a deferred tax credit arising from rollover relief claims in respect of capital gains, where the reduction in the tax base cost of property is offset by previously unrecognised indexation.

Non-underlying items

There is a net non-underlying charge of £14.7 million after tax. This reflects a charge of £1.1 million in respect of the change in the rate assumptions used in calculating our onerous lease provisions, reorganisation and integration costs of £4.4 million, principally from the integration of the Charles Wells beer business, a pension scheme past service cost of £4.6 million in respect of Guaranteed Minimum Pension equalisation, a credit of £0.2 million in respect of the net interest on the net defined benefit pension asset/liability, swap recouponing fees of £0.6 million and a £7.4 million net loss in respect of mark-to-market movements in the fair value of certain interest rate swaps. These amounts are offset by a credit of £3.2 million relating to the tax on non-underlying items.

Capital expenditure and disposals

Capital expenditure was £74.4 million in the period (2018: £83.1 million), including £27.1 million on new pubs and bars. We expect that capital expenditure will be around £130 million in 2019, including around £50 million on new-build sites. This represents a £33 million reduction on expenditure relative to 2018.

Cash proceeds of £29.4 million have been raised in relation to the disposal of assets, including £23.3 million of leasing transactions. Disposal proceeds of around £45-50 million are anticipated in 2019, broadly in line with 2018.

Financing

The Group has a £360 million bank facility to March 2024 together with £45 million of other facilities. These facilities, together with a long-term securitisation of approximately £760 million and the lease financing arrangements described below, provide us with an appropriate level of financing headroom for the medium term. The Group has adequate headroom on both the banking and securitisation covenants and also has flexibility to transfer pubs between the banking and securitisation groups.

In recent years, the Group has entered into lease financing arrangements which have a total value of £357 million as at 30 March 2019. This financing is a form of sale and leaseback agreement whereby the freehold reverts to the Group at the end of the term at nil cost, consistent with our preference for predominantly freehold asset tenure. The agreements range from 35 to 40 years and provide the Group with an extended debt maturity profile at attractive rates of interest. Unlike a traditional sale and leaseback, the associated liability is recognised as debt on the balance sheet due to the reversion of the freehold.

Net debt excluding lease financing of £1,082 million at 30 March 2019 is broadly in line with last year. For the period ended 30 March 2019 the ratio of net debt before lease financing to underlying EBITDA was 4.8 times (2018: 4.8 times on a pro-forma basis). As described above, we are targeting to reduce net debt by around £0.2 billion by 2023.

Operating cash flow of £66.8 million is 6% ahead of last year principally reflecting higher profits in the period.

Pensions

The deficit on our final salary scheme was £23.0 million at 30 March 2019 which compares to the £15.6 million surplus at last year end. The principal driver of the move to a deficit is the lower discount rate as a consequence of falling corporate bond yields in the period. In addition, an allowance of £4.6 million has been recognised in respect of Guaranteed Minimum Pension equalisation following the conclusion of a recent court ruling in respect of this matter.

Independent review report to Marston's PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Marston's PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Marston's PLC for the 26 week period ended 30 March 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Group balance sheet as at 30 March 2019;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
15 May 2019

a) The maintenance and integrity of the Marston's PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Interim Results

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Marston's PLC are listed in the Marston's PLC Annual Report and Accounts for 29 September 2018. A list of current Directors is maintained on the Marston's PLC website: www.marstons.co.uk.

By order of the Board:

Ralph Findlay	Andrew Andrea
Chief Executive Officer	Chief Financial and Corporate Development Officer
15 May 2019	15 May 2019

GROUP INCOME STATEMENT (UNAUDITED)

for the 26 weeks ended 30 March 2019

		26 weeks to 30 March 2019			26 weeks to 31 March 2018			52 weeks to 29 September 2018
	Note	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m	Total £m
Revenue	2, 3	**553.1**	**-**	**553.1**	528.1	0.9	529.0	1,141.3
Operating expenses		**(477.0)**	**(10.1)**	**(487.1)**	(453.8)	(46.4)	(500.2)	(1,007.9)
Operating profit	2, 3	**76.1**	**(10.1)**	**66.0**	74.3	(45.5)	28.8	133.4
Finance costs	4	**(39.4)**	**(0.6)**	**(40.0)**	(38.2)	(0.1)	(38.3)	(79.0)
Finance income	4	**0.3**	**0.2**	**0.5**	0.2	-	0.2	0.4
Interest rate swap movements	3, 4	**-**	**(7.4)**	**(7.4)**	-	(4.1)	(4.1)	(0.5)
Net finance costs	3, 4	**(39.1)**	**(7.8)**	**(46.9)**	(38.0)	(4.2)	(42.2)	(79.1)
Profit/(loss) before taxation		**37.0**	**(17.9)**	**19.1**	36.3	(49.7)	(13.4)	54.3
Taxation	3, 5	**(5.8)**	**3.2**	**(2.6)**	(6.1)	6.7	0.6	(9.3)
Profit/(loss) for the period attributable to equity shareholders		**31.2**	**(14.7)**	**16.5**	30.2	(43.0)	(12.8)	45.0
Earnings/(loss) per share:								
Basic earnings/(loss) per share	6			**2.6p**			(2.0)p	7.1p
Basic underlying earnings per share	6			**4.9p**			4.8p	13.9p
Diluted earnings/(loss) per share	6			**2.6p**			(2.0)p	7.0p
Diluted underlying earnings per share	6			**4.9p**			4.7p	13.7p

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the 26 weeks ended 30 March 2019

	26 weeks to 30 March 2019 £m	26 weeks to 31 March 2018 £m	52 weeks to 29 September 2018 £m
Profit/(loss) for the period	**16.5**	(12.8)	45.0
Items of other comprehensive income that may subsequently be reclassified to profit or loss			
Losses arising on cash flow hedges	**(16.9)**	(3.2)	-
Transfers to the income statement on cash flow hedges	**5.3**	5.4	10.9
Tax on items that may subsequently be reclassified to profit or loss	**1.9**	(0.3)	(1.8)
	(9.7)	1.9	9.1
Items of other comprehensive income that will not be reclassified to profit or loss			
Remeasurement of retirement benefits	**(37.7)**	(0.1)	14.0
Unrealised surplus on revaluation of properties	**1.7**	170.3	170.3
Reversal of past revaluation surplus	**-**	(161.7)	(161.7)
Tax on items that will not be reclassified to profit or loss	**6.3**	(0.2)	(2.3)
	(29.7)	8.3	20.3
Other comprehensive (expense)/income for the period	**(39.4)**	10.2	29.4
Total comprehensive (expense)/income for the period	**(22.9)**	(2.6)	74.4

GROUP CASH FLOW STATEMENT (UNAUDITED)

for the 26 weeks ended 30 March 2019

	Note	**26 weeks to 30 March 2019 £m**	26 weeks to 31 March 2018 £m	52 weeks to 29 September 2018 £m
Operating activities				
Underlying operating profit		**76.1**	74.3	182.5
Depreciation and amortisation		**21.1**	20.7	40.1
Underlying EBITDA		**97.2**	95.0	222.6
Non-underlying operating items	3	**(10.1)**	(45.5)	(49.1)
EBITDA		**87.1**	49.5	173.5
Working capital movement		**(12.4)**	(10.9)	(2.1)
Non-cash movements		**(3.6)**	34.6	31.8
Decrease in provisions and other non-current liabilities		**(0.9)**	(2.4)	(5.4)
Difference between defined benefit pension contributions paid and amounts charged		**0.6**	(4.0)	(8.0)
Income tax paid		**(4.0)**	(3.5)	(7.4)
Net cash inflow from operating activities		**66.8**	63.3	182.4
Investing activities				
Interest received		**0.4**	0.3	0.8
Sale of property, plant and equipment and assets held for sale		**29.4**	26.3	46.9
Purchase of property, plant and equipment and intangible assets		**(74.4)**	(83.1)	(162.7)
Movement in other non-current assets		**-**	0.2	0.7
Net transfer from other cash deposits		**118.0**	-	-
Net cash inflow/(outflow) from investing activities		**73.4**	(56.3)	(114.3)
Financing activities				
Equity dividends paid		**(30.4)**	(30.4)	(47.5)
Interest paid		**(43.8)**	(40.2)	(74.9)
Arrangement costs of bank facilities		**(0.4)**	-	(0.6)
Arrangement costs of other lease related borrowings		**-**	(2.6)	(5.1)
Purchase of own shares		**-**	(0.6)	(1.2)
Repayment of securitised debt		**(15.5)**	(14.7)	(30.0)
Repayment of bank borrowings		**(0.3)**	-	-
Advance of bank borrowings		**75.4**	34.0	10.2
Capital element of finance leases repaid		**(7.4)**	(0.1)	(0.2)
Advance of other lease related borrowings		**-**	35.8	68.0
Net cash outflow from financing activities		**(22.4)**	(18.8)	(81.3)
Net increase/(decrease) in cash and cash equivalents	8	**117.8**	(11.8)	(13.2)

GROUP BALANCE SHEET (UNAUDITED)

as at 30 March 2019

	Note	**30 March 2019 £m**	31 March 2018 £m	29 September 2018 £m
Non-current assets				
Goodwill		**230.3**	230.3	230.3
Other intangible assets		**70.2**	67.4	70.0
Property, plant and equipment	7	**2,438.0**	2,367.4	2,408.1
Other non-current assets		**9.6**	10.1	9.6
Retirement benefit surplus		**-**	-	15.6
		2,748.1	2,675.2	2,733.6
Current assets				
Inventories		**47.1**	40.7	44.6
Trade and other receivables		**94.4**	115.3	104.9
Other cash deposits*	8	**2.0**	120.0	120.0
Cash and cash equivalents*	8	**159.2**	42.8	41.4
		302.7	318.8	310.9
Assets held for sale		**4.7**	4.3	2.3
Current liabilities				
Borrowings*	8	**(183.6)**	(174.5)	(158.4)
Derivative financial instruments		**(147.9)**	(32.4)	(28.9)
Trade and other payables		**(236.4)**	(247.1)	(252.2)
Current tax liabilities		**(2.4)**	(2.6)	(4.0)
Provisions for other liabilities and charges		**(3.0)**	(2.7)	(2.8)
		(573.3)	(459.3)	(446.3)
Non-current liabilities				
Borrowings	8	**(1,415.9)**	(1,381.7)	(1,389.0)
Derivative financial instruments		**(48.6)**	(157.4)	(148.6)
Other non-current liabilities		**(2.0)**	(1.1)	(1.5)
Provisions for other liabilities and charges		**(21.6)**	(25.4)	(22.5)
Deferred tax liabilities		**(72.1)**	(73.3)	(81.3)
Retirement benefit obligations		**(23.0)**	(2.0)	-
		(1,583.2)	(1,640.9)	(1,642.9)
Net assets		**899.0**	898.1	957.6
Shareholders' equity				
Equity share capital		**48.7**	48.7	48.7
Share premium account		**334.0**	334.0	334.0
Revaluation reserve		**625.2**	630.7	627.2
Merger reserve		**23.7**	40.8	23.7
Capital redemption reserve		**6.8**	6.8	6.8
Hedging reserve		**(127.8)**	(125.3)	(118.1)
Own shares		**(112.1)**	(111.8)	(112.3)
Retained earnings		**100.5**	74.2	147.6
Total equity		**899.0**	898.1	957.6

* Cash and cash equivalents includes £120.0 million drawn down under the liquidity facility (29 September 2018: £120.0 million included within other cash deposits) and borrowings includes the corresponding liability (note 8).

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the 26 weeks ended 30 March 2019

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 30 September 2018 (as previously reported)	48.7	334.0	627.2	23.7	6.8	(118.1)	(112.3)	147.6	957.6
Prior period adjustment for adoption of IFRS 9	-	-	-	-	-	-	-	(6.7)	(6.7)
Tax impact of prior period adjustment	-	-	-	-	-	-	-	1.2	1.2
At 30 September 2018 (as restated)	48.7	334.0	627.2	23.7	6.8	(118.1)	(112.3)	142.1	952.1
Profit for the period	-	-	-	-	-	-	-	16.5	16.5
Remeasurement of retirement benefits	-	-	-	-	-	-	-	(37.7)	(37.7)
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	-	6.5	6.5
Losses on cash flow hedges	-	-	-	-	-	(16.9)	-	-	(16.9)
Transfers to the income statement on cash flow hedges	-	-	-	-	-	5.3	-	-	5.3
Tax on hedging reserve movements	-	-	-	-	-	1.9	-	-	1.9
Property revaluation	-	-	1.7	-	-	-	-	-	1.7
Deferred tax on properties	-	-	(0.2)	-	-	-	-	-	(0.2)
Total comprehensive income/(expense)	-	-	1.5	-	-	(9.7)	-	(14.7)	(22.9)
Share-based payments	-	-	-	-	-	-	-	0.2	0.2
Sale of own shares	-	-	-	-	-	-	0.2	(0.2)	-
Transfer disposals to retained earnings	-	-	(3.5)	-	-	-	-	3.5	-
Transfer tax to retained earnings	-	-	0.6	-	-	-	-	(0.6)	-
Transfer depreciation to retained earnings	-	-	(0.6)	-	-	-	-	0.6	-
Dividends paid	-	-	-	-	-	-	-	(30.4)	(30.4)
Total transactions with owners	-	-	(3.5)	-	-	-	0.2	(26.9)	(30.2)
At 30 March 2019	**48.7**	**334.0**	**625.2**	**23.7**	**6.8**	**(127.8)**	**(112.1)**	**100.5**	**899.0**

for the 26 weeks ended 31 March 2018

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 1 October 2017	48.7	334.0	624.2	71.2	6.8	(127.2)	(111.3)	85.0	931.4
Loss for the period	-	-	-	-	-	-	-	(12.8)	(12.8)
Remeasurement of retirement benefits	-	-	-	-	-	-	-	(0.1)	(0.1)
Losses on cash flow hedges	-	-	-	-	-	(3.2)	-	-	(3.2)
Transfers to the income statement on cash flow hedges	-	-	-	-	-	5.4	-	-	5.4
Tax on hedging reserve movements	-	-	-	-	-	(0.3)	-	-	(0.3)
Property revaluation	-	-	170.3	-	-	-	-	-	170.3
Property impairment	-	-	(161.7)	-	-	-	-	-	(161.7)
Deferred tax on properties	-	-	(0.2)	-	-	-	-	-	(0.2)
Total comprehensive income/(expense)	-	-	8.4	-	-	1.9	-	(12.9)	(2.6)
Share-based payments	-	-	-	-	-	-	-	0.3	0.3
Purchase of own shares	-	-	-	-	-	-	(0.6)	-	(0.6)
Sale of own shares	-	-	-	-	-	-	0.1	(0.1)	-
Transfer disposals to retained earnings	-	-	(1.9)	-	-	-	-	1.9	-
Transfer tax to retained earnings	-	-	0.4	-	-	-	-	(0.4)	-
Transfer depreciation to retained earnings	-	-	(0.4)	-	-	-	-	0.4	-
Dividends paid	-	-	-	(30.4)	-	-	-	-	(30.4)
Total transactions with owners	-	-	(1.9)	(30.4)	-	-	(0.5)	2.1	(30.7)
At 31 March 2018	**48.7**	**334.0**	**630.7**	**40.8**	**6.8**	**(125.3)**	**(111.8)**	**74.2**	**898.1**

NOTES

1 BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

This interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's audited financial statements for the 52 weeks ended 29 September 2018, with the exception of new standards and interpretations that were only applicable from the beginning of the current financial year.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' in the current period using the modified retrospective approach in paragraph C3(b) of the standard. IFRS 15 introduces a new five step model for the recognition of revenue, which is based on the satisfaction of performance obligations. The core principle is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of IFRS 15 has not had any impact on the Group's results or financial position, but will result in further disclosures in the financial statements for the 52 weeks ending 28 September 2019.

The Group has adopted IFRS 9 'Financial Instruments' in the current period. Comparative amounts have not been restated in accordance with the transitional provisions in paragraph 7.2.15 of the standard. IFRS 9 introduces a new model for the classification and measurement of financial assets, a new expected credit loss model for the impairment of financial assets held at amortised cost, and new requirements for hedge accounting. There are also a number of new disclosure requirements. The adoption of the expected credit loss model has required the earlier recognition of impairment losses in respect of the Group's trade and other receivables. This has resulted in a £6.7 million decrease in the Group's opening retained earnings as at 30 September 2018, which has been offset by an associated deferred tax credit of £1.2 million.

The financial information for the 52 weeks ended 29 September 2018 is extracted from the audited accounts for that period, which have been delivered to the Registrar of Companies. The Auditors' report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information for the 26 weeks ended 30 March 2019 and the comparatives to 31 March 2018 are unaudited, but have been reviewed by the Auditors.

The Group does not consider that any standards or interpretations issued by the International Accounting Standards Board, but not yet applicable, will have a significant impact on the financial statements for the 52 weeks ending 28 September 2019.

The adoption of IFRS 16 'Leases' in the 53 weeks ended 3 October 2020 is expected to have a significant impact on both the Group's balance sheet and income statement. For those leases where it is the lessee the Group will be required to recognise assets and liabilities in the balance sheet in the majority of cases and recognise depreciation and finance costs in the income statement. The estimated impact on the Group's results and financial position will be provided in the financial statements for the 52 weeks ending 28 September 2019.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing this interim financial information.

2 SEGMENT REPORTING

Underlying revenue by segment	**30 March 2019 £m**	31 March 2018 £m
Destination and Premium	**215.7**	210.7
Taverns	**154.2**	148.2
Brewing	**183.2**	169.2
Group Services	**-**	-
Underlying revenue	**553.1**	528.1
Non-underlying items	**-**	0.9
Revenue	**553.1**	529.0

Underlying operating profit by segment	**30 March 2019 £m**	31 March 2018 £m
Destination and Premium	**35.2**	34.6
Taverns	**39.3**	38.6
Brewing	**14.5**	13.4
Group Services	**(12.9)**	(12.3)
Underlying operating profit	**76.1**	74.3
Non-underlying operating items	**(10.1)**	(45.5)
Operating profit	**66.0**	28.8
Net finance costs	**(46.9)**	(42.2)
Profit/(loss) before taxation	**19.1**	(13.4)

Underlying operating profit is a key measure of profitability used by the chief operating decision maker.

In the prior period the Group had five distinguishable operating segments being Destination and Premium, Taverns, Leased, Brewing and Group Services. During the 52 weeks ended 29 September 2018 the Group merged its Taverns and Leased operational teams, meaning that it is no longer possible to separate their performance and profitability. The results of the merged operations are now presented as one combined 'Taverns' segment in the reporting to the chief operating decision maker and management decisions are made on a combined basis. The results for the 26 weeks ended 31 March 2018 have been restated to reflect the merging of these two segments.

NOTES

3 NON-UNDERLYING ITEMS

In order to illustrate the underlying trading performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results. These non-underlying items comprise exceptional items and other adjusting items.

Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group. As management of the freehold and leasehold property estate is an essential and significant area of the business, the threshold for classification of property related items as exceptional is higher than other items.

Other adjusting items comprise the revenue and expenses in respect of the ongoing management of the remainder of the portfolio of pubs disposed of in the period ended 4 October 2014. The pubs subject to the management agreement no longer formed part of the Group's core activities and the Group did not have the ability to make strategic decisions in respect of them. As such it has been considered appropriate to exclude the results of these pubs from the Group's underlying results.

	30 March 2019 £m	31 March 2018 £m
Exceptional operating items		
Impact of change in rate assumptions used for onerous lease provisions	**1.1**	0.7
Reorganisation and integration costs	**4.4**	3.6
Impairment of freehold and leasehold properties	**-**	39.8
Past service cost in respect of Guaranteed Minimum Pension equalisation	**4.6**	-
	10.1	44.1
Other adjusting operating items		
Results in respect of the ongoing management of pubs in the portfolio disposal	**-**	1.4
	-	1.4
Non-underlying operating items	**10.1**	45.5
Exceptional non-operating items		
Net interest on net defined benefit asset/liability	**(0.2)**	0.1
Swap recouponing fees	**0.6**	-
Interest rate swap movements	**7.4**	4.1
	7.8	4.2
Total non-underlying items	**17.9**	49.7

Impact of change in rate assumptions used for onerous lease provisions
The update of the discount rate assumptions used in the calculation of the Group's onerous property lease provisions at the current period end resulted in an increase of £1.1 million (2018: £0.7 million) in the total provision.

Reorganisation and integration costs
During the current period the Group incurred reorganisation and integration costs of £4.4 million (2018: £3.6 million) primarily as a result of the acquisition of the beer business of Charles Wells in the period ended 30 September 2017.

Past service cost in respect of Guaranteed Minimum Pension equalisation
On 26 October 2018 a High Court ruling indicated that Guaranteed Minimum Pensions must be equalised for men and women. This requirement has been reflected in the calculation of the Group's net defined benefit asset/liability at 30 March 2019 and the resulting additional past service cost has been presented as an exceptional item.

Net interest on net defined benefit asset/liability
The net interest on the net defined benefit asset/liability in respect of the Group's defined benefit pension plan was a credit of £0.2 million (2018: charge of £0.1 million).

Swap recouponing fees
On 27 March 2019 the Group recouponed the interest rate swap that fixes the interest rate payable on the floating rate elements of its A1, A2, A3 and B securitised notes. The recouponing has had the effect of reducing the fixed interest rate paid for the next five years and increasing the fixed interest rate paid in the final four years of the swap's term. The Group incurred fees of £0.6 million in relation to this transaction.

Interest rate swap movements
The Group's interest rate swaps are revalued to fair value at each balance sheet date. For interest rate swaps which were designated as part of a hedging relationship a loss of £16.9 million (2018: £3.2 million) has been recognised in the hedging reserve in respect of the effective portion of the fair value movement and a gain of £3.0 million (2018: loss of £0.4 million) has been recognised in the income statement within non-underlying items in respect of the ineffective portion. In addition £5.3 million (2018: £5.4 million) has been reclassified from the hedging reserve to underlying finance costs in the income statement in respect of the cash paid in the period.

For interest rate swaps which were not designated as part of a hedging relationship the fair value movement has been recognised within the income statement. The cash paid of £1.2 million (2018: £1.2 million) has been recognised within underlying finance costs to ensure that underlying finance costs reflect the resulting fixed rate paid on the associated debt. The remainder of the fair value movement, a loss of £10.4 million (2018: £3.7 million), equal to the change in the carrying value of the interest rate swaps in the period or from when hedge accounting ceased to be applied, has been recognised within non-underlying items.

As a result of the above swap recouponing the hedging relationship between this interest rate swap and the associated debt ceased to meet the qualifying criteria for hedge accounting as the hedge effectiveness requirements were no longer met. The cumulative hedging loss existing in equity at 27 March 2019 remained in equity and will be recognised when the forecast transaction is ultimately recognised in the income statement. Fair value movements in respect of this interest rate swap after 27 March 2019 have been recognised wholly in the income statement.

NOTES

3 NON-UNDERLYING ITEMS (CONTINUED)

Impact of taxation
The current tax credit relating to the above non-underlying items amounts to £1.7 million (2018: £1.0 million). The deferred tax credit relating to the above non-underlying items amounts to £1.5 million (2018: £5.7 million).

Prior period non-underlying items
At 28 January 2018 the Group's freehold and leasehold properties were revalued by independent chartered surveyors on an open market value basis. The resulting revaluation adjustments were recognised in the revaluation reserve or income statement as appropriate. The amount recognised in the income statement comprised:

	31 March 2018 £m
Impairment of other intangible assets	0.1
Reversal of impairment of other intangible assets	(0.3)
Impairment of property, plant and equipment	70.6
Reversal of impairment of property, plant and equipment	(31.4)
Impairment of assets held for sale	0.4
Valuation fees	0.4
	39.8

During the period ended 4 October 2014 the Group disposed of a portfolio of 202 pubs and subsequently entered into a four year lease and five year management agreement in respect thereof. During the period ended 30 September 2017 the Group entered into new 15 year leases in respect of 22 of the properties and these were removed from the management agreement. All of the other pubs were removed from the arrangements by the purchaser before the end of the four year lease term in December 2017. The Group no longer had strategic control of the pubs whilst they were subject to the management agreement and they did not form part of its core activities. As such the results in respect of the ongoing operation and management of these pubs were classified as a non-underlying item, comprised as follows:

	31 March 2018 £m
Revenue	0.9
Operating expenses	(2.3)
	(1.4)

4 FINANCE COSTS AND INCOME

	30 March 2019 £m	31 March 2018 £m
Finance costs		
Bank borrowings	**6.8**	5.6
Securitised debt	**21.1**	22.9
Finance leases	**0.7**	0.7
Other lease related borrowings	**9.8**	8.2
Other interest payable and similar charges	**1.0**	0.8
	39.4	38.2
Exceptional finance costs		
Net interest on net defined benefit asset/liability	**-**	0.1
Swap recouponing fees	**0.6**	-
	0.6	0.1
Total finance costs	**40.0**	38.3
Finance income		
Deposit and other interest receivable	**(0.3)**	(0.2)
	(0.3)	(0.2)
Exceptional finance income		
Net interest on net defined benefit asset/liability	**(0.2)**	-
	(0.2)	-
Total finance income	**(0.5)**	(0.2)
Interest rate swap movements		
Hedge ineffectiveness on cash flow hedges	**(3.0)**	0.4
Change in carrying value of interest rate swaps	**10.4**	3.7
	7.4	4.1
Net finance costs	**46.9**	42.2

NOTES

5 TAXATION

The underlying taxation charge for the 26 weeks ended 30 March 2019 has been calculated by applying an estimate of the underlying effective tax rate for the 52 weeks ending 28 September 2019 of approximately 15.7% (26 weeks ended 31 March 2018: approximately 16.8%).

	30 March 2019 £m	31 March 2018 £m
Current tax	**2.4**	2.6
Deferred tax	**0.2**	(3.2)
	2.6	(0.6)

The taxation charge/(credit) includes a current tax credit of £1.7 million (2018: £1.0 million) and a deferred tax credit of £1.5 million (2018: £5.7 million) relating to the tax on non-underlying items.

6 EARNINGS PER ORDINARY SHARE

Basic earnings per share are calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held on trust for employee share schemes.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Underlying earnings per share figures are presented to exclude the effect of exceptional and other adjusting items. The Directors consider that the supplementary figures are a useful indicator of performance.

	30 March 2019		31 March 2018	
	Earnings £m	**Per share amount p**	Earnings £m	Per share amount p
Basic earnings/(loss) per share	**16.5**	**2.6**	(12.8)	(2.0)
Diluted earnings/(loss) per share*	**16.5**	**2.6**	(12.8)	(2.0)
Underlying earnings per share figures				
Basic underlying earnings per share	**31.2**	**4.9**	30.2	4.8
Diluted underlying earnings per share	**31.2**	**4.9**	30.2	4.7

*The 2018 diluted loss per share is the same as the basic loss per share as the inclusion of the dilutive potential ordinary shares would reduce the loss per share and as such is not dilutive in accordance with IAS 33 'Earnings per Share'.

	30 March 2019 m	31 March 2018 m
Basic weighted average number of shares	**632.6**	633.4
Dilutive options	**8.7**	7.6
Diluted weighted average number of shares	**641.3**	641.0

7 PROPERTY, PLANT AND EQUIPMENT

	£m
Net book amount at 30 September 2018	2,408.1
Additions	70.5
Net transfers to assets held for sale and disposals	(21.8)
Depreciation, revaluation and other movements	(18.8)
Net book amount at 30 March 2019	**2,438.0**

	£m
Net book amount at 1 October 2017	2,360.7
Additions	85.9
Net transfers to assets held for sale and disposals	(28.5)
Depreciation, revaluation and other movements	(50.7)
Net book amount at 31 March 2018	**2,367.4**

The net profit on disposal of property, plant and equipment, intangible assets and assets held for sale was £3.7 million (2018: £5.0 million). A profit on disposal of £4.0 million (2018: £5.5 million) has been included within the Group's underlying results.

Revaluation/impairment
During the current and prior period various properties were reviewed for impairment and/or material changes in value.

At 28 January 2018 independent chartered surveyors revalued the Group's freehold and leasehold properties on an open market value basis. These valuations were incorporated into the financial statements and the resulting revaluation adjustments were taken to the revaluation reserve or income statement as appropriate.

NOTES

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The impact of the revaluations/impairments described above is as follows:

	30 March 2019 £m	31 March 2018 £m
Income statement:		
Impairment	**-**	(70.6)
Reversal of past impairment	**-**	31.4
	-	(39.2)
Revaluation reserve:		
Unrealised revaluation surplus	**1.7**	170.3
Reversal of past revaluation surplus	**-**	(161.7)
	1.7	8.6
Net increase/(decrease) in shareholders' equity/property, plant and equipment	**1.7**	(30.6)

8 NET DEBT

Analysis of net debt	30 March 2019 £m	Cash flow £m	Non-cash movements and deferred issue costs £m	29 September 2018 £m
Cash and cash equivalents				
Cash at bank and in hand	**159.2**	117.8	-	41.4
	159.2	117.8	-	41.4
Financial assets				
Other cash deposits	**2.0**	(118.0)	-	120.0
	2.0	(118.0)	-	120.0
Debt due within one year				
Bank borrowings	**(31.6)**	(29.7)	(1.9)	-
Securitised debt	**(32.1)**	15.5	(16.4)	(31.2)
Finance leases	**(0.2)**	7.4	(0.1)	(7.5)
Other lease related borrowings	**0.3**	-	-	0.3
Other borrowings	**(120.0)**	-	-	(120.0)
	(183.6)	(6.8)	(18.4)	(158.4)
Debt due after one year				
Bank borrowings	**(330.1)**	(45.4)	2.6	(287.3)
Securitised debt	**(728.9)**	-	16.2	(745.1)
Finance leases	**(20.2)**	-	(0.1)	(20.1)
Other lease related borrowings	**(336.6)**	-	(0.2)	(336.4)
Preference shares	**(0.1)**	-	-	(0.1)
	(1,415.9)	(45.4)	18.5	(1,389.0)
Net debt	**(1,438.3)**	(52.4)	0.1	(1,386.0)

Other borrowings represent the amounts drawn down under the securitisation's liquidity facility. During the period ended 4 October 2014 the facility's provider, the Royal Bank of Scotland Group plc, had its short-term credit rating downgraded below the minimum prescribed in the facility agreement and as such the Group exercised its entitlement to draw the full amount of the facility and hold it in a designated bank account. The corresponding balance of £120.0 million held in the relevant bank account is included within cash and cash equivalents (at 29 September 2018: £120.0 million within other cash deposits). The amounts drawn down can only be used for the purpose of meeting the securitisation's debt service obligations should there ever be insufficient funds available from operations to meet such payments. As such these amounts are considered to be restricted cash.

Included within other cash deposits is an amount of £0.3 million (at 29 September 2018: £0.3 million within cash and cash equivalents), which relates to a letter of credit with Royal Sun Alliance Insurance, and an amount of £1.4 million (at 29 September 2018: £1.4 million within cash and cash equivalents), which relates to a letter of credit with Aviva. Included within cash and cash equivalents is an amount of £6.6 million (at 29 September 2018: £6.7 million), which relates to collateral held in the form of cash deposits. These amounts are also considered to be restricted cash. In addition, any other cash held in connection with the securitised business is governed by certain restrictions under the covenants associated with the securitisation.

Reconciliation of net cash flow to movement in net debt	30 March 2019 £m	31 March 2018 £m
Increase/(decrease) in cash and cash equivalents in the period	**117.8**	(11.8)
Decrease in other cash deposits	**(118.0)**	-
Cash inflow from movement in debt	**(52.2)**	(55.0)
Change in debt resulting from cash flows	**(52.4)**	(66.8)
Non-cash movements and deferred issue costs	**0.1**	2.5
Movement in net debt in the period	**(52.3)**	(64.3)
Net debt at beginning of the period	**(1,386.0)**	(1,329.1)
Net debt at end of the period	**(1,438.3)**	(1,393.4)

8 NET DEBT (CONTINUED)

Reconciliation of net debt before lease financing to net debt	30 March 2019 £m	31 March 2018 £m
Cash and cash equivalents	**159.2**	42.8
Other cash deposits	**2.0**	120.0
Bank borrowings	**(361.7)**	(310.7)
Securitised debt	**(761.0)**	(791.4)
Other borrowings	**(120.0)**	(120.0)
Preference shares	**(0.1)**	(0.1)
Net debt before lease financing	**(1,081.6)**	(1,059.4)
Finance leases	**(20.4)**	(27.7)
Other lease related borrowings	**(336.3)**	(306.3)
Net debt	**(1,438.3)**	(1,393.4)

9 FINANCIAL INSTRUMENTS

The only financial instruments which the Group holds at fair value are trade loans and derivative financial instruments, which are classified as at fair value through profit or loss or derivatives used for hedging.

Fair value hierarchy
IFRS 13 'Fair Value Measurement' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data.

The tables below show the levels in the fair value hierarchy within which fair value measurements have been categorised:

	30 March 2019				29 September 2018			
Assets as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Trade loans	**-**	**-**	**9.6**	**9.6**	-	-	-	-

	30 March 2019				29 September 2018			
Liabilities as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments	**-**	**196.5**	**-**	**196.5**	-	177.5	-	177.5

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior period. Trade loans were reclassified as financial assets at fair value through profit or loss upon adoption of IFRS 9 'Financial Instruments' at the start of the current period. Under IAS 39 'Financial Instruments: Recognition and Measurement' trade loans were previously classified as loans and receivables and were held at amortised cost.

The Level 2 fair values of derivative financial instruments have been obtained using a market approach and reflect the estimated amount the Group would expect to pay on termination of the instruments. The Group utilises valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date.

The Level 3 fair values of trade loans reflect the loan balances outstanding net of any deemed impairment.

The fair values of all the Group's other financial instruments are equal to their book values, with the exception of borrowings. The carrying amount less impairment provision of trade receivables and other receivables, and the carrying amount of trade payables and other payables, are assumed to approximate their fair values. The carrying amount (excluding unamortised issue costs) and the fair value of the Group's borrowings are as follows:

	Carrying amount		**Fair value**	
	30 March 2019 £m	29 September 2018 £m	**30 March 2019 £m**	29 September 2018 £m
Bank borrowings	**365.3**	290.2	**365.3**	290.2
Securitised debt	**765.6**	781.1	**716.7**	770.0
Finance leases	**20.4**	27.6	**20.4**	27.6
Other lease related borrowings	**361.7**	361.7	**361.7**	361.7
Other borrowings	**120.0**	120.0	**120.0**	120.0
Preference shares	**0.1**	0.1	**0.1**	0.1
	1,633.1	1,580.7	**1,584.2**	1,569.6

NOTES

10 SIGNIFICANT EVENTS AND TRANSACTIONS

Additional contributions of £4.0 million (26 weeks ended 31 March 2018: £4.0 million) were made in the period to the Marston's PLC Pension and Life Assurance Scheme.

There were no significant related party transactions during the period (26 weeks ended 31 March 2018: none).

Further detail regarding significant events and transactions that have taken place since 29 September 2018 is provided outside of the interim financial statements in the Group Overview and the Performance and Financial Review.

11 CAPITAL COMMITMENTS

Capital expenditure authorised and committed at the period end but not provided for in this interim financial information was £7.4 million (at 29 September 2018: £10.2 million).

12 CONTINGENT LIABILITIES

There have been no material changes to contingent liabilities since 29 September 2018.

13 SEASONALITY OF INTERIM OPERATIONS

The Group's financial results and cash flows have, historically, been subject to seasonal trends between the first and second half of the financial year. Traditionally, the second half of the financial year sees higher revenue and profitability, as a result of better weather conditions.

There is no assurance that this trend will continue in the future.

14 EVENTS AFTER THE BALANCE SHEET DATE

An interim dividend of £17.1 million, being 2.7p (2018: 2.7p) per ordinary share, has been proposed and will be paid on 2 July 2019 to those shareholders on the register at the close of business on 24 May 2019. This interim financial information does not reflect this dividend payable.

15 PRINCIPAL RISKS AND UNCERTAINTIES

The Group set out on pages 32 to 34 of its 2018 Annual Report and Accounts the principal risks and uncertainties that could impact its performance. These risks and uncertainties are summarised as follows:

- The Group's pubs, brands or services fail to attract customers, do not reflect changing customer preferences or offer poor service or quality
- Prices become uncompetitive
- Disruption to key suppliers, particularly those closely involved with day-to-day activities (logistics, food, drink), or shortage of commodities
- Breaches of health and safety or food hygiene regulations
- Network outage or denial of service
- Loss, theft or corruption of data
- Failure to attract or retain the best people
- Breach of covenants with lenders
- Inadequate funding of the pension scheme
- Incorrect reporting of financial results
- Unauthorised transactions
- No Brexit agreement has been reached by the time the UK leaves the EU on 29 March 2019

With the exception of Brexit these remain unchanged since the Annual Report and Accounts was published and are expected to remain unchanged for the second half of the financial year. Although the UK did not leave the EU on 29 March 2019 without a deal, there is still significant uncertainty over Brexit and how it will be implemented. As such there is still a risk that the UK will leave the EU without an agreement being reached, which could impact upon the Group's future performance.

16 INTERIM RESULTS

The interim results were approved by the Board on 15 May 2019.

17 COPIES

Copies of these results are available on the Marston's PLC website (www.marstons.co.uk) and on request from the Group Secretary, Marston's PLC, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.