



*Y Cerrig Glas, Pembroke*



*Bell Inn at Tong*

- H1 trading resilient despite consumer pressures; trading more predictable
- Financial progress - revenue growth, debt reduction, NAV underpin
- Good improvement on the 'inputs' – satisfaction, team engagement, standards
- Continued progress on key strategic objectives
- More stable macro backdrop; improving cost and consumer confidence outlook



**MARSTON'S**

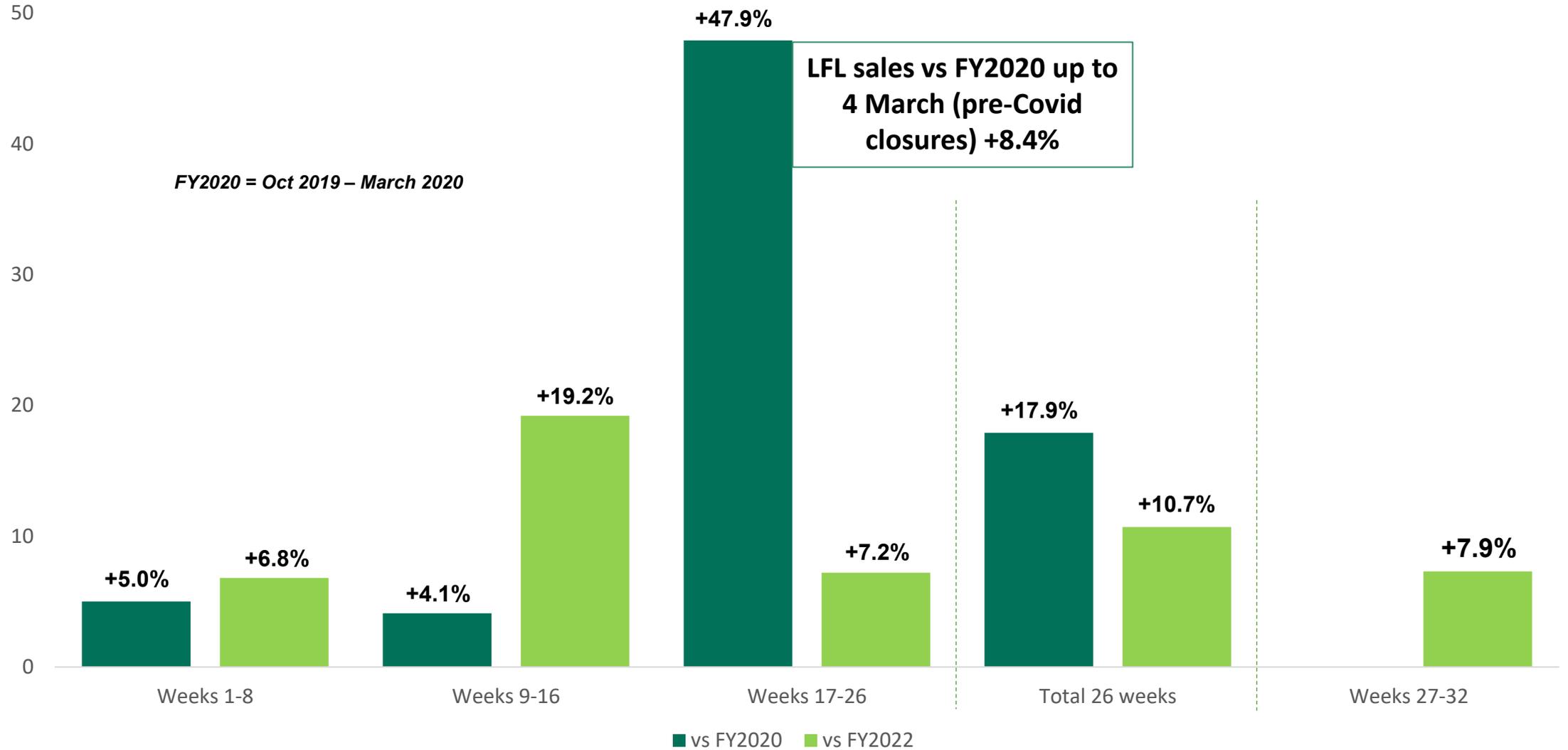
Where people make pubs.

Hayleigh Lupino - CFO

	2023	2022	Comments
Revenue	£407m	£370m	+10.1%
Pub operating profit	£43m	£40m	+8.0%
Income/(loss) from associates	£2m	£(2)m	Earnings growth, £10.6m CMBC dividend received
Loss before tax	£(4)m	£(8)m	Increased interest costs
Loss per share	(0.5)p	(1.0)p	

*Underlying continuing operations results for the period*

# H1 like for like sales performance vs FY2020 and FY2022



	2023 £m	2022 £m	Comments
<b>Operating cash flow (excluding one-off Duty/VAT)</b>	<b>70</b>	<b>80</b>	FY22, excluding exceptional cash flows, £13m working capital timing benefit
Net interest	(41)	(41)	
<b>Pre-investment FCF</b>	<b>29</b>	<b>39</b>	
Capex	(41)	(29)	FY23 – c.£60m-£65m FY24 c.£50-£55m
Disposals	24	3	H1 FY23 - 39% higher than NBV FY23 c.£50m-£60m
<b>Net recurring cash flow</b>	<b>12</b>	<b>13</b>	
<b>Exceptional cash flows</b>			
Deferred Duty and VAT		(50)	Final payment Jan 22
Brewing disposal proceeds		28	£28.2m contingent payment Dec 21
<b>Net cash flow</b>	<b>12</b>	<b>(9)</b>	

	2023 £m	2022 £m	2021 £m
<b>Medium term</b>			
Bank and cash (£300m 2025 facility)	190	191	148
Private placement (2025 facility)	40	40	40
<b>Long term</b>			
Securitisation (2035 maturity)	636	679	705
Property leasing (35–40-year financing)	338	337	337
<b>Net debt pre IFRS 16</b>	<b>1,204</b>	<b>1,247</b>	<b>1,230</b>
Lease obligations under IFRS 16	382	373	382
<b>Net debt post IFRS 16</b>	<b>1,586</b>	<b>1,620</b>	<b>1,612</b>

Continued momentum to reduce borrowings to below £1bn (excl. IFRS 16)

- Property
  - Disposals 39% higher than NBV
  - £24 million of disposal proceeds in H1, £30 million - £35 million expected in H2
  - £2.1 billion estate, 84% freehold underpin
- NAV per share
  - NAV per share increased to 98p from 71p H1 2022
- Pensions
  - £19.3 million accounting surplus vs £15.1 million (Oct 2022)
  - £6m net annual cash outflow, until FY25
  - Next triennial valuation September 2023

- FY2023 – no change to operating cost guidance
  - Interest
    - Increased SONIA rates for the unhedged RCF
    - Bank and PP margin – leverage dependant
    - Issue costs for the new facility, short term 2 year cost
- FY2024
  - Energy H1 fixed at lower levels
  - Food cost outlook improving
  - Interest
    - Securitisation step up





Wighton, Torquay



**MARSTON'S**  
Where people make pubs.

Andrew Andrea - CEO

- Demand to socialise outside home; 'Brand Pub' remains strong
- 'Red Letter' occasions key to success – maximise sales
- Lifestyle changes favour community pubs
- Experience vs Convenience key to growth
  - Enables frictionless price increases
  - Increasing importance of 'best near me' (e.g. sport)
  - Al fresco demand

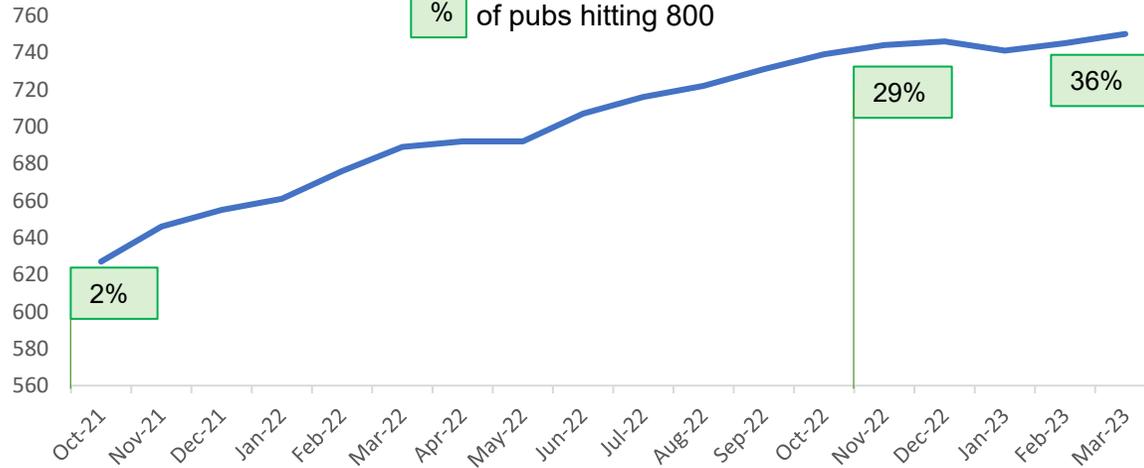
# Our vision – ‘Pubs to be proud of’



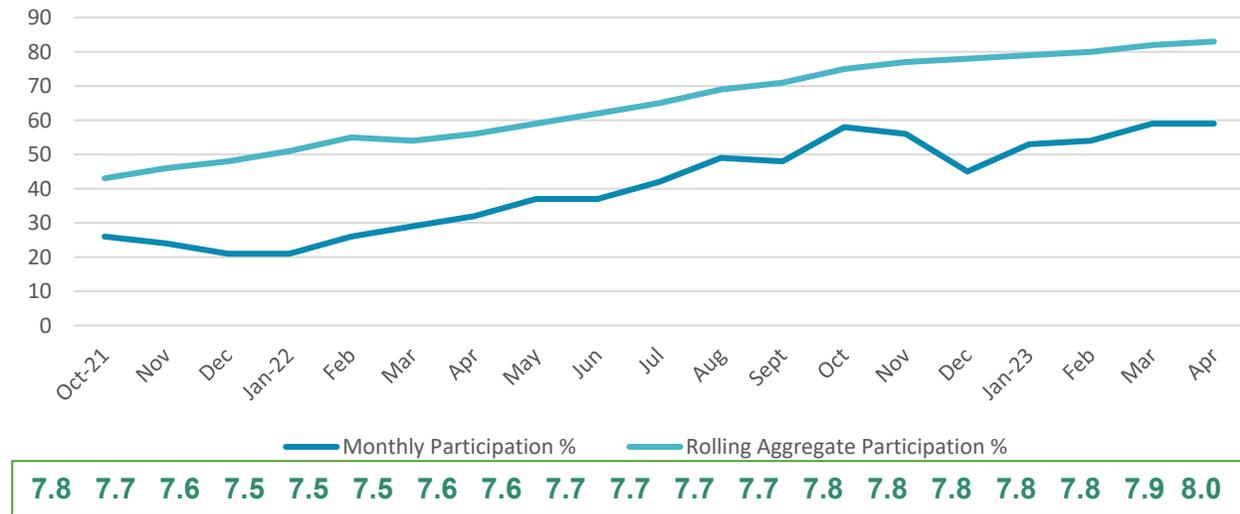
# Pub Goals – satisfaction, team engagement, standards

Rep Score since launch

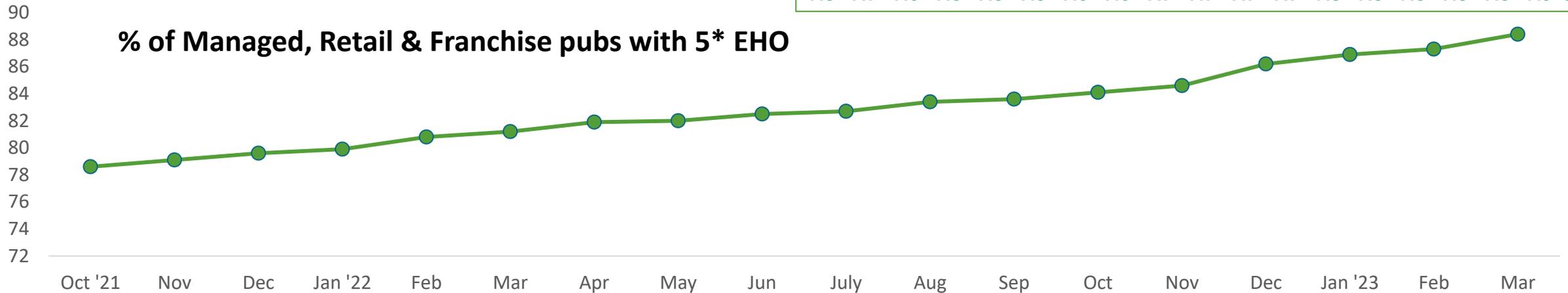
% of pubs hitting 800



Employee Engagement

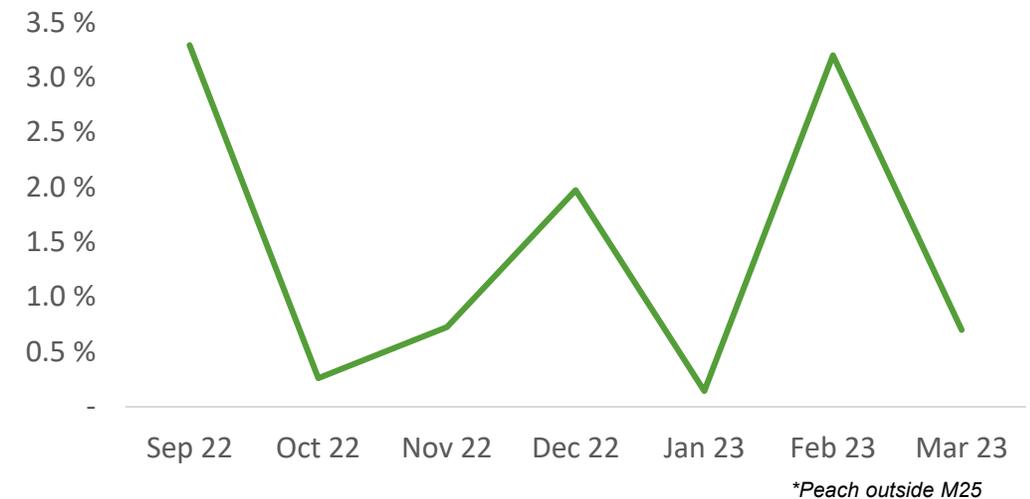


% of Managed, Retail & Franchise pubs with 5\* EHO



- ‘Better than the rest’
  - Consistent outperformance of Peach Tracker in H1
  - Satisfaction – #1 gap reduced from 117 to 11 points
  - Standards – Managed houses moved from #6 to joint #2
  
- ‘Back to a Billion’
  - Sales growth vs FY2019 and FY2021
  - Continued debt reduction; accelerated disposals
  - NAV underpinned by accretive disposals

Marston’s total estate vs Peach\* – LFL sites



- Continued menu simplification
  - Further 7% reduction in menu items (2022:20% reduction)
  - Enhanced 'Rhythm of the Week' offer
  - Specials: 'Earn the Right' philosophy
- New drinks strategy
  - Significant spirits SKU reduction (>50%) to simplify customer offer
  - Enhanced premium draft offer; Simplified price laddering
  - Applied to all pubs – first Managed and Partnership roadshows
- Positive customer and financial impact
  - Food spend per head up 9%; Drink spend per head up 9%
  - Gross margin up 2%
  - Guest scores improving – food quality up 1.3%; speed of service up 1.1%; drink up 0.2%



- 'Pubs to be Proud of'
  - We are a pub business and not a restaurant, casual dining or QSR business
  - Non-branded - reduce complexity and distraction
- 'Engine room' of business is the mainstream market
  - Minimal representation in 'extreme' low value, high volume or premium
- Simplified categorisation
  - 'Community' and 'Signature'; Wet-led and food-led; Revere treated as 'Signature Plus'
  - Data driven cluster planning by area
  - Identify future disposals/acquisition activity
- Shift emphasis away from 'value'
  - Community : Signature mix
    - Food-led 65:35 to 50:50
    - Wet-led 95:5 to 85:15
- Majority of repositioning to be completed by FY2026

- Simplified estate plan reduces requirement to materially reposition estate
- Reduce 'capital risk' of repositioning capex
  - Maximise returns – lower spend = higher return
  - Trialling Signature project at 40% lower cost
  - Capital light repositioning of Rotisserie to Signature
- 'Touch' more pubs at a greater pace
- Embed a more structured maintenance cycle
  - Maintain sales performance of repositioned pubs



Bridge Inn, Wakefield

- Recruit
  - 'People Promise' Employer value proposition driving applications growth
  - Improving social media engagement
  - Community focused campaigns
    - Latitude (ex-offenders) – H2 launch of Marston's/HMP Liverpool Chef Academy
  - Apprenticeships – embedded programme; 280 apprentices
- Reward
  - Continue to pay above NMW rate; cost of living supplements
  - Boost – increasing variable pay reward to pub teams
- Retain
  - Attensi – 'gamified' training. Bronze award at 2022 Global Learning Technologies Awards
  - Marston's Campus – online training platform delivering 90% engagement
  - Aspire – programme for future GM's
  - Courageous Leadership – investment in leadership teams



- 'Franchise style' retail partnerships well established; operates in 715 pubs
  - Pillar – continues to perform well
- Key benefits
  - Sales focused relationship for all stakeholders; 'owner-driver' mindset
  - Full visibility of performance of pub
  - Marston's buying power optimises operating costs of pub
- Seeking to extend to food-led managed sites
  - Four pub trial commenced
  - Replicates commercial proposition as managed
  - Plans to extend to 30 sites in FY2024

- Technology enables team and customer flexibility but will not replace people
  - Most customers want to engage with a person
- Digital – retain existing customers, discover new ones
  - Architecture - pub website overhaul; new email platform
  - Card linked marketing and partnership offers
  - Gift Card launch – ‘Love my Local’
- Customer journey – creating flexibility
  - Booking – centralised control of booking system
  - Order and Pay – accounts for circa 2% of sales
- Operational efficiency
  - Team planner – right team size at the right time
  - Team connector (May trial) – improve team communication and flexibility

- Environment
  - Net zero – Going Green incentive scheme, Zero Carbon forum
  - Innovation – 150 pubs with EV chargers; Waste into resource – cooking oil repurpose
  - Food waste reduction – menu simplification; Too Good to Go
- Social
  - Pay and reward – supporting lower paid workers; one-off cost of living payments
  - Employee engagement – engagement surveys; refreshment at work overhaul
  - Social and charitable partnerships – Trussell Trust partnership
- Governance
  - Strong governance framework embedded through the business
  - D&I – good level of diversity at Board and Exec level cultivating inclusive environment: seven employee networks



- Encouraging H1 performance and start to second half year
  - Pub 'inputs' creating higher quality business
  - Operating profit inline with expectations
  - Cost outlook stabilising; growing consumer confidence
- Well invested community pubs still loved and resilient
- Consistent, clear strategy presents growth and efficiency opportunities
- 'Back to a Billion' focus delivers shareholder value
  - Grow sales, recover margins
  - Reduce debt, improve cash flow
  - Drive NAV – disposals underpin asset value



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Appendices

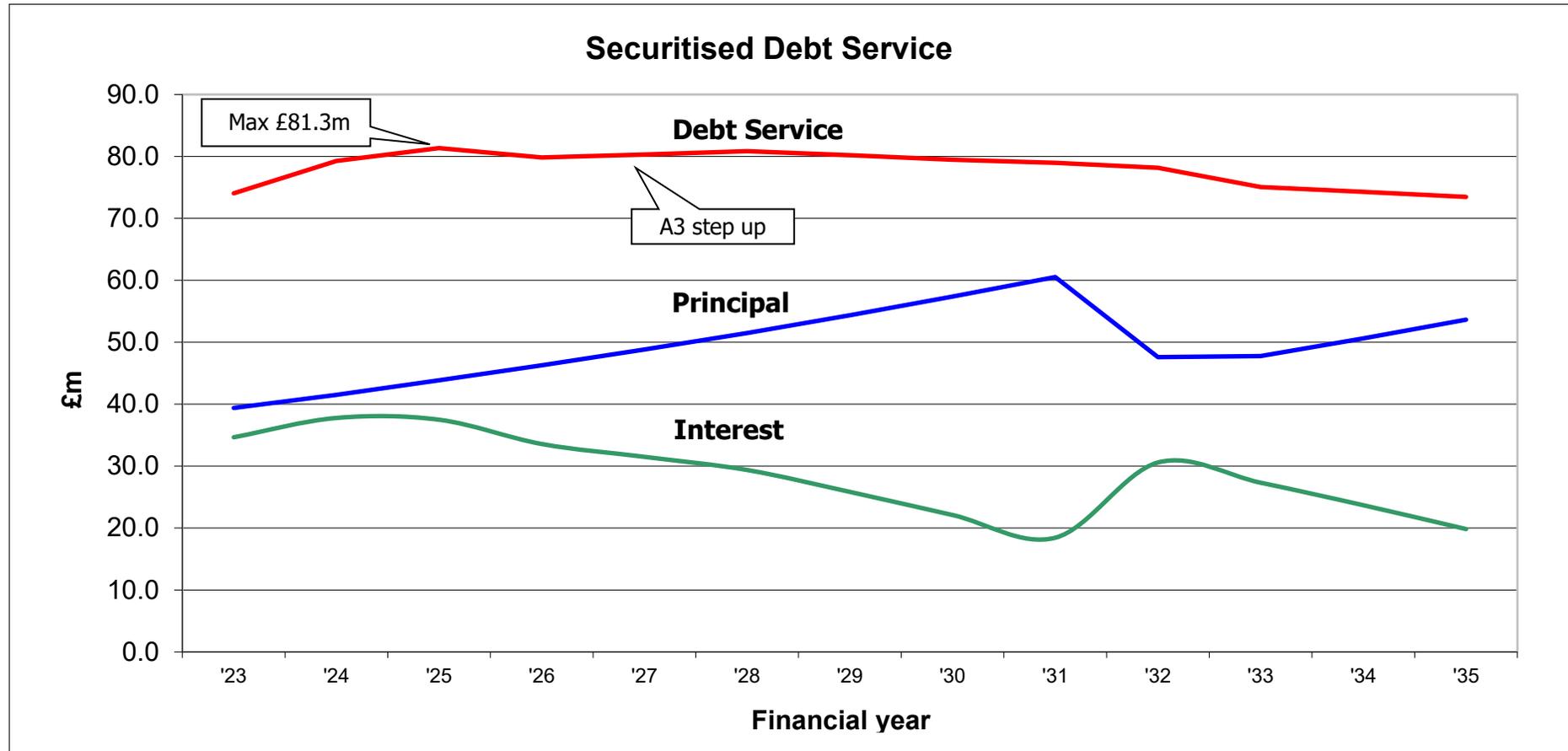
	2023	2022
Revenue	£407m	£370m
Pub operating profit	£43m	£46m
Income/(loss) from associates	£2m	£(2)m
Profit/(loss) before tax	£(38)m	£26m
Earnings/(loss) per share	(4.5)p	3.1p

*Continuing operations results for the period*

	Pubs		Lodges		Total
	Number	Value (£m)	Number	Value (£m)	Value (£m)
Securitized	926	1,148	7	15	1,163
Non-securitized					
Unsecured freehold	150	272	5	11	283
Freehold – property lease	127	326	10	26	352
<b>Total freehold</b>	<b>1,203</b>	<b>1,746</b>	<b>22</b>	<b>52</b>	<b>1,798</b>
Leasehold	237	282	8	13	295
<b>Total</b>	<b>1,440</b>	<b>2,028</b>	<b>30</b>	<b>65</b>	<b>2,093</b>
<b>Freehold mix</b>	<b>84%</b>		<b>73%</b>		

£m	Depreciation		Interest	
	2023	2022	2023	2022
Non-IFRS 16	16.9	16.2	42.0	37.3
IFRS 16	5.9	5.9	6.9	8.1
<b>Total</b>	<b>22.8</b>	<b>22.1</b>	<b>48.9</b>	<b>45.4</b>

Tranche	Type	Principal outstanding at 1 April 2023	Step-up date	Final maturity date
A2	Floating	£143.3m	July 2019	2027
A3	Fixed/floating	£200.0m	April 2027	2032
A4	Floating	£125.6m	October 2012	2031
B	Floating	£155.0m	July 2019	2035
<b>Total</b>		<b>£623.9m</b>		



		FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Principal	£m	39.4	41.5	43.9	46.3	48.8	51.5	54.4	57.4	60.5	47.6	47.8	50.6	53.6
Interest	£m	34.6	37.8	37.6	33.6	31.5	29.4	25.8	22.1	18.4	30.6	27.3	23.7	19.8
Debt service	£m	74.0	79.3	81.5	79.9	80.3	80.9	80.2	79.5	78.9	78.2	75.1	74.3	73.4

	No of Pubs		Revenue (£m)		EBITDA (£m)		Operating profit (£m)	
	2023	2022	2023	2022	2023	2022	2023	2022
Managed and Franchised	1,194	1,185	388.9	352.8	55.9	52.4	33.5	30.7
Tenanted and Leased	246	297	18.2	16.9	10.3	9.8	9.7	9.2
<b>Total</b>	<b>1,440</b>	<b>1,482</b>	<b>407.1</b>	<b>369.7</b>	<b>66.2</b>	<b>62.2</b>	<b>43.2</b>	<b>39.9</b>



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