Preliminary Results 2011
1. Encouraging performance against challenging consumer backdrop
   • Revenue and profit growth, strong margin performance
   • Double digit EPS growth

2. Focused and consistent growth plans
   • New-builds performing ahead of target
   • Continued roll out of Retail Agreement, performing in line with expectations

3. Full year dividend of 5.8p per share with improving cover

4. Clearly defined strategic objectives
   • Sustainable growth
   • Improve ROC
   • Reduce leverage
Andrew Andrea
Chief Financial Officer
## Financial summary

<table>
<thead>
<tr>
<th>52 weeks</th>
<th>2011</th>
<th>2010</th>
<th>% change</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>£682.2m</td>
<td>£650.7m</td>
<td>+4.8%</td>
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<tr>
<td>Operating Margin</td>
<td>22.6%</td>
<td>22.9%</td>
<td>(0.3)%</td>
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<tr>
<td>EBITDA</td>
<td>£195.8m</td>
<td>£188.6m</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>£154.3m</td>
<td>£148.7m</td>
<td>+3.8%</td>
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<tr>
<td>Profit before tax*</td>
<td>£80.4m</td>
<td>£73.5m</td>
<td>+9.4%</td>
</tr>
<tr>
<td>Adjusted EPS*</td>
<td>11.2p</td>
<td>10.0p</td>
<td>+12.0%</td>
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<tr>
<td>CROCCE</td>
<td>9.8%</td>
<td>9.6%</td>
<td>+0.2%</td>
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<tr>
<td>Full Year Dividend</td>
<td>5.8p</td>
<td>5.8p</td>
<td>Level</td>
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<tr>
<td>Dividend Cover</td>
<td>1.9x</td>
<td>1.7x</td>
<td>+0.2x</td>
</tr>
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</table>

*before exceptional items

Revenue, profit and returns growth; dividend cover improving
## Like-for-like performance

### 2011 performance

<table>
<thead>
<tr>
<th>Like-for-like sales*</th>
<th>% change</th>
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</thead>
<tbody>
<tr>
<td>Drink</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Food</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Total</td>
<td>+2.9%</td>
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### Current trading

<table>
<thead>
<tr>
<th>Like-for-like sales*</th>
<th>% change</th>
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<tbody>
<tr>
<td>Drink</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Food</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Total</td>
<td>+3.0%</td>
</tr>
</tbody>
</table>

* excludes any pubs acquired in last two years

### Positive food and drink sales momentum

- **Drink** sales
  - YTD Period: 3.0%, 1.4%, 3.0%, 5.0%, 2.0%, 2.9%
  - Current trading: +3.0%

- **Food** sales
  - YTD Period: 3.0%, 1.4%, 3.0%, 5.0%, 2.0%, 2.9%
  - Current trading: +3.0%
Continuing the improved margin performance
2012 cost outlook

2012 cost pressures will be mitigated
### MPC segmented: 2011 performance

<table>
<thead>
<tr>
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<th>Long-term leases</th>
<th>Retail Agreement estate</th>
<th>Total</th>
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<tbody>
<tr>
<td>No. of pubs</td>
<td>c1,000</td>
<td>c600</td>
<td>c1,600</td>
</tr>
<tr>
<td>Turnover</td>
<td>+0.7%</td>
<td>+22%</td>
<td>+7.7%</td>
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<tr>
<td>Rent</td>
<td>+1.6%</td>
<td>n/a</td>
<td>-</td>
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<tr>
<td>YOY EBIT %</td>
<td>+0.8%</td>
<td>- %</td>
<td>+0.6%</td>
</tr>
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**First 8 weeks:** EBIT growth of 2.0%

**Long-term leases stable, Retail Agreements in growth**
Continued market outperformance

1. Revenue growth
   - Revenue up 0.4%
   - Group ale volume up 2%
   - Strong ale performance in all channels

2. Robust financial performance
   - Operating profit up 0.6%, margins maintained
   - Strong cash generation

3. 2012 cost outlook
   - Circa £1.0m of cost inflation – primarily energy and barley
   - Will be mitigated mainly through price and improved production/distribution efficiency

Ale revenues in growth, higher margins, cost outlook manageable
## Cashflow summary

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<thead>
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<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Comments</th>
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<tr>
<td>Operating cashflow</td>
<td>182.4</td>
<td>189.3</td>
<td>147.3</td>
<td>£13m higher tax</td>
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<tr>
<td>Net interest</td>
<td>(69.9)</td>
<td>(72.6)</td>
<td>(77.3)</td>
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<td>Pre-investment FCF</td>
<td>112.5</td>
<td>116.7</td>
<td>70.0</td>
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<tr>
<td>Net capex*</td>
<td>(94.2)</td>
<td>(63.3)</td>
<td>(32.6)</td>
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<tr>
<td>Pre-dividend FCF</td>
<td>18.3</td>
<td>53.4</td>
<td>37.4</td>
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<tr>
<td>Dividend</td>
<td>(33.0)</td>
<td>(33.0)</td>
<td>(35.9)</td>
<td></td>
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<tr>
<td>Net cashflow</td>
<td>(14.7)</td>
<td>20.4</td>
<td>1.5</td>
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* Net of disposal proceeds  
FCF = Free cashflow

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**Strong pre-investment free cashflow maintained**
## Financing structure

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<th></th>
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<tr>
<td><strong>Securitisation</strong></td>
<td>1,040</td>
<td>• FCF cover: 1.5x vs covenant &gt;1.1x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• EBITDA cover: 1.7x vs covenant &gt;1.5x</td>
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<tr>
<td><strong>Bank facility</strong></td>
<td>126</td>
<td>• Interest cover: 4.3x vs covenant &gt;3.0x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Debt to EBITDA: 1.9x vs covenant &lt;4.5x</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• New £257.5m facility to May 2016 with £42.5m accordion</td>
</tr>
<tr>
<td><strong>Net cash</strong></td>
<td>(53)</td>
<td></td>
</tr>
<tr>
<td><strong>Debt issue costs</strong></td>
<td>(12)</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td><strong>1,101</strong></td>
<td>• Average cost of net debt c.6.9%</td>
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<tr>
<td><strong>Leverage</strong></td>
<td><strong>5.6x</strong></td>
<td>• 2010 5.7x</td>
</tr>
<tr>
<td><strong>Interest cover</strong></td>
<td><strong>2.1x</strong></td>
<td>• 2010 2.0x</td>
</tr>
</tbody>
</table>

**Leverage reducing, stable and flexible finance structure**
Core Strategic Objectives

1. Sustainable Growth
   - Turnover £m
     - 2010: 651
     - 2011: 682
     - +5%
   - EBITDA £m
     - 2010: 189
     - 2011: 196
     - +4%
   - EPS (pence per share)
     - 2010: 10.0p
     - 2011: 11.2p
     - +12%

2. Reduce Leverage
   - Debt: EBITDA
     - 2010: 5.7x
     - 2011: 5.6x
     - 0.1x lower

3. Improve ROC
   - CROCCE %
     - 2010: 9.6%
     - 2011: 9.8%
     - +0.2%

Progress on all strategic objectives
Dealing with the downturn

Macro/environment
Discretionary spend under pressure
Inflation above pay settlements
Prolonged economic uncertainty

Consumers
Value
Service
Quality
Consistency

Licensees
Business building
Financial assistance
Access to buying power

Strategy
Relevant
Focused and clear
Consistent

Strategy adapted to current consumer and customer trends
Trends in consumer expenditure

Eating out > food > non-food

Source: *BRC Tracker

** Coffer Peach Tracker
Clear divisional strategies

**STRATEGY**

- Exploit and develop competitive advantage in pubs and brewing sectors

**KEY COMPONENTS**

- ‘F-Plan’
- New-build investment
- Innovative agreements
- Greater control of retail offer
- Localness
- Premium ales

**OBJECTIVES**

1. Sustainable growth
2. Lower gearing ratios
3. Increased ROC

A clear strategy focused on growth and return
‘F-Plan’: differentiation in food retailing

- **Food**
  - Award winning menus
  - Food stories - the narrative behind the plate
  - Comfort food or stretch your taste buds!

- **Families**
  - “I love my food”
    - Our award winning menu
  - Contented child = happy parent
  - Everybody’s welcome; family inclusive play areas

- **Females**
  - “I always feel safe and welcome”
  - Addressing healthy eating concerns
  - Table service – away from the bar

- **40/50’s and beyond**
  - Understanding the ‘Ageless Society’
  - A relaxed, unhurried environment
  - Fantastic everyday value
  - Accessibility

A strategy for today’s and tomorrow’s consumer
Pub formats

Category

Destination
253

Taverns
213

Branded High Street
26

Formats

Two for One Milestone

Community pubs

Pitcher & Piano Bluu

Growth Investment

New-build Impact gardens

EIP Impact Gardens

Regular refresh

Broad pub formats for all consumers
Excellent customer satisfaction scores consistently higher than industry average
Two for One

INNS AND TAVERNS

- Strong lfl sales
  - Wet  +6%
  - Food  +8%

- High food mix  61%
  - Kids meals  +25%
  - 11 million meals per annum

- Quality offer encourages trading up
  - Starters  +20%
  - Desserts  +26%
  - Coffee  +20%

Consistent, value for money format driving growth
Impact gardens investment

- Modest investment
  - 9 investments of c.£50k each
  - High impact investment
  - Recreating “the cult of the home”

- Enhanced performance
  - Turnover up £4.5k per week
  - EBITDA uplift of £87k per annum

- Strong returns
  - ROIC c.165%
  - Payback in seven months

Wheatsheaf, Baslow

20 planned in 2012
New-build performance

<table>
<thead>
<tr>
<th></th>
<th>2009 target</th>
<th>Pre 2010 sites</th>
<th>Post 2010/11 sites</th>
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<tbody>
<tr>
<td>Turnover per week</td>
<td>£20k</td>
<td>£21k</td>
<td>£27k</td>
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<tr>
<td>EBITDA conversion</td>
<td>30%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Food mix</td>
<td>55%</td>
<td>57%</td>
<td>62%</td>
</tr>
<tr>
<td>Food spend per head</td>
<td>c.£6.00</td>
<td>c.£6.00</td>
<td>c.£6.50</td>
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<tr>
<td>EBITDA ROI*</td>
<td>15%</td>
<td>17.3%</td>
<td>18.6%</td>
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</table>

*annualised pro-forma

Strong performance continues; investment at 5.4x EBITDA
MAT Performance on new-build sites: 55 sites 2005-2011*

**North West**
- 14 pubs
- AWT: £25k
- EBITDA ROI: 18%

**Wales**
- 6 pubs
- AWT: £23k
- EBITDA ROI: 18%

**South West**
- 7 pubs
- AWT: £23k
- EBITDA ROI: 16%

*sites trading at least 3 months

Strong trading across all regions, key factor is pub location and offer
New-build performance

INNS AND TAVERNS

Cobblestones, March

Blue Jay, Derby

Running Horse, Fakenham

The Orchard at Amesbury
Flexible Operating Models

Operating Model

Tenanted
- Bespoke offer
- Higher food mix
- Entrepreneur taking risk
- More skilled operator driving stability

Franchise
- Standardised consumer proposition
- Every day value
- Lower risk for licensee
- Turnover focused operator

Flexibility ensures right pub, right operator, right model
Three year profit performance

Return to absolute EBIT growth, trends improving
1. Post-conversion performance

Turnover p.w.

<table>
<thead>
<tr>
<th>Period</th>
<th>Volume MAT</th>
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<tbody>
<tr>
<td>12</td>
<td>150</td>
</tr>
<tr>
<td>1</td>
<td>170</td>
</tr>
<tr>
<td>2</td>
<td>190</td>
</tr>
<tr>
<td>3</td>
<td>210</td>
</tr>
<tr>
<td>4</td>
<td>230</td>
</tr>
</tbody>
</table>

2. 2010 sites improving:

- Turnover per week: £3,700 => continuing to improve
- EBITDA: £45kpa => achieving EBITDA target
- ROIC: 45% => approx. 2 year payback
- Food mix: 13%

Turnover and profit improvement being achieved
Retail Agreement appeal

Retailer
- High number of applicants – 3x higher than traditional tenancy
- Retention high
- High approval rating – 93% recommend

Consumer
- Leverage managed house insights and disciplines
- Refurbished pub: “best place around here”
- Consistent marketing offer
- Value for money focus

Peers
- Others introducing alternative models...
  - but all still have rent and beer price issues
- Tenanted Pubco of the Year Award

Increased control over retail offer
1. Enhanced licensee support
   - Combined commercial department
   - Revenue generating support
   - Access to Group buying power

2. Improved licensee quality
   - Internal code of conduct introduced
     - Process designed to reduce risk of tenant failure
   - Minimum “skill-bar” for licensees

3. Agreement flexibility
   - Focus on overall commercial structure that suits licensee
   - Flexibility on drinks pricing and tie arrangements
     - Includes free of tie

4. Selective capital investment
   - Recognise quality licensees need investment support
   - Investments consistent with proven managed house projects (e.g. gardens)

Focus on growth and business building driving stability
Continued progress in beer

1. Group ale up 2% despite a declining market
   • Innovation assisting growth, fastcask™ now 20% of cask ale brewed

2. Localness
   • Independent Free Trade success continues
     - 7% increase in customers
     - Cask ale up 4%
   • Local marketing support maintained

3. Premium
   • Leading market share in premium cask and premium bottled ale
   • National marketing support
     - Pedigree – Official Beer of England Cricket
     - Hobgoblin – Unofficial “Beer of Halloween”

4. Asset utilisation driving strong EBITDA return
   • Tetley and Bass brewing
   • Contract bottling, trunking

Focused strategy driving consistent and strong returns
Summary

1. Clear, consistent and focused strategy

2. Strategy designed to respond to long-term consumer and customer trends

3. Progress on all three strategic objectives

4. Current trading encouraging

Improving trends, clear agenda for growth
INDIAN TOURISTS COME TO ENGLAND

And suffer an Attack

Of the Trotts

It's all about Pedigree
Appendices
2,148 pubs

Marston’s Pubs Limited
276 Managed pubs
1,554 Tenanted pubs
1,830

+

Other Group companies
218 Managed pubs
100 Tenanted pubs
318

+ 85% of pubs are securitised
### Segmental analysis

<table>
<thead>
<tr>
<th></th>
<th>H1 2011</th>
<th>H2 2011</th>
<th>2010</th>
<th>£m</th>
<th>%</th>
<th>2011</th>
<th>H2 2011</th>
<th>2010</th>
<th>£m</th>
<th>%</th>
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<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td></td>
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<tr>
<td>Marston’s Inns and Taverns</td>
<td>181.7</td>
<td>175.4</td>
<td>3.6%</td>
<td>210.1</td>
<td>198.4</td>
<td>5.9%</td>
<td>391.8</td>
<td>373.8</td>
<td>4.8%</td>
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<td>85.9</td>
<td>82.2</td>
<td>4.5%</td>
<td>98.0</td>
<td>88.6</td>
<td>10.6%</td>
<td>183.9</td>
<td>170.8</td>
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<td>50.3</td>
<td>51.6</td>
<td>(2.5%)</td>
<td>56.2</td>
<td>54.5</td>
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<td>106.5</td>
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<td>Marston’s Group Services</td>
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<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
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<td><strong>Total</strong></td>
<td>317.9</td>
<td>309.2</td>
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<td>364.3</td>
<td>341.5</td>
<td>6.7%</td>
<td>682.2</td>
<td>650.7</td>
<td>4.8%</td>
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<td><strong>EBITDA</strong></td>
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<td>54.7</td>
<td>49.3</td>
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<td>91.2</td>
<td>84.6</td>
<td>7.8%</td>
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<td>45.1</td>
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<td>89.6</td>
<td>88.4</td>
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<td>25.0</td>
<td>24.9</td>
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<td>(5.1)</td>
<td>(4.7)</td>
<td>(8.5%)</td>
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<td><strong>Total</strong></td>
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<td>195.8</td>
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<tr>
<td><strong>Operating Profit</strong></td>
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<td>44.5</td>
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<td>71.0</td>
<td>65.1</td>
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<td>40.7</td>
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<td>1.0%</td>
<td>79.3</td>
<td>78.8</td>
<td>0.6%</td>
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<td>7.2</td>
<td>1.4%</td>
<td>9.0</td>
<td>9.0</td>
<td>0.0%</td>
<td>16.3</td>
<td>16.2</td>
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<td>(6.0)</td>
<td>(5.7)</td>
<td>(5.3%)</td>
<td>(6.3)</td>
<td>(6.7)</td>
<td>(10.5%)</td>
<td>(12.3)</td>
<td>(11.4)</td>
<td>(7.9%)</td>
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<tr>
<td><strong>Total</strong></td>
<td>66.4</td>
<td>65.5</td>
<td>1.4%</td>
<td>87.9</td>
<td>83.2</td>
<td>5.6%</td>
<td>154.3</td>
<td>148.7</td>
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<tr>
<td><strong>Margin %</strong></td>
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<tr>
<td>Marston’s Inns and Taverns</td>
<td>14.6%</td>
<td>14.5%</td>
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<td>21.2%</td>
<td>20.0%</td>
<td>1.2%</td>
<td>18.1%</td>
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<tr>
<td>Marston’s Pub Company</td>
<td>44.9%</td>
<td>46.8%</td>
<td>(1.9%)</td>
<td>41.5%</td>
<td>45.5%</td>
<td>(4.0%)</td>
<td>43.1%</td>
<td>46.1%</td>
<td>(3.0%)</td>
<td></td>
</tr>
<tr>
<td>Marston’s Beer Company</td>
<td>14.5%</td>
<td>14.0%</td>
<td>0.5%</td>
<td>16.0%</td>
<td>16.5%</td>
<td>(0.5%)</td>
<td>15.3%</td>
<td>15.3%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Marston’s Group Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20.9%</td>
<td>21.2%</td>
<td>(0.3%)</td>
<td>24.1%</td>
<td>24.4%</td>
<td>(0.3%)</td>
<td>22.6%</td>
<td>22.9%</td>
<td>(0.3%)</td>
<td></td>
</tr>
<tr>
<td><strong>Finance Costs</strong></td>
<td>(37.2)</td>
<td>(37.7)</td>
<td>1.3%</td>
<td>(36.7)</td>
<td>(37.5)</td>
<td>2.1%</td>
<td>(73.9)</td>
<td>(75.2)</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>29.2</td>
<td>27.8</td>
<td>5.0%</td>
<td>51.2</td>
<td>45.7</td>
<td>12.0%</td>
<td>80.4</td>
<td>73.5</td>
<td>9.4%</td>
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</tr>
<tr>
<td>Description</td>
<td>2011</td>
<td>Forecast 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of shares in 2011</td>
<td>568.9m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of shares in issue as at 1 October 2011</td>
<td>568.9m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional dilutive number of shares</td>
<td>3.1m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax rate</td>
<td>c.21%</td>
<td>22 - 24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>£111m</td>
<td>£100-110m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposal proceeds</td>
<td>c.£15m</td>
<td>c.£30m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
### Securitisation results £m

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual</th>
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</thead>
<tbody>
<tr>
<td>Gross debt(1) outstanding as at 1 Oct 2011</td>
<td>1,039.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>131.3</td>
</tr>
<tr>
<td>Free cashflow (FCF)</td>
<td>113.4</td>
</tr>
<tr>
<td>Debt service (DSCR)</td>
<td>77.7</td>
</tr>
</tbody>
</table>

### Financial covenants

<table>
<thead>
<tr>
<th>Covenants</th>
<th>Actual</th>
<th>Covenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF : DSCR</td>
<td>1.5x</td>
<td>&gt;1.1x(2)</td>
</tr>
<tr>
<td>EBITDA : DSCR</td>
<td>1.7x</td>
<td>&gt;1.5x(3)</td>
</tr>
<tr>
<td>Net worth</td>
<td>£572.8m</td>
<td>£90m</td>
</tr>
</tbody>
</table>

---

(1) before debt issue costs  
(2) restricted payment covenant >1.3x  
(3) restricted payment covenant only  

---

**Strong headroom on securitised covenants**
## Securitisation debt profile

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Type</th>
<th>Principal outstanding at 1/10/2011</th>
<th>Step-up Date</th>
<th>Final Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Floating</td>
<td>£162.1m</td>
<td>July 2012</td>
<td>2020</td>
</tr>
<tr>
<td>A2</td>
<td>Fixed/Floating</td>
<td>£214.0m</td>
<td>July 2019</td>
<td>2027</td>
</tr>
<tr>
<td>A3</td>
<td>Fixed/Floating</td>
<td>£200.0m</td>
<td>April 2027</td>
<td>2032</td>
</tr>
<tr>
<td>A4</td>
<td>Floating</td>
<td>£228.6m</td>
<td>October 2012</td>
<td>2031</td>
</tr>
<tr>
<td>AB1</td>
<td>Floating</td>
<td>£80.0m</td>
<td>October 2012</td>
<td>2035</td>
</tr>
<tr>
<td>B</td>
<td>Fixed/Floating</td>
<td>£155.0m</td>
<td>July 2019</td>
<td>2035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>£1,039.7m</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Securitisation profile

- Total DS
- DS pre Interest Income
- Interest
- Principal
- Deposit interest
- Financial year

- A1 Stepup
- A2 B1 Stepup
- A4 AB1 Stepup
- Max £86.3m/£84.2m
- A3 Stepup