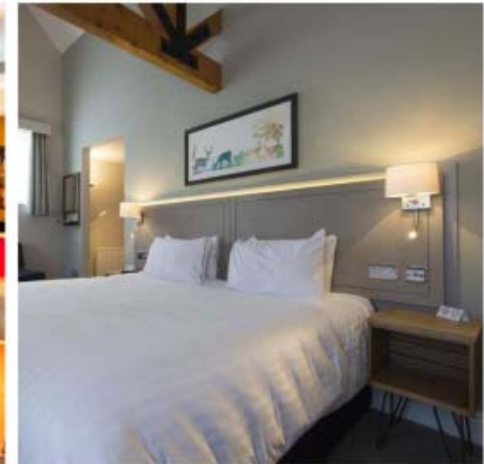


Interim Results 2018



Ralph Findlay,
Chief Executive Officer

Andrew Andrea,
Chief Financial and Corporate
Development Officer



Ralph Findlay
Chief Executive Officer

The Leeds Club

HIGHLIGHTS

1. Continued progress in 2018

- Turnover up 20% to £528m
- PBT growth of 8%, EPS in line reflecting share issuance
- Dividend maintained at 2.7 pence per share
- Proforma leverage down and fixed charge cover maintained

2. Pub profit growth in challenging market

- Like-for-like sales unchanged in managed and franchised pubs
- Wet-led pubs growth. Destination impacted by weather
- Profit per pub +1%
- Six pubs and bars and six lodges opened

3. Brewing in growth

- Growth from underlying business and CWBB
- Market share gains in on and off-trade

4. Anticipate full-year growth in revenue and PBT

- 15 pubs and bars and 6 lodges
- Annualisation of CWBB benefit



Strong results despite poor weather in H1

CLEAR STRATEGY AND GROWTH PLANS, VALUABLE ASSETS

Clear strategy	Good track record	Valuable assets, secure financing	Clear growth plans
<p>Pubs</p> <p>Organic growth Broad sector representation No significant tail</p>	<p>Increasing profit per pub</p> <p>Like-for-like sales Margin control Growing beer market share</p>	<p>£2.2bn estate value</p> <p>93% freehold 59% LTV NAV 142p</p>	<p>2018</p> <p>Proforma CWBB New pub openings New lodges</p>
<p>Brewing</p> <p>Market leader in premium ale Licensed portfolio - lager - craft Leading service business</p>	<p>Creating value</p> <p>CROCCE > WACC Attractive dividend payout</p>	<p>Secure financing</p> <p>Long-term structure Bank facility to 2023 Fixed Charge Cover 2.6x</p>	<p>Beyond 2018</p> <p>New-build pipeline Beer Co opportunities</p>

Consistent strategy underpinned by strong asset base

MARKET DYNAMICS

Consumer outlook

- Leisure spend anticipated to grow
- Eating out vs drinking out
- Signs of consumer caution
- Consumer experience is key



Sector supply

- Slowdown in opening rates
- Some closures in casual dining
- Freehold opportunities outside hotspots
- Increased opportunity alongside residential development



Economic, Political

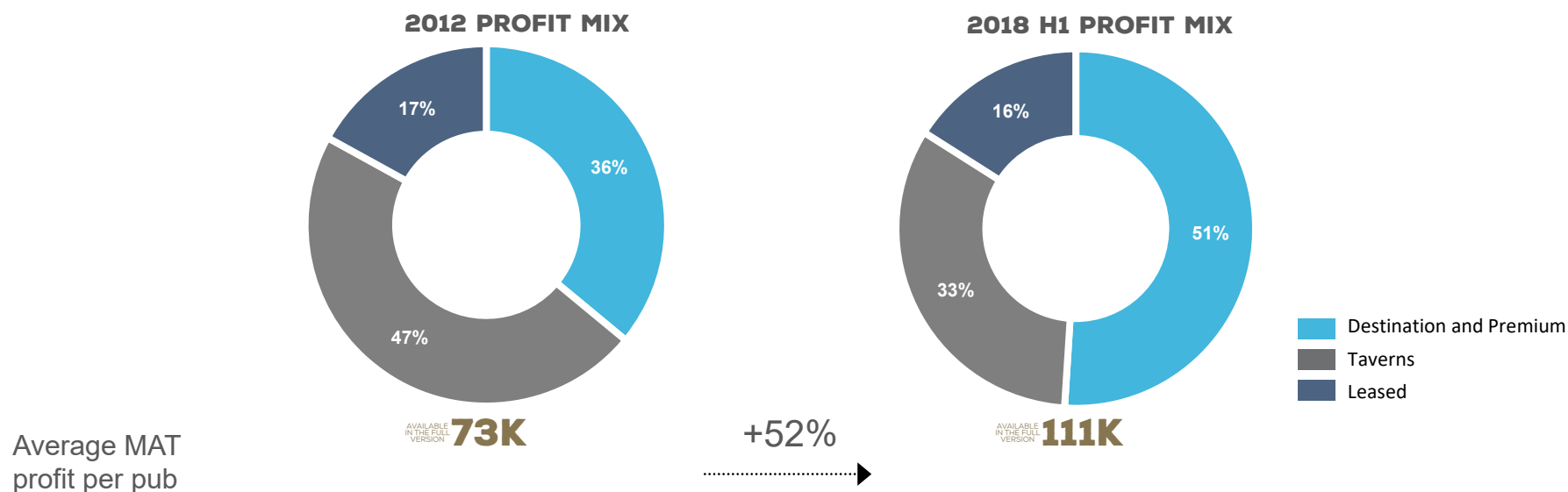
- Regulatory and tax cost increases likely
- Limited direct interest rate exposure
- No material Brexit impact anticipated
- Growing importance of health agenda



Dynamics remain unchanged – challenging but opportunities for growth

PUB SEGMENTATION

2018	Operating profit £m	No. of pubs	Average no. of pubs	Average profit per pub vs LY%
Destination and Premium	34.6	402	393	-4
Taverns	24.5	806	810	+3
Leased	14.1	356	363	+2
Total	73.2	1,564	1,566	+1



High quality and balanced portfolio delivering long-term profit growth

DESTINATION: OFFERING “VALUE FOR EXPERIENCE”

Pub values

- A place to socialise and dine
- Focus on drinks category management
- Traditional pub food
- Entertainment, live music

Premiumisation

- Design, ambience
- Premium brands
- Menu development



Service

- Flexibility
- ‘Firebrand’ development
- EPOS investment



Moving customer focus away from price to experience

ACCOMMODATION- PUB & LODGE INCREASINGLY ATTRACTIVE

Stand-alone rationale

- Good locations, strong demand
- Business/leisure mix
- Opportunity alongside great pubs
- Stand-alone ROC strong
- Access wider leisure market

Pub benefits

- Additional reason to visit
- Incremental income stream for pub
- Smoother trading patterns

2018: strong performance

- MAT RevPAR up 3%
- Six lodges opened including Ebbsfleet – 100+ rooms
- C.1,500 rooms

Future: 5-10 lodges p.a.

- New-build sites
- Existing pub opportunities
- Integrated pub-lodge building under design

Strong rooms performance supports expansion strategy

EBBSFLEET – OUR FIRST 100+ ROOM LODGE



PREMIUM – GROWTH OPPORTUNITIES



Great pubs and bars, beautiful buildings

CHANGES TO CAPITAL ALLOCATION

1. 2018 plans remain unchanged

- 15 pub-restaurants and bars
- 6 lodges

2. 2019 plans – moderate reduction in expansion

- Reflects caution on consumer backdrop
- 10 pubs and bars and 5 lodges
- Land bank pipeline pace being maintained
- £25m reduction in spend vs. 2018
- New openings remain key driver of earnings growth

3. Increased investment in conversions in 2019 and 2020

- Conversion from “Two-for-One”
- C.50 conversions per annum
- £5m additional spend allocated for 2019/20

MARSTON'S BEER CO – UK NO.1 PREMIUM ALE BREWER

Local beer, national scale, premium focus

12,000 distribution points

c.90% external sales

c.75% premium brands



Award winning beers and marketing

Hobgoblin Gold, gold medal at World Beers Awards
Wainwright – MA top cask brand to stock

Hobgoblin – Digital and Social Media Company of the Year – PRCA Dove Awards

Best Ale Supplier MA
Wychwood – Trip Advisor Best Brewery Tour
Ringwood – Visit England “Hidden Gem” Award

Sector leaders

Premium packaged ale
24%

Premium cask ale
23%

Represented in growth segments



Premium strategy demonstrating continued growth and market leadership

MARSTON'S BEER CO – LICENSED AND EXPORT

Licensed

Estrella Damm

- Mediterranean lager



US Craft

- Shipyard – 40% MAT growth
- Founders



Cider

- Kingstone Press



World Beer

- Warsteiner
- Erdinger
- Kirin
- Kaltenberg



Export

- 19 brands sold in 55 countries
- 8% of external volumes

Key target regions:

- Canada
- US
- France
- Russia

Future opportunities

- South America

Growth opportunities in new segments and new markets

MARSTON'S BEER CO – BEST IN CLASS INDUSTRY SERVICE

BREWING

1.4 million brls capacity
Scale lager brewing
73% utilised

Marston's, Banks's and
Eagle Breweries >BRC A
Soil Association Organic
accreditation

Further opportunity

PACKAGING

Bottling and canning
Burton Centre of
Excellence
£8m new canning line

42% of UK PBA



Further opportunity

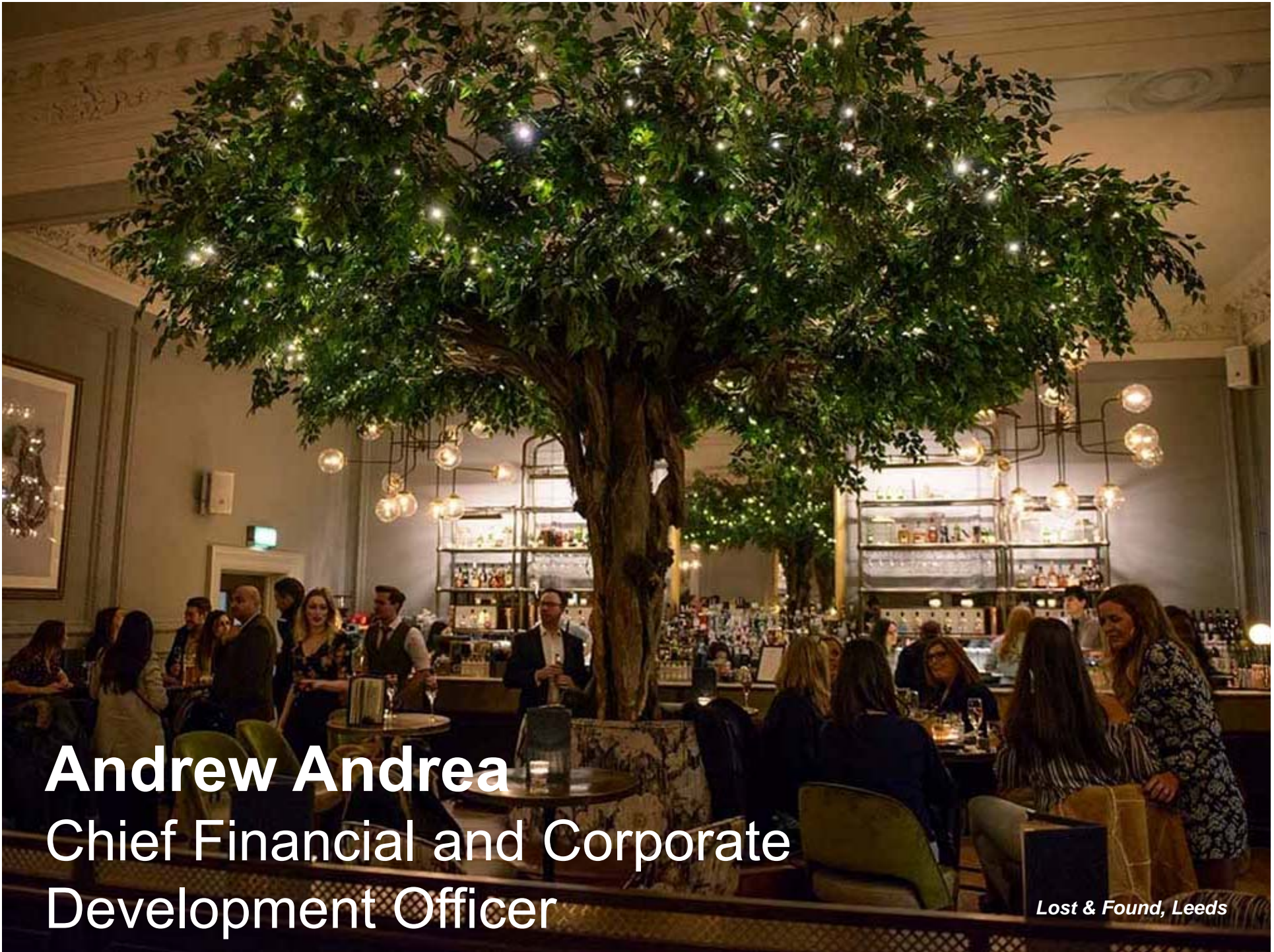
LOGISTICS

13 depots in E & W

Distribution contracts:
Punch B, Hawthorn,
Brakspear

Further opportunity





Profit opportunities from supply chain expertise



Andrew Andrea
Chief Financial and Corporate
Development Officer

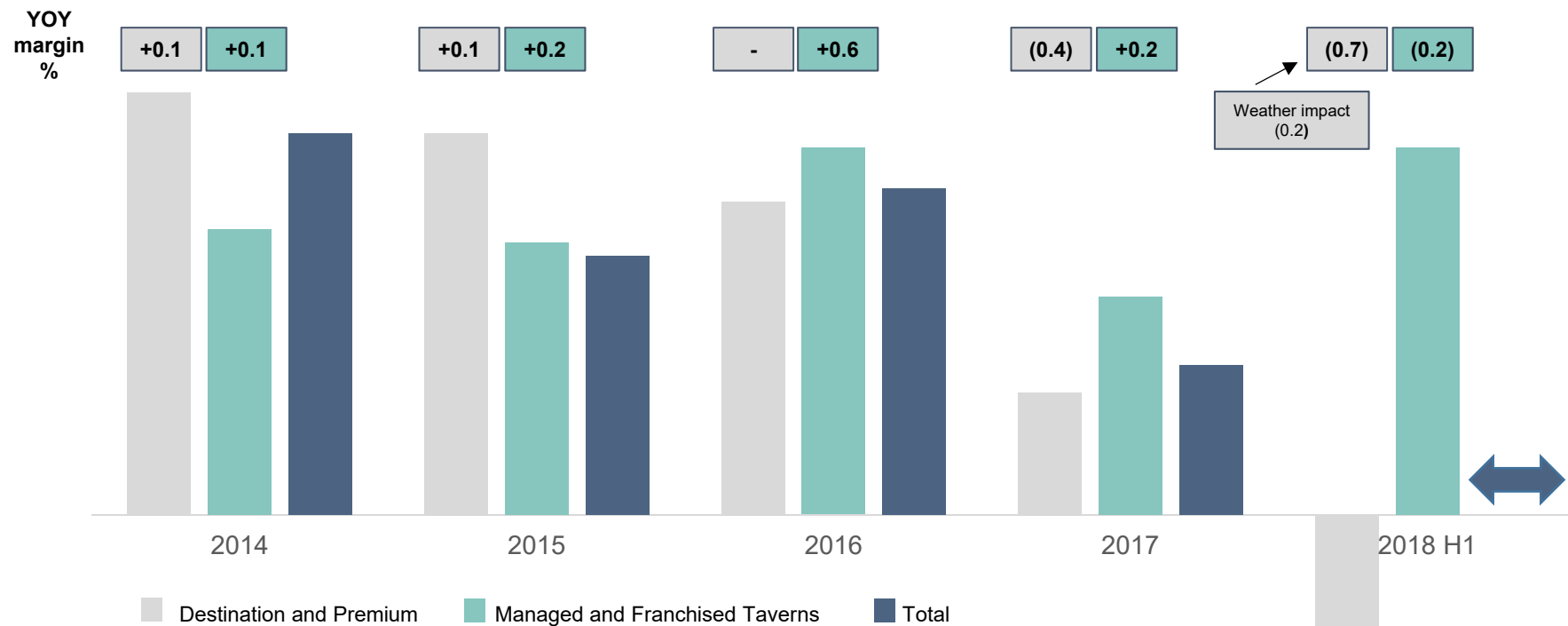
Lost & Found, Leeds

FINANCIAL SUMMARY

	2018	YOY	
Revenue	£528m	 20%	Growth in all trading divisions
EBITDA	£95m	 5%	Growth in all trading divisions
Operating profit	£74m	 5%	
PBT	£36m	 8%	
EPS	4.8 pence	In-line	Reflects equity issuance in May 2017
Dividend	2.7 pence	Unchanged	

Solid PBT growth; dividend unchanged

MANAGED AND FRANCHISE LIKE-FOR-LIKE PERFORMANCE



Robust long-term LFL sales performance, disciplined approach to margins

BEER COMPANY

Turnover £169m
+79%

- Core business in growth
- CWBB – strong Estrella Damm growth
- Distribution contracts – Punch, Hawthorn, Brakspear

Operating profit £13m
+29%

- Strong underlying performance
- CWBB synergies on track – at least £4m

Operating margin
-3%

- CWBB – customer and product mix
- Distribution contracts
- Expect improvement in H2

Strong performance, CWBB on track

COST GUIDANCE

	2018	
Drink	c.2%	<ul style="list-style-type: none"> c.85% fixed for 2018 c.80% contracted to 2020
Food	c.2%	<ul style="list-style-type: none"> c.70% fixed for 2018 c.50% contracted to 2020
Brewing raw materials	c.2%	<ul style="list-style-type: none"> Fixed for 2018
Energy inflation	c.3%	<ul style="list-style-type: none"> c.85% commodity contracted to 2019/20 Increased electricity levies in 2019
Labour cost inflation		
- National Minimum Wage	c.4%	
- National Living Wage		
Apprenticeship levy, NEST	+£1.0m	
Rates	c.4%	
Rent	+£1.5m	

No change to operating cost outlook for 2018. Similar inflationary profile for 2019

CASH FLOW SUMMARY

	2018 £m	2017 £m	
Operating cash flow	63	60	<ul style="list-style-type: none"> • Profit growth • H2 working capital opportunity
Net interest	(43)	(43)	
Pre-investment FCF	20	17	
Organic capex	(46)	(39)	• Full year c.£80m; 2019 c.£80m
Disposals	26	34	• Full year £45-50m; 2019 c.£30m
Dividend	(30)	(27)	
FCF pre new-build and acquisitions	(30)	(15)	
New-build and acquisitions	(37)	(40)	• Full year c.£75m; 2019 c.£50m
Net underlying cashflow	(67)	(55)	

Stronger operating cash flow, capex guidance unchanged, expect strong H2 cashflow

FINANCE STRUCTURE

	2017 £m	2018 £m	Illustrative 2018 (all new-build leasehold) £m
Securitised (amortisation profile to 2035)	820	791	
Bank (£320m facility to 2023)	241	268	
Debt excluding property leasing	1,061	1,059	1,059
Property leasing (35-40 year financing)	261	334	-
Total Debt	1,322	1,393	1,059
Leverage excluding property leasing*	5.0x	4.8x	4.8x
Leverage including property leasing*	6.2x	6.3x	4.8x
Fixed charge cover	2.6x	2.6x	2.6x
Loan to value	59%	59%	52%
EBITDA outside securitisation	c.46%	c.46%	c.46%
Freehold mix	94%	93%	86%

* Proforma EBITDA to account for annualisation of CWBB profits

Property backed finance funding estate expansion

ESTATE VALUATION AND PENSION

1. Estate value broadly in line at £2.2bn

- Impairment of £32m - £40m recognised in P&L offset by increase in revaluation reserve
- Upsides from new-builds and franchised pubs
- Reduced values for value end of Destination

2. September 2017 triennial pension valuation concluded

- Deficit reduced to £40m from £50m in 2014
- Contributions maintained – can be ceased when deficit is cleared
- Current target to clear deficit by 2021/22 assuming no gilt yield benefit



NAV of £1.42 underpinned by strong asset values and limited pension exposure

SUMMARY

- 1. Solid H1 performance**
 - Revenue growth across all segments despite poor weather
 - PBT growth underpins maintained dividend
 - CWBB performance on target
 - 15 new-builds and 6 lodges in current financial year

- 2. NAV 142p per share**
 - Estate valuation confirms £2.2bn asset value – 93% freehold
 - Improved pension deficit – target to clear by 2021/22

- 3. Modest changes to 2019 capital allocation**
 - Reduced new build spend – opening 10 pubs and bars and five lodges
 - Redirect £5m capex into existing estate conversions

- 4. Clear and consistent strategy**

- 5. Revenue and PBT growth anticipated for full year**



Appendices

FINANCIAL SUMMARY – STATUTORY BASIS

	2018	2017
Revenue	£529m	£452m
Operating profit	£29m	£72m
PBT	£(13)m	£37m
EPS	(2.0) pence	5.2 pence

SEGMENTAL PROFIT

	2018 £m	2017 £m	YOY %
Turnover			
Destination & Premium	210.7	202.6	4.0%
Taverns	121.4	118.0	2.9%
Leased	26.8	25.8	3.9%
Beer Division	169.2	94.4	79.2%
Total	528.1	440.8	19.8%
EBITDA			
Destination & Premium	42.9	42.3	1.4%
Taverns	28.4	28.2	0.7%
Leased	14.8	14.6	1.4%
Beer Division	19.1	15.6	22.4%
Group Services	(10.2)	(10.1)	(1.0)%
Total	95.0	90.6	4.9%
EBIT			
Destination & Premium	34.6	34.6	-%
Taverns	24.5	24.1	1.7%
Leased	14.1	13.9	1.4%
Beer Division	13.4	10.4	28.8%
Group Services	(12.3)	(12.0)	(2.5)%
Total	74.3	71.0	4.6%
Margin %			
Destination & Premium	16.4%	17.1%	(0.7)%
Taverns	20.2%	20.4%	(0.2)%
Leased	52.6%	53.9%	(1.3)%
Beer Division	7.9%	11.0%	(3.1)%
Total	14.1%	16.1%	(2.0)%
Finance costs	(38.0)	(37.3)	(1.9)%
Profit before tax	36.3	33.7	7.7%

PUB NUMBERS

	Destination and Premium	Taverns	Leased	Total
2017 Closing	397	806	365	1,568
New-build additions/acquisitions	6	-	-	6
Transfers	-	4	(4)	-
Disposals	(1)	(4)	(5)	(10)
H1 2018 Closing	402	806	356	1,564
2017 average numbers	376	829	370	1,575
2018 average numbers	393	810	363	1,566

HISTORICAL LFL

	Destination and Premium	Taverns	Total
	Total	Total	Total
52 wks to 04/10/14	3.1%	2.1%	2.8%
52 wks to 03/10/15	1.8%	2.0%	1.9%
16 wks to 23/01/16	3.0%	2.7%	
26 wks to 02/04/16	3.0%	3.0%	
16 wks to 23/07/16	1.8%	2.5%	
42 wks to 23/07/16	2.5%	2.8%	
10 wks to 01/10/16	1.8%	2.0%	
52 wks to 01/10/16	2.3%	2.7%	2.4%
16 wks to 21/01/17	1.5%	1.5%	
26 wks to 01/04/17	1.1%	1.1%	1.1%
30 wks to 29/04/17	1.6%	1.7%	
12 wks to 22/07/17	0.6%	2.1%	
42 wks to 22/07/17	1.3%	1.9%	
10 wks to 30/09/17	(0.8%)	0.3%	
52 wks to 30/09/17	0.9%	1.6%	1.1%
16 wks to 20/01/18	(0.9%)	2.6%	0.4%
26 wks to 31/03/18	(1.8%)	2.9%	-

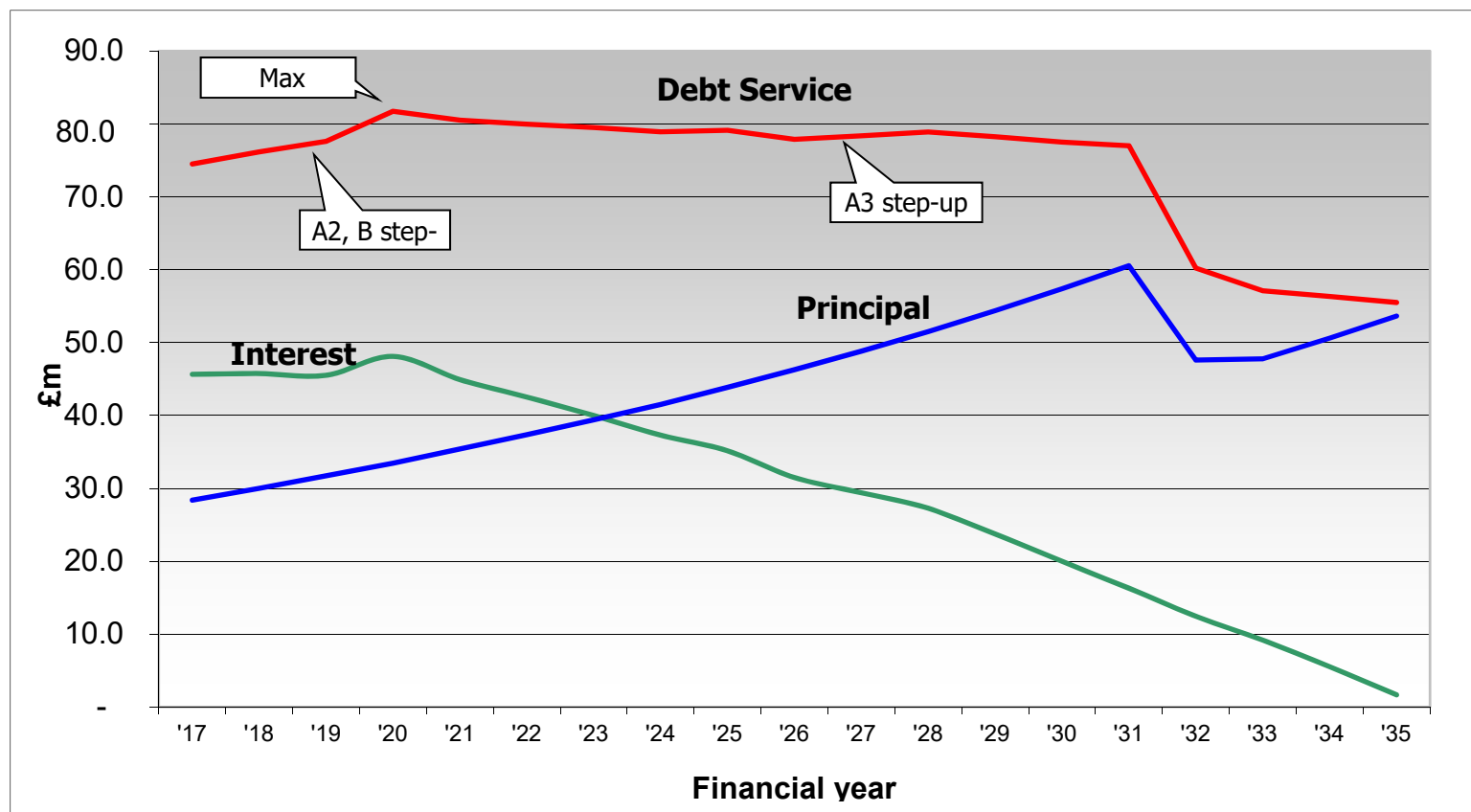
CAPEX, TAX AND SHARE CAPITAL

		Actual 2017	Forecast 2018	Forecast 2019
New-build capex			c.£75m	£50m
Organic capex			c.£80m	£80m
Total			c.£155m	£130m
Disposals			£45-50m	£30m
Net capex			c£110m	£100m
Tax rate		15.6%	c17%	
Average number of shares in 2018			633.4m	
Shares in issue at 31 March 2018			633.1m	
Additional dilutive number of shares			7.6m	

SECURITISED DEBT PROFILE

Tranche	Type	Principal outstanding at 31 March 2018	Step-up date	Final maturity date
A1	Floating	£50.2m	July 2012	2020
A2	Fixed/Floating	£214.0m	July 2019	2027
A3	Fixed/Floating	£200.0m	April 2027	2032
A4	Floating	£177.2m	October 2012	2031
B	Fixed/Floating	£155.0m	July 2019	2035
Total		£796.4m		

SECURITISATION PROFILE



		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
Principal	£m	28.4	30.0	31.7	33.4	35.4	37.3	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	45.6	45.7	45.5	48.1	44.9	42.5	40.0	37.3	35.1	31.5	29.4	27.3	23.7	20.0	16.3	12.4	9.2	5.5	1.7
Debt Service	£m	74.5	76.2	77.6	81.7	80.5	80.0	79.5	78.9	79.1	77.9	78.4	78.9	78.2	77.5	77.0	60.2	57.1	56.3	55.5

CROCCE

CROCCE	FY2017**				FY2016				FY2015				FY2014	FY2013*	FY2012
	Bal	Depn	Reval	Adj	Bal	Depn	Reval	Adj	Bal	Depn	Reval	Adj	Adj	Adj	Adj
NON-CURRENT ASSETS:															
Goodwill	230.3			230.3	227.5			227.5	227.5			227.5	224.2	224.2	224.2
Other intangible assets	67.6	6.8		74.4	37.3	7.5		44.8	37.6	6.6		44.2	30.4	30.2	28.7
Property, plant and equipment	2,360.7	196.6	(624.2)	1,933.1	2,199.4	201.6	(623.1)	1,777.9	2,122.6	187.9	(616.0)	1,694.5	1,628.0	1,674.2	1,653.3
Other non-current assets	10.3			10.3	10.4			10.4	12.1			12.1	11.5	12.8	14.3
CURRENT ASSETS:															
Inventories	40.2			40.2	28.7			28.7	28.2			28.2	23.0	21.5	22.2
Assets held for sale	2.7			2.7	6.6			6.6	18.0			18.0	38.3	59.9	39.2
Trade and other receivables	108.4			108.4	85.0			85.0	84.3			84.3	72.9	69.0	62.5
LIABILITIES:															
Creditors***	(286.9)			(286.9)	(234.3)			(234.3)	(228.5)			(228.5)	(199.0)	(188.4)	(175.2)
CASH CAPITAL EMPLOYED	2,533.3	203.4	(624.2)	2,112.5	2,360.6	209.1	(623.1)	1,946.6	2,301.8	194.5	(616.0)	1,880.3	1,829.3	1,903.4	1,869.2
Weighted average				2,001.9											
EBITDA				213.7				212.7				203.3	192.4	199.1	198.5
CROCCE				10.7%				10.9%				10.8%	10.5%	10.5%	10.6%

*2013 adjusted to exclude 53rd trading week

** 2017 calculated on average net assets to reflect significant acquisition activity during the second half year

*** Creditors comprise trade and other payables, other non-current liabilities and provisions for other liabilities and charges



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