



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

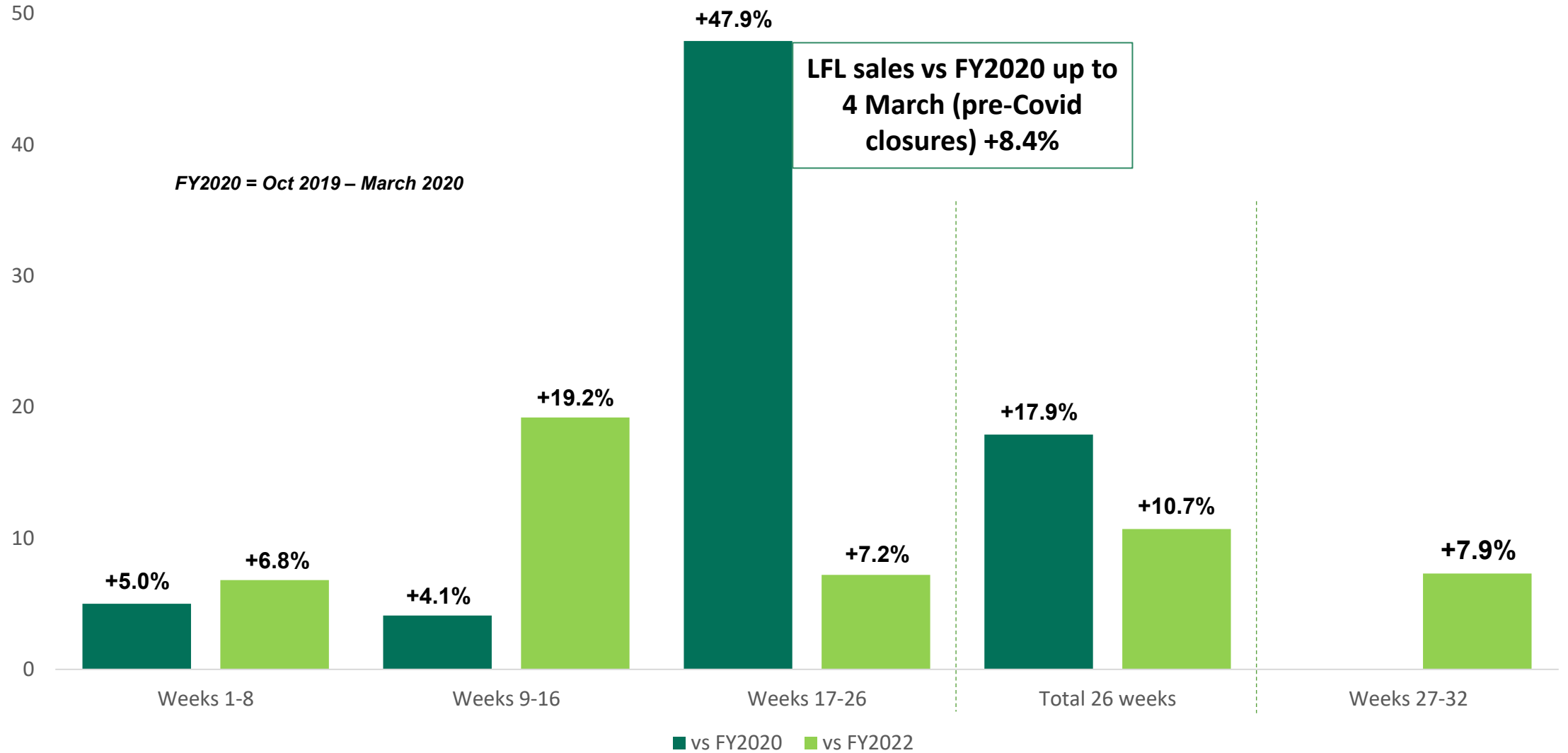
Where people make pubs.

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

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

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



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Where people make pubs.

Andrew Andrea - CEO

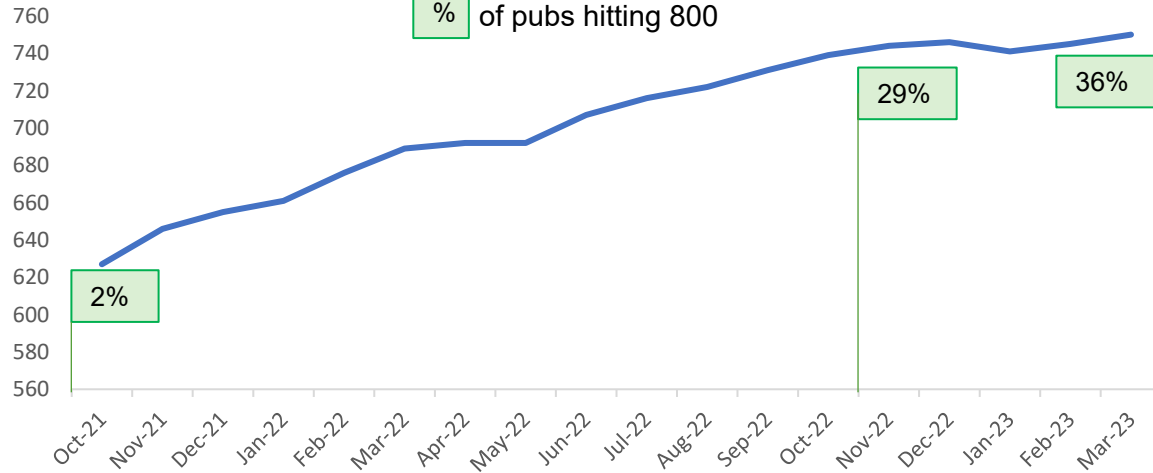
- Demand to socialise outside home; 'Brand Pub' remains strong
- 'Red Letter' occasions key to success – maximise sales
- Lifestyle changes favour community pubs
- Experience vs Convenience key to growth
 - Enables frictionless price increases
 - Increasing importance of 'best near me' (e.g. sport)
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

Our vision – ‘Pubs to be proud of’

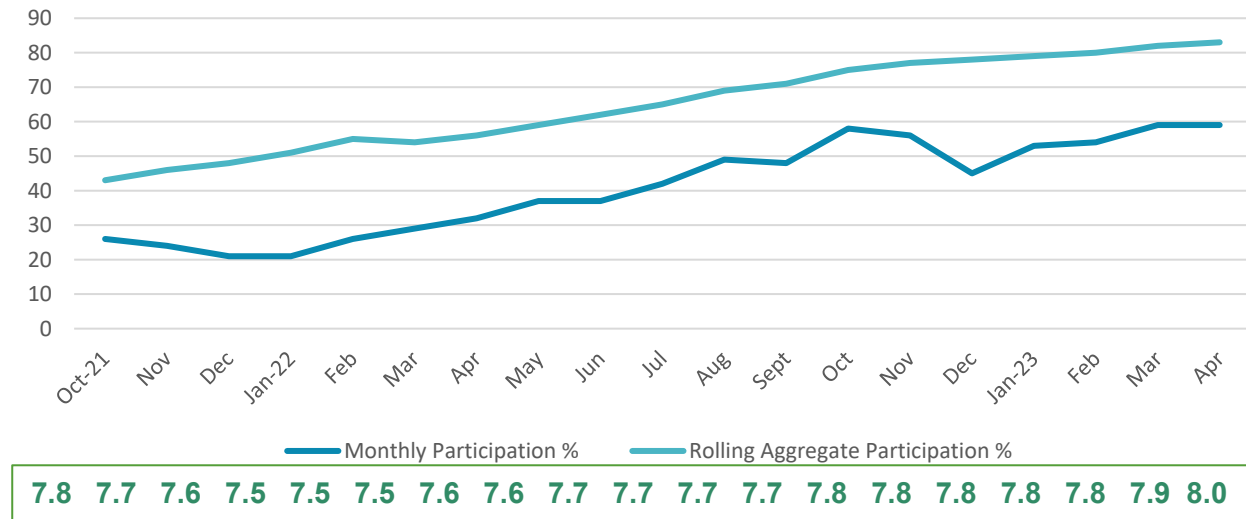


Rep Score since launch

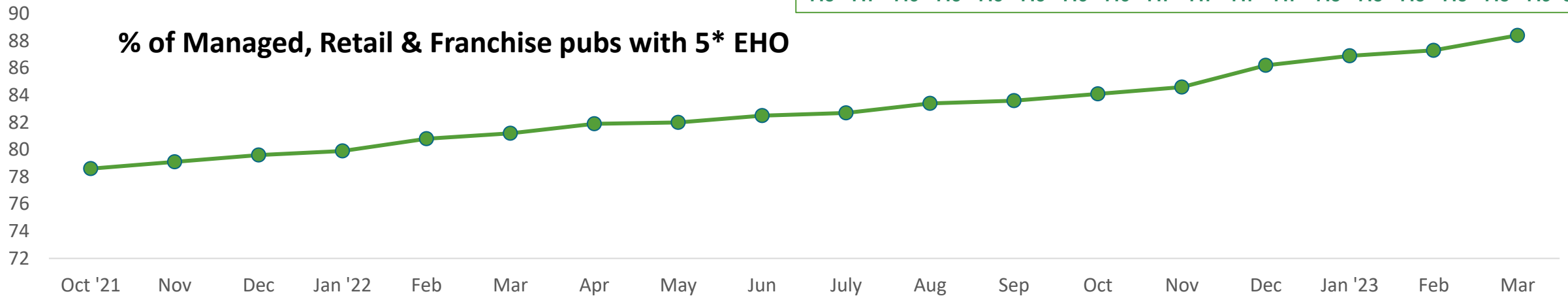
% of pubs hitting 800



Employee Engagement



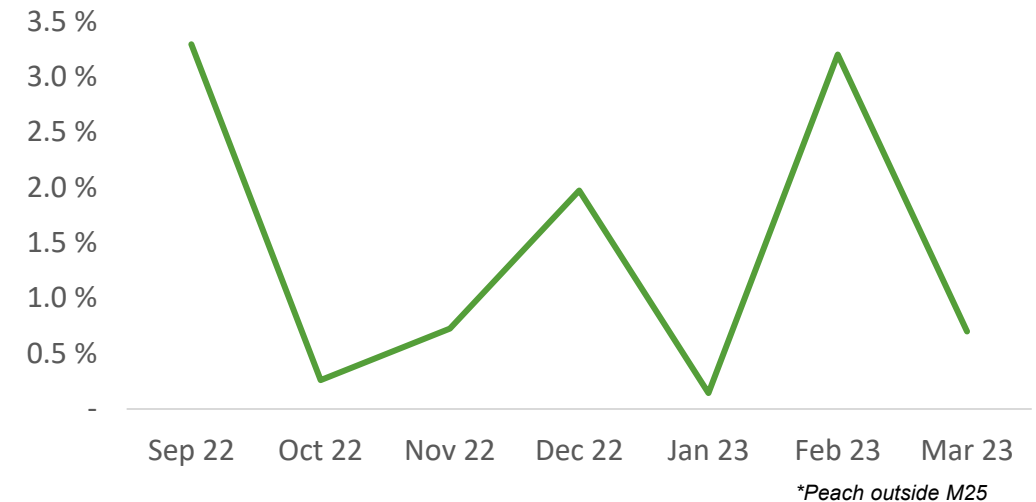
% of Managed, Retail & Franchise pubs with 5* EHO



- ‘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

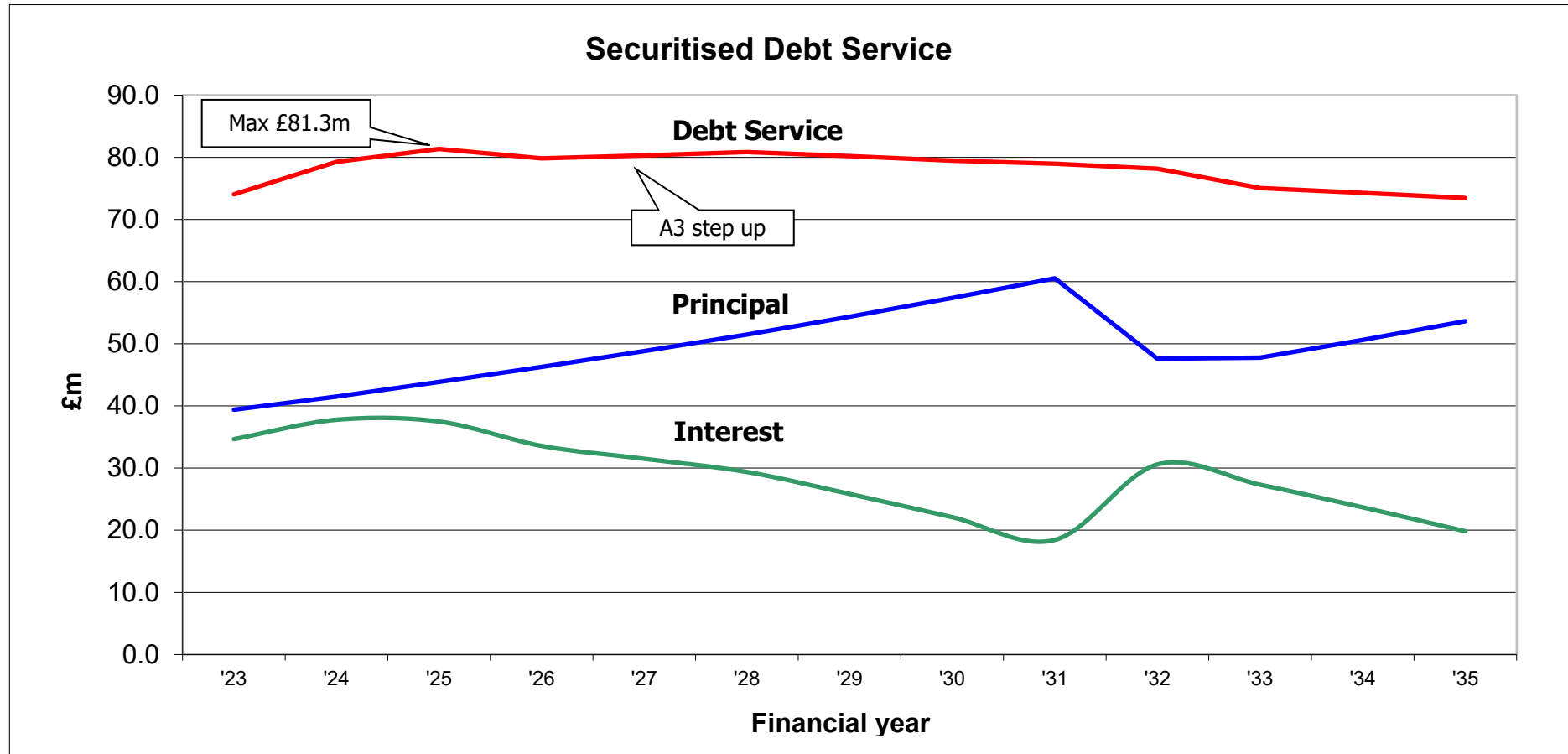
	2023	2022
Revenue	£407m	£370m
Pub operating profit	£43m	£46m
Income/(loss) from associates	£2m	£(2)m
Profit/(loss) before tax	£(38)m	£26m
Earnings/(loss) per share	(4.5)p	3.1p

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
Total freehold	1,203	1,746	22	52	1,798
Leasehold	237	282	8	13	295
Total	1,440	2,028	30	65	2,093
Freehold mix	84%		73%		

£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
Total	22.8	22.1	48.9	45.4

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
Total		£623.9m		



		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
Total	1,440	1,482	407.1	369.7	66.2	62.2	43.2	39.9



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