

CHAIR'S STATEMENT

Sustainable and incremental value creation



“I am confident that the Executive team have positioned Marston’s to deliver sustainable and incremental long-term value for our shareholders.”

KEN LEVER
CHAIR

I chose to join Marston's as Chair due to the high calibre of its people, from the Group's experienced and ambitious Board, to its wider team of energetic and passionate colleagues, who are ambitious for success. In my first few months I have been truly impressed by the dedication I have seen throughout every level of the organisation, particularly given the changes that have taken place.

This past year has been a period of significant change for Marston's, marked by the disposal of the remaining 40% interest in Carlsberg Marston's Brewing Company (CMBC), the embedding of new leadership, and a realignment of our strategic direction. With key appointments to the Board and Executive team, including the appointment of Justin Platt as Chief Executive Officer, we have taken decisive steps to ensure that our leadership is equipped to position our business for growth. We are committed to driving revenue growth through great guest experiences, enhancing our margin by improving operational performance, and carefully managing capital investment to deliver sustainable growth in cash flow and enhance value for our shareholders and stakeholders.

Progress in FY2024 and plans for FY2025

The successful disposal of the remaining interest in CMBC in July marks a turning point for our business. It is the start of a new chapter for Marston's as a pure-play hospitality business with a continuing commitment to reduce debt to a more manageable level. As at the year-end the current net debt (excluding IFRS 16 lease liabilities) stands at £884 million, representing a reduction of approximately £300 million on FY2023.

I was delighted to be asked to make a few introductory remarks at the Capital Markets Day in October. It was a pleasure to be a part of the event. Justin articulated a strategy that aims to position Marston's for sustainable, long-term growth. Central to this strategy is our market-leading operating model and the reformatting of our pubs into five differentiated and consumer-led formats. These formats are designed to offer more tailored experiences for our guests and will be supported by targeted marketing activity aligned to each format, ultimately driving increased footfall and higher spend per visit.

Disciplined capital allocation will be key. The priorities will be investment for growth, divestment of underperforming operations and applying cash flow to further pay down debt, eventually paving the way to the re-instatement of dividends when we are in a position to do so.

Our Board and our Executive management

This year, we have made important changes to the Board and Executive team to further align leadership with the evolving needs of our business.

William Rucker stepped down as Chair of the Board in early July due to other business commitments. William became Chair in 2018 and provided leadership to the Board during a particularly difficult period in the Group's history, including the social and operational impacts of COVID-19 and ongoing liquidity challenges. His final action as Chair was to deliver, alongside Justin, the exit from CMBC. On behalf of the Board, I thank William for the time and commitment he has given to Marston's over the years and wish him well for the future.

Justin Platt joined the Board as Chief Executive Officer in January. His significant experience across both strategy and operations in the hospitality industry is already leading to the generation of new and creative ideas for our business. Justin has made a significant impact in the short time he has been in post, leading the management team in developing our new strategy and positioning the business for long-term growth. His enthusiasm for Marston's and the broader hospitality industry is invigorating, while his clarity of thought and dedication to delivering great guest experiences and nurturing performance driven teams provide me with great excitement for what the future holds.

CHAIR'S STATEMENT continued

Rachel Osborne was also appointed to the Board in January as Non-Executive Director and Chair of the Audit Committee. She brings significant expertise in financial and general management to the Board and succeeds Matthew Roberts as Chair of the Audit Committee.

At the Executive level, Neil Campbell joined the Group as Chief Operating Officer in October, bringing strong sector experience from senior roles at SSP and Whitbread. Meanwhile Ed Hancock, a long-standing member of Marston's leadership team, has taken on the new role of Chief Development Officer, contributing extensive knowledge of both the business and our strategic direction.

Our shareholders

In recent years and continuing throughout 2024, the UK equity market has failed to properly value UK listed businesses, large and small. It is small wonder that Private Equity has capitalised on this opportunity, acquiring a number of UK listed companies. Although Marston's has previously experienced challenges in delivering performance in line with expectations, impacting market confidence, the valuation of the business at such a wide discount from the net tangible asset value does appear to be unjustified. Going forward, the Board's priority will be on value creation and growing the intrinsic value of the business, while better understanding the value gap between the market value and what we believe the intrinsic value to be. Over time, our ambition is to see this value gap reduce for the benefit of our shareholders.

Our People

Finally, none of the significant progress made this year would have been possible without the dedication and hard work of our People. On behalf of the Board, I want to thank every member of the Marston's team for their commitment and effort throughout the year – it has not gone unnoticed.

I would also like to extend my gratitude to our shareholders for their continued support and trust.

As we look ahead to the opportunities and challenges of the coming year, I remain confident that we are well-positioned to deliver outstanding guest experiences, which will in turn provide sustainable and incremental long-term value for our shareholders.