



7 August 2013

## ENTERPRISE INNS (ETI): 119p Q3 Update Conference Call 2014

*Group reassures that trading is in line & that toughest of summer comps are now behind it...*

Year to end-Sep	PBT (£m)	EPS (p)	PER (x)	DPS (p)	Yield (%)
2013 (A)	121.0	19.0	6.3	Nil	Nil
2014 (E)	120.0	18.3	6.5	Nil	Nil
2015 (E)	123.5	18.9	6.3	Nil	Nil

Source: Company & Broker Estimates

Following the release of its trading update for Q3 and the year to date (44w) to 2 August, the group hosted a conference call for analysts and our comments are set out below:

### Trading:

- Beer v Rent? The recovery is 'sales led' with stable rents. The group believes this is the healthiest way in which to grow.
  - The group would like to see its lessees' profitability improving – and the above mix is helpful in this regard.
- Core v Other? Business failures are further reduced.
- World Cup? May have added 50bps.
- Later Easter? May have also added 50bps.
- Outlook for the rest of the summer? Not bad. July was the toughest month & the group managed flat.
- Geography? Flat in the North and Midlands, up in the South

### Other operational:

- Statutory code? Brings helpful clarity. Will be some administrative costs, currently estimated at 'over £1m'

### Capex, debt, cash-flow, balance sheet:

- Around 40% of capex will be expansionary

Find us at:



Recent News Here:

- Today's email
- Recent emails
- A day in the life...
- Who we are, what we do...
- Upcoming news-flow
- Recent company updates
- Thematic pieces
- LinkedIn profile



Market Cap: £596m  
12m range 116p - 168p

- Disposals market? Programme is on track & there is still interest in single sites. No change to recent trends.

Outlook:

- The group is focusing, as it should, on factors that it can control.
- Group would be 'surprised if it could not continue its (modestly) positive trajectory

**Langton Comment:** Overall, this was a short but reassuring conference call.

Enterprise has reassured that trading is in line with expectations and the group has reminded analysts that trading comps get a little tougher throughout Q4.

With this in mind, the 'in-line-with-last-year' performance in the first few weeks of Q4 is helpful. Weather comps are a little less challenging from here on in.

In common with much of the mid-cap market as a whole, Enterprise's shares have been weak over recent months.

However, we would point out that the group's PER is not demanding. Enterprise's shares are now more 'investible' than they have been for a number of years and its shares look attractive.

Contact – Mark Brumby - +44(0)20 7702 3389

[mark.brumby@langtoncapital.co.uk](mailto:mark.brumby@langtoncapital.co.uk)

*This message (and files contained herein) may contain confidential or proprietary information and is intended solely for the use of the individual or organisation to whom it is addressed. If you are not the addressee you should not disseminate, distribute or copy this email or any part thereof. Further, please notify the author immediately by telephone or by replying to this email and then delete all copies of the correspondence from your system. We apologise for any inconvenience that this may have caused. This information is a financial promotion for the purpose of the European Markets in Financial Instruments Directive (MiFID) and FSA's Rules. It has not been prepared in accordance with the legal requirements designed to promote the independence or objectivity of investment research. This document is not based upon detailed analysis by Langton Capital of any market, issuer or security named herein and does not constitute formal research or a research recommendation, either expressly or otherwise. It is not investment advice and does not take into account the investment objectives and policies, financial position or portfolio composition of any recipient. This document should not be relied upon as authoritative or taken in substitution for the exercise of your own commercial judgment. Whilst Langton Capital has taken steps to control the spread of viruses on its systems, it cannot guarantee that this email and any files transmitted with it are virus free. No liability is accepted for any errors, omissions, interceptions, corrupted email, lost communications or late delivery arising as a result of receiving this message via the Internet or for any virus that may be contained in it. Recipients should review independently and / or obtain independent professional advice and draw their conclusions there-from should decide to undertake transactions with third parties. Langton Capital or its employees may have positions in securities mentioned herein. We reserve the right to monitor email messages passing through our network. Langton Capital Limited is authorised and regulated by the Financial Conduct Authority. Langton Capital Limited is registered in England number 07112949.*

[Mark.brumby@langtoncapital.co.uk](mailto:Mark.brumby@langtoncapital.co.uk)

Suite 415, No1 Alie Street, London, E1 8DE  
020 7702 3389