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Leisure: Greene King (GNK): 472p
FY trading update (51w to 24 April)

- GNK has this morning updated on trading for the first 51 weeks of its current financial year (the period to 24 April) and has announced the acquisition of Realpubs for £53.1m
- The group confirms that 'strong trading momentum has continued throughout the second half' and that good weather has 'undoubtedly helped trading in the last few weeks'
- Retail – LfL sales at GNK's managed units are +4.7% at w51 implying a 8.2% growth between w35 and w51
- Belhaven is +4.0%, Cloverleaf is 'delivering strong LfL sales growth' and managed margins will be 'slightly ahead of last year'
- Tenanted & Leased – LfL EBITDA per pub is now running +0.8% to week 48 and average EBITDA per pub is +1.9%
- Beer Company – Own brewed volumes are down by 2.5% but total beer volumes is up 2.0% and the group is outperforming the market. Recent trends are shown below:

Period	Managed (sales/pub %)	Tenanted & Leased (prof/pub)	Belhaven %	Own-brand beer vols %
H1 (24w) 09/10	+4.6	'improving' ,	+8.9 (profit)	+9.4
To w29 09/10	+4.7	'improvement'	+8.9 (LfL sales)	'slowing' +8.3
To w38 09/10	+4.3	-4.9	+7.4 (LfL man'd)	+7.2
To w49 09/10	+3.6	-3.4	+5.6 (LfL man'd)	+3.9
H1 to w24 10/11	+3.8	+0.4 LfL	+3.0 (LfL man'd)	-3.7
30w to 28 Nov	+3.7	+0.6 LfL	+3.3 (man'd)	-3.2
38w to 23 Jan	+3.9	+0.6 LfL	+3.6 (man'd)	-3.3
51w to 24 Apr	+4.7	+0.8 LfL (w38)	+4.0 (man'd)	-2.5

Source: Greene King

- Realpubs will add 14 London pubs, 13 of which are freehold, to the group's estate at a cost of £53.1m and the deal will be accretive from day one
- Aquisition represents c8.4x forecast unit EBITDA, with units averaging £24.5k/week in 2011
- Overall, trading is 'strong' and the group is 'confident for the outcome for the year'

Langcap view: Greene King's trading continues to improve. LfL results for the last 14 weeks (incl the bounce-back from the snow) have been impressive & the group's tenanted units are in LfL growth. The acquisition of Realpubs on the back of that of Cloverleaf earlier in the year will help the group to maintain momentum into 11/12 and forecasts look as though they will be edged up marginally for 2012. The group should earn c48p for the current year and to between 51p and 52p for the year to April 2012. On only a little more than 9x next year's earnings, the group's shares offer good value.

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