

27 July 2011

Leisure: Marston's (MARS): 105p Trading update; 42w to 23 July 11

- Marston's has updated on trading for the 42w to 23 July saying that its performance has continued to be 'encouraging and robust despite the difficult trading environment'
- The company reports that 'profitability is in line with our expectations and we continue to make good progress in each of our divisions'
- Managed house revenues are up by 2.9% LfL over the 42 week period (food +5.0% and wet +1.8%) implying a marginal slowing to c2.0% over June (a World Cup month in 2010 which enjoyed better weather) & managed margin 'has improved compared to last year'
- Tenanted LfL profits are up by some 0.5% over the 42 weeks implying a slight pickup
- Own-brewed beer volumes are up by 2% against a market down by 9.8% in Q2 and down by 3.8% in Q1 – June sales to the off-trade slowed but on-trade sales have remained stable and recent sales trends are as follows:

Period	Managed (sales / pub %)	Tenanted & Leased (LfL prof / pub %)	Own-brand beer volumes %
Full year 08/09	-0.6	-7	+8
H1 09/10	+1.4	-4.5	'Strong H1'
Full year 09/10	+1.7	-3.7	Revenues +4.5%
First 16w of 10/11	+2.1	-1.0	+6
H1 10/11	+2.4	+0.3	+4
2010/11 to w32	+3.2	+0.4	+4
2010/11 to w42	+2.9	+0.5	+2

Source: Marson's,

- Net debt and cash flow are in line with the company's expectations, ten new units have opened y-t-d and the return 'continues to be ahead of our original targets'
- The group describes its businesses as 'resilient' and will comment further at its 8.15am conference call

Langcap Comment: Marston's has once again reassured. Managed houses have remained firmly in positive territory against tough, World Cup comps and trading across the group's tenanted houses has improved marginally. Beer sales have held up in the on-trade and, though few observers expect the economy to be easy this year or next, there are grounds for guarded optimism. All divisions are in growth and the company looks set to earn around 10.8p this year putting Marston's shares on some 9.7x EPS with a yield of around 5.6%. The group will host a meeting for analysts at 8.15am.

Contact

Mark Brumby +44 (0)20 7392 7613
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 therefrom 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 Services Authority. Langton Capital Limited is registered in England number 07112949.