30 November 2017

MARSTON'S PLC
PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2017

A high quality pub and beer business continuing to deliver growth

- **Revenue and earnings growth**

	Underlying			Statutory	
Revenue	**£992.2m**	**Up 10%**		**£1,011.3m**	**Up 8%**
Profit before tax	**£100.1m**	**Up 3%**		**£100.3m**	**Up 24%**
Earnings per share	**14.2p**	**Up 2%**		**14.2p**	**Up 12%**

  - Profit growth in all trading segments
  - Operating cash flow up 17% to £213.6 million, offset by initial working capital impact from Charles Wells Beer Business ("CWBB")
  - Pro-forma leverage down 0.1x to 4.7x, fixed charge cover unchanged at 2.6x
  - Return on capital of 10.7%, 94% freehold asset base, NAV 147p per share

- **Improving quality of pub estate**

  - Average profit per pub up 2%
  - 19 pubs and bars opened, 9 pubs and bars acquired
  - Eight lodges opened, taking estate to over 1,250 rooms

- **Market-leading beer business continues to demonstrate growth**
  - Acquisition of CWBB
  - Strong brand portfolio continues to outperform market
  - Further market share growth, with 21% share of premium packaged ale and 20% share of premium cask ale
  - Supply chain expertise secures three significant distribution contracts with Punch B, Hawthorn Leisure and Brakspear, totalling c.1,700 pubs

- **Final dividend up 0.1p to 4.8p per share; full year dividends up 2.7% to 7.5p per share. Dividend cover maintained at 1.9x.**

- **Well positioned for growth in 2018**
  - Like-for-like sales growth in pub estate in first seven weeks of period
  - Target to open 15 pubs and bars and 6 lodges in the coming year including our largest 100+ room lodge to date in Ebbsfleet
  - Integration of CWBB going well and synergies on track

Commenting, Ralph Findlay, CEO said:

"We have achieved strong revenue growth and higher earnings, despite increasing employment and property costs. Our business has been transformed in recent years with a significant improvement in the quality of both our pub and beer businesses. While political and economic uncertainty is likely to continue, we remain confident that our proposition founded on providing great customer experiences, the very best service and value for money, leaves Marston's positioned to deliver further growth in the year ahead."

Forthcoming Events

Please find below the forthcoming reporting dates for the Group, which are also available on the investor calendar on our website - www.marstons.co.uk/investors

AGM Trading update	23 January 2018
2018 Interim results	16 May 2018
2018 Preliminary results	21 November 2018

ENQUIRIES:

Marston's PLC Tel: 01902 329516
Ralph Findlay, Chief Executive Officer
Andrew Andrea, Chief Financial and Corporate Development Officer

Instinctif Partners Tel: 020 7457 2020
Justine Warren
Matthew Smallwood

An audio webcast of the results presentation will be available at http://webcast.instinctif.tv/886-1178-18944/en on 30 November 2017

NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of 1,568 pubs situated nationally, comprising managed, franchised and leased pubs.
- It is the UK's leading brewer of premium cask and packaged ales, including Marston's Pedigree, Wainwright, Lancaster Bomber and Hobgoblin. The beer portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear and Mansfield beers. Following the acquisition of CWBB, Marston's has added Bombardier, Courage and McEwan's to its brand portfolio most recently, as well as a range of licensed brands including Young's, Founders and Estrella Damm.
- Marston's employs around 14,500 people.
- Leverage is defined as the ratio of net debt before property leases to underlying EBITDA. The calculation has been adjusted to reflect the proforma earnings from the acquisitions of CWBB and the Whitbread pubs during the period.
- Return on Capital is defined as Cash Return on Cash Capital Employed. The calculations are provided in the footnote to the statement.
- The underlying results reflect the performance of the Group before exceptional and other adjusting items. The Directors consider that these figures provide a useful indication of the underlying performance of the Group.

GROUP OVERVIEW

We are pleased to report growth in earnings in each of our trading divisions despite the subdued trading experienced across the sector over the summer. We continued our track record for outperformance in each of our pub businesses for the third year in succession and we continued to grow market share in our leading beer business.

Total underlying revenue increased by 9.5% reflecting the acquisition of the Charles Wells Beer Business ("CWBB"), the contribution from new openings and pub acquisitions and positive like-for-like sales in our pub business. Group operating margins were in line with guidance but behind last year reflecting increased costs in Destination and Premium, the continued impact of converting pubs from tenancy to franchise and the short-term dilution impact of the CWBB acquisition which operates at a lower margin than our existing beer businesses ahead of the synergies to be generated in the next financial year.

Underlying operating profit of £174.5 million (2016: £172.7 million) was up 1.0%.

Underlying profit before tax was up 2.9% to £100.1 million (2016: £97.3 million), principally reflecting the contribution from new pubs and bars and the strong Brewing performance. Basic underlying earnings per share for the period of 14.2 pence per share (2016: 13.9 pence per share) were up 2.2% on last year, reflecting a lower tax rate in the period, and despite the higher number of shares following the equity issuance referred to below.

On a statutory basis, profit before tax was £100.3 million (2016: £80.8 million) and earnings per share were 14.2 pence per share (2016: 12.7 pence per share). The year-on-year change principally reflects the positive movement in the fair value of interest rate swaps in the period.

In June we acquired CWBB for an initial cash consideration of £55 million, plus working capital and fair value adjustments of £36 million. The acquisition was funded through a £76 million equity raise in May. The business incorporates a portfolio of well-known brands including Bombardier, Young's and McEwan's ale, together with the UK distribution rights for Estrella Damm, the Catalan lager. The acquisition is consistent with our strategy of focusing on premium beer brands with local provenance, as well as providing opportunities for growth in the developing free trade market. Additionally, the acquisition further strengthens Marston's presence in London and the South East and presents a platform to expand our beer business into Scotland. The integration continues to proceed as planned and we expect to deliver synergies of £2 million in financial year 2018 and total synergies of £4 million by 2019, in line with the previous guidance.

During the year the Group also acquired a small package of pubs from Whitbread, to further enhance our Destination and Premium estate, for a consideration of £13 million with a refurbishment investment of £3 million. In addition, in May, we acquired three Pointing Dog premium bars for a total consideration of £8 million. The profit contribution of these acquisitions was minimal in 2017 as we undertook a refurbishment programme.

Operating cash flow of £213.6 million is £30.8 million higher than last year principally reflecting higher creditors. This is offset in part by the initial working capital impact of the CWBB acquisition.

Net debt at the period end was £1,329 million (2016: £1,269 million), with the differential driven by working capital from CWBB described above and the timing of new-site expenditure. Net debt excluding property leases is in line with last year. Since the year end we have recovered £15 million of the debtors arising from CWBB. Excluding property leases with freehold reversion entitlement, and on a pro-forma basis (incorporating the post synergy benefits of CWBB and the benefits of the acquisition of the pubs from Whitbread during the year) the ratio of net debt to underlying EBITDA was 4.7 times at the period end (2016: 4.8 times) which is expected to reduce over time as the business grows and our long-term debt amortises. In addition, fixed charge cover remains at 2.6 times (2016: 2.6 times).

Cash Return on Cash Capital Employed (CROCCE) of 10.7% was slightly below last year as a result of the timing of the acquisitions and new openings. In 2018 our CROCCE will benefit from the anticipated synergies from CWBB and the full year benefits of the pub acquisitions described above.

The proposed final dividend of 4.8 pence per share provides a total dividend for the year of 7.5 pence per share and represents a 2.7% increase on 2016. Dividend cover is 1.9 times and our dividend policy remains to target progressive increases in the dividend at a cover of around 2 times in the medium term.

Current trading and outlook

Trading in the current financial year is in line with our plans. Pub like-for-like sales and beer volumes have been in growth for the first seven weeks of the period. Albeit early in the year, there have not been any material changes to market conditions that would impact on our expectations for the full year.

With regard to cost guidance for 2018 there are no material changes to the cost trends highlighted previously. We have protected a significant proportion of our cost base through long-term relationships with suppliers and fixed price contracts, actively managing the risk to our margins.

As set out in October, we have identified cost savings of approximately £5 million per annum demonstrating that we are alert to opportunities to mitigate ongoing cost increases. We anticipate underlying operating margins in our pub business to be slightly below those achieved in 2017.

In summary, we are targeting further growth in the current financial year, reflecting organic growth and the rollover benefit of the CWBB and pub acquisitions described above, and to make progress against our key financial objectives.

Allocation of growth capital

In 2018, we expect to open 15 pubs and bars and 6 lodges. We believe that investment in new pubs and bars continues to create shareholder value, and remains an important component of our strategy to achieve organic growth. The site pipeline remains strong and we will maintain the current pace of site acquisition to continue similar levels of expansion beyond 2018.

Strategy and market

These results demonstrate the continued merit of our strategy, with growth in revenue and earnings despite challenging market conditions in the second half year which have been well documented. They also demonstrate the resilience of our business model through operating across the breadth of the pub sector, investing in accommodation, and continuing to grow our beer business which now accounts for around 15% of earnings, having risen from 10% in 2007.

We remain focused on delivering sustainable growth and maximising return on capital, with six key components to our strategy as outlined below:

1. **Operating a high quality pub estate.**

   We operate a pub estate that caters for a broad range of customers, with flexible operating models. As a consequence we ensure that we have the right consumer offer, accompanied by the most appropriate operating model, to maximise sales and profits for each individual pub. The key elements of this are as follows:

   - **Destination and Premium - 397 pubs.** Our Destination pubs offer family dining and great value in a relaxed pub environment. We aim to retain strong pub values while reflecting modern tastes and trends in a fast moving and competitive market.

     Our Pitcher & Piano bars and Revere bars and pubs offer premium food and drink in attractive, often iconic town centre and suburban locations.

   - **Taverns – 806 pubs.** Our community pubs are great 'locals' with a more traditional pub ambience in strong locations. The contribution of the licensee, together with strong community engagement, are critical to the success of the pub with entertainment, teams and games often at the heart of the pub's activities.

   - **Leased – 365 pubs.** These distinctive pubs benefit from a high degree of independence and committed licensees. The leased model, with longer-term assignable agreements, attracts skilled entrepreneurs who build value through developing their own businesses. We contribute through our expertise in attracting the right lessee, dealing in a fair manner and providing business support.

2. **Targeting pub growth.**

   New pubs and bars. In our Destination business, we have opened over 200 pub-restaurants in the last 10 years, representing around 60% of the current Destination estate. These pubs offer family dining at reasonable prices and generate high turnover, with target sales of around £25,000 per week and a food sales mix of around 60%.

   Competition and differentiation are key considerations. We operate in a market with significant investment in casual dining, fast food and restaurants, therefore our pub-restaurant investment is targeted in areas that are less exposed to intense competition, particularly outside London and city centres. We benefit from the broad appeal of the "pub" brand which occupies a unique position in the market and has demonstrated longevity.

   In recent years we have invested in, and developed our skills and expertise in our Premium pub business, comprising Pitcher & Piano and Revere. We are seeking to selectively expand the estate through both new site development and acquisition.

   In 2017 we completed 19 pubs and bars in the Destination and Premium estate. In addition, we acquired the three-pub Pointing Dog Group in May and the pubs from Whitbread in June. As described above, we expect to open 15 pubs and bars in 2018.

Development of the franchise model. We pioneered the introduction of franchise-style agreements in the pub sector. We believe that the franchise operating model in community pubs creates the best experience for our customers and is the most flexible and attractive model for licensees. It is our intention to convert most of our pubs in the Taverns business to this model over time and we continue to review the feasibility of rolling out the franchise model into the Destination estate.

During the year we have taken operational responsibility for 22 pubs from New River Retail. These pubs will be operated under our franchise model on a 15 year lease arrangement.

3. **Increased investment in rooms.**

Accommodation acts as a highly complementary income stream to an existing pub. Organic room income has been consistently strong with growth in both sales and RevPAR for each of the last four years and we anticipate similar trends in the future with growth in leisure and business visitors. We operate around 1,250 rooms across our Destination and Premium pub estate, including 22 lodges. During the year we opened eight lodges and expect to open six during 2018 including our largest lodge to date in Ebbsfleet.

New lodges. Looking forward, we expect accommodation to be increasingly important to our investment plans, and we are acquiring sites for development this year and thereafter. The combination of pub-restaurant with an adjacent lodge is attractive in the context of increasing business and leisure travel.

4. **Offering the best consumer experience: quality, service, value and innovation.**

Quality of food and drink. Given the pace of change and competition in the sector, we prioritise quality and target a food offer with appeal spanning a broad range of demographics. As previously reported, we have introduced Pizza Kitchens, Milestone Rotisserie and Smokehouse into our pub estate as well as updating traditional pub offers such as the Carvery to ensure they are relevant to all customers, young and old.

We continue to develop our offers to ensure we can remain attractive to all customers both now and in the future. In 2017 we have introduced new concepts including Firebrand, a new Grill & Pizza offer, and Accent, a premiumised offer with broad demographic appeal, which are intended to enhance the experience for our customers whilst continuing to offer everyday value.

Similarly, we are seeing constant change in trends in beer, wines, spirits and non-alcoholic drinks. Growth in premium drinks continues, with strong consumer interest in new brands and styles, including non-alcoholic drinks. In our Taverns business we are creating the community pubs of the future, incorporating changes to the drinks category to ensure our community pubs are attractive to younger customers, without alienating our more traditional clientele.

We are also utilising the benefits of the integrated model, with our pub and brewing teams working closely together to improve our understanding of the drinks category and deliver growth across the Group. Following the acquisition of CWBB, there are excellent opportunities to develop the drinks range further. In addition to the excellent cask ale brands, there are significant retail opportunities through extending the distribution of Estrella Damm and Founders. Initiatives such as “Masters of Cask” and “Drinks Doctors” between the teams are helping to define optimum ranging in our pubs and enhance the category knowledge in our Brewing sales teams.

Service. We measure service on a pub-by-pub basis through a combination of internal and external mechanisms. We are in the process of investing significantly in high speed broadband and state-of-the-art EPOS equipment which will provide us with better customer information, improved service and are expected to contribute to profit improvement in 2018.

We continue to make focused developments in our digital plans, having developed in house: "Sentifeed" a social media listening tool, "Tap-In" an app-based customer loyalty scheme and "Nudge" an application to develop engagement and performance of our pub teams. Although in the early stages of implementation, all three are providing positive results.

Value. Value for money is a key element of our offer. We do not aim to offer the lowest prices in the market but aim to offer a fantastic experience that represents great value for money. Our approach to pricing is to offer "everyday" pricing rather than recourse to heavy discounting and vouchering activity, which has been prevalent in the sector. We believe this approach is preferred by our customers and demonstrated by our continued outperformance of the market over the last three years.

5. **Leadership in the UK beer market.**

The UK beer market is evolving with consumers seeking a wider choice of beers with local provenance and taste, including craft beers. The off-trade continues to grow, with the strongest growth in the premium bottled ale segment and the craft beer category.

Our established strategy is well-positioned in respect of these trends. We have evolved our business significantly with pro-forma operating profits (accounting for a full year of CWBB and synergies) almost double that from 10 years ago, exploiting the market trends starting with the acquisition of Refresh in 2008 which increased our scale and expertise in the off-trade, and the acquisitions of Ringwood, Jennings and the Thwaites' beer business, which strengthened our local footprint. The acquisition of CWBB will further consolidate our leading position in this regard.

We have a wide portfolio of beers from our own six breweries, a national distribution network and a local approach to beer brand management. Around 1 in 4 premium bottled ales and 1 in 5 premium cask ales in the UK are Marston's brands. Premium ales now account for around 72% of sales and the mix of sales to the off-trade is 53%.

Our position as category leaders has been recognised across the industry, further evidenced by the number of national awards we received over the year. Our own annual publications, the Cask Ale Report and Premium Bottled Ale Report, continue to be highly valued by both our on-trade and off-trade customers, for insight into current and future market trends.

Our largest brand, Hobgoblin, is the most followed beer brand on social media, and in a recent YouGov survey, Hobgoblin was voted the third most recognised beer brand in the UK, behind two global beer brands. It remains after 10 years "The Unofficial Beer of Halloween".

We also revitalised the Marston's beer brand in 2017, repositioned to be more attractive to younger consumers under the marketing banner "From Burton with Love". Although it remains early days, the consumer feedback has been strong and we have gained new national listings for "61 Deep" Pale Ale and "Pearl Jet" Stout.

Two brands from our recent acquisitions have also received national marketing awards, with both Bombardier "March To Your Own Drum" and Wainwright "Find Your Mountain" achieving awards at the Beer and Cider Marketing Awards.

Outside our own ale brands, collaboration brands also form part of our strategy. We have the UK licences for Estrella Damm, Shipyard, Warsteiner, Kirin, Erdinger, Krusovice and Founders brands and in cider we have the licence for Kingstone Press Cider. All have performed extremely well in the year, and of particular note, Shipyard is the number 1 craft beer in the UK.

We have a highly experienced and talented brewing and logistics team, who ensure that we are operating at maximum cost efficiency. In addition, we undertake extensive contract services work on behalf of a broad range of competitors who also recognise the benefits of working in partnership with us. In 2016 we invested in additional warehousing at the Marston's Brewery in response to the growth in our own brands and our contract business.

During the year we entered into a five year agreement to become the exclusive distributor to Punch B, comprising a portfolio of c.1,355 leased and tenanted pubs nationwide, in addition to a similar contract to exclusively distribute to Hawthorn Leisure's c.250-strong pub estate in England and Wales. Since the year end we have entered an agreement to be the exclusive distributor to the Brakspear Pub Company with effect from November 2017. As well as driving strong organic growth, we have successfully integrated the acquisition of Thwaites' beer business into the organisation, with earnings slightly ahead of our expectations, and the transformation of Wainwright into one of our fastest growing brands.

6. Our People – 'The Place to Be'.

Marston's employs around 14,500 people and, although many businesses claim that 'people are our most important asset', it is the case that nothing makes a bigger difference to our business than our people.

At Marston's we know if we develop and inspire our people, they will grow our business. It's their passion for customer service and quality products that makes our business successful – that's why our shared ambition is to keep our people at the heart of all we do.

Key to unlocking the potential of our people is to engage and unite them through our Ways of Working, while also enabling them by providing skills, tools and environments so they can play their part and contribute. As such, we measure both engagement and enablement of our people through our employee survey and whilst our scores are significantly above the comparator group, we continually develop our work in this critical area.

We've also made it easier than ever for our people to access the training and development they need and want by launching a new online training portal, also available as an app for our front-line team members. It's called the 'Marston's Talent Academy Online' and it's designed to support a blended approach to our training and development, offering both formal courses, as well as employee self-development. This further enhances our commitment to training which sees over 40% of our workforce receiving formal training.

Attracting new people to work with us is also key to our future success, which is why we've continued to focus on enhancing our established apprenticeship programme. We've been busy developing and introducing apprenticeships across our entire business to increase our pipeline of talent across pub, brewery, logistics and Group service roles. We have developed 304 apprentices this year so far and are on track to train a total of just over 450 by the end of the year. In October, the National Apprenticeship Service highly commended our apprenticeship provision as part of the National Apprenticeship Awards 2017.

We continue to strive to make Marston's 'The Place to Be' for our existing and prospective employees by providing an experience that's attractive and fulfilling for our people and beneficial for our business.

PERFORMANCE AND FINANCIAL REVIEW

	Underlying revenue		Underlying operating profit		Margin	
	2017	2016	**2017**	2016	**2017**	2016
	£m	£m	**£m**	£m	**%**	%
Destination and Premium	**438.0**	419.0	**88.9**	86.9	**20.3**	20.7
Taverns	**246.7**	238.5	**57.0**	56.6	**23.1**	23.7
Leased	**54.6**	55.0	**27.1**	26.9	**49.6**	48.9
Brewing	**252.9**	193.3	**25.5**	23.2	**10.1**	12.0
Group Services	**-**	-	**(24.0)**	(20.9)	**(2.4)**	(2.3)
Group	**992.2**	905.8	**174.5**	172.7	**17.6**	19.1

As we guided in our 2016 Preliminary Results, the segmental revenue and profits for the prior year have been restated to reflect the movement of pubs between segments.

Destination and Premium

Total revenue increased by 4.5% to £438.0 million reflecting the continued strong performance of our new-build pub-restaurants and growth in like-for-like sales. Underlying operating profit of £88.9 million was up 2.3% (2016: £86.9 million). Profit per pub is 1% up compared to last year.

Total like-for-like sales were 0.9% above last year.

Reported operating margin of 20.3% is slightly below last year, reflecting anticipated cost increases in labour, business rates and energy costs.

Taverns

Total revenue increased by 3.4% to £246.7 million, principally reflecting the continued conversion of pubs to our franchise model. Operating profit was up 0.7% on last year reflecting growth in the core business offset by disposals. Profit per pub was up 2% on last year.

In our managed and franchised pubs like-for-like sales were up 1.6%.

Operating margin was 0.6% below last year at 23.1%, reflecting the impact of franchise conversions.

Leased

Total revenue decreased by 0.7% to £54.6 million and underlying operating profit of £27.1 million was up 0.7% on last year. The performance of the core estate was strong with rental income per pub up 2%. Operating margin of 49.6% was up 0.7%, reflecting a higher mix of rental income and sales from premium products. Profit per pub was up 2% on last year.

Brewing

Total revenue increased by 30.8% to £252.9 million, principally reflecting the acquisition of CWBB in June 2017 and continued growth in ale volumes in the core business excluding CWBB. Underlying operating profit increased by 9.9% to £25.5 million.

Operating margin of 10.1% was below last year reflecting the CWBB business which has historically operated at a lower margin. We would expect margins to recover as synergies are delivered in 2018.

Group Services

Central costs as a proportion of turnover were broadly in line with 2016, absolute costs increased reflecting inflationary pay increases, the impact of both the apprenticeship and pub code levies, and higher training and IT costs.

Taxation

The underlying rate of taxation of 15.6% in 2017 (2016: 17.9%) is below the standard rate of corporation tax due to (i) significant deferred tax movements in the year at the future enacted rate of 17%, (ii) increased credits in respect of deferred tax on the Group's property portfolio as a result of higher inflation, and (iii) the cumulative deferred tax benefit of property disposals.

Non-underlying items

There is a net non-underlying credit of £0.2 million after tax (2016: charge of £6.9 million). This includes credits of £1.6 million in respect of the change in the rate assumptions used in calculating our onerous lease provisions and £6.4 million in respect of the mark-to-market movement in the fair value of certain interest rate swaps. These are offset by reorganisation and integration costs of £5.5 million, principally from the acquisition of CWBB, a £1.4 million write-off of the unamortised finance costs in respect of our old bank facility and a charge of £0.7 million in respect of the net interest on the net defined benefit pension liability. The revenue of £19.1 million and expenses of £19.3 million in respect of the ongoing management of the remaining pubs from the portfolio disposal in December 2013 have also been included within non-underlying items.

Capital expenditure and disposals

Capital expenditure was £196.3 million in the year (2016: £143.7 million) including £111 million on new pubs including the pub acquisitions described above. We expect that capital expenditure will be around £150-155 million in 2018, including around £70-75 million for the construction of 15 pubs and bars and 6 lodges. In addition the acquisition cost of CWBB was £90.5 million.

Cash proceeds of £61.2 million have been received from the sale of 41 pubs and other assets, including £38.4 million of leasing transactions. Disposal proceeds of around £45-50 million are anticipated in 2018.

Financing

During the period the Group entered into a new £320 million bank facility to March 2022, with an additional £40 million accordion facility at improved terms. This facility, together with a long-term securitisation of approximately £806 million and the lease financing arrangements described below, provide us with an appropriate level of financing headroom for the medium term. The Group has sufficient headroom on both the banking and securitisation covenants and also has flexibility to transfer pubs between the banking and securitisation groups.

In recent years, the Group has entered into lease financing arrangements which have a total value of £301 million as at 30 September 2017. This financing is a form of sale and leaseback agreement whereby the freehold reverts to the Group at the end of the term at nil cost, consistent with our preference for predominantly freehold asset tenure. The agreements range from 35 to 40 years and provide the Group with an extended debt maturity profile at attractive rates of interest. Unlike a traditional sale and leaseback, the associated liability is recognised as debt on the balance sheet due to the reversion of the freehold.

Net debt excluding lease financing of £1,028 million at 30 September 2017 is in line with last year. Operating cash flow of £213.6 million is £30.8 million ahead of last year principally due to an increase in trade creditors, part of which relates to the acquisition of CWBB and offsets some of the acquisition working capital adjustment.

For the period ended 30 September 2017 the ratio of net debt before lease financing to underlying EBITDA was 4.8 times (2016: 4.8 times). On a pro-forma basis (incorporating the post synergy EBITDA from CWBB) the leverage figure is 4.7 times. It remains our intention to reduce this ratio over time, principally through EBITDA growth generated from our new-build investment programme.

In May the Group raised £75.5 million from the issuance of 9.9% of the ordinary share capital of the Company to fund the acquisition of CWBB and the Whitbread pubs described above.

Pensions

The deficit on our final salary scheme was £5.4 million at 30 September 2017 which compares to the £34.0 million deficit at last year end. This movement is principally due to the fall in liabilities as a consequence of the increase in corporate bond yields.

Footnote:
CROCCE has been calculated as follows. For 2017 a weighted average net asset value has been used to reflect the timing of acquisitions in the second half year.

	Balance	**Depreciation**	**Revaluation**	**Adjustment**
NON-CURRENT ASSETS:	**£m**	**£m**	**£m**	**£m**
Goodwill	230.3			230.3
Other intangible assets	67.6	6.8		74.4
Property, plant and equipment	2,360.7	196.6	(624.2)	1,933.1
Other non-current assets	10.3			10.3
CURRENT ASSETS:				
Inventories	40.2			40.2
Assets held for sale	2.7			2.7
Trade and other receivables	108.4			108.4
LIABILITIES:				
Creditors*	(286.9)			(286.9)
CASH CAPITAL EMPLOYED	**2,533.3**	**203.4**	**(624.2)**	**2,112.5**
Weighted average				**2,001.9**
EBITDA				**213.7**
CROCCE				**10.7%**

**Creditors comprise trade and other payables, other non-current liabilities and provisions for other liabilities and charges.*

GROUP INCOME STATEMENT
For the 52 weeks ended 30 September 2017

	2017 Underlying items £m	2017 Non-underlying items £m	2017 Total £m	2016 Underlying items £m	2016 Non-underlying items £m	2016 Total £m
Revenue	**992.2**	**19.1**	**1,011.3**	905.8	31.5	937.3
Operating expenses	**(817.7)**	**(23.2)**	**(840.9)**	(733.1)	(40.3)	(773.4)
Operating profit	**174.5**	**(4.1)**	**170.4**	172.7	(8.8)	163.9
Finance costs	**(74.8)**	**(2.1)**	**(76.9)**	(75.9)	-	(75.9)
Finance income	**0.4**	**-**	**0.4**	0.5	0.7	1.2
Movement in fair value of interest rate swaps	**-**	**6.4**	**6.4**	-	(8.4)	(8.4)
Net finance costs	**(74.4)**	**4.3**	**(70.1)**	(75.4)	(7.7)	(83.1)
Profit before taxation	**100.1**	**0.2**	**100.3**	97.3	(16.5)	80.8
Taxation	**(15.6)**	**-**	**(15.6)**	(17.4)	9.6	(7.8)
Profit for the period attributable to equity shareholders	**84.5**	**0.2**	**84.7**	79.9	(6.9)	73.0

	2017	2016
Earnings per share:		
Basic earnings per share	**14.2p**	12.7p
Basic underlying earnings per share	**14.2p**	13.9p
Diluted earnings per share	**14.1p**	12.6p
Diluted underlying earnings per share	**14.0p**	13.8p

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 30 September 2017

	2017 £m	2016 £m
Profit for the period	**84.7**	73.0
Items of other comprehensive income that may subsequently be reclassified to profit or loss		
Gains/(losses) arising on cash flow hedges	**35.7**	(50.9)
Transfers to the income statement on cash flow hedges	**10.7**	11.3
Tax on items that may subsequently be reclassified to profit or loss	**(7.9)**	2.0
	38.5	(37.6)
Items of other comprehensive income that will not be reclassified to profit or loss		
Remeasurement of retirement benefits	**21.8**	(56.3)
Unrealised surplus on revaluation of properties	**2.3**	2.0
Reversal of past revaluation surplus	**(0.8)**	-
Tax on items that will not be reclassified to profit or loss	**0.2**	27.7
	23.5	(26.6)
Other comprehensive income/(expense) for the period	**62.0**	(64.2)
Total comprehensive income for the period	**146.7**	8.8

GROUP CASH FLOW STATEMENT

For the 52 weeks ended 30 September 2017

	2017	2016
	£m	£m
Operating activities		
Underlying operating profit	**174.5**	172.7
Depreciation and amortisation	**39.2**	40.0
Underlying EBITDA	**213.7**	212.7
Non-underlying operating items	**(4.1)**	(8.8)
EBITDA	**209.6**	203.9
Working capital movement	**38.8**	8.9
Non-cash movements	**(7.9)**	(7.9)
Decrease in provisions and other non-current liabilities	**(9.1)**	(4.7)
Difference between defined benefit pension contributions paid and amounts charged	**(8.3)**	(7.6)
Income tax paid	**(9.5)**	(9.8)
Net cash inflow from operating activities	**213.6**	182.8
Investing activities		
Interest received	**0.3**	0.7
Sale of property, plant and equipment and assets held for sale	**61.2**	45.9
Purchase of property, plant and equipment and intangible assets	**(196.3)**	(143.7)
Acquisition of subsidiary	**(90.5)**	-
Movement in other non-current assets	**0.7**	1.7
Transfer to other cash deposits	**(120.0)**	-
Net cash outflow from investing activities	**(344.6)**	(95.4)
Financing activities		
Equity dividends paid	**(44.1)**	(40.8)
Interest paid	**(70.2)**	(70.3)
Arrangement costs of bank facilities	**(3.3)**	-
Arrangement costs of other lease related borrowings	**(4.6)**	(2.8)
Issue of shares	**75.5**	-
Purchase of own shares	**-**	(0.1)
Proceeds from sale of own shares	**0.3**	0.9
Repayment of securitised debt	**(28.4)**	(26.7)
Repayment of bank borrowings	**(263.0)**	-
Advance of bank borrowings	**280.0**	13.0
Capital element of finance leases repaid	**(0.1)**	(0.1)
Advance of other lease related borrowings	**57.9**	40.7
Net cash outflow from financing activities	**-**	(86.2)
Net (decrease)/increase in cash and cash equivalents	**(131.0)**	1.2

GROUP BALANCE SHEET
As at 30 September 2017

	30 September 2017 £m	1 October 2016 £m
Non-current assets		
Goodwill	**230.3**	227.5
Other intangible assets	**67.6**	37.3
Property, plant and equipment	**2,360.7**	2,199.4
Other non-current assets	**10.3**	10.4
Deferred tax assets	**0.6**	16.7
	2,669.5	2,491.3
Current assets		
Inventories	**40.2**	28.7
Trade and other receivables	**108.4**	85.0
Other cash deposits*	**120.0**	-
Cash and cash equivalents*	**54.6**	185.6
	323.2	299.3
Assets held for sale	**2.7**	6.6
Current liabilities		
Borrowings*	**(148.8)**	(176.9)
Derivative financial instruments	**(28.7)**	(38.0)
Trade and other payables	**(256.1)**	(194.9)
Current tax liabilities	**(3.5)**	(3.6)
Provisions for other liabilities and charges	**(3.3)**	(4.3)
	(440.4)	(417.7)
Non-current liabilities		
Borrowings	**(1,354.9)**	(1,278.1)
Derivative financial instruments	**(159.2)**	(202.7)
Other non-current liabilities	**(0.6)**	(0.6)
Provisions for other liabilities and charges	**(26.9)**	(34.5)
Deferred tax liabilities	**(76.6)**	(77.5)
Retirement benefit obligations	**(5.4)**	(34.0)
	(1,623.6)	(1,627.4)
Net assets	**931.4**	752.1
Shareholders' equity		
Equity share capital	**48.7**	44.4
Share premium account	**334.0**	334.0
Revaluation reserve	**624.2**	623.1
Merger reserve	**71.2**	-
Capital redemption reserve	**6.8**	6.8
Hedging reserve	**(127.2)**	(165.7)
Own shares	**(111.3)**	(113.7)
Retained earnings	**85.0**	23.2
Total equity	**931.4**	752.1

* Other cash deposits includes £120.0 million drawn down under the liquidity facility (2016: £120.0 million included within cash and cash equivalents) and borrowings includes the corresponding liability.

GROUP STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 30 September 2017

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 2 October 2016	44.4	334.0	623.1	-	6.8	(165.7)	(113.7)	23.2	752.1
Profit for the period	-	-	-	-	-	-	-	84.7	84.7
Remeasurement of retirement benefits	-	-	-	-	-	-	-	21.8	21.8
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	-	(3.7)	(3.7)
Gains on cash flow hedges	-	-	-	-	-	35.7	-	-	35.7
Transfers to the income statement on cash flow hedges	-	-	-	-	-	10.7	-	-	10.7
Tax on hedging reserve movements	-	-	-	-	-	(7.9)	-	-	(7.9)
Property revaluation	-	-	2.3	-	-	-	-	-	2.3
Property impairment	-	-	(0.8)	-	-	-	-	-	(0.8)
Deferred tax on properties	-	-	3.9	-	-	-	-	-	3.9
Total comprehensive income	-	-	5.4	-	-	38.5	-	102.8	146.7
Share-based payments	-	-	-	-	-	-	-	0.9	0.9
Issue of shares	4.3	-	-	71.2	-	-	-	-	75.5
Sale of own shares	-	-	-	-	-	-	2.4	(2.1)	0.3
Disposal of properties	-	-	(4.1)	-	-	-	-	4.1	-
Tax on disposal of properties	-	-	0.7	-	-	-	-	(0.7)	-
Transfer to retained earnings	-	-	(0.9)	-	-	-	-	0.9	-
Dividends paid	-	-	-	-	-	-	-	(44.1)	(44.1)
Total transactions with owners	4.3	-	(4.3)	71.2	-	-	2.4	(41.0)	32.6
At 30 September 2017	**48.7**	**334.0**	**624.2**	**71.2**	**6.8**	**(127.2)**	**(111.3)**	**85.0**	**931.4**

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 4 October 2015	44.4	334.0	616.0	6.8	(128.1)	(118.7)	28.5	782.9
Profit for the period	-	-	-	-	-	-	73.0	73.0
Remeasurement of retirement benefits	-	-	-	-	-	-	(56.3)	(56.3)
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	10.3	10.3
Losses on cash flow hedges	-	-	-	-	(50.9)	-	-	(50.9)
Transfers to the income statement on cash flow hedges	-	-	-	-	11.3	-	-	11.3
Tax on hedging reserve movements	-	-	-	-	2.0	-	-	2.0
Property revaluation	-	-	2.0	-	-	-	-	2.0
Deferred tax on properties	-	-	17.4	-	-	-	-	17.4
Total comprehensive income/(expense)	-	-	19.4	-	(37.6)	-	27.0	8.8
Share-based payments	-	-	-	-	-	-	0.4	0.4
Purchase of own shares	-	-	-	-	-	(0.1)	-	(0.1)
Sale of own shares	-	-	-	-	-	5.1	(4.2)	0.9
Disposal of properties	-	-	(14.1)	-	-	-	14.1	-
Tax on disposal of properties	-	-	2.7	-	-	-	(2.7)	-
Transfer to retained earnings	-	-	(0.9)	-	-	-	0.9	-
Dividends paid	-	-	-	-	-	-	(40.8)	(40.8)
Total transactions with owners	-	-	(12.3)	-	-	5.0	(32.3)	(39.6)
At 1 October 2016	**44.4**	**334.0**	**623.1**	**6.8**	**(165.7)**	**(113.7)**	**23.2**	**752.1**

NOTES

1 ACCOUNTING POLICIES

Basis of preparation
The financial information for the 52 weeks ended 30 September 2017 (2016: 52 weeks ended 1 October 2016) has been extracted from the audited financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee and Standing Interpretations Committee interpretations adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain items, principally land and buildings, derivative financial instruments, retirement benefits and share-based payments.

In the prior period provisions for other liabilities and charges were originally presented wholly within non-current liabilities in the balance sheet. Amounts due within one year have now been represented within current liabilities to better reflect the timing of the amounts falling due and to be consistent with the current period presentation.

In the prior period the net interest on the net defined benefit asset/liability was presented within underlying items. This has now been represented within non-underlying items to better reflect the nature of this item and to be consistent with the current period presentation.

2 SEGMENT REPORTING

Underlying revenue by segment	**2017 £m**	2016 £m
Destination and Premium	**438.0**	419.0
Taverns	**246.7**	238.5
Leased	**54.6**	55.0
Brewing	**252.9**	193.3
Group Services	**-**	-
Underlying revenue	**992.2**	905.8
Non-underlying items	**19.1**	31.5
Revenue	**1,011.3**	937.3

Underlying operating profit by segment	**2017 £m**	2016 £m
Destination and Premium	**88.9**	86.9
Taverns	**57.0**	56.6
Leased	**27.1**	26.9
Brewing	**25.5**	23.2
Group Services	**(24.0)**	(20.9)
Underlying operating profit	**174.5**	172.7
Non-underlying operating items	**(4.1)**	(8.8)
Operating profit	**170.4**	163.9
Net finance costs	**(70.1)**	(83.1)
Profit before taxation	**100.3**	80.8

During the current period the Group changed the structure of its internal organisation in a manner that caused the composition of its operating segments to change. The results for the prior period have been restated to reflect these changes.

3 NON-UNDERLYING ITEMS

	2017 £m	2016 £m
Exceptional operating items		
Impact of change in rate assumptions used for onerous lease provisions	**(1.6)**	4.4
Reorganisation, relocation and integration costs	**5.5**	3.8
Non-core estate disposal and reorganisation costs	**-**	1.7
Profit on sale of surplus land for residential development	**-**	(1.5)
Tax advisory fees	**-**	0.5
	3.9	8.9
Other adjusting operating items		
Results in respect of the ongoing management of pubs in the portfolio disposal	**0.2**	(0.1)
	0.2	(0.1)
Non-underlying operating items	**4.1**	8.8
Exceptional non-operating items		
Net interest on net defined benefit asset/liability	**0.7**	(0.7)
Write-off of unamortised finance costs	**1.4**	-
Movement in fair value of interest rate swaps	**(6.4)**	8.4
	(4.3)	7.7
Total non-underlying items	**(0.2)**	16.5

Impact of change in rate assumptions used for onerous lease provisions
The update of the discount rate assumptions used in the calculation of the Group's onerous property lease provisions at the current period end resulted in a decrease of £1.6 million (2016: increase of £4.4 million) in the total provision.

Reorganisation, relocation and integration costs
During the current period the Group incurred reorganisation and integration costs of £4.6 million as a result of the acquisition of the beer business of Charles Wells.

A head office restructuring exercise was also undertaken in the current period incurring costs of £0.9 million.

During the prior period the redevelopment of the Group's head office building in Wolverhampton was completed along with a reorganisation of certain head office functions. Costs of £0.5 million were incurred in the prior period in respect of temporarily relocating to alternative premises nearby during the period of redevelopment and in undertaking the reorganisation.

The Group also incurred reorganisation and integration costs of £3.3 million in the prior period as a result of the acquisition of the trading operations of Daniel Thwaites PLC's beer division in the period ended 3 October 2015.

Portfolio disposal of pubs
During the period ended 4 October 2014 the Group disposed of a portfolio of 202 pubs and subsequently entered into a four year lease and five year management agreement in respect thereof. A number of the pubs have since been removed from these arrangements by the purchaser. During the current period the Group has entered into new 15 year leases in respect of 22 of the properties and these have also been removed from the management agreement. The Group no longer has strategic control of the pubs still subject to the management agreement and they do not form part of its core activities. As such the results in respect of the ongoing operation and management of these pubs post disposal have been classified as a non-underlying item, comprised as follows:

	2017 **£m**	2016 £m
Revenue	**19.1**	31.5
Operating expenses	**(19.3)**	(31.4)
	(0.2)	0.1

Net interest on net defined benefit asset/liability
The net interest on the net defined benefit asset/liability in respect of the Group's defined benefit pension plan was a charge of £0.7 million (2016: credit of £0.7 million).

Write-off of unamortised finance costs
During the current period the Group entered into a new bank facility. As such the unamortised finance costs relating to the previous facility have been written off.

Movement in fair value of interest rate swaps
The Group's interest rate swaps are revalued to fair value at each balance sheet date. The movement in fair value of interest rate swaps which are not designated as part of a hedging relationship, and the ineffective portion of the movement in fair value of interest rate swaps which are accounted for as hedging instruments are both recognised in the income statement. The net gain of £6.4 million (2016: loss of £8.4 million) is shown as an exceptional item.

Impact of taxation
The current tax credit relating to the above non-underlying items amounts to £0.9 million (2016: £1.7 million). The deferred tax charge relating to the above non-underlying items amounts to £0.9 million (2016: credit of £1.4 million). In addition, there is a non-underlying deferred tax credit of £nil (2016: £2.4 million) in relation to the change in corporation tax rate.

During the prior period the Group agreed the tax treatment of certain items with HM Revenue & Customs. The tax credit of £4.1 million in respect of the additional tax relief claimed for previous periods was classified as a non-underlying item along with the associated advisory fees of £0.5 million.

Prior period non-underlying items
During the period ended 5 October 2013 the Group commenced a restructuring of its pub estate and operating segments. Costs in respect of this restructuring were incurred in the prior period.

During the prior period the Group sold a parcel of surplus land for residential development for £9.5 million realising a profit of £1.5 million on disposal.

4 TAXATION

Income statement	**2017** **£m**	2016 £m
Current tax		
Current period	**10.7**	13.9
Adjustments in respect of prior periods	**(0.3)**	(0.6)
Credit in respect of tax on non-underlying items	**(0.9)**	(1.7)
Non-underlying credit in relation to additional relief for prior periods	**-**	(3.7)
	9.5	7.9
Deferred tax		
Current period	**6.1**	4.2
Adjustments in respect of prior periods	**(0.9)**	(0.1)
Charge/(credit) in respect of tax on non-underlying items	**0.9**	(1.4)
Non-underlying credit in relation to the change in tax rate	**-**	(2.4)
Non-underlying credit in relation to additional relief for prior periods	**-**	(0.4)
	6.1	(0.1)
Taxation charge reported in the income statement	**15.6**	7.8

5 ORDINARY DIVIDENDS ON EQUITY SHARES

Paid in the period	**2017 £m**	2016 £m
Final dividend for 2016 of 4.7p per share (2015: 4.5p)	**27.0**	25.9
Interim dividend for 2017 of 2.7p per share (2016: 2.6p)	**17.1**	14.9
	44.1	40.8

A final dividend for 2017 of 4.8p per share amounting to £30.4 million has been proposed for approval at the Annual General Meeting, but has not been reflected in the financial statements.

Subject to approval at the Annual General Meeting, this dividend will be paid on 29 January 2018 to those shareholders on the register at close of business on 15 December 2017.

6 EARNINGS PER ORDINARY SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held on trust for employee share schemes.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Underlying earnings per share figures are presented to exclude the effect of exceptional and other adjusting items. The Directors consider that the supplementary figures are a useful indicator of performance.

	2017		2016	
	Earnings £m	**Per share amount p**	Earnings £m	Per share amount p
Basic earnings per share	**84.7**	**14.2**	73.0	12.7
Diluted earnings per share	**84.7**	**14.1**	73.0	12.6
Underlying earnings per share figures				
Basic underlying earnings per share	**84.5**	**14.2**	79.9	13.9
Diluted underlying earnings per share	**84.5**	**14.0**	79.9	13.8

	2017 m	2016 m
Basic weighted average number of shares	**596.9**	574.6
Dilutive options	**4.8**	6.0
Diluted weighted average number of shares	**601.7**	580.6

7 NET DEBT

Analysis of net debt	**2017 £m**	Cash flow £m	Non-cash movements and deferred issue costs £m	2016 £m
Cash and cash equivalents				
Cash at bank and in hand	**54.6**	(131.0)	-	185.6
	54.6	(131.0)	-	185.6
Financial assets				
Other cash deposits	**120.0**	120.0	-	-
	120.0	120.0	-	-
Debt due within one year				
Unsecured bank borrowings	**0.7**	30.0	(0.1)	(29.2)
Securitised debt	**(29.5)**	28.4	(30.1)	(27.8)
Finance leases	**(0.2)**	0.1	(0.2)	(0.1)
Other lease related borrowings	**0.2**	-	-	0.2
Other borrowings	**(120.0)**	-	-	(120.0)
	(148.8)	58.5	(30.4)	(176.9)
Debt due after one year				
Unsecured bank borrowings	**(277.7)**	(47.0)	1.3	(232.0)
Securitised debt	**(776.3)**	-	29.5	(805.8)
Finance leases	**(27.6)**	-	(7.1)	(20.5)
Other lease related borrowings	**(273.2)**	(57.9)	4.4	(219.7)
Preference shares	**(0.1)**	-	-	(0.1)
	(1,354.9)	(104.9)	28.1	(1,278.1)
Net debt	**(1,329.1)**	(57.4)	(2.3)	(1,269.4)

Other borrowings represent amounts drawn down under the securitisation's liquidity facility. During the period ended 4 October 2014 the facility's provider, the Royal Bank of Scotland Group plc, had its short-term credit rating downgraded below the minimum prescribed in the facility agreement and as such the Group exercised its entitlement to draw the full amount of the facility and hold it in a designated bank account. The corresponding balance of £120.0 million held in the relevant bank account is included within other cash deposits (2016: £120.0 million in cash and cash equivalents). The amount drawn down can only be used for the purpose of meeting the securitisation's debt service obligations should there ever be insufficient funds available from operations to meet such payments. As such this amount is considered to be restricted cash.

Included within cash and cash equivalents is an amount of £0.5 million (2016: £0.6 million) relating to a letter of credit with Royal Sun Alliance Insurance, an amount of £1.4 million (2016: £1.5 million) relating to a letter of credit with Aviva, and an amount of £7.7 million (2016: £7.8 million) relating to collateral held in the form of cash deposits. These amounts are also considered to be restricted cash.

In addition, any other cash held in connection with the securitised business is governed by certain restrictions under the covenants associated with the securitisation.

Reconciliation of net cash flow to movement in net debt	2017 £m	2016 £m
(Decrease)/increase in cash and cash equivalents in the period	**(131.0)**	1.2
Increase in other cash deposits	**120.0**	-
Cash inflow from movement in debt	**(46.4)**	(26.9)
Change in debt resulting from cash flows	**(57.4)**	(25.7)
Non-cash movements and deferred issue costs	**(2.3)**	1.3
Movement in net debt in the period	**(59.7)**	(24.4)
Net debt at beginning of the period	**(1,269.4)**	(1,245.0)
Net debt at end of the period	**(1,329.1)**	(1,269.4)

Reconciliation of net debt before lease financing to net debt	2017 £m	2016 £m
Cash and cash equivalents	**54.6**	185.6
Other cash deposits	**120.0**	-
Unsecured bank borrowings	**(277.0)**	(261.2)
Securitised debt	**(805.8)**	(833.6)
Other borrowings	**(120.0)**	(120.0)
Preference shares	**(0.1)**	(0.1)
Net debt before lease financing	**(1,028.3)**	(1,029.3)
Finance leases	**(27.8)**	(20.6)
Other lease related borrowings	**(273.0)**	(219.5)
Net debt	**(1,329.1)**	(1,269.4)

8 CHARLES WELLS ACQUISITION

On 2 June 2017, the Group acquired Bedford Canning Company Limited, containing the beer business of Charles Wells. The business incorporates a portfolio of well-known brands including Bombardier, Young's and McEwan's. The acquisition is consistent with the Group's strategy of focussing on premium beer brands with local provenance, and provides further opportunities for growth in the developing free trade market. Additionally, the acquisition further strengthens the Group's presence in London and the South East and presents a platform to expand into Scotland.

The table below summarises the consideration paid, the provisional fair values of the assets acquired and liabilities assumed and the resulting goodwill.

	2017 £m
Brands	**30.0**
Property, plant and equipment	**25.5**
Trade loans	**0.6**
Inventories	**8.5**
Trade and other receivables	**27.3**
Trade and other payables	**(2.8)**
Deferred tax	**(1.4)**
Goodwill	**2.8**
Cash consideration	**90.5**

Notes:

(a) The financial information contained in this preliminary announcement does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information has been extracted from the audited statutory accounts of the Group for the 52 weeks ended 30 September 2017, which will be filed with the Registrar of Companies in due course. The independent auditors' report on these accounts is unqualified and does not contain any statements under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for the 52 weeks ended 1 October 2016 have been delivered to the Registrar of Companies.

(b) The Annual Report and Accounts for the 52 weeks ended 30 September 2017 will be posted to shareholders on 18 December 2017. The Annual Report and Accounts can be downloaded from the Marston's PLC website: www.marstons.co.uk. Alternatively, copies will be obtainable from Instinctif Partners (020 7457 2020) or from the Group Secretary, Marston's PLC, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.