RNS Number : 5492Q
Shepherd Neame Limited
29 June 2022

Shepherd Neame

Post close trading update

Shepherd Neame, Britain's Oldest Brewer and owner and operator of 299 high quality pubs in Kent and the South East, today announces an update on trading following the close of its financial year on 25 June 2022.

Since the resumption of restriction-free trading, the Company has performed well with encouraging demand. Overall trading for the 52 weeks to 25 June 2022 has been in line with expectations.

Cash generation has been strong and net debt reduced to the lowest level since 2018. The Company has emerged from the pandemic strongly and is actively pursuing opportunities again to invest and grow.

Retail sales have been encouraging since our last update, with our coastal pubs and hotels, in particular, benefitting from their unique locations and great outside space. Our Central London pubs are still to see a full recovery but footfall is improving. Same outlet like-for-like retail sales for the 6 weeks to 25 June vs 2021[1] were up +13.0%. This compares directly with the period from which indoor trading was allowed again on 17 May 2021. Same outlet like-for-like retail sales for the 6 weeks to 25 June vs 2019[2] were down -4.1%.

Income levels in the tenanted estate have continued to rise versus 2021[1], although volumes are lower than pre-pandemic. Own beer volumes[3] in all channels for the 6 weeks to 25 June vs 2021[1] were up +2.0%. Own beer volumes[3] in all channels for the 6 weeks to 25 June vs 2019[2] were down -3.0%.

The inflationary environment is challenging, with high costs in utility, energy related products and in our supply chain. We have long term fixed price contracts in place for certain items, and are taking mitigating action in other areas, through menu management and price increases to soften the impact. We are also choosing to invest more in areas such as property, marketing and people development for the long term strength of the Company.

Net debt (excluding IFRS 16 lease liabilities) has reduced significantly in the last year with strong cashflow, tight cost control and reduction in capital projects. Since its peak in December 2020, total indebtedness has reduced from £96.5m to £75.3m, the lowest level since 2018.

Jonathon Swaine joined the Company as at 27 June 2022, as Managing Director, Pubs and was appointed to the Board on 28 June 2022.

Jonathan Neame, CEO of Shepherd Neame said:

"Since COVID restrictions have been lifted, we have been encouraged by levels of demand and are enjoying strong performance across our business. In spite of external economic headwinds, we remain optimistic that we will continue to see similar levels of demand across the summer.

We are very pleased to welcome Jonathon Swaine to the team at a time when we are recommencing investment in our pub estate.

We are mindful of the many challenges ahead, but the business and our team have demonstrated extraordinary levels of resilience in the last two years, and we have no doubt we have the skills and platform to find opportunities to grow and develop in the future."

29th June 2022

Shepherd Neame Tel: 01795 532206
Jonathan Neame, Chief Executive
Mark Rider, Chief Financial Officer

Instinctif Partners Tel: 020 7457 2020
Matthew Smallwood

---

[1] The periods referenced to are the comparative weeks during the financial year 52 weeks to 26 June 2021.

[2] The periods referenced to are the comparative weeks during the financial year 52 weeks to 29 June 2019.

[3] Own beer volume: Sales volumes of all beer and Shepherd Neame cider brewed and packaged by the Company.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

NEXSESFUAEESEEM