

Shepherd Neame Ltd

Update and cancellation of interim dividend

Events have moved extremely rapidly since we reported our interim results on 11th March culminating in the Government's advice on Monday 16th March to the general public to "avoid pubs, theatres and other hospitality venues" in order to contain the spread of the COVID-19 virus.

We had seen some volatility in trading towards the end of the last week as media coverage of the crisis intensified. However, following the Government's advice, the Company's and the industry's situation has changed materially and now it is inevitable that trading will deteriorate rapidly too. Until a semblance of clarity returns it remains impossible to gauge the impact on the years' results.

We welcome the Chancellor's comments on Business rates and small business grants, but need more detail urgently. The overall provisions so far announced do not go far enough to support UK hospitality businesses. We want immediate cancellation of all taxes and support for staff overheads.

In light of these changed circumstances, we are now implementing a number of precautionary measures to protect our employees, licensees and to conserve cash. These measures include:

- cessation of all non-contractual capital expenditure in the brewery and pub estate for the foreseeable future
- minimising all expenditure to the lowest level possible
- suspension of rent receipts from Monday 16th March to support our tenants
- all office staff moving to home working. The brewery will continue to produce beer under new and strict access and hygiene controls including deep cleans between shifts, workplace distancing measures and monitoring the temperature of employees at the beginning and end of each shift
- the Board of Directors voluntarily agreeing to take a temporary 20% pay reduction
- and one further action to cancel the interim dividend of 6p per share which was announced on 11th March and would have been payable on 2nd April 2020.

The Board is proud of the part that the dividend has played in the history of the Company's relationship with shareholders and considers this decision to be in the best interest of the company, its people and shareholders.

The company entered a new long term financing debt structure in October 2018 providing £107.5m of committed facilities with net debt at the 28th December 2020 of £83.9m.

The above actions are precautionary at this stage and will be reviewed on a weekly basis to preserve maximum headroom on our facilities and in the hope that we can return to normal business in the near future.

[19th

March]

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