RNS Number : 3647U
Shepherd Neame Limited
23 January 2025

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Shepherd Neame Limited

("Shepherd Neame" or the "Company")

LAUNCH OF SHARE BUYBACK PROGRAMME & TRADING UPDATE

Shepherd Neame announces that it intends to commence a share buyback programme in respect of its ordinary shares of 50p each ("Ordinary Shares") for up to a maximum aggregate consideration of £0.5 million (excluding any associated costs) from the date of this announcement (the "Share Buyback Programme").

The purpose of the Share Buyback Programme is to reduce the Company's share capital and, as such, the purchased Ordinary Shares will be cancelled. The Board has decided that dedicating a portion of its cash flow to the buyback and cancellation of shares is sensible in view of the present market position in terms of the Company's share price. Buybacks and cancellation will, at a share price around the current level, enhance earnings per share and net asset value per share, and the Board believes this action to be in shareholders' interests.

The Company has instructed Peel Hunt LLP to conduct the buyback programme on its behalf and to make trading decisions under the programme independently of the Company.

Details of the Share Buyback Programme

Shepherd Neame has given instruction to Peel Hunt LLP ("Peel Hunt") in relation to the Share Buyback Programme, which will commence today and will end no later than the expiry date of the Company's existing buyback authorities (being the earlier of the conclusion of the Company's 2025 Annual General Meeting, expected to be held in November 2025, and 31 January 2026). Peel Hunt will act as "riskless" or "matched" principal for the purposes of the Share Buyback Programme, within certain parameters.

Any purchase of Ordinary Shares under the Share Buyback Programme will be carried out on AQSE in accordance with the general authority to purchase Ordinary Shares granted to the directors of the Company (the "Directors") by its shareholders at the Company's annual general meeting in 2024 (the "2024 Authority"). The maximum number of Ordinary Shares which the Company is authorised to purchase under the 2024 Authority is 1,485,750 Ordinary Shares.

The maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than an amount equal to 105 per cent of the average of the middle market quotations for such shares (as derived from the AQSE website) for the five business days immediately preceding the day on which the purchase is made, but not exceeding the higher of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out.

It is intended that the Share Buyback Programme will, insofar as is possible, be conducted in accordance with the safe harbour parameters of the Market Abuse Regulations (Regulation (EU) No 596/2014) as incorporated into UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). However, given the limited liquidity in the Ordinary Shares, the Share Buyback Programme may on any given trading day represent a significant proportion of the daily trading volume in the Ordinary Shares on AQSE and could exceed 25 per cent of the average daily trading volume. Accordingly, the Company may not benefit from the exemption contained in Article 5(1) of MAR.

The Company confirms that it currently has no unpublished price sensitive information at the time of this announcement.

Shepherd Neame will announce any purchase of Ordinary Shares under the Share Buyback Programme no later than 7.30 a.m. on the business day following the calendar day on which the purchase occurred.

Trading Update

The Company has traded strongly over the important festive period, with like-for-like retail sales up +7.4% for the five weeks to 6 January 2025. We enjoyed many record-breaking days in individual pubs, with particularly strong trading in the final few days up to Christmas day itself.

Our retail trade was strongest within the M25 with like-for-like sales up +13.3%. Overall year to date like-for-like retail sales for the 26 weeks to 28 December were up +4.4%.

Our tenanted estate has continued its solid performance with like-for-like income for the first half up +0.3%. Total beer sales remain in decline driven by the ongoing fall in bottled beer sales, offset in part by strong local direct supply. Total beer volume for the first half was -12.6%, own beer volume was -13.9%.

The Company will deliver revenue growth and first half profits in line with expectations. In common with other operators across the sector, we are not immune to the many cost headwinds in the second half following the Government's recent Budget, notably the increase in national living wage and national insurance from April. We estimate the full year impact of these two items is £2.6m, with the initial impact falling in the final quarter of our financial year.

We had previously indicated that we would incur £1.2m of additional costs in 2025 as a result of the change in logistics arrangements with GXO. We now estimate these costs will be £0.3m higher than this figure in 2025.

We have plans to mitigate the majority of the cost increases over the next 18 months, through proactive management action including price increases and cost efficiencies.

The Board is encouraged by recent trade in our pubs, and by the resilience of the consumer, and remains confident of our long term prospects.

For further information:

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