

City Pub Group Plc

UK: +44 (0)207 989 0813 NA: +1 646 896 3065 AU +61 2 9280 0700 action@proactiveinvestors.com.au

06:05 21 May 2019

Sales are booming in Britain's pubs, but soaring costs are keeping a top on profits

Clouds of uncertainty may be hanging ominously above, but us Brits aren't letting that stop us from enjoying a pint or six with our friends.

A raft of consumer sentiment measures has warned that people are cutting back on their spending as they await some sort of outcome over Brexit.

READ: City Pub Group reports 35% jump in sales so far in 2019 But the issues seem to be affecting big-ticket items in the main - things such as cars, furniture and houses. By contrast, Britain's pubs are proving resilient.

City broker finnCap agrees, telling its clients that pubs are enjoying "relatively robust trading" despite the concerns.

City Pub Group PLC (LON:CPC) was the latest to tell the market about booming sales this morning (Monday).

In a statement ahead of its annual general meeting, boss Clive Watson - of Made in Chelsea fame - said sales were up by more than a third so far in 2019.

Little detail was given, but much of that growth is likely to have come from new openings, with City Pub trading from five more sites compared to this time last year.

As a sign of the firm's belief in the pub market, another five are due to open shortly, including the flagship Aragon House in London. Within two years, the target is for that figure to have reached between 65 and 70.

Sales on the up

City Pub isn't the only pub company enjoying soaring sales.

No-frills chain JD Wetherspoon PLC (LON:JDW) recently said its like-for-like sales are up 6.8% so far in its financial year, while rival Greene King PLC (LON:GNK) said its like-for-likes were up 2.9% last year. Another pub group, Marston's plc (LON:MARS) reported a 5% rise in half-year sales earlier this month.



Share Information

Code: CPC
Listing: AIM
52 week High Low

230.075 36.4286

Sector: Food & drink
Website: www.citypubcompany.com

Company Synopsis:

The City Pub Group owns and operates an estate of premium pubs across southern England. The Group's pub estate comprises 34 free houses located largely in London, cathedral cities and market towns, each of which is focused on appealing specifically to its local market.

action@proactiveinvestors.com.au

Although last year's 'Beast from the East' might have inflated this year's result a little, it seems UK pubs aren't struggling to get punters through their doors.

But costs soaring too...

Making more money out of them is proving a little harder though.

The whole sector has had to deal with soaring costs in recent years: wages have jumped, as have business rates, food and drink costs and other bills.



That has squeezed margins, with most companies reluctant to pass all of their costs on at a time when consumer confidence is, if not broken, a little unsteady.

'Spoons warned a few months ago that its profits would be lower than expected this year after it was forced to up its staff's wages, while Greene King is guiding for a £20mln surge in its expenses, despite finding ways to cut its costs elsewhere.

Still, it expects profits will rise slightly this year, as does Marston's after its pre-tax profits edged 2% higher in its opening six months.

Even Wetherspoon, with its surging like-for-likes, has the potential to spring a surprise and revise its guidance, and the market was a tad disappointed when it opted not to recently.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of City Pub Group Plc named herein, including the promotion by the Company of City Pub Group Plc in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand

(\$25,000).