

9 August 2012

Enterprise Inns plc
Interim Management Statement

Enterprise Inns plc (ETI) publishes its Interim Management Statement for the 44 weeks to 4 August 2012.

Highlights

- Continuation of improving trading trends, with like-for-like income per pub up 1.6% in the substantive estate.
- Like-for-like income in the total estate down by only 1.2% (down 5.1% in the same period last year and down 1.6% in the first half).
- Total proceeds from disposals of £148 million in the financial year to date.
- Bank borrowings net of cash reduced to £364 million (£446 million at 30 September 2011).

Trading maintains an improving trend

Trading in the 44 weeks to 4 August 2012 continued its improving trend toward growth, with total estate like-for-like income declining by only 1.2% compared with a decline of 1.6% in the first half and declines of 5.1% for the same period last year.

The 18 week period since the half year has been interesting and challenging. The Jubilee celebrations in June provided a welcome boost to publicans in a similar fashion to the Royal Wedding in April last year. The UEFA European championship in June also provided some assistance to trade but was significantly outweighed by the dampening effect on trade from the record breaking rainfall throughout the period. It is encouraging that despite such bad weather, the 18 weeks like-for-like income performance for the total estate has improved upon the first half.

Significant cash generation from disposal programme

Total proceeds from disposals for the 44 weeks to 4 August 2012 are £148 million and we expect full year proceeds to be in the region of £200 million with an expectation of a further £150 million next year.

In the financial year to date we have sold 121 unsustainable pubs for proceeds of £26 million. In December we completed a sale and leaseback package of 17 pubs for proceeds of £24 million. In addition we have sold 82 exceptional properties for proceeds of £98 million, at an average multiple of 14 times income and at a significant premium to book value.

Successful bank refinancing extends maturity to 2016

On 1 June 2012 we announced a new Forward Start Facility ("FSF") of £220 million which will commence on expiration of the existing facilities on 16 December 2013. The facility is committed to 15 December 2015 (Facility A: £70 million) and 15 June 2016 (Facility B: £75 million and Facility C: £75 million). The FSF secures a refinancing package which will allow us to follow our strategy of bank debt reduction which has reduced bank facilities from £1.1 billion in 2008 to current levels of £410 million of which £364 million is drawn net of cash. The existing facility of £410 million has reduced from £465 million at the half year with just £21 million of Tranche B outstanding, which we expect to have fully repaid by the end of this financial year.

Total borrowings reducing whilst investment in quality of estate continues

Cash generation from trading and from disposals remains strong and has enabled us to not only reduce bank debt but also longer term bond debt. We have prepaid a further £10 million of floating rate A2N securitised bonds since the half year and we expect to make advance repayment of the remaining £19 million floating rate securitised bonds by this financial year end such that they are fully repaid one year ahead of schedule.

In addition, since the half year we have purchased £10 million A4 and £2 million A3 Unique fixed rate securitised bonds, taking the total purchased and cancelled to £41 million. This represents a significant proportion of the £74 million of Unique A class fixed rate bonds that we plan to purchase by September 2013.

As well as reducing total borrowings we continue to invest in the quality of our estate as it is critical to maintain the competitive advantage offered by high quality pubs, enhancing sustainable income streams for the long term. Total capital expenditure for the full year will be in the region of £60 million reducing over time to a normalised level closer to £50 million per annum.

Looking forward

The Olympics is not materially impacting trading performance although the positive sentiment from continued British success should encourage customers to celebrate in their local community pubs. This year's poor summer weather has undoubtedly affected trade for our publicans in the near term but our strategy remains clear and the quality of our pub estate combined with the resilience of our publicans will ensure we deliver results for the full year in line with our expectations.

We intend to announce preliminary results for the year ending 30 September 2012 on 20 November 2012.

Analyst Conference call:

9.00am BST Tel +44 (0)20 3140 0668 / Conference code: 442034#

Replay: Tel +44 (0)20 3140 0698 / Passcode: 385957#

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