



DANIEL THWAITES PLC

INTERIM RESULTS - for the six months ended 30 September 2024

Financial Highlights

- A positive performance despite cost headwinds and pressure on consumer spending
- Turnover up 5% to £63.5m (2023: £60.3m)
- Operating profit before property disposals up 9% to £9.4m (2023: £8.6m)
- Net debt increased by £0.4m since March 2024 to £71.2m
- Continued capital investment in the business of £6.9m (2023: £11.8m)
- Earnings per share of 10.4p (2023: 11.2p)
- Interim Dividend increased by 6% to 0.9p (2023: 0.85p)

Chairman's Statement

OVERVIEW

The Company has delivered a positive performance over the last six months, a period in which we have continued to face cost headwinds and the ongoing pressure on consumer spending.

RESULTS

Turnover for the half year was £63.5m, which is a 5% increase compared to turnover last year of £60.3m.

An operating profit of £9.4m for the half year compares to £8.8m last year; the increase largely due to the contribution from Langdale Chase, which was closed in the first half of the last financial year, reopening in November 2023 following refurbishment.

Whilst interest rates have reduced slightly, and inflation has dropped closer to the Bank of England's target it seems that in the short to medium term rates will remain higher for longer than the expectation at the beginning of the year. This has had a positive impact on the mark to market fair value of our interest rate swaps, resulting in a decrease in the provision of £0.2m at the half year (2023: £2.1m), and this positive movement is shown in our profit and loss account.

Net debt at 30 September 2024 was £71.2m (2023: £70.6m); an increase of £0.6m compared to last year; and up £0.4m from £70.8m at 31 March 2024. The business has comfortable headroom against total banking facilities of £82m and is trading well within its banking covenants.

PUBS AND INNS

The pubs got off to a slow start due to persistent cold and wet weather throughout the spring. Whilst the European Football Championships provided a welcome boost to trade, this was short-lived as the poor weather continued through the summer months with the wettest August for more than 20 years, such that pub beer gardens were utilised well below their potential. Consequently, beer volumes were down year on year by 2%, although contribution remained flat.

The inns performance was less impacted by the weather as room sales continued to be strong over the summer months with sales up 4% on last year, and with the benefit of a clear focus on cost control profits increased by 18%.

HOTELS & SPAS

The hotels performance benefitted from the reopening of Langdale Chase in November 2023, after being closed for just over a year. Total sales increased by 11%, but by only 1% on a like for like basis.

Demand for rooms softened over the summer due to customers opting for foreign holidays to get away from the poor UK weather. Our gym memberships have continued to increase, but treatment sales have suffered slightly as customers focus on their spending. The political and economic uncertainty would also appear to have had an impact on corporate demand.

Langdale Chase has received a great deal of positive press and customer feedback, and was rated eleventh in the Condé Nast UK Readers' Choice List. Its successful re-launch has helped the hotels deliver an increase in profits of 15% for the period.

ACQUISITIONS, DEVELOPMENTS AND DISPOSALS

We have made no acquisitions during the period although we continue to look at opportunities for high quality properties.

We have continued to invest in our properties, investing £6.9m in the period, which is down from the £11.8m in the same period last year as this included the major investment in Langdale Chase.

We have also continued to divest of pubs that no longer suit our requirements and sold two pubs in the period. We received total proceeds from these disposals of £0.7m, which was in line with their book values.

EARNINGS PER SHARE

Earnings per share for the period is 10.4p per share, which compares to 11.2p per share in 2023. The reduction is due to the lower mark to market gain on our interest rate swaps of £0.2m in the period (2023 £2.1m).

DIVIDEND

The Board recommends an interim dividend of 0.9p per share (2023: 0.85p) to be paid on 10 January 2025 to shareholders on the register on 13 December 2024.

SUMMARY AND OUTLOOK

Since the summer there has been a marked decline in confidence, both from consumers and businesses. This has been particularly noticeable in our hotels business which has experienced a slowing in sales.

One of the factors at play has been the intense speculation in relation to the new government's first budget; now this has been delivered it has removed some of the uncertainty. With the measures announced, it is disappointing that already the chancellor has indicated that additional tax rises will be needed in her future budgets to meet the government's spending plans.

Consumer prices inflation is currently running at about 1.7%, so it was extremely disappointing that the government has decided to increase the national living wage by 6.7% and the young person's rate by 16%, which disproportionately affects hospitality. In addition, the increase in employers National Insurance contributions, through both an increase in the rate, and lowering the threshold at which it is paid adds a significant burden on the Company.

There is limited scope for price increases in the current economic environment, so collectively these policies force us to think differently to consider ways to mitigate these taxes. They make it less attractive to employ people and will reduce investment. Ultimately, they will be borne by working people through either lower pay awards or reduced employment.

Despite intense lobbying the government has also reduced business rates relief for hospitality from 75% to 40%, which has been a lifeline for pubs that are already overtaxed, which for some will be the final straw. The much vaunted reduction in the price of a pint by 1p is irrelevant against the context of these new measures.

These changes will come in from the start of our next financial year, and whilst the profitability of the Company is currently holding up, significant and unwelcome new headwinds have been introduced.

Richard Bailey
Chairman

12 November 2024

Financial Statements

Profit and Loss Account

For the six months ended 30 September 2024

	2024 Unaudited 6 months ended 30 September £'m	2023 Unaudited 6 months ended 30 September £'m	2024 Audited 12 months ended 31 March £'m
Turnover	63.5	60.3	115.5
Operating profit before property disposals	9.4	8.6	11.3
Property disposals	-	0.2	0.2
Operating profit	9.4	8.8	11.5
Net interest payable	(2.7)	(2.6)	(5.2)
Gain on interest rate swaps measured at fair value	0.2	2.1	1.3
Finance income on pension asset	0.7	0.2	1.5
Profit on ordinary activities before taxation	7.6	8.5	9.1
Taxation	(1.5)	(1.9)	(1.8)
Profit on ordinary activities after taxation	6.1	6.6	7.3
Earnings per share	10.4p	11.2p	12.4p

Balance Sheet

as at 30 September 2024

	2024 Unaudited 30 September £'m	2023 Unaudited 30 September £'m	2024 Audited 31 March £'m
Fixed Assets			
Tangible assets	315.3	308.4	312.2
Investments	0.9	0.7	0.8
	316.2	309.1	313.0
Current Assets			
Stocks	1.0	0.9	0.9
Trade and other debtors	7.7	7.3	6.7
Cash at bank and in hand	1.8	2.4	3.2
	10.5	10.6	10.8
Creditors due within one year			
Trade and other creditors	(20.5)	(20.6)	(20.7)
Net current liabilities	(10.0)	(10.0)	(9.9)
Total assets less current liabilities	306.2	299.1	303.1
Creditors due after one year			
Loan capital	(73.0)	(73.0)	(74.0)
Deferred tax	(10.7)	(9.5)	(10.6)
Interest rate swaps	(2.6)	(1.6)	(2.6)
	(86.3)	(84.1)	(87.2)
Net assets excluding pension asset	219.9	215.0	215.9
Pension asset	35.6	32.2	34.9
Net assets including pension asset	255.5	247.2	250.8
Capital and reserves			
Called up share capital	14.7	14.7	14.7
Capital redemption reserve	1.1	1.1	1.1
Revaluation reserve	78.6	76.5	78.6
Profit and loss account	161.1	154.9	156.4
Equity shareholders' funds	255.5	247.2	250.8

NOTES

1. Basis of preparation

The interim accounts, which have not been audited, have been prepared on the basis of the accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2024.

2. Taxation

The taxation charge is based on the estimated tax rate for the year.

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