

Revolution Bars Group plc

Trading update

Record Christmas trading

Revolution Bars Group plc (“the Group”), the leading operator of premium bars trading across the UK under the Revolution and Revolucion de Cuba brands, is today providing a trading update for the 26 weeks ended 28 December 2019 (“H1 FY20”) and also for the important Christmas trading period through to and including New Year’s Eve.

Christmas trading: 4 weeks to 31 December 2019

For the seventh consecutive year, the Group achieved record sales over the festive period. Like-for-like* sales in the important four week trading period leading up to and including New Year’s Eve were 4.0% higher than last year. During this four-week period, weekly sales per venue averaged over £65,000.

26 weeks ended 28 December 2019

Total revenue for the 26 weeks ended 28 December 2019 was £81.2m (H1 FY19: £78.5m), an increase of +3.4%. Consistent with the Board’s strategy to focus capex and management resources on the existing estate, there were no new openings in the period under review. Three under-performing Revolution bars were closed in the period at Swansea, Wood Street in Liverpool, and Macclesfield. The Macclesfield lease has been surrendered. Sales growth in the period was driven primarily by the annualisation of the five venues opened during H1 FY19.

Like-for-like* sales for the 26 weeks ended 28 December 2019 were +1.2% higher representing a further improvement on the 0.7% increase reported after 13 weeks. Sales trends in October and November broadly followed those experienced in the first quarter and, as anticipated due to strong growth in pre-booked party income, stepped up in December. Revolucion de Cuba achieved strong like-for-like* sales growth throughout the period whilst there was a further strengthening in the Revolution brand like-for-like* sales trend over the course of the period.

The Board expects the Group’s Interim results to be published on 26 February 2020 with underlying earnings, as measured by adjusted EBITDA** on a pre-IFRS16 basis, to have improved in line with market expectations. As previously advised, these results will incorporate the new accounting standard on leasing arrangements (IFRS16) using the modified retrospective approach. Results will be published on a pre and post-IFRS16 basis in order to allow true comparability against the prior period results.

Post interim reporting period transaction

The Board is also pleased to announce that since the end of the interim reporting period, it has exchanged contracts with real estate investment company Aproz, landlord of nine of the Group’s properties, to surrender five leases of loss-making sites and re-gear a further four leases with a small net rent reduction but with a 25 year term. The transaction is expected to complete in March on payment by the Group of a premium equivalent to less than three times the annual trading losses of the five lease surrenders. The net effect of these transactions is to improve the Group’s on-going full year operational cash flows by c£1.2m per annum.

Commenting on the trading performance, Rob Pitcher – Chief Executive Officer said:

“I am delighted with our Christmas trading and the steady improvement in our like-for-like* sales performance over the first half is further evidence that our key initiatives are driving both operational and financial improvement. Considerable strides have been made in rebuilding customer loyalty and driving sales and profit from the existing estate, creating a stronger business with significant cash generation. Whilst

external cost pressures persist, we will continue to manage cautiously, using excess cash to reduce indebtedness below one times EBTIDA before we will consider further expansion opportunities“

* Like-for-like sales comprise aggregate sales for those bars that have traded throughout both the current reporting period and comparable reporting period.

** Adjusted EBITDA excludes exceptional items, bar opening costs and share-based payments.