

## Convivial London Pubs Plc

Kris Gumbrell, CEO

### Innclean Technology Trial March 08 to January 09

#### Summary

Convivial London Pubs Plc (formerly known as Capital Pub Company 2) has 8 high quality liquor led freehold pubs in the Greater London area. The Innclean technology has been in place in 3 of CLP's pubs for the above period and we have delighted with the overall results. I have over 20 years experience in brewing and pub retailing and up to the point where we started this trial have been extremely sceptical as to the reliability and performance of systems designed to extend line cleaning trials.

#### Key Benefits Observed:

1. Visible improvement in cask ale quality, with noticeable comment back from customers.
2. Reduction of line cleaning from weekly to 3 weekly.
3. Much enhanced performance in terms of yield and liquor GP.
4. Reliability of system, no performance issues experienced during the trial.
5. The system has saved a considerable amount of management time and material cost over the period.
6. Ease of installation and no impact during brand switching.
7. Infrequently used lines have performed considerably better.

#### Trial Statistics:

Pub	Mar 07		Jan 09	
	Yield	GP%	Yield	GP%
Mitre	98.1%	70%	102.1%	71%
Pakenham	97.7%	66%	101.6%	69.9%
Clifton	98.7%	70%	100.6%	71.3%

One further site was in the trial but has been excluded in terms of results as the stock results have been affected by other matters and there has been two changes of GM during the trial thereby corrupting the data.

### Overall Keg Beer Volume Statistics (source S&N UK):

Convivial London Pubs	01.2009	01.2008	Period % Var	Roll Qtr TY	Roll Qtr LY	Roll Qtr % Var	YTD TY	YTD % Var	MAT TY	MAT LY	MAT % Var
Overall Result	139.48	125.14	11.46 %	469.06	416.18	12.71 %	139.48	11.46 %	1,848.80	1,787.11	3.45 %

(this excludes one pub sold in August 08, and represents approximately 90% of our keg volume but no cask ales).

Volume for our business has increased overall, despite the volume savings enjoyed through the trial. This would certainly demonstrate that the quality and customer satisfaction levels have certainly not been affected, indeed we have had considerable positive as to the improvement in terms of brightness and palate of cask ale.

#### Manager Testimonials:

“In the Twelve months that we have had the MLS line cleaning equipment we have noticed a vast improvement in the clarity and quality of the beer. We have also minimized wastage as the system enables you to run longer periods between line cleans and this has been borne out by our stocktake were we have enjoyed 100% yields, For the past year. I would thoroughly recommend the system coupled with good staff training, it is an invaluable management tool for running a business and in a very cost consciences and results driven time”

Richard Kavanagh, General Manager, The Clifton, St Johns Wood

“The kit really helps not only with saving stock but with time. We all know there is never enough hours in the day to deal with all the demands that this business gives you. The line cleaning kit really helps, here at the Pakenham we open at 9am and close at 1am and having to do the line cleaning out of business hours every 3 weeks really saves time and sweat and gives me a little more time in the bed.

I would like to continue with this product if possible.”

Anuska Wright, General Manager, The Pakenham, Islington

#### Additional Information:

1. The installation and training by Gary Cross at MSL was significant at the start of the trial to ensure all were fully briefed as to how the equipment worked and how to ensure best results could be achieved. Credibility and cynicism is always going to be an issue, Gary is an ex-licensee and this was important in re-assuring the managers from the start.
2. OSN our company stocktakers have been so impressed with the system they have started to recommend it to other clients.
3. The Clifton has won the Company Cask Ale Pub of the Year.

4. In Convivial London Pubs, we know our beer, we are untied and we have a higher than average cask ale mix, served by 7 different small brewers (over and above S&N UK).
5. One pub in the trial was sold in August of last year, despite our best efforts to recover the kit from the new owner, he has refused to hand the kit back and is actively using it.
6. The estimated saving on line cleaning fluid across four sites is 2x 10l of fluid at £17 each month is £1632.00 per annum.
7. Two of the three sites indicated above were deemed as poor performing yield houses the system allowed us to narrow down the field of losses within those businesses, making the management teams focus on the more manageable dispenses and delivery loss issues.
8. The system does not clean for us, and when we do clean it has to be very thorough and include sparklers, couplers, taps.
9. The Mitre has a very long python run including a first floor bar, the system has coped very well in this situation as the signal is transmitted along the full length of the line, from tap to keg.

### **Conclusion:**

The trial is not absolutely definitive in terms of increasing overall margins, work has also been completed on pricing, other controls have also been improved and there has been considerable input price and duty movement this year. The yield improvement has unquestionably been driven substantially by the introduction of the InnClean equipment;

1. Product costs and associated material costs have been saved.
2. Management time
3. Product quality has been very good.

We are now in the process of rolling the system out across the wider business and look forward to benefits being shared across the wider business.