



125 years

Serving with pride, since 1898

Mitchells & Butlers

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Full Year Results 2023

❑ Strong performance:

- Strong trading performance in the face of significant headwinds
- Sales growth of 9.1% with all brands in growth
- Record market outperformance of 2.7ppts
- Underlying profit, excluding Government aid in FY 2022, up 17.6%

❑ Encouraging outlook:

- Well placed with unequalled stable of brands
- Cost pressures abating
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Financial Review FY 2023
Tim Jones
Chief Financial Officer

Income Statement (before adjusted items)

	FY 2023 53 week £m	FY 2022 52 week £m
Revenue	2,503	2,208
Operating costs	(2,277)	(1,968)
Operating profit	226	240
Interest	(108)	(114)
Pensions finance charge	(3)	(2)
Profit/(loss) before tax	115	124
Operating margin	9.0%	10.9%
Earnings/(loss) per share	16.1p	18.0p

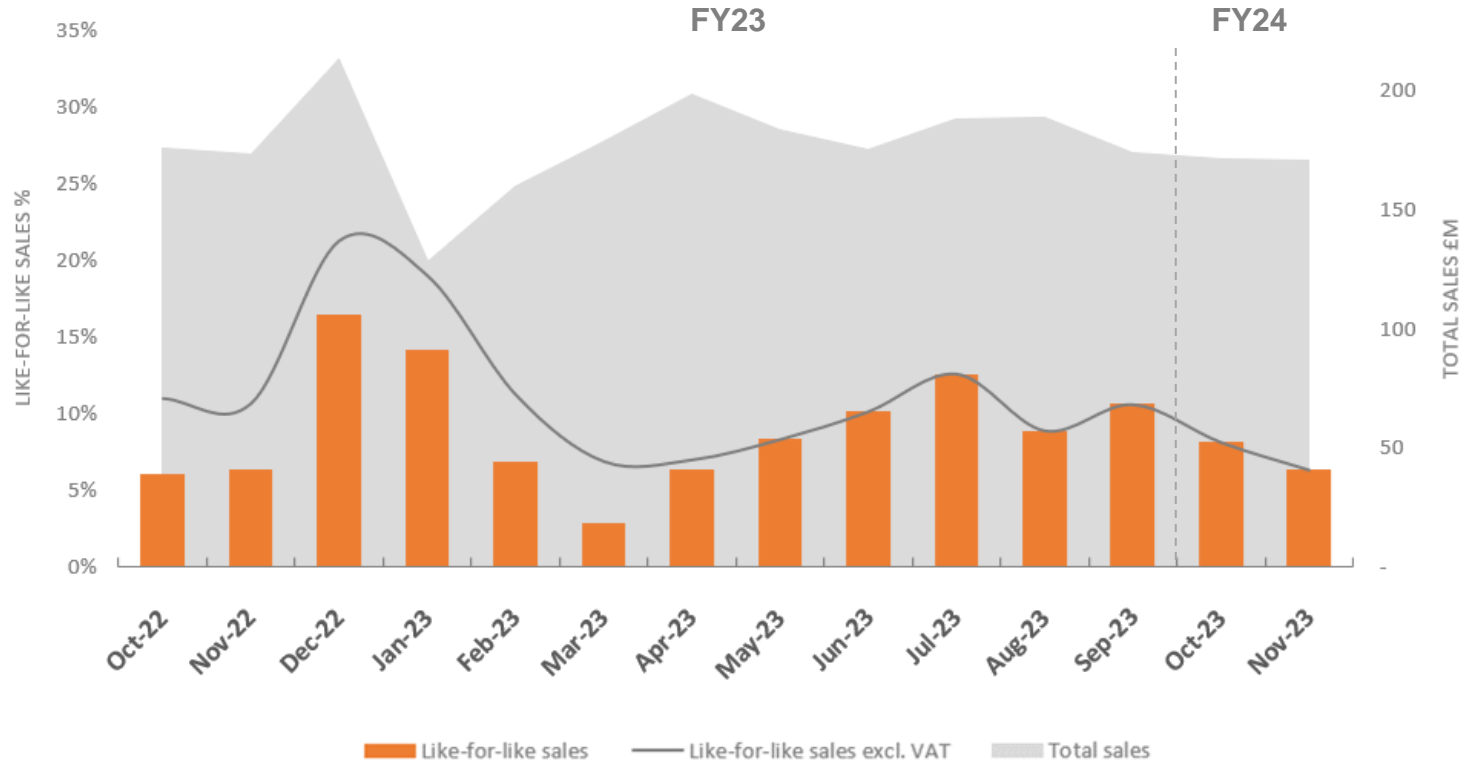
Note: FY23 includes £1m of government support (FY22 £53m)

Income Statement (before adjusted items)

	FY 2023	FY 2022
	52 week	52 week
	£m	£m
Revenue	2,459	2,208
Operating costs	(2,238)	(1,968)
Operating profit	221	240
Interest	(108)	(114)
Pensions finance charge	(1)	(2)
Profit/(loss) before tax	112	124
Operating margin	9.0%	10.9%
Earnings/(loss) per share	15.6p	18.0p

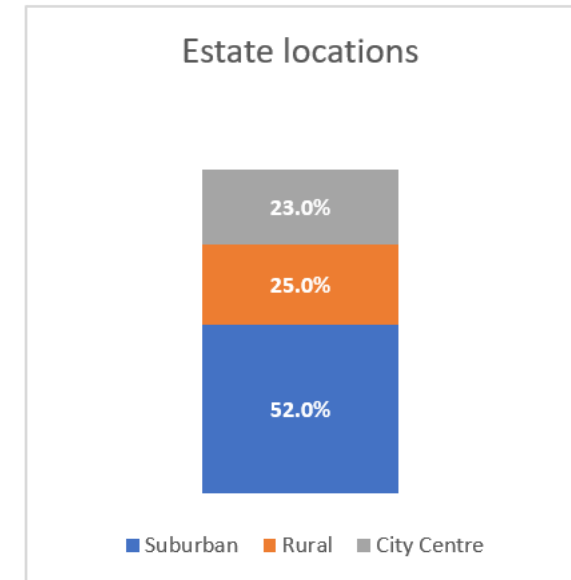
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Strong like-for-like sales

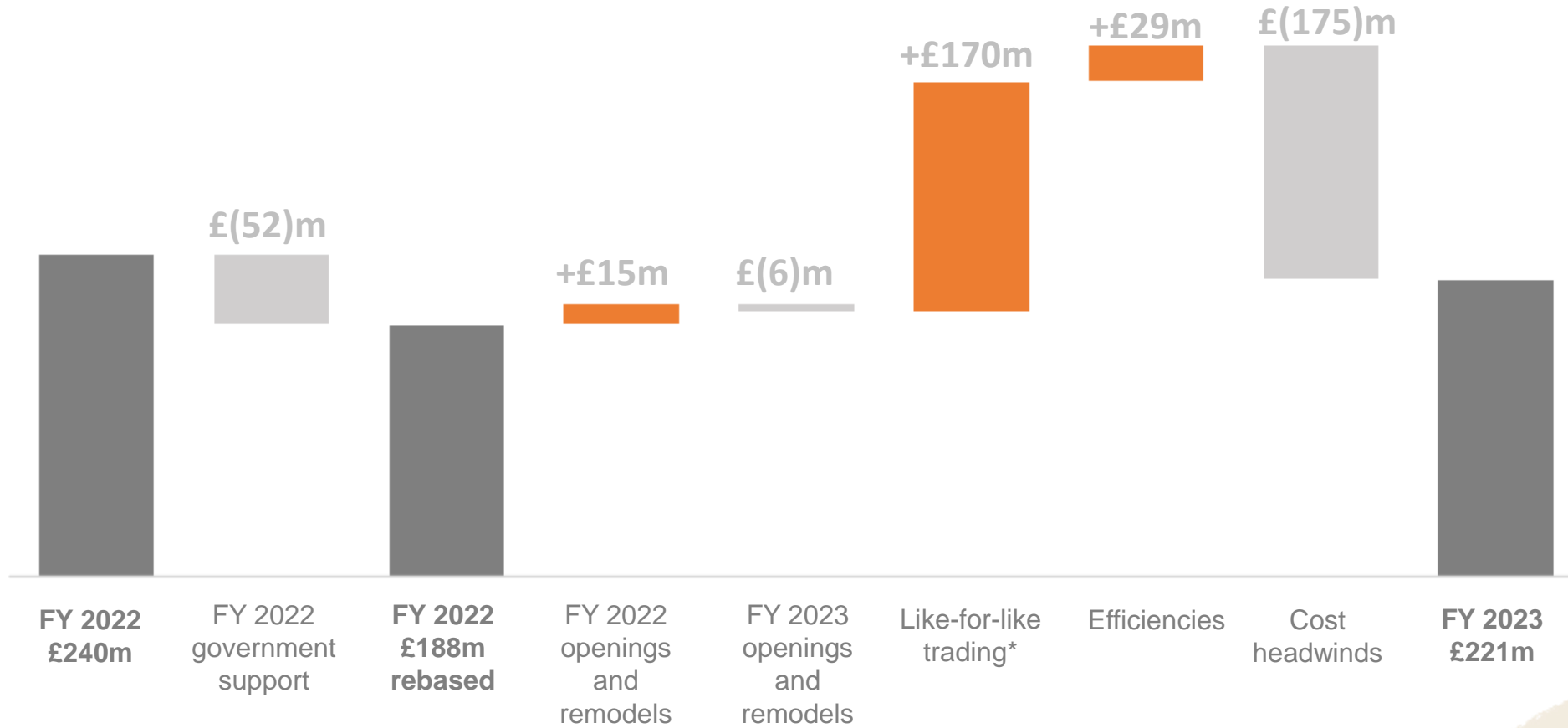


- Sustained like-for-like sales growth in both food and drink
- Broad-based growth across all brands
- FY23 growth driven by both volume and spend
- Like-for-like sales growth excluding VAT 11.3%
- Like-for-like sales growth for eight weeks since period end of 7.2%

Diverse portfolio of brands and locations

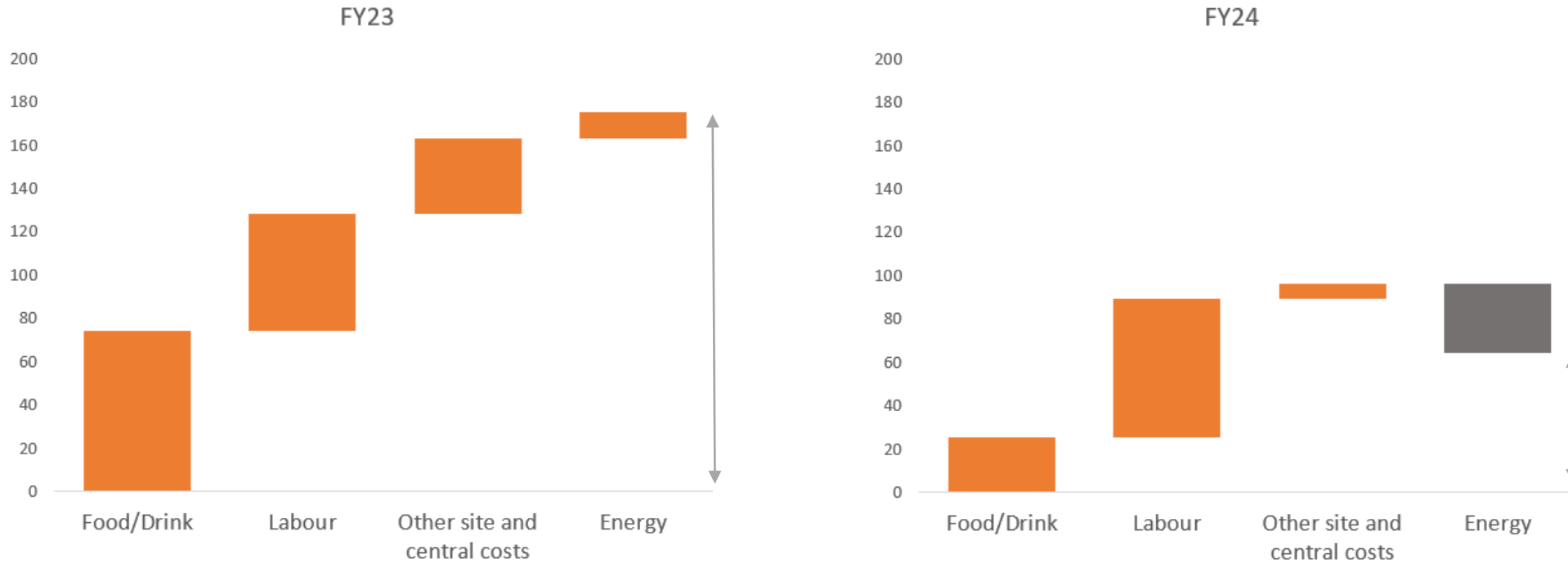


Adjusted EBIT movement 52 week



*Like-for-like trading includes impact from Omicron in prior year

Cost inflation beginning to abate

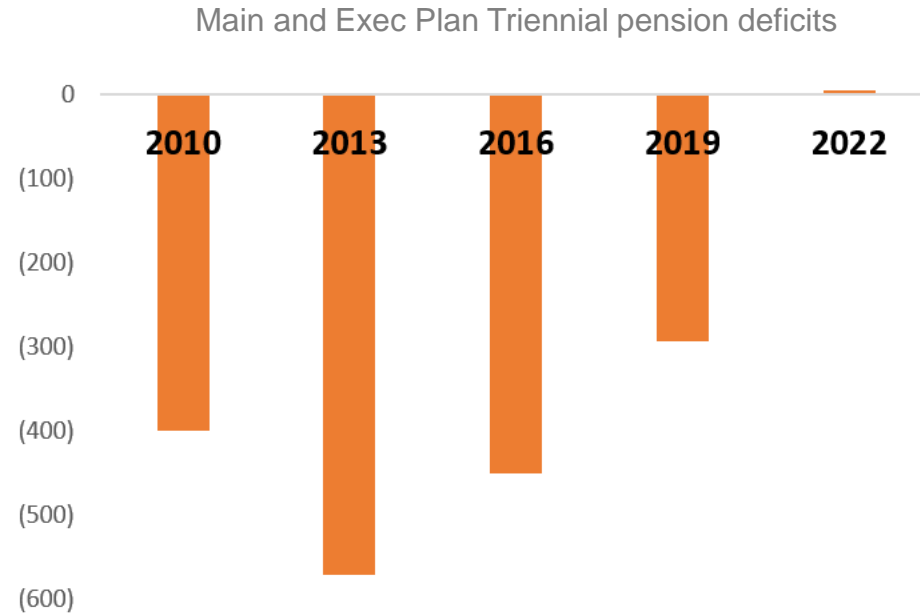


- FY 2023 cost headwinds £175m which equates to 10% of £1.8bn cost base
- FY 2024 headwinds are expected to be c.£65m (c.3%) a reduction to pre-pandemic norms
- Unhedged energy prices are expected to reduce into FY 2024

Cash flow and debt

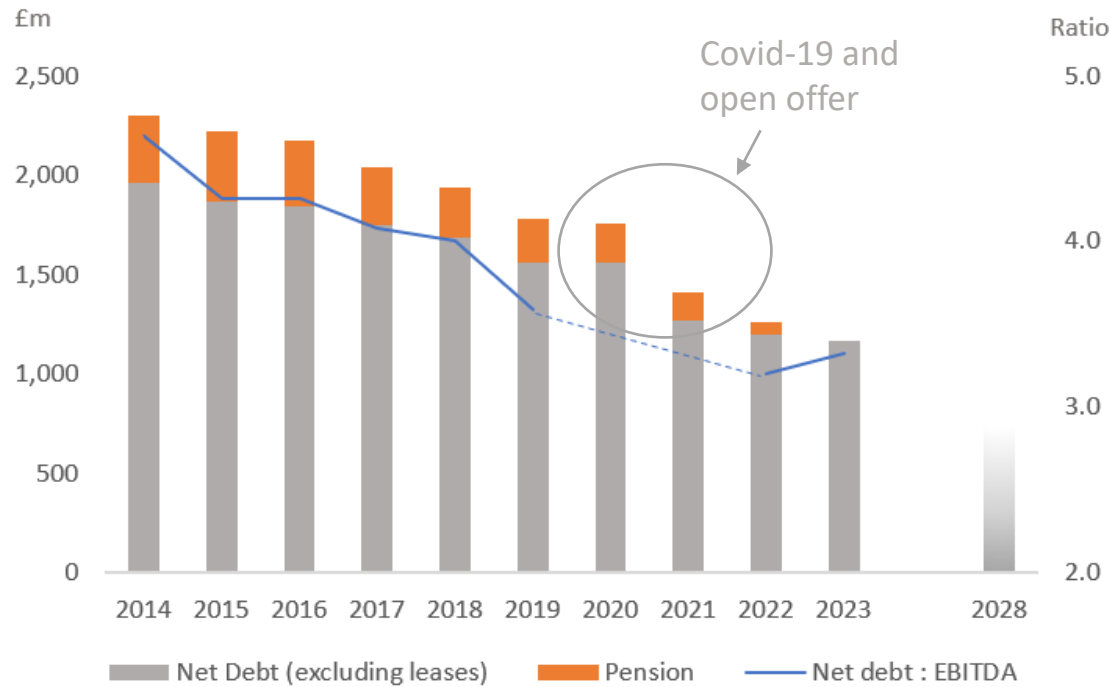
	FY 2023 £m	FY 2022 £m
Operating cash flow	368	380
Working capital movement	(1)	19
Pension deficit contributions	(8)	(44)
Capital expenditure	(157)	(122)
Acquisition of 3Sixty Restaurants net of cash	(12)	-
Lease principal and interest	(68)	(61)
Net interest	(90)	(99)
Tax	(3)	(2)
Disposal proceeds and other	1	-
Net cash flow before bond amortisation	30	71
Mandatory bond amortisation	(116)	(110)
Net cash flow	(86)	(39)
Net debt excluding IFRS 16 lease liabilities	(1,170)	(1,198)
Net assets	2,130	2,143
Net assets per share	£3.59	£3.61

Main pension plans now both fully funded

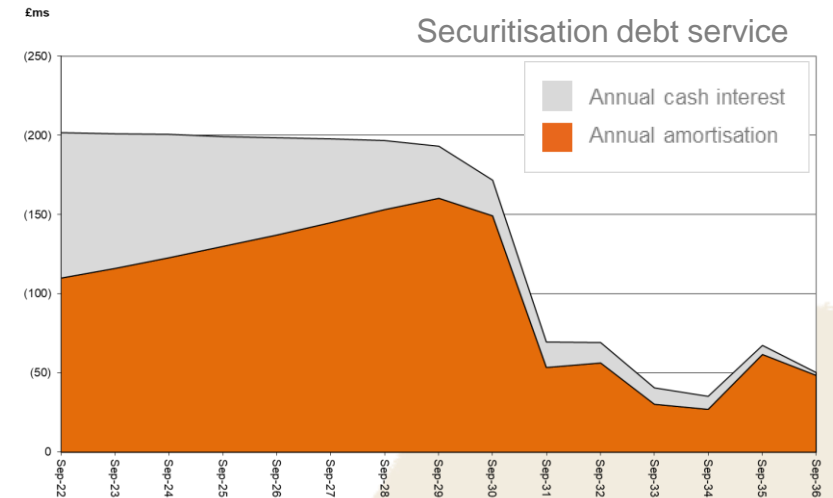


- Both Main and Executive schemes now in buy-in therefore essentially de-risked with all contributions ceased (from September 2023)
- £47m held in escrow accounts pending potential return
- Remaining deficit of £22m (before tax) related to an unfunded top up arrangement

Consistent reduction in net debt



- Track record of consistent reduction in net debt to £1.2bn (3.26 times EBITDA)
- Securitisation debt service includes inbuilt acceleration of repayment
- Material reduction in annual debt service costs from 2030
- Liquidity supported by new unsecured RCF of £200m, to July 2026, currently undrawn



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Phil Urban Chief Executive Officer

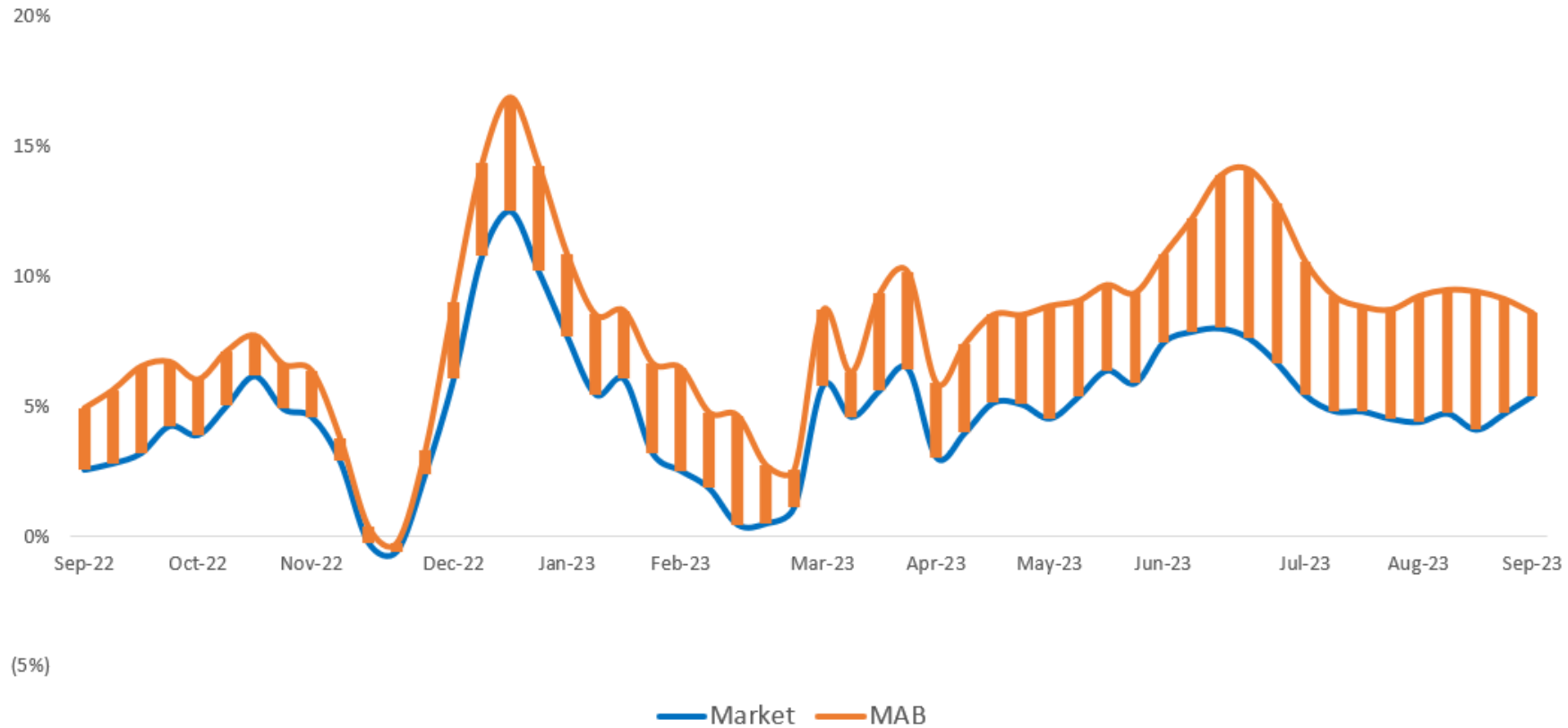
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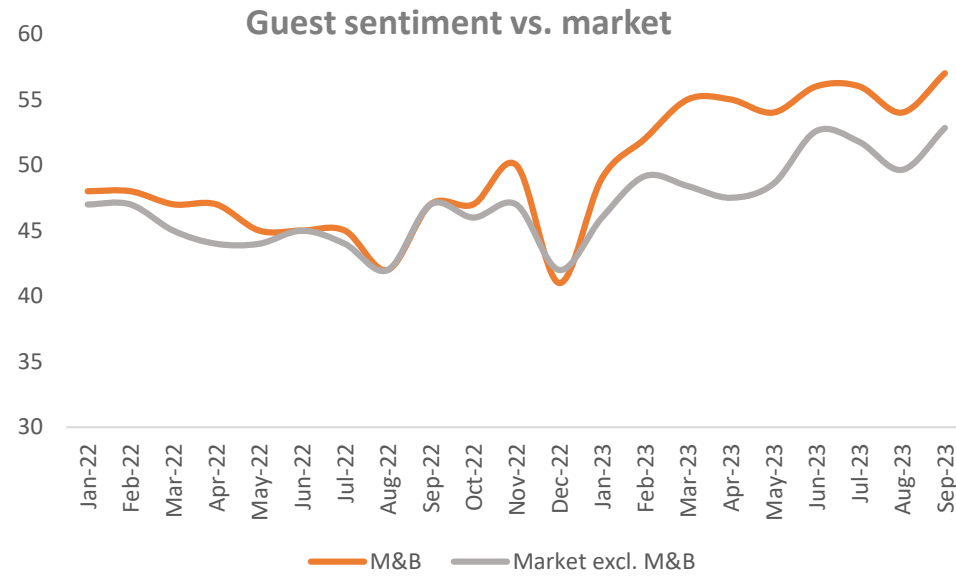
Outperformance vs. the market throughout the year



Rolling four-weekly average like-for-like sales vs Coffer Peach Tracker, vs. calendar year 2022

- Like-for-like sales growth of 9.1% for the year
- Outperformed the market by 2.7ppts over the year, as measured by CGA

Pricing strategy

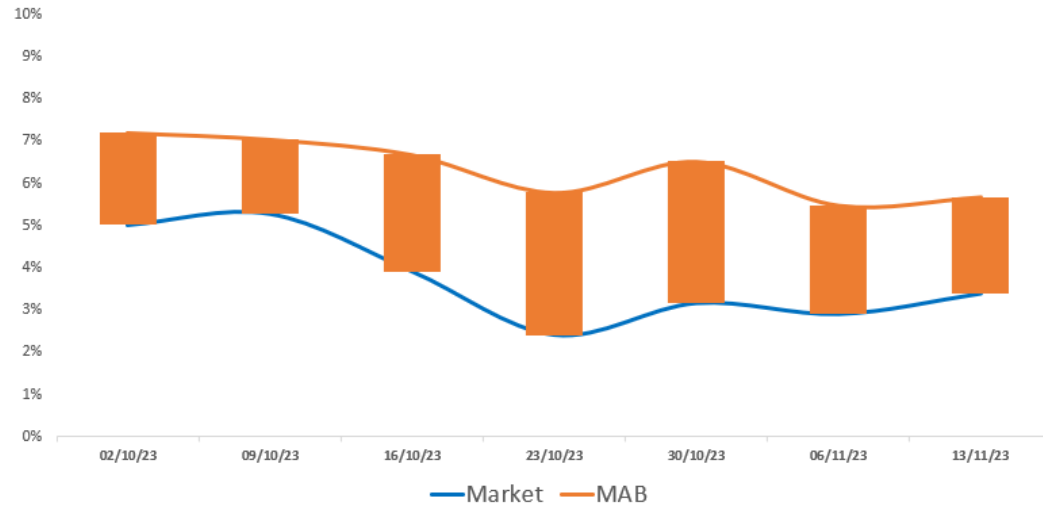


Net sentiment as reported by Sentiment Search



- Maintain value through lower than inflation price increases
- Protect entry points representing value for consumers
- Guest sentiment outperformance to market, with value for money being a key component
- Improved guest review scores of 4.4 out of 5 across brand portfolio

Trading performance FY 2024



- Like-for-like sales growth of 7.2% in the first 8 weeks of FY 2024
- Performance remains ahead of the market
- Encouragingly festive bookings are ahead of the same time last year, key dates particularly strong

Energy efficiency and capital reduction

- Large scale programme of energy efficiency has resulted in 3% year-on-year consumption reduction
- Energy ambassadors support behaviour change
- Investment in energy controls and solar panels facilitate consumption reduction
- Focused on reducing maintenance costs through our in-house DART programme
- Value engineering exercise has reduced the individual project cost of capital investment programme by c.15-20%



People



- Team turnover in FY 2023 reduced by 13ppts to 81%
- Retail team engagement near all-time record high
- The employment environment has begun to ease, particularly for back-of-house roles
- Strong training and progression opportunities mean we have a rich pipeline of talent

Strategic priorities



Build a more balanced business

- Brand propositions
- Conversion to successful formats
- Upgraded amenity in core



Instil a more commercial culture

- Guest-driven decisions
- Profitable sales
- Core operational drivers

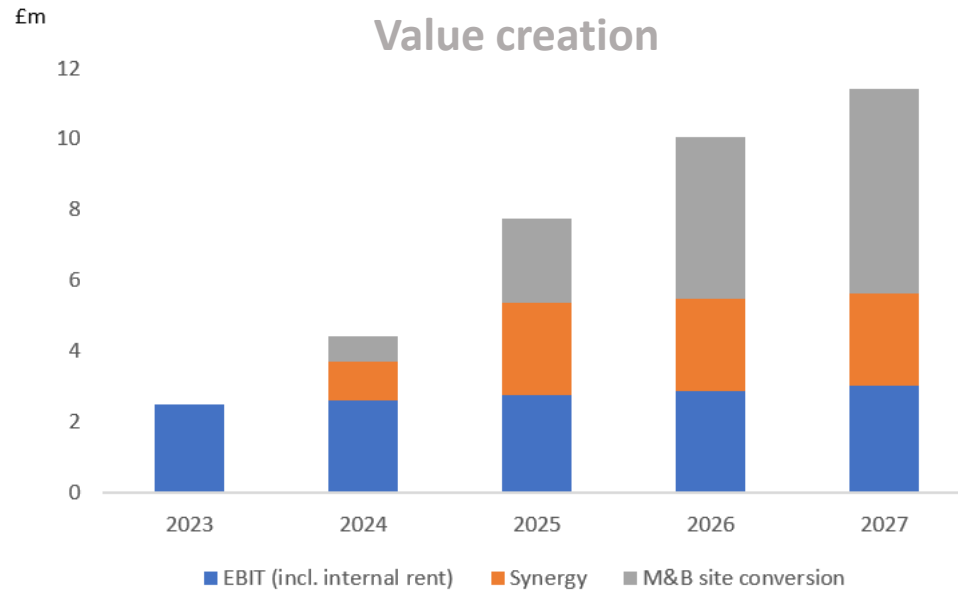


Drive an innovation agenda

- Build on technology investment
- Digital marketing
- New concept development



New concept value creation Ego



- Total investment of £16m (net of £5m cash acquired) for 100%
- The Ego brand which complements our portfolio and provides purchasing and conversion opportunities
- Annual synergies of c.£3m from M&B supply chain
- Conversion of c.6-10 sites per year until 2026

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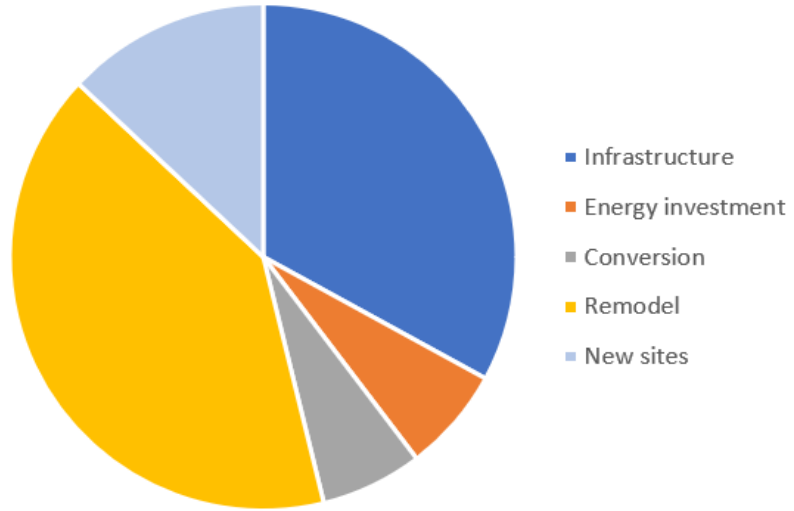
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Capital programme

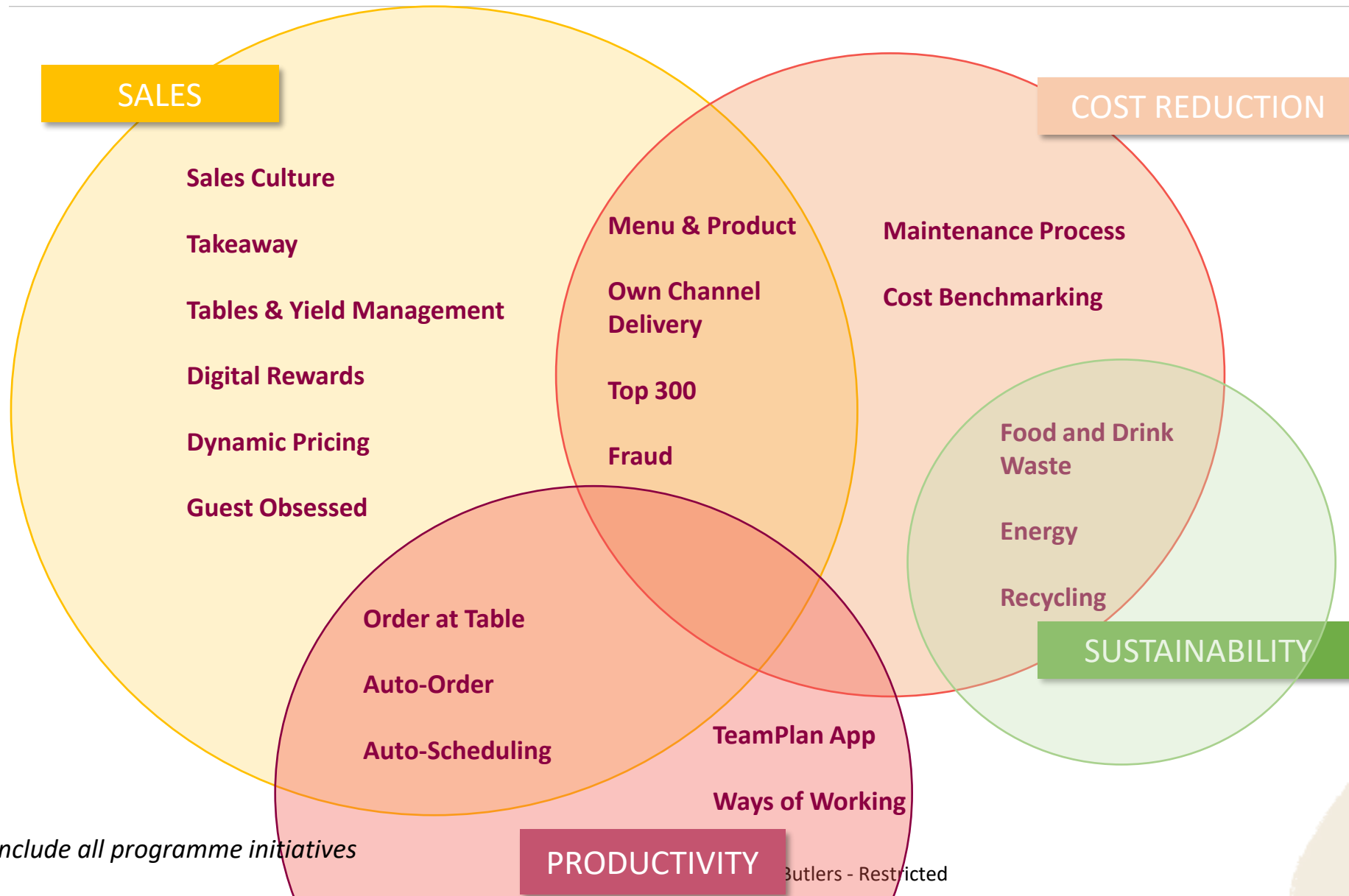
- 200 investment projects planned for FY 2024
- Increased focus on investment in energy consumption reduction technology including solar, voltage optimisers and electric kitchens
- 150 sites identified solar panels and 40 for electric kitchens for FY 2024
- Strong returns generated from re-established capital programme



Solar investment



Electric kitchen equipment



Does not include all programme initiatives

Sustainability



MAKING moments MATTER



We are committed to reducing our emission, tackling waste and protecting biodiversity.



We strive to deliver responsibly sourced products and menu options for everyone.



People are central to our business, we are focused on supporting our teams and the communities we serve.

TARGETS



NET ZERO GREENHOUSE GAS'S BY 2040



ZERO WASTE TO LANDFILL BY 2030



REDUCE FOOD WASTE BY 50% BY 2030

PROGRESS

-11%

97%

-25%

Summary



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Questions





**Full Year Results 2023
Supplementary slides**

FY 2023 – Outlet reconciliation

	Total Managed ¹	Franchised	Total MAB
Opening outlets (start FY 2023)	1,646	72	1,718
Transfers ²	14	(16)	(2)
Disposals	(10)	(1)	(11)
Acquisitions	13	-	13
Closing outlets (end FY 2023) ³	1,663	55	1,718

Notes:

1. FY 2023 closing managed total includes 29 Ego outlets and 42 Alex outlets.
2. Franchised sites transferred in the year relate to 16 Ego sites transferred to managed sites and 2 managed sites transferred to unlicensed properties which are not included within the outlet count.
3. Lodges attached to sites do not appear as a separate outlet.