

## ALTERNATIVE PERFORMANCE MEASURES

The performance of the Group is assessed using a number of Alternative Performance Measures (APMs).

The Group's results are presented both before and after separately disclosed items. Adjusted profitability measures are presented excluding separately disclosed items as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next. Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement with details of separately disclosed items provided in note 2.2.

The Group's results are also described using other measures that are not defined under IFRS and are therefore considered to be APMs. These APMs are used by management to monitor business performance against both shorter term budgets and forecasts but also against the Group's longer term strategic plans.

APMs used to explain and monitor Group performance include:

APM	Definition	Source
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Group income statement
Adjusted EBITDA	Annualised EBITDA on a 52 week basis before separately disclosed items is used to calculate net debt to EBITDA.	Group income statement
EBITDA before adjusted items	EBITDA before separately disclosed items.	Group income statement
Operating profit	Earnings before interest and tax.	Group income statement
Adjusted operating profit	Operating profit before separately disclosed items.	Group income statement
Like-for-like sales growth	Like-for-like sales growth reflects the sales performance against the comparable period in the prior year of UK managed pubs, bars and restaurants that were trading in the two periods being compared, unless marketed for disposal.	Group income statement
Adjusted earnings per share (EPS)	Earnings per share using profit before separately disclosed items.	Note 2.5
Net debt : Adjusted EBITDA	The multiple of net debt as per the balance sheet compared against 52 week EBITDA before separately disclosed items which is a widely used leverage measure in the industry.	Note 4.1 Group income statement
Free cash flow	Calculated as net movement in cash and cash equivalents before the movement on unsecured revolving credit facilities.	Cash flow statement
Return on capital	Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by incremental site EBITDA following investment expressed as a percentage of return generating capital. Return on investment is measured for four years following investment. Measurement commences three periods following the opening of the site.	

### A. LIKE-FOR-LIKE SALES

The sales this year compared to the sales in the previous year of all UK managed sites that were trading in the two periods being compared, expressed as a percentage. This widely used industry measure provides better insight into the trading performance than total revenue which is impacted by acquisitions and disposals.

	Source	2019 52 weeks £m	2018 52 weeks £m	Year-on-year %
Reported revenue	Income statement	2,237	2,152	3.95
Less non like-for-like sales		(184)	(168)	
<b>Like-for-like sales</b>		<b>2,053</b>	1,984	3.49

### Drink and food sales growth FY 2019

	Source	2019 52 weeks £m	2018 52 weeks £m	Year-on-year %
Drink like-for-like sales		951	921	3.21
Food like-for-like sales		1,048	1,013	3.39
Other like-for-like sales		54	49	10.82
<b>Total like-for-like sales</b>		<b>2,053</b>	1,984	3.49

### Like-for-like sales for first seven weeks of FY 2020

	Source	2020 7 weeks £m	2019 7 weeks £m	Year-on-year %
Revenue		279.6	275.8	1.4
Less non like-for-like sales		(23.0)	(22.8)	
<b>Like-for-like sales</b>		<b>256.6</b>	253.0	1.4

## B. ADJUSTED OPERATING PROFIT

Operating profit before separately disclosed items as set out in the Group income statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence (see note 2.2). Excluding these items allows a better understanding of the trading of the Group.

	Source	2019 52 weeks £m	2018 52 weeks £m	Year-on-year %
Operating profit	Income statement	297	255	16.47
Add back separately disclosed items	Note 2.2	20	48	
<b>Adjusted operating profit</b>		<b>317</b>	303	4.2
Reported revenue 52 weeks		2,237	2,152	3.95
<b>Adjusted operating margin</b>		<b>14.2%</b>	14.1%	0.1ppts

## C. ADJUSTED EARNINGS PER SHARE

Earnings per share using profit before separately disclosed items. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows a better understanding of the trading of the Group.

	Source	2019 52 weeks £m	2018 52 weeks £m	Year-on-year %
Profit for the period	Income statement	143	104	37.50
Add back separately disclosed items	Income statement	16	41	
Adjusted profit		159	145	9.66
Weighted average number of shares	Note 2.5	427	425	
<b>Adjusted earnings per share</b>		<b>37.2p</b>	34.1p	9.14

## D. NET DEBT: ADJUSTED EBITDA

The multiple of net debt as per the balance sheet compared against 52 week EBITDA before separately disclosed items which is a widely used leverage measure in the industry. Adjusted EBITDA is used for this measure to prevent distortions in performance resulting from separately disclosed items.

	Source	2019 52 weeks £m	2018 52 weeks £m
Net debt	Note 4.1	1,564	1,688
EBITDA	Income statement	418	417
Less separately disclosed items	Income statement	18	5
Adjusted 52 week EBITDA		436	422
<b>Net debt: Adjusted EBITDA</b>		<b>3.6</b>	4.0

## E. FREE CASH FLOW

Free cash flow excludes the cash movement on unsecured revolving credit facilities and is presented to allow understanding of the cash movements excluding short term debt.

	Source	2019 52 weeks £m	2018 52 weeks £m
Net increase/(decrease) in cash and cash equivalents	Cash flow statement	11	(25)
Net movement on unsecured revolving credit facilities	Cash flow statement	–	6
		<b>11</b>	(19)

## F. SECOND HALF ADJUSTED OPERATING PROFIT

Last year we reconciled second half adjusted operating profit as the understanding of the second half growth was material to trading performance for the year. This year we do not view the second half split as material to the understanding of performance therefore no reconciliation is provided.

**G. RETURN ON CAPITAL**

Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by incremental site EBITDA following investment expressed as a percentage of return generating capital. Return on investment is measured for four years following investment. Measurement of return commences three periods following the opening of the site.

**Return on expansionary capital**

		2018 FY 2015-18 £m	2019 FY 2016-18 £m	2019 FY 2019 £m	2019 Total £m
	Source				
Maintenance and infrastructure		286	204	60	<b>264</b>
Remodel – refurbishment		170	136	65	<b>201</b>
Non-expansionary capital		456	340	125	<b>465</b>
Remodel expansionary		34	34	5	<b>39</b>
Conversions and acquisitions*		166	125	16	<b>141</b>
<b>Expansionary capital for return calculation</b>		<b>200</b>	<b>159</b>	<b>21</b>	<b>180</b>
Expansionary capital open < 3 periods pre year end		13	8	6	<b>14</b>
Total capital	Cash flow	669	507	152	<b>659</b>
Adjusted EBITDA	Income statement	1,714	1,275	436	<b>1,711</b>
Non-incremental EBITDA		(1,682)	(1,242)	(430)	<b>(1,672)</b>
Incremental EBITDA		32	33	6	<b>39</b>
Return on expansionary capital		16%	21%	27%	<b>21%</b>

\* Conversion and acquisition capital is net of capex incurred for projects which have been open for less than three periods pre year end.

**Return on remodel capital**

			FY 2019 £m
	Source		
Capital investment	Cash flow		<b>152</b>
Non-remodel – refurbishment			<b>(87)</b>
Remodel capital investment			<b>65</b>
Adjusted EBITDA	Income statement		<b>436</b>
Non-incremental EBITDA			<b>(414)</b>
Incremental EBITDA			<b>22</b>
ROI			<b>34%</b>

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<http://www.mbplc.com/investors/contacts/>

\* Lines are open 8.30am to 5.30pm (UK time), Monday to Friday, excluding public holidays in England & Wales.

**KEY DATES**

These dates are indicative only and may be subject to change. For the current status visit the financial calendar on our website at [www.mbplc.com/investors](http://www.mbplc.com/investors)

Annual General Meeting	21 January 2020
Announcement of interim results	May 2020
Pre-close trading update	September 2020
2020 final results announcement	November 2020

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[www.dein-alex.de](http://www.dein-alex.de)

### All Bar One

[www.allbarone.co.uk](http://www.allbarone.co.uk)  
@allbarone

### Browns

[www.browns-restaurants.co.uk](http://www.browns-restaurants.co.uk)  
@BrownsBrasserie

### Castle

[www.mbplc.com/findapub](http://www.mbplc.com/findapub)

### Ember Inns

[www.emberinns.co.uk](http://www.emberinns.co.uk)  
@EmberInns

### Harvester

[www.harvester.co.uk](http://www.harvester.co.uk)  
@HarvesterUK

### Innkeeper's Lodge

[www.innkeeperslodge.com](http://www.innkeeperslodge.com)

### Miller & Carter

[www.millerandcarter.co.uk](http://www.millerandcarter.co.uk)  
@MillerandCarter

### Nicholson's

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### O'Neill's

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### Premium Country Pubs

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### Sizzling Pubs

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### Stonehouse Pizza & Carvery

[www.stonehouserestaurants.co.uk](http://www.stonehouserestaurants.co.uk)  
@stonehousepizza

### Toby Carvery

[www.tobycarvery.co.uk](http://www.tobycarvery.co.uk)  
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### Vintage Inns

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