

## 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
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 including lease liabilities, 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	This measure is no longer used as an APM, see explanation below.	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. As like-for-like sales can only be measured when sites are trading the measure excludes periods of closure in response to Covid-19.

	Source	2020 52 weeks £m	2019 52 weeks £m	Year-on-year %
Reported revenue	Income statement	1,475	2,237	(34.1%)
Less non like-for-like sales and income		(172)	(887)	80.6%
<b>Like-for-like sales</b>		<b>1,303</b>	1,350	(3.5%)

### Drink and food sales growth

	2020 52 weeks £m	2019 52 weeks £m	Year-on-year %
Drink like-for-like sales	573	618	(7.3%)
Food like-for-like sales	699	697	0.3%
Other like-for-like sales	31	35	(11.4%)
<b>Total like-for-like sales</b>	<b>1,303</b>	1,350	(3.5%)

### 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	2020 52 weeks £m	2019 52 weeks £m	Year-on-year %
Operating profit	Income statement	8	297	(97.3%)
Separately disclosed items	Note 2.2	91	20	-
<b>Adjusted operating profit</b>		<b>99</b>	317	(68.8%)
Reported revenue	Income statement	1,475	2,237	(34.1%)
<b>Adjusted operating margin</b>		<b>6.7%</b>	14.2%	(7.5ppts)

**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	2020 52 weeks £m	2019 52 weeks £m	Year-on-year %
(Loss)/profit for the period	Income statement	<b>(112)</b>	143	(178.3%)
Add back separately disclosed items	Income statement	<b>85</b>	16	
Adjusted (loss)/profit		<b>(27)</b>	159	(117.0%)
Weighted average number of shares	Note 2.5	<b>428</b>	427	0.2%
<b>Adjusted (loss)/earnings per share</b>		<b>(6.3)p</b>	37.2p	(116.9%)

**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. From FY 2020 leases are included in net debt following adoption of IFRS 16. Adjusted EBITDA is used for this measure to prevent distortions in performance resulting from separately disclosed items.

Due to the closure period we do not have a representative 52 week EBITDA measure to calculate this metric and therefore it has not been used in these financial statements.

**E. FREE CASH FLOW**

Free cash flow excludes the cash movement on unsecured revolving credit facilities and was previously presented to allow understanding of the cash movements excluding short-term debt. This measure is no longer used.

**F. 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**

	Source	2019 FY 2016-19 £m	2020 FY 2017-19 £m	2020 FY 2020 £m	2020 Total £m
Maintenance and infrastructure		265	183	38	<b>221</b>
Remodel – refurbishment		201	170	54	<b>224</b>
Non-expansionary capital		466	353	92	<b>445</b>
Remodel expansionary		39	26	2	<b>28</b>
Conversions and acquisitions*		141	99	12	<b>111</b>
<b>Expansionary capital for return calculation</b>		<b>180</b>	<b>125</b>	<b>14</b>	<b>139</b>
Expansionary capital open < 3 periods pre-year end		14	14	2	<b>16</b>
Total capital	Cash flow	660	492	108	<b>600</b>
Adjusted EBITDA	Income statement	1,711	1,279	253	<b>1,532</b>
Non-incremental EBITDA		(1,692)	(1,269)	(255)	<b>(1,524)</b>
Incremental EBITDA		19	10	(2)	<b>8</b>
Return on expansionary capital		11%	8%	(11%)	<b>6%</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**

	Source	FY 2020 £m
Capital investment	Cash flow	<b>108</b>
Non-remodel capital investment		<b>(54)</b>
Remodel – refurbishment		<b>54</b>
Adjusted EBITDA	Income statement	<b>253</b>
Non-incremental EBITDA		<b>(272)</b>
Incremental EBITDA		<b>(19)</b>
ROI		<b>(35%)</b>

**CONTACTS**

Registered office  
27 Fleet Street  
Birmingham B3 1JP  
Telephone 0121 498 4000

**REGISTRAR**

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

From the UK:  
Telephone 0371 384 2065\*

From non-UK jurisdictions:  
Telephone +44 121 415 7088\*

For those with hearing loss, a textphone is available on 0371 384 2255\*  
for UK callers with compatible equipment.

<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	March 2021
Announcement of interim results	May 2021
Pre-close trading update	September 2021
2021 final results announcement	November 2021

## OUR BRANDS

All of our popular brands have their own websites, helping our customers to find the information they need straight away. Latest food and drink menus, news and offers, email newsletters, online bookings and details of new openings are all available.

### Alex

[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

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

### O'Neill's

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

### Premium Country Pubs

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

### Sizzling Pubs

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

### Stonehouse Pizza & Carvery

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

### Toby Carvery

[www.toby-carvery.co.uk](http://www.toby-carvery.co.uk)  
@toby-carvery

### Vintage Inns

[www.vintageinn.co.uk](http://www.vintageinn.co.uk)  
@Vintage\_Inns

## MITCHELLS & BUTLERS ONLINE

**Mitchells & Butlers' comprehensive website gives you fast, direct access to a wide range of Company information.**

- Downloadable Annual Report and Accounts
- Latest investor news and press releases
- Brand news and offers
- Responsibility policies
- Find a local restaurant or pub
- Sign up for latest news

To find out more go to [www.mbplc.com](http://www.mbplc.com)

