

21 July 2022

Mitchells & Butlers plc
LEI no. 213800JHYNDNB1NS2W10

Third Quarter Trading Update

Trading statement covering the 42 weeks ended 16 July 2022.

Sales

Sales comparisons are on a three-year basis, to the same period in FY 2019, the last full financial year before Covid-19.

Like-for-like sales started the third quarter strongly, up 2.2% for the first five weeks as previously reported, before falling back slightly across a period including the Jubilee weekend, industrial action and the recent very hot weather, to end up 0.9% across the full quarter, with food continuing to be the main driver.

Like-for-like sales growth/(decline) against FY 2019:

	Wks 1 – 15	Wks 16 – 28	Wks 29 – 42	Wks 1 - 42
	Q1	Q2	Q3	
Food	5.2%	8.9%	2.9%	5.5%
Drink	(9.1%)	(4.2%)	(1.3%)	(4.9)%
Total	(1.5%)	3.8%	0.9%	0.9%
Total excl. VAT benefit	(5.5)%	0.2%	0.9%	(1.5)%

Total sales have declined by 1.6% in the year-to-date driven mainly by temporary covid-related closures in the first part of the year and site disposals since FY 2019.

Operating costs and margins

Inflationary cost pressures continue to present a major challenge to our business and to the hospitality sector as a whole. Whilst the near-term outlook is unchanged it now seems likely that, particularly in the case of utilities, wages and food costs, these will persist at or above current levels well into the next financial year, increasing and prolonging the medium term impact on margins. Our Ignite programme of work remains at the core of our long-term value creation plans and we continue to focus on initiatives which enhance efficiency and productivity, helping to offset these inflationary cost pressures.

Investments

Despite challenging conditions, we remain committed to investing in enhancing the competitiveness of our estate. We have completed 116 conversions and remodels in the financial year to date.

Phil Urban, Chief Executive, commented:

“The trading environment remains very challenging with inflationary costs squeezing consumer discretionary spending and putting pressure on the industry’s margins.

In the face of these challenges, we remain focused on driving sales and efficiency through our Ignite programme and pushing forward with our capital investment plan which we are pleased to see delivering strong sales uplifts.”

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Note for editors:

Mitchells & Butlers is a leading operator of managed restaurants and pubs. Its portfolio of brands and formats includes Harvester, Toby Carvery, All Bar One, Miller & Carter, Premium Country Pubs, Sizzling Pubs, Stonehouse, Vintage Inns, Browns, Castle, Nicholson's, O'Neill's and Ember Inns. In addition, it operates Innkeeper's Collection hotels in the UK and Alex restaurants and bars in Germany. Further details are available at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary.