Andrew Vaughan

Group Treasurer

Bond Investor Update – 27 November 2009

Highlights

Gross debt outstanding at year end	£2,330m
EBITDA	£358m
Free cashflow	£309m
EBITDA DSCR	2.0x
FCF DSCR	1.8x

Resilient performance in tough market conditions

Free Cash Flow

	£m
EBITDA	358
Tax	9
Required maintenance capital	(58)
Free cashflow	309
Interest	(132)
Principal repayment	(44)
Debt Service	(176)

1.8x

Securitisation Covenants

	FY 09		
	H1	H2	Year
Free Cashflow: Debt Service	1.6x	2.0x	1.8x
EBITDA: Debt Service	1.9x	2.2x	2.0x
Net Worth			£1. 59bn

Note: Default Covenants.
FCF/Debt Service 1.1x, Net Worth of £0.5bn

Restricted Payment Test. FCF/Debt Service 1.3x,
EBITDA/Debt Service 1.7x

Well within required covenants

Maintenance & Capital Enhancement

Securitisation Estate

	£m	
Repairs*	34	108 (vs. required amount of £92m)
Maintenance	74	
Enhancement	31	
	139	

Substantial investment to maintain and enhance estate quality

*Charged through Profit & Loss account

Cashflow - Uses

	£m
FCF	309
Debt Service	(176)
Maintenance Capital (over required amount)	(16)
Net Capital Enhancement Expenditure*	0
Excess Cash	117
Restricted Payments made	(120)
Restricted Payment Maximum decrease	(3)
Restricted Payment Maximum at start of year	60
Restricted Payment Maximum at end of year	57

*Net of cash released from disposal proceeds

MAB PLC vs MAB Retail Limited

	PLC £m	Securitisation Estate £m
Number of pubs*	1,970	1,675
Turnover	1,958	1,632
EBITDA	428	358
EBIT	300	254

Difference driven by 295 pubs and head office infrastructure outside the Securitisation

*As at 26 September 2009

Jeremy Townsend

Finance Director

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Key Messages

- Good like-for-like sales growth
- Abnormal levels of cost inflation
- Strong focus on cost management
- Continued debt reduction
- Challenging economic environment

Robust performance. Positioned well.

Financial Highlights

52 weeks ended 26 September 2009		Growth
Revenue	£1,958m	2.6%
EBITDA*	£428m	(10.3)%
Operating profit*	£300m	(12.5)%
Net Interest*	£166m	0.6%
Profit before tax*	£134m	(23.9)%
EPS*	23.6p	(23.9)%

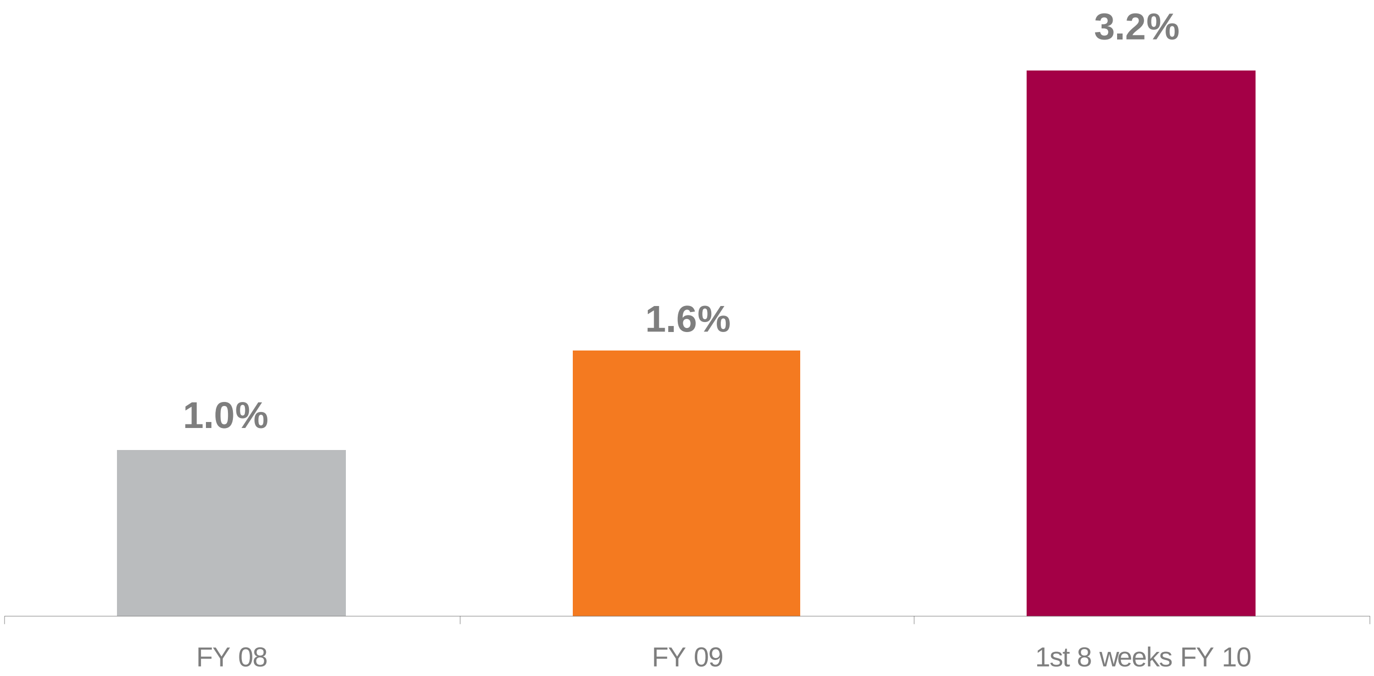
Strong sales growth impacted by cost pressures

* Before exceptional items and other adjustments

Exceptional Items & Other Adjustments

£m Operating Profit		
Loss on swap closure	(95)	
Less amounts charged to prior periods	40	
		(55)
Property valuation adjustments		(123)
Loss on property disposals		(8)
Exceptional pension credit		44
Finance charge from pensions		(6)
Interest on tax credits		4
Exceptional items / other adjs before tax		(144)
Tax credits on exceptional items and release of prior year provisions		52

Like-for-Like Sales Growth



Increasing like-for-like sales growth

Like-for-Like Sales Growth

%	FY09 H1*	FY09 H2**	FY09 Total	FY10 8 weeks
Food	2.5%	4.1%	3.1%	5.9%
Drinks	1.7%	2.0%	1.8%	2.0%
Other	(8.8%)	(8.4%)	(8.7%)	(2.7%)
Total	1.2%	2.1%	1.6%	3.2%

Good growth in food and drink

- 33 weeks to include the entire Easter period

** Week 34-52

Operating Performance

	FY09 £m	FY08 £m	
Revenue			
Pubs & Bars	958	954	0.4%
Restaurants	999	939	6.4%
Retail	1957	1893	3.4%
SCPD	1	15	
	1,958	1,908	2.6%
Operating Profit*			
Pubs & Bars	159	176	(9.7)%
Restaurants	141	156	(9.6%)
Retail	300	332	(9.6%)
SCPD	-	11	
	300	343	(12.5)%

* Before exceptional items and other adjustments

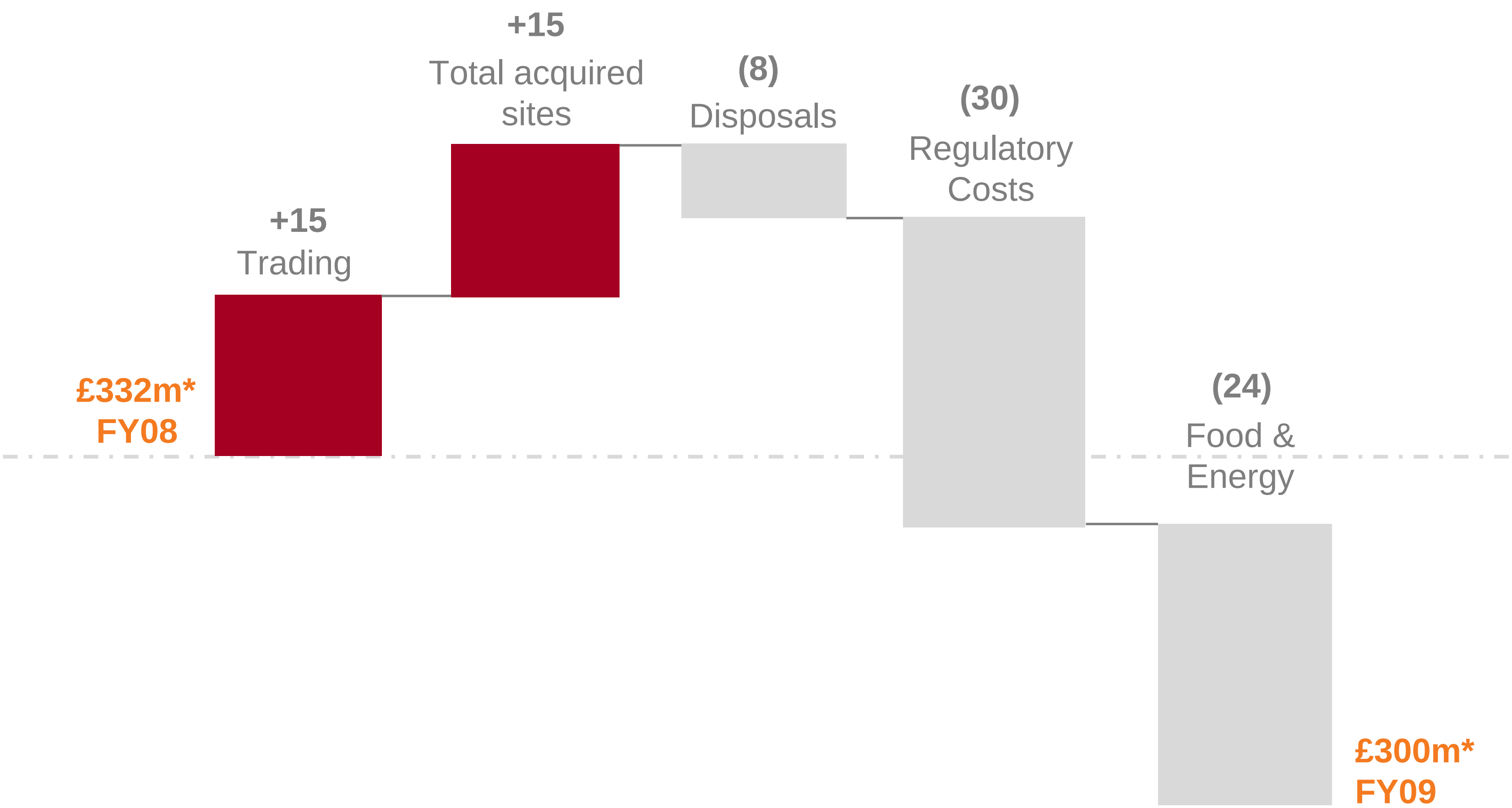
Key Operating Statistics

- Same outlet food sales up 3.1%
- Same outlet drink sales up 1.8%
- Gross margin down 1.5% points
- Cash gross margin up 1.3%
- Outlet staff costs 24.3% of sales
- Retail operating margin down 2.2% points

Improving trajectory on margins

Note: all figures relate to Retail

Retail Operating Profit Movement



Good trading performance offset by inflationary costs

* Before exceptional items and other adjustments

Outlook for FY10 Costs

- Food and drinks inflation continues
- Further duty increases expected
- £20m additional regulatory costs
- Energy costs decrease by around £10m
- Target £20m of efficiency gains

Inflationary costs lower than previous years

FY09 Capital Expenditure

- Focus on maintenance
- £86m spent on maintenance capex
- £36m of expansionary capex
- ROI on last two years investments at 13%
- Total capex in FY10 estimated at £140m

Good returns on capex

Cash Flow (a)

FY09	£m	
EBIT	300	
Depreciation & amortisation	128	
EBITDA	428	
Working capital / non cash items	22	
Maintenance capex	(86)	£(129)m
Expansionary capex	(43)	
Disposals	72	
Additional pension contributions	(24)	
Operating Cash Flow after Net Capex*	**369**	

* Before exceptional items

Cash Flow (b)

FY09	£m
Operating cash flow after net capex	369
Net interest paid	(160)
Issue of share capital	4
Net Cash Flow*	**213**
Exceptional cash flow items	(93)
Tax credits	21

Continuing strong operating cash flows

* Before exceptional items

Group Debt and Outstanding Facilities

	Sept 09 £m	Sept 08 £m	Feb 08 £m
Securitisation debt	(2,319)	(2,361)	(2,391)
Cash / other	102	140	76
Unsecured drawings	(383)	(514)	(595)
Net debt	**(2,600)**	**(2,735)**	**(2,910)**
Unsecured facility	£550m	£600m	£700m
Headroom	+£167m	+£86m	+£105m

Net debt £135m lower

Balance Sheet

Net debt : EBITDA	6.1x
Book gearing*	72%
Interest cover**	1.8x
Fixed charge cover***	2.0x
IAS 19 pension deficit	£130m
Property value	£4.5bn

Balance sheet underpins operating performance

EBITDA is before exceptional items and other adjustments
* Net debt / (net assets + net debt)
** Excluding net charge from pension & exceptional items
*** EBITDA / (interest + rent)

Summary

- Challenging economic conditions
- Increasing MAB like-for-like sales growth
- Significant cost pressures but decreasing next year
- Strong cash flows with net debt decreasing
- Focus on maintaining amenity in whole estate
- Continuing operational improvements generating competitive advantage

Well positioned to continue to outperform the market

Andrew Vaughan

Group Treasurer

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Mitchells & Butlers Performance

- Trading improved through FY09
- Value and volume strategy delivering in recession
- FY10 started well
- Mitchells & Butlers in a strong position

Performing well in challenging markets

Improving H2 Performance

	H1	H2
Like-for-like sales	1.2%	2.1%
Change in operating margin %	(3.2)% pts	(1.1)% pts
Change in Retail EBIT	(16.8)%	(2.4)%

Performance maintained into FY10

Like-for-Like Sales by Segment

	H1 09*	H2 09**	FY09	FY10 (8 wks)
Residential	2.0%	3.3%	2.5%	4.4%
High Street	0.3%	(1.0)%	(0.2)%	Flat
Total	1.2%	2.1%	1.6%	3.2%

Growing like-for-like trajectory

* Wks 1-33 to include the entire Easter period
** Wks 34-52 to exclude the entire Easter period

Drivers of Residential Growth

- Strong performance driven by main brands
- Proven customer appeal with:
  - Good quality, value-for-money food
  - Extensive quality drinks range
  - Consistent & efficient service
  - High amenity levels

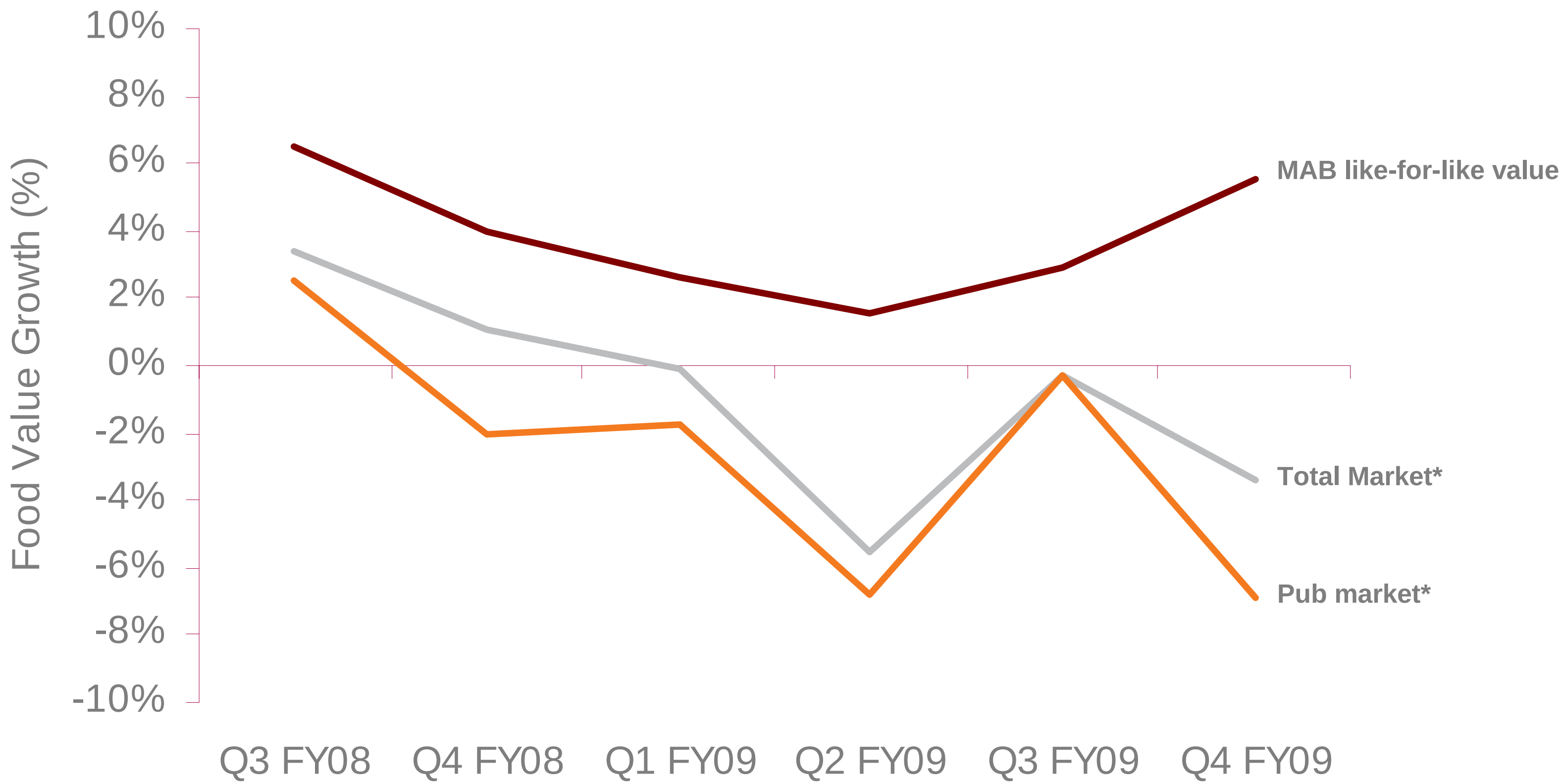
A focus on driving cash gross margin

High Street Market Conditions

- London in growth
- Late night business trending towards flat
- Polarisation on the high street
  - Youth unemployment impact on drinks focussed pubs
  - Demand for value food continues to grow

Exploiting food led growth opportunities

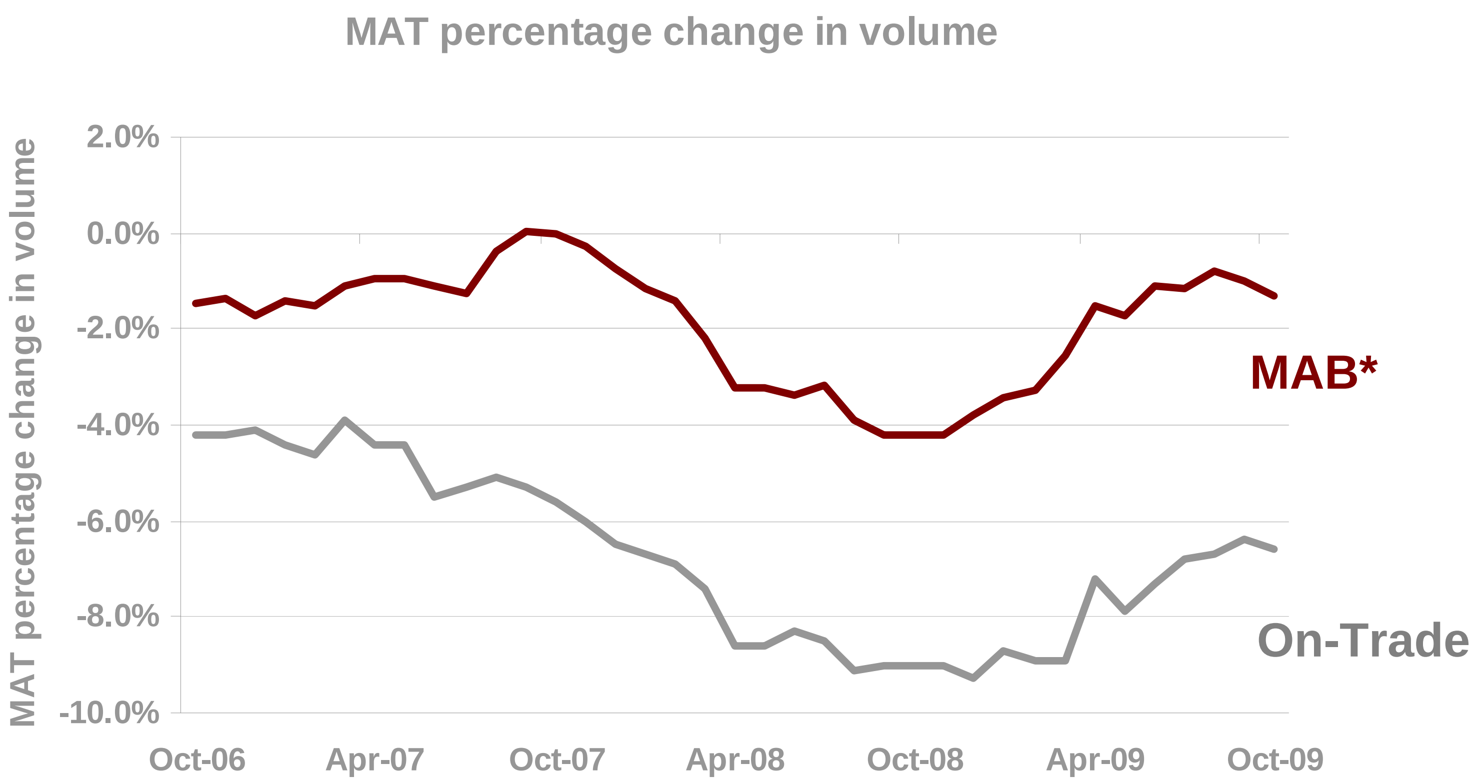
Food Value Growth vs Market



Outperformance widening in Q4

Source: CREST data, the NPD Group and Company

Beer Market Volume Outperformance



Continuing large market share gains

*Same outlet like-for-like
Source: BBPA, Company

Investment in Amenity

- Total capital invested of £122m
- 1,260 projects < £40k completed
- 575 larger projects > £40k supporting growth
- Customer preferences help direct investment

Effective use of capex driven by customer demands

Strategic Priorities

- Exploiting long term growth of the eating out market
- Enhancing shareholder value by
  - growing profits at the unit level
  - exploiting the growth potential of MAB brands

Supporting value creation with operational capability

New Channels: Market Position

		Value	Suburban	City and Country	
Key driver of visit	Price				Quality
Alternatives	Stay at home				Pub and Restaurant
Service	Efficiency				Full table service

Focussing business on customer groups

New Channels Metrics

	Value	Suburban	City and Country
Food spend per head*	£4.76	£7.35	£9.94
Food volumes (meals)**	1,150	2,050	1,050
Avg drinks price*	£1.82	£1.94	£2.54
Customer price sensitivity	Higher	Higher/Lower	Lower

Driving net operating margins

* incl VAT

** Per pub per week

Underpinning Operating Margins

- Increasing purchasing scale
  - 574m drinks
  - 129m meals
- A focus on efficient operations
  - Productivity
  - Stock & Waste management
  - Overhead

A focus on improving net operating margins

Continuous Operational Development

- Detailed customer insight: 635,000 feedback forms
- Kitchen Skills Academy & 2 food development centres
- Over 1,400 NVQs undertaken in one year
- Staff cost ratio maintained in last 5 years despite
  - £50m of employment cost pressures
  - Food sales mix from 30% to 41%

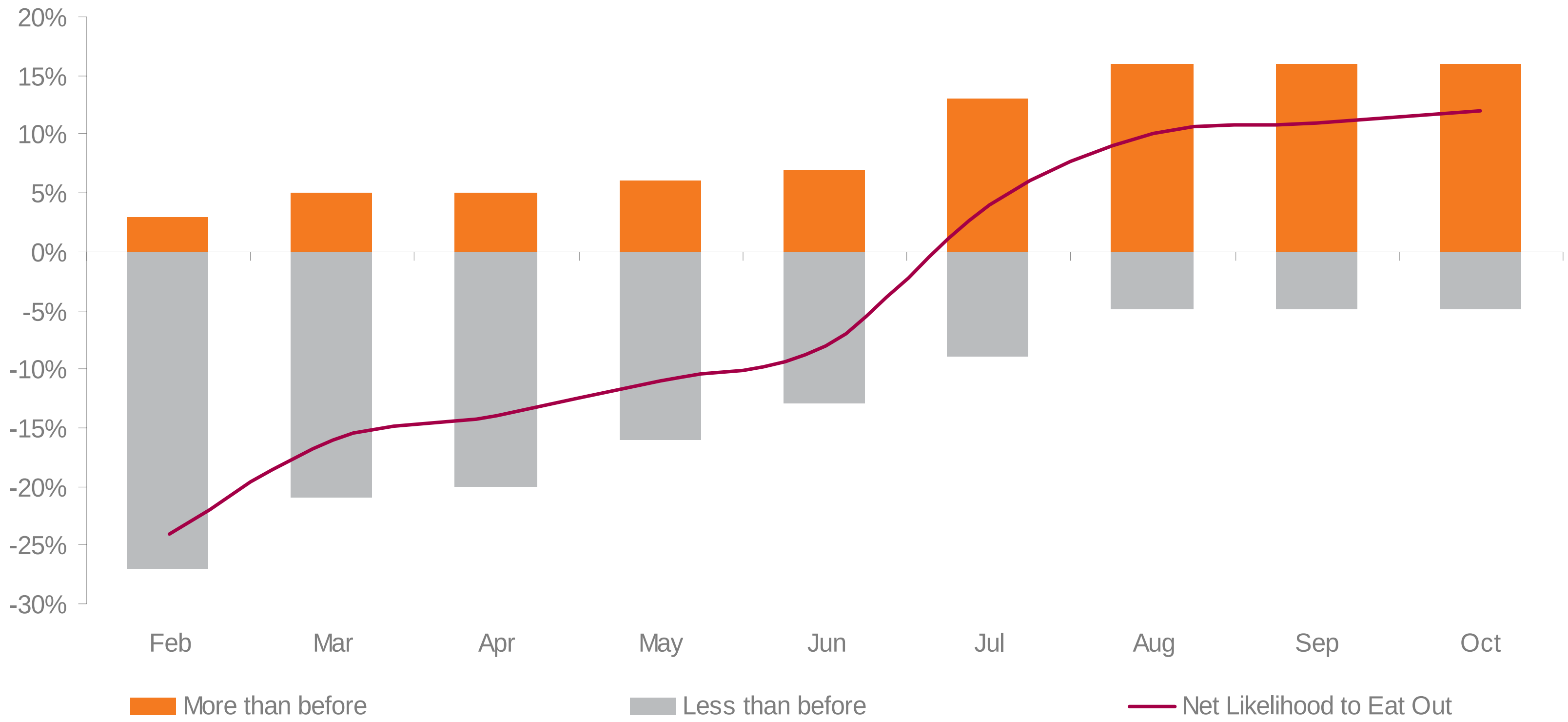
Operational developments support market outperformance

Current Trading Update

- First 8 weeks: 3.2% growth
- Residential sales up 4.4%
- High Street sales flat
- “Other” sales improving
- Net margins recovering

Improved current trading

Likelihood of Eating Out in Next 6 Months



Improved consumer confidence

Source: Company

Outlook

- First half
  - Eating and drinking out under pressure
  - Cost outlook improved
  - Consumer confidence has stabilised
- Second half
  - Low visibility of post election consumer environment

Second half outlook uncertain

Conclusion

- Best brands underpinned by best locations
- Robust trading with relatively low ticket spend
- Strong market share gains
- Operational focus is continuing to deliver sales and improving net margins

Mitchells & Butlers well positioned