



Half Year Results 2024

Mitchells & Butlers 

Strong performance across the period



Financial Highlights

- **Strong like-for-like sales growth** of 7.0% - ahead of the market
- **Adjusted operating profit growth** of 64% to £164m
- **Operating margin recovery** to 11.7%
- **Cashflow** before bond amortisation of £137m (HY 2023 £10m)



Progress on strategic Priorities

- **Net debt reduced to £1.0bn**, 2.5 times EBITDA (excl. leases)
- **All brands** in like-for-like sales growth in the first half
- Capital programme continues to generate **strong returns**
- Record **staff engagement** and **guest review scores**



Encouraging Outlook

- Current year outturn expected to be at **the top end** of consensus
- **Momentum** anticipated to be carried forward into FY 2025



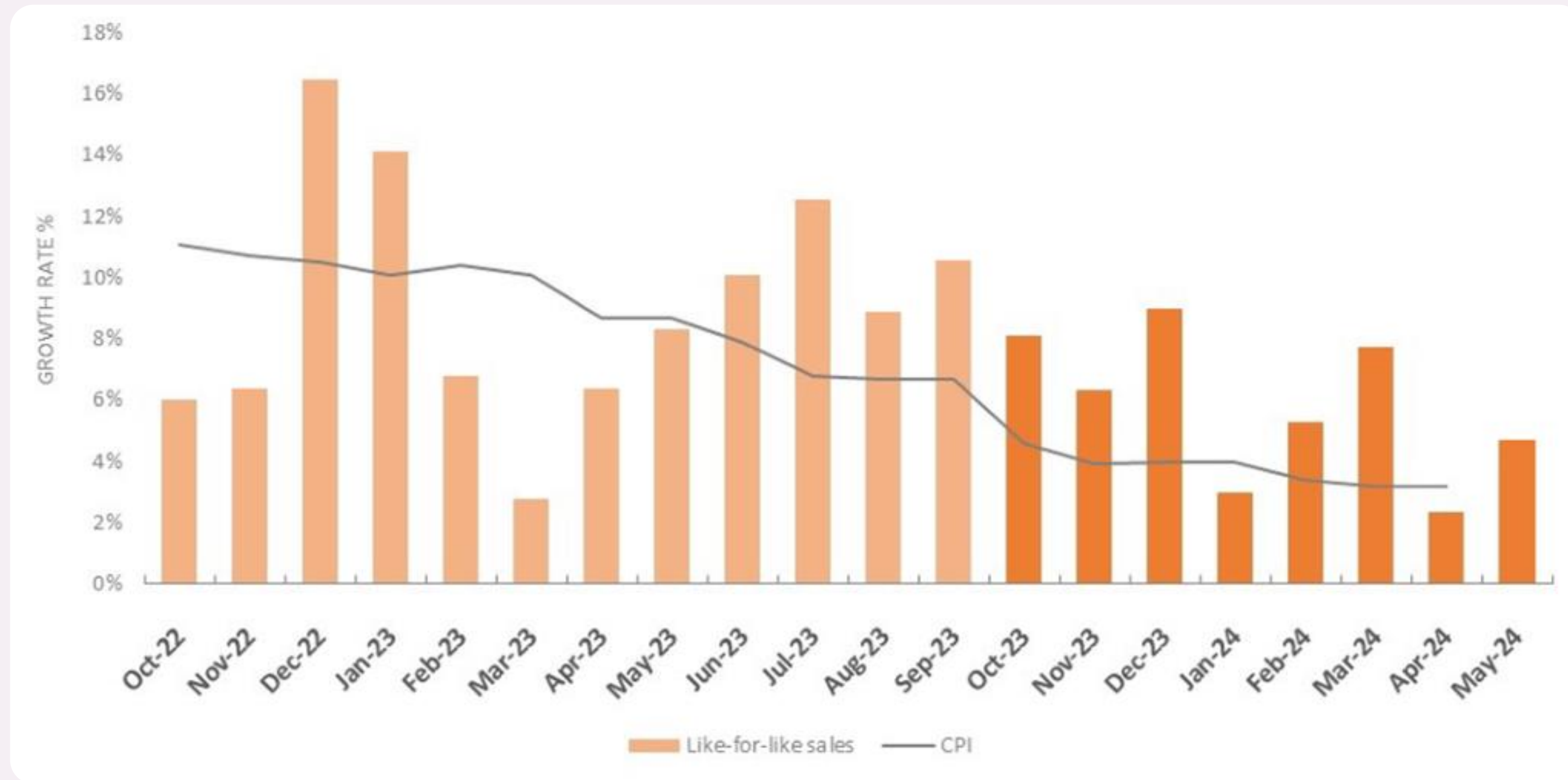
Financial Review HY 2024
Tim Jones
Chief Financial Officer

Income Statement

(before adjusted items)

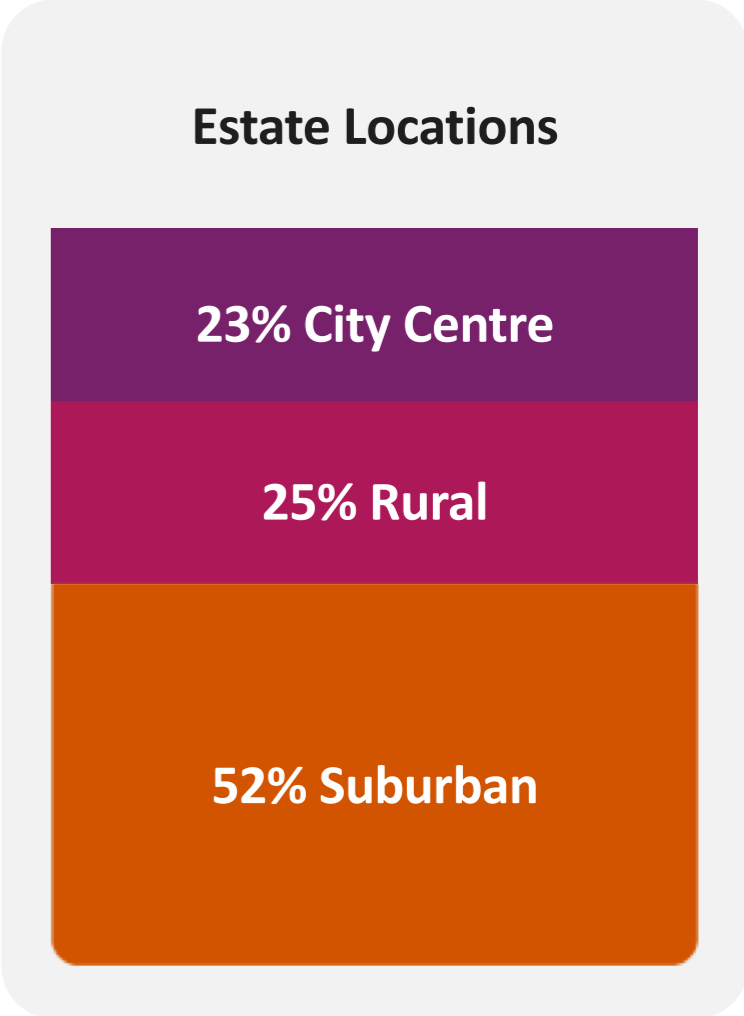
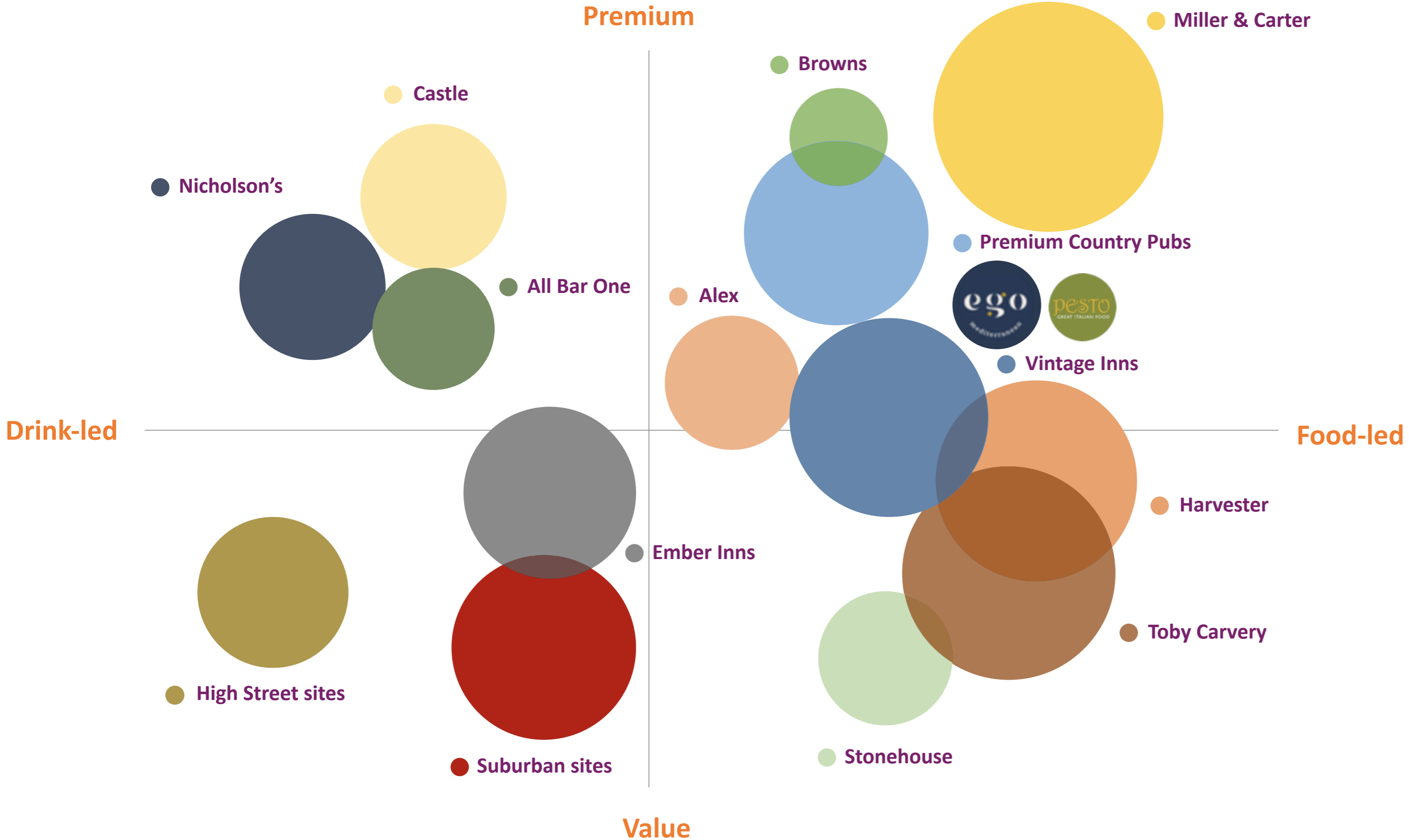
	HY 2024 28 week £m	HY 2023 28 week £m	Movement %
Revenue	1,396	1,282	+8.9%
Operating costs	(1,232)	(1,182)	
Operating profit	164	100	+64.0%
Interest	(55)	(58)	
Pensions finance charge	(1)	(1)	
Profit before tax	108	41	+163.4%
Operating margin	11.7%	7.8%	+3.9bps
Earnings/(loss) per share	13.6p	5.5p	+147.3%

Strong like-for-like sales as inflation falls

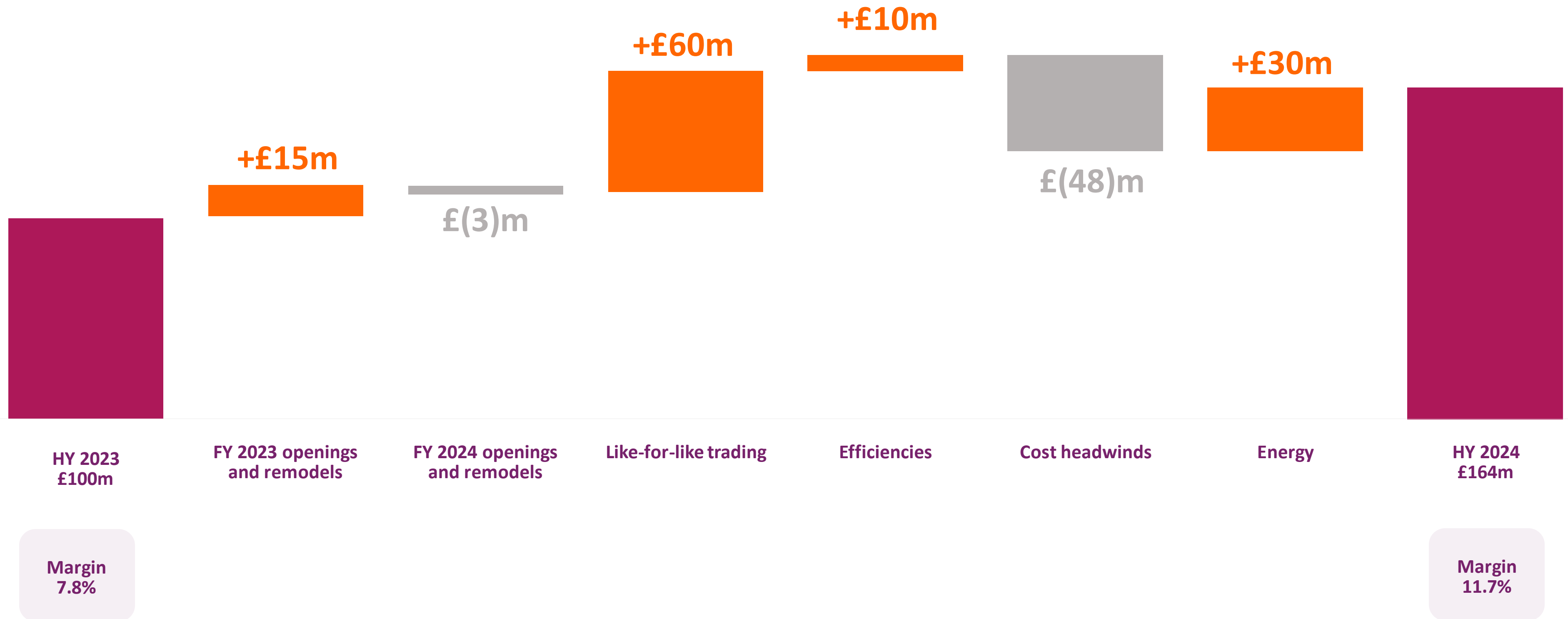


- Like-for-like sales growth of 7.0%
- Broad-based growth across all brands
- Volumes in marginal decline across the half, closer to pre-covid trends
- Last 4 weeks, following Easter in both this year and last, like-for-like growth of 5.3% despite coronation holiday last year

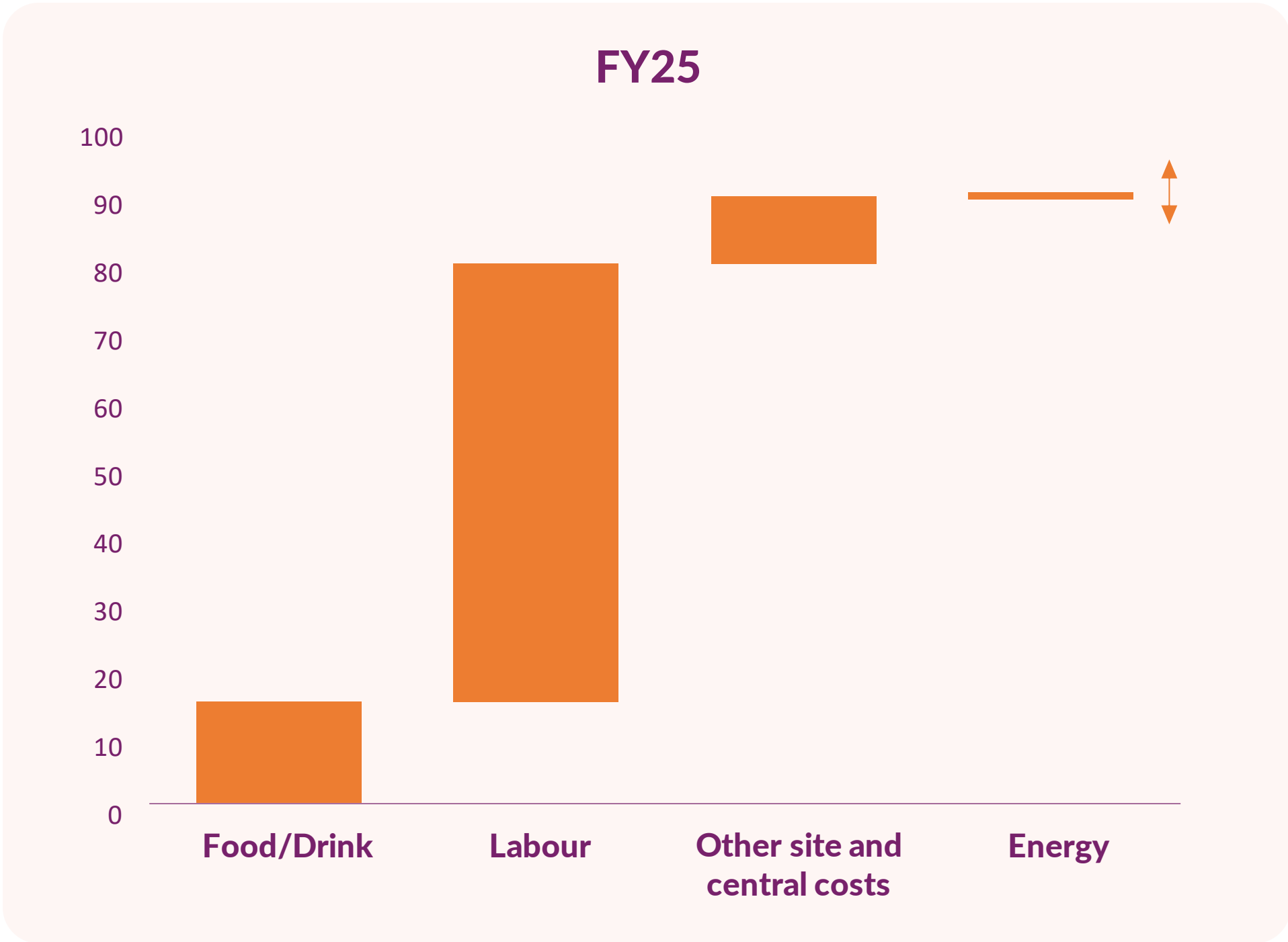
Diverse portfolio of brands and locations



Adjusted EBIT movement



Reduced cost inflation



- FY 2024 overall cost inflation of under 3% anticipated, includes fall in energy cost – 80% hedged
- FY 2025 - high level of domestic and international uncertainty
- National Living Wage expected to continue to increase in real terms

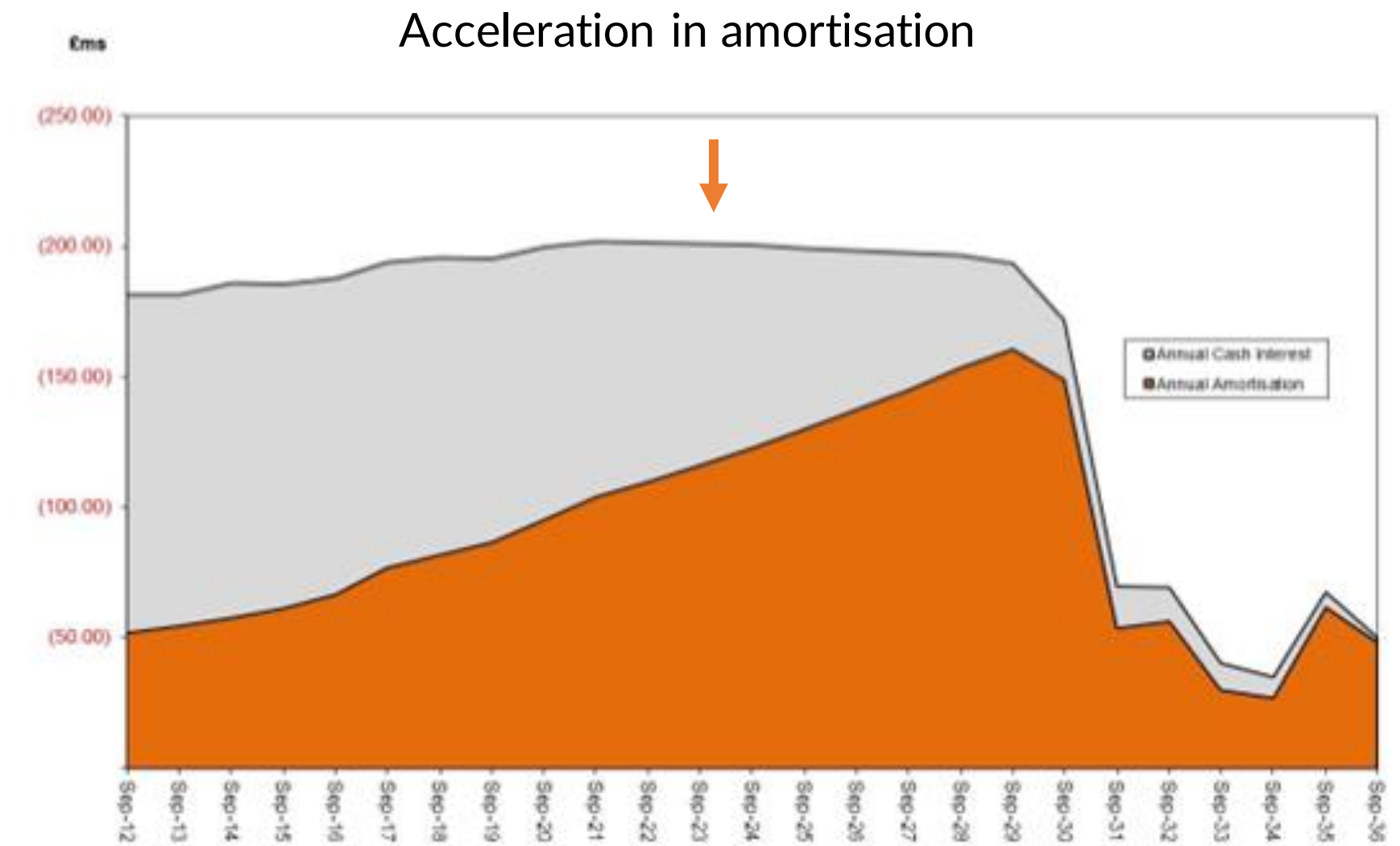
Strong cash flow

- Working capital inflow from strong sales growth
- Pension escrow return of £35m from Main Plan
- Lower capex relates to timing of spend, full year expected to be c.£180m
- Strong cash generation of £76m

	HY 2024 £m	HY 2023 £m
Operating cash flow	238	172
Working capital movement	27	27
Pension escrow return	35	-
Capital expenditure	(81)	(98)
Lease principal and interest	(28)	(37)
Net interest	(42)	(46)
Tax	(8)	-
Purchase of own shares and other	(4)	(8)
Net cash flow before bond amortisation	137	10
Mandatory bond amortisation	(61)	(57)
Net cash flow	76	(47)

Balance sheet strength

	HY 2024 £m	FY 2023 £m
Assets		
Property, plant and equipment	4,114	4,086
ROU leases	316	327
Other	71	112
Non-current assets	4,501	4,525
Cash	194	126
Other	122	151
Total assets	4,817	4,802
Liabilities:		
Borrowings	(1,260)	(1,330)
Lease liabilities	(449)	(463)
Other	(907)	(879)
Total Liabilities	(2,616)	(2,672)
Net Assets	2,201	2,130
Net Assets per Share	£3.71	£3.59



Net Debt of £1.0bn excluding leases

Gearing (MAT ebitda)

- 2.5 times excluding leases
- 3.6 times including leases

Pensions

Both Main and Executive Plans now in buy-in

Returns of surplus contributions

- £35m received from Main Plan escrow in H1 FY24
- Up to £12m from Executive Plan escrow expected FY 2025
- Potential for further surplus value in Main Plan
 - DWP consultation on Defined Benefit scheme surplus underway
 - Potential offset against future Defined Contribution contributions

One small, closed scheme remains (liabilities c.£23m)



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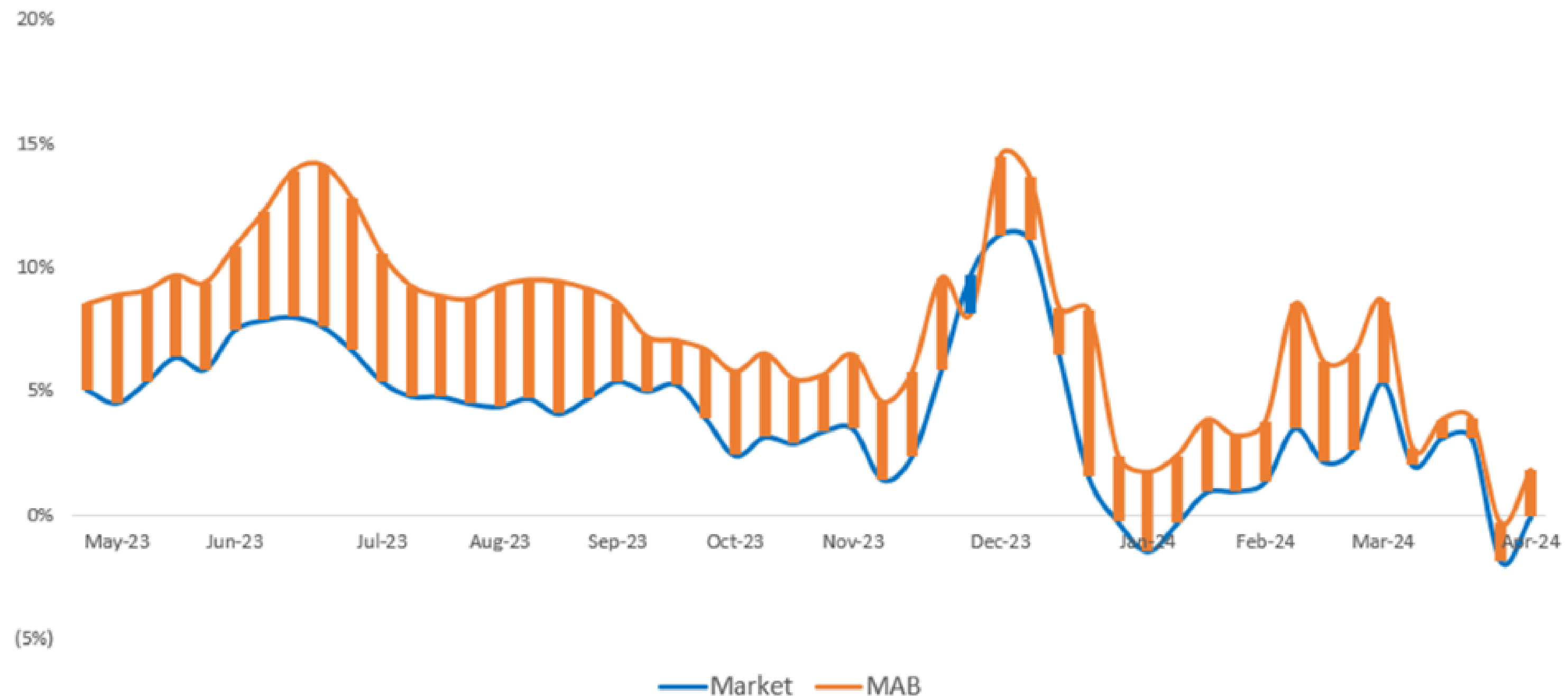
Encouraging Outlook

- Current year outturn expected to be at **the top end** of consensus
- **Momentum** anticipated to be carried forward into FY 2025



Phil Urban
Chief Executive Officer

Sustained outperformance vs. the market



Rolling four-week average like-for-like sales vs Coffey Peach Tracker

- Like-for-like sales growth of 7.0% for the year
- Outperformed the market by c.2.5ppts over the first half, as measured by CGA Business Tracker

Strong progress across all areas of our balanced scorecard

Guest sentiment vs. market



- We use a balanced scorecard to measure the quality of profit
- Strong guest review scores of 4.5 out of 5 across the estate and guest sentiment ahead of the market
- Record people scores on engagement and turnover
- Safety scores at all-time highs
- Return on investment of over 30% on remodel programme
- Strong foundations in place to maximise future trading opportunities



4.5

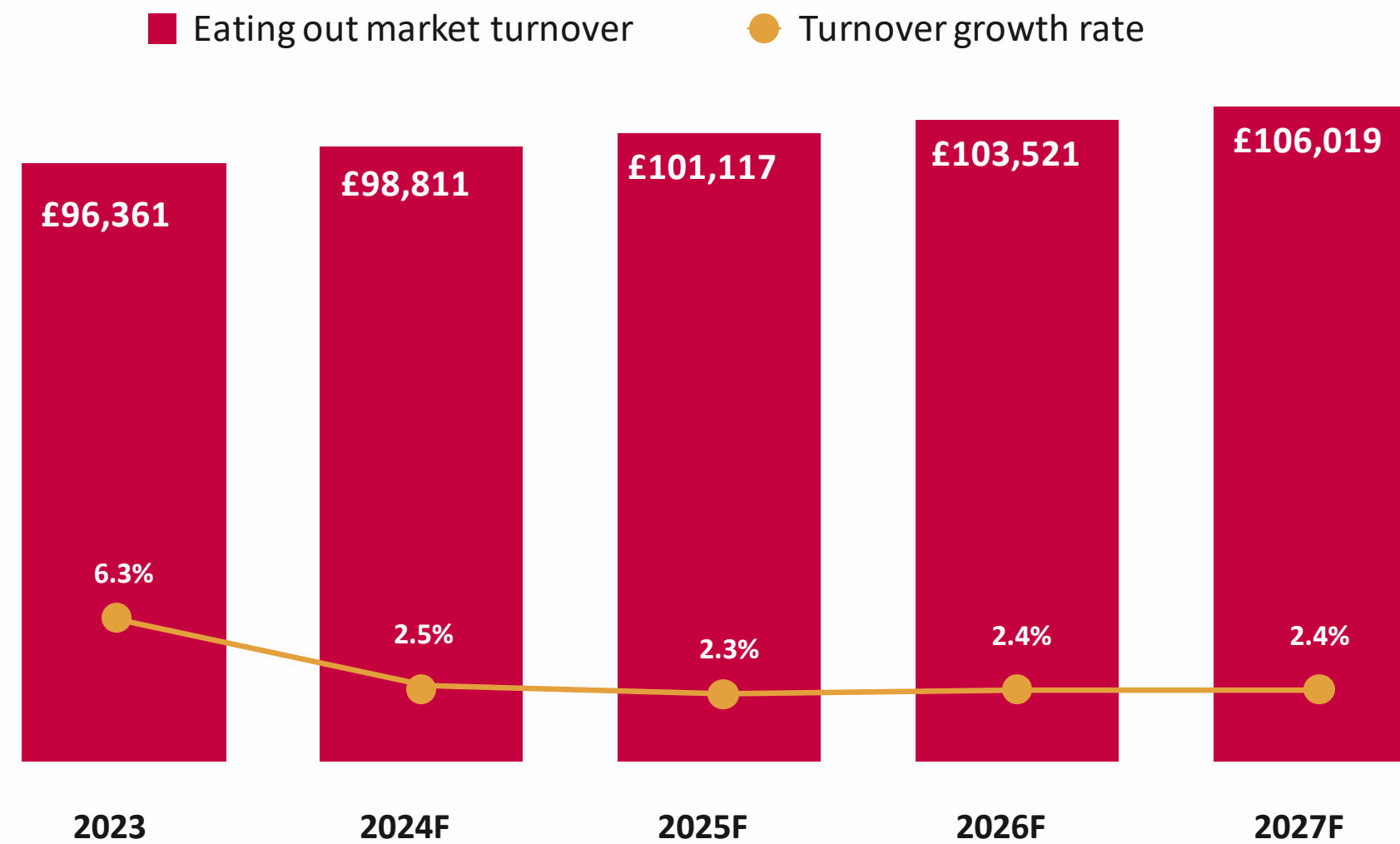


Momentum for the future

Market growth

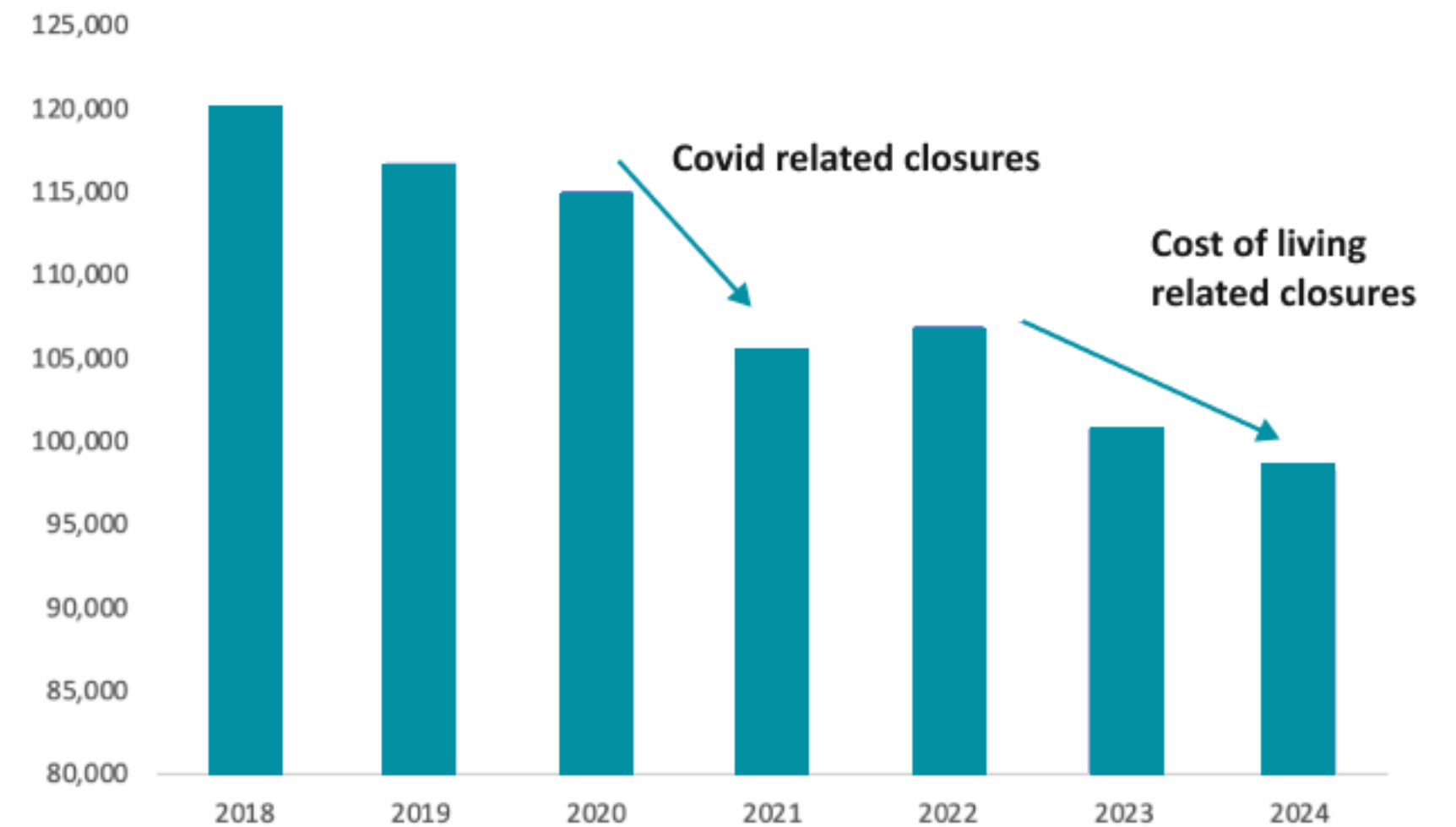
- The UK total eating out market forecast to grow by c.2.4% from 2024 to 2027
- Branded restaurants expected to see continued growth
- Outlet numbers have declined by c.18,000 over the past 5 years due driven by Covid and cost of living pressures

Total eating out market by turnover (m) and turnover growth, 2021 - 2027F

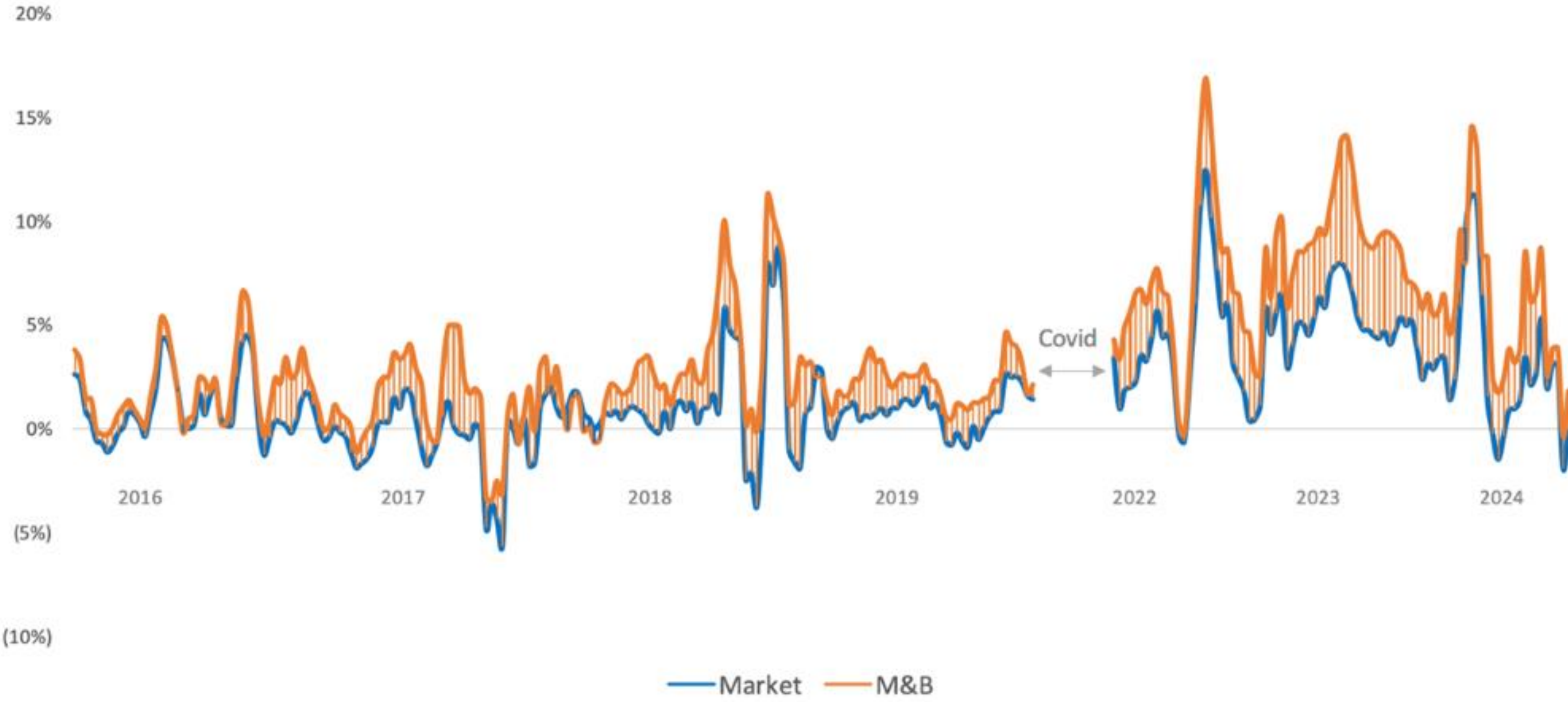


Source: Lumina Intelligence, February 2024

Total number of licensed outlets



Market outperformance since 2016

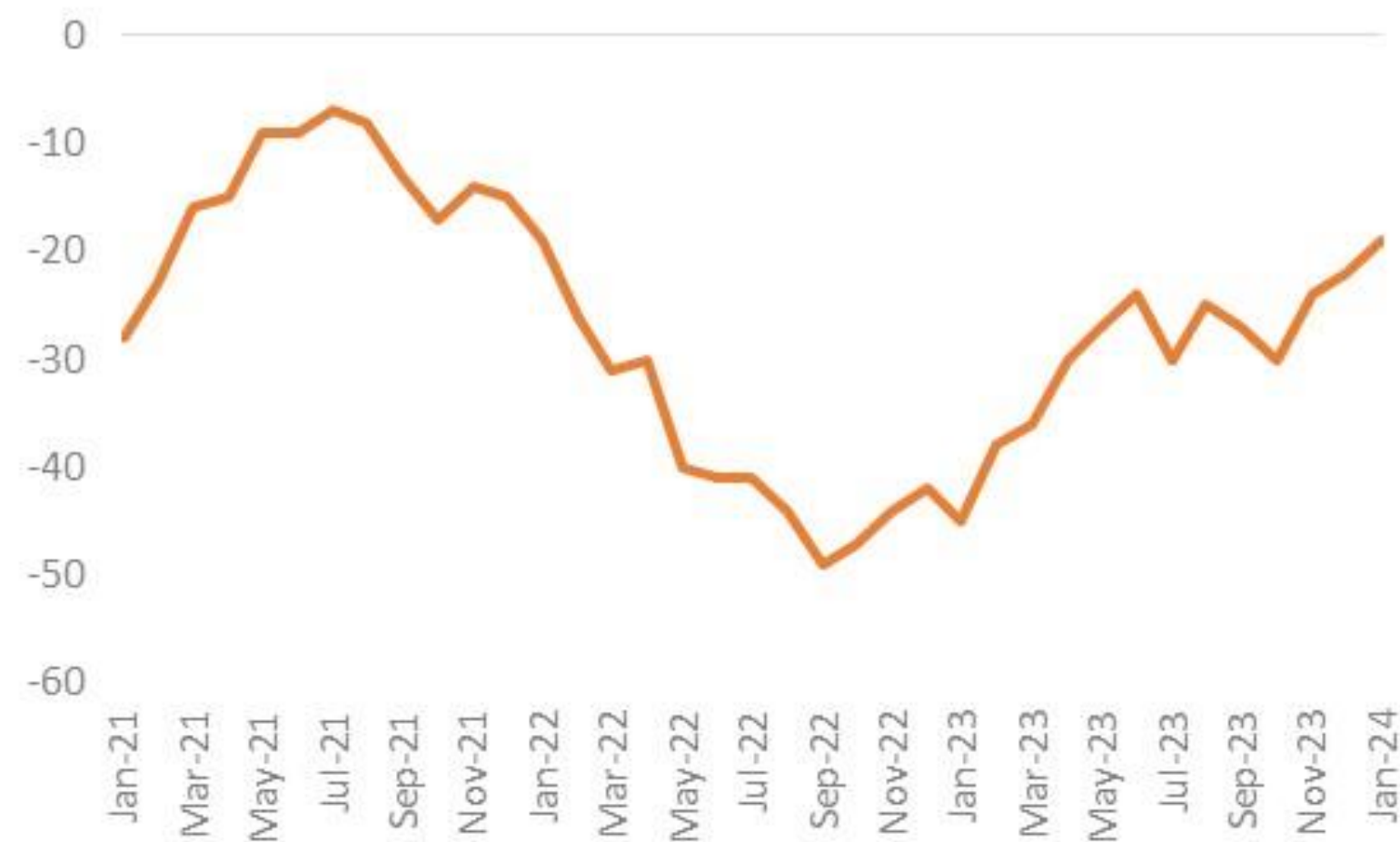


Rolling four-weekly average like-for-like sales vs Coffe Peach Tracker

Improving outlook for consumer spending

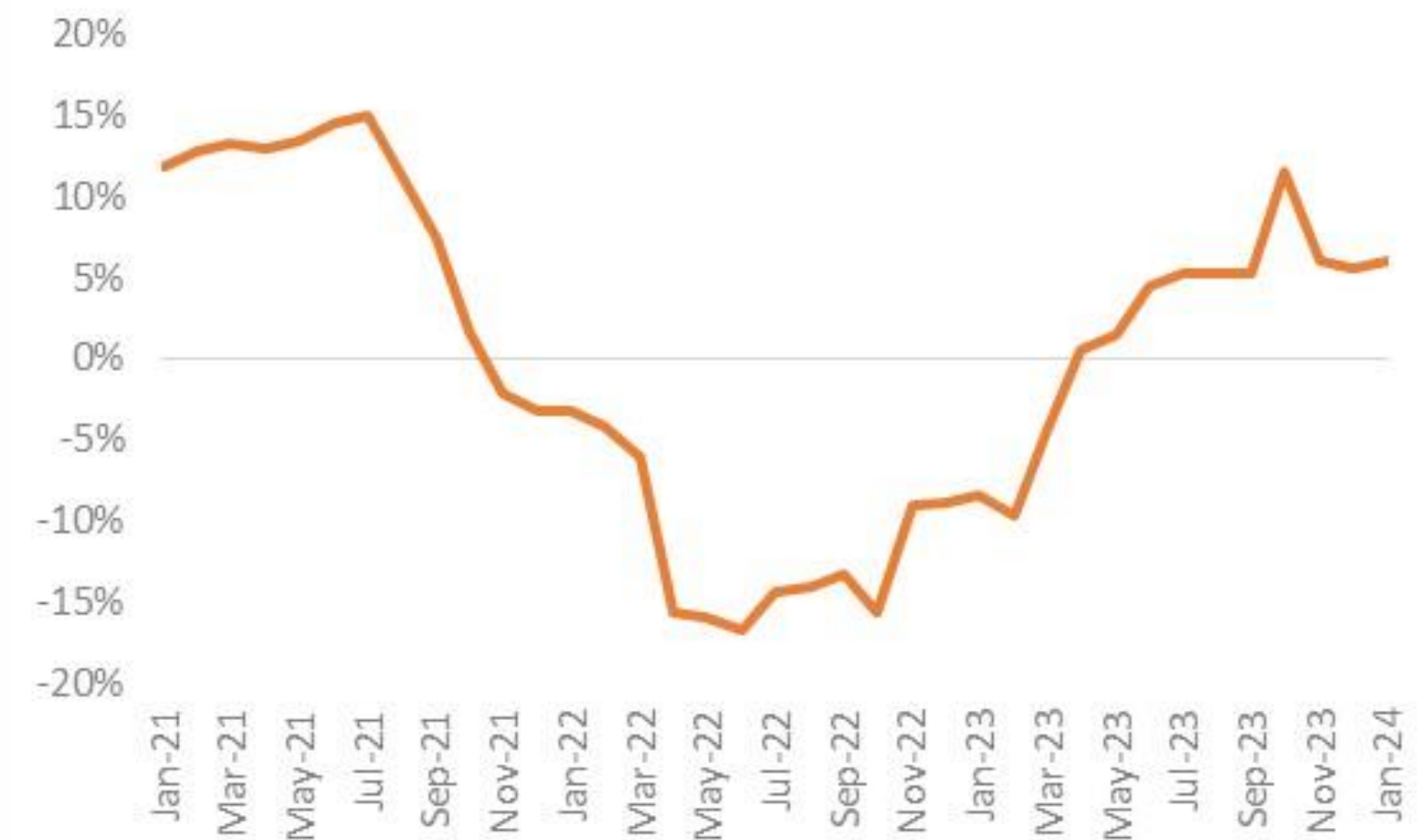
- Reducing levels of inflation having a positive impact on consumer confidence
- Disposable income returned to consistent growth from April 2023

Consumer confidence



Source: GfK consumer confidence barometer

Asda income tracker



Source: Asda income tracker

Consumer trends

A hand is holding a smartphone in the foreground, displaying a social media post of a restaurant meal. The meal includes a burger, fries, and a drink. The background is a blurred image of a restaurant table with various dishes.

1. Value Scrutiny

2. Premiumisation and experience

3. Technology and data

4. Health and wellbeing

5. Sustainability and conscious consumption

1. Value scrutiny

👁️ What are we seeing?

35%

of consumers are going out less frequently due to cost-of-living concerns

25%

of consumers say that one bad experience is enough to make them less loyal to a venue

⚡ How are we responding?



Set Menus



Database offers



Guest Obsessed



Pride in the Basics



Auto-Schedule



Auto-Order

2. Premiumisation and experience

👁️ What are we seeing?

Competitive socialising continues to expand and diversify



Dining becoming more immersive



Fenix, Manchester

Jacuzzi, London

Growth in events



⚡ How are we responding?



Acquisitions - Ego & Pesto



- Remaining stake in Ego acquired in FY 2023
- Ego provides a positive addition to our range of brands with a Mediterranean inspired menu
- Integration of Ego onto systems and processes now complete
- Recently added Pesto, a collection of 10 restaurants to our estate to further enhance this growing segment



Organic growth - Orleans Smokehouse & Arrowsmiths



Orleans Smokehouse

- Further expansion of the brand portfolio through new brand development
- First Orleans Smokehouse opened in Solihull averaging over £70k sales per week
- 5 Arrowsmith implants now open within existing sites
- Opportunity to premiumise and enhance guest experience



Arrowsmiths

2. Premiumisation and experience

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Dining becoming more immersive



Fenix, Manchester

Jacuzzi, London

Growth in events



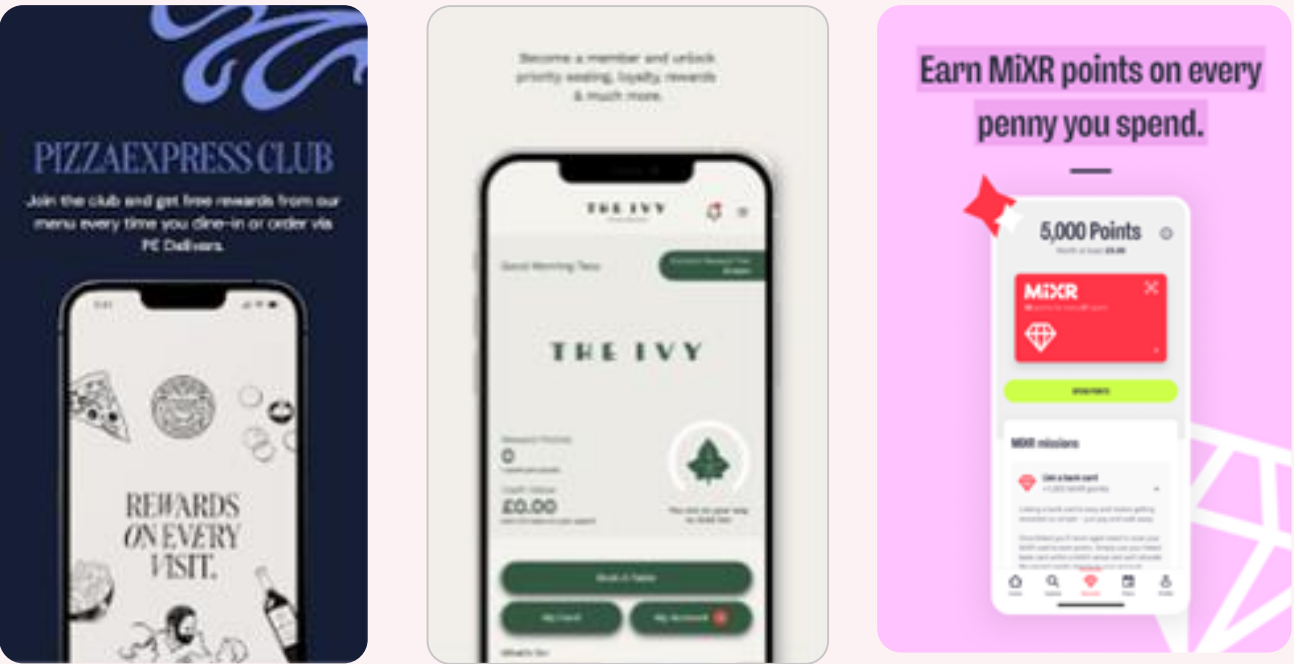
⚡ How are we responding?



3. Technology and data

👁️ What are we seeing?

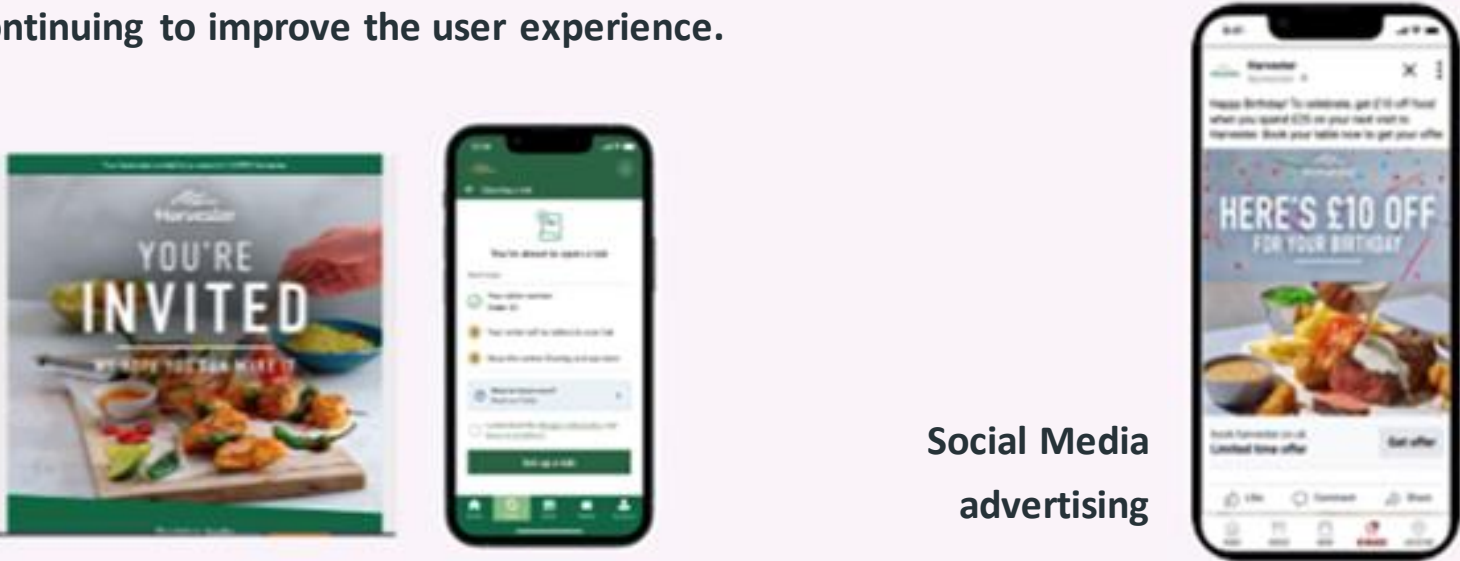
Operators are investing in First Party data...



The first screen shows the PIZZAEXPRESS CLUB app with a dark blue background and white text. The second screen shows the THE IVY app with a white background and green accents. The third screen shows a MiXR rewards card with a pink background and a red diamond icon.

⚡ How are we responding?

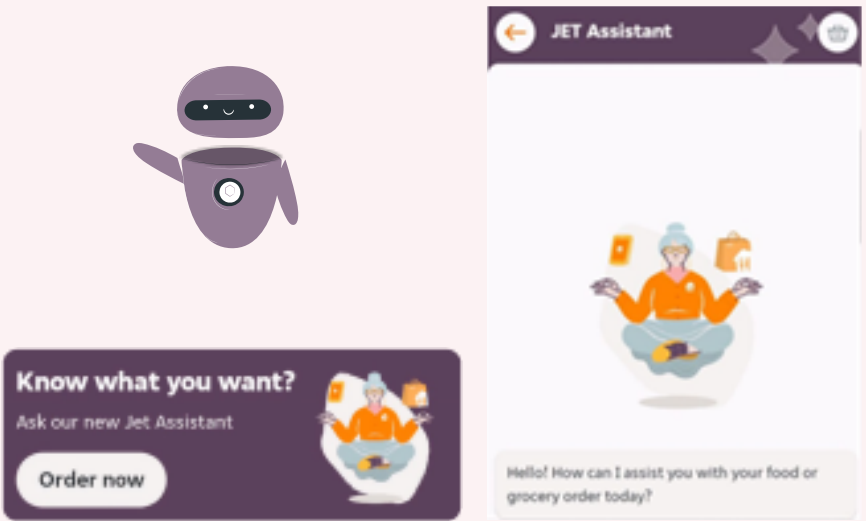
Continuing to improve the user experience.



The first screen shows a Harvester 'YOU'RE INVITED' notification with a green background and a photo of food. The second screen shows a social media post with a green background and a photo of food. The third screen shows a Harvester birthday offer with a white background and a photo of food.

Social Media advertising

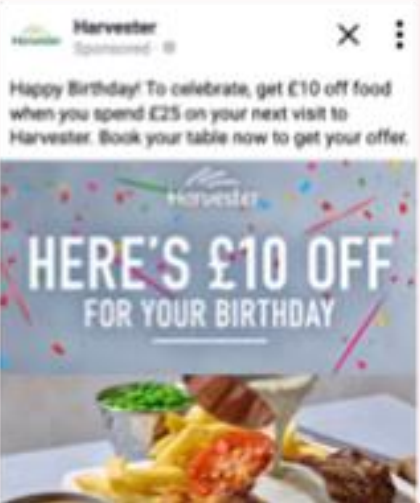
...Experimenting with AI...



The first part shows a purple robot icon. The second part shows a chat window titled 'JET Assistant' with a cartoon character and a text input field.

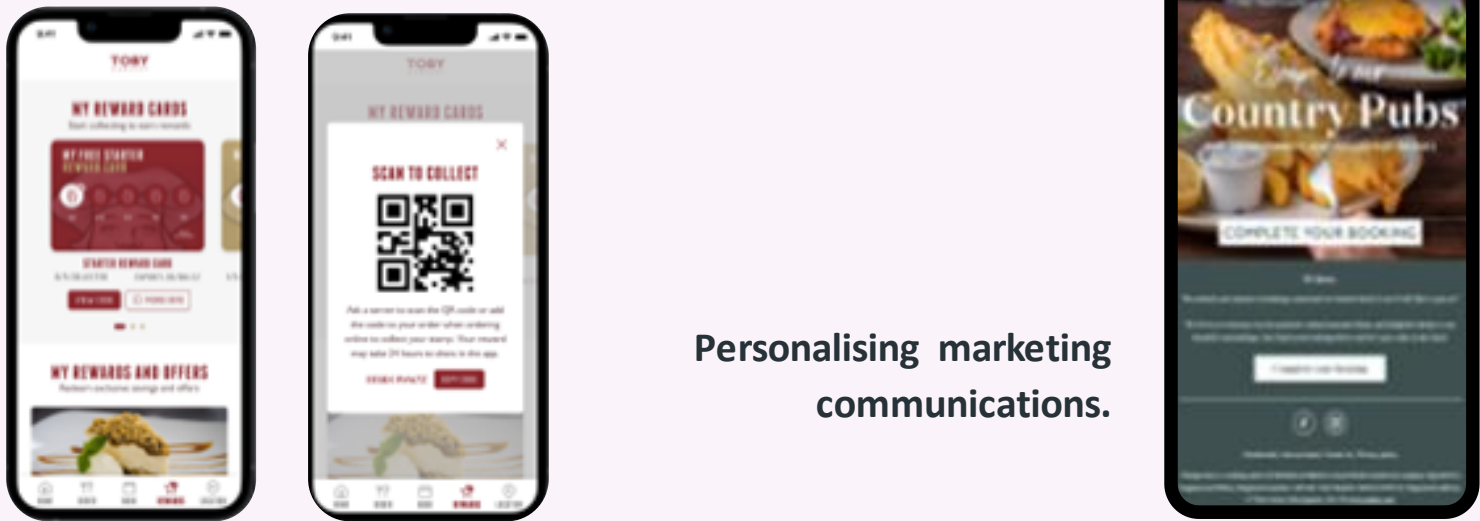
Know what you want?
Ask our new Jet Assistant
Order now

..and increasingly using Social media as a primary advertising channel.



The image shows a social media post for Harvester with a white background and a photo of food. The text reads: 'Happy Birthday! To celebrate, get £10 off food when you spend £25 on your next visit to Harvester. Book your table now to get your offer. HERE'S £10 OFF FOR YOUR BIRTHDAY'.

Growing our First Party data and My Account



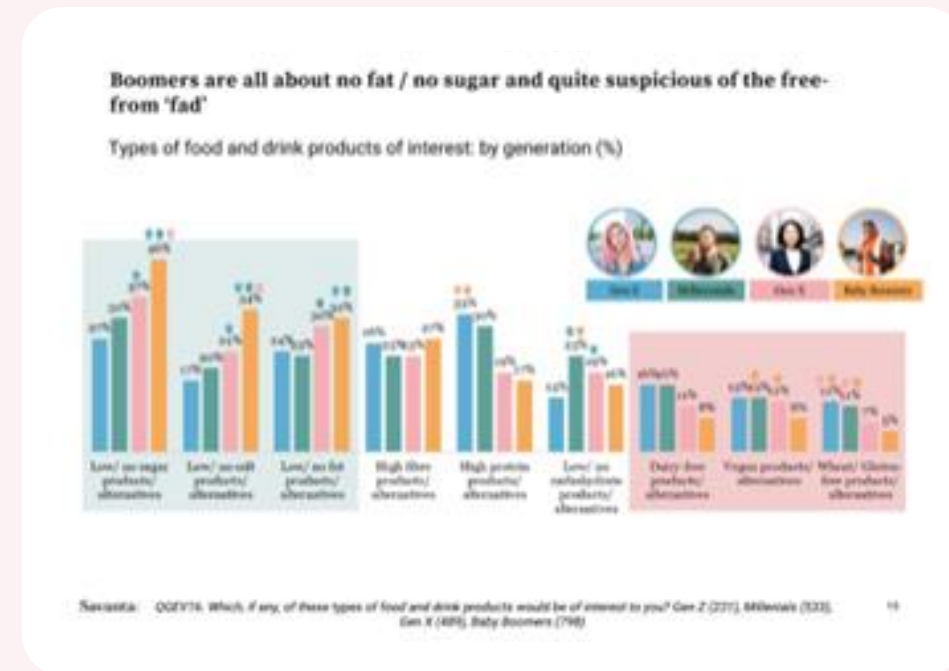
The first screen shows a Toby 'MY REWARD CARDS' screen with a red background and a photo of food. The second screen shows a QR code for 'SCAN TO COLLECT' with a white background. The third screen shows a Country Pubs app with a dark background and a photo of food.

Personalising marketing communications.

4. Health and wellbeing

👁️ What are we seeing?

Health is becoming more nuanced



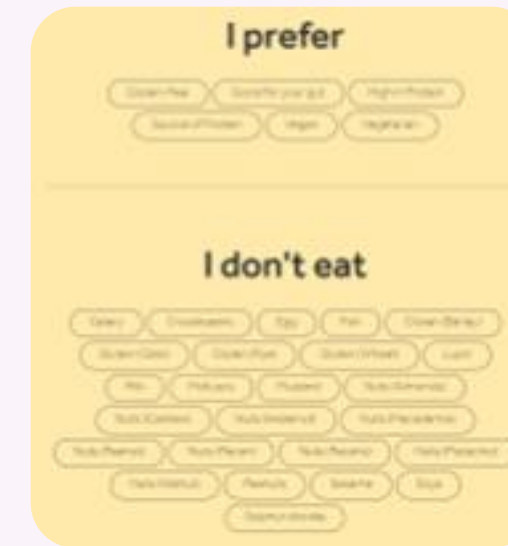
Increase in 'flexitarian' drinking

14% Non-drinkers
23% rarely drink alcohol

41% have purchased an alcohol-free beer in the last 12 months

50% have purchased a mocktail in the last 12 months

⚡ How are we responding?



— Low and no cocktails —

<p>PORNSTAR MARTI-NO 8.5 Lyre's White Cane non-alcoholic drink, passion fruit and vanilla syrup with a shot of lemonade 135 kcal</p>	<p>CLOVER 0.0 CLUB 6.95 The perfect non-alcoholic pink Clover Club. Tanqueray 0.0%, lemon juice, raspberry purée and sugar syrup. 121 kcal</p>
<p>MOJIT-NO 6.95 Lyre's White Cane non-alcoholic drink, lime, mint and soda 68 kcal</p>	<p>YUZU & ELDERFLOWER FIZZ 6.95 Yuzu purée, elderflower syrup and Fever-Tree White Grape & Apricot Soda 198 kcal</p>
<p>AMALFI SPRITZ 8.5 Lyre's Italian non-alcoholic spritz and Fever-Tree White Grape & Apricot Soda. 88 kcal</p>	<p>TROPICAL HIGHBALL 6.95 Lyre's Italian non-alcoholic spritz, passion fruit syrup and Fever-Tree Mexican Lime Soda 145 kcal</p>

Alcohol-free cocktails are unable to be sold to anyone under the age of 18.

5. Sustainability & Conscientious Consumption

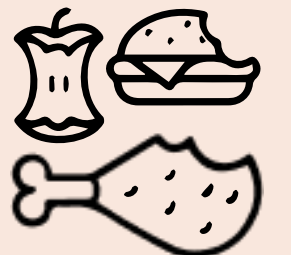
👁️ What are we seeing?

Eating out purchases are currently less influenced by sustainability considerations when compared to other categories.



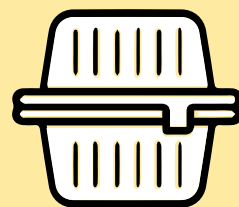
Consumers believe responsibility sits with the industry to reduce impact.

Food waste



68%

Reduce packaging waste



54%

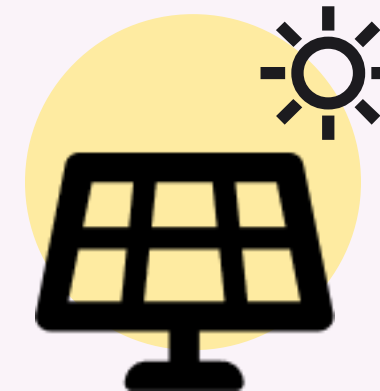
Carbon labels on menus



8%

“Which of the sustainability initiatives do you think food outlets should prioritise the most?”

⚡ How are we responding?



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Questions

A photograph of two women in a bar setting. The woman on the left has long, wavy brown hair and is wearing a dark, off-the-shoulder top with a floral pattern. The woman on the right has her hair pulled back and is wearing a dark t-shirt with a logo that says 'NICHOLSON'S ALE & GIN'. They are both looking down at a device held by the woman on the right. The background is a bar with shelves of bottles and a warm, dimly lit atmosphere.

**Half Year Results 2024
Supplementary slides**

HY 2024 – Outlet reconciliation

	Total Managed ¹	Franchised	Total MAB
Opening outlets (start FY 2024)	1,663	55	1,718
Transfers ²	(3)	1	(2)
Disposals	(3)		(3)
Acquisitions	2	1	3
Closing outlets (end H1 2024)	1,659	57	1,716

Notes:

1. HY 2024 closing managed total includes 10 non-trading sites.
2. During the year 1 site was transferred to unlicensed properties which is not included within the outlet count and the freehold was acquired of 1 site previously operated as leasehold.
3. Lodges attached to sites do not appear as a separate outlet.