



Bob Ivell

Executive Chairman

Final Results – 22 November 2011

Agenda

- Welcome
- Tim Jones, Finance Director
- Bob Ivell, Executive Chairman
- Q&As



Tim Jones

Finance Director

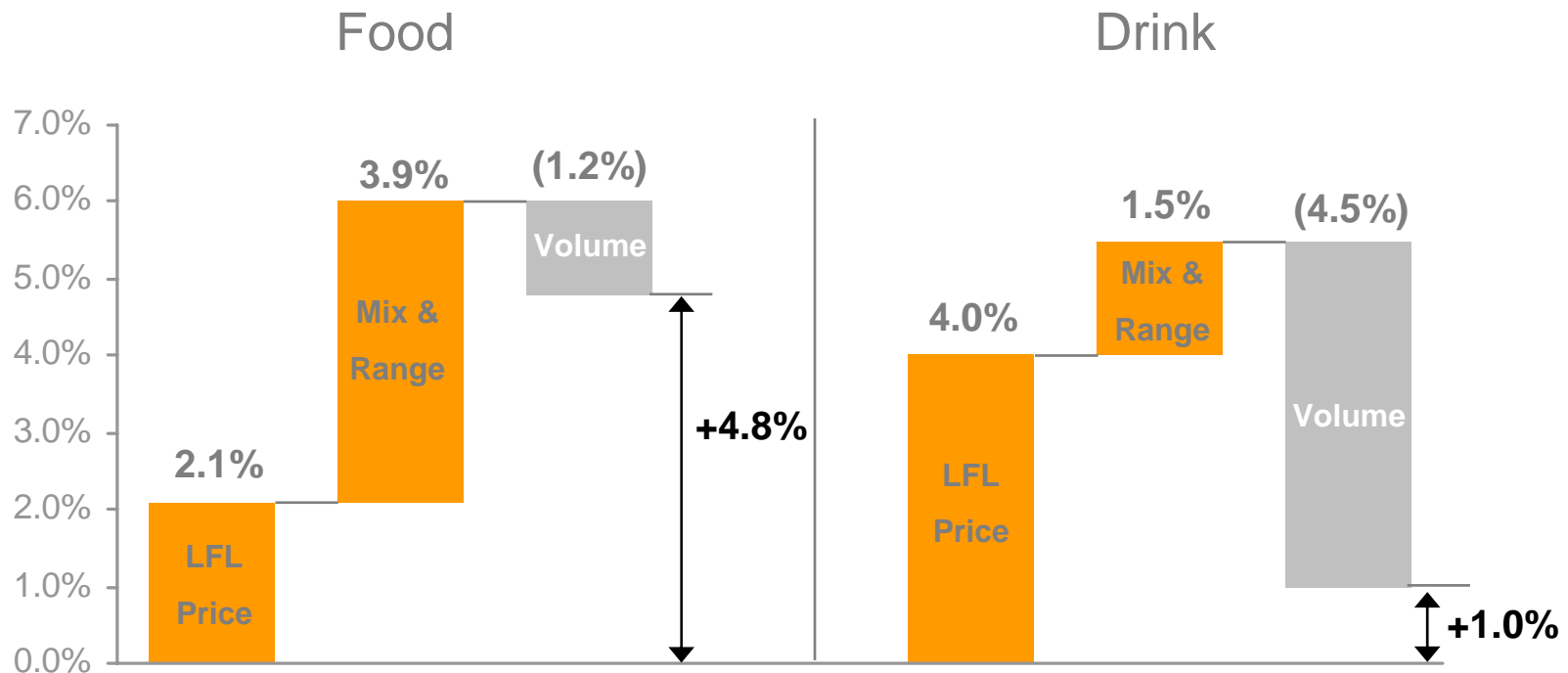
Final Results – 22 November 2011

Income statement

	FY 11 £m	FY 10 £m	
Retained Estate:			
Revenue	1,762	1,680	4.9%
Operating profit	288	285	1.1%
Other operations	6	37	
Total operating profit	294	322	(8.7%)
Interest	(138)	(153)	
PBT (pre exceptionals)	156	169	(7.7%)
EPS (pre exceptionals)	28.0p	29.7p	(5.7%)

Continued progress in Retained Estate

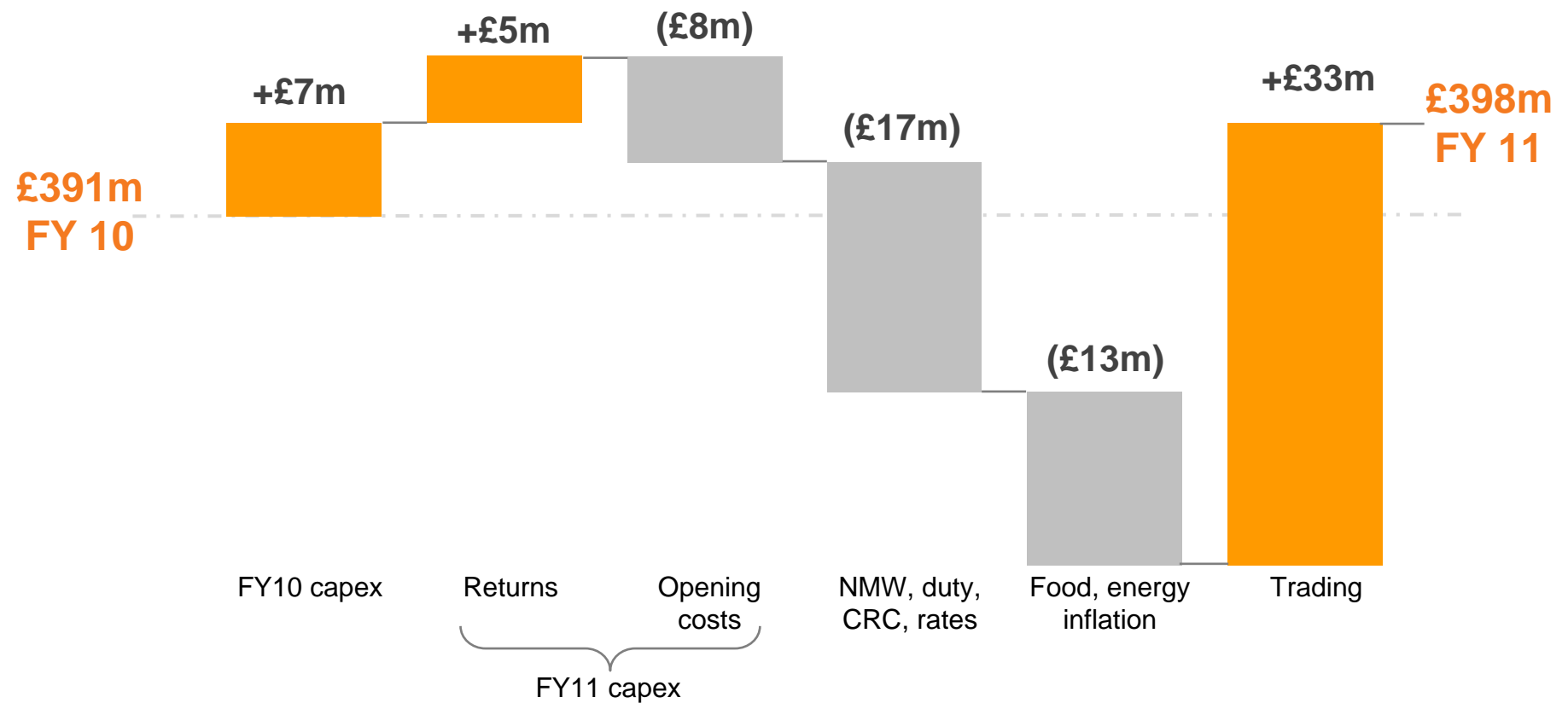
Drivers of LFL food and drink sales



Total LFL sales growth of 2.6%

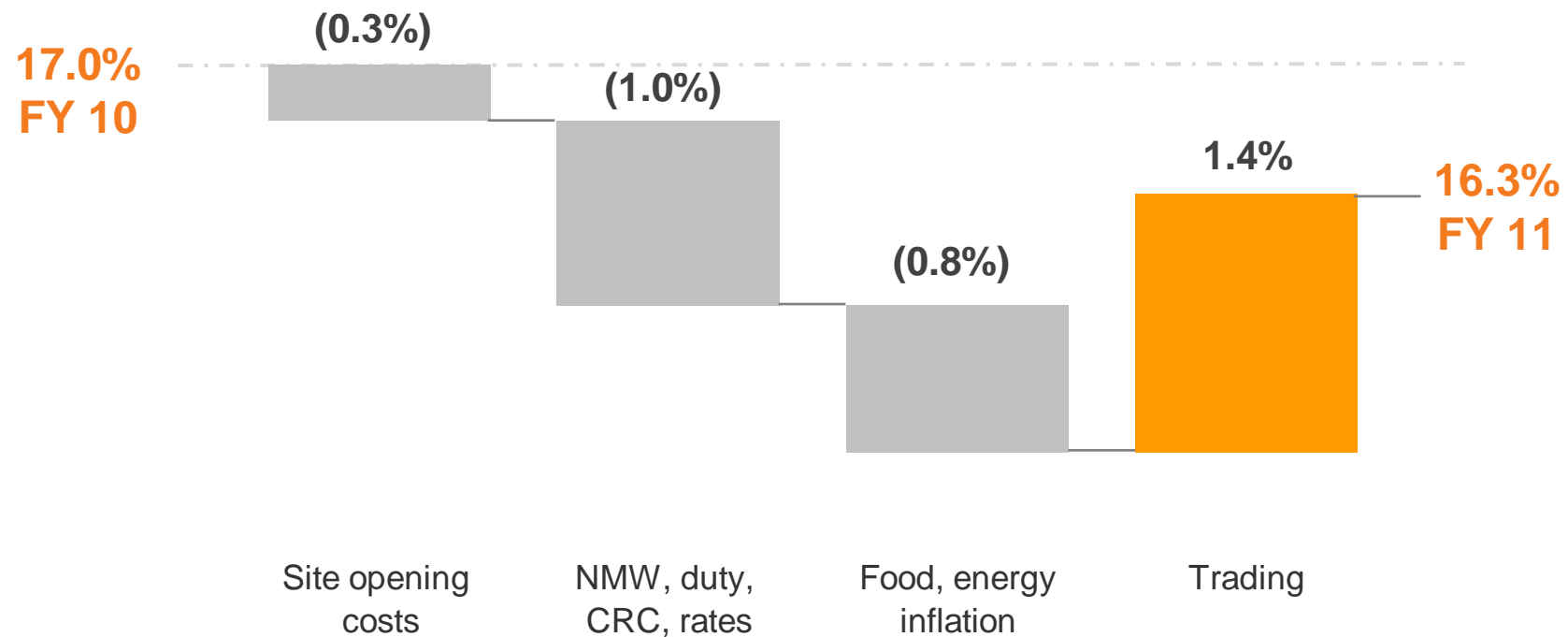
Mix & range improvements driving food sales

Retained Estate: EBITDA movement



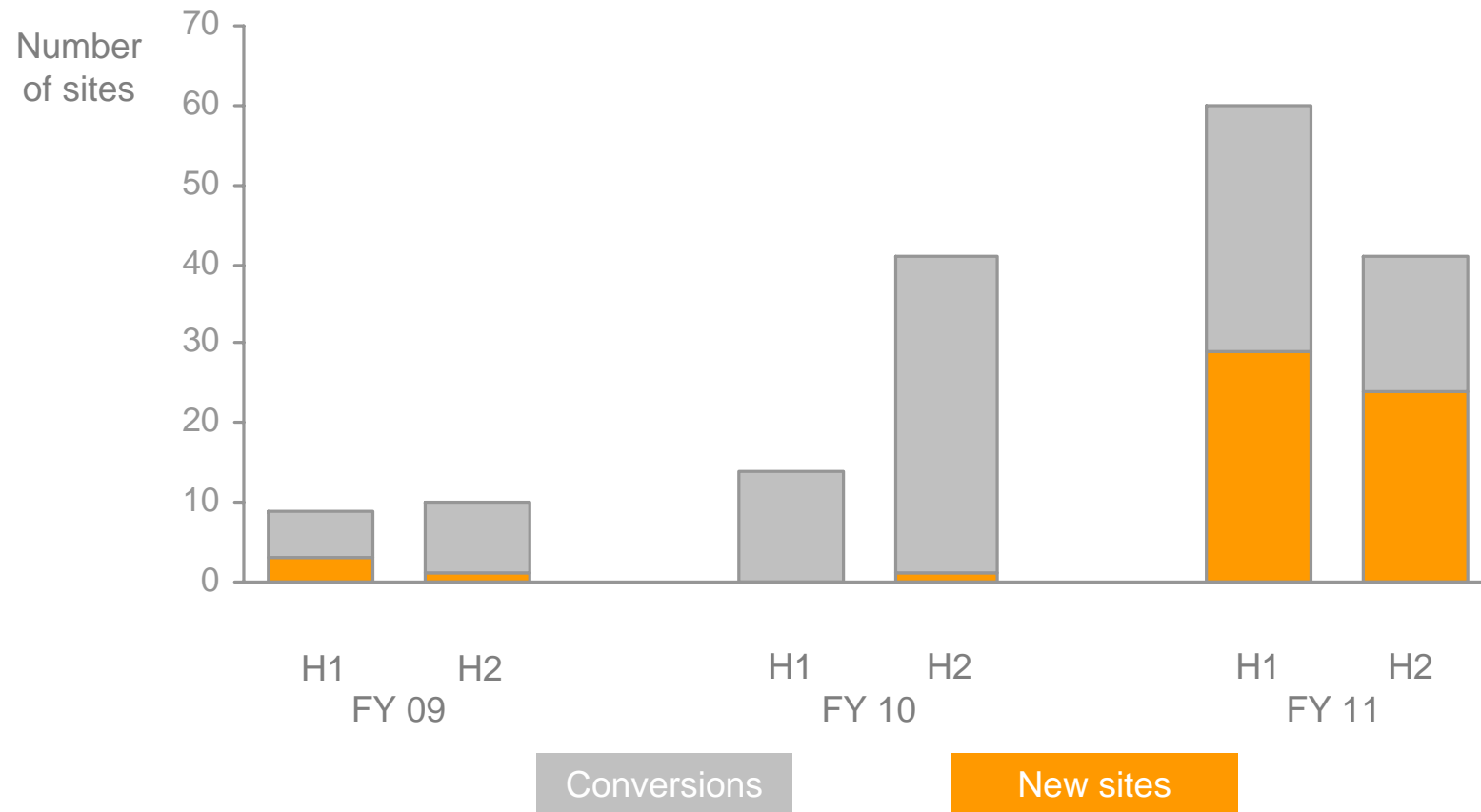
Trading & capex returns offset inflationary costs

Retained Estate: net operating margin



Cost headwinds impact on margin

Brand roll-out



Expansion increasingly focused on new sites

Note: Includes all acquisitions from FY09 onwards

Brand roll-out returns

- Overall EBITDA return of 21% on FY10 & FY11 investments
- Return by segment:
 - Freehold acquisitions 17%
 - Package lease acquisitions 15%
 - Single site lease acquisitions >30%
 - Conversions 22%
- Principal new site expansions:
 - Harvester, All Bar One, Browns, Toby Carvery
- Strong pipeline of further opportunities

Strong pipeline with attractive returns

Property valuation

- Freehold and long leasehold sites valued annually
- Short leases assessed for impairment
- Increase of £71m, represents c. 2% of the £3.3bn estate value

£m (pre tax)		FY 11	FY 10
Income Statement:	Revaluations	8	(256)
	Impairment	(10)	(48)
Balance Sheet:	Revaluation reserve	73	69
		71	(235)

- Moderator retained for high value pubs (in excess of £3.5m)
- Average EBITDA multiple of 7.8 times (2010: 7.7 times)

Small increase in property valuation

Group cash flow

	FY 11 £m	FY 10 £m
EBITDA	404	449
Working capital / non cash items	(26)	49
Maintenance capex	(90)	(110)
Operating Cash Flow	288	388
Net interest paid	(134)	(147)
Tax	(20)	(8)
Deficit pension contributions	(40)	(32)
Free Cash Flow	94	201
Expansionary capex	(82)	(28)
Disposals	424	130
Net Cash Flow	436	303

Cash generation enhanced by disposal proceeds

Group net debt

	Sep 11 £m	Sep 10 £m
Securitisation debt	(2,226)	(2,274)
Cash & other	137	215
Securitised net debt	(2,089)	(2,059)
Cash / (unsecured net debt)	219	(243)
Group net debt	(1,870)	(2,302)
Net Debt : EBITDA*	4.7x	5.1x

Continuing reduction in net debt

* Sep 11 ratio calculated using EBITDA for the Retained Estate

Outlook

- 2.0% in first 8 weeks although 1% underlying run rate
- Margin pressures anticipated to remain:
 - Food and energy inflation
 - National Minimum Wage and duty increases
- Initiatives identified and being executed
- 53 week accounting year (to 29 September 2012)
- Exceptional items for reorganisation and bid defence

Progress in challenging macroeconomic outlook

Key messages

- Continued progress in challenging climate
- Net debt reduced to 4.7 times EBITDA after completion of disposals
- Strong pipeline of brand roll-out investment opportunities offering high returns
- Resumption of dividend remains under review pending sustainable cover by profits and cash

Well positioned to grow in FY 12



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Introduction

- Business change agenda
- Business development
- Capital led expansion
- Current trading and outlook
- Summary

**M&B is a good business:
our vision is to make it a great business**

Key tasks

- Board recruitment:
 - Appoint CEO
 - Appoint high quality non-exec
- Drive forward existing strategy
- Business change agenda
 - Organisational change
 - Business development
 - Capital led expansion

Key tasks actively being implemented

Strong market position

- Some of the best sites in the industry
 - Best pubs from Bass, Allied and Whitbread
 - c.90% freehold or long leasehold
 - Southern bias with 44% in London & South East
- High sales and profitability per site
 - AWT of £22k v. £18k for key competitors
 - Profit of £180k v. £120k for key competitors
 - Profits up 4% per pub p.a. in last 4 years
- Best portfolio of brands with growth potential
- High quality staff with strength in depth

Well positioned with great assets

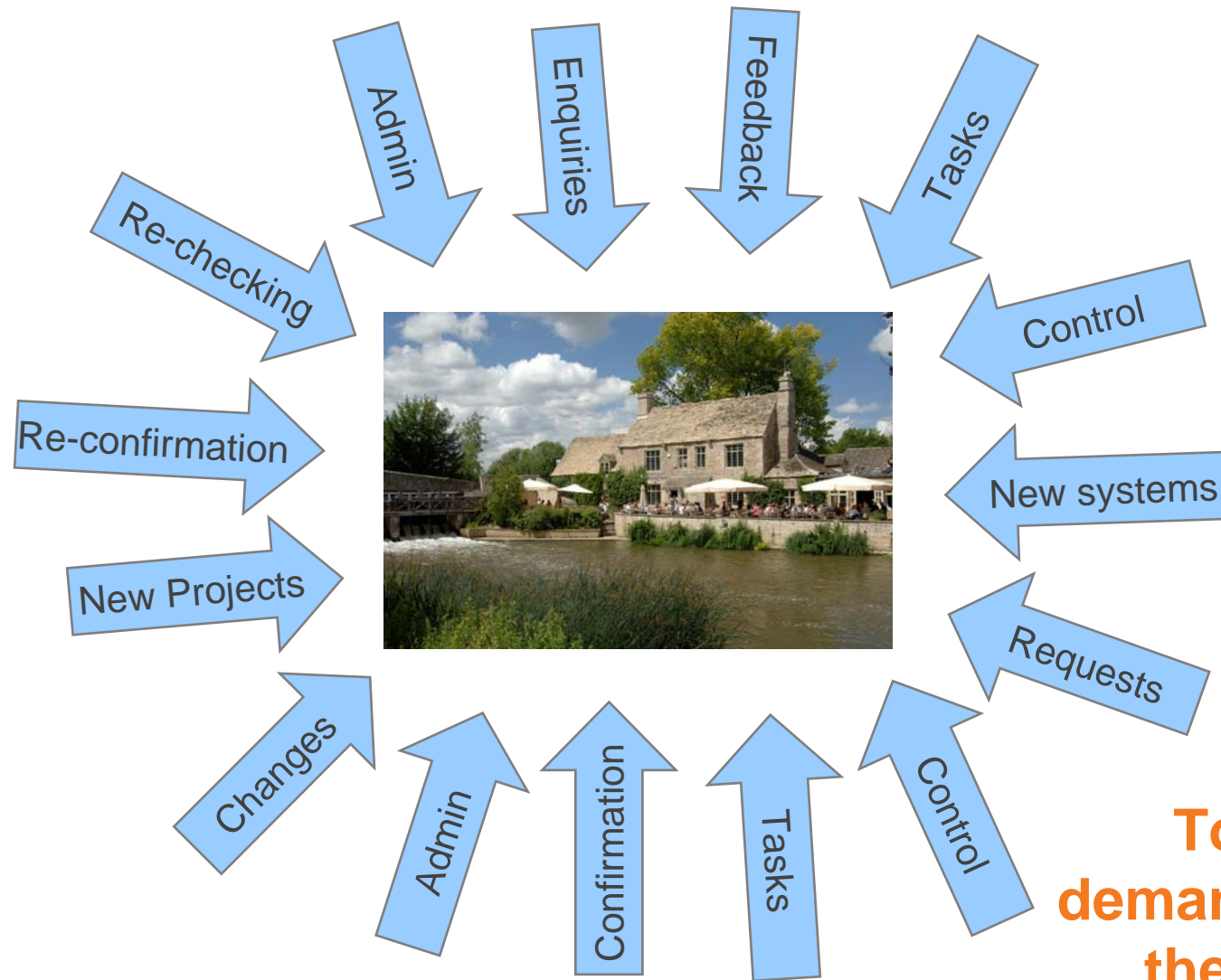
Driving changes through business

Objectives



**Ensuring
M&B has a
high
performance
culture**

Developing a better business



Too many demands clog the system

Action plan

Appointed

- Operations Director: Robin Young
- Business Development Director: Kevin Todd

Started

- New operating structure
- Consultation period to be initiated
- Trials for new working practices

To be announced

- Brand Operating Directors appointments
- Further operational practice improvements

Reorganisation will drive improved performance

Business developments

- Technology
 - IT infrastructure
 - Till system
 - Wi-Fi
 - Food product information database

- Food development

Continuing brand improvements

Capital led development

- “Doing things better for less”
 - Maintenance
 - Capital projects
- Good pipeline in attractive areas
- More single site freehold acquisitions
- More high return retail & leisure park sites

Building on successful experience

Harvester



Xscape Milton Keynes

£30k AWT



Harvester



Merthyr Tydfil: £40k AWT

Premium Country Dining



The Green House
Sutton Coldfield
£51k AWT



Miller & Carter



Albert dock: £28k AWT

Browns



Bluewater: £46k AWT

Vintage Inns



Trent Lock Nottingham: £23k AWT

Toby Carvery



Toby Carvery Basildon: £39k AWT

Current trading and outlook

- Last 8 weeks trading: like-for-like sales 2.0%
 - good first week
 - underlying resilience
- Challenging consumer environment will continue
 - Inflationary cost headwinds
 - Customers being more selective

Challenging environment but continuing sales growth

Summary

- Strong underlying business
- Strategy continues
- Organisational change program will drive benefits
- Initiatives being implemented to generate further growth
- Confidence in the business potential

Strong business; well positioned to grow

Questions & Answers

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