



Key messages



- Continued improvement and outperformance on sales
- Cost headwinds unchanged, with progress on mitigation
- Stabilisation of underlying profit performance
- Further wave of strategic initiatives identified and starting to be executed

Income Statement

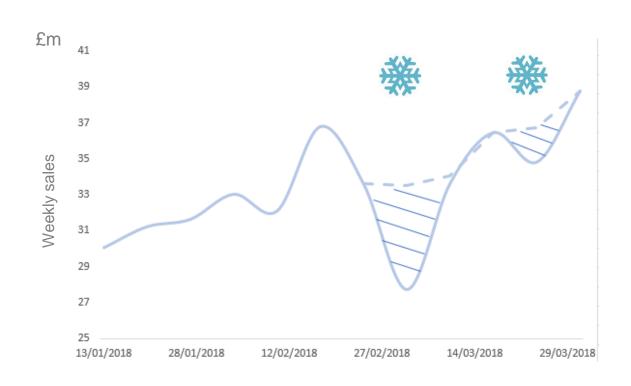


	H1 2018*	H1 2017*	
Revenue	£m 1,130	£m 1,123	0.6%
Operating costs	(989)	(974)	
Operating profit	141	149	(5.4%)
Interest	(64)	(66)	
Pensions finance charge	(4)	(4)	
Profit before tax	73	79	(7.6%)
Operating margin	12.5%	13.3%	(0.8 ppts)
Earnings per share	13.9p	15.2p	(8.6%)

^{*} before seperately disclosed items

Snow impact on sales





- The snow resulted in lost sales of c.£12m
- Impact exacerbated by heavy snow on Sundays
- Profit impact c.£8m, including increased food wastage and repairs
- Excluding the impact of snow year to date like-for-likes would be 2.5%

Like-for-like sales

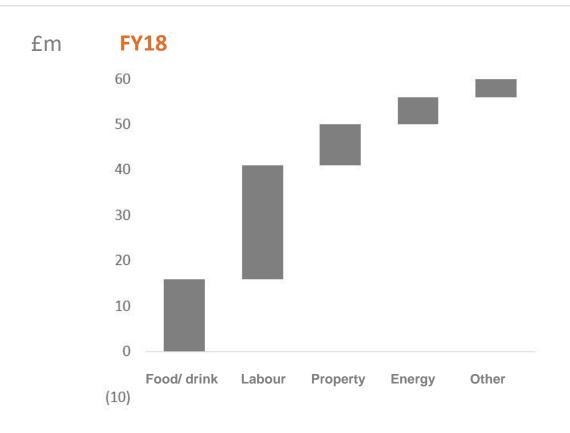


	Week 1 – 14	Week 15 – 28	Week 1 – 28	Week 1 – 32
Food	1.4%	2.1%	1.8%	1.0%
Drink	1.0%	1.8%	1.4%	1.9%
Total	1.1%	2.0%	1.6%	1.4%

- Weeks 1-28 sales impacted by snow and movement of Easter into first half
- Strong trading over Easter weekend which moves into the first half; like-for-like sales growth 5.8%
- Calendar based like-for-like sales for weeks 1-32 of 1.3%
- Sales growth driven by increase in spend per item in part reflecting premiumisation of the estate

Inflationary cost headwinds unchanged

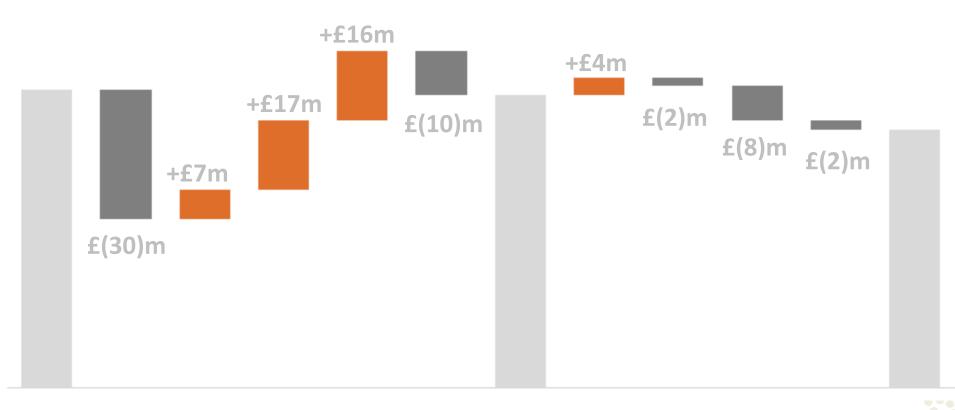




- Full year cost inflation guidance remains unchanged
- Anticipate similar levels to continue into the next financial year
- Progress made on mitigation through strategic objectives

Adjusted EBIT movement





H1 2017 Inflationary Cost savings Like-for-like FY 2017 FY 2018 £149m cost and trading openings openings headwinds efficiencies and and remodels remodels

£149m Easter FY17 movement Disposals

Snow Accelerated investment plan

H1 2018 £141m

Cash flow



	H1 2018 £m	H1 2017 £m	FY 2017 £m
EBITDA before adjusted items	208	212	429
Working capital / non cash items	32	(2)	(10)
Pension deficit contributions	(23)	(23)	(46)
Cash flow from operations	217	187	373
Capital expenditure	(104)	(93)	(169)
Disposals	4	1	46
Net interest, tax and other	(73)	(71)	(147)
Cash flow before adjusted items	44	24	103
Bond amortisation	(40)	(38)	(77)
Free cash flow	4	(14)	26
Dividends	(7)	(4)	(12)
Net cash flow	(3)	(18)	14
Group net debt	(1,718)	(1,825)	(1,750)
Net debt : EBITDA*	4.1x	4.3x	4.2x

^{*} based on annualised EBITDA

Capital expenditure and returns



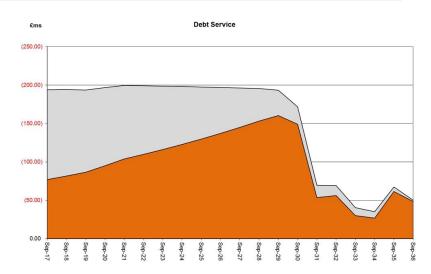
	H1 2018		H1 2017	
	£m	# sites	£m	# sites
Maintenance and infrastructure (excl remodels)	29		24	
Remodels - refurb	51	181	24	101
Remodels - expansionary	5	13	9	22
Conversions	16	26	24	49
Acquisitions – freehold	-	-	-	-
Acquisitions – leasehold	3	4	12	6
Total return generating capital	75	224	69	178
Total capital expenditure	104		93	

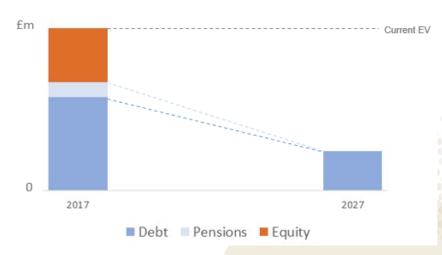
- Acceleration of number of projects completed in the first half
- Increase in maintenance spend driven by system and technology investment
- EBITDA return for FY17 and FY18 conversion and acquisition projects of 19%
- Returns of over 20% on FY17 and FY18 remodel projects

Capital allocation and dividend



- As advised, no dividend declared at Interim stage
- Assessment to be made at the Full Year
- Priority to maintain the condition and competitiveness of the estate and protect the balance sheet
- Continued deleverage through bond amortisation and pensions payments







Snow!







Strategic priorities





Build a more balanced business

- Brand propositions
- Conversion to successful formats
- Upgraded amenity in core



Instil a more commercial culture

- Profitable sales
- Core operational drivers



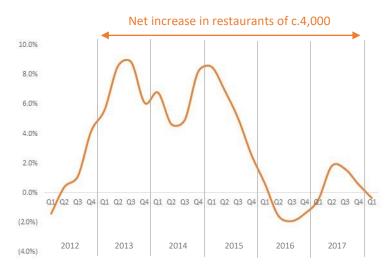
Driving an innovation agenda

- Build on technology investment
- Digital marketing
- New concept development

The market context



- Consumer discretionary income has been under pressure but our market continues to grow
- Market remains challenging:
 - Supply has slowed but long term increase in supply has outstripped demand growth
 - CVAs and closures but only small percentage of total supply
 - · Consumer still has lots of choice
- Challenge: Capture market share through
 - Great offers
 - In great locations
 - · With great people



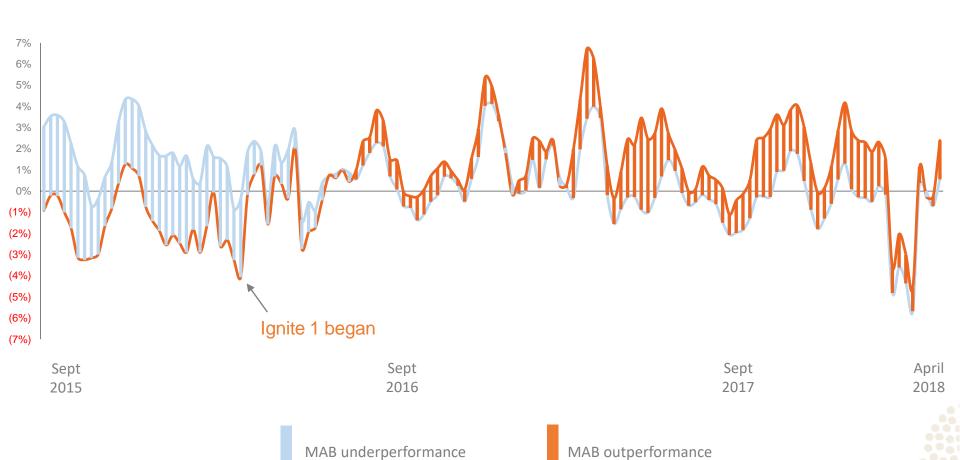
Source; CGA peach



Source; GFK consumer confidence barometer

Like-for-like sales versus market





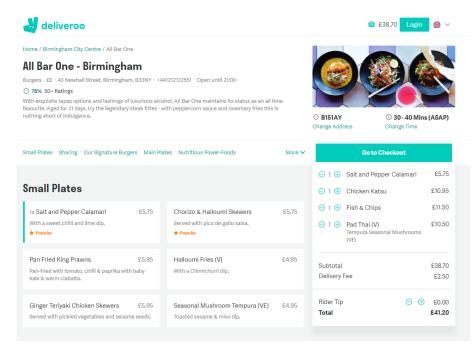
Rolling four-weekly average vs Peach Tracker



Driving an innovation agenda – digital



- Net promoter score 61 (H1 17: 56)
- Social media response rate 90% (H1 17: 64%)
- 120k online bookings per week (H1 17: 80k)
- 1.5m visits to our websites each week, up 25%
- Delivery:
 - Deliveroo in 73 sites
 - Just Eat in 36 sites
- 2 million guest downloads of our apps
- Browns loyalty programme trial
- CRM capability growing in sophistication





Instil a more commercial culture – labour



- New labour rostering system fully rolled out helping managers to:
 - Improve sales forecasting
 - Enhance deployment; system suggestion tailored to individual businesses
 - Easily review planned and actual deployment versus system suggestion
- Resulting in:
 - Greater efficiency
 - Redeployment to busier periods





Instil a more commercial culture – stock management



- New stock system:
 - Auto ordering
 - Improved stock control
 - Reduction in wastage
 - Fewer instances of stock outages
 - More efficient stock take process
- Food prep and par system in trial:
 - Optimum product prepared
 - Remote counting and bar coding



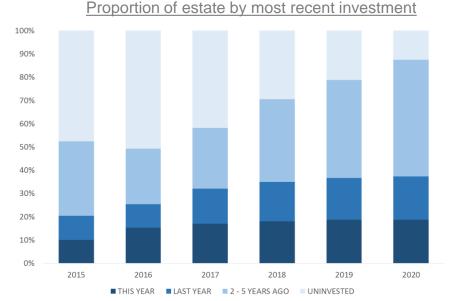
Opportunity to save time, reduce costs and improve customer experience



Build a more balanced business



- Accelerated capital programme:
 - Reduction in spend per project
 - Reduction in closure time
- 224 projects in first half:
 - 46 more than H1 2017
- 6-7 year investment cycle established:
 - Estate quality greatly improved
 - Reduced proportion of uninvested sites
 - 100th M&C opened





New Concept development







- Continue to drive new concept and product development
- Two new concepts getting very positive customer reaction
 - Chicken Society: food offer for existing businesses
 - Son of Steak: needs refining but will become a viable offer
- Further ideas in early stages of development





- Team engagement:
 - Improvement across all cohorts
- Apprenticeship programme investment:
 - Brexit related recruitment challenge
 - 1,600 total apprentices in learning
 - Real career path opportunities
 - Largest chef academy in the UK
 - Early in Career Programme award
- Received Overall Best Place to Work award





Second phase of initiatives – Ignite 2



- Phase 1 stabilised underlying profits
- Phase 2 will drive the business forward:
 - 8 buckets of activity
 - Each sponsored by an Executive member
 - Led by Operations Directors
 - Simultaneous initiatives across business



Ignite 2: Sales and service / Labour

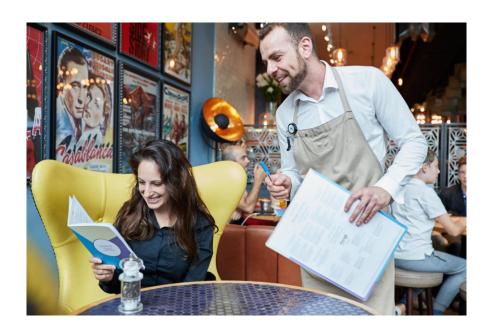


1. Sales and service:

- Unprofitable hours
- Selling up
- Under-performing assets
- Raising site standards

2. Labour:

- Improved sales forecasting
- Support and training for sites
- Not just cutting costs but optimising deployment



Ignite 2: Stock / external spend





3. Stock:

- Roll-out of auto-ordering
- Trial and roll-out of prep & par

4. External spend:

- Leveraging scale
- Cash spend in the business
- Further product rationalisation
- Reducing maintenance costs

Ignite 2: Menus and pricing / ROI



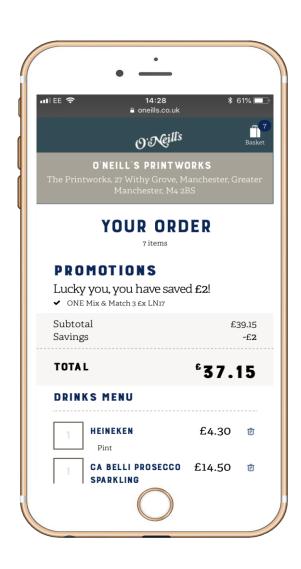
- 5. Menus and pricing:
 - Menu psychology
 - Speed to market of menu changes
 - More radical tailored pricing by site
 - Lead time on point of sale
- 6. ROI:
 - Value engineering
 - Improved site selection techniques
 - Focus on poor performing investments





Ignite 2: Digital / Stock and cash leakage





- 7. Digital marketing:
 - CRM effectiveness improvement
 - Order at table
 - Optimising our delivery partnerships
- 8. Stock and cash leakage:
 - Trial of new software
 - Pinpoint weakness in controls
 - Speedy resolution of issues

Summary



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H1 2018 - Outlet reconciliation

	Total Managed	Franchised	Total MAB
Opening outlets (start FY 2018)	1,695	59	1,754
Transfers	(1)	1	
Disposals	(7)	(1)	(8)
Acquisitions	4		4
Closing outlets (end H1 2018)	1,691	59	1,750

Note: Lodges attached to sites do not appear as a separate outlet.





Securitisation Restricted Payments Tests					
	Test	Actual (Relevant Year)	Headroom		
Free cash flow to debt service	1.3x	1.5x	£32m		
EBITDA to debt service	1.7x	1.8x	£22m		
Securitisation Covenants					
	Covenant	Actual (Relevant Year)	Headroom		
Free cash flow to debt service	1.1x	1.5x	£72m		
Net worth	£500m	£2,111m	£1,611m		
Non-Securitised Facility Covenants					

Non-Securitised Facility Covenants				
	Covenant	Actual (Relevant Year)	Headroom	
Net debt to EBITDA	3.0x	(0.45)x	n/a – (no debt)	
EBITDAR to rent plus interest	2.0x	2.62x	£25m	

Note: Full details at www.mbplc.com/investors/securitisationanddebtinformation/.



H1 2018 – Securitisation profile

