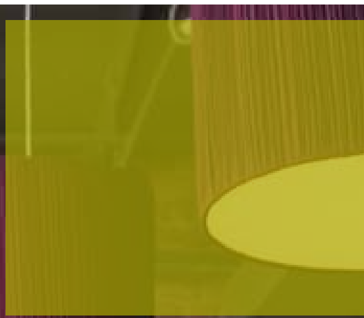
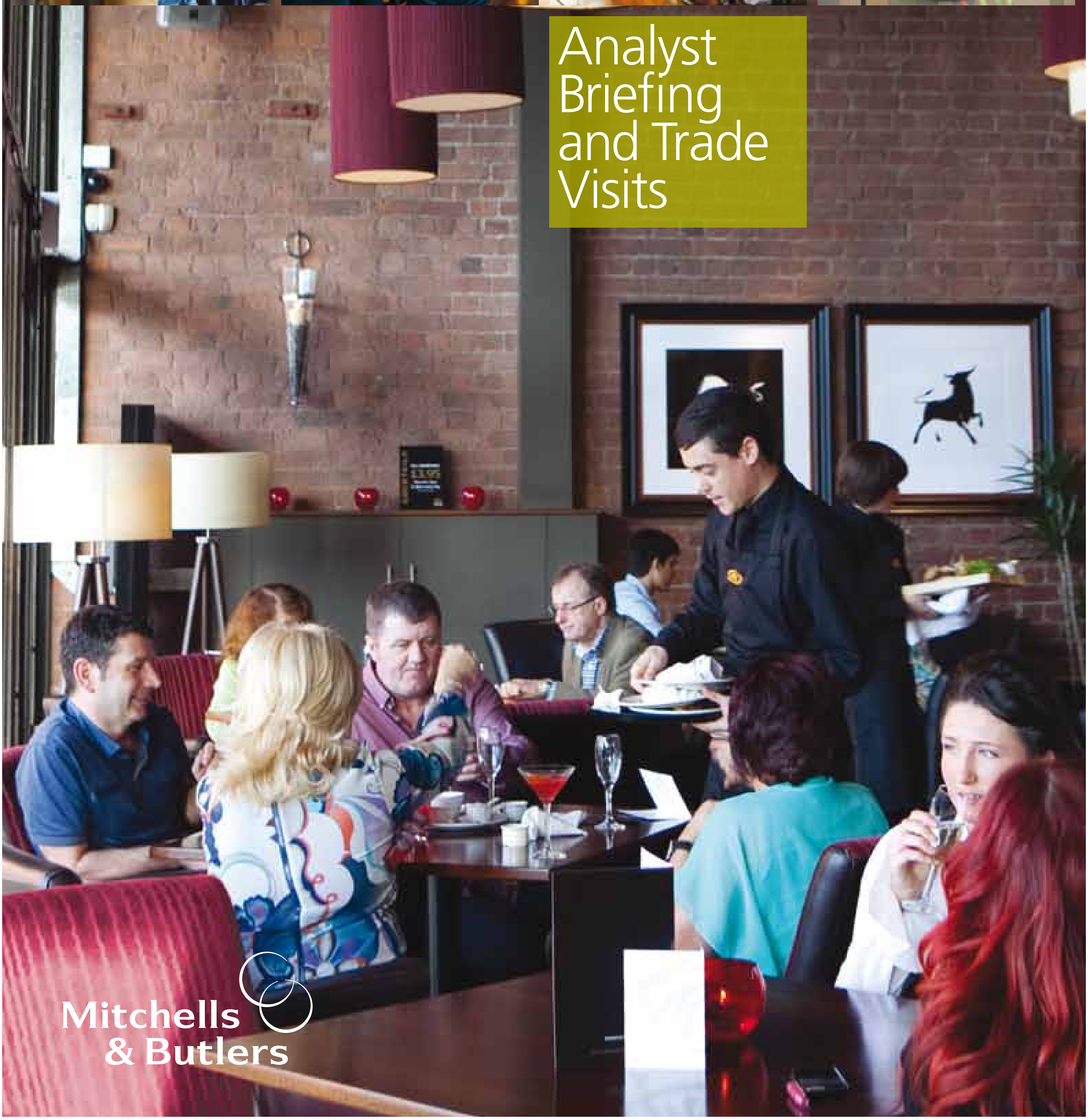
Tuesday 2 October 2012



Analyst Briefing and Trade Visits



Mitchells & Butlers

Mitchells & Butlers

Analyst briefing and trade visits
Tuesday 2 October 2012

1.00pm	Meet at All Bar One, 13 The Riverside, The Oracle, Reading, RG1 2AG	
2.00pm	Walk to Miller & Carter and Browns within The Oracle Centre, Reading, RG1 2AG	
2.15pm	Split into two groups to visit: *(Group A)* Miller & Carter, Oracle Centre *(Group B)* Browns, Oracle Centre	
3.00pm	Exchange places to visit: *(Group B)* Miller & Carter, Oracle Centre *(Group A)* Browns, Oracle Centre	
3.45pm	Coach departs Oracle Centre	
4.30pm	Arrive at Harvester Bells of Ouzeley, Straight Road, Old Windsor, Berkshire, SL4 2SH	
5.15pm	Coach departs	
5.30pm	Arrive at Harvester Two Rivers, Tillys Lane, Two Rivers, Staines, TW18 4BL	
6.15pm	Coach departs	
7.15pm	Arrive at The Engineer, 65 Gloucester Avenue, London, NW1 8JH	
8.00pm	Dinner	
9.30pm	Guests depart using own transport	

PEOPLE LOVE TO EAT AND DRINK WITH US

Analyst briefing and trade visits : 2nd October 2012

Brand expansion opportunities

Mitchells & Butlers

Tim Jones

Finance Director

Format of the day

- Overview of selected brand development and expansion opportunities in leisure and retail parks (LRPs)
- Presentation and lunch at All Bar One (Oracle Centre)
- Further Oracle Centre site visits
  - Browns
  - Miller & Carter
- Harvester comparison
  - The Bells of Ouzeley, Windsor – traditional suburban Harvester
  - Two Rivers, Staines – new design, LRP site
- Dinner at The Engineer, Primrose Hill
- Packs include timetable, presentations and factsheets

M&B attendees

- Bob Ivell, Chairman
- Tim Jones, Finance Director
- Simon Cope, Marketing Director
- Vanessa Hall, Brand Operations Director (Browns, Miller & Carter, Premium Country Dining)
- Stephen Hopson, Head of IR
- Susan Martindale, Programme Director: Frontline Focus
- In part:
  - Simon King, Retail Director (Browns), Adrian Frid, Retail Director (Miller & Carter)
  - Steve Cash, Brand Operations Director (Harvester), Sam Wignell & Karen Baskett, Retail Directors (Harvester)
  - Richard Cox, Brand Operations Director (Castle, Nicholson's, O'Neill's, All Bar One)

Key takeaways

- Continued investment in brand expansion
- EBITDA returns of 17% with 26% in single site leaseholds
- Opportunities exist across both ‘traditional’ freehold (FH) sites and leasehold (LH) sites
- Leisure and Retail Parks (LRPs) represent a specific growth opportunity for M&B
- Significant development work undertaken to maximise the opportunity:
  - More efficient operating footprint
  - Landlord relationships
  - Consumer proposition
  - Operating model

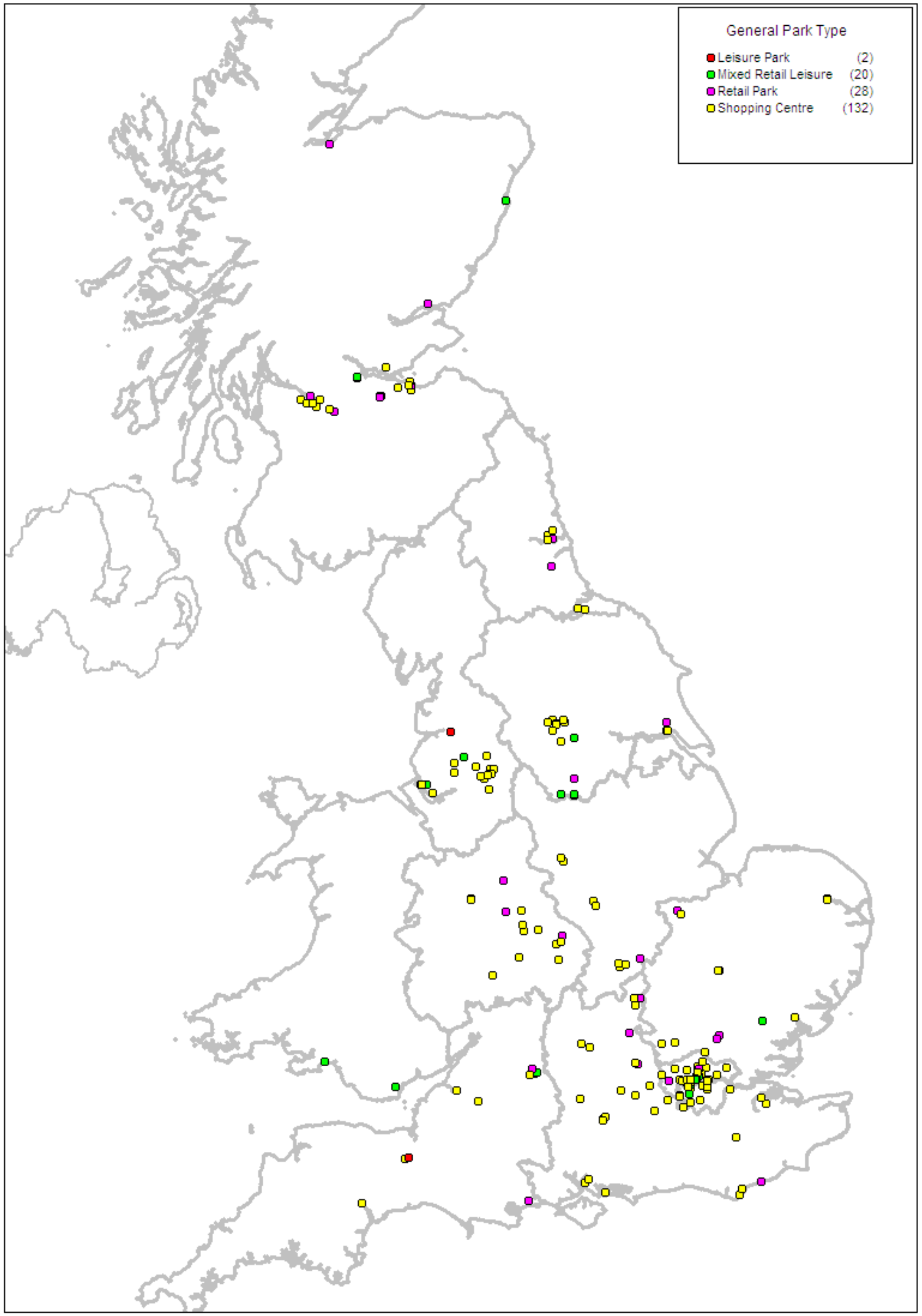
Note: EBITDA returns as at half year FY 2012

Expansion criteria

1. Target towns
   - Experian location type classification, total population, adult population, unemployment, workforce etc.
2. Individual park factors
   - "Park attractiveness score" based on mass market population, reasons to visit (daytime and evening), park size, presence of other competitors, proximity/quality of competing parks etc.
3. Existing M&B site distribution
4. Lessons from previous openings

Opportunities for growth

- c. 1900 LRPs in the UK
- c. 200 LRPs in target towns with high site criteria and no M&B outlet on site
- Very selective approach
- Mainly in Harvester, Miller & Carter, Browns
- F&B offer must match retail offer in each LRP
- Currently little new space development although quality is being improved



Sources: MAB data and "The definitive guide to retail and leisure parks 2012" & "Going Shopping 2011", Trevor Wood Associates

Developing the operating model

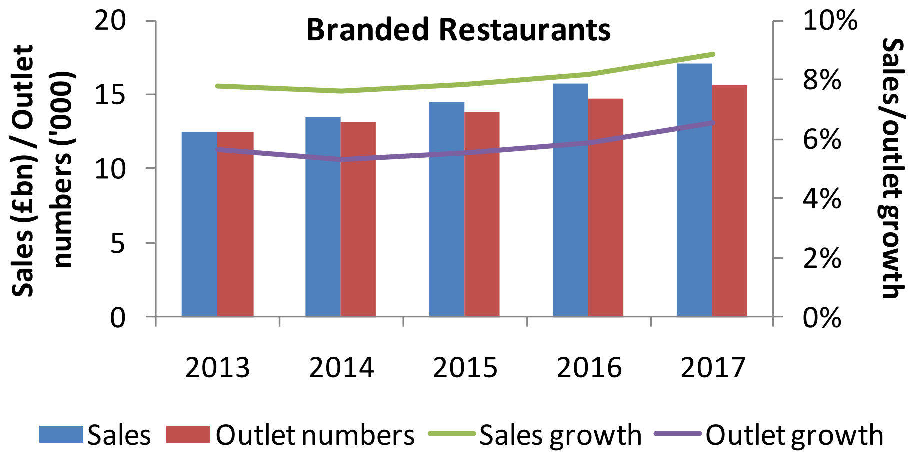
	Harvester : Pro Forma Freehold	Harvester : LRP site
Floor space (m^2)	600	372
Front of House : Back of House	55 : 45	69 : 31
Number of covers	200	150
Kitchen area (m^2)	100	56
m^2 per cover	3.0	2.5
Development cost	£2.1m	£740k

Simon Cope

Brand Development in LRPs

Eating out market forecast to grow, driven by brands

Allegra Market CAGR	2007 - 2011	2012 - 2017
Turnover	1.3%	4.9%
Outlets	0.4%	1.5%



- 6.5% CAGR growth 2013 – 2017, +£5.5 bn in sales
- Branded share of market expected to move from 22% to 25.5%
- Active expansion and L4L revenues driving growth
- Informal independent pubs and restaurants falling from 29% to 22%

Source: Allegra

Consumer behaviour is changing

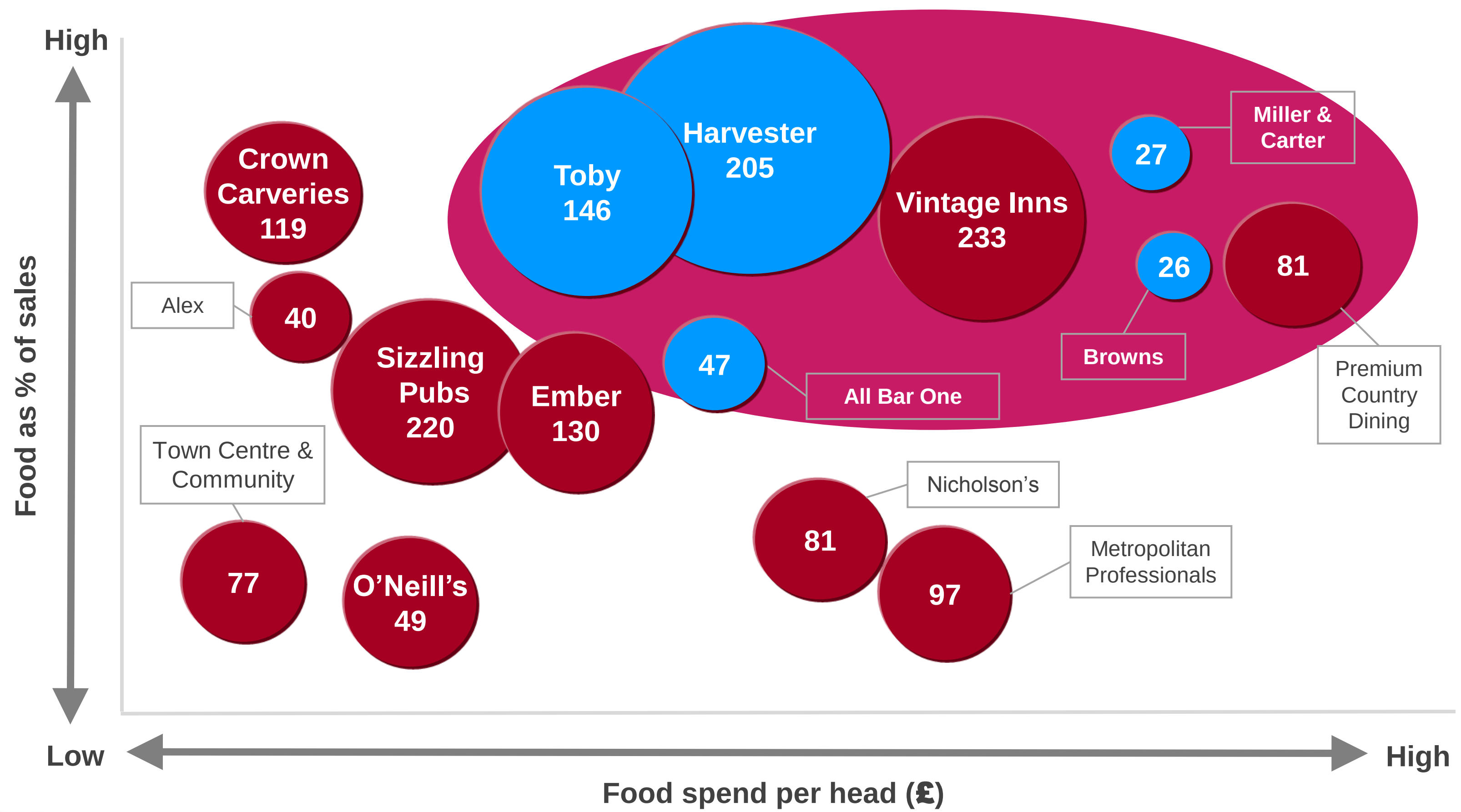
- Consumers are habitually eating out for a social or refuelling occasion
- Even though macro economic conditions have been tough, consumer usage has been robust, with frequency of visit improving
- To sustain eating out habits and frequency consumers are trading down at lunch time and up in the casual evening occasion
- Brand promiscuity has increased, in the last year moving from 7 to 8 brands eaten in the last 6 months

Frequency of visit per month	**2011**	**2012**
Breakfast	1	1.7
Lunch	4.1	4.5
Dinner	2.4	2.7

Avg RSP	**2011**	**2012**
Breakfast		£4.62
Lunch	**£7.34**	**£7.07**
Branded Restaurants		£12.88
Dinner	**£13.11**	**£14.37**
Branded Restaurants		£16.65

Source: Allegra and Peach

Portfolio of MAB brands maximises occasions and locations



Note: Excludes 60 UK based leased and franchise outlets

MAB brands offer attractive scope for growth

- Only one MAB brand is of substantial scale – opportunity for all brands to grow
- Brand equity is strong – high awareness in Harvester and Toby
- Harvester and Toby perform well in many ‘favourite brand’ surveys
- Brand loyalty score is high in Toby, Miller & Carter and Browns

Company	Sites
Pizza Hut	700
Pizza Express	402
Nando's	250
Frankie and Bennys	209
Prezzo	184
Beefeater	131
Ask	124
Zizzi	118
Café Rouge	115
Wagamama	72
Giraffe	42
Jamies Italian	31
Cote	24
Harvester	**204**
Toby Carvery	**143**
Miller & Carter	**27**
Browns	**26**

MAB site numbers as at half year 2012

Harvester retail sites have had a halo effect on the whole brand

- Harvester LRPs combined with a communication strategy, has increased brand awareness and image scores
- Increased penetration of 18 – 34 year olds
- Social and functional occasion
- Efficiency in marketing spend
- Pricing Strategy
- Driving new income streams

Miller and Carter

- Fame point - high quality steak sourced from west country
- Expanding brand
- Highest ‘recommend’ scores in MAB
- Continued consumer demand for quality steak which commands a high price
- Attracting a younger audience
- Predominately a premium social occasion

Browns

- Mix of classic and contemporary sites
- Browns has evolved from traditional to contemporary design
- Performs well in recommend scores
- Attracts a younger audience, increasing with LRP
- Essential that the site selection is built on key demographics, location and competitors

Appendices

Total eating out market change by turnover and outlets 2012 – 2017F

SEGMENT	OOH CHANNEL	2012 TURNOVER £m	2012 SHARE %	2017 TURNOVER £m	2017 SHARE %	PP CHANGE IN SHARE	
Branded Restaurant Chains	Restaurants	£11,589	22.0%	£17,069	25.5%	3.5%	↑
Informal Pubs - Tenanted & Leased	Pubs	£9,449	18.0%	£8,118	12.2%	-5.8%	↓
Coffee Shops/Sandwich Bars	Retail	£9,037	17.2%	£15,876	23.8%	6.6%	↑
Informal Independent Restaurants	Restaurants	£6,797	12.9%	£6,461	9.7%	-3.2%	↓
Retail Grab & Go and Cafés	Retail	£5,691	10.8%	£7,069	10.6%	-0.2%	↓
Independent Fast Food/Take-away	Fast Food	£4,241	8.1%	£5,492	8.2%	0.2%	↑
Workplace (Profit)	Contract & Self Catered	£3,407	6.5%	£3,707	5.5%	-0.9%	↓
Leisure and Travel	Leisure and Travel	£2,402	4.6%	£3,015	4.5%	-0.1%	↓
Total		**£52,613**		**£66,807**			

SEGMENT	OOH CHANNEL	2012 OUTLET NUMBERS	2012 SHARE %	2017 OUTLET NUMBERS	2017 SHARE %	PP CHANGE IN SHARE	
Workplace (Profit)	Contract & Self Catered	49,968	22.1%	51,230	21.0%	-1.1%	↓
Retail Grab & Go and Cafés	Retail	37,189	16.4%	39,086	16.0%	-0.4%	↓
Informal Pubs - Tenanted & Leased	Pubs	31,819	14.1%	30,260	12.4%	-1.7%	↓
Independent Fast Food/Take-away	Fast Food	29,927	13.2%	33,432	13.7%	0.5%	↑
Coffee Shops/Sandwich Bars	Retail	25,754	11.4%	32,869	13.5%	2.1%	↑
Leisure And Travel	Leisure and Travel	23,554	10.4%	26,006	10.7%	0.3%	↑
Informal Independent Restaurants	Restaurants	16,333	7.2%	15,527	6.4%	-0.9%	↓
Branded Restaurant Chains	Restaurants	11,806	5.2%	15,632	6.4%	1.2%	↑
Total		**226,350**		**244,042**			

Source: Allegra, Eating Out in the UK 2012

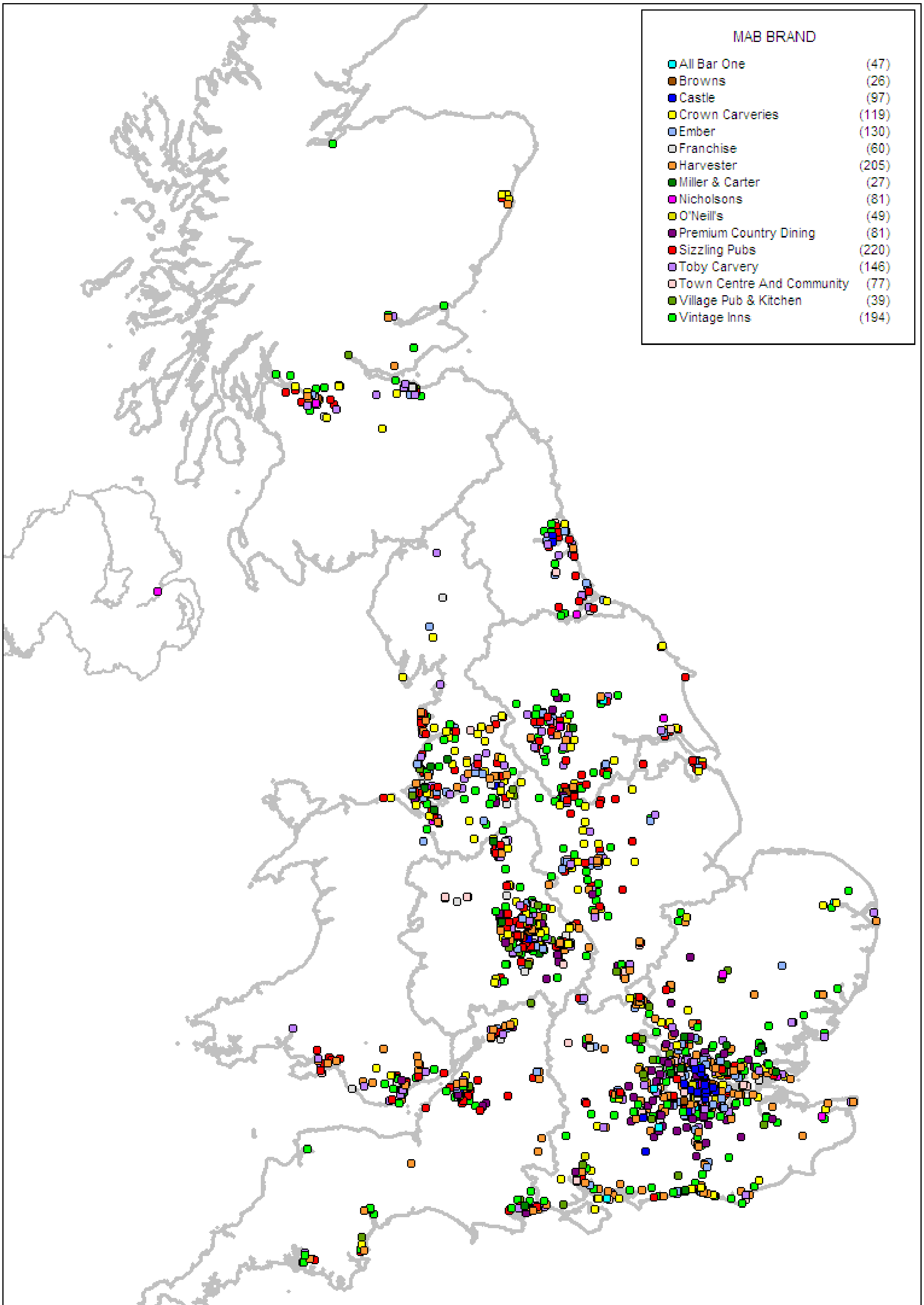
Outlet reconciliation H1 2012

	Total MAB	Franchised	Total Managed
Closing outlets (end FY 11)	1,605	69	1,536
Transfers	-	(5)	5
Disposals	(2)	-	(2)
Acquisitions	26	1	25
Closing outlets (end H1 12)	1,629	65	1,564

Average trading pubs*	**1,545**
Average weekly take*	**£22.2k**

Note: Lodges attached to sites do not appear as a separate outlet
* Managed sites only

M&B UK Estate



MAB BRAND
All Bar One (47)
Browns (26)
Castle (97)
Crown Carveries (119)
Ember (130)
Franchise (60)
Harvester (205)
Miller & Carter (27)
Nicholsons (81)
O'Neill's (49)
Premium Country Dining (81)
Sizzling Pubs (220)
Toby Carvery (146)
Town Centre And Community (77)
Village Pub & Kitchen (39)
Vintage Inns (194)

Current M&B estate mix

	Freehold and long LH	Short leasehold	Total
Outlets	85%	15%	100%

- Asset base of £3.3bn land and buildings
- Annual revaluation exercise
- FH opportunities will continue to form part of mix

Recent activity & future opportunities

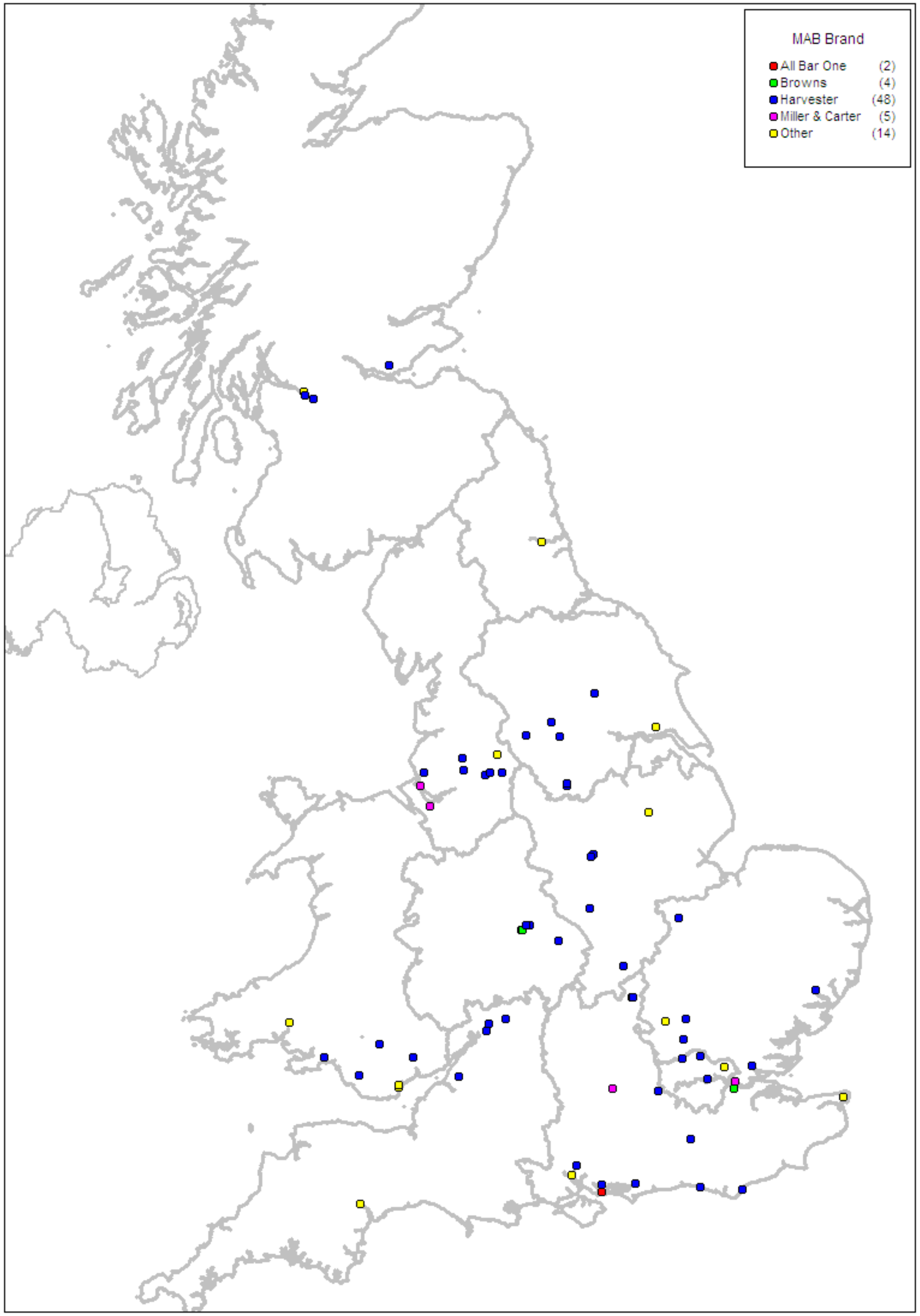
Number of sites	FY10	FY11	H1 FY12
Freehold acquisitions	1	12	8
Leasehold acquisitions	0	41	27
Total new openings	1	53	35
of which, LRP sites	*0*	*23*	*24*
Conversions	54	48	7

- Balanced expansionary programme, however:
  - Best FH sites in the UK are already owned by major pubcos
  - Compelling FH opportunities are limited, mainly to:
    - Existing businesses (direct approaches, administrations, disposals)
    - Development sites (dependent on other activity e.g. housing, retail etc.)

Current LRP sites

	Outlet numbers
Harvester	48
Miller & Carter	5
Browns	4
Other	16
Total	**73**

- c. 50 LRP sites opened since summer 2010



Contracts and development costs

- c. £740k development cost (vs c. £2.5m for a FH acquisition)
- 10% reduction in development costs since FY11 by value engineering
- Large variation in rents by quality of site but low regional variance (except central London). Average is about £100k pa.
- Main risks of leasehold sites:
  - Future cost of occupancy
  - Exit opportunity
- Typically involve landlord contribution (capital contributions/rent-free period)
- Rents mainly RPI-based, the bulk have caps and collars
- 25 year contracts with tenant-only break clause at year 15

Supply-side relationships

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AVIVA INVESTORS

LaSalle Investment Management

British Land

Capital Shopping Centres

Legal & General

Henderson Global Investors

Prudential

Hammerson

Land Securities

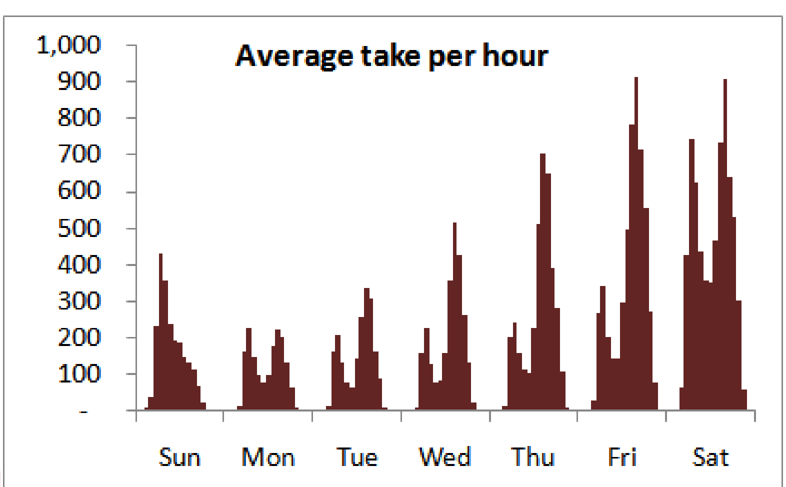
Deals concluded with all the major freeholders in the last 12 months

Outlet fact sheets

All Bar One Oracle Centre

All Bar One Oracle Centre, Reading RG1 2AG

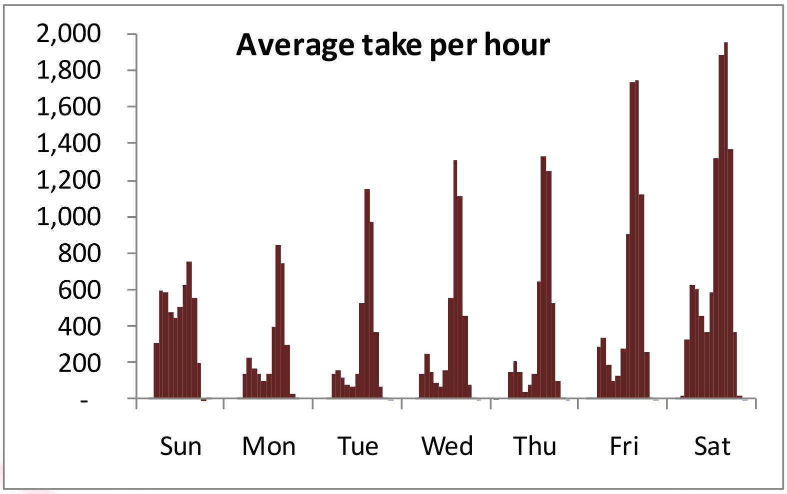
Leasehold (expiry 2026)		Opened:	March 2011
Capex:	£450k	Average Weekly Take:	£24k
Site origin:	Bar Ha Ha	Food Mix	37%



Miller & Carter Oracle Centre


Miller & Carter Oracle Centre, Reading RG1 2AG

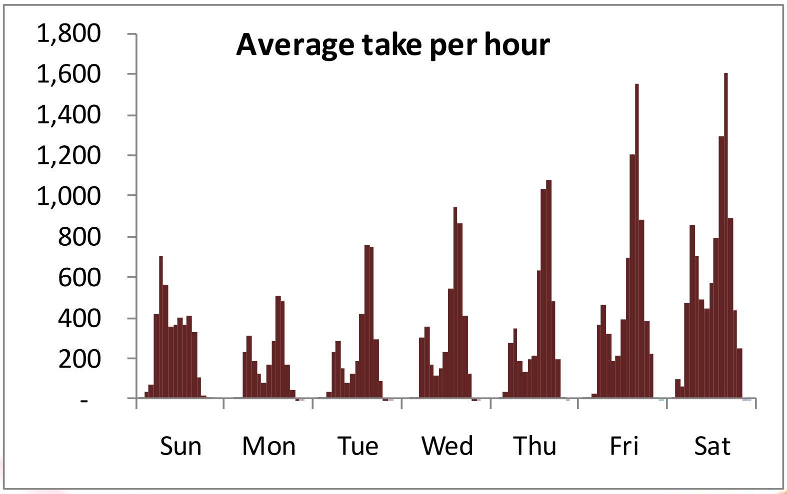
Leasehold (expiry 2024)		Opened:	February 2012
Capex:	£1.2m	Average Weekly Take:	£38k
Site origin:	Old Orleans	Food Mix	72%



Browns Oracle Centre

Browns Oracle Centre, Reading RG1 2AG

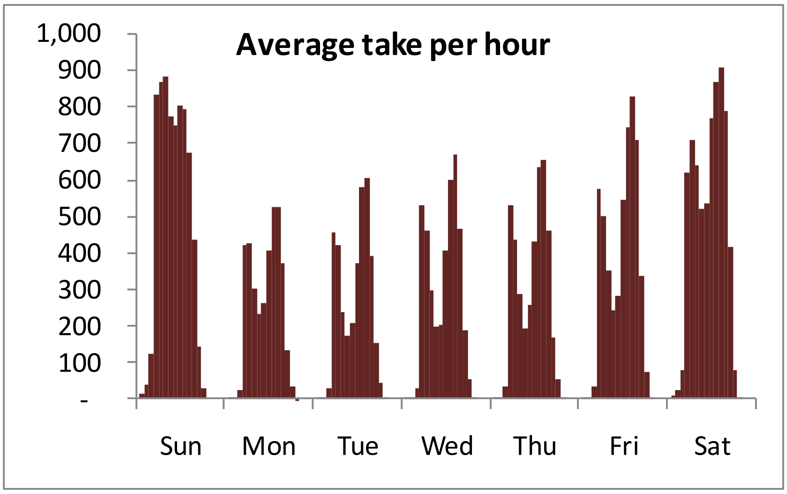
Leasehold (expiry 2026)		Opened:	December 2011
Capex:	£1.0m	Average Weekly Take:	£35k
Site origin:	Independent	Food Mix	55%



The Bells of Ouzeley Harvester

The Bells of Ouzeley, Straight Road, Old Windsor, Berkshire, SL4 2SH

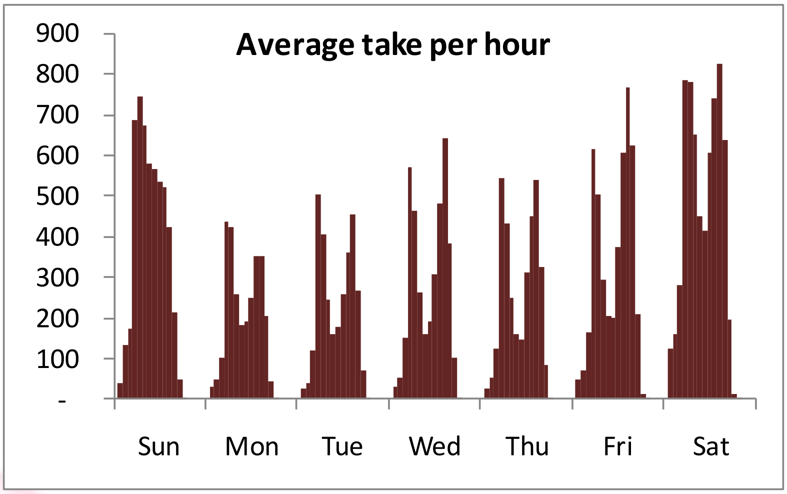
Freehold (book value £3.9m)	
Average Weekly Take:	£35k
Food Mix:	71%



Two Rivers Harvester

Two Rivers Harvester, Tilys Lane, Two Rivers, Staines, TW18 4BL

Leasehold (expiry 2035)		Opened:	November 2010
Capex:	£0.8m	Average Weekly Take:	£30k
Site origin:	Independent	Food Mix	79%



Engineer Primrose Hill

The Engineer, 65 Gloucester Avenue, London NW1 8JH

This pub was re-opened as a managed business in November 2011

Freehold (book value £2.3m)	
Average Weekly Take:	£26k
Food Mix:	52%