

27 July 2017

Mitchells & Butlers plc Third Quarter Trading Update

Trading statement covering the 43 weeks ended 22 July 2017.

Operating performance

Trading since the half year has been strong, with like-for-like sales growth of 2.6% over the 10 week period continuing both the momentum reported at the half year and out-performance to the market^a. Total sales have increased by 3.1% in the year-to-date.

Like-for-like trading performance since the last update is set out below.

Like-for-like sales

	28 weeks to 8 April 2017	33 weeks to 13 May 2017	10 weeks to 22 July 2017	43 weeks to 22 July 2017
Total	1.6%	1.9%	2.6%	2.0%
Food	0.8%	1.4%	1.3%	1.4%
Drink	2.3%	2.4%	3.8%	2.7%

As previously advised, increased cost pressure is expected to lead to margins being lower than last year.

Investments

We have opened 13 new sites and completed 224 conversions and remodels in the financial year to date.

Pensions

The company has now reached agreement on the 2016 triennial pensions valuation with the scheme trustees. The agreed deficit of £451m as at 31 March 2016 (2013: £572m) will be funded by an unchanged level of cash contributions (of £46m pa indexed) to 2023, as per the agreement reached in 2013.

In 2024 an additional payment of £13m will be made into escrow, should such further funding be required at that time.

Phil Urban, Chief Executive, commented:

“Sales performance since the half year has been encouraging, with strengthening like-for-likes helped by the sunny weather and continued outperformance to the market^a. The cost headwinds we face remain challenging. However, we are working hard to mitigate these where we can and we are confident that continued focus on the three strategic priority areas we have identified will help us to deliver a performance for the full year in line with the Board’s expectations and will generate long term sustainable shareholder value.”

Note: ^a As measured by the Coffey Peach Business Tracker

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Notes for editors:

- Mitchells & Butlers is a leading operator of managed restaurants and pubs. Its strong portfolio of brands and formats includes Harvester, Toby Carvery, All Bar One, Miller & Carter, Premium Country Pubs, Sizzling Pubs, Stonehouse, Vintage Inns, Browns, Castle, Nicholson's, O'Neill's and Ember Inns. In addition, it operates Innkeeper's Lodge hotels in the UK and Alex restaurants and bars in Germany. Further details are available at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary.