

29 September 2022

Mitchells & Butlers plc
LEI no. 213800JHYNDNB1NS2W10

Fourth Quarter Trading Update

Trading statement covering the 52 weeks ended 24 September 2022.

Sales

Sales comparisons are on a three-year basis, to the same period in FY 2019, the last full financial year before Covid-19.

Like-for-like sales improved in the fourth quarter, despite the ongoing impact of extreme heat as well as further rail strikes, both of which disrupted trade. Sales over the August bank holiday were encouraging, with like-for-like growth over the three-day weekend of over 6%, before returning to levels consistent with the quarter as a whole. Growth continues to be driven by food sales with the strongest performances in our premium, food-led brands.

Like-for-like sales growth/(decline) against FY 2019:

	Wks 1–15	Wks 16–28	Wks 29–42	Wks 43–52	Wks 1–52
	Q1	Q2	Q3	Q4	
Food	5.2%	8.9%	2.9%	4.1%	5.2%
Drink	(9.1)%	(4.2)%	(1.3)%	(1.0)%	(4.1)%
Total	(1.5)%	3.8%	0.9%	1.5%	1.1%
Total excl.	(5.5)%	0.2%	0.9%	1.5%	(0.9)%
VAT benefit					

Total sales have declined by 1.3% in the year driven mainly by temporary covid-related closures in the first part of the year and site disposals since FY 2019.

Operating costs and margins

Inflationary cost pressures presented an increasing challenge both to our business and to the hospitality sector as a whole through the second half of the year, initially concentrated in the areas of energy, wages and food costs but are now evident throughout most of the supply chain.

The recent announcements of domestic and business energy price caps are welcomed both due to the impact on guest disposable income, and the reduction of cost downside to the business from potential further adverse market price increases. However, we expect our total energy and utility costs to have increased to c.£150m for FY 2022 (FY 2019: £80m) and even with the cap in place anticipate a further increase on that for FY 2023. That is despite several initiatives underway to reduce our ongoing energy usage, including greater focus and review at a site level on energy efficiency, combined with investment initiatives such as the installation of voltage optimisers. We have currently bought forward approximately 20% of our requirements for the next financial year.

We continue to work very hard to mitigate as much of the impact of these cost increases as we can, both through driving sales growth and identifying and implementing further cost efficiencies in the business executed under our Ignite programme of work.

Balance Sheet and Investments

The group currently has cash balances of c.£160m, in addition to undrawn committed unsecured facilities of £150m.

We remain committed to investing in enhancing the competitiveness of our estate. We have completed 166 conversions and remodels in the financial year to date.

Phil Urban, Chief Executive, commented:

“The trading environment for the hospitality sector remains very challenging, with cost inflation putting increasing pressure on margins, and we are also mindful of the pressures on the UK consumer over the coming months.

We remain focused on the delivery of our Ignite programme of initiatives, driving sales and delivering cost efficiencies. This will, combined with our diverse portfolio of well-known brands and strong estate locations, put us in a stronger competitive position to face the challenges ahead.”

For further information, please contact:

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Note for editors:

Mitchells & Butlers is a leading operator of managed restaurants and pubs. Its 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 Collection 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.