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Full Year Results 2021

Phil Urban
Chief Executive Officer

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Summary

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- The year was dominated by the impact of Covid-19 with total sales down 52.4% on FY 2019 due to mandated closure and restrictions
- The successful equity raise and associated refinanced terms provide a strong platform of financial stability
- Sales have recovered well since reopening with a return to profitability and cash generation
- We have resumed our Ignite and capital programmes which will help to mitigate cost headwinds
- Well positioned coming out of the pandemic with: a strengthened balance sheet; well-loved and diverse portfolio of brands; and a return to our Ignite and capital programmes

Financial Review 2021
Tim Jones
Chief Financial Officer

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Income Statement (before adjusted items)

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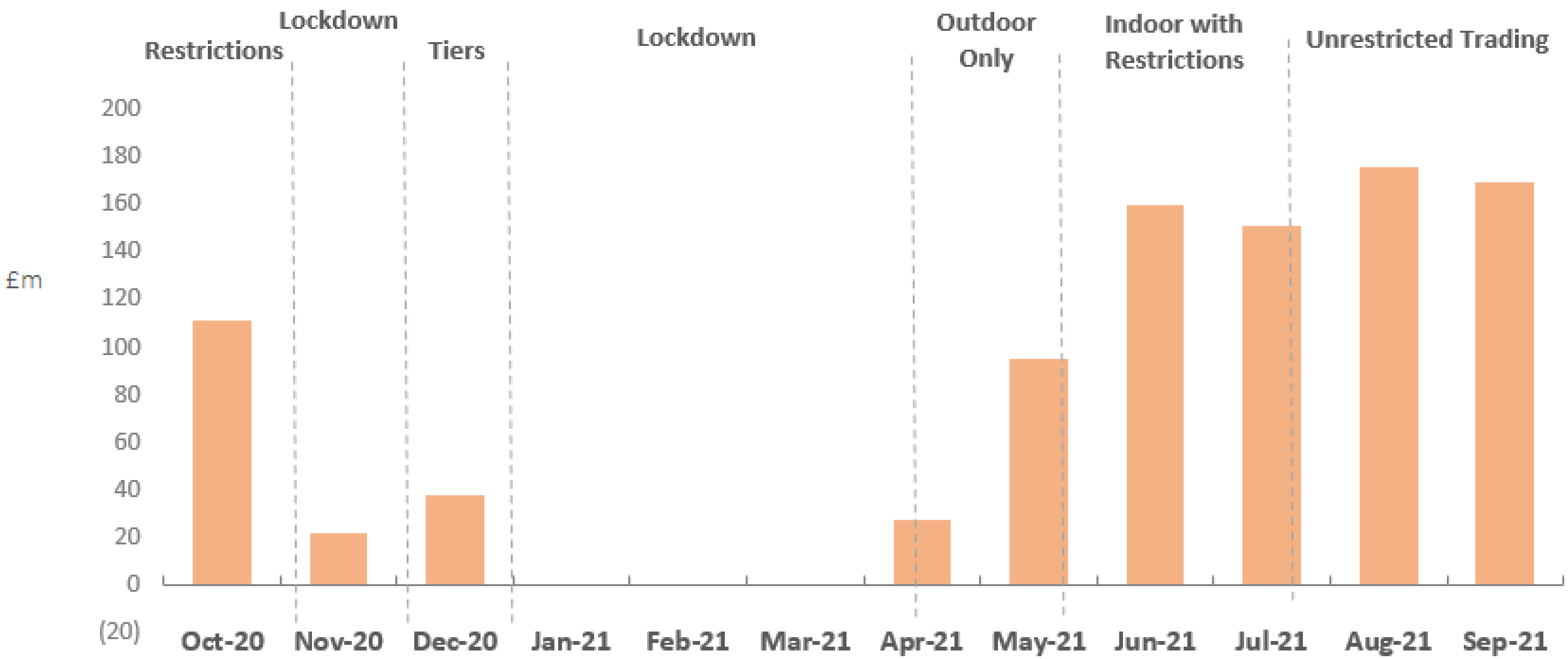
	FY 2021 £m	FY 2020 £m
Revenue	1,065	1,475
Operating costs	(1,036)	(1,376)
Operating profit	29	99
Interest	(120)	(127)
Pensions finance charge	(3)	(4)
Loss before tax	(94)	(32)
Operating margin	2.7%	6.7%
Loss per share[1]	(13.6)p	(5.7)p

[1]Loss per share for FY 2020 has been restated to reflect the bonus element of the Open Offer share issue completed on 12 March 2021.

Recovery in total sales



Proportion of Estate Open	94%	17%	30%	-	-	-	15%	69%	98%	98%	98%	98%

- Strong recovery of sales as the estate reopened following the easing of restrictions

Like-for-like sales vs. FY19

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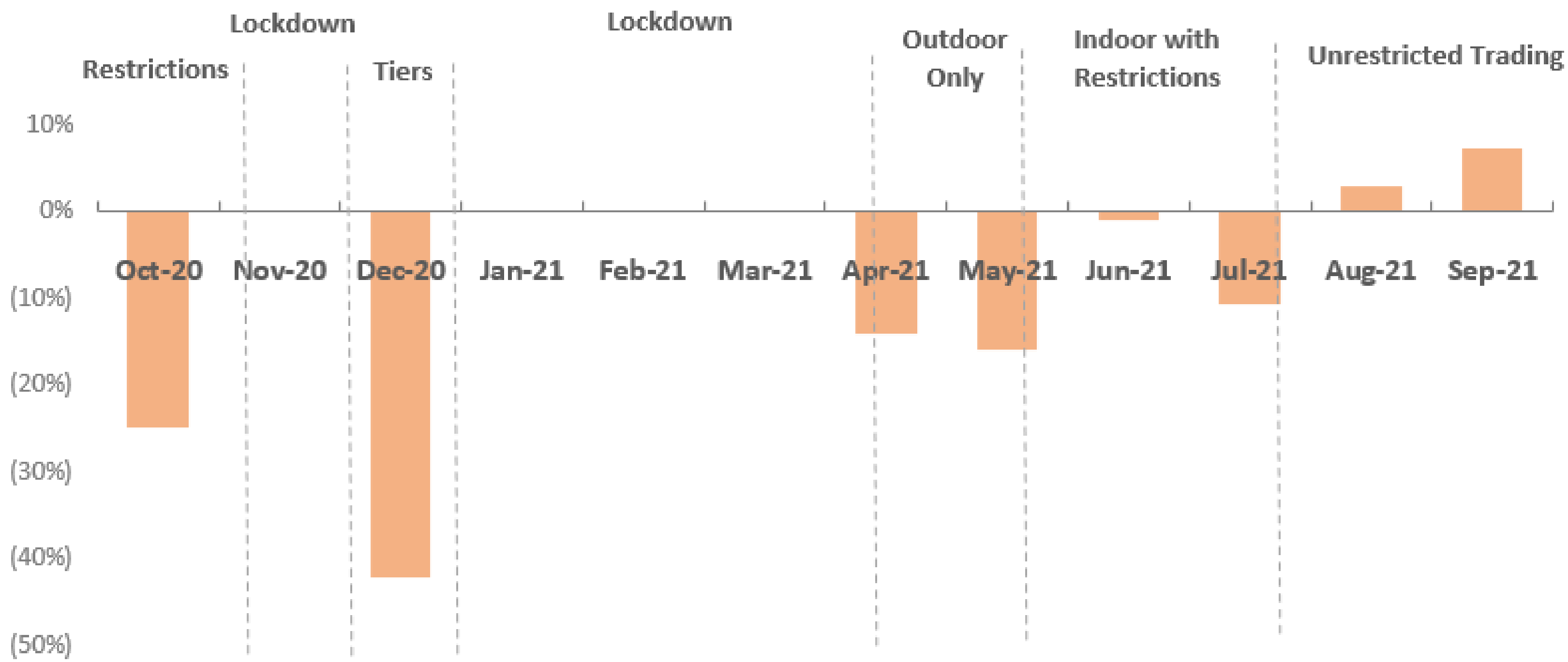
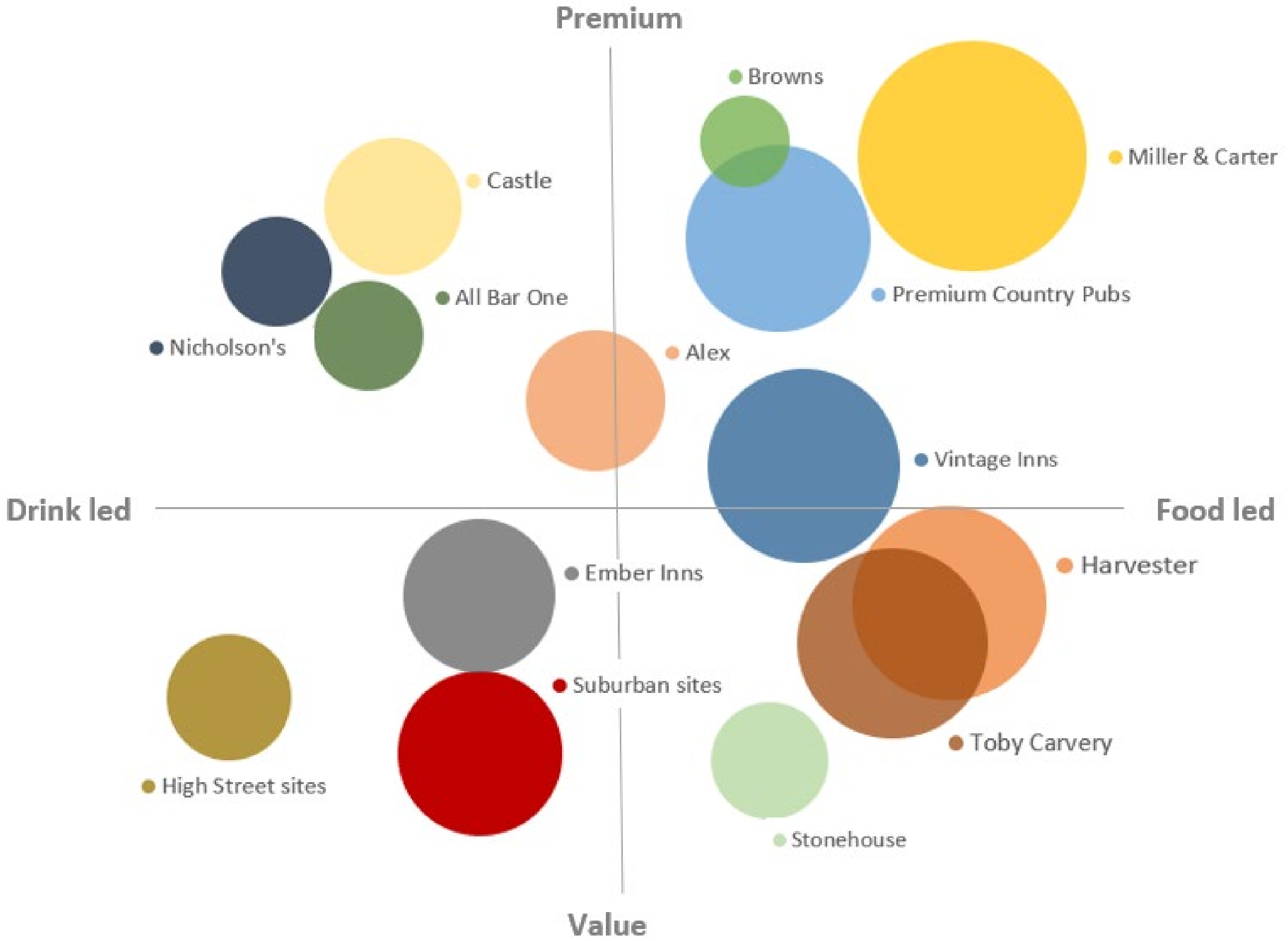
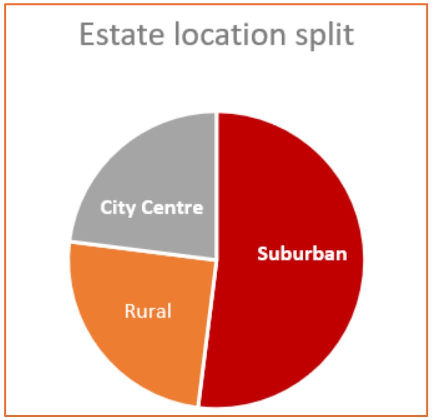


- Return to like-for-like growth after trading restrictions were lifted on 19 July
- Food has performed better than drink, aided by temporary VAT rate reduction
- Suburban areas have generally outperformed larger city centres
- Sales driven by spend per head growth and VAT outweighing volume decline
- Like-for-like sales growth for 8 weeks since year end of 2.7% following increase in VAT to 12.5%

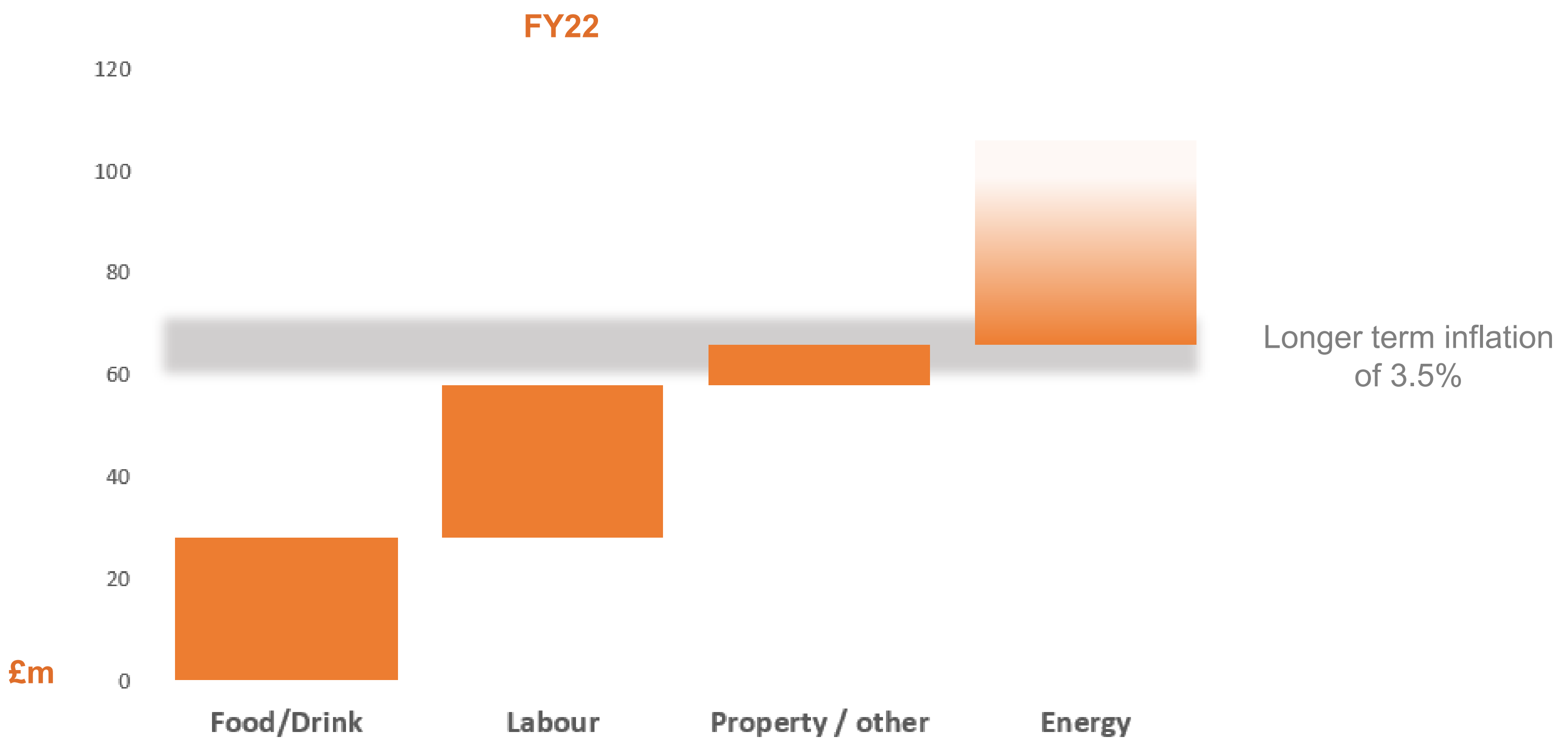
Diverse portfolio of brands and locations





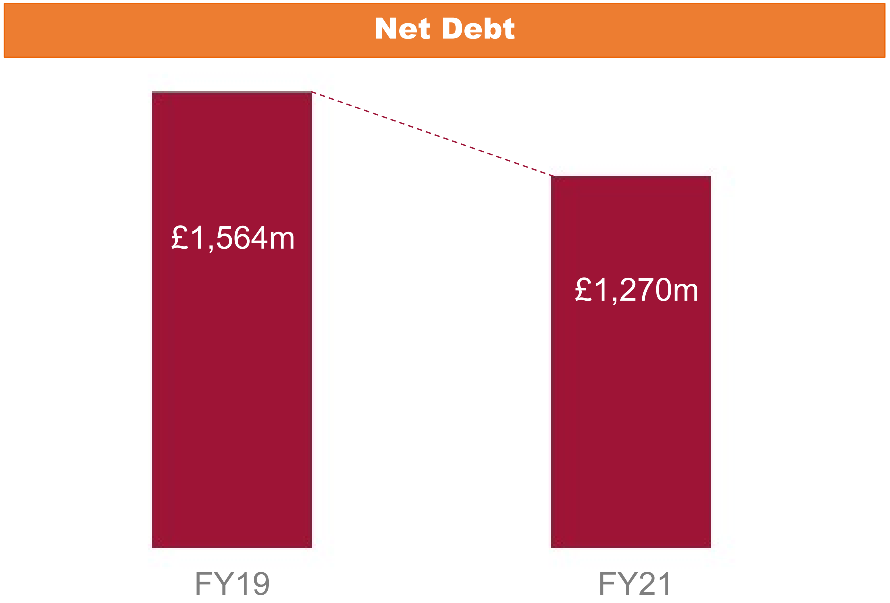
- Importance of a broad range of offer and locations

Annualised cost headwinds



- Current food cost inflation estimated to be 7%
- Labour cost inflation reflects 6.6% National Living Wage increase from April 2022
- Sharp increase in energy costs which remain volatile and uncertain
- Overall inflationary increase on total cost base of 6.0%, versus longer term expectation of 3.5%

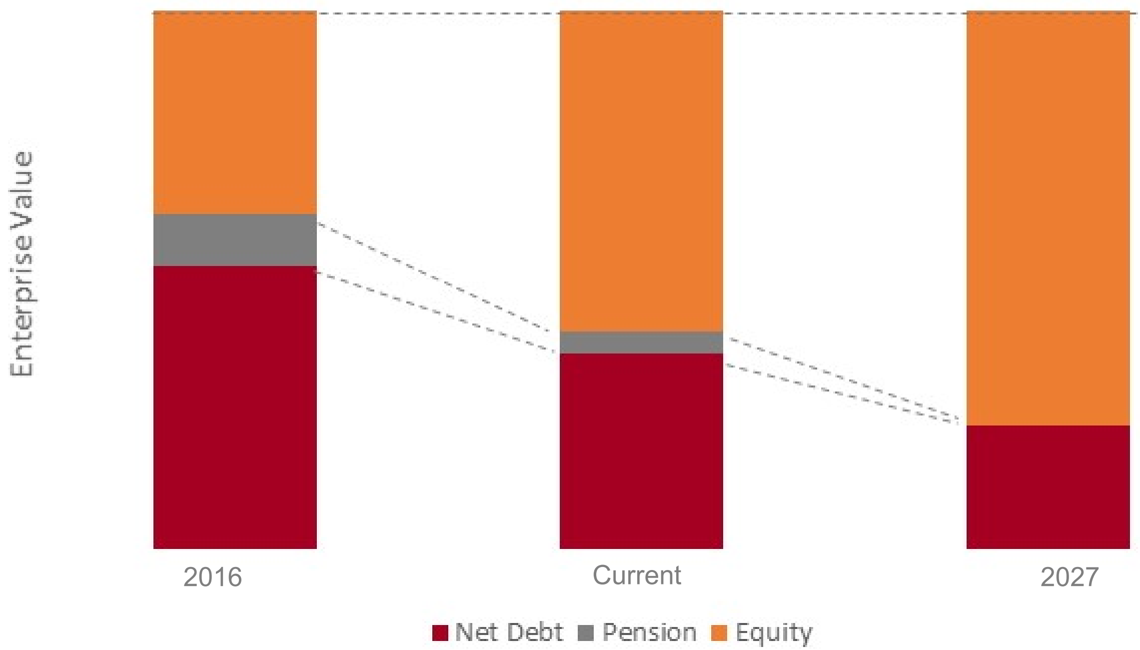
Strengthened balance sheet



Note: Net Debt excludes IFRS16 liabilities

- Equity raise rightsized in February 2021
- Combined with debt refinance balance sheet is well positioned to meet future uncertainty
- Group has cash balances on hand of £227m at the balance sheet date, with undrawn unsecured facilities of £150m
- Net Debt reduced to £1,270m excluding IFRS16 lease liabilities of £513m. At FY19 (pre Covid-19) EBITDA this represents gearing of 2.9 times (4.1 times including IFRS16)

Creating equity value through deleverage



Note: Assumes consistent enterprise value and net debt excludes IFRS16 liabilities

- Progress in deleverage through securitisation amortisation and pensions deficit contributions
- Over past five years net debt (excl. pensions and leases) reduced from £1,840m to £1,270m

Summary

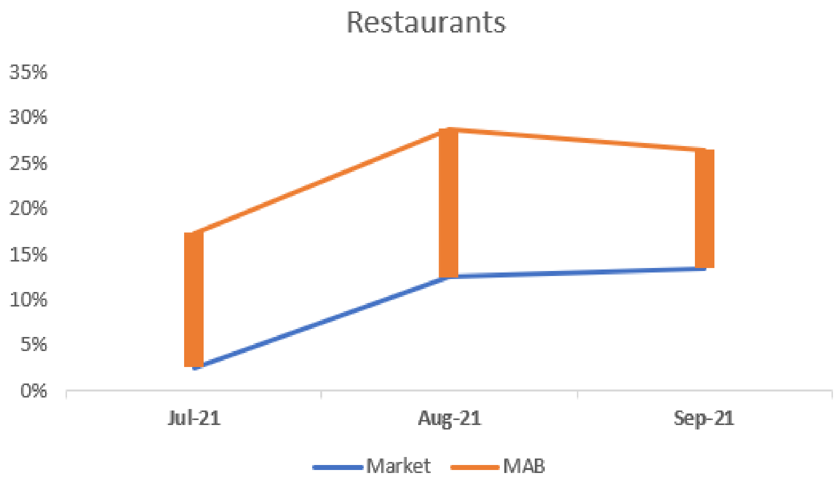
- Strong return to profitability and cash generation on lifting of restrictions
- Cost headwinds remain a challenge notably labour and utility cost increases
- Confident in ability to continue strong recovery with;
  - Secure financial platform
  - Strong estate of largely freehold assets
  - Diversified portfolio of well-known brands and locations
  - New wave of Ignite initiatives ready to roll out

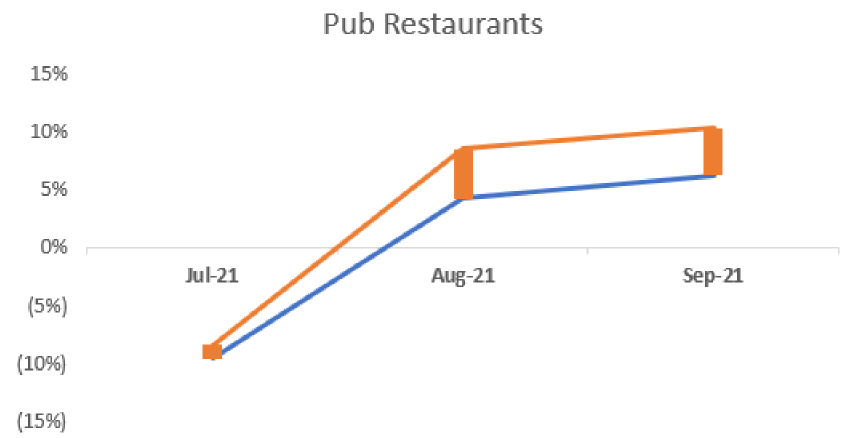
Phil Urban
Chief Executive Officer

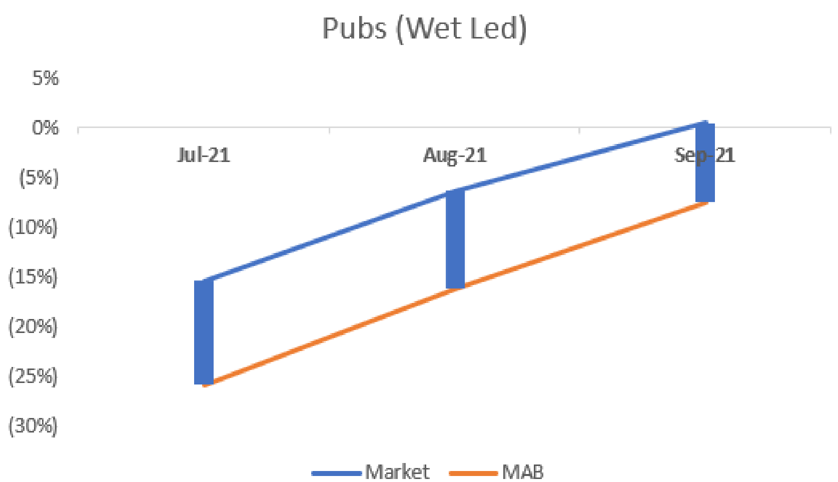
Trading since reopening

- Sales performance has progressed well since reopening
- Volumes have been in decline with spend per head driving growth
- Suburbs recovered more quickly than city centres
- Food-led brands’ recovery stronger than wet-led
- Premium food-led offers have generated very strong performances
- Wet-led city based brands have been more challenged

Trading since reopening – MAB vs. Market







- Strong outperformance of restaurant segment
- Comfortable outperformance of pub restaurants
- Underperformance in pubs driven by slower recovery of community, wet led offers and strong performance of youth led offers

Cost headwinds and mitigation

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Cost headwinds	Mitigation
Employment	Ignite 3
Utilities	Capital programme
Food and Drink	

- Cost headwinds are challenging in the year ahead
- We have a proven track record of successful mitigation in previous years, of c.3.5% inflation, through our Ignite initiatives and capital programme.

Cost mitigation - Ignite 3

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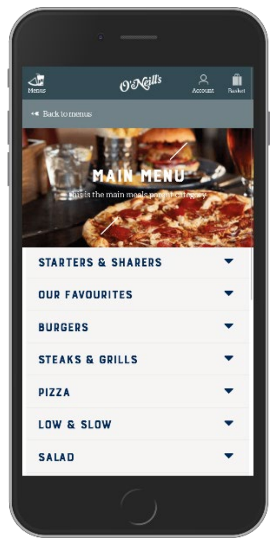
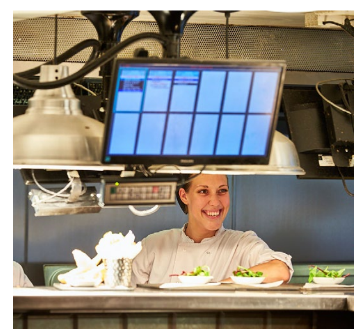
- First established in February 2016
- Completed over 100 initiatives delivering sales and profit growth
- Broad mixture of initiatives designed to both increase sales and enhance efficiency
- New wave of initiatives is now underway including:
  - ➢ Delivery
  - ➢ Master data management
  - ➢ Field based maintenance team
  - ➢ Table yield management
  - ➢ Food and drink stock
  - ➢ Promotion effectiveness

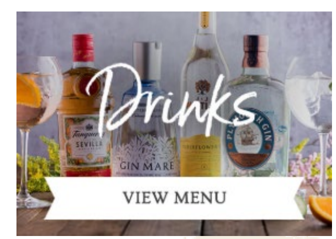
2016 – 2018	2018 – 2019	2021 ONWARDS
IGNITE 1	IGNITE 2	IGNITE 3



deliveroo

tripadvisor





Resumption of the capital programme

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- Refurbish Innkeepers Collection rooms
- Full capital programme planned for in FY 2022
- 42 projects completed since reopening in April
- Target 6 -7 year investment cycle
- Investment across brand portfolio

Pine Marten - Harrogate

Our strategic priorities

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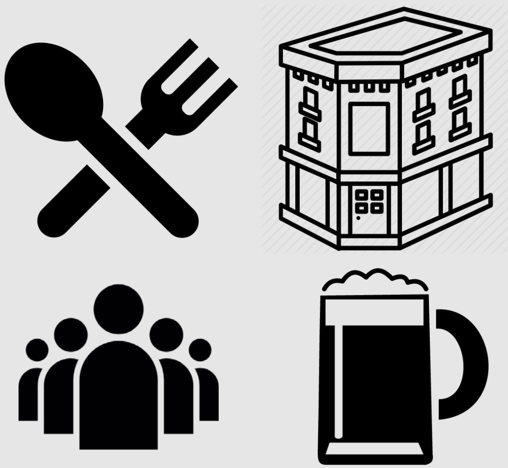

Build a more balanced business

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

Instil a more commercial culture

- Profitable sales
- Core operational drivers

Drive an innovation agenda

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

Summary

- Trading environment remains challenging but we are well placed to return to sales and profit growth
- Great business with a strong balance sheet, some of the best UK sites and brands and a team of experiences hospitality professionals
- Strategy remains to de-leverage the business as we build profits


Questions

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Full Year Results 2021
Supplementary Slides

FY 2021 – Outlet reconciliation

	Total Managed[1]	Franchised	Total MAB
Opening outlets (start FY 2021)	1,667	71	1,738
Transfers	(5)	3	(2)
Disposals	(2)	(2)	(4)
Acquisitions	-	-	-
Closing outlets (end FY 2021)	1,660	72	1,732

Notes:
1. FY 2021 closing managed total includes 15 non-trading sites.
2. Lodges attached to sites do not appear as a separate outlet.

FY 2021 – Securitisation profile

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