MITCHELLS & BUTLERS PLC

23 May 2013

HALF YEAR RESULTS
(For the 28 weeks ended 13 April 2013)

Strong earnings growth with further operational and strategic progress

Statutory results

- Profit before tax: £72m (H1 2012: £42m)
- Basic earnings per share: 14.1p (H1 2012: 8.8p)

Financial highlights

- Total revenue of £991m, up 2%
- Like-for-like sales growth of 0.3%[a]
- Adjusted operating profit of £145m[b], up 5%
- Adjusted earnings per share of 14.6p[b], up 17%
- Net cash inflow of £70m[c] before mandatory bond amortisation of £27m
- Net debt of £1.8bn representing 4.3 times adjusted EBITDA[d]

Operational highlights

- Restructuring cost savings delivered in full
- Further investment made in guest service through ongoing business transformation programme
- Operating margin up 40 basis points to 14.6% against H1 2012
- EBITDA returns of 17% achieved on expansionary capex invested since FY 2011

Strategic progress

- 'Five star' approach to the market to align strategy with growth potential
- Future investment focused on attractive market spaces: Upmarket Social, Family and Special
- Clear operational priorities: people, practices, guests and profits

Board composition

- Stewart Gilliland appointed as an independent Non-Executive Director
- Three independent Non-Executive Directors appointed this year

Alistair Darby, Chief Executive, commented:

"These results demonstrate the progress we are making through our business change programme. We are growing sales and profit in a tough market by building on the firm foundations of our excellent estate, strong brands, dedicated people and substantial scale.

Having now delivered our restructuring cost savings in full, we have identified specific market segments where we can grow successfully and we have outlined clear operational priorities. By focusing on these areas, I believe that we will provide great experiences for our guests and sustainable returns for our shareholders."

Definitions

a – Like-for-like sales growth includes the sales performance against the comparable period in the prior year of all UK managed pubs that were trading in the two periods being compared. For the 28 weeks to 13 April 2013, 95% of the UK managed estate is included in this measure.
b – Adjusted items are quoted before exceptional items and other adjustments as noted in the Group Income Statement.
c – Net cash flow is detailed within the Financial Review.
d – Adjusted EBITDA for the 52 weeks to 13 April 2013.

There will be a presentation for analysts and investors at 9.30am at Nomura International plc, 1 Angel Lane, London, EC4R 3AB. A live webcast of the presentation will be available at www.mbplc.com. The conference will also be accessible by phone: + 44 20 3059 8125 and quote "Mitchells & Butlers". The replay will be available until 30/05/2013 on + 44 121 260 4861, replay access pin 4407008.

All disclosed documents relating to these results are available on the Group's website at www.mbplc.com

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Notes for editors:

- Mitchells & Butlers is the UK's largest operator of managed restaurants and pubs. Its portfolio of brands and formats includes Harvester, Toby Carvery, Vintage Inns, Premium Country Dining Group, Crown Carveries, Village Pub & Kitchen, Sizzling Pubs, All Bar One, Browns, Miller & Carter, Castle, Alex, Nicholson's, O'Neill's, Oak Tree Pubs and Ember Inns. Further details are available at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary
- Mitchells & Butlers serves around 130 million meals and 410 million drinks each year and is one of the largest operators within the UK's £75 billion eating and drinking out market.

BUSINESS REVIEW

We are the UK's largest operator of managed restaurants and pubs, with a leading portfolio of well-recognised brands and a high quality freehold estate. We focus on long-term growth in the eating-out market. Despite the economic downturn we have delivered a 45% increase in food sales since 2007 and around three-quarters of our turnover is now generated from the guests who eat in our restaurants and pubs.

We are a strong and resilient business:

- we own and operate around 1,600 of the highest quality managed houses in the country;
- we have a number of the nation's best known restaurant and pub brands;
- we employ dedicated and hard working retail teams;
- we have significant scale at the corporate, brand and unit levels; and
- we have long-term, fixed rate debt financing with secure asset backing.

These strengths represent a solid foundation on which to build. Against this background, we are continuing to implement our business change programme so that we are completely focused on our people, our practices, our guests and our profits. We believe that if we develop, retain and recruit exceptional people to operate scale brands and formats in which our guests love to eat and drink, then we will achieve market leadership and deliver sustainable growth in shareholder value.

The market, brand positioning and expansion opportunities

We operate a wide range of scale brands and formats which offer food and drink across a broad spectrum of price points and occasions, from a casual meeting with friends to special occasion dining.

We have completed a significant piece of consumer research, with the objective of updating our understanding of current and future consumer trends, opportunities, and brand growth potential. As part of this research, we interviewed 8,000 consumers about 14,000 leisure occasions they had recently experienced, met industry commentators to discuss future trends in eating and drinking out, examined our own brand positioning and that of our competition and conducted a review of macro-economic indicators and forecasts.

We believe that there are areas of substantial opportunity to grow through increasing share in our highly fragmented market, worth £75bn in the UK[a]. We have identified five 'market spaces' in which to focus, covering around half of the total market size.

- Upmarket social: value £8bn. This space is focused on relaxed but refined environments in urban and suburban locations. It is about friends and colleagues socialising and enjoying a drink. Our brands and formats in this space are All Bar One, Castle, Nicholson's and Alex.
- Special: value £22bn. This large space covers special occasion dining, from established and trusted brands offering reliably special and high quality food, to destination brands offering a premium experience to adventurous and knowledgeable guests. Our brands and formats in this space are Miller & Carter, Vintage Inns, Village Pub & Kitchen, Premium Country Dining Group and Browns.
- Family: value £5bn. This space is focused on family dining, from brands which appeal to younger children where a stress-free and value-for-money experience is essential, to relaxed and familiar environments with broad appeal to bring the whole family together. Our brands and formats in this space are Harvester and Toby Carvery.
- Everyday social: value £2bn. This space encompasses brands which play a community role and provide casual, comfortable environments that bring people together. Our brands and formats in this space are Ember Inns and O'Neill's.
- Heartland: value £4bn. This space describes an area of the value market where guests enjoy regular and familiar experiences – for a drink with friends, a quick meal or to take their families as a social activity. Our brands and formats in this space are Sizzling Pubs, Crown Carveries and Oak Tree Pubs.

Of these sectors, Upmarket Social, Special and Family currently benefit from the most attractive consumer trends. We will invest in these areas and expand our brands where possible. In the Everyday Social space, we will optimise and invest in our brands to grow like-for-like sales and profits. In the Heartland space, we will protect our highly cash generative formats by competing on the basis of giving the greatest value to consumers that have been most exposed to the economic downturn. We call this our 'five-star' approach to the market.

We will maintain our high degree of focus on capital returns rather than targeting specific numbers of new openings each year. However, after a lower level of expansionary capex this year of around £30m, we expect to return to a spend of between £50m and £80m pa in the medium term, largely in the Upmarket Social, Special and Family spaces.

Note
a – Source: NPD Crest and CGA.

Business change programme

In FY 2012, we began a transformation programme aimed at placing customer service at the heart of our organisation by removing unnecessary bureaucracy. The first stage in this change programme was to restructure our central functions and modernise our core IT infrastructure. This was completed last year, delivering an annualised cost saving of £10m.

The second stage is a transformation of our operations and culture – balanced between our desire to progress change across the business and the need to safeguard the delivery of our profit targets. As this transformation gathers pace, its success will be reflected in our financial performance.

To deliver this transformation, we must make progress across our four operational priorities: our people, our practices, our guests and our profits. Performance against these priorities is measured at all levels across the organisation and we will report progress on a regular basis.

Our people: The most sustainable competitive advantage we can generate is through our 40,000 people, serving our guests with enthusiasm, professionalism and a personal touch throughout the business. The ways of working trials have been incorporated into our 'Good to Great' programme. This long-term programme is central to our plans to enable and empower general management and their teams to deliver great guest service. We are currently working on various projects to reduce staff turnover as we believe that restaurants and pubs with lower staff turnover give better service to guests and as a result are more popular places to eat and drink. We have redesigned our guest service and food capability training and we have launched a new talent planning framework to develop our future leaders. We are forming links with schools and colleges across the country to highlight hospitality as a career path and employ over 1,500 apprentices across the Group who are completing a work-based, nationally recognised qualification.

Our practices: Practices refer to the professional, safe and efficient way that we run our operations. Through the right people doing the right things at the right time, we aspire to be market leaders in operational practices. We remain focused on improving our already high scores in the FSA's Food Hygiene Ratings ('Scores on the Doors') and continue to prioritise cost effective purchasing and efficient labour scheduling. We are piloting new IT systems in our restaurants and pubs to ensure we take full advantage of the IT infrastructure investment made last year to improve our speed and quality of guest service.

Our guests: We continue to invest in guest service and amenity across our pubs, bars and restaurants. Based on over 700,000 pieces of guest feedback each year, we have identified the 'trust builders' and 'loyalty builders' for all of our brands. These are the key factors which increase the chance of guests re-visiting our restaurants and, in addition, recommending them to their friends. Individual restaurants and pubs are able to track their progress against these measures, allowing them to take action where necessary to improve guest service. We continue to monitor 'net promoter score'[a], a widely used industry measure of guest satisfaction, and have made further progress in the first half, increasing our score from 55% in FY 2012 to 59% at the end of this reporting period.

Our profits: If we deliver improvements against all of the operational priorities described above, we expect our operational achievements to be reflected in our financial results. Rising guest satisfaction will support our like for like sales, which we will benchmark against comparable operators of pubs and restaurants. Our margins already compare very favourably to our peer group when normalised for allocation of central costs, estate profile and food mix. Our ambition is to protect our margins and seek incremental opportunities to expand them further in the medium term.

In summary, by focusing on our people, our practices, our guests and our profits, we will continue to transform the business and create real and sustainable shareholder value.

Board composition

During the first half, we were delighted to welcome Imelda Walsh and Colin Rutherford to the Board as independent Non-Executive Directors. Today we welcome Stewart Gilliland as an independent Non-Executive. All three bring a wealth of experience to the Board and their appointments demonstrate our commitment to bring our governance structures more in line with best practice guidance.

Outlook

Like-for-like sales have increased 1.0% in the five weeks since the half year end. For some time to come, we expect consumer confidence and discretionary income growth to remain subdued. Consumers in lower income deciles are likely to continue to be more stretched than more affluent groups and London and the South East are likely to remain the main geographic drivers of economic growth. We are confident in our ability to grow further in the future as a result of our broad brand portfolio, high quality assets and the transformation of our operations and culture, as set out today.

Notes

a – We ask our guests how likely they are to recommend our restaurants and pubs us to their friends, families and colleagues, scored out of 10. Each year we obtain over 700,000 responses. Net promoter score is defined as the percentage of responses where we score 9 or 10 out of 10 (‘brand promoters’) less the percentage of responses where we score 0 to 6 out of 10 (‘brand detractors’). Responses scoring 7 or 8 (‘passives’) are ignored in the calculation.

FINANCIAL REVIEW

In the first half, Mitchells & Butlers delivered a strong financial performance, growing adjusted EPS by 17% whilst increasing cash flow, reducing debt and continuing to invest prudently in new growth opportunities.

At the end of the first half, the business comprised 1,582 managed businesses in the UK and Germany and 61 franchised businesses.

Revenue

Revenue increased 2.3% to £991m as a result of modest growth in like-for-like sales together with the contribution from new restaurants and pubs. Revenue growth was driven principally by food sales which comprise 51% of total sales and were up 4.5% in the period, whilst drink sales were marginally higher than last year.

Like-for-like sales were up 0.3%, with strong trading across special occasions such as Christmas, Valentine's Day and Easter but weaker trading in January and March as a result of extended periods of cold and snowy weather. In both drink and food, volumes have been lower year-on-year with positive movements in spend and price.

Like-for-like sales growth	Trading to IMS 17 weeks to 26 January 2013	Since IMS 11 weeks to 13 April 2013	Total 28 weeks to 13 April 2013
Total	-0.3%	1.1%	0.3%
Food	0.5%	2.9%	1.4%
Drink	-1.3%	-1.0%	-1.2%

Since the end of the first half, like-for-like sales have increased 1.0%. In the first 33 weeks (to 18 May 2013), like-for-like sales growth was 0.4%.

Operating profit

Adjusted operating profit of £145m was 5.1% higher than last year. During the period the business continued to invest in improving levels of service and amenity, spending £4m more than last year on a like-for-like basis on outlet level labour and repairs. Offsetting this investment was the remaining £4m of cost savings announced a year ago from restructuring the central support functions and IT systems, which have now been delivered in full.

Overall, operating margins were 40 basis points higher than H1 2012 at 14.6% with the benefits from the restructuring, menu management and lower new site opening costs offsetting the impact of alcohol duty increases from 2012 and higher costs from increases to the national minimum wage, food inflation and higher business rates.

The Company's financial performance is subject to seasonal trends between the first and second half of the financial year. The first half, covering 28 weeks largely across autumn and winter, usually includes lower levels of average weekly take as a result of seasonal weather conditions. Consequently, the adjusted operating profit margin is usually lower in the first half year than in the year as a whole.

The Company welcomes the Government's decision in the 2013 Budget to reduce alcohol duty by 1p and remove the duty escalator. The reduction was immediately passed on in full and was a welcome recognition from Government that pubs provide a safe and welcoming place to drink and play an important role in employment creation.

Internal rent

A regime of internal rents is in place to enable greater internal transparency around the performance of freehold and leasehold properties and external transparency concerning the

performance of the operating and property functions. The operating performance is monitored on a regular basis through a system of profit reviews at all levels of the Group. Estate management is primarily monitored through the Portfolio Development Committee. Further details are given in note 2.

	Operating		Property		Total	
	£m	v LY	£m	v LY	£m	v LY
Turnover	991	+2.3%			991	+2.3%
EBITDAR	232	+3.6%			232	+3.6%
External Rent	-27				-27	
Internal Rent	-104		104		-	
EBITDA	101	+6.3%	104	+1.0%	205	+3.5%
EBITDA %	10.2%	+0.4 ppts			20.7%	+0.3 ppts

Interest

The interest charge for the first half consists of three main elements: a finance cost of £71m relating to interest paid on the Company's securitised debt; finance income of £1m relating to the cash deposit balances; and the net finance charge from pensions under IAS 19 of £3m.

The IAS 19 net finance charge represents the difference between the expected return on a pension scheme's assets and an interest cost on its liabilities. IAS 19 (revised): *Employee Benefits* (as issued by the IASB in 2011, effective from periods beginning 1 January 2013) requires the net finance charge to be calculated by calculating the scheme's assets and liabilities and applying a corporate bond discount rate to the net position, thus limiting the expected returns on scheme assets to the rate that an entity applies to its liabilities. As the estimated return on assets for the Group's schemes is currently similar to the discount rate used to calculate the interest cost, it is estimated that the new rules will not have a material impact on the charge in forthcoming years.

Taxation

The estimated annual effective tax rate is 23.5%. This excludes £2.5m of non-recurring prior year tax credits in the first half which reduced the pre-exceptional tax expense to £15m.

Exceptional items and other adjustments

The net finance charge for pensions referred to above, together with the associated tax credit, was the only exceptional item or other adjustment in the first half to be excluded from adjusted profit measures.

Earnings per share

Adjusted earnings per share were 14.6p, 17% higher than last year. Basic earnings per share were 14.1p (H1 2012: 8.8p). Further details are provided in note 6.

Cash flow and net debt

	H1 2013 £m	H1 2012 £m
EBITDA before exceptional items	**205**	198
Working capital movement/non-cash items	**21**	8
Pension deficit contributions	**-20**	-20
Cash flow from operations before exceptional items	**206**	186
Maintenance and infrastructure capex	**-48**	-48
Interest	**-63**	-63
Tax	**-13**	-10
Free Cash Flow before exceptional items	**82**	65
Expansionary capex	**-11**	-42
Disposals	**0**	3
Operating exceptionals	**-1**	-14
Net cash flow	**70**	12
Mandatory bond amortisation	**-27**	-25
Net cash flow after bond amortisation	**43**	-13

EBITDA of £205m was generated by the business in the first half, up £7m against last year. Working capital inflows and non-cash items of £21m were largely generated by the timing of supplier payments. Pension deficit contributions of £20m were made, in line with the deficit recovery plan agreed with the Trustees following the 2010 triennial review of the schemes. Cash flow from operations was £206m, £20m higher than last year.

During a period of focus on returns and market dynamics, expansionary capital investment reduced to £11m in the period. In the medium term this is expected to return to its previous level in the range of £50m to £80m. There were £1m of payments relating to exceptional restructuring costs charged in the prior year. Net cash flow generation was £70m in the first half. In addition, there were £27m of mandatory bond amortisation payments.

Net debt was reduced to 4.3 times the rolling 52 week adjusted EBITDA (4.5 times at the last year end). Net debt within the securitisation was £2.0bn and cash held outside the securitisation was £0.2bn.

Capital expenditure

Total capital investment in the first half was £59m, £31m lower than the first half of last year. Of this amount, £44m was spent on maintaining and enhancing the high level of amenity in the Company's restaurants and pubs, £4m on infrastructure projects, mainly in improving energy efficiency, and £11m was spent on new site openings and conversion projects.

EBITDA returns on capital expenditure made since the start of the current programme of expansion have remained stable at 17%. Given the varying nature of freehold acquisitions, leasehold retail and leisure park sites and conversion projects, the business reviews returns by category:

	H1 13 Capex	H1 13 No of sites	FY 11-13 EBITDA ROI
Freehold acquisitions	£5.6m	3	13%
Leasehold acquisitions	£4.6m	5	19%
Conversions	£0.6m	2	16%
Total expansionary investment	£10.8m	10	17%

Pensions

The IAS 19 pension deficit has increased to £100m. The value of assets increased from £1,610m as at the last year end to £1,807m following Company contributions and positive

investment performance. However, liabilities increased from £1,698m to £1,907m, primarily as a result of lower yields on AA-rated corporate bonds and higher inflation rate assumptions.

The Company is now in the early stages of discussions with the Trustee of the pension schemes regarding the triennial actuarial valuation which is dated as at 31 March 2013. Despite strong asset returns there will be additional upward pressure on the funding deficit from the further fall in real gilt yields in the first quarter of 2013.

Dividends

As indicated in the Full Year Results of November 2012, the Company is mindful of the attraction of the resumption of dividend payments and will continue to monitor forecast cash flow generation before taking a decision on timing and quantum.

Risk factors and uncertainties

The risks and uncertainties that affect the company remain unchanged and are set out on pages 18-20 of the 2012 Annual report and accounts which is available on the Mitchells & Butlers web site at www.mbplc.com. In summary, these are:

1. Market risks – pricing and market changes; consumer taste and brand management
2. Operational risk – cost of goods price increases; property strategy and acquisition targets; people planning and development; energy price increases; business continuity and crisis management
3. Finance risks – borrowing covenants; pension fund deficit
4. Regulatory risks – failure to operate safely and legally.

Responsibility statement

The Directors confirm that to the best of their knowledge this condensed set of financial information, which has been prepared in accordance with IAS 34, gives a true and fair view of assets, liabilities, financial position and profit or loss of the Company, and the undertakings included in the consolidation taken as a whole, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

This responsibility statement was approved by the Board of Directors on 22 May 2013 and is signed on its behalf by Tim Jones, Finance Director.

GROUP CONDENSED INCOME STATEMENT
for the 28 weeks ended 13 April 2013

	2013 28 weeks (Unaudited)		2012 28 weeks (Unaudited)		2012 53 weeks (Audited)	
	Before exceptional items and other adjustments[a] £m	**Total £m**	Before exceptional items and other adjustments[a] £m	Total £m	Before exceptional items and other adjustments[a] £m	Total £m
Revenue (note 2)	**991**	**991**	969	969	1,889	1,889
Operating costs before depreciation, amortisation, movements in the valuation of the property portfolio and impairment of goodwill	**(786)**	**(786)**	(771)	(791)	(1,474)	(1,494)
EBITDA[b]	**205**	**205**	198	178	415	395
Depreciation, amortisation, movements in the valuation of the property portfolio and impairment of goodwill	**(60)**	**(60)**	(60)	(60)	(111)	(163)
Operating profit	**145**	**145**	138	118	304	232
Finance costs (note 4)	**(71)**	**(71)**	(71)	(71)	(140)	(140)
Finance revenue (note 4)	**1**	**1**	1	1	2	2
Net finance charge from pensions (note 4)	**-**	**(3)**	-	(6)	-	(11)
Profit before tax	**75**	**72**	68	42	166	83
Tax expense (note 5)	**(15)**	**(14)**	(17)	(6)	(41)	(13)
Profit for the period	**60**	**58**	51	36	125	70
Earnings per ordinary share (note 6):						
Basic	**14.6p**	**14.1p**	12.5p	8.8p	30.5p	17.1p
Diluted	**14.6p**	**14.1p**	12.4p	8.7p	30.2p	17.0p

a Exceptional items and other adjustments are explained in note 1 and analysed in note 3.

b Earnings before interest, tax, depreciation, amortisation, movements in the valuation of the property portfolio and impairment of goodwill.

All results relate to continuing operations.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the 28 weeks ended 13 April 2013

	2013 28 weeks £m (Unaudited)	2012 28 weeks £m (Unaudited)	2012 53 weeks £m (Audited)
Profit for the period	**58**	36	70
Other comprehensive income/(expense):			
Unrealised gain on revaluation of the property portfolio	**-**	-	10
Actuarial losses on defined benefit pension schemes (note 11)	**(29)**	(35)	(81)
Exchange differences on translation of foreign operations	**1**	(1)	(1)
Cash flow hedges:			
- Losses arising during the period	**(6)**	(18)	(103)
- Reclassification adjustments for losses included in profit or loss	**11**	28	54
Other comprehensive income/(expense)	**(23)**	(26)	(121)
Tax credit relating to items of other comprehensive income/(expense)	**10**	18	49
Other comprehensive income/(expense) after tax	**(13)**	(8)	(72)
Total comprehensive income/(expense) for the period	**45**	28	(2)

GROUP CONDENSED BALANCE SHEET
13 April 2013

ASSETS	2013 13 April £m (Unaudited)	2012 7 April £m (Unaudited)	2012 29 September £m (Audited)
Goodwill and other intangible assets (note 7)	**5**	10	5
Property, plant and equipment (note 7)	**3,848**	3,876	3,848
Lease premiums	**1**	4	1
Deferred tax asset	**108**	81	107
Derivative financial instruments	**16**	12	4
Total non-current assets	**3,978**	3,983	3,965
Inventories	**26**	28	26
Trade and other receivables	**73**	73	56
Other cash deposits (note 9)	**25**	25	25
Cash and cash equivalents (note 9)	**354**	318	311
Total current assets	**478**	444	418
Total assets	**4,456**	4,427	4,383
LIABILITIES			
Trade and other payables	**(300)**	(317)	(265)
Current tax liabilities	**(18)**	(18)	(28)
Borrowings (note 9)	**(56)**	(50)	(53)
Derivative financial instruments	**(47)**	(42)	(45)
Total current liabilities	**(421)**	(427)	(391)
Other payables	**(12)**	(12)	(12)
Borrowings (note 9)	**(2,121)**	(2,170)	(2,133)
Pension liabilities (note 11)	**(100)**	(58)	(88)
Derivative financial instruments	**(275)**	(228)	(280)
Deferred tax liabilities	**(384)**	(404)	(382)
Long-term provisions	**(10)**	(6)	(9)
Total non-current liabilities	**(2,902)**	(2,878)	(2,904)
Total liabilities	**(3,323)**	(3,305)	(3,295)
Net assets	**1,133**	1,122	1,088
EQUITY			
Called up share capital	**35**	35	35
Share premium account	**23**	21	21
Capital redemption reserve	**3**	3	3
Revaluation reserve	**793**	777	793
Own shares held	**(3)**	(5)	(3)
Hedging reserve	**(253)**	(209)	(257)
Translation reserve	**12**	11	11
Retained earnings	**523**	489	485
Total equity	**1,133**	1,122	1,088

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the 28 weeks ended 13 April 2013

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Own shares held £m	Hedging reserve £m	Translation of foreign operations £m	Retained earnings £m	**Total equity £m**
At 24 September 2011 (Audited)	**35**	**21**	**3**	**768**	**(5)**	**(214)**	**12**	**472**	**1,092**
Profit for the period	-	-	-	-	-	-	-	36	**36**
Other comprehensive income/(expense)	-	-	-	9	-	5	(1)	(21)	**(8)**
Total comprehensive income/(expense)	-	-	-	9	-	5	(1)	15	**28**
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	**2**
At 7 April 2012 (Unaudited)	**35**	**21**	**3**	**777**	**(5)**	**(209)**	**11**	**489**	**1,122**
Profit for the period	-	-	-	-	-	-	-	34	**34**
Other comprehensive income/(expense)	-	-	-	16	-	(48)	-	(32)	**(64)**
Total comprehensive income/(expense)	-	-	-	16	-	(48)	-	2	**(30)**
Purchase of own shares	-	-	-	-	(1)	-	-	-	**(1)**
Release of own shares	-	-	-	-	3	-	-	(2)	**1**
Charge in respect of share-based payments	-	-	-	-	-	-	-	(3)	**(3)**
Tax on share-based payments	-	-	-	-	-	-	-	(1)	**(1)**
At 29 September 2012 (Audited)	**35**	**21**	**3**	**793**	**(3)**	**(257)**	**11**	**485**	**1,088**
Profit for the period	-	-	-	-	-	-	-	58	**58**
Other comprehensive income/(expense)	-	-	-		-	4	1	(18)	**(13)**
Total comprehensive income/(expense)	-	-	-	-	-	4	1	40	**45**
Share capital issued	-	2	-	-	-	-	-	-	**2**
Purchase of own shares	-	-	-	-	(2)	-	-	-	**(2)**
Release of own shares	-	-	-	-	2	-	-	(2)	**-**
Credit in respect of share-based payments	-	-	-	-	-	-	-	1	**1**
Tax on share-based payments	-	-	-	-	-	-	-	(1)	**(1)**
At 13 April 2013 (Unaudited)	**35**	**23**	**3**	**793**	**(3)**	**(253)**	**12**	**523**	**1,133**

GROUP CONDENSED CASH FLOW STATEMENT

for the 28 weeks ended 13 April 2013

	2013 28 weeks £m (Unaudited)	2012 28 weeks £m (Unaudited)	2012 53 weeks £m (Audited)
Cash flow from operations (note 8)	**206**	186	347
Cash flow from operating exceptional items	**(1)**	(14)	(17)
Interest paid	**(64)**	(64)	(131)
Interest received	**1**	1	2
Tax paid	**(13)**	(10)	(25)
Net cash from operating activities	**129**	99	176
Investing activities			
Purchases of property, plant and equipment	**(59)**	(90)	(147)
Purchases of intangibles (computer software)	**-**	-	-
Proceeds from sale of property, plant and equipment	**-**	3	3
Transfers from/(to) other cash deposits	**-**	25	25
Net cash used in investing activities	**(59)**	(62)	(119)
Financing activities			
Issue of ordinary share capital	**2**	-	-
Purchase of own shares	**(2)**	-	(1)
Proceeds on release of own shares	**-**	-	1
Repayment of principal in respect of securitised debt	**(27)**	(25)	(52)
Net cash used in financing activities	**(27)**	(25)	(52)
Net increase in cash and cash equivalents (note 10)	**43**	12	5
Cash and cash equivalents at the beginning of the financial period	**311**	306	306
Cash and cash equivalents at the end of the financial period	**354**	318	311

Cash and cash equivalents are defined in note 9.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union and complies with the provisions of the Companies Act 2006. It should be read in conjunction with the Annual Report and Accounts 2012.

The interim financial information is unaudited. It was approved by a duly appointed and authorised committee of the Board of Directors on 22 May 2013. The financial information for the year ended 29 September 2012 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. It is extracted from the Annual Accounts for the 53 weeks ended 29 September 2012, which have been delivered to the Registrar and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The auditor report by Deloitte LLP on the Annual Accounts for the 53 weeks ended 29 September 2012 was not qualified, and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim financial information has been prepared on a consistent basis using the accounting policies set out in the Annual Report and Accounts 2012. Details of these accounting policies can also be accessed within the investors section of the Group's website at www.mbplc.com.

Adjusted profit

In addition to presenting information on an IFRS basis, the Group also presents adjusted profit and earnings per share information that excludes exceptional items and other adjustments including the related tax on these items. This adjusted information is disclosed to allow a better understanding of the underlying trading performance of the Group and is consistent with the Group's internal management reporting. Exceptional items are those which are separately identifiable by virtue of their size or incidence and include movements in the valuation of the property portfolio, impairment review of short leasehold and unlicensed properties and restructuring costs. Other adjustments excluded from adjusted profit and earnings per share comprise the IAS 19 net pensions finance charge which can be volatile, as it is calculated with reference to long-term interest rates and represents a non-cash charge. Further information is available in the Annual Report and Accounts 2012 and in note 3.

Going Concern

The Group's available secured debt, combined with the strong cash flows generated by the business, support the Directors' view that the Group has sufficient facilities available to it to meet its foreseeable working capital requirements. The Directors have concluded therefore that the going concern basis remains appropriate.

2 SEGMENTAL ANALYSIS

IFRS 8 Operating Segments requires operating segments to be based on the Group's internal reporting to its Chief Operating Decision Maker ("CODM"). The CODM is regarded as the Chief Executive together with other Board members. The CODM uses profit before interest and exceptional items (operating profit pre-exceptionals) as the key measure of the segment results. Group assets are reviewed as part of this process but are not presented on a segment basis.

The retail operating business operates all of the Group's retail operating units and generates all of its external revenue. The property business holds the Group's freehold and long leasehold property portfolio and derives all of its income from the internal rent levied against the Group's retail operating units. The internal rent charge is eliminated at the total Group level.

	Retail Operating Business			Property Business			Total		
	2013 28 wks £m	2012 28 wks £m	2012 53 wks £m	**2013 28 wks £m**	2012 28 wks £m	2012 53 wks £m	**2013 28 wks £m**	2012 28 wks £m	2012 53 wks £m
Revenue[a]	**991**	969	1,889	**-**	-	-	**991**	969	1,889
EBITDA pre exceptionals	**101**	95	220	**104**[b]	103[b]	195[b]	**205**	198	415
Operating profit pre exceptionals	**49**	42	123	**96**	96	181	**145**	138	304
Exceptional items[c]							**-**	(20)	(72)
Operating profit							**145**	118	232
Net finance costs							**(73)**	(76)	(149)
Profit before tax							**72**	42	83
Tax expense							**(14)**	(6)	(13)
Profit for the financial period							**58**	36	70

a Revenue includes other income of £3m (7 April 2012 £4m; 29 September 2012 £7m) in respect of franchise operations.

b The EBITDA pre-exceptionals of the property business relates entirely to rental income received from the retail operating business.

c Refer to note 3.

3 EXCEPTIONAL ITEMS AND OTHER ADJUSTMENTS

	Notes	**2013 28 weeks £m**	2012 28 weeks £m	2012 53 weeks £m
Operating exceptional items				
Other exceptional items:				
- Bid defence	a	**-**	(6)	(6)
- Business reorganisation	b	**-**	(7)	(7)
- IT systems reorganisation	b	**-**	(7)	(7)
Net loss arising on other exceptional items		**-**	(20)	(20)
Movement in the valuation of the property portfolio:				
- Impairment arising from the revaluation	c	**-**	-	(35)
- Other impairment	c	**-**	-	(12)
- Impairment of goodwill	d	**-**	-	(5)
Net movement in the valuation of the property portfolio		**-**	-	(52)
Total operating exceptional items		**-**	(20)	(72)
Other adjustments:				
Net pensions finance charge (note 11)	e	**(3)**	(6)	(11)
Total exceptional items and other adjustments before tax		**(3)**	(26)	(83)
Tax credit relating to above items		**1**	5	18
Exceptional tax charge released in respect of prior years	f	**-**	-	(1)
Tax credit in respect of change in tax legislation	g	**-**	6	11
Total tax credit on exceptional items and other adjustments		**1**	11	28
Total exceptional items and other adjustments charge after tax		**(2)**	(15)	(55)

a Relates to legal and professional fees incurred in the defence of a possible offer made by Piedmont Inc. in September 2011 to purchase all of the remaining company shares. The possible offer was withdrawn on 13 October 2011.

b Relates to the costs of a reorganisation announced by the Company on 22 November 2011. Costs are primarily redundancy and severance payments, fees in relation to professional advisors and one-off costs connected with the transfer of the IT data centre.

c Movements in the valuation of the property portfolio includes impairment arising from the Group's revaluation of its pub estate and impairment of short leasehold and unlicensed properties where their carrying values exceed their recoverable amount.

d Goodwill impairment following testing of the value in relation to Ha Ha Bar & Grill Ltd.

e The net pensions finance charge is a non-cash adjustment which is excluded from adjusted profit.

f The charge in 2012 is an adjustment in respect of prior year disposals and prior year derivative planning.

g The prior year deferred tax credit relates to the enactment of legislation on 17 July 2012 which lowered the UK standard rate of Corporation Tax from 25% to 23% with effect from 1 April 2013.

All exceptional items relate to continuing operations.

4 FINANCE COSTS AND FINANCE REVENUE

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
Finance costs			
Securitised and other debt – loans and receivables[a]	**(71)**	(71)	(140)
Finance revenue			
Interest receivable - cash	**1**	1	2
Net finance charge in respect of pensions (note 3,11)	**(3)**	(6)	(11)

a The charge in 2012 (53 weeks) includes £6m in relation to accrued backdated interest on outstanding tax items.

5 TAX EXPENSE

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
Current tax	**3**	11	36
Deferred tax	**11**	(5)	(23)
	14	6	13

Tax has been calculated using an estimated annual effective tax rate of 23.5% (2012 28 weeks, 25%; 53 weeks, 25%) on profit before tax. This excludes the impact of prior year tax credits which reduces the overall tax expense for the 28 weeks ended 13 April 2013.

The Finance Act 2012 reduced the main rate of corporation tax from 25% to 23% from 1 April 2013. The effect of this change was reflected in the closing deferred tax balance at 29 September 2012.

On 20 March 2013 the Government announced that the main rate of Corporation Tax would reduce to 20% with effect from 1 April 2015. This tax rate reduction had not been substantively enacted at the balance sheet date and therefore has not been reflected in the interim financial information.

If the 3% reduction to 20% had been enacted in the period to 13 April 2013, the deferred tax asset would have been reduced by £14m and the deferred tax liability would have been reduced by £50m.

Tax relating to items of other comprehensive income of £10m represents amounts in respect of actuarial losses on pension schemes (£7m) and unrealised tax gains (£4m), offset by amounts in respect of cash flow hedge movements (£1m).

6 EARNINGS PER ORDINARY SHARE

Basic earnings per share have been calculated by dividing the profit or loss for the financial period by the weighted average number of ordinary shares in issue during the period, excluding own shares held in treasury and by employee share trusts.

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all potentially dilutive ordinary shares.

Adjusted earnings per ordinary share amounts are presented before exceptional items and other adjustments (see note 3) in order to allow a better understanding of the underlying trading performance of the Group (other adjustments being the net pensions charge (see note 11).

	Profit £m	Basic EPS pence per ordinary share	Diluted EPS pence per ordinary share
28 weeks ended 13 April 2013			
Profit for the period	**58**	**14.1 p**	**14.1 p**
Exceptional items, net of tax	**-**	**0.0 p**	**0.0 p**
Net pensions finance charge, net of tax	**2**	**0.5 p**	**0.5 p**
Adjusted profit/EPS	**60**	**14.6 p**	**14.6 p**
28 weeks ended 7 April 2012			
Profit for the period	36	8.8 p	8.7 p
Exceptional items, net of tax	11	2.7 p	2.7 p
Net pensions finance charge, net of tax	4	1.0 p	1.0 p
Adjusted profit/EPS	51	12.5 p	12.4 p
53 weeks ended 29 September 2012			
Profit for the period	70	17.1 p	17.0 p
Exceptional items, net of tax	46	11.2 p	11.1 p
Net pensions finance charge, net of tax	9	2.2 p	2.1 p
Adjusted profit/EPS	125	30.5 p	30.2 p

The weighted average number of ordinary shares used in the calculations above are as follows:

	2013 28 weeks millions	2012 28 weeks millions	2012 53 weeks millions
For basic EPS calculations	**410**	408	409
Effect of dilutive potential ordinary shares:			
- Contingently issuable shares	**-**	2	2
- Other share options	**1**	1	1
For diluted EPS calculations	**411**	411	412

7 PROPERTY, PLANT AND EQUIPMENT

	2013 13 April £m	2012 7 April £m	2012 29 September £m
At beginning of period	**3,848**	3,848	3,848
Additions	**59**	90	147
Revaluation	**-**	-	(37)
Disposals	**-**	(2)	(1)
Depreciation provided during the period	**(59)**	(60)	(111)
Transfers from other categories	**-**	-	2
At end of period	**3,848**	3,876	3,848

The freehold and long leasehold licensed properties were valued at market value as at 29 September 2012 by CBRE, independent Chartered Surveyors. Short leasehold properties, unlicensed properties and fixtures, fittings and equipment are held at deemed cost at transition to IFRS less depreciation and impairment provisions.

The carrying value of goodwill at 13 April 2013 is £2m (7 April 2012 £7m, 29 September 2012 £2m).

8 CASH FLOW FROM OPERATIONS

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
Operating profit	**145**	118	232
Add back: operating exceptional items	**-**	20	72
Operating profit before exceptional items	**145**	138	304
Add back:			
Depreciation of property, plant and equipment	**59**	60	111
Amortisation of intangibles (computer software)	**1**	-	-
Cost charged in respect of share based payments	**1**	2	-
Operating cash flow before exceptional items, movements in working capital and additional pension contributions	**206**	200	415
Movements in working capital and pension contributions:			
Increase in inventories	**-**	(3)	(1)
Increase in trade and other receivables	**(3)**	(5)	(9)
Increase/(decrease) in trade and other payables	**22**	14	(21)
Increase in provisions	**1**	-	3
Additional pension contributions (note 11)	**(20)**	(20)	(40)
Cash flow from operations (pre exceptional items)	**206**	186	347

9 ANALYSIS OF NET DEBT

	2013 13 April £m	2012 7 April £m	2012 29 September £m
Cash and cash equivalents (see below)	**354**	318	311
Other cash deposits (see below)	**25**	25	25
Securitised debt (see below)	**(2,177)**	(2,220)	(2,186)
Derivatives hedging balance sheet debt[a]	**21**	13	9
	(1,777)	(1,864)	(1,841)

a Represents the element of the fair value of currency swaps hedging the balance sheet value of the Group's US dollar denominated loan notes. This amount is disclosed separately to remove the impact of exchange movements which are included in the securitised debt amount.

Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and in hand of £268m (7 April 2012 £226m, 29 September 2012 £286m) plus cash deposits with an original maturity of three months or less of £86m (7 April 2012 £92m, 29 September 2012 £25m).

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Mitchells & Butlers Retail Limited, the Group's main operating subsidiary. These include covenants regarding the maintenance and disposal of securitised properties and restrictions on its ability to move cash, by way of dividends for example, to other Group companies. At 13 April 2013, Mitchells & Butlers Retail Limited had cash and cash equivalents of £130m (7 April 2012 £134m, 29 September 2012 £133m) which were governed by the covenants associated with the securitisation. Of this amount £43m (7 April 2012 £42m, 29 September 2012 £42m), representing disposal proceeds, was held on deposit in an account over which there are a number of restrictions. The use of this cash requires the approval of the securitisation trustee and may only be used for certain specified purposes such as capital enhancement expenditure and business acquisitions.

Other cash deposits

Other cash deposits at 13 April 2013 comprise £25m (7 April 2012 £25m, 29 September 2012 £25m) of cash at bank with an original maturity of three months or more.

Securitised debt

The overall cash interest rate payable on the loan notes is fixed at 5.9% (7 April 2012 5.9%, 29 September 2012 5.9%) after taking account of interest rate hedging and the cost of the provision of a financial guarantee provided by Ambac in respect of the Class A and AB notes. The notes are secured on the majority of the Group's property and future income streams.

The carrying value of the securitised debt in the Group balance sheet at 13 April 2013 is analysed as follows:

	2013 13 April £m	2012 7 April £m	2012 29 September £m
Principal outstanding at beginning of period	**2,192**	2,255	2,255
Principal repaid during the period	**(27)**	(25)	(52)
Exchange on translation of dollar loan notes	**12**	(7)	(11)
Principal outstanding at end of period	**2,177**	2,223	2,192
Deferred issue costs	**(10)**	(11)	(10)
Accrued interest	**10**	8	4
Carrying value at end of period	**2,177**	2,220	2,186

10 MOVEMENT IN NET DEBT

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
Net increase in cash and cash equivalents	**43**	12	5
Add back cash flows in respect of other components of net debt:			
- Transfers from other cash deposits	**-**	(25)	(25)
- Repayment of principal in respect of securitised debt	**27**	25	52
Decrease in net debt arising from cash flows	**70**	12	32
Movement in capitalised debt issue costs net of accrued interest	**(6)**	(6)	(3)
Decrease in net debt	**64**	6	29
Opening net debt	**(1,841)**	(1,870)	(1,870)
Closing net debt	**(1,777)**	(1,864)	(1,841)

11 PENSIONS

The following amounts relating to the Group's defined benefit and defined contribution arrangements have been recognised in the Group income statement and Group statement of comprehensive income:

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
Operating profit			
Current service cost (defined contribution plans)	**(3)**	(3)	(5)
Finance income/(charge)			
Expected return on pension scheme assets	**36**	36	66
Interest on pension scheme liabilities	**(39)**	(42)	(77)
Net finance charge in respect of pensions (note 4)	**(3)**	(6)	(11)
Total charge	**(6)**	(9)	(16)

Pension deficit is analysed as follows:

	2013 13 April £m	2012 7April £m	2012 29 September £m
Fair value of scheme assets	**1,807**	1,603	1,610
Present value of scheme liabilities	**(1,907)**	(1,661)	(1,698)
Deficit in the schemes recognised as a liability in the balance sheet	**(100)**	(58)	(88)
Associated deferred tax asset	**23**	16	20

Movements in the schemes' net deficit is analysed as follows:

	2013 28 weeks £m	2012 28 weeks £m	2012 53 weeks £m
At beginning of period	**(88)**	(37)	(37)
Charge in the Group income statement (defined benefit plans)	**(3)**	(6)	(11)
Contributions	**20**	20	41
Actuarial loss recognised	**(29)**	(35)	(81)
At end of period	**(100)**	(58)	(88)

Retirement and death benefits are provided for eligible employees in the United Kingdom, principally by the Mitchells & Butlers Pension Plan (MABPP) and the Mitchells & Butlers Executive Pension Plan (MABEPP). These plans are funded, HMRC approved, occupational pension schemes with defined contribution and defined benefit sections. The defined benefit sections of the plans closed to new entrants during 2002 with new members provided with defined contribution arrangements. On 12 March 2011 the defined benefit plan closed to future accrual.

The principal financial and mortality assumptions used at the balance sheet date were consistent with those disclosed in the 2012 Annual Report and Accounts with the exception of the inflation rate assumption of 3.4% (7 April 2012, 3.3%; 29 September 2012, 2.8%) and the discount rate assumption of 4.2% (7 April 2012, 4.8%, 29 September 2012, 4.3%) which have been updated to reflect changes in market conditions in the period.

11 PENSIONS (CONTINUED)

The discount rate applied to the pension schemes' liabilities is a significant driver of the net balance sheet valuation of the schemes and is subject to a high degree of judgement and complexity. It is estimated that a 0.1% increase or decrease in the discount rate used would, in isolation, reduce or increase the net balance sheet deficit by approximately £36m (7 April 2012 £29m; 29 September 2012 £32m), with no material impact on the income statement charge. A similar increase or decrease in the inflation rate would, in isolation, increase or reduce the net balance sheet deficit by approximately £33m (7 April 2012 £27m; 29 September 2012 £30m.

The results of the 2010 funding valuation showed a funding deficit of £400m, using a more prudent basis to discount the scheme liabilities than is required by IAS19 and on 21 July 2010 the Company formally agreed a 10 year recovery plan with the Trustees to close the funding deficit in respect of its pension liabilities. The result of this was that the Group agreed to increase additional contributions from £24m to £40m per annum, commencing 1 April 2010, subject to review at the next full actuarial valuation to be carried out as at 31 March 2013. The Group has therefore continued to make additional contributions of £40m per annum during the current financial year.

12 RELATED PARTY TRANSACTIONS

There have been no related party transactions during the period or the previous year requiring disclosure under IAS 24 Related Party Disclosures.

13 CONTINGENT LIABILITIES

The Company has given indemnities in respect of the disposal of certain companies previously within the Six Continents Group. It is the view of the Directors that such indemnities are not expected to result in financial loss to the Group.

INDEPENDENT REVIEW REPORT TO MITCHELLS & BUTLERS PLC

We have been engaged by the Company to review the condensed set of financial information in the half-yearly financial report for the 28 week period ended 13 April 2013 which comprises the Group condensed income statement, the Group condensed statement of comprehensive income, the Group condensed balance sheet, the Group condensed cash flow statement, the Group condensed statement of changes in equity and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial information in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial information in the half-yearly financial report for the 28 weeks ended 13 April 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
22 May 2013