Mitchells & Butlers Half Year Results 2021

Tim Jones Chief Financial Officer

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Mitchells & Butlers Half Year Results 2021

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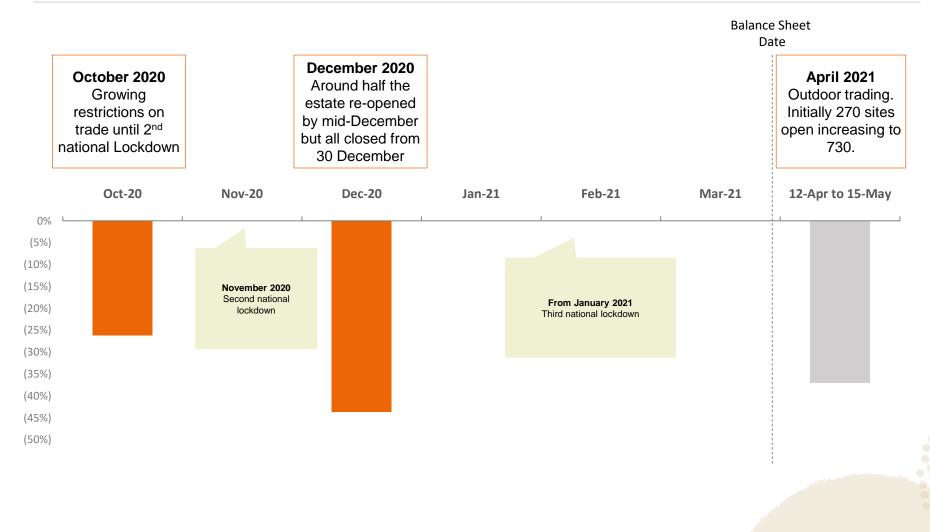
Income Statement (before adjusted items)

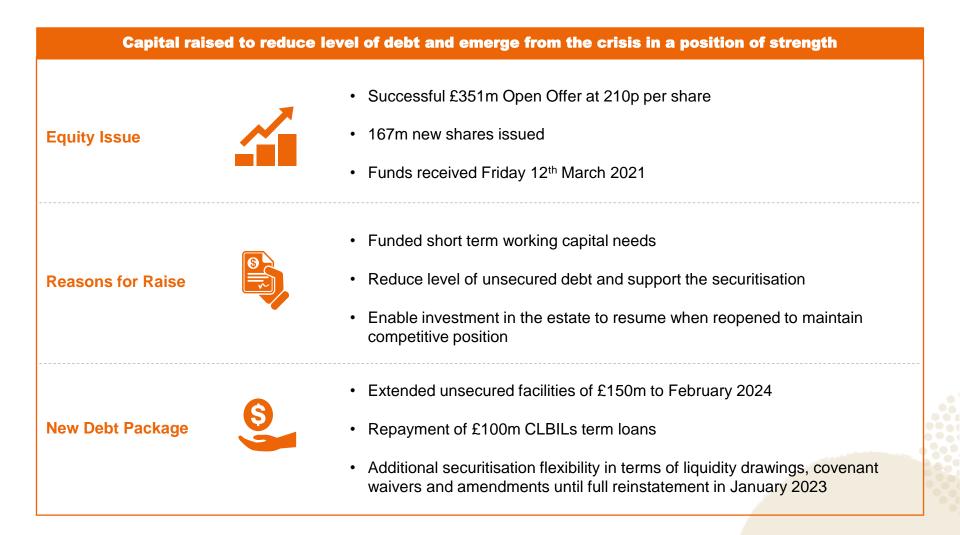
	HY 2021	HY 2020
	£m	£m
Revenue	219	1,039
Operating costs	(343)	(931)
Operating (loss)/profit	(124)	108
Interest	(67)	(68)
Pensions finance charge	(1)	(2)
(Loss)/profit before tax	(192)	38
Operating margin	(56.6%)	10.4%
(Loss)/Earnings per share ¹	(31.8)p	6.5p

¹Earnings per share for HY20 has been restated to reflect the bonus element of the Open Offer share issue completed on 12 March 2021.

H1 Sales Performance







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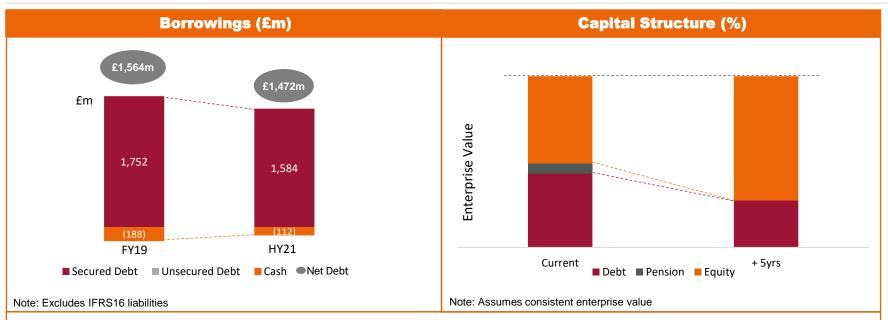
Cash flow



	HY 2021 £m	HY 2020 £m
EBITDA before movements in the valuation of the property portfolio	(57)	182
Non cash items	6	2
Operating cash flow	(51)	184
Working capital movement	(85)	(34)
Pension deficit contributions	(13)	(25)
Cash flow from operations	(149)	125
Capital expenditure	(16)	(82)
Net finance lease costs	(27)	(18)
Interest	(53)	(55)
Other	(1)	(19)
Cashflow before financing	(246)	(49)
Issue of shares	342	2
Drawings under liquidity facility	49	-
(Repayment) of term loan	(100)	-
(Repayment)/drawdown of revolving credit facilities	(10)	150
Mandatory bond amortisation	(51)	(45)
Net cash flow	(16)	58



Balance Sheet and Liquidity



- · Following Equity Raise, balance sheet well positioned to continued deleverage strategy
- Group had cash balances on hand of £141m at the balance sheet date, with Unsecured unused facilities of £150m.
- Net Debt of £1,472m excluding IFRS16 lease liabilities of £542m. At FY19 (pre Covid-19) EBITDA this represents gearing of 3.4 times (4.6 times including IFRS16)
- Well positioned to manage continued uncertainty of Covid-19





- The first half of the year has been dominated by the impact of Covid-19 with sales down 79% due to mandated closure and restrictions
- All costs minimised during periods of closure
- The successful equity raise and associated refinanced terms now provides a strong platform of financial stability
- · Confident in ability to recover quickly now we are trading and once further restrictions are lifted
 - > New Ignite initiatives to be launched driving out-performance
 - Continuation of deleverage strategy

Phil Urban Chief Executive Officer

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First Half Overview



Chronology of restrictions on trade

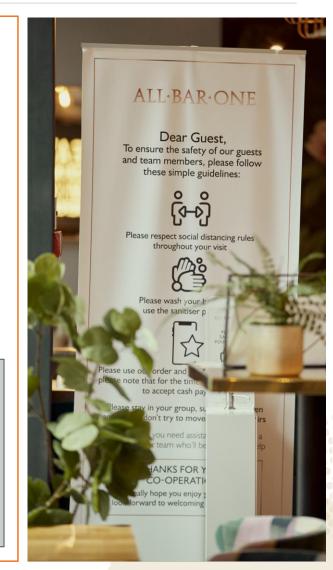
- **Oct-20** Growing restrictions on trade (rule of six, table service, 10pm curfew, mandatory face masks) leading to the introduction of the Tier system
- Nov-20 4-week lockdown in England
- Dec-20 Festive trade impacted by tighter tiered restrictions and the introduction of tier 4. Followed by the closure of the estate for the third time from 30 December
- Jan-21 National lockdown on 4 January for the remainder of the half year
- Mar-21 Equity raise

Apr-21 - Outdoor trading

May-21 - Indoor trading

Government Support

- Restricted business support grants due to state aid cap
- Business rates extended to June.
- Coronavirus Job Retention Scheme extended to support employees, however pension and NI costs fell to employer



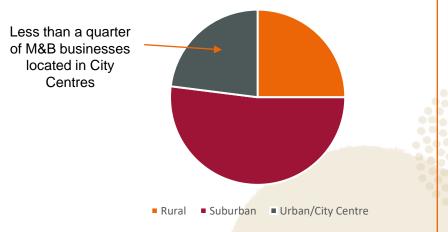


Impact on Hospitality

- · Hospitality has been severely impacted by the pandemic
- 7% net decline in licensed premises versus March 2020*
- · Rent moratorium expires end of June 2021
- The pandemic has led to changes in consumer habits;
 - Reduced footfall in City Centres
 - Increased popularity of delivery channels
 - Increased adoption of Order at table
 - · Higher customer spend per head



Estate composition



Re-opening for Trading

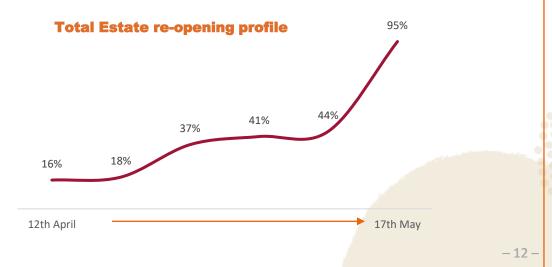


- Initially reopened 270 sites for Outdoor Trading on 12th April, which increased to 730 in the build up to the 17th May.
- · Average Guest review scores of 4.4 vs 4.1 pre Covid-19
- Encouraging consumer insight with 44% of adults visiting hospitality venues in the first week trading, 9% points higher than reopening after England's first national lockdown*.

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& Butlers Serving with pride, since 1898

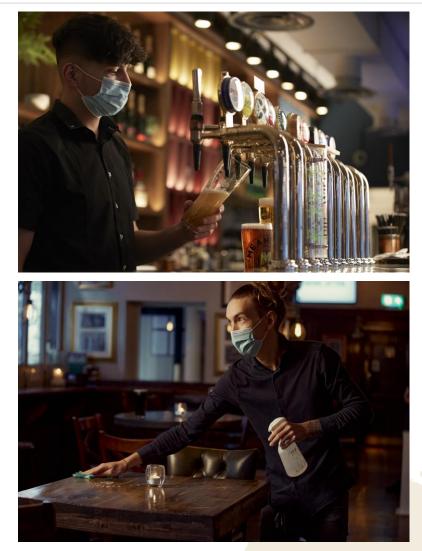
- · Currently 95% of our estate is open and trading.
- Indoor capacity is still reduced due to Covid-19 secure protocols and social distancing



People



- Targeted recruitment drives in place to mitigate potential labour shortages due to;
 - Apprehension around re-joining the sector, until more certainty around future lockdowns.
 - Brexit
- M&B Borrowed allows team members to share shifts across sites
- Management vacancies are at a normal level
- Higher turnover this year seen for team member roles
- Key ongoing investment in Chef Academy, Kitchen Skills Training and Apprenticeship training



Forward planning

Ignite Transformation Programme

• Wide range of management improvement initiatives to deliver progress across three strategic priorities:

Build a More Balanced Business Optimise the Balance of Brands to Create Long-Term Shareholder Value

- ² Instil a More Commercial Culture Achieve Profitable Sales Growth by Executing Well and at Pace
- Drive an Innovation Agenda Benefit from Technological Developments and Meet Guests' Needs

3)

- Priority workstreams include;
 - Auto Order and Prep and Par initiatives
 - Master Data Management project
 - Further Order at Table development

Capital Plan

Pillars

- The Capital Programme was a significant driver of our success before the pandemic
- The Capital Programme will recommence between now and Christmas, ramping up across 2022
- Aim to return to a 6-7 year cycle of re-investment as soon as possible
- Proven investment models for each of our brands that delivered strong returns before the pandemic





• Business strength remains with a strong portfolio of brands, 82% freehold and proven team

Portfolio of brands with high brand equity							
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Harvester	Ember Inns		ONEHQUSE Vizza & carvery-	O O CHIS		LER & CARTER EAKHOUSE - HIGHST.	

• Confident of strong finish to the financial year when restrictions are lifted

Summary

• As before the pandemic, we plan to continue to de-gear and once again create long term sustained shareholder value





Mitcheits & Butlers Supplementary Slides Half Year Results 2021



	Total Managed ¹	Franchised	Total MAB
Opening outlets (start of HY 2021)	1,667	71	1,738
Transfers	(1)	1	0
Disposals	(2)	(1)	(3)
Acquisitions	0	0	0
Closing outlets (HY 2021)	1,664	71	1,735

Notes:

1. HY 2021 closing managed total includes 14 non-trading sites.

2. Lodges attached to sites do not appear as a separate outlet.

HY 2021 – Securitisation profile



£ms

