



# Half Year Results 2025

Mitchells  
& Butlers



# Strong performance across the period



## Financial Highlights

- **Strong like-for-like sales growth** of 4.3% - ahead of the market
- **Operating profit growth** of 10.4% to £181m
- **Operating margin** strengthened by 0.7ppts to 12.4%



## Progress on Strategic Priorities

- **Net debt reduced to £860m**, 1.9 times EBITDA (excl. leases)
- Capital programme continues to generate **strong returns**
- Record **staff engagement** and **guest** review scores



## Outlook

- Current year outturn expected to be at **the top end** of consensus
- **Sales momentum** expected to continue into next year
- Short term increase in **cost headwinds** anticipated for FY26





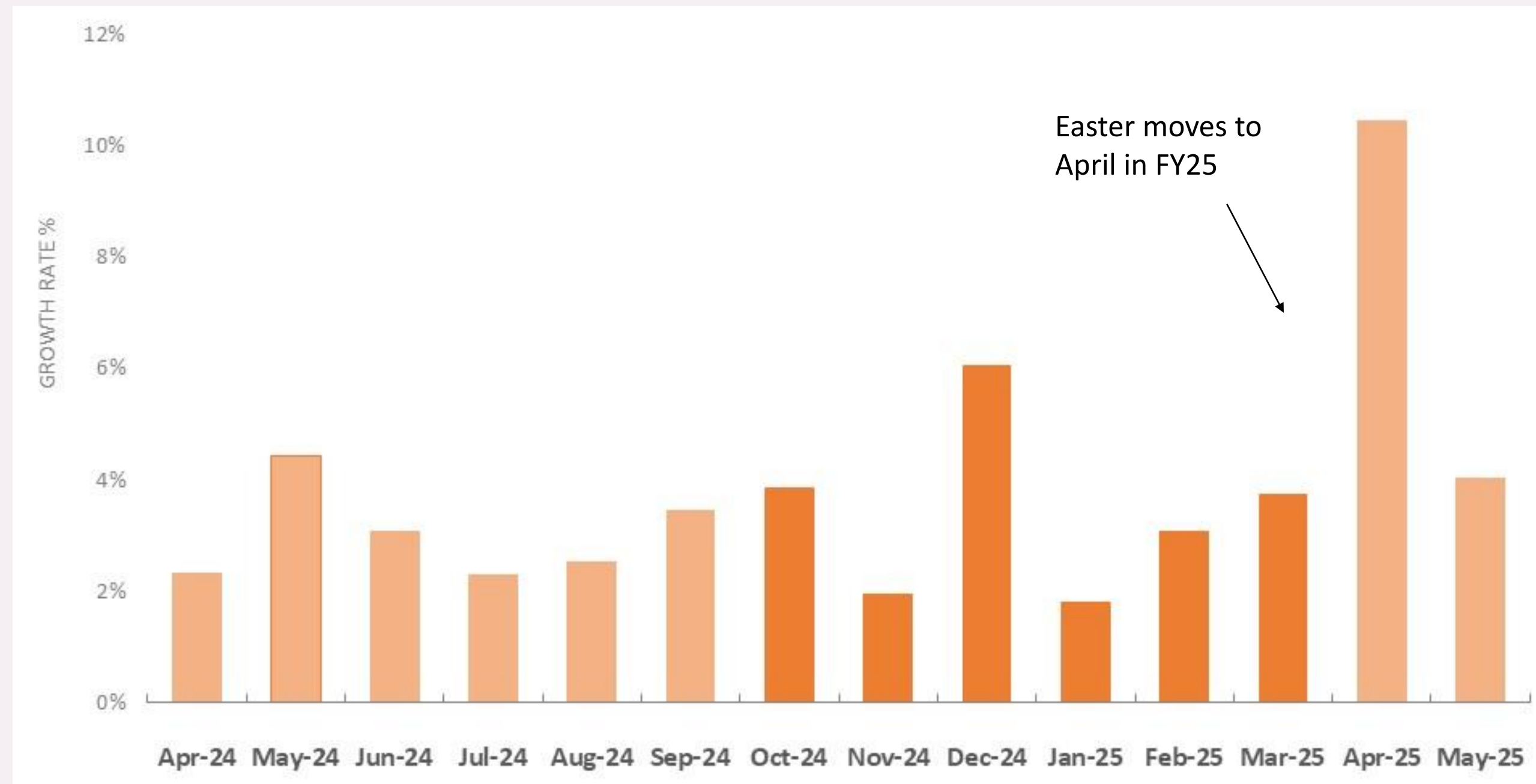
**Financial Review HY 2025**  
**Tim Jones**  
**Chief Financial Officer**



# Income Statement

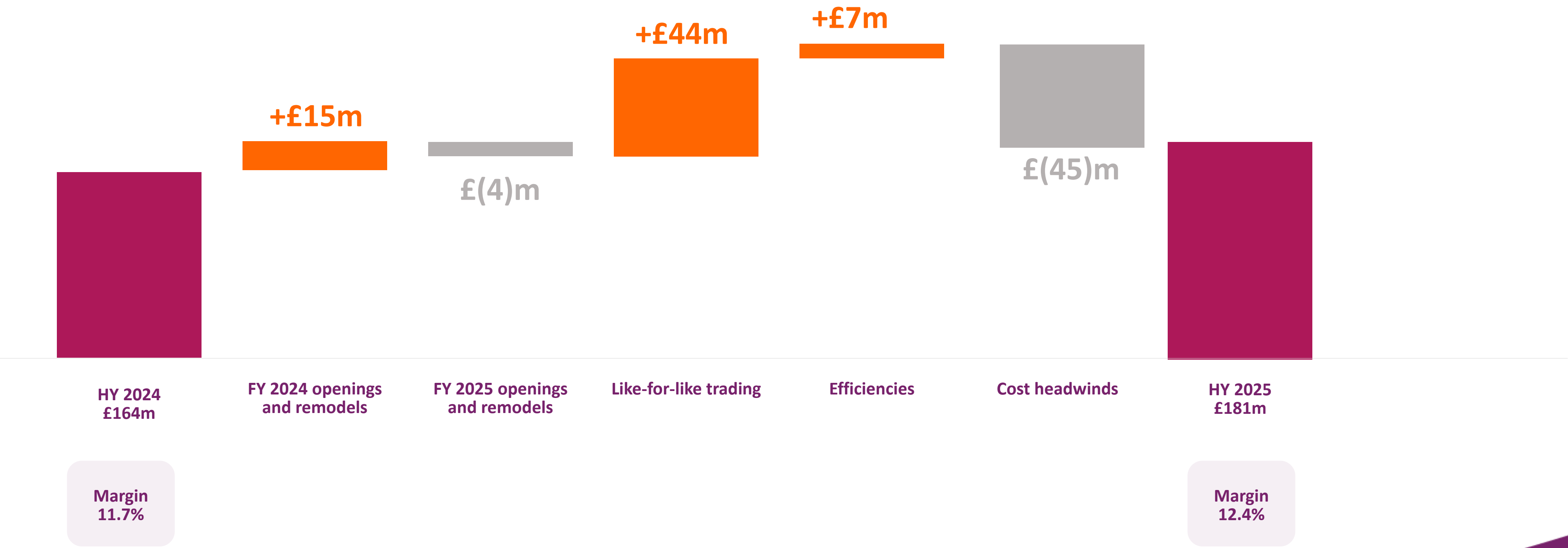
	HY 2025 28 week £m	HY 2024 28 week £m	Movement %
Revenue	1,454	1,396	+4.2%
Operating costs	(1,273)	(1,232)	
Operating profit	181	164	+10.4%
Interest	(50)	(55)	
Pensions finance income / (charge)	3	(1)	
Profit before tax	134	108	+24.1%
Operating margin	12.4%	11.7%	+0.7ppts
Earnings per share	16.8p	13.6p	+23.5%

# Strong sales performance



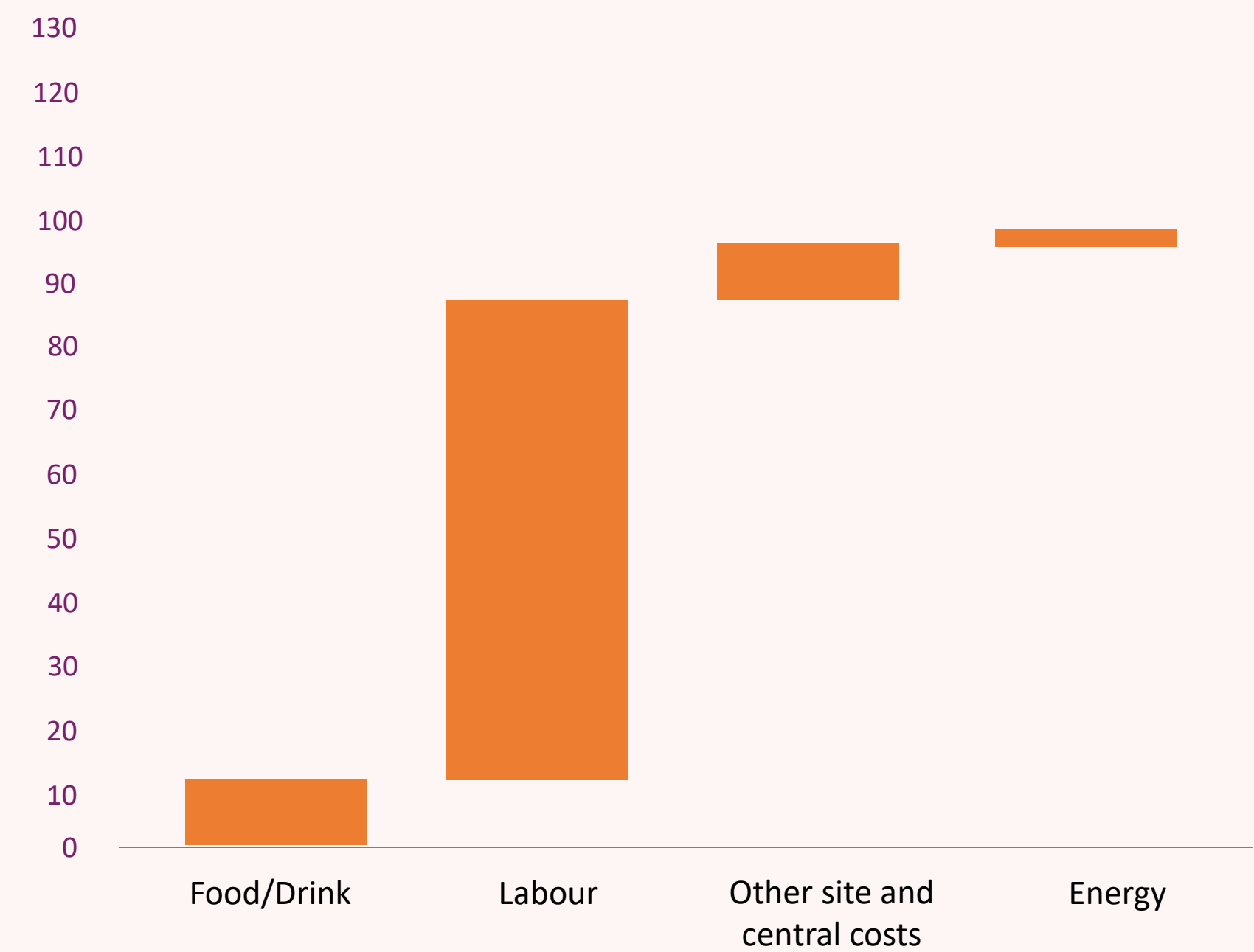
- Like-for-like sales growth of 4.3% over the first half
- Broad-based growth across brand portfolio
- Volumes broadly flat across the half in both food and drink
- Last 10 weeks, including Easter and Mother's Day in both this year and last, like-for-like growth of 6.0%

# EBIT movement

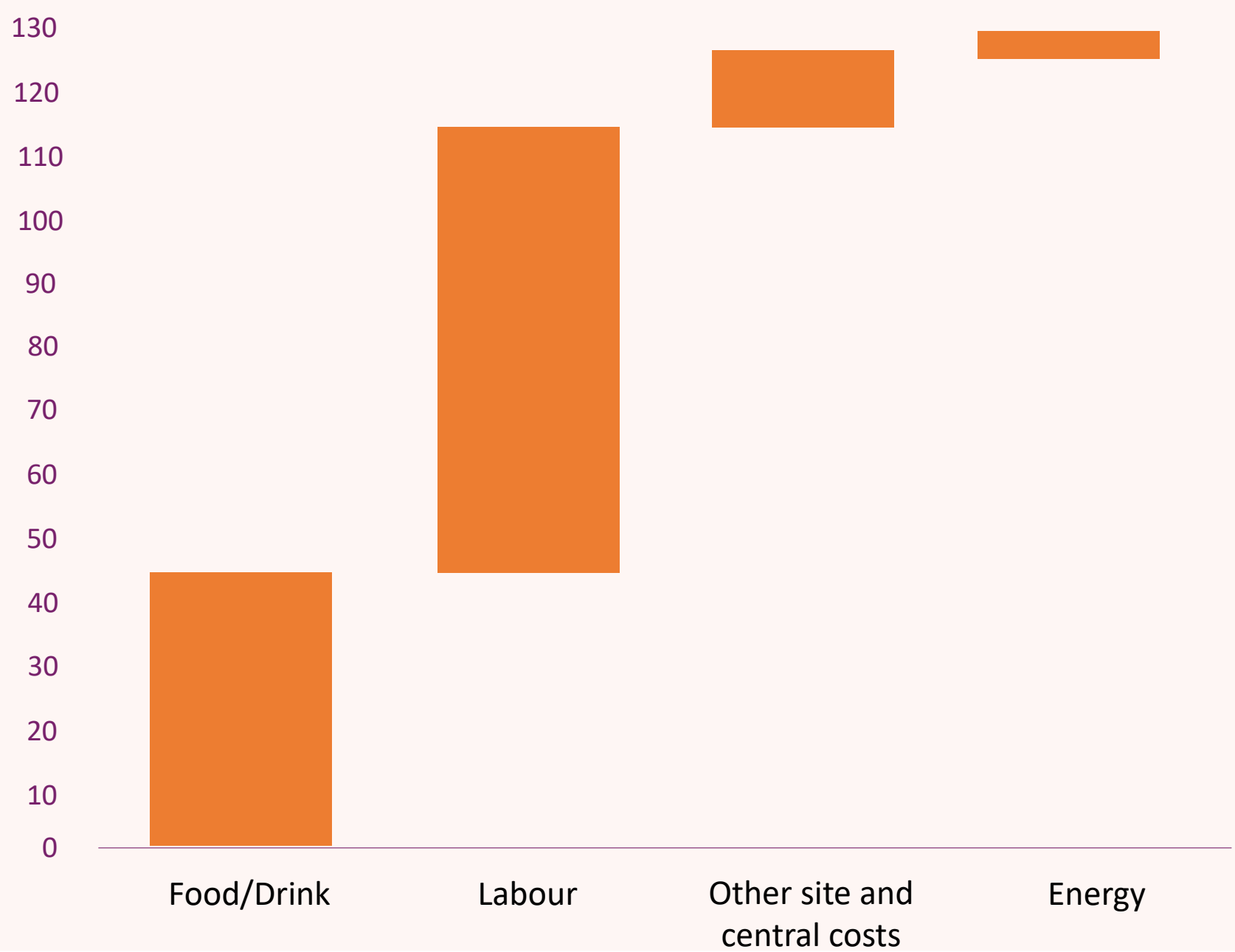


# Forecast cost inflation

FY 2025



FY 2026



**FY 2025**

- Labour increases from April
  - National Insurance up £11m (£23m pa)
  - Minimum wage up £21m (£42m pa)
- Aggregate increase of £100m c.5% of cost base

**FY 2026**

- Food and drink inflation expected to increase
- Labour includes National Insurance and minimum wage increases
- Total £130m, just under 6% of cost base

**FY 2027 onwards**

- Food and drink costs expected to revert
- Long term headwind c.£90m, c.4% of cost base

Chart shows gross cost headwind before mitigation

# Strong cash flow

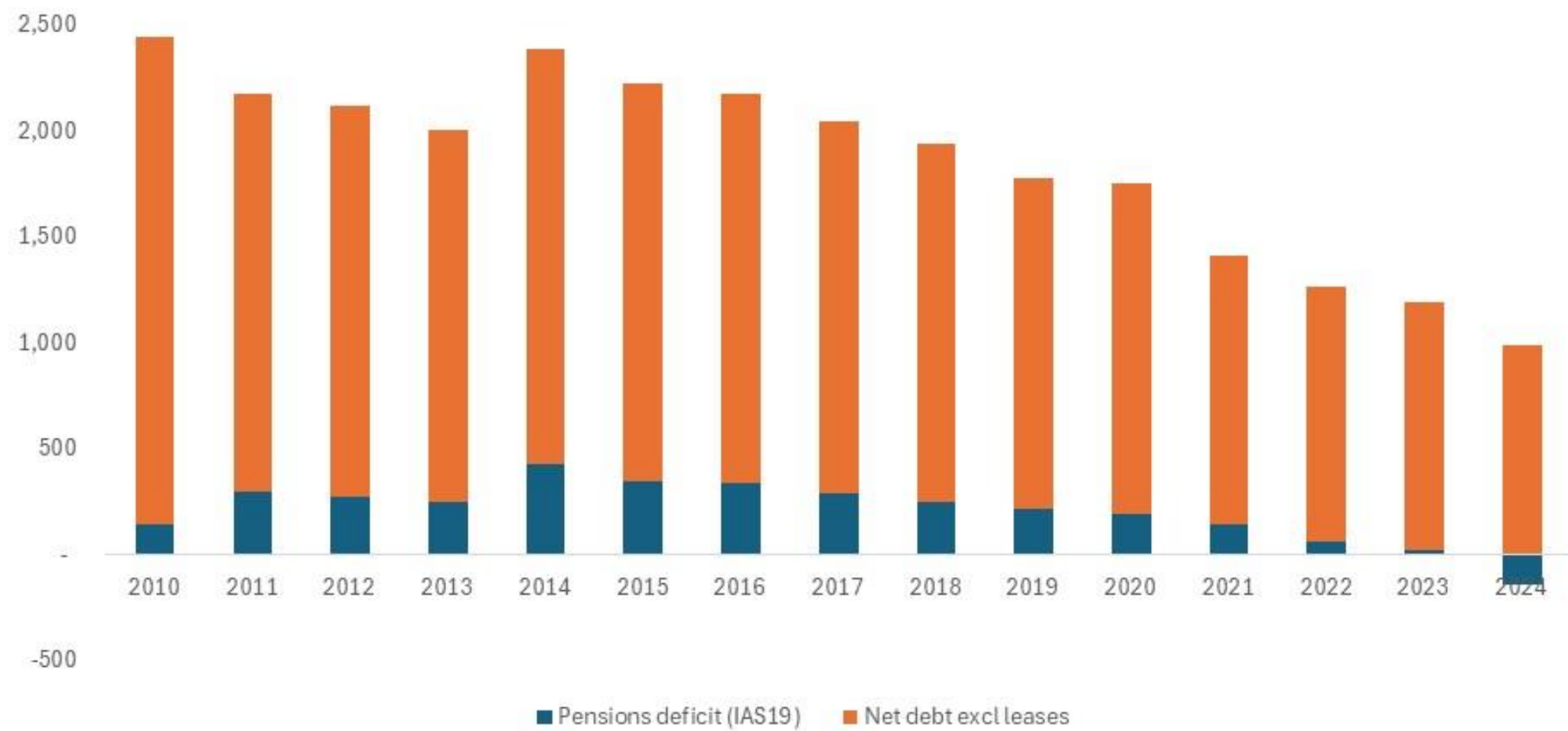
	HY 2025 £m	HY 2024 £m
Operating cash flow	261	238
Working capital movement	30	27
Pension escrow return	12	35
Capital expenditure	(92)	(81)
Lease principal and interest	(31)	(28)
Net interest	(37)	(42)
Tax	(10)	(8)
Other	(2)	(4)
<b>Net cash flow before bond amortisation</b>	<b>131</b>	<b>137</b>
Mandatory bond amortisation	(64)	(61)
<b>Net cash flow</b>	<b>67</b>	<b>76</b>

- Increase in operating cash flow due to strong trading performance
- Final pension escrow return received of £12m
- Increase in capital expenditure verified by strong returns
- Continued use of tax losses to offset tax paid
- Net cash flow before bond amortisation of £131m

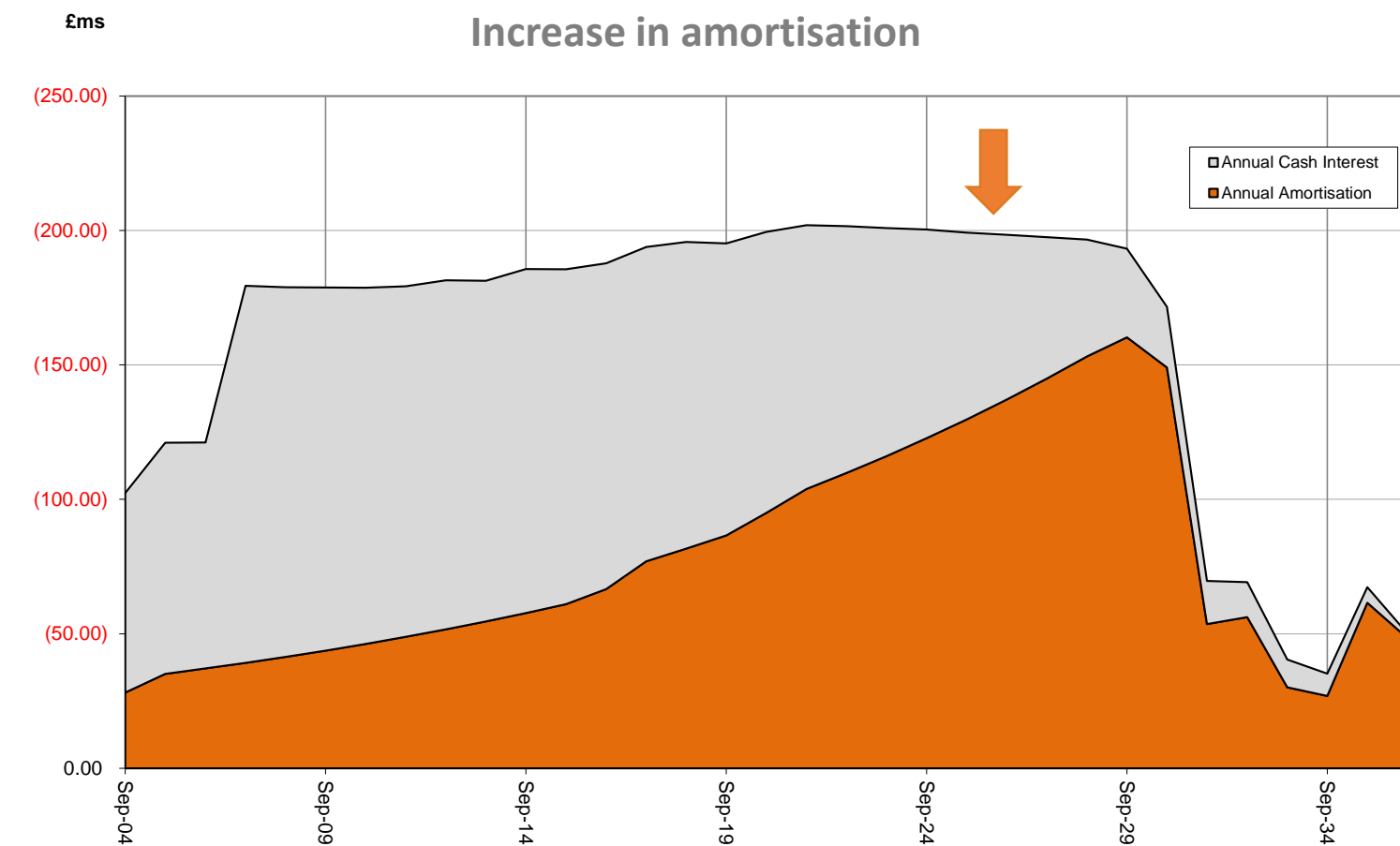


# Strengthening balance sheet

Net debt reduction



Increase in amortisation



- Track record of strengthening balance sheet from previously unsustainable levels
- Net debt currently £860m excluding £438m of lease liabilities, 1.9 times MAT ebitda
- Securitisation break costs decline over time creating future opportunity for capital structure reset
- Dividends only considered payable from surplus in year cash flow

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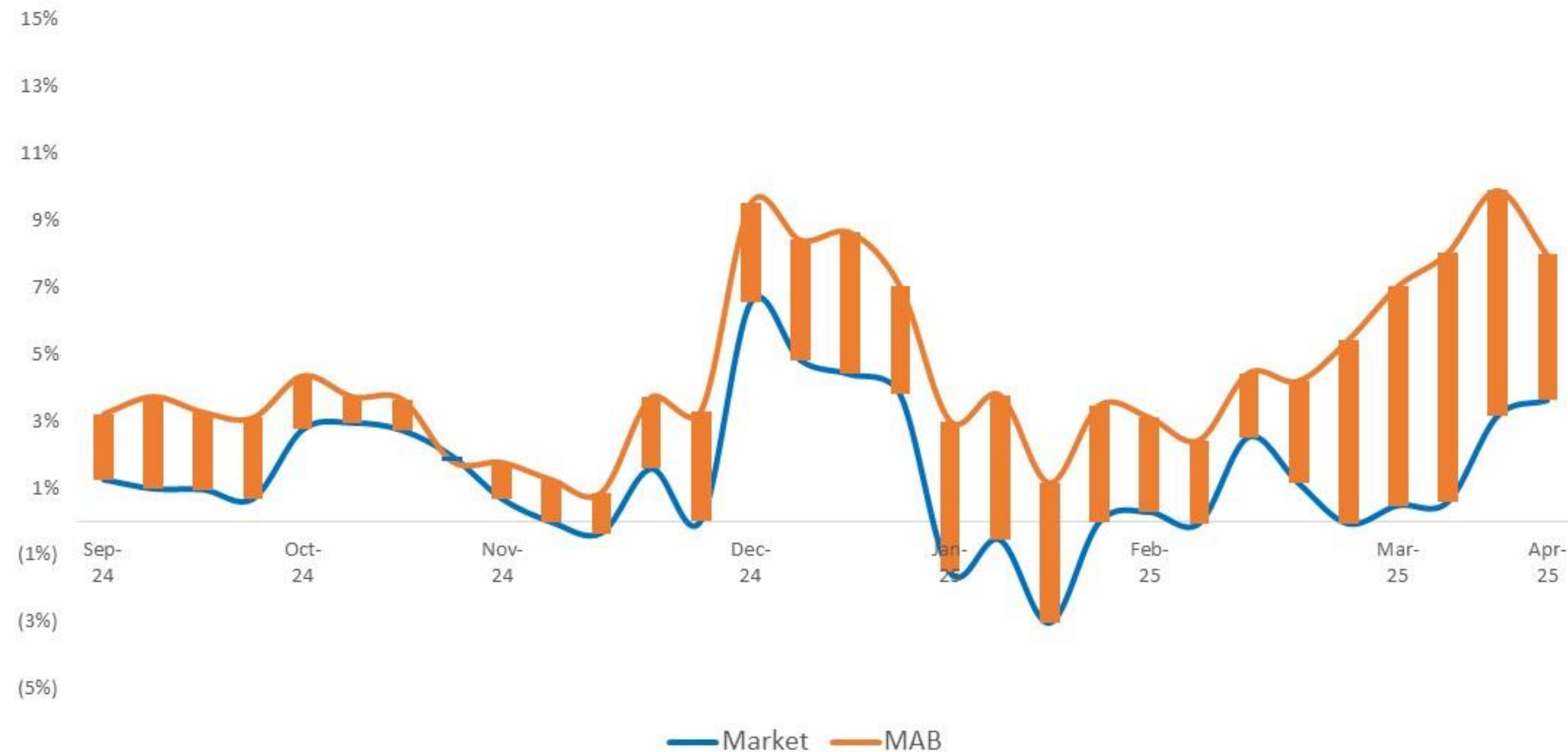




**Phil Urban**  
**Chief Executive Officer**



# Market outperformance continued over first half



*Rolling four-week average like-for-like sales vs CGA Business Tracker*

- Like-for-like sales growth of 4.3% for the period
- Outperformed the market by over c.3ppts during the first half, as measured by CGA Business Tracker



# First half performance



- Strong Festive period followed by colder weather in January
- Mother's Day was particularly strong
- Performance on key dates is delivered by our exceptional teams, with staff turnover at record lows



# Decade of sustained outperformance vs. robust market



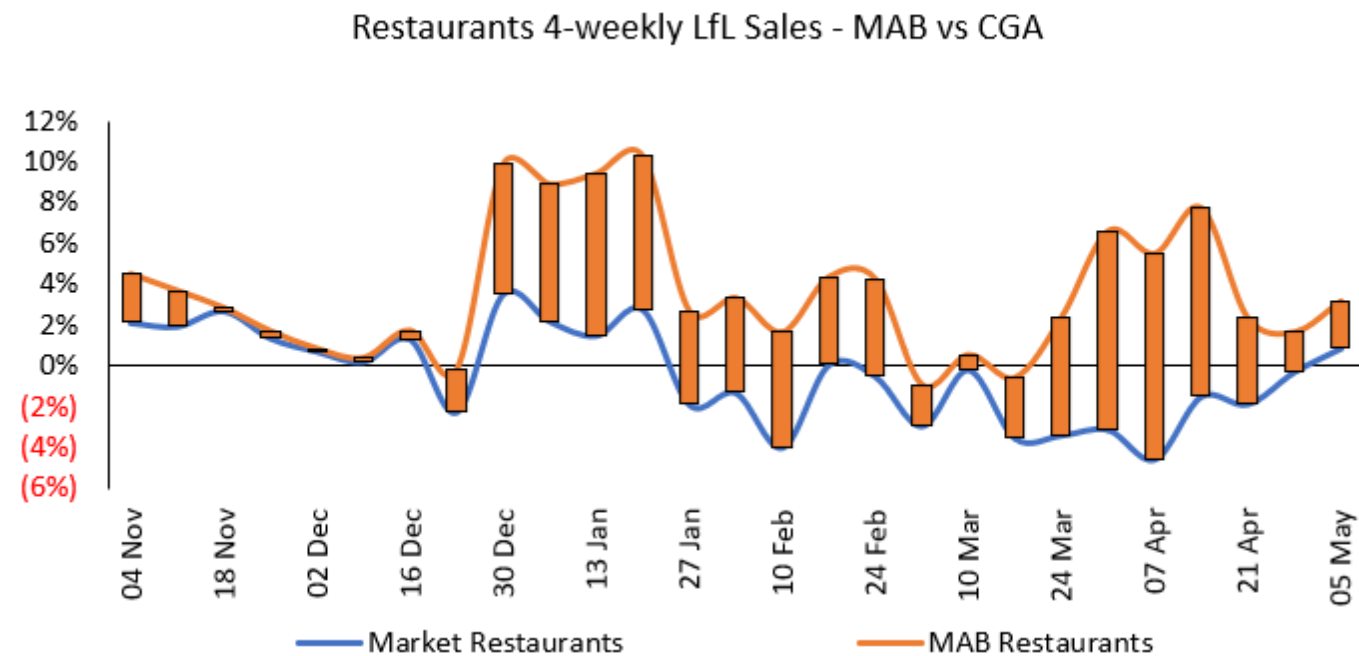
*Rolling four-weekly average like-for-like sales vs CGA Business Tracker*

- Sustained market outperformance since 2016
- Reflects the strength of our brand portfolio and estate locations

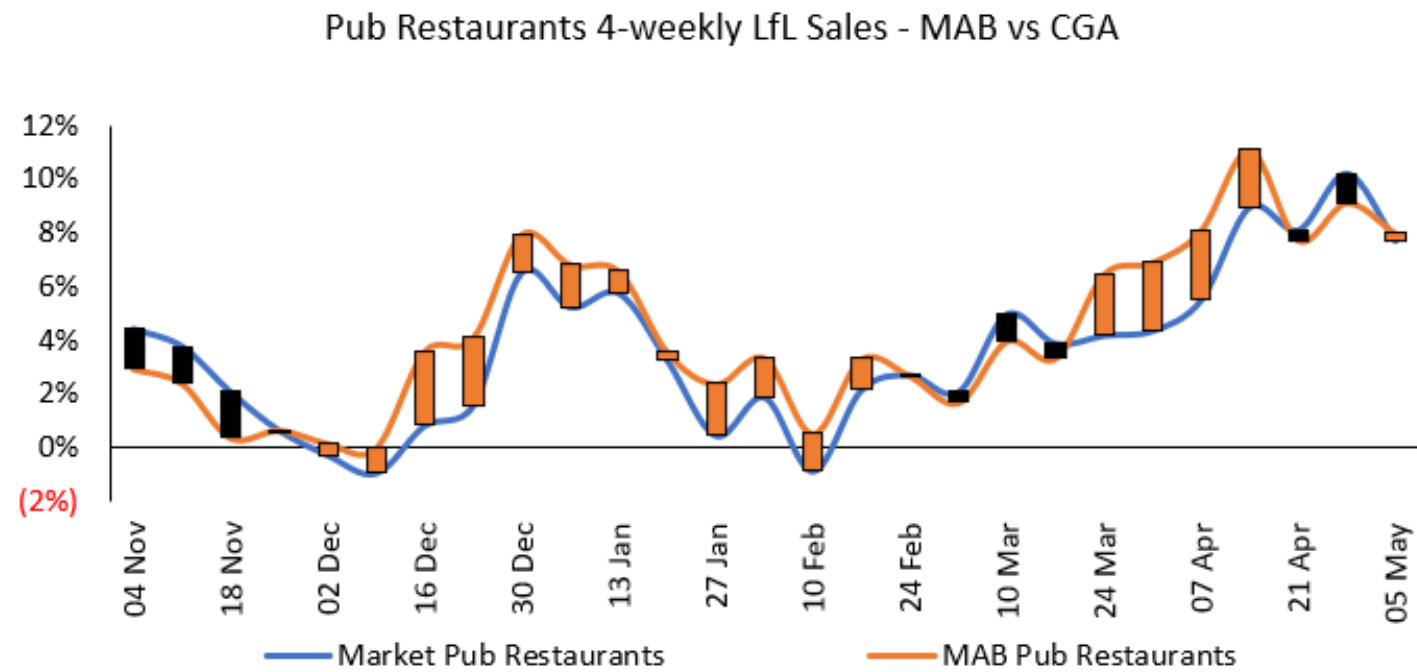


# Market segment performance

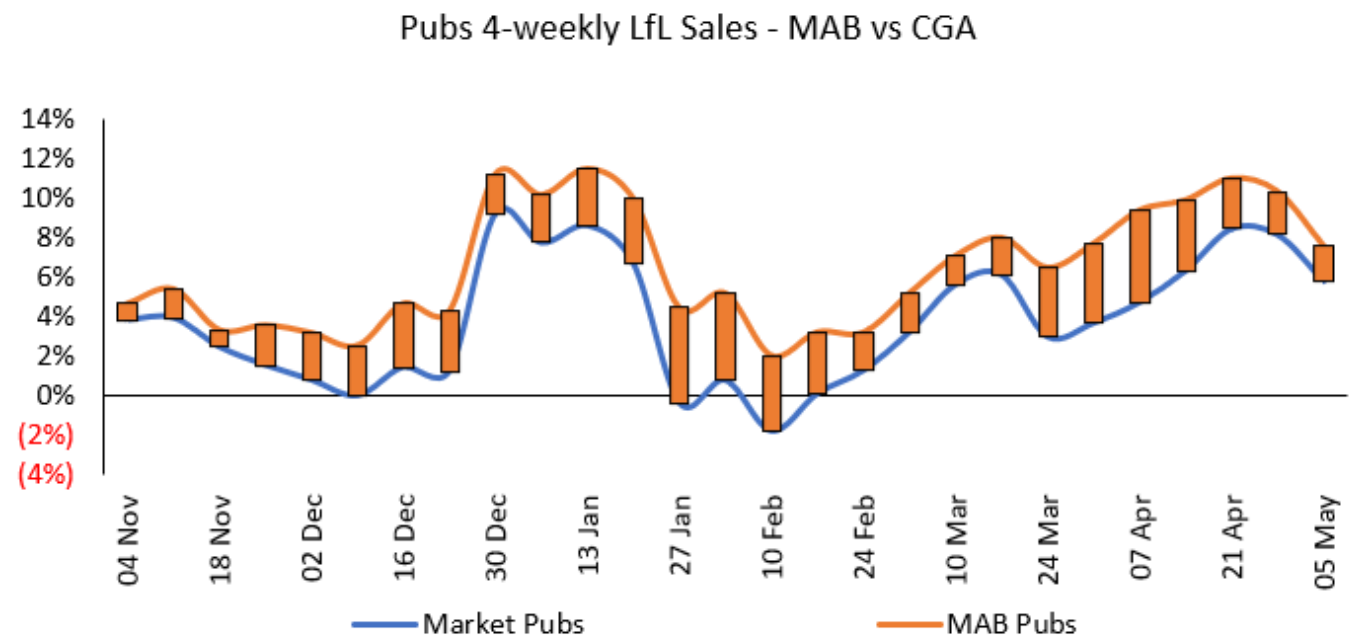
## Restaurants



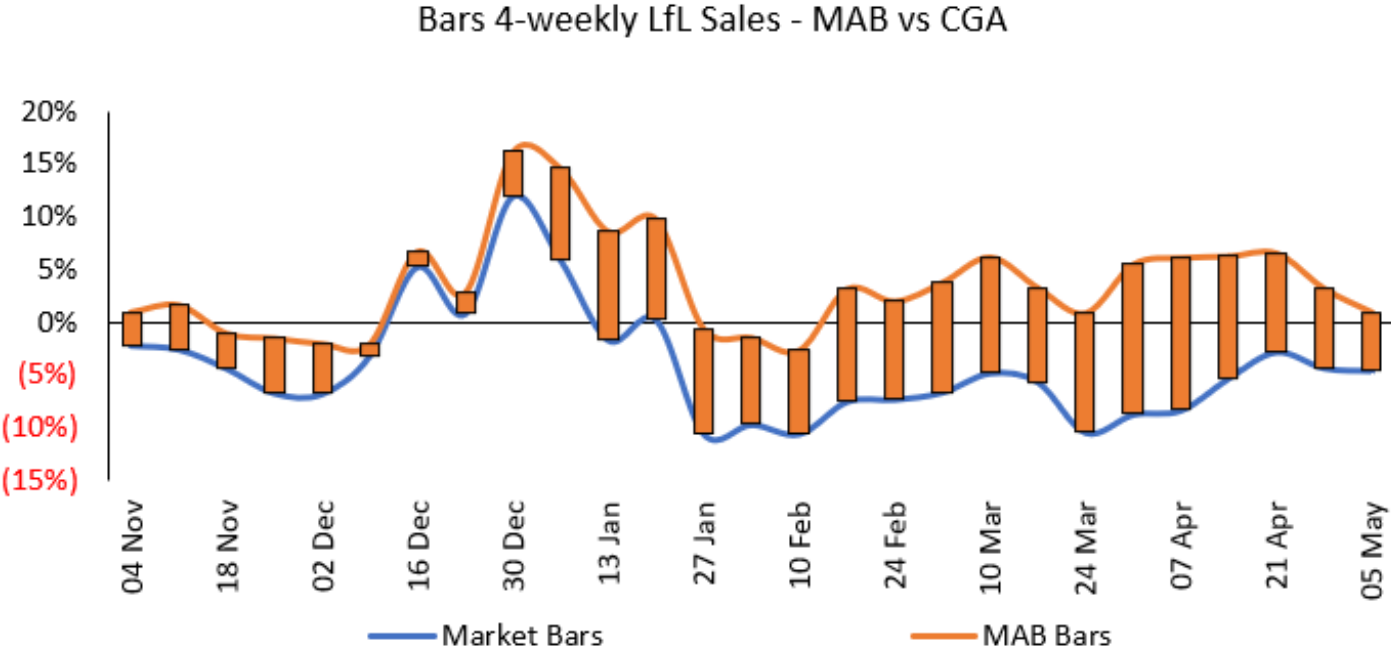
## Pub Restaurants



## Pubs (Wet-led)



## Bars



Rolling four-weekly average like-for-like sales vs CGA Business Tracker

# Delivering great guest experiences

Guest sentiment vs. market

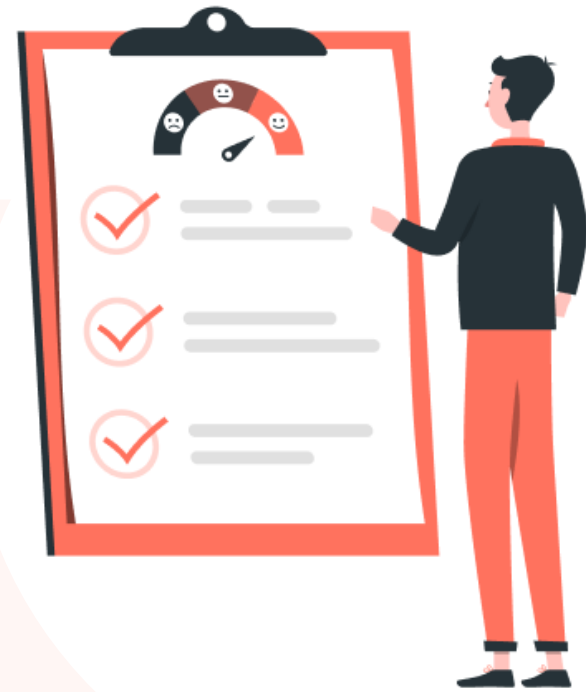


- Strong guest review scores of 4.6 out of 5 across the estate despite price increases
- Guest sentiment ahead of the market
- Good performances across the brand portfolio realising opportunities of consistent execution of offer
- Strong foundations in place to maximise future trading opportunities





# Strategic priorities



## Build a more balanced business

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



## Instil a more commercial culture

- Guest-driven decisions
- Profitable sales
- Core operational drivers



## Drive an innovation agenda

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

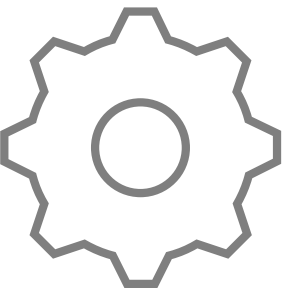


# Brand management



Brand operations team

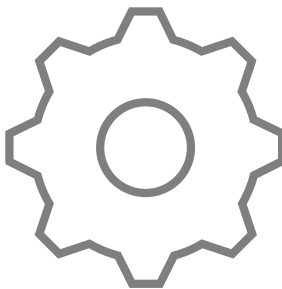
Brand operations team



Brand operations team



Centralised support functions



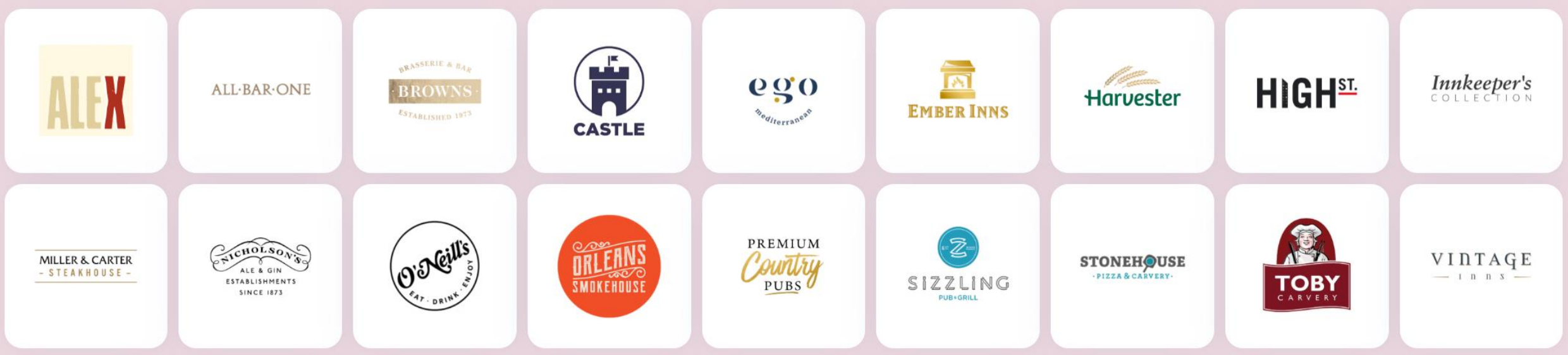
Brand operations team



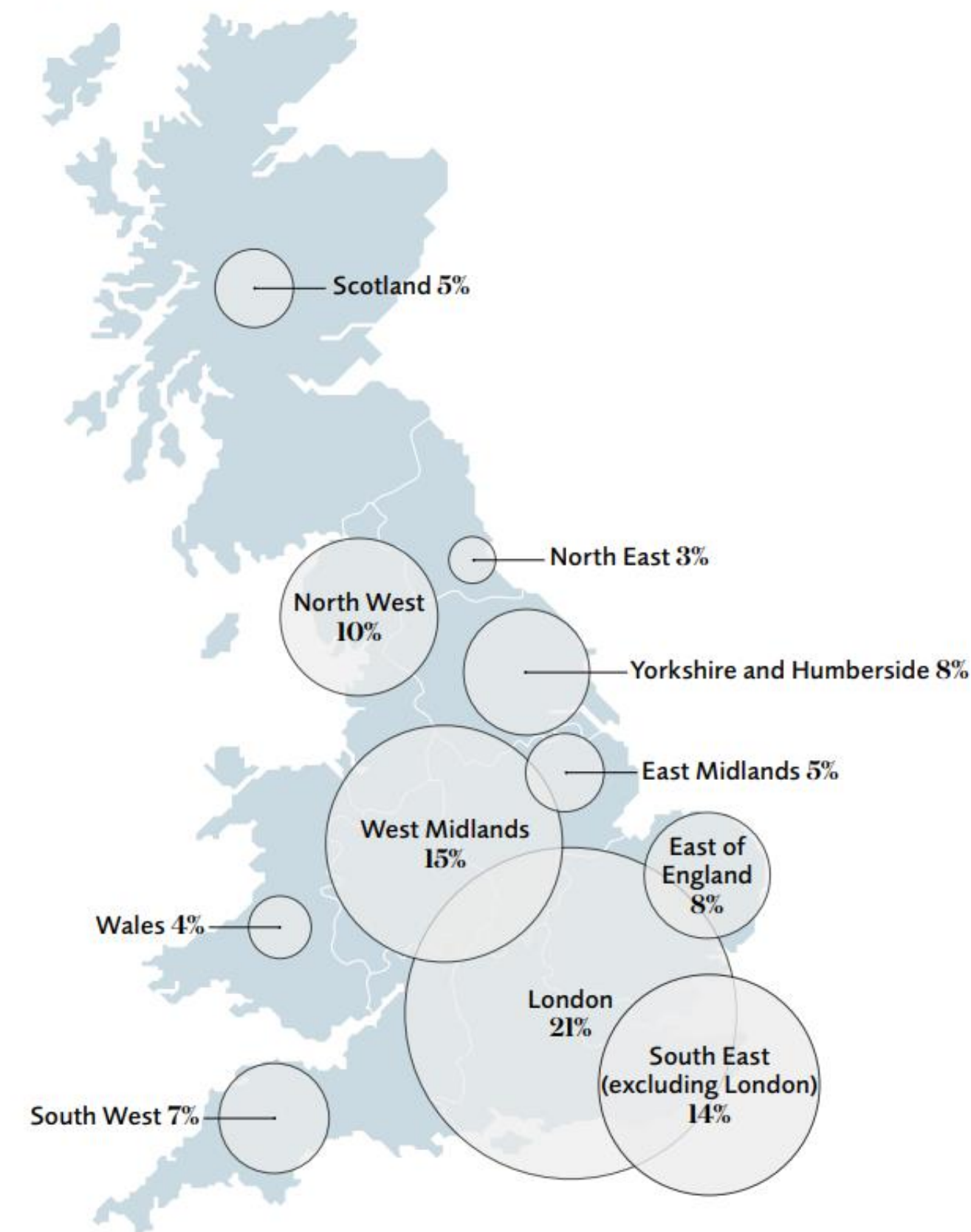


# Capital Investment

- Continued prioritisation of the capital investment programme delivering enhanced value from the estate
- Target 7-year investment cycle
- Ensure amenity levels remain high, and brands evolve in line with consumer expectations
- Diverse portfolio of brands allows us to maximise the value of the estate with the right offer in the right site
- Continue to deliver strong returns on investment

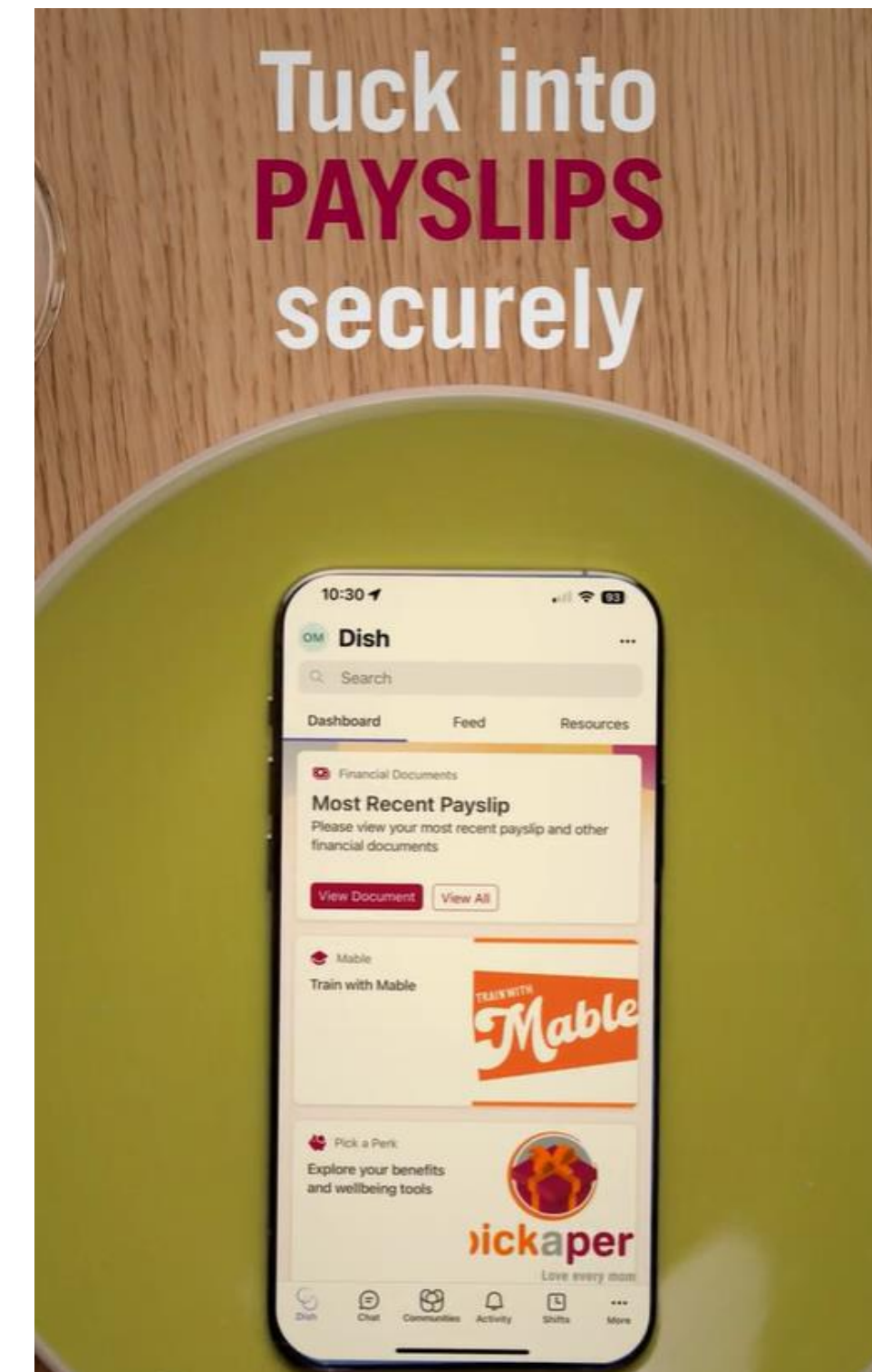


UK sales by region (FY 2024)



# Ignite

- Established programme delivering sales growth and operational efficiencies
- 40-50 initiatives underway at all times delivered by cross-functional teams under the governance of the project office
- Employee app launched this year providing a single portal to access benefits, payslips, and communications
- New focus on enhancing drinks offers across our brands
- Range of initiatives focused on effective delivery of capital programme
- Development of AI to support efficiency and guest experience
- Opportunities to revisit initiatives to maximise value





# Sustainability

## MAKING MOMENTS MATTER



We are committed to reducing our emission, tackling waste and protecting biodiversity.



We strive to deliver responsibly sourced products and menu options for everyone.



People are central to our business, we are focused on supporting our teams and the communities we serve.

## TARGETS



NET ZERO EMISSIONS BY 2040



ZERO WASTE TO LANDFILL BY 2030



REDUCE FOOD WASTE BY 50% BY 2030

## PROGRESS

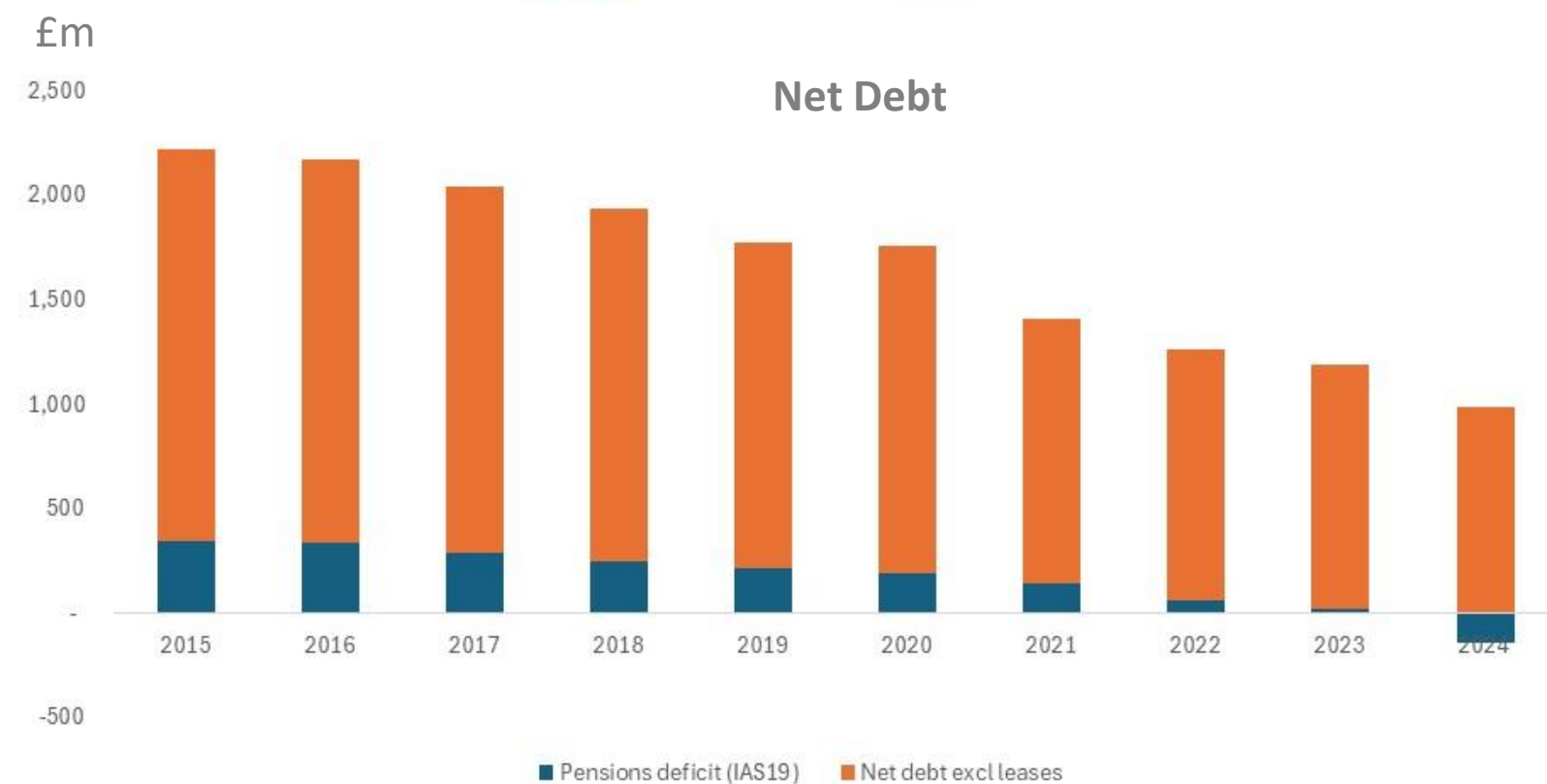
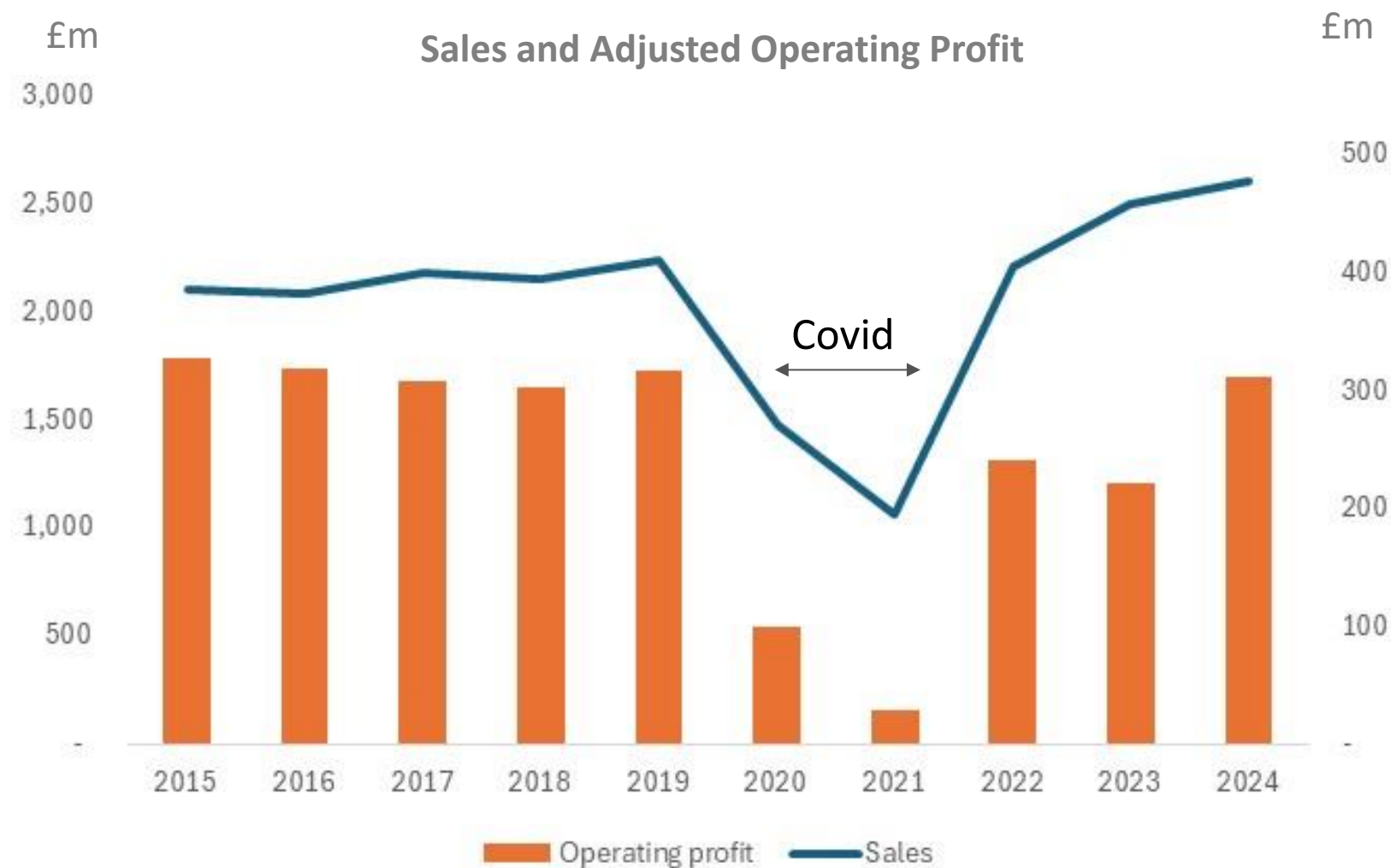
14%

98%

23%

- Continued progress against sustainability objectives
- 180 sites with solar panels installed
- Reducing reliance on gas with 74 all-electric kitchens and 5 fully electrified sites
- Investment in energy consumption reduction technology
- Support in place for behaviour change initiatives

# Focus on value creation for the future



- Significant progress made since 2015
- Trading turned around from behind the market to consistently outperforming
- Investment in estate prioritised resulting in enhanced value creation
- Net debt reduced from over £2bn to £0.9bn
- Strategic focus now begins to shift to growth for the future



# The Investment Case

Building value through strong operating performance from a well invested estate

## Consistent market sales outperformance

- Diversified portfolio of strong brands covering a wide variety of occasions
- Like-for-like sales growth of 4.3%
- Sales growth remains consistently ahead of the market, as represented by the CGA Business tracker, by c.3ppts in HY 2025
- Highly experienced management

## Focus on cost efficiency

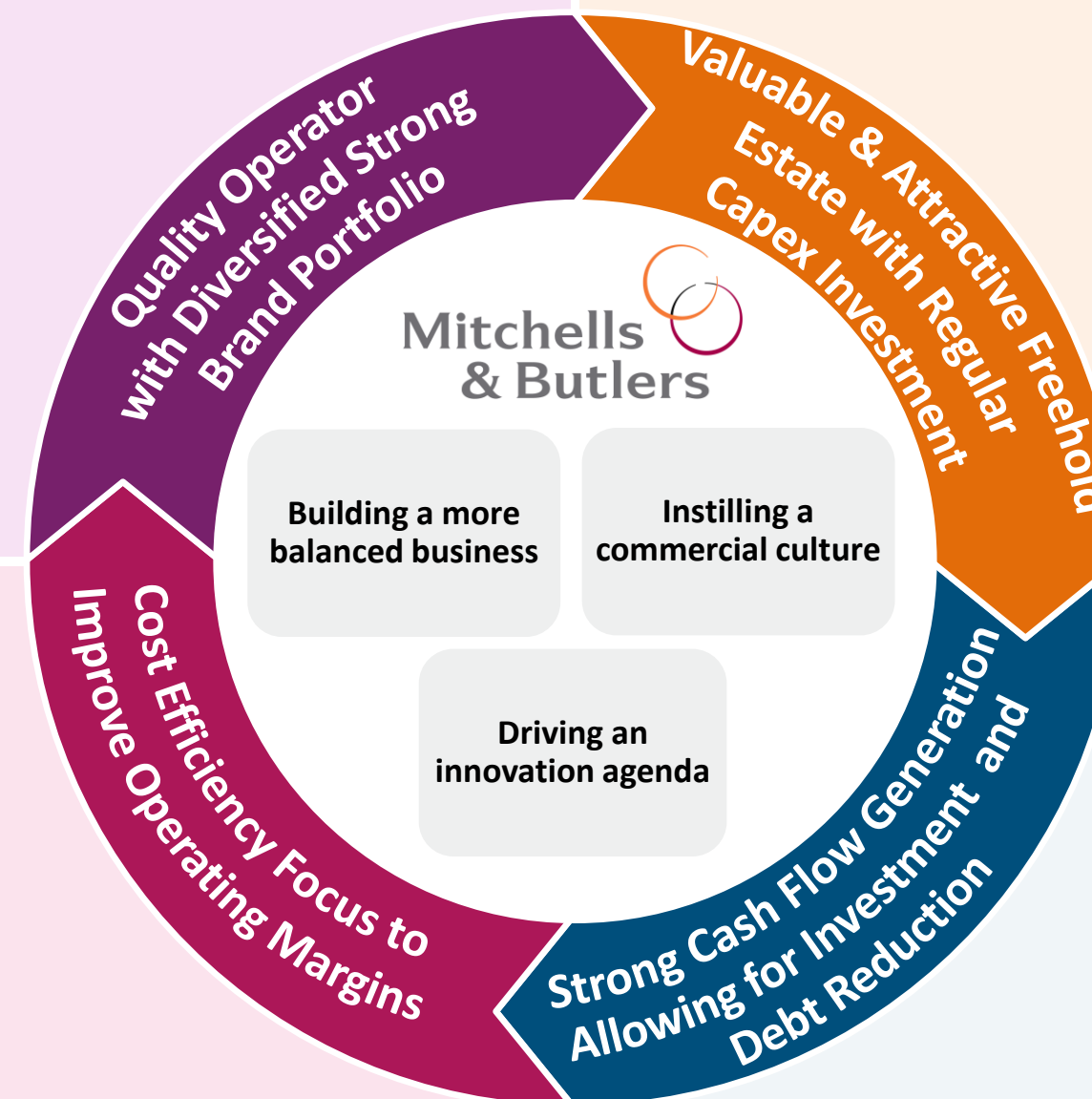
- Operating efficiencies delivered through Ignite programme of initiatives
- Benefits of scale achieved through centralised functions and investment programs
- Delivering improving operating margin strengthened to 12.4% despite cost headwinds

## Well invested, strategically located, freehold estate

- Advantaged portfolio, strategically located, over 80% freehold
- Investing in brands and sites – c.200 projects completed in 2024
- Disciplined investment framework in place, following a seven-year investment cycle, generating strong returns
- Further site acquisitions, single or bolt on portfolios, represent an opportunity in the current market
- Prudent capital structure providing flexibility for larger acquisitions where there is opportunity

## Strengthening balance sheet growing equity value

- Borrowings reduced through strong cash flow generation, enhancing equity value
- Net debt £860m (HY25), representing 1.9x MAT ebitda excluding leases
- Pension schemes substantially de-risked with surplus of over £100m
- Debt service to fall to £70m pa in 2031, and prospect of refinance of WBS as break costs decline
- Dividends payable only when funded from surplus in-year cashflow
- Authority to repurchase shares provides flexibility if appropriate as part of capital allocation








| Questions



A photograph of two women in a dimly lit bar. The woman on the left has long, wavy brown hair and is wearing a dark, off-the-shoulder top with a floral pattern. The woman on the right has short, dark hair and is wearing a dark t-shirt with a logo that says "NICHOLSON'S ALE & GIN". They are both looking down at a screen that is not visible in the frame. In the background, there are shelves with various bottles of alcohol and a sign that says "PI".

**Half Year Results 2025**  
**Supplementary slides**

# HY 2025 – Outlet reconciliation

	Total Managed <sup>1</sup>	Franchised	Total MAB
Opening outlets (start FY 2025)	1,666	60	1,726
Transfers	(12)	10	(2)
Disposals	(4)	-	(4)
Acquisitions	3	-	3
Closing outlets (end H1 2025)	1,653	70	1,723

**Notes:**

- 1. HY 2025 closing managed total includes 13 non-trading sites.
- 2. During the year 1 unlicensed property, which is not included within the outlet count, was disposed of.
- 3. Lodges attached to sites do not appear as a separate outlet.