MITCHELLS & BUTLERS PLC
LEI no: 213800JHYNDNB1NS2W10

22 May 2024

HALF YEAR RESULTS

(For the 28 weeks ended 13 April 2024)

Highlights
- Strong trading performance with like-for-like sales[a] growth of 7.0%
- Operating profit of £164m up 64% from prior year
- Improved operating margin of 11.7% (HY 2023 7.8%)
- Strong period of cash generation with inflow of £137m before bond amortisation
- Full year outturn expected to be at the top end of consensus, with momentum into FY 2025

Reported results
- Total revenue of £1,396m (HY 2023 £1,282m)
- Operating profit of £164m (HY 2023 £99m)
- Profit before tax of £108m (HY 2023 £40m)
- Basic earnings per share of 13.6p (HY 2023 5.4p)

Trading results
- Adjusted operating profit[a] £164m (HY 2023 £100m)
- Adjusted earnings per share[a] of 13.6p (HY 2023 5.5p)

Balance sheet and cash flow
- Cash inflow before bond amortisation of £137m (HY 2023 inflow £10m)
- Net debt[a] reduced to £1,037m (HY 2023 £1,193m), excluding £449m of IFRS 16 lease liabilities (HY 2023 £467m)

Phil Urban, Chief Executive, commented:

"Continued like-for-like sales[a] outperformance against the market[b] coupled with easing inflationary costs and focus on efficiencies has resulted in very strong profit recovery for the period.

We remain focused on our Ignite programme of initiatives and our successful capital investment programme, driving further cost efficiencies and increased sales. We have confidence that continued focus on effective delivery of our strategic priorities will generate further value from our enviable estate portfolio and customer offers, enabling us to build further momentum throughout the year, with a strong foundation for long term outperformance."

Definitions

a – The Directors use a number of alternative performance measures (APMs) that are considered critical to aid the understanding of the Group's performance. APMs are explained later in this announcement.

b – As measured by the CGA Business Tracker.

There will be a presentation held today at 8:30am accessible by phone on 020 3936 2999, access code: 762969 and at https://www.netroadshow.com/events/login?show=20ca7536&confId=65342.
The slides will also be available on the website at www.mbplc.com The replay will then be available at https://www.mbplc.com/hy2024/analystspresentation.

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

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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, Ember Inns and Ego Restaurants. 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.

CURRENT TRADING AND OUTLOOK

We entered the year having built up strong sales momentum, as we outperformed the sector, and with the expectation of margin enhancement as clear evidence emerged that cost inflation was abating. This progress has continued throughout the first half of the year. Sales growth has remained robust, now ahead of cost inflation, with every brand across the portfolio in like for like sales[a] growth. Over the most recent 4 weeks, following Easter in both this year and last, like-for-like sales[a] have grown by 5.3%.

Cost headwinds are anticipated to total c.£55m this financial year, slightly less than previously expected, with increases in labour costs due to the statutory National Living Wage rise mitigated by deflation in our energy costs and slowing food cost inflation. Coupled with a robust sales performance we believe this should allow us to continue to rebuild margins.

We remain mindful of uncertainty and pressures on the consumer. However, as trading continues to be strong, we have confidence that the current year outturn will be at the top end of consensus expectations, with momentum for further progress going forward into FY 2025.

BUSINESS REVIEW

Total sales across the period were £1,396m reflecting 8.9% growth on HY 2023. Like-for-like sales[a] increased by 7.0% with strong performances across all brands driven by increases in spend per head. Operating profit of £164m was a marked recovery from last year (HY 2023 £99m).

We made a good start to the year with like-for-like sales[a] growth of 7.2% over the first seven weeks. Strong trading over the important festive period led to an acceleration of like-for-like sales[a] growth over the latter half of the quarter to 8.2%, resulting in overall like-for-like sales[a] growth for the quarter of 7.7%.

Sales remained resilient through the second quarter with strong performances on key trading dates and particular resilience in food sales. Across the quarter, we recorded like-for-like sales[a] growth of 6.1%, comprising drink sales growth of 5.3% and food sales growth of 6.6%.

We have continued to consistently outperform the market, as represented by the CGA Business tracker, by over 2% like-for-like sales[a] over the first half.

Overall cost inflation started to abate last year, and this has continued through the first half. Whilst the recent level of statutory National Living Wage increases (effective in April each year) has been relatively high at approximately 10% in both the last two years, other costs have generally returned to more normalised levels and energy in particular has been in deflation so far this year. Strong and resilient sales growth through the first half combined with a clear abatement in overall cost inflation has driven a marked increase in both profitability and margins.

Across the sector the challenges the industry has faced have had an unavoidable impact on market supply with a 2.5% net decline in pubs and restaurants in the year to March 2024 and a c.15.0% net decline since the start of the Covid-19 pandemic in March 2020 (CGA Outlet Index April 2024). Independent and tenanted businesses have made up the substantial majority of the net closures. Given our strong estate and portfolio of brands, we believe that we are well placed to continue to benefit from these changes in the competitive landscape.

OUR STRATEGIC PRIORITIES

Our strategic pillars, which have provided the foundation for our ongoing performance, remain consistent. We focus on maximising the value generated from our 83% freehold and long leasehold estate, utilising the diversity of our brand portfolio to grow market share across a broad range of consumer occasions, demographics and locations. Most immediately, our priority is to grow the business back to, and beyond, the levels of profit that we were achieving before Covid-19.

Our Ignite programme of work remains at the core of our long-term value creation, with a range of initiatives underway focused on driving sales and delivering cost efficiencies. We have been enhancing our digital capacity to drive sales, with exciting developments in our marketing allowing us to tailor communications to an individual's preferences based on past behaviour and to unlock loyalty programmes designed to drive frequency of visits. In addition to digital solutions, we continue to run training and skill enhancement workshops, equipping our managers with the skills to drive the sales of their businesses. These help to develop a culture of natural upselling within sites with a focus on attentiveness which will enhance the overall experience for our guests. The benefit of these initiatives is reflected in sustained like-for-like sales[a] growth across our brand portfolio as well as continued market outperformance on guest review scores, which averaged 4.5 out of 5 over the first half.

Alongside driving sales, we have a range of initiatives focused on enhancing productivity and efficiency to help mitigate inflationary costs, including improved labour scheduling, cost mitigating procurement strategies and energy consumption reduction. Previous investment in enhanced labour scheduling, which automatically produces rosters to ensure we have the right people on shift at the right times, has delivered improved efficiencies and importantly has ensured enough team members are working at peak times to maximise sales opportunities. We believe there is further benefit to be extracted from effective use of the system and we continue to have a workstream focused on helping managers to maximise the potential value.

After the successful roll out of voltage optimisers which delivered c.6% energy consumption reduction, we are now trialling the use of remote control of our in-site energy systems with a view to obtaining further consumption savings. Remote control of heating, for example, provides a significant opportunity to reduce consumption whilst also relinquishing our managers of one of their many daily tasks, allowing them to focus on guests. Our energy initiatives help us to improve efficiency whilst also supporting our sustainability objectives.

Our capital programme continues to deliver significant value by improving the competitive position of our pubs and restaurants within their local markets. Over the first half, we have completed 85 investment projects comprising 78 remodels, 4 conversions and 3 acquisitions. We are continuing to see strong performances from our investment projects and remain focused on reestablishing the target 7-year investment cycle which was interrupted by Covid-19.

Many of these initiatives are conceived, managed and delivered through our Ignite delivery programme. This summer we will be looking to initiate the fourth generation of this programme with teams from across our business coming together to challenge the way we work, identify new ideas, work up plans and present them for approval enabling us to maintain the momentum of improvement that has been so important to our recent performance.

In June 2023 we completed the acquisition of the remaining 60% stake in 3Sixty Restaurants Limited, owners of Ego Restaurants, having acquired the initial 40% stake in August 2018. Ego is a collection of Mediterranean-inspired pubs and restaurants where guests can enjoy freshly cooked food, cocktails, cask ales and wine from across the continent. The process of integrating Ego is making good progress, with all sites having now moved onto our systems and processes. During the first half of FY 2024 we are starting to leverage the brand internally and have converted 5 of our sites to the Ego offer, with average sales doubling following conversion. We anticipate conversion of a further 5-10 sites in FY 2025.

In May 2024 we completed the acquisition of Pesto Restaurants. The brand delivers an Italian Tapas offer across its ten strong estate which, as with the Ego acquisition, helps us to further diversify and premiumise our brand portfolio. The consideration for the business will be determined over two payments and is partly contingent on its future performance but will be no more than £15m.

PEOPLE

Our people are fundamental to the delivery of great experiences for our guests. We are delighted that engagement scores have continued to improve across all employee groups in the first half of the year, representative of the commitment of our teams to work together to drive the future success of the business. Pleasingly, turnover has also continued to improve, reaching record lows during the first half of FY 2024 having re-established pre-pandemic levels in FY 2023. The continued progress on our people measures, despite the challenging recruitment environment, is testament to our success in attracting the best talent, enhancing performance through our development programmes and retaining teams through progression opportunities.

Apprenticeships continue to be an integral part of our retention and succession strategy, with evidence that people who complete apprenticeships are more likely to stay with us and to be promoted. Having delivered 9,448 apprenticeship starts since 2017, our commitment is unabated, and we are on track to deliver 1,750 starts this financial year. We are particularly proud of our culinary apprenticeships which provide a pipeline of talent to a more challenging area for recruitment, as well as a valuable career opportunity with above industry level enrolment for 19–24-year-olds. We are delighted that our apprentice programmes were recognised at the December 2023 National Apprenticeship awards, winning the award for best large employer.

SUSTAINABILITY

We are committed to reducing the environmental impact of our business and the Board has challenging targets to drive continued momentum in this area. We have committed to:

- Net Zero emissions by 2040, including scope 1, 2 and 3
- Zero operational waste to landfill by 2030
- 50% reduction in food waste by 2030

We remain focused on working towards our sustainability goals, with numerous initiatives underway to support these ambitions. We were delighted to receive Science Based Target initiative validation for our Net Zero plans in January 2024. We have conducted further trials to better understand available strategies to remove gas from operations, including at least one trial electrified kitchen in nearly all of our brands as well as two fully all-electric sites testing alternatives for heating and hot water. The output of these trials will inform the speed of transition over the medium term and enables better understanding of the collaboration needed to overcome challenges in achieving the removal of gas. We continue to work closely with our suppliers towards our scope 3 emissions reduction plan, as well as collaborating with industry groups such as the Zero Carbon Forum.

Our sustainability strategy has a strong focus on the positive impact we have on people and communities, and we are proud to partner with Social Bite, a homelessness charity. Of particular importance is the Jobs First programme, helping people back to independence through long-term employment opportunities, which to date has employed 18 people from their academy. We see considerable scope to grow this partnership and enhance our positive social impact over the coming years.

FINANCIAL REVIEW

On a statutory basis, profit before tax for the half year was £108m (HY 2023 £40m), on sales of £1,396m (HY 2023 £1,282m).

The Group Income Statement discloses adjusted profit and earnings per share information that excludes separately disclosed items, disclosed by virtue of their size or nature, to allow a more effective comparison of the Group's trading performance from one period to the next.

	Statutory HY 2024 £m	**HY 2023 £m**	**Adjusted[a] HY 2024 £m**	**HY 2023 £m**
Revenue	1,396	1,282	1,396	1,282
Operating profit	164	99	164	100
Profit before tax	108	40	108	41
Earnings per share	13.6p	5.4p	13.6p	5.5p
Operating margin	11.7%	7.7%	11.7%	7.8%

At the end of the period, the total estate comprised 1,716 sites in the UK and Germany of which 1,659 are directly managed.

Revenue

Total revenue of £1,396m (HY 2023 £1,282m) reflects a strong period of trading driven by sustained like-for-like sales[a] growth across the brand portfolio.

Like-for-like sales[a] in the first half increased by 7.0%, comprising an increase in like-for-like food sales[a] of 7.7% and of like-for-like drink sales[a] of 6.0% driven by strengthening spend per head. Volumes of food and drink were in marginal decline across the first half following a weaker period after the festive season.

Like-for-like sales[a]:

	Wks 1–15 Q1	**Wks 16–28 Q2**	**Wks 1–28 H1**
Food	8.7%	6.6%	**7.7%**
Drink	6.6%	5.3%	**6.0%**
Total	**7.7%**	**6.1%**	**7.0%**

Over the most recent 4 weeks, following Easter in both this year and last, like-for-like sales[a] growth was 5.3%.

Separately disclosed items

There were no separately disclosed items recognised in the period. In the prior period £1m was recognised relating to VAT on gaming machine income for the period 2005 to 2012.

Operating profit and margins[a]

Adjusted operating profit[a] for the first half was £164m (HY 2023 £100m), an increase of 64.0%.

Adjusted operating margin of 11.7% was 3.9ppts higher than last year driven by strong like-for-like sales[a] growth, reduced cost inflation and operating efficiencies.

We anticipate an aggregate net cost headwind for this year of slightly less than 3% of our cost base of c.£2.0 billion, including deflation in energy prices for which we have now secured just over 80% of the current year's anticipated requirement. We are working very hard to mitigate as much of the impact of these cost increases as we can, both through driving sales growth and through identifying and implementing further cost efficiencies, all executed under our Ignite programme of work.

Interest

Net finance costs of £55m (HY 2023 £58m) for the half year were £3m lower than the same period last year. The net pensions finance charge was £1m (HY 2023 £1m). The charge for the full year is expected to be £1m.

Earnings per share

Basic and adjusted earnings per share were 13.6p (HY 2023 5.4p and adjusted earnings per share[a] 5.5p).

The basic weighted average number of shares in the period was 596m and the total number of shares issued at the balance sheet date was 598m.

Cash flow

	HY 2024 £m	**HY 2023 £m**
EBITDA	233	168
Non-cash share-based payment and pension costs and other	5	4
Operating cash flow before movements in working capital and pension contributions	**238**	**172**
Working capital movement	27	27
Pension escrow return	35	-
Pension contributions	(1)	(7)
Cash flow from operations	**299**	**192**
Capital expenditure	(81)	(98)
Net finance lease principal payments	(20)	(26)
Interest on lease liabilities	(8)	(11)
Net interest paid	(42)	(46)
Purchase of own shares	(3)	-
Tax	(8)	-
Other	-	(1)
Net cash flow before bond amortisation	**137**	**10**
Mandatory bond amortisation	(61)	(57)
Net cash flow	**76**	**(47)**

This was a very strong period of cash generation. EBITDA increased sharply as a result of an improved trading performance to £233m, which converted to net cash inflow for the period before bond amortisation of £137m (HY 2023 £10m) helped principally by timing on working capital flows, return of historic pension contributions from escrow and lower capital expenditure.

After all outgoings, including mandatory bond amortisation of £61m (including net impact of currency swaps), cash inflow was £76m (HY 2023 outflow £47m).

Capital expenditure

Capital expenditure of £81m (HY 2023 £98m, including £3m intangible assets) comprises £80m from the purchase of property, plant and equipment and £1m in relation to the purchase of intangible assets.

	HY 2024		HY 2023	
	£m	#	£m	#
Maintenance and infrastructure	**29**		**40**	
Remodels - refurbishment	35	78	45	81
Conversions	5	4	4	3
Acquisitions – freehold	10	2	8	4
Acquisitions – leasehold	2	1	1	2
Total return generating capital expenditure	**52**	**85**	**58**	**90**
Total capital expenditure	**81**		**98**	

Maintenance and infrastructure spend included investments towards our sustainability ambitions, such as solar panels and electrified kitchen equipment as well as digital and technological improvements. Investment in these areas continued through the first half, although the cash outflow was lower than the prior year.

During the period we have made good progress in reducing the average cost of refurbishment projects across the estate through a renewed focus on cost re-engineering. Overall, we remain committed to resumption of an average seven-year refurbishment cycle across our estate, although supply chain constraints, notably in securing timely planning consent, continue to prove a challenge.

One of the freehold acquisitions relates to the purchase of a current trading site previously operated as leasehold.

Pensions

Both the main pensions schemes of the group are now substantially de-risked, in third party buy-in, with no further contributions being made. During the year a return of £35m of historic contributions was made to the group from amounts held in escrow with respect to the Main Plan. A further return of up to £12m, relating to the Executive Plan, is anticipated in the next financial year.

One further scheme, remains. This is closed and unfunded and has estimated liabilities of £23m.

Net debt and facilities

On the back of a strong cash performance, net debt[a] at the period end reduced to £1,486m, comprised of £1,037m non-lease liabilities and lease liabilities of £449m (HY 2023 £1,660m comprised of £1,193m non-lease liabilities and lease liabilities of £467m). This represents a multiple of 3.6 times EBITDA over the last year including lease liabilities (2.5 times excluding these liabilities).

In addition to the securitisation the Group has a £200 million unsecured facility, expiring in July 2026. Further details of existing debt arrangements and an analysis of net debt can be found in Note 10 to the financial statements and at https://www.mbplc.com/infocentre/debtinformation/.

Going Concern

After considering forecasts, sensitivities and mitigating actions available to management and having regard to risks and uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements have been prepared on the going concern basis. Full details are included in Note 1.

Director's responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as required by DTR 4.2.4R and to the best of their knowledge gives a true and fair view of the information required by DTR 4.2.4R;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 28 weeks and description of principal risks and uncertainties for the remaining 25 weeks of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This responsibility statement was approved by the Board of Directors on 21 May 2024 and is signed on its behalf by:

Tim Jones
Chief Financial Officer
21 May 2024

Definitions

a – The Directors use a number of alternative performance measures (APMs) that are considered critical to aid the understanding of the Group's performance. Key measures are explained later in this announcement.

b – As measured by the CGA Business Tracker.

GROUP CONDENSED INCOME STATEMENT
for the 28 weeks ended 13 April 2024

		2024 28 weeks (Unaudited)		2023 28 weeks (Unaudited)		2023 53 weeks (Audited)	
	Notes	**Before separately disclosed items £m**	**Total £m**	Before separately disclosed items[a] £m	Total £m	Before separately disclosed items[a] £m	Total £m
Revenue	3	**1,396**	**1,396**	1,282	1,282	2,503	2,503
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio		**(1,163)**	**(1,163)**	(1,114)	(1,115)	(2,145)	(2,145)
Share in associates results		**-**	**-**	1	1	1	1
Net profit arising on property disposals		**-**	**-**	-	-	-	3
EBITDA[b] before movements in the valuation of the property portfolio		**233**	**233**	169	168	359	362
Depreciation, amortisation and movements in the valuation of the property portfolio		**(69)**	**(69)**	(69)	(69)	(133)	(264)
Operating profit		**164**	**164**	100	99	226	98
Finance costs	5	**(60)**	**(60)**	(60)	(60)	(116)	(116)
Finance income	5	**5**	**5**	2	2	8	8
Net pensions finance charge	5,11	**(1)**	**(1)**	(1)	(1)	(3)	(3)
Profit/(loss) before tax		**108**	**108**	41	40	115	(13)
Tax (charge)/credit	6	**(27)**	**(27)**	(8)	(8)	(19)	9
Profit/(loss) for the period		**81**	**81**	33	32	96	(4)
Earnings/(loss) per ordinary share:	7						
Basic		**13.6p**	**13.6p**	5.5p	5.4p	16.1p	(0.7p)
Diluted		**13.5p**	**13.5p**	5.5p	5.4p	16.1p	(0.7p)

a. Separately disclosed items are explained and analysed in note 4.
b. Earnings before interest, tax, depreciation, amortisation and movements in the valuation of the property portfolio.

All results relate to continuing operations.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the 28 weeks ended 13 April 2024

	Notes	**2024 28 weeks £m (Unaudited)**	2023 28 weeks £m (Unaudited)	2023 53 weeks £m (Audited)
Profit/(loss) for the period		**81**	32	(4)
Items that will not be reclassified subsequently to profit or loss:				
Unrealised loss on revaluation of the property portfolio		**-**	-	(76)
Remeasurement of pension liabilities	11	**1**	36	42
Tax relating to items not reclassified	6	**-**	(9)	5
		1	27	(29)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		**-**	-	(1)
Cash flow hedges:				
- Losses arising during the period		**(18)**	(46)	(9)
- Reclassification adjustments for items included in profit or loss		**3**	29	30
Tax relating to items that may be reclassified	6	**4**	4	(5)
		(11)	(13)	15
Other comprehensive (expense)/income after tax		**(10)**	14	(14)
Total comprehensive income/(expense) for the period		**71**	46	(18)

GROUP CONDENSED BALANCE SHEET

13 April 2024

	Notes	**2024 13 April £m (Unaudited)**	2023 8 April £m (Unaudited)	2023 30 September £m (Audited)
ASSETS				
Goodwill and other intangible assets	8	**16**	15	17
Property, plant and equipment	8	**4,114**	4,235	4,086
Right-of-use assets	9	**316**	338	327
Interests in associates		**-**	7	-
Finance lease receivables		**11**	12	11
Other receivables	11	**12**	25	47
Deferred tax asset		**4**	4	4
Derivative financial instruments	12	**28**	32	33
Total non-current assets		**4,501**	4,668	4,525
Inventories		**27**	27	25
Trade and other receivables		**92**	88	123
Finance lease receivables		**1**	1	1
Derivative financial instruments	12	**2**	4	2
Cash and cash equivalents	10	**194**	180	126
Total current assets		**316**	300	227
Total assets		**4,817**	4,968	4,802
LIABILITIES				
Pension liabilities	11	**(1)**	(1)	(1)
Trade and other payables		**(489)**	(457)	(491)
Current tax liabilities		**(2)**	(1)	(2)
Borrowings	10	**(140)**	(156)	(144)
Lease liabilities	9	**(42)**	(44)	(33)
Derivative financial instruments	12	**-**	(8)	-
Total current liabilities		**(674)**	(667)	(671)
Pension liabilities	11	**(22)**	(23)	(21)
Borrowings	10	**(1,120)**	(1,252)	(1,186)
Lease liabilities	9	**(407)**	(423)	(430)
Derivative financial instruments	12	**(21)**	(36)	(7)
Deferred tax liabilities		**(363)**	(365)	(348)
Provisions		**(9)**	(10)	(9)
Total non-current liabilities		**(1,942)**	(2,109)	(2,001)
Total liabilities		**(2,616)**	(2,776)	(2,672)
Net assets		**2,201**	2,192	2,130
EQUITY				
Called up share capital		**51**	51	51
Share premium account		**357**	357	357
Capital redemption reserve		**3**	3	3
Revaluation reserve		**951**	1,009	951
Own shares held		**(5)**	(5)	(5)
Hedging reserve		**(15)**	(33)	(4)
Translation reserve		**14**	15	14
Retained earnings		**845**	795	763
Total equity		**2,201**	2,192	2,130

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
for the 28 weeks ended 13 April 2024

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Own shares held £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	**Total equity £m**
At 24 September 2022 (Audited)	**51**	**357**	**3**	**1,009**	**(5)**	**(20)**	**15**	**733**	**2,143**
Profit for the period	-	-	-	-	-	-	-	32	32
Other comprehensive income	-	-	-	-	-	(13)	-	27	14
Total comprehensive income	-	-	-	-	-	(13)	-	59	46
Credit in respect of share-based payments	-	-	-	-	-	-	-	3	3
At 8 April 2023 (Unaudited)	**51**	**357**	**3**	**1,009**	**(5)**	**(33)**	**15**	**795**	**2,192**
Loss for the period	-	-	-	-	-	-	-	(36)	(36)
Other comprehensive (expense)/income	-	-	-	(58)	-	29	(1)	2	(28)
Total comprehensive (expense)/income	-	-	-	(58)	-	29	(1)	(34)	(64)
Credit in respect of share-based payments	-	-	-	-	-	-	-	2	2
At 30 September 2023 (Audited)	**51**	**357**	**3**	**951**	**(5)**	**(4)**	**14**	**763**	**2,130**
Profit for the period	-	-	-	-	-	-	-	81	**81**
Other comprehensive (expense)/income	-	-	-	-	-	(11)	-	1	**(10)**
Total comprehensive (expense)/income	-	-	-	-	-	(11)	-	82	**71**
Purchase of own shares	-	-	-	-	(3)	-	-	-	**(3)**
Release of own shares	-	-	-	-	3	-	-	(3)	-
Credit in respect of share-based payments	-	-	-	-	-	-	-	3	**3**
At 13 April 2024 (Unaudited)	**51**	**357**	**3**	**951**	**(5)**	**(15)**	**14**	**845**	**2,201**

GROUP CONDENSED CASH FLOW STATEMENT
for the 28 weeks ended 13 April 2024

	Notes	**2024 28 weeks £m (Unaudited)**	2023 28 weeks £m (Unaudited)	2023 53 weeks £m (Audited)
Cash flow from operations				
Operating profit		**164**	99	98
Add back/(deduct):				
Movement in the valuation of the property portfolio		-	-	131
Net profit arising on property disposals		-	-	(3)
Loss on disposal of fixtures, fittings and equipment		-	-	2
Depreciation of property, plant and equipment	8	**49**	49	93
Amortisation of intangibles		**2**	2	4
Depreciation of right-of-use assets	9	**18**	18	36
Cost charged in respect of share-based payments		**3**	3	5
Administrative pension costs	11	**2**	2	5
Share of assoicates results		-	(1)	(1)
Settlement of pre existing lease contracts		-	-	3
Fair value gain on associate		-	-	(5)
Operating cash flow before movements in working capital and pension contributions		**238**	172	368
Increase in inventories		**(2)**	(4)	(2)
Decrease/(increase) in trade and other receivables		**50**	1	(42)
Increase in trade and other payables		**14**	30	44
Decrease in provisions		-	-	(1)
Pension contributions	11	**(1)**	(7)	(8)
Cash flow from operations		**299**	192	359
Interest payments		**(50)**	(44)	(95)
Interest receipts/(payments) on interest rate swap		**2**	(6)	(7)
Interest receipts on cross currency swap		**4**	3	7
Interest payments on cross currency swap		**(3)**	(2)	(4)
Other interest paid – lease liabilities		**(8)**	(11)	(16)
Borrowing facility fees paid		-	-	(2)
Interest received		**5**	3	9
Tax paid		**(8)**	-	(3)
Net cash from operating activities		**241**	135	248
Investing activities				
Acquisition of 3Sixty Restaurants Ltd		**-**	-	(17)
Cash acquired on acquisition of 3Sixty Restaurants Ltd		**-**	-	5
Purchases of property, plant and equipment		**(80)**	(95)	(154)
Purchases of intangible assets		**(1)**	(3)	(3)
Net proceeds from sale of property, plant and equipment		-	(1)	3
Finance lease principal repayments received		**1**	1	1
Net cash used in investing activities		**(80)**	(98)	(165)
Financing activities				
Purchase of own shares		**(3)**	-	-
Repayment of principal in respect of securitised debt	10	**(64)**	(60)	(121)
Principal receipts on currency swap	10	**11**	11	21
Principal payments on currency swap	10	**(8)**	(8)	(16)
Cash payments for the principal portion of lease liabilities		**(21)**	(27)	(53)
Net cash used in financing activities		**(85)**	(84)	(169)
Net increase/(decrease) in cash and cash equivalents	10	**76**	(47)	(86)
Cash and cash equivalents at the beginning of the period	10	**103**	190	190
Foreign exchange movements on cash		-	(1)	(1)
Cash and cash equivalents at the end of the period	10	**179**	142	103

Cash and cash equivalents are defined in note 10

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Basis of preparation
Mitchells & Butlers Plc (the Company) is a company domiciled in the UK. These condensed consolidated interim financial statements (interim financial statements) as at and for the 28 weeks ended 13 April 2024 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in the hospitality industry providing guests with memorable occasions serving food and drink across a range of restaurants, pubs and bars.

This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted within the United Kingdom and should be read in conjunction with the Group's last annual consolidated financial statements as at 30 September 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's board of Directors on 21 May 2024

The information for the 53 weeks ended 30 September 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and has been prepared in accordance with IFRS as adopted within the United Kingdom. The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

This interim financial information has not been audited or reviewed by the auditor under the International Standard on Review Engagements (UK) 2410.

Going concern

The Directors have adopted the going concern basis in preparing these financial statements after assessing the impact of identified principal risks and their possible adverse impact on financial performance, specifically revenue and cashflows throughout the going concern period, being 12 months from the date of signing of these financial statements.

The Group has two main sources of funding. Namely, a secured debt financing structure and a £200m unsecured revolving credit facility due to expire in July 2026.

Within the secured debt financing structure there are two main covenants: the level of net worth (being the net asset value of the securitisation group) and FCF to DSCR. As at 13 April 2024 there was substantial headroom on the net worth covenant. FCF to DSCR represents the multiple of Free Cash Flow (being EBITDA less tax and required capital maintenance expenditure) generated by sites within the structure to the cost of debt service (being the repayment of principal, net interest charges and associated fees). This is tested quarterly on both a trailing two quarter and a four quarter basis with a minimum level of 1.1 times.

The unsecured facility includes financial covenants relating to the ratio of EBITDAR to rent plus interest (at a minimum of 1.25 times) and Net debt to EBITDA (to be no more than 3.0 times) based on the performance of the unsecured estate, tested at each Half Year and Full Year date. Unsecured facilities expire in July 2026, beyond the going concern assessment period.

In the year ahead the main uncertainties are considered to be the maintenance of growth in sales and the rate of overall cost inflation. Despite recent reductions in cost inflation (particularly utilities, which have experienced deflation) the outlook for both of these remains uncertain and will depend on a number of factors including consumer spending power and confidence, global political developments and supply chain disruptions and government policy.

1. GENERAL INFORMATION (CONTINUED)

Going concern (continued)

The Directors have reviewed the financing arrangements against a forward trading forecast in which they have considered the Group's current financial position. This forecast assumes further growth in sales and that cost inflation remains moderated at close to current levels. Under this scenario the Group is able to stay within all committed facility financial covenants, with good levels of headroom, and maintains sufficient liquidity throughout.

The Directors have also considered a severe but plausible downside scenario covering adverse movements against the base forward forecast in both sales and cost inflation in which some, but limited, mitigation activity is taken. In this downside scenario the Group also retains sufficient liquidity throughout the period, and no covenants are breached with reasonable headroom maintained throughout the review period.

After due consideration of these factors, the Directors believe that they have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the 12 months from the date of approval of these condensed financial statements, and therefore continue to adopt the going concern assumption in their preparation.

Accounting policies

The interim financial information has been prepared on a consistent basis using the accounting policies set out in the Annual Report and Accounts 2023.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense.

Estimates and judgements are periodically reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Details of the Group's critical accounting judgements and estimates are described within the relevant accounting policies set out in the Annual Report and Accounts 2023. Judgements and estimates for the interim period remain unchanged.

2. SEGMENTAL ANALYSIS

The Group trades in one business segment (that of operating pubs, bars and restaurants). The Group's brands meet the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments and as such the Group reports the business as one reportable segment.

3. REVENUE

Revenue is analysed as follows:	**2024 28 weeks £m**	2023 28 weeks £m	2023 53 weeks £m
Food	**751**	681	1,323
Drink	**597**	557	1,092
Services	**48**	43	87
Other – Apprenticeship incentives	**-**	1	1
Total	**1,396**	1,282	2,503

Revenue from services includes rent receivable from unlicensed properties and leased operations of £5m (2023 28 weeks £5m, 2023 53 weeks £9m).

Government grants

Apprenticeship incentives

The Group is entitled to claim £1,000 for each apprentice employed, where they are aged 16 to 18, or under 25 and meet certain other criteria. In prior periods, as part of its response to the Covid-19 pandemic, the UK Government introduced a scheme to enable an employer to receive up to an additional £3,000 per apprentice, where the apprentice commenced employment between 1 August 2020 and 31 January 2022. The payment is phased with amounts due in equal instalments at 90 days and 365 days after employment commenced and is recognised on receipt of cash.

4. SEPARATELY DISCLOSED ITEMS

In addition to presenting information on an IFRS basis, the Group also presents adjusted profit and earnings per share information that excludes separately disclosed items and the impact of any associated tax. Adjusted profitability measures are presented excluding separately disclosed items as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next. Adjusted profit and earnings per share information is used by management to monitor business performance against both shorter-term budgets and forecasts but also against the Group's longer-term strategic plans.

Judgement is used to determine those items which should be separately disclosed. This judgement includes assessment of whether an item is of sufficient size or of a nature that is not consistent with normal trading activities.

There are no separately disclosed items in the current period. In the prior period separately disclosed items include movements in the valuation of the property portfolio as a result of the revaluation exercise of property, plant and equipment; impairment reviews of short leasehold and unlicensed properties, right-of-use assets and goodwill; VAT refund in relation to gaming machine income; and costs associated with acquisitions.

	Notes	**2024 28 weeks £m**	2023 28 weeks £m	2023 53 weeks £m
Gaming machine settlement	a	**-**	(1)	(1)
Fair value adjustment to investment in 3Sixty Restaurants Ltd	b	**-**	-	5
Settlement of pre existing lease contracts on the acquisition of 3Sixty Restaurants Ltd	c	**-**	-	(3)
Costs associated with the acquisition of 3Sixty Restaurants Ltd	d	**-**	-	(1)
Total separately disclosed items recognised within operating costs		**-**	(1)	-
Net profit arising on property disposals		**-**	-	3
Movement in the valuation of the property portfolio:				
- Impairment charge arising from the revaluation of freehold and long leasehold properties	e	**-**	-	(110)
- Impairment of short leasehold and unlicensed properties	f	**-**	-	(6)
- Impairment of right-of-use assets	g	**-**	-	(14)
- Impairment of goodwill	h	**-**	-	(1)
Net movement in the valuation of the property portfolio		**-**	-	(131)
Total separately disclosed items before tax		**-**	(1)	(128)
Tax relating to the above items		**-**	-	28
Total separately disclosed items after tax		**-**	(1)	(100)

4. SEPARATELY DISCLOSED ITEMS (CONTINUED)

Separately disclosed items are as follows:

a During the prior period £19m was received from HMRC, relating to VAT on gaming machine income for the period 2005 to 2012, including interest. An estimate of £20m for the amount receivable was recognised in the 52 weeks ended 25 September 2021. As a result, the excess of £1m was recognised in the prior period.

b. During the prior period, the Group acquired the remaining 60% of share capital of 3Sixty Restaurants Limited, after having a 40% interest since April 2018. As a result of this acquisition achieved in stages, the Group applied the principles of IFRS 3 and remeasured the 40% interest to fair value at acquisition.

c. As a result of the acquisition of 3Sixty Restaurants Limited, a loss was recognised at acquisition for the settlement of pre-existing lease contracts, due to the terms of the contracts being below market terms.

d. Relates to integration costs, restructuring costs and legal and professional fees incurred in the acquisition of 3Sixty Restaurants Limited on 18 June 2023.

e. The impairment arising from the Group's revaluation of its freehold and long leasehold pub estate comprises an impairment charge, where the carrying values of the properties exceed their recoverable amount, net of a revaluation surplus that reverses past impairments.

f. Impairment of short leasehold and unlicensed properties where their carrying values exceeded their recoverable amounts, net of reversals of past impairments.

g. Impairment of right-of-use assets where their carrying values exceeded their recoverable amounts, net of reversals of past impairments.

h. Impairment of goodwill where the carrying value exceeded the recoverable amount.

5. FINANCE COSTS AND INCOME

	2024 28 weeks £m	2023 28 weeks £m	2023 53 weeks £m
Finance costs			
Interest on securitised debt	**(44)**	(48)	(89)
Interest on other borrowings	**(7)**	(3)	(11)
Interest on lease liabilities	**(9)**	(9)	(16)
Total finance costs	**(60)**	(60)	(116)
Finance income			
Interest receivable on cash balances	**5**	2	8
Net pensions finance charge (note 11)	**(1)**	(1)	(3)

6. TAXATION

The taxation charge for the 28 weeks ended 13 April 2024 has been calculated by applying an estimate of the annual effective tax rate before separately disclosed items of 25.4% (2023 28 weeks, 18.4%). The annual effective rate is slightly above the UK statutory rate of 25% largely due to profits arising and taxed in Germany, which has a higher statutory tax rate. The effective rate has increased significantly since the prior year, due to the increased UK tax rate of 25% (compared to the blended rate of 22% that applied in FY23) and the cessation of the enhanced 'super-deduction' for capital expenditure, which gave a permanent benefit in the prior period.

Tax charge in the income statement	**2024 28 weeks £m**	2023 28 weeks £m	2023 53 weeks £m
Current tax:			
- Corporation tax	**(8)**	(2)	(5)
Total current tax charge	**(8)**	(2)	(5)
Deferred tax:			
- Origination and reversal of temporary differences	**(19)**	(8)	11
- Effect of changes in UK tax rate	**-**	2	3
Total deferred tax (charge)/credit	**(19)**	(6)	14
Total tax (charge)/credit in the income statement	**(27)**	(8)	9
Further analysed as tax relating to:			
Profit before separately disclosed items	**(27)**	(8)	(19)
Separately disclosed items	**-**	-	28
	(27)	(8)	9

Tax relating to items recognised in other comprehensive income/(expense)	**2024 28 weeks £m**	2023 28 weeks £m	2023 53 weeks £m
Deferred tax:			
Items that will not be reclassified subsequently to profit or loss:			
- Unrealised losses due to revaluations – revaluation reserve	**-**	-	18
- Unrealised gains due to revaluations – retained earnings	**-**	-	(4)
- Remeasurement of pension liabilities	**-**	(9)	(9)
	-	(9)	5
Items that may be reclassified subsequently to profit or loss:			
- Cash flow hedges	**4**	4	(5)
Total tax credit/(charge) recognised in other comprehensive income	**4**	(5)	-

The Finance Act 2021 increased the main rate of corporation tax from 19% to 25% from 1 April 2023. The effect of this change was reflected in the closing deferred tax balances at 30 September 2023 and 8 April 2023.

7. EARNINGS PER SHARE

Basic earnings per share (EPS) has been calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the period, excluding own shares held by employee share trusts.

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

Adjusted earnings per ordinary share amounts are presented before separately disclosed items (see note 4) in order to allow a better understanding of the adjusted trading performance of the Group.

The profit used for the earnings per share calculations is as follows:

	2024 28 weeks £m	2023 28 weeks £m	2023 53 weeks £m
Profit/(loss) for the period	**81**	32	(4)
Separately disclosed items net of tax	**-**	1	100
Adjusted profit for the period	**81**	33	96

The number of shares used for the earnings per share calculations are as follows:

	2024 28 weeks Million	2023 28 weeks million	2023 53 weeks million
Basic weighted average number of ordinary shares	**596**	595	595
Effect of dilutive potential ordinary shares:			
- Contingently issuable shares	**4**	1	-
Diluted weighted average number of shares	**600**	596	595

At 13 April 2024, 4,629,922 (2023 28 weeks 4,868,022, 2023 53 weeks 7,323,559) share options were outstanding that could potentially dilute basic EPS in the future but were not included in the calculation of diluted EPS as they are anti-dilutive for the periods presented.

	2024 28 weeks pence	2023 28 weeks pence	2023 53 weeks Pence
Basic earnings per share			
Basic earnings/(loss) per share	**13.6**	5.4	(0.7)
Separately disclosed items net of tax per share	**-**	0.1	16.8
Adjusted basic earnings per share	**13.6**	5.5	16.1
Diluted earnings per share			
Diluted earnings/(loss) per share	**13.5**	5.4	(0.7)
Adjusted diluted earnings per share	**13.5**	5.5	16.1

8. PROPERTY, PLANT AND EQUIPMENT

Net book value	**2024 13 April £m**	2023 8 April £m	2023 30 September £m
At beginning of period	**4,086**	4,194	4,194
Additions	**80**	90	151
Acquired through business combinations	**-**	-	29
Disposals	**(3)**	-	(3)
Net decrease from property revaluation	**-**	-	(186)
Impairment of short leasehold properties	**-**	-	(6)
Depreciation provided during the period	**(49)**	(49)	(93)
At end of period	**4,114**	4,235	4,086

Revaluation and impairment

The freehold and long leasehold licensed properties were valued at market value as at 30 September 2023, using information provided by CBRE, independent Chartered Surveyors. This valuation was based on an assessment of individual asset fair maintainable operating profit (FMOP) and property multiples. The Group has performed an assessment for material changes that would impact the value of its freehold and long leasehold properties at the interim date. The Group's profit performance is in line with forecast supporting the fair maintainable operating profit (FMOP) assessed at 30 September 2023 and the property multiples adopted at 30 September 2023 are supported by the current property market. As such there is no requirement to perform a revaluation at the interim date.

Short leasehold properties, unlicensed properties and fixtures, fittings and equipment are held at cost less depreciation and impairment provisions. During the current period, in accordance with IAS 36, the Group has performed an assessment for indicators of impairment of these categories of property, plant and equipment, together with right-of-use assets (note 9). This review included an assessment of current year performance against the overall Group forecast used in the impairment review at 30 September 2023, and long term growth rates and capital maintenance assumptions both of which are unchanged from the year end. In addition, our sensitivity analysis at FY23 year end showed that the impairment charge was relatively insensitive to likely movements in the discount rate (pre-tax WACC) of 11.00%. As such, there are not considered to be any indicators of impairment that would require the Group to perform a further review of impairment.

As a result of the above review, no revaluation or impairment has been recognised in the period (2023 28 weeks £nil, 2023 53 weeks revaluation decrease of £186m and short leasehold properties impairment of £6m).

Goodwill and other intangible assets

Goodwill and other intangible assets at 13 April 2024 of £16m (8 April 2023 £15m, 30 September 2023 £17m) comprise goodwill of £2m (8 April 2023 £2m, 30 September 2023 £2m), brands of £5m (8 April 2023 £nil, 30 September 2023 £5m) and computer software of £9m (8 April 2023 £13m, 30 September 2023 £10m).

Capital commitments

The total amount contracted for but not provided in the financial statements was £25m (8 April 2023 £14m, 30 September 2023 £12m).

9. LEASES

Right-of-use assets

Net book value	2024 13 April £m	2023 8 April £m	2023 30 September £m
At start of period	**327**	339	339
Acquired through business combinations	**-**	-	6
Additions	**13**	20	36
Impairment	**-**	-	(14)
Disposals[a]	**(5)**	(2)	(2)
Depreciation provided during the period	**(18)**	(18)	(36)
Foreign currency movements	**(1)**	(1)	(2)
At end of period	**316**	338	327

a. Disposals mainly relate to leasehold properties where the freehold has been purchased, and therefore, the right-of-use assets and corresponding lease liabilities (see note 10) have been disposed. The freehold purchases are reflected in property, plant and equipment additions (see note 8).

Impairment review of right-of-use assets
As described in note 8, the Group has reviewed its short leasehold properties and right-of-use assets for indicators of impairment at the interim date, and determined that there are no indicators that lead the Group to conclude that a further review of impairment is required.

Lease liabilities
An analysis of lease liabilities recognised are as follows:

	13 April 2024 £m	8 April 2023 £m	30 September 2023 £m
Current liabilities	**42**	44	33
Non current liabilities	**407**	423	430
Total lease liabilities	**449**	467	463

10. BORROWINGS AND NET DEBT

Borrowings

	13 April 2024 £m	8 April 2023 £m	30 September 2023 £m
Current			
Securitised debt	**127**	118	123
Unsecured revolving credit facilities	**(2)**	-	(2)
Overdraft	**15**	38	23
Total current	**140**	156	144
Non-current			
Securitised debt	**1,120**	1,252	1,186
Total borrowings	**1,260**	1,408	1,330

10. BORROWINGS AND NET DEBT (CONTINUED)

Net debt

	13 April 2024 £m	8 April 2023 £m	30 September 2023 £m
Cash and cash equivalents	**194**	180	126
Overdraft	**(15)**	(38)	(23)
Cash and cash equivalents as presented in the cashflow statement[a]	**179**	142	103
Securitised debt	**(1,247)**	(1,370)	(1,309)
Unsecured revolving credit facility	**2**	-	2
Derivatives hedging balance sheet debt[b]	**29**	35	34
Net debt excluding leases	**(1,037)**	(1,193)	(1,170)
Lease liabilities	**(449)**	(467)	(463)
Net debt including leases	**(1,486)**	(1,660)	(1,633)

a Cash and cash equivalents in the cash flow statement are presented net of an overdraft within a cash pooling arrangement, relating to various entities across the group.

b Represents the element of the fair value of currency swaps hedging the balance sheet value of the Group's US dollar denominated A3N loan notes. This amount is disclosed separately to remove the impact of exchange rate movements which are included in the securitised debt amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term highly liquid deposits with an original maturity at acquisition of three months or less. Cash held on deposit with an original maturity at acquisition of more than three months is disclosed as other cash deposits. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Net debt

Net debt comprises cash and cash equivalents, cash deposits net of borrowings and discounted lease liabilities. Net debt is presented on a constant currency basis, due to the inclusion of the fixed exchange rate component of the cross currency swap. Cash flows on the interest rate and cross currency swaps are shown within interest paid in the Group cash flow statement.

Securitised debt

On 13 November 2003, the Group refinanced its debt by raising £1,900m through a securitisation of the majority of its UK pubs and restaurants owned by Mitchells & Butlers Retail Limited. On 15 September 2006 the Group completed a further debt ('tap') issue to borrow an additional £655m and refinance £450m of existing debt at lower cost. The notes are secured on the majority of the Group's property and future income streams therefrom. All of the floating rate notes are hedged using interest rate swaps which fix the interest rate payable.

The overall cash interest rate payable on the loan notes is 6.3% (8 April 2023 6.3%, 30 September 2023 6.3%) after taking account of interest rate hedging and the cost of the financial guarantee provided by Ambac Assurance UK Limited (Ambac). Ambac acts as a guarantor of the Group's obligations to repay interest and principal on the loan notes. In the event that the Group is unable to pay such amounts the guarantee is limited to the Class A1N, A3N, A4 and Class AB note holders only.

The Class B1 fixed rate notes were fully repaid during the period in accordance with the amortisation profile of the Loan Notes.

10. BORROWINGS AND NET DEBT (CONTINUED)

Securitised debt (continued)

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. There are two main financial covenants, being the level of net assets and free cash flow (FCF) to debt service. FCF to debt service represents the multiple of cash generated by sites within the structure to the cost of debt service. This is tested quarterly on both a trailing two quarter and a four quarter basis. There are additional 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 2024, Mitchells & Butlers Retail Limited had cash and cash equivalents of £90m (8 April 2023 £81m, 30 September 2023 £54m). Of this amount £1m (8 April 2023 £1m, 30 September 2023 £4m), 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.

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

	13 April 2024 £m	8 April 2023 £m	30 September 2023 £m
Principal outstanding at beginning of period	**1,308**	1,448	1,448
Principal repaid during the period	**(64)**	(60)	(121)
Net principal receipts on cross currency swap	**3**	3	5
Exchange on translation of dollar loan notes	**(5)**	(24)	(24)
Principal outstanding at end of period	**1,242**	1,367	1,308
Deferred issue costs	**(2)**	(2)	(2)
Accrued interest	**7**	5	3
Carrying value at end of period	**1,247**	1,370	1,309

Liquidity facility

Under the terms of the securitisation, the Group holds a liquidity facility of £295m provided by two counterparties. The amount drawn at 13 April 2024 is £nil (8 April 2023 £nil, 30 September 2023 £nil).

Unsecured revolving credit facility

The Group holds an unsecured committed revolving credit facility of £200m, which expires on 20 July 2026. The amount drawn at 13 April 2024 is £nil, (8 April 2023 is £nil, 30 September 2023 £nil).

10. BORROWINGS AND NET DEBT (CONTINUED)

Movement in net debt excluding leases

	2024 28 weeks £m	2023 28 weeks £m	2023 53 weeks £m
Net increase/(decrease) in cash and cash equivalents	**76**	(47)	(86)
Add back cash flows in respect of other components of net debt:			
- Repayment of principal in respect of securitised debt	**64**	60	121
- Principal receipts on cross currency swap	**(11)**	(11)	(21)
- Principal payments on cross currency swap	**8**	8	16
Decrease in net debt arising from cash flows	**137**	10	30
Movement in capitalised debt issue costs net of accrued interest	**(4)**	(4)	(1)
Decrease in net debt excluding leases	**133**	6	29
Opening net debt excluding leases	**(1,170)**	(1,198)	(1,198)
Foreign exchange movements on cash	**-**	(1)	(1)
Closing net debt excluding leases	**(1,037)**	(1,193)	(1,170)

Movement in lease liabilities

	2024 28 weeks £m	2023 28 weeks £m	2023 53 weeks £m
Opening lease liabilities	**(463)**	(481)	(481)
Acquired through business combinations	**-**	-	(5)
Additions[a]	**(13)**	(19)	(35)
Interest charged during the period	**(9)**	(9)	(16)
Repayment of principal	**18**	27	53
Payment of interest	**12**	11	16
Disposals[b]	**5**	3	4
Foreign currency movements	**1**	1	1
Closing lease liabilities	**(449)**	(467)	(463)

a Additions to lease liabilities include new leases and lease extensions or rent reviews relating to existing leases.

b Disposals mainly relate to leasehold properties where the freehold has been purchased, and therefore, the right-of-use assets (see note 9) and corresponding lease liabilities have been disposed.

11. PENSIONS

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 section of the plans are now closed to future service accrual. The defined benefit liabilities relate to these funded plans, together with an unfunded unapproved pension arrangement (the Executive Top-Up Scheme, or MABETUS) in respect of certain MABEPP members. The assets of the plans are held in self-administered trust funds separate from the Company's assets.

In addition, Mitchells & Butlers plc also provides a workplace pension plan in line with the Workplace Pensions Reform Regulations. This automatically enrols all eligible workers into a Qualifying Workplace Pension Plan.

Measurement of scheme assets and liabilities

Buy-in policy transactions
During the prior period, the Trustees of the MABPP entered a Bulk Purchase Agreement (BPA) with Standard Life. The resulting policies were set up to provide the plan with sufficient funding to cover the majority of known member benefits of the scheme, leaving c.£27m of uninsured benefits which the Trustees will meet using the remaining Plan assets.

During the 52 weeks ended 24 September 2022, the Trustees of the MABEPP entered a Bulk Purchase Agreement (BPA) with Legal and General Assurance Society Limited. The resulting policy is set up to provide the plan with sufficient funding to cover all known member benefits of the scheme.

The difference between the buy-in purchase price and the defined benefit obligations covered by the policies was accounted for in other comprehensive income. The accounting treatment was based on the following considerations made by the Company:

- the employer is not relieved of primary responsibility for the obligations. The 2 separate policies simply cover the benefit payments that continue to be payable by the schemes;
- the contracts are effectively investments of the schemes; and
- the contracts provide the option to convert each annuity into individual policies, which would transfer the obligation of each scheme to the relevant insurer (known as a "buy-out"). Whilst this course of action may be considered separately for each scheme in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. The Trustee has not made a decision to move to buy-out, for either scheme.

Actuarial valuation
The actuarial valuations used for IAS 19 (revised) purposes are based on the results of the latest full actuarial valuation carried out at 31 March 2022 and updated by the schemes' independent qualified actuaries to 13 April 2024. Schemes' assets are stated at market value at 13 April 2024 and the liabilities of the schemes have been assessed as at the same date using the projected unit method. IAS 19 (revised) requires that the schemes' liabilities are discounted using market yields at the end of the period on high quality corporate bonds.

The principal financial assumptions used at the balance sheet date have been updated to reflect changes in market conditions in the period. The key assumptions used at the balance sheet date are Discount Rate of 5.1% (8 April 2023 4.8%, 30 September 2023 5.7%); Pensions Increases (RPI max 5%) of 3.0% (8 April 2023 2.9%, 30 September 2023 3.1%); and Inflation (RPI) of 3.2% (8 April 2023 3.2%, 30 September 2023 3.3%). The mortality assumptions remain unchanged from the last financial year end.

Minimum funding requirements
The results of the 2022 actuarial valuation show a marginal surplus and, subsequent to this, buy-in transactions for both MABPP and MABEPP were completed in prior periods. As a result, payments for both schemes were made into Blocked Accounts with amounts paid recognised as other receivables.

For the MABEPP, payments into the Blocked Account were suspended from December 2022. For the MABPP, payments ended in September 2023. In the current period the full amount within the MABPP Blocked Account of £35m has been repaid to the company.

11. PENSIONS (CONTINUED)

A total of £12m in the blocked escrow account in respect of the MABEPP scheme is recognised in non-current other receivables.

Amounts recognised in respect of pension schemes

The net actuarial surplus in the schemes at the balance sheet date totalled £127m (8 April 2023 £323m, 30 September 2023 £121m). Under IFRIC 14, an additional liability is recognised to offset any actuarial surpluses in the schemes as the Company does not have an unconditional right to a refund of the surplus. The additional liabilities recognised due to this asset ceiling totalled £150m (8 April 2023 £347m, 30 September 2023 £143m).

The resulting net pension liability as at 13 April 2024 of £23m (8 April 2023 £24m, 30 September 2023 £22m) relates soley to the MABETUS plan. The total pension liabilities of £23m is presented as £1m current liabilities (8 April 2023 £1m, 30 September 2023 £1m) and £22m non-current liabilities (8 April 2023 £23m, 30 September 2023 £21m).

Group balance sheet	**2024** **13 April** **£m**	2023 8 April £m	2023 30 September £m
Fair value of scheme's assets	**1,516**	1,787	1,434
Present value of scheme's liabilities	**(1,389)**	(1,464)	(1,313)
Actuarial surplus in the schemes	**127**	323	121
Additional liabilities recognised due to asset ceiling/minimum funding	**(150)**	(347)	(143)
Total pension liabilities[a]	**(23)**	(24)	(22)
Associated deferred tax asset	**6**	6	5

12. FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments
The table below sets out the valuation basis of financial instruments held at fair value by the Group:

	13 April **2024** **£m**	8 April 2023 £m	30 September 2023 £m
Financial assets:			
Currency swaps*	**30**	35	35
Share options**	**-**	1	-
Financial liabilities:			
Interest rate swaps*	**(21)**	(44)	(7)
	9	(8)	28

* Level 2 instruments using inputs, other than quoted prices, that are observable either directly or indirectly
** Level 3 instruments using inputs that are unobservable.

The fair value of interest rate and currency swaps is the estimated amount which the Group could expect to pay or receive on termination of the agreements. These amounts are based on quotations from counterparties which approximate to their fair market value and take into consideration interest and exchange rates prevailing at the balance sheet date.

12. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial assets and liabilities

Borrowings have been valued as level 1 financial instruments as the various tranches of the securitised debt have been valued using period end quoted offer prices. As the securitised debt is traded on an active market, the market value represents the fair value of this debt. The current value of the overdraft represents its fair value. The carrying value and fair value of borrowings is as follows:

	13 April 2024		8 April 2023		30 September 2023	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Borrowings (note 10)	**(1,260)**	(1,114)	(1,408)	(1,194)	(1,330)	(1,162)

All other financial assets and liabilities are either short-term in nature or their book values approximate to fair values.

13. RELATED PARTY TRANSACTIONS

The Group has held a number of property lease agreements with its associate companies, 3Sixty Restaurants Limited and Fatboy Pub Company Limited. 3Sixty Restaurants Limited was acquired during the prior period and from 18 April 2023 was treated as a subsidiary under the control of the group. Disclosures below for 3Sixty Restaurants Limited relate to the period up to 18 April 2023 only.

The Group has entered into the following transactions with the associates:

	3Sixty Restaurants Limited			Fatboy Pub Company Limited		
	2024 28 weeks £000	2023 28 weeks £000	2023 53 weeks £000	**2024 28 weeks £000**	2023 28 weeks £000	2023 53 weeks £000
Rent charged	**-**	640	640	**50**	50	100
Sales of goods and services	**-**	400	419	**9**	2	4
	-	1,040	1,059	**59**	52	104

The balance due from Fatboy Pub Company at 13 April 2024 was £5,000 (8 April 2023 £1,000, 30 September 2023 £10,000), net of a provision of £179,000 (8 April 2023 £179,000, 30 September 2023 £179,000).

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

14. POST BALANCE SHEET EVENTS

Acquisition of Pesto Restaurants Ltd

On 14 May 2024 the Group acquired the entire share capital of Pesto Restaurants Ltd, a group of 10 restaurants based in the UK, for consideration which will be determined over two payments and partly contingent on future performance of the business but will be no more than £15m.

Alternative Performance Measures

The performance of the Group is assessed using a number of Alternative Performance Measures (APMs).

The Group's results are presented both before and after separately disclosed items. Adjusted profit measures are presented excluding separately disclosed items as we believe this provides both management and investors with useful additional information about the Group's performance and supports an effective comparison of the Group's trading performance from one period to the next. Adjusted profit measures are reconciled to unadjusted IFRS results on the face of the condensed income statement with details of separately disclosed items provided in note 4.

The Group's results are also described using other measures that are not defined under IFRS and are therefore considered to be APMs. These APMs are used by management to monitor business performance against both shorter term budgets and forecasts but also against the Group's longer-term strategic plans.

APMs used to explain and monitor Group performance include:

APM	Definition	Source
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Group condensed income statement
Adjusted EBITDA	Annualised EBITDA on a 52-week basis before separately disclosed items is used to calculate net debt to EBITDA.	Group condensed income statement
Operating profit	Earnings before interest and tax.	Group condensed income statement
Adjusted operating profit	Operating profit before separately disclosed items.	Group condensed income statement
Like-for-like sales growth	Like-for-like sales growth reflects the sales performance against the comparable period in the prior year of UK managed pubs, bars and restaurants that were trading in the two periods being compared, unless marketed for disposal.	Group condensed income statement
Adjusted earnings per share (EPS)	Earnings per share using profit before separately disclosed items.	Note 7
Net debt	Net debt comprises cash and cash equivalents, cash deposits net of borrowings and discounted lease liabilities. Presented on a constant currency basis due to the inclusion of the fixed exchange rate component of the cross-currency swap.	Note 10
Net debt : Adjusted EBITDA	The multiple of net debt including lease liabilities, as per the balance sheet compared against 52-week EBITDA before separately disclosed items, which is a widely used leverage measure in the industry.	Note 10 Group condensed income statement

A. Like-for-like sales

The sales this year compared to the sales in the previous year of all UK managed sites that were trading in the two periods being compared, expressed as a percentage. This widely used industry measure provides better insight into the trading performance than total revenue which is impacted by acquisitions and disposals.

	Source	2024 28 weeks £m	2023 28 weeks £m	Year-on-year %
Reported revenue	Condensed income statement	**1,395.6**	1,281.9	**8.9%**
Less non like-for-like sales and income		**(132.0)**	(100.6)	**31.2%**
Like-for-like sales		**1,263.8**	1,181.3	**7.0%**

Drink sales

	Source	2024 28 weeks £m	2023 28 weeks £m	Year-on-year %
Reported drink revenue	Note 3	**596.9**	556.5	**7.3%**
Less non like-for-like drink sales		**(48.0)**	(38.5)	
Drink like-for-like sales		**548.9**	518.0	**6.0%**

Food sales

	Source	2024 28 weeks £m	2023 28 weeks £m	Year-on-year %
Reported food revenue	Note 3	**750.9**	681.1	**10.2%**
Less non like-for-like food sales		**(74.2)**	(52.9)	
Food like-for-like sales		**676.7**	628.2	**7.7%**

Other sales

	Source	2024 28 weeks £m	2023 28 weeks £m	Year-on-year %
Reported other revenue	Note 3	**47.8**	44.3	**7.9%**
Less non like-for-like other sales		**(9.8)**	(9.2)	
Other like-for-like sales		**38.0**	35.1	**8.3%**

B. Adjusted operating profit

Operating profit before separately disclosed items as set out in the Group Condensed Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or nature. Excluding these items allows a more effective comparison of the Group's trading performance from one period to the next.

	Source	**2024 28 weeks £m**	2023 28 weeks £m	**Year-on -year %**
Operating profit	Condensed income statement	**164**	99	**65.7%**
Separately disclosed items	Note 4	**-**	1	
Adjusted operating profit		**164**	100	**64.0%**
Reported revenue	Condensed income statement	**1,396**	1,282	**8.9%**
Adjusted operating margin		**11.7%**	7.8%	**3.9bps**

C. Adjusted earnings per share

Earnings per share using profit before separately disclosed items. Separately disclosed items are those which are separately identified by virtue of their size or nature. Excluding these items allows a more effective comparison of the Group's trading performance from one period to the next.

	Source	**2024 28 weeks £m**	2023 28 weeks £m	**Year-on -year %**
Profit for the period	Condensed income statement	**81**	32	**153.1%**
Add back separately disclosed items	Note 4	**-**	1	
Adjusted profit		**81**	33	**145.5%**
Basic weighted average number of shares	Note 7	**596**	595	
Adjusted earnings per share		**13.6p**	5.5p	**147.3%**

D. Net Debt: Adjusted EBITDA

The multiple of net debt as per the balance sheet compared against 52-week EBITDA before separately disclosed items which is a widely used leverage measure in the industry. From FY 2020, leases are included in net debt following adoption of IFRS16. Adjusted EBITDA is used for this measure to prevent distortions in performance resulting from separately disclosed items.

	Source	**2024 28 weeks £m**	2023 28 weeks £m
Net debt	Note 10	**1,486**	1,660
Adjusted EBITDA H1	Group condensed income statement	**233**	169
Adjusted EBITDA prior year H2*		**183**	183
Adjusted 52-week EBITDA		**416**	352
Net debt : Adjusted EBITDA		**3.6**	4.7

**H2 measures are calculated from the income statement as the measure for the 52 weeks ended 30 September 2023, adjusted to remove the 53rd week, less the measure for the 28 weeks ended 8 April 2023*