MITCHELLS & BUTLERS PLC
LEI no: 213800JHYNDNB1NS2W10

27 November 2024

FULL YEAR RESULTS

(For the 52 weeks ended 28 September 2024)

Highlights
- Strong trading performance with like-for-like sales[a] growth of 5.3%
- Operating profit of £312m up 41.2% from prior year on a 52-week basis
- Strengthened operating margin of 12.0% (FY 2023 9.0%)
- Strong period of cash generation driving a £197m reduction in net debt including leases

Reported results (FY 2023 53 weeks)
- Total revenue of £2,610m (FY 2023 £2,503m)
- Operating profit of £300m (FY 2023 £98m)
- Profit/(loss) before tax of £199m (FY 2023 £(13)m)
- Basic earnings/(loss) per share of 25.0p (FY 2023 (0.7)p)

Trading results (FY 2023 on an adjusted 52-week basis for ease of comparison)
- Adjusted operating profit[a] £312m (FY 2023 £221m)
- Adjusted earnings per share[a] of 26.4p (FY 2023 15.6p)

Balance sheet and cash flow
- Cash inflow before bond amortisation of £185m (FY 2023 £30m)
- Net debt[a] reduced to £989m (FY 2023 £1,170m), excluding £447m of IFRS 16 lease liabilities (FY 2023 £463m)
- Pension schemes substantially de-risked with net surplus funding of £139m now recognised

Operational highlights
- Strong performances across all market segments
- Nearly 200 investment projects completed in the year yielding strong returns
- Record breaking team metrics demonstrating depth of engagement and talent

Current trading
- Strong start to FY 2025, like-for-like sales[a] of 4.0% in the first seven weeks

Phil Urban, Chief Executive, commented:

"We are delighted by the very strong performance during the year. Like-for-like sales[a] continued to outperform the market[b] which, coupled with easing inflationary costs and focus on efficiencies, has resulted in very strong profit recovery.

We face increased inflationary cost headwinds in the year ahead. However, we shall remain focused on our established Ignite programme of initiatives and our successful capital investment programme, to drive further cost efficiencies and increased sales. Coupled with our market-leading estate and customer offers, we are confident that this will enable us to further grow market share and secure continued 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: 778658 and at https://www.netroadshow.com/events/login?show=61f6fdbc&confId=71552 .
The slides will also be available on the website at www.mbplc.com.The replay will then be available at https://www.mbplc.com/fy2024/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, Ego Restaurants and Pesto. 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

Sales growth remained strong over FY 2024, with consistent market outperformance. As we move into FY 2025 we expect more normalised levels of sales growth as the inflationary environment eases. The current underlying run rate of like-for-like sales[a] growth, as measured across the first 7 weeks of the new financial year, is 4.0%.

Cost headwinds are now anticipated to total c.£100m this financial year, an increase of just over 5% on our current cost base. Against a benign backdrop of general inflation (including food and drink inputs) by far the most significant increase is now expected to be in relation to labour costs due both to increases in the statutory National Living Wage and in the recently announced increase in employer national insurance contributions, both of which take effect from April 2025. We anticipate that energy costs this year, of which just over one half have been bought forward, will broadly stabilise overall with no further deflation, as has been seen in FY 2024.

Notwithstanding future cost increases we feel that the business is in very good shape. Our balance sheet continues to strengthen, with reduced debt and a substantially de-risked pension surplus, and we expect to out-perform the market driving further profit growth in the year ahead.

BUSINESS REVIEW

Persistent inflation over the past two years has put pressure on the hospitality sector as while the worst of the pandemic-related disruptions have eased, rising costs in food supply chains, energy, and labour which followed have impacted margins. Looking forward costs in general are abating, with the notable exception of wages, which continue to rise sharply based on increases both in the statutory National Living Wage and the level of employer national insurance contributions. The resulting widespread and unavoidable increase in prices has made eating out a more considered choice for many households and the culmination of these pressures has been net closures of 1% in the year to June 2024[c]. Despite these pressures, Lumina reported sales growth in the pubs, bars and restaurants market of 1.5% in 2024, with managed groups outperforming and delivering growth of 2.9%. With positive indications of increasing disposable income in recent months as inflationary pressures on households ease[d] sales growth for the sector is expected to remain resilient in the year ahead with forecast growth for managed pubs, bars and restaurants of 2.6%, driven by price and spend per head with volumes anticipated to be in low single digit decline.

Against this backdrop total sales across the period were £2,610m reflecting 6.1% growth on FY 2023, on a 52-week basis. Like-for-like sales[a] increased by 5.3% with strong performances through the brand portfolio and continued out-performance against the market as a whole. Operating profit, after separately disclosed items, of £300m reflects a notable recovery from last year (FY 2023 £98m) built on this strong sales performance coupled with falling cost inflation. Adjusted operating profit[a] of £312m represents a £91m increase in profitability from last year, on a 52-week basis.

We made a very 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 then 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 strong through the second quarter particularly on key trading dates. 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%, benefitting from the movement of Easter forward from the third quarter in the prior year.

Over the third quarter like-for-like sales[a] grew by 3.4%, adversely impacted by the movement of Easter, the easing of the inflationary environment and a period of generally wet weather. In the fourth quarter sales grew by 3.4% having been negatively impacted by riots in city centres during August, as well as an unseasonably cool and wet summer.

Throughout the year we have consistently outperformed the market, as represented by the CGA Business tracker, by c.2ppts.

Overall cost inflation abated through the financial year. Whilst the recent level of statutory National Living Wage increases (effective in April each year) has been relatively high at approximately 10%, other costs have generally returned to more normalised levels and gas and electricity costs in particular have been in deflation. Strong and resilient sales growth combined with effective cost efficiency initiatives and abatement in overall cost inflation has driven a marked increase in profitability.

OUR STRATEGIC PRIORITIES

Our strategic pillars, which provide the foundation for our performance, remain consistent;

- Build a more balanced business
- Instil a commercial culture
- Drive an innovation agenda

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.

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. During the year we have successfully deployed 'My Account' across multiple brands, providing guests with a single platform to manage their bookings, orders, and offers. This has led to a notable rise in customer engagement, particularly among younger guests, and positions 'My Account' as a key platform for future interactions as customer behaviours evolve. In addition to digital solutions, we remain focused on delivering excellent guest experiences and equipping our managers with the skills to drive the sales of their businesses. A specific focus during the year has been enhancing dish availability, a key consideration in guest experience, using technology to more accurately forecast sales which inform orders and provide guidance to kitchen teams on the optimal volume of food to prepare to satisfy demand. 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.

Alongside driving sales, we have a range of initiatives focused on enhancing productivity and efficiency to help mitigate inflationary costs. Driving a reduction in our energy consumption remains a priority, both to improve efficiency and to support our sustainability objectives. During the year we achieved a further 2% reduction in overall energy usage, aided by investment voltage optimisers and solar panel roll-out. After a successful trial we are also now rolling out the use of remote control in-site energy monitoring systems. 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.

During the year we held a number of events, gathering different cohorts from various levels across the organisation, to generate fresh ideas for the next wave of Ignite initiatives to launch in FY 2025. These sessions successfully identified numerous new opportunity areas, as well as additional value to be realised through improving the effectiveness of existing work streams.

Our capital programme continues to deliver value through improving the competitive position of our pubs and restaurants within their local markets. Over the last year, we have completed 195 investment projects comprising 178 remodels, 11 conversions and 6 acquisitions. We are continuing to see strong performances from our investment projects, with remodel returns for projects completed in the year of 37%, and remain focused on re-establishing the target 7-year investment cycle which was interrupted by Covid-19.

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 existing 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. Pesto delivers an Italian tapas offer across its ten strong estate which is designed to create informal social and interactive experiences based on sharing with friends and family. Pesto compliments the Mediterranean theme of Ego and together they provide further diversification of the estate with a low meat offer which appeals to the health-conscious guest. The consideration payable for the business is partly contingent on its performance over the first year of trading under our ownership, but is not expected to be more than £15m.

PEOPLE

Our people are fundamental to the delivery of great experiences for our guests. As such we are delighted with the progress made across our people measures during the year, which reflects our continuous focus on engagement, recruitment and retention. Engagement scores have continued to improve across all employee groups with record scores in our most recent employee survey. Turnover has also continued to improve, reaching record lows of 64% (FY 2023 81%), meaning that we are retaining our talent, building more experienced teams, and reducing the cost associated with the induction and training process. In addition, our internal succession rates have increased with 61% of General Manager positions filled internally (FY 2023 53%), reflecting our commitment to team member progression and development.

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. We remain committed to delivering high quality apprenticeship opportunities both to new starters and existing employees and welcomed over 1,600 new joiners to the programme this financial year. We are particularly proud of our culinary apprenticeships, which continue to receive excellent feedback from learners, providing 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
  Progress: During the year we reduced our emissions by 14% from our 2019 baseline year, a year-on-year improvement of 3 ppts. Scope 1 & 2 emissions reduced from the baseline by 18% (FY 2023 13%) driven primarily by the energy consumption reduction initiatives, and the systematic removal of gas from the estate. In the year we have made good progress in our efforts to reduce gas as an energy source with 60 electrified kitchens, and five sites where gas has been fully removed, and replaced by air source heat pumps as an alternative for heating. We have plans to considerably expand this programme in FY 2025. Scope 3 emissions reduced by 14% with significant progress made in the reduction of emissions associated to the products we buy, including food, as well as transport emissions in our supply chain.

- Zero operational waste to landfill by 2030
  Progress: We now divert over 98% of waste from landfill and are confident of achieving our target ahead of 2030. In addition, we have maintained recycling rates at 59% with enhanced segregation and a focus on engagement and behaviour change in sites.

- 50% reduction in food waste by 2030
  Progress: We have successfully reduced our food waste by 23% from our 2019 baseline, with progress both in sites and in the supply chain. We are focused on operational practices to reduce waste, and have effective partnerships in place with Fareshare and Too Good To Go to redistribute unavoidable surplus food.

Our sustainability strategy also 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 26 people from their academy. This year we funded the establishment of a new role within Social Bite, focused solely on placing people impacted by homelessness into Mitchells and Butlers roles and supporting them for the first year of employment. 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/(loss) before tax for the financial year was £199m (FY 2023 £(13)m), on sales of £2,610m (FY 2023 £2,503m).

The Group Income Statement discloses adjusted profit and earnings per share information that excludes separately disclosed items, determined 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.

Last year, FY 2023, was a 53-week reporting period therefore 52-week results are additionally disclosed for year-on-year comparison purposes.

	Statutory (FY 2023 53 week)		**Adjusted[a] (FY 2023 52 week)**	
	FY 2024 £m	**FY 2023 £m**	**FY 2024 £m**	**FY 2023 £m**
Revenue	2,610	2,503	2,610	2,459
Operating profit	300	98	312	221
Profit before tax	199	(13)	211	112
Earnings per share	25.0p	(0.7p)	26.4p	15.6p
Operating margin	11.5%	3.9%	12.0%	9.0%

At the end of the period, the total estate comprised 1,726 sites in the UK and Germany of which 1,654 are directly managed.

Revenue

Total revenue of £2,610m (FY 2023 £2,503m) reflects a strong period of trading driven by sustained like-for-like sales[a] growth.

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. Over the second half like-for-like sales growth was impacted, as expected, by the easing inflationary environment as well as an unseasonably wet and cool summer and riots in some city centres during August. Volumes of food and drink were in decline of c.1.5% across the year.

The current underlying rate of growth of like-for-like sales[a], as measured over the first 7 weeks of the new financial period, is 4.0%. The subsequent week was adversely impacted by comparison against Black Friday promotional activity last year, a timing difference that reverses a week later, resulting in growth over the first 8 weeks being 2.7%.

Like-for-like sales[a]:

	Weeks 1–15 Q1	**Weeks 16–28 Q2**	**Weeks 29-42 Q3**	**Weeks 43-52 Q4**	**Weeks 1-52 YTD**
Food	8.7%	6.6%	2.6%	2.6%	**5.3%**
Drink	6.6%	5.3%	4.0%	3.4%	**4.9%**
Total	**7.7%**	**6.1%**	**3.4%**	**3.4%**	**5.3%**

Total sales grew by 4.3% against last financial year and by 6.1% on a 52-week basis.

Separately disclosed items

Separately disclosed items are identified due to their nature or materiality to help the reader form a view of overall and adjusted trading.

Within the context of the overall valuation of the group's freehold and long leasehold land and buildings (as set out in Note 6 to the consolidated financial statements), a £14m reduction in value is recognised relating to valuation and impairment of properties, comprising a £4m increase in value arising from the revaluation of freehold and long leasehold sites, a £17m impairment of right-of-use assets and a £1m impairment of computer software. The £4m tax credit relates to these impairments.

Other separately disclosed items include a net profit arising on property disposals of £2m. Refer to Note 3 to the consolidated financial statements for comparative information.

Operating profit and margins[a]

Adjusted operating profit[a] was £312m (FY 2023 £221m), an increase of 41.2% on a 52-week basis. Adjusted operating margin of 12.0% was 3.0ppts higher than last year driven by strong like-for-like sales[a] growth, reduced cost inflation and operating efficiencies. Statutory operating profit was £300m (FY 2023 £98m) with statutory operating profit margin of 11.5% (FY 2023 3.9%).

The aggregate net cost headwind for the financial year was slightly less than 3% of our cost base of c.£2.0 billion, after some offset from deflation in energy prices. Looking forward, cost headwinds are now anticipated to increase to c.£100m for FY 2025, representing just over 5% on the cost base. Against a generally benign backdrop of general inflation (including food and drink inputs) by far the most significant increase is now expected in relation to labour costs due both to increases in the statutory National Living Wage and in the recently announced increase in employer national insurance contributions, both of which take place from April 2025. We anticipate that energy costs, of which just over one half have been bought forward, will broadly stabilise overall with no further deflation

Interest

Net finance costs of £99m (FY 2023 £108m) for the financial year were £9m lower than the same period last year. The net pensions finance charge was £2m (FY 2023 £3m). This is anticipated to be a credit of £7m this year, FY 2025, following recognition of the net surplus funding position across the schemes.

Earnings per share

Basic earnings (losses) per share, after the separately disclosed items described above, were 25.0p (FY 2023 earnings (0.7)p), with adjusted earnings per share[a] of 26.4p (FY 2023 15.6p on 52-week basis).

The basic weighted average number of shares in the period was 595m and the total number of shares issued at the balance sheet date was 598m.

Cash flow

	FY 2024	FY 202
	£m	**£m**
EBITDA before movements in the valuation of the property portfolio	444	362
Non-cash share-based payment and pension costs and other	10	6
Operating cash flow before movements in working capital and additional pension contributions	**454**	**368**
Working capital movement	15	(1)
Pension escrow return	35	-
Pension deficit contributions	(1)	(8)
Cash flow from operations	**503**	**359**
Capital expenditure	(154)	(157)
Acquisition of Pesto Restaurants Limited	(2)	-
Acquisition of 3Sixty Restaurants Limited	-	(17)
Cash acquired on acquisition of 3Sixty Restaurants Limited	-	5
Net finance lease principal payments	(40)	(52)
Interest on lease liabilities	(17)	(16)
Net interest paid	(82)	(90)
Tax	(18)	(3)
Purchase of own shares	(7)	-
Other	2	1
Net cash flow before bond amortisation	**185**	**30**
Mandatory bond amortisation	(123)	(116)
Net cash flow	62	(86)

This was a very strong period of cash generation. EBITDA, before movements in the valuation of the property portfolio increased sharply as a result of an improved trading performance to £444m, which converted to net cash inflow for the period before bond amortisation of £185m (FY 2023 £30m) helped by a number of non-recurring items in the form of the return of historic pensions contributions from escrow, use of tax losses and timing on working capital flows.

After all outgoings, including mandatory bond amortisation of £123m (including net impact of currency swaps), cash inflow was £62m (FY 2023 outflow £86m).

Capital expenditure

Capital expenditure of £154m (FY 2023 £157m, including £3m intangible assets) comprises £152m from the purchase of property, plant and equipment and £2m in relation to the purchase of intangible assets.

	FY 2024		FY 2023	
	£m	**#**	**£m**	**#**
Maintenance and infrastructure	**58**		**67**	
Remodels – refurbishment	69	170	65	127
Remodels – expansionary	2	8	4	7
Conversions	10	11	11	11
Acquisitions – freehold	12	4	9	4
Acquisitions – leasehold	3	2	1	2
Total return generating capital expenditure	**96**	**195**	**90**	**151**
Total capital expenditure	**154**		**157**	

Maintenance and infrastructure spend included investment of £9m towards our sustainability ambitions, such as solar panels and electrified kitchen equipment, as well as £4m towards digital and technological improvements. Maintenance and infrastructure spend was slightly lower than prior year due to reduced spend on IT infrastructure and hardware.

During the period we have made good progress on increasing the number of completed investment projects, and 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.

Four freehold sites were acquired in the year comprising new sites in York, Nunthorpe and Fitzrovia and the acquisition of the freehold of a site previously operated as leasehold in Edinburgh. Both of the leasehold acquisitions relate to new Alex sites in Germany.

Pensions

Both the main pensions schemes of the group are now substantially de-risked. The Main Plan completed a full scheme buy-in last year, and the Executive Plan most recently completed a full scheme buy-out late this year. No further employer contributions are therefore being made to either scheme. In 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 £12m, relating to the monies left in the Executive Plan escrow account, has been received after the balance sheet date.

One further scheme, remains. This is closed and unfunded and has estimated liabilities of £25m.

Over the course of the year agreement was reached to use any surplus arising in the Main Plan to pay for employer contributions in the defined contribution section of that Plan. As this is a change in the Trustee's agreed use of the surplus compared to prior years the full value of the surplus of £164m is now recognised in this year's accounts as an economic benefit to the company.

Net debt and facilities

On the back of a strong cash performance, net debt[a] at the period end reduced to £1,436m, comprised of £989m non-lease liabilities and lease liabilities of £447m (FY 2023 £1,633m comprised of £1,170m non-lease liabilities and lease liabilities of £463m). This represents a multiple of 3.2 times EBITDA over the last year including lease liabilities (2.2 times excluding these liabilities).

Further details of existing debt arrangements and an analysis of net debt can be found in Note 9 to the consolidated 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 to the consolidated financial statements.

Director's responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This responsibility statement was approved by the Board of Directors on 26 November 2024 and is signed on its behalf by:

Tim Jones
Chief Financial Officer
26 November 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.

c- CGA Hospitality Market Monitor, August 2024

d – Asda Income Tracker

Group income statement

For the 52 weeks ended 28 September 2024

	Notes	2024 52 weeks Before separately disclosed items £m	2024 52 weeks Separately disclosed items[a] £m	2024 52 weeks Total £m	2023 53 weeks Before separately disclosed items £m	2023 53 weeks Separately disclosed items[a] £m	2023 53 weeks Total £m
Revenue	2	2,610	-	2,610	2,503	-	2,503
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio		(2,168)	-	(2,168)	(2,145)	-	(2,145)
Share in associates' results		-	-	-	1	-	1
Net profit arising on property disposals	3	-	2	2	-	3	3
EBITDA[b] before movements in the valuation of the property portfolio		442	2	444	359	3	362
Depreciation, amortisation and movements in the valuation of the property portfolio	3	(130)	(14)	(144)	(133)	(131)	(264)
Operating profit/(loss)		312	(12)	300	226	(128)	98
Finance costs	10	(109)	-	(109)	(116)	-	(116)
Finance income	10	10	-	10	8	-	8
Net pensions finance charge	10, 11	(2)	-	(2)	(3)	-	(3)
Profit/(loss) before tax		211	(12)	199	115	(128)	(13)
Tax (charge)/credit	4	(54)	4	(50)	(19)	28	9
Profit/(loss) for the period		157	(8)	149	96	(100)	(4)
Earnings/(loss) per ordinary share							
Basic	5	26.4p		25.0p	16.1p		(0.7p)
Diluted	5	26.2p		24.8p	16.1p		(0.7p)

a. Separately disclosed items are explained and analysed in note 3.

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

All results relate to continuing operations.

Group statement of comprehensive income

For the 52 weeks ended 28 September 2024

	Notes	2024 52 weeks £m	2023 53 weeks £m
Profit/(Loss) for the period		149	(4)
Items that will not be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on revaluation of the property portfolio	6	254	(76)
Remeasurement of pension liability	11	166	42
Tax relating to items not reclassified	4	(116)	5
		304	(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		(34)	(9)
- Reclassification adjustments for items included in profit or loss		11	30
Tax relating to items that may be reclassified	4	6	(5)
		(17)	15
Other comprehensive income/(expense) after tax		287	(14)
Total comprehensive income/(expense) for the period		436	(18)

Group balance sheet

28 September 2024

	Notes	2024 £m	2023 £m
Assets			
Goodwill and other intangible assets		20	17
Property, plant and equipment	6, 8	4,419	4,086
Right-of-use assets	7, 8	307	327
Finance lease receivables		11	11
Other receivables	11	-	47
Pension surplus		164	-
Deferred tax asset		3	4
Derivative financial instruments		19	33
Total non-current assets		4,943	4,525
Inventories		27	25
Trade and other receivables		98	123
Finance lease receivables		1	1
Derivative financial instruments		-	2
Cash and cash equivalents	9	176	126
Total current assets		302	277
Total assets		5,245	4,802
Liabilities			
Pension liabilities	11	(1)	(1)
Trade and other payables		(482)	(491)
Current tax liabilities		(1)	(2)
Borrowings	9	(143)	(144)
Lease liabilities	7	(33)	(33)
Derivative financial instruments		(2)	-
Total current liabilities		(662)	(671)
Pension liabilities	11	(24)	(21)
Other payables	13	(8)	-
Borrowings	9	(1,041)	(1,186)
Lease liabilities	7	(414)	(430)
Derivative financial instruments		(27)	(7)
Deferred tax liabilities		(491)	(348)
Provisions		(12)	(9)
Total non-current liabilities		(2,017)	(2,001)
Total liabilities		(2,679)	(2,672)
Net assets		2,566	2,130
Equity			
Called up share capital	12	51	51
Share premium account	12	357	357
Capital redemption reserve		3	3
Revaluation reserve		1,143	951
Own shares held		(9)	(5)
Hedging reserve		(21)	(4)
Translation reserve		14	14
Retained earnings		1,028	763
Total equity		2,566	2,130

Group statement of changes in equity

For the 52 weeks ended 28 September 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	51	357	3	1,009	(5)	(20)	15	733	2,143
Loss for the period	-	-	-	-	-	-	-	(4)	(4)
Other comprehensive (expense)/income	-	-	-	(58)	-	16	(1)	29	(14)
Total comprehensive (expense)/income	-	-	-	(58)	-	16	(1)	25	(18)
Credit in respect of share-based payments	-	-	-	-	-	-	-	5	5
At 30 September 2023	51	357	3	951	(5)	(4)	14	763	2,130
Profit for the period	-	-	-	-	-	-	-	149	149
Other comprehensive income/(expense)	-	-	-	192	-	(17)	-	112	287
Total comprehensive income/(expense)	-	-	-	192	-	(17)	-	261	436
Purchase of shares	-	-	-	-	(7)	-	-	-	(7)
Release of shares	-	-	-	-	3	-	-	(3)	-
Credit in respect of share-based payments	-	-	-	-	-	-	-	6	6
Tax on share based payment	-	-	-	-	-	-	-	1	1
At 28 September 2024	51	357	3	1,143	(9)	(21)	14	1,028	2,566

Group cash flow statement

For the 52 weeks ended 28 September 2024

	Notes	2024 52 weeks £m	2023 53 weeks £m
Cash flow from operations			
Operating profit		300	98
Add back/(deduct):			
Movement in the valuation of the property portfolio	3	14	131
Net profit arising on property disposals	3	(2)	(3)
Loss on disposal of fixtures, fittings and equipment		-	2
Depreciation of property, plant and equipment	6	92	93
Amortisation of intangibles		4	4
Depreciation of right-of-use assets	7	34	36
Cost charged in respect of share-based payments		7	5
Administrative pension costs	11	5	5
Share of associates results		-	(1)
Settlement of pre existing lease contracts	13	-	3
Fair value gain on associate	13	-	(5)
Operating cash flow before movements in working capital and additional pension contributions		454	368
Increase in inventories		(1)	(2)
Decrease/(Increase) in trade and other receivables		44	(42)
Increase in trade and other payables		8	44
Decrease in provisions		(1)	(1)
Additional pension contributions	11	(1)	(8)
Cash flow from operations		503	359
Interest payments[a]		(96)	(95)
Interest receipts/(payments) on interest rate swaps[a]		3	(7)
Interest receipts on cross currency swap[a]		7	7
Interest payments on cross currency swap[a]		(5)	(4)
Other interest paid - lease liabilities	9	(17)	(16)
Borrowing facility fees paid		-	(2)
Interest received		9	9
Tax paid		(18)	(3)
Net cash from operating activities		386	248
Investing activities			
Acquisition of 3Sixty Restaurants Limited	13	-	(12)
Acquisition of Pesto Restaurants Ltd	13	(2)	-
Purchases of property, plant and equipment		(152)	(154)
Purchases of intangible assets		(2)	(3)
Proceeds from sale of property, plant and equipment		1	3
Finance lease principal repayments received		1	1
Net cash used in investing activities		(154)	(165)
Financing activities			
Purchase of own shares		(7)	-
Repayment of principal in respect of securitised debt[b]	9	(128)	(121)
Principal receipts on currency swap[b]	9	21	21
Principal payments on currency swap[b]	9	(16)	(16)
Cash payments for the principal portion of lease liabilities	9	(41)	(53)
Repayment of other borrowings		(1)	-
Short term financing of employee advances		2	-
Net cash used in financing activities		(170)	(169)
Net increase/(decrease) in cash and cash equivalents		62	(86)
Cash and cash equivalents at the beginning of the period	9	103	190
Foreign exchange movements		(1)	(1)
Cash and cash equivalents at the end of the period	9	164	103

a. Interest paid is split to show gross payments on the interest rate and cross currency swaps.
b. Principal repayments on securitised debt are split to show repayments relating to the cross currency swap.

Notes to the consolidated financial statements

1. Preparation of preliminary consolidated financial statements

General information

Mitchells & Butlers plc, along with its subsidiaries, (together 'the Group') is required to prepare its consolidated financial statements in accordance with UK-adopted International Financial Reporting Standards (IFRSs) as and in accordance with the Companies Act 2006. While the financial information included in this release is based on the Group's consolidated financial statements and has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

The preliminary financial statements include the results of Mitchells & Butlers plc and all its subsidiaries for the 52 week period ended 28 September 2024. The comparative period is for the 53 week period ended 30 September 2023. The respective balance sheets have been drawn up as at 28 September 2024 and 30 September 2023.

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of freehold and long leasehold properties, pension obligations and financial instruments.

The Group's accounting policies have been applied consistently.

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 cash flows throughout the going concern period, being 12 months from the date of signing of these financial statements.

The Group's primary source of borrowings is through nine tranches of fully amortising loan notes with a gross debt value of just under £1.2bn as at the end of the year. These are secured against the majority of the Group's property and future income streams. The principal repayment period varies by class of note with maturity dates ranging from 2028 to 2036. Within this 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 28th September 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.

The Group also has a committed unsecured credit facility of £200m, with a negative pledge in favour of participating banks and an expiry date in July 2026. At the balance sheet date there were no drawings under this facility. This facility has two main financial covenants, based on the performance of the unsecured estate: 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), both tested on a half-yearly basis (for the prior four quarters).

In the year ahead the main uncertainties facing the Group are considered to be the maintenance of sales growth in the face of pressure on consumer spending power, and the rate of cost inflation. The outlook for these is uncertain and will depend on a number of factors including consumer confidence, global political developments, supply chain disruptions and government policies.

The Directors have reviewed the financing arrangements against a base case forward trading forecast in which they have considered the Group's current financial position. This forecast assumes mid single digit growth in sales across the year. Cost inflation is assumed to remain at broadly similar levels to the previous financial year with the marked exception of energy costs, which are assumed to be stable with no further deflation from recent historic peaks, and labour costs, which include provision for increased levels of employers national insurance contributions from April 2025. As a result, an overall net increase of approximately five percent across the cost base of the business of approximately £2bn is expected. Under this base case the Group is able to stay within securitisation and committed facility financial covenants and maintains sufficient liquidity.

1. Preparation of preliminary consolidated financial statements (continued)

Going concern (continued)
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 mitigation activity is taken including lower capital expenditure on site remodel activity and a flex down of labour and site costs in line with reduced sales. In this scenario sales are assumed to remain marginally in growth but at three percent below the base case forecast. Unmitigated cost inflation is also higher in the areas of food and energy. In this downside scenario the Group is again able to stay within securitisation and committed facility financial covenants, whilst maintaining sufficient liquidity.

Furthermore, the Directors have considered a reverse stress test analysis, to review the headroom below which trading could fall beyond the downside scenario before the earlier of financial covenants becoming breached, or available liquidity becoming insufficient. This analysis indicates that on consistent cost assumptions, sales would be able to fall by approximately five percent beyond the downside case throughout the assessment period before financial covenants were breached, when tested at Q4 FY25 being the last full testing period within the 12 month going concern assessment period. In this scenario the Group would still have sufficient available liquidity.

After due consideration of these factors, the directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

Foreign currencies
The results of overseas operations have been translated into sterling at the weighted average euro rate of exchange for the period of £1 = €1.15 (2023 £1 = €1.16), where this is a reasonable approximation to the rate at the dates of the transactions. Euro and US dollar denominated assets and liabilities have been translated at the relevant rate of exchange at the balance sheet date of £1 = €1.20 (2023 £1 = €1.15) and £1 = $1.34 (2023 £1 = $1.22) respectively.

New and amended IFRS Standards that are effective for the current period
The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards and interpretations which have been adopted by the Group in these consolidated financial statements for the first time with no material impact.

Accounting standard	Effective date
Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies)	1 January 2023
Amendments to IAS 8 (Definition of Accounting Estimates)	1 January 2023
Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
IFRS 17 Insurance Contracts	1 January 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 evaluated 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.

1. Preparation of preliminary consolidated financial statements (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)
Judgements and estimates for the period remain largely unchanged from the prior period, with the additional area of judgement around the recognition of pension surplus (see note 11).

Significant accounting estimates:

The significant accounting estimate with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1 Presentation of Financial Statements, is:

- Fair value of freehold and long leasehold properties – see note 6

Other areas of judgement are described in each section listed below:

- Determination of items that are separately disclosed – see note 3
- Impairment review of short leasehold properties and right-of-use assets – see note 8
- Recognition of pension surplus – see note 11

Other sources of estimation uncertainty are described in:

- Impairment review of short leasehold properties and right-of-use assets – see note 8

2. Segmental analysis

Operating segments
IFRS 8 Operating Segments requires operating segments to be based on the Group's internal reporting to its Chief Operating Decision Maker (CODM). The CODM is regarded as the Chief Executive together with other Board members. The Group trades in one business segment (that of operating pubs and restaurants) and the Group's brands meet the aggregation criteria set out in Paragraph 12 of IFRS 8. Economic indicators assessed in determining that the aggregated operating segments share similar economic characteristics include: expected future financial performance; operating and competitive risks; and return on invested capital. As such, the Group reports the business as one reportable business segment.

The CODM uses EBITDA and operating profit before interest and separately disclosed items as the key measures of the Group's results on an aggregated basis.

Geographical segments
Substantially all of the Group's business is conducted in the United Kingdom. In presenting information by geographical segment, segment revenue and non-current assets are based on the geographical location of customers and assets.

Geographical segments

	UK		Germany		Total	
	2024 52 weeks	2023 53 weeks	2024 52 weeks	2023 53 weeks	2024 52 weeks	2023 53 weeks
	£m	£m	£m	£m	£m	£m
Revenue – sales to third parties	2,493	2,387	117	116	2,610	2,503
Segment non-current assets[a]	4,706	4,442	51	46	4,757	4,488

a. Includes balances relating to intangibles, property, plant and equipment, right-of-use assets, finance lease receivables and non-current other receivables.

3. Separately disclosed items

The items identified in the current period are as follows:

	Notes	2024 52 weeks £m	2023 53 weeks £m
Separately disclosed items			
Gaming machine settlement	a	-	(1)
Fair value adjustment to investment in 3Sixty Restaurants Limited	b	-	5
Settlement of pre-existing lease contracts on acquisition of 3Sixty Restaurants Limited	c	-	(3)
Costs associated with the acquisition of 3Sixty Restaurants Limited	d	-	(1)
Total separately disclosed items recognised within operating costs		-	-
Net profit arising on property disposals		2	3
Movement in the valuation of the property portfolio:			
- Impairment credit/(charge) arising from the revaluation of freehold and long leasehold properties	e	4	(110)
- Net impairment of short leasehold and unlicensed properties	f	-	(6)
- Net impairment of right-of-use assets	g	(17)	(14)
- Net impairment of computer software	h	(1)	-
- Net impairment of goodwill	i	-	(1)
Net movement in the valuation of the property portfolio		(14)	(131)
Total separately disclosed items before tax		(12)	(128)
Tax credit relating to above items		4	28
Total separately disclosed items after tax		(8)	(100)

a. During prior periods £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 separately disclosed item. As a result, the shortfall of £1m was recognised in the prior period.

b. During the prior period, on 18 June 2023 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 has applied the principles of IFRS 3 and remeasured the 40% interest to fair value at acquisition (see note 13 for further details).

c. As a result of the acquisition of 3Sixty Restaurants Limited in the prior period, 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 (see note 13 for further details).

d. Relates to integration costs, restructuring costs and legal and professional fees incurred in the prior period acquisition of 3Sixty Restaurants Limited.

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. See note 6 for further details.

f. Impairment of short leasehold and unlicensed properties where their carrying values exceed their recoverable amounts, net of reversals of past impairments. See note 8 for further details.

g. Impairment of right-of-use assets where their carrying values exceed their recoverable amounts, net of reversals of past impairments. See note 8 for further details.

h. Impairment of computer software where the carrying value exceeds the recoverable amount. See note 8 for further details.

i. Impairment of goodwill where the carrying value exceeds the recoverable amount. See note 8 for further details.

4. Taxation

Taxation - Group income statement

	2024 52 weeks £m	2023 53 weeks £m
Current tax:		
- Corporation tax	(16)	(5)
Total current tax charge	(16)	(5)
Deferred tax:		
- Origination and reversal of temporary differences	(33)	11
- Effect of changes in UK tax rate	-	3
- Amounts under-provided in prior periods	(1)	-
Total deferred tax (charge)/credit	(34)	14
Total tax (charge)/credit in the Group income statement	(50)	9
Further analysed as tax relating to:		
Profit before separately disclosed items	(54)	(19)
Separately disclosed items	4	28
Total tax (charge)/credit in the Group income statement	(50)	9

The standard rate of corporation tax applied to the reported profit/(loss) is 25.0% (2023 22.0%).

The tax charge (2023 credit) in the Group income statement for the period is in line with (2023 higher than) the standard rate of corporation tax in the UK. The differences are reconciled below:

	2024 52 weeks £m	2023 53 weeks £m
Profit/ (Loss) before tax	199	(13)
Taxation (charge)/credit at the UK standard rate of corporation tax of 25.0% (2023 22.0%)	(50)	3
Expenses not deductible	(3)	(1)
Permanent benefits	4	5
Tax credit in respect of change in UK tax rate	-	3
Effect of different tax rates of subsidiaries in other jurisdictions	-	(1)
Adjustments in respect of prior periods	(1)	-
Total tax (charge)/credit in the Group income statement	(50)	9

4. Taxation (continued)

Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

	2024 52 weeks £m	2023 53 weeks £m
Deferred tax in the Group income statement:		
Accelerated capital allowances	(14)	(14)
Unrealised losses on revaluations	-	28
Tax losses – UK	(15)	-
Tax losses – Interest Restriction	(7)	-
Retirement benefit obligations	1	-
Share based payments	1	-
Total deferred tax (charge)/credit in the Group income statement	(34)	14

Taxation – other comprehensive income

	2024 52 weeks £m	2023 53 weeks £m
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
- Unrealised (gains)/losses due to revaluations – revaluation reserve	(74)	18
- Unrealised gains due to revaluations – retained earnings	-	(4)
- Remeasurement of pension liability	(42)	(9)
	(116)	5
Items that may be reclassified subsequently to profit or loss:		
- Cash flow hedges	6	(5)
Total tax charge recognised in other comprehensive income	(110)	-

	2024 52 weeks £m	2023 53 weeks £m
Tax relating to items recognised directly in equity		
Deferred tax:		
- Tax credit related to share-based payments	1	-

Factors which may affect future tax charges

The Group is within the scope of the OECD Pillar Two (Global Minimum Tax) model rules. The legislation has been substantively enacted in the UK and Germany, being the jurisdictions in which the Group operates. The rules will be effective for the Group from the accounting period commencing 29 September 2024. Initial assessments indicate that Pillar Two income taxes will not be material to the Group, with the effective tax rate in the UK and Germany both exceeding the 15% global minimum tax rate by some margin. The Group will continue to work on evaluating the final impact of both the calculations and the reporting requirements through FY 2025.

For the year to 28 September 2024, the Group has applied the IAS 12 mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. Earnings/(loss) per share

Basic earnings per share (EPS) has been calculated by dividing the profit for the 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 3) in order to allow an understanding of the adjusted trading performance of the Group.

The profits used for the earnings per share calculations are as follows:

	2024 52 weeks £m	2023 53 weeks £m
Profit/(Loss) for the period	149	(4)
Separately disclosed items, net of tax	8	100
Adjusted profit for the period[a]	157	96

a. Adjusted profit and adjusted EPS are alternative performance measures (APMs) and are considered critical to aid understanding of the Group's performance. These measures are explained later in this announcement.

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

	2024 52 weeks million	2023 53 weeks million
Basic weighted average number of ordinary shares	595	595
Effect of dilutive potential ordinary shares:		
- Contingently issuable shares	5	-
Diluted weighted average number of shares	600	595

	2024 52 weeks pence	2023 53 weeks pence
Basic earnings/(loss) per share		
Basic earnings/(loss) per share	25.0p	(0.7p)
Separately disclosed items net of tax per share	1.4p	16.8p
Adjusted basic earnings per share[a]	26.4p	16.1p
Diluted earnings/(loss) per share		
Diluted earnings/(loss) per share	24.8 p	(0.7) p
Adjusted diluted earnings per share[a]	26.2 p	16.1 p

a. Adjusted profit and adjusted EPS are alternative performance measures (APMs) and are considered critical to aid understanding of the Group's performance. These measures are explained later in this announcement.

At 28 September 2024, 1,486,595 (2023 7,323,559) other 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.

6. Property, plant and equipment

Accounting policies

Property, plant and equipment
The majority of the Group's freehold and long leasehold licensed land and buildings, and the associated landlord's fixtures, fittings and equipment (i.e. fixed fittings) are revalued annually and are therefore held at fair value less depreciation. Tenant's fixtures and fittings (i.e. loose fixtures) within freehold and long leasehold properties, are held at cost less depreciation and impairment.

Short leasehold buildings (leases with an unexpired lease term of less than 50 years), unlicensed land and buildings and associated fixtures, fittings and equipment are held at cost less depreciation and impairment.

Revaluation
The revaluation, performed at 28 September 2024, is determined via annual third-party inspection of 20% of the sites with the aim that all sites are individually valued approximately every five years. The valuation utilises estimates of fair maintainable trade (FMT) and valuation multiples. The revaluation determined by the annual inspection was carried out in accordance with the RICS Valuation – Global Standards 2022 which incorporate the International Valuation Standards and the RICS Valuation – Professional Standards UK (the 'Red Book') assuming each asset is sold as a fully operational trading entity.

Properties are valued as fully operational entities, to include fixtures and fittings but excluding stock, personal goodwill and estimated fair value of tenant's fixtures and fittings.

The 80% of the freehold and long leasehold estate which is not subject to a third-party valuation in the period is instead revalued internally by management. The Group's external valuer provides advice to management in relation to their internal valuation. This valuation is performed using estimates of FMT, together with the same valuation multiples as those applied by the external valuer. Sites impacted by expansionary capital investment in the preceding twelve months are reviewed for impairment only, based on estimated annualised post investment FMT against the carrying value of the asset. Where the value of land and buildings derived purely from a multiple applied to the FMT misrepresents the underlying asset value, a spot valuation is applied.

Surpluses which arise from the revaluation exercise are included within other comprehensive income (in the revaluation reserve) unless they are reversing a revaluation deficit which has been recognised in the income statement previously; in which case an amount equal to a maximum of that recognised in the income statement previously is recognised in the income statement. Where the revaluation exercise gives rise to a deficit, this is reflected directly within the income statement, unless it is reversing a previous revaluation surplus against the same asset; in which case an amount equal to the maximum of the revaluation surplus is recognised within other comprehensive income (in the revaluation reserve).

Impairment
Short leaseholds, unlicensed properties and fixtures and fittings are reviewed on an outlet basis for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Further details of the impairment policy are provided in the impairment note 8.

6. Property, plant and equipment (continued)

Property, plant and equipment can be analysed as follows:

	2024 £m	2023 £m
At beginning of period	4,086	4,194
Acquired through business combinations (note 13)	7	29
Additions	163	151
Disposals	(2)	(3)
Net increase/(decrease) from property revaluation	258	(186)
Net impairment of short leasehold properties	-	(6)
Depreciation provided during the period	(92)	(93)
Exchange differences	(1)	-
At end of period	4,419	4,086

Revaluation and impairment recognised

Current period valuations have been incorporated into the consolidated financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve or Group income statement as appropriate.

The impact of the revaluations/impairments described above is as follows:

	2024 53 weeks £m	2023 53 weeks £m
Group income statement		
Revaluation deficit charged as an impairment	(120)	(162)
Reversal of past revaluation deficits	124	52
Total impairment reversal/(charge) arising from the revaluation	4	(110)
Impairment of short leasehold and unlicensed properties (note 8)	(7)	(11)
Reversal of past impairments of short leasehold and unlicensed properties (note 8)	7	5
Net impairment of short leaseholds and unlicensed properties	-	(6)
Total impairment reversal/(charge) recognised in the income statement	4	(116)
Group statement of other comprehensive income		
Unrealised revaluation surplus	356	162
Reversal of past revaluation surplus	(102)	(238)
Total movement recognised in other comprehensive income	254	(76)
Net increase/(decrease) in property, plant and equipment	**258**	**(192)**

Accounting judgements

Revaluation of freehold and long leasehold properties

The revaluation methodology is determined, with advice from CBRE, independent chartered surveyors and incorporates management judgement where appropriate. The application of a valuation multiple to the fair maintainable trade of each site is considered the most appropriate method for the Group to determine the fair value of freehold and long leasehold licensed land and buildings.

6. Property, plant and equipment (continued)

Accounting judgements (continued)
In the current and prior period, judgement has been applied to establish the basis of FMT that a willing third-party buyer would assume. The estimation of FMT is derived from the individual profit and loss accounts of pubs and restaurants and is inclusive of the centrally recorded trading margins earned by the Group but exclusive of certain head office costs. This represents the Group's best view of the value that would be attributed by other reasonably efficient operators. In the current period FMT reflects the reported site performance. In the prior period the prevailing reported profits were negatively impacted by high and sustained cost inflation, notably in food and energy price increases driven by the Ukraine conflict. However the inflationary pressures were not expected to fully impact on site valuations and as such, FMT was determined to include an adjustment to reported profit margins.

Where sites have been impacted by expansionary capital investment in the preceding twelve months, the FMT has been determined by estimating annualised post-investment operating profit with reference to post-investment forecasts.

For the purposes of the valuation, and in order to group together properties of a similar nature, groupings by brand are applied for which standard multiples have been established through third-party inspections of 20% of the freehold and long leasehold licensed property estate. Judgements are applied in assessing multiples on the basis of market evidence of transaction prices and nature of the overall offer within the local market, with specific consideration given to geographical location, ancillary revenue such as accommodation sales from bedrooms and lease terms for long leasehold sites.

Revaluation of freehold and long leasehold properties (continued)
Further judgement is required when a spot valuation is applied where the property value derived purely from a multiple applied to the fair maintainable trade misrepresents the underlying asset value with consideration given to the level of trade and location characteristics.

Significant accounting estimates

Revaluation of freehold and long leasehold properties
The application of the valuation methodology requires two significant estimates; the estimation of valuation multiples, which are determined via third-party inspections; and an estimate of FMT.

In the prior period adjustments were made to pub and restaurant trading margins to reflect the margin impacts of cost inflation which were expected to persist into the level of FMT used by third-party, reasonably efficient operators in arriving at a transaction price. The impact of inflation across drink and food, labour, energy and other pub operating costs compared to pre Covid was assessed and adjusted individually. In aggregate approximately 2.5% of the total margin reduction reported in the prior period against pre Covid trade was expected to recover in the short to medium term and was included in estimated FMT. In the current period, costs have stabilised such that the Group’s external valuer now considers that the current level of reported site profitability is representative of the FMT that a third-party, reasonably efficient operator would include in arriving at a transaction price.

The estimation of valuation multiples is derived from the valuers knowledge of market evidence of transaction prices for similar properties. In the current period the multiples adopted are mostly in line with the prior period other than a slight easing for some parts of the premium end of the market.

There is considered to be a significant risk that an adjustment to either of these assumptions could lead to a material change in the property valuation within the next year.

The carrying value of properties to which these estimates apply is £4,260m (2023 £3,933m).

Sensitivity analysis
Changes in the FMT, or the multiple could materially impact the valuation of the freehold and long leasehold properties, and as such they are both considered to be significant estimates in the current period.

6. Property, plant and equipment (continued)

Significant accounting estimates (continued)
FMT
In the current period, FMT has increased by 6% over the prior period's adjusted FMT, excluding the sites with investment in the current period which are only assessed for impairment. Given trading has now normalised following the disruption caused by the Covid pandemic in 2020, and there is a more stable inflationary environment, a return to pre Covid FMT movements is considered to be within range of reasonably possible outcomes. Over the three years reported prior to Covid the average movement in the FMT of the revalued estate was 1%. Assuming multiples remain stable, it is estimated that a 1% reduction in the FMT would generate an approximate £37m reduction in the valuation. A 1% increase in the FMT is estimated to generate an approximate £36m increase in the valuation. The sensitivity does not apply to sites with spot valuations as these valuations are independent of reported operating profits. Any change to the spot valuations would not be material.

Multiples
Valuation multiples are determined at an individual brand level. Over the last three financial periods, the weighted average brand multiple has moved by an average of 0.1, which is considered to be within the range of reasonably possible outcomes for future movements in multiples. It is estimated that a 0.1 reduction in the multiple would generate an approximate £42m reduction in the valuation. A 0.1 increase to the multiple is estimated to generate an approximate £41m increase in the valuation.

Impairment review
Short leasehold and unlicensed properties (comprising land, buildings, fixtures, fittings and equipment) which are not revalued to fair market value, are reviewed for impairment as described in the impairment note 8. A net impairment of £nil (2023 £6m) has been recognised against short leasehold and unlicensed properties in the period.

7. Leases

Right-of-use assets
Right-of-use assets can be analysed as follows:

	2024 £m	2023 £m
At beginning of period	327	339
Acquired through business combinations (note 13)	7	6
Additions	30	36
Disposals	(5)	(2)
Impairment	(17)	(14)
Depreciation provided during the period	(34)	(36)
Foreign currency movements	(1)	(2)
At end of period	307	327

Impairment review of right-of-use assets
Right-of-use assets are reviewed for impairment by comparing site recoverable amounts to their carrying values. Impairment is considered at a cash-generating unit level. A net impairment of £17m (2023 £14m) has been recognised against right-of-use assets in the period. Details of the impairment review at a cash-generating unit level are disclosed in note 8.

Lease liabilities

Analysed as:	2024 £m	2023 £m
Current lease liabilities – principal amounts due within twelve months	33	33
Non-current lease liabilities – principal amounts due after twelve months	414	430
	447	463

8. Impairment

Accounting policies

Impairment - Property, plant and equipment, right-of-use assets, computer software and goodwill
Impairment reviews are considered at a cash-generating unit level, with this being an individual outlet.

The carrying value of assets for an individual outlet, comprise the property, plant and equipment value, the associated right-of-use asset and any attributable goodwill, together with an allocation of central asset values (property, plant and equipment, right-of-use asset and computer software). At each balance sheet date, the Group assesses whether there is any indication that the carrying value of assets for individual outlets may be impaired. If any such impairment indicator exists then an impairment loss is recognised whenever the carrying value of the outlet exceeds its recoverable amount, which is determined as the higher of the value in use, or fair value less costs to sell for each outlet. Any resulting impairment relates to sites with poor trading performance, where the output of the value in use calculations are insufficient to justify their current net book value. Changes in outlet earnings or cash flows, the discount rate applied to those cash flows, or the estimate of fair value less costs of disposal could give rise to an additional impairment loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised in the income statement. An impairment reversal is only recognised where there is a change in circumstances or favourable events since the last impairment test impacting estimates used to determine recoverable amounts, not where it results from the passage of time.

Accounting judgements

Impairment review of cash-generating units - property, plant and equipment, right-of-use assets, computer software and goodwill
For the individual outlet level impairment review, judgement has been applied to determine the most appropriate site level profit and cash flow forecasts based on the Group forecast for FY 2025 to FY 2027 that was in place at the balance sheet date.

Management apply judgement when allocating overhead costs to site cash flows, with an overhead allocation being made only for those costs that can be directly attributable to a site on a consistent basis. Judgement is applied in the allocation of corporate level assets to individual cash generating units, based on relative profitability.

Other sources of estimation uncertainty

Impairment review of cash-generating units - property, plant and equipment, right-of-use assets, computer software and goodwill
The impairment review requires two key sources of estimation uncertainty in calculating the value in use: the estimation of forecast cash flows for each site and the selection of an appropriate discount rate. The discount rate is applied consistently to each cash-generating unit.

The carrying value of assets to which these estimates apply is £442m (2023 £452m).

Impairment review of cash-generating units, comprising property, plant and equipment, right-of-use assets, computer software and goodwill
Recoverable amount is determined as the higher of the value in use, or fair value less costs to sell for each outlet.

8. Impairment (continued)
Value in use calculations use forecast trading performance pre-tax cash flows, for years 1 to 3. These include steady increases to revenue and costs. In the short to medium term, over the three year forecast period, no allowances have been made for any potential impact activity related to climate change, other than continued maintenance and infrastructure spend on existing sustainability projects, as the impacts of this on future cash flows or capital expenditure cannot yet be reasonably estimated or allocated to cash-generating units.

The forecast cash flows are discounted by applying a pre-tax discount rate of 11.00% (2023 11.00%) and a long-term growth rate of 2.0% from year 4 (2023 2.0%). The long-term growth rate is applied to the net cash flows and is based on up-to-date economic data points.

In summary, the carrying value of the cash-generating units and impairment charges and reversals recognised against those cash-generating units is as follows.

	Note	Carrying value 2024 £m	Impairment charges 2024 £m	Impairment reversals 2024 £m	Net impairment 2024 £m
Short leasehold properties	6	122	(7)	7	-
Right-of-use assets	7	307	(29)	12	(17)
Software		6	(1)	-	(1)
Goodwill		7	-	-	-
		442	(37)	19	(18)

	Note	Carrying value 2023 £m	Impairment charges 2023 £m	Impairment reversals 2023 £m	Net impairment 2023 £m
Short leasehold properties	6	113	(11)	5	(6)
Right-of-use assets	7	327	(27)	13	(14)
Software		10	-	-	-
Goodwill		2	(1)	-	(1)
		452	(39)	18	(21)

Sensitivity analysis
Changes in forecast cash flows or the discount rate could impact the impairment charge recognised against the cash-generating units, and corporate level assets.

Forecast cash flows
The forecast pre-tax cash flows used in the value in use calculations are site level forecasts determined from the Group forecast for FY 2025 to FY 2027 that was in place at the balance sheet date. For short leasehold sites and freehold/long leasehold sites with ROU or goodwill assets, should future cash flows decline by 1%, this would result in an increase of £2m to the net impairment charge recognised.

Discount rate
The pre-tax discount rate applied to the forecast cash flows is derived from the Group's post-tax weighted average cost of capital (WACC). The assumptions used in the calculation of the Group's WACC are benchmarked to externally available data. A single discount rate is applied to all cash-generating units. Over recent periods, the discount rate used in impairment reviews has moved by c.1.0%. For short leasehold sites and freehold/long leasehold sites with ROU or goodwill assets, an increase of 1.0% in the discount rate would result in an increase of £7m to the net impairment charge recognised.

9. Borrowings and net debt

Borrowings can be analysed as follows:

	2024 £m	2023 £m
Current		
Securitised debt[a]	130	123
Unsecured revolving credit facilities[b]	(1)	(2)
Overdrafts[c]	12	23
Other borrowings[d]	2	-
Total current	143	144
Non-current		
Securitised debt[a]	1,041	1,186
Total borrowings	1,184	1,330

a. Stated net of deferred issue costs.
b. At 28 September 2024 the amount of £1m (2023 £2m) represents unamortised issue costs.
c. The overdraft is within a cash pooling arrangement. In the cash flow statement, cash and cash equivalents are presented net of this overdraft.
d. Short term financing of employee advances.

	2024 £m	2023 £m
Analysis by year of repayment		
Due within one year or on demand	143	144
Due between one and two years	157	164
Due between two and five years	458	435
Due after five years	426	587
Total borrowings	1,184	1,330

Securitisation

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. Further details of the covenants are provided in the going concern review in note 1.

Unsecured revolving credit facilities

The Group holds a single unsecured committed revolving credit facility of £200m, which expires on 20 July 2026. The amount drawn at 28 September 2024 is £nil (2023 £nil).

There are covenants on the unsecured revolving credit facilities relating to the ratio of EBITDAR to rent plus interest and net debt to EBITDA based on the performance of the unsecured estate. Further details of the covenants are provided in the going concern review in note 1.

9. Borrowings and net debt (continued)

Net debt	2024 £m	2023 £m
Cash and cash equivalents	176	126
Overdraft	(12)	(23)
Cash and cash equivalents as presented in the cash flow statement[a]	164	103
Securitised debt	(1,171)	(1,309)
Unsecured revolving credit facility	1	2
Derivatives hedging securitised debt[b]	19	34
Short term financing of employee advances [c]	(2)	-
Net debt excluding leases	(989)	(1,170)
Lease liabilities	(447)	(463)
Net debt including leases	(1,436)	(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$ denominated A3N loan notes. This amount is disclosed separately to remove the impact of exchange movements which are included in the securitised debt amount. Derivatives hedging debt restates the US$ debt at $1.675: £1.

c. Advances to employees is a borrowing from Wagestream.

Movement in net debt excluding leases	2024 52 weeks £m	2023 53 weeks £m
Net decrease in cash and cash equivalents	62	(86)
Add back cash flows in respect of other components of net debt:		
Principal repayments on securitised debt	128	121
Principal receipts on cross currency swap	(21)	(21)
Principal payments on cross currency swap	16	16
Short term financing of employee advances	(2)	-
Decrease in net debt arising from cash flows	183	30
Movement in capitalised debt issue costs net of accrued interest	(1)	(1)
Decrease in net debt excluding leases	182	29
Opening net debt excluding leases	(1,170)	(1,198)
Foreign exchange movements on cash	(1)	(1)
Closing net debt excluding leases	(989)	(1,170)

9. Borrowings and net debt (continued)

Movement in lease liabilities:

	2024 52 weeks £m	2023 53 weeks £m
Opening lease liabilities	(463)	(481)
Acquired through business combinations (note 13)	(5)	(5)
Additions[a]	(28)	(35)
Interest charged during the period	(17)	(16)
Repayment of principal	41	53
Payment of interest	17	16
Disposals	7	4
Foreign currency movements	1	1
Closing lease liabilities	(447)	(463)

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

10. Finance costs and income

	2024 52 weeks £m	2023 53 weeks £m
Finance costs		
Interest on securitised debt	(79)	(89)
Interest on other borrowings	(13)	(11)
Interest on lease liabilities	(17)	(16)
Total finance costs	(109)	(116)
Finance income		
Interest receivable – cash	10	8
Net pensions finance charge (note 11)	(2)	(3)

11. Pensions

Measurement of scheme assets and liabilities

MABEPP – buy-out

The Trustees of MABEPP bought-out the liabilities of the plan with Legal and General Assurance Society Limited on 20 September 2024, through converting the overall bulk annuity policy (held by the Trustees as an investment since 2021) into individual policies in members' own names. As part of this process, a separate decision was made in August 2024 by the Company to convert the buy-in policy into a buy-out, which was independent of, and not related to, the initial decision in December 2021 to purchase a buy-in policy.

As a result of the decision to buy-out, which relieves the Company of primary responsibility for the obligation, this event has been treated as a settlement of an equal and opposite amount on both the assets and liabilities, such that the net impact is a zero cost. Since the buy-out was close to the Company's year-end, the settlement calculation has been calculated using the year-end assumptions (the key assumptions of which are set out below).

The intention is for MABEPP to be wound-up over the course of the next twelve months.

A £3m cash surplus remaining in MABEPP at the year end has been recognised as it will transfer to MABPP on the wind up of the scheme and recovered from future DC scheme contributions in line with the MABPP surplus.

11. Pensions (continued)

Measurement of scheme assets and liabilities (continued)

MABPP – buy-in policy transaction

During the prior period the Trustees of the MABPP entered a Bulk Purchase Agreement ('BPA') with Standard Life. The resulting policy was set up to provide the plan with sufficient funding to cover all known member benefits of the scheme. As in the prior period the following considerations remain applicable:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme;
- the contract provides the option to convert the annuity into individual policies, which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. The Company had not made a decision, and has still not made a decision, to move to buy-out; and
- the Trustee and insurer continue to progress a data cleanse project. An adjustment has been made to the assets held by the MABPP to allow for £6m additional premium, which is the current best estimate of the true-up premium payable to the insurer once the data cleanse project is completed. This is based on the current status of the data cleanse project, and may be updated in future as this progresses to allow for any further changes, including the potential impact of the recent Virgin Media legal case.

MABPP – recognition of actuarial surplus

Over the course of 2024, the Trustees of MABPP resolved that any surplus arising in MABPP can be used to pay for the employer contributions to the defined contribution section of MABPP. In connection with this, before the buy-out of MABEPP occurred in September 2024, the defined contribution members within MABEPP were moved across to MABPP, along with the remaining surplus funds from the MABEPP (with the exeption of £3m which remains in MABEPP and which will transfer to MABPP on the wind up of the scheme), to enable future employer contributions for them to be met out of the surplus in the MABPP. Since this is a change in the Trustee's agreed use of the MABPP surplus compared to previous years, the accounting surplus is being recognised in full in this year's accounts, with the full value of the surplus of £164m (including the £3m remaining within MABEPP until the wind up of the scheme) expected to be an economic benefit to the Company. This economic benefit has been determined over the future lifetime of the DC section of the plan, in particular on the basis that this section remains open to new members in its current form, and therefore will continue to remain active for the foreseeable future. In prior periods no actuarial surplus has been recognised as the Company did not have an unconditional right to recover any surplus from the pension plans.

Actuarial valuation

The actuarial valuations used for IAS 19 (revised) purposes are based on the results of the latest full actuarial valuation carried out as at 31 March 2022, which completed in December 2022, and updated by the schemes' independent qualified actuaries to 28 September 2024. Schemes' assets are stated at market value at 28 September 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 have been updated to reflect changes in market conditions in the period and are as follows. Whilst the Executive Plan bought out all it's liabilities with Legal & General during the period, the assumptions applicable to the Executive Plan have been used in the settlement calculation given it's proximity to the year end date.

	Main plan 2024	Executive plan 2024	Main plan 2023	Executive plan 2023
Discount rate	5.1%	5.1%	5.7%	5.7%
Pensions increases – RPI max 5%	3.0%	3.0%	3.1%	3.1%
Inflation rate - RPI	3.2%	3.2%	3.3%	3.3%

11. Pensions (continued)

Measurement of scheme assets and liabilities (continued)
The discount rate is based on a yield curve for AA corporate rated bonds which are consistent with the currency and estimated term of retirement benefit liabilities.

To determine the RPI assumption the gilt implied inflation yield curve has been used, reflecting the duration of the Plan's cash flows, and adjusting for an assumed inflation risk premium.

Minimum funding requirements
The results of the 2022 actuarial valuation, which was completed in December 2022, show a marginal surplus. As a result of the 2022 actuarial valuation, the Company subsequently agreed a revised schedule of contributions for both the MABPP and MABEPP schemes.

For the MABEPP, the agreement confirms that from December 2022, payments into the "Blocked Account" that commenced after completion of the buy-in transaction in 2021 have been suspended.

For the MABPP, contributions since December 2022 were made into a "Blocked Account". As the scheme is in surplus, in the current period the Trustee agreed to return in full the balance of £36m in the blocked account to the Company, which the Company had recognised within non-current receivable in the prior period.

As a result, the remaining Blocked Account for MABEPP is recognised within current other receivables as recovery of this amount is expected. The amount recognised as at 28 September 2024 is £12m (2023 £47m; £12m in respect of the MABEPP blocked account and £35m in respect of the MABPP blocked account, since repaid – both shown within non-current other receivables).

As a result of the above changes, the resulting net pension asset as at 28 September 2024 is £139m, which represents £164m surplus in relation to MABEPP and MABPP, with a liability of £25m relating to MABETUS.

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

Group income statement	2024 52 weeks £m	2023 53 weeks £m
Operating profit:		
Employer contributions (defined contribution plans)	(19)	(17)
Administrative costs (defined benefit plans)	(5)	(5)
Charge to operating profit	(24)	(22)
Finance costs:		
Net pensions finance income on actuarial surplus	6	14
Additional pensions finance charge due to asset ceiling/minimum funding	(8)	(17)
Net finance charge in respect of pensions	(2)	(3)
Total charge	(26)	(25)

Group statement of comprehensive income	2024 52 weeks £m	2023 53 weeks £m
Return on scheme assets and effects of changes in assumptions	16	(153)
Movement in pension liabilities recognised due to asset ceiling/minimum funding	150	195
Remeasurement of pension liabilities	166	42

11. Pensions (continued)

Amounts recognised in respect of defined benefit schemes (continued)

Group balance sheet	2024 £m	2023 £m
Fair value of schemes' assets	1,238	1,434
Present value of schemes' liabilities	(1,099)	(1,313)
Actuarial surplus in the schemes	139	121
Additional liabilities recognised due to asset ceiling/minimum funding	-	(143)
Total pension asset/(liabilities)[a]	139	(22)
Associated deferred tax (liability)/asset	(35)	5

a. The total net pension asset of £139m (2023 £22m liability) is presented as a pension asset of £164m, made up of a net asset from the two funded plans, and liabilities of £25m (2023 £22m) presented as a £1m current liability (2023 £1m) and a £24m non-current liability (2023 £21m).

The movement in the actuarial surplus in the period is as follows:

	2024 £m	2023 £m
Actuarial surplus at beginning of period	121	257
Interest income	7	14
Return on scheme assets and effects of changes in assumptions	15	(153)
Additional employer contributions	1	8
Administration costs	(5)	(5)
At end of period	139	121

12. Share capital and share premium

Called up share capital	2024 Number of shares	£m	2023 Number of shares	£m
Allotted, called up and fully paid				
Ordinary shares of $8^{13}/_{24}$p each				
At start of period	597,726,859	51	597,383,363	51
Share capital issued[a]	330,812	-	343,496	-
At end of period	598,057,671	51	597,726,859	51

a. During the period, the Company issued 330,812 (2023 343,496) shares at nominal value under share option schemes, for consideration of £28,257 (2023 £29,340).

All of the ordinary shares rank equally with respect to voting rights and rights to receive Ordinary and Special Dividends. There are no restrictions on the rights to transfer shares.

Dividends
There were no dividends declared or paid during the current or prior period.

Share premium account
The share premium account represents amounts received in excess of the nominal value of shares on issue of new shares. Share premium of £nil (2023 £nil) has been recognised on shares issued in the period.

13. Acquisitions

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. The consideration will be no more than £15m and has been assessed at £12m for the purposes of calculation of goodwill under IFRS 3.

The amounts recognised in respect of identifiable assets and liabilities relating to the acquisition were as follows.

	Fair value on acquisition £m
Land and buildings	7
Right-of-use assets	7
Brand intangible	2
Cash and cash equivalents	2
Trade and other payables	(3)
Lease liabilities	(5)
Borrowings	(1)
Deferred tax liability	(2)
Net identifiable assets of Pesto Restaurants Ltd	7
Goodwill	5
Fair value of assets and liabilities	12
Consideration:	
Initial cash consideration	4
Contingent consideration	8
Total consideration	12
Initial cash consideration	4
Less: cash and cash equivalents acquired	(2)
Net cash outflow on acquisition	2

Goodwill of £5m has arisen on the acquisition of Pesto Restaurants Ltd primarily through the benefits that will be gained from cost synergies that will be obtained on joining the Group and future conversions of other Group outlets.

The brand intangible has been fair valued by reference to an estimated royalty income based on forecast cash flows for Pesto Restaurants Ltd over the expected useful life of 20 years.

Contingent consideration of £8m is shown as a non-current liability within other payables. Contingent consideration is payable to the previous owners of Pesto Restaurants Ltd, at a level dependent on the financial performance of that business over the 12 months ending 27 September 2025, and not to exceed £15m. It has been measured at its fair value at the acquisition date based on trading forecast and discounted at a risk-free rate.

Contingent consideration is measured in line with the Group's accounting policy for business combinations. It will be re-measured at subsequent reporting dates, as a non-measurement period adjustment, with the corresponding gain or loss being recognised in the income statement.

Pesto Restaurants Ltd has contributed £8m to revenue and £1m to the Group's operating profit for the period between acquisition date and the balance sheet date. If Pesto Restaurants Limited had been included as a subsidiary since the start of the financial period, it would have contributed £20m revenue and £2m to the Group's operating profit.

13. Acquisitions (continued)
In the prior year the Group completed the acquisition of 3Sixty Restaurants Limited. In August 2018, the Group acquired 40% of the share capital of 3Sixty Restaurants Limited for £4m, together with a put and call option that would enable the Group to purchase the remaining 60% share capital at a future date. On 18 April 2023, the Group exercised the call option, resulting in the acquisition of the remaining 60% of share capital of 3Sixty Restaurants Limited, for £17m, with the purchase completing on 18 June 2023. The date of the option exercise, 18 April 2023, was considered to be the date at which control passed to the Group, and therefore consolidation took place from that date.

14. Financial statements

The preliminary statement of results was approved by the Board of Directors on 26 November 2024. It does not constitute the Group's statutory consolidated financial statements for the 52 weeks ended 28 September 2024 or for the 53 weeks ended 30 September 2023. The financial information is derived from the statutory consolidated financial statements of the Group for the 52 weeks ended 28 September 2024.

Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting.

The financial information for the 53 weeks ended 30 September 2023 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified and did not contain a statement under s498(2) or (3) of the Companies Act 2006, but did include a section highlighting a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

The statutory financial statements for the 52 weeks ended 28 September 2024 will be filed with the Registrar of Companies following the 2023 Annual General Meeting. The report of the auditor was unqualified and did not contain a statement under s498(2) or (3) of the Companies Act 2006. Further detail is provided with the Outlook assessment and notes to this preliminary statement of results.

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 income statement with details of separately disclosed items provided in Note 3.

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.

FY 2023 was a 53-week period, in order to aid comparability, we have provided a 52-week result. The 52-week result is derived by removing the 53rd week of the financial year. FY 2024 was a 52-week year.

APMs used to explain and monitor Group performance include:

APM	Definition	Source
EBITDA	Earnings before interest, tax, depreciation and amortisation, before movements in the valuation of the property portfolio.	Group income statement
Adjusted EBITDA	EBITDA before separately disclosed items is used to calculate net debt to EBITDA.	Group income statement
52-week Adjusted EBITDA	EBITDA on a 52-week basis, adjusted to remove the 53rd week of the period, before separately disclosed items is used to calculate net debt to EBITDA.	APM D
Operating profit	Earnings before interest and tax.	Group income statement
Adjusted operating profit	Operating profit before separately disclosed items.	Group income statement
52-week adjusted operating profit	Operating profit before separately disclosed items adjusted to remove the 53rd week of the period.	APM B
52-week revenue	Revenue adjusted to remove the 53rd week of the year.	APM B
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.	APM A
52-week 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. Adjusted to remove 53rd week of the period.	APM A
Adjusted earnings per share (EPS)	Earnings per share using profit before separately disclosed items.	Note 5
52- week adjusted earnings per share (EPS)	Earnings per share using profit before separately disclosed items adjusted for 53rd week of period.	APM C
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 9
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.	APM D
Net debt : Adjusted 52-week 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. Adjusted for 53rd week of the period.	APM D
FY 2023 52-week reconciliation	A 53-week accounting period occurs every five years. FY 2023 was a 53-week period and therefore presentation of a 52-week basis provides useful comparability to previous financial years	APM E
Return on capital	Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by	APM F

	incremental site EBITDA following investment expressed as a percentage of return generating capital. Incremental EBITDA reflects the increase in profit following investment, with the pre-investment profit being measured as the average annual profit prior to investment. Return on investment is measured for four years following investment. Measurement commences three periods following the opening of the site.

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. Like-for-like sales is provided on a 52-week basis.

	Source	**2024 £m**	2023 £m	**Year-on-year %**
Reported revenue	Income statement	**2,610.0**	2,503.0	**4.3%**
Adjust for 53rd week	APM E	**-**	(44.0)	-
Less 52-week non like-for-like sales and income		**(254.1)**	(221.2)	**(14.9%)**
52-week like-for-like sales		**2355.9**	2,237.8	**5.3%**

Drink sales

	Source	**2024 £m**	2023 £m	**Year-on-year** %
Reported drink revenue		**1132.0**	1,092.0	**3.7%**
Adjust for 53rd week		**-**	(20.0)	-
Less 52-week non like-for-like drink sales		**(95.0)**	(83.7)	**(13.5%)**
52-week drink like-for-like sales		**1037.0**	988.3	**4.9%**

Food sales

	Source	**2024 £m**	2023 £m	**Year-on-year** %
Reported food revenue		**1385.0**	1,323.0	**4.7%**
Adjust for 53rd week		**-**	(23.0)	-
Less 52-week non like-for-like food sales		**(141.7)**	(119.6)	**(18.5%)**
52-week food like-for-like sales		**1243.3**	1,180.4	**5.3%**

Other sales

	Source	**2024 £m**	2023 £m	**Year-on-year** %
Reported other revenue		**93.0**	87.8	**5.9%**
Adjust for 53rd week		**-**	(1.5)	-
Less non like-for-like other sales		**(17.4)**	(17.2)	**1.2%**
52 week other like-for-like sales		**75.6**	69.1	**9.4%**

B. Adjusted operating profit

Operating profit before separately disclosed items as set out in the Group 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 £m	2023 £m	Year-on-year %
Operating profit	Income statement	**300**	98	**206.1%**
Separately disclosed items	Income statement	**12**	128	**90.6%**
Adjusted operating profit	Income statement	**312**	226	**38.1%**
Adjusted operating profit 53rd week	APM E	**-**	(5)	-
52-week adjusted operating profit		**312**	221	**41.2%**
Reported revenue	Income statement	**2,610**	2,503	**4.3%**
Revenue 53rd week	APM E	**-**	(44)	-
52-week revenue		**2,610**	2,459	**6.1%**
52-week adjusted operating margin		**12.0%**	9.0%	**3.0ppts**

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 £m	2023 £m	Year-on-year %
Profit/(loss) for the period	Income statement	**149**	(4)	**3825.0%**
Add back separately disclosed items	Income statement	**8**	100	**(92.0%)**
Adjusted profit		**157**	96	**63.5%**
Adjusted profit 53rd week		**-**	(3)	
52-week adjusted profit		**157**	93	**68.8%**
Basic weighted average number of shares	Note 5	**595**	595	**-%**
Adjusted earnings per share		**26.4p**	16.1p	-
52-week adjusted earnings per share		**26.4p**	15.6p	**69.2%**

D. Net Debt: 52-week 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 52-week EBITDA is used for this measure to prevent distortions in performance resulting from separately disclosed items.

	Source	2024 £m	2023 £m	Year-on-year %
Net Debt including leases	Note 9	**1436**	1,633	**(12.1%)**
EBITDA	Income statement	**444**	362	**22.1%**
Add back separately disclosed items	Income statement	**(2)**	(3)	**(166.7%)**
EBITDA 53rd week	APM E	**-**	(7)	-
Adjusted 52-week EBITDA		**442**	352	**26.1%**
Net debt : Adjusted 52-week EBITDA		**3.2**	4.6	

E. FY 2023 52-week reconciliation

A 53-week accounting period occurs every five years. FY 2023 was a 53-week period and therefore presentation of a 52-week basis provides useful comparability to previous financial years.

	Source	2023 52 weeks	2023 Week 53	2023 53 weeks
Revenue	Income statement	£2,459m	£44m	£2,503m
Adjusted EBITDA	Income statement	£352m	£7m	£359m
Adjusted operating profit	Income statement	£221m	£5m	£226m
Adjusted PBT	Income statement	£112m	£3m	£115m
Adjusted profit for the period	Income statement	£93m	£3m	£96m
Adjusted EPS	Income statement	15.6p	0.5p	16.1p

F. Return on capital

Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by incremental site EBITDA following investment expressed as a percentage of return generating capital. Return on investment is measured for four years following investment. Measurement of return commences three periods following the opening of the site.

Return on expansionary capital

	Source	2023 FY20-23 £m	2024 FY21-23 £m	2024 FY24 £m	**2024** Total £m
Maintenance and infrastructure		158	120	58	**178**
Remodel - refurbishment		188	134	69	**203**
Non-expansionary capital		346	254	127	**381**
Remodel expansionary		9	6	2	**8**
Conversions and acquisitions*		25	27	16	**43**
Expansionary capital for return calculation		34	33	18	**51**
Expansionary capital open < 3 periods pre year end		40	1	6	**7**
Freehold purchases			23	3	**26**
Total capital 52-week	Cash flow	420	311	154	**465**
Adjusted 52-week EBITDA	Income statement	1,146	893	444	**1,337**
Non-incremental EBITDA		1,140	866	441	**1,327**
Incremental EBITDA		6.2	7.0	2.7	**9.7**
Return on expansionary capital		19%	21%	15%	**19.1%**

*Conversion and acquisition capital is net of capex incurred for projects which have been open for less than 3 periods pre year end