



# Full Year Results 2024

Mitchells & Butlers 

# Strong performance across the period



## Highlights

- **Strong recovery** from FY 2023
- **Adjusted operating profit growth** of 41.2% to £312m
- **Like-for-like sales growth** of 5.3% - consistently ahead of the market
- Full **capital programme** delivering strong returns
- **Further Ignite initiatives** to deliver efficiencies and value
- **Strong performance** across all key operational metrics



**Financial Review FY 2024**  
**Tim Jones**  
**Chief Financial Officer**

# Income Statement

(before adjusted items)

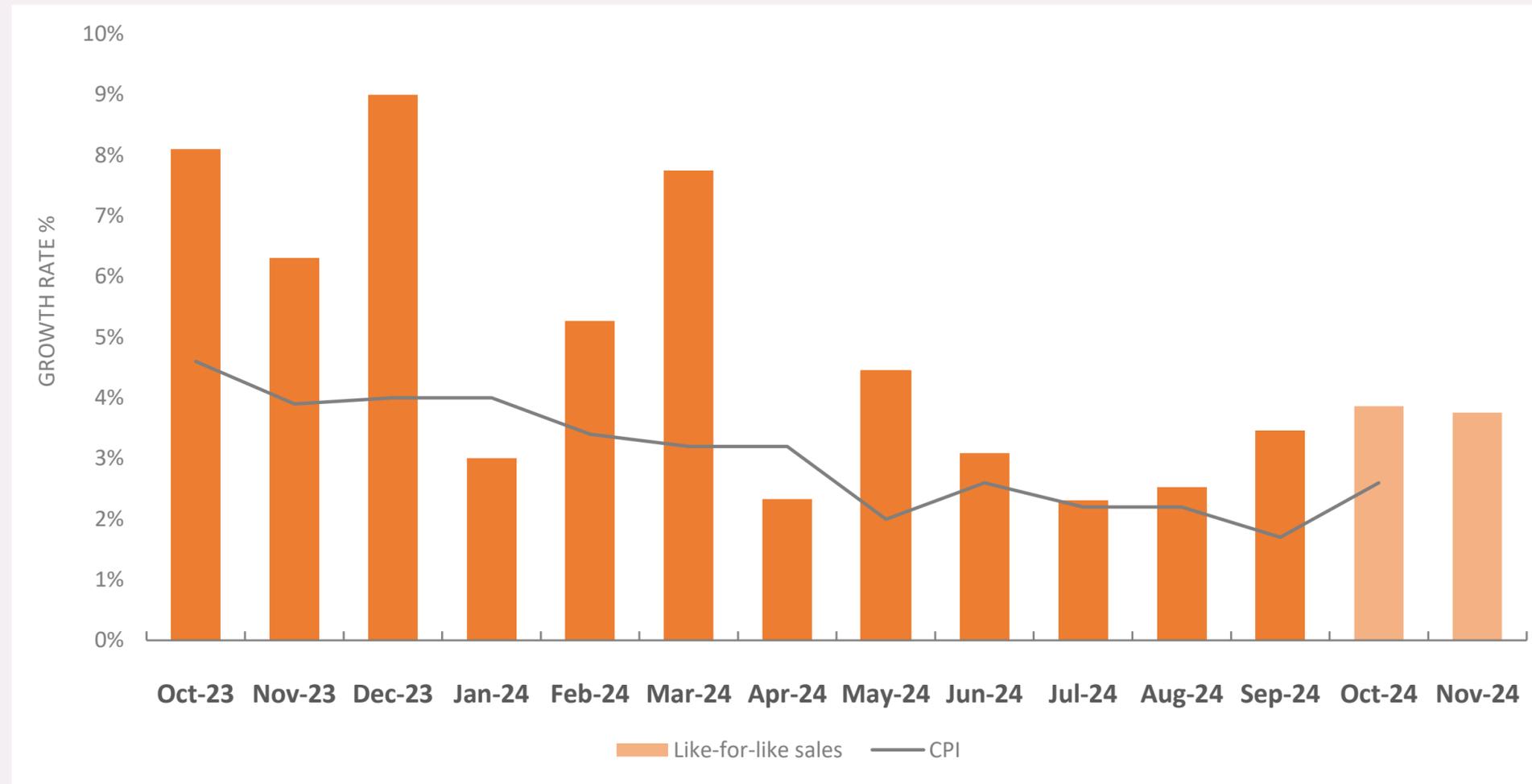
	FY 2024 52 week £m	FY 2023 53 week £m
Revenue	2,610	2,503
Operating costs	(2,298)	(2,277)
Operating profit	312	226
Interest	(99)	(108)
Pensions finance charge	(2)	(3)
Profit before tax	211	115
Operating margin	12.0%	9.0%
Earnings/(loss) per share	26.4p	16.1p

# Income Statement

(before adjusted items)

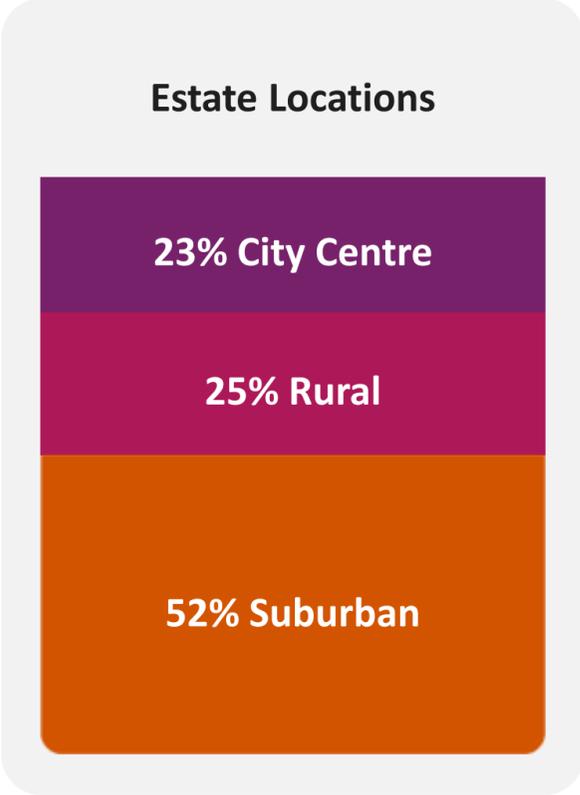
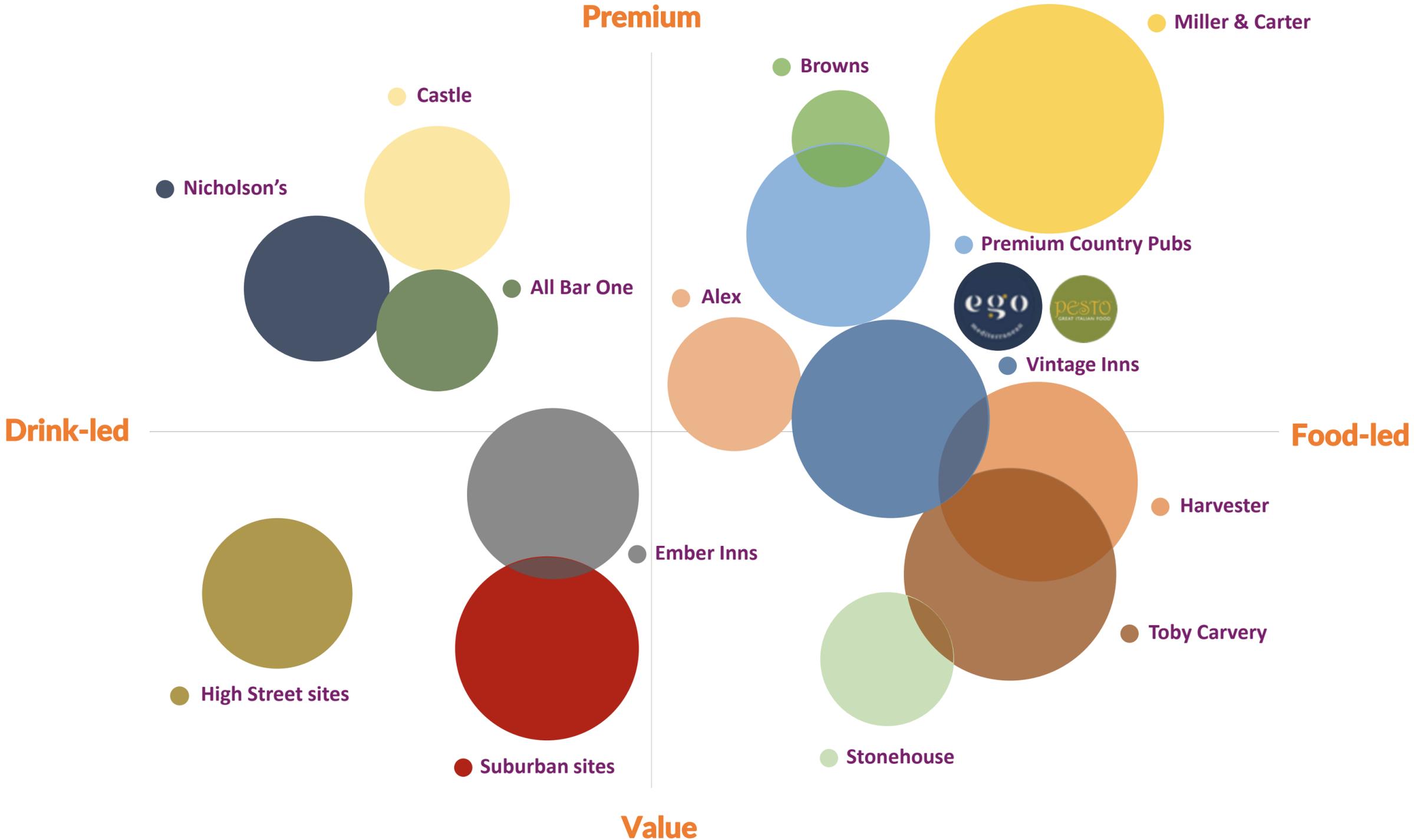
	FY 2024 52 week £m	FY 2023 52 week £m	Movement %
Revenue	2,610	2,459	+6.1%
Operating costs	(2,298)	(2,238)	
Operating profit	312	221	+41.2%
Interest	(99)	(108)	
Pensions finance charge	(2)	(1)	
Profit before tax	211	112	+88.4%
Operating margin	12.0%	9.0%	+3.0bps
Earnings/(loss) per share	26.4p	15.6p	+69.1%

# Strong like-for-like sales as inflation falls

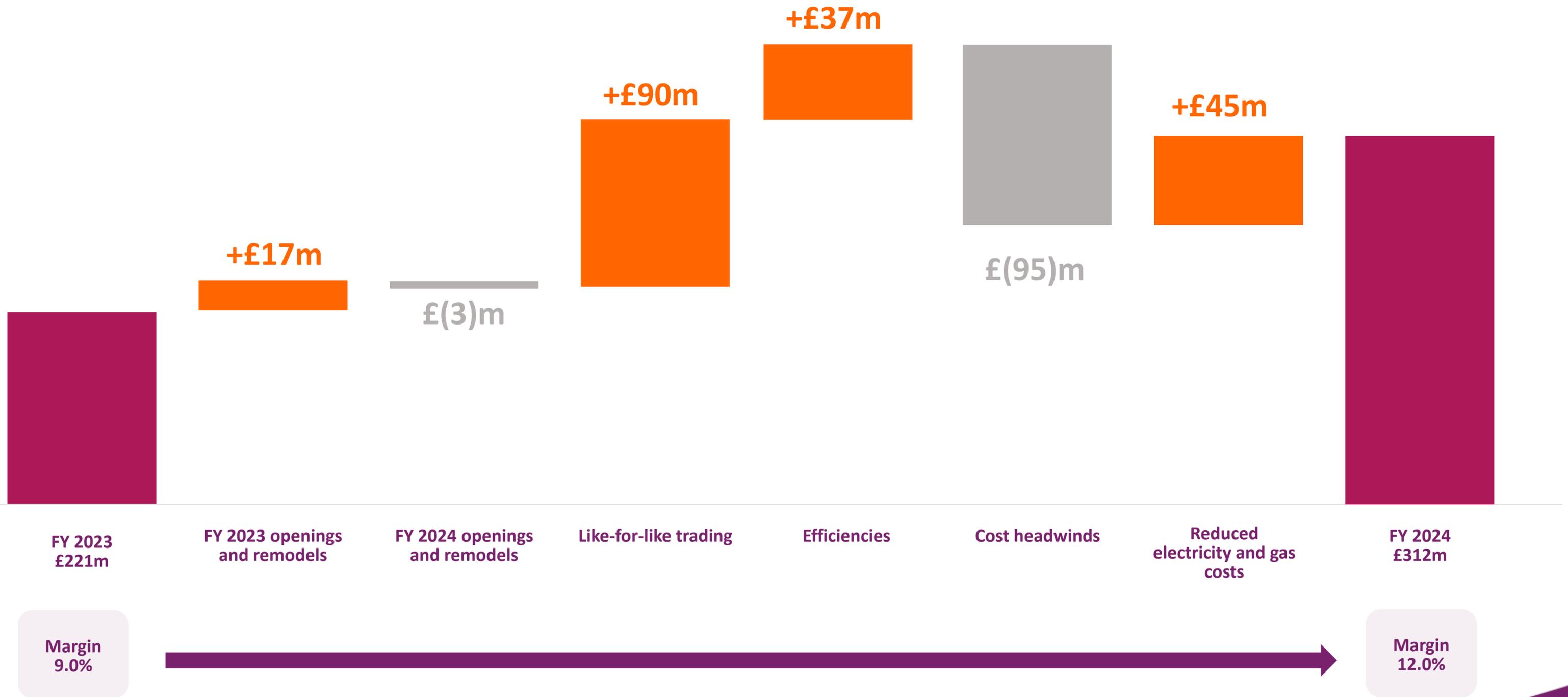


- Like-for-like sales growth of 5.3%, ahead of the sector
- Broad-based growth across brand portfolio
- Volumes in marginal decline, closer to pre-covid trends
- First 7 weeks like-for-like growth in FY 2025 of 4.0%

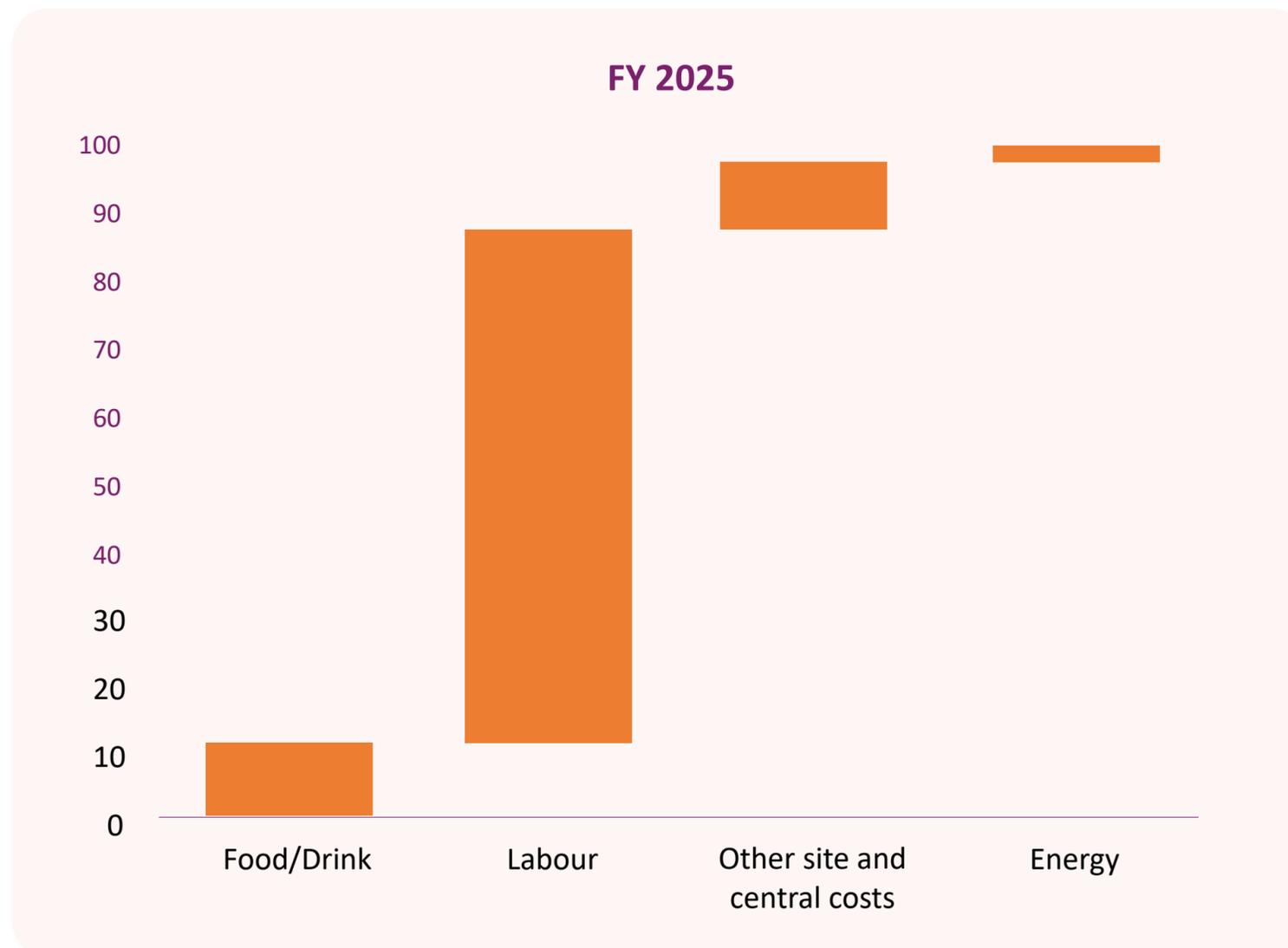
# Diverse portfolio of brands and locations



# Adjusted EBIT movement



# Cost inflation driven by wages and national insurance



- **FY 2025**
  - Non labour cost inflation low
  - Labour increases from April
    - National Insurance up £11m (£23m pa)
    - Minimum wage up £21m (£42m pa)
  - Aggregate increase of c.5% of cost base
- **FY2026 and beyond**
  - Annualisation of national insurance and minimum wage increases
  - Thereafter to return to normalized 3% to 4% anticipated

# Strong cash flow

	FY 2024 £m	FY 2023 £m
Operating cash flow	454	368
Working capital movement	15	(1)
Pension escrow return	35	-
Pension deficit contributions	(1)	(8)
Capital expenditure	(154)	(157)
Acquisitions of 3Sixty Restaurants net of cash	-	(12)
Acquisitions of Pesto Restaurants Ltd	(2)	-
Lease principal and interest	(57)	(68)
Net interest	(82)	(90)
Tax	(18)	(3)
Purchase of own shares, disposal proceeds and other	(5)	1
<b>Net cash flow before bond amortisation</b>	<b>185</b>	<b>30</b>
Mandatory bond amortisation	(123)	(116)
<b>Net cash flow</b>	<b>62</b>	<b>(86)</b>

- Working capital inflow from sales growth
- Pension escrow return of £35m from Main Plan
- FY25 capex to increase to c.£200m
- Use of covid tax losses to reduce cash tax paid until FY26
- Net cashflow of £62m after bond amortization

# Pensions – derisked with a surplus funding position

## Executive plan

- Full scheme buy out completed during the year
- £12m escrow monies repaid after the year end

## Main Plan

- Full scheme buy in completed in FY 2023
- £35m escrow monies repaid during the year
- Surplus funding position of £164m now recognised
  - Will be used to fund future defined contribution liabilities
  - DWP consultation on Defined Benefit scheme surplus

## Unfunded, closed scheme

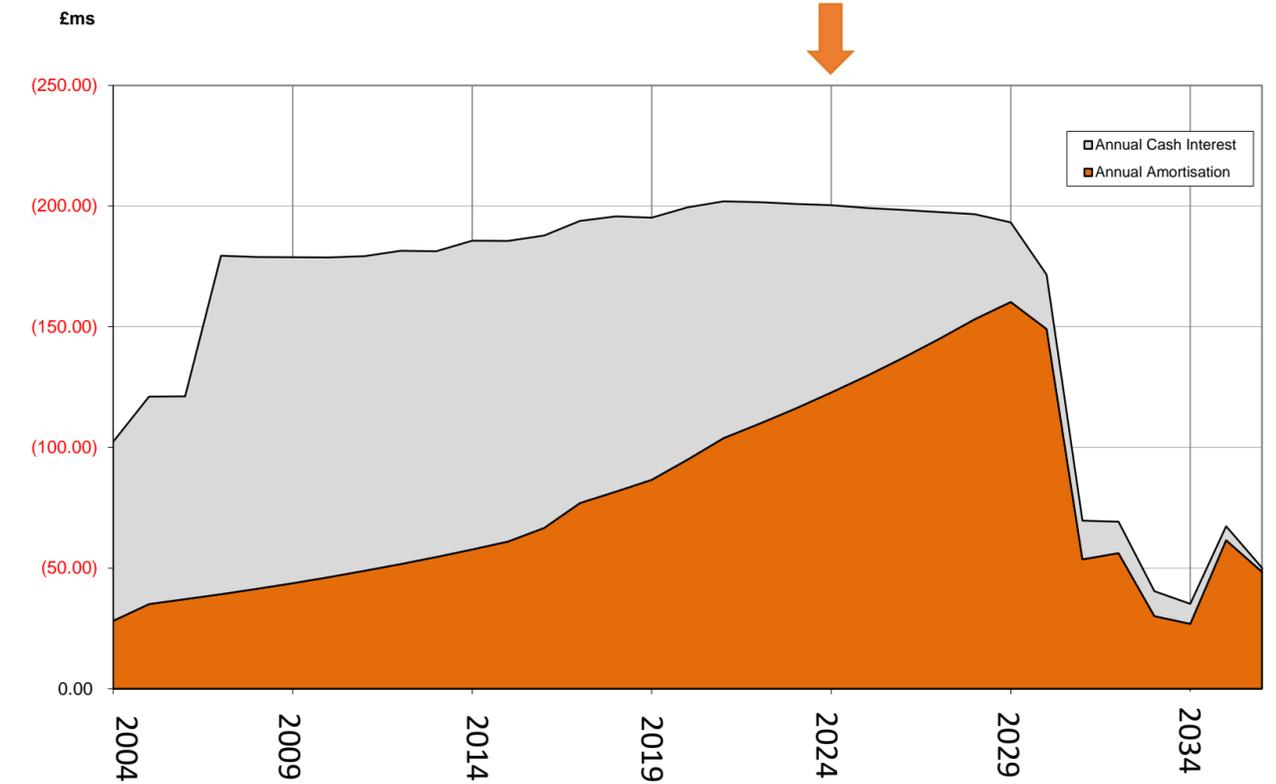
- Liabilities of £25m



# Balance sheet strength

	FY 2024 £m	FY 2023 £m
<b>Assets</b>		
Property, plant and equipment	4,419	4,086
ROU leases	307	327
Pension surplus	164	-
Other	53	112
<b>Non-current assets</b>	<b>4,943</b>	<b>4,525</b>
Cash	176	126
Other	126	151
<b>Total assets</b>	<b>5,245</b>	<b>4,802</b>
<b>Liabilities:</b>		
Borrowings	(1,184)	(1,330)
Lease liabilities	(447)	(463)
Pension liabilities	(25)	-
Other	(1,023)	(879)
<b>Total Liabilities</b>	<b>(2,679)</b>	<b>(2,672)</b>
<b>Net Assets</b>	<b>2,566</b>	<b>2,130</b>
<b>Net Assets per Share</b>	<b>£4.33</b>	<b>£3.59</b>

## Acceleration in amortisation



Net Debt of £1.0bn excluding leases

Gearing (MAT ebitda)

- 2.2 times excluding leases
- 3.2 times including leases

# Strong performance across the period



## Financial Highlights

- **Like-for-like sales growth** of 5.3% - consistently ahead of the market
- **Adjusted operating profit growth** of 41% to £312m
- **Operating margin recovery** to 12.0%
- **Cashflow** before bond amortisation of £185m



## Progress on strategic Priorities

- **Net debt (constant currency) reduced to £989m**, 2.2 times EBITDA (excl. leases)
- Capital programme continues to generate **strong returns**
- Record **staff engagement** and **guest** review scores



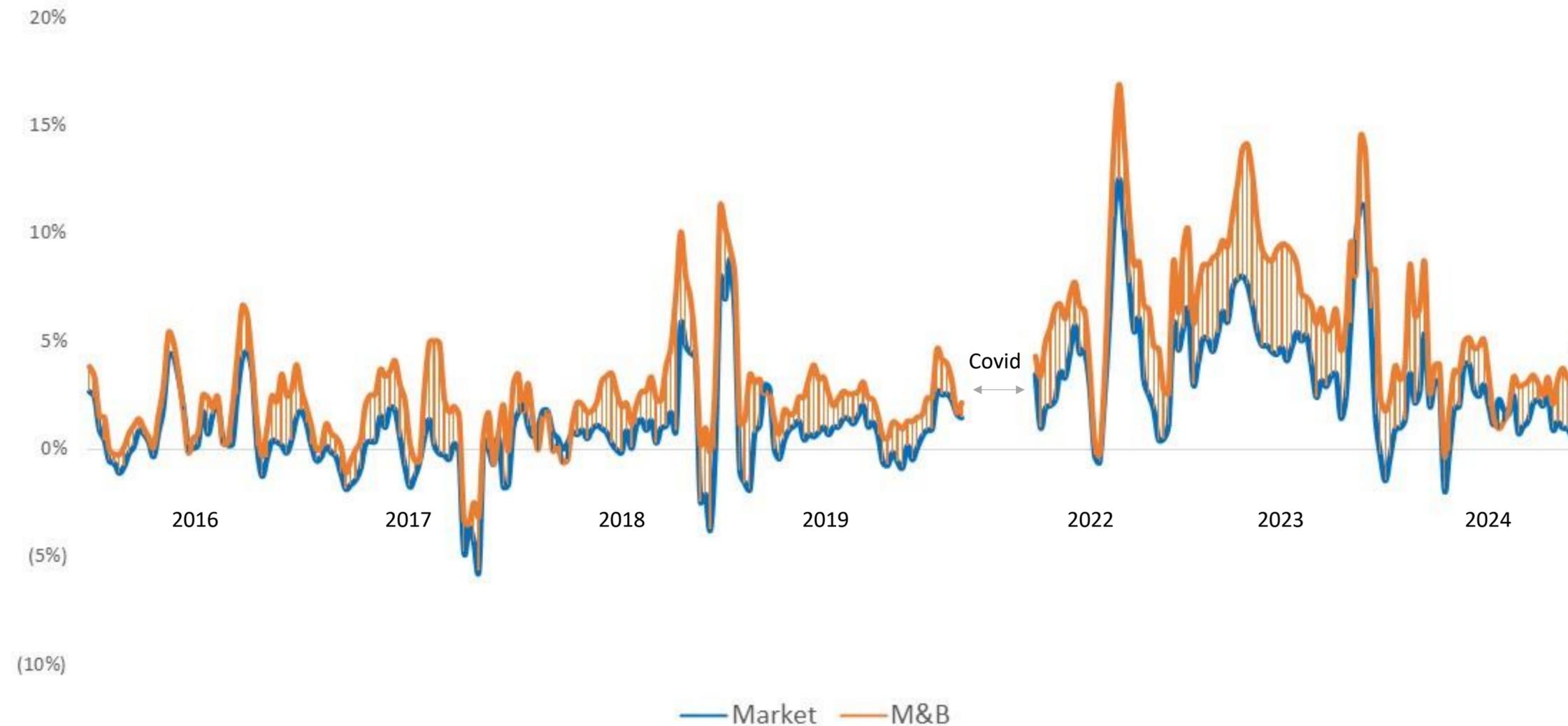
## Outlook

- **Sales performance** expected to continue to beat the market
- **Cost inflation** anticipated at £100m (5% of cost base) in FY 2025
- **Pipeline** of further sales and efficiency initiatives
- **Balance sheet** continues to strengthen



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

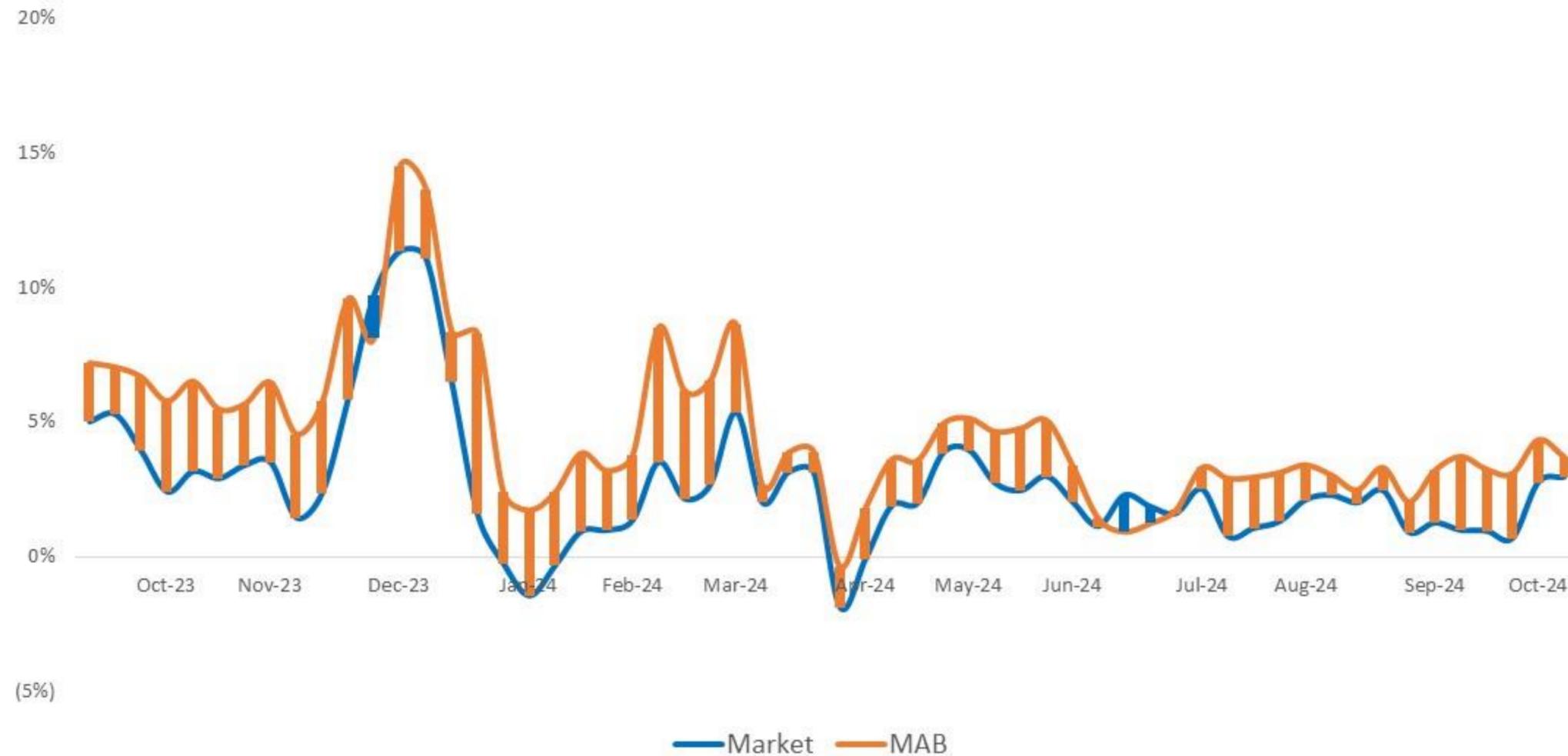
# Sustained outperformance vs. the market



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

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

# Outperformance during FY 2024

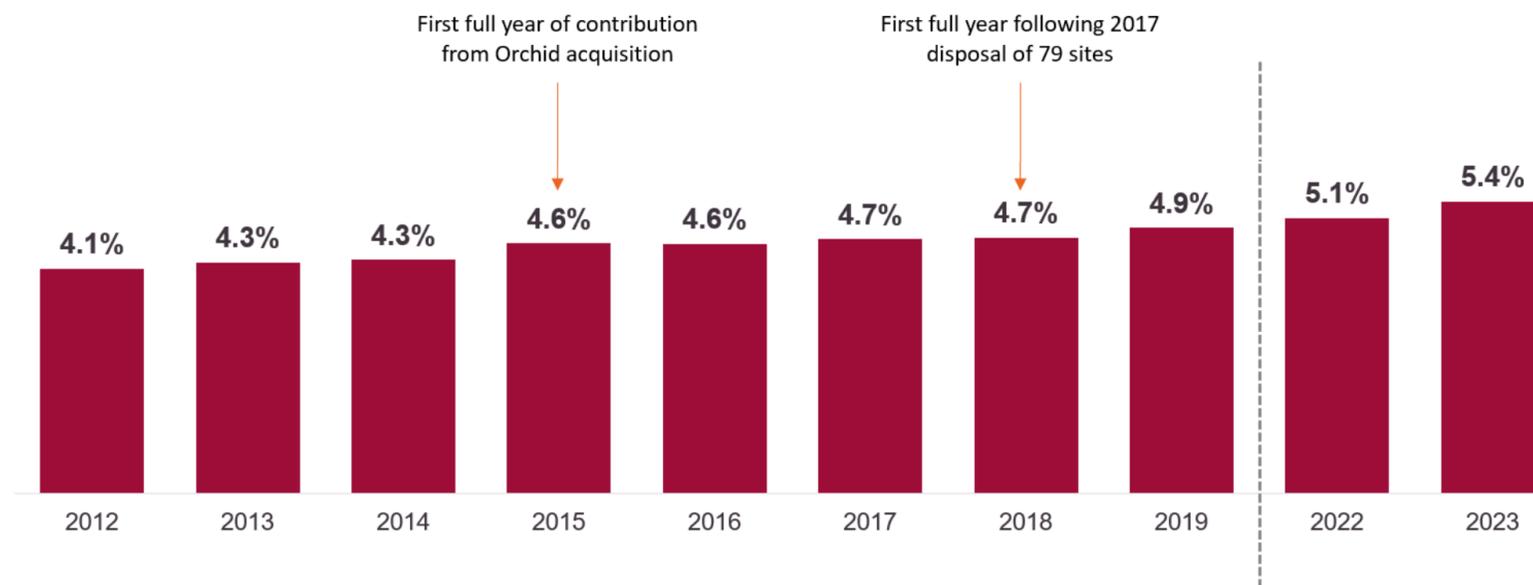


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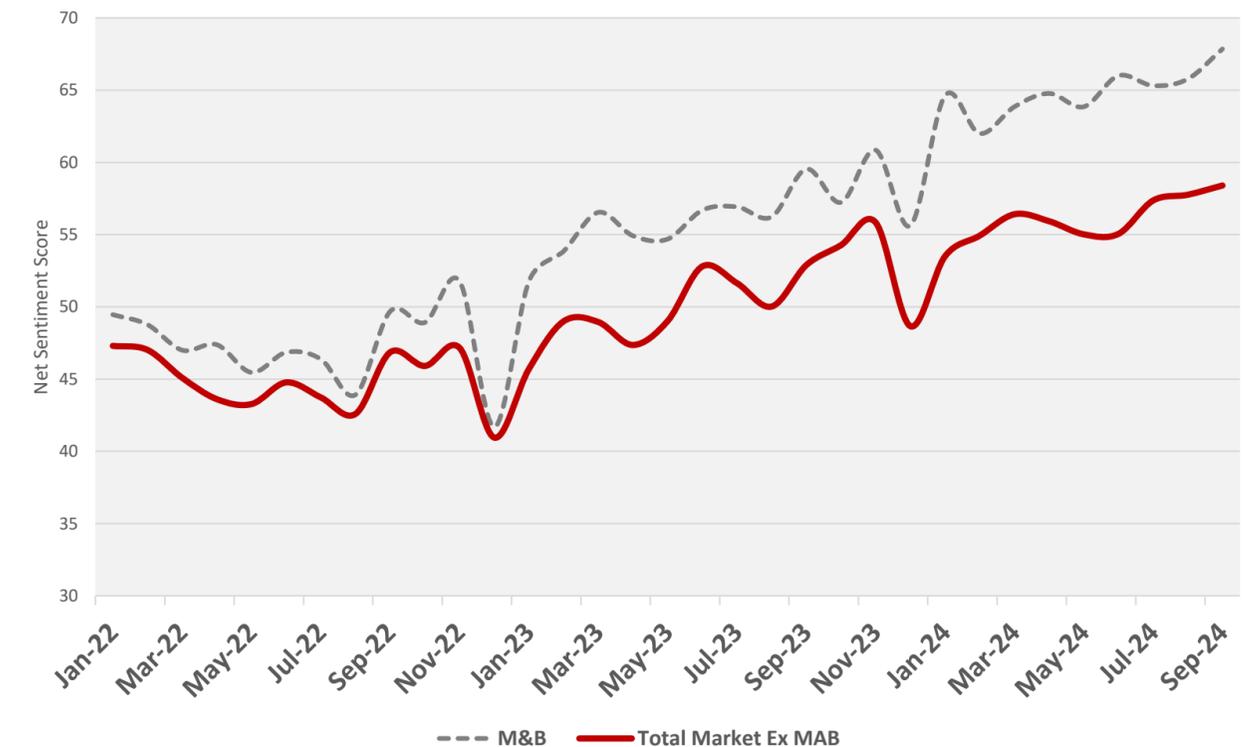
- Like-for-like sales growth of 5.3% for the year
- Outperformed the market by c.1.7ppts over the year, as measured by CGA Business Tracker

# Opportunity to continue to grow market share

M&B's revenue share of GB Total Pubs, Bars & Service-led restaurant turnover

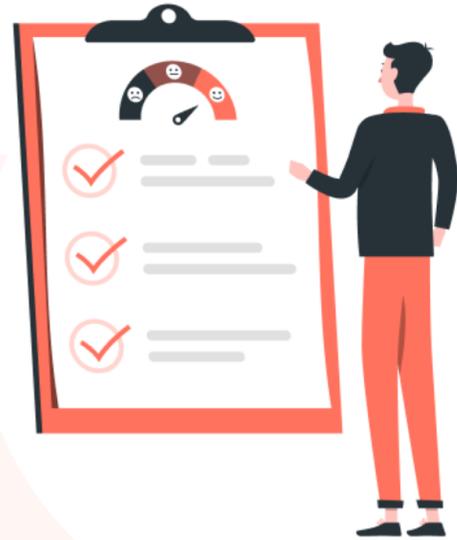


M&B v Mkt Net Sentiment



- Systematic growth of market share over last nine years with opportunity for further growth
- Correlation between superior guest review scores and like-for-like sales growth and our outperformance of the market on guest sentiment continues
- Lumina Intelligence (May 24) forecasts growth for managed pubs, bars and restaurants of 2.6% in 2025

# Levers to continue market outperformance



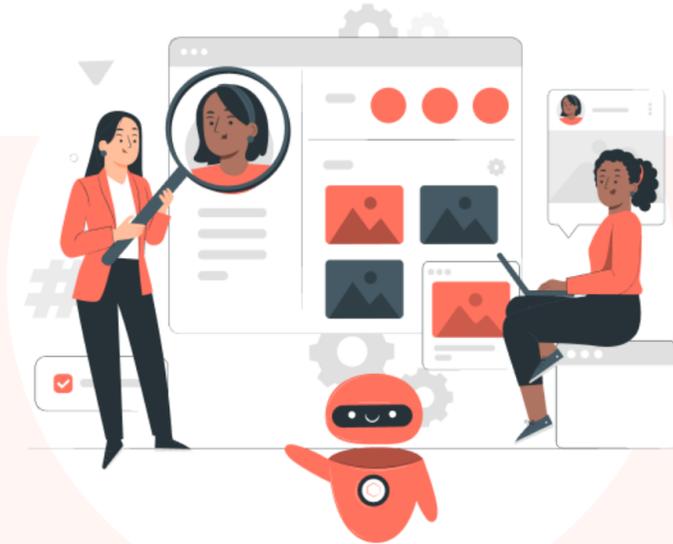
## Build a more balanced business

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



## Instil a more commercial culture

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



## Drive an innovation agenda

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

# Balanced portfolio

- Optimising our estate through systematic upgrade of amenities
- Constant evolution of our brand formats informed by guest insight
- Operate at the premium end of each market sector
- Committed to a 7-year investment cycle
- Investment covers front and back of house as well as externals
- Returns from our remodel programme from FY 2024 of 37%



# Commercial edge

## A skill we have now embedded across the organisation

- Putting the guest at the heart of all that we do
- Guest insight drives decision making
- Rigorous review of conversion of sales to profit across central functions and operations
- Move at pace across the business with project management in place to provide governance



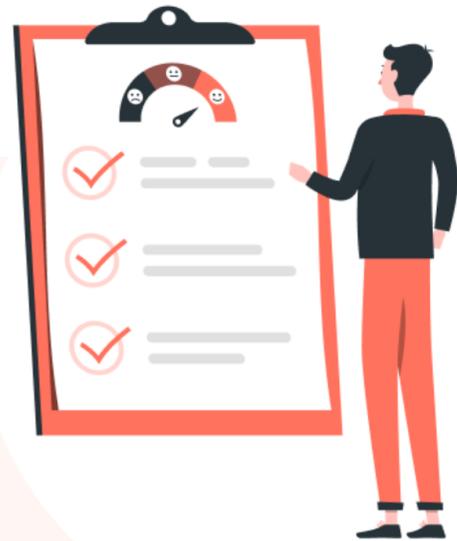
# Innovation

## Driving an innovative spirit across the business

- Deployment and optimisation of technology
- Introduction of multiple tools which have enhanced the efficiency of day-to-day operations
- Making digital marketing the engine room for the business
- Launched My Account across multiple brands, providing guests with a single platform to manage their bookings, orders, and offers
- Culture which embraces new product and concept development



# Levers to continue market outperformance



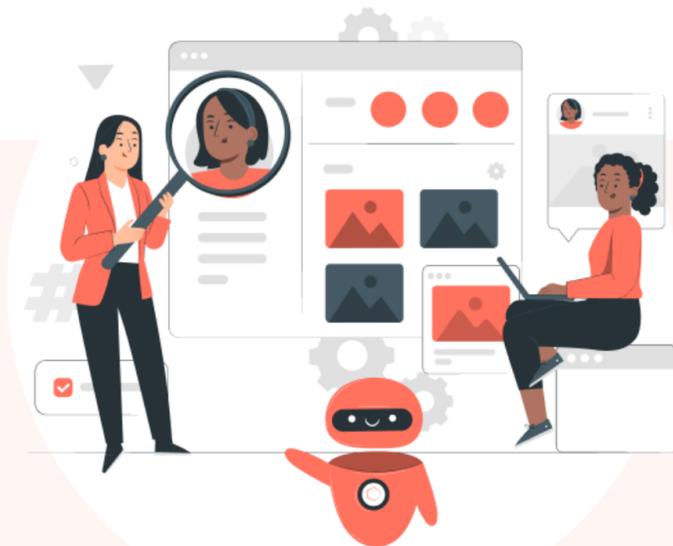
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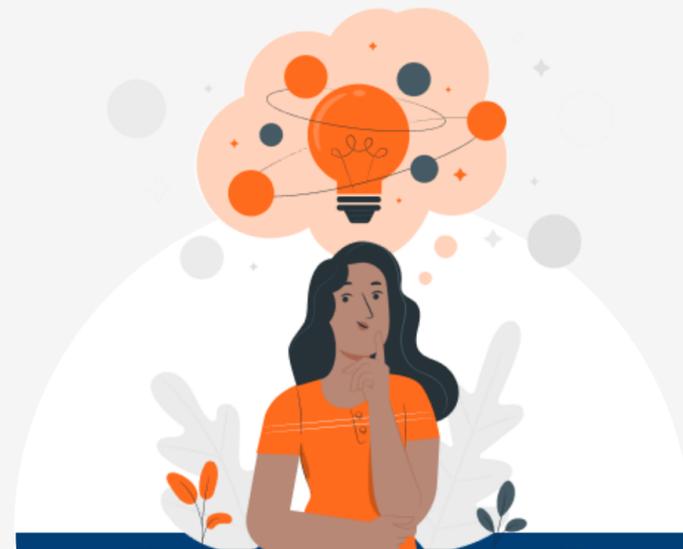
Level 1 | **BAU Operations**

Level 2 | **Capital Programme**

Level 3 | **Ignite**

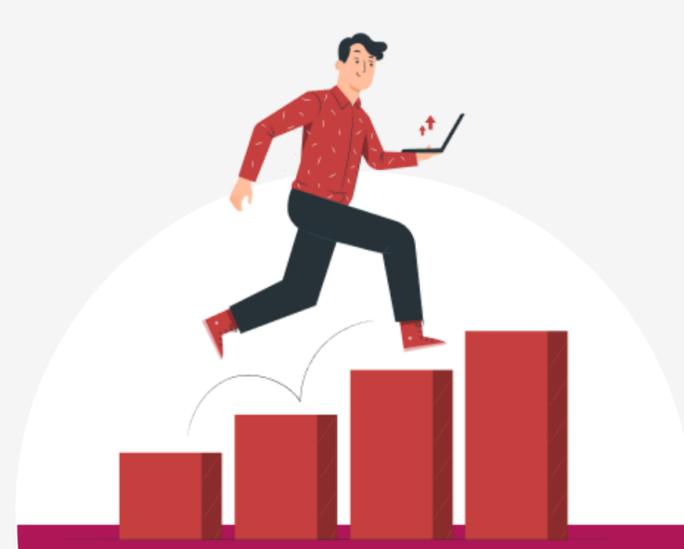
# Capital Programme

## Remodel



Systematic upgrade of amenity and evolution of brand offers

## Conversion



Rebalancing of portfolio by changing the brand within a site

## Acquisition



Purchase of new sites which add value to the portfolio

## Maintenance



Maintenance of fittings and equipment as well as sustainability and digital investment

# The next wave of Ignite

- Established programme facilitating change across the business to unlock value
- Incremental improvements across multiple fronts simultaneously
- Ideation sessions have resulted in the creation of a fresh wave of initiatives for FY 2025

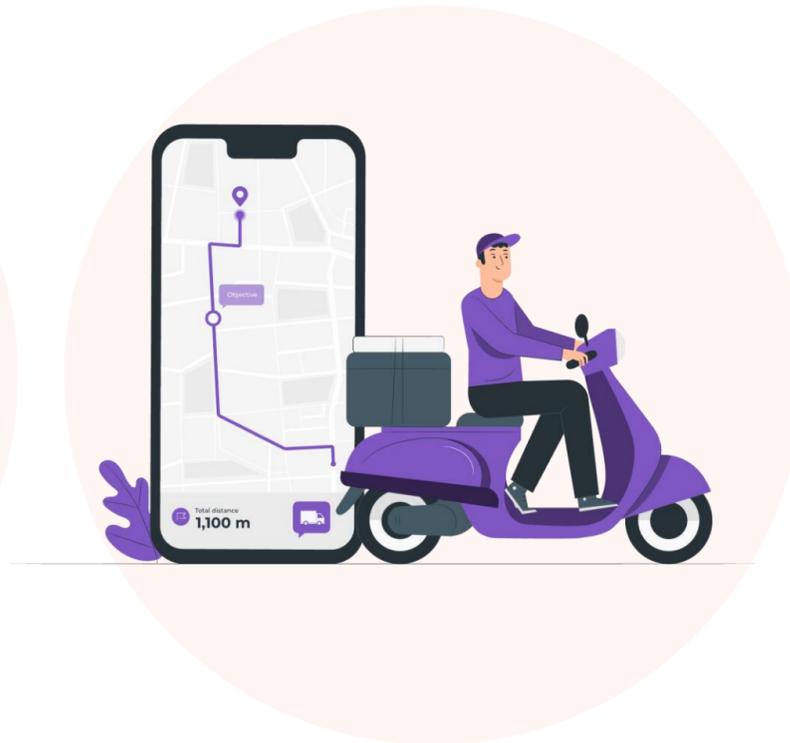


# Ignite – impactful initiatives



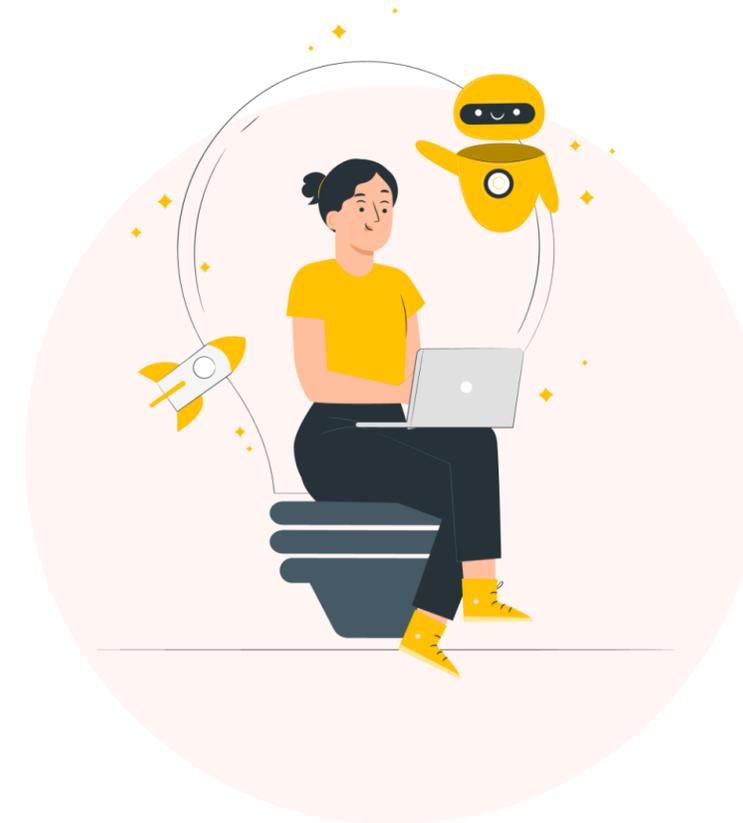
## Focus on under-performing assets

Systematically working on repositioning the lower performing portion of our estate

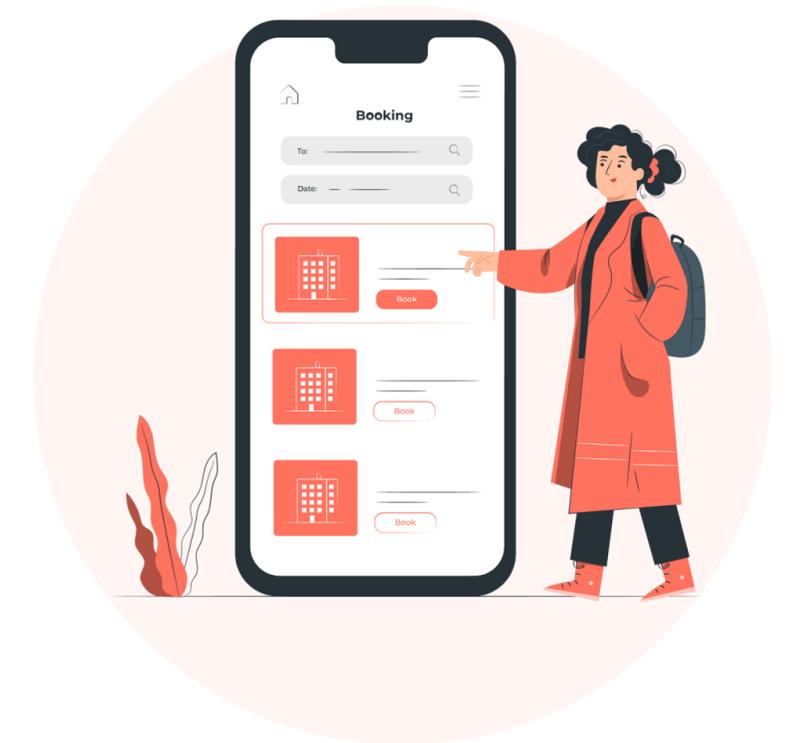


## Utilising 3<sup>rd</sup> party delivery brand

to enhance the appeal of our delivery options through an established brand



Using AI to enhance productivity with opportunities identified in guest relations and bookings



## Bookings

Using our table management software to unlock additional table turns in busy timeslots

# Sustainability

## Making moments matter

### Respect for the planet

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



### Pride in our offers

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



### Care for communities

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



## Targets

Net zero emissions  
By 2040

**14%**   
Progress

Zero waste to  
landfill by 2030

**98%**   
Progress

Reduce food waste  
by 50% by 2030

**23%**   
Progress

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- **Further Ignite initiatives** to deliver efficiencies and value
- **Strong performance** across all key operational metrics
- **Like-for-like sales growth** of 4.0% in first seven weeks of FY 2025



Questions



**Full Year Results 2024  
Supplementary slides**

# FY 2024 – Outlet reconciliation

	Total Managed <sup>1</sup>	Franchised	Total MAB
Opening outlets (start FY 2024)	1,663	55	1,718
Transfers <sup>2</sup>	(5)	4	(1)
Disposals	(6)	-	(6)
Acquisitions	14	1	15
Closing outlets (end FY 2024)	1,666	60	1,726

**Notes:**

1. FY 2024 closing managed total includes 31 Ego, 10 Pesto and 43 Alex outlets
2. During the year 1 site was transferred to unlicensed properties which is not included within the outlet reconciliation
3. Closing managed total includes 12 non-trading pubs
4. Lodges attached to sites do not appear as a separate outlet