



13 January 2017

MITCHELLS & BUTLERS (MAB): 262p Q1 Trading Update – 15wks to 7 Jan 2017:

Group reports 'Lfl sales growth for the year to date has increased to 1.7%...' with Xmas trading 'particularly strong'...

Year to end-Sep	PBT (£m)	EPS (p)	PER (x)	DPS (p)	Yield (%)
2016 (A)	173.0	34.8	7.5	7.5	2.9
2017 (E)	180.5	34.8	7.5	7.6	2.9
2018 (E)	181.1	35.7	7.3	7.8	3.0

Source: Company & Broker Estimates

Q1 Trading Update – 15wks to 7 Jan 2017:

Mitchells & Butlers has this morning updated on Q1 trading covering the period comprising the 15wks to 7 Jan and further comments are set out below:

- M&B reports that 'Lfl sales growth for the YtD has increased to 1.7%'
- It says this is 'continuing to build on the progress reported earlier in the year' and adds 'trading over the festive period was particularly strong across all brands'
- Xmas Lfl +4.7% (4wks to 7 Jan) & recent sales are set out below:
- **Tab.1. Mitchells & Butlers Lfl Sales Trends:**

Period	Lfl sales (%)
FY 08/09	+1.6
FY 09/10	+2.8
FY 10/11	+2.6
FY 11/12	+2.1
FY 12/13	+0.4
FY 13/14	+0.6
H1 14/15	+1.7
First 43wks	+1.3
FY 14/15	+0.8
H1 15/16	-1.6
FY 15/16	-0.8
8wks to 19 Nov 16	+0.5
15wks to 7 Jan 17	+1.7
4wks of Xmas	+4.7

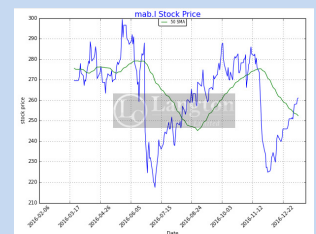
Source: Company Reports

Find us at:



Recent News Here:

- Today's email
- Recent emails
- A day in the life...
- Who we are, what we do...
- Upcoming news-flow
- Recent company updates
- Thematic pieces
- LinkedIn profile



Market Cap: £1.1bn
12m range 217p - 299p

More on Recent Trading:

- M&B reports that total sales have increased by 2.3% in the year-to-date.
- In the 15wks to 7 Jan, food sales LfL rose by 1.6% and wet sales rose by 1.7%
- City centres may have performed well in the long run-up week to a Sunday Christmas Day

Margins:

- M&B cautions that 'as previously advised, increased cost pressure is expected to lead to margins being lower than last year.'

Balance Sheet & Other:

- M&B says 'we have opened 1 new site and completed 69 conversions and remodels in the financial year to date.'
- It says 'we expect to complete around 300 remodels and conversions in the full year.'

Conclusion:

- M&B CEO Phil Urban reports 'this is an encouraging performance, building on positive momentum from earlier in the year.'
- He adds 'we are starting to benefit from the many initiatives we continue to put in place, which gives us confidence in successfully delivering our strategic priorities going into the new year and a performance in line with the Board's expectations.'

Langton Comment: M&B has seen performance improve in the current year to date.

The fact that the group refers to evidence that a number of its initiatives are working is encouraging.

Xmas was clearly good. This is a theme across chunks of the industry and our belief is that wet-led units in particular saw good trading over the festive period.

As we have reported on a number of occasions, M&B is a big ship and it will take time to turn. Evidence of such a turn may be emerging.

As regards its share price, we are now at a point where the group is trading at only around 7.5x current year earnings and it has a 2.9% (and hopefully growing) yield.

M&B has an extremely attractive estate but it still has much to do. Nonetheless, today's announcement should, all other things being equal, be taken well.

Contact – Mark Brumby - +44(0)20 7702 3389

mark.brumby@langtoncapital.co.uk

This message (and files contained herein) may contain confidential or proprietary information and is intended solely for the use of the individual or organisation to whom it is addressed. If you are not the addressee you should not disseminate, distribute or copy this email or any part thereof. Further, please notify the author immediately by telephone or by replying to this email and then delete all copies of the correspondence from your system. We apologise for any inconvenience that this may have caused. This information is a financial promotion for the purpose of the European Markets in Financial Instruments Directive (MiFID) and FSA's Rules. It has not been prepared in accordance with the legal requirements designed to promote the independence or objectivity of investment research. This document is not based upon detailed analysis by Langton Capital of any market, issuer or security named herein and does not constitute formal research or a research recommendation, either expressly or otherwise. It is not investment advice and does not take into account the investment objectives and policies, financial position or portfolio composition of any recipient. This document should not be relied upon as authoritative or taken in substitution for the exercise of your own commercial judgment. Whilst Langton Capital has taken steps to control the spread of viruses on its systems, it cannot guarantee that this email and any files transmitted with it are virus free. No liability is accepted for any errors, omissions, interceptions, corrupted email, lost communications or late delivery arising as a result of receiving this message via the Internet or for any virus that may be contained in it. Recipients should review independently and / or obtain independent professional advice and draw their conclusions therefrom should decide to undertake transactions with third parties. Langton Capital or its employees may have positions in securities mentioned herein. We reserve the right to monitor email messages passing through our network. Langton Capital Limited is authorised and regulated by the Financial Conduct Authority. Langton Capital Limited is registered in England number 07112949.

Mark.brumby@langtoncapital.co.uk

Suite 415, No1 Alie Street, London, E1 8DE
020 7702 3389