

All Bar One owner M&B returns to profit despite 'challenging' backdrop

Pub and bar owner Mitchells & Butlers (M&B) has swung back to a profit following the easing of pandemic restrictions despite the "highly challenging" trading backdrop.

The [All Bar One](#) and Toby Carvery owner also told investors on Wednesday morning that like-for-like sales have increased by 6.5% since the end of its latest financial year in late September.


M&B said the recovery of sales has been "encouraging" as it has benefited from the return to office working, which has boosted city centre locations.

The company is "cautiously optimistic" but said it remains mindful of cost-of-living challenges for customers, which are expected at least through the current year.

It highlighted cost inflation as a particularly significant challenge, warning that it expects its roughly £1.8 billion cost base to increase by between 10% and 12% before efforts to mitigate this.

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M&B welcomed the [Government](#) energy price guarantee for businesses, which capped prices for six months from the start of October.

However, it said energy costs are still expected to increase this year and there is “significant uncertainty” of prices in the second half of the year.

Earlier this week, the British Beer and Pub Association (BBPA) said pubs across the country could shut without clarity soon over what will happen to energy costs after scheme’s current finish date at the end of March.

It came as the company posted an £8 million pre-tax profit for the year to September 24, jumping from a £42 million loss in the previous year.

M&B claimed that profits would have been near to pre-Covid levels had it not been impacted by a £70 million increase in utility costs over the year.

Meanwhile, revenues more than doubled to £2.2 billion following the relaxation of Covid-19 restrictions.

Phil Urban, chief executive of Mitchells & Butlers, said: “The trading environment remains highly challenging, with cost inflation continuing to put pressure on margins and we are ever mindful of the pressures that the UK consumer is facing.

“However, we are encouraged by the strength of sales growth at the end of last financial year, which has improved further into the early weeks of this year.”