RNS Number : 4945M
Whitbread PLC
30 April 2024

Record levels of profit and cashflow delivered by Premier Inn UK with continued progress in Germany
Increased dividend plus further £150m share buy-back in H1 FY25
Optimisation of F&B to unlock 3,500 room extensions and drive increased margins and returns

Throughout this release all percentage growth comparisons are made comparing the current year (FY24) performance for the 52 weeks to 29 February 2024 with FY23 (52 weeks to 2 March 2023).

Overview

- Premier Inn UK delivered record adjusted profit before tax with 15.5% return on capital employed† ('ROCE') and continues to outperform the UK midscale and economy ('M&E') market[1]
- In Germany, we are encouraged by our recent performance and remain on track to break-even on a run-rate basis in 2024 as we progress towards our long-term target of 10% - 14% return on capital
- The Board is recommending a 26% increase in the final dividend per share to 62.9p and intends to commence a further £150m share buy-back, to be completed during H1 FY25
- Cost efficiencies of £50m delivered in FY24; launch of new efficiency programme to deliver £150m of cost savings over the next three years
- Accelerating Growth Plan ('AGP') will optimise our food and beverage ('F&B') offer through converting 112 and exiting 126 branded restaurants; we plan to unlock 3,500 new room extensions that will see us reach at least 97,000 open rooms in the UK by FY29
- We have significant growth potential in both the UK and Germany; the plans outlined today will deliver a step change in our margins and returns, further underpinning our confidence in the medium-term outlook for the Group

FY24 Group Financial Summary

£m	FY24	FY23	*vs FY23*
Statutory revenue	2,960	2,625	*13%*
Adjusted EBITDAR†	1,057	888	*19%*
Adjusted profit before tax†	561	413	*36%*
Statutory profit before tax	452	375	*21%*
Statutory profit after tax	312	279	*12%*
Adjusted basic EPS†	206.9p	162.9p	*27%*
Statutory basic EPS	161.0p	138.4p	*16%*
Dividend per share	97.0p	74.2p	*31%*
Group ROCE†	13.1%	10.5%	*260bps*
Net (debt) / cash†	(298)	171	*(274)%*
Lease-adjusted leverage†	2.9x	2.6x	*n/a*

Financial highlights

- Group statutory revenue grew by 13%, driven by strong growth in the UK and continued progress in Germany
- Premier Inn UK: total accommodation sales up 12%; RevPAR up 10% with total accommodation sales 3.1pp and RevPAR £5.95 ahead of the M&E market
- UK F&B sales up 7% driven by strong occupancy in our hotels that has supported strong breakfast sales
- UK adjusted pre-tax profit margins† increased to 21.2% (FY23: 19.6%), reflecting the strength of our commercial strategy, vertically integrated operating model and cost efficiency programme
- Record levels of UK ROCE† that increased to 15.5%, up from 12.9% in FY23
- Premier Inn Germany: total sales up 62%, driven by network expansion and the increasing maturity of our estate that delivered a reduced adjusted loss before tax† of £36m (FY23: £50m); our cohort of 17 more established hotels performed ahead of the M&E market[2]

- Group: adjusted profit before tax† was up 36% to £561m (FY23: £413m) and statutory profit before tax was £452m (FY23: £375m) after charging £109m of adjusting items (FY23: £39m) including a non-cash, net impairment charge of £107m, most of which relates to the write-down of UK branded restaurants held for sale in connection with our AGP, the impairment of seven German properties and £27m of costs relating to the Group's strategic IT programmes
- Group: adjusted EBITDAR† up 19% to £1,057m (FY23: £888m) driven by our strong profit performance
- Total cash returned to shareholders via dividends and share buy-backs in FY24 of £756m (FY23: £119m)
- Strong balance sheet: lease adjusted leverage† increased to 2.9x (FY23: 2.6x) and net debt† was £298m (FY23: net cash of £171m); pension fund surplus was £165m at the end of the year (FY23: £325m)

Segment highlights

Premier Inn UK

£m	FY24	FY23	*vs FY23*
Statutory revenue	2,770	2,508	*10%*
Adjusted profit before tax†	588	492	*19%*
Revenue per available room (£)†	65.56	59.45	*10%*

Premier Inn Germany

£m	FY24	FY23	*vs FY23*
Statutory revenue	190	118	*62%*
Adjusted loss before tax†	(36)	(50)	*28%*
Revenue per available room (£)†	44.44	37.04	*20%*

Current trading (seven weeks to 18 April 2024)

- Premier Inn UK:
  - As evidenced by the published market data, whilst midweek demand has been robust, the phasing of public holidays impacted weekend demand in certain leisure locations; this meant that total accommodation sales were 1% behind FY24
  - However, the strength of our brand and commercial programme meant that we continued to outperform the M&E market[3] with total accommodation sales 1.2pp ahead and a RevPAR premium of £5.68
  - We are expecting a positive step-up in demand across business and leisure over the next few weeks supported by our forward booked revenue position which is ahead of last year. This, together with our strong commercial programme, means that we remain confident in continuing to outperform the market
- UK F&B: sales were 2% behind FY24, with a strong performance in our integrated restaurants offset by softer trading in a number of our branded restaurants
- Premier Inn Germany: total accommodation sales up 21% versus FY24 and RevPAR was €54; RevPAR for our cohort of 17 more established hotels was €57, ahead of the wider M&E market[4]

1: STR data, standard basis, 3 March 2023 to 29 February 2024, UK M&E market excludes Premier Inn

2: STR data, standard basis, 3 March 2023 to 29 February 2024, Germany M&E market excludes Premier Inn

3: STR data, standard basis, 1 March 2024 to 18 April 2024, UK M&E market excludes Premier Inn

4: STR data, standard basis, 1 March 2024 to 18 April 2024, Germany M&E market excludes Premier Inn

Accelerating Growth Plan ('AGP')

- Optimisation of our F&B offer to enhance the proposition for our hotel guests and increase efficiencies through:
  - converting 112 lower-returning branded restaurants into new hotel rooms having first transferred the delivery of F&B to an integrated restaurant; and
  - exiting 126 lower-returning branded restaurants; they will continue to operate as they do now so that they can be sold as going concerns and we have already agreed to sell 21 of these restaurants for £28m
- We plan to unlock 3,500 new room extensions, that will see us reach at least 97,000 open rooms in the UK by the end of FY29; the plan will require c.£500m of investment over the next four years which will be funded through our existing annual capital expenditure programme
- AGP will result in the reduction of around 1,500 roles out of a total UK workforce of 37,000. While these plans are still subject to consultation, we will seek to find alternative opportunities wherever possible through the roles created by this plan and our existing recruitment process that makes c.15,000 hires each year
- This plan will drive increased margins and returns for our UK business. A one-off impact of

£20m - £25m reduction to UK adjusted PBT in FY25 will be fully recovered in FY26 and deliver incremental adjusted PBT of £30m - £40m in FY27; by FY29 the plan should deliver increased adjusted PBT of £80m - £90m

FY25 guidance

- As previously announced, we continue to expect net inflation on our £1.72bn UK cost base of between 3% and 4% in FY25, after £40m - £50m of efficiency savings
- In Germany, we remain on course to break-even on a run-rate basis during calendar year 2024
- Expected £20m - £25m reduction in net finance income versus FY24 reflecting lower cash balances and based on the current outlook for Bank of England rates
- In FY25 we expect to open 750 - 1,250 rooms in the UK and c.400 rooms in Germany
- We expect gross capital expenditure in FY25, including our AGP to be between £550m - £600m, partially offset by proceeds from property transactions of £175m - £225m, including sale and leasebacks and disposals

Medium-term outlook

We remain confident about the Group's prospects. We are the clear market leader in the UK and have a number of strategic and commercial initiatives, as set out in the Business Strategy section below, that will strengthen our position further. In Germany, we are building a business of real scale and remain on course to become the number one hotel brand[1] achieving our long-term target of 10% - 14% return on capital. Together with our new efficiency programme, these initiatives will deliver a step change in our profitability, margins and returns.

1: Based on number of open hotel rooms

† Signifies an alternative performance measure ('APM') - further information can be found in the glossary and reconciliation of APMs at the end of this document

Commenting on today's results, Dominic Paul, Whitbread Chief Executive, said:

"We have delivered an outstanding set of results in FY24, led by the strength of our UK hotels business. Our increased levels of profitability, operating cashflow and return on capital reflect the power of our unique operating model. Our freehold-backed balance sheet, together with our strategy of continuing to invest, is allowing us to take advantage of the significant structural growth opportunity that exists following the decline in UK hotel supply.

"Against this backdrop, we are increasing our momentum to deliver long-term profitable growth. In addition to our strong commercial programme, we plan to optimise our F&B offer at a number of our sites to unlock up to 3,500 room extensions that will enhance the service for our hotel guests and deliver increased operational efficiencies. We recognise that our transition will impact some of our team members so we will be providing support throughout this process and we are committed to working hard to enable as many as possible of those affected to remain with us. The short-term impact on our profit performance this year will be more than offset by an uplift from FY27 with further increases thereafter in both margins and returns as we open more of the new extensions.

"In Germany, we are encouraged by our progress to date and the opportunities we now have to both build our brand awareness and refine our trading strategies further. We are on track to break-even on a run-rate basis during calendar year 2024 and with 10,500 rooms now open and a further 6,000 in the pipeline, we are on course to fulfil our ambition of becoming the number one hotel brand in Germany.

"Our scale and vertically integrated model mean we have the commercial and operational levers to underpin long-term profitable growth, strong cashflow and increasing returns on capital. We are on course to deliver a step change in our performance and look forward with confidence, as reflected by our increased recommended final dividend and proposed further share buy-back."

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A webcast for investors and analysts will be made available at 8:00am on 30 April 2024 and will be followed by a live Q&A teleconference at 9:15am. Details of both can be found on Whitbread's website (www.whitbread.co.uk/investors).

†Alternative performance measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way that the business performance is measured internally. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses.

Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider relevant for comparison of the financial performance of the Group's businesses either from one period to another or with other similar businesses. APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures. Further information can be found in the glossary and reconciliation of APMs at the end of this document.

Chief Executive's Review

Group Results

The Group has once again delivered an excellent financial performance. Whilst Premier Inn UK remains the driving force behind these results, our growing German business also made encouraging progress throughout the year. Total statutory revenue increased by 13% to £2,960m while adjusted operating profit increased by 24% to £674m, reflecting the inherent operating leverage of our model.

The drivers of this strong performance include our scale, brand strength and our vertically integrated operating model. We have continued to build on our advantage across all areas of our operations, with a determined focus on growing our revenues, managing our costs and ensuring a high-quality service for our guests. As a result, the Group delivered a 36% increase in adjusted profit before tax to £561m (FY23: £413m). Adjusting items in the year resulted in a charge of £109m, including a non-cash, net impairment charge of £107m, most of which relates to UK branded restaurants held for sale in connection with our AGP, the impairment of seven properties in Germany and £27m of costs relating to the Group's strategic IT programmes The result was a 21% increase in statutory profit before tax to £452m (FY23: £375m). A tax charge of £140m led to a statutory profit after tax of £312m (FY23: £279m). With a reduction in the number of weighted average shares following share buy-backs during the year, adjusted basic earnings per share increased by 27% to 206.9p (FY23: 162.9p) and statutory basic earnings per share increased by 16% to 161.0p (FY23: 138.4p).

Our model means that we can translate strong financial performance into substantial free cashflow. Adjusted EBITDAR increased by 19% to over £1bn for the first time meaning we were able to continue to fund our ongoing programme of investment in our growth, infrastructure and customer proposition resulting in total capital expenditure of £509m (FY23: £546m).

Our financial strength means we can continue to deliver attractive returns to shareholders, through a combination of dividends as well as share buy-backs. The Board is therefore recommending a 26% increase in the final dividend to 62.9p per share that will be paid to eligible shareholders on 5 July 2024 (see note 10).

Having returned £600m to shareholders over the past year through two £300m share buy-backs, the Board has reapplied its capital allocation framework and is pleased to announce its plans for a further £150m share buy-back, to be completed during the first half of FY25. The new programme is expected to start today and end no later than 14 October 2024. Further details regarding the Group's latest proposed share buy-back can be found in a separate announcement to be issued today.

A more detailed review of the Group's FY24 performance, both in the UK and Germany, is set out below.

Premier Inn UK - Extending our market leadership

With a favourable supply backdrop and strong demand, total UK accommodation sales increased by 12%, with strong growth across London (+17%) and the Regions (+10%), driven by continued

high levels of occupancy and increased average room rates ('ARR'). We maintained a well-balanced customer mix between business and leisure and whilst leisure demand remained strong during the peak summer months, we did see some softening at short-lead during the fourth quarter, reflecting the normal seasonal pattern. The result was that Premier Inn UK again outperformed the wider M&E market and total accommodation sales grew 3.1pp ahead of the market with an increased RevPAR premium of £5.95 in FY24 (FY23: £4.96).

A combination of both external and internal factors contributed to this outperformance, further details of which are outlined below:

- **Market-leading position:** Premier Inn is the UK's largest hotel group with approximately 12% market share of total hotel room supply. During the year we opened 2,253 rooms and closed 386 rooms; as at 29 February 2024, we had 853 hotels and over 85,000 rooms open.

- **Continued favourable market supply**: Given our scale and national coverage, we have been able to take advantage of strong demand at a time when hotel supply has been more constrained. This is following a significant decline in the number of independent hotel rooms, as well as a marked reduction in hotel and leisure construction starts that were down over 50% over the past year[1]. Based on our detailed analysis, we believe it is unlikely that the total market will return to 2019 levels of supply until at least 2028, creating further opportunities for Premier Inn.

  1: Glenigan Construction Review - March 2024

- **Proprietary automated trading engine ('ATE'):** Strong yield management is fundamental to our success and our in-house trading teams are committed to a continuous process of improvement, seeking ways that we can refine and optimise our trading strategies. As the vast majority of our distribution is direct, we have been able to integrate our digital marketing with ATE, providing us with a further driver of demand that we can use to maximise revenue and profit.

- **Guest experience and choice:** As part of our regular refurbishment programme, we have started to roll-out our new standard room format ('ID5') and are also making great progress with our 'Bed of the Future' bed-replacement initiative. Our enhanced room format, Premier Plus, is achieving high levels of occupancy, resulting in a RevPAR uplift versus a standard room in the same hotel. We have also introduced our new Twin room format, which has two full-size single beds and attracts a £5 price supplement. We continue to offer a variety of rate classes providing both value and flexibility for our guests, with over 80% of bookings made using a flexible rate.

- **Driving our business proposition:** Business guests tend to travel more frequently, are more likely to book a flexible rate and generally cost less to serve than leisure guests. As a result, we have continued to broaden our appeal through a variety of different channels including our dedicated Business Booker portal as well as via Travel Management Companies ('TMCs'). Together, these channels represented approximately 20% of total accommodation sales in FY24, up from 17% in FY23.

- **Operational excellence:** Premier Inn retained the YouGov 'Best Value Hotel Chain' ranking, reflecting our focus on quality and value. Whilst we do not have a loyalty programme, we continue to attract large numbers of repeat guests. Despite high levels of occupancy in our hotels, we are continuing to receive high guest scores, which is thanks to the hard work of our dedicated teams that deliver for our guests every day. Our focus on maintaining a strong business culture, as well as investing in competitive rates of pay and skills and development training, supports our staff retention and approximately 69% of our team members now have more than one year's service (FY23: 59%).

Whilst difficult to attribute the individual impact of these factors on our overall performance, we believe each is contributing to our continued outperformance versus the M&E market.

Food and beverage ('F&B'), especially a hot breakfast, is an important part of our hotel offer and helps drive incremental RevPAR. F&B sales were up 7% versus FY23, with high levels of occupancy in our UK hotels driving strong breakfast sales that were up 14% year-on-year and a series of commercial initiatives supporting the performance of our branded restaurants.

As expected, with the addition of over 2,000 new hotel rooms and 8% cost inflation, total operating costs increased by 8% versus the prior year. However, the power of our operating model meant that with positive like-for-like sales growth, and £50m of efficiency savings, adjusted pre-tax profits increased by 19% to £588m (FY23: £492m) and margins increased to 21.2%, 1.6pp ahead of the prior year (FY23: 19.6%). The strength of this performance meant that we delivered record levels of UK ROCE that increased to 15.5% (FY23: 12.9%).

We delivered record levels of UK RevPAR that increased to 19.3% (FY23: 12.9%).

Gross impairment of £84m (FY23: £nil) has been recognised in respect of sites impacted by changes to facilitate our AGP. Included within this amount is £81m where the carrying value exceeds the expected sale proceeds less costs to sell and a further impairment of £4m to reflect the impact of the reduced cashflows as a result of the announcement of the plan**.** This was offset by the reversal of previous impairments relating to these disposal sites of £7m.

In addition, gross impairment charges of £8m (FY23: £54m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10m (FY23: £55m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £1m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant.

Premier Inn Germany - On course to break-even on a run-rate basis in calendar year 2024

In Germany, we made encouraging progress in FY24, building our momentum with further network expansion and improved trading performance. Whilst we did experience a dip in performance during the second quarter, this was short-lived and our overall performance has been encouraging. Our cohort of more established hotels in aggregate performed well during the year and is achieving RevPAR ahead of the rest of the German M&E market.

We continued to enhance our operating model for the German market with a number of important developments. These include: the addition of new payment methods that are particularly popular with German guests; and on distribution, we have extended our trial using Online Travel Agents ('OTAs') to see whether being on these platforms can drive incremental revenue and profitability, as well as increase our brand awareness. These changes, together with further initiatives being overseen by our recently appointed in-country leadership team, are keeping us on track as we progress towards our ambition of becoming Germany's number one hotel brand.

We added 1,464 rooms during the year and now have over 10,500 rooms open with a further 6,000 rooms in our committed pipeline. As our brand is not yet well known and with only a limited trading history since the end of the pandemic, our hotels are not yet at their full potential. However, we continue to be encouraged by our improving performance, led by our cohort of 17 more established hotels[1] which achieved a profit[2] of £9m in FY24 (FY23: profit of £3m). The net result was that Germany as a whole delivered a reduced adjusted loss before tax of £36m (FY23: loss of £50m) which was in line with our FY24 guidance.

In order to reach scale at pace and gain access to a number of key markets, we have invested in freehold and leasehold sites through organic opportunities as well as through acquisitions. Now having a recent period of trading history, we have updated our cashflow assumptions which has resulted in an impairment charge of £32m, relating to seven of our German hotels.

With an encouraging forward booked position and a clear plan in place, we remain on track to reach break-even[3] on a run-rate basis during calendar year 2024 and are making good progress towards our long-term target of generating 10% - 14% returns on the £1.1bn of invested and committed capital.

1: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

2: In aggregate, adjusted profit before tax excluding non-site related administration and overhead costs

3: On an adjusted profit before tax basis

Our teams

Our teams are at the heart of our guest experience, and thanks to their continued hard work and dedication we are continuing to deliver the great quality, service and value that our guests expect from us. Operating at high levels of occupancy requires that our team members have to go the extra mile to deliver for our guests and the fact that we have been able to improve our high guest scores over the past year sets us apart from many of our competitors.

Recognising the challenges created by the cost-of-living crisis, we have continued to invest in our teams, not just through increased rates of pay - all of our team members are paid above the National Minimum Wage and National Living Wage - but also through our investments in their development and wellbeing, so they can receive the support that they need to help build their careers with us. These initiatives have been rewarded with high levels of engagement and retention, both of which help us to maintain a high quality of service for our guests whilst continuing to deliver operational efficiencies.

We recognise that the changes we are making to our F&B offer will be unsettling for our teams and are committed to working hard to support all of those affected. More detail is set out in the Business Strategy section below.

Capital allocation - increased dividend and further £150m share buy-back

Having a strong balance sheet with investment grade metrics remains a key pillar of our capital allocation framework. Our approach has not changed and we remain focused on the following key priorities:

- maintaining our investment grade status by operating within our leverage threshold;
- continuing to fund our ongoing capital expenditure requirements and investing through the cycle;
- completing selective freehold acquisitions and M&A opportunities that meet our returns thresholds;
- growing dividends in line with earnings; and
- returning excess capital to shareholders, dependent on outlook and market conditions.

The cash generated by our vertically integrated model meant that, even after gross capital expenditure of £509m (FY23: £546m), £591m of share buy-backs and £165m of dividend payments during the year, our balance sheet remained strong and we were pleased to receive an upgrade to our credit rating to BBB (previously BBB-)[3].

During the year, Fitch Ratings ('Fitch') amended the methodology used to assess the Group's credit rating by switching to a lease-adjusted net debt: adjusted EBITDAR multiple, aligning their approach with that of other hotel groups. Lease liabilities at the end of the year were £4.1bn (FY23: £4.0bn) and after adjustments in accordance with the Fitch methodology, our ratio of adjusted EBITDAR to lease-adjusted net debt[†] was 2.9x, which is below our internal threshold of 3.5x.

Having now completed £600m of share buy-backs, the Board has reapplied the Group's capital allocation framework. Given the strength of our financial performance, our balance sheet and our confidence in the medium-term outlook, the Board believes that the Group has sufficient headroom to recommend an increased final dividend totalling £115m and intends to conduct an additional £150m share buy-back, to be completed during the first half of FY25.

3: Fitch Ratings, 17 August 2023

Business strategy

Our strategy is focused on driving long-term, sustainable returns for our shareholders whilst working with our other stakeholders to ensure we are driving positive change through our Force for Good sustainability programme.

Our vertically integrated model and strong balance sheet underpin the three pillars of our business strategy:

- continuing to grow and innovate in the UK
- focus on our strengths to grow in Germany; and
- enhancing our capabilities to support long-term growth.

The following sections highlight our future plans that remain central to our long-term success and will underpin our future financial performance.

1. Continuing to grow and innovate in the UK

We are determined to extend our leadership position as the UK's number one hotel chain, driving strong revenue growth and maximising returns for our shareholders. To achieve these objectives, we have developed a series of strategic and commercial initiatives, each of which are described in more detail below.

Accelerating Growth Plan ('AGP') - optimising our F&B offer will unlock 3,500 room extensions and drive increased margins and returns

F&B is a core part of our guest experience. Over half of our hotel guests are served by an unbranded integrated restaurant, which is located inside the hotel and tailored to the needs of our hotel guests. We also have a number of hotels where F&B is provided through a neighbouring branded restaurant, owned by the Group or a third party, that sits next to the hotel and is also open to non-hotel guests.

Whilst our UK hotel performance has gone from strength-to-strength, the performance of some of our branded restaurants has been impacted by a reduction in footfall from non-hotel guests with

our branded restaurants has been impacted by a reduction in footfall from non-hotel guests with the result that they have struggled to meet their targeted levels of return. Having responded to this shift in demand with several commercial initiatives during FY24, we have continued to explore ways that can further improve the service to our hotel guests whilst also increasing our financial returns.

At the same time, a marked reduction in hotel supply and a shortage of development funding has created an opportunity to grow our UK rooms pipeline at a time when many competitors cannot. As 56% of our UK sites are freeholds, we are in a unique position to commence a significant hotel extensions programme that will grow our rooms pipeline and generate a high return on capital.

Our plan

We are today announcing our Accelerating Growth Plan ('AGP') to optimise our F&B offer and unlock 3,500 new room extensions. This will enhance the offer for our hotel guests and increase our rooms pipeline[1]. The new rooms will be in high-demand locations where we have identified a shortfall in supply and will help to underwrite our new room openings programme for several years. With this plan, together with our existing committed and future pipeline, we expect our total open estate to reach at least 97,000 rooms by the end of FY29.

The details of our plan are as follows:

1. over the next 24 months we plan to add 3,500 new rooms to our pipeline through a new extensions programme. This includes converting 112 branded restaurants into new hotel rooms having first transferred the delivery of F&B for our hotel guests at these sites to a more tailored, integrated restaurant, that will be built inside the neighbouring hotel, mirroring the popular format already available at 387 of our hotels. In FY24, these branded restaurants generated revenue of £121m and a PBT loss[2] of £19m; and

2. we are planning to exit 126 branded restaurants over the next 24 months; they will continue to operate as they do now so that they can be sold as going concerns; we have already agreed to sell 21 of these restaurants for £28m. In FY24, these 126 restaurants in aggregate generated revenue of £147m and a PBT loss[2] of £9m. The proceeds from these disposals will be used to help fund our investment in building a more tailored, integrated restaurant in our hotels as well as the construction of new hotel rooms across the estate.

The majority of our sites, including our existing 387 integrated restaurants and our remaining portfolio of 196 higher returning branded restaurants, will continue to operate as normal and are not affected in any way. While the vast majority of our hotels will be unaffected, where we are making a change to the way F&B is delivered, we have ensured that the famous Premier Inn breakfast, as well as a range of meal choices at other times of the day, will continue to be available. The construction of new integrated restaurants will commence shortly and will be completed over the next few years. The result will be a more efficient, integrated F&B offering in these locations that is better tailored for the needs of our hotel guests.

Financial impact

The plan will require c.£500m of investment over the next four years which will be funded through our existing annual capital expenditure programme. The changes we have outlined are expected to result in a one-off reduction to UK adjusted PBT in FY25 of between £20m - £25m, as we transition the selected sites to the new integrated format. Thereafter, with the removal of lower-returning restaurants, the one-off adjusted PBT impact in FY25 will be fully recovered in FY26 and by FY27, as further restaurants are sold and the addition of new high-returning hotel rooms starts to come through, we expect the plan to deliver a net incremental adjusted PBT benefit of between £30m - £40m. As the new extensions mature, we expect further improvement in subsequent years will deliver an uplift to adjusted PBT of between £80m - £90m per annum, driving increased margins and returns.

At this time the Group expects to incur further net impairment charges and write-downs including accelerated depreciation within adjusting items totalling between £80m and £100m over the next three financial years. The Group also expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20m and £25m.

1: Sites where the Group has a legal interest in a property (that may be subject to planning/other conditions) with the intention of opening a hotel in the future

2: In aggregate adjusted profit before tax excluding non-site related administration and overhead costs.

Supporting our teams

The plan we are announcing today will result in the reduction of around 1,500 roles out of a total UK workforce of 37,000. While these plans are still subject to consultation, we will seek to find alternative opportunities wherever possible through the roles created by this plan and our existing recruitment process that makes c.15,000 hires each year. We expect to retain a significant proportion of those affected who wish to remain with us and we will be providing dedicated support to our teams.

Other commercial initiatives

In addition to our plan to add room extensions and optimise our F&B offer outlined above, we are also continuing to deploy a series of other commercial initiatives to help drive our UK business during FY25. These are summarised below:

- **Improving our trading strategies:** Our proprietary automated trading engine ('ATE') is a major source of competitive advantage for the Group. Its responsive and highly dynamic performance optimises the balance between occupancy and ARR in order to maximise revenue. Being integrated with our digital marketing provides us with additional tools to respond to shifts in demand and increase conversion, as well as reduce customer acquisition costs. Drawing upon our significant databank and in-house expertise, our trading teams continue to refine our trading strategies so that we remain ahead of the M&E market.

- **Broadening our guest experience and choice:** We will continue to roll-out our new standard room format ('ID5') with 5,000 rooms planned this year and are also expecting to complete our 'Bed of the Future' bed-replacement initiative. We continue to add more Twin and Premier Plus rooms to our estate, both of which broaden our appeal and attract a premium to our standard room rate. Having successfully completed the roll-out of our new reservation system across all of our hotels in the UK and Germany, we plan to deliver further commercial benefits in the future, including more dynamic pricing of product upgrades and by adding the ability to book different room options as well as early check-in and late check-out as part of the online journey.

- **Enhancing our business proposition:** Our business guests tend to drive higher RevPAR and travel more frequently than leisure guests. Having grown both Business Booker and Business Account substantially over the past few years, we now plan to simplify our set-up by integrating both channels into a single offering called "InnBusiness". We also plan to expand our TMC addressable customer base and strengthen our existing relationships in order to drive higher volumes of business customers.

- **Making further improvements in F&B:** In addition to our AGP to optimise our F&B offer, we will roll-out our new integrated ground floor concept across our estate, to improve the guest experience and generate additional F&B revenue. Commercial initiatives in our focused branded restaurants portfolio are in place to help drive sales and profitability, including enhanced pricing mechanics and a greater focus on key event dates such as Father's Day.

- **Investing in operational excellence:** Maintaining operational focus is pivotal to us ensuring a high-quality guest experience underpinning our long-term success. We are continuing to deliver process and product improvements to drive cost efficiencies. Our teams are at the heart of the guest experience and we will continue to invest in pay as well as training and development to help further drive engagement and retention.

2. Focus on our strengths to grow in Germany

We have a clear objective: to become the number one hotel brand in Germany, replicating our success in the UK and creating significant value for our shareholders. The German hotel market is an exciting opportunity for the Group, with no brand having more than 2% share and a significant independent sector that has declined materially since the pandemic.

Our open estate now stands at 59 hotels, with over 10,500 open rooms and a further 6,000 rooms in our committed pipeline. We plan to continue growing our network through a combination of organic growth and bolt-on M&A. We have expanded rapidly in recent years and we now have a presence in most major cities. We remain encouraged by our overall performance that has been led by our cohort of more established[1] hotels that, whilst not yet mature, is already performing ahead of the M&E market.

We remain on course, both to break-even on a run-rate basis in calendar year 2024 and thereafter to achieve our long-term goal of 10% - 14% return on capital. Having invested and committed £1.1bn of capital, we have a clear plan for replicating our UK success in this large and exciting market. Although not immune from macroeconomic headwinds, we have several levers that will have a more significant and positive impact on our performance, helping us to drive future growth.

Ongoing commercial initiatives

We are implementing the following initiatives during FY25:

- **Refining our commercial strategy:** We are continuing to adapt ATE for the German market. Drawing upon an expanding pool of trading data, we are improving our performance

and applying the learnings from trading our growing estate. Events are a key feature of the German market and it is important that we have the right trading strategies in place in order to maximise revenue and profit. Changes made earlier in the year are already having a positive effect and we expect will help improve our performance further. To help drive brand awareness we will launch our first online-focused brand campaign later this year and are also trialling the use of OTAs so that we can better understand the commercial impact of this channel on our business.

- **Evolving our model and product offer:** As a budget hotel brand, we are always looking at ways to increase sales and reduce costs. Examples include mirroring market practice in Germany and adding a second person supplement when there are two people staying in a room. Whilst replicating our successful UK model is resulting in great guest scores, we have identified some changes that will better tailor our proposition for the German guest and generate additional revenue. For example, new payment options will make it easier to book with us and we are also rolling out Premier Plus rooms in a number of our hotels.

- **Enhancing our business proposition:** Maintaining a balanced mix of business and leisure guests helps us to maximise occupancy. With high levels of domestic business travel in Germany, we want to ensure our platform is easy to use, with all the key attributes our guests need, in order to maximise the appeal of our offer. As in the UK, we are in the process of combining our current business channels into a single platform named "InnBusiness", making it even easier to book directly with us. This is alongside our efforts to strengthen our existing TMC relationships and expand our addressable customer base.

1: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

3. Enhancing our capabilities to support long term growth

By continuing to invest in our supporting infrastructure, we seek to ensure the smooth execution of our plans, both in the UK and Germany. Maintaining a strong balance sheet gives us the confidence to invest and make long-term decisions that will enhance our returns.

Financial strength: Our vertically integrated operating model means that the conversion of profit into cashflow is high and we generated adjusted operating cashflow of £787m (FY23: £719m). Having purchased a number of freehold properties during the year, coupled with our accelerated refurbishment programme, total expansionary and non-expansionary capex was £509m (FY23: £546m). We also returned £756m to shareholders through dividends and share buy-backs. With the benefit of some property-related transactions during the year, even after these outflows, the Group's balance sheet remains strong with a ratio of lease adjusted net debt to EBITDAR of 2.9x (FY23: 2.6x). This was confirmed by the improvement in the Group's credit rating to BBB[1] (previously BBB-), ensuring access to the debt markets on attractive terms and maintaining our strong financial covenant. Our financial strength underpins our confidence in continuing to grow our estate, improve our customer offer, invest in our teams and enhance our systems infrastructure, each of which help us to both drive revenues and reduce costs. It also means that we can take advantage of M&A opportunities that meet our rigorous returns requirements to deliver incremental growth.

1: Fitch Ratings - 17 August 2023

Asset-backed balance sheet: Our freehold property estate was last valued at £4.9bn - £5.8bn in 2018 and it is a key point of difference versus other more asset-light business models. It also provides us with a number of commercial and operational advantages:

- total control over the location and initial development of the hotel as well as all maintenance and redevelopment, including extensions;
- enables the commercial opportunity in any location to be maximised for the Group;
- protection from increasing property costs and therefore lower earnings volatility during periods of high or persistent inflation;
- access to development profits through sale and leasebacks;
- a strong financial covenant, helping to secure more favourable lease terms with landlords and attractive financing terms with lenders; and
- an additional and flexible source of funding, one that can often be available at more attractive rates than other sources of finance.

Having access to both freehold and leasehold opportunities means that we maximise our chances of securing the assets and locations we want. We are also able to optimise the size and format of our estate in order to increase returns as evidenced by our AGP that includes repurposing a number of our lower-returning branded restaurants into high returning room extensions.

Upgraded technology: With digital channels generating the majority of our revenues, our technology infrastructure and capability is central to our long-term success. Having now completed the multi-year upgrade to our reservation system and technology stack across over 900 hotels across the UK and Germany, we are continuing to drive further improvements to our digital networks and systems that will improve the quality of service to our guests and drive further efficiency savings.

Lean and agile cost model: As a vertically integrated operator, we are able to exercise considerable control over our cost base. This requires a consistent approach across all areas of our business and our teams are driven to continue to find new ways of working that can improve our performance and lower our costs. Whilst there are signs that inflationary pressures may be easing, they remain above average and we have therefore launched a new cost efficiency programme to deliver £150m of cost efficiencies over the next three years, with £40m - £50m of cost efficiencies expected in FY25. This new programme will see us extract more savings on a smaller cost base following the impact of our AGP, and will be delivered throughout the business, with areas of focus including operations, procurement and technology.

Operating responsibly and sustainably: As a major employer in the UK and with a growing presence in Germany, we recognise our responsibilities in the many communities where we have a presence and that the way we behave as a business is increasingly important to many of our stakeholders. Our sustainability programme, Force for Good, drives our ESG agenda and sets our stretching targets that are embedded across all areas of our business, holding us accountable for the changes we are seeking to make. Our investment in the programme not only ensures that we are having a positive impact on our communities, it is also expected to deliver operational efficiencies in the longer-term.

Current Trading - seven weeks to 18 April 2024

In the UK, as evidenced by the published market data, whilst midweek demand has been robust, the phasing of public holidays impacted weekend demand in certain leisure locations; this meant that total accommodation sales were 1% behind FY24. However, the strength of our brand and commercial programme meant that we continued to outperform the M&E market[1] with total accommodation sales 1.2pp ahead and a RevPAR premium of £5.68. We are expecting a positive step-up in demand across business and leisure over the next few weeks, supported by our forward booked revenue position which is ahead of last year. This, together with our strong commercial programme, means that we remain confident in continuing to outperform the market.

Food and beverage sales were 2% behind FY24, with strong performance in our integrated restaurants offset by softer trading in a number of our branded restaurants.

In Germany, a number of trade fairs have helped drive business demand alongside rising leisure volumes. Total accommodation sales were 21% ahead of the same period in FY24 and overall RevPAR was €54 (FY23: €51) while, in aggregate, our cohort of more established hotels[2] had RevPAR of €57 (FY23: €55) which is ahead of the M&E market[3].

1: STR data, standard basis, 1 March 2024 to 18 April 2024, UK M&E market excludes Premier Inn

2: Premier Inn more established hotels: open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022: 17 hotels

3: STR data, standard basis, 1 March 2024 to 18 April 2024, Germany M&E market excludes Premier Inn

FY25 Guidance

A summary of our FY25 guidance is detailed below.

UK

- Sales: every 1% change in like-for-like accommodation sales versus FY24 has a £16m - £17m impact on profit before tax; and every 1% change in total F&B[1] sales versus FY24 has a £2.5m impact on profit before tax
- Inflation: year-on-year net inflation is expected to be between 3 - 4% (no change to our guidance at the time of our Q3 trading update) on our £1.72bn UK cost base, including labour, F&B and utilities which are now 90% hedged for FY25
- New rooms: 750 - 1,250 (new rooms: 100% leasehold)

1: F&B sales excluding sites impacted by the Accelerating Growth Plan for which separate guidance is provided below

Germany

- Remain on track to break-even on a run-rate basis in calendar year 2024

- New rooms: c.400 (new rooms: 100% leasehold)

Central and other costs

- Net finance income: Expected £20m - £25m reduction versus FY24 reflecting lower cash balances and based on the outlook for Bank of England rates

Balance sheet

- Gross capex: £550 - £600m, reflecting our plan to optimise F&B and unlock 3,500 extensions, in addition to our regular programme of investment
- Proceeds from property transactions: expected to be between £175m and £225m including sale and leasebacks and disposals

Financial impact of our Accelerating Growth Plan

Our AGP, as outlined above, is expected to result in the following overlay to our normal guidance:

FY25

- Total F&B sales: £80m - £100m reduction as branded restaurants are repurposed or sold
- Adjusted PBT: £20m - £25m one-off reduction reflecting the reduction in revenue and short-term impact of transition

FY26

- Total F&B sales: £100m - £120m further reduction as the remaining branded restaurants are repurposed or sold
- Adjusted PBT: FY25 one-off impact will be fully recovered as benefit of removing loss-making branded restaurants offsets any remaining impact of transition

The plan will require c.£500m of investment over the next four years which will be funded through our existing annual capital expenditure programme. By FY27, as the balance of those branded restaurants to be sold is completed and the benefit of new high-returning hotel rooms starts to come through, we expect the plan to deliver a net incremental adjusted PBT benefit of between £30m - £40m. As the new extensions mature, we expect further improvement in subsequent years will deliver an uplift to adjusted PBT of between £80m - £90m per annum, driving increased margins and returns.

Medium-term outlook

We remain confident about the Group's prospects. We are the clear market leader in the UK and have a number of strategic and commercial initiatives, that will strengthen our position further. In Germany, we are building a business of real scale and remain on course to become the number one hotel brand achieving our long-term target of 10% - 14% return on capital. Together, with our new efficiency programme, these initiatives will deliver a step change in our profitability, margins and returns.

Force for Good

Being a Force for Good is fundamental to the sustainable and long-term growth of our business. Our programme comprises three core pillars: opportunity, responsibility and community, and our stretching targets are embedded across all areas of our business, ensuring that responsible business practices are integrated into our operations.

Opportunity

At Whitbread we give everybody the opportunity to grow and develop, with no barriers to entry and no limits to ambition. For us opportunity is anchored to three key themes within our overall People Plan - diversity and inclusion ('D&I'), wellbeing and training.

We now have 9% ethnic representation among our leadership and were recognised with 'Investing in Ethnicity: Exemplary Employer status' in February 2024. On gender diversity, whilst we have 39.8% female representation in our leadership group, this is just slightly below our 40% target and we are now focused on new targets of 45% female and 10% ethnic representation by FY26. External recognition for our D&I efforts continues to demonstrate that we lead the way across the hospitality sector, including our Top 100 placing in the Stonewall 2023 Workplace Equality Index and being awarded Level 2 'Employer' status on the Disability Confident scheme.

We take a holistic approach to employee wellbeing that includes physical, mental and financial wellbeing. We have continued to invest in both Mental Health First Aiders and Mental Health Champions during the last twelve months with 162 people trained across our Operations and Support Centre teams. In August 2023, we launched a new digital app allowing our teams greater access to self-care resources to better support their health and also launched a financial

access to self-care resources to better support their health and also launched a financial education programme so everyone who works for us has access to learning resources and support.

Training and development is integral to our approach for creating opportunity for our people. This year we have taken over 500 Hotel Managers and General Managers through a leadership program and piloted internal management development programs preparing over 250 people for their next management role. In addition, over 2,000 people, across a range of levels, are currently on an apprenticeship programme and we are delighted to have been rated #1 by the apprentices themselves in 'Rate My Apprenticeship'. We hope that our Youth Strategy for Whitbread, that is built around three key pillars: early careers, fast-track careers and removing barriers to entry, will enable us to become the employer of choice for young people in the UK.

Responsibility

Our sustainable sourcing strategy continues to focus on those commodities that are most material to our UK business and we made good progress in certifying the sustainability of more of our supply chain, including palm oil, cage free eggs and cotton as well as maintaining our sourcing standards for fish and raw beef. Having completed the biodiversity mapping of a significant part of our estate, we are developing our approach to reporting against the Taskforce on Nature-related Financial Disclosures so that we are in a position to publish a disclosure within the next 1-2 years. In addition, we have started preparing for the Corporate Sustainability Reporting Directive including our double materiality assessment.

We published our transition plan in 2023 outlining the steps we plan to take in order to meet our Science Based Target Initiative ('SBTi') validated net zero carbon goals. The transition away from gas and towards lower emission power sources is an important part of this plan and our flagship all-electric hotel in Swindon that opened in October 2023 is set to become the blueprint for new hotels from 2027 onwards. Having rolled out a series of water reduction interventions over the past year, we are progressing as planned towards our target of 20% water reduction per sleeper by 2030; this also means we need to heat less water and saves further carbon emissions. As we progress towards our Scope 3 carbon target, we have now surveyed our supplier base to help us define our options to reduce emissions in our value chain.

Our commitment to cut food waste in half by 2030 continues to be a priority and presents us with an important carbon reduction as well as a commercial opportunity. We are also considering how we can improve our waste processes overall, building on the new workplace recycling legislation in Wales, to improve segregation across our estate and thus reduce the impacts of our waste on the environment, and the costs of its disposal.

Having been the first company within the hospitality industry to issue a Green Bond, we have now allocated the full £550m against eligible Green buildings, renewable energy and sustainable procurement, fulfilling our total use of proceeds obligations.

Community

Underpinning our commitment to Great Ormond Street Hospital Children's Charity ('GOSH'), we raised over £2m in the year, bringing the total amount raised since 2012 to over £24m. Our partnership achieved Highly Commended recognition at the Corporate Engagement Awards for Most Effective Long-Term Commitment and won the Best Partnership with a Children's Charity at the Better Society Awards. In the year, we also raised over £1m for children.de in Germany.

During the year, our teams pledged 1,000,000 minutes of fundraising activity which contributed to a record-breaking year of employee fundraising. Our teams raised over £1m out of our total in the year through a variety of activities.

For further information on our Force for Good programme, please see our most recent ESG Report: https://www.whitbread.co.uk/sustainability/our-strategy-targets/.

Business Review

Premier Inn UK[1]

£m	FY24	FY23	*vs FY23*
Statutory Revenue	**2,770**	**2,508**	***10%***
Other income (excl rental income)	-	5	*(100)%*
Operating costs before depreciation, amortisation & rent	(1,722)	(1,595)	*(8)%*
Adjusted EBITDAR†	**1,048**	**918**	***14%***
Net turnover rent and rental income	-	1	*(100)%*
Depreciation: Right-of-use asset	(144)	(134)	*(8)%*

Depreciation and amortisation: Other	(183)	(169)	*(8)%*
Adjusted operating profit†	**722**	**617**	***17%***
Interest: Lease liability	(134)	(125)	*(7)%*
Adjusted profit before tax†	**588**	**492**	***19%***
ROCE†	**15.5%**	12.9%	*260bps*
PBT Margins†	**21.2%**	19.6%	*160bps*

Premier Inn UK[1] key performance indicators

	FY24	FY23	*vs FY23*
Number of hotels	853	847	*1%*
Number of rooms	85,443	83,576	*2%*
Committed pipeline (rooms)	6,795	7,425	*(8)%*
Occupancy	82.2%	82.7%	*(50)bps*
Average room rate†	£79.76	£71.84	*11%*
Revenue per available room†	£65.56	£59.45	*10%*
Sales growth[2]:			
Accommodation	12%		
Food & beverage	7%		
Total	10%		
Like-for-like† sales[2] growth:			
Accommodation	10%		
Food & beverage	7%		
Total	9%		

1: Includes one site in each of: Guernsey and the Isle of Man, two sites in Jersey and six sites in Ireland

2: Total and like-for-like versus FY23

Premier Inn UK's total statutory revenue was 10% ahead of FY23, led by our UK hotels that delivered another outstanding performance. Total accommodation sales were up 12%; occupancy remained high at 82.2% and ARR increased by 11% to £79.76, which resulted in RevPAR up 10% to £65.56. This performance was underpinned by the favourable supply environment in the UK hotel market and our strong commercial programme.

Premier Inn continued to outperform the wider M&E market; total accommodation sales grew 3.1pp ahead of the market with a RevPAR premium of £5.95 (FY23: £4.96), demonstrating the strengths of our scale, brand, direct distribution, proprietary automated trading engine and vertically integrated operating model.

UK performance vs M&E market

	H1 FY24	H2 FY24	FY24
PI accommodation sales growth performance (vs FY23)[1]	+2.3pp	+3.8pp	**+3.1pp**
PI occupancy growth performance (vs FY23)[1]	(1.0)pp	(0.9)pp	**(0.9)pp**
PI ARR growth performance (vs FY23)[1]	1.7pp	2.5pp	**2.1pp**
PI RevPAR premium (absolute)[1]	+£6.69	+£5.25	**+£5.95**
PI market share[2]	8.8%	8.5%	**8.6%**
PI market share gains pp (vs FY23)[2]	0.1pp	0.2pp	**0.1pp**

1: STR data, standard basis, Premier Inn accommodation revenue, occupancy, ARR and RevPAR 3 March 2023 to 29 February 2024, M&E market excludes Premier Inn

2: STR data, revenue share of total UK market, 3 March 2023 to 29 February 2024

Total F&B sales were 7% ahead of FY23 as a result of high levels of hotel occupancy, driving increased breakfast sales. A number of commercial initiatives including menu optimisation and promotions helped to support the performance of some of our branded restaurants that have seen a reduction in footfall from non-hotel guests over the past few years.

In line with our previous guidance, operating costs of £1,722m were up 8% (FY23: £1,595m), reflecting cost inflation across a number of cost lines and estate growth, partially offset by savings from our ongoing cost efficiency programme. Adjusted EBITDAR grew by £130m and was above £1bn for the first time with margins at 38% (FY23: 37%). Right-of-use asset depreciation was £144m and lease liability interest was £134m reflecting the continued growth in our estate. We opened eleven new hotels during the year, totalling 2,253 rooms and we also closed 386 rooms; at the end of the year, the total estate stood at 853 hotels with 85,443 rooms open.

Adjusted profit before tax in the UK increased by 19% to £588m (FY23: £492m), driven by the strength of our UK hotel performance and the high operating leverage inherent within our business model. As a result, UK adjusted pre-tax profit margins increased to 21.2%, 160bps ahead of FY23.

Premier Inn Germany

£m	FY24	FY23	*vs FY23*
Statutory revenue	**190**	**118**	***62%***
Other income (excl. rental income)	3	0	*>1,000%*
Operating costs before depreciation, amortisation and rent	(151)	(110)	*(37)%*
Adjusted EBITDAR†	**42**	**7**	***462%***
Depreciation: Right-of-use asset	(39)	(32)	*(22)%*
Depreciation and amortisation: Other	(17)	(11)	*(55)%*
Adjusted operating loss†	**(15)**	**(36)**	***58%***
Interest: Lease liability	(21)	(14)	*(51)%*
Adjusted loss before tax†	**(36)**	**(50)**	***28%***

Premier Inn Germany[1] key performance indicators

	FY24	FY23	*vs FY23*
Number of hotels	59	51	*16%*
Number of rooms	10,506	9,042	*16%*
Committed pipeline (rooms)	6,286	6,907	*(9)%*
Occupancy	61.8%	59.4%	*240bps*
Average room rate†	£71.88	£62.36	*15%*
Revenue per available room†	£44.44	£37.04	*20%*
Sales growth[2]:			
Accommodation	*63%*		
Food & beverage	*58%*		
Total	*62%*		
Like-for-like† sales[2] growth:			
Accommodation	*24%*		
Food & beverage	*23%*		
Total	*24%*		

1: Includes one site in Austria

2: Total and like-for-like versus FY23

Total statutory revenue in Germany was 62% ahead of FY23, reflecting the increased size of our estate and the increasing maturity of our like-for-like hotels. Our cohort of more established hotels[2] delivered a RevPAR of €58 (FY23: €51), while total estate RevPAR increased by 20% to €51 (FY23: €43), driven by further growth in both occupancy and ARR.

Germany performance vs M&E market

	H1 FY24	H2 FY24	FY24
Germany M&E RevPAR performance[1]	€56	€52	**€54**
PI more established hotels RevPAR performance[2]	€60	€55	**€58**
PI total hotels RevPAR performance[2]	€53	€50	**€51**

1: STR data, standard methodology basis, 3 March 2023 to 29 February 2024, M&E excludes Premier Inn

2: Premier Inn more established hotels: open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022: 17 hotels and Premier Inn total: 59 hotels

Other income includes the release of a £3m provision relating to a prior year claim for Government support which has now been finalised (FY23: £nil).

Operating costs in the year increased by £41m to £151m reflecting the continued growth in our estate as well as high levels of cost inflation. As we continue to tailor our proposition and refine our operating model, we remain focused on delivering a quality guest experience whilst continuing to look at ways that we can reduce costs.

Right-of-use asset depreciation costs increased by £7m to £39m as we opened five new leasehold hotels in the year. Other depreciation and amortisation costs increased to £17m and lease liability interest costs were £21m, reflecting the material estate growth over the last year.

During the year we opened eight new hotels, taking our open estate to 59 hotels with a total of 10,506 rooms and a further 6,286 rooms in our committed pipeline.

Adjusted operating losses before tax reduced to £36m (FY23: loss of £50m), reflecting the expansion of our estate, an improved trading performance, the progressive maturity of our existing hotels and a continued focus on cost efficiency.

Central and other costs

£m	FY24	FY23	*vs FY23*
Operating costs before depreciation, amortisation and rent	(36)	(40)	*8%*

Share of profit from joint ventures	4	2	*78%*
Adjusted operating loss†	**(32)**	**(37)**	***13%***
Net finance income	42	**9**	*386%*
Adjusted profit / (loss) before tax†	**10**	**(29)**	***134%***

Central operating costs of £36m were £4m lower than FY23, primarily driven by foreign exchange movements and lower consultancy-related costs. Net finance income was £42m (FY23: £9m) reflecting increased interest receivable on the Group's cash balances and increased IAS 19 pension finance income.

Financial review

Financial highlights

£m	**FY24**	**FY23**	***vs FY23***
Statutory revenue	**2,960**	**2,625**	***13%***
Other income (excl rental income)	3	5	*(45)%*
Operating costs before depreciation, amortisation and rent	(1,906)	(1,742)	*(9)%*
Adjusted EBITDAR†	**1,057**	**888**	***19%***
Net turnover rent and rental income	1	1	*(50)%*
Depreciation: Right-of-use asset	(183)	(166)	*(11)%*
Depreciation and amortisation: Other	(200)	(180)	*(11)%*
Adjusted operating profit†	**674**	**544**	***24%***
Net finance income / (costs) (excl. lease liability interest)	42	9	*386%*
Interest: Lease liability	(155)	(139)	*(12)%*
Adjusted profit before tax†	**561**	**413**	***36%***
Adjusting items	(109)	(39)	*(184)%*
Statutory profit before tax	**452**	**375**	***21%***
Tax expense	(140)	(96)	*(45)%*
Statutory profit after tax	**312**	**279**	***12%***

Statutory revenue

Statutory revenues were up 13% versus last year, driven by the combination of a continued strong demand environment coupled with a reduced level of supply in the UK hotel market, an improved performance from F&B and continued growth of our hotel estate in Germany.

Adjusted EBITDAR

Other income includes a £3m provision release relating to a prior year claim for Government support which has now been finalised (FY23: £5m). Operating costs of £1,906m were 9% higher than FY23, driven by cost inflation and estate growth in both the UK and Germany, partially offset by further savings from our cost efficiency programme. This resulted in a 19% increase in adjusted EBITDAR to £1,057m, demonstrating the operational leverage of our business model.

Adjusted operating profit

The leasehold estate in the UK grew by net eight hotels and by five hotels in Germany with the result that right-of-use depreciation increased by £17m to £183m. With the addition of new hotels and our continued programme of investment, other depreciation and amortisation charges increased by £20m to £200m. Given the strong growth in adjusted EBITDAR, adjusted operating profit increased by 24% to £674m (FY23: £544m).

Net finance costs

Strong cashflow and sustained high interest rates resulted in higher interest receivable on the Group's cash balances of £50m (FY23: £23m). An interest credit from the pension fund of £16m (FY23: £14m), partially offset by debt interest of £24m (FY23: £24m), resulted in a net finance credit (excluding lease liability interest) for the year of £42m (FY23: £9m credit). Lease liability interest of £155m was £16m higher than last year, primarily driven by the opening of net eight leasehold hotels in the UK and five leaseholds in Germany.

Adjusting items

Total adjusting items before tax were a charge of £109m for the year compared to a £39m charge in FY23.

The Group incurred a net impairment charge of £107m for the year compared to a £33m charge in FY23. In the UK, gross impairment of £84m (FY23: £nil) has been recognised in respect of sites impacted by changes to facilitate our AGP. Included within this amount is £81m where the carrying value exceeds the expected sale proceeds less costs to sell and a further impairment of £4m to reflect the impact of the reduced cashflows as a result of the announcement of the plan**.** This was offset by the reversal of previous impairments relating to these disposal sites of £7m.

In addition, gross impairment charges in the UK of £8m (FY23: £54m) have been driven by

In addition, gross impairment charges in the UK of £8m (FY23: £54m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10m (FY23: £55m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £1m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant. At this time the Group expects to incur further net impairment charges and write-downs including accelerated depreciation within adjusting items totalling between £80m and £100m over the next three financial years.

In Germany, in order to reach scale at pace and gain access to a number of key markets, we have invested in freehold and leasehold sites through organic opportunities as well as by acquisition. Now having a recent period of trading history, we have updated our cashflow assumptions which has resulted in an impairment charge of £32m, relating to seven of our German hotels.

The Group has incurred costs regarding the announced changes to facilitate our AGP in relation to legal and advisory fees. This plan represents a significant business change for the Group and is expected to incur costs over the next few financial years. Cash costs incurred on the plan and presented within adjusting items in the year were £6m. At this time the Group expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20m and £25m.

During the year, the Group received a settlement of £7m in relation to a legal claim made against a payment card scheme provider.

The Group also made a profit on property disposals totalling £18m (FY23: £3m) including a gain of £9m relating to the sale of a property by one of the Group's joint venture partners (FY23: £nil). The Group also released net provisions of £4m (FY23: £0.4m) relating to historic tax matters and received reimbursements for the costs of remedial works on cladding material from property developers totalling £2m (FY23: £nil).

The Group has assessed the presentation of costs incurred in relation to the current and future strategic IT programme implementations. The programmes previously scheduled were the Group's Hotel Management System and HR & Payroll System, whilst the Group has now also scheduled an upgrade to its F&B Management System. These represent significant business change costs for the Group rather than replacements of IT systems with the System products being Software as a Service ('SaaS'). The start date of these projects varies and as such we expect costs to be incurred within this category over the next few financial years, with their commercial and strategic benefit seen as lasting multiple years. Cash costs incurred on the programmes and presented within adjusting items in the period were £27m, with cumulative cash costs to date being £41m (2023: £14m). At this time the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the financial year ended 2025 between £20m and £30m and during the financial year ended 2026 between £5m and £15m.

Taxation

The tax charge of £160m on the profit before adjusting items (FY23: £85m) represents an effective tax rate on the profit before adjusting items of 28.5% (FY23: 20.6%). This is higher than the UK blended corporate tax rate of 24.5%, primarily due to the impact of overseas tax losses for which no deferred tax has been recognised. A full breakdown is shown in note 8.

The statutory tax charge for the period of £140m (FY23: £96m) represents an effective tax rate of 30.9% (FY23: 25.6%). This is higher than the effective tax rate on the profit before adjusting items of 28.5%, primarily due to impact of the impairment of Germany property in the year.

Statutory profit after tax

Statutory profit after tax for the year was £312m in FY24, compared to a profit of £279m in FY23.

Earnings per share

	FY24	FY23	*vs FY23*
Adjusted basic profit / earnings per share[†]	206.9p	162.9p	*27%*
Statutory basic profit / earnings per share	161.0p	138.4p	*16%*

Adjusted basic profit per share of 206.9p and statutory basic profit per share of 161.0p reflect the adjusted and statutory profits reported in the year and are based on a weighted average number of shares of 194m (FY23: 202m). The reduction in the weighted average number of shares reflects shares purchased and cancelled as part of the Group's previously announced share buy-back programme.

Dividend

The Board has recommended a 26% increase in the final dividend of 62.9 pence per share (FY23: 49.8 pence). This reflects the Group's performance over the past year, its strong balance sheet and confidence in the outlook. If approved by shareholders at the AGM to be held on 18 June 2024, this would result in a total dividend payment for the year of 97.0 pence per share (FY23: 74.2 pence) or £181m (FY23: £119m). The final dividend, if approved, will be paid on 5 July 2024 to all shareholders on the register at the close of business on 24 May 2024. Shareholders will be offered the option to participate in a dividend re-investment plan. The Group's dividend policy is to grow the dividend broadly in line with earnings across the cycle. Full details are set out in note 10 to the accompanying financial statements.

Cashflow

£m	FY24	FY23
Adjusted EBITDAR†	**1,057**	**888**
Change in working capital	34	99
Net turnover rent and rental income	1	1
IFRS 16 interest and principal lease payments	(305)	(269)
Adjusted operating cashflow†	**787**	**719**
Interest (excl. IFRS 16)	22	(9)
Corporate taxes	(53)	(30)
Pension	(18)	(16)
Capital expenditure: non-expansionary	(253)	(184)
Capital expenditure: expansionary[1]	(256)	(362)
Disposal Proceeds	57	60
Other	0	4
Cashflow before shareholder returns / receipts and debt repayments	**286**	**182**
Dividend	(165)	(119)
Shares purchased for Employee Share Ownership Trust ('ESOT')	-	(32)
Share buy-back	(591)	-
Net cashflow	**(470)**	**31**
Opening net cash†	171	141
Closing net (debt) / cash†	**(298)**	**171**

1: FY24 includes £nil payment of contingent consideration (FY23: £25m payment of contingent consideration)

The Group's strong trading performance coupled with a focus on cost efficiencies delivered a 19% increase in adjusted EBITDAR to £1,057m. Lease liability interest and lease repayments increased by £36m to £305m reflecting the increased leasehold estate in the UK and Germany. A reduction in other debtors reflected a number of property transactions and timing of project spend together with an increase in creditors resulted in a £34m working capital inflow in the year (FY23: £99m inflow). This contributed to an adjusted operating cashflow of £787m, £68m higher than FY23.

The corporation tax net outflow in the year was £53m which relates mainly to payments on account for the UK corporation tax liability.

Non-expansionary capital expenditure was £253m and reflected our accelerated refurbishment and bed replacement programme as well as our systems replacement projects. Expansionary capital expenditure was £256m, £106m lower than last year which included the purchase of freehold properties in London and Dublin.

Disposal proceeds of £57m (FY23: £60m) include the disposal of ten properties, including the sale of an office building that we built as part of a hotel development in Clerkenwell for £39m, as the Group continues to optimise its estate when suitable opportunities arise.

The increase in operating cashflow funded the capital expenditure in the year and therefore resulted in a cash inflow before shareholder returns of £286m (FY23: £182m).

Following the strong financial and operating performance in FY23, the Board recommended a final dividend of 49.8p per share on 25 April 2023. This resulted in a payment of £99m which was paid on 7 July 2023. At the interim results in October 2023, the Board declared an interim dividend of 34.1 pence per share, resulting in a £65m total interim dividend payment. On 24 April 2023 the Board approved a £300m share buy-back which was completed on 3 October 2023. At the interim results in October 2023, the Board approved a further £300m share buy-back which was completed on 4 March 2024.

Following these payments, net debt at the end of the year was £298m.

Debt funding facilities & liquidity

£m	Facility	Utilised	Maturity
Revolving Credit Facility	(775)	-	2028
Bond	(450)	(450)	2025
Green Bond	(300)	(300)	2027

Green Bond	(250)	(250)	2031
	(1,775)	(1,000)	
Cash and cash equivalents		697	
Total facilities utilised, net of cash[1]		**(303)**	
Net debt†		**(298)**	
Net debt and lease liabilities†		**(4,397)**	

The Group's objective is to manage to investment grade metrics and specifically to a lease-adjusted

net debt : adjusted EBITDAR† ratio of less than 3.5x over the medium term[2]. We received confirmation of an upgrade to our investment grade status on 17 August 2023 from BBB- to BBB. The Group's lease-adjusted net debt was £3,047m (FY23: £2,298m) and the lease-adjusted net debt : adjusted EBITDAR ratio was 2.9x (FY23: 2.6x).

As at 29 February 2024, £35m of the £775m Revolving Credit Facility is carved-out as an ancillary guarantee facility for the Group's use in Germany. This facility replaced an existing credit line previously made available to the Group outside of the RCF. Guarantees totalling €23m were in issue at 29 February 2024 (March 2023: €22m).

1: Excludes unamortised fees associated with the debt instrument

2: This measure has been changed to align to Fitch methodology on an adjusted EBITDAR basis and as a result has reset the leverage threshold to 3.5x lease-adjusted net debt : adjusted EBITDAR (previously 3.7x)

Capital investment

£m	FY24	FY23
UK maintenance and product improvement	206	182
New / extended UK hotels[1]	165	265
Germany and Middle East[2]	138	99
Total	**509**	**546**

1: FY24 includes £nil capital contributions to joint ventures (FY23: £2m)

2: FY24 includes £nil payment of contingent consideration (FY23: £25m)

Total capital expenditure in FY24 was £509m, which was £37m lower than the previous year. UK maintenance and product improvement spend was £206m, £24m higher than FY23, reflecting our accelerated refurbishment and ongoing bed replacement programmes and systems-related projects. UK expansionary expenditure included £165m on developing new sites; this was £100m lower than in FY23 which included the purchase of freehold properties in London and Dublin. In Germany, capital spend was driven by the purchase of freehold properties in Lindau and Heilbronn, refurbishment of those sites acquired at the end of FY23 and the continued development of our committed pipeline.

Property, plant and equipment of £4.6bn was higher than FY23 (£4.5bn), with an increase in capital expenditure partially offset by depreciation and impairment charges.

Property backed balance sheet

Freehold / leasehold mix	Open estate	Total estate[1]
Premier Inn UK	56%:44%	56%:44%
Premier Inn Germany	24%:76%	27%:73%
Group	52%:48%	52%:48%

1: Open plus committed pipeline

The current open UK estate is 56% freehold and 44% leasehold, a mix that is not expected to change as the existing committed pipeline is brought onstream. The higher leasehold mix in our open estate in Germany reflects the greater proportion of city centre locations.

The new site openings in Germany and continued expansion in the UK resulted in right-of-use assets increasing to £3.6bn (FY23: £3.5bn) and lease liabilities increasing to £4.1bn (FY23: £4.0bn).

Return on Capital[1]

Returns	FY24	FY23
Group ROCE†	13.1%	10.5%
UK ROCE†	15.5%	12.9%

1: Germany ROCE not included as losses were incurred in the year

The strong revenue and profit performance meant that Group ROCE increased to 13.1% and UK ROCE increased to 15.5%. We believe that our vertically integrated business model means we

are particularly well-placed to capitalise on the significant structural opportunities in both the UK and Germany. Despite ongoing inflationary pressures, we believe that this can be mitigated through a combination of: continued estate growth, our strategic and commercial plans including our AGP and our new £150m efficiency programme.

Events after the balance sheet date

The Board of Directors approved a share buy-back on 29 April 2024 for £150m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

The results include the announcement of our AGP. Details of the plan include the conversion of 112 branded restaurants into new rooms and disposal of a further 126 branded restaurants over the next 24 months. We have agreed to sell 21 of these sites for £28m.

Pension

The Group's defined benefit pension scheme, the Whitbread Group Pension Fund (the 'Pension Fund'), had an IAS19 Employee Benefits surplus of £165m at the end of the year (FY23: £325m). The change in surplus was primarily driven by increases in the Pension Fund's assets being lower than the discount rate and both inflation experience and membership experience being less favourable than expected. This was partially offset by changes to the mortality assumptions and a decrease in the assumed rates of future inflation, both of which reduced the value of the pension obligations.

There are currently no deficit reduction contributions being paid to the Pension Fund, however annual contributions continue to be paid to the Fund through the Scottish Partnership arrangements which amount to approximately £11m. The Trustee holds security over £532m of Whitbread's freehold property which will remain at this level until no further obligations are due under the Scottish Partnership arrangements, which is expected to be in 2025. Following that, the security held by the Trustee will be the lower of: £500m; and 120% of the buy-out deficit and will remain in place until there is no longer a buy-out deficit. The Pension Fund is currently in the process of conducting the triennial actuarial valuation of the Fund as at 31 March 2023.

Going concern

The directors have concluded that it is appropriate for the consolidated financial statements to be prepared on the going concern basis. Full details are set out in note 2 of the attached financial statements.

Risks and uncertainties

The directors have reconsidered the principal risks and uncertainties of the Group, which are detailed below.

The risk environment continues to be impacted by global factors that are creating a backdrop of widening and intensifying geopolitical turmoil; with the highest ever number of general elections globally across 2024, at the same time environmental events are occurring more frequently such as extreme weather, causing floods and fires. Whilst in our key markets we have seen more positive economic data points than expected, we recognise that cost-of-living pressures remain and inflation is still driving significant cost into the business.

Even following the successful roll-out of our new reservation system ('Opera'), our strategic change programme remains substantial and wide-reaching across all areas of the business as we seek to improve our food and beverage offering for hotel guests; optimise Opera; and implement a new HR & Payroll system and other technology initiatives. Each of these initiatives require careful planning and execution to minimise disruption, cost and inefficiencies.

We have updated the risk descriptions to account for the changing nature of the Group's principal risks and how they might impact our business.

- Uncertain economic outlook - both in the UK and Germany and the resulting impact on hotel market demand, recognising potential impact of local political changes and from wider macro-economic trends, as well as increasing volatility from geopolitical conflicts.
- Cyber and data security - data breaches or operational disruption caused by malware such as ransomware, resulting in a loss of brand trust and regulatory fines.
- Strategic business change and interdependencies - being unable to successfully deliver major transformational programmes, including AGP, particularly under time-bound pressures and realise benefits due to a high volume of change.
- Germany profitable growth - the inability to execute our strategy in Germany successfully.
- Increased and extended focus on food and beverage propositions - continued challenges in the branded restaurant market and the impact this could have on our ability to maintain

in the branded restaurant market and the impact this could have on our ability to maintain a RevPAR premium in our Premier Inn hotels versus the wider M&E market, by requiring a disproportionate level of focus to satisfy any investment that may be required in a short timeframe.

- Extended stagnation of the UK property market - stagnation continues for longer than expected and impacts our ability to maintain the UK pipeline, putting pressure on our returns and UK growth in subsequent years.
- Talent attraction and retention - continued labour market challenges albeit stable currently, compounded by real cost-of-living pressures and 'hot spots' covering specific roles. In addition, uncertainty following planned senior leadership changes and wider business changes impacting engagement and causing disruption.
- Third party arrangements - business interruption due to withdrawal of services for one or more critical suppliers, provision of services below acceptable standards, or reputational damage as a result of unethical supplier practices.
- Brand strength and customer demand - impact by sector specific factors including oversupply of hotel rooms, new budget competitors and the threat from disruptors, which is heightened by current consumer price sensitivity due to the cost-of-living crisis, may challenge our brand strength and market share.
- Health & safety - adverse publicity and brand damage due to death or serious injury as a result of company negligence, or a significant incident resulting from food, in particular the risk from allergens, as well as fire, terrorism or another safety failure.
- Environmental, Social and Governance including climate change risk - uncertainty as to how these collective risks will materialise. For example, our inability to meet carbon targets, natural resource scarcity, long-term impact from growing social trends and volume of regulatory change and compliance requirements.

We consider a wide range of emerging risks and their potential impact on our ability to successfully deliver on our strategic objectives. Due to the time horizon over which these are assessed, there has been little change in the past 12 months. Our approach to identifying and managing emerging risks is embedded into the risk management framework and integrated through policies and risk control mechanisms.

The detail of our principal risks can be found in our Annual Report which is available on the Group's website www.whitbread.co.uk.

American Depositary Receipts

Whitbread has established a sponsored Level 1 American Depositary Receipt ('ADR') programme for which JP Morgan perform the role of depositary bank. The Level 1 ADR programme trades on the U.S. over-the-counter ('OTC') markets under the symbol WTBDY (it is not listed on a U.S. stock exchange).

Notes

†The Group uses certain APMs to help evaluate the Group's financial performance, position and cashflows, and believes that such measures provide an enhanced understanding of the Group's results and related trends and allow for comparisons of the financial performance of the Group's businesses either from one period to another or with other similar businesses. However, APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures. APMs used in this announcement include like-for-like sales, revenue per available room ('RevPAR'), average room rate ('ARR'), direct bookings/distribution, adjusted operating profit / (loss), return on capital employed ('ROCE'), adjusted pre-tax profit margins, adjusted profit / (loss) before tax, adjusted basic profit / earnings per share, net cash / (debt), net cash / (debt) and lease liabilities, lease-adjusted leverage, adjusted operating cashflow, adjusted EBITDA (pre-IFRS 16) and adjusted EBITDAR. Further information can be found in the glossary and reconciliation of APMs at the end of this document.

Consolidated income statement

Year ended 29 February 2024

		52 weeks to 29 February 2024			52 weeks to 2 March 2023		
	Notes	**Before adjusting items £m**	**Adjusting items (Note 6) £m**	**Statutory £m**	Before adjusting items £m	Adjusting items (Note 6) £m	Statutory £m
Revenue	3	**2,959.9**	**-**	**2,959.9**	2,625.2	-	2,625.2
Other income	4	**6.7**	**6.9**	**13.6**	8.0	4.7	12.7
Operating costs	5	**(2,296.5)**	**(125.2)**	**(2,421.7)**	(2,090.5)	(43.2)	(2,133.7)
Impairment of loans to joint ventures		**-**	-	**-**	(1.5)	-	(1.5)
Operating profit before joint ventures		**670.1**	**(118.3)**	**551.8**	541.2	(38.5)	502.7

Share of profit from joint ventures		**4.1**	8.9	**13.0**	2.3	-	2.3
Operating profit	3	**674.2**	**(109.4)**	**564.8**	543.5	(38.5)	505.0
Finance costs	7	**(179.3)**	-	**(179.3)**	(166.9)	-	(166.9)
Finance income	7	**66.2**	-	**66.2**	36.8	-	36.8
Profit before tax	3	**561.1**	**(109.4)**	**451.7**	413.4	(38.5)	374.9
Tax expense	8	**(159.9)**	**20.3**	**(139.6)**	(85.2)	(10.9)	(96.1)
Profit for the year		**401.2**	**(89.1)**	**312.1**	328.2	(49.4)	278.8

	52 weeks to 29 February 2024			52 weeks to 2 March 2023		
Earnings per share (Note 10)	**pence**	**pence**	**pence**	pence	pence	pence
Basic	**206.9**	**(45.9)**	**161.0**	162.9	(24.5)	138.4
Diluted	**205.5**	**(45.6)**	**159.9**	161.8	(24.3)	137.5

Consolidated statement of comprehensive income

Year ended 29 February 2024

	Notes	**52 weeks to 29 February 2024 £m**	52 weeks to 2 March 2023 £m
Profit for the year		**312.1**	278.8
Items that will not be reclassified to the income statement:			
Remeasurement loss on defined benefit pension scheme	25	**(188.2)**	(223.6)
Current tax on defined benefit pension scheme	8	**(10.0)**	0.7
Deferred tax on defined benefit pension scheme	8	**59.5**	54.7
		(138.7)	(168.2)
Items that may be reclassified subsequently to the income statement:			
Net loss on cash flow hedges		**(14.6)**	(1.3)
Deferred tax on cash flow hedges	8	**4.3**	-
Net gain/(loss) on hedge of a net investment		**10.4**	(22.2)
Current tax on hedge of a net investment	8	**(1.2)**	-
Deferred tax on hedge of a net investment	8	**-**	2.1
Cost of hedging		**1.1**	1.1
		-	(20.3)
Exchange differences on translation of foreign operations		**(21.7)**	37.3
Current tax on exchange differences on translation of foreign operations	8	**2.7**	-
Deferred tax on exchange differences on translation of foreign operations	8	**-**	(4.0)
		(19.0)	33.3
Other comprehensive loss for the year, net of tax		**(157.7)**	(155.2)
Total comprehensive income for the year, net of tax		**154.4**	123.6

Consolidated statement of changes in equity

Year ended 29 February 2024

	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Currency translation reserve £m**	**Other reserves £m**	**Total £m**
At 3 March 2022	164.8	1,024.7	50.2	5,225.3	24.3	(2,370.3)	4,119.0
Profit for the year	**-**	**-**	**-**	**278.8**	**-**	**-**	**278.8**
Other comprehensive (loss)/income	**-**	**-**	**-**	**(168.2)**	**10.7**	**2.3**	**(155.2)**
Total comprehensive income	**-**	**-**	**-**	**110.6**	**10.7**	**2.3**	**123.6**
Ordinary shares issued on exercise of employee share options (Note 23)	**0.1**	**1.9**	**-**	**-**	**-**	**-**	**2.0**
Loss on ESOT shares issued	**-**	**-**	**-**	**(4.3)**	**-**	**4.3**	**-**
Accrued share-based payments	**-**	**-**	**-**	**17.7**	**-**	**-**	**17.7**
Tax on share-based payments	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Equity dividends paid	**-**	**-**	**-**	**(119.1)**	**-**	**-**	**(119.1)**
Purchase of ESOT shares	**-**	**-**	**-**	**-**	**-**	**(31.7)**	**(31.7)**
At 2 March 2023	**164.9**	**1,026.6**	**50.2**	**5,230.1**	**35.0**	**(2,395.4)**	**4,111.4**
Profit for the year	**-**	**-**	**-**	**312.1**	**-**	**-**	**312.1**
Other comprehensive loss	**-**	**-**	**-**	**(138.7)**	**(9.1)**	**(9.9)**	**(157.7)**
Total comprehensive income	**-**	**-**	**-**	**173.4**	**(9.1)**	**(9.9)**	**154.4**
Ordinary shares issued on exercise of employee share options (Note 23)	**0.2**	**5.2**	**-**	**-**	**-**	**-**	**5.4**
Loss on ESOT shares issued	**-**	**-**	**-**	**(6.4)**	**-**	**6.4**	**-**
Accrued share-based payments	**-**	**-**	**-**	**15.8**	**-**	**-**	**15.8**
Tax on share-based payments	**-**	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Equity dividends paid (Note 10)	**-**	**-**	**-**	**(164.7)**	**-**	**-**	**(164.7)**
Share buyback, commitment and cancellation	**(13.3)**	**-**	**13.3**	**(603.4)**	**-**	**-**	**(603.4)**
At 29 February 2024	**151.8**	**1,031.8**	**63.5**	**4,645.3**	**25.9**	**(2,398.9)**	**3,519.4**

Consolidated balance sheet

At 29 February 2024

	Notes	29 February 2024 £m	2 March 2023 £m
Non-current assets			
Intangible assets	11	**185.0**	179.6
Right-of-use assets		**3,597.0**	3,504.6
Property, plant and equipment	12	**4,627.9**	4,554.2
Investment in joint ventures		**50.8**	48.2
Derivative financial instruments		**3.8**	-
Defined benefit pension surplus	25	**165.2**	324.7
		8,629.7	8,611.3
Current assets			
Inventories	15	**21.2**	21.7
Trade and other receivables	16	**119.3**	141.8
Cash and cash equivalents	17	**696.7**	1,164.8
		837.2	1,328.3
Assets classified as held for sale	14	**54.4**	3.2
Total assets		**9,521.3**	9,942.8
Current liabilities			
Lease liabilities		**155.6**	144.1
Provisions	20	**10.3**	20.2
Derivative financial instruments	21	**11.5**	-
Current tax liabilities		**10.2**	4.6
Trade and other payables	22	**670.5**	676.7
Other financial liabilities	21	**12.3**	-
		870.4	845.6
Non-current liabilities			
Borrowings	18	**994.9**	993.4
Lease liabilities		**3,942.8**	3,814.3
Provisions	20	**8.3**	8.3
Derivative financial instruments		**4.4**	7.8
Deferred tax liabilities	8	**181.1**	158.2
Trade and other payables	22	**-**	3.8
		5,131.5	4,985.8
Total liabilities		**6,001.9**	5,831.4
Net assets		**3,519.4**	4,111.4
Equity			
Share capital	23	**151.8**	164.9
Share premium		**1,031.8**	1,026.6
Capital redemption reserve		**63.5**	50.2
Retained earnings		**4,645.3**	5,230.1
Currency translation reserve		**25.9**	35.0
Other reserves		**(2,398.9)**	(2,395.4)
Total equity		**3,519.4**	4,111.4

Consolidated cash flow statement

Year ended 29 February 2024

	Notes	52 weeks to 29 February 2024 £m	52 weeks to 2 March 2023 £m
Cash generated from operations	24	**1,086.7**	996.3
Payments against provisions		**(5.0)**	(2.7)
Defined benefit pension scheme payments	25	**(17.5)**	(15.7)
Interest paid - lease liabilities		**(154.9)**	(138.7)
Interest paid - other		**(26.3)**	(32.0)
Interest received		**48.2**	22.6
Corporation taxes paid		**(53.3)**	(29.9)
Net cash flows from operating activities		**877.9**	799.9
Cash flows used in investing activities			
Purchase of property, plant and equipment	3	**(479.9)**	(482.0)
Proceeds from disposal of property, plant and equipment		**56.9**	59.6
Investment in intangible assets	11	**(28.6)**	(36.8)
Payment of deferred and contingent consideration	22	**-**	(25.3)
Loans advanced to joint ventures		**-**	(1.5)
Distributions received from joint ventures		**7.7**	-
Net cash flows used in investing activities		**(443.9)**	(486.0)
Cash flows used in financing activities			
Proceeds from issue of shares on exercise of employee share options		**5.4**	2.0
Payment of facility fees		**(0.8)**	(4.2)
Net lease incentives (paid)/received		**(2.7)**	3.5
Payment of principal of lease liabilities		**(147.1)**	(133.9)
Purchase of own shares for ESOT		**-**	(31.7)
Purchase of own shares, including transaction costs		**(591.1)**	-
Dividends paid		**(164.7)**	(119.1)
Net cash flows used in financing activities		**(901.0)**	(283.4)
Net (decrease)/increase cash and cash equivalents	19	**(467.0)**	30.5
Opening cash and cash equivalents	19	**1,164.8**	1,132.4
Foreign exchange differences	19	**(1.1)**	1.9
Closing cash and cash equivalents	17	**696.7**	1,164.8

Notes to the consolidated financial statements

1. General information

The consolidated financial statements and preliminary announcement of Whitbread PLC for the year ended 29 February 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2024.

The financial year represents the 52 weeks to 29 February 2024 (prior financial year: 52 weeks to 2 March 2023).

The financial information included in this preliminary statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the "Act"). The financial information for the year ended 29 February 2024 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 29 February 2024 will be delivered to the Registrar of Companies in advance of the Group's annual general meeting.

The statutory accounts for the year ended 2 March 2023, have been delivered to the Registrar of Companies, and the Auditors of the Group made a report thereon under Chapter 3 of part 16 of the Act. That report was unqualified and did not contain a statement under sections 498 (2) or (3) of the Act.

The consolidated financial statements of Whitbread PLC and all its subsidiaries have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards.

2. Accounting policies

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 2 March 2023, except for the adoption of the new standards and interpretations that are applicable for the year ended 29 February 2024.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Whitbread PLC and all its subsidiaries, together with the Group's share of the net assets and results of joint ventures incorporated using the equity method of accounting. These are adjusted, where appropriate, to conform to Group accounting policies.

A subsidiary is an entity controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Apart from the acquisition of Whitbread Group PLC by Whitbread PLC in 2000/01, which was accounted for using merger accounting, acquisitions by the Group are accounted for under the acquisition method and any goodwill arising is capitalised as an intangible asset. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from, or up to, the date that control passes respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

A combination of the strong cash flows generated by the business, and the significant available headroom on its credit facilities, support the directors' view that the Group has sufficient funds available for it to meet its foreseeable working capital requirements. In reaching this conclusion, the directors have considered all elements of the capital allocation framework. The directors have also determined that, over the period of the going concern assessment, there is not expected to be a significant impact as a result of climate change.
The directors have therefore concluded that the going concern basis of preparation remains appropriate.

Adjusting items and use of alternative performance measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way the business performance is measured internally by the Board and Executive Committee. A glossary of APMs and reconciliations to statutory measures is given at the end of this report.

The term adjusted profit is not defined under IFRS and may not be directly comparable with adjusted profit measures used by other companies. It is not intended to be a substitute for, or superior to, statutory measures of profit. Adjusted measures of profitability are non-IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS.

The Group makes certain adjustments to the statutory profit measures in order to derive many of its APMs. The Group's policy is to exclude items that are considered to be significant in nature and quantum, not in the normal course of business or are consistent with items that were treated as adjusting in prior periods or that span multiple financial periods. Treatment as an adjusting item provides users of the accounts with additional useful information to

assess the year-on-year trading performance of the Group.

On this basis, the following are examples of items that may be classified as adjusting items:

- net charges associated with the strategic review of the Group's hotel and restaurant property estate;
- significant restructuring costs and other associated costs arising from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- significant pension charges arising as a result of changes to UK defined benefit scheme practices;
- net impairment and related charges for sites which are/were underperforming that are considered to be significant in nature and/or value to the trading performance of the business;
- costs in relation to non-trading legacy sites which are deemed to be significant and not reflective of the Group's ongoing trading results;
- transformation and change costs associated with the implementation of the Group's strategic IT programme;
- profit or loss on the sale of a business or investment, and the associated cost impact on the continuing business from the sale of the business or investment;
- acquisition costs incurred as part of a business combination or other strategic asset acquisitions;
- amortisation of intangible assets recognised as part of a business combination or other transaction outside of the ordinary course of business; and
- tax settlements in respect of prior years, including the related interest and the impact of changes in the statutory tax rate, the inclusion of which would distort year-on-year comparability, as well as the tax impact of the adjusting items identified above.

The Group income statement is presented in a columnar format to enable users of the accounts to see the Group's performance before adjusting items, the adjusting items, and the statutory total on a line-by-line basis. The directors believe that the adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee.

Changes in accounting policies

The Group has adopted the following standards and amendments for the first time for the annual reporting period commencing 3 March 2023:

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimate (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 1 - Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules (effective immediately)

Standards issued by the IASB not effective for the current year and not early adopted by the Group

Whilst the following standards and amendments are relevant to the Group, they have been assessed as having minimal or no financial impact or additional disclosure requirements at this time:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current (effective for periods beginning on or after 1 January 2024)
- Amendments to IAS 1 - Non-current Liabilities with Covenants (effective for periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective for periods beginning on or after 1 January 2024)
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (effective for periods beginning on or after 1 January 2024)

The Group does not intend to early adopt any of these new standards or amendments.

Critical accounting judgements and key sources of estimation uncertainty

The key judgements and critical accounting estimates adopted in preparing the financial statements have been updated to reflect the impact of the Accelerating Growth Plan on impairment and assets held for sale.

The Group has considered the impact of climate-related risks on its financial performance and position, and although the impact represents an uncertainty, it is not considered to be material.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below) that management has made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Adjusting items

During the year certain items are identified and separately disclosed as adjusting items. Judgement is applied as to whether the item meets the necessary criteria as per the accounting policy disclosed earlier in this note. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous adjusting items are assessed based on the same criteria. Note 6 provides information on all of the items disclosed as adjusting in the current year and comparative financial statements.

Assets held for sale

As per the accounting policy above assets are classified as held for sale only if the asset is available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification.

As a result of the Group's Accelerating Growth Plan ('AGP') the Group is actively marketing a significant number of sites. Judgement exists on a site-by-site basis as to whether the sale will complete within one year. In exercising its judgement management has taken into consideration all available information including external market expert advice.

Key sources of estimation uncertainty

The following are the key areas of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Defined benefit pension

Defined benefit pension plans are accounted for in accordance with actuarial advice using the projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 25 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

Impairment testing - Property, plant and equipment and right-of-use assets

The performance of the Group's impairment review requires management to make a number of judgements and estimates which are presented together below for ease of understanding but identified separately:

Estimates within impairment testing:

Inputs used to estimate value in use

The estimate of value in use is most sensitive to the following inputs:

Forecast period cashflows - the initial five-year period's cashflows are drawn from the five-year business plan.

Discount rate - judgement is required in estimating the weighted average cost of capital (WACC) of a typical market participant and in assessing the specific country and currency risks associated with the Group. The rate used is adjusted for the Group's gearing, including equity, borrowings and lease liabilities.

Maturity profile of individual sites - judgement is required to estimate the time taken for sites to reach maturity and the sites' trading level once they are mature.

Methodology used to estimate fair value

Fair value is determined using a range of methods, including present value techniques using assumptions consistent with the value in use calculations and market multiple techniques using externally available data. For the purpose of assessing fair value for sites the Group has sought expert valuations based on insight into local market specific factors.

Judgements within impairment testing:

Strategic impact on composition of CGUs

The Group has judged that where there is a commitment and expectation that part of a trading site's value will be realised through sale an impairment review should be completed on the trading site as separate CGUs. This is due to the change in how the Group now expects to receive cashflows from the trading site's assets which are largely independent.

Identification of indicators of impairment and reversal

The Group assesses each of its CGUs for indicators of impairment or reversal at the end of each reporting period and, where there are indicators of impairment or reversal, management performs an impairment assessment.

Key estimates and sensitivities for impairment of assets are disclosed in Note 13.

3. Segment information

The Group provides services in relation to accommodation, food and beverage both in the UK and internationally. Management monitors the operating results of its operating segments separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on adjusted operating profit before joint ventures. Included within central and other in the following tables are the costs of running the public company, other central overhead costs and share of profit from joint ventures.

The following tables present revenue and profit information regarding business operating segments for the years ended 29 February 2024 and 2 March 2023.

	52 Weeks to 29 February 2024				52 Weeks to 2 March 2023			
Revenue	**UK & Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK & Ireland £m	Germany £m	Central and other £m	Total £m
Accommodation	**2,007.7**	**162.7**	**-**	**2,170.4**	1,795.0	100.1	-	1,895.1
Food, beverage and other items	**762.0**	**27.5**	**-**	**789.5**	712.7	17.4	-	730.1

Food, beverage and other items	**762.0**	**27.3**	**-**	**789.3**	712.7	17.4	-	730.1
Revenue	**2,769.7**	**190.2**	**-**	**2,959.9**	2,507.7	117.5	-	2,625.2

	52 Weeks to 29 February 2024				52 Weeks to 2 March 2023			
Profit/(loss)	**UK & Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK & Ireland £m	Germany £m	Central and other £m	Total £m
Adjusted operating profit/(loss) before joint ventures[1]	**721.5**	**(15.1)**	**(36.3)**	**670.1**	616.6	(35.9)	(39.5)	541.2
Share of profit/(loss) from joint ventures	**-**	**-**	**4.1**	**4.1**	-	-	2.3	2.3
Adjusted operating profit/(loss)	**721.5**	**(15.1)**	**(32.2)**	**674.2**	616.6	(35.9)	(37.2)	543.5
Net finance costs	**(134.0)**	**(20.9)**	**41.8**	**(113.1)**	(124.9)	(13.8)	8.6	(130.1)
Adjusted profit/(loss) before tax	**587.5**	**(36.0)**	**9.6**	**561.1**	491.7	(49.7)	(28.6)	413.4
Adjusting items before tax (Note 6)				**(109.4)**				(38.5)
Profit/(loss) before tax				**451.7**				374.9

1 *The Germany segment includes operations of the Group within Austria.*

	52 Weeks to 29 February 2024				52 Weeks to 2 March 2023			
Other segment information	**UK and Ireland £m**	**Germany £m**	**Central and other £m**	**Total £m**	UK and Ireland £m	Germany £m	Central and other £m	Total £m
Capital expenditure:								
Property, plant and equipment-cash basis	**391.8**	**88.1**	**-**	**479.9**	405.9	76.1	-	482.0
Property, plant and equipment - accruals basis	**373.5**	**92.5**	**-**	**466.0**	430.4	73.7	-	504.1
Intangible assets	**28.5**	**0.1**	**-**	**28.6**	36.7	0.1	-	36.8
Cash outflows from lease interest and payment of principal of lease liabilities	**247.7**	**54.3**	**-**	**302.0**	234.0	38.6	-	272.6
Depreciation - property, plant and equipment and investment property	**159.6**	**17.3**	**-**	**176.9**	152.2	11.0	-	163.2
Depreciation - right-of-use assets	**143.9**	**39.4**	**-**	**183.3**	133.6	32.2	-	165.8
Amortisation	**23.1**	**0.1**	**-**	**23.2**	16.3	0.2	-	16.5

Segment assets and liabilities are not disclosed because they are not reported to, or reviewed by, the Chief Operating Decision Maker.

The Group's revenue, split by country in which the legal entity resides, is as follows:	**2023/24 £m**	2022/23 £m
United Kingdom	**2,740.8**	2,487.7
Germany	**185.9**	117.5
Ireland	**16.0**	10.3
Other	**17.2**	9.7
	2,959.9	2,625.2

The Group's non-current assets[2], split by country in which the legal entity resides, are as follows:	**2024 £m**	2023 £m
United Kingdom	**6,946.3**	6,869.2
Germany	**1,227.3**	1,216.2
Ireland	**182.4**	93.3
Other	**104.7**	107.9
	8,460.7	8,286.6

1 *The Germany segment includes operations of the Group within Austria.*

2 *Non-current assets exclude derivative financial instruments and the surplus on the Group's defined benefit pension scheme.*

4. Other income

An analysis of the Group's other income is as follows:

	2023/24 £m	2022/23 £m
Rental income	**4.0**	3.1
Government payments[1]	**2.5**	4.7
Other	**0.2**	0.2
Other income before adjusting items	**6.7**	8.0
Legal claim settlement (Note 6)	**6.9**	4.7
Other income	**13.6**	12.7

1 *£2.5m has been released as other income from a previously held provision relating to Government payments (2022/23: £4.7m).*

5. Operating costs

	2023/24 £m	2022/23 £m
Cost of inventories recognised as an expense[1]	**255.1**	229.0
Employee benefits expense[2]	**837.8**	784.3
Amortisation of intangible assets (Note 11)	**23.2**	16.5
Depreciation - property, plant and equipment and investment property (Note 12)	**176.9**	163.2
Depreciation - right-of-use-assets	**183.3**	165.8
Utilities	**143.8**	117.2
Rates	**100.1**	125.0
Other site property costs	**455.2**	384.3
Variable lease payment expense	**3.5**	2.1
Net foreign exchange differences	**0.4**	(2.1)
Other operating charges[2]	**117.2**	105.2
Adjusting operating costs[2] (Note 6)	**125.2**	43.2

Adjusting operating costs[2] (Note 6)	**125.2**	43.2
	2,421.7	2,133.7

[1] Cost of inventories recognised as an expense includes £6.5m (2022/23: £6.7m) of inventory write downs recorded during the year.

[2] Adjusting operating costs includes a charge for net impairments of £107.5m (2022/23: £33.4m), a charge of £13.0m (2022/23: £9.8m) relating to other operating charges and a charge of £4.7m (2022/23: £0.5m) relating to employee benefit expenses.

Employee costs are split between hourly paid and salaried employees as below:

	2023/24 £m	2022/23 £m
Employee costs - hourly paid	**549.7**	520.1
Employee costs - salaried	**288.1**	264.2
	837.8	784.3

6. Adjusting items

As set out in the policy in Note 2, we use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and APMs which are consistent with the way that the business performance is measured internally. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses. Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider hinder the comparison of the financial performance of the Group's businesses either from one period to another or with other similar businesses.

	2023/24 £m	2022/23 £m
Adjusting items were as follows:		
Other income:		
Legal claim settlements[1]	**6.9**	4.7
Adjusting other income	**6.9**	4.7
Operating costs:		
Net impairment charges - property, plant and equipment, right-of-use assets and assets held for sale[2]	**(30.5)**	(33.4)
Strategic F&B net impairment charges and write-offs[3]	**(77.0)**	-
Gains on disposals, property and other provisions[4]	**15.3**	4.0
Strategic IT programme costs[5]	**(27.1)**	(13.8)
Strategic F&B programme costs[6]	**(5.9)**	-
Adjusting operating costs before joint ventures	**(125.2)**	(43.2)
Share of profit from joint ventures:		
Gains on disposals, property and other provisions[7]	**8.9**	-
Adjusting items before tax	**(109.4)**	(38.5)
Tax on adjusting items	**19.8**	(1.1)
Impact of change in tax rates	**0.5**	(9.8)
Adjusting tax credit/(expense)	**20.3**	(10.9)

[1] During the year, the Group received settlements of £6.9m (2022/23: £4.7m) in relation to legal claims made against a payment card scheme provider, lease agreement dispute and other legal matters.

[2] The Group identified impairment indicators and indicators of impairment reversals relating to assets held by the Group at the year-end date. An impairment review of those assets was undertaken, resulting in adjusting net impairment charges of £107.3m. Amounts have been reported separately in the table above where they relate to the Group's UK F&B strategy (Accelerating Growth Plan).

Impairments arising outside of this strategic programme are comprised of impairment charges on sites of £40.6m (£30.8m relating to property, plant and equipment and £9.8m relating to right-of-use assets) offset by impairment reversals of £10.3m (£7.2m relating to property, plant and equipment and £3.1m relating to right-of-use assets), netting to an impairment charge of £30.3m. In addition, impairment charges of £0.2m have been recorded in relation to assets held for sale during the year. This brings the total adjusting net impairment charges outside of the Group's UK F&B strategy to £30.5m within operating costs. Further information including a country split is provided in Note 13.

During the comparative year, an impairment review of those assets was undertaken, resulting in adjusting net impairment charges of £30.1m. This was made up of an impairment loss on sites of £85.0m (£76.1m relating to property, plant and equipment and £8.9m relating to right-of-use assets) offset by impairment reversals of £54.9m (£35.5m relating to property, plant and equipment and £19.4m relating to right-of-use assets). In addition, impairment charges of £3.3m had been recorded in relation to assets held for sale. That brought the total adjusting net impairment charges for 2022/23 to £33.4m within operating costs.

[3] Included in the amounts recorded for impairment this year are impairments driven by the impact of the project to optimise the Group's UK F&B strategy (Accelerating Growth Plan). These impairments are made up of impairment charges on sites of £84.3m (£83.7m relating to property, plant and equipment and £0.6m relating to right-of-use assets) offset by impairment reversals of £7.3m (£7.3m relating to property, plant and equipment).

At this time the Group expects to incur further net impairment charges and write downs or accelerated deprecation within adjusting items totalling between £80.0m and £100.0m in relation to the Accelerating Growth Plan to transform and exit a number of the Group's branded restaurants.

[4]During the year, the Group made gains on other property disposals of £8.7m (2022/23: gain of £3.0m) and released net provisions of £4.2m (2022/23: net charge of £0.4m) relating to historic indirect tax matters.
The Group established a property-related provision for the performance of remedial works at a small number of sites. During the year, the Group has received reimbursements of costs of remedial works on cladding material from property developers totalling £2.4m (2022/23: £nil).
During the comparative period, the Group entered into a sale and lease transaction of land and a hotel currently under construction. As a result of this transaction, the Group received proceeds of £46.4m and recognised a net gain of £1.4m, the completed hotel and land are now leased back following practical completion.

[5] The Group has assessed the presentation of costs incurred in relation to the current and future strategic IT programme implementations. The programmes previously scheduled were the Group's Hotel Management System and HR & Payroll System, whilst the Group has now also scheduled an upgrade to its F&B Management System. These represent significant business change costs for the Group rather than replacements of IT systems with the System products being Software as a Service (SaaS). The start date of these projects varies and as such we expect costs to be incurred within this category over the next few financial years, with their commercial and strategic benefit seen as lasting multiple years. Cash costs incurred on the programmes and presented within adjusting items in the period were £27.1m, with cumulative cash costs to date being £40.9m (2023: £13.8m). At this time the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the financial year ended 2025 between £20.0m and £30.0m and during the financial year ended 2026 between £5.0m and £15.0m.

[6] The Group has incurred legal and advisory costs regarding the announced changes to facilitate the Accelerating Growth Plan ('AGP'). This programme represents a significant business change for the Group's strategic focus. The programme is expected to incur costs over the next few financial years. Cash costs incurred on the programmes and presented within adjusting items in the period were £5.9m. At this time the Group expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20.0m and £25.0m.

[7]During the year, one of the Group's joint ventures made a gain on a property sale with the Group's share being £8.9m (2022/23: £nil).

7. Finance (costs)/income

	2023/24 £m	2022/23 £m
Finance costs		
Interest on bank loans and overdrafts	**(4.6)**	(5.1)
Interest on other loans	**(24.2)**	(24.3)
Interest on lease liabilities	**(154.9)**	(138.7)
Interest capitalised	**5.5**	2.5
Unwinding of discount on contingent consideration (Note 22)	**-**	(0.2)
Cost of hedging	**(1.1)**	(1.1)
	(179.3)	(166.9)
Finance income		
Bank interest receivable	**50.0**	23.2
IAS 19 pension net finance income (Note 25)	**16.2**	13.6
	66.2	36.8
Total net finance costs	**(113.1)**	(130.1)

8. Taxation

Consolidated income statement	**2023/24 £m**	2022/23 £m
Current tax:		
Current tax expense	**59.3**	35.3
Adjustments in respect of previous periods	**(6.7)**	0.7
	52.6	36.0
Deferred tax:		
Origination and reversal of temporary differences	**76.8**	51.5
Effect of in-year rate differential/change in tax rates	**(0.5)**	9.8
Adjustments in respect of previous periods	**10.7**	(1.2)
	87.0	60.1
Tax reported in the consolidated income statement	**139.6**	96.1

Adjustments to current and deferred tax expenses in respect of previous years include adjustments relating to the reassessment of tax on the asset-backed pension scheme (Pension Funding Partnership) which has been agreed with HMRC during the financial year.

Consolidated statement of other comprehensive income	**2023/24 £m**	2022/23 £m
Current tax:		
Defined benefit pension scheme	**10.0**	(0.7)
Tax on net (loss)/gain on hedge of a net investment	**1.2**	-
Tax on exchange differences on translation of foreign operations	**(2.7)**	-
	8.5	(0.7)
Deferred tax:		

Cash flow hedges	**(4.3)**	-
Tax on net (loss)/gain on hedge of a net investment	**-**	(2.1)
Tax on exchange differences on translation of foreign operations	**-**	4.0
Defined benefit pension scheme	**(59.5)**	(54.7)
	(63.8)	(52.8)
Tax reported in other comprehensive income	**(55.3)**	(53.5)

A reconciliation of the tax expense applicable to adjusted profit before tax and profit before tax at the statutory tax rate, to the actual tax expense at the Group's effective tax rate, for the years ended 29 February 2024 and 2 March 2023 respectively is set out below. All items have been tax effected at the UK statutory rate of 24.5% (2022/23: 19%), with the exception of the effect of unrecognised losses in overseas companies, which has been tax effected at the statutory rate in the relevant jurisdictions with an adjustment to account for the differential tax rates included in the effect of different tax rates.

	2023/24 Tax on adjusted profit £m	**2023/24 Tax on profit £m**	2022/23 Tax on adjusted profit £m	2022/23 Tax on profit £m
Profit before tax as reported in the consolidated income statement	**561.1**	**451.7**	413.4	374.9
Tax at current UK tax rate of 24.5% (2022/23: 19%)	137.5	110.7	78.5	71.2
Effect of different tax rates	(5.9)	(8.3)	(7.5)	(11.5)
Unrecognised losses in overseas companies	15.5	25.8	19.5	29.4
Effect of super deduction in respect of tax relief for fixed assets	(0.5)	(0.5)	(4.5)	(4.5)
Expenditure not allowable	6.5	5.7	2.4	1.4
Adjustments to current tax expense in respect of previous years	(6.7)	(6.7)	0.7	0.7
Adjustments to deferred tax expense in respect of previous years	10.7	10.7	(1.2)	(1.2)
Impact of deferred tax in respect of sale and lease transaction (Note 6)	-	-	-	3.4
Impact of deferred tax being at a different rate from current tax rate	-	(0.5)	-	9.8
Impact of deferred tax related to indexation allowance	4.4	4.4	-	-
Other movements	(1.6)	(1.7)	(2.7)	(2.6)
Tax expense reported in the consolidated income statement	**159.9**	**139.6**	85.2	96.1

Deferred tax

The major deferred tax (liabilities)/assets recognised by the Group and movement during the current and prior financial years are as follows:

	Accelerated capital allowances £m	**Rolled over gains and property revaluations £m**	**Pensions £m**	**Leases £m**	**Losses £m**	**Other[3] £m**	**Total £m**
At 3 March 2022	(72.5)	(92.5)	(165.9)	48.7	139.3	(7.7)	(150.6)
(Expense)/credit to consolidated income statement[1]	**(14.7)**	**(2.1)**	**(5.2)**	**(3.3)**	**(39.9)**	**5.1**	**(60.1)**
Credit/(expense) to statement of comprehensive income[2]	**-**	**-**	**54.7**	**-**	**(1.9)**	**-**	**52.8**
Expense to statement of changes in equity	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Foreign exchange and other movements	**-**	**0.8**	**-**	**(1.1)**	**-**	**(0.1)**	**(0.4)**
At 2 March 2023	**(87.2)**	**(93.8)**	**(116.4)**	**44.3**	**97.5**	**(2.6)**	**(158.2)**
(Expense)/credit to consolidated income statement[1]	**(22.5)**	**7.7**	**(5.3)**	**(0.4)**	**(62.7)**	**(3.8)**	**(87.0)**
Credit to statement of comprehensive income[2]	**-**	**-**	**59.5**	**-**	**-**	**4.3**	**63.8**
Credit/(expense) to statement of changes in equity	**-**	**-**	**-**	**0.4**	**(0.1)**	**0.2**	**0.5**
Foreign exchange and other movements	**-**	**-**	**-**	**(0.5)**	**0.5**	**(0.2)**	**(0.2)**
At 29 February 2024	**(109.7)**	**(86.1)**	**(62.2)**	**43.8**	**35.2**	**(2.1)**	**(181.1)**

[1]The total charge to the consolidated income statement of £87.0m (2023: £60.1m) relates largely to the utilisation of tax losses carried forward in the period of £57.2m and accelerated capital allowances arising from super deduction relief of £25.3m (2023: utilisation of tax losses carried forward of £33.0m super deduction relief of £15.0m), these being the largest components of the net charge.

[2]The total credit to other comprehensive income of £63.8m (2023: credit of £52.8m) relates predominantly to a net deferred tax credit on defined benefit pension scheme movements through other comprehensive income of £59.5m (2023: credit of £54.7m).

[3]The Other category includes a deferred tax liability of £13.6m (2023: £12.5m) in respect of capitalised interest and a deferred tax asset of £7.3m (2023: £7.1m) in respect of share-based payments.

The Group recognises UK deferred tax assets to the extent that taxable profits will be available to utilise deductible temporary differences or unused tax losses. At 29 February 2024, no UK deferred asset is unrecognised (2023: £nil).

The Group has unrecognised German tax losses of £226.6m (2023: £199.9m) which can be carried forward indefinitely and offset against future taxable profits in the same tax group. The Group carries out an assessment of the recoverability of these losses for each reporting period and, to the extent that they exceed deferred tax liabilities

within the same tax group, does not think it is appropriate at this stage to recognise any deferred tax asset. Recognition of these assets in their entirety would result in an increase in the reported deferred tax asset of £72.4m (2023: £63.8m). The impact on the effective tax rate from the non-recognition of these assets in the current year is 1.9% (2023: 6.1%).

At 29 February 2024, no deferred asset is recognised (2023: £nil) on gross temporary differences of £2.4m (2023: £11.1m) relating to the accumulated losses of other international subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Tax relief on total interest capitalised amounts to £1.2m (2022/23: £0.5m).

Factors affecting the tax charge for future years

The UK Budget 2021 announcement on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, effective from 1 April 2023, as a result of this all UK deferred tax balances are recognised at the rate of 25%.

Pillar Two Legislation

In December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750m ('Pillar Two'). The BEPS Pillar Two Minimum Tax legislation was substantively enacted in June 2023 in the UK and will be effective for the Group's financial year beginning 1 March 2024. The Group has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules. The Group has performed an assessment of its potential exposure to Pillar Two income taxes and the new rules are not expected to have a material impact on the tax charge for the Group.

9. Earnings per share

The basic earnings per share (EPS) figures are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period after deducting treasury shares and shares held by an independently managed employee share ownership trust (ESOT).

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the average share price for the period is lower than the option price, the options become anti-dilutive and are excluded from the calculation.

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

	2023/24 million	2022/23 million
Basic weighted average number of ordinary shares	**193.9**	201.5
Effect of dilution - share options	**1.3**	1.3
Diluted weighted average number of ordinary shares	**195.2**	202.8

The total number of shares in issue at the year-end, as used in the calculation of the basic weighted average number of ordinary shares, was 197.4m, less 12.5m treasury shares held by Whitbread PLC and 0.9m held by the ESOT (2023: 214.6m, less 12.5m treasury shares held by Whitbread PLC and 1.2m held by the ESOT).

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

	2023/24 £m	2022/23 £m
Profit for the year attributable to parent shareholders	**312.1**	278.8
Adjusting items before tax (Note 6)	**109.4**	38.5
Adjusting tax (credit)/expense (Note 6)	**(20.3)**	10.9
Adjusted profit for the year attributable to parent shareholders	**401.2**	328.2

	2023/24 pence	2022/23 pence
Basic EPS on profit for the year	**161.0**	138.4
Adjusting items before tax	**56.4**	19.1
Adjusting tax (credit)/expense	**(10.5)**	5.4
Basic EPS on adjusted profit for the year	**206.9**	162.9
Diluted EPS on profit for the year	**159.9**	137.5
Diluted EPS on adjusted profit for the year	**205.5**	161.8

10. Dividends paid and proposed

	2023/24		**2022/23**	
	pence per share	**£m**	pence per share	£m
Final dividend, proposed and paid, relating to the prior year	**49.80**	**99.2**	34.70	70.1
Interim dividend, proposed and paid, for the current year	**34.10**	**65.3**	24.40	49.0
Total equity dividends paid in the year		**164.5**		119.1
Dividends on other shares:				
B share dividend	**2.60**	**0.1**	-	-
C share dividend	**5.50**	**0.1**	1.00	-
Total dividends paid		**164.7**		119.1

Total dividends paid		104.7		119.1
Proposed for approval at annual general meeting:				
Final equity dividend for the current year	**62.90**	**115.0**	49.80	100.0

A final dividend of 62.90p per share amounting to a dividend of £115.0m was recommended by the directors at their meeting on 29 April 2024. A dividend reinvestment plan (DRIP) alternative will be offered. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements.

11. Intangible assets

	Goodwill £m	IT software and technology £m	Total £m
Cost			
At 3 March 2022	350.1	120.2	470.3
Additions	-	36.8	36.8
Assets written off	-	(10.5)	(10.5)
Foreign currency translation	-	0.2	0.2
At 2 March 2023	350.1	146.7	496.8
Additions	**-**	**28.6**	**28.6**
Assets written off	**-**	**(15.2)**	**(15.2)**
Foreign currency translation	**-**	**(0.1)**	**(0.1)**
At 29 February 2024	**350.1**	**160.0**	**510.1**
Amortisation and impairment			
At 3 March 2022	(239.6)	(71.4)	(311.0)
Amortisation during the year	-	(16.5)	(16.5)
Amortisation on assets written off	-	10.5	10.5
Foreign currency translation	-	(0.2)	(0.2)
At 2 March 2023	(239.6)	(77.6)	(317.2)
Amortisation during the year	**-**	**(23.2)**	**(23.2)**
Amortisation on assets written off	**-**	**15.2**	**15.2**
Foreign currency translation	**-**	**0.1**	**0.1**
At 29 February 2024	**(239.6)**	**(85.5)**	**(325.1)**
Net book value at 29 February 2024	**110.5**	**74.5**	**185.0**
Net book value at 2 March 2023	110.5	69.1	179.6

Other than goodwill, there are no intangible assets with indefinite lives. IT software and technology assets, which are made up entirely of internally generated assets, have been assessed as having finite lives and are amortised under the straight-line method over periods ranging from three to ten years from the date the asset became fully operational.

Note 13 contains details of the impairment review conducted on goodwill as at the year-end date.

Capital expenditure commitments

Capital expenditure commitments in relation to intangible assets at the year-end amounted to £6.5m (2023: £7.7m).

12. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 3 March 2022	3,662.0	1,580.7	5,242.7
Additions	295.7	208.4	504.1
Interest capitalised	2.5	-	2.5
Net movements from/to held for sale in the year	6.1	3.8	9.9
Disposals	(7.0)	(2.0)	(9.0)
Assets written off	(3.9)	(73.7)	(77.6)
Asset reclassified from right-of-use asset	(3.3)	-	(3.3)
Foreign currency translation	30.4	4.5	34.9
At 2 March 2023	**3,982.5**	**1,721.7**	**5,704.2**
Additions	**242.3**	**223.7**	**466.0**
Interest capitalised	**5.5**	**-**	**5.5**
Net movements from/to held for sale in the year	**(58.2)**	**(53.8)**	**(112.0)**
Disposals	**(39.8)**	**(9.7)**	**(49.5)**
Assets written off	**(2.8)**	**(91.7)**	**(94.5)**
Foreign currency translation	**(18.7)**	**(2.8)**	**(21.5)**
At 29 February 2024	**4,110.8**	**1,787.4**	**5,898.2**
Depreciation and impairment			
At 3 March 2022	(281.4)	(734.2)	(1,015.6)
Depreciation charge for the year	(23.5)	(139.7)	(163.2)
Net impairment charge (Note 13)	(26.4)	(15.5)	(41.9)
Net movements from/to held for sale in the year	(6.1)	(1.8)	(7.9)
Disposals	2.2	2.0	4.2
Depreciation on assets written off	3.9	72.1	76.0
Foreign currency translation	(0.4)	(1.2)	(1.6)
At 2 March 2023	**(331.7)**	**(818.3)**	**(1,150.0)**
Depreciation charge for the year	**(23.8)**	**(153.1)**	**(176.9)**
Net impairment charge/(reversal) (Note 13)	**(111.2)**	**11.2**	**(100.0)**
Net movements from/to held for sale in the year	**16.5**	**33.1**	**49.6**
Disposals	**4.7**	**5.9**	**10.6**
Depreciation on assets written off	**2.8**	**91.7**	**94.5**
Foreign currency translation	**0.8**	**1.1**	**1.9**
At 29 February 2024	**(441.9)**	**(828.4)**	**(1,270.3)**
Net book value at 29 February 2024	**3,668.9**	**959.0**	**4,627.9**
Net book value at 2 March 2023	3,650.8	903.4	4,554.2

Included above are assets under construction of £492.7m (2023: £426.9m).

There is a charge in favour of the pension scheme over properties with a market value of £531.5m (2023: £531.5m). See Note 25 for further information.

Capital expenditure commitments

	2024 £m	2023 £m
Capital expenditure commitments for property, plant and equipment for which no provision has been made	**56.5**	125.4

Capitalised interest

Interest capitalised during the year amounted to £5.5m, using an average rate of 2.4% (2022/23: £2.5m, using an average rate of 2.5%).

13. Impairment

During the year, net impairment charges of £107.5m (2022/23: net impairment charges of £33.4m) were recognised within operating costs.

Accelerating Growth Plan

Impairment of £84.3m (2022/23: nil) has been recognised in respect of sites impacted by the announced changes to facilitate the Accelerating Growth Plan (see section below). Included within this amount is £80.6m where the carrying value exceeds the expected sale proceeds less costs to sell. In addition, a further impairment of £3.7m has been recorded, to reflect the impact of the reduced cashflows as a result of the announcement of the Extensions programme. This was offset by the reversal of previous impairments relating to disposal sites of £7.3m.

UK:

Gross impairment charges in the UK of £8.4m (2022/23: £54.2m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10.3m (2022/23: £54.9m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £0.9m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant.

Germany:

In order to reach scale at pace and gain access to a number of key markets, the Group has invested in freehold and leasehold sites through organic opportunities as well as utilising acquisitions. Now having a recent history of trading, the Group has updated the relevant cash flow assumptions which has resulted in an impairment charge of £32.2m (2022/23: impairment charge of £30.8m), relating to seven of our hotels. The impairment charge is included within adjusting items.

Assets held for sale:

In addition, impairment charges of £0.2m (2022/23: £3.3m) have been recorded in relation to other assets held for sale during the year.

The charges/(reversals) were recognised on the following classes of assets:

	2023/24 £m	2022/23 £m
Impairment charges/(reversals) included in operating costs		
Property, plant and equipment - impairment charges	**30.8**	76.1
Property, plant and equipment - impairment reversals	**(7.2)**	(35.5)
Property, plant and equipment - impact of accelerating growth programme	**76.4**	-
Property, plant and equipment - transfer to assets held for sale	**-**	1.3
Right-of-use assets - impairment charges	**9.8**	8.9
Right-of-use assets - impairment reversals	**(3.1)**	(19.4)
Right-of-use assets - impact of accelerating growth programme	**0.6**	-
Assets held for sale	**0.2**	2.0
Total charges for impairment included in operating costs	**107.5**	33.4

Property, plant and equipment and right-of-use assets - impairment review

The carrying value of property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

The majority of the Group's trading sites offer a combination of accommodation and food and beverage services, either through a hotel and branded restaurant at the same location or a hotel which offers food and beverage. Due to the high dependency of cashflows across accommodation and food and beverage services at these locations, the Group considers each such trading site to be a separate Cash Generating Unit ('CGU'). Exceptions to this exist in the form of a small number of trading sites that provide food and beverage only, or sites where a third party provides food and beverage services. In addition, in circumstances where the Group is committed to disposal of a proportion of a site, the related proportion is not included in the trading CGU as the economic benefits are expected to be received principally through sale.

In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable

amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal.

Valuation methodology:

The Group calculates a value in use (VIU) for each CGU. The key assumptions used in calculating VIU are set out below.

Where the VIU is lower than the carrying value of the CGU, the Group additionally estimates a fair value less costs of disposal (FVLCD) for each site:

For leasehold sites, FVLCD is estimated based on present value techniques using a discounted cash flow method.

For freehold sites, FVLCD is estimated based on applying a market multiple to the CGU's EBITDAR. Where the Group deem it appropriate for the purpose of assessing fair value for sites the Group has sought expert valuations based on insight into local market specific factors.

The assumptions applied in estimating fair value for each of the above are set out below. Both estimates of FVLCD rely on inputs not normally observable by market participants and are therefore level 3 measurements in the fair value hierarchy.

All of the impairment assessments take account of expected market conditions which include future risks including climate change and related legislation.

Key assumptions:

VIU for freehold and leasehold sites:

The key assumptions used by management in estimating VIU were:

Discount rates

The discount rate is based on the Weighted Average Cost of Capital (WACC) of a typical market participant, taking into account specific country and currency risks associated with the Group. The UK discount rate has increased reflecting market volatility in the spot risk-free rate and gearing ratios used in the WACC calculation, while the German discount rate has remained consistent year-on-year due to offsetting movements.

	2023/24		2022/23	
	UK	Germany	UK	Germany
Pre-tax discount rate	11.6%	9.9%	11.1%	9.9%
Post tax discount rate	9.3%	7.5%	8.9%	7.5%

Approved budget period

Forecast cashflow for the initial five-year period are based on actual cash flows and considered after applying management's assumptions of the performance of the Group over the next five years.

The key assumptions used by management in setting the board approved financial budgets for the initial five-year period were as follows:

- Forecast period cashflows: The initial five-year period's cashflows are drawn from the 5-year business plan.
- Forecast growth rates: Forecast growth rates are based on the Group business plan, which includes assumptions around the UK and German economies over the next five years.
- Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of inflation and cost saving initiatives.
- Local factors impacting the site in the current year or expected to impact the site in future years. Key assumptions include the maturity profile of individual sites, the future potential of immature sites and the impact of increasing or reducing market supply in the local area.

Long-term growth rates

A long-term growth rate of 2.0% (2023: 2.0%) was used for cash flows subsequent to the five-year approved budget/plan period. This long-term growth rate is a conservative rate and is considered to be lower than the long-term historical growth rates of the underlying territories in which the CGUs operate and the long-term growth rate prospects of the sectors in which the CGUs operate.

FVLCD for leasehold sites:

The key assumptions used by management in estimating the FVLCD on a discounted cashflow method were similar to those used in the VIU assessment, modified to reflect estimated cost of disposal and lease payments.

Discount rates

The inclusion of lease payments is reflected in the discount rate applied to FVLCD for leaseholds, increasing WACC for the specific asset class versus that in the VIU assessment as below:

	2023/24		2022/23	
	UK	Germany	UK	Germany
Pre-tax discount rate for FVLCD for	12.4%	10.7%	12.3%	11.0%

leaseholds	12.4%	10.7%	12.3%	11.0%

FVLCD for freehold sites:

The key assumption used by management in estimating the FVLCD for freehold sites is an EBITDAR multiple.

EBITDAR multiple

An EBITDAR multiple is estimated based on a normalised trading basis and market data obtained from external sources. This resulted in a multiple in the range of 7 to 11 times.

Announced changes in relation to Group's Accelerating Growth Plan (AGP)

As set out in detail on page 8 in the Business Strategy section, the Group has announced changes to facilitate its optimisation of UK F&B through the AGP. This has had the following impact on the Group's impairment review:

Extensions programme:

As part of the Group's Extensions programme, some of the Group's branded restaurants will be repurposed with smaller space devoted to providing integrated F&B services and remaining space being converted to additional hotel rooms. The composition of the CGU remains unchanged, however the forecast cashflows have been updated to include the committed elements of this plan.

The useful economic life of relevant buildings and FF&E will be reassessed as more certainty is obtained over site-level plans.

Disposal sites:

The Group has a committed plan to dispose of a further group of sites to third parties.

At the year end, sites that are being actively marketed with a valid expectation that they will be disposed of within 12 months from the balance sheet date have been moved to Assets Held for Sale (AHFS). As the economic benefit of these sites is expected to be recovered through sale rather than by continuing to trade, these sites have been measured at the lower of cost and expected proceeds less costs of disposal resulting in an impairment of £44.2m. The remaining NBV of £46.2m relating to these sites has been moved to assets held for sale.

Those sites that do not meet the criteria as AHFS have been measured at the lower of cost and their net realisable value (NRV). NRV in these instances is represented by their FVLCD which is higher than their VIU. An impairment charge of £29.1m has been recognised for these sites resulting in a remaining NBV of £10.0m.

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon estimates used in arriving at future growth rates and the discount rates applied to cash flow projections. The incremental impact on the net impairment charge of applying a reasonably possible change in assumptions to the growth rates used in the five-year business plans, long-term growth rates, pre-tax discount rates, EBITDAR multiple and FV of disposal is as follows:

	Total £m
Increase to net impairment charge if year one's cashflows reduced by 10%	**2.9**
Decrease to net impairment charge if year one's cashflows increased by 10%	**(1.2)**
Increase to net impairment charge if discount rates increased by 2%	**20.5**
Decrease to net impairment charge if discount rates reduced by 2%	**(23.2)**
Increase to net impairment charge if the fair value of disposal sites reduced by 20%	**9.8**
Decrease to net impairment charge if the fair value of disposal sites increased by 20%	**(10.3)**
Increase to net impairment charge if long-term growth rates reduced by 1%	**10.1**
Increase to net impairment charge if EBITDAR multiple reduced by 10%	**12.8**

The above sensitivity analyses are based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Goodwill

Following the impairment assessment over property, plant and equipment and right-of-use assets, the Group completed an impairment review of goodwill. Goodwill acquired through business combinations is allocated to groups of CGUs at an operating segment level, being the level at which management monitors goodwill. As a result of the German goodwill being impaired in previous years, all of the Group's goodwill is allocated to the UK and Ireland segment.

The recoverable amount is the higher of fair value less costs of disposal and value in use using the same assumptions as those used in the site level impairment reviews. The recoverable amount has been determined from value in use calculations. The future cash flows are based on assumptions from the approved budget and cover a five-year period. These forecasts include management's most recent view of medium-term trading prospects. Cash flows beyond this period are extrapolated using a 2.0% (2023: 2.0%) growth rate. The pre-tax discount rate applied to cash flow projections is 11.6% for the UK (2023: 11.1%).

Given the level of headroom within the UK segment, there is no reasonably possible change that could result in a further material impairment of goodwill.

Investments in joint ventures

During the period, the Group's interest in Healthy Retail Limited was sold.

Assets held for sale

In addition to impairments on assets transferred to held for sale in the year, an impairment charge of £0.2m (2022/23: £2.0m) was recorded in relation to assets which had previously been classified as held for sale as a result of a reduction in expected sales proceeds.

14. Assets classified as held for sale

The following table present the major classes of assets and liabilities classified as held for sale:

	2023/24	2022/23
	£m	£m
Property, plant and equipment	**56.0**	3.2
Right-of-use assets	**5.2**	-
Lease liabilities	**(6.8)**	-
Assets classified as held for sale	**54.4**	3.2

At the year end, there were 73 sites with a combined net book value of £54.4m (2023: five at £3.2m) classified as assets held for sale (AHFS). There are no gains or losses recognised in other comprehensive income with respect to these assets.

As described in Note 13, sites have been transferred to assets held for sale during the period following the Group's commitment to the Accelerating Growth Plan. As a result, £46.2m relating to 65 sites has been transferred to assets held for sale. Further sites will be added as they meet the AHFS criteria outlined below.

As with previous years, the Group disposes of sites as part of its programme to optimise its property estate. During the year, as part of this plan, ten property assets with a combined net book value of £14.6m (2022/23: eight at £5.2m) were transferred to assets held for sale. No properties were transferred back to property, plant and equipment (2022/23: seven at £7.9m). Seven property assets were sold during the year having a net book value of £9.4m (2022/23: seven at £57.5m). An impairment loss of £0.2m (2022/23: £1.4m) was recognised relating to assets classified as held for sale.

Sites are classified as held for sale only if they are available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. If a site no longer meets this criteria at future reporting dates it is transferred back to property, plant and equipment.

Included within assets held for sale are assets which were written down to fair value less costs to sell of £34.4m (2023: £1.5m). The fair value of property assets was determined based on current prices in an active market for similar properties. Where such information is not available management consider information from a variety of sources including current prices for properties of a different nature or recent prices of similar properties, adjusted to reflect those differences. This is a level 3 measurement, the key inputs under this approach are the property size and location.

15. Inventories

	2024	2023
	£m	£m
Finished goods held for resale	**17.4**	15.5
Consumables	**3.8**	6.2
	21.2	21.7

The carrying value of inventories is stated net of a provision of £1.5m (2023: £3.2m).

16. Trade and other receivables

	2024	2023
	£m	£m
Trade receivables	**54.4**	46.0
Prepayments and accrued income	**34.4**	49.8
Other receivables	**30.5**	46.0
	119.3	141.8
Analysed as:		
Current	**119.3**	141.8
Non-current	**-**	-
	119.3	141.8

Trade and other receivables are non-interest bearing and are generally on 30-day terms. Trade receivables includes £52.0m (2023: £45.1m) relating to contracts with customers.

The allowance for expected credit loss relating to trade and other receivables at 29 February 2024 was £0.9m (2023: £1.7m). During the year, credit losses of £0.8m (2022/23: £1.2m) were recognised within operating costs in the consolidated income statement.

17. Cash and cash equivalents

	2024	2023
	£m	£m
Cash at bank and in hand	**97.8**	60.2

Cash at bank and in hand	**97.8**	60.2
Money market funds	**193.9**	769.6
Short term deposits	**405.0**	335.0
	696.7	1,164.8

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group. They earn interest at the respective short-term deposit rates.

The Group does not have material cash balances which are subject to contractual or regulatory restrictions.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the amounts as disclosed above.

18. Borrowings

Amounts drawn down on the Group's borrowing facilities are as follows:

	Current		**Non-current**	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Revolving credit facility	**-**	**-**	**-**	-
Senior unsecured bonds	**-**	**-**	**994.9**	993.4
	-	**-**	**994.9**	993.4

Revolving credit facility and covenant

In May 2023 the Group signed an extension to the existing five-year £775.0m multicurrency Revolving Credit Facility Agreement, extending the final maturity date by one year to now expire on 25 May 2028. The facility's other terms remain consistent, being a Multicurrency Revolving Facility Agreement and having variable interest rates with GBP being linked to SONIA and EUR being linked to EURIBOR. The revolving credit facility agreement contains one financial covenant ratio, being:

Net Debt/Adjusted EBITDA <3.5x.

As at 29 February 2024, £35.0m of the £775.0m Revolving Credit Facility is carved-out as an ancillary guarantee facility for the Group's use in Germany. Guarantees totalling €22.8m were in issue at 29 February 2024 (March 2023: €21.6m).

Senior unsecured bonds

The Group has issued senior unsecured bonds with coupons and maturities as shown in the following table:

Title	Year issued	Principal value	Maturity	Coupon
2025 senior unsecured bonds	2015	£450.0m	16 October 2025	3.375%
2027 senior unsecured green use of proceeds bond	2021	£300.0m	31 May 2027	2.375%
2031 senior unsecured green use of proceeds bond	2021	£250.0m	31 May 2031	3.000%

Amortised arrangement fees of £2.1m (2023: £2.6m) directly incurred in relation to the bonds are included in the carrying value and are being amortised over the term of the bonds. The bonds contain an early prepayment option which meets the definition of an embedded derivative.

19. Movements in cash and net debt

Year ended 29 February 2024	**2 March 2023 £m**	**Share buyback commitments including transaction costs £m**	**Cash flow £m**	**Net new lease liabilities £m**	**Foreign exchange £m**	**Transfers to Assets held for sale £m**	**Amortisation of premiums and discounts £m**	**29 February 2024 £m**
Cash and cash equivalents	1,164.8	**-**	**(467.0)**	**-**	**(1.1)**	**-**	**-**	**696.7**
Liabilities from financing activities:								
Borrowings	(993.4)	**-**	**-**	**-**	**-**	**-**	**(1.5)**	**(994.9)**
Lease liabilities	(3,958.4)	**-**	**147.1**	**(322.9)**	**29.0**	**6.8**	**-**	**(4,098.4)**
Committed share buyback	-	**603.4**	**(591.1)**	**-**	**-**	**-**	**-**	**12.3**
Total liabilities from financing activities	(4,951.8)	**603.4**	**(444.0)**	**(322.9)**	**29.0**	**6.8**	**(1.5)**	**(5,081.0)**
Less: lease liabilities	3,958.4	**-**	**(147.1)**	**322.9**	**(29.0)**	**(6.8)**	**-**	**4,098.4**
Less: committed share buyback	-	**(603.4)**	**591.1**	**-**	**-**	**-**	**-**	**(12.3)**
Net cash/(debt)	171.4	**-**	**(467.0)**	**-**	**(1.1)**	**-**	**(1.5)**	**(298.2)**

Year ended 3 March 2023	**3 March 2022 £m**	**Share buyback commitments including transaction costs £m**	**Cash flow £m**	**Net new lease liabilities £m**	**Foreign exchange £m**	**Transfers to Assets held for sale £m**	**Amortisation of premiums and discounts £m**	**2 March 2023 £m**
Cash and cash								

Cash and cash equivalents	1,132.4	-	30.5	-	1.9	-	-	1,164.8
Liabilities from financing activities:								
Borrowings	(991.9)	-	-	-	-	-	(1.5)	(993.4)
Lease liabilities	(3,701.8)	-	133.9	(346.1)	(44.4)	-	-	(3,958.4)
Total liabilities from financing activities	(4,693.7)	-	133.9	(346.1)	(44.4)	-	(1.5)	(4,951.8)
Less: Lease liabilities	3,701.8	-	(133.9)	346.1	44.4	-	-	3,958.4
Net cash/(debt)	140.5	-	30.5	-	1.9	-	(1.5)	171.4

20. Provisions

	Restructuring	Onerous contracts	Property costs	Insurance claims	Government payments	Other	Total
	£m	£m	£m	£m	£m	£m	£m
At 3 March 2022	0.4	5.0	6.6	8.2	9.3	1.8	31.3
Created	-	2.0	-	2.8	-	0.8	5.6
Transferred	-	-	-	-	2.3	-	2.3
Utilised	-	(1.4)	(1.0)	(2.3)	(0.1)	(0.1)	(4.9)
Released	(0.4)	(0.9)	-	-	(4.7)	-	(6.0)
Foreign exchange	-	-	-	-	0.2	-	0.2
At 2 March 2023	**-**	**4.7**	**5.6**	**8.7**	**7.0**	**2.5**	**28.5**
Created	**-**	**0.4**	**4.0**	**2.0**	**-**	**0.4**	**6.8**
Utilised	**-**	**(0.9)**	**(4.0)**	**(1.0)**	**-**	**(0.3)**	**(6.2)**
Released	**-**	**(1.3)**	**-**	**(1.4)**	**(6.9)**	**(0.8)**	**(10.4)**
Foreign exchange	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
At 29 February 2024	**-**	**2.9**	**5.6**	**8.3**	**-**	**1.8**	**18.6**
Analysed as:							
Current	**-**	**2.9**	**5.6**	**-**	**-**	**1.8**	**10.3**
Non-current	**-**	**-**	**-**	**8.3**	**-**	**-**	**8.3**
At 29 February 2024	**-**	**2.9**	**5.6**	**8.3**	**-**	**-**	**18.6**

Onerous contracts

Onerous contract provisions relate primarily to property, software licences and supplier contracts where the contracts have become onerous. Provision is made for property-related costs for the period that a sublet or assignment of the lease is not possible.

Onerous contract provisions are discounted using a discount rate of 2.0% (2023: 2.0%) based on an approximation for the time value of money.

Property-related

The amount and timing of the cash outflows are subject to variation. The Group utilises the skills and expertise of both internal and external property experts to determine the provision held. Provisions are expected to be utilised over a period of up to ten years. During the year, the Group created £0.5m, utilised £0.5m and released £1.3m of property-related onerous provisions.

Software

Certain software licence agreements were deemed to be onerous when following the disposal of Costa and as a result of the cancellation of a contract relating to the supply of IT equipment, it was no longer beneficial to the Group to use certain software or IT equipment. A provision of £0.5m was brought forward in relation to these contracts. During the year, the Group utilised £0.3m of this provision, with the provision carried forward to be utilised over the next year.

Supplier contracts

Certain supplier contract arrangements are deemed to be onerous where minimum order commitments are not expected to be met. A provision of £0.4m was brought forward in relation to these contracts. During the year, the Group utilised £0.1m of the provision.

Property costs

The Group has established a property-related provision for the performance of remedial works at a small number of the Group's sites. A provision of £5.6m is brought forward in relation to these costs. During the year £4.0m of the provision has been utilised and £4.0m was created. The provision is expected to be utilised over the next three years.

Insurance

A provision of £8.7m was brought forward in relation to the estimate of the cost of future claims against the Group from employees and the public. The claims covered typically relate to accidents and injuries sustained within Whitbread's trading sites. During the year, £1.0m of the provision was utilised, £1.4m was released, and £2.0m was created.

Government payments

The Group had made various claims for government support in previous years which were subject to review by relevant agencies. During the year a provision being held in relation to Whitbread's claims within Germany was released as management is satisfied that no repayments are required following final submission. Also during the year a provision being held in relation to Whitbread's claims in respect of historical indirect tax payments was released as the claim was paid out and settled, not requiring utilisation of this provision.

Other

The Group has previously announced its intention to exit hotel operations in South East Asia. This resulted in the recognition of a provision of £3.7m for risks arising from tax affairs and indemnity agreements. During the year, £0.3m of the provision had been utilised in the year, with £1.3m of the provision carried forward for risks arising from indemnity agreements. The remaining costs are expected to be utilised within one year.

The Group operates leases where it neither anticipates nor intends exiting a lease, therefore the Group has determined that the circumstances in which these leases would end mean that an outflow of resources is not considered probable and therefore it does not hold a material dilapidations provision.

21. Financial risk management and objectives

The Group's principal financial instruments, other than derivatives, comprise bank loans, senior unsecured bonds, cash, short-term deposits, trade receivables and trade payables. The Board agrees policies for managing the financial risks summarised below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. Interest rate swaps are used where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk, in line with the Group treasury policy. At the year-end, (100%) of Group debt was fixed for an average of 3.5 years at an average interest rate of 3.0% (2023: 100% for 4.5 years at 3.0%). The interest rate swaps for sterling expired in February 2022.

In accordance with IFRS 7 Financial Instruments: Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 29 February 2024 and 2 March 2023 respectively. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- gains or losses are recognised in equity or the consolidated income statement in line with the Groups accounting policies set out in Note 2.

Based on the Group's net debt/cash position at the year-end, a 1% pt increase in interest rates would increase the Group's profit before tax by £7.0m (2023: £11.6m).

Liquidity risk

In its funding strategy, the Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts and bank loans. This strategy includes monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

Excess cash used in managing liquidity is placed on interest-bearing deposit where maturity is fixed at no more than three months. Short-term flexibility is achieved through the use of short-term borrowing on the money markets.

The Group has re-presented the time bands to better reflect the maturity profile that it monitors in its liquidity management activities and has amended the comparative total lease liability amount.

The tables below summarise the Group's financial liabilities at 29 February 2024 and 2 March 2023 based on contractual undiscounted payments, including interest:

29 February 2024	Less than 12 months £m	Between 1 and 3 years £m	Between 3 and 10 years £m	Between 10 and 20 years £m	More than 20 years £m	Total £m	Carrying value £m
Non-derivative financial assets/liabilities:							
Interest-bearing loans and borrowings	**29.8**	**494.4**	**594.6**	**-**	**-**	**1,118.8**	**994.9**
Lease liabilities	**318.7**	**640.2**	**2,172.0**	**2,277.3**	**1,551.9**	**6,960.1**	**4,098.4**
Other financial liabilities	**12.3**	**-**	**-**	**-**	**-**	**12.3**	**12.3**
Trade and other payables	**181.3**	**-**	**-**	**-**	**-**	**181.3**	**181.3**
	542.1	**1,134.6**	**2,766.6**	**2,277.3**	**1,551.9**	**8,272.5**	**5,286.9**
Derivative financial assets/liabilities:							

Cross-currency swaps						
Derivative contracts - receipts	**(15.2)**	**(465.2)**	**-**	**-**	**-**	**(480.4)**
Derivative contracts - payments	**9.4**	**455.6**	**-**	**-**	**-**	**465.0**
	(5.8)	**(9.6)**	**-**	**-**	**-**	**(15.4)**
Total	**536.3**	**1,125.0**	**2,766.6**	**2,277.3**	**1,551.9**	**8,257.1**

2 March 2023	**Less than 12 months £m**	**Between 1 and 3 years £m**	**Between 3 and 10 years £m**	**Between 10 and 20 years £m**	**More than 20 years £m**	**Total £m**	**Carrying value £m**
Non-derivative financial assets/liabilities:							
Interest-bearing loans and borrowings	29.8	509.6	609.3	-	-	1,148.7	993.4
Lease liabilities	301.6	604.6	2,044.0	2,232.3	1,578.0	6,760.5	3,958.4
Trade and other payables	198.9	3.8	-	-	-	202.7	202.7
	530.3	1,118.0	2,653.3	2,232.3	1,578.0	8,111.9	5,154.5
Derivative financial assets/liabilities:							
Cross-currency swaps							
Derivative contracts - receipts	(15.2)	(480.4)	-	-	-	(495.6)	
Derivative contracts - payments	9.8	481.7	-	-	-	491.5	
	(5.4)	1.3	-	-	-	(4.1)	
Total	**524.9**	**1,119.3**	**2,653.3**	**2,232.3**	**1,578.0**	**8,107.8**	

Credit risk

Due to the high level of cash held at the year-end, the most significant credit risk faced by the Group is that arising on cash and cash equivalents. The Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties and dealing in accordance with Group Treasury Policy which specifies acceptable credit ratings and maximum investments for any counterparty.

In the event that any of the Group's banks get into financial difficulty, the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities.

The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties with good credit ratings. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

The Group's maximum exposure to credit risk arising from trade and other receivables, loans to joint ventures, derivatives and cash and cash equivalents is £785.4m (2023: £1,256.7m).

Foreign currency risk

The Group monitors the growth and risks associated with its overseas operations and will undertake hedging activities as and when they are required. In October 2019, the Group entered into a net investment hedge to manage the impact of movements in the GBP:EUR exchange rate on the value of the Group's investment in its business in Germany.

Capital management

The Group's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business for the benefit of shareholders. The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with the Group's net debt to EBITDA covenant. See the Financial review within the preliminary results announcement for the policies and objectives of the Board regarding capital management, analysis of the Group's credit facilities and financing plans for the coming years.

The Group aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. The management of equity through share buybacks and new issues is considered as part of the overall leverage framework balanced against the funding requirements of future growth. In addition, the Group may carry out a number of sale and leaseback transactions to provide further funding for growth.

The Group has access to a £775.0m multicurrency revolving credit facility with a final maturity date on 25 May 2028. There is one financial covenant ratio, being: Net Debt/Adjusted EBITDA <3.5x.

The above matters are considered at regular intervals and form part of the business planning and budgeting

The above matters are considered at regular intervals and form part of the business planning and budgeting processes. In addition, the Board regularly reviews the Group's dividend policy and funding strategy.

22. Trade and other payables

	2024 £m	*Represented*[1] 2023 £m
Trade payables	**91.9**	95.2
Other taxes and social security	**61.9**	70.7
Contract liabilities	**177.1**	167.3
Accruals	**250.2**	239.8
Other payables	**86.2**	103.7
Deferred and contingent consideration	**3.2**	3.8
	670.5	680.5
Analysed as:		
Current	670.5	676.7
Non-current	-	3.8
	670.5	680.5

1 *Following a change in the hotel management system, the analysis of trade and other payables as at 2 March 2023 has been re-presented to reclassify VAT of £30.5m from contract liabilities to other taxes and social security to achieve consistent year-on-year presentation of contract liabilities, net of VAT.*

Included with contract liabilities is £171.9m (2023: £165.3m re-presented) relating to payments received for accommodation where the stay will take place after the year-end and £5.2m (2023: £4.0m) revenue deferred relating to the Group's customer loyalty programmes. During the year, £167.3m presented as a contract liability in 2023 has been recognised in revenue (2023: £146.2m).

Trade payables typically have maturities up to 60 days depending on the nature of the purchase transaction and the agreed terms.

	2024 £m	2023 £m
Opening deferred and contingent consideration	**3.8**	25.1
Recognised on acquisition of assets (Note 27)	**-**	2.5
Amounts released during the period	**(0.5)**	-
Unwinding of discount rate (Note 7)	**-**	0.2
Paid during the period	**-**	(25.3)
Foreign exchange movements	**(0.1)**	1.3
Closing deferred and contingent consideration	**3.2**	3.8

The Group has contingent consideration in relation to nine sites from acquisitions in the current and previous years which is held at fair value. Amounts payable relate to various acquisitions and as a result payment terms vary, with the last payment due within one year. The fair value is calculated by discounting the future payments from their expected handover date using a risk adjusted discount rate. A 1% decrease/increase in the discount rate would increase/decrease the value of contingent consideration by £0.1m.

Foreign exchange movements on contingent consideration are recognised within exchange differences on translation of foreign operations in the consolidated statement of comprehensive income.

23. Share capital

Ordinary share capital

Allotted, called up and fully paid ordinary shares of 76.80p each (2023: 76.80p each)	**million**	**£m**
At 2 March 2023	**214.6**	**164.9**
Issued on exercise of employee share options	0.2	0.1
Cancellations following share buyback	(17.3)	(13.3)
At 29 February 2024	**197.5**	**151.7**

Share buyback, commitment and cancellation

The Company purchased and cancelled 17.3m shares with a nominal value of £13.3m under the share buyback programmes running through the financial year. Consideration of £591.1m, including associated fees and stamp duty of £3.4m, was paid during the period. The buyback represents an irrevocable commitment and therefore the liability to purchase the remaining shares of £12.3m is recorded as a liability on the consolidated balance sheet. The final payment to shareholders under the October 2023 announced share buyback programme was made on 4 March 2024.

24. Analysis of cash flows given in the cash flow statement

	2023/24 £m	2022/23 £m
Profit for the year	**312.1**	278.8
Adjustments for:		
Tax expense	**139.6**	96.1
Net finance costs	**113.1**	130.1
Share of profit from joint ventures	**(13.0)**	(2.3)
Depreciation and amortisation	**383.4**	345.5
Share-based payments	**15.8**	17.7
Net impairment reversal/(charge) (Note 13)	**107.5**	34.9
Gains on disposals, property, and other provisions	**(15.3)**	(4.0)
Other non-cash items	**9.2**	0.6
Cash generated from operations before working capital changes	**1,052.4**	897.4
Decrease/(increase) in inventories	**0.4**	(2.3)
Decrease/(increase) in trade and other receivables	**26.1**	(10.9)
Increase in trade and other payables	**7.8**	112.1
Cash generated from operations	**1,086.7**	996.3

Other non-cash items include an outflow of £0.6m representing bad debt charges (2022/23: £0.3m outflow), an inflow of £3.2m (2022/23: £0.7m outflow) as a result of net provision movements, an inflow of £5.0m (2022/23: £3.6m inflow) representing non-cash pension scheme administration costs and an inflow of £1.6m (2022/23: £2.1m outflow) from foreign exchange gains.

25. Retirement benefits

Defined benefit scheme

During the year to 29 February 2024, the defined benefit pension scheme has moved from a surplus of £324.7m to a surplus of £165.2m. The main movements in the surplus are as follows:

	£m
Pension surplus at 3 March 2023	**324.7**
Administrative expenses	**(5.0)**
Net interest on pension liability and assets (Note 7)	**16.2**
Losses recognised in other comprehensive income	**(188.2)**
Contributions from employer	**17.3**
Benefits paid directly by the Company in relation to an unfunded pension scheme	**0.2**
Pension surplus at 29 February 2024	**165.2**

The surplus has been recognised as the Group has an unconditional right to receive a refund, assuming the gradual settlement of the scheme liabilities over time until all members and their dependants have either died or left the scheme, in accordance with the provisions of IFRIC14.

With the pensioner buy-in policy purchased in June 2022, the defined benefit scheme has now insured around 50% of pensioners, under which the benefits payable to defined benefit members covered under the policy became fully insured, thus reducing the Group's exposure to changes in longevity, interest rates inflation and other relevant factors.

The principal assumptions used by the independent qualified actuaries in updating the most recent valuation carried out as at 31 March 2020 of the UK scheme to 29 February 2024 for IAS 19 Employee benefits purposes were:

	At 29 February 2024 %	At 2 March 2023 %
Pre-April 2006 rate of increase in pensions in payment	**3.10**	3.20
Post-April 2006 rate of increase in pensions in payment	**2.10**	2.20
Pension increases in deferment	**3.10**	3.20
Discount rate	**5.00**	5.00
Inflation assumption	**3.20**	3.30

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The mortality improvements assumption has been updated to use the CMI 2022 model (2023: CMI 2021). The CMI 2022 model parameters include some weighting for 2022 mortality experience. The assumptions are that a member currently aged 65 will live on average for a further 19.5 years (2023: 19.7 years) if they are male and for a further 22.1 years (2023: 22.4 years) if they are female. For a member who retires in 2043 at age 65, the assumptions are that they will live on average for a further 20.4 years (2023: 20.7 years) after retirement if they are male and for a further 23.3 years (2023: 23.6 years) after retirement if they are female.

The Group's methodology for determining the discount rate is set based on single-AA rated corporate bonds.

The assumptions in relation to discount rate, mortality and inflation have a significant effect on the measurement of

scheme liabilities. The following table shows the sensitivity of the valuation to changes in these assumptions:

	Decrease/(increase) in gross defined benefit liability	
	2024	2023
	£m	£m
Discount rate		
2.00% increase to discount rate	**344.0**	357.0
2.00% decrease to discount rate	**(518.0)**	(548.0)
Inflation		
0.25% increase to inflation rate	**(38.0)**	(39.0)
0.25% decrease to inflation rate	**37.0**	38.0
Life expectancy		
Additional one-year increase to life expectancy	**(64.4)**	(71.3)

The above sensitivity analyses are based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Where the discount rate is changed this will have an impact on the valuation of scheme assets in the opposing direction. The above sensitivities table shows only the expected changes to the gross defined benefit obligation ('liability').

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method ('projected unit credit method') has been applied as when calculating the pension surplus recognised within the consolidated balance sheet. The methods and types of assumptions did not change.

26. Events after the Balance Sheet Date

Share buy-back

The Board of Directors approved a share buy-back on 30 April 2024 for £150.0m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

Accelerating Growth Plan

The results include the announcement of the Accelerating Growth Plan ('AGP') to optimise UK F&B. Details of the plan include the conversion of 112 branded restaurants into new rooms and disposal of a further 126 branded restaurants over the next 24 months. We have agreed to sell 21 of these sites for £28m.

27. Asset Acquisitions

During this and the previous year, the Group have purchased a number of properties, the legal form of the transactions varies between acquisition of the property or acquisition of the company holding title of the property, as well as noting that a number of properties are purchased in a state that means they do not meet the definition of a business on acquisition. For the remaining properties which do meet the definition of being a business on acquisition, these transactions have been accounted for as asset acquisitions under IFRS 3 *Business Combinations* as the fair value of the assets is concentrated in a single group of similar assets in each deal analysed. The transactions form part of the Group's strategic priorities over both international growth and continued UK market share gains.

Glossary

Adjusted property rent

Property rent less a proportion of contingent rent. Property rent is defined as IFRS 16 property lease interest and depreciation plus variable lease payments, adjusted for deferred rental amounts. This is used as a proxy for rent expense as recorded under IAS 17.

Basic earnings per share (Basic EPS)

Profit attributable to the parent shareholders divided by the weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed share ownership trust ('ESOT').

Committed pipeline

Sites where the Group has a legal interest in a property (that may be subject to planning/other conditions) with the intention of opening a hotel in the future.

Direct bookings / distribution

Based on stayed bookings in the financial year made direct to the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks.

Food and beverage (F&B) sales

Food and beverage revenue from all Whitbread owned restaurants and integrated hotel restaurants.

GOSH charity

Great Ormond Street Hospital Children's Charity.

IFRS

International Financial Reporting Standards.

Lease debt

Eight times adjusted property rent.

Occupancy

Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period.

Operating profit

Profit before net finance costs and tax.

OTAS

Online travel agents.

Rent expense

Rental costs recognised in the income statement prior to the adoption of IFRS 16.

Team retention

The number of permanent new starters that we retain for the first 90 days/three months.

Trading site

A joint hotel and restaurant or a standalone hotel or restaurant.

WINcard

Whitbread In Numbers - balanced scorecard to measure progress against key performance targets.

YourSay

Whitbread's annual employee opinion survey to provide insight into the views of employees.

†Alternative Performance Measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way that the business performance is measured internally.

APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

The APM titled cohort of established German hotels adjusted profit before tax is no longer reported as the Group does not see this as a useful APM going forwards. The nature of a maturity profile is such that the cohorts will evolve over time in comparison to the fixed nature of an APM meaning that there is not a consistent basis on which to report. The APM titled funds from operations is no longer reported as the Group's credit rating agency no longer utilises this measure in calculating leverage. The APM titled three-year UK like-for-like revenue growth is no longer reported as the Group's comparative period no longer contains the impact of the COVID-19 pandemic.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
REVENUE MEASURES			
Accommodation sales	Revenue	Exclude non-room revenue such as food and beverage	Premier Inn accommodation revenue excluding non-room income such as food and beverage. The growth in accommodation sales on a year-on-year basis is a good indicator of the performance of the business. *Reconciliation: Note 3*
Average room rate (ARR)	No direct equivalent	Refer to definition	Accommodation sales divided by the number of rooms occupied by guests. The directors consider this to be a useful measure as this is a commonly used industry metric which facilitates comparison between companies.

Reconciliation	**2023/24**	2022/23
UK Accommodation sales (£m)	**2,007.7**	1,795.0
Number of rooms occupied by guests ('000)	**25,173**	24,984
UK average room rate (£)	**79.76**	71.84
Germany Accommodation sales (£m)	**162.7**	100.1
Number of rooms occupied by guests ('000)	**2,263**	1,606
Germany average room rate (£)	**71.88**	62.36

UK like-for-like	Movement in	Accommodation	Year over year change in revenue for outlets open for at least

UK like-for-like revenue growth	Movement in accommodation sales per the segment information (Note 3)	Accommodation sales from non like-for-like	Year over year change in revenue for outlets open for at least one year. The directors consider this to be a useful measure as it is a commonly used performance metric and provides an indication of underlying revenue trends.

Reconciliation	**2023/24**	2022/23
UK like-for-like revenue growth	**10.0%**	50.0%
Contribution from net new hotels	**1.9%**	5.0%
UK Accommodation sales growth	**11.9%**	55.0%

Revenue per available room (RevPAR)	No direct equivalent	Refer to definition	Revenue per available room is also known as 'yield'. This hotel measure is achieved by dividing accommodation sales by the number of rooms available. The directors consider this to be a useful measure as it is a commonly used performance measure in the hotel industry.

Reconciliation	**2023/24**	2022/23
UK Accommodation sales (£m)	**2,007.7**	1,795.0
Available rooms ('000)	**30,624**	30,193
UK REVPAR (£)	**65.56**	59.45
Germany Accommodation sales (£m)	**162.7**	100.1
Available rooms ('000)	**3,660**	2,703
Germany REVPAR (£)	**44.44**	37.04

INCOME STATEMENT MEASURES

Adjusted[1] operating profit/loss	Profit/loss before tax	Adjusting items (Note 6), finance income/costs (Note 7)	Profit/loss before tax, finance costs/income and adjusting items Reconciliation: Consolidated income statement
Adjusted[1] tax	Tax expense/credit	Adjusting items (Note 6)	Tax expense/credit before adjusting items. Reconciliation: Consolidated income statement
Adjusted[1] profit/loss before tax	Profit/loss before tax	Adjusting items (Note 6)	Profit/loss before tax and adjusting items. Reconciliation: Consolidated income statement
Adjusted[1] basic EPS	Basic EPS	Adjusting items (Note 6)	Adjusted profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed share ownership trust (ESOT). Reconciliation: Note 10
Profit/PBT margin	No direct equivalent	Refer to definition	Segmental adjusted profit before tax divided by segmental adjusted revenue, to demonstrate profitability margins of the segmental operations. Reconciliation: Business review

BALANCE SHEET MEASURES

Net cash/debt	Total liabilities from financing activities	Exclude lease liabilities and derivatives held to hedge financing activities	Cash and cash equivalents after deducting total borrowings. The directors consider this to be a useful measure of the financing position of the Group. Reconciliation: Note 21
Adjusted net cash/debt	Total liabilities from financing activities	Exclude lease liabilities and derivatives held to hedge financing activities. Includes an adjustment for cash assumed by ratings agencies to not be readily available	Net cash/debt adjusted for cash, assumed by ratings agencies to not be readily available, and excluding unamortised debt related fees. The measure has been amended in the year to exclude unamortised debt related fees. The directors consider this to be a useful measure as it is aligned with the method used by ratings agencies to assess the financing position of the Group.

Reconciliation	**2023/24 £m**	2022/23 £m
Net debt/(cash)	**298.2**	(171.4)
Less: unamortised debt costs	**5.1**	6.6
Restricted cash adjustment	**10.0**	10.0
Adjusted net det/(cash)	**313.3**	(154.8)

Lease-adjusted net debt/cash	Total liabilities from financing activities	Exclude lease liabilities and derivatives held to hedge financing activities. Includes an adjustment for cash assumed by rating agencies to not be readily available	This measure has been changed to align to Fitch methodology post IFRS16. Adjusted net debt plus lease debt. The directors consider this to be a useful measure as it forms the basis of the Group's leverage targets.

Reconciliation	**2023/24 £m**	2022/23 £m

Adjusted net debt/(cash)	**313.3**	(154.8)
Lease debt	**2,733.6**	2,452.8
Lease-adjusted net debt	**3,046.9**	2,298.0

Net debt/cash and lease liabilities	Cash and cash equivalents less total liabilities from financing activities	Refer to definition	Net debt/cash plus lease liabilities. The directors consider this to be a useful measure of the financing position of the Group.

Reconciliation	**2023/24 £m**	2022/23 £m
Net debt/(cash)	**298.2**	(171.4)
Lease liabilities	**4,098.4**	3,958.4
Net debt/(cash) and lease liabilities	**4,396.6**	3,787.0

CASH FLOW MEASURES

Lease-adjusted net debt to EBITDAR for leverage	No direct equivalent	Refer to definition	This measure is a ratio of lease-adjusted net debt compared against the Group's adjusted EBITDAR. The directors use this to monitor the leverage position of the Group. This measure may not be directly comparable with similarly titled measures utilised by credit rating agencies, however on a normalised basis these measures would be expected to move proportionally in the same direction.

Reconciliation	**2023/24 £m**	2022/23 £m
Lease-adjusted net debt	**3,046.9**	2,298.0
Adjusted EBITDAR	**1,057.1**	888.0
Lease-adjusted net debt to adjusted EBITDAR for leverage	**2.9x**	2.6x

Adjusted[1] operating cash flow	Cash generated from operations	Refer to definition	Adjusted operating profit/loss adding back depreciation and amortisation and after IFRS 16 interest and lease repayments and working capital movement. The directors consider this a useful measure as it is a good indicator of the cash generated which is used to fund future growth, shareholder returns, tax, pension and interest payments.

Reconciliation	**2023/24 £m**	2022/23 £m
Adjusted operating profit	**674.2**	543.5
Depreciation - right-of-use assets	**183.3**	165.8
Depreciation - property, plant and equipment	**176.9**	163.2
Amortisation	**23.2**	16.5
Adjusted EBITDA (post-IFRS 16)	**1,057.6**	889.0
Interest paid - lease liabilities	**(154.9)**	(138.7)
Payment of principal of lease liabilities	**(147.1)**	(133.9)
Net lease incentives received	**(2.7)**	3.5
Movement in working capital	**34.3**	98.9
Adjusted operating cash flow	**787.2**	718.8

Cash capital expenditure (cash capex)	No direct equivalent	Refer to definition	Cash flows on property, plant and equipment and investment property and investment in intangible assets, payments of deferred and contingent consideration, and capital contributions or loans to joint ventures.

OTHER MEASURES

Adjusted[1] EBITDA (post-IFRS 16), Adjusted[1] EBITDA (pre-IFRS 16) and Adjusted[1] EBITDAR	Operating profit	Refer to definition	Adjusted EBITDA (post-IFRS 16) is profit before tax, adjusting items, interest, depreciation and amortisation. Adjusted EBITDA (pre-IFRS 16) is further adjusted to remove rent expense. Adjusted EBITDAR is profit before tax, adjusting items, interest, depreciation, amortisation, variable lease payments and rental income. The directors consider these measures to be useful as they are commonly used industry metrics which facilitate comparison between companies on a before and after IFRS 16 basis.

Reconciliation	**2023/24 £m**	2022/23 £m
Adjusted operating profit	**674.2**	543.5
Depreciation - right-of-use assets	**183.3**	165.8
Depreciation - property, plant and equipment	**176.9**	163.2
Amortisation	**23.2**	16.5
Adjusted EBITDA (post-IFRS 16)	**1,057.6**	889.0
Variable lease payments	**3.5**	2.1
Rental income	**(4.0)**	(3.1)
Adjusted EBITDAR	**1,057.1**	888.0
Rent expense, variable lease payments and rental income	**(293.6)**	(269.9)
Adjusted EBITDA (pre-IFRS 16)	**763.5**	618.1

Return on Capital Employed (ROCE)	No direct equivalent	Refer to definition	Adjusted operating profit/loss (pre-IFRS 16) for the year divided by net assets at the balance sheet date, adding back net debt/cash, right-of-use assets, lease liabilities, taxation assets/liabilities, the pension surplus/deficit and derivative financial assets/liabilities, other financial liabilities and IFRS 16 working capital adjustments. The directors consider this to be a useful measure as it expresses the underlying operating efficiency of the Group and is used as the basis for remuneration targets.

	2023/24	**2023/24**

Reconciliation	Total £m	UK & Ireland £m
Adjusted operating profit	**674.2**	
Depreciation - right-of-use assets	**183.3**	
Rent expense	**(294.1)**	
Adjusted operating profit (pre-IFRS 16)	**563.4**	**583.8**
Net assets	**3,519.4**	
Net debt	**298.2**	
Current tax liabilities	**10.2**	
Deferred tax liabilities	**181.1**	
Pension surplus	**(165.2)**	
Derivative financial assets	**(3.8)**	
Derivative financial liabilities	**15.9**	
Lease liabilities	**4,098.4**	
Right-of-use assets	**(3,597.0)**	
Other financial liabilities	**12.3**	
IAS 17 rent adjustments	**(65.0)**	
Adjusted net assets	**4,304.5**	**3,755.9**
Return on capital employed	**13.1%**	**15.5%**

Reconciliation	2022/23 Total £m	2022/23 UK & Ireland £m
Adjusted operating profit	**543.5**	
Depreciation - right-of-use assets	**165.8**	
Rent expense	**(270.9)**	
Adjusted operating profit (pre-IFRS 16)	**438.4**	**477.6**
Net assets	**4,111.4**	
Net debt	**(171.4)**	
Current tax liabilities	**4.6**	
Deferred tax liabilities	**158.2**	
Pension surplus	**(324.7)**	
Derivative financial liabilities	**7.8**	
Lease liabilities	**3,958.4**	
Right-of-use assets	**(3,504.6)**	
IAS 17 rent adjustments	**(65.0)**	
Adjusted net assets	**4,174.7**	**3,694.8**
Return on capital employed	**10.5%**	**12.9%**

[1] Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider relevant for comparison of the Group's business either from one period to another or with similar businesses. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses.

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