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Whitbread PLC
12 January 2023

Continued positive trading momentum driven by strong performance in the UK and further progress in Germany

Throughout this release percentage growth comparisons are comparing the current year (Q3 FY23) performance for the 13 weeks to 1 December 2022 to the same period in FY22, or FY20, the last financial period before the onset of the COVID pandemic.

Q3 FY23 summary

	vs last year (FY22)			*vs pre-pandemic (FY20)*		
	UK	Germany	Total	UK	Germany	Total
Sales growth:						
Accommodation	*23.8%*	*172.8%*	*28.3%*	*36.9%*	*770.2%*	*44.7%*
Food & beverage	*8.4%*	*91.1%*	*9.7%*	*(3.7)%*	*539.5%*	*(1.3)%*
Total	*19.2%*	*158.0%*	*22.9%*	*23.0%*	*730.1%*	*29.0%*
Like-for-like sales growth:						
Accommodation	*20.6%*	*91.0%*	*22.8%*	*26.6%*	*29.4%*	*26.6%*
Food & beverage	*6.9%*	*39.4%*	*7.4%*	*(7.6)%*	*7.0%*	*(7.6)%*
Total	*16.6%*	*81.7%*	*18.3%*	*14.8%*	*25.9%*	*14.9%*

Q3 FY23 highlights

- Premier Inn UK: continued outperformance with total accommodation sales 24.1pp ahead of the midscale and economy ('M&E') market[1] in Q3 FY23
- Total UK accommodation sales were 24% ahead of Q3 FY22 and 37% ahead of Q3 FY20, driven by a combination of increased occupancy, higher average room rate and estate growth with a strong performance across both London and the Regions
- F&B sales were 8% ahead of Q3 FY22 and while this remained 4% behind Q3 FY20, we have launched a series of initiatives to help increase sales
- Premier Inn Germany: continued growth in revenues, led by our more established hotels that performed particularly strongly in what is an important trading period
- We now have 45 open hotels in Germany with a further 36 in the pipeline
- Our strong operating cashflow has continued to fund our ongoing investment in both the UK and Germany whilst maintaining a healthy balance sheet and net cash at 1 December 2022 was £284m.

Current trading[2] and outlook

- Strong trading momentum continued with total UK accommodation sales up 25% versus FY22 and up 36% versus FY20, representing a 26.3pp outperformance of the M&E market[3]
- Given the decline in market supply and the success of our own commercial initiatives, we expect pricing to remain strong
- UK F&B sales were 13% ahead of FY22 and 6% behind FY20
- In Germany, our trading performance remained well ahead of both FY22 and FY20. Our more established hotels are competing well in the German midscale and economy market and we remain comfortable with our improved FY23 guidance of a pre-tax loss between £40m - £50m
- Whilst there is no change to FY23 cost guidance, looking ahead, we expect net cost inflation on our c.£1.6bn UK cost base to be between 7% and 8% in FY24, including labour, F&B and utilities that are now 75% hedged for FY24, partially offset by lower business rates
- With an encouraging forward booked position in the UK, pricing expected to remain strong, further estate growth and our ongoing efficiency programme, we remain confident in the FY24 outlook
- The outlook for our German hotels remains very encouraging and we remain committed to our long-term strategy

Comment from Alison Brittain, CEO:

"Premier Inn UK delivered another excellent quarter with a strong performance, both in absolute terms and also relative to the broader midscale and economy sector. The uplift in accommodation sales was driven by a strong performance across London and the Regions, with both remaining significantly ahead of last year and pre-pandemic levels and with a well-balanced mix of business and leisure guests. These revenue trends have continued into the fourth quarter, with good occupancy and high average room rates sustaining strong RevPAR growth and UK food and beverage sales remain well ahead of last year.

"Premier Inn Germany had another robust quarter, led by our cohort of more established hotels that are performing particularly well and are attracting excellent guest scores. This performance underpins our enthusiasm about the market opportunity and our confidence in being able to achieve a long-term target of 10-14% return on capital.

"Despite a more challenging period for the UK economy, our winning business model continues to deliver outstanding value and quality for our guests. The strength of our forward booked position, robust pricing, estate growth and efficiency programme all underpin our confidence in the outlook for FY24. In Germany, our potential remains significant and we are well on the way to unlocking substantial value in this large and exciting market.

"It has been an enormous privilege to lead Whitbread over the last seven years and I am pleased to be handing over to incoming CEO Dominic Paul at a time when the business is performing well and when prospects for the future look bright. We have a strong balance sheet and compelling growth opportunities both in the UK and in Germany, and having worked with Dominic I know that he will bring great energy and drive to delivering them. I wish him and all my Whitbread colleagues every success for the future."

Notes:
1: STR data, full inventory basis, 2 September 2022 to 1 December 2022, M&E market excludes Premier Inn
2: Five week period to 5 January 2023
3: STR data, full inventory basis, 2 December 2022 to 29 December 2022, M&E market excludes Premier Inn

For more information please contact:

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A live Q&A teleconference for investors and analysts will be held at 9:15am GMT on 12 January 2023. Details to join are noted below. An on-demand version of this will be made available on the website (www.whitbread.com/investors/results-reports-and-presentations) shortly after.

Q&A teleconference participant dial-in numbers:
Start time - 9:15am GMT
United Kingdom (Local): 020 3936 2999
All other locations: +44 203 936 2999
Participant Access Code: 573482

Appendix

1) Premier Inn UK key performance indicators

	Q1	Q2	Q3	YTD
London				
Occupancy (full inventory)	83.5%	87.2%	87.3%	86.0%
Average room rate	£85.57	£102.60	£107.06	£98.62
Revenue per available room	£71.42	£89.42	£93.49	£84.79
Total accommodation sales growth vs FY20	30.6%	38.2%	41.7%	37.2%

Regions

Regions				
Occupancy (full inventory)	82.4%	87.1%	85.2%	84.9%
Average room rate	£63.37	£74.87	£68.20	£68.92
Revenue per available room	£52.23	£65.19	£58.09	£58.51
Total accommodation sales growth vs FY20	31.2%	37.9%	35.4%	35.0%
Total				
Occupancy (full inventory)	82.6%	87.1%	85.5%	85.1%
Average room rate	£67.17	£79.57	£74.95	£74.02
Revenue per available room	£55.48	£69.30	£64.12	£62.97
Total accommodation sales growth vs FY20	31.0%	38.0%	36.9%	35.5%
Outperformance vs M&E market[1]	26.6pp	25.4pp	24.1pp	25.3pp
F&B				
Total food and beverage sales growth vs FY20	(4.3)%	(5.8)%	(3.7)%	(4.6)%
Total sales growth vs FY20	18.1%	23.2%	23.0%	21.5%

2) Premier Inn Germany key performance indicators

	Q1	Q2	Q3	YTD
Occupancy (full inventory)	57.1%	69.0%	61.9%	62.9%
Average room rate	£52.16	£57.52	£76.95	£62.84
Revenue per available room	£29.78	£39.70	£47.64	£39.53
Total accommodation sales growth vs FY20	994.9%	1,870.5%	770.2%	1,043.7%
Total food and beverage sales growth vs FY20	929.7%	1,175.8%	539.5%	778.3%
Total sales growth vs FY20	984.0%	1,725.2%	730.1%	996.0%

3) UK Quarterly sales & RevPAR growth versus FY20

	FY23			
	Q1	**Q2**	**Q3**	**YTD**
	%	%	%	%
Accommodation	31.0%	38.0%	36.9%	35.5%
F&B	(4.3)%	(5.8)%	(3.7)%	(4.6)%
Premier Inn UK total sales growth	**18.1%**	**23.2%**	**23.0%**	**21.5%**
Regions	31.2%	37.9%	35.4%	35.0%
London	30.6%	38.2%	41.7%	37.2%
Premier Inn UK accommodation sales growth	**31.0%**	**38.0%**	**36.9%**	**35.5%**
Accommodation	21.5%	26.9%	26.6%	25.1%
F&B	(8.0)%	(9.8)%	(7.6)%	(8.5)%
Premier Inn UK LFL sales growth	**10.6%**	**14.5%**	**14.8%**	**13.4%**
Regions	22.6%	29.3%	27.8%	26.8%
London	11.3%	18.0%	21.5%	17.2%
Total RevPAR growth	**20.7%**	**27.4%**	**27.2%**	**25.3%**
Regions	22.4%	27.9%	26.9%	25.9%
London	13.3%	18.1%	21.2%	17.8%
LFL RevPAR growth	**20.4%**	**25.7%**	**25.5%**	**24.0%**
Regions	14.9%	20.2%	19.5%	18.3%
London	8.6%	19.2%	23.3%	17.5%
Midscale & Economy market total sales growth[1]	**12.8%**	**20.4%**	**20.2%**	**18.0%**
Regions	14.4%	19.9%	19.6%	18.1%
London	3.1%	12.5%	15.7%	10.9%
Midscale & Economy market total RevPAR growth[1]	**11.5%**	**19.1%**	**19.1%**	**16.8%**

4) *Q3 YTD sales growth*

	vs last year (FY22)			*vs pre-pandemic (FY20)*		
	UK	Germany	Total	UK	Germany	Total
Sales growth:						
Accommodation	66.1%	263.3%	70.9%	35.5%	1,043.7%	42.0%
Food & beverage	54.0%	190.2%	55.8%	(4.6)%	778.3%	(2.5)%
Total	62.6%	250.6%	66.5%	21.5%	996.0%	26.5%
Like-for-like sales growth:						
Accommodation	60.3%	156.3%	62.6%	25.1%	37.3%	25.2%
Food & beverage	51.2%	115.9%	52.0%	(8.5)%	12.5%	(8.5)%
Total	57.7%	149.4%	59.6%	13.4%	33.0%	13.5%

Notes:

1: STR data, full inventory basis,4 March 2022 to 1 December 2022, M&E market excludes Premier Inn

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