RNS Number : 4150H
Whitbread PLC
24 March 2020

COVID-19 Update
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Whitbread provides the following update in light of the rapidly changing COVID-19 situation.

Whitbread's financial performance for the year ended 27 February 2020 is expected to be in-line with expectations. However, trading in the period subsequent to the year-end has been materially adversely impacted by COVID-19.

Following the Government's recent announcements on social distancing, all our pubs and restaurants were temporarily closed with effect from 20 March 2020. In light of the announcement and clear guidance from the Prime Minister yesterday, we are expecting to begin the process of temporarily closing all our Premier Inn hotels in the UK with immediate effect. Our hotels in Germany will also close. We are in discussions with the UK Government regarding the use of some hotels, in locations near hospitals, to support front-line key workers.

The situation is rapidly changing and at this point it is not possible to predict the full extent of the market down-turn and the impact on the business's revenues. Whitbread entered the year with a strong balance sheet and access to significant liquidity. There is material headroom on our funding facilities, and we will be paying all our rent payments this quarter. In addition, the business is backed by a valuable freehold property estate. However, given the unprecedented situation, we have taken a number of decisive actions to reduce cash outflows during this period:

- All discretionary P&L spend has been eliminated, including our room refurbishment plans, marketing, non-essential training and staff recruitment and the postponement of the previously announced incremental investment of £25m;
- We are planning to place a significant number of our site teams on a temporary furlough. All employees remain on full pay, and we are working through the details of the recently announced Government support package, which should pay up to 80% of the salaries of those furloughed employees.
- Repairs and maintenance capital expenditure has been reduced to a minimum, with the business now only incurring costs where there is a legal or health and safety requirement to do so;
- All non-committed development capital expenditure has been cancelled. This includes all refurbishments, extensions, freehold builds and acquisitions in the UK and Germany. Capital expenditure will only be incurred where there is a contractual obligation to do so, and / or a site is significantly complete;
- The Board has decided not to declare a dividend for the full year FY20.

The details of these proposals are still being confirmed and further information will be provided at our full year results presentation, currently scheduled for the end of April.

It is possible that closure of our hotels and restaurants (other than those which will stay open to support key workers), as a result of the Government's instructions, may amount to a technical event of default under our banking arrangements and certain other financial obligations of the Group. We are working with all relevant parties to seek waivers wherever this is required or prudent.

Whitbread warmly welcomes the recently announced Government support measures for the hospitality industry. In particular, the 12-month business rates relief, which is expected to save the business c.£120m in FY21, and the contribution to salary costs of furloughed employees, the details of which are still being worked through. Both these measures will have a material positive impact on cashflow during the year.

Whitbread is a strong and much-loved business that has successfully navigated numerous turbulent periods during its proud 278-year history. Today, the combined strengths of its people, business model and its brands, alongside a strong balance sheet and the decisive action being taken, means Whitbread is well-placed as we face into this uncertain period.

The person responsible for arranging the release of this announcement on behalf of the Company is Chris Vaughan, General Counsel and Company Secretary.

This announcement contains inside information.

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