Whitbread PLC
(the "**Company**")

17 May 2019

Annual Report and Annual General Meeting

The Company announces that its 2018/19 Annual Report and Accounts, Notice of Annual General Meeting and Form of Proxy, have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/nsm.

These documents can also be downloaded from the Company's website atwww.whitbread.co.uk.

The Company's Annual General Meeting will be held atChurch House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ on Wednesday 19 June 2019 at 2.00 pm.

In accordance with the requirements of Rule 6.3.5 of the Disclosure Rules and Transparency Guidance of theUK Financial Conduct Authority, the Appendix to this announcement contains a description of the principal risks and uncertainties affecting the Group, a related party disclosure and a responsibility statement, each reproduced in unedited full text from the 2018/19 Annual Report and Accounts.

The Company's Preliminary Results for the financial year to28 February 2019 were announced on 30 April 2019.

Enquiries:

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APPENDIX

1. Principal risks and uncertainties

Understanding and responding to risks in our operations means we can make informed decisions that enhance our capacity to build value.

Risk management
Risk arises from the operations of, and strategic decisions taken by, every business. It is not something that can be avoided but should be actively managed and harnessed in pursuit of business objectives.

The Board has ultimate responsibility for risk management throughout the Group and determines the nature and extent of the risks Whitbread is willing to take to achieve its objectives. Risk is managed proactively by the Executive Committee. Certain responsibilities, such as overseeing the systems of risk management and internal control, have been delegated by the Board to the Audit Committee, which completes an annual review of the effectiveness of these processes.

The business units complete an annual review of the risks to the achievement of their strategic goals, whilst also taking into account the key operational risks, which are updated regularly. A top-down risk assessment is also completed to capture the Board's views on the principal risks facing Whitbread and its risk appetite for each. Actions required to manage these risks are monitored and reviewed on a regular basis. The principal risks identified, together with a summary of key mitigations, can be found on pages 54 and 55.

Longer-term prospects
The sections "Market Review" and "Our Business Model" in the Strategic Report describe how the Board has positioned the Group to take advantage of the growth opportunities in the markets in which the business operates and how the Company is positioned to create value for shareholders, taking account of the risks described in this section of the Annual Report.

Viability Statement
The Corporate Governance Code requires that the Directors have considered the viability of the Group over an appropriate period of time selected by them, in this case a three-year period. In making this assessment the Directors took into account the current financial and operational positions of the Group and the potential impact of the risks and uncertainties as outlined on pages 54 and 55 of the Annual Report.

The business planning process reviewed by the Board, as part of the annual strategic planning process, is over both a three and five-year timeline, with the Board acknowledging that there is significantly more certainty over the first three years of the plan in light of fluctuations in the global economy, the entry of new competitors and customer preferences. Therefore, the Directors have determined a three-year period is an appropriate period over which to provide its viability statement.

In making the viability statement, the Board carried out a robust assessment of the principal risks and uncertainties facing the Group which could impact the business model, future performance, solvency and liquidity, including the uncertainties surrounding the UK leaving the EU which is expected to occur within the viability assessment period. Scenario modelling and sensitivity analysis was applied to forecasted cash flows, including a downturn in like for like growth rates, as well as the potential effects should the principal risks actually occur. Consideration was also given to the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the identified risk, including the flexibility in relation to discretionary growth capital expenditure and dividend policy, both of which allow the Group to manage cash flows and provide significant mitigation.

It should be noted that whilst the Group is currently in a net cash position it is pursuing a share buyback and tender offer to return profits to shareholders, which is expected to result in the Group returning back to a net debt position during the assessment period, for which appropriate facilities are in place.

Based upon this assessment the Directors confirm that they have reasonable expectation that the Group will be able to continue in operation to meet its liabilities as they fall due over the three-year assessment period.

Principal risks

Strategic priorities	Risk	**Movement** vs prior year	**Risk** appetite	Key mitigations

1|2|3	**Change** Our ability to execute the significant volume of change.	Level	**High**	We have embarked on an extensive programme of change, including upgrading our legacy customer booking systems, whilst also delivering an ongoing efficiency programme and upgrading our digital capability and customer propositions, enabling Whitbread to deliver its growth plans over the coming years. To help ensure the successful delivery of these change projects, we have enhanced our internal project delivery expertise and capability and put in place a robust assurance management framework coupled with regular reporting to the Executive Committee.
3	**Cyber and data security** Cyber and data security remains a key risk as it reduces the effectiveness of our systems or results in a loss of data. This in turn could result in loss of income and/or reputational damage.	Level	**Low**	We have a specialist team and a series of IT security controls in place, including up-to-date antivirus software across the estate, network/system monitoring and regular penetration testing to identify vulnerabilities. A continuous security improvement programme is in place and reviewed by the Executive Committee. Specifically, during the year we have enhanced network security and made good progress implementing an industry-recognised security standards framework.
1|2	**Economic climate** Uncertain/volatile political and economic climate results in a decline in GDP, consumer and business spending, a fall in RevPAR and inflation pressure impacting growth plans. This risk has increased as a result of the political and economic uncertainty surrounding Brexit.	Higher	**N/A**	There is a rigorous business planning process in place which considers many scenarios with appropriate responses, including potential Brexit outcomes. We also have strong site selection teams with well-established processes in place based on market and economic fundamentals, both at a macro and micro level. These are supported by sensitivity analysis and a robust investment appraisal process to help deliver good levels of return and we continue to make good progress with our efficiency programme that aims to deliver £220 million of savings over three years.
1|2|3	**Food safety and hygiene** The preparation or storage of food and/or supply chain failure results in food poisoning and reputational damage.	Level	**Low**	The health and wellbeing of our customers is fundamental to our business. We have stringent food safety and sourcing policies with traceability and testing requirements in place in respect of meat and other products. Independent food safety audits are completed regularly at our hotels and restaurants and the results closely monitored. We invest considerable resources in employee training in the proper storage, handling and preparation of food.
1|2|3	**Health and safety** Health and safety risk, death or serious injury as a result of Company negligence**.**	Level	**Low**	The safety of our guests and employees is of paramount importance. NSF, an independent company, carries out health and safety audits on every site and we have a programme of fire safety training for our employees. In addition, C.S. Todd & Associates Ltd, independent fire safety consultants, have been working with us on the fire safety of our hotels. Health and safety is a measure on the WINcard and acts as a hurdle for incentive payments. Regular health and safety updates are provided to the Executive Committee and the Board.
2	**International growth** One of our strategic priorities is the international expansion of Premier Inn, initially in Germany.	Higher	**High**	We are able to use the deep level of skills and experience used to build the UK business, coupled with a detailed assessment of the German market and economic fundamentals both at a micro and macro level.
1|2	**Pandemic/Terrorism** The risk of a pandemic or terrorism on the safety and security of our customers or staff and the consequent impact on trading.	Level	**N/A**	The safety and security of our customers, employees and suppliers is of utmost importance. Failure to prevent or respond to a major safety or security incident could adversely impact our operations and financial performance. We invest in site level training to help identify hostile reconnaissance activities and to ensure we have an appropriate response should such events take place. The executive team also hold regular crisis management exercises to ensure we are prepared for such events.

1	**Retention and wage inflation** Failure to maintain staff engagement and retention in a tightening labour market. This risk has increased as a result of the political and economic uncertainty surrounding Brexit.	Higher	**Low**	The success of our businesses would not be possible without the passion and commitment of our teams. Team engagement is fundamental. We monitor this closely through our annual engagement survey YourSay, the results of which are reviewed by the Executive Committee and the Board, with trends analysed and appropriate actions reviewed and agreed. Team retention is a key component of our WINcard and Annual Incentive Scheme.
2|3	**Third-party arrangements** Business interruption as a result of the withdrawal of services/provision of services below acceptable standards/support or reputational damage as result of unethical supplier practices.	Level	**Low**	Whitbread has several key supplier relationships that help ensure the efficient delivery of our multi-site and Support Centre operations. The failure or withdrawal of services from one or more of these suppliers may result in some business interruption. To safeguard against this, we continually review our suppliers and business continuity arrangements. We expect our suppliers' practices to be in line with our values and standards. Suppliers are thoroughly vetted before we enter into any arrangements to ensure they are reputable and then monitored though our supplier management arrangements. In the event of Brexit-related supply disruption, we continue to evolve contingency plans with our major suppliers and to help maintain the supply of key product lines and alternatives.

2. Related Party Disclosure

The Group consists of a parent company, Whitbread PLC, incorporated in the UK and a number of subsidiaries and joint ventures held directly and indirectly by Whitbread PLC, which operate and are incorporated around the world. Note 10 to the Company's separate financial statements lists details of the interests in subsidiaries and related undertakings.

The Group holds 6% as a general partnership interest in Moorgate Scottish Limited Partnership (SLP) with Whitbread Pension Trustees holding the balance as a limited partner. Moorgate SLP holds a 67.8% investment in a further partnership, Farringdon Scottish Partnership (SP), which was established by the Group to hold property assets. The remaining 32.2% interest in Farringdon SP is owned by the Group. The partnerships were set up in 2009/10 as part of a transaction with Whitbread Pension Trustees and the Group retains control over both partnerships and, as such, they are fully consolidated in these consolidated financial statements. Further details can be found in Note 30.

Shares in Whitbread Group PLC are held directly by Whitbread PLC. Shares in the other subsidiaries are held directly and indirectly byWhitbread Group PLC.

Related party transactions

	2018/19 Joint ventures £m	2017/18 Joint ventures (restated) £m
Sales to a related party	**0.1**	0.1
Amounts owed by related party	**-**	-
Amounts owed to related party	**-**	-

Joint ventures

For details of the Group's investments in joint ventures see Note 16.

Compensation of key management personnel (including directors):

	2018/19 £m	2017/18 £m
Short-term employee benefits	**7.6**	7.3
Post employment benefits	**-**	-
Share-based payments	**10.0**	0.6
	17.6	7.9

Terms and conditions of transactions with related parties
Sales to, and purchases from, related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided, or received, for any related party receivables. No adjustment for expected credit loss relating to amounts owed by related parties has been made (2018: £nil). An assessment is undertaken, each financial year, through examining the financial position of the related parties and the market in which the related parties operate.

Transactions with other related parties
Details of transactions with directors are detailed in the remuneration report on pages 72 to 89.

Investment in Joint ventures

Principal joint ventures	Investment held by	Principal activity	Country of incorporation	% equity interest	
				2019	2018
Premier Inn Hotels LLC	PTI Middle East Limited	Hotels	United Arab Emirates	**49.0**	49.0
Premier Inn Kier Limited	Premier Inn Hotels Limited	Property	England	**50.0**	50.0
Healthy Retail Limited	Whitbread Group PLC	Convenience food	England	**49.0**	49.0

Hualian Costa (Beijing) Food & Beverage Management Company Limited	Costa Beijing Limited	Coffee shops	China	-	50.0

During the year, the Group disposed of its 50% holding in Hualian Costa (Beijing) Food & Beverage Management Company Limited, as part of the sale of the Costa business to The Coca-Cola Company.

This entity is included in the share of joint ventures in the balance sheet in 2018, but excluded from the 2019 analysis.
The entity is not included in share of joint venture revenue and expenses for either year, because it is shown as part of the profit from discontinued operations shown in Note 10.

The following table provides summarised information of the Group's investment in joint ventures:

	2019 £m	2018 £m
Share of joint ventures' balance sheets	**5.1**	12.9
Current assets	**77.4**	73.2
Non-current assets	**82.5**	86.1
Share of gross assets	**(8.7)**	(13.7)
Current liabilities	**(25.5)**	(30.1)
Non-current liabilities	**(34.2)**	(43.8)
Share of gross liabilities	**3.8**	3.6
Loans to joint ventures	**52.1**	45.9
Share of net assets	**4.5**	4.5
Premium paid on acquisition (cost in excess of share of net assets at acquisition)	**56.6**	50.4
Aggregate carrying amount of the Group's interest in joint ventures		

Share of joint ventures' revenue and expenses	**2018/19 £m**	2017/18 (restated) £m
Revenue	**18.7**	18.7
Operating costs	**(18.5)**	(16.2)
Finance costs	**(0.8)**	(0.7)
Operating (loss)/profit before tax and net (loss)/profit	**(0.6)**	1.8

At 28 February 2019, the Group's share of the capital commitments of its joint ventures amounted to £0.4m (2018: £4.5m).

3. Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information includedon the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 29 April 2019 and is signed on its behalf by:

Alison Brittain
Chief Executive

Nicholas Cadbury
Group Finance Director

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