

This announcement contains inside information

**Refocused growth plans in UK and Germany to drive increased margins and returns
Over £1bn reduction in net capital investment and recycling £1.5bn of property to fund future growth
£2bn of free cash flow available for shareholder returns by FY31**

Dominic Paul, Chief Executive, said:

“For over 280 years, Whitbread’s success has been driven by continually evolving to meet the needs of our guests. Today our business is built around a world-class brand in Premier Inn, which is synonymous with great quality and value, and has an unrivalled market position in the UK as well as a hugely exciting opportunity in Germany.

“We always challenge ourselves to improve and, in light of significant cost increases in the form of business rates and National Insurance, as well as the implied market discount to our inherent value, we’ve looked hard at the options open to us to maximise value creation over the medium and long-term. This has been a rigorous process and we’ve approached all options with an open mind.

“Our conclusion is that our model is the right one. Owning a significant proportion of our property is a unique strength which powers the growth of Premier Inn while supporting our resilience as a business, underpinned by a strong balance sheet. But we can improve our approach. We will refocus our capital spend and recycle more of our freehold real estate, driving increased margins and returns, reducing our capital intensity and increasing cash returns for shareholders. By making our assets work harder and focusing on the highest returning projects, we will be able to continue to take advantage of constrained supply to strengthen our position in both of our core markets, whilst at the same time deliver attractive financial outcomes for shareholders.

“Our New Five-Year Plan builds on our strengths and drives a significant acceleration of our strategy.

“In the UK, by reallocating some of our capital spend and building on the success of our Accelerating Growth Plan, we plan to convert all our remaining branded restaurants to an integrated food and beverage offer that is preferred by our hotel guests and will unlock the addition of more highly profitable extension rooms. Our continued efforts to drive our commercial plan and efficiencies will extend our market-leading position and allow us to take share from our competitors, many of which are struggling to grow.

“In Germany, now that we have reached profitability, we are clear on what we need to succeed in a market that has huge potential and where the Premier Inn brand is increasingly recognised for its quality and value. We will focus on formats and locations which we know deliver the best return, accelerating our financial performance.

“We’ve already made great progress in the transformation of Whitbread, despite external headwinds, and I’m excited by what’s coming next. This plan will transform Whitbread into a higher-margin, higher-returning pure-play hotel business. We’re going to go further and faster to deliver a great experience for our guests and high-quality growth and returns for our shareholders.”

New Five-Year Plan to FY31

The conclusions and outcomes of our review are:

- We are uniquely placed to win in both the UK and Germany where we have significant growth potential;
- Our scale, brand, vertically integrated model, flexible approach to property ownership and strong balance sheet are key sources of significant competitive advantage, providing control and value creation across key areas of the value chain;
- Adapting our approach to property and capital allocation will deliver a significant improvement in cash flow and returns;
- By FY31 and compared with FY26, the new plan will¹:
 - **Deliver £275m of incremental adjusted PBT[†] contribution from key growth initiatives;**
 - **Reduce gross capex by £1bn and net capex by more than £1bn, with growth capex to be funded through recycling £1.5bn of freehold real estate;**
 - **Increase Group ROCE[†] by 500bps;**
 - **Generate £2bn of free cash flow available for cash returns to shareholders**

The specific actions we are taking include:

- **Refocusing our UK & Ireland growth plan (£110m incremental PBT[†] contribution¹ by FY31):** we are reallocating capital spend to the highest returning opportunities whilst still growing open rooms (including

extension rooms from the AGP) to 96,000 by FY31, maintaining our longer-term potential to reach up to 125,000 rooms thereafter;

- **Extending the Accelerating Growth Plan ('AGP') to drive improved margins and stronger UK returns (£100m incremental PBT[†] contribution by FY31):** following early positive results from completed sites and having agreed the sale of 51 branded restaurants for £50m and agreed terms for the sale, subject to conditions, on a further 60 sites, we are reallocating capital to extend our plan to replace all of the Group's remaining 197 branded restaurants with a more efficient integrated restaurant. Moving to a 100% integrated F&B offering will improve the guest experience and add more higher returning extension rooms and we will deliver 15% - 20% returns on capital by FY31. In FY27, there will be a £40m reduction in adjusted PBT[†] as we transition the remaining branded restaurants, which will more than offset positive progress from our original AGP, resulting in a net £10m reduction to adjusted PBT[†]. These changes are subject to required employee consultation;
- **Reducing our capital intensity by over £1bn:** we will reduce gross capex by £1bn and recycle £1.5bn of our freehold property to fund future growth and increasingly look to grow on a leasehold basis. This will result in net capex of c.£200m - £250m per year, representing more than a £1bn reduction versus the previous Five-Year Plan. Whilst the Group will continue to benefit from owning a substantial amount of freehold real estate, we can reduce the proportion held from c.50% today to 30% - 40% over time without compromising our strong balance sheet or long-term growth prospects;
- **Enhancing our commercial programme and increasing cost efficiencies to FY31:** our commercial initiatives will drive positive UK like-for-like[†] sales momentum and help us to sustain our outperformance versus the rest of the UK M&E market. At the same time, we are increasing our cost efficiencies target to £250m by FY31;
- **Accelerating the delivery of higher financial returns in Germany (£65m of incremental adjusted PBT[†] contribution by FY31):** having reached profitability in FY26 and with an established national network, we are shifting our growth focus to accelerate free cash flow and return on capital. Whilst we are proposing to optimise our portfolio and improve the quality of our committed pipeline, we will still deliver room growth of over 50% to reach 18,000 rooms by FY31;
- **Increasing margins, profits and returns:** the core elements of the plan, in aggregate, will deliver an incremental profit contribution of £275m by FY31 that, with lower capital intensity, will drive a 500bps increase in our Group return on capital employed¹; and
- **Over £2bn free cash flow¹ by FY31:** the steps outlined above will generate substantial free cash flow available for shareholder returns via dividends and share buy-backs (noting that the investment in extending the Accelerating Growth Plan means we will pause share buy-backs in FY27).
- *For invited analysts and investors, the Group is hosting a Full Year 2026 Results presentation, including a briefing on our New Five-Year Plan, at 10.00am BST today, 30 April 2026. A live webcast of the presentation and briefing will be available from 10.00am BST via (www.whitbread.co.uk/investors). To pre-register for the webcast, please visit: LINK. A copy of the slides as well as a replay of the presentation and briefing will be available on our website later today.*

1: Versus FY26, assuming UK like-for-like sales and cost efficiencies offset non-business rates inflation and finance costs over the life of the New Five-Year Plan

For more information please contact:

Investor Relations - Whitbread

Peter Reynolds, Director of Investor Relations
Kirsten O'Reilly, Investor Relations Manager
Kitty Hobhouse, Investor Relations Manager

peter.reynolds@whitbread.com
kirsten.oreilly@whitbread.com
kitty.hobhouse@whitbread.com

Media – Brunswick

Tim Danaher

whitbread@brunswickgroup.com
+44 (0) 20 7404 5959

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

[†]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.

Cautionary Statement

Nothing contained in this announcement is intended to constitute an offer, invitation or inducement to engage in an investment activity for the purposes of the prohibition on financial promotions under the Financial Services and Markets Act 2000. In making this announcement available, Whitbread PLC makes no recommendation to purchase, sell or otherwise deal in shares in Whitbread PLC or any other securities or investments whatsoever and you should neither rely nor act upon, directly or indirectly, any of the information contained in this announcement in respect of such investment activity.

No representations, express or implied, are given in, or in respect of, this announcement. To the extent permitted by law, Whitbread PLC, and its subsidiaries (together, the "Group") and its and their shareholders, affiliates, representatives, partners, directors, officers, employees, advisors or agents shall not be liable for any direct, indirect or consequential loss or loss of profit arising from the use of this announcement, its content or otherwise arising in connection therewith.

Certain statements included or incorporated by reference within this announcement may constitute "forward looking statements" in respect of the Group's Whitbread PLC's operations, performance, prospects and/or financial condition. Forward looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "momentum", "transform", "plan", "continue", "pathway", "roadmap", "transition", "anticipate" "intend", "expect", "target", "believe", "estimate", "may", "will", "potential", "outlook", "future" or "accelerate" (including in their negative form) or similar terms and expressions. Such statements are made in good faith, based on Whitbread PLC's current expectations and beliefs concerning future events and are subject to a number of known and unknown risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements. These risks include, but are not limited to: macroeconomic uncertainty; changes in law and regulations affecting our business; global supply chain disruptions; cyber and data security issues; fluctuating customer demand; any future health crisis and related responses, including government imposed travel or health-related restrictions; and other risks inherent to the industry in which the Group operates. Such statements are also based on numerous assumptions regarding the Group's Whitbread PLC's present and future strategy and the environment in which it operates, which may not be accurate. Whitbread PLC undertakes no obligation to update any forward looking statements contained in this announcement or any other forward looking statements it may make.

Nothing in this announcement should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial advisor.

Whitbread's formula for success

Premier Inn is the UK's largest and best-known hotel brand, with a 12% share of the total UK hotel market, almost twice that of our closest competitor and significantly ahead of the global midscale and economy ('M&E') hotel brands. The Group also has a growing presence outside the UK and Ireland, with Germany representing a significant opportunity to expand and diversify our total addressable market and deliver attractive long-term returns.

Our success has been driven by capitalising on attractive growth drivers in our core markets and by outperforming our competitors over the short, medium and long-term.

Significant structural growth potential in core markets – We continue to benefit from the structural growth in demand for branded budget hotels away from the independent hotel sector and therefore continue to see significant growth potential in the UK, especially in London, and also in Ireland. At the same time, the UK supply backdrop remains benign with limited growth expected over the next few years. In Germany, similar trends are reinforced by the fact that the hotel market is large and fragmented, with no single brand commanding more than a 3% share, creating a significant opportunity for the Group.

Driving sustained outperformance through the cycle – Our success is rooted in a relentless focus on the guest and the delivery of a consistent, high-quality experience at an affordable price. Our vertically integrated model provides control across key areas of the value chain: brand, distribution and commercial, operations as well as property. A flexible approach to property ownership ensures access to the best locations, supporting profitable growth and attractive long-term returns. A strong balance sheet remains a key source of competitive advantage, allowing us to invest through the cycle and keep financing costs low whilst also providing real commercial benefits so we can maximise site profitability and returns through our property value creation cycle.

Background to the business review

Since announcing our previous Five-Year Plan in October 2024, the Group has faced two key challenges. First, unexpected changes to the prevailing fiscal and trading environment, including higher than expected cost inflation and significant increases in UK business rates, have impacted the financial benefits of the Group's previous Five-Year Plan. Second, the Group's market value has remained at a significant discount to the inherent value of our business.

Against this backdrop, the Board announced that it was undertaking a comprehensive business review in order to address these challenges. Working with world class advisers, the Board reassessed how capital was being allocated across the Group; reviewed the Group's current capital structure and also challenged the merits of the Group's current business model versus other, alternative models. Key tasks included:

- (i) reviewing all future plans to reflect the impact of recent changes to the prevailing regulatory, fiscal and trading environment. Specifically, we challenged whether:
 - we could further reduce costs and improve margins;
 - all of our capital programmes remain on course to deliver attractive levels of return; and
 - our capital structure is optimised so that the execution of our business strategy maximises value for shareholders over both the medium and long-term;
- (ii) assessing the relative merits of our business model versus others to maximise long-term value. Alternatives included fundamental changes to our business model such as by: separating and selling all of our freehold property; and realising value from the Premier Inn brand; as well as reviewing all options to maximise the value of our German business.

The conclusion of this work is that while some models offer the potential to create value in the short-term, they compromise many of the core drivers of our competitive advantage that have underpinned the Group's long-term success. These include: the cash generation of our vertically integrated model; our ability to maximise the commercial opportunity from our property, including our Accelerating Growth Plan; the consistency that flows from having full control of our brand and product that is a key driver of high guest scores; and the financial resilience from maintaining a strong balance sheet. As well as carrying significant operational and financial risks, transitioning to one of these models would create less value than our New Five-Year Plan and undermine the Group's longer-term growth prospects.

While clear that our model is the right one for Whitbread, there remains a significant value disconnect between the Group's market value and the inherent value of the Group. While the Group is a high-quality operator, generating strong cashflow, our return on capital has not increased materially despite significant growth in the scale of our operations and market share. To address this, the Group needs to either increase margins or reduce capital intensity, and we strongly believe that we can do both.

New Five-Year Plan

Our New Five-Year Plan achieves both of these objectives and reflects the output from the Board's business review with clear steps to drive a significant increase in both margins and returns that will fund substantial cash returns for shareholders. The planned steps to achieve this include:

- maximising UK returns by reallocating capital spend and by addressing lower-returning F&B operations through extending the AGP;
- reducing and reallocating capital spend to focus on proven formats to accelerate the delivery of free cash flow and higher financial returns in Germany;
- reducing and funding future room growth through recycling more of the Group's freehold property; and
- reducing the proportion of freehold assets held across the Group whilst remaining investment grade.

Whilst our review concluded that, with our current footprint and position, the Group's business model remains the best route to maximising medium and long-term value, we remain open-minded and will continue to evaluate the merits of alternative models and structures.

Expected outcomes from the plan by FY31 include:

- increased margins, driven by incremental adjusted PBT[†] contribution of £275m, including incremental adjusted PBT[†] contribution from Germany of £65m, that becomes cash flow positive in FY29;
- reduced gross capex by £1bn and with the recycling of £1.5bn of freehold real estate, net capex will reduce by more than £1bn;
- increased Group return on capital employed by 500bps¹; and
- £2bn of free cash flow available¹ for cash returns to shareholders via dividends and share buy-backs.

1: Versus FY26, assuming UK like-for-like sales and cost efficiencies offset non-business rates inflation and finance costs over the life of the New Five-Year Plan

Further details on each element of the New Five-Year Plan are set out below:

UK: Network expansion

We have reappraised all of our projects to ensure we are allocating and prioritising capital spend optimally in order to maximise returns. Planned actions include the proposed exit from a small number of sub-optimal sites in our open portfolio as well as stepping away from sites in our pipeline where, following the changes to UK business rates, the potential returns are no longer attractive.

The new plan reduces our previously planned rate of UK room growth which reduces expansionary capex, increases free cashflow and drives higher returns on capital. Whilst our previous Five-Year Plan assumed we would add 8,000 more new rooms and grow incremental adjusted PBT[†] by £120m by FY30, **versus FY26 our new plan will see us add 8,000 new rooms, of which c.66% will be freehold but we also propose to exit approximately 1,500 lower returning rooms and generate incremental adjusted PBT[†] contribution of £110m by FY31.**

UK: Extending our Accelerating Growth Plan ('AGP')

We are now two years into our plan to optimise the delivery of F&B at a number of our sites by converting some of our lower returning branded restaurants into a higher margin and more efficient, integrated F&B offering, whilst at the same time unlocking higher returning new extension rooms.

Given the positive early results from sites that are now complete and having concluded the sale of 51 branded restaurants for £50m, with a further 60 sites where we have agreed terms of sale subject to conditions, we are now proposing to reallocate capital and extend the previous plan to include all of the Group's remaining 197 branded restaurants. In FY26, these sites generated F&B revenue of £284m but incurred a site level adjusted loss before tax of £13m, plus associated central overheads of £10m.

The extension of the AGP has three key elements:

- the replacement of all remaining 197 lower returning branded restaurants with a new, higher margin and more efficient integrated restaurant, unlocking additional higher returning extension rooms;
- the sale of 110 of these branded restaurants which we intend to sell as going concerns over the next 24 months; and

- the simplification of the Group's operating model and supporting infrastructure to reflect the shift to a pure-play hotel business with a uniform and fully integrated F&B offering.

With over 500 integrated restaurants already operational across our UK estate, it is clear that this F&B format is preferred by our hotel guests and delivers better margins and returns than the branded restaurant format. Drawing upon our learnings from having already completed and opened c.600 AGP extension rooms, we are highly confident that once complete, our fully integrated offer will continue to deliver high guest scores and deliver a significant uplift in financial performance.

At the same time and against a backdrop of limited UK supply growth, we will open a further 3,000 higher returning extension rooms (including the original plan and the extension of the plan) that are being added in locations where we know from our trading data that, at certain periods, demand outstrips supply and so we are confident that these additional rooms will deliver highly attractive financial returns.

Financial effects of the extended Accelerating Growth Plan

With the removal of all of the Group's remaining branded restaurants¹ expected during the second half of FY27, the shift to a more streamlined operating model and the addition of 3,000 higher returning extension rooms, it is expected that, compared with FY26, the extended AGP will generate **incremental adjusted PBT[†] contribution of £100m by FY31 when the last of the additional new extension rooms will be open and operating at maturity.**

1 Subject to required employee consultation

In FY27, there will be a £40m reduction in adjusted PBT[†] as we transition the remaining branded restaurants, which will more than offset positive progress from our original AGP, resulting in a net £10m reduction to adjusted PBT[†]. The removal of the remaining branded restaurants and the opening of additional rooms that will continue to mature will deliver double digit returns on capital by FY31.

The extension of the AGP will require additional capital so that the total capital investment to deliver the incremental profit contribution, including amounts already spent, rises to c.£660m from c.£500m previously. This will be funded through the reallocation of some of our existing annual capital expenditure programme and the recycling of freehold property over the life of the plan.

With a total expected return on capital of 15% - 20%, extending the AGP is our number one priority in terms of capital allocation.

It is estimated that the profile of incremental adjusted PBT[†] contribution from the extended AGP versus FY26 will be as follows:

Year	Incremental adjusted PBT [†] contribution
FY27	£(10)m
FY28	+£30m - £40m
FY29	+£65m - £75m
FY30	+£85m - £95m
FY31	£100m

Supporting our teams

The plan we are announcing today is expected to result in a reduction of around 3,800 roles out of a total UK and Ireland workforce of around 30,000. This proposal is still subject to employee consultation and we will seek to find alternative opportunities wherever possible through new roles created by this plan and if the proposal proceeds, our existing recruitment process that makes c.15,000 hires each year. We expect to retain a significant proportion of those affected and will be looking to redeploy as many of our impacted colleagues as possible.

UK: Commercial programme

Our vertically integrated model is a key source of competitive advantage, with the result that even relatively modest increases in like-for-like sales[†] can generate significant profit growth. Whilst our commercial programme stretches across a broad range of initiatives, each falls under one of the following key headings:

- Strengthening brand and demand** – profitably broadening our reach through new distribution channels whilst continuing to drive direct bookings with support from a refreshed brand positioning that reinforces the value and consistency of our offer and our delivery of a quality night's sleep;

- **Driving conversion and engagement** – upgrading our proprietary automated trading engine with the latest AI-enabled decisioning tools and enhanced hotel listings, whilst increasing customer engagement and loyalty across all channels. We will also drive non-room revenue through a series of initiatives to increase ‘value per stay’ across areas such as retail, car parking, wi-fi and electrical vehicle charging;
- **Investing in the guest experience** – continuing focus on improving the digital journey and on driving consistency across our estate through our refurbishment programme and further roll-out of our latest room and ground floor formats; and
- **Unlocking the full potential of ‘hub by Premier Inn’** –with 19 hotels open in the UK, we will increase hub revenue growth by building the hub brand, expanding its distribution channels and evolving our guest proposition. While only open in London and Edinburgh so far, it is clear that with higher guest scores, hub has the potential to command similar room rates to Premier Inn and we see significant potential to expand into other cities across the UK, as well as in Germany.

These initiatives are underpinned by a series of technology-related programmes that are helping to unlock significant potential for future revenue growth and increased cost savings. As well as improving our day-to-day operations with an increased volume of systems releases, improved platform stability and enhanced security, we are also deploying a series of AI-enabled tools across several areas of our business. Whilst several of these initiatives are at an early stage of implementation, the early results are encouraging.

Whilst we cannot predict market RevPAR growth, with all of these initiatives already underway, we are confident that we will drive positive like-for-like sales[†] momentum and continue to outperform the M&E market over the life of the plan.

UK: increasing cost efficiencies averaging £50m per annum to FY31

We are proud of our reputation as a low-cost, high value for money operator. With ongoing inflationary pressures, we continue to look for ways to optimise and reduce our UK cost base. Having already accelerated savings into both FY26 and FY27, we have again reviewed all of our initiatives and have extended our programme to deliver £250m of savings between FY27 and FY31. These additional savings are across a large number of initiatives including increased use of technology, unlocking operational savings using increased automation and AI, further procurement savings and by optimising F&B operations, all of which have been carefully planned to ensure that there is no material impact on the overall guest experience.

Germany: accelerating cash flow and returns

Since first entering the market in 2016, we have achieved a number of important milestones in our journey towards becoming the number one budget operator in Germany. Our product is popular with guests, we are steadily increasing brand awareness and market share and several of our more established sites, whilst not yet mature, are already highly profitable and delivering double digit returns.

However, our journey to profitability has taken longer than expected and whilst external factors contributed to this, we recognise that some sites acquired before the pandemic have fallen short of expectations and some of our early commercial choices also had an impact. Combined, these factors have held back both profitability and returns.

We have since introduced a new commercial strategy and appointed a locally-based leadership team, and are already seeing a marked improvement in performance with a number of our hotels already delivering double digit returns, confirming that our model is now working in Germany. While there is no ‘one size fits all’ formula for success across Germany, we are now clear on what works and what doesn’t and have a clear path to achieving double-digit returns on capital.

That path requires that we make some significant changes to our growth strategy. We have reduced and reprioritised our capital spend in Germany towards those formats which have proved most successful, and we plan to optimise our current open estate. While this will reduce the pace of room and profit growth to FY31, it will reduce our overall capital intensity, increase cash flow and accelerate our returns on capital. Another significant shift is that all future growth in Germany will now be funded through either the recycling of existing freeholds or through new leaseholds.

While our previous Five-Year Plan assumed that we would almost double the size of our open network to reach 20,000 open rooms by FY30, **our new plan will see Germany reach 18,000 rooms by FY31, becoming one of Germany’s largest budget hotel brands. More rooms and continued RevPAR growth to reach over €83 will deliver an incremental adjusted PBT[†] contribution of £65m by FY31.** As a result of the steps we are taking, including the reduction in growth capex, it is expected that Germany will **turn cash flow positive¹ in FY29 and our open estate will generate double digit returns on capital by FY31.**

¹ Free cash flow less capex, net of disposals

The estimated phasing of incremental adjusted PBT[†] contribution for Germany versus FY26 is as follows:

Year	Incremental adjusted PBT [†] contribution
FY27	£10m*
FY28	£15m - £25m
FY31	£65m

* Before one-off costs of c.£10m primarily in relation to new openings in FY27 associated with recent additions to our portfolio

Property strategy, capital allocation and leverage

Retaining a flexible approach to property ownership and maintaining a strong balance sheet have allowed us to keep financing costs low whilst also providing significant commercial benefits, in the form of a strong financial covenant and being able to maximise site level profitability and returns through our property value creation cycle.

This starts with our strong balance sheet which means we are well placed to secure the best sites, both freehold or leasehold, on the most attractive terms. The best sites generate strong cash flow and some freehold sites have the potential to generate additional value through further development that can then be realised and the proceeds recycled into higher returning opportunities, such as the AGP.

Whilst there is no change to our previously announced capital allocation framework, we are however making some significant changes to our previous capital expenditure programmes and asset mix:

- We will recycle £1.5bn of our freehold property to fund new growth and will increasingly look to grow on a leasehold basis, resulting in net capex of £200m - £250m per year, equating to a reduction of more than £1bn versus the previous Five-Year Plan;
- Whilst the Group will continue to benefit from owning a substantial amount of freehold real estate, we will/expect to reduce the proportion held from c.50% today to 30% - 40% over time; and
- We will reduce and refocus our growth capital in Germany so as to accelerate returns and become cash flow positive in FY29.

By maintaining a lower, but still significant level of freehold, the Group can continue to benefit from the advantages outlined above, while also remaining investment grade. Below a 30% - 40% freehold mix and in order to remain investment grade, the Group would have to start holding increasing levels of cash, creating a natural limit in terms of freehold/leasehold mix, beyond which the balance sheet becomes increasingly inefficient.

With a reduced level of gross capital spend compared with the previous Five-Year Plan and by maintaining average net capital spend at £200m - £250m per annum to FY31, the Group is expected to maintain a lease-adjusted net debt to adjusted EBITDAR ratio at or below 3.5x, thereby maintaining an investment grade credit rating¹.

1. Fitch Ratings, February 2026

Shareholder returns

Our New Five-Year Plan is designed to maximise shareholder returns over the medium and long-term. With a reduced level of capital intensity, a reduction in the amount of freehold property held by the Group and the expected increase in margins and returns over the life of the plan, it is expected that versus FY26, this will deliver a 500bps uplift in Group return on capital employed¹ by FY31.

This will generate **£2bn of free cash flow available¹ for shareholder returns through a combination of dividends and share buy-backs** (noting that the investment in extending AGP means we will pause share buy-backs in FY27).

1: Versus FY26, assuming UK like-for-like sales and cost efficiencies offset non-business rates inflation and finance costs over the life of the New Five-Year Plan

Appendix - summary of New Five-Year Plan guidance

	Previous guidance for the five years to FY30	New guidance for the five years to FY31
<i>Incremental PBT contribution – UK network expansion</i>	+£120m	+£110m
<i>Incremental PBT contribution – AGP</i>	+£100m	+£100m
<i>Incremental PBT contribution – Germany</i>	£80m	£65m
<i>Free cash flow / returns (share buybacks/dividends)*</i>	>£2bn	>£2bn
<i>Total net capex</i>	£2.5bn	£1bn - £1.25bn
<i>Increase in Group ROCE*</i>	n/a	+500bps
<i>Date cash flow positive in Germany</i>	n/a	FY29
<i>Cost savings</i>	+£250m	+£250m
<i>New UK network expansion rooms</i>	+8,000	+8,000
<i>New AGP rooms (including extension of plan)</i>	+3,500	+3,000
<i>Germany rooms by FY31</i>	20,000	18,000

* Assuming UK like-for-like sales and cost efficiencies offset non-business rates inflation and finance costs over the life of the New Five-Year Plan