FY18 Full Year Results
April 2018
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</table>
Summary | Strong momentum in delivering our plan

1. Grow & innovate in core UK markets
   - Deliver capacity growth in Premier Inn to over 100,000 rooms
   - Grow Costa to over 3,000 sites in the UK
   - Double the Costa Express network

2. Focus on our strengths to grow internationally
   - Replicate Premier Inn UK success in Germany
   - Increasing ambition to grow Costa in China
   - Accelerate Costa Express growth internationally

3. Build capability to support long-term growth
   - Increased efficiency target from £150m to £250m with £100m delivered over next 2 years
   - Deliver modern & stable IT platforms
   - Be a Force for Good

Long term growth in earnings and dividends combined with strong return on capital
Committed to creating two high-quality independent companies

WHITBREAD

UK’s largest and most successful hotel business, with attractive international growth opportunities

- Decision to demerge Costa following regular & rigorous Board review
- Two highly attractive businesses
  - attractive economics
  - leading market positions
  - structural growth opportunities
- Clear plans in both businesses to create long-term sustainable value
- Strong progress in delivery of strategy enables separation
- Separation will enhance focus on structural growth opportunities in both businesses
- Committed to demerge as fast as practical & appropriate to optimise value
- Expected to complete within 24 months

COSTA

The clear UK market leader in the out-of-home coffee market and the second largest internationally

- Premier Inn
## Highlights | Good financial performance in line with expectations

<table>
<thead>
<tr>
<th><strong>Premier Inn</strong></th>
<th><strong>WHITBREAD</strong></th>
<th><strong>COSTA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The #1 hotel chain in the UK</td>
<td>Good profit growth</td>
<td>The UK’s favourite coffee shop... again!</td>
</tr>
<tr>
<td>72,466 rooms</td>
<td>4.5% to £591m</td>
<td>8th year in a row</td>
</tr>
<tr>
<td>Good return on capital</td>
<td>Consistently high return on capital</td>
<td>Strong return on capital</td>
</tr>
<tr>
<td>13.4%</td>
<td>15.4%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Good total revenue growth</td>
<td>Strong discretionary cash conversion</td>
<td>Strong total revenue growth</td>
</tr>
<tr>
<td>5.2% to £2.0b</td>
<td>94% to £585m</td>
<td>7.5% to £1.3b</td>
</tr>
<tr>
<td>Strong profit growth</td>
<td>Sustainable dividend growth</td>
<td>Consistent profits</td>
</tr>
<tr>
<td>6.5% to £498m</td>
<td>5.6% to 101.15p</td>
<td>0.5% to £159m</td>
</tr>
</tbody>
</table>
FINANCIAL PERFORMANCE | Nicholas Cadbury – CFO

WHITBREAD

FY18 FULL YEAR RESULTS | APRIL 2018
## Financial highlights | Good overall performance

<table>
<thead>
<tr>
<th>WHITBREAD</th>
<th>FY17</th>
<th>FY18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£3,106m</td>
<td>£3,295m</td>
<td>6.1%</td>
</tr>
<tr>
<td>Underlying PBT</td>
<td>£565m</td>
<td>£591m</td>
<td>4.5%</td>
</tr>
<tr>
<td>Underlying EPS</td>
<td>246.5p</td>
<td>260.2p</td>
<td>5.6%</td>
</tr>
<tr>
<td>Discretionary FCF</td>
<td>£532m</td>
<td>£585m</td>
<td>9.9%</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>£610m</td>
<td>£555m</td>
<td>£(55)m</td>
</tr>
<tr>
<td>Return on capital</td>
<td>15.2%</td>
<td>15.4%</td>
<td>20bps</td>
</tr>
<tr>
<td>Lease-adjusted leverage</td>
<td>3.2x</td>
<td>2.9x</td>
<td></td>
</tr>
<tr>
<td>Full year dividend</td>
<td>95.80p</td>
<td>101.15p</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

- Good revenue growth across all businesses
- Disciplined cost management delivering expected profit growth
- Strong cash generation supporting investment in strong returning areas
- Return on capital increased despite recent investments
- Financial flexibility for UK and international expansion
- Dividend growth in line with EPS
# Premier Inn | Continued strong financial performance

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK &amp; Germany</td>
<td>£1,902m</td>
<td>£2,004m</td>
<td>5.4%</td>
</tr>
<tr>
<td>International</td>
<td>£6m</td>
<td>£3m</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>£1,908m</td>
<td>£2,007m</td>
<td>5.2%</td>
</tr>
<tr>
<td>UK &amp; Germany</td>
<td>£1,902m</td>
<td>£2,004m</td>
<td>5.4%</td>
</tr>
<tr>
<td>International</td>
<td>£6m</td>
<td>£3m</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Underlying op. profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK &amp; Germany</td>
<td>£472m</td>
<td>£498m</td>
<td>5.7%</td>
</tr>
<tr>
<td>International</td>
<td>£(4)m</td>
<td>£0m</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Underlying op. profit</strong></td>
<td>£468m</td>
<td>£498m</td>
<td>6.5%</td>
</tr>
<tr>
<td>UK &amp; Germany</td>
<td>£472m</td>
<td>£498m</td>
<td>5.7%</td>
</tr>
<tr>
<td>International</td>
<td>£(4)m</td>
<td>£0m</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Return on capital</strong></td>
<td>13.0%</td>
<td>13.4%</td>
<td>40bps</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Other metrics**
- UK accommodation sales growth: 6.9% → 7.1%
- UK F&B sales growth: 0.7% → 2.5%
- Total Premier Inn sales growth: 4.7% → 5.2%
- UK accommodation LFL sales growth: 2.5% → 2.2%

- **Strong revenue growth delivered through market leading occupancy and new capacity**
- **Continued market share gain**
  - London hotel sales growth of 9.1%
  - Regions hotel sales growth of 6.6%
- **Removed international losses through exit of India and South East Asia operations**
- **Accelerated efficiencies supported margin growth of 40 basis points**
- **Maintaining good return on capital on a growing capital base**
Costa | Revenue growth & earnings in line with expectations

<table>
<thead>
<tr>
<th>COSTA</th>
<th>FY17</th>
<th>FY18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£1,202m</td>
<td>£1,292m</td>
<td>7.5%</td>
</tr>
<tr>
<td>UK Stores</td>
<td>£876m</td>
<td>£921m</td>
<td>5.2%</td>
</tr>
<tr>
<td>UK Express</td>
<td>£178m</td>
<td>£210m</td>
<td>18.0%</td>
</tr>
<tr>
<td>Total UK</td>
<td>£1,054m</td>
<td>£1,131m</td>
<td>7.3%</td>
</tr>
<tr>
<td>International</td>
<td>£148m</td>
<td>£161m</td>
<td>8.5%</td>
</tr>
<tr>
<td>Underlying op. profit</td>
<td>£158m</td>
<td>£159m</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total UK</td>
<td>£154m</td>
<td>£151m</td>
<td>(2.3)%</td>
</tr>
<tr>
<td>International</td>
<td>£4m</td>
<td>£8m</td>
<td>n.m.</td>
</tr>
<tr>
<td>Return on capital</td>
<td>45.4%</td>
<td>46.0%</td>
<td>60bps</td>
</tr>
</tbody>
</table>

- Strong revenue growth underpinned by store and Express expansion
- UK like-for-like sales remain positive against tough retail conditions
- Strong Costa UK Express growth with revenues up 18% to £210 million
- UK profit includes c.£10 million additional investment in IT, digital, marketing and product innovation
- Positive LFL performance in China
- Underlying margin in line with guidance
- Consistently strong return on capital

Other metrics

- Total UK LFL sales growth (Equity stores + Express): 1.2%
- China total sales growth: 3.2%
**Margin progression | Efficiency programme supporting investment**

- Margins up 30 bps despite ongoing inflation
- Accelerated efficiencies gains during the year
- Gain from exit of India & South East Asia operations

**COSTA**

- Efficiency programme offsetting inflation
- Investments continue to maintain our market leading position and support future growth
Cash generation | Strong & consistent to fund investments

- Good discretionary FCF conversion of 94%
- Business model enables consistent working capital management
- Discretionary FCF used to fund:
  - Growth CapEx - £396 million
  - Pensions - £101 million
  - Dividends - £178 million
- Property sale & leaseback transactions and business exits generated £132 million cash
Investment | Compelling opportunities to invest capital

- Significant investment in new capacity delivering strong return on capital
- Maintenance CapEx
  - IT transformation
  - Refurbishments to maintain brand strength
  - Smarter refurbishment reducing spend per room
- Return on capital diluted in short term as investments mature
- Germany will deliver long-term growth pipeline, but dilute short-term returns

<table>
<thead>
<tr>
<th>Maintenance &amp; product improvement</th>
<th>FY17</th>
<th>FY18</th>
<th>Last 2 years</th>
<th>Maturity duration</th>
<th>Mature ROC</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Premier Inn (inc. refurbs)</td>
<td>£148m</td>
<td>£118m</td>
<td>£266m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Costa</td>
<td>£58m</td>
<td>£41m</td>
<td>£99m</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
<th>FY17</th>
<th>FY18</th>
<th>Last 2 years</th>
<th>Maturity duration</th>
<th>Mature ROC</th>
</tr>
</thead>
<tbody>
<tr>
<td>- New / extended hotels</td>
<td>£303m</td>
<td>£227m</td>
<td>£530m</td>
<td>1-3 yrs</td>
<td>&gt;13%</td>
</tr>
<tr>
<td>- PI Germany + Intl.</td>
<td>£35m</td>
<td>£65m</td>
<td>£100m</td>
<td>3-5 yrs</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>- New Costa stores</td>
<td>£41m</td>
<td>£47m</td>
<td>£88m</td>
<td>1-3 yrs</td>
<td>&gt;30%</td>
</tr>
<tr>
<td>- South China JV buy-out</td>
<td>-</td>
<td>£35m</td>
<td>£35m</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Costa Express machines</td>
<td>£25m</td>
<td>£22m</td>
<td>£47m</td>
<td>1-3 yrs</td>
<td>&gt;30%</td>
</tr>
</tbody>
</table>

Total: £610m £555m £1,165m
Return on capital | Consistently strong returns on a growing base

**WHITBREAD**

- Over the same period, invested capital has increased 43%
- Capital invested for future openings of £292 million

**Premier Inn**

- Consistent returns despite dilution from new and immature rooms
- Room capacity growth of 34% over the same period

**COSTA**

- Long-term, high return on capital
- Strong network growth of 90% in number of outlets
Capital discipline | Asset-backed balance sheet provides flexibility

Maintaining an appropriate leverage position

- Ended FY18 with £833 million total net debt
- Current leverage position provides stability & flexibility to take advantage of opportunities
- Good headroom to fund German acquisitions

Diverse & flexible funding options

- Whitbread’s scale & diversity of operations enables low-cost funding from diverse sources
- Balanced maturity profile ensures stability
- Freehold to leasehold mix 64% : 36%
FY19 outlook | Consistent investment for sustainable growth

- Early in the year, London market remains challenging, but overall forward bookings in line with our plans
- 4,000-4,500 new room openings in FY19 in the UK & Germany
- Growing pipeline in Germany - organically and acquisitions
- Efficiencies offset inflation of c.£50m, German losses consistent at c.£5m

**UK**
- Growth in stores (100-150 net) & Express machines, helping offset investment
- Efficiency programme to offset c.£20m inflation
- Cautious on consumer outlook, expect recent retail trend to continue

**Express & international**
- Over 1,300 new Express machines installed worldwide (£5m incremental OpEx)
- China stores: approx. 100 gross new and 20-40 closures (£5m incremental OpEx)

- Confident of new capacity delivery, but cautious of consumer environment
- Increased efficiency target from £150m to £250m, with £100m delivered over next 2 years
- Continued investment in strategy (Gross Capex of £600-700m)
A clear plan for growth | Strong operational momentum

1. Grow & innovate in core UK markets
- Premier Inn
  - 4,385 net rooms opened
  - 4,600 rooms added to pipeline
  - 87% rooms in latest format
- Performance
  - 79.3% occupancy
  - 97% booking directly
  - 4.2 avg. Trip Advisor score

2. Focus on our strengths to grow internationally
- Premier Inn Germany
  - 1st acquisition (19 hotels)
  - 5,500 rooms in pipeline
  - 3 hotels opening in FY19
- Performance
  - 62% occupancy
  - 100% booking directly
  - 4.6 avg. Trip Advisor score

3. Build capability to support long-term growth
- Winning Teams
  - 8th Best Big Company to work for Sunday Times 2017
  - 3,000 apprenticeships
- Property
  - 14,750 UK rooms in the pipeline
  - £56m sale & leaseback deals
  - 152 Costa stores churned
  - >85% PI direct digital booking
  - 1.3m active Costa App users
  - 30 Express trialling loyalty
  - £105m cumulative savings
  - 15 major IT projects complete
  - 17 major IT projects underway
  - £4.6m charitable contributions
  - >14m coffee cups recycled
  - 500m cup target in new scheme

COSTA
- 243 stores opened, 39 closed
- -40% sales with Costa Club
- -40% food capture rate
- Stores
  - 1,187 net new machines
  - 805 partners
- Express
  - 249 net new machines
  - 6 countries trading

WHITBREAD
FY18 FULL YEAR RESULTS | APRIL 2018
Premier Inn | Structural opportunity exploited by our unique model

Structural opportunity in the growing UK hotel market

- Independents increasingly under pressure from industry headwinds
- Premier Inn’s unique mix of quality & value enables market share gains through new capacity at good return on capital

Premier Inn’s unique business model

- Direct distribution increased to 97%
- Ongoing optimisation of digital assets and customer acquisition & retention
- Growth ahead of peers
- Pipeline secured to 85,000 rooms by 2020
- Majority of new hotels maturing faster

Diagram:

- High occupancy
- Strong ROC @ 13.4%
- Sustainable sales growth
- Value for money
- Consistent quality
- Direct digital distribution
- Network strength

- Leading combined quality & value scores
- #1 for business, families & leisure
- 87% rooms in latest format
- Invest in what matters to guests: bed, shower, breakfast & WiFi

In 2010, there were 684k rooms, and by 2020, the number is predicted to increase to >750k rooms. Premier Inn’s unique model allows for market share gains through new capacity at good return on capital.
Premier Inn | Network plan focused on optimising sales & returns

Detailed catchment analysis
- Postcode-level analysis
- Detailed mapping of existing supply and changes over time
- Optimisation of location and size

Superior capacity growth over last 3 years
- Total cluster accommodation sales doubled through new capacity (221 new rooms)
- Strong maturity of new capacity in approx. 1 year supported by the Automated Trading Engine
- Short-term RevPAR decline as expected, followed by recovery in 2-3 years

Balanced pipeline of new capacity
- Total area accommodation sales
- Existing sites
- Tate Modern
- Borough High St

Attractive unit economics
- 1-3 year maturity duration
- >13% ROC at maturity
Premier Inn | Enhancing our advantage through technology

Digital innovation driving direct distribution model

Digital capabilities lowering marketing costs

**Broadening digital reach**

- Diverse customer acquisition approach
  - website, app
  - search, metasearch
- Continuous enhancements to reservation and inventory management systems underway

**Premier Inn’s Business Booker platform increases direct reservations and enhances the experience for corporate customers**

- Fast booking
- Exclusive rates
- Easy amends
- Spend controls and reporting
Premier Inn | Ongoing enhancements to our customer offer

Optimising room refurbishments

- Continued investment supports our price and value for money position
- Faster, more cost effective refurbishments are achieving product consistency across more of the estate

Unrivalled quality and value creates strong brand

YouGov Brand Index

<table>
<thead>
<tr>
<th>Quality score</th>
<th>Hilton</th>
<th>Marriott</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value score</td>
<td>Holiday Inn</td>
<td>Holiday Inn Express</td>
</tr>
<tr>
<td>35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
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<tr>
<td>25</td>
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<tr>
<td>35</td>
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</table>

- Broadens appeal to Business and Leisure guests
- Facilitates high occupancy across the week
- Drives continued customer loyalty
- Encourages direct bookings by limiting the need to ‘shop around’

Source: YouGov BrandIndex 52 week moving average as at 22/2/2018
Costa | Market Growth opportunity unlocked by Costa’s model

The leader in the growing UK coffee market

Costa’s market-leading business model

1. Focused network plan
   - >10,000 locations to buy a Costa coffee
   - Strong returns & cash generation in all channels

2. Diversified channel mix
   - Responding to increased consumer demand for convenience through channel shift
   - Two-thirds of pipeline in growth channels

3. Coffee credentials & improving food offer
   - Consistently the UK’s favourite coffee shop
   - Strong food capture rate, with opportunity to improve offer further

4. Enhanced customer experience
   - Comfortable store environments with c.60% customers ‘drinking in’
   - >5m active Costa Coffee Club members

- UK coffee consumption market continues to grow, but customer habits and preferences are changing
- Costa’s strong coffee credentials and store / Express machine network agility enables expansion

Source: Derived from Allegra Project Café UK 2017, December 2017
Costa | Network plan focused on optimising sales & returns

**Detailed catchment analysis**
- Postcode level analysis
- National presence provides unrivalled market knowledge
- Plans designed to maximise catchment level returns

**Flexible model**
- Equity or franchise model
- Format differentiation: traditional, pronto, drive-thrus, Express
- Short lease breaks (WALE <5 yrs)
- Proactive network churn

**Attractive unit economics**
- Low capital requirements
- 1-3 year maturity profile
- >35% return on capital at maturity

<table>
<thead>
<tr>
<th>Channel</th>
<th>FY18 Total Sales growth</th>
<th>FY18 ROC (Stores &lt;3 years old)</th>
<th>Current Estate</th>
<th>Estate growth to 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tradition channels (High Street, Shopping Centre, &amp; Retail Park)</td>
<td>2%</td>
<td>&gt;30%</td>
<td>897 equity stores</td>
<td>c.5%</td>
</tr>
<tr>
<td>Growth channels (Drive Thru, Travel &amp; Concession)</td>
<td>14%</td>
<td>&gt;40%</td>
<td>475 equity stores</td>
<td>&gt;20%</td>
</tr>
<tr>
<td>Costa Express</td>
<td>18%</td>
<td>&gt;40%</td>
<td>7,248 machines</td>
<td>&gt;20%</td>
</tr>
</tbody>
</table>

**Strong UK Equity Store ROC distribution**
- Stores above ROC threshold 90%
- Stores below ROC threshold 8%
- Cash Loss making stores 2%
Costa | Optimising catchment level sales & return on capital

Network planning
- Integrated plan across stores & Express
- Objective to maximise catchment sales at a good return on capital

Sales
- Sales in FY15: £1.3m
- Sales in FY18: £2.4m

EBITDA
- Profit in FY15: £0.3m
- Profit in FY18: £0.5m

Return on capital
- ROC in FY15: >50%
- ROC in FY18: >50%

Banbury Catchment

15 existing outlets
- 4 stores
- 9 Express
- 2 ‘Proud to Serve’

10 outlet opportunities
- 1 travel store
- 8 Express
- 1 ‘Proud to Serve’
Costa | Momentum in improving the customer proposition

Customers enjoying improved food offer

Costa savoury food capture rate uplift

- Good uplift in savoury food capture rate following launch of new breakfast in May
- Uplift sustained with an improved salad range in June
- Further improvement in September with launch of new hot lunch range

Focus areas for FY19

Network
- Continue new store focus on fast-growing convenience channels

Product
- Build on momentum of new product development
- Enhance promotion and visibility of expanded range

Value
- Trial product bundle deals
- Maintaining entry pricing, whilst encouraging upsell

Format
- Faster roll-out of updated refurbishment model
Costa | Accelerating use of technology

Activities completed

**Systems**
- Workforce planning system implemented
- New loyalty data management systems implemented

**Loyalty**
- 5.3 million active Costa Club card users and >1 million on the app
- New iOS and Android apps launched in November ‘17

Work underway

**New POS terminals**
- New tills implementation almost complete in all UK stores

**Systems**
- New core finance system implementation underway (already implemented in Premier Inn)

**Click & Collect**
- 16 store trial underway

**Loyalty**
- Migrate more card users to mobile app

2018/2019 focus

**Click & Collect**
- Extend trial of click & collect
- Payment functionality embedded

**Loyalty**
- Trial targeted offers delivered via direct email and through the Costa Club App
- Loyalty platform embedded into Express machines
Costa Express | Rapid growth in the UK and internationally

- **Unrivalled quality, technology and design**
  - All machines connected through in-house telemetry to assess performance
  - Modular design enables lower cost maintenance & reduces down-time
  - Embedding Costa Club loyalty platform

- **Attractive unit economics**
  - Low capital outlay per machine
  - Attractive returns for Whitbread and partners

- **Investing in expansion opportunities**
  - Existing strong UK presence in petrol stations
  - UK convenience stores: only 600 machines so far
  - UK workplaces: less than 500 machine so far
  - International: less than 1,000 machines so far

**Machine unit economics**

- **Capex per machine**: c.£13,000
- **Revenue**: c.£30,000
- **Operating margin**: 15-18%
- **ROC at maturity**: >35%

**Growth in the UK**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of machines</th>
<th>Sales (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>3,515</td>
<td>87</td>
</tr>
<tr>
<td>FY15</td>
<td>4,292</td>
<td>121</td>
</tr>
<tr>
<td>FY16</td>
<td>5,216</td>
<td>153</td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td>185</td>
</tr>
<tr>
<td>FY18</td>
<td></td>
<td>226</td>
</tr>
</tbody>
</table>

**International focus**

- 3,515
- 4,292
- 5,216
- 6,801
- 8,237

**Build capabilities**

- 87
- 121
- 153
- 185
- 226
Germany | Accelerating the new hotel pipeline

Long-term opportunity to replicate UK success

- Expecting double-digit ROC for organic sites at maturity
- Acquisitions used to build scale, with ROC above cost of capital

Acquiring 19 quality hotels in key target cities

- 13 hotels open and trading, 6 hotels in pipeline
- Organic and M&A committed pipeline delivers:
  - All good quality hotels in prime locations

Transaction details

- Conditional on landlord consent & franchise termination (c.2 years)
- Consideration not paid until hotels transferred

Financial considerations

- Earnings enhancing the year after acquisition (2020/21)

<table>
<thead>
<tr>
<th></th>
<th>Organic</th>
<th>To be acquired</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open and trading</td>
<td>1 hotel (210 rooms)</td>
<td>13 hotels (2,140 rooms)</td>
<td>14 hotels (2,350 rooms)</td>
</tr>
<tr>
<td>Committed pipeline</td>
<td>11 hotels (2,400 rooms)</td>
<td>6 hotels (970 rooms)</td>
<td>17 hotels (3,370 rooms)</td>
</tr>
<tr>
<td>Total</td>
<td>12 hotels (2,610 rooms)</td>
<td>19 hotels (3,110 rooms)</td>
<td>31 hotels (5,720 rooms)</td>
</tr>
</tbody>
</table>

FY19 openings

- Munich (216 rooms)
- Hamburg (182 rooms)
- Leipzig (182 rooms)
Costa China  |  Ambition growing and expansion gaining

The investible model

1) Enables full control of operations and store estate
   - Network optimisation
     - 79 opened
     - 39 closed
   - New product trials
   - Improving digital

2) Allows Costa to accelerate expansion
   - 18 stores now open in Wanda cinemas
   - New MoU signed with Suning
   - Promotional partnership with AliPay

3) Strong partnership with BHG in Beijing to continue

South China JV acquisition

1) Organic store growth
   - Prioritise transport and shopping centres
   - Continue to churn non-core city stores

2) Franchise partner agreements
   - Negotiations with more franchise partners underway to accelerate expansion

3) Increasing Investment
   - £5 million increase in FY19 OpEx to accelerate expansion

Future ambition

Updated ambition: 1,200 stores by 2022
**Efficiency** | Programme extending target

**Focus areas**

**Updated ambition**
- Increased target from £150 million to £250 million
- Savings of £100 million to be delivered over next 2 years

**Optimising the value chain**
- UK supply chain transformation
- International supply pipeline
- End-to-end costing
- Centralised inventory planning
- Optimising supplier sourcing & production
- Business expansion simplification

**Everyday Efficiencies**
- Workforce productivity
- IT & technology share services
## Technology | Delivery through Group-wide team

### Whitbread shared IT team successfully delivering complex IT transformation

#### Customer facing systems
- **COMPLETE** | Mobile app updates
- **COMPLETE** | Business booking
- **UNDERWAY** | Website re-platform
- **UNDERWAY** | Hotel management system
- **UNDERWAY** | Automated marketing

#### Internal support systems
- **COMPLETE** | Automated yield mgt.
- **COMPLETE** | Kitchen management
- **COMPLETE** | Finance & Procurement system
- **UNDERWAY** | Business intelligence tools
- **UNDERWAY** | Supply chain systems
- **UNDERWAY** | New HR System

#### Infrastructure replacement
- **COMPLETE** | Hardware replacement
- **COMPLETE** | Network upgrades
- **UNDERWAY** | Call Centre replacement
- **UNDERWAY** | GDPR enhancements
- **UNDERWAY** | IT security enhancements

#### COSTA
- **COMPLETE** | In-sourced website
- **COMPLETE** | POS (tills) UK & China
- **COMPLETE** | New Loyalty platform
- **UNDERWAY** | Click & Collect roll out
- **UNDERWAY** | Costa Club loyalty for Express
- **COMPLETE** | Store communications website launched
- **COMPLETE** | Workforce planning systems
- **UNDERWAY** | Finance & Procurement system
- **UNDERWAY** | Business intelligence tools
- **UNDERWAY** | Supply chain systems
- **UNDERWAY** | New HR System
- **COMPLETE** | IT security increased
- **COMPLETE** | Store network updated
- **UNDERWAY** | China system upgrades
- **UNDERWAY** | GDPR enhancements
- **UNDERWAY** | IT security enhancements
A significant competitive advantage

**Property**

- **Balanced portfolio**
  - Strong covenant
  - Superior site access
  - Majority freehold
  - Good returns
  - Flexible funding options
  - Strong operating cash flow

**Proven value creation**

**Superior site access**
- 1,700 freehold rooms added to pipeline
- 2,900 leasehold rooms added to pipeline
- 2,250 rooms through freehold extension over last 2 years
- 110 Costa Drive Thrus in pipeline

**Flexible funding options**
- Weighted-average cost of debt at 3.8%
- Adjusted gearing below 3.5x target ceiling
- Credit rating consistent at BBB
- £56 million of property transactions at c.4% yield
A Force for Good

Opportunity
Being a place where everyone can reach their potential

- Targeting 5,000 apprenticeships by 2020 (>3,000 fully completed)
- Sunday Times 8th Best Big Companies to work for
- Member of ‘30% Club’, aiming for 30% female in senior leadership roles

Community
Making meaningful contributions to the communities we serve

- >£10m raised for the Premier Inn Clinical Building at Great Ormond Street Hospital, opened January 2018
- Costa Foundation has helped more than 60,000 children across 78 projects
- Launched ‘Nutrition Code of Practice’ across all our brands

Responsibility
Treating people and the planet with respect

- Industry-leading cup recycling initiative launched – targeting 500m cups p.a. by 2020
- Reducing plastic waste through non-plastic straws and the plastic bottle Refill scheme
- UK property estate now supplied with 100% renewable energy
Committed to creating two high-quality independent companies

**WHITBREAD**

UK’s largest and most successful hotel business, with attractive international growth opportunities

**COSTA**

The clear UK market leader in the out-of-home coffee market and the second largest internationally

- Decision to demerge Costa following regular & rigorous Board review
- Two highly attractive businesses
  - attractive economics
  - leading market positions
  - structural growth opportunities
- Clear plans in both businesses to create long-term sustainable value
- Strong progress in delivery of strategy enables separation
- Separation will enhance focus on structural growth opportunities in both businesses
- Committed to demerge as fast as practical & appropriate to optimise value
- Expected to complete within 24 months
Timing | Committed to demerge as fast as practical & appropriate

1. Supply chain & procurement transformation
   - Deliver a further £100 million of efficiency savings over next 2 years
   - Ensure 2,000+ procurement and supply chain agreements are optimised for separation

2. Modern & stable platforms in both businesses
   - Completion of complex replacement and upgrades of critical & end-of-life IT systems and supply chain infrastructure
   - Shared Whitbread teams are delivering this transformation programme

3. Solid foundations for international growth
   - Both Premier Inn & Costa are in the formative stages of international growth
   - Whitbread’s combined scale is instrumental in evolving investible models in Germany and China, from which separate entities can thrive

4. Maintain performance & structured transition
   - Maintain momentum in trading and transformation initiatives
   - Appropriate management of pension deficit and funding facilities
   - Ensure optimal governance structures in place
## Structure update | Two high-quality businesses with scale

<table>
<thead>
<tr>
<th>WHITBREAD</th>
<th>COSTA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market position</strong></td>
<td>A leading out-of-home coffee business with over 3,800 stores in 32 countries</td>
</tr>
<tr>
<td>- The owner of Premier Inn -UK’s leading hotel chain with almost 800 hotels comprising 74,000 rooms</td>
<td></td>
</tr>
<tr>
<td><strong>Competitive &amp; structural advantages</strong></td>
<td>- Largest UK network by comfortable gap</td>
</tr>
<tr>
<td>- Largest UK network by comfortable gap</td>
<td>- Consistently strong customer feedback</td>
</tr>
<tr>
<td>- Leading digital &amp; direct distribution model</td>
<td>- Flexible channel &amp; format model</td>
</tr>
<tr>
<td>- Strong freehold property underpinnings</td>
<td></td>
</tr>
<tr>
<td><strong>Building strategic momentum</strong></td>
<td>- Delivering enhancements in UK digital, products</td>
</tr>
<tr>
<td>- Significant UK capacity additions with high occupancy, good ROC and fast maturity</td>
<td>- Costa Express network growth accelerating</td>
</tr>
<tr>
<td>- Digital distribution gap widening</td>
<td>- Acquired JV partner in South China to accelerate growth</td>
</tr>
<tr>
<td>- Germany pipeline accelerated to 31 hotels through acquisition</td>
<td></td>
</tr>
<tr>
<td><strong>Strong return on capital</strong></td>
<td>- 90% increase in Costa outlets in last 4 years</td>
</tr>
<tr>
<td>- Almost 35% capacity increase in last 4 years</td>
<td>- Returns consistently above 40%</td>
</tr>
<tr>
<td>- Returns consistently above 13%</td>
<td></td>
</tr>
<tr>
<td><strong>Long-term structural opportunity</strong></td>
<td>- Growing global consumption of coffee</td>
</tr>
<tr>
<td>- Declining independent sector in UK &amp; Germany</td>
<td>- Greater demand for convenience &amp; quality</td>
</tr>
<tr>
<td>- Line-of-sight to over 100,000 rooms in the UK</td>
<td>- International expansion in China &amp; Express</td>
</tr>
<tr>
<td>- Replicating UK success in Germany</td>
<td></td>
</tr>
<tr>
<td>I.</td>
<td>Definitions</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------</td>
</tr>
<tr>
<td>II.</td>
<td>Supplementary information</td>
</tr>
<tr>
<td>III.</td>
<td>Cautionary statement</td>
</tr>
</tbody>
</table>

### Whitbread ADR programme
Whitbread has established a sponsored Level I American Depositary Receipt (ADR) programme for which Deutsche Bank perform the role of depositary bank. The Level I 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).
## Appendix I. Definitions

<table>
<thead>
<tr>
<th><strong>Average Room Rate (ARR)</strong></th>
<th>Hotel accommodation revenue divided by the number of rooms occupied by guests.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discretionary free cash flow (Discretionary FCF)</strong></td>
<td>Cash generated from operations after payments for interest, tax and maintenance capital.</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>Underlying earnings before interest, tax, depreciation and amortisation excluding income from Joint Ventures and Associates.</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td>Underlying earnings before interest, tax, depreciation, amortisation and rent excluding income from Joint Ventures and Associates.</td>
</tr>
<tr>
<td><strong>Fixed charge cover</strong></td>
<td>Ratio of underlying operating profit before total property rent compared to interest plus total property rent.</td>
</tr>
<tr>
<td><strong>Like-for-like sales growth</strong></td>
<td>Period over period change in revenue for outlets open for at least one year.</td>
</tr>
<tr>
<td><strong>NLW</strong></td>
<td>National Living Wage.</td>
</tr>
<tr>
<td><strong>Operating profit (Op. Profit)</strong></td>
<td>Profit before interest and tax.</td>
</tr>
<tr>
<td><strong>Revenue per available room (RevPAR)</strong></td>
<td>Revenue per available room is also known as yield. This hotel measure is achieved by multiplying the ARR by occupancy.</td>
</tr>
<tr>
<td><strong>Underlying basic EPS</strong></td>
<td>Underlying profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares.</td>
</tr>
<tr>
<td><strong>Underlying operating profit</strong></td>
<td>Underlying profit before non-underlying operating costs.</td>
</tr>
<tr>
<td><strong>Underlying PBT</strong></td>
<td>Profit before tax and non-underlying items.</td>
</tr>
</tbody>
</table>
Further information is available in a supporting supplementary information pack (both Adobe PDF and Microsoft Excel formats) from www.whitbread.co.uk/investors. This information includes:

A. Estate analysis
B. Sales, profit & return on capital
C. Group income statement
D. Non-underlying items
E. Lease commitments
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