

Solid Third Quarter performance with total sales growth of 1.0%

- UK total sales growth 0.3% for the third quarter, marginally improving the year-to-date run rate
- Further development in Germany with open + committed pipeline extended to almost 50 hotels
- Good progress on optimising the UK network, including 19 hotels trialling Premier Plus rooms
- Efficiency programme progressing in line with plans and partially offsetting structural inflation
- Expect to deliver FY20 Results in-line with expectations

	UK ⁴ like-for-like Sales Growth		UK ⁴ Total Sales Growth		UK & International ³ Total Sales Growth	
	Q3 ¹	YTD ²	Q3 ¹	YTD ²	Q3 ¹	YTD ²
Accommodation	(2.1)%	(3.1)%	(0.4)%	(0.6)%	0.3%	(0.2)%
Food & beverage	0.4%	(0.7)%	1.9%	1.0%	2.2%	1.1%
Total	(1.3)%	(2.2)%	0.3%	0.0%	1.0%	0.3%

¹Q3 = 13-week period ended 28 November 2019 | ²YTD = 39-week period ended 28 November 2019 | ³Includes Germany | ⁴includes Ireland

Alison Brittain, Whitbread PLC Chief Executive, said:

“Whitbread delivered a robust performance in the third quarter, growing total sales by 1%, despite challenging market conditions in the UK. We now have over 80,000 rooms in the UK & internationally, operating under the Premier Inn brand, with a committed pipeline of over 20,000 additional rooms. We also continue to achieve strong results from our efficiency programme, which is helping to partially offset high industry cost inflation and means we are on track to achieve our full year expectations for FY20.

The UK business achieved total sales growth of 0.3% in the third quarter. Our performance in the quarter reflects a good F&B performance and marginally declining total accommodation sales. Weak business and leisure confidence in the regions continued, which was partially offset by the strength of the central London market, where we outperformed.

Our growth in Germany remains firmly on target as our confidence strengthens for the long-term market opportunity. We are pleased with the performance of all three hotels we have opened to-date, in Frankfurt, Hamburg and Munich, and continue to extend the total committed pipeline in Germany. The open plus committed pipeline now stands at around 8,500 rooms across 48 hotels, including 22 hotels from the Foremost Hospitality and AcomHotel acquisitions. We will be opening around 20 hotels through the course of 2020.

Despite the short-term economic uncertainty, there remains significant long-term opportunities for Premier Inn in both the UK and Germany. We can access these due to our strong financial position, resilient model and ongoing investment to improve our market-leading proposition. Continuing to invest in growth and optimisation through our disciplined approach to capital allocation ensures we can create sustainable value for shareholders over the longer-term.”

Outlook for FY21

Whitbread is confident in its plans given the significant structural growth opportunities in the UK and internationally. The UK political & economic environment remains uncertain and the sustained industry inflation continues. It remains difficult to predict business confidence in the short-term and its impact on the market. However, Whitbread’s strong balance sheet, efficiency programme, resilient business model and ongoing investment puts it in a strong relative position to benefit as the environment improves.

Whitbread’s FY21 planning assumptions are as follows:

- Cautious approach to hotel demand, especially relating to business customer demand in the regions.

- Whitbread's business model has a relatively high degree of operating leverage. This leads to every 1% movement in RevPAR impacting Profit before tax by £12-15 million.
- Total new gross capacity additions of approximately 4,500 new rooms across the UK & Ireland (c.3,000) and Germany (c.1,500)
- Net margin headwind of about £60 million comprising:
 - inflation of about £75 million, including the recently announced higher National Living Wage, higher utility costs and stranded costs following the Costa sale;
 - ongoing investment of £25 million to improve our market-leading proposition and distribution reach that will improve our performance in future years. This includes the addition of Premier Plus rooms, investment in our direct channels and IT infrastructure; and
 - this will be partially offset by the efficiency programme, with savings of around £40 million.
- German losses will improve to around £10 million next year as the pipeline accelerates and around 20 hotels are opened.
- FY21 debt financial interest costs are expected to be £10 million higher than FY20 following the return of capital during the first half of this year.

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Whitbread will host a webcasted briefing at 8am (GMT) on 16 January 2020, which can be accessed at www.whitbread.co.uk/investors.

Third quarter FY20 performance summary

- Total sales growth of 1.0% driven by good F&B performance
- Slight decline in UK accommodation sales due to weak market conditions in the regions
- Continued capacity addition in UK, whilst achieving high occupancy above 80%

Q3 (YTD in appendix)	Like-for-like Sales Growth	Total Sales Growth
UK accommodation	(2.1)%	(0.4)%
UK food & beverage (F&B)	0.4%	1.9%
Total UK¹	(1.3)%	0.3%
Germany	n.a.	n.a.
Total	(1.3)%	1.0%

UK metrics	Actual	Growth	Like-for-like Growth
Occupancy	80.8%	(180)bps	-
Average room rate	£62.18	(2.3)%	-
Revenue per available room	£50.23	(4.4)%	(3.6)%
Net number of hotel rooms	77,263	426	-

¹ UK & Ireland

UK & Ireland

During the third quarter, Premier Inn's total accommodation sales declined slightly by (0.4)%. This was driven by weak business and consumer confidence impacting the regional hotel market and offset by the stronger London market, as well as the new capacity of over 1,000 rooms added over the last year. F&B sales grew by 1.9% due to a combination of new hotels and attractive customer offers.

The London market continued to perform strongly in the third quarter, which along with Premier Inn's capacity addition and successful maturity of new hotels, led to total sales growth of 4.8%. This was ahead of the midscale and economy market, which grew by 3.7%.

The regional market continues to be impacted by lower business confidence. Premier Inn's regional accommodation sales declined by (2.0)%, slightly below the midscale and economy market, which declined by (1.0%), reflecting Premier Inn's greater business customer mix than the market.

The start of the fourth quarter has seen more positive regional data due to lower comparators from this time last year and the timing of Christmas, along with the continuation of the strong London market. However, it is still early in the fourth quarter and a level of caution remains on the UK hotel environment.

Premier Inn's long-term strategy to win market share and customer loyalty in the structurally attractive UK market continues as planned. Almost 6,000 rooms have been added to the network over the last two years, representing a 10% capacity increase, whilst maintaining high occupancy levels of around 80%. With an increasing proportion of customers booking directly, over 12,000 rooms in the committed pipeline, and an increasing focus on optimising the existing estate, Premier Inn is confident of continuing to win market share with incremental investment at a good return on capital.

Germany

Premier Inn's first German hotel in Frankfurt is fully mature and continues to trade well, with excellent customer scores. Two further hotels have been added during the year, in Hamburg and Munich, with promising maturity profiles and positive initial customer feedback. This achievement is even more pleasing in the context of maintaining 100% direct bookings across all three open hotels. The open plus committed pipeline in Germany has grown to now over 8,500 rooms across 48 hotels, including the 22 hotels to be acquired from Foremost Hospitality and AcomHotel acquisitions. Work continues to accelerate the pipeline through a mix of freehold and leasehold developments, along with more small acquisition opportunities.

New capacity pipeline

Whitbread expects to add 5,000 new rooms this year, comprising approximately 3,000 gross new rooms in the UK and 2,000 new rooms in Germany. Net room openings in the UK will be slightly lower at c.2,500 as the optimisation of current estate continues, with eight hotel disposals this year. Most of the Germany room additions are part of the Foremost acquisition and will require a period of closure to rebrand into Premier Inn hotels early in FY21. The current pipeline of over 20,000 rooms across the UK and Germany is expected to mature and reach return on capital in-line with the current estate.

Appendix I | Sales information for 39-week period ended 28 November 2019

<i>Year-to-date</i>	Like-for-like Sales Growth	Total Sales Growth
Accommodation	(3.1)%	(0.6)%
Food & beverage	(0.7)%	1.0%
Total UK¹	(2.2)%	0.0%
Germany	n.a.	n.a.
Total	(2.2)%	0.3%

<i>UK metrics</i>	<i>Actual</i>	<i>Growth</i>	<i>Like-for-like Growth</i>
Occupancy	79.2%	(180)bps	-
Average room rate	£63.43	(2.9)%	-
Revenue per available room	£50.20	(5.0)%	(4.5)%
Number of hotel rooms	77,263	1,092	-

¹ UK & Ireland

Appendix II | Premier Inn UK hotels performance comparison

Q3 FY20

<i>Year-on-year change</i>	UK accommodation				Midscale & economy market¹
	<i>Like-for-like Sales</i>	<i>Total Sales</i>	<i>Like-for-like RevPAR</i>	<i>Total RevPAR</i>	
London	2.6%	4.8%	0.6%	(0.2)%	2.0%
Regional	(3.5)%	(2.0)%	(4.9)%	(5.8)%	(3.7)%
Total UK	(2.1)%	(0.4)%	(3.6)%	(4.4)%	(2.3)%

¹ STR Global total RevPAR

Q3 YTD FY20

<i>Year-on-year change</i>	UK accommodation				Midscale & economy market¹
	<i>Like-for-like Sales</i>	<i>Total Sales</i>	<i>Like-for-like RevPAR</i>	<i>Total RevPAR</i>	
London	0.5%	5.0%	(0.5)%	(1.7)%	2.0%
Regional	(4.1)%	(2.1)%	(5.6)%	(6.1)%	(4.1)%
Total UK	(3.1)%	(0.6)%	(4.5)%	(5.0)%	(2.5)%

¹ STR Global total RevPAR

Appendix III | UK hotels performance comparison

Premier Inn UK total accommodation sales growth comparison

	Q3 FY20	Q2 FY20	Q1 FY20
London			
Premier Inn	4.8%	8.2%	1.7%
Midscale and economy hotel market ¹	3.7%	7.0%	3.2%
London Premier Inn outperformance	110bps	120bps	(150)bps
Regions			
Premier Inn	(2.0)%	(1.9)%	(2.4)%
Midscale and economy hotel market ¹	(1.0)%	(0.7)%	(1.8)%
Regions Premier Inn outperformance	(100)bps	(120)bps	(60)bps
Total UK			
Premier Inn	(0.4)%	0.1%	(1.5)%
Midscale and economy hotel market ¹	0.2%	1.4%	(0.3)%
Total UK Premier Inn outperformance	(60)bps	(130)bps	(120)bps

¹ STR Global

Premier Inn UK total accommodation sales growth comparison

	YTD Q3 FY20	YTD Q2 FY20	YTD Q1 FY20
London			
Premier Inn	5.0%	5.1%	1.7%
Midscale and economy hotel market ¹	4.7%	5.2%	3.2%
London Premier Inn outperformance	30bps	(10)bps	(150)bps
Regions			
Premier Inn	(2.1)%	(2.2)%	(2.4)%
Midscale and economy hotel market ¹	(1.1)%	(1.2)%	(1.8)%
Regions Premier Inn outperformance	(100)bps	(100)bps	(60)bps
Total UK			
Premier Inn	(0.6)%	(0.6)%	(1.5)%
Midscale and economy hotel market ¹	0.5%	0.6%	(0.3)%
Total UK Premier Inn outperformance	(110)bps	(120)bps	(120)bps

¹ STR Global