

# WHITBREAD

## Trading Statement

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Whitbread PLC  
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Today Whitbread PLC announces that total sales for the continuing group have grown by 12.5% for the first 24 weeks of its financial year (to 18th August 2005). Like-for-like sales rose by 0.6%. Underlying total sales, excluding the Premier Lodge acquisition grew by 4.5%.

#### SECOND QUARTER SALES TRENDS 24 weeks to 18 August 2005

|                         | % change vs prior year |       |
|-------------------------|------------------------|-------|
|                         | Like-for-like sales    | Total |
| sales                   |                        |       |
| Premier Travel Inn      | 8.0                    |       |
| 53.7                    |                        |       |
| Pub restaurants         | (1.0)                  |       |
| 3.2                     |                        |       |
| High street restaurants | (1.7)                  |       |
| 3.9                     |                        |       |
| David Lloyd Leisure     | 0.1                    |       |
| 2.6                     |                        |       |
| Continuing Whitbread    | 0.6                    |       |
| 12.5                    |                        |       |

Alan Parker, Chief Executive, Whitbread PLC, commented: "In a difficult trading environment we continue to grow sales, which is a testament to the underlying strength of our businesses, and the benefit of the Premier Lodge acquisition. Additionally, we have announced today plans to return a further £400 million to shareholders which is some £150 million more than previously indicated and is a clear demonstration of our ongoing commitment to improve returns for our shareholders. We have now announced this year over £900 million of capital restructuring.

Premier Travel Inn's sales growth has been strong and the integration synergies are being achieved. Since the start of the year we have opened more than 500 new bedrooms, bringing the total to over 29000. We anticipate adding more than 1000 rooms between now and the year end.

The new pub restaurants management team continues to make progress. The re-branding of all of our Brewsters outlets to Brewers Fayre is now complete; and across the business changes have been made to menu and service style, as part of the strategy to drive volume. Gross margins are marginally ahead of last year but this is insufficient to offset the uplift we have experienced in operating costs, particularly in energy, business rates and minimum wage.

Outlet growth remains the driving force behind total sales improvement in high street restaurants with Pizza Hut adding seventeen new outlets, TGI Fridays adding two and Costa opening forty nine new stores since the start of the year. Continuing weakness in retail, not helped by the London bombings, has affected like for like sales particularly in Pizza Hut and TGI Fridays. Costa has

maintained creditable like-for-like sales growth.

Sales at David Lloyd Leisure are positive and after the declines in the second half of last year we have seen several months of stable membership in mature clubs. Recent openings, including the latest this year at Kings Hill in Kent, are helping to drive total sales for the brand. Our new club in Barcelona in Spain opened in July with over 3500 members and we will be adding one more club this year at Southend-on-Sea in Essex.

We have announced today the appointment of Mike Tye, currently Managing Director, Premier Travel Inn, as the new Managing Director, David Lloyd Leisure. Mike's strong sales and commercial background make him the ideal leader to take the business forward. Patrick Dempsey, formerly Managing Director of Marriott will succeed Mike Tye as Managing Director, Premier Travel Inn.

Marriott has traded positively with like for like sales growth of 4.0%. The process to dispose of the properties is progressing well.

Whitbread has taken a number of steps to improve returns for shareholders. Earlier this year we announced a disposal programme to realise £1.3 billion of which we committed to return half to shareholders. In May we paid a special dividend of £400 million and over the Summer we have undertaken a review of our capital structure. Based on our current investment plans and on the basis that this disposal programme achieves proceeds of £1.3 billion we plan to increase the remaining amount to be returned to shareholders to £400 million; some £150 million more than previously indicated. Initially the return will be made via an on market share buyback programme, which we aim to commence following the announcement of our half-year results.

Going forward we anticipate growing dividends broadly in line with earnings and maintaining dividend cover around current levels in the medium term.

Over the past 12 months we have significantly changed the shape of the Group. We remain committed to our strategy of growing shareholder value through improved performance of our market leading positions in budget hotels, restaurants and leisure clubs."

Conference call for analysts and investors

Alan Parker and Christopher Rogers will be available for a conference call at 8:30am today. To participate, dial +44 (0) 20 7365 1855.

A recording of the conference call will be available for seven days. To listen, dial +44 (0) 20 7784 1024 and enter the passcode 6577943#. This service will be active approximately one hour after the conference call has finished.

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