WHITBREAD

FY20 Results

May 2020

Contents

Overview

FY20

- Resilient financial performance, in line with expectations
- Improved H2 trading driven by commercial initiatives
- Strong balance sheet

COVID-19

React and Protect

- Decisive response to COVID-19; protecting colleagues, guests and the business
- Minimising cash outflows and enhancing liquidity
- Acting responsibly and with long-term focus; helping the national effort

Restore

- Ready to reopen; 39 hotels open in the UK, 16 hotels reopened in Germany
- Flexibility to adapt, robust hygiene and distancing measures, new flexible rates launched to allow booking with confidence
- Best placed to return to strength

Drive long-term value

- Rights issue to ensure Group is in the strongest position
- Structural growth opportunities are even more compelling
- Operating model is a clear competitive advantage; winning customer proposition
- Targeted investment programme driving attractive returns

FY20 | Resilient financial and strong operational performance

Financial performance in-line with expectations

Revenue +1.1% in a challenging market, H2 improvement	£2,072m
Adjusted PBT (post-IFRS 16)	£358m
Strong discretionary cash conversion	£317m
Return of surplus capital from Costa sale completed	£2.5bn
Cumulative efficiency savings since 2016	£235m[1]
Leverage headroom – lease adjusted net debt to FFO	2.6x

Best-in-class operational performance – customer scores increasing

YouGov BrandIndex scores	1st place ↑
Net promoter score	52.3 ↑
Net loyalty score	73.1 ↑
Room score	49.4 ↑
Sleep quality	45.4 ↑
Staff retention	87%[2] ↑

Business trading well until COVID-19 started to impact at the start of March 2020

Source: Clarabridge Survey data. 1: Includes Costa. 2: Company data, rolling 12 month OTR, YouGov BrandIndex. Scores measured on last day of P12 2019 – last day of P12 2020 on a 12 week moving average

2. React and Protect

Rapid and decisive action

React and protect | Decisive response to COVID-19

Protecting customers and staff

- All F&B sites closed from 21 March 2020
- Closure of majority of hotels w/c 23 March 2020
- Over 27k staff furloughed as at 30 April 2020, topped up to full pay
- All German hotels closed end of March 2020, reopened 11 May 2020
- Brand protection – customers received full cash refunds

Acting responsibly

- 39 hotels open to support NHS staff and key workers in locations near hospitals
- Fleet delivery capacity passed to supermarkets
- 158 tonnes of food (335k meals) donated to food banks
- Supporting our SME suppliers with timely payments. Q2 rent paid in full and on time
- NLW pay rises for hourly paid staff

Rapid response has helped protect the business

React and protect | Preserving cashflows

Financial – minimising cash outflows

- All discretionary P&L spend paused
- Repairs and maintenance capital expenditure reduced to a minimum
- The majority of non-committed development capital expenditure postponed
- Executive pay reductions and pay freeze for all salaried staff
- Final FY20 dividend not declared

Strengthening financial position

- Government support – furlough and business rates
- Secured covenant waivers from lenders and pension scheme for 18 months
- Confirmed as an eligible issuer under the Government's CCFF
- Access to German Government schemes
- Despite actions, material cash outflows expected in H1 FY21

Rapid response has helped protect the business

3. Restore

Position the business for a successful recovery

Restore | Position the business for a successful recovery

Ready to open when Governments advise

Ready to open

- Detailed reopening plans prepared, ensuring we are ready to rapidly reopen in a variety of lockdown release scenarios and a variety of demand scenarios
- Phased reopening as demand returns
- 16 hotels opened in Germany on 11 May 2020; 10 of which have been rapidly refurbished and rebranded as Premier Inn during the lockdown period

Operating safely

- Already operating 39 UK hotels under strict social distancing rules and with enhanced hygiene standards
- Our operating and ownership model ensures these new standards and ways of working can be rigorously enforced across the estate

Flexibility to adapt

- Engage with our customers to understand changing behaviours
- Leverage brand loyalty and emphasise high standards
- Maintain focus on B2B and leisure customers
- Introduce flexibility in booking conditions to reassure customers
- Active management of supply chain

- ✓ Social distancing signage and protocol
- ✓ Health screening and illness response procedures
- ✓ Correct use and regular changing of PPE
- ✓ Enhanced cleaning standards
- ✓ Ongoing risk assessments

Restore | Best placed to return to strength; winning customer proposition

UK's favourite hotel brand

YouGov BrandIndex

Business Travel Awards 2020

Best Budget Hotel Brand 2020

2018 Certificate of Excellence tripadvisor

Business Traveller

Best Budget Hotel Brand 2019

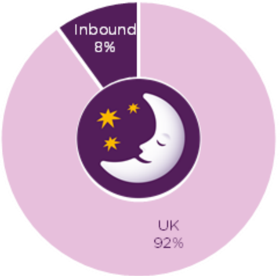
Best in class operations

76% occupancy

821 hotels largest network

97% rooms booked directly

Broad domestic appeal



- Domestic hotels outperform as customers avoid travel abroad
- Premier Inn business to leisure mix is approximately 50:50

Inbound : UK data for the period of 12 months ended September 2019

Budget branded hotels typically perform well in downturns

2008 – 2012 room growth

Economy and midscale outperform upscale	Branded hotels outperform independents
Premier Inn +28%	Premier Inn +28%
Branded budget +28%	Branded +18%
Upscale +10%	Independents -12%

4. Drive long-term value

Compelling growth opportunities

Summary | Proven strategy is highly relevant post COVID-19

React and Protect	Restore	Drive long-term value
Rapid and decisive action	Position the business for a successful recovery	Compelling growth opportunities

1	Grow and innovate in core UK markets	✓ Ownership and operating model is a competitive advantage ✓ Number one brand and winning customer proposition ✓ Growth through existing pipeline and optimisation	Market share gains
2	Focus on our strengths to grow in Germany	✓ Replicate historic PI UK success in Germany ✓ Ambition to be the market leader ✓ Significant headroom to grow – organic and M&A	Growth
3	Build capability to support long-term growth	✓ Freehold value and ongoing efficiency programme ✓ Balance sheet flexibility and ability to invest	Profit recovery at attractive ROCE

Strong fundamentals combined with an appropriate capital structure will provide platform for long-term value growth

Equity raise | Positions business for structural growth opportunities

Proposed £1 billion rights issue

Proven strategy and strong business model to invest in

- Track-record of delivering growth at attractive ROCE and delivering value
- Operating model is a competitive advantage
- Compelling structural opportunities exist

COVID-19 will impact our ability to invest in the long-term and execute our long-term plan

- UK hotels and restaurants assumed to remain closed, or at low levels of occupancy, until September 2020
- Material cash outflows expected in H1

Rebuild our financial strength and flexibility

- Strengthened balance sheet is a competitive advantage
- Ability to invest while competitors are constrained
- Headroom in the event of a resurgence in COVID-19

Value creation

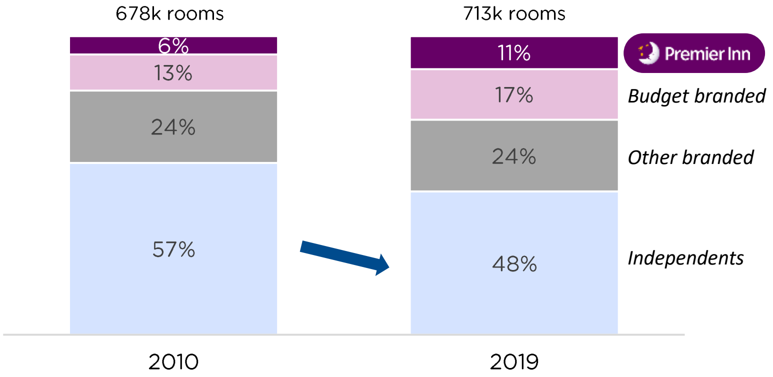
- Accelerate outperformance post COVID-19
- Profit recovery at attractive ROCE
- Growth opportunities in Germany – both organic and acquisitions

Structural opportunities | Accelerate market share gains

UK & German markets are characterised by long-term migration from independents to budget branded hotels

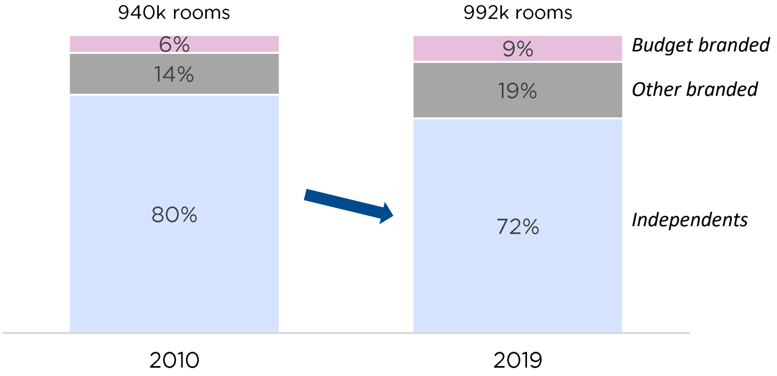
UK market
(Rooms open)

Source: Company data and estimates



German market
(Rooms open)

Source: Company data and estimates

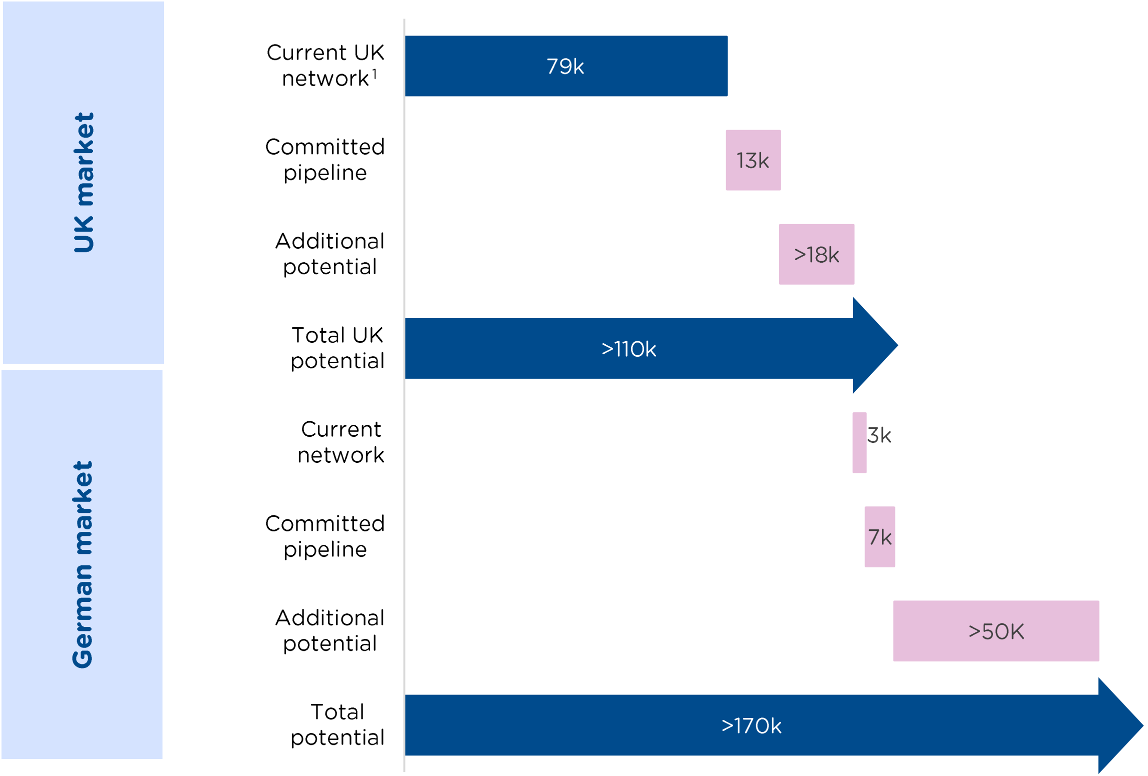


Post COVID-19

- Independents' decline likely to accelerate post COVID-19:
  - Demand weakness
  - Structural cost pressures
- Other branded competitors are also likely to be constrained
- New room supply may contract as operators exit the market rebalancing the supply / demand dynamic
- Impact on supply during the financial crisis (2008-2012):
  - Independents declined by 12%
  - Branded increased by 18%
  - Premier Inn increased by 28%
- Premier Inn's established customer proposition is well-placed to take market share

Structural opportunities | Clear runway for room growth

In the long-term there remains a clear runway of growth in rooms across the UK and Germany



Post COVID-19

- Committed pipeline of leasehold and freehold sites in the UK and Germany
- Ability to deploy capital at a time when others will be constrained
- Opportunity for attractive investment returns
- UK supply primarily delivered through existing committed pipeline combined with estate optimisation
- Growth opportunity in Germany – both organic and acquisitions

1: Includes one site in each of: Jersey, Ireland & the Isle of Man

Germany | A compelling growth opportunity

Attractive market and demographics → High levels of domestic business and leisure travel → 52 hotels now open and committed → Ambition to be the no.1 budget hotel operator

Long-term opportunity to replicate UK success

Site selection	• Focus on major cities, while freehold & leasehold organic pipeline enables superior site access • M&A to supplement organic growth
Market-leading distribution	• All hotel bookings currently 91% direct for our organic hotels • Selective use of OTAs during expansion if required
Great value for money	• Consistently good quality at excellent value • Focus on a great bed, shower, breakfast & wi-fi
Market changes	• Capitalise on post COVID-19 structural changes

- Total invested capital **£352m**
- Further committed capital **£348m**
- Expected mature ROCE **10% - 14%**

£700m already invested in, and committed to, the valuable German market

Germany | Scaling quickly and performing well

6 hotels open at end of FY20; now 16 open

2016

2019

Next 3 years

- Frankfurt
- Hamburg
- Munich North
- Munich City
- Munich Haar
- Nürnberg
- Fully refurbished 10 hotels despite COVID-19 lockdown
- 16 hotels reopened 11 May 2020
- At least 8k rooms open across prime locations

Operational performance ahead of expectations

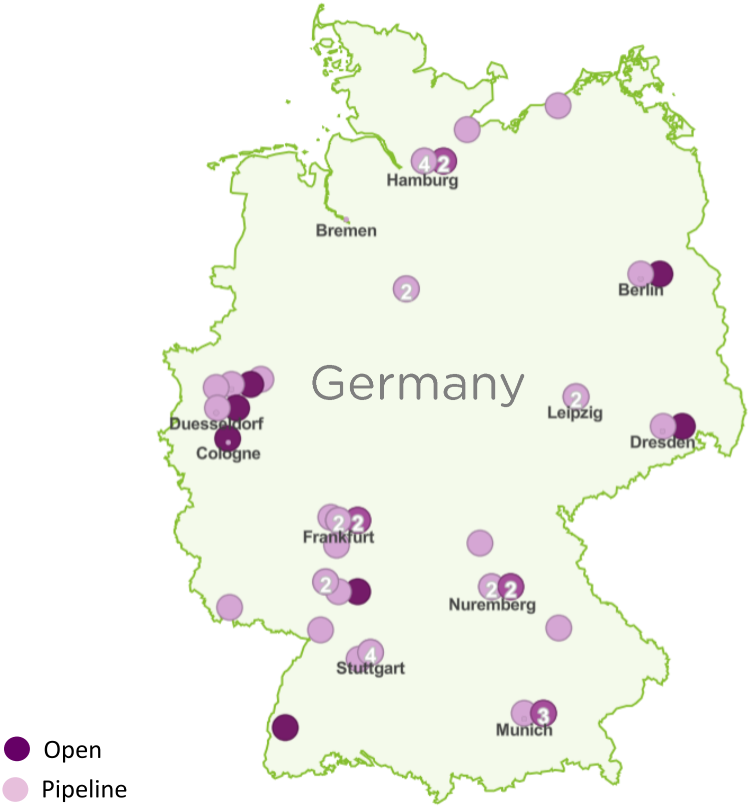
Including:

- Market leading customer satisfaction scores:
    - Frankfurt hotel is currently ranked #2 out of 298 hotels in the city on TripAdvisor - scoring 4.5/5
    - Munich and Hamburg hotels also score highly, also scoring 4.5/5 on TripAdvisor
- High occupancy rates
- Returns developing as expected

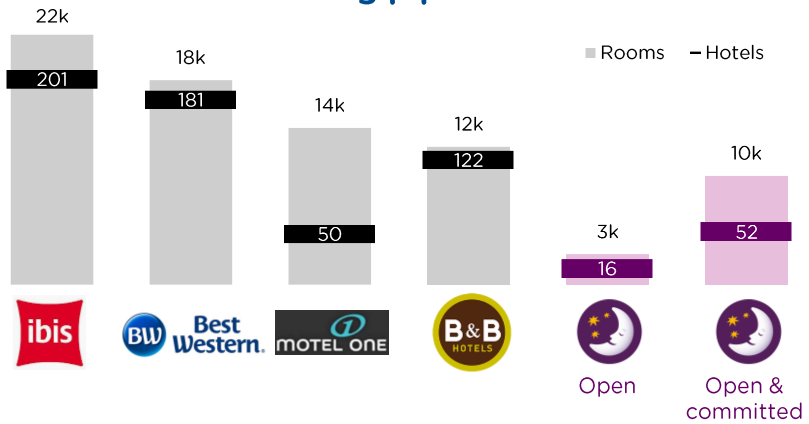
Clear opportunity for rapid growth through committed pipeline

Germany | Ambition to be the no.1 budget hotel operator

Material acceleration in portfolio growth



Strong pipeline



Source: Horwath HTL European Chains & Hotels Report 2019 & Company data inc open and committed rooms

	Organic	Acquired	Total
Open and trading	4 hotels (780 rooms)	12 hotels (1,940 rooms)	16 hotels (2,720 rooms)
Committed pipeline	26 hotels (5,450 rooms)	10 hotels (1,630 rooms)	36 hotels (7,080 rooms)
Total	30 hotels (6,230 rooms)	22 hotels (3,570 rooms)	52 hotels (9,800 rooms)

As at 11th May 2020

Ownership | Better protected and able to respond quickly

Model enables access to profit pools throughout the hotel value chain

Hotel industry value chain

Property development → Property ownership → Brand → Hotel operation → Inventory distribution

Premier Inn's unique, vertically integrated model

Control & fund development
Getting the right hotels in the right location

Balanced freehold / leasehold
Improving estate management

Our own brand
Providing a consistent offering to customers

End-to-end operation
Consistently providing high quality service

97% direct booking
Low-cost customer acquisition & retention

Better profit protection	Rapid response to demand recovery	Ready to invest
Lower rent costs, not subject to high OTA costs, no brand fees	Control of brand and end-to-end operations will support a rapid response to returning demand	Freehold strategy means less reliance on third parties to progress growth strategy

Operating model | Competitive advantages in a changing market

Brand strength

- UK's favourite hotel brand
- Market leading consumer metrics
- First choice for more travelers

Scale advantage

- Largest UK network
- Economies of scale
- Superior network access

Integrated trading

- 97% direct booking
- Low-cost customer acquisition & retention

Operational control

- All hotels operated by us
- High quality experience
- Consistent execution
- Tailored F&B offering

Property flexibility

- Low-cost access to capital
- Access to preferred sites at local level
- Innovation extends reach to more customers

Everyday efficiency

- Efficient operating structures
- Standardised model & rooms
- Ongoing opportunity to drive efficiency further

A winning customer proposition

Operating model | Drives a winning customer proposition

A winning customer proposition

More choice - largest UK network	Value for money	Outstanding product quality	Excellent customer service	Consistent high hygiene standards

UK's favourite hotel brand

Excellent quality and value creates strong brand

YouGov BrandIndex[1]

Metric	Premier Inn		Variance 1st to 2nd
Satisfaction	39.4	1st	17.9
Impression	39.7	1st	10.5
Value	41.5	1st	14.4
Recommend	37.4	1st	19.9
Quality	27.4	2nd*	(5.5)

*First place is held by a four-star competitor

YouGov BrandIndex[2]

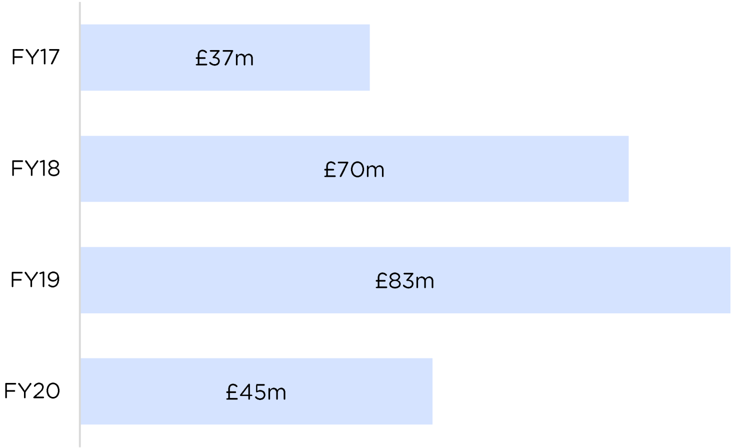
Expect customers to rely more on their most trusted brands

1: Source: YouGov BrandIndex. Scores measured on last day of P12 2019 – last day of P12 2020 on a 12 week moving average
2: YouGov Quality & Value scores as at 29th February 2020 based on a 52-week moving average

Efficiencies | Ongoing focus on efficiency

Proven track record of efficiency savings with £235m[1] delivered FY17-20

Track record of material cost savings



- Efficiency programme will now evolve to respond to COVID-19 situation

Continuing opportunity to drive cost savings

Procurement

- Further development of international sourcing and supply capability
- Supplier contract simplification

Technology

- Technology driven labour scheduling improvements
- Leveraging in-house digital technology to drive commercial improvements
- Long-term technology supplier agreements will mitigate inflationary pressures

Ensuring the business has the appropriate cost structure post COVID-19

1: Includes Costa

A force for good | Extending our ambitions

Force for GOOD
ENABLING PEOPLE TO LIVE AND WORK WELL

Opportunity
A place where everyone can reach their potential

- Full third-party assessment of our business to help improve diversity and inclusion
- Over 4,500 apprenticeships with over 30% of our learners on-track to receive a distinction
- Opened second training facility for young adults with special educational needs at Hereward College

COVID-19
- Staff furloughed on 100% pay
- Mental health support available for all staff, both working and furloughed throughout the crisis

Community
Making meaningful contributions to the communities we serve

- Raised over £17m for Great Ormond Street Hospital
- New openings teams given three hours to volunteer for a community impact projects
- Reduced the calorie, salt and sugar content of meals across all of our brands. Beefeater and Brewers Fayre have achieved c.30% average sugar reduction in desserts

COVID-19
- 39 hotels open to support NHS staff and key workers in locations near hospitals
- Phones, desks and chairs donated to the East of England Ambulance Service to help increase their call centre capacity

Responsibility
Treating people and the planet with respect

- Membership of the Better Cotton Initiative ensures cotton supplies are sustainably sourced
- Science based carbon target (SBT) in place. Reduction of our carbon emissions intensity by 39%, well on-track for our goal of 50% by 2025
- Pledged to eliminate unnecessary single-use plastic by 2025. Plastic straws and uniform wrapping already removed
- We have a target to halve the volume of food waste in our business by 2030

COVID-19
- 158 tonnes of food donated to charity, equating to over 335,000 meals for those in need
- Fleet delivery capacity passed to supermarkets to aid the effort to feed the nation

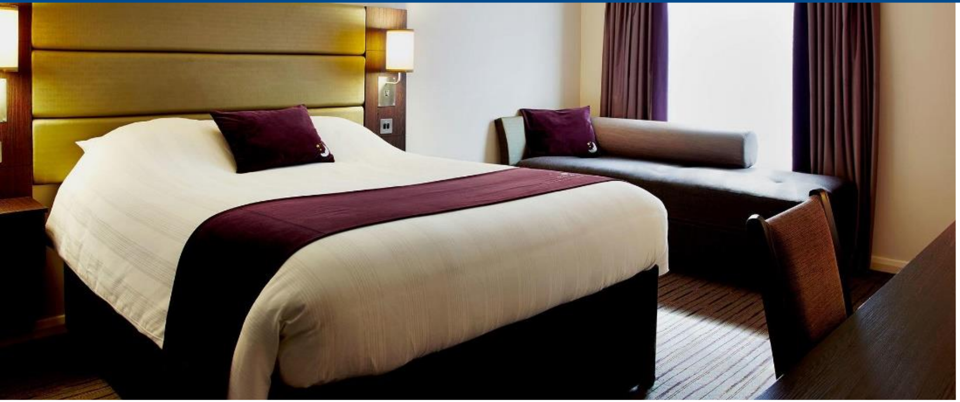
Summary | Proven strategy is highly relevant post COVID-19

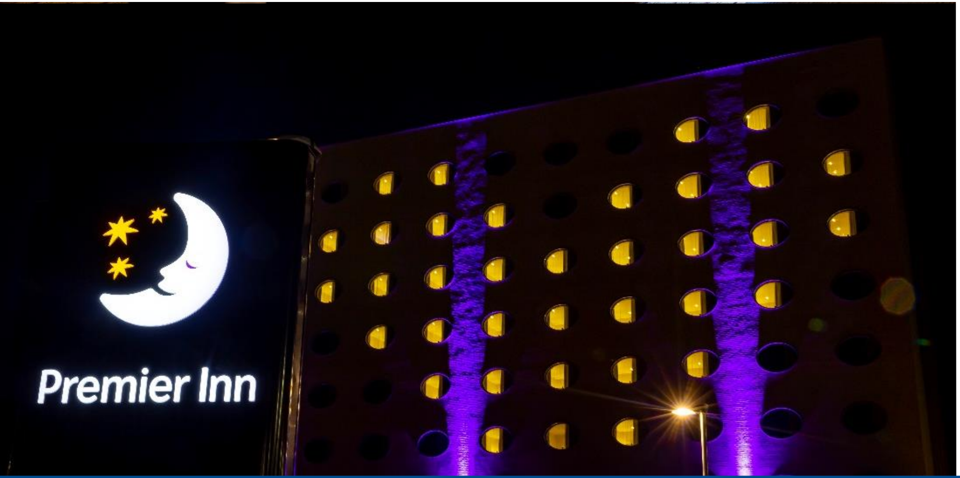
React and Protect	Restore	Drive long-term value
Rapid and decisive action	Position the business for a successful recovery	Compelling growth opportunities

	Strategic priority	Key points	Outcome
1	Grow and innovate in core UK markets	✓ Ownership and operating model is a competitive advantage ✓ Number one brand and winning customer proposition ✓ Growth through existing pipeline and optimisation	Market share gains
2	Focus on our strengths to grow in Germany	✓ Replicate historic PI UK success in Germany ✓ Ambition to be the market leader ✓ Significant headroom to grow – organic and M&A	Growth
3	Build capability to support long-term growth	✓ Freehold value and ongoing efficiency programme ✓ Balance sheet flexibility and ability to invest	Profit recovery at attractive ROCE

Strong fundamentals combined with an appropriate capital structure will provide platform for long-term value growth

FINANCIAL REVIEW | Nicholas Cadbury – CFO





Financial highlights | Resilient financial performance

	FY20	FY19*	Δ
Statutory revenue**	**£2,072m**	**£2,049m**	*1.1%*
Adjusted revenue	**£2,062m**	**£2,047m**	*0.7%*
Adjusted EBITDAR	**£753m**	**£794m**	*(5.2)%*
Adjusted EBITDA *(pre-IFRS 16)*	£567m	£626m	*(9.4)%*
Adjusted PBT *(pre-IFRS 16)*	£389m	£432m	*(9.9)%*
Adjusted PBT	£358m	£390m	*(8.2)%*
Adjusted basic EPS from continuing ops.	193.6p	172.0p	*12.6%*
Statutory profit for the year	£218m	£177m	*23.2%*
Discretionary FCF	**£317m**	**£498m***	
Capital expenditure	£588m	£462m	*£126m*
Total dividend	32.7p	99.7p	
Cash	£503m	£3,403m	
Net (debt) / cash	(£323)m	£2,583m	
Lease adjusted net debt / FFO	2.6x	(0.4)x*	*3.0x*

- Adjusted revenue up 0.7% supported by new capacity additions. Improved performance in H2. Weak regional market conditions impact like-for-like sales and operating leverage
- Adjusted PBT of £358m was 8.2% behind last year, driven by the decline in like-for-like sales, with a decrease in operating margin partly offset by lower finance costs
- Discretionary free cash flow of £317m, representing conversion from EBIT (pre-IFRS 16) of 91%
- Capital expenditure increased by £126m to £588m reflecting an acceleration in growth in Germany, including the Foremost Hotel acquisition
- FY20 full year dividend not declared
- Net debt of £323m reflects the return of £2.5bn cash to shareholders following the disposal of Costa
- Lease adjusted net debt of £1,823m resulting in lease adjusted leverage / FFO of 2.6x versus policy of <3.5x

**All numbers exclude Costa with the exception of discretionary FCF and FFO which includes Costa for FY19. ** Statutory revenue includes TSA income relating to the sale of Costa (FY20 : £9m, FY19 : £2m)*

Operating performance | Revenue ahead in tough market conditions

	FY20	FY19*	Δ
Statutory revenue**	**£2,072m**	**£2,049m**	***1.1%***
Adjusted revenue	**£2,062m**	**£2,047m**	***0.7%***
- Transitional service agreement	£9m	£2m	*n.m.*
- UK[1]	£2,050m	£2,042m	*0.4%*
- Germany	£12m	£5m	*140.8%*
Adjusted EBITDA *(Pre-IFRS 16)*	**£567m**	**£626m**	***(9.4)%***
- UK[1]	£581m	£634m	*(8.4)%*
- Germany	(£12)m	(£7)m	*(70.0%)*
- Middle East	(£1)m	(£1)m	*n.m.*
Adjusted PBT *(pre-IFRS 16)*	**£389m**	**£432m**	***(9.9)%***
Adjusted PBT	**£358m**	**£390m**	***(8.2)%***
UK ROCE	**11.2%**	**13.3%**	***(210)bps***
Other metrics			
UK total accommodation sales growth	(0.1)%	3.5%	*(360)bps*
UK F&B sales growth	1.3%	(0.3)%	*160bps*
UK LFL accommodation sales growth	(2.4)%	(0.6)%	*(180)bps*

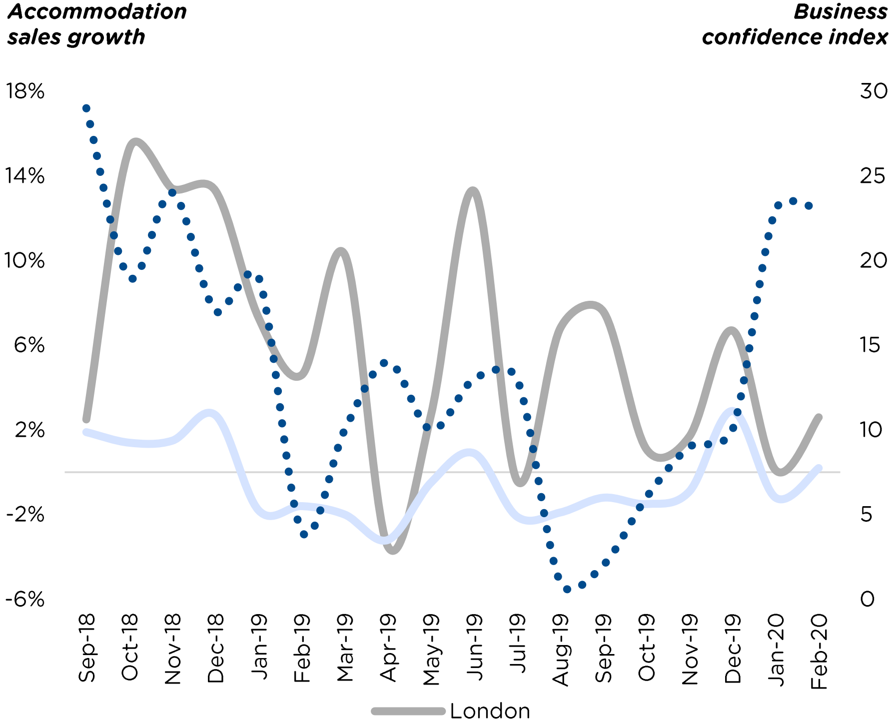
- UK adjusted revenue ahead 0.4% helped by capacity growth
- Weak regional market with total Premier Inn UK accommodation sales at (1.6)%, partially offset by growth in London 5.2%
- New openings in Germany and maturing site in Hamburg driving increase in revenue
- UK return on capital of 11.2%, down 210 bps due to weak market and inflationary cost pressure, partly offset by efficiencies
- Adjusted PBT benefit from lower finance charge due to Costa proceeds

All numbers exclude Costa. Statutory revenue includes TSA income relating to the sale of Costa (FY20 : £9m, FY19 : £2m). 1: UK includes one site in each of: Jersey, Ireland & the Isle of Man*

FY20 trading | Challenging market; PI improved H2 performance

UK Midscale & Economy accommodation sales growth

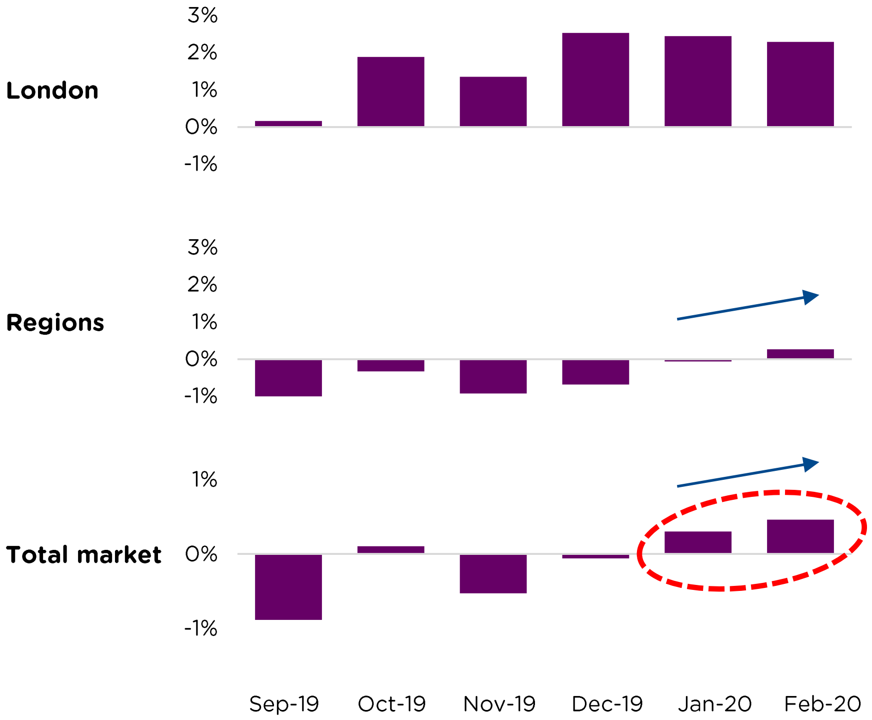
Strong London market, tough regional market



Source: Accommodation sales - STR Global; Business confidence – UK Lloyds Business Barometer

PI vs UK Midscale & Economy variance

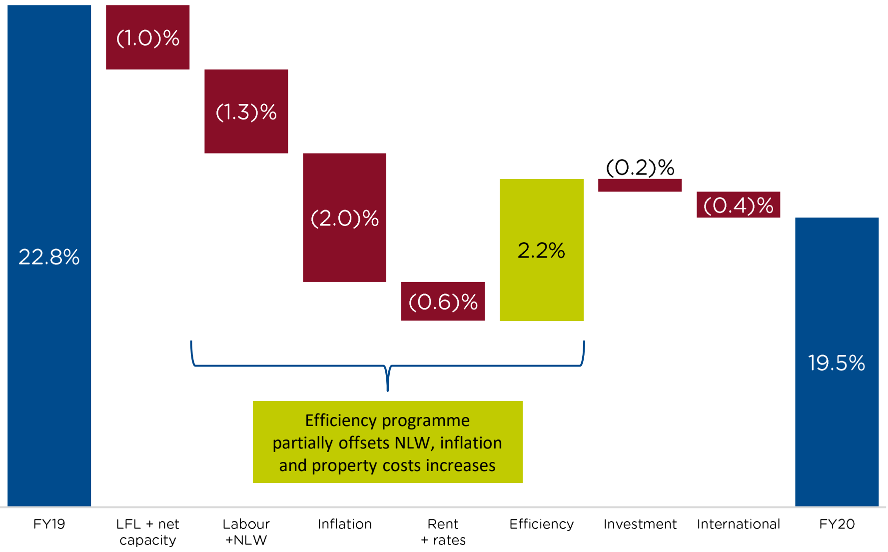
Q4 total accommodation sales market outperformance



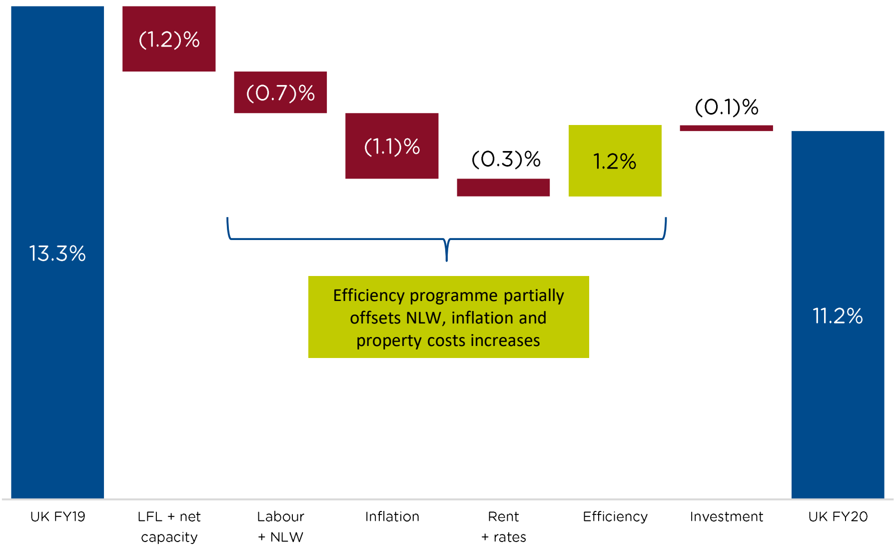
Margins & ROCE | Sustainable economic model

Near-term returns impacted by weak regional demand and sector inflation

Group profit margin



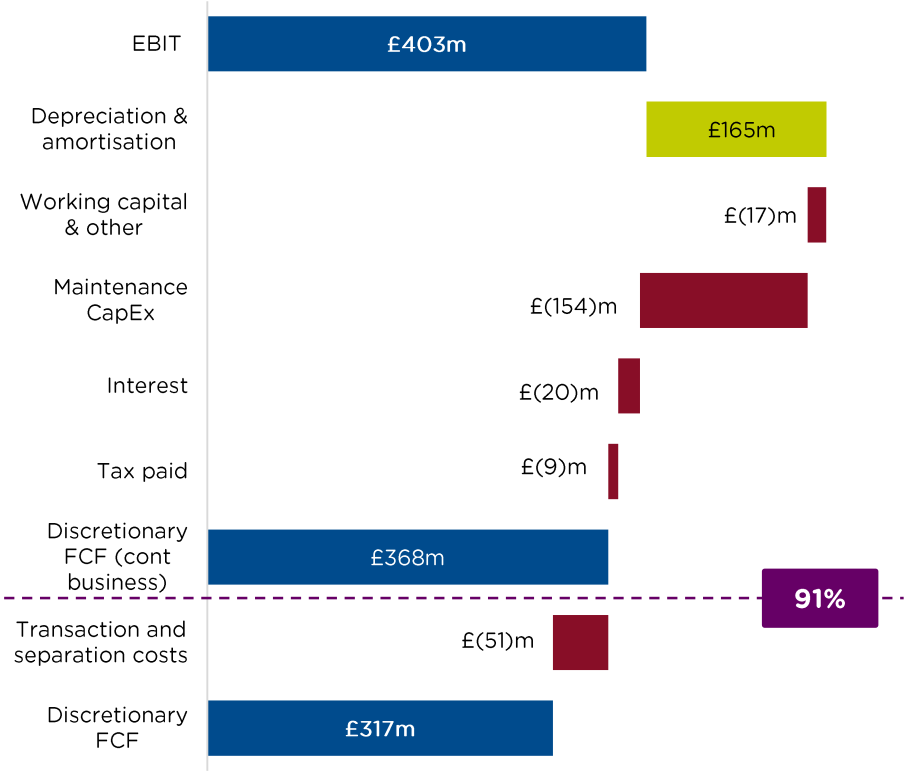
UK ROCE



- Weak regional market, driven by low business confidence, supressed margin and returns
- Efficiency programme partially offset inflationary headwinds
- Material investment in Germany results in Group FY20 ROCE of 9.5%

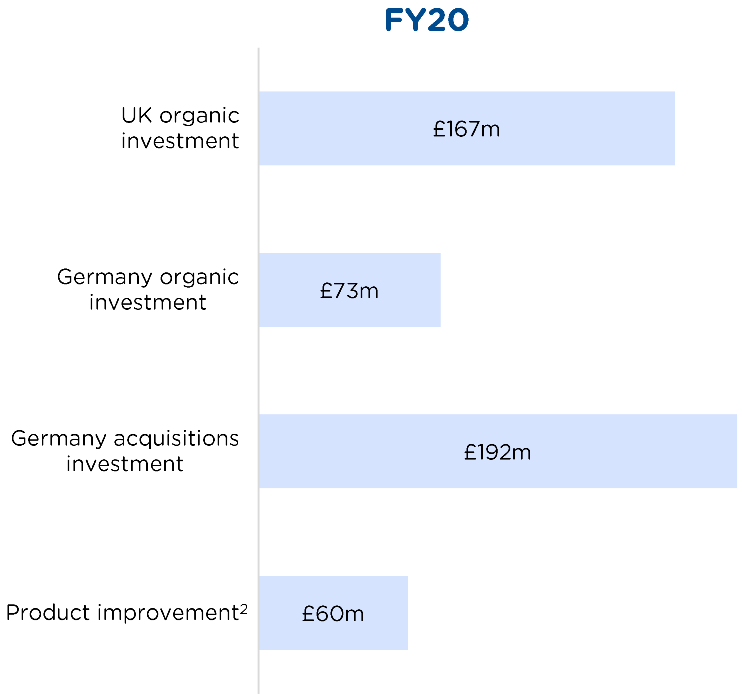
Cash | Business model delivers consistently strong cashflow

FY20 strong cash conversion of 91%[1]



1: Numbers are on a pre-IFRS 16 basis

Enabling investment to drive growth



2: Included in R&M expenditure

Balance sheet | Strong position as we entered FY21

Substantial liquidity with diverse & flexible options

As at 27 Feb 2020 (at hedged rates)	Total facilities[a]	Utilised[a]	Maturity
US private placement notes	(£75)m	(£75)m	2020
US private placement notes	(£25)m	(£25)m	2021
US private placement notes	(£59)m	(£59)m	2022
Revolving credit facility	(£950)m	£0m	2022
Bond	(£450)m	(£450)m	2025
US private placement notes	(£200)m	(£200)m	2027
	(£1,759)m		
CCFF (uncommitted and undrawn)	(£600)m	£0m	2021
	(£2,359)m	**(£809)m**	
Cash & cash equivalents		£503m	
Total facilities/net debt[b]	**(£2,359)m**	**(£306)m**	

- Covenant waivers obtained on Revolving credit facility, US private placement notes, and pension schemes until February 2022

(a) Includes impact of hedging using cross currency swaps and excludes unamortised fees associated with debt instruments
(b) Refer to appendix for definition on (adjusted) debt

Lease adjusted leverage consistent with investment grade metrics

	Amount
Funds from operations	£706m
Adjusted net debt	(£333)m
Lease debt (8x rent)	(£1,490)m
Lease adjusted net debt	**(£1,823)m**
Lease-adjusted net debt : FFO	**2.6x**

Property backed balance sheet

Freehold : Leasehold split

	Open estate[c]	Total estate (open and committed)
UK only	61% : 39%	56% : 44%
Germany only	72% : 28%[d]	26% : 74%
Whitbread	61% : 39%	53% : 47%

(c) As at 27th February 2020
(d) As at 11th May 2020, Germany open estate 29% : 71%

FY21 | Updated guidance to reflect COVID-19

Scenario assumptions on reopening

- UK hotels and restaurants are closed, or operating at low occupancy, until September 2020
- German hotels (16) opened 11 May – very low occupancy
- Slow hotel recovery as restrictions are lifted

Sales and profit sensitivity

- 1% fall in RevPAR and restaurant sales has an adverse impact of £18m on PBT before:
  - 12 months business rates holiday (c.£120m credit)
  - Job retention scheme grant available until the end of October 2020 (c.£70-£85m total credit in H1 FY21)
- Significant reduction in discretionary costs offsetting inflationary pressures
- Dividend payments suspended until COVID-19 situation is clearer

Financial impact

- Operational cash outflow of c.£80m per month in H1 FY21 whilst hotels are closed or with very low occupancy
- In addition in H1 FY21:
  - Furlough benefit of £70m-£85m
  - Working capital outflow of c.£100m
  - Capital expenditure outflow £130m
- Clear possibility that the Group is materially loss-making during FY21. Pressure on FFO leverage

Balance sheet support

- Uncommitted and non essential capital reduced to:
  - Development £180m
  - Refurbishment/R&M £70m
  - Total £250m
- CCFF issuer limit of £600m currently fully available
  - Tenure 12 months from issuance
- RCF bank, USPP waivers granted
  - Current covenants are next tested in February 2022. Waivers granted for:
    - Aug 2020
    - Feb 2021
    - Aug 2021
  - Existing covenants are temporarily replaced with:
    - Maximum net debt (excluding leases) of £2bn
    - Minimum liquidity headroom £400m
    - Suspension of dividend

Strong liquidity, however with revenues materially impacted, post COVID-19 balance sheet could be constrained

Financial objectives | Rights issue to maintain balance sheet strength

Financial Flexibility

- Flexibility to pursue our strategy of organic investment and outperformance
- Maintain optionality on opportunities that arise, as well as our growing mix of leasehold properties
- Maximum flexibility to address upcoming re-financing
- Provide headroom in the event of a COVID-19 resurgence

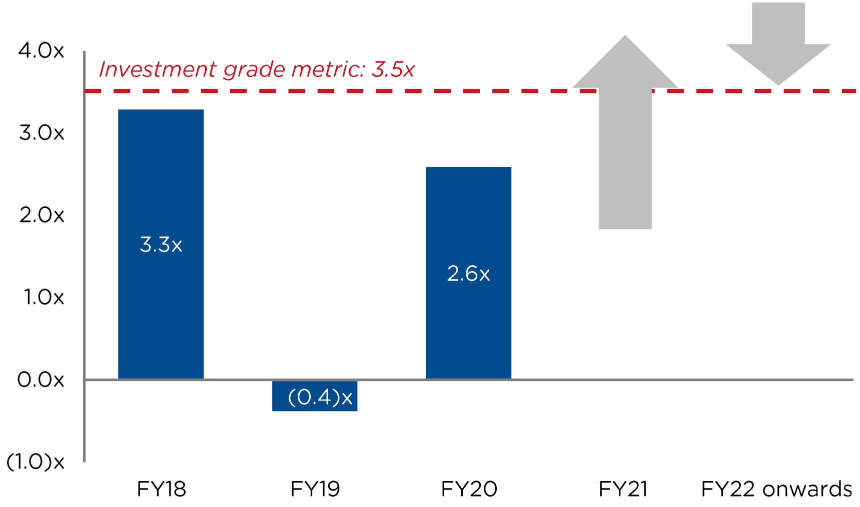
Value Creation

- Financial strength to accelerate outperformance coming out of this period of volatility

Leverage

- Ensure covenant compliance to FY22
- Maintain investment grade metrics
- Absorb cash outflows during FY21 and stay within target leverage of 3.5x lease adj. net debt : FFO as trading normalises

Evolution of lease adjusted net debt : FFO



- Significant cash outflows during FY21 (weighted to H1) means near-term leverage will be elevated
- Attractive ongoing investment, the rights issue proceeds, normalisation of demand and maturing of investments, will see leverage return to historic levels and investment grade over time

Rights issue | Expected timetable

Rights issue summary

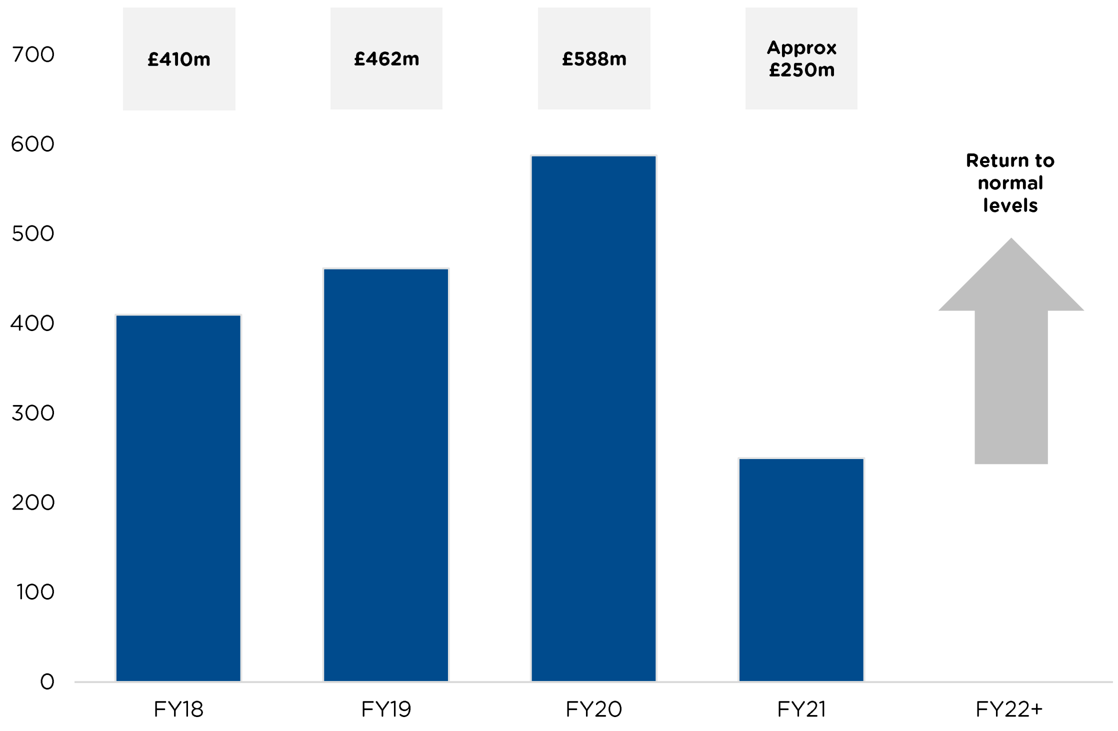
- c. £1 billion of gross proceeds
- Fully pre-emptive rights issue, allowing all shareholders to participate
- Rights are received by investors and available to trade on the exchange from 26 May
- Transaction completes on 10 June

Expected timetable

21-May-20	• Announcement of FY20 results and rights issue terms • Publication of the prospectus
26-May-20 to 9-June-20	• Nil-paids trading period
10-June-20	• Results of the rights issue
12-June-20	• Expected settlement

Financial flexibility | Enabling the investment to deliver our strategy

Capital expenditure



FY22+ capital expenditure

- UK: existing 13k committed pipeline, targeting higher returning locations and larger scale units underpin market share gains
- Germany: existing 7k committed pipeline. Organic investment in freehold and leasehold properties and potential opportunistic acquisition
- Refurbishments, room upgrades, customer product innovation
- Technological improvements to enhance the customer experience
- Continued confidence in generating strong returns on investment

Profit recovery | at attractive ROCE going forward

Capitalise on structural opportunities and competitive advantage

Customer behaviour
- ✓ More domestic tourism/staycations
- × Weaker macro conditions and business confidence
- × Increased working from home

Competitive opportunities
- ✓ Accelerated independent decline
- ✓ Weak branded competition
- ✓ Reduction in new supply

Premier Inn initiatives
- ✓ Operating model is a competitive advantage
- ✓ Segmentation e.g. Premier Plus
- ✓ Site optimisation

+

Sector headwinds mitigated by efficiencies and growth

Inflation
- × Including National Living Wage

Growth
- ✓ Maturing pipeline
- ✓ Inorganic opportunities in Germany

Efficiencies
- ✓ Procurement
- ✓ Supply chain
- ✓ Labour

Long-term attractive and sustainable returns on incremental investment

Summary | Proven strategy is highly relevant post COVID-19

React and Protect	Restore	Drive long-term value
Rapid and decisive action	Position the business for a successful recovery	Compelling growth opportunities

1	**Grow and innovate in core UK markets**	✓ Ownership and operating model is a competitive advantage ✓ Number one brand and winning customer proposition ✓ Growth through existing pipeline and optimisation	**Market share gains**
2	**Focus on our strengths to grow in Germany**	✓ Replicate historic PI UK success in Germany ✓ Ambition to be the market leader ✓ Significant headroom to grow – organic and M&A	**Growth**
3	**Build capability to support long-term growth**	✓ Freehold value and ongoing efficiency programme ✓ Balance sheet flexibility and ability to invest	**Profit recovery at attractive ROCE**

Strong fundamentals combined with an appropriate capital structure will provide platform for long-term value growth

APPENDICES

Whitbread ADR programme – WTDBY

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

Accommodation sales	Premier Inn accommodation revenue excluding non-room income such as food and beverage
Adjusted basic EPS	Adjusted profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares
Adjusted net cash / (debt)	Net cash / (debt) adjusted for cash not readily available
Adjusted profit before tax	Profit before tax before adjusting items
Adjusted revenue	Revenue adjusted to exclude the TSA income
Average room rate (ARR)	Accommodation revenue divided by the number of rooms occupied by guests
Committed pipeline	Sites where we have a legal interest in a property (that may be subject to planning/other conditions) with the intention of opening a hotel in the future
Direct bookings / distribution	Based on stayed bookings in the financial year made direct to the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks
Discretionary free cash flow	Cash generated from operations after payments for interest, tax, payment of principal lease liabilities and maintenance capital expenditure
EBITDA	Adjusted earnings before interest, tax, depreciation and amortisation
EBITDAR	Adjusted earnings before interest, tax, depreciation, amortisation and rent
F&B sales	Food and beverage revenue from all Whitbread owned pub restaurants and integrated hotel restaurants
Funds from operations (FFO)	Net cash flows from operating activities, adding back changes in working capital, property rent & cash interest
Lease-adj. net debt	Adjusted net debt plus lease debt
Lease-adj. net debt : FFO	Ratio of lease-adjusted net debt compared to funds from operations (FFO)
Lease debt	Eight times property rent
Like-for-like sales (LFL)	Period over period change in revenue for outlets open for at least one year
Net cash / (debt)	Total company borrowings after deducting cash and cash equivalents
Occupancy	Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period
Operating margin / margins	Adjusted operating profit expressed as a percentage of total revenue
Operating profit	Profit before interest and tax
Return on capital (ROCE)	Adjusted operating profit (pre-IFRS 16) for the year divided by net assets at the balance sheet date, adding back net debt, right of use assets, lease liabilities, taxation assets/liabilities, the pension surplus/deficit, derivative financial assets/liabilities, other financial liabilities and IFRS16 working capital adjustments
RevPAR	Revenue per available room is also known as 'yield'. This hotel measure is achieved by multiplying the ARR by Occupancy

Appendix II | Supporting IFRS 16 information

Significant changes to statutory financial reporting

- New accounting standard for financial reporting of lease agreements now adopted
- Whitbread's leases fall into two main areas
  - short, low-value leases (mainly cars)
  - long, high value leases (c.350 hotels)

What's changing?

- Recognition of significant lease liability & 'right of use' asset on the balance sheet
- Rental charge in income statement replaced with non-cash depreciation and interest
- Impacts some key performance indicators

What's not changing?

- Revenue, non-rent costs, EBITDAR and cashflow
- Unit economics and cash flow
- Approach to capital allocation
- No detrimental impact on debt metrics and covenant calculations expected

Statutory reporting impact

- Material impact to statutory reporting due to large volume of long-term property leases
- Lease liability and associated "right of use" asset recognised on the balance sheet using discounted cash flows
- Rental charge replaced with depreciation & interest
- Depreciation + interest not equal to cash rent in any year, detrimental impact on early years (further detail in Appendix II)
- **EBITDAR & cash flow not impacted by IFRS 16**
- EBITDAR and cash flow provides a more meaningful & predictable view of continuing operational performance

Appendix II | Supporting IFRS 16 information

FY20 IFRS 16 impact on Balance Sheet

	Pre- IFRS 16	Add lease liabilities*	Add right-of-use-asset*	Post-IFRS 16
Total assets	£5,564m	-	£2,262m	£7,826m
Total liabilities	(£1,533)m	(£2,544)m	-	(£4,077)m
Net assets	**£4,031m**	**(£2,544)m**	**£2,262m**	**£3,749m**

FY20 IFRS 16 impact on Income Statement

	Pre-IFRS 16	Remove rent	Add depreciation & interest	Post-IFRS 16
EBITDAR	**£753m**	**-**	**-**	**£753m**
Rental income	£3m	£2m		£5m
Rent payable	(£188)m	£186m	-	(£2)m
EBITDA	**£567m**	**£188m**	**-**	**£756m**
Depreciation & amortization	(£165)m	-	(£104)m	(£269)m
Adjusted operating profit	**£403m**	**£188m**	**(£104)m**	**£487m**
Net finance costs	(£13)m	-	(£115)m	(£129)m
Adjusted profit before tax	**£389m**	**£188m**	**(£219)m**	**£358m**

FY20 KPI impact

	Pre-IFRS 16	Post-IFRS 16	*Variance*
EBITDAR	£753m	£753m	-
Adjusted operating profit	£403m	£487m	*£84m*
Adjusted profit before tax	£389m	£358m	*(£31)m*
Statutory profit before tax	£311m	£280m	*(£31)m*
Adjusted basic earnings per share	210.5p	193.6p	*(16.9)p*
Statutory basic earnings per share	162.7p	145.9p	*(16.8)p*

Further information specific to the impact of IFRS 16 is available in a supporting supplementary information pack (in Microsoft Excel format) from www.whitbread.co.uk/investors/results-reports-and-presentations.

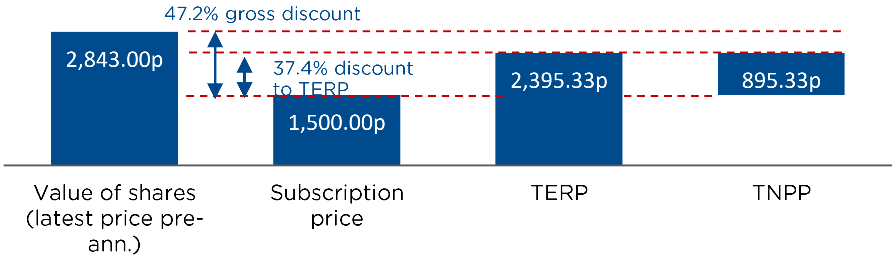
Appendix III | Supplementary information

Further information is available in a supporting supplementary information pack (in Microsoft Excel format) from www.whitbread.co.uk/investors/results-reports-and-presentations. This information includes:

A.	Hotel estate
B.	Sales, profit & return on capital
C.	IFRS 16 adjustments
D.	Adjusting items

Rights issue summary

Proposed gross proceeds	£1,009.2m
Rights issue terms	1 for 2
Latest closing price (as at close on 20 May)	2,843.00p
Subscription price	1,500.00p
1 Current share @ 1,500.00p	1,500.00p
2 Current shares @ 2,843.00p	5,686.00p
3 Total shares	7,186.00p
Theoretical ex right price (TERP)	2,395.33p
Theoretical nil paid price (TNPP)	895.33p
Discount to TERP	37.4%
Discount to last closing price	47.2%



Appendix V | Cautionary statement

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