WHITBREAD

Interim results 2016/17

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Richard Baker

Chairman

Alison Brittain

Chief Executive

Agenda

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1. Introduction
2. Financials
3. Strategic update
4. Summary & Capital Market Day

Delivering long term shareholder value

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Structural growth opportunity

Market leading brands and loyal customers

Continued disciplined capital management

Grow and innovate in core UK

Focus on our strengths to grow internationally

Build capability to support long term growth

2020 growth

Premier Inn c.85,000 rooms

COSTA c.£2.5bn system sales

Long term growth in earnings and dividends combined with strong return on capital

Group highlights – a good first half

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Total revenue	Like for like sales	Profit before tax*	Earnings per share*	Half year dividend	Return on capital	Leverage
+8.1%	+1.9%	+5.4%	+5.2%	+4.9%	15.1%	3.3x
£1.56bn		£307.0m	133.88p	29.90p		

* Underlying profit before tax for 26 weeks to 1 September 2016

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Nicholas Cadbury

Group Finance Director

Underlying profit before tax up 5.4%

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£m	H1 2015/16	H1 2016/17	Change
Revenue	**1,439.8**	**1,555.9**	**8.1%**
Profit from operations	316.7	336.1	6.1%
Central costs	(15.1)	(16.4)	(8.6)%
Underlying operating profit	301.6	319.7	6.0%
Net finance cost	(10.3)	(12.7)	(23.3)%
Underlying profit before tax	**291.3**	**307.0**	**5.4%**
Basic underlying earnings per share	**127.30p**	**133.88p**	**5.2%**

Good revenue growth

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Revenue (£m)	H1 2016/17	Growth	UK like for like
Premier Inn	699.0	8.9%	2.4%
Restaurants	289.1	1.5%	0.3%
Total Premier Inn and Restaurants	**988.1**	**6.6%**	**1.8%**
Costa - UK	500.2	10.3%	2.3%
Costa - International	69.5	13.7%*	
Total Costa	**569.7**	**10.7%**	
Inter-segment	(1.9)		
Group	**1,555.9**	**8.1%**	**1.9%**

* Costa International sales at constant currency 8.2%

Premier Inn – driving good total sales growth

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%	Regions	London	Total
Underlying revpar (like for like)	c.2.8	c.-3.6	c.1.4
Revpar (like for like) dilution from extensions	c.-1.7	c.-0.7	c.-1.6
Reported revpar (like for like)	1.1	-4.3	-0.2
Impact from extensions	3.2	1.1	2.9
Food & Beverage*	-0.5	0.2	-0.3
Total like for like sales	3.8	-3.0	2.4
Contribution from new hotels	5.9	7.7	6.3
Total UK sales	**9.7**	**4.7**	**8.7**

- 'Midscale and economy' and total market revpar +1.7%

* Includes other revenue of 0.1%

Operating profit

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Profit (£m)	H1 2015/16	H1 2016/17	Change
Premier Inn and Restaurants - UK, Ireland and Germany	252.4	274.7	8.8%
Premier Inn International	(3.0)	(3.2)	(6.7)%
Total Premier Inn and Restaurants	249.4	271.5	8.9%
Costa - UK	65.7	63.4	(3.5)%
Costa - International	1.6	1.2	(25.0)%
Total Costa	67.3	64.6	(4.0)%
Profit from operations	316.7	336.1	6.1%

Margin progression – Premier Inn and Restaurants

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%

- H1 benefitted from
  - The cost programme which began in second half of last year
  - Phasing of this year's investments weighted to H2

Margin progression – Costa

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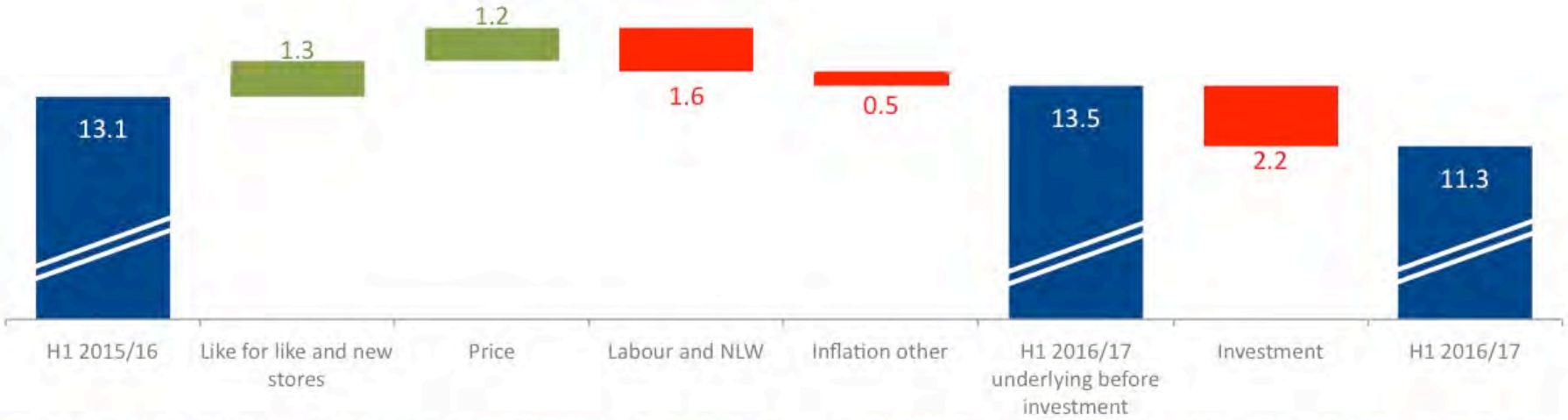
%



- Previously indicated margin dilution 1.3% pts
  - Strong margin performance in H1 last year
  - Increase in NLW cost
  - Early phasing of investment – refurbishment and IT
- Additional margin dilution 0.5% pts from
  - One-off implementation cost of new labour management tool
  - Additional investment in brand marketing and store maintenance

Profit after tax and exceptionals

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£m	H1 2015/16	H1 2016/17	Change
Underlying profit before tax	291.3	307.0	5.4%
Pension finance cost - IAS 19	(9.1)	(5.0)	45.1%
Amortisation of acquired intangible	(2.1)	(1.2)	42.9%
Profit before tax, pre exceptionals	280.1	300.8	7.4%
Taxation* ETR 21.2% (FY 2015/16: 21.3%; HY 2015/16: 21.1%)	(59.3)	(63.9)	(7.8)%
Net profit, pre exceptionals	220.8	236.9	7.3%
Exceptionals	(24.5)	(36.2)	
Profit for H1	**196.3**	**200.7**	**2.2%**

- Exceptional items include provisions for exit of Premier Inn in South East Asia, closure of Taybarns restaurant brand and the profit on sale and leaseback

* Underlying taxation and tax on non underlying adjustments

Strong funds from operations support capital investment

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£m	H1 2015/16	H1 2016/17
EBITDA*	**388**	**422**
Working capital and share based payments	(14)	9
Cash generated from operations	**374**	**431**
Product improvement and maintenance capital	(86)	(117)
Operating cash flow after maintenance capital	**288**	**314**
Interest, taxation and other	(50)	(69)
Pension	(71)	(44)
Dividend	(103)	(113)
Cash flow before expansionary capital	**64**	**88**
Expansionary capital†	(207)	(212)
Proceeds from Sale and Leaseback		46
Cash flow	**(143)**	**(78)**

* Excluding JV and Associate income † Including business combinations

A strong balance sheet

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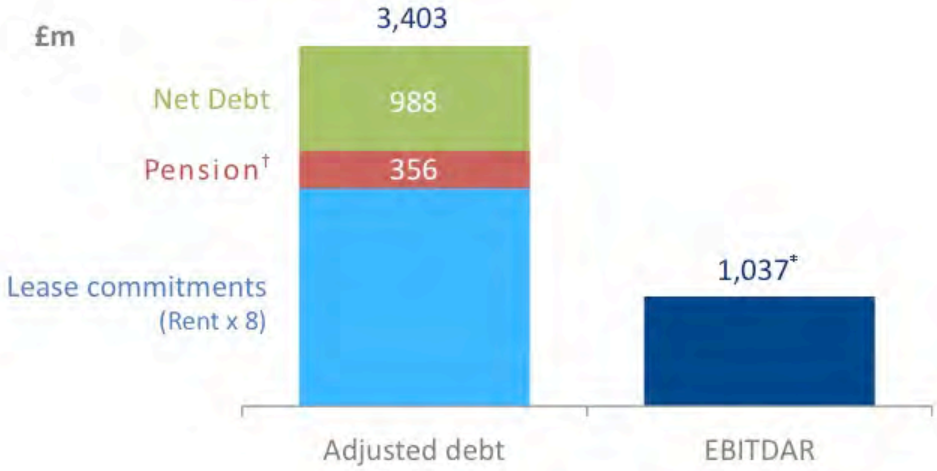

Maintained leverage ratios	H1 2016/17*
Adjusted net debt: EBITDAR	3.3x
Net debt: EBITDA	1.3x
Net debt	**£988m**
Total debt funding facilities	**£1,700m**

- Good headroom on leverage metrics and funding facilities
- Freehold property assets – 63% of Premier Inn estate
  - Reduce profit and leverage volatility
  - Provide a flexible source of funds

* £m moving annual total basis, pension and lease adjusted † Pension net of tax

Capital expenditure driving future growth

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Cash capital (£m)	H1
Premier Inn and Restaurants	**269**
Expansion capital - growing pipeline and room openings	177
• Acquisition of UK freehold properties - £24m • Freehold and leasehold construction and extension rooms - £124m • Germany and Premier Inn International - £29m	
Product improvement and maintenance capital	62
• Refurbishment/Product and maintenance - £47m • IT/Systems - £15m	
Timing of cash payments	30
Costa	**60**
Expansion capital	35
Product improvement and maintenance capital	18
Roastery	7
Whitbread Cash Capex (excl. Sale and Leaseback)	**329**
Proceeds from Sale and Leaseback	(46)
Whitbread Cash Capex (incl. Sale and Leaseback)	**283**

Delivering good returns

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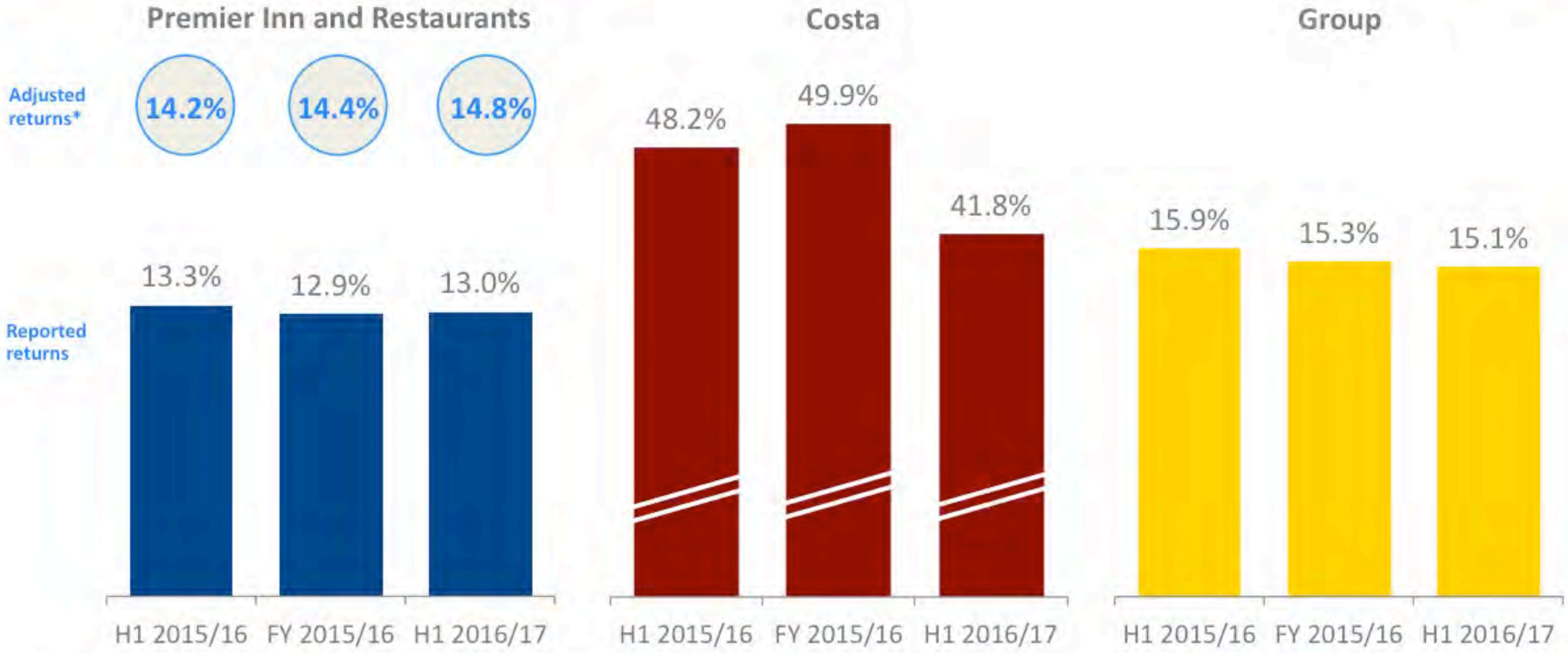

* Adjusted returns amended to exclude the investment in future openings of >£400m in UK and Germany, calculated as an average across 13 periods

Returns are calculated by dividing the MAT underlying PBIT for the period by net assets at the balance sheet date, adding back debt, taxation liabilities and the pension deficit

Interest, taxation and pension

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- Underlying interest charge of £12.7m (2015/16 £10.3m)

£m	H1 2015/16	H1 2016/17
Interest on borrowings	(14.3)	(18.2)
Interest capitalised	4.0	5.5
Underlying net finance costs	**(10.3)**	**(12.7)**
Effective interest rate	4.8%	3.7%

- Effective tax rate in H1 of 21.2% and c.21% for FY 2016/17
- Pension gross deficit of £403.5m in H1 (£288.1m as at 3 March 2016)
  - Cash contributions of £43.7m, full year c. £90m
  - Corporate bonds discount rates reduced from 3.7% to 2.2%

Financial considerations for the second half

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Premier Inn and Restaurants

- Revpar (like for like) dilution from extensions
  H1 c.(1.6)%; FY c.(1.8)%
- Impact on like for like sales from extensions
  H1 c.2.9% ; FY c.3.0%
- Contribution to total sales from new hotels
  H1 c.6.3% ; FY c.6.0%
- Margins in H1 benefitted from cost savings plan started in H2 last year
- Over half of the £9m incremental P&L investment occurs in H2 this year
- c.3,700 total room openings this year

Costa

- Like for like sales growth assumption of 2-3%
- 230-250 new stores for the full year, with three quarters in the UK
- c.1,250 new express machines for the full year
- Margins in H2 similar to H2 last year
  - Annualising NLW increase in October last year
  - Phasing of investments

Financial considerations for the second half

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- Full year capital spend of £650m-£700m
- Good progress on sale and leaseback transactions
  - £100-£150m proceeds expected in year
  - Kings Cross hotel sold in June for £84m at c.4% yield, £46m proceeds received in June
- Depreciation and rent are in line with previous guidance

	Depreciation	Rent
Premier Inn and Restaurants	£135m	£140m
Costa	£65m	£120m

- As stated in April 2016 Premier Inn and Costa benefitted from an £11.0m and £3.4m profit respectively as a result of the 53rd week trading last year

Current trading and outlook

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- Current trading in the early weeks of H2
  - Premier Inn's trading momentum has been similar to the first half
  - Costa continues to make good progress
- Despite the economic uncertainty, at this early stage in the second half we expect to deliver in line with expectations

Alison Brittain

Chief Executive

Strategy to deliver long-term shareholder value

1. Grow and innovate in our core UK businesses

Premier Inn

2. Focus on our strengths to grow internationally

3. Build capability and infrastructure to support long term growth

Grow and innovate in the UK

Premier Inn and Restaurants

- Total sales* up +6.6%, profit before interest and tax up +8.9% to £271.5m
- Rooms available +9.3%
- Room openings - 1,171 H1; c.3,700 FY
- Extensions working well, delivering good returns
- Occupancy 82.6%, Premier Inn like for like sales up 2.4%
- Committed pipeline c.14,000 rooms – delivering good returns

* Includes Premier Inn International and Germany

London – high occupancy with rooms available up 12.1%

- 9 new hotels opened in last 12 months
- Strong demand with occupancy high at 86.8%
- New hotels performing well
  - Central London maturity < 1 year
- 11,500 rooms open, pipeline c.6,000
  - 2020 expected c.18,000 to 20,000 rooms

hub – new hotels performing well

- 5 hub hotels now open (722 rooms)
  - London: Covent Garden, Brick Lane, Tower Bridge. Westminster (opened 24 October)
  - London ARR £86, occupancy 84%
  - Edinburgh: Royal Mile ARR £62, occupancy 78%
- TripAdvisor score* 4.5 across all sites
  - 89% excellent or very good experience
- 2,133 room pipeline; 11 hotels
  - London: 1,837
  - Edinburgh: 296
- Attractive economics
  - Expected returns of c.13% at maturity

* As at 30 September 2016

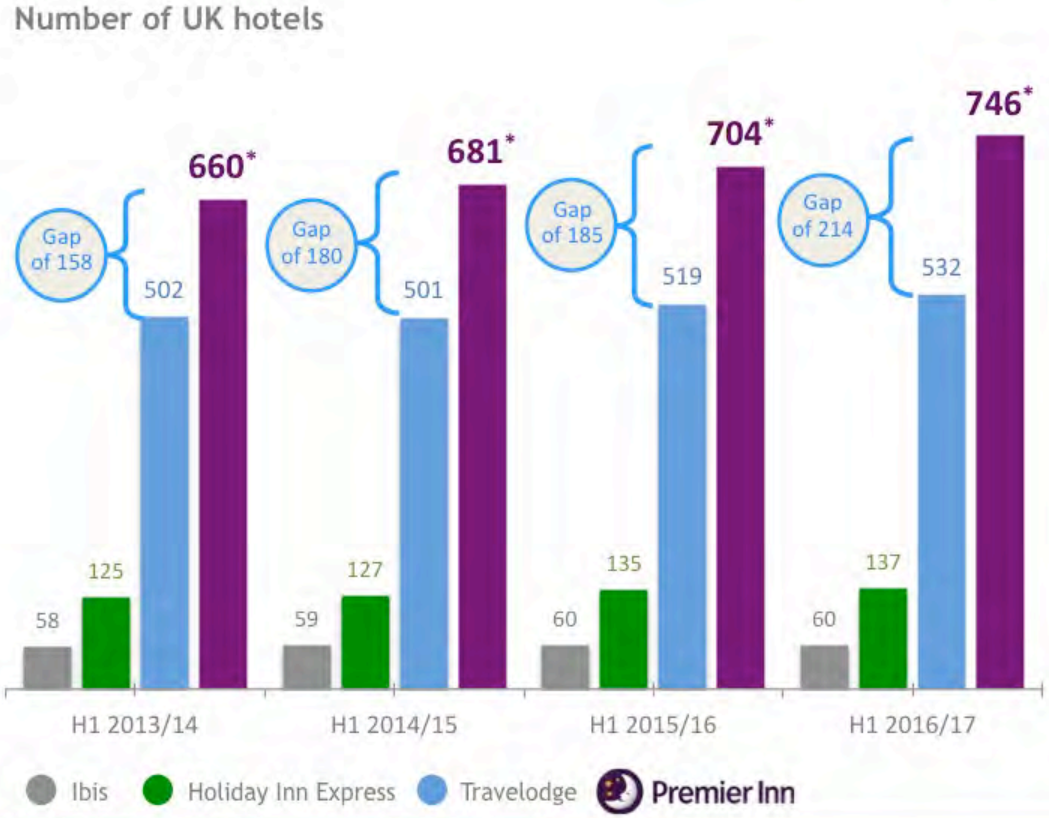
Regions – good sales growth of 9.7%

Premier Inn

- 33 new hotels opened in the last 12 months
- New hotels performing well – maturity 3-4 years and profitable in the first year
- Hotels not extended grew revpar by c.3%
- Extensions driving incremental like for like sales and good returns
- Pipeline – c.8,000 rooms of which c.20% extensions

Offering customers a greater choice of locations

Premier Inn



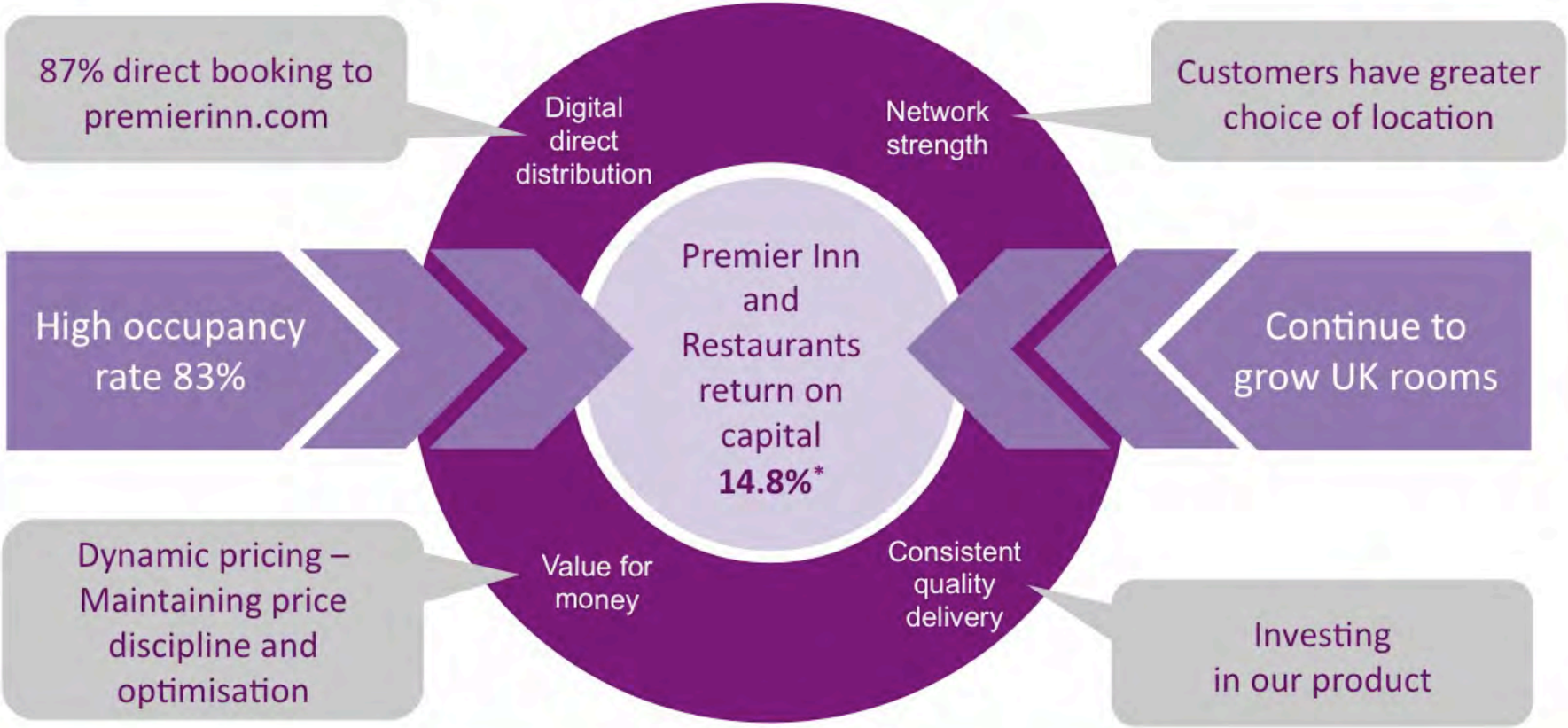
H1 2013/14 to H1 2016/17:

Winning market share

- Total sales growth of c.40%
  - Premier Inn +86 hotels
  - Competitors +44 hotels
- Rooms available increase c.25%
- Occupancy growth of 2.3% pts to 82.6%
- Returns† growth up 0.2% pts to 13.0%

*UK and Ireland † Total Premier Inn and Restaurants

Premier Inn – drivers of success



* Adjusted returns amended for the investment in future openings to UK and Germany, calculated as an average across 13 periods

Continuing to invest to maintain leading position

Premier Inn

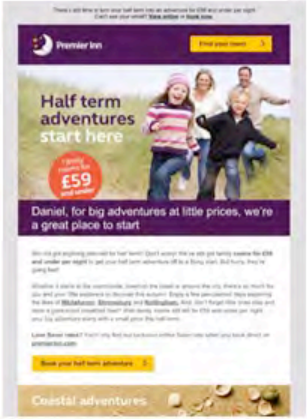
TV

Radio

Social

Programmatic

eCRM



Premier Inn

Premier you

Book direct at premierinn.com

Good progress in rebranding and rejuvenating our restaurants

- Joint site restaurants increase Premier Inn revpar and returns
- Good progress rejuvenating our brands in H1
  - 113 Beefeaters under the new "Orange Cow" brand proposition
  - 7 Taybarns converted to Brewers Fayre H2
  - Bar + Block – good guest feedback, 2 more sites in H2
- Investment in team and tools
  - New labour scheduling tool in all sites
  - Improved on-line booking capability in all sites

1. Grow and innovate in our core UK businesses

2. Focus on our strengths to grow internationally

3. Build capability and infrastructure to support long term growth

COSTA

Another good sales performance

- System sales up 11.9% to £845.1m
  - UK sales up 9.5% to £655.6m
  - International sales up 12.1%* to £189.5m
- UK equity like for like sales up 2.3%
- New roastery opening 2017
  - To underpin growth for next 20 years
- New Costa Express machines 754 H1; c.1,250 FY
- 124 net new stores H1; 230-250 FY

* At constant FX system sales, reported grew 20.8%

We are building our innovation pipeline in food and beverage

COSTA

Demonstrating our coffee leadership with new hero beverage products

- H1: Single origin blend, trialled cold brew, pour over and loose leaf tea
- H2: Lindt hot chocolate partnership in place for Christmas

Creating a food range to complement our handcrafted coffee

- H1: created 'it's all good' range – offering customers real choice, trialled fresher food range in 13 stores
- H2: extending it's all good trial, launching heat to eat category, trialling bake off in store

We have four tailored formats in development

COSTA

Rollout

Faster coffee

- H1: Opened 7 Pronto stores including test of larger mainline rail concept
- H2: Ongoing roll out in key travel locations including London Bridge Station and Westminster

Drive Thru

- UK portfolio now at over 40 stores
- Targeting further 5+ openings in H2

Innovation

Relaxed coffee

- H1: launched finer coffee concept at Shelton Street
- H2: opened full concept store in Wandsworth – finer coffee, upgraded interiors, evening offer

Coffee with food

- H1: Tested new food-led offer with improved store layout
- H2: Two concept iteration stores to open – White City and Milton Keynes

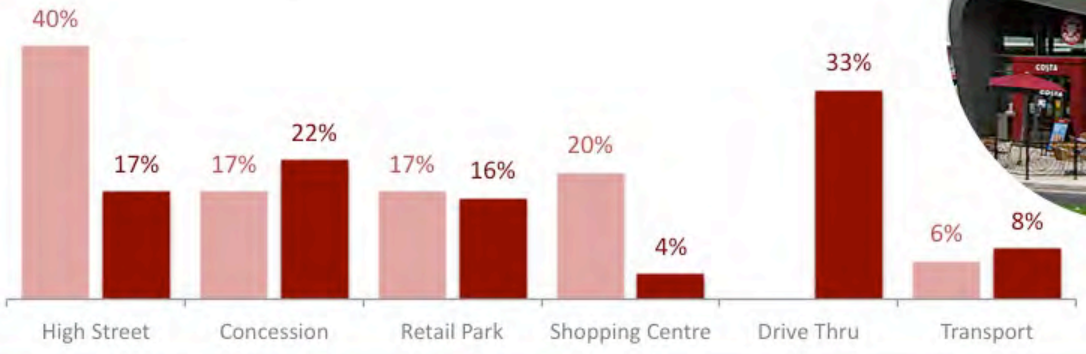
Innovation in the next generation of Costa Coffee shop

- Launched second finer coffee store in Wandsworth in October 2016
- New finer coffee range
  - Single origin blend
  - Cold brew
- Extended food range
- New store design concept
- Longer opening hours
  - Evening hours
  - Small platters
  - Beer and wine

Channel development – driving new growth opportunities

- Our network plan shows plenty of white space in the UK
- Future growth opportunities showing strong performance
  - Drive Thru, Travel, Retail Parks – strong fundamentals
- Strong UK store return on Capital >40%

New store openings by channel*



*UK equity stores only

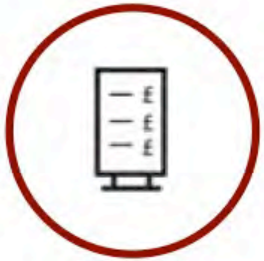
2010/11 2016/17

Continuing to invest to maintain leading position

COSTA

Brand adverts using our Baristas

Showcasing our brand truths



POS, menu board and wall art package

Flat White giveaway, Masterclass

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1. Grow and innovate in our core UK businesses
2. Focus on our strengths to grow internationally
3. Build capability and infrastructure to support long term growth

Premier Inn

Premier Inn International

Withdrawing from India and South East Asia

- Expected completion 2018

- Maintaining presence in Middle East

- Expanding in Germany
  - Committed pipeline of 3 hotels opening in 2018/19: Munich, Leipzig and Hamburg
  - First hotel in Frankfurt opened February 2016

Early indicators of success in Frankfurt

Guest feedback

Achieves consistently high customer scores on TripAdvisor

70 Reviews

"The amount paid for what you get is unbelievable"

"Incredible Premier Inn"

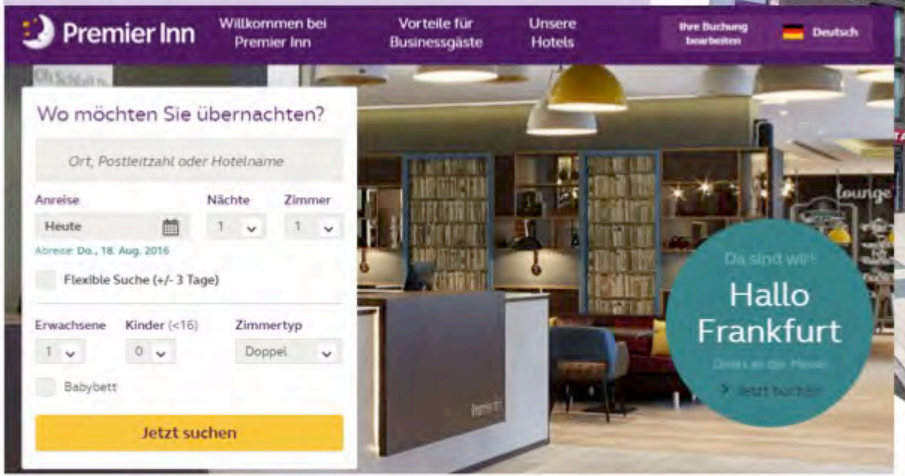
"Absolutely the best place to stay in Frankfurt"

Booking direct

Encouraging guests to book direct

68% of bookings are direct to online to the hotel, of which:

- 27% through premierinn.de
- 41% through premierinn.com



1. Grow and innovate in our core UK businesses
2. Focus on our strengths to grow internationally
3. Build capability and infrastructure to support long term growth

COSTA

EMEI – investing to grow the brand

- Poland – good performance
  - High single digit like for like sales growth
  - On track to reach profitability in 2017
  - 228 Costa Express machines performing well
- Franchise – strong growth
  - Profitable and growing
  - 718 stores in 24 countries
  - New formats and channels

China and Asia – a great long-term opportunity

COSTA

- Trading in a tough market
- Focusing growth on core cities
  - Closing loss-making stores
- Enhancing brand presence
  - New store formats
  - Finer coffee and improved food
  - Greater digital capability
- Singapore – 9 equity stores developing a localised offer
- 40-50 net new store openings this year in Asia

Costa Express – continuing success

COSTA

- 6,000th Costa Express machine installed in September
- 155 new international machines (c.120 Canada)
- Launch of trials in Germany and the Netherlands
  - 647 machines in 9 international countries
- c.1,250 new machines in 2016/17
  - 754 added in H1

1. Grow and innovate in our core UK businesses
2. Focus on our strengths to grow internationally
3. Build capability and infrastructure to support long term growth

WHITBREAD

Invest to build Whitbread's capability and infrastructure

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Winning teams

- Executive level restructure to support the business strategy
  - More effective Premier Inn and Restaurants management layers
  - Property represented on Executive Committee
  - New Group Transformation role

Upgrading systems

- Consolidating infrastructure and network suppliers
- Upgrading finance systems and development with rollout from 2017/18
- Replacement tills ready to commence rollout
- Labour management tools live in Costa and Restaurants, efficient scheduling and giving better communication with team members

Sustaining margins over time

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Cost inflation from

- NLW plus wage inflation
- F&B
- Coffee FX and commodity prices
- Property
  - Business rates
  - Rent
- Depreciation
  - Refurbishment
  - IT

Mitigating actions

- Organic growth
  (economies of scale and overhead efficiency)
- Efficiency programmes
  - Investment in systems and technology
  - Supply chain efficiency
  - Property optimisation
  - Procurement savings
  - Investment in training and productivity
  - Team productivity initiatives

Maintaining value for money whilst optimising price

Sustaining margins over time

Driving our digital capability

- Insourced digital capability to improve agility and retain intellectual property
- Improved Premier Inn web traffic (+13%* and up 5.1% year on year)
- Improved Premier Inn web conversion (up 10%)*
- Launch new mobile application
- Improved online booking capability in all restaurants sites

* Since October 2014

Dynamic pricing

- Automated Trading Engine rolled out in June 2016
- Developed based on unique IP
- Improving pricing proposition by eradicating pricing failures e.g. price surges
- Growing occupancy in new hotels quickly
- Full benefit expected 12-18 months
- Forecasting ability improves labour scheduling

Driving our digital capabilities

COSTA

Costa Coffee Club

- 5.1m active members*
- Now over 400,000 active App members (past 12 months)

COSTA COFFEE CLUB

Mobile payment

- Costa were launch partners for Android Pay (May) and Apple Pay (June)
- Continued focus on Mobile Payment options moving forward

pay

Pay

New mobile services

- Trial Costa Collect October 2016 in 10 stores
- Rollout in 2017

COSTA COLLECT ··· available at this store

* Transacted at least once over the last 12 months

Half year highlights

good together

Teams and community

£7m raised for GOSH for Premier Inn Clinical Building

£11m raised for Costa Foundation

1,500 have completed the apprenticeships course and a further **823** are working towards it

Customer well being

Costa target to **reduce added sugar** in drinks by 25% by 2020

Commitment to be **100% cage free** on all whole shell eggs by 2020

Energy and environment

Winner of the prestigious Asda Environmental Leadership Award at the **BITC Responsible Business Awards**

Participation in **Dow Jones Sustainability Index** – scoring best in class in Governance, Philanthropy & Eco-efficiency

Delivering long term shareholder value

WHITBREAD

Structural growth opportunity

Market leading brands and loyal customers

Continued disciplined capital management

Grow and innovate in core UK

Focus on our strengths to grow internationally

Build capability to support long term growth

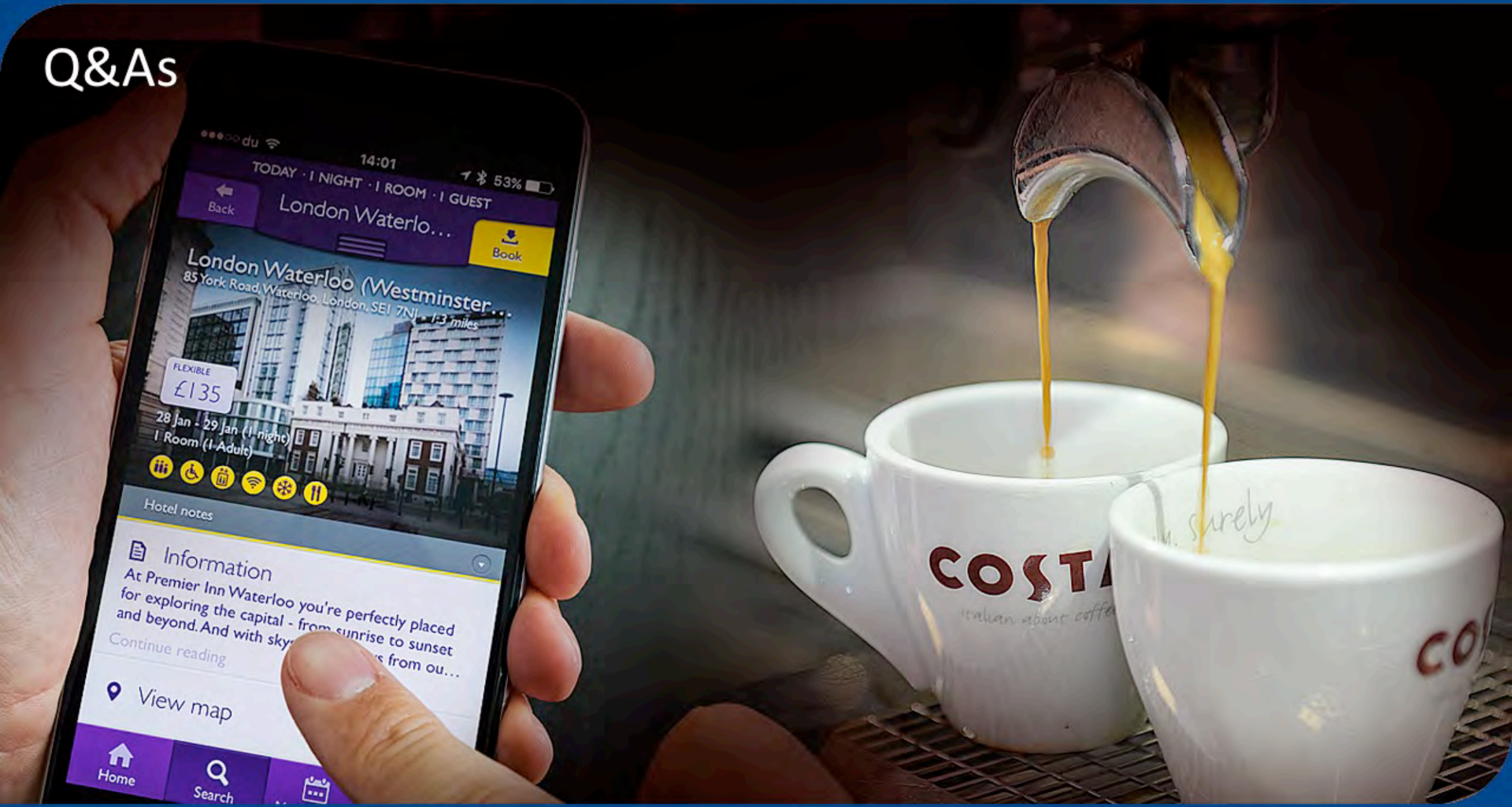
2020 growth

Premier Inn c.85,000 rooms

COSTA c.£2.5bn system sales

Long term growth in earnings and dividends combined with strong return on capital

Q&As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TODAY · 1 NIGHT · 1 ROOM · 1 GUEST
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London Waterlo...
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London Waterloo (Westminster...
85 York Road, Waterloo, London, SE1 7NJ
1.3 miles
FLEXIBLE
£135
28 Jan - 29 Jan (1 night)
1 Room (1 Adult)
Hotel notes
Information
At Premier Inn Waterloo you're perfectly placed for exploring the capital - from sunrise to sunset and beyond. And with sky
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COSTA

Capital Market Day agenda

29 November 2016

11.00	Arrival: tea/coffee
11.30	**Welcome**
12.00	Premier Inn
13.45	*Lunch*
14.45	COSTA
16.30	Property strategy
17.00	*Drinks and canapés*

Appendix

Standard information

WHITBREAD

General

Average Room Rate (ARR)	Hotel accommodation income divided by the number of rooms occupied by guests
Income before fixed costs (IBFC)	Premier Inn and Restaurants operating profit before directly attributable fixed costs (such as rent, rates, insurance, etc.), head office and central costs
Income after fixed costs (IAFC)	Premier Inn and Restaurants operating profit after directly attributable fixed costs but before allocating head office and central costs
Joint Sites	Consist of sites with a combined Premier Inn and Whitbread restaurant. This includes the remaining standalone restaurants
Like for like sales	Period over period change in total sales, less sales generated by outlets opened during 2016/17 and 2015/16
Occupancy	Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period
Return on Capital	Dividing the moving annual total underlying profit before interest and tax for the year by net assets at the balance sheet date, adding back debt, taxation liabilities and the pension deficit
Solus Sites	Consist of standalone Premier Inn hotels and integrated restaurants (e.g. County Hall) or Premier Inn hotels with a third-party restaurant
Revpar/yield	Revenue per available room, also known as "yield", this hotel measure is achieved by multiplying the ARR by the occupancy rate

Standard information

Premier Inn and Restaurants

WHITBREAD

		Half Year 2016/17	Half Year 2015/16	Full Year 2015/16
Solus [1]				
Sales	£m	447.1	406.0	808.2
EBFC	£m	271.7	238.3	471.1
IAFC [2]	£m	158.0	143.9	263.6
Net Assets [3]	£m	1,759.2	1,531.8	1,704.6
Return on Capital [4]	%	15.8%	16.5%	15.5%
Joint [5]				
Sales	£m	540.0	520.4	1,012.4
EBFC	£m	263.1	244.1	461.7
IAFC	£m	189.9	176.4	322.6
Net Assets	£m	1,808.8	1,613.5	1,714.1
Return on Capital [4]	%	18.6%	18.9%	18.8%
TOTAL - Hotels & Restaurants				
Sales - Premier Inn	£m	699.0	642.1	1,260.1
Sales - Restaurants	£m	289.1	284.8	561.9
Sales - Total Revenue	£m	988.1	926.9	1,822.0
EBFC	£m	531.8	483.1	934.5
IAFC	£m	344.6	320.9	588.0
EBITDA from Operations	£m	340.6	306.7	567.9
Underlying operating profit	£m	271.5	249.4	446.9
Segmental Net Assets	£m	3,595.6	3,194.6	3,475.8
Return on Capital [6]	%	13.0%	13.3%	12.9%
Cash - Capital Expenditure - Total [7]	£m	268.7	252.9	613.2
Cash - Business combinations	£m	-	-	9.1
Cash - Capital Expenditure & Investments	£m	**268.7**	**252.9**	**622.3**
Key operating Measures				
ARR (Total) [8]	£	63.62	63.10	61.68
Occupancy (Total) [8]	%	82.6%	83.7%	80.9%
Occupancy (Like for Like) [8]	%	82.8%	83.9%	81.2%
RevPAR (Total) [8]	£	52.53	52.81	49.91
Like for Like Sales Growth - PI [9]	%	2.4%	5.0%	4.2%
Like for Like Sales Growth - REST [9]	%	0.3%	0.1%	0.8%
Underlying Operating Margin	%	27.5%	26.9%	24.5%

Standard information

Premier Inn and Restaurants continued

	Half Year 2016/17	Half Year 2015/16	Full Year 2015/16
Number of Rooms			
Solus :			
- Managed	37,786	34,165	37,100
- Associate	282	282	282
- Franchise & Management Contract	194	194	194
Total Solus	38,262	34,641	37,576
Joint Sites	27,508	25,316	27,023
Total UK & Ireland	**65,770**	**59,957**	**64,599**
International	2,609	1,871	2,164
Germany	201	-	201
Total Rooms	**68,580**	**61,828**	**66,964**
Number of Hotels			
Solus :			
- Managed	350	315	343
- Associate	1	1	1
- Franchise & Management Contract	5	5	5
Total Solus	356	321	349
Joint Sites	390	383	388
Total UK & Ireland	**746**	**704**	**737**
International	13	9	11
Germany	1	-	1
Total Hotels	**760**	**713**	**749**
Restaurant Outlet Details			
- Beefeater	147	142	144
- Brewers Fayre	159	157	159
- Table Table	99	99	99
- Taybarns [11]	7	7	7
Total Restaurants	**412**	**405**	**409**
Numbers with adjacent Premier Inns			
- Beefeater	139	134	136
- Brewers Fayre	151	149	151
- Table Table	93	93	93
- Taybarns [11]	7	7	7
Joint Sites [10]	**390**	**383**	**387**

Footnotes

[1] Solus includes India and Ireland.

[2] Fixed costs include: rent, rates, depreciation and other costs including insurance and pre-opening.

[3] Net Assets for the sites with no allocation for central WHR assets.

[4] Return on Capital is calculated by dividing the MAT segmental IAFC for the year ended 1 September 2016, by the net assets with no allocation for UK debt, taxation liabilities, pension and centrally held provisions.

[5] Includes both joint site and standalone restaurants.

[6] Return on Capital is calculated by dividing the MAT underlying operating profit for the year ended 1 September 2016, divided by the segmental net assets with no allocation for UK debt, taxation liabilities, pension and centrally held provisions.

[7] Includes intangible capital expenditure.

[8] Premier Inn UK & Ireland only.

[9] Like for Like sales are UK & Ireland only and are pre-IFRIC 13 adjustment.

[10] Joint Sites excluding Standalone Restaurants.

Standard information

Costa

		Half Year 2016/17	Half Year 2015/16	Full Year 2015/16
System Sales - Total	£m	845.1	755.4	1,612.8
Sales - Total	£m	569.7	514.6	1,103.2
EBITDA from Operations	£m	99.7	98.2	215.6
Underlying operating profit	£m	64.6	67.3	153.5
Segmental Net Assets	£m	361.1	306.2	307.6
Cash - Capital Expenditure - Total [1]	£m	60.3	40.2	102.5
Cash - Business combinations	£m	-	0.1	0.1
Cash - Capital Expenditure & Investments	**£m**	**60.3**	**40.3**	**102.6**
Key operating Measures				
Like for Like Sales Growth [2]	%	2.3%	4.4%	2.9%
Underlying Operating Margin	%	11.3%	13.1%	13.9%
Return on Capital [3]	%	41.8%	48.2%	49.9%
Outlet details				
- Equity		1,232	1,150	1,196
- UK Franchise		889	849	838
Total UK		2,121	1,999	2,034
- International Equity		152	141	146
- International JV [4]		395	351	383
- International Franchise		733	676	714
Total International		1,280	1,168	1,243
Total Costa		3,401	3,167	3,277
Costa Express number of machines		5,970	4,708	5,216

[1] Includes intangible capital expenditure

[2] Like for Like sales are UK only and are pre IFRIC 13 adjustment

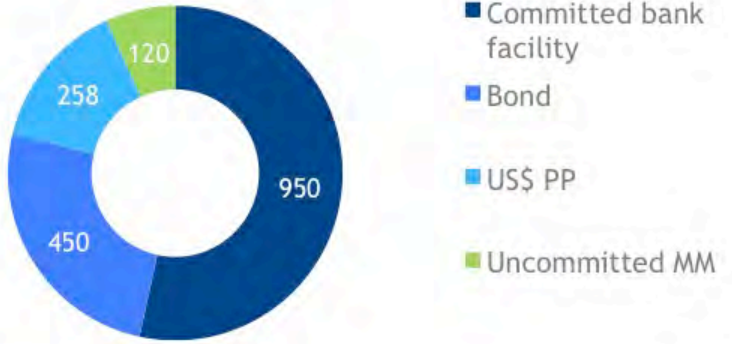
[3] Return on Capital is calculated by dividing the MAT underlying operating profit for the year ended 1 September 2016, divided by the segmental net assets with no allocation for UK debt, taxation liabilities, pension and centrally held provisions.

[4] International JV includes Shanghai which is a subsidiary with a 51% interest.

Diverse and flexible funding

WHITBREAD

- Funds from operations (EBITDA £422m)
- Uncommitted money markets lines: £120m
- Committed bank facility: £950m, 2021
  - Option to extend +1 year
- US private placements (US$PP): £258m* 2017-2021
- Sterling bond £450m, 2025



*US$ PP as at the hedged rate

Kings Cross sale and leaseback

WHITBREAD

- Sale and leaseback with Legal and General completed on sale of 389 room Hub by Premier Inn hotel in Kings Cross (due to open in 2017) in exchange for a 25 year lease agreement
- Legal and General will pay £84.5m in cash for the property with an initial payment of £46.5m on exchange
- Further staged payments will be made during the construction period with a final balancing payment being made on completion of the hotel in June 2017
- The total sale price of £84.5 million produces a net initial yield of just under 4% against an annual rent of £3.5 million

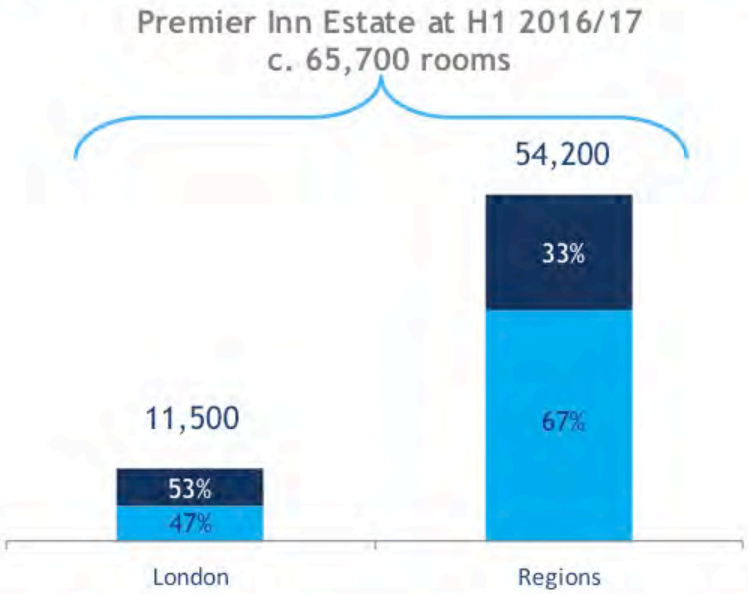
Exceptional items

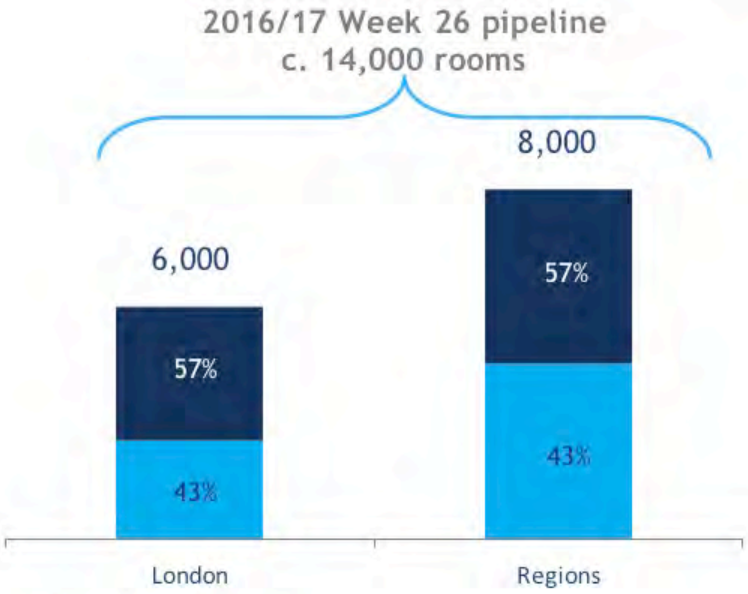
WHITBREAD

£m	H1 2015/16	H1 2016/17
Premier Inn international exit costs	-	(35.0)
Restructuring costs	-	(10.7)
Interest on exceptional tax and the unwinding of discount rate on provisions	(0.3)	(0.4)
Intangible assets accelerated amortisation - on IT software for which there is now no future economic benefit	(10.1)	-
Exceptional tax items	(2.4)	-
Tax on exceptional items	3.1	1.0
Loss on disposal of PPE and property revisions - principally onerous leases on historically disposed businesses	(14.8)	3.9
Refund on historical VAT claim	-	5.0
Exceptional Items	**(24.5)**	**(36.2)**

Current estate and pipeline

WHITBREAD

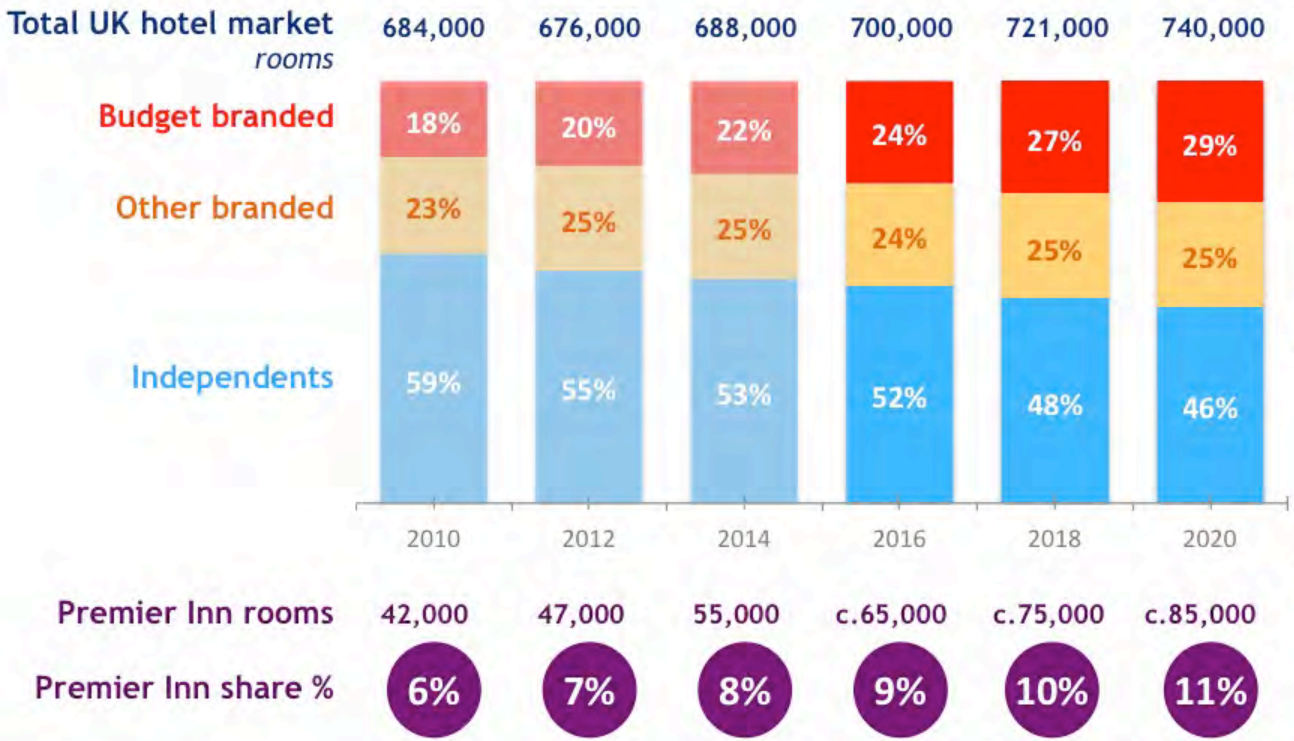




- 63% of current estate is freehold (Region 67%, London 47%)
- Post completion of the c. 14,000 room pipeline 60% of the estate will be freehold (Region 64%, London 45%)

Leasehold < 35 years | Freehold and long leasehold (including extensions)

Structural growth opportunities remain strong



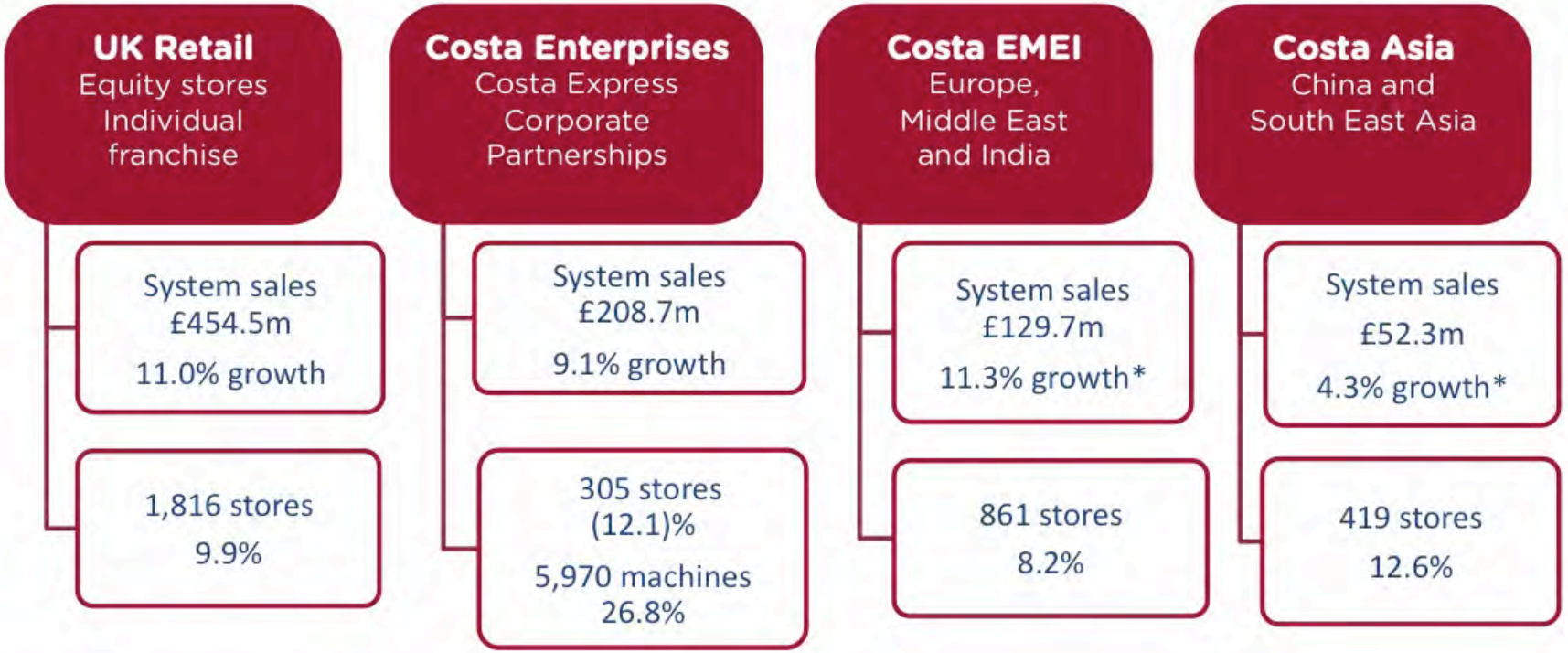
New model assumptions

- Supply
  - Branded budget c.+6% p.a. including Premier Inn
  - Independents c.-1% p.a.
- Demand
  - GDP c.2.4% (long term)
  - Disrupters c.3% of room nights by 2020
- Network plan shows clear headroom to grow

Company data as at April 2016

Strength and breadth – HY 2016/17

COSTA



* At constant FX system sales, reported grew 21.1% Costa EMEI, 9.6% Costa Asia