

“Making everyday experiences special”



# WHITBREAD

# Disclaimer

This presentation (the "Presentation") is provided on a strictly private and confidential basis for information purposes only.

By attending or reading this Presentation, you will be deemed to have agreed to the obligations and restrictions set out below.

Without the express prior written consent of the Company, the Presentation and any information contained within it may not be (i) reproduced (in whole or in part), (ii) copied at any time, (iii) used for any purpose other than your evaluation of the Company or (iv) provided to any other person, except your employees and advisors with a need to know who are advised of the confidentiality of the information.

This Presentation does not constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Presentation does not constitute either advice or a recommendation regarding any securities.

The communication of this Presentation is restricted by law; it is not intended for distribution to, or use by any person in, any jurisdiction where such distribution or use would be contrary to local law or regulation.

This communication is exempt from the restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations and inducements to engage in investment activity on the grounds that this Presentation is being directed only at (a) persons outside the United Kingdom, (b) existing holders of securities of the Company who fall within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (c) persons who have professional experience in matters relating to investments who fall within Article 19 of the Order or (d) high net worth companies and other persons to whom it may be lawfully communicated, falling within Article 49 of the Order or otherwise.

Neither the United States Securities and Exchange Commission ("SEC") nor any securities regulatory body of any state or other jurisdiction of the United States of America, nor any securities regulatory body of any other country or subdivision thereof, has passed on the accuracy or adequacy of the contents of the Presentation. Any representation to the contrary is unlawful. This Presentation is directed only at, and may only be communicated to, (i) persons that are outside of the United States within the meaning of Regulation S under the US Securities Act of 1933, as amended (the "US Securities Act") or (ii) inside the United States to persons that are either "qualified institutional buyers" within the meaning of Rule 144A under the US Securities Act or "accredited investors" as defined in Regulation D under the US Securities Act.

No representations or warranties, express or implied are given in, or in respect of, this Presentation. To the fullest extent permitted by law in no circumstances will the Company, or any of its respective subsidiaries, shareholders, affiliates, representatives, partners, directors, officers, employees, advisers or agents be responsible or liable for any direct, indirect or consequential loss or loss of profit arising from the use of this Presentation, its contents (including the internal economic models), its omissions, reliance on the information contained within it, or on opinions communicated in relation thereto or otherwise arising in connection therewith. The information contained in this Presentation has not been independently verified.

Recipients of this Presentation are not to construe its contents, or any prior or subsequent communications from or with the Company or its representatives as investment, legal or tax advice. In addition, this Presentation does not purport to be all-inclusive or to contain all of the information that may be required to make a full analysis of the Company. Recipients of this Presentation should each make their own evaluation of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary.

This Presentation contains illustrative returns, projections, estimates and beliefs and similar information ("Forward Looking Information"). Forward Looking Information is subject to inherent uncertainties and qualifications and is based on numerous assumptions, in each case whether or not identified in the Presentation. Forward Looking Information is provided for illustrative purposes only and is not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Nothing in this Presentation should be construed as a profit forecast. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. Some important factors that could cause actual results to differ materially from those in any Forward Looking Information could include changes in domestic and foreign business, market, financial, political and legal conditions. There can be no assurance that any particular Forward Looking Information will be realised, and the performance of the Company may be materially and adversely different from the Forward Looking Information. The Forward Looking Information speaks only as of the date of this Presentation. The Company expressly disclaims any obligation or undertaking to release any updates or revisions to any Forward Looking Information to reflect any change in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any Forward Looking Information is based. Accordingly, undue reliance should not be placed upon the Forward Looking Information.

# Richard Baker

Chairman



Winning Teams

Profitable Growth

GOOD TOGETHER

A force for good





**Andy Harrison**  
Chief Executive





## Strong H1 performance

# WHITBREAD

Revenue and  
Underlying PBT

Revenue

△ +13.0%

£**1.3**bn

Like for like sales

**7.0%**

PBT\*

△ +18.5%

£**256.0**m

Capital  
management  
and cash flow

EBITDA\*

△ +17.1%

£**343.1**m

Net debt of

△ £(75.6m)

£**467.2**m

Capital investment

△ £107.2m

£**228.9**m

EPS, DPS and  
Return on  
capital

Basic EPS (p)

△ +21.5%

**111.69**

Dividend per share (p)

△ +15.6%

**25.20**

Return on capital

△ +1.4%pts

**15.8%**



## Strong H1 performance

WHITBREAD

- Hotels and Restaurants
  - Total sales up 11.0%, operating profit up 15.0%
- Premier Inn
  - Total sales up 14.7%
  - Record occupancy at 84.0%
- Costa
  - System sales up 15.5%; operating profit up 20.5%
  - +6.1% like for like sales growth
- Investing for future profit growth
  - New products, improved customer experience
  - Building international profit growth platforms for both Premier Inn and Costa
  - On track for 2016 and 2018 milestones





**Nicholas Cadbury**  
Finance Director



WHITBREAD



## Underlying profit before tax up 18.5%

# WHITBREAD

£m	H1 2013/14	H1 2014/15	Change
Revenue	1,144.7	1,293.2	13.0%
Profit from operations	239.2	277.4	16.0%
Central costs	(13.5)	(13.8)	(2.2)%
Underlying operating profit	225.7	263.6	16.8%
Interest	(9.6)	(7.6)	20.8%
Underlying profit before tax	216.1	256.0	18.5%
Basic underlying earnings per share (pence)	91.94	111.69	21.5%

## Strong performance

# WHITBREAD

Profit (£m)	H1 2013/14	H1 2014/15	Change
Hotels and Restaurants - UK & Ireland	199.1	228.5	14.8%
Hotels and Restaurants - International	(3.4)	(3.5)	(2.9)%
<b>Total Hotels and Restaurants</b>	<b>195.7</b>	<b>225.0</b>	<b>15.0%</b>
Costa - UK	44.0	52.7	19.8%
Costa - International	(0.5)	(0.3)	
<b>Total Costa</b>	<b>43.5</b>	<b>52.4</b>	<b>20.5%</b>
<b>Profit from operations</b>	<b>239.2</b>	<b>277.4</b>	<b>16.0%</b>

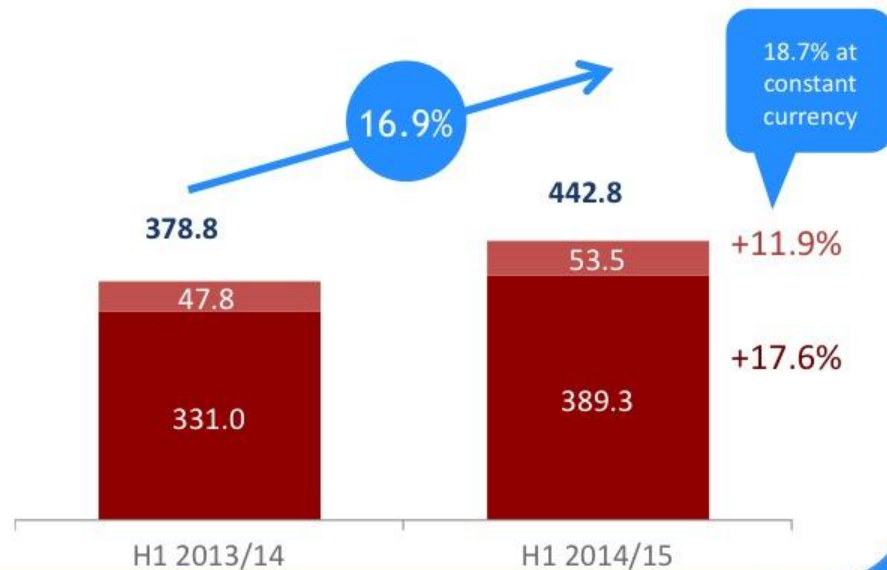
## Continued strong revenue growth

# WHITBREAD

Hotels and Restaurants (£m)



Costa (£m)



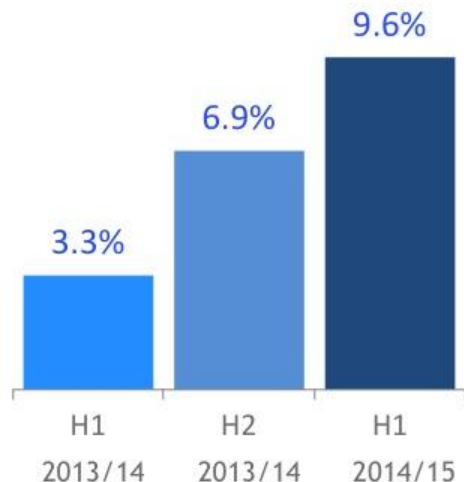


## Group like for like sales growth +7.0%

# WHITBREAD

- Premier Inn

- Revpar growth of 8.5% with occupancy up 3.8 pts at 84.1%



Premier Inn



- Restaurants

- H2 last year benefited from benign weather and H1 this year against softer comparatives

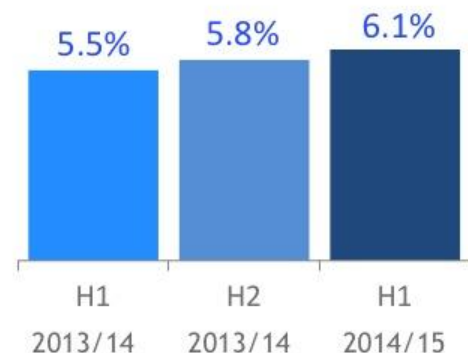


Restaurants



- Costa

- Consistent like for like growth led by transaction growth of 5.0%

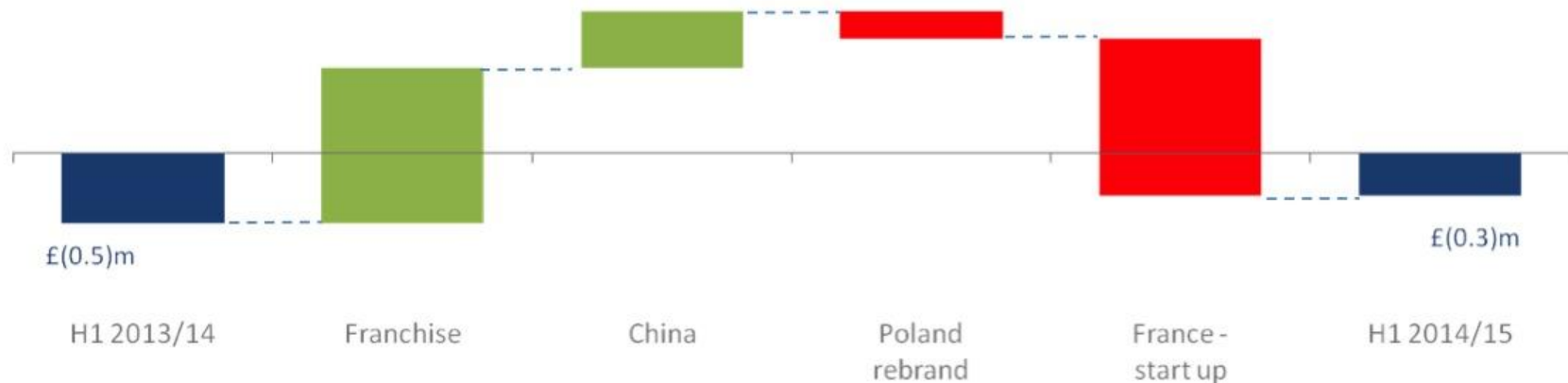


Costa



## Costa International – continuing to invest for growth

WHITBREAD



- Good progress in Franchise and like for like stores in China
- Continuing to invest in:
  - China - new stores, teams and infrastructure
  - Poland rebranding showing positive results
  - France start up

## Underlying profit after tax and exceptionals

WHITBREAD

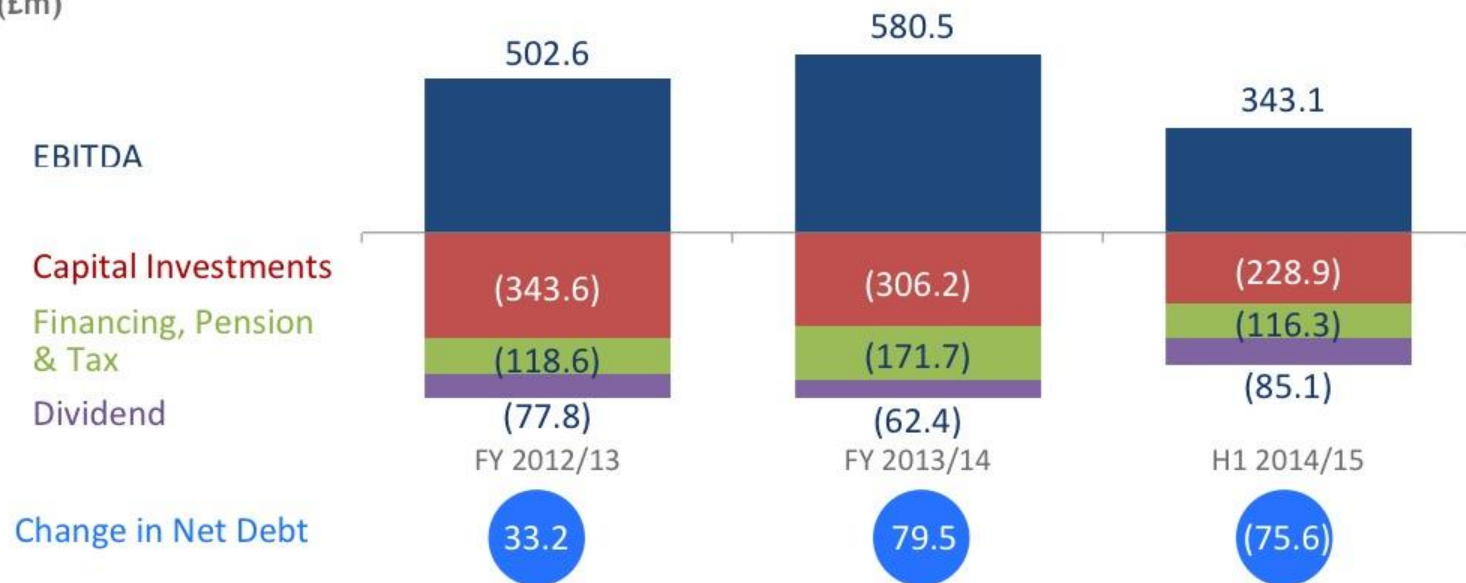
£m	H1 2013/14	H1 2014/15	Change
Underlying profit before tax	216.1	256.0	18.5%
Pension finance cost - IAS 19	(12.3)	(11.5)	6.5%
Amortisation of acquired intangible	(1.4)	(1.2)	14.3%
Profit before tax, pre exceptionals	202.4	243.3	20.2%
Taxation* ETR 21.8% (2013/14 24.7%)	(50.3)	(53.4)	(6.2)%
Net profit, pre exceptionals	152.1	189.9	24.9%
Exceptionals	23.8	(1.3)	
<b>Profit for the year</b>	<b>175.9</b>	<b>188.6</b>	<b>7.2%</b>



# Strong EBITDA providing cash generation to fund capital investment

WHITBREAD

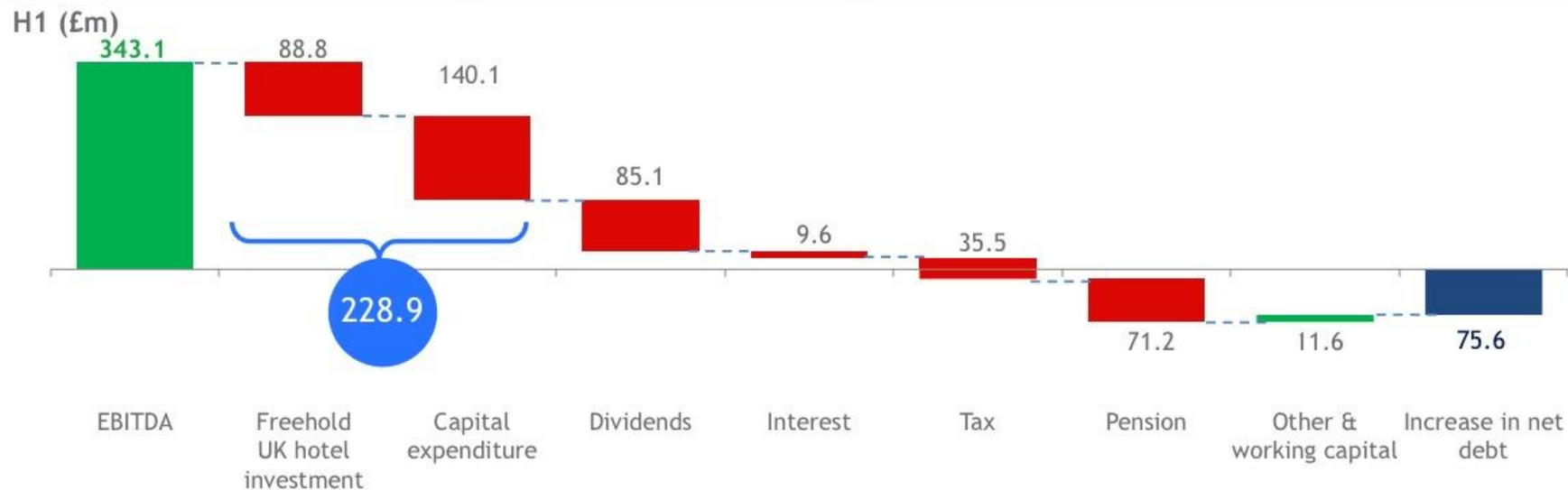
(£m)



- EBITDA growing at double digit
- Funding organic growth
- Capex subject to timing of freehold acquisitions and timing of payments

# Strong EBITDA providing cash generation to fund investment and dividend growth

WHITBREAD

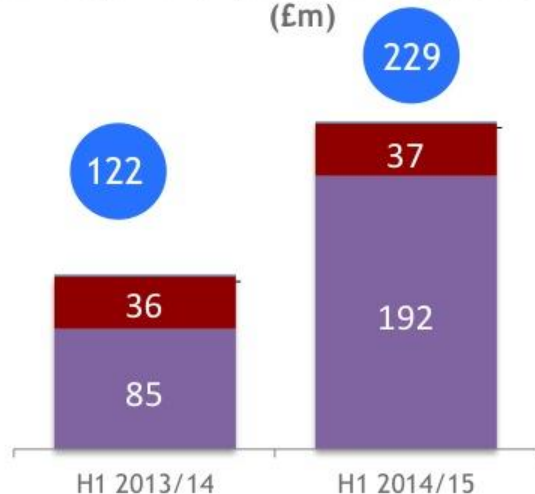


- Capital cash expenditure of £228.9m (2013/14 £121.7m) includes £88.8m of UK freehold hotel property
- Net debt increased by £75.6m to £467.2m
- Pension payment in line with triennial review

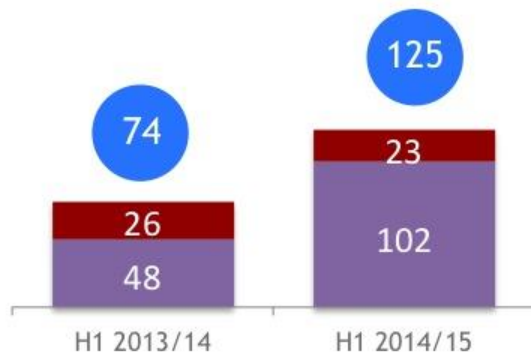
# Cash capital expenditure driving future EBITDA growth

WHITBREAD

Cash capital expenditure by business (£m)



Expansion (£m)



Maintenance (£m)



- Expansionary cash capital expenditure is up year on year due to:
  - Higher value of UK freehold property acquisitions (£88.8m) than last year (£36.1m)

- Maintenance cash capital expenditure in Hotels and Restaurants is up year on year due to:
  - Enhanced refurbishment plan with increased H1 weighting
  - Additional hotel improvements and system investment
  - Timing of cash payments (c.£11.1m)



## Cash capital expenditure driving future EBITDA growth

WHITBREAD

- Full year cash capital expenditure expected to be c.£500m (2013/14 £306m)

£m	Full year spend	Year on year
Hotels and Restaurants	c.415	c.185
Growing the pipeline to c.13,000 rooms	c.250	c.105
<ul style="list-style-type: none"><li>• Greater UK freehold opportunities with c.£200m of acquisitions (2013/14 £124m)</li><li>• Including hub pipeline investment of c.£100m</li><li>• c.1,000 room extensions</li></ul>		
Maintenance capital	c.165	
<ul style="list-style-type: none"><li>• Enhanced refurbishment and hotel improvement programme</li><li>• Investing in our data and online systems and infrastructure</li><li>• Timing of cash payments</li></ul>		c.25 c.20 c.35
Costa	c.85	c.10

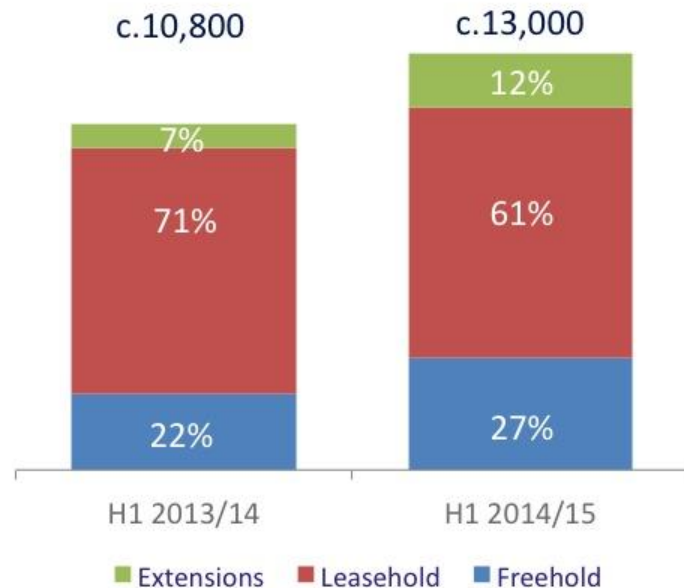
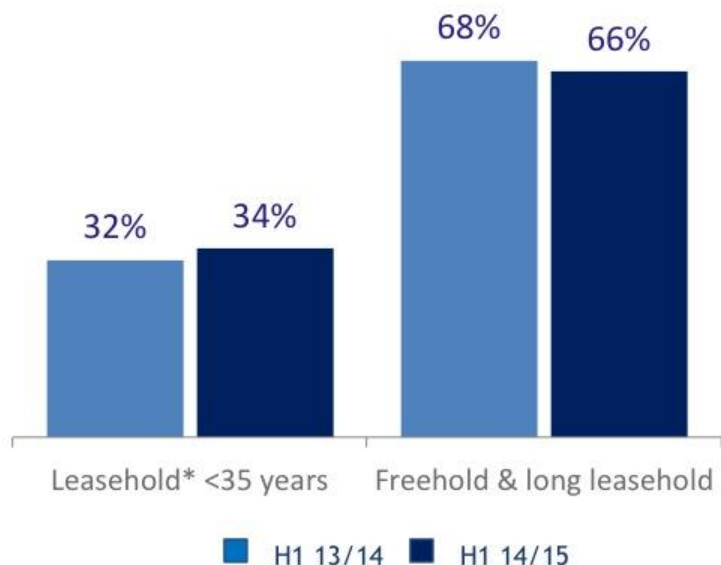
- Freehold provides financial flexibility
  - Retains site development profit
  - Retains added value from refurbishments
  - Captures full value of operational improvement
  - Avoids inflationary rent and increases on lease renewal
- Record occupancy driving freehold extension opportunities
  - c.1,600 room extension opportunity identified
  - Focused on high occupancy locations providing strong returns
  - Average capital per room for extensions c.£55k

# Leases growing in importance. Success in freehold acquisitions and hotel extensions

WHITBREAD

As at 28 August 2014 56,019 rooms\*

Committed pipeline

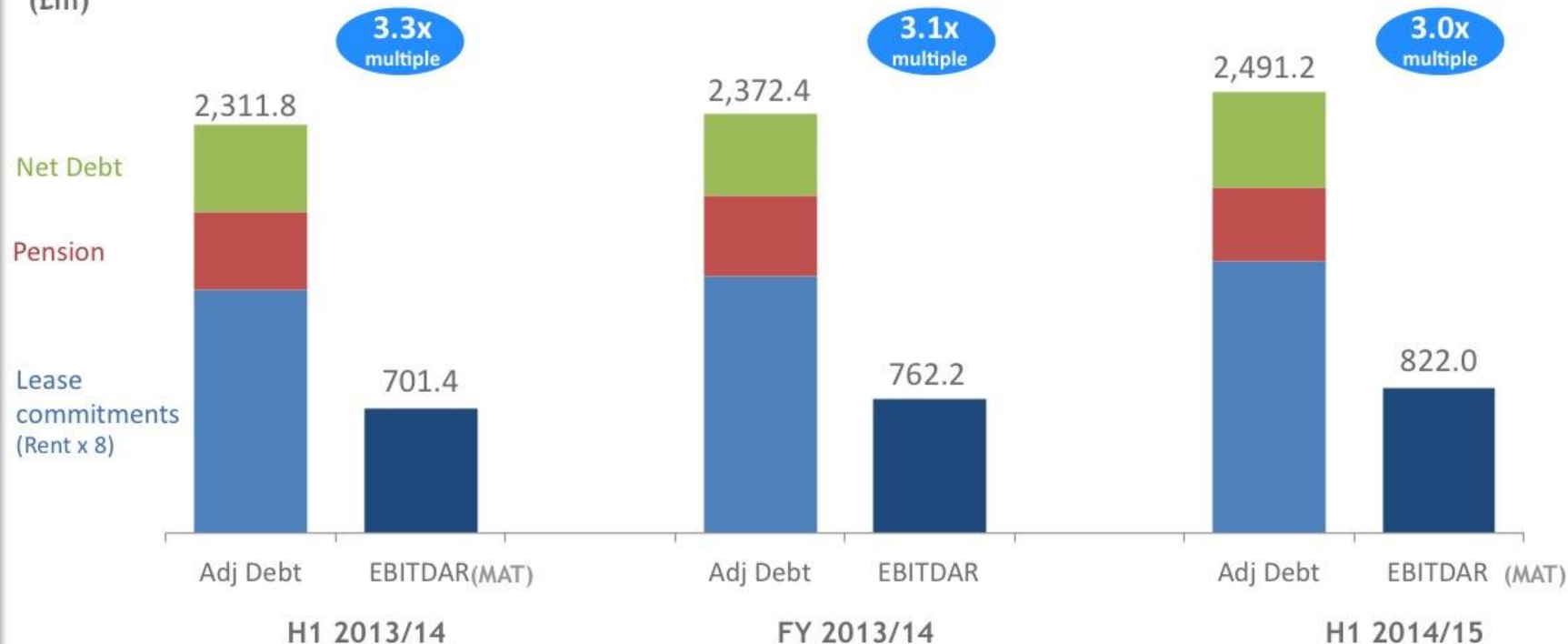


- Post completion of the committed pipeline 60% of rooms will be freehold and long leasehold, 40% will be leasehold

# Strong balance sheet supporting organic growth

WHITBREAD

Adjusted Net Debt to EBITDAR  
(£m)

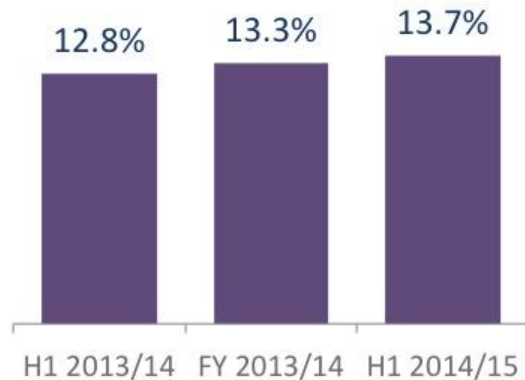




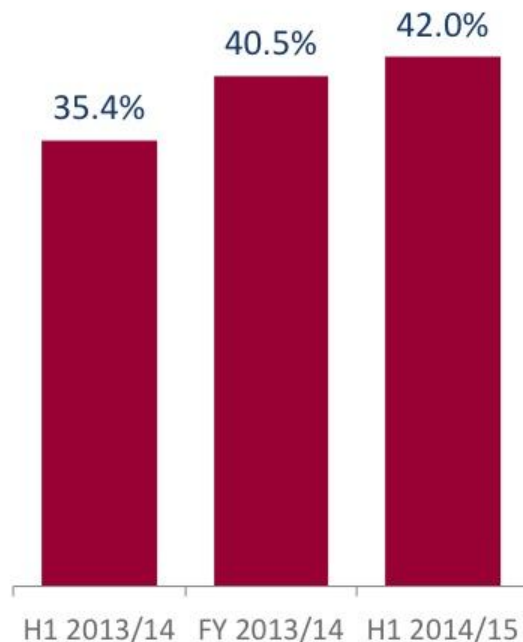
## Return on capital up 1.4% pts on last year

# WHITBREAD

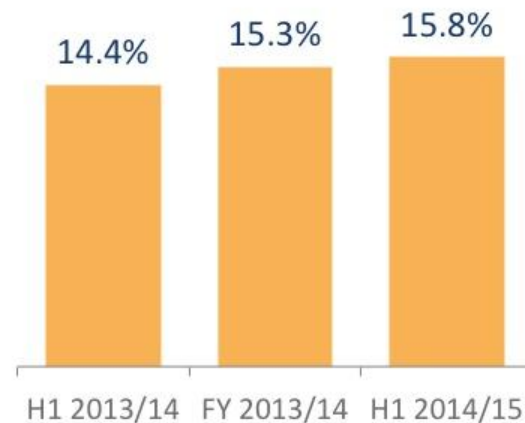
### Hotels and Restaurants



### Costa



### Group



Returns are calculated by dividing the 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

# WHITBREAD

- IAS 19 pension gross deficit of £489.2m (£534.3m as at 27 February 2014)
  - Cash contribution of £71.2m, full year c.£82m
  - Actuarial loss/charge on assets and liabilities of £13.2m principally due to reduction in discount rate from 4.30% to 3.85%
  - Next triennial pension review based on March 2014 valuation, results due mid 2015
- Effective tax rate of 21.8% at H1 in line with full year projection

%	2013/14	2014/15	Change % pts
H1	24.7	21.8	2.9
H2	20.8	21.8 <sup>P</sup>	(1.0)
Full year	22.9	21.8 <sup>P</sup>	1.1

- Good first half
  - Regional hotel market recovery
  - Special events - Farnborough and Commonwealth Games
  - Costa benefited from 955 express machine roll out started in H1 last year
- Tougher second half comparatives
  - 2013/14 like for like sales
    - 2.8% in H1 2013/14
    - 5.6% in H2 2013/14
  - Benign weather in Q4 2013/14 favoured Hotels and Restaurants
- Continued revenue investment
  - Hotels and Restaurants c.£10m across the year, upgrading technology, processes and enhanced refurbishment of c.12,700 rooms
  - Costa International management, systems and processes in Retail and Express
- Full year capital of c.£500m
- £45.6m interim dividend cash payment
  - Drip replaced scrip dividend in 2013/14

- A strong performance, delivered:
  - Underlying profit before tax growth of 18.5% and EPS growth of 21.5%
  - Return on capital up 1.4% pts to 15.8%
- Growth driven by:
  - Investment in new hotels and improving the quality of our estate
  - Recovery of the hotel market
  - Expansion and innovation in Costa
- Strong EBITDA growth providing cash to invest in our product to:
  - Further improve our customer experience
  - Drive future profit growth and good returns
  - Grow long term shareholder value





# Andy Harrison

Chief Executive



# Agenda

# WHITBREAD

1 Whitbread Hotels and Restaurants

2 Costa

3 Good Together

4 Current trading



# WHITBREAD

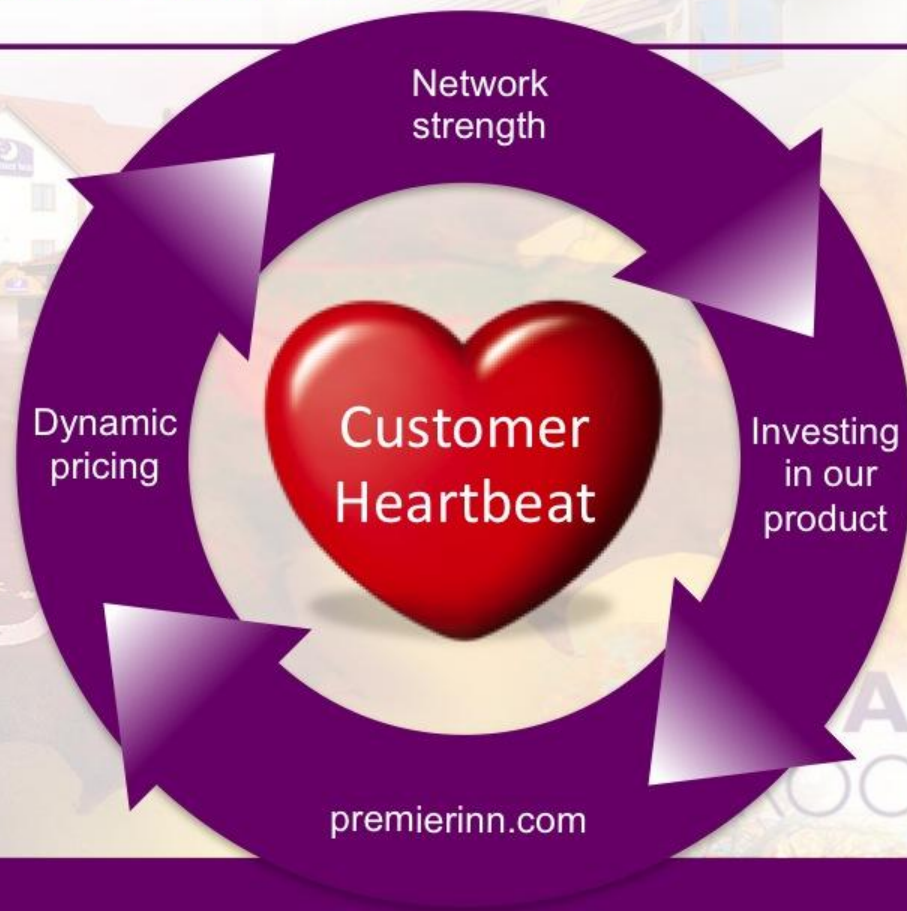
- Total sales up 11.0%, Profit before tax and interest up 15.0% to £225m
- Return on capital up 0.9% pts to 13.7%
- Premier Inn sales up 14.7% and winning market share
  - 5.6% growth in UK rooms available
  - 8.8% growth in total revpar
  - Record occupancy at 84% up 3.7% pts
- Restaurants outperformed the market\*
  - Total sales up 4.3%
- On track for the 2016 and 2018 milestones
  - Premier Inn 56,019 UK rooms
  - c.4,500 new room openings in full year
  - Pipeline increased to c.13,000







# Premier Inn success drivers



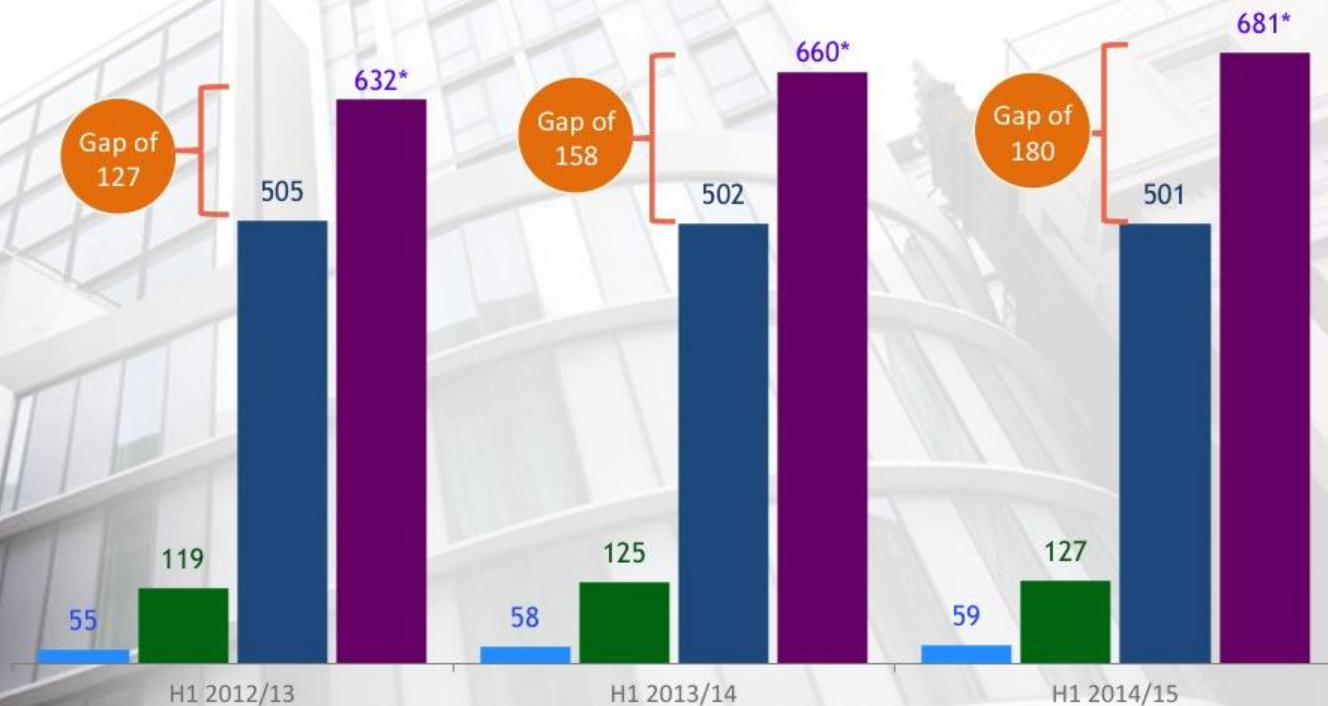
*Every night's sleep guaranteed*  
Premier Inn

**AUTUMN**  
ROOMS FROM £29

# The best customer choice, gets even better



Number of UK hotels



# Investing in the customer experience





## Investing in better customer experience

- Investment of c.£100m (£80m in 2013/14) in refurbishment and maintenance this year

Refurbishment plan	Refurbishment cycle	Cash cost	Rooms in 2013 - 2015	
			2013/14 actual	2014/15 Full Year
Soft furnishings and TV	6 years	c.£2,500	926	c.1,000
Light refurbishment	3 & 9 years	c.£300	2,560	c.8,700
Full refurbishment	12 years	c.£9,600	1,947	c.3,000
Air conditioning		c.£4,300	1,431	c.2,700

- Including investment of £13m on:
  - Best Ever Bed c.21,000 new beds taking the total to c.34,000 by Feb 2015
  - Upgrading the Wifi capability



## Churning lower quality hotels - negligible financial impact



- Closing 255 franchised rooms this year
  - Net recommend guest score 24.1% - 34.8% pts below estate average
  - £0.3m lost contribution
- c.800 lower quality room closures to 2018



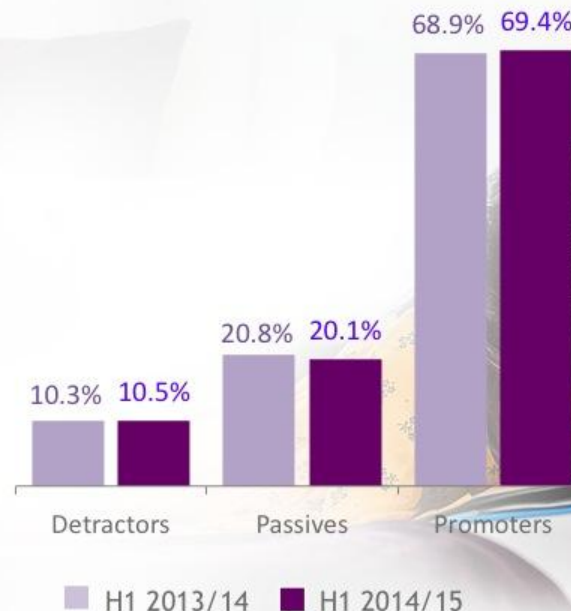
# Top customer satisfaction

- Trip Advisor score 4.3 out of 5.0
- Leading the YouGov Hotel BrandIndex

YouGov BrandIndex



Guest Recommend Survey: 69.4% of our customers score Premier Inn 9 or 10 out of 10



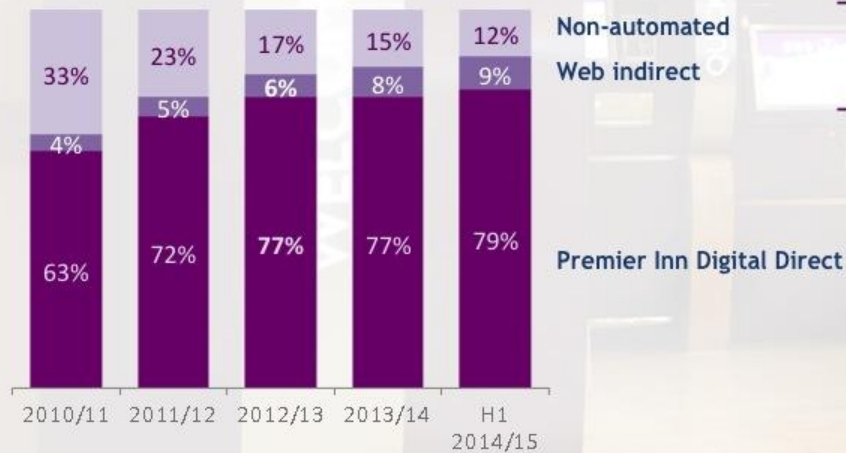


# premierinn.com – focused on direct distribution



- Premier Inn direct digital up to 79%
  - 44% of visits from mobile devices

Premier Inn volume of reservations by channel



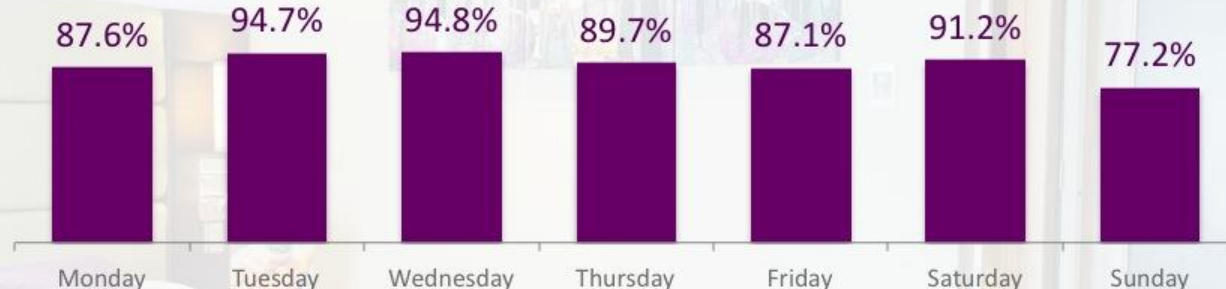
- Launched multilingual websites (French, German, Italian, Spanish)
- B2B strength
  - c.55% of Premier Inn sales
  - Business Account Card\* sales now c.27% of total sales



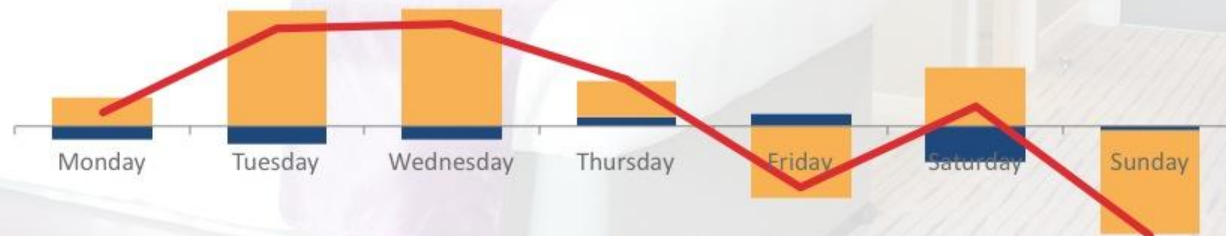
# Dynamic pricing - London sales up 11%



Total occupancy HY 2014/15



Total revpar HY 2014/15 vs HY 2013/14



## H1 2014/15

Available rooms +9.8%

Total revpar +1.5%

Occupancy -0.5% pts

ARR +2.0%

£80.72

88.9%

£90.77





# New London hotels performing well

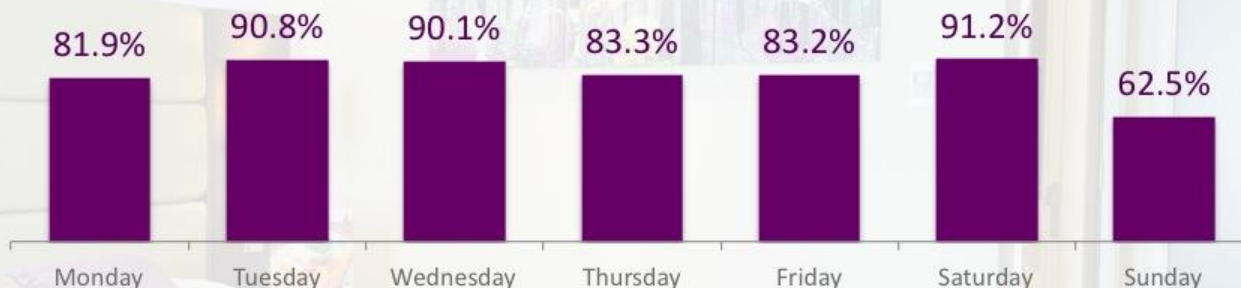
H1	Occupancy	Revpar
Monument (new) Opened November 2013	86.3%	£97.27
Holborn (new)* Opened August 2014	90.8%	£97.05
Blackfriars	85.5%	£95.01
King's Cross	94.2%	£104.08



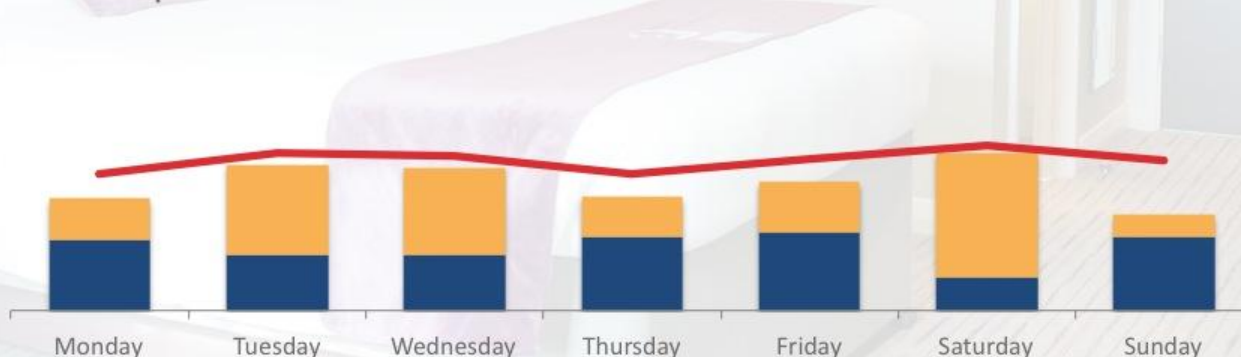
# Dynamic pricing - regional sales up 15.6% - strong market recovery



Total occupancy HY 2014/15



Total revpar HY 2014/15 vs HY 2013/14



H1 2014/15

Available rooms +5.0%

Total revpar +10.2%

Occupancy +4.2% pts

ARR +4.6%

£46.47

83.3%

£55.79



Total occupancy year on year (% pts)



Total ARR year on year (%)



Revpar %

WHITBREAD



## Half of the estate is over 85% occupancy (last year one third)

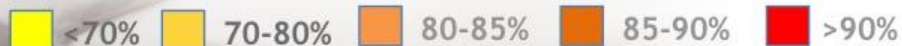
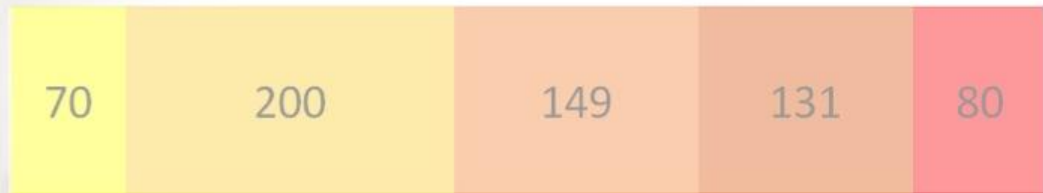


Number of hotels\* by occupancy  
%

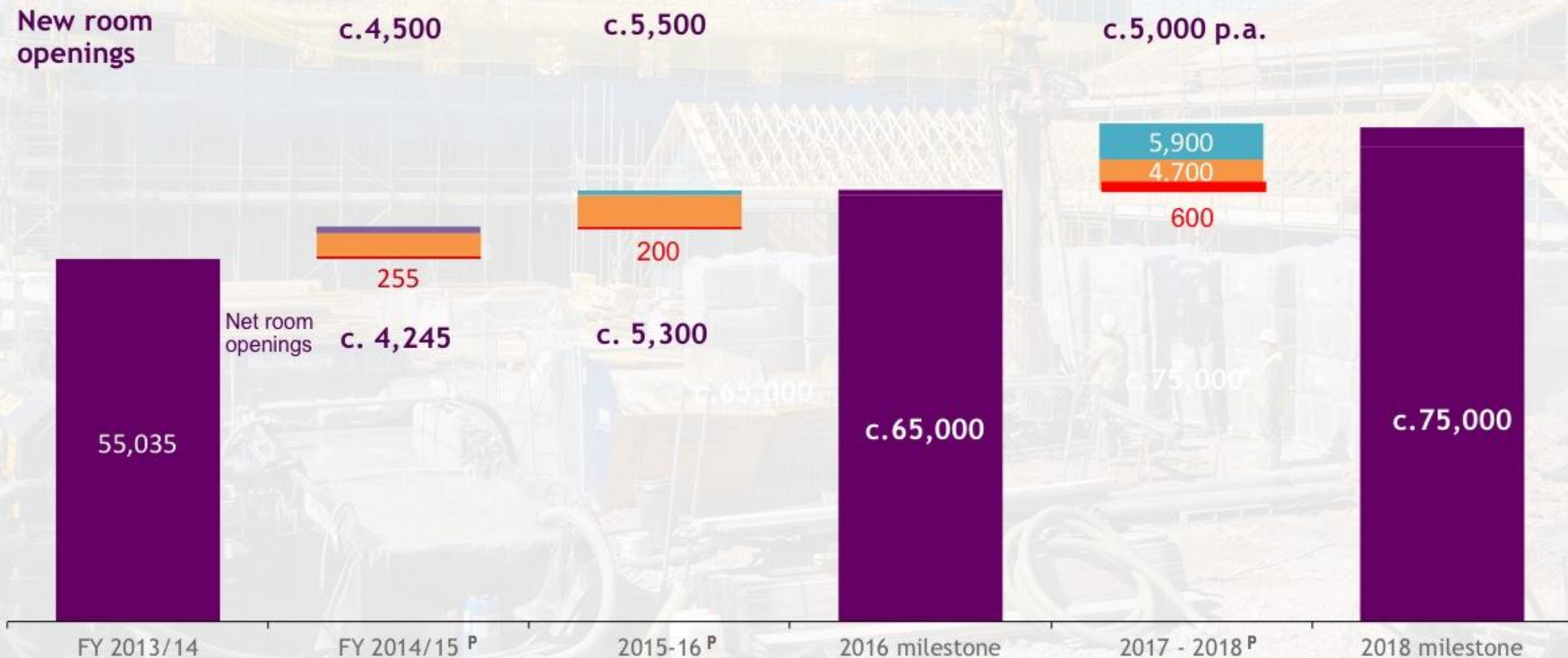
H1  
2014/15



H1  
2013/14



# Organic pipeline - increased to c.13,000 rooms (vs 10,800 in H1 2013/14)





# Strong London growth



- c.5,500 London rooms in committed pipeline
- c.31% of 2014/15 openings in London

Rooms in London





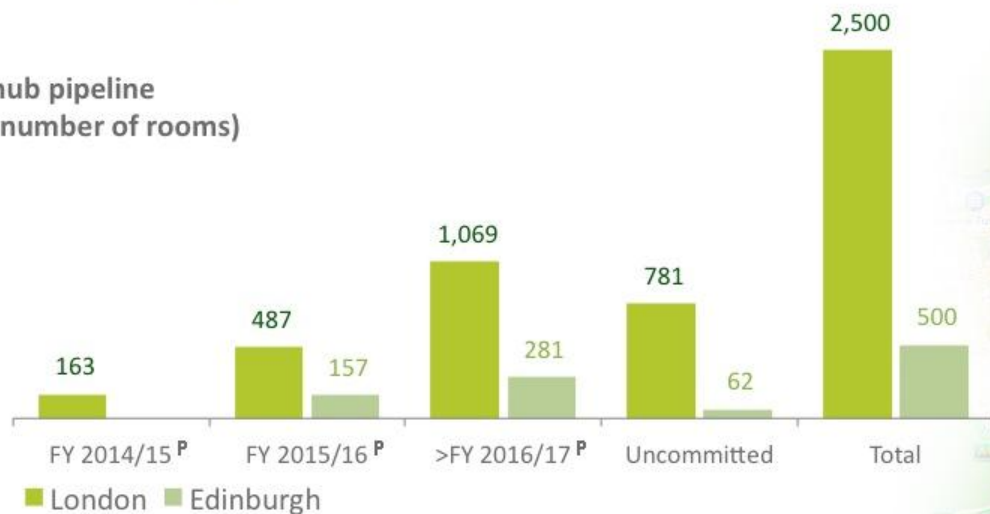
# providing greater access to Central London



- First hub hotel to open in St Martin's Lane in November 2014
- hub will deliver c.3,000 of the 75,000 growth milestone rooms by 2018
- Committed pipeline of 12 hotels with 9 in London

Providing greater access to Central London

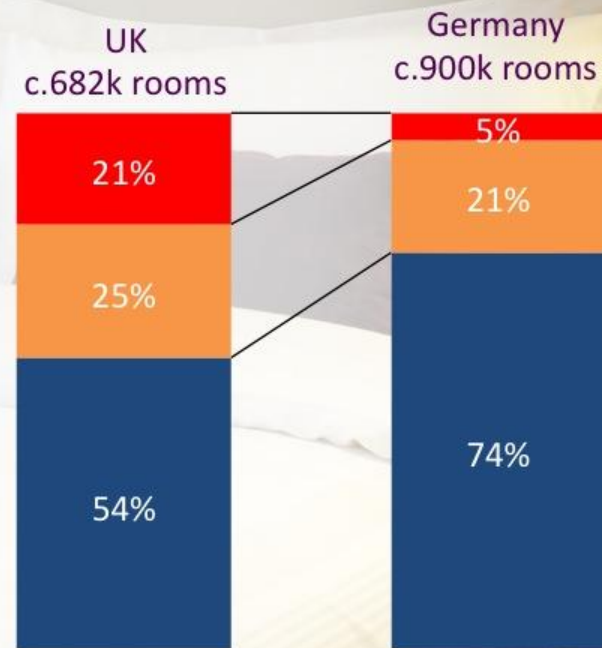
hub pipeline  
(number of rooms)



# Germany - attractive opportunity



- WHR Investor Day 3 July 2013 - researching the market
- Large hotel market
  - Low branded budget penetration c.5%
  - Fragmented branded competitor set - largest competitor c.19,000 rooms
- Independents' share in gradual decline
- Revpar + land costs + construction = good return on capital



■ Independents ■ Other Branded ■ Budget Branded



# Germany - Premier Inn Frankfurt



- Acquired a trial hotel in Frankfurt
  - 200 bed hotel
  - Opens late 2015
  - Total cost c.£25m (Freehold)
- Frankfurt
  - 5th largest city in Germany
  - Largest financial centre in continental Europe, significant trade fairs
  - Demand is 75% business and 55% domestic





# Premier Inn – different overseas growth strategies



- Premier Inn Germany

- Extending the UK model in a large and fragmented market
- Similar property market characteristics to the UK
- Leveraging UK capabilities and overhead
- Premier Inn demand pool (4.9m overnight stays in Germany from Great Britain in 2013)\*

- Premier Inn International

- Focused on fast growing emerging markets (Middle East, India, SE Asia)
- Capital Light - property market challenging and uneconomic
- Dedicated resources - offices in Dubai, Singapore and Indonesia



# Premier Inn International – continuing progress



- Middle East
  - Strong sales and profit performance
  - Average Trip Advisor score of 4.4
- India
  - Some progress in a challenging market
- Building pipeline in South East Asia

	H1 2014/15	Year on year change %
Like for like occupancy	76.3%	4.5% pts
Like for like revpar	£30.86	15.2%



Bar & restaurant

Costa coffee

Kids stay free

Free WiFi

WHITBREAD



# Premier Inn International pipeline - moving towards asset light



Increasing capital light pipeline

Growing importance of South East Asia



# Whitbread Hotels and Restaurants





# Strong overall Restaurants performance



- Total sales £281.4m, up +4.3%
  - Like for like sales up +3.1%
  - Continue to outperform Coffer Peach benchmark\*
  - Like for like covers up +1.0%
- Margins improved against a difficult H1 last year
  - Fewer, more targeted discounts using loyalty card data
- Good progress rejuvenating our brands
  - Brewers Fayre brand refresh complete
  - 21 Beefeaters now converted to new brand proposition
- Further improvement in guest scores
  - Guest Net Recommend up +1.0% pt to 66.2%



WHITBREAD



OLD PARADISE  
STREET  
LIMITED ROAST NO.3

OUR NEW  
**LIMITED  
ROAST**



COSTA  
OLD  
PARADISE  
STREET  
LIMITED ROAST  
NO.3  
MADE IN LONDON

EDITION

LIMITED

**COSTA**

Made in  
**London,**  
always

**COSTA**

**MOCHA  
ITALIA**

The  
**Original**  
Costa taste



COSTA  
MOCHA  
ITALIA  
ORIGINAL  
TASTE

WHITBREAD



## An excellent performance

# COSTA

- System sales up 15.5% to £657.3m
- UK equity like for like sales up 6.1% and transactions up 5.0%
- Underlying profit up 20.5% to £52.4m
- Brand preference remains strong
- Express net machines up 423 to 3,938
- Return on capital up 6.6% pts to 42.0%
- On track for 2016 and 2018 milestones





## Strength and breadth

# COSTA

### UK Retail

Equity stores  
Individual  
franchise

System sales  
£354.6m  
16.7% growth

1,480 stores  
+12.1%

### Costa Enterprises

Costa Express  
Corporate  
Partnerships

System sales  
£165.8m  
18.1% growth

360 stores  
+4.7%  
3,938 machines  
+25.3%

### Costa EMEI

Europe,  
Middle East  
and India

System sales  
£97.1m  
5.3% growth\*

750 stores  
+3.6%

### Costa Asia

China and  
South East Asia

System sales  
£39.8m  
21.0% growth\*

357 stores  
+22.3%

## Investing for future growth

**COSTA**

EST.1971

- UK Stores
  - Evolving store design
  - New products
  - c.150 net new stores this year
- Costa Express
  - New UK market segments and international markets
  - Investing in back office infrastructure
- International growth
  - European equity (Poland re-branding and France entry)
  - China (new stores, management and infrastructure )
  - c.170 new stores this year, (c.90 closures)

**COSTA**

**HANDCRAFTED  
COFFEE**  
**ICED COLD  
DRINKS**  
**PANINIS**  
**TOASTED  
SANDWICHES**  
**CAKES &  
PASTRIES**

*Additional  
SEATING  
downstairs*

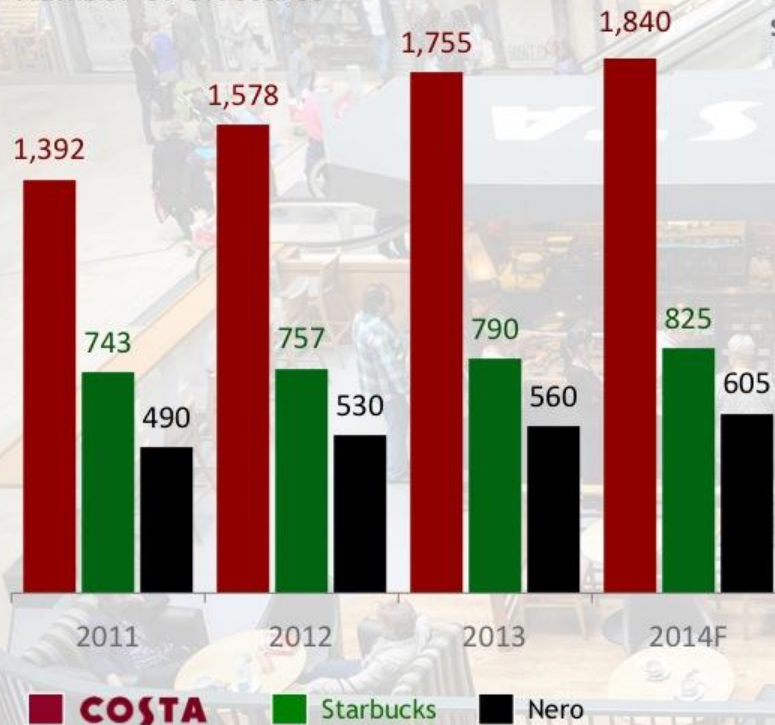
**WHITBREAD**



# Costa UK - a formula delivering success

# COSTA

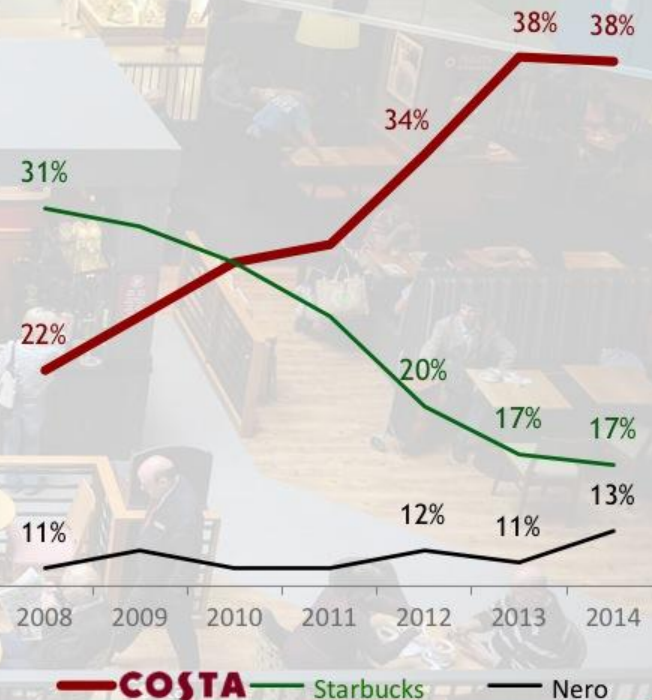
Number of UK stores†



\*Costa's total market share 2009 to 2013



Preference \*\* Costa is the UK's favourite



53 † Source: Allegra Project Cafe 2013; Costa 2014 store number actual for H1 2014/15, \* based on turnover, stores number actual for Costa

Source: \*\*You Gov Annual Study, All qualified nat rep respondents (3141)  
 Questions: "If there were a Costa Coffee, a Starbucks and a Caffe Nero next door to each other which one would be your FIRST choice to visit for a break and/or a chat?"

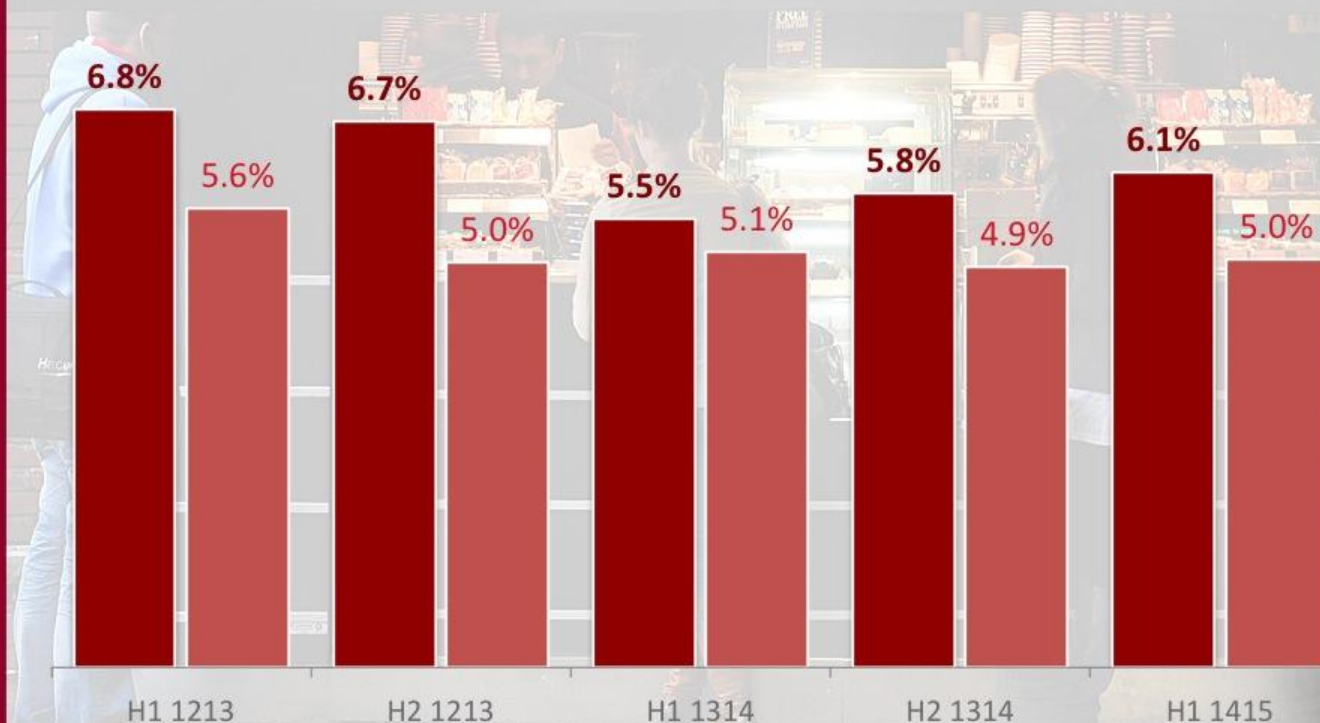
WHITBREAD



## Transaction growth powers UK retail growth

# COSTA

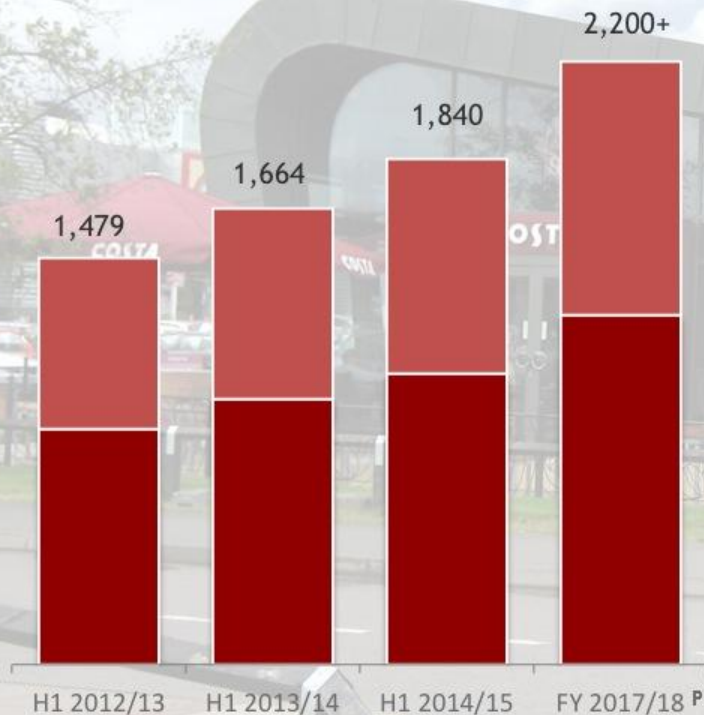
### FOR COFFEE LOVERS



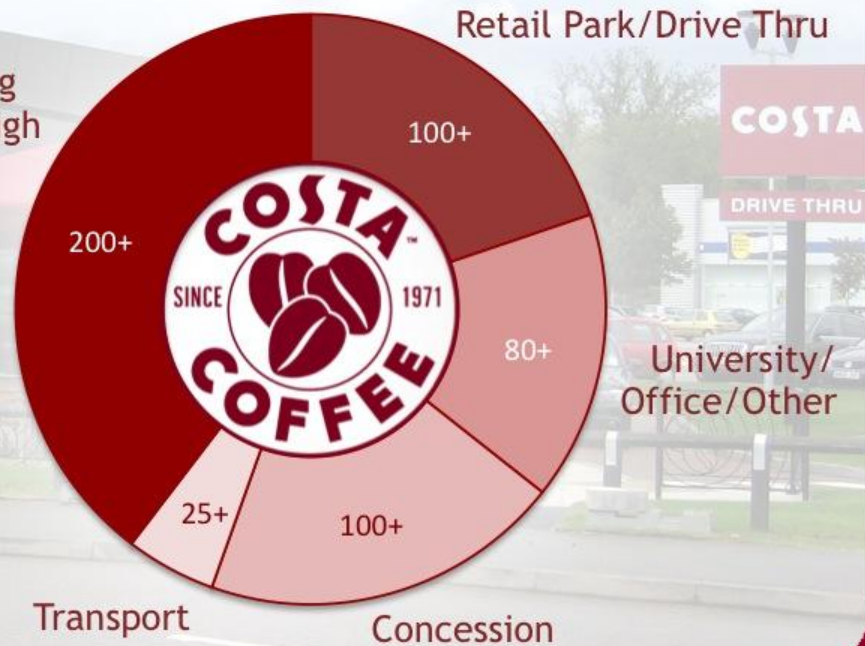
# Continuing new UK store growth

# COSTA

Number of stores



New retail stores by channel to 2018

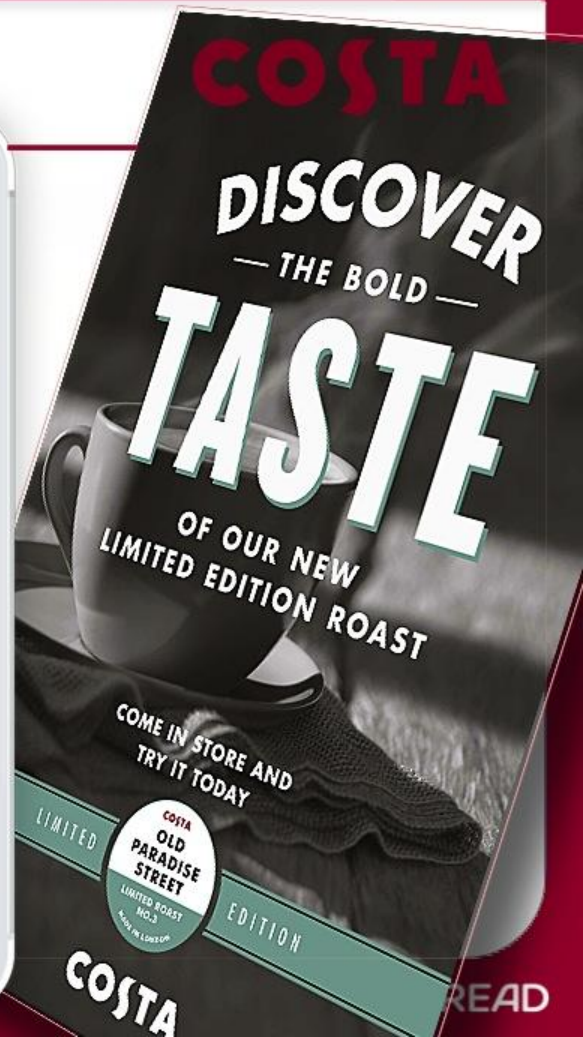




## Continuing product innovation



The new  
**Coffee Club**  
app





## Evolving our store design

# COSTA



Horsham  
AFTER



Over 70% of our estate is new or has been refurbished over the last 3 years

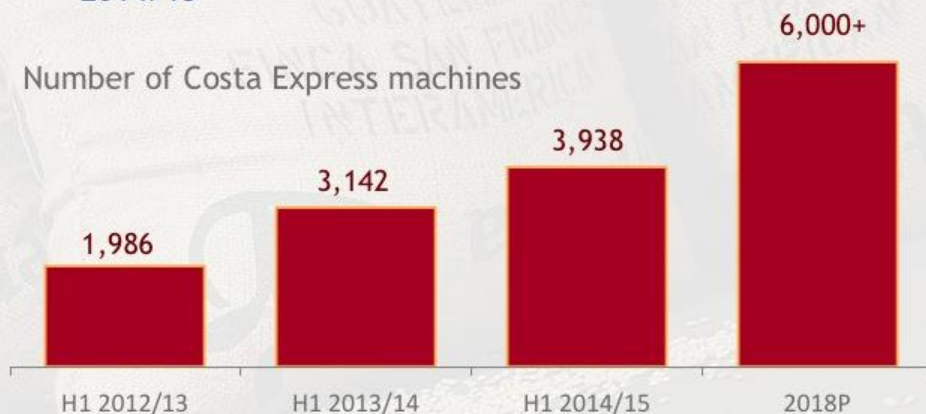
## Costa Express – continuing success

# COSTA



- Good performance continues
  - Added 423 machines in H1
  - Total of 3,938 machines
  - 286 International machines
  - c. 800 new machines for 2014/15
- Channel focus
  - Travel
  - Business and Industry
  - Education

Number of Costa Express machines





## European Equity - growing the brand

# COSTA

- Poland - encouraging results

- Rebranded 21 stores to Costa, further 35 this year
- Food product development
- Closed 7 unprofitable stores

- France - early days

- 6 equity/3 franchise stores
- Trialing 3 Costa Express machines
- c.6 further equity openings this year



Poland  
BEFORE



Poland  
AFTER



## International franchise – profitable growth

- Total system sales up 8.1% and 18.8% at constant FX
- Middle East - going from strength to strength
  - 316 stores, +21 year on year
- Spain - promising start
  - Opened first store June 2013
  - Now 7 stores, 6 in pipeline
- Republic of Ireland - continued strong performance
  - 66 stores, +11 year on year
- India - Franchisee refocusing
  - From 123 stores to c.85 stores during 2014/15
  - Long term potential



## China - exciting market

# COSTA

May 2011

Just 3 cities



Costa in China

2014



- Mid single digit like for like growth
- Mature stores in China good profitability and growing
- Investing in growth
  - Management capabilities and resources
  - Efficient operating model and supply chain
- Current focus on
  - Building scale in existing markets
  - Delivering consistent quality customer experience
  - Around 40 net new openings in 2014/15
- Plan to reach c.700 stores in 2018



## Delivering on targets 2017/18

# GOOD TOGETHER...

- Committed to raise £7.5m for new Premier Inn Clinical building at Great Ormond Street Hospital (around £3.4m raised to date)
- Almost £1m raised for the Costa foundation in H1 2014/15
- Created around 1,300 new jobs
- Premier Inn is first hotel company to achieve Carbon Trust Waste Standard





- Trading momentum continues into first few weeks of H2
- Tougher comparatives in H2
  - Especially Q4, benign weather last year
- Positioned well to deliver full year results in line with expectations

## Summary

- Another strong performance
  - 17.1% growth in EBITDA
  - 18.5% growth in underlying PBT
  - Return on capital up 1.4% pts to 15.8%
- Our leading UK brands go from strength to strength
  - 7.0% like for like growth
  - Excellent guest and brand preference scores
- Investing for future profit growth
  - Investing in new products and better customer experience
  - Building strong international profit growth platforms for both Premier Inn and Costa
- On track for 2016 and 2018 growth milestones

WHITBREAD



WHITBREAD

# Q&As

**CELEBRATING  
40 YEARS  
OF GREAT STEAK**

WITH VERNON RAY AS OUR BOSS OF BEEF - BOTH BORN IN 1974



**MOCHA  
ITALIA**

**The  
Original  
Costa taste**

At the heart of every coffee we make is our unique blend of espresso, called Mocha Italia. We've been roasting it in London since 1971, when the Costa brothers perfected the top-secret recipe. Now, 43 years later, we are the nation's favourite coffee shop brand and the rich, smooth, Mocha Italia blend is still our much-loved original roast.



**COSTA  
MOCHA  
ITALIA**  
ORIGINAL  
BLEND

**Premier Inn**

**Good Night  
Guarantee**

Check in



“Making everyday experiences special”



# WHITBREAD

# Appendix

THE OBSERVATORY

Beefeater 

WHITBREAD





Average Room Rate (ARR)	Hotel accommodation income divided by the number of rooms occupied by guests
Income before fixed costs (IBFC)	Hotels & Restaurants operating profit before directly attributable fixed costs (such as rent, rates, insurance, etc.), head office and central costs
Income after fixed costs (IAFC)	Hotels & 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 2014/15 and 2013/14
Occupancy	Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period
Return on Capital (ROC)	Dividing the 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



## Hotels &amp; Restaurants

	Half Year 2014/15	Half Year 2013/14	Full Year 2013/14
<b>Solus<sup>1</sup></b>			
Sales	£m	304.0	600.1
IBFC	£m	177.4	347.3
IAFC <sup>2</sup>	£m	104.2	198.1
Net Assets <sup>3</sup>	£m	1,075.2	1,127.8
Return on Capital <sup>4</sup>	%	17.0%	17.6%
<b>Joint<sup>5</sup></b>			
Sales	£m	463.3	893.9
IBFC	£m	206.4	388.3
IAFC	£m	149.8	269.5
Net Assets <sup>3</sup>	£m	1,459.8	1,463.6
Return on Capital <sup>4</sup>	%	17.6%	18.4%
<b>TOTAL - Hotels &amp; Restaurants</b>			
Sales - Premier Inn	£m	497.4	967.9
Sales - Restaurants	£m	269.9	526.1
Sales - Total (Underlying)	£m	767.3	1,494.0
Exceptional Revenue <sup>6</sup>	£m		(4.6)
Sales - Total Revenue	£m	767.3	1,489.4
IBFC	£m	383.7	735.6
IAFC	£m	254.0	467.6
EBITDA from Operations	£m	240.1	447.8
Underlying EBIT from Operations	£m	195.7	348.1
Total Net Assets <sup>3</sup>	£m	2,565.6	2,621.5
Return on Capital <sup>4</sup>	%	12.8%	13.3%
Cash Capital Expenditure - Total <sup>7</sup>	£m	85.3	231.1
<b>Key operating Measures</b>			
ARR (Total) <sup>8</sup>	£	£ 57.84	£ 57.01
Occupancy (Total) <sup>8</sup>	%	80.3%	78.1%
Occupancy (Like for Like) <sup>8</sup>	%	80.3%	78.5%
RevPAR (Total) <sup>8</sup>	£	£ 46.42	£ 44.54
Like for Like Sales Growth - PI <sup>9</sup>	%	3.3%	5.0%
Like for Like Sales Growth - REST <sup>9</sup>	%	0.0%	1.6%
Underlying Operating Margin	%	25.5%	23.3%

<sup>1</sup> Solus includes India and Ireland.<sup>2</sup> Fixed costs include: rent, rates, depreciation and other costs including insurance and pre-opening.<sup>3</sup> Net segmental assets<sup>4</sup> Return on Capital is based on underlying EBIT from operations for the year ended 28 August 2014, divided by the segmental net assets with no allocation for UK debt, taxation liabilities, pension and centrally held provisions.<sup>5</sup> Includes both joint site and standalone restaurants.<sup>6</sup> Exceptional revenue relates to VAT charged on gaming machine income.<sup>7</sup> Includes intangible capital expenditure.<sup>8</sup> Premier Inn UK & Ireland only.<sup>9</sup> Like for Like sales are UK & Ireland only and are pre-IFRIC 13 adjustment.

## Hotels &amp; Restaurants cont.

## Number of Rooms

Solus :

- Managed
- Associate
- Franchise & Management Contract

Half Year 2014/15	
31,252	
282	
449	
31,983	
24,036	
56,019	
1,703	
57,722	

Half Year 2013/14	
28,992	
282	
449	
29,723	
23,316	
53,039	
1,405	
54,444	

Full Year 2013/14	
30,302	
282	
449	
31,033	
24,002	
55,035	
1,703	
56,738	

## Number of Hotels

Solus :

- Managed
- Associate
- Franchise & Management Contract

290	
1	
13	
304	
377	
681	
8	
689	

272	
1	
13	
286	
374	
660	
7	
667	

281	
1	
13	
295	
377	
672	
8	
680	

## Restaurant Outlet Details

- Beeffeater
- Brewers Fayre
- Table Table
- Taybarns

## Total Restaurants

Numbers with adjacent Premier Inns

- Beeffeater
- Brewers Fayre
- Table Table
- Taybarns
- Joint Sites <sup>1</sup>

142	
153	
99	
7	
401	
133	
144	
93	
7	
377	

138	
148	
105	
7	
398	
129	
139	
99	
7	
374	

140	
152	
102	
7	
401	
131	
143	
96	
7	
377	

Footnotes

<sup>1</sup> Joint Sites excluding Standalone Restaurants

## Costa

	Half Year 2014/15	Half Year 2013/14	Full Year 2013/14
System Sales - Total	£m	569.2	1,199.2
Sales - Total	£m	378.8	807.7
EBITDA from Operations	£m	66.2	159.4
Underlying EBIT from Operations <sup>1</sup>	£m	43.5	109.8
Total Net Assets <sup>2</sup>	£m	275.3	271.4
Cash Capital Expenditure - Total <sup>3</sup>	£m	35.9	74.2

## Key operating Measures

Like for Like Sales Growth <sup>4</sup>	%	6.1%	5.5%	5.7%
Underlying Operating Margin	%	11.8%	11.5%	13.6%
Return on Capital <sup>5</sup>	%	42.0%	35.4%	40.5%

## Outlet details

- Equity	1,061	968	1,015
- UK Franchise	779	696	740
Total UK	1,840	1,664	1,755
- International Equity	121	128	126
- International JV <sup>6</sup>	335	283	326
- International Franchise	651	605	654
Total International	1,107	1,016	1,106
Total Costa	2,947	2,680	2,861

Costa Express number of machines

3,938

3,142

3,515

<sup>1</sup> Underlying profit excludes amortisation of acquired intangibles.<sup>2</sup> Net segmental assets<sup>3</sup> Includes intangible capital expenditure<sup>4</sup> Like for Like sales are pre IFRIC 13 adjustment<sup>5</sup> Return on Capital is based on underlying EBIT from operations for the year ended 28 August 2014, divided by the segmental net assets with no allocation for UK debt, taxation liabilities, pension and centrally held provisions.<sup>6</sup> International JV includes Shanghai which is a subsidiary with a 51% interest.

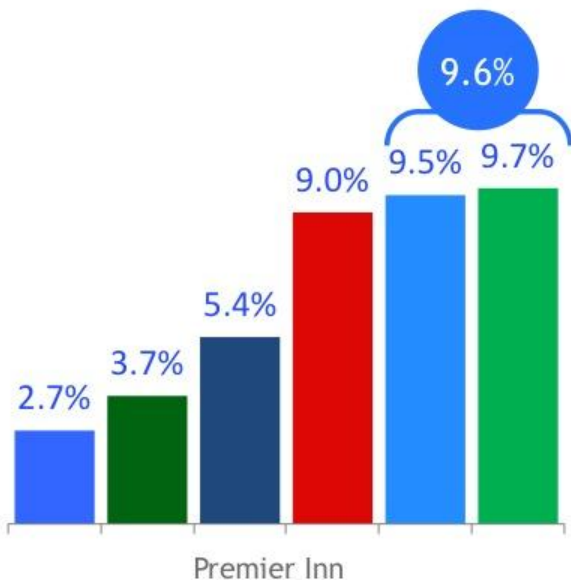


## Group like for like sales growth +7.0%

# WHITBREAD

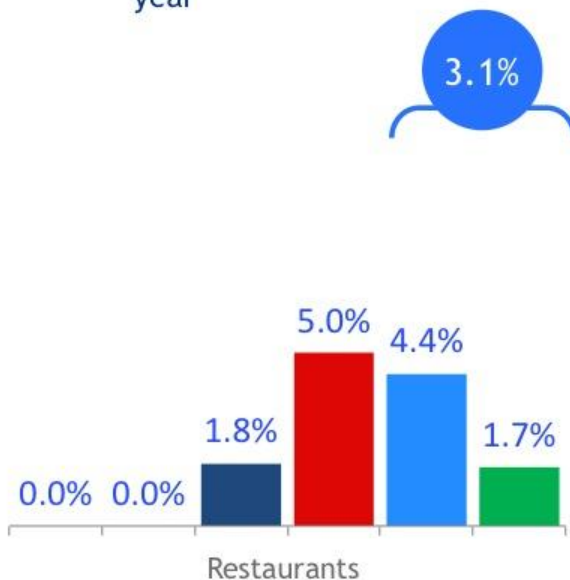
- Premier Inn

- Revpar growth of 8.5% with occupancy up 3.8% pts at 84.1%



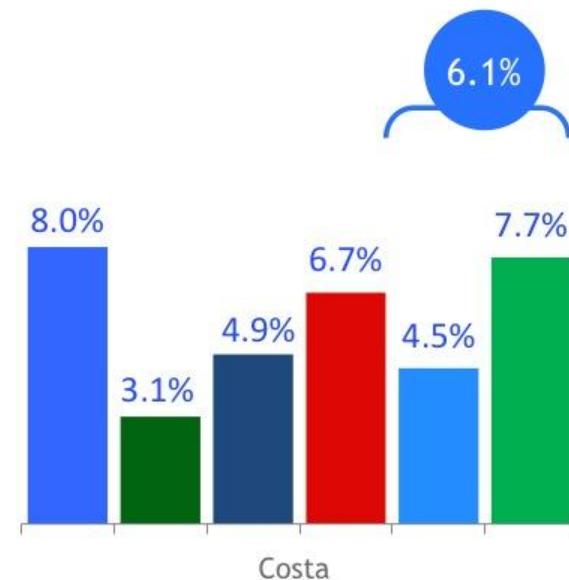
- Restaurants

- Tough comparatives in H2 from favourable weather last year



- Costa

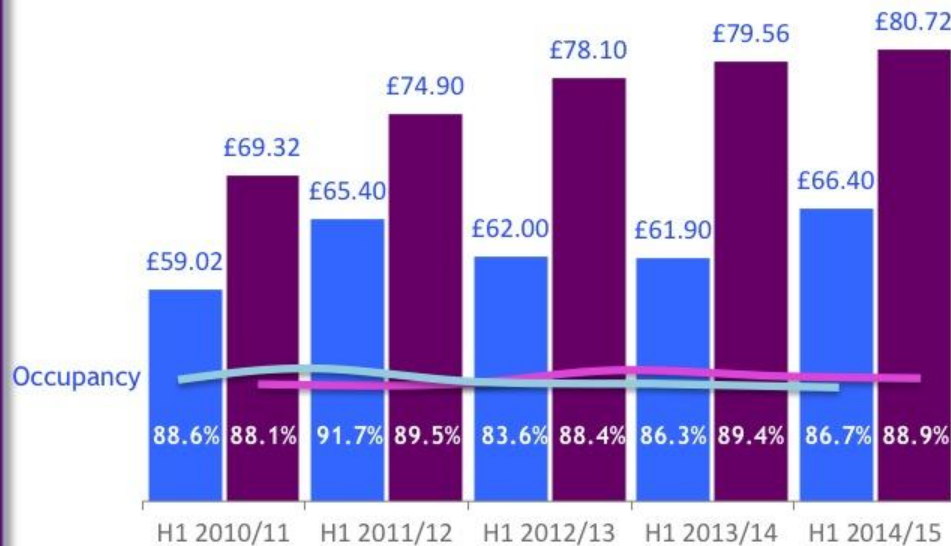
- Like for like growth led by transaction growth of 5.0%



■ Q1 2013/14 ■ Q2 2013/14 ■ Q3 2013/14 ■ Q4 2013/14 ■ Q1 2014/15 ■ Q2 2014/15

# Revpar outperformance

Greater London hotel market



Revpar gap

£10.30

£9.50

£16.10

£17.66

£14.32

UK regions hotel market



£4.38

£5.35

£7.07

£6.19

£5.50