

Continued market outperformance in the UK, strong leisure demand post 17 May**Summary**

Throughout this release all percentage growth comparisons are made on a two-year basis, comparing the current year (FY22) performance for the 13 weeks to 27 May 2021 to the same period in FY20 (13 weeks to 30 May 2019), with FY20 being the last financial period before the onset of the COVID-19 crisis.

- 98% of UK hotels and restaurants now open, with Premier Inn UK's total accommodation sales performance 11.0 pp ahead of the M&E market¹ in the quarter
- Total UK accommodation sales were down 60.9% in the quarter, with Food and Beverage total sales down 86.0%, reflecting the Government's lockdown restrictions that were in place for most of the quarter
- Encouraging trends post 17 May, when overnight leisure stays were permitted
- Very strong forward booking trends in tourist locations throughout the summer, and improved forward bookings across the majority of the rest of the estate, with the exception of airport locations and central London
- Continued gradual increase in business demand
- 19 of 30 operational hotels open in Germany, occupancy levels improving in a challenging but recovering market
- "Investing to win in FY22" and driving outperformance:
 - "Rest Easy" above the line marketing campaign, launched in April, is driving strong website volumes
 - New business Booker tools and enhanced Travel Management Company distribution will help continued recovery in business demand
 - Planned return to pre-COVID-19 levels of hotel refurbishment capex for FY22; commenced rollout programme for 1,500 additional Premier Plus rooms
 - 3 new organic hotels added to the pipeline in Germany, taking the open and committed pipeline to 73 hotels and over 13,500 rooms
 - £100m three-year cost efficiency programme well underway
- Cash outflow for the quarter was in-line with previous sensitivity guidance. At the end of the quarter, net debt was £70.6m, benefitting from the build up of customer deposits for the summer
- Now targeting net-zero carbon emissions by 2040, bringing forward the original target by 10 years
- Outlook and guidance remain unchanged from 27 April 2021

Comment from Alison Brittain, CEO:

"The Group traded significantly ahead of the market during the quarter, despite the impact of the UK Government restrictions that were in place for the majority of the first quarter. Trading in the UK since May 17, when overnight leisure stays were permitted, and when our restaurants fully reopened for indoor service, has been encouraging. Additionally, our forward bookings continue to improve, benefiting from the anticipated post-lockdown bounce in leisure demand, and a continued gradual improvement in business bookings. During the first quarter we opened 10 new hotels in the UK.

We hold a uniquely advantaged position in the UK, built on our scale, market-leading direct distribution, and strength of the Premier Inn brand. Our position as the market leader in the fast-recovering budget sector is combined with a broad, domestic focussed customer mix. This, alongside our financial flexibility and ability to invest in our customer proposition when others are constrained, means we are well-positioned to continue our strong performance.

In Germany, we now have a business of scale with a national footprint. Our accelerated pipeline growth saw 3 new hotels added, taking our open and committed pipeline to 73 hotels, and we continue to assess opportunities to grow the pipeline through both organic and non-organic routes. As in the UK, the German hotel market is recovering, and we anticipate a steady improvement in occupancy rates in our 30 operational hotels as we move through the summer.

In both markets, our financial strength will enable us to capitalise on the enhanced structural opportunities that will exist, and drive long-term value for all stakeholders."

Q1 Financial Performance

Financial highlights

	Q1 FY22 vs Q1 FY20		
	UK	Germany	Total
Sales growth:			
<i>Accommodation</i>	(60.9)%	8.8%	(60.5)%
<i>Food & beverage</i>	(86.0)%	(18.8)%	(85.9)%
<i>Total</i>	(70.1)%	4.1%	(69.8)%
Like-for-like sales growth:			
<i>Accommodation</i>	(62.1)%	(80.9)%	(62.2)%
<i>Food & beverage</i>	(86.2)%	(88.3)%	(86.2)%
<i>Total</i>	(70.9)%	(82.1)%	(71.0)%

Total UK accommodation sales were 60.9% behind Q1 FY20 as a result of the Government restrictions that were in place throughout the quarter. Despite only essential business travel stays being permitted in the period prior to 17 May, occupancy levels grew steadily from 35% at the start of the quarter to around 50% in the first two weeks of May, driven by resilient demand from business trades customers. Average room rate of £40.94 was down 33.4% versus FY20. The majority of our hotel estate remained open during the quarter, a function of our hotels only requiring low levels of occupancy to contribute to fixed costs. By 17 May, when overnight leisure stays were permitted, 98% of the hotel estate was open.

Post 17 May, trading has been strong, with high levels of demand in tourist locations in particular, driven by the anticipated bounce in leisure demand post reopening, and the period including May half-term school holidays. Demand has also improved markedly across the rest of the estate, with the exception of central London and airport locations. Total UK accommodation sales improved to down 27.3% in the 30 day period from 17 May to 14 June 2021 versus the same period in FY20, with occupancy levels at 74.2%. The more flexible labour model, that was implemented across the estate in the second half of the prior year, has enabled the business to quickly flex-up hours from its existing labour force, in response to the significant increase in demand in both hotels and restaurants.

Total UK food and beverage sales were 86.0% behind Q1 FY20 reflecting the fact that all restaurants were closed from the start of the quarter until 12 April, when outdoor service was permitted in England, where 165 restaurants opened for outdoor service in the following weeks, while over 37 restaurants were opened in Scotland for restricted indoor service. The remaining estate, with the exception of a small number of restaurants that were being refurbished, reopened on 17 May. In the 30 day period from 17 May to 14 June 2021, total food and beverage sales were down 24.9% versus the same period in FY20.

The Group's balance sheet strength has allowed investment in commercial initiatives, including the high-profile "Rest Easy" cross-platform advertising campaign, launched in mid-April, that is driving high levels of brand consideration and website visits. Actions to drive business demand are well-underway, including improved business account management, a relaunched business booker tool and a broadened Travel Management Company distribution platform. Whilst these actions are helping drive a continued increase in business bookings, a sustained recovery in office-based business demand is not anticipated until the Autumn.

During the quarter, 10 new hotels were opened, totalling 1,189 rooms and 5 hotels were disposed, totalling 169 rooms, as the Group continues to take the opportunity to optimise the estate as and when opportunities arise.

In Germany, 30 hotels were operational at the end of the quarter, of which 19 were open, 7 were being rebranded to Premier Inn, and 4 were temporarily closed due to low levels of demand in the market in those locations. Government restrictions were in place throughout the quarter, severely restricting demand levels in the market, and as a result, Premier Inn Germany occupancy levels were 14.6% in the quarter, improving to 18.2% in the last two weeks of May, as Government restrictions began to ease, and consumer confidence improved. Total Germany accommodation sales were 8.8% ahead of Q1 FY20, reflecting the larger estate that is now in operation. During the period, three new hotels were added to the pipeline, in Rosenheim, Hamburg Meile and Berlin Airport, bringing the total operational and committed pipeline to 73 hotels and over 13,500

rooms. The Group continues to assess opportunities to grow the pipeline through both organic and non-organic routes.

Outlook

The Group's outlook and guidance is unchanged from our full year results on 27 April 2021, despite the four-week delay in the UK Government's Step 4 of lockdown release. We expect leisure demand in coastal and other tourist locations to remain very strong throughout the summer, while the full recovery of leisure demand is dependent on the final release of lockdown, and the return of unrestricted events. Trades business demand remains resilient, albeit at prices some way below pre-COVID levels, and our expectation is that office-based business demand does not start to recover in earnest until the Autumn.

Notes:

1: STR data, full inventory basis, M&E market excludes Premier Inn

For more information please contact:

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A live Q&A teleconference hosted by Alison Brittain and Nicholas Cadbury will be held at 8:00am BST. Details of which are below.

Q&A teleconference participant dial-in numbers:

Start time – 8:00am BST

United Kingdom (Local): 020 3936 2999

All other locations: +44 203 936 2999

Participant Access Code: **467868**

Appendix:

1) Premier Inn UK key performance indicators

	March	April	May	Q1
Room capacity open (average)	72%	83%	95%	83%
Occupancy (full inventory)	32.8%	40.2%	56.0%	42.2%
Average room rate				£40.94
Revenue per available room				£17.30
Total accommodation sales growth	(69.8)%	(63.4)%	(48.8)%	(60.9)%
Restaurants open (average)	0%	17%	67%	26%
Total food and beverage sales growth	(98.4)%	(92.6)%	(64.6)%	(86.0)%
Total sales growth	(80.5)%	(74.3)%	(54.4)%	(70.1)%
Outperformance vs M&E market ¹	7.5pp	11.0pp	15.0pp	11.0pp
Market share gains ²	7.5pp	7.3pp	5.2pp	6.4pp

2) Premier Inn Germany key performance indicators

	March	April	May	Q1
Room capacity open (average)	62%	63%	67%	64%
Occupancy (full inventory)	13.6%	14.0%	16.4%	14.6%
Average room rate				£32.42
Revenue per available room				£4.75
Total accommodation sales growth	(4.2)%	65.0%	(5.4)%	8.8%
Total food and beverage sales growth	(18.4)%	(17.3)%	(20.4)%	(18.8)%
Total sales growth	(6.3)%	46.3%	(7.7)%	4.1%

Notes:

1: STR data, full inventory basis, M&E market excludes Premier Inn

2: STR data, revenue share of total UK hotel market

3) UK Quarterly sales & RevPAR growth

	FY21				FY22	
	Q1	Q2	Q3	Q4	Full Year	Q1 ¹
Accommodation	(79.1)%	(77.1)%	(55.4)%	(70.3)%	(70.4)%	(60.9)%
Food & Beverage	(80.1)%	(72.6)%	(53.9)%	(91.9)%	(74.4)%	(86.0)%
UK total sales growth	(79.5)%	(75.6)%	(54.9)%	(79.0)%	(71.8)%	(70.1)%
Regions	(79.2)%	(73.8)%	(48.2)%	(66.1)%	(66.8)%	(56.3)%
London	(78.7)%	(88.9)%	(78.0)%	(83.5)%	(82.3)%	(77.3)%
UK accom. sales growth¹	(79.1)%	(77.1)%	(55.4)%	(70.3)%	(70.4)%	(60.9)%
Accommodation	(79.4)%	(77.6)%	(56.2)%	(70.7)%	(70.9)%	(62.1)%
Food & Beverage	(80.5)%	(72.8)%	(54.3)%	(92.0)%	(74.7)%	(86.2)%
UK LFL total sales growth	(79.8)%	(76.0)%	(55.5)%	(79.3)%	(72.3)%	(70.9)%
Regions	(79.8)%	(74.4)%	(49.2)%	(66.6)%	(67.5)%	(57.7)%
London	(79.5)%	(89.3)%	(78.6)%	(84.0)%	(82.9)%	(78.7)%
UK RevPAR growth¹	(79.7)%	(77.7)%	(56.3)%	(70.8)%	(71.1)%	(62.4)%
Regions	(79.7)%	(74.5)%	(49.4)%	(66.6)%	(67.6)%	(57.8)%
London	(79.1)%	(89.1)%	(78.6)%	(83.8)%	(82.7)%	(78.3)%
UK LFL RevPAR growth¹	(79.6)%	(77.7)%	(56.4)%	(70.8)%	(71.0)%	(62.3)%
Regions	(78.3)%	(73.9)%	(53.5)%	(71.6)%	(69.2)%	(63.8)%
London	(79.6)%	(87.6)%	(79.9)%	(83.5)%	(82.7)%	(80.5)%
M&E market total sales growth²	(78.6)%	(77.4)%	(61.0)%	(75.0)%	(72.8)%	(68.0)%
Regions	(78.4)%	(73.7)%	(53.0)%	(71.2)%	(68.9)%	(64.1)%
London	(79.9)%	(87.8)%	(80.1)%	(83.6)%	(82.9)%	(81.0)%
M&E market total RevPAR growth²	(78.7)%	(77.3)%	(60.7)%	(74.7)%	(72.7)%	(68.4)%

Notes:

1: Q1 FY22 data is vs Q1 FY20

2: STR data, M&E market includes Premier Inn

4) Comparison versus FY21

Financial highlights vs FY21

	Q1 FY22 vs Q1 FY21		
	UK	Germany	Total
Sales growth:			
<i>Accommodation</i>	87.0%	140.7%	87.6%
<i>Food & beverage</i>	(29.7)%	138.0%	(29.2)%
<i>Total</i>	45.7%	140.3%	46.4%
Like-for-like sales growth:			
<i>Accommodation</i>	86.0%	31.9%	85.4%
<i>Food & beverage</i>	(29.9)%	46.0%	(29.7)%
<i>Total</i>	44.9%	33.6%	44.8%