WHITBREAD

18 May 2022

Full Year Presentation to holders of our
£450m 3.375% bonds due 2025
£300m 2.375% Green bonds due 2027
£250m 3.000% Green bonds due 2031

Premier Inn
Rest easy





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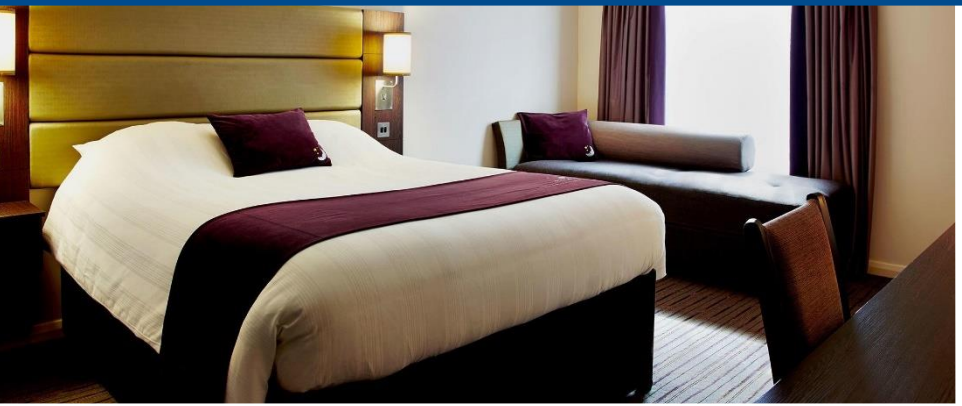
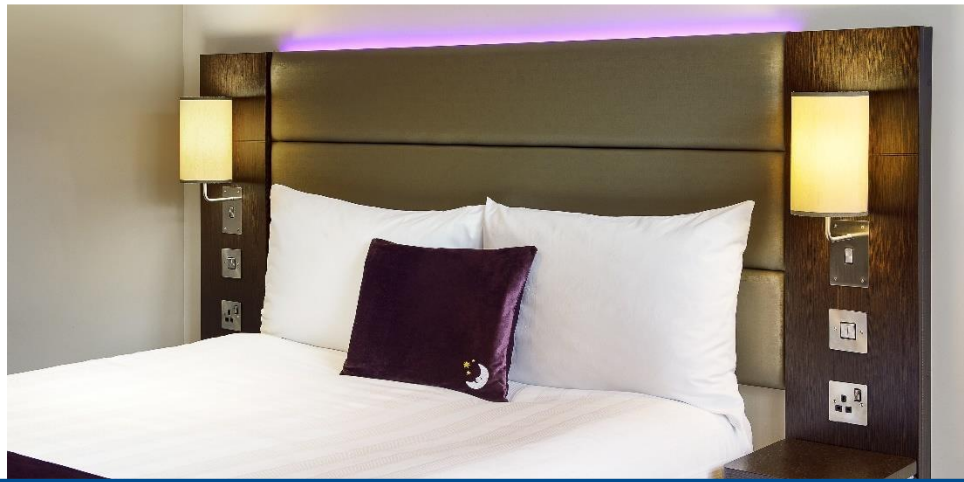
FULL YEAR HIGHLIGHTS









WHITBREAD

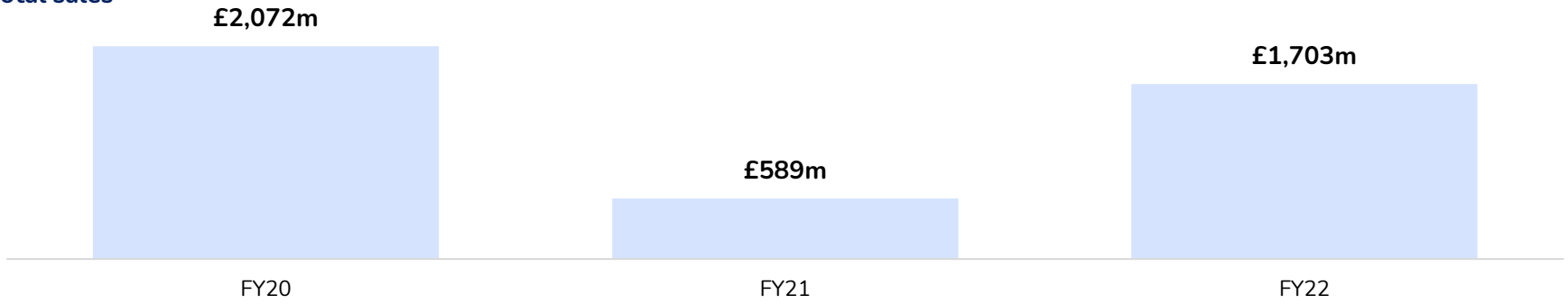
Full year highlights and outlook

- Continued hotel market outperformance in the UK driven by our ‘Investing to win’ commercial strategy, our strong brand, scale, direct distribution and the strong appeal of the Premier Inn customer offering
- Strong hotel trading in the UK, exceeding pre-pandemic levels in H2
- Encouraging forward bookings, capitalising on accelerating independent supply contraction although limited visibility for H2
- Restaurants trading behind pre-COVID levels but improving trends
- German market recovering slower than UK but Premier Inn trading is encouraging. Built a significant business of 37 quality hotels in prime locations during COVID, which are now starting to trade as the market recovers
- Expect to largely offset higher cost inflation through efficiencies, estate growth and higher price
- Cost efficiency programme extended and increased, now £140m by FY25
- Proposed final dividend of 34.7p per share resulting in £70m payable, reflecting confidence in outlook

Strong recovery: returning to profitability

Commercial initiatives and strong appeal of Premier Inn's customer offering driving recovery as Government restrictions relaxed

Total sales



Statutory profit before tax



WHITBREAD

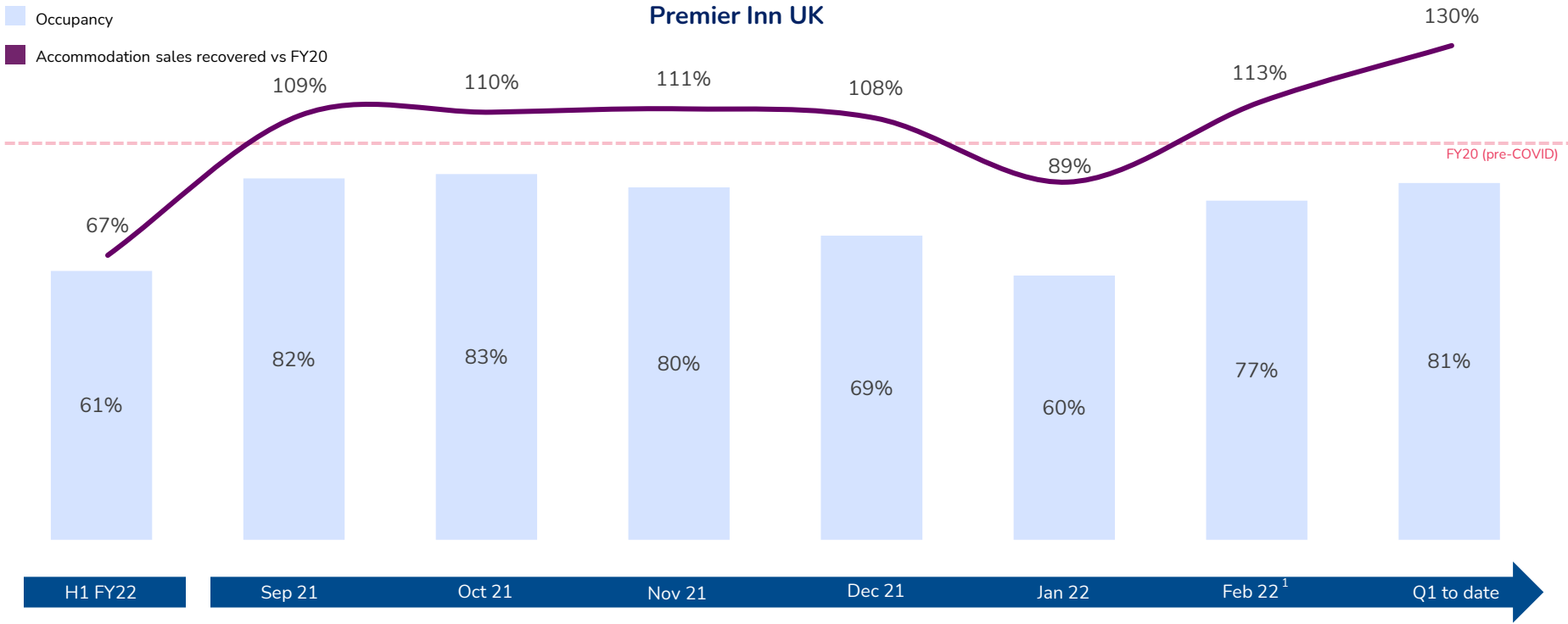
Premier Inn UK strong trading

Accommodation sales ahead of pre-COVID levels

H1: Certain restrictions on hotel and restaurant visits

Dec - Jan: Increased restrictions in parts of the UK due to Omicron variant

Feb - Apr: Restrictions lifted



1: versus FY20 on a 52-week basis

WHITBREAD

Premier Inn UK: continued market outperformance

Premier Inn's strong brand, scale and direct distribution helping maintain material outperformance of the M&E market…

Total sales outperformance vs. the M&E hotel market

	H1	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22 [3]	Q1 to date [4]
PI outperformance[1] vs M&E	12.5%	13.3%	17.1%	19.0%	20.3%	16.5%	19.4%	28.3%
PI market share[2]	11.2%	9.5%	9.5%	9.2%	8.7%	10.6%	10.6%	9.9%
PI market share growth vs FY20[2]	3.9pp	2.4pp	2.1pp	1.9pp	2.4pp	3.3pp	2.7pp	2.4pp

…and the M&E market continue to materially outperform all other hotel sectors

M&E vs rest of market outperformance	18.3%	23.3%	16.4%	12.0%	18.0%	20.7%	19.6%	15.0%

1: STR data, full inventory basis, M&E excludes Premier Inn – restated in line with STR M&E room stock reclassification
2: STR data, revenue share of total UK market
3: Versus FY20 on a 52-week basis
4: STR data, full inventory basis, 4 March 2022 to 14 April 2022, M&E excludes Premier Inn

Germany: Encouraging trading in a challenging market

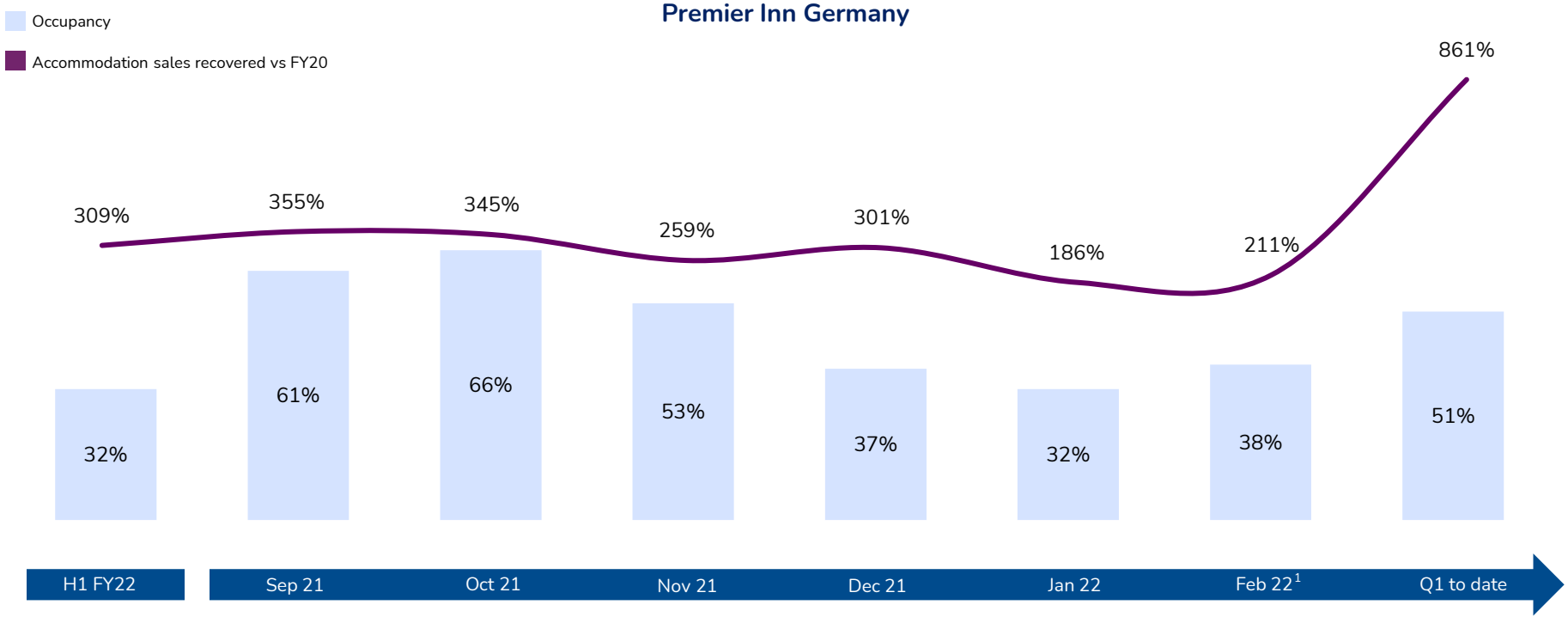
Greater level of restrictions

H1: Certain restrictions on hotel and restaurant visits

Oct - Nov: Increased restrictions due to Delta variant

Dec - Feb: Further restrictions due to Omicron variant

Mar - Apr: Restrictions easing and lifted in April



1: versus FY20 on a 52-week basis

WHITBREAD

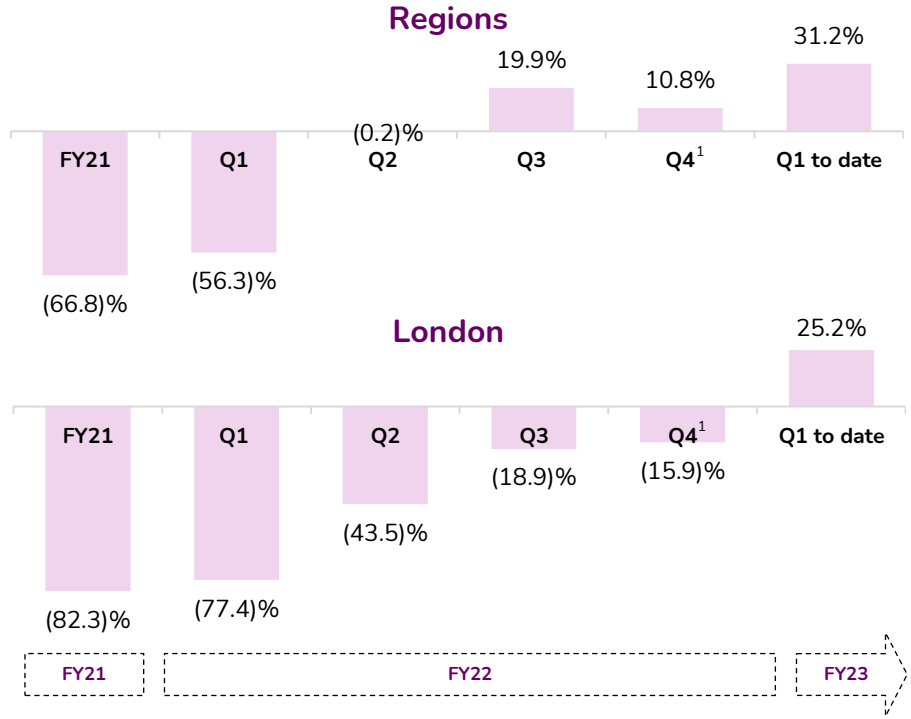
Broad based recovery into FY23

Demand recovering across all customer groups

UK	Leisure	Ahead of pre-COVID levels
UK	Business tradespeople	Ahead of pre-COVID levels
UK	Office-workers	Recovering well, helping London recovery
UK	International inbound	Early signs of recovery
UK	Food and beverage	Slower market recovery
Germany	Hotels & food and beverage	Slower market recovery

Very strong performance in the UK Regions, recovery in London

Premier Inn accommodation sales versus FY20



Premier Inn UK LFL RevPAR have recovered to pre-COVID levels

1:Q4 FY22 accommodation sales are compared on a 52 week basis versus FY20

WHITBREAD

Multi-year UK growth opportunity

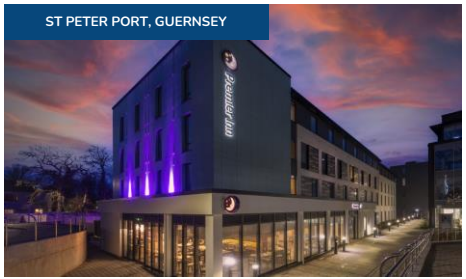
CLEAR ROUTE TO 110k ROOMS

Equates to >33% UK estate growth opportunity





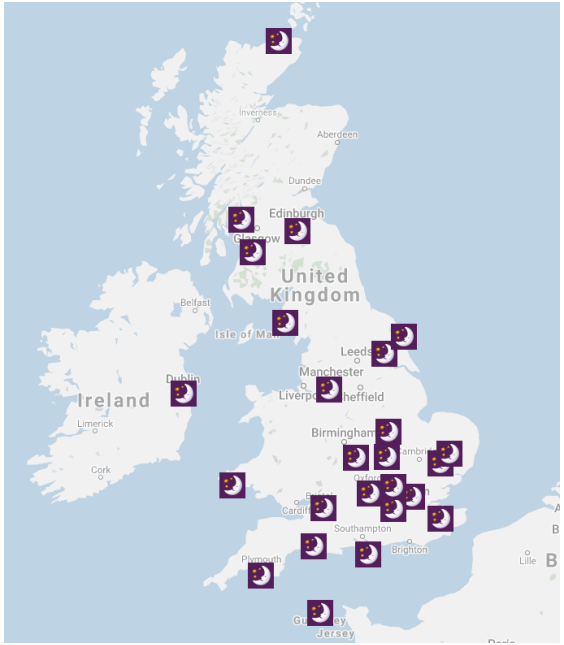




- Opportunity expected to be even greater as market supply contracts post COVID

ADDING 2-3k ROOMS EVERY YEAR

New hotels in prime locations, with improved operational efficiency and operating leverage



- 30 new hotels and 3,787 gross rooms opened in FY22

WHITBREAD

Germany: A compelling proposition in a highly attractive market

A HIGHLY ATTRACTIVE MARKET – OPPORTUNITY TO REPLICATE UK SUCCESS

- **Market is 40% larger than the UK**
- **Greater demand for short-stay domestic travel**
- **Pre-COVID budget branded RevPAR growth higher than UK**
- **Highly fragmented market: 72% independents in long term decline**
- **Structural barriers to entry exists for franchise operators**
- **Significant opportunity to acquire assets with attractive long-term returns**

COMPELLING CUSTOMER PROPOSITION

Prime locations
37 operational hotels in 19 cities and towns

Great value
Budget price range

High quality
Replicating the leading quality of our UK hotels

Broad appeal
Business and leisure guests





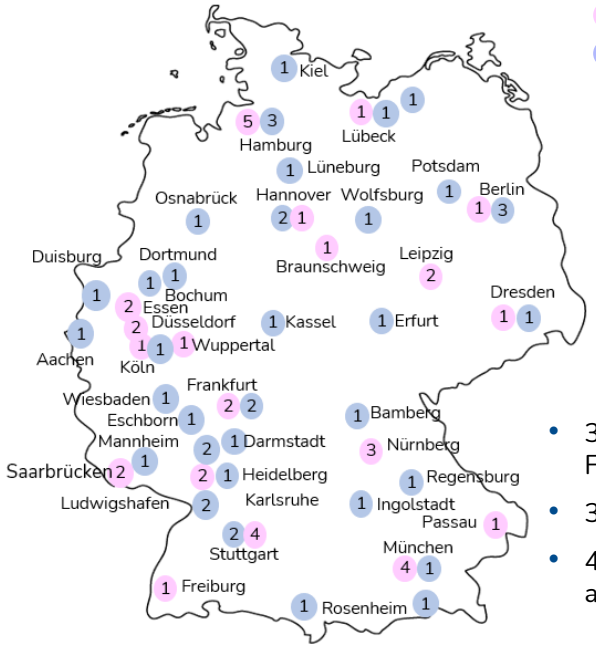




WHITBREAD

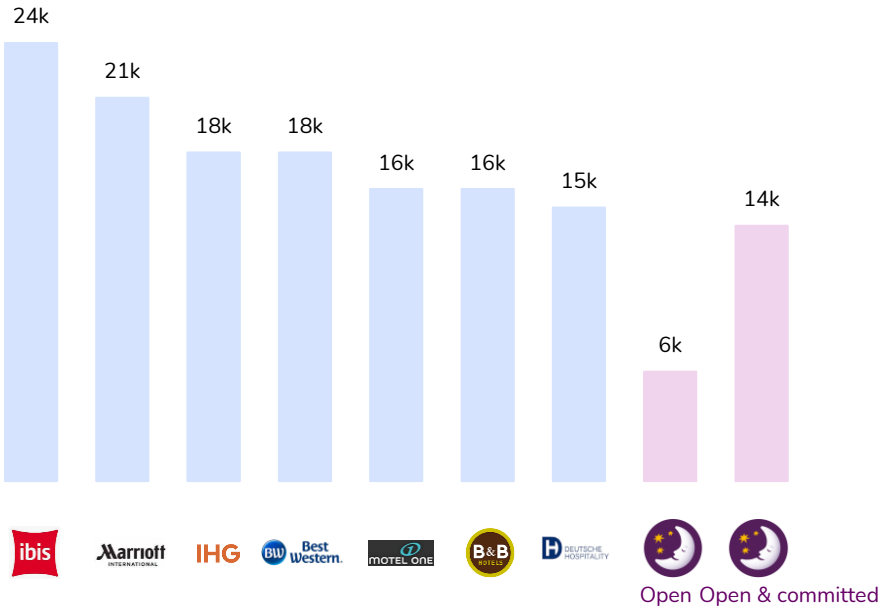
Long-term value creation: Germany

BUILDING A NATIONAL NETWORK



- 31 hotels added since February 2020
- 37 operational hotels
- 41 pipeline hotels, 3 added so far in 2022

RAPID ESTATE GROWTH



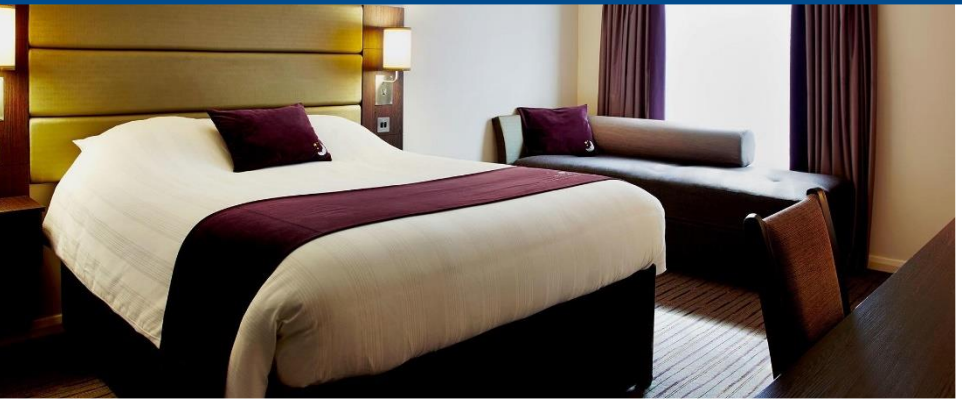
A platform to outperform and take market share

Ambition to be the no.1 budget operator

1: AM:PM March 2022
2: Company data and estimates

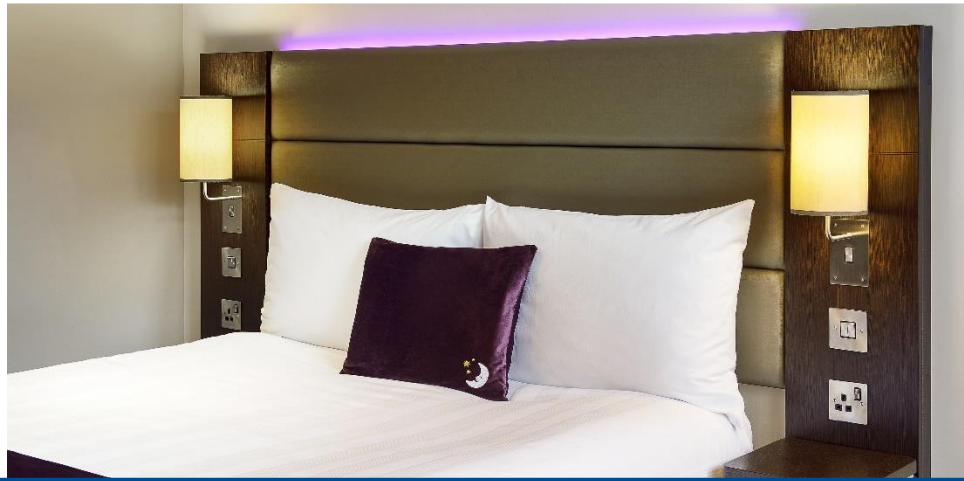
WHITBREAD

FULL YEAR TO 3 MARCH 2022









WHITBREAD

Financial highlights: Return to profitability

£m	FY22 [1]	FY21	FY20
Statutory revenue	**1,703.4**	**589.4**	**2,071.5**
Adjusted revenue	1,703.4	588.9	2,062.1
Other income (excl. rental income)	114.5	154.0	13.9
Operating costs	(1,345.3)	(937.8)	(1,323.3)
Adjusted EBITDAR	**472.6**	**(194.9)**	**752.7**
Adjusted (loss) / profit before tax	**(15.8)**	**(635.1)**	**358.3**
Statutory profit / (loss) before tax	**58.2**	**(1,007.4)**	**280.0**
Cash capital expenditure	261.0	230.6	587.7
Cash and cash equivalents	1,132.4	1,256.0	502.6
RCF (undrawn)	850.0	950.0	950.0
Net cash / (debt)	140.5	(46.5)	(322.9)

- FY22 performance reflects the strong recovery in sales post COVID-19 restrictions and estate growth in the UK and Germany, driving **statutory revenues 189%** ahead of FY21
- **Other income** of **£114.5m** includes **£61.7m** benefit from the Coronavirus Job Retention Scheme, **£8.2m** UK other grants and **£43.6m** benefit from German Government support schemes
- **Operating costs** were **£407.5m** higher than FY21 driven by revenue-related variable costs, estate growth and lower levels of business rates relief
- **Adjusted loss before tax** was **£15.8m**, with **£40.8m** profit in H2
- **Statutory profit before tax** of **£58.2m** benefits from **£74.0m** of adjusting items credits including **£33.2m** profit on property disposals and **£42.0m** of net property impairment reversals
- **Net cash** of **£140.5m** - the business has access to **£1,132.4m** of cash and cash equivalents, and access to an undrawn RCF of **£850.0m**

1: FY22 is a 53-week period, with week 53 total sales £41.9m sales and an estimated profit impact of £4m

Continued market outperformance in the UK; rapid estate growth in Germany

Premier Inn UK

£m	FY22	FY21	FY20
Statutory revenue	**1,668.2**	**577.4**	**2,050.3**
Other income (excl. rental income)	70.1	142.5	13.6
Operating costs	(1,248.6)	(861.7)	(1,270.2)
Adjusted EBITDAR	**489.8**	**(141.8)**	**793.7**
Net turnover rent and rental income	3.9	4.5	2.1
Depreciation: Right-of-use asset	(125.2)	(109.9)	(103.2)
Depreciation and amortisation: Other	(168.9)	(168.5)	(163.2)
Adjusted operating profit / (loss)	**199.6**	**(415.7)**	**529.4**
Interest: Lease liability	(124.7)	(117.1)	(115.1)
Adjusted profit / (loss) before tax	**74.9**	**(532.8)**	**414.3**

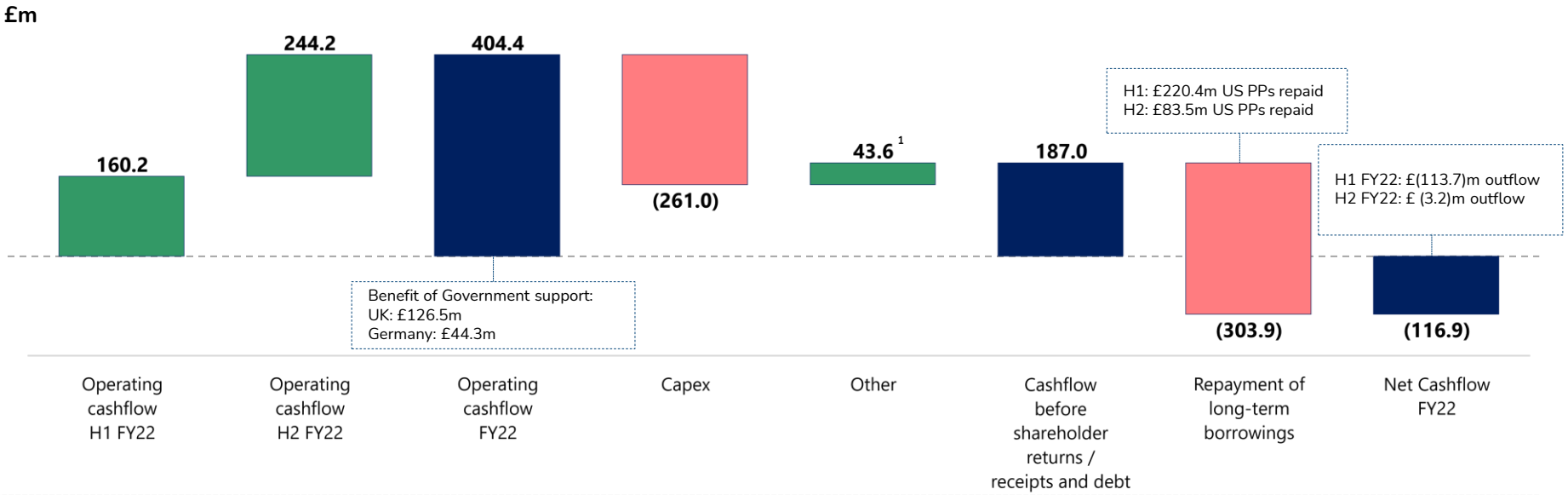
- Outperforming the market
- COVID-19 restrictions in place until July
- Strong leisure led recovery from Q2 onwards

Premier Inn Germany

£m	FY22	FY21	FY20
Statutory revenue	**35.2**	**11.5**	**11.8**
Other income (excl. rental income)	44.3	11.5	0.3
Operating costs	(65.8)	(43.9)	(23.9)
Adjusted EBITDAR	**13.7**	**(20.9)**	**(11.8)**
Net turnover rent and rental income	3.7	3.9	0.8
Depreciation: Right-of-use asset	(22.9)	(16.4)	(0.8)
Depreciation and amortisation: Other	(9.9)	(5.4)	(1.6)
Adjusted operating (loss) / profit	**(15.4)**	**(38.8)**	**(13.4)**
Interest: Lease liability	(8.5)	(6.1)	(0.2)
Adjusted (loss) / profit before tax	**(23.9)**	**(44.9)**	**(13.6)**

- Material estate growth
- COVID-19 restrictions in place for the majority of the year
- Adjusted loss benefitting from Government grants

FY22 Cashflow: Strong trading in the year resulting in operating cash inflow



Net (debt) / cash movement

£m	
Net debt at start of year	(46.5)
Cash flow	(116.9)
Debt repayment	303.9
Net cash at end of FY22	140.5

Available liquidity

£m	
Cash and cash equivalents	1,132.4
Undrawn RCF	850.0
Total	1,982.4
Finance borrowings	(1,000.0)
Lease liabilities	(3,701.8)

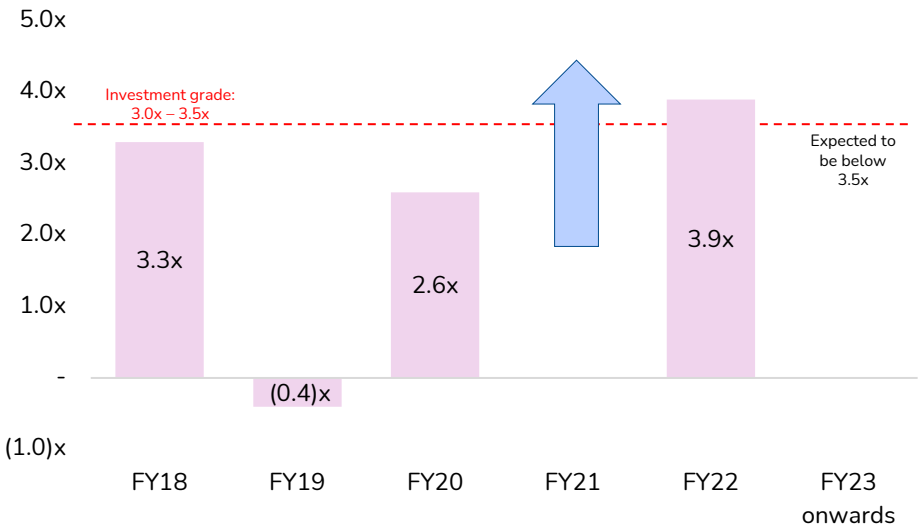
1: Other includes: corporate taxes, interest, other non cash, pension, disposal proceeds and acquisitions

WHITBREAD

Strong balance sheet a reflection of continued capital discipline

RETURNING TO INVESTMENT GRADE METRICS

Return to FFO investment grade leverage in FY23



ASSET BACKED BALANCE SHEET

- Property estate last valued in 2018:
  - Individual sale and leaseback basis
  - Yield range: **4.5% - 5.0%**
  - Value: **£4.9 - 5.8 billion**
- Market yields holding up well:

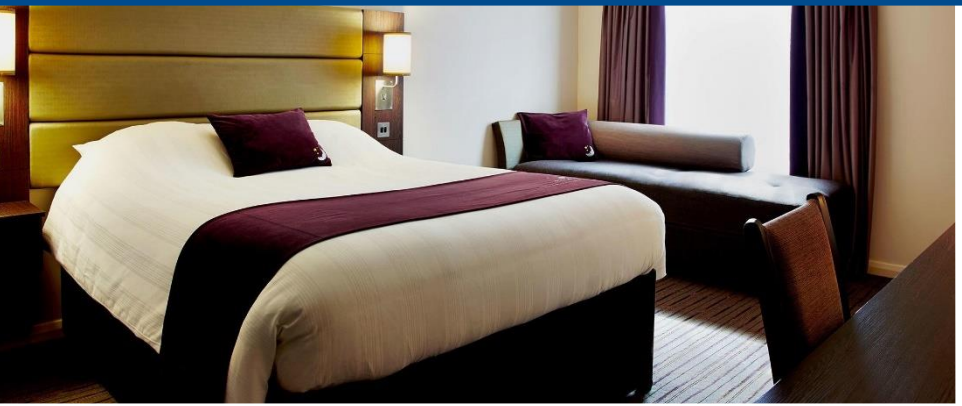
  Premier Inn indicative leasehold transactions since March 2020:
  - London **c.3.0% - 4.0%**
  - Regions large towns/cities (e.g. Liverpool, Norwich) **c.4.0% - 4.5%**
  - Regional small towns (e.g. Peterborough, Holyhead, Maidenhead) **c.4.0% - 5.0%**

Strong capital discipline provides flexibility to invest and return to shareholders

1: Using existing methodology

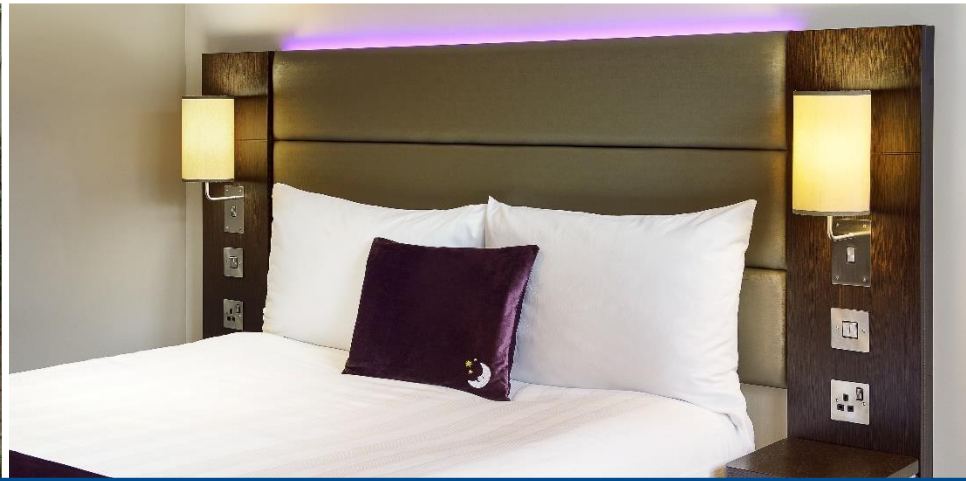
WHITBREAD

FORCE FOR GOOD - GREEN BOND UPDATE









WHITBREAD

Green Bond Update – FY22

- **£404m** of our total £550m Green Bonds has been allocated against the Eligible projects in our Green Bond Framework (£146m remaining to allocate)
- This Use of Proceeds allocation has been independently assured to the ISAE3000 standard
- Eligible green projects aligned to United Nations' Sustainable Development goals
- Strong ratings from some of the leading ESG providers
- Full Green Bond allocation and impact report approved by our Sustainable Finance Steering Committee. To be published shortly

Allocated to end FY 21/22

Green construction: £199m	Green operation: £174m	Sustainable procurement: £31m

Sustainability impact

The use of these proceeds has led to:

45 sites being constructed to high environmental standards	311,000 Tn CO2 emissions avoided	100% of consumables and fish allocated against were procured to certified sustainable standard as outlined in our framework

Use of proceeds allocation against framework – 73% allocated

	ICMA Category for use of proceeds	Eligibility criteria	Example Sustainability Project	Relevant KPIs	UK/ Germany	Total allocation to end FY 21/22	Impact
Green Construction	Green Buildings	Investment and expenditures relating to the properties built, fitted out to , or operated to BREEAM standards (Very Good and above). LEED (Platinum) or EPC (B or above) or DGNB Silver or above	Build and fit out of utility efficient buildings to BREEAM, LEED, EPC or DGBN standards as noted	Number (or %) of sites built, fitted out or operated to BREEAM Very Good, LEED (Platinum), EPC (B or above) or DGNB (Silver or above)	UK	£ 171m	45 sites constructed to high environmental standards
					Germany	£ 28m	
Green Operation	Renewable Energy	Expenditure relating to purchase of renewable energy across the estate	Procurement of 100% renewable energy across our utility purchased PI&R estate including installation of PV across suitable existing sites	Greenhouse gas emissions avoided (TCO2e)	UK	£ 162m	283,000 Tn CO2 emissions avoided
					Germany	£ 2m	
	Pollution Prevention and Control	Expenditure relating to reduction in waste to landfill via recycling	Waste management to reduce landfill and obtain a positive environmental benefit via recycling	Greenhouse gas emissions avoided (TCO2e)	UK	£ 10m	28,000 Tn CO2 emissions avoided
Sustainable Procurement	Environmentally Sustainable Management of living natural resources and land use	Expenditure relating to procurement of sustainable timber	FSC/PEFC certified timber for fixtures and fitting products and consumables within the estate	% of fixtures and fittings and timber/paper consumables suppliers that comply with timber policy	UK	£ 8m	100% of consumables and fish allocated against were procured to certified standard as outlined in our framework
		Expenditure relating to procurement of sustainable fish to standards that protect aquatic biodiversity	Procurement of sustainable fish accredited to MSC, ASC or equivalent standard	% of fish sustainably sourced	UK	£ 23m	
					Grand total £m	**£ 404m**	

A Force for Good: Our strategy and targets

Being a Force for Good in all we do supports our vision of enabling people to live and work well

FORCE FOR GOOD

OPPORTUNITY	COMMUNITY	RESPONSIBILITY
No barriers to entry and no limitations to ambition	Meaningful contributions to the customers and communities we serve	Operating in a way that respects people and the planet
Championing inclusivity and improving diversity	*Positive contributions to the communities we serve*	*Sourcing responsibly and with integrity*
Industry-leading training and development	*Supporting our charity partner to meet their mission*	*Reducing our environmental impact*
Team member wellbeing considered in everything we do	*Supporting the wellbeing of our guests and customers*	*Always doing business in the right way*

TARGETS



80% Scope 1 & 2 carbon emissions reduction by **2025**, net-zero by **2040**



50% Scope 3 carbon emissions reduction by **2035, 64% by 2050**



Reduce food waste by **50%** by **2030** and no waste to landfill



Eliminate unnecessary single-use plastic by **2025**



Reduction in sugar, salt and calories across our menus



Stretching Diversity and Inclusion targets



100% critical commodities sourced responsibly



Raise **£20m** for GOSH

Our sustainability programme has been in operation for over 10 years and runs through everything we do

WHITBREAD

Industry-leading sustainability and responsibility programme

Key achievements in FY22

Committed to **SBTi** for **net zero** carbon target by **2040**

Achieved **RSPO Chain of Custody** certification for sustainable **palm oil**

Rated Top Employer for the **12th** consecutive year

Financial Times Diversity Leaders Index award placed 24 out of 750 companies across Europe

First year of TCFD reporting

>£20m raised for Great Ormond Street Hospital

Reduce scope 3 carbon by **50%** in **2035** and **64%** by **2050**

Stonewall Gold Award for commitment to LGBTQ+ inclusion at work

Leadership population has **41% female representation,** ahead of target of 40% by the end of 2023

Introducing ESG metrics into **management compensation**

Our long-term commitments

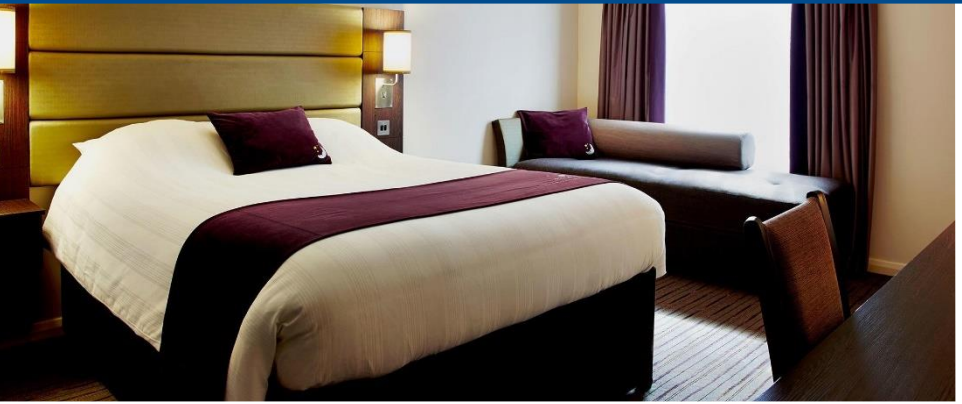
8

DIVERSITY & INCLUSION TARGETS

- CARBON NET ZERO BY 2040
- ELIMINATING SINGLE-USE PLASTIC BY 2025
- CUTTING FOOD WASTE BY 50% BY 2030

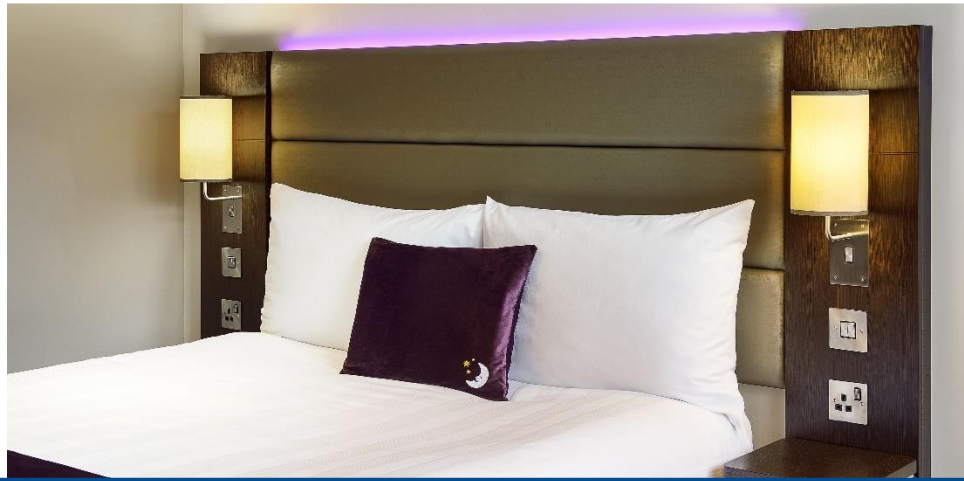
Our Force for Good programme is embedded in everything we do

CONCLUSION AND Q&A









WHITBREAD

Well positioned for long-term value creation

1 GROW AND INNOVATE IN THE UK

2 FOCUS ON OUR STRENGTHS TO GROW IN GERMANY

3 ENHANCE CAPABILITY TO SUPPORT LONG-TERM GROWTH

	UK	Germany
ENHANCED STRUCTURAL OPPORTUNITIES Market supply contraction accelerating PI market share gains	✓	✓
BUDGET MODEL Budget sector is higher growth and outperforms in downturns	✓	✓
BROAD CUSTOMER REACH Flexible model caters to a wide range of customer types	✓	✓
STRONG HOTEL BRAND Strongest hotel brand in the UK	✓	opportunity
DIRECT DIGITAL DISTRIBUTION Cost efficient and ownership of the customer relationship	✓	opportunity

	UK + Germany
BEST-IN-CLASS OPERATIONS Competitive advantage driving a winning customer proposition	✓
LEAN AND AGILE COST MODEL Right-sized cost base enables a superior value offering	✓
FINANCIAL STRENGTH AND FLEXIBILITY Strong property backed balance sheet provides flexibility	✓
CAPITAL DISCIPLINE Disciplined allocation of capital	✓
OPERATING RESPONSIBLY AND SUSTAINABLY Embedded in our business with ambitious targets	✓

Credit highlights

1. Largest hotel operator in the UK with the strongest brand
2. Vertically integrated model affords control over best-in-class operations and is a competitive advantage over peers
3. Effective direct digital distribution platforms affording cost efficiency and ownership of the customer relationship
4. Broad customer reach across regions and defensive domestic/inbound and business/leisure mix
5. Positioned in budget sector which is fastest growing and outperforms in downturns
6. Attractive structural growth opportunities remain intact, including Germany where the business is well placed to replicate its success in the UK
7. Decisive and effective actions taken to mitigate business and financial disruption from COVID-19 and protect stakeholders, along with longstanding proven ability to manage costs through a cycle
8. Experienced management team
9. A 'Force for Good' - robust and longstanding sustainability policies which run through everything we do and are recognised via external accreditations
10. Conservative balance sheet and financial flexibility afforded by freehold property backing
11. Board intention to maintain investment grade metrics over the medium term
12. Dividend payments resumed. A final dividend of 34.7 pence per share (£70m) will be paid on 1 July 2022. This reflects both the Group's encouraging trading and confidence in the outlook.

Q&A





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