WHITBREAD

Q1 FY25 Trading Update

18 June 2024

Strengthening trading performance in the UK and continued progress in Germany

Throughout this release percentage growth comparisons are comparing Q1 FY25 performance for the 13 weeks to 30 May 2024 to the same period in FY24, unless stated otherwise.

Summary

- Group total sales grew 1% to £739m, driven by improved UK trading and continued progress in Germany
- Premier Inn UK:
  - As expected, trading performance strengthened during the quarter and Q1 accommodation sales were in line with last year and up 55% versus FY20; total RevPAR was 2% behind and 38% ahead of FY20
  - This meant that our total accommodation sales growth was 0.6pp ahead (Q1 FY24: 0.3pp) versus the midscale and economy ('M&E') sector[1] and our RevPAR premium was £5.62 (Q1 FY24: £6.12; Q1 FY20: £2.32)
  - Food and beverage ('F&B') sales were 1% behind with strong breakfast sales driven by high occupancy in our hotels offset by softer trading in a number of our branded restaurants
- Premier Inn Germany:
  - Total accommodation sales were up 15%[2], led by the increasing maturity of our estate and continued room growth
  - Total estate RevPAR increased to €57 and our more established hotels RevPAR was €61, outperforming the wider M&E market[3]
- £150m share buy-back: on track with 3.2m shares purchased so far for a total consideration of £96m
- Confident in full year outlook, underpinned by our strong commercial programme and good progress on cost efficiencies

Comment from Dominic Paul, Chief Executive:

"Our UK trading results strengthened during the quarter and we continued to grow accommodation sales ahead of the market. Underpinned by the favourable supply backdrop, total accommodation sales and RevPAR remained significantly ahead of pre-pandemic levels. In Germany, we delivered another strong performance, led by the increasing maturity of our estate and continued room growth. Our cohort of more established hotels is continuing to outperform the M&E market and we remain on course to achieve the important milestone of reaching break-even on a run-rate basis during the second half of 2024.

"Whilst the normal booking pattern means our forward visibility remains limited, our forward booked position is positive and we remain confident in the full year outlook. This reflects a more encouraging trading performance in the UK, our strong commercial programme and increased cost efficiencies, as well as good progress in Germany.

"Our Accelerating Growth Plan to optimise F&B at a number of sites and add 3,500 rooms to our UK pipeline is on track and will increase our momentum to deliver long-term profitable growth. With significant potential in both the UK and Germany, supported by the structural reduction in supply and our asset-backed balance sheet, our strategic plans are set to deliver a step change in our performance."

Q1 FY25 summary (versus Q1 FY24)

	UK	***Germany[2]***	***Total***
Sales growth:			
Accommodation	0%	+15%	+1%
Food & beverage	(1)%	+13%	(1)%
Total	0%	+15%	+1%
Like-for-like sales growth:			
Accommodation	(2)%	+6%	(1)%
Food & beverage	(1)%	+2%	(1)%
Total	(1)%	+5%	(1)%

Notes:
1: STR data, standard basis, 1 March 2024 to 30 May 2024, UK M&E market excludes Premier Inn
2: Germany sales growth in GBP
3: STR data, standard basis, 1 March 2024 to 30 May 2024, Germany M&E market excludes Premier Inn

Q1 performance

Having been 1% behind last year in the first seven weeks, our trading performance strengthened during the remainder of the quarter and accommodation sales recovered to be in line with last year and up 55% versus FY20. While midweek business demand and peak leisure demand remained robust, weekend demand at short-lead was slightly softer, particularly in London, reflecting a return to more normalised levels after what was a very strong performance last year. However, with the strength of our brand and the benefit of our commercial programme, we continued to outperform the market with total accommodation sales growth 0.6pp ahead (Q1 FY24: 0.3pp ahead) delivering a RevPAR premium of £5.62 (Q1 FY24: £6.12; Q1 FY20: £2.32).

UK F&B sales were 1% behind last year, with strong breakfast sales driven by high occupancy in our hotels offset by softer trading in a number of our branded restaurants.

In Germany, total accommodation sales were up 15% versus last year led by the increasing maturity of our estate and continued room growth. Our total estate RevPAR increased to €57 (Q1 FY24: €55) and our cohort of more established hotels continued to perform ahead of the wider market, achieving a RevPAR of €61 (Q1 FY24: €61).

Outlook

We remain confident in the full year outlook. In the UK, recent trading has been more encouraging as we move into the peak periods of the year and our forward booked position remains positive. We are continuing to execute our commercial programme and net inflation is now expected to be at the lower end of guidance as a result of increased cost efficiencies.

In Germany, we have launched our first online-focused brand campaign and are trading well. We are on course to break-even on a run-rate basis during calendar year 2024 which is a key milestone as we progress towards our longer-term target of 10-14% return on capital.

Interim results

The Group's interim results will be announced on 16 October 2024.

For more information please contact:

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A live Q&A teleconference for investors and analysts will be held at 8:00am BST on 18 June 2024. Details to join are noted below. An on-demand version of this will be made available on the website (www.whitbread.com/investors/results-reports-and-presentations) shortly after.

Q&A teleconference participant dial-in numbers:
Start time – 8:00am BST
United Kingdom (Local): 020 3936 2999
Participant Access Code: 630351

Appendix

1) Premier Inn UK key performance indicators

	FY24					FY25	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q1[2] %
London							
Occupancy (full inventory)	81.2%	86.7%	86.3%	78.0%	83.0%	78.6%	*(2.6)pp*
Average room rate (£)	111.71	116.39	115.78	94.10	109.78	109.12	*(2.3)%*
Revenue per available room (£)	90.76	100.91	99.90	73.43	91.17	85.77	*(5.5)%*
Total accommodation sales (£m)	120.8	134.6	133.7	99.9	489.0	120.0	*(0.6)%*
Regions							
Occupancy (full inventory)	83.1%	85.9%	84.7%	74.5%	82.0%	82.6%	*(0.5)pp*
Average room rate (£)	71.06	84.38	75.07	61.10	73.30	71.00	*(0.1)%*
Revenue per available room (£)	59.06	72.49	63.55	45.50	60.12	58.66	*(0.7)%*
Total accommodation sales (£m)	372.0	456.7	401.3	288.7	1,518.7	374.1	*0.6%*
Total							
Occupancy (full inventory)	82.8%	86.0%	84.9%	75.1%	82.2%	81.9%	*(0.9)pp*
Average room rate (£)	78.02	90.01	82.30	67.15	79.76	77.59	*(0.6)%*
Revenue per available room (£)	64.59	77.45	69.90	50.43	65.56	63.54	*(1.6)%*
Total accommodation sales (£m)	492.8	591.3	534.9	388.7	2,007.7	494.1	*0.3%*
Total accommodation sales growth vs M&E market[1]	+0.3pp	+3.9pp	+5.4pp	+1.5pp	+3.1pp	+0.6pp	*+0.3pp*
RevPAR premium vs M&E market[1]	+£6.12	+£7.27	+£6.49	+£4.08	+£5.95	+£5.62	*£(0.50)*
F&B							
Total food and beverage sales (£m)	193.7	201.4	187.9	179.2	762.0	191.0	*(1.4)%*
Total UK sales (£m)	**686.5**	**792.6**	**722.8**	**567.9**	**2,769.7**	**685.2**	***(0.2)%***

2) Premier Inn Germany key performance indicators

	FY24					FY25	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q1[2] %
Occupancy (full inventory)	64.5%	64.0%	65.8%	53.4%	61.8%	64.6%	*0.2pp*
Average room rate (€)	84.81	80.12	90.53	75.45	83.07	87.88	*3.6%*
Revenue per available room (€)	54.67	51.29	59.59	40.28	51.36	56.79	*3.9%*
Total accommodation sales (€m)	46.2	47.3	56.3	38.2	188.0	54.3	*17.6%*
Total food and beverage sales (€m)	7.7	8.3	9.0	6.9	31.8	8.8	*15.3%*
Total sales (€m)	**53.8**	**55.6**	**65.3**	**45.1**	**219.8**	**63.1**	***17.3%***

Notes:
1: STR data, standard basis, 1 March 2024 to 30 May 2024, M&E market excludes Premier Inn
2: Sales growth versus FY24