RNS Number : 3182I
Whitbread PLC
16 October 2024

UK accommodation sales in line with H1 FY24; excellent progress in Germany
Increased interim dividend and further £100m share buy-back
Five-Year Plan: at least £300m more profit and over £2bn available for shareholder returns

Throughout this release all percentage growth comparisons are made comparing the current period performance (H1 FY25) for the 26 weeks to 29 August 2024 with H1 FY24 (26 weeks to 31 August 2023).

Overview

- Premier Inn continues to consolidate its position as the UK's leading hotel brand, underpinned by our consistent delivery of high-quality, great value hotel rooms; with a growing presence in Germany, we are focused on replicating our UK success to become the country's number one hotel brand
- H1 FY25 results reflect a slightly softer UK demand environment, investment in our Accelerating Growth Plan ('AGP') and lower interest receivable, partially offset by positive momentum in Germany
- We are making excellent progress on our Five-Year Plan that is set to deliver a step change in our performance:
  - ***Network expansion:*** plans in place, including AGP, to grow our estate to 98,000 rooms by FY30, as we progress towards our long-term potential of 125,000 rooms across the UK and Ireland;
  - ***Accelerating Growth Plan ('AGP')***: optimisation of our UK food and beverage ('F&B') offer at a number of sites to deliver a more tailored guest proposition, is on track; planning applications for over a third of the 3,500 extension rooms have been submitted; we have also accepted offers on 51 sites for a total consideration of £56m;
  - ***Commercial programme***: initiatives unlocked by our new reservation system include: broadening our reach; improving our digital journey; and a number of ancillary revenue opportunities. These will begin to launch in the second half of FY25 and are expected to support UK like-for-like† sales;
  - ***Efficiencies***: additional £10m of cost efficiencies now expected in FY25 (£60m in total) and we have increased and extended our programme to deliver £50m cost savings on average each year to FY30;
  - ***Germany***: strong performance is underlining our confidence in reaching breakeven on a run-rate basis in the second half of the year. We expect to reach 20,000 open rooms and £70m[1] of adjusted profit before tax† in FY30, with continued progress thereafter
- As a result, by FY30 we expect to increase adjusted profit before tax† versus FY25 by at least £300m and generate more than £2bn for dividends, share buy-backs and, if suitable opportunities arise, additional high-returning investments
- Reflecting our confidence in the outlook and the delivery of our plans, the interim dividend has increased to 36.4p per share (H1 FY24: 34.1p) and we have announced our intention to launch a further £100m buy-back to be completed by the time of our preliminary results on 1 May 2025

1: Using a GBP: EUR exchange rate of 1.18

H1 FY25 Group Financial Summary

£m	H1 FY25	H1 FY24	*vs H1 FY24*
Statutory revenue	1,570	1,574	*0%*
Adjusted EBITDAR†	611	628	*(3)%*
Adjusted profit before tax†	340	391	*(13)%*
Statutory profit before tax	309	395	*(22)%*
Statutory profit after tax	220	293	*(25)%*
Adjusted basic EPS†	137.1p	146.1p	*(6)%*
Statutory basic EPS	121.0p	147.6p	*(18)%*
Dividend per share	36.4p	34.1p	*7%*
Group ROCE†	11.9%	12.6%	*(70)bps*
Net (debt) / cash†	(370)	67	*(437)*
Lease-adjusted leverage†	3.1x	2.5x	*(0.6)x*

Financial highlights

- Premier Inn UK: after three years of significant outperformance versus the Midscale and Economy ('M&E') market, relative performance in H1 FY25 was robust, with total UK accommodation sales broadly in line with last year and slightly ahead of the wider M&E market[1]
- In line with our expectations, total F&B sales were down 7%, reflecting the changes made to a number of our branded restaurants as part of AGP, partially offset by stronger trading in our integrated restaurants as a result of sustained high levels of hotel occupancy
- Premier Inn Germany: total accommodation sales grew by 22% reflecting the impact of a number of commercial initiatives, our progress in trading key events over the summer and the increasing maturity of our estate
- Group statutory revenue was £1,570m, in line with last year (H1 FY24: £1,574m)
- Adjusted profit before tax† of £340m (H1 FY24: £391m) reflected the transitionary impact of AGP on UK revenues, net inflation and lower interest receivable; these movements were mitigated in part by a strong performance in Germany that remains on course to reach run-rate breakeven later this year
- Adjusted basic EPS† decreased by 6% to 137.1p per share (H1 FY24: 146.1p)
- Adjusting items before tax in the period resulted in a charge of £31m (H1 FY24: £4m credit). As a result, statutory profit before tax was £309m (H1 FY24: £395m) and statutory EPS was 121.0p (H1 FY24: 147.6p)
- The Group remains highly cash generative and adjusted operating cashflow† was £411m reflecting the movement in adjusted operating profit† and working capital (H1 FY24: £483m). This cashflow funded our expansion in both the UK and Germany, as well as £278m of dividends and share buy-backs completed in the period
- Strong balance sheet: net debt was £370m (H1 FY24: £67m net cash) and lease-adjusted leverage† increased to 3.1x (H1 FY24: 2.5x), below our internal threshold of 3.5x

Current trading (six weeks to 10 October 2024)

- We have seen an improving trend across the current trading period, after a soft start to September, with the result that total UK accommodation sales for the first six weeks were down 1% versus last year. However, with the continued deployment of our commercial initiatives, our outperformance versus the market increased to 1pp[2]
- Occupancy remained strong over the period at 84.2%, with London at 82.5% and the Regions at 84.6%. We are also maintaining high levels of ARR resulting in total UK RevPAR of £72, 4% behind last year and well ahead of pre-pandemic levels
- F&B sales were down 14% in the period, in line with our expectations, reflecting the impact of our AGP
- In Germany, we continued to deliver a strong performance through September, which is an events-led period, with total accommodation sales 26% ahead of last year
  - RevPAR for the total estate was €79, 22% ahead of last year
  - Our cohort of more established[3] hotels delivered a RevPAR of €87, 22% ahead of last year and significantly ahead of the market[4]

1: STR data, standard basis, 1 March 2024 to 29 August 2024, UK M&E market excludes Premier Inn

2: STR data, standard basis, 30 August 2024 to 3 October 2024, UK M&E market excludes Premier Inn

3: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

4: STR data, standard basis, 30 August 2024 to 3 October 2024, Germany M&E market excludes Premier Inn

FY25 outlook

- We have seen an improvement in recent weeks with a good pick-up in bookings across October and into November. Our positive forward booked position, together with the continued deployment of our commercial initiatives, means that we remain confident in driving like-for-like† sales in the second half
- In Germany, we are continuing to build on the excellent progress we have made in the first half. With the increased maturity of our brand and estate, we have a strong forward booked position, and remain on track to breakeven on a run-rate basis this calendar year
- Since the period end, we have completed two sale and leasebacks for a total consideration of £56m, representing an average yield of 4.1%
- Having also accepted offers on 51 branded restaurants for a total consideration of £56m, we remain on course to realise expected proceeds from property-related transactions of between £175m and £225m in FY25
- No changes to our previous FY25 guidance other than: with increased cost efficiencies of £60m in FY25 (previously £40m-£50m), we now expect UK net inflation to be between 2% and 3%
- We are executing well and remain on course to deliver a step change in our profits, margins and returns as reflected in our Five-Year Plan

Five-Year Plan

Reflecting our increased confidence in the delivery of our plans over the period to FY30, we expect to:

- increase adjusted PBT versus FY25 by at least £300m, and
- generate more than £2bn for dividends, share buy-backs and, if suitable opportunities arise, additional high-returning investments

Commenting on today's results, Dominic Paul, Whitbread Chief Executive, said:

"We are making excellent progress with our plans and over the next five years are set to deliver a step change in our performance which will fund significant returns to shareholders. Demonstrating our confidence, we have today announced details of our Five-Year Plan that sets out the scale of our ambition to FY30.

"In the UK, we have a clear pathway to further extend our market-leading position and capitalise on the favourable UK supply backdrop. We are determined to build on our significant outperformance since the pandemic and whilst the market has been slightly softer than last year, we remain on course to grow our UK returns substantially over the medium-term whilst continuing to deliver for our customers, as evidenced by our high guest scores. Our passion for operational excellence, together with our brand strength, scale and value proposition are sustaining our strong performance and RevPAR premium versus the rest of the UK M&E sector.

"In Germany, we are really encouraged by our progress to date. Our trading performance and the progressive maturity of our estate mean we are set to reach breakeven on a run-rate basis later this year. Our longer-term plans to become the country's number one hotel brand are also on track, as we move towards replicating our success in the UK market, delivering double digit returns on our current open portfolio by FY30.

"Having laid the foundations for future growth, we are executing at pace and remain confident in the outlook as reflected by our increased interim dividend and further share buy-back."

For more information please contact:

Investor Relations - Whitbread	investorrelations@whitbread.com
Peter Reynolds, Director of Investor Relations	peter.reynolds@whitbread.com
Sophie Nottage, Investor Relations Manager	sophie.nottage@whitbread.com
Kirsten O'Reilly, Investor Relations Manager	kirsten.oreilly@whitbread.com
Media - Brunswick	whitbread@brunswickgroup.com
Tim Danaher	+44 (0) 20 7404 5959

A webcast for investors and analysts will be made available at 8:00am on 16 October 2024 and will be followed by a live Q&A teleconference at 9:15am. Details of both can be found on Whitbread's website (www.whitbread.co.uk/investors).

†Alternative performance measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures ('APMs') which are consistent with the way that the business performance is measured internally. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses.

Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider relevant for comparison of the financial performance of the Group's businesses, either from one period to another, or with other similar businesses. APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures. Further information can be found in the glossary and reconciliation of APMs at the end of this document.

Chief Executive's Review

Group Results

The Group has made excellent progress in executing several strategic and commercial initiatives which are set to deliver a step change in our financial performance over the next few years. These initiatives include: our continued network expansion to take our total estate to 98,000 rooms in the next five years; our Accelerating Growth Plan ('AGP') to deliver a more tailored food and beverage ('F&B') offer for our guests whilst adding 3,500 room extensions to our estate; our commercial programme to drive revenue growth and extend our market-leading position in the UK; our increased efficiency programme to help mitigate the impact of cost inflation and support margin growth; and the execution of our plans in Germany to become the number one hotel brand. Together, these initiatives will deliver increased profits, substantial cashflow and attractive long-term returns for shareholders.

Premier Inn UK continued to deliver a robust performance in a slightly softer market. Although RevPAR was marginally behind last year, our estate growth meant that total accommodation sales were flat versus H1 FY24. In line with our expectations, total UK F&B revenues decreased 7% due to the changes we are making to our F&B offer through AGP, which was partially offset by stronger trading in our integrated restaurants. In Germany, total accommodation sales were up 22%, led by an increase in both occupancy and average room rates ('ARR') as our hotels continue on their pathway towards maturity and our cohort of more established[1] hotels remained ahead of the market. As a result, total statutory revenue was broadly in line with last year at £1,570m (H1 FY24: £1,574m).

Our vertically-integrated operating model sets us apart from our competitors. With greater control of our customer proposition, we are able to offer high-quality hotel rooms at affordable rates. Our cost efficiency programme is ahead of schedule, which helped to mitigate inflationary pressures in the period. The softer UK hotel market and the expected impact of AGP resulted in adjusted operating profit decreasing by 7% to £413m (H1 FY24: £445m). With a reduction in interest receivable due to lower cash balances, adjusted profit before tax† decreased to £340m (H1 FY24: £391m). Adjusting items in the year resulted in a net charge of £31m (H1 FY24: £4m credit). The result was a 22% decrease in statutory profit before tax to £309m (H1 FY24: £395m). A tax charge of £89m (H1 FY24: £102m) led to a statutory profit after tax of £220m (H1 FY24: £293m). The impact of the lower profits on EPS was mitigated by a reduction in the weighted average number of shares following share buy-backs across the last 12 months so that adjusted basic earnings per share† decreased by 6% to 137.1p (H1 FY24: 146.1p). The impact of increased adjusting items meant that statutory basic earnings per share decreased by 18% to 121.0p (H1 FY24: 147.6p).

1: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

Further detail on the drivers behind the Group's performance is set out below.

Premier Inn UK - Executing our strategic priorities at pace

Premier Inn UK has grown revenues significantly since the pandemic, taking advantage of the structural shift in UK hotel supply and extending its market-leading position. Our performance strengthened across the period as we entered the seasonally strong demand period over the summer months. In London, occupancy for the period remained high at 81.5% (H1 FY24: 84.0%) although ARRs were slightly behind last year, reflecting the particularly strong comparable trading period in FY24. The resulting 4% decline in London RevPAR was offset by our continued estate growth, resulting in total accommodation sales being 1% ahead of last year. In the Regions, occupancy was also strong at 83.5% (H1 FY24: 84.5%) while ARRs were in line with last year, resulting in total accommodation sales being broadly in line with H1 FY24.

Having outperformed the market significantly over the last few years, Premier Inn UK has maintained its market-leading position and total accommodation sales performed slightly ahead the wider M&E market. We also continued to maintain a healthy RevPAR premium versus the rest of the M&E market of £5.85 (H1 FY24: £6.69). This performance was underpinned by the following key drivers:

- **Structural shift in supply**: Our last detailed analysis[1] of UK hotel supply highlighted the significant and structural decline in the independent sector following the pandemic. Since we completed this exercise, inflation and interest rates have increased substantially, adding further pressures on distressed hotel operators and limiting hotel construction activity. These two factors together mean we believe it is unlikely that the total UK market will return to 2019 levels of supply until at least 2028, creating further opportunities for Premier Inn.

  1: Company data, 2022

- **Continued network expansion:** Premier Inn has a 12% share of total hotel room supply and is the UK's largest hotel chain. This means we can offer guests the greatest choice when booking their next stay, whether it be for a business or leisure trip. During the period we opened 780 rooms, including our first joint Premier Inn and 'hub by Premier Inn' development in Paddington, London. We also closed 304 rooms as we continue to optimise our estate, as we seek to drive higher returns. As at 29 August 2024, we had 855 hotels and almost 86,000 rooms open.

- **Commercial programme:** The key elements of our commercial programme, that are focused on driving like-for-like† sales and sustaining and extending our market leadership in the UK, include:

- Improving our trading performance: Our automated trading engine is a key source of competitive advantage for the Group, striking the optimum balance between occupancy and ARR in order to maximise revenue. During H1 FY25, our in-house trading teams continued to 'test and learn' a range of strategies, drawing upon our extensive trading history and market knowledge to refine our pricing and marketing plans in order to improve our financial performance.

  ○ **Unlocking the capabilities of our new digital platform:** By the end of FY24, we had successfully migrated all 900 of our hotels in the UK and Germany onto our new, cloud-based reservation system which is already increasing our digital agility and unlocking a number of commercial opportunities that are currently under development. Further details of these opportunities can be found in the UK strategy section of this release.

  ○ **Expanding our product offer**: Continuing to delight our guests is critical to ensuring we maintain our market-leading reputation for both quality and value. We are accelerating our refurbishment programme with the roll-out of our latest standard room format ('ID5'), with its improved layout and features opening 3,000 rooms in the period and we are nearing the completion of our 'Bed of the Future' bed replacement programme. We also continued to add Premier Plus rooms, as well as more Twin room formats in the period, both of which offer our guests even more choice and drive incremental RevPAR.

  ○ **Enhancing our business proposition:** Business demand remains a key area of focus as business guests tend to travel more frequently and are more likely to book flexible rates than leisure guests. We improved access to both domestic and inbound business demand by expanding our Travel Management Company ('TMC') network, in addition to increasing the number of users signed up to our direct Business Booker platform. Taken together, these two channels generated 20% of total accommodation sales, up from 19% in H1 FY24.

- **Accelerating Growth Plan ('AGP'):** In April 2024, we announced plans to optimise our F&B offer at a number of sites and unlock 3,500 new room extensions through our AGP, which will increase site level margins and returns whilst delivering a more tailored proposition for our guests. We are making good progress, with planning submitted for over a third of extension rooms and the conversion of a number of branded restaurants into the new integrated formats already underway. Reflecting this transition and in line with our previous expectations, F&B revenues have been impacted at those sites where we are making a change, either through disruption as we move to the new format, or as we look to exit some of these sites. This impact was partially offset by stronger trading in our integrated restaurants that continue to be popular with our hotel guests. The net result was that total F&B revenues were down 7% versus last year, in line with our expectations.

- **Best-in-class operations:** Premier Inn is the UK's No.1 hotel chain and remains the YouGov 'Best Value Hotel Chain', reflecting our relentless focus on delivering a consistent, high-quality product for a great price. Our teams remain dedicated to providing guests with the service they expect, increasing customer loyalty and repeat business. Despite high levels of occupancy in our hotels, we are continuing to attract excellent guest scores, reflecting the evolution of our systems and processes as well as the continued commitment and dedication of our teams. Whilst always seeking ways in which we can increase efficiency, we are also continuing to invest in the pay, development and wellbeing of our people. This is a formula that is achieving high levels of staff engagement and further improvements in team retention, lowering recruitment costs and increasing operational efficiencies.

With UK accommodation sales being broadly in line with last year and a 7% decline in F&B revenue, UK statutory revenue was 2% behind H1 FY24.

Operating costs increased by 1%, reflecting our continued estate growth and cost inflation, partially mitigated by the delivery of increased cost efficiencies. The net result was that UK adjusted profit before tax† was 12% behind last year at £357m (H1 FY24: £407m), pre-tax margins† were 24.6% (H1 FY24: 27.5%) and UK ROCE† was 14.0% (H1 FY24: 14.9%).

Subsequent to the FY24 balance sheet date, a further 24 sites were identified to be disposed of as part of our AGP. In addition, we have also updated the cashflow assumptions for sites originally included in the scope of the plan resulting in a net impairment charge of £23m being incurred in the period. Gross impairment charges of £4m (H1 FY24: £nil) have also been incurred in relation to assets held for sale outside of our AGP, as we continue to optimise our estate to drive higher returns.

Premier Inn Germany - Accelerating our momentum towards profitability

In Germany, we are making excellent progress. We are on course to reach breakeven on a run-rate basis later this year and are progressing towards our longer-term ambition of becoming the country's number one hotel brand, delivering attractive and long-term returns for our shareholders.

During the period, we continued to drive revenue growth by increasing our brand awareness and by enhancing our trading capabilities. Market demand strengthened over the peak summer months, reflecting a strong events calendar that included the European Football Championship and several high-profile concerts. Our first, online-focused brand marketing campaign launched in June 2024 and was centred around the delivery of a quality night's sleep for our guests. Whilst we are still in the early phases of the campaign, we are seeing some positive signs, with an increase in new customer volumes driving incremental sales. Having trialled the use of Online Travel Agents ('OTAs') over the past year, we are now delivering meaningful levels of incremental RevPAR and profitability, whilst also raising the profile of our brand. Complemented by demand from our network of TMCs, we are achieving increased levels of occupancy and ARRs which is allowing us to improve our pricing strategies as we enhance our understanding of the German market. The net result was that total accommodation sales grew by 22% versus H1 FY24 and our cohort of 17 more established[1] hotels increased their outperformance versus the market.

In addition to growing our revenues, we also made good progress towards refining our operating model, ensuring we have an efficient, scalable platform, capable of delivering our target levels of return. Key developments in the period include expanding our payment methods to include Apple and Google Pay which are delivering a healthy uplift to booking conversion rates. We are also continuing to drive efficiencies across our estate through improved labour scheduling and procurement.

As previously guided, the impact of the pandemic on construction activity in Germany meant that room openings this year will be lower than our previous run-rate. However, we are continuing to make use of our strong balance sheet and added a further 500 rooms to the committed pipeline and we remain on track to open c.400 rooms this year. Our current open and committed pipeline stands at 17,000 rooms (H1 FY24: 16,000 rooms). With the increasing maturity of both our brand and individual hotels, we remain on track to reach breakeven[2] on a run-rate basis later this year. Our cohort of 17 more established hotels[1] delivered a profit[3] of £10m for the 12 months to the end of H1 FY25 (12 months to H1 FY24: £6m) and are progressing well towards reaching their targeted levels of return. Overall, the operation delivered a reduced adjusted loss before tax[†] of £9m (H1 FY24: £14m loss), in line with overall expectations.

Having grown at pace, through both organic and portfolio acquisitions in order to access key German markets, we have subsequently identified impairment indicators at a small number of those sites. For those sites, we have updated for the latest available site-level cashflow forecasts, which has resulted the impairment of two sites totalling £9m (H1 FY24: £nil).

1: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

2: On an adjusted profit before tax basis

3: In aggregate, adjusted profit before tax excluding non-site related administration and overhead costs

Capital allocation - Investing in high-returning growth opportunities

Maintaining a strong balance sheet with an investment grade credit rating is a key pillar of the Group's capital allocation framework, allowing us to strike an appropriate balance between investing in high-returning growth opportunities and returning excess capital to shareholders. The pillars of our framework remain unchanged:

- maintaining our investment grade status by operating within our leverage threshold;
- continuing to fund our ongoing capital expenditure requirements and investing through the cycle;
- completing selective freehold acquisitions and M&A opportunities that meet our returns thresholds;
- growing dividends in line with earnings; and
- returning excess capital to shareholders, dependent on the outlook and market conditions.

One feature of our vertically-integrated operating model is its ability to convert revenue growth into substantial free cashflow. Following capital expenditure of £199m (H1 FY24: £213m) and £278m of share buy-backs and dividends in the period, we maintained a strong balance sheet with lease-adjusted leverage† of 3.1x (H1 FY24: 2.5x), which is below our internal threshold of 3.5x.

Since April 2023, the Group has returned over £1bn of capital to shareholders via dividends and share buy-backs. Reflecting our confidence in the medium-term outlook, we have announced an interim dividend of 36.4p per share, which is a 7% increase versus the prior year (H1 FY24: 34.1p), totalling £65m (H1 FY24: £65m). We have also announced our intention to launch a further £100m share buy-back to be completed by the time of our preliminary results on 1 May 2025. Further details can be found in the separate announcement issued today.

Current Trading - six weeks to 10 October 2024

We have seen an improving trend across the current trading period, after a soft start to September, with the result that total UK accommodation sales for the first six weeks were down 1% versus last year. However, with the continued deployment of our commercial initiatives, our outperformance versus the market increased to 1pp[2].

Occupancy remained strong over the period at 84.2%, with London at 82.5% and the Regions at 84.6%. We are also maintaining high levels of ARR resulting in total UK RevPAR of £72, 4% behind last year and well ahead of pre-pandemic levels.

F&B sales were down 14% in the period, in line with our expectations, reflecting the impact of our AGP.

In Germany, we continued to deliver a strong performance through September, which is an events-led period, with total accommodation sales 26% ahead of last year. RevPAR for the total estate was €79, 22% ahead of last year and our cohort of more established[2] hotels delivered a RevPAR of €87, 22% ahead of last year and significantly ahead of the market[3].

1: STR data, standard basis, 30 August 2024 to 3 October 2024, UK M&E market excludes Premier Inn

2: Premier Inn more established hotels: open and trading under the Premier Inn brand for 12 consecutive months as at 29 August 2022: 17 hotels

3: STR data, standard basis, 30 August 2024 to 3 October 2024, Germany M&E market excludes Premier Inn

FY25 Outlook and guidance

We have seen an improvement in recent weeks with a good pick-up in bookings across October and into November. Our positive forward booked position, together with the continued deployment of our commercial initiatives, means that we remain confident in driving like-for-like† sales in the second half.

In Germany, we are continuing to build on the excellent progress we have made in the first half. With the increased maturity of our brand and estate, we have a strong forward booked position, and remain on track to breakeven on a run-rate basis later this calendar year.

There are no changes to our previous FY25 guidance other than with increased cost efficiencies of £60m in FY25 (previously £40m-£50m), we now expect UK net inflation to be between 2% and 3%. Our full FY25 guidance can be found in our FY24 full year results announcement.

Business strategy

Our ambition is to be the world's leading budget hotel brand, delivering long-term, sustainable returns for our shareholders whilst driving positive change through our Force for Good sustainability programme. Our three-pronged strategy outlines the pathway to achieve this ambition:

- continuing to grow and innovate in the UK;
- focus on our strengths to grow in Germany; and
- enhancing our capabilities to support long-term growth.

The driving force behind the successful execution of our strategy is our vertically-integrated operating model, which together with the strength of our balance sheet, gives us complete control over the customer experience and underpins our market-leading position.

Further detail on our future plans within the three pillars of our strategy is outlined below:

1. Continuing to grow and innovate in the UK

We are the UK's leading hotel brand, a position we have held for over a decade, delivering a consistent, high-quality, value proposition for our guests, whilst maximising returns for our shareholders.

We are continuing to execute a number of strategic and commercial initiatives which will extend our market-leading position and deliver a step change in our financial performance:

- Network expansion - opening our committed pipeline and adding further rooms over the next five years
- Accelerating Growth Plan - optimising our F&B offer to unlock 3,500 new room extensions
- Strong commercial programme - series of initiatives to deliver incremental revenue growth
- Cost efficiencies - we are increasing and extending our cost efficiency programme to deliver cost savings of £50m on average per year to FY30

Our progress towards each of these objectives is outlined below:

Network expansion - significant room growth over the next five years

Our latest network planning exercise identified a significant structural shift in the UK hotel market, led by a material decline in the independent sector post-pandemic, with the result that UK supply in 2022 was 4% below 2019 levels. The impact of the pandemic, followed by a sustained period of high inflation and increased interest rates, prompted a marked reduction in hotel construction activity. We therefore believe it is unlikely that the total market will return to 2019 levels of supply until at least 2028, creating a significant opportunity for Premier Inn.

To capitalise on this favourable supply backdrop, we are continuing with our expansion plans towards our long-term potential of 125,000 rooms across the UK and Ireland. Our committed pipeline today stands at over 6,000 rooms and we expect to continue adding more rooms to our pipeline over the coming months and years. These will be in locations where we have already identified a shortfall in supply or an opportunity to take market share. As we add more rooms, our automated trading engine seeks to maximise catchment revenue and deliver competitive levels of RevPAR across our estate. With increased scale, we can also drive further cost efficiencies, helping to mitigate the impact of cost inflation on our performance. As a result, our new UK hotels are expected to deliver a positive profit contribution from their first year of opening and the addition of new rooms will deliver meaningful incremental profit growth.

As set out in our Five-Year Plan, together with the 3,500 rooms unlocked through AGP (see below), we are planning to open more rooms over the next five years, reaching 98,000 rooms by the end of FY30. Further details are provided in the 'Five-Year Plan' section below.

Accelerating Growth Plan ('AGP') - optimising our F&B offer to unlock high-returning extensions

By optimising the delivery of F&B at some of our sites and converting a number of our lower returning branded restaurants into a more efficient, integrated F&B offer, we will unlock 3,500 new room extensions. Our plan will further improve the guest experience through a tailored F&B offering, whilst increasing our rooms pipeline in locations where we already know that there is a need for more rooms, capitalising on the favourable UK supply backdrop. Together, this will result in a significant improvement to site level margins and returns.

Following the completion of an extensive consultation with affected team members in July 2024, we are progressing with the execution of our plans at pace. A summary of our progress on the two elements of the plan is outlined below:

1. **Conversion of 112 branded restaurants into 3,500 hotel rooms with integrated F&B offer**
   Planning applications for over a third of these sites have been made, with the first sites already approved and construction now underway. We are on track to progress the remainder of the planning applications, with the first rooms expected to become operational towards the end of FY26.

2. **Exit 126 branded restaurants, replace F&B proposition with integrated offer**
   We have accepted offers on 51 sites for a total consideration of £56m, with construction already underway to build an integrated F&B offer at a number of these sites and with the first sites expected to complete before

build an integrated F&B offer at a number of these sites and with the first sites expected to complete before the end of the financial year. Working with our advisers, we remain confident in being able to exit the remaining sites over the next 18 months.

The majority of our hotels, including those serviced by one of our existing 387 integrated restaurants or our remaining portfolio of 196 higher returning branded restaurants, are continuing to operate as normal and are unaffected by AGP. A summary of the expected financial impacts of our plan can be found in the Five-Year Plan section of this release.

Strong commercial programme to drive revenue growth

Our commercial strategy is focused on driving the factors that we can control to deliver incremental revenue growth and extend our market-leading position. The main initiatives included within this programme include:

- **New ancillary revenue streams:** Our new reservation system has already unlocked a series of opportunities to enhance the offer to our guests and drive further revenue growth. In addition to offering early check-in, late check-out, 'Rooms with a View', adjoining rooms and Twin rooms, we will also be able to price each of these add-ons dynamically in the future, helping to drive further revenue growth. We are exploring several other product enhancements which will both improve the guest experience and unlock additional revenue streams.

- **Growing our business base:** Business guests tend to travel more frequently than leisure guests and also tend to book our more flexible rates, driving higher levels of RevPAR. We are continuing to increase our volumes through TMCs and have extended our reach by adding connectivity to Sabre who are one of the big three Global Distribution Systems. This gives us access to new corporate partners, in the UK and internationally.

- **Enhancing the guest experience:** We will continue to roll-out our new standard room format ('ID5') with 5,000 rooms planned this year and will conclude our 'Bed of the Future" bed-replacement programme, sustaining our reputation for a high-quality guest proposition. We are on track to add 500 Premier Plus rooms this year, which will broaden our appeal and deliver a RevPAR premium to our standard rooms. We are also optimising our website and app functionality to further improve the digital experience for our guests. Early progress is encouraging, with our app generating 8% of total accommodation sales in H1 FY25, an increase of 1 percentage point versus last year.

- **Targeted marketing**: Continuing to attract new guests is essential as we seek to extend our leadership and grow market share. We have launched our latest iteration of our 'Rest Easy' marketing campaign helping to ensure we retain our market-leading position with 93% brand awareness[1]. Alongside this, we are making good progress broadening our digital footprint and distribution. For example, we have increased the range of inventory we can sell through the platforms of our digital partners by making family rooms and cancellable rates available.

  1: YouGov, Brand Consideration as at 29 August 2024 based on a nationally representative 52-week moving average

- **Making further improvements in F&B:** In addition to AGP, we will roll out our new integrated ground floor concept across our estate, improving the guest experience and generating additional F&B revenue. Sites that have already been upgraded to the new format have seen an increase in sales and received positive feedback from our guests. Commercial initiatives in our more focused portfolio of 196 branded restaurants are in place to help drive sales and profitability, including enhanced pricing and trading mechanics for key events.

- **Investing in operational excellence:** We take nothing for granted and are continuing to invest in improving our brand proposition so that we can both maintain and increase guest loyalty. By refining and investing in our operating model, we seek to improve our operations and ensure that our teams are properly motivated and have the right tools to deliver a high-quality guest experience.

Whilst difficult to apportion the impact of each of these initiatives on our performance, we believe that each will make a positive contribution and help drive like-for-like† sales.

Extending our efficiency programme

We have a long track record of delivering material cost savings which, in turn, help to mitigate the impact of inflation on our UK cost base. Given the excellent progress we have made so far this year, we have increased our cost savings target for FY25 to £60m (from £40m to £50m). We are also extending our overall programme which will now deliver £50m of savings on average per year from FY26 to FY30. Key areas of focus include: improvements to our operating model, more efficient labour scheduling and further savings unlocked by our new technology stack.

2. Focus on our strengths to grow in Germany

Our goal is to become the number one hotel brand in Germany, leveraging the success of our UK model to create significant, long-term value for shareholders. The German hotel market remains highly attractive: it is 40% larger than the UK, highly fragmented with a large, declining independent sector and no clear market leader, creating an exciting opportunity for an owner-operator such as Premier Inn.

We have grown considerably over the last five years and now have 59 hotels and over 10,500 rooms open, with a further 7,000 rooms in the pipeline. We are continuously looking at new opportunities to grow our pipeline, through a combination of organic growth and bolt-on M&A in our target locations. Our current open portfolio is progressing in line with our expectations, particularly our cohort of 17 more established[1] hotels that is performing ahead of the wider M&E market.

Our commercial and operational initiatives include:

- **Building brand awareness:** As we become a business of real scale in Germany, we are focused on increasing our brand awareness to attract greater numbers of guests to our hotels. As well as using online brand campaigns, we will continue to explore how we can use other distribution channels such as OTAs and aggregators to help accelerate RevPAR growth and profitability.

- **Refining our commercial strategy:** Drawing upon an expanding pool of trading data, we are improving our performance by applying the learnings from trading our growing estate. Events are a key feature of the German market, with event nights accounting for 20% of total demand on average, and drawing upon our previous experience, we are already seeing a positive impact from some of the changes made over the past year.

- **Enhancing our business proposition:** Maintaining a well-balanced mix of business and leisure guests ensures we can maximise occupancy levels across any given week. Offering availability through the optimum mix of channels ensures we can continue to attract high volumes of both domestic and international business demand. As in the UK, we are expanding our distribution through TMCs which is increasing our addressable customer base.

- **Optimising our model and product offer:** Our proposition continues to attract excellent guest scores, helping to drive increasing guest volumes into our hotels. As well as continuing to roll-out more Premier Plus rooms, we are also testing product add-ons such as early check-in and late check-out, each of which can drive incremental RevPAR. Our new reservation system will also unlock further commercial benefits including the ability to price certain product enhancements dynamically, increasing yield in response to demand. With increased scale, we will continue to refine our operating model to both drive revenue and reduce costs so that margins increase.

With the initiatives outlined above, we remain on track to reach breakeven on a run-rate basis in the second half of this year and as set out as part of our Five-Year Plan below, we expect Germany to deliver significant revenue and profit growth by FY30.

1: Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022

3. Enhancing our capabilities to support long-term growth

The third pillar of our strategy seeks to ensure we have the infrastructure required to execute our plans.

Financial strength: Our financial strength underpins our confidence in continuing to grow our estate, improve our guest offer, invest in our teams and enhance the quality of our systems, each of which help us to both drive revenues and reduce costs. It also means that we can take advantage of selective M&A opportunities that meet our returns requirements and deliver incremental value for the Group. Despite the scale of our capital expenditure programme and over £1bn of capital being returned to shareholders over the last 18 months, our balance sheet remains strong, with lease-adjusted leverage[†] at 3.1x (H1 FY24: 2.5x). Our strict approach to capital discipline, alongside our capital allocation framework, helps us to strike an appropriate balance between investing in profitable growth at attractive levels of return and returning capital to shareholders.

Asset-backed balance sheet: We have a significant freehold property estate. It differentiates us from our asset-light peers and unlocks a number of commercial and operational advantages including:

- total control over the location and initial development of the hotel as well as all maintenance and redevelopment, including extensions;
- enables the commercial opportunity in any location to be maximised for the Group;
- protection from increasing property costs and therefore lower earnings volatility during periods of high or persistent inflation;
- recycle capital to release development profits through sale and leasebacks; and
- a strong financial covenant, helping to secure more favourable lease terms with landlords and attractive financing terms with lenders.

Having access to both freehold and leasehold opportunities means that we maximise our chances of securing the right assets in our target locations. We also have the ability to unlock room growth through freehold hotel extensions as evidenced by our AGP.

Upgraded technology: With digital channels generating the majority of our revenues, our technology infrastructure is central to our long-term success. Having completed the multi-year upgrade to our reservation system and technology stack across over 900 hotels in the UK and Germany, we are continuing to drive further improvements to our digital networks and systems that will improve the quality of service to our guests as well as unlock new revenue opportunities and cost efficiencies.

Lean and agile cost model: Our vertically-integrated operating model gives us end-to-end control over our customer proposition and our cost structure. We have a clear roadmap to ensure we can continue to drive material cost efficiencies to mitigate inflationary pressures across the UK and Germany. Key areas of focus include: operations, procurement and technology.

Being a Force for Good: Our sustainability programme, Force for Good, drives our ESG agenda and is underpinned by stretching targets that are embedded across all areas of our business, holding us accountable for the changes we are seeking to make. Given we are the UK's largest hotel chain with a growing presence in Germany, we have the opportunity to enact positive change in the communities where we operate whilst delivering operational efficiencies in the longer-term. Further details regarding our progress during the period are set out in the 'Force for Good' section of this release.

Five-Year Plan: delivering a step change in profits, margins and returns

With the execution of our plans set out above, we are on course to add more rooms in the UK, deliver AGP, extend our efficiency programme and grow Germany towards our ambition of becoming the country's number one hotel brand. Maintaining a steady level of capital intensity and leverage, by FY30 the Group will:

- **increase Group adjusted PBT† versus FY25 by at least £300m[1]; and**
- **generate more than £2bn available for dividends, share buy-backs and, if suitable opportunities arise, additional high-returning investments.**

Further details regarding the financial impact of our plans included within our Five-Year Plan are summarised below.

1. ***UK: network expansion (+£120m adjusted PBT† by FY30)***

   In addition to the 3,500 new extension rooms from AGP (see below), we also expect to open the 6,000 rooms in our committed pipeline as well as a further 2,000 rooms that will be added by FY30. Before the benefits of our AGP outlined below, the addition of 8,000 rooms will deliver incremental PBT of **£120m by FY30.**

2. ***UK: Accelerating Growth Plan ('AGP') (+£100m adjusted PBT† by FY30)***

   By optimising the delivery of F&B at some of our sites and converting a number of our lower returning branded restaurants into a more efficient, integrated F&B offer, we will unlock 3,500 new room extensions and deliver incremental adjusted PBT of **£100m by FY30.**

4\. ***Germany: network expansion and RevPAR uplift (+£80m adjusted PBT† by FY30)***

We are on course to reach breakeven on a run rate basis later this year. We expect to open a further 9,000 rooms

We are on course to reach breakeven on a full-rate basis later this year. We expect to open a further 9,000 rooms by FY30 taking our open estate to 20,000 rooms, moving us closer towards our ambition of becoming the country's number one hotel brand. To reflect the increasing maturity of our estate, improved distribution and increased brand awareness, **we expect to achieve a network RevPAR of c.€80 and reach double digit returns on our current open portfolio by FY30.** With the benefit of operating leverage, improvements to our operating model and additional scale benefits, we expect Germany to deliver **adjusted PBT[†] of at least £70m[1] by FY30,** representing an uplift of at least £80m versus current consensus expectations for FY25. Thereafter, we expect to make further progress as our estate and brand continue to mature.

5. ***Cost efficiencies: £50m per annum from FY26 to FY30***

   Building on our strong track record of driving efficiencies across all areas of our business, we are announcing a further £150m of incremental cost savings by FY30, equating to £50m per annum on average.

   We have the ability to mitigate the impact of UK cost inflation through the delivery of cost efficiencies and positive UK like-for-like[†] sales growth, supported by our commercial programme. Across the next five years, our efficiency programme will offset approximately 3% of gross cost inflation per annum on our £1.7bn UK cost base. Therefore, if gross inflation is above 3%, we would need to deliver 1% of UK like-for-like[†] sales growth to offset every 1% of additional cost inflation. The £300m of incremental profit generated by our plan assumes our UK life-for-like sales[†] growth plus efficiencies equals UK cost inflation. However, we expect UK like-for-like[†] sales growth and our cost efficiencies to be in excess of UK cost inflation over the life of the plan.

6. ***Maintaining a strong balance sheet with average net capex of £500m per annum***

   To fund the plans outlined above as well as our ongoing programme of investment, we expect average annual net capex of £500m per annum to FY30, after net receipts from property-related transactions, including sale and leasebacks. We assume our lease-adjusted leverage[†] ratio remains broadly in line with current levels and below our internal threshold of 3.5x.

1: Using a GBP: EUR exchange rate of 1.18

Force for Good

Being a Force for Good is fundamental to the sustainable and long-term growth of our business. Our programme comprises three core pillars: opportunity, responsibility and community, and has stretching targets that are embedded across all areas of our business, ensuring that responsible business practices are integrated into our operations.

Opportunity

We are a team where everyone can reach their potential, with no barriers to entry and no limits to ambition. Opportunity at Whitbread is anchored to three key themes within our overall People Plan - diversity and inclusion ('D&I'), wellbeing, and training.

We have set stretching targets for leadership diversity to take us through to the end of FY26 and are making steady progress against them; our ethnicity target is 10% and we now have over 9% ethnic representation[1] while we are striving for 45% female representation[2] and currently stand at 43%. A highlight of our external recognition for our D&I efforts in the period was our Top 10 placing and award of "Gold Employer", in the Stonewall 2024 Workplace Equality Index.

Our wellbeing activity has built on the foundations set last year and we have a proactive set of communications around monthly themes, such as the menopause and we have also focused on financial wellbeing, delivering specific webinars on financial education topics.

We have enabled several training and development initiatives in the period: over 400 Operations Managers graduated from our 'Leading For Tomorrow' programme, we completed our 'Progressing Into Management' pilots in Operations, we upskilled over 200 managers in Employee Relations training, 126 team members completed their apprenticeships and over 5,000 classroom or virtual classroom sessions were attended across the UK and Germany. Additionally, we continue to support social mobility and have expanded our Thrive partnership with Derwen and Hereward Colleges, helping young people with special educational needs into employment, whilst we are also launching a pilot for care experienced young people, in partnership with Barnado's.

1: UK only

1: UK only

2: UK and Germany

Responsibility

Last year we published our Transition Plan which outlines our glidepath towards meeting our net zero carbon goals. An important part of this plan is our shift away from fossil fuels to renewable electricity. We have now completed six retrofits of existing hotels, where we have removed the gas connection so that hot water, heating and kitchen facilities are all now powered by renewable electricity. This year we will be retrofitting more sites using a range of technology options. This will give us a better overview of costs and performance in different contexts, so that we can find appropriate solutions right across our very diverse estate. We are seeing tangible benefits from our water stewardship activities and are on track to meet our target of reducing water usage per guest by 20% by 2030. Through the installation of water-efficient showerheads and tap connectors, we are lowering our water usage whilst also reducing our gas consumption used to heat it. In line with our commitment to reduce Scope 3 emissions by 90% by 2050, we are continuing to develop our approach to working with suppliers on the decarbonisation of our supply chain through data analysis and engagement.

Reducing our food waste remains a key priority for the Group. We want to make sure that we both meet our target of reducing food waste by 50% by 2030 whilst also improving the quality and quantity of our recycling. Progress made in the period includes convening a multifunctional working group which is examining the drivers of waste - from looking at the minimum quantities of products we buy, to the data we receive from our waste contractor. We are trialling a range of partnerships, including: technology solutions to generate the insights we need into what we are throwing away; and redistribution partnerships to ensure any edible waste is diverted from the bin. We are also launching a campaign with our operational teams to boost awareness of recycling and drive improvements.

As we evolve our approach to animal welfare, we have implemented updated species-specific animal welfare standards, supported by an approved schemes list. This is in addition to implementing our 'Welfare Outcome Measures' and we continue to collect independently verified data via supplier submissions. We have also mapped out our supply chain across our F&B proposition using a data cloud-based system that allows us to manage our end-to-end supply chain, delivering cost efficiencies while maximising transparency and traceability.

In the period we have created cross-functional teams working to ensure that we are ready for the broad requirements of the Corporate Sustainability Reporting Directive and EU Deforestation Regulation.

Community

We have continued our proud partnership with Great Ormond Street Hospital Children's Charity, raising £1.5m in the first half of this year, resulting in £25m of funds raised since 2012. Our teams across the UK participated in their largest ever fundraise, raising £140,000 throughout May 2024 by committing to a broad range of individual commitments.

During H1 FY25, we also launched our partnership with Children's Health Foundation Ireland. We have committed to raising €30,000 over three-years to fund an interdisciplinary rehabilitation programme for children living with chronic and disabling pain, a first of its kind in Ireland.

For further information on our Force for Good programme, please see our most recent ESG Report: https://www.whitbread.co.uk/sustainability/our-strategy-targets/.

Business Review

Premier Inn UK[1]

£m	H1 FY25	H1 FY24	vs H1 FY24
Statutory Revenue	**1,455**	**1,479**	***(2)%***
Operating costs before depreciation, amortisation & rent	(856)	(852)	*(1)%*
Adjusted EBITDAR[†]	**599**	**627**	***(5)%***
Net turnover rent and rental income	0	(1)	*180%*
Depreciation: Right-of-use asset	(76)	(70)	*(8)%*
Depreciation and amortisation: Other	(95)	(86)	*(10)%*
Adjusted operating profit[†]	**430**	**472**	***(9)%***
Interest: Lease liability	(72)	(65)	*(11)%*
Adjusted profit before tax[†]	**357**	**407**	***(12)%***
ROCE[†]	**14.0%**	14.9%	*(90)bps*

PBT Margins†	**24.6%**	27.5%	*(290)bps*

Premier Inn UK[1] key performance indicators

	H1 FY25	H1 FY24	*vs H1 FY24*
Number of hotels	855	849	*1%*
Number of rooms	85,920	83,934	*2%*
Committed pipeline (rooms)	6,262	7,291	*(14)%*
Occupancy	83.1%	84.4%	*(130)bps*
Average room rate†	£84.16	£84.13	*0%*
Revenue per available room†	£69.93	£71.02	*(2)%*
Sales growth[2]:			
Accommodation	0%		
Food & beverage	(7)%		
Total	(2)%		
Like-for-like† sales[2] growth:			
Accommodation	(2)%		
Food & beverage	(3)%		
Total	(2)%		

1: Includes one site in each of: Guernsey and the Isle of Man, two sites in Jersey and six sites in Ireland

2: Total and like-for-like† versus FY24

Following a very strong performance last year, Premier Inn UK's total statutory revenue was down 2%, reflecting a slightly softer UK demand environment and the impact of our AGP on F&B sales. Total accommodation sales were broadly in line with last year and slightly ahead of the wider M&E market, with the small decline in RevPAR offset by our continued estate growth. Despite slightly softer UK demand, Premier Inn maintained its market-leading position, commanding a healthy RevPAR premium of £5.85 (H1 FY24: £6.69), demonstrating the inherent strengths of our scale, brand, commercial expertise, operational excellence and vertically-integrated operating model.

UK performance vs M&E market

	Q1 FY25	Q2 FY25	H1 FY25
PI accommodation sales growth performance (vs FY24)[1]	0.3pp	0.1pp	**0.2pp**
PI occupancy growth performance (vs FY24)[1]	(1.1)pp	(1.5)pp	**(1.3)pp**
PI ARR growth performance (vs FY24)[1]	0.3pp	0.7pp	**0.5pp**
PI RevPAR premium (absolute)[1]	+£5.44	+£6.29	**+£5.85**
PI market share[2]	8.7%	8.2%	**8.4%**
PI market share gains (vs FY24)[2]	(0.2)pp	(0.4)pp	**(0.4)pp**

1: STR data, standard basis, Premier Inn accommodation revenue, occupancy, ARR and RevPAR, 1 March 2024 to 29 August 2024, M&E market excludes Premier Inn

2: STR data, revenue share of total UK market, 1 March 2024 to 29 August 2024

F&B revenues were impacted by AGP as we transition half of our branded restaurants from a full-service offering for both external customers and our hotel guests, to a more efficient, integrated format, tailored to the needs of our hotel guests. This impact was partially offset by strong trading in our integrated restaurants, supported by high levels of occupancy in our hotels, with the result that total F&B revenues were 7% behind last year.

Operating costs of £856m were up 1% (H1 FY24: £852m), reflecting cost inflation and our estate growth over the last 12 months, mitigated by good progress on cost efficiencies in the period. The transitionary impact of AGP flowed into adjusted EBITDAR† which was 5% behind last year at £599m (H1 FY24: £627m). Right-of-use asset depreciation in the period increased by 8% to £76m and lease liability interest increased by 11% to £72m reflecting the growth in our leasehold estate. So far this year we have opened five hotels and have closed three hotels as we continue to optimise our portfolio to drive higher returns. As at 29 August 2024, the total open estate comprised 855 hotels and 85,920 rooms.

UK adjusted profit before tax† decreased by 12% to £357m (H1 FY24: £407m) reflecting the short-term impact of AGP and the softer UK like-for-like† accommodation sales performance. As a result, UK adjusted pre-tax margins† reduced to 24.6% (H1 FY24: 27.5%) and UK ROCE† was 14.0% (H1 FY24: 14.9%).

Premier Inn Germany[1]

£m	H1 FY25	H1 FY24	vs H1 FY24	vs H1 FY24[3]
Statutory revenue	**115**	**95**	***21%***	***23%***
Other income (excl. rental income)	-	3	*n/a*	*n/a*
Operating costs before depreciation, amortisation and rent	(85)	(75)	*(14)%*	*(16)%*
Adjusted EBITDAR†	**30**	**23**	***29%***	***32%***
Net turnover rent and rental income	0	-	*100%*	*100%*
Depreciation: Right-of-use asset	(21)	(20)	*(5)%*	*(7)%*
Depreciation and amortisation: Other	(8)	(7)	*(11)%*	*(13)%*
Adjusted operating profit / (loss)†	**1**	**(4)**	***134%***	***134%***
Interest: Lease liability	(11)	(10)	*(4)%*	*(5)%*
Adjusted loss before tax†	**(9)**	**(14)**	***34%***	***32%***

Premier Inn Germany[1] key performance indicators

	H1 FY25	H1 FY24	vs H1 FY24	vs H1 FY24[3]
Number of hotels	59	57	*4%*	-
Number of rooms	10,506	10,251	*3%*	-
Committed pipeline (rooms)	6,790	5,830	*17%*	-
Occupancy	68.3%	64.1%	*420bps*	-
Average room rate†	£75.78	£71.44	*6%*	*8%*
Revenue per available room†	£51.78	£45.79	*13%*	*15%*
Sales growth[2]:				
Accommodation			*22%*	*24%*
Food & beverage			*15%*	*17%*
Total			*21%*	*23%*
Like-for-like† sales[2] growth:				
Accommodation			*17%*	*19%*
Food & beverage			*9%*	*12%*
Total			*16%*	*18%*

1: Includes one site in Austria

2: Total and like-for-like† versus FY24

3: On a constant currency basis, EUR

Total statutory revenue in Germany was 21% ahead of last year, reflecting the increasing maturity of our hotels, our progress in trading key events and our continued estate growth. Total estate RevPAR for the period was €61, an increase of 15%, with a particularly encouraging performance during the second quarter thanks to a strong events calendar. Our cohort of 17 more established hotels[5] continued on their pathway towards maturity, delivering a RevPAR of €67 and outperforming the wider M&E market.

Germany performance vs M&E market

	Q1 FY25	Q2 FY25	H1 FY25
Germany M&E RevPAR performance[4]	€56	€66	**€61**
PI more established hotels RevPAR performance[5]	€61	€72	**€67**
PI total hotels RevPAR performance[5]	€57	€65	**€61**

4: STR data, standard methodology basis, 1 March 2024 to 29 August 2024, M&E excludes Premier Inn

5: Premier Inn more established hotels: open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022: 17 hotels and Premier Inn total: 59 hotels

Other income in the period was £nil, while H1 FY24 included the release of a £3m provision relating to a prior year claim for Government support which has since been finalised.

Operating costs in the period increased to £85m reflecting our continued estate growth and cost inflation (H1 FY24: £75m). As we continue to build scale, we are refining and tailoring our operating model to ensure we continue to provide a quality guest experience whilst managing our costs and driving margin growth. Reflecting the increase to our leasehold estate, right-of-use asset depreciation increased by 5% to £21m and lease liability costs increased by 4% to £11m. Other depreciation and amortisation charges increased by 11% to £8m reflecting the increasing scale of our operations.

At 29 August 2024, our open estate stood at 59 hotels with a total of 10,506 rooms and a further 6,790 rooms in our committed pipeline. We remain on track to open c.400 rooms this year, in line with our previous guidance.

Reflecting the positive impact of our commercial programme, the progressive maturity of our estate and our focus on driving cost efficiencies, the adjusted loss before tax† reduced by 34% to £9m (H1 FY24: £14m loss).

Central and other costs

£m	H1 FY25	H1 FY24	*vs H1 FY24*
Operating costs before depreciation, amortisation and rent	(19)	(22)	*15%*
Share of profit from joint ventures	1	(0)	*(367)%*
Adjusted operating loss†	**(18)**	**(23)**	***20%***
Net finance income	10	**21**	*(51)%*
Adjusted loss before tax†	**(8)**	**(1)**	***(492)%***

Central operating costs reduced by £3m to £19m (H1 FY24: £22m), driven by lower consultancy related costs. Net finance income reduced to £10m (H1 FY24: £21m) reflecting a reduction in interest receivable on the Group's cash balances to £17m (H1 FY24: £26m) and a reduction in IAS 19 pension net finance income to £4m (H1 FY24: £8m).

Financial review

Financial highlights

£m	H1 FY25	H1 FY24	*vs H1 FY24*
Statutory revenue	**1,570**	**1,574**	***0%***
Other income (excl rental income)	-	3	*n/a*
Operating costs before depreciation, amortisation and rent	(959)	(949)	*(1)%*
Adjusted EBITDAR†	**611**	**628**	***(3)%***
Net turnover rent and rental income	1	(1)	*200%*
Depreciation: Right-of-use asset	(96)	(89)	*(8)%*
Depreciation and amortisation: Other	(103)	(93)	*(11)%*
Adjusted operating profit†	**413**	**445**	***(7)%***
Net finance income (excl. lease liability interest)	10	21	*(51)%*
Interest: Lease liability	(83)	(75)	*(10)%*
Adjusted profit before tax†	**340**	**391**	***(13)%***
Adjusting items	(31)	4	*(943)%*
Statutory profit before tax	**309**	**395**	***(22)%***
Tax expense	(89)	(102)	*12%*
Statutory profit after tax	**220**	**293**	***(25)%***

Statutory revenue

Statutory revenue was in line with what was a strong performance last year, reflecting the slightly softer UK hotel demand, a reduction in F&B revenues as a result of AGP, offset by our continued estate growth across the UK and the encouraging progress we are making in Germany.

Adjusted EBITDAR

Other income in the period was £nil, while H1 FY24 other income included a £3m provision release relating to a prior year claim for Government support which has since been finalised. Operating costs in the period were £959m, 1% higher than last year (H1 FY24: £949m), with increased levels of cost inflation and our continued estate growth across the UK and Germany, largely mitigated by good progress on cost efficiencies. As a result, adjusted EBITDAR† decreased by 3% to £611m (H1 FY24: £628m).

Adjusted operating profit

The increase in the size of our leasehold estate across the UK and Germany resulted in an 8% uplift to right-of-use asset depreciation to £96m (H1 FY24: £89m). The addition of new hotels in combination with our continued focus of investing in our core estate meant that other depreciation and amortisation charges increased by 11% to £103m (H1 FY24: £93m). As a result, adjusted operating profit† decreased by 7% to £413m (H1 FY24: £445m).

Net finance costs

Lower cash balances reflected our increased capital expenditure programme and share buy-backs resulting in lower interest receivable of £17m (H1 FY24: £26m). An interest credit from the pension fund of £4m (H1 FY24: £8m), partially offset by debt interest of £10m (H1 FY24: £14m), resulted in a reduced net finance credit (excluding lease liability interest) for the period of £10m (H1 FY24: £21m credit). Lease liability interest increased by 10% to £83m, primarily driven by the opening of new leasehold hotels across the UK and Germany.

Adjusting items

Total adjusting items before tax were a charge of £31m for the period compared to a £4m credit in H1 FY24.

The Group has completed a review of site-level H1 FY25 performance that identified a number of sites for an impairment review. This resulted in adjusting net impairment charges of £9m relating to two hotels in Germany. A further impairment charge of £4m has been recorded in relation to assets held for sale during the year outside the scope of our AGP, as we continue to optimise our estate to drive higher returns. This brings the total adjusting net impairment charges, excluding the impact of AGP to £13m (H1 FY24: £nil).

Subsequent to the FY24 balance sheet date, a further 24 sites were identified to be disposed of as part of our AGP. In addition, we have also updated the cashflow assumptions for sites originally included in the scope of the plan, resulting in a net impairment charge of £23m being incurred in the period.

During the period, the Group made gains on other property disposals of £31m including the sale of a hotel in Manchester for redevelopment into student accommodation (H1 FY24: £9m).

The Group has incurred significant business change costs in relation to the implementation of the new hotel management system, HR & payroll system and our strategic network programme, upgrading the IT networks across our estate. Cash costs and write-offs incurred on the programmes and presented within adjusting items in the period were £13m, with cumulative cash costs and write-offs to date being £54m. At this time, the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the financial year ended 2025 between £10m and £20m and during the financial year ended 2026 between £5m and £15m.

The Group has incurred legal, advisory and project management costs regarding the announced changes to facilitate AGP, as well as redundancy costs. The plan represents a significant business change for the Group's strategic focus in relation to F&B. Execution of AGP is also expected to incur costs over the next few financial years. Cash costs incurred on the programme and presented within adjusting items in the period were £13m, with cumulative cash costs to date being £19m. At this time the Group expects to incur future costs presented within this adjusting item across the next three financial years of up to £10m.

During the year, the Group received settlements of £1m (H1 FY24: nil) in relation to business interruption insurance claims and did not receive any settlements in relation to legal claims in relation to other legal matters (H1 FY24: £3m).

Taxation

The statutory tax charge of £89m (H1 FY24: £102m) represents an effective tax rate on statutory profit for the six-month period ended 29 August 2024 of 26.8% (H1 FY24: 25.8%). This is higher than the UK statutory corporate tax rate of 25.0% (H1 FY24: 24.5%) primarily due to the impact of overseas tax losses for which no deferred tax has been recognised.

Statutory profit after tax

Statutory profit after tax for the year was £220m in period, compared to a profit of £293m in H1 FY24.

Earnings per share

	H1 FY25	**H1 FY24**	***vs H1 FY24***
Adjusted basic profit / earnings per share†	137.1p	146.1p	*(6)%*
Statutory basic profit / earnings per share	121.0p	147.6p	*(18)%*

Adjusted basic profit per share† of 137.1p and statutory basic profit per share of 121.0p reflect the adjusted and statutory profits reported in the year and are based on a weighted average number of shares of 182m (H1 FY24: 199m). The reduction in the weighted average number of shares reflects shares purchased and cancelled as part of the Group's previously announced share buy-back programmes.

Dividend

The Board has declared a 7% increase in the interim dividend per share to 34.6 pence (H1 FY24: 34.1 pence). This reflects the Group's robust performance in the period, its strong balance sheet and the Board's confidence in delivering a step change in performance, as outlined by our Five-Year Plan. This will result in a total interim dividend payment of £65m. The interim dividend will be paid on 6 December 2024 to all shareholders on the register at the close of business on 1 November 2024. Shareholders will be offered the option to participate in a dividend re-investment plan. The Group's dividend policy is to grow the dividend broadly in line with earnings across the cycle. Full details are set out in note 8 to the accompanying financial statements.

Cashflow

£m	H1 FY25	H1 FY24
Adjusted EBITDAR†	**611**	**628**
Change in working capital	(46)	4
Net turnover rent and rental income	1	(1)
Lease liability interest and lease repayments	(155)	(149)
Adjusted operating cashflow†	**411**	**483**
Interest (excl. lease liability interest)	2	9
Corporate taxes	(34)	(26)
Pension	(3)	(3)
Capital expenditure: non-expansionary	(118)	(122)
Capital expenditure: expansionary[1]	(81)	(91)
Disposal Proceeds	44	8
Other	(15)	2
Cashflow before shareholder returns / receipts and debt repayments	**206**	**260**
Dividend	(115)	(99)
Share buy-back	(163)	(265)
Net cashflow	**(72)**	**(104)**
Opening net cash†	(298)	171
Closing net (debt) / cash†	**(370)**	**67**

1: H1 FY25 includes £2m payment of contingent consideration (H1 FY24: £nil payment of contingent consideration)

The strength of our vertically-integrated operating model meant that despite the lower UK revenues, we made strong progress on cost efficiencies and together with an improved performance in Germany, adjusted EBITDAR† was £611m (H1 FY24: £628m). Lease liability interest and lease repayments increased by £6m to £155m reflecting the addition of new leasehold hotels in the UK and Germany. A reduction in payables as a result of lower customer deposits drove a working capital outflow of £46m (H1 FY24: £4m inflow). Together, this meant that adjusted operating cashflow† decreased to £411m (H1 FY24: £483m).

The corporation tax net outflow in the period was £34m (H1 FY24: £26m). This comprises payments of £33m in the UK, £1m in Germany.

Non-expansionary capital expenditure in the period of £118m partly reflects activity relating to our accelerated refurbishment programme, in addition to spend incurred for the Group's strategic IT projects. Expansionary capital expenditure of £81m was £10m lower than last year, reflecting the continued development of our committed pipelines in both the UK and Germany.

We continue to optimise our estate and seek to take advantage of value-enhancing opportunities. Disposal proceeds of £44m includes the disposal of seven properties, including a hotel development sold with planning to convert into student accommodation in Manchester.

The significant cashflow generated in the period helped to fund our continued programme of investment, resulting in a cash inflow before shareholder returns of £206m (H1 FY24: £260m).

As announced with the Group's preliminary results on 30 April 2024, the Board recommended an increased final dividend of 62.9 pence per share reflecting the strength of the Group's FY24 performance and confidence in the outlook. The resulting payment of £115m was paid on 5 July 2024. On 17 October 2023, the Board approved a £300m share buy-back, of which the final £13m was completed in the period. The Board approved a further £150m share buy-back on 29 April 2024 which completed on 24 July 2024.

As a result, net debt at the end of the period was £370m (H1 FY24: £67m net cash).

Debt funding facilities & liquidity

£m	Facility	Utilised	Maturity

Revolving Credit Facility	(775)	-	2029
Bond	(450)	(450)	2025
Green Bond	(300)	(300)	2027
Green Bond	(250)	(250)	2031
	(1,775)	(1,000)	
Cash and cash equivalents		625	
Total facilities utilised, net of cash[1]		**(375)**	
Net debt[†]		**(370)**	
Net debt and lease liabilities[†]		**(4,542)**	

The Group's objective is to manage to investment grade metrics, maintaining a lease-adjusted leverage[†] ratio of less than 3.5x over the medium term[2]. In July 2024, we received confirmation from Fitch Ratings that we have maintained our investment grade status of BBB. The Group's lease-adjusted net debt was £3,237m (H1 FY24: £2,529m) and the lease-adjusted leverage[†] ratio was 3.1x (H1 FY24: 2.5x). As at 29 August 2024, £35m of the £775m Revolving Credit Facility is carved-out as an ancillary guarantee facility for the Group's use in Germany. At 29 August 2024, guarantees issued using the Commerzbank line totalled €25m (H1 FY24: €23m). The 2025 bond matures on 16 October 2025 and we expect to refinance the bond before this date.

1: Excludes unamortised fees associated with the debt instrument

2: This measure aligns to the Fitch methodology, with the leverage threshold set at 3.5x lease-adjusted net debt : adjusted EBITDAR

Capital investment

£m	**H1 FY25**	**H1 FY24**
UK maintenance and product improvement	118	120
New / extended UK hotels	53	39
Germany and Middle East[1]	28	54
Total	**199**	**213**

1: H1 FY25 includes £2m payment of contingent consideration (H1 FY24: £nil)

UK maintenance expenditure in the period was broadly in line with last year at £118m (H1 FY24: £120m), reflecting our accelerated refurbishment programme and spend relating to the Group's strategic IT projects. UK expansionary spend of £53m includes the development of our committed pipeline as well as spend relating to the first phase of AGP. In Germany, capital expenditure in the period of £28m was £26m lower than last year as spend in the current financial year is weighted towards the second half of the year. As a result, total capital expenditure was £199m (H1 FY24: £213m), in line with our previous guidance and we remain on track to incur £550m to £600m of gross capital expenditure in FY25.

Property, plant and equipment of £4.6bn was in line with last year as the increased expenditure in growing and maintaining our estate was mitigated by depreciation and impairment charges.

Property backed balance sheet

Freehold / leasehold mix	**Open estate**	**Total estate**[1]
Premier Inn UK	56%:44%	57%:43%
Premier Inn Germany	24%:76%	28%:72%
Group	52%:48%	52%:48%

1: Open plus committed pipeline

The current open UK estate is 56% freehold and 44% leasehold, a mix that is not expected to change materially as the existing committed pipeline is brought onstream. The current estate in Germany is 24% freehold and 76% leasehold reflecting the skew towards leasehold properties in city centre locations.

The new site openings in Germany and continued expansion in the UK resulted in right-of-use assets increasing to £3.6bn (H1 FY24: £3.5bn) and lease liabilities increasing to £4.2bn (H1 FY24: £3.9bn).

Return on Capital[1]

Returns	**H1 FY25**	**H1 FY24**

Group ROCE†	11.9%	12.6%
UK ROCE†	14.0%	14.9%

1: Germany ROCE not disclosed as losses were incurred in the period

Group ROCE† in the period was 11.9% with lower UK revenues partially mitigated by strong progress in Germany. We believe that our vertically-integrated operating model means we are particularly well-placed to capitalise on the significant structural opportunities in both the UK and Germany. We believe inflationary pressures can be mitigated through a combination of: continued estate growth, our strategic and commercial plans including AGP and our cost efficiency programme.

Events after the balance sheet date

The Board of Directors approved a share buy-back on 15 October 2024 for £100m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

On 13 September 2024, the Group entered into sale and leaseback transactions in relation to two properties, which were included within assets classified as held for sale at the period end date, receiving proceeds of £56m.

After the balance sheet date, the Group exercised an option to terminate a contract with a third party for up to £23m, which will deliver future commercial benefits over and above the cost of termination. These termination costs will be treated as adjusting items in line with the Group's policy.

Pension

The Group's defined benefit pension scheme, the Whitbread Group Pension Fund (the 'Pension Fund'), had an IAS19 Employee Benefits surplus of £158m at the end of the period (H1 FY24: £236m). The change in surplus was primarily driven by: membership experience being less favourable than expected as a result of updating for the 31 March 2023 actuarial valuation data; a decrease in corporate bond yields resulting in a decrease in the discount rate used to value liabilities; and asset performance being lower than the discount rate. This was partially offset by changes to the mortality assumptions and a decrease in the assumed rates of future inflation.

The triennial actuarial valuation of the Pension Fund as at 31 March 2023 has been completed. This resulted in a surplus of assets relative to Technical Provisions of £34m. As a result, no deficit reduction contributions are due, however annual contributions of approximately £11m will continue to be paid to the Pension Fund through the Scottish Partnership arrangements.

The Trustee holds security over £532m of Whitbread's freehold property which will remain at this level until no further obligations are due under the Scottish Partnership arrangements, which is expected to be in 2025. Once reached, the security held by the Trustee will be the lower of: £500m; and 120% of the buy-out deficit and will remain in place until there is no longer a buy-out deficit.

Going concern

The directors have concluded that it is appropriate for the consolidated financial statements to be prepared on the going concern basis. Full details are set out in note 1 of the attached financial statements.

Risks and uncertainties

The directors have reconsidered the principal risks and uncertainties of the Group and have determined that those reported in the Annual Report and Accounts ('Annual Report') 2023/24 remain relevant for the remaining half of the financial year, when read together with the following considerations.

The overall risk environment continues to be uncertain and changeable. The global economic position is more stable recently and we have certainty after the change in UK government. This is dampened by weaker economic forecasts for Germany; uncertainty around US elections and escalating geopolitical tensions that still have the potential to have an impact on global trading and international travel.

As previously noted, Whitbread's risks have a high degree of inter-connectivity e.g. strategic business change, which amplifies any movements and could result in significant costs to the business. The most significant risk remains the economic outlook, including geopolitical risks and the resulting impact on inflation across key costs and cost-of-living pressures, potentially subduing consumer demand.

We remain vigilant surrounding cyber and data risk with significant assurance to mitigate against the changing and complex nature of interconnectivity across the digital world. As our multiple strategic change programmes are continuing, this risk remains heightened due to the volume and time bound pressures involved, although we take confidence from the successful roll-out of our new reservation system, completed in March 2024.

We recognise the challenging market conditions and comparatives; price sensitive customer demand and well-invested competitor propositions which have increased the likelihood of risk relating to Premier Inn brand strength and customer demand. We have a detailed commercial plan to drive incremental revenue and guest-focussed initiatives to help mitigate against potential loss of market share.

The following summarises the risks and uncertainties set out in the Annual Report including current emerging themes:

- Uncertain economic outlook leads to changeable hotel demand and inflationary cost pressures;
- Cyber-attacks and data breaches resulting in operational disruption and loss of income;
- Failure to deliver strategic business and technology-led change programmes due to the significant volume and under time bound pressures, for example, the replacement of legacy systems and estate optimisation via AGP;
- Inability to execute our strategy in Germany impacting profitable growth;
- Extended focus on the food and beverage proposition which impacts RevPAR due to guest disruption;
- Extended stagnation of the UK and Germany property markets slows growth;
- Change in brand-led customer demand for our products and services can be impacted by sector specific factors resulting in a loss of market share;
- Change in macro labour market and organisational structure impacting talent, attraction and retention;
- Business interruption within our supply chain and third-party arrangements;
- Adverse publicity and brand damage due to death or serious injury; and
- Uncertainty associated with the collective environmental, social and governance risks including climate change and compliance with the volume of new regulations.

Our Board and management team continue to review and monitor our risk profile and emerging trends arising externally or internally, our risk management arrangements and internal control measures.

The detail of our principal risks can be found on pages 64 to 71 of the Annual Report which is available on the website www.whitbread.co.uk.

American Depositary Receipts

Whitbread has established a sponsored Level 1 American Depositary Receipt ('ADR') programme for which JP Morgan perform the role of depositary bank. The Level 1 ADR programme trades on the U.S. over the counter ('OTC') markets under the symbol WTBDY (it is not listed on a U.S. stock exchange).

Notes

†The Group uses certain APMs to help evaluate the Group's financial performance, position and cashflows, and believes that such measures provide an enhanced understanding of the Group's results and related trends and allow for comparisons of the financial performance of the Group's businesses either from one period to another or with other similar businesses. However, APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures. APMs used in this announcement include like-for-like sales, revenue per available room ('RevPAR'), average room rate ('ARR'), direct bookings/distribution, adjusted operating profit / (loss), return on capital employed ('ROCE'), adjusted pre-tax profit margins, adjusted profit / (loss) before tax, adjusted basic profit / earnings per share, net cash / (debt), net cash / (debt) and lease liabilities, lease-adjusted leverage, adjusted operating cashflow, adjusted EBITDA (pre-IFRS 16) and adjusted EBITDAR. Further information can be found in the glossary and reconciliation of APMs at the end of this document.

Interim consolidated income statement

		(Reviewed) 6 months to 29 August 2024			(Reviewed) 6 months to 31 August 2023		
Continuing operations	Notes	**Before adjusting items £m**	**Adjusting items (Note 4) £m**	**Statutory £m**	Before adjusting items £m	Adjusting items (Note 4) £m	Statutory £m
Revenue	2	**1,569.8**	**-**	**1,569.8**	1,574.0	-	1,574.0

Other income		**2.9**	**0.9**	**3.8**	4.3	3.3	7.6
Operating costs	3	**(1,160.7)**	**(32.1)**	**(1,192.8)**	(1,132.7)	0.4	(1,132.3)
Operating profit before joint ventures		**412.0**	**(31.2)**	**380.8**	445.6	3.7	449.3
Share of profit/(loss) from joint ventures		**0.8**	**-**	**0.8**	(0.3)	-	(0.3)
Operating profit	2	**412.8**	**(31.2)**	**381.6**	445.3	3.7	449.0
Finance costs	5	**(93.6)**	**-**	**(93.6)**	(87.7)	-	(87.7)
Finance income	5	**21.2**	**-**	**21.2**	33.8	-	33.8
Profit before tax	2	**340.4**	**(31.2)**	**309.2**	391.4	3.7	395.1
Tax expense	6	**(91.2)**	**1.9**	**(89.3)**	(101.1)	(0.8)	(101.9)
Profit for the period		**249.2**	**(29.3)**	**219.9**	290.3	2.9	293.2

	(Reviewed) 6 months to 29 August 2024			(Reviewed) 6 months to 31 August 2023		
Earnings per share (Note 7)	**pence**	**pence**	**pence**	pence	pence	pence
Basic	**137.1**	**(16.1)**	**121.0**	146.1	1.5	147.6
Diluted	**136.1**	**(16.0)**	**120.1**	145.0	1.5	146.5

Interim consolidated statement of comprehensive income

	Notes	**(Reviewed) 6 months to 29 August 2024 £m**	(Reviewed) 6 months to 31 August 2023 £m
Profit for the period		**219.9**	293.2
Items that will not be reclassified to the income statement:			
Remeasurement loss on defined benefit pension scheme	15	**(11.8)**	(96.4)
Current tax on defined benefit pension scheme	6	**(1.0)**	0.5
Deferred tax on defined benefit pension scheme	6	**3.8**	23.5
		(9.0)	(72.4)
Items that may be reclassified subsequently to the income statement:			
Net gain/(loss) on cash flow hedges:			
Net fair value movement		**4.9**	(0.8)
Reclassified and reported in the consolidated income statement		**4.0**	-
Deferred tax on cash flow hedges	6	**(2.2)**	0.8
Net gain on hedge of a net investment		**8.2**	4.4
Current tax on hedge of a net investment	6	**(1.0)**	(0.6)
Cost of hedging		**0.5**	0.5
		14.4	4.3
Exchange differences on translation of foreign operations		**(12.9)**	(21.8)
Current tax on exchange differences on translation of foreign operations	6	**1.3**	2.7
		(11.6)	(19.1)
Other comprehensive loss for the period, net of tax		**(6.2)**	(87.2)
Total comprehensive income for the period, net of tax		**213.7**	206.0

Interim consolidated statement of changes in equity

6 months to 29 August 2024 (Reviewed)

	Share capital £m	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Currency translation reserve £m**	**Other reserves £m**	**Total £m**
At 29 February 2024	**151.8**	**1,031.8**	**63.5**	**4,645.3**	**25.9**	**(2,398.9)**	**3,519.4**
Profit for the period	-	-	-	219.9	-	-	**219.9**
Other comprehensive (loss)/income	-	-	-	(9.0)	(3.9)	6.7	**(6.2)**
Total comprehensive income	**-**	**-**	**-**	**210.9**	**(3.9)**	**6.7**	**213.7**
Ordinary shares issued on exercise of employee share options	0.1	1.5	-	-	-	-	**1.6**
Loss on ESOT shares issued	-	-	-	(6.4)	-	6.4	**-**
Accrued share-based payments	-	-	-	8.5	-	-	**8.5**
Tax on share-based payments	-	-	-	(0.4)	-	-	**(0.4)**
Equity dividends paid (Note 8)	-	-	-	(114.9)	-	-	**(114.9)**
Share buy-back, commitment and cancellation (Note 13)	(4.3)	-	4.3	(151.0)	-	-	**(151.0)**
At 29 August 2024	**147.6**	**1,033.3**	**67.8**	**4,592.0**	**22.0**	**(2,385.8)**	**3,476.9**

6 months to 31 August 2023 (Reviewed)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Currency translation reserve £m	Other reserves £m	Total £m
At 2 March 2023	164.9	1,026.6	50.2	5,230.1	35.0	(2,395.4)	4,111.4
Profit for the period	-	-	-	293.2	-	-	293.2
Other comprehensive loss	-	-	-	(72.4)	(14.8)	-	(87.2)
Total comprehensive income	-	-	-	220.8	(14.8)	-	206.0
Ordinary shares issued on exercise of employee share options	-	1.5	-	-	-	-	1.5
Loss on ESOT shares issued	-	-	-	(6.0)	-	6.0	-
Accrued share-based payments	-	-	-	9.3	-	-	9.3
Tax on share-based payments	-	-	-	0.6	-	-	0.6
Equity dividends paid (Note 8)	-	-	-	(99.3)	-	-	(99.3)
Share buy-back, commitment and cancellation (Note 13)	(6.0)	-	6.0	#(301.3)	-	#-	(301.3)
At 31 August 2023	158.9	1,028.1	56.2	5,054.2	20.2	(2,389.4)	3,928.2

#Re-presentation of the full cost of the share buy-back programme from other reserves to retained earnings

Interim consolidated balance sheet

	Notes	**(Reviewed) 29 August 2024 £m**	(Reviewed) 31 August 2023 £m	(Audited) 29 February 2024 £m
Non-current assets				
Intangible assets		**180.8**	189.5	185.0
Right-of-use assets		**3,638.8**	3,476.8	3,597.0
Property, plant and equipment	9	**4,583.9**	4,616.3	4,627.9
Investment in joint ventures		**49.4**	45.2	50.8
Derivative financial instruments		**14.9**	0.8	3.8
Defined benefit pension surplus	15	**157.6**	236.4	165.2
		8,625.4	8,565.0	8,629.7
Current assets				
Inventories		**19.2**	22.1	21.2
Derivative financial instruments		**-**	0.3	-
Trade and other receivables		**116.7**	123.8	119.3
Cash and cash equivalents		**625.3**	1,061.3	696.7
		761.2	1,207.5	837.2
Assets classified as held for sale	11	**139.8**	7.1	54.4
Total assets		**9,526.4**	9,779.6	9,521.3
Current liabilities				
Lease liabilities		**158.2**	153.6	155.6
Provisions		**9.9**	8.9	10.3
Derivative financial instruments		**7.0**	0.8	11.5
Current tax liabilities		**5.9**	12.2	10.2
Trade and other payables		**610.8**	640.8	670.5
Other financial liabilities		**-**	36.6	12.3
		791.8	852.9	870.4
Non-current liabilities				
Borrowings		**995.6**	994.3	994.9
Lease liabilities		**4,013.3**	3,795.1	3,942.8
Provisions		**8.6**	8.8	8.3
Derivative financial instruments		**-**	1.3	4.4
Deferred tax liabilities		**240.2**	199.0	181.1
		5,257.7	4,998.5	5,131.5
Total liabilities		**6,049.5**	5,851.4	6,001.9
Net assets		**3,476.9**	3,928.2	3,519.4
Equity				
Share capital	13	**147.6**	158.9	151.8
Share premium		**1,033.3**	1,028.1	1,031.8
Capital redemption reserve		**67.8**	56.2	63.5
Retained earnings		**4,592.0**	5,054.2#	4,645.3
Currency translation reserve		**22.0**	20.2	25.9
Other reserves		**(2,385.8)**	(2,389.4)#	(2,398.9)
Total equity		**3,476.9**	3,928.2	3,519.4

#Re-presentation of the full cost of the share buy-back programme from other reserves to retained earnings

Interim consolidated cash flow statement

	(Reviewed) 6 months to 29 August 2024	(Reviewed) 6 months to 31 August 2023

	Notes	£m	£m
Cash generated from operations	14	**552.9**	638.6
Payments against provisions		**(1.5)**	(4.1)
Defined benefit pension scheme payments	15	**(2.9)**	(2.7)
Interest paid - lease liabilities		**(82.8)**	(75.1)
Interest paid - other		**(15.6)**	(15.2)
Interest received		**17.7**	23.7
Corporation taxes paid		**(34.0)**	(26.0)
Net cash flows from operating activities		**433.8**	539.2
Cash flows used in investing activities			
Purchase of property, plant and equipment	2	**(185.5)**	(194.5)
Proceeds from disposal of property, plant and equipment		**44.2**	8.3
Investment in intangible assets	2	**(11.9)**	(18.7)
Payment of deferred and contingent consideration		**(1.9)**	-
Net cash flows used in investing activities		**(155.1)**	(204.9)
Cash flows used in financing activities			
Proceeds from issue of shares on exercise of employee share options		**1.6**	1.5
Payment of facility fees		**(0.8)**	(0.8)
Net lease incentives received		**2.9**	0.4
Payment of principal of lease liabilities		**(75.0)**	(73.8)
Purchase of own shares, including transaction costs		**(163.3)**	(264.7)
Dividends paid		**(114.9)**	(99.3)
Net cash flows used in financing activities		**(349.5)**	(436.7)
Net decrease in cash and cash equivalents	12	**(70.8)**	(102.4)
Opening cash and cash equivalents	12	**696.7**	1,164.8
Foreign exchange differences	12	**(0.6)**	(1.1)
Closing cash and cash equivalents		**625.3**	1,061.3

Notes to the consolidated financial statements

1. Basis of accounting and preparation

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 15 October 2024.

The financial information for the year ended 29 February 2024 is extracted from the statutory accounts of the Group for that year and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. These published accounts were reported on by the auditor without qualification, did not draw attention to any matters by way of emphasis and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

The interim condensed consolidated financial statements are prepared in accordance with UK listing rules and with United Kingdom adopted IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements for the six months ended 29 August 2024 and the comparatives to 31 August 2023 are unaudited but have been reviewed by the auditor; a copy of their review report is included at the end of this report.

Going concern

A combination of the strong cash flows generated by the business, and the significant available headroom on its credit facilities, support the directors' view that the Group has sufficient funds available for it to meet its foreseeable working capital requirements. The directors have concluded therefore that the going concern basis of preparation remains appropriate.

Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 29 February 2024.

As a result of the adjusting items recorded in the period, the accounting policy used in determining adjusting items is set out below.

Adjusting items and use of alternative performance measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way the business performance is measured internally by the Board and Executive Committee. A glossary of APMs and reconciliations to statutory measures is given at the end of this report.

The term adjusted profit is not defined under IFRS and may not be directly comparable with adjusted profit measures used by other companies. It is not intended to be a substitute for, or superior to, statutory measures of profit. Adjusted measures of profitability are non-IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure

IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS.

The Group makes certain adjustments to the statutory profit measures in order to derive many of its APMs. The Group's policy is to exclude items that are considered to be significant in nature and quantum, not in the normal course of business or are consistent with items that were treated as adjusting in prior periods or that span multiple financial periods. Treatment as an adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group.

On this basis, the following are examples of items that may be classified as adjusting items:

- net charges associated with the strategic review of the Group's hotel and restaurant property estate;
- significant restructuring costs and other associated costs arising from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- significant pension charges arising as a result of changes to UK defined benefit scheme practices;
- net impairment and related charges for sites which are/were underperforming that are considered to be significant in nature and/or value to the trading performance of the business;
- costs in relation to non-trading legacy sites which are deemed to be significant and not reflective of the Group's ongoing trading results;
- transformation and change costs associated with the implementation of the Group's strategic IT programmes;
- profit or loss on the sale of a business or investment, and the associated cost impact on the continuing business from the sale of the business or investment;
- acquisition costs incurred as part of a business combination or other strategic asset acquisitions;
- amortisation of intangible assets recognised as part of a business combination or other transaction outside of the ordinary course of business; and
- tax settlements in respect of prior years, including the related interest and the impact of changes in the statutory tax rate, the inclusion of which would distort year-on-year comparability, as well as the tax impact of the adjusting items identified above.

The Group income statement is presented in a columnar format to enable users of the accounts to see the Group's performance before adjusting items, the adjusting items, and the statutory total on a line-by-line basis. The directors believe that the adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee.

Seasonality

The Group operates hotels and restaurants, located in the UK and internationally. The Group generally earns higher profits during the first half of the financial year because of lower demand in the final quarter of the financial year.

Critical accounting judgements and key sources of estimation uncertainty

The key judgements and critical accounting estimates adopted in preparing the financial statements have been updated to reflect the impact of the Accelerating Growth Plan on impairment and assets held for sale.

With the exception of the performance of impairment reviews of the Group's goodwill, property, plant and equipment and right-of-use assets, in preparing these condensed consolidated financial statements the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements for the year ended 29 February 2024.

The Group has considered the impact of climate-related risks on its financial performance and position, and although the impact represents an uncertainty, it is not considered to be material.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below) that management has made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Adjusting items

During the year certain items are identified and separately disclosed as adjusting items. Judgement is applied as to whether the item meets the necessary criteria as per the accounting policy disclosed earlier in this note. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous adjusting items are assessed based on the same criteria. Note 4 provides information on all of the items disclosed as adjusting in the current year and comparative financial statements.

Assets held for sale

Assets are classified as held for sale only if the asset is available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification.

As a result of the Group's Accelerating Growth Plan the Group is actively marketing a significant number of sites. Judgement exists on a site-by-site basis as to whether the sale will complete within one year. In exercising its judgement management has taken into consideration all available information including external market expert advice.

Key sources of estimation uncertainty

The following are the key areas of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Defined benefit pension

Defined benefit pension plans are accounted for in accordance with actuarial advice using the projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 15 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

Impairment testing - Property, plant and equipment and right-of-use assets

The performance of the Group's impairment review requires management to make a number of judgements and estimates which are presented together below for ease of understanding but identified separately:

Estimates within impairment testing:

Inputs used to estimate value in use

The estimate of value in use is most sensitive to the following inputs:

Forecast period cashflows - the initial five-year period's cashflows are drawn from the five-year business plan.

Discount rate - judgement is required in estimating the weighted average cost of capital (WACC) of a typical market participant and in assessing the specific country and currency risks associated with the Group. The rate used is adjusted for the Group's gearing, including equity, borrowings and lease liabilities.

Maturity profile of individual sites - judgement is required to estimate the time taken for sites to reach maturity and the sites' trading level once they are mature.

Methodology used to estimate fair value

Fair value is determined using a range of methods, including present value techniques using assumptions consistent with the value in use calculations and market multiple techniques using externally available data. For the purpose of assessing fair value for sites the Group has sought expert valuations based on insight into local market specific factors.

Judgements within impairment testing:

Strategic impact on composition of CGUs

The Group has judged that where there is a commitment and expectation that part of a trading site's value will be realised through sale an impairment review should be completed on the trading site as separate CGUs. This is due to the change in how the Group now expects to receive cashflows from the trading site's assets which are largely independent.

Identification of indicators of impairment and reversal

The Group assesses each of its CGUs for indicators of impairment or reversal at the end of each reporting period and, where there are indicators of impairment or reversal, management performs an impairment assessment.

2. Segment information

The Group provides services in relation to accommodation, food and beverage both in the UK and internationally. Management monitors the operating results of its operating segments separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on adjusted operating profit before joint ventures. Included within central and other in the following tables are the costs of running the public company, other central overhead costs and share of profit from joint ventures.

The following tables present revenue and profit information regarding business operating segments for the periods ended 29 August 2024 and 31 August 2023.

	6 months to 29 August 2024				6 months to 31 August 2023			
Revenue	**UK & Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK & Ireland £m	Germany[1] £m	Central and other £m	Total £m
Accommodation	**1,088.8**	**99.0**	**-**	**1,187.8**	1,084.1	81.1	-	1,165.2
Food, beverage and other items	**366.2**	**15.8**	**-**	**382.0**	395.0	13.8	-	408.8
Revenue	**1,455.0**	**114.8**	**-**	**1,569.8**	1,479.1	94.9	-	1,574.0

	6 months to 29 August 2024				6 months to 31 August 2023			
	UK &		**Central**		UK &		Central and	

Profit/(loss)	Ireland £m	Germany[1] £m	and other £m	Total £m	Ireland £m	Germany[1] £m	other £m	Total £m
Adjusted operating profit/(loss) before joint ventures	**429.6**	**1.3**	**(18.9)**	**412.0**	471.6	(3.8)	(22.2)	445.6
Share of profit/(loss) from joint ventures	**-**	**-**	**0.8**	**0.8**	-	-	(0.3)	(0.3)
Adjusted operating profit/(loss)	**429.6**	**1.3**	**(18.1)**	**412.8**	471.6	(3.8)	(22.5)	445.3
Net finance (costs)/income	**(72.2)**	**(10.6)**	**10.4**	**(72.4)**	(64.9)	(10.2)	21.2	(53.9)
Adjusted profit/(loss) before tax	**357.4**	**(9.3)**	**(7.7)**	**340.4**	406.7	(14.0)	(1.3)	391.4
Adjusting items before tax (Note 4)				**(31.2)**				3.7
Profit before tax				**309.2**				395.1

	6 months to 29 August 2024				6 months to 31 August 2023			
Other segment information	**UK and Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK and Ireland £m	Germany[1] £m	Central and other £m	Total £m
Capital expenditure:								
Property, plant and equipment- cash basis	**159.3**	**26.2**	**-**	**185.5**	140.7	53.8	-	194.5
Property, plant and equipment - accruals basis	**151.6**	**25.6**	**-**	**177.2**	120.3	53.5	-	173.8
Intangible assets	**11.5**	**0.4**	**-**	**11.9**	18.7	-	-	18.7
Cash outflows from lease interest and payment of principal of lease liabilities	**131.0**	**26.8**	**-**	**157.8**	123.0	25.9	-	148.9
Depreciation - property, plant and equipment	**78.4**	**8.0**	**-**	**86.4**	76.8	7.1	-	83.9
Depreciation - right-of-use assets	**75.5**	**20.7**	**-**	**96.2**	69.7	19.7	-	89.4
Amortisation	**16.1**	**-**	**-**	**16.1**	8.8	0.1	-	8.9

[1] *The Germany segment includes operations of the Group within Austria.*

Segment assets and liabilities are not disclosed because they are not reported to, or reviewed by, the Chief Operating Decision Maker.

The Group's revenue, split by country in which the legal entity resides, is as follows:	**6 months to 29 August 2024 £m**	6 months to 31 August 2023 £m
United Kingdom	**1,430.6**	1,462.9
Germany	**112.4**	92.9
Ireland	**16.4**	8.2
Other	**10.4**	10.0
	1,569.8	1,574.0

The Group's non-current assets[2], split by country in which the legal entity resides, are as follows:	**29 August 2024 £m**	29 February 2024 £m
United Kingdom	**6,943.1**	6,946.3
Germany	**1,228.1**	1,227.3
Ireland	**179.6**	182.4
Other	**102.1**	104.7
	8,452.9	8,460.7

[2] *Non-current assets exclude derivative financial instruments and the surplus on the Group's defined benefit pension scheme.*

3. Operating costs

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Cost of inventories recognised as an expense	**120.1**	131.5
Employee benefits expense	**427.0**	431.4
Amortisation of intangible assets	**16.1**	8.9
Depreciation - property, plant and equipment (Note 9)	**86.4**	83.9
Depreciation - right-of-use-assets	**96.2**	89.4
Utilities	**63.0**	66.8
Rates	**52.7**	50.4
Other site property costs	**241.8**	219.1
Variable lease payment expense	**2.4**	2.1
Net foreign exchange differences	**0.2**	0.3
Other operating charges	**54.8**	48.9
Adjusting operating costs (Note 4)	**32.1**	(0.4)
	1,192.8	1,132.3

4. Adjusting items

As set out in the policy in Note 1, we use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and APMs which are consistent with the way that the business performance is measured internally. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses. Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider hinder the comparison of the financial performance of the Group's businesses either from one period to another or with other similar businesses.

6 months to 6 months to

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Other income:		
Legal claim settlements and insurance proceeds[1]	**0.9**	3.3
Adjusting other income	**0.9**	3.3
Operating costs:		
Net impairment charges - property, plant and equipment, right-of-use assets and assets held for sale[2]	**(13.2)**	-
Accelerating Growth Plan-related net impairment charges and write-offs[3]	**(23.2)**	-
Net gains on disposals, property and other provisions[4]	**30.9**	8.9
Strategic IT programme costs[5]	**(13.2)**	(8.5)
Strategic F&B programme costs[6]	**(13.4)**	-
Adjusting operating costs	**(32.1)**	0.4
Adjusting items before tax	**(31.2)**	3.7
Tax on adjusting items	**1.9**	(0.6)
Impact of change in tax rates	**-**	(0.2)
Adjusting tax credit/(expense)	**1.9**	(0.8)

[1] During the period, the Group received settlements for business interruption insurance claims of £0.9m (HY24: £nil) and did not receive any settlements in relation to other legal matters (HY24: £3.3m).

[2] The Group has identified cash-generating unit specific indicators of impairment and impairment reversals in relation to sites identified as higher risk and sites impacted by the Accelerating Growth Plan (see separate footnote).

For those sites identified as higher risk an adjusting impairment charge of £10.3m has been recognised (£8.0m impairment charge relating to property, plant and equipment and £2.3m relating to right-of-use assets). In addition, impairments have been recognised on assets transferred to assets held for sale in the year of £2.9m. This brings the total adjusting net impairment charges outside of the Group's Accelerating Growth Plan-related to £13.2m, within operating costs.

In the comparative period, there were no indicators of impairment or impairment reversals and as such, no impairment assessment was performed.

[3] Included in the amounts recorded for impairment this period are impairments as a result of the Group continuing with the optimisation of the UK F&B strategy, the Accelerating Growth Plan. The net impairment of £23.2m is comprised of impairment charges on sites of £29.0m (£17.0m relating to property, plant and equipment, £9.1m relating to right-of-use assets and £2.9m relating to assets held for sale) offset by impairment reversals of £5.8m (£1.3m relating to property, plant and equipment and £4.5m relating to assets held for sale).

At this time the Group expects to incur further net impairment charges and write downs or accelerated depreciation within adjusting items totalling between £80.0m and £100.0m in relation to the Accelerating Growth Plan to transform and exit a number of the Group's branded restaurants.

[4] During the period, the Group made gains on other property disposals of £30.9m (HY24: gain of £2.1m on other property disposals, released provisions of £4.4m and had a recovery of remedial works on cladding material totalling £2.4m).

[5] The Group has assessed the presentation of costs incurred in relation to the current and future strategic IT programme implementations. The Group has incurred significant business change costs in relation to the implementation of the new hotel management system, HR & payroll system and our strategic network programme, upgrading the IT networks across our estate. These represent significant business change costs for the Group rather than replacements of IT systems with the Hotel Management and Payroll System products being Software as a Service (SaaS). The start date of these projects varies and as such we expect costs to be incurred within this category over the next few financial years, with their commercial and strategic benefit seen as lasting multiple years.

Costs incurred on the programmes and presented within adjusting items in the period were £13.2m, with cumulative cash costs and write-offs to date being £54.1m (FY24: £40.9m).

At this time the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the rest of the financial year ended 2025 between £10.0m and £20.0m and during the financial year ended 2026 between £5.0m and £15.0m.

[6] The Group has incurred legal, advisory and project management costs regarding the announced changes to facilitate the Accelerating Growth Plan as well as redundancy costs. This programme represents a significant business change for the Group's strategic focus in relation to F&B. The programme is expected to incur costs over the next few financial years.

to r... The programme is expected to incur costs over the next few financial years.

Cash costs incurred on the programme and presented within adjusting items in the period were £13.4m, with cumulative cash costs to date being £19.3m (FY24: £5.9m).

At this time the Group expects to incur future costs presented within this adjusting item across the next three financial years of up to £10.0m.

5. Finance (costs)/income

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Finance costs		
Interest on bank loans and overdrafts	**(2.4)**	(2.3)
Interest on other loans	**(12.1)**	(11.9)
Interest on lease liabilities	**(82.8)**	(75.1)
Interest capitalised	**4.2**	2.1
Cost of hedging	**(0.5)**	(0.5)
	(93.6)	(87.7)
Finance income		
Bank interest receivable	**17.0**	25.8
IAS 19 pension net finance income (Note 15)	**4.2**	8.0
	21.2	33.8
Total net finance costs	**(72.4)**	(53.9)

6. Taxation

The Group effective tax rate applied to the profit before tax before adjusting items for the six months to 29 August 2024 is 26.8% (HY24: 25.8%). The tax charge for the six months to 29 August 2024 has been calculated in line with IAS 34 by applying the effective rate of tax which is expected to apply in each jurisdiction in which the Group operates for the year ending 27 February 2025.

A UK current and deferred tax rate of 25.0% has been applied to discrete and adjusting items.

A forecast effective tax rate of 0.0% has been applied to the German pre-tax loss as the Group does not currently deem it appropriate to recognise a deferred tax asset in this jurisdiction. The impact on the effective tax rate from the non-recognition of German tax losses in the current period is 0.7% (HY24: 0.7%).

Consolidated income statement	**6 months to 29 August 2024 £m**	6 months to 31 August 2023 £m
Current tax:		
Current tax expense	**29.0**	36.6
Adjustments in respect of previous periods	**-**	(0.4)
	29.0	36.2
Deferred tax:		
Origination and reversal of temporary differences	**60.3**	65.5
Effect of in-year rate differential/change in tax rates	**-**	0.2
	60.3	65.7
Tax reported in the consolidated income statement	**89.3**	101.9

Consolidated other comprehensive income	**6 months to 29 August 2024 £m**	6 months to 31 August 2023 £m
Current tax:		
Defined benefit pension scheme	**1.0**	(0.5)
Tax on exchange differences on translation of foreign operations	**(1.3)**	(2.7)
Tax on net movement on hedge of a net investment	**1.0**	0.6
	0.7	(2.6)
Deferred tax:		
Cash flow hedges	**2.2**	(0.8)
Defined benefit pension scheme	**(3.8)**	(23.5)
	(1.6)	(24.3)
Tax reported in other comprehensive income	**(0.9)**	(26.9)

The Group has unrecognised German tax losses of £233.8m (FY24: £226.6m). Recognition of these in their entirety would increase deferred tax assets reported by £74.6m (FY24: £72.4m).

7. Earnings per share

The basic earnings per share (EPS) figures are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period after deducting treasury shares and shares held by an independently managed employee share ownership trust (ESOT).

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the average share price for the period is lower than the option price, the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculations are as follows:

	6 months to 29 August 2024 million	6 months to 31 August 2023 million
Basic weighted average number of ordinary shares	**181.8**	198.7
Effect of dilution - share options	**1.3**	1.5
Diluted weighted average number of ordinary shares	**183.1**	200.2

The total number of shares in issue at the reporting period date, as used in the calculation of the basic weighted average number of ordinary shares, was 191.9m, less 12.5m treasury shares held by Whitbread PLC and 0.7m held by the ESOT.

The profits used for the earnings per share calculations are as follows:

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Profit for the period attributable to parent shareholders	**219.9**	293.2
Adjusting items before tax (Note 4)	**31.2**	(3.7)
Adjusting tax (credit)/expense (Note 4)	**(1.9)**	0.8
Adjusted profit for the period attributable to parent shareholders	**249.2**	290.3

	6 months to 29 August 2024 pence	6 months to 31 August 2023 pence
Basic EPS on profit for the period	**121.0**	147.6
Adjusting items before tax	**17.2**	(1.9)
Adjusting tax (credit)/expense	**(1.1)**	0.4
Basic EPS on adjusted profit for the period	**137.1**	146.1
Diluted EPS on profit for the period	**120.1**	146.5
Diluted EPS on adjusted profit for the period	**136.1**	145.0

8. Dividends paid and proposed

	6 months to 29 August 2024		6 months to 31 August 2023	
	pence per share	**£m**	pence per share	£m
Final dividend, proposed and paid, relating to the prior year	**62.90**	**114.8**	49.80	99.2
		114.8		99.2
Dividends on other shares:				
B share dividend	**7.70**	**0.1**	2.60	0.1
Total dividends paid		**114.9**		99.3

An interim dividend of 36.40p per ordinary share (HY24: 34.1p) amounting to a total dividend of £65.0m (HY24: £65.7m) was declared by the directors on 15 October 2024. A dividend reinvestment plan (DRIP) alternative will be offered. These consolidated financial statements do not reflect this dividend payable.

9. Property, plant and equipment

During the reporting period the Group has had additions of £177.2m (HY24: £173.8m), depreciation charges of £86.4m (HY24: £83.9m), net impairment charges of £26.6m (HY24: £nil), net movements to assets held for sale of £95.8m (HY24: to held for sale of £10.2m) and a reduction of net book value from foreign currency translation of £10.8m (HY24: reduction of £19.5m).

Included in property, plant and equipment are assets under construction of £561.2m (29 February 2024: £492.7m).

There is a charge in favour of the pension scheme over properties with a market value of £531.5m (29 February 2024: £531.5m).

Capital expenditure commitments

29 August 2024 29 February 2024

	29 August 2024 £m	29 February 2024 £m
Capital expenditure commitments for property, plant and equipment for which no provision has been made	**108.5**	56.5

10. Impairment

During this period, net impairment charges of £36.4m (HY24: no net impairment charges) were recognised within operating costs.

Accelerating Growth Plan:
Net impairment of £23.2m has been recognised in respect of the Group continuing with the Accelerating Growth Plan (the optimisation of the UK F&B strategy), with £1.6m of impairment reversal being recorded within Accelerating Growth Plan-related assets held for sale.

UK:
Outside of Accelerating Growth Plan-related impairments, gross impairment charges in the UK of £4.2m have been recorded across right-of-use assets and property, plant and equipment during the period.

Germany:
The Group has completed a review of site-level H1 performance that identified higher risk sites. An impairment review of those assets was undertaken, resulting in adjusting net impairment charges of £9.0m (£7.1m impairment charge relating to property, plant and equipment and £1.9m relating to right-of-use assets).

The charges / (reversals) were recognised on the following classes of assets:

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Impairment charges/(reversals) included in operating costs		
Property, plant and equipment - impairment charges	**8.0**	-
Property, plant and equipment - impairment reversals	**-**	-
Property, plant and equipment - impact of Accelerating Growth Plan	**15.7**	-
Property, plant and equipment - on transfer to assets held for sale	**2.9**	-
Right-of-use assets - impairment charges	**2.3**	-
Right-of-use assets - impairment reversals	**-**	-
Right-of-use assets - impact of Accelerating Growth Plan	**9.1**	-
Assets held for sale - in period assessment	**-**	-
Assets held for sale - impact of Accelerating Growth Plan	**(1.6)**	-
Total charges for impairment included in operating costs	**36.4**	-

Methodology in relation to Group's Accelerating Growth Plan
During the period, the Group continued the plan to optimise its UK F&B offering through the Accelerating Growth Plan. The following material topics have been considered in relation to the Group's impairment review:

Extensions programme:
As part of the Group's Extensions programme, some of the Group's branded restaurants will be repurposed with smaller space devoted to providing integrated F&B services and remaining space being converted to additional hotel rooms. No further impairments or write-offs have been recognised during this period in relation to this programme (FY24: £3.7m impairment charge).

The useful economic life of the relevant assets will be reassessed as more certainty is obtained over site-level plans.

Disposal sites:
The Group has a committed plan to dispose of a further group of sites to third parties.
At the reporting period end, sites that are being actively marketed with a valid expectation that they will be disposed of within 12 months from the balance sheet date have been moved to Assets Held for Sale (AHFS). As the economic benefit of these sites is expected to be recovered through sale rather than by continuing to trade, these sites have been measured at the lower of cost and expected proceeds less costs of disposal, with the remaining NBV having been moved to assets held for sale.

11. Assets classified as held for sale
The following table present the major classes of assets and liabilities classified as held for sale:

	29 August 2024 £m	29 February 2024 £m
Property, plant and equipment	**140.2**	56.0
Right-of-use assets	**1.3**	5.2
Lease liabilities	**(1.7)**	(6.8)
Assets classified as held for sale	**139.8**	54.4

At the period end, there were 107 sites with a combined net book value of £139.8m (FY24: 73 at £54.4m) classified as assets held for sale (AHFS). There are no gains or losses recognised in other comprehensive income with respect to these assets.

The Group disposes of sites as part of its programme to optimise its property estate as well as continuing its commitment to the Accelerating Growth Plan. During the period, 49 property assets with a combined net book value of £97.5m (FY24: ten at £14.6m) were transferred to assets held for sale. Eight properties with a combined net book value of £0.5m were transferred back to property, plant and equipment or right-of-use assets (FY24: no properties were transferred back). Seven property assets were sold during the period having a net book value of £13.2m (FY24: seven at £9.4m). An impairment reversal of £1.6m (FY24: impairment loss of £0.2m) was recognised relating to assets classified as held for sale.

Sites are classified as held for sale only if they are available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. If a site no longer meets this criteria at future reporting dates it is transferred back to property, plant and equipment.

12. Movements in cash and net debt

	29 February 2024 £m	Share buy-back commitments including transaction costs £m	Cash flow £m	Net new lease liabilities £m	Foreign exchange £m	Transfers from Assets held for sale £m	Amortisation of premiums and discounts £m	29 August 2024 £m
Cash and cash equivalents	**696.7**	**-**	**(70.8)**	**-**	**(0.6)**	**-**	**-**	**625.3**
Liabilities from financing activities:								
Borrowings	**(994.9)**	**-**	**-**	**-**	**-**	**-**	**(0.7)**	**(995.6)**
Lease liabilities	**(4,098.4)**	**-**	**75.0**	**(158.3)**	**15.3**	**(5.1)**	**-**	**(4,171.5)**
Committed share buy-back	**(12.3)**	**(151.0)**	**163.3**	**-**	**-**	**-**	**-**	**-**
Total liabilities from financing activities	**(5,105.6)**	**(151.0)**	**238.3**	**(158.3)**	**15.3**	**(5.1)**	**(0.7)**	**(5,167.1)**
Less: lease liabilities	**4,098.4**	**-**	**(75.0)**	**158.3**	**(15.3)**	**5.1**	**-**	**4,171.5**
Less: committed share buy-back	**12.3**	**151.0**	**(163.3)**	**-**	**-**	**-**	**-**	**-**
Net debt	**(298.2)**	**-**	**(70.8)**	**-**	**(0.6)**	**-**	**(0.7)**	**(370.3)**

13. Share capital

Ordinary share capital

Allotted, called up and fully paid ordinary shares of 76.80p each (FY24: 76.80p each)	**million**	**£m**
At 29 February 2024	**197.5**	**151.8**
Issued on exercise of employee share options	0.1	0.1
Cancellations following share buy-back	(5.7)	(4.3)
At 29 August 2024	**191.9**	**147.6**

Share buy-back, commitment and cancellation

The Company purchased and cancelled 5.7m shares with a nominal value of £4.3m under the share buy-back programmes running through this financial period. Consideration of £163.3m, including associated fees and stamp duty of £1.0m, was paid during the period. The final payment to shareholders in relation to the share buy-back programme, that was announced in April 2024, was made on 24 July 2024.

14. Analysis of cash flows given in the cash flow statement

	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Profit for the period	**219.9**	293.2
Adjustments for:		
Tax expense	**89.3**	101.9
Net finance costs	**72.4**	53.9
Share of (profit)/loss from joint ventures	**(0.8)**	0.3
Depreciation and amortisation	**198.7**	182.2
Share-based payments	**8.5**	9.3
Net impairment (Note 10)	**36.4**	-
Gains on disposals, property, and other provisions	**(30.9)**	(2.1)
Other non-cash items	**5.1**	(3.6)
Cash generated from operations before working capital changes	**598.6**	635.1
Decrease/(increase) in inventories	**1.9**	(0.5)
Decrease in trade and other receivables	**1.8**	19.8
Decrease in trade and other payables	**(49.4)**	(15.8)
Cash generated from operations	**552.9**	638.6

15. Retirement benefits

Defined benefit scheme

During the period, the defined benefit pension scheme has moved from a surplus of £165.2m to a surplus of £157.6m. The main movements in the surplus are as follows:

	£m
Pension surplus at 29 February 2024	**165.2**
Administrative expenses	**(2.9)**
Net interest on pension liability and assets (Note 5)	**4.2**
Losses recognised in other comprehensive income	**(11.8)**
Contributions from employer	**2.8**
Benefits paid directly by the Company in relation to an unfunded pension scheme	**0.1**
Pension surplus at 29 August 2024	**157.6**

The principal assumptions used by the independent qualified actuaries in updating the most recent valuation carried out as at 31 March 2023 of the UK scheme to 29 August 2024 for IAS 19 Employee benefits purposes (FY24: 31 March 2020 to 29 February 2024) were:

	29 August 2024	29 February 2024
Pre-April 2006 rate of increase in pensions in payment	**3.00%**	3.10%
Post-April 2006 rate of increase in pensions in payment	**2.10%**	2.10%
Pension increases in deferment	**3.00%**	3.10%
Discount rate	**5.00%**	5.00%
Inflation assumption	**3.10%**	3.20%
Life expectancies		
Retiring at the balance sheet date at age 65 - male	**19.6 years**	19.5 years
Retiring at the balance sheet date at age 65 - female	**22.3 years**	22.1 years
Retiring at the balance sheet date in 20 years at age 65 - male	**20.6 years**	20.4 years
Retiring at the balance sheet date in 20 years at age 65 - female	**23.5 years**	23.3 years

The life expectancies shown above are based on standard mortality tables which allow for future mortality improvements. The mortality improvement assumption has been updated to use the CMI 2023 model. The CMI 2023 model parameters include some weighting for 2023 mortality experience.

The assumptions in relation to discount rate, mortality and inflation have a significant effect on the measurement of scheme liabilities. The following table shows the sensitivity of the valuation to changes in these assumptions:

	Decrease/(increase) in gross defined benefit liability	
	29 August 2024	29 February 2024
	£m	£m
Discount rate		
2.00% increase to discount rate	**339.0**	344.0
2.00% decrease to discount rate	**(506.0)**	(518.0)
Inflation		
0.25% increase to inflation rate	**(36.0)**	(38.0)
0.25% decrease to inflation rate	**35.0**	37.0
Life expectancy		
Additional one-year increase to life expectancy	**(65.0)**	(64.4)

The above sensitivity analyses are based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Where the discount rate is changed this will have an impact on the valuation of scheme assets in the opposing direction. The above sensitivities table shows only the expected changes to the gross defined benefit obligation ('liability').

16. Asset acquisitions

During this and the previous financial period, the Group has purchased a number of properties. The legal form of the transactions varies between acquisition of the property or acquisition of the company holding title of the property. A number of properties are purchased in a state that means they do not meet the definition of a business on acquisition and for the remaining properties which do meet the definition of being a business on acquisition, these transactions have been accounted for as asset acquisitions under IFRS 3 *Business Combinations* as the fair value of the assets is concentrated in a single group of similar assets in each deal analysed. The transactions form part of the Group's strategic priorities over both international growth and continued UK market share gains.

17. Events after the balance sheet date

Share buy-back

The Board of Directors approved a share buy-back on 15 October 2024 for £100.0m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

Sale and leasebacks

On 13 September 2024, the Group entered into sale and leaseback transactions in relation to two properties which were included within assets classified as held for sale at the period end date, receiving gross proceeds of £56.0m.

Third party contract termination

Post balance sheet the Group exercised an option to terminate a contract with a third party for up to £23.0m, this delivers future commercial benefits beyond the termination costs. The termination costs will be treated as adjusting items in line with the Group's policy.

Responsibility statement

We confirm that to the best of our knowledge:

a) The condensed set of financial statements, which has been prepared in accordance with IAS 34 *Interim Financial Reporting*, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole;
b) The interim management report includes a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R - indication of important events during the first six months and their impact on the financial statements and description of principal risks and uncertainties for the remaining six months of the year; and
c) The interim management report includes a fair review of the information required by DTR 4.2.8R - disclosure of related party transactions and changes therein.

By order of the Board

Dominic Paul Chief Executive	Hemant Patel Chief Financial Officer

INDEPENDENT REVIEW REPORT TO WHITBREAD PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 29 August 2024 which comprises the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes of equity, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 29 August 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
15 October 2024

Glossary

Adjusted property rent
Property rent less a proportion of contingent rent. Property rent is defined as IFRS 16 property lease interest and depreciation plus variable lease payments, adjusted for deferred rental amounts. This is used as a proxy for rent expense as recorded under IAS 17.

Basic earnings per share (Basic EPS)
Profit attributable to the parent shareholders divided by the weighted average number of ordinary shares in issue during the period after deducting treasury shares and shares held by an independently managed share ownership trust ('ESOT').

Committed pipeline
Sites where the Group has a legal interest in a property (that may be subject to planning/other conditions) with the intention of opening a hotel in the future.

Direct bookings / distribution
Based on stayed bookings in the financial period made direct to the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks.

Food and beverage (F&B) sales

Food and beverage revenue from all Whitbread owned restaurants and integrated hotel restaurants.

GOSH charity

Great Ormond Street Hospital Children's Charity.

IFRS

International Financial Reporting Standards.

Lease debt

Eight times adjusted property rent.

Occupancy

Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period.

Operating profit

Profit before net finance costs and tax.

OTA's

Online travel agents.

Rent expense

Rental costs recognised in the income statement prior to the adoption of IFRS 16.

Team retention

The number of permanent new starters that we retain for the first 90 days/three months.

Trading site

A joint hotel and restaurant or a standalone hotel or restaurant.

WINcard

Whitbread In Numbers - balanced scorecard to measure progress against key performance targets.

YourSay

Whitbread's annual employee opinion survey to provide insight into the views of employees.

†Alternative Performance Measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way that the business performance is measured internally. APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
REVENUE MEASURES			
Accommodation sales	Revenue	Exclude non-room revenue such as food and beverage	Premier Inn accommodation revenue excluding non-room income such as food and beverage. The growth in accommodation sales on a year-on-year basis is a good indicator of the performance of the business. *Reconciliation: Note 2*
Average room rate (ARR)	No direct equivalent	Refer to definition	Accommodation sales divided by the number of rooms occupied by guests. The directors consider this to be a useful measure as this is a commonly used industry metric which facilitates comparison between companies.

Reconciliation	**6 months to 29 August 2024**	6 months to 31 August 2023
UK accommodation sales (£m)	**1,088.8**	1,084.1
Number of rooms occupied by guests ('000)	**12,937**	12,885
UK average room rate (£)	**84.16**	84.13

UK average room rate (£)	[illegible]	[illegible]

Germany accommodation sales (£m)	**99.0**	81.1
Number of rooms occupied by guests ('000)	**1,307**	1,135
Germany average room rate (£)	**75.78**	71.44

UK like-for-like accommodation sales growth	Movement in accommodation sales per the segment information (Note 2)	Accommodation sales from non like-for-like	Year over year change in accommodation revenue for outlets open for at least one year with no significant changes in room numbers. The directors consider this to be a useful measure as it is a commonly used performance metric and provides an indication of underlying revenue trends.

Reconciliation	**6 months to 29 August 2024**	6 months to 31 August 2023
UK like-for-like accommodation sales growth	**(1.6%)**	13.2%
Impact of extensions > 5% of rooms	**0.0%**	0.1%
Contribution from net new hotels	**2.0%**	2.0%
UK accommodation sales growth	**0.4%**	15.3%

Revenue per available room (RevPAR)	No direct equivalent	Refer to definition	Revenue per available room is also known as 'yield'. This hotel measure is achieved by dividing accommodation sales by the number of rooms available. The directors consider this to be a useful measure as it is a commonly used performance measure in the hotel industry.

Reconciliation	**6 months to 29 August 2024**	6 months to 31 August 2023
UK accommodation sales (£m)	**1,088.8**	1,084.1
Available rooms ('000)	**15,569**	15,264
UK REVPAR (£)	**69.93**	71.02
Germany Accommodation sales (£m)	**99.0**	81.1
Available rooms ('000)	**1,913**	1,771
Germany REVPAR (£)	**51.78**	45.79

INCOME STATEMENT MEASURES

Adjusted[1] operating profit/loss	Profit/loss before tax	Adjusting items (Note 4), finance income/costs (Note 5)	Profit/loss before tax, finance costs/income and adjusting items. Reconciliation: Consolidated income statement
Adjusted[1] tax	Tax expense/credit	Adjusting items (Note 4)	Tax expense/credit before adjusting items. Reconciliation: Consolidated income statement
Adjusted[1] profit/loss before tax	Profit/loss before tax	Adjusting items (Note 4)	Profit/loss before tax and adjusting items. Reconciliation: Consolidated income statement
Adjusted[1] basic EPS	Basic EPS	Adjusting items (Note 4)	Adjusted profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed share ownership trust (ESOT). Reconciliation: Note 7
Profit/PBT margin	No direct equivalent	Refer to definition	Segmental adjusted profit before tax divided by segmental adjusted revenue, to demonstrate profitability margins of the segmental operations. Reconciliation: Business review

BALANCE SHEET MEASURES

Net cash/debt	Total liabilities from financing activities	Exclude lease liabilities	Cash and cash equivalents after deducting total borrowings. The directors consider this to be a useful measure of the financing position of the Group. Reconciliation: Note 12
Adjusted net cash/debt	Total liabilities from financing activities	Exclude lease liabilities. Includes an adjustment for cash assumed by ratings agencies to not be readily	Net cash/debt adjusted for cash, assumed by ratings agencies to not be readily available, and excluding unamortised debt related fees. The directors consider this to be a useful measure as it is aligned with the method used by ratings agencies to assess the financing position of the Group.

not be readily available

Reconciliation	As at 29 August 2024 £m	As at 31 August 2023 £m
Net debt/(cash)	**370.3**	(67.0)
Less: unamortised debt costs	**4.4**	5.7
Restricted cash adjustment	**10.0**	10.0
Adjusted net debt/(cash)	**384.7**	(51.3)

Lease-adjusted net debt/cash	Total liabilities from financing activities	Exclude lease liabilities. Includes an adjustment for cash assumed by rating agencies to not be readily available	In line with methodology used by credit rating agencies, lease-adjusted net debt includes lease debt which is calculated at 8x adjusted property rent. The directors consider this to be a useful measure as it forms the basis of the Group's leverage targets.

Reconciliation	As at 29 August 2024 £m	As at 31 August 2023 £m
Adjusted net debt/(cash)	**384.7**	(51.3)
Lease debt	**2,852.0**	2,580.8
Lease-adjusted net debt	**3,236.7**	2,529.5

Net debt/cash and lease liabilities	Cash and cash equivalents less total liabilities from financing activities	Refer to definition	Net debt/cash plus lease liabilities. The directors consider this to be a useful measure of the financing position of the Group.

Reconciliation	As at 29 August 2024 £m	As at 31 August 2023 £m
Net debt/(cash)	**370.3**	(67.0)
Lease liabilities	**4,171.5**	3,948.7
Net debt/(cash) and lease liabilities	**4,541.8**	3,881.7

CASH FLOW MEASURES

Lease-adjusted net debt to EBITDAR for leverage	No direct equivalent	Refer to definition	This measure is a ratio of lease-adjusted net debt compared against the Group's adjusted EBITDAR. The directors use this to monitor the leverage position of the Group. This measure may not be directly comparable with similarly titled measures utilised by credit rating agencies, however on a normalised basis these measures would be expected to move proportionally in the same direction.

Reconciliation	12 months to 29 August 2024 £m	12 months to 31 August 2023 £m
Lease-adjusted net debt	**3,236.7**	2,529.5
Adjusted EBITDAR	**1,040.1**	1,004.3
Lease-adjusted net debt to adjusted EBITDAR for leverage	**3.1x**	2.5x

Adjusted[1] operating cash flow	Cash generated from operations	Refer to definition	Adjusted operating profit/loss adding back depreciation and amortisation and after IFRS 16 interest and lease repayments and working capital movement. The directors consider this a useful measure as it is a good indicator of the cash generated which is used to fund future growth, shareholder returns, tax, pension and interest payments.

Reconciliation	6 months to 29 August 2024 £m	6 months to 31 August 2023 £m
Adjusted operating profit	**412.8**	445.3
Depreciation - right-of-use assets	**96.2**	89.4
Depreciation - property, plant and equipment	**86.4**	83.9
Amortisation	**16.1**	8.9
Adjusted EBITDA (post-IFRS 16)	**611.5**	627.5
Interest paid - lease liabilities	**(82.8)**	(75.1)
Payment of principal of lease liabilities	**(75.0)**	(73.8)

Net lease incentives received	2.9	0.4
Movement in working capital	(45.7)	3.5
Adjusted operating cash flow	**410.9**	482.5

Cash capital expenditure (cash capex)	No direct equivalent	Refer to definition	Cash flows on property, plant and equipment and investment in intangible assets, payments of deferred and contingent consideration, and capital contributions or loans to joint ventures.

OTHER MEASURES

Adjusted[1] EBITDA (post-IFRS 16), Adjusted[1] EBITDA (pre-IFRS 16) and Adjusted[1] EBITDAR	Operating profit	Refer to definition	Adjusted EBITDA (post-IFRS 16) is profit before tax, adjusting items, interest, depreciation and amortisation. Adjusted EBITDA (pre-IFRS 16) is further adjusted to remove rent expense. Adjusted EBITDAR is profit before tax, adjusting items, interest, depreciation, amortisation, variable lease payments and rental income. The directors consider these measures to be useful as they are commonly used industry metrics which facilitate comparison between companies on a before and after IFRS 16 basis.

Reconciliation	**6 months to 29 August 2024 £m**	6 months to 31 August 2023 £m
Adjusted operating profit	**412.8**	445.3
Depreciation - right-of-use assets	**96.2**	89.4
Depreciation - property, plant and equipment	**86.4**	83.9
Amortisation	**16.1**	8.9
Adjusted EBITDA (post-IFRS 16)	**611.5**	627.5
Variable lease payments	**2.4**	2.1
Rental income	**(2.9)**	(1.6)
Adjusted EBITDAR	**611.0**	628.0
Rent expense, variable lease payments and rental income	**(156.9)**	(143.1)
Adjusted EBITDA (pre-IFRS 16)	**454.1**	484.9

Return on Capital Employed (ROCE)	No direct equivalent	Refer to definition	Adjusted operating profit/loss (pre-IFRS 16) for the period divided by net assets at the balance sheet date, adding back net debt/cash, right-of-use assets, lease liabilities, taxation assets/liabilities, the pension surplus/deficit and derivative financial assets/liabilities, other financial liabilities and IFRS 16 working capital adjustments. The directors consider this to be a useful measure as it expresses the underlying operating efficiency of the Group and is used as the basis for remuneration targets.

	12 months to 29 August 2024	
Reconciliation	**Total £m**	**UK & Ireland £m**
Adjusted operating profit	**641.7**	
Depreciation - right-of-use assets	**190.1**	
Rent expense	**(308.9)**	
Adjusted operating profit (pre-IFRS 16)	**522.9**	**541.1**
Net assets	**3,476.9**	
Net debt	**370.3**	
Current tax liabilities	**5.9**	
Deferred tax liabilities	**240.2**	
Pension surplus	**(157.6)**	
Derivative financial assets	**(14.9)**	
Derivative financial liabilities	**7.0**	
Lease liabilities	**4,171.5**	
Right-of-use assets	**(3,638.8)**	
IAS 17 rent adjustments	**(65.0)**	
Adjusted net assets	**4,395.5**	**3,860.4**
Return on capital employed	**11.9%**	**14.0%**

	12 months to 31 August 2023	
Reconciliation	Total £m	UK & Ireland £m
Adjusted operating profit	645.6	
Depreciation - right-of-use assets	174.3	
Rent expense	(281.7)	
Adjusted operating profit (pre-IFRS 16)	538.2	563.7
Net assets	[illegible]	

Net assets	3,928.2	
Net cash	(67.0)	
Current tax liabilities	12.2	
Deferred tax liabilities	199.0	
Pension surplus	(236.4)	
Derivative financial assets	(1.1)	
Derivative financial liabilities	2.1	
Lease liabilities	3,948.7	
Right-of-use assets	(3,476.8)	
Other financial liabilities	36.6	
IAS 17 rent adjustments	(65.0)	
Adjusted net assets	4,280.5	3,780.8
Return on capital employed	12.6%	14.9%

[1] *Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider relevant for comparison of the Group's business either from one period to another or with similar businesses. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses.*

IR GPGGAUUPCGMA