



18 June 2013

Leisure: Whitbread (WTB): 2925p Q1 Trading to XYZ 2013

Whitbread has this morning released the trading statement that will accompany its AGM later today and our comments are set out below:

- Whitbread has this morning updated on Q1 trading to XYZ saying that
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- The group last updated at its full year numbers on 30 April and recent trends are shown below:

	Premier Inn LfL % sales	Pub restaurants LfL % sales	Costa Coffee LfL % sales
H1 (09/10)	-7.5	+1.8	+2.5
H1 (to 2 Sept)	+10.1	+4.2	+8.5
FY 10/11	+8.6	+3.3	+7.8
Q1 (11/12)	+3.0	-1.4	+4.0
Q2 w24 (11/12)	+7.1	-1.6	+9.7
Q3	+2.6	+1.1	+3.8
Q4*	-0.9	+2.2	+6.2
FY (11/12)	+3.2	-0.2	+5.5
Q1 (12/13)	+4.3	+2.1	+8.4
Q2 (11w to 18 Aug)	+3.2	+4.9	+5.7
Q3	+2.5	+1.9	+7.1
11w to 14 Feb	+2.9	+0.2	+5.5
FY (12/13)	+3.1		+6.8
Current trading (at 20 April)	'positive momentum'	'hit by cold weather'	'helped by cold weather'

Source: Whitbread.

- **Premier Inn** – Premier Inn
- **Restaurants** – These
- **Costa** – Costa
- **Balance sheet** – Debt is

Langcap view: Whitbread has once again reassured that trading remains in line with management expectations.

The group's shares have risen strongly over recent months. They have more than doubled since they approached £14 in Q3 2011 and they have not fallen materially during the recent stock market sell-off.

This is testament to the solidity of the group's earnings and the strength of its balance sheet but it does mean that, on an earnings basis, Whitbread's shares are no longer cheap – particularly when compared with the group's asset-backed, leisure sector peers.

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However, that is to perhaps miss the point. Whitbread has overseas potential in both Premier Inn and Costa and growth may not, therefore, be constrained in the same way that it is with several other operators.

To some extent, therefore, Whitbread may be compared to much larger companies such as SAB or Diageo or even consumer majors such as Unilever and Reckitt Benckiser in that it serves a number of consumer geographies and has potentially exciting prospects in a number of emerging markets.

This does perhaps leave the group's relatively highly-rated shares vulnerable to the occasional setback but, as Whitbread continues to expand its overseas presence, this may be a risk that holders remain prepared to take.

The group should earn around £390m in the year to end-February 2014. This implies earnings of around 166p with perhaps a dividend of 62.5p. The group's shares therefore trade on a PER of around 17.6x and offer a yield of 2.1%.

Year Ending	Revenue (£m)	Pre-tax (£m)	EPS	P/E	PEG	Grth.	Div	Yield
26-Feb-09	1,334.60	198.60	93.10p	8.0	0.4	+18%	36.55p	4.9%
04-Mar-10	1,435.00	208.00	90.53p	16.3	n/a	-3%	38.00p	2.6%
03-Mar-11	1,599.60	271.20	111.79p	15.3	0.6	+24%	44.50p	2.6%
01-Mar-12	1,778.00	305.80	127.38p	13.2	0.9	+14%	51.25p	3.0%
28-Feb-13	2,030.00	355.30	141.55p	17.8	1.6	+11%	57.40p	2.3%

a. Based on UK GAAP presentation of accounts - includes discontinued activities

Whitbread Forecasts

Year Ending	Revenue (£m)	Pre-tax (£m)	EPS	P/E	PEG	EPS Grth.	Div	Yield
28-Feb-14	2,251.13	390.85	165.68p	17.7	1.0	+17%	62.43p	2.1%
28-Feb-15	2,482.18	433.43	184.11p	15.9	1.4	+11%	68.80p	2.4%

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