



9 Sep 2014

WHITBREAD (WTB): 4398p Trading Update 11w to 24 August 2014

Group reports 'strong sales growth continues...'

Year to end-Feb	PBT (£m)	EPS (p)	PER (x)	DPS (p)	Yield (%)
2014 (A)	411.8	167.7	26.2	68.8	1.6
2015 (E)	460.0	201.3	21.8	75.9	1.7
2016 (E)	523.0	228.1	19.3	86.0	2.0

Source: Company & Broker Estimates

Trading Update 11w to 24 August 2014:

Whitbread has this morning updated on trading for the 11w period to 24 August 2014 and our comments are set out below:

The Headline Numbers:

- Whitbread reports that total revenues rose by 12.8% in the 11w covered by today's statement.
- Sales growth looks to have accelerated in Q2. Sales are now up by 12.7% for the 24w to 14 August
- LfL group sales are up by 6.8% in the quarter and are running up by 6.8% also in the 24w to 14 August
- Total sales in the quarter are up by 14.7% at Premier Inn (+14.4% y-t-d). They are up by 17.8% at Costa (+16.7% y-t-d)
- LfL sales are up 9.2% at Premier Inn in the 11w (+9.3% y-t-d) and are up by 7.3% at Costa (+5.8% y-t-d)

Premier Inn & Restaurants:

- As mentioned above, total sales growth picked up a little at Premier Inn
- The group says PI has 'continued to win market share'
- It has grown sales by 10.6% in London (room numbers up 9.3%) and has increased total sales in the provinces by 15.4% (room numbers up only 5.1%)
- Restaurants 'delivered a good performance, benefitting from favourable weather comparatives' – they grew LfL sales by 3.1%

Find us at:



Recent News Here:

- Today's email
- Recent emails
- A day in the life...
- Who we are, what we do...
- Upcoming news-flow
- Recent company updates
- Thematic pieces
- LinkedIn profile



Market Cap: £8.0bn
12m range 2980p 4500p

- The group opened 758 new rooms in the year to date and aims to open 4,500 in the full year

Costa Coffee:

- Costa grew worldwide system sales by 15.3%. UK retail sales were up by 16.4% 'with equity stores delivering like for like sales growth of 5.8%.'
- Costa Enterprises increased sales by 19.1% to £151.5m
- The group plans to open around 300 new stores and install 600 Costa Express units in the full year and overall recent sales trends are shown below:
- **Tab.1. Whitbread's Sales Trends:**

Period	Premier Inn Lfl sales	Restaurants' Lfl sales	Costa Coffee Lfl sales
	(%)	%	%
H1 09/10	-7.5	+1.8	+2.5
FY 10/11	+8.6	+3.3	+7.8
Q1 11/12	+3.0	-1.4	+4.0
Q2 11/12	+7.1	-1.6	+9.7
FY 11/12	+3.2	-0.2	+5.5
Q1 12/13	+4.3	+2.1	+8.4
Q2 12/13	+3.2	+4.9	+5.7
FY 12/13	+3.1		+6.8
Q1 13/14	+2.7	+0.0	+8.0
H1 13/14	+3.3	-0.1	+5.5
Q3 13/14	+5.4	+1.8	+4.9
Q4 13/14	+8.3	+4.4	+7.3
FY 13/14	+5.0	+1.6	+5.7
Q1 14/15	+9.5	+4.4	+4.5
Q2 14/15	+9.2	+1.7	+7.3
24w to date	+9.3	+3.1	+5.8

Source: Company Reports

Other:

- Whitbread reports that the strong financial position of the group remains unchanged
- CEO Andy Harrison reports 'we have delivered another strong quarter's trading, thanks to the hard work of all the Whitbread teams'
- He says 'this maintains our excellent growth record' and adds 'Whitbread remains on track for another good year.' He says 'our strong brands continue to win market share, reinforced by ambitious organic network expansion.'

Langton Comment: Whitbread had commented on the 13w period to 29 May in June and today's report confirms that momentum has been maintained – and indeed has picked up a little - through the remainder of Q2.

Overall, the group is performing strongly and it looks to be set to deliver more. Its shares are not cheap but the group is delivering on its promises and is likely to retain the support of its shareholders. The stock changed hands at £24 as recently as the first half of 2013 year and rose to around £45. It has flirted with this level for a number of months but today's statement should reassure.

As mentioned above, the group's rating is perhaps somewhat stretched. The company is pencilled to earn around 201p in the year to February 2015, putting the shares on some 21.8x current year earnings. But today's update may have reassured observers and the 228p estimated for February 2016 may be edged up at some point.

Contact – Mark Brumby - +44(0)20 7702 3389

mark.brumby@langtoncapital.co.uk

This message (and files contained herein) may contain confidential or proprietary information and is intended solely for the use of the individual or organisation to whom it is addressed. If you are not the addressee you should not disseminate, distribute or copy this email or any part thereof. Further, please notify the author immediately by telephone or by replying to this email and then delete all copies of the correspondence from your system. We apologise for any inconvenience that this may have caused. This information is a financial promotion for the purpose of the European Markets in Financial Instruments Directive (MiFID) and FSA's Rules. It has not been prepared in accordance with the legal requirements designed to promote the independence or objectivity of investment research. This document is not based upon detailed analysis by Langton Capital of any market, issuer or security named herein and does not constitute formal research or a research recommendation, either expressly or otherwise. It is not investment advice and does not take into account the investment objectives and policies, financial position or portfolio composition of any recipient. This document should not be relied upon as authoritative or taken in substitution for the exercise of your own commercial judgment. Whilst Langton Capital has taken steps to control the spread of viruses on its systems, it cannot guarantee that this email and any files transmitted with it are virus free. No liability is accepted for any errors, omissions, interceptions, corrupted email, lost communications or late delivery arising as a result of receiving this message via the Internet or for any virus that may be contained in it. Recipients should review independently and / or obtain independent professional advice and draw their conclusions there-from should decide to undertake transactions with third parties. Langton Capital or its employees may have positions in securities mentioned herein. We reserve the right to monitor email messages passing through our network. Langton Capital Limited is authorised and regulated by the Financial Services Authority. Langton Capital Limited is registered in England number 07112949.

Mark.brumby@langtoncapital.co.uk

Suite 415, No1 Alie Street, London, E1 8DE
020 7702 3389