



26 Apr 2016

WHITBREAD (WTB): 3866p FY Results: 53wks to 3 Mar 2016:

Whitbread says it is reporting 'good growth in revenue, profit and dividend...'

Year to end-Feb	PBT (£m)	EPS (p)	PER (x)	DPS (p)	Yield (%)
2015 (E)	480.9	211.6	18.4	82.2	2.1
2016 (A)	546.3	234.0	16.5	90.6	2.3
2017 (E)	600.0	250.0	15.5	98.2	2.5

Source: Company & Broker Estimates

FY Numbers: 53wks to 3 Mar 2016:

Whitbread has this morning updated reported full year numbers for the 53wks to 3 March and our comments are set out below:

Full year numbers in outline:

- Whitbread has reported full year numbers saying that it has generated 'good growth in revenue, profit and dividend'
- Total revenues are £2.92bn (+12%) whilst underlying profit is up by 11.9% at £546.3m (estimates around £542.0m)
- Underlying EPS is 238.7p (up 11.7% and comparing with estimates of around 234.0p)
- Full year dividend comes in at 90.35p against 82.15p last year (+10.0%) and versus estimates of around 90.6p

Full year results by division:

- Ahead of its full year results, Whitbread reported 50wk numbers on 3 March. At that stage, LfL sales at Premier Inn were up by 4.4%, at Restaurants they were up 1.0% and Costa was +3.0%
- Group reports Premier Inn sales growth of 12.9% and LfL growth of 4.2%. Costa total sales are 15.9% higher with LfL sales in the UK +2.9%
- Both numbers represent a further slight slowdown at the cumulative level since w50 and recent sales trends are shown below:
- Tab.1. Whitbread's Sales Trends:**

Period	Premier Inn LfL sales	Restaurants' LfL sales	Costa Coffee LfL sales
--------	-----------------------	------------------------	------------------------

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: £7.1bn
12m range 3649p-5440p

	(%)	%	%
H1 09/10	-7.5	+1.8	+2.5
FY 10/11	+8.6	+3.3	+7.8
FY 11/12	+3.2	-0.2	+5.5
FY 12/13	+3.1		+6.8
H1 13/14	+3.3	-0.1	+5.5
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
H1 14/15	+9.1	+3.1	+6.1
Q3 14/15	+8.5	+1.6	+5.2
FY 14/15	+9.1	+2.1	+6.0
Q1 15/16	+6.3	+0.1	+5.0
Q2 15/16	+4.3	+0.6	+4.0
H1 15/16	+5.0	+0.1	+4.4
Q3 15/16	+4.7	+1.7	+2.5
Q4 15/16	+2.2	+2.3	+0.5
FY (53w) 15/16	+4.2	+0.8	+2.9

Source: Company Reports

Premier Inn:

- In hotels & restaurants, Whitbread says underlying operating profit was up 11.3% to £446.9 million.
- It reports that Premier Inn grew total sales by 12.9%, like for like sales by 4.2%
- Total REVPAR was up by 3.1% with the number of rooms available +9.8%
- Whitbread says 'total occupancy remained high as we finished the year at 80.9%.'

Restaurants:

- Restaurants grew total sales by 3.5%, like for like sales by 0.8%
- Whitbread says this is 'ahead of its competitors'
- The group adds that it opened four net new sites during the 53 weeks.

Costa Coffee:

- Whitbread reports 'Costa's underlying operating profit was up 15.8% to £153.5 million, with total sales growth of 15.9%.'
- It says growth 'was driven by UK like for like sales growth of 2.9%, 197 net new stores worldwide and 924 net new Costa Express machines.'

Debt, balance sheet & cash-flow:

- Whitbread says m (2015: £583m) largely as a result of freehold purchases

Outlook:

- Whitbread does not give LfL figures for current trading.
- CEO Alison Brittain says rather 'whilst it is only six weeks into our new financial year we remain confident of making good progress this year.'

- Overall, Chairman Richard Baker reports ‘this is a very exciting time for the Company; with our recent senior appointments, we now have a refreshed leadership team, and I am delighted it is being led by Alison Brittain as CEO, to take us on the journey to building a bigger as well as a better Whitbread.’
- Alison Brittain reports ‘Whitbread has had another successful year with good growth in sales of 12.0% and underlying earnings per share increasing by 11.7%, once again demonstrating the strength of our businesses.’
- She says ‘both Premier Inn and Costa benefit from attractive market growth opportunities and we will continue to capitalise on these by developing our network and brand strength as we fulfil our ambitions to reach c.85,000 UK hotel rooms and c.£2.5 billion system sales in Costa, by 2020.’
- Ms Britain says ‘the world around us is shifting, with rising customer expectations, an evolving competitor landscape, rapid technological developments and changing cost structures. In responding to this change, I am especially keen to reinforce our relentless focus on our customers and on innovation to develop our brand propositions ensuring we stay ahead and become more productive.’
- The group will focus on key themes – UK innovation, overseas expansion and building a sustainable infrastructure.
- CEO Brittain says ‘this strategy will enable us to deliver our significant growth ambitions, grow earnings and dividends, maintain good returns on capital and create further value for our shareholders.’

Langton Comment: At its 50wk update, slowing sales at Costa grabbed the headlines.

Sales have slowed cumulatively – that is week 53 vs week 50 – but it is not clear what happened in the last 3wks of the year and nor is current trading outlined.

With that in mind and with strategy statements to one side for the moment, some concerns may remain as to how the group is getting on.

There are disrupters out there – AirBnB, new start-up coffee shops etc. but, as recently as last week, both Starbucks and McDonald’s showed that incumbents can be capable of strong performances even in more challenging markets.

Clearly warmer weather over the winter impacted Costa and Whitbread’s numbers did beat consensus at the bottom line.

However, today’s meeting could be more-than-usually important in determining the mood towards the company. There are no rabbits to be drawn from hats meaning that earnings growth may be hard-earned.

Nonetheless, Whitbread has a freehold base and international brands. The shares are no longer cheap – at least relative to their recent levels – and buyers may be attracted by a valuation of around 15x earnings.

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

Mark.brumby@langtoncapital.co.uk

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

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 therefrom 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 Conduct Authority. Langton Capital Limited is registered in England number 07112949.