



Trading Update Presentation

Half Year Results for the Six Months Ended 30 June 2024

Release: 22 August 2024



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Results in line with expectations

Continuing strategic investments to drive growth and quality

- Investing in the business to drive growth and quality
- Financial performance reflects softer market demand, particularly London, and inflationary pressures
- Performing slightly below the competitive segment, driven by the accelerated refit programme and strong comps, significantly ahead vs 2019
- Continued strong cost control and industry leading operating model delivering cost efficiencies
- Spanish business performing strongly, delivering revenue and profit growth
- Financial results for the six months ended 30 June 2024:
 - Total revenue up 1.7% to £486.7m (2023: £478.7m)
 - LFL RevPAR⁽¹⁾ down (1.0)% to £54.45 (2023: £55.00), up c. 36% vs 2019
 - RevPAR growth⁽¹⁾ (0.8)pts below the competitive segment vs 2023 (5.3 pts ahead vs 2019)
 - EBITDA (adjusted) of £77.0m, including £12m of one-off investment and advertising spend, driving growth and quality; H1 2023 benefitted from favourable pre-energy crisis hedging of c. £6m
 - EBITDA adjusting for these factors of £89.2m (2023: £98.5m)
- Successful refinancing of EUR floating rates notes completed in June 2024
- S&P credit rating upgraded to B stable outlook, Moody's upgraded outlook to positive
- Strong liquidity position with cash at 30 June of £258.5m
- Five new hotels opened in the UK to date, in line with expectations
- Agreed to acquire six Spanish hotels in April 2024 (five completed to date), doubling our presence in Spain
- Travelodge PropCo completed the acquisition of 66 Travelodge branded hotels in February 2024

1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like ("LFL") RevPAR compares the RevPAR in H1 2024 (28 Dec 2023 to 26 Jun 2024) vs. H1 2023 (29 Dec 2022 to 3 Jul 2019) on the basis of RevPAR generated by hotels that were opened before 1 January 2019. (vs 2019 measure) and opened before 1 January 2022 (vs 2023 measure).

2. EBITDA (adjusted) = earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business

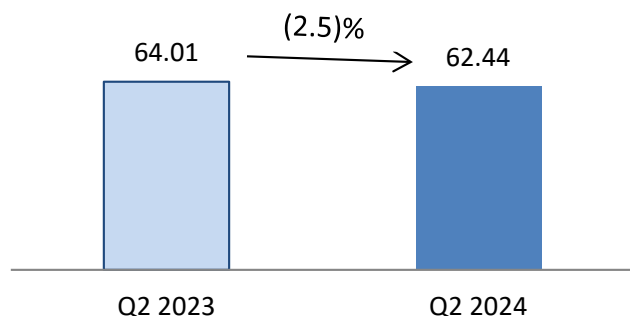
2024 Results

Q2 Operating Metrics

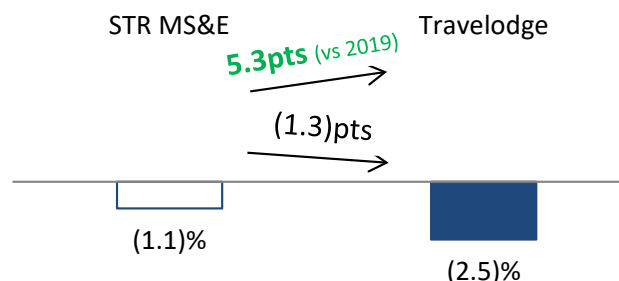
Good occupancy growth reflecting robust demand from broad range of business and leisure customers

Good occupancy growth, offset by decline in ADR driving RevPAR decline

LFL¹ RevPAR (£)²



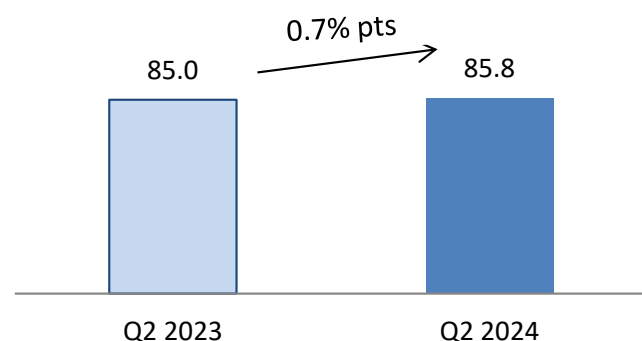
Q2 RevPAR Performance



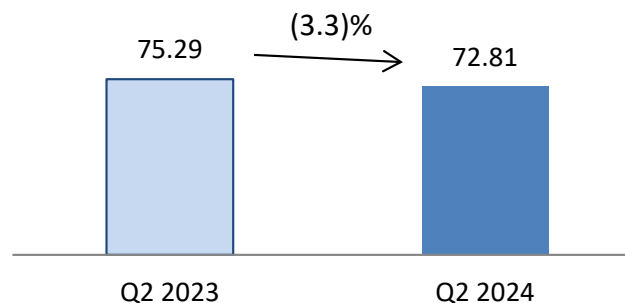
Q2 2024 vs. Q2 2023

- **RevPAR:** like-for-like UK RevPAR decline of (2.5)% (up 37.9% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(1.3)pts** vs 2023, reflecting strong comps and phasing of the accelerated refit programme. Outperformed **5.3pts** vs 2019.
- **Occupancy:** occupancy increase of 0.7pts to 85.8% (up 3.9pts vs 2019)
- **ADR:** down (3.3)% to £72.81 with market demand impacted by fewer events and bad weather (up 30.3% vs 2019)

LFL¹ Occupancy (%)²



LFL¹ ADR (£)²



1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in Q2 2024 vs. Q2 2023 and 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2019 (vs 2019 measure) and opened before 1 January 2022 (vs 2023 measure).

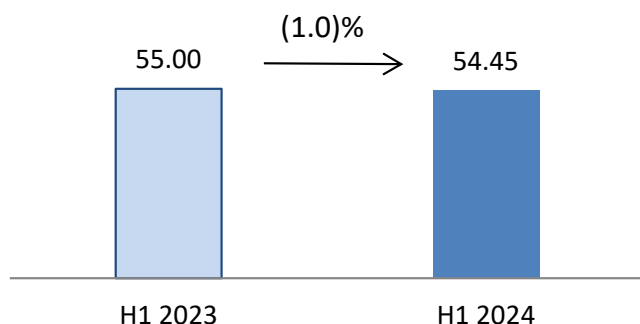
2. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting periods 30 Mar 2023 to 28 Jun 2023, 28 Mar 2024 to 26 Jun 2024.

H1 Operating Metrics

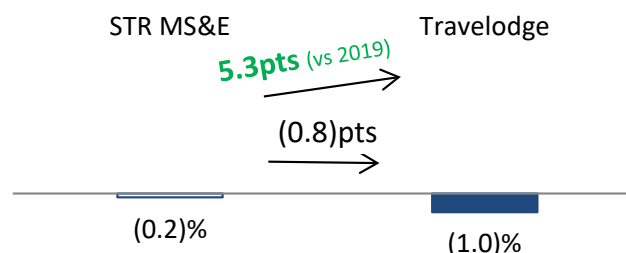
Strong occupancy growth with performance against the segment reflecting the accelerated refit programme

Good occupancy growth, offset by decline in ADR driving RevPAR decline

LFL¹ RevPAR (£)²



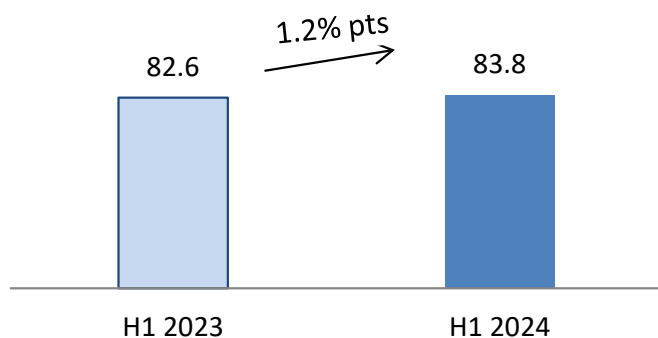
H1 RevPAR Performance



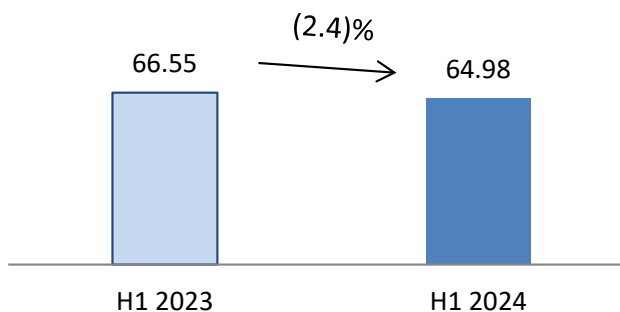
H1 2024 vs. H1 2023

- **RevPAR:** like-for-like UK RevPAR decrease of (1.0)% (up 35.6% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(0.8)pts** vs 2023, reflecting strong comps and phasing of the accelerated refit programme. Outperformed **5.3pts** vs 2019.
- **Occupancy:** occupancy increase of 1.2pts to 83.8% (up 3.9pts vs 2019)
- **ADR:** down (2.4)% to £64.98, with market demand impacted by fewer events and bad weather (up 27.3% vs 2019)

LFL¹ Occupancy (%)²



LFL¹ ADR (£)²



1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in H1 2024 vs. H1 2023 and 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2019 (vs 2019 measure) and opened before 1 January 2022 (vs 2023 measure).

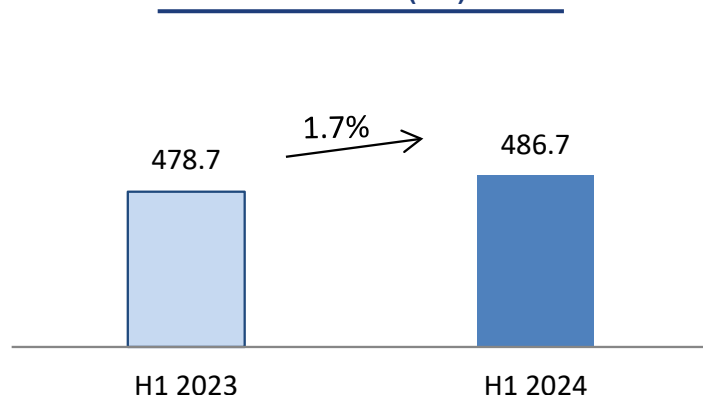
2. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting periods 29 Dec 2022 to 28 Jun 2023, 28 Dec 2023 to 26 Jun 2024.

H1 Financial Results

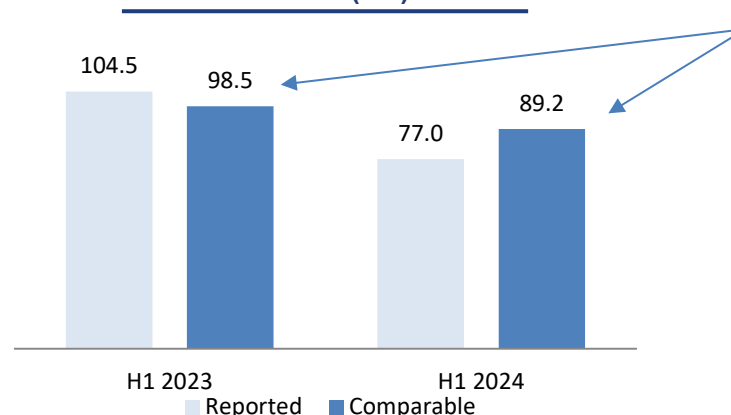
Performance in line with expectations, with strong cost control and continued strategic investments to drive growth and quality

EBITDA includes c. £12m impact of new advertising campaign and other investments in business to drive growth

Revenue⁽¹⁾ (£m)



EBITDA⁽²⁾ (£m)



H1 2024 vs. H1 2023

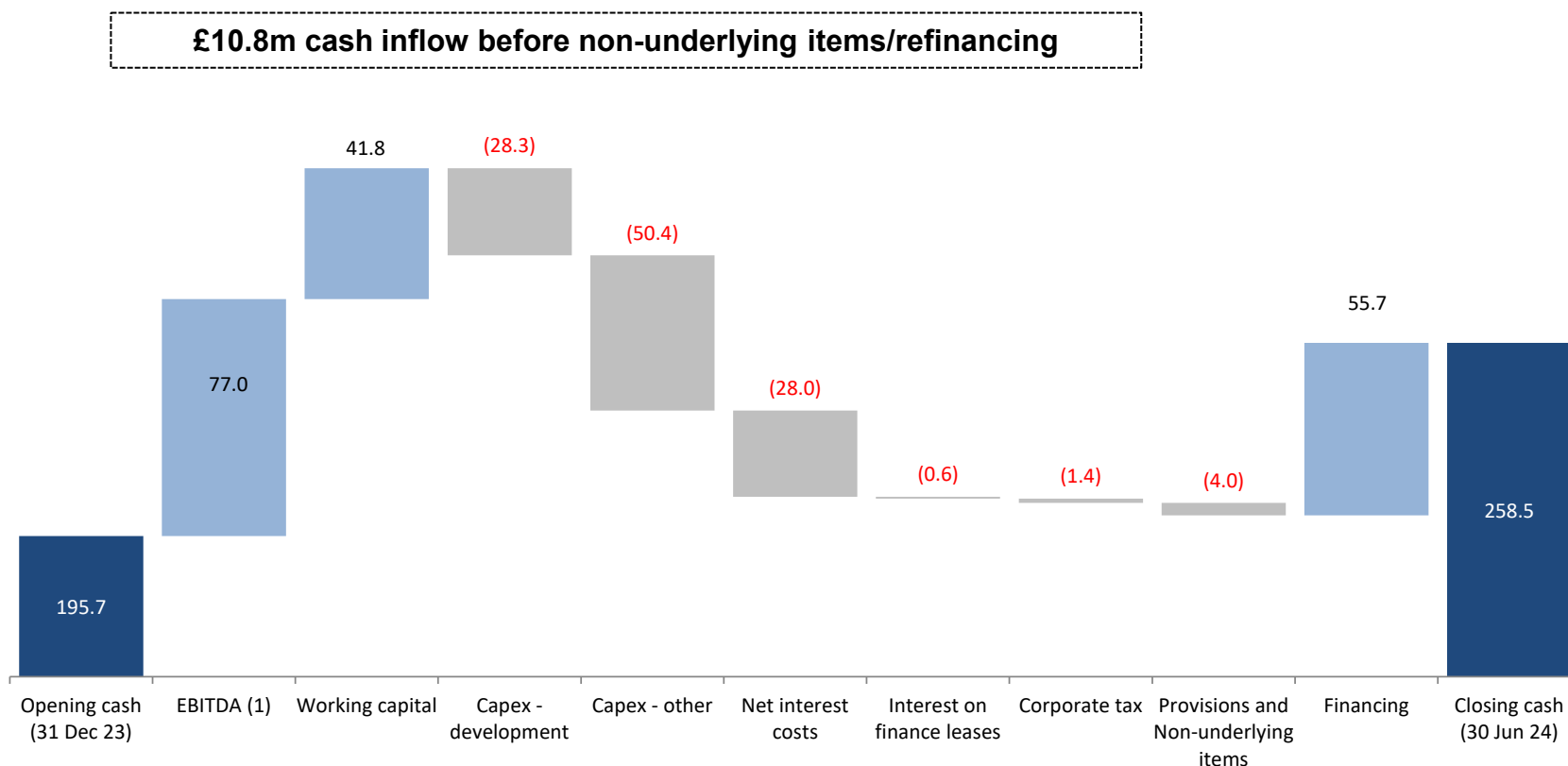
- **Revenue** increase of 1.7%/£8.0m driven by new openings
 - Like-for-like UK RevPAR decrease of (1.0)%, with good occupancy growth offset by rate decline
 - Annualisation and maturity of hotels opened since 1 January 2023
 - Strong growth in Spain with total revenue up c. 45%/£4m, including new hotels (LfL total revenue up c. 12%)
- **EBITDA⁽¹⁾** decreased by £(27.5)m to £77.0m, in line with previous guidance
 - Revenue increase offset by cost increases
 - These include c. £12m impact of new advertising campaign investment expected to build demand over time, with encouraging positive impact on brand metrics, and other investments including hotel property management system upgrade. Favourable pre-energy crisis hedging in H1 2023 of c. £6m.
 - Annualisation of the 2023 and 2024 National Living Wage increases of c. 10% each and rent reviews
 - Continued focus on strong cost control and management of inflationary pressures
 - Further increase in Spain EBITDA to c. £3.9m (2023: £1.8m) with high EBITDA margin of c. 30% (2023: 20%)

1. Total underlying revenue.

2. EBITDA (adjusted) = earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business

H1 Cash Flow

Significant investments in the business, and continuing to generate strong cash inflows



- Cash inflow of £10.8m before non-underlying items and repayment of debt, with EBITDA and working capital inflow partially offset by capital investments and interest costs
- Working capital benefit mainly driven by increase in prepaid rooms, in line with seasonal patterns
- Development capital investment includes new development and acquisition investments, including 5 of the 6 Spanish hotels acquired with the 6th expected to complete shortly
- Other capital investment includes hotel refit (c. £29m), maintenance, health & safety, IT and projects
- Provisions and non-underlying includes debt repayment costs
- Financing includes net proceeds from June 2024 refinancing and the partial repayment of the investor loans notes and accrued interest to facilitate the 66 hotel property acquisition

1. EBITDA (adjusted) = earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business

Net Debt and Leverage

Liquidity position remains strong

Debt (£m)

£m	30-Jun-24
Cash and Cash Equivalents	258.5
Revolving credit facility	-
Senior secured fixed rate bond	415.0
Senior secured floating rate bond (EUR)	221.4
Senior Secured Debt	636.4
Finance leases	14.6
Total Third Party Indebtedness	651.0
Net Third Party Indebtedness	392.5
EBITDA LTM	216.3
Net Third Party Debt Ratio	1.8

Liquidity / Financial Ratios

- **Cash on balance sheet:** £258.5m at 30 June 2024
- **S&P credit rating upgrade** to B with stable outlook in April 2024
- **Moody's upgrade to positive outlook** in June 2024 (B3 credit rating)
- **Refinancing completed in June 2024**
 - £415m GBP senior secured fixed rate bond 10.25% including £85m tap
 - €250m EUR senior secured floating rate bond EURIBOR + 375bps (175bps reduction)
 - £50m RCF: currently undrawn
 - Letter of credit facility: £30m (£25.2m in issue but not called upon as of 30 June 2024)
 - Fully hedged currency and interest rate risk on EUR notes
- **Net third party debt ratio 1.8x⁽²⁾**
- Continue to keep liquidity position (£284m as at 14 August) and capital structure under review to support the growth of the business

- Note:
1. Before IFRS16
 2. Net third party indebtedness divided by June 24 LTM EBITDA (adjusted)
 3. Senior secured floating rate bond (EUR) includes derivative liability in relation to hedging arrangements

Current Trading

Current Trading

Improving performance over July

- Travelodge performance vs the competitive segment in line with Q2, reflecting strong comps and our accelerated refit programme
- Quarter 3 to date UK total revenue c. (1)% below 2023⁽¹⁾
- Regional performance in line with 2023, offset by softer London performance, primarily rate driven, in line with the MSE market segment
- Improving performance over July in our largest trading period, with UK total revenue ahead of 2023
- MSE competitive segment RevPAR below 2023 levels in first weeks of August
- YTD UK total revenue in line with 2023
- Booking patterns are encouraging with strong long-lead event demand and booked revenue to the end of the year ahead of 2023 levels, but we have seen softer short lead demand
- Forward visibility remains limited in line with normal trading patterns

Approx. phasing based on 2023 actuals

	Q1	Q2	Q3	Q4
Revenue	20%	25%	30%	25%
EBITDA adjusted for one-off and phasing	5%	30%	45%	20%

Adjusted EBITDA phasing includes the favourable pre-crisis energy hedging in Q1 2023, advertising campaign that started in H2 2023 and other investments including hotel property management system upgrade

1. Q3 to date: 27 Jun 2024 to 7 Aug 2024 vs 29 Jun 2023 to 9 Aug 2023

Strategy Update & Outlook

Strategic Priorities

Being the Brilliant Base - providing customers with a well priced, well located, stay they can trust



Customer proposition

- Focus on “Being the Brilliant Base” for our customers
- Refit programme well progressed, with c. 50% of the room estate planned to be refitted by the end of 2024, as part of our most significant brand transformation to date
- Continued investment in energy projects (including smart heating & cooling)
- Leveraging technology to enhance guest and colleague experience and operational efficiency, including upgraded property management system



New brand campaign

- Driving brand transformation aligned to the upgrades to the customer proposition, including the refit programme
- Grow brand equity and salience, driving brand awareness, consideration and demand
- New multi-channel brand campaign commenced in September 2023 with further staged investment in 2024 and beyond
- Positive impacts on brand metrics with more people visiting and booking on the website



Revenue management

- Continued investment in Travelodge’s industry leading revenue management capabilities and best in class direct distribution model
- Mix of saver and flexible rooms rate
- Alternative room types attracting rate premiums
- Investing in data and digital capabilities and leveraging our large and diverse customer base to further optimise digital conversion and personalisation



Development

- Significant UK development opportunity, targeting 300 additional locations across the UK
- Decline in independent hotel supply expected to continue
- Going concern opportunities building on our successful track record in the UK and Spain
- International expansion opportunity in Spain
- Opportunity to optimise network profitability from existing estate and maximise value, including extensions

Continuing to deepen our customer and market insight to shape our future growth plans

Well priced

Offering customers good value with a range of booking options to suit their needs

- Offering customers a mix of saver and flexible room rates and alternative room types to suit their needs, including doubles, family, twin and Super rooms.
- Options to customise their stay through range of ancillaries
- Continued enhancement of our customer segmentation, acquisition and conversion strategies with technology
- Direct distribution model with very low OTA usage (c. 1%)
- New mobile app launched with enhanced features, including Apple Pay, Google Pay, biometric login, and personalised experiences, achieving 4.8* reviews and driving strong revenue growth
- Strong levels of business customer sign-ups with increased conversion levels
- Leveraging technology to increase exposure to greater range of business customers



Family Room

[Find out more](#)

- Comfy king size bed and one or two pull-out beds
- Cosy duvets and plump pillows
- Tea and coffee
- Freeview TV
- Desk
- Ensuite with shower
- Fresh white towels
- Blackout curtains
- Comfy armchair

Saver rate

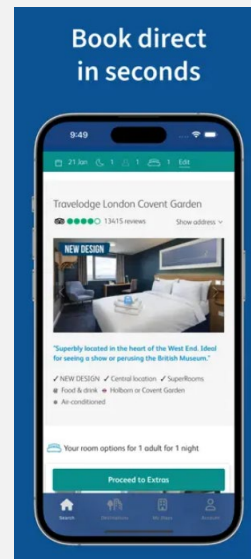
Non refundable. Arrival date can be amended subject to availability and change fee. [i](#)

£63.99

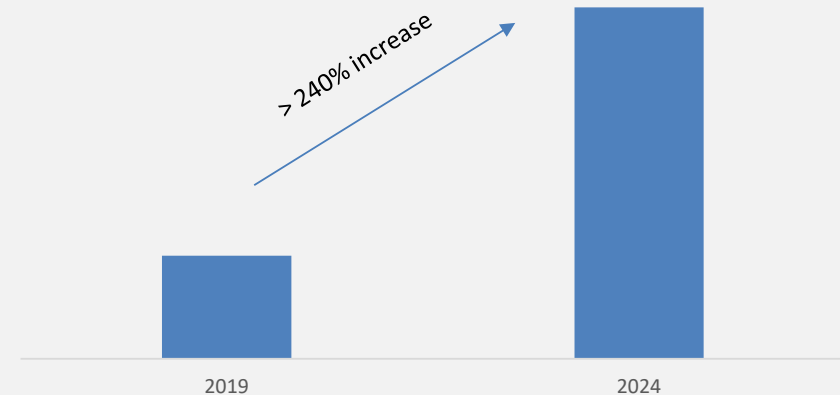
Flexible rate

Fully refundable. Free to amend or cancel up until noon on arrival date. [i](#)

£69.99



Business account sign-ups



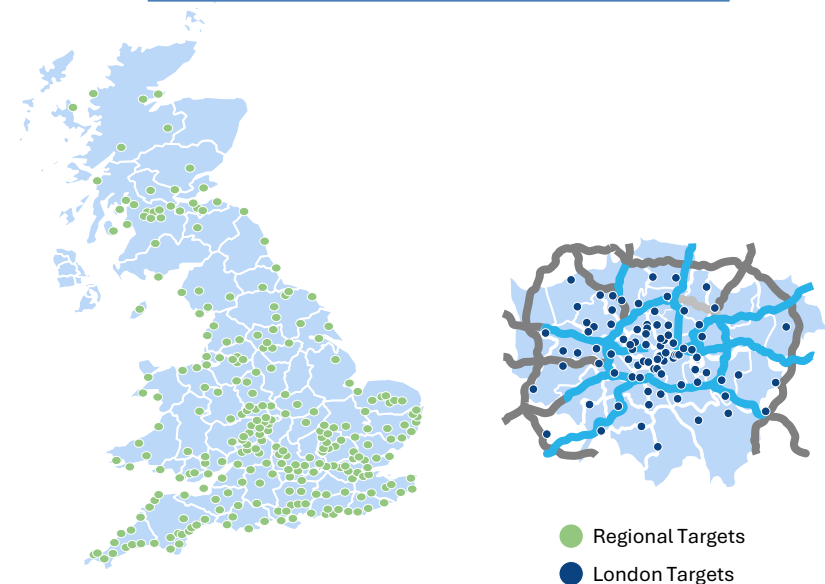
Well located

Investing in development to support long-term growth



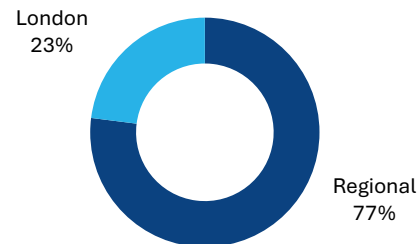
- Large network of increasingly well invested hotels suitable for both business and leisure travel
- Compelling guest proposition attracting diverse range of customers with attractive business/leisure mix
- Expect to open six new hotels in 2024 with five opened in the year to date
- Adverse real estate market conditions taking longer than expected to improve. Expect to return to more normal levels of 15-20 new hotels per year as conditions improve
- Significant UK development opportunity with 300 target locations identified via comprehensive white space review
- Independent hotel supply continues to decline
- Extension opportunities across the existing estate
- Exploring further going concern acquisition opportunities

Target locations



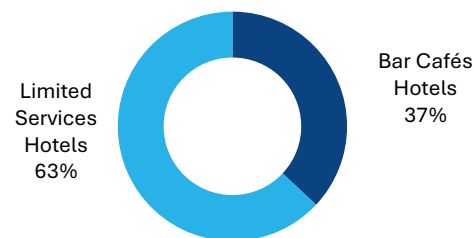
Hotels Location Mix

Based on number of rooms



F&B Profile Mix

Based on number of hotels



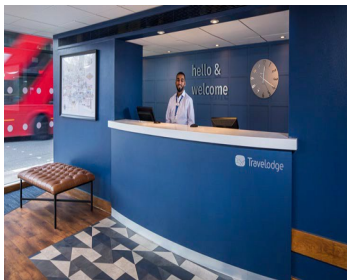
Business vs. Leisure Mix

Based on revenues



A stay they can trust

Driving brand transformation with advertising investment aligned to upgrades to the customer proposition, including refit



- Refit of the estate to next-generation rooms, redesigned reception and upgraded bar café is well progressed
- Upgrading c. 50% of the UK room estate by the end of 2024 (over 33% already upgraded)
- Investing c. £65m in 2024
- Delivering RevPAR and customer quality benefits with almost 95% of hotels rated 4 dot or higher on TripAdvisor
- Expecting refit programme to continue at similar accelerated rate in 2025



- Brand advertising campaign launched in September 2023 across multiple channels, including TV, radio, digital and out of home
- Expecting the impact to build over time and drive increased demand
- Driving increased website visits and conversion
- Positive impact on spontaneous brand awareness and brand consideration



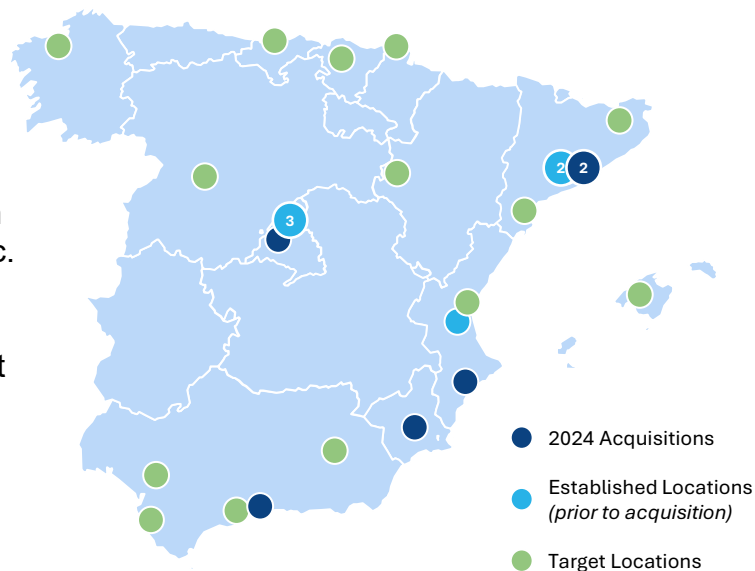
Spain

Profitable business with attractive growth opportunities

- Established profitable market presence with local management team
- Strong customer scores with average TripAdvisor score of 4 dot or above and all hotels⁽¹⁾ receiving a Traveller's Choice Award in 2024
- Refits completed at two hotels, including 2023 going concern acquisition, with a third hotel refit completing in early 2025
- Acquired 6 hotels⁽²⁾ from Louvre Group in April 2024, doubling market presence to 12 (1,472 rooms), with the hotels being refitted over the next 12 months
- Attractive market with strong business and leisure demand and low penetration of budget branded hotels, with the potential for an additional 15,000 branded rooms in the MS&E segment within the next five years
- 20 initial target markets identified across Spain
- Combination of new developments and mix of freehold and leasehold going concern acquisitions
- New build hotel deals signed in San Sebastian, Cadiz and Alicante, with typical development timeframes of c. 3 years, and an increasing pipeline of opportunities
- Exploring further going concern acquisition opportunities in Spain



Significant market growth opportunity of c. 15k rooms across a wide range of target locations



¹ Six hotels before 2024 acquisition

² Five out of the six hotel acquisition have completed with one hotel acquisition pending.

H2 Outlook

Continuing to invest in growth and quality against a cost base with clear visibility

- Revenue: expect to benefit from a number of positive demand drivers
 - customers prioritising value for money
 - improving consumer sentiment and business confidence in the UK
 - macroeconomic conditions may impact demand due to pressure on household spending and consumer choices
 - 1% point of RevPAR growth p.a. impacts profits by c. £8-9m
- Costs: industry leading operating cost model provides clear cost visibility
 - ongoing investments in quality and increased investment in advertising campaign
 - full year cost inflation of approximately 5% including these investments in quality, advertising and the favourable pre-energy crisis hedging in H1 2023
 - requires approximately 3% LfL RevPAR growth to offset, plus impact from new & maturing hotels and Spain
- Capex: c. £125-130m in 2024, excluding the c. £40m Spanish hotel acquisition costs, in line with previous guidance, including the accelerated hotel refit program and other investments in the estate to support quality and efficiency
- New openings: challenging development market conditions persist, impacting the pace of UK development
 - expect to open 12 new hotels in 2024, including 6 in Spain through freehold acquisitions
 - exploring further opportunities to grow in the face of a challenging real estate investment sector

Summary

Travelodge well-positioned for long-term growth

- Leading market position with attractive long-term growth fundamentals
- Outstanding brand awareness and increasingly well invested network of hotels
- Highly effective revenue management and direct distribution model
- Best-in-class operating model
- Investing in the business to drive growth and quality
- Confident in the long-term prospects for budget hotels and excited about future growth opportunities

Q&A

Appendices

Travelodge Overview



Who We Are

- UK's second largest hotel brand based on number of hotels and rooms
- Well invested modernised portfolio with over 606 hotels and c.47,000 rooms ⁽¹⁾
- Lease, manage and own hotels with low upfront capex model
- Positioned in the attractive value segment as a low-cost operator, offering standardized, modern guest rooms at affordable prices
- Well balanced client base serving c.22m business and leisure customers
- c.90% direct booking, with c.80% through own websites and c.10% through walk-ins, call centres and Groups³
- Employs c.13,000 people across all hotels and support offices¹



Where We Are¹

United Kingdom

London

- 81 Hotels
- 9,968 Rooms
- 22% of total Rooms

Regions⁴

- 503 Hotels
- 34,366 Rooms
- 73% of total Rooms

International

Spain

- 11 Hotels
- 1,334 Rooms
- 3% of total Rooms

Ireland⁵

- 11 Hotels
- 1,226 Rooms
- 3% of total Rooms



Travelodge



Key Operating Statistics¹



606

Hotels



46,894

Rooms



22m

Customers



83.8%

Occupancy²



£70.53

ADR²



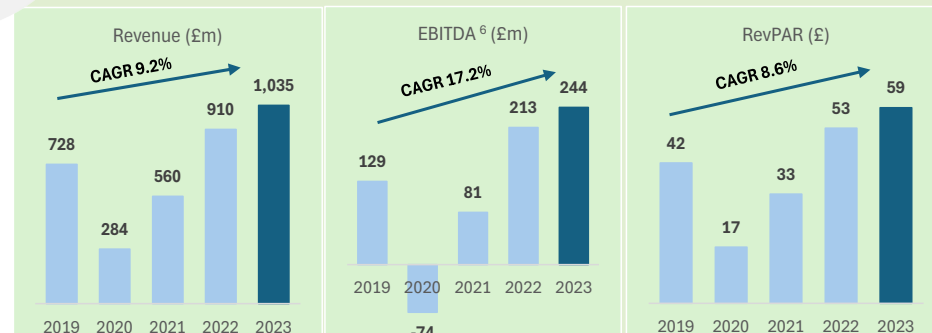
£1bn

Revenue

£244m

EBITDA⁶

Recent Performance



Note: (1) As of 31-Dec-2023 (hotels and rooms as at 31-Mar-24); (2) For Travelodge UK leased hotels only; (3) "Indirect" refers to travel agents/Direct Connect, GDS and OTA; (4) Includes 10 hotels operated under management contracts; (5) Operations in island of Ireland under a master franchise. (6) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustment and non-underlying items. This measure is reflective of the position in line with historical accounting principles (before IFRS 16) except for being prior to the rent phasing adjustment. Non underlying items have been removed as they relate to non-recurring, one-off items. The calculation for this measure is consistent with prior years

Travelodge is One of the Leading Platforms in the UK

1

Attractive long-term growth fundamentals in the resilient, undersupplied UK midscale and economy hospitality market, as well as the underpenetrated fast-growing Spanish market

2

Leading market position driven by outstanding brand recognition and increasingly well invested network of hotels

3

Compelling guest proposition with an emphasis on value-for-money and a diversified customer base with advantageous business leisure mix

4

Highly effective revenue management system with high share of direct distribution

5

Best-in-class operating model including significant proportion of CPI capped rents drives profitability and cash flows

6

Cash flow accretive estate growth further enhancing diversification in the UK and in the underpenetrated and fast-growing Spanish market

7

Comprehensive sustainability plan integrated into wider strategy

8

Experienced management with proven track record of delivering operational and financial improvements