Trading Update Presentation

YTD Q3 Results for the Nine Months Ended 30 September 2024

Release: 28th November 2024

travelodge.co.uk

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Continuing to invest in the business to drive growth and quality

- Revenue performance reflects solid demand across business & leisure customers
  - occupancy slightly ahead of 2023 levels
  - softer market rate (particularly London)
  - and impact of planned accelerated refit programme
- Continued strong cost control, navigating the well documented inflationary pressures
- Spanish business performing strongly, delivering good revenue and profit growth
- Significant cash generation and strong liquidity position, underpin continued strategic investments

- Successful refinancing completed in June 2024
- 50% of room estate will be refitted by end of year as part of our most significant brand transformation to date
- Five new hotels opened in the UK to date, in line with expectations
- Acquisition of six Spanish hotels in April 2024 (five completed to date), doubling our presence of strongly profitable Spanish business

- Travelodge PropCo completed acquisition of 66 Travelodge branded hotels in February 2024

Performance Highlights: Q3 YTD

Revenue	£786.1m + 0.5% from £782.0m 2023
EBITDA[2]	£163.0m Including strategic investments [3]
Comparable EBITDA[2]	£178.0m vs £195.2m 2023
Cash	£295.5m as at 30 Sept 2024

Travelodge UK RevPAR[1]

- £58.69
- (1.8)% vs 2023
36.9% vs 2019
- **Growth vs MSE**
(1.1)pts vs 2023
4.2pts vs 2019

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 Q3 YTD 2024 (28 Dec 2023 to 25 Sept 2024) vs. Q3 YTD 2023 (29 Dec 2022 to 27 Sept 2023) 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*
3. *Strategic investments of c. £15m including new advertising campaign and other investments including hotel property management system upgrade. Favourable pre-energy crisis hedging in Q3 YTD 2023 of c. £6m.*

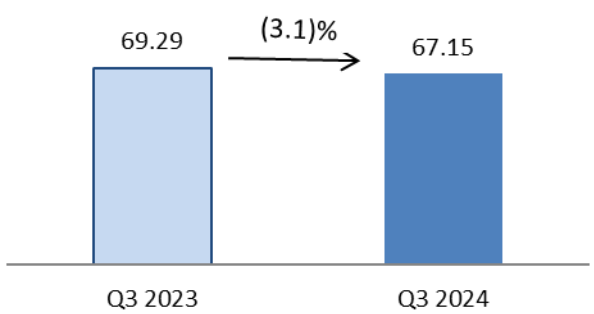
2024 Results

Q3 Operating Metrics

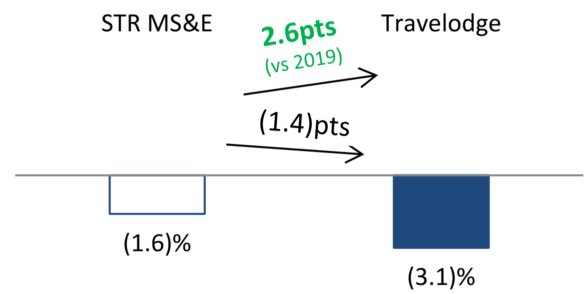
MSE market segment demand impacted by the poor weather and fewer events

ADR driving decline in RevPAR, occupancy slightly down despite the strong comps

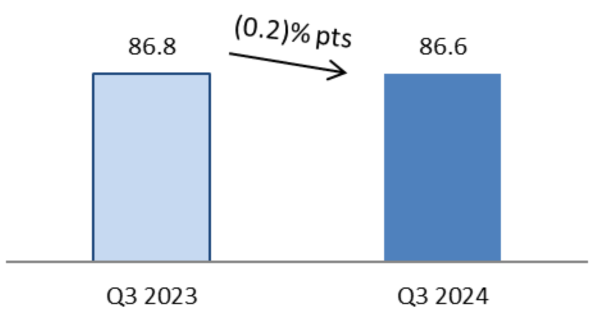
LFL[1] RevPAR (£)[2]



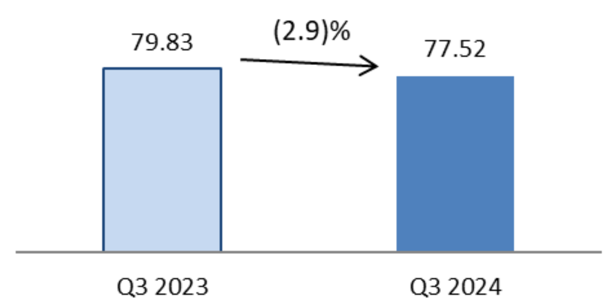
Q3 RevPAR Performance



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



Q3 2024 vs. Q3 2023

- **RevPAR:** like-for-like UK RevPAR decline of (3.1)% (up 39.1% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(1.4)**pts vs 2023, reflecting strong comps and phasing of the accelerated refit programme. Outperformed **2.6**pts vs 2019.
- **Occupancy:** occupancy decrease of (0.2)% pts to 86.6% (up 1.9pts vs 2019)
- **ADR:** down (2.9)% to £77.52, with market demand impacted by the poor weather and fewer events. Market demand in first weeks of August significantly down.
(up 36.5% vs 2019)

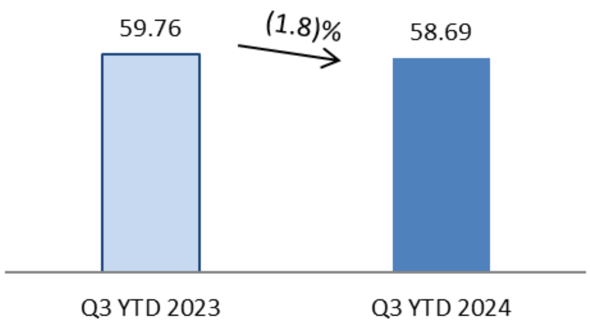
1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in Q3 2024 vs. Q3 2023 and 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2019 (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 June 2023 to 27 Sep 2023, 27 June 2024 to 25 Sep 2024.

Q3 YTD Operating Metrics

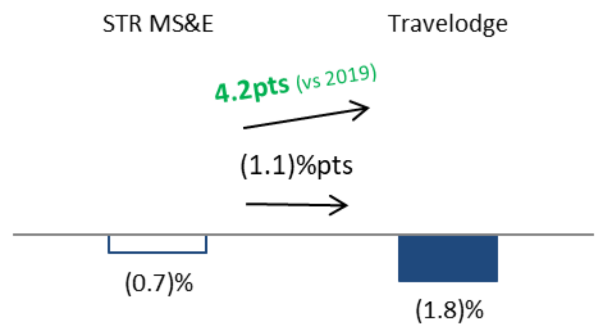
Performance reflects strong comps and accelerated refit programme

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

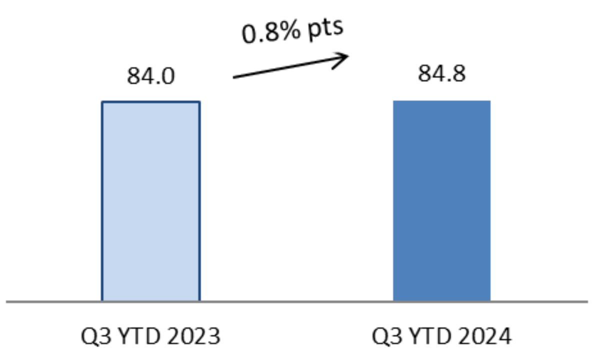
LFL[1] RevPAR (£)[2]



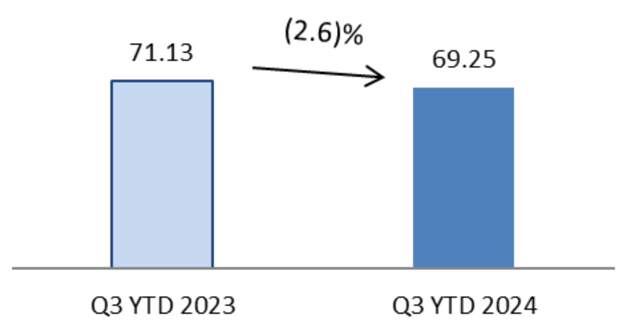
Q3 YTD RevPAR Performance



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



Q3 YTD 2024 vs. Q3 YTD 2023

- **RevPAR:** like-for-like UK RevPAR decrease of (1.8)% (up 36.9% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(1.1)**pts vs 2023, reflecting strong comps and phasing of the accelerated refit programme. Outperformed **4.2**pts vs 2019.
- **Occupancy:** occupancy increase of 0.8pts to 84.8% (up 4.0pts vs 2019)
- **ADR:** down (2.6)% to £69.25, with market demand impacted by fewer events and bad weather (up 30.5% vs 2019)

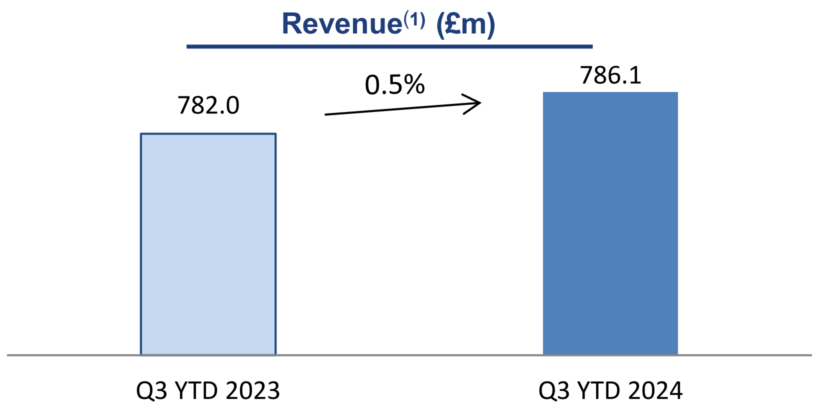
1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR Q3 YTD 2024 vs. Q3 YTD 2023 and 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2019 (vs 2019 measure) and opened before 1 January 2022 (vs 2023 measure).

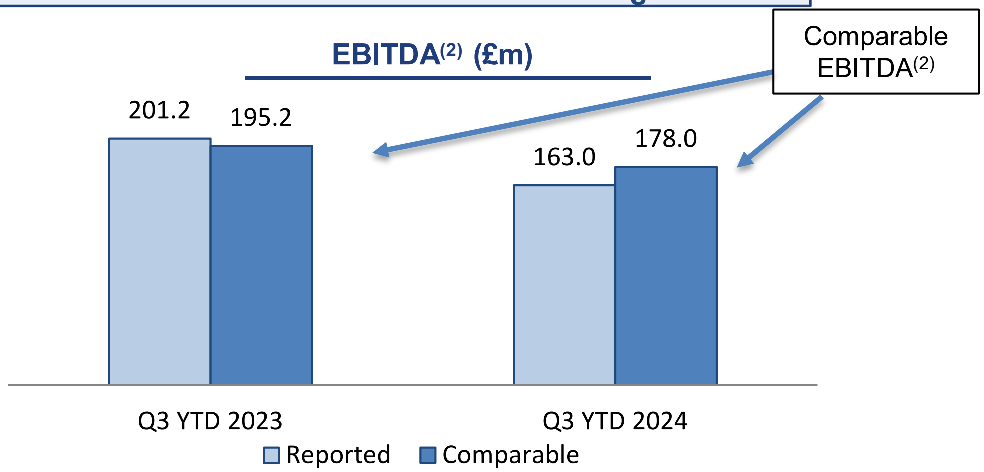
2. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting periods 29 Dec 2022 to 27 Sep 2023, 29 Dec 2023 to 25 Sep 2024.

Q3 YTD Financial Results

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

EBITDA includes c. £15m impact of new advertising campaign and other investments in business to drive growth





Q3 YTD 2024 vs. Q3 YTD 2023

- **Revenue** increase of 0.5%/£4.1m driven by new openings
  - Like-for-like UK RevPAR decrease of (1.8)%, with good occupancy growth offset by rate decline
  - Annualisation and maturity of hotels opened since 1 January 2023
  - Good F&B performance
  - Strong growth in Spain with total revenue up c. 50%/£7m, including new hotels (like-for-like total revenue up c. 11%)
- **EBITDA**[1] decreased by £(38.2)m to £163.0m (comparable EBITDA[1] decreased £(17.2)m to £178.0m)
  - Revenue increase offset by cost increases
    - Strategic investments of c. £15m including new advertising campaign and other investments including hotel property management system upgrade. Favourable pre-energy crisis hedging in Q3 YTD 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 £5.8m (2023: £2.9m) with high EBITDA margin of c. 28% (2023: 21%)

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*

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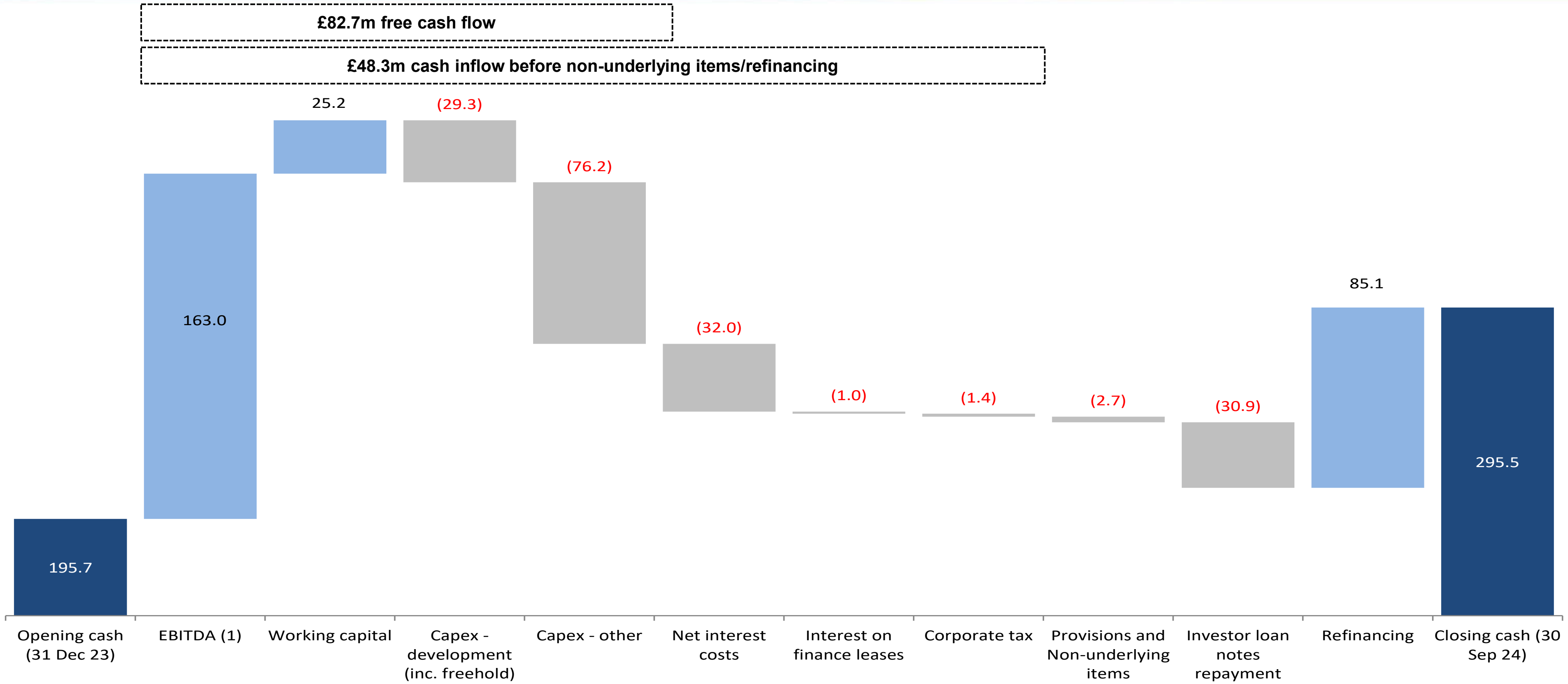
Q3 YTD Cash Flow

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



- Cash inflow of £48.3m before non-underlying items and repayment of debt, with EBITDA and working capital inflow partially offset by capital investments and interest costs
- 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, maintenance, health & safety, IT and projects
- Provisions and non-underlying includes debt repayment costs
- Partial repayment of investor loan notes and accrued interest to facilitate the 66-hotel property acquisition. Refinancing includes net proceeds from June 2024 refinancing

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-Sep-24
Cash and Cash Equivalents	**295.5**
Revolving credit facility	-
Senior secured fixed rate bond	415.0
Senior secured floating rate bond (EUR)	222.3
Senior Secured Debt	**637.3**
Finance leases	14.9
Total Third Party Indebtedness	**652.2**
Net Third Party Indebtedness	**356.7**

Liquidity / Financial Ratios

- **Cash on balance sheet:** £295.5m at 30 September 2024
- **S&P credit rating of** B, stable outlook, upgraded in April 2024
- **Moody's positive outlook** since June 2024 (B3 credit rating)
- £415m GBP senior secured fixed rate bond 10.25%
- €250m EUR senior secured floating rate bond EURIBOR + 375bps
- £50m RCF: currently undrawn
- Letter of credit facility: £30m (£25.2m in issue but not called upon as of 30 September 2024)
- Fully hedged currency and interest rate risk on EUR notes
- **Net third party debt ratio** 1.73x(2)
- Continue to keep liquidity position (£292m as at 20 November) and capital structure under review to support the growth of the business

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

Current Trading & Outlook

Current Trading

Softer market rate continued in first weeks of the fourth quarter, but have improved recently

- Quarter 4 to date UK total revenue c. (4)% below 2023(1)
- Weaker performance in London, primarily rate driven, with the regions slightly below 2023 levels
- MSE market segment demand impacted in first weeks of October by poor weather and absence of significant events compared to 2023
- Improving recent trends with most recent weeks just slightly below 2023 levels
- YTD total revenue in line with 2023(2)
- Booking patterns positive with strong long-lead event demand and booked revenue to end of year ahead of 2023 levels, recent short lead demand has still been behind 2023 levels
- 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. Q4 to date: 26 Sept 2024 to 20 Nov 2024 vs 28 Oct 2023 to 22 Nov 2023
2. YTD to 28 Dec 2023 to 20 Nov 2024 vs 29 Dec 2022 to 22 Nov 2023

2025 Financial Outlook

Significant inflationary cost pressures continue but business well positioned

- Revenue: uncertain macroeconomic and political backdrop but long-term market fundamentals positive
  - UK MSE segment has proven resilience and benefits from domestic focus, mix of business/leisure, and good value
  - encouraging indicators of demand, including positive forward booking patterns, and favourable market supply dynamics
  - UK budget hotel average room rate continue to track below inflation since 2019
  - 1% point of RevPAR growth p.a. impacts profits by c. £8-9m
- Costs: industry leading operating cost model with a focus on in-sourcing, leveraging technology and intelligent automation and innovation
  - Full year cost inflation of 5-6%, requires approximately 3-4% LfL RevPAR growth to offset plus impact from new and maturing hotels
    - NLW increasing by 6.7% in April 2025 (c. £12m) and increased employer NI contributions (c. £9m) expecting to increase total costs by c. £21m in 2025
    - energy hedged (c. 75%% Q1 25, c. 60% summer 2025)
    - rent on five yearly reviews with net rent increasing to £275m - £285m in 2025 (c. £265m in 2024)
    - ongoing investments in quality and advertising campaign

2025 Growth Outlook

Increasing future growth opportunities

Capex: expected to be at least in line with 2024 (c. £120m - £125m in 2024) excluding freehold hotel acquisition costs

- continuing with accelerated hotel refit program and other investments in the estate to support quality and efficiency
- significant proportion of capex relates to discretionary refit and other investment capex
- will continue to review overall spend in line with trading conditions

New openings: clear future growth opportunities but challenging development market conditions persist, impacting the pace of UK development

- will open 11 new hotels in 2024, including 6 in Spain through freehold acquisitions
- expect to open 5 new UK leasehold hotels in 2025
- increasing visibility of further growth opportunities, including potential going concern opportunities in the UK and Spain, building on strong track record of delivery, and freehold acquisitions
- Travelodge OpCo recently completed the acquisition of a prime Central London office building for conversion to a 95-bed hotel


Travelodge London Bermondsey

Travelodge Bristol Abbey Wood

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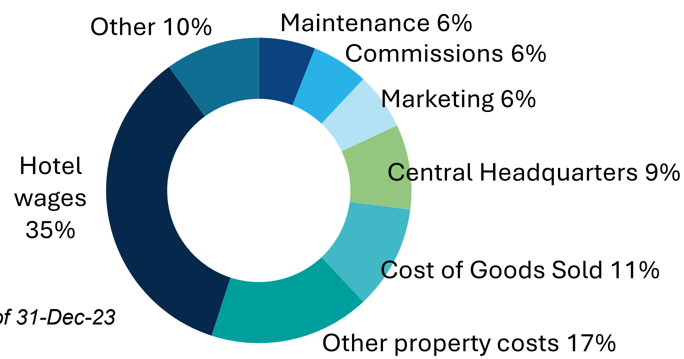
Continue to Manage the Impact of Significant Cost Inflation

Best-in-class operating cost model, including significant proportion of CPI capped rent reviews

- Lean operating model and efficient operating cost base
- Strong cost control driving profitability and rent cover
- Over 40%[1] of leases with capped rent reviews
- Established cost efficiency programme helping to mitigate inflationary pressures, building on strong track record of delivery
  - Further in-sourcing, leveraging our enhanced procurement capabilities
  - Leveraging technology to enhance guest and colleague experience and operational efficiency, including automated room checks and robot vacuums
  - Supported by significant increases in the proportion of contracted hours, helping to increase retention
  - Innovating with early-stage intelligent automation programme and industry first self-service hotel trial

Operating cost base (excluding rent)



As of 31-Dec-23

1. Based on £ rent

Summary

Travelodge well-positioned for long-term growth

- Outstanding brand awareness and increasingly well invested network of hotels
- Highly effective revenue management and direct distribution model
- Best-in-class operating model with strong cost control
- Investing in the business to drive growth and quality
- Macroeconomic environment creates some uncertainty but remain confident in the long-term prospects for budget hotels and excited about the increasing 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 607 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 Groups[3]
- Employs c.13,000 people across all hotels and support offices[1]

Where We Are[1]

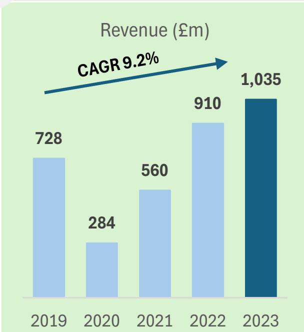
United Kingdom		International	
London	• 82 Hotels • 10,041 Rooms • 21% of total Rooms	Spain	• 11 Hotels • 1,334 Rooms • 3% of total Rooms
Regions[4]	• 503 Hotels • 34,435 Rooms • 73% of total Rooms	Ireland[5]	• 11 Hotels • 1,226 Rooms • 3% of total Rooms

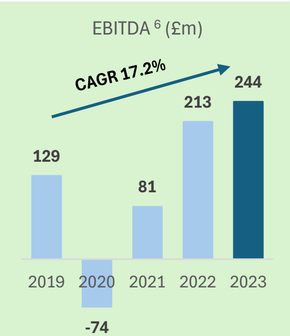
Travelodge

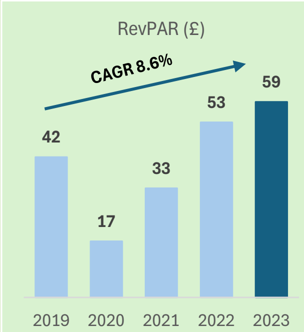
Key Operating Statistics[1]

607 *Hotels*	**47,036** *Rooms*	**22m** *Customers*
84.8% *Occupancy[2]*	**£69.31** *ADR[2]*	**£786m** *Revenue* **£163m** *EBITDA[6]*

Recent Performance







Note: (1) As of 31-Dec-2023 (hotels and rooms as at 30-Sep-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