Trading Update Presentation

Results for the Year Ended 31 December 2024

Travelodge

travelodge.co.uk

Release: 27 March 2025

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Strong fundamentals, results in line with expectations

Investments in the business driving future growth and quality

- Revenue performance reflects good levels of demand across Travelodge's business & leisure customers
  - full year occupancy slightly ahead of 2023 levels
  - softer market rate (particularly London)
  - impact of refit programme, driving customer and commercial benefits, but with rooms temporarily unavailable for sale
- Industry leading operating cost model, ongoing focus on efficiencies, helping to navigate industry wide inflationary cost pressures
- Spanish business performing strongly, delivering good revenue and profit growth
- Significant cash generation, underpinning continued strategic investments

- Successful refinancing of the EUR floating rate notes completed in June 2024
- Strong liquidity position with cash at 31 December 2024 of £227.7m

- Significant development opportunities across a range of freehold and leasehold models in the UK and Spain
  - Five new leasehold hotels opened in the UK, in line with expectations
  - First UK freehold acquisition completed – St Paul's office conversion
  - Acquisition of six freehold(1) hotels rebranded Travelodge, doubling the presence of our profitable Spanish business
  - Post year-end exchanged contracts to acquire nine freehold hotels(1) in the UK to be rebranded Travelodge

- Travelodge PropCo completed acquisition of 66 freehold Travelodge branded hotels(3)

1. Five freeholds and one long leasehold. 2. Five freeholds and four long leaseholds 3. Travelodge PropCo Group is held separately, but alongside Travelodge OpCo Group, by the direct parent of Thame and London Limited (T&L Holdco Limited), together they form Travelodge Group

Performance Highlights: Full Year 2024

Revenue	£1,036.6m	+ 0.1% from £1,035.2m 2023
EBITDA[2]	£200.7m	Including strategic investments [3]
Comparable EBITDA[2]	£211.5m	vs £237.9m 2023
Cash	£227.7m	as at 31 Dec 2024

Travelodge UK RevPAR[1]

- £57.62
- (2.3)% vs 2023
  36.5% vs 2019
- **Growth vs MSE**
  (1.5)pts vs 2023
  2.7pts 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 FY 2024 (28 Dec 2023 to 01 Jan 2025 vs. FY 2023 (29 Dec 2022 to 03 Jan 2024) 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. £10.8m including new advertising campaign and other investments including hotel property management system upgrade. Favourable pre-energy crisis hedging in 2023 of c. £6m.*

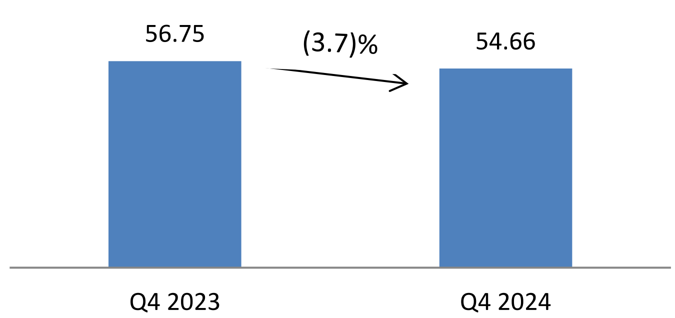
2024 Results

Q4 Operating Metrics

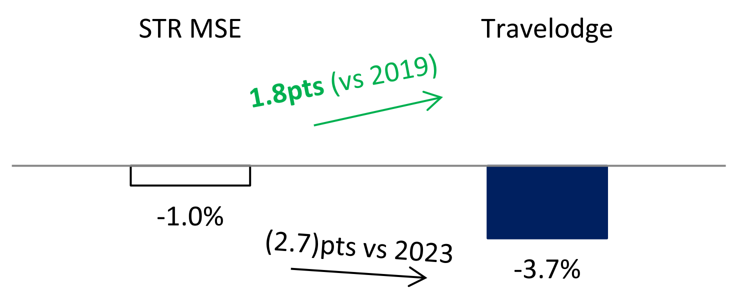
MSE market segment demand impacted by travel disruption and fewer events

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

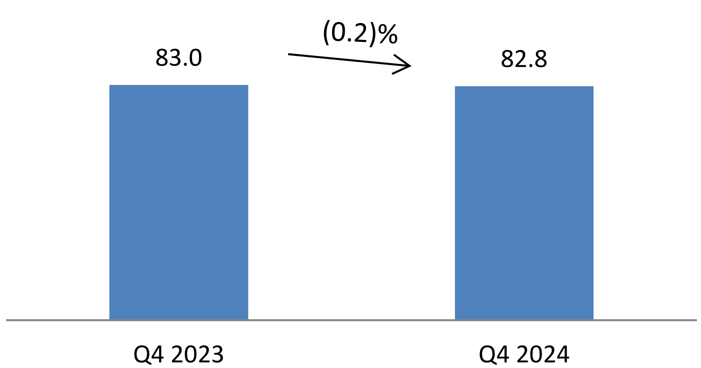
LFL[1] RevPAR (£)[2]



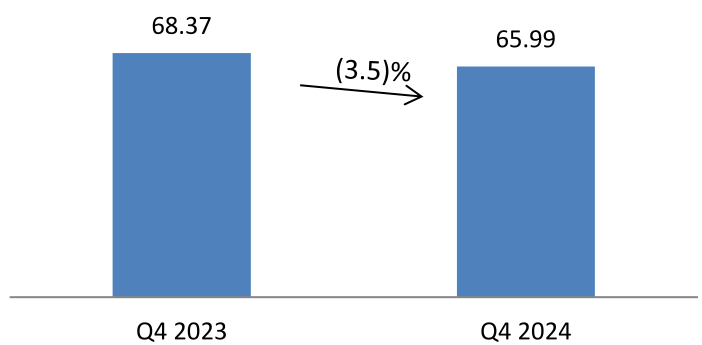
Q4 RevPAR Performance



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



Q4 2024 vs. Q4 2023

- **RevPAR:** like-for-like UK RevPAR decline of (3.7)% (up 35.4% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(2.7)**pts vs 2023, reflecting strong comps and phasing of the refit programme. Outperformed **1.8**pts vs 2019.
- **Occupancy:** occupancy decrease of (0.2)% pts to 82.8% (up 2.9pts vs 2019)
- **ADR:** down (3.5)% to £65.99, reflecting softer London market pricing (up 31.6% vs 2019)
- Market demand impacted by travel disruption, including tube strikes, weather and phasing of events

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 Q4 2024 vs. Q4 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).

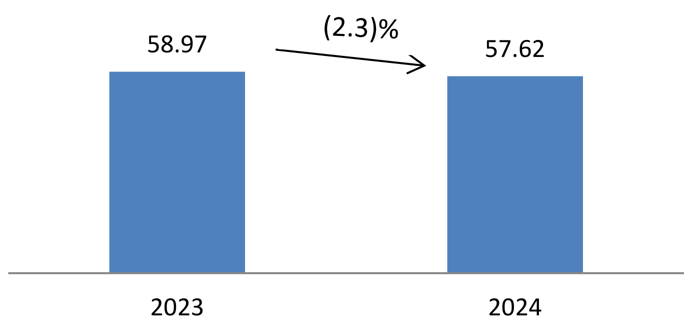
2. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting periods 28 Sept 2023 to 03 Jan 2024, 26 Sept 2024 to 01 Jan 2025.

FY 2024 Operating Metrics

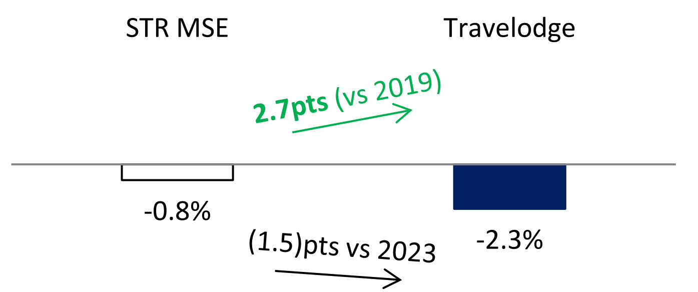
Performance reflects strong comps and refit programme

Maintaining high occupancy levels, offset by decline in ADR driving RevPAR decline

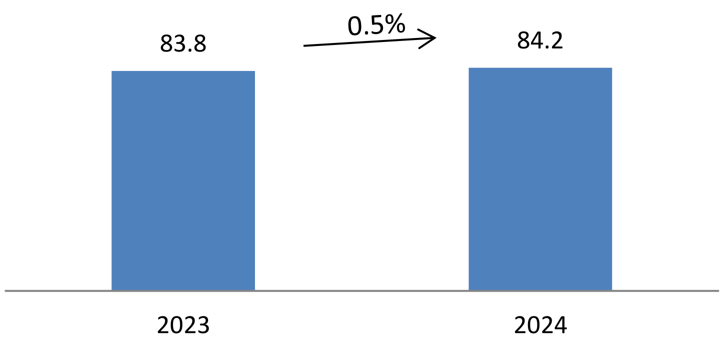
LFL[1] RevPAR (£)[2]



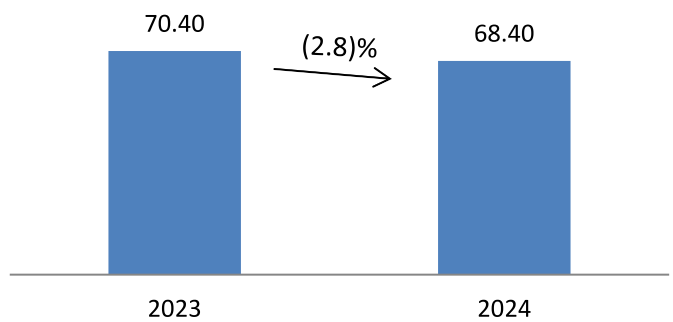
FY 2024 RevPAR Performance



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



FY 2024 vs. FY 2023

- **RevPAR:** like-for-like UK RevPAR decrease of (2.3)% (up 36.5% vs 2019)
- **RevPAR vs Market:** performance against MSE segment **(1.5)**pts vs 2023, reflecting strong comps and phasing of the refit programme. Outperformed **2.7**pts vs 2019.
- **Occupancy:** occupancy increase of 0.5pts to 84.2% (up 4.4pts vs 2019)
- **ADR:** down (2.8)% to £68.40, reflecting softer London market pricing (up 30.8% vs 2019)

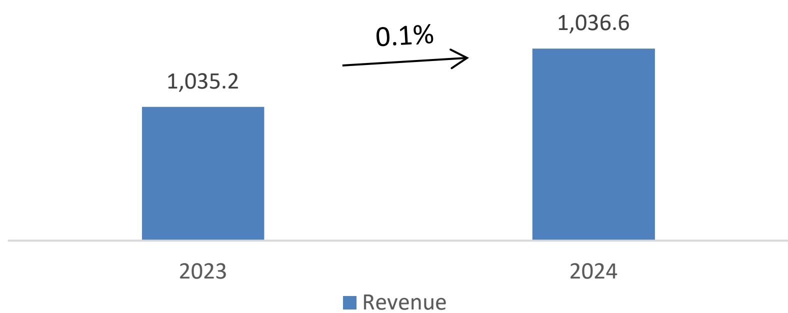
1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR Q4 YTD 2024 vs. Q4 YTD 2023 and 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 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 03 Jan 2024, 28 Dec 2023 to 01 Jan 2025.

FY 2024 Financial Results

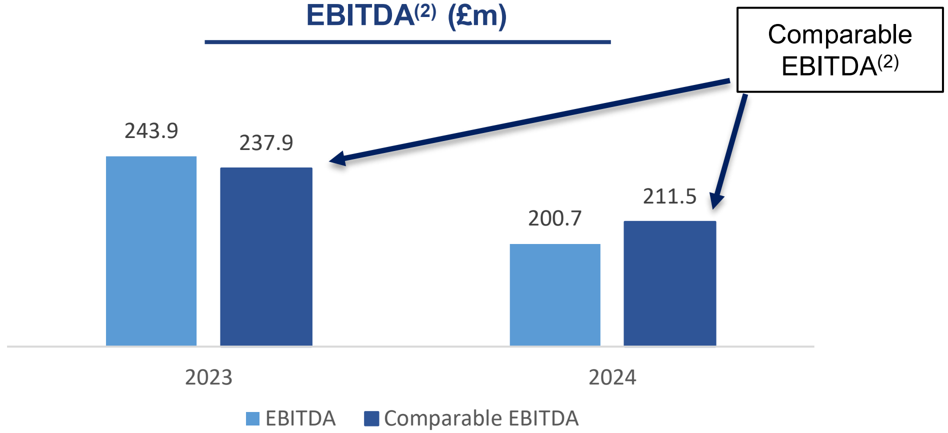
Performance in line with expectations, with strong cost control and continued strategic investments to drive growth and quality

EBITDA includes c. £11m impact of new advertising campaign and other investments in business to drive growth

Revenue[1] (£m)



EBITDA[2] (£m)



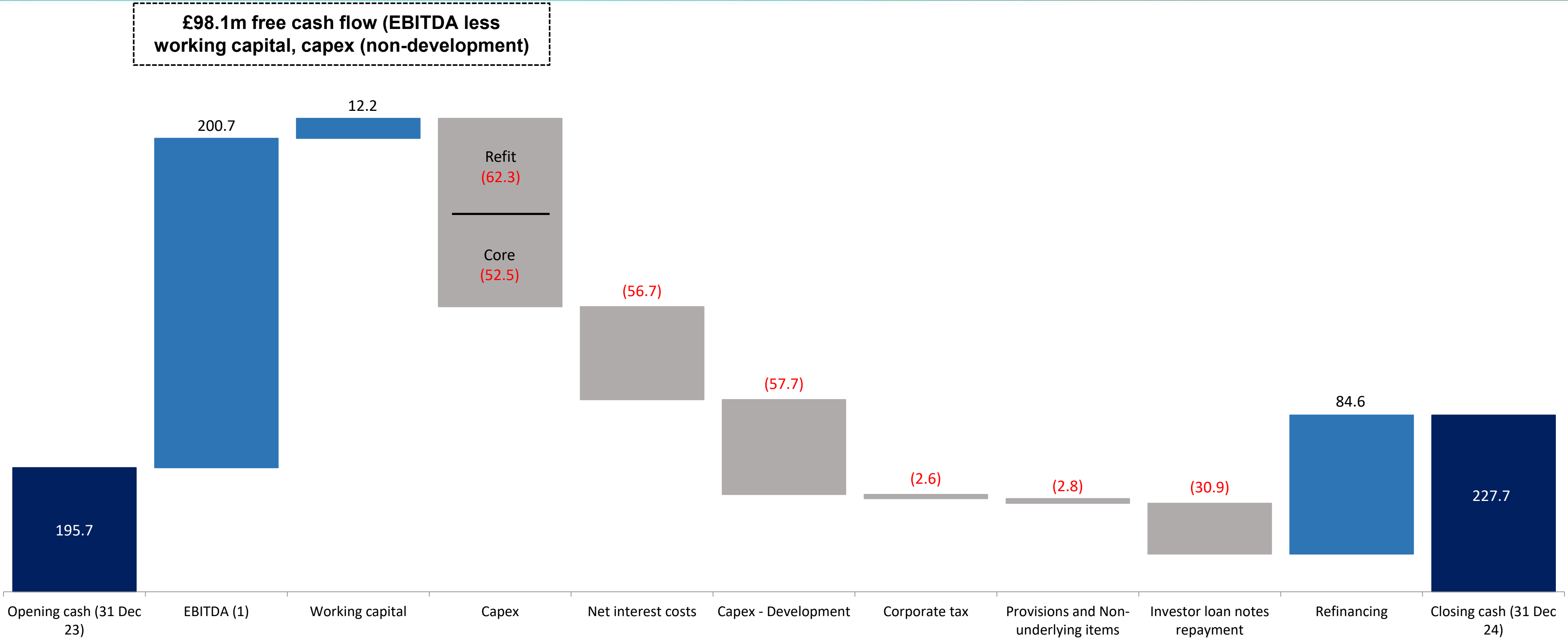
FY 2024 vs. FY 2023

- **Revenue** increase of 0.1%/£1.4m, benefitting from new openings
  - Like-for-like UK RevPAR decrease of (2.3)%, maintaining high occupancy levels offset by rate decline
  - Good F&B performance with growth of 7.5% compared to 2023
  - Strong growth in Spain with total revenue up c. 53%, including new hotels (like-for-like total revenue up c. 9.1%)
- **EBITDA[1]** decreased by £(43.2)m to £200.7m (comparable EBITDA[1] decreased £(26.4)m to £211.5m)
  - Revenue increase offset by cost increases and strategic investments in the business
  - Significant inflationary cost increases of c. £40m, with continued investment in quality, growth and efficiencies
    - Including annualisation of the 2023 and 2024 National Living Wage increases of c. 10% each and rent reviews
    - Strategic investments of c. £10.8m including new advertising campaign and other investments including hotel property management system upgrade. Favourable pre-energy crisis hedging in 2023 of c. £6m.
    - Continued focus on strong cost control and management of inflationary pressures
  - Further increase in Spain EBITDA to £7.5m (2023: £4.1m) with high EBITDA margin of c. 26% (2023: 23%)

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*

FY 2024 Cash Flow

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



- Free cash inflow £98.1m reflect EBITDA, plus working capital inflows, less non-development related capital expenditure
- Capex includes hotel refit, maintenance, health & safety, IT and projects
- Capex-development includes new development and acquisition investments
- 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	31-Dec-24
Cash and Cash Equivalents	**227.7**
Revolving credit facility	-
Senior secured fixed rate bond	415.0
Senior secured floating rate bond (EUR)	207.8
Senior Secured Debt	**622.8**
Finance leases	14.9
Total Third Party Indebtedness	**637.7**
Net Third Party Indebtedness	**410.0**

Liquidity / Financial Ratios

- **Cash on balance sheet:** £227.7m at 31 December 2024
- **S&P credit rating of** B, negative outlook
- **Moody's B3/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 (£20.7m in issue but not called upon as of 31 December 2024)
- Fully hedged currency and interest rate risk on EUR notes
- **Net third party debt ratio** 2.0x(2)
- Continue to keep liquidity position (£273m as at 24 March) and capital structure under review to support the growth of the business

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

Current Trading

Current Trading

Near-term market factors driving softer rate in first quarter, primarily London driven

- UK total revenue to date, in our smallest trading quarter, c. (4)% below 2024(1)
- MSE market segment demand in Q1 impacted by series of factors
  - Weakest performance in London, primarily rate driven and reflective of the market, including fewer events and weaker corporate demand
  - Good regional demand, but rate is slightly below 2024 levels
  - Solid leisure demand, with some strong events

- Booked revenue in the short-term slightly below 2024 levels, short lead demand has been below 2024 levels in recent weeks
- Encouraging indicators of future demand with good long lead event bookings and an increased schedule of events in 2025 compared to 2024, signs of construction demand returning
- Continue to enhance revenue management and distribution capabilities

- Forward visibility remains limited in line with normal trading patterns

Approx. phasing based on 2024 actuals	Q1	Q2	Q3	Q4
Revenue	20%	27%	29%	24%
EBITDA adjusted for one off and phasing	5%	37%	42%	16%

Adjusted EBITDA phasing includes the advertising campaign and other investments including hotel property management system upgrade

1. Q1 to date: 01 Jan 2025 to 12 Mar 2025 vs 03 Jan 2024 to 13 Mar 2024

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 refitted at end of 2024, as part of our most significant brand transformation to date
- Over 95% of hotels with a 4 dot TripAdvisor rating or above
- Continued investment in energy projects
- Leveraging technology to enhance customer and colleague experience and operational efficiency, including back-office system upgrades

Brand campaign

- Driving brand transformation aligned with upgrades to the customer proposition, including the refit programme
- Growing brand equity and salience, driving brand awareness, consideration and demand
- Further staged investment in multi-channel brand campaign planned for 2025
- Positive impacts on brand metrics with more people visiting and booking on the website

Revenue management

- Industry leading revenue management capabilities and best in class direct distribution model
- Customers offered a choice of room rates and alternative room types attracting rate premiums
- New mobile app launched driving strong adoption levels
- Leveraging technology to increase exposure to greater range of business customers
- Investing in data and digital capabilities and leveraging our large and diverse customer base to further optimise digital conversion and personalisation

Development

- Significant development opportunity across the UK and Spain
- Clear diversified development strategy to grow through a range of freehold and leasehold development models
- Balanced mix of development timeframes
- Building on our successful track record of rebrand acquisitions
- Opportunity to optimise network profitability from existing estate

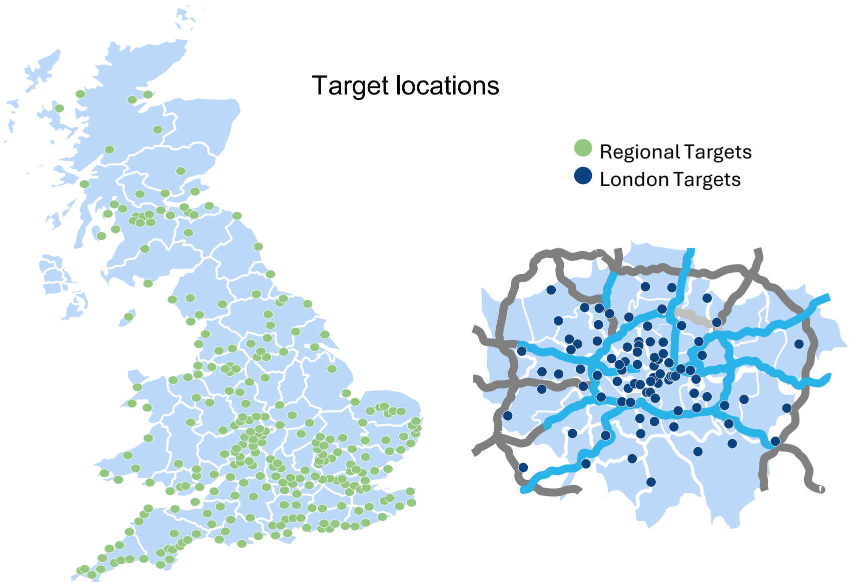
Continuing to deepen our customer and market insight to shape our future growth plans

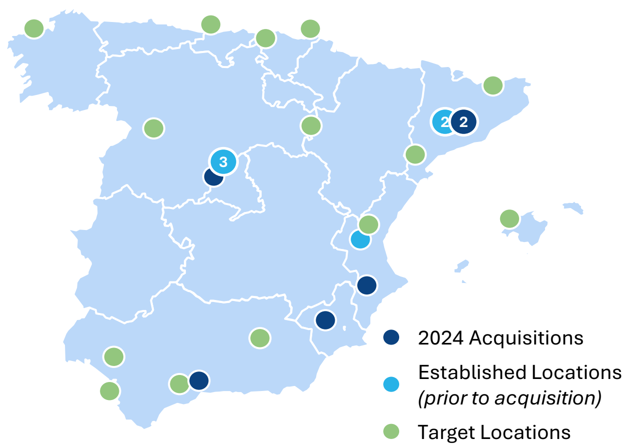
Development Opportunity

Significant opportunity to grow in the UK budget hotel market, building on the well invested core estate, as well as the fast-growing Spanish budget hotel market

- Large network of increasingly well invested hotels serving both business and leisure customers
- Over 95% of hotels achieving a TripAdvisor score of 4 dot or above, with a compelling customer proposition attracting diverse range of customers with attractive business/leisure mix
- Significant development opportunity in the undersupplied UK budget hotel market with 300 target locations identified via comprehensive white space review
- Independent hotel supply continues to decline

- Established profitable market presence with local management team
- Strong customer scores with average TripAdvisor score of 4 dot or above
- 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 budget segment within the next five years
- 20 initial target markets identified across Spain



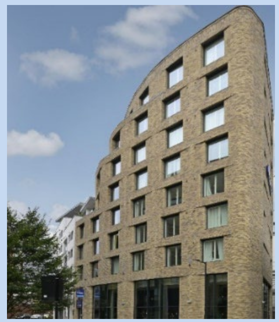


Clear diversified UK and Spain development strategy

Increasing pipeline of opportunities to grow through a range of freehold and leasehold development models, expecting to open at least 15 new hotels in 2025

Traditional leasehold

- Impacted by real estate market challenges, expect to return to more normal levels as these conditions improve
- Opened five hotels in the **UK** in 2024 and expecting to open a further four in 2025
- **Spanish** 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



Leasehold rebrand acquisitions

- Building on our strong track record with two acquisitions and rebrands completed in the **UK** and **Spain** in 2023, and London Bromley Town Centre opened in the UK so far in 2025
- Significant improvement in trading following conversion
- Short development timeframe from opportunity identification to rebrand
- Opportunity for more acquisitions in UK and Spain

Sustainable development vs new build

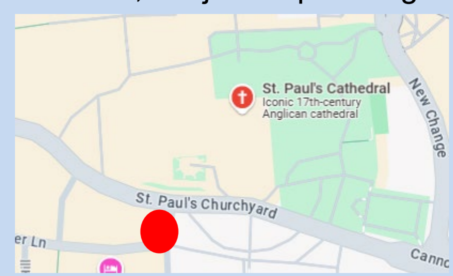
Freehold rebrand acquisitions

- Post year end exchanged contracts to acquire nine[1] hotels in **UK** for an acquisition cost of c. £30m (excluding refit costs). Hotels will be rebranded to Travelodge immediately and also have full refits during 2025
- Acquired six[2] freeholds in **Spain** in 2024 for total acquisition costs of c. £40m. Trading branded as Travelodge in line with expectations. Five to be refitted in 2025 with the last at the end of 2025/early 2026 subject to receiving works permits
- Reviewing further opportunities

Sustainable development vs new build

Freehold change of use and new development

- Longer development timeframe
- Acquired **UK** freehold office in prime Central London location, St Paul's, that we will convert to a hotel, subject to planning
- Offers opportunity to grow in a wider range of prime locations, including Central London
- Growing pipeline of opportunities in **Spain**



Sustainable development vs new build

Will continue to balance investment for growth with cash generation and liquidity

1. Five freeholds and four long leaseholds. 2. Five freehold and one long leasehold

2025 Financial Outlook

Medium-term market fundamentals positive

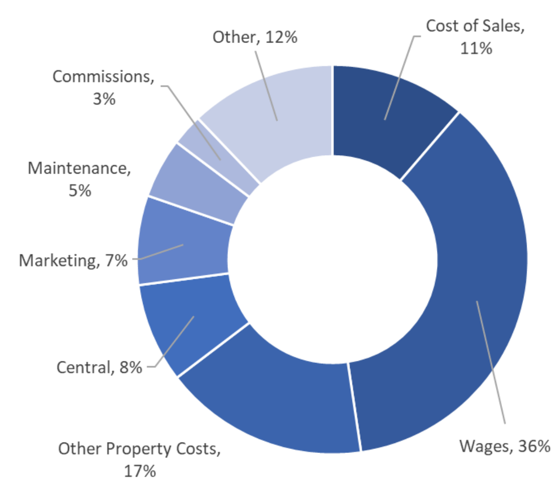
- **Revenue**: uncertain macroeconomic and political backdrop but medium-term market fundamentals positive
  - UK budget hotel segment has proven resilience and benefits from domestic focus, mix of business/leisure, and good value
  - encouraging indicators of future demand, including good long-lead event bookings and positive signs of construction business demand returning, however short lead demand in recent weeks remains below 2024 levels
  - favourable market supply dynamics with continued reduction in independent hotel operators
  - 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, to partially mitigate inflationary pressures
  - cost inflation of 5-6%, including projects investments but excluding new hotels
    - NLW increase in April 2025 (c. £12m) and increased employer NI contributions (c. £9m)
    - energy hedged (c. 85% summer 2025 and 60% winter 2025)
    - rent on five yearly reviews with net rent, including new leasehold hotels, increasing to £270m - £280m in 2025 (c. £263m in 2024)
    - ongoing investments in growth, quality and efficiencies, including system upgrades and continuing brand advertising campaign

Capex: investments reflect the expected continuing strong underlying cash generation of the business

- expected to be c. £130m - £140m excluding freehold hotel acquisition costs
- continuing with hotel refit program (c. £65m)
- other investments in the estate to support quality and efficiency
- will continue to review overall spend in line with trading conditions

Operating cost base excluding rent



As of 31-Dec-24

Summary

Travelodge well-positioned for medium-term growth

- Solid performance, in line with expectations
- Continuing to invest in the business to drive growth, quality and efficiency
- Strong fundamentals – highly effective revenue management and direct distribution model, best-in-class operating model, diversified customer base and well invested large network of hotels
- Mindful of backdrop but clear growth strategy supported by strong and diversified freehold and leasehold development pipeline


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 609 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]

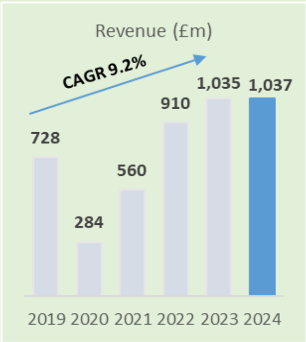
United Kingdom		International	
London	83 Hotels 10,171 Rooms 22% of total Rooms	Spain	12 Hotels 1,472 Rooms 3% of total Rooms
Regions[4]	503 Hotels 34,435 Rooms 73% of total Rooms	Ireland[5]	11 Hotels 1,226 Rooms 3% of total Rooms

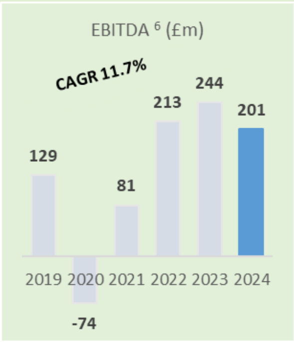
Travelodge

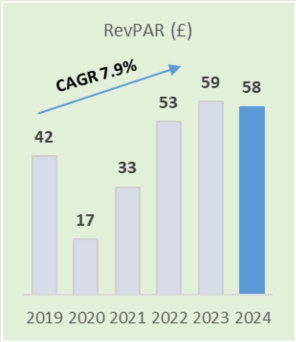
Key Operating Statistics[1]

609 *Hotels*	47,311 *Rooms*	22m *Customers*
84.2% *Occupancy*[2]	£68.40 *ADR*[2]	£1bn *Revenue* / £201m *EBITDA*[6]

Recent Performance







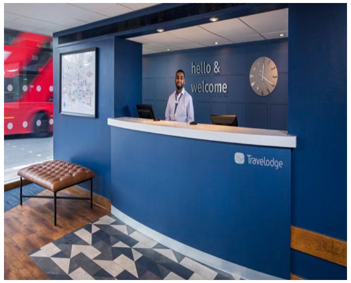
Note: (1) As of 31-Dec-24); (2) For Travelodge UK leased hotels only; (3) "Indirect" refers to travel agents/Direct Connect, GDS and OTA; (4) Includes 10 hotels operated under management contracts; (5) Operations in island of Ireland under a master franchise. (6) EBITDA (adjusted) = Earnings before interest, 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

Brand Transformation

With advertising investment and upgrades to the customer proposition, including refit



- Refit of the estate to next-generation rooms, redesigned reception and upgraded bar café is well progressed
- Upgraded c. 50% of the UK room estate at the end of 2024
- Continuing in 2025
- Delivering RevPAR and customer quality benefits

- Brand advertising campaign 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