Trading Update Presentation

For the year ended 31 December 2019

Release: 26 March 2020

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We have included other operating information in this presentation, some of which we refer to as "key performance indicators." We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures prepared in accordance with IFRS.

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Strong 2019 Results – Challenges and Inevitable Uncertainty Ahead

Headlines

- Strong results for 2019:
  - Revenue up 5.0% to £727.9m (2018: £693.3m)
  - LFL RevPAR(1) up 0.3% to £41.75 (2018: £41.62)
  - RevPAR growth(1) 2.3pts ahead of competitive segment
  - EBITDA (adjusted)(2) up £7.1m to £129.1m
- Continued strong performance in the first two months of 2020
- Significant Covid-19 impact from March and hotel closures from 24 March 2020
- Mitigating actions underway and expected to benefit from government support
- Wide variations in potential outcomes present material uncertainty

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 2019 vs. FY 2018 on the basis of RevPAR generated by hotels that were opened before 1 January 2018.
2. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability. Non-underlying items have been removed as they relate to non-recurring, one-off items.*

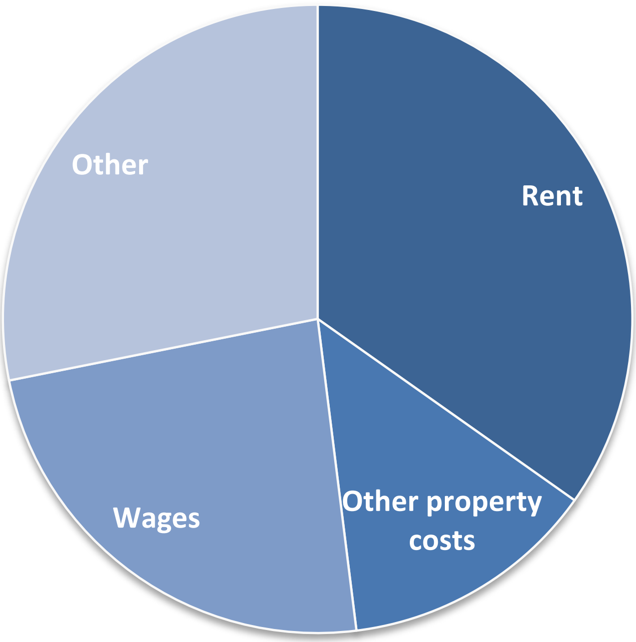
Significant Covid-19 impact

- Covid-19 impact began in March 2020
- Significant impact on stayed income and booking pace
- UK Government mandated hotel closures from 24 March 2020

- Potential for zero to very low occupancy in next 12 weeks
- 1 percentage point decrease in occupancy equal to sales full year impact of £6-7m
- Operating costs normally c. two-thirds fixed/one-third occupancy driven
- Management action and government support drives mitigation

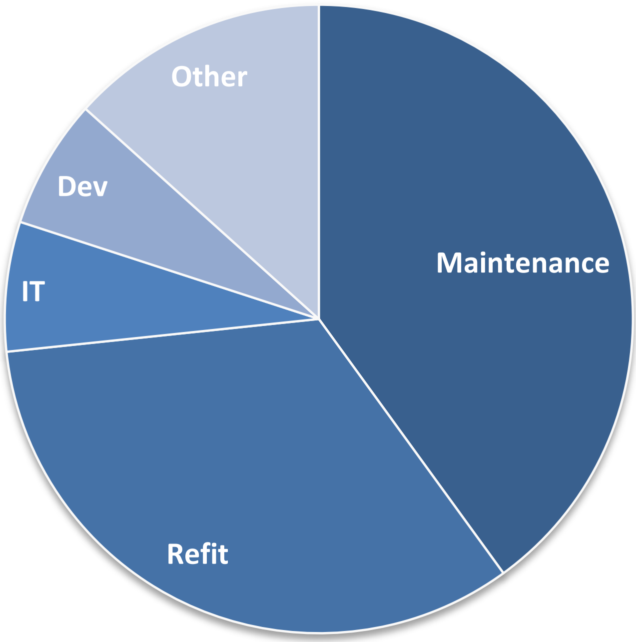
Cost and Capex Mitigations

Typical Annual Operating Cost Breakdown [1]



Run-rate normal weekly costs typically £10-12m

Typical Annual Capex Breakdown



2020 Original Expectation: £70-75m

1. *FY2019 UK total costs*

Key Mitigation Steps

- Operating costs
  - Sought temporary quarterly rent suspension
  - Business rates holiday
  - Government wage support
  - Discretionary spend reductions
- Capex
  - Maintenance capex linked to occupancy
  - Well-invested asset base allows deferral of H2 planned refit
  - Non-essential capex deferred
  - Potential capex benefit from deferrals c. £15-20m in H2
- Liquidity
  - £40m RCF drawn 17 March 2020

Summary

Strong 2019 Results – Challenges and Inevitable Uncertainty Ahead

- 2019 saw sixth year in a row of growth and outperformance
- Strong performance continued into early months of 2020

- Covid-19 impact from March 2020
- Hotel closures and material uncertainty over immediate outlook
- Mitigation from management action and government support
- Unprecedented short-term challenge – but confident in the long-term prospects for the sector

Appendices

Full Year 2019 Results

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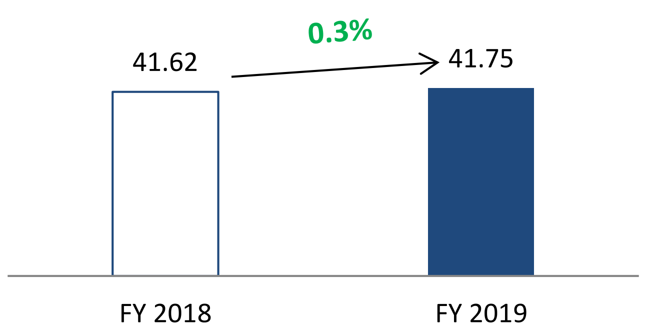
Strong Full Year Operating Metrics

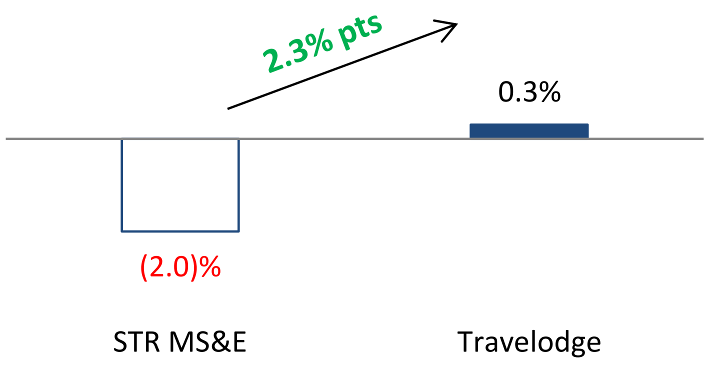
Outperformance for sixth year in a row

RevPAR Growth Driven by Occupancy Increase

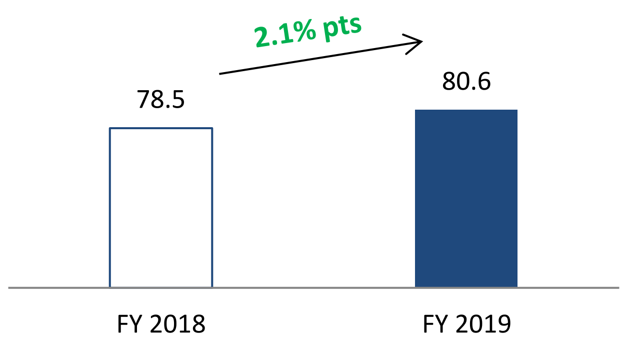
LFL[1] RevPAR (£)[2]



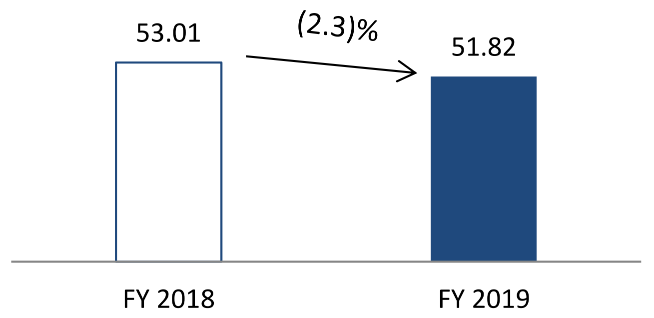
FY 19 RevPAR Growth Ahead of Market



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



FY 2019 vs. FY 2018

- **RevPAR:** like-for-like UK RevPAR growth of 0.3%
- **RevPAR vs. Market:** 2.3pts outperformance against MS&E segment
- **Occupancy:** occupancy increased 2.1pts to 80.6%
- **ADR:** down (2.3)% to £51.82

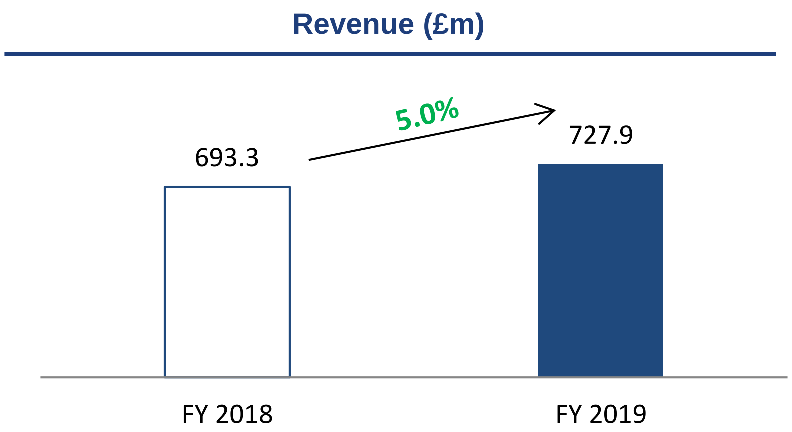
1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in FY 2019 vs. FY 2018 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2018.

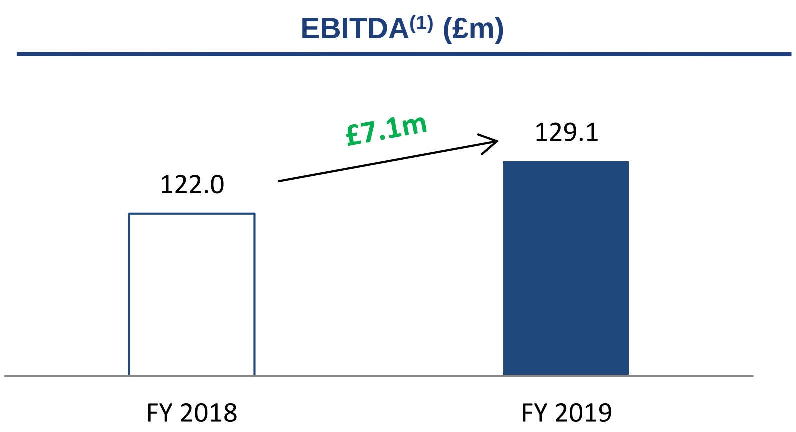
2. Occupancy, ADR and RevPAR for UK leased estate only.

Strong Results

Good revenue growth and self-help measures driving strong growth

Strong Financial Performance





FY 2019 vs. FY 2018

- **Revenue** increase of 5.0%/£34.6m was primarily due to:
  - Annualisation and maturity of the 17 new hotels added in 2018
  - Opening of 14 new hotels in the period
  - Like-for-like UK RevPAR growth of 0.3%
  - Higher food and beverage growth helped by occupancy growth
  - Good growth in Spain, benefiting from the improved political stability in Catalonia
- **EBITDA[1]** increased £7.1m to £129.1m driven by:
  - Good revenue growth, including contribution from the annualisation and maturity of new hotels and Spain
  - Impact of cost increases including National Living Wage, higher operational costs driven by higher occupancy and increased transaction fees, partially offset by hotel cost efficiencies

1. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability. Non-underlying items have been removed as they relate to non-recurring, one-off items.*

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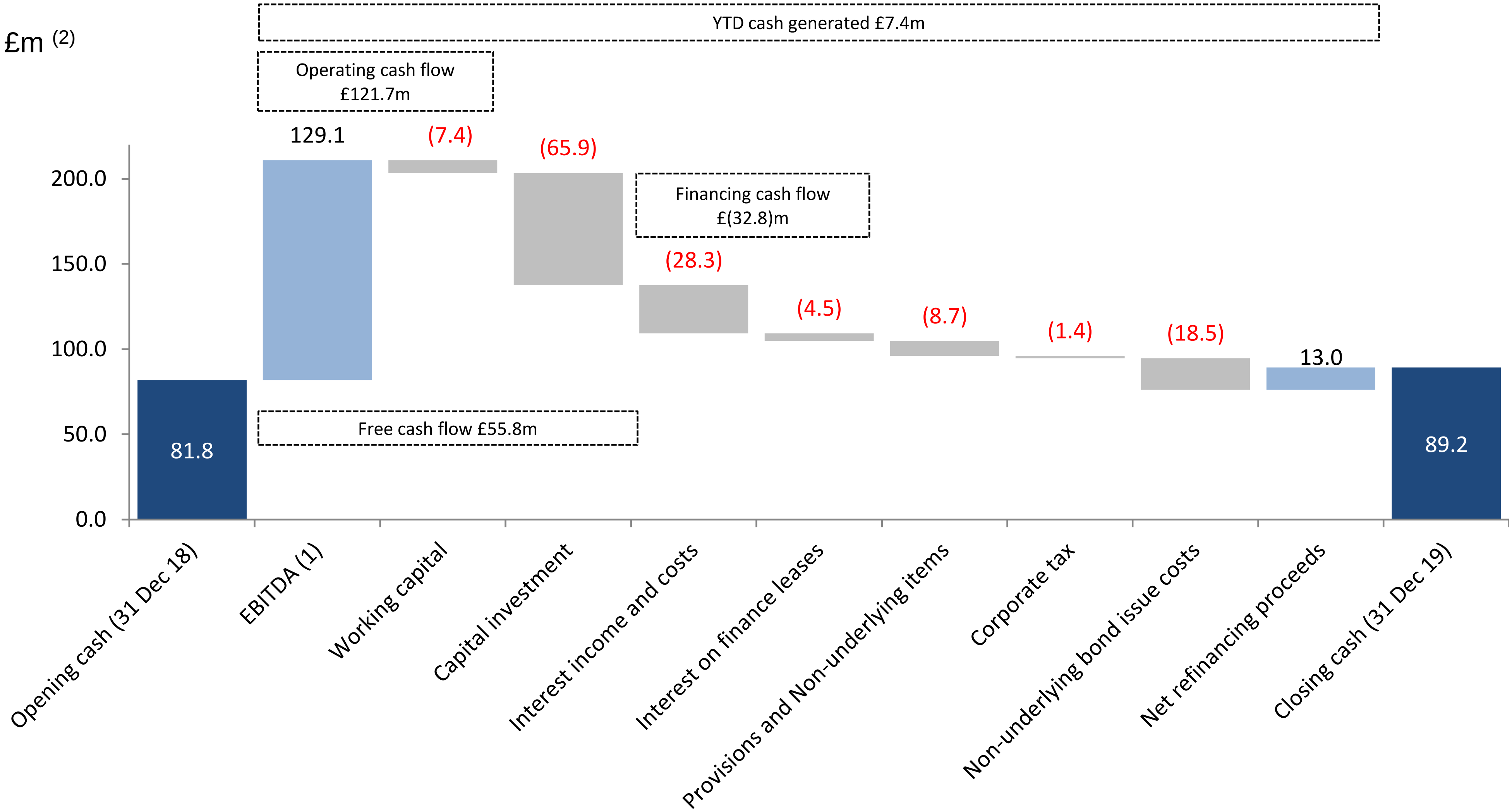
Positive Cash Generation

Strong cash conversion, continued capital investment



1. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability. Non-underlying items have been removed as they relate to non-recurring, one-off items.*
2. *Although the adoption of IFRS16 from 1 January 2019 has no impact on opening or closing cash balances in order to facilitate the comparability of the underlying business to the prior year the cash flow is presented in line with the accounting principles applicable to the previous year*

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Net Debt and Leverage – FY 2019

Debt (£m)

£m	FY 2019
Cash and Cash Equivalents	**89.2**
FRNs @ L + 5.375%	440.0
Senior Secured Notes	**440.0**
Finance leases	33.6
Total Third Party Indebtedness	**473.6**

Liquidity / Financial Ratios

- **Cash on Balance Sheet:** £89.2m
- **Revolving Credit Facility**: £40m (unutilised at year end, fully drawn on 17 March 2020)
- **Letter of Credit Facility:** £30m (£15m utilised)
- Net Senior Secured Debt / EBITDA(1) = 2.7x
- Net Third Party Debt(2) / EBITDA(1) = 3.0x
- Interest rate LIBOR cap (£300m, 1.5% strike rate, Jan 2020 to October 2022)

1. *Based on EBITDA (adjusted) for FY 2019 (audited) defined as Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items and reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability*
2. *Net third party indebtedness calculated as total third party indebtedness less cash and cash equivalents on a frozen GAAP basis*

IFRS 16 Impact

No economic impact, significant changes to the presentation of financial statements

Year ended 31 December 2019 (£m)	**Before IFRS16 [(1)]**	**IFRS 16 impact**	**Statutory**
EBITDAR	**337.9**	**-**	**337.9**
Rent payable	(212.8)	212.2	(0.6)
Rent receivable	4.0	-	4.0
EBITDA	**129.1 [(2)]**	**212.2**	**341.3 [(3)]**
Depreciation and amortisation	(64.4)	(103.6)	(168.0)
Operating profit/(loss) (before exceptional items)	**64.7**	**108.6**	**173.3**
Net finance income and costs	(51.6)	(163.3)	(214.9)
Income tax	10.3	(5.5)	4.8
Loss for the period (before exceptional items)	**23.4**	**(60.2)**	**(36.8)**
Non-underlying items	(34.1)	3.2	(30.9)
Loss for the period (after exceptional items)	**(10.7)**	**(57.0)**	**(67.7)**

- New lease accounting standard with effect from 1 Jan 2019, comparatives are not restated
- No economic impact and will not change how we manage the business. Not expected to have an impact on the approach taken to rating the business
- EBITDA increased by £212.4m as rent is no longer charged in the consolidated income statement
- Depreciation increased by £103.6m due to charges relating to 'right of use' asset
- Reported financing costs increased by £163.3m relating to the new notional charges relating to the lease liabilities, with costs heavily phased towards earlier years of a lease
- 'Right of use asset' on adoption of £2.6bn subject to impairment testing annually,

1. *Before IFRS 16 - In order to facilitate the comparability of the underlying business to the prior year following the adoption of IFRS16 from 1 January 2019, additional columns have been added to reflect the position in line with the accounting principles applicable to the previous year.*
2. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability. Non-underlying items have been removed as they relate to non-recurring, one-off items.*
3. *EBITDA = Earnings before interest, tax, depreciation and amortisation and non-underlying items*

Continued Progress on Our Strategic Objectives

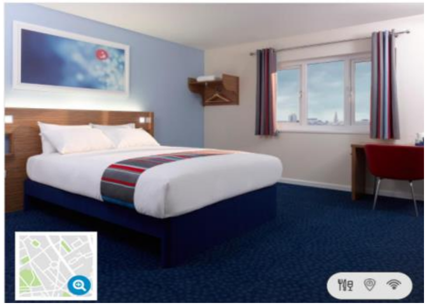
Location

- 14 new hotels opened in the period, further 4 after the year end
- Expecting to open 17 new hotels in 2020, majority in second half
- Estate now stands at 588 hotels and 44,832 rooms at the half year
- Targeting 100 new hotels over the next 5 years
- Strong secure pipeline > 4,500 rooms

Price

- Strong price proposition driving revenue growth and outperformance
- Effective revenue management delivering strong occupancy
- Significant growth in 'Family Rooms'
- Targeted customer offers helping increase conversion
- Good growth in business membership programme

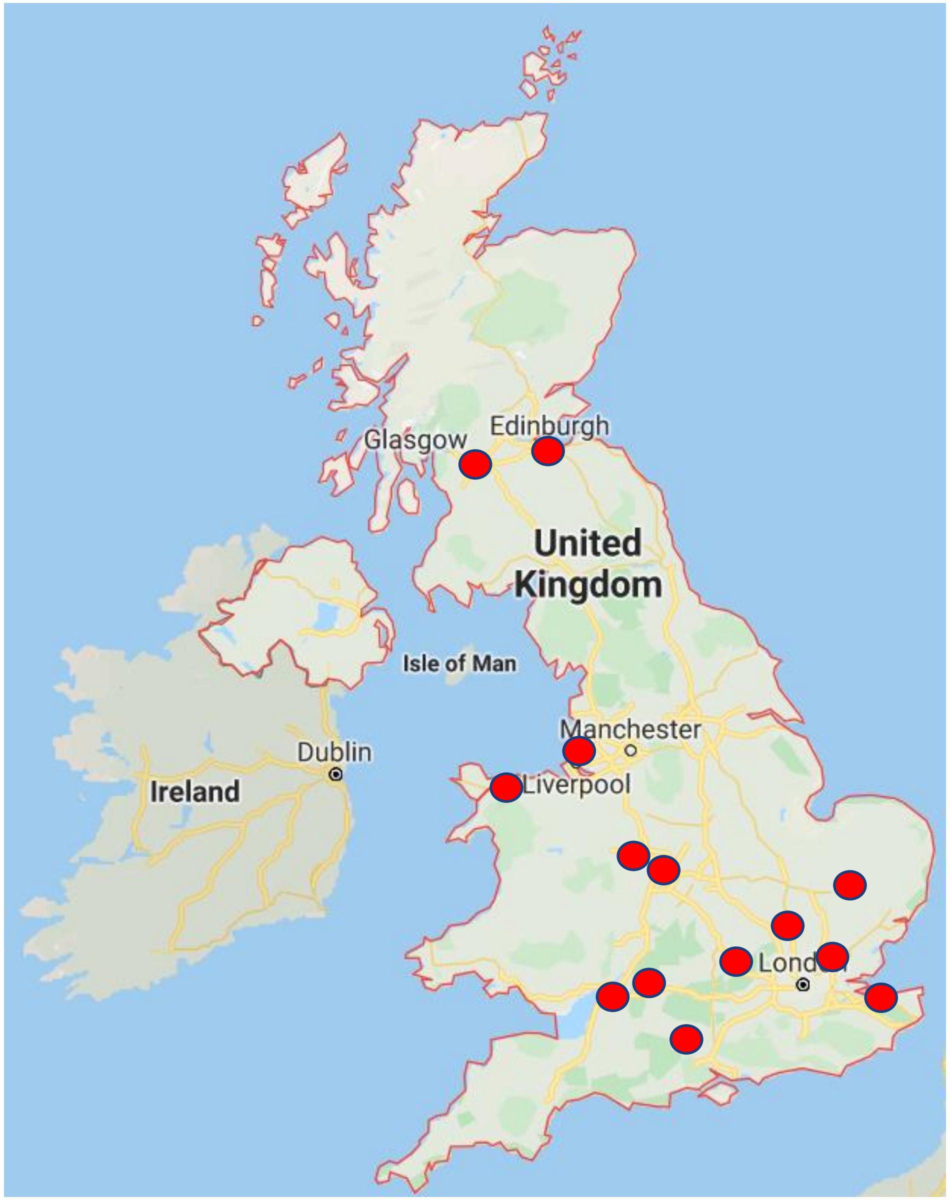
Quality



- Increased customer choice and consistency
- Average 4 star Trip Advisor rating maintained
- Record 325 TripAdvisor Certificates of Excellence – 101 more than 2018
- Refit programme for the core estate underway
- Upgraded pull-out beds rolled out across the estate
- 'SuperRooms' in 51 hotels, 8 'Travelodge Plus' hotels

Location

Extending the network across the UK with 14 new openings



2019 opening

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Location

Recent openings – selected examples

Marlow
Travelodge Plus
83 rooms
Bar cafe

Edinburgh Park
Travelodge Plus
70 rooms
Bar café

London Dagenham East
East London
78 rooms
Vending

London Beckton
East London
113 rooms
Bar café

Travelodge
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Price

Optimising price through choice of rooms and rates

- Focus on price proposition supporting record occupancy
- Wider choice of rate types and room types driving conversion
- Excellent contribution from 'SuperRooms'
- Strong tactical revenue management

	SuperRoom Find out more	Standard room Find out more
Flexible rate + Breakfast + Wifi Cancel up until noon on arrival date	£85.74	£75.74
Flexible rate Cancel up until noon on arrival date	£73.99	£63.99
Saver rate + Breakfast + Wifi Early booking rate (non-refundable)	£78.74	£69.74
Saver rate Early booking rate (non-refundable)	£66.99	£57.99

Quality

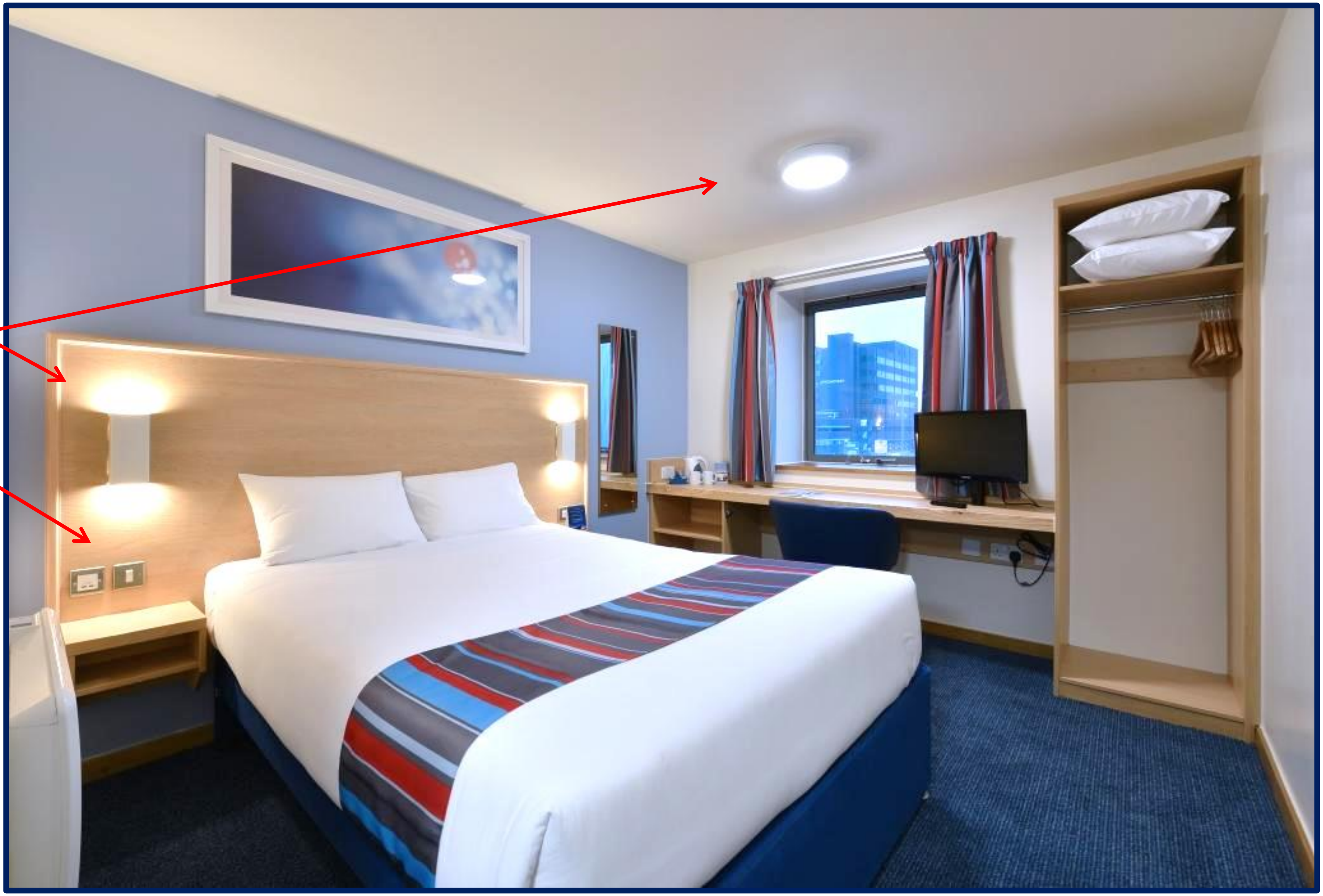
Core refit programme well underway, £17m investment in 2019

New carpets

LED lighting

USB sockets

Bathroom improvements

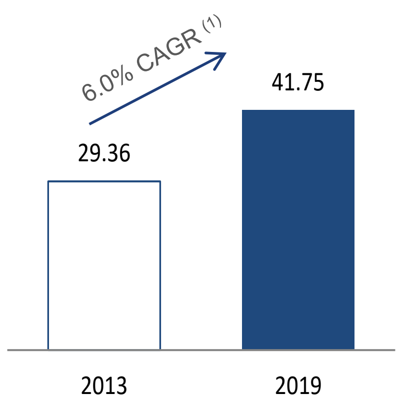


Quality

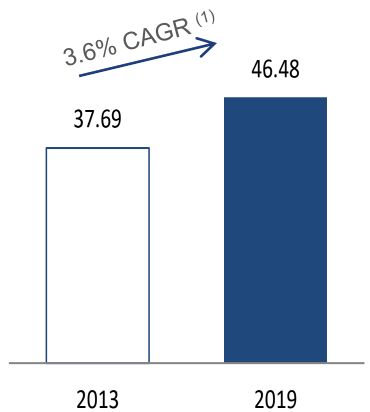
Increased customer choice and consistency

Travelodge Transformation Results

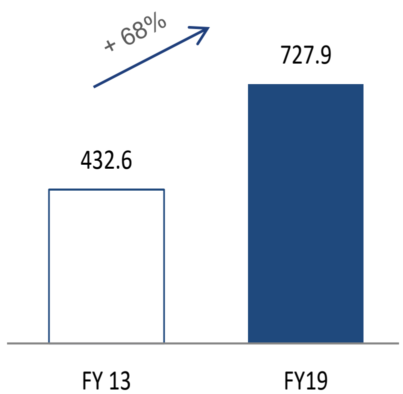
Travelodge RevPAR



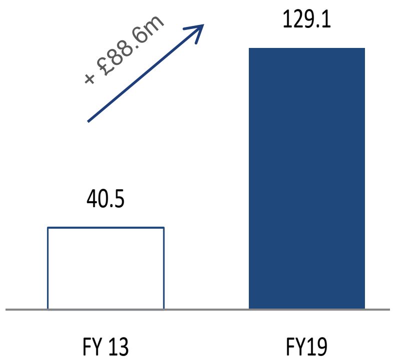
MS&E RevPAR



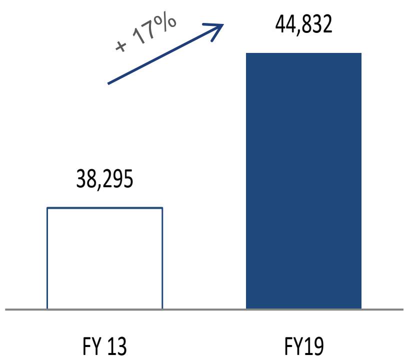
Total Revenue



EBITDA (2)



Network Size (3)



- £100m modernisation programme of core estate
- Launched ‘SuperRooms’ and ‘Travelodge Plus’
- 325 TripAdvisor ‘Certificates of Excellence’

- Effective revenue management
- Investments in data analytics
- Winning business account customers

- Strong price proposition
- Like-for-like growth, enhanced network now with over 190 bar café hotels

- Tight cost control, market leading cost metrics
- Continued focus on productivity and hotel cost efficiency

- Increased focus on key locations
- Over 75 new hotels opened, network now 588 hotels /44,832 rooms

1. MS&E and Travelodge RevPAR CAGR 2013-2019
2. EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability. Non-underlying items have been removed as they relate to non-recurring, one-off items.
3. Based on number of rooms

Company Background

Travelodge

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Company Overview

Who We Are

- UK's second largest hotel brand based on number of hotels and rooms
- Positioned in the attractive value segment with 588 hotels and serving 19m business and leisure customers
- Well invested modernised hotel portfolio
- Well balanced approximately even business / leisure customer split
- Almost 90% booking direct, with c. 80% through own websites
- Low upfront capex leasehold model

Where We Are (as at 31 December 2019)

United Kingdom

London
- 75 Hotels
- 9,689 Rooms
- 22% of total Rooms

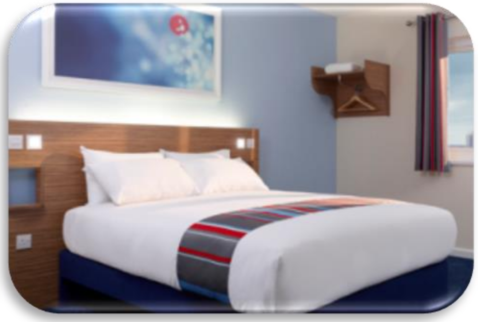
Regions[3]
- 496 Hotels
- 33,623 Rooms
- 75% of total Rooms

International

Spain
- 5 Hotels
- 621 Rooms
- 1% of total Rooms

Ireland[4]
- 12 Hotels
- 899 Rooms
- 2% of total Rooms

Travelodge



Key Statistics (FY2019)	
Hotels	**588**
Rooms	**44,832**
Occupancy[1]	**80.6%**
ADR[1]	**£51.82**
RevPAR[1]	**£41.75**
Revenue	**£727.9m**
EBITDAR	**£337.8m**
EBITDA	**£129.1m**
Rent Cover[2]	**1.6x**

1. Occupancy, ADR and RevPAR for Travelodge UK leased Hotels only.
2. Represents the ratio of EBITDAR to net external rent payable.
3. Includes 11 hotels operated under management contracts.
4. Operations in Ireland under a master franchise.