

press release

28 April 2011

Increased dividends and expansion plans looks positive for Whitbread

- Despite difficult market conditions Whitbread reports positive results
 - The company increased its dividends by 17%
- 2,500 new jobs in the UK as a result of Whitbread's expansion plans

Nick Raynor, investment adviser at The Share Centre, explains what Whitbread's results mean for investors.

"The owners of Britain's favourite coffee house, Costa, reported reasonably positive results this morning that were slightly ahead of analyst expectations. Despite the difficult market conditions Whitbread's revenues were up by 11.5% and underlying pre-tax profits rose by 20.1% to £287.1m.

"Whitbread expects to bring 2,500 new jobs to the UK in 2011 alone, by adding 4,000 rooms and 14 new restaurants at Premier Inns and opening 300 new Costa coffee shops. This is exciting news for the company who have also announced an ambitious five year growth plan and are continuing to push forward through tough trading conditions.

"Investors may be encouraged by these results, but despite the company announcing a 17% increase in its dividend to 33.25p we feel there is still a long way to go before it becomes attractive to those seeking income.

"The outlook looks positive for the company and any further weakness in the share price could be an attractive opportunity for investors. For us Whitbread is 'hold' for now but we will be watching their new expansion plans closely.

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