

CEO's statement

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Overview

Now having been in the CEO role for nearly two years, I've travelled to more than 20 of our country markets. This has allowed me to test our strategy, visit hundreds of SSP outlets across the world and build stronger relationships with our clients, brand and joint venture partners and, of course, our colleagues. What's clear is that we have strong momentum across the business. The travel market has recovered strongly, with passenger numbers growing sharply across all our markets, most significantly in North America and Asia Pacific. We've invested in our foundations, in particular our customer proposition and brand portfolio, to drive like-for-like sales and have made considerable progress on our technology and sustainability agendas. We've driven significant new business gains, completed two acquisitions and, importantly, we have maintained our strong focus on operational efficiency, which has helped us mitigate the impact of very high levels of cost inflation. Together, this has driven a strong performance in the year. Thanks to the skill and dedication of our colleagues, we have not only delivered at the top end of our revenue and pre-IFRS 16 underlying EBITDA expectations, but we are fulfilling our purpose of being the best part of the journey.

Performance momentum

Our strategy, coupled with an efficient economic model, has enabled us to deliver strong performance at Group level. Revenue was £3bn, a 38% increase on last year at actual exchange rates. This was driven by strong like-for-like sales growth of 32%, resulting from the combination of the continued recovery in passenger numbers, especially in the air sector, and our strengthening customer offer and digital proposition. Our performance was particularly strong in the second half, when our comparator was more 'business as usual' after the rebuild from Covid-19, with revenue up 25% and like-for-like sales up 19% year-on-year.

Our strongest performance was in the North America and APAC and EEME regions, with revenues reaching £669m in North America (a 47% increase on last year) and £431m in APAC and EEME (a 74% increase on last year). In Continental Europe, revenues reached £1,137m, a 31% increase on last year. In the UK and Ireland, sales strengthened materially to £774m, reflecting the higher mix of the air channel, and despite the disruption from ongoing strikes in rail.

The macro-economic environment continued to present challenges throughout the year, not least from inflationary pressures. However, we were successful in mitigating these challenges to deliver good margin progression and full year profitability at the upper end of the range we set out earlier in the year.

Despite a higher investment in capital projects, a strong focus on cash and working capital delivered a free cash outflow of c.£125m, ahead of our expectations at the start of the year, leaving pre-IFRS 16 net debt at £392m and leverage at 1.4x (net debt to pre-IFRS 16 underlying EBITDA). Underlying pre-IFRS 16 EPS was within the previously indicated range at 7.1p, up 11.6p versus last year.



A video Q&A with the CEO can be found by scanning the QR code or online at www.foodtravelxperts.com/investors/annualreport

Strategic momentum

This momentum in performance was supported by the progress we made against our strategic priorities, focusing on our high growth regions and channels and enhancing our capabilities while driving efficiencies.

Geographically, we are continuing to pivot more towards North America and Asia Pacific and to pursue selective growth in the UK, Continental Europe and EEME. In the year, we've delivered strong levels of new business, with approximately 110 new contracts won. Our secured pipeline of contracts yet to open now represents estimated annualised revenues of c.£450m. Once fully mobilised, approximately two-thirds of this pipeline will be delivered in North America and Asia Pacific and EEME, where we go to market with the help of local joint venture partners. We also completed the strategic acquisition of the concessions business of Midfield Concession Enterprises, Inc. in the USA, which was a particularly important step in expanding our presence in North America.

38%

YoY revenue increase

97%

YoY EBITDA increase

Additionally, we opened around 400 units across all regions, and I'd like to highlight the progress we made in the Asia Pacific region and in particular Malaysia, where we opened 29 units in one year alone. We also entered two new markets – winning contracts in Iceland and Italy with new units at Reykjavik Airport and Rome Termini station.

Building our capabilities and driving competitive advantage has been a key strategic focus, and we've made excellent progress across customer, digital, people and sustainability. On our customer offering, we introduced many examples of on-trend, exciting propositions, such as The Mezz in Ireland, The Farmers' Market in the USA, Imm Rice & Noodle in Thailand and Helsinki food court in Finland. We also strengthened our relationships with existing brand partners including Pret A Manger in Europe and built strategic new ones, including The Breakfast Club in the UK, BrewDog in the UK and Europe, and NamNam in Singapore.

We significantly progressed our digital offer, rolling out Order at Table technology at our bars and casual dining outlets and adding self-order units across many of our quick service restaurants.

Our people are crucial to our success, and this has been a year of important growth for us as we now count around 42,000 SSP colleagues, a 20% increase on last year. We made good progress against our People Strategy, reinforcing our focus on health and safety, and I'm particularly pleased that 76% of our colleagues completed our Colleague Engagement Survey, in which we achieved an overall score of 3.98 out of 5.

I'm very pleased with the continued momentum on our Sustainability Strategy, and the good progress we've made towards the delivery of our sustainability commitments. We have a clear plan of action to achieve net-zero GHG emissions across our value chain by 2040, and our near- and long-term targets have been validated by the Science Based Targets initiative.

Finally, running efficient operations remains part of our DNA, and this year, we relaunched our multi-year value creation plan, which supports the delivery of strong profit conversion.

Well positioned for future momentum

The key relationships we have with our clients, brand and JV partners and teams has enabled us to deliver a strong performance and will help us to deliver future growth. I would like to thank all SSP colleagues, from the management teams to every team member in our units, for their hard work, commitment and invaluable contribution to the business during the year.

There is good momentum across the business as we enter 2024. Our focus on higher growth markets such as North America and Asia Pacific, as well as our ongoing efforts to enhance our competitive advantages and increase efficiency, is delivering results. Looking ahead, though the macro-economic environment remains challenging, we continue to see significant opportunities for SSP to drive sustainable long-term growth and returns for the benefit of all our stakeholders.



Patrick Coveney
Group CEO
5 December 2023

