

Delivering operational efficiencies

Revitalising our efficiency programme

We are committed to operating an efficient business to ensure our sales are effectively maximised into profit and cash.

Highlights from 2023

- Conducted commercial deep-dives in high-value units to identify profit opportunities.
- Simplified HR administrative tasks through the launch of SuccessFactor in six countries.
- Started the global rollout of our Automated Energy Meter Readers (AMRs).
- Implemented Project Phoenix to optimise menus and processes in the top-selling units in North America.

Priorities for 2024

- Deliver value creation plan.
- Optimise procurement.
- Utilise more technology and automation.

➔ Find out more about our KPIs on pages 30-31 and our associated risks on pages 66-77. Read more in our Financial Review on pages 57-65.

Running efficient operations is a core SSP competency and deeply embedded in our culture. We aim to optimise gross margins and leverage the international scale of our business by paying rigorous attention to managing the key costs of food and beverage, labour and overheads.

The key areas that we focus on to maintain an efficient business are:

- Gross margin optimisation
- Supply chain and procurement
- Labour productivity
- Overhead efficiencies

In 2022, we relaunched our value creation plan, which supports the delivery of strong profit conversion and underpins our ability to leverage scale and drive operational margin improvements. Throughout 2023, we stepped up our approach with a coordinated global programme and have progressed many efficiency initiatives across our business.

Gross margin optimisation

This past year, we have carried out a broad-ranging programme of commercial and category management reviews to maximise sales and profitability across the Group. In many cases, these were focused on our larger, higher-value locations and aimed to deliver value through commercial analysis, benchmarking and on-site observations. Cross-functional teams conducted reviews in France, Spain and the Nordics. In Stockholm Central Station, we identified key opportunities at our Ritazza, Upper Crust and Burger King units,



1 Gross margin optimisation	2 Supply chain and procurement	3 Labour productivity	4 Overhead efficiencies
<ul style="list-style-type: none"> • Menu engineering • Recipe reviews • Inflation management • Commercial deep-dives in major locations • Improving product availability • Lower food waste 	<ul style="list-style-type: none"> • Inflation tracking • Supplier and product rationalisation post Covid-19 • Compliance post Covid-19 • Distribution levers review • Franchise spend • Make or Buy • Specification review 	<ul style="list-style-type: none"> • Digital rollout • Scheduling reviews • Retention programmes • Global HR information system rollout • Workforce Management • Robotic waiters 	<ul style="list-style-type: none"> • Installation of smart energy meters • Installation of cloud-based energy management systems • Equipment replacement • Zero-based budgeting

including optimising digital screens, adding signage to improve passenger flow and adding more seating. These actions resulted in sales uplift, an improved customer experience and an increased average transaction value.

Other margin improvement initiatives included recipe and menu engineering, improved beer yields through enhanced training and product waste management through our Too Good To Go partnership. We also continued to develop lower carbon recipes and to make a greater use of seasonal products. This not only improved margins but also helped reduce our carbon emissions. In Denmark, we started including premium items to our breakfast and lunch menus as well as 'add-ons', contributing to increasing the average ticket value. In North America, we worked closely

with some brand partners to move selected products to our supply chain to drive efficiencies.

Supply chain and procurement

Our ability to drive efficiencies across our operations has been even more important in the high inflationary environment. As supply chains reopen, our ability to competitively tender has improved, and we continue to mitigate the impact of cost pressures by working with our suppliers. We have also continued to focus on waste reduction and re-engineering supply chain logistics, including forward-buying where possible, price renegotiations, and working with suppliers to deliver revenue-generating initiatives.

Delivering

operational efficiencies continued

Revitalising our efficiency programme continued



Throughout 2023, our Chief Procurement Officer, along with local procurement teams, continued to monitor the management and mitigation of our response to supply chain pressures to ensure cost inflation disruption was kept to a minimum.

Labour productivity

We launched our new global people system SuccessFactors in the UK, Ireland, Hungary, UAE, Canada and the USA. SuccessFactors gathers all our people data in one system, which enables colleagues to take control of their data and line managers to manage their team's administrative tasks more efficiently. Real-time information streamlines our recruitment and onboarding processes.

Overhead efficiencies

To reduce energy consumption, we started the rollout of Automated Meter Readers to our units worldwide. The AMRs present three opportunities: they help minimise our carbon emissions, aligned with our net-zero ambition; they drive significant consumption efficiencies; and they enable energy savings. The AMRs provide half-hourly energy readings, and UK trials have showed an average 5-7.5% reduction in energy consumption and associated costs where AMRs have been introduced.



// Our value creation plan brings the wealth of knowledge and expertise from across our business to drive enhanced sales and profitability while ensuring we don't compromise on the quality of our offer and our sustainability objectives. //

Sukh Tiwana

Chief Procurement Officer

Strategy in action

Optimising our menus in North America

Taking learnings from Covid-19, SSP America has optimised menus in its top 100 bars and restaurants to deliver quality for our customers and also drive sales and margins.

Working in close collaboration with brand partners, we redesigned our menus to optimise ingredients, included more sustainable options, and changed recipes to drive margins and limit waste. We also added templated processes and introduced a standardised approach to menu development, adapted to the size of the unit. Examples of other initiatives include the development of premiumised menus, ingredient cross-utilisation, innovative items including plant-based alternatives and substituting items according to changes in cost price.

These changes have resulted in an increase in like-for-like sales and profit margins.

We are embedding our data-driven menu optimisation and pricing reviews into core routines. They are informed by customer and client insights, balancing our commercial and customer objectives.

