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Trading Update

“The sustained recovery in global passenger demand and the mobilisation of our significant new contract pipeline leaves SSP well-positioned to deliver strong growth over the medium term”

SSP Group plc (“SSP” or “the Group”), a leading operator of food and beverage outlets in travel locations worldwide, issues a Trading Update for the first four months of its 2023 financial year, covering the period from 1 October 2022 to 31 January 2023.

The new financial year has started well with Group sales of £871m representing a strengthening of performance to 103% of 2019 levels and with revenues tracking above 2019 levels in North America, Continental Europe and the Rest of the World. This revenue performance includes the benefit from net contract gains as we accelerate the mobilisation of our significant pipeline, in addition to price increases compared to the same period in 2019.

The encouraging revenue performance has been driven by a further recovery in passenger numbers, led by strong leisure travel demand over the extended holiday season. This momentum continued through the autumn and into the winter, demonstrating a resilience to the broader pressures on consumer spending. Business and commuter travel also continued to recover, albeit at a slower pace.

We have continued to make progress extending and renewing contracts as well as winning new business, including in North America as well as in India, Malaysia and Thailand, to augment our strong pipeline. Approximately two thirds of sales from net new business openings in our secured pipeline are expected to come from the North America and Rest of World regions.

Regional Performance

In North America, the strong revenue growth reflected the ongoing recovery in domestic air travel, despite the impact of flight cancellations and weather-related disruption in December and January. The performance included a significant contribution from net contract gains, as we continue to grow our business in conjunction with our joint venture partners. In Continental Europe, most markets performed well, boosted by an extended holiday season which stretched into the autumn, across both the Air and Rail sectors. In the Rest of the World, revenues continued to recover well, including an exceptional performance in India, where revenues in our joint venture (TFS) more than doubled year-on-year. Australia, Thailand and the Middle East also performed particularly well. Since the re-opening of the Chinese borders in early January, passenger numbers in China and Hong Kong have now started to recover, albeit from very low levels. In the UK, the overall sales performance reflected both the seasonally higher weighting of rail within the business and the impact of an increased frequency of industrial action across the rail network during December and January. However, the UK Air business maintained its strong momentum.

Revenue performance by region for the four months to 31 January 2023:

Region	£m	vs. 2019	vs. 2022
North America	196	125%	175%
C. Europe	330	108%	156%
UK & ROI	215	83%	146%
Rest of World	130	101%	250%
Group	871	103%	167%

Sustainability

We published our first Sustainability Report in January of this year, outlining our strategy, which focuses on three priority areas: serving our customers responsibly, protecting our environment, and supporting our colleagues and communities. We have set clear and measurable targets to 2025, as well as a wider ambition to achieve net zero carbon emissions (Scopes 1, 2 and 3) by 2040. We have already made significant progress, for example on eliminating unnecessary single use plastic from around 80% of our own brand packaging and reducing our direct Scope 1 and 2 emissions by 36% from our 2019 baseline. We have now mapped our Scope 3 value chain emissions and submitted our roadmap to achieve net zero emissions by 2040 to the Science-Based Targets Initiative. We are seeking to take an industry-leading position in this area and are developing a “climate-smart” food agenda to reduce the emissions associated with the food and beverages we serve, which represent 78% of our total carbon footprint.

Outlook

Whilst we continue to face macroeconomic uncertainty, we believe that the travel food and beverage sector will remain structurally resilient to pressures on consumer spending and that our global footprint, with rising exposure to the North American and Asia Pacific regions, will deliver sustained growth. The new financial year has started well as we have maintained revenue momentum and have actively mitigated inflationary pressures to deliver a strong conversion of sales to profitability.

Despite the impact of industrial action in the UK rail network, strong trading across our other regions means our performance remains on track against the planning assumptions outlined for 2023 at our Preliminary Results on 6 December 2022, namely for revenues to be in the region of £2.9-3.0bn with corresponding EBITDA (pre IFRS 16) in the region of £250-£280m. As previously reported, these planning assumptions included a contribution from our pipeline of new outlets which, once fully mobilised, will add approximately £550m to revenues by 2025, compared to 2019.

Commenting on the performance, Patrick Coveney, CEO of SSP Group, said:

"The strong momentum in performance that we saw across the business in the second half of last year has continued into the new financial year, demonstrating the high quality of our business model. We are making excellent progress against our strategic ambitions and are on track to deliver against the planning assumptions we set at the beginning of the financial year.

We have headroom for further growth and returns in multiple markets across the world. In particular, we see significant momentum and potential to accelerate expansion across the North America and Rest of World markets where revenues are now growing rapidly and which together are expected to account for approximately 40% of the Group by 2025. In addition to this we continue to expand in a targeted way in the UK, Europe and the Middle East.

The long-term structural growth in the air and rail travel sectors and the ongoing demand from clients and customers around the world for our brands and food concepts leave us well-placed to create significant value for shareholders for many years ahead. I would like to thank our colleagues, clients and brand partners across the world for the enormous contribution that they make to SSP each and every day."

A conference call with Patrick Coveney, CEO, Jonathan Davies, Deputy CEO and Group CFO and Sarah John Director of Corporate Affairs, will be held at 8.30am (UKT) today, and details of how to join can be accessed at https://webcasts.foodtravelexperts.com/results/tradingupdate2023/vip_connect.

Annual General Meeting

The Group's Annual General Meeting will be held today at 11:00am at the offices of Travers Smith LLP, at 10 Snow Hill, London, EC1A 2AL.

Investor and analyst event: SSP America

We will host an event for investors and analysts to showcase our North American business on Wednesday 21 June 2023 in New York. Access to the event will be by invitation only, with more details to follow in due course. Investors and analysts are able to register their interest by e-mailing InvestorEvent@ssp-intl.com.

Investor and analyst briefing: ESG

We will host a briefing for investors and analysts on our Sustainability Strategy on Tuesday 18 April 2023, at our offices in London. Access to the briefing will be by invitation only, with more details to follow in due course. Investors and analysts are able to register their interest by e-mailing InvestorEvent@ssp-intl.com.

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NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage concessions in travel locations, operating restaurants, bars, cafés, food courts, lounges and convenience stores in airports, train stations, motorway service stations and other leisure locations. We are present in 35 countries around the world and have a portfolio of more than 550 international, national and local brands.

www.foodtravelexperts.com