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SSP GROUP PLC

THIRD QUARTER TRADING UPDATE

SSP Group plc, a leading operator of food and beverage outlets in travel locations worldwide, issues a Trading Update for the third quarter of its financial year ending 30 September 2022, covering the period from 1 April to 30 June 2022.

Group

At the Group's Interim Results on 24 May, we reported that revenue had averaged 83% of 2019 levels for the first six weeks of the third quarter. Since then, revenue has continued to strengthen, running at 89% of 2019 levels in the following seven weeks, leaving revenues at 87% of 2019 levels for the third quarter as a whole. This includes a benefit from net gains and pricing compared to the same period in 2019.

Our revenue performance has been driven by an ongoing recovery in passenger numbers and has also benefitted from longer passenger dwell times in some markets. The recovery has been led by domestic and leisure travel in both Air and Rail. Rail commuter travel continues to recover well, albeit at a slower pace than leisure travel.

Geographically, we have seen a strong recovery across all divisions, led by Continental Europe, where sales in the third quarter averaged 93% (of 2019 levels), and North America, averaging 91%. In the UK, sales averaged 82% for the quarter, driven by a further strengthening of sales in Air, whereas trading in Rail was impacted by the recent industrial action. Encouragingly, we have seen a good recovery in the Rest of the World, where sales averaged 75%, with strong performances in India, Australia and Thailand. In China and Hong Kong, passenger travel remains at very low levels, reflecting the ongoing travel restrictions.

For the nine-month period from 1 October 2021 to 30 June 2022, total Group revenues averaged 72% of 2019 levels.

Outlook

Whilst there remains considerable uncertainty in the macroeconomic and geopolitical backdrop, we are well positioned to benefit from the continued recovery of the travel sector, notwithstanding the current challenges of airport disruption, labour shortages and industrial action across certain air and rail markets.

In common with the entire hospitality sector, we continue to face widespread and increasing inflationary pressures impacting our supply chain, labour and energy costs, and these are anticipated to persist well into next year. However, we are confident in our ability to manage these pressures through productivity and pricing initiatives and expect to mitigate the impact on profit, whilst sustaining the positive momentum in consumer demand.

Our medium-term expectation for a recovery of the LFL business to 2019 levels of profitability remains unchanged. As previously reported, by 2025 our pipeline of new contracts is expected to add approximately £500m to revenues compared to 2019. As the business continues to recover, we expect the mobilisation of this pipeline to accelerate. The anticipated EBITDA contribution from new unit openings will, as normal, include the impact of pre-opening costs.

For the current year, based on our performance to date and the current strength of the travel recovery, we now expect to deliver sales in the region of £2.1bn and EBITDA margin (on a pre-IFRS 16 basis) in the region of 6%, which is at the upper end of our previous full year guidance range.

Currency

Trading results from outside the UK are converted into Sterling at the average exchange rates for the period. The overall impact on the revenue % of 2019 of the movement of foreign currencies (principally the Euro, US Dollar, Swedish Krona, and Norwegian Krone) during the first three quarters of 2022 compared to the 2019 average was (1.5)%. If the current spot rates were to continue for the rest of 2022, we would expect a negative effect for the full year of around (1.6)%.

CONTACTS

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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