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21 September 2023

Pre-Close Trading Update

***“Encouraging underlying trading momentum and strong expected full year performance”***

SSP Group plc (“SSP” or “the Group”), a leading operator of restaurants, bars, cafes and other food and beverage outlets in travel locations across 36 countries, issues a Pre-Close Trading Update in advance of the financial year-end on 30 September 2023. Strong underlying trading momentum is expected to continue through to the end of the financial year, leaving SSP well-positioned to deliver results at the upper end of the ranges previously indicated for both revenue and EBITDA (underlying pre-IFRS 16).

**Revenue performance**

Revenue for the last 16 weeks of the year (from 12 June to 30 September) is expected to be at c.116% of 2019 levels, on a constant currency basis. This represents an underlying improvement in trading since our statement on 21 June (covering the 10-week period from 1 April to 11 June), where trading was at 112% of 2019 levels on a constant currency basis. Our revenue performance is being driven by the continued recovery in passenger numbers, particularly in the air sector, as well as our stronger customer offer and digital proposition. In addition, revenues have benefitted from price increases and further net contract gains.

North America, which now accounts for approximately a quarter of Group revenue, continues to be a key driver of our performance. Over the last 16 weeks of the financial year, revenues are expected to strengthen to c.127% of 2019 levels, on a constant currency basis, driven by robust domestic air passenger numbers and strong like-for-like performance. Our performance includes a sales benefit from the acquisition of the Midfield Concession business, with the transfer of six of the seven airports completed. In Continental Europe, revenues are expected to be at c.115% of 2019 levels, on a constant currency basis, driven by strong summer air travel volume and despite the impact of protests and travel disruption in France. In the Rest of the World, revenues are expected to rise to c.132% on a constant currency basis, as we saw further improvements in passenger numbers across the Asia Pacific region, with particularly strong performances in India and Egypt. In the UK and Ireland, sales are expected to strengthen to c.100%, reflecting both the improving performance and the higher mix of the air channel, despite the rail sector continuing to be impacted by ongoing industrial action.

For the second half as a whole, Group revenues are expected to rise by 22% vs last year (at actual exchange rates), reflecting the strength of our like-for-like performance in addition to further net gains. In the full year, Group revenues are expected to be c.£3.0bn vs £2.2bn in the prior year (at actual exchange rates), representing growth of c.37% year-on-year.

**Foreign exchange impact**

Across the second half of the year, Sterling has strengthened against most of our major currencies<sup>1</sup> compared to a weakening over the same period in 2019 and 2022. The impact of this on our reported revenue performance is set out below:

Region	H2 vs 2019 (constant FX rates)		H2 vs 2019 (actual FX rates)		H2 vs 2022 (26 wks)	
	first 10 wks	last 16 wks	First 10 wks	last 16 wks	(constant FX rates)	(actual FX rates)
N. America	120%	127%	123%	123%	137%	130%
C. Europe	116%	115%	114%	107%	117%	116%
UK & ROI	94%	100%	94%	100%	117%	117%
Rest of World	126%	132%	115%	114%	153%	141%
<b>Group</b>	<b>112%</b>	<b>116%</b>	<b>110%</b>	<b>110%</b>	<b>125%</b>	<b>122%</b>

1. Our major currencies include US Dollar, Euro, Norwegian Krone, Swedish Krona, Indian Rupee and the Egyptian Pound.

## **New business activity**

The strong organic growth momentum has been maintained throughout the second half. The pipeline of secured net contract gains is now expected to add over £700m to overall revenues compared to 2019, on an annualised basis, representing at least an additional £75m to the £625m reported at our Interim results in May 2023. We expect these units to open over the next two years, with the normal level of pre-opening costs and maturity profile.

## **FY2023 expectations**

Our expectations for FY2023 remain for revenue and EBITDA (underlying pre-IFRS 16) to be at the upper end of the planning assumptions provided at our Preliminary results in December 2022. This would represent full year revenue of c.£3.0bn and EBITDA (underlying pre-IFRS 16) of c.£280m with a corresponding EPS (underlying pre-IFRS 16) towards the lower end of the previously indicated range of 7.0-7.5p. We expect to deliver these results despite the significant strengthening of Sterling against most of our major currencies during the year.

This performance reflects a strong recovery in the EBITDA margin compared to last year notwithstanding the ongoing inflationary pressures on operating costs, which we continue to manage successfully through productivity and pricing initiatives.

## **Medium-term outlook**

While we continue to face into macroeconomic uncertainty and sustained elevated levels of inflation, we believe that demand for travel will remain resilient to pressures on consumer spending and is well set for near and long-term structural growth.

Our strong expected performance in FY2023 underpins our confidence in the delivery of our FY2024 planning assumptions (set out in December 2022 at the prevailing FX rates), including for EBITDA (underlying pre-IFRS 16) to be in the range of £325m - £375m. We note that, reflecting the strengthening of Sterling against most of our major currencies since December 2022, at current FX rates the translation impact would be to reduce FY2024 EBITDA (underlying pre-IFRS 16) by approximately 6% or c.£20m.

Reflecting the strong momentum in the pipeline and the timing of openings, we are now planning for capital expenditure to be in the region of £250m-£300m in the 2024 financial year.

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

“We are enjoying a good finish to the year, and there is real momentum across the business as we enter FY2024. Our focus on higher growth markets such as North America and Asia Pacific, as well as our ongoing efforts to enhance our capabilities and increase efficiencies, is delivering strong results. Looking ahead, we continue to see significant opportunities for SSP to drive growth and returns.”

## **Sustainability update**

In recent months, we have achieved two key sustainability milestones. Firstly, this month, the Science-Based Targets initiative (SBTi) verified our target to reach net-zero greenhouse gas emissions across our value chain (Scopes 1, 2 and 3) by FY2040, from a FY2019 base year. This includes our near- and long-term targets which were found to meet the SBTi's criteria in terms of timeframe, emissions coverage and ambition. Further details can be found on [our website](#) and our targets are listed at [sciencebasedtargets.org/companies-taking-action](https://sciencebasedtargets.org/companies-taking-action).

Secondly, following our significant progress in sustainability reporting and the continued delivery against our strategy, in June 2023, we achieved an MSCI ESG Rating of A, an improvement from our previous rating. Further details can be found at [www.msci.com](https://www.msci.com).

## **Today's conference call**

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 8.00am (UKT) today, and details of how to join can be accessed at <https://webcasts.foodtravelexperts.com/results/preclosetradingupdate2023>

## **2023 full year results announcement**

The Group's results for the year ending 30 September 2023 are expected to be released on 5 December 2023.

**ENDS**

## **CONTACTS**

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## **NOTES TO EDITORS**

### **About SSP**

SSP is a leading operator of food and beverage outlets in travel locations worldwide, with c.37,000 colleagues in over 600 locations across 36 countries. We operate sit-down and quick service restaurants, cafes, lounges and food-led convenience stores, principally in airports and train stations, with a portfolio of more than 550 international, national and local brands. These include our own brands (such as UrbanCrave, which brought the first “street eats” concept to airports in the US and Nippon Ramen, a noodle and dumpling concept in the Asia Pac region) as well as franchise brands (such as M&S, Starbucks and Burger King).

Our purpose is to be the best part of the journey, and this is underpinned by our aim to bring leading brands and innovative concepts to our clients and customers around the world, with an emphasis on great value, taste, quality and service – using digital technology to boost efficiency.

[www.foodtravelexperts.com](http://www.foodtravelexperts.com)