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30 January 2024

Q1 Trading Update

“Strong start to the year with encouraging trading momentum and progress on strategic initiatives”

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 Trading Update for the first three months of its 2024 financial year, covering the period from 1 October 2023 to 31 December 2023.

Group performance

The new financial year has started well with Group sales in the first quarter of £788m, up 21.2% on last year on a constant currency basis. Like-for-like sales growth of 14.3% reflected the further recovery of passenger numbers as well as the strength of our customer proposition and operational execution. Net contract gains of 6.9% were in line with expectations, as we mobilise our extensive secured pipeline, and include a contribution from acquisitions of 2.2%. Since the close of the first quarter, we have continued to see good trading momentum, notwithstanding the impact from industrial action which is expected to persist in both Continental Europe and the UK throughout the second quarter.

Regional performance

We saw robust trading led by leisure travel demand across all regions with the strongest performances continuing to be in North America and APAC & EEME, where we operate with joint venture partners. In North America, sales grew by 30.5% year-on-year, on a constant currency basis, with a strong like-for-like performance, up 10.2%, complemented by net gains of 20.3%, which included a c.10% benefit from the acquisition of the Midfield Concessions business (with the final airport transferring in November 2023). In Continental Europe, sales grew by 13.3% year-on-year, on a constant currency basis, with a particularly strong performance in Spain. In the UK, sales increased by 22.8%, with a strong like-for-like performance, up 17.1%, reflecting good passenger numbers in the air sector and further improvement in rail passenger volumes as commuters continued to return to working in offices, as well as a lower incidence of industrial action compared with last year. In APAC and EEME, sales rose by 25.2% on a constant currency basis, as we saw further improvements in passenger numbers across the Asia Pacific region, most notably in India.

Region	£m	vs Last Year (constant FX rates)			vs Last Year (actual FX rates)
		LFL	Net Gains	Total	
N. America	186	10.2%	20.3%	30.5%	23.5%
C. Europe	282	11.5%	1.8%	13.3%	11.0%
UK & ROI	207	17.1%	5.7%	22.8%	22.7%
APAC & EEME	113	23.4%	1.8%	25.2%	17.3%
Group	788	14.3%	6.9%	21.2%	17.7%

New business activity

Strong organic growth momentum has been maintained into the new financial year. We have continued to make good progress extending and renewing contracts as well as winning new business, including in North America, Thailand and India, to augment our already strong pipeline. As announced in December 2023, we are also further expanding our presence in Saudi Arabia, having signed a new contract with Jeddah Airport to operate three food and beverage packages, representing a total of 26 outlets, for an initial duration of between five and seven years.

In December 2023, we acquired ECG Ventures Limited in Canada, which will complement our current operations at Calgary and Edmonton Airports.

Outlook

While we face into macroeconomic and political uncertainty, we believe that demand for travel will remain resilient and the industry is well set for both short-term and long-term structural growth. The new financial year has started well, with revenue momentum being maintained and inflationary pressures on operating costs being mitigated through our ongoing productivity and pricing initiatives.

As a result of our current trading performance, our expectations for FY24 remain in line with the planning assumptions outlined at our Preliminary Results on 5 December 2023. We continue to plan for like-for-like sales growth for the full year of between 6% and 10%, net contract gains in the region of 5% (with a further contribution of c.2% from acquisitions), underlying EBITDA within the range of £345-£375m and underlying operating profit within the range of £210-235m, all stated on a pre-IFRS 16 basis, at constant currency based on average rates for 2023. The currency impact on these metrics, if current spot rates were to continue through 2024, would be broadly unchanged since our Preliminary Results and would represent a translation impact only.

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

"I am pleased with the good start that SSP has made to the new financial year. There continues to be encouraging momentum in our key growth markets of North America and Asia Pacific and we have also delivered double-digit like-for-like growth in our more established markets of the UK & Ireland and Continental Europe. Global demand for travel continues to grow and we have a strong pipeline of secured new contracts around the world. This, combined with our constantly improving customer proposition and our proven ability to mitigate inflationary pressures, means that we remain confident in our prospects for the balance of FY24 and beyond."

Annual General Meeting

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

2024 Half Year results announcement

The Group's results for the half year ending 31 March 2024 are expected to be released on 21 May 2024.

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.42,000 colleagues in over 600 locations across 36 countries. We operate casual dining and quick service restaurants, cafes, lounges and food-led convenience stores, principally in airports and train stations, with a portfolio of around 550 international, national and local brands. These include many of 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 APAC region) as well as many 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.

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