



# North America: A significant opportunity for growth and returns

Michael Svagdis & Pat Murray

 **SSP** Investor Experience

6.21.2023



# AGENDA

- North American Aviation Industry
- SSP America Overview
- Our Economic Model
- Business Development

# NORTH AMERICA AIR TRAVEL

- **93%** of Travel is Domestic / Business Travel
- **30%** of World's Busiest Airports
- **45%** of World's Aviation Sales



# SIGNIFICANT **STRUCTURAL TAILWINDS**

## STRUCTURAL GROWTH TRENDS IN TRAVEL INDUSTRY

- Air PAX levels in N.A anticipated to be c.30% higher than pre Covid by 2030
- New Air routes announced by N.A airlines including Air Canada, Delta
- Airplane orders returning e.g. United Airlines order of 200 planes worth c.\$43bn to support growth
- US Government investment in airport development projects

**“Recent changes to federal funding programmes in the US are dramatically widening the scope of airport expansion plans throughout the country”**

10 February 2023



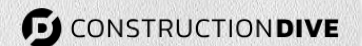
**“JFK Airport’s \$9.5bn redevelopment includes the construction of a terminal with 23 gates, retail space, two concourses, airline lounges [...]”**

13 February 2023

**Airport  
Technology**

**“Airport projects of all sizes and geographies are getting a boost from the Infrastructure Investment and Jobs Act, which designates \$15 billion over five years”**

19 March 2023



# US TRAVEL **CUSTOMER TRENDS**

- ✓ Very high domestic travel
- ✓ Working remotely; Increase in 'bleisure' travel
- ✓ 'Revenge' travel
- ✓ F&B core to travel experience
- ✓ Segment of customers seeking high quality experiences



# **AIRPORT** OWNERSHIP AND GOVERNANCE

## **United States airports** *subject to federal rules and oversight (FAA)*

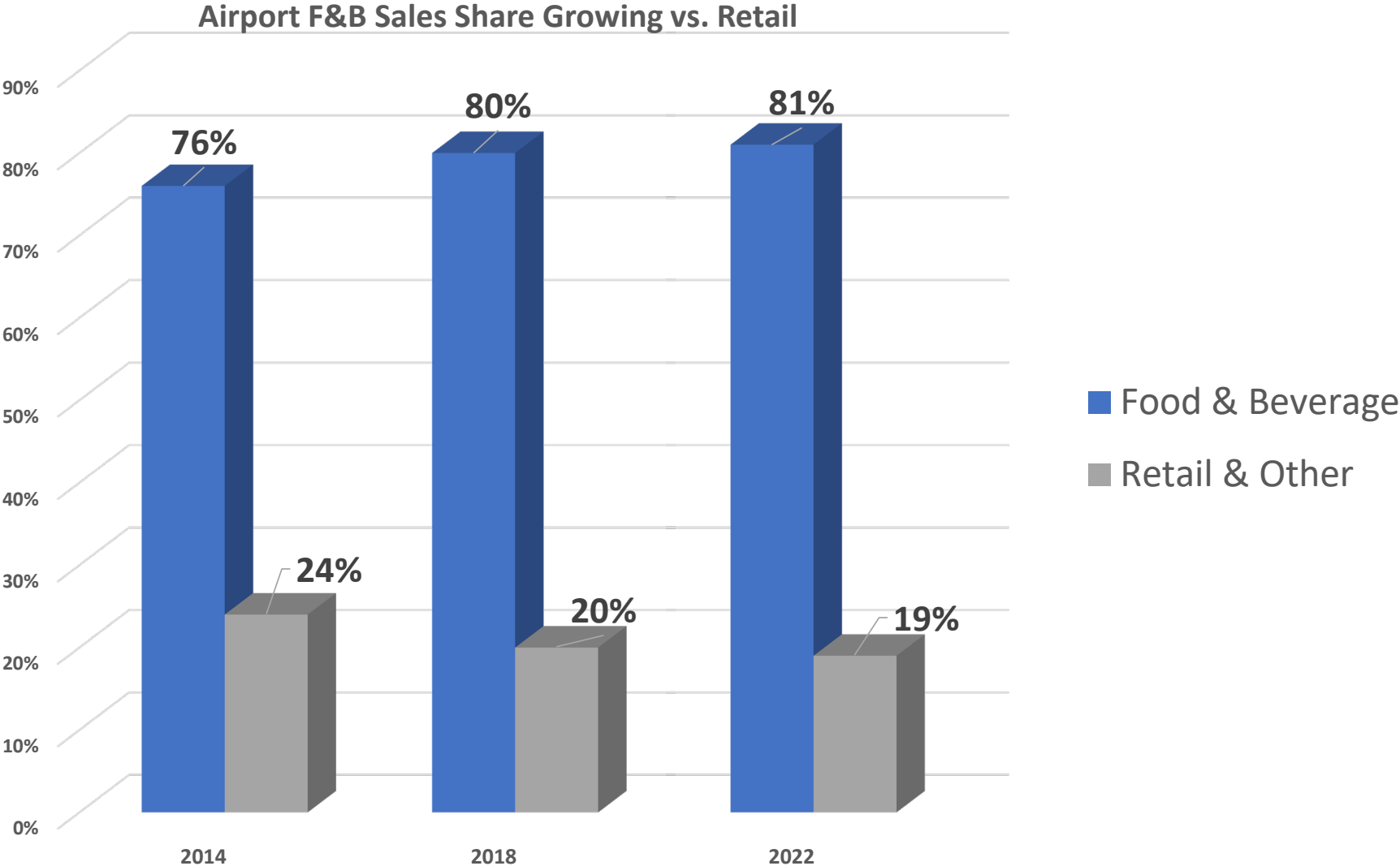
Common airport ownership/stewardship models:

- **City or County** (quite common)
- **State**
- **Port Authority**
- **Regional Authority**

## **Canada Airports**

- Owned by Transport Canada
- Leased to twenty-one privately owned airport authorities as part of National Airport System

# F&B AS A PERCENTAGE OF SALES



# SSP America Overview





# NORTH AMERICAN TEAM



**Michael Svagdis**  
Chief Executive  
Officer



**Pat Murray**  
Deputy Chief  
Executive Officer



**George Mboya**  
Chief Financial  
Officer



**Amanda Busby**  
Chief Operating  
Officer



**Pat Banducci**  
Chief Commercial  
Officer



**Jag Singh**  
General Council



**Sheree Coker**  
Vice President,  
People Development



**Bob Como**  
Vice President,  
Procurement



**Robert Maluso**  
Executive Chef, Vice  
President, Culinary



**Lana Cramer**  
Vice President,  
Brand Strategy &  
Communication

**YEARS AT  
SSP**

**10**

**17**

**8**

**2**

**10**

**10**

**1**

**8**

**10**

**10**

**PREVIOUS  
EMPLOYERS**



**YEARS OF  
EXPERIENCE**

**30+**

**30+**

**30+**

**25+**

**30+**

**25+**

**25+**

**30+**

**25+**

**25+**

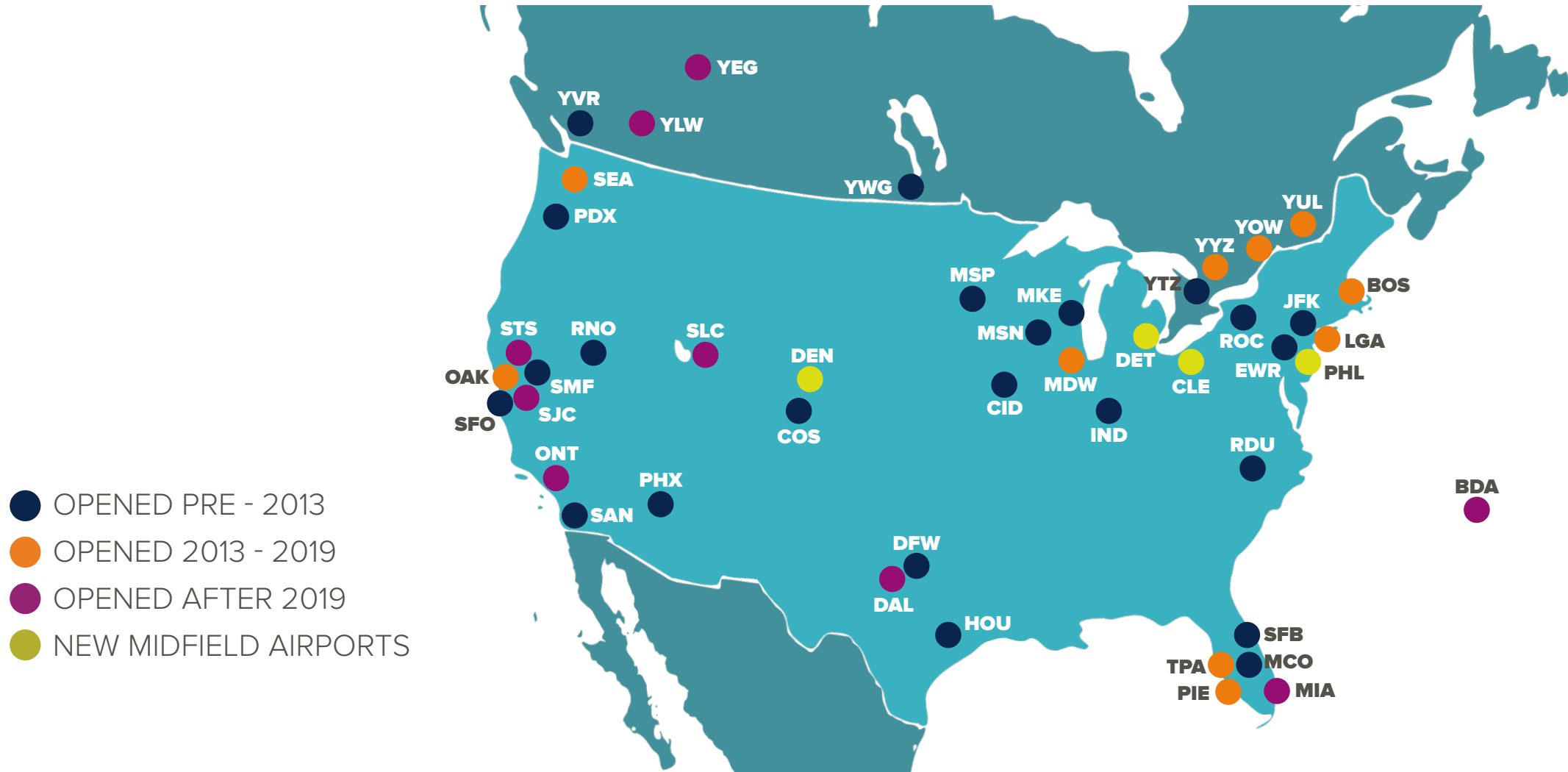
# OUR FOUNDATION: VALUES / PRINCIPLES / PITCH

**Passion**  
for every detail  
**Authentic**  
experiences  
**Service**  
from the heart  
**Sincerity**  
every step of the way  
**Innovation**  
every day  
**Open**  
to new ideas  
**Noble**  
at all times

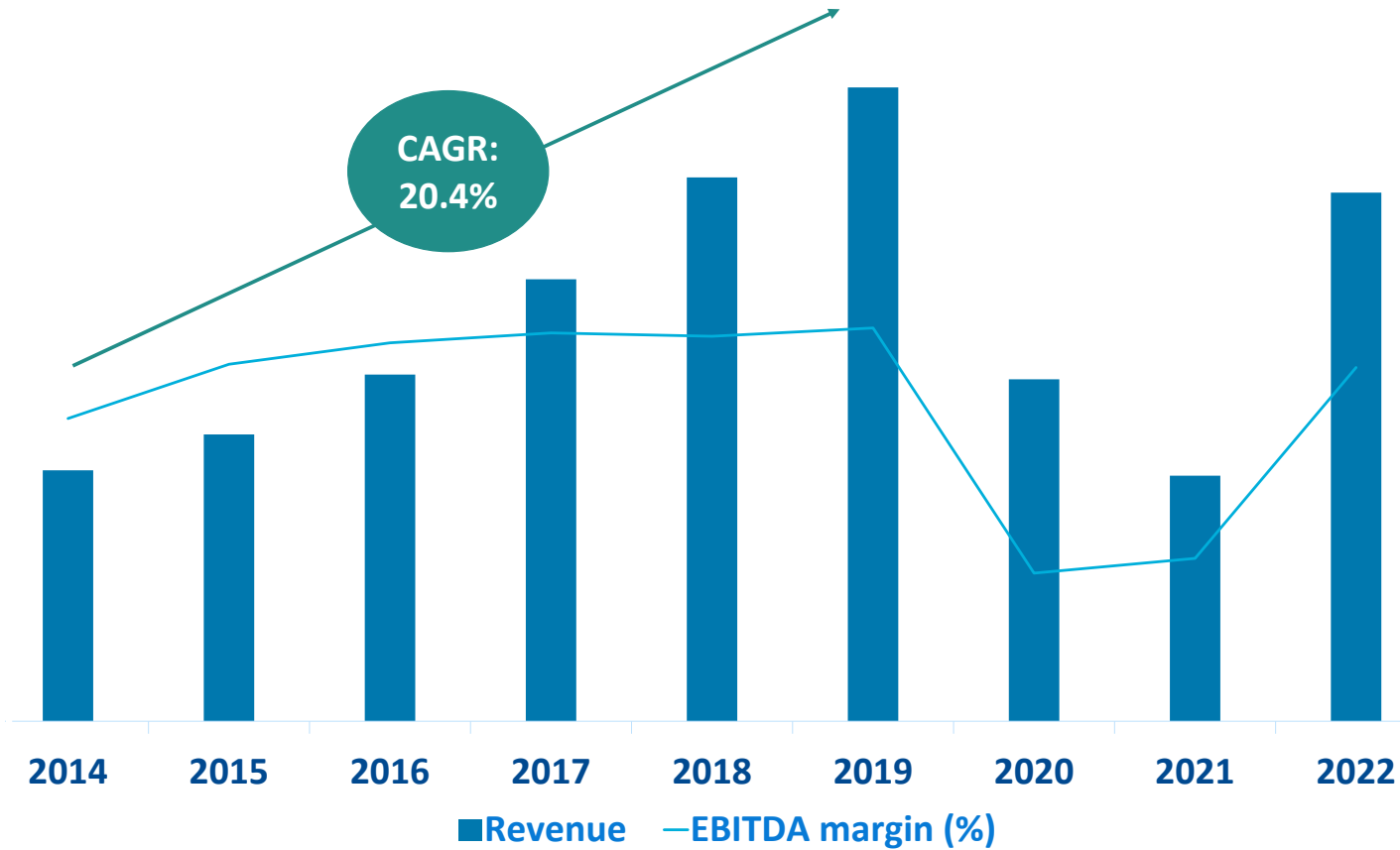
“I’m a food travel expert from SSP America. We’re passionate about bringing cool, authentic restaurants to airports that reflect a taste of place.”



# A DECADE OF GROWTH



# A STRONG TRACK RECORD OF PERFORMANCE

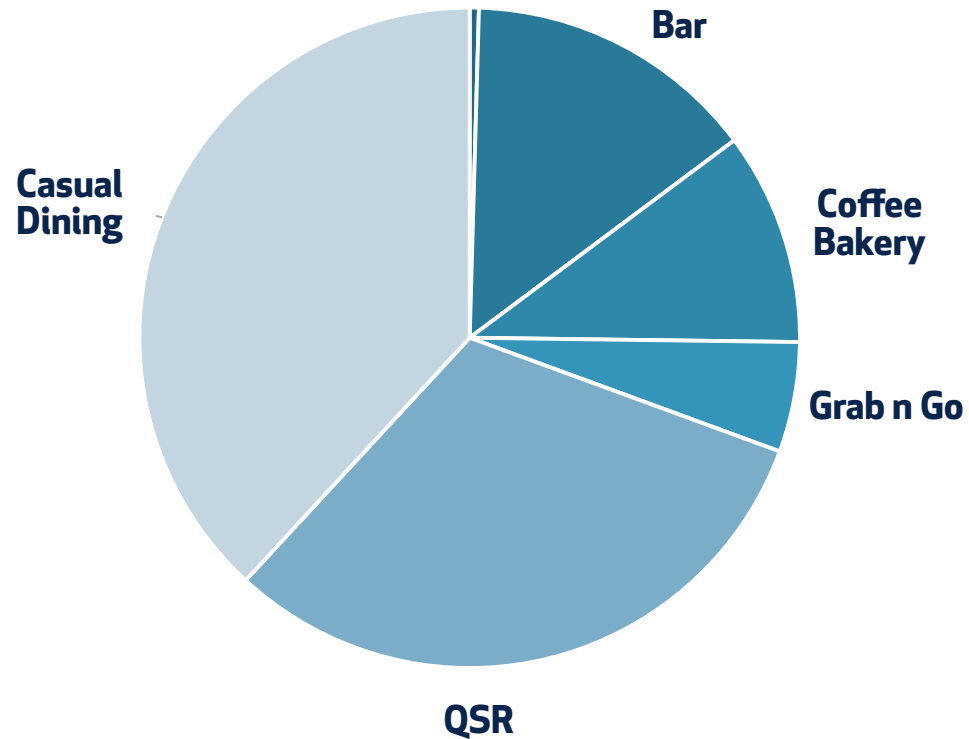


## STRONG TRACK RECORD

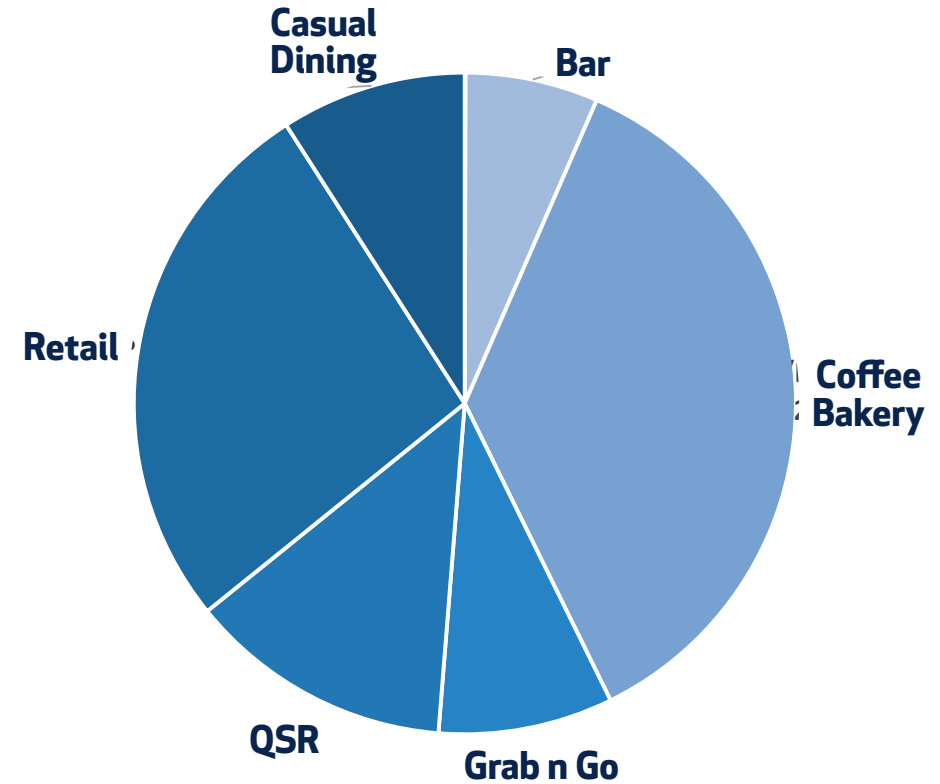
- **Pre-Covid performance:**
  - Revenue CAGR of 20%
  - Mid-single digits industry PAX growth
  - Steady increase in EBITDA margin
- **Post-Covid performance:**
  - Rapid rebuild in revenue
  - Sharp rise in profitability in 2022
  - Strong revenue FY23 H1 performance 127% vs 2019

# A UNIQUE MIX OF FORMATS

## SSP AMERICA

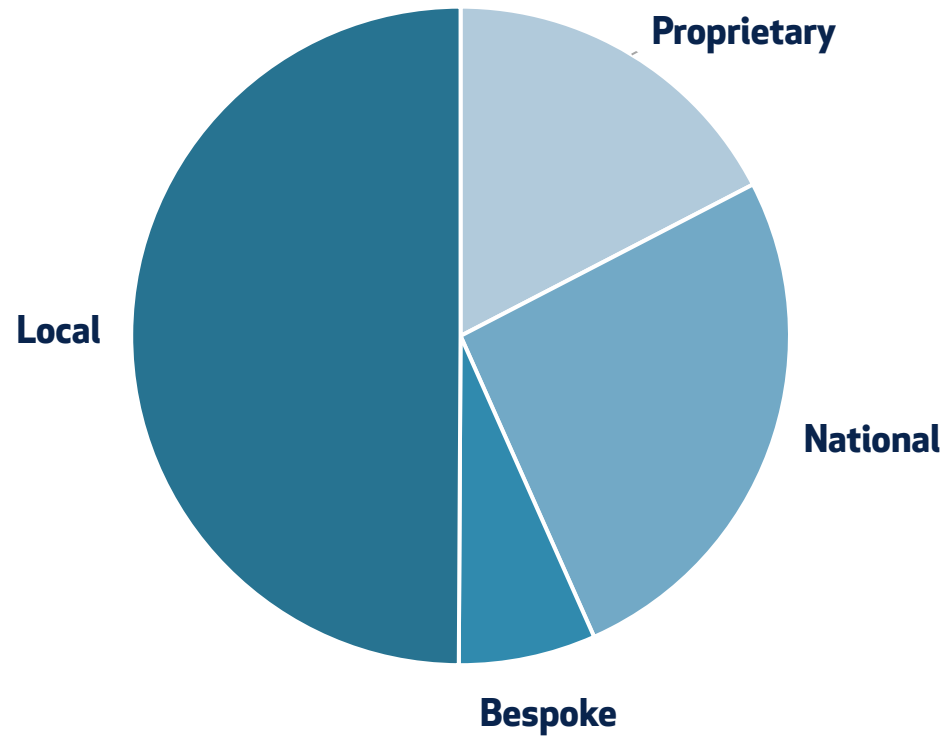


## REST OF SSP GROUP

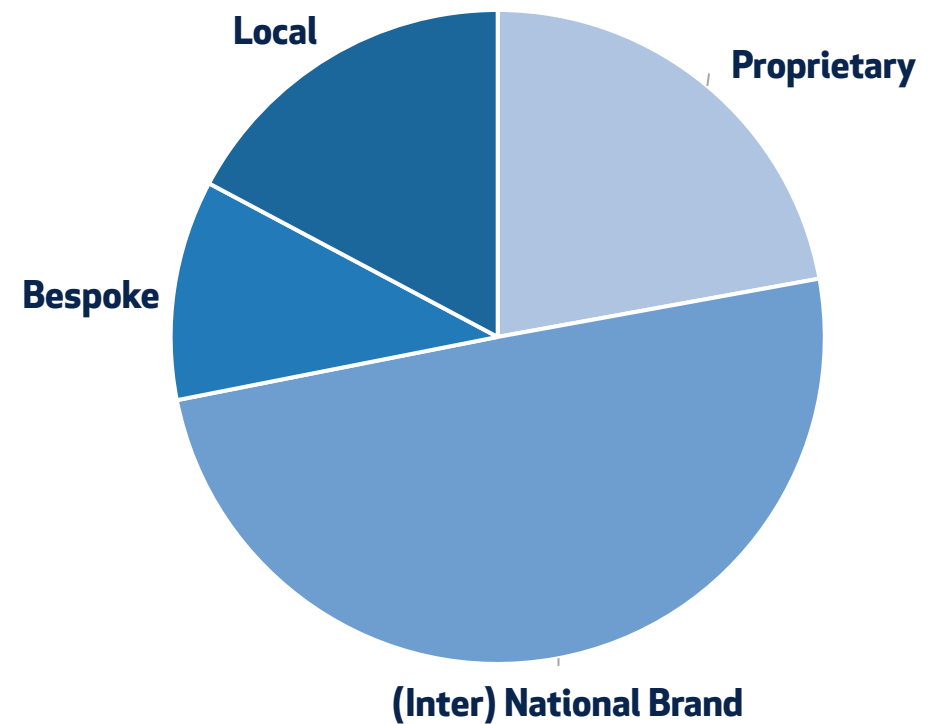


# A UNIQUE **BRAND PROPOSITION**

## **SSP AMERICA**



## REST OF SSP GROUP



# OUR **APPROACH**





## PEOPLE AT THE **CENTER OF OUR SUCCESS**

- Talent acquisition
- Orientation & training
- Employee engagement
- Diversity, Equity & Inclusion
- Talent management
- Employee recognition



# PEOPLE AT THE **CENTER OF OUR SUCCESS**

## TALENT ACQUISITION

**You Belong Here**  
New Wages. Great Benefits.  
Fun Culture.  
**Job Fair**



- Approx. 2,000 team members hired in 12 months
- Regionally organized recruiting teams
- Targeted advertising including geo-targeting and social media ads

## COLLEAGUE ENGAGEMENT



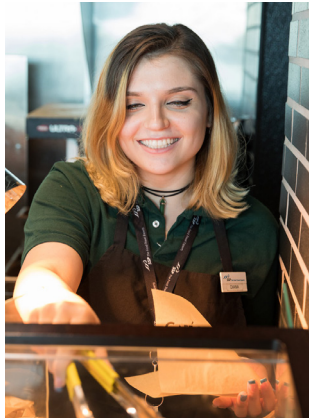
- Engagement survey shows: increase in response rate to 83%; positivity score of 84%
- Targeted action plan and listening tours to address survey feedback

## COLLEAGUE RECOGNITION



- PASSION Summit celebrates colleague achievement across business
- Over 2,400 PASSION Awards granted in 2022

# CAREER DEVELOPMENT PROGRAM





# OUR ECONOMIC MODEL

- Conversion of profit to cash
- Working capital
- Capital expenditure
- Operational investment

- Gross margin optimization
- Variable rent & franchise fees
- Labor/overhead efficiency
- Technology and automation



- Customer insights
- Menu and range
- Format/brand enhancement
- Digital customer solutions

- Contract renewals
- Mobilization of pipeline
- New contract wins
- Disciplined M&A

# SIGNIFICANT MOMENTUM IN DRIVING LIKE-FOR-LIKE GROWTH

**Economic model 1:**  
Like-for-like revenue growth

### CUSTOMER INSIGHTS

- Key customer trends identified:
  - Digital
  - Speed of service
  - Health & sustainability
  - Convenience



### FORMAT AND BRANDS

- Culinary innovation
- New brands
- Local concepts
- New formats e.g. food halls



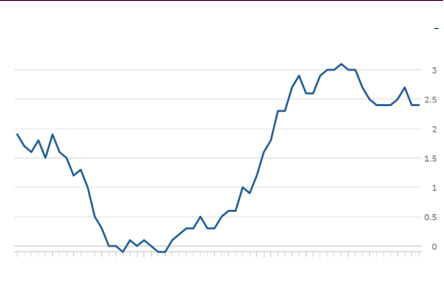
### MENU AND RANGES

- Aligning menus and ranges to meet consumer needs
- Menu engineering



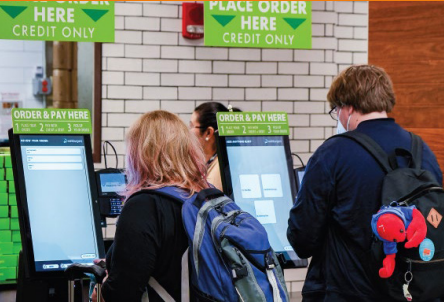
### PRICING

- Price optimization
- Promotional mechanics
- Active inflation management
- Regular reviews and updates



### SERVICE

- New service format
- Expanding digital order & pay
- Seating initiatives

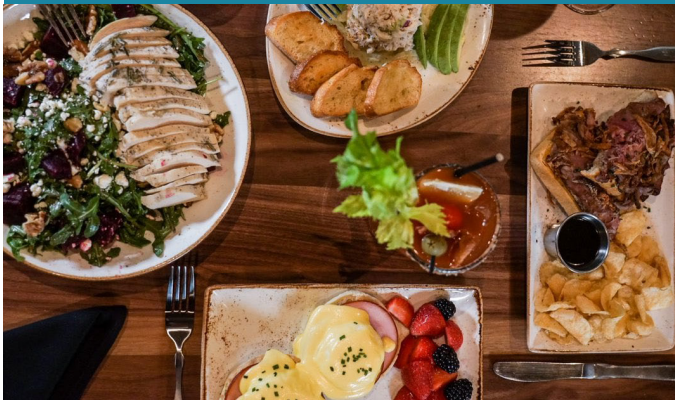


# DRIVING **PROFIT CONVERSION**

## Economic model 3: Profit conversion

**PROCESS: PROJECT PHOENIX 2.0**

- Commercial deep dives to drive ATV and optimize unit performance; focused on top 50
- Includes:
  - Unit design and seating
  - Upgrading breakfast offers
  - Cross product utilization



**GROSS MARGINS**

- Rigorous inflation mitigation and pricing
- Menu optimization
- Procurement
- Production process efficiency
  - Unit design
  - Production equipment/new technology



**LABOR EFFICIENCY**

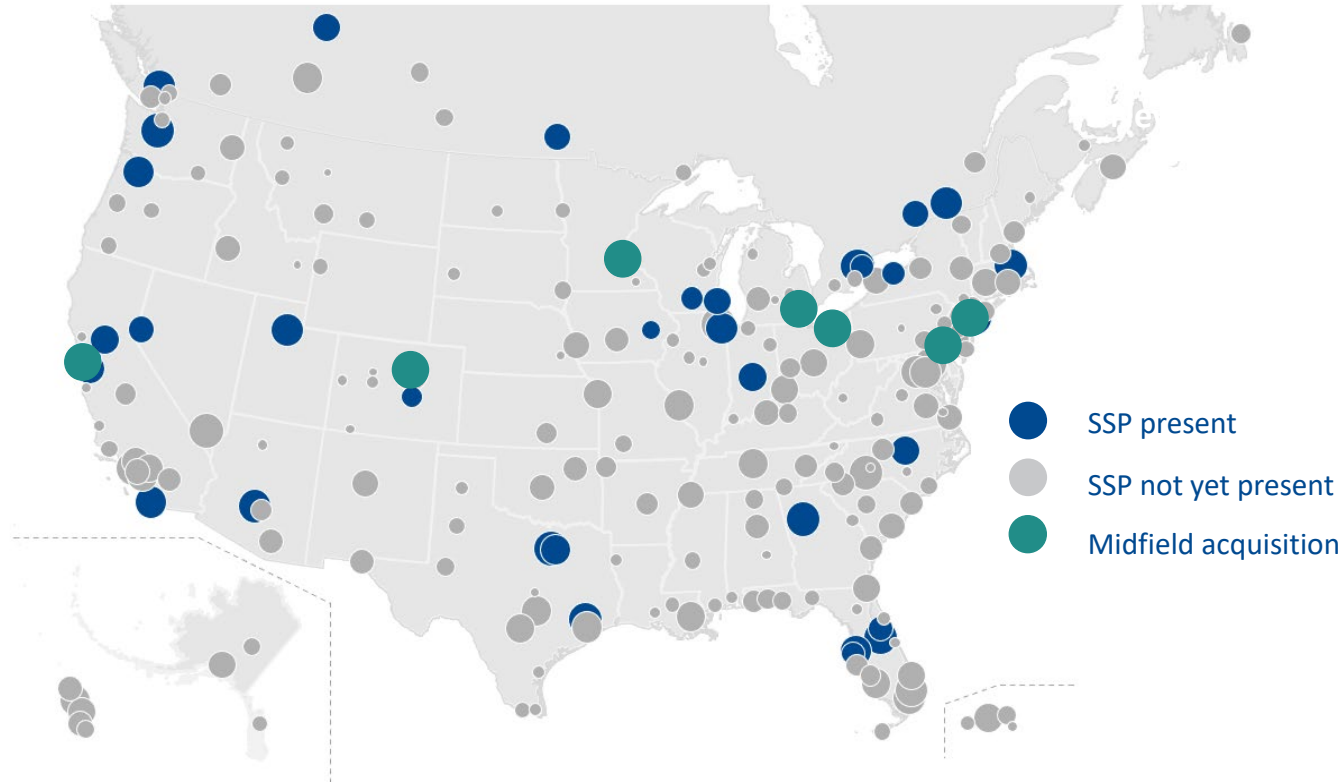
- Labor scheduling
- Digital OAT and kiosks
- Production process efficiency
- Production equipment/ new technology
  - Workforce management



# WELL POSITIONED FOR HIGH GROWTH AND RETURNS IN N. AMERICA

**Economic model 2:**  
New business development

Largest 200 airports in North America by passenger numbers<sup>1</sup>



LARGE STRUCTURALLY GROWING MARKET WITH SIGNIFICANT 'WHITE SPACE'

- ✓ Greater share of existing 34 sites
- ✓ Further penetrate top 80
- ✓ New smaller airports model

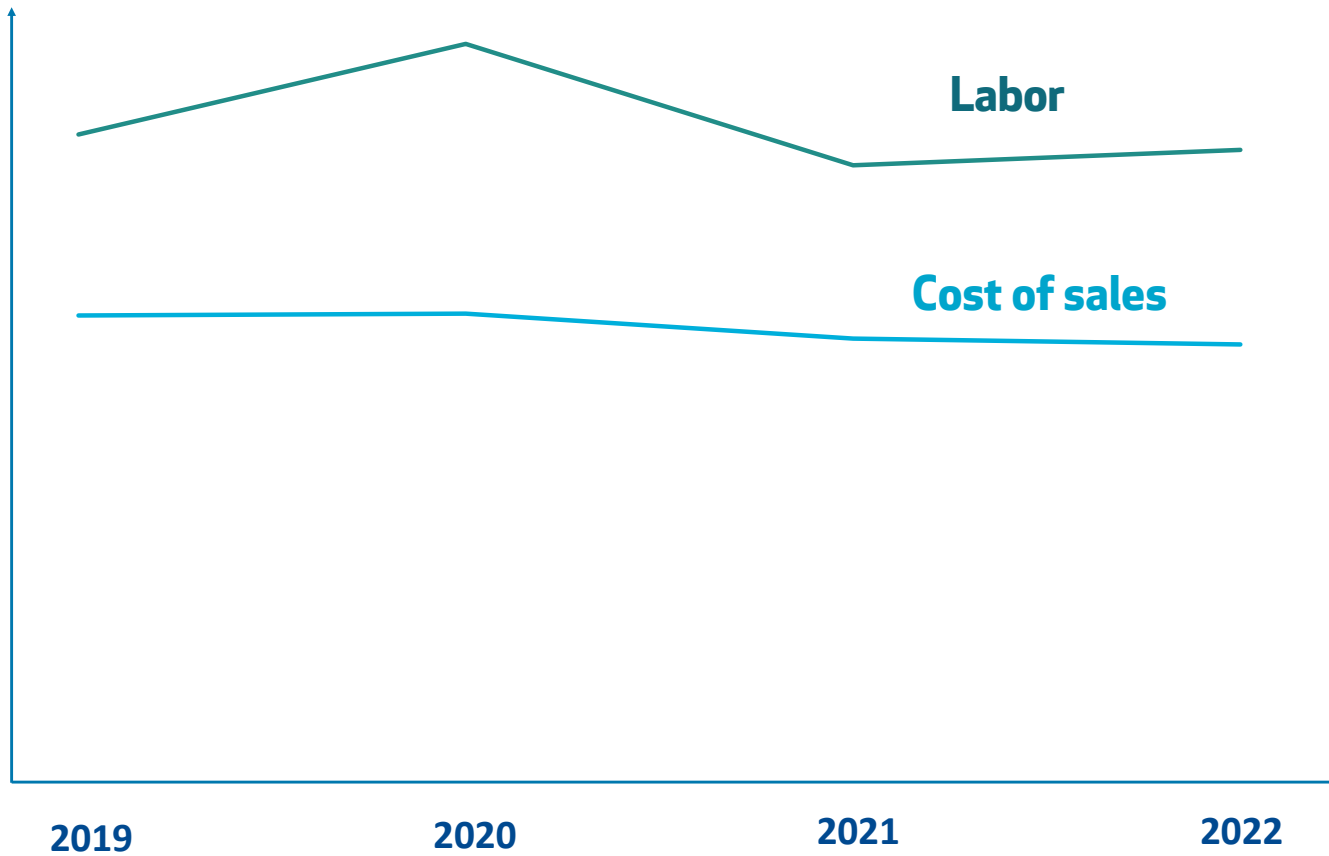
SSP in 34 of top 80 airports<sup>2</sup>; approx. 10% share of \$6bn market<sup>3</sup>

1. Size of bubbles on chart relate to annual passenger numbers  
2. Based on top 80 airports as at 2019  
3. As at 2019

# EFFECTIVE MANAGEMENT OF COST INFLATION

**Economic model 3:**  
Profit conversion

% to sales



## EMERGING FROM COVID WITH A STRONGER OPERATING MODEL

- Cost of sales showing continuous improvement
- Labor percentage reduced since pre-Covid despite inflationary pressures



# RIGOROUS **INVESTMENT PROCESS**

**Economic model 4:**  
Cashflow generation

- **SSP North America Review**
  - Involve North America CEO, CFO, Exec VP for Business Development, Finance Director for Business Development, Chief Commercial Office and Chief Operating Officer
- **Early View with Group Exec Team**
  - Provides an early view of the opportunity
  - Bid process and win criteria
  - Possible concepts and preliminary capex costs
- **GIC Stage 1**
  - Confirm amount for Capital commitment to the airport
  - Confirm concepts and brands
  - Construction timeline and constructions bids review
- **GIC Stage 2**
  - Review of renderings
  - Final accepted construction bids
- **Financials reviewed against internal investment hurdle rates in all stages**

# Business Development

A photograph of a modern bar interior. The bar counter is made of white marble and holds several wine bottles, including one labeled '2011 NV BAC'. There are also wine glasses and a small menu board. The background features a brick wall with shelves of wine bottles and a wooden ladder. Patrons are seated at the bar and at round tables with orange chairs. The lighting is warm and modern, with circular pendant lights. A blue overlay with white text is on the left side of the image.

# SSP WELL-PLACED TO WIN NEW BUSINESS IN GROWING MARKET

**Economic model 2:**  
New business development



**Significant structural growth opportunity**

**SSP has unique proposition for winning new contracts based on:**

- Strong client relationships
- JV partnership model
- Local customer proposition
- Robust operating model

# AIRPORT CONCESSIONS **MANAGEMENT MODELS**

- **Prime Lease / Master Concessionaire**

- 1 primary leaseholder for most of the food & beverage spaces in the airport (sometimes including retail as well)
- Airport staff oversees the prime leaseholder, but the prime generally manages subtenants

- **Multiple-Operator**

- Similar to the Prime Lease model but with additional operators of larger contracts

- **Direct Lease**

- Multiple contracts for single or small packages of spaces administered by the airport authority

- **Developer**

- Leasing is managed by a 3rd party
- Developers are generally free to sublease the spaces through direct offer or by RFP

- **Hybrid**

- One entity bidding to operate all Food, Beverage, Retail and some services

# REQUEST FOR PROPOSALS

## 1. Request for Proposals (RFP)

- Most common way of growing the business by large increments
- Large documents with requirements
- Typically 60–90-day response times
- Proposal are very large and detailed, typically exceed 300 pages
- For new markets, our restaurant brands team will continuously work for up to a year before the RFP release
- Proposal Bonds are required along with the submission
- In-person team presentations to the selection committee are often required
- Average time from RFP release to awarding is approximately 5 months
- Once awarded a contract, the lease negotiations and airport board approval can take another 3 months



# GROWING VALUE

## 1. Lease Extension

- For airports where we already have operations with lease termination date upcoming
- Most cost-effective method of growing the value of the business
- Costs of responding to an RFP are eliminated
- Capital costs are significantly reduced

## 2. Direct Negotiation

- Generally, in airports where SSP is already operating, the landlord may offer additional space
- This is a cost-effective way to incrementally grow our footprint

## 3. Acquisition

- Acquiring an existing operator
- Excellent opportunity in markets where RFP success has been difficult





# MIDFIELD CONCESSIONS **ACQUISITION**

## **40 Additional Units**

### **New Airports**

- Detroit Metropolitan Wayne County
- Denver International
- Philadelphia International
- Cleveland Hopkins International

### **Expansion at Current Airports**

- Minneapolis St Paul International
- San Francisco International
- Newark Liberty International



# EXPERIENCED RESTAURATEURS

FOCUSED ON

Bringing a *'Taste of Place'*  
to Airports

ACROSS THE WESTERN HEMISPHERE



# STRONG JOINT VENTURE PARTNERSHIPS



## Meet Monetta and David

Monetta Sherman is the President of SSP America and David...  
 David...  
 SSP America



... SSP America has a **PASSION** for discovering a taste of place

because every airport has a local culinary story to tell...

... SSP America



# STRONG **JOINT VENTURE PARTNERSHIPS**

- ACDBE program intended to level the playing field for small businesses and communities
- Almost every contract granted by airports contains ACDBE participation goals
- Goals vary by airport based on local demographics; ACDBE compliance overseen by the airport and FAA(National)
- Typical ACDBE goal is approximately 25%; SSP may have multiple partners
- Bring local knowledge, relationships and brands
- Partners contribute their share in funding the initial store build out capital in return for their share of profit

And...

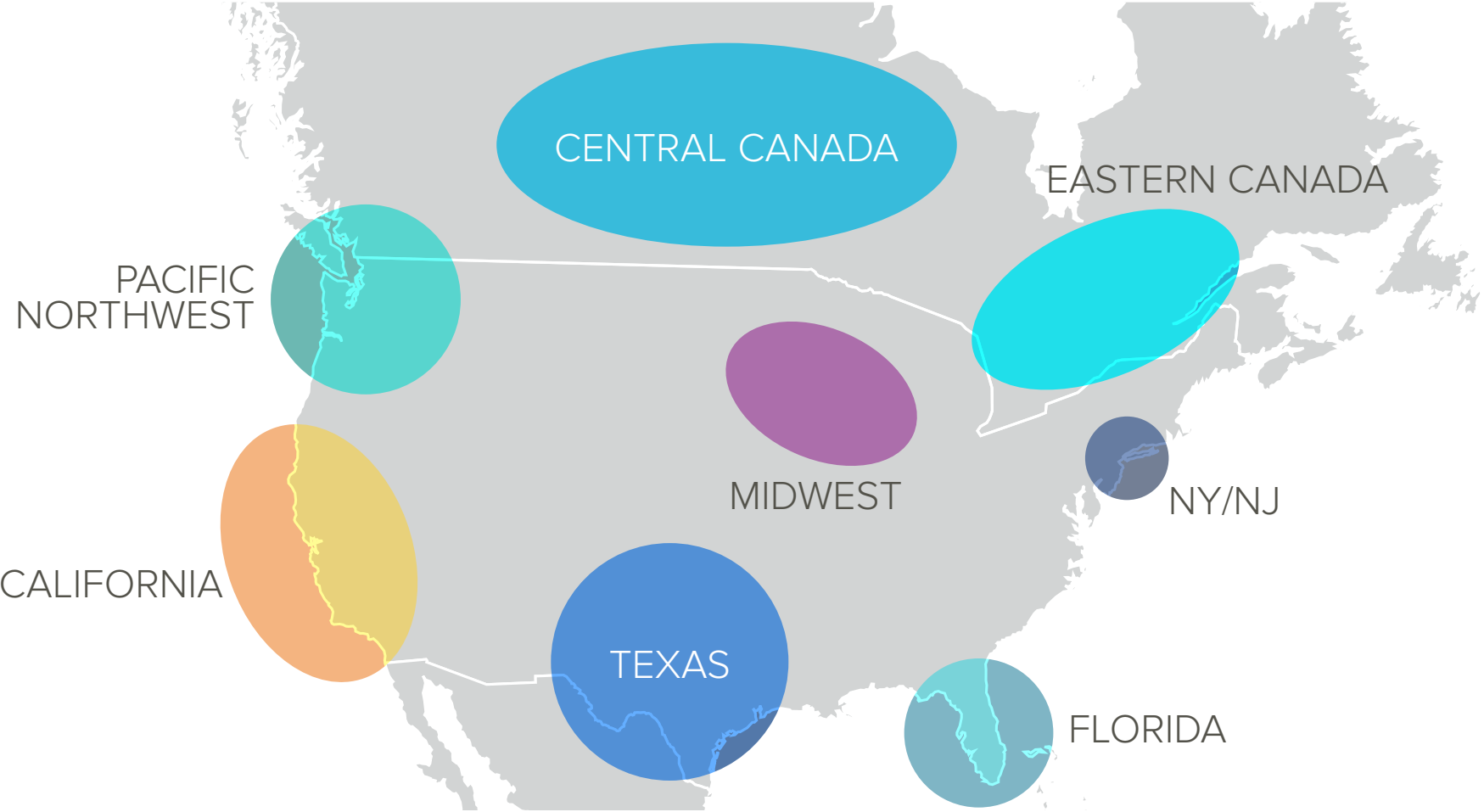
**BUILD  
STRONG  
PROFESSIONAL  
RELATIONSHIPS**  
AND POSITIONING  
OURSELVES  
AS INDUSTRY  
LEADERS



# COMPETITIVE, DYNAMIC MARKETPLACE



# NORTH AMERICA APPROACH





# AMBITION TO **ACCELERATE GROWTH**



Structural growth



Strong track record of performance



Experienced Executive & Business Development team



Unique, local customer proposition



Strong partnerships

Significant opportunity to accelerate growth and grow share

# SSP **SHOWCASES**

- Driving Performance through Menu Optimization, Pricing, and Adult Beverages (Hairdos)
  - Digital Solutions Focused on the Passenger Experience (Fab Four)
  - Driving Sales Through Kitchen Design & Seating Innovation (Constellation B)
- Showcase escorts will lead you from room to room
  - 20-minute presentation, 5-minute Q&A

