



LEI: 213800QGNIWTFMENJ24

21 June 2023

## SSP GROUP PLC

### TRADING UPDATE & INVESTOR EVENT SHOWCASING THE STRATEGY TO DRIVE

#### GROWTH AND RETURNS IN NORTH AMERICA

SSP Group plc (“SSP” or “the Company”), a leading operator of food and beverage outlets in travel locations worldwide, will host an investor and analyst event in New York from 8am EDT (1pm BST) today, providing further detail on our strategy, including an in-depth overview of our North American business. SSP also provides a Trading Update for the first ten weeks of the second half of the financial year, covering the period from 1 April to 11 June 2023.

#### Trading Update

For the first ten weeks of the second half of FY2023, revenue was 110% of 2019 levels. Improving underlying trading momentum following the first six weeks trading as presented at our Interim Results was offset by the impact of foreign exchange rates, particularly in relation to the Euro, and the impact of industrial action affecting UK Rail. 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 strongest performing region remains North America, where revenues were at 123% of 2019 levels, reflecting the growth of domestic air travel and the scale of net gains in the region. As we approach the peak summer trading period, in Continental Europe revenues were at 114%, driven by a strong performance across our Air business and despite being held back by currency movements and industrial action. In the Rest of the World, revenues rose to 115% as we saw further improvements in passenger numbers in Asia led by domestic Air travel. In the UK and Ireland, sales strengthened to 94%, reflecting strong Air sales, despite the impact of ongoing industrial action on the UK Rail sector.

Our strong momentum in extending and renewing contracts as well as winning new business has been maintained in the second half to date.

#### Midfield Concessions Update

The acquisition of the units at six of the seven Midfield Concessions airports is now complete, which is slightly earlier than originally anticipated. In the FY2023 financial year, the Midfield Concessions business will now deliver a modest level of sales benefit with the underlying operating profit benefit broadly offset by acquisition and integration costs.

#### Investor Event

At today's event there will be presentations from the Group and North American executive teams, followed by a tour of Terminal 4 at John F. Kennedy International Airport.

Patrick Coveney, Group CEO, and Jonathan Davies, Deputy CEO and CFO, will describe how SSP's economic model will deliver long-term sustainable value for shareholders through accelerated revenue growth, profit conversion, cash generation and capital allocation. Our North American team,

led by regional CEO Michael Svagdis, will detail the positive industry outlook for the region and outline why we believe SSP America is well-placed to accelerate our growth in this market. The event will also set out how SSP's business model and capabilities, including digital, automation and menu engineering, are driving stronger sales and profit performance.

We will outline a medium-term financial framework for sustainable growth, highlighting:

- Stronger sales growth resulting from our pivot to structurally higher growth markets (principally N. America and Asia Pacific) and an increasing level of investment in net new contract wins in these regions
- Sustainable operating margin enhancement benefitting from operating leverage (driven by revenue growth) in addition to our re-vitalised efficiency programme and pricing initiatives mitigating inflationary cost pressures
- Sustainable medium-term earnings growth driven by strong operating profit growth, with minorities continuing to grow in line with revenue growth in countries with JV partnerships
- Capital investment funded from operating cashflow, underpinned by high returns on capital projects, with 3-4 year discounted cashflow paybacks, in line with historical performance
- Balance sheet deleveraging, the pace of which will be determined by the scale of new business investment
- Anticipation of the re-instatement of the ordinary dividend with a target payout ratio of c.30-40% and surplus cash returned to shareholders in line with our capital allocation framework

Copies of the materials from today's event will be available on our website at [www.foodtravelexperts.com/investors](http://www.foodtravelexperts.com/investors).

## **Outlook**

With the earlier than anticipated completion of the acquisition of the Midfield Concessions business and the continuation of strong trading momentum, our expectation remains for revenue and EBITDA (underlying pre-IFRS 16) to be at the upper end of the range of c.£2.9bn-£3.0bn and c.£250m-£280m respectively for FY2023, and for a corresponding EPS (underlying pre-IFRS 16) in the range of 7.0-7.5p. We are also increasingly confident in the delivery of our planning assumptions for FY2024, namely revenues in the region of £3.2-3.4bn, with a corresponding EBITDA (underlying pre-IFRS 16) in the region of £325-£375m.

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

*"We are pleased to report that the strong momentum across our business has continued into the second half of the year. The strongest regional revenue performance continues to be in North America, reflecting both the growth in domestic air travel as well as the scale of our net gains in the region.*

*Our acquisition of the Midfield Concessions business in the USA, which includes 40 units across seven airports, has now largely completed, adding to our excitement about the prospects for our North American business. We look forward to sharing that excitement with investors and analysts at today's event in New York and, more broadly, to providing further detail on our plans to deliver long-term sustainable growth for all of our stakeholders."*

## **Reporting dates**

SSP expects to provide an FY2023 pre-close Trading Update at the end of September.

## **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, Nippon Ramen, a noodle and dumpling concept in the Asia Pac region, and Juniper, a premium bar in the UK) 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)