

SSP Group issues trading update for first four months of 2023 financial year



The revenue performance has been driven by a further recovery in passenger numbers, notes the report

[SSP Group](#) has issued a trading update for the first four months of its 2023 financial year, covering the period from October 1, 2022 to January 31, 2023.

According to a news release, the new financial year started well with Group sales of £871 million (US\$1.04 billion) representing a strengthening of performance to 103% of 2019 levels and with revenues tracking above 2019 levels in North America, Continental Europe and the Rest of the World. "This revenue performance includes the benefit from net contract gains as we accelerate the mobilization of our significant pipeline, in addition to price increases compared to the same period in 2019," notes the release.

The revenue performance has been driven by a further recovery in passenger numbers, led by strong leisure travel demand over the extended holiday season. This momentum continued through the fall and into the winter, demonstrating a resilience to the broader pressures on consumer spending. Business and commuter travel also continued to recover, albeit at a slower pace.

"We have continued to make progress extending and renewing contracts as well as winning new business, including in North America as well as in India, Malaysia and Thailand, to augment our strong pipeline. Approximately two thirds of sales from net new business openings in our secured pipeline are expected to come from the North America and Rest of World regions," notes the release.

Regional Performance

In North America, the strong revenue growth reflected the ongoing recovery in domestic air travel, despite the impact of flight cancellations and weather-related disruption in December and January. In Continental Europe, most markets performed well, boosted by an extended holiday season which stretched into the autumn, across both the Air and Rail sectors. In the Rest of the World, revenues continued to recover well, including an exceptional performance in India, where revenues in our joint venture (TFS) more than doubled year-on-year. Australia, Thailand and the Middle East also performed particularly well. Since the re-opening of the Chinese borders in early January, passenger numbers in China and Hong Kong have now started to recover, albeit from very low levels. In the UK, the overall sales performance reflected both the seasonally higher weighting of rail within the business and the impact of an increased frequency of industrial action across the rail network during December and January. However, the UK Air business maintained its strong momentum.

Sustainability

"We published our first Sustainability Report in January of this year, outlining our strategy, which

focuses on three priority areas: serving our customers responsibly, protecting our environment, and supporting our colleagues and communities. We have set clear and measurable targets to 2025, as well as a wider ambition to achieve net zero carbon emissions (Scopes 1, 2 and 3) by 2040. We have already made significant progress, for example on eliminating unnecessary single use plastic from around 80% of our own brand packaging and reducing our direct Scope 1 and 2 emissions by 36% from our 2019 baseline. We have now mapped our Scope 3 value chain emissions and submitted our roadmap to achieve net zero emissions by 2040 to the Science-Based Targets Initiative. We are seeking to take an industry-leading position in this area and are developing a “climate-smart” food agenda to reduce the emissions associated with the food and beverages we serve, which represent 78% of our total carbon footprint."

Outlook

"Whilst we continue to face macroeconomic uncertainty, we believe that the travel food and beverage sector will remain structurally resilient to pressures on consumer spending and that our global footprint, with rising exposure to the North American and Asia Pacific regions, will deliver sustained growth. The new financial year has started well as we have maintained revenue momentum and have actively mitigated inflationary pressures to deliver a strong conversion of sales to profitability.

Despite the impact of industrial action in the UK rail network, strong trading across our other regions means our performance remains on track against the planning assumptions outlined for 2023 at our Preliminary Results on December 6, 2022, namely for revenues to be in the region of £2.9 to 3 billion (US\$3.5 to 3.6 billion). As previously reported, these planning assumptions included a contribution from our pipeline of new outlets which, once fully mobilized, will add approximately £550 million (US\$659 million) to revenues by 2025, compared to 2019."

Patrick Coveney, CEO of SSP Group, said, "The strong momentum in performance that we saw across the business in the second half of last year has continued into the new financial year, demonstrating the high quality of our business model. We are making excellent progress against our strategic ambitions and are on track to deliver against the planning assumptions we set at the beginning of the financial year.

We have headroom for further growth and returns in multiple markets across the world. In particular, we see significant momentum and potential to accelerate expansion across the North America and Rest of World markets where revenues are now growing rapidly and which together are expected to account for approximately 40% of the Group by 2025. In addition to this we continue to expand in a targeted way in the UK, Europe and the Middle East.

The long-term structural growth in the air and rail travel sectors and the ongoing demand from clients and customers around the world for our brands and food concepts leave us well-placed to create significant value for shareholders for many years ahead. I would like to thank our colleagues, clients and brand partners across the world for the enormous contribution that they make to SSP each and every day."

Investor and analyst event: SSP America

An event for investors and analysts to showcase SSP's North American business will be held on June 21, 2023 in New York. Access to the event will be by invitation only, with more details to follow in due course. Investors and analysts are able to register their interest by e-mailing InvestorEvent@ssp-

intl.com.

Investor and analyst briefing: ESG

A briefing for investors and analysts on SSP's Sustainability Strategy will be held on April 18, 2023, at their offices in London. Access to the briefing will be by invitation only, with more details to follow in due course. Investors and analysts are able to register their interest by e-mailing InvestorEvent@ssp-intl.com.