

SSP Group shows resilience in a challenging market

SSP Group has announced its financial results for the first half of its 2021 financial year, covering the six months and ending on March 31, 2021. SSP Group has delivered a resilient performance in a challenging market, materially strengthening its balance sheet and continuing to demonstrate tight control over its operating costs and cash usage. SSP is in a strong position to benefit from the expected recovery of the travel market over the medium term.

Financial overview:

- Revenue of £256.7m: down 78.8% at constant currency; down 78.9% at actual exchange rates
- Like-for-like sales down 79.0%: heavily impacted by COVID-19, with material reductions in passenger numbers seen across all travel markets
- Operating loss of £219.9m on a reported basis under IFRS 16 including credit for non-underlying items of £6.7m (2020: £6.7m operating loss including charge for non-underlying items of £0.9m)
 - On a pre-IFRS 16 basis, the underlying operating loss was £160.7m (2020: £1.3m profit)
- Loss before tax of £299.7m on a reported basis under IFRS 16 (2020: £34.3m loss)
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- Basic loss per share of 48.6 pence on a reported basis under IFRS 16 (2020: Basic loss per share of 8.0 pence)
 - On a pre-IFRS 16 basis, underlying basic loss per share of 30.0 pence (2020: underlying basic loss per share of 4.0 pence)
- Financial position has been strengthened significantly following the Rights Issue in April 2021, alongside the extension of its main bank facilities until January 2024 – plus, the waiver and amendment of covenants for both the main bank facilities and US private placement notes
- Resilient first half performance, despite H1 sales down 79% vs. 2019
- Underlying pre-IFRS 16 operating profit conversion c. 22% on the reduced sales compared to 2019, better than previously indicated expectations of c. 25%
- Free cash outflow of £140.9m, averaging around £23m per month, below the previously indicated range of £25m - £30m
- Gradual recovery of passenger numbers and demand, led by domestic and leisure travel, notably in the UK and USA
- A further 250 units re-opened since end of H1 taking total of trading outlets to c. 1,150 currently; if this trend continues, SSP Group expects to have 1,200 – 1,500 units open over the summer
- Significant amount of business development activity, in addition to our substantial pipeline of contracts that have been confirmed, but not yet opened

Business highlights:

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Recent Trading and Outlook:

Since the end of March, when sales were down approximately 78% compared to 2019, we have seen some improvement in trading. This has been driven by the gradual easing of restrictions in the UK in recent weeks, coupled with improving passenger numbers, particularly in North America, with the successful rollout of vaccination programs.

However, we have seen the impact of renewed travel restrictions in our Rest of the World division, most notably in India and Thailand. Currently, sales are down approximately 70% against 2019 and for the third quarter as a whole, we expect them to be down approximately 75% against 2019.

While the short-term outlook remains highly uncertain, we remain positive about a further upturn in both domestic and leisure travel across the remainder of the current financial year. We anticipate that the profit conversion on the lower sales, compared with pre-COVID levels, will continue to be in the region of 25% during the second half of the financial year.

“Despite the challenging trading conditions SSP has continued to deliver strong operational and cash control. Our teams have continued to give their utmost during this period and I would like to thank them for their commitment and dedication.

“The recovery in domestic and leisure travel has now begun in a number of our territories and our teams are busy re-opening units in line with passenger demand.

“Over the past year we have strengthened our competitive advantages and created a more flexible operating model. We have a strong balance sheet and can see many opportunities to accelerate growth as the market recovers and to deliver sustainable growth for the benefit of all our stakeholders,” says Simon Smith, CEO, SSP Group.