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6 December 2022

SSP GROUP PLC

Results for year ended 30 September 2022

Strong recovery and return to operating profit for the year

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for the year ended 30 September 2022. A rapid recovery in passenger demand through the year and disciplined cost management has resulted in SSP delivering a strong set of results. We remain well-positioned to benefit from the continued recovery and further growth of the global travel market over the medium-term.

Financial Overview:

- Revenue of £2,185.4m (2021: £834.2m), up 162.0% vs 2021 (back to 78% of 2019 level, i.e. pre Covid-19)
- Underlying[1] EBITDA[2] of £142.0m compared to an underlying EBITDA loss of £108.3m in 2021 (both on a pre-IFRS 16 basis[3])
- Operating profit of £91.5m on a reported basis under IFRS 16, including credit for non-underlying items of £59.8m (2021: £309.2m loss on a reported basis under IFRS 16, including credit for non-underlying items of £14.1m). On a pre-IFRS 16 basis[3], the underlying operating profit[1] was £30.3m (2021: £209.0m loss)
- Profit before tax of £25.2m on a reported basis under IFRS 16 (2021: £411.2m loss). On a pre-IFRS 16 basis[3], the underlying loss[1] before tax was £6.7m (2021: £251.0m loss)
- Basic loss per share of 1.3 pence on a reported basis under IFRS 16 (2021: basic loss per share of 51.3 pence). On a pre-IFRS 16 basis[3], underlying basic loss per share[1] of 4.5 pence (2021: underlying basic loss per share of 31.9 pence)
- Free cash inflow of £52.0m (2021: outflow of £58.1m), after £148.9m capital investment, primarily for new unit openings[4]
- Net debt of £1,150.7m, which includes lease liabilities of £854.6m. On a pre-IFRS 16 basis[3], net debt[5] of £296.5m, down from £308.0m at 30 September 2021, leaving leverage at 2.1x Net Debt:EBITDA[2]
- Liquidity position strong, with cash and undrawn facilities of £708.2m[6] at the end of September 2022

Business Highlights

- Strong recovery in revenue from 64% of 2019 levels in H1 to 90% of 2019 levels in H2; further strengthening in the first eight weeks of the new financial year to 104% of 2019 levels. The recovery in passenger numbers has been led by strong leisure travel demand over the summer holiday season, which has continued well into the autumn
- Disciplined approach in re-opening of nearly all our units whilst managing industry wide challenges including low labour availability, inflation and supply chain constraints
- The recovery in revenue combined with the benefit of operating leverage, our ongoing management of inflationary pressures and a continued focus on operating efficiency has enabled us to deliver £127.3m EBITDA in H2, taking full year EBITDA to £142.0m (both on a pre-IFRS 16 basis)
- Free cash flow of £82.9m in H2, including a significant working capital inflow as sales recovered, resulting in full year cash generation of £52.0m
- A strengthened balance sheet position with Net Debt of £296.5m and leverage (Net Debt:EBITDA) of 2.1x; significant available liquidity of over £700m
- High level of contract retention maintained, underpinned by the strength of our operational performance, client relationships and brand portfolio
- New business pipeline continues to be mobilised at pace, with the opening programme expected to accelerate into the current financial year, increasing capital expenditure to c£250m in 2023
- Further new business won in H2, increasing the expected annual sales value of net gains since 2019 to c.£550m, once fully mobilised by 2025
- A clear growth strategy to further strengthen our market-leading positions in food travel markets globally, based on our key priorities: the delivery of leading customer propositions, a focus on skilled and engaged colleagues, and driving growth and returns through our proven economic model. These are underpinned by embedding sustainability throughout the business
- Well-placed to succeed in a challenging macroeconomic environment due to traveller resilience, our geographic diversification, flexible cost base, strong balance sheet and available liquidity

Recent Trading and Outlook

Continued momentum in recent trading

The continued improvement in our trading performance in recent months has been encouraging and has been driven by a further recovery of passenger numbers. The recovery is being led by domestic and leisure travel across both the Air and Rail sectors, with business and commuter travel also recovering, albeit more slowly.

The new financial year has started well with sales strengthening further to an average of 104% of 2019 levels in the first eight weeks, including 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 and price increases compared to the same period in 2019. In North America, revenues are now at 131%, reflecting the ongoing recovery in domestic air travel and the strength of net gains. In Continental Europe, revenues are at 108%, with most markets performing strongly, boosted by an extended holiday season which has helped both the Air and Rail sectors. In the Rest of the World, revenues are at 106% and continuing to recover well, with strong performances in India, Australia, Thailand and Egypt partially offset

by the impact of very low passenger numbers in China and Hong Kong. In the UK, sales are at 84% reflecting the higher rail to air mix of business, with the rail sector recovering more slowly.

Further medium term recovery anticipated

Whilst we continue to face into a high level of macroeconomic uncertainty and ongoing cost inflation and labour availability challenges, we believe that the travel food and beverage sector will remain structurally resilient to pressures on consumer spending and that our flexible business model will enable us to actively manage and mitigate these impacts and to deliver further improvements in profitability as the travel sector recovers.

As we look ahead to our 2023 and 2024 financial years, based on the current pace of the recovery of the travel sector, we are planning for a recovery in passenger numbers to between 85% and 90% of 2019 levels in 2023, and between 90% and 95% in 2024. Revenues are expected to include the effect of accumulated inflation between 2019 and 2023 of c.12% and between 2019 and 2024 of c.14%. In addition to this, we expect a benefit from net new contracts as we mobilise our secured pipeline. The overall pipeline of secured net contract gains is currently expected to add c.£550m to annualised revenue by 2025 (compared with 2019), when fully mobilised. Based on our planned opening programme, the pipeline will contribute cumulative net contract gains of c £200m in 2023 and £350-400m in 2024 (compared with 2019).

In total, we are planning for revenues to be in the region of £2.9-3.0bn in 2023 and in the region of £3.2-3.4bn in 2024, with a corresponding EBITDA (pre IFRS 16) in the region of £250-£280m in 2023 and £325-£375m in 2024.

These planning scenarios are consistent with our previous expectations for the like-for-like business to return to broadly pre-Covid levels of EBITDA (on a pre-IFRS 16 basis) by 2024. The additional revenues from our secured pipeline are planned to contribute incremental EBITDA, albeit the contribution will, as normal, initially include the impact of maturity and pre-opening costs.

Our priorities for the use of capital and the delivery of returns to shareholders remain unchanged, which are to focus on organic investment opportunities, where we can deliver high returns on investment, typically with 3–4 year discounted paybacks, and value creating infill acquisition opportunities. As our revenues and profits recover, we expect to reduce balance sheet leverage, benefitting from the normal cash generative nature of our business model. We are committed to returning to our medium-term leverage target range of 1.5 – 2.0x (Net Debt:EBITDA, on a pre-IFRS 16 basis). The Board recognises the importance of dividends and other capital returns to shareholders and, given current planning assumptions, would anticipate the resumption of ordinary dividend payments, beginning with a payment in respect of the 2023 financial year.

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

"This has been a year of strong recovery for SSP, with momentum building strongly through the second half and into our new financial year. Group revenues are now tracking at 104% of 2019 levels, and as revenues have recovered we have delivered good profits and robust cash flows.

SSP is a fabulous business with strong foundations on which to build. The global air and rail travel sectors are set up for long-term structural growth, consumer demand for quality food offerings in travel locations remains strong, and we have significant head room for growth in multiple markets across the world. In particular, we see significant potential for further expansion in North America - a $6bn market in which we currently only have a 10% market share. North America is central to our growth plans, and we envisage it becoming a much bigger part of the Group over the next few years. We are also rapidly building our presence in selected Asia-Pacific markets and continue to expand in a targeted way in the UK, Europe and the Middle East.

As we finish 2022, I would especially like to thank our outstanding colleagues across the world for the enormous contribution that they make to SSP each and every day. The quality of our people, the resilience of our business model, the support of our client, brand and supply partners, and the structural growth in travel demand mean that, despite the current macroeconomic uncertainty, we remain confident in the future growth and returns prospects for SSP."

Financial highlights:

	IFRS 16 2022 £m	IFRS 16 2021 £m
Revenue	**2,185.4**	**834.2**
Revenue change (%)		
- vs 2021	**162.0%**	**N/A**
- vs 2019	**(21.8%)**	**(70.1%)**
Underlying operating profit/(loss)[1]	**31.7**	**(323.3)**
Underlying loss before tax[1]	**(43.2)**	**(393.1)**
Underlying loss per share (p)[1]	**(7.7)**	**(46.5)**
Net debt[5]	**(1,150.7)**	**(1,480.4)**

	Pre-IFRS 16[3] 2022 £m	Pre-IFRS 16[3] 2021 £m
Underlying operating profit/(loss)[1]	**30.3**	**(209.0)**
Underlying loss before tax[1]	**(6.7)**	**(251.0)**
Underlying loss per share (p)[1]	**(4.5)**	**(31.9)**
Net debt[5]	**(296.5)**	**(308.0)**

Statutory reported results:

The table below summarises the Group's statutory reported results (where the financial highlights above are adjusted).

	2022 £m	2021 £m
Revenue	**2,185.4**	**834.2**
Operating profit/(loss)	**91.5**	**(309.2)**
Profit/(loss) before tax	**25.2**	**(411.2)**
Loss per share (p)	**(1.3)**	**(51.3)**
Net debt[5]	**(1,150.7)**	**(1,480.4)**

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[1] Stated on an underlying basis, which excludes non-underlying items as further explained in the section on Alternative Performance Measures (APMs) on pages 21-24.

[2] Underlying EBITDA (on a pre-IFRS 16 basis) is the underlying pre-IFRS 16 operating profit/(loss) excluding depreciation and amortisation.

[3] The Group adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective approach to transition. Following the year of transition, we have decided to maintain the reporting of our profit and other key financial measures like net-debt and leverage on a pre-IFRS 16 basis. Pre-IFRS 16 profit numbers exclude the impact of IFRS 16 by removing the depreciation on right-of-use (ROU) assets and interest arising on unwinding of discount on lease liabilities, offset by the impact of adding back in charges for fixed rent. This is further explained in the section on Alternative Performance Measures (APMs) on pages 21-24.

[4] A reconciliation of Underlying operating profit/(loss) to Free cashflow is shown on page 19.

[5] Net debt reported under IFRS 16 includes lease liabilities whereas on a pre-IFRS 16 basis lease liabilities are excluded. Refer to 'Net debt' section of the 'Financial review' for reconciliation of net debt.

[6] Available liquidity at 30 September 2022 has been computed as £708.2m, comprising cash and cash equivalents of £543.6m, undrawn revolving credit facility of £150.0m and other undrawn local government backed facilities of £14.6m.

[7] Constant currency is based on average 2021 exchange rates weighted over the financial year by 2021 results.

A live webcast will be held at 9am (UKT) today, and details of how to join can be accessed at:

SSP — Food Travel Expert (foodtravelexperts.com)

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NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage concessions in travel locations, operating restaurants, bars, cafés, food courts, lounges and convenience stores in airports, train stations, motorway service stations and other leisure locations. We are present in 35 countries around the world and have a portfolio of more than 550 international, national and local brands.