



## The Food Travel Experts



[www.foodtravelexperts.com](http://www.foodtravelexperts.com)



# Presentation structure

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1. Group highlights

Kate Swann

2. Financial review

Jonathan Davies

3. Business review

Kate Swann

4. Q&A

All

# Group highlights

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- Good first half performance with operating profit up 38.5% at actual exchange rates, 24.7% at constant currency
- Like for Like sales up 2.9%, net new space growth strong at 3.4%
- Total sales growth including India 8.1%
- Strong operating margin growth of 30bps
- Strategic initiatives progressing well, delivering both growth and efficiency
- EPS 4.2p, up 40%
- Interim dividend 3.2p, up 28%
- Medium term pipeline encouraging
- Indian acquisition – early days, but progressing well
- Business is in good shape and we continue to invest in our many growth opportunities

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# Financial review

Interim Results 2017

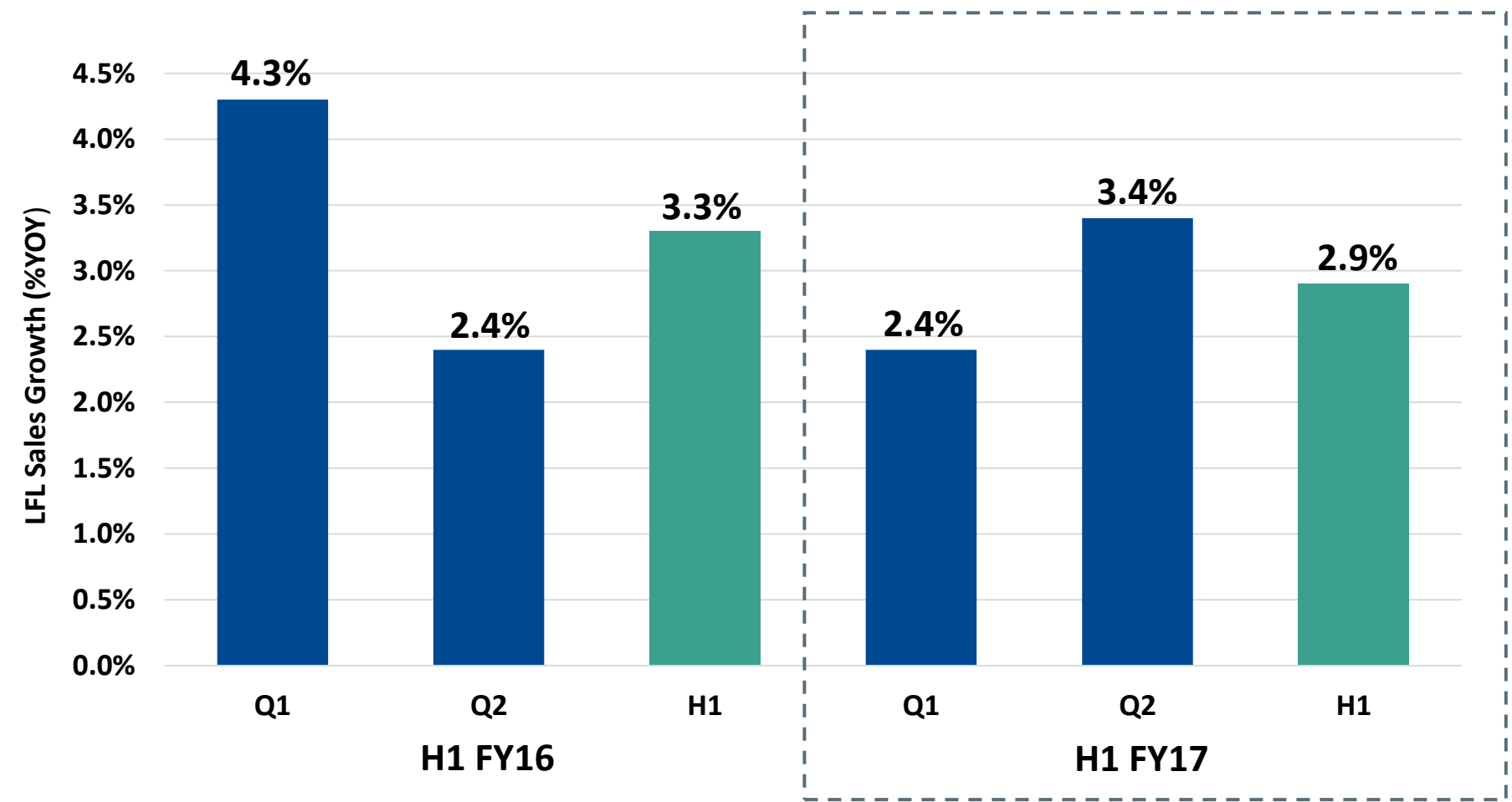
**Jonathan Davies, CFO**

# Group financial overview

£m	H1 2017	H1 2016	Change (%)	
			Constant Currency	Reported FX Rates
Revenue	1,072.5	896.7	8.1%	19.6%
LFL Sales Growth	2.9%	3.3%	n/a	n/a
Operating Profit*	42.8	30.9	24.7%	38.5%
Profit Before Tax*	34.7	23.2	n/a	49.6%
Earnings per share (p)*	4.2	3.0	n/a	40.0%
Net Debt	(378.8)	(374.7)	4.0%	(1.1)%

\* Underlying excludes exceptional items and amortisation of intangible assets created at acquisition of the SSP business by EQT in 2006

# H1 2017 LFL sales growth



Note: Same store like-for-like sales growth at constant currency

# Revenue growth of 8.1% at constant currency

Change at Constant Currency	LFL Sales	Net Contract Gains/(Losses)	Total Revenue
UK	1.9%	1.9%	3.8%
Continental Europe	3.5%	(1.7)%	1.8%
North America	6.2%	11.1%	17.3%
Rest of World (excl India)	0.4%	19.4%	19.8%
Group (excl India)	2.9%	3.4%	6.3%
Leap Year			(0.6)%
Group (incl Leap Year)			5.7%
India			2.4%
Reported Growth			8.1%



# Operating profit growth of 24.7%

£m	Operating Profit*		Change (%)	
	H1 2017	H1 2016	Constant Currency	Reported FX Rates
UK**	29.7	26.5	11.3%	12.1%
Continental Europe	20.2	11.9	42.9%	69.7%
North America	5.6	3.7	25.6%	51.4%
Rest of World (excl India)	1.1	2.4	(38.5)%	(54.2)%
Non-attributable	(17.5)	(13.6)	(28.7)%	(28.7)%
Group (excl India)	39.1	30.9	14.7%	26.5%
India	3.7	-	n/a	n/a
Group	42.8	30.9	24.7%	38.5%

\* Operating profit is underlying, at actual currency

\*\* UK includes Republic of Ireland



# Operating profit margin (excl India) up by 30bps

£m	H1 2017	H1 2016	YOY bps Change	
			Constant Currency	Reported FX Rates
Revenue	1,047.9	896.7		
Gross Profit	719.8	603.0		
% Sales	68.7%	67.2%	80	150
Labour Costs	323.4	275.1		
% Sales	30.9%	30.7%	10	(20)
Concession Fees	190.0	156.4		
% Sales	18.1%	17.4%	(50)	(70)
Overheads	124.4	106.0		
% Sales	11.9%	11.8%	0	(10)
Depreciation & Amortisation	42.8	34.6		
% Sales	4.1%	3.9%	(10)	(20)
Operating Profit (excl India)*	39.1	30.9		
Operating Margin (%)	3.7%	3.4%	30	30
India	3.7	n/a	n/a	n/a
Operating Margin (%)	14.9%			
Operating Profit*	42.8	30.9		
	4.0%	3.4%	50	60

\* Underlying excludes amortisation of intangible assets created at acquisition of SSP business by EQT in 2006

# Net profit up 37.5%

£m	H1 2017	H1 2016	Change (%)
Operating Profit*	42.8	30.9	38.5%
Net Financing Cost*	(8.8)	(7.5)	
Share of Associates	0.7	(0.2)	
Profit Before Tax*	34.7	23.2	49.6%
Tax*	(7.6)	(5.2)	
Non-Controlling Interests	(7.3)	(3.6)	
Net Profit*	19.8	14.4	37.5%
Earnings per share (p)*	4.2p	3.0p	40.0%
Dividend per share (p)	3.2p	2.5p	28.0%

\* Underlying excludes exceptional items and amortisation of intangible assets created at acquisition of SSP business by EQT in 2006

# Free cash outflow of £53.0m

£m	H1 2017	H1 2016
Operating Profit*	42.8	30.9
Depreciation & Amortisation**	44.1	34.6
Working Capital	(19.6)	(19.8)
Capital Expenditure	(61.4)	(49.2)
Net Tax	(14.4)	(9.2)
Investment in Associates	-	(4.7)
Acquisition of TFS, adjusted for net debt acquired	(35.0)	-
Other	(1.6)	(2.9)
Operating Cash Flow*	(45.1)	(20.3)
Net Financing Costs	(7.9)	(6.7)
Free Cash Outflow*	(53.0)	(27.0)

\* Underlying excludes exceptional items and amortisation of intangible assets created at acquisition of SSP business by EQT in 2006

\*\* inclusive of £1.3m depreciation & amortisation relating to India

# Net debt of £378.8m

	£m	Leverage (Net Debt/EBITDA)
Opening Net Debt (1 October 2016)	(317.4)	1.6x
Free Cash Flow	(53.0)	
Dividend	(13.8)	
Impact of foreign exchange rates	6.1	
Other	(0.7)	
Closing Net Debt (31 March 2017)	(378.8)	1.7x

# Acquisition of 49% stake in TFS

- In October 2016 SSP announced the acquisition of a 49% JV with Travel Food Services, completed in December 2016
- SSP currently owns 33%, the remaining 16% is to be acquired in 2018
- SSP has management and operational control
- TFS is fully consolidated in the SSP H1 figures\*
- Good H1 performance – strong double digit LFL sales growth and net gains of 4.6%
- Significant new opening programme underway
- Encouraging start and good contract pipeline

	Fully consolidated H1 (4 months)	
	£m	
	Constant Currency	Reported FX rates
Revenue	21.6	24.7
EBIT	3.2	3.7
% Margin	15%	15%
Tax		(1.4)
%		38%
Minorities		(1.9)*
		83%
Net income		0.4

\*SSP's share of the fully consolidated revenue and profit was 11% (1 December 2016 – 28 February 2017) and 26% (1 March - 31 March 2017). On a fully consolidated basis this equated to 17% in the 4 months to 31 March 2017.

# Financial summary

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- Robust LFL sales growth of 2.9%
- Net contract gains (excl India) stronger at 3.4%
- Strategic programmes delivering strong operating margin growth (excl India) up 30bps
- India adding 2.4% to revenue and an additional 20bps to operating margin
- Operating profit up 24.7%
- EPS up 40.0%
- Interim dividend per share of 3.2p, up 28%

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# Business review

## Interims Results 2017

**Kate Swann, CEO**



# SSP business fundamentals

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- Multiple structural market growth drivers
- Market leader in attractive channels and regions
- Strong business platform combining international scale and local expertise
- 5 key levers to drive growth and efficiency
- Sales growth, margin expansion and strong cash generation

# UK update

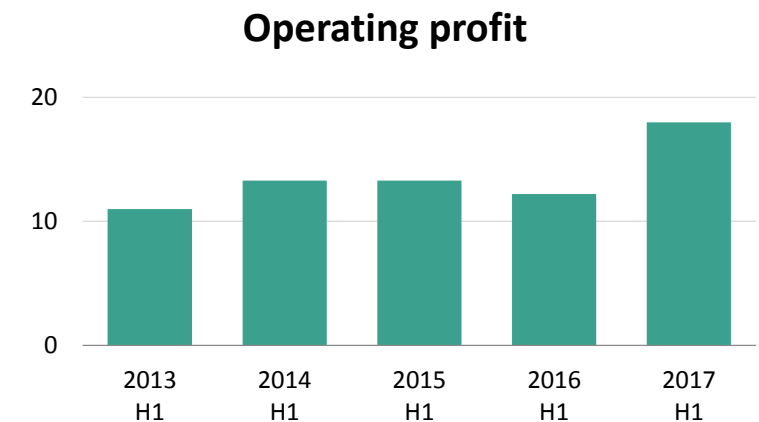
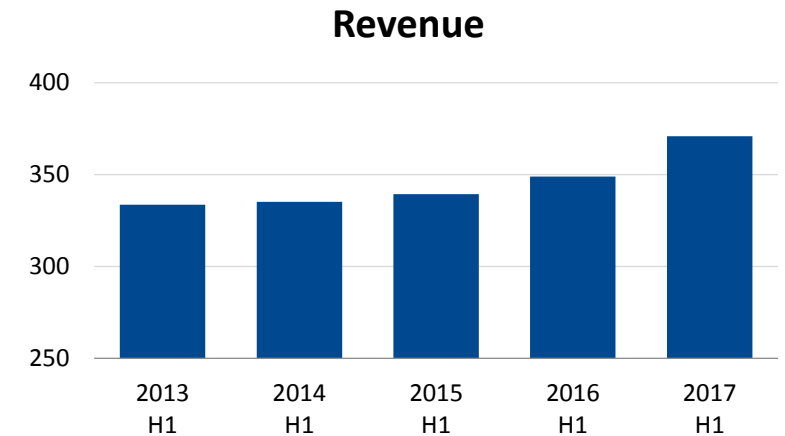
- 36%\* of SSP revenue, strong presence in rail and air
- Air growing strongly, rail remains more challenging
- Strategic initiatives delivering well
- Focus on
  - Strategic initiatives, global test bed
  - High renewal rate
  - Further brand development
  - Selective new business

\* SSP revenue by region %s is calculated, adjusting for the impact of annualised India sales  
Note: All figures in constant currency



# Continental Europe update

- 37%\* of SSP revenue, strong presence in rail and air
- Improved performance reflecting softer Q2 last year
- Focus on
  - Cost efficiency and flexibility of labour
  - High renewal rate
  - Selective new business
  - Mobilisation of new contracts, particularly in Norway, France and Germany



\* SSP revenue by region %s is calculated, adjusting for the impact of annualised India sales

Note: All figures in constant currency

# North America update

- 14%\* of SSP revenue
- Focus on air channel, increasing share
- Strategic initiatives improving profitability +30bps
- Focus on
  - Profitable new business - successful first half
  - Mobilising new contracts quickly and efficiently
  - Infrastructure and people to support growth
  - Generating efficiencies as business grows

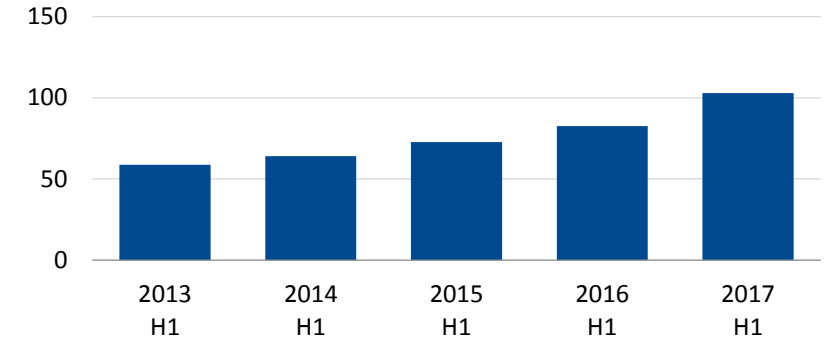
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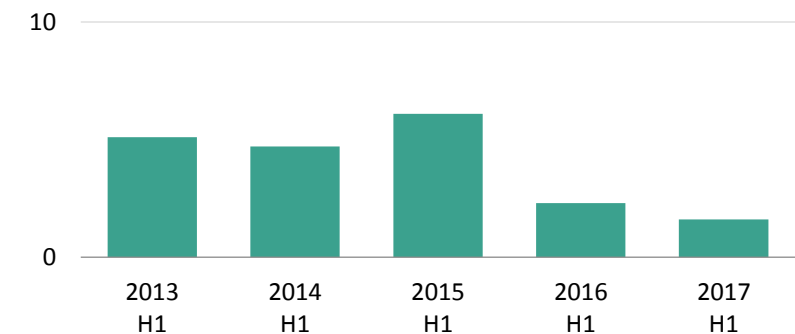
# Rest of World update excl. India

- 10%\* SSP revenue, focused on air, initial trials in rail
- 19.8% sales growth including 19.4% net gains
- Regional differences
  - Terminal developments impacting: e.g. Abu Dhabi, HK
  - Continued good LFL growth elsewhere: eg China, Thailand
- Operating profit growth in line with expectations
- Focus on
  - Profitable new business development, 19.4% net gains
  - Selective geographic expansion
  - Infrastructure and people to support growth

Revenue



Operating profit



\* SSP revenue by region %s is calculated, adjusting for the impact of annualised India sales

Note: All figures in constant currency

# Rest of World – India update

- Joint venture – combines SSP's international expertise and TFS' local knowledge
- Focused on air
- LFL sales growth strong
- Good progress on integration
- Focus on
  - Integration
  - Profitable new business - encouraging H1
  - Infrastructure and people to support growth



Delhi T3



Kolkata



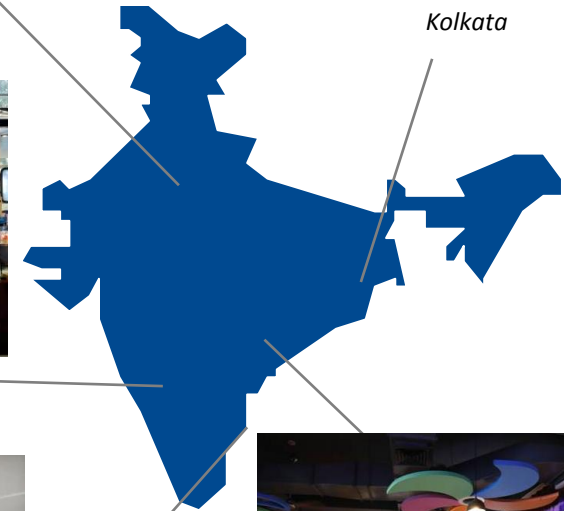
Mumbai



Chennai



Vizag



# Our focus remains on five key levers to deliver value

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1

Optimise our offer to benefit from the positive trends in our markets

2

Grow profitable new space

3

Optimise gross margin and leverage scale benefits

4

Run an efficient and effective business

5

Optimise investment using best practice and shared resource



## Grow profitable new space

- Strong performance, 3.4% net gains
- High level of activity involved in opening new units
- Successful growth in existing sites, new sites and new markets
- Encouraging pipeline in H2
- Disciplined approach to new business
- Renewal rate in line with plan

### Areas of Focus

New units within existing sites

Existing markets, new sites

New markets

High renewal rate

# New opening: JFK Terminal 7

- JFK T7, approx 2m pax, all international
- Tender process during summer 2016
- SSP selected as partner to deliver the “New York experience” to T7
- 7 units, brands including: *Boomwich and Burger Joint*
- March 2017 opened temporary units
- Begin opening new permanent units in Autumn 2018



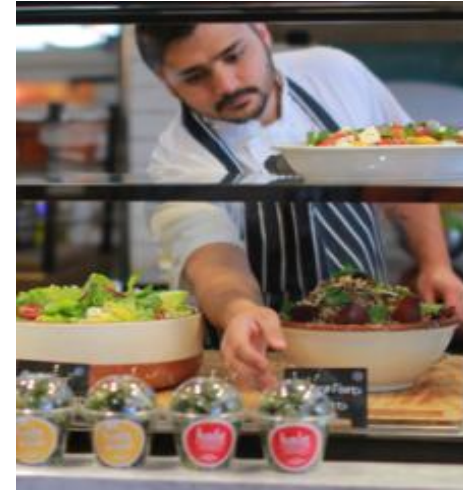
*Boomwich*



*Burger Joint*

# Contract renewal: Oslo Airport

- SSP present since 1998
- Oslo airport, 25.8 million pax
- Major renovation and extension to airport, contract re-tendered in 2015
- Operate 30 units and 20 brands
- Many new brands like Deli & Bakery by Jamie Oliver, Jamie's Italian, Hunter Bar, Norgesglasset opened in H1



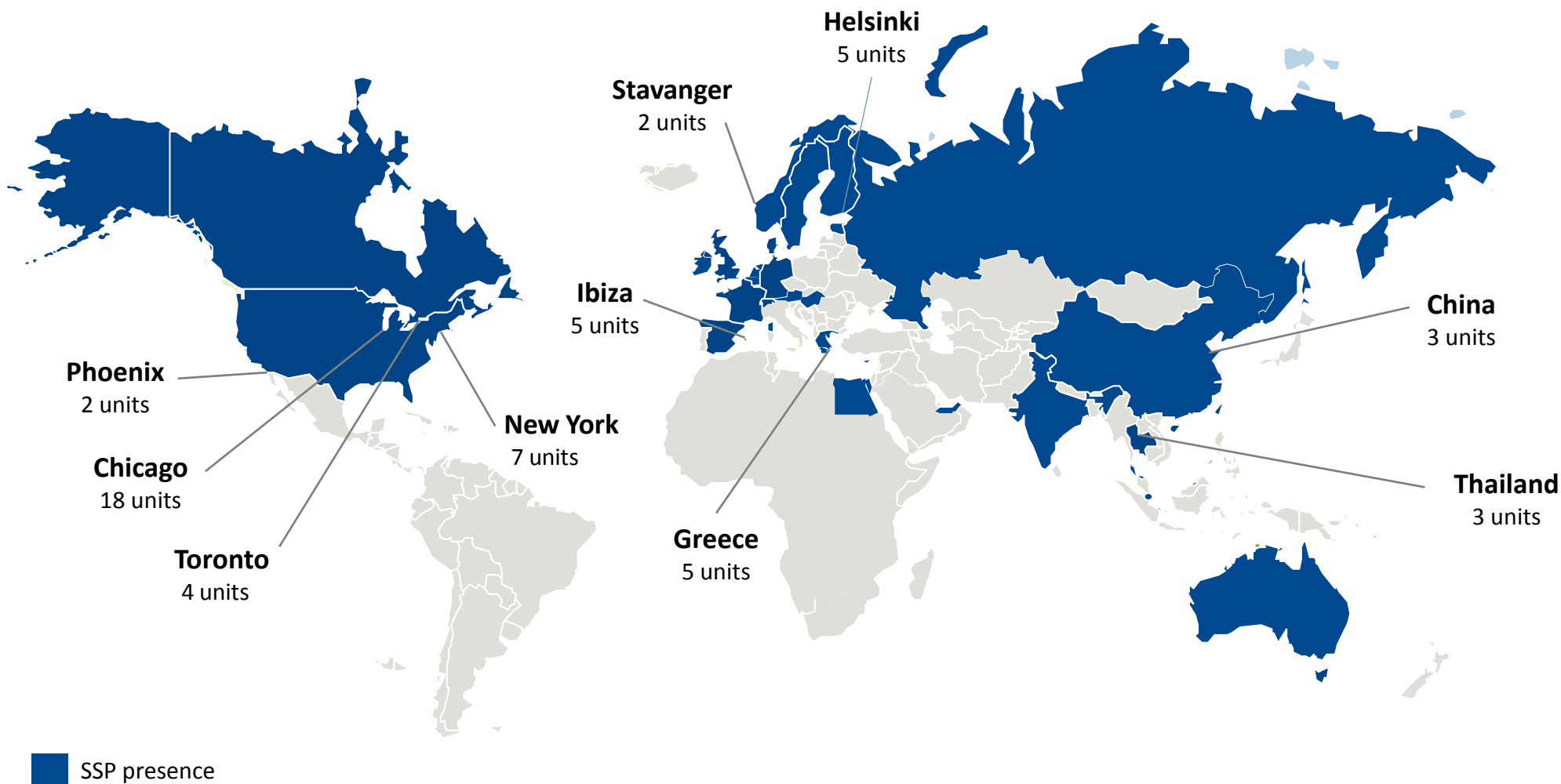
Jamie's Deli & Bakery



Norgesglasset



# Good progress on contract wins including:



# 1 Optimising our offer

- LFL growth of 2.9%, improvement in Q2 as soft Q2 last year
- Geographic diversification helps mitigate specific country issues
- Underlying positive trends in travel channels
- Strategic initiatives delivering well

## Areas of Focus

Improve ranges

Optimise price and promotion

Upselling

Maximise use of space

Focus on category as well as brand performance



# Optimising our offer: Case Study – Hot beverage sizes

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- Coffee sizes well established in main brands
- Limited size choice in other brands
- Out of line with customer expectations
- Missed opportunity to upsell
- Core sizes introduced (S/M/L) as standard



### 3 Further progress optimising gross margin

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- Gross margin improved by 80bps
- Some increase in food inflation
- Key initiatives making good progress
- Procurement discipline progressing well
- Good progress on simplification and standardisation

#### Areas of Focus

**Procurement disciplines**

**Simplify and standardise recipes**

**Reduce waste and losses**



# Gross margins: Camden Food Co – North America

- Range size varies
- Ranges not standardised
- Multiple recipes for same item
- Best sellers missing, long tail of slow sellers
- Structure not clear
- Variance in category participation
- Manage mix opportunity



JFK



Sacramento



Boston



Toronto



Houston



Minneapolis



Camden Main - Orlando



San Diego



Montreal



Camden Express - Orlando



Indianapolis



Raleigh

## Encouraging progress on operating efficiency

- H1, labour costs 10bps improvement
- Rising labour costs; minimum wage, living wage
- Service optimisation; a major focus in parallel with forecasting and scheduling
- Further technology being tested
- Multi-year programme

### Areas of Focus

Service optimisation

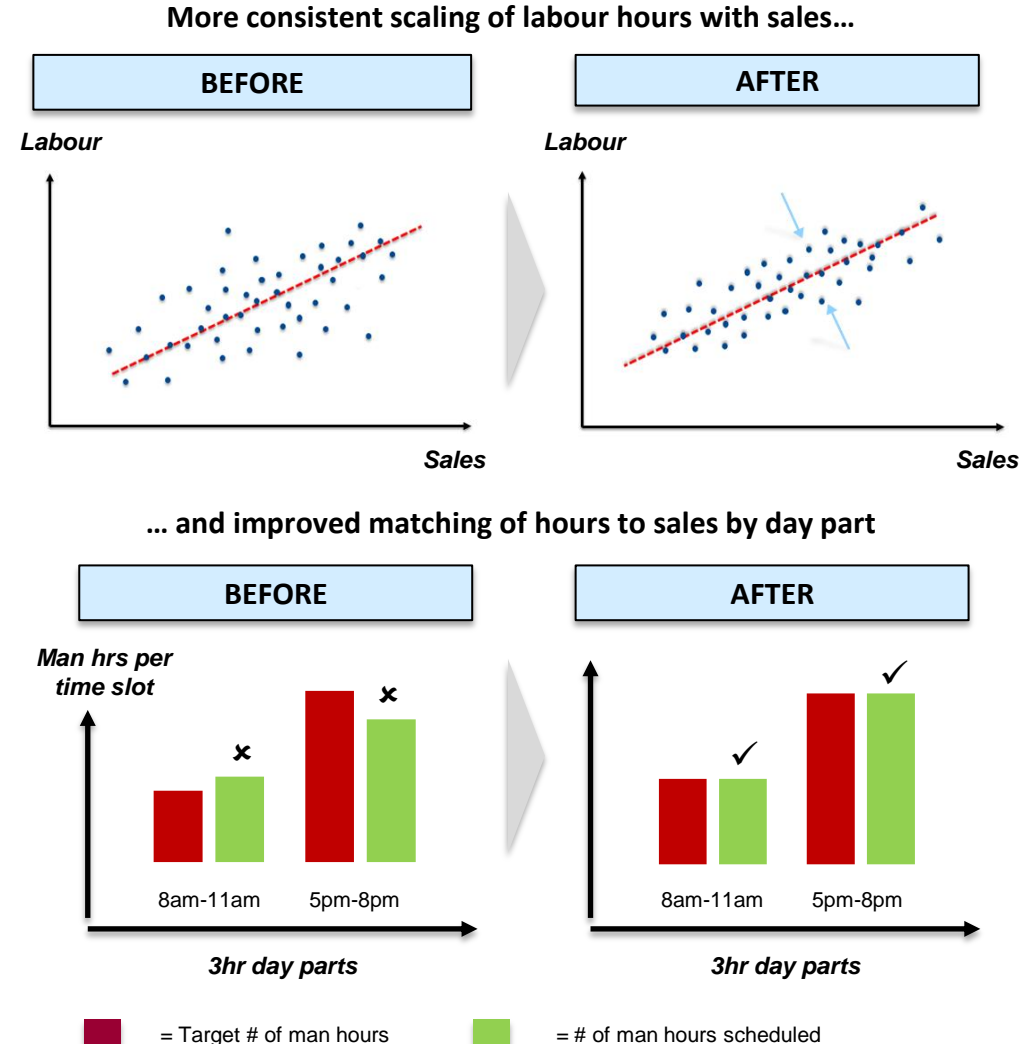
Improve forecasting and scheduling

Employ technology to improve efficiency

Improve reporting and accountability

# Operating efficiency: Better Service Planning

- BSP better matches labour spend to sales
- New system now rolled out to all UK units
- Comprehensive training programme
- Initial results encouraging:
  - More efficient labour usage
  - Improved service levels
  - More consistent weekly labour spend vs target
- Overseas pilots in progress



# Optimise investment using best practice and shared resource

- Shared service facility for back of house finance
- 2 shared service centres now operating
- Operations now live in UK, Germany, US, Sweden and Norway - consistent delivery of services
- Now trialling in Asia Pacific region
- Further services being reviewed





# Summary and outlook

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- Strong half year financial performance, profit up 24.7%
- Good LFL sales
- Net new openings ahead of plan
- On-going good progress on margin and efficiency
- EPS 4.2p, up 40%
- Half year dividend of 3.2p, up 28%
- Pipeline encouraging
- Focus on delivering value for our shareholders

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# Q & A

Interim Results 2017

# Disclaimer

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