Upper Crust owner SSP set for earnings leap after summer boost

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Upper Crust owner SSP has said it is on track for annual earnings to jump by nearly a third after strong summer trading and a marked pick-up across its UK business.

The group, which specialises in running food outlets at travel locations, said UK and Ireland like-for-like sales surged 9% over the three months to the end of September thanks to buoyant demand for air travel and with less rail disruption as strikes have eased off.

It said group-wide like-for-like sales lifted 6% over the quarter.

The strong fourth-quarter trading is set to see the group deliver earnings of around £210 million to £220 million – a 30% rise year on year on a constant currency basis – and 17%

increase in revenues to about £3.5 billion.

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SSP Group chief executive Patrick Coveney said: “There has been good trading momentum across our business throughout the fourth quarter.”

He added that the group has seen a “material improvement in the performance of our UK business”.

“Overall, this year, we expect the group to deliver a significant increase in year-on-year profitability and margins,” he said.

But the group has faced “challenges” across its business in Continental Europe, with earnings set to be lower in the region.

It reported like-for-like sales growth of 3% in Europe, dragged lower by a weak performance in France, where it saw lower-than-expected demand during the Paris Olympics, while German trading was hit by weak demand in motorway service stations over summer.

Mr Coveney said: “We have had challenges in some parts of our Continental European business, which we are addressing through a series of actions that will build margins.”

Measures being taken by the firm include an overhaul of its leadership team structure, cost-cutting and the recently announced withdrawal from the German motorway services business.

Despite the European woes, strength elsewhere in the group is set to see it deliver further improvements in 2024-25, according to the firm.

“Our performance in 2023-2024 gives us confidence that we will see a year of good revenue and margin progression in 2024-25,” it said.