SSP Group plc
Annual Report and Accounts 2018

SSP
The Food Travel Experts

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AT A GLANCE

SSP is a leading operator of food and beverage outlets in travel locations across 33 countries. As 'The Food Travel Experts', we have a deep understanding of the diverse needs of travellers.

All of our 2,600+ outlets, from quick service to fine dining, are developed or tailored to be run in operationally, high-volume travel locations, in order to meet the specific requirements of our clients and customers.

North America

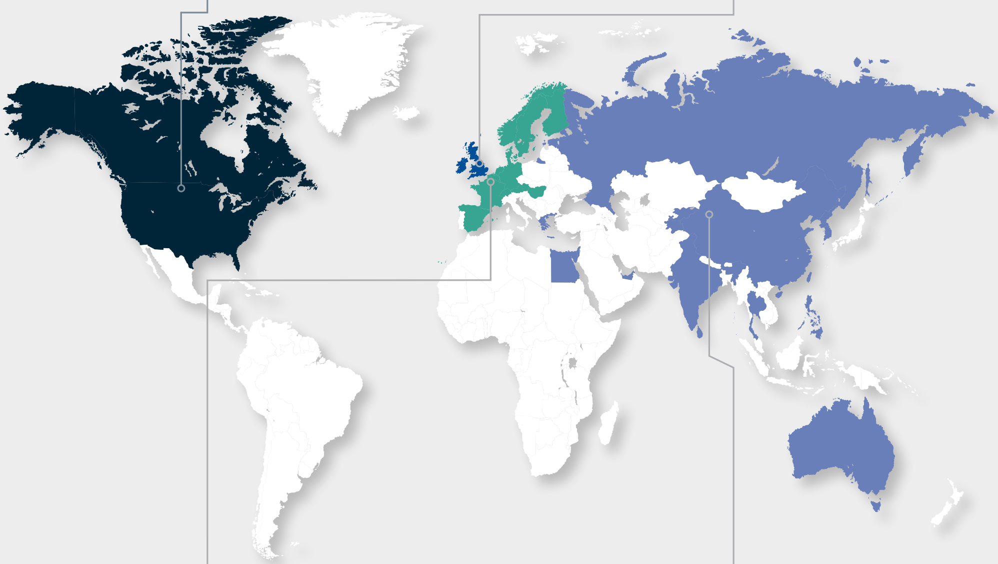
- c. 30 sites
- c. 300 units


New York

UK

- c. 130 sites
- c. 570 units

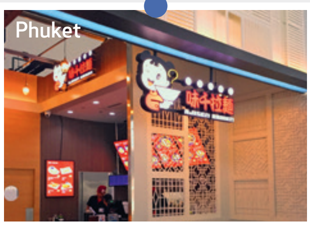

Belfast




Dusseldorf

Continental Europe

- c. 280 sites
- c. 960 units


Phuket

Rest of the World

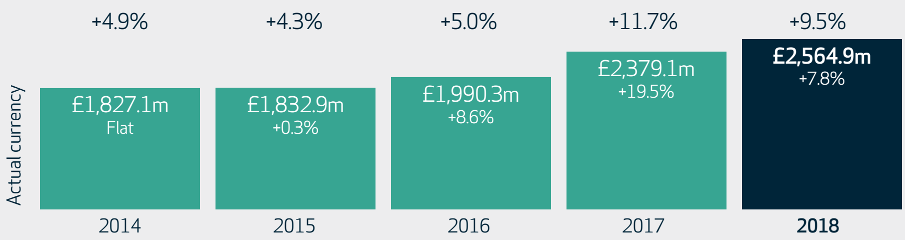
- c. 60 sites
- c. 780 units

HIGHLIGHTS

Revenue

£2,564.9m **+9.5%** (Year-on-year at constant currency[1])

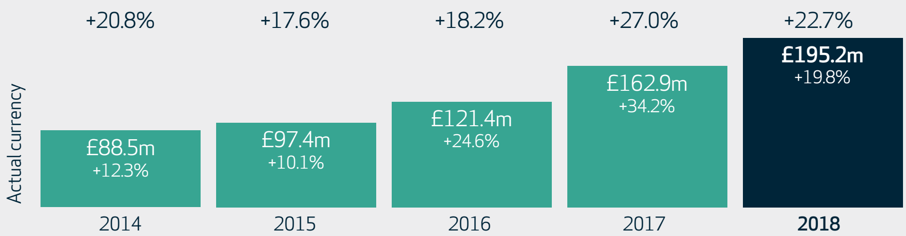
Constant currency[1] increase



Underlying operating profit[2]

£195.2m **+22.7%** (Year-on-year at constant currency[1])

Constant currency[1] increase



Operating profit

£193.3m

+20.1%

(Year-on-year at actual currency)

OUR SCALE

33 countries

500+ brands

c. 37,000 employees

2,600+ units

c. 500+ sites

c. 1,500,000 customers daily

[1] Constant currency is based on weighted average exchange rates during the previous financial year.

[2] Stated on an underlying basis which excludes amortisation of intangible assets arising on the acquisition of the SSP business in 2006 and the revaluation of the obligation to acquire an additional 16% ownership share of TFS.

Other notes

Like-for-like sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months and are presented on a constant currency basis. Net contract gains/(losses) represent the net year-on-year revenue impact from new outlets opened and existing units closed in the past 12 months, which are presented on a constant currency basis.

Please refer to page 16 for supporting reconciliations from SSP Group plc's statutory reported results to these performance measures.

CHAIRMAN'S STATEMENT

We have delivered a strong set of results and have continued to invest in the expansion of the business across all regions.

Continued growth in 2018

Once again, I'm pleased to report that the Group has delivered a strong set of annual results, with revenue growing by 7.8% to £2,564.9m, and underlying earnings per share increasing by 23.6% to 25.1 pence per share.

We continued to make good progress against our five strategic levers, as detailed on pages 8 and 9. Despite an uncertain backdrop in a number of our key markets, we continued to deliver good like-for-like sales growth and also made strong progress in net contract gains, giving us a stronger foothold in several strategically important markets. Alongside this, we have continued to deliver further operational improvements and margin growth through a number of strategic initiatives.

Our success is underpinned by our ability to deliver an attractive brand line-up and innovative bespoke concepts to meet the needs of our customers and the expectations of our clients.

We announced a number of important contract wins in the year, further extending our presence in North America and in the Rest of the World, where there are significant structural growth opportunities. Our new Philippines joint venture commenced operations at Mactan-Cebu Airport and we are on track to complete the acquisition of the final tranche of 49% of our Indian joint venture, Travel Food Services.

In 2018, capital expenditure went up once again to a record £144.2m, as we continued to open new units and invest in new technology, such as self-order kiosks in some of our quick-service restaurants.

We continue to invest in and develop our people, strengthening central, regional and local teams around the world.

Dividend

As a result of the Group's strong performance, I am pleased to announce that the Board has recommended a final dividend of 5.4 pence per share, making a total dividend for the year of 10.2 pence per share, which is at the top end of the dividend payout range we announced at the time of the IPO. The Board has also proposed a special dividend of approximately £150m expected to be paid in April 2019, which will be in addition to the final dividend for the year ended 30 September 2018. This reflects our confidence in the future of the business and our desire to maintain an efficient balance sheet. Both the final and special dividend will be subject to shareholder approval at the Annual General Meeting in February 2019.

Sustainability

Across our markets, we are committed to operating sustainably and to responsibly managing those environmental and social issues which have been identified as material to our business and communities in which we operate. Our commitments and progress throughout the past year are outlined on pages 24 to 27 of this report.

Our employees and stakeholders

The strength of the Group is principally due to the skills, experience and dedication of the 37,000 colleagues we employ across the world. On behalf of the Board, I would like to thank them all for their contribution to our success during the year.

Outlook

Looking forward, we have secured some important new business wins, and the longer term pipeline is encouraging. Increasing passenger numbers around the world, both in the airport and railway station sectors, provide significant structural growth opportunities. I am confident that the Group will continue to benefit from these trends and deliver sustainable value creation for shareholders. With this in mind, the Board anticipates another good performance in the year ahead.

Vagn Sørensen
Chairman

20 November 2018

CHIEF EXECUTIVE'S STATEMENT

Another year of strong performance with a further c. £150m planned cash return to shareholders.

Overview

The Group delivered a strong performance in the year, driven by robust like-for-like sales growth, strong new contract openings across the world and the further implementation of our programme of strategic initiatives. We are continuing to invest in the growth and development of the business and to bring new brands and concepts to our clients and customers. We have made further good progress in the development of the business in North America, and we have seen strong growth from TFS, our joint venture in India. We have delivered another year of margin improvement, driven by like-for-like sales growth and the ongoing roll out of our operational efficiency programmes. Cash flow has been strong, funding another record year of investment in the business. The increase in the ordinary dividend, which again represents a pay-out ratio of 40%, and the proposed c. £150m special dividend reflect our confidence in the business and our desire to maintain an efficient balance sheet.

Financial results

The Group delivered a strong financial performance in 2018, with underlying operating profit increasing by 22.7% (on a constant currency basis) to £195.2m. Total revenue increased by 9.5% on a constant currency basis, including like-for-like sales growth of 2.8%, net contract gains of 5.1% and revenue from acquisitions of 1.6%.

Like-for-like sales growth has remained at a broadly similar level throughout the year and was in line with the expectations we set at the start of the year of between 2.0% and 3.0%. Like-for-like sales growth has been driven by increased passenger numbers in the air sector, whilst trading in the rail sector has remained softer, in line with recent trends.

Net contract gains in the year were 5.1% benefitting from the full year effect of some significant contracts which opened in the second half of 2017, including new openings at Chicago Midway and JFK T7 Airports in North America. We also saw a number of important new openings during this year, including at airports in North America at Newark, Seattle, LaGuardia, San Francisco and Toronto, in the Rest of the World at Shenyang in China, and Delhi in India, and in Continental Europe at Marseille, Nice, Frankfurt and Barcelona. We continue to focus on retaining profitable contracts and our contract renewal rate in 2018 was in line with historical levels.

During the year, we won a number of important new contracts, including some significant contracts in Continental Europe, most notably at Montparnasse station in Paris, a portfolio of 29 Starbucks in railway stations across the Netherlands, and 22 motorway service areas across Germany. In North America we have won contracts at airports in Phoenix, Seattle, San Francisco and LaGuardia; and in the Rest of the World at airports in Moscow, Beijing, Hong Kong, and India, including at Goa. We have also secured our first business in South America, with new contracts at Rio De Janeiro and Sao Paulo airports. We expect to begin operating these contracts progressively over the next two years.

The underlying operating margin improvement of 70 bps, excluding the acquisition impact of TFS, was driven by good like-for-like sales and further encouraging progress on our strategic initiatives. The additional two months of TFS (12 months in 2018 compared to 10 months in 2017, following its acquisition in December 2016), contributed a further 10 bps to the overall operating margin, taking it to 7.6%. The improvement in operating margin also benefitted from a significant contribution from the new contracts at Chicago Midway, JFK T7 and LaGuardia Airports in North America, where we have been operating the units ahead of their redevelopments and hence have incurred limited closure periods, pre-opening and depreciation costs. Furthermore, in India, we benefitted from the reversal of the post-acquisition integration costs incurred in the previous year.

We delivered strong operating cash flow of £90.2m, after investing £144.2m in capital expenditure, which was a £29.2m increase on the prior year. The higher capital expenditure is driven by the net contract gains of 5.1%. Net debt increased from £262.2m to £334.7m, mainly as a result of the £100.1m special dividend paid in April 2018, leaving leverage at the year end broadly in line with the prior year at 1.1x Net Debt:EBITDA. Having reviewed our medium-term capital requirements, we have taken the decision to increase the ordinary dividend for the 2018 financial year, maintaining a payout ratio of 40% of net income (the top of the range of 30% to 40% we gave at the IPO). Furthermore, we are today proposing a second special dividend of c. £150m which will be accompanied by a share consolidation. Both of these reflect our confidence in the future of the business and our desire to maintain an efficient balance sheet.

Summary and outlook

The Group delivered a strong financial performance in the year with good like-for-like sales growth, strong net gains and further improvement in operating margin. The new financial year has started in line with our expectations and the pipeline of new contracts is encouraging, although it is always difficult to predict the precise timing of the opening of these new units.

Kate Swann
Chief Executive Officer

20 November 2018

OUR BUSINESS

Our marketplace

95% of our business is in our core markets of airports and railway stations, with the air sector accounting for 64% of revenue and the rail sector for 31% in 2018.

Present in thirty-three countries around the world, we have leading positions in some of the most attractive sectors and regions of the travel catering market. We estimate that our core market, comprising food and beverage sales in airports and railway stations, was valued at approximately £17bn[1] in 2017.

The market benefits from a number of long-term structural growth drivers, which are positively impacting passenger numbers and spend per passenger in both air and rail. These include:

- the increasing propensity to travel, driven by rising GDP and disposable incomes;
- investment in travel infrastructure, with increasing focus on the provision of food and beverage offerings in travel hubs to drive additional commercial revenue streams; and
- the ongoing trends towards eating out of home and on the move.

Air sector

In 2018, 64% of SSP's revenue was generated from the air sector. According to Airport Council International (ACI)[2], air passenger numbers are expected to grow at 5.2% per annum to 2029, reaching more than double the seven billion passengers in 2015. This growth is underpinned by a number of factors, which include:

- Globalisation of business and leisure;
- Rising disposable incomes (especially in developing markets with the emergence of a more affluent middle class);
- Rapid development of short haul travel; and
- Low cost carrier growth and infrastructure investments in developing markets.

ACI's longer term outlook (to 2040) anticipates passenger increases to be strongest in the Middle East and Africa (7.7% per annum) and Asia Pacific (6.2%), with India expected to become the third largest country by total passenger traffic (7.5%). Further strong growth is forecast for the more mature European (3.7%) and North American (2.8%)[3] regions.

Spend per passenger is influenced by several factors, which include the quality of the catering proposition at airports, the rapid growth of low-cost airlines with typically limited catering offers, and the scaling back of on-board services by major flagship carriers.

[1] Company estimate based on third party market research (March 2014) commissioned for the SSP IPO. This identified a core market of £13.8bn in 2013, which includes airports and railway stations globally, but excludes rail in North America. The equivalent market in 2017 amounts to c. £17bn at average exchange rates or c. £16bn on a constant currency basis.

Rail sector

In 2018, 31% of SSP's revenue was generated from the rail sector. Rail passengers in SSP's key European markets (UK, France and Germany) were estimated to total 5.8 billion4 in 2017. Passenger numbers within these countries have increased at an average annual rate ranging from 2.1% to 2.4% since 2013, with moderate growth forecast to continue in the medium term driven by[4]:

- Infrastructure investments in developing countries;
- Governments seeking to encourage passengers to switch from road to rail transport to reduce road congestion and to address environmental concerns[5]; and
- Continued investment in track expansion, especially in the high-speed rail network, which has increased 28% in our key markets since 2010. Over this timeframe, France has extended its track by 33% and Germany by 23%. In the UK, 540km of track (a 478% increase) is planned for construction across High Speed 2 (HS2), phases 1 & 2[6].

The investment in new trains, replacement of existing fleets, and the expanded track are all set to deliver increased capacity and to support greater passenger numbers in the future.

[2] ACI World Traffic Forecast (2016) (2017).
[3] ACI World 2016 and IATA (2016) (2017).
[4] ORR; Eurostat (2018).
[5] OECD (2017).
[6] UIC (2018); includes HS2 planned investment.

Our brands

We have more than 500 brands in our portfolio, which means we can respond to the specific needs of passengers as they travel around the world, ensuring each brand is ideally suited to each location.

Local hero brands

Bringing in well-known local brands is one of the best ways to evoke the true atmosphere of the city that the travel hub serves.

James Martin Kitchen | LEON Naturally Fast Food | CRUSSH
Tai Hing | wahlburgers | Oberweis Luxembourg

International brands

Over many decades, we have partnered with some of the world's biggest names, which trust us to serve their customers to the highest standards.

Starbucks | M&S Simply Food | Ajisen Ramen
O'Learys Bar & Restaurant | YO! Sushi | Jamie's Deli

Our own brands

We have been creating and running our own brands for 50 years, starting with Upper Crust, first established in the 1960s.

Upper Crust | Le Grand Comptoir | Millie's Cookies
panopolis | Ritazza | Camden food co.

Bespoke concepts

We are experts at creating bespoke concepts which we have created in collaboration with clients, brand partners and leading chefs.

Union Street gastropub | LIFT Bar · Grill · View | Factory
Wine & View | Norgs | Terroirs de Lorraine Michel Roth

OUR BUSINESS MODEL

Our business model is focused on meeting the food and beverage needs of our clients and customers in the complex and challenging travel environment. We are able to achieve this through a combination of international scale and local expertise.

The business model is founded on five key elements

SSP
The Food Travel Experts

Leading market positions

We have leading positions in some of the most attractive sectors of the travel food and beverage market. These sectors have a number of long-term structural growth drivers, such as increasing passenger volumes and rising spend per passenger, and are supported by clients increasingly seeking to develop and commercialise their sites.

We have outlets in 33 countries around the world, an extensive brand portfolio (as detailed on page 5), and established management and operational teams in all of these countries.

Local insight and international scale

We have a deep knowledge of the individual markets in which we operate, alongside significant international scale and expertise. A strong local presence enables us to understand local customers' tastes and needs, as well as allowing us to maintain close relationships with clients and brand partners by creating a 'sense of place' in the locations where we operate.

Our international reach enables us to benefit from economies of scale with regard to a number of central functions and systems, as well as sharing best practice across regions, countries and sites.

Our proposition to clients is the 'Food Travel Experts'. This has helped us achieve our leading market position and retain our clients over the long term. It will also provide a strong platform for profitable growth in the future.

Food travel expertise

We provide a compelling proposition for both clients and customers based on our food travel expertise. This includes a deep understanding of what our customers are looking for and an extensive offering of concepts to meet these needs. Managing high passenger volumes and the complex logistics that characterise travel environments is an essential element of our business model.

Operating retail catering in travel-related locations is more complex than operating high street outlets, e.g. longer operating hours, supply chain and logistics constraints, space limitations, etc. Our understanding and ability to manage these complexities allows us to deliver consistent, high quality food and beverage offerings that fulfil the requirements of clients and customers.

Long-term client relationships

Our principal clients are the owners and operators of airports and railway stations, with these locations generating 95% of our revenues in 2018. We also have a presence in motorway service areas, hospitals, sports stadia and shopping arenas. We have long-standing relationships with many of our clients, and have maintained high success rates in retaining our contracts.

Key to ensuring we continue to maintain these strong, profitable client relationships is a deep understanding of our clients' needs and those of our customers. We regularly seek feedback on the quality of our customer service, local management, range of products, brand portfolio, and our operations overall, so we can continue to meet our clients' expectations.

Experienced management team

We have highly experienced colleagues with a broad range of experience across the food and beverage, travel and retail industries. We also invest to recruit and develop the best talent in the industry. In all of our key markets, we employ dedicated teams of senior managers focused on business development, sales, marketing and operations, who work closely with our clients to ensure their requirements are met.

They are supported by experienced, locally based operational teams who have a track record of delivering operational excellence and great customer service.

OUR STRATEGY

Our strategy is focused on creating long-term sustainable value for our shareholders, delivered through five key levers. We continued to make progress on each of the levers throughout the past year.

1 Optimising our offer to benefit from the positive trends in our markets

We are focused on the food and beverage markets in travel locations, which benefit from long-term structural growth. We aim to use our broad portfolio of brands and retailing skills to drive profitable like-for-like sales, ensuring that we maximise the benefit from the positive trends in these markets.

Like-for-like sales growth in the year was driven by the ongoing roll out of our retailing programmes which are delivering well. We continue to optimise our product ranges and this year we have made good progress in developing a number of premium products, both for our own brands and in conjunction with our brand partners, that will provide customers with additional choice. We have also made good progress trialling self-order technology within our Quick Service Restaurants and the early results are encouraging.

Using self-order technology to drive transactions

Throughout the past year, we have been investing in a trial of self-order screens in a number of Burger King units in the UK, Spain and Sweden. In travel environments, speed of service is critical, but peaks in traffic can make this challenging.

Where kiosks have been added, however, they have delivered increased transactions versus units without kiosks and improved capacity during peak times. Additionally, by making further refinements to the order process as the trial has progressed, we have succeeded in driving volumes even higher.

2 Growing profitable new space

The travel food and beverage market in airports and railway stations is valued at approximately £17bn and is characterised by long-term structural growth. It offers excellent opportunities for us to expand our business across the globe.

Net contract gains were 5.1%, driven by new unit openings and high levels of contract retention. The high level of net gains was driven by strong performances in North America and in the Rest of the World. These large and growing markets (where we still have a relatively small share), provide attractive expansion opportunities and the pipeline of new contracts is encouraging.

In addition to our recent entry into the large and growing Indian market, we have now secured a foothold into the Brazilian air market with contracts in Rio de Janeiro International and Sao Paulo Guarulhos International airports, to be operated through our joint venture.

Urban Express

Our new retail concept which opened at London Bridge station earlier this year is already trading above its business case.

Our new business growth is underpinned by our ability to deliver attractive and effective food solutions at travel locations internationally. An important element of this is the brand line up we can offer. Our brands include both international brands which we franchise, such as Burger King and Starbucks, and also our own proprietary brands such as Upper Crust and Ritazza, as well as bespoke concepts and local heroes.

We have continued to develop our own brands, this year launching the first Urban Express, a new food and retailing offer in the UK, including partnerships with 'Berry Bros. & Rudd' for wines, 'Cook' for ready meals and 'Foyles' for books. We have also continued to expand with our own brands, for example opening Ritazza, Cabin Bar and Nippon Ramen outlets at Mactan-Cebu Airport in the Philippines, a Camden food co. at Chicago Midway Airport, and a Ritazza at Mumbai Airport. We have further extended our relationships with high profile chefs, for example in developing a fine dining concepts with Michelin starred chefs, including the Hermanos Torres at Barcelona Airport, and Michel Rostang at Le Train Bleu at Gare de Lyon in Paris. We have developed a new partnership with Crussh, the London healthy food and juice chain, and we have extended our relationship with Leon, opening a new unit at Victoria station in London. We have also extended our Millie's Cookies brand internationally, working with franchise partners in India, who opened two units this year.

3 Optimising gross margins and leveraging scale benefits

Gross margin increased by 90 bps in the year at constant currency. Approximately 50 bps of this improvement was due to higher growth in the air sector, which typically has higher gross margins but higher concession fees than the rail sector.

The roll out of gross margin initiatives is progressing well across our regions. Key areas of focus include range and recipe rationalisation, procurement disciplines, and the management of waste and losses. We continue to make good progress introducing equipment that automates food preparation processes in our sites. This helps to improve the product consistency, as well as driving labour efficiency and reducing waste. This year we have also invested in a central loss prevention team who are using data analytics to help us to better understand and reduce waste and loss.

Automation

All of our new central production units (CPUs) are now designed to include automated equipment. For example, in Chicago Midway we opened a 7,000 sq ft new CPU with large items, such as conveyor tables and mechanical fillers, and smaller items like automated juicers and vacuum packers.

This equipment helps reduce labour costs on some basic primary tasks, improves quality, for example with blast chillers and vacuum packers, and helps us produce a more consistent standard of food.

4 Running an efficient and effective business

We have a multi-year programme of initiatives to improve operating efficiency, which is important to the Group given the backdrop of ongoing labour cost inflation. Labour efficiencies contributed a 20 bps improvement to our operating margin.

We continue to develop systems to better align labour to sales, allowing us to optimise service levels and labour costs. We have developed a more standardised and systematised approach to labour forecasting and scheduling through our Better Service Planning programme. We are also trialling self-ordering and self-scan checkout technology at a number of units, both of which can contribute to labour efficiency and an improved customer experience. The greater use of automated equipment in kitchens can also help in driving efficiency as well as in bringing greater consistency to the product.

Better Service Planning

Better Service Planning (BSP) better matches labour to sales, and is the labour forecasting tool we have been using in the UK for more than a year. Following its successful implementation, which has led to more efficient labour usage, improved service levels, and more consistent weekly labour spend vs target, we are now utilising the programme in other markets across the Group.

5 Optimising investment using best practice and shared resource

We have maintained our focus on generating efficiencies to optimise our investments, drive returns and use best practice and shared resources. We are continuing to look at how shared back office services can reduce cost and drive simpler, more efficient processes. We have two outsourced shared service centres in Pune in India and Lodz in Poland, which are used by a number of SSP's countries for financial transaction processing and data analytics support. We continue to look for further opportunities to outsource administrative and financial processes.

Energy efficiency is an important priority for the Group and this year we have invested in a specialist team who have already identified energy saving opportunities in units, for example in the areas of lighting and kitchen equipment.

FINANCIAL REVIEW

We have delivered a strong set of results and continue to invest in the growth and development of the business.

Jonathan Davies
Chief Financial Officer

	2018 £m	2017 £m	Change Reported	Change Constant currency	Change LFL
Revenue	**2,564.9**	2,379.1	+7.8%	+9.5%	+2.8%
Underlying operating profit	**195.2**	162.9	+19.8%	+22.7%	
Underlying operating margin	**7.6%**	6.8%	+80 bps	+80 bps	
Operating profit	**193.3**	161.0	+20.1%		
Operating margin	**7.5%**	6.7%	+80 bps		

Group performance

Revenue

Revenue increased by 9.5% on a constant currency basis, including like-for-like sales growth of 2.8% and net contract gains of 5.1%. The impact of acquisitions contributed a further 1.6% to revenue. At actual exchange rates, total revenue grew by 7.8%, to £2,564.9m.

Like-for-like sales growth was 2.8%. The growth in the air channel has again been strong, driven by increasing passenger numbers in most of our major markets. Performance in the rail sector has been in line with recent trends, impacted by ongoing disruption from station redevelopments and closures in the UK, and by strikes in France.

Net gains contributed 5.1% to full year revenue growth, driven by strong contributions from North America, which benefitted from the new business opened in the prior year, and further gains at Newark, San Francisco, Toronto and LaGuardia and the Rest of the World, primarily driven by new openings in India, China and Thailand.

Trading results from outside the UK are converted into Sterling at the average exchange rates for the year. The overall translation impact on revenue from the movement of foreign currencies (principally the Euro, US Dollar, Indian Rupee, Swedish Krona and Norwegian Krone) in 2018 compared to the 2017 average was -1.7%.

Underlying operating profit

Underlying operating profit increased by 22.7% on a constant currency basis and by 19.8% at actual exchange rates to £195.2m. The underlying operating margin improvement of 70 bps, excluding the acquisition impact of TFS, was driven by good like-for-like sales and further encouraging progress on our strategic initiatives. The additional two months of TFS (12 months in 2018 compared to 10 months in 2017, following its acquisition in December 2016), contributed a further 10 bps to the overall operating margin, taking it to 7.6%. The improvement in operating margin also benefitted from a significant contribution from the new contracts at Chicago Midway, JFK T7 and LaGuardia airports in North America, where we have been operating the units ahead of their redevelopment and hence have incurred limited closure periods, pre-opening and depreciation costs. Furthermore, in India, we benefitted from the reversal of the post-acquisition integration costs incurred in the previous year.

Gross margin increased by 90 bps year-on-year, on a constant currency basis of which 50 bps is due to the higher sales growth in air, where gross margins are typically higher than in the rail sector. The underlying improvement reflects the ongoing roll-out of our strategic initiatives to optimise gross margin. Key areas of focus during the year included ranging and mix management, food and drink procurement and waste and loss reduction.

Labour costs improved by 20 bps year-on-year, on a constant currency basis, driven by our broadly based labour efficiency programmes. These more than mitigated the ongoing labour inflation which has arisen from increases in minimum wage levels and healthcare costs, most notably in the UK and the USA.

Concession fees rose by 70 bps during the year with the stronger growth in sales in the air channel, where concession fees are typically higher relative to rail, contributing 30 bps to the year-on year increase. The underlying increase of 40 basis points is in line with recent historical trends.

Overheads margin improved by 20 bps during the year, on a constant currency basis, reflecting further good progress in overhead efficiency programmes, particularly with regards to energy costs. We also benefitted from a lower level of pre-opening costs and the reversal of post-acquisition integration costs in TFS as from the prior year.

The reduction in the rate of depreciation of 20 basis points was largely attributable to our North America business, where at some of the large new contracts (e.g. Chicago Midway, JFK T7 and LaGuardia Airports), we benefitted from operating units ahead of investing the capital to rebrand the units.

Operating profit

Operating profit was £193.3m (2017: £161.0m), reflecting an adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2017: £1.9m).

Please refer to page 16 for supporting reconciliations from our statutory reported results to the alternative performance measures referred to in the financial review.

Regional performance

The following shows the Group's segmental performance. For full details of our key reporting segments, refer to note 3.

UK (including Republic of Ireland)

	2018 £m	2017 £m	Change Reported	Change Constant currency	Change LFL
Revenue*	**798.1**	787.7	+1.3%	+1.3%	+0.8%
Underlying operating profit	**89.5**	82.1	+9.0%	+9.0%	
Underlying operating margin	**11.2%**	10.4%	+80 bps	+80 bps	

* Note – Statutory reported operating profit was £88.0m (2017: £80.6m) and operating margin was 11.0% (2017: 10.2%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £1.5m (2017: £1.5m).

Revenue increased by 1.3% on a constant currency basis, comprising like-for-like growth of 0.8% and net contract gains of 0.5%. Like-for-like growth in the air sector was affected by the collapse of Monarch Airlines and capacity reductions at Ryanair. Like-for-like sales in the rail sector have remained softer and were impacted by railway station redevelopments and closures across the network, most notably in London.

Underlying operating profit for the UK increased by 9.0% on a constant currency basis, and underlying operating margin increased by 80 bps to 11.2%, driven by the continued roll out of our operational efficiency initiatives, which helped to mitigate the inflationary cost pressures from rising food commodity prices, increases in the National Minimum Wage and National Living Wage and higher business rates.

Continental Europe

	2018 £m	2017 £m	Change Reported	Change Constant currency	Change LFL
Revenue*	**971.7**	910.3	+6.7%	+6.9%	+1.4%
Underlying operating profit	**79.5**	77.8	+2.2%	+3.9%	
Underlying operating margin	**8.2%**	8.5%	-30 bps	-20 bps	

* Note – Statutory reported operating profit was £79.1m (2017: £77.4m) and operating margin was 8.1% (2017: 8.5%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £0.4m (2017: £0.4m).

Revenue increased by 6.9% on a constant currency basis, comprising like-for-like growth of 1.4%, net contract gains of 2.8% and the impact of the acquisition of Stockheim in Germany of 2.7%. Like-for-like sales growth in air was stronger than in rail, which was affected by strike action in France over the spring and early summer, which left like-for-like sales growth for the region weaker in the second half.

Underlying operating profit increased by 3.9% on a constant currency basis, driven by the higher sales and the roll out of strategic initiatives. The 20 bps reduction in operating margin, on a constant currency basis, reflected the pre-opening costs relating to the new contract at Marseille and Oslo Airports, and the impact of the strike action in France.

North America

	2018 £m	2017 £m	Change Reported	Change Constant currency	Change LFL
Revenue*	**436.3**	372.9	+17.0%	+23.1%	+4.2%
Underlying operating profit	**27.7**	14.3	+93.7%	+102.8%	
Underlying operating margin	**6.3%**	3.8%	+250 bps	+250 bps	

* Note – There are no adjustments between underlying operating profit and statutory reported operating profit.

North America had a very good year with revenue increasing by 23.1% on a constant currency basis, comprising like-for-like growth of 4.2% and net contract gains of 18.9%. Like-for-like growth benefited from positive trends in airport passenger numbers in the North American market, although growth in the first half was impacted by a reduction in passengers and new competition at a small number of our airports, most notably at Houston Airport. Contract gains included the full year effect of the major contracts that opened in the second half of the prior year, in particular at Chicago Midway and JFK T7. We have also opened new business in Newark, Seattle, LaGuardia, San Francisco and Toronto Airports.

Underlying operating profit increased by £13.4m to £27.7m, an increase of 102.8% at constant currency, with a corresponding increase in the operating margin of 250 bps at constant currency. This exceptionally strong result was driven by good like-for-like sales growth, further good progress on operating efficiencies, and also benefitted from a good performance from our new units at Chicago Midway Airport, JFK T7 and LaGuardia Airport, where we have been operating the units ahead of their redevelopment and hence have incurred limited closure periods, pre-opening and depreciation costs.

FINANCIAL REVIEW CONTINUED

Rest of the World

	2018 £m	2017 £m	Change Reported	Constant currency	LFL
Revenue*	**358.8**	308.2	+16.4%	+21.7%	+10.1%
Underlying operating profit	**35.7**	21.2	+68.4%	+77.0%	
Underlying operating margin	**9.9%**	6.9%	+300 bps	+310 bps	

* Note – There are no adjustments between underlying operating profit and statutory reported operating profit.

Revenue increased by 21.7% on a constant currency basis, with an increase in like-for-like sales of 10.1% and net contract gains of 7.0%. The very strong like-for-like sales were driven by passenger growth across the region, particularly in India, and were helped by the temporary closure of some competitor units for redevelopment in Hong Kong, and a further recovery of our business in Egypt, which had been severely impacted by terrorism in 2016. Net gains came primarily from new units at airports in India at Delhi, Kolkata and Goa, in China at Shenyang, in Thailand at Phuket, and in Hong Kong.

Underlying operating profit for the Rest of the World was £35.7m, an increase of 77.0% on a constant currency basis. This exceptional increase in profit reflected the unusually high like-for-like sales growth and was helped by a very strong performance from India, which benefitted from the inclusion of a full year of trading compared to 10 months in the prior year, and the reversal of the post-acquisition integration costs incurred in the prior year.

Share of profit of associates

The Group's share of profit from associates was £4.8m (2017: £3.4m), reflecting strong performance from our joint venture operations in the Rest of the World.

Net finance costs

Underlying net finance costs decreased by £2.0m year-on-year to £15.6m, primarily due to the reduction in interest rates following an 'Amend and Extend' of the Group's debt facilities in October 2017. Reported net finance costs were £15.2m, £4.4m lower year-on-year due to the lower interest rates and the revaluation of the financial liability to acquire the remaining 16% interest in TFS (£2.0m reduction compared to the prior year).

Taxation

The Group's underlying tax charge for the year was £40.5m (2017: £33.8m), equivalent to an effective tax rate of 22.0% (2017: 22.7%) of the underlying profit before tax. On a reported basis the tax charge for the year was £40.2m (2017: £33.6m).

Non-controlling interests

The non-controlling interests increased year-on-year by £7.1m to £25.5m. The increase reflects the strong performances of our joint ventures in North America and the Rest of the World, notably TFS in India.

Earnings per share

Underlying basic earnings per share increased by 23.6% to 25.1 pence per share (2017: 20.3 pence per share). Reported basic earnings per share was 24.9 pence per share (2017: 19.5 pence per share).

Dividends

In line with the Group's stated priorities for the uses of cash and after careful review of its medium term investment requirements, the Board is proposing to maintain the dividend payout ratio for this year at 40%, the top end of the range stated in the IPO prospectus. This will equate to a final dividend of 5.4 pence per share (2017: 4.9 pence per share), which is subject to shareholder approval at the Annual General Meeting. If approved, this will result in a total dividend per share for the year of 10.2 pence (2017: 8.1 pence), an increase of 25.9%.

In addition to this, the Board proposes a special dividend of c. £150m alongside a share consolidation on the record date of the special dividend. Both of these will contribute to maintaining balance sheet efficiency and reflect our confidence in the business.

The final dividend will be paid, subject to shareholder approval, on 29 March 2019 to shareholders on the register on 1 March 2019. The ex-dividend date will be 28 February 2019. The special dividend is expected to be paid in April 2019.

The special dividend and share consolidation will be subject to shareholder approval at the Annual General Meeting of the Company to be held in February 2019. Further details of the special dividend and share consolidation (including the final amount to be paid, the record date and proposed payment date for the special dividend) will be set out in the notice of Annual General Meeting that will be sent to shareholders in January 2019.

Cash flow

The table below presents a summary of the Group's cash flow for 2018:

	2018 £m	2017 £m
Underlying operating profit[1]	**195.2**	162.9
Depreciation and amortisation	**97.7**	95.5
Working capital	**12.8**	18.3
Net tax	**(37.2)**	(33.3)
Other	**11.7**	11.9
Net cash flow from underlying operating activities	**280.2**	255.3
Capital expenditure[2]	**(144.2)**	(115.0)
Disposal of associate	**–**	7.3
Acquisitions in the year	**(19.0)**	(35.0)
Net cash flows to/from non-controlling interests/associates	**(22.5)**	(9.1)
Other	**(4.3)**	–
Underlying operating cash flow	**90.2**	103.5
Net finance costs	**(11.6)**	(14.5)
Underlying free cash flow	**78.6**	89.0
Dividends paid	**(145.8)**	(29.0)
Net cash flow	**(67.2)**	60.0

1 Presented on an underlying basis (refer to page 16 for details).

2 Capital expenditure is net of capital contributions from non-controlling interests of £12.4m (2017: £8.4m).

The Group's cash flow remained strong, generating net cash flow from operating activities of £280.2m (2017: £255.3m), which was an increase of £24.9m year-on-year, and underlying free cash flow of £78.6m (2017: £89.0).

Capital expenditure increased by £29.2m to £144.2m, reflecting the strength of the recent contract opening programme, in particular in North America and the Rest of the World, and ongoing investment in the equipment and technology that is helping to drive operational efficiencies.

Working capital generated £12.8m of cash flow during the year, helped by the new openings and continued good cash management disciplines.

The payment for the acquisition of the Group's investment in the Stockheim business in Germany was £19.0m, net of cash acquired.

Net finance costs paid of £11.6m were lower than in 2017, primarily due to lower interest costs in the year as a result of the 'Amend and Extend' of the Group's debt facilities in October 2017.

The dividends paid of £145.8m reflected the cost of the 2017 final dividend of 4.9 pence per share, the 2018 interim dividend of 4.8 pence per share and the special dividend of £100.1m.

Overall, the Group used net cash of £67.2m during the year.

FINANCIAL REVIEW CONTINUED

Balance sheet and net debt

The Group's balance sheet remains strong, with net debt of £334.7m (2017: £262.2m) and net assets of £458.3m (2017: £465.0m).

The table below explains the increase in net debt during the year:

	£m
Opening net debt (1 October 2017)	(262.2)
Net cash flow	(67.2)
Impact of foreign exchange rates	(1.0)
Other	(4.3)
Closing net debt (30 September 2018)	**(334.7)**

The increase in net debt of £72.5m was primarily a result of the dividend payments of £145.8m, including the Special Dividend of £100.1m paid in April 2018.

Net Debt:EBITDA leverage at the year end was at 1.1x, compared with 1.0x at the end of the prior year. With leverage remaining well below our target range of 1.5x – 2.0x Net Debt : EBITDA and having reviewed our medium term capital requirements, we are planning to return cash to shareholders through another special dividend of c. £150m, which we propose to pay in April 2019 alongside a share consolidation. In addition we plan to maintain the ordinary dividend at 40% of net income.

We will continue to keep the balance sheet under review, with the intention of maintaining leverage broadly within the 1.5x – 2.0x Net Debt:EBITDA range over the medium term.

Post balance sheet events

In August 2018, the Group successfully signed an agreement to issue US Private Placement notes ('Notes') of US$175m. The Notes were issued by a wholly-owned subsidiary of SSP Group plc and guaranteed by SSP Group plc and two other wholly-owned Group subsidiaries.

The Notes represent SSP's inaugural issue in the US Debt Private Placement market and carry a fixed rate of interest, were issued in October 2018 in five series: US$40m at 4.35%, maturing in October 2025; US$40m at 4.50%, maturing in October 2028, US$40m at 4.60%, maturing in October 2030, £21m at 2.85% maturing in October 2025 and £21m at 3.06% maturing in October 2028.

Summary

Our overall financial performance has been strong, with good progress on new business with underlying operating margin increasing by 80 bps on a constant currency basis. Cash generation was healthy despite increased investment in the business, and our balance sheet remains strong, with leverage below our medium term target range.

Jonathan Davies
Chief Financial Officer

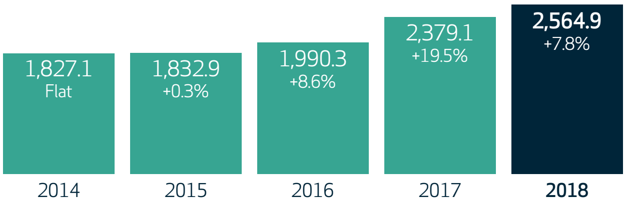
20 November 2018

KEY PERFORMANCE INDICATORS

Our strategic priorities are:

1 Optimising our offer to benefit from the positive trends in our markets; 2 Growing profitable new space; 3 Optimising gross margins and leveraging scale benefits; 4 Running an efficient and effective business; and 5 Optimising investment using best practice and shared resource.

Revenue (actual currency) £2,564.9m

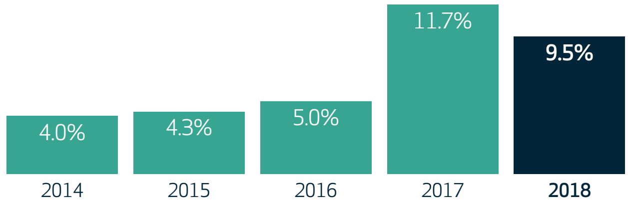


Strategic priorities 1 2

Definition – Revenue represents amounts for catering and retail goods and services sold to customers excluding value added tax and similar items.

Comment – Total revenue grew by 7.8% to £2,564.9m (at actual exchange rates). The overall impact on revenue of the movement in currencies (principally the Euro, US Dollar, Swedish Krona, Norwegian Krone and Indian Rupee) was -1.7%.

Year-on-year revenue growth (constant currency) 9.5%

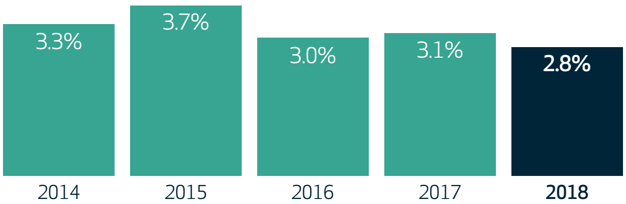


Strategic priorities 1 2

Definition – Revenue at constant currency eliminates the impact of foreign exchange rates on reported revenue. Constant currency is based on average 2017 exchange rates, weighted over the financial year by 2017 results.

Comment – Revenue increased by 9.5% in 2018 on a constant currency basis, comprising like-for-like growth of 2.8%, net contract gains of 5.1%, and an acquisition impact of 1.6%.

Like-for-like sales increase 2.8%



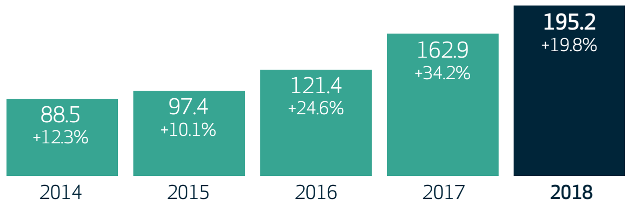
Strategic priorities 1

Definition – Like-for-like sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months.

Revenue in outlets which have been open for less than 12 months are excluded from like-for-like sales and classified as contract gains. Prior period revenues in respect of closed outlets are excluded from like-for-like sales and classified as contract losses.

Comment – Like-for-like sales growth was 2.8%. The growth in the air channel has again been strong, driven by increasing passenger numbers in all of our major markets. The growth in the rail channel in the UK and Continental Europe continues to be impacted by strike action in some markets and an increase in disruption due to station redevelopments, particularly in London.

Underlying operating profit (actual currency) £195.2m

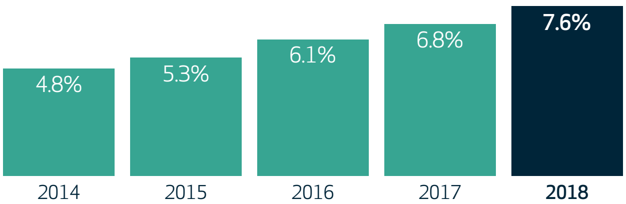


Strategic priorities 1 2 3 4

Definition – Underlying operating profit represents revenue less operating costs excluding, in the current period, the revaluation of the obligation to acquire an additional 16% ownership share of TFS by the end of calendar year 2018 and the amortisation of intangible assets arising on the acquisition of the SSP business in 2006.

Comment – Underlying operating profit increased by 22.7% on a constant currency basis, and by 19.8% at actual exchange rates to £195.2m. Operating profit was £193.3m (2017: £161.0m), reflecting an adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2017: £1.9m).

Underlying operating profit margin (actual currency) 7.6%

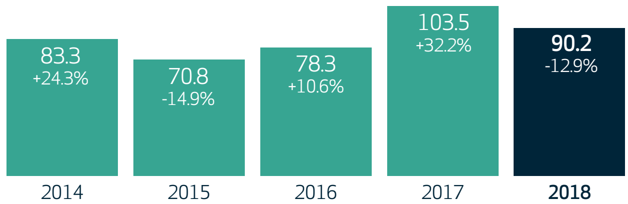


Strategic priorities 3 4 5

Definition – Underlying operating profit margin represents underlying operating profit as a percentage of revenue.

Comment – Underlying operating profit margin improved by 80 bps on a constant currency basis and at actual exchange rates to 7.6%, as the combination of the good like-for-like sales growth and the benefits from our strategic initiatives continue to improve our margins.

Underlying operating cash flow (actual currency) £90.2m



Strategic priorities 5

Definition – Underlying operating cash flow represents net cash flow from operations after capital expenditure, tax and net cash flow to and from non-controlling interests and associates.

Comment – Underlying operating cash flow was £90.2m, a reduction of £13.3m compared to the prior year, representing higher capital investment (+£29.2m Y-o-Y), offset by strong growth in underlying trading profits.

KEY PERFORMANCE INDICATORS CONTINUED

Alternative performance measures

The Directors use alternative performance measures for analysis as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' performance measures and are not intended to be a substitute for IFRS measures.

Revenue growth

As the Group operates in 33 countries, it is exposed to translation risk on fluctuations in foreign exchange rates, and as such the Group's reported revenue and operating profit will be impacted by movements in actual exchange rates. The Group presents its financial results on a constant currency basis in order to eliminate the effect of foreign exchange rates and to evaluate the underlying performance of the Group's businesses. The table below reconciles reported revenue to constant currency sales growth, like-for-like sales growth, net contract gains/(losses), and the impact of acquisitions.

	UK	Continental Europe	North America	RoW incl TFS	Total
2018 Revenue at actual rates by segment (£m)	798.1	971.7	436.3	358.8	2,564.9
Impact of foreign exchange (£m)	0.0	1.0	22.8	16.4	40.2
2018 Revenue at constant currency[1] (£m)	**798.1**	**972.7**	**459.1**	**375.2**	**2,605.1**
2017 Revenue at actual rates (£m)	787.7	910.3	372.9	308.2	2,379.1
Constant currency sales growth	**1.3%**	**6.9%**	**23.1%**	**21.7%**	**9.5%**
Which is made up of:					
Like-for-like sales growth[2]	0.8%	1.4%	4.2%	10.1%	2.8%
Net contract gains/(losses)[3]	0.5%	2.8%	18.9%	7.0%	5.1%
Acquisition impact[4]	–	2.7%	–	4.6%	1.6%
Total constant currency sales growth	**1.3%**	**6.9%**	**23.1%**	**21.7%**	**9.5%**

1 Constant currency is based on average 2017 exchange rates weighted over the financial year by 2017 results.

2 Like-for-like sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months. Like-for-like sales are presented on a constant currency basis.

3 Revenue in outlets which have been open for less than 12 months are excluded from like-for-like sales and classified as contract gains. Prior period revenues in respect of closed outlets are excluded from like-for-like sales and classified as contract losses. Net contract gains/(losses) are presented on a constant currency basis.

4 The acquisition impacts of TFS and Stockheim have been presented separately from net contract gains/(losses) from existing SSP business for the current year only.

Underlying profit measures

The Group presents underlying profit measures, including operating profit, profit before tax and earnings per share, which exclude amortisation of intangible assets arising on the acquisition of the SSP business in 2006 and the revaluation of the obligation to acquire an additional 16% ownership share of TFS. A reconciliation from the underlying to the statutory reported basis is presented below.

			2018			2017
	Underlying	**Adjustments**	**Total**	Underlying	Adjustments	Total
Operating profit (£m)	**195.2**	**(1.9)**	**193.3**	162.9	(1.9)	161.0
Operating margin	**7.6%**	**(0.1)%**	**7.5%**	6.8%	(0.1)%	6.7%
Profit before tax (£m)	**184.4**	**(1.5)**	**182.9**	148.7	(3.9)	144.8
Earnings per share (pence)	**25.1**	**(0.2)**	**24.9**	20.3	(0.8)	19.5

RISK MANAGEMENT AND PRINCIPAL RISKS

The Board identifies that effective risk management is key to supporting the Group's strategic objectives. The management of risks is delegated to the business through a variety of committees that are responsible for reviewing and managing the procedures. We recognise that the procedures are designed to manage, rather than eliminate the risk of failure to achieve business objectives as they can only provide reasonable but not absolute assurance against material errors, losses, fraud or breaches of laws and regulations.

Furthermore, the Board ensures that the Group maintains a strong capital base and adequate sources of funding at all times, in order to pursue its strategy of growth and the creation of long-term sustainable value for its shareholders. The Board has taken care to ensure that all relevant risks have been appropriately analysed and understood in the context of this strategy. The regional businesses operate within a Group-wide risk management framework, which allows the regional management teams to utilise their knowledge of their local markets as effectively as possible to deliver on the Group's strategic priorities as set out on pages 8 to 9, whilst operating within the risk tolerance levels set by the Board.

Risk management framework

The Group's risk management framework is designed to ensure that material risks throughout the business are identified and effectively managed on an ongoing basis.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process was in place throughout 2018 and up to the date of approval of this annual report, which meets the requirements of the guidance produced by the Financial Reporting Council. The Audit Committee has kept under review the effectiveness of the system of internal controls and has reported regularly to the Board.

The key features of the risk management process are as follows:

- the Group conducts an annual risk assessment and local management teams maintain country and regional risk registers. The regional/country registers cover the assessment of risks (including social, environmental, governance and ethical matters), any major changes in risks or new initiatives, and any current as well as future mitigation activities, which are discussed by the Executive Committee. The Group maintains a top down consolidated risk register which covers risks to the overall Group. Risks are evaluated in respect of their potential impact and likelihood, and key risks are presented to the Risk Committee and the Audit Committee;
- the Board discusses and agrees the principal risks that are included in the annual report;
- an annual risk management action plan is put in place to further enhance the Group's risk management capability; and
- the management of risk and compliance with associated policies is considered as part of the Group's performance management systems.

The table on pages 19 to 22 summarises the principal risks and uncertainties to which the Group is exposed, and the actions taken to mitigate them. Risks are identified as 'principal' based on the likelihood of occurrence and the potential impact on the Group. The principal risks are listed in order of priority.

No new risks have been added to the principal risks since last year.

Internal controls framework

The regional and country management teams are responsible for implementing internal control and risk management practices within their own businesses and for ensuring compliance with the Group's policies and procedures.

During 2018, the Board reviewed the effectiveness of the Group's system of controls, risk management and high-level internal control processes. These reviews included an assessment of internal controls, in particular operational and compliance controls as well as their effectiveness, supported by reports from the internal auditor as well as the external auditor on matters identified in the course of their statutory audit work.

The Audit Committee supports the Board by regularly reviewing the effectiveness of the Group's system of internal controls.

There were no changes to the Group's internal controls over financial reporting that occurred during the year ended 30 September 2018 that have materially affected, or are reasonably likely to materially affect, the Group's reported financial position.

The key elements of the internal control environment in relation to the financial reporting process are as follows:

- review of the Group's strategic plans and objectives by the Board on an annual basis;
- a detailed budget is produced annually in accordance with the Group's financial processes, which is reviewed and approved by the Board;
- operational reports are provided to Executive Directors on a weekly and monthly basis, and performance against the budget is kept under regular review in accordance with the Group's financial procedures manual. The Chief Executive Officer reports to the Board on performance and key issues as they arise;
- the Audit Committee assists the Board in the discharge of its duties with regard to the Group's financial statements, accounting policies and maintenance of proper internal business, operational and financial controls. The Audit Committee provides a direct link between the Board and the internal and external auditors through regular meetings;
- the Board has formal procedures in place to approve client contracts, capital investment and acquisition projects, with clearly designated levels of authority, supported by post investment review processes for selected acquisitions and capital expenditure;
- each country is required to submit a Controls Self-Assessment (CSA) confirmation each year to verify its compliance with the controls established over core processes. This must be signed off by regional senior management before submission to Group;
- the Board considers social, environmental, governance and ethical matters in relation to the Group's business and assesses these when reviewing the risks faced by the Group. Further information regarding environmental and ethical matters is available on pages 24 to 27;
- the Group has established and rolled out a Code of Conduct, a Whistleblowing Policy, an Anti-Bribery and Anti-Corruption Policy, and a GDPR compliance policy as well as training thereof, all of which are refreshed on an ongoing basis. Training has been provided to the Board and the senior management, which covers the obligations and behaviours of a UK listed company, including those relating to compliance, insider trading and market abuse; and
- the Group has reviewed its policies and procedures to ensure that the risk of facilitating tax evasion by associates is minimised.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

The Group's risk management framework

Internal Audit
Carries out assurance activities to help inform the Board and committees of potential risk areas and mitigating controls

Board

The Board has overall responsibility for our system of internal controls and risk management policies, and is also responsible for reviewing their effectiveness through regular risk updates and reports.

Audit Committee

The Audit Committee reviews procedures that relate to risk management processes and financial controls. The assessment of controls and risk management processes provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group.

The Chairman of the Audit Committee reports to the Board on any matters that have arisen from the Audit Committee's review of the way risk management and internal control processes have been applied. This includes insights from its review of the reports of the internal and external auditors.

- Supports the Board by reviewing risk management processes and financial controls

- Receives and reviews detailed risk registers, Control Self Assessment (CSA) results and internal audit reports

Risk Committee

The Risk Committee meets quarterly and operates under the management of the Audit Committee. The Risk Committee is not a Board committee. It is chaired by the Chief Financial Officer and comprises the Group General Counsel, the Group Financial Controller, the Group Head of Financial Reporting, the Director of Business Controls, senior representatives from Deloitte, which acts as internal auditor to the Group, and other key colleagues where necessary.

- Reviews risk registers
- Identifies new risks for inclusion in the registers
- Takes action, as agreed and documented in the registers

- Reviews operational risks, controls and KPIs on an ongoing basis
- Reviews results of the CSA process and internal audit reports

Business Controls Team

- Coordinates the risk management process
- Conducts meetings with risk owners across the business
- Coordinates and consolidates local risk registers
- Updates the Group risk register, assesses risk ratings and documents the mitigating controls
- Coordinates, consolidates and summarises themes from the CSA process

Regional and country management

- Considers, updates and maintains local risk registers and risk maps
- Completes the annual CSA process, and proposes and follows up on action points to address any control gaps

Top down
Oversight and leadership of risk management approach

Bottom up
Identification, assessment, mitigation and escalation of risks

Principal risks

Risks are identified as 'principal' on the basis of their likelihood of occurrence and their potential impact on the Group. Furthermore, our strategic priorities laid out below form the basis of Group-wide risk identification, assessment and discussions:

1 Optimising our offer to benefit from the positive trends in our markets; 2 Growing profitable new space; 3 Optimising gross margins and leveraging scale benefits; 4 Running an efficient and effective business; and 5 Optimising investment using best practice and shared resource.

The principal risks discussed in the table below are listed in order of priority. No new principal risks have been identified since last year.

⇧ Risk increasing ⇩ Risk decreasing ⇔ No risk movement

Risk/Risk Priority	Risk Description	Mitigating Factors
1 Business environment ⇔ **Strategic priorities** 1 2	The Group operates in the travel environment where external factors such as the general economic and geopolitical climate, levels of disposable income, weather, changing demographics and travel patterns could all impact both passenger numbers and consumer spending. There is a risk that the Group is unable, or poorly placed, to respond to these external events. The travel environment is vulnerable to acts of terrorism or war, an outbreak of pandemic disease, or a major and extreme weather event or natural disaster which could reduce the number of passengers in travel locations. Increased protectionist trade policy and tariffs in the US could result in US cost inflation. Business uncertainty in the US could have an impact on international travel and the wider economic environment.	The Group monitors the performance of individual business units and markets regularly. The Executive Directors review detailed weekly and monthly information covering a range of KPIs, and monitors progress on key strategic projects with local senior management. Specific short and medium term actions are taken to address any trading performance issues which are monitored on an ongoing basis. The Group also conducts extensive research to understand current levels of customer satisfaction and gathers feedback on changing requirements. The Group has business continuity plans in place including liaison with authorities and clients in key locations to ensure that contingency plans are comprehensive and complete.
2 Retention of existing client relationships ⇔ **Strategic priorities** 1 2	The Group's operations are dependent on the terms of airport and railway station concession agreements. Growth is dependent on the Group's ability to retain existing concession contracts and win new contracts from either new or existing clients. The Group's clients may turn to alternative operators, cease operations, terminate contracts with the Group or increase cost pressure on the Group.	The Group's local management structures in all its major geographies allow it to maintain strong relationships with its clients and to monitor performance in close partnership with its clients' management teams. The Group has an established contact strategy with key clients to establish and/or maintain ongoing relationships. These are discussed between Group and local management on a regular basis. The Group conducts regular online and interview-based client surveys to ensure any concerns are being addressed. Furthermore, the Group proactively seeks to invest in, extend and enhance its offers in key locations, working in conjunction with clients.
3 Brexit ⇧ **Strategic priorities** 1 3	Brexit may have an adverse impact on the wider economic environment in the UK and across the EU, resulting in weaker consumer spending in the travel food and beverage markets. It would also impact the travel sector directly if any restrictions in the freedom of industrial air travel between the UK and EU countries come into force. The potential depreciation of the pound could lead to cost inflation pressures, particularly in the food commodity markets. Potential restrictions on mobility of EU nationals post-Brexit may limit the availability of labour resource in the UK.	The Group carefully monitors the ongoing negotiations of the UK's exit from the EU, which are discussed between Group and local management on a regular basis. The Group maintains a global portfolio and regularly monitors the impact of foreign exchange fluctuations on its cash flows, mitigating the impact from foreign exchange risk. The Group's pricing and range initiatives are driven by continuous monitoring of consumer spending benchmarks. Various gross margin initiatives, including recipe re-engineering and procurement rationalisation continue to be pursued, in order to mitigate the impact of cost inflation. The Group continues to develop its UK recruitment strategy to ensure SSP is positioned as an attractive employer in the UK.
4 Labour laws and unions ⇔ **Strategic priorities** 4	Approximately half of the Group's employees are subject to collective bargaining agreements. These are principally in France, Germany, Spain, Denmark, Finland, Norway, Sweden and the United States. The Group is also subject to minimum wage requirements and mandatory healthcare subsidisation in some of the jurisdictions in which it operates, notably North America, the United Kingdom and China.	The Group works proactively with all of its unions to ensure that the various collective bargaining agreements are appropriate for the Group and therefore minimise commercial risks. The Group is continually reviewing the impact of changes in remuneration structures in developing mitigating strategies across the Group. The reviews include the ongoing impact of the National Living Wage and the Apprenticeship Levy in the United Kingdom, and the impact of healthcare legislation in the United States. Various labour productivity initiatives continue to be pursued by the Group, in order to mitigate the impact of cost inflation.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk Priority	Risk Description	Mitigating Factors
5 Implementation of efficiency programmes ⇔ **Strategic priorities** 3 4 5	The Group is continuously seeking new programmes to improve efficiency. There is a risk that these programmes may not be feasible to implement in certain jurisdictions, and furthermore, they could fail to deliver the desired benefits, e.g. labour efficiency and minimising waste and loss.	The Group has completed a detailed evaluation, planning and partial implementation of its major change programmes, and adapts and responds to feedback on an ongoing basis. To aid these programmes, the Group continues to utilise specialist expertise in the business where required, both at a Group and at a country level. The Group provides central support through its regional CEOs and CFOs, to facilitate appropriate country actions based on key performance indicators linked to margin management. Group IT also provides support for project management and implementation, using agreed standard business processes and controls.
6 Changing client behaviours ⇔ **Strategic priorities** 1 2	Changing client requirements, such as splitting tenders across two or more providers, partnering with operators in joint ventures, developing third party purchasing models and favouring local brand operators or partnering directly with brand owners, may adversely affect the Group's business.	The Group has in place a clear 'SSP Value Proposition' that it presents to the client to address this risk. The Group Director of Strategic Partnerships and the Group Chief Commercial Officer work closely with country management teams to enhance and clarify the Group's proposition to its clients. The Group's contact strategy with key stakeholders and clients helps to mitigate this risk. This is informed by its annual client survey, which is carried out by an independent party.
7 Regulatory compliance ⇧ **Strategic priorities** 1 2	The laws and regulations governing the Group's industry have become increasingly complex across a number of jurisdictions and a wide variety of areas, including, among others, food safety, labour, employment, immigration, security and safety, health and safety, modern slavery, plastic waste, competition and antitrust, consumer protection (including data protection), environment, licensing requirements and related compliance. With a UK parent company, the Group is required to comply with the provisions of the UK Bribery Act and the legislation aimed at preventing the facilitation of tax evasion, as well as the local equivalent laws in the territories in which the Group operates. There is a risk that the Group fails to comply with such laws and regulations. The Group is required to comply with data privacy laws in many of the jurisdictions in which it operates. In the EU, the Company has been subject to the new General Data Protection Regulation (GDPR) since May 2018. This requires the adoption of stricter data management processes in order to address greater rights for individuals, mandatory breach reporting and more rigorous compliance obligations. There is a risk that the Group fails to comply with the new rules or to implement adequate processes to safeguard personal data. This could give rise to larger fines, penalties and civil action from individuals. The preparation of food and maintenance of the Group's supply chain require a base level of hygiene, temperature maintenance and traceability, which expose the Group to possible food safety liability claims and issues.	The Group has procedures and processes in place to ensure compliance with local laws and regulations. The Group may obtain external advice to supplement the in-house legal and compliance team. The Group has a Code of Conduct, and Anti-Bribery and Anti-Corruption Policy, and training has been rolled out internationally. This is continually being reviewed and updated to improve controls and monitoring. The Group's procedures under the policy include regular reporting by the businesses to the Risk Committee. Compliance is monitored by Internal Audit and the Risk Committee on an ongoing basis, and all alleged breaches of the Code of Conduct and policy are investigated. The Group has conducted a risk assessment regarding the new UK legislation on failure to prevent the facilitation of tax evasion, and is updating its policies and procedures in this regard. The Group has established a GDPR working group with representatives from each key division to ensure the Group is able to manage GDPR compliance risk. Local champions are in place to ensure local compliance, and the Group is making progress to ensure it is compliant with the new rules. Furthermore, our supplier contracts are being updated to ensure that suppliers are GDPR compliant. The Group has food safety controls and procedures in place that are embedded in the Group's operations. These are monitored by the country management teams on a regular basis and appropriate action is taken if any issues are identified. Training sessions are also held at a country level to ensure compliance with these procedures.
8 Execution and mobilisation of new contracts ⇩ **Strategic priorities** 3 4 5	There is a risk that the Group may not be successful in mobilising new contracts and operating them successfully.	The Group, as well as regional and country senior management teams, reviews mobilisation plans to ensure that new openings are delivered on time and in line with the specific agreement or contract. The Group has strengthened the management teams, including the business development and property teams in the high-growth regions of Asia Pacific, India and the US, especially in finance, operations and construction. The Group also teams up with its joint venture partners in new territories to provide local infrastructure and mobilisation support.

Risk/Risk Priority	Risk Description	Mitigating Factors
9 Expansion into new markets ⇔ **Strategic priorities** 1 2	The Group's strategy involves expanding its business in developing markets, including Asia Pacific, India, Eastern Europe and the Middle East. Political, economic and legal systems and conditions in these countries are generally less predictable than in countries with more developed institutional structures, subjecting the Group to additional commercial, reputational, legal and compliance risks.	The Group has strengthened the management teams in Asia Pacific and India, especially in finance and operations where this risk is high and the Group is growing. In addition, the Group adopts a joint venture model in certain new territories to provide access to existing local infrastructure and expertise, as well as to help mitigate the risk inherent on entering new territories. The Group has clearly defined authorisation procedures for all contract investments, to ensure that they are consistent with the objectives set by the Board and that they fully consider and evaluate the risks inherent in expansion into new locations and territories. The Group works with in-house and external advisors to ensure the risks of doing business in developing markets are identified and where possible, mitigated before entering those markets. This includes appropriate due diligence of potential joint venture and other local partners. The Group legal team works closely with country legal and operational teams to support business development activities and to ensure compliance with local requirements. The risk of working in developing markets is also monitored by the Risk Committee and the Audit Committee.
10 Senior management capability and retention ⇔ **Strategic priorities** 4	The performance of the Group depends on its ability to attract, motivate and retain key employees. The skills developed in our business are highly attractive to other companies, which regularly target our staff for recruitment. The Group may not have sufficient management capability at a senior level, such as country leadership in both existing and new territories, to execute the planned operational efficiency programmes and to support the growth and development of the business. The Group may not have sufficient resources, such as resources in legal, finance and IT, to meet the changing and complex needs of an international and growing business.	The Group continues to review key roles and succession plans at a country and at a Group level. Senior resources have been strengthened in a number of strategically important and growing businesses. The Remuneration Committee monitors the levels of remuneration for senior management and seeks to ensure that they are designed to attract, retain and motivate the key personnel required to run the Group effectively. The Group carries out an annual talent mapping exercise to identify candidates for future roles and continues to invest in additional resources to support change initiatives and business development programmes.
11 Competitive intensity ⇔ **Strategic priorities** 1 2	Competition intensifies as the Group's competitors become more sophisticated, diversified, direct more resources to the preparation of tenders, and take a more aggressive position on commercial terms when tendering for contracts. This could put pressure on the Group's profitability and reduce the availability and attractiveness of contracts.	The Group has developed high-quality 'business-to-business' marketing collateral to clearly lay out the benefits of working with SSP, which it shares with the clients to help them better understand the Group's proposition, from both a quantitative and a qualitative perspective. The Group's strengthened business development team utilises the feedback from regular client satisfaction surveys when developing new tenders, to ensure they remain competitive to clients. The Group has clear internal benchmarking and investment appraisal processes to evaluate tender proposals and to ensure that the Group is able to make a competitive offer, as well as meet its investment criteria. The Group continues to extend its brand portfolio, including via partnerships with celebrity chefs, to provide breadth and depth as part of a tender process.
12 Outsourcing programmes ⇔ **Strategic priorities** 4	The Group fails to execute outsourcing projects effectively, which results in a disruption of the business as usual and the introduction of new third party risks. Furthermore, any benefits expected from the outsourcing programme may not be realised.	The Group continues to utilise specialist resources in the business to manage implementation and transition projects, and it continues to use external advisors to provide input into the management of risks in such projects. Performance feedback is reported to the Executive Committee on a regular basis and the Risk Committee periodically. Furthermore, the Group has included the outsourcing centres in its Internal Audit review scope. The outsourcing partners are highly reputable and were selected after a rigorous tender process and extensive due diligence.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk Priority	Risk Description	Mitigating Factors
13 Cyber security Strategic priorities 4 5	The Group becomes exposed to information security and cyber threats, e.g. threats detailed in the Payment Card Industry Data Security Standards (PCIDSS). The risk of ransomware attacks has increased due to a general increase in the prevalence of ransomware attacks and their increasing sophistication.	The Group continually reviews its business continuity plans for its supply chain, IT disaster recovery, and information security policies and practices, to ensure that these meet the changing landscape. The Group has also rolled out cyber security training across the business to reinforce data protection responsibilities and cyber risks. The Group's segmental business model and IT systems structure help to ensure that potential cyber attacks are likely to remain isolated locally rather than impact the entire Group.
14 Maintenance/development of brand portfolio Strategic priorities 1 2	The Group's success is largely dependent upon its ability to maintain its portfolio of proprietary brands and the brands of its franchisors, as well as the appeal of those brands to clients and customers. The loss of any significant partner brands, the inability to obtain rights to new brands over time or the diminution in appeal of partner brands or the Group's proprietary brands, could impair the Group's ability to compete effectively in tender processes and ultimately have a material adverse effect on the Group's business.	The Group continues to strengthen its dedicated brands and marketing teams, to work closely with its partner brands and to enable greater capacity to attract and manage a broader portfolio of external brands. The Group also carries out extensive customer research into passengers' needs and continually analyses market trends in order to enhance its brand and concept portfolio on an ongoing basis. Finally, the Group continuously looks to strengthen the depth and breadth of its brand partners.
15 Business development capability and investment Strategic priorities 1 2	The Group may not have the capabilities in key markets to maximise business development opportunities, in order to win profitable business in new markets.	The Group prioritises its investment in new contracts as part of the ongoing review of its global pipeline, and the prioritisation of its capital investment and resources. The Group has also strengthened the management team in Asia Pacific and India, especially in finance and operations. Furthermore, the Group works with local joint venture partners in new markets to access support and advice on business development activities.
16 Tax strategy Strategic priorities 1 2	The Group suffers reputational damage if customers, clients and/or suppliers believe that the Group is engaged in aggressive or abusive tax avoidance. There is a risk that the Group may not be tax compliant due to complicated local tax laws across different geographical territories.	The Group has a tax management policy which is based on the Board's guidance to adopt a low risk tax strategy. The Group also regularly reviews its tax priorities and has strengthened the tax team at the centre.

Viability statement

SSP Group's operations are managed on a regional basis and are primarily focused on the airport and railway station food and beverage sales markets. As detailed on page 4 ('Our marketplace'), the market benefits from a number of long-term structural growth drivers. Our business model is focused on meeting the food and beverage needs of our clients and customers in a complex and challenging environment. Our strategy to achieve this consists of five key levers, which provide us with a strong platform to achieve profitable growth, which in turn is consistent with the Group's objective to create long-term sustainable value for its shareholders.

The Directors have assessed the Group's prospects and viability over a five-year planning cycle. As the business is now globally established within a fairly mature yet dynamic market, the Directors believe that forward planning over a longer time horizon will enable the Company to take advantage of the structural growth drivers in the market. This time horizon is also consistent with the Group's typical lease contract length, financing arrangements and global expansion plans through organic growth.

The assessment process and key assumptions

The Directors have performed an assessment of the Group's prospects through its annual strategic and financial planning process. This process is led by the Group CEO and CFO in conjunction with the Executive Committee and the country management teams. The results of the assessment are then summarised within the five-year strategic plan (the Medium Term Plan or MTP), which is discussed and approved by the Board annually. The most recent MTP was approved in July 2018, which covers the period from 2019 to 2023.

The MTP is underpinned by a detailed financial model, which includes the following key factors:

- revenue assumptions based on recent trends have been adjusted for any macro-economic factors in the regions;
- margins assuming that cost inflation pressures will continue, however the impact of those pressures is offset by efficiency programmes and operational leverage;
- dividend policy remains unchanged; and
- the Group's capital structure, which consists of long term debt and a bank facility (which includes a revolving credit facility) remains unchanged.

The first year of the financial forecasts forms the basis of the Group's operating budget and is subject to a rolling quarterly forecast process throughout the year. Subsequent years of the forecasts are extrapolated from the first year, based on the overall content of the strategic plan. The MTP review is supported by briefings provided by the regional and country management teams, which consider both the market opportunities and the associated risks and mitigating factors. These risks are also reviewed as part of the Board's annual risk assessment process.

Assessment of viability

The Directors recognise the importance of considering the long term viability of the business when executing strategic decisions. As a result, the Directors place a high degree of importance on maintaining an effective Group-wide risk management framework, which ensures a disciplined approach to risk taking. Such an approach ensures that the upside potential of all relevant risks is understood and capitalised upon as directed by the Board, whilst the downside is appropriately mitigated. The Group's risk management process and its effectiveness thereof are detailed on pages 17 to 18.

The Directors have also performed a robust assessment of the Group's principal risks, which can be found on pages 19 to 22. The risks are listed in order of priority. The risk descriptions explain why the related risks are important, and the Directors believe that the corresponding mitigating factors adequately address each risk, such that any residual risk falls within the Board's risk tolerance.

Whilst the principal risks can impact the normal performance of the business, under highly stressed market conditions some of them could present threats to the existence of the organisation. As a result, the Directors have assessed the Group's resilience to a number of alternative scenarios. These scenarios represent stresses which include the following circumstances:

- one that uses as its reference point the 2008/09 financial crisis, when global economic conditions adversely impacted both passenger volumes and the spending habits of customers, leading to a rapid and unprecedented drop in like-for-like sales;
- one that envisages an external event, e.g. a terrorist incident that has a significant impact on the travel sector for a number of months; and
- one that considers the impact of a combined short-term decrease in sales and a longer-term sustained decline in like-for-like sales.

The results of the stress tests, including one that combined the individual scenarios, demonstrated that due to the Group's high cash generation, it would be able to withstand the impact in each case. Mitigations considered as part of the stress tests included reductions in additional capex, reductions in discretionary spending, lower dividend payments and client rent re-negotiations.

Viability statement

Based on the results of the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment to September 2023.

Going concern

Finally, based on the detailed cash flow projections discussed above and the stress-tested scenarios considered, the Directors are confident that the Group will be able to operate within its banking covenants and have sufficient liquidity levels for the next 12 months from the date of this report. Accordingly, the Directors believe it appropriate to prepare the Annual Report and Accounts on a going concern basis (further details can be found on page 59).

SUSTAINABILITY REPORT

At SSP, we recognise the impact our business has on others, and we are committed to managing this impact in a responsible way. We divide our sustainability programme into four areas: Marketplace, People, Environment and Community, each with appropriate policies and commitments to ensure that we address the most material environmental and social issues facing our business.

A named member of the Executive Committee is responsible for each of the four areas, and the Board regularly reviews progress against our strategy and Key Performance Indicators. We listen to our stakeholders and regularly review our approach to meet their expectations.

This report provides a summary of how we manage the most material sustainability issues for our business. More detail, together with relevant policies, is available at www.foodtravelexperts.com.

Non-financial information statement

We note the requirements under the provisions of the Companies Act 2006, relating to the preparation of the Strategic report which have been amended by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, which implements EU Directive 2014/95/EU (on non-financial and diversity information). As a result of these changes, we have integrated the required information into the Strategic report, the majority of which is detailed throughout this Sustainability report.

Marketplace

Our priorities
We are committed to providing quality products and services to our customers, and to ensuring the safety and sustainability of those products and of the supply chain behind them.

Our progress
Customer satisfaction is our priority, and our colleagues seek to empathise with our customers' needs. In most of our global markets, we use our 'Eat on the Move' platform to ask customers for their feedback so that we can review our performance and identify ways to improve the service we provide.

We seek to ensure that our product ranges and menus offer our customers choice, including healthier choices, such as lower fat, lower sugar or low carbohydrate options. We also look at ways to improve the health credentials of recipes. This will include using low fat mayo or spread as standard and eliminating the use of artificial transfats.

One example is our focus on sugar reduction within the products we sell in the UK. Our cold beverage range now has a wider selection of low calorie and diet drinks. In our Camden and Whistlestop units, for example, we have increased the number of low calorie or diet drinks in our ranges by over 50% since 2015. We have also reviewed our confectionery range and increased the number of healthier lines within it. In Pumpkin, the number of healthier lines has increased by 31% whilst the size of the overall confectionery range has decreased by 23%. A recent review of our muffin range in our UK own brand coffee shops also resulted in a 15% reduction in sugar content and portion size.

Ethical trade

Our priorities
Our Supplier Code of Conduct and Human Rights Policy is aligned to the Ethical Trading Initiative's Base Code and outlines the labour standards we expect our suppliers to work towards, so we can ensure that they are fairly treated. This is used throughout our global business.

Our progress
We have an ongoing programme of engagement with our key suppliers around the world to ensure that they understand and comply with our Ethical Trade Code of Conduct and Human Rights policy. Our global purchasing teams receive training to support them in this supplier dialogue so they may assess risks within our supply chain. An increasing number of suppliers are now connected with SSP via the Supplier Ethical Data Exchange (SEDEX), enabling our country purchasing teams to access detailed information on ethical trade risks and performance. We continue to work with the management teams, in particular in those countries deemed to be high risk for ethical trade and modern slavery, to ensure that appropriate controls are in place.

In line with the requirements of the 2015 Modern Slavery Act, we also operate a due diligence process to ensure that modern slavery risks are closely monitored within our business and supply chain. Further detail on our approach is provided in our separate Modern Slavery statement, available at www.foodtravelexperts.com.

Responsible sourcing

Our priorities
Our Responsible Sourcing Policy outlines the standards which we expect our purchasing teams to implement when sourcing ingredients for our menus. Our objective is that the products we sell should come from sustainably managed sources wherever possible.

Our progress
We know that animal welfare is a priority for our customers and stakeholders. We are committed to maintaining high standards of animal welfare within our supply chain and expect our suppliers to meet or exceed the standards within the 'Five Freedoms' concept proposed by the Farm Animal Welfare Council. Further details on our animal welfare standards are included in our Farm Animal Welfare Policy. During the year, we have reviewed our egg sourcing strategy and made a commitment to source all of the eggs we use within our proprietary brands across our global business from cage-free sources by 2025. Our country purchasing teams will be working with suppliers over the coming years to implement the changes.

We are already making progress towards this target. All of the hard-boiled eggs and scrambled eggs purchased for SSP UK's proprietary brands are now from cage-free sources. In Sweden, all whole eggs are from cage-free sources.

As hot beverages are such an important part of our offer, we want to ensure that the coffees and teas are produced in accordance with ethical and sustainable standards, such as the Fairtrade or Rainforest Alliance certification schemes.

More than 70% of the coffee we purchase for our proprietary brands is from certified sources

People

Our colleagues are at the heart of our business success. We invest in our people to enable them to reach their full potential, as well as providing them with a positive, non-discriminatory and safe working environment.

Employee engagement

We want our colleagues to be fully engaged with the business strategy and objectives. We have a regular programme of briefings, huddles, employee conferences and news updates via our enterprise social network, SSP Connections. In addition, we encourage our colleagues to raise any issues and concerns they might have so that we can address them and improve the colleague experience at SSP. In the UK, for example, we regularly run listening groups called 'Your Shout', which take place at a local level every month. Feedback is escalated to the operations management and ultimately to our UK Chief Operating Officer. Based on this feedback, we made a number of commitments, which we have been putting in place throughout the past year, such as improvements to our Team Member bonus scheme.

We have operated a European Work Council for several years. This forum is for SSP to provide timely and meaningful information and consultation to enhance the social dialogue with our European colleagues. The forum addresses transnational issues, which may affect employment, working conditions and the interests of its employees.

In some countries, we survey our colleagues to monitor levels of employee engagement. One example is SSP America, where we have been pleased to see improved results year-on-year, and we have used the feedback given as part of the survey to focus our efforts to improve the workplace.

Learning and development

SSP's strategy continues to be to grow talent from within through a range of Learning & Development opportunities. Our global online learning platform, the SSP Academy, continues to grow supporting the development of our colleagues at all levels and enables us to deliver corporate and high risk training content in all markets. This year our plans included the expansion of the SSP Academy platform in the USA and India. Within the UK, we have moved all of our key induction training online, giving new colleagues easy access to the training they need to do their job, and also opportunities to broaden their knowledge beyond the required basics. We will be working with our local teams in each country to support them with a similar model over the year ahead. Our global roll out of the SSP Academy will give us greater visibility and more accurate reporting for high risk and corporate training requirements.

Apprenticeship qualifications form a key part of our learning and development strategy, giving our team members the opportunity to develop their careers into junior managerial roles. We offer apprenticeship qualifications in Sweden, Norway, Finland, Germany, France and the UK. More than 200 colleagues commenced an apprenticeship this year.

Succession planning and career development has been a focus in our Asia Pacific business during the year to identify potential high performers within departmental heads and managers across the region. Eighty colleagues were invited to take part in Occupational Personality Assessments, designed to gain a greater understanding of their potential. Across the region, eight individuals were highlighted as High Potential for promotion within the next 12-18 months. Following in-depth career discussions, Individual Development Plans have been designed and these will be monitored on a quarterly basis over the year ahead.

Additionally, many country HR teams have partnerships with local organisations to offer career opportunities to people from deprived communities. One example is SSP America's Phoenix location which has a particularly strong relationship with St. Joseph the Worker, a local charity working with people from deprived communities to give them the resources necessary to gain and maintain employment. One team member, D'Angelo Charles, hired as a result of this partnership, was named F&B Team Member of the Year in the FAB Awards 2018. The award recognised D'Angelo's excellent work ethic which had seen him promoted from Team Member to Cashier, then to a Supervisor and later an Assistant Manager.

SSP colleagues show the visiting students around the airport for the first time

SSP China supports 'Going Places' programme

SSP China has been working with the China Development Foundation ('CDF') to run the programme, Going Places 2018. The objective is to broaden the horizons of rural children in China by providing them a chance to visit a city for the first time, helping to connect rural teenagers to the urban world and let them understand career opportunities they may not have otherwise considered.

In March 2018, the partnership saw 20 young people from rural China take part in a four day educational visit to Shanghai Pudong airport and to learn from SSP colleagues. During the week they gained insight into food health and safety, and learned about possible careers in the food and travel industry. They were also provided with some "technical" training such as Elementary Barista training. On the second day, the children also had the opportunity to visit a Science Museum and meet people from different professions, e.g. food service, sales, HR and management. SSP China has been working with CDF for a number of years now and plans to host further visits in 2019.

Anti-bribery and anti-corruption, and whistleblowing

SSP has a Group-wide Anti-Bribery and Anti-Corruption Policy to comply with the Bribery Act 2010 and it periodically reviews its procedures (including due diligence on new partners) to ensure continued effective compliance in its businesses around the world.

The Group's Whistleblowing Policy provides a framework to encourage and give all employees confidence to 'blow the whistle' and report irregularities. Employees are encouraged to raise concerns with designated individuals, including the Executive Directors or the Chairman of the Audit Committee. The Audit Committee monitors this policy and reviews annually the number of matters reported and the outcome of any investigations.

The Audit Committee periodically reviews the Group's policies and procedures for preventing and detecting fraud, its systems, controls and policies for preventing bribery and for preventing the facilitation of tax evasion, its code of corporate conduct and business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements. The Audit Committee receives

SUSTAINABILITY REPORT CONTINUED

updates on bribery and fraud trends and activity in the business, if any, at least twice a year, with individual updates being given to the Audit Committee as needed.

Equal opportunities and diversity

Our Equality Policy outlines our expectation that all our employees should be treated with respect and be able to work in an environment in which they can realise their potential, free of harassment and discrimination in any form. We provide training and guidance to all our colleagues to ensure they understand and comply with this policy. One of the ways in which we measure the success of this approach is by monitoring the number of women in senior management roles. As at 30 June, when we collected data for the UK's Hampton-Alexander Review, 14% of our Board of Directors and 25% of our Group Exec members were female. Since then, we have appointed Carolyn Bradley to our Board of Directors.

Employees by gender	**Male**	**Female**
Board of Directors	86% (6)	14% (1)
Senior management	72% (100)	28% (39)
All employees	47% (17,708)	53% (19,841)

Health and safety

We are committed to maintaining high standards of health and safety for our employees and our customers at all times. All employees complete training on health and safety, and we monitor performance against key safety performance indicators.

Environment

Our Environmental Policy sets out our commitment to responsibly manage the environmental impact of our business. We believe that our commitment to good environmental management can contribute to greater operational efficiency and therefore makes good business sense. Our core objectives are to reduce the carbon footprint of our business, through more efficient use of energy in our operations and through the specification of more efficient equipment, and to reduce food and packaging waste.

Reducing our carbon footprint

Our progress

One of the key ways in which we manage our carbon emissions is through tight control of energy consumption within our units, specifically through the installation of Building Management Systems (BMS) and LED lighting. This year, SSP UK has been rolling out a new multi-brand efficiency specification for some of our larger sites. This was trialled at Euston Station and is currently delivering an 18% reduction in energy consumption. Energy savings initiatives have also been rolled out across SSP UK's Burger King units and are currently delivering energy reductions of 20%.

In our German business, following the successful installation of LED lighting and BMS in Spar Frankfurt, where over 30% savings were secured, energy efficiency controls were rolled out to Spar units in Dresden, Berlin Spandau and Chemnitz, and subsequently to a further 22 Spar sites.

As part of our capital projects investments, we are introducing new equipment that saves on energy and maintenance. We are trialling new grills, for example, which use 62% less energy, as well as being easier to clean and operate.

Across the Group, we measure our progress in reducing our carbon footprint through our greenhouse gas intensity ratio.

Global greenhouse gas emissions data

	2018 Tonnes of CO_2e	2018 Percentage of carbon footprint	2017 Tonnes of CO_2e
Scope 1 emissions Combustion of fuel and operation of facilities	13,917	12%	8,300
Scope 2 emissions Electricity, heat, steam and cooling purchased for own use	106,634	88%	95,971
Total	**120,551**	**100%**	**104,271**
Intensity measurement Total emissions reported above normalised grams per £ of turnover	**47.00 grams/£**		**45.55 grams/£**

Scope and methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within the scope of our consolidated financial statements. This data covers the continuing activities undertaken by our retailing operations worldwide.

The methodology applied to data gathering and analysis is consistent with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard for Scope 1 and Scope 2 emissions and the DEFRA Environmental Reporting Guidelines, including mandatory greenhouse gas emissions reporting guidance.

A full documentation of the methodology used, including collection of data from worldwide operations, exclusions of any non-material emission sources, emission factors used and assumptions made is available upon request.

Reducing our waste to landfill

Our progress

Targeted waste reduction programmes are being implemented in our UK business and many of our European operations with a focus on reducing waste of sandwiches and pastries, as well as wine, beer and fries. Reductions are being achieved through improved production planning to ensure that our units' ranges are tailored to customer demand. We have also introduced planograms which vary our ranges by time of day, so that croissants for example are not offered in the afternoon when they are unlikely to sell and will be wasted. As a result of these initiatives, overall waste across SSP UK, France, Sweden, Denmark, Finland, Norway, and Spain, has reduced 14% YoY. In the year ahead, the waste controls programme will be rolled out to our Asian and North American operations.

14% reduction in overall waste tonnage in countries operating waste controls programmes.

All 32 SSP units at John F Kennedy International Airport become Certified Green Restaurants

Since 2017, SSP America has been working with Terminal 4 at John F. Kennedy International Airport and the Green Restaurant Association with the goal of achieving Level 1 Certified Green Restaurant® status at all dining locations. Since then, SSP's units in the terminal have implemented a suite of environmental initiatives to achieve certification. These include a Near-Zero Waste programme with comprehensive recycling and composting, which can divert up to 90% of waste from the landfill, installation of LED lighting and eliminating the use of Styrofoam. In August 2018, Terminal 4 became the first airport terminal in the world to have all of its 32 restaurants, all of which are operated by SSP, become Certified Green Restaurants.

"I am proud of the thirty-two Terminal 4 concession locations that have taken environmental steps to become Certified Green Restaurants," said Michael Oshman, CEO and founder of the Green Restaurant Association. "As the very first airport terminal to have 100% Certified Green Restaurant concessions, Terminal 4 is paving the way for a more sustainable travel industry."

In Germany, France and Norway, we are trialling the use of a third party app called Too Good to Go, which lets consumers know when unsold food is available to be purchased at reduced prices. Customers come in half an hour before closing and can take a 'mystery' bag of food, which is going out of date that day. SSP Norway is currently seeing 700 products/month sold via the Too Good to Go app, equating to 2.1 tonnes per annum of unsold food diverted from landfill.

Where food waste cannot be avoided, some of our units are developing partnerships with local charities to donate unsold food. SSP UK's M&S units have been working with an organisation called Neighbourly, to build links with local charities who would benefit from unsold food donations. Donations began in December 2017 with some trials, and there are currently 28 M&S sites taking part in the scheme. The majority of items donated include chilled sandwiches and food to go items, ready meals and fruit, vegetables and salads. M&S Liverpool Lime Street, for example, has a partnership with the Whitechapel Centre, the leading homeless and housing charity for the Liverpool region. During July and August 2018, our M&S unit was able to donate the equivalent of 1,085 meals to the charity, which would otherwise have gone to waste. We are working to build further partnerships at other units during the coming year.

We regularly review our product packaging to look for opportunities to reduce its environmental impact. One area of focus this year has been reducing single-use packaging. During 2018, the team at our Indian JV, TFS has worked to completely eliminate single-use plastic across all Indian operations. Plastic plates, cutlery, cups and straws have all been replaced with paper, aluminium or biodegradable alternatives, making TFS the first retail business in India to go plastic-free. SSP UK has also been introducing new initiatives to reduce packaging waste. This includes a reusable cup discount to encourage customers to bring their own cup. We are also phasing out the use of plastic straws and have set a target for SSP UK's proprietary brands to have moved to paper straws by 2020. In addition, we are replacing plastic cutlery and stirrers with wood or bamboo alternatives and replacing single-use carrier bags with Bags for Life.

Community

Our priorities

As an employer of over 37,000 colleagues in 33 countries worldwide, we are present in many communities. Our Community Engagement Policy sets out our aims to make the communities where we work better places to live and do business, and encourage our colleagues to be involved with local communities to their mutual benefit. We focus many of our community engagement initiatives on supporting the development of skills for young people and those from deprived backgrounds, as well as supporting charitable causes, which are important to our colleagues and partners in a specific location.

Our progress

In India, TFS has a well-established partnership with Child Rights and You, an Indian non-profit organisation which works to deliver sustainable change for over two million under-privileged children across India. The charity partnership is promoted to customers through collection boxes at the till point of TFS units. In the last year, funds raised by TFS have supported over 2,700 children as part of projects to prevent childhood malnutrition, get children into school, prevent child labour and promote better healthcare for children.

Within our UK business, the SSP Foundation is a UK registered charity, which makes grants to support employee nominated charities in the communities where SSP operates, as well as providing funding for projects to promote skills development for young people. The SSP Foundation has collection tins in SSP units across the UK. During the year, the Foundation made a total of 71 grants with a total value of £200,000 to a range of both local and national charities. One beneficiary was a charity called Magic Breakfast, which provides breakfast for children who are on free school meals and who may otherwise not get breakfast before they start their school day. The Foundation grant will fund over 52,000 nutritious breakfasts for 268 children and unlock over 200,000 hours of learning that would have otherwise been lost due to hunger.

During 2018, SSP America's community engagement programmes provided support worth over US$130,000, to more than 80 charities across North America. Charity partners range from children's hospitals and hospices to charities supporting the homeless.

SSP UK colleagues partner with Macmillan Cancer Care as 2018 Charity of the Year

At the beginning of 2018, SSP UK colleagues were given the opportunity to vote for their Charity of the Year, and they chose Macmillan Cancer Support. A network of charity champions was recruited to provide help to coordinate activities, and teams across the business took on a wide range of fundraising activities, ranging from fancy dress days, baking cakes as part of the World's Biggest Coffee Morning and undertaking a wide range of sponsored and sporting challenges. Colleague fundraising has been supported by the SSP Foundation, which made an initial grant of £100,000 to kick start colleague fundraising and also donated more than 33% of its collection tin income during the year.

To date, including the SSP Foundation grant, SSP UK colleagues are proud to have been able to donate over £220,000 to support Macmillan's vital work. Natasha Parker, Macmillan's Head of Corporate Partnerships, commented, "We were delighted that SSP colleagues voted to support Macmillan during 2018 and have been overwhelmed by the dedication of staff across the organisation. This support enables us to continue to fund essential support and services for people with cancer and their families."

Kate Swann
Chief Executive Officer

20 November 2018

BOARD OF DIRECTORS

Vagn Sørensen
Chairman

N

Vagn joined the SSP Board as Chairman in June 2006. Vagn has extensive experience in global business and the airline and transportation industries, with over twenty years' experience working within the travel sector. Vagn brings strong management and leadership experience to SSP.

Previous experience:
Vagn was the President and Chief Executive Officer of Austrian Airlines Group from 2001 to 2006 and held various senior commercial positions. He served as Deputy Chief Executive Officer with SAS Scandinavian Airlines System from 1984 to 2001. Other previous roles include serving as the Chairman of the Association of European Airlines and of British Midland Airways, as a Director of Lufthansa Cargo, and as a member of the Board of Governors of the International Air Transport Association. Vagn was also the Chairman of Scandic Hotels Group AB.

External appointments:
Vagn is Chairman of Air Canada and FLSmidth & Co. A/S and a board member of Royal Caribbean Cruises Limited, VFS Global, Braganza AS, Nordic Aviation Capital A/S, TIA Technology A/S, ZEBRA A/S, CP Dyvig & Co A/S and Unilode Aviation Solutions. In addition, Vagn is a Senior Advisor to Morgan Stanley in the Nordic region and a Senior Industrial and Investment Advisor to EQT Partners.

Qualifications:
Vagn has an MSc in Economics and Business Administration from Aarhus Business School in Denmark.

Kate Swann
Chief Executive Officer

Kate joined SSP as Chief Executive Officer in September 2013. Kate brings invaluable business and operational leadership experience to the Board. She has a wealth of experience working in the retail sector.

Previous experience:
Kate began her retail career with Tesco plc before working with some of the UK's best-known companies, including Homepride Foods, Coca-Cola Schweppes and Dixons Retail plc. She then joined Homebase Group Limited in 1997, ultimately serving in the role of Managing Director, and in 2000 was made Managing Director of Argos. Kate joined WH Smith plc as Chief Executive Officer in 2003. In 2012, she received both The Daily Telegraph award for Business Leader of the Decade at the National Business Awards, and the Institute for Turnaround Chairman's Special Award for exceptional and extraordinary performance in the transformation of WH Smith. Kate also served as a Non-Executive Director of Babcock International Group plc.

External appointments:
Kate has been a Non-Executive Director of England Hockey since 2016 and is also a Non-Executive Director of IVC Acquisitions Topco Limited (Independent Vetcare).

Qualifications:
Kate graduated from the University of Bradford in 1986 with a BSc in Business Management and received an Honorary Doctorate from the university in 2007, where she is now Chancellor.

Jonathan Davies
Chief Financial Officer

Jonathan has been the Chief Financial Officer of SSP since its formation within Compass Group in 2004. Jonathan brings extensive financial experience to SSP and has spent over thirty years working within retail and FMCG companies.

Previous experience:
Jonathan began his career in Unilever plc's management development programme before joining OC&C, the strategic management consultancy, as a start up in 1987, where he was part of its rapid growth and development to become a leading international consulting firm. From 1995 to 2004 Jonathan worked for Safeway plc, where he was Finance Director on its Executive Board between 1999 and 2004.

External appointments:
Jonathan was appointed as a Non-Executive Director of Assura plc in June 2018.

Qualifications:
Jonathan holds a degree in Chemistry from Oxford University and an MBA from INSEAD Business School, France.

John Barton
Senior Independent Non-Executive Director

A R* N*

John joined the SSP Board as the Senior Independent Director in April 2014. John has extensive board and general management experience, especially on advising boards on executive remuneration across a range of sectors.

Previous experience:
John served as Chairman of Next plc, Cable & Wireless Worldwide plc, Brit Insurance Holdings plc, Wellington Underwriting plc, and Catlin Group Underwriting. He was previously Senior Independent Director of WH Smith plc and Hammerson plc.

He was also the Chief Executive of insurance broker JIB Group plc from 1984 to 1997. After JIB's merger with Lloyd Thomson in 1997, he became Chairman of the combined group, Jardine Lloyd Thompson Group plc, until 2001.

External appointments:
John has been Chairman of easyJet plc since 2013 and is a Non-Executive Director of Matheson & Co., Limited and Senior Independent Director at Luceco plc.

Qualifications:
John is a qualified chartered accountant and received an MBA from Strathclyde University.

Board Committees

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- * Chairman

Ian Dyson

Independent
Non-Executive Director

A* R N

Ian joined the SSP Board as an Independent Non-Executive Director in April 2014. Ian brings significant financial and business experience to the Board.

Previous experience:
Ian was formerly Chief Executive Officer (and then Non-Executive Director) of Punch Taverns plc, Chief Executive Officer of Spirit Pub Company plc, Group Finance & Operations Director at Marks & Spencer Group plc and Finance Director of The Rank Group plc. Prior to this he was Group Financial Controller of Hilton International Co. He joined Hilton from Le Meridien, a division of Forte Group plc, where he had been Finance Director. Ian has also been a Non-Executive Director of Misys plc.

His early career was spent with Arthur Andersen where he was promoted to partner of the firm in 1994.

External appointments:
Ian is Senior Independent Director of Paddy Power Betfair plc and ASOS plc, and a Non-Executive Director of Intercontinental Hotels Group plc. Ian is also Chairman of the Audit Committee of both ASOS plc and Intercontinental Hotels Group plc.

Qualifications:
Ian qualified as a chartered accountant in1986.

Per Utnegaard

Independent
Non-Executive Director

A R N

Per joined the SSP Board as an Independent Non-Executive Director in July 2015. Per brings considerable international business experience to the Board.

Previous experience:
Per's previous roles include Group Wholesale Director and a member of the Group Board at Alliance UniChem plc, Senior Vice President, Corporate Business Development at Danzas Holding Limited (a subsidiary of Deutsche Post AG) and various senior positions at TNT Post Group.

Per has also been the Group President and the CEO of Swissport International Ltd, the Vice chairman of Swissport International AG and the Chairman of the Executive Board of Bilfinger SE.

External appointments:
Since April 2017, Per has been a Non-Executive Director of Xovis AG. He has also been a board member of the Swiss University Sports Federation since April 2016.

Qualifications:
Per graduated from Northern Michigan University with a Bachelor's degree in Business Administration and Marketing.

Denis Hennequin

Independent
Non-Executive Director

A R N

Denis joined the SSP Board as an Independent Non-Executive Director in February 2014. Denis brings significant international business and management experience to the Board.

Previous experience:
Denis began his career at The McDonald's Corporation, becoming President of McDonald's Europe in 2005. He has also served as Chairman and Chief Executive Officer of Accor S.A., the worldwide hotel group, as a Director of E-house Concept Limited, and a Non-Executive Director at Cojean Limited and the John Lewis Partnership plc.

External appointments:
Denis has been a Non-Executive Director of Eurostar International Limited since 2012. His other directorships include The Green Jersey Limited, Bakkavor Holdings Limited (formerly Bakkavor Group Limited) and Bakkavor Group plc. He is also a partner at French Food Capital.

Qualifications:
Denis graduated from the University of Paris with a Masters in Law and also a Bachelor's degree in Economic Sciences. Denis is also a qualified accountant.

Carolyn Bradley

Independent
Non-Executive Director

A R N

Carolyn joined the SSP Board as an Independent Non-Executive Director in October 2018. Carolyn has extensive experience in marketing and, having worked in the retail industry for over thirty years, brings a strong consumer focus. Carolyn brings significant board and board committee advisory experience to the Board.

Previous experience:
Carolyn spent over twenty five years at Tesco, holding a number of roles including Chief Operating Officer for Tesco.com, Commercial Director for Tesco Stores and Tesco UK Marketing Director, before being appointed Group Brand Director in 2012.

External appointments:
Carolyn is a Non-Executive Director of Legal and General Group plc (stepping down with effect from 31 December 2018), Majid Al Futtaim Retail LLC, Marston's PLC (Senior Independent Director), The Mentoring Foundation and B&M European Value Retail S.A. Carolyn serves on the Audit, Nomination and Remuneration Committees of Marston's PLC and the Nomination and Remuneration Committees of Legal and General Group plc. She is a trustee and Deputy Chairman of Cancer Research UK and a member of the Advisory Board of Cambridge Judge Business School.

Qualifications:
Carolyn graduated from the University of Cambridge with an MA in English Literature.

CORPORATE GOVERNANCE REPORT

UK Corporate Governance Code compliance

Responsibility for good governance lies with the Board. The Board is accountable to shareholders and is committed to the highest standards of corporate governance as set out in the UK Corporate Governance Code published in April 2016 (the 'Code'). The Code can be found on the Financial Reporting Council's website at www.frc.org.uk. This Corporate Governance report, together with the Directors' remuneration report set out on pages 39 to 54, describes how the Board has applied the main principles of good governance set out in the Code during the year under review. The Company also has an Audit Committee which functions as an internal control and risk management system for the Company, as more fully set out on page 34.

Compliance statement

The Board considers that for the year ended 30 September 2018, the Company has complied with the relevant provisions set out in the Code that are applicable to this reporting period.

How we govern the Company

Our governance structure comprises the Board and various committees (detailed below), supported by the Group's standards, policies and controls, which are described in more detail in this report.

The Board

Composition

As at 30 September 2018, the Board was made up of seven members, comprising the Chairman, two Executive Directors and four Non-Executive Directors. As at the date of this report, there are five Non-Executive Directors following the appointment of Carolyn Bradley to the Board with effect from 1 October 2018.

John Barton, Ian Dyson, Denis Hennequin, Per Utnegaard and Carolyn Bradley are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. The Board considers that the Non-Executive Directors bring their own senior level of experience gained in their own fields. John Barton is the Company's Senior Independent Director. As announced on 18 September 2018, John will not stand for re-election and Carolyn Bradley will succeed John as the Company's Senior Independent Director and Chair of the Remuneration Committee with effect from the end of the 2019 AGM. The role of the Senior Independent Director includes providing a sounding board for the Chairman and acting as an intermediary for the Non-Executive Directors, where necessary. The Board considers that Carolyn has the appropriate experience, knowledge and independence for the Senior Independent Director role. The Board also considers that she has the appropriate experience to Chair the Remuneration Committee, having served on the remuneration committees of other plc boards for more than 12 months prior to her date of appointment as Chair of the Company's Remuneration Committee.

Biographical details of each of the Directors currently in office are shown on pages 28 and 29. The Company's policy relating to the terms of appointment and the remuneration of both Executive and Non-Executive Directors is detailed in the Directors' Remuneration Report which is on pages 39 to 54.

The Board meets regularly during the year, as well as on an ad hoc basis, as required by business need. The Board met seven times between 1 October 2017 and 30 September 2018 and attendance at these meetings is shown in the table on page 32. Each Director is also proposing to attend the 2019 Annual General Meeting (the '2019 AGM') to answer shareholder questions.

The Company also has an Executive Committee, composed of the Executive Directors and senior management, which meets regularly to discuss the business and strategy of the Group. The Sustainability report includes details of the number of women on the Executive Committee.

Responsibilities

The Board manages the business of the Company and may, subject to the Articles of Association and applicable legislation, borrow money, guarantee, indemnify, mortgage or charge the business, property and assets (present and future) and issue debentures and other securities and give security, whether outright or as a collateral security, for any debt, liability or obligation of the Company or of any third party. The Board has a formal schedule of matters reserved for its decision and receives routine financial and operating reports, although its primary role is to debate and direct the strategic development of the Group. In addition, the Board sets the Group's values and standards, and ensures that it acts ethically and that the Company's obligations to its shareholders are understood and met. The Board may delegate any of its powers to any committee consisting of one or more Directors.

The Board has overall responsibility for the Group's systems of risk management and internal control and for reviewing the effectiveness of such systems. The Audit Committee oversees the risk management process and oversees internal controls on the Board's behalf. Details of the Group's systems of risk management and internal control (including financial controls, controls in respect of the financial reporting process and operational and compliance controls) can be found in the Strategic report on pages 17 to 18, and Audit Committee report on pages 35 to 38.

The Board has established a procedure for Directors, if deemed necessary, to take independent professional advice at the Company's expense in the furtherance of their duties. Every Director also has access to the General Counsel and Company Secretary, who is charged with ensuring that Board procedures are followed and that good corporate governance and compliance are implemented throughout the Group. Together with the Chief Executive Officer and the General Counsel and Company Secretary, the Chairman ensures that the Board is kept properly informed and is consulted on all issues reserved to it. Board papers and other information are distributed at times to allow Directors to be properly briefed in advance of meetings.

The roles of Chairman and Chief Executive Officer are separate and clearly defined in accordance with the division of responsibilities set out in writing and agreed by the Board.

Director effectiveness and training

In accordance with best practice, the Chairman addresses the developmental needs of the Board as a whole, with a view to further developing its effectiveness as a team, and ensures that each Director refreshes and updates his or her individual skills, knowledge and expertise. This is supported by regular legal, compliance and governance updates to the Board by the General Counsel and Company Secretary.

Meetings between the Non-Executive Directors, both with and without the presence of the Chief Executive Officer, are scheduled in the Board's annual programme. Board meetings are also held at Group business locations to help all Board members gain a deeper understanding of the business, and to provide senior managers from across the Group with the opportunity to present to the Board, as well as to meet the Directors on more informal occasions.

A formal, comprehensive and tailored induction is given to all Non-Executive Directors following their appointment, including visits to key locations within the Group and meetings with members of the Executive Board and other key senior executives. The induction also covers a review of the Group's governance policies, structures and business, including details of the risks (including environmental, social and governance risks) and operating issues facing the Group. On joining the Board, Carolyn Bradley received an initial induction to ensure that she understands the main areas of business activity and the key risks and issues facing the Group. Carolyn's induction will continue over the coming months with further site visits and meetings with the Board members and other key senior executives.

Succession planning is a matter for the whole Board, rather than for a committee. The Company's Articles of Association provide that at every Annual General Meeting (AGM), each Director shall retire and seek re-election. New Directors may be appointed by the Board, but are subject to election by shareholders at the first AGM after their appointment. The Articles of Association limit the number of Directors to not less than two, save where shareholders decide otherwise. Non-Executive Directors are normally appointed for an initial term of three years which is reviewed and may be extended for a further three years. The Board may then invite Non-Executive Directors to serve for a further additional period.

The Chairman ensures that the Board maintains an appropriate dialogue with shareholders and further details of the shareholder engagement programme are set out on pages 34 and 39.

Board effectiveness

Each year the performance of the Board, its committees and the individual directors is evaluated and, as required by the Code, at least every third year an external evaluation is undertaken. The next external evaluation will take place in 2020. The 2018 internal evaluation was carried out by way of a questionnaire which was facilitated by the General Counsel and Company Secretary. A summary of the results, together with anonymised comments, was collated into a comprehensive report which the General Counsel and Company Secretary presented to the Board for consideration at its September 2018 Board meeting. The discussion of the performance of each of the Chairman and the Chief Executive Officer was also undertaken by the Non-Executive Directors (without the Chairman being present for the Chairman's evaluation and without the Chief Executive Officer being present for the Chief Executive Officer's evaluation) as part of the September 2018 Board meeting.

The matters considered in the board evaluation included (i) the size and composition of Board, (ii) the skills and experience of each of the Directors, (iii) the contribution of the Directors, (iv) shareholder and wider stakeholder engagement and (v) the performance of the committees. The conclusion of the evaluation was that there are no major areas for action.

Following the evaluation of the Chairman and Chief Executive Officer, the Non-Executive Directors continue to consider that each of the Chairman and Chief Executive Officer is effective. The Non-Executive Directors consider that the Chairman continues to provide effective leadership of the Board and to exert the required levels of governance and control, and that the Chief Executive Officer continues to provide effective management of the business. To this extent, the Chairman and the Chief Executive Officer both continue to have the full support of the Non-Executive Directors. The Non-Executive Directors will continue to review the roles of the Chairman and the Chief Executive Officer in the year ahead.

Further, the Chairman considers that (i) each Director is effective, demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company and (ii) both the Board and its committees continue to provide effective leadership and exert the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead.

Shareholder feedback

At the 2018 Annual General Meeting (the '2018 AGM') the Company received a vote of more than 20% against (i) the resolution to approve the Company's remuneration policy and (ii) the resolution to re-elect the Chairman, Vagn Sørensen. The Board recognised the concerns which had been expressed regarding the number of Mr Sørensen's external board appointments. Mr Sørensen subsequently stood down from his position as Chairman and Non-Executive Director of Scandic Hotels Group AB with effect from 26 April 2018. The Board and the senior management team believe that Mr Sørensen's knowledge of the business and extensive experience brings many benefits to the Group and that his time commitment, availability and attention to his role as Chairman has been full and complete, and has not been adversely impacted by his other Board appointments. The Board is satisfied that Mr Sørensen has sufficient capacity to meet his commitments to the Group, but will continue to keep the matter under review. The Board consulted with a number of shareholders to discuss the issues raised at the time of the 2018 AGM and will continue to engage with shareholders on this matter. See page 39 for details of the Company's consultation with shareholders on the remuneration policy.

Conflicts of interest

As part of their ongoing development, the Chief Executive Officer may seek two, and the Chief Financial Officer may seek one, external non-executive role(s) on a non-competitor board, for which they may retain remuneration in respect of the appointment. In order to avoid any conflict of interest, all appointments are subject to the Board's approval and the Board monitors the extent of Directors' other interests to ensure that its effectiveness is not compromised.

CORPORATE GOVERNANCE REPORT CONTINUED

Each Director has a duty under the Companies Act 2006 to avoid a situation in which he or she has, or could have, a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty is in addition to the obligation that he or she owes to the Company to disclose to the Board his or her interest in any transaction or arrangement under consideration by the Company. The Company's Articles of Association authorise the Directors to approve such situations and to include other provisions to allow conflicts of interest to be dealt with. The Board follows an established procedure when deciding whether to authorise an actual or potential conflict of interest. Only independent Directors (i.e. those who have no interest in the matter under consideration) will be able to take the relevant decision, and in taking the decision the Directors must act in good faith and in a way they consider will be most likely to promote the Company's success. Furthermore, the Directors may, if appropriate, impose limits or conditions when granting authorisation.

Any authorities are reviewed at least every 12 months. The Board considered and authorised each Director's reported actual and potential conflicts of interest at its September 2018 Board meeting.

Committees of the Board

The Board has established a number of committees to assist in the discharge of its duties, and the formal Terms of Reference for the principal committees, approved by the Board and complying with the Code, are available from the General Counsel and Company Secretary and also on the Company's website. The Terms of Reference are reviewed annually and updated where necessary. Membership and details of the principal committees are shown on pages 32 to 34. The General Counsel and Company Secretary acts as Secretary to all Board committees.

Meeting attendance

The following table shows the attendance of Directors at meetings of the Board, Audit, Nomination and Remuneration Committees in the year ended 30 September 2018:

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee
John Barton	7 of 7	3 of 3	5 of 5	7 of 7
Jonathan Davies	7 of 7	–	–	–
Ian Dyson	7 of 7	3 of 3	4 of 5	7 of 7
Denis Hennequin	7 of 7	3 of 3	5 of 5	7 of 7
Vagn Sørensen	7 of 7	–	5 of 5	–
Kate Swann	7 of 7	–	–	–
Per Utnegaard	7 of 7	3 of 3	2 of 2*	7 of 7

* Per Utnegaard was appointed to the Nomination Committee on 1 July 2018. There were two Nomination Committee meetings held between the date of Per's appointment and the year end .

The table shows the number of meetings attended out of the number of meetings that each Director was eligible to attend. Directors who are not members of individual Board committees have also been invited to attend one or more meetings of those committees during the year.

Nomination Committee

The following sections constitute the Directors' Nomination Committee report.

Key responsibilities

The Nomination Committee reviews the structure, size and composition of the Board and its committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and the appointment of members to the Board's committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for Executive Director appointments, although the Board itself is responsible for succession generally. In addition, the Nomination Committee advises the Board on significant developments in the law and practice of corporate governance.

The Nomination Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.

As noted in the Sustainability report on pages 24 to 27, the Group is committed to equal opportunities and non-discrimination throughout the business, which includes its approach to its Board members. Diversity and inclusion are key areas for the Board. Our Equality Policy outlines our expectation that all our employees should be treated with respect and be able to work in an environment in which they can realise their potential, free of harassment and discrimination in any form, regardless of their gender, race, religion, disability, age or sexual orientation. We provide training and guidance to our colleagues to ensure they understand and comply with this policy. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit. One of the ways in which we measure the success of our approach to diversity and inclusion is by monitoring the number of women in senior management roles. As at 30 June 2018, when we collected data for the UK's Hampton Alexander Review, 14% of our Board of Directors and 25% of our Group Executive members were female. As noted on page 26, we now have 28% of senior management roles filled by women. In addition, we also seek to support minority groups within our business, for example through SSP America's partnership with www.diversityjobs.com.

The Group believes that diversity, including gender and race diversity, but also diversity of experience and backgrounds, is important not only in the business generally, but also with respect to each Board member. In order to help ensure the Board has the appropriate balance of skills and attributes required for effective decision making and strategy, Board appointments are made purely on merit – regardless of a person's gender, age, disability, race, religion or sexual orientation. The Company (and therefore the Nomination Committee) does not therefore have set targets for the composition of the Board, so that all employees have an equal chance of progressing their careers within the Company and so that the most appropriate people are appointed to the Board.

Membership as at 30 September 2018

Chairman: John Barton
Members: Ian Dyson, Denis Hennequin, Vagn Sørensen and Per Utnegaard (with effect from 1 July 2018).

Changes: Carolyn Bradley became a member from 1 October 2018 and Vagn Sørensen will succeed John Barton as Chairman of the Committee with effect from the end of the 2019 AGM.

Meetings held in the 2018 financial year: Five

Activities of the Nomination Committee

Matters the Nomination Committee considered during the year include:

- assessing the composition of the Board and its committees;
- succession planning for both Executive and Non-Executive Directors and executive talent review, and management;
- extension of Per Utnegaard's Letter of Appointment and term of membership of the Remuneration and Audit Committees;
- appointment of Carolyn Bradley as an Independent Non-Executive Director and replacement of John Barton as Senior Independent Director; and
- carrying out the annual review of its Terms of Reference.

The Chairman of the Nomination Committee will attend the 2019 AGM to respond to any shareholder questions that might be raised on the Nomination Committee's activities.

Board appointment process

The Company adopts a formal, rigorous and transparent procedure for the appointment of new Directors and senior executives with due regard to diversity and gender. Prior to making an appointment, the Nomination Committee will evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and, in the light of this evaluation, will prepare a description of the role and capabilities required, with a view to appointing the best-placed individual for the role.

In identifying suitable candidates, the Nomination Committee:

- uses open advertising or the services of external advisers to facilitate the search;
- considers candidates from different genders and a wide range of backgrounds; and
- considers candidates on merit and against objective criteria, ensuring that appointees have sufficient time to devote to the position, in light of other significant commitments.

The Committee approached Spencer Stuart to assist with the search to identify a suitable candidate to be a Non-Executive Director and member of the Audit, Nomination and Remuneration Committees. The Committee prepared detailed role specifications including the expected time commitment and duties to be performed, following a review of the required skills, knowledge, experience and diversity to enhance the composition of the Board. The Chairman of the Committee submitted a short-list of candidates to the other members of the Nomination Committee and the CEO. The Committee Chairman, John Barton and the CEO met the short-listed candidates, and following this, Carolyn Bradley met with Vagn Sørensen and Ian Dyson. Following a thorough process, the Committee recommended that Carolyn Bradley be appointed to the Board and be appointed as Senior Independent Director from the end of the 2019 AGM. The Board accepted the recommendations and accordingly, Carolyn was duly appointed as a Non-Executive Director and member of the Audit, Nomination and Remuneration Committees, with effect from 1 October 2018.

In the year ahead, the Nomination Committee will continue to assess the Board's composition and how it may be enhanced. The Committee will consider diversity (gender and experience) and geographic representation, and will use independent consultants as appropriate to ensure a broad search for suitable candidates.

Remuneration Committee

Key responsibilities

The Remuneration Committee is responsible for making recommendations on remuneration policy for the Chairman, Executive Directors and Senior Management.

Membership as at 30 September 2018

Chairman: John Barton
Membership: Ian Dyson, Denis Hennequin and Per Utnegaard.

Changes: Carolyn Bradley became a member from 1 October 2018, and will succeed John Barton as Chairman of the Committee with effect from the end of the 2019 AGM.

Meetings held in the 2018 financial year: Seven

The Directors' remuneration report is set out on pages 41 to 54, and includes details of the Remuneration Committee's activities during the year and the Company's policy on remuneration. The Chairman of the Remuneration Committee will attend the 2019 AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

CORPORATE GOVERNANCE REPORT CONTINUED

Audit Committee

Key responsibilities

The Audit Committee is responsible for assisting the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's half-year and annual financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit, the independence of the external auditors and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group.

Membership as at 30 September 2018

Chairman: Ian Dyson
Membership: John Barton, Denis Hennequin and Per Utnegaard.

Changes: Carolyn Bradley became a member from 1 October 2018, and John Barton will cease to be a member with effect from the end of the 2019 AGM.

Meetings held in the 2018 financial year: Three

The Audit Committee's report is set out on pages 35 to 38, and includes details of the Audit Committee's responsibilities and activities during the year. The Chairman of the Audit Committee will attend the 2019 AGM to respond to any shareholder questions that might be raised on the Audit Committee's activities.

Other Committees

Executive Committee

The Executive Committee is not a Board committee, but is the key management committee for the Group and is made up of the Executive Directors and Senior Management.

The Executive Committee meets regularly and is responsible for developing the Group's strategy, capital expenditure and investment budgets, and reporting on those areas to the Board for approval; implementing Group policy, monitoring financial, operational and quality of customer service performance, health and safety, purchasing and supply chain issues, succession planning, and day-to-day management of the Group.

Risk Committee

The Risk Committee is responsible for risk management. It is not a Board committee and is made up of the Chief Financial Officer, Senior Management and representatives from Deloitte, the Group's internal auditor. It meets quarterly and reports to the Audit Committee. Further details of the Risk Committee are set out in the Strategic report on pages 17 and 18.

Disclosure Committee

The Disclosure Committee is responsible for ensuring compliance with the Company's disclosure obligations under the Market Abuse Regulation. It is not a Board committee and is made up of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary. It meets on an ad hoc basis and reports to the Board.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including its private shareholders. The Chief Executive Officer and the Chief Financial Officer are closely involved in investor relations supported by the Group's investor relations function, which has primary responsibility for day-to-day communication with investors. The views of the Company's major shareholders are reported to the Board by the Chief Executive Officer and the Chief Financial Officer, as well as by the Chairman, and are discussed at its meetings.

The Board recognises the importance of promoting mutual understanding between the Company and its shareholders through a programme of engagement. This includes the maintenance of a regular dialogue between the Board (including the Chairman) and Senior Management, and major shareholders. As part of this dialogue, the Executive Directors and the Investor Relations Director regularly meet with institutional investors to make presentations on the Company's results. The AGM provides an opportunity for all shareholders to meet the Board, and shareholders are encouraged to attend and to raise any questions at the meeting or in advance of the 2019 AGM (using the email address shown in the Notice of AGM).

The primary method of communication with shareholders is by electronic means, helping to make the Company more environmentally friendly by reducing waste and pollution associated with the printing and posting of its annual report. The SSP Group Annual Report and Accounts 2018 is available to all shareholders and can be accessed via the Company's website at www.foodtravelexperts.com. The Group's annual and interim results announcements are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations. The website also provides shareholders and the wider stakeholder community with an archive of information on the Company, including governance details, policies and up-to-date share price information. Enquiries from shareholders may also be addressed to the Group's investor relations function through the contacts provided on the Group's website.

The Notice of AGM is circulated to shareholders at least 20 working days prior to the AGM, and it is company policy not to combine resolutions to be proposed at general meetings insofar as they relate to separate issues. All shareholders are invited to the Company's AGM, at which they have the opportunity to put questions to the Board, and it is standard practice to have the Chairmen of the Audit, Nomination and Remuneration Committees available to answer questions. The results of proxy voting for and against each resolution, as well as abstentions, are announced to the London Stock Exchange and are published on the Company's website shortly after the AGM.

AUDIT COMMITTEE REPORT

Dear Shareholder

On behalf of the Audit Committee (the 'Committee'), I am pleased to present its report for the year ended 30 September 2018.

Throughout the year, our focus has been on monitoring the integrity of the Group's financial reporting, internal control and risk management systems; reviewing the effectiveness of key internal and external audit programmes; maintaining processes to oversee business conduct and ethics, including anti-bribery and anti-corruption, as well as whistleblowing arrangements; and ensuring that the Group's processes and controls prevent the facilitation of tax evasion. This year we have covered other important areas, such as reviewing the impact of new accounting standards, acquisition accounting and the Group's viability and going concern statements.

The Committee seeks to balance independent oversight of matters within its remit, with providing support and guidance to management. I am confident that the Committee, supported by members of senior management as well as the internal and external auditors, has carried out its duties effectively and to a high standard during the year.

Composition and meetings

The Committee held three meetings during the year and comprises myself and three other independent Non-Executive Directors namely, John Barton, Denis Hennequin and Per Utnegaard (with Carolyn Bradley being appointed with effect from 1 October 2018). Attendance at these meetings is shown on page 32. As Chairman, I have recent and relevant financial experience through my past roles as a Chief Executive Officer and Chief Financial Officer of publicly quoted companies. The expertise and experience of the members of the Committee is summarised on pages 28 and 29. The Company Secretary, Helen Byrne acts as Secretary to the Committee.

At the Committee's request, the Chairman of the Board, the Chief Financial Officer and senior members of the SSP Group finance and business controls departments attend meetings of the Committee, together with senior representatives from the internal and external auditors. The Committee holds private sessions with the internal and external auditors without management being present. I regularly keep in touch with the Group Chief Executive Officer, the Group Chief Financial Officer and the Company Secretary. I also meet privately with both the internal and external auditors and provide regular updates to the Board on the key issues discussed at the Committee's meetings.

The Committee receives independent assurance from the Group's internal audit function, which is outsourced to Deloitte, and also receives updates from the external auditors across a wide range of issues. The Committee is further supported by the Risk Committee which meets quarterly, and is chaired by the Group CFO.

The terms of reference of the Committee can be found at www.foodtravelexperts.com.

Overview of the year

During the year, the Audit Committee has:

- reviewed the Group's risk assessment, with particular focus on the risks which were deemed to have increased, either in likelihood or impact, along with the supporting action plans to mitigate the risks. In 2018, areas of particular focus included the impact of Brexit, especially in the UK market, cyber security and compliance with various legislations (e.g. GDPR, Criminal Finances Act, Modern Slavery Act and Bribery Act);
- reviewed and evaluated the Group's internal financial control and risk management systems, whistleblowing arrangements and other audit and risk-related arrangements to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems. It also reviewed a number of detailed reports on the internal controls, including the Control Self-Assessment results, which form a broad ranging set of processes across the countries and business units;
- agreed the scope of both the external and internal annual audit programmes, reviewed the outputs and monitored the effectiveness of the internal and external audit process;
- reviewed and monitored the external auditor's independence and objectivity, and approved the policy on engagement with the external auditor to supply non-audit services;
- oversaw the relationship with the external auditor and made recommendations to the Board in relation to reappointment, remuneration and terms of engagement;
- monitored the integrity of the Group's financial statements and continued to challenge the assumptions and judgements made by management in determining the financial results of the Group, including ensuring that the disclosures in the financial statements were appropriate;
- oversaw the process for determining whether the Annual Report and Accounts presented a fair, balanced and understandable assessment of the Group's position and performance, business model and strategy; and
- evaluated and approved the going concern assumption and longer-term viability statements, especially taking into account the guidance issued by The Investment Association and the Financial Reporting Council (FRC).

In addition to the above, the Committee reviewed the following matters during the year:

- accounting impact and implementation plan for IFRS 16;
- impact of other new accounting standards (IFRS 9 and IFRS 15);
- compliance with the Group's fixed asset policy; and
- update on tax matters, including the Group's tax strategy.

A fuller description of the operation of the Committee during the year is set out in this report. I will be available at the 2019 Annual General Meeting (AGM) to answer any questions from shareholders about the work of the Committee.

AUDIT COMMITTEE REPORT CONTINUED

Risk management and internal control

The Board has overall responsibility for risk management and the system of internal control, and for reviewing their effectiveness, which is overseen by the Committee on the Board's behalf. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against material misstatement or loss.

The Board has established a clear organisational structure with defined authority levels. The day-to-day running of the Group's business is delegated to the Executive Directors of the Group. The Executive Directors meet with both operational and financial management on a weekly and monthly basis. Key financial and operational measures are reported on a weekly and monthly basis, and are measured against both budget and reforecasts in these meetings.

The Group maintains Group and regional/country level risk registers which outline the key risks faced by the Group including their impacts and likelihood, along with relevant mitigating controls and actions. On an annual basis, regional and country management teams are required to update their local risk registers and risk maps to ensure that the key strategic, operational and financial risks in each location are captured and prioritised according to likelihood and impact, and to identify the risk management activities for each risk. The regional and country risk registers are used in conjunction with input from the Executive Committee, to update the Group risk register. The Risk Committee and Executive Committee review the assessment of risks, as well as current and future mitigation activities at both the Group and regional/country levels. The Committee reviewed this process and a summary of the risk registers during the year.

Following this process, a summary of the principal risks and uncertainties which are currently judged to have the most significant impact on the Group's long-term performance are set out on pages 19 to 22.

The Committee reviewed the effectiveness of the Group's financial and other internal control systems through the annual Control Self-Assessment process, as well as the reports of the internal and external auditors during the year.

Internal audit

Deloitte acts as internal auditor to the Group, and the partner responsible reports directly to the Audit Committee, in addition to being a permanent member of the Risk Committee. Internal audit plays an important role in assessing the effectiveness of internal controls through a programme of reviews based on a continuing assessment of business risks across the Group.

Internal audit is in regular dialogue with the regional Chief Financial Officers and the Group Chief Financial Officer, to discuss the output from the assurance work and acquire an update on the business risks across the Group. Where control deficiencies are noted through the assurance work performed, Deloitte will perform follow-up reviews and visits.

The Committee meets regularly with Deloitte to review and progress the Group's internal audit plan. The relevant audit plan and procedures are aimed at addressing risk management objectives and providing coverage of the risks identified in the regional and country risk registers. The internal audit plans have been prepared in accordance with standards promoted by the Chartered Institute of Internal Auditors. The Committee continues to monitor the effectiveness of internal audit plans in accordance with the Group's ongoing requirements.

The Committee considered the output from the 2018 annual internal audit programme of assurance work, reviewed management's responses to the matters raised and ensured that any action was timely and commensurate with its level of risk, whether real or perceived.

There were no significant weaknesses identified in the year that would materially impact the Group as a whole, but a number of recommendations were acted upon within the Group to strengthen controls or develop action plans to mitigate risk. The Committee remains satisfied that the Group's system of internal controls works well.

The Committee determines the adequacy of the performance of the internal audit process through the quality and depth of findings and recommendations. During 2018, the Committee also carried out a formal assessment of the internal audit process, using questionnaires completed by senior finance personnel both at Group and in country, along with key members of the business controls, legal and tax departments. The survey covered areas such as organisation, purpose and remit, process management, quality of the team, knowledge and expertise, and communication of results and recommendations. The survey indicated an overall satisfaction with the internal audit process, including Deloitte's interactions with the local teams as well as their understanding of the business and the issues it faces. The Committee discussed the results of the survey with Deloitte and was satisfied with the internal audit process, including Deloitte's responses to the points raised in the survey. The results and feedback from the survey were incorporated into the next year's internal audit plan.

External audit

The effectiveness and independence of KPMG LLP (KPMG), the Group's external auditor is key to ensuring the integrity of the Group's published financial information. Prior to commencement of the audit, the Committee reviewed and approved the audit plan to gauge whether it was appropriately focused. KPMG presented to the Committee its proposed plan of work, which was designed to ensure there are no material misstatements in the financial statements. The Committee considered the accounting, financial control and audit issues reported by the external auditor that flowed from their audit work.

During the 2018 financial year, the Committee carried out an assessment of the external audit process, including KPMG's role in that process. This was supported by the results of discussions with individual Committee members and questionnaires completed by senior finance personnel both at Group and in country, along with key members of the legal and tax departments. The survey covered areas such as communication, the audit approach and scope, the calibre of the audit teams, technical expertise, and independence. The survey indicated overall satisfaction with the services provided by KPMG and the Committee was satisfied with KPMG's responses to the points raised in the survey. The results and feedback from the survey were incorporated in the next year's external audit plan.

In 2015, the Group tendered its external audit appointment and as a result, KPMG was reappointed as external auditor. Under the UK Corporate Governance Code, the Group is required to put its external audit process out to tender again in 2025. The Committee confirms it is in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation Order 2014.

Auditor independence and non-audit services policy

The Committee has adopted a formal policy governing the engagement of the external auditor to provide non-audit services, taking into account the relevant ethical guidance on the matter. This policy is reviewed annually by the Committee, which describes the circumstances in which the auditor may be engaged to undertake non-audit work for the Group. The Committee oversees compliance with the policy, and considers and approves requests to use the auditor for non-audit work.

Recognising that the auditor is best placed to undertake certain work of a non-audit nature, the engagements for non-audit services that are not prohibited are subject to formal review by the Committee based on the level of fees involved, with reference to the 70% cap that applies. Non-audit services that are pre-approved are either routine in nature with a fee that is not significant in the context of the audit, or are audit-related services.

Details of fees payable to the external auditor are set out in note 5 on page 78. In 2018, non-audit fees represented approximately 20% of the audit fee. KPMG has provided tax compliance services to certain Group companies in 2018 and the non-audit fees in 2018 included £0.1m of tax compliance fees, where local regulations require them to be performed by the local auditor. In 2017, SSP transitioned all other areas of tax work to other advisors.

The external auditor reported to the Committee on its independence from the Group and confirmed it had complied with the independence requirements as set out by the APB Ethical Standards for Reporting Accountants. The Committee is satisfied that KPMG has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

Financial reporting

As part of our work to ensure the integrity of financial reporting, the Committee focused on the following areas during the year:

- Goodwill and intangible assets

  The Group has a significant goodwill balance, mainly representing the consideration paid in excess of the fair value of the identified net assets acquired in relation to the 2006 acquisition of the SSP business by EQT Partners, through the purchase of various Compass Group plc subsidiaries, by various subsidiaries of SSP Group plc. The net assets acquired included intangible assets relating to the Group's own brands, and franchise rights in respect of third party brands that were identified and valued at the date of acquisition. The goodwill and intangible assets balance also includes amounts recognised on acquisitions during the current and previous financial years.

  The Committee recognises that there is a risk that an asset can become impaired, for example due to changes in market conditions. As a result, the Group monitors the carrying values of goodwill and intangible assets to ensure that they are recoverable and any specific indicators of impairment are discussed by the Executive Directors with both operational and financial management at Group and in country.

  The carrying value of goodwill is subject to impairment testing, at least on an annual basis. The carrying values of goodwill and intangible assets are reviewed for the identification of a possible indicator of impairment, to ensure that the carrying values are recoverable. This testing, including the key assumptions and sensitivity analysis, is reviewed by the Chief Financial Officer and the Group Financial Controller.

  After reviewing reports from management and consulting, where necessary, with the external auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect of the amounts reported and the disclosures provided. The Committee agrees with management that no impairment needs to be recognised.

AUDIT COMMITTEE REPORT CONTINUED

- Taxation

  The Group operates, and is subject to income taxes, in a number of jurisdictions. Management is required to make judgements and estimates in determining the provisions for income taxes and the amount of deferred tax assets and liabilities recognised in the consolidated financial statements.

  The Committee recognises that management judgement is required in determining the amount and timing of recognition of tax benefits and an assessment of the requirement to make provisions against the recognition of such benefits.

  The Committee reviewed the Group's tax strategy and received reports and presentations from the Head of Tax, highlighting the principal tax risks that the Group faces, the tax strategy and the judgements underpinning the provisions for potential tax liabilities. The Committee also reviewed the results of the external auditor's assessment of provisions for income taxes and deferred tax assets and liabilities, and having done so was satisfied with the key judgements made by management.

- Viability statement

  The Committee agreed the parameters and the supporting analysis for the viability statement as presented on page 23 of the Strategic report.

- Alternative performance measures

  In addition to IFRS based performance measures, the Directors also use alternative performance measures (APMs) to provide additional useful information on the underlying trends, performance and position of the Group (see page 16). These measures are not defined nor specified under IFRS and therefore are not intended to be a substitute for the same.

  The Audit Committee noted the guidance issued by the FRC in relation to the use of APMs and considered whether the performance measures used provided meaningful insights for shareholders into the Group's results. The Committee also reviewed the treatment of items considered for separate disclosure in the Annual Report and Accounts, ahead of their approval by the Board. The Committee also continued to support the judgements made by the management regarding those items considered as exceptional and requiring separate disclosure.

  The Committee concluded that clear and meaningful descriptions had been provided for the APMs used and that the relationship between these measures and the statutory IFRS based measures was clearly explained. It was also concluded that the Committee supported the considered understanding of the financial statements, and that the APMs had been accorded equal prominence with measures that are defined by, or specified under, IFRS.

- Fair, balanced and understandable financial statements

  An intrinsic requirement of a Group's financial statements is for the Annual Report and Accounts to be fair, balanced and understandable. The coordination and review of the Group-wide input into the annual report is a sizeable exercise performed within an exacting timeframe, which runs alongside the formal audit process undertaken by the external auditor.

  The process to ensure that the Committee, and then the Board, are satisfied with the overall fairness, balance and clarity of the document has been underpinned by:

  - guidance issued to contributors at an operational level;
  - a verification process dealing with the factual content of the reports; and
  - a comprehensive review by the Directors and the senior management team.

Ian Dyson
Chairman, Audit Committee

20 November 2018

STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder

I am delighted to present our Directors' remuneration report for the financial year ended 30 September 2018, which comprises this statement, the Annual report on remuneration on pages 41 to 47 and the Directors' remuneration policy on pages 48 to 54.

Our current remuneration policy was approved by shareholders at our 2018 AGM. The current remuneration policy is simple and clearly aligns remuneration outcomes to shareholder's interests, with the significant majority of remuneration linked to performance.

The Remuneration Committee (the 'Committee') has operated in accordance with that policy during the 2018 financial year. The Policy is set out on pages 48 to 54.

Key decisions and pay outcomes for the year ended 30 September 2018

Following a review during the year, our Executive Directors' base salaries were increased by 2.0% effective 1 June 2018, in line with the average salary increases awarded to UK employees who are paid on a monthly basis. The current base salaries are £811,824 per annum for Kate Swann and £432,973 per annum for Jonathan Davies.

In 2018, the Group delivered another year with excellent sales and profit growth. Organic like-for-like sales were 2.8%, and the year also saw net contract gains of 5.1%, with very strong performance in North America (18.9%) and in the Rest of the World (7.0%). The Group's strategic initiatives continued to drive margin improvement across all cost lines and coupled with the sales growth resulted in Group operating profit increasing 22.7% year-on-year and exceeding the budget target by 13.7%. As at 30 September 2018, the TSR for the Group stood at 142% since 1 October 2015 compared to the top quartile peer group performance of 48%. Further information regarding the Group's performance can be found in the Strategic report on pages 1 to 27.

In view of this performance, the Committee awarded an annual bonus of 200% of salary to Kate Swann and 106% of salary to Jonathan Davies. Further details of performance achieved and the bonus targets set are shown on page 42. In determining these reward outcomes, the Board also considered the performance on sustainability as described in the Sustainability report. The Sustainability report explains the environmental, social and governance context within which these results were delivered.

For the Company's Performance Share Plan and the PSP awards made in November 2015 (with a vesting date of November 2018), both the EPS and TSR performance conditions have been met in full as the Company exceeded the maximum relative TSR and EPS growth targets for the performance period. Full details are provided on page 42. The value of these awards as at 30 September 2018 are included in the single total figure of remuneration table on page 41.

Remuneration arrangements for the year ending 30 September 2019

The Committee intends to continue to apply the remuneration policy approved at the 2018 AGM during the year ending 30 September 2019. Within the Policy we intend to make some changes to the operation of our incentives in response to the feedback that we have received from our shareholders. The approach for 2019 is summarised here and the progressive changes are identified below.

- The current salaries of Executive Directors will continue to apply from 1 October 2018. We will review the salaries during the year with any changes effective from 1 June 2019, in line with our usual timetable.
- The annual bonus plan will operate on broadly the same basis as in 2018. Awards will be primarily based on underlying Group operating profit. For 2019, any annual bonus earned may be subject to a bonus deferral as set out below.
- The Performance Share Plan will operate on broadly the same basis as in 2018. We agreed to grant PSP awards in November 2018 equal to 200% of salary to Kate Swann and 125% of salary to Jonathan Davies. These awards will be subject to performance over the three financial years to 30 September 2021. The performance measures will continue to be 75% EPS growth and 25% relative TSR performance. The targets for these awards are set out on page 43. After the end of the three-year performance period, these awards will be subject to an additional two-year holding period. The total vesting and holding period from award will be five years.

Engaging with our shareholders

Following the 2018 AGM we wrote to a number of the Group's largest shareholders to discuss the current remuneration policy. We particularly wanted to understand the concerns of those who were unable to support the resolution at the AGM. I am grateful to all the shareholders and investor bodies who engaged with our consultation process for their time and input. We received a strong level of support for our approach to remuneration through that process. We have incorporated investor feedback in the remuneration arrangements we are planning to adopt for 2019 (see below for the changes to the structure of executive remuneration that we have implemented). We are keen to encourage an ongoing dialogue with our shareholders and value active participation in that process.

Proposed changes

As a result of the input we have received from our shareholders and following the release of the updated 2018 UK Corporate Governance Code:

- PSP awards granted from and including in November 2018 will include a two-year holding period for any award to an executive director, following the three-year performance period.
- Annual bonus deferral has been introduced with effect from 1 October 2018 for any executive director who does not meet their minimum shareholding guidelines. Under the bonus deferral plan, 50% of any bonus will be deferred into SSP shares for three years.
- The terms of both the 2018/19 annual bonus plan and the PSP have been updated with effect from 1 October 2018, to include the ability for the Committee to apply discretion to adjust formulaic incentives outcomes.

We intend that these changes will formally be included in our Directors' remuneration policy when it is next put to our shareholders for their approval at our AGM in 2021.

STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE CONTINUED

In addition to the above changes, the Committee has decided to widen its scope to include setting remuneration for Executive Committee members, effective for the next salary and incentive review cycle. The Committee intends to further review its policies and practices, including those relating to the wider workforce, during the year ended 30 September 2019 and will provide details of any further changes proposed in response to the updated Code in the 2019 Annual Report.

Changes to the Remuneration Committee

Further to the Group's announcement in September 2018, I will be standing down as Chairman of the Remuneration Committee and will not stand for re-election at the Annual General Meeting in February 2019. Carolyn Bradley was appointed as an Independent Non-Executive Director of the Company with effect from 1 October 2018 and will succeed me as Senior Independent Director and chair of the Remuneration Committee. We warmly welcome Carolyn who brings extensive commercial, operational and remuneration committee experience, as well as broad non-executive experience. I would also like to personally thank our shareholders for their support and constructive challenges since my appointment in 2014.

What is included in this report

The remainder of the Directors' remuneration report is split into two sections in line with legislative reporting regulations.

- The Annual report on remuneration – contains details of pay received by Directors for the whole of the year ended 30 September 2018. We have also explained how we intend to implement our pay model during the year ended 30 September 2019. The Annual report on remuneration will be subject to an advisory vote at the AGM in February 2019.
- The Directors' remuneration policy – contains details of our current policy, as approved at our AGM in February 2018, setting out various elements of our approach to Directors' remuneration.

I hope very much that shareholders will support the Committee's continuing overall approach to remuneration and, on behalf of the Committee, I recommend our report to you.

The Directors' remuneration report as set out on pages 41 to 54 was approved by the Board and signed on its behalf by:

John Barton
Chairman, Remuneration Committee

20 November 2018

ANNUAL REPORT ON REMUNERATION

Audited information

The information presented in this report up until the end of page 43 has been audited.

Single total figure of remuneration

The following table sets out the total remuneration for Executive Directors and Non-Executive Directors for the year ended 30 September 2018. All figures are for the full financial year.

	Salary and Fees[a]		Benefits[b]		Pension[c]		Annual bonus[d]		Long-term incentives[e][f]		Other[g]		Total	
All figures shown in £000	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Executive Directors														
Kate Swann	**758**	746	**73**	66	**280**	275	**1,592**	1,561	**3,543**	4,739	**1**	1	**6,247**	7,388
Jonathan Davies	**427**	413	**15**	15	**90**	88	**451**	416	**1,181**	1,579	**1**	1	**2,165**	2,512
Non-Executive Directors[h][i]														
Vagn Sørensen	**187**	185	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**187**	185
John Barton	**69**	68	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**69**	68
Ian Dyson	**59**	58	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**59**	58
Denis Hennequin	**49**	48	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**49**	48
Per Utnegaard	**49**	48	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**49**	48
	1,598	1,566	**88**	81	**370**	363	**2,043**	1,977	**4,724**	6,318	**2**	2	**8,825**	10,307

Notes to the table

(a) Salary and fees – this represents the base salary or fees paid in respect of the relevant financial year. These figures are net of £43k for Kate Swann in relation to salary sacrificed for additional annual leave (2017: Kate Swann – £39k and Jonathan Davies – £6k).

(b) Benefits – this represents the taxable value of all benefits paid in respect of the relevant financial year. Executive Directors' benefits may include private healthcare (for the Director and their family), car allowance, company fuel card and travel to and from work (including associated tax paid).

(c) Pension – Executive Directors receive a cash allowance in lieu of pension contributions. Kate Swann received a cash allowance of 35% of salary per annum and Jonathan Davies received a cash allowance of 21% of salary per annum.

(d) Annual bonus – this represents the annual bonus payable for the financial year. Further details on the performance assessment for the 2018 financial year are set out on page 42.

(e) Long-term incentives 2017 – The value for 2017 is in respect of the awards granted in 2014. The value presented in the Single total figure of remuneration table in the 2017 Annual Report on Remuneration has been adjusted to show the final outcome of the vesting of the awards granted in 2014 (along with accrued dividend equivalents including associated tax credits where appropriate) at the mid-market closing share price on the date of vesting of £6.3808.

(f) Long-term incentives 2018 – The value for 2018 represents the vesting of awards granted in November 2015 and accrued dividend equivalents (including associated tax credits where appropriate), which are due to vest at the end of November 2018. The value shown is based on an assessment of performance achieved to 30 September 2018 (100% of maximum under the EPS element and 100% of maximum under the relative TSR element). In accordance with UK regulations, the share price is assumed to be the average market price for the fourth quarter to the year ended 30 September 2018 (£6.8644). The value will be updated in the 2019 annual report once the final vesting outcome is known.

(g) Other – this column shows the face value (at the date of issue) of Matching Shares and Dividend Reinvestment provided to the Executive Directors under the UK Share Incentive Plan as adjusted for the share consolidation that took place in April 2018.

(h) Non-Executive Directors – following a review of the Non-Executive Directors' fee arrangements during the 2018 financial year, the Chairman's fee increased from £185,000 per annum to £194,000 per annum, with effect from 1 July 2018. The basic fee for other Non-Executive Directors increased from £48,000 per annum to £50,000 per annum, with effect from 1 July 2018. The additional fee for the Chairman of the Audit Committee and Chairman of the Remuneration Committee increased from £10,000 per annum to £11,000 per annum, with effect from 1 July 2018. The fee for the Senior Independent Director remained at £10,000 per annum.

(i) Non-Executive Directors – the single total figure of remuneration table does not include Carolyn Bradley as she was appointed with effect from 1 October 2018. Details of her remuneration will be included in the Annual Report on Remuneration for the 2019 financial year.

Additional disclosures in respect of the single figure table

Base salary

The base salaries of the Executive Directors are:

	From 1 June 2018	From 1 June 2017	Change
Kate Swann	£811,824 per annum	£795,906 per annum	2.0%
Jonathan Davies	£432,973 per annum	£424,483 per annum	2.0%

Annual bonus

The Bonuses for the year ending 30 September 2019 will use underlying Group operating profit as the financial target. Jonathan Davies' bonus will also be determined by reference to his personal performance.

Under this framework, Kate Swann had the opportunity to receive an annual bonus up to a maximum of 200% of her base salary and Jonathan Davies had the opportunity to receive an annual bonus of up to 125% of his base salary.

ANNUAL REPORT ON REMUNERATION CONTINUED

The Underlying Group operating profit targets and Group performance for the year are set out in the table below.

	Target set at the start of the 2018 financial year*			2018 financial year
	Threshold (30% of maximum)	Target/Budget (50% of maximum)	Maximum (100% of maximum)	Group Performance
Underlying Group operating profit	Budget -3.0%	£175.1m	Budget +7.0%	+13.7%

* Budget target adjusted for the acquisition of Stockheim

Underlying Group operating profit performance in the year, at constant currency, exceeded budget by 13.7%.

In considering Jonathan Davies' personal performance during the year, the Committee took into account the following objectives and performance.

Objective	Performance delivered	Overall assessment
Financing	• Amend & Extend of our Debt Facilities completed, • Inaugural US Private Placement completed in July 2018	Ahead of target
Operational Efficiency	• Outsourcing programme of finance & administration to India and Poland ahead of budget • Group wide operational efficiency programme realised savings ahead of target	Ahead of target
Mergers and Acquisitions	• Stockheim (Germany) deal successfully executed • TFS (India) integration	In line with target
		Ahead of target

In determining these bonus outcomes, the Board has also considered performance on sustainability as discussed in the Sustainability report (this includes the environmental, social and governance context within which these results were delivered) and has concluded that these bonus outcomes were appropriate.

Based on this performance, Kate Swann earned a bonus of £1,591,812 (200% of salary) and Jonathan Davies earned a bonus of £451,013 (106% of salary).

Scheme interests awarded during the financial year

SSP Performance Share Plan awards

The following PSP awards were made to the Executive Directors on 23 November 2017.

	Type of award	Number of awards granted	Face value (£) at date of grant	Face value % of salary at date of grant	Award receivable for minimum performance	End of performance period
Kate Swann	Nil Cost Options	242,008	£1,591,812	200%	25%	30 September 2020
Jonathan Davies	Nil Cost Options	80,669	£530,603	125%	25%	30 September 2020

The closing price on the day before grant was used to calculate the number of shares over which each award was granted (£6.5775 on 22 November 2017).

Awards will vest subject to the achievement of the performance conditions which will be measured at the time the Group publishes its full year financial results for the relevant financial year and completion of a three-year vesting period. The awards will vest subject to achieving two performance measures, namely earnings per share (EPS) target (75% weighting) and relative total shareholder return (Relative TSR) target (25% weighting). The performance targets for these awards granted are summarised on page 43.

Share Incentive Plan awards

Executive Directors were eligible to participate in the UK SIP on the same basis as other eligible employees.

The table below provides details of Partnership Shares purchased by and Matching Shares awarded to the Executive Directors under the UK SIP during the year ended 30 September 2018, as adjusted by the impact of the share consolidation that took place in April 2018 (Share Consolidation). In addition, it shows any Dividend Shares purchased under the UK SIP from any dividends declared on the Partnership Shares or Matching Shares held at the date of the dividend, again as adjusted by the Share Consolidation.

	Total SIP shares held at 1 October 2017	Partnership Shares purchased[a]	Matching Shares awarded[b]	Dividend Shares purchased[c]	Adjustment for Share Consolidation	Total SIP shares held at 30 September 2018
Kate Swann	2,084	236	114	111	(77)	2,468
Jonathan Davies	2,085	236	114	110	(77)	2,468

(a) Partnership Shares purchased during the 2018 financial year at a price of between £5.50 and £6.907 per share.
(b) Matching Shares awarded during the 2018 financial year at nil consideration.
(c) Dividend Shares purchased during the 2018 financial year from the proceeds of dividends payable on the UK SIP Partnership Shares, Matching Shares and previously purchased Dividend Shares.

Payments for loss of office and payments to past Directors

There have been no payments to Directors for loss of office or payments to past Directors in the 2018 financial year (2017: £nil).

Statement of Directors' shareholding and share interests

Shareholding guidelines require Executive Directors to build up over time a personal shareholding in the Company equivalent in value to 200% of salary for the CEO and 125% of salary for the CFO. Executive Directors are encouraged to retain vested shares earned under the Company's incentive plans until the shareholding guidelines have been met. The Chairman and each Independent Non-Executive Director are expected to build and then maintain a shareholding in the Company equivalent in value to 100% of their annual gross fee.

The period over which the minimum shareholding must be built up is a three-year period, either from the date of admission (15 July 2014), or from the date of appointment if later. The table below shows details of the Directors' shareholdings as at 30 September 2018.

Director	Shareholding guidelines as a % of salary/fees	Shareholding as a % of salary/fee achieved[a]	Shares owned outright at 30 September 2018[b]	Interests in unvested PSP awards at 30 September 2018[c][d]
Kate Swann	200%	3,978%	4,455,822	1,194,835
Jonathan Davies	125%	2,331%	1,392,826	398,273
Vagn Sørensen	100%	1,783%	477,239	N/A
John Barton	100%	306%	30,000	N/A
Ian Dyson	100%	218%	18,317	N/A
Denis Hennequin	100%	266%	18,317	N/A
Per Utnegaard	100%	100%	6,870	N/A

Notes:

(a) For the purposes of determining Executive Director shareholding requirements, the individual's salary/fee at 30 September 2018 and the share price at 28 September 2018 (724.85 pence) have been used. Further, the total shareholding used to calculate the shareholding percentage excludes Matching Shares issued under the UK Share Incentive Plan that remain subject to holding conditions (599 for each Executive Director as at 30 September 2018).

(b) 'Shares owned outright at 30 September 2018' includes shares held by persons connected with a Director. It also includes Partnership Shares purchased, Matching Shares awarded and Dividend Shares purchased, under the UK Share Incentive Plan. This column shows the total shareholdings as adjusted by the impact of the Share Consolidation.

(c) 'Interests in unvested PSP awards' refers to Performance Share Plan awards granted in November 2015, November 2016 and November 2017. The performance conditions for each award are described in the table below.

Performance period	1 October 2015 to 30 September 2018		1 October 2016 to 30 September 2019		1 October 2017 to 30 September 2020	
Performance condition and weighting	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**	**Compound EPS growth (75%)**	**Relative TSR vs comparator group (25%)**
Maximum target (100% vesting)	12% p.a.	Upper-quartile	12% p.a.	Upper-quartile	12% p.a.	Upper-quartile
Threshold target (25% vesting)	7% p.a.	Median	7% p.a.	Median	7% p.a.	Median

Notes to table:

(i) Vesting is calculated on a straight line basis between maximum and threshold targets. There is no vesting for performance below the threshold target.

(ii) The TSR comparator Group is disclosed on page 46.

(iii) A three-month average share price prior to the start and end of the performance period will be used to calculate TSR.

(d) 'Interests in unvested PSP awards' includes dividend equivalents (including associated tax credits where applicable) payable in shares that have accrued on the Performance Share Plan awards since they were granted in November 2015, November 2016 and November 2017 respectively. Dividend equivalents (including associated tax credits where applicable) payable in shares will continue to accrue (on a cumulative basis) until the vesting dates of these awards, subject to and in accordance with the rules of the Performance Share Plan.

(e) Unvested awards under the Company's share plans will be satisfied by the transfer of existing shares held by the Company's employee benefit trust (EBT), market purchased shares (which will be held by the EBT) or the issue of new shares within limits agreed by shareholders when the plans were approved. These limits comply with the Investment Association's guidelines which require that no more than 10% of a company's issued share capital be issued in accordance with all employee share plans in any 10-year period, with no more than 5% issued in accordance with discretionary employee share plans.

(f) The table of the Directors' shareholdings does not include Carolyn Bradley as she was appointed with effect from 1 October 2018. Details of her shareholdings will be included in the Annual report on remuneration for the 2019 financial year.

At 20 November 2018, other than as set out below, there had been no movement in Directors' shareholdings and share interests from 30 September 2017.

Director	Shares owned outright at 20 November 2018	Shares owned outright at 30 September 2018	Change
Kate Swann	4,455,876	4,455,822	54
Jonathan Davies	1,392,880	1,392,826	54

Note: 'Shares owned outright' includes shares held by persons connected with a Director. It also includes Partnership Shares purchased, Matching Shares awarded and Dividend Shares purchased, under the UK Share Incentive Plan.

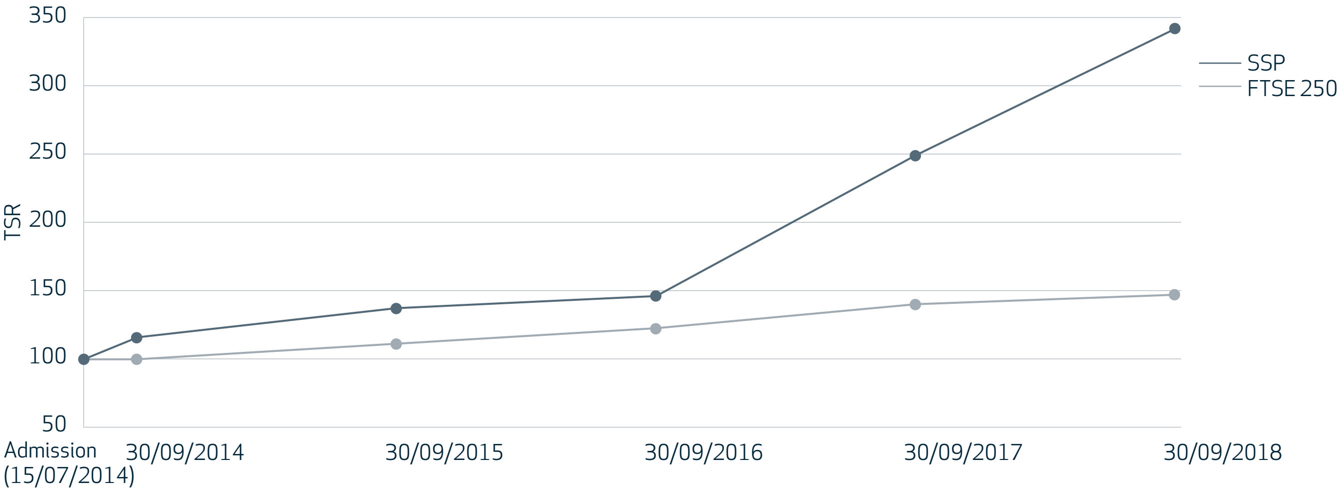
ANNUAL REPORT ON REMUNERATION CONTINUED

This is the end of the audited section of the Annual report on remuneration.

Historical TSR performance

As the Company is a constituent of the FTSE 250, the FTSE 250 Index provides an appropriate indication of market movements against which to benchmark the Company's performance. The chart below summarises the Company's TSR performance against the FTSE 250 Index over the period from admission on 15 July 2014 to 30 September 2018.

TSR performance since Admission



Chief Executive Officer remuneration outcomes

The table below summarises the Chief Executive Officer single figure for total remuneration, and the annual bonus payable and long-term incentive plan vesting levels as percentages of maximum opportunity for completed financial years following Admission.

Chief Executive Officer	2014	2015	2016	2017	**2018**
Single figure of remuneration	£4.5m	£2.5m	£2.6m	£7.4m	**£6.2m**
Annual bonus payable (as a % of maximum opportunity)	100%	100%	100%	100%	**100%**
Long-term incentive vesting out-turn (as a % of maximum opportunity)	n/a	n/a	n/a	100%	**100%**

No long-term incentive plan awards vested in 2014, 2015 or 2016.

The first PSP awards granted in July 2014 following the IPO, vested in February 2018. In accordance with UK regulations, for the year ended 30 September 2017 the PSP value in the single total figure of remuneration, was an estimated value. This has now been updated to include the final level of vesting achieved and the share price on the date of vesting. See note (e) of the Single total figure of remuneration table (page 41) for further information in this regard.

Total remuneration for 2014 includes additional awards of cash and shares made on IPO by the Company and the previous majority shareholder.

Percentage change in remuneration of the Chief Executive Officer

On the annual salary review date of 1 June 2018, the Chief Executive Officer's base salary increased by 2%, compared with the average annual salary increase of 2% awarded to UK employees who are paid on a monthly basis. This population was chosen as a suitable comparator group because it is considered to be the most relevant in terms of employment location and remuneration structure.

In addition, there were no material changes made to the provision of benefits or changes made to the bonus arrangement provided to the Chief Executive Officer, or the UK monthly paid employees in the year.

Relative importance of the spend on pay

The table below shows the total spend on employee pay in the 2017 and 2018 financial years and the total expenditure on dividends.

	2018	2017	Percentage change
Total staff costs	**£736.3m**	£687.2m	+7%
Dividends	**£45.7m**	£29.0m	+58%
Special Dividend	**£100.1m**	£nil	n/a

Fees from external directorships

Kate Swann was a Non-Executive Director of England Hockey during the 2018 financial year, but did not receive a fee in respect of that directorship for the year ended 30 September 2018. Kate Swann was also a Non-Executive Director of Independent Vetcare during the 2018 financial year for which she receives an annual fee of £45,000.

Jonathan Davies became a Non-Executive Director of Assura plc during the 2018 financial year and retained a fee of £12,867 in respect of that directorship for the part of the 2018 financial year that he was a Non Executive Director.

All external directorships are approved in advance by the Board.

Implementation of remuneration policy in the year ended 30 September 2019

This section provides an overview of how the Committee is proposing to implement the Group's remuneration policy in the year ending 30 September 2019. The Committee is satisfied that this approach does not raise any ESG risks and supports behaviours consistent with the Group's purpose, values and strategy.

Base salary

The table below shows base salaries at 1 October 2018.

	Base salary at 1 October 2018
Kate Swann	**£811,824**
Jonathan Davies	**£432,973**

The Remuneration Committee will review salaries with effect from 1 June 2019, in line with the Group's usual timetable.

Benefits

The benefits received by each Executive Director will continue to include private healthcare (for the executive and their family), life insurance, car allowance or a company car, company fuel card and travel to and from work (including associated tax paid).

Pension allowance

The current Executive Directors will receive a cash allowance in lieu of pension. The table below shows the expected cash allowances for the year ending 30 September 2019.

	Cash allowance in lieu of pension (% of salary)
Kate Swann	35%
Jonathan Davies	21%

Annual bonus

The maximum annual bonus opportunity for Executive Directors for the year ending 30 September 2019 will remain 200% of base salary for the Chief Executive Officer and 125% of salary for the Chief Financial Officer.

The structure of the annual bonus performance measures will remain unchanged. Bonuses for the year ending 30 September 2019 will use underlying Group operating profit as the financial target. Jonathan Davies' bonus will also be determined by reference to his personal performance. The Company will disclose the targets retrospectively when they are considered no longer commercially sensitive.

If an Executive Director has not met their shareholding guideline when the bonus outcome is determined, 50% of any bonus will be deferred into shares for three years.

Consistent with the 2018 UK Corporate Governance Code the assessment of performance for the 2019 Annual Bonus Plan will also include the ability for the Committee to apply discretion to adjust formulaic outcomes for non-contractual bonuses.

ANNUAL REPORT ON REMUNERATION CONTINUED

Performance Share Plan

The Committee is intending to make PSP awards in the 2019 financial year to Kate Swann and Jonathan Davies in respect of ordinary shares with a value set out below:

	Face value (£)	Face value (% of salary)	End of performance period
Kate Swann	£1,623,648	200%	30 September 2021
Jonathan Davies	£541,216	125%	30 September 2021

The number of shares subject to an award will be calculated using the mid-market closing share price on the day before the award date.

The Remuneration Committee has determined that the vesting of these awards will be subject to two types of performance conditions as detailed below.

75% of the award – Earnings Per Share (EPS) growth over the three-year period from 1 October 2018 to 30 September 2021.

EPS – compound annual growth	Percentage of the award vesting
Less than 7% per annum	0%
7% per annum	25%
12% per annum or more	100%

Straight-line vesting operates between these points.

EPS growth will normally be calculated using actual foreign exchange rates. However, given the international nature of SSP's business, in order to ensure that management performance during the performance period is appropriately rewarded, the Committee may take account of exceptional movements in foreign exchange rates during the performance period in determining the outcome of awards.

25% of the award – relative Total Shareholder Return (TSR) performance against a comparator group of companies over the three-year period from 1 October 2018 to 30 September 2021.

Relative TSR performance	Percentage of the award vesting
Below median	0%
Median	25%
Upper quartile	100%

Straight-line vesting operates between these points.

Consistent with the 2018 UK Corporate Governance Code the assessment of performance for 2018 PSP awards will also include the ability for the Committee to apply discretion to adjust formulaic outcomes.

Following the assessment of the performance conditions above, any resulting shares will be subject to an additional two-year holding period following the vesting date.

The relative TSR comparator group consists of 37 companies and is set out below.

Autogrill	EI Group	J D Wetherspoon	National Express	TUI AG
Compass Group	First Group	J Sainsbury	Next	UDG Healthcare
Debenhams	Go-Ahead Group	Kingfisher	Ocado Group	WHSmith
Dignity	Greene King	Marks and Spencer Group	The Restaurant Group	Whitbread
Dixons Carphone	Halfords Group	Marston's	Sports Direct International	Wm Morrison Supermarkets
Domino's Pizza Group	Inchcape	Millennium & Copthorne Hotels	Stagecoach Group	
Dunelm Group	InterContinental Hotels Group	Mitchells & Butlers	Tesco	
Elior	JD Sports Fashion	N Brown Group	Thomas Cook Group	

Share Incentive Plan awards

Executive Directors will be eligible to participate in the UK SIP on the same basis as other eligible employees.

Non-Executive Director remuneration

Following the review of Non-Executive Director fees during the year ended 30 September 2018, the fees from 1 July 2018 will be as set out below. The Company will review these fees in accordance with the terms of the Non-Executive Director appointment letters, and will undertake a review each year. A review may not result in an increase in fees.

	2018 fees
Chairman of the Board	**£194,000**
Board member	**£50,000**
Additional fee for Senior Independent Director	**£10,000**
Additional fee for Chairman of Audit/Remuneration Committee*	**£11,000**

* In addition to any additional fee for acting as the Senior Independent Director.

Consideration by the Directors of matters relating to Directors' remuneration

The Board entrusts the Remuneration Committee with the responsibility for setting the remuneration policy in respect of Executive Directors and senior executives and ensuring its ongoing appropriateness and relevance. In setting the remuneration for these groups, the Committee considers the pay and conditions of the wider workforce and roles in relevant geographies.

Internal advice

The Chief Executive Officer, Chief Financial Officer, Group HR Director and Company Secretary attend Committee meetings by invitation, other than when their personal remuneration is being discussed. The Company Secretary acted as secretary to the Committee.

External advice

During the year ended 30 September 2018, the Committee received independent advice on executive remuneration matters from Deloitte. Deloitte received £69,950 in fees for these services. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. During the year, Deloitte also provided the Company with internal audit services, forensic services, tax services and transaction-related services.

The Committee appointed Deloitte to the role of independent advisor to the Committee. The Committee has reviewed the advice provided by Deloitte during the year and is comfortable that it has been objective and independent. The Committee has reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflict.

Statement of shareholder voting

Votes cast at the AGM in February 2018 in respect of the approval of the Directors' remuneration report and in respect of the approval of the Directors' remuneration policy are given below:

Resolution	Meeting	Votes for	% for	Votes against	% against	Total shares voted	% of issued share capital voted	Votes withheld
To approve the Directors' remuneration report	February 2018 AGM	338,174,723	85.50%	55,989,953	14.20%	394,164,676	82.22%	221,663
To approve the Directors' remuneration policy	February 2018 AGM	263,554,350	77.05%	78,502,459	22.95%	342,056,809	71.35%	52,329,530

Following the 2018 AGM we wrote to a number of the Group's largest shareholders to discuss the current remuneration policy. We particularly wanted to understand the concerns of those who were unable to support the resolution at the AGM. We received a strong level of support through that process. We have incorporated investor feedback in the remuneration arrangements we are planning to adopt for 2019. We are keen to encourage an ongoing dialogue with our shareholders.

DIRECTORS' REMUNERATION POLICY

This part of the Directors' remuneration report sets out the Directors' remuneration policy as determined by the Remuneration Committee (the 'Committee') and approved by shareholders at the 2018 Annual General Meeting. The scenario charts have been updated to reflect the application of the policy for the 2018 financial year and references to prior financial years have been updated to aid understanding. A copy of the shareholder-approved policy (including the scenario charts for the 2017 financial year) is in the Annual Report and Accounts 2017, which is available at www.foodtravelexperts.com in the Investors section.

Key principles of remuneration policy

The remuneration policy for the Directors of the Company is intended to help recruit and retain executives who can execute SSP's strategy by rewarding them with appropriate compensation and benefit packages. The policy seeks to align the interests of Executive Directors with the performance of the Company and the interests of its shareholders.

Our incentive arrangements are designed to reward performance against key financial and strategic performance objectives. Our aim is to reward management for delivering sustainable long-term performance and support the retention of critical talent.

Future policy table

The table below describes the policy in relation to the components of remuneration for Executive Directors and, at the bottom of the table, the policy for the Non-Executive Directors.

Element and link to strategy	Operation	Maximum potential value	Performance metrics
Executive Directors			
Base salary			
A core element of the remuneration package used to recruit, reward and retain Executive Directors who can deliver our strategic objectives.	Normally reviewed annually. The Remuneration Committee may however award an out-of-cycle increase if it considers it appropriate. Base salaries are set by the Committee taking into account a number of internal and external factors including: • the individual's skills, experience and performance; • the size and scope of the Executive Director's role and responsibilities; • market positioning and inflation; and • pay and conditions elsewhere in the Group.	Salary increases in percentage terms will normally be in line with increases awarded to other head office employees in the relevant geography, but may be higher in certain circumstances. The circumstances may include but are not limited to: • Where a new Executive Director has been appointed at a lower salary, higher increases may be awarded over an initial period as the Executive Director gains experience in the role; • Where there has been an increase in the scope or responsibility of an Executive Director's role; and • Where a salary has fallen significantly below market positioning. There is no maximum increase or opportunity.	None
Pension			
To provide an income following retirement and assist the Executive Director in building wealth for their future.	The Company operates an approved defined contribution pension arrangement, to which the Company may make contributions. A cash allowance may be provided in lieu of pension contributions.	Company contributions or cash allowance of up to 35% of base salary may be paid in respect of each financial year of the Company to each of the current Executive Directors. Company contributions or cash allowance of up to 20% of base salary may be paid in respect of each financial year of the Company to any new Executive Director that may be appointed from time to time.	None

Element and link to strategy	Operation	Maximum potential value	Performance metrics
Other benefits			
To provide appropriate benefits as part of a remuneration package that assists in recruiting, rewarding and retaining Executive Directors.	Each Executive Director receives a tailored benefits package including (but not limited to) private health insurance for themselves, their spouse and dependent children, annual health screening, smartphone (or similar devices), life assurance, business travel and permanent health insurance. Travel benefits, including car allowance, company car, driver, the cost of fuel for private mileage, insurance, maintenance and servicing and travel to and from work (including any associated tax and social security charges) may also be provided. In the event that an Executive Director is required by the Group to relocate, other benefits may include, but are not limited to, the costs of relocation, housing, travel and education allowances and subsistence costs. Expenses incurred in the performance of duties for the Group may be reimbursed or paid for directly by the Company, as appropriate, including any tax or social security charges due on the expenses. The Executive Directors are eligible to receive other benefits (such as a colleague discount card) on the same terms as other eligible employees of the Group.	Car allowance of up to £13,000 per annum. The cost of insured benefits may vary from year to year depending on the individual's circumstances, and therefore the Committee has not imposed any overall maximum value on the benefit.	None
Annual bonus			
To reward performance on an annual basis against key annual objectives.	Performance objectives will be determined by the Committee at the beginning of the financial year. The Committee will assess performance against these objectives following the end of the relevant financial year. Awards are delivered wholly in cash, and are paid once the results for the year have been audited. The Committee may clawback awards up to three years after vesting if the Group's accounts have been materially misstated or there has been an error in the calculation of any performance conditions which results in overpayment.	The maximum annual bonus opportunity is 200% of base salary per annum. For 2018/19 maximum annual opportunities are: • Chief Executive Officer, Kate Swann – 200% of salary per annum. • Chief Financial Officer, Jonathan Davies – 125% of salary per annum.	Performance is measured relative to targets in key financial, operational and/or strategic objectives over the financial year. The measures selected and their weightings may vary each year according to the strategic priorities. Entitlement to bonus only starts to accrue at a minimum threshold level of performance. Below this level, no bonus will be paid. To earn a maximum bonus there must be outperformance against stretching objectives.

DIRECTORS' REMUNERATION POLICY CONTINUED

Element and link to strategy	Operation	Maximum potential value	Performance metrics
Performance Share Plan (PSP)			
The PSP rewards the delivery of Company performance and shareholder value over the longer term. The awards are share based to align the interests of Executive Directors with those of shareholders.	Awards may be made to Executive Directors at the discretion of the Committee in the form of conditional share awards, nil-cost options, forfeitable shares or equivalent rights. Awards will normally be subject to performance conditions set by the Committee measured over a period of at least three years. Awards will vest following the end of the performance period. Awards (other than forfeitable shares) may incorporate the right to receive (in cash or shares) the value of dividends that would have been paid on the award shares that vest between the grant and vesting of awards, which will, unless the Committee determines otherwise, assume the reinvestment of those dividends in the Company's shares on a cumulative basis. The Committee has the discretion to reduce the number of shares subject to unvested awards if prior to vesting there is a material misstatement in the Company's annual financial statements, or a material failure of risk management, or serious reputational damage to a member of the Group or relevant business unit. The Committee may clawback awards up to three years after vesting if the Group's accounts have been materially misstated or there has been an error in the calculation of any performance conditions which results in overpayment.	The maximum award that may be made is up to 200% of salary per annum under the rules of the plan in respect of any financial year of the Company.	It is currently anticipated that for PSP awards performance will be based on: • 25% on relative Total Shareholder Return (TSR) • 75% on Earnings per Share (EPS) If the minimum level of performance is not achieved then none of the award will vest and the award will lapse. For performance at the threshold levels 25% of the award will vest. The whole award will vest if the maximum level of performance, or above, is achieved. Long-term incentive performance conditions are reviewed on an annual basis, and may vary to ensure that they are aligned with the corporate strategy. The Committee would seek to consult with its major shareholders as appropriate on any proposed material changes.
All-employee share plans	Executive Directors may participate on the same basis as other employees.	Participants can contribute up to the relevant limits set out in the country plan.	None
Non-Executive Directors Fees			
To attract and retain Non-Executive Directors of the calibre required to oversee the development and execution of the Company's strategy.	The Chairman's fees are determined by the Committee. The Non-Executive Directors' fees are determined by the Board. The total fees for Non-Executive Directors, including the Chairman, will not exceed the maximum stated in the Company's Articles of Association. The level of fees takes into account the time commitment, responsibilities, market levels and the skills and experience required. Non-Executive Directors normally receive a basic fee and an additional fee for specific Board responsibilities, including chairmanship or membership of Board committees or acting as the Senior Independent Director. Additional fees may be paid to Non-Executive Directors on a per diem basis to reflect increased time commitment in certain limited circumstances. Expenses incurred in the performance of non-executive duties for the Company may be reimbursed or paid for directly by the Company, as appropriate, including any tax and social security due on the expenses. Non-Executive Directors may be provided with benefits to enable them to undertake their duties.		None

Notes to the tables on pages 48 to 50

The Company also operates a shareholding policy – details can be found on page 43 of the Annual report on remuneration.

The PSP will be operated in accordance with the plan rules. In accordance with the rules of the PSP, any performance condition may be substituted or varied if the Committee considers it appropriate, provided that the amended performance condition is in its opinion reasonable and not materially less difficult to satisfy. The plan rules also provide that the Committee may adjust awards (as it reasonably considers appropriate) in the event of any variation of the Company's share capital, capital distribution, demerger, special dividend or other event having a material impact on the value of shares.

Malus and clawbacks apply where stated in the above table. Other elements of remuneration are not subject to recovery provisions. Under Kate Swann's service contract, if her employment is terminated by the Company making a payment in lieu of notice and the Company subsequently discovers that there were grounds for her summary dismissal, Kate Swann may be required to make a repayment equal to the net of tax value of any payments, benefits or shares received under any relevant bonus or incentive plan.

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the policy set out above where the terms of the payment were agreed:

(i) before the AGM on 3 March 2015 (the date the Company's first shareholder-approved Directors' remuneration policy came into effect);

(ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved remuneration policy in force at the time they were agreed; or

(iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' include the Committee satisfying awards of variable remuneration and an award over shares is 'agreed' at the time the award is granted.

Performance measures and targets

Annual bonus

Annual bonus metrics and targets are selected to incentivise Directors to meet objectives for the year and are chosen in line with the following principles:

- The targets set for financial measures should be incentivising and appropriately stretching. Targets may be adjusted by the Committee to take into account significant capital transactions during the year.
- There should be flexibility to change the measures and weightings year-on-year in line with the needs of the business.

PSP

Performance conditions and targets are determined by the Committee to reflect the Group's strategy and having regard to market practice within the Company's business sector. For the awards to be made in November 2018, the measures were selected taking into account that:

- Earnings per Share is considered by the Company to be the best indicator of long-term performance.
- Total Shareholder Return is a key objective of most of our shareholders.

Remuneration arrangements throughout the Group

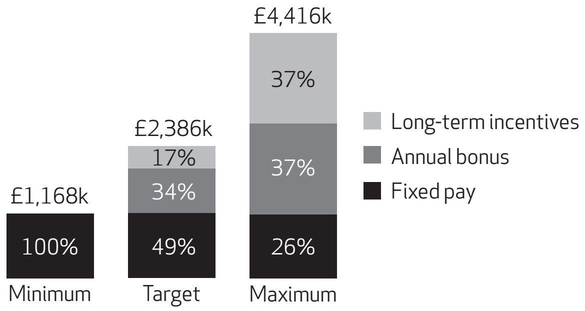
Differences in the policies for Executive Directors and other employees in the Group generally reflect differences in market practice taking into account role and seniority. The remuneration policies for Executive Directors and the senior executive team are generally consistent in terms of structure and the performance measures used. All eligible employees may participate in the Company's all-employee share plans in the relevant territory where they operate.

DIRECTORS' REMUNERATION POLICY CONTINUED

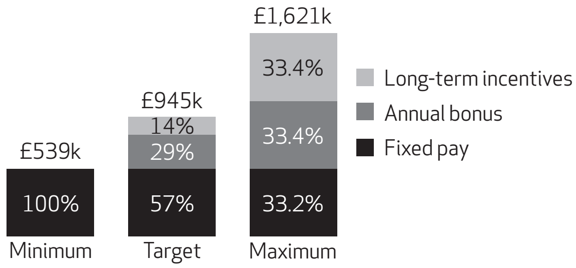
Illustrative scenario analysis

The following charts show the potential split between the different elements of the Executive Directors' remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum' (see table below).

CEO: Kate Swann



CFO: Jonathan Davies



Component		'Minimum'	'Target'	'Maximum'
Fixed remuneration	Base salary	Annual base salary for the 2019 financial year**		
	Pension	Chief Executive Officer: 35% of salary; Chief Financial Officer: 21% of salary		
	Benefits	Taxable value of annual benefits provided in the year ended 30 September 2018		
Annual bonus	Maximum opportunity	Chief Executive Officer: 200% of salary; Chief Financial Officer: 125% of salary**		
	Vesting	0% of maximum opportunity	50% of maximum opportunity	100% of maximum opportunity
Performance share plan*	Maximum opportunity	Chief Executive Officer: 200% of salary; Chief Financial Officer: 125% of salary**		
	Vesting	0% vesting	25% vesting	100% vesting

* Excludes share price and growth dividends.
** Based on salary as at 1 October 2018.

Approach to recruitment remuneration

In the event that the Group appointed a new Executive Director, remuneration would be determined in line with the following principles:

- The Committee will take into account all relevant factors, including the calibre and experience of the individual and the market from which they are recruited, while being mindful of the best interests of the Group and its shareholders and seeking not to pay more than is necessary.
- So far as practical the Committee will look to align the remuneration package for any new appointment with the remuneration policy set out in the policy table on pages 48 to 50.
- Salaries may be higher or lower than the previous incumbent, but will be set taking into account the review principles set out in the policy table. Where appropriate the salaries may be set at an initially lower level, with the intention of increasing salary at a higher than usual rate as the Executive Director gains experience in the role. For interim positions a cash supplement may be paid rather than salary (for example; a Non-Executive Director taking on an executive function on a short-term basis).
- To facilitate recruitment the Committee may need to buy out terms or remuneration arrangements forfeited on joining the Company. Any buy-out would take into account the terms of the arrangements, in particular, any performance conditions and the time over which they would vest. The overriding principle would be that the value of any replacement buy-out awards should be no more than the commercial value of awards that have been forfeited. The form of any award would be determined at the time and the Committee may make buy-out awards under LR 9.4.2 of the Listing Rules (for buy-out awards only).
- The maximum variable pay opportunity in respect of recruitment (excluding buy-outs) comprises a maximum annual bonus of 200% of annual salary and a maximum PSP grant of 200% of annual salary, as stated in the policy table on pages 48 to 50. The Committee retains the flexibility to determine that, for the first year of appointment, any annual incentive award within this maximum will be subject to such terms as it may determine.

Where an Executive Director is appointed from within the Company or following corporate activity/reorganisation (for example, merger with another company), the normal policy would be to honour any legacy arrangements in line with the original terms and conditions.

Where the recruitment requires relocation of the individual, the Committee may provide for additional costs and benefits.

On the appointment of a new Chairman or Non-Executive Director, the remuneration package will be consistent with the policy set out above.

Details of Directors' service contracts

Executive Directors

Executive Directors have rolling service contracts. None of the existing service contracts for Executive Directors makes any provision for termination payments, other than for payment in lieu of notice.

Kate Swann's payment in lieu of notice would be calculated by reference to the base salary and pension contributions (or equivalent allowance) in respect of any unexpired portion of the notice period. This payment can be made in instalments over the notice period and can be reduced where alternative employment is commenced during the notice period. Any such payment to Kate Swann would be repayable (net of tax) if it was subsequently discovered that the Company would have been permitted to dismiss her summarily.

Jonathan Davies' payment in lieu of notice would be calculated by reference to the base salary in respect of any unexpired portion of the notice period. This payment can be made in instalments over the notice period and can be reduced where alternative employment is commenced during the notice period.

The Executive Directors' service contracts contain provisions relating to salary, car allowance, pension arrangements, medical insurance, life insurance, business travel insurance, company car, holiday and sick pay, and the reimbursement of reasonable out of pocket expenses incurred by the Executive Directors while on company business.

Kate Swann's service contract includes the provision that she is entitled to participate in the annual bonus scheme. For any new Executive Directors appointed their participation in the Company's incentive plans will be at the discretion of the Remuneration Committee.

The following service contracts in respect of Executive Directors who were in office during the year are rolling service contracts and therefore have no end date:

	Date of commencement of contract	Notice period for Director	Notice period for Company
Kate Swann	15 July 2014	9 months	12 months
Jonathan Davies	15 July 2014	9 months	12 months

Service contracts for new Executive Directors will be limited to nine months' notice for the Director and 12 months' notice for the Company.

Chairman

The terms of the Chairman's appointment broadly reflect the terms of the three-year appointments of the Non-Executive Directors. The Chairman's appointment can be terminated at any time upon written notice, resignation or in accordance with the Articles of Association of the Company.

The Chairman receives no benefits from the office other than fees and reimbursement of expenses incurred in performance of his duties, including any tax due on the expenses. He is not eligible to participate in Group pension arrangements.

Non-Executive Directors

All Non-Executive Directors have been appointed on an initial term of three years, subject to renewal thereafter. All are subject to annual re-election by shareholders.

The Non-Executive Directors have letters of appointment which can be terminated at any time upon written notice, resignation or in accordance with the Articles of Association of the Company. Non-Executive Directors receive no benefits from their office other than fees and reimbursement of expenses incurred in performance of their duties, including any tax due on the expenses. They are not eligible to participate in Group pension arrangements.

	Effective date of appointment letter	Current term expires
Vagn Sørensen	15 July 2014	14 July 2020
John Barton	15 July 2014	14 July 2020
Ian Dyson	15 July 2014	14 July 2020
Denis Hennequin	15 July 2014	14 July 2020
Per Utnegaard	1 July 2015	30 June 2021
Carolyn Bradley	1 October 2018	30 September 2021

Directors' service contracts are kept for inspection by shareholders at the Company's registered office.

DIRECTORS' REMUNERATION POLICY CONTINUED

Payments to departing Directors

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined by reference to the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. The Committee may structure any compensation payments in such a way as it deems appropriate, taking into account the circumstances of departure. In the event of the Company terminating an Executive Director's contract, the level of compensation would be subject to mitigation if considered appropriate.

Payment in lieu of notice	In the event of termination by the Company of an Executive Director's employment, a payment in lieu of notice may be paid. This payment would be equal to a maximum of annual base salary and cash allowance in lieu of pension in respect of any unexpired portion of the notice period. This payment can be made in instalments over the notice period and can be reduced where alternative employment is commenced during the notice period.
Annual bonus	Executive Directors may, at the determination of the Committee, remain eligible to receive an annual bonus for the financial year in which they ceased employment. Any such bonus will be determined by the Committee, taking into account time in employment and performance.
Performance Share Plan awards	On cessation of employment, any outstanding unvested awards will lapse unless the participant dies or is deemed to be a 'good leaver' by the Committee in its discretion. Where the participant is deemed to be a 'good leaver', any outstanding unvested awards will normally continue and will vest at the normal vesting date to the extent the original performance conditions have been satisfied. Awards will normally, unless the Committee determines that an alternative proportion of the awards should vest, be pro-rated for the portion of the vesting period completed in employment. The Committee may, in exceptional circumstances, or if the participant dies, decide to allow awards to vest on cessation of employment subject to the Committee's assessment of performance against the original performance conditions at that time or the Committee's assessment of the likely achievement of the performance conditions over the original performance period. Awards will normally, unless the Committee determines that an alternative proportion of the awards should vest, be pro-rated for the portion of the vesting period completed in employment.
Payments in relation to statutory rights	The Company may pay an amount considered reasonable by the Remuneration Committee in respect of an Executive Director's statutory rights.
Payments required by law	The Company may pay damages, awards, fines or other compensation awarded to an Executive Director by any competent court or tribunal or other payments required to be made on termination of employment under applicable law.
Professional fees	The Company may pay an amount considered reasonable by the Remuneration Committee in respect of fees for legal and tax advice, and outplacement support for the departing Executive Director.

Award under LR 9.4.2

Were an award to be made under LR 9.4.2 then the leaver provisions would be determined at the time of award.

Takeovers and other corporate events

Under the PSP, on a takeover or voluntary winding-up of the Company, PSP awards will vest in accordance with the rules of the plan. Vesting would be determined by the Committee based on the proportion of the vesting period that has elapsed and the extent to which the performance conditions have been satisfied, although the Committee has the discretion to determine that such greater proportion as it considers appropriate of the awards should vest, including where it considers the level of shareholder returns is at a superior level.

In the event of a variation of share capital, demerger, capital distribution or any other event having a material impact on the value of the shares, the Committee may determine that outstanding PSP awards shall vest on the same basis as set out above for a takeover. Alternatively, the Committee may (with the consent of the acquiring company) decide that PSP awards will not vest on a corporate event but will be replaced by new awards over shares in the new acquiring company or another company determined by the acquiring company.

Bonuses may be paid in respect of the year in which the change of control or winding up of the Company occurs, if the Committee considers this appropriate. The Committee may determine the level of bonus taking into account any factors it considers appropriate.

Amendments

The Committee may make amendments to the terms of the Company's incentive plans in accordance with the rules of those plans (which were summarised for shareholders in the Company's IPO prospectus). The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax, administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Consideration of conditions elsewhere in the Group

In making remuneration decisions, the Committee also considers the pay and employment conditions elsewhere in the Group. When reviewing and setting Executive Directors' remuneration, the Committee takes into account the pay and employment conditions of Group employees. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly.

Consideration of shareholder views

The Committee consulted with the Group's largest shareholders when developing the above policy. In reviewing and setting remuneration, including that of Executive Directors, the Committee receives updates on investors' views, and may from time to time engage directly with investors and/or investor representative organisations on remuneration topics as appropriate. These lines of communication ensure that emerging best-practice principles are factored into the Committee's decision-making.

DIRECTORS' REPORT

This section of the annual report includes additional information required to be disclosed under the Companies Act 2006 (the Act), the UK Corporate Governance Code (the Code), the Disclosure Guidance and Transparency Rules (the DTRs) and the Listing Rules of the Financial Conduct Authority (the LRs).

Certain information required to be included in the Directors' report is included in other sections of this annual report, including:

- The Strategic report on pages 1 to 27;
- The Corporate Governance report on pages 30 to 34;
- The Audit Committee report on pages 35 to 38;
- The Directors' remuneration report on pages 39 to 54;
- Post balance sheet events on page 100; and
- The Company's subsidiaries outside the United Kingdom on pages 106 to 109.

The sections referred to above provide an overview of the strategy, development and performance of the Company's business in the year ended and as at 30 September 2018, together with information on the approach of the Company to corporate governance and the constitution, and work and effectiveness of the Board and its principal committees. These sections are incorporated by reference into the Directors' report.

Corporate information and Listing on the London Stock Exchange

The Company was incorporated and registered in England and Wales on 9 March 2006 as a private company limited by shares under the Companies Act 1985 with the registered number 5735966. On 4 July 2014, the Company was re-registered as a public limited company. The Company's registered office and principal place of business is at 169 Euston Road, London NW1 2AE.

On 15 July 2014, the entire issued ordinary share capital of the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to unconditional trading on the London Stock Exchange plc's main market for listed securities under the ticker 'SSPG'.

Dividends

The Directors declared an interim dividend of 4.8 pence per share in the 2018 financial year amounting to £22.2m (2017: £15.2m). In addition, the Directors are recommending a final dividend of 5.4 pence per share amounting to £25.2m which will result in a total dividend per share of 10.2 pence for the year, amounting to £47.4m (2017: £38.5m).

The final dividend will be paid on 29 March 2019 to shareholders on the register of members as at the close of business on 1 March 2019, subject to approval of shareholders at the 2019 AGM to be held on 21 February 2019. The ex-dividend date will be 28 February 2019.

On 27 February 2018, shareholder approval was given at the Annual General Meeting for a return of 20.9 pence per share to shareholders, which was equivalent to £100.1m in aggregate (the 'Special Dividend'). The Special Dividend was paid on 27 April 2018 to shareholders on the register on 13 April 2018. The Special Dividend was accompanied by a share capital consolidation which was also approved by shareholders at the 2018 AGM.

During the year, the trustees of each of the employee benefit trusts which operate in connection with the Company's share plans waived their rights to receive dividends on any shares held by them. Details of the trusts can be found in note 21 of this Report. The amount of dividends waived during the year ended 30 September 2018 in relation to the trusts was £114,122.

Share capital

At 30 September 2018 there were 464,008,266 ordinary shares of 1 and 1/30 pence in issue, which are fully paid up and are quoted on the London Stock Exchange. Further information regarding the Company's issued share capital and movements in the financial year can be found in note 21 to the financial statements on pages 90 and 91.

The Company undertook a share capital consolidation by which every 31 existing ordinary shares of 1 pence were subdivided and consolidated into 30 new ordinary shares of 1 and 1/30 pence with effect from 16 April 2018. The purpose of the share consolidation was, as far as possible, to maintain the comparability of the Company's share price before and after payment of the Special Dividend.

Powers conferred on the Directors in relation to issuing or buying back shares

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all powers of the Company, including the power to authorise the issue and/or market purchase of the Company's shares (subject to an appropriate authority being given to the Directors by shareholders at a general meeting and any conditions attaching to such authority). The shareholders delegated the following powers in relation to the issuing or market purchase by the Company of its shares at the Company's 2018 AGM:

Issuing Shares
The Directors were granted authority to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) up to a nominal amount of £1,597,934; and

(b) comprising equity securities up to a nominal amount of £3,195,868 such amount to be reduced by any allotments made under (a) above, in connection with an offer by way of a rights issue.

DIRECTORS' REPORT CONTINUED

The authorities conferred on the Directors to allot securities under paragraphs (a) and (b) will expire on the date of the 2019 AGM, or close of business on 27 May 2019, whichever is sooner, (the Expiry Date). The Directors will be seeking a new authority at the 2019 AGM for the Directors to allot shares and to grant subscription and conversion rights to ensure that the Directors continue to have the flexibility to act in the best interests of shareholders when opportunities arise, by issuing new shares or granting such rights.

The Directors were also given authority to allot equity securities for cash or to sell ordinary shares as treasury shares for cash subject to certain limitations, such authority to apply until the Expiry Date. The Directors will seek to renew this authority at the 2019 AGM.

To date, neither authority has been exercised. During the 2018 financial year, a total of 4,248, 289 ordinary shares in the Company were issued to satisfy (a) Matching Share awards under the Company's UK SIP and, (b) the vesting of awards under the Company's Performance Share Plan. Of this total, 4,165,886 ordinary shares were issued pre the consolidation in April 2018, and 82,403 ordinary shares were issued post the consolidation in April 2018. However, these do not count against the authorities granted by shareholders in accordance with the Act.

Buyback of shares

The Directors were granted authority to make market purchases of the Company's own shares on behalf of the Company up to a maximum of approximately 10% of the Company's issued share capital. This standard authority is renewable annually and the Directors will seek to renew this authority at the 2019 AGM.

To date, this authority has not been exercised.

Rights and restrictions on shares and transfers of shares

Certain restrictions, which are customary for a listed company, apply to the rights and transfers of ordinary shares in the Company. The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Company Secretary. The key points are summarised below.

Ordinary shares

Notice of meetings must be given to every shareholder and to any person entitled to a share unless the Articles of Association or the rights of the shares say they are not entitled to receive them from the Company. The Board can decide that only people who are entered on the register of members at the close of business on a particular day are entitled to receive the notice. On a show of hands at a general meeting every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. No shareholder holds ordinary shares which carry special rights relating to the control of the Company.

Dividends and distributions on winding up to shareholders

Holders of ordinary shares may receive interim dividends approved by Directors and dividends declared in general meetings. On a liquidation and subject to a special resolution of the Company, the liquidator may divide among members in specie, the whole or any part of the assets of the Company and may, for such purpose, value any assets and may determine how such division shall be carried out.

Transfers of ordinary shares

The Articles of Association place no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them except: (i) in very limited circumstances (such as a transfer to more than four persons) and (ii) where the Company has exercised its rights to suspend their voting rights or to prohibit their transfer following the omission by their holder or any person interested in them, to provide the Company with information requested by it in accordance with Part 22 of the Act. Restrictions on transfers may apply where the holder is precluded from exercising rights by the LRs, the City Code on Takeovers and Mergers or any other regulations.

Dealings subject to Market Abuse Regulation

Pursuant to the Market Abuse Regulation and the Group's share dealing policy, Directors, other persons discharging managerial responsibilities and certain employees require the approval of the Company to deal in the ordinary shares of the Company.

Exercise of rights of shares in employee share schemes

Awards over shares held by relevant participants under the Company's various share plans carry no rights until the shares are issued to participants or their nominees.

The Trustees of the Company's employee benefit trusts are entitled to vote on unallocated shares held in the trust fund from time to time but they may consider, in their absolute discretion, any recommendations made to them by the Company before doing so. However, the trustee of the SSP Group plc Share Plans Trust does not seek to exercise voting rights on existing shares held in the Share Plans Trust (see Note 21 for further details on the benefit trusts). In respect of allocated shares held by the Trustees as nominee (including the Trustees of the Company's Share Incentive Plans), they must seek instructions from participants on how they should exercise their voting rights before doing so on their behalf.

Notification of major shareholdings

Information provided to the Company pursuant to the DTRs is published on a Regulatory Information Service and on the Company's website. As at 30 September 2018, the following notifications of major shareholdings of 3% or more have been received by the Company under DTR 5.

Name	No. of ordinary shares and voting rights notified*	% of the Company's voting rights*
Old Mutual Global Investors (UK) Limited	45,020,035	9.71%
BlackRock, Inc.	41,967,095	8.83%
Artemis Investment Management LLP	35,067,425	7.38%
APG Asset Management Limited	33,613,765	7.07%
Marathon Asset Management LLP	28,119,834	5.92%
Schroders plc	23,720,071	4.99%
Legal & General Group plc (L&G)	23,554,235	4.96%
JP Morgan Asset Management (UK) Limited and JP Morgan Investment Management Inc	17,000,000	3.58%
GIC Private Limited	15,007,263	3.16%
Norges Bank	14,293,152	3.01%

The following notification was received after 30 September 2018 and before 20 November 2018:

Name	No. of ordinary shares and voting rights notified	% of voting rights as at the date of this report
Artemis Investment Management LLP	23,105,267	4.98%

* At the date of disclosure

So far as the Company is aware, no other person held a notifiable interest in the ordinary share capital of the Company.

The holdings and voting rights shown above are correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified including as a result of the share consolidation that took place in April 2018 and given that notification of any change is not required until the next notifiable threshold is crossed.

Directors

Particulars of the Directors in office at the date of this report are listed on pages 28 and 29.

Appointment and removal of Directors

The Company may, by ordinary resolution of the shareholders of the Company at a general meeting, remove any Director from office and elect another person in place of a Director so removed from office, following a recommendation by the Nomination Committee in accordance with its Terms of Reference for approval by the Board.

The processes for the appointment and replacement of Directors are governed by the Company's Articles of Association, the Code, the Act, the LRs and related legislation. In accordance with the Code, all Directors stand for election at the Annual General Meeting (AGM) following their appointment, and stand for re-election on an annual basis.

Powers of the Directors

Subject to the Articles of Association, the Act and related legislation, any directions given by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

Directors' interests

The Directors' interests in shares and options over ordinary shares in the Company are shown in the Directors' remuneration report on page 43. In line with the requirements of the Act, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). These were considered and approved by the Board in accordance with the Company's Articles of Association in September 2018 (and in November 2018 in respect of Carolyn Bradley, appointed with effect from 1 October 2018) and each Director was informed of the authorisation and any terms on which it was given. The Board has formal procedures to deal with Directors' conflicts of interest. The Board reviews and, where appropriate, approves certain situational conflicts of interest that are reported to it by Directors, and a register of those situational conflicts is maintained and continues to be reviewed by the Board.

Directors' indemnities

The Company has made qualifying indemnity provisions, as defined by section 236 of the Act, of which the Directors had the benefit of during the financial year ended 30 September 2018 and which remain in force at the date of this report. In addition, Directors and Officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

DIRECTORS' REPORT CONTINUED

Awards under employee share schemes

Details of the Group's employee share schemes and awards made during the year and held by Executive Directors as at 30 September 2018 are set out in the Annual report on remuneration on pages 41 to 47.

Details of awards made during the year and held by employees as at 30 September 2018 under the Performance Share Plan are disclosed in note 22 to the consolidated financial statements on page 93.

Controlling shareholders

Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of a company are known as 'controlling shareholders'. The LRs require companies with controlling shareholders to enter into a written and legally binding agreement, which is intended to ensure that the controlling shareholder complies with certain independence provisions.

As at 30 September 2018, the Company had no controlling shareholders.

Annual General Meeting

All holders of ordinary shares are entitled to attend the Company's AGM and all holders of ordinary shares on the register at the relevant record date are entitled to receive the Notice of AGM, which will be posted at least 20 working days before the AGM. They are also entitled to speak at general meetings of the Company, to appoint one or more proxies or, if they are corporations, corporate representatives, and to exercise voting rights. Shareholders may vote and appoint proxies electronically. The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be put to the AGM.

The 2019 AGM will be held on 21 February 2019. The results of the voting on resolutions will be made available to shareholders on the Group's website after the meeting. At the meeting, the Chief Executive Officer and the Chairmen of the Board Committees will also be present to answer questions on any matters relating to the Group's business. Shareholders will also have an opportunity to meet Directors informally after the meeting.

Change of control

Contracts

There are a number of contracts that allow the counterparties to alter or terminate those arrangements in the event of a change of control of the Company. These arrangements are commercially sensitive and confidential, and their disclosure could be seriously prejudicial to the Group.

Other agreements

The Company does not have agreements with any Director or Officer that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's employee share plans may cause options and awards granted under such plans to vest on a takeover.

The Company's main credit facilities, being the committed bank facilities dated 16 June 2014 (as amended from time to time), contain a provision such that in the event of a change of control, if a lender so requires and has notified the agent within 10 business days of the agent notifying the lenders of the event, the commitment of that lender will be cancelled and all outstanding amounts, together with accrued interest under that commitment, will become repayable, on the date notified in writing by the agent that the relevant commitment has been cancelled (where such date must not be fewer than 10 business days after the date of the notice).

The Company entered into a note purchase agreement (the 'NPA') on 9 August 2018 in respect of a US$175m issue of US private placement notes (the 'Notes'). The NPA contains a change of control provision whereby if any one person or a group of persons acting in concert gain Control of the Company (as defined in the NPA), then the Company and SSP Financing Limited must give written notice of this to the holders of the Notes. The written notice shall contain an offer by the Company to prepay the entire unpaid principal amount of the Notes held by each holder together with interest thereon.

Articles of Association

The Articles of Association of the Company may be amended by a special resolution of the shareholders.

Political donations

The Company's policy is not to make political donations. Neither the Company nor its subsidiaries, during the financial year ended 30 September 2018, made any political donation to a political party, other political organisation or independent election candidate, or incurred any political expenditure or made any contribution to a non-EU political party. The Company will propose to shareholders at the 2019 AGM that a precautionary authority be granted of up to £25,000 in aggregate. Details are included in the 2019 Notice of AGM.

Environmental, social and governance risks

The Board has identified and assessed the significant environmental, social and governance risks to the Company's short and long term value, as well as the opportunities to enhance value that may arise from improving its environmental performance. The Sustainability report on pages 24 to 27 reports on environmental matters, including the impact of the Group's businesses on the environment, the Group's annual quantity of greenhouse emissions in tonnes of carbon dioxide, the Group's employees, and on social and community issues.

Treasury and risk management

The Group's financial risk management objectives and policies, including its hedging policy, and the main risks arising from the Group's financial assets and liabilities are summarised in note 24 to the consolidated financial statements on pages 94 to 98.

Going concern

The financial information has been prepared on a going concern basis, in support of which, the Board has reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by segment and by month, and take account of the normal seasonality profile of the business. As a result, the Directors are confident that the assumptions underlying their forecasts are reasonable and that the Group will be able to operate within its banking covenants and available liquidity headroom.

Notwithstanding the above, there remains a risk that a downturn in the global economy could result in passenger numbers and consumer spending in the travel market which are worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts which include sensitivities that make allowances for this risk. Should such a scenario arise, the Directors are confident that they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare this financial information on a going concern basis.

In addition, in accordance with the Code, the Directors have assessed the prospects and viability of the Group over a period longer than the 12 months required by the Going Concern provision on page 23 of the Strategic report.

Auditor

The auditor, KPMG LLP, has indicated its willingness to continue in office, and a resolution that it will be re-appointed will be proposed at the 2019 AGM.

Statement of disclosure of information to auditors

In so far as each Director in office on the date of this report is aware, there is no relevant audit information of which the Company's external auditor is unaware, and the Directors have taken all the steps which they ought to have taken as Directors, to make themselves aware of any relevant audit information and to establish that the Company's external auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Act.

Forward-looking statements

These reports and financial statements contain certain forward-looking statements which are subject to assumptions, risks and uncertainties, and actual future results may differ materially from those expressed in, or implied in such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. The forward-looking statements reflect the knowledge and information available at the date of preparation of this annual report, and will not be updated during the year. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding the current intentions, beliefs or expectations of the Directors, the Company or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Company and the industry in which it operates. In particular, the statements regarding the Group's strategy and other future events or prospects are forward-looking statements. Nothing in this annual report should be construed as a profit forecast.

Approved by the Board and signed on its behalf by:

K. H. Byrne

Helen Byrne
General Counsel and Company Secretary

20 November 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law, and have elected to prepare the parent company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company, and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company, or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report/Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Kate Swann
Chief Executive Officer

20 November 2018

Jonathan Davies
Chief Financial Officer

20 November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC ONLY

1. Our opinion is unmodified

We have audited the financial statements of SSP Group plc (the 'Company') for the year ended 30 September 2018 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, Company balance sheet and Company statement of changes in equity, and the related notes, including the accounting policies in notes 1 and 30.

1. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2018 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS101 Reduced Disclosure Framework; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 20 September 2006. The period of total uninterrupted engagement is for the 12 financial years ended 30 September 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£9.1m (2017: £10.5m) 5.0% of Group Profit before tax (2017: 0.4% of Group revenue)
Coverage	77% (2017: 77%) of total profits and losses that made up Group Profit before tax
Risks of material misstatement	vs 2017
Recurring risks	Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertaking ◄►
	Completeness, existence and accuracy of current and deferred tax ◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (refined compared to prior years), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertaking. (Goodwill and indefinite life intangible assets 2018: £704.4m; 2017: £688.5m; investment in subsidiaries 2018: £939.7m, 2017: £932.1m) Refer to page 35 (Audit Committee Report), page 70 and 102 (Accounting policies) and page 82 and 103 (financial disclosures).	**Forecast-based valuation** The valuation of goodwill and intangible assets and parent's investment in subsidiary undertaking is inherently judgemental due to the subjectivity and uncertainty involved in selecting the appropriate key assumptions and preparing future discounted cash flows. SSP Group is subject to a number of internal and external factors, which may influence its trading in the short term, as well as the Group's long term strategy. These include economic and political uncertainty, tendering, competition, passenger travel trends. The carrying amount of the Group's goodwill and indefinite life assets, and the parent company's cost of investments in subsidiary, is significant, representing 45% of total Group assets and 99% of total Company assets. Whilst the estimate of the recoverability of both of these amounts is inherently subjective, there has historically been a sufficient level of headroom in the Director's impairment calculations. We did not identify any indicators which would have resulted in the recoverability of these balance being subject to high risk of material misstatement. However, due to their materiality in the context of their relevant financial statements, they are considered to be two of the areas that had the greatest effect on our overall audit of the Group and the parent company.	**Our procedures included:** • **Our sector experience:** We corroborated our understanding of any changes in the business with the Group's forecasts and considered whether or not these had been appropriately captured in the impairment models; • **Our valuation expertise:** Our valuation specialists assisted us in assessing appropriateness of the methodology and assumptions used by the Group, including discount rates; • **Benchmarking assumptions:** We challenged and compared the Group's assumptions to externally derived data, industry norms and our expectation based on our knowledge and experience of the Group, in relation to key inputs such as projected market growth, future capital expenditure levels, revenue growth rates, cost projections and inflation; • **Sensitivity analysis:** We have used KPMG's proprietary data analytics software tool to prepare multiple scenarios sensitising assumptions in concert and show instantaneous valuations for multiple assumption changes. We applied sensitivities to key assumptions to assess their impact on the recoverability of the assets; • **Historical comparisons:** We evaluated the historical accuracy of the Group's forecasts by comparing budget to actual results; • **Comparing valuations:** We compared the results of discounted cash flows against the Group's market capitalisation, after adjusting for its net debt to assess the reasonableness of those cash flows; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC ONLY CONTINUED

	The risk	Our response
		• **Assessing transparency:** We also considered the adequacy of the Group's disclosure of the key risks and sensitivity around the outcome, and whether that disclosure reflected the risks inherent in the valuation of goodwill and indefinite life intangible assets. • **Valuation of parent company's investment in subsidiary undertaking:** We compared investment book value to the underlying fair value of the subsidiary based on a discounted cash flow model. **Our results** We found the resulting estimates of the following to be acceptable: • Recoverable amount of goodwill and indefinite life intangible assets in the Group's financial statements; and • Recoverable amount of investment in the parent company's financial statements.
Completeness of income tax provision and recoverability of deferred tax. (Net current tax liability £23.5m; 2017: £22.0m, and net deferred tax asset: £11.3m; 2017: £9.0m) Refer to page 35 (Audit Committee report), page 72 and 102 (Accounting policies) and page 67 and 84 (financial disclosures).	**Subjective estimate** Managing taxation risks and calculations across jurisdictions is a complex and highly technical process. SSP Group operates in many different tax jurisdictions, which have different rules that can be complex and judgemental. There may therefore be tax exposures at the local level. In addition, as the Group's profitability profile changes in the various jurisdictions in which it operates, judgement will be required to establish the appropriateness of recognising deferred tax assets and their recoverability given the timing and level of future taxable income.	**Our procedures included:** • **Our tax expertise:** We used our own tax specialists to assist us in assessing and challenging the assumptions and judgements made by the Group. We considered all significant differences between the statutory and effective rates in each jurisdiction and assessed whether adjustments from accounting profit to taxable profit are in accordance with local laws. We considered whether the tax provisions made by the Group and the underlying assumptions are appropriate. • **Our sector experience:** In assessing the Group's calculations, we have used our knowledge of recent tax cases and our awareness of the pattern of recent tax settlements. We have also considered developments in the attitudes of tax authorities globally and discussed issues with the Directors in order to determine whether the tax provisions made by the Group were reasonable. • **Comparing assumptions:** In assessing the level of deferred tax asset balances recognised in the consolidated balance sheet, we compared the assumptions used in respect of future taxable income to the Group's long-term forecasts and budget for the relevant jurisdictions. • **Sensitivity analysis:** We considered whether the improving performance in certain jurisdictions, where there were unrecognised deferred tax assets, amounted to convincing evidence, sufficient to support the recognition of deferred tax assets. In addition to profitability, we also considered other factors, such as the expected timing of reversal of temporary differences, any restrictions in accessing such temporary differences, and other qualitative factors specific to each of the jurisdictions in question. • **Assessing transparency:** We also assessed the adequacy of the Group's disclosures in respect of current and deferred taxes. **Our results** We found the level of the following to be acceptable: • Completeness of income tax provision; and • Recoverability of deferred tax asset.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £9.1m, determined with reference to a benchmark of Group profit before tax of £182.9m (2017: £144.8m), of which it represents 5%. We have revised the benchmark used for materiality calculation from revenue in 2017 to profit before tax in the current year as we now consider it to be an appropriate metric for measuring the Group's performance.

Materiality for the parent company financial statements as a whole was set at £8.4m (2017: £8.4m), determined with reference to a benchmark of Company total assets, of which it represents 1% (2017: 1%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m (2017: £0.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 15 (2017: 15) reporting components, we subjected nine (2017: nine) to full scope audits for Group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

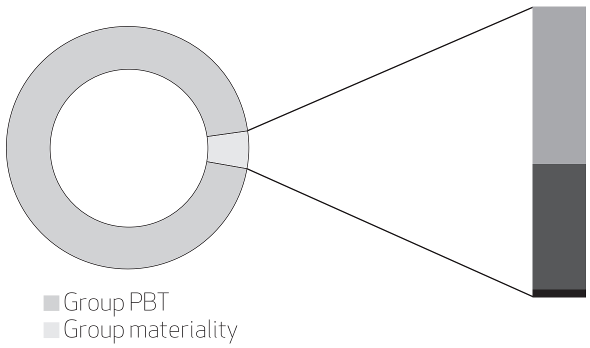
The remaining 22% of total Group revenue, 23% of total profits and losses that made up Group profit before tax and 16% of total Group assets is represented by six reporting components, none of which individually represented more than 8% of any of the total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materiality, which ranged from £0.1 m to £8.3 m (2017: £0.1m to £8.4m), having regard to the mix of size and risk profile of the Group across the components. The work on nine (2017: nine) of the Group's 15 components was performed by component auditors and the rest including the audit of the parent company was performed by the Group audit team.

In 2018, the Group audit team visited eight of the fifteen (2017: three) component locations. Video and telephone conference meetings were also held with these component auditors and the majority of the others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail.

Group profit before taxation
£182.9m (2017: £144.8m)

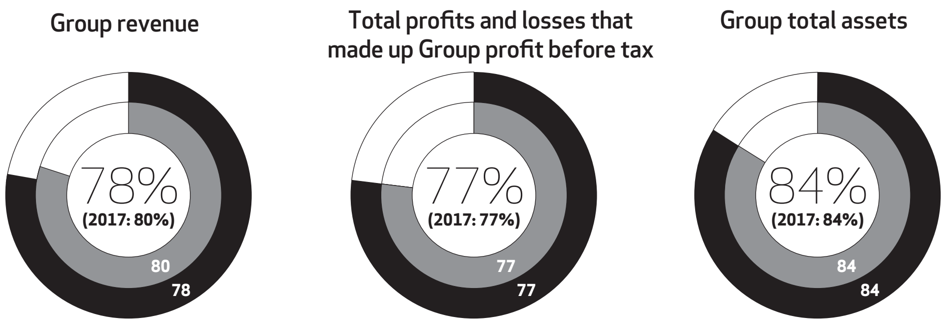
Group materiality
£9.1m (2017: £10.5m)



£9.1m
Whole financial statements materiality (2017: £10.5m)

£8.3m
Range of materiality at nine components (£0.1m to £8.3m) (2017: £0.1m to £8.4m)

£0.5m
Misstatements reported to the Audit Committee (2017: £0.5m)



■ Full scope for Group audit purposes 2018 ■ Full scope for Group audit purposes 2017
□ Residual components

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 55 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the annual report

The Directors are responsible for the other information presented in the annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability statement on page 23 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability statement. We have nothing to report in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSP GROUP PLC ONLY CONTINUED

Corporate Governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance report disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance report has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 60 , the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the Directors (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team, which included individuals with experience relevant to those laws and regulations and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Frost
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

20 November 2018

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2018

	Notes	2018 Underlying* £m	2018 Adjustments £m	2018 Total £m	2017 Underlying* £m	2017 Adjustments £m	2017 Total £m
Revenue	3	**2,564.9**	**–**	**2,564.9**	2,379.1	–	2,379.1
Operating costs	5	**(2,369.7)**	**(1.9)**	**(2,371.6)**	(2,216.2)	(1.9)	(2,218.1)
Operating profit		**195.2**	**(1.9)**	**193.3**	162.9	(1.9)	161.0
Share of profit of associates	12	**4.8**	**–**	**4.8**	3.4	–	3.4
Finance income	7	**1.9**	**0.9**	**2.8**	0.9	–	0.9
Finance expense	7	**(17.5)**	**(0.5)**	**(18.0)**	(18.5)	(2.0)	(20.5)
Profit before tax		**184.4**	**(1.5)**	**182.9**	148.7	(3.9)	144.8
Taxation	8	**(40.5)**	**0.3**	**(40.2)**	(33.8)	0.2	(33.6)
Profit for the year		**143.9**	**(1.2)**	**142.7**	114.9	(3.7)	111.2
Profit attributable to:							
Equity holders of the parent		**118.4**	**(1.2)**	**117.2**	96.5	(3.7)	92.8
Non-controlling interests	21	**25.5**	**–**	**25.5**	18.4	–	18.4
Profit for the year		**143.9**	**(1.2)**	**142.7**	114.9	(3.7)	111.2
Earnings per share (pence):							
– Basic	4	**25.1**		**24.9**	20.3		19.5
– Diluted	4	**24.8**		**24.5**	20.0		19.2

* Presented on an underlying basis, refer to page 16 for details.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2018

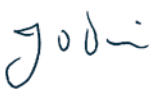
	Notes	2018 £m	2017 £m
Other comprehensive income/(expense)			
Items that will never be reclassified to the income statement:			
Remeasurements on defined benefit pension schemes	19	**0.1**	6.1
Tax charge relating to items that will not be reclassified		**(0.5)**	(0.9)
Items that are or may be reclassified subsequently to the income statement:			
Net loss on hedge of net investment in foreign operations		**(1.0)**	(1.5)
Other foreign exchange translation differences		**(6.8)**	(20.1)
Effective portion of changes in fair value of cash flow hedges		**1.3**	1.2
Cash flow hedges – reclassified to income statement		**4.5**	4.0
Tax charge relating to items that are or may be reclassified		**(0.2)**	(0.4)
Other comprehensive expense for the year		**(2.6)**	(11.6)
Profit for the year		**142.7**	111.2
Total comprehensive income for the year		**140.1**	99.6
Total comprehensive income attributable to:			
Equity holders of the parent		**115.8**	83.9
Non-controlling interests	21	**24.3**	15.7
Total comprehensive income for the year		**140.1**	99.6

CONSOLIDATED BALANCE SHEET

as at 30 September 2018

	Notes	**2018 £m**	2017 £m
Non-current assets			
Property, plant and equipment	10	**371.4**	304.5
Goodwill and intangible assets	11	**731.2**	714.2
Investments in associates	12	**10.6**	6.8
Deferred tax assets	13	**23.7**	21.3
Other receivables	15	**49.2**	40.5
Other financial assets	24	**5.1**	10.3
		1,191.2	1,097.6
Current assets			
Inventories	14	**35.1**	32.6
Tax receivable		**2.0**	0.1
Trade and other receivables	15	**178.0**	135.4
Cash and cash equivalents	16	**147.8**	178.1
		362.9	346.2
Total assets		**1,554.1**	1,443.8
Current liabilities			
Short-term borrowings	17	**(31.5)**	(31.4)
Trade and other payables	18	**(499.7)**	(419.9)
Tax payable		**(25.5)**	(22.1)
Provisions	20	**(3.4)**	(3.7)
Obligation to acquire additional share of subsidiary undertaking	28	**(20.5)**	–
		(580.6)	(477.1)
Non-current liabilities			
Long-term borrowings	17	**(456.1)**	(419.2)
Post-employment benefit obligations	19	**(13.0)**	(13.9)
Other payables	18	**(2.5)**	–
Provisions	20	**(28.0)**	(26.4)
Derivative financial liabilities		**(3.2)**	(9.0)
Deferred tax liabilities	13	**(12.4)**	(12.3)
Obligation to acquire additional share of subsidiary undertaking	28	**–**	(20.9)
		(515.2)	(501.7)
Total liabilities		**(1,095.8)**	(978.8)
Net assets		**458.3**	465.0
Equity			
Share capital	21	**4.8**	4.7
Share premium	21	**461.2**	461.2
Capital redemption reserve	21	**1.2**	1.2
Other reserves	21	**(13.0)**	(11.5)
Retained losses		**(77.7)**	(55.3)
Total equity shareholders' funds		**376.5**	400.3
Non-controlling interests	21	**81.8**	64.7
Total equity		**458.3**	465.0

These financial statements were approved by the Board of Directors on 20 November 2018 and were signed on its behalf by:



Jonathan Davies
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2018

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings/ (losses) £m	Total parent equity £m	Non-controlling interests £m	Total equity £m
At 1 October 2016	4.7	461.2	1.2	21.5	(138.0)	350.6	32.1	382.7
Profit for the year	–	–	–	–	92.8	92.8	18.4	111.2
Other comprehensive income/(expense) for the year	–	–	–	(14.1)	5.2	(8.9)	(2.7)	(11.6)
Non-controlling interest arising on acquisition (note 28)	–	–	–	–	–	–	21.4	21.4
Obligation to acquire non-controlling interest (note 28)	–	–	–	(18.9)	–	(18.9)	–	(18.9)
Capital contributions from non-controlling interests (note 21)	–	–	–	–	–	–	8.4	8.4
Dividends paid to equity shareholders (note 9)	–	–	–	–	(29.0)	(29.0)	–	(29.0)
Dividends paid to non-controlling interests (note 21)	–	–	–	–	–	–	(12.9)	(12.9)
Share-based payments	–	–	–	–	11.9	11.9	–	11.9
Tax on share schemes	–	–	–	–	1.8	1.8	–	1.8
At 30 September 2017	**4.7**	**461.2**	**1.2**	**(11.5)**	**(55.3)**	**400.3**	**64.7**	**465.0**
Profit for the year	**–**	**–**	**–**	**–**	**117.2**	**117.2**	**25.5**	**142.7**
Other comprehensive expense for the year	**–**	**–**	**–**	**(1.0)**	**(0.4)**	**(1.4)**	**(1.2)**	**(2.6)**
Increase in non-controlling interest equity	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**	**2.0**	**1.5**
Issue of shares	**0.1**	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Capital contributions from non-controlling interests (note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**12.4**	**12.4**
Dividends paid to equity shareholders (note 9)	**–**	**–**	**–**	**–**	**(145.8)**	**(145.8)**	**–**	**(145.8)**
Dividends paid to non-controlling interests (note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**(21.6)**	**(21.6)**
Share-based payments	**–**	**–**	**–**	**–**	**4.6**	**4.6**	**–**	**4.6**
Tax on share schemes	**–**	**–**	**–**	**–**	**2.0**	**2.0**	**–**	**2.0**
At 30 September 2018	**4.8**	**461.2**	**1.2**	**(13.0)**	**(77.7)**	**376.5**	**81.8**	**458.3**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2018

	Notes	2018 £m	2017 £m
Cash flows from operating activities			
Cash flow from operations	23	**310.1**	280.2
Tax paid		**(37.2)**	(33.3)
Net cash flows from operating activities		**272.9**	246.9
Cash flows from investing activities			
Dividends received from associates, net of increase in investment	12	**1.3**	3.8
Interest received		**1.9**	0.9
Purchase of property, plant and equipment	10	**(146.6)**	(107.4)
Purchase of other intangible assets	11	**(10.0)**	(7.6)
Acquisitions in the year, net of cash and cash equivalents acquired	28	**(19.0)**	(27.5)
Disposal of associate	12	**–**	7.3
Net cash flows from investing activities		**(172.4)**	(130.5)
Cash flows from financing activities			
Repayment of borrowings		**(31.5)**	(31.6)
Drawdown on revolving credit facility		**70.0**	–
Repayment of finance leases and other loans		**(1.7)**	(1.7)
Realisation/(investment) in other financial assets		**5.2**	(9.5)
Refinancing fee paid		**(2.0)**	–
Interest paid		**(13.5)**	(15.4)
Dividends paid to equity shareholders	9	**(145.8)**	(29.0)
Dividends paid to non-controlling interests, net of equity issued to them	21	**(19.6)**	(12.9)
Loan to associate		**(4.2)**	–
Capital contribution from non-controlling interests	21	**12.4**	8.4
Net cash flows from financing activities		**(130.7)**	(91.7)
Net (decrease)/increase in cash and cash equivalents		**(30.2)**	24.7
Cash and cash equivalents at beginning of the year		**178.1**	155.8
Effect of exchange rate fluctuations on cash and cash equivalents		**(0.1)**	(2.4)
Cash and cash equivalents at end of the year		**147.8**	178.1

	Notes	2018 £m	2017 £m
Reconciliation of net cash flow to movement in net debt			
Net (decrease)/increase in cash in the year		**(30.2)**	24.7
Cash (inflow)/outflow from movement in debt and finance leases		**(36.8)**	33.3
Cash (inflow)/outflow from investment in other financial assets		**(5.2)**	9.5
Change in net debt resulting from cash flows		**(72.2)**	67.5
Translation differences		**(1.0)**	(3.4)
Other non-cash changes		**0.7**	(1.4)
Loans and other financial assets acquired through business combination		**–**	(7.5)
(Increase)/decrease in net debt in the year		**(72.5)**	55.2
Net debt at beginning of the year		**(262.2)**	(317.4)
Net debt at end of the year	24	**(334.7)**	(262.2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

1.1 Basis of preparation

SSP Group plc (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group) and equity-account the Group's interest in its associates. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in Sterling, which is the Company's functional currency. All information is given to the nearest £0.1m.

The financial statements are prepared on the historical cost basis, except in respect of the derivative financial instruments that are stated at their fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

These financial statements have been prepared on a going concern basis. The Board has reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by segment and by month, and take account of the normal seasonality profile of the business. As a result, the Directors are confident that the assumptions underlying their forecasts are reasonable and that the Group will be able to operate within its banking covenants and available liquidity headroom.

Notwithstanding the above, however, there remains a risk that a downturn in the global economy could result in passenger numbers and consumer spending in the travel market that are worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts that include sensitivities that make allowance for this risk. Should such a scenario arise, the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare these financial statements on a going concern basis.

In addition, in accordance with the UK Corporate Governance Code, the Directors have assessed the prospects and viability of the Group over a longer period than the 12 months required by the Going Concern provision. Further details of this assessment are provided on page 23 of the Strategic report.

1.3 Basis of consolidation

The financial statements of the Group consolidate the results of the Company and its subsidiary entities, together with the Group's attributable share of the results of associates. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is the power to direct the relevant activities of the subsidiary that significantly affect the subsidiary's return so as to have rights to the variable return from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

An associate is an undertaking in which the Group has a long-term equity interest and over which it has the power to exercise significant influence.

Associates are accounted for using the equity method and are initially recognised at cost (including transaction costs). The Group's interest in the net assets of associates is reported as an investment on the consolidated balance sheet and its interest in their results are included in the consolidated income statement below the Group's operating profit. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity-accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the Group's investment is reduced to nil and recognition of further losses are discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Investments in associates are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment review compares the net carrying value with the recoverable amount, where the recoverable amount is the higher of the value in use, calculated as the present value of the Group's share of the associates' future cash flows and the fair value less costs of disposal.

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as appropriate. When a foreign operation is disposed of, such that control, joint control or significant influence is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to the income statement.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to the income statement as an adjustment to the profit or loss on disposal.

1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Other financial assets
Other financial assets comprise money market funds that are not readily convertible to cash. These are held on the balance sheet at amortised cost.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.7 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the cash flow hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are recycled into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e., when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement.

The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

• Freehold buildings	50 years
• Leasehold buildings	the life of the lease
• Plant and machinery	3 to 13 years
• Fixtures, fittings, tools and equipment	3 to 13 years

1.9 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value as are the identifiable assets and liabilities acquired. The excess of the fair value of consideration transferred over the fair value of net assets acquired is accounted for as goodwill. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

Non-controlling interests arising from acquisition are accounted for based on the proportionate share of the fair value of identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the Group recognises a non-controlling interest in a subsidiary, based on the rights the non-controlling interest have to their share of the returns of such subsidiaries, the Group recognises obligations to acquire additional shares in these subsidiary undertakings as a liability in the consolidated balance sheet at the present value of the estimated exercise price of the forward contract. The present value of the obligation is estimated based on expected earnings in Board-approved forecasts and the choice of a suitable discount rate. Upon initial recognition a corresponding entry is made to other equity. For subsequent changes in the measurement of the liability the corresponding entry is made to the consolidated income statement.

1.10 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and, therefore, no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent company.

1.11 Goodwill and intangible assets

Goodwill

Goodwill is allocated to cash-generating units (CGUs) and is not amortised but is tested annually for impairment. Goodwill is stated at cost less any accumulated impairment losses.

Indefinite life intangible assets

Indefinite life intangible assets relate to brands recognised on acquisition of the SSP business in 2006. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date.

Definite life and software intangible assets

Definite life intangible assets, consisting mainly of brands and franchise agreements and software, that are acquired/purchased by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense is incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets (between 3 and 14 years) unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use.

1.12 Inventories

Inventories comprise goods purchased for resale and consumable stores and are stated at the lower of cost and net realisable value. Cost is calculated using the 'first in first out' method.

1.13 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired (with a charge to the income statement) if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has had a negative effect on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Any subsequent reduction in an impairment loss in respect of goodwill is not reversed. For other assets, any subsequent reduction in an impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting the amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense and other expenses related to defined plans are recognised in the income statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.14 Employee benefits continued

Defined benefit plans continued

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the employing company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under a short-term cash bonus if the employing company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of service and non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to equity reserves, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of service and non- market-based vesting conditions. The impact of changes to the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1.15 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at an appropriate rate.

1.16 Segment information

Segment information is provided based on the geographical segments that are reviewed by the chief operating decision-maker. In accordance with the provisions of IFRS 8 'Operational segments', the Group's chief operating decision-maker is the Board of Directors. The operating segments are aggregated if they meet certain criteria. Segment results include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses, finance income, finance charges and income tax. No disclosure is made for net assets/liabilities as these are not reported by segment to the chief operating decision-maker.

1.17 Revenue

Revenue represents amounts for retail goods and catering services supplied to third party customers (predominantly passengers) excluding discounts, value-added tax and similar sales taxes.

Sale of goods

Revenue is recognised at the point of sale of food, beverage and retail goods.

Provision of catering services

Revenue is recognised in the period in which services are provided.

1.18 Supplier income

The Group enters into agreements with suppliers to benefit from promotional activity and volume growth. Supplier incentives, rebates and discounts are recognised within cost of sales as they are earned.

1.19 Underlying items

Underlying items are those that, in management's judgement, need to be disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group more accurately. Such items are included within the income statement caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

1.20 Lease payments

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rent which is dependent on variable factors, such as unit sales, is recognised in the period in which it is incurred. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.21 Finance income and expense

Finance income comprises interest receivable on funds invested and net foreign exchange gains. Finance expense comprises interest payable, finance charges on shares classified as liabilities, finance lease charges recognised in the income statement using the effective interest method, the unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement.

Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.22 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No provision is made for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the temporary difference can be utilised.

1.23 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous year.

The following standards, issued by the IASB and endorsed by the EU, have not yet been adopted and unless otherwise stated are not expected to have a material impact on the Group:

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial instruments – Recognition and Measurement'. The standard (effective for the year ending 30 September 2019) covers the classification, measurement, impairment and de-recognition of financial assets and liabilities and provides new hedge accounting requirements. The Group continues to assess the impact of the new standard, but based on a preliminary assessment, the Group believes that IFRS 9 is not likely to have a material impact on the Group's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for the year ending 30 September 2019) is based on the principle that revenue is recognised when control of goods or services is transferred to the customer. The standard provides a single, principles-based five-step model to be applied to all contracts with customers to determine whether, how much and when revenue is recognised. IFRS 15 replaces the separate models for goods, services and construction contracts under IAS 11 'Construction Contracts' and IAS 18 'Revenue'. The Group continues to assess the impact of the new standard, but based on a preliminary assessment, the Group believes that IFRS 15 will not have a material impact on the timing and recognition of revenue.

IFRS 16 'Leases' (effective for the year ending 30 September 2020), requires lessees to recognise operating leases on the Group's balance sheet, unless the lease term is less than 12 months or the underlying asset has a low value. The standard, which replaces IAS 17 'Leases', will give rise to the recognition of an asset representing the right-of-use of the leased item and a related liability, being the present value of the future lease payment obligations. Therefore, costs currently classified as operating lease costs will be reclassified and split between the depreciation of the asset on a straight-line basis, and interest on the lease liability. This reclassification will increase EBITDA, with corresponding increases in the depreciation charge and interest expense. IFRS 16 can either be applied on a fully retrospective basis, which will require the restatement of comparative prior periods, or the cumulative retrospective impact can be applied as an adjustment to equity on the date of adoption of the standard. The Group is currently working on an implementation plan and on an adoption approach. The Group expects IFRS 16 to have a material impact on the Group's consolidated results, with an associated impact on both assets and liabilities.

2. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Significant accounting estimates and judgements continued

Goodwill and intangible assets

The Group recognises goodwill and intangible assets that have arisen through acquisitions. These assets are subject to impairment reviews to ensure that the assets are not carried above their recoverable amounts. For goodwill and indefinite life intangible assets, reviews are performed annually. For other intangible assets, reviews are performed if events or circumstances indicate that this is necessary.

The recoverable amounts of CGUs or groups of CGUs have been determined based on value in use calculations. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by the Board. The key assumptions used for the value in use calculations are set out in note 11 to these financial statements.

Current and deferred tax

The Group is required to determine the corporate tax provision in each of the many jurisdictions in which it operates. During the ordinary course of business, there are transactions and calculations for which the ultimate determination is uncertain. As a result the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The recognition of tax benefits and assessment of provisions against tax benefits requires management judgement. In particular the Group is routinely subject to tax audits in many jurisdictions, which by their nature are often complex and can take several years to resolve. Provisions are based on management's interpretation of country specific tax law and the likelihood of settlement, and have been calculated using the single best estimate of likely outcome approach. Management takes advice from in-house tax specialists and professional tax advisors, and uses previous experience to inform its judgements. To the extent that the outcome differs from the estimates made, tax adjustments may be required in future periods.

The evaluation of recoverability of deferred tax assets requires judgements to be made regarding the availability of future taxable income. Management therefore recognises deferred tax assets only where it believes it is probable that such assets will be realised, taking account of current levels of profitability and forecasts prepared for budgets and the Group's Medium Term Plan (as referred to in the viability statement in the risk management section of the Strategic report).

3. Segmental reporting

SSP operates in the food and beverage travel sector, mainly at airports and railway stations.

Management monitors the performance and strategic priorities of the business from a geographic perspective, and in this regard has identified the following four key 'reportable segments': the UK, Continental Europe, North America and the Rest of the World (RoW). The UK includes operations in the United Kingdom and the Republic of Ireland; Continental Europe includes operations in the Nordic countries, Western Europe and Southern Europe; North America includes operations in the United States and Canada; and RoW includes operations in Eastern Europe, the Middle East, Asia Pacific and India. These segments comprise countries which are at similar stages of development and demonstrate similar economic characteristics.

The Group's management assesses the performance of operating segments based on revenue and underlying operating profit. Interest income and expenditure are not allocated to segments, as they are managed by a central treasury function, which oversees the debt and liquidity position of the Group. The non-attributable segment comprises of costs associated with the Group's head office function and the depreciation of central assets. Revenue is measured in a manner consistent with that in the income statement.

2018	**UK £m**	**Continental Europe £m**	**North America £m**	**RoW £m**	**Non-attributable £m**	**Total £m**
Revenue	**798.1**	**971.7**	**436.3**	**358.8**	**–**	**2,564.9**
Underlying operating profit/(loss)	**89.5**	**79.5**	**27.7**	**35.7**	**(37.2)**	**195.2**
2017						
Revenue	787.7	910.3	372.9	308.2	–	2,379.1
Underlying operating profit/(loss)	82.1	77.8	14.3	21.2	(32.5)	162.9

Disclosure in relation to net assets and liabilities for each reportable segment is not provided as these are only reported on and reviewed by management in aggregate for the Group as a whole.

Additional information

Although the Group's operations are managed on a geographical basis, we provide additional information in relation to revenue, based on the type of travel locations as follows:

Turnover	**2018 £m**	2017 £m
Air	**1,638.7**	1,460.1
Rail	**795.2**	790.2
Other	**131.0**	128.8
	2,564.9	2,379.1

3. Segmental reporting continued

The following amounts are included in underlying operating profit:

2018	UK £m	Continental Europe £m	North America £m	RoW £m	Non-attributable £m	Total £m
Depreciation and amortisation[1]	**(12.9)**	**(34.5)**	**(28.0)**	**(17.0)**	**(5.3)**	**(97.7)**

2017						
Depreciation and amortisation[1]	(12.2)	(32.4)	(28.5)	(17.4)	(5.0)	(95.5)

[1] Excludes amortisation of acquisition-related intangible assets.

A reconciliation of underlying operating profit to profit before and after tax is provided as follows:

	2018 £m	2017 £m
Underlying operating profit	**195.2**	162.9
Adjustments to operating costs	**(1.9)**	(1.9)
Share of profit from associates	**4.8**	3.4
Finance income	**2.8**	0.9
Finance expense	**(18.0)**	(20.5)
Profit before tax	**182.9**	144.8
Taxation	**(40.2)**	(33.6)
Profit after tax	**142.7**	111.2

The Group's customer base primarily represents individuals or groups of individuals travelling through airports and railway stations. It does not rely on a single major customer; therefore additional segmental information by customer is not provided.

4. Earnings per share

Basic earnings per share is calculated by dividing the result for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the result for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted by potentially dilutive outstanding share options.

Underlying earnings per share is calculated the same way except that the result for the year attributable to ordinary shareholders is adjusted for specific items as detailed in the below table.

On 27 April 2018 the Group paid a special dividend of approximately £100m to shareholders. In order to maintain the comparability of the Company's share price before and after the special dividend, a share consolidation was undertaken on 16 April 2018, with shareholders receiving 30 new ordinary shares in exchange for every 31 existing ordinary shares. The weighted average number of ordinary shares outstanding for the period was adjusted for the share consolidation from the date the special dividend was paid.

	2018 £m	2017 £m
Profit attributable to ordinary shareholders	**117.2**	92.8
Adjustments:		
Amortisation of acquisition-related intangibles	**1.9**	1.9
Net revaluation of obligation to acquire shareholdings from non-controlling interest	**(0.4)**	2.0
Tax effect of adjustments	**(0.3)**	(0.2)
Underlying profit attributable to ordinary shareholders	**118.4**	96.5
Basic weighted average number of shares	**471,499,626**	475,214,310
Dilutive potential ordinary shares	**6,515,410**	7,487,883
Diluted weighted average number of shares	**478,015,036**	482,702,193
Earnings per share (pence):		
– Basic	**24.9**	19.5
– Diluted	**24.5**	19.2
Underlying earnings per share (pence):		
– Basic	**25.1**	20.3
– Diluted	**24.8**	20.0

The number of ordinary shares in issue as at 30 September 2018 was 464,008,266 (2017: 475,226,453).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. Operating costs

	2018 £m	2017 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(763.5)**	(727.0)
Labour cost:		
Employee remuneration	**(736.3)**	(687.2)
Overheads:		
Depreciation of property, plant and equipment	**(90.3)**	(89.3)
Amortisation of intangible assets	**(9.3)**	(8.1)
Rentals payable under operating leases	**(489.6)**	(438.0)
Other overheads	**(282.6)**	(268.5)
	(2,371.6)	(2,218.1)

The Group's rentals payable consist of fixed and variable elements depending on the levels of revenue earned from the respective sites. The fixed element of rent during the year was £308.8m (2017: £240.3m).

Adjustments to operating costs

	2018 £m	2017 £m
Amortisation of intangible assets arising on acquisition	**(1.9)**	(1.9)

Underlying operating profit excludes non-cash accounting adjustments relating to the amortisation of intangible assets arising on acquisition of the SSP business in 2006.

Auditor's remuneration:

	2018 £m	2017 £m
Audit of these financial statements	**0.1**	0.1
Audit of financial statements of subsidiaries pursuant to legislation	**0.7**	0.7
Tax compliance services	**0.1**	0.1
Other non-audit services	**0.1**	0.1
	1.0	1.0

Amounts paid to the Company's auditor and its associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis.

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2018	2017
	Number of employees	
Operations	**34,932**	34,538
Sales and marketing	**182**	165
Administration	**2,182**	2,080
	37,296	36,783

The aggregate payroll costs of the Group were as follows:

	2018 £m	2017 £m
Wages and salaries	**(627.6)**	(588.1)
Social security costs	**(83.5)**	(75.3)
Other pension costs	**(13.5)**	(11.9)
Share-based payments (note 22)	**(11.7)**	(11.9)
	(736.3)	(687.2)

7. Finance income and expense

	2018 £m	2017 £m
Finance income:		
Interest income	**1.9**	0.9
Foreign exchange gains on revaluation of obligation to acquire additional share of subsidiary undertaking	**0.9**	–
Total finance income	**2.8**	0.9
Finance expense:		
Total interest expense on financial liabilities measured at amortised cost	**(9.4)**	(11.2)
Net change in fair value of cash flow hedges utilised in the year	**(4.5)**	(4.0)
Unwind of discount on provisions	**(0.6)**	(0.5)
Net interest expense on defined benefit pension obligations	**(0.3)**	(0.3)
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	**(0.5)**	(2.0)
Other	**(1.9)**	(2.3)
Net foreign exchange losses	**(0.8)**	(0.2)
Total finance expense	**(18.0)**	(20.5)

Adjustments to finance income and expense

The adjustments to finance expense comprise adjustments to the financial liability recognised in respect of the obligation to acquire an additional 16% ownership share of TFS.

	2018 £m	2017 £m
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	**(0.5)**	(0.4)
Foreign exchange gains on revaluation of obligation to acquire additional share of subsidiary undertaking	**0.9**	0.8
Revaluation of obligation to acquire additional share of subsidiary undertaking	**–**	(2.4)
Net revaluation of TFS financial liability	**0.4**	(2.0)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. Taxation

	2018 £m	2017 £m
Current tax expense:		
Current year	**(46.9)**	(39.0)
Adjustments for prior years	**3.3**	2.8
	(43.6)	(36.2)
Deferred tax credit/(expense):		
Origination and reversal of temporary differences	**1.9**	0.1
Recognition of deferred tax assets not previously recognised	**1.9**	–
Adjustments for prior years	**(0.4)**	2.5
	3.4	2.6
Total tax expense	**(40.2)**	(33.6)
Tax rate	**22.0%**	23.2%

Reconciliation of effective tax rate

The tax expense for the year is different to the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%) applied to the profit before tax for the year. The differences are explained below:

	2018 £m	2017 £m
Profit before tax	**182.9**	144.8
Tax charge using the UK corporation tax rate of 19.0% (2017: 19.5%)	**(34.8)**	(28.2)
Non-deductible expenses	**(5.1)**	(4.8)
Tax impact of share of profits of non-wholly owned subsidiaries	**3.1**	0.3
Effect of tax rates in foreign jurisdictions	**(4.4)**	(4.1)
Withholding taxes	**(0.8)**	(0.7)
Secondary and irrecoverable taxes	**(1.6)**	(2.3)
Temporary differences for which no deferred tax was recognised	**(4.5)**	0.9
Recognition of deferred tax assets not previously recognised	**5.0**	–
Adjustments for prior years	**2.9**	5.3
Total tax expense	**(40.2)**	(33.6)

* This relates to the fact that certain subsidiaries in the US are not wholly owned and whose profits are taxed at the level of the shareholders. Therefore the Group is not subject to tax on the profits attributable to its non-controlling interests.

The Group's tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, as well as the impact of losses in some countries for which no deferred tax asset is recognised. The tax rate in the current year benefitted from the recognition of previously unrecognised deferred tax assets.

Factors that may affect future tax charges

The Group expects the tax rate in the future to be affected by the geographical mix of profits and the different tax rates that will apply to those profits.

The main rate of corporation tax in the UK will be reduced to 17% in April 2020.

In October 2017, the European Commission opened a State Aid investigation into the UK's Controlled Foreign Company regime. In common with other UK based international companies, the Group applies this regime. The Group is monitoring developments in relation to the investigation. A final decision is expected later this year, or in early 2019, but the Group does not currently consider any provision is required in respect of the issue.

9. Dividends

	2018 £m	2017 £m
Interim dividend paid in the year of 4.8p per share (2017: 3.2p)	**(22.2)**	(15.2)
Special dividend paid in the year of 20.9p per share	**(100.1)**	–
Prior year final dividend of 4.9p per share paid in the year (2017: 2.9p)	**(23.5)**	(13.8)
	(145.8)	(29.0)

The proposed dividend of 5.4 pence per share, amounting to a final dividend of £25.2m, is not included as a liability in these financial statements and, subject to shareholder approval, will be paid on 29 March 2019 to shareholders on the register on 1 March 2019.

10. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Equipment, fixtures and fittings £m	Total £m
Cost			
At 1 October 2016	179.6	680.9	860.5
Additions	28.1	79.3	107.4
Disposals	(9.8)	(52.5)	(62.3)
Acquisition from business combinations (see note 28)	9.4	5.2	14.6
Effects of movements in foreign exchange	(5.1)	(9.1)	(14.2)
Other movements[1]	8.4	–	8.4
At 30 September 2017	**210.6**	**703.8**	**914.4**
Additions	**25.2**	**121.4**	**146.6**
Disposals	**(15.0)**	**(61.2)**	**(76.2)**
Acquisition from business combinations (see note 28)	**0.4**	**3.1**	**3.5**
Effects of movements in foreign exchange	**3.6**	**4.6**	**8.2**
Reclassifications	**0.5**	**(1.0)**	**(0.5)**
Other movements[1]	**4.9**	**–**	**4.9**
At 30 September 2018	**230.2**	**770.7**	**1,000.9**
Depreciation			
At 1 October 2016	(97.1)	(491.4)	(588.5)
Charge for the year	(26.4)	(62.9)	(89.3)
Disposals	9.8	52.5	62.3
Effects of movements in foreign exchange	2.5	3.1	5.6
At 30 September 2017	**(111.2)**	**(498.7)**	**(609.9)**
Charge for the year	**(30.9)**	**(59.4)**	**(90.3)**
Disposals	**15.0**	**58.1**	**73.1**
Reclassifications	**(0.2)**	**0.8**	**0.6**
Effects of movements in foreign exchange	**(1.5)**	**(1.5)**	**(3.0)**
At 30 September 2018	**(128.8)**	**(500.7)**	**(629.5)**

Net book value			
At 30 September 2018	**101.4**	**270.0**	**371.4**
At 30 September 2017	99.4	205.1	304.5

[1] Included in other movements in 2018 is £1.3m (2017: £8.4m) in respect of increases to the restoration costs provision (see note 20).

At 30 September 2018, the net carrying amount of equipment, fixtures and fittings held under finance leases was £0.5m (2017: £0.6m). Depreciation for the year on these assets was £0.4m (2017: £0.5m). The leased equipment secures lease obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Goodwill and intangible assets

	Goodwill £m	Indefinite life intangible assets £m	Definite life intangible assets £m	Software £m	Total £m
Cost					
At 1 October 2016	618.1	58.0	64.5	45.9	786.5
Additions	–	–	–	7.6	7.6
Disposals	(5.6)	–	–	(0.4)	(6.0)
Effects of movement in foreign exchange	(15.2)	–	(0.1)	(0.5)	(15.8)
Acquisition from business combinations (see note 28)	33.2	–	1.5	–	34.7
At 30 September 2017	**630.5**	**58.0**	**65.9**	**52.6**	**807.0**
Additions	**–**	**–**	**–**	**10.0**	**10.0**
Business acquisitions	**16.5**	**–**	**0.6**	**–**	**17.1**
Disposals	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Reclassifications	**–**	**–**	**–**	**0.6**	**0.6**
Effects of movement in foreign exchange	**(0.6)**	**–**	**0.1**	**0.5**	**–**
At 30 September 2018	**646.4**	**58.0**	**66.6**	**63.2**	**834.2**
Amortisation					
At 1 October 2016	–	–	(50.1)	(35.1)	(85.2)
Charge for the year	–	–	(2.7)	(5.4)	(8.1)
Disposals	–	–	–	0.4	0.4
Effect of movements in foreign exchange	–	–	–	0.1	0.1
At 30 September 2017	**–**	**–**	**(52.8)**	**(40.0)**	**(92.8)**
Charge for the year	**–**	**–**	**(2.6)**	**(6.7)**	**(9.3)**
Disposals	**–**	**–**	**–**	**0.2**	**0.2**
Reclassifications	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Effect of movements in foreign exchange	**–**	**–**	**(0.1)**	**(0.4)**	**(0.5)**
At 30 September 2018	**–**	**–**	**(55.5)**	**(47.5)**	**(103.0)**
Net book value					
At 30 September 2018	**646.4**	**58.0**	**11.1**	**15.7**	**731.2**
At 30 September 2017	630.5	58.0	13.1	12.6	714.2

Goodwill and indefinite life intangible assets are allocated to the Group's cash-generating units (CGUs), identified according to operating segment. Details of goodwill and indefinite life intangible assets allocated to CGUs or groups of CGUs are provided in the table below:

	Goodwill		Indefinite life intangible assets	
	2018 £m	2017 £m	**2018 £m**	2017 £m
UK	**163.4**	163.4	55.5	55.5
Continental Europe	**380.5**	364.2	2.5	2.5
North America	**14.6**	14.2	–	–
Rest of the World	**87.9**	88.7	–	–
	646.4	630.5	58.0	58.0

Acquisition amounts of £16.5m during 2018 relate to the Group's purchase of Stockheim (Hbf.-Köln) GmbH and Stockheim Systemgastronomie GmbH & Co. KG (see note 28 for further details).

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired. This did not result in any impairment in the year (2017: £nil).

The recoverable amount of a CGU is determined from value in use calculations. The key assumptions for these calculations are long-term growth rates and discount rates and cash flow forecasts from the most recent financial budgets and five-year medium-term plan approved by the Board. The cash flow forecast period is five years, which is based on the management's medium term plan, followed by a final year showing a terminal value based on expectations of growth thereafter.

The key assumptions for these calculations are shown below:

	2018		2017	
	Growth rate	**Discount rate[1]**	Growth rate	Discount rate[1]
UK	**2.0%**	**7.4%**	2.0% to 2.3%	7.2%
Continental Europe	**2.0% to 3.0%**	**6.8% to 9.0%**	2.3% to 3.0%	6.6% to 9.0%
North America	**2.0%**	**7.3%**	2.0%	6.5%
Rest of the World	**2.0% to 6.0%**	**6.8% to 21.1%**	5.0%	9.2% to 12.2%

[1] The discount rates presented are post-tax discount rates.

The values applied to the key assumptions in the value in use calculations are derived from a combination of internal and external factors, based on past experience together with management's future expectations about business performance. The discount rates are based on the Group's weighted average cost of capital adjusted for specific risks relating to the country in which the CGU operates.

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that an impairment would be identified if any of the above sensitivities were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with the other variables held constant. For each CGU, an increase of 0.5% in the discount rate or a decrease of 0.5% in the growth rate would not result in the carrying value for any CGU or any group of CGUs exceeding its recoverable amount.

12. Investments in associates

The Group uses the equity accounting method to account for its associates, the carrying value of which was £10.6m as at 30 September 2018 (2017: £6.8m). The following table summarises the movement in investments in associates during the year:

	2018 £m	2017 £m
At 1 October 2017	**6.8**	9.3
Additions	**2.6**	–
Disposals[1]	**–**	(1.8)
Profits for the year	**4.8**	3.4
Dividends received	**(3.9)**	(3.8)
Other	**–**	(0.2)
Currency adjustment	**0.3**	(0.1)
At 30 September 2018	**10.6**	6.8

[1] During 2017, the Group disposed of its investment in Avecra (carrying value at time of disposal of £1.8m) for cash consideration of £7.3m.

The financial information of the Group's associates included in their own financial statements required by IFRS 12 'Disclosure of Interests' in Other Entities has not been presented as all the Group's associates are immaterial individually and in aggregate. Details of the Group's interests in associates are shown in note 40.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2018 £m	2017 £m	**2018 £m**	2017 £m
Intangible assets	**–**	–	**(8.6)**	(8.5)
Property, plant and equipment	**11.3**	10.2	**(2.0)**	(2.0)
Provisions	**3.7**	5.2	**(0.1)**	(0.1)
Tax loss carry forwards	**4.2**	2.0	**–**	–
Pensions	**0.3**	0.9	**–**	–
Other	**7.6**	5.9	**(5.1)**	(4.6)
Deferred tax assets/(liabilities)	**27.1**	24.2	**(15.8)**	(15.2)
Set-off	**(3.4)**	(2.9)	**3.4**	2.9
Deferred tax assets/(liabilities)	**23.7**	21.3	**(12.4)**	(12.3)

Movement in net deferred tax during the year:	1 October 2017 £m	Recognised in income statement £m	Recognised in reserves £m	Currency adjustment £m	30 September 2018 £m
Intangible assets	(8.5)	**0.2**	**–**	**(0.3)**	**(8.6)**
Property, plant and equipment	8.2	**1.0**	**–**	**0.1**	**9.3**
Provisions	5.1	**(0.5)**	**(1.0)**	**–**	**3.6**
Tax loss carry forwards	2.0	**2.2**	**–**	**–**	**4.2**
Pensions	0.9	**(0.3)**	**(0.5)**	**0.2**	**0.3**
Other	1.3	**0.8**	**0.1**	**0.3**	**2.5**
	9.0	**3.4**	**(1.4)**	**0.3**	**11.3**

Unrecognised deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities in these financial statements are attributable to the following:

	Gross value of temporary differences		Assets		Liabilities	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Property, plant and equipment	**6.8**	16.7	**0.9**	1.3	**–**	–
Tax losses	**247.8**	255.5	**60.5**	75.3	**–**	–
Provisions and other temporary differences	**22.5**	36.4	**4.7**	10.8	**–**	–
	277.1	308.6	**66.1**	87.4	**–**	–

The above deferred tax assets have not been recognised either because of uncertainty over the future profitability of the relevant companies within the Group to which the deferred tax assets relate, or because the deferred tax assets relate to tax losses which are subject to restrictions on use or forfeiture, due, for example, to time restrictions or change in ownership rules.

£10.5m of the Group's unrecognised deferred tax assets relate to the UK, with the balance relating to unrecognised deferred tax assets in overseas jurisdictions, mainly the US and France, as well as smaller amounts in a number of other countries. The largest proportion of the unrecognised deferred tax assets relate to brought forward losses in territories where operations have been making tax losses for some time. Profitability forecasts are reviewed carefully and used as the basis for considering the recognition of deferred tax assets although initial recognition of a deferred tax asset is not made until an entity is making taxable profits.

No deferred tax liability has been recognised on the unremitted earnings of overseas subsidiaries and associates based on the current repatriation policy of the Group and the fact that, given the current tax regimes in the countries in which the Group operates, no withholding or other tax should arise should the Group choose to remit the earnings of those subsidiaries, or should associates choose to remit their earnings. As such, no deferred tax liability has been recognised in respect of undistributed earnings.

14. Inventories

	2018 £m	2017 £m
Food and beverages	**28.7**	26.5
Other	**6.4**	6.1
	35.1	32.6

15. Trade and other receivables

	2018 £m	2017 £m
Trade receivables	**65.7**	59.8
Other receivables[1]	**95.1**	70.7
Prepayments and accrued income	**66.4**	45.4
	227.2	175.9
Of which:		
Non-current (other receivables)	**49.2**	40.5
Current	**178.0**	135.4

[1] Other receivables include long-term security deposits of £16.2m (2017: £13.7m) relating to some of the Group's concession agreements.

16. Cash and cash equivalents

	2018 £m	2017 £m
Cash at bank and in hand	**108.2**	107.4
Short-term bank deposits	**39.6**	70.7
	147.8	178.1

17. Short-term and long-term borrowings

	2018 £m	2017 £m
Current liabilities		
Bank loans	**(31.2)**	(31.1)
Finance leases	**(0.3)**	(0.3)
	(31.5)	(31.4)
Non-current liabilities		
Bank loans	**(454.7)**	(417.7)
Finance leases	**(1.4)**	(1.5)
	(456.1)	(419.2)

Bank loan

As at 30 September 2018, the Group had Facility A borrowings of £144.4m. This debt matures on 15 July 2022 and accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.0% per annum as at 30 September 2018. Facility A debt requires a mandatory payment of 11.7% of the debt annually in July.

As at 30 September 2018, the Group had Facility B borrowings of £271.5m. This debt matures on 15 July 2022 and accrues cash-pay interest at the relevant benchmark rate plus a margin of 1.25% per annum as at 30 September 2018.

As at 30 September 2018, the Group had Revolving Credit Facility drawings of £70.0m. This £150m committed facility expires on 15 July 2022. When drawn, this facility accrues cash-pay interest at the relevant benchmark rate plus a margin of 0.75% per annum as at 30 September 2018. A commitment fee and a utilisation fee also applies to this facility.

On 17 October 2017 the Group completed an 'amend and extend' of its debt facilities. This resulted in the following changes: a two year extension of the final maturity from July 2020 to July 2022, a reduction in the margin payable on all debt within the facility of 0.25% from this date and an increase in the size of the Revolving Credit Facility from £50m to £150m. Arrangement fees associated with the amend and extend amounted to £2.0m. These costs were capitalised and offset against the amount of the bank loan in the year. The amend and extend was a renegotiation of existing debt and did not constitute a substantial modification as defined by IAS 39, Financial Instruments: Recognition and Measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Short-term and long-term borrowings continued

Bank loan continued

During the year, additional interest rate swaps were entered into, to hedge 75% of the floating rate exposure from 15 July 2019 until 15 July 2022, to match the debt profile (see note 24 for details of the Group's interest rate profile).

Under the financing agreement, the Group has to comply with covenants relating to net debt cover and interest cover. These covenants are tested bi-annually. Bank loans are shown net of unamortised arrangement fees totalling £4.4m as at 30 September 2018 (2017: £3.6m). Refer to note 29, which details the post balance sheet event in relation to the Group's short and long-term borrowings.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2018 £m	2017 £m
Less than 1 year	**(0.3)**	(0.3)
Between 1 and 5 years	**(1.4)**	(1.5)
More than 5 years	**–**	–
	(1.7)	(1.8)

18. Trade and other payables

	2018 £m	2017 £m
Trade payables	**(113.3)**	(99.8)
Other payables*	**(173.6)**	(138.6)
Other taxation and social security	**(25.4)**	(27.5)
Accruals and deferred income	**(189.9)**	(154.0)
	(502.2)	(419.9)

* Including non-current payables amounting to £2.5m (2017: £nil).

19. Post-employment benefit obligations

Group

The Group operates a number of post-employment benefit schemes including both defined contribution and defined benefit schemes. In respect of the defined contribution schemes, amounts paid during the year were £12.8m (2017: £11.1m) across the Group. There are no contributions outstanding at the balance sheet date. The principal defined contribution scheme is called the SSP Group Pension Scheme.

The Group operates a combination of funded and unfunded defined benefit schemes across Europe, the respective net plan liabilities of which are presented below:

	2018 £m	2017 £m
Funded schemes (see (a) below)	**(2.7)**	(3.5)
Unfunded schemes (see (b) below)	**(10.3)**	(10.4)
	(13.0)	(13.9)

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The plans are administered by pension funds that are legally separate from the Group and are required to act in the best interests of the plan participants. The Group expects to pay £1.2m in contributions to its defined benefit plans in 2018. As at 30 September 2018, the weighted average duration of the defined benefit obligation was 17.4 years (2017: 18.2 years).

Information disclosed below is aggregated by funded and unfunded schemes.

(a) Funded schemes

The Group operates funded schemes in the UK and Norway. In the UK, the Group participates in the Railways Pension Scheme (RPS) via the Rail Gourmet UK Limited Shared Cost Section (RG section), which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The RG section covers permanent managerial, administrative and operational staff of Rail Gourmet UK Limited and is closed to new entrants.

The RG scheme was subject to its last full actuarial valuation by a qualified actuary as at 31 December 2016. These results have been used by a qualified independent actuary in the valuation of the scheme as at 30 September 2018 for the purposes of IAS 19 'Employee Benefits'.

In 2016, it was agreed with the Trustees of the RPS that, from 1 January 2016, the employing company contributions would be 18.3% of pensionable pay (with members paying 12.2%). In addition, it was agreed that from 1 January 2016 the employing company would make monthly lump sum contributions of £2,700. At the most recent funding valuation of the RG scheme as at 31 December 2016 showed a funding level of 103.6%. Accordingly the contributions that are being paid by the employing company are in respect of future service of current members.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgment in a claim regarding the rights of members to equality of treatment in relation to pension benefits. The court ruling has made it clear that schemes are under a duty to equalise benefits for men and women in relation to guaranteed minimum pension benefits. The extent to which the judgment will increase the liabilities of the Scheme is currently under consideration and whilst we do not expect the amount to be material, any adjustment will be recognised in 2019.

Major assumptions used in the valuation of the funded schemes on a weighted average basis are set out below:

	2018	2017
Discount rate applied to scheme liabilities	**2.6%**	2.5%
Rate of increase in salaries	**2.9%**	2.9%
Rate of increase in pensions in payment	**1.4%**	1.5%
Inflation assumption	**2.5%**	2.7%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2018	2017
Male pensioner now aged 65	**20.6**	20.5
Female pensioner now aged 65	**22.9**	22.6
Male pensioner now aged 45	**23.4**	23.4
Female pensioner now aged 45	**25.9**	25.7

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions by 1.0%, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
As at 30 September 2018	**Increase £m**	**Decrease £m**
Discount rate applied to scheme liabilities	**(7.5)**	**5.6**
Rate of increase in salaries	**1.5**	**(1.8)**
Rate of increase in pensions in payment	**0.4**	**(1.0)**
Inflation assumption	**3.0**	**(3.3)**
Mortality rates (change of 1 year)	**1.0**	**(1.0)**

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity.

The major categories of assets in the funded schemes and their percentage of the total scheme assets were:

	2018	2017
Equities, of which:	**28.6%**	33.0%
– *actively traded*	**95.2%**	*94.2%*
Property and infrastructure	**12.4%**	12.5%
Fixed interest investments	**53.8%**	54.5%
Cash	**5.2%**	0.0%
Total assets related to:		
– RG scheme	**84.6%**	83.1%
– Norway	**15.4%**	16.9%

The fair value of the scheme assets and the present value of the scheme liabilities of the funded schemes were:

	2018 £m	2017 £m
Fair value of scheme assets	**39.1**	39.1
Present value of funded liabilities	**(41.8)**	(42.6)
Net pension liability	**(2.7)**	(3.5)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. Post-employment benefit obligations continued

The following amounts have been charged or credited in arriving at the profit for the year:

	2018 £m	2017 £m
Current service cost (reported in employee remuneration)	(0.6)	(0.6)
Net interest on pension scheme liabilities (reported in finance income and expense)	(0.1)	(0.2)
Total amount charged	(0.7)	(0.8)

Changes in the present value of the scheme liabilities are as follows:

	2018 £m	2017 £m
Scheme liabilities at 1 October 2017	(42.6)	(46.1)
Current service cost	(0.6)	(0.6)
Employee contributions	(0.1)	(0.1)
Interest on pension scheme liabilities	(1.1)	(1.0)
Remeasurements:		
– arising from changes in financial assumptions	0.1	2.1
– arising from changes in experience adjustments	0.1	1.6
Benefits paid	1.5	1.6
Currency adjustment	0.9	(0.1)
Scheme liabilities at 30 September 2018	(41.8)	(42.6)

Changes in the fair value of the scheme assets are as follows:

	2018 £m	2017 £m
Scheme assets at 1 October 2017	39.1	37.7
Interest income	1.0	0.8
Employer contributions	0.6	0.4
Employee contributions	0.1	0.1
Remeasurement: return on plan assets excluding interest income	(0.2)	1.9
Benefits paid	(1.5)	(1.6)
Currency adjustment	–	(0.2)
Scheme assets at 30 September 2018	39.1	39.1

The following amounts have been recognised directly in other comprehensive income:

	2018 £m	2017 £m
Remeasurements	–	5.6

(b) Unfunded schemes

The principal unfunded scheme of the Group operates in Germany. To be eligible for the general plan, employees must complete five years of service and the normal retirement age for this plan is 65. Employees in Germany are also provided with a long service (Jubilee) award, which provides a month's gross salary after the employee has worked a certain number of years of service. All unfunded schemes are valued in accordance with IAS 19 and have been updated for the period ended 30 September 2018 by a qualified independent actuary. The major assumptions (on a weighted average basis) used in these valuations were:

	2018	2017
Rate of increase in salaries	2.2%	1.9%
Rate of increase in pensions in payment and deferred pensions	1.0%	1.0%
Discount rate applied to scheme liabilities	1.7%	1.6%
Inflation assumption	1.6%	1.7%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2018	2017
Pensioner now aged 65	**22.1**	22.0
Pensioner now aged 40	**23.9**	23.6

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions by 1%, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined benefit obligation	
As at 30 September 2018	Increase £m	Decrease £m
Discount rate applied to scheme liabilities	**0.5**	**(0.6)**
Rate of increase in salaries	**0.1**	**(0.1)**
Rate of increase in pensions in payment	**(0.6)**	**0.6**
Inflation assumption	**(0.5)**	**0.4**
Mortality rates (change by 1 year)	**(0.3)**	**0.3**

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity.

The present value of the scheme liabilities of the unfunded schemes was:

	2018 £m	2017 £m
Net pension liability	**(10.3)**	(10.4)

The movement in the liability during the period was as follows:

	2018 £m	2017 £m
Deficit in the schemes at 1 October 2017	**(10.4)**	(10.8)
Current service cost	**(0.1)**	(0.3)
Contributions	**0.5**	0.5
Interest on pension scheme liabilities	**(0.2)**	(0.1)
Remeasurements:		
– arising from changes in financial assumptions	**0.1**	0.6
– arising from changes in experience adjustments	**–**	(0.1)
Acquisition	**(0.1)**	–
Currency adjustment	**(0.1)**	(0.2)
Deficit in the schemes at 30 September 2018	**(10.3)**	(10.4)

The following amounts have been charged in arriving at profit for the year in respect of these schemes:

	2018 £m	2017 £m
Current service cost (reported in employee remuneration)	**(0.1)**	(0.3)
Interest on pension scheme liabilities (reported in finance income and expense)	**(0.2)**	(0.1)
Total amount charged	**(0.3)**	(0.4)

The following amounts have been recognised directly to other comprehensive income:

	2018 £m	2017 £m
Remeasurements	**0.1**	0.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. Provisions

	Onerous contracts £m	Restoration costs £m	Other £m	Total £m
At 1 October 2017	(6.2)	(14.8)	(9.1)	**(30.1)**
Created in the year	(1.4)	(1.3)	(4.9)	**(7.6)**
Unwind of discount	(0.2)	(0.4)	–	**(0.6)**
Utilised in the year	2.4	3.6	0.9	**6.9**
At 30 September 2018	**(5.4)**	**(12.9)**	**(13.1)**	**(31.4)**
Represented by:				
Current	(2.3)	(1.1)	–	**(3.4)**
Non-current	(3.1)	(11.8)	(13.1)	**(28.0)**
	(5.4)	**(12.9)**	**(13.1)**	**(31.4)**

Provision for onerous contracts is made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The timing of the utilisation of these provisions is variable, dependent on the contract expiry dates, which vary between one and ten years.

Provision for restoration costs represents estimates of expected costs to be incurred in restoring a site to its original condition when it is vacated at the end of the lease term. These provisions will be utilised at the end of the lease terms, which vary between one and ten years in length.

Other provisions include the estimated cost of an ongoing free travel provision provided to employees of Travellers Fare Limited, an historic acquisition (now part of Select Service Partner UK Limited). The benefit is a lifetime benefit and has been calculated using life expectancies and discounted to a present value using a suitable discount rate. The remaining amount represents probable expected costs in several commercially sensitive areas.

21. Capital and reserves

Share capital and share premium

	Number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid:			
Ordinary shares of £0.01 each			
At 30 September 2017	475,226,453	4.7	461.2
Ordinary shares issued in the year	4,246,082	0.1	–
Effect of the share consolidation (see below)	(15,464,269)	–	–
At 30 September 2018	**464,008,266**	**4.8**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01033 each	**464,008,266**	**4.8**	**461.2**

A share consolidation was undertaken on 16 April 2018, with shareholders receiving 30 new ordinary shares of 1 and 1/30 pence nominal value in exchange for every 31 existing ordinary shares of 1 pence nominal value. This consolidation was undertaken in order to maintain the comparability of the Company's share price before and after the special dividend.

Ordinary shares

The ordinary shareholders are entitled to receive notice of, attend, and speak at and vote at general meetings of the Company. Ordinary shareholders have one vote for each ordinary share held by them.

Employee benefit trust

The SSP Group Employee Benefit Trust (EBT) was established in 2006 and now operates in connection with the Company's share option plans. The SSP Group plc Share Incentive Plan was established in 2014, in connection with the Company's UK Share Incentive Plan (UK Trust). The SSP Group plc Share Plans Trust was established in 2018, in connection with the Company's share option plans including the Performance Share Plan (Share Plan Trust). Details of the Company's share plans are set out in the Directors' remuneration report on pages 39 to 54.

As at 30 September 2018, the Trustees of the EBT, the UK Trust and the Share Plan Trust respectively held 27,976 (2017: 28,909), 374 (2017: 271) and 212,387 (2017: nil) ordinary shares of the Company with a combined value of £1.7m (2017: £0.2m).

Reserves

Details of reserves (other than retained earnings) are set out below:

	Capital redemption reserve £m	Translation reserve £m	Cash flow hedging reserve £m	Other reserve £m	Total £m
At 1 October 2016	1.2	33.8	(12.3)	–	22.7
Net loss on hedge of net investments in foreign operations	–	(1.5)	–	–	(1.5)
Current tax credit on loss on hedge of net investment in foreign operations	–	0.3	–	–	0.3
Other foreign exchange translation differences	–	(17.4)	–	–	(17.4)
Current tax charge on losses arising on exchange translation differences	–	(0.4)	–	–	(0.4)
Effective portion of changes in fair value of cash flow hedges	–	–	1.2	–	1.2
Cash flow hedges – reclassified to income statement	–	–	4.0	–	4.0
Tax charge on cash flow hedges	–	–	(0.3)	–	(0.3)
Obligation to acquire non-controlling interest	–	–	–	(18.9)	(18.9)
At 30 September 2017	**1.2**	**14.8**	**(7.4)**	**(18.9)**	**(10.3)**
Net loss on hedge of net investments in foreign operations	**–**	**(1.0)**	**–**	**–**	**(1.0)**
Current tax credit on loss on hedge of net investment in foreign operations	**–**	**0.3**	**–**	**–**	**0.3**
Increase in non-controlling interest equity	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Other foreign exchange translation differences	**–**	**(5.6)**	**–**	**–**	**(5.6)**
Current tax credit on gains arising on exchange translation differences	**–**	**0.6**	**–**	**–**	**0.6**
Effective portion of changes in fair value of cash flow hedges	**–**	**–**	**1.3**	**–**	**1.3**
Cash flow hedges – reclassified to income statement	**–**	**–**	**4.5**	**–**	**4.5**
Tax charge on cash flow hedges	**–**	**–**	**(1.1)**	**–**	**(1.1)**
At 30 September 2018	**1.2**	**9.1**	**(2.7)**	**(19.4)**	**(11.8)**

Capital redemption reserve

The capital redemption reserve relates to the cancellation of the deferred ordinary shares in 2015.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since 1 October 2010, the transition date to IFRS, from the translation of the financial statements of subsidiaries with non-Sterling functional currency, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

Cash flow hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of the Group's interest rate swaps.

Other reserve

The other reserve consists of the initial recognition of a financial liability to purchase a further 16% of TFS, in order to take the Group's shareholding to 49%, and the purchase of shares in a subsidiary undertaking by a non-controlling interest.

Non-controlling interests

	2018 £m	2017 £m
At 1 October 2017	**64.7**	32.1
Share of profit for the year	**25.5**	18.4
Dividends paid to non-controlling interests	**(21.6)**	(12.9)
Capital contribution from interests	**12.4**	8.4
Non-controlling interest arising on acquisition[1]	**–**	21.4
Equity issued to holders of non-controlling interests	**2.0**	–
Currency adjustment	**(1.2)**	(2.7)
At 30 September 2018	**81.8**	64.7

[1] During the year ended 30 September 2017, the Group acquired 15.1% of the issued share capital of TFS on 13 December 2016, with a further 17.9% of the issued share capital acquired on 3 March 2017, bringing the total shareholding to 33%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Share-based payments

The Group has granted equity-settled share awards to its employees under the Performance Share Plan (PSP), the UK Share Incentive Plan (UK SIP) and the International Share Incentive Plan (International SIP).

Details of the terms and conditions of each share-based payment plan and of the Group's TSR comparator group are given in the Directors' remuneration report on pages 39 to 54.

Performance Share Plan

The PSP awards are based on two independent performance conditions, which apply to separate numbers of shares under the award and are assessed independently. 25% of the award is based on SSP's Total Shareholder Return (TSR) relative to a comparator group and 75% of the award is based on an Earnings Per Share (EPS) performance condition.

Expense in the year

The Group incurred a charge of £11.3m in 2018 (2017: £11.6m) in respect of the PSP.

	2018 Number of shares	2017 Number of shares
Outstanding at 1 October 2017	**10,690,957**	7,597,296
Granted during the year	**2,172,901**	3,510,060
Exercised during the year	**(4,046,584)**	–
Lapsed during the year	**(787,643)**	(416,399)
Outstanding at 30 September 2018[1]	**8,029,631**	10,690,957
Exercisable at 30 September 2018	**191,662**	–
Weighted average remaining contracted life (years)	**1.1**	1.2
Weighted average fair value of awards granted (£)	**4.17**	3.48

[1] This includes the dividend equivalent shares which have been awarded in line with the terms of the rules of the PSP.

The exercise price for the PSP awards is £nil.

Details of awards granted in the year

The fair value of equity-settled awards granted in the year with the TSR performance condition was determined using an option pricing model (based on similar principles to a Monte Carlo model). The following inputs were used for the option pricing model:

	2018
Weighted average share price at grant (£)	**6.46**
Weighted average exercise price	**–**
Expected volatility	**23%**
Expected life (years)	**3.0**
Vesting period (years)	**3.0**
Expected correlation between the share price of TSR comparators	**28%**

Expected volatility was determined with reference to the historic volatility for the constituents of the Group's TSR comparator group over a period commensurate with the expected life of the awards.

Awards subject to EPS performance criteria have been valued with reference to the share price at the date of the award.

UK Share Incentive Plan

The UK Share Incentive Plan ('UK SIP') is a share matching scheme which entitles participating employees to be given up to two free ordinary shares (matching shares) for each SSP Group plc ordinary share purchased (partnership shares). Both the partnership and matching shares are placed in trust for a three-year period. The UK SIP has been in place since December 2014 onwards.

For each 12 month plan period from January 2016 to December 2018, the actual entitlement to matching shares was fixed at one matching share for every two partnership shares purchased. For the period from January 2015 to December 2015, the actual entitlement was fixed at one matching share for every one partnership share purchased. The Group incurred a charge of £0.1m in respect of the matching element of the UK SIP in 2018 (2017: £0.1m).

International Share Incentive Plan

The International Share Incentive Plan ('ISIP') is a share matching scheme which entitles participating employees to be given up to two free ordinary shares (matching shares) for each SSP Group plc ordinary share purchased (partnership shares). Both the partnership and matching shares are placed in trust for a three-year period. ISIP has been in place since September 2015.

For each 12 month plan period from November 2016 to October 2019, the actual entitlement to matching shares was fixed at one matching share for every two partnership shares purchased. For the period from November 2015 to October 2016, the entitlement was fixed at one matching share for every one partnership share purchased. The Group incurred a charge of £0.3m in respect of the matching element of the ISIP in 2018 (2017: £0.2m).

23. Cash flow from operations

	Note	**2018 £m**	2017 £m
Profit for the year		**142.7**	111.2
Adjustments for:			
Depreciation	10	**90.3**	89.3
Amortisation	11	**9.3**	8.1
Share-based payments	6	**11.7**	11.9
Finance income	7	**(2.8)**	(0.9)
Finance expense	7	**18.0**	20.5
Share of profit of associates	12	**(4.8)**	(3.4)
Taxation	8	**40.2**	33.6
		304.6	270.3
(Increase)/decrease in trade and other receivables		**(54.1)**	3.9
Increase in inventories		**(2.5)**	(2.4)
Increase in trade and other payables (including provisions)		**62.1**	8.4
Cash flow from operations		**310.1**	280.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments

(a) Financial assets and liabilities by category

	2018 £m	2017 £m
Financial assets		
Other financial assets	**5.1**	10.3
Trade and other receivables (excluding prepayments and accrued income)	**160.8**	130.5
Cash and cash equivalents	**147.8**	178.1
	313.7	318.9
Financial liabilities		
Bank loans	**(485.9)**	(448.8)
Finance leases	**(1.7)**	(1.8)
Derivative financial instruments	**(3.2)**	(9.0)
Trade and other payables (excluding other taxation and social security)	**(476.8)**	(392.4)
	(967.6)	(852.0)

(b) Fair values of financial assets and liabilities

The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 2018 £m	Fair value 2018 £m	Carrying amount 2017 £m	Fair value 2017 £m
Loans and receivables				
Cash and cash equivalents	**147.8**	**147.8**	178.1	178.1
Trade and other receivables	**160.8**	**160.8**	130.5	129.5
Other financial assets	**5.1**	**5.1**	10.3	10.3
Total loans and receivables	**313.7**	**313.7**	318.9	317.9
Non-derivative financial liabilities measured at amortised cost				
Bank loans	**(485.9)**	**(490.4)**	(448.8)	(452.4)
Finance lease liabilities	**(1.7)**	**(1.7)**	(1.8)	(1.8)
Trade and other payables	**(476.8)**	**(476.8)**	(392.4)	(392.4)
Total financial liabilities measured at amortised cost	**(964.4)**	**(968.9)**	(843.0)	(846.6)
Derivative financial liabilities				
Interest rate swaps	**(3.2)**	**(3.2)**	(9.0)	(9.0)
Total derivative financial liabilities	**(3.2)**	**(3.2)**	(9.0)	(9.0)

Bank loans

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. Bank loans are categorised as level 2 financial liabilities, whereby inputs which are used in the valuation of these financial liabilities and have a significant effect on the fair value are observable, either directly or indirectly.

Finance lease liabilities

Fair value is based on the present value of the future lease payments, discounted at the rate implicit in the lease.

Other non-derivative financial instruments (excluding bank loans)

Due to the short-term nature of non-derivative financial instruments (excluding bank loans), the fair value is approximate to the carrying value.

Derivative financial instruments

Derivative financial instruments relate to interest rate swaps and are valued using relevant yield curves and exchange rates as at the balance sheet date.

Fair value hierarchy

All derivative financial liabilities are categorised as level 2 under which the fair value is measured using the inputs other than quoted prices observable for the liability, either directly or indirectly.

(c) Credit risk

The Group's concentration of credit risk in relation to trade receivables is not considered material. The balances relate to a number of customers for whom there is no recent history of default. The ageing of trade receivables at the balance sheet date was as follows:

	2018 £m	2017 £m
Total trade receivables	**69.6**	62.2
Less: impairment provision for trade receivables	**(3.9)**	(2.4)
	65.7	59.8
Of which:		
Not yet due	**41.2**	41.4
Overdue, between 0 and 6 months	**21.7**	16.5
Overdue, more than 6 months	**6.7**	4.3
Impairment provision for trade receivables	**(3.9)**	(2.4)
	65.7	59.8

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018 £m	2017 £m
At 1 October 2017	**(2.4)**	(1.6)
Charged in the year	**(1.8)**	(0.9)
Utilised in the year	**0.3**	0.2
Currency adjustment	**–**	(0.1)
At 30 September 2018	**(3.9)**	(2.4)

Other classes of assets in trade and other receivables do not include any impaired assets.

(d) Credit quality of cash at bank and short-term deposits

The credit quality of cash at bank and short-term deposits has been assessed by reference to Moody's external ratings as follows:

	2018 £m	2017 £m
High grade	**56.1**	57.4
Upper medium grade	**24.7**	74.1
Medium grade	**10.2**	7.4
Non-investment grade	**5.1**	5.2
Unrated	**17.4**	7.1
	113.5	151.2
Cash in hand and in transit	**34.3**	26.9
	147.8	178.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments continued

(e) Financial risk management

The main financial risks of the Group relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions, and fluctuations in interest and foreign exchange rates. In this regard, the treasury function is mandated by the Board to manage the financial risks that arise in relation to underlying business needs. The function has clear policies and operating parameters, and its activities are regularly reviewed by the Board to ensure compliance. The function does not operate as a profit centre and speculative transactions are not permitted.

Financial instruments, including derivatives, are used on occasion to manage the main financial risks arising during the course of business. These risks are liquidity risk and market risk and are discussed further below.

Liquidity risk

The Group's objective in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. In order to achieve this, the treasury department maintains an appropriate level of funds and facilities to meet each year's planned funding requirement.

		2018				
	Carrying amount £m	**Contractual cash flows £m**	**1 year or less £m**	**1 to <2 years £m**	**2 to <5 years £m**	**>5 years £m**
Non-derivative financial liabilities						
Bank loans	**(485.9)**	**(524.4)**	**(110.5)**	**(40.6)**	**(373.3)**	**–**
Finance lease liabilities	**(1.7)**	**(1.9)**	**(0.8)**	**(0.6)**	**(0.5)**	**–**
Trade and other payables	**(476.8)**	**(476.8)**	**(476.8)**	**–**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**(3.2)**	**(2.2)**	**(3.6)**	**(0.1)**	**1.5**	**–**
	(967.6)	**(1,005.3)**	**(591.7)**	**(41.3)**	**(372.3)**	**–**

		2017				
	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	>5 years £m
Non-derivative financial liabilities						
Bank loans	(448.8)	(502.5)	(44.4)	(44.3)	(413.8)	–
Finance lease liabilities	(1.8)	(2.8)	(1.3)	(0.7)	(0.8)	–
Trade and other payables	(392.4)	(392.4)	(392.4)	–	–	–
Derivative financial liabilities						
Interest rate swaps used for hedging	(9.0)	(8.6)	(4.7)	(3.9)	–	–
	(852.0)	(906.3)	(442.8)	(48.9)	(414.6)	–

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. These are discussed further below.

Currency risk

Although the functional currency of the Group is Sterling, the Group's operating cash flows are transacted in a number of different currencies. The Group's policy in managing this financial currency risk is to use foreign currency denominated borrowings to ensure that interest costs arise in currencies that reflect the operating cash flows, thereby minimising net cash flows in foreign currencies. As the mix of foreign currency cash flows generated by the business changes over time, there may be a requirement to restructure borrowings (via financial instruments or other treasury products) to maintain this hedge. The Board reviews financial currency risk at least once a year.

The currency profile of the cash balances of the Group at 30 September 2018 was as follows:

Cash at bank and in hand	**2018 £m**	2017 £m
Sterling	**36.5**	51.2
Other currencies	**111.3**	126.9
	147.8	178.1

The Group applies hedge accounting to cover the risk of foreign exchange differences arising between the functional currency of the foreign operation and the Group's functional currency, i.e. Sterling. The designated exchange risk is the spot foreign exchange risk because the hedging instruments are not derivatives, but foreign currency-denominated bank loans. The fair value of the bank loans used as hedging instruments was £266.1m as at 30 September 2018 (2017: £285.3m). There was no ineffectiveness recognised in the income statement arising from hedges of net investments in foreign operations.

No sensitivity analysis is provided in respect of currency risk as the Group's currency exposure mainly relates to translation risk as discussed above.

Interest rate risk

The Group has entered into a series of interest rate swaps in order to hedge its interest rate exposure from its variable rate term loan facilities. The impact of all of these transactions is reflected in the table below.

The interest rate and currency profile of the Group's bank loans at 30 September 2018, after taking into account interest rate swaps and before adjustment for unamortised bank fees of £4.4m (2017: £3.6m), was as follows:

	Floating-rate liabilities		**Fixed-rate liabilities**		**Total**	
	2018 £m	2017 £m	**2018 £m**	2017 £m	**2018 £m**	2017 £m
Currency						
Sterling	**(107.4)**	(45.4)	**(112.4)**	(136.3)	**(219.8)**	(181.7)
Euro	**(42.6)**	(40.3)	**(127.9)**	(121.0)	**(170.5)**	(161.3)
US Dollar	**(7.3)**	(7.7)	**(22.1)**	(23.1)	**(29.4)**	(30.8)
Swedish Krona	**(6.6)**	(7.6)	**(19.9)**	(22.7)	**(26.5)**	(30.3)
Norwegian Krone	**(9.9)**	(10.6)	**(29.8)**	(31.9)	**(39.7)**	(42.5)
India Rupee	**(4.5)**	(5.5)	**–**	(0.3)	**(4.5)**	(5.8)
	(178.3)	(117.1)	**(312.1)**	(335.3)	**(490.4)**	(452.4)

Interest rate swaps

All interest rate swap contracts exchanging floating-rate interest amounts for fixed interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to the income statement over the period that the floating rate interest payments on debt affect the income statement.

The fair value of the interest rate swaps was £3.2m as at 30 September 2018 (2017: £9.0m).

In 2018, credit of £1.3m (2017: credit of £1.2m) was recognised in other comprehensive income representing the effective portion of changes in the fair value of the interest rate swaps in the year. There was no ineffectiveness recognised in the income statement in either year.

In 2018, a credit of £4.5m (2017: credit of £4.0m) in other comprehensive income arose on the reclassification of the cumulative changes in fair value of the interest rate swaps to the income statement (see note 7).

Sensitivity analysis

A change of 50 basis points in interest rates at the balance sheet date would have increased/(decreased) equity by the amounts in the table below. This is driven by changes in the carrying value of derivative financial instruments. At 30 September 2018, these were in fully effective hedge relationships and the movement would have had no impact on the income statement.

This calculation assumes that the change occurred at the balance sheet date and has been applied to risk exposures existing at that date. In addition, all other variables, in particular, foreign currency rates, have been assumed to remain constant.

	2018 £m	2017 £m
Equity		
Increase	**5.2**	2.9
Decrease	**(5.3)**	(2.9)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments continued

(f) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development. The Group's capital is represented by the share capital and reserves (as set out in note 21), retained earnings, and net debt (see below). The funding requirements of the Group are met by a mix of medium-term borrowings, short-term borrowings (under its RCF) and available cash (as detailed in the table below). During the year, the Group continued to monitor covenant compliance and has passed comfortably the requirements in its borrowing facilities. As part of its banking arrangement, the Group has to comply with the financial covenants relating to Net Debt Cover and Interest Cover. These covenants are tested bi-annually.

As at 30 September 2018, the Group had a leverage of 1.1x underlying LTM (last 12 months) EBITDA (2017: 1.1x).

The following table shows the movement in net debt of the Group during the year:

	At beginning of the year £m	Cash flow £m	Non-cash changes £m	Translation differences £m	At end of the year £m
Cash and cash equivalents	178.1	(30.2)	–	(0.1)	**147.8**
Debt due within one year:					
Bank loans	(31.1)	33.2	(33.3)	–	**(31.2)**
Finance leases	(0.3)	–	–	–	**(0.3)**
Other financial assets	10.3	(5.2)	–	–	**5.1**
Debt due after one year:					
Bank loans	(417.7)	(70.0)	33.9	(0.9)	**(454.7)**
Finance leases	(1.5)	–	0.1	–	**(1.4)**
Total	**(262.2)**	**(72.2)**	**0.7**	**(1.0)**	**(334.7)**

There were no changes to the Group's approach to capital management during the year.

25. Operating leases

The Group leases a number of operating units under non-cancellable operating lease agreements. The leases have variable terms, escalation clauses and renewal rights.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £m	2017 £m
Less than 1 year	**394.1**	307.5
Between 1 and 5 years	**1,017.5**	764.9
More than 5 years	**466.2**	352.1
	1,877.8	1,424.5

These commitments represent only the fixed guaranteed amount of rent payable. Any variable rent payable is dependent on future revenues, and is not a commitment as at this balance sheet date and is therefore not part of the disclosure above.

26. Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2018 £m	2017 £m
Contracted for but not provided	**66.6**	30.7

27. Related parties

Related party relationships exist with the Group's subsidiaries, associates (note 12), key management personnel, pension schemes (note 19) and employee benefit trust (note 21).

Subsidiaries

Transactions between the Company and its subsidiaries, and transactions between subsidiaries, have been eliminated on consolidation and are not disclosed in this note. Where the Group does not own 100% of its subsidiary, significant transactions with the other investors in the non-wholly owned subsidiary ('investor'), other than those listed in note 21, are disclosed within this note (in the table on page 99). Sales and purchases with related parties are made at normal market prices.

Associates

Significant transactions with associated undertakings during the year, other than those included in note 12, are included in the table below.

Related party transactions

	2018 £m	2017 £m
Purchases from related parties[1]	**(5.9)**	(5.4)
Management fee income	**2.1**	2.5
Other income	**1.7**	1.5
Other expenses[2]	**(11.5)**	(6.5)
Amounts owed by related parties at the end of the year	**2.2**	4.2
Amounts owed to related parties at the end of the year	**(0.5)**	(0.8)
Operating lease commitments	**(20.3)**	–

1 The majority of purchases from related parties relates to purchases from The Minor Food Group PCL (£5.2m; 2017: £4.8m) which owns 51% of Select Service Partner Co. Limited.
2 The majority of other costs relate to £8.9m concession fees (2017: £5.3m).

The Group has provided a number of guarantees to third parties and has given guarantees to partners of consolidated non-wholly owned subsidiaries in respect of obligations of its associates, relating to, for example, concession agreements, franchise agreements and financing facilities. In addition, certain subsidiaries benefit from guarantees provided by the Group's non-controlling interest partners to similar third parties (in respect of obligations of the subsidiaries). These guarantees are consistent with those provided in the normal course of business in respect of the Group's wholly owned subsidiaries.

Remuneration of key management personnel

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. The Group considers key management personnel to be the Chief Executive Officer, Chief Financial Officer and Non-Executive Directors.

	2018 £m	2017 £m
Short-term employee benefits	**(5.1)**	(4.1)
Post-employment benefits	**(0.4)**	(0.4)
Share-based payments	**(2.4)**	(2.3)
	(7.9)	(6.8)

28. Business combinations

The Group acquired part of the Stockheim Group, a travel concession business based in Germany, for EUR 22m (£19.6m), with effect from 1 January 2018. The business operates 25 food and beverage outlets in airports and railway stations, including at Düsseldorf and Cologne and therefore strengthens SSP's presence in travel locations across Germany. SSP acquired 100% of the shares in Stockheim (Hbf.-Köln) GmbH and Stockheim Systemgastronomie GmbH & Co. KG (together Stockheim).

The goodwill calculation is summarised below:

Fair value of assets acquired	Book value £m	Measurement adjustment £m	Fair value £m
Property, plant and equipment	3.5	–	**3.5**
Intangible assets	–	0.6	**0.6**
Net assets	(0.8)	(0.2)	**(1.0)**
Net identifiable assets	2.7	0.4	**3.1**
Goodwill on acquisition	–	16.5	**16.5**
Cash consideration	2.7	16.9	**19.6**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. Business combinations continued

Reconciliation of consideration to cash flow statement

	2018 £m
Cash consideration	19.6
Less: cash and cash equivalents acquired	(0.6)
Acquisition of investment in Stockheim, net of cash and cash equivalents acquired	**19.0**

The Board believe that the excess of consideration paid over the fair value of the net identifiable assets is best considered as goodwill on acquisition representing relationships with airports, extensive knowledge of the German travel catering market and future operating synergies.

Included in the results for the year ended 30 September 2018 is revenue of £24.1m and an operating profit of £2.1m in respect of Stockheim for the 9 month period, from 1 January 2018 to 30 September 2018.

If the acquisition of Stockheim had been made at the beginning of the financial year, the estimated contribution to the results of the Group for the year ended 30 September 2018 would have been £31.8m to revenue and £3.0m to operating profit.

Obligation to acquire additional share of subsidiary undertaking

During the year ended 30 September 2017, the Group acquired 33% of the issued share capital of Travel Food Services Private Limited (TFS), a leading operator of food and beverage concessions in travel locations in India. As part of the acquisition the Group agreed to acquire a further 16% shareholding, bringing the total ownership to 49%.

The acquisition provided an entry point for the Group into the Indian market and the Group expects to benefit from TFS' established strong local presence. By virtue of the agreement with the other shareholders, the Group has control over TFS' relevant activities including establishing budgets and operating plans, appointment of key management personnel and ongoing review of performance and reporting procedures and as such is consolidating TFS and its group companies.

The consideration payable for the additional 16% is based on a multiple of TFS' 2018 Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and has been valued with reference to most recent financial statements and internal budgets and forecasts, discounted with a suitable discount rate and subject to a cap of INR 1.9bn.

The discount rate is pre-tax and reflects the current market assessments of the time value of money and a specific risk premium relevant to the TFS business. This discount rate is considered to be equivalent to the rate a market participant would use.

On acquisition, the Group recognised a financial liability of £18.9m in respect of its obligation to acquire a further 16% of TFS by end of calendar year 2018. The liability as at 30 September 2018 was £20.5m (discounted). The increase of this liability since acquisition reflects the TFS updated assumptions (if any) on the 2018 forecasted EBITDA, due to the business exceeding expectations compared to the time of the original acquisition, adjustments for the subsequent foreign exchange revaluation and the unwind of discounting.

29. Post balance sheet event

In August 2018, the Group signed an agreement to issue US Private Placement notes (the 'Notes') of US$175m.

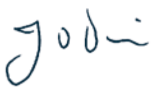
The Notes represent SSP's inaugural issue in the US Debt Private Placement market and carry a fixed rate of interest. The Notes were issued in October 2018 in five series: US$40m at 4.35%, maturing in October 2025; US$40m at 4.50%, maturing in October 2028, US$40m at 4.60%, maturing in October 2030, £21m at 2.85% maturing in October 2025 and £21m at 3.06% maturing in October 2028.

COMPANY BALANCE SHEET

As at 30 September 2018

	Notes	2018 £m	2017 £m
Fixed assets			
Investments	31	**939.7**	932.1
		939.7	932.1
Current assets			
Debtors due within one year	32	**0.3**	36.4
Liabilities falling due within one year			
Creditors	33	**(128.3)**	(11.9)
Net current (liabilities)/assets		**(128.0)**	24.5
Net assets		**811.7**	956.6
Capital and reserves			
Called up share capital	34	**4.8**	4.7
Share premium account	34	**461.2**	461.2
Capital redemption reserve	34	**1.2**	1.2
Profit and loss account	34	**344.5**	489.5
Total equity shareholders' funds		**811.7**	956.6

These financial statements were approved by the Board of Directors on 20 November 2018 and were signed on its behalf by:



Jonathan Davies
Chief Financial Officer

Registered number: 5735966

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 30 September 2018

	Share capital £m	Share premium £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
At 1 October 2016	4.7	461.2	1.2	526.9	994.0
Loss for the year	–	–	–	(17.6)	(17.6)
Dividends paid to equity shareholders (note 34)	–	–	–	(29.0)	(29.0)
Share-based payments	–	–	–	9.2	9.2
At 30 September 2017	**4.7**	**461.2**	**1.2**	**489.5**	**956.6**
Loss for the year	**–**	**–**	**–**	**(10.0)**	**(10.0)**
Issue of ordinary shares under share option schemes	**0.1**	**–**	**–**	**–**	**0.1**
Dividends paid to equity shareholders (note 34)	**–**	**–**	**–**	**(145.8)**	**(145.8)**
Share-based payments	**–**	**–**	**–**	**10.8**	**10.8**
At 30 September 2018	**4.8**	**461.2**	**1.2**	**344.5**	**811.7**

NOTES TO COMPANY FINANCIAL STATEMENTS

30. Accounting policies

SSP Group plc (the Company) is a company incorporated in the UK.

These financial statements present information about the Company as an individual undertaking and not about its Group. The separate financial statements are presented as required by the Companies Act 2006.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost accounting rules.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions:

- the cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'; and
- the effects of new but not yet adopted IFRSs.

Where relevant, equivalent disclosures have been given in the consolidated financial statements. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's balance sheet and related notes.

The Company uses Sterling as its presentational and functional currency and all values have been rounded to the nearest £0.1m unless otherwise stated.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. The loss for the financial year (2017: loss) is disclosed in note 34 to these accounts. The Company has no other recognised gains or losses in the current or preceding year and, therefore, no statement of comprehensive income is presented.

Going concern

SSP Group plc is the ultimate parent company of the SSP Group. The Company balance sheet has been prepared on a going concern basis, having regard to SSP Group's trading forecasts for the next 12 months. See page 59 for consideration of the Group's going concern basis.

Investments

Investments in subsidiaries are stated at cost less provision for impairment losses.

Impairment

The carrying values of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. When a subsequent event or change in circumstances causes the recoverable amount of an asset to increase, the decrease in impairment loss is reversed through the income statement.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Tax is recognised in the profit and loss account except where it relates to items taken directly to equity, in which case it is recognised in equity. Deferred tax is recognised in respect of all temporary differences between the treatment of items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 101.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Share-based payment compensation

The Company has granted equity-settled share awards to Group employees. Equity-settled awards are measured at fair value at grant date. The fair value of awards granted to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest. The cost of awards to employees of subsidiary undertakings is accounted for as an additional investment.

31. Investments in subsidiary undertakings

	Shares in Group undertaking £m
Cost	
At 1 October 2017	932.1
Additions	7.6
At 30 September 2018	**939.7**
Net book value	
At 30 September 2018	**939.7**
At 30 September 2017	932.1

Impairment

The Directors have assessed whether the Company's fixed asset investments require impairment under the accounting principles set out in FRS 101. To make this assessment, future cash flows were forecast for the next five years with growth rates of between 2.0% and 6.0% per annum thereafter. These cash flows were discounted by applying discount rates of between 6.8% and 21.1%. The values applied to the key assumptions are derived from a combination of external and internal factors based on past experience together with management's future expectations about business performance.

This assessment did not result in any impairment in 2018 (2017: £nil).

32. Debtors

Due within one year	**2018 £m**	2017 £m
Amount receivable from Group undertakings	**–**	36.0
Other debtors	**0.2**	0.2
Deferred taxation	**0.1**	0.2
	0.3	36.4

33. Creditors

Due within one year	**2018 £m**	2017 £m
Amounts payable to Group undertakings	**(116.7)**	–
Accruals and deferred income	**(8.2)**	(7.8)
Trade and other payables	**(0.7)**	(0.6)
Other taxation and social security	**(2.7)**	(3.5)
	(128.3)	(11.9)

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

34. Capital and reserves

Share capital and share premium

	Number of shares	Share capital £m	Share premium £m
Issued, called up and fully paid:			
Ordinary shares of £0.01 each			
At 30 September 2017	475,226,453	4.7	461.2
Ordinary shares issued in the year	4,246,082	0.1	–
Effect of the share consolidation[1]	(15,464,269)	–	–
At 30 September 2018	**464,008,266**	**4.8**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01033 each[1]	**464,008,266**	**4.8**	**461.2**

Reserves

	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 October 2016	1.2	526.9	528.1
Loss for the year	–	(17.6)	(17.6)
Dividends paid to equity shareholders	–	(29.0)	(29.0)
Share-based payments	–	9.2	9.2
At 30 September 2017	**1.2**	**489.5**	**490.7**
Loss for the year	**–**	**(10.0)**	**(10.0)**
Dividends paid to equity shareholders	**–**	**(145.8)**	**(145.8)**
Share-based payments	**–**	**10.8**	**10.8**
At 30 September 2018	**1.2**	**344.5**	**345.7**

A share consolidation was undertaken on 16 April 2018, with shareholders receiving 30 new ordinary shares of 1 and 1/30 pence nominal value in exchange for every 31 existing ordinary shares of 1 pence nominal value. This consolidation was undertaken in order to maintain the comparability of the Company's share price before and after the special dividend.

Profit and loss account

The Company's loss for the financial year was £10.0m (2017: loss of £17.6m).

Dividends

	2018 £m	2017 £m
Interim dividend paid in the year of 4.8p per share (2017: 3.2p)	**(22.2)**	(15.2)
Special dividend paid in the year of 20.9p per share	**(100.1)**	–
Prior year final dividend of 4.9p per share paid in the year (2017: 2.9p)	**(23.5)**	(13.8)
	(145.8)	(29.0)

The proposed dividend of 5.4 pence per share, amounting to a final dividend of £25.2m, is not included as a liability in these financial statements, and, subject to shareholder approval, will be paid on 29 March 2019 to shareholders on the register on 1 March 2019.

35. Employee share plans

Awards over shares of the Company have been granted to employees of the Company under the Performance Share Plan (PSP) and the UK Share Incentive Plan (UK SIP).

Details of the terms and conditions of each share-based payment plan and of the Group's TSR comparator group are given in the Directors' remuneration report on pages 39 to 54.

PSP

	2018 Number of shares	2017 Number of shares
Outstanding at 1 October 2017	**3,220,624**	2,253,794
Granted during the year	**597,769**	1,007,262
Exercised during the year	**(1,218,678)**	–
Lapsed during the year	**(83,439)**	(40,432)
Outstanding at 30 September 2018	**2,516,276**	3,220,624
Exercisable at 30 September 2018	**31,222**	–
Weighted average remaining contracted life (years)	**1.0**	1.1
Weighted average fair value of awards granted in the year (£)	**4.08**	3.43
Expense recognised for the year (£m)	**3.8**	3.7

The exercise price for the PSP is £nil.

Information on awards granted in the year can be found in note 22 to the Group accounts.

UK SIP

See note 22 to the Group accounts for information on awards granted under the UK SIP in 2018.

36. Directors' remuneration

The remuneration of the Directors of the Company is disclosed in note 27 to the Group accounts and the Directors' remuneration report on pages 39 to 54.

37. Related parties

The Company has identified the Directors of the Company as related parties for the purpose of FRS101. Details of the relevant relationships with these related parties are disclosed in the Directors' remuneration report and note 27 to the Group accounts.

The Company has no transactions with or amounts owed to or from subsidiary undertakings that are not 100% owned either directly by the Company or by its subsidiaries.

38. Contingent liabilities

The Company is a member of a VAT group and consequently is jointly liable for the VAT group's liability. The Company's contingent liability at 30 September 2018 was approximately £5.9m (2017: £6.6m).

In addition, the Company is a guarantor on Group borrowing facilities. The borrowings under the facility at 30 September 2018 were £415.9m (2017: £446.6m). In October 2018, the Company became a guarantor under the Notes Purchase Agreement for US Private Placement Notes (see note 29 for details).

The Company has also provided guarantees in relation to certain operating liabilities of operating subsidiaries. All such liabilities are expected to be paid by the relevant subsidiary in the normal course of business.

39. Other information

The fee for the audit of the Company's annual financial statements was £0.1m (2017: £0.1m).

The average number of persons employed by the Company (including Directors) during the year was 60 (2017: 54).

Total staff costs (excluding charges for share-based payments) were £13.8m (2017: £10.8m).

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

40. Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, associates and other investments (held directly and indirectly by the Company) at the year end are as disclosed below.

Part A – Subsidiaries

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Subsidiaries (all of which are included in the Group consolidation):		
Abu Dhabi		
SSP Emirates LLC Mussafah, SH MBX Area ME11, Building 85, Mezzanine floor, Hamed Al-Kurby Building, P.O. Box 133357 Abu Dhabi, United Arab Emirates		51%[1, 20]
Australia		
SSP Australia Catering Pty Limited Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia		
Austria		
SSP Österreich GmbH Office Park 3/Top 144, 1300 Wien-Flughafen, Austria		
Belgium		
Rail Gourmet Belgium NV Prins Bisschopssingel, 36-3 B-3500, Belgium	Inactive company	
Rail Gourmet Services Belgium NV Prins Bisschopssingel, 36-3 B-3500, Belgium	Inactive company	
SSP Aérobel SPRL Esplanade 1/85, 1020, Bruxelles, Belgium		
SSP Belgium SPRL Korte Ambachtstraat 4, 9860, Oosterzele, Belgium		
Cambodia		
Select Service Partner (Cambodia) Limited No 4B, Street Ang Tamign, Sangkat Kakab, Khan Poh Sen Chey, Phnom Penh, Cambodia	Inactive company	49%[1,7]
Canada		
SSP Canada Airport Services Inc. 30th Floor, 360 Main Street, Winnipeg MB R3C 4G1, Canada		
SSP Canada Food Services Inc. McLachlan Brown Anderson Solicitors, 938 Howe Street, 10th Floor, Vancouver BC V6Z 1N9, Canada		
SSP Québec Food Services Inc. 2200-1010 rue Sherbrooke O Montréal (Québec) H3A2R7, Canada		100%[21]
China		
Select Service Partner Hainan Co. Limited[6] 2/F, Departure Halls, Passenger Terminal Building, Haikou Meilan International Airport, Hainan, Haikou 571126, China		
SSP Shanghai Co. Limited[6] Intl Airside and Intl Departure Area Landside, 3/F, Pudong Int'l Airport Terminal, No.6000, Yingbin Road, Pudong New District, Shanghai, China		
Cyprus		
SSP Catering Cyprus Limited 67 Limassol Avenue, Vision Tower 1st Floor, 2121 Aglantzia, Nicosia, Cyprus, P.O.Box 14144, CY-2154 Aglantzia, Nicosia, Cyprus	Holding and Management Services company	
SSP Louis Airports Restaurants Limited 67 Limassol Avenue, Vision Tower 1st Floor, 2121 Aglantzia, Nicosia, Cyprus, P.O.Box 14144, CY-2154 Aglantzia, Nicosia, Cyprus	Holding company	60%

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Denmark		
Monarch A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		
Select Service Partner Denmark A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		
SSP Denmark Financing ApS Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark	Holding company	
Egypt		
SSP Egypt JSC Cairo International Airport, Airmall Building, 1st Floor, Cairo, Egypt		
Estonia		
Select Service Partner Eesti A/S Endla 45, 10142 Tallinn, Estonia		
Finland		
Select Service Partner Finland Oy Helsinki Airport, Vantaa, FI-01530, Finland		
France		
Bars et Restaurants Aéroport Lyon Saint Exupéry SAS Immeuble l'Arc, BP 197, Lyon Saint Exupéry Aéroport, 69125, Lyon, France		
Les Buffets Boutiques et Services des Autoroutes de France SNC 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France	Inactive company	
Select Service Partner SAS 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
Société D'Exploitation du Chalet de la Porte Jaune SASU Avenue de Nogent, Bois de Vincennes, 75012, Paris, France		
SSP Aéroports Parisiens SAS 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France	Holding company	
SSP France Financing SAS Immeuble Le Grand Pavois, 322 Avenue du Prado, 13008 Marseille, France		
SSP Orly SASU 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
SSP Paris SASU 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
SSP Province SAS 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		
Germany		
SSP Deutschland GmbH The Squaire 24, 60549 Frankfurt am Main, Germany		
SSP Financing Germany GmbH The Squaire 24, 60549 Frankfurt am Main, Germany	Holding company	
SSP Premium Gastronomie GmbH The Squaire 24, 60549 Frankfurt am Main, Germany		

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Greece		
Select Service Partner Restaurants Hellas SA Athens International Airport, Building 17 Office 2/06-01, 190 19 Spata, Greece		
Hong Kong		
Select Service Partner Asia Pacific Limited Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong, S.A.R. China	Holding and Management Services company	
Select Service Partner Hong Kong Limited Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong		
SSP China Development Limited[6] Unit 1702-05, Wing On Kowloon Center, 345 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	Holding company	[3]
Hungary		
SSP Hungary Catering Kft Liszt Ferenc International Airport, Terminal 2B, 1185 Budapest, Hungary		
India		
Mumbai Airport Lounge Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		14.652%[1,9]
Travel Food Services Chennai Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		33%[1,10]
Travel Food Services (Delhi) Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		33%[1,10]
Travel Food Services (Delhi Terminal 3) Private Ltd New Udaan Bhawan, Opposite Terminal 3, IGI Airport, New Delhi, 110 037, India		19.8%[1,11]
Travel Food Services Kolkata Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		33%[1,10]
Travel Food Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		33%[1,17]
Travel Retail Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		29.7%[1,13]
Travel Food Works Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		33%[1]
Ireland		
RG Onboard Services (Ireland) Limited 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	Inactive company	
Select Service Partner Ireland Limited 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland		
SSP Investment Financing Ireland Unlimited Company 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland	Financing company	[3]
Israel		
Select Service Partner Israel Ltd Derech Menachem Begin 132, Azrieli One Center, Round Building, 6701101, Tel Aviv, Israel		
Luxembourg		
SSP Luxembourg SA Aeroport de Luxembourg, L-1110 Luxembourg		
Mauritius		
Travel Food Services Global Private Ltd Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Inactive company	33%[1,10]
Netherlands		
Rail Gourmet Netherlands BV Schipholboulevard 231, 1118, Amsterdam Schiphol, Netherlands	Holding company	
SSP Nederland BV Schipholboulevard 231, 1118, Amsterdam Schiphol, Netherlands		

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Norway		
Rail Gourmet Togservice Norge AS[6] Tøyenbekken 21, Oslo, 0188, Oslo, Norway		50%[1]
Select Service Partner AS Henrik Ibsens veg 7, 2060 Gardermoen, Norway		
SSP Norway Financing AS Henrik Ibsens veg 7, 2060 Gardermoen, Norway	Holding company	
Oman		
Gourmet Foods LLC PO Box 3340, Ruwi, Sultanate of Oman, 112, Oman	Inactive company	16.17%[1,12]
Philippines		
Select Service Partner Philippines Corporation JME Building No. 35, Calbayog Street, Barangay, Highway Hills, City of Mandaluyong, NCR, Second District, Philippines	Holding company	52%[1]
SSP-Mactan Cebu Corporation[6] Terminal 1 Mactan Cebu International Airport, Pusok, Lapu-Lapu City, Cebu 6015, Philippines		26%[1,22]
Russia		
Select Service Partner Russia LLC[6] 141400, Moscow region, Khimki, Sheremetyevo Airport, Premises 3, Russia		
Singapore		
Select Service Partner (Singapore) Pte Limited 112 Robinson Road, #05-01, 068902, Singapore		
Spain		
Foodlasa, SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Select Service Partner SAU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Select Service Partner Spain Financing SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain	Holding company	
SSP Airport Restaurants, SLU Camino de la Zarzuela, 19-21, 2ª plta., 28023, Madrid, Spain		
Sweden		
Scandinavian Service Partner AB Arlanda Airport, P.O Box 67, S-19045, Stockholm-Arlanda, Sweden		
SSP Newco AB Arlanda Airport, P.O Box 67, S-19045, Stockholm-Arlanda, Sweden	Inactive company	
SSP Sweden Financing AB Arlanda Airport, P.O Box 67, S-19045, Stockholm-Arlanda, Sweden	Holding company	
Switzerland		
Rail Gourmet Holding AG Zeughausgasse 9a, CH-6301, Zug, Switzerland	Holding company	
Select Service Partner (Schweiz) AG Shopping center/Bahnhofterminal, 8058 Zurich- Flughafen, Switzerland, PO Box: Postfach 2472		
Taiwan		
SSP Taiwan Limited 1F, No.13, Ln. 84, He 1st Rd, Keelung City, Jhongjheng District, 202, Taiwan, Republic of China		
Thailand		
Select Service Partner Co. Limited[6] 99 Berli Jucker Building, 16th Floor, Soi Rubia, Sukhumvit 42 Road, Prakanong, Klongtoey, Bangkok, Thailand		49%[1]

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

40. Group companies continued

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
UK		
Belleview Holdings Limited 169 Euston Road, London, NW1 2AE, United Kingdom **('SSP Group Head Office')**	Inactive company	
Belleview Limited SSP Group Head Office	Inactive company	
Cretegame Limited SSP Group Head Office	Inactive company	
Millie's Cookies (Franchise) Limited SSP Group Head Office	Inactive company	
Millie's Cookies Limited SSP Group Head Office	Agency company	
Millie's Cookies (Retail) Limited SSP Group Head Office	Agency company	
Millies Limited SSP Group Head Office	Inactive company	
Rail Gourmet Group Limited SSP Group Head Office	Holding company	
Rail Gourmet UK Holdings Limited SSP Group Head Office	Holding and Management Services company	
Rail Gourmet UK Limited SSP Group Head Office		
Select Service Partner Limited SSP Group Head Office	Agency company	
Select Service Partner Retail Catering Limited SSP Group Head Office	Inactive company	
Select Service Partner UK Limited SSP Group Head Office		
SSP Air Limited SSP Group Head Office	Agency company	
SSP Asia Pacific Holdings Limited SSP Group Head Office	Holding company	
SSP Euro Holdings Limited SSP Group Head Office	Holding company	
SSP Financing Limited SSP Group Head Office	Holding and Treasury company	
SSP Financing No. 2 Limited SSP Group Head Office	Financing company	[3]
SSP Financing UK Limited SSP Group Head Office	Holding and Management Services company	
SSP Group Holdings Limited SSP Group Head Office	Holding company	[4]
SSP South America Holdings Limited SSP Group Head Office	Inactive company	
Whistlestop Airports Limited SSP Group Head Office	Inactive company	
Whistlestop Foods Limited SSP Group Head Office	Agency company	
Whistlestop Operators Limited SSP Group Head Office	Inactive company	
US		
ATL Dine and Fly, LLC 1210 Peachtree Street, NE, Atlanta, GA 30361, United States	Inactive company	
Creative PTI, LLC CT Corporation System, 160 Mine Lake Court, Suite 200, Raleigh NC 27615-6417, United States	Inactive company	62.8%[14]
Flavor of ATL, LLC CT Corporation System, 289 S Culver Street, Gwinnett, Lawrenceville GA 30046, United States	Inactive company	
Harry's Airport[16] 111 Monument Circle, Suite 2700, Indianapolis, IN 46204, United States		51%

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
US continued		
Jackson Airport Concessions, LLC CT Corporation System, 1200 S. Pine Island Road, Plantation FL 33324, United States	Inactive company	
Select Service Partner LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		
SSP America BOS, LLC CT Corporation System, 155 Federal Street, Ste 700, Boston MA 02110, United States		70%
SSP America CID, LLC CT Corporation System, 400 E Court Ave, Des Moines IA 50309, United States		90%
SSP D&B DFW, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	
SSP America DEN, LLC The Corporation Company, 1675 Broadway – Suite 1200, Denver CO 80202, United States	Inactive company	
SSP America DFW, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States	Inactive company	
SSP America DFWI, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		90%
SSP America EWR, LLC Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		60%
SSP America Gladco, Inc CT Corporation System, 600 N 2nd Street, Suite 401, Harrisburg, PA 17101-1071, United States		
SSP America Houston, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States	Inactive company	
SSP Hudson SAT, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	
SSP America IAH[16] CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		70.7%
SSP America, Inc. CT Corporation System, 818 W 7th Street, Suite 930 Los Angeles, CA 90017, United States		
SSP America IND, LLC 150 West Market Street, Suite 800, Indianapolis, IN 46204, United States	Inactive company	
SSP America JFK, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		82%
SSP America KCGI JFK T7, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		55%
SSP America LAX, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		51%
SSP America LGA, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801 United States		70%
SSP America MCO, LLC CT Corporation System, 515 East Park Avenue, Tallahassee, FL 32301, United States		65%
SSP America MDW, LLC CT Corporation System, 208 SO Lasalle Street, Suite 814, Chicago, IL 60604, United States		51%
SSP America Milwaukee, LLC CT Corporation System 301 S. Bedford Street, Suite 1, Madison WI 53703, United States		61.5%
SSP America Minneapolis, LLC 6121 Excelsior Blvd., Suite 101B, St. Louis Park, MN 55416, United States		51%

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
US continued		
SSP America MSN, LLC CT Corporation System 301 S. Bedford Street, Suite 1, Madison WI 53703, United States		90%
SSP America MSP, LLC 1010 Dale Street N, St Paul, MN 55117-5603, United States		80%
SSP America MSY, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America OAK, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America PDX, LLC CT Corporation System, 780 Commercial Street SE, Suite 100, Salem OR 97301, United States		80%
SSP America PHX, LLC 3800 N. Central Avenue, Suite 460, Phoenix, AZ 85012, United States		77.65%
SSP America PHX T3, LLC 3800 N. Central Avenue, Suite 460, Phoenix, AZ 85012, United States	Inactive company	
SSP America RDU, LLC CT Corporation System, 160 Mine Lake Court, Suite 200, Raleigh NC 27615-6417, United States		62.8%
SSP America SAN, LLC CT Corporation System, 818 W 7th Street, Ste 930 Los Angeles CA 90017, United States		70%
SSP America SAT, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	
SSP America SEA, LLC CT Corporation System, 711 Capitol Way S, Ste 204, Olympia, WA 98501-1267, United States		60%
SSP America SEA II, LLC CT Corporation System, 711 Capitol Way S, Ste 204, Olympia, WA 98501-1267, United States	Inactive company	
SSP America Services, Inc, 820 Bear Tavern Road, West Trenton NJ 08628, United States	Management Services Company	
SSP America SFO, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		65%
SSP America SFO II, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America SMF, LLC CT Corporation System, 818 W 7th Street, Ste 930 Los Angeles CA 90017, United States		60%
SSP America Tampa, LLC CT Corporation System,1200 S Pine Island Road, #250, Plantation FL 33324, United States		52%
SSP America Texas, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Holding company	
SSP America Texas, Inc. CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States		
SSP America (USA), LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Holding company	[3]
SSP Four Peaks PHX, LLC CT Corporation System, 3800 N Central Avenue, Suite 460, Phoenix AZ 85012, United States		69.885%[15]
SSP America SJC, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
SSP America SLC, LLC 1108 East South Union Avenue Midvale, UT 84047, United States	Inactive company	

Part B – Associates

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
Belgium		
Railrest SA[6] Rue De France 95, Be-1070 Brussels, Belgium		49%
Cyprus		
Cyprus Airports (F&B) Limited Larnaca International Airport, 6650, Larnaca, Cyprus		29.988%[8]
Denmark		
Motorvejscenterselskabet af 1990 A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		50%
France		
Epigo SAS Continental Square I, Batiment Uranus, 3 place de Londres, Aeroport Paris-Charles de Gaulle, 93290, Tremblay-en-France, France		50%
Epigo Présidence Sarl Continental Square I, Batiment Uranus, 3 place de Londres, Aeroport Paris-Charles de Gaulle, 93290, Tremblay-en-France, France	Management Services company	50%
India		
FLFL Travel Retail Bhubaneswar Private Ltd Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		14.553%[19]
FLFL Travel Retail Guwahati Private Ltd Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		14.553%[19]
FLFL Travel Retail Lucknow Private Ltd Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		14.553%[19]
FLFL Travel Retail West Private Ltd Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		14.553%[19]
Qatar		
Qatar Airways SSP LLC[5] P.O. Box: 22553, Doha, Qatar		49%
US		
Aero Service Partners LLC 5800 Fleur Drive / 4225 Fleur Drive, #106, Des Moines, IA 50321, United States	Inactive company	49%
Midway Partnership, LLC[6] CT Corporation System, 208 SO Lasalle Street, Suite 814, Chicago, IL 60604, United States		50%[18]
SSP America BTR, LLC[2] Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		51%

Notes

* Ordinary shares includes references to equivalent in other jurisdictions.
1 SSP has control as defined by IFRS 10 'Consolidated Financial Statements'.
2 SSP does not have control as defined by IFRS 10 'Consolidated Financial Statements'.
3 Includes 100% of preference shares.
4 Holding held directly by the Company.
5 This undertaking has a 31 March year end.
6 These undertakings have a 31 December year end.
7 100% of the shares are held by Select Service Partner Co. Limited (Thailand).
8 49.98% of the shares are held by SSP Louis Airports Restaurants Limited.
9 44.4% of the shares are held by Travel Food Services Private Ltd.
10 100% of the shares are held by Travel Food Services Private Ltd.
11 60% of the shares are held by Travel Food Services Private Ltd.
12 49% of the shares are held by Travel Food Services Global Private Ltd.
13 90% of the shares are held by Travel Food Works Private Ltd.
14 100% of the shares are held by SSP America RDU, LLC.
15 90% of the shares are held by SSP America PHX, LLC.
16 The principal place of business of the unincorporated entities listed above is 20408 Bashan Drive, Suite 300, Ashburn, VA 20147, USA.
17 SSP has control as defined by IFRS 10 Consolidated Financial Statements.
18 50% of the Class A shares are held by SSP America, Inc.
19 49% of the shares are held by Travel Retail Services Private Ltd.
20 2% of the shares are held by the other shareholder as bare nominee
21 91% of the shares are held by the other shareholder as bare nominee.
22 50% of the shares are held by Select Service Partner Philippines Corporation.

COMPANY INFORMATION

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