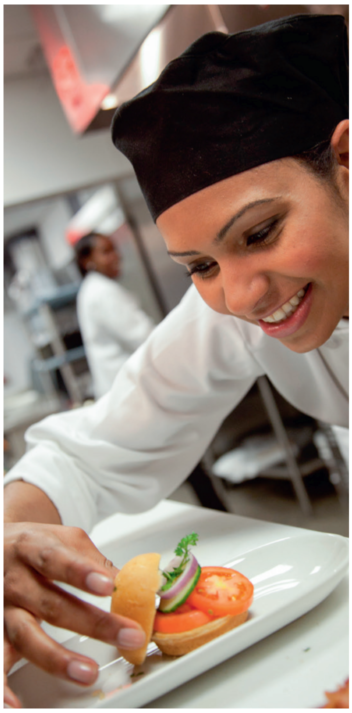
SSP Group plc
Annual Report and Accounts 2019

SSP
The Food Travel Experts









We are the Food Travel Experts



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AT A GLANCE

SSP is a leading operator of food and beverage outlets in travel locations worldwide.

All of our outlets, from quick-service to fine-dining, are developed or tailored to be run in operationally high-volume travel locations, and as the 'Food Travel Experts', we have a deep understanding of the diverse needs of travellers. Our mission is to give our customers an experience that exceeds their expectations and those of our clients.

Revenue (£m)

£2,794.6m +9.0%

2018: £2,564.9m

Underlying operating profit[1] (£m)

£221.1m +13.3%

2018: £195.2m

Operating profit (£m)

£219.2m +13.4%

2018: £193.3m

Read more about our KPIs on p15

[1] Stated on an underlying basis which excludes amortisation of intangible assets arising on the acquisition of the SSP business in 2006.

HIGHLIGHTS

35 countries

39,000+ colleagues

Read more about our people on p28

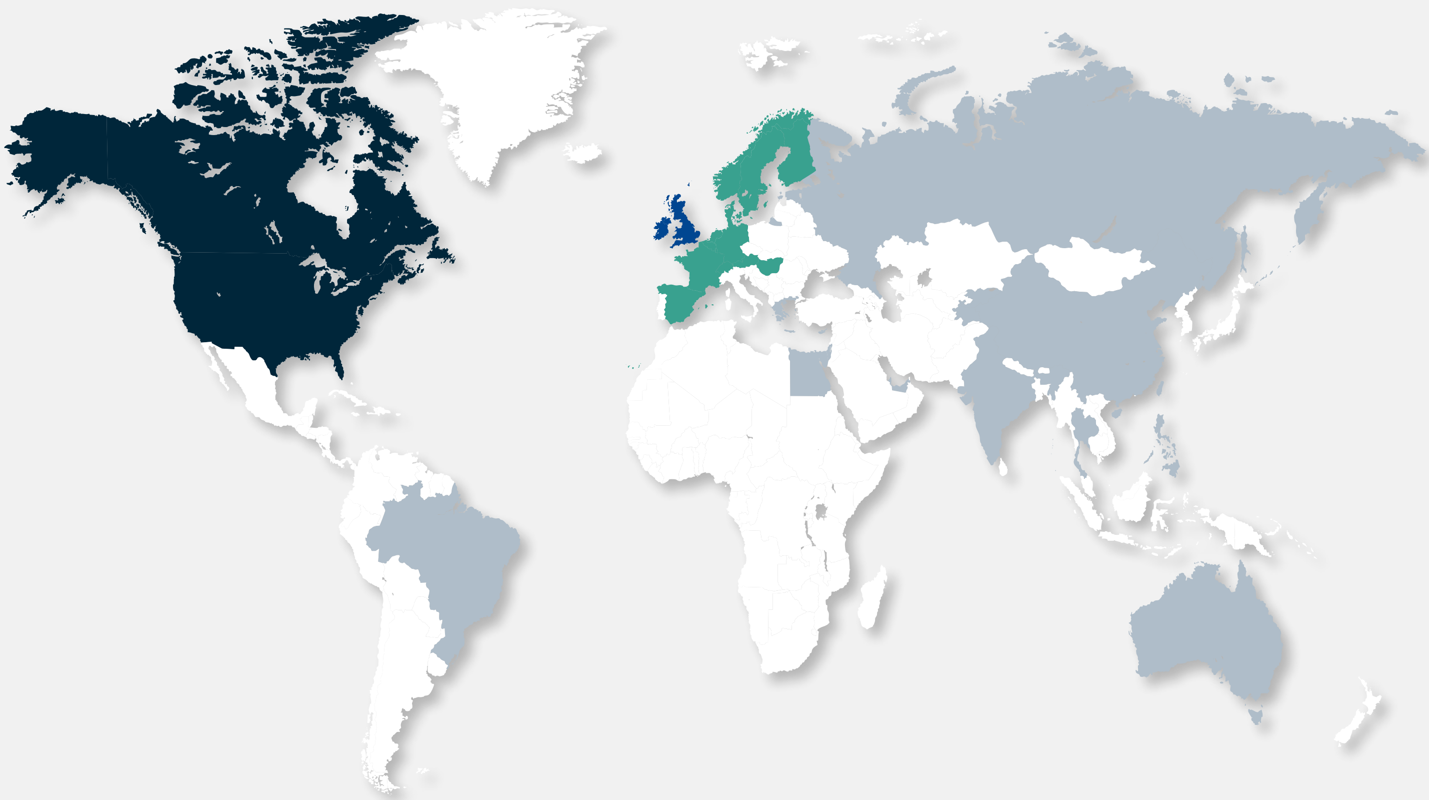
550+ brands

Read more about our brands on p05

2,800+ units

600+ sites

c. 1.5m customers daily



North America	UK (including Republic of Ireland)	Continental Europe	Rest of the World
Revenue	Revenue	Revenue	Revenue
£533.4m	£840.5m	£1,036.9m	£383.8m
(2018: £436.3m)	(2018: £798.1m)	(2018: £971.7m)	(2018: £358.8m)
19.1%	30.1%	37.1%	13.7%
of Group total	of Group total	of Group total	of Group total

CHAIRMAN'S STATEMENT

We have delivered another strong set of results as well as significant expansion across the world.

A year of continued growth in 2019

I am pleased to report that the Group has delivered a strong set of annual results, with revenue growing by 9.0% to £2,794.6m, and underlying earnings per share increasing by 15.9% to 29.1 pence per share. We continue to benefit from the structural growth in our key markets, with the air sector now accounting for 64% of the business and the rail sector for 31%, and we continue to diversify geographically, with North America and the Rest of the Word now accounting for one-third of Group revenue.

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, offering them relevant and exciting menu choices and bringing a sense of place to the travel locations we serve. We are proud to partner with so many fantastic local and international brands who trust us to represent them around the world.

We announced a number of important contract wins in the year, further extending our presence in North America, in Europe and in the Asia Pacific region. Our entry into the strategically important Latin American market has been further strengthened through additional contract wins in Brazil, and we also won business in other new territories, including Malaysia and Bermuda.

Capital expenditure went up once again to a record £185.0m, as we continued to open new units, expand into new territories and invest in new technology which will deliver improvements in both service and efficiency.

Dividend and share buyback

As a result of the Group's strong performance, I am pleased to announce that the Board has recommended a final dividend of 6.0 pence per share, making a total ordinary dividend for the year of 11.8 pence per share, which is at the top end of the dividend pay-out range we announced at the time of the IPO. The Board has also proposed the commencement of a share buyback of up to £100m. This reflects our confidence in the future of the business and our desire to maintain an efficient balance sheet.

An experienced and dedicated team

The results we've reported could not have been achieved without the dedication of our colleagues, who now number more than 39,000. We continued to invest in and develop our people, strengthening central, regional and local teams around the world.

As announced on 21 November 2018, after more than five very successful years, Kate Swann stepped down as CEO on 31 May 2019. She transformed SSP into an industry leading food travel retail business, and on behalf of the Board, I want to thank her for her enormous contribution to the Group.

Simon Smith took on the role of CEO on 1 June 2019. His strong leadership skills, considerable experience in the international travel food and retail space, and excellent track record at SSP, make him well placed to build our global business.

Corporate Governance and other Board developments

Our strategy is underpinned by a commitment to operate to a high standard of corporate governance and to meet our environmental and social responsibilities. These are issues we take extremely seriously as a Board and as a business. Following extensive shareholder consultation after the 2019 AGM, we have taken their feedback on board and further developed our approach to executive remuneration and sustainability, details of which are outlined in their respective sections of the report. We continue to make progress in key areas, such as packaging, food waste and sourcing, and the Board is committed to making further improvements.

John Barton and Denis Hennequin took the decision not to seek re-election at this year's AGM, and Carolyn Bradley succeeded John as Senior Independent Director and Chair of the Remuneration Committee with effect from 21 February 2019. I have also taken the decision to retire from the Board at the next AGM, and Mike Clasper, who joined as an independent Non-Executive Director on 1 November 2019, will succeed me as Chairman of the Board following the 2020 AGM. It has been an honour to serve as SSP's Chairman for more than a decade. Having overseen the successful CEO transition to Simon Smith, I believe that, with the business in great shape, with a clear and proven strategy and a sound platform from which to generate long-term sustainable returns, it's the right time for me to step down.

Outlook

Looking forward, we have secured some important new business wins, and the longer-term pipeline is encouraging. I am confident that the Group will continue to benefit from these trends and deliver sustainable value creation for shareholders, and with this in mind, the Board anticipates another good performance in the year ahead.

Vagn Sørensen
Chairman
19 November 2019

CHIEF EXECUTIVE'S STATEMENT

We will continue to focus on all five of our levers, and in doing so further improve our operational efficiencies, drive profitable like-for-like sales growth and extend our business through new contracts in existing and new territories.

Overview

I was delighted to take over as CEO in June. In my first six months, I have visited many parts of the business to get a better understanding of the opportunities that lie ahead, and I am hugely excited by the potential of our business. Over the past five years, we have created a great business and our scale and know-how have given us a competitive advantage. We have developed excellent teams across the world, and I would like to thank all of our colleagues for what they've achieved.

The next phase of our growth requires us to further evolve our offer – to our customers, our clients and our brand partners – and build on the unique business model and competitive advantages that we've created. We will continue to capitalise on the significant structural growth opportunities that exist in the travel sector and our strong business platform, which combines international scale with local expertise.

Our strategic levers are working well , so we will continue to focus on all five of them , and in doing so further improve our operational efficiency, drive profitable like-for-like sales growth and at the same time extend our business through new contracts in existing and new territories. We will also add bolt-on acquisitions should they create value and align with our strategy. Automation and technology are further helping to drive performance, whether that's in kitchen production, data analytics or to support the customer journey. I expect us to make more progress in these areas over the coming year, which should both give our customers more choice and deliver the next layer of efficiencies in our business .

Cash flow will continue to support our organic growth and our new business pipeline, with surplus cash being returned to shareholders to keep our balance sheet efficient.

Finally, the way in which we deliver all of this needs to be grounded in our environmental and social responsibilities. It will be a journey, but one that's very important to me.

Performance highlights

Looking back at last year, the Group delivered a strong financial performance, with underlying operating profit increasing by 12.1% on a constant currency basis and 13.3% on actual exchange rates to £221.1m. Total revenue increased by 7.8% on a constant currency basis, including like-for-like sales growth of 1.9%, net contract gains of 5.6% and revenue from acquisitions of 0.3%.

Like-for-like sales for the full year grew by 1.9% driven by increasing passenger numbers, however we faced an unusual number of external headwinds during the year, including the impact from the 'Gilets Jaunes' protests in France, the grounding of Boeing Max 737 aircraft, and the cessation of Jet Airways in the Asia Pacific region. Net gains remained very strong at 5.6%, with good contributions from North America and Continental Europe, including new business at Seattle, LAX and Oakland Airports as well as Charleroi Airport in Belgium, Montparnasse Railway Station in Paris, and 29 new Starbucks outlets in railway stations in the Netherlands.

During the year, we won a number of important new contracts across the Group, including our first contracts in Bermuda and Malaysia. Once we start operating in these new markets, as well as in Bahrain, our global footprint will increase to 38 countries. We see further expansion opportunities here, and whilst developing our presence requires investment, we are doing this in a disciplined way.

The underlying operating margin improvement of 30 bps was driven by solid like-for-like sales and further encouraging progress on our strategic initiatives, in particular through our commercial activities to drive gross margin.

Over the year we generated £50.5m of free cash flow, after investing £185.0m in capital projects – driven by the net contract gains – and a further £22.4m for the acquisition of the remaining 16% stake in TFS in India. Having reviewed our medium-term capital requirements, we have taken the decision to increase the ordinary dividend for the 2019 financial year to 11.8 pence per share, maintaining a pay-out ratio of 40% of net income, and we are planning to return up to £100m of cash to shareholders in the form of a share buyback which we intend to complete over the next 12 months. This reflects the confidence we have in the future of the business and our commitment to maintaining balance sheet efficiency.

Summary and outlook

Despite the external headwinds, the Group delivered another strong performance in the year. The new financial year has started in line with our expectations and, whilst a degree of uncertainty always exists around passenger numbers in the short-term, we continue to be well placed to benefit from the structural growth opportunities in our markets and to create long-term sustainable value for our shareholders.

Simon Smith
Chief Executive Officer
19 November 2019

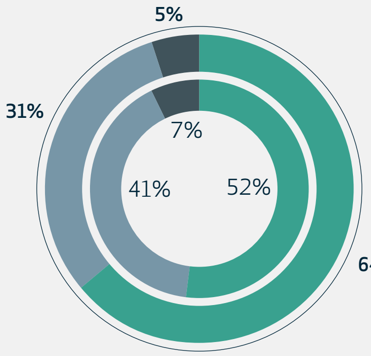
OUR MARKETPLACE

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 2019.

We are present in 35 countries around the world and 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 c. £22bn in 2018.[1] Though it is a fragmented market, we are one of three global players, who in total account for around one-third of sales. The market benefits from a number of long-term structural growth drivers, which positively impact both passenger numbers and spend per passenger.

In 2019, 64% of our business was in the air sector, with the rail sector accounting for 31%. This compares to 52% air and 41% rail when the Company floated in 2014.



	2014 (%)	2019 (%)
Air sector	52	**64**
Rail sector	41	**31**
Other	7	**5**

[1] ACI WATR, ACI North America, Moodie Davitt & Mercurious Group ACRS, Eurostat, Gira, Internal Company Estimates.

Air sector

In the Air sector, passenger numbers are expected to grow at over 5% per annum to 2029, according to the Airport Council International (ACI)[2], reaching more than double the seven billion passengers in 2015.

The growth in passengers and spend on food and beverage is underpinned by a number of trends:

- Globalisation of business and leisure
- Rising disposable incomes, especially in developing markets
- Rapid development of short haul travel and low cost carrier growth
- Infrastructure investments in developing markets
- Increased level of security and dwell time at airports
- Greater focus on non-aeronautical revenues by airports
- Trends towards eating out and on the move
- Reduced food and beverage service on board

[2] ACI World Traffic Forecast (2016) (2017).

Rail sector

In the Rail sector, passengers in our key European markets (UK, France and Germany) were estimated to total 5.9bn[3] in 2018. Passenger numbers within these countries have increased at an average annual rate of c.2%[3] since 2013, with moderate growth forecast to continue in the medium term. Growth in passengers and the food and beverage market is driven by the following factors:

- Continued investment in track expansion, especially in high-speed rail networks
- Destination station development strategies – improving retail, leisure and business offerings
- 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

[3] ORR; Eurostat (2018).

OUR BRANDS

We have more than 550 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 its 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.

Brioche Dorée | LEON NATURALLY FAST FOOD | CRUSSH FIT FOOD • SMART COFFEE • RAW JUICE

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.

M&S SIMPLY FOOD | AJISEN RAMEN

O'Learys EST 1988 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

MI CASA • BURRITOS • | 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 | ALAS HERMANOS TORRES

WINE & VIEW | Norge | 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.

SSP
The Food Travel Experts

The business model is founded on five key elements

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 35 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 that we are 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.

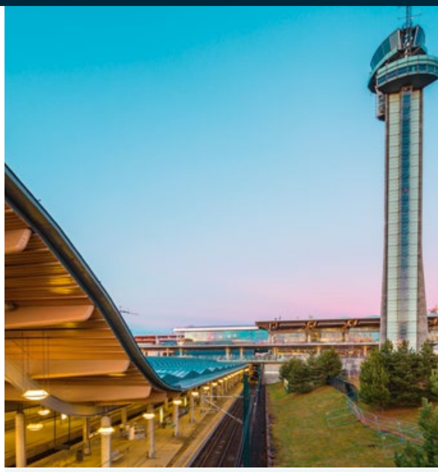
Food travel expertise

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 and peaks and troughs in demand. Our understanding and ability to manage these complexities allows us to deliver consistently, 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 2019.

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 that 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 in recruiting and developing 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 five lever approach continues to be successful, and we have used these levers to deliver further value over the year. Below is an overview of the progress we've made.

1 Optimising our offer to benefit from the positive trends in our markets and driving profitable LFL sales

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 including our focus on range, pricing, promotions, upselling and space management, to drive profitable like-for-like sales, ensuring that we benefit from the positive trends in these markets.

As our customers' needs evolve, we are increasingly providing offers to meet these needs. We have made further good progress in developing a number of premium products, both for our own brands and in conjunction with our brand partners, and have also expanded our range of locally-sourced, meat-free and healthier menu items, which gives our customers more choice. Increasingly, we are using technology to improve the service experience for our customers, as well as to generate efficiencies, including from the further roll out self-order kiosks across our estate, as well as from successfully trialling 'order at table' technology for our larger table service bars and restaurants.

Responding to customer needs

This year, we began an 'order at table' pilot in a few of our biggest UK airport bars, which allows customers to scan a QR code to access the menu, make their choices and pay for their meals. The pilot has resulted in a significant increase in customer transactions and speed of service as well as average spend per customer, and we will be rolling it out further across our UK bar estate and into other countries as well.

2 Growing profitable new space

The travel food and beverage market in airports and railway stations is valued at approximately £22bn and is characterised by long-term structural growth. It offers excellent opportunities for us to expand our business across the globe.

We are continuing to expand our business, driven by new unit openings and high levels of contract retention. We have seen significant growth in North America and in the Rest of the World which together now account for one-third of our business and one-third of Group revenue. 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 extended into new markets, including Brazil this year, and from next year, we will expand our global footprint to 38 countries, once operations begin at airports in Bahrain, Bermuda and Malaysia. We see further opportunities in all of our new markets.

Our new business growth is underpinned by our ability to deliver food and beverage choices that meet the needs of our customers. An important element of this is the brand line up that we can offer, which includes both international brands which we franchise, such as Burger King and Starbucks, and our own proprietary brands such as Upper Crust and Ritazza. This year, we secured important contract wins at airports with our own brands, including Ritazza in Abu Dhabi, and with Mi Casa and Nippon Ramen in Brisbane.

We also create bespoke concepts and partner with 'local hero' brands to bring a sense of place to the travel locations we serve. Some examples from the year include Dean & David in Germany, Archipelago in Singapore, Bastard Burger in Sweden and Manufactory in San Francisco, a bespoke food hall created in partnership with four leading local chefs.

Finally, we will continue to look for opportunities for bolt-on acquisitions which meet our returns criteria and align with our strategy, such as our acquisition of all of Jamie Oliver's units at Gatwick Airport in June.

Openings in Brazil

We've opened our first outlets at Brazil's two main international airports, Rio de Janeiro Tom Jobim International Airport and São Paulo International Airport . The new units, including Upper Crust, Mi Casa Burritos, Barzetti, Camden food co., Factory Bar and Monty's Dog & Cones, are the first to open under a joint venture between SSP and Duty Free Americas. All have been adapted for the Brazilian market with updated menus featuring dishes that appeal to both local and international tastes.

3 Optimising gross margins

Gross margin has been a significant driver of value for the Group, and the ongoing roll-out of commercial optimisation 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, which helps to improve the product consistency and reduce waste.

We've also identified opportunities to bring greater efficiency into the supply chain and have made good progress in optimising delivery frequencies to better align with product demand. To support all these initiatives, we continue to invest in both central and local resources.

Supply chain initiatives

Our supply chain is a complex one and having undertaken some analytical work, we identified that we have an excessive number of deliveries throughout the week in some of our sites. This is inefficient for our suppliers, and time and labour consuming for us, so we have begun a process of negotiating with our key suppliers and brand partners to increase the volume per drop and reduce the frequency, delivering savings to both parties. We have developed a standard methodology to work out the optimum number of deliveries, and we are now rolling this out in the UK and trialling the same methodology globally.

4 Running an efficient and effective organisation

We have a multi-year programme of initiatives to improve operating efficiency, which is important to the Group given the backdrop of significant and ongoing labour cost inflation.

Our increasing use of technology in food production and food service is contributing both to improving the customer experience as well as driving greater labour efficiency. This year we have introduced a range of new equipment, including automatic sushi machines, which cut preparation time by 60%, a pizza dough press, which improves production speed with no wastage, and burger ovens, which produce a superior product, using less energy. In addition to this, we have made good progress in driving energy efficiencies and have introduced a number of programmes which have helped to reduce overall energy usage.

Energy efficient refrigeration

We have a dedicated team focused on identifying ways in which we can drive down energy usage and associated costs. One key area of opportunity is in the area of refrigeration. Throughout the course of the past year, we have implemented aerofoil technology in our grab 'n' go refrigeration units, which helps retain cold air within the chillers so that less is consumed. Initial trials in the UK have delivered savings of between 5% and 20% ,and we are now looking at rolling this out into other markets.

5 Optimising investment using best practice and shared resources

We have maintained our focus on optimising investment using best practice and shared resources to help drive returns. We are continuing to look at how shared back office services can reduce cost and drive simpler, more efficient processes. We have expanded our two outsourced shared service centres in Pune in India and Lodz in Poland, which are now used by 19 of SSP's countries for financial transaction processing and administrative tasks. This year we have also established an outsourced design centre in India to support our programme of new unit development around the world.

Outsourcing design work

The area of design and architectural drawings is a very important but very substantial cost for the business, given the number of units we open or rebrand/refurbish each year. This year, we have looked to outsource some of this work and have established a design agency based in India to deliver drawings, initially for our lower complexity schemes in the UK, Spain, Asia Pacific and the Middle East. We will extend these trials to other countries, whilst at the same time trialling higher capex projects in the UK.

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

	2019 £m	2018 £m	Change Reported	Change Constant currency	Change LFL
Revenue	**2,794.6**	2,564.9	+9.0%	+7.8%	+1.9%
Underlying operating profit	**221.1**	195.2	+13.3%	+12.1%	
Underlying operating margin	**7.9%**	7.6%	+30 bps	+30 bps	
Operating profit	**219.2**	193.3	+13.4%		
Operating margin	**7.8%**	7.5%	+30 bps		

Group performance

Revenue

Revenue increased by 7.8% on a constant currency basis, comprising like-for-like sales growth of 1.9%, net contract gains of 5.6%, and a further 0.3% from acquisitions. At actual exchange rates, total revenue grew by 9.0%, to £2,794.6m.

Like-for-like sales growth of 1.9% was broadly consistent across the first and second halves of the year. The growth in the air channel has again been stronger than in rail, driven by increasing passenger numbers in most of our major markets. The overall like-for-like sales growth has been achieved in spite of a number of external challenges faced during the year, particularly during the second half, across many of our regions, and these headwinds are further explained within the regional performance summaries below.

Net gains contributed 5.6% to full year revenue growth. We saw strong performances from North America with net gains of 13.0%, including new openings in Seattle, LAX, Oakland and LaGuardia Airports, and Continental Europe where the unusually strong net gains of 6.6% were driven by new contracts at Charleroi Airport in Belgium, Montparnasse Railway Station in Paris, 22 new motorway service areas in Germany and a new contract for 29 Starbucks units in railway stations in the Netherlands.

Trading results from outside the UK are converted into sterling at the average exchange rates for the year. The overall translation impact on revenue of the movement of foreign currencies (principally the Euro, US Dollar, Indian Rupee, Swedish Krona and Norwegian Krone) in 2019 compared to the 2018 average was 1.2%.

Underlying operating profit

Underlying operating profit increased by 12.1% on a constant currency basis and by 13.3% at actual exchange rates to £221.1m. The underlying operating margin improved by 30 bps, driven by further progress on our strategic initiatives.

Gross margin increased by 80 bps year-on-year on a constant currency basis. This improvement reflected the ongoing roll-out of our strategic initiatives to optimise gross margin, including ranging and mix management, food and drink procurement and waste and loss reduction.

The labour cost ratio increased by 20 bps year-on-year reflecting the scale and complexity of the new opening and rebranding programme, together with the significant inflationary pressure on labour rates in the UK and North America. Labour cost ratios were also impacted by several of the sales headwinds faced during the year, particularly those relating to political protests in France and Hong Kong that resulted in sharp falls in sales.

Concession fees rose by 60 bps during the year, very much in line with recent trends, once again impacted by the stronger like-for-like sales growth in the air sector, which typically has higher concession fees but also higher gross margins compared to rail. The improvement in overheads of 30 bps on a constant currency basis was driven by ongoing strategic initiatives, including improved energy efficiency. The rate of depreciation remained flat at 3.8%, slightly below the historical average of around 4%.

Operating profit

Operating profit of £219.2m (2018: £193.3m) included an adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2018: £1.9m).

Regional performance

UK (including Republic of Ireland)

			Change		
	2019 £m	2018 £m	Reported	Constant currency	LFL
Revenue	**840.5**	798.1	+5.3%	+5.3%	+2.4%
Underlying operating profit	**101.8**	89.5	+13.7%	+13.7%	
Underlying operating margin	**12.1%**	11.2%	+90 bps	+90 bps	

Note – Statutory reported operating profit was £100.3m (2018: £88.0m) and operating margin was 11.9% (2018: 11.0%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £1.5m (2018: £1.5m).

Revenue increased by 5.3% on a constant currency basis, comprising like-for-like sales growth of 2.4% and net contract gains of 2.9%. The like-for-like sales reflected solid growth in the air sector and a slightly stronger performance from the rail sector, which benefited from a lower level of disruption in the rail network during the summer.

The net contract gains included contributions from new M&S Simply Food units in two major London stations, as well as the three Jamie Oliver restaurants at Gatwick airport which we began operating in early summer.

Underlying operating profit for the UK increased by 13.7% on a constant currency basis, and underlying operating margin increased by 90 bps to 12.1%, driven by the stronger like-for-like sales growth and by the continued roll out of our operational efficiency initiatives.

Continental Europe

			Change		
	2019 £m	2018 £m	Reported	Constant currency	LFL
Revenue	**1,036.9**	971.7	+6.7%	+7.2%	-0.2%
Underlying operating profit	**79.3**	79.5	-0.3%	+0.6%	
Underlying operating margin	**7.6%**	8.2%	-60 bps	-50 bps	

Note – Statutory reported operating profit was £78.9m (2018: 79.1m) and operating margin was 7.6% (2018: 8.1%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £0.4m (2018: £0.4m).

Revenue increased by 7.2% on a constant currency basis, comprising a like-for-like sales decline of 0.2%, net contract gains of 6.6% and the impact of the acquisition of the Stockheim business in Germany of 0.8%. The lower like-for-like sales reflected the 'Gilets Jaunes' protests in France during the first half of the year, as well as slower passenger growth across the Nordic countries and Spain, and the impact of major redevelopments in a number of airports, including Copenhagen, Malaga and Las Palmas.

The net contract gains in Continental Europe were unusually strong, driven by new contracts at Charleroi Airport in Belgium, Montparnasse Railway Station in Paris, 22 new motorway service areas in Germany and the new contract for 29 Starbucks units in railway stations in the Netherlands.

Underlying operating profit increased by 0.6% on a constant currency basis. The 50 bps reduction in operating margin on a constant currency basis reflected the impact of the pre-opening costs relating to the new contracts, together with the disruption caused by the airport redevelopments in Denmark and Spain and the protests in France.

North America

			Change		
	2019 £m	2018 £m	Reported	Constant currency	LFL
Revenue	**533.4**	436.3	+22.3%	+16.5%	+3.5%
Underlying operating profit	**41.9**	27.7	+51.3%	+44.9%	
Underlying operating margin	**7.9%**	6.3%	+160 bps	+150 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 16.5% on a constant currency basis, comprising like-for-like sales growth of 3.5% and net contract gains of 13.0%. Like-for-like growth was stronger during the first half year, benefiting from positive trends in airport passenger numbers in the North American market, with growth during the second half affected by the grounding of Boeing Max 737 aircraft, and by the transfer of passengers away from our terminals at some airports. Net gains included new openings in Seattle, LAX, Oakland and LaGuardia Airports.

FINANCIAL REVIEW CONTINUED

Underlying operating profit increased by £14.2m to £41.9m, an increase of 44.9% at constant currency. The underlying operating margin increased by 150 bps on a constant currency basis, largely reflecting this region's increasing scale and its greater focus on operating efficiencies and a lower rate of depreciation. The strong results were particularly pleasing given the lower level of like-for-like sales growth in the second half, and the significant new opening programme.

Rest of the World

	2019 £m	2018 £m	Change Reported	Change Constant currency	Change LFL
Revenue	**383.8**	358.8	+7.0%	+4.5%	+4.5%
Underlying operating profit	**35.9**	35.7	+0.6%	-2.3%	
Underlying operating margin	**9.4%**	9.9%	-50 bps	-60 bps	

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

Revenue increased by 4.5% on a constant currency basis, driven entirely by like-for-like sales growth. As in North America, this like-for-like growth was stronger during the first half year, driven by ongoing passenger growth in India, China and Egypt. The softer growth during the second half year reflected impacts from a number of external headwinds, including the cessation of operations at Jet Airways in India, weaker Chinese passenger numbers, which impacted the wider Asia Pacific region, and more recently the protests in Hong Kong. Contract gains came primarily from new units at airports in India and in the Philippines, but were offset by the closure of units in Hong Kong and Shanghai.

Underlying operating profit for the Rest of the World was £35.9m, a fall of 2.3% on a constant currency basis. Underlying operating margin fell by 60bps, with the second half performance impacted by the lower like-for-like sales growth and the external headwinds highlighted above, as well as the closure of units in Hong Kong and Shanghai and the cost of entering new markets such as the Philippines and Brazil.

Share of profit of associates

The Group's share of profit from associates was £4.1m (2018: £4.8m), the year on year reduction reflecting one-off costs in our joint venture operations in France.

Net finance costs

Underlying net finance costs increased by £6.4m year-on-year to £22.0m, largely reflecting the higher average levels of net debt compared to 2018 as a result of the payment of the £149.8m special dividend in April 2019, together with the full year impact of the £100.1m special dividend paid in April 2018. Reported net finance costs were £26.1m (2018: £15.2m), reflecting adjustments of £1.9m for the revaluation and discount unwind of the financial liability to acquire the remaining 16% stake in TFS, and a further £2.2m of non-cash interest charges arising from the adoption of the new debt modification rules under IFRS 9.

Taxation

The Group's underlying tax charge for the year was £45.1m (2018: £40.5m), equivalent to an effective tax rate of 22.2% (2018: 22.0%) of the underlying profit before tax.

Non-controlling interests

The non-controlling interests increased year-on-year by £1.1m to £26.6m. This increase was lower than in previous years, largely as a result of a reduction in our joint venture partner's share of profit in the TFS business in India, following our acquisition of an additional 16% of the shares during the year. The non-controlling interests' share of profit in our other joint ventures in North America and the Rest of the World continued to grow broadly in line with recent trends.

Earnings per share

Underlying basic earnings per share increased by 15.9% to 29.1 pence per share (2018: 25.1 pence per share). Reported basic earnings per share was 28.1 pence per share (2018: 24.9 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 6.0 pence per share (2018: 5.4 pence per share), which is subject to shareholder approval at the Annual General Meeting. If approved, this will result in a total ordinary dividend per share for the year of 11.8 pence (2018: 10.2 pence), an increase of 15.7%.

The final dividend will be paid, subject to shareholder approval, on 27 March 2020 to shareholders on the register on 6 March 2020. The ex-dividend date will be 5 March 2020.

Cash flow

The table below presents a summary of the Group's cash flow for 2019:

	2019 £m	2018 £m
Underlying operating profit[1]	**221.1**	195.2
Underlying depreciation and amortisation	**105.3**	97.7
Working capital	**3.7**	12.8
Net tax	**(37.1)**	(37.2)
Other	**8.2**	11.7
Net cash flow from operating activities[2]	**301.2**	280.2
Capital expenditure[3]	**(185.0)**	(144.2)
Acquisitions in the year	**(25.8)**	(19.0)
Net cash flows to/from non-controlling interests/associates	**(22.5)**	(22.5)
Other	**–**	(4.3)
Operating cash flow[2]	**67.9**	90.2
Net finance costs	**(17.4)**	(13.6)
Free cash flow[2]	**50.5**	76.6
Dividends paid	**(200.8)**	(145.8)
Net cash flow[2]	**(150.3)**	(69.2)

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

2 Non-GAAP measure.

3 Capital expenditure is net of capital contributions from non-controlling interests of £9.0m (2018: £12.4m).

The Group's cash flow remained healthy, generating net cash flow from operating activities of £301.2m (2018: £280.2m), which was an increase of £21.0m year-on-year, and free cash flow of £50.5m (2018: £76.6m).

Capital expenditure increased by £40.8m to £185.0m, the higher capex reflecting our net contract gains in the year, as well as the investment in rebranding programmes at airports where we had taken over the business in previous years, for example at Chicago Midway and LaGuardia Airports.

Acquisitions in the year used £25.8m of cash flow, principally reflecting the £22.4m paid for the additional 16% stake in the TFS business in India. Net cash outflows to non-controlling interests, net of cash inflows from associates, amounted to £22.5m.

Net finance costs paid of £17.4m were higher than in 2018, primarily due to the higher levels of net debt following the payment of the £149.8m special dividend in April 2019 in addition to the £100.1m paid in April 2018, together with slightly higher interest costs arising from our US Private Placement programme.

The dividends paid of £200.8m reflected the cost of the 2018 final dividend of 5.4 pence per share, the 2019 interim dividend of 5.8 pence per share and the special dividend of £149.8m.

Overall, the Group used net cash of £150.3m during the year.

FINANCIAL REVIEW CONTINUED

Balance sheet and net debt

The Group's balance sheet remains in a strong position with net debt of £483.4m (2018: £334.7m) and net assets of £415.6m (2018: £458.3m).

	£m
Opening net debt (1 October 2018)	(334.7)
Net cash flow	(150.3)
Impact of foreign exchange rates	(0.6)
Other	2.2
Closing net debt (30 September 2019)	**(483.4)**

The increase in net debt of £148.7m was primarily a result of the dividend payments of £200.8m, including the special dividend of £149.8m paid in April 2019.

Leverage (Net Debt:EBITDA) at the year end was at 1.5x, compared with 1.1x at the end of the prior year. Having reviewed our medium term capital requirements, and with leverage remaining well below our target range of 1.5x-2.0x Net Debt:EBITDA, we are planning to return up to £100m of cash to shareholders in the form of a share buyback. The buyback programme will begin immediately and will end no later than 20 November 2020.

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.

Future reporting

IFRS 16, the new financial reporting standard on accounting for leases, is effective for all accounting periods beginning on or after 1 January 2019. As such, SSP's first reported accounting period under IFRS 16 will be the 2019/20 financial year, commencing 1 October 2019. The Group has elected to use the modified retrospective transition approach, and therefore the cumulative effect of the initial adoption will be recognised in the Group's balance sheet at the same date, with no restatement of comparative information.

The new standard has no economic impact on the Group, or its cash flows, and does not affect how the business is run. It does, however, have a significant impact on the presentation of the Group's assets and liabilities, as well as its income statement. In summary, IFRS 16 seeks to align the presentation of leased assets more closely with owned assets. In doing so, a right of use asset and a lease liability are brought on to the balance sheet, with the lease liability recognised at the present value of the future fixed rental payments.

Whilst the right of use asset is matched to the lease liability at inception, it will differ in value over the life of the lease. From an income statement perspective, the pre-IFRS 16 fixed rental charge is replaced by depreciation and interest. IFRS 16 therefore results in an increase in EBITDA and operating profit, which are reported prior to interest being deducted. While depreciation reduces on a straight line basis, interest is charged on outstanding lease liabilities and is therefore highest in the early years of a lease and decreases over time.

For SSP, which operates under concession contracts (in which it pays rent as a percentage of sales) for nearly all of its business, this means that the fixed minimum guaranteed rent, which is a constituent of most contracts, is capitalised and depreciated, while the variable concession fee will continue to be expensed to the income statement as a rental charge.

On transition, SSP expects to recognise a right of use asset and a lease liability, each of approximately £1.6bn. From an income statement perspective based on our existing portfolio of leases, operating profit is expected to increase by approximately £10m, with profit before tax expected to be around £25m lower than under current IAS 17 accounting practice.

In the near term, the Group will continue to report its financial results both pre and post the impact of IFRS 16. Further details on the impact of IFRS 16 are provided on page 85.

Post balance sheet events

The Company has announced its intention to return up to £100m to its shareholders through a share buyback programme underpinning its confidence in the business and commitment to maintain an efficient balance sheet. The buyback programme will begin immediately and will end no later than 20 November 2020.

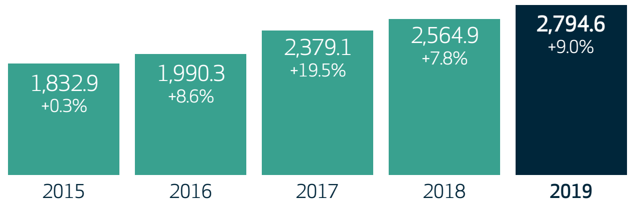
Jonathan Davies
Chief Financial Officer
19 November 2019

KEY PERFORMANCE INDICATORS

Our strategic priorities are:

1 Optimising our offer to benefit from the positive trends in our markets and driving profitable LFL sales; 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 resources.

Revenue (actual currency) £2,794.6m

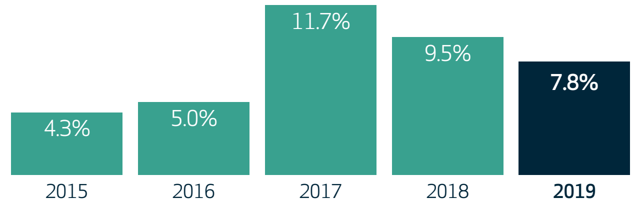


Strategic priorities 1 2

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 9.0% to £2,794.6m (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 +1.2%.

Year-on-year revenue growth (constant currency) 7.8%

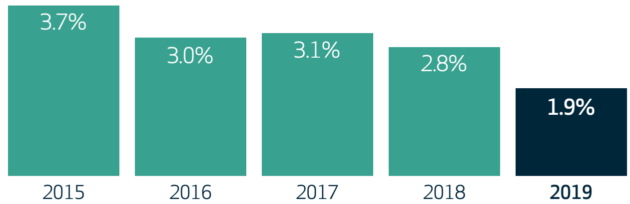


Strategic priorities 1 2

Definition – Revenue at constant currency eliminates the impact of foreign exchange rates on reported revenue. Constant currency is based on average 2018 exchange rates, weighted over the financial year by 2018 results.

Comment – Revenue increased by 7.8% in 2019 on a constant currency basis, comprising like-for-like growth of 1.9%, net contract gains of 5.6%, and an acquisition impact of 0.3%.

Like-for-like sales increase 1.9%



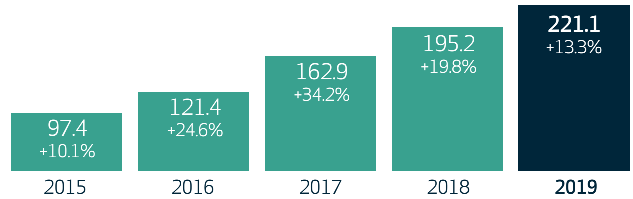
Strategic priorities 1

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 1.9%. The growth in the air channel has been stronger than in rail, driven by increasing passenger numbers in all of our major markets. The growth has remained robust despite external challenges such as protests in some major markets and continued disruption due to airport and station redevelopments, particularly in Continental Europe.

Underlying operating profit (actual currency) £221.1m

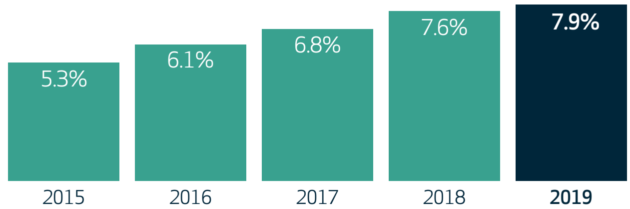


Strategic priorities 1 2 3 4

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 and the amortisation of intangible assets arising on the acquisition of the SSP business in 2006.

Comment – Underlying operating profit increased by 12.1% on a constant currency basis, and by 13.3% at actual exchange rates to £221.1m. Operating profit was £219.2m (2018: £193.3m), reflecting an adjustment for the amortisation of acquisition-related intangible assets of £1.9m (2018: £1.9m).

Underlying operating profit margin (actual currency) 7.9%

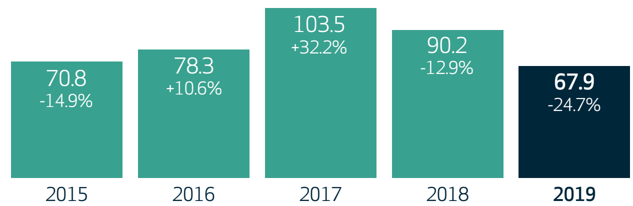


Strategic priorities 3 4 5

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

Comment – Underlying operating profit margin improved by 30 bps on a constant currency basis and at actual exchange rates to 7.9%, 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) £67.9m



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 £67.9m, a reduction of £22.3m compared to the prior year, representing higher capital investment (+£40.8m 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 35 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
2019 Revenue at actual rates by segment (£m)	840.5	1,036.9	533.4	383.8	2,794.6
Impact of foreign exchange (£m)	0.2	4.9	(24.9)	(8.7)	(28.5)
2019 Revenue at constant currency[1] (£m)	**840.7**	**1,041.8**	**508.5**	**375.1**	**2,766.1**
2018 Revenue at actual rates (£m)	798.1	971.7	436.3	358.8	2,564.9
Constant currency sales growth	**5.3%**	**7.2%**	**16.5%**	**4.5%**	**7.8%**
Which is made up of:					
Like-for-like sales growth[2]	2.4%	-0.2%	3.5%	4.5%	1.9%
Net contract gains/(losses)[3]	2.9%	6.6%	13.0%	–	5.6%
Acquisition impact[4]	–	0.8%	–	–	0.3%
Total constant currency sales growth	**5.3%**	**7.2%**	**16.5%**	**4.5%**	**7.8%**

1 Constant currency is based on average 2018 exchange rates weighted over the financial year by 2018 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 impact of Stockheim has been presented separately from net contract gains/(losses) from existing SSP business.

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 and the additional non-cash interest as a result of debt modifications arising from the adoption of IFRS 9. A reconciliation from the underlying to the statutory reported basis is presented below.

			2019			2018
	Underlying	**Adjustments**	**Total**	Underlying	Adjustments	Total
Operating profit (£m)	**221.1**	**(1.9)**	**219.2**	195.2	(1.9)	193.3
Operating margin	**7.9%**	**(0.1)%**	**7.8%**	7.6%	(0.1)%	7.5%
Profit before tax (£m)	**203.2**	**(6.0)**	**197.2**	184.4	(1.5)	182.9
Earnings per share (pence)	**29.1**	**(1.3)**	**28.1**	25.1	(0.2)	24.9

RISK MANAGEMENT AND PRINCIPAL RISKS

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 and 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 2019 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 highlighted 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 24 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.

A new risk has been added to the principal risks since last year regarding food safety.

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 2019, 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 2019 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 26 to 31;
- 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

Top down
Oversight and leadership of risk management approach

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

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 and driving profitable LFL sales; 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. A new risk has been added to the principal risks since last year regarding food safety.

⇧ Risk increasing ⇩ Risk decreasing ⇔ No risk movement

Risk/Risk Priority	Risk Description	Mitigating Factors
1 Business environment and geopolitical uncertainty ⇔ **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. Increasing risk to airline stability and public concern over climate change may impact air travel, either directly or through government policies.	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 monitor 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 IT disaster recovery as well as 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. These risks may be compounded in the case of a 'no deal' Brexit which could further reduce the attractiveness of the UK for investment.	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. There is also an ongoing focus on labour flexibility and productivity to improve retention rates post Brexit.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk Priority	Risk Description	Mitigating Factors
4 Benefits realisation from 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 be difficult to implement due to complexity, and furthermore that 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. Group IT also provides support for project management and implementation, using agreed standard business processes and controls.
5 Information security and stability ⇧ **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 has commenced a major programme to implement SAP Inventory and Finance systems which can risk significant operational disruption.	The Group has developed extensive IT disaster recovery and information security policies and practices, to ensure that these meet the changing landscape. These are regularly discussed and reviewed by the Risk and Audit committees as well as the Board. 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. A clear governance and management structure has been set up for the SAP project implementation including the engagement of a SAP preferred partner for the roll-out which has significant experience of implementing SAP at large companies.
6 Labour laws and unionisation ⇔ **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. Furthermore, in the US, costs have continued to increase due to the Fair Labor Standards Act ('FLSA') as well as the immigration policy which has had an adverse impact on the supply of labour.	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 and FLSA in the United States. Various labour productivity and technology initiatives continue to be pursued by the Group, in order to mitigate the impact of labour cost inflation.

Risk/Risk Priority	Risk Description	Mitigating Factors
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 labour, employment, immigration, security and safety, modern slavery, competition and antitrust, consumer protection, data protection, 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 protection laws in the jurisdictions in which it operates. The Company is subject to the EU General Data Protection Regulation (GDPR) which requires the ability to evidence compliance against a large number of mandatory obligations relating to personal data processing activities including being able to respond to an increased range of data subject rights and mandatory personal data breach response reporting. The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 impacts various areas including workforce and audit, risk and internal control, stakeholders, culture, succession and diversity and remuneration. Furthermore, the new IFRS 16 accounting standard fundamentally changes the accounting for operating leases and will result in material changes to the financial statements. Both the 2018 Corporate Governance code and IFRS 16 are applicable to SSP's financial year commencing 1 October 2019. These new requirements create a disclosure and reporting risk in the financial statements.	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. GDPR compliance, is determined and managed locally but is overseen by the Steering Committee, comprising leadership from Group HR, Commercial and Legal. A Global Privacy Office staffed with expert resource has been established to help identify and address global data protection challenges. Local champions are in place to ensure compliance with local and Group rules. Furthermore, terms and conditions have been included in our supplier and business partner contracts (to the extent possible) to ensure that they are GDPR compliant and sign up to our policy. We have engaged external specialist firms to review compliance with the requirements of the 2018 Corporate Governance Code. This is additional to the thorough compliance checks and reviews conducted by the in-house legal department. Related to IFRS 16, a new software solution is being implemented to ensure correct computation of the impact on the financial statements.
8 Food safety and product compliance New risk Strategic priorities 1 2	The preparation of food and maintenance of the Group's supply chain require a base level of hygiene, temperature maintenance and traceability. Non-compliance with food safety laws can expose the Group to significant reputational damage as well as possible food safety liability claims, financial penalties and other issues. Compliance with food allergen laws came into the spotlight following the death of a teenager, Natasha Ednan-Laperouse, who died after a severe allergic reaction to a Pret A Manger baguette in 2016. From October 2021, foods that are pre-packaged for direct sale in the United Kingdom will need to have a label with a full ingredients list with allergenic ingredients emphasised within it (commonly referred to as 'Natasha's Law'). An increase in NGO activism and UK public awareness has seen increased pressure to reduce the use of plastics in the Food and Beverage (F&B) industry. Network Rail has stated that F&B units must be plastic-free at their sites by 2020. Switching to non-plastic alternative materials could have significant cost impact on the business. There is also the risk of additional levies being imposed by the government on the use of plastic.	The Group has implemented a global safety management programme, setting minimum standards of health and safety, fire safety and food safety across all its operations and requiring periodic reporting of performance and incident statistics. Within this management programme are food safety standards which include processes to monitor the supply chain and to manage allergens. All SSP country operations are required to report on all food safety incidents (including allergens) on a quarterly basis to the Risk Committee, which reports on global safety performance to the Audit Committee every six months. SSP UK & Ireland currently controls allergen management within the supply chain, supported by staff training and unit audits. All operational staff undertake allergen training as part of mandatory training upon commencement of employment in unit. All units are subject to an unannounced 'Safe and Legal' audit by the Health and Safety team on a 12 monthly cycle. Full technical guidance and clarity of scope of Natasha's Law is expected to be provided by the Food Standards Agency by the end of 2019. This is likely to require significant investment and therefore a working group has been set up to discuss all options with relevant stakeholders, including Health and Safety, Purchasing, IT, New Product Development and Data teams. Ongoing reviews of operations are being carried out in the UK to determine plastic-free feasibility and opportunities.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk Priority	Risk Description	Mitigating Factors
9 Changing client behaviours ⇔ **Strategic priorities** 1 2	Changing client requirements, such as splitting tenders across two or more providers, seeking new income streams through pouring rights agreements, partnering with operators in joint ventures, developing third party purchasing models and favouring franchise and local brand operators or partnering directly with brand owners, may adversely affect the Group's business. Furthermore, new tender processes can be more complex and demand increased rents.	The Group has in place a clear 'SSP Value Proposition' that it presents to the client to address this risk. The Group Chief Commercial and Strategy Officer works closely with country management teams to enhance and clarify the Group's proposition to its clients. There is greater focus on developing internal concepts to reduce complexity and costs. 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.
10 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 North America. The Group also teams up with its joint venture partners in new territories to provide local infrastructure and mobilisation support.
11 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, Middle East and more recently, Latin America. 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, business development 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, Group Investment Committee and the Audit Committee.
12 Senior management capability and retention ⇔ **Strategic priorities** 1 2 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. There is a risk that 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. There is also a risk that the Group may not have sufficient resources in various functions including 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 and there is a programme in places to further strengthen these going forwards. 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.

Risk/Risk Priority	Risk Description	Mitigating Factors
13 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. Over the past year competition has notably intensified in India and China.	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 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 and update its brand portfolio to provide breadth and depth as part of a tender process.
14 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 Investment Committee process ensures all significant investments are assessed by the CEO and CFO. The Group has also strengthened the management team in Asia Pacific and India, especially in finance, business development and operations. Furthermore, the Group works with local joint venture partners in new markets to access support and advice on business development activities.
15 Outsourcing programmes ⇔ **Strategic priorities** 5	The Group fails to execute outsourcing projects effectively, resulting in business as usual being disrupted 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. 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. There are also monthly and quarterly reviews with outsourcing partners focusing on efficiency and costs to ensure shared services are being appropriately managed. Performance feedback is reported to the Executive Committee and the Risk Committee on a regular basis.
16 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.

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Risk/Risk Priority	Risk Description	Mitigating Factors
17 Tax strategy ⇧ **Strategic priorities** 2 4	The Group may suffer 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. There is an increased focus on tax governance from the tax authorities, including the integration of systems with tax authorities. There continues to be more investment from OECD into Base Erosion and Profit Shifting (BEPS) related initiatives. There is a risk that there could be wholesale changes to how taxation systems work based on the data gathered in the future. This is also driving digitisation resulting in a cost and complexity impact.	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. There is also increased oversight and monitoring of key tax issues at divisions by the Group tax team. Increased disclosure of tax policy and tax payments in Group financial documents.

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 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 2019, which covers the period from 2020 to 2024.

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 and 18.

The Directors have also performed a robust assessment of the Group's principal risks, which can be found on pages 19 to 24. 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.

One of the key risks that the Group faces is Brexit. However, as a result of the business operations extending across 35 countries, the business is naturally hedged against a downturn and currency fluctuations in any one specific market. An orderly exit from the EU whereby a deal has been agreed is not expected to have a significantly adverse impact that may otherwise arise under a no-deal Brexit scenario.

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; This scenario can also be considered as representative of a no-deal Brexit which may have a significant adverse impact in the UK market and in turn overall Group performance;
- one that envisages an external event, e.g. a terrorist incident or a widespread geological situation, such as the 2010 Iceland Volcanic eruption, 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 2024.

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 72).

SUSTAINABILITY REPORT

Our sustainability programme seeks to manage the social and environmental impacts of our business in a responsible way, taking into account the views and expectations of our stakeholders, as well as aligning our workstreams to international initiatives such as the UN Sustainable Development Goals.

SSP's Sustainability Pillars and Focus Areas

Our sustainability initiatives fall under four pillars, Our products, Our people, Our environment and Our community, with each pillar underpinned by appropriate policies, commitments and performance measurements.

Our products	**Our people**	**Our environment**	**Our community**
Sourcing responsibly	Skills development	Food waste	Local charity partnerships
Better nutritional choices	Diverse workforce	Single-use plastic	
	Colleague engagement	Carbon footprint	

Members of both the Group Board and the Executive Committee are assigned responsibility for each of our sustainability policies. The Board regularly reviews progress against our strategy and Key Performance Indicators. During the year, we have also formed an Executive CSR Steering Committee, which is chaired by the Chief Executive Officer, to guide the ongoing development of our strategy and monitor performance against our KPIs.

As part of our due diligence process to monitor effective implementation of our policies and progress against our KPIs, each country is required to submit performance data at least every six months. 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.

SSP is committed to supporting the UN Sustainable Development Goals.

Specific goals are signposted in the relevant sections of this report.

Our products

Related UN Sustainable Development Goals

Our priorities

We are passionate about providing quality products and services to our customers, and, as part of this, to offering our customers healthy choices. We are also committed to ensuring the safety and sustainability of those products and of the supply chain behind them.

Our progress

Our colleagues focus on customer satisfaction as their top priority. We ask customers to give us feedback using our 'Eat on the Move' platform, which is used in most of our global markets and helps us to review our performance and identify ways to improve the service we provide.

We design product ranges and menus to offer our customers choice, including healthier choices, such as lower fat or lower sugar options. In our UK business, we have undertaken a number of actions to cut the fat in our products, for example, we have reduced the portion size we offer for French fries across our whole estate, leading to a reduction in overall fat content of 42 grams per serving. Within our Burger King units, we have removed the Super-Sized Meal from all our combo offerings. Where baguettes, burgers and sandwich recipes call for mayonnaise, we now only use light mayonnaise. We have also undertaken a number of actions to cut the sugar in our products, for example, reducing the portion sizes of 60% of our cakes and pastry range, which has resulted in a sugar reduction of 49%. On our meal deal offers, we only include water and sugar-free soft drinks as part of the deal.

Many of our customers are also looking for more meat-free options on our menus, recognising that this can have both health and environmental benefits. We have responded to this trend with the introduction of a wider range of vegetarian and vegan options. In the UK, Pasty Shop offers a vegan vegetable pasty and in Upper Crust, we launched our new vegan baguette featuring vegan feta and olive tapenade. In the year ahead, we will be expanding these non-meat ranges further within coffee, bakery and bars, where menu changes will see the vegan and vegetarian mix increased to 25%. The SSP Nordics team have created a new bespoke brand, Haven, focused on fresh, simple foods based around fruits, vegetables, nuts and pulses. Nearly 25% of the menu items in our Oslo Airport unit are vegan. We are rolling out this concept, having won tenders in Brazil and Finland.

Ethical trade

Our priorities
Our Supplier Code of Conduct and Human Rights Policy outlines our commitment that the people working for SSP and for our suppliers are to be treated with respect, and their health, safety and basic human rights must be protected and promoted. We require that our suppliers strive to comply with the Ethical Trading Initiative base code, which SSP has adopted as our international standard, and with all relevant local and national laws and regulations. This applies across our global business.

Our progress
Our aim is that all of our suppliers around the world understand and comply with our Ethical Trade Code of Conduct and Human Rights Policy. Almost 90% of existing global suppliers (by value) have signed up to our policy, and it is built into the contracts for new suppliers.

We require suppliers to share their ethical trade audit performance with us, often using the Supplier Ethical Data Exchange (SEDEX) platform. Around a quarter of our global suppliers (by value) share their audit data with us via SEDEX. 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 they can assess the risks in their supply chain and 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

14 LIFE BELOW WATER
15 LIFE ON LAND
Related UN Sustainable Development Goals

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 for the products we sell to come from sustainably managed sources wherever possible and appropriate standards of animal welfare upheld.

Our progress
The welfare of farm animals is important to SSP and is a core part of our responsible sourcing strategy. We continue to work with partners such as The Humane League to help us improve animal welfare practices across our global supply chain. Our target is that 100% of the shell eggs and liquid egg products used within our global proprietary brands are from cage-free sources by 2025. We are already making good progress towards this objective and we expect that, by the end of 2020, all of the eggs purchased in our businesses in Cyprus, UK, Ireland, Norway, Sweden and Switzerland will be from cage-free sources, with other markets also making good progress towards the target.

Building on our existing animal welfare commitments, we have made a further commitment to help improve the conditions for broiler chickens across Europe through our adoption of the European Chicken Commitment (ECC). The ECC is a set of six aspirational standards that focus on a transition to breeds with better welfare outcomes, increased living space, greater environmental enrichment and more humane stunning methods. SSP has committed to work with our suppliers to meet the standards set out in the ECC for 100% of the chicken meat we source for our proprietary brands in Europe, by 2026.

Hot beverages are core to SSP's ranges worldwide, and we are committed to using tea, coffee and hot chocolate produced in accordance with ethical and sustainable standards, such as the Fairtrade or Rainforest Alliance certification schemes.

78% of the hot beverages purchased for our proprietary brands are now from certified sources under schemes such as Fairtrade or Rainforest Alliance.

RAINFOREST ALLIANCE CERTIFIED EST 1987

SUSTAINABILITY REPORT CONTINUED

Our people

Related UN Sustainable Development Goals

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

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

During the year, we consulted colleagues across the business as part of a programme to review and relaunch our Group Values. Each country was asked to hold focus group sessions to gather feedback from colleagues across different levels. Colleagues were asked what they value in SSP, what is good about working at SSP, and what values are important to them. The feedback formed the basis for a new set of five Group Values.

In the year ahead, the Values will be launched to colleagues across the Group by members of the Executive team, with ongoing communication to support this process, and recognition schemes, which link to the Values, established in market.

Our employee engagement programme seeks to ensure that our colleagues are fully engaged with the business strategy and objectives. Colleagues take part in a regular cycle of briefings, huddles, employee conferences and news updates via our enterprise social network, SSP Connections.

SSP operates a European Work Council with the objective of providing timely and meaningful information and a forum for consultation to enhance the social dialogue with our European colleagues. The Council addresses transnational issues, which may affect employment, working conditions and the interests of its employees.

Learning and development

Our learning and development strategy is focussed on enabling the business to grow talent from within. At the centre of this strategy is the SSP Academy, our global online learning platform, designed to help us support the development of our colleagues at all levels, as well as delivering corporate and high risk training content in all markets. The Academy is now available in every SSP market, and is automatically set up in all new markets, for example, Brazil, to ensure that high risk and corporate training requirements are covered from the outset. We continue to extend the range of training provided via the Academy. We have trialled and are now rolling out a new Team Leader development programme, initially for UK team members, that will enable colleagues to access training more easily and manage their own development.

In the year ahead, we will launch a Global Leadership development programme and coaching for high potential colleagues. This will be reinforced by a core curriculum of leadership and business skills for all colleagues.

We offer apprenticeship qualifications in nine of our markets, including, Germany, France, Greece, Norway and the UK. These 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. More than 200 colleagues commenced an apprenticeship this year. In the UK, we also extended our apprenticeship provision to include opportunities for colleagues in support functions for the first time.

More than 70% of our markets provide work placements for young people

Many of our HR teams work in partnerships with local organisations to offer career opportunities to people from deprived communities. SSP UK has been in partnership with the AIM Group Foundation and the SSP Foundation on a joint project to support young people into employment. The project has a particular focus on NEET individuals (young people Not in Education, Employment, or Training), and young people who face barriers to work. The young people receive support including CV writing, preparing for interviews, subsidised travel costs for interviews and journey planning. Since the project started in January 2019, 679 candidates were put forward for a role with SSP, of which 269 were offered a position. 145 accepted the job offer and are still employed by SSP. The majority of these young people were from NEET backgrounds.

In our North American business, our team in Phoenix have developed a partnership with Maricopa Community College Foundation to fund an endowed Scholarship for 10 years. This is awarded to six culinary students each year. SSP America also take part in Job Fairs on school campuses, as well as recruiting their students and graduates for internships and permanent employment.

Promoting inclusion and diversity through TFS Coffee Box brand

In India, our Travel Food Services (TFS) business has been working with Airports Authority of India (AAI) to launch a coffee shop at Chennai International Airport, which is managed by speech and hearing impaired (SHI) individuals.

The introduction of the Coffee Box outlet is part of TFS' and AAI's commitment towards inclusion and diversity. Team members at the airport – including senior coaches, managers and HR teams – were put through special sign language training to be able to connect to the team at Coffee Box.

TFS Executive Director Varun Kapur added: "We are committed to providing an inclusive environment that uplifts the SHI community and provides them with opportunities for employment. This launch is our way of creating a positive impact and atmosphere at one of the busiest airports of India. Currently we have seven specially-abled members as part of the Coffee Box team, and we hope to provide opportunities to increase this diverse workforce in the near future."

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 individuals working at all levels of the Group, including employees, consultants and contractors, confidence to 'blow the whistle' and report irregularities. Individuals are encouraged to raise concerns with designated persons and/or through the Country Whistleblowing Officer or confidential Group Helpline. 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 updates on bribery and fraud trends and activity in the business, if any, 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.

Employees by gender*	Male	Female
Board of Directors	83% (5)	17% (1)
Senior management	68% (132)	32% (62)
All employees	48% (19,540)	52% (21,107)

* Data correct as at 30 September 2019.

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.

Our environment

Related UN Sustainable Development Goals

2 ZERO HUNGER

13 CLIMATE ACTION

Our priorities

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 waste. Our waste reduction initiatives focus on reducing packaging waste, specifically single-use plastic, and reducing food waste, donating surplus food to benefit the wider community where we can.

Reducing our carbon footprint

Our progress

Our carbon management programmes continue to focus on improving energy efficiency within our units, notably through the installation of LED lighting and mini building management controls, such as last man out switches and temperature controls. These works have been implemented in more than 95 units across the UK resulting in a YOY reduction in energy consumption of an average energy saving of around 1.5 million kWhs, 10% of the previous year's consumption. Our initiatives continue to be rolled out across our French and German estates, and the benefits of these will be seen over the coming months.

Total CO_2e per £ of turnover down 10% YoY

Aerofoils are also being rolled out across many UK units. Aerofoil blades sit on the shelf of fridges within units and recirculate the cold air, rather than allowing it to be spilt out onto the aisles. Initial trials showed an energy saving of around 20% and this technology is currently being rolled out across 264 UK units, delivering savings of over 3 million kWh each year. Aerofoils are being evaluated for potential use in Spain, Italy, Greece and France.

Global greenhouse gas emissions data

	2018	**2019**
	Tonnes of CO_2e	**Tonnes of CO_2e**
Scope 1 emissions Combustion of fuel and operation of facilities	13,917	11,313
Scope 2 emissions Electricity, heat, steam and cooling purchased for own use	106,634	102,132
Total	**120,551**	**113,445**

Intensity measurement		
Total emissions reported above normalised grams per £ of turnover	**47.00 grams/£**	**42.45 grams/£**

SUSTAINABILITY REPORT CONTINUED

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

Reducing food waste remains a priority, with all country management teams tasked with reducing food waste within their operations. We have the most developed waste control programmes in our largest markets plus many of the smaller ones, including the UK, Ireland, France, Germany, Austria, Switzerland, USA, Canada, Sweden, Denmark, Finland, Norway, and Spain. Each of these countries, and each individual unit within the country, has a target around food waste reductions, with performance tracked at a country level and also at Group level. During 2019, the waste control programme has been rolled out to our Asia Pacific and EEME operations, initially focusing on Hong Kong, Australia and Cyprus, where targets have been set at country and unit level, and are being reviewed each month with actions set accordingly. We now have waste controls operating in 13 of our markets, up from six markets in 2017.

Recent developments in our waste management systems include trials of a downloadable weekly planner in SSP UK's Starbucks units. The planners use recent sales mixes and volumes and apply them to future sales forecasts, enabling us to reduce wastage of perishable food such as sandwiches, salads, muffins and pastries.

Many of our country teams have also built partnerships with local charities so that we can offer them donations of any foods which is unsold at the end of the day. In Spain, we donate to the Red Cross and in Paris, our Pret units donate unsold food to local homeless charities. Our M&S units in the UK work with an organisation called Neighbourly, which puts our teams in contact with local charities who would benefit from unsold food donations. There are currently 27 M&S sites taking part in the scheme.

Several of our European markets use 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. The app is being used across all our French rail and air locations, and in 14 units in Norway. SSP Sweden and SSP Germany will be rolling out Too Good To Go early next year, and it will be extended to more units in Norway. SSP Denmark and SSP Finland are looking into other similar apps to reduce unsold food waste.

Single-use plastic remains a key area of concern for clients and customers. All of our markets globally have been tasked with developing a plan to move away from the use of single-use plastic wherever viable. In the majority of our European markets, plastic cutlery, stirrers and straws have been replaced already or will be replaced by 2020. Within our European businesses, all salad containers, tumblers and similar items are now made from recycled PET which can itself be recycled after use. In the UK, we are also moving milk from polypropylene bottles to pouches, reducing plastic waste tonnage by around 80%. SSP Sweden switched from recycled plastic to pulp packaging for take-away salads, and in 2018, we replaced all plastic bags with paper. This saved 650 kg of plastic last year. Wherever plastic packaging continues to be used in our Swedish business (if there is no suitable alternative), we use only recycled or bioplastic. Where possible, disposable plastics have also been replaced with steel or wood, for example, replacing all single portion sugar 'sticks' with sugar dispensers.

Case study: SSP Sweden wins Environmental Initiative of the Year at 2019 FAB Awards

Our team at SSP Sweden were delighted to have their environmental work recognised at the 2019 FAB Awards, winning Environmental Initiative of the Year. SSP Sweden has actively been working on environmental issues since the late 1990s and has been certified to the ISO14001 since 2001, recognising our commitment to reducing energy consumption and promoting best practice in environmental management.

Environmental sustainability is wholly integrated into the way we run our business in Sweden. We only buy renewable electricity, and 95% of units and offices across SSP Sweden have LED lighting. Our kitchens use induction stoves which are 35% more energy efficient than old iron stoves, and our customer facing refrigeration units all include doors which saves 40% energy compared to models without doors. Cleaning agents are Nordic Ecolabelled, as are the detergents used to wash uniforms and linen, and chemically free cleaning methods chosen for combination machines.

Since 2015, our food waste has decreased by 50%, and we are also working to reduce plastic waste, switching from recycled plastic to pulp packaging or bioplastic. Environmental impact is also a factor in SSP Sweden's product ranges with all eggs from free-range sources, organic wine, beer, coffee and milk served, and work underway to ensure that any palm oil used is from certified sustainable sources.

Our community

Our priorities

As an employer of over 39,000 colleagues in 35 countries, we are present in many communities across the world. 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

Our businesses across the world have partnerships with a wide range of local and international charities, with each country team identifying the charitable causes which is most relevant to their colleagues and customers.

Across all of our global markets, we have partnerships with more than 30 charities.

In Continental Europe, we are developing a multi-country partnership with international charity, SOS Children's Villages. The charity was selected by our colleagues, and each SSP country team is working with their local charity team to identify a local SOS Children's Village project which their fundraising can support. SOS Children's Villages works to provide vulnerable young people with a home and a family with siblings and a trained SOS parent. It also provides communities where children can grow up from infancy to adulthood with quality education and medical care. SSP country teams are working to put fundraising mechanisms in place, with a view to having the partnership active in our major European markets early in 2020.

In India, our TFS team work with the K Corp Charitable Foundation to support a number of charities on projects focused on food, nutrition and hunger in India, in many cases offering support for the medium or long term. One example of a partnership with Action Against Hunger sponsored 51 villages in the Maharashtra province with the aim of eradicating malnutrition and other health related issues around the first 1,000 days of children's lives through the provision of proper nutrition and guidance. Working with Feeding India, our TFS units at Mumbai, Chennai and Delhi Airports have donated over 2,000 meals to people in need. Another partnership, this time with the National Association for the Blind has seen sponsorship of the JK Kapur Skill Development Centre. The fully equipped skill centre has computers, high-speed WiFi, printers and other facilities, enabling the visually impaired to learn, access information and build their career prospects.

SSP units across the UK have collection tins for the SSP Foundation, 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. During the year, the Foundation made a total of 69 grants with a total value of £269,000 to a range of both local and national charities.

More than 80 SSP UK colleagues took part in a Tough Mudder obstacle course to raise funds for Macmillan.

Our SSP UK colleagues vote for a charity of the year as a focus for their employee fundraising activities. Following a successful partnership with Macmillan Cancer Support in 2018, colleagues voted to work with Macmillan again during 2019, with an objective to raise £500,000 over the two-year partnership (including a grant from the SSP Foundation). Colleagues across the business threw themselves into their fundraising with great enthusiasm, running green-themed fancy dress days, sponsored leg waxes and head shaves, quizzes and many Macmillan Biggest Coffee Morning events.

"A big thank you to all SSP UK colleagues and the SSP Foundation for raising an incredible £500,000 to support the 2.7 million people living with cancer in the UK; a number that is set to rise to 4 million by 2030. The SSP partnership is really important to Macmillan, as it enables us to support people living with cancer and their families, to live their lives as fully as possible. Thank you to SSP colleagues for voting Macmillan as your charity partner next year. We're really grateful for all your support and look forward to achieving even more together in 2020."

Natasha Parker, Head of Corporate Partnerships, Macmillan Cancer Support

More than 80 colleagues, led by CEO Simon Smith and members of the UK Executive team, took on a gruelling Tough Mudder obstacle course. Total fundraising for the 2018 and 2019 partnership currently stands at over £500,000, enough to fund over 17,000 hours of Macmillan nursing time.

Simon Smith
Chief Executive Officer
19 November 2019

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 20 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 Limited, 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, Unilode Aviation Solutions and GlobalConnect.

In addition, Vagn is a Senior Advisor to Morgan Stanley in the Nordic region and a Senior Industrial Advisor to EQT Partners.

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

Simon Smith

Chief Executive Officer

Simon was appointed as Chief Executive Officer in June 2019, having joined SSP as Chief Executive Officer of the UK & Ireland region in 2014. Simon brings significant business and operational experience to the Board and has more than 25 years' experience in the retail and catering sectors.

Previous experience:
Simon began his career at Fenwicks before moving to Allders Department Stores, and then Safeway where he worked in both commercial and marketing roles. Before joining SSP, Simon was at WHSmith for 10 years, most recently as Managing Director of WHSmith's travel division. He joined the travel division of WHSmith in 2004 and held the roles of Trading Director and Chief Operating Officer before his promotion to Managing Director. During his tenure, the travel division expanded to more than 20 new international markets across Europe, India, the Middle East and Asia Pacific.

In his previous role at SSP, in addition to running the UK business, Simon's role broadened internationally, and he took full responsibility for the integration and development of the Company's joint venture in India, Travel Food Services.

Qualifications:
Simon holds a first class Economics honours degree from Leeds University.

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 25 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 is a Non-Executive Director of Assura plc, where he is Senior Independent Director and Chairman of the Audit Committee.

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

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 Flutter Entertainment plc (previously known as 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 in 1986.

Board Committees

A Audit Committee
R Remuneration Committee
N Nomination Committee
* Chair

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, the Chairman of the Executive Board of Bilfinger SE and a Non-Executive Director of Xovis AG.

External appointments:
Per has been a Non-Executive Director of Alvest Holding since April 2019 and Saudi Ground Services Company since May 2019. 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.

Carolyn Bradley

Senior 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 30 years, brings a strong consumer focus. Carolyn brings significant board and board committee advisory experience to the Board.

Previous experience:
Carolyn spent over 25 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. She was also a Non-Executive Director of Legal & General Group plc.

External appointments:
Carolyn is a Non-Executive Director of Majid Al Futtaim Retail LLC, Marston's plc (Senior Independent Director), The Mentoring Foundation and B&M European Value Retail S.A. She is a trustee and Deputy Chair 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.

Mike Clasper

Chairman designate Non-Executive Director

N*

Mike joined the SSP Board as an Independent Non-Executive Director on 1 November 2019. Mike has served on boards across a wide range of businesses. He brings significant and relevant experience, in particular an expertise in the airport and aviation services industries following his time as Chief Executive of BAA plc.

Previous experience:
Mike has held various senior executive positions including Chief Executive Officer of BAA plc, Operational Managing Director of Terra Firma Capital Partners Limited and President (Global Home Care & New Business Development) of Procter & Gamble Limited. In addition, Mike has held various non-executive roles including Chairman of HM Revenue & Customs and Which? Limited and Senior Independent Director of Serco Group plc and ITV plc.

External appointments:
Mike is currently Chairman of Coats Group plc and Chairman of Bioss International Ltd. Mike is also a Trustee of Heart Cells Foundation, a Governor of the Royal Shakespeare Company (RSC) and an Advisory Board member for Arora International.

Qualifications:
Mike graduated from the University of Cambridge with an MA in Engineering.

CORPORATE GOVERNANCE REPORT

UK Corporate Governance Code compliance

Responsibility for good governance lies with the Board. The Board is responsible for leading the Company, for overseeing the governance of the Group, and for setting the tone for the Group's culture, values and standards. The Board is accountable to shareholders and is committed to the highest standards of corporate governance. For the year ended 30 September 2019, the 2016 UK Corporate Governance Code (the 'Code') remained the standard against which we were required to measure ourselves. The Code can be found on the Financial Reporting Council's website at www.frc.org.uk. This Corporate Governance Report, together with the Statement by the Chairman of the Remuneration Committee and Directors' Remuneration Report set out on pages 45 to 67, 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 39.

Corporate governance best practice has continued to evolve in recent years and the Board is familiar with the changes following the publication of the 2018 UK Corporate Governance Code (the '2018 Code'). The 2018 Code applies to the Company's reporting period commencing 1 October 2019. The Board has carried out an assessment of the new requirements and has already taken steps to ensure compliance with the 2018 Code, some of which are set out in the table below. The Board will continue to update the Company's governance procedures and will provide an update on the implementation of the 2018 Code in the 2020 Annual Report and Accounts.

Steps taken to implement the 2018 Code

Key theme	Steps taken
Company's purpose, values, strategy and culture	Refreshed values were launched to the senior leadership team at the Group Leadership Conference in June 2019. A wider roll-out plan has been developed and is expected to be launched in the first half of FY 19/20. This roll-out plan is focused on ensuring that these values are communicated to all colleagues across the organisation and are embedded in the Company's culture. The Board is also looking at the ways by which it will monitor culture.
Workforce engagement	Per Utnegaard was appointed as the designated Non-Executive Director for engagement with the Company's workforce in April 2019 and the engagement plan for FY 19/20 is underway. As such, Per is responsible for gathering the views of all colleagues and representing these views at Board level. Per's new role will facilitate effective engagement with all colleagues and strengthen the link between workers and the boardroom.
Committee terms of reference and other governance documents	The Board and Committee Terms of Reference, statements of responsibility and other Group documents were updated prior to 1 October 2019 to ensure they are in line with the provisions of the 2018 Code. The Company has taken steps to ensure that the Whistleblowing Policy is part of the Board review process.
Board, Committee and Director evaluation	We have updated our annual evaluation process of the Board's performance and that of its committees and Directors to reflect the 2018 Code and the 2018 Guidance on Board Effectiveness. The 2018 Guidance on Board Effectiveness can be found on the Financial Reporting Council's website at www.frc.org.uk. The Board recognises that it needs to take a very thorough approach when assessing the performance of the Board, its committees and the Directors and that it needs to consider how effectively the different parts of the Board (such as the Chairman and the Senior Independent Director and the Executive and Non-Executive Directors) interact and operate with one another. Another key change in the 2018 Code is the focus on stakeholder engagement and we have increased our emphasis on this in our evaluation process.
Remuneration	The Remuneration Committee has reviewed the Company's approach to remuneration and has adopted new governance requirements following discussions with our shareholders. The Company has introduced a post-employment shareholding requirement, automatic annual bonus deferral, non-financial performance measures for the Chief Executive Officer's annual bonus, pension changes for new Executive Directors and increased minimum shareholding requirements for both the Chief Executive Officer and Chief Financial Officer. We have also strengthened our disclosure of performance outcomes reflecting feedback from our shareholders. Further details of the changes made can be found in the Statement by the Chairman of the Remuneration Committee and the Directors' Remuneration Report.

Compliance statement

The Board considers that for the year ended 30 September 2019, the Company has complied with all 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

Board changes

The Board has seen significant change over the last year. Following Kate Swann's departure with effect from 31 May 2019, Simon Smith was appointed as the new Chief Executive Officer with effect from the beginning of June 2019. Ensuring a smooth transition from Kate to Simon has been a key priority for the Company and Simon has made a strong start in his new role. John Barton and Denis Hennequin also resigned this year with effect from the Company's AGM on 21 February 2019.

On 1 November 2019, it was announced that Vagn Sørensen would be retiring from the position of Chairman with effect from the 2020 AGM and that Mike Clasper had been appointed to the Board as an independent Non-Executive Director and Chairman designate. Mike will also chair the Nomination Committee with effect from 1 November 2019.

Composition

As at 30 September 2019, the Board was made up of six members, comprising the Chairman, two Executive Directors and three Non-Executive Directors. There were various changes to the composition of the Board throughout the 2019 financial year as explained above and stated in the footnotes to the meeting attendance table on page 37. At the date of this report, there are four Non-Executive Directors following the appointment of Mike Clasper to the Board with effect from 1 November 2019. Simon Smith was appointed to the Board from 20 November 2018 and as Chief Executive Officer on 1 June 2019 following the departure of Kate Swann on 31 May 2019.

Carolyn Bradley, Ian Dyson and Per Utnegaard 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. Carolyn Bradley is the Company's Senior Independent Director. 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 Remuneration Committee.

Biographical details of each of the Directors currently in office are shown on pages 32 and 33. The Company's policy relating to the terms of appointment and the remuneration of both the Executive and Non-Executive Directors is detailed in the Directors' Remuneration Report.

The Board meets regularly during the year, as well as on an ad hoc basis, as required by business need. The Board met eight times between 1 October 2018 and 30 September 2019 and attendance at these meetings is shown in the table on page 37. Each Director is also proposing to attend the 2020 Annual General Meeting (the '2020 AGM') to answer shareholder questions.

The Company also has a Group Executive Committee, composed of the Executive Directors and senior management, which meets regularly to discuss the business and strategy of the Group.

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 powers of the Board in relation to share capital can be found on page 68 of the Directors' Report.

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 culture, values and standards, and ensures that it acts ethically and that the Company's obligations to its shareholders are understood and met. The Board is also responsible for monitoring the Company's culture. 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 41 to 44.

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 to allow Directors to be properly briefed in advance of meetings.

The roles of the Chairman, Chief Executive Officer and Senior Independent Director 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 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 Chairman and 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 and interact with 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 Group Executive Committee 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, Mike Clasper received an initial tailored induction to ensure that

CORPORATE GOVERNANCE REPORT CONTINUED

he understands the main areas of business activity and the key risks and issues facing the Group. Mike's induction will continue over the coming months with further site visits and meetings with the Board members and other key senior executives and advisors.

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. The Articles of Association may be amended by special resolution of the shareholders. 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 40 and 46.

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 2019 internal evaluation was carried out by way of detailed evaluation questionnaires and was facilitated by the General Counsel and Company Secretary. The evaluation took place during the summer of 2019 and the next evaluation is expected to take place during the summer of 2020.

Following completion of the questionnaires by each Director, the General Counsel and Company Secretary reviewed the responses and prepared reports which were delivered to the Chairman, Senior Independent Director and to the Chair of each Committee. Following this, calls between the Chairman, Senior Independent Director, General Counsel and Company Secretary and each Director took place to discuss the questionnaire responses. The Chairman, Senior Independent Director, General Counsel and Company Secretary and Chair of each Committee then considered the results and any action points for recommendation to the Board.

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 2019 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 2019 Board meeting.

The matters considered in the Board evaluation included (i) the size and composition of the 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 results were generally positive and the recommendations from the 2019 evaluation process are set out in the table below.

Key area	Recommendation
Board Size and Composition	The Nomination Committee should continue to determine the optimal size and composition of the Board and the expertise and skillset of the Directors needed for the Board to operate effectively.
Succession Planning	The Board and the Nomination Committee should continue to focus on greater transparency, forward planning and effective communication around succession planning.
Strategy	The Board should consider the option of holding a dedicated annual strategy event or extending the strategy event to allow more time for the Board to consider and discuss wider-ranging issues and provide for more debate.
Governance of Board and Committee Meetings	The Chairman should ensure the length of meetings allows sufficient time for thorough discussions and that Board papers are issued in a timely manner.
Remuneration Committee	The current Chair of the Remuneration Committee has taken positive steps to address the issues arising from the significant vote against the FY 18/19 Remuneration Report including engaging with shareholders as is noted on page 46. This will continue to be monitored throughout FY 19/20.

Director performance

Following the evaluation of the Chairman and Chief Executive Officer, the Non-Executive Directors 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 has provided effective management of the business since his appointment to the role on 1 June 2019. The Non-Executive Directors will continue to review the roles of the Chairman and the Chief Executive Officer in the year ahead, noting that Mike Clasper will succeed Vagn Sørensen following the conclusion of the 2020 AGM.

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 2019 Annual General Meeting (the '2019 AGM') the Company received a vote of more than 20% against (i) the resolution to approve the Remuneration Report and (ii) the resolution to re-elect the Chairman, Vagn Sørensen.

Remuneration Report

The Board gathered feedback from shareholders following the outcome of the vote to approve the Remuneration Report at the 2019 AGM and it was clear that a key area of concern related to the disclosure of the annual bonus plan. The Board undertook a further round of consultations with our largest shareholders regarding the FY 18/19 remuneration arrangements, as well as gathering views on the Company's future remuneration arrangements and recent developments in corporate governance following the publication of the revised 2018 Code. The outcome of these discussions is set out on page 46.

Taking into account the feedback from shareholders at the time of the 2019 AGM, and as anticipated in the announcement on 21 February 2019, the Remuneration Committee amended the operation of the annual bonus for Simon Smith, following his appointment as Chief Executive Officer on 1 June 2019, such that his annual bonus will be determined by both the financial performance of the Group and his performance against strategic objectives. The Committee has also enhanced its approach to bonus target disclosure and has adopted many new corporate governance requirements. The details of these changes are set out in the Directors' Remuneration Report.

Re-election of the Chairman

The Board also gathered feedback on concerns expressed regarding the length of Vagn Sørensen's tenure as Chairman and the number of external board appointments that he held at the time of the 2019 AGM. As announced on 1 November 2019, Vagn will retire from the Company at the conclusion of the 2020 AGM.

Conflicts of interest

As part of their ongoing development, both the Chief Executive Officer and the Chief Financial Officer may each seek one, external non-executive role 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.

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 2019 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 updated for the 2018 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. The Terms of Reference were updated prior to 1 October 2019 to ensure they are in line with the provisions of the 2018 Code. Membership and details of the principal committees are shown on pages 38 to 40. 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 2019:

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee
Carolyn Bradley	8 of 8	3 of 3	5 of 5	6 of 6
Simon Smith*	6 of 6	–	–	–
John Barton**	4 of 4	1 of 1	3 of 3	3 of 3
Jonathan Davies	8 of 8	–	–	–
Ian Dyson	8 of 8	3 of 3	4 of 5	6 of 6
Denis Hennequin***	4 of 4	1 of 1	3 of 3	3 of 3
Vagn Sørensen	8 of 8	–	5 of 5	–
Kate Swann****	6 of 6	–	–	–
Per Utnegaard	8 of 8	3 of 3	5 of 5	6 of 6

* Simon Smith was appointed to the Board from 20 November 2018. Simon attended all 6 Board meetings held following the 20 November 2018 announcement of his new role as Chief Executive Officer.

** John Barton resigned as a Director with effect from 21 February 2019. There were 4 Board, 1 Audit Committee, 3 Nomination Committee and 3 Remuneration Committee meetings held from the start of the financial year to his date of resignation and John attended all of these.

*** Denis Hennequin resigned as a Director with effect from 21 February 2019. There were 4 Board, 1 Audit Committee, 3 Nomination Committee and 3 Remuneration Committee meetings held from the start of the financial year to his date of resignation and Denis attended all of these.

**** Kate Swann resigned as a Director with effect from 31 May 2019. There were 6 Board meetings held between the start of the financial year to her date of resignation and Kate attended all of these.

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.

CORPORATE GOVERNANCE REPORT CONTINUED

Nomination Committee

The following section constitutes 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 and sets measurable objectives and a policy for Board and senior management 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 Director appointments and maintains oversight of a diverse pipeline for succession, 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. Succession planning was an area of focus for the Board and the Nomination Committee in FY 18/19. Both the Nomination Committee and the Board have continued to consider the leadership needs of the Group, together with the skills and experience needed from its Directors going forward. At the end of FY 17/18, the Committee engaged Korn Ferry in connection with the appointment of a new Chief Executive Officer to assess potential internal candidates for the role and complete an external benchmarking exercise. Following this assessment, the Committee recommended the appointment of Simon Smith to the position. Later in the year, the Committee, led by the Senior Independent Director, oversaw the process of identifying and recommending the appointment of Mike Clasper. Vagn Sørensen was not involved in the selection of his successor. The search was carried out by the Committee with the assistance of Russell Reynolds. Given the retirement of Denis Hennequin and John Barton during FY 18/19, succession planning will continue to be an area of focus in FY 19/20.

As noted in the Sustainability Report, 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 of our colleagues 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 noted on page 29, as at 30 September 2019, 17% of our Board of Directors were female and we now have 32% 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. With regard to the Hampton Alexander Review, the Board is committed to improving our current Board gender balance.

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 on merit with due regard to diversity and gender. 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 2019

Chairman: Vagn Sørensen
Members: Ian Dyson, Carolyn Bradley and Per Utnegaard.

Changes: Both John Barton and Denis Hennequin ceased to be members with effect from 21 February 2019. Vagn Sørensen succeeded John Barton as Chairman of the Committee with effect from 21 February 2019. Mike Clasper became a member with effect from 1 November 2019 and succeeded Vagn Sørensen as Chairman of the Committee with effect from 1 November 2019.

Meetings held in FY 18/19: 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;
- talent management and succession planning;
- the appointment of Simon Smith as Chief Executive Officer, following the resignation of Kate Swann;
- the appointment of Mike Clasper as an independent Non-Executive Director and Chairman designate of the Company; and
- carrying out the annual review of its Terms of Reference.

The Chairman of the Nomination Committee will attend the 2020 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 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.

At the end of FY 17/18, the Committee engaged Korn Ferry to assist in identifying a potential candidate to be appointed as new Chief Executive Officer to succeed Kate Swann. Korn Ferry were instructed to assess the Company's internal future successors for the position and to complete an external benchmarking exercise, including the preparation of a draft job specification which was agreed with the Committee. Korn Ferry prepared a shortlist of potential candidates and John Barton (as Chairman of the Committee at the time) discussed this list with Kate Swann (as the incumbent Chief Executive Officer) and all the other members of the Committee. Following careful consideration of each of the shortlisted candidates, the Committee recommended Simon Smith as the preferred candidate to be appointed Chief Executive Officer as the successor to Kate Swann. The Board accepted this recommendation and Simon was then appointed as a Director on 20 November 2018 and then as Chief Executive Officer on 1 June 2019.

The Committee approached Russell Reynolds to assist with the search to identify a suitable candidate to succeed Vagn Sørensen and become the Chairman of the Company, when Vagn retires from the Company at the conclusion of the 2020 AGM. 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. Carolyn Bradley, as Senior Independent Director and member of the Committee, submitted a short-list of candidates to the other members of the Nomination Committee (excluding Vagn Sørensen) and the Chief Executive Officer. Carolyn Bradley and the Chief Executive Officer met the short-listed candidates, and following this, Mike Clasper met with Ian Dyson and Per Utnegaard. Following a thorough process, the Committee recommended that Mike be appointed to the Board as a Non-Executive Director of the Company, and his subsequent appointment as Non-Executive Chairman. The Board accepted the recommendations and accordingly, Mike was duly appointed as a Non-Executive Director and Chair of the Nomination Committee, with effect from 1 November 2019.

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 taking into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture.

Membership as at 30 September 2019

Chairman: Carolyn Bradley
Membership: Ian Dyson and Per Utnegaard.

Changes: Both John Barton and Denis Hennequin ceased to be members with effect from 21 February 2019. Carolyn Bradley succeeded John Barton as Chairman of the Committee with effect from 21 February 2019.

Meetings held in FY 18/19: Six

The Directors' Remuneration Report is set out on pages 45 to 67, 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 2020 AGM to respond to any shareholder questions that might be raised on the Remuneration Committee's activities.

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 monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity, reviewing the Group's half-year and annual financial statements and accounting policies and internal and external audits and controls, reviewing and monitoring the statutory audit of the annual and consolidated accounts and the independence of the statutory auditors and the extent of the non-audit work undertaken by statutory auditors (including identifying and reporting to the Board where it considers action or improvement is needed in relation to the supply of non-audit services), advising on the appointment of external auditors, monitoring and reviewing the effectiveness of the internal audit, internal controls and risk management systems in place within the Group, ensuring a robust assessment of the principal and emerging risks facing the Company is carried out on request from the Board and advising the management team on the mitigation of such risks, and informing the Board of the outcome of the statutory audit and how it contributed to the integrity of financial reporting (including the Audit Committee's role in the process).

CORPORATE GOVERNANCE REPORT CONTINUED

Membership as at 30 September 2019

Chairman: Ian Dyson
Membership: Carolyn Bradley and Per Utnegaard.

Changes: Both John Barton and Denis Hennequin ceased to be members with effect from 21 February 2019.

Meetings held in FY 18/19: Three

The Audit Committee's Report is set out on pages 41 to 44, and includes details of the Audit Committee's responsibilities and activities during the year. The Chairman of the Audit Committee will attend the 2020 AGM to respond to any shareholder questions that might be raised on the Audit Committee's activities.

Other Committees

Group Executive Committee

The Group 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 on a monthly basis 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 General Counsel and Company Secretary. It meets on an ad hoc basis and reports to the Board.

Shareholder relations

The Company values the views of shareholders and recognises their interests in the Group's strategy and performance.

Substantial shareholdings

Details of the substantial shareholdings can be found on page 70 of the Directors' Report.

Rights and obligations attaching to shares

Details of the rights and obligations attaching to shares can be found on page 69 of the Directors' Report.

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 the Senior Independent Director, 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 2020 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 2019 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

We continue to place a high priority on risk management and have a very comprehensive and effective set of monitoring procedures and controls in place.

Ian Dyson
Chairman, Audit Committee
19 November 2019

Dear Shareholder

On behalf of the Audit Committee (the 'Committee'), I am pleased to present its report for the year ended 30 September 2019.

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 implemented during the year (e.g. IFRS 9 and IFRS 15), acquisition accounting and the Group's viability and going concern statements. The impact of IFRS 16, which will be material, was also reviewed.

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 two other independent Non-Executive Directors namely, Per Utnegaard and Carolyn Bradley. Previously, the Committee also included John Barton and Denis Hennequin both of whom stepped down following the first Audit Committee meeting in November 2018. Attendance at these meetings is shown on page 37. As Chairman, I have recent and relevant financial experience through my past roles as a Chief Executive Officer and Group Finance Director of publicly quoted companies. The expertise and experience of the members of the Committee is summarised on pages 32 and 33. 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.

AUDIT COMMITTEE REPORT CONTINUED

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 2019, areas of particular focus included the impact of Brexit, which has continued to be a high risk area especially in the UK market, information security and stability, and compliance with various pieces of legislations (for example, 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 of IFRS 16 and monitoring progress against the implementation plan;
- impact of other new accounting standards (IFRS 9 and IFRS 15) which were adopted during the year;
- 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 2020 Annual General Meeting (AGM) to answer any questions from shareholders about the work of the Committee.

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 24.

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 2019 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 2019, 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 2019 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, .e.g. audit related services, the engagements for non-audit services that are not prohibited are still 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.

The Group updated its non-audit services policy during the year in line with the latest ethical guidance. This was approved by the Group Board and reviewed by the Audit Committee in September 2019.

Details of fees payable to the external auditor are set out in note 5 on page 94. In 2019, non-audit fees represented approximately 20% of the audit fee. KPMG has provided tax compliance services to certain Group companies in 2019 and the non-audit fees in 2019 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.

AUDIT COMMITTEE REPORT CONTINUED

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.

- 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, setting out the tax strategy and highlighting the principal tax risks that the Group faces 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 25 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
19 November 2019

STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Our approach to executive remuneration continues to align to the Group's strategy and has developed to address the views of our shareholders and the external regulatory environment.

Carolyn Bradley
Chair, Remuneration Committee
19 November 2019

Introduction

On behalf of the Board, I am delighted to present my first Directors' Remuneration Report as Chair of the Remuneration Committee, having taken over from John Barton in February 2019. John had chaired the Committee since the Group's Initial Public Offering in 2014 and I would like to thank him on behalf of the Board for his dedicated work as Chair of the Committee.

The 2019 financial year has been a year of transition for the Group, with Kate Swann stepping down as Group CEO in May 2019 following a tremendously successful five years in the role. Kate led the Group through its IPO in 2014 and oversaw a period of significant growth. During this period' underlying Group operating profit has increased by 150%, the share price has trebled and over £180m of ordinary dividends were distributed to our shareholders. I would like to take this opportunity to thank Kate Swann on behalf of the Board for the success of the Group under her leadership and the value she has delivered to our shareholders, customers, clients and colleagues. The Group's strong financial performance has continued and underlying Group operating profit for the year stood at £221.1m (£218.1m on a constant currency basis), representing an improvement of over 12% from 2018 (at constant currency).

This year, we have continued to develop our remuneration strategy. In September, we wrote to 75% of the Group's shareholder base to understand their views on remuneration, particularly in the context of the disappointing vote on our remuneration report at the 2019 AGM. I would like to thank our shareholders for their feedback and support in the development of our approach to executive remuneration.

Since the 2019 AGM, the Committee has reviewed our approach to remuneration and reporting on executive remuneration in detail, with particular reference to the UK Corporate Governance Code 2018 and associated guidance. The Committee takes its responsibility seriously to ensure that our executive remuneration practices drive strong performance, are aligned with the strategy and sustainability of the Group and are appropriate in the context of the external regulatory environment and the expectations of our stakeholders.

The Committee has decided to adopt many of the new requirements of the UK Corporate Governance Code, including post-employment shareholding requirements, alignment of pensions for new Executive Directors with the wider workforce and the expansion of the Remuneration Committee's remit to Senior Management.

This report details how we have implemented our Remuneration Policy, approved by shareholders at our 2018 AGM, for the financial year ended 30 September 2019. We have adopted many of the new governance requirements following discussions with our shareholders and these will form a part of the Remuneration Policy put to shareholders at the AGM in 2021. The Policy is set out on pages 60 to 67.

Board changes

Following the departure of Kate Swann on 31 May 2019, we were delighted to welcome Simon Smith as the Group CEO. The Committee is pleased that the new Group CEO is an internal promotion, having previously held the role of CEO UK & Ireland, which reflects the exceptional talent throughout the Group.

Simon's base salary has been set by reference to a variety of factors including the fact that this is his first Group CEO role. His overall package is c.25% less than that received by Kate. This includes a reduction in the Group CEO's pension allowance from 35% of base salary to 20% of base salary. Following agreement of these terms in November 2018, the Committee is aware that the Investment Association subsequently published specific guidelines relating to pensions for newly appointed Directors. The Committee did not however think it was appropriate to revisit Simon's package at this time. The Committee intends to keep Simon's package under review in the coming years subject to his development and performance in role and the continued growth of the Group, as well as governance developments. Our shareholders' comments and perspectives will be considered as part of any proposed changes to Simon's package. Details of Kate's termination arrangements were disclosed in June 2019 and are set out in the Annual Report on Remuneration.

STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE CONTINUED

Engaging with our shareholders

Following the 2019 AGM, we wrote to 75% of the Group's shareholders to discuss the Committee's approach to implementing our Remuneration Policy for the year ahead. We particularly wanted to understand the concerns of those who were unable to support the resolution at the 2019 AGM. We greatly appreciated the level of engagement from our shareholders and I was pleased to be able to meet with shareholders representing 64% of our shareholder base.

A key theme of these consultations was the transparency of our disclosure, including providing a more detailed explanation of the level of stretch in targets for performance-based remuneration. Overall, our shareholders recognised SSP's continued strong performance. We also discussed the implementation of new corporate governance requirements.

Following these consultations, we have incorporated investor feedback and new corporate governance developments into the Committee's implementation of our Remuneration Policy for the year ended 30 September 2020 as set out below.

- The Committee has introduced additional performance measures into the CEO's bonus in 2019 in response to feedback from shareholders and proxy agencies following the 2019 AGM. For Simon Smith 20% of the Annual Bonus will continue to be subject to non-financial performance measures, comprising a number of objectives that are aligned to the Group's strategic goals.
- All Executive Directors will be required to defer a minimum of 33% of bonus into the Group's shares for three years.
- We have significantly expanded the transparency of our Annual Bonus target disclosure, including strengthened disclosure of strategic objectives.
- Pension provisions for any new Executive Director will be aligned with pension levels in the wider workforce. The Committee will keep the pension provisions for current Executive Directors under review in the coming years in the context of developing advice and emerging market practice.
- The Minimum Shareholding Requirement (MSR) for the Group CEO and CFO will increase to 250% of base salary and 200% of base salary respectively (previously 200% of base salary for the Group CEO and 125% of base salary for CFO).
- Executive Directors will be subject to a post-employment shareholding requirement. The full MSR will be held for the first year following termination of employment. 50% of the MSR will be held for a second year. This will become effective from 1 October 2019.

These changes are in addition to the normal operation of our Remuneration Policy as set out below:

- The current salaries of Executive Directors will continue to apply from 1 October 2019, and will be reviewed during the year with any changes effective from 1 June 2020, in line with our usual timetable.
- The Annual Bonus will be based on underlying Group operating profit and the achievement of strategic objectives.
- PSP awards will be granted in November 2019 equal to 200% of base salary to Simon Smith and 150% of base salary to Jonathan Davies. These awards will be subject to EPS growth (75% weighting) and relative TSR performance (25% weighting) over the three financial years. After the end of the three-year performance period, these awards will be subject to an additional two-year holding period.
- As stated in our 2018 report, the Committee retains the discretion to override formulaic outcomes and malus and clawback provisions apply to all incentive plans.

The remuneration arrangements above are effective from 1 October 2019 and the proposed changes will form a part of the Remuneration Policy put to shareholders for approval at the 2021 AGM. As mentioned in our 2018 Directors' Remuneration Report, the Committee has also expanded its remit to include determining pay arrangements for Senior Management (comprising the Executive Committee and Company Secretary) and its Terms of Reference have been updated accordingly.

I am grateful to all the shareholders and investor bodies who engaged with our consultation process for their time and input. We are keen to encourage an ongoing dialogue with our shareholders and value active participation in that process.

Key decisions and pay outcomes for the year ended 30 September 2019

Incentive outcomes for the year ended 30 September 2019

In 2019, the Group delivered another year of excellent sales and profit growth against the backdrop of a challenging market. The prevailing external environment presented a number of challenges to performance and, as set out in our 2018 preliminary results announcement, we anticipated lower like-for-like sales and margin expansion in 2019 due to a number of notable headwinds. In light of these challenges the Committee took the decision to reduce the stretch target for the bonus to 105% of budget (from 107%). This still required a challenging year-on-year growth of 12.1%. Further information can be found on page 51.

Despite these challenges, organic like-for-like sales were 1.9%, and the year also saw net contract gains of 5.6%, with very strong performance in North America (13.0%) and Continental Europe (6.6%). The Group's strategic initiatives continued to drive margin improvement across all cost lines and coupled with the sales growth resulted in underlying Group operating profit increasing 12.1% year-on-year and exceeding the stretch target.

In view of this performance and their performance against their strategic objectives, the Committee awarded an Annual Bonus of 89.4% of maximum opportunity to Simon Smith and 80.0% of maximum opportunity to Jonathan Davies. Further details of performance achieved and bonus targets set are shown on pages 51 to 53.

For the Performance Share Plan (PSP) awards made in November 2016 (with a vesting date of November 2019), the TSR for the Group stood at 119% since 1 October 2016 compared to the top quartile peer group performance of 40%. EPS growth over the three year performance period stood at 24.3%, compared to the stretch target of 12%. The Committee has considered the impact of the Company's recent share consolidations on EPS growth over the performance period and has determined that the impact was immaterial to the achievement of the EPS target. Therefore, the EPS target was not adjusted.

As the Company has exceeded the maximum relative TSR and EPS growth targets for the performance period the award will vest in full in November 2019. Full details are provided on page 49.

The Committee exercised its independent judgement and reviewed these incentive outcomes in the context of the Group's wider performance, ESG performance and the overall shareholder experience. The Committee concluded that these outcomes were aligned with the wider business performance, so did not exercise its discretion over any incentive outcomes in 2019.

Group CFO Remuneration

During the year, Jonathan Davies' responsibilities were materially expanded to include Group Purchasing, Group Capital Projects and Property. The Committee reviewed his remuneration package and determined that an adjustment to his overall package was appropriate to reflect the materially increased remit. This approach is in line with our approach to increasing base salary throughout the UK monthly paid employee population where larger base salary increases are typically awarded to individuals where there is a material change to the remit or responsibilities of their role.

To ensure that the increase in his total package was tied to the long-term success and sustainability of the Group, the Committee decided to split the total increase between base salary and the PSP. Accordingly, Jonathan's base salary was increased by 8% to £467,600 effective 1 January 2019. The maximum opportunity of his annual PSP grant was increased from 125% of base salary to 150% of base salary to ensure the link between the potential value of the increase in his package to the long-term success of the Group.

Summary

Overall, 2019 was a year of transition for the Group and the Committee's approach to executive remuneration.

- We have successfully appointed a new Group CEO on a remuneration package that the Committee determined was appropriate. His overall package is c.25% less than that received by Kate.
- We proactively consulted with shareholders representing c.64% of our shareholder base.
- We have responded to each of the items raised by our shareholders and have introduced many good governance features, including substantial increases to Executive Directors' MSRs, the introduction of compulsory bonus deferral, the introduction of a post-employment shareholding requirement and significantly improving the transparency of our Annual Bonus disclosure.

In my first year as Remuneration Committee Chair, I have been pleased to meet with so many of our shareholders and it has been invaluable to hear their feedback first hand. I am hopeful that our shareholders will agree that we have made significant progress in the year and support our approach at the forthcoming AGM vote.

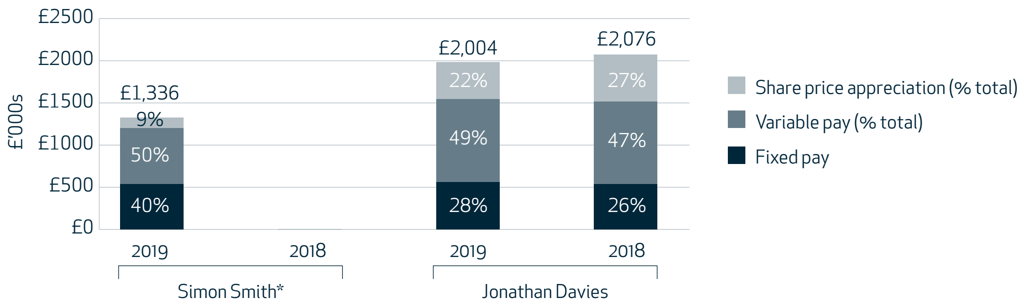
The Directors' Remuneration Report as set out on pages 48 to 67 was approved by the Board and signed on its behalf by:

Carolyn Bradley
Chair, Remuneration Committee
19 November 2019

REMUNERATION AT A GLANCE

Remuneration outcomes for the year ended 30 September 2019

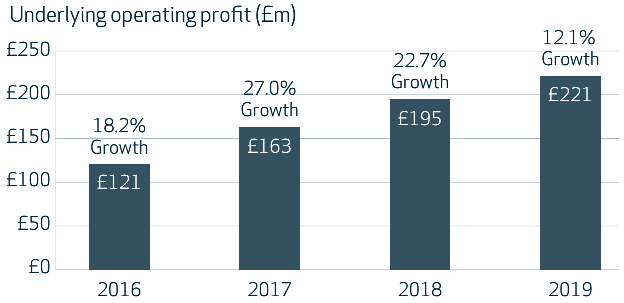
The table below provides a high level overview of what our Executive Directors earned in 2019 in comparison to 2018. As shown below, the majority of our Executive Directors' pay is performance based, and the totals reflect the exceptional performance of the Group over the past three years and the outstanding growth in SSP's share price.



* Remuneration for Simon Smith is shown from the date of appointment to the Board (20 November 2018).

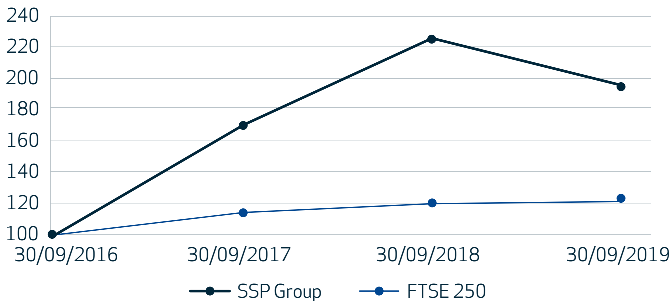
Incentive outcomes in 2019 reflect the excellent year we had as a business, despite facing challenging headwinds (such as disruption from protests in France, slower passenger growth and the impact of airport redevelopment in the Nordics and Spain, the grounding of Boeing Max 737 and weaker Chinese passenger numbers). This financial year showed continued growth in the Group's underlying operating profit. Our TSR performance has continued to be strong showing clear alignment between short-term and long-term performance.

Underlying operating profit (£m)



* Percentage growth shown is year on year at constant currency.

Three year TSR performance



2019 Annual Bonus outcomes (audited)

The Committee assessed underlying Group operating profit alongside Simon Smith's and Jonathan Davies' personal performance to form a rounded view of performance for our Executive Directors in the year. This resulted in 89.4% of maximum opportunity (pro-rata) for Simon Smith, 80.0% of maximum opportunity for Jonathan Davies and 100% of maximum opportunity for Kate Swann (pro-rata) being awarded for 2019.

Group financial performance

Underlying Group operating profit determined 80% of Simon Smith's bonus opportunity, the maximum bonus potential for Jonathan Davies under a matrix model (more detail on the matrix structure is provided on page 51) and 100% of Kate Swann's bonus opportunity.

	Targets set at the start of the 2018/19 financial year (£m)			2019 performance (£m)
	Threshold (30% of maximum)	Target/budget (50% of maximum)	Maximum (100% of maximum)	
Underlying Group Operating Profit (£m)[1]	201.5 (97% of budget)	207.7 (100% of budget)	218.1 (105% of budget)	218.1 (105% of budget)
Year-on-year Growth[2]	3.5%	6.7%	12.1%	12.1%

[1] Underlying Group operating profit for bonus calculations is on a constant currency basis.
[2] Represents growth from 2018 underlying Group operating profit on a constant currency basis (£194.6m).

Strategic Objectives

Executive Director	Target	Weighting	Outturn	Total
Simon Smith (Group CEO)	Strategic Initiatives	8.6%	7.2%	
	Geographical and Channel Diversification	5.7%	5.7%	18.6%
	People, Capability and Infrastructure	5.7%	5.7%	
Jonathan Davies (Group CFO)	Strategic Initiatives		Ahead of target	
	Financing	n/a - matrix	Ahead of target	0.8 performance factor
	Investment Returns and Capital Efficiency		Ahead of target	

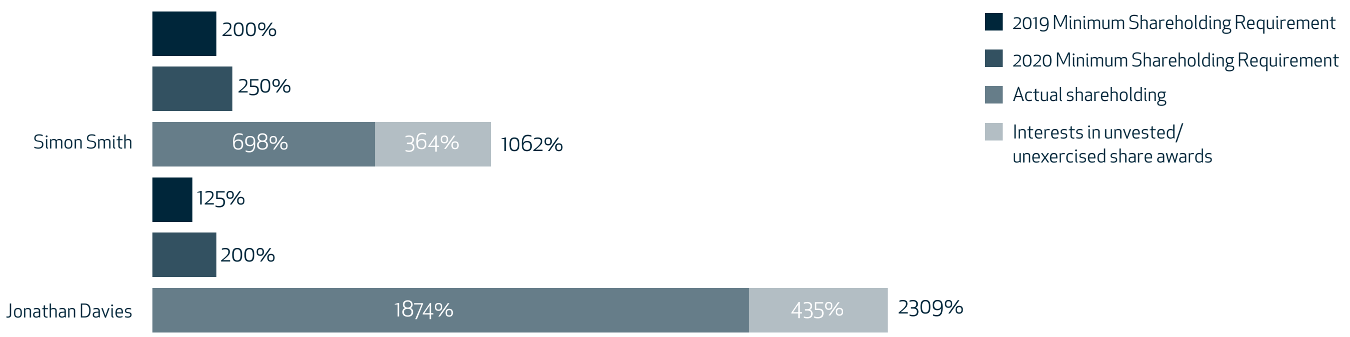
2016 Performance Share Plan ("PSP") vesting (audited)

Following another year of excellent performance, EPS growth was at 24.3% per annum, which will result in the EPS element vesting in full at 75% of maximum. Our TSR performance relative to a basket of comparators in similar sectors also continued to be strong, with SSP's TSR positioned significantly above the upper quartile of the comparator group. This will result in the TSR element vesting in full at 25% of maximum. Overall 100% of the PSP will vest for our Executive Directors in November 2019.

Performance condition	Description	Threshold	Maximum	Outturn
Total Shareholder Return (25% weighting)	Group TSR assessed relative to a comparator group of 35 companies in similar sectors	Median company performance	Upper quartile company performance	Above upper quartile company performance
Earnings Per Share (75% weighting)	Compound annual EPS growth from grant to vest assessed	7% p.a. CAGR	12% p.a. CAGR	24.3% p.a. CAGR
Vesting (% maximum)		25%	100%	100%

Equity exposure of our Executive Directors

Our Executive Directors' strongly align themselves with the long-term success of the Group through their high personal shareholdings.



As at 30 September 2019

Overview of implementation of Policy in 2020

A summary of the proposed packages for Executive Directors in the 2020 financial year in comparison to packages for the 2018/19 financial year is set out below.

		At 1 October 2019		At 1 October 2018
Element of remuneration	**Simon Smith**	**Jonathan Davies**	**Kate Swann**	**Jonathan Davies**
Base salary	£650,000	£467,600	£811,824	£432,973
Pension	20% of base salary	21% of base salary	35% of base salary	21% of base salary
Annual bonus maximum	175% of base salary	125% of base salary	200% of base salary	125% of base salary
Annual bonus targets	Financial and strategic	Financial and strategic	Financial	Financial and strategic
PSP annual award	200% of base salary	150% of base salary	200% of base salary	125% of base salary
Shareholding requirement	250% of base salary	200% of base salary	200% of base salary	125% of base salary

Proposed changes to Directors' Remuneration Policy for 2020 review

In light of recent corporate governance developments and feedback received from investors during the consultations carried out in the year, the Committee has proposed revisions to the operation of the Directors' Remuneration Policy this year. The Committee intends that the changes set out below will become effective from 1 October 2019, with the amendments being formally written into the Policy when it is put to shareholders for approval at the 2021 Annual General Meeting.

Element of policy	Current policy	Proposed amendments
Annual bonus deferral	Deferral of 50% of bonus if Minimum Shareholding Requirement ("MSR") is not met	In addition to the current policy, Executive Directors will be required to defer a minimum of 33% of bonus into the Group's shares for three years
New-hire pension policy	Maximum opportunity: 20% of base salary	Pension provisions for new hires will be aligned with pension levels in the wider workforce
Minimum Shareholding Requirement	CEO: 200% of base salary CFO: 125% of base salary	CEO: 250% of base salary (increased by 50% of salary) CFO: 200% of base salary (increased by 75% of salary)
Post-Employment Shareholding Requirement	No policy	Executive Directors will be required to maintain the full minimum shareholding requirement for one year following the cessation of their employment, reducing to 50% of the minimum shareholding requirement for a second year

ANNUAL REPORT ON REMUNERATION

Single total figure of remuneration – Executive Directors (audited)

The following table provides a summary single total figure of remuneration for 2018/19 and 2017/18 for the Executive Directors.

All figures shown in £'000	Salary and fees[a]		Benefits		Pension		Annual Bonus		Long-term incentives[cde]		Other[f]		Total fixed Remuneration		Total variable Remuneration		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Simon Smith[b]	**430**	–	**17**	–	**90**	–	**529**	–	**270**	–	**–**	–	**537**	–	**799**	–	**1,336**	–
Jonathan Davies	**459**	427	**16**	15	**96**	90	**468**	451	**966**	1,092	**–**	1	**571**	533	**1,434**	1,543	**2,004**	2,076
Kate Swann[g]	**541**	758	**51**	73	**189**	280	**1,491**	1,592	**2,656**	3,277	**337**	1	**1,118**	1,112	**4,147**	4,869	**5,265**	5,981
	1,430	1,185	**84**	88	**375**	370	**2,487**	2,043	**3,892**	4,369	**337**	2	**2,226**	1,645	**6,379**	6,412	**8,605**	8,058

[a] Salary and fees – this represents the base salary or fees paid in respect of the relevant financial year.
[b] Simon Smith – amounts of pay shown for Simon Smith shows remuneration earned from his appointment to the Board on 20 November 2018.
[c] Long-term incentives 2019 – the value for 2019 represents the vesting of awards granted in November 2016 and accrued dividend equivalents, which are due to vest at the end of November 2019. The value shown is based on an assessment of performance achieved to 30 September 2019 (75% of maximum under the EPS element and 25% 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 of the year ended 30 September 2019 (£6.8888). The value will be updated in the 2020 Annual Report once the final vesting outcome is known.
[d] Long-term incentives 2018 – the value for 2018 is in respect of the awards granted in 2015. The value presented in the single total figure of remuneration table in the 2018 Annual Report on Remuneration has been adjusted to show the final outcome of the vesting of the awards granted in 2015 (along with accrued dividend equivalents including associated tax credits where appropriate) at the mid-market closing share price on the date of vesting of £6.3500).
[e] Share price appreciation – the element of long term incentive remuneration that is attributable to share price appreciation is approximately £124k, £446k and £1,226k for Simon Smith, Jonathan Davies and Kate Swann respectively. The long-term incentive vesting in 2019 was granted on 30 November 2016 with a share price on the date of grant of £3.7100. There has been share price appreciation of 86% over the vesting period, using the average market price for the fourth quarter to the year ended 30 September 2019 (£6.8888). The Remuneration Committee did not consider it appropriate to exercise its discretion in respect of movement in share price over the vesting period.
[f] Other – in the 2018 report, this column represented matching shares awarded to Directors under the UK SIP. This value of matching shares now forms a part of the Benefits column. For Kate Swann, the 'Other' column shows the value of the payment in lieu of notice received upon her termination of employment.
[g] Kate Swann – amounts of pay shown for Kate Swann shows remuneration earned to the end of her employment on 31 May 2019.

Additional disclosures in respect of the single figure table

Base salary

Simon Smith was appointed to the Board on 20 November 2018, whilst still in role as CEO UK & Ireland. His base salary as Group CEO was set by reference to a number of factors including the responsibilities of the role, his experience and pay conditions throughout the Group and externally.

As mentioned previously in the report, Jonathan Davies' responsibilities were materially expanded to include Group Purchasing, Group Capital Projects and Property, so the Committee determined that an exceptional increase of 8% effective 1 January 2019 was appropriate to reflect these additional responsibilities. The Committee considered pay budgets across the Group in making this decision.

Executive Director base salaries in 2018/19 (audited)

	From 1 June 2019	From 1 June 2018	Change
Simon Smith	£650,000 per annum	£400,000 per annum	n/a change in role
Jonathan Davies	£467,600 per annum	£432,973 per annum	8.0%

Benefits

During the year, Simon Smith and Jonathan Davies received benefits totalling £17k and £16k respectively. These benefits included participation in the UK SIP, private medical insurance (for the executive and their family), life insurance, car allowance and company fuel card (including associated tax paid).

Details of shares held by Executive Directors under the UK SIP are set out below:

	Total SIP shares held at 1 October 2018	Shares acquired during financial year	Matching shares awarded during financial year	Adjustment for Share Consolidation	Matching shares forfeited during financial year	Shares sold during financial year	Total SIP shares held at 30 September 2019
Simon Smith	1,418	319	108	-79	0	0	1,766
Jonathan Davies	2,468	384	107	-130	0	0	2,829
Kate Swann	2,468	307	81	-130	-419	-2,307	0

Pensions

The table below sets out the pension arrangements for our Executive Directors that were in force during the year.

Director	Pension type	Pension level (% base salary)
Simon Smith[1]	Cash in lieu of pension/defined contribution	20%
Jonathan Davies	Cash in lieu of pension	21%

[1] Simon Smith is a member of the UK defined contribution pension scheme and receives a mix of employer pension contributions into the Group's pension scheme and a cash supplement in lieu of pension such that his total annual pension remuneration amounts to 20% of base salary.

Annual bonus

The bonuses for the year ended 30 September 2019 assessed underlying Group operating profit as the financial target. Bonuses for both Simon Smith and Jonathan Davies assessed a mix of financial performance and strategic objectives. This is the first year that the CEO's bonus has assessed a range of strategic objectives.

From Simon Smith's appointment as Group CEO on 1 June 2019 to the end of the financial year, 80% of his total bonus opportunity was determined by the financial target, with the remaining 20% opportunity determined by achievement of key strategic objectives. From Simon's appointment to the Board, from 20 November 2018 to 31 May 2019 whilst CEO UK & Ireland, his bonus was determined using the Management Bonus Plan (MBP) matrix structure whereby the financial element of the bonus was based on 25% underlying Group operating profit and 75% EBITDA of the UK, India and Netherlands which determined the maximum potential opportunity within his maximum of 100% of base salary. Personal performance against key strategic objectives determined the actual payout, pro-rata for the time served in role. Jonathan Davies' bonus was also determined under the MBP matrix structure, whereby the financial element of the bonus was based on 100% underlying Group operating profit and a personal performance factor, based on the achievement of objectives, is then applied to determine the actual payout.

Based on the frameworks described above, Simon Smith and Jonathan Davies received bonuses as set out in the table below. Further details of financial and strategic performance is also set out below.

Annual bonus payout in 2018/19 (audited)	Simon Smith	Jonathan Davies
Maximum bonus opportunity	175% (pro-rata)	125%
Actual bonus (% of maximum)	89.4%	80.0%
Actual bonus (£)	£529,086	£467,600

For Simon Smith the bonus amount above is the total bonus earned from his appointment to the Board on 20 November 2018. This includes bonus earned as CEO UK & Ireland and Group CEO.

In determining the total level of bonus payable to Executive Directors, the Committee considered the wider performance of the Group and performance on sustainability and concluded that the bonus outcomes were appropriate so did not exercise its discretion in respect of the Annual Bonus. All Executive Directors currently meet their minimum shareholding requirement so no portion of the bonus was required to be deferred under the terms of the 2019 bonus. As stated earlier in the report, automatic deferral becomes effective next year.

Financial performance

The table below sets out a summary of performance against the financial target, underlying Group operating profit. All figures shown below are based on constant currency. The underlying Group operating profit targets for the year are set based on the Group's budgeted performance. Budgeting is a rigorous process which starts from the bottom up, reviewing the expected performance of each region in which the Group operates against the external opportunities and challenges within them, and the Group's five -year plan.

In its review of the budgets, the Board anticipated that the prevailing external environment would present a number of challenges to performance during the financial year 2019. Most notably these included: the impact of ongoing economic uncertainty and Brexit; another year of significant labour inflation particularly in the UK and North America and pre-opening and mobilisation costs arising from the expectation of a high level of new contract openings notably in North America and Continental Europe. Based on these headwinds we anticipated delivering (and set out in the Preliminary Results Announcement on 21 November 2018) lower like-for-like growth and margin expansion compared to that which was achieved in 2018.

The target range for the bonus is consistently applied for all colleagues in the MBP across the Group. The Committee was keen to ensure that colleagues remained motivated to achieve stretching targets against this backdrop of a more challenging environment. After careful consideration, the decision was taken to reduce the stretch target for the bonus from 107% of budgeted Group underlying operating profit to 105% across the Group. This still required very challenging growth of 12% year-on-year at constant currency to achieve the stretch target.

	Targets set at the start of the 2018/19 financial year (£m)			2019 performance (£m)
	Threshold (30% of maximum)	Target/budget (50% of maximum)	Maximum (100% of maximum)	
Underlying Group operating profit[1]	201.5 (97% of budget)	207.7 (100% of budget)	218.1 (105% of budget)	218.1 (105% of budget)
Year-on-year growth[2]	3.5%	6.7%	12.1%	12.1%

1 Underlying Group operating profit for bonus calculations is on a constant currency basis.

2 Represents growth from 2018 underlying Group operating profit on a constant currency basis (£194.6m).

The results delivered in FY 2019 reflected the expected challenges. Furthermore, during the course of the year, the Group encountered a number of additional external challenges including the impact of protests in France and in Hong Kong, the prolonged grounding of Boeing Max 737 aircraft, and slower passenger growth in the Nordics, Spain and across Asia.

Despite these challenges, SSP has again delivered strong results, with underlying Group operating profit of £218.1m, a year-on-year growth of 12%, albeit these results were delivered with, as anticipated, lower like-for-like sales growth (1.9% achieved) and lower margin growth (30 basis-points achieved) than in 2018. The strong results reflected the combination of our growth strategy, the flexibility of our model and the experience of our teams around the world.

ANNUAL REPORT ON REMUNERATION CONTINUED

Strategic objectives

A summary of our Executive Directors' performance against strategic objectives is shown below.

Simon Smith – Group CEO

Objective (20% maximum)	Targets	Performance assessment
Strategic Initiatives	• Pilot and roll-out productivity and scheduling tool in FRABEL	• The pilot was robustly completed and a detailed business case has been produced • Labour savings 2% ahead of the stretch target were achieved in FRABEL
	• Roll out delivery frequency changes to contracts across DACH, FRABEL and the Nordics	• Delivery frequency changes were implemented in nine contracts. This is ahead of target, but below maximum • Strategic view has been completed, producing proposed changes to the retail supply chain
	• Create performance action plans for units across DACH, FRABEL and the Nordics, using benchmarking and comparison of unit KPIs	• Performance action plans created for more than the stretch number of units in DACH, FRABEL and the Nordics • This has had a positive impact on sales and profits
Geographical and Channel Diversification	• Ensure successful opening of operations in South America through establishing local processes and a core team • Mobilise new contracts in the South America region to grow the Group's presence	• A skilled core team and processes have been established in the South America Region • Contracts mobilised were ahead of the stretch target, with the Group opening 14 units and securing further units across the region
	• Create plan of prioritised view of key geographic expansion versus organic growth opportunities	• Strategy evolution developed showing key areas for organic growth and geographical expansion, including prioritisations
People, Capability and Infrastructure	• Successfully transition responsibility for the UK, Nordics, Spain and India regions, minimising the impact of the transition	• Successfully inducted new Regional CEOs: Richard Lewis, new CEO for UK & Ireland; and Jeremy Fennell, new CEO of the Nordics region • Better align existing CEOs portfolios with accountability changes for Spain and India regions
	• Complete first stage of leadership development programme, defining the eligible population, the objectives of the programme and the key development modules	• Objectives agreed and training partners established • Detailed programme design completed, including an action plan for roll-out • First cadre of candidates selected

Taking into account performance against strategic objectives, the Committee decided to award Simon Smith 18.6% of bonus for this element.

Jonathan Davies – Group CFO

Objective	Targets	Performance Assessment
Strategic Initiatives	• Deliver Group-wide procurement savings including new purchasing deals, marketing income, recipe and menu optimisation, production equipment and energy efficiency • Further develop the outsourced financing and transaction processing activities to Poland and India to achieve cost savings	• Savings achieved at £2m ahead of the stretch target. Strong contributions from new purchasing deals, recipe management, waste reduction and energy efficiency • Savings achieved in line with stretch target. • Roll-out of 'Secure' Loss Prevention systems and establishment of team to cover all SSP countries completed
	• Deliver targeted Group-wide efficiency savings through continued planning, forecasting and monitoring of programmes across the business	• Targeted operating efficiencies savings in line with stretch target
Financing	• Raise further debt to maintain target balance sheet leveraging within planned interest costs	• Further debt raised with interest rates significantly below budgeted costs
Investments, Returns and Capital Efficiencies	• Achieve targeted returns on capital investments • Evaluate and execute M&A projects to deliver returns	• >95% of CAPEX achieved initial rate of return above WACC • Stockheim acquisition delivered returns above target • Comprehensive evaluation for bid for areas carried out

Taking into account performance against strategic objectives, the Committee decided that Jonathan Davies' performance factor was 0.8.

Simon Smith – CEO UK & Ireland bonus

On his appointment to the Board whilst in role as CEO UK & Ireland, Simon Smith participated in the Group's Management Bonus Plan, the plan applicable to management below the level of the Group CEO. Under this framework he was eligible for a bonus of up to 100% of base salary (pro-rata for the time served in role), subject to financial and personal performance.

The MBP framework is consistently applied throughout the Group's management personnel. The plan assesses the EBITDA of the region for which an individual is responsible and personal performance against key objectives using a matrix approach. For the MBP and the Group CEO's bonus, threshold, target and stretch are calibrated in the same way, with threshold payable for achieving 97% of budget, target bonus payable for 100% of budget and maximum bonus payable for 105% of budget.

Simon Smith's MBP bonus for the period 20 November 2018 to 31 May 2019 (prior to his appointment as Group CEO) was subject to financial and non-financial performance conditions. The financial element of the bonus was based on 25% underlying Group operating profit, and 75% EBITDA UK, India and Netherlands. The EBITDA targets were set prior to Simon's appointment to the Board and are considered commercially sensitive.

		Simon Smith – CEO UK & Ireland
Objective	**Targets**	**Performance Assessment**
Operational Efficiencies	• Rollout self-order technology within our targeted retail and quick-service restaurants	• Order technology rolled out to all of the Group's targeted locations in line with schedule • Self-scan technology successfully rolled out in 19 locations
	• Develop and test new order and pay technology in airport locations	• Order and pay technology developed and tested in UK airports • Successful trial now being expanded to more UK locations and to the Group's other regions
Optimising our offer	• Develop like-for-like sales initiatives in key UK brands	• Like-for-like initiatives successfully rolled out across two key UK brands • Based on the success in the UK, initiatives were tested further in the Nordics and FRABEL
Net Gains	• Complete activity under net gains strategy for India	• Two contracts won in India to further develop the SSP brand in the region
	• Complete acquisition and successful takeover of the Netherlands Rail business	• Successfully acquired 29 units across the Netherlands • Efficiently transitioned units, teams and technology to the Group's processes
Team	• Successfully induct new CEO UK & Ireland	• Inducted new CEO UK & Ireland into the roles prior to the commencement of the new financial year • Carried out eight week intensive induction introducing new CEO to brand partners, clients and internal team • Seamless transfer of UK Operations

Taking into account performance against strategic objectives, the Committee decided that Simon Smith's performance factor was 1.0.

Scheme interests awarded during the financial year

SSP Performance Share Plan awards (audited)

The following PSP awards were made to the Executive Directors in the 2018/19 financial year.

	Type of award	Date of award	Number of awards granted	Face value (£) at date of grant	Face value % of salary	Award receivable for minimum performance	End of performance period
Simon Smith	Nil Cost Options	22/11/2018	127,581	800,000	200%	25%	30 September 2021
Simon Smith[1]	Nil Cost Options	03/06/2019	74,571	500,000		25%	30 September 2021
Jonathan Davies	Nil Cost Options	22/11/2018	86,311	541,216	150%	25%	30 September 2021
Jonathan Davies[2]	Nil Cost Options	16/05/2019	21,081	146,835		25%	30 September 2021

[1] Nil Cost Options awarded under the PSP to Simon Smith on 03/06/2019 were awarded to bring his total PSP shares granted in the year to 200% of base salary as Group CEO, in line with his agreed package.
[2] Nil Cost Options awarded under the PSP to Jonathan Davies on 16/05/2019 were awarded to bring his total PSP shares granted in the year to 150% of base salary, in line with the agreed increase to his package.

The closing price on the day before grant was used to calculate the number of shares over which each award was granted (£6.2705 for 22 November 2018 award, £6.9650 for 16 May 2019 award and £6.7050 for 3 June 2019 award).

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 58. Following vesting, awards will be subject to an additional two year holding period.

ANNUAL REPORT ON REMUNERATION CONTINUED

Implementation of Remuneration Policy in the year ending 30 September 2020

This section provides an overview of how the Committee is proposing to implement the Group's Remuneration Policy in the year ending 30 September 2020.

Base salary

Base salaries as at 1 October 2019:
Simon Smith: £650,000
Jonathan Davies: £467,600

Base salaries for Executive Directors will be reviewed with effect from 1 June 2020, in line with the Group's usual timetable. As mentioned earlier in the report, the Committee intends to keep Simon Smith's package under review subject to his development and performance in role and the continued growth of the Group.

Benefits

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

Pensions

Simon Smith: 20% of base salary
Jonathan Davies: 21% of base salary
New appointments: aligned with the wider workforce

Annual Bonus

Maximum opportunity:
Simon Smith: 175% of base salary
Jonathan Davies: 125% of base salary

Targets:
Bonuses will continue to be based on both financial and non-financial performance. For 2019/20 the financial target will be underlying Group operating profit. Specific targets and details of non-financial objectives will be disclosed in the 2019/20 Annual Report when they are no longer considered to be commercially sensitive.

All Executive Directors will be now required to defer 33% of any bonus received into the Group's shares. 80% of Simon Smith's bonus will be subject to the financial measure, with the remaining 20% being subject to the achievement of key strategic objectives. Jonathan Davies bonus will be determined using a matrix structure, based on financial and strategic performance as operated in prior years.

Performance Share Plan

The Committee intends to make PSP awards in 2019/20 as set out below:

	Face value (% of salary)	End of performance period
Simon Smith	200%	30 September 2022
Jonathan Davies	150%	30 September 2022

The vesting of these awards will be subject to two types of performance conditions. The assessment of performance for 2019 PSP awards will also continue to include the ability for the Committee to apply discretion to adjust formulaic outcomes in addition to malus and clawback provisions. PSP awards will be subject to a two year holding period post-vesting.

EPS: Compound annual EPS growth between 1 October 2019 and 30 September 2022.

TSR: relative TSR against a comparator group of 34 companies (see page 58 for details) between 1 October 2019 and 30 September 2022.

	Less than threshold	Threshold	Between threshold and maximum	Maximum
EPS Growth (75%)	<7% p.a.	7% p.a.	Straight line basis	12% p.a.
Relative TSR (25%)	Below median	Median	Straight line basis	Upper Quartile
Vesting	**0%**	**25%**	Straight line basis	**100%**

Minimum Shareholding Requirement

To align the interests of Executive Directors with those of shareholders, they are required to build and maintain significant holdings of shares in the Group over time. From 1 October 2019, the minimum shareholding requirement for Executive Directors have been increased to:

- Group CEO: 250% of base salary
- Group CFO: 200% of base salary

In addition to the above, Executive Directors will be required to maintain their full minimum shareholding requirement for one year post-cessation of employment, and hold 50% of the requirement for a second year. This is effective from 1 October 2019.

Non-Executive Director Remuneration

Single total figure of remuneration – Non-Executive Directors (audited)

	Salary and fees		Benefits		Pension		Annual Bonus		Long-term incentives		Other		Total fixed Remuneration		Total variable Remuneration		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Non-Executive Directors																		
Vagn Sørensen	195	187	–	–	–	–	–	–	–	–	–	–	195	187	–	–	195	187
Carolyn Bradley	63	–	–	–	–	–	–	–	–	–	–	–	63	–	–	–	63	–
Ian Dyson	61	59	–	–	–	–	–	–	–	–	–	–	61	59	–	–	61	59
Per Utnegaard	50	49	–	–	–	–	–	–	–	–	–	–	50	49	–	–	50	49
Dennis Hennequin[1]	20	49	–	–	–	–	–	–	–	–	–	–	20	49	–	–	20	49
John Barton[1]	28	69	–	–	–	–	–	–	–	–	–	–	28	69	–	–	28	69
	417	413	–	–	–	–	–	–	–	–	–	–	417	413	–	–	417	413

1 John Barton and Dennis Hennequin did not stand for re-election at the 2019 AGM. Amounts shown reflect fees paid for the period of the year that John Barton and Dennis Hennequin were Directors.

Following the review of Non-Executive Director fees during the year ended 30 September 2019, the fees from 1 July 2019 are as set out below. The Chair fee and base fee were increased by 2%, in line with increases across the UK salaried workforce. 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.

	2019 fees
Chairman of the Board	£197,880
Board member	£51,000
Additional fee for Senior Independent Director	£10,000
Additional fee for Chairman of Audit/Remuneration Committee[1]	£11,000

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

Mike Clasper was appointed to the Board as independent Non-Executive Director and Chairman designate on 1 November 2019. From this date, Mike will Chair the Nomination Committee and receive the standard Board member fee of £51,000 per annum. At the completion of the 2020 AGM, Mike will succeed Vagn Sørensen as Chairman of the Board, at which point his annual fee will increase to £275,000. Mike did not receive any fees in respect of the year ended 30 September 2019.

Remuneration arrangements for Kate Swann in the year ended 30 September 2019 (audited)

Kate Swann stepped down as Chief Executive Officer on 31 May 2019. The Board agreed that Kate's employment would end on this date as it recognised the importance of a smooth transition and believed that the most appropriate time for Simon to take over the business would be following the half year results announcement. Termination arrangements were agreed with this as the priority. Her remuneration arrangements in respect of the 2019 financial year are set out below. The Committee would like to thank Kate for her work as Chief Executive Officer for the past five years in which she ushered the business into a new era as a FTSE listed company and delivered exceptional returns to shareholders.

Base salary

Kate Swann did not receive a base salary increase during the year. Her annual salary remained at £811,824.

Pension and benefits:

Benefits continued to be provided for the duration of her employment and included private healthcare (for the executive and their family), life insurance, critical illness cover, company fuel card, travel to and from work (including associated tax paid) and participation in the UK SIP. Kate Swann continued to receive health insurance, critical illness cover and life assurance benefits until 31 August 2019.

Kate Swann continued to receive a cash supplement in lieu of pension equal to 35% of base salary for the duration of her employment.

Annual Bonus

Kate Swann was eligible to receive an Annual Bonus of up to 200% of base salary on a pro-rata basis. The structure of her bonus remained the same as in prior years and was subject to underlying Group operating profit performance. As the Group exceeded the stretch target for underlying Group operating profit, Kate Swann will receive a bonus of 100% of her maximum opportunity. Her bonus was pro-rated to 31 August 2019 and will be paid at the normal time in December 2019.

Performance Share Plan

No PSP award was made in November 2018. As Kate had given notice at the time of the 2018 PSP awards, the Committee determined that it was not appropriate to award Kate a PSP in 2018.

The PSP awarded in November 2016 will vest in November 2019, on a pro-rata basis. As both the EPS and TSR performance conditions were met in full, Kate Swann's 2016 PSP award will vest in full, subject to time pro-rating. The PSP awarded in November 2017 will vest in November 2020, on a pro-rata basis and will be subject to the achievement of the EPS and TSR performance conditions specified on grant. These awards will be pro-rated to 31 August 2019. These awards remain subject to malus and clawback and must be exercised within 6 months of the vesting date.

ANNUAL REPORT ON REMUNERATION CONTINUED

Termination arrangements

Termination arrangements have been determined in accordance with the SSP Group Directors' Remuneration Policy, which was approved by shareholders at the AGM on 27 February 2018.

Kate's service contract provided for nine months' notice of which six months were worked. In accordance with our Directors' Remuneration Policy and Kate's service contract, in respect of the final three-month period, Kate received a payment of £320,777.58, comprising base salary, contractual benefits and cash pension supplement.

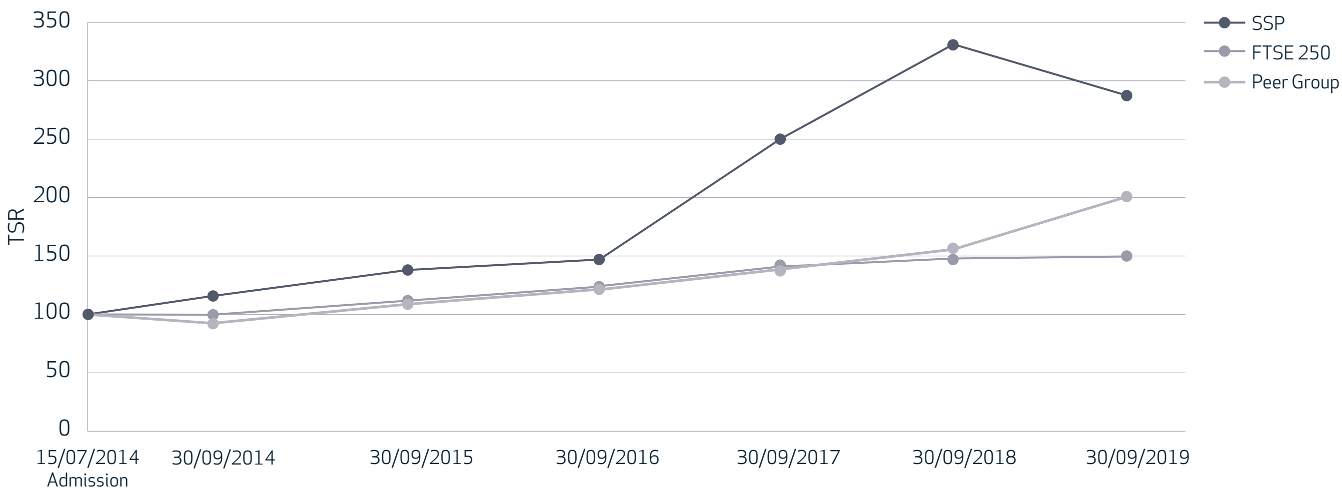
Kate also received a payment of £11,040 including VAT as a capped contribution towards legal fees associated with loss of office and a payment of £4,686.60 in respect of untaken but accrued holiday at the termination date.

No other payment for loss of office has been made in the 2019 financial year.

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 basket of comparator companies in our TSR peer group also provide an appropriate indication against which to benchmark the Company's performance as the company directly compares itself to this group. 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 2019.

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	**2019[1]**	**2019[2]**
CEO Name	K. Swann	K. Swann	K. Swann	K. Swann	K. Swann	**K. Swann**	**S. Smith**
Single figure of remuneration	£4.5m	£2.5m	£2.6m	£7.4m	£6.0m	**£5.3m**	**£0.8m**
Annual bonus payable (as a % of maximum opportunity)	100%	100%	100%	100%	100%	**100%**	**98.6%**
Long-term incentive vesting out-turn (as a % of maximum opportunity)	n/a	n/a	n/a	100%	100%	**100%**	**100%**

1 Reflects period spent in role as Group CEO from 1 October 2018 to 31 May 2019.
2 Reflects period spent in role as Group CEO from 1 June 2019 to 30 September 2019.

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

In accordance with UK regulations, for the year ended 30 September 2018 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.

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

	2019 (£'000s)	Chief Executive Officer % change	UK salaried employees % Change
Base salary	650	-20%	2%
Benefits	17	-77%	7%
Annual Bonus	529	-67%	6%

The UK salaried population was considered to be the most relevant for comparison as it most closely reflects the remuneration structure and economic environment encountered by the Group CEO. The base salary increase of 2% represents salary increases that form part of the annual salary review, or any exceptional increases on promotion to new roles. There have not been any changes in base salary policies, benefits policies or the operation of bonuses in this population in the 2019 financial year.

Relative importance of the spend on pay

The table below shows the total spend on employee pay in the 2018 and 2019 financial years and the total expenditure on dividends.

	2019	2018	Percentage change
Total staff costs	**£809.3m**	£736.3m	+9.9%
Dividends	**£51.0m**	£45.7m	+11.6%
Special dividend	**£149.8m**	£100.1m	+49.7%

Fees from external directorships

Jonathan Davies became a Non-Executive Director of Assura plc during the 2018 financial year and retained a fee of £43,700 in respect of that directorship.

Statement of Directors' shareholding and share interests (audited)

Shareholding guidelines require Executive Directors to build up over time a personal shareholding in the Company equivalent in value to 200% of base salary for the Group CEO and 125% of base salary for the CFO. From 1 October 2019, the Minimum Shareholding Requirement ('MSR') for the Group CEO and CFO will increase to 250% of base salary and 200% of base salary respectively. 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 2019.

Director	Shareholding guidelines as a % of salary/fees	Shareholding as a % of salary/fee achieved[a]	Shares owned outright at 30 September 2019[b]	Interests in unvested PSP awards at 30 September 2019[cd]
Simon Smith	200%	698%	731,430	381,620
Jonathan Davies	125%	1,874%	1,412,832	328,276
Vagn Sørensen	100%	1,425%	454,513	–
Carolyn Bradley[e]	100%	49%	5,649	–
Ian Dyson	100%	175%	17,444	–
Per Utnegaard[f]	100%	80%	6,542	–

Notes:

[a] For the purposes of determining Executive Director shareholding requirements, the individual's salary/fee and the share price at 30 September 2019 (£6.2050) 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 (542 for Simon Smith and 663 for Jonathan Davies as at 30 September 2019).

[b] 'Shares owned outright at 30 September 2019' 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 2016, November 2017, November 2018, May 2019 and June 2019. The performance conditions for each award are described in the table below.

ANNUAL REPORT ON REMUNERATION CONTINUED

Performance period	1 October 2016 to 30 September 2019		1 October 2017 to 30 September 2020		1 October 2018 to 30 September 2021	
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 as follows:

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

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

[d] 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 or treasury 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.

[e] Carolyn Bradley was appointed to the Board on 1 October 2018 and will have until the third anniversary of this date to meet her Minimum Shareholding Requirement.

[f] Per Utnergaard's shareholding on 30 September 2019 was below that of his Minimum Shareholding Requirement due to fluctuations in the Group's share price.

At 19 November 2019, other than as set out below, there had been no movement in Directors' shareholdings and share interests from 30 September 2019.

Director	Shares owned outright at 19 November 2019	Shares owned outright at 30 September 2019	Change
Simon Smith	731,491	731,430	61
Jonathan Davies	1,412,893	1,412,832	61

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.

The Remuneration Committee in 2019

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.

External advice

During the year ended 30 September 2019, the Committee received independent advice on executive remuneration matters from Deloitte. Deloitte received £135,600 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 2019 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 2019 AGM	254,441,086	66.39%	128,798,265	33.61%	383,239,351	82.06%	7,043,316
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 2019 AGM we wrote to 75% of the Group's shareholder base 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. Throughout the process we greatly appreciated the level of engagement from our shareholders and liaised with shareholders representing 64% of our shareholder base. A key theme of these consultations was the transparency of our disclosure, including providing a more detailed explanation of the level of stretch in targets for performance based remuneration. Discussions also covered the implementation of new corporate governance requirements. We received a strong level of support through that process. In response to the feedback we received we have made a number of significant changes to our remuneration arrangements for 2020. 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 2019 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.

The Remuneration Policy set out below does not contain details of changes made in 2018 and 2019 which will form a part of the policy put to shareholder vote at the 2021 AGM. These changes are as follows:

- PSP awards granted from and including November 2018 include a two-year holding period for any award to an Executive Director, following the three-year performance period
- Any Executive Director who has not met their minimum shareholding requirement is required to defer 50% of any bonus earned into SSP Group shares. Executive Directors who have met their shareholding requirements are required to defer 33% of any bonus earned into shares
- Executive Directors are subject to a post-employment shareholding requirement; the full MSR will be held for the first year following termination of employment. 50% of the MSR will be held for a second year
- Pension provisions for newly appointed Executive Directors will be aligned with pension levels in the wider workforce
- As stated in our 2018 report, the Committee retains the discretion to adjust all incentive outcomes if it, in its independent judgment, believes this is appropriate

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.

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

Element and link to strategy	Operation	Maximum potential value	Performance metrics
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 Kate Swann and Jonathan Davies. 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 other Executive Director that may be appointed from time to time.	None
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

DIRECTORS' REMUNERATION POLICY CONTINUED

Element and link to strategy	Operation	Maximum potential value	Performance metrics
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 2019/20 maximum annual opportunities are: • Chief Executive Officer, Simon Smith – 175% 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.
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.

Element and link to strategy	Operation	Maximum potential value	Performance metrics
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 60 to 63

The Company also operates a shareholding policy – details can be found on page 54 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 clawback applies where stated in the above table. Other elements of remuneration are not subject to recovery provisions.

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.

DIRECTORS' REMUNERATION POLICY CONTINUED

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 2019, 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.

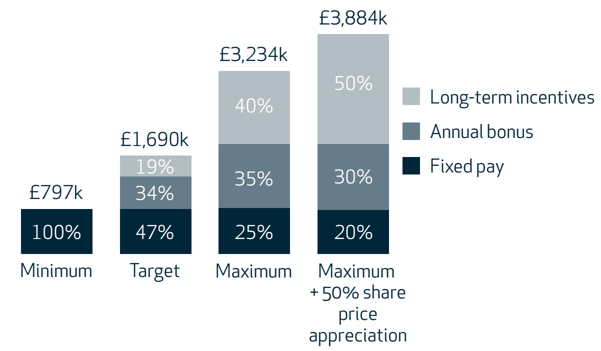
Remuneration arrangements throughout the Group

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.

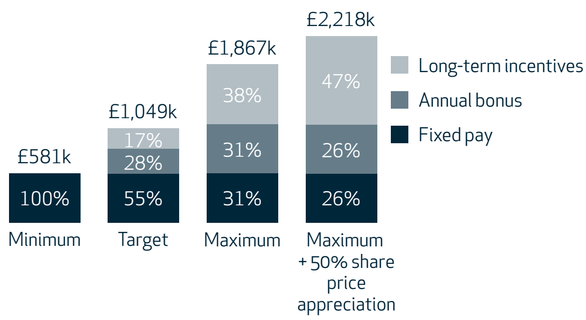
Illustrative scenario analysis

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: Simon Smith



CFO: Jonathan Davies



Component		'Minimum'	'Target'	'Maximum'	'Maximum + 50% share price appreciation'
Fixed remuneration	Base salary	Annual base salary for the 2019 financial year**			
	Pension	Chief Executive Officer: 20% of salary; Chief Financial Officer: 21% of salary			
	Benefits	Taxable value of annual benefits provided in the year ended 30 September 2019			
Annual bonus	Maximum opportunity	Chief Executive Officer: 175% 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: 150% of salary**			
	Vesting	0% vesting	25% vesting	100% vesting	100% vesting + 50% share price appreciation

** Based on salary as at 1 October 2019.

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 60 to 63
- 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 60 to 63. 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.

Simon Smith and Jonathan Davies's 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.

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
Simon Smith	1 June 2019	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.

DIRECTORS' REMUNERATION POLICY CONTINUED

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
Ian Dyson	15 July 2014	14 July 2020
Per Utnegaard	1 July 2015	30 June 2021
Carolyn Bradley	1 October 2018	30 September 2021
Mike Clasper	1 November 2019	31 October 2022

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

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 2016 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'). The Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

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 31;
- The Corporate Governance Report on pages 34 to 40;
- The Audit Committee Report on pages 41 to 44;
- The Directors' Remuneration Report on pages 45 to 67;
- Post balance sheet events on page 118; and
- The Company's subsidiaries outside the United Kingdom on pages 124 to 128.

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 2019, 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 limited by shares. 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 5.8 pence per share in the 2019 financial year amounting to £25.8m (2018: £22.2m). In addition, the Directors are recommending a final dividend of 6.0 pence per share amounting to £26.7m which will result in a total ordinary dividend per share of 11.8 pence for the year, amounting to £52.6m (2018: £47.4m).

The final dividend will be paid on 27 March 2020 to shareholders on the register of members as at the close of business on 6 March 2020, subject to approval of shareholders at the 2020 AGM to be held on 26 February 2020. The ex-dividend date will be 5 March 2020.

On 21 February 2019, shareholder approval was given at the Annual General Meeting for a return of 32.1 pence per share to shareholders, which was equivalent to £149.8m in aggregate (the 'special dividend'). The special dividend was paid on 26 April 2019 to shareholders on the register on 12 April 2019. The special dividend was accompanied by a share capital consolidation which was also approved by shareholders at the 2019 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 2019 in relation to the trusts was £184,514.01.

Share capital

At 30 September 2019 there were 444,852,520 ordinary shares of $1^{17/200}$ 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 108 and 109.

The Company undertook a share capital consolidation by which every 21 existing ordinary shares of $1^{1/30}$ pence were subdivided and consolidated into 20 new ordinary shares of $1^{17/200}$ pence with effect from 15 April 2019. 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 2019 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 £1,608,558; and

(b) comprising equity securities up to a nominal amount of £3,217,116 such amount to be reduced by any allotments made under (a) above, in connection with an offer by way of a rights issue.

The authorities conferred on the Directors to allot securities under paragraphs (a) and (b) will expire on the date of the 2020 AGM, or close of business on 21 May 2020, whichever is sooner, (the 'Expiry Date'). The Directors will be seeking a new authority at the 2020 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 2020 AGM.

To date, neither authority has been exercised. During the 2019 financial year, a total of 3,083,380 ordinary shares in the Company were issued to satisfy (a) Matching Share awards under the Company's UK SIP and International SIP and (b) the vesting of awards under the Company's Performance Share Plan. Of this total, 3,013,380 ordinary shares were issued pre the April 2019 share consolidation, and 70,000 ordinary shares were issued post the April 2019 share consolidation. However, these do not count against the allotment 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 2020 AGM.

To date, this authority has not been exercised. However, the Company has announced its intention to return up to £100m to its shareholders through an on-market share buyback programme underpinning its confidence in the business and commitment to maintain an efficient balance sheet. The buyback programme will end no later than 20 November 2020.

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 United Kingdom 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.

DIRECTORS' REPORT CONTINUED

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 2019, 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*
BlackRock, Inc.	44,529,317	10.01%
Old Mutual Global Investors (UK) Limited	45,020,035	9.71%
APG Asset Management Limited	33,613,765	7.07%
Schroders plc	23,720,071	4.99%
Artemis Investment Management LLP	23,105,267	4.98%
Marathon Asset Management LLP	23,225,984	4.97%
JP Morgan Asset Management (UK) Limited and JP Morgan Investment Management Inc	17,000,000	3.58%
Norges Bank	14,293,152	3.01%

The following notification was received after 30 September 2019 and before 19 November 2019:

Name	No. of ordinary shares and voting rights notified	% of voting rights as at the date of this report
Marathon Asset Management LLP	24,167,130	5.43%
BlackRock, Inc.	49,396,500	11.10%
APG Asset Management Limited	31,152,183	7.00%
BlackRock, Inc.	48,117,095	10.81%

* 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 2019 and given that notification of any change is not required until the next notifiable threshold is crossed.

Directors

Particulars of the Directors in office as at the date of this report are listed on pages 32 and 33. There were various changes to the composition of the Board throughout the 2019 financial year. These changes are set out in the footnotes to the meeting attendance table on page 37. The table sets out all persons who were Directors of the Company during the 2019 financial year.

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 57. 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 2019 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 2019 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.

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 2019 are set out in the Annual Report on Remuneration on pages 50 to 59.

Details of awards made during the year and held by employees as at 30 September 2019 under the Performance Share Plan are disclosed in note 22 to the consolidated financial statements on page 110.

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 2019, 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 2020 AGM will be held on 26 February 2020. 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, officer or employee 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 Group'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).

SSP Financing Limited, a wholly owned subsidiary of the Company, entered into: (i) a note purchase agreement on 9 August 2018 ('2018 NPA') in respect of a US$175m issue of US private placement notes (the '2018 Notes'); and (ii) a note purchase agreement on 11 April 2019 ('2019 NPA') in respect of a US$199.5m and €58.5m issue of US private placement notes ('2019 Notes'). The 2018 NPA and 2019 NPA ('NPAs') each contain 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 NPAs), then the Company and SSP Financing Limited must give written notice of this to the holders of the 2018 Notes and 2019 Notes ('Notes'). The written notice shall contain an offer by SSP Financing Limited 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 2019, 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 2020 AGM that a precautionary authority be granted of up to £25,000 in aggregate. Details are included in the 2020 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 26 to 31 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.

DIRECTORS' REPORT CONTINUED

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 112 to 116.

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 what 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 25 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 2020 AGM.

Statement of disclosure of information to auditors

Insofar as each Director in office on the date of approval 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

19 November 2019

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. The Directors have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 or applicable UK accounting standards in the case of the parent company;
- 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.

Simon Smith
Chief Executive Officer

19 November 2019

Jonathan Davies
Chief Financial Officer

19 November 2019

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 2019 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 note 1 and 29.

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 2019 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 14 financial years ended 30 September 2019. 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	£9.5m (2018: £9.1m) 4.8% of Group Profit before tax (2018: 5% of Group Profit before tax)	
Coverage	78% (2018: 77%) of Group Profit before tax	
Risks of material misstatement	vs 2018	
Recurring risks	Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertakings	◄►
	Recognition of deferred tax assets	↓
Event driven	Brexit	↑
	Going concern	↑

2. Key audit matters: including 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 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
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 41 Audit Committee Report, page 85 and 120 Accounting policies.	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertaking below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the SSP Group future prospects and performance. In addition, we are required to consider of the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the Directors' statement 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. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	**Our procedures included:** We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge** – We considered the Directors' assessment of Brexit-related sources of risk for the SSP Group business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • **Sensitivity analysis** – When addressing Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertaking, and other areas that depend on forecasts, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency** – As well as assessing individual disclosures as part of our procedures on Recoverability of goodwill and indefinite life intangible assets and of parent's investment in subsidiary undertaking, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results** As reported under Recoverability of goodwill and indefinite life intangible assets and Recoverability of parent's investment in subsidiary undertaking, we found the resulting estimates and related disclosures of Brexit and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Recoverability of goodwill and indefinite life intangible assets (Goodwill and indefinite life intangible assets £706.0m, 2018: £704.4m) Refer to page 41 Audit Committee Report, pages 85 to 118 for Accounting policies and financial disclosures.	**Forecast-based valuation** Valuation of goodwill and intangible assets 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 effect of these matters is that, as part of our risk assessment, we determined that the carrying value of goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 11) disclose the sensitivity estimated by the Group.	**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:** We used our experience to assist us in assessing appropriateness of the methodology and assumptions. In addition we used our discount rate tool to assist us in assessing the discount rate assumptions used by the Group; • **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, revenue growth rates, 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 comparison:** 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 • **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. **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.
Recoverability of parent's investment in subsidiary undertaking (Investment in subsidiary £946.1m, 2018: £939.7m) Refer to page 41 Audit Committee Report, pages 85 to 128 for Accounting policies and financial disclosures.	**Low risk, high value** The carrying amount of the parent company's investment in subsidiary represents 100% (2018:100%) of the company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	**Our procedures included:** • **Tests of detail:** We compared investment book value to the underlying fair value of the subsidiary based on a discounted cash flow model and also the market capitalisation for the Group (after adjusting for net debt). **Our results** We found the Group's assessment of the recoverability of the investment in subsidiary to be acceptable (2018: acceptable).

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

	The risk	Our response
Deferred tax asset – US (Deferred tax asset £28.2m, 2018: £23.7m) Refer to page 41 Audit Committee Report, pages 85 to 118 for Accounting policies and financial disclosures.	**Subjective estimate** As the Group's profitability profile changes in the various jurisdictions in which it operates, estimation will be required to establish the appropriateness of recognising deferred tax assets and their recoverability given the timing and level of future taxable income. The estimation in respect the US is particularly complex and judgemental in terms of the timing and recoverability. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that recognition of deferred tax assets in the US had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.	**Our procedures included:** • **Comparing assumptions:** In assessing the level of deferred tax asset balances recognised in the consolidated balance sheet in respect of the US, we compared the assumptions used in respect of future taxable income to the Group's long-term forecasts and budget for the relevant jurisdiction. We also considered the assumptions made in terms of the future forecast adjustments to calculate the future taxable profits of the business. • **Sensitivity analysis:** We considered whether improving performance, 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 tax adjustments and timing of reversal of temporary differences, any restrictions in accessing such temporary differences, and other qualitative factors. • **Assessing transparency:** We also assessed the adequacy of the Group's disclosures in respect of deferred taxes. **Our results** We found the resulting estimates of the following to be acceptable (2018 result: acceptable): • Recognition of deferred tax assets.
Going concern Refer to page 35 Audit Committee Report, page 79 and 114 Accounting policies.	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and Company's available financial resources over this period were the impact of a downturn in the global economy and a reduction in customer travel. A secondary risk is the impact of Brexit. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	**Our procedures included:** • **Test of details:** Evaluated the process and models the Directors used in their assessment. • **Test of details:** Evaluated whether the assumptions used in the cash flow forecasts are realistic and achievable and consistent with the external and/or internal environment and other matters identified in the audit. • **Sensitivity analysis:** We considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. • **Test of details:** Evaluated management's assessment of the entity's compliance with debt covenants. • **Historical comparisons:** Considering the historical accuracy of the Group's cash flow forecasts and growth rates by assessing the accuracy of previous forecasts made by the Group against actual performance. • **Assessing transparency:** Assessing the reasonableness of the going concern disclosure. **Our results** • We found the going concern disclosure without any material uncertainty to be acceptable (2018 result: acceptable).

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 £9.5m, determined with reference to a benchmark of Group Profit before tax of £197.2m (2018: £182.9m), of which it represents 4.8% (2018:5%).

Materiality for the parent company financial statements as a whole was set at £7.6m (2018: £8.7m), determined with reference to a benchmark of company total assets, of which it represents 0.8% (2018: 1%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m (2018: £0.5m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 18 (2018: 15) reporting components, we subjected 12 (2018: 9) to full scope audits for Group purposes.

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

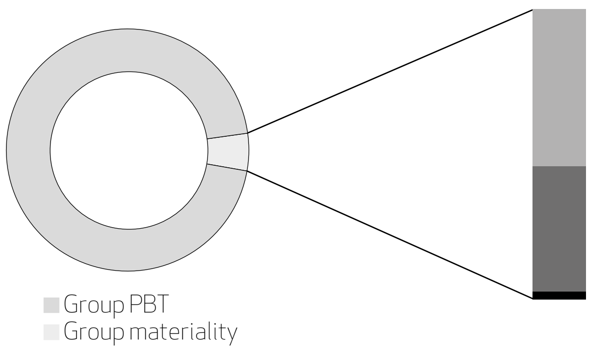
The remaining 22% of total Group revenue, 22% of profit before tax and 19% of total Group assets is represented by six reporting components, none of which individually represented more than 4% of any of the total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed a limited review on one component and on the others an 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 £0.3m to £7.6m (2018: £0.1m to £8.3m), having regard to the mix of size and risk profile of the Group across the components. The work on 10 (2018: 9) of the Group's 18 components was performed by component auditors and the rest including the audit of the parent company was performed by the Group audit team.

In 2019, the Group audit team visited 5 of the 12 (2018: 8) 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
£197.2m (2018: £182.9m)

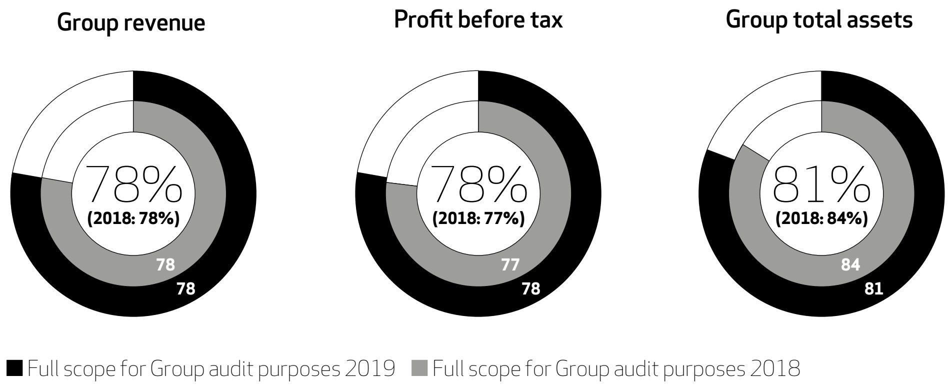
Group materiality
£9.5m (2018: £9.1m)



£9.5m
Whole financial statements materiality (2018: £9.1m)

£7.6m
Range of materiality across 12 components £0.3m to £7.6m (2018: £0.1m to £8.4m)

£0.5m
Misstatements reported to the Audit Committee (2018: £0.5m)



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

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, 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 same statement 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 25 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.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

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

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 73 , 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) and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter. 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.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

19 November 2019

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2019

	Notes	2019 Underlying* £m	2019 Adjustments £m	2019 Total £m	2018 Underlying* £m	2018 Adjustments £m	2018 Total £m
Revenue	3	**2,794.6**	**–**	**2,794.6**	2,564.9	–	2,564.9
Operating costs	5	**(2,573.5)**	**(1.9)**	**(2,575.4)**	(2,369.7)	(1.9)	(2,371.6)
Operating profit		**221.1**	**(1.9)**	**219.2**	195.2	(1.9)	193.3
Share of profit of associates	12	**4.1**	**–**	**4.1**	4.8	–	4.8
Finance income	7	**2.3**	**–**	**2.3**	1.9	0.9	2.8
Finance expense	7	**(24.3)**	**(4.1)**	**(28.4)**	(17.5)	(0.5)	(18.0)
Profit before tax		**203.2**	**(6.0)**	**197.2**	184.4	(1.5)	182.9
Taxation	8	**(45.1)**	**1.4**	**(43.7)**	(40.5)	0.3	(40.2)
Profit for the year		**158.1**	**(4.6)**	**153.5**	143.9	(1.2)	142.7
Profit attributable to:							
Equity holders of the parent		**131.5**	**(4.6)**	**126.9**	118.4	(1.2)	117.2
Non-controlling interests	21	**26.6**	**–**	**26.6**	25.5	–	25.5
Profit for the year		**158.1**	**(4.6)**	**153.5**	143.9	(1.2)	142.7
Earnings per share (pence):							
– Basic	4	**29.1**		**28.1**	25.1		24.9
– Diluted	4	**28.7**		**27.7**	24.8		24.5

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2019

	Notes	2019 £m	2018 £m
Other comprehensive income/(expense)			
Items that will never be reclassified to the income statement:			
Remeasurements on defined benefit pension schemes	19	**(6.2)**	0.1
Tax credit/(charge) relating to items that will not be reclassified		**1.9**	(0.5)
Items that are or may be reclassified subsequently to the income statement:			
Net loss on hedge of net investment in foreign operations		**(4.3)**	(1.0)
Other foreign exchange translation differences		**16.0**	(6.8)
Effective portion of changes in fair value of cash flow hedges		**(5.9)**	1.3
Cash flow hedges – reclassified to income statement		**3.8**	4.5
Tax credit/(charge) relating to items that are or may be reclassified		**0.2**	(0.2)
Other comprehensive income/(expense) for the year		**5.5**	(2.6)
Profit for the year		**153.5**	142.7
Total comprehensive income for the year		**159.0**	140.1
Total comprehensive income attributable to:			
Equity holders of the parent		**129.1**	115.8
Non-controlling interests	21	**29.9**	24.3
Total comprehensive income for the year		**159.0**	140.1

CONSOLIDATED BALANCE SHEET

as at 30 September 2019

	Notes	2019 £m	2018 £m
Non-current assets			
Property, plant and equipment	10	**466.5**	371.4
Goodwill and intangible assets	11	**747.1**	731.2
Investments in associates	12	**17.3**	10.6
Deferred tax assets	13	**28.2**	23.7
Other receivables	15	**54.3**	49.2
Other financial assets	24	**–**	5.1
		1,313.4	1,191.2
Current assets			
Inventories	14	**38.7**	35.1
Tax receivable		**0.8**	2.0
Trade and other receivables	15	**205.4**	178.0
Cash and cash equivalents	16	**233.3**	147.8
		478.2	362.9
Total assets		**1,791.6**	1,554.1
Current liabilities			
Short-term borrowings	17	**(128.8)**	(31.5)
Trade and other payables	18	**(551.9)**	(499.7)
Tax payable		**(30.9)**	(25.5)
Provisions	20	**(4.6)**	(3.4)
Obligation to acquire additional share of subsidiary undertaking		**–**	(20.5)
		(716.2)	(580.6)
Non-current liabilities			
Long-term borrowings	17	**(587.9)**	(456.1)
Post-employment benefit obligations	19	**(19.6)**	(13.0)
Other payables	18	**(4.1)**	(2.5)
Provisions	20	**(29.9)**	(28.0)
Derivative financial liabilities	24	**(4.6)**	(3.2)
Deferred tax liabilities	13	**(13.7)**	(12.4)
		(659.8)	(515.2)
Total liabilities		**(1,376.0)**	(1,095.8)
Net assets		**415.6**	458.3
Equity			
Share capital	21	**4.8**	4.8
Share premium	21	**461.2**	461.2
Capital redemption reserve	21	**1.2**	1.2
Other reserves	21	**12.9**	(13.0)
Retained losses		**(152.1)**	(77.7)
Total equity shareholders' funds		**328.0**	376.5
Non-controlling interests	21	**87.6**	81.8
Total equity		**415.6**	458.3

These financial statements were approved by the Board of Directors on 19 November 2019 and were signed on its behalf by:

Jonathan Davies
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	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 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)
Non-controlling interest arising on acquisition	–	–	–	(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-based payments	–	–	–	–	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**
IFRS 9 Opening balance sheet adjustment (see notes 1.2 and 17)	**–**	**–**	**–**	**–**	**7.7**	**7.7**	**–**	**7.7**
Tax on IFRS 9 Opening balance sheet adjustment (see notes 1.2 and 17)	**–**	**–**	**–**	**–**	**(1.5)**	**(1.5)**	**–**	**(1.5)**
Revised balance at 1 October 2018	**4.8**	**461.2**	**1.2**	**(13.0)**	**(71.5)**	**382.7**	**81.8**	**464.5**
Profit for the year	**–**	**–**	**–**	**–**	**126.9**	**126.9**	**26.6**	**153.5**
Other comprehensive income/(expense) for the year	**–**	**–**	**–**	**6.5**	**(4.3)**	**2.2**	**3.3**	**5.5**
Capital contributions from non-controlling interests (note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**9.0**	**9.0**
Reclassification of obligation to purchase subsidiary	**–**	**–**	**–**	**10.4**	**(10.4)**	**–**	**–**	**–**
Dividends paid to equity shareholders (note 9)	**–**	**–**	**–**	**–**	**(200.8)**	**(200.8)**	**–**	**(200.8)**
Dividends paid to non-controlling interests (note 21)	**–**	**–**	**–**	**–**	**–**	**–**	**(24.7)**	**(24.7)**
Purchase of additional stake in subsidiary	**–**	**–**	**–**	**8.3**	**–**	**8.3**	**(8.3)**	**–**
Transactions with non-controlling interests	**–**	**–**	**–**	**0.7**	**–**	**0.7**	**(0.1)**	**0.6**
Share-based payments	**–**	**–**	**–**	**–**	**8.2**	**8.2**	**–**	**8.2**
Tax on share-based payments	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
At 30 September 2019	**4.8**	**461.2**	**1.2**	**12.9**	**(152.1)**	**328.0**	**87.6**	**415.6**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2019

	Notes	2019 £m	2018 £m
Cash flows from operating activities			
Cash flow from operations	23	**338.3**	310.1
Tax paid		**(37.1)**	(37.2)
Net cash flows from operating activities		**301.2**	272.9
Cash flows from investing activities			
Dividends received from associates	12	**5.2**	3.9
Interest received	7	**2.4**	1.9
Purchase of property, plant and equipment	10	**(175.9)**	(146.6)
Purchase of other intangible assets	11	**(18.1)**	(10.0)
Acquisition in the year, net of cash and cash equivalents acquired		**(3.4)**	(19.0)
Investment in associate	12	**(3.0)**	(2.6)
Net cash flows from investing activities		**(192.8)**	(172.4)
Cash flows from financing activities			
Repayment of borrowings		**(32.0)**	(31.5)
Drawdown on revolving credit facility		**27.5**	70.0
Drawdown on USPP debt	17	**239.8**	–
Purchase of additional 16% stake in TFS		**(22.4)**	–
Repayment of finance leases and other loans		**(3.2)**	(1.7)
Realisation of other financial assets		**–**	5.2
Refinancing fee paid		**(1.3)**	(2.0)
Interest paid		**(18.5)**	(13.5)
Dividends paid to equity shareholders	9	**(200.8)**	(145.8)
Dividends paid to non-controlling interests, net of equity issued to them	21	**(24.7)**	(19.6)
Loan to associate		**–**	(4.2)
Capital contribution from non-controlling interests	21	**9.0**	12.4
Net cash flows from financing activities		**(26.6)**	(130.7)
Net increase/(decrease) in cash and cash equivalents		**81.8**	(30.2)
Cash and cash equivalents at beginning of the year		**147.8**	178.1
Effect of exchange rate fluctuations on cash and cash equivalents		**3.7**	(0.1)
Cash and cash equivalents at end of the year		**233.3**	147.8
Reconciliation of net cash flow to movement in net debt			
Net increase/(decrease) in cash in the year		**81.8**	(30.2)
Cash inflow from movement in debt and finance leases		**(232.1)**	(36.8)
Cash inflow from investment in other financial assets		**(5.1)**	(5.2)
Change in net debt resulting from cash flows		**(155.4)**	(72.2)
Translation differences		**(0.6)**	(1.0)
Other non-cash changes		**7.3**	0.7
Increase in net debt in the year		**(148.7)**	(72.5)
Net debt at beginning of the year		**(334.7)**	(262.2)
Net debt at end of the year	24	**(483.4)**	(334.7)

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 financial instruments (including derivative instruments) and defined benefit pension schemes which are measured at fair values, as explained in the accounting policies below.

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

1.2 New accounting standards adopted by the Group

There have been significant changes to accounting under IFRS which have affected the Group's financial statements. New standards and interpretations effective for periods commencing on or after 1 January 2018 and therefore applicable to the Group's financial statements for the financial year ended 30 September 2019 are listed below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 'Financial Instruments: Recognition and Measurement'. The standard introduces changes to four key areas:

- New requirements for the classification and measurement of financial instruments;
- A new impairment model based on expected credit losses for recognising provisions;
- Debt revaluations for all debt modifications, rather than only significant modifications; and
- Simplified hedge accounting through closer alignment with an entity's risk management methodology.

IFRS 9 was adopted using the modified transition approach without restating comparative information. Hedge accounting relationships within the scope of IFRS 9 have transitioned prospectively. The adoption of the standard has not had a material impact on either the consolidated income statement or the consolidated balance sheet. Adjustments as a result of the adoption of the standard are reflected in the opening balance sheet as of 1 October 2018. These relate to the new debt modification rules and are not reflected in the comparative balance sheet. As shown in the consolidated statement of changes in equity, the total impact on the Group's retained earnings was an increase of £6.2m, reflecting a £7.7m impact of IFRS 9 itself less a related tax charge of £1.5m. The change also reduced opening borrowings by £7.7m, increased current tax liabilities by £1.5m and increased interest expense for the 12 months ended 30 September 2019 by £2.2 million, as discussed further in notes 17 and 7 respectively.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers provides a five-step revenue recognition model, applicable to all sales contracts, which 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 has adopted IFRS 15 using the cumulative catch-up ('modified') transition method with the effect of applying this standard at the date of the initial application. The Group has analysed all material revenue streams and concluded that the application of IFRS 15 will result in the same timing and amount of revenue recognition as its previous accounting policy. Consequently, no separate presentation of its impact on the financial statements is given.

1.3 Accounting standards issued but not yet effective

IFRS 16 Leases

IFRS 16 Leases introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group plans to apply IFRS 16 on 1 October 2019, using the modified retrospective approach. Therefore the cumulative effect of the initial adoption of IFRS 16 will be recognised in the Consolidated Balance Sheet at the same date, with no restatement of comparative information.

The Group will recognise new assets and liabilities for its concession contracts, buildings and other leases. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right of use assets and interest expense arising on the unwinding of the discount on lease liabilities. Previously the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.3 Accounting standards issued but not yet effective continued

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available and our existing portfolio of leases, the Group estimates that it will recognise a right of use asset and a corresponding lease liability, each of approximately £1.6bn, and an onerous lease provision of £3.8m will be derecognised. The impact on other working capital balances on a net basis is not expected to be material. From an income statement perspective, the indicative impact is:

- EBITDA is expected to increase by approximately £345m, being the reduction in the lease charge;
- Depreciation and interest arising on the right of use asset and unwind of the lease liability is expected to be approximately £370m; and
- Profit before tax is expected to be approximately £25m lower than under current IAS 17 accounting practice.

The impact on the Group cash flow will be neutral with reclassification of cash flow from operations to net cash flows from financing activities.

The impact assessment and oversight of the implementation of IFRS 16 has been carried out by a working group which includes senior members of Group and divisional finance teams. Progress has been monitored throughout by the Group Audit and Risk Committees. The adoption of the new standard is in the final stages of completion.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015-2017 Cycle-various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

1.4 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 a period of at least 12 months.

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 25 of the Strategic Report.

1.5 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 is 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 investees' future cash flows and the fair value less costs of disposal.

1.6 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 other comprehensive income. 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.

1.7 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.

1.8 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 and doubtful debts. The allowance for doubtful debts is recognised based on an expected loss model which is a probability weighted estimate of credit 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.8 Non-derivative financial instruments continued

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits and liquid investments, 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.

1.9 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 other comprehensive income 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).

1.10 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

1.11 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.

1.12 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.

1.13 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. Indefinite life intangible assets are treated as having an indefinite life due to the nature of those assets along with continued investment by the Group. 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.

1.14 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.

1.15 Impairment excluding inventories and deferred tax assets

Financial assets

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 in 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.

1.16 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Accounting policies continued

1.16 Employee benefits continued

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.

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.

1.17 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.

1.18 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.

1.19 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 that control of the good is passed to the customer. This is deemed to be at the at the point of sale of food, beverage and retail goods.

Provision of catering services

Revenue is recognised over time, as the services are provided to the customer.

1.20 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.

1.21 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.

1.22 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.

1.23 Finance income and expense

Finance income comprises interest receivable on funds invested and net foreign exchange gains that are recognised in the income statement. 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.

1.24 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.

Other than the changes discussed in 1.2, the accounting policies adopted are consistent with those of the previous year.

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. There were no major sources of estimation uncertainty as defined in IAS 1.125 in the current year. However, there were other accounting estimates that the Directors consider to be important.

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 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

2019	UK £m	Continental Europe £m	North America £m	RoW £m	Non-attributable £m	Total £m
Revenue	**840.5**	**1,036.9**	**533.4**	**383.8**	**–**	**2,794.6**
Underlying operating profit/(loss)	**101.8**	**79.3**	**41.9**	**35.9**	**(37.8)**	**221.1**

2018						
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

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	2019 £m	2018 £m
Air	**1,800.2**	1,638.7
Rail	**853.9**	795.2
Other	**140.5**	131.0
	2,794.6	2,564.9

The following amounts are included in underlying operating profit:

2019	UK £m	Continental Europe £m	North America £m	RoW £m	Non-attributable £m	Total £m
Depreciation and amortisation[1]	**(15.2)**	**(35.6)**	**(31.3)**	**(18.6)**	**(4.6)**	**(105.3)**

2018						
Depreciation and amortisation[1]	(12.9)	(34.5)	(28.0)	(17.0)	(5.3)	(97.7)

[1] Excludes amortisation of acquisition-related intangible assets.

A reconciliation of underlying operating profit to profit before and after tax is provided as follows:

	2019 £m	2018 £m
Underlying operating profit	**221.1**	195.2
Adjustments to operating costs	**(1.9)**	(1.9)
Share of profit from associates	**4.1**	4.8
Finance income	**2.3**	2.8
Finance expense	**(28.4)**	(18.0)
Profit before tax	**197.2**	182.9
Taxation	**(43.7)**	(40.2)
Profit after tax	**153.5**	142.7

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 26 April 2019, the Group paid a special dividend of £149.8m 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 15 April 2019, with shareholders receiving 20 new ordinary shares in exchange for every 21 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.

	2019 £m	2018 £m
Profit attributable to ordinary shareholders	**126.9**	117.2
Adjustments:		
Amortisation of acquisition-related intangibles	**1.9**	1.9
Net revaluation and unwind of discount on obligation to acquire shareholdings from non-controlling interest	**1.9**	(0.4)
Interest expense from IFRS 9 adoption (see note 1.2)	**2.2**	–
Tax effect of adjustments	**(1.4)**	(0.3)
Underlying profit attributable to ordinary shareholders	**131.5**	118.4
Basic weighted average number of shares	**452,360,460**	471,499,626
Dilutive potential ordinary shares	**5,953,867**	6,515,410
Diluted weighted average number of shares	**458,314,327**	478,015,036
Earnings per share (pence):		
– Basic	**28.1**	24.9
– Diluted	**27.7**	24.5
Underlying earnings per share (pence):		
– Basic	**29.1**	25.1
– Diluted	**28.7**	24.8

The number of ordinary shares in issue as at 30 September 2019 was 444,852,520 (2018: 464,008,266).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. Operating costs

	2019 £m	2018 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(806.7)**	(763.5)
Labour cost:		
Employee remuneration	**(809.3)**	(736.3)
Overheads:		
Depreciation of property, plant and equipment	**(98.3)**	(90.3)
Amortisation of intangible assets	**(8.9)**	(9.3)
Rentals payable under operating leases	**(551.8)**	(489.6)
Other overheads	**(300.4)**	(282.6)
	(2,575.4)	(2,371.6)

The Group's rentals payable consist of fixed and variable elements depending on the nature of the contract and the levels of revenue earned from the respective sites. The fixed element of rent during the year was £350.5m (2018: £308.8m).

Adjustments to operating costs

	2019 £m	2018 £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:

	2019 £m	2018 £m
Audit of these financial statements	**0.1**	0.1
Audit of financial statements of subsidiaries pursuant to legislation	**1.0**	0.8
Tax compliance services	**0.1**	0.1
Other non-audit services	**0.2**	0.1
	1.4	1.1

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:

	2019	2018
	Number of employees	
Operations	**36,817**	34,932
Sales and marketing	**166**	182
Administration	**2,566**	2,182
	39,549	37,296

The aggregate payroll costs of the Group were as follows:

	2019 £m	2018 £m
Wages and salaries	**(693.3)**	(627.6)
Social security costs	**(93.2)**	(83.5)
Other pension costs	**(14.6)**	(13.5)
Share-based payments (note 22)	**(8.2)**	(11.7)
	(809.3)	(736.3)

7. Finance income and expense

	2019 £m	2018 £m
Finance income:		
Interest income	**2.3**	1.9
Foreign exchange gains on revaluation of obligation to acquire additional share of subsidiary undertaking	**–**	0.9
Total finance income	**2.3**	2.8
Finance expense:		
Total interest expense on financial liabilities measured at amortised cost	**(18.1)**	(9.4)
Net change in fair value of cash flow hedges utilised in the year	**(3.8)**	(4.5)
Unwind of discount on provisions	**(0.4)**	(0.6)
Net interest expense on defined benefit pension obligations	**–**	(0.3)
Foreign exchange losses on revaluation of obligation to acquire additional share in subsidiary undertaking	**(1.6)**	–
Unwind of discount on obligation to acquire additional share in subsidiary undertaking	**(0.3)**	(0.5)
Other net foreign exchange losses	**(0.7)**	(0.8)
Other	**(3.5)**	(1.9)
Total finance expense	**(28.4)**	(18.0)

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. The obligation was settled in April 2019. Furthermore, in 2019, an adjustment has also been made to record additional expense arising as a result of changes to the effective interest rate following the adoption of IFRS 9.

	2019 £m	2018 £m
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	**(0.3)**	(0.5)
Foreign exchange (losses)/gains on revaluation of obligation to acquire additional share of subsidiary undertaking	**(1.6)**	0.9
Total adjustments related to the TFS financial liability	**(1.9)**	0.4
Additional interest expense from adoption of IFRS 9	**(2.2)**	–
Total adjustments to finance income and expense	**(4.1)**	0.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. Taxation

	2019 £m	2018 £m
Current tax expense:		
Current year	**(47.0)**	(46.9)
Adjustments for prior years	**0.7**	3.3
	(46.3)	(43.6)
Deferred tax credit/(expense):		
Origination and reversal of temporary differences	**(0.6)**	1.9
Recognition of deferred tax assets not previously recognised	**1.5**	1.9
Changes in tax rates	**(0.4)**	–
Adjustments for prior years	**2.1**	(0.4)
	2.6	3.4
Total tax expense	**(43.7)**	(40.2)
Tax rate	**22.2%**	22.0%

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% (2018: 19.0%) applied to the profit before tax for the year. The differences are explained below:

	2019 £m	2018 £m
Profit before tax	**197.2**	182.9
Tax charge using the UK corporation tax rate of 19.0% (2018: 19.0%)	**(37.5)**	(34.8)
Non-deductible expenses	**(2.7)**	(5.1)
Tax impact of share of profits of non-wholly owned subsidiaries*	**3.0**	3.1
Effect of tax rates in foreign jurisdictions	**(3.9)**	(4.4)
Withholding taxes	**(2.0)**	(0.8)
Secondary and irrecoverable taxes	**(2.8)**	(1.6)
Changes in tax rates	**(0.4)**	–
Temporary differences for which no deferred tax was recognised	**(1.3)**	(4.5)
Recognition of deferred tax assets not previously recognised	**1.7**	5.0
Adjustments for prior years	**2.2**	2.9
Total tax expense	**(43.7)**	(40.2)

* 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 subsidiaries' 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 benefited 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 is due to be reduced to 17% in April 2020, albeit, recent government announcements indicate that this rate reduction could be postponed.

9. Dividends

	2019 £m	2018 £m
Interim dividend paid in the year of 5.8p per share (2018: 4.8p)	**(25.8)**	(22.2)
Special dividend paid in the year of 32.1p per share (2018: 20.9p)	**(149.8)**	(100.1)
Prior year final dividend of 5.4p per share paid in the year (2018: 4.9p)	**(25.2)**	(23.5)
	(200.8)	(145.8)

The proposed dividend of 6.0 pence per share, amounting to a final dividend of £26.7m, is not included as a liability in these financial statements and, subject to shareholder approval, will be paid on 27 March 2020 to shareholders on the register on 6 March 2020.

10. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Equipment, fixtures and fittings £m	Total £m
Cost			
At 1 October 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	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**
Additions	**50.3**	**125.6**	**175.9**
Disposals	**(11.9)**	**(35.4)**	**(47.3)**
Effects of movements in foreign exchange	**13.4**	**7.2**	**20.6**
Other movements[1]	**2.0**	**3.7**	**5.7**
At 30 September 2019	**284.0**	**871.8**	**1,155.8**
Depreciation			
At 1 October 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)**
Charge for the year	**(26.5)**	**(71.8)**	**(98.3)**
Disposals	**11.1**	**35.6**	**46.7**
Reclassifications	**1.4**	**0.2**	**1.6**
Effects of movements in foreign exchange	**(6.9)**	**(2.9)**	**(9.8)**
At 30 September 2019	**(149.7)**	**(539.6)**	**(689.3)**
Net book value			
At 30 September 2019	**134.3**	**332.2**	**466.5**
At 30 September 2018	101.4	270.0	371.4

[1] Included in other movements in 2019 is £5.9m (2018: £1.3m) in respect of increases to the restoration costs provision (see note 20).

At 30 September 2019, the net carrying amount of equipment, fixtures and fittings held under finance leases was £0.5m (2018: £0.5m). Depreciation for the year on these assets was £0.4m (2018: £0.4m). The leased equipment acts as security against 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 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**
Additions	**–**	**–**	**–**	**20.8**	**20.8**
Business acquisitions	**0.3**	**–**	**2.2**	**–**	**2.5**
Disposals	**(0.3)**	**–**	**–**	**(0.5)**	**(0.8)**
Reclassifications	**–**	**–**	**–**	**–**	**–**
Effects of movement in foreign exchange	**1.6**	**–**	**0.2**	**0.8**	**2.6**
At 30 September 2019	**648.0**	**58.0**	**69.0**	**84.3**	**859.3**
Amortisation					
At 1 October 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)**
Charge for the year	**–**	**–**	**(2.7)**	**(6.2)**	**(8.9)**
Disposals	**–**	**–**	**–**	**0.5**	**0.5**
Effect of movements in foreign exchange	**–**	**–**	**–**	**(0.8)**	**(0.8)**
At 30 September 2019	**–**	**–**	**(58.2)**	**(54.0)**	**(112.2)**
Net book value					
At 30 September 2019	**648.0**	**58.0**	**10.8**	**30.3**	**747.1**
At 30 September 2018	646.4	58.0	11.1	15.7	731.2

Indefinite life intangible assets have no limitations that limit the life of these assets. Therefore, along with continued support for these brands, the Directors believe the indefinite life treatment is appropriate.

Goodwill and indefinite life intangible assets are allocated to the Group's cash-generating units (CGUs). 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**	
	2019 £m	2018 £m	**2019 £m**	2018 £m
UK & Ireland	**104.0**	104.0	**55.5**	55.5
Rail Gourmet	**59.4**	59.4	**–**	–
North America	**15.7**	14.6	**–**	–
France	**63.4**	63.7	**2.5**	2.5
Belgium	**8.1**	8.1	**–**	–
Spain	**47.1**	47.3	**–**	–
Germany	**46.0**	48.0	**–**	–
Switzerland	**43.7**	41.9	**–**	–
Finland	**21.7**	21.8	**–**	–
Norway	**70.1**	73.8	**–**	–
Sweden	**49.0**	51.1	**–**	–
Denmark	**24.8**	24.9	**–**	–
Greece	**4.8**	4.8	**–**	–
Egypt	**15.1**	13.0	**–**	–
Hungary	**1.2**	1.2	**–**	–
Singapore	**0.2**	0.2	**–**	–
Hong Kong	**28.7**	27.1	**–**	–
China	**0.6**	0.6	**–**	–
Thailand	**13.0**	11.6	**–**	–
India	**31.4**	29.3	**–**	–
	648.0	646.4	**58.0**	58.0

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 (2018: £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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Goodwill and intangible assets continued

The key assumptions for these calculations are shown below:

	2019		2018	
	Growth rate	**Discount rate[1]**	Growth rate	Discount rate[1]
UK & Ireland	**2.0%**	**6.1%**	2.0%	7.4%
Continental Europe	**2.0%-2.2%**	**5.5%-9.4%**	2.0%-3.0%	6.8%-9.0%
North America	**2.0%**	**5.5%**	2.0%	7.3%
Rest of the World	**2.0%-4.1%**	**5.5%-15.5%**	2.0-6.0%	6.8%-21.1%

[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.

An adjustment has been made to discount rates for certain countries in 2019 , to reflect the progress and maturity of these CGUs.

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 1.0% 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 £17.3m as at 30 September 2019 (2018: £10.6m). The following table summarises the movement in investments in associates during the year:

	2019 £m	2018 £m
At 1 October 2018	**10.6**	6.8
Additions	**7.3**	2.6
Profits for the year	**4.1**	4.8
Dividends received	**(5.2)**	(3.9)
Currency adjustment	**0.5**	0.3
At 30 September 2019	**17.3**	10.6

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. Details of the Group's interests in associates are shown in note 39.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Intangible assets	**–**	–	**(8.0)**	(8.6)
Property, plant and equipment	**11.8**	11.3	**(1.7)**	(2.0)
Provisions	**4.5**	3.7	**–**	(0.1)
Tax loss carry forwards	**3.9**	4.2	**–**	–
Pensions	**1.4**	0.3	**–**	–
Other	**9.3**	7.6	**(6.7)**	(5.1)
Deferred tax assets/(liabilities)	**30.9**	27.1	**(16.4)**	(15.8)
Set-off	**(2.7)**	(3.4)	**2.7**	3.4
Deferred tax assets/(liabilities)	**28.2**	23.7	**(13.7)**	(12.4)

Movement in net deferred tax during the year:	**1 October 2018 £m**	**Recognised in income statement £m**	**Recognised in reserves £m**	**Currency adjustment £m**	**30 September 2019 £m**
Intangible assets	(8.6)	0.8	–	(0.3)	(8.1)
Property, plant and equipment	9.3	0.9	–	–	10.2
Provisions	3.6	0.6	0.3	–	4.5
Tax loss carry forwards	4.2	(0.3)	–	(0.1)	3.8
Pensions	0.3	0.2	1.1	(0.1)	1.5
Other	2.5	0.4	(0.2)	(0.1)	2.6
	11.3	**2.6**	**1.2**	**(0.6)**	**14.5**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Deferred tax assets and liabilities continued

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	
	2019 £m	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Property, plant and equipment	**3.7**	6.8	**0.7**	0.9	–	–
Tax losses	**272.3**	247.8	**59.8**	60.5	–	–
Provisions and other temporary differences	**8.9**	22.5	**1.9**	4.7	–	–
	284.9	277.1	**62.4**	66.1	–	–

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.

£7.9m 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.

There are unremitted earnings in overseas subsidiaries of £26.7m (2018: £23.4m) which would be subject to additional tax of £4.9m (2018: £3.3m) if the Group chooses to remit those profits to SSP Group plc. No deferred tax liability has been provided on these earnings because the Group is in a position to control the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

14. Inventories

	2019 £m	2018 £m
Food and beverages	**33.4**	28.7
Other	**5.3**	6.4
	38.7	35.1

15. Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**66.1**	65.7
Other receivables[1]	**118.4**	95.1
Prepayments and accrued income	**75.2**	66.4
	259.7	227.2
Of which:		
Non-current (other receivables)	**54.3**	49.2
Current	**205.4**	178.0

1 Other receivables include long-term security deposits of £30.1m (2018: £16.2m) relating to some of the Group's concession agreements.

16. Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank and in hand	**186.2**	108.2
Cash equivalents	**47.1**	39.6
	233.3	147.8

17. Short-term and long-term borrowings

	2019 £m	2018 £m
Current liabilities		
Bank loans	**(128.2)**	(31.2)
Finance leases	**(0.6)**	(0.3)
	(128.8)	(31.5)
Non-current liabilities		
Bank loans	**(343.4)**	(454.7)
US Private Placement notes	**(243.9)**	0
Finance leases	**(0.6)**	(1.4)
	(587.9)	(456.1)

As discussed in note 1.2, the group adopted IFRS 9 on 1 October 2018. Among other things, the standard introduces new guidance with regards to debt modifications whereby all modifications, irrespective of their significance, result in a revaluation of the carrying value of borrowings. IFRS 9 was adopted using the modified transition approach without restating comparative information, with adjustments arising as a result of the adoption of the standard reflected in the opening balance sheet on 1 October 2018. As a result, the Group has revalued the opening value of bank borrowings from £485.9m as disclosed in 2018 (above) to £478.2m, a total change of £7.7m. The other side of this adjustment was made to opening retained earnings, as shown in the statement of changes in equity.

Bank loan

As at 30 September 2019, the Group had Facility A borrowings of £112.1m. 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 2019. Facility A debt requires a mandatory payment of 11.7% of the debt annually in July.

As at 30 September 2019, the Group had Facility B borrowings of £270.2m. 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 2019.

As at 30 September 2019, the Group had Revolving Credit Facility drawings of £97.5m. 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 2019. A commitment and utilisation fee also applies to this facility.

As at 30 September 2019, interest rate swaps hedge 75% of the floating rate exposure until 15 July 2022, to match the debt profile (see note 24 for details of the Group's interest rate profile). Whilst hedge accounting requirements are revised under IFRS 9, no material changes to the Group's hedge accounting have been identified.

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 £3.3m as at 30 September 2019 (2018: £4.4m).

US Private Placement

As at 30 September 2019, the Group had US Private Placement note drawings of £245.6m. All notes drawn carry a fixed rate of interest. The following notes were drawn as at 30 September 2019:

Drawn	Currency	Amount in currency	Coupon	Maturity
Oct 2018	US$	40,000,000	4.35%	Oct 2025
Oct 2018	GBP	21,000,000	2.85%	Oct 2025
Jul 2019	US$	66,500,000	4.06%	Jul 2026
Oct 2018	US$	40,000,000	4.50%	Oct 2028
Oct 2018	GBP	21,000,000	3.06%	Oct 2028
Oct 2018	US$	40,000,000	4.60%	Oct 2030
Jul 2019	EUR	58,500,000	2.11%	Jul 2031

In addition, the following notes are committed to but will not be drawn until December 2019: US$66.5m at 4.25%, maturing in December 2027 and US$66.5m at 4.35%, maturing in December 2029.

USPP debt is shown net of unamortised arrangement fees totalling £1.7m as at 30 September 2019 (2018: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Short-term and long-term borrowings continued

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2019 £m	2018 £m
Less than 1 year	(0.6)	(0.3)
Between 1 and 5 years	(0.6)	(1.4)
More than 5 years	–	–
	(1.2)	(1.7)

18. Trade and other payables

	2019 £m	2018 £m
Trade payables	(146.9)	(113.3)
Other payables*	(201.3)	(173.6)
Other taxation and social security	(23.2)	(25.4)
Accruals and deferred income	(184.6)	(189.9)
	(556.0)	(502.2)

* Including non-current payables amounting to £4.1m (2018: £2.5m).

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 £14.1m (2018: £12.8m) 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:

	2019 £m	2018 £m
Funded schemes (see (a) below)	(7.7)	(2.7)
Unfunded schemes (see (b) below)	(11.9)	(10.3)
	(19.6)	(13.0)

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 2019. As at 30 September 2019, the weighted average duration of the defined benefit obligation was 16.6 years (2018: 17.4 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 2019 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. 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 RPS is currently under consideration and whilst we do not expect the amount to be material in respect of the RG section, any adjustment will be recognised in 2020.

Major assumptions used in the valuation of the funded schemes on a weighted average basis are set out below:

	2019	2018
Discount rate applied to scheme liabilities	**1.9%**	2.6%
Rate of increase in salaries	**3.2%**	2.9%
Rate of increase in pensions in payment	**2.0%**	1.4%
Inflation assumption	**3.0%**	2.5%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2019	2018
Male pensioner now aged 65	**20.3**	20.6
Female pensioner now aged 65	**22.2**	22.9
Male pensioner now aged 45	**23.3**	23.4
Female pensioner now aged 45	**25.5**	25.9

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 2019	**Increase £m**	**Decrease £m**
Discount rate applied to scheme liabilities	**(8.7)**	**7.2**
Rate of increase in salaries	**2.1**	**(1.6)**
Rate of increase in pensions in payment	**0.8**	**(0.5)**
Inflation assumption	**4.9**	**(4.0)**
Mortality rates (change of 1 year)	**1.2**	**(1.2)**

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:

	2019	2018
Equities, of which:	**38.0%**	28.6%
– actively traded	**83.6%**	95.2%
Property and infrastructure	**17.6%**	12.4%
Fixed interest investments	**40.6%**	53.8%
Cash	**3.8%**	5.2%
Total assets related to:		
– RG scheme	**85.7%**	84.6%
– Norway	**14.3%**	15.4%

The fair value of the scheme assets and the present value of the scheme liabilities of the funded schemes were:

	2019 £m	2018 £m
Fair value of scheme assets	**40.1**	39.1
Present value of funded liabilities	**(47.8)**	(41.8)
Net pension liability	**(7.7)**	(2.7)

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:

	2019 £m	2018 £m
Current service cost (reported in employee remuneration)	**(0.5)**	(0.6)
Net interest on pension scheme liabilities (reported in finance income and expense)	**–**	(0.1)
Total amount charged	**(0.5)**	(0.7)

Changes in the present value of the scheme liabilities are as follows:

	2019 £m	2018 £m
Scheme liabilities at 1 October 2018	**(41.8)**	(42.6)
Current service cost	**(0.5)**	(0.6)
Past service cost	**(0.1)**	–
Employee contributions	**(0.1)**	(0.1)
Interest on pension scheme liabilities	**(1.1)**	(1.1)
Remeasurements:		
– arising from changes in financial assumptions	**(6.8)**	0.1
– arising from changes in experience adjustments	**0.2**	0.1
Benefits paid	**2.0**	1.5
Currency adjustment	**0.4**	0.9
Scheme liabilities at 30 September 2019	**(47.8)**	(41.8)

Changes in the fair value of the scheme assets are as follows:

	2019 £m	2018 £m
Scheme assets at 1 October 2018	**39.1**	39.1
Interest income	**1.1**	1.0
Employer contributions	**0.4**	0.6
Employee contributions	**0.1**	0.1
Remeasurement: return on plan assets excluding interest income	**1.9**	(0.2)
Benefits paid	**(2.0)**	(1.5)
Curtailment	**(0.2)**	–
Currency adjustment	**(0.3)**	–
Scheme assets at 30 September 2019	**40.1**	39.1

The following amounts have been recognised directly in other comprehensive income:

	2019 £m	2018 £m
Remeasurements	**(4.7)**	–

(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 2019 by a qualified independent actuary. The major assumptions (on a weighted average basis) used in these valuations were:

	2019	2018
Rate of increase in salaries	**2.2%**	2.2%
Rate of increase in pensions in payment and deferred pensions	**0.9%**	1.0%
Discount rate applied to scheme liabilities	**0.6%**	1.7%
Inflation assumption	**1.6%**	1.6%

At the balance sheet date, scheme members were assumed to have the following life expectancies at age 65:

	2019	2018
Pensioner now aged 65	**22.5**	22.1
Pensioner now aged 40	**24.1**	23.9

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 2019	**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	**(0.7)**	0.6
Inflation assumption	**(0.5)**	0.4
Mortality rates (change by 1 year)	**(0.4)**	0.4

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:

	2019 £m	2018 £m
Net pension liability	**(11.9)**	(10.3)

The movement in the liability during the period was as follows:

	2019 £m	2018 £m
Deficit in the schemes at 1 October 2018	**(10.3)**	(10.4)
Current service cost	**–**	(0.1)
Contributions	**0.6**	0.5
Interest on pension scheme liabilities	**(0.2)**	(0.2)
Remeasurements:		
– arising from changes in demographic assumptions	**–**	–
– arising from changes in financial assumptions	**(1.1)**	0.1
– arising from changes in experience adjustments	**(0.4)**	–
Acquisition	**(0.6)**	(0.1)
Currency adjustment	**0.1**	(0.1)
Deficit in the schemes at 30 September 2019	**(11.9)**	(10.3)

The following amounts have been charged in arriving at profit for the year in respect of these schemes:

	2019 £m	2018 £m
Current service cost (reported in employee remuneration)	**–**	(0.1)
Interest on pension scheme liabilities (reported in finance income and expense)	**(0.2)**	(0.2)
Total amount charged	**(0.2)**	(0.3)

The following amounts have been recognised directly to other comprehensive income:

	2019 £m	2018 £m
Remeasurements	**(1.5)**	0.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. Provisions

	Onerous contracts £m	Restoration costs £m	Other £m	Total £m
At 1 October 2018	(5.4)	(12.9)	(13.1)	**(31.4)**
Created in the year	(0.7)	(5.9)	(0.6)	**(7.2)**
Reclassifications	–	–	(3.8)	**(3.8)**
Unwind of discount	(0.1)	(0.3)	–	**(0.4)**
Utilised in the year	2.4	3.6	2.3	**8.3**
At 30 September 2019	**(3.8)**	**(15.5)**	**(15.2)**	**(34.5)**
Represented by:				
Current	(2.7)	(1.9)	–	**(4.6)**
Non-current	(1.1)	(13.6)	(15.2)	**(29.9)**
	(3.8)	**(15.5)**	**(15.2)**	**(34.5)**

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 typically 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 legal and related matters.

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 £0.01033 each			
At 30 September 2018	464,008,266	4.8	461.2
Ordinary shares issued in the year	3,083,380	–	–
Effect of the share consolidation (see below)	(22,239,126)	–	–
At 30 September 2019	**444,852,520**	**4.8**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each	**444,852,520**	**4.8**	**461.2**

A share consolidation was undertaken on 15 April 2019, with shareholders receiving 20 new ordinary shares of $1^{17/200}$ pence nominal value in exchange for every 21 existing ordinary shares of $1^{1/30}$ 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 has operated since 2014 in connection with the Company's share option plans. The assets of the EBT were transferred to the SSP Group plc Share Plans Trust in April 2019. 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 45 to 67.

As at 30 September 2019, the Trustees of the EBT, the UK Trust and the Share Plan Trust respectively held nil (2018: 27,976), 2,253 (2018: 374) and 177,850 (2018: 212,387) ordinary shares of the Company with a combined value of £1.1m (2018: £1.7m).

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 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)**
Net loss on hedge of net investments in foreign operations	–	**(4.3)**	–	–	**(4.3)**
Current tax credit on loss on hedge of net investment in foreign operations	–	**0.8**	–	–	**0.8**
Decrease in non-controlling interest equity	–	–	–	**9.0**	**9.0**
Reclassification of obligation to purchase subsidiary	**–**	**–**	**–**	**10.4**	**10.4**
Other foreign exchange translation differences	–	**12.7**	–	–	**12.7**
Current tax charge on gains arising on exchange translation differences	–	**(0.9)**	–	–	**(0.9)**
Effective portion of changes in fair value of cash flow hedges	–	–	**(5.9)**	–	**(5.9)**
Cash flow hedges – reclassified to income statement	–	–	**3.8**	–	**3.8**
Tax credit on cash flow hedges	–	–	**0.3**	–	**0.3**
At 30 September 2019	**1.2**	**17.4**	**(4.5)**	–	**14.1**

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 impact when the obligation was settled in April 2019. This resulted in the majority of the decrease to other reserves of £8.3m with the other side going to non-controlling interests. The remaining balance was then reclassified to retained earnings.

Non-controlling interests

	2019 £m	2018 £m
At 1 October 2018	**81.8**	64.7
Share of profit for the year	**26.6**	25.5
Dividends paid to non-controlling interests	**(24.7)**	(21.6)
Capital contribution from non-controlling interests	**9.0**	12.4
Equity issued to holders of non-controlling interests	**–**	2.0
Purchase of additional 16% stake in TFS	**(8.3)**	–
Other	**(0.1)**	–
Currency adjustment	**3.3**	(1.2)
At 30 September 2019	**87.6**	81.8

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 45 to 67.

Performance Share Plan

The PSP awards are based on two independent performance conditions, which 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 £9.0m in 2019 (2018: £11.3m) in respect of the PSP.

	2019 Number of shares	2018 Number of shares
Outstanding at 1 October 2018	**8,029,631**	10,690,957
Granted during the year	**2,363,443**	2,172,901
Exercised during the year	**(3,041,440)**	(4,046,584)
Lapsed during the year	**(1,009,826)**	(787,643)
Outstanding at 30 September 2019[1]	**6,341,808**	8,029,631
Exercisable at 30 September 2019	**193,461**	191,662
Weighted average remaining contracted life (years)	**1.1**	1.1
Weighted average fair value of awards granted (£)	**5.37**	4.17

[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:

	2019
Weighted average share price at grant (£)	**6.75**
Weighted average exercise price	**–**
Expected volatility	**23.6%**
Expected life (years)	**3.0**
Vesting period (years)	**3.0**
Expected correlation between the share price of TSR comparators	**24.5%**

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.

For each 12 month plan period from January 2016 to December 2019, 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 2019 (2018: £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. The 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 £0.1m in respect of the matching element of the ISIP in 2019 (2018: £0.3m).

23. Cash flow from operations

	Note	**2019 £m**	2018 £m
Profit for the year		**153.5**	142.7
Adjustments for:			
Depreciation	10	**98.3**	90.3
Amortisation	11	**8.9**	9.3
Share-based payments	6	**8.2**	11.7
Finance income	7	**(2.3)**	(2.8)
Finance expense	7	**28.4**	18.0
Share of profit of associates	12	**(4.1)**	(4.8)
Taxation	8	**43.7**	40.2
		334.6	304.6
Increase in trade and other receivables		**(30.4)**	(54.1)
Increase in inventories		**(3.6)**	(2.5)
Increase in trade and other payables (including provisions)		**37.7**	62.1
Cash flow from operations		**338.3**	310.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments

(a) Fair values of financial assets and liabilities

All financial assets and financial liabilities are carried at amortised cost, except for derivatives which are held at fair value through the income statement.

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 2019 £m	Fair value 2019 £m	Carrying amount 2018 £m	Fair value 2018 £m
Loans and receivables				
Cash and cash equivalents	**233.3**	**233.3**	147.8	147.8
Trade and other receivables	**184.5**	**184.5**	160.8	160.8
Other financial assets	**–**	**–**	5.1	5.1
Total loans and receivables	**417.8**	**417.8**	313.7	313.7
Non-derivative financial liabilities measured at amortised cost				
Bank loans	**(471.6)**	**(481.5)**	(485.9)	(490.4)
US Private Placement notes	**(243.9)**	**(245.6)**	–	–
Finance lease liabilities	**(1.2)**	**(1.2)**	(1.7)	(1.7)
Trade and other payables	**(532.8)**	**(532.8)**	(476.8)	(476.8)
Total financial liabilities measured at amortised cost	**(1,249.5)**	**(1,261.1)**	(964.4)	(968.9)
Derivative financial liabilities				
Interest rate swaps	**(4.6)**	**(4.6)**	(3.2)	(3.2)
Total derivative financial liabilities	**(4.6)**	**(4.6)**	(3.2)	(3.2)

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.

(b) 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:

	2019 £m	2018 £m
Total trade receivables	**72.3**	69.6
Less: impairment provision for trade receivables	**(6.2)**	(3.9)
	66.1	65.7
Of which:		
Not yet due	**38.6**	41.2
Overdue, between 0 and 6 months	**24.2**	21.7
Overdue, more than 6 months	**9.5**	6.7
Impairment provision for trade receivables	**(6.2)**	(3.9)
	66.1	65.7

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019 £m	2018 £m
At 1 October 2018	**(3.9)**	(2.4)
Charged in the year	**(2.6)**	(1.8)
Utilised in the year	**0.6**	0.3
Currency adjustment	**(0.3)**	–
At 30 September 2019	**(6.2)**	(3.9)

Other classes of assets in trade and other receivables do not include any impaired assets.

(c) 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:

	2019 £m	2018 £m
High grade	**131.4**	56.1
Upper medium grade	**17.4**	24.7
Medium grade	**14.5**	10.2
Non-investment grade	**9.9**	5.1
Unrated	**24.7**	17.4
	197.9	113.5
Cash in hand and in transit	**35.4**	34.3
	233.3	147.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments continued

(d) 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.

		2019				
	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	**(471.6)**	**(530.5)**	**(136.2)**	**(37.9)**	**(356.4)**	**–**
Finance lease liabilities	**(1.2)**	**(1.4)**	**(0.8)**	**(0.3)**	**(0.3)**	
US Private Placement notes	**(243.9)**	**(366.5)**	**97.0**	**(13.6)**	**(40.7)**	**(409.2)**
Trade and other payables	**(532.8)**	**(532.8)**	**(529.7)**	**(3.1)**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**(4.6)**	**(4.6)**	**(1.4)**	**(1.7)**	**(1.5)**	**–**
	(1,254.1)	**(1,435.8)**	**(571.1)**	**(56.6)**	**(398.9)**	**(409.2)**

		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)	–

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 2019 was as follows:

Cash at bank and in hand	2019 £m	2018 £m
Sterling	**86.5**	36.5
Other currencies	**146.8**	111.3
	233.3	147.8

The Group uses currency denominated borrowings to hedge the exposure of a portion of its net investment in overseas operations (with non-Sterling functional currency) against changes in value due to changes in foreign exchange rates.

As at 30 September 2019, the fair value of bank loans and US Private Placement debt used as hedging instruments was £447.5m (2018: £266.1m). Of this, £208.8m was in respect of Euro exposure, £180.5m in respect of the US Dollar exposure, £34.8m in respect of Norwegian Krone exposure and £23.4m for Swedish Krona exposure. This increased during the year due to the issuance of US Private Placement debt where the equivalent of £203.6m was drawn in non-Sterling currencies (see note 17 for details), offset against the foreign currency repayment of the equivalent of £20.2m bank debt.

There were no reclassifications from foreign currency translation reserve and net investment hedge ineffectiveness was £nil during the year.

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 2019, after taking into account interest rate swaps and before adjustment for unamortised bank fees of £5.0m (2018: £4.4m), was as follows:

	Floating-rate liabilities		Fixed-rate liabilities		Total	
	2019 £m	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Currency						
Sterling	**(132.1)**	(107.4)	**(145.8)**	(112.4)	**(277.9)**	(219.8)
Euro	**(39.2)**	(42.6)	**(169.6)**	(127.9)	**(208.8)**	(170.5)
US Dollar	**(7.2)**	(7.3)	**(173.3)**	(22.1)	**(180.5)**	(29.4)
Swedish Krona	**(5.9)**	(6.6)	**(17.6)**	(19.9)	**(23.5)**	(26.5)
Norwegian Krone	**(8.7)**	(9.9)	**(26.1)**	(29.8)	**(34.8)**	(39.7)
Indian Rupee	**(1.7)**	(4.5)	**–**	–	**(1.7)**	(4.5)
	(194.8)	(178.3)	**(532.4)**	(312.1)	**(727.2)**	(490.4)

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 £4.6m as at 30 September 2019 (2018: £3.2m).

In 2019, a charge of £5.9m (2018: credit of £1.3m) 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 2019, a credit of £3.8m (2018: credit of £4.5m) 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Financial instruments continued

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 2019, 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.

	2019 £m	2018 £m
Equity		
Increase	**3.8**	5.2
Decrease	**(3.8)**	(5.3)

(e) 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 long-term borrowings, 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 2019, the Group had a leverage of 1.5x underlying LTM (last 12 months) EBITDA (2018: 1.1x).

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:

	2019 £m	2018 £m
Less than 1 year	**390.8**	394.1
Between 1 and 5 years	**1,221.9**	1,017.5
More than 5 years	**387.5**	466.2
	2,000.2	1,877.8

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:

	2019 £m	2018 £m
Contracted for but not provided	**62.5**	66.6

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 below). 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

	2019 £m	2018 £m
Purchases from related parties[1]	**(3.0)**	(5.9)
Management fee income	**2.6**	2.1
Other income	**1.6**	1.7
Other expenses[2]	**(14.2)**	(11.5)
Amounts owed by related parties at the end of the year	**10.1**	2.2
Amounts owed to related parties at the end of the year	**–**	(0.5)
Operating lease commitments	**(18.5)**	(20.3)

1 The majority of purchases from related parties relates to purchases from The Minor Food Group PCL (£0.9m; 2018: £5.2m) which owns 51% of Select Service Partner Co. Limited.
2 The majority of other costs relate to £8.9m concession fees (2018: £8.9m).

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.

	2019 £m	2018 £m
Short-term employee benefits	**(6.5)**	(5.1)
Post-employment benefits	**(0.4)**	(0.4)
Share-based payments	**(1.5)**	(2.4)
	(8.4)	(7.9)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. Post balance sheet event

The Company has announced its intention to return up to £100m to its shareholders through a share buyback programme underpinning its confidence in the business and commitment to maintain an efficient balance sheet. The buyback programme will begin immediately and will end no later than 20 November 2020.

COMPANY BALANCE SHEET

As at 30 September 2019

	Notes	**2019 £m**	2018 £m
Fixed assets			
Investments	30	**946.1**	939.7
		946.1	939.7
Current assets			
Debtors due within one year	31	**0.3**	0.3
Liabilities falling due within one year			
Creditors	32	**(90.7)**	(128.3)
Net current (liabilities)/assets		**(90.4)**	(128.0)
Net assets		**855.7**	811.7
Capital and reserves			
Called up share capital	33	**4.8**	4.8
Share premium account	33	**461.2**	461.2
Capital redemption reserve	33	**1.2**	1.2
Profit and loss account	33	**388.5**	344.5
Total equity shareholders' funds		**855.7**	811.7

These financial statements were approved by the Board of Directors on 19 November 2019 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 2019

	Share capital £m	Share premium £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
At 1 October 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 33)	–	–	–	(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**
Profit for the year	**–**	**–**	**–**	**236.6**	**236.6**
Dividends paid to equity shareholders (note 33)	**–**	**–**	**–**	**(200.8)**	**(200.8)**
Share-based payments	**–**	**–**	**–**	**8.2**	**8.2**
At 30 September 2019	**4.8**	**461.2**	**1.2**	**388.5**	**855.7**

NOTES TO COMPANY FINANCIAL STATEMENTS

29. 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 profit for the financial year (2018: 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 72 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.

30. Investments in subsidiary undertakings

	Shares in Group undertaking £m
Cost	
At 1 October 2018	939.7
Additions	6.4
At 30 September 2019	**946.1**
Net book value	
At 30 September 2019	**946.1**
At 30 September 2018	939.7

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 4.1% per annum thereafter. These cash flows were discounted by applying discount rates of between 5.5% and 15.5%. 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 2019 (2018: £nil).

31. Debtors

Due within one year	**2019 £m**	2018 £m
Amount receivable from Group undertakings	**–**	–
Other debtors	**0.1**	0.2
Deferred taxation	**0.2**	0.1
	0.3	0.3

32. Creditors

Due within one year	**2019 £m**	2018 £m
Amounts payable to Group undertakings	**(84.4)**	(116.7)
Accruals and deferred income	**(2.6)**	(8.2)
Trade and other payables	**(0.8)**	(0.7)
Other taxation and social security	**(2.9)**	(2.7)
	(90.7)	(128.3)

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

33. 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 £0.01033 each			
At 30 September 2018	464,008,266	4.8	461.2
Ordinary shares issued in the year	3,083,380	–	–
Effect of the share consolidation	(22,239,126)	–	–
At 30 September 2019	**444,852,520**	**4.8**	**461.2**
Comprised of:			
Issued, called up and fully paid:			
Ordinary shares of £0.01085 each	**444,852,520**	**4.8**	**461.2**

Reserves

	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 October 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**
Profit for the year	**–**	**236.6**	**236.6**
Dividends paid to equity shareholders	**–**	**(200.8)**	**(200.8)**
Share-based payments	**–**	**8.2**	**8.2**
At 30 September 2019	**1.2**	**388.5**	**389.7**

A share consolidation was undertaken on 15 April 2019, with shareholders receiving 20 new ordinary shares of $1^{17/200}$ pence nominal value in exchange for every 21 existing ordinary shares of $1^{1/30}$ 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 profit for the financial year was £228.4m (2018: loss of £10.0m).

Dividends

	2019 £m	2018 £m
Interim dividend paid in the year of 5.8p per share (2018: 4.8p)	**(25.8)**	(22.2)
Special dividend paid in the year of 32.1p per share (2018: 20.9p)	**(149.8)**	(100.1)
Prior year final dividend of 5.4p per share paid in the year (2018: 4.9p)	**(25.2)**	(23.5)
	(200.8)	(145.8)

The proposed dividend of 6.0 pence per share, amounting to a final dividend of £26.7m, is not included as a liability in these financial statements, and, subject to shareholder approval, will be paid on 27 March 2020 to shareholders on the register on 6 March 2020.

34. 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 45 to 67.

PSP

	2019 Number of shares	2018 Number of shares
Outstanding at 1 October 2018	**2,516,276**	3,220,624
Granted during the year	**450,418**	597,769
Exercised during the year	**(990,897)**	(1,218,678)
Lapsed during the year	**(369,912)**	(83,439)
Outstanding at 30 September 2019	**1,605,885**	2,516,276
Exercisable at 30 September 2019	**61,584**	31,222
Weighted average remaining contracted life (years)	**0.9**	1.0
Weighted average fair value of awards granted in the year (£)	**5.12**	4.08
Expense recognised for the year (£m)	**2.0**	3.8

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 2019.

35. 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 45 to 67.

36. Related parties

The Company has identified the Directors of the Company as related parties for the purpose of FRS 101. 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.

37. 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 2019 was approximately £4.4m (2018: £5.9m).

In addition, the Company is a guarantor for the Group's bank facilities and US Private Placement borrowings. The borrowings under the facilities at 30 September 2019 were £725.5m (2018: £415.9m).

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.

38. Other information

The fee for the audit of the Company's annual financial statements was £0.2m (2018: £0.1m).

The average number of persons employed by the Company (including Directors) during the year was 60 (2018: 60).

Total staff costs (excluding charges for share-based payments) were £14.4m (2018: £13.8m).

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

39. 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.

Group companies included in the consolidation are those companies controlled by the Group. Control exists when the Group has the power to direct the activities of an entity so as to affect the return on investment. In certain cases an entity may be consolidated when the percentage of shares held may be less than 50% as the Group has the power to control such activities.

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):		
Australia		
SSP Australia Airport Concessions Pty Ltd Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia	Inactive company	
SSP Australia Airport F&B Pty Ltd Level 3, 69 Christie Street, St Leonards, NSW 2065, Australia	Inactive company	
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		
Bahrain		
SSP Bahrain WLL Falcon Tower, Office 614. Building No 60, Road 1701, Block 317, Diplomatic Area, Manama, Kingdom of Bahrain		51%
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 8,rue des Frères Wright, Boite 12, 6041 Charleroi, Belgium		
SSP Belgium SPRL Korte Ambachtstraat 4, 9860, Oosterzele, Belgium		
Bermuda		
Bermuda Travel Concessions, LLC 4 Burnaby Street, Hamilton, Bermuda HM 11	Inactive company	51%
Brazil		
SSP DFA Restaurantes Brasil Ltda Avenida das Américas, 3434, Building 02, Office 301, Zip Code 22.640-102		50%[1]
Cambodia		
Select Service Partner (Cambodia) Limited No 4B, Street Vat Ang Taming, Sangkat Kakab, Khan Poh Sen Chey, Phnom Penh	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		[16]

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
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 Airport 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%
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 Veerenni 38, Tallinn 10 138, 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 SASU 5, rue Charles de Gaulle, Immeuble Equalia 94140, Alfortville, France		

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
SSP France Financing SAS Immeuble le Virage, 5, Allée Marcel Leclerc, CS60017 13417 Marseille Cedex 08, France	Holding company	
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		
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		
BLR Lounge Services Private Limited 1B, Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai City MH 400018		[10]
Mumbai Airport Lounge Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		14.652%[1,15]
Travel Food Services Chennai Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		49%[1,10]
Travel Food Services (Delhi) Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		49%[1,10]
Travel Food Services (Delhi Terminal 3) Private Ltd New Udaan Bhawan, Opposite Terminal 3, IGI Airport, New Delhi, 110 037, India		29.4%[1,11]
Travel Food Services Kolkata Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		49%[1,10]
Travel Food Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		49%[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	Inactive company	
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		
Malaysia		
Select Service Partner Malaysia SDN BHD C-2-3A, TTDI Plaza, Jalan Wan Kadir 3, Taman Tun Dr Ismail, 60000 Kuala Lumpur	Inactive company	
Mauritius		
Travel Food Services Global Private Ltd Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Inactive company	49%[1,10]
Netherlands		
Rail Gourmet Netherlands BV Herikerbergweg 238, Luna ArenA, 1101 CM Amsterdam, the Netherlands	Holding company	
SSP Nederland BV Catharijnesingel 45, 3511GC Utrecht, the Netherlands		
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	Holding company	24.01%[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%
SSP-Mactan Cebu Corporation[6] Terminal 1 Mactan Cebu International Airport, Pusok, Lapu-Lapu City, Cebu 6015, Philippines		26%[1,8]
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		

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

39. 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)
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 Bahnhofstrasse 10, CH-6300, 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]
United Arab Emirates		
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%[21]
United Kingdom		
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	
Millies Limited SSP Group Head Office	Inactive company	
Millie's Cookies (Retail) Limited SSP Group Head Office	Agency 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 America Holdings Limited SSP Group Head Office	Holding company	
SSP Asia Pacific Holdings Limited SSP Group Head Office	Holding company	
SSP Euro Holdings Limited SSP Group Head Office	Holding company	

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
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	Holding company	
Whistlestop Airports Limited SSP Group Head Office	Inactive company	
Whistlestop Foods Limited SSP Group Head Office	Inactive company	
Whistlestop Operators Limited SSP Group Head Office	Inactive company	
United States of America		
ATL Dine and Fly, LLC 1210 Peachtree Street, NE, Atlanta, GA 30361, United States	Inactive company	
CBC SSP America DAL, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States	Inactive company	
CBC SSP America DFW, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, 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%[17]
Flavor of ATL, LLC CT Corporation System, 289 S Culver Street, Gwinnett, Lawrenceville GA 30046, United States	Inactive company	
Harry's Airport[20] 111 Monument Circle, Suite 2700, Indianapolis, IN 46204, United States		51%
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	Inactive company	
SSP America AZA, LLC CT Corporation System, 3800 N Central Avenue, Suite 460, Phoenix AZ 85012, United States	Inactive company	
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 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		

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
SSP America Houston, LLC CT Corporation System, 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201-3136, United States	Inactive company	
SSP America IAH[20] 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 MCO II, LLC CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, United States	Inactive company	
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%
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		65%
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	

Name	Principal activity (catering and/or retail concessions unless otherwise stated)	Class and percentage of shares held (100% ordinary shares* unless otherwise stated)
SSP America PIE, LLC CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324, United States		80%
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		51%
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 SJC, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		55%
SSP America SLC, LLC 1108 East South Union Avenue, Midvale, UT 84047, 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 SNA, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States	Inactive company	
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 D&B DFW, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States		60%
SSP Four Peaks PHX, LLC CT Corporation System, 3800 N Central Avenue, Suite 460, Phoenix AZ 85012, United States		69.885%[19]
SSP Hudson SAT, LLC 1999 Bryan Street, Suite 900, Dallas County, Dallas TX 75201, United States	Inactive company	

NOTES TO COMPANY FINANCIAL STATEMENTS CONTINUED

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%[9]
Denmark		
Motorvejscenterselskabet af 1990 A/S Lufthavnsboulevarden 14, 1. sal, 2770, Kastrup, Denmark		50%[2]
France		
Epigo SAS Continental Square I, Batiment Uranus, 3 place de Londres, Aeroport Paris-Charles de Gaulle, 93290, Tremblay-en-France, France		50%[2]
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%[2]
India		
FLFL Travel Retail Bhubaneswar Private Ltd[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail Guwahati Private Ltd[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail Lucknow Private Ltd[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
FLFL Travel Retail West Private Ltd[5] Knowledge House, Shyam Nagar, Off. JVLR. Jogeshwari (East), Mumbai, 400 060, India		21.609%[14]
Muffin Design Solutions Private Limited No F-7 NVT Arcot Vaksanna Sarjapur, Attibelle Road, Sariapur, Bangalore, KA 562125, India	Design and architectural services	25%
Travel Food Works Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		49%[2]
Travel Retail Services Private Ltd 1B Rashid Mansion, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai, 400 018, India		44.1%[2,13]
Qatar		
Qatar Airways SSP LLC[5] P.O. Box: 22553, Doha, Qatar		49%
United States of America		
Midway Partnership, LLC[6] CT Corporation System, 208 SO Lasalle Street, Suite 814, Chicago, IL 60604, United States		50%[2,18]
SSP America BTR, LLC Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle DE 19801, United States		51%[2]
SSP Hudson Pie Concessions, LLC Corporation Service Company, 1201 Hays Street, Tallahassee, FL 32301		50%[2]

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 50% of the shares are held by Select Service Partner Philippines Corporation.
- 9 49.98% of the shares are held by SSP Louis Airports Restaurants Limited.
- 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 49% of the shares are held by Travel Retail Services Private Ltd.
- 15 44.4% of the shares are held by Travel Food Services Private Ltd.
- 16 91% of the shares are held by the other shareholder as bare nominee.
- 17 100% of the shares are held by SSP America RDU, LLC.
- 18 50% of the Class A shares are held by SSP America, Inc.
- 19 90% of the shares are held by SSP America PHX, LLC.
- 20 The principal place of business of the unincorporated entities in the USA is 20408 Bashan Drive, Suite 300, Ashburn, VA 20147, USA.
- 21 2% of the shares are held by the other shareholder as bare nominee.

COMPANY INFORMATION

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