26 November 2015

SSP GROUP PLC

Results for year ended 30 September 2015

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for year ended 30 September 2015.

Highlights:

- Strong results with good progress on last year
- Operating profit[1] of £97.4m: up 17.6% in constant currency, and 10.1% at actual exchange rates
- Like-for-like sales up 3.7%: driven by growth in air passenger travel and retailing initiatives
- Net gains 0.6%: strong performances in North America and the Rest of the World
- Revenue of £1,833m: up 4.3% on a constant currency basis; 0.3% at actual exchange rates
- Operating margin[1] up 50 basis points to 5.3%: on-going roll out of strategic initiatives
- Brand and concept portfolio further strengthened
- Encouraging pipeline of new contracts
- Final dividend of 2.2 pence per share, bringing the full year dividend to 4.3 pence per share

Commenting on the results, Kate Swann, CEO of SSP Group, said:

"SSP has delivered strong results in 2015, with operating profit up over 17% and good like-for-like sales growth across all regions. We continue to focus on delivering our strategic objectives, driving sales growth in our existing portfolio and winning new contracts which are extending our international operations, whilst remaining committed to operating an efficient business.

"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."

			Year on Year Change	
	2015 £m	**2014 £m**	**Constant Currency**	**Actual FX Rates**
Revenue	1,832.9	1,827.1	+4.3%	+0.3%
Like-for-like sales growth	-	-	+3.7%	-
Operating profit [1]	97.4	88.5	+17.6%	+10.1%
Profit before tax [1,2]	82.0	71.5	n/a	+14.7%
Earnings per share (p) [1,2]	12.3	10.3	n/a	+19.4%
Dividend per share (p)	4.3	-	n/a	n/a
Operating cash inflow [3]	70.8	83.3	n/a	-15.0%
Net debt	(319.8)	(371.1)	n/a	+13.8%

[1] Stated on an underlying basis, excluding exceptional items in 2014 and amortisation of intangible assets arising on the acquisition of the SSP business. Please refer to the consolidated income statement for a reconciliation from the underlying to the statutory reported basis

[2] Proforma results for 2014, given on a non-audited basis, as if post IPO financing had been in place

[3] Stated on an underlying basis after capital expenditure and tax, and excluding exceptional items

Like-for-like (LFL) sales represent revenues generated in an equivalent period in each financial year in outlets which have been open for a minimum of 12 months and occupy a similar sales area.

CONTACTS:

Investor and analyst enquiries
Sarah John, Director of Investor Relations, SSP Group plc
On 26 November: 07736089218
Thereafter: +44 (0) 203 714 5251
E-mail: sarah.john@ssp-intl.com

Media enquiries
Rory Godson / Peter Ogden / Lisa Kavanagh
Powerscourt
+44 (0) 207 250 1446
E-mail: ssp@powerscourt-group.com

NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage brands in travel locations, operating restaurants, bars, cafés, food courts, lounges and convenience stores in airports, train stations, motorway service stations and other leisure locations. With over 50 years of experience, today we have nearly 30,000 employees, serving approximately a million customers every day. We have business at approximately 130 airports and 290 rail stations, and operate approximately 2,000 units in 29 countries around the world.

We have an extensive portfolio of approximately 300 international, national, and local brands. Among these are local heroes such as MASH in Copenhagen, James Martin Kitchen in London, and Hung's Delicacies in Hong Kong. Our range also includes proprietary brands created for the travel sector including Upper Crust, Le Grand Comptoir and Caffè Ritazza, as well as international names such as Burger King, Starbucks and YO! Sushi. We also create stunning bespoke concepts such as Junction Urban Street Food in London and Walter at Zurich.

www.foodtravelexperts.com

Business review

Overview

The Group delivered a good performance in the year, driven by like-for-like sales growth, new contract openings across the world and the continued successful implementation of our programme of operational improvements. We are continuing to invest in the growth and development of the business and to bring exciting new brands and concepts to our clients and customers. We are particularly pleased by the strong performances in North America and Asia Pacific, and the good progress of our strategic initiatives in the UK. Whilst the picture in Continental Europe remains mixed, we are encouraged by the improved operational performance in many of our larger countries.

Strong financial results

The Group delivered a strong financial performance in 2015, with underlying operating profit increasing by 17.6% (on a constant currency basis) to £97.4m, and with an increase in the operating margin of 50 bps. Profit growth was driven by the strong revenue growth and also encouraging progress on our wide-ranging programme to optimise gross margins and improve operating efficiency.

Total revenue increased by 4.3% on a constant currency basis, comprising like-for-like sales growth of 3.7% and net contract gains of 0.6%.

Like-for-like sales grew by around 3.0% in the first three quarters of the year and by 5.2% in the fourth quarter. The very strong performance in the fourth quarter was as a result of increased air passenger numbers in the UK and Continental Europe over the summer.

Net contract gains strengthened in the second half of the year to 1.6%, bringing the full year growth to 0.6%, with important new openings around the globe, including those at Toronto, Orlando and Nice airports.

We delivered strong free cash flow of £54.7m, after investing £80.7m of capital expenditure, which was a £4.7m increase on the prior year. In addition to this we invested £5.1million in acquiring 32 Heberer bakery outlets in Germany, helping us to strengthen our offer there. Net debt reduced by £51.3 million to £319.8m, driven by the strength of the free cash flow and the impact of currency translation.

The pipeline of new contracts is encouraging and during the year we won a number of significant new contracts, including those at Shenyang, Tampa, Montreal and Luxembourg airports. We expect these sites to open progressively over the next 2-3 years.

Strategy

Our strategy is focused on creating long term sustainable value for our shareholders, delivered through five key levers. We made further progress on each of these levers in the year:

1. *Driving our like-for-like sales growth*

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

Like-for-like growth was strong across the UK, North America and the Rest of the World. The picture in Continental Europe was mixed, with good growth in air, in particular in Spain and the Nordics, but more challenging conditions in rail in France and Germany.

We continue to make good progress on rolling out our "retailing basics" programme, which is increasingly gaining traction and supporting growth in like-for-like sales. Our focus in the year has been on category management disciplines, and in particular on range management and menu composition. As part of this programme we have introduced new ranges into a number of our core brands, such as Upper Crust. We continue to carry out work to improve our product merchandising and promotional offer, and have made further progress in testing price elasticity in key categories and sectors.

2. *Growing profitable new space*

The travel food and beverage market in airports and railway stations is valued at approximately £14bn. Growing annually, it offers excellent opportunities for SSP to expand its business across the globe.

In the year, net contract gains were +0.6%, with stronger growth in the second half of the year at 1.6%, as we passed the anniversary of the lost on-board rail contract in the UK. This good performance was driven by new unit openings, including those at Houston and Orlando airports in North America, at Nice and Stavanger airports in Continental Europe, at Stansted Airport in the UK, and in the Rest of the World at Sydney and Hobart airports in Australia.

We continue to focus on retaining profitable contracts and our contract renewal rate in 2015 was in line with our plan. The underlying increase in concession fees of 30 bps, (50 bps reported), is a continuation of the historic trend.

We had a strong year in terms of business development, winning important new contracts across the globe, including those at Shenyang Airport in China, Tampa and Montreal airports in North America and Luxembourg Airport in Continental Europe.

We have further strengthened our portfolio of brands and concepts, adding new names such as Pret A Manger, James Martin Kitchen, Maison Pradier and Maan Coffee.

3. *Optimising gross margins*

We increased gross margin by 50 bps year-on-year, although this included the benefit of the loss of the major on-board rail contract and the strong air sales in the final quarter. Adjusting for these effects, the comparable improvement in gross margin was around 30 bps.

We continue to make progress with our initiatives to maximise the purchasing benefits of our international scale, and we have entered into a number of international supplier deals during the year, for example in crockery, glassware, bakery packaging and sugar sachets. Our programme of range and recipe rationalisation and simplification is also progressing well and we continue to eliminate unnecessary duplication of products and ingredients in our supply chain. Waste and loss management has been an area of focus this year, and we are now seeing the benefits of our investments in systems and resources to manage these areas more effectively, particularly in the larger countries.

In all of these areas we have invested in both central and local resource to drive gross margin more directly. This includes a stronger and larger purchasing team, more recipe development chefs and a new central waste and loss team with regional specialists supporting them.

4. *Running an efficient and effective organisation*

We have made good progress in our multi-year programme to improve operating efficiency. Labour costs (including central labour) contributed 10 bps, or 40 bps on an underlying basis when adjusted for the additional costs in 2015 of being a publicly-quoted company.

We continue to develop systems to better align labour to sales demand and hence optimise service levels and labour costs. We have begun to develop a more standardised, systematised process to ensure labour forecasting and scheduling becomes a core competence. In addition to labour scheduling and forecasting we continue to explore other areas where technology can drive greater efficiency. For example, we have made good progress installing cash counting machines and digital point of sale systems. We continue to see many good opportunities for further improvement in this area.

We also delivered efficiencies in our management of overheads, which contributed a further 20 bps improvement to operating margin.

5. *Optimising investment utilising best practice and shared resource*

We continue to invest in further resources and improved capability to support business development and the implementation of best practice across the Group. We have strengthened the business development teams in North America and the Rest of the World and invested in dedicated teams to oversee capital projects and concept design. We have also strengthened our teams dedicated to category management, labour scheduling and the management of waste and loss. We have also recruited new central resource for capital procurement and construction and property directors in our key countries.

Summary and outlook

The Group delivered a strong financial performance in the year with good like-for-like sales growth, net gains and improvement in operating margin. The new financial year has started in line with our expectations and the pipeline of new contracts is encouraging, although it is always difficult to predict the precise timing of the opening of these new units. Whilst a degree of uncertainty always exists around global political events and passenger numbers in the short term, the geographical and sectoral diversity in our business, together with the significant structural growth opportunities and our programme to deliver operational improvements, leave us well placed to continue to deliver both to our customers and our shareholders.

Financial review

Group performance

	2015 £m	2014 £m	Change Reported	Constant Currency	LFL
Revenue	**1,832.9**	1,827.1	0.3%	4.3%	3.7%
Underlying operating profit	**97.4**	88.5	10.1%	17.6%	
Underlying operating margin	**5.3%**	4.8%	+0.5%		

Revenue

Full year revenue increased by 4.3% on a constant currency basis, comprising like-for-like sales growth of 3.7% and net contract gains of 0.6%. At actual exchange rates, total revenue grew by 0.3%, to £1,833m.

Like-for-like sales growth of 3.7% reflects the growth in passenger travel and the positive impact of rolling out our strategic initiatives.

Net gains for the year contributed 0.6% to revenue growth, with stronger growth in the second half of the year of 1.6% as we passed the anniversary of the lost on-board rail contract in the UK. Whilst the precise timing of new openings is difficult to predict, we would expect a similar rate of growth to that seen in the second half of 2015 to continue into 2016 as the pipeline of new units start to open.

Trading results from outside the UK are converted into sterling at the average exchange rates for the year. The overall impact on revenue of the movement of foreign currencies (principally the Euro, US Dollar, Swedish and Norwegian Krone), in 2015 compared to the 2014 average was -4.0%. If the current spot rates were to continue through 2016, we would expect a further negative currency impact on revenue of -2.6% compared to the average rates used for 2015. This is however a translation impact only.

Underlying operating profit

Underlying operating profit increased by 17.6% on a constant currency basis, and by 10.1% at actual exchange rates to £97.4m. The underlying operating profit margin improved by 50 bps to 5.3%, reflecting good like-for-like sales growth and further encouraging progress on our programmes to improve operational efficiency.

Gross margin increased by 50 bps year-on-year, or approximately 30 bps on a comparable basis, after adjusting for the impact of the lost on board rail contract and the benefit of the stronger air sales in the fourth quarter. This improvement in gross margin offset an increase in concession fees, which rose by 50 bps, or approximately 30 bps on a comparable basis (again, after adjusting for the two items referred to above).

Labour costs improved by 10 bps in the year, or 40 bps excluding the impact of the additional costs of being a listed company (mainly share based payment schemes), and overheads reduced by 20 bps.

Operating profit

Operating profit was £92.2m reflecting an adjustment for the amortisation of acquisition-related intangible assets of £5.2m (2014: £5.3m). Operating profit in 2014 of £40.0m also reflected adjustments for exceptional redundancy and restructuring costs of £9.5m and costs in respect of the Initial Public Offering (IPO) of £33.7m in aggregate; there were no such exceptional costs in 2015.

Regional performance

UK

	2015 £m	**2014 £m**	Reported	**Change** Constant Currency	LFL
Revenue	**727.2**	**720.5**	0.9%	1.4%	3.7%
Underlying operating profit	**52.7**	**40.0**	31.8%	32.2%	
Underlying operating margin	**7.2%**	**5.6%**	+1.6%		

Revenue increased by 1.4% on a constant currency basis, comprising like-for-like growth of 3.7% and net contract losses of 2.3%.

Like-for-like growth was strong in the air sector, driven by continued growth in UK airport passenger numbers, with particularly strong passenger growth in the fourth quarter, and the successful on-going roll out of strategic initiatives.

Net contract losses were primarily a consequence of the previously reported loss of a rail on-board catering contract part way through 2014 and the closures of outlets at some of the major London stations which are being redeveloped. These impacts were partially offset by some important new openings, for example at Stansted Airport.

Underlying operating profit for the UK increased by 32.2% at constant currency to £52.7m and the operating margin increased by 160 bps to 7.2%. Profit growth was helped by a £5.9m fall in depreciation, mainly arising from the retirement of fixed assets relating to earlier periods. Excluding the impact of lower depreciation, this strong performance was driven by the like-for-like sales growth and the continued roll-out of our operating efficiency initiatives, of which the UK continues to be a major beneficiary.

Continental Europe

	2015 £m	2014 £m	Reported	**Change** Constant Currency	LFL
Revenue	**749.7**	803.5	(6.7%)	3.3%	1.6%
Underlying operating profit	**53.5**	57.4	(6.8%)	5.0%	
Underlying operating margin	**7.1%**	7.1%	Flat		

Revenue increased by 3.3% on a constant currency basis, comprising like-for-like growth of 1.6% and net contract gains of 1.7%. Like-for-like sales were driven by good growth in the air sector, notably in the Nordic countries and in Spain, and on-going progress in the roll out of our retail initiatives in a number of the major countries. The trading environment in the rail businesses in France and Germany remains challenging, with consumer spending weak.

Net contract gains were up 1.7%, reflecting some important new contracts, including at Nice Airport in France and Stavanger and Haugesund airports in Norway. We have also renewed and expanded our contract at Charles de Gaulle Airport in Paris, which from February 2016 is expected to operate under a 50/50 joint venture with our client, Aeroports de Paris. As such, we will not consolidate it in our Group results, but we will report our share of the joint venture's net profit as associate income. In addition to contract wins, in September we acquired 32 bakery outlets in travel locations in Germany.

Underlying operating profit increased by 5.0% on a constant currency basis to £53.5m. Growth was driven by like-for-like sales in the air sector and improvements in the operating performance. The underlying operating margin was unchanged at 7.1%, benefitting from the good progress on our operating efficiency initiatives, which helped to mitigate the impact of the weak like-for-like rail sales in both France and Germany.

North America

	2015 £m	2014 £m	Reported	**Change** Constant Currency	LFL
Revenue	**201.6**	168.0	20.1%	14.3%	7.8%
Underlying operating profit / (loss)	**3.5**	(0.1)	n/a	n/a	
Underlying operating margin	**1.7%**	(0.1%)	+1.8%		

Revenue increased by 14.3% on a constant currency basis, comprising like-for-like growth of 7.8% and net contract gains of 6.5%.

Like-for-like sales were driven by strong growth in airport passenger numbers and were helped by the transfer of additional Delta passengers into Terminal 4 at New York JFK Airport and a good contribution from the major new contracts opened in 2014, most notably at Phoenix Airport.

Net contract gains reflected the full year impact of new openings in 2014, including outlets at Phoenix, JFK, San Diego and Sacramento airports, and from the new openings at Toronto, Houston and Orlando airports during 2015.

The pipeline of new business continues to be healthy, with a number of new contract wins announced during the year, including those at Tampa, Montreal and Boston airports, and we expect to make further progress in net gains in 2016.

Underlying operating profit was £3.5m, compared with a loss of £0.1m in 2014, and underlying operating margin improved to 1.7%, driven by strong like-for-like growth and good progress on productivity initiatives.

Rest of the World

	2015 £m	2014 £m	Reported	**Change** Constant Currency	LFL
Revenue	**154.4**	135.1	14.3%	13.0%	11.1%
Underlying operating profit	**14.6**	12.7	15.0%	13.7%	
Underlying operating margin	**9.5%**	9.4%	0.1%		

Revenue increased by 13.0% on a constant currency basis, comprising like-for-like growth of 11.1% and net contract gains of 1.9%.

Like-for-like sales reflected very strong passenger growth across most of the region throughout the year, albeit we saw a slight softening in the rate of passenger growth in China in the second half.

Net contract gains were stronger in the second half (+3.2%) principally due to the new openings in Australia, at Sydney and Hobart airports.

The new contract in Dubai Airport and most of the outlets in Beijing Airport are now expected to open in 2016. In addition to this we are encouraged by the pipeline of new contracts and we expect to see further good progress in net gains in 2016. Recent events in Egypt inevitably result in some uncertainty in the outlook and we are continuing to manage this closely.

Underlying operating profit increased by 13.7%, on a constant currency basis, driven by the strong sales growth. The underlying operating margin increased by 10 bps to 9.5%, reflecting the strong like-for-like sales but offset by the impact of the pre-opening costs of the new contracts.

Share of profit from associates

The Group's share of profit from associates increased by £0.1m to £1.6m, reflecting increased profits in airport business joint ventures, net of the full year impact of the disposal of the Group's minority shareholding in Momentum Services Ltd.

Net finance costs

Underlying net finance costs of £17.0m reduced by £11.2m compared with the prior year, principally due to lower average levels of net debt. This primarily reflected the significant repayment of borrowings following the IPO in July 2014.

In July, we completed an "amend and extend" of our existing debt facilities, securing an extension of the term and a slight reduction in the margin paid on debt.

Taxation

The Group's tax charge for the year was £16.5m (2014: £14.3m), equivalent to an effective tax rate of 21.5% on the reported profit before tax. The tax charge benefitted from the recognition of certain deferred tax assets, made possible because of improving profitability. The effective tax rate on reported profit before tax is expected to rise slightly to between 22% and 23% in 2016.

Non-controlling interests

The non-controlling interests' share of after tax profits increased by £2.8m to £6.9m. This increase primarily reflected the growth and improved profitability of our North America business, where our business partners will often have a minority interest in individual contracts, and the very strong profit growth in some of our joint ventures in the Middle East and Asia. We expect this higher rate of growth to continue into 2016.

Earnings per share

Underlying earnings per share, which excludes the impact of exceptional items and the amortisation of intangible assets arising on the acquisition of the SSP business, was 12.3 pence per share. This is lower than the 13.3 pence per share reported in 2014, although the latter is not comparable due to a significant increase in the number of shares in issue following the IPO in July 2014. Underlying earnings per share increased by 19.4% on a proforma basis (calculated as if post IPO financing had been in place throughout the year and using the post IPO number of shares in issue).

Reported earnings per share was 11.2 pence per share (2014: a loss of 10.7 pence per share).

Dividends

The Directors are proposing a final dividend of 2.2p per share (2014: £nil), which is subject to shareholder approval at the Annual General Meeting. If approved, this will result in a total dividend per share for the year of 4.3p, consistent with the Board's intentions as stated in the IPO prospectus for an initial payout ratio of approximately 30 to 40 per cent of annual underlying profit.

The final dividend will be paid, subject to shareholder approval, on 16 March 2016 to shareholders on the register on 19 February 2016. The ex-dividend date will be 18 February 2016.

Cash flow

	2015 £m	2014 £m
Underlying operating profit	97.4	88.5
Depreciation and amortisation	72.9	75.7
Working capital	5.3	12.7
Capital expenditure	(80.7)	(76.0)
Net tax	(17.3)	(15.7)
Net cash flow to/from minorities/associates	(5.5)	(2.4)
Acquisition costs	(5.1)	-
Share based payments	3.8	0.5
Underlying operating cash flow	**70.8**	**83.3**
Net finance costs	(16.1)	(25.1)
Free Cash Flow	**54.7**	**58.2**
Exceptional costs	(12.0)	(6.7)
Dividend paid	(10.0)	-
Other	(1.0)	-
Net cash Flow	**31.7**	**51.5**

The Group delivered free cash flow of £54.7m (2014: £58.2m), driven by the growth in operating profit, and after increased investment in the business.

Working capital improved by £5.3m during the year. This was after the reversal of a number of large payments (c £7m) at the end of the 2014 financial year, which fell into the 2015 financial year. These contributed to the exceptional working capital performance in 2014 when we generated £12.7m of cash.

Capital expenditure increased by £4.7m to £80.7m, reflecting the larger new opening programme in 2015. Spend on acquisitions in the year was £5.1m, representing the acquisition of 32 Heberer bakery outlets in the travel channel in Germany. Given the healthy pipeline of new contracts for 2016 and the current planned opening programme, we expect capital expenditure to increase to between £85m and £90m in 2016.

Cash dividends to minorities, net of dividends received from associates, increased to £5.5m (2014: £2.4m) primarily reflecting growth in the North America business, while taxes paid increased by £1.6m to £17.3m.

Net finance costs paid of £16.1m were substantially lower than in 2014, mainly as a result of lower average net debt as a result of the refinancing associated with the group's IPO in July 2014.

Exceptional costs of £12.0m reflected amounts accrued in 2014, but paid in this year, principally in respect of the IPO. The dividend paid of £10.0m reflected the cost of the 2015 interim dividend of 2.1p per share. No dividend was paid in the 2014 financial year.

Overall, the Group generated net cash flow of £31.7m during the year.

Balance sheet and net debt

The Group's balance sheet strengthened in the year, with year-end net debt reducing to £319.8m (2014: £371.1m) and net assets increasing to £291.7m (2014: £250.4m).

	£m
Opening net debt (1 October 2014)	(371.1)
Net cash flow	31.7
Impact of foreign exchange rates	20.3
Other	(0.7)
Closing net debt (30 September 2015)	**(319.8)**

The reduction in net debt of £51.3 million was driven by the net cash flow generation of £31.7m and a benefit from movements in foreign currencies against Sterling compared to 2014, principally the effect of the strengthening of Sterling against the Euro and the Swedish and Norwegian krone.

Leverage reduced during the year, leaving Net debt: EBITDA at the year-end at 1.9x, compared with 2.3x at the end of the prior year.

Consolidated income statement

for the year ended 30 September 2015

		2015			2014		
		Underlying *	**Adjustments**	**Total**	Underlying *	Adjustments	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	2	**1,832.9**	**-**	**1,832.9**	1,827.1	–	1,827.1
Operating costs	4	**(1,735.5)**	**(5.2)**	**(1,740.7)**	(1,738.6)	(48.5)	(1,787.1)
Operating profit		**97.4**	**(5.2)**	**92.2**	88.5	(48.5)	40.0
Share of profit of associates		**1.6**	**-**	**1.6**	1.5	–	1.5
Loss on disposal of business		**-**	**-**	**-**	–	(0.7)	(0.7)
Finance income	5	**0.7**	**-**	**0.7**	0.8	–	0.8
Finance expense	5	**(17.7)**	**-**	**(17.7)**	(29.0)	(26.1)	(55.1)
Profit / (loss) before tax		**82.0**	**(5.2)**	**76.8**	61.8	(75.3)	(13.5)
Taxation		**(16.9)**	**0.4**	**(16.5)**	(17.9)	3.6	(14.3)
Profit / (loss) for the year		**65.1**	**(4.8)**	**60.3**	43.9	(71.7)	(27.8)
Profit / (loss) attributable to:							
Equity holders of the parent		**58.2**	**(4.8)**	**53.4**	39.8	(71.7)	(31.9)
Non-controlling interests		**6.9**	**-**	**6.9**	4.1	-	4.1
Profit / (loss) for the year		**65.1**	**(4.8)**	**60.3**	43.9	(71.7)	(27.8)
Earnings / (loss) per share (pence):							
- Basic	3	**12.3**		**11.2**	13.3		(10.7)
- Diluted	3	**12.2**		**11.2**	13.3		(10.7)

* Underlying operating profit and underlying profit exclude items that are considered to be exceptional in nature. In the prior period, these included redundancy and restructuring costs associated with a number of significant organisation changes, and costs in respect of the IPO and associated refinancing. The underlying numbers also exclude non-cash accounting adjustments relating to amortisation of intangible assets arising on acquisition of the SSP business in 2006.

Consolidated statement of other comprehensive income
for the year ended 30 September 2015

	2015 £m	2014 £m
Other comprehensive income / (expense)		
Items that will never be reclassified to the income statement		
Remeasurements on defined benefit pension schemes	**3.6**	(3.9)
Items that are or may be reclassified subsequently to the income statement		
Net gain on hedge of net investment in foreign operations	**21.5**	22.2
Other foreign exchange translation differences	**(25.3)**	(15.7)
Effective portion of changes in fair value of cash flow hedges	**(9.2)**	(2.6)
Cash flow hedges - reclassified to the income statement	**0.9**	7.0
Income tax credit / (charge) relating to items that have or may be reclassified	**1.0**	(0.9)
Other comprehensive (expense) / income for the year	**(7.5)**	6.1
Profit / (loss) for the period	**60.3**	(27.8)
Total comprehensive income / (expense) for the year	**52.8**	(21.7)
Total comprehensive income / (expense) attributable to:		
Equity shareholders	**45.1**	(24.6)
Non-controlling interests	**7.7**	2.9
Total comprehensive income / (expense) for the year	**52.8**	(21.7)

Consolidated balance sheet

As at 30 September 2015

	Notes	2015 £m	2014 £m
Non-current assets			
Property, plant and equipment		**212.7**	201.9
Goodwill and intangible assets		**632.1**	659.0
Investments in associates		**5.4**	4.6
Deferred tax assets		**11.4**	2.5
Other receivables		**26.6**	27.9
		888.2	**895.9**
Current assets			
Inventories		**26.0**	24.4
Tax receivable		**0.7**	0.5
Trade and other receivables		**89.5**	89.1
Cash and cash equivalents	8	**134.7**	133.3
		250.9	247.3
Total assets		**1,139.1**	1,143.2
Current liabilities			
Short term borrowings	8	**(27.7)**	(29.8)
Trade and other payables		**(329.3)**	(340.8)
Tax payable		**(14.6)**	(9.2)
		(371.6)	(379.8)
Non-current liabilities			
Long term borrowings	8	**(426.8)**	(474.6)
Post employment benefit obligations		**(13.7)**	(17.9)
Provisions		**(16.0)**	(11.6)
Derivative financial liabilities	8	**(9.8)**	(0.9)
Deferred tax liabilities		**(9.5)**	(8.0)
		(475.8)	(513.0)
Total liabilities		**(847.4)**	(892.8)
Net assets		**291.7**	250.4
Equity			
Share capital		**4.7**	5.9
Share premium		**461.2**	461.2
Capital redemption reserve		**1.2**	-
Other reserves		**(6.3)**	5.6
Retained earnings		**(190.6)**	(241.4)
Total equity shareholders' funds		**270.2**	231.3
Non-controlling interests		**21.5**	19.1
Total equity		**291.7**	250.4

Consolidated statement of changes in equity
for the year ended 30 September 2015

	Share capital	Share premium	Capital redemp -tion reserve	Other reserves [1]	Retained earnings	Total parent equity	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 October 2013	5.4	642.9	-	(5.6)	(857.6)	(214.9)	19.8	(195.1)
(Loss) / profit for the year	-	-	-	-	(31.9)	(31.9)	4.1	(27.8)
Other comprehensive income / (expense) for the year	-	-	-	11.2	(3.9)	7.3	(1.2)	6.1
Capital reduction	(4.2)	(642.9)	-	-	647.1	-	-	-
Capital reorganisation	2.5	-	-	-	(2.5)	-	-	-
Shares issued in the year	2.2	461.2	-	-	-	463.4	-	463.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3.6)	(3.6)
Share-based payments	-	-	-	-	7.4	7.4	-	7.4
At 30 September 2014	**5.9**	**461.2**	**-**	**5.6**	**(241.4)**	**231.3**	**19.1**	**250.4**
Profit for the year	**-**	**-**	**-**	**-**	**53.4**	**53.4**	**6.9**	**60.3**
Other comprehensive (expense) / income for the year	**-**	**-**	**-**	**(11.9)**	**3.6**	**(8.3)**	**0.8**	**(7.5)**
Cancellation of deferred shares	**(1.2)**	**-**	**1.2**	**-**	**-**	**-**	**-**	**-**
Capital contributions from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Dividends paid to equity shareholders	**-**	**-**	**-**	**-**	**(10.0)**	**(10.0)**	**-**	**(10.0)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(6.4)**	**(6.4)**
Share-based payments	**-**	**-**	**-**	**-**	**3.8**	**3.8**	**-**	**3.8**
At 30 September 2015	**4.7**	**461.2**	**1.2**	**(6.3)**	**(190.6)**	**270.2**	**21.5**	**291.7**

1 The decrease of £11.9m (2014: increase of £11.2m) comprises a decrease to the translation reserve of £4.3m (2014: increase of £6.8m) and a decrease to the cash flow hedging reserve of £7.6m (2014: increase of £4.4m).

Consolidated cash flow statement
for the year ended 30 September 2015

	Notes	2015 £m	2014 £m
Cash flows from operating activities			
Cash flow from operations	6	**179.4**	177.2
Exceptional redundancy and restructuring costs		**(2.8)**	(6.7)
Exceptional IPO related costs		**-**	(21.0)
Tax paid		**(17.3)**	(15.7)
Net cash flows from operating activities		**159.3**	133.8
Cash flows from investing activities			
Dividends received from associates		**0.9**	1.2
Interest received		**0.7**	0.8
Proceeds from disposal of business		**-**	0.2
Purchase of property, plant and equipment		**(78.1)**	(72.8)
Purchase of other intangible assets		**(3.7)**	(3.2)
Acquisition of business		**(5.1)**	-
Net cash flows used in investing activities		**(85.3)**	(73.8)
Cash flows from financing activities			
Proceeds from share issue		**-**	467.1
(Repayment) / draw down of borrowings under post-IPO debt facility		**(27.9)**	510.0
Repayment of borrowings under pre-IPO debt facility		**-**	(1,009.8)
Repayment of finance leases		**(1.2)**	(1.2)
Refinancing fee paid in the year		**(1.0)**	-
Interest paid		**(16.8)**	(25.9)
Dividends paid to equity shareholders		**(10.0)**	-
Dividends paid to non-controlling interests		**(6.4)**	(3.6)
Capital contribution from non-controlling interests		**1.1**	-
Exceptional IPO related cost			
Settlement of the obligations to the B1 investors		**-**	(32.0)
Other transaction costs		**(9.2)**	(10.7)
Net cash flows used in financing activities		**(71.4)**	(106.1)
Net increase/(decrease) in cash and cash equivalents		**2.6**	(46.1)
Cash and cash equivalents at beginning of the year		**133.3**	182.1
Effect of exchange rate fluctuations on cash and cash equivalents		**(1.2)**	(2.7)
Cash and cash equivalents at end of the year		**134.7**	133.3
Reconciliation of net cash flow to movement in net debt			
Net increase/(decrease) in cash in the period		**2.6**	(46.1)
Cash outflow from decrease in debt and finance leases		**29.1**	501.0
Decrease in net debt resulting from cash flows		**31.7**	454.9
Translation differences		**20.3**	43.9
Other non-cash changes		**(0.7)**	0.5
Decrease in net debt in the year		**51.3**	499.3
Net debt at beginning of the year		**(371.1)**	(870.4)
Net debt at end of the year		**(319.8)**	(371.1)

Notes

1 Accounting policies

Basis of preparation and statement of compliance

The consolidated financial statements of SSP Group plc have been prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements are presented in Sterling and unless stated otherwise, rounded to the nearest £0.1 million. The financial statements are prepared on the historical cost basis except for the derivative financial instruments which are stated at their fair value.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous period except for the following new and amended IFRSs adopted as of 1 October 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (2011) Separate Financial Statements
- IAS 28 (2011) Investments in Associates and Joint Ventures

With the exception of new disclosure requirements, none of these have had a significant impact on the consolidated financial statements of the Group.

There are no EU-endorsed IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Group.

Related parties

The Group has identified its key management personnel, being the Group Chief Executive Officer, Chief Financial Officer and the Non-Executive Directors as related parties for the purpose of IAS 24 Related Party Disclosures. There have been no transactions with those related parties during the year ended 30 September 2015 that have materially affected the financial position or performance of the Group during this period.

2 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 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 and in Western and Southern Europe; North America includes operations in the United States and Canada; and RoW includes operations in Eastern Europe, Middle East and Asia Pacific.

The Group's management assesses the performance of the 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 costs associated with the Group's head office function and depreciation of central assets.

2015	**UK**	**Continental Europe**	**North America**	**RoW**	**Non-attributable**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	**727.2**	**749.7**	**201.6**	**154.4**	**-**	**1,832.9**
Underlying operating profit/(loss)	**52.7**	**53.5**	**3.5**	**14.6**	**(26.9)**	**97.4**

2014	UK	Continental Europe	North America	RoW	Non-attributable	Total
	£m	£m	£m	£m	£m	£m
Revenue	720.5	803.5	168.0	135.1	–	1,827.1
Underlying operating profit/(loss)	40.0	57.4	(0.1)	12.7	(21.5)	88.5

The following amounts are included in underlying operating profit:

	UK	**Continental Europe**	**North America**	**RoW**	**Non-attributable**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
2015						
Depreciation and amortisation*	**(16.5)**	**(31.0)**	**(15.7)**	**(4.8)**	**(4.9)**	**(72.9)**
2014						
Depreciation and amortisation*	(22.4)	(29.9)	(14.0)	(5.2)	(4.2)	(75.7)

**Excludes amortisation of acquisition-related intangible assets.*

3 Earnings / (loss) per share

Basic earnings / (loss) 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 period.

Diluted earnings / (loss) 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 period adjusted by potentially dilutive outstanding share options. In accordance with IAS 33, the dilutive earnings per share are without reference to adjustments in respect of outstanding share options where the impact would be anti-dilutive.

Underlying earnings per share is calculated the same way except that the result for the period attributable to ordinary shareholders is adjusted for specific items as detailed below:

	2015	2014
	£m	£m
Profit / (loss) attributable to ordinary shareholders	**53.4**	(31.9)
Adjustments:		
Exceptional operating costs	-	43.2
Amortisation of acquisition-related intangibles	**5.2**	5.3
Loss on disposal of business	-	0.7
Exceptional finance costs	-	26.1
Tax effect of adjustments	**(0.4)**	(3.6)
Underlying profit attributable to ordinary shareholders	**58.2**	39.8
Basic weighted average number of shares	**475,040,543**	299,493,591
Dilutive potential ordinary shares	**1,137,801**	113,880
Diluted weighted average number of shares	**476,178,344**	299,607,471

	2015	2014
Earnings / (loss) per share (pence):		
- Basic	**11.2**	(10.7)
- Diluted	**11.2**	(10.7)
Underlying earnings per share (pence):		
- Basic	**12.3**	13.3
- Diluted	**12.2**	13.3

The 2014 weighted average number of shares reflects the increase in share capital on 15 July 2014 as a result of a capital reorganisation completed in preparation for the IPO, together with the issue of new ordinary shares at IPO.

4 Operating costs

	2015 £m	2014 £m
Cost of food and materials:		
Cost of inventories consumed in the period	**(604.3)**	(612.1)
Labour cost:		
Employee remuneration	**(541.7)**	(541.8)
Overheads:		
Depreciation of property, plant and equipment	**(68.0)**	(72.5)
Amortisation of intangible assets – software	**(4.9)**	(3.2)
Amortisation of acquisition-related intangible assets	**(5.2)**	(5.3)
Rentals payable under operating leases	**(311.6)**	(301.8)
Other overheads	**(205.0)**	(207.2)
Exceptional costs	-	(43.2)
	(1,740.7)	(1,787.1)

	2015 £m	2014 £m
Adjustments to operating costs		
Redundancy and restructuring costs[1]	-	(9.5)
Costs in respect of IPO[2]	-	(26.6)
Share-based payments[3]	-	(7.1)
Exceptional operating costs	-	(43.2)
Amortisation of intangible assets arising on acquisition	**(5.2)**	(5.3)
	(5.2)	(48.5)

Underlying operating profit excludes items that are considered to be exceptional in nature. In the prior year, these included redundancy and restructuring costs associated with a number of significant organisation changes and costs in respect of the IPO and associated refinancing. It also excludes non-cash accounting adjustments relating to amortisation of intangible assets arising on the acquisition of the SSP business in 2006. In the current year, there are exceptional cash outflows reflecting amounts accrued in 2014 but paid in 2015.

The exceptional costs charged to operating profit in the prior year are detailed below:

1. The redundancy and restructuring costs were associated with a number of significant organisation changes.

2. Certain professional and advisory fees were incurred in 2014 as part of the process of obtaining admission to list the Company's shares to the London Stock Exchange through an Initial Public Offering. In addition, costs of £3.7 million were recognised directly in equity (as a charge to share premium).

3. A charge of £7.1m was incurred in 2014 in respect of an aggregate of 3,329,904 ordinary shares awarded by the Company's previous majority shareholder to the Executive Directors and certain other members of management at the time of the Company's Admission to the London Stock Exchange.

5 Finance income and expense

	2015	2014
	£m	£m
Finance income		
Interest income	**0.7**	0.8
Total finance income	**0.7**	0.8
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**(13.9)**	(44.9)
Net change in fair value of cash flow hedges utilised in the period	**(0.9)**	(3.0)
Swap break costs[1]	**-**	(4.0)
Unwind of discount on provisions	**(1.3)**	(1.6)
Net interest expense on defined benefit pension obligations	**(0.5)**	(0.6)
Other	**(1.1)**	(1.0)
Total finance expense	**(17.7)**	(55.1)

Adjustments to finance expense:

	2015	2014
	£m	**£m**
Swap break costs [1]	-	(4.0)
Additional consideration payable to B1 investors [2]	-	(32.0)
Other net interest credit [3]	-	9.9
	-	(26.1)

On 15 July 2014, the Company completed an IPO as a result of which its shares were listed on the London Stock Exchange, and on the same day it restructured its debt facilities, resulting in the following items:

1 Interest rate swaps were terminated, resulting in an exceptional charge of £4.0m.

2 The Company paid £32.0m additional consideration as settlement of its obligations to its B1 investors (broadly the providers of junior debt).

3 Unamortised fees of £4.6m relating to the Group’s pre-IPO financing arrangements were written off in full. In addition, interest accrued in prior periods of £14.5m relating to an effective interest rate adjustment on the pre-IPO debt was written back to the income statement.

6 Cash flow from operations

	2015	2014
	£m	£m
Profit / (loss) for the period	**60.3**	(27.8)
Adjustments for:		
Depreciation	**68.0**	72.5
Amortisation	**10.1**	8.5
Share-based payments	**3.8**	0.3
Loss on disposal of business	**-**	0.7
Finance income	**(0.7)**	(0.8)
Finance expense	**17.7**	29.0
Share of profit of associates	**(1.6)**	(1.5)
Exceptional costs before tax	**-**	69.3
Taxation	**16.5**	14.3
	174.1	164.5
Decrease/(increase) in trade and other receivables	**1.2**	(6.1)
(Increase)/decrease in inventories	**(1.4)**	0.4
Increase in trade and other payables, and in provisions	**5.5**	18.4
Cash flow from operations	**179.4**	177.2

7 Dividends

An interim dividend of 2.1p per share, amounting to £10.0m was paid and recognised as a dividend in the year (2014: £nil).

The proposed final dividend of 2.2p per share, totalling £10.5m (2014: £nil), will be paid, subject to shareholder approval, on 16 March 2016 to shareholders on the register on 19 February 2016.

8 Fair value measurement

Certain of the Group's financial instruments are held at fair value.

The fair values of financial instruments held at fair value have been determined based on available market information at the balance sheet date, and the valuation methodologies detailed below:

- the fair values of the Group's borrowings are 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; and
- the derivative financial liabilities relate to interest rate swaps. The fair values of interest rate swaps have been determined using relevant yield curves and exchange rates as at the balance sheet date.

Carrying amounts and fair values of certain financial instruments

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts	
	2015	2014
	£m	£m
Financial instruments measured at fair value:		
Non-current		
Derivative financial liabilities	**(9.8)**	(0.9)
Financial instruments not measured at fair value:		
Non-current		
Long term borrowings	**(426.8)**	(474.6)
Current		
Cash and cash equivalents	**134.7**	133.3
Short term borrowings	**(27.7)**	(29.8)

Financial assets and liabilities in the Group's consolidated balance sheet are either held at fair value, or their carrying value approximates to fair value, with the exception of loans, which are held at amortised cost. The fair value of total borrowings estimated using market prices at 30 September 2015 is £459.0m (30 September 2014: £508.3m).

All of the financial assets and liabilities measured at fair value are classified as level 2 using the fair value hierarchy, whereby inputs which are used in the valuation of these financial assets and liabilities and have a significant effect on the fair value are observable, either directly or indirectly. There were no transfers during the period.

9 Annual General Meeting

This year's Annual General Meeting will be held on 4 March 2016. Details of the resolutions to be proposed at that meeting will be included in the notice of Annual General Meeting that will be sent to shareholders in late January 2016.

10 Other information

The financial information for the year ended 30 September 2015 contained in this preliminary announcement was approved by the Board on 25 November 2015. This announcement does not constitute statutory accounts of the Company within the meaning of section 435 of the Companies Act 2006, but is derived from those accounts.

Statutory accounts for the year ended 30 September 2014 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 30 September 2015 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditors have reported on those accounts. Their reports were not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

11 Forward looking statement

This announcement contains certain forward looking statements with respect to the operations, strategy, performance and the financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this announcement should be construed as a profit forecast. Except where required to do so under applicable law or regulatory obligations, we undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.