

15 May 2019

SSP GROUP PLC

Results for six months period ended 31 March 2019

SSP Group, a leading operator of food and beverage outlets in travel locations worldwide, announces its financial results for the first half of its 2019 financial year, covering the six months ended 31 March 2019.

Highlights:

- Underlying operating profit¹ of £62.5m: up 14.6% at constant currency², and 13.2% at actual exchange rates
- Revenue of £1,261.6m: up 6.8% at constant currency; 7.1% at actual exchange rates
- Like-for-like sales³ up 2.0%: driven by air passenger travel and retail initiatives
- Net gains⁴ of 4.1%: strong performances in Continental Europe, North America and the Rest of the World
- Underlying operating margin¹ up 30 basis points to 5.0% at constant currency, strategic initiatives delivering well
- Underlying profit before tax¹ of £54.2m: up 11.3%. Reported profit before tax of £51.4m
- Underlying earnings per share¹ of 6.7 pence: up 19.6%. Reported earnings per share of 6.1 pence
- Capital investment of £108.2m, reflecting the significant new contract opening programme, which has been first half weighted in 2019
- Encouraging pipeline of new contracts with wins in North America, Brazil, India, Spain and France
- Interim dividend of 5.8 pence per share, up 20.8 %. This follows the completion of the c. £150m special dividend and share consolidation in April 2019

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

"SSP has delivered another good performance in the first half of 2019, driven by strong sales growth, significant new contract openings across the world and our programme of operational improvements. We have continued to grow our global presence, particularly in North America and Asia, and we have further expanded our operations in Latin America. These are high growth markets for SSP and present us with exciting opportunities. Given this positive momentum, we are today raising our expectations for net gains in the second half of the year.

"Looking forward, the second half has started well 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 our programme of operational improvements."

Financial highlights:

	Year-on-year change			
	H1 2019 £m	H1 2018 £m	Actual FX rates	Constant currency ²
Revenue	1,261.6	1,177.8	+7.1%	+6.8%
Like-for-like sales growth ³	2.0%	2.8%	n/a	n/a
Underlying operating profit ¹	62.5	55.2	+13.2%	+14.6%
Underlying operating margin ¹	5.0%	4.7%	+30 bps	+30 bps
Underlying profit before tax ¹	54.2	48.7	+11.3%	n/a
Underlying earnings per share (p) ¹	6.7	5.6	+19.6%	n/a
Dividend per share (p)	5.8	4.8	+20.8%	n/a
Underlying operating cash outflow ⁵	(69.8)	-	n/a	n/a
Net debt	(433.4)	(290.1)	+49.4%	n/a

Statutory reported results:

The table below summarises the Group's statutory reported results (where the financial highlights above are adjusted).

	H1 2019 £m	H1 2018 £m	Year-on-year change
Operating profit	61.6	54.2	+13.7%
Operating margin	4.9%	4.6%	+30 bps
Profit before tax	51.4	48.4	+6.2%
Earnings per share (p)	6.1	5.6	+8.9%

¹ Stated on an underlying basis which excludes 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. This is consistent with the prior period.

² Constant currency is based on average 2018 exchange rates weighted over the financial year by 2018 results.

³ Like-for-like sales represent revenues generated in an equivalent period in each financial period in outlets which have been open for a minimum of 12 months. Like-for-like sales are presented on a constant currency basis.

⁴ Net contract gains/(losses) represent the net year-on-year revenue impact from new outlets opened and existing units closed in the past 12 months. Net contract gains/(losses) are presented on a constant currency basis.

⁵ Stated on an underlying basis¹ after capital expenditure, net cash flows to/from associates and non-controlling interests, acquisitions and tax.

Please refer to page 15 for supporting reconciliations from the Group's statutory reported results to these performance measures.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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SSP Group plc's Interim Results 2019 are available at www.foodtravelexperts.com.

NOTES TO EDITORS

About SSP

SSP is a leading operator of food and beverage concessions in travel locations, operating restaurants, bars, cafés, food courts, lounges and convenience stores in airports, train stations, motorway service stations and other leisure locations. SSP has more than 37,000 employees and serves approximately one and a half million customers every day.

SSP operates an extensive portfolio of more than 500 international, national, local and own brands in more than 30 countries around the world. The group was owned by the private equity business EQT until 2014 when it floated at the London Stock Exchange at a share price of £2.10. Since then, the share price has more than tripled.

www.foodtravelexperts.com

Business review

Overview

The Group delivered a good performance in the first half of the year, driven by like-for-like sales growth, significant new contract openings across the world and the ongoing implementation of our programme of operational improvements. We are continuing to invest in the growth and development of the business and to bring new brands and concepts to our clients and customers. We have made further good progress in the development of the business in Continental Europe, North America and Asia Pacific. We are recommending an interim ordinary dividend of 5.8 pence per share, anticipating a full year pay-out ratio of 40%. This, together with the payment of a c. £150m special dividend in April 2019, reflects our confidence in the business and our commitment to maintaining an efficient balance sheet.

Financial results

The financial performance of the Group is presented on an underlying basis, for which the statutory reported results are adjusted to take account of the amortisation of intangible assets created on the acquisition of the SSP business in 2006 and the revaluation of the obligation to acquire an additional share of TFS. The statutory reported performance of the Group is explained in the financial review, with a detailed reconciliation between statutory and underlying performance provided on page 15.

The Group delivered a good financial performance in the first half of 2019. Underlying operating profit increased to £62.5m, an increase of 14.6% on a constant currency basis.

Total revenue increased by 6.8% on a constant currency basis, including like-for-like sales growth of 2.0%, net contract gains of 4.1% and acquisitions of 0.7%. Like-for-like sales in the air sector grew more strongly than in rail driven by the continued growth in air passenger numbers. Like-for-like sales growth in the second quarter was 1.5%, but was impacted by the timing of Easter, which this year fell into the second half, and by the “Gilets Jaunes” protests in France. Excluding these factors, like-for-like sales growth in the second quarter would have been above 2%. Like-for-like sales growth in the UK, North America and the Rest of the World was in line with our expectations. In Continental Europe, like-for-like sales were impacted by the protests in France and disruption at some of our major airport sites as a consequence of redevelopments, most notably Copenhagen and Malaga. With the ongoing level of economic uncertainty and disruption, our expectation for like-for-like sales growth in the full year is around 2%.

We have seen significant expansion in the first half, delivering net contract gains of 4.1% with strong contributions from Continental Europe (+3.1%), North America (+8.7%) and the Rest of the World (+4.2%). In Continental Europe, net gains were driven by new unit openings at Montparnasse station in Paris, Charleroi and Barcelona Airports, and a new contract for 29 Starbucks units in railway stations in the Netherlands, and at the end of the first half, the commencement of the mobilisation of the motorway service areas across Germany. Net gains in North America included new openings at LaGuardia, Los Angeles and Seattle Airports. In the Rest of the World, net gains included new unit openings at airports in Hong Kong, Phuket in Thailand and across a number of airports in India including Delhi, Mumbai and Kolkata. In the first half, more of our unit openings have been at brand new sites compared to the first half last year and as a consequence we have incurred higher preopening costs.

We continue to focus on retaining profitable contracts and our contract renewal rate in the first half of 2019 was in line with our historical trends.

We are encouraged by the pipeline of new contracts. In the first half we won a number of significant new airport contracts including in Continental Europe at Alicante, Helsinki and Athens Airports, in North America at Oakland, Salt Lake City and Vancouver Airports, and in India at Mumbai and Delhi Airports. Following our entry into Latin America, winning contracts at Rio de Janeiro and San Paulo Airports in Brazil, we have recently been awarded a further new contract at Salvador Bahia Airport in Brazil. We expect to begin operating these contracts progressively over the next two years.

Following the strong start to the year and looking ahead at the pipeline, our expectations for net gains for the full year have increased from 3% to between 4% and 5%. Acquisitions are expected to add c. 0.3% to revenue on a full year basis.

Underlying operating profit increased to £62.5m, a 14.6% increase on a constant currency basis. The underlying operating margin increased by 30 bps to 5.0% on a constant currency basis, driven by solid like-for-like sales growth and the continued roll out of our strategic initiatives and was delivered despite the impact of higher preopening costs associated with the significant new contract opening programme.

Looking forward to the second half and full year, and with the expectation of lower pre-opening costs in the second half compared to the first half, we now anticipate the overall operating margin to increase by between 30 and 40 bps, up from our previous estimate of 20 bps for the full year.

The underlying free cash outflow was £75.9m. Capital expenditure was £108.2m. The increase compared to last year reflects the phasing of the investment, with new unit development being very first half weighted. In the full year we expect capital spend in the region of £160m. The increase of approximately £15m from the previous guidance reflects an increase in our expectations for net gains from 3% to between 4% and 5% for the full year.

The working capital usage of £36.3m was £35.8m higher than last year, reflecting the later timing of Easter which fell in the second half of this year. Last year we had an unusual result with almost no cash usage in the first half, reflecting the fact that Easter fell at the very end of the half. For the full year we anticipate a normal cash inflow as a consequence of an increase in the negative working capital in the business.

Net debt increased by £143.3m year on year to £433.4m, reflecting our seasonal working capital cycle, our capital investment programme and the payment of last year's £100.1m special dividend. This represented leverage of 1.4 times EBITDA at the end of the first half, compared with 1.1 times last year.

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 period:

1. Optimising our offer from the positive trends in our markets

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

Like-for-like sales growth in the period was driven by the ongoing roll out of our retailing programmes which are delivering well. We continue to focus on optimising our product ranges and have developed a wider range, including premium products to provide customers with additional choice. We are making good use of new technology, for example using self-order kiosks and ordering applications and automatic coffee machines which help improve the speed of service and increase customer transactions.

2. Growing profitable new space

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

Net contract gains in the first half were 4.1%, driven by new unit openings and high levels of contract retention. The high level of net gains was driven by strong performances in North America and in the Rest of the World. These large and growing markets (where we still have a relatively small share), provide attractive expansion opportunities and the pipeline of new contracts is encouraging. We have strong disciplines around the contract tendering process which enable us to deliver attractive returns from new business investment.

Our new business growth is underpinned by our ability to deliver attractive and effective food solutions at travel locations internationally. An important element of this is the brand line up we can offer. Our brands include both international brands which we franchise, such as Burger King and Starbucks, and our own proprietary brands such as Upper Crust and Ritazza, as well as bespoke concepts and local heroes. This half we secured important contract wins at airports with our own brands, including Ritazza, Mi Casa and Millie's Cookies at Salvador, Brazil, and with Camden Food Co at Charleroi, Belgium, and Ottawa, Canada. We also introduced a number of new and exciting brand partners to our portfolio, including our first ever BrewDog pub which we will be opening at Alicante Airport in Spain, and we opened our first ever airside M&S Food to Go at Birmingham Airport.

3. Optimising gross margins

Gross margin increased by 90 bps in the period at constant currency. The higher growth in the air sector in the period, which typically has higher gross margins but higher concession fees than the rail sector, contributed approximately 10 bps of this improvement.

This performance is encouraging given the ongoing pressure from food cost inflation, and has been driven by the roll out of gross margin initiatives across our regions which are progressing well. Key areas of focus include procurement disciplines, range and recipe rationalisation and the management of waste and losses. We are making good progress in the introduction of equipment that automates food preparation processes in our sites. This helps to improve the product consistency and reduce waste. We also continue to bring greater efficiency into the supply chain and have made good progress in optimising delivery frequency to better align with product demand. To support all these initiatives, we continue to invest in both central and local resources.

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 ongoing labour cost inflation, which continued in the first half. In addition to this labour costs increased by 20 bps reflecting the increase in preopening costs associated with the significant new opening programme in the first half.

We continue to develop systems to better align labour to sales, allowing us to optimise service levels and labour costs. The roll out of our more standardised and systematised approach to labour forecasting and scheduling is progressing well. Our increasing use of automation and technology in food production and food service is contributing both to improving the customer experience as well as driving greater labour efficiency.

5. Optimising investment utilising best practice and shared resource

We have maintained our focus on optimising investment using best practice and shared resource 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 basic administrative tasks. This year we have also established an outsourced design centre in India to support our unit development around the world. 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.

Summary and outlook

The Group delivered a good financial performance in the first half of the year with solid like-for-like sales growth, strong net gains and a further improvement in operating margin. The second half has started well and the pipeline of new contracts is encouraging. Looking forward to the full year, with the current level of general economic and geopolitical uncertainty, we continue to plan cautiously, anticipating like-for-like sales to be around 2%. However, the significant structural growth opportunities in the travel sector and our programme to deliver operational improvements leave us well placed to continue to deliver both for our customers and our shareholders.

Financial review

Group performance

	H1 2019 £m	H1 2018 £m	Change		
			Reported	Constant currency	LFL
Revenue	1,261.6	1,177.8	+7.1%	+6.8%	+2.0%
Underlying operating profit	62.5	55.2	+13.2%	+14.6%	
Underlying operating margin	5.0%	4.7%	+30 bps	+30 bps	
Operating profit	61.6	54.2	13.7%		
Operating margin	4.9%	4.6%	+30 bps		

Revenue

First half revenue increased by 6.8% on a constant currency basis, comprising like-for-like sales growth of 2.0%, net contract gains of 4.1% and the impact of acquisitions of 0.7%. At actual exchange rates, total revenue grew by 7.1%, to £1,261.6m. Revenue in the first half of the Group's financial year is typically lower than in the second half, as a significant part of our business serves the leisure sector of the travel industry, which is particularly active during the summer in the northern hemisphere.

Like-for-like sales in the air sector grew more strongly than in rail driven by the continued growth in air passenger numbers. Like-for-like sales growth in the second quarter were 1.5%, but was impacted by the timing of Easter, which this year fell into the second half, and by the "Gilets Jaunes" protests in France. Excluding these factors, like-for-like sales growth in the second quarter would have been above 2%. Like-for-like sales growth in the UK, North America and the Rest of the World was in line with our expectations. In Continental Europe like-for-like sales were impacted by the protests in France and disruption at some of our major airport sites as a consequence of redevelopments, most notably Copenhagen and Malaga. With the ongoing level of economic uncertainty and disruption, our expectation for like-for-like sales growth in the full year is around 2%.

We have seen significant expansion in the first half, delivering net contract gains of 4.1% with strong contributions from Continental Europe (+3.1%), North America (+8.7%) and the Rest of the World (+4.2%). In Continental Europe, net gains were driven by new unit openings at Montparnasse station in Paris, Charleroi and Barcelona Airports and a new contract for 29 Starbucks units in railway stations in the Netherlands and at the end of the first half, the commencement of the mobilisation of the motorway service areas across Germany. Net gains in North America included new openings at LaGuardia, Los Angeles and Seattle Airports. In the Rest of the World, net gains included new unit openings at airports in Hong Kong, Phuket in Thailand and across a number of airports in India including Delhi, Mumbai and Kolkata. In the first half, more of our unit openings have been at brand new sites compared to the first half last year and as a consequence we have incurred higher preopening costs. Following the strong start and looking ahead at the pipeline, our expectations for net gains has increased from 3% to between 4% and 5%.

The acquisition of Stockheim added 0.7% to first half revenues and will add about 0.3% for the full year.

Trading results from outside the UK are converted into Sterling at the average exchange rates for the period. The overall impact of the movement of foreign currencies on revenue (principally the Euro, US Dollar and

pegged currencies, Norwegian Krone and Indian Rupee) during the first half of 2019 compared to the 2018 average was positive 0.3%. If the current spot rates were to continue through to the end of 2019, we would expect a negative currency impact on revenue in the full year of around 0.5% compared to the average rates used for 2018. However this is a translation impact only.

Underlying operating profit

Underlying operating profit increased to £62.5m, an increase of 14.6% on a constant currency basis. The underlying operating margin increased by 30 bps, on a constant currency basis, to 5.0%, driven by solid like-for-like sales growth and the continued roll out of our strategic initiatives, and was delivered despite the impact of higher preopening costs arising from the significant new contract opening programme.

Gross margin increased by 90 bps year-on-year, on a constant currency basis. The sales mix in the first half, with stronger growth in the air sector relative to the rail sector, contributed approximately 10 bps of this improvement. The strong underlying performance was driven by the continued roll out of our strategic initiatives, including improved ranging and mix management, food procurement, and waste and loss reduction.

The 20bps deterioration in the labour cost ratio largely reflects the short term impact of preopening costs due to the first half weighting of our significant new opening programme. We have continued to see significant labour cost inflation, both in the UK and North America, which has been broadly offset by the ongoing efficiency programme.

Concession fees rose by 80bps, or c. 70bps after adjusting for the stronger air sales. The higher year on year increase compared to recent trends is mainly due to the scale of the first half opening programme, with many contracts still in their mobilisation phase. We would expect the underlying increase to revert to more normal levels over the full year.

Looking forward to the second half and full year, and with the expectation of lower pre-opening costs in the second half compared to the first half, we now anticipate the overall operating margin to increase by between 30 and 40 bps, up from our previous estimate of 20 bps for the full year.

Operating profit

Operating profit was £61.6m, on a reported basis (H1 2018: £54.2m), reflecting an adjustment for the amortisation of acquisition-related intangible assets of £0.9m (H1 2018: £1.0m).

Regional performance

The following shows the Group's segmental performance. For full details of our key reporting segments, refer to note 2.

UK (including Republic of Ireland)

	H1 2019 £m	H1 2018 £m	Change		
			Reported	Constant currency	LFL
Revenue	385.2	369.5	+4.2%	+4.3%	+1.4%
Underlying operating profit	39.1	33.4	+17.1%	+17.4%	
Underlying operating margin	10.2%	9.1%	+110 bps	+110 bps	

Note – Statutory reported operating profit was £38.4m (H1 2018: £32.7m) and operating margin was 10.0% (H1 2018: 8.8%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £0.7m (H1 2018: £0.7m).

Revenue increased by 4.3% on a constant currency basis, comprising like-for-like growth of 1.4% and net contract gains of 2.9%. Like-for-like growth in the air sector was driven by increasing passenger numbers, which was helped by the reversal of the impact of the closure of Monarch Airlines last year, but held back slightly by the timing of Easter, which this year fell into the second half. In the rail sector, the underlying trends remained broadly unchanged and we continued to see some impact from station redevelopments in London, mainly at Liverpool Street, Victoria and Waterloo. Net gains were stronger in the first half, driven mainly by new M&S Simply Food unit openings in London stations and the M&S Food to Go in Birmingham Airport.

Underlying operating profit for the UK increased by 17.4%, on a constant currency basis, to £39.1m, with underlying operating margin increasing by 110 bps, on a constant currency basis, to 10.2%. This represented a good performance, given the modest like-for-like sales growth, with our operating efficiency programmes continuing to deliver margin benefits.

Continental Europe

	H1 2019 £m	H1 2018 £m	Change		
			Reported	Constant currency	LFL
Revenue	452.7	440.5	+2.8%	+4.1%	-0.8%
Underlying operating profit	17.7	21.8	-18.8%	-15.3%	
Underlying operating margin	3.9%	4.9%	-100 bps	-90 bps	

Note – Statutory reported operating profit was £17.5m (H1 2018: £21.5m) and operating margin was 3.9% (H1 2018: 4.9%) reflecting an adjustment for the amortisation of acquisition related intangible assets of £0.2m (H1 2018: £0.3m).

Revenue increased by 4.1% on a constant currency basis, comprising a like-for-like decline of 0.8%, net contract gains of 3.1%, and the acquisition of Stockheim adding a further 1.8%. The lower like-for-like sales were driven by the impact of protests in France largely in the second quarter. Like-for-like sales were also impacted by slower growth in Nordics and Spain where some of our airports were impacted by redevelopment works. Net gains in the first half were stronger than normal, driven by a large opening programme of new units at Montparnasse station in France, Charleroi Airport in Belgium and the mobilisation of 29 Starbucks units in Netherlands.

On a constant currency basis, underlying operating profit was 15.3% lower than last year, but excluding the impact of higher depreciation costs arising from the new contact investments, EBITDA was down 4%. Profit

margins were, as expected, impacted by the lower like for like sales arising from the protests in France and airport redevelopment disruption as well as the significant preopening costs associated with the large new opening programme.

North America

	H1 2019 £m	H1 2018 £m	Change		
			Reported	Constant currency	LFL
Revenue	235.9	198.4	+18.9%	+14.1%	+5.4%
Underlying operating profit	9.5	6.4	+48.4%	+51.6%	
Underlying operating margin	4.0%	3.2%	+80 bps	+100 bps	

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

Revenue increased by 14.1% on a constant currency basis, comprising like-for-like growth of 5.4% and net contract gains of 8.7%. Like-for-like growth benefited from positive trends in airport passenger numbers in the North American market. Net contract gains of 8.7% included the benefit of the full year effect of the major contracts that started in the second half of last year, in particular at LaGuardia, Los Angeles and Seattle.

Underlying operating profit increased to £9.5m, an increase of 51.6% on a constant currency basis. This reflects the benefit of the reversal of an impairment charge in the first half of 2018 in relation to Houston airport. Excluding this, EBITDA increased by around 9%, held back slightly by the impact of preopening costs associated with new units at JFK T7, LaGuardia, Seattle and Phoenix Airports.

Rest of the World

	H1 2019 £m	H1 2018 £m	Change		
			Reported	Constant currency	LFL
Revenue	187.8	169.4	+10.9%	+10.6%	+6.4%
Underlying operating profit	15.9	13.6	+16.9%	+16.3%	
Underlying operating margin	8.5%	8.0%	+50 bps	+40 bps	

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

Revenue increased by 10.6% on a constant currency basis, with an increase in like-for-like sales of 6.4% and net contract gains of 4.2%. Like-for-like sales were stronger than expected, driven by ongoing passenger growth in India and Egypt, which continues its recovery from the terrorist incidents a few years ago. Like-for-like sales further benefitted from closure of competitor units in Hong Kong, a trend that is expected to reverse in the second half. Towards the end of the period we started to see some impact from the suspension of operations of Jet Airways in India and the grounding of Boeing 737 Max aircraft.

Net gains came mainly from new units at Phuket in Thailand and at Delhi in India, as well as the new contract at Cebu Airport in the Philippines which opened last year.

Underlying operating profit for the Rest of the World was £15.9m, an increase of 16.3% on a constant currency basis, driven by the strong like-for-like sales.

Share of profit of associates

The Group's share of profit from associates was £2.1m (H1 2018: £0.2m) reflecting good performances from associate operations in Cyprus and profit improvement in our associate in France which operate in Charles de Gaulle Airport.

Net finance costs

Underlying net finance costs increased over the prior period to £10.4m (H1 2018: £6.7m), primarily due to the higher net debt compared to last year. Reported net finance costs were £12.3m (H1 2018: £6.0m), the additional charge primarily relates to the £1.6m revaluation of the financial liability to acquire the remaining 16% interest in TFS. Underlying net finance costs are expected to be at a similar level in the second half with full year costs of around £20m.

Taxation

The Group's underlying tax charge for the period was £12.0m (H1 2018: £10.7m), equivalent to an effective tax rate of 22.1% (H1 2018: 22.0%) of underlying profit before tax. On a reported basis the tax charge for the period was £12.1m (H1 2018: £10.5m). Looking forward we expect the underlying tax rate to remain around 22% for the full year.

Non-controlling interests

The profit attributable to non-controlling interests was £11.0m (H1 2018: £11.1m), most of which relate to our joint venture businesses in North America and the Rest of the World. For the full year, we expect the profit attributable to our non-controlling interests to be approximately £28m.

Earnings per share

Underlying earnings per share was 6.7 pence per share (H1 2018: 5.6 pence per share), an increase of 19.6% year-on-year. Reported earnings per share was 6.1 pence per share (H1 2018: 5.6 pence per share).

Dividends

The Board has declared an interim dividend of 5.8 pence per share (H1 2018: 4.8 pence), with a view to maintaining the pay-out ratio for the full year at 40%, consistent with the Group's stated priorities for the uses of cash and after careful review of the capital expenditure requirements for the coming years. The dividend will be paid on 28 June 2019 to shareholders registered on 7 June 2019. The ex-dividend date will be 6 June 2019.

Post balance sheet events

On 11 April 2019, the Group signed an agreement to issue US Private Placement notes (the 'Notes') of US\$ 199.5m and €58.5m. The notes represent SSP's second issue in the US Debt Private Placement market, following its inaugural issue in 2018 and carry a fixed rate of interest.

On 15 April 2019, the Company completed a share consolidation to maintain the comparability of the Company's share price before and after the special dividend.

In April 2019, the Group acquired a further 16% stake and thereby completed the planned acquisition of its 49% stake in Travel Food Services Private Limited ("TFS"), one of India's largest travel food companies.

Cash flow

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

	H1 2019	H1 2018
	£m	£m
Underlying operating profit ¹	62.5	55.2
Depreciation and amortisation	52.8	47.7
Working capital	(36.3)	(0.5)
Net tax	(18.7)	(17.6)
Other	(3.0)	7.0
Underlying net cash flow from operating activities	57.3	91.8
Capital expenditure ²	(108.2)	(61.5)
Acquisition of subsidiaries, adjusted for net debt acquired ³	(3.4)	(18.8)
Net dividends to non-controlling interests and from associates	(15.5)	(11.5)
Underlying operating cash flow	(69.8)	(0.0)
Net finance costs	(6.1)	(6.1)
Other	-	(0.4)
Underlying free cash flow	(75.9)	(6.5)
Dividend paid	(25.2)	(23.5)
Underlying net cash flow	(101.1)	(30.0)

¹ Presented on an underlying basis (refer to page 15 for details)

² Capital expenditure is net of capital contributions from non-controlling interests of £3.5m (H1 2018: £2.6m)

³ Current period amount relates to the acquisition of SSP D&B DFW LLC in the US. Prior period amount relates to Stockheim and comprises consideration £19.3m less cash and cash equivalents acquired £0.5m

The Group generated underlying net cash flow from operating activities of £57.3m (H1 2018: £91.8m) and saw an underlying free cash outflow of £75.9m, which was £69.4m higher than the first half of 2018. This is driven by the seasonality of our working capital cycle in the first half (mainly due to timing of Easter) and higher capital expenditure in the first half of the year compared to last year.

The working capital usage of £36.3m was £35.8m higher than last year, reflecting the later timing of Easter and, in particular, the unusual performance last year, where we saw almost no cash usage. Last year Easter fell exactly at the end of the first half and as a consequence working capital benefitted from the seasonal sales uplift as well as a number of material rent payments falling into the second half. For the full year we anticipate a normal cash inflow as a consequence of an increase in the negative working capital in the business.

Capital expenditure was £108.2m, up £46.7m vs last year. The increase compared to last year reflects the phasing of the investment, with new unit development being very first half weighted. In the full year we expect capital spend in the region of £160m. The increase of approximately £15m from the previous guidance reflects an increase in our expectations for net gains from c. 3% to between 4% and 5% for the full year.

Net finance costs paid of £6.1m were in line with the first half of 2018. Overall, the Group had net cash outflow of £101.1m during the period.

The dividend paid of £25.2m reflects the payment of the 2018 final dividend of 5.4 pence per share.

Balance sheet and net debt

Net assets increased slightly in the first half to £461.0m (30 September 2018: £458.3m), with net debt increasing to £433.4m (30 September 2018: £334.7m) reflecting the normal seasonality of the business ahead of the peak summer trading period.

	£m
Opening net debt (1 October 2018)	(334.7)
Net cash flow (excluding impact of foreign exchange)	(101.1)
Impact of foreign exchange rates	8.2
Other	(5.8)
Closing net debt (31 March 2019)	(433.4)

The increase in net debt of £98.7m was driven by the net cash outflow of £101.1m partially offset by a foreign exchange translation impact of £8.2m arising from the strengthening of Sterling during the period.

Leverage in the first half with net debt: EBITDA at 1.4 times, compared with 1.1 times at 31 March 2018. By the year end we anticipate leverage remaining at c. 1.4 times, reflecting strong operating cash generation in the second half and after the payment of the £150m special dividend in April 2019.

Going concern

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report and, therefore, continue to adopt the going concern basis in preparing the accounts.

Principal risks

The principal risks facing the Group for the remainder of the year are unchanged from those reported in the Annual Report and Accounts 2018.

These risks, together with the Group's risk management process, are detailed on pages 17 to 22 of the Annual Report and Accounts 2018, and relate to the following areas: business environment; retention of existing client relationships; Brexit; labour laws and unions; implementation of efficiency programmes; changing client behaviours; regulatory compliance; execution and mobilisation of new contracts; expansion into new markets; senior management capability and retention; competitive intensity; outsourcing programmes; cyber security; maintenance/development of brand portfolio; business development capability and investment; and tax compliance and management.

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 over 30 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 where appropriate.

(£m)	UK	Continental Europe	North America	RoW	Total
H1 2019 Revenue at actual rates by segment	385.2	452.7	235.9	187.8	1,261.6
Impact of foreign exchange	0.1	4.4	(7.2)	(0.9)	(3.6)
H1 2019 Revenue at constant currency ¹	385.3	457.1	228.7	186.9	1,258.0
H1 2018 Revenue at constant currency	369.5	439.2	200.4	169.0	1,178.2
Constant currency sales growth	4.3%	4.1%	14.1%	10.6%	6.8%
Which is made up of:					
Like-for-like sales growth ²	1.4%	(0.8)%	5.4%	6.4%	2.0%
Net contract gains/(losses) ³	2.9%	3.1%	8.7%	4.2%	4.1%
Impact of acquisitions ⁴	-	1.8%	-	-	0.7%
	4.3%	4.1%	14.1%	10.6%	6.8%

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 period in outlets which have been open for a minimum of 12 months. Like-for-like sales are presented on a constant currency basis.

³ Net contract gains/(losses) represent the net year-on-year revenue impact from new outlets opened and existing units closed in the past 12 months. Net contract gains/(losses) are presented on a constant currency basis.

⁴ Acquisition impact represents the revenue impact from acquired outlets owned for less than 12 months. Acquisition impact is presented on a constant currency basis. Once the acquisition annualises revenue is included in like-for-like sales or net contract gains where appropriate.

Underlying profit measures

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

	H1 2019			H1 2018		
	Underlying	Adjustments	Total	Underlying	Adjustments	Total
Operating profit (£m)	62.5	(0.9)	61.6	55.2	(1.0)	54.2
Operating margin	5.0%	(0.1)%	4.9%	4.7%	(0.1)%	4.6%
Profit before tax (£m)	54.2	(2.8)	51.4	48.7	(0.3)	48.4
Earnings per share (p)	6.7	(0.6)	6.1	5.6	(0.0)	5.6

Responsibility statement of the Directors in respect of the half-yearly report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- The interim management report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Kate Swann

Chief Executive Officer

14 May 2019

Jonathan Davies

Chief Financial Officer

14 May 2019

Independent review report to SSP Group plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 which comprises the condensed consolidated income statement, the condensed consolidated statement of other comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. 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. An interim review cannot 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.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Nicholas Frost**for and on behalf of KPMG LLP**

Chartered Accountants

KPMG LLP

15 Canada Square

London

E14 5GL

14 May 2019

Condensed consolidated income statement
for the six months ended 31 March 2019

	Notes	Six months ended 31 March 2019			Six months ended 31 March 2018		
		Underlying* £m	Adjustment £m	Total £m	Underlying* £m	Adjustment £m	Total £m
Revenue	2	1,261.6	-	1,261.6	1,177.8	-	1,177.8
Operating costs	4	(1,199.1)	(0.9)	(1,200.0)	(1,122.6)	(1.0)	(1,123.6)
Operating profit		62.5	(0.9)	61.6	55.2	(1.0)	54.2
Share of profit of associates		2.1	-	2.1	0.2	-	0.2
Finance income	5	1.0	-	1.0	1.1	0.7	1.8
Finance expense	5	(11.4)	(1.9)	(13.3)	(7.8)	-	(7.8)
Profit before tax		54.2	(2.8)	51.4	48.7	(0.3)	48.4
Taxation		(12.0)	(0.1)	(12.1)	(10.7)	0.2	(10.5)
Profit for the period		42.2	(2.9)	39.3	38.0	(0.1)	37.9
Profit attributable to:							
Equity holders of the parent		31.2	(2.9)	28.3	26.9	(0.1)	26.8
Non-controlling interests		11.0	-	11.0	11.1	-	11.1
Profit for the period		42.2	(2.9)	39.3	38.0	(0.1)	37.9
Earnings per share (p):							
- Basic	3	6.7		6.1	5.6		5.6
- Diluted	3	6.6		6.0	5.5		5.5

*Presented on an underlying basis, refer to page 15 for details

**Condensed consolidated statement of other comprehensive income
for the six months ended 31 March 2019**

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m
Other comprehensive income/(expense)		
<i>Items that will never be reclassified to the income statement</i>		
Remeasurements on defined benefit pension schemes	(2.3)	(0.6)
Income tax credit relating to items that will not be reclassified	0.2	1.7
<i>Items that are or may be reclassified subsequently to the income statement</i>		
Net gain on hedge of net investment in foreign operations	8.5	5.2
Other foreign exchange translation differences	(14.2)	(22.1)
Effective portion of changes in fair value of cash flow hedges	(3.3)	2.0
Cash flow hedges - reclassified to the income statement	2.2	2.3
Income tax credit relating to items that are or may be reclassified	2.8	0.3
Other comprehensive expense for the period	(6.1)	(11.2)
Profit for the period	39.3	37.9
Total comprehensive income for the period	33.2	26.7
Total comprehensive income attributable to:		
Equity shareholders	20.2	18.2
Non-controlling interests	13.0	8.5
Total comprehensive income for the period	33.2	26.7

**Condensed consolidated balance sheet
as at 31 March 2019**

	Notes	31 March 2019 £m	30 September 2018 £m
Non-current assets			
Property, plant and equipment		420.5	371.4
Goodwill and intangible assets		724.8	731.2
Investments in associates		13.8	10.6
Deferred tax assets		25.7	23.7
Other receivables		54.9	49.2
Other financial assets	8	-	5.1
		1,239.7	1,191.2
Current assets			
Inventories		35.9	35.1
Tax receivable		8.2	2.0
Trade and other receivables		178.1	178.0
Cash and cash equivalents	8	166.1	147.8
		388.3	362.9
Total assets		1,628.0	1,554.1
Current liabilities			
Short term borrowings	8	(90.5)	(31.5)
Trade and other payables		(461.9)	(499.7)
Tax payable		(21.9)	(25.5)
Provisions		(3.5)	(3.4)
Obligation to acquire additional share of subsidiary undertaking		(22.4)	(20.5)
		(600.2)	(580.6)
Non-current liabilities			
Long term borrowings	8	(509.0)	(456.1)
Post-employment benefit obligations		(16.0)	(13.0)
Other payables		(2.7)	(2.5)
Provisions		(22.4)	(28.0)
Derivative financial liabilities	8	(4.2)	(3.2)
Deferred tax liabilities		(12.5)	(12.4)
		(566.8)	(515.2)
Total liabilities		(1,167.0)	(1,095.8)
Net assets		461.0	458.3
Equity			
Share capital		4.8	4.8
Share premium		461.2	461.2
Capital redemption reserve		1.2	1.2
Other reserves		(19.0)	(13.0)
Retained losses		(71.9)	(77.7)
Total equity shareholders' funds		376.3	376.5
Non-controlling interests		84.7	81.8
Total equity		461.0	458.3

**Condensed consolidated statement of changes in equity
for the six months ended 31 March 2019**

	Share capital	Share premium	Other reserves ¹	Retained losses	Total parent equity	NCI	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 October 2017	4.7	461.2	(10.3)	(55.3)	400.3	64.7	465.0
Profit for the period	-	-	-	26.8	26.8	11.1	37.9
Other comprehensive expense for the period	-	-	(8.0)	(0.6)	(8.6)	(2.6)	(11.2)
Issue of ordinary shares under share option schemes	0.1	-	-	-	0.1	-	0.1
Capital contributions from NCI	-	-	-	-	-	2.6	2.6
Dividends paid to equity shareholders	-	-	-	(23.5)	(23.5)	-	(23.5)
Dividends paid to NCI	-	-	-	-	-	(11.5)	(11.5)
Share-based payments	-	-	-	4.4	4.4	-	4.4
Current and deferred tax on share schemes	-	-	-	1.0	1.0	-	1.0
At 31 March 2018	4.8	461.2	(18.3)	(47.2)	400.5	64.3	464.8
At 1 October 2018	4.8	461.2	(11.8)	(77.7)	376.5	81.8	458.3
Profit for the period	-	-	-	28.3	28.3	11.0	39.3
Other comprehensive (expense) / income for the period	-	-	(6.0)	(2.1)	(8.1)	2.0	(6.1)
Issue of ordinary shares under share option schemes	-	-	-	-	-	-	-
Capital contributions from NCI	-	-	-	-	-	3.5	3.5
NCI arising on acquisition	-	-	-	-	-	0.7	0.7
Dividends paid to equity shareholders	-	-	-	(25.2)	(25.2)	-	(25.2)
Dividends paid to NCI	-	-	-	-	-	(14.3)	(14.3)
Share-based payments	-	-	-	4.7	4.7	-	4.7
Current and deferred tax on share schemes	-	-	-	0.1	0.1	-	0.1
At 31 March 2019	4.8	461.2	(17.8)	(71.9)	376.3	84.7	461.0

¹ The other reserves includes the capital redemption reserve, translation reserve, cash flow hedging reserve and the obligation to acquire an additional share of a joint venture accounted for as a subsidiary.

**Condensed consolidated cash flow statement
for the six months ended 31 March 2019**

	Notes	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m
Cash flows from operating activities			
Cash flow from operations	6	76.0	103.9
Tax paid		(18.7)	(17.6)
Net cash flows from operating activities		57.3	86.3
Cash flows from investing activities			
Investment in associate		(1.3)	(1.0)
Dividends received from associates		0.1	1.1
Interest received		0.6	0.8
Purchase of property, plant and equipment		(101.5)	(55.0)
Purchase of other intangible assets		(10.2)	(3.6)
Acquisition of subsidiary, net of cash and cash equivalents acquired		(3.4)	(18.8)
Net cash flows from investing activities		(115.7)	(76.5)
Cash flows from financing activities			
Receipt of US Private Placement debt		133.3	-
Repayment of finance lease and other loans		(12.7)	(1.8)
Financing fee paid		(1.0)	(2.0)
Investment in other financial assets		-	3.4
Interest paid		(6.7)	(6.9)
Dividends paid to equity shareholders		(25.2)	(23.5)
Dividends paid to non-controlling interests		(14.3)	(11.6)
Capital contribution from non-controlling interests		3.5	2.6
Net cash flows from financing activities		76.9	(39.8)
Net increase / (decrease) in cash and cash equivalents		18.5	(30.0)
Cash and cash equivalents at beginning of the period		147.8	178.1
Effect of exchange rate fluctuations on cash and cash equivalents		(0.2)	(2.6)
Cash and cash equivalents at end of the period		166.1	145.5
Reconciliation of net cash flow to movement in net debt			
Net increase / (decrease) in cash in the period		18.5	(30.0)
Cash inflow US Private Placement debt		(133.3)	-
Cash outflow from change in debt and finance leases		12.7	1.8
Financing fee paid		1.0	2.0
Cash inflow from investment in other financial assets		-	(3.4)
Change in net debt resulting from cash flows		(101.1)	(29.6)
Translation differences		8.2	2.3
Other non-cash changes		(5.8)	(0.6)
Increase in net debt in the period		(98.7)	(27.9)
Net debt at beginning of the period		(334.7)	(262.2)
Net debt at end of the period		(433.4)	(290.1)

Notes

1 Preparation

Basis of preparation and statement of compliance

The condensed consolidated half-yearly financial statements of SSP Group plc (the Group) have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting as adopted by the EU. The annual consolidated financial statements of the Group are prepared 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 condensed consolidated half-yearly financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006, and should be read in conjunction with the Annual Report and Accounts 2018. The comparative figures for the six months ended 31 March 2018 are not the Group's statutory accounts for that financial year. Those accounts were reported upon by the Group's auditors and delivered to the registrar of companies. The report of the auditors was unqualified, 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 statements under Section 498 (2) or (3) of the Companies Act 2006.

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.

Except as described below, the accounting policies adopted in the preparation of these condensed consolidated half-yearly financial statements to 31 March 2019 are consistent with the accounting policies applied by the Group in its consolidated financial statements as at, and for the year ended, 30 September 2018 as required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

Changes in accounting policy and disclosures

IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' were adopted this financial year. IFRS 9 replaced IAS 39 'Financial Instruments: Recognition and measurement' whereas IFRS 15 replaced IAS 11 'Construction contracts' and IAS 18 'Revenue'.

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

The following standards, issued by the IASB and endorsed by the EU, have not yet been adopted:

IFRS 16 'Leases' (effective for the year ending 30 September 2020) requires lessees to recognise operating leases on the Group's balance sheet. However, where leases have a lease term of 12 months or less or the underlying asset has a low value, an election can be made not to recognise such assets. The standard, which replaces IAS 17 'Leases', will give rise to the recognition of an asset representing the right-of-use of the leased item and a related liability being the future lease payment obligations. Therefore, costs currently classified as operating lease costs will be reclassified and split between the depreciation of the asset, on a straight-line basis, and interest on the lease liability. This reclassification will increase EBITDA with corresponding increases in the depreciation charge and interest expense. The Group will adopt a modified retrospective approach to transition and is currently working on an implementation plan. IFRS 16 will have a material impact on the Group's consolidated results and an associated impact on both assets and liabilities.

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, 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 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.

	UK £m	Continental Europe £m	North America £m	RoW £m	Non- attributable £m	Total £m
Six months ended 31 March 2019						
Revenue	385.2	452.7	235.9	187.8	-	1,261.6
Underlying operating profit/(loss)	39.1	17.7	9.5	15.9	(19.7)	62.5
Six months ended 31 March 2018						
Revenue	369.5	440.5	198.4	169.4	-	1,177.8
Underlying operating profit/(loss)	33.4	21.8	6.4	13.6	(20.0)	55.2

The following amounts are included in underlying operating profit:

	UK £m	Continental Europe £m	North America £m	RoW £m	Non- attributable £m	Total £m
Six months ended 31 March 2019						
Depreciation and amortisation*	(7.4)	(17.9)	(15.3)	(9.0)	(3.2)	(52.8)
Six months ended 31 March 2018						
Depreciation and amortisation*	(5.7)	(16.2)	(15.6)	(8.3)	(1.9)	(47.7)

* Excludes amortisation of acquisition related intangible assets.

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

	Six months ended 31 March 2019	Six months ended 31 March 2018
	£m	£m
Underlying operating profit	62.5	55.2
Adjustments to operating costs (note 4)	(0.9)	(1.0)
Share of profit from associates	2.1	0.2
Finance income	1.0	1.1
Finance expense	(11.4)	(7.8)
Adjustments to finance expense (note 5)	(1.9)	0.7
Profit before tax	51.4	48.4
Taxation	(12.1)	(10.5)
Profit after tax	39.3	37.9

3 Earnings per share

Basic earnings per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the result for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted by potentially dilutive outstanding share options.

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:

	Six months ended 31 March 2019	Six months ended 31 March 2018
	£m	£m
Profit attributable to ordinary shareholders	28.3	26.8
<i>Adjustments:</i>		
Amortisation of acquisition-related intangibles	0.9	1.0
Net revaluation and discount unwind of the TFS financial liability (note 5)	1.9	(0.7)
Tax effect of adjustments	0.1	(0.2)
Underlying profit attributable to ordinary shareholders	31.2	26.9
Basic weighted average number of shares	466,385,491	476,769,504
Dilutive potential ordinary shares	4,356,506	8,667,255
Diluted weighted average number of shares	470,741,997	485,436,759
<i>Earnings per share (p):</i>		
- Basic	6.1	5.6
- Diluted	6.0	5.5
<i>Underlying earnings per share (p):</i>		
- Basic	6.7	5.6
- Diluted	6.6	5.5

The number of ordinary shares in issue as at 31 March 2019 was 467,021,646 (31 March 2018: 479,392,339).

4 Operating costs

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m
<i>Cost of food and materials:</i>		
Cost of inventories consumed in the period	(369.4)	(356.3)
<i>Labour cost:</i>		
Employee remuneration	(385.1)	(356.7)
<i>Overheads:</i>		
Depreciation of property, plant and equipment	(48.7)	(44.2)
Amortisation of intangible assets – software	(4.1)	(3.5)
Amortisation of acquisition-related intangible assets	(0.9)	(1.0)
Rentals payable under operating leases	(248.6)	(222.3)
Other overheads	(143.2)	(139.6)
	(1,200.0)	(1,123.6)
Adjustments to operating costs		
Amortisation of intangible assets arising on acquisition	(0.9)	(1.0)
	(0.9)	(1.0)

5 Finance income and expense

	Six months ended 31 March 2019 £m	Six months ended 31 March 2018 £m
<i>Finance income</i>		
Interest income	1.0	1.0
Net foreign exchange gains	-	0.1
Net revaluation and discount unwind of TFS financial liability	-	0.7
Total finance income	1.0	1.8
<i>Finance expense</i>		
Total interest expense on financial liabilities measured at amortised cost	(7.2)	(4.4)
Net change in fair value of cash flow hedges utilised in the period	(2.2)	(2.3)
Unwind of discount on provisions	(0.3)	(0.2)
Net interest expense on defined benefit pension obligations	-	(0.1)
Net foreign exchange losses	(0.7)	-
Net revaluation and discount unwind of TFS financial liability	(1.9)	-
Other	(1.0)	(0.8)
Total finance expense	(13.3)	(7.8)

Adjustments to finance expense

The adjustments to finance expense in the period to 31 March 2019 include the revaluation and discount unwind of the obligation to acquire an additional 16% share of TFS in April 2019.

	Six months ended 31 March 2019	Six months ended 31 March 2018
Unwind of discount on obligation to acquire additional share of subsidiary undertaking	(0.3)	(0.2)
Foreign exchange (loss) / gain on revaluation of obligation to acquire additional share of subsidiary undertaking	(1.6)	0.9
Net revaluation and discount unwind of TFS financial liability	(1.9)	0.7

6 Cash flow from operations

	Six months ended 31 March 2019	Six months ended 31 March 2018
	£m	£m
Profit for the period	39.3	37.9
<i>Adjustments for:</i>		
Depreciation	48.7	44.3
Amortisation	5.0	4.4
Share-based payments	4.7	7.1
Finance income	(1.0)	(1.8)
Finance expense	13.3	7.8
Share of profit of associates	(2.1)	(0.2)
Taxation	12.1	10.5
	120.0	110.0
Increase in trade and other receivables	(5.8)	(16.1)
Increase in inventories	(0.8)	(1.4)
Increase/(decrease) in trade and other payables including provisions	(37.4)	11.4
Cash flow from operations	76.0	103.9

7 Dividends

	Six months ended 31 March 2019	Six months ended 31 March 2018
	£m	£m
Prior year final dividend of 5.4p per share paid in the period (2018: 4.9p)	(25.2)	(23.5)
	(25.2)	(23.5)

The proposed interim dividend of 5.8 pence per share (H1 2018: 4.8 pence per share), totalling £25.8m (H1 2018: £22.2m), will be paid on 28 June 2019 to shareholders on the register on 7 June 2019.

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 value and fair values of certain financial instruments

The following table shows the carrying value 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 value is a reasonable approximation of fair value.

	Carrying value	
	31 March 2019	30 September 2018
	£m	£m
Financial instruments measured at fair value:		
Non-current		
Derivative financial liabilities	(4.2)	(3.2)
Financial instruments not measured at fair value:		
Non-current		
Other financial assets	-	5.1
Long term borrowings	(509.0)	(456.1)
Current		
Cash and cash equivalents	166.1	147.8
Short term borrowings	(90.5)	(31.5)

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 31 March 2019 is £604.3m (30 September 2018: £492.1m).

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 Post balance sheet events

On 11 April 2019, the Group signed an agreement to issue US Private Placement notes (the 'Notes') of US\$199.5m and €58.5m. The notes represent SSP's second issue in the US Debt Private Placement market, following its inaugural issue in 2018 and carry a fixed rate of interest. The notes will be issued in July 2019 and December 2019 in four series: US\$66.5m at 4.06% to be issued in July 2019 and maturing in July 2026; US\$66.5m at 4.25% to be issued in December 2019 and maturing in December 2027; US\$66.5m at 4.35% to be issued in December 2019 and maturing in December 2029; and €58.5m at 2.11% to be issued in July 2019 and maturing in July 2031.

On 15 April 2019, the Company completed a share consolidation to maintain the comparability of the Company's share price before and after the special dividend. Each shareholder received 20 new ordinary shares in substitution for every 21 existing ordinary shares held at the record date. Following this, on 26 April 2019, the special dividend of 32.1 pence per share was paid to shareholders equating to c. £150m.

In April 2019, the Group completed the planned acquisition of its 49% stake in Travel Food Services Private Limited ("TFS"), one of India's largest travel food companies. In line with the terms of the acquisition originally announced in October 2016, SSP agreed to create the joint venture with K Hospitality Corp, a leading player in the F&B industry in India, and acquire a 49% stake in two stages. The acquisition of the initial 33% stake completed in March 2017, and the second stage of the agreement to acquire a further 16% stake was completed in April 2019 for £22.4m.

10 Related parties

Related party relationships exist with the Group's subsidiaries, associates, key management personnel, pension schemes and employee benefit trusts. A full explanation of the Group's related party relationships is provided on pages 98 and 99 of the Annual Report and Accounts 2018.

There are no material transactions with related parties or changes in the related party transactions described in the last annual report that have had, or are expected to have, a material effect on the financial performance or position of the Group in the six months to 31 March 2019.

11 Forward looking statement

This document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. Statements containing the words "believe", "expect", "intend", "may", "estimate", "anticipate" or, in each case, their negative and words of similar meaning are forward-looking. By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document or other made by us or on the Group's behalf. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. 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.