

A YEAR IN REVIEW

2018-2019



£457m

Estimated economic impact

£1.25m

Generated a day for Glasgow

47

Exhibitions staged

2.1m

Visitors to Campus

1.1m

Visitors to The SSE Hydro

89

Meetings in total

4th

Busiest live entertainment arena in the world

12

International Conferences Staged

144

Performances in The SSE Hydro

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CHAIRMAN'S WELCOME



It is estimated that in a mature year the new facilities would generate £123m of economic benefit to the Glasgow area, £106m to Scotland and £71m to the UK.

2018/19 has been an outstanding year for Scottish Event Campus Limited with record turnover and contribution noted in all our venue trading sectors. With the exception of 2014, the year of the Commonwealth Games, turnover and EBITDA are the highest in the history of the SEC. Trading turnover increased by 21% to £35.1m and EBITDA increased by 27% to £4.9m.

During the year, The Scottish Event Campus (SEC) applied for planning permission in principle (PPIP) for a major expansion of its facilities with a vision to create a unique global event campus capable of taking the world's top conferences, exhibitions and events.

The £150-£200m project includes a dedicated entrance to the west of the Campus and additional multi-purpose meeting and circulation spaces with panoramic views of the city and River Clyde. It is estimated that in a mature year the new facilities would generate £123m of economic benefit to the Glasgow area, £106m to Scotland and £71m to the UK. This would be in addition to the benefit currently delivered annually from the existing facilities. It is estimated that economic payback for the taxpayer will be between 5-7 years.

Whilst this year's results have been exceptional, a contributor to growth in the exhibition and conference sectors was a highly collaborative approach to managing the allocation of available space in the venues. Space constraints will continue to restrict future growth and during the year we could not progress discussions for future events worth over £2.5m of turnover as a result of being unable to find suitable, available dates within the SEC. The plans for an expanded campus would provide opportunity for further growth in both these sectors.

On behalf of the Board I would like to commend our staff for their enthusiasm, dedication and professionalism which is so central to the continued success of the SEC.

Will Whitehorn
Chairman

CHIEF EXECUTIVE'S REVIEW

This has been a tremendous year for the business and exceptional in that every sector in which we operate has delivered a record performance and I would like to begin by thanking our staff and our wider partners for a fantastic effort.

Our success is measured not only in financial terms but also by the economic impact of the campus which generated net additional expenditure of over £1.25m per day in the Glasgow area, a total of £457m for the year. The net additional expenditure in Scotland was measured at £309m and in the UK at £223m, both significantly up from the previous year due to the increased number of international events. There were almost 2.1 million visitors to the campus. All of these are record numbers. Trading profits will continue to be reinvested to ensure the existing facilities meet the needs of our customers in an increasingly competitive market.

The SEC continues to be recognised with a string of industry awards. During the year the SEC won Best UK Conference Centre at the prestigious M&IT Awards and was nominated again for the Best Exhibition Venue at the Exhibition News Awards. The SEC has retained its Gold Award in line with the Green Tourism Business Scheme (GTBS), which was originally awarded in 2009.

Our subsidiary company, QD Events was nominated in several categories at the AEO awards this year. The IRN-BRU Carnival hosted autism-friendly sessions which were mentioned in the House of Lords as good practice in the hospitality and events sector. This reflects the standing which SEC, including The SSE Hydro, has in the various sectors in which we operate.

Peter Duthie
Chief Executive

“

The the campus generated net additional expenditure of over £1.25m per day in the Glasgow area, a total of £457m for the year.

FINANCIAL REVIEW

Key Performance Indicators have been used below to more accurately explain the financial position of the business, which is already seeing the benefits of the continued investment in our facilities and our people.

There was a net cash inflow from operating activities of £11.1m for the year. Whilst the business is inherently cash generative, there can be variations from year to year as a result of cash from ticket sales held on behalf of concert promoters.

Our Key Performance Indicators are measured on the Group activities.

Key financial and other performance indicators during the year were as follows:

	2019	2018
Turnover excluding grant release	£35.1m	£29.1m
EBITDA ¹	£4.9m	£3.8m
Net cash inflow from operating activities	£11.1m	£7.1m
Capital Expenditure	£1.4m	£1.5m
Economic Impact Glasgow (estimated)	£457m	£400m
Number of Visitors	2.1m	1.8m
Pollstar Arena Global Ranking	4th	4th
Number of Exhibitions held	47	42
Number of International Conferences held	12	9

¹ EBITDA is defined as operating profit from recurring operations before depreciation of assets and release of grants.

CONFERENCES

Our Conference sector had a record year with 55% growth in turnover driven by 12 international events, and a host of large UK conferences and 54 corporate meetings. There were 89 meetings in total.

The number of international events helped to drive the increase in the economic impact to a record level. This aligns with the strategy pursued when The SSE Hydro opened allowing greater space availability to attract future business. The addition of the Meeting Academy in the prior year helped to secure a high number of smaller events and provided a valuable addition to our meeting space for larger conferences.

This success is due to targeting growth markets and strengthening the conference sales team accordingly, and by working in partnership with key city stakeholders. The recognition by the industry of our professional and friendly staff has also contributed to this success, as well as Glasgow being recognised as a great event city and having an award-winning convention bureau.

Earlier this year, the Scottish Event Campus hosted the WFH 2018 Congress. Over 5,000 delegates from 136 countries attended the event, which is the largest international meeting for the global bleeding disorders community.

From the 25th-27th July 2018, the World Down Syndrome Congress was held at the SEC. The three-day event welcomed over 1,000 delegates from all over the world to the city to be inspired, become more informed and influence others. It was the first time in 32 years that the World Down Syndrome Congress has been held in the UK.

In preparation for both events, Glasgow Welcomes held a number of training sessions aimed at raising awareness and educating people across the city about how to interact with those attending. These sessions included the SEC team and contributed to both events leaving a lasting legacy in the city.

Over the year the team secured a number of major conferences for the future, many as a result of strong partnerships with key local academics and the Glasgow Convention Bureau. Wins include the Royal College of General Practitioners (RCGP), the Global Implementation Conference (GIC), the European Congress on Thrombosis and Haemostasis (ECTH) and the International Congress of Neuroendocrinology (ICN). Each bid presented healthy competition from other world-class venues.

These events will showcase the expertise of our academic, research and business communities in these fields and are a great opportunity for research and business collaboration.

Whilst we continue to successfully win future business, the current uncertainty over Brexit has led some international conferences for future years to advise that they won't consider the UK at the moment. During the year however, exchange rate movements made the UK a more cost-effective option and was a factor in the SEC securing some events.



GOLD AWARD WINNER



From the 25th-27th July 2018, the World Down Syndrome Congress was held at the SEC. The three day event welcomed over 1,000 delegates from all over the world

EXHIBITIONS



The Exhibition sector grew by 3%, a 4th consecutive year of growth that surpasses the previous record performance. 96% of the business was repeat and we welcomed 5 new shows including successful launches from Gin To My Tonic, Dog Lovers and Baby and Toddler.

The Exhibition sector grew by 3%, a 4th consecutive year of growth that surpasses the previous record performance. 96% of the business was repeat and we welcomed 5 new shows including successful launches from Gin To My Tonic, Dog Lovers and Baby and Toddler. All of which will repeat next year. We hosted Scottish Hair and Beauty, a relocate from EICC, that landed well and delivered a 6% increase in visitor numbers. Combined we welcomed over 520,000 visitors to exhibitions at the SEC.

The venue was shortlisted in the AEO and the EN Awards "Best Venue" categories and both marketing and customer experience were shortlisted in their respective team categories. We regularly measure our customer experience via Net Promoter Score and currently receive +44 NPS from our organiser clients and +27 NPS from visitors.

The marketing team have worked hard to support all of our shows through integrated campaigns across all channels. Over the year we have increased our exhibition ticket sales by 129% and for some events, can contribute to over 30% of the total audience.



This will continue to be a focus in 2019/20 as well as renewed investment for the "in hall" catering experience. The chefs at SEC Food have refreshed the food offering for exhibitions, it looks and tastes fantastic and we will enhance the environments created within the shows to drive dwell time and enjoyment.



QD EVENTS



QD Events acquired a new Sports, Fitness and Nutrition event, looking at its scalability for the future and also took the decision to dispose of its Independent Living Healthcare event. Market conditions and levels of uncertainty affect the consumer show market and part of the strategic aim is to make the brands we have robust enough to support themselves in the light of potentially tougher economic conditions.

QD Events were listed for multiple awards at the Association of Exhibition Organisers (AEO) annual industry ceremony and won the Best Marketing Campaign for the IRN-BRU Carnival.

Within QD Events, our events management subsidiary, we invested in some key positions, our show presentation and a technology upgrade to allow for future growth.

2018 / 2019 has been a year of creating and managing business process, the integration of a new CRM system, providing a clear purpose for the business, overall strategy creation and the review of talent in the business to deliver future events. Turnover grew versus prior year by 3% and all the events delivered 209,500 visitors to the SEC.

The core shows have continued to provide a solid contribution to Group results with robust performances delivered by The Scottish Caravan, Motorhome and Holiday Home Show and The IRN-BRU Carnival. The recent launch shows have built a strong foundation to grow in future years. 2019 will see the 100th presentation of The IRN-BRU Carnival in Glasgow.



The 99th year of the Carnival was another incredibly successful show with 163,123 visitors, 71 attractions and over a million rides taken!

LIVE ENTERTAINMENT

144 performances in The SSE Hydro and increased levels of activity in the SEC Armadillo and the SEC Centre led to a 24% uplift in turnover for the Live Entertainment sector.

Visitor numbers to The SSE Hydro were 1.1m for the year which saw the venue retain its position at number 4 in the Pollstar ranking of Global Arenas for the year to December 2018. The venue was number 1 in the Billboard ranking of global arenas with a capacity between 10,000 and 15,000. Both organisations measure paid attendees at concerts and events. The SSE Hydro continues to host some of the world's leading artists with Justin Timberlake and Katy Perry returning during the year and Sir Paul McCartney, Roger Waters and Britney Spears performing for the first time.

A soft launch of the increased capacity took place in March. George Ezra performed in front of over 13,500 fans, a new record for the venue. The increased capacity will allow a maximum of 14,300 attendees depending on the production set up and audience profile, so even more fans will see their favourite artists.

A wide range of events continued to be staged throughout the campus including musical and stage productions, comedy, live music and the 9th successful year of our pantomime which was one of the top UK pantomimes. A three-week run of War Horse was successfully staged in the SEC Armadillo.

Box Office turnover increased by 14%. The main driver was increased SSE Hydro performances. Demand for events continues to be strong with 2019/20 shaping up well with a host of international artists including Hugh Jackman, Michael Bubl , The Eagles, Ariana Grande and a multi-night run of Still Game fuelling forward ticket sales.



Kylie, The SSE Hydro



Warhorse Launch, SEC Armadillo

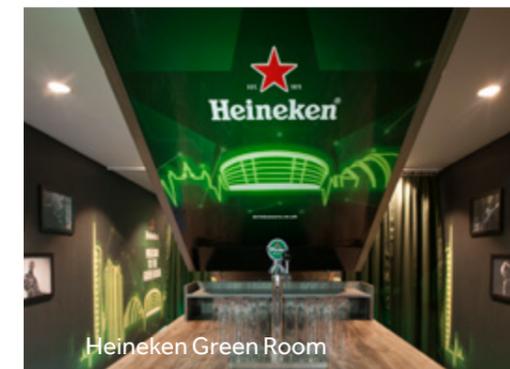
During the year, Live Entertainment launched the official SSE Hydro 'Gie it Laldy' award and presented it to Kevin Bridges for his incredible 19-night run, which made him the biggest selling solo artist across the SEC!

COMMERCIAL



The SSE Hydro not only provides a purpose-built venue to host Live Entertainment events but has also provided the opportunity for SEC to develop commercial partnerships and hospitality products. Commercial turnover for the year increased by 2%, a record year for the sector.

Our Partnerships team added global music-streaming service Deezer to our growing portfolio and we also renewed agreements with Capital FM and Cadbury's. The team supported and delivered key activations for our title Partner SSE including the 4th annual 'SSE Live Awards' and the creation of an in-venue record store at the Country to Country events. Various Partners helped us celebrate The SSE Hydro's 5th Birthday on 30 September 2018 - Heineken created bespoke bottles of birthday beer and SSE hosted exclusive competitions and extensive in venue activation in the run up to the birthday. Other key activity included the opening and promotion of the 'Heineken Green Room' and The SSE Hydro featuring prominently in the IRN-BRU 'Snowman' television advert that partners A.G Barr ran over the festive period.



Our hospitality products continue to be popular, with all Executive Suites under contract. The Suites are currently undergoing a refurbishment programme, which is expected to be completed in the 19/20 financial year. The 'Hydro Club' membership scheme continues to grow, with a fantastic 87% retention rate and new members being added regularly.

To facilitate further growth of The Hydro Club, we opened new hospitality facilities in March 2019. The 'Clubhouse' is an 80-capacity lounge offering a 'Street-food' style concept, and 'The Balcony' is an adjacent premium seating area offering in-seat drinks service to guests. A new online booking system has been launched to manage access to the Clubhouse and Hydro Club Restaurant which is having a positive impact on F&B revenues.

OPERATIONS

Our Health, Safety & Security

The health, safety and security of our staff, customers and clients will always be SEC's number one priority. Our H&S committee, which has representatives from all sectors of the business and the Board has been working hard to embed a strong health and safety culture with active leadership and team member involvement at all levels. As well as supporting event delivery we have rolled out the SEC's Health & Safety Charter to team members and partners and provided bespoke H&S training to key team members. We have also raised awareness of the benefits of mentally healthy workplaces amongst line managers and H&S reps including training our own team of mental health first aiders and strengthened our health and safety procedures.

We have also continued to champion the Healthy Venue initiative, being the first venue in the world to be awarded the World Obesity Federation's Silver Accreditation. We share our wildlife-friendly campus with over 100,000 native bees who, in return, provide us with delicious honey which is used in SEC Food recipes.

There has been an increased focus on securing the campus. A campus wide threat and vulnerability risk assessment has been carried out to shape our security strategy and action plan; delivery of Action Counters Terrorism e-learning to all team members, ongoing testing and exercising of our incident response plans and strengthening our relationship with Police Scotland and external stakeholders.



Bees, The SSE Hydro

We are committed to reducing the environmental impact of our operations and the conferences, exhibitions, concerts and events that take place on our campus. We hold the Gold Award for Sustainability awarded by the Green Tourism Business scheme. Last year we partnered with the circular economy scheme, Circular Glasgow, to pilot the implementation of sustainability solutions aimed at the events industry. This included our catering partner, SEC Food, collaborating with Glasgow charity, Launch Foods, to provide surplus event food to feed children in poverty across Glasgow.

We have completed a fact-finding audit to identify the internal and external issues that affect how the SEC manages its environmental responsibilities and are working with environmental consultants to develop a Sustainability Strategy, set KPIs which align with the United Nation Sustainable Development Goals, whilst implementing initiatives to substantially reduce waste generation from our campus through prevention, reduction, recycling and reuse.



We have raised awareness of the benefits of mentally healthy workplaces amongst line managers and H&S reps including training our own team of mental health first aiders.

PEOPLE

Through the People Strategy, employees across the business have been involved in the creation and implementation of the Company Mission and Values. The development of the inclusive, supportive and positive culture recognises the crucial role played by the whole team in the success of the business.

Our Community Engagement

During the year the SEC has continued its partnership with the Beatson Cancer Charity and Nordoff Robbins Scotland. We also supported the Glasgow Children's Hospital where our now legendary Grotto, provides a home for Santa, for those who cannot be home for Christmas. The year also saw the launch of the SEC Learning journey, running alongside Scotland's "Year of the Young Person". This programme inspired 255 young people in Glasgow and surrounding areas through various initiatives such as campus work

experience, employability workshops, DYW partnerships and onsite tours. Some of these initiatives have resulted in offers of employment, providing positive destinations for those involved and potential future stars for the SEC.

The SEC works closely with Scottish charity, Trees for Life, who work to restore the Caledonian Forest in the Scottish Highlands. This relationship has resulted in 160 000 new trees being planted on Dundreggan Estate in Scotland to date.



Glen Affric Pines



The year also saw the launch of the SEC Learning journey, running alongside Scotland's "Year of the Young Person"

OUR KEY FINANCIAL AND OTHER PERFORMANCE INDICATORS DURING THE YEAR WERE AS FOLLOWS:

	2019	2018
Turnover	£35.1m	<i>£29.1m</i>
EBITDA ¹	£4.9m	<i>£3.8m</i>
Net cash inflow from operating activities	£11.1m	<i>£7.1m</i>
Capital Expenditure excluding projects	£1.4m	<i>£1.5m</i>
Economic Impact (estimated)	£457m	<i>£400m</i>
Number of Visitors	2.1m	<i>1.8m</i>
Pollstar Arena Global Ranking	4th	<i>4th</i>
Number of Exhibitions held	47	<i>42</i>
Number of International Conferences Held	12	<i>9</i>

¹ EBITDA is defined as operating profit from recurring operations before depreciation of assets and release of grants.

Year end
31 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year end
31 March 2019

	2019	2018
	£	£
TURNOVER	35,959,804	29,875,953
OPERATING COSTS	(33,599,589)	(28,546,071)
OPERATING PROFIT	2,360,215	1,329,882
Gain on sale of asset	71,919	564,269
Interest receivable and similar income	155,273	57,046
Interest payable	(315,140)	(372,864)
Gain on financial liability at fair value	21,822	109,014
PROFIT BEFORE TAXATION	2,294,089	1,687,347
Tax on profit on ordinary activities	(499,189)	(247,191)
PROFIT FOR THE FINANCIAL YEAR	1,794,900	1,440,156
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	1,794,900	1,440,156
PROFIT ATTRIBUTABLE TO		
Owners of the parent Company	1,794,900	1,440,156
	1,794,900	1,440,156
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Owners of the parent Company	1,794,900	1,440,156
	1,794,900	1,440,156

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

 As at
31 March 2019

		2019	2018
	Note	£	Restated £
Fixed Assets			
Tangible Assets	14	99,692,679	98,918,874
Goodwill	13	103,885	-
Investments		-	60,300
		99,796,564	98,979,174
Current Assets			
Debtors: amounts falling due within one year	15	5,553,028	9,574,676
Financial asset	27	549,119	639,313
Bank and cash balances	27	20,113,771	18,901,262
Short term deposits	27	8,016,447	-
		34,232,365	29,115,251
Creditors: amounts falling due within one year	16	(43,569,370)	(38,386,321)
Net current liabilities		(9,337,005)	(9,271,070)
Total assets less current liabilities		90,459,559	89,708,104
Creditors: amounts falling due after more than one year	17	(39,300,688)	(39,967,131)
Provisions for liabilities			
Deferred taxation	21	(1,567,510)	(1,093,399)
Accruals and deferred grants		(34,115,614)	(34,966,727)
Deferred government grants	22	(35,683,124)	(36,060,126)
Net Assets		15,475,747	13,680,847
Capital and reserves			
Called up share capital	23	21,900,000	21,900,000
Capital redemption reserve	24	2,750,000	2,750,000
Profit and loss account	24	(9,174,253)	(10,969,153)
Equity attributable to owners of the parent Company		15,475,747	13,680,847
		15,475,747	13,680,847

**CONSOLIDATED STATEMENT
OF CASH FLOWS**

 Year end
31 March 2019

		2019	2018
	Note	£	£
Net cash flow from operating activities	25	11,093,656	7,097,467
Returns on investments and servicing of finance	26	(159,867)	(315,818)
Capital expenditure and financial investment	26	(1,795,027)	(948,383)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		9,138,762	5,833,266
INCREASE IN CASH IN THE YEAR		9,138,762	5,833,266
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT			
		2019	2018
		£	£
Increase/(Decrease) in cash in the year		9,138,762	5,833,266
CHANGE IN NET DEBT RESULTING FROM CASHFLOWS		9,138,762	5,833,266
MOVEMENT IN NET DEBT IN THE YEAR:			
Net funds at 1 April 2018		19,540,575	13,707,309
Movement in net debt resulting from cash flows		9,138,762	5,833,266
NET FUNDS AT 31 MARCH 2018		28,679,337	19,540,575

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