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Chairman's Welcome

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

	2015	2014	Change
Turnover	£34.9m	£23.3m	50%
EBITDA ¹	£9.1m	£1.8m	405%
Net cash inflow from operating activities	£13.1m	£17.0m	(23%)
Capital Expenditure excluding projects	£2.1m	£2.4m	(14%)
Economic Impact (estimated)	£485m	£378m	6%
Number of Visitors (excluding Commonwealth Games)	1.9m	1.4m	36%
Pollstar Arena Global Ranking	2nd	4th	2 places

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



The past year has been the most successful in the history of the SECC.

The success has been measured not only in financial terms - the economic impact generated by the campus has increased, the campus delivered numerous prestigious events during the year and The SSE Hydro has been the catalyst for the business delivering a record profit of £6.5m after tax.

The venue hosted over 150 live entertainment performances in the year, with over 1 million visitors making it the second busiest live entertainment arena in the world in 2014. The SSE Hydro also hosted the 2014 MTV Europe Music Awards ceremony, the Ryder Cup Gala Concert and the 2014 BBC Sports Personality of the Year and was a key venue for the Commonwealth Games hosted in Glasgow in July 2014. Excluding the Commonwealth Games there were 1.9 million visitors to the SECC campus in the year.

The huge success of the Commonwealth Games was one of the main highlights during the year. The venue’s planning for hosting the event took place over 10 years with a team of staff dedicated over the past 2 years to ensure a successful delivery.

The campus hosted 6 events and was home to the media centre and international broadcast centre. The exclusive tenancy granted to the Organising Committee on the various parts of the campus ranged from 14 weeks to 36 weeks. During the games open period over 250,000 spectators, athletes and workforce were accommodated on the campus.

The enlarged campus has seen growth in our Conference and Exhibition sectors due to greater space availability. Increases were also recorded in Commercial income with additional sponsorship agreements signed during the year.

The profits generated during the year will be reinvested in the campus to ensure the existing facilities continue to meet the needs of our customers in an increasingly competitive market.

Although this year’s results are exceptional, we do not expect a repeat of this in the current financial year. Whilst still showing overall underlying growth, next year’s results will be influenced by the investment programme already underway to ensure that The SSE Hydro is part of a truly world class campus.

The current development plans fit with the objectives of Glasgow City Council as major

shareholder to ensure additional economic benefit across the City in terms of spend on bed nights, restaurants, retail spend and related employment. The SECC is the only venue in Europe to have a purpose built exhibition centre, conference centre and arena all on one site. The campus will continue to generate significant economic benefits for Glasgow. The SSE Hydro received numerous awards in its first six months of operation. These included The Scottish Property Award for Architectural Excellence, The 2014 RICS Scotland Award for Best Project - Tourism and Leisure, Scottish Style Most Stylish Venue Award and Glasgow Institute of Architects Supreme Award. The venue is also currently shortlisted for the Stadium Business and The Royal Incorporation of Architects in Scotland Awards.

Our staff also won prestigious awards for the “Best Arena Teamwork” at the Live UK Awards and “Venue Team of the Year 2014” in the exhibition and conference market at the Haymarket Publications, Event Magazine Awards. These awards reflect the talent and extraordinary commitment of the team during the year.

Will Whitehorn
Chairman

Chief Executive's Review

For the year 2014/15 the campus hosted a significant number of large global events and the overwhelming success of each is testament to the dedication and commitment to high standards shown by the SECC team throughout.

The company reported a record pre-tax profit of £6.7m, with an increase in turnover of 50% to £34.9m benefiting from 12 months of The SSE Hydro trading and the impact of hosting the Commonwealth Games. Commercial turnover for the year also increased by 98% driven by the income stream from sponsorship and hospitality and overall operating costs increased by 21% from £23.1m to £27.9m as a result of the enlarged business.

The scale of the Commonwealth Games overlaid on the first full year of operation of The SSE Hydro together with development of other sectors of the business led to a significant increase in EBITDA to £9.1m.

As a result of the business conducted by the company the net additional expenditure in Glasgow was estimated at £485m, in Scotland £273m and in the UK, £117m.

The 2014/15 results reported growth in the Conference and Exhibition sectors due to greater space availability brought about by the arrival of The SSE Hydro. The company recorded that Conference turnover increased by 12% and turnover in the Exhibition sector increased by 8%. Live Entertainment turnover increased by 44% with a full year of events hosted in The SSE Hydro.

The SSE Hydro has placed the campus on the world stage with the venue hosting many of the world's top artists, touring productions and a broader range of events including Arenacross, Disney On Ice, WWE Wrestling and a 21 show run of Still Game. The rest of the campus continued to stage comedy, live music

and the fifth successful year of our pantomime offering which was one of the top three best attended in the UK. Box Office turnover was in line with the previous year. Demand for future events continues to be robust with 2015/16 shaping up to be just as strong with a host of international artists including Neil Diamond, Bette Midler, Fleetwood Mac and U2 performing in one of only two UK venues during their world tour.

Despite difficult conditions in the sector Exhibition turnover increased, helped by the return of biannual shows and other new show launches. The sector will continue to remain fragile as the economy recovers and discretionary consumer expenditure remains thin. Notwithstanding market conditions, the increased space availability within the exhibition halls provides opportunity for growth. 2015 saw the launch of several new exhibitions in the venue including the All Energy exhibition and conference, a prestigious industry event that represents the calibre we are now able to attract.

The conference sector hosted 54 meetings over the course of the year, many of which were



large European conferences. Such events are central to cementing the SECC's reputation as one of Europe's leading conference centres for large medical meetings.

QD Events, our events management subsidiary, continued to provide a solid contribution to group results with a strong performance delivered by the existing portfolio of shows including the Scottish Caravan Show, The Scottish Wedding Show and The Inn Bru Carnival.

These outstanding results should be measured, not only in financial terms, but also by the increased economic impact generated by the campus with over 2.15 million visitors and numerous prestigious events held during the year.

Peter Duthie
Chief Executive

Exhibitions

EXHIBITIONS AT A GLANCE

- Total Revenue £2.57m
- Total GP £2.14m
- 35 exhibitions
- 2% increase in public show attendance,
1 % increase in overall show attendance
- 8% increase in turnover,
4% increase in GP
- 22% of venue turnover,
26% of venue gross profit
- 97% YOY retention

2014/15 saw a return to growth for the SECC exhibitions division. Show numbers, visitor footfall and all revenue lines increased, combining to deliver a YOY rise of 8% in turnover and 4% in GP. Six new shows delivered just shy of £1/4m of new business but more impressively, we retained 97% of our business which is testament to the hard work of the Operations and Visitor Experience teams.

The objective of 2015/16 will be to build on the strong retention and drive new business levels to continue delivering growth.

Our focus will be on providing greater marketing support to clients to help grow show audiences and encourage longer term commitment. Customer experience will remain a key priority - continual feedback will be collected and shared with venue partners to ensure high quality product and service levels are consistently achieved.

Externally we are championing our own successful portfolio of shows to the wider industry and working with city and national partners to raise awareness of Scottish Exhibition opportunity.



Conferences

CONFERENCES AT A GLANCE

- 54 conferences
- 73,461 delegates (11% increase)
- 216,081 delegate days (23% increase)
- Turnover £4.67m, up 12%
- GP £3.64, up 5%
- 14% of venue turnover
- 16% of venue GP

2014/15 was a successful year for the conference sector, delivering a £4.67m turnover and £3.64 GP, up 12% and 5% respectively on the previous year. The sector delivered 54 meetings, which although fewer than the previous year, yielded a higher GP for the company.

It was particularly rewarding to see the venue host the largest European conference for a decade.

The Cardiovascular and Interventional Radiological Society of Europe attracted more than 6,000 medical experts to the city over a 5 day period.

Repeat business from the UK was also strong, with conferences such as Drug Therapy in HIV Infection returning to the venue for the tenth time in 20 years. Business retention in the UK market remains a key focus as competitive rivalry, particularly in the North of the UK, has intensified in recent years.

Despite the challenge of reduced availability due to the extended period of occupancy by The Commonwealth Games, the volume and value of corporate meetings, typically short-lead business, remained solid with 27 events being staged throughout the year.



Live Entertainment

CONCERTS AND EVENTS AT A GLANCE

- 371 performances across 176 unique events campus wide
- The SSE Hydro delivered 1,049,324 visitors and was officially recognised as the second busiest live entertainment arena in the world
- 63% of venue turnover
- 57% of venue gross profit

(Above figures exclude Commonwealth Games effect)

The year under review demonstrates the full impact of The SSE Hydro. This world class facility hosted 156 performances during the year, showcasing the very best talent in music, comedy and sport. The SSE Hydro took centre stage during The 2014 Commonwealth Games and offered the perfect theatre for gymnastics, netball and boxing. Tens of thousands of fans witnessed the drama of the games live and millions more around the world watched it unfold on television.

The SSE Hydro was recognised as the second busiest Live Entertainment arena in the world (according to annual ticket sales).

A stellar line-up of global megastars graced the stage including Justin Timberlake, Beyoncé, Katy Perry, Barry Manilow, Prince, The Eagles, Robbie Williams, Lady Gaga, Queen, Lionel Richie, McBusted and many, many more. A phenomenal run of the television sitcom STILL GAME was brought to life and delivered an incredible 214,263 fans across twenty one performances. Other stand out events in The SSE Hydro during the year included the Ryder Cup Gala Concert, the MTV European Music Awards and BBC Sports Personality of the Year. Further supporting the success of the Live Entertainment sector, business in other venues

across the campus continued to deliver robust numbers - notable highlights included ten performances by local comedy hero Billy Connolly and our seasonal pantomime run.

During the year we partnered with Ticketmaster in order to more effectively deal with the increased demand for venue tickets. As a consequence of this arrangement ticket allocations, box office profitability and customer service levels have dramatically improved. The outlook for the year ahead is positive as we continue to build on the opening strength of The SSE Hydro and Glasgow's reputation as a live music city.



Operations

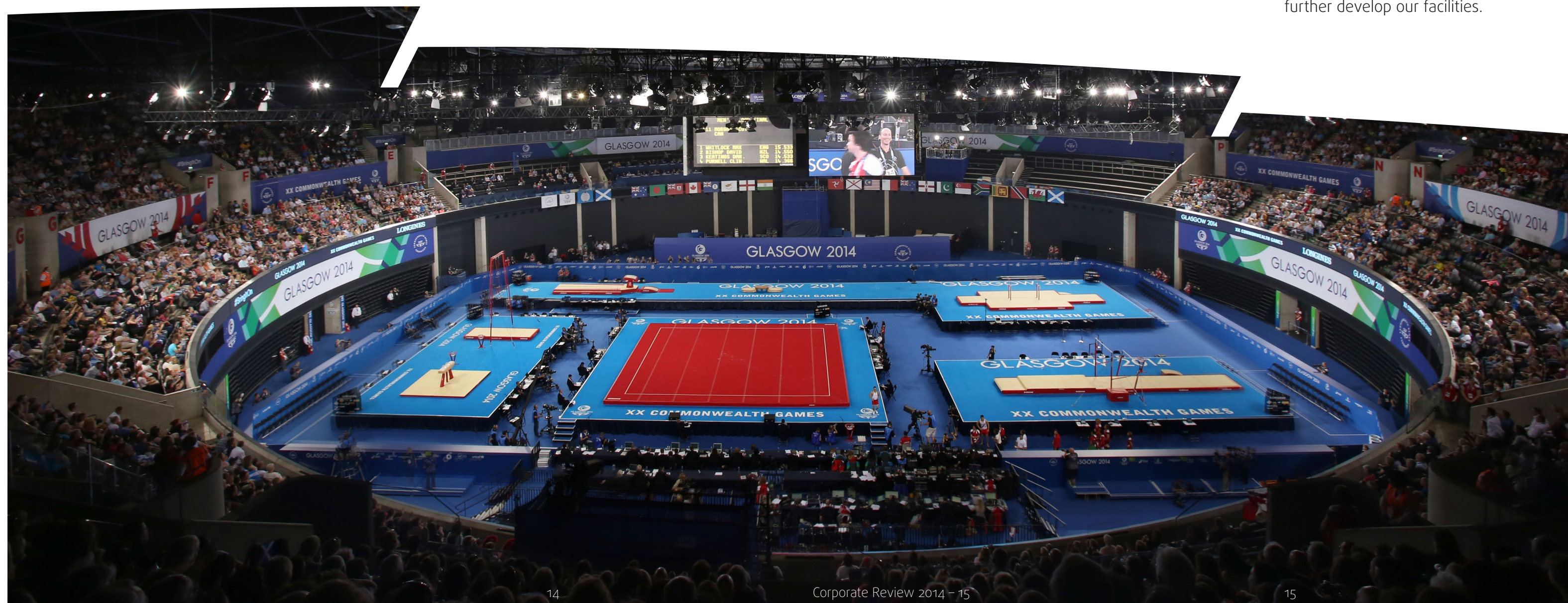
2014-15 was a year that will be remembered by the Operations Team for many reasons.

It was the first full business year for The SSE Hydro and the year of The Glasgow 2014 Commonwealth Games, which saw the whole site in full operation for a six week period. Other notable events included the Ryder Cup Gala Concert, MTV Europe Music Awards, BBC Sports Personality of the Year and 21 performances of Still Game, all in addition to a normal busy calendar of events.

Hosting major events such as these presented staff with a once in a lifetime opportunity to gain invaluable experience.

The SECC Operations team overcame significant challenges in doing so and delivered our services to the highest standards, receiving praise from clients across the board.

The last quarter of 2014-15 saw the degree of activity level off, providing time to reflect on the achievements of the earlier months and ensuring that the team are well prepared for future growth across all business sectors as we look to further develop our facilities.



Scottish Exhibition Centre Ltd Key performance indicators

Turnover
EBITDA ¹
Net cash inflow from operating activities
Capital Expenditure excluding projects
Economic Impact (estimated)
Number of Visitors
Pollstar Arena Global Ranking

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

Scottish Exhibition Centre Ltd Group Profit and Loss Account

Group Turnover
Group Operating costs
Group Operating Profit
Gain on sale of assets
Interest receivable
Interest payable
Profit On Ordinary Activities Before Taxation
Tax on profit on ordinary activities
Profit for the Financial Year

Year end
31 March 2015

2015 £	2014 £	2013 £
£34.9m	£23.3m	£20.0m
£9.1m	£1.8m	£1.2m
£13.1m	£17.0m	£17.5m
£2.1m	£2.4m	£1.0m
£485m	£378m	£357m
2.1m	1.4m	1.3m
2nd	4th	13th

Year end
31 March 2015

2015 £	2014 £
34,898,192	23,321,828
(28,025,116)	(23,121,843)
6,873,076	199,985
33,544	-
48,060	110,034
(303,891)	(248,610)
6,650,789	61,409
1,020,510	95,694
7,671,299	157,103

Year end
31 March 2015

2015 £	2014 £
7,671,299	157,103
7,671,299	157,103

Scottish Exhibition Centre Ltd Group Statement of Total Recognised Gains and Losses

Profit For The Financial Year
Total Recognised Gain Relating To The Year

Scottish Exhibition Centre Ltd Group Balance Sheet

Fixed Assets

Tangible fixed assets

Current Assets

Debtors

Cash at bank

Creditors

Amounts falling due within one year

Net Current Assets

Total Assets Less Current Liabilities

Creditors

Amounts falling due after more than one year

Provision For Liabilities And Charges

Accruals And Deferred Income

Deferred grants

Net Assets

Capital And Reserves

Equity share capital

Capital Redemption Reserve

Revaluation reserve

Profit and loss account

Total Shareholders' Funds

Year end
31 March 2015

2015 £	2014 £
103,798,611	104,861,795
103,798,611	104,861,795
8,090,079	7,950,178
14,562,392	8,690,265
22,652,471	16,640,443
(33,460,064)	(31,940,592)
(10,807,593)	(15,300,149)
92,991,018	89,561,646
(43,465,269)	(45,818,325)
(672,169)	(1,692,679)
(39,155,332)	(40,023,693)
9,698,248	2,026,949
21,900,000	21,900,000
2,750,000	2,750,000
-	-
(14,951,752)	(22,623,051)
9,698,248	2,026,949

Scottish Exhibition Centre Ltd Group Cash Flow Statement

Net cash inflow from operating activities
Returns on investment and servicing of finance
Taxation
Capital expenditure net of grant receipts
Increase/(decrease) in cash before Financing
Bank Loan

Increase/(decrease) in cash in the year

Net funds at 1 April

Net funds at 31 March

Year end
31 March 2015

2015 £	2014 £
13,087,529	16,974,756
(255,831)	(138,576)
558	(133,500)
(1,960,129)	(42,554,135)
10,872,127	(25,584,455)
(5,000,000)	5,000,000
(5,827,127)	20,584,455
8,690,265	29,274,720
14,562,392	8,690,265

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Conference Centre

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