

Compass Group PLC

Re-presented consolidated financial information

Consolidated income statement

For the year ended 30 September 2023

	\$m	\$m
Revenue		37,907
Operating costs		(35,662)
Operating profit before joint ventures and associates		2,245
Share of results of joint ventures and associates		68
Underlying operating profit¹	2,592	
Acquisition-related charges	(153)	
Charges related to the strategic portfolio review	(118)	
One-off pension charge	(8)	
Operating profit		2,313
Net gain on sale and closure of businesses		24
Finance income	59	
Finance expense	(225)	
Other financing items	(34)	
Finance costs		(200)
Profit before tax		2,137
Income tax expense		(525)
Profit for the year		1,612
Attributable to		
Equity shareholders		1,607
Non-controlling interests		5
Profit for the year		1,612
Basic earnings per share		92.2c
Diluted earnings per share		92.1c

1. Operating profit excluding specific adjusting items (see note 4).

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Consolidated statement of comprehensive income

For the year ended 30 September 2023

	\$m
Profit for the year	1,612
Other comprehensive income	
Items that will not be reclassified to the income statement	
Remeasurement of post-employment benefit obligations	33
Return on plan assets, excluding interest income	(331)
Change in asset ceiling, excluding interest income	6
Change in fair value of financial assets at fair value through other comprehensive income	115
Tax credit on items relating to the components of other comprehensive income	36
	(141)
Items that may be reclassified to the income statement	
Currency translation differences	229
Reclassification of cumulative currency translation differences on sale of businesses	(1)
Tax credit on items relating to the components of other comprehensive income	4
	232
Total other comprehensive income for the year	91
Total comprehensive income for the year	1,703
ATTRIBUTABLE TO	
Equity shareholders	1,698
Non-controlling interests	5
Total comprehensive income for the year	1,703

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Consolidated statement of changes in equity

For the year ended 30 September 2023

	Attributable to equity shareholders				Non-controlling interests \$m	Total equity \$m
	Share capital \$m	Share premium \$m	Other reserves \$m	Retained earnings \$m		
At 1 October 2022	346	317	5,559	325	44	6,591
Profit for the year	–	–	–	1,607	5	1,612
Other comprehensive income						
Remeasurement of post-employment benefit obligations	–	–	–	33	–	33
Return on plan assets, excluding interest income	–	–	–	(331)	–	(331)
Change in asset ceiling, excluding interest income	–	–	–	6	–	6
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	115	–	115
Currency translation differences	–	–	229	–	–	229
Reclassification of cumulative currency translation differences on sale of businesses	–	–	(1)	–	–	(1)
Tax credit on items relating to the components of other comprehensive income	–	–	4	36	–	40
Total other comprehensive income/(loss) for the year	–	–	232	(141)	–	91
Total comprehensive income for the year	–	–	232	1,466	5	1,703
Fair value of share-based payments	–	–	–	54	–	54
Change in fair value of non-controlling interest put options	–	–	16	–	–	16
Changes to non-controlling interests due to acquisitions and disposals	–	–	(2)	–	2	–
Reclassification of non-controlling interest put options reserve on exercise of put options	–	–	7	–	(7)	–
Cost of shares transferred to employees	–	–	35	(35)	–	–
Purchase of own shares – share buyback	–	–	(1,246)	–	–	(1,246)
Purchase of own shares – employee share-based payments	–	–	(19)	–	–	(19)
Tax credit on items taken directly to equity	–	–	–	4	–	4
	346	317	4,582	1,814	44	7,103
Dividends paid to equity shareholders	–	–	–	(796)	–	(796)
Dividends paid to non-controlling interests	–	–	–	–	(7)	(7)
At 30 September 2023	346	317	4,582	1,018	37	6,300

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Consolidated balance sheet

At 30 September 2023

	\$m
Non-current assets	
Goodwill	6,105
Other intangible assets	2,480
Costs to obtain and fulfil contracts	1,316
Right-of-use assets	992
Property, plant and equipment	1,166
Interests in joint ventures and associates	298
Other investments	1,049
Post-employment benefit assets	525
Trade and other receivables	309
Deferred tax assets	237
Derivative financial instruments	55
Non-current assets	14,532
Current assets	
Inventories	692
Trade and other receivables	5,094
Tax recoverable	109
Cash and cash equivalents	1,029
Derivative financial instruments	22
	6,946
Assets held for sale	5
Current assets	6,951
Total assets	21,483
Current liabilities	
Borrowings	(1,327)
Lease liabilities	(237)
Derivative financial instruments	(45)
Provisions	(284)
Current tax liabilities	(261)
Trade and other payables	(7,166)
Current liabilities	(9,320)
Non-current liabilities	
Borrowings	(2,787)
Lease liabilities	(916)
Derivative financial instruments	(253)
Post-employment benefit obligations	(983)
Provisions	(349)
Deferred tax liabilities	(132)
Trade and other payables	(443)
Non-current liabilities	(5,863)
Total liabilities	(15,183)
Net assets	6,300
Equity	
Share capital	346
Share premium	317
Other reserves	4,582
Retained earnings	1,018
Total equity shareholders' funds	6,263
Non-controlling interests	37
Total equity	6,300

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Consolidated cash flow statement

For the year ended 30 September 2023

	\$m
Cash flow from operating activities	
Cash generated from operations	3,283
Interest paid	(208)
Tax received	31
Tax paid	(570)
Net cash flow from operating activities	2,536
Cash flow from investing activities	
Purchase of subsidiary companies	(389)
Purchase of interests in joint ventures and associates	(9)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	58
Purchase of intangible assets	(263)
Purchase of contract fulfilment assets	(380)
Purchase of property, plant and equipment	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	78
Purchase of other investments	(4)
Proceeds from sale of other investments	4
Dividends received from joint ventures and associates	60
Interest received	61
Net cash flow from investing activities	(1,229)
Cash flow from financing activities	
Purchase of own shares – share buyback	(1,148)
Purchase of own shares – employee share-based payments	(19)
Increase in borrowings	1
Repayment of borrowings	(543)
Net cash flow from derivative financial instruments	157
Repayment of principal under lease liabilities	(215)
Purchase of non-controlling interests	(10)
Dividends paid to equity shareholders	(796)
Dividends paid to non-controlling interests	(7)
Net cash flow from financing activities	(2,580)
Cash and cash equivalents	
Net decrease in cash and cash equivalents	(1,273)
Cash and cash equivalents at 1 October	1,934
Currency translation gains on cash and cash equivalents	169
Cash and cash equivalents at 30 September	830
Cash and cash equivalents ¹	1,029
Bank overdrafts ¹	(199)
Cash and cash equivalents at 30 September	830

1. As per the consolidated balance sheet.

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Re-presented consolidated financial information

1 Basis of preparation

The re-presented consolidated financial information should be read in conjunction with the Annual Results Announcement for the year ended 30 September 2023. For comparative information in US dollars, refer to the RNS release published on 27 June 2023.

The Group has prepared its consolidated financial statements in accordance with UK-adopted International Accounting Standards.

The Group will present its consolidated financial statements for the six months ending 31 March 2024 and year ending 30 September 2024 in US dollars. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, this change in presentation currency will be applied retrospectively. In accordance with the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates, consolidated financial information has been re-presented from sterling to US dollars as follows:

- where the functional currency (being the currency of the primary economic environment in which the entity operates) of an operation is a currency other than US dollars, the assets and liabilities of that operation have been translated into US dollars at the exchange rates at the relevant balance sheet dates;
- income statements and cash flows have been translated into US dollars at the average exchange rates for the relevant periods;
- share capital, share premium and other equity items have been translated into US dollars at historical exchange rates either at 1 October 2004, the date of transition to IFRS, or on the date of each relevant transaction; and
- the cumulative foreign exchange translation reserve was set to nil on 1 October 2004, the date of transition to IFRS, and this reserve has been re-presented on the basis that the Group has reported in US dollars since that date.

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Re-presented consolidated financial information

2 Segmental analysis

	Geographical segments			Total \$m
	North America \$m	Europe \$m	Rest of World \$m	
Revenue by sector and geographical segment¹				
Year ended 30 September 2023				
Business & Industry	8,078	3,985	1,360	13,423
Education	5,481	1,239	257	6,977
Healthcare & Senior Living	7,424	1,352	518	9,294
Sports & Leisure	4,409	1,123	162	5,694
Defence, Offshore & Remote	376	899	1,553	2,828
Underlying revenue²	25,768	8,598	3,850	38,216
Less: Share of revenue of joint ventures	(23)	(286)	–	(309)
Revenue	25,745	8,312	3,850	37,907

1. There is no inter-segment trading.

2. Revenue plus share of revenue of joint ventures.

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Profit by geographical segment					
Year ended 30 September 2023					
Underlying operating profit/(loss) before results of joint ventures and associates	2,001	429	214	(120)	2,524
Add: Share of profit before tax of joint ventures	1	35	–	–	36
Add: Share of results of associates	17	15	–	–	32
Underlying operating profit/(loss)¹	2,019	479	214	(120)	2,592
Less: Acquisition-related charges ²	(88)	(56)	(9)	–	(153)
Less: Charges related to the strategic portfolio review ²	–	(118)	–	–	(118)
Less: One-off pension charge ²	–	(8)	–	–	(8)
Operating profit/(loss)	1,931	297	205	(120)	2,313
Net gain on sale and closure of businesses ²					24
Finance costs					(200)
Profit before tax					2,137
Income tax expense					(525)
Profit for the year					1,612

1. Operating profit excluding specific adjusting items (see note 4).

2. Specific adjusting item (see note 4).

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3 Reconciliation of operating profit to cash generated from operations

	Year ended 30 September 2023 \$m
Reconciliation of operating profit to cash generated from operations	
Operating profit before joint ventures and associates	2,245
<i>Adjustments for:</i>	
Acquisition-related charges	132
Charges related to the strategic portfolio review	118
One-off pension charge	8
Amortisation – other intangible assets	134
Amortisation – contract fulfilment assets	282
Amortisation – contract prepayments	66
Depreciation – right-of-use assets	199
Depreciation – property, plant and equipment	337
Unwind of costs to obtain contracts	27
Impairment losses – non-current assets	12
Impairment reversals – non-current assets	(2)
Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	(4)
Other non-cash changes	(1)
Decrease in provisions	(50)
Investment in contract prepayments	(88)
Increase in costs to obtain contracts	(45)
Post-employment benefit obligations net of service costs	(21)
Share-based payments – charged to profit	54
Operating cash flow before movements in working capital	3,403
Increase in inventories	(119)
Increase in receivables	(680)
Increase in payables	679
Cash generated from operations	3,283

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4 Non-GAAP measures

Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 2 (segmental analysis).

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Organic revenue					
Year ended 30 September 2023					
Underlying revenue	25,768	8,598	3,850	–	38,216
Organic adjustments	(154)	(164)	(46)	–	(364)
Organic revenue	25,614	8,434	3,804	–	37,852
Year ended 30 September 2022					
Underlying revenue	21,912	7,588	3,448	–	32,948
Currency adjustments	(53)	(365)	(269)	–	(687)
Underlying revenue – constant currency	21,859	7,223	3,179	–	32,261
Organic adjustments	(49)	(285)	(55)	–	(389)
Organic revenue	21,810	6,938	3,124	–	31,872
Increase in underlying revenue at reported rates – %	17.6%	13.3%	11.7%		16.0%
Increase in underlying revenue at constant currency – %	17.9%	19.0%	21.1%		18.5%
Increase in organic revenue – %	17.4%	21.6%	21.8%		18.8%

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Organic operating profit					
Year ended 30 September 2023					
Underlying operating profit/(loss)	2,019	479	214	(120)	2,592
Underlying operating margin – %	7.8%	5.6%	5.6%		6.8%
Organic adjustments	(12)	(12)	(7)	–	(31)
Organic operating profit/(loss)	2,007	467	207	(120)	2,561
Year ended 30 September 2022					
Underlying operating profit/(loss)	1,581	382	180	(110)	2,033
Underlying operating margin – %	7.2%	5.0%	5.2%		6.2%
Currency adjustments	(4)	(18)	(16)	5	(33)
Underlying operating profit/(loss) – constant currency	1,577	364	164	(105)	2,000
Organic adjustments	(8)	(9)	(10)	–	(27)
Organic operating profit/(loss)	1,569	355	154	(105)	1,973
Increase in underlying operating profit at reported rates – %	27.7%	25.4%	18.9%		27.5%
Increase in underlying operating profit at constant currency – %	28.0%	31.5%	30.6%		29.6%
Increase in organic operating profit – %	28.0%	31.6%	34.1%		29.8%

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4 Non-GAAP measures (continued)

Underlying income statement	2023 Statutory \$m	Specific adjusting items				2023 Underlying \$m
		1	2	3	4	
Operating profit	2,313	153	8	118	–	2,592
Net gain on sale and closure of businesses	24	–	–	(24)	–	–
Finance costs	(200)	–	–	–	34	(166)
Profit before tax	2,137	153	8	94	34	2,426
Income tax expense	(525)	(32)	(1)	(21)	(9)	(588)
Profit for the year	1,612	121	7	73	25	1,838
Less: Non-controlling interests	(5)	–	–	–	–	(5)
Profit attributable to equity shareholders	1,607	121	7	73	25	1,833
Earnings per share (cents)	92.2c	7.0c	0.4c	4.2c	1.4c	105.2c
Effective tax rate (%)	24.6%					24.2%

Specific adjusting items are as follows:

1. Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity.

2. One-off pension charge

Mainly represents a past service cost following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023.

3. Gains and losses on sale and closure of businesses and charges related to the strategic portfolio review

Profits and losses on the sale of subsidiaries, joint ventures and associates, exit costs on closure of businesses and charges in respect of an ongoing strategic review of the Group's portfolio of non-core activities which, during 2023, relate to site closures and contract renegotiations and terminations in the UK.

4. Other financing items

Financing items, including hedge accounting ineffectiveness, change in the fair value of derivatives held for economic hedging purposes, change in the fair value of investments and financing items relating to post-employment benefits.

	Year ended 30 September 2023 \$m
Net operating profit after tax (NOPAT)	
Underlying operating profit	2,592
<i>Deduct:</i>	
Tax on underlying operating profit at effective tax rate	(626)
Operating profit of non-controlling interests net of tax	(5)
NOPAT	1,961

	Year ended 30 September 2023 \$m
Underlying EBITDA	
Underlying operating profit	2,592
<i>Add back/(deduct):</i>	
Depreciation of property, plant and equipment and right-of-use assets	536
Amortisation of other intangible assets, contract fulfilment assets and contract prepayments	482
Impairment losses – non-current assets	12
Impairment reversals – non-current assets	(2)
Underlying EBITDA	3,620

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4 Non-GAAP measures (continued)

Balance sheet

	At 30 September 2023 \$m
Components of net debt	
Borrowings	(4,114)
Lease liabilities	(1,153)
Derivative financial instruments	(221)
Gross debt	(5,488)
Cash and cash equivalents	1,029
Net debt	(4,459)

	Year ended 30 September 2023 \$m
Net debt reconciliation	
Net decrease in cash and cash equivalents	(1,273)
<i>(Deduct)/add back:</i>	
Increase in borrowings	(1)
Repayment of borrowings	543
Net cash flow from derivative financial instruments	(157)
Repayment of principal under lease liabilities	215
Increase in net debt from cash flows	(673)
New lease liabilities and amendments	(323)
Amortisation of fees and discounts on issue of debt	(5)
Changes in fair value of borrowings in a fair value hedge	(32)
Lease liabilities derecognised on sale and closure of businesses	11
Changes in fair value of derivative financial instruments	(9)
Currency translation losses	(91)
Increase in net debt	(1,122)
Net debt at 1 October	(3,337)
Net debt at 30 September	(4,459)

	At 30 September 2023 \$m
Net debt to EBITDA	
Net debt	4,459
Underlying EBITDA	3,620
Net debt to EBITDA (times)	1.2

	Year ended 30 September 2023 \$m
Return on capital employed (ROCE)	
NOPAT	1,961
Average capital employed	10,138
ROCE (%)	19.3%

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4 Non-GAAP measures (continued)

Cash flow

	Year ended 30 September 2023 \$m
Capital expenditure	
Purchase of intangible assets	263
Purchase of contract fulfilment assets	380
Purchase of property, plant and equipment	445
Investment in contract prepayments	88
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	(78)
Capital expenditure	1,098

	Year ended 30 September 2023 \$m
Underlying operating cash flow	
Net cash flow from operating activities	2,536
Purchase of intangible assets	(263)
Purchase of contract fulfilment assets	(380)
Purchase of property, plant and equipment	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	78
Repayment of principal under lease liabilities	(215)
Share of results of joint ventures and associates	68
<i>Add back:</i>	
Interest paid	208
Net tax paid	539
Post-employment benefit obligations net of service costs	11
Cash payments related to the cost action programme and COVID-19 resizing costs	35
Cash payments related to the strategic portfolio review	24
Cash payments related to the one-off pension charge	11
Acquisition transaction costs	21
Underlying operating cash flow	2,228

	Year ended 30 September 2023 \$m
Underlying operating cash flow conversion	
Underlying operating cash flow	2,228
Underlying operating profit	2,592
Underlying operating cash flow conversion (%)	86.0%

	Year ended 30 September 2023 \$m
Free cash flow	
Net cash flow from operating activities	2,536
Purchase of intangible assets	(263)
Purchase of contract fulfilment assets	(380)
Purchase of property, plant and equipment	(445)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	78
Purchase of other investments	(4)
Proceeds from sale of other investments	4
Dividends received from joint ventures and associates	60
Interest received	61
Repayment of principal under lease liabilities	(215)
Dividends paid to non-controlling interests	(7)
Free cash flow	1,425

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4 Non-GAAP measures (continued)

	Year ended 30 September 2023 \$m
Underlying free cash flow	
Free cash flow	1,425
<i>Add back:</i>	
Cash payments related to the cost action programme and COVID-19 resizing costs	35
Cash payments related to the strategic portfolio review	24
Cash payments related to the one-off pension charge	11
Acquisition transaction costs	21
Underlying free cash flow	1,516

	Year ended 30 September 2023 \$m
Underlying free cash flow conversion	
Underlying free cash flow	1,516
Underlying operating profit	2,592
Underlying free cash flow conversion (%)	58.5%

	Year ended 30 September 2023 \$m
Underlying cash tax rate	
Tax received	31
Tax paid	(570)
Net tax paid	(539)
Underlying profit before tax	2,426
Underlying cash tax rate (%)	22.2%

Business growth

	Year ended 30 September 2023 \$m
Net new business	
New business less lost business	1,472
Prior year organic revenue	31,872
Net new business (%)	4.6%

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5 Exchange rates

Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

	2023
Average exchange rate for the year	
Australian dollar	1.51
Brazilian real	5.09
Canadian dollar	1.35
Euro	0.94
Japanese yen	140.07
Pound sterling	0.82
Turkish lira	21.51
UAE dirham	3.67
Closing exchange rate at 30 September	
Australian dollar	1.55
Brazilian real	5.00
Canadian dollar	1.35
Euro	0.94
Japanese yen	149.22
Pound sterling	0.82
Turkish lira	27.41
UAE dirham	3.67
