



28 July 2010

Compass Group PLC
Interim Management Statement

This statement updates investors on the Group's performance in the nine months to 30 June 2010.

Group

Encouragingly, the rate of organic revenue growth has accelerated to 5.5% in the third quarter (2.0% for the nine months to 30 June 2010). This strong growth has been driven by increased new business wins across the Group and a slight improvement in the rate of retention. Like for like volumes in the Business & Industry and Sports & Leisure sectors remain challenging but are now broadly level with the same period last year.

Through the application of our operating framework MAP we have generated further efficiencies, which, in part, are being re-invested to support exciting growth opportunities around the world. We have made further good progress in the margin of around 35 basis points in the third quarter of the year compared to the same period last year. Free cash flow conversion remains strong.

North America

Organic revenue growth accelerated in the third quarter to 7.6%. This strong result has been driven by the continuation of strong growth in new business across all sectors, high levels of retention and gradually stabilising like for like volumes. Operating margins improved by 20 basis points in the third quarter.

Continental Europe

Whilst we are continuing to see good levels of new business, economic conditions remain quite challenging in parts of Continental Europe. Organic revenue has however turned positive, increasing by 1.3% and the continued focus on efficiencies has delivered an increase in the operating margin of 30 basis points in the third quarter.

UK & Ireland

Encouragingly, we have seen a slight acceleration in new business wins and the rate of retention across the UK. However, challenging economic conditions continue to impact like for like volumes in the Business & Industry sector. Overall, the revenue performance in the UK has improved in the third quarter with organic revenue 2.1% lower than the same period last year. We have also made further progress in the operating margin which has improved by 25 basis points in the third quarter.

Rest of the World

We have seen strong growth in organic revenue of 10.4% in the third quarter of the year. This strong growth has been largely driven by new business in Australia, the ongoing strength of the energy and extraction businesses around the world and strong growth in Brazil. Whilst small, we are also very encouraged by the prospects in the other key emerging markets, in particular China, India and Russia. Further progress in operating efficiency has delivered an operating margin improvement of 50 basis points in the third quarter, bringing the Rest of the World margin close to the Group average.

Acquisitions

Since 31 March 2010, we have committed to spend a total of approximately £100 million on acquisitions. This includes the acquisition of Caterine Restauration in France, which further strengthens our position in the Education and Healthcare sectors. In Brazil, the acquisition of Clean Mall Servicos Ltda and FB Projetos Multi Service Ltda marks our entry into the large support service market. In the USA, the acquisition of Southeast Service Corporation increases our strength in soft support services in the Business & Industry sector and provides a new platform to enter the Education soft support services market.

We continue to seek out infill acquisition opportunities that enable us to take advantage of the significant growth opportunity in our core food and fast growing support services markets in both developed and emerging countries.

Financial Position

There has been no significant change in the financial position of the Group in the period since the end of the first half of the year.

Outlook

Whilst economic conditions remain challenging, we are encouraged by the new business pipeline and the slight improvement in retention rates. Looking forward to the full year, we now expect organic revenue growth to be over 2.5%. The ongoing focus on operating efficiency should, after re-investment, enable us to deliver further progress in the operating margin compared to the same period last year.

Over the longer term, Compass Group is well placed to benefit from the significant structural growth opportunity in food and support services. The acceleration in the rate of new business wins is encouraging and in an environment where cost efficiency is high on the agenda, the benefits of outsourcing are clear. The continuing focus on driving operating efficiency should enable us to continue to re-invest in the business and drive competitiveness whilst delivering margin progression. In addition, the strength of the cash flow and balance sheet is enabling us to reward shareholders and to accelerate growth through value creating infill acquisitions.

Note to Editors:

- (a) Compass Group is the world's largest foodservice company with annual revenues in 2009 of over £13 billion operating in 50 countries.
- (b) MAP (Management and Performance) is a simple, but clearly defined Group operating framework. MAP focuses on five key value drivers, enabling the businesses to deliver disciplined, profitable growth with the focus more on organic growth and like for like growth.

The five key value drivers are:

- MAP 1: Client sales and marketing
- MAP 2: Consumer sales and marketing
- MAP 3: Cost of food
- MAP 4: Unit costs
- MAP 5: Above unit overheads

- (c) Organic revenue growth, a term used throughout the announcement, is calculated by adjusting for acquisitions (excluding current period acquisitions and including a full period in respect of prior period acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates) and compares the current period results against the prior period.
- (d) Operating profit, a term used throughout this announcement, includes share of profit of associates and is wholly consistent with the presentation in the Group's 2009 Annual Report and Accounts.
- (e) This Press Release contains forward looking statements within the meaning of Section 27A of the Securities Act 1933, as amended, and Section 21E of the Securities Exchange Act 1934, as amended. These statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently being anticipated as reflected in such forward looking statements. The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements. Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in Compass Group's markets; exchange rate fluctuations; customers' and clients' acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

A copy of this release, together with all other recent announcements can be found on Compass Group's website at www.compass-group.com. Copies of the presentations given to institutional investors and analysts are also available at this site.

Enquiries:

Investors / Analysts
Media

Sarah John / Kate Messum
Chris King

+44 (0) 1932 573000
+44 (0) 1932 573116

Website:

www.compass-group.com