



23 July 2009

Compass Group PLC
Third Quarter Interim Management Statement

This statement updates investors on the Group's performance in the nine months to 30 June 2009.

The Group

Compass is continuing to perform well, delivering another quarter of strong growth in operating profit, margin and free cash flow. As expected, organic revenue growth has continued to slow as a result of the more challenging economic conditions.

Encouragingly, the level of new business wins and underlying retention has remained strong and consistent with the levels seen in the first half of the year and the last financial year. Like for like revenues in Education, Healthcare and Defence, Offshore and Remote ("DOR") have continued to see good growth. As anticipated, like for like volumes in Business & Industry ("B&I") and Sports & Leisure ("S&L") have continued to slow, driven largely by a reduction in event catering and corporate hospitality, but also reduced headcounts and shorter working hours.

In the first nine months of the year, revenue growth on a constant currency basis was 1.8%, and organic revenue growth (which is the combination of net new business and like for like revenue growth) was 0.8%. The continued focus on the MAP framework has helped to accelerate operating and overhead efficiencies and as such we have delivered strong margin improvement in the third quarter of the year of around 50 basis points, with all four geographic segments contributing to this strong performance.

In addition, we have seen an overall favourable impact of around £105 million on operating profit from the movement in our key currencies for the nine months to 30 June 2009, compared with the same period last year – translating the profits of last year to this year's actual exchange rates.

North America

We continue to deliver strong revenue and profit performances in our substantial Healthcare and Education businesses. We have secured significant new business in the third quarter, for example, Duval County Public Schools, the University of Pennsylvania and Bowling Green University. Like for like revenue growth continues to be strong.

The more challenging economic conditions continue to put pressure on like for like volumes in B&I and S&L. However, we have delivered excellent levels of new business and retention in our B&I business. For example, we have recently extended our existing European multi services contract with Shell International throughout the Americas. In addition, the pipeline for the S&L business remains exciting.

Organic revenue growth was 2.6% for the first nine months of the year and we have delivered around 40 basis points improvement in margin in the third quarter.

Continental Europe

Economic conditions continue to put pressure on like for like volumes in B&I and S&L. However like for like revenue growth in Education and Healthcare remains robust. Encouragingly, new business and retention remain solid and in the third quarter we have secured many exciting new contracts including Volvo in Sweden, Rabobank in the Netherlands and Siemens in Austria.

Organic revenue declined by 0.6% for the first nine months of the year. Operating profit is ahead of the same period last year and we have delivered around 20 basis points improvement in margin in the third quarter.

UK & Ireland

We continue to perform well in a difficult environment. We have seen good growth in like for like revenues in the Healthcare and Education sectors, whilst like for like volumes in B&I and S&L have, as expected, continued to slow. We are making very good progress in extending our retail offer to the Healthcare sector and the recent acquisition of a number of McColl's food and retail outlets is contributing to this growth. We are making good progress in the Education sector.

Organic revenue declined by 4.8% for the first nine months of the year. We have delivered another quarter of strong margin improvement of around 40 basis points, consistent with the first half of the year.

Rest of the World

We continue to see good growth in our Offshore and Remote activities, in particular in Australia, Angola and the UAE. New business opportunities remain encouraging. For example, in Australia we have recently been awarded a very significant contract with Chevron to provide food and a full range of support services at its facilities in Western Australia. Like for like volumes in our B&I operations in Japan and Brazil have, as expected, continued to slow, although we continue to see excellent new business opportunities across these countries.

Organic revenue growth was 4.2% for the first nine months of the year. The 80 basis points growth in margin seen in the first half of the year of has continued in the third quarter.

Financial Position

The Group repaid £370 million of Eurobonds and US Private Placements which matured in May 2009 out of surplus cash. Other than this 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.

Strategy

We remain focused on the significant market opportunity to grow our core foodservice business organically. In addition to this, we are continuing to make value-creating infill acquisitions and buy-outs. In June, we completed the acquisition of Lackmann Culinary Services in North America, with a gross asset value of \$8m. Furthermore, the success of our joint venture with celebrity chef Wolfgang Puck in the USA has led us to increase our stake in this business to 90%.

We are making very good progress in developing our support services business. We provide comprehensive multi services (food and support services) to the DOR sector, Healthcare and increasingly to the B&I sector. The integration of the recently acquired Kimco (USA) and Plural (Germany) B&I support services businesses is progressing well and giving us real leverage in these markets. The Compass Service Framework, which is our unique operating model for delivering multi services to clients, is helping us to win significant new business with major international blue chip clients. Furthermore, we were delighted that in June, jointly with our client Shell International, we won the Partners Across Borders category of the prestigious European FM Awards.

Our continuous drive for efficiency is enabling us to refocus our resources to support organic growth. In addition, the strength of our cash flow and balance sheet is enabling us both to accelerate growth through value-creating infill acquisitions and to reward shareholders.

Outlook

In summary, against the backdrop of a more challenging economic environment, Compass has continued to deliver strong growth in operating profit, margin and free cash flow. Looking forward to the full year, revenue growth on a constant currency basis is expected to be around 1% and organic revenue growth is expected to be broadly flat. The delivery of accelerated cost efficiencies underpins our expectation of making continued progress in operating profit, margin and free cash flow throughout the remainder of the year.

ENDS

Notes to editors:

(a) Compass Group is the world's largest foodservice company with annual revenues in 2008 of over £11 billion operating in 55 countries. For more information visit www.compass-group.com

(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 2008 Annual Report and Accounts.

(e) This Interim Management Statement 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 recent presentations given to institutional investors and analysts are also available at this site.

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