



29 September 2009

Compass Group PLC
Trading Update

This statement updates investors on the Group's progress in the current year, ahead of the announcement on 25 November 2009 of its results for the year to 30 September 2009.

Group

Compass is performing well in the fourth quarter, with margin growth of around 70 basis points expected in the fourth quarter and approximately 60 basis points in the full year. Continuing management of the flexible cost base and accelerating cost efficiencies have more than offset a modest decline in revenue. We expect a favourable impact of £120 million on operating profit from the movement of our key currencies compared with last year – translating the profits of last year to this year's actual exchange rates. On a constant currency basis, underlying earnings per share are expected to grow by around 14%. Cash flow conversion remains strong.

In line with the expectations we set at the Interim Management Statement in July, constant currency revenue growth, including acquisitions, is expected to be around 1% for the full year and organic revenue growth, which is the combination of net new business and like for like revenue growth, is expected to be broadly flat. Encouragingly, throughout the year the level of new contract wins and underlying retention has remained strong across the business at levels consistent with last year. As expected, in the more cyclical Business & Industry (B&I) and Sports & Leisure sectors, like for like volumes continue to be impacted by reduced levels of employment and lower levels of client discretionary spend. Like for like volumes in the Education, Healthcare and Defence, Offshore and Remote Site (DOR) sectors have remained solid throughout the year.

North America

All sectors have continued to deliver strong growth in new business, high levels of retention and further efficiency savings throughout the year. In the fourth quarter we have mobilised considerable new business in the Education sector and enjoyed a healthy increase in the number of students on site. Healthcare continues to grow well and we have won a number of important new contracts in both food and support services. In Sports & Leisure the strong pipeline has converted into a series of prestigious wins, for example a new contract with the United Center, home to the Chicago Bulls and Chicago Blackhawks.

Overall, for the full year we expect organic revenue growth of around 1.5% and an operating margin improvement of around 50 basis points.

Continental Europe

We continue to deliver a solid stream of new business. In B&I we have secured exciting new contracts with Ford in Germany, Societe Generale in Paris and a major multi-services contract in Spain with Coca-Cola. In Education we have secured good new business in France, Spain and Italy and in Germany we have won our largest ever Education sector contract for public schools in Offenberg in Baden-Wuerttemberg. The pipeline in Healthcare is developing and we have recently won a number of important contracts for hospitals and senior living in France.

We expect organic revenues to be around 1% lower than last year for the full year. With the continued focus on cost efficiency, we expect an increase in the operating margin of around 20 basis points for the full year.

UK & Ireland

New business is encouraging across all sectors, for example we have recently won important new business in B&I with BSkyB and we have renewed contracts with Heinz and JohnsonDiversey. In DOR we have renewed our multi-services contract with the Royal Military Academy Sandhurst. Building on the recent acquisition of a number of McColl's food and retail outlets, we continue to make good progress in extending our retail offer to the Healthcare sector, opening over 50 new sites since the start of the year. The Education business continues to perform well and we have secured a number of new contracts which are now being mobilised.

For the full year we expect revenues to be around 5.5% lower than last year. However, we have driven significant cost efficiency in the second half of the year and as such we expect to deliver around 60 basis points of operating margin improvement for the full year.

Rest of the World

We continue to make good progress in our Offshore and Remote Site activities and in the fourth quarter have won a number of new mining sites and projects in Australia, Brazil and Chile. In Japan we are making further progress in the margin as well as driving good levels of new business. For example, we have secured contracts with Fujifilm Corporation and Nikkei Inc. The business in Brazil is growing well, including new contracts with Petrobras, Brazil's largest energy company, and Noble, marking our entry into the Offshore market.

We expect organic revenue growth of around 2% for the full year with an improvement in operating margin of approximately 100 basis points.

Strategy and Outlook

The Group's core strategy remains focused on food and increasingly the delivery of support services. In the short term, the prevailing economic conditions are likely to continue to impact organic revenue growth. In the medium term, the Group is set to enjoy the combination of structural growth in outsourcing and, as the global economies recover, a cyclical upswing in demand. In parallel, the continued management of the flexible cost base and ongoing focus on the MAP efficiency programme should deliver further margin progression. In addition to this, 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 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 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 presentation given to institutional investors and analysts are also available at this site.

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