



31 March 2010

**Compass Group PLC**  
**Trading Update**

This statement updates investors on the Group's progress in the current year, ahead of the announcement on 12 May 2010 of its results for the half year to 31 March 2010.

**Overview**

Compass has had a good first half. Organic revenue is stabilising and is now expected to be broadly flat compared to the first half of last year, with a further good improvement in operating margin of approximately 50 basis points.

**Group**

Organic revenue moved from a decline of approximately 3% in the fourth quarter of 2008/09, to a decrease of 1.7% in the first quarter of 2009/10. In the second quarter, reflecting the impact of easing prior year comparative figures, organic revenue growth is expected to be around 1.5%. Compass continues to win high rates of new business across the Group and underlying retention remains strong. Like for like volumes in Healthcare, Education and the Defence, Offshore & Remote business are steady. In the Business & Industry and Sports & Leisure sectors, like for like volumes remain down on the same period as last year but are now showing clear signs of stabilisation.

The rigorous application of our performance framework, MAP, continues to drive efficiencies throughout the business. As indicated in the Interim Management Statement in February, the first half performance has benefited from the flow through of significant efficiencies generated in the second half of 2009 and we now expect an improvement in the operating margin of around 50 basis points in the first half of the year. Free cash flow conversion remains strong.

**North America**

In North America we have continued to deliver strong growth in new business, high levels of retention and further efficiency savings across all sectors. Overall, for the first half of the year we expect organic revenue growth of around 2% and an operating margin improvement of around 30 basis points.

**Continental Europe**

In Continental Europe, whilst economic conditions in some countries remain quite challenging, we are continuing to see good levels of new business across most countries. Overall, we expect organic revenue to be around 1-2% lower than last year, but, with a continued focus on efficiencies, we expect an increase in the operating margin of around 30 basis points for the first half of the year.

**UK & Ireland**

Whilst Business & Industry continues to be impacted by the challenging economic conditions, we have seen good organic growth in the Healthcare and Senior Living sectors. Overall, we expect organic revenue to be around 6% lower than last year. We are continuing to improve the operating efficiency of our businesses, expecting an operating margin improvement of around 30 basis points for the first half of the year.

### **Rest of the World**

In the Rest of the World we continue to see good levels of new business. In Australia the Remote sector is performing well and we are building a strong business in the Healthcare sector. In Japan, we have again made good progress in driving operating efficiency and growing the margin. In Brazil we remain very encouraged by the significant new opportunities in food and support services and we have made further good progress in the operating margin.

In the Rest of the World overall, we expect organic revenue growth of around 1% and an operating margin improvement of over 100 basis points in the first half of the year.

### **Acquisitions**

In the first half of the year we have acquired Hurley Corporation, a soft support services business, for CAN \$50 million. The acquisition of this business, which had revenues of around CAN \$150 million in 2009, strengthens our ability to offer multi services across the Business & Industry, Healthcare and Education sectors in Canada. We continue to seek out value creating infill acquisitions in both developed and emerging markets in food and support services.

### **Strategy and Full Year Outlook**

Organic revenue in the first half of the year is expected to be broadly flat. In the second half, whilst economic conditions are expected to remain challenging, the combination of a strong new business pipeline and a stabilisation in like for like volume should deliver modest organic revenue growth. The gradual easing of like for like volume pressure and further efficiencies should enable us to make further progress in the margin in the second half of the year compared to the same period last year.

The Group's core strategy remains focused on food and increasingly the delivery of soft support services. Compass has strong positions in attractive growth markets and is well placed to benefit from the structural growth in outsourcing. The ongoing application of the performance management framework, MAP, should deliver further cost efficiencies and margin progression. The strength of the Group's cash flow and balance sheet is enabling us to both reward shareholders and invest in value creating infill acquisitions. Against this backdrop we remain optimistic about the prospects for the business.

**Note to Editors:**

- (a) Compass Group is the world's largest foodservice company with annual revenues in 2009 of over £13 billion operating in over 50 countries. For more information visit [www.compass-group.com](http://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 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](http://www.compass-group.com). Copies of the presentation 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](http://www.compass-group.com)