2012 Half Year Results

Wednesday 16 May 2012

Presentation Structure

1.	Sir Roy Gardner	Welcome & Highlights
2.	Dominic Blakemore	Half Year Results
3.	Richard Cousins	Business Review, Strategy & Outlook
4.	Q&A	

Business Highlights

- Good first half of the year
- Total revenue growth of 8.6%; organic growth of 5.0%
- Underlying operating profit of £617m; up 8.8%
- Interim dividend increased by 11% to 7.2 pence
- £500m buyback on track to complete by the year end
- Expectations for the full year remain positive and unchanged

Delivering Sustainable Growth

2012 Half Year Results

Dominic Blakemore

Revenue

	2012 £m	2011 £m	Change: Reported Rates %	Change: Constant Currency %	Change: Organic Growth %
North America	3,799	3,450	10.1%	9.6%	7.0%
Europe & Japan	3,228	3,126	3.3%	3.5%	(0.4)%
Fast Growing & Emerging	1,523	1,297	17.4%	19.5%	12.4%
Revenue	8,550	7,873	8.6%	8.8%	5.0%

Notes:
1. Based on continuing operations.
2. Constant currency increase is based on 2011's results restated at 2012's average exchange rates.
3. Organic growth adjusts for acquisitions, disposals and exchange rate movements.

Operating Profit – Reported Currency

	2012 £m	2011 £m	Change £m	Change Analysed By Acquisition £m	Currency £m	Organic £m
North America	313	281	32			
Europe & Japan	214	214	-			
Fast Growing & Emerging	115	98	17			
Unallocated overheads	(30)	(30)	-			
Associates	5	4	1			
Operating profit	617	567	50	19	-	31

Notes:
1. Based on continuing operations, excluding amortisation of intangibles arising on acquisitions £9m (2011: £4m), acquisition transaction costs £5m (2011: £4m) and adjustment to contingent consideration on acquisition £1m credit (2011: nil).

Operating Profit and Margin – Constant Currency

	2012 £m	2011 £m	Change £m	Margin 2012 %	Margin 2011 %
North America	313	282	31	8.2%	8.1%
Europe & Japan	214	213	1	6.6%	6.8%
Fast Growing & Emerging	115	98	17	7.6%	7.6%
Unallocated overheads	(30)	(30)	-		
Associates	5	4	1		
Operating profit	617	567	50	7.2%	7.2%

Notes:

1. Based on continuing operations, excluding amortisation of intangibles arising on acquisitions £9m (2011: £4m), acquisition transaction costs £5m (2011: £4m) and adjustment to contingent consideration on acquisition £1m credit (2011: nil).
2. 2011 has been restated to 2012 average exchange rates.
3. Margin excludes profit from associates.

Impact of Currency on Operating Profit

	US $	Euro
Average exchange rate for 2011	1.61	1.15
Estimated impact on 2011 operating profit of a 5 cent movement	+/- £16m	+/- £8m
Average exchange rate for 2012 HY	1.58	1.18
Spot exchange rate for 14 May 2012	1.61	1.25

estimates

Operating Profit Growth

£m (estimated)	Half Year 2012	2011	2010	2009	2008
Net new business	15	20	18	14	15
Base estate	21	28	10	28	31
Above unit overheads	(5)	2	12	6	4
Associates	-	-	-	2	(1)
Operating profit growth	31	50	40	50	49
Acquisitions/disposals	19	10	4	5	-
Total operating profit growth	50	60	44	55	49

Notes:
1. Based on continuing operations, excluding amortisation of intangibles arising on acquisitions £9m (2011: £4m), acquisition transaction costs £5m (2011: £4m) and adjustment to contingent consideration on acquisition £1m credit (2011: nil).
2. Total operating profit growth compares the current year results against the prior year results at current year average exchange rates.

Income Statement

	2012		2011	
£m	Reported	Underlying	Reported	Underlying
Revenue	8,550	8,550	7,873	7,873
Operating profit	604	617	559	567
Other gains	24	-	-	-
Net finance costs	(47)	(45)	(31)	(36)
Profit before tax	581	572	528	531
Tax	(152)	(146)	(142)	(143)
Profit after tax	429	426	386	388
Non-controlling interest	(2)	(2)	(2)	(2)
Attributable profit	427	424	384	386
Average number of shares (millions)	1,897	1,897	1,889	1,889
Basic earnings per share (pence)	22.5p	22.4p	20.3p	20.4p

Notes:
1. Based on continuing operations.
2. Including share of profit of associates.
3. The underlying column excludes gain on disposal of the US Corrections business £24m (2011: nil), amortisation of intangibles arising on acquisitions £(9)m (2011: £(4)m), acquisition transaction costs £(5)m (2011: £(4)m), adjustment to contingent consideration on acquisition £1m (2011: nil), hedge accounting ineffectiveness £(2)m (2011: £4m), change in the fair value of investments and non-controlling interest put options nil (2011: £1m) and the tax attributable to these amounts £(6)m (2011: £1m).

Income Statement at Constant Currency : Proforma

£m	2012 Underlying	2011 Proforma	Growth
Revenue	8,550	7,860	
Operating profit	617	567	+9%
Net finance costs	(45)	(36)	
Profit before tax	572	531	
Tax	(146)	(143)	
Profit after tax	426	388	
Non-controlling interest	(2)	(2)	
Attributable profit	424	386	
Average number of shares (millions)	1,897	1,889	
Basic earnings per share (pence)	22.4p	20.4p	+10%

Notes:
1. 2011 excludes gain on the disposal of the US Corrections business £24m (2011: nil), amortisation of intangibles arising on acquisitions £(9)m (2011: £(4)m), acquisition transaction costs £(5)m (2011: £(4)m), adjustment to contingent consideration on acquisition £1m (2011: nil), hedge accounting ineffectiveness £(2)m (2011: £4m), change in the fair value of investments and non-controlling interest put options nil (2011: £1m) and the tax attributable to these amounts £(6)m (2011: £1m).
2. Including share of profit of associates.
3. 2011 proforma column restates 2011 to 2012 average exchange rates, using the 2011 underlying tax rate.

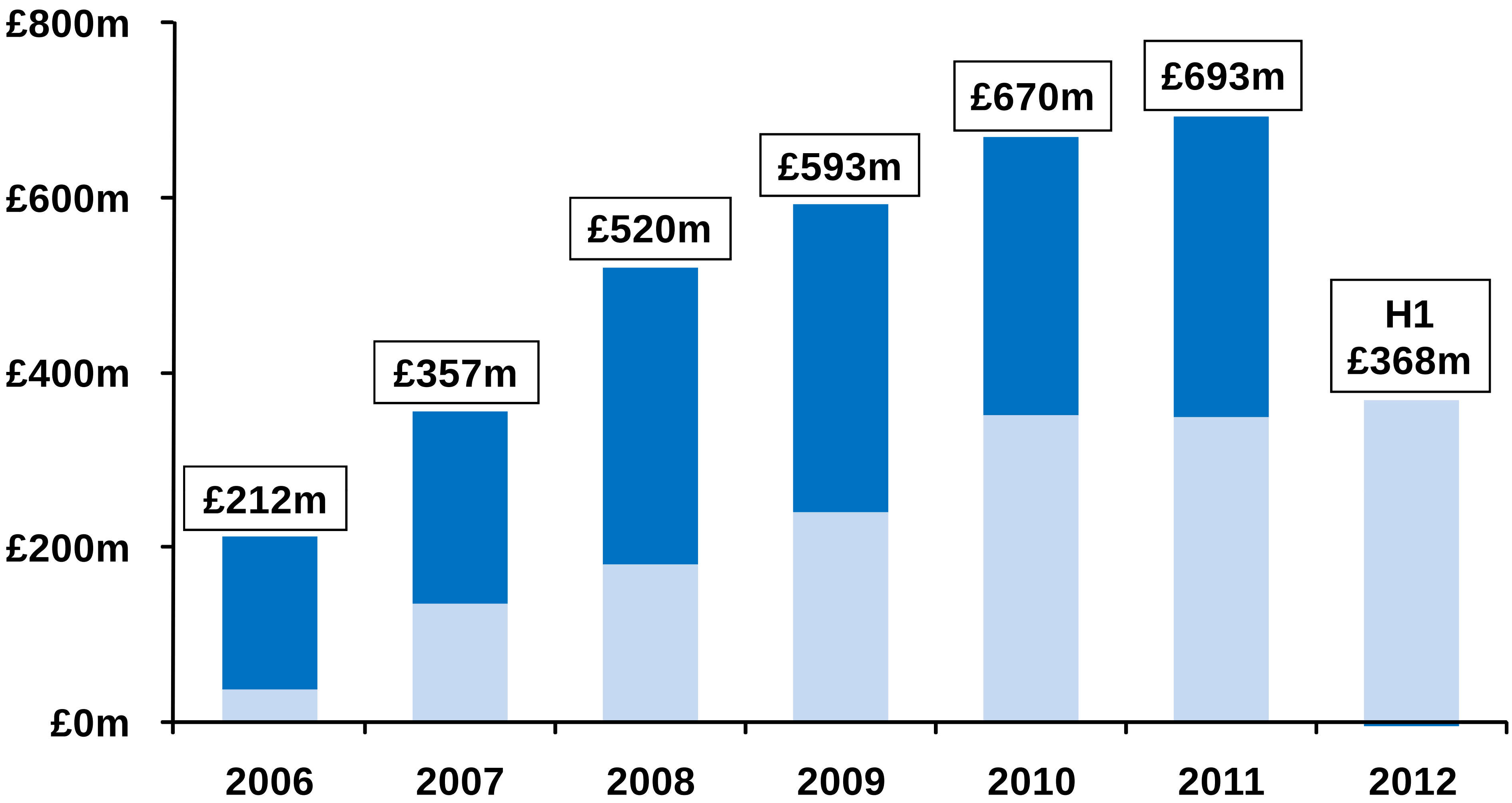
Free Cash Flow

£m	2012	2011
Operating profit	617	567
Depreciation and amortisation	142	129
EBITDA	759	696
Net capital expenditure	(178)	(171)
Trade working capital (including provisions)	(50)	(34)
Post employment benefit obligations	(28)	(33)
Net interest	(46)	(29)
Net tax	(123)	(80)
Net other items	3	-
Free cash flow	337	349
Add back impact of non-recurring tax issues	31	-
Underlying free cash flow	368	349

Notes:

1. Based on continuing operations.
2. Operating profit includes share of profit of associates, excludes amortisation of intangibles arising on acquisitions, acquisition transaction costs and adjustment to contingent consideration on acquisition.
3. Gross capital expenditure including finance leases and capital creditors is £187m, 2.2% of revenue (2011: £184m, 2.3% of revenue).

Free Cash Flow Progression



Notes:
1. Based on continuing operations.
2. 2010 reported free cash flow was £744m. The £670m represents the underlying free cash flow, after adjusting for cut-off timing benefits at the end of the year.
3. 2012 reported free cash flow was £337m. The £368m represents the underlying free cash flow, after adjusting for the impact of non-recurring tax issues in the year.

Net Debt

	£m
Opening net debt at 1 October 2011	761
Free cash flow from continuing operations	(337)
Free cash flow from discontinued operations	43
Acquisitions	188
Disposals	(58)
Equity dividends	243
Purchase of own shares, net of proceeds from issues	85
Impact of foreign exchange rates	(17)
Other	(1)
Closing net debt at 31 March 2012	907

Notes:

1. Acquisitions includes £170m on infill acquisitions (including £46m on Obasan in Turkey, £40m on Supercare in South Africa and £37m on ICM in the UK), £5m acquisition transaction costs and £13m deferred consideration and other payments relating to previous acquisitions.

Financial Summary

• Overall good financial performance	
• Encouraging organic revenue growth	5.0%
• Further underlying EPS growth	9.8%
• Continued strong underlying free cash flow	£368m
• Interim dividend of 7.2p	+ 11%

Business Review, Strategy & Outlook

Richard Cousins

Agenda

COMPASS GROUP

1. Business performance and MAP
2. Regional reviews
3. Strategy
4. Summary and outlook

Organic Revenue Growth

	2010		2011		2012
%	H1	H2	H1	H2	H1
New Business	9.0	10.0	9.0	8.5	8.5
Lost Business	(7.0)	(6.5)	(6.0)	(5.5)	(5.5)
Net New Business	2.0	3.5	3.0	3.0	3.0
LFL Revenue	(1.6)	2.0	2.7	2.0	2.0
Organic Growth	0.4	5.5	5.7	5.0	5.0

New Business & Retention

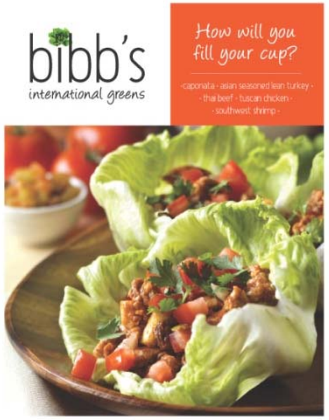
- Delivering quality new business
- Good wins across all sectors
- Consistently high retention rate
- Exciting pipeline

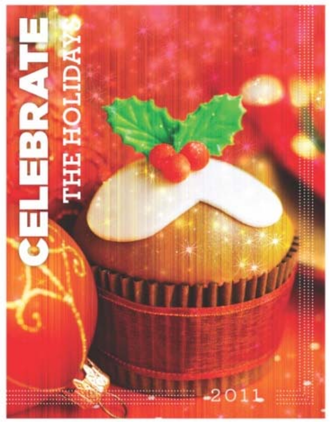
Like for Like Revenue

Like for Like Revenue	2010		2011		2012
	H1	H2	H1	H2	H1
Price	1.5	1.5	1.7	2.0	2.0
Volume	(3.1)	0.5	1.0	0.0	0.0
TOTAL	(1.6)	2.0	2.7	2.0	2.0

Region	Trend
North America	Positive
Europe & Japan	Small negative
FG&E	Good growth

Driving Consumer Participation & Spend map 2

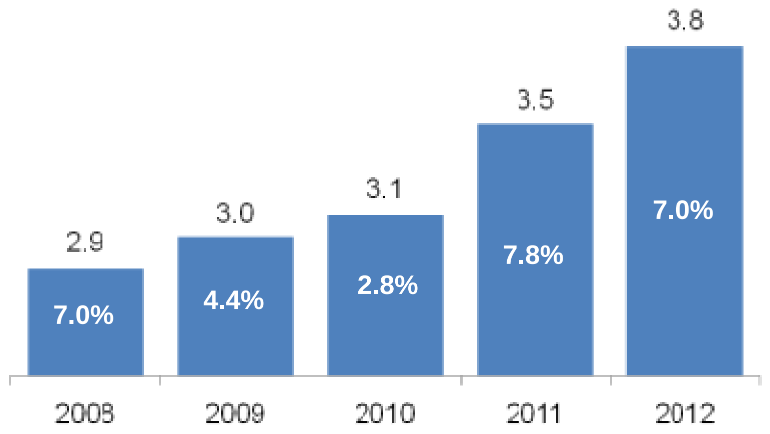




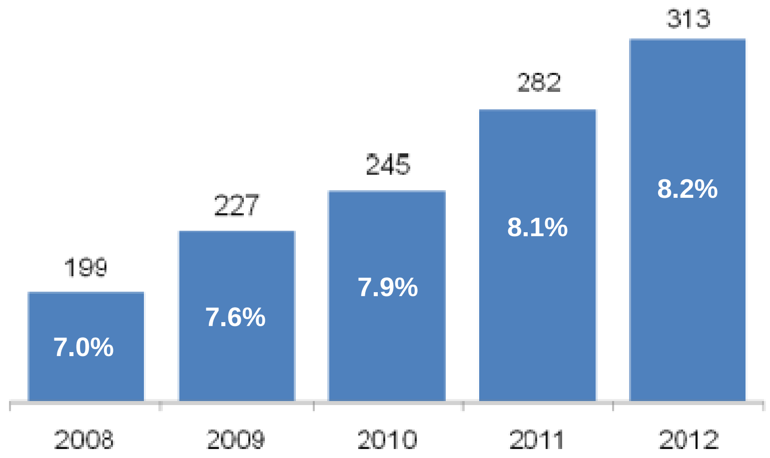
Review of North America

- Positive trading momentum
- Strong organic growth across all sectors
- Underlying margin improvement
- Start-up of Ascension Health contract

Revenue (£bn) & Organic Growth (%)



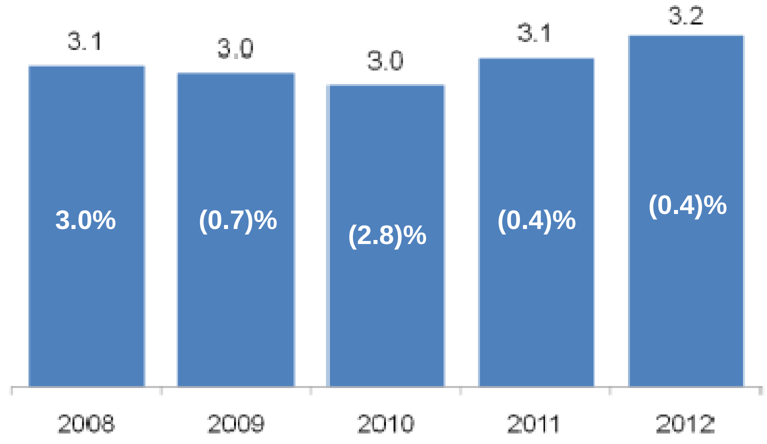
Operating Profit (£m) & Margin (%)



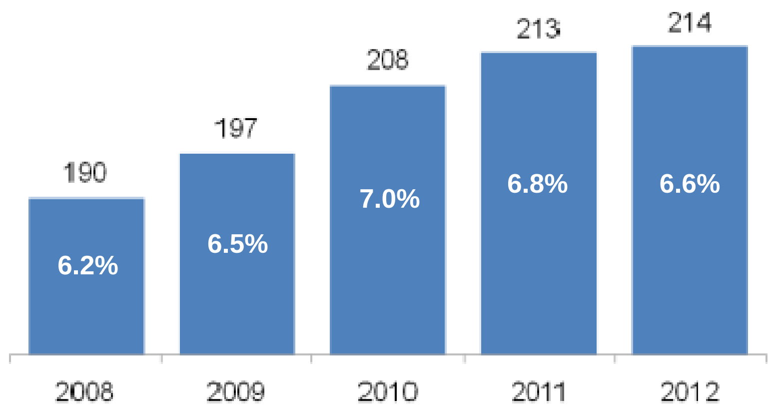
Review of Europe & Japan

- Mixed performance across Europe
- Good new business wins in some countries
- Difficult economic conditions, negative like for like revenue
- Japan continues to improve gradually

Revenue (£bn) & Organic Growth (%)



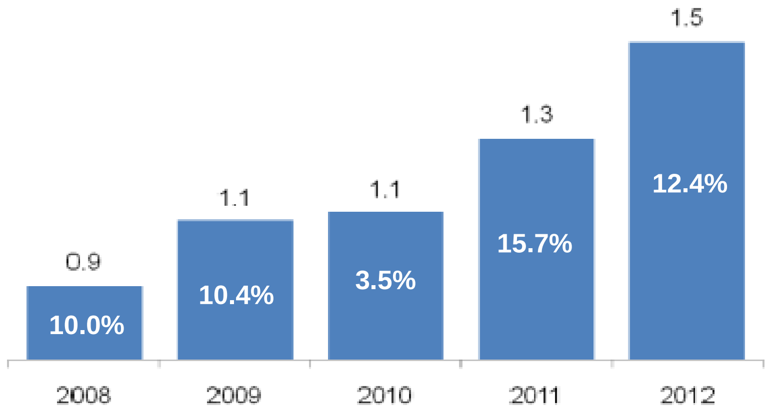
Operating Profit (£m) & Margin (%)



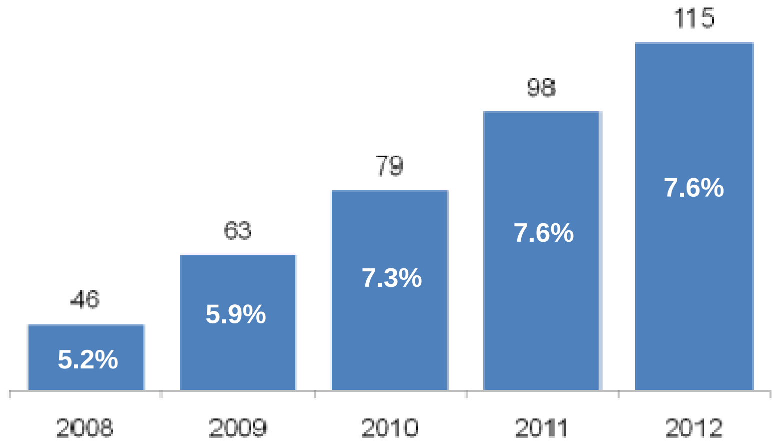
Review of Fast Growing & Emerging

- Strong organic revenue growth
- Good levels of new business & like for like revenue
- Particularly strong growth in Energy & Extraction
- Continued investment in growth opportunities

Revenue (£bn) & Organic Growth (%)



Operating Profit (£m) & Margin (%)



Strategy

STRATEGY
- Food
- Support services
- Geographic mix
- Emerging markets

GROWTH
- Organic: structural growth
- Infill M&A

MARGIN
- Cost efficiencies net of reinvestment
- Leveraging scale
- Flexible cost base
- Steady expansion

- Strong cash flow & balance sheet
- Earnings growth
- Dividends
- Shareholder returns

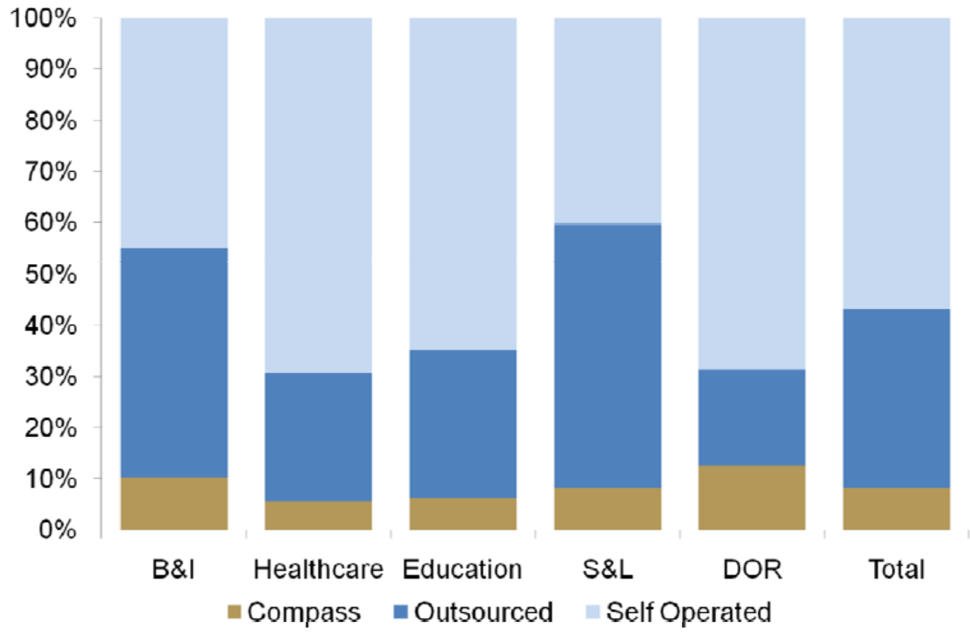
Exciting Future Opportunities

Food: Structural Market Growth Opportunity

STRATEGY

- Significant £200bn* market opportunity
- Healthcare & Education underpenetrated
- Ranked 1 or 2 in all of our key markets
- Compelling proposition

Structural Growth Opportunity by Sector



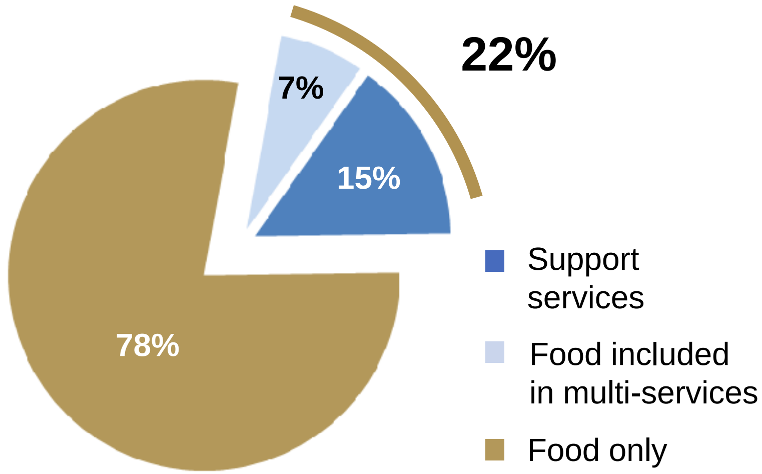
* Source: Compass Group PLC estimates / market definitions

Support and Multi-services: Incremental Approach

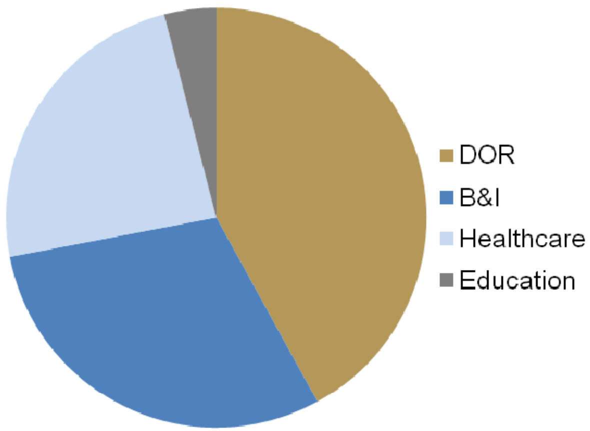
STRATEGY

- Incrementally building capability
- Responding to different trends in different regions
- Significant cross selling opportunities
- Organic growth and M&A

Revenue Split: H1 2012



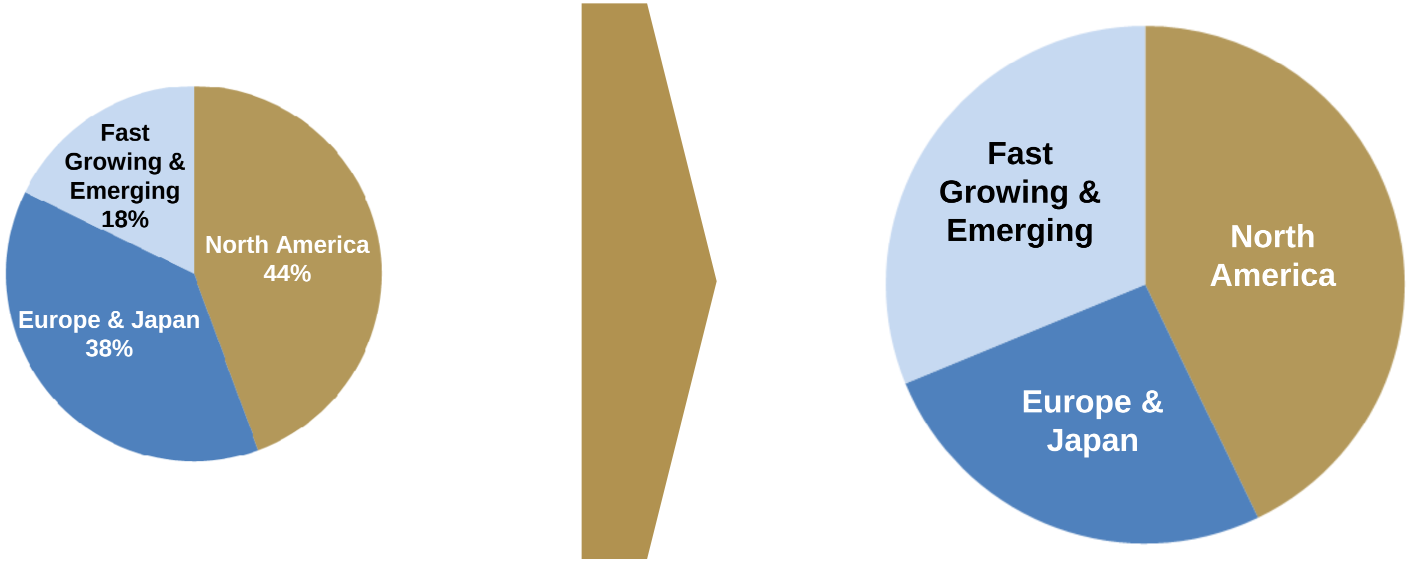
Support & Multi-Services Sector Split (£1.9bn)



Geographic Priorities

STRATEGY

H1 2012 Revenue: £8.6bn | **The future?**



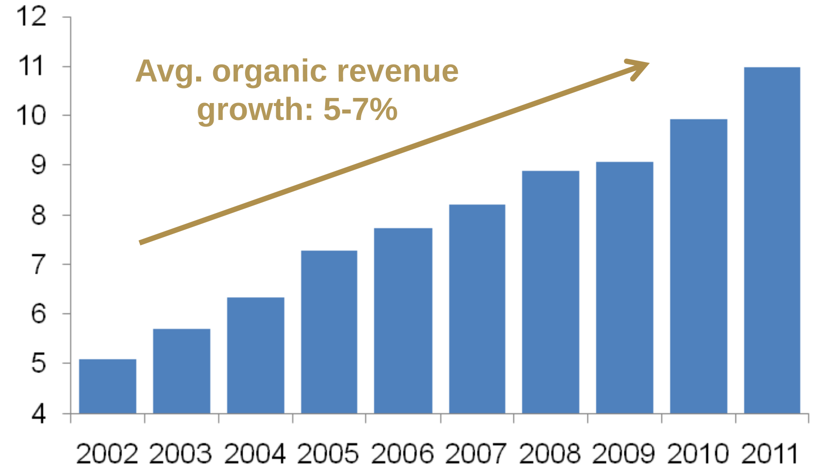
Region	2012 H1 organic growth rate	Revenue opportunity	Margin opportunity
North America	7.0%	Ongoing; core growth engine	Ongoing
Europe & Japan	(0.4)%	Modest	Further efficiencies
Fast Growing & Emerging	12.4%	High growth rates	Steady expansion

North America: Positive Momentum

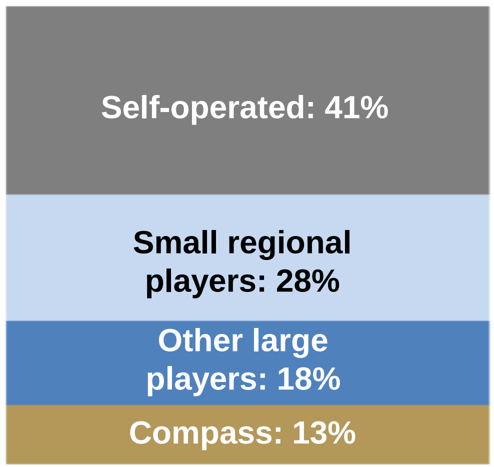
GROWTH

- Significant size of existing business
- Healthy outsourcing culture
- Significant market opportunity
- Excellent management team
- Reputation for great service & innovation

Historic Revenue Growth ($bn)



Estimated NA Addressable Food Market: £46bn



North America: Strong Client Base

GROWTH

THE ACADEMY OF MOTION PICTURE ARTS AND SCIENCES

Penn UNIVERSITY of PENNSYLVANIA

LIVE NATION

ebay

viacom

ART INSTITVTE CHICAGO

RYDER CUP 2012 MEDINAH 2012

HARVARD BUSINESS SCHOOL EXECUTIVE EDUCATION

AEG

ORACLE

Duke UNIVERSITY

138 KENTUCKY DERBY CHURCHILL DOWNS • MAY 5, 2012

US Healthcare: Ascension Health

GROWTH

US Healthcare

- Estimated market of over £10bn; 40% outsourced
- Compass US Healthcare revenue £1.5bn; consistent growth
- Increasing opportunity for large, food and multi-service contracts

ASCENSION HEALTH

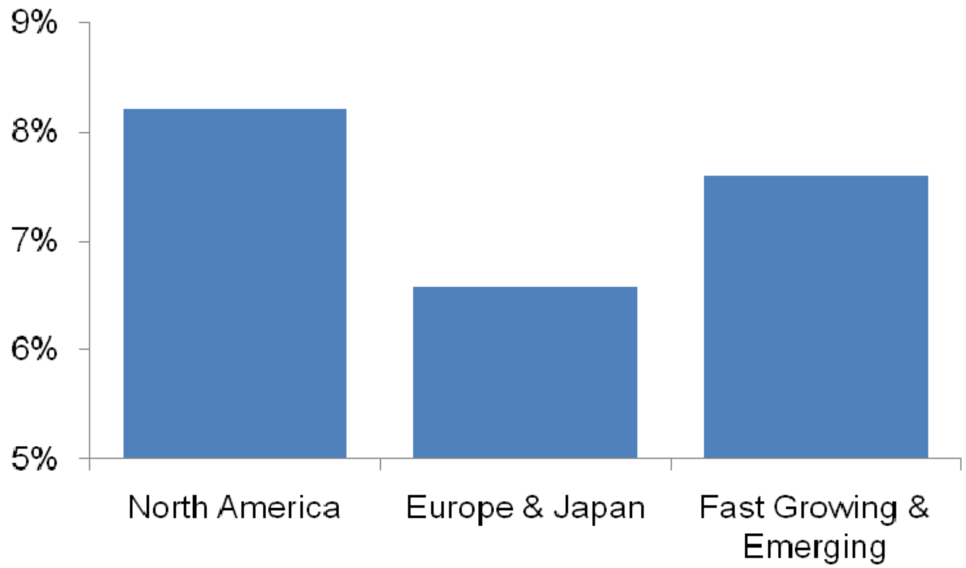
- 3rd largest healthcare system in the US
- Compass will serve 90 locations across the country
- Significant revenue potential from food & support services

Europe & Japan: Driving Greater Efficiency

GROWTH

- Mixed performance by country
- Challenging economic conditions
- Some good growth opportunities
- Greater focus on efficiencies

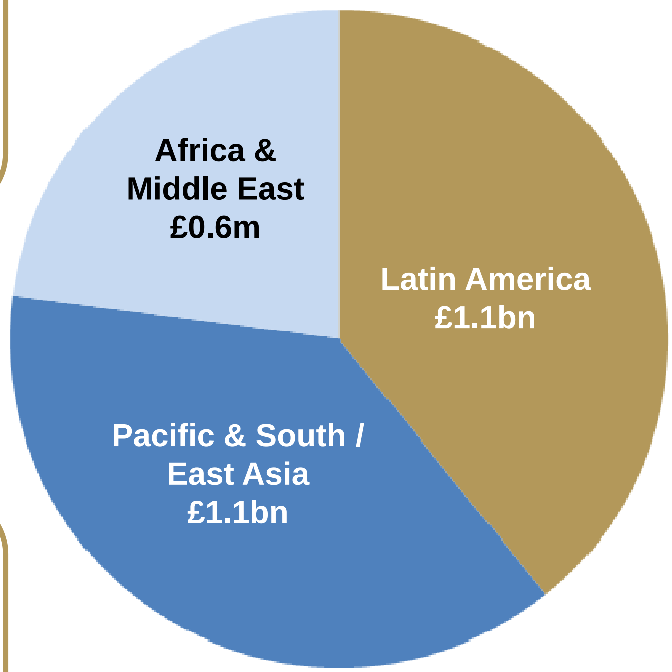
H1 2012 Margin by Region



Double Digit Revenue Growth Across FG&E

GROWTH

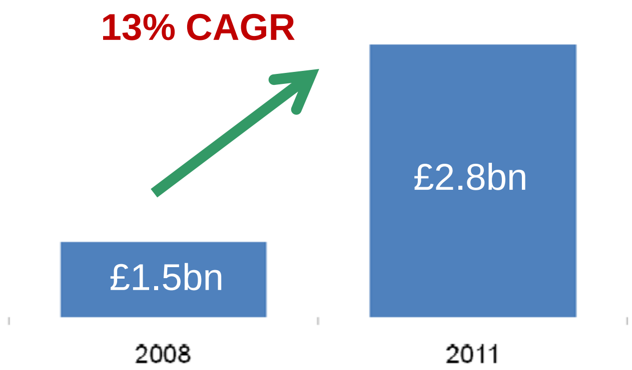
South Africa
UAE
Turkey
Russia



Brazil
Chile
Mexico
Argentina
Colombia

Australia
New Zealand
China
India
SE Asia

Fast Growing & Emerging Revenue (£bn)



Note: The figures in the pie chart are FY 2011 revenue figures

Latin America

GROWTH

Brazil

- £800m revenue; 35,000 employees
- Underlying margin doubled
- Exciting growth in all sectors
- Significant opportunity in Healthcare & Education

Chile, Mexico, Colombia, Argentina

- £400m revenue across 4 countries
- Mood changing with improved governance, control & management
- Significant growth opportunity – mainly in B&I and Energy / Extraction

Pacific & South / East Asia

GROWTH

Pacific

- Australia, Compass 4th largest business and growing strongly
- Continued growth opportunities in the DOR sector
- Food and support services

Asia

- India growing strongly and approaching break even
- China / Hong Kong developing well
- Exciting opportunities in southeast Asia





Africa & Middle East

GROWTH

South Africa

- Improving business, supported by Supercare acquisition

UAE

- Steady performance; strong DOR business

Russia

- Small but very good growth

Turkey

- Over £200m revenue; 16,000 employees
- Well balanced & fast growing

M&A

GROWTH

- Pleased with recent progress & good returns
- H1 spend of £188m
- Infill acquisitions remain core part of strategy
- Interesting pipeline over longer term

OBASAN

DORA GASTRO

NKS 日本給食サービス

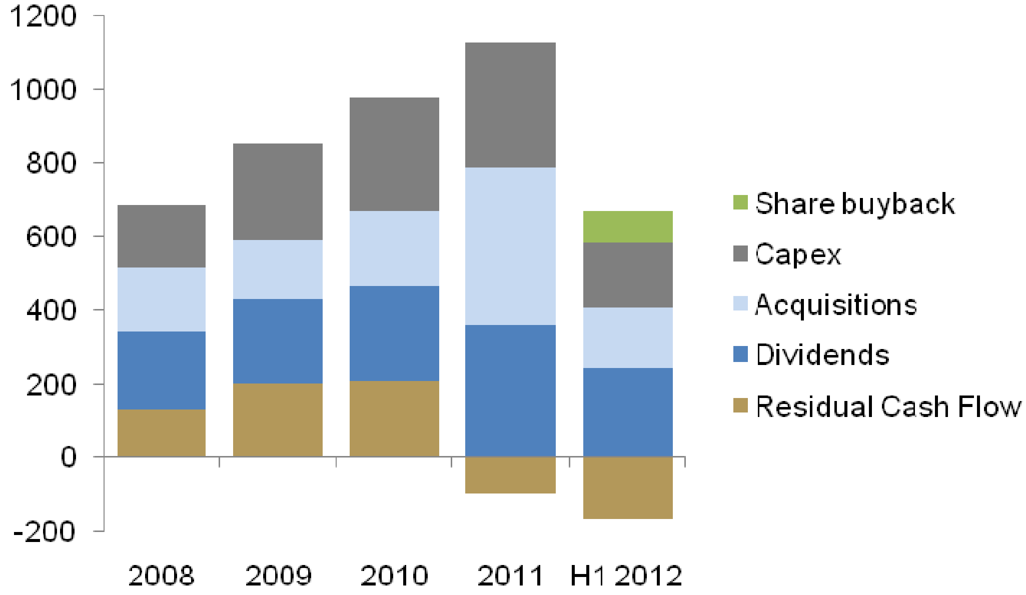
ICM Let's keep it clean

supercare
Cleaning Company of the Year 2010 & 2011

Cash Flow and Balance Sheet

- Excellent cash flow generation
- Uses of cash
  - Dividend growth
  - Infill M&A
  - Ongoing share buyback
- Commitment to efficient balance sheet

Uses of Cash (£m)



Note: final dividend is paid out of H1 free cash flow

Summary

- Good first half performance
- Reinvestment in the business & returns to shareholders
- Management structure bringing increased focus
- Significant opportunities for further growth
- Continued progress on efficiencies

Outlook

"Compass has had a good first half of the year and our expectations for the full year remain positive and unchanged. Organic growth has been driven by good rates of new business wins, levels of retention remain high and infill acquisitions are making a meaningful contribution. We are continuing to generate good levels of cost efficiencies, which are enabling us to reinvest in the business at the same time as helping us to manage the ongoing challenges of difficult economic conditions in Europe and food cost inflation.

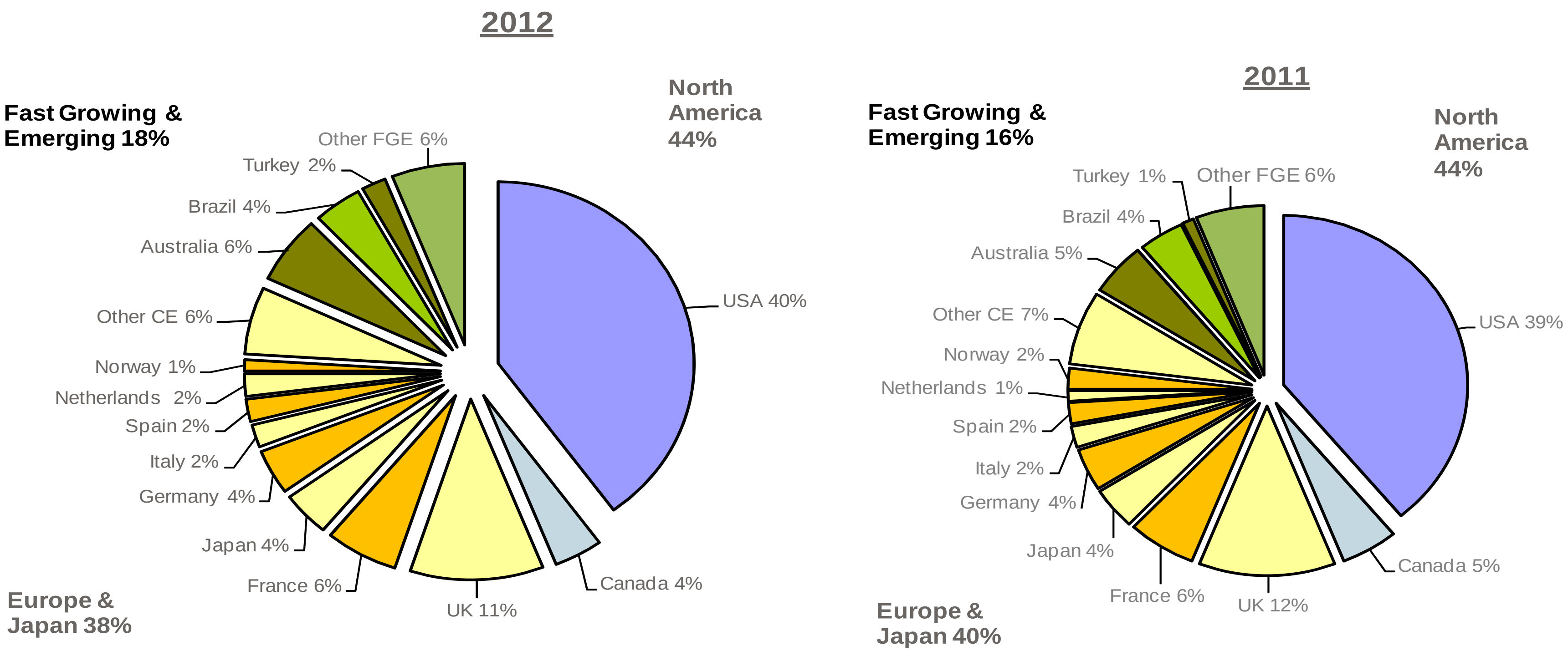
As we look out to the second half, whilst the difficult economic climate in Europe is likely to continue to put pressure on like for like revenue in that region, we remain positive about the opportunities to grow the business. We are well placed to capitalise on the significant structural growth opportunities in both food and support services around the world. We have an excellent business in North America and we are expanding our presence in Fast Growing & Emerging markets, which remain a focus for future growth. We will continue to drive cost efficiencies, underpinning our expectation of further progress in the operating profit margin over the medium term."

2012 Half Year Results

Wednesday 16 May 2012

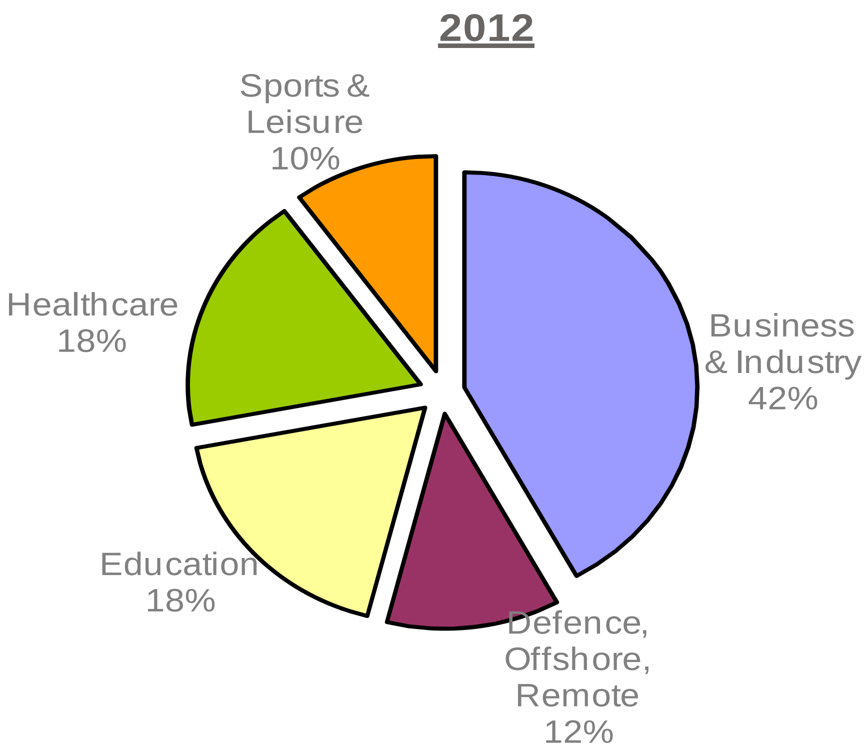
Contents

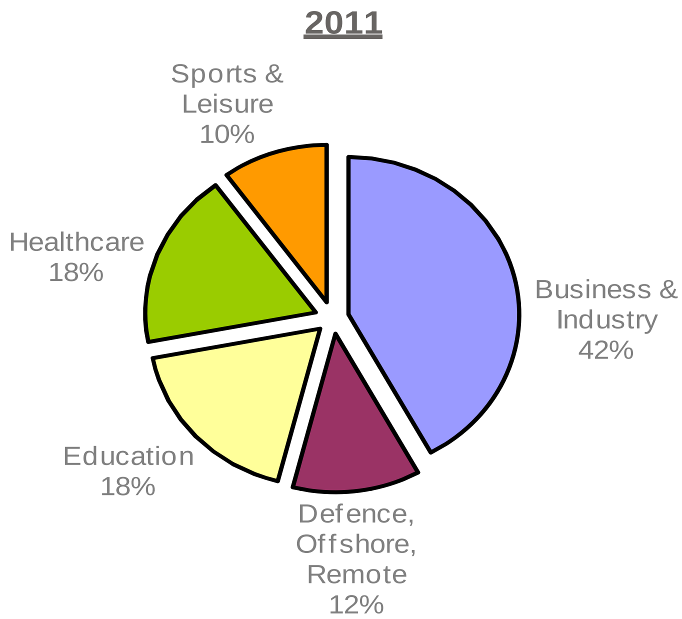
Revenue – Group Revenue by Geography



Notes:
1. Based on continuing operations.

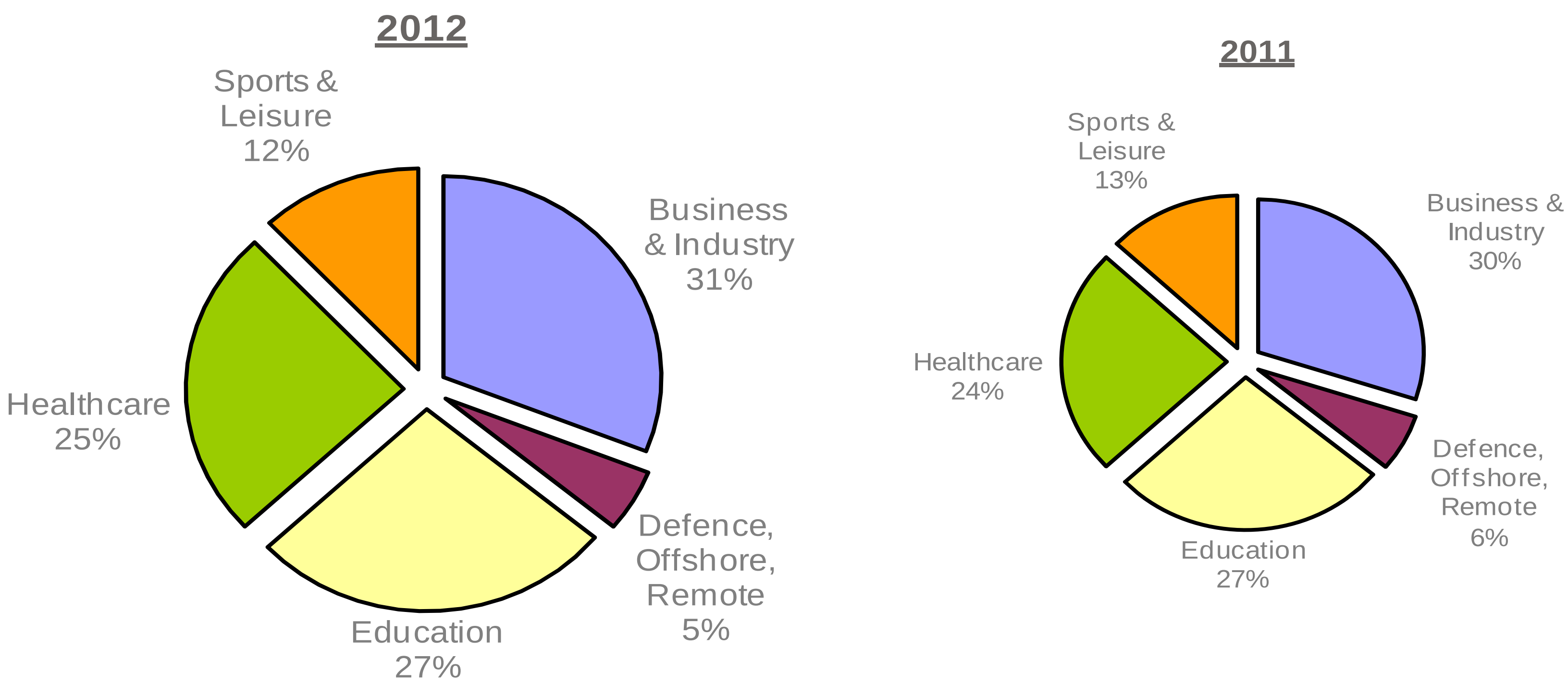
Revenue by Sector - Group





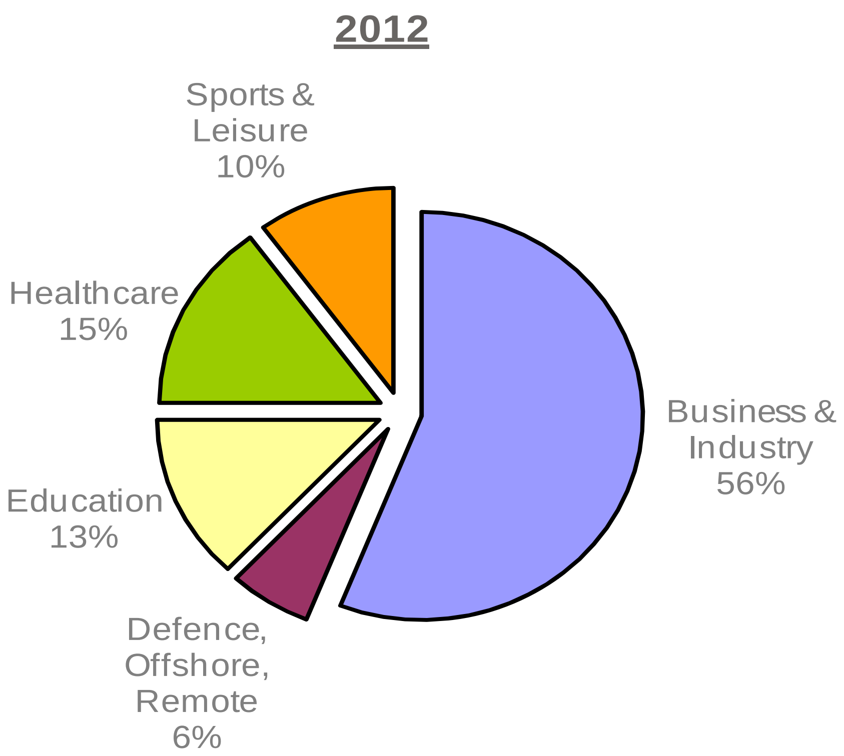
Notes:
1. Based on continuing operations.

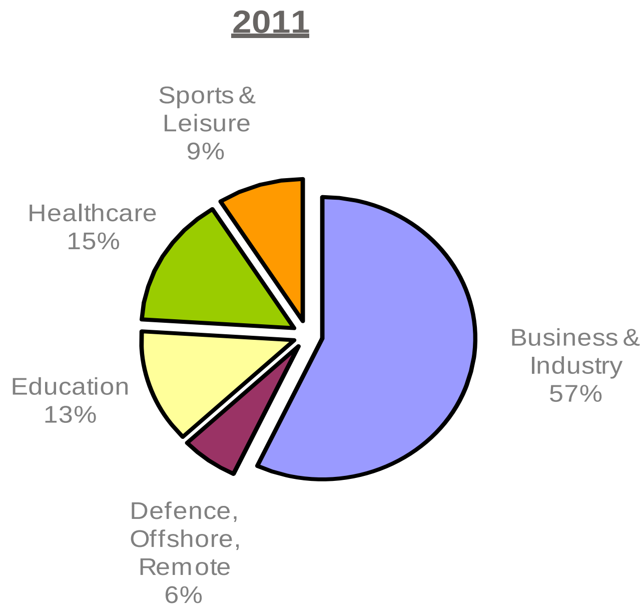
Revenue by Sector – North America



Notes:
1. Based on continuing operations.

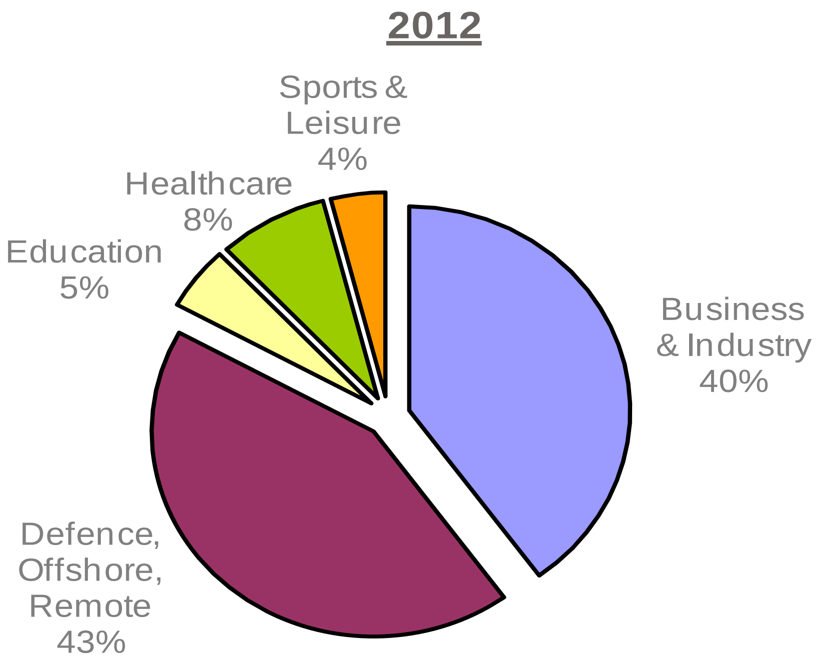
Revenue by Sector – Europe & Japan

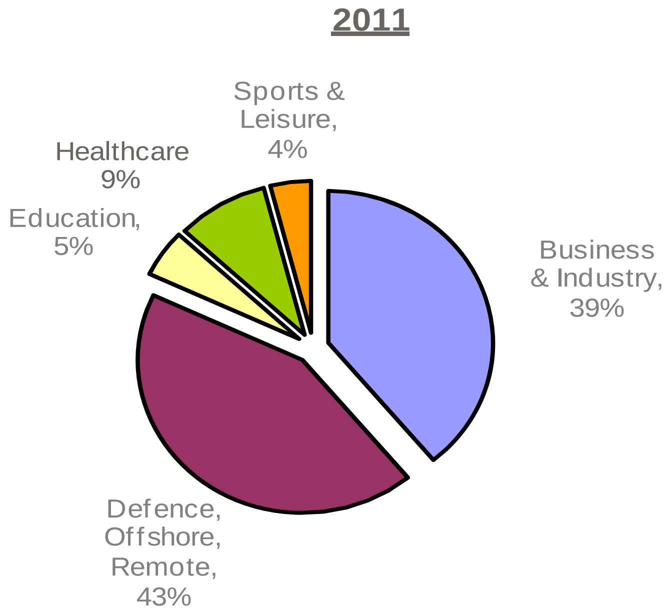




Notes:
1. Based on continuing operations.

Revenue by Sector – Fast Growing & Emerging





Notes:
1. Based on continuing operations.

Sector Financials - Group

	North America £m	Europe & Japan £m	Fast Growing & Emerging £m	Other [2] £m	Total £m
2012					
Revenue	3,799	3,228	1,523		8,550
Organic growth	*7.0%*	*(0.4)%*	*12.4%*		*5.0%*
Operating profit	313	214	115	(25)	617
Margin [3]	*8.2%*	*6.6%*	*7.6%*		*7.2%*
Cash flow	273	162	94	(192)	337
Cash flow conversion	*87%*	*76%*	*82%*		*55%*
2011					
Revenue	3,450	3,126	1,297		7,873
Organic growth	*7.8%*	*(0.4)%*	*15.7%*		*5.7%*
Operating profit	281	214	98	(26)	567
Margin [3]	*8.1%*	*6.8%*	*7.6%*		*7.2%*
Cash flow	281	149	62	(143)	349
Cash flow conversion	*100%*	*70%*	*63%*		*62%*

Notes:
1. Based on continuing operations, excluding gain on disposal of the US Corrections business £24m (2011: nil), amortisation of intangibles arising on acquisition £9m (2011: £4m), acquisition transaction costs £5m (2011: £4m) and adjustment to contingent consideration on acquisition £1m credit (2011: nil).
2. Other operating profit includes unallocated overheads of £30m (2011: £30m) and share of profit of associates £5m (2011: £4m). Other cash flow also includes net interest and tax.
3. Margin excludes share of profits of associates.

Finance Cost – Net Finance Cost

	2012 £m	2011 £m
Bank loans and overdrafts	4	4
Other loans	35	26
Finance lease interest	1	1
	40	31
Bank interest income	(4)	(4)
	36	27
Amount charged to pension scheme liabilities net of expected return on scheme assets	8	8
Unwinding of discount on provisions and put options held by non-controlling shareholders	1	1
Underlying net finance cost	**45**	**36**
Other (gains)/losses		
Hedge accounting ineffectiveness [1]	2	(4)
Change in the fair value of investments and non-controlling interest put options	-	(1)
Net finance cost	47	31

Notes:
1. In line with the Group's treasury policy, the Group uses interest rate swaps in order to fix part of the short term interest cost. As market interest rates move, the value of these swaps at a particular point in time rises and falls. Under IAS 39, not all of these can be designated as effective hedges and the change in their fair value has to be recognised in the Income Statement. The main impact is to change the timing of when interest costs are recognised, but the overall economic impact over the life of the interest rate swap remains unchanged.

EPS / Dividends – Earnings & Dividends Per Share

	2012	2011
Earnings per share		
Continuing and discontinued operations	22.5p	20.3p
Discontinued operations	-	-
Continuing operations	22.5p	20.3p
Other adjustments [1]	(0.1)p	0.1p
Underlying earnings per share	**22.4p**	**20.4p**
Dividends per share		
Interim dividend	7.2p	6.5p
Final dividend		12.8p
Total dividend		**19.3p**

Notes:
1. Other adjustments include the impact of gain on disposal of the US Corrections business £24m (2011: nil), amortisation of intangibles arising on acquisition £(9)m (2011: £(4)m), acquisition transaction costs £(5)m (2011: £(4)m), adjustment to contingent consideration on acquisition £1m (2011: nil), hedge accounting ineffectiveness £(2)m (2011: £4m), the change in the fair value of investments and non-controlling interest put options nil (2010: £1m) and the tax attributable to these amounts £(6)m (2011: £1m).

EPS / Dividends – Dividend Cover

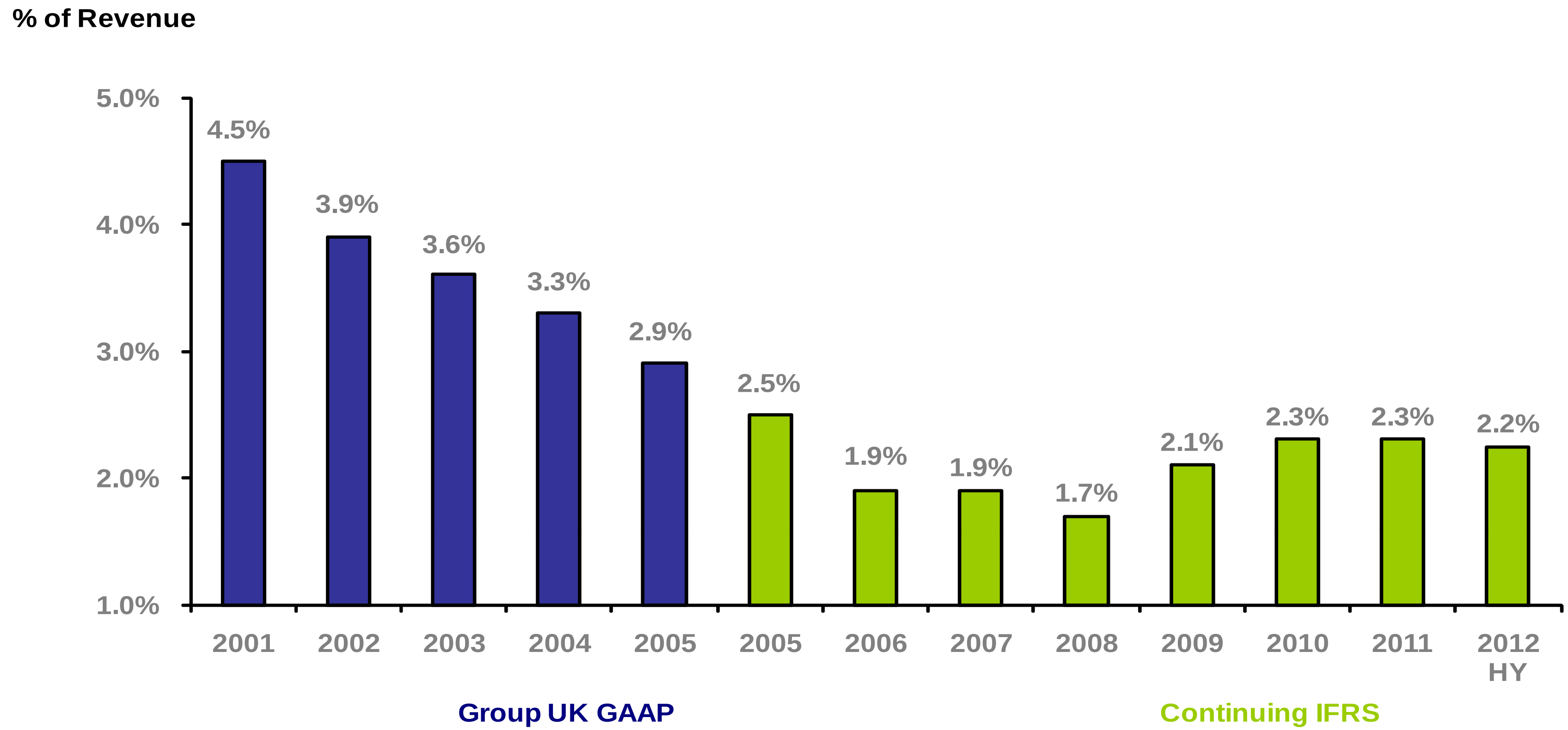
	2011	2010	2009	2008
Per share (pence)				
Dividend (interim plus final)	19.3p	17.5p	13.2p	12.0p
Underlying earnings [1]	39.0p	35.7p	30.0p	22.0p
Dividend earnings cover	**2.0x**	**2.0x**	**2.3x**	**1.8x**
Cash (£m)				
Cash cost of dividend (in the year)	360	258	229	209
Free cash flow	693	670	593	520
Dividend cash cover	**1.9x**	**2.6x**	**2.6x**	**2.5x**

Notes:
1. Underlying earnings excludes the impact of the UK re-organisation, gain on remeasurement of joint venture interest on acquisition of control, amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, hedge accounting ineffectiveness, the change in the fair value of investments and non-controlling interest put options and the tax attributable to these amounts.

Balance Sheet - Overview

	2012 HY £m	2011 HY £m	2011 FY £m
Non-current assets	1,592	1,328	1,494
Working capital	(427)	(446)	(495)
Provisions	(427)	(440)	(439)
Interest payable	(67)	(69)	(67)
Post employment benefit obligations	(319)	(199)	(292)
Current tax payable	(197)	(287)	(202)
Deferred tax	206	230	205
Net assets before goodwill	361	117	204
Goodwill	4,077	3,865	4,060
Net assets	**4,438**	**3,982**	**4,264**
Shareholders equity	3,522	3,306	3,495
Non-controlling interests	9	5	8
Net debt	907	671	761
Capital employed	**4,438**	**3,982**	**4,264**

Balance Sheet – Capital Expenditure % of Revenue



Notes:
1. For 2001 to 2005, total Group is shown on a UK GAAP basis.
2. For 2005 to 2012, the continuing business is shown on an IFRS basis.
3. All data is based on gross capital expenditure for both tangible and intangible assets, including assets acquired under finance leases.

Financing – Components of Net Debt

	£m
Bonds	1,084
Private placements	837
Bank loans	50
	1,971
Finance leases	32
Other loans	28
Derivatives and Fair value accounting adjustments	(32)
Gross debt	**1,999**
Cash net of overdrafts	(1,092)
Closing net debt at 31 March 2012	**907**

Notes:
1. Based on nominal value of borrowings as at 31 March 2012, except the £250m 7% bond maturing in 2014 which is recorded at its fair value to the Group on acquisition, less amortisation.

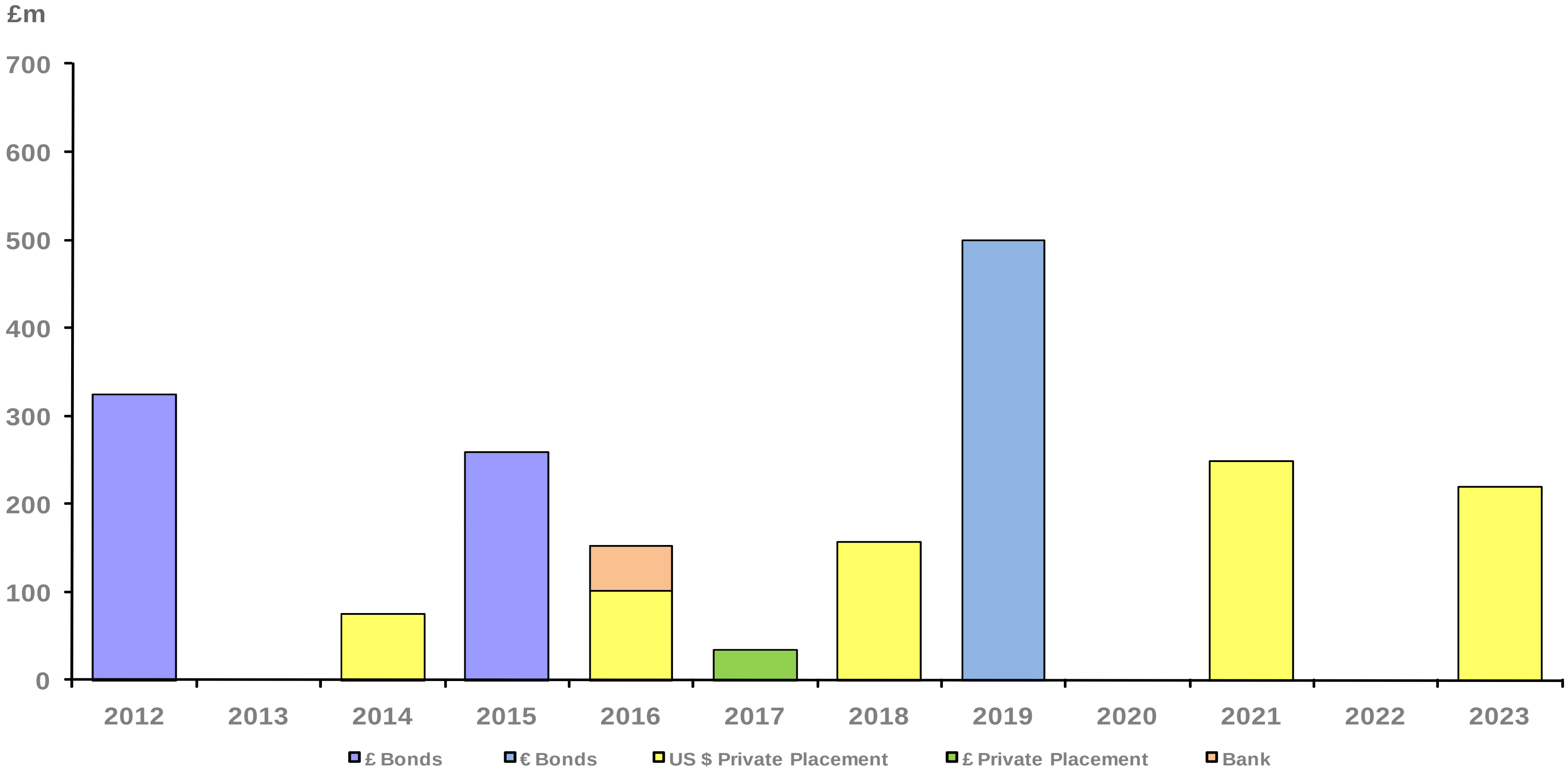
Financing – Principal Borrowings

COMPASS GROUP

	Coupon	Maturing in Calendar Year	£m
Bonds			
£250m [4]	7.00%	2014	259
£325m	6.38%	2012	325
€600m	3.13%	2019	500
Total			**1,084**
US private placements			
$15m (2003 Notes)	5.67%	2013	9
$267m (2008 Notes)	6.45% - 6.72%	2013 - 2015	167
£35m (2008 Notes)	7.55%	2016	35
$1000m (2011 Notes)	3.31% - 4.12%	2018 - 2023	626
Total			**837**
Bank loans			
£700m syndicated facility	Libor + 45bps	2016 [7]	-
£50m (bilateral)	Libor + 45bps	2016	50
Total			**50**

Notes:
1. Based on nominal value of borrowings as at 31 March 2012.
2. Interest rates shown are those in force on the date the debt was issued.
3. The Group uses interest rate swaps to manage its effective interest rate.
4. The £250m 7% bond maturing in 2014 is recorded at its fair value to the Group on acquisition, less amortisation.
5. No other adjustments have been made for hedging instruments, fees or discounts.
6. All bonds, private placements and bank loans are held at the Compass Group PLC level.
7. The facility maturity date has subsequently been extended to May 2017.

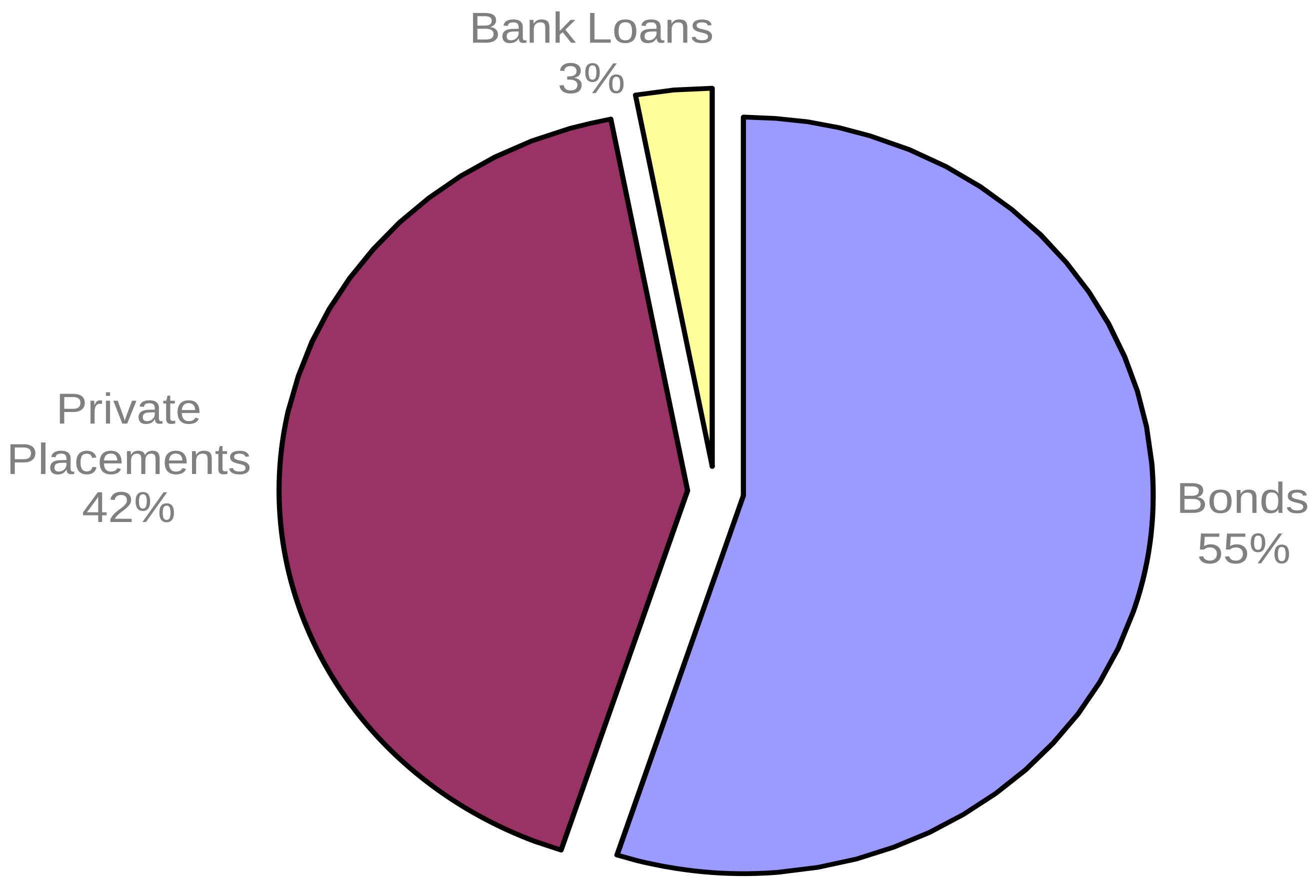
Financing – Maturity Profile of Principal Borrowings



Notes:

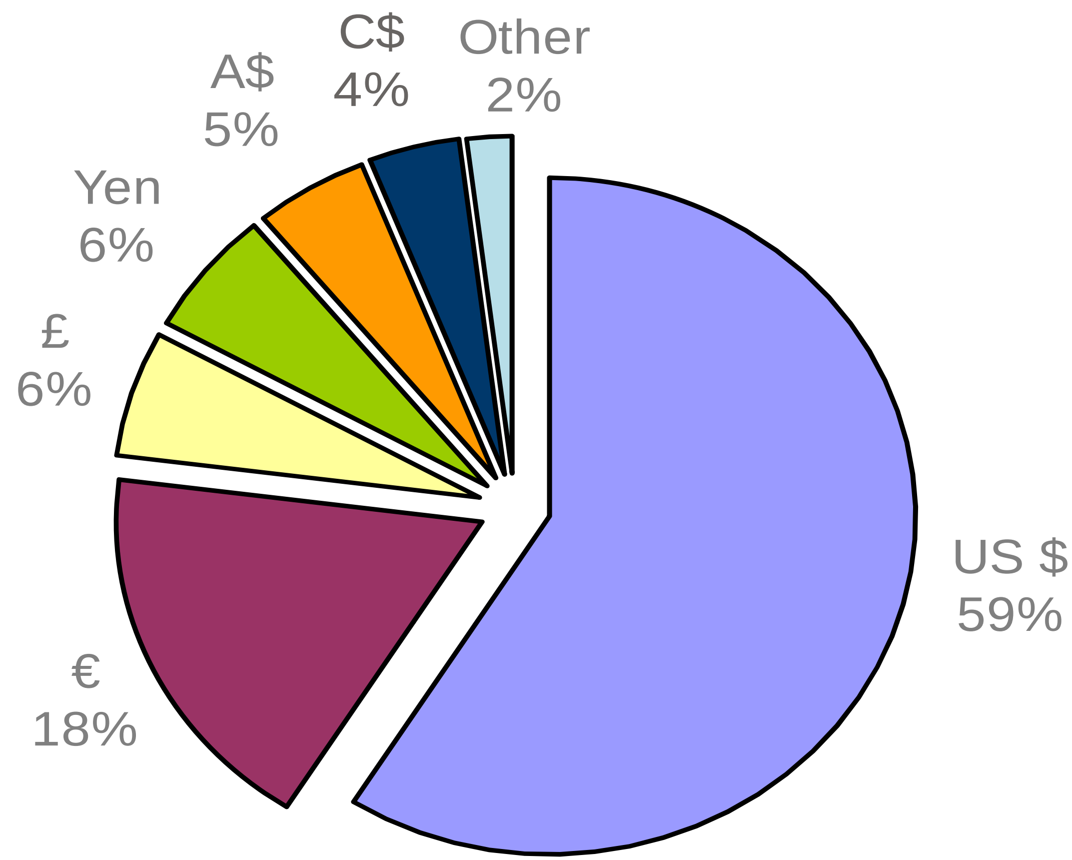
1. Based on borrowings and facilities in place as at 31 March 2012, maturing in the financial years ending 30 September.
2. The average life of the Group's principal borrowings as at 31 March 2012 was 5.5 years (2011: 2.2 years).

Financing – Sources of Committed Borrowings



Notes:
1. Based on borrowings as at 31 March 2012.

Financing – Effective Currency of Net Borrowings



Notes:

1. Based on net borrowings as at 31 March 2012.
2. In line with the Group's treasury policy, the Group hedges its economic exposure to its non-sterling cash flows by matching the currencies of its centrally held net debt to the currencies of its principal projected net cash flows. However, debt in any one currency may not exceed the level of net assets in that currency. As currency cash flows are generated, they are used to service and repay debt in the same currency.
3. In line with the Group's treasury policy, the Group fixes the interest rate on its forecast borrowings in the proportion of 80%, 60% and 40% for each of the first, second and third years forward respectively.
4. Excludes derivative financial instruments and currencies in which there are no net borrowings.

Financing – Debt Ratios and Credit Ratings

Ratings

		Outlook	*Confirmed*
Standard & Poors	A-	Positive	06-Mar-12
Moodys	Baa1	Stable	24-Nov-11
Fitch (unsolicited)	BBB+	Stable	29-Jul-11

Ratios	**2012**	**2011**
Net debt [1] / EBITDA [2]	0.8x	0.6x
EBITDA [2] / net interest [3]	17.2x	17.6x
Net debt [1] / adjusted total capitalisation [4]	18%	13%

Notes:
1. Net debt is adjusted where necessary for covenant definitions.
2. EBITDA includes share of profit of associates and profit from discontinued business but excludes exceptional profit and is adjusted where necessary for covenant definitions.
3. Net interest excludes the element of finance charges resulting from hedge accounting ineffectiveness and the change in fair value of investments and non-controlling interest put options.
4. Adjusted total capitalisation includes shareholders funds, goodwill written off and net debt.

Exchange Rates – Rates Used in Consolidation

	Income Statement [2]		Balance Sheet [3]	
	2012 per £	2011 per £	2012 per £	2011 per £
Australian Dollar	1.53	1.59	1.54	1.55
Brazilian Real	2.83	2.66	2.91	2.61
Canadian Dollar	1.59	1.59	1.60	1.56
Euro	**1.18**	**1.16**	**1.20**	**1.13**
Japanese Yen	124.10	130.74	131.49	132.85
Norwegian Krone	9.09	9.23	9.11	8.87
South African Rand	12.43	11.02	12.26	10.84
Swedish Krona	10.61	10.50	10.60	10.11
Swiss Franc	1.43	1.52	1.44	1.47
UAE Dirhams	5.81	5.84	5.87	5.89
US Dollar	**1.58**	**1.59**	**1.60**	**1.60**

Notes:
1. Rounded to two decimal places.
2. Income statement uses average monthly closing rates for the six months to 31 March.
3. Balance sheet uses the closing rates as at 31 March.

Exchange Rates – Effect on 2011 Revenue & Profit

US Dollar			Euro			Japanese Yen		
£m incremental change for an incremental 5 cent movement			£m incremental change for an incremental 5 cent movement			£m incremental change for an incremental 10 yen movement		
Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change
1.86	(148)	(12.2)	1.40	(87)	(5.7)	179.63	(30)	(1.5)
1.81	(157)	(12.9)	1.35	(94)	(6.3)	169.63	(33)	(1.7)
1.76	(166)	(13.6)	1.30	(101)	(6.8)	159.63	(38)	(1.9)
1.71	(176)	(14.4)	1.25	(110)	(7.4)	149.63	(43)	(2.2)
1.66	(187)	(15.3)	1.20	(119)	(8.0)	139.63	(50)	(2.6)
1.61	-	-	1.15	-	-	129.63	-	-
1.56	199	16.3	1.10	130	8.7	119.63	58	3.0
1.51	212	17.4	1.05	142	9.6	109.63	69	3.5
1.46	227	18.6	1.00	157	10.5	99.63	82	4.2
1.41	243	19.9	0.95	173	11.6	89.63	101	5.2

Notes:
1. Incremental revenue and operating profit change arising by restating the 2011 full year revenue and operating profit of the relevant currency for the incremental changes in exchange rates shown.

Taxation – Statutory Tax Rates

Key statutory tax rates within the Group [1]	2012
UK	25% [3]
USA (blended average of federal and state taxes)	40%
France	36%
Germany	30% [4]
Netherlands	25%
Italy	28%
Nordic	27%
Brazil	34%
Canada	27%
Japan	41%
Spain	30%
Australia	30%
Blended statutory tax rate [2]	**33%**

Notes:
1. Statutory tax rates are shown before recognising the benefit of tax planning structures in place.
2. The Group's blended statutory tax rate is a function of territorial profit before tax and the rate of tax chargeable on corporate profits shown above plus any other taxes on profits levied in the jurisdictions in which the Group operates.
3. The statutory rate of corporation tax in the UK has been reduced from 26% to 24% from 1 April 2012.
4. The statutory rate of corporate income tax in Germany is 15%. The national effective tax rate of 30% includes other taxes, principally Trade Tax.

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