



27 March 2012

Compass Group PLC
Trading Update

This statement updates investors on the Group's progress in the current year, ahead of the announcement on 16 May 2012 of its results for the half year to 31 March 2012.

Group

Compass has had a good first half of the year. The positive performance in the first quarter has continued into the second quarter and our expectations for the full year remain unchanged. Total revenue growth is expected to be around 8.5% in the first half of the year and organic growth is set to increase by nearly 5%, driven by further good performances in North America and Fast Growing & Emerging Markets. We have continued to see good levels of new business wins and a consistently high level of retention across the Group. Overall, like for like revenue growth is positive, although it is below the levels of the first half of last year, as challenging economic conditions continue to impact like for like volume in the UK and parts of Europe.

Through the ongoing application of MAP, we are continuing to generate cost efficiencies across the business. These efficiencies are, in part, being reinvested in exciting growth opportunities around the world, helping us to manage the effects of difficult economic conditions in some of our markets, and underpin our expectations of future improvement in the operating margin. Overall, the operating profit margin for the first half is expected to be at the same level as the first half of last year. We continue to see good levels of free cash flow conversion.

North America

Positive trading momentum in North America has continued with strong organic revenue growth across all sectors. Retention rates remain high and we continue to see some positive like for like revenue growth. Good levels of organic revenue growth have been delivered in Business & Industry and Education and, in the second quarter, our Sports & Leisure business has benefited from the 'catch up' games played following the NBA strike. In Healthcare, we have seen strong organic revenue growth, driven in part by the accelerated start-up of the multi-service Ascension contract, which will be one of our largest contracts in North America. During the second quarter, we have agreed to divest of our Corrections prison business, subject to the satisfaction of certain conditions, in line with our strategy of focusing on our core growth sectors. The revenue of the Corrections business in the year to 30 September 2011 was \$319 million (c.£198 million). Overall, we expect organic revenue growth to be around 7% and the underlying operating profit margin to be 20 basis points ahead of the same period last year. Including the impact of the mobilisation of the Ascension contract, the reported operating profit margin is expected to increase by 10 basis points.

Europe & Japan

The performance across Europe has been mixed. We have seen encouraging new business wins, in particular in France, Spain and the Nordics. Challenging economic conditions continue to affect like for like volume, most notably in the UK and parts of southern Europe. For Europe as a whole, like for like volume remains below the levels of the first half of last year. The Japanese market has continued to improve since the earthquake of 12 months ago; however, first half profitability will still be below the same period last year. Overall, we expect organic revenue growth for the first half to be slightly negative and, due to the difficult climate in some economies, we expect a 20 basis points decline in the operating profit margin versus the same period last year.

Fast Growing & Emerging Markets

Organic revenue growth in the first half has been strong, driven by good levels of new business wins and good like for like revenue growth. The energy and extraction sector continues to deliver strong organic revenue growth in Australia and our businesses in Latin America, Russia, India, China and Turkey are continuing to grow at double digit rates. Including the contribution from acquisitions, we expect revenue growth of 19% for the first half, with organic revenue growth of over 12%. We continue to invest in the many growth opportunities we see in these regions and the operating profit margin is expected to be in line with the same period last year.

Acquisitions

In the first half of the year, we have committed around £160 million to infill acquisitions. Since the release of the Interim Management Statement on 2 February 2012, we have announced the acquisition of NKS in Japan, a leading provider of catering to the healthcare and senior living sectors, and we have completed the acquisitions of Supercare in South Africa and DORA Gastro in Czech Republic, which were announced in November and December 2011 respectively.

Financial position

There has been no material change in the Group's financial position since we released the Interim Management Statement on 2 February 2012.

Share buyback

During the Group's close period between 1 April 2012 and 16 May 2012, the Company intends to continue its existing share buyback programme, as announced on 23 November 2011. The repurchases made during that period will be managed by an independent third party.

Summary and outlook

Compass has had a positive start to the year. 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 our strong cashflow in the business at the same time as helping us to manage the ongoing challenge of tough economic conditions in some markets.

As we look out to the second half, whilst the current economic uncertainty is likely to continue to put pressure on like for like volume in some regions, we remain positive about the opportunities to grow the business and we are encouraged by the pipeline of new business. We are well placed to capitalise on the significant structural growth opportunities in both food and support services around the world and we are increasingly expanding our presence in fast growing and emerging markets, which remain a focus for future growth.

Note to Editors:

- (a) Compass Group PLC is a world leading food and support services company, which generated annual revenues of £15.8 billion in the year to 30 September 2011. It operates in around 50 countries, employs over 470,000 people and serves over 4 billion meals every year. The Company specialises in providing food and a range of support services across the core sectors of Business & Industry, Defence, Offshore & Remote Site, Healthcare, Education, Sports & Leisure and Vending with an established brand portfolio.
- (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) Forward looking statements

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the foodservice and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

- (e) 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 presentations given to institutional investors and analysts are also available at this site.

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