



26 March 2013

Compass Group PLC **Trading Update**

This statement updates investors on the Group's progress in the current year, ahead of the announcement on 15 May 2013 of its results for the half year to 31 March 2013.

Group

Compass has had a good first half of the year and our expectations for the full year remain positive and unchanged. Organic revenue growth for the first half is expected to be towards 5% on a comparable working days basis, excluding the negative impact of the timing of Easter (which accounts for around 0.7%), which will reverse out in the second half. We expect to deliver an increase in the operating profit margin of around 15 basis points. Underlying trading has shown similar trends in both the first and second quarters. North America has delivered another excellent performance and we have continued to achieve strong growth in Fast Growing & Emerging. Whilst the economic backdrop remains challenging in Europe & Japan, our operational improvement and cost reduction plan is on track and we are making good progress.

Organic revenue in the first half has been driven by good levels of new business wins and high rates of retention for the Group overall. Contributions from acquisitions are expected to be largely offset by the impact of the disposal of the US Corrections business in March 2012. Free cash flow conversion is expected to remain strong.

We have maintained our focus on driving efficiencies across the business through our performance management framework, MAP. These efficiencies are in part helping to offset the difficult trading conditions in Europe, as well as supporting the many exciting growth opportunities we see. They also underpin our expectation of an increase in the operating profit margin compared to the same period last year.

North America

Trading in North America has continued to be positive through the period, with good organic revenue growth in all sectors. New business wins remain strong, retention rates are high and like for like revenue growth is positive. On a comparable working days basis, excluding the negative impact of the timing of Easter (which accounts for approximately 0.5%), we anticipate organic revenue growth to be around 8.5% in the first half. Within that, the Ascension Health contract is expected to contribute nearly 2.0% to North America and just less than 1.0% to Group revenue. The operating profit margin is expected to make further steady progress, increasing by around 10 basis points compared to the same period last year.

Europe & Japan

Economic conditions across Europe & Japan remain difficult. As expected, we have continued to see like for like revenue declines in the first half and we have exited certain contracts that have become uneconomic. On a comparable working days basis, excluding the negative impact of the timing of Easter (which accounts for approximately 1%), we expect organic revenue to decline by around 2.5% in the first half. Despite the very challenging conditions, the cost reduction plans announced in September 2012 are progressing well and the operating profit margin is expected to increase by over 20 basis points compared to the same period last year.

Fast Growing & Emerging

Organic revenue growth in Fast Growing & Emerging has remained strong throughout the first half, driven by both new business and robust like for like revenue. The oil & gas industry in Australia continues to deliver excellent organic revenue growth and our businesses in Brazil and Turkey are growing strongly. Russia, India and China, although still relatively small in terms of Group revenue, all continue to expand rapidly. On a comparable working days basis, excluding the negative impact of the timing of Easter (which accounts for approximately 0.5%), we expect organic revenue growth of over 10% for the first half. We have also made further good progress on driving operating efficiencies, which in the first half of the year have been largely reinvested in the many exciting growth opportunities we see. Overall in the first half, we expect the operating profit margin to be in line with the same period last year.

Financial Position

Since 30 September 2012, we have committed around £80 million to infill acquisitions. These include Crown Camps, an experienced food service operator in the oil and gas sector in Colombia, and Nova Services Group, a Toronto-based company that provides food and support services to the Business & Industry and Healthcare sectors. In the US, we have acquired two support services companies, CREST Services Inc. and Mayflower Healthcare Textile Services, LLC, to expand our range of services and geographic presence in the Healthcare sector.

The Group announced a £400 million share buyback at its full year results in November 2012, which commenced on 7 January 2013. As at 25 March 2013, 11,765,000 shares have been purchased for cancellation for £93 million, and the programme remains on track to complete within the 2013 calendar year.

During the Group's close period between 1 April 2013 and 15 May 2013, the Company intends to continue its existing share buyback programme. The repurchases made during the period will be managed by an independent third party.

Summary & Outlook

Compass has had a good start to the year and our expectations for the full year remain positive and unchanged. North America and Fast Growing & Emerging are continuing to perform well and we are making good operational progress in Europe & Japan. Furthermore, we remain positive about the significant structural growth opportunities in both food and support services globally and the potential for further revenue and margin growth.

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Note to Editors

- (a) Compass Group PLC is a world leading food and support services company, which generated annual revenues of £16.9 billion in the year to 30 September 2012. It operates in around 50 countries, employs over 500,000 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, Healthcare & Seniors, 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).
- (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.

A copy of this release, together with all other recent announcements and presentations can be found on Compass Group's website at www.compass-group.com.