



30 March 2015

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

This statement updates investors on the Group's progress in the current year, ahead of the announcement on 13 May 2015 of its results for the half year to 31 March 2015.

### **Group**

Compass is having a strong first half of the year, with expected organic revenue growth towards 5.5% and operating profit margin improvement of around 10 basis points. We are seeing good levels of new business, high retention rates, and modest like for like revenue growth.

### **North America**

North America is having a strong first half, with organic revenue growth expected to be around 8%. New business wins have been good, retention levels remained unusually high and there has been some improvement in like for like revenues.

We continue to generate good levels of efficiencies which we have partly reinvested to drive and support this above average growth. For the half year, we expect operating margins to improve by around 5 basis points.

### **Europe & Japan**

Europe & Japan has returned to growth, despite a mixed economic backdrop across the region. This performance reflects our increased focus on organic growth and the investments we have made in our sales and retention teams. For the half year, organic revenue growth is expected to be around 0.5%, reflecting improving levels of new business wins and retention rates, and recovering - but still negative - like for like volumes. As a result of our continued focus on efficiencies we expect an operating margin improvement of around 10 basis points.

### **Fast Growing & Emerging**

In the Fast Growing & Emerging region, strong levels of new business wins in emerging markets are expected to deliver around 14% organic revenue growth which is helping offset the expected decline in the Australian offshore and remote sector. As a result, we anticipate organic revenue growth for the region overall to be towards 8%.

We have made good progress in driving operating efficiencies and are reinvesting as appropriate to support growth. However, due to the weakness in like for like volumes in some emerging markets and pressures in our offshore and remote business, we expect the operating margin to decline by around 10 basis points.

### **Currency**

Trading results from our overseas operations are translated at the average exchange rates for the period. Sterling weakened against the US dollar; however, it continued to strengthen against many of the Group's other key currencies, including the Euro, Australian and

Canadian dollars, Yen and Brazilian real. Taken together, these currency movements, compared to the same six month period last year, are expected to have a positive translation impact on half year revenue and profit of £35 million and £5 million respectively. If current spot rates continue for the remainder of the year, foreign exchange translation would benefit full year revenues by £323 million and profits by £31 million.

### **Close Period Share Buyback Programme**

The Company intends to continue its existing share buyback programme during its close period between 1 April 2015 and 13 May 2015. The repurchases made during the period will be managed by an independent third party<sup>(b)</sup>.

### **Summary and Outlook**

Compass is having a strong first half and our expectations for the full year remain positive. However, the economic environment in some of our emerging markets is uncertain, and lower commodity prices are impacting our offshore and remote business. Nevertheless, our pipeline of new contracts is encouraging, and our continued focus on organic growth and efficiencies gives us confidence in achieving another year of delivery. In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue and margin growth.

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## Note to Editors

- a) Compass Group PLC is one of the world's leading foodservice and support services companies which generated annual revenues of £17 billion in the year to 30 September 2014. It operates in over 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, Healthcare & Seniors, Education, Defence, Offshore & Remote, Sports & Leisure and Vending with an established brand portfolio.
- b) During its close period from 1 April 2015 up to the date of announcement of its half year results on 13 May 2015, the Company intends to continue its existing share buyback programme. The Company has put in place an irrevocable buyback programme managed by an independent third party which makes its trading decisions in relation to the Company's securities independently of, and uninfluenced by, the Company for this close period. Any repurchases carried out during this close period shall be within certain pre-agreed parameters and in accordance with the Company's general authority to repurchase shares, the Listing Rules and other applicable law. The maximum number of shares which can be acquired during this close period is 9.45 million shares. The shares to be purchased on behalf of the Company will be cancelled.
- c) 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

- d) 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).
- e) 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 Conduct 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.

- f) 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](http://www.compass-group.com).