



2016 FULL YEAR RESULTS

Tuesday 22 November 2016



Richard Cousins

Chief Executive

Disclaimer



Certain information included in the following presentation 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 presentation are based upon information known to the Company on the date of this presentation. 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 presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Today's agenda



- | | |
|--------------------|---------------------------|
| 1. Richard Cousins | Welcome & highlights |
| 2. Johnny Thomson | Full year results |
| 3. Richard Cousins | Growth strategy & outlook |
| 4. Q&A | |

Highlights

✓ Organic revenue	↑	5.0%
✓ Operating profit (constant currency)	↑	5.6%
✓ Operating profit margin	=	7.2%
✓ Free cash flow	↑	25.8%
✓ EPS (constant currency) 61.1p	↑	7.8%
✓ Full year dividend 31.7p	↑	7.8%



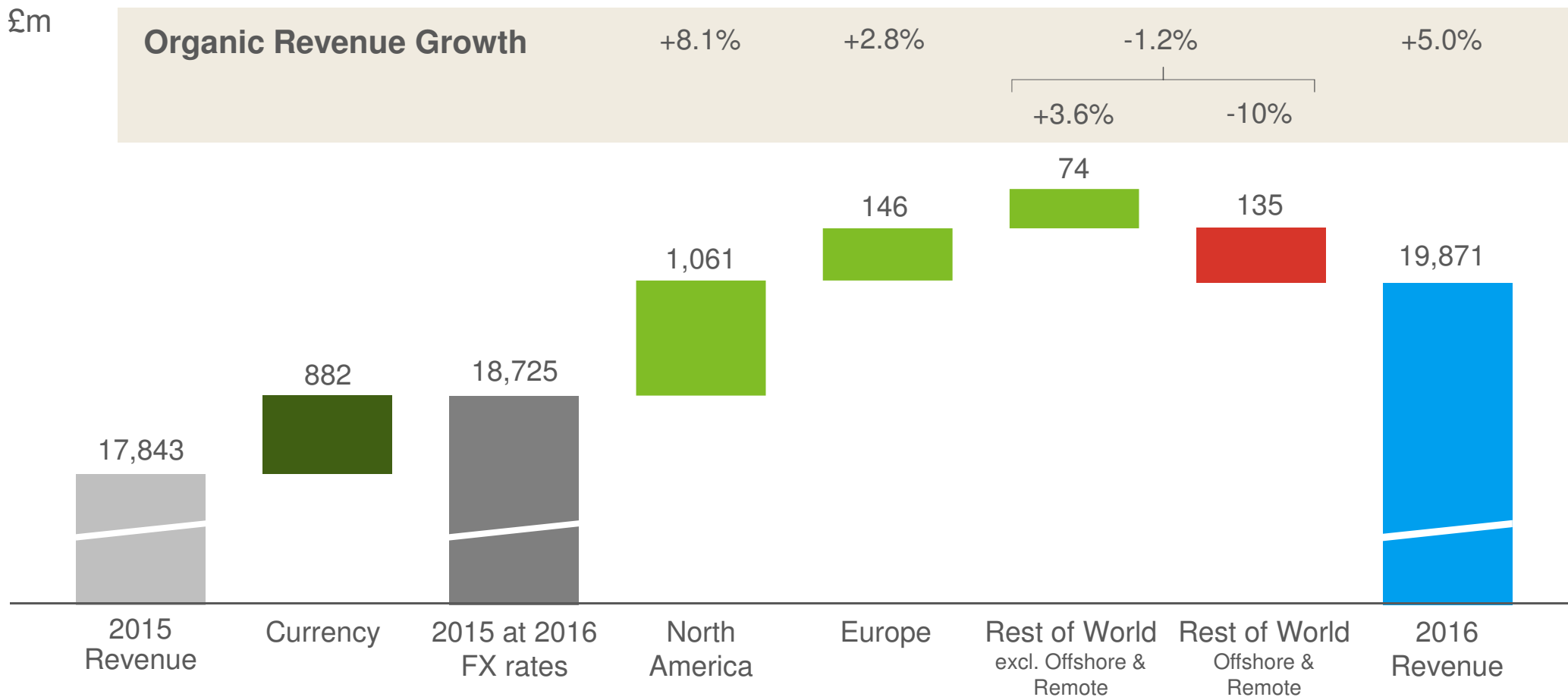
Johnny Thomson

Group Finance Director

Revenue

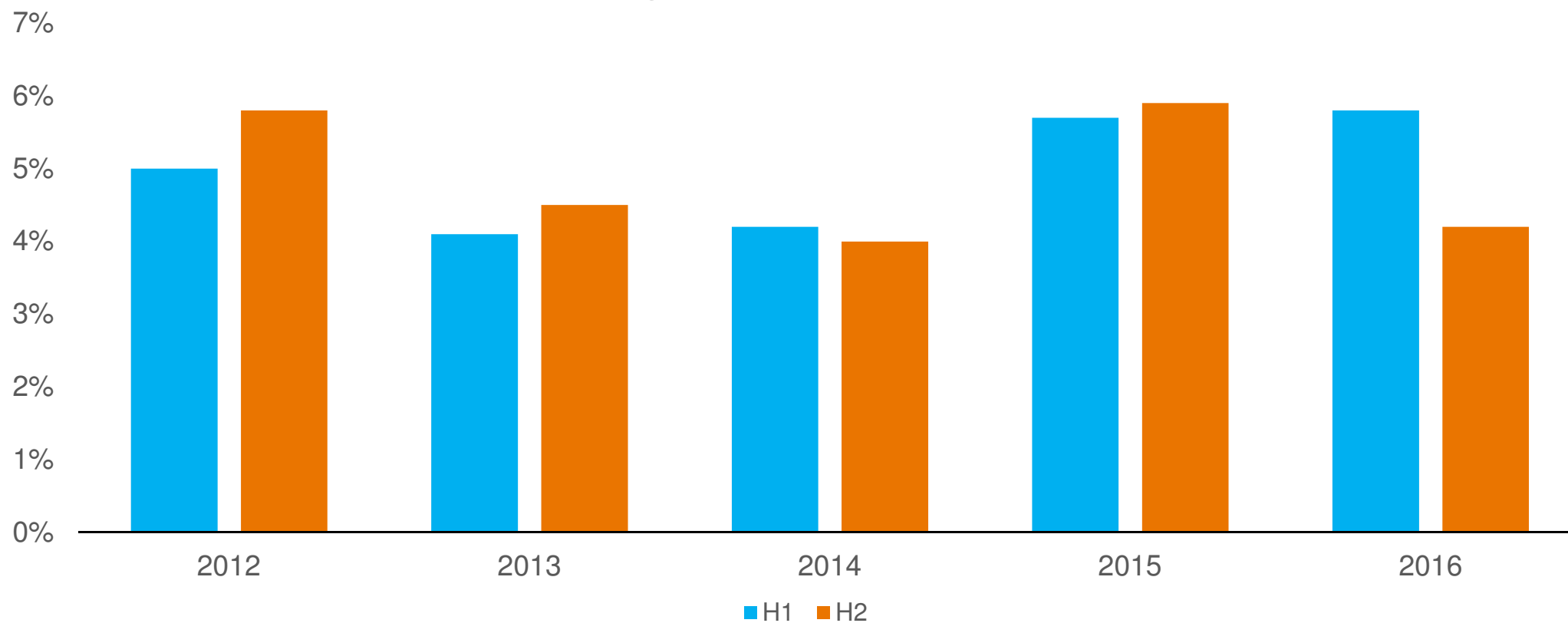


£m



Notes
Based on underlying performance at reported exchange rates unless indicated otherwise, see definitions on page 57/58.

Organic Revenue Growth

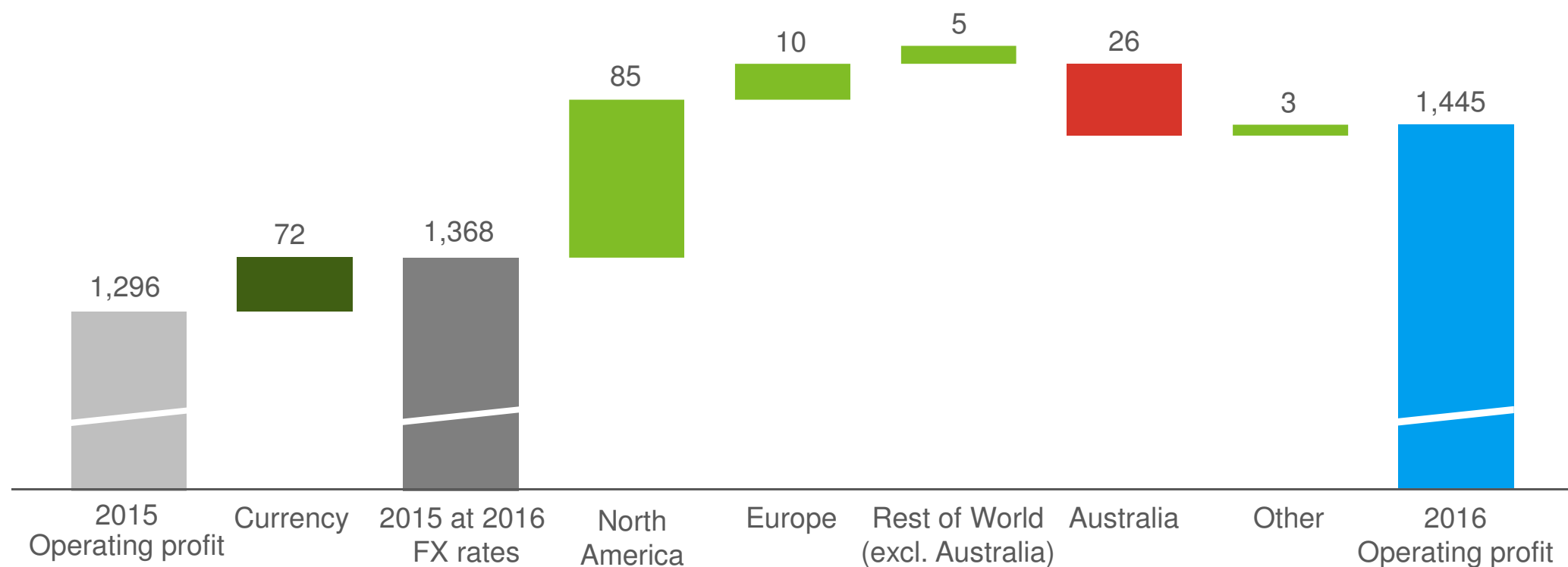


Operating profit



£m

Constant currency operating profit growth of 5.6%



Notes

Based on underlying performance at reported exchange rates unless indicated otherwise, see definitions on page 57/58.

Operating profit margin



	2016	2015
North America	8.1%	8.1%
Europe	7.2%	7.2%
Rest of World	6.8%	7.3%
Group	7.2%	7.2%

Notes

Based on underlying performance at reported exchange rates unless indicated otherwise, see definitions on page 57/58.

Currency impact on operating profit



£m	Impact on 2015 Profit	Impact on 2016 Profit
USD	64	124
EUR	9	21
CAD	1	7
AUD	2	12
BRL	(4)	8
YEN	6	8
Other	(6)	14
Total currency impact	72	194

Income statement



£m	2016	2015
Operating profit after restructuring	1,445	1,296
Net finance costs	(101)	(104)
Profit before tax	1,344	1,192
Tax	(330)	(292)
Profit after tax	1,014	900
Non-controlling interest	(10)	(8)
Attributable profit	1,004	892
Average number of shares (millions)	1,643	1,662
Basic earnings per share (pence)	61.1p	53.7p
Dividend per share (pence)	31.7p	29.4p

- 2016 effective interest of 3%
- 2017 net finance costs expected to be around £110m

- Tax rate 24.5% in line with FY 2015
- FY 2017 expected to be 25.5% as a result of changes in tax legislation

- Constant currency EPS growth 7.8%
- DPS up 7.8% in line with policy

Operating cash flow

£m	2016	2015
Operating profit	1,445	1,296
Depreciation and amortisation	395	340
Net capital expenditure	(549)	(476)
Net cash flow	1,291	1,160
<i>Net cash flow conversion</i>	<i>89%</i>	<i>90%</i>
Trade working capital	12	(17)
Provisions	(10)	(20)
Operating cash flow	1,293	1,195
<i>Operating cash flow conversion</i>	<i>89%</i>	<i>87%</i>

- 2016 gross capex 2.9% of revenues
- 2017 capex expected to be similar to this year

- Working capital better than expected
- 2017 working capital expected to be small outflow

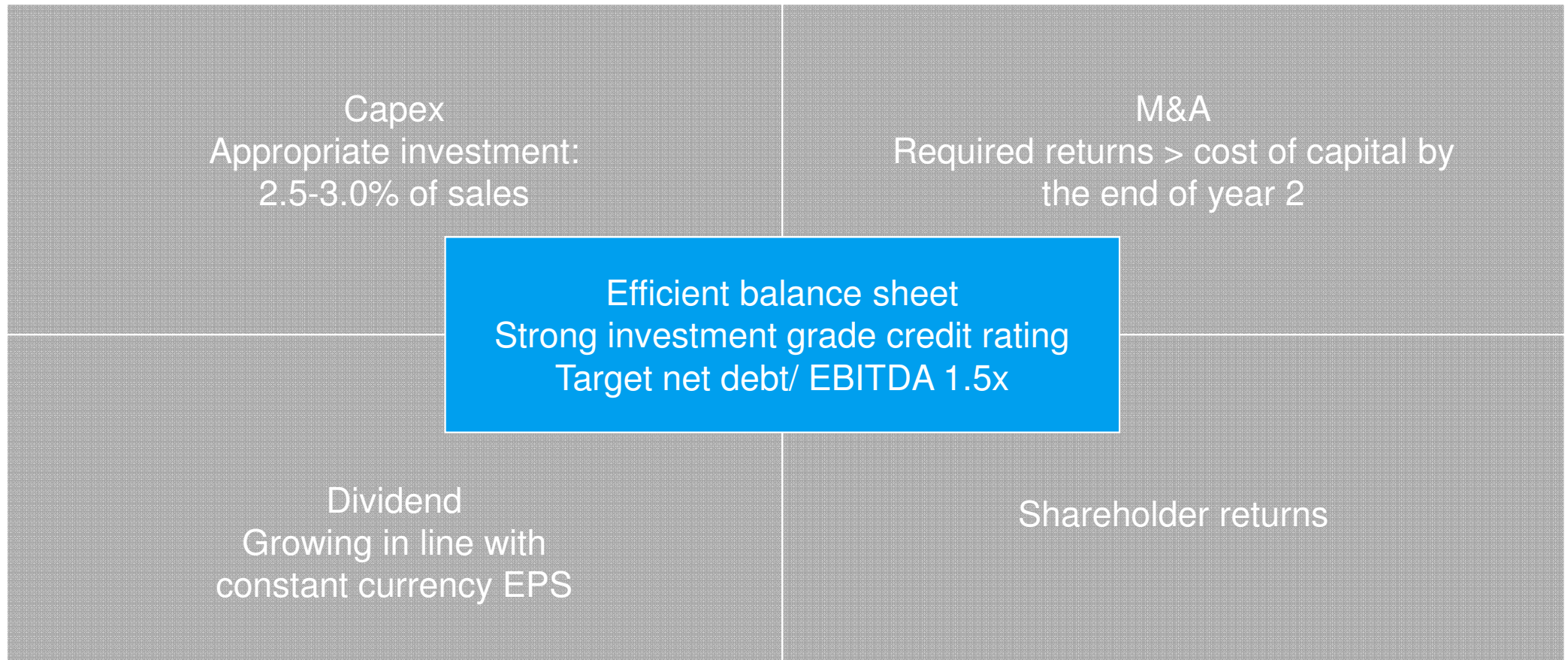
Free cash flow

£m	2016	2015
Operating cash flow	1,293	1,123
Post-employment benefits	(39)	(59)
Net interest	(94)	(93)
Net tax	(246)	(242)
Net other items	(6)	(7)
Free cash flow	908	722
<i>Free cash flow conversion</i>	<i>63%</i>	<i>56%</i>

- 2016 lower because 2015 included a £15m one-off payment in the US
- The triannual valuation in the UK is complete and the plan is in surplus
- 2017 expected to be around £20m

- 2016 cash tax rate 18%
- 2017 expected to be 20-23%

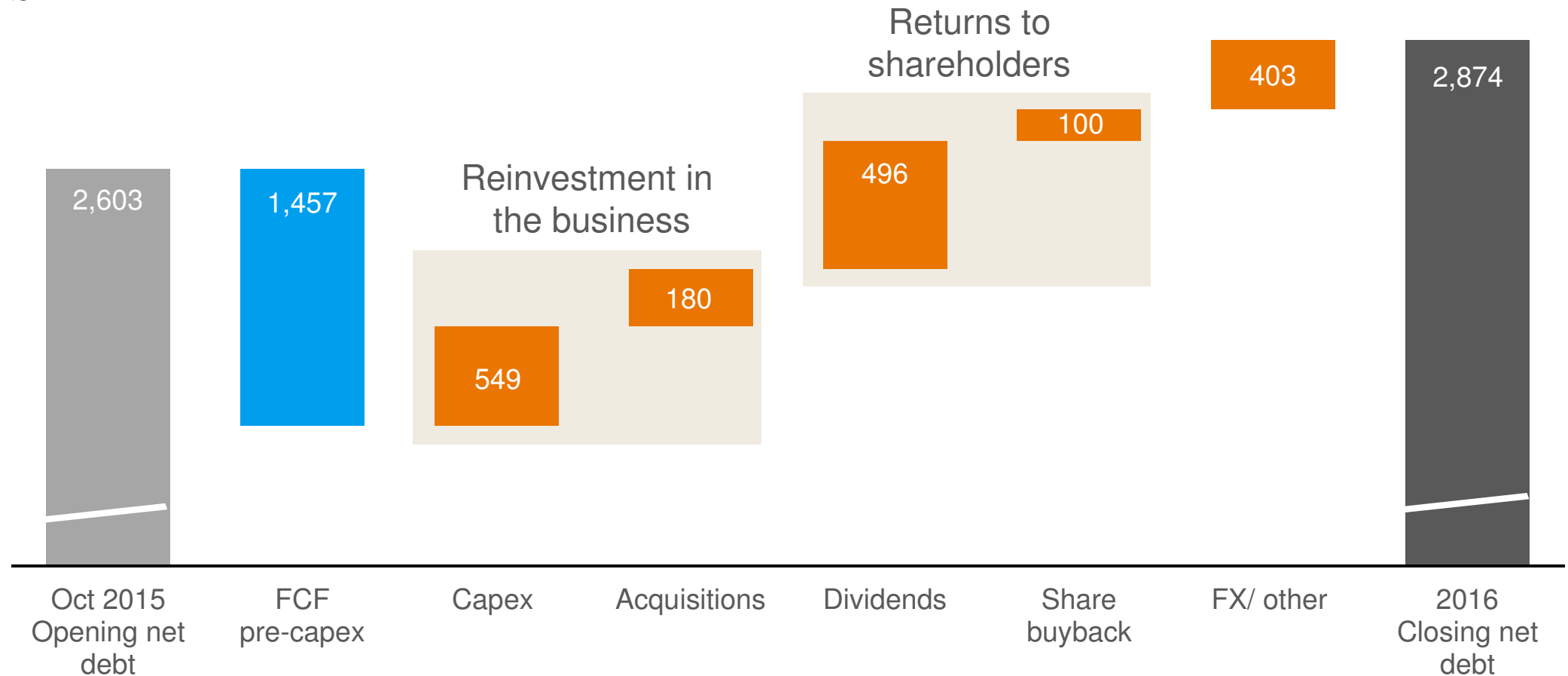
Ongoing priorities for uses of cash



Net debt



£m



2017 guidance for modelling purposes



Interest charge	c. £110m
P&L tax rate	c. 25.5%
Cash tax rate	20-23%
Gross capex	c. 3% of revenue
Working capital	small outflow
Post employment cash contribution	c. £20m
Net debt/EBITDA target	1.5x
Foreign exchange impact on 2016 EBIT (at current spot rates)	£194m

Financial summary



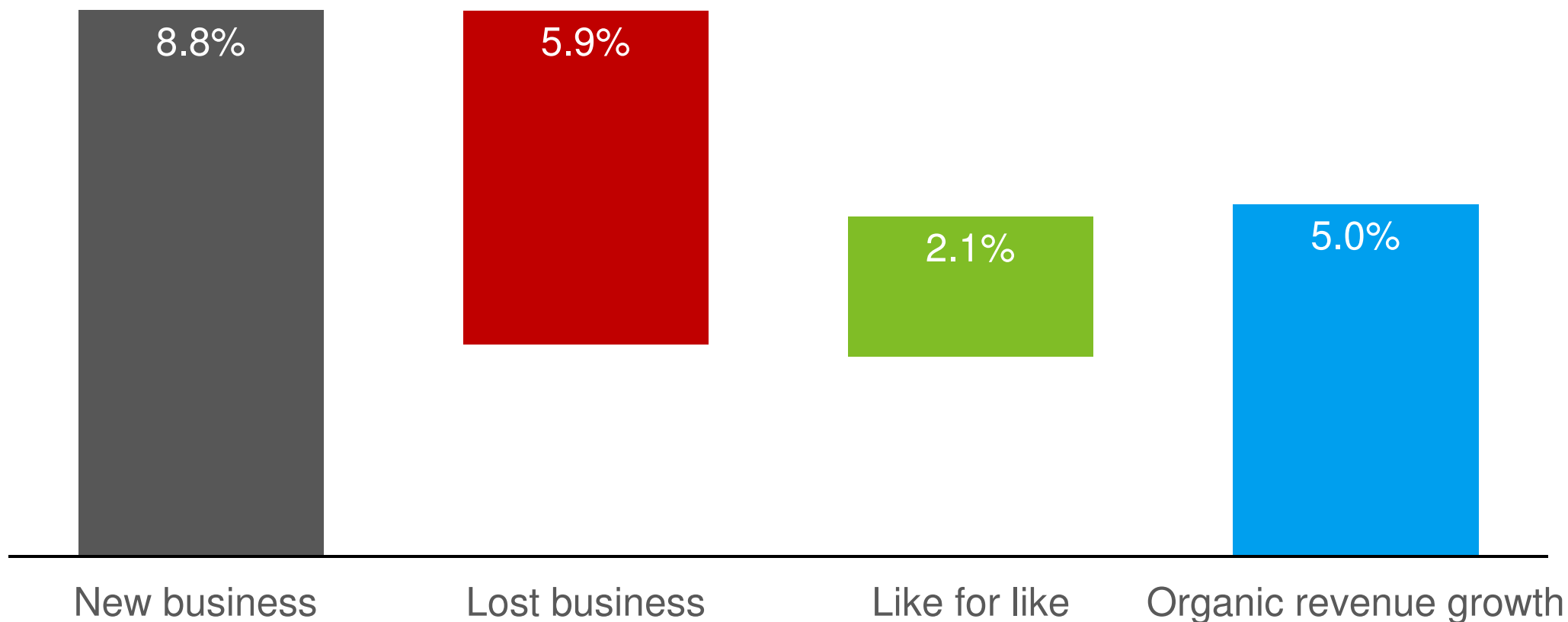
Organic revenue	+5.0%
Operating profit margin	7.2%
EPS (constant currency) 61.1p	+7.8%
Free cash flow	£908m
Ongoing share buyback	£100m
Full year dividend 31.7p	+7.8%



Richard Cousins

Chief Executive

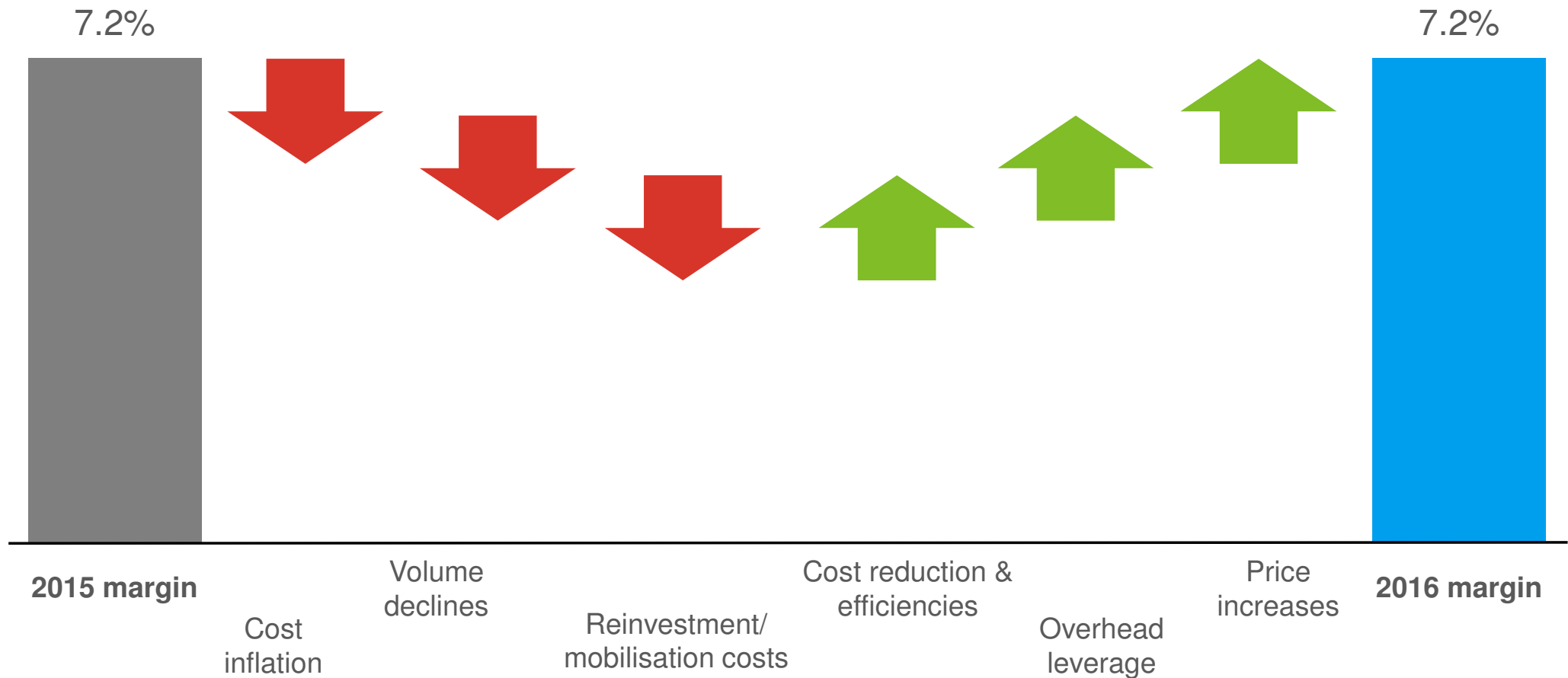
2016 organic revenue growth



Notes

Based on underlying performance at reported exchange rates unless indicated otherwise, see definitions on page 57/58.

2016 margin progression



North America: core growth engine

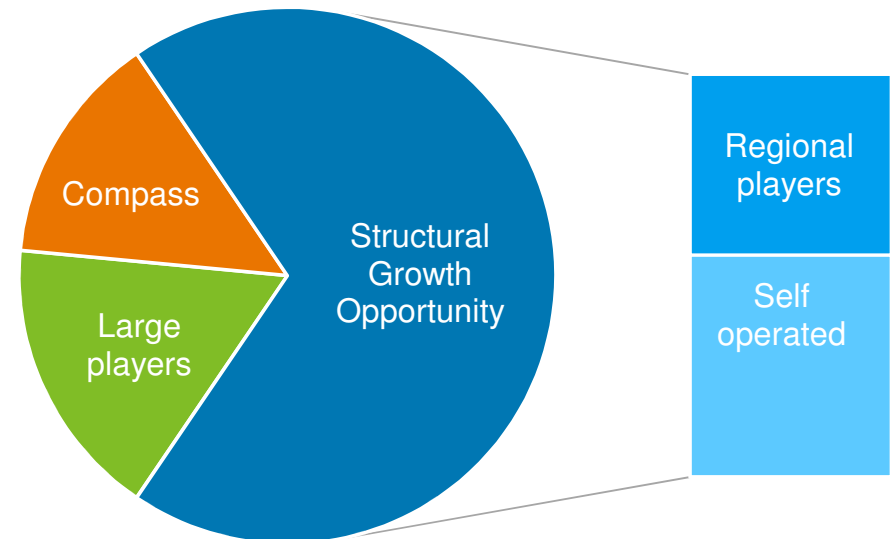
Organic revenue up 8.1%

- ✓ Strong growth across all sectors
- ✓ Excellent retention 96.3%
- ✓ Like for like volumes up around 1%

Margins flat

- ✓ High mobilisation costs given fast growth
- ✓ Weakness in oil & gas related business

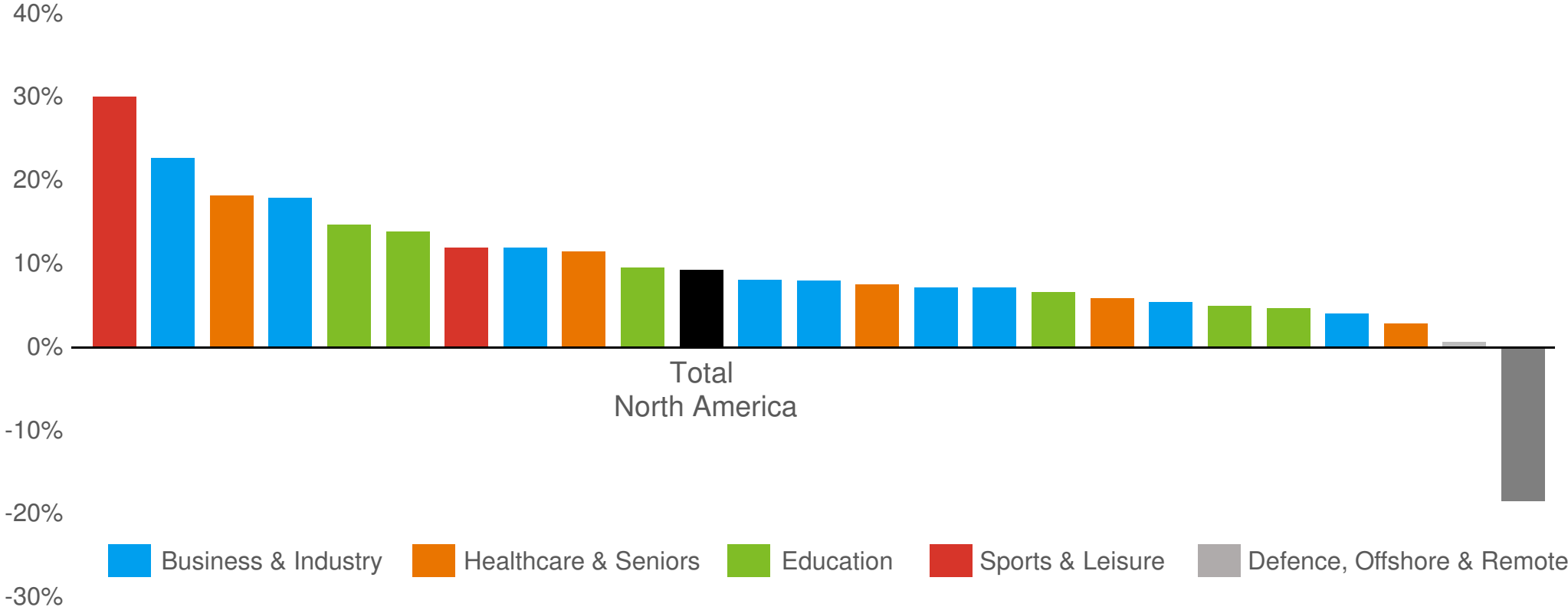
Food service market
c. \$84bn



North America: sub-sectorisation driving growth



North America Organic Revenue Growth 2016



Rest of World: a mixed picture

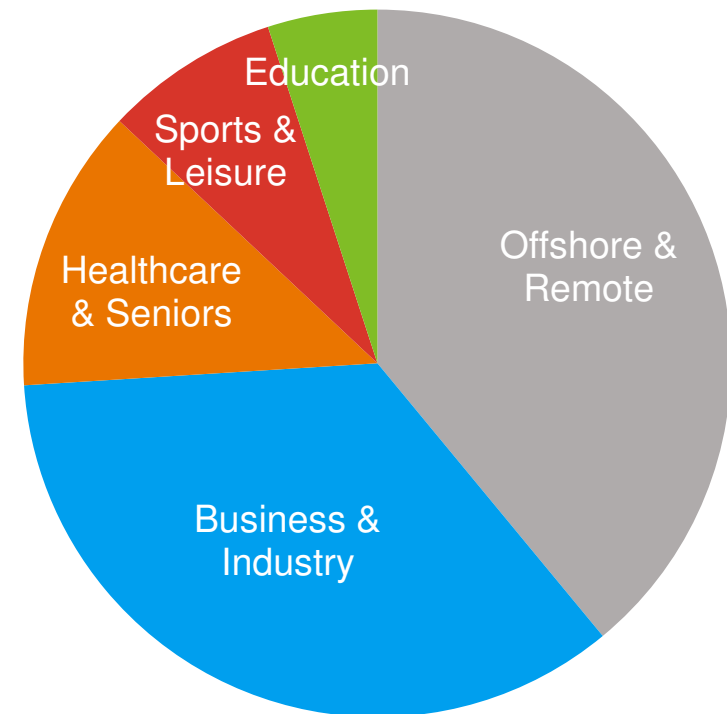
Organic revenue down 1.2%

- ✓ Revenue up 3.6%, excluding Offshore & Remote
- ✓ Weakness in commodity related business

Margins down 50bps

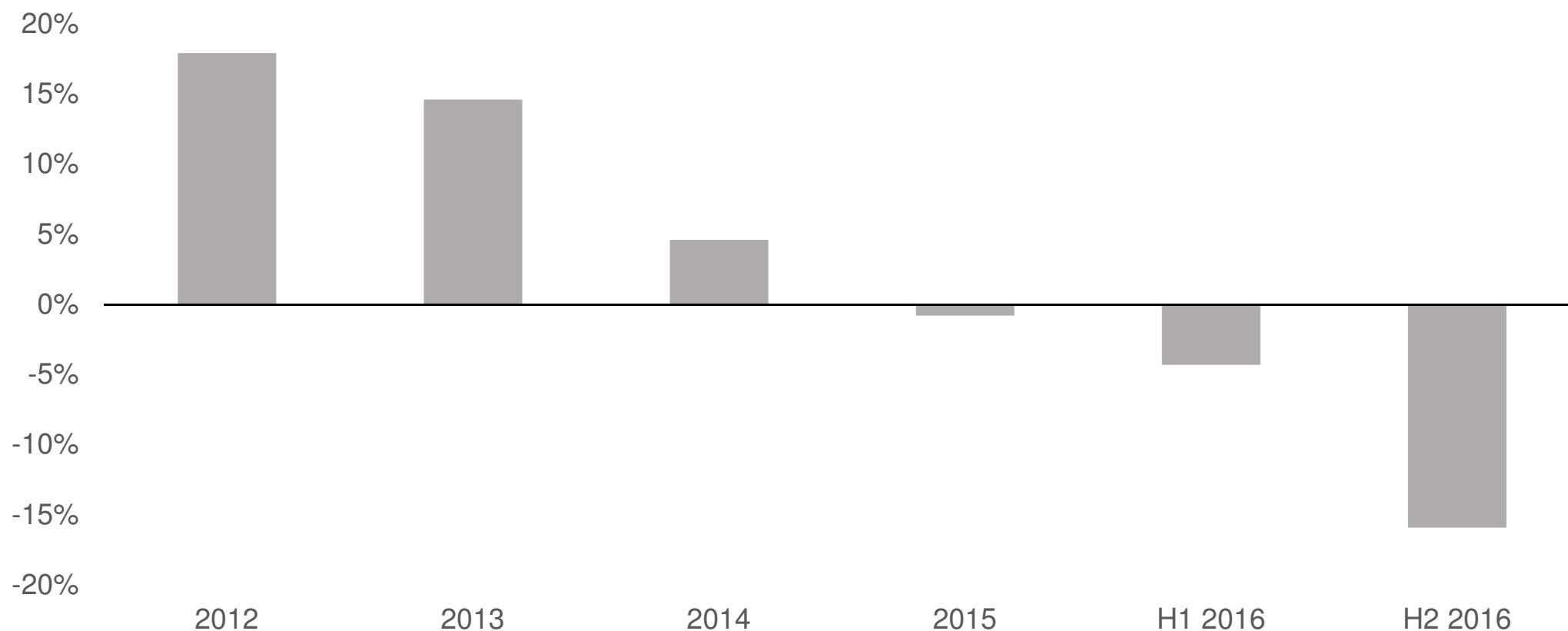
- ✓ Restructuring programme complete and offsetting volume and pricing pressures
- ✓ End of commodity related construction projects in Australia

Rest of World Revenue by Sector



Rest of World: commodities increasingly weak

Rest of World Offshore & Remote



Europe: another good year

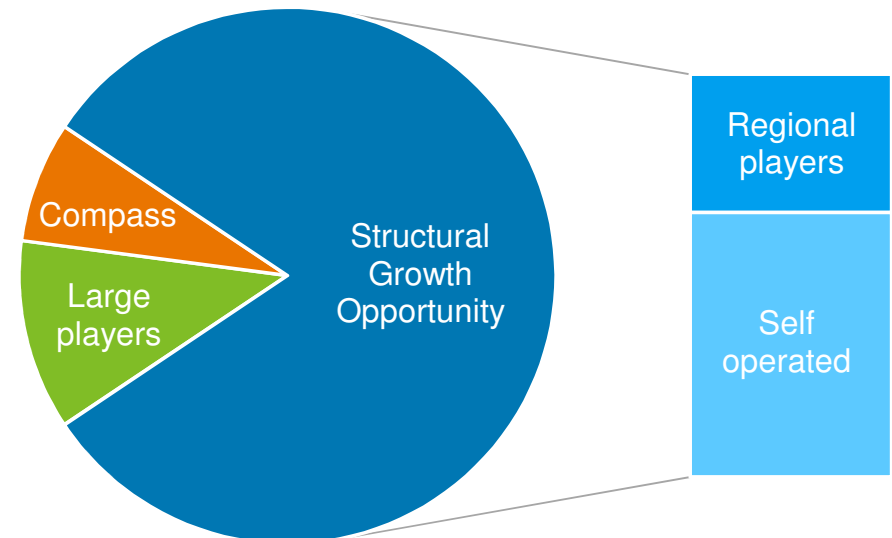
Organic revenue up 2.8%

- ✓ Strong new business wins
- ✓ Challenging in North Sea and France
- ✓ Ongoing turnaround and year end run rate

Margins flat

- ✓ Efficiencies more than offset mobilisation costs and weakness in oil & gas business
- ✓ Cost of creating Business Units

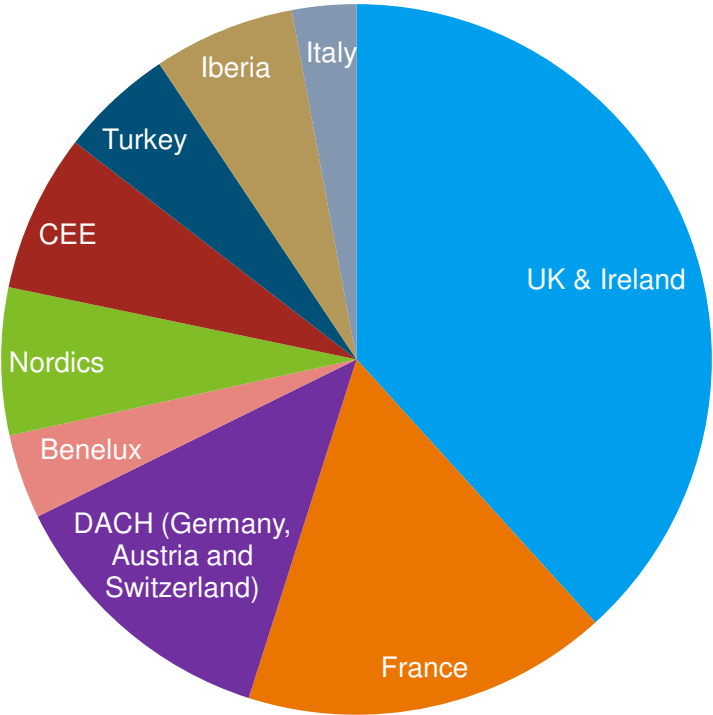
Food service market c. £75bn



Europe now managed as 9 Business Units

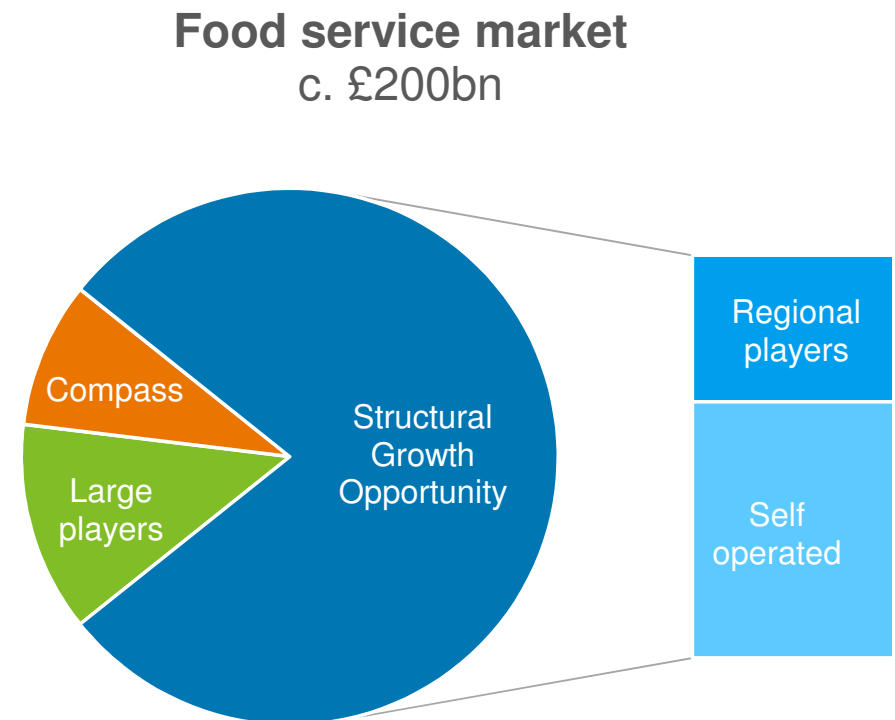


Sales by Business Units



Our strategy is clear

- ✓ Focus on food – our core competence
- ✓ Incremental approach to support services
- ✓ Prioritise organic growth
- ✓ Bolt-on M&A
- ✓ Best-in-class execution: cost advantage of scale, quality & innovation



Improving the consumer's experience



- ✓ Health & sustainability
- ✓ Evolving the “unattended market”
- ✓ “Express” Point of Sale
- ✓ Digital Hospitality platform



Business model



A proven and sustainable model

Summary and outlook

- ✓ Continued strength in North America
- ✓ Restructuring in Rest of World complete
- ✓ Good strategic progress in Europe
- ✓ Ongoing returns to shareholders
- ✓ Focused on strong growth with discipline
- ✓ Positive expectations for 2017
- ✓ Remain positive about the structural growth opportunities

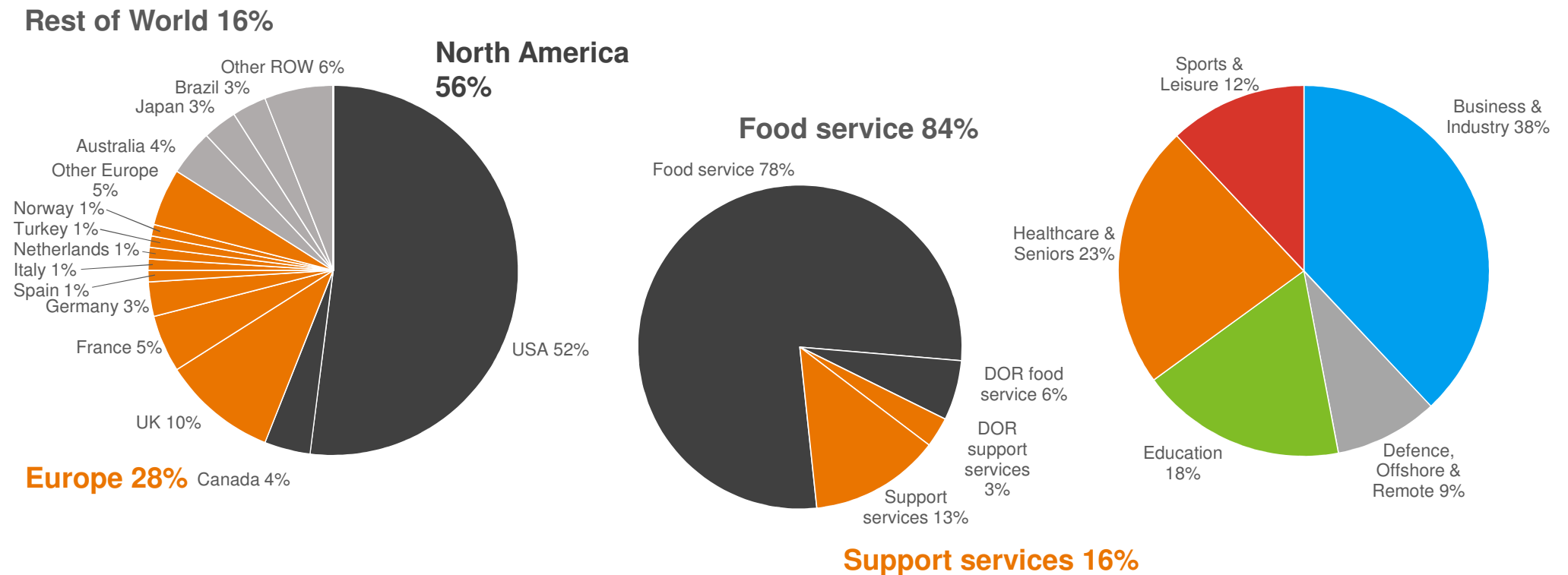


2016 FULL YEAR RESULTS

Supplementary information

Group revenue

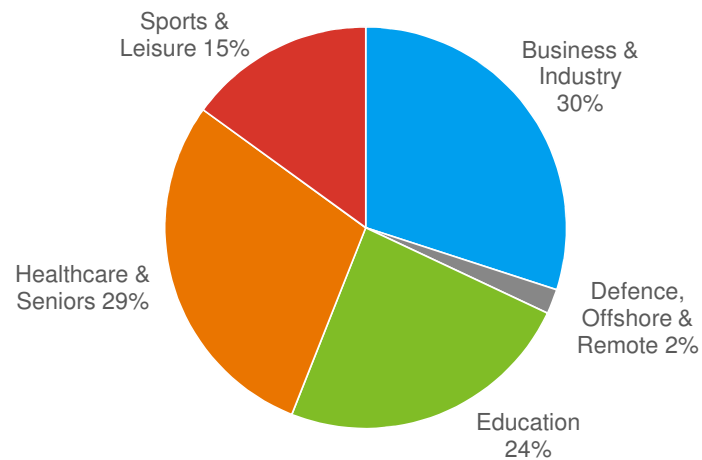
By geography, sector & service line



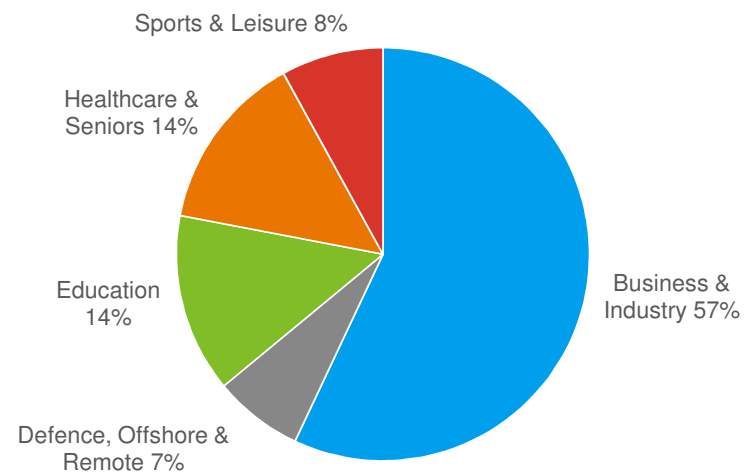
Geographic revenue

By sector

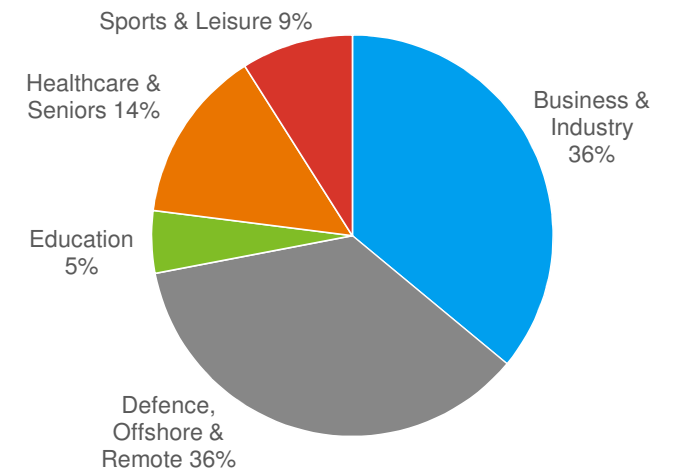
North America



Europe



Rest of World



Notes

Based on underlying revenues, definitions on page 57/58.

Geographic financials



	North America £m	Europe £m	Rest of World £m	Other ¹ £m	Total £m
2016					
Revenue	11,198	5,458	3,215		19,871
<i>Organic growth</i>	8.1%	2.8%	(1.2)%		5.0%
Operating profit	908	394	218	(75)	1,445
<i>Margin</i>	8.1%	7.2%	6.8%		7.2%
Cash flow	814	303	217	(426)	908
Cash flow conversion	90%	77%	100%		63%
<i>ROCE</i>	29.5%	10.9%	25.1%		19.4%
2015					
Revenue	9,361	5,192	3,290		17,843
<i>Organic growth</i>	7.9%	2.2%	5.9%		5.8%
Operating profit	760	374	241	(79)	1,296
<i>Margin</i>	8.1%	7.2%	7.3%		7.2%
Cash flow	683	296	174	(431)	722
Cash flow conversion	90%	79%	72%		56%
<i>ROCE</i>	28.8%	11.0%	28.3%		19.1%

Notes

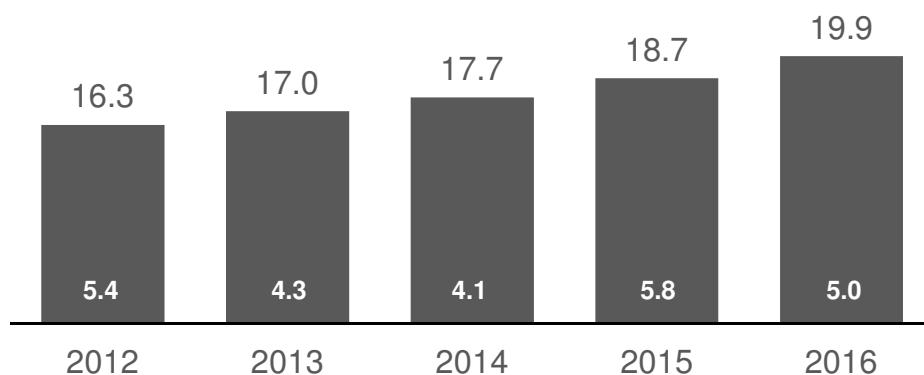
Based on underlying performance, definitions on page 57/58.

1. Other operating profit includes unallocated overheads £65m (2015: £66m), EM & OR restructuring £25m (2015: £26m) and share profit from associates £15m (2015: £13m). Other cash flows includes net interest and tax.

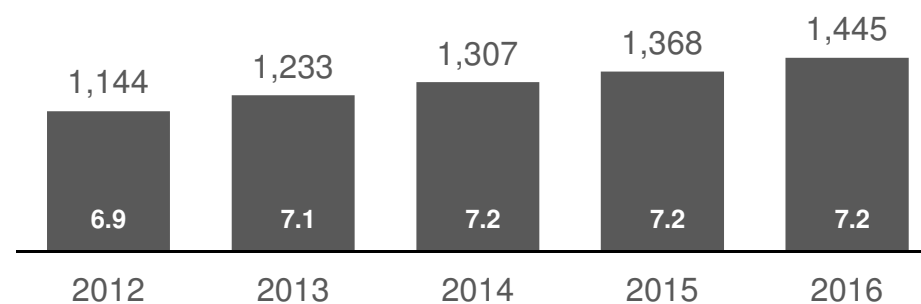
Geographic financials



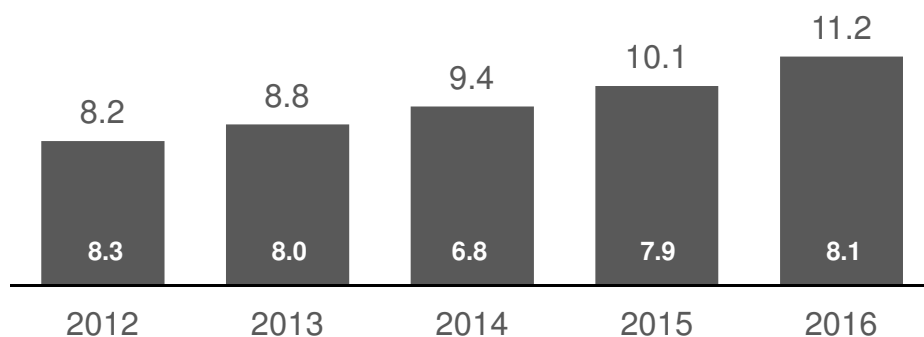
Group Revenue (£bn) & Organic Growth (%)



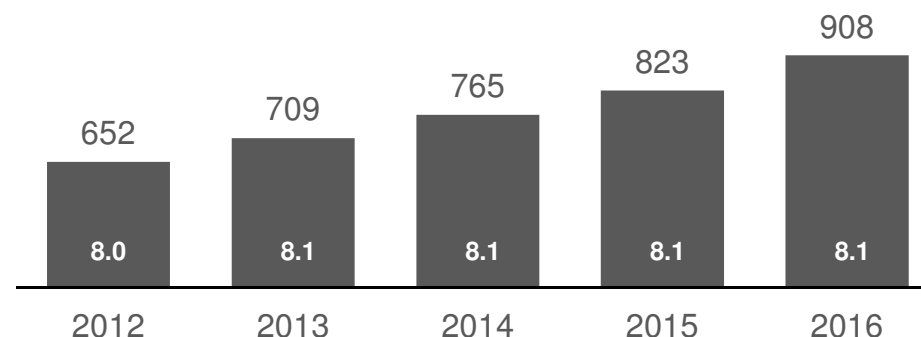
Group Operating Profit (£m) & Margin (%)



NA Revenue (£bn) & Organic Growth (%)



NA Operating Profit (£m) & Margin (%)



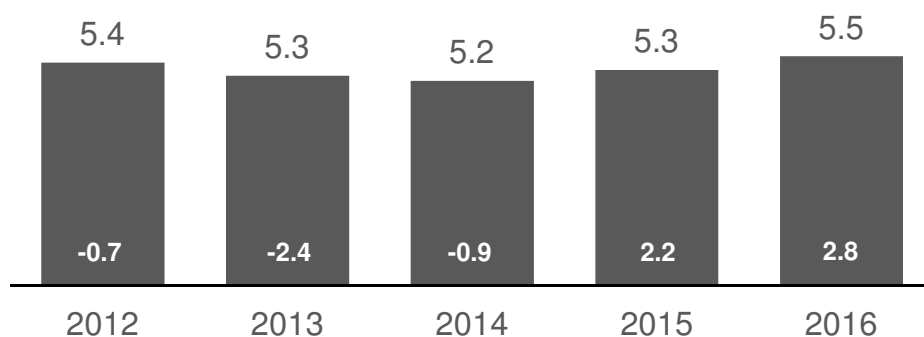
Notes

Based on underlying performance on a constant currency basis, definitions on page 57/58.

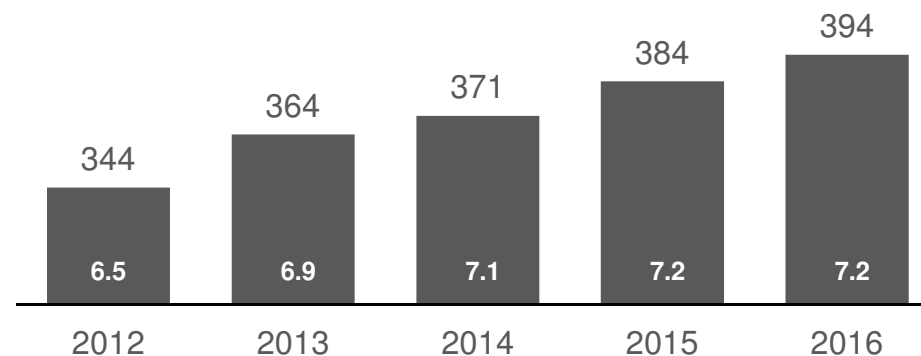
Geographic financials



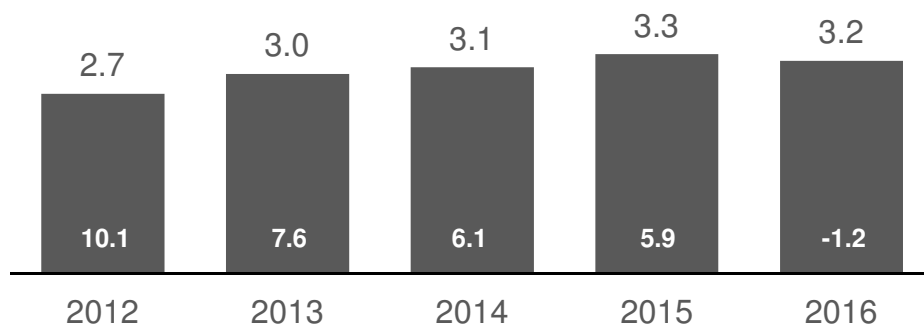
Europe Revenue (£bn) & Organic Growth (%)



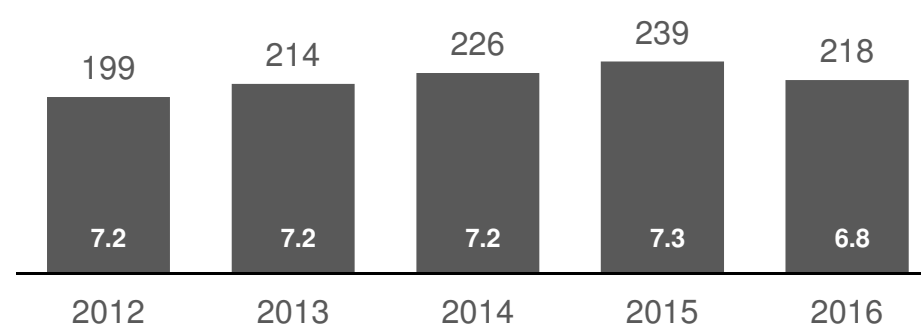
Europe Operating Profit (£m) & Margin (%)



ROW Revenue (£bn) & Organic Growth (%)



ROW Operating Profit (£m) & Margin (%)



Notes

Based on underlying performance on a constant currency basis, definitions on page 57/58.

Income statement



Revenue

	2016 £m	2015 £m	Change		
			Reported Rates %	Constant Currency %	Organic Growth %
North America	11,198	9,361	19.6%	10.5%	8.1%
Europe	5,458	5,192	5.1%	2.7%	2.8%
Rest of World	3,215	3,290	(2.3)%	(1.9)%	(1.2)%
Revenue	19,871	17,843	11.4%	6.1%	5.0%

Notes

Based on underlying performance, definitions on page 57/58.

Income statement



Operating profit

	2016 £m	2015 £m	Change £m	Change Analysed By			
				Currency £m	Acquisition / Disposal £m	Organic	
						£m	%
North America	908	760	148	63	10	75	9.1%
Europe	394	374	20	10	-	10	2.6%
Rest of World	218	241	(23)	(2)	(2)	(19)	(7.9)%
Unallocated central overheads	(65)	(66)	1	-	-	1	
Associates	15	13	2	1	-	1	
Profit before restructuring	1,470	1,322	148	72	8	68	4.9%
Restructuring	(25)	(26)	1	-	-	1	
Operating profit	1445	1,296	149	72	8	69	5.0%

Notes

Based on underlying performance, definitions on page 57/58.

Income statement



Reconciliation of reported to underlying

£m	2016			2015
	Reported	Non-underlying	Underlying	Underlying
Revenue	19,605	(266)	19,871	17,843
Operating profit	1,409	(36)	1,445	1,296
Net finance costs	(89)	12	(101)	(104)
Other gains	1	1	-	-
Profit before tax	1,321	(23)	1,344	1,192
Tax	(319)	11	(330)	(292)
<i>Tax rate</i>	<i>24.1%</i>	-	<i>24.5%</i>	<i>24.5%</i>
Profit after tax	1,002	(12)	1,014	900
Non-controlling interest	(10)	-	(10)	(8)
Attributable profit	992	(12)	1,004	892
Average number of shares (millions)	1,643	1,643	1,643	1,662
Basic earnings per share (pence)	60.4p	(0.7)p	61.1p	53.7p

Notes

Based on underlying performance, definitions on page 57/58.

Income statement



Underlying at constant currency

£m	2016	2015	Growth
Revenue	19,871	18,725	
Operating profit	1,445	1,368	+5.6%
Net finance costs	(101)	(108)	
Profit before tax	1,344	1,260	
Tax	(330)	(309)	
<i>Tax rate</i>	<i>24.5%</i>	<i>24.5%</i>	
Profit after tax	1,014	951	
Non-controlling interest	(10)	(8)	
Attributable profit	1,004	943	
Average number of shares (millions)	1,643	1,662	
Basic earnings per share (pence)	61.1p	56.7p	+7.8%

Notes

Based on underlying performance, definitions on page 57/58.
2015 has been restated to 2016's average exchange rates.

Earnings and dividends per share



	2016	2015
Earnings per share		
Continuing operations	60.4p	52.3p
Adjustments	0.7p	1.4p
Underlying earnings per share	61.1p	53.7p
Dividends per share		
Interim dividend	10.6p	9.8p
Final dividend	21.1p	19.6p
Total dividend	31.7p	29.4p

Notes

Underlying definitions on page 57/58.

EPS/dividends



Dividend cover

	2016	2015	2014	2013	2012
Per share (pence)					
Dividend (interim plus final)	31.7p	29.4p	26.5p	24.0p	21.3p
Underlying earnings	61.1p	53.7p	48.7p	47.7p	42.6p
Dividend earnings cover	1.9x	1.8x	1.8x	2.0x	2.0x
Cash (£m)					
Cash cost of dividend (in the year)	496	457	444	404	378
Underlying free cash flow	908	722	737	834	760
Dividend cash cover	1.8x	1.6x	1.7x	2.1x	2.0x

Notes

Underlying definitions on page 57/58.

Free cash flow



Reconciliation of reported to underlying

£m	2016				2015			
	Reported	Adjs ¹	Other ²	Underlying	Reported	Adjs ¹	Other ²	Underlying
Operating profit	1,409	-	(36)	1,445	1,261	-	(35)	1,296
Depreciation and amortisation	426	-	31	395	366	-	26	340
EBITDA	1,835	-	(5)	1,840	1,627	-	(9)	1,636
Net capital expenditure	(549)	-	-	(549)	(476)	-	-	(476)
Trade working capital	12	-	-	12	(17)	-	-	(17)
Provisions	(19)	(9)	-	(10)	(56)	(36)	-	(20)
Post employment benefits	(39)	-	-	(39)	(59)	-	-	(59)
Net interest	(94)	-	-	(94)	(93)	-	-	(93)
Net tax	(246)	-	-	(246)	(242)	-	-	(242)
Net other items	(1)	-	5	(6)	2	-	9	(7)
Free cash flow	899	(9)	-	908	686	(36)	-	722

Notes

Underlying definitions on page 57/58.

1. Adjustments include European exceptional.

2. Other relates to other specific adjustments see definitions on page 57/58.

Operating cash flow history



£m	2016	2015	2014	2013	2012
Operating profit	1,445	1,296	1,245	1,265	1,178
Depreciation and amortisation	395	340	317	299	282
Net capital expenditure	(549)	(476)	(445)	(434)	(366)
Net cash flow	1,291	1,160	1,117	1,130	1,094
<i>Net cash flow conversion</i>	<i>89%</i>	<i>90%</i>	<i>90%</i>	<i>89%</i>	<i>93%</i>
Trade working capital	12	(17)	(14)	102	31
Provisions	(10)	(20)	11	(35)	(17)
Operating cash flow	1,293	1,123	1,114	1,197	1,108
<i>Operating cash flow conversion</i>	<i>89%</i>	<i>87%</i>	<i>89%</i>	<i>95%</i>	<i>94%</i>

Notes

Based on underlying performance, definitions on page 57/58.

Free cash flow history



£m	2016	2015	2014	2013	2012
Operating cash flow	1,293	1,123	1,114	1,197	1,108
Post employment benefits	(39)	(59)	(46)	(54)	(54)
Net interest	(94)	(93)	(71)	(65)	(73)
Net tax	(246)	(242)	(259)	(256)	(225)
Net other items	(6)	(7)	(1)	12	4
Free cash flow	908	722	737	834	760
<i>Cash conversion</i>	<i>63%</i>	<i>56%</i>	<i>59%</i>	<i>66%</i>	<i>65%</i>

Notes

Based on underlying performance, definitions on page 57/58.

Balance sheet



ROCE

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
NOPAT	1,081	973	926	930	867
Average capital employed	5,565	5,093	4,799	4,878	4,774
ROCE	19.4%	19.1%	19.3%	19.1%	18.2%

Balance sheet



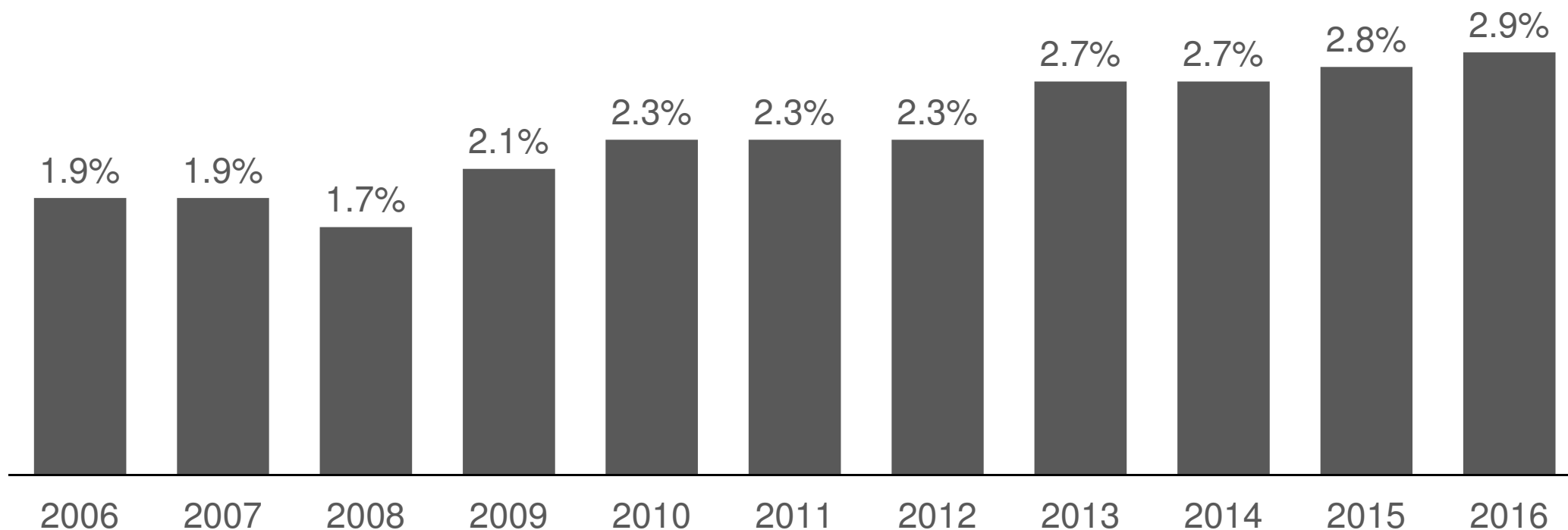
Overview

	2016 £m	2015 £m
Goodwill	4,050	3,538
Other non-current assets	2,694	2,135
Working capital	(897)	(773)
Provisions	(423)	(387)
Post employment benefit obligations	(21)	(9)
Current tax payable	(118)	(105)
Deferred tax	109	154
Net debt	(2,874)	(2,603)
Net assets	2,520	1,950
Shareholders' equity	2,505	1,937
Non-controlling interests	15	13
Total equity	2,520	1,950

Balance sheet



Capital expenditure (% of revenue)



Notes

Based on underlying performance, definitions on page 57/58.

Gross capital expenditure includes tangible and intangible assets, including assets acquired under finance leases.

Financing



Components of net debt

	£m
Bonds	1,202
Private placements	1,497
Bank loans	531
	3,230
Finance leases	14
Other loans and fair value accounting adjustments	126
Derivatives	(177)
Gross debt	3,193
Cash net of overdrafts	(319)
Closing net debt at 30 September 2016	2,874

Notes

Based on nominal value of borrowings as at 30 September 2016.

Financing



Principal borrowings

	Coupon	Maturing in Financial Year	Drawn £m
Bonds			
€600m	3.125%	2019	519
€500m	1.875%	2023	433
£250m	3.850%	2026	250
Total			1,202
US private placements			
£35m (2008 Notes)	7.55%	2017	35
\$1,000m (2011 Notes)	3.31% - 4.12%	2019 – 2024	769
\$500m (2013 Notes)	3.09% - 3.81%	2020 – 2025	385
\$400m (2015 Notes)	3.54% - 3.64%	2025 – 2027	308
Total			1,497
Bank loans			
£1,000m syndicated facility	Libor + 27.5bps	2021	-
£250m (bilateral)	Libor + 45bps	2017	250
\$365m (bilateral)	Libor + 47.5bps	2018	281
Total			531

Notes

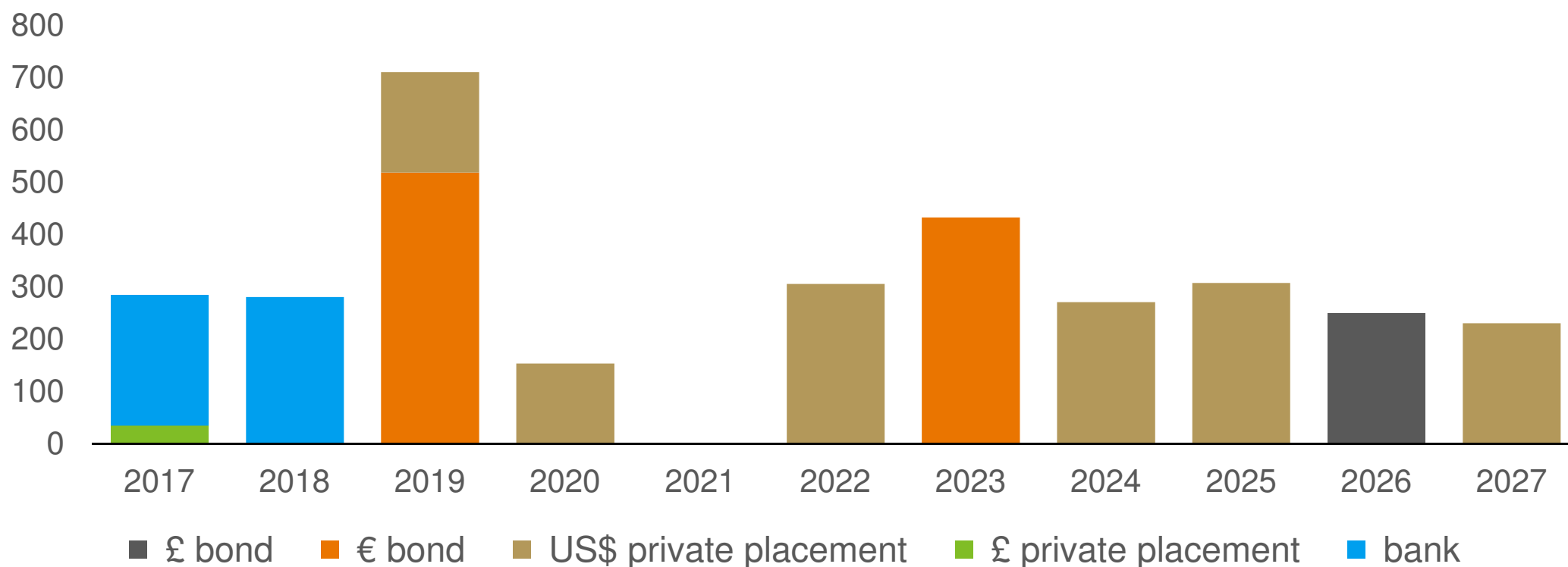
Based on nominal value of borrowings as at 30 September 2016.
Interest rates shown are those at which the debt was issued.
The Group uses interest rate swaps to manage its effective interest rates.

No other adjustments have been made for hedging instruments, fees or discounts.
All the above bonds, private placements and bank loans shown above are held at the Compass Group PLC level.

Financing

Maturity profile of drawn debt

£m



Notes

Based on borrowings and facilities in place as at 30 September 2016, maturing in the financial years ending 30 September.
The average life of the Group's principal borrowings as at 30 September 2016 is 5.0 years (2015: 6.2 years).
In addition £1bn of committed undrawn bank debt maturing in 2021.

Financing



Debt ratios and credit ratings

Ratings

		<i>Outlook</i>	<i>Confirmed</i>
Standard & Poors	A	Stable	25 Feb 16
Moody's	Baa1	Positive	15 Jun 16
Fitch (unsolicited)	A-	Stable	16 May 16

Ratios

	2016	2015
Net debt ¹ / EBITDA ²	1.6x	1.6x
EBITDA ² / net interest ³	17.8x	15.9x

Notes

1. Net debt is adjusted where necessary for covenant definitions.

2. EBITDA includes share of profit of associates, joint ventures and profit from discontinued business but excludes exceptional profits 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 minority interest put options.

Exchange rates



Rates used in consolidation

	Income Statement ¹		Balance Sheet ²	
	2016 per £	2015 per £	2016 per £	2015 per £
Australian Dollar	1.94	1.98	1.70	2.16
Brazilian Real	5.19	4.66	4.22	6.03
Canadian Dollar	1.88	1.90	1.71	2.03
Euro	1.28	1.35	1.16	1.36
Japanese Yen	159.94	184.31	131.54	181.42
Norwegian Krone	12.01	11.82	10.38	12.92
South African Rand	20.88	18.60	17.86	20.94
Swedish Krona	12.00	12.58	11.13	12.70
Swiss Franc	1.40	1.48	1.26	1.48
Turkish Lira	4.16	3.96	3.90	4.59
UAE Dirhams	5.22	5.69	4.77	5.56
US Dollar	1.42	1.55	1.30	1.51

Notes

Rounded to two decimal places.

1. Income statement uses average monthly closing rates for the 12 months to 30 September 2016.

2. Balance sheet uses the closing rate as at 30 September 2016.

Exchange rates



Effect on 2016 revenue and profit

US Dollar			Canada Dollar			Euro		
£m cumulative change for an incremental 5 cent movement			£m cumulative change for an incremental 5 cent movement			£m cumulative change for an incremental 5 cent movement		
Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change
1.67	(1,557)	(129.5)	2.13	(92)	(6.4)	1.53	(411)	(33.6)
1.62	(1,284)	(106.8)	2.08	(76)	(5.3)	1.48	(340)	(27.7)
1.57	(993)	(82.7)	2.03	(58)	(4.1)	1.43	(264)	(21.5)
1.52	(684)	(56.9)	1.98	(40)	(2.8)	1.38	(182)	(14.9)
1.47	(354)	(29.4)	1.93	(20)	(1.4)	1.33	(94)	(7.7)
1.42	-	-	1.88	-	-	1.28	-	-
1.37	379	31.6	1.83	22	1.5	1.23	102	8.3
1.32	788	65.5	1.78	44	3.1	1.18	213	17.4
1.27	1,228	102.2	1.73	68	4.8	1.13	333	27.2
1.22	1,704	141.8	1.68	94	6.6	1.08	465	38.0

Notes

Cumulative revenue and operating profit change arising by restating the 2016 full year revenue and operating profit of the relevant currency for the incremental changes in exchange rates shown.

Exchange rates



Effect on 2016 revenue and profit

Australian Dollar			Brazilian Real			Turkish Lira		
£m cumulative change for an incremental 5 cent movement			£m cumulative change for an incremental 20 centavo movement			£m cumulative change for an incremental 20 kurus movement		
Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change	Exchange Rate	Revenue Change	Profit Change
2.19	(92)	(8.5)	6.19	(92)	(5.3)	5.16	(129)	(8.9)
2.14	(75)	(6.9)	5.99	(76)	(4.5)	4.96	(107)	(7.4)
2.09	(58)	(5.3)	5.79	(59)	(3.5)	4.76	(84)	(5.8)
2.04	(39)	(3.6)	5.59	(41)	(2.4)	4.56	(58)	(4.0)
1.99	(20)	(1.9)	5.39	(21)	(1.2)	4.36	(30)	(2.1)
1.94	-	-	5.19	-	-	4.16	-	-
1.89	21	2.0	4.99	23	1.3	3.96	33	2.3
1.84	44	4.0	4.79	47	2.8	3.76	71	4.9
1.79	67	6.2	4.59	74	4.4	3.56	112	7.7
1.74	92	8.5	4.39	104	6.1	3.36	158	10.9

Notes

Cumulative revenue and operating profit change arising by restating the 2016 full year revenue and operating profit of the relevant currency for the incremental changes in exchange rates shown.

Definitions



- | | |
|--|--|
| <p>1. Constant currency basis restates the prior year results to the current year's average exchange rates.</p> | <p>8. Underlying profit before tax excludes specific adjusting items.</p> |
| <p>2. Underlying revenue represents the combined sales of Group and share of equity accounted joint ventures.</p> | <p>9. Underlying basic earnings per share excludes specific adjusting items and the tax attributable to those items.</p> |
| <p>3. Underlying operating profit – Group includes share of profit after tax of associates and profit before tax of joint ventures but excludes the specific adjusting items, as listed below.</p> | <p>10. Underlying depreciation and amortisation excludes specific adjusting items.</p> |
| <p>4. Underlying operating profit – Region includes share of profit before tax of joint ventures but excludes the specific adjusting items, as listed below, profit after tax of associates and EM & OR restructuring.</p> | <p>11. Underlying EBITDA based on underlying operating profit, adding back depreciation and amortisation.</p> |
| <p>5. Underlying operating margin - Group is based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.</p> | <p>12. Underlying tax excludes tax attributable to specific adjusting items.</p> |
| <p>6. Underlying operating margin - Region is based on underlying revenue and underlying operating profit excluding share of profit after tax of associates and EM & OR restructuring.</p> | <p>13. Underlying effective tax rate based on underlying tax charge and underlying profit before tax.</p> |
| <p>7. Underlying net finance cost excludes specific adjusting items.</p> | <p>14. Underlying cash tax are tax payments made in respect of underlying tax.</p> |
| | <p>15. Underlying cash tax rate based on underlying cash tax and underlying profit before tax.</p> |

Definitions

- | | |
|---|---|
| <p>16. Underlying free cash flow is adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.</p> | <p>21. Specific adjusting items:</p> <ul style="list-style-type: none"> • Amortisation of intangibles arising on acquisition; • Acquisition transaction costs; • Adjustments to contingent consideration on acquisition; • Share-based payments expense relating to non-controlling interest call options; • Tax on share of profit of joint venture; • Profit/(loss) on disposal of business; • Other financing items. |
| <p>17. Underlying gross capital expenditure includes Group and share of equity accounted joint ventures' capex spend.</p> | <p>22. EM & OR restructuring is Emerging Markets and Offshore & Remote restructuring.</p> |
| <p>18. Organic revenue growth is calculated by adjusting underlying revenue for acquisitions (excluding current year acquisitions and including a full period in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying revenue.</p> | <p>23. ROCE divides the net operating profit after tax (NOPAT) by the 12 month average capital employed.</p> |
| <p>19. Organic operating profit growth is calculated by adjusting underlying operating profit for acquisitions (excluding current year acquisitions and including a full period in respect of prior year acquisitions), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current year exchange rates) and compares the current year results against the prior year. In addition, where applicable, a 53rd week has been excluded from the current year underlying operating profit.</p> | <p>24. NOPAT is calculated as underlying operating profit from continuing operations less operating profit of non-controlling interests before tax, net of income tax at the underlying rate of the year.</p> |
| <p>20. Like for like revenue growth is calculated by adjusting organic revenue growth for new business wins and lost business.</p> | <p>25. Capital employed is based on the 12 month average net assets adjusted for net debt, post-employment benefit obligations net of associated deferred tax, amortised intangibles arising on acquisition, impaired goodwill and excluding the Group's non-controlling partners' share of net assets and net assets of discontinued operations.</p> |
| | <p>26. Net debt is based on overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.</p> |