



28 July 2016

Third Quarter Update

This statement updates investors on the Group's performance since 31 March 2016.

Group

Compass continues to have a good year, with organic revenue growth of 5.6% for the nine months to 30 June 2016. Our focus on growth is driving strong levels of new business wins and retention remains good across all regions. Organic revenue grew by 5.2% in the third quarter reflecting strong net new business in North America, good growth in Europe, and a challenging environment in Rest of World.

Our ongoing commitment to generating efficiencies in the business continues to be supported by our management and performance (MAP) programme. We are using these efficiencies to invest in exciting growth opportunities around the Group. In addition, we have been taking restructuring actions to offset the impact of challenging market conditions in our Offshore & Remote business and in some emerging markets. Overall, the operating margin for the nine months to 30 June 2016 was flat before restructuring costs and down 10 basis points including restructuring costs.

North America

Performance in the region continues to be very good, with organic revenue growth of 8.3% in the quarter and in the nine months to 30 June 2016. We are still seeing strong growth across all sectors with the exception of our oil & gas business. Margins, including the dilutive impact of the CulinArt acquisition, were flat for the nine months to 30 June 2016.

Europe

The trends seen in the first half of the year continued in the third quarter. Organic revenue growth was 3.7% in the third quarter and in the nine month period to 30 June 2016. We continued to deliver efficiencies which allowed us to invest further in sales and retention. Margins increased slightly in the nine months to 30 June 2016.

Rest of World

Organic revenue grew by 0.2% in the nine month period to 30 June 2016 and declined by 2.8% in the third quarter. Trading in our Offshore and Remote business is challenging as expected, with revenues down 9% in the quarter as large construction projects in Australia are coming to an end. Our non-commodity related business grew by 4% in the third quarter, with good rates of net new business across the region partially offset by continued weakness in Brazil.

Our ongoing efficiency programme and the restructuring announced in July 2015 has partially offset the impact of volume and margin pressures in our mining and oil & gas business as well as soft volumes in some emerging markets. However, due to the impact of the commodity related weakness in Australia, the operating margin for the nine months to 30 June 2016 declined by 50 basis points as expected.

Currency impact on sales and operating profit

Trading results from our overseas operations are translated at the average exchange rates for the period. If current spot rates continue for the remainder of the year, foreign exchange translation is expected to benefit the 2015 reported revenue and underlying operating profit by around £700 million and £60 million respectively.

Financial Position

There has been no material change to our financial position in the period. In the nine months to 30 June 2016 we have bought back £96m in shares. If current spot exchange rates continue, at the end of our fiscal year net debt to EBITDA will be around 1.6x to 1.7x on a reported basis. We will continue to maintain a strong investment grade rating by targeting net debt to EBITDA of around 1.5x based on average exchange rates.

Summary & Outlook

Compass had a good third quarter and overall our expectations for the full year are unchanged. Growth in North America is very good, and our future pipeline is strong. Although we are pleased with the recovery in Europe, the macroeconomic outlook has become increasingly uncertain. In the Rest of World trading is more challenging, but we continue to manage the region tightly. We remain focused on costs and efficiencies, which combined with the expected restructuring savings, will allow us to deliver a flat operating margin for the full year including restructuring costs.

Looking to the longer term, we remain excited about the significant structural market opportunity globally and the potential for further revenue growth, margin improvement and continued returns to shareholders.

Compass will hold a conference call for investors and analysts today 8:30a.m. (U.K. time).

Participant dial in number:

UK Toll Number: +44 20 3139 4830
UK Toll-Free Number: 0808 237 0030

US Toll Number: +1 718 873 9077
US Toll-Free Number: +1 866 928 7517

Pin number: 64969440#

You will be asked for your Name and Company Name and transferred into the waiting area until the call begins.

Replay facility:

UK Toll Number: +44 20 3426 2807
UK Toll-Free Number: 0808 237 0026

Conference Number: 671937#

Enquiries Sandra Moura / Agatha Donnelly +44 (0) 1932 573000

Media Clare Hunt +44 (0) 1932 573000

Website www.compass-group.com

Note to Editors

Compass Group PLC is one of the world's leading foodservice and support services companies which generated annual revenues of £18 billion in the year to 30 September 2015. It operates in over 50 countries, employs over 500,000 people and serves over 5 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.