COMPASS GROUP

Full year results announcement for the year ended 30 September 2017

	Underlying[1] results			Statutory results		
	2017	2016	Change	2017	2016	Change
Revenue	£22.9 billion	£22.0 billion[2]	4.0%[3]	£22.6 billion	£19.6 billion	15.1%
Operating profit	£1,705 million	£1,614 million[2]	5.6%[2]	£1,665 million	£1,409 million	18.2%
Operating margin	7.4%	7.2%	+20 bps	7.4%	7.2%	+20 bps
Earnings per share	72.3 pence	68.4 pence[2]	5.7%[2]	71.3 pence	60.4 pence	18.0%
Free cash flow	£974 million	£908 million	7.3%			
Annual dividend per share	33.5 pence	31.7 pence	5.7%	33.5 pence	31.7 pence	5.7%

[1] Reconciliation of statutory to underlying results can be found on pages 34 – 35.
[2] Measured on a constant currency basis.
[3] Organic revenue growth.

Compass reports another strong set of results. Organic revenue grew by 4%, operating margin improved by 20 basis points and we returned £1.6bn to shareholders.

Organic revenue growth of 4.0%

- Growth accelerated in the second half as expected
- Another excellent year in North America with organic revenue up 7.1%
- Organic revenue grew by 1.6% in Europe
- Rest of World declined by 2.5%, but excluding Offshore & Remote it grew by 3.0%

Margin up 20bps

- The Management and Performance (MAP) programme continues to drive operating efficiencies
- Margin improvement benefitted from the end of restructuring plan in Offshore & Remote

Growth, performance and returns to shareholders: a proven and sustainable model

- Free cash flow of £974 million, up 7.3% on 2016
- Proposed annual dividend up 5.7%, in line with constant currency EPS
- Total returns to shareholders of £1.6bn, including £1bn special dividend

Statutory results

- On a statutory basis, revenue, operating profit and earnings per share benefitted by around 11% from the translational effect of weaker sterling

Chief Executive's Statement

Richard Cousins, Group Chief Executive, said:

"Compass had another strong year. North America continues to deliver excellent growth, we are continuing to make progress in Europe and in Rest of World, with trends in our commodity related business improving.

We continue to drive operating efficiencies around the business which, combined with the end of the restructuring in our Offshore and Remote business, resulted in margin improvement of 20bps in the period.

Given our excellent cash generation and the strength of the business, this year we returned £1.6 billion to shareholders via ordinary and special dividends and share buybacks. This reflects our commitment to return surplus cash to shareholders whilst maintaining an efficient balance sheet.

Our expectations for FY2018 are positive, with growth and margin improvement weighted to the second half. The pipeline of new contracts is encouraging and our focus on organic growth, efficiencies and cash gives us confidence in achieving another year of progress.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, as well as continued returns to shareholders."

Results presentation today

The results presentation for investors and analysts is being held today, Tuesday 21 November 2017, at 9.00 a.m. at Bank of America Merrill Lynch, 2 King Edward Street, London EC1A 1HQ. A live webcast of the results presentation will be broadcast today at 9.00 a.m., accessible via the Company's website, www.compass-group.com. At the end of the presentation you will be able to participate in a question and answer session by dialling:

UK Toll Number:	+44 (0) 3333 000 804
UK Toll-Free Number:	+44 (0) 800 358 9473
US Toll Number:	+1 631 913 1422
US Toll-Free Number:	+1 855 857 0686
Participant PIN Code:	03721269#

Financial calendar

Ex-dividend date for 2017 final dividend	18 January 2018
Record date for 2017 final dividend	19 January 2018
2017 final dividend date for payment	26 February 2018
Q1 Trading Update / Annual General Meeting	8 February 2018
Half year results	9 May 2018

Enquiries

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Chief Executive's Statement (continued)

Basis of preparation

Throughout this preliminary announcement, and consistent with prior years, underlying and other alternative performance measures are used to describe the Group's performance. These are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP).

The Executive Board of the Group manages and assesses the performance of the business on these measures and believes they are more representative of ongoing trading, facilitate meaningful year on year comparisons, and hence provide more useful information to shareholders. All underlying measures are defined in the glossary of terms on pages 37 to 38.

A summary of the adjustments from statutory results to underlying results is shown in note 8 on page 34 and further detailed in the consolidated income statement (page 21), reconciliation of free cash flow (page 27), note 2 segmental reporting (pages 28 to 29) and note 9 organic revenue and organic profit (page 35).

Group overview

Revenue for the Group grew by 4.0% on an organic basis. New business wins were 8.7% driven by strong MAP 1 (client sales and marketing) performance in all regions, our retention rate was 94.3% as a result of our ongoing focus and investment, and like for like revenue grew by 1.0% reflecting sensible price increases partially offset by weak volumes in our commodity related business. On a statutory basis, revenue grew by 15.1%, of which 11.3% was the benefit of currency translation.

Underlying operating profit increased by 5.6% on a constant currency basis. Operating profit margin increased by 20 basis points as we continue to drive efficiencies across the business using our Management and Performance (MAP) framework and foreign exchange. We also benefitted from the end of the restructuring plan in the Emerging Markets and Offshore & Remote last year and the absence of these costs this year. We have maintained our focus on MAP 3 (cost of food) with initiatives such as menu planning and supplier rationalisation, as well as continually optimising MAP 4 (labour and in unit costs) and MAP 5 (above unit overheads). These efficiencies combined with modest pricing increases enabled us to offset inflation pressures and reinvest to support the exciting growth opportunities we see around the world. On a statutory basis, operating profit grew by 18.2%, of which 11.3% was the benefit of currency translation.

Returns to shareholders continue to be an integral part of our business model. As a result of continued strong cash flow generation, and limited M&A this year, we paid a special dividend of £1 billion (61.0 pence per share) in July and declared an annual dividend of 33.5 pence per share (up 5.7%). We have also bought back £19 million of shares. Our leverage policy remains unchanged: to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt to EBITDA of around 1.5x.

Chief Executive's Statement (continued)

Regional performances

North America – 58.3% Group revenue (2016: 56.3%)

Regional financial summary	Underlying 2017	Underlying 2016	Change Reported rates	Change Constant currency	Change Organic
Revenue	**£13,322m**	£11,198m	19.0%	6.7%	7.1%
Regional operating profit	**£1,082m**	£908m	19.2%	6.9%	7.4%
Regional operating margin	**8.1%**	8.1%	-		

We have had another strong performance from our North American business with organic revenue growth of 7.1%. This was driven by good new business wins and an excellent retention rate at 96%. Like for like revenues were positive across the business reflecting modest pricing and flat volumes - with the exception of the Offshore & Remote sector which remains challenging.

Solid organic growth in our Business & Industry sector was driven by strong new business and excellent retention. New contract wins include Costco as well as additional business with Qualcomm Inc.

In the Healthcare & Seniors sector, organic revenue growth was driven by double digit new business and some like for like growth. New contract wins include Mayo Foundation, University of Cincinnati Health System, Cleveland Clinic and Arkansas Children's Hospital.

Excellent retention in our Education sector has contributed to the delivery of solid organic revenue growth along with contract wins including the University of Houston and Vassar College.

Our Sports & Leisure business had excellent retention of nearly 100%. Increased participation at some sporting events, with the benefit of additional playoffs, contributed to strong organic revenue growth. Contract wins include the George R. Brown Convention Center, Vivint Smart Home Arena, home of the Utah Jazz, and Smith's Ballpark, home of the Salt Lake Bees.

Offshore & Remote is small at circa 2% of revenues. It continued to decline in the year, with the second half of the year worsening due to client site closures, the impact of which will continue in 2018. Volume and pricing pressures also remain. However, some new contracts continue to be won including additional projects for Noble Drilling and Forbes Bros. Ltd.

Underlying operating profit of £1,082 million increased by 6.9% (£70 million) on a constant currency basis. The benefits generated by ongoing efficiency initiatives across MAPs 3 and 4, along with sensible price increases and leverage of the overhead base, were largely offset by the continued weakness in our Offshore & Remote business and above average labour inflation. As a result, the underlying operating margin for the year was unchanged.

Chief Executive's Statement (continued)

Europe – 25.9% Group revenue (2016: 27.5%)

	Underlying		Change		
Regional financial summary	**2017**	2016	Reported rates	Constant currency	Organic
Revenue	**£5,911m**	£5,458m	8.3%	1.5%	1.6%
Regional operating profit	**£428m**	£394m	8.6%	1.2%	1.2%
Regional operating margin	**7.2%**	7.2%	-		

Organic revenue growth for the region was 1.6% with growth improving as the year progressed. The performance was driven by good levels of new business in the UK and Turkey, partly offset by dull trading on the Continent, principally in France and Germany. Like for like revenues benefitted from some pricing but continued to be impacted by poor trading conditions in our North Sea oil & gas business.

Our improving new business performance reflects good levels of wins in the UK, Turkey and Iberia. New contracts include Colegios Mayores UCM in Spain and Oxford University in the UK. Contract extensions include Peugeot in France and Slovakia, Rabobank in the Netherlands, Premier Inn and Wimbledon both in the UK and Mercedes in Turkey.

Underlying operating profit grew by 1.2% (£5 million) on a constant currency basis. The ongoing focus on driving operational efficiencies and sensible pricing allowed us to support the higher levels of growth, and associated mobilisation costs. This was offset by lower volumes in the oil & gas business, and inflationary pressures, particularly unrecovered labour cost inflation in our UK support services business. As a result of our actions, we have maintained the underlying operating margin at 7.2%.

Chief Executive's Statement (continued)

Rest of World – 15.8% Group revenue (2016: 16.2%)

Regional financial summary	Underlying 2017	Underlying 2016	Change Reported rates	Change Constant currency	Change Organic
Revenue	**£3,619m**	£3,215m	12.6%	(2.5)%	(2.5)%
Regional operating profit	**£248m**	£218m	13.8%	(2.0)%	(2.0)%
Regional operating margin	**6.9%**	6.8%	10bps		

Organic revenue in our Rest of World region declined by 2.5%. Excluding the Offshore & Remote business, organic revenue grew by 3.0%. Offshore & Remote contracted by 14%, reflecting the continuing impact of the transition of construction contracts to production in Australia and continued weakness in our commodity related business around the region. However, the rate of decline has slowed in recent months and we expect this trend to continue into 2018.

As expected, our Australian Offshore & Remote business saw a slowdown in the rate of organic revenue decline to 14% in the second half of the year. Contracts continue to move from their construction to production phase and the ongoing pressures from lower volumes remain, however the number of site closures have reduced. Similar challenges continue to be seen in our non-Australian Offshore & Remote business, although trends are starting to improve. We continue to win and retain contracts at the RAPID site in Malaysia and Centinela in Chile.

The non-Offshore & Remote business continues to perform reasonably well across the region with several countries enjoying double digit growth, including India, China and some of our Spanish speaking Latin American businesses. Although the rate of decline has marginally slowed, Brazil remains challenging. New business wins include the Calvary Bruce Public Hospital in Australia, Fiat in Brazil, Apple Shenzhen in China, J-Village in Japan and Mercedes Benz in India. We continue to retain contracts, including the Kagoshima University Hospital in Japan, New York University Abu Dhabi, Roche in China and Prodeco Food in Colombia.

Overall, underlying operating profit declined by 2.0% (£5 million) on a constant currency basis. The underlying margin benefitted more than expected from last year's restructuring allowing for 10 basis points of margin improvement to 6.9%.

Chief Executive's Statement (continued)

Strategy

Focus on food

Food is our focus and our core competence. The food service market is estimated to be more than £200 billion; with only around 50% of the market currently outsourced, it represents a significant structural growth opportunity. We believe the benefits of outsourcing become further apparent as economic conditions and regulatory changes put further pressure on organisations' budgets. As one of the largest providers in all of our sectors, we are well placed to benefit from these trends.

Our approach to support services is low risk and incremental, with strategies developed on a country by country basis. Our largest sector in this market is Defence, Offshore & Remote, where the model is almost universally multi service. In addition, we have an excellent support services business in North America and some operations in other parts of the world. This is a complex segment and there are significant differences in client buying behaviour across countries, sectors and sub-sectors.

Geographic spread

We have a truly international business, with operations in around 50 countries.

North America (58% of Group revenue) is likely to remain the principal growth engine for the Group. We have a market leading business, which delivers high levels of growth by combining the cost advantage of our scale with a segmented client facing sector approach. The outsourcing culture is vibrant and the addressable market is significant.

The fundamentals of our businesses in Europe (26% of Group revenue) are good. Our investment in MAP 1 sales and retention has returned the region to growth and with the creation of sub-regional business units, we continue to see opportunities to deliver efficiencies and make our operations more competitive.

Rest of World (16% of Group revenue) offers excellent long term growth potential. Our largest markets are Australia, Japan and Brazil, whilst India and China have strong long term growth potential. Lower commodity prices and a weak macroeconomic backdrop have impacted our Offshore & Remote business and some of our emerging markets, but trends are beginning to improve. We have concluded a restructuring of our business to adapt to the changing market environment and remain excited about the attractive long term growth prospects of the region.

Sectorised approach

The global food services market is very large and disparate and we find that segmenting the market into various sectors and sub-sectors using our portfolio of B2B brands allows us to operate more effectively. It allows us to be closer to our clients and consumers and better understand their different needs. In this way, we can create innovative, bespoke offers that meet their requirements, and in so doing truly differentiate ourselves.

Scale

As we continue to grow, our scale enables us to achieve our goal of being the lowest cost, most efficient provider of food and support services. Scale is a benefit in terms of food procurement, labour management and back office costs. It underpins our competitiveness and enables us to deliver sustainable growth over time.

MAP culture

We use the Management and Performance (MAP) framework across the business. All our employees use this simple framework to drive performance across the Group. It helps us focus on a common set of business drivers, whether it is winning new business in the right sector on the right terms (MAP 1), increasing our consumer participation and spend (MAP 2), reducing our food costs (MAP 3), our labour costs (MAP 4) or our overhead (MAP 5).

Chief Executive's Statement (continued)

Uses of cash and balance sheet priorities

The Group's cash flow generation remains excellent and it will continue to be a key part of the business model. Our priorities for how we use our cash remain unchanged. We will continue to: (i) invest in the business to support organic growth where we see opportunities with good returns; (ii) pursue M&A opportunities; our preference is for small to medium sized infill acquisitions, where we look for returns greater than our cost of capital by the end of year two; (iii) grow the dividend in line with underlying constant currency earnings per share; and (iv) maintain strong investment grade credit ratings returning any surplus cash to shareholders to target net debt to EBITDA of around 1.5x.

Summary and outlook

"Compass had another strong year. North America continues to deliver excellent growth, we are continuing to make progress in Europe and in Rest of World, with trends in our commodity related business improving.

We continue to drive operating efficiencies around the business which, combined with the end of the restructuring in our Offshore and Remote business, resulted in margin improvement of 20bps in the period.

Given our excellent cash generation and the strength of the business, this year we returned £1.6 billion to shareholders via ordinary and special dividends and share buybacks. This reflects our commitment to return surplus cash to shareholders whilst maintaining an efficient balance sheet.

Our expectations for FY2018 are positive, with growth and margin improvement weighted to the second half. The pipeline of new contracts is encouraging and our focus on organic growth, efficiencies and cash gives us confidence in achieving another year of progress.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, as well as continued returns to shareholders."

Richard Cousins
Group Chief Executive
21 November 2017

Business Review

2017 has been another strong year with good organic revenue growth of 4.0%, underlying margin delivery of 7.4% and an increase in free cash flow of 7.3%.

Financial summary

	2017 £m	2016 £m	Increase
Revenue			
Underlying at constant currency	**22,852**	22,017	3.8%
Underlying at reported rates	**22,852**	19,871	15.0%
Statutory	**22,568**	19,605	15.1%
Organic growth	**4.0%**	5.0%	
Total operating profit			
Underlying at constant currency	**1,705**	1,614	5.6%
Underlying at reported rates	**1,705**	1,445	18.0%
Statutory	**1,665**	1,409	18.2%
Operating margin			
Underlying at reported rates	**7.4%**	7.2%	20 bps
Statutory	**7.4%**	7.2%	20 bps
Profit before tax			
Underlying at constant currency	**1,591**	1,504	5.8%
Underlying at reported rates	**1,591**	1,344	18.4%
Statutory	**1,560**	1,321	18.1%
Basic earnings per share			
Underlying at constant currency	**72.3p**	68.4p	5.7%
Underlying at reported rates	**72.3p**	61.1p	18.3%
Statutory	**71.3p**	60.4p	18.0%
Free cash flow			
Underlying at reported rates	**974**	908	7.3%
Full year dividend per ordinary share	**33.5p**	31.7p	5.7%

Definitions of underlying measures of performance can be found in the glossary on pages 37 to 38.

Business Review (continued)

Segmental performance

	Underlying revenue[1]		Growth		
	2017	2016	Reported	Constant	
	£m	£m	Rates	Currency	Organic
North America	**13,322**	11,198	19.0%	6.7%	7.1%
Europe	**5,911**	5,458	8.3%	1.5%	1.6%
Rest of World	**3,619**	3,215	12.6%	(2.5%)	(2.5%)
Total	**22,852**	19,871	15.0%	3.8%	4.0%

	Underlying operating profit[1]		Underlying operating margin[1]	
	2017	2016	**2017**	2016
	£m	£m	**%**	%
North America	**1,082**	908	**8.1%**	8.1%
Europe	**428**	394	**7.2%**	7.2%
Rest of World	**248**	218	**6.9%**	6.8%
Unallocated overheads	(70)	(65)		
Total before EM & OR restructuring	**1,688**	1,455	**7.4%**	7.3%
EM & OR restructuring	**-**	(25)		
Total before associates	**1,688**	1,430	**7.4%**	7.2%
Associates	**17**	15		
Total	**1,705**	1,445		

[1] Definitions of underlying measures of performance can be found in the glossary on page 37 to 38.

Business Review (continued)

Statutory and underlying results

	2017			2016		
	Statutory £m	Adjustments £m	Underlying £m	Statutory £m	Adjustments £m	Underlying £m
Revenue	**22,568**	**284**	**22,852**	19,605	266	19,871
Operating profit	**1,665**	**40**	**1,705**	1,409	36	1,445
Other gains/ (losses)	**-**	**-**	**-**	1	(1)	-
Net finance costs	**(105)**	**(9)**	**(114)**	(89)	(12)	(101)
Profit before tax	**1,560**	**31**	**1,591**	1,321	23	1,344
Tax	**(389)**	**(15)**	**(404)**	(319)	(11)	(330)
Profit after tax	**1,171**	**16**	**1,187**	1,002	12	1,014
Non-controlling interest	**(10)**	**-**	**(10)**	(10)	-	(10)
Attributable profit	**1,161**	**16**	**1,177**	992	12	1,004
Average number of shares (millions)	**1,628**	**-**	**1,628**	1,643	-	1,643
Basic earnings per share (pence)	**71.3p**	**1.0p**	**72.3p**	60.4p	0.7p	61.1p
EBITDA			**2,188**			1,840
Gross capex			**717**			580
Free cash flow			**974**			908

Further details of the adjustments can be found in the consolidated income statement, note 2 segmental reporting and note 8 statutory and underlying results.

Statutory results

On a statutory basis, revenue was £22,568 million (2016: £19,605 million), growth of 15.1%, which included 11.3% of foreign currency translation benefit.

Operating profit was £1,665 million (2016: £1,409 million), an increase of 18.2% over the prior year, which included 11.3% of foreign currency translation benefit.

Operating margin was 7.4% (2016: 7.2%).

Net finance costs were £105 million (2016: £89 million).

Profit before tax was £1,560 million (2016: £1,321 million) giving rise to an income tax expense of £389 million (2016: £319 million), equivalent to an effective tax rate of 24.9% (2016: 24.1%).

Basic earnings per share were 71.3 pence (2016: 60.4 pence), an increase of 18.0%, of which 11.3% relates to foreign currency translation.

Business Review (continued)

Underlying results

A summary of adjustments from statutory results to underlying results is shown on page 34 and further detailed in the consolidated income statement (page 21), reconciliation of free cash flow from operations (page 27), the segmental reporting note (pages 28 to 29) and the organic revenue and organic profit note (page 35).

Underlying revenue

On an organic basis, revenue increased by 4.0%. New business wins were 8.7% driven by a strong performance in most countries. Our retention rate was 94.3% as a result of our ongoing focus and investment. Like for like revenue growth was 1.0%, reflecting sensible price increases partly offset by weak volumes in our commodity related business.

Underlying operating profit

Underlying operating profit was £1,705 million (2016: £1,445 million), an increase of 18.0%. If we restate 2016's profit at the 2017 average exchange rates, it would have increased by £169 million to £1,614 million. On a constant currency basis, underlying operating profit has therefore increased by £91 million, or 5.6%.

Underlying operating margin

The underlying operating margin increased by 20 basis points as we continue to drive efficiencies across the business, benefitted from the end of the Emerging Markets and Offshore & Remote restructuring and foreign exchange. These efficiencies, combined with modest pricing increases, enabled us to offset inflation pressures and reinvest to support the exciting growth opportunities we see around the world.

Underlying finance costs

The underlying net finance cost increased to £114 million (2016: £101 million) as a result of sterling weakness and the additional interest on debt to fund the £1 billion special dividend. This equates to an effective interest rate of just under 3.0% on gross debt. For 2018, we expect an underlying net finance cost of around £120 million.

Underlying tax charge

On an underlying basis, the tax charge was £404 million (2016: £330 million), equivalent to an effective tax rate of 25.4% (2016: 24.5%). This increase is a consequence of both the changing regulatory environment affecting all multinational groups, specifically the enactment into law in the UK of the OECD BEPS legislation, and the impact of exchange rate movements. Our current expectations for the 2018 tax rate are to be around 1.0% higher than 2017. As previously noted, we are likely to see a continuing period of significant uncertainty in the international corporate tax environment.

Underlying basic earnings per share

On a constant currency basis, the underlying basic earnings per share were 72.3 pence (2016: 68.4 pence), an increase of 5.7%.

Dividends

Our dividend policy is to grow the dividend in line with growth in underlying constant currency earnings per share. In determining the level of dividend in any year in accordance with the policy, the Board also considers a number of other factors that influence the proposed dividend, which include but are not limited to:

- the level of available distributable reserves in the Parent Company;
- future cash commitments and investment needs to sustain the long-term growth prospects of the business;
- potential strategic opportunities; and
- the level of dividend cover.

Further surpluses, after considering the matters set out above, are distributed to shareholders over time by way of special dividend payments, share repurchases or a combination of both.

Compass Group PLC, the Parent Company of the Group, is a non-trading investment holding company which derives its distributable reserves from dividends paid by subsidiary companies. The level of distributable reserves in the Parent Company is reviewed annually and the Group aims to maintain distributable reserves that provide adequate cover for dividend payments. The distributable reserves of the Parent Company include the balance on the profit and loss account reserve, which at 30 September 2017 amounted to £1,127 million.

The Group is currently in a strong position to continue to fund its dividend which continues to be well covered by cash generated by the business. Details on the Group's going concern assessment can be found on page 16.

The ability of the Board to maintain its future dividend policy will be influenced by a number of the principal risks identified on pages 17 to 20 that could adversely impact the performance of the Group although we believe we have the ability to mitigate those risks as outlined on pages 17 to 20.

It is proposed that a final dividend of 22.3 pence per share be paid on 26 February 2018 to shareholders on the register on 19 January 2018. This will result in a total dividend for the year of 33.5 pence per share (2016: 31.7 pence per share), a year on year increase of 5.7%. The dividend is covered 2.2 times on an underlying earnings basis and 1.8 times on a cash basis.

The final dividend of 22.3 pence will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP will be 5 February 2018.

Special dividend

On 7 June 2017, shareholder approval was given at a General Meeting for a return of 61.0 pence per share to shareholders, which was equivalent to £1 billion in aggregate and was accompanied by a Share Capital Consolidation. The special dividend was paid on 17 July 2017 to shareholders on the register on 26 June 2017.

Purchase of own shares

During the year, the Group purchased shares for a consideration of £19 million (2016: £100 million).

Shareholder return

The market price of the Group's ordinary shares at the close of the financial year was 1,583.00 pence per share (2016: 1,495.00 pence per share).

Business Review (continued)

Free cash flow

Free cash flow totalled £974 million (2016: £899 million). In 2016, we made cash payments of £9 million related to the European exceptional programme. Adjusting for this, free cash flow on an underlying basis would have grown by £66 million or 7.3%. Free cash flow conversion was 57% (2016: 63%).

Gross capital expenditure of £717 million (2016: £580 million), including assets purchased under finance leases of £2 million (2016: £2 million), is equivalent to 3.1% of underlying revenues (2016: 2.9% of underlying revenues). We continue to deliver strong returns on our capital expenditure across all regions. In 2018 we expect capital expenditure to be just over 3% of revenue, which includes an investment in a long term partnership with the LA Dodgers in the US.

The working capital outflow, excluding provisions and pensions, was £62 million (2016: £12 million inflow). In 2018 we expect a small underlying outflow which will be offset by a positive inflow of around £70 million due to the timing of our payroll run in September. This payroll inflow is a reversal of the outflow which occurred in 2016.

The £14 million outflow (2016: £39 million) in respect of post employment benefit obligations reflects the reduction in regular payments agreed with trustees of the UK defined benefit pension scheme as a result of the funding surplus following the triennial valuation in April 2016. We now continue to expect a total outflow for the Group of around £20 million per annum.

The net interest outflow was £97 million (2016: £94 million).

The underlying cash tax rate was in line with expectations at 21% (2016: 18%).

Acquisition payments

The total cash spent on acquisitions in the year, net of cash acquired, was £96 million (2016: £180 million), comprising £72 million of infill acquisitions, £1 million of acquisition transaction costs net of cash acquired and £23 million of contingent consideration relating to prior years' acquisitions.

Disposals

The Group received £19 million (2016: £2 million) in respect of the disposal of some non core businesses.

Post employment benefit obligations

The Group has continued to review and monitor its pension obligations throughout the period working closely with the trustees and members of all schemes around the Group to ensure proper and prudent assumptions are used and adequate provision and contributions are made.

The Group's net pension surplus, calculated in accordance with IAS 19, for all Group defined benefit schemes was £28 million (2016: £21 million deficit).

The total pensions charge for defined benefit contribution schemes in the year was £123 million (2016: £100 million) and £20 million (2016: £17 million) for defined benefit schemes.

Return on capital employed

Return on capital employed was 20.3% (2016: 19.4%) based on net operating profit after tax at the underlying effective tax rate of 25.4% (2016: 24.5%). The average capital employed was £6,218 million (2016: £5,565 million).

On a constant currency basis, the increase in return on capital employed was 10 basis points.

Related party transactions

Details of transactions with related parties are set out in note 29 of the consolidated financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

Financial position

The ratio of net debt to market capitalisation of £25,035 million as at 30 September 2017 was 13.8% (2016: 12%). Net debt increased to £3,446 million (2016: £2,874 million). The ratio of net debt to underlying EBITDA was 1.6x, slightly above the target ratio due to the funding of the £1 billion special dividend. Our leverage policy is to maintain strong investment grade credit ratings, returning any surplus cash to shareholders to target net debt to underlying EBITDA of around 1.5x.

The Group generated £974 million of free cash flow (2016: £899 million), including investing £683 million in net capital expenditure, and spent £77 million on acquisitions net of disposal proceeds. £347 million was paid in respect of the final dividend for the financial year 2016, £184 million was paid for the interim 2017 dividend, £1,003 million in relation to the special dividend and £19 million returned to shareholders through share buybacks.

The remaining £84 million movement in net debt related predominantly to foreign currency translation.

Liquidity risk

The Group finances its borrowings from a number of sources including the bank, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk.

The maturity profile of the Group's principal borrowings at 30 September 2017 shows that the average period to maturity is 5.6 years (2016: 5.0 years).

The Group's undrawn committed bank facilities at 30 September 2017 were £1,387 million (2016: £1,000 million).

Financial management

The Group continues to manage its interest rate and foreign currency exposure in accordance with the policies set out below.

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies. These policies have not changed in the year.

Foreign currency risk

The Group's policy is to match as far as possible its principal projected cash flows by currency to actual or effective borrowings in the same currency. As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are taken out which, when applied to the actual currency borrowings, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings either are less than, or equate to, the net investment in overseas operations, these exchange rate movements are treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the income statement.

Non-sterling earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given, and will continue to give, rise to translation differences. The Group is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings.

Business Review (continued)

Interest rate risk

As set out above, the Group has effective borrowings in a number of currencies and its policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year, reducing to 60% fixed for the second year and 40% fixed for the third year.

Group tax policy

As a Group, we are committed to creating long term shareholder value through the responsible, sustainable and efficient delivery of our key business objectives. This will enable us to grow the business and make significant investments into the Group and its operations.

We therefore adopt an approach to tax that supports this strategy and also balances the various interests of our stakeholders including shareholders, governments, employees and the communities in which we operate. Our aim is to pursue a principled and sustainable tax strategy that has strong commercial merit and is aligned with our business strategy. We believe this will enhance shareholder value whilst protecting Compass' reputation.

In doing so, we act in compliance with the relevant local and international laws and disclosure requirements, and we conduct an open and transparent relationship with the relevant tax authorities that fully complies with the Group's Code of Business Conduct and Code of Ethics.

In an increasingly complex international environment, a degree of tax risk and uncertainty is, however, inevitable. We manage and control these risks in a proactive manner and in doing so, exercise our judgement and seek appropriate advice from relevant professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.

Risks and uncertainties

The Board takes a proactive approach to risk management with the aim of protecting its employees and customers and safeguarding the interests of the Group, its shareholders, employees, clients, consumers and all other stakeholders.

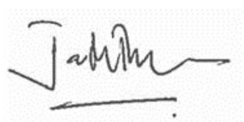
The principal risks and uncertainties that face the business and the activities the Group undertakes to mitigate these are set out on pages 17 to 20.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, as is the financial position of the Group, its cash flows, liquidity position, and borrowing facilities.

The Group has considerable financial resources together with longer term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the Annual Report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.



Johnny Thomson
Group Finance Director
21 November 2017

Focus on Risk

Identifying and managing risk

The Board continues to take a proactive approach to recognising, assessing and mitigating risk with the aim of protecting its employees and consumers and safeguarding the interests of the Company and its shareholders in the constantly changing environment in which it operates.

As set out in the Corporate Governance section within the Annual Report, the Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the business.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

The table on pages 18 to 20 sets out the principal risks and uncertainties facing the business at the date of this announcement. These have been subject to robust assessment and review. They do not comprise all of the risks that the Group may face and are not listed in any order of priority. Additional risks and uncertainties not presently known to management, or deemed to be less material at the date of this announcement, may also have an adverse effect on the Group. These include risks resulting from the UK's decision to leave the EU and the potential for US tax reform which could adversely affect the risks noted under the 'economic and political environment' section of the table on the following pages as well as affecting financial risks such as liquidity and credit. The Board views the potential impact of Brexit as an integral part of its principal risks rather than a stand-alone risk. However, there is still significant uncertainty about the withdrawal process, its timeframe, and the outcome of negotiations about future arrangements between the UK and the EU, and the period for which existing EU laws for member states will continue to apply to the UK. Therefore, although the risks related to Brexit have been discussed by the Board, it remains too early to properly understand the impact on the business whilst negotiations continue to take place. The Board will continue to assess the risk to the business as the Brexit process evolves.

The Group has significant operations and a substantial employee base in the USA where the new administration has signalled broad policy changes. Some of these potential changes in policy are in respect of trade and tax, none of which are clear at this stage. We are closely monitoring developments from the new administration and will continue to assess the impact of any changes and the extent to which they will be enacted.

In accordance with the provisions of the UK Corporate Governance Code, the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Company for the purpose of preparing the Viability Statement. The Going Concern and Viability Statement can be found in the Strategic Report in the Annual Report.

The Group faces a number of operational risks on an ongoing basis such as litigation and financial (including liquidity and credit) risk and some wider risks, for example, environmental and reputational. Additionally, there are risks (such as those relating to the eurozone economy, pensions, and acquisitions and investments) which vary in importance depending on changing conditions. All risks disclosed in previous years can be found in the annual reports available on our website at www.compass-group.com. We recognise that these risks remain important to the business and they are kept under review. However, we have focused the disclosures on pages below on those risks that are currently considered to be more significant to the Group.

Focus on Risk (continued)

Principal risks

Increased risk   Consistent risk

RISKS	DESCRIPTION	EXAMPLES OF MITIGATION
HEALTH AND SAFETY		
Health and safety **2017** 2016	Health and safety is our number one operational priority. We are focused on protecting people's wellbeing, as well as avoiding serious business interruption and potential damage to our reputation. Compass feeds millions of consumers and employs thousands of people around the world every day. Therefore, setting the highest standards for food hygiene and safety is paramount.	All management meetings throughout the Group feature a health and safety update as their first substantive agenda item. Health and safety improvement KPIs are included in the annual bonus plans for each of the business' management teams. The Group has policies, procedures and standards in place to ensure compliance with legal obligations and industry standards. The safety and quality of our global supply chain are assured through compliance against a robust set of standards which are regularly reviewed, audited and upgraded as necessary to improve supply chain visibility and product integrity.
CLIENTS AND CONSUMERS		
Client and consumer sales retention **2017** 2016	Our business relies on securing and retaining a diverse range of clients.	We have strategies which strengthen our long term relationships with our clients and consumers based on quality, value and innovation. Our business model is structured so that we are not reliant on one particular sector, geography or group of clients.
Bidding **2017** 2016	Each year, the Group could bid for a large number of opportunities.	A rigorous tender review process is in place, which includes a critical assessment of contracts to identify potential risks (including social and ethical risks) and rewards, prior to approval at an appropriate level in the organisation.
Service delivery and contractual compliance **2017** 2016	The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to loss of business.	Processes are in place to ensure that the services delivered to clients are of an appropriate standard and comply with the required contract terms and conditions.
Competition **2017** 2016	We operate in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self-operated market. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to promote our differentiated propositions and by focusing on our points of strength, such as flexibility in our cost base, quality and value of service and innovation.

Focus on Risk (continued)

RISKS	DESCRIPTION	EXAMPLES OF MITIGATION
PEOPLE		
Recruitment **2017** 2016	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group. The Group faces resourcing challenges in some of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people, and the seasonal nature of some of our business.	The Group aims to mitigate this risk by efficient, time critical resource management, mobilisation of existing, experienced employees within the organisation, improved use of technology and through offering training and development programmes.
Retention and motivation **2017** 2016	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.	The Group has established training, development, performance management and reward programmes to retain, develop and motivate our best people. The Group has a well established employee engagement initiative, Your Voice, which helps us to monitor, understand and respond to our employees' needs.
ECONOMIC AND POLITICAL ENVIRONMENT		
Economy **2017** 2016	Some sectors of our business could be susceptible to adverse changes in economic conditions and employment levels.	With the variable and flexible nature of our cost base, it is generally possible to contain the impact of these adverse conditions.
Cost inflation **2017** 2016	Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the USA and UK, or food, especially in countries such as Brazil, could constitute a risk to our ability to do this.	As part of our MAP framework, we seek to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients.
Political stability **2017** 2016	We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability caused, for example, by the UK's decision to leave the EU.	The Group remains vigilant to future changes presented by emerging markets or fledgling administrations and we try to anticipate and contribute to important changes in public policy.
COMPLIANCE AND FRAUD		
Compliance and fraud **2017** 2016	Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, could have an adverse effect on the Group's reputation and could result in an adverse impact on the Group's performance if significant financial penalties are levied or a criminal action is brought against the Company or its directors.	The Group's zero tolerance based Codes of Business Conduct and Ethics continue to govern all aspects of our relationships with our stakeholders. All alleged breaches of the Codes, including any allegations of fraud, are investigated. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.

Focus on Risk (continued)

RISKS	DESCRIPTION	EXAMPLES OF MITIGATION
COMPLIANCE AND FRAUD		
Tax compliance **2017** 2016	As a Group, we seek to plan and manage our tax affairs efficiently in the jurisdictions in which we operate. In doing so, we act in compliance with the relevant laws and disclosure requirements. However, in an increasingly complex international corporate tax environment, a degree of uncertainty is inevitable and we note in particular the policy efforts being led by the EU and the OECD which may have a material impact on the taxation of all international businesses.	We manage and control these risks in a proactive manner and in doing so exercise our judgement and seek appropriate advice from reputable professional firms. Tax risks are assessed as part of the Group's formal governance process and are reviewed by the Board and the Audit Committee on a regular basis.
INFORMATION SYSTEMS AND TECHNOLOGY		
Information systems and technology **2017** 2016	The digital world creates many risks for a global business including technology failures, loss of confidential data and damage to brand reputation, through, for example, the use of social media.	We seek to assess and manage the maturity of our enterprise risk and security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. The Group relies on a variety of IT systems in order to manage and deliver services and communicate with our clients, consumers, suppliers and employees. We are focused on the need to maximise the effectiveness of our information systems and technology as a business enabler and to reduce both cost and exposure as a result.

Compass Group PLC
Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Total 2017 £m	Total 2016 £m
Combined sales of Group and share of equity accounted joint ventures	2	**22,852**	19,871
Less: share of sales of equity accounted joint ventures		**(284)**	(266)
Revenue		**22,568**	19,605
Operating costs		**(20,945)**	(18,235)
Operating costs, excluding Emerging Markets and Offshore & Remote restructuring		**(20,945)**	(18,210)
Emerging Markets and Offshore & Remote restructuring		**-**	(25)
Operating profit before joint ventures and associates		**1,623**	1,370
Share of profit after tax of joint ventures and associates		**42**	39
Operating profit		**1,665**	1,409
Underlying operating profit[1]	2	**1,705**	1,445
Amortisation of intangibles arising on acquisition		**(39)**	(31)
Acquisition transaction costs		**(2)**	(2)
Adjustment to contingent consideration on acquisition		**3**	-
Share-based payments expense - non-controlling interest call option		**-**	(1)
Tax on share of profit of joint ventures		**(2)**	(2)
Profit on disposal of businesses		**-**	1
Finance income		**6**	4
Finance costs		**(120)**	(105)
Other financing items		**9**	12
Profit before tax		**1,560**	1,321
Income tax expense	3	**(389)**	(319)
Profit for the year		**1,171**	1,002
ATTRIBUTABLE TO			
Equity shareholders of the Company		**1,161**	992
Non-controlling interests		**10**	10
Profit for the year		**1,171**	1,002
BASIC EARNINGS PER SHARE (PENCE)	4	**71.3p**	60.4p
DILUTED EARNINGS PER SHARE (PENCE)	4	**71.3p**	60.3p

[1] Underlying operating profit excludes amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition and share-based payments expense relating to non-controlling interest call options, but includes share of profit after tax of associates and operating profit of joint ventures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £m	2016 £m
Profit for the year	**1,171**	1,002
Other comprehensive income		
Items that are not reclassified subsequently to profit or loss		
Remeasurement of post employment benefit obligations – gain / (loss)	**125**	(500)
Return on plan assets, excluding interest income – gain / (loss)	**(96)**	480
Tax on items relating to the components of other comprehensive income	**(8)**	6
	21	(14)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(47)**	158
	(47)	158
Total other comprehensive (loss)/income for the year	**(26)**	144
Total comprehensive income for the year	**1,145**	1,146
ATTRIBUTABLE TO		
Equity shareholders of the Company	**1,135**	1,136
Non-controlling interests	**10**	10
Total comprehensive income for the year	**1,145**	1,146

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Attributable to equity shareholders of the Company						
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 October 2016	176	182	295	4,359	(2,507)	15	2,520
Profit for the year	-	-	-	-	1,161	10	1,171
Other comprehensive income							
Currency translation differences	-	-	-	(47)	-	-	(47)
Remeasurement of post employment benefit obligations – gain	-	-	-	-	125	-	125
Return on plan assets, excluding interest income – loss	-	-	-	-	(96)	-	(96)
Tax on items relating to the components of other comprehensive income	-	-	-	(1)	(7)	-	(8)
Total other comprehensive (loss)/income	-	-	-	(48)	22	-	(26)
Total comprehensive (loss)/income for the year	-	-	-	(48)	1,183	10	1,145
Fair value of share-based payments	-	-	-	21	-	-	21
Use of treasury shares to satisfy employee share scheme awards	-	-	-	(3)	-	-	(3)
Tax on items taken directly to equity	-	-	-	-	3	-	3
Share buyback[1]	-	-	-	-	(19)	-	(19)
Other changes	-	-	-	(9)	(1)	10	-
	176	182	295	4,320	(1,341)	35	3,667
Dividends paid to Compass shareholders (note 5)	-	-	-	-	(1,534)	-	(1,534)
Dividends paid to non-controlling interests	-	-	-	-	-	(13)	(13)
At 30 September 2017	176	182	295	4,320	(2,875)	22	2,120

[1] Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for non-controlling interest put options reserve £m	Total other Reserves £m
At 1 October 2016	193	4,170	7	(5)	(6)	4,359
Other comprehensive income						
Currency translation differences	-	-	-	(47)	-	(47)
Tax on items relating to the components of other comprehensive income	-	-	-	(1)	-	(1)
Total other comprehensive loss	-	-	-	(48)	-	(48)
Fair value of share-based payments	21	-	-	-	-	21
Use of treasury shares to satisfy employee share scheme awards	(3)	-	-	-	-	(3)
Other changes	-	-	-	-	(9)	(9)
At 30 September 2017	211	4,170	7	(53)	(15)	4,320

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Attributable to equity shareholders of the Company							
	Share capital £m	Share premium account £m	Capital redemption reserve £m	Own shares £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 October 2015	176	182	295	(1)	4,189	(2,904)	13	1,950
Profit for the year	-	-	-	-	-	992	10	1,002
Other comprehensive income								
Currency translation differences	-	-	-	-	158	-	-	158
Remeasurement of post employment benefit obligations – loss	-	-	-	-	-	(500)	-	(500)
Return on plan assets, excluding interest income – gain	-	-	-	-	-	480	-	480
Tax on items relating to the components of other comprehensive income	-	-	-	-	(2)	8	-	6
Total other comprehensive income/(loss)	-	-	-	-	156	(12)	-	144
Total comprehensive income for the year	-	-	-	-	156	980	10	1,146
Fair value of share-based payments	-	-	-	1	16	1	-	18
Release of LTIP award settled by issue of shares	-	-	-	-	(2)	-	-	(2)
Tax on items taken directly to equity	-	-	-	-	-	9	-	9
Share buyback[1]	-	-	-	-	-	(100)	-	(100)
Issue of treasury shares to satisfy employee share scheme awards exercised	-	-	-	-	-	3	-	3
Other changes	-	-	-	-	-	-	1	1
	176	182	295	-	4,359	(2,011)	24	3,025
Dividends paid to Compass shareholders (note 5)	-	-	-	-	-	(496)	-	(496)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(9)	(9)
At 30 September 2016	176	182	295	-	4,359	(2,507)	15	2,520

1 Including stamp duty and brokers' commission.

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve £m	Adjustment for non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2015	179	4,170	7	(161)	(6)	4,189
Other comprehensive income						
Currency translation differences	-	-	-	158	-	158
Tax on items relating to the components of other comprehensive income	-	-	-	(2)	-	(2)
Total other comprehensive income	-	-	-	156	-	156
Fair value of share-based payments	16	-	-	-	-	16
Release of LTIP award settled by issue of shares	(2)	-	-	-	-	(2)
At 30 September 2016	193	4,170	7	(5)	(6)	4,359

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £m	2016 £m
NON-CURRENT ASSETS			
Goodwill		**3,994**	4,050
Other intangible assets		**1,537**	1,469
Property, plant and equipment		**1,000**	953
Interests in joint ventures and associates		**220**	222
Other investments		**63**	50
Post employment benefit assets[1]		**259**	244
Trade and other receivables		**104**	97
Deferred tax assets*		**132**	149
Derivative financial instruments**	7	**139**	184
Non-current assets		**7,448**	7,418
CURRENT ASSETS			
Inventories		**353**	347
Trade and other receivables		**2,701**	2,596
Tax recoverable*		**86**	77
Cash and cash equivalents**	7	**387**	346
Derivative financial instruments**	7	**4**	2
Current assets		**3,531**	3,368
Total assets		**10,979**	10,786
CURRENT LIABILITIES			
Short term borrowings**	7	**(20)**	(321)
Derivative financial instruments**	7	**(6)**	(9)
Provisions		**(132)**	(143)
Current tax liabilities*		**(227)**	(195)
Trade and other payables		**(3,892)**	(3,851)
Current liabilities		**(4,277)**	(4,519)
NON-CURRENT LIABILITIES			
Long term borrowings**	7	**(3,939)**	(3,075)
Derivative financial instruments**	7	**(11)**	(1)
Post employment benefit obligations		**(231)**	(265)
Provisions		**(266)**	(280)
Deferred tax liabilities*		**(48)**	(40)
Trade and other payables		**(87)**	(86)
Non-current liabilities		**(4,582)**	(3,747)
Total liabilities		**(8,859)**	(8,266)
Net assets		**2,120**	2,520
EQUITY			
Share capital		**176**	176
Share premium account		**182**	182
Capital redemption reserve		**295**	295
Other reserves		**4,320**	4,359
Retained earnings		**(2,875)**	(2,507)
Total equity shareholders' funds		**2,098**	2,505
Non-controlling interests		**22**	15
Total equity		**2,120**	2,520

* Component of current and deferred taxes.
** Component of net debt.
[1] Represented to reclassify £244 million of post employment defined benefit pension schemes in a net surplus position included within post employment benefit obligations for the year ended 30 September 2016. As a result, non-current assets and non-current liabilities have increased by the same amount.

Approved by the Board of Directors on 21 November 2017 and signed on their behalf by

RICHARD COUSINS, Director
JOHNNY THOMSON, Director

Compass Group PLC
Consolidated Financial Statements (continued)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £m	2016 £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	6	**2,068**	1,768
Interest paid		**(103)**	(98)
Tax received		**25**	17
Tax paid		**(357)**	(263)
Net cash from operating activities		**1,633**	1,424
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies and investments in associated undertakings[1]		**(96)**	(180)
Purchase of additional interest joint operations		**(5)**	-
Proceeds from sale of subsidiary companies and associated undertakings[1]		**19**	2
Purchase of intangible assets		**(339)**	(267)
Purchase of property, plant and equipment[2]		**(376)**	(311)
Proceeds from sale of property, plant and equipment/intangible assets		**32**	29
Purchase of other investments		**(8)**	(6)
Proceeds from sale of other investments		**-**	2
Dividends received from joint ventures and associates		**39**	33
Interest received		**6**	4
Net cash used in investing activities		**(728)**	(694)
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of own shares[3]		**(19)**	(100)
Receipts from issue of treasury shares to satisfy employee share scheme awards exercised		**-**	3
Increase in borrowings		**1,290**	194
Repayment of borrowings		**(571)**	(309)
Repayment of obligations under finance leases		**(6)**	(3)
Equity dividends paid	5	**(1,534)**	(496)
Dividends paid to non-controlling interests		**(13)**	(9)
Net cash used in financing activities		**(853)**	(720)
CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		**52**	10
Cash and cash equivalents at beginning of the year		**346**	283
Currency translation gains/(losses) on cash and cash equivalents		**(11)**	53
Cash and cash equivalents at end of the year		**387**	346

[1] Net of cash acquired or disposed and payments received or made under warranties and indemnities.

[2] Includes property, plant and equipment purchased under client commitments.

[3] Includes stamp duty and brokers' commission.

Compass Group PLC
Consolidated Financial Statements (continued)

RECONCILIATION OF FREE CASH FLOW

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £m	2016 £m
Net cash from operating activities	**1,633**	1,424
Purchase of intangible assets	**(339)**	(267)
Purchase of property, plant and equipment	**(376)**	(311)
Proceeds from sale of property, plant and equipment/intangible assets	**32**	29
Purchase of other investments	**(8)**	(6)
Proceeds from sale of other investments	**-**	2
Dividends received from joint ventures and associates	**39**	33
Interest received	**6**	4
Dividends paid to non-controlling interests	**(13)**	(9)
Free cash flow	**974**	899
Add back: Europe & Japan cash restructuring costs in the year	**-**	9
Underlying free cash flow	**974**	908

Compass Group PLC
Consolidated Financial Statements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 BASIS OF PREPARATION

The financial information included within this announcement has been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted for use in the European Union (EU), and in accordance with the Disclosure Guidance and Transparency Rules (DGTR) of the Financial Conduct Authority.

The financial information set out below does not constitute the Company's statutory accounts for the years ended 30 September 2017 or 2016, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; its Reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying its Report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 SEGMENTAL REPORTING

	Geographical segments			
REVENUE[1]	North America £m	Europe £m	Rest of World £m	Total £m
YEAR ENDED 30 SEPTEMBER 2017				
Combined sales of Group and share of equity accounted joint ventures[2,3]	**13,322**	**5,911**	**3,619**	**22,852**
YEAR ENDED 30 SEPTEMBER 2016				
Combined sales of Group and share of equity accounted joint ventures[2,3]	11,198	5,458	3,215	19,871

	Sectors					
REVENUE[1]	Business & Industry £m	Education £m	Healthcare & Seniors £m	Sports & Leisure £m	Defence, Offshore & Remote £m	Total £m
YEAR ENDED 30 SEPTEMBER 2017						
Combined sales of Group and share of equity accounted joint ventures	**8,847**	**4,124**	**5,264**	**2,820**	**1,797**	**22,852**
YEAR ENDED 30 SEPTEMBER 2016						
Combined sales of Group and share of equity accounted joint ventures	7,602	3,621	4,472	2,416	1,760	19,871

[1] There is no inter-segmental trading.
[2] This is the revenue measure considered by the chief operating decision maker.
[3] Underlying revenue from external customers arising in the UK, the Group's country of domicile, was £2,070 million (2016: £1,981 million). Underlying revenue from external customers arising in the US was £12,449 million (2016: £10,350 million). Underlying revenue from external customers arising in all foreign countries from which the Group derives revenue was £20,782 million (2016: £17,890 million).

	Geographical segments				
OPERATING PROFIT	North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2017					
Underlying operating profit before joint ventures and associates	**1,079**	**428**	**224**	**(70)**	**1,661**
Add: Share of profit before tax of joint ventures	**3**	**-**	**24**	**-**	**27**
Regional underlying operating profit[1]	**1,082**	**428**	**248**	**(70)**	**1,688**
Add: Share of profit of associates	**12**	**5**	**-**	**-**	**17**
Group underlying operating profit[1]	**1,094**	**433**	**248**	**(70)**	**1,705**

[1] Underlying operating profit is the profit measure considered by the chief operating decision maker.

Compass Group PLC
Consolidated Financial Statements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

OPERATING PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central Activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2016					
Underlying operating profit before joint ventures and associates and Emerging Markets and Offshore & Remote restructuring	906	394	194	(65)	1,429
Add: Share of profit before tax of joint ventures	2	-	24	-	26
Regional underlying operating profit[2]	908	394	218	(65)	1,455
Add: Share of profit of associates	10	5	-	-	15
Less: Emerging Markets and Offshore & Remote restructuring[1]	-	(6)	(19)	-	(25)
Group underlying operating profit[2]	918	393	199	(65)	1,445

[1] The Group incurred charges resulting from the restructuring and downturn in the trading conditions of its Emerging Markets and Offshore & Remote activities which include headcount reductions (£22 million) and other expenses (£3 million).
[2] Underlying operating profit is the profit measure considered by the chief operating decision maker.

3 TAX

RECOGNISED IN THE INCOME STATEMENT: INCOME TAX EXPENSE	**2017 £m**	2016 £m
CURRENT TAX		
Current year	**424**	315
Adjustment in respect of prior years	**(47)**	(38)
Current tax expense	**377**	277
DEFERRED TAX		
Current year	**7**	27
Impact of changes in statutory tax rates	**2**	6
Adjustment in respect of prior years	**3**	9
Deferred tax expense	**12**	42
TOTAL INCOME TAX		
Income tax expense	**389**	319

Deferred tax assets have not been recognised in respect of tax losses of £54 million (2016: £101 million) and other temporary differences of £23 million (2016: £16 million). Of the total tax losses, £44 million (2016: £92 million) will expire at various dates between 2018 and 2022. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

Compass Group PLC
Consolidated Financial Statements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings after tax and the weighted average number of shares in issue during the year. The underlying earnings per share figures have been calculated based on earnings excluding the effect of the amortisation of intangibles arising on acquisition, acquisition transaction costs, adjustment to contingent consideration on acquisition, non-controlling interest put options, gains and losses on disposal of businesses, hedge accounting ineffectiveness, change in fair value of investments and the tax attributable to these amounts. These items are excluded in order to show the underlying trading performance of the Group.

ATTRIBUTABLE PROFIT	**2017 £m**	2016 £m
Profit for the period attributable to equity shareholders of the Company	**1,161**	992
Adjustments stated net of tax:		
Amortisation of intangible assets arising on acquisition	**25**	20
Acquisition transaction costs	**2**	2
Adjustment to contingent consideration on acquisition	**(3)**	-
Gain on disposal of businesses	**-**	(1)
Gain from other financing items including hedge accounting ineffectiveness	**(8)**	(10)
Non-controlling interest call options	**-**	1
Underlying attributable profit for the year from operations	**1,177**	1,004

AVERAGE NUMBER OF SHARES (MILLIONS OF ORDINARY SHARES)	**2017 Ordinary shares of $11^{1/20}$p each millions[1]**	2016 Ordinary shares of $10^{5/8}$p each millions
Average number of shares for basic earnings per share	**1,628**	1,643
Dilutive share options	**1**	3
Average number of shares for diluted earnings per share	**1,629**	1,646

[1] On 26 June 2017 shareholders received 25 shares of $11^{1/20}$ pence in return for 26 shares of $10^{5/8}$ pence.

	2017 Earnings per share pence	2016 Earnings per share pence
BASIC EARNINGS PER SHARE		
From operations	**71.3**	60.4
Adjustments stated net of tax:		
Amortisation of intangible assets arising on acquisition	**1.5**	1.2
Acquisition transaction costs	**0.1**	0.1
Adjustment to contingent consideration on acquisition	**(0.2)**	-
Gain on disposal of businesses	**-**	(0.1)
Gain from other financing items including hedge accounting ineffectiveness	**(0.4)**	(0.6)
Non-controlling interest call options	**-**	0.1
From underlying operations	**72.3**	61.1

Compass Group PLC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 EARNINGS PER SHARE CONTINUED

	2017 Earnings per share pence	2016 Earnings per share pence
DILUTED EARNINGS PER SHARE		
From operations	**71.3**	60.3
Adjustments stated net of tax:		
Amortisation of intangible assets arising on acquisition	**1.5**	1.2
Acquisition transaction costs	**0.1**	0.1
Adjustment to contingent consideration on acquisition	**(0.2)**	-
Gain on disposal of businesses	**-**	(0.1)
Gain from other financing items including hedge accounting ineffectiveness	**(0.4)**	(0.6)
Non-controlling interest call options	**-**	0.1
From underlying operations	**72.3**	61.0

5 DIVIDENDS

A final dividend in respect of 2017 of 22.3 pence per share, £353 million in aggregate[1], has been proposed, giving a total dividend in respect of 2017 of 33.5 pence per share (2016: 31.7 pence per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 8 February 2018 and has not been included as a liability in these financial statements.

	2017		2016	
DIVIDENDS ON ORDINARY SHARES	Dividends per share pence	£m	Dividends per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
Final 2015	**-**	**-**	19.6	322
Interim 2016	**-**	**-**	10.6	174
Final 2016	**21.1**	**347**	-	-
Interim 2017	**11.2**	**184**	-	-
Total dividends	**32.3**	**531**	30.2	496

[1] Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2017 (1,582 million shares).

In addition, a special dividend of 61.0 pence per share, £1,003 million in aggregate, was paid to shareholders on 17 July 2017.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

6 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS	2017 £m	2016 £m
Operating profit from operations	**1,623**	1,370
Adjustments for:		
Acquisition transaction costs	**2**	2
Amortisation of intangible assets	**221**	179
Amortisation of intangible assets arising on acquisition	**39**	31
Share-based payments expense - non-controlling interest call option	**-**	1
Depreciation of property, plant and equipment	**262**	216
Profit on disposal of property, plant and equipment/intangible assets	**-**	(1)
Decrease in provisions	**(24)**	(19)
Decrease in post employment benefit obligations	**(14)**	(39)
Share-based payments - charged to profits	**21**	16
Operating cash flows before movement in working capital	**2,130**	1,756
Increase in inventories	**(11)**	(13)
Increase in receivables	**(152)**	(93)
Increase in payables	**101**	118
Cash generated by operations	**2,068**	1,768

Compass Group PLC
Consolidated Financial Statements (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

7 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

This table is presented as additional information to show movement in net debt, defined as overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.

NET DEBT	Cash and cash equivalents £m	Gross debt: Bank overdrafts £m	Gross debt: Bank and other borrowings £m	Gross debt: Total overdrafts and borrowings £m	Gross debt: Finance leases £m	Gross debt: Derivative financial instruments £m	Gross debt: Total gross debt £m	Net debt £m
At 1 October 2015	283	(59)	(2,859)	(2,918)	(13)	45	(2,886)	(2,603)
Net increase in cash and cash equivalents	10	-	-	-	-	-	-	10
Cash outflow from repayment of bank loans	-	-	195	195	-	-	195	195
Cash outflow from repayment of loan notes	-	-	114	114	-	-	114	114
Cash (inflow)/outflow from other changes in gross debt	-	42	(378)	(336)	-	142	(194)	(194)
Cash outflow from repayments of obligations under finance leases	-	-	-	-	3	-	3	3
Increase in net debt as a result of new finance leases taken out	-	-	-	-	(2)	-	(2)	(2)
Currency translation gains/(losses)	53	(10)	(402)	(412)	(2)	(34)	(448)	(395)
Other non-cash movements	-	-	(25)	(25)	-	23	(2)	(2)
At 30 September 2016	346	(27)	(3,355)	(3,382)	(14)	176	(3,220)	(2,874)
Net increase in cash and cash equivalents	**52**	**-**	**-**	**-**	**-**	**-**	**-**	**52**
Cash outflow from repayment of bank loans	**-**	**-**	**536**	**536**	**-**	**-**	**536**	**536**
Cash inflow from borrowing of bank loans	**-**	**-**	**(301)**	**(301)**	**-**	**-**	**(301)**	**(301)**
Cash outflow from repayment of loan notes	**-**	**-**	**35**	**35**	**-**	**-**	**35**	**35**
Cash inflow from issue of bonds	**-**	**-**	**(942)**	**(942)**	**-**	**-**	**(942)**	**(942)**
Cash (inflow)/outflow from other changes in gross debt	**-**	**16**	**1**	**17**	**-**	**(64)**	**(47)**	**(47)**
Cash outflow from repayments of obligations under finance leases	**-**	**-**	**-**	**-**	**6**	**-**	**6**	**6**
Increase in net debt as a result of new finance leases	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**	**(2)**
Currency translation gains/(losses)	**(11)**	**3**	**17**	**20**	**-**	**80**	**100**	**89**
Other non-cash movements	**-**	**-**	**68**	**68**	**-**	**(66)**	**2**	**2**
At 30 September 2017	**387**	**(8)**	**(3,941)**	**(3,949)**	**(10)**	**126**	**(3,833)**	**(3,446)**

Other non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS IN NET DEBT	**2017 £m**	2016 £m
Amortisation of fees and discount on issuance	**(3)**	(1)
Changes in the fair value of bank and other borrowings in a designated fair value hedge	**71**	(24)
Bank and other borrowings	**68**	(25)
Changes in the value of derivative financial instruments including accrued income	**(66)**	23
Other non-cash movements	**2**	(2)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 STATUTORY AND UNDERLYING RESULTS

	Notes	2017 Statutory £m	Adjustments 1	2	3	4	5	6	7	2017 Underlying £m
Operating profit		1,665	39	2	(3)	2	-	-	-	1,705
Profit on disposal of businesses		-	-	-	-	-	-	-	-	-
Net finance cost		(105)	-	-	-	-	-	(9)	-	(114)
Finance income		6	-	-	-	-	-	-	-	6
Finance costs		(120)	-	-	-	-	-	-	-	(120)
Other financing items		9	-	-	-	-	-	(9)	-	-
Profit before tax		1,560	39	2	(3)	2	-	(9)	-	1,591
Income tax expense		(389)	(14)	-	-	(2)	-	1	-	(404)
Tax rate		24.9%	-	-	-	-	-	-	-	25.4%
Profit for the year		1,171	25	2	(3)	-	-	(8)	-	1,187
Non-controlling interests		(10)	-	-	-	-	-	-	-	(10)
Profit attributable to equity shareholders of the Company		1,161	25	2	(3)	-	-	(8)	-	1,177
Average number of shares		1,628	-	-	-	-	-	-	-	1,628
BASIC EARNINGS PER SHARE (PENCE)	4	71.3	1.5	0.1	(0.2)	-	-	(0.4)	-	72.3

	Notes	2016 Statutory £m	Adjustments 1	2	3	4	5	6	7	2016 Underlying £m
Operating profit		1,409	31	2	-	2	-	-	1	1,445
Profit on disposal of businesses		1	-	-	-	-	(1)	-	-	-
Net finance cost		(89)	-	-	-	-	-	(12)	-	(101)
Finance income		4	-	-	-	-	-	-	-	4
Finance costs		(105)	-	-	-	-	-	-	-	(105)
Other financing items		12	-	-	-	-	-	(12)	-	-
Profit before tax		1,321	31	2	-	2	(1)	(12)	1	1,344
Income tax expense		(319)	(11)	-	-	(2)	-	2	-	(330)
Tax rate		24.1%	-	-	-	-	-	-	-	24.5%
Profit for the year		1,002	20	2	-	-	(1)	(10)	1	1,014
Non-controlling interests		(10)	-	-	-	-	-	-	-	(10)
Profit attributable to equity shareholders of the Company		992	20	2	-	-	(1)	(10)	1	1,004
Average number of shares		1,643	-	-	-	-	-	-	-	1,643
BASIC EARNINGS PER SHARE (PENCE)	4	60.4	1.2	0.1	-	-	(0.1)	(0.6)	0.1	61.1

Adjustments:

1. Amortisation of intangibles arising on acquisition.
2. Acquisition transaction costs.
3. Adjustment to contingent consideration on acquisition.
4. Tax on share of profit of joint ventures.
5. Gain on disposal of businesses.
6. Other financing items including hedge accounting ineffectiveness.
7. Share-based payments expense - non-controlling interest call option.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 ORGANIC REVENUE AND ORGANIC PROFIT

	Geographical segments				
	North America £m	Europe £m	Rest of World £m	Other £m	Group £m
2017					
Combined sales of Group and share of equity accounted joint ventures	**13,322**	**5,911**	**3,619**	**-**	**22,852**
% growth reported rates	19.0%	8.3%	12.6%	-	15.0%
% growth constant currency	6.7%	1.5%	(2.5%)	-	3.8%
Organic adjustments	(57)	(3)	-	-	(60)
Organic revenue	13,265	5,908	3,619	-	22,792
% growth organic	**7.1%**	**1.6%**	**(2.5%)**	**-**	**4.0%**
2016					
Combined sales of Group and share of equity accounted joint ventures	**11,198**	**5,458**	**3,215**	**-**	**19,871**
Currency adjustments	1,286	364	496	-	2,146
Constant currency underlying revenue	12,484	5,822	3,711	-	22,017
Organic adjustments	(97)	(5)	-	-	(102)
Organic revenue	12,387	5,817	3,711	-	21,915
2017					
Regional underlying operating profit	**1,082**	**428**	**248**	**(70)**	**1,688**
Share of profit of associates	12	5	-	-	**17**
Group underlying operating profit	1,094	433	248	(70)	**1,705**
Underlying operating margin	**8.1%**	**7.2%**	**6.9%**	**-**	**7.4%**
% growth reported rates	19.2%	8.6%	13.8%	-	18.0%
% growth constant currency	6.9%	1.2%	(2.0%)	-	5.6%
Organic adjustments	(4)	-	-	-	(4)
Organic profit	1,090	433	248	(70)	1,701
% growth organic	**7.4%**	**1.2%**	**(2.0%)**	**-**	**5.9%**
2016					
Regional underlying operating profit	**908**	**394**	**218**	**(65)**	**1,455**
Share of profit of associates	10	5	-	-	**15**
EM & OR restructuring	-	(6)	(19)	-	**(25)**
Group underlying operating profit	918	393	199	(65)	**1,445**
Underlying operating margin	**8.1%**	**7.2%**	**6.8%**	**-**	**7.2%**
Currency adjustments	105	29	35	-	169
Constant currency underlying profit	1,023	422	234	(65)	1,614
Organic adjustments	(8)	-	-	-	(8)
Organic profit	1,015	422	234	(65)	1,606

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

11 EXCHANGE RATES

	2017	2016
AVERAGE EXCHANGE RATE FOR THE YEAR[1]		
Australian Dollar	**1.67**	1.94
Brazilian Real	**4.09**	5.19
Canadian Dollar	**1.68**	1.88
Chilean Peso	**837.69**	972.94
Euro	**1.15**	1.28
Japanese Yen	**141.38**	159.94
New Zealand Dollar	**1.78**	2.08
Norwegian Krone	**10.55**	12.00
Turkish Lira	**4.44**	4.16
UAE Dirham	**4.69**	5.22
US Dollar	**1.28**	1.42
CLOSING EXCHANGE RATE AS AT 30 SEPTEMBER[1]		
Australian Dollar	**1.71**	1.70
Brazilian Real	**4.24**	4.22
Canadian Dollar	**1.68**	1.71
Chilean Peso	**857.49**	855.93
Euro	**1.13**	1.16
Japanese Yen	**151.02**	131.54
New Zealand Dollar	**1.86**	1.79
Norwegian Krone	**10.68**	10.38
Turkish Lira	**4.77**	3.90
UAE Dirham	**4.93**	4.77
US Dollar	**1.34**	1.30

1 Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

Glossary of terms

Capital employed	Total equity shareholders' funds 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.
Constant currency	Restates the prior year results to the current year's average exchange rates.
EM & OR restructuring	Emerging Markets and Offshore & Remote restructuring
Free cash flow	Calculated by adjusting operating profit for non-cash items in profit, cash movements in provisions, post employment benefit obligations and working capital, cash purchases and proceeds from disposal of non-current assets, net cash interest, net cash tax, dividends received from joint ventures and associated undertakings, and dividends paid to non-controlling interests
Free cash flow conversion	Underlying free cash flow expressed as a percentage of underlying operating profit.
Like for like revenue growth	Calculated by adjusting organic revenue growth for new business wins and lost business.
Net debt	Bank overdrafts, bank and other borrowings, finance leases and derivative financial instruments, net of cash and cash equivalents.
Net debt to EBITDA	Net debt divided by underlying EBITDA.
NOPAT	Net operating profit after tax (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.
Organic profit growth	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 prior year’s underlying operating profit.
Organic profit	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).
Organic revenue	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).
Organic revenue growth	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 prior year’s underlying revenue.
ROCE	Return on capital employed (ROCE) divides NOPAT by the 12 month average capital employed.
Specific adjusting items	acquisition transaction costs; adjustment to contingent consideration on acquisition; amortisation of intangibles arising on acquisition; change in the fair value of investments; other financing items including hedge accounting ineffectiveness; profit/(loss) on disposal of businesses; share-based payments expense relating to non-controlling interest call options; tax on share of profit of joint ventures.
Underlying basic earnings per share	Excludes specific adjusting items and the tax attributable to those items.
Underlying cash tax rate	Based on underlying cash tax and underlying profit before tax.
Underlying depreciation and amortisation	Excludes specific adjusting items.
Underlying EBITDA	Based on underlying operating profit, adding back underlying depreciation and amortisation.
Underlying effective tax rate	Based on underlying tax charge and underlying profit before tax.
Underlying free cash flow	Free cash flow adjusted for cash restructuring costs in the year relating to the 2012 and 2013 European exceptional programme.
Underlying net finance cost	Excludes specific adjusting items.

Glossary of terms (continued)

Underlying operating margin - Group	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates.
Underlying operating margin - Region	Based on underlying revenue and underlying operating profit excluding share of profit after tax of associates and EM & OR restructuring.
Underlying operating profit - Group	Includes share of profit after tax of associates and profit before tax of equity accounted joint ventures but excludes the specific adjusting items.
Underlying operating profit - Region	Includes share of profit before tax of equity accounted joint ventures but excludes the specific adjusting items profit after tax of associates and EM & OR restructuring.
Underlying profit before tax	Excludes specific adjusting items.
Underlying revenue	The combined sales of Group and share of equity accounted joint ventures.
Underlying tax charge	Excludes tax attributable to specific adjusting items.