



26 July 2017

Third Quarter Update

This statement updates investors on the Group's performance since 31 March 2017.

Group

Compass continues to have a good year. Organic revenue growth in the third quarter was 3.9% (up 5.0% excluding the impact of Easter). Growth accelerated in the quarter with strong net new business in North America, good progress in Europe, and a challenging - but improving - environment in Rest of World. For the nine months to 30 June 2017 organic revenue growth was 3.7%.

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, the end of the restructuring programme in our Offshore & Remote business also contributed to the improvement in the operating margin in the quarter. Overall, the operating margin for the nine months to 30 June 2017 increased by 20 basis points.

North America

The region continues to perform strongly, with organic revenue growth of 7.1% (up 7.8% excluding Easter) in the third quarter and 7.1% in the nine months to 30 June 2017. We are seeing good growth across all sectors except in our oil & gas business. Margins improved modestly in the nine months to 30 June 2017.

Europe

Organic revenue declined by 0.3% (up 2.2% excluding Easter) in the third quarter, and grew by 1.0% in the nine month period to 30 June 2017. We continued to drive efficiencies which allowed us to reinvest in the business to drive sustainable growth, and to improve margins by around 10 basis points in the nine months to 30 June 2017.

Rest of World

Organic revenue declined by 1.3% (down 1.1% excluding Easter) in the third quarter, and declined by 3.8% in the nine month period to 30 June 2017. Our non-commodity related business grew by 3.6% in the third quarter and, although our Offshore & Remote business remains difficult, trends are improving. The end of the commodity construction cycle in Australia continued to have a modest impact on the operating margin which declined by 10 basis points in the nine months to 30 June 2017.

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 2016 reported revenue and underlying operating profit by around £2,193 million and £174 million respectively.

Financial Position

In the nine months to 30 June 2017 we have bought back £19 million in shares and on 17 July we paid a £1 billion special dividend in line with our policy of returning surplus cash to shareholders. We issued a £300 million sterling bond and a €750 million euro bond with a blended rate of 0.93% to fund the special dividend. As a result, at the end of our fiscal year

net debt to EBITDA is expected to be around 1.7x. Going forward, we will continue to maintain a strong investment grade rating by targeting net debt to EBITDA of around 1.5x.

Summary & Outlook

Compass had a good third quarter and our full year expectations remain positive and unchanged. North America is performing strongly and we anticipate further progress in Europe and Rest of World in the fourth quarter. We remain focused on driving efficiencies throughout the business and our margin expectations for the full year are also unchanged.

Looking to the longer term, we continue to be 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).

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

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

Replay facility:

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Note to Editors

Compass Group PLC is one of the world's leading foodservice and support services companies which generated annual revenues of £20 billion in the year to 30 September 2016. 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.