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21 September 2021

Pre-Close Trading Update

Strong close to the year; continued progress in revenue and margin

This statement updates investors on the estimated Group performance in the fourth quarter, ahead of the close of the financial year on 30 September 2021.

With 10 days of operations to go, the Group's revenue performance in the fourth quarter is expected to improve to c.86%¹ of 2019 revenues, slightly ahead of our guidance of 80-85%. For the full year 2021, our revenues are expected to be c.76%¹ of 2019.

The outperformance was led by Sports & Leisure with improved attendance (particularly outdoor sports) and strong per capita spend. Our Healthcare and Defence, Offshore & Remote sectors have been resilient throughout the pandemic and continued to trade above 100% of 2019 revenues during the period. Since the start of September, the return to Education has been strong with high on campus spending, while trading in Business & Industry was in line with our cautious expectations.

The Group's underlying operating margin in the fourth quarter is expected to be around the mid-point of the guidance range of 5.5% to 6.0% as we continue to manage mobilisation costs and inflation whilst adapting our operations according to clients' changing requirements. For the full year 2021, our underlying operating margin is expected to be c.4.4%.

Currency

Trading results from our overseas operations are translated at the average exchange rates for the period. At current spot rates², foreign exchange translation is expected to reduce 2020 reported revenue by around £943 million and operating profit by £39 million.

Outlook

We continue to be encouraged by the ongoing growth opportunities including strong momentum in new business wins, from the acceleration in first-time outsourcing, and increased potential for market share gains.

Looking ahead to the start of the new financial year, most of our sectors are expected to continue performing well; although we remain cautious about Business & Industry given continued uncertainty over the pace of office reopening in our major markets.

Notes

¹ Underlying revenue on a constant currency basis

² Closing rates as at 17 September 2021

As previously stated, the Group's recovery is unlikely to be linear and will depend on a number of factors including vaccination and infection rates as well as any further containment measures taken by governments. However, we remain confident in our ability to return to a Group underlying margin above 7% before we return to pre-COVID volumes.

Overall, we are excited about the significant structural market opportunities globally, the potential for further revenue and profit growth, and shareholder returns over time. We will provide a further update on trading performance at our full year results on 23 November 2021 when we intend to provide further financial guidance.

Enquiries

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Note to Editors

- a) Compass Group PLC is the world's leading food service company, which generated annual revenues of £20.2 billion in the year to 30 September 2020. It operates in around 45 countries, employs and engages around 550,000 people and serves over 5.5 billion meals a year. The Company specialises in providing food and a range of support services across the core sectors of Business & Industry, Healthcare & Seniors, Education, Sports & Leisure and Defence, Offshore & Remote, with an established brand portfolio.
- b) Organic revenue, a term used throughout the announcement, is calculated by adjusting for acquisitions (excluding current period acquisitions and including a full period in respect of prior period acquisitions), sale and closure of businesses (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates).
- c) Forward looking statements

Certain information included in this announcement is forward-looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans, expected expenditures and divestments, risks associated with changes in economic conditions, the strength of the foodservice and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product costs and prices and changes in exchange and interest rates. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. All forward-looking statements in this announcement are based upon information known to the Company on the date of this announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

- d) A copy of this release, together with all other recent announcements and presentations can be found on Compass Group's website at www.compass-group.com.
- e) For definitions please refer to the glossary of terms in the 2020 Annual Report and Accounts.