



Accelerating net new business growth, increasing FY 2022 organic revenue growth guidance to around 35%

26 July 2022 - Compass Group PLC, a global leader in food services, today announces trading results for the third quarter ended 30 June 2022.

Q3 highlights

- Underlying revenue at 109% of 2019 revenues¹
- Organic revenue growth² of 43.4%, an acceleration from 37.9% in HY 2022
- Business & Industry above 100% of 2019 revenues¹ on a run-rate basis
- Very strong net new business growth of 9.1% or 6.9% rebased to 2019, with retention 96.1% YTD
- Underlying operating margin up 40bps from 5.8% in HY 2022 to 6.2% in Q3; 6% YTD
- Completed £237 million⁴ of £500 million share buyback programme
- Launched Sustainable Financing Framework, supporting our 2050 Net Zero target

By region	Organic revenue change ²		Underlying revenue ¹ (% of 2019)	
	Q3 2022	Q3 YTD 2022	Q3 2022	Q3 YTD 2022
North America	49.7%	48.6%	112%	106%
Europe	41.9%	32.8%	104%	95%
Rest of World	15.9%	11.8%	106%	95%
Group	43.4%	39.9%	109%	102%

By sector	Organic revenue change ²		Underlying revenue ¹ (% of 2019)	
	Q3 2022	Q3 YTD 2022	Q3 2022	Q3 YTD 2022
Business & Industry	59.9%	43.7%	97%	86%
Education	41.4%	46.8%	110%	106%
Healthcare & Seniors	12.0%	11.0%	120%	117%
Sports & Leisure	142.7%	208.7%	119%	107%
DOR	10.5%	8.8%	122%	118%
Group	43.4%	39.9%	109%	102%

The strong growth momentum seen throughout the first half of the year continued into Q3 with all three regions operating above 2019 levels. We are particularly pleased with the strength of the top line recovery in Business & Industry which is now trading above its 2019 level on a run-rate basis. Net new growth was very strong at 6.9%³, more than double the historical rate of 3%, and continues to be driven by increased first time outsourcing.

Net M&A totalled £223 million year to date as we continue to expand our portfolio of brands, focused on digital innovation and delivered-in solutions.

In line with the half year results announcement, Compass Group purchased 13.7 million shares at a total cost of £237 million⁴ as part of its £500 million share buyback programme.

Notes:

These results are unaudited.

1. Measured on a constant currency basis.
2. Year on year change.
3. Rebased to 2019.
4. As at 22 July 2022, excludes broker fees and stamp duty

ESG

In July, Compass Group launched a Sustainable Financing Framework to issue sustainable debt in the future, further supporting its worldwide commitment to reach Climate Net Zero by 2050 and social mobility initiatives around the Group. Sustainable financing aligns with the expectations of our clients and shareholders and gives us the ability to play our part in combatting climate change. For further information please [click here](#).

Currency

Trading results from our overseas operations are translated at the average exchange rates for the period. If current spot rates were to continue for the remainder of the year, foreign exchange translation would positively impact 2021 revenue by £533 million and operating profit by £33 million.

Summary and outlook

All regions and sectors are executing well, and we are particularly pleased with the recovery in Business & Industry, which is now trading above 2019 revenues on a run-rate basis. New business growth continued to accelerate, benefiting from an increase in first time outsourcing due to ongoing operational challenges and heightened inflation.

Given the significant acceleration in growth and ongoing recovery of our base business, we are increasing our FY 2022 organic revenue growth guidance from around 30% to around 35%. We confirm our FY 2022 operating margin guidance of over 6% and now expect our exit margin to moderate slightly from around 7% due to the strong net new performance and ongoing inflationary pressures.

While we are mindful of the challenging macroeconomic environment, we remain excited about the significant structural growth opportunities globally. With a clear strategy, operational scale, and market leading offer, Compass is very well positioned to capitalise on the increase in outsourcing opportunities. Longer term, we expect revenue and profit growth above historical rates, returning margin to pre-pandemic levels, and rewarding shareholders with further returns.

Conference call

Compass will hold a conference call with investors and analysts today at **9:00 a.m.** (UK time).

Participant dial in numbers:	
UK Toll Number:	+44 (0) 33 0551 0200
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Please reference <i>COMPASS</i>	

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Next reporting dates:

- 21 November 2022 FY 2022 results
- 9 February 2023 Q1 Trading and AGM

About Compass Group

- Compass Group PLC is a world leading food service company, which generated annual revenues of £18.1 billion in the year to 30 September 2021. It serves meals to millions of people in 44 countries and employs and engages with around 480,000 people. The Company specialises in providing food and a range of support services across the core sectors of Business & Industry, Healthcare & Senior Living, Education, Sports & Leisure and Defence, Offshore & Remote, with an established brand portfolio.
- 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).

Environmental, Social, and Governance (ESG)

- To create long term sustainable growth for all our stakeholders, Compass Group focuses on Environmental, Social, and Governance (ESG) efforts where we can have the most positive impact. To learn more about our sustainability initiatives and priorities, please visit our [website](#).

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; the direct and indirect impacts and implications of public health crises such as the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects, including disruptions and inefficiencies in the supply chain; UK domestic and global political, economic and business conditions (such as the UK's exit from the EU); 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 food and support services markets in the jurisdictions in which the Group operates; fluctuations in food and other product costs and labour 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 in this announcement 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 when making their investment decisions. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation or warranty 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.
- 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.
- For definitions, please refer to the glossary of terms in the 2021 Annual Report and Accounts.