Good morning, thank you all for dialling in. As usual I'm joined by Palmer Brown, our CFO. I'm sure you've all seen today's trading statement. Before opening the call to questions I’d like to say a few brief words on our first quarter performance and our outlook. We're really pleased and encouraged by our start to the year. Growth was driven by an improved performance across all sectors, with a limited impact from the Omicron variant in the first quarter.

Almost two years after the start of the pandemic, the Group is nearly back to pre-COVID revenues, reaching 97% in the quarter. Of course the mix is now different and while our accelerated new business growth and our sector strength has compensated for the loss in our base, particularly in B&I, we’ve still more than 15% of like-for-like revenues to return as economies reopen. This, along with record new business signings and maintaining excellent levels of retention, will sustain our strong growth momentum from prior quarters.

While we’re mindful of the impact from Omicron in the second quarter, nothing we see today changes our views on full year guidance. We remain as excited and as well positioned as we’ve ever been to capitalise on the structural growth opportunity that lies ahead of us in both first time outsourcing and M&A.

Now let’s open the call to questions.

Bilal Aziz - UBS

Good morning everyone, thank you for taking my questions. Three from my side please. Firstly just a quick query on the revenue guidance which you've kept unchanged
for now and I appreciate that it’s still uncertain out there. But can you give us any steer for 2Q to the extent that you think things may slow down? You flagged education in particular. I was interested to see what you are hearing there.

Number 2, just within the quarter, can you perhaps break out new wins versus price impact, please? I know Dominic you just mentioned 15% is the revenue decline in volume terms at least. Then lastly just on mid-term, the composition of your revenue could be quite materially different from 2019, given new business and inflation. So is there any change to how the new business ramps up to divisional average margins? Just trying to get a sense of how you expect the value to impact [loss]. Thank you.

**Dominic Blakemore**

Yes thank you Bilal. I'll take the first two questions then pass the third to Palmer. With regard to revenue guidance for the full year and the outlook for Q2. I mean as we’ve said today, we’re maintaining our full year guidance. We expect to see a little bit of softness in Quarter 2 from Omicron across those markets which have been lagging in the UK. Of course we will be [lapping] strong comparatives in the second half of the year. So if you recall we were growing around 30% in the second half of 2021 and we will be lapping that. So for now we remain very comfortable with the guidance that we provided on revenue.

Specifically with regard to Quarter 2, we would expect the strong trends in new business and retention to continue. Perhaps a touch of acceleration in pricing. I think the delta between Quarter 1 and Quarter 2 will really all be about the Omicron impact, which could be a few points. But as we’ve seen in the UK, we hope that it’s short and sharp and that we can then accelerate beyond that into the second half.

With regard to your question around the breakdown of components of growth in the quarter, our new business was around 10%, our retention around 95.5%. So the net new at the 5.5% level. Pricing around sort of 2.5% to 3% and the balance would be the volume recovery that we’ve enjoyed in the quarter.

Now obviously that net new at 5.5% really benefits from the computation against the sort of effective base. I think we feel that it would be more like a 4% net new on a 2019 basis and therefore a run rate basis. But clearly a strong improvement on our historic rates of 3%.

Palmer over to you for the last one.

**Palmer Brown**

Sure. Just with respect to the sector margins and new business margins, actually when you look at it on an EBIT basis our sector margins are fairly similar. EBITDA would reflect a bit of the capital intensity differences in the businesses with sports and leisure, higher ed, [a bit of vending] being a bit higher. But when you net it down to an EBIT basis they're fairly similar. That would be reflected in sort of the start-up and the trajectory. A bit more mobilisation costs on some of the big ones as you would expect within sports and leisure and higher education. But it’s fairly uniform across the board.

Maybe just one bit of colour on the shape of the Q1. Dominic referenced a roughly 33% or so of the 38% coming from like for like. You got a few points of price in there. The bulk of that volume recovery would be from the net new business that we’ve won since '19. So I think that's a key thing to keep in mind there. When you look at the base
volume recovery, just as Dominic said in the opening, we still have more than 15% of
the base value is yet to recover.

**Bilal Aziz - UBS**

Very clear, thank you very much.

**Jamie Rollo - Morgan Stanley**

Thanks, good morning everyone. Just picking up from the last points please. So you're
running at sort of 84%, 85% of 2019 on volume. I think the last time you reported it
was around 80% and the organic sales are running at 97% in the first quarter. So it’s
fair to say just simply speaking, assuming a full volume recovery, you’re sort of running
really in a mid-teens or 115-ish% versus '19 without any sort of further gains from here?
Just mathematically is that what we should be thinking about as the sort of medium
term opportunity without any more gains?

Secondly, given the weight of contract gains in the period, is there any impact there on
margins, given sort of mobilisation costs and so on. I know you've not given a margins
figure this time. But should we expect perhaps a slightly weaker performance in the
first half than the previous guidance?

Then finally is there any change to the CapEx guidance? Because you're winning sort
of more business than expected. Are you still looking at 3.5% of sales still for this year?
Thank you.

**Dominic Blakemore**

Yes, thanks Jamie, good morning. Just with regard to the volume recovery. Yes, your
maths is right. I think just kind of one caveat is obviously we’re yet to see what impact
sort of B&I, hybrid working or working from home trends will have on that base
volume. So that is the gross number and we do expect, as we’ve always said, some
dilution of that from those trends.

I think the positive for us is, as we’ve said, we are seeing food programmes being used
to entice colleagues back into the office, which is very attractive for us. We’re seeing
higher participation than we would previously have seen and also upweighted spend.
So there will be obviously some counter balance to that risk which is exciting. As you
also pointed out, right now we're expecting sort of higher net new as we go forward to
also add into that equation. So yes, I think it’s an exciting growth and revenue recovery
outlook.

Over to Palmer on the other two, I think.

**Palmer Brown**

Sure. With the new business wins being as strong as they are, we’ve certainly seen the
mobilisation costs, the drag on margins in addition to just the normal increasing margin
trajectory within the contract lifecycle. This is something we talked about at the full
year.

We fully expected to see that this year and it’s one of the big reasons why we said that
margin recovery would be strongly second half weighted. That is certainly the case.
We’ve reiterated our guidance so including in that is the margin we fully expect to be
north of [6%] for the year. Exiting around [7%]. I think we flagged at the end of the
full year that we wouldn’t expect to see much margin progression at all in the first half. We still see that and expect that to be the case for the first half. So it’s playing out in line with what we expected.

With respect to CapEx. We're still anticipating the same level of CapEx around 3.5%. Although what you hear from us in general is that we are very opportunistic. When we see opportunities, we’re not going to shy away from them. So while we see that as being the case and expect that to be the case, we certainly reserve the right to take a re-look.

**Dominic Blakemore**

Yes and I think just to add to that. One further point is I think the shape of CapEx is possibly changing as such. So sort of less up front on signing, or investment in client facilities and more around digitalisation. More around delivered-in operating model solutions. Which is really exciting because it is an incremental CapEx. It’s the same CapEx being used differently, potentially with better outcomes.

**Jamie Rollo - Morgan Stanley**

Thank you. Sorry, just on the margin point. Why has the high level of contract wins not had an additional mobilisation cost or drag? I mean you've maintained the margin guidance. Is there other savings in there? Or what’s sort of going on to offset that?

**Palmer Brown**

I think it’s a combination of the ongoing growth within the net new since '19. So we get a bit of volume leverage that comes through and we’re managing it well. I mean I think that's the key thing and that's one of the things we look at with our full year guidance. The revenue's going to be a bit difficult, that's why we’re keeping a pause on things, given the Omicron variant that we’re facing right now. But we expect to see that margin shape really come through the way we outlined it.

**Jamie Rollo - Morgan Stanley**

Thank you very much.

**Vicki Stern - Barclays**

Yes, morning. Firstly on use of cash. So I think back in November you said you’d like to be spending similar levels on M&A to those that you were spending before COVID but there weren't that many deals attractive enough to get over the line. Obviously you've signed a few in the first quarter. But just more broadly, where do we stand now in terms of M&A expectations? Obviously related to that, when you look at the balance sheet sort of when's the right time to start thinking about share buy backs again?

Second question. You also mention in the press release that Compass could have revenue and profit growth above historic levels in the future. Could you just sort of flesh out what your thinking is there. Before COVID I think the guidance was 4% to 6% organic growth. Just yes, sort of how you're thinking about that might shape up in the future with some of the points you've made around net new et cetera.

Then just on net new. Is this level of signings, that value of signings that you gave us back at full year, still running around the 15% ahead of 2019 levels? Is it still sort of
skewed towards first time outsourcing? Related to that, just the pipeline, is that still also looking as attractive as you signalled back then? Thanks.

**Dominic Blakemore**

Yes thank you Vicki and good morning. Yes, look with regards to the use of cash. We think there is an exciting opportunity for M&A ahead. It will likely be more of what we’ve done before. Which will be infill and sort of small and medium sized deals. You've seen a few things closing in this quarter. The pipeline is attractive, as we've always said it's lumpy. But we're absolutely seeing a little bit of a moment in time, where I think everything that we’ve experienced over the last couple of years is bringing those opportunities into the pipeline. We'll maintain our discipline and hopefully we'll have the opportunity to convert some of those.

Again, we as we've always said our capital allocation framework remains the same. To the extent we don’t close those deals, we will look at shareholder returns. But I think the right time to update you on that would be around the half year as we’ve got a little bit more experience around the M&A pipeline under our belts.

Then just in terms of the revenue and profit growth above historical levels. Yes, I think you're absolutely right, the component of it that we’re influencing is obviously net new. We're talking about a percentage point of acceleration in our net new. That's what we would hope and expect to the be component parts of revenue that can accelerate over time. When we talk about profit growth, we're talking about that being driven by accelerated revenue growth. Therefore the two of them operating in tandem. Palmer any more colour on those? Then on to the third question, I think.

**Palmer Brown**

No, I think the third's just in line with what you just said on the revenue growth in new business wins being the biggest driver. Albeit we’re seeing some improved retention as well. But on the new business wins side are certainly in line with what we had last year. I think we had a good start to the year, just as M&A we said new business wins can be lumpy. I gave you some examples of that before with some big wins.

But what we’re seeing on a quarterly basis, trailing 12 months basis, is very much in line with what you heard from us at the end of last year. I think it’s reflective of the structural opportunities we see in the marketplace and how we position ourselves. You know within that we’re still seeing the uptick in the first time outsourcing component which we like very much and we anticipate that that will continue, at least for the foreseeable future.

**Dominic Blakemore**

I think a final point to add would just be in terms of future growth. It may well be that higher levels in inflation that we’ll need to recover through pricing could also [flatten] the top line. I think we can all form a view as to how temporary or semi-permanent that might be and we’ll have to work very hard, as we’ve always done, to recover that inflation and protect margins. But I think the real delta of improvement which talks to the quality of the business, will be our performance in in net new and that's what we’re very focused on.
Vicki Stern - Barclays
Great, thanks very much.

Richard Clarke - Bernstein
Good morning, thanks very much, thanks for taking my questions. Just the first one following on from Jamie's question about what’s still to come? So the 85% you talked about was on your 2019 volumes. Then you talked about a lot of the progress you've had is on contracts you've signed since 2019. So those contracts you've won since 2019, what percentage are those running at now? Is there still a substantial volume improvement still to come on the sort of 2020/21 win cohort?

Second question, age old topic of inflation. You said your pricing was running about 2% to 3%. That's obviously, presumably below what you're seeing in terms of input cost inflation. So maybe you can sort of confirm what you’re seeing there. Maybe just some colour around how you're able to absorb that, if not passing it on through price.

Then the third question. Just on the rest of the world. Your commentary around rest of the world [qualitatively] is quite good on DOR. But the number relative to 29 (sic) just stepped back a per cent. So just what’s driving that very modest step back in the rest of the world quarter on quarter?

Dominic Blakemore
Yes, let me take the first and the third and then let Palmer talk to pricing and inflation. In terms of still to come. I mean yes, there will be because some of the new business we’re mobilisation,, depending on sector is mobilising in the context of containment measures, lockdowns and so forth. Therefore we would expect some modest volume growth in those contract wins in the last couple of years too. But I think the real prize is a recovery in the base volumes of the existing business, pre-COVID.

Then with regard to west of the world probably just something to call out is there is an M&A effect in the regions which doesn’t affect the total Group numbers. It’s [a wash] between acquisitions and disposals. So sort of M&A adjusted like for like volumes are around the 97% for the Group. But because we made a number of disposals in the rest of world region, our South African business and some parts of our Japanese business, we’re actually running above [100%] in rest of world, like North America compared to 2019 levels.

The quarter on quarter change is really about seasonality. Then of course the delta rather is Europe which is probably three or four points like for like weaker than we've reported. Because we acquired the Fazer business in the Nordics which has given us some volumes. But of course the European business is most highly exposed to B&I and where we would expect the volume recovery to come back over time.

Palmer Brown
With respect to the pricing, inflation question Richard you asked. We’re certainly seeing the heightened levels of inflation. In fact we’re probably seeing a tick higher than we even discussed at the end of the fiscal year. That's been holding true. We are seeing although a bit of signs of improvement within the supply chain and on the labour side. I think when you look at job applicant flow, the duration if job postings, we’re
seeing some improvements there that give us some signs that that will continue. It is certainly still tougher than it was historically.

The same thing on the supply chain side of things. We’re seeing less disruption on the distributor side of things. So while we anticipate challenges for the rest of the year, we do anticipate though that they will improve. Certainly we mitigate the best we can and then we price. Our business model allows for that within our contract structures, our relationships with clients. Keep in mind the inherent delay in pricing that's there. We're typically able to price on the consumer facing side of things fairly nimbly. But within the client facing side of things it’s a bit more structured and it's a bit more tied to lagging indicators such as inflation indices, CPI, ECI, food away from home, that kind of thing. So those have to be a bit more planned and structured.

January is a big pricing month for us overall, as you could appreciate. Certainly our teams across the globe have been quite busy in that respect. That’s one of the big reasons why we expect to see the margin shape that we outlined being very much second half weighted. Is this delayed effect of pricing.

Richard Clarke - Bernstein

Just to follow up then, just to be clear. So the 2% to 3%, that should probably go up as we go through the year. You'll get a bigger pricing component as we progress through the year.

Palmer Brown

If we're doing it right, absolutely we should.

Richard Clarke - Bernstein

Okay, wonderful, thanks very much.

Leo Carrington - Credit Suisse

Good morning and thank you. Firstly, around the M&A in the quarter. Can you give some colour on the sectors and splits between acquisition of small operators versus of new technologies or concepts? Then just for our models, will it be right to expect the kind of one to one flow through into our acquired growth expectations for this year?

Then partly, separately at least, now that the recovery is taking shape and you have experience of operating in the new normal. Can you give an update on to what extent clients are still looking for offsite preparation and importantly what the returns are like for you on operating these new restaurant concepts and dark kitchens?

Dominic Blakemore

Yes, maybe I’ll talk to the third question first and then allow Palmer to take the first two. When we speak to the recovery and new normal, I'm not sure we're there yet. I think we are going to take a while before we’ve established what we consider to be new trends. The reality is that I think confidence in the return to the office was shaken by Omicron. I think our clients are yet to determine what their operating model is going to be. We understand there's lots of complexity around that.

We’ve still got to see confidence levels of individual employees returning to the office through transit systems. We’ve always talked about is it a three day week in the office?
If so, which days? How do colleagues get brought together for the most effective type of work? We also know that our different clients in different sectors and different industries have got different perspectives on what they want from the office. So I think we’re some way away from the new normal and I think it’s going to be a bit of suck it and see over time.

That said, we think the ability to operate delivered-in solutions is critical to the future. What it gives us is an ability to vary our offer away from the traditional restaurant style dining. Into much more grab and go with attractive hot meal solutions. So typically we would see this as being able to operate commissary kitchens or central kitchens which we could then deliver into finishing kitchens. Freeing up space on site and allow our consumers to have hot and cold food offers at any time of the day. So it’s an attractive sort of new tool in the kitbag really for how we provide great quality and an attractive offer to our clients and their employees.

So I think there is a way to go. Palmer will talk to some of the new operation models that we’re acquiring as well as building. We're seeing strong growth in them and it also opens up a different part of the market to us in those potential clients that have smaller colleague bases. So it is attractive. The economics remain attractive because obviously we can produce at scale with batches that then get delivered into multiple clients. So if we’re doing this right, we should be at least protecting our sort of pre-COVID margins and with the opportunity to potentially do better as well.

**Palmer Brown**

The acquisitions that we completed in Q1 are right in line with that evolving operating model. All of them in Q1 were in North America. The biggest piece is really related to the continuing build out of our commissary network across the country. So it’s certainly tapping into the evolving operating model. We’re using technology that both we’ve created ourselves, as well as acquired previously, to combine with the ghost kitchens, the offsite, central production kitchens and the like. To fulfil this evolving operating model that Dom just described. So that's the biggest chunk that you see there with the micro markets certainly being a component within that. That is a core part of our strategy and you'll see that continue to be a line of focus for us.

In terms of the model of the revenue expectations. It’s a little bit better than the 100%, it’s closer to about [150%] or so in terms of a ratio to what we paid. Now that just happens to be on this batch. Everything's going to be really case by case.

I will say on the M&A front, it wasn't completed in Q1, it was just completed earlier this week, but the acquisition of the Sodexo Australian business that had been discussed previously, we completed two days ago. It’s not material in terms of quantity but it's significant in terms of strategy. So we're very pleased to have that completed.

**Leo Carrington - Credit Suisse**

Thank you very much.

**Jaafar Mestari - BNP Paribas**

Hi, morning everyone. I've got three questions if that's okay. Firstly just on contract structures, just so we have the right thinking into the next leg of the volume recovery. Could you give us an update on how much of your portfolio is currently cost-plus?
Compared the higher mix of cost-plus reached at the peak of the crisis and 33% before COVID. Presumably somewhere in between now as it’s normalising a little bit.

Then two questions on delivered-in. Firstly, how many central kitchens does £87 million buy you? I think you started with around 70 at the Group level and then peers, sometimes much smaller that are a lot more advanced there, have close to 200. So where does Compass Group need to [end] in terms of that infrastructure?

Separately is there another option, if you’re going to go for more delivered-in, to actually go for outsourcing? There's lots of players out there that offer sauces and soups and meals to be finished and there are very big, high street chains that do rely on that. Is that something you can do? Or is that something that wouldn’t quite work with clients?

**Dominic Blakemore**

I'll take the second one first and then pass the first to Palmer. Just in terms of central kitchens, yes, you're absolutely right, so in the 70s. Palmer will give you the detail on what we acquired. Just one comment though. We have to remember we are probably the biggest sort of ghost kitchen operator in the world with all of the existing facilities we have that can be used to produce for other sites. So we’re very selective and judicious where we feel it is right and proper to invest in commissaries or central kitchens. Because we don’t have the opportunities elsewhere in the portfolio, we can aggregate the scale and it’s right for the location and the number of client opportunities we see around that.

So that is and remains an exciting strategic option going forward. We'll look at it both in terms of our existing footprint, our existing central kitchen and where we can acquire as well as build. Yes, we do have some of the things you described delivered-in today. We obviously do many of them ourselves. We'll always look at the individual economics and the quality of the offer to determine what is right for us. I'm sure Palmer's got more to add to that and then the first question too.

**Palmer Brown**

I mean I think I would say on the central production kitchens, is they’re not all created equally. I mean they're different sizes, they're different scales. What we’re really talking about here are dedicated units that we can put high volumes through. They're shared across sectors to a large degree, they're more pronounced in the urban areas, as you would appreciate. But in addition to that we certainly have what we would refer to as the central kitchens rather than the units. Which are the kitchens that we already have within our client network that we’re sharing across different units. So all of this is very much of a scale game and it’s certainly one that we’re again focused on.

With respect to the deals in the first quarter, we've got about half a dozen within that batch of acquisitions. Keep in mind these aren’t just empty central production units. They are fully operating, they have income, they are profitable as it is now. That’s great because what it enables us to do is to migrate the capacity to our network, while still in a profitable position on the units themselves. So it’s something that we very much focus on, it’s part of our due diligence when we look at those kind of deals.

I think your first question was with respect to contract structures. You’re right, historically we're looking at about a [third] across the primary types of structures, the
P&L, the cost-plus, the fixed price. That very much was indexed more towards the cost-plus, the cost reimbursable models during COVID and that still remains the case right now. That is just as I described it at the full year, on ongoing dialogue with clients. What you would have seen and we would have seen during the first quarter as volumes increased, particularly on the education side of things compared to where they were. The conversations [and structures] started to migrate back towards the P&L where they were before. But it’s very much on a case by case basis. The vast majority of B&I remains cost-plus. In some sectors and some countries it would be 100% cost-plus. So that’s an ongoing dialogue. I don’t really view that as a bright line at any point in time. This is something that will evolve.

Jaafar Mestari - BNP Paribas
Super, thank you very much.

Tim Barrett - Numis
Hi, morning both of you. I just had one question left on the segments. If you look at the segments and the most COVID-centric ones. Sports and leisure back at 107% jumps out. Could you talk around what the drivers are there? Is it simply sporting calendar or is more going on underlying that? Thanks very much.

Palmer Brown
Yes, it’s a combination of the two. But the biggest piece is frankly the new business wins. We’ve had a number of new business wins since the onset of COVID, frankly which were delayed in terms of mobilisation, in terms of [wrap-up]. We had a few new NFL teams in American Football that had great seasons this year that certainly had an impact. Some minor league soccer and some places within North America. So we’re certainly seeing the benefit of the new business wins come through

We did see some one-offs and non-recurring events within the quarter. So when you look at some NFL playoff games, both on - in terms of the new business but really in terms of the business that we already had. That’s not something at you necessarily expect to recur.

Similarly we had a big Formula 1 even in Mexico. Actually turned out a lot bigger than we anticipate initially, we were the benefit of that. That’s not necessarily recurring. One thing to note within that, within Q2 we’re experiencing some postponements of sporting events. While there are some cancellations, we fully expect most of these to be postponements and therefore just a timing issue.

Although I will say that we are aware of some cancellations. Unfortunately we’re seeing some events that were in our venues, just from a timing issue, having to move to venues which we don’t operate. So it’s that kind of thing we’re keeping an eye on. But overall in the sports and leisure it’s just the same trend that we’ve been highlighting. Which is just the strong net new business.

Tim Barrett - Numis
Okay, so that's a sector where you're slightly below the average of base revenue recovery. Is that fair to say?
Palmer Brown

Yes, still to some degree. Keep in mind there too that we’re seeing very, very high per cap spending. So when folk - when the events are occurring, even though attendance might be down where it's regulated. Where it's not restricted we’re seeing very full attendance and very high spending. So we’re seeing the benefit of that throughout the portfolio. How long that lasts I think remains to be seen but certainly that's still continuing now.

Tim Barrett - Numis Speaker Name

That's really helpful. Thanks very much.

Dominic Blakemore

Well thank you all very much for your questions today and wish you all a good day and look forward to speaking to you at the half year.

[End]