



9 February 2023

## **AGM and Q1 Trading Update**

This statement updates investors on Compass Group PLC's performance for the three months ended 31 December 2022 and is being issued ahead of the Company's Annual General Meeting. The AGM will be held at 12 noon today at Twickenham RFU Stadium.

### ***Good start to the year with strong growth in all regions***

#### **Group performance**

In the first quarter of the year, the Group's organic revenue grew by 24%. We continued to benefit from strong outsourcing trends with net new business growth of 5.5%, significantly above our historical rate of around 3%, and in line with FY 2022<sup>1</sup>.

Like for like volumes were particularly strong in Business & Industry, as employees continued to return to the office, and in Sports & Leisure, where participation rates remained high. Whilst inflation remained elevated, we continued to work closely with our clients to help mitigate this pressure both operationally and through appropriate pricing.

#### **Regional performance**

All regions performed strongly in the quarter, with organic growth of 23% in North America, 26% in Europe and 27% in Rest of World. Growth drivers across all markets were similar, with net new business growth of 5 – 6%, and double-digit like for like volume increases in all regions.

We are particularly pleased with the continued strong net new business performance in Europe which is benefiting from the increased focus on growth and retention, supported by investments in people, brands and processes.

#### **Acquisitions**

In the first quarter, the Group's net expenditure on bolt-on acquisitions was £55 million, further strengthening our portfolio of brands, and our digital and procurement capabilities. There is a strong pipeline of exciting opportunities across all regions and sectors, and we remain focused and disciplined in our approach to acquisitions.

#### **Share buyback programme**

As at 7 February 2023, we had completed £163m of the £250m share buyback programme which was announced at our FY results in November 2022.

<sup>1</sup> Net new business in FY 2022 rebased to 2019 revenues was 5.7%.

## Currency impact

Trading results from our overseas operations are translated at the average exchange rates for the period. If these currency movements<sup>2</sup> continue for the remainder of the year, foreign exchange translation would positively impact FY 2022 revenue by £1,314 million and operating profit by £94 million<sup>3</sup>.

## Summary and outlook

The outsourcing market remains strong, and we are excited about the significant growth potential across our markets. The increasingly complex operating environment and growing focus on sustainability and digitalisation, combined with our market leading offering, mean we are best placed to capture these opportunities.

While populations continued to return to the office and consumer demand has been resilient, we are mindful of the uncertain macroenvironment and any potential impact on discretionary spending.

We remain positive for FY 2023 and reiterate our guidance. We expect operating profit growth above 20% on a constant currency basis, organic revenue growth of around 15%, weighted towards the first half of the year, and an underlying operating margin above 6.5%.

Looking further ahead, we remain excited about the significant structural growth opportunities globally, leading to the potential for revenue and profit growth above historical rates, returning margin to pre-pandemic levels and rewarding shareholders with further returns.

## Conference call

There will be a live Q&A session for analysts and investors at 8.00am. Please dial:

<b>Participant dial in numbers:</b>	
UK Toll Number:	+44 (0) 33 0551 0200
UK Toll-Free Number:	0808 109 0700
US Toll Number:	+1 212 999 6659
US Toll-Free Number:	+1 866 966 5335
<b>Please reference <i>COMPASS</i></b>	

**Please connect to the call at least 10 minutes prior to the start time.**

## Financial calendar

Payment date for 2022 final dividend	2 March 2023
Half year results	10 May 2023
Q3 trading update	25 July 2023
Full year results	20 November 2023

## Enquiries

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<sup>2</sup> Based on closing rates as at 7 February 2023.

<sup>3</sup> For H1 2022 FX translation is a positive impact of £1,074 million on revenue and £75 million on operating profit.

## About Compass Group

- Compass Group PLC is a world leading food service company, which generated annual revenues of £25.8 billion in the year to 30 September 2022. It serves meals to millions of people in c. 40 countries and employs and engages with over 500,000 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 future 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; disruptions and inefficiencies in supply chains (such as resulting from the war in Ukraine); future domestic and global political, economic and business conditions (such as inflation or 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 and expected expenditures and divestments; risks associated with changes in economic conditions, levels of economic growth and 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.