

## CHAIR'S LETTER

# A CLEAR STRATEGY FOR GROWTH

## Dear Shareholder

I am delighted to report another excellent year for Compass. The Group continues to recover strongly from the pandemic and has reached an important milestone with revenue surpassing its pre-COVID level. This achievement is a testament to the hard work and resilience of our people. People are at the heart of our business and they differentiate us from our competitors and provide a unique competitive advantage.

I would like to take this opportunity to thank everyone who works for Compass for their commitment. Their efforts have and will continue to underpin the Group's performance through the next phase of our recovery as we manage inflationary pressures and take advantage of the significant growth opportunities within the market.

## Financial results

The Group delivered strong organic revenue growth of 37.5%<sup>1</sup> and increased our underlying operating margin by 170bps to 6.2%<sup>1</sup> compared to the prior year. This resulted in underlying operating profit increasing to £1,590 million<sup>1</sup>. On a statutory basis, revenue increased by 42.5% to £25,512 million, and operating profit was up 175.2% to £1,500 million.

## Dividends

The Board recognises the importance of a dividend to our shareholders, and our policy is to pay out around 50% of underlying earnings through an interim and final dividend. In line with this policy, the Board has declared a final dividend of 22.1 pence per share, which, when added to the interim dividend, provides a total dividend for the year of 31.5 pence.

## Share buyback

With the positive momentum in rebuilding our revenues and margins, supported by strong cash generation within the businesses, we have been able to reduce our net debt to EBITDA ratio back to our target range of 1x-1.5x. As a result, we announced an additional capital return in the form of a share buyback programme.

## Strategy

Our strategy is to focus on food services and targeted support services, particularly from first-time outsourcing. Our model for creating value remains unchanged based on our three key strategic pillars of People, Performance and Purpose.

We have a meaningful purpose, and part of this is providing great food to millions of people across the world. This makes people healthier and happier and helps them perform better. We can positively impact millions of lives every day. It's clear to me that we have the best team in our industry; and the best people will deliver the best service, enabling us to deliver the best results.

Our approach to sectorisation and sub-sectorisation remains right for our business. Winning in different sectors requires different skills and processes, and increased customisation at scale will continue to be a key driver of our success.



## Corporate responsibility and sustainability

The Group is fully committed to a sustainable future. This year, we launched our Sustainable Financing Framework, enabling the business to issue green, social and sustainability bonds, in support of our environmental, social and governance (ESG) objectives, including our global climate net zero commitment. Following the launch of this framework, I'm pleased to report we successfully issued our first sustainable bonds.

## Governance and the Board

As your Chair, one of my key responsibilities is to ensure good governance (see pages 52 to 113), and in this endeavour, I am extremely well supported by my fellow Board members. Their leadership will be crucial to supporting our teams and hitting our targets over the short and longer term.

## Summary and outlook

The Group performed strongly in 2022 in terms of growth, margin improvement and all of our operating KPIs. Whilst the macroeconomic environment is uncertain, our model is resilient, and we have exited the pandemic in a strong position, leveraging our scale and expertise to achieve record levels of new business and retention.

I am proud to be part of Compass. It is a great business with a clear strategy, well defined executional plans and huge growth potential. Looking ahead, we remain excited about the significant structural growth opportunities globally and generating further sustainable long-term value for all our stakeholders.

**IAN MEAKINS**

Chair of the Board

21 November 2022

## Statement on Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. In making decisions, the directors consider what is most likely to promote the success of the Company for its shareholders in the long term, as well as the interests of the Group's other stakeholders. The directors understand the importance of taking into account the views of stakeholders and the impact of the Company's activities on local communities, the environment, including climate change, and the Group's reputation.

*Read about the Group's stakeholders on pages 68 to 72 and how stakeholders have been taken into account in decision-making on page 73.*

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 33 (non-GAAP measures) and reconciled to GAAP measures in notes 1 (segmental analysis) and 33 to the consolidated financial statements.