BRUNSWICK

COMPASS GROUP Q3 TRADING UPDATE TRANSCRIPT 21 JULY 2026

PRESENTATION

Dominic Blakemore

Group Chief Executive Officer

Hello, and thank you for joining today's call, which is a little later than usual, as Petros and I are in the US meeting clients and supply chain partners.

We delivered another strong quarter with organic revenue growth over 7%, continued excellent client retention of 96% and net new business growth accelerating back into our 4% to 5% target range. We remain on track to deliver net new business growth at this level, which represents over $2.2 billion for the fifth consecutive year. As such, we are demonstrating our ability to grow consistently at scale over the long term.

Our performance reflects the strength of our sector-focused model, disciplined execution and strong client demand. We continue to win market share across multiple sectors, supported by a record pipeline. Over the last 12 months, we secured $4.3 billion of new business wins, which is up 16% year on year, with around half coming from first time outsourcing. Business & Industry remains our strongest performing sector, delivering double digit organic growth and more than $2 billion of new business wins.

With a record sales season in US education, six of our top 20 biggest wins coming in Healthcare, International Sports & Leisure growing double digits and great new account wins in US Defence and data centres supporting our progress in DO, we have broad based growth across all of our sectors.

Given our strong execution and continued momentum, we are reiterating our 2026 guidance of above 11% underlying operating profit growth in constant currency. This has been driven by a combination of strong organic revenue growth, acquisitions and ongoing margin contribution. With that, let's open the call up for questions. Over to the operator.

Q&A SESSION

Jamie Rollo, Morgan Stanley

Great, thanks. Morning and afternoon, everyone. Three questions if I may. First on net new. You sounded very confident on the first half call that we'd see the midpoint of 4% to 5% in the second half and you've come in in the low fours in the first quarter. Should we expect that figure to improve again into the fourth quarter and how should we think about 2027? Is 4% the new 4% to 5%, if you like? Is that really a 4% ongoing run rate?

Secondly, on International, 6.4%, perhaps a little bit light given that was your biggest comp last year. Could you talk a bit more about this pricing slow down and the events calendar? I think you said Sports & Leisure was up double digits in International, so again, is that a segment you're expecting to pick up in in Q4 on OSG?

Then just finally, big picture, no real M&A in the quarter, what's your view going forwards there and should we think maybe about a more balanced capital allocation at year end and maybe a buyback? Thank you.

Dominic Blakemore

Morning, Jamie. Thank you for those questions. Let me just touch on each of them and maybe hand over to Petros to give you more detail on them all.

First of all, just on net new, we are really pleased with the progress we've made quarter on quarter and we do anticipate further acceleration in the fourth quarter. Our guidance of between 4% and 5% is because we will oscillate - that guidance is on a 12 month basis and we will oscillate between that.

We performed in the higher end of it, been at the lower end of it, it really depends on timing of some of the mobilisations and, as we said, we will expect to do better as we progress through this year. International, really pleased with the Sports & Leisure performance but yes, impacted by the timing events in the prior year calendar.

Petros, do you want to pick up on a bit more detail?

Petros Parras

Just a couple of things, Jamie, on net new [inaudible] will help in delivering a 4% to 5% for the fifth consecutive year, [inaudible] we have sustained a level of retention of 96% over four years with International being sustained at 95%, a significant improvement to the pre-COVID performance.

As Dominic referenced, the first time outsourcing trends we're seeing has been the strongest over the last four to five years and we're making really good progress across all sectors.

Just to realise one thing. We will be a $50 billion business this year. Growing within the 4% to 5% sustainably is giving us very material share gains in the market in a very fragmented $360 billion size.

When it comes to International, the only thing I will add to Dominic's point is, we do see low inflation in International. We discussed this in our half 1 call, but predominantly is behind Food compared to North America.

On the M&A, you have seen our spend has been the same as half 1. We have discussed before, we have committed our sectorisation, the medium sized [deals] with International. We will continue to focus on GPOs, [inaudible] and vending and we do think as we go to end of September [inaudible] results to be in a position to evaluate the balancing between the M&A buybacks. Just to remind everyone, it will be a fraction higher than the [1.5%] leverage on September and we will deliver it as we go forward in '27.

Jamie Rollo, Morgan Stanley

Great, thank you very much.

Leo Carrington, Citi

Thank you for taking my questions. If I could ask three, please, on slightly separate topics. Firstly, on CapEx, beyond that point you made about the phasing of openings and the phasing of net new increasing the CapEx potential sales this year, are there any other factors to draw about impacting this potentially vending in micro markets lifting the CapEx intensity?

Secondly, on ARO, which is developing very well, but beyond that University of Kentucky contract, are there any particular large contracts to flag, or is this the bulk of signings being more typically sized?

Then, lastly, on the topic of construction phase data centres, I know in H1 Dominic said that these projects were just one strand of the growth from AI. Has there been any evolution in this market since then that you can update us on? Thank you.

Dominic Blakemore

Good morning, Leo. Thank you. Let me speak to the ARO development and I'll hand over to Petros for the CapEx and data centre construction. Again, just revisiting, our LTM signings are now $4.3 billion on a 12 month basis – 50% on first time outsourcing. We believe that is two to three times the size of our international competitors combined, so we feel we're doing extremely well on the winning of new business against what we believe is a record pipeline.

You are absolutely right, within that we have a very significant contract with the University of Kentucky. Over the years, we've had major contract wins over time, so this isn't unusual for us and, in fact, we're actually lapping significant contract wins in the prior year and prior years, which effectively we need to continue to deliver and we believe we can and we see it in our pipeline.

In terms of other significant contracts, yes, there are deals which are in the high tens of millions, low $100 million. We see those in Sports & Leisure, we see those in the Defence sector. That wouldn't be unusual for us. At the same time, that's balanced by a very, very healthy pipeline of lower contract value wins which really is the bread and butter of our business, whether that's in International or North America. We're very positive about those, we're very

positive about the balance of our book of wins and the balance of our book of opportunity in the pipeline.

Petros Parras

Thank you, Dom. Leo, morning. On CapEx, just to be clear here, we don't see any change in the underlying intensity of CapEx in the business. This is purely to do with lumpiness. We have a couple of sizeable contracts. Last year we closed the year at 3.3%, this year at 3.7%. If you're going to take an average four or five years, we're just [inaudible], which we're seeing is the underlying funding requirements for our business.

I just want to also call out, this year we are going to spend $1.6 billion in CapEx, somewhere there. Around 20% of this is no-client-facing CapEx which goes to [inaudible], data, AI and all the things we have talked about. That gives us a really good investment in the business. We have been doing this for many years and [inaudible] to keep making progress in the efficiency and investing in data tech for growth.

When it comes to data centres, the first thing to say is that in the last nine to 12 months, we have been awarded a couple of hundred million dollars in data centres through our five out of six [Mag] partnerships we have, for which we have the largest share of the wallet. We'll keep expanding this capability. I want to remind you we do have a very strong supporter of these businesses in North America and International that support Food and Non-Food service for our clients.

In addition to this, our teams are [inaudible] the construction phase, and we take them as they come.

Leo Carrington, Citi, Analyst

Thank you very much, Petros and Dominic.

Neil Tyler, Rothschild & Co Redburn

Good afternoon, good morning. Thank you. Three from me as well please. Firstly, within the $4.3 billion, you mentioned $2 billion of that is within B&I. Just trying to unpack that a little bit more. If you're able to share any details around the momentum of that $2 billion relative to the 16% growth overall, please.

Then, thinking about the like for like growth or maybe the new wins alongside the M&A that you've undertaken over the last couple of years, can you please update us on your thoughts on the timing of revenues for [inaudible] delivery and maybe update some comments on that delivery as it pertains to the acquisitions you've made?

Then, finally, in the release, you mention with regards to Sports & Leisure and specifically in the International business, customers maximising the commercial potential of their operations. Can you expand on that a little bit and maybe if you're able to, give some examples of how that's translating into either like for like or new wins? Thank you.

Dominic Blakemore

Thank you, Neil. Let me just tackle the revenue synergy point and then Petros will pick up on B&I and Sports & Leisure. I think it's important to say, if you look back at our track record of revenue synergy delivery, you will see that our rationale for doing many of these deals is that their contribution to organic growth year after year once we've lapped that first year of acquisition has been growth accretive to our model. We've proven that with Bon Appetit, we've proven that with Levy, we've proven that with Restaurant Associates, we've proven it with [inaudible].

We do believe that the case is the same for the acquisitions that we've made with CH&CO with [inaudible] for service and others. We've seen that in part. That will accelerate we believe over time as they become embedded into our model, but that becomes part of our ordinary course growth and very much the rationale for the acquisitions that we've made that we believe will increasingly give our International region the attributes of our North American business model. Petros.

Petros Parras

On the $4.3 billion, just to give a bit of colour, just remember our B&I is the most sectorised business growth and financial services banking [inaudible] all the way to an [inaudible] vending. We have a very broad footprint there and we do see these actually applying across all of the subsectors within B&I. Also, one-third of this being first time outsourcing with clients, mobilising new locations.

When it comes to Education, I would say it's above [fair share] and this $4.3 billion, we had record wins within North America, some really positive developments in K-12, Sports & Leisure, International, definitely above fair share. We're growing 10% double digits on a year to date and we do have a very strong pipeline.

Healthcare, we have grown six out of our top 15 wins, which are really promising signs there. The fraction is lower that the fair share, but we [win] opportunities as we go forward and we remain positive on this.

If I go on the Sports & Leisure, the backdrop here is the fan experience and our ability to trade up and trade across within our offer. The key thing is maybe 10 years ago, we used to have two offers, the VIP boxes we used to call them with the concessions. If you go to our accounts now, you will see a vertical offer up to seven or eight years spanning a very, very high end hospitality all the way down to amazing concessions.

In addition to this, we're running fan zones within the stadiums, and with long term partnership with our clients to keep improving the offer and growing these accounts organically as we go.

The last thing I'm going to say, we have invested a lot in data and AI in this space. You can imagine very big events, we'll have to deliver exceptional service and exceptional revenue in a very short period of time and technology is really helping us demonstrating to our clients the value we can add to the operations.

Dominic Blakemore

If I may, I might just add a couple of comments to that. I think as we came out of the pandemic, we talked about the strengths of Sports & Leisure being around this thing we called revenge spend. I think increasingly, we are now seeing this being baked into exactly what Petros has described, the fan experience.

It's very clear to us that the consumer is willing to pay for a great experience and a unique experience. It's extremely important to our client partners that they can generate competitive revenues from the food and beverage and hospitality experience to support their underlying operation and what we're seeing is exactly what Petros has described, a tiering of hospitality experiences which hits different price points and has very premium experiences at the top end of that.

At Wimbledon this year, we operated over five partner restaurants with chefs all Michelin starred providing different types of experience across the entirety of the estate, as well as the broader fan based concession experience. I think this World Cup has been another demonstration of the willingness of the fans to spend on greater experience and we think there's a lot more to come in global sporting events, international sporting events and local sporting events in individual markets.

We think it's an area of great opportunity and one where we partner, we think brilliantly, with our clients, because our interests are so mutually aligned.

Neil Tyler, Rothschild & Co Redburn

Thanks really helpful. Thank you very much.

Kate Xiao, Bank of America

Thank you very much for taking my questions. Good morning, Dominic and good morning, Petros. I have two questions. The first one on net new acceleration trajectory. Your ARO obviously at $4.3 billion is a 16% year on year growth. When I think about the trajectory of the ARO number, about a year ago it was at mid-single digit growth and that has accelerated to low teens and now 16%, so your ARO has accelerated for the past three or four quarters.

Obviously, your net new with retention being stable has just started to accelerate. Does that mean we should think of the next three to four quarters at net new acceleration as well, as a reflection of your ARO acceleration in the past couple of quarters? That was the first question, and the second question, I just want to ask around the data centre opportunities, particularly around the construction side.

Obviously the space and opportunity is very big, but there is asset heavy and asset light operators. Can you talk to us about the kind of opportunities with your capabilities that you are seeing? Do you intend to operate asset heavy when it's required, or are you only looking at asset light opportunities and, if so, can you tell us a bit about the size of the opportunities and the relative share of those opportunities within the overall [inaudible] in the construction phase data centre? Thank you very much.

Dominic Blakemore

Okay, thank you. Let me tackle the data centre question. Maybe Petros might add some further colour and then he can pick up on the ARO acceleration point. I think the first thing I'd say to this is, look, it's happening very fast, and I think we are – if we're all genuinely honest, we're all learning as we go. It's a super opportunity and it's been sized differently by different commentators. It's a very significant marketplace. It's multi tens of billions, hundreds of billions in both the construction phase and the ongoing operational phase and, of course, there are different partners.

In some instances we will be partnering directly with the major tech players. In others, it's with the data centre owners and operators where they typically franchise their capacity to a number of different customers and in others, it will be through EPCs and EPCMs who are constructing the data centres on behalf of those owners. We're working through this to understand what a different client base looks like.

What we do believe is we have a compelling offer. We're already operating many data centres for, in particular, the Mag Seven. I think Petros referenced it earlier of the six of the seven that outsource, we are the almost exclusive partner to five of those six, so we have very significant volumes on their existing estate. It gives us the opportunity to speak to them about data centre construction and data centre provision of services.

We're working more and more on building out our relationships with the individual data centre owners and operators and in terms of your question regarding asset heavy, asset light, I mean a lot of this depends on the relative remoteness of the facility. Our preference would be for the asset light model. We don't rule anything out if the opportunity is significant. I think we've demonstrated that in the remote sector in Australia where we have coinvested in facilities in the short and medium term where the economics are attractive.

We'll feel our way through this. We'll ensure we do what is absolutely right from a CapEx and returns standpoint and we're building those capabilities all the time. I would stress as well, as Petros referenced earlier, let's not forget our capability when it comes to the support services and some of the maintenance facilities. We have those capabilities through our businesses in Canada, in the ESS effectively, the remote mining and construction sites in Canada, which can franchise into the US.

We have ESFM, which is our US support services facility management businesses. In the Nordic region, for example, we have four services. In a number of the European countries we've got support service businesses as well, and in Australia, we've got Delta FM, which provides facility management alongside food.

I guess the reason I make that point is that the solution here on the construction phase of data centres is beyond food, as it will be in the operational delivery thereafter and we believe we have a compelling combination of both food and support services that we can bring together and acknowledge and recognise brands in the industry by our clients.

We feel we're very well placed. We've started strongly. I think there's a lot to go after. I think we'll see this play out over time and a lot of it is about, I think, partnering with the right individual client partners as we go to build those relationships.

Petros Parras

Thanks, Dom. Morning, Kate. Nothing to add on data centres. I think Dominic captured everything there. On net new, this number you appreciate we're going to grow north of 7% this year. This number has to continue to grow as we go in order for us to have confidence we deliver within the 4% to 5% range. Just to remind us again, a $50 billion business this year, $4.3 billion of new business, retention 96%. We do see an acceleration in Q3 on net new versus Q2. We talked about this. We do expect a modest improvement in Q4 as we go.

Above all, I think we're looking here at being consistent in delivering within our medium term algorithm for years to come and this is why the gross new [inaudible] of the business which is broad based across sectors gives us good confidence, the sustained level of retention gives us good confidence and as we go forward, some quarters we're going to be maybe towards the lower end of our range, some quarters are going to be towards the middle part of our range, but it's going to be within the 4% to 5%.

I just want to remind you, last year Q4 had been an exceptional year for Compass. We finished the year at 9.2% organics overlapping these comparators in Quarter 4 this year and the business is growing at around 7% on top of 9% plus last year demonstrates the underlying resilience of the business and the growth opportunities that exist for us.

Kate Xiao, Bank of America

Thank you very much.

Jaafar Mestari, BNP Paris

Hi, good morning. I have [inaudible] questions, please. The first one is just following up on this net new business trend. I'm reading my notes from H1 and trying to compare and contrast and I know lots of people heard more formal indications that you would touch 4.5% in the second half, so I just wanted to circle back on this again.

I know it's been laboured, but just to understand if there have been specific delays or specific changes in how you intend to mobilise some of the wins and if there is any reason not to expect a mean reversion. You said just now, Petros, some quarters towards low end, some quarters would be toward the top end. We've had a handful now towards the low end.

Then, secondly, I just wanted to maybe wrap up the World Cup contribution, your estimate of the contribution for the quarter on just one month and what will be different in the Q4 contribution where perhaps you have more of your normal events that are being displaced, perhaps less of a net contribution.

Lastly, on the US Education markets, you mentioned a record selling season. You showed a chart at your quick strategy update in H1 that was showing that North America Education, you didn't really see that uptick in first time outsourcing, it was still very much competitive wins, so just curious, if we exclude University of Kentucky, generally is it broad based but competitive wins, or is this already changing and have you seen any meaningful first time outsourcing K-12 or higher education deals, please?

Dominic Blakemore

Thank you, Jaafar, good morning. Yes, I mean without being a broken record, we are delighted that our net new business is on an LTM basis within the 4% to 5%. We're delighted it's accelerating. We do anticipate further acceleration in the fourth quarter. It's very difficult to forecast exactly what we're going to see based on the timing of mobilisation of new business in particular and the relative pick up of volumes in new business.

As we've said, and as was picked up on previously by Kate, we've got a very positive uplift in the gross new business signings. There is an element of timing with all of that. We know that there is a number of those signings which will open in out years and we don't get the immediate benefit and so there will always be that too in our guidance as we manage that through.

We retain very strong retention levels – they're 96% and, of course, the absolute dollars have to grow significantly for us to continue to sustain within our 4% to 5% range. Again, I'd stress at $4.3 billion in new business and $2.3 billion of net new, we are something like two to three times ahead of the competition in absolute terms, so we're very pleased with where we are. We believe we can sustain that. It continues to allow us to be within our P&L algorithm and I think our focus is very much over the multi-year performance.

Do we think we can do this in the fourth quarter? Yes. Do we think we can do it for the next year? Yes. Do we think we can do it for the next three years? Yes. That's what's really important to us and that's what we see in this marketplace, rather than concerns around [inaudible] here and there by quarter.

In terms of the World Cup, before I hand over to Petros, we're absolutely delighted with the event. We're very proud of our teams who operated on the ground for such an incredibly important event and with such high volumes of spectators and such high profile. We were the biggest F&B partner to the event with over a quarter share of the total matches, but let Petros give you some more colour.

Petros Parras

As Dominic referenced, north of one-quarter of delivering exceptional service within the games played in the World Cup. In total, about north of 100 games in the period of June and July. We said in Q3, the impact on Group is around 30 basis points and we are expecting Q4 to be around 10 basis points, and I think some games played in July. A phenomenal experience, but what I would like also to call out is outside of World Cup, we do see positive volume contribution across the business that you see in the organic for Q3.

If I go to your Education question, is think the answer is, we do see broad based growth competitive wins within K-12, first time outsourcing and competitive wins within higher education, so we're quite pleased that the Education sector is giving us growth across all of the sorts of growth share gain and first time outsourcing and enrolments look good, to the extent we know so far, so we remain positive on the sector.

Jaafar Mestairs, BNP Paris

Thank you.

Sabrina Blanc, Bernstein

Good morning, everybody. I have two questions. The first one is, coming back to the performance in International, and due to [parties] and due to lower inflation, do you expect a catch-up in the coming months, because when you look at what happened in the Middle East [inaudible], coming from that path, you [inaudible].

The second question is regarding the CapEx acceleration at the end of the year. I understand it's a question of timing, but usually when you have mobilisation [inaudible] to have them more in OpEx than in CapEx, so you could explain the difference this time?

Dominic Blakemore

Thank you, Sabrina. Let me touch on the points around food cost inflation pricing in International and Petros can reflect on CapEx. Look, I think the first thing to remind us all of is that we're in very dynamic times. I remember being in this business in the first five years when we virtually saw no food cost inflation at all for over five years.

What we've witnessed since the pandemic through Ukraine and now through Middle East is a volatility and that volatility is based on global geopolitical events as well as local weather patterns, and that means we'll see different conditions in different markets at different times, unlike anything we've witnessed before.

Right now, food cost inflation in some of the western European markets is a point. It remains at 3.5% in North America for different reasons. What we've demonstrated in this business is our ability to price for inflation and we've done that because we changed our contract structures through the pandemic. That means that we have more dynamic contract structures which protect us better.

We obviously talk about three different types of contracts that we've got, but I think in the least flexible, we've introduced the opportunity to price more with greater agility. What that means is, I'm not concerned with the head wind that the cost inflation can present and our ability to price for it, but what it also means is that when cost inflation comes up, pricing will come off, and you will see that in our top line. Typically, we know that because of the way that we protect our clients, we're not pricing with margin and therefore there is no real impact to the profitability of the business.

As a result, as I've said, you're seeing that slight slowdown in pricing in this quarter. Were we to see an impact from the Middle East - and we haven't yet seen that, but there are many commentators that are suggesting that we'll see high single digit food cost inflation, for example, in the fourth quarter here in the UK, then you will see us take that in pricing over time and it will flow through out top line.

I think you may see an acceleration and deceleration over time which will lag the movements in food cost inflation. I think that's really the index that you need to track, whereas labour inflation, which is the other driver of pricing is, I think, more predictable and more stable, based on the trends we're seeing across the piece at the moment. Petros.

Petros Parras

On your question of CapEx, I think the key thing here is timing. Just to remind ourselves, we are investing in client facing solutions before mobilised contracts, but mobilised contracts take a couple of years, even three years, to grow to maturity and potential performance, so you have always a lag between capital investment and the returns over time.

We're confident the returns over time we will know the organic CapEx investment is giving us north of 20% internal capital employed across the business and for us, it's an area we would like to continue to invest there, so it's pretty much down to lumpiness timing of execution of investments in Q4 and as we move to Q1 next year.

Pravin Gondhale, Barclays

Hello. Thank you very much for taking my questions and good morning. Firstly on like for like price. You called out lower inflation being a [triangle] of moderate growth in International. How should we be thinking about inflation and like for like price growth trajectory in Q4 and into next year. If you come provide some [inaudible] on that, that would be helpful.

I just wanted to know in relation to that whether are we firmly on a trajectory of the low end of that 2% to 3% inflation rate range right now and have you seen any signs of increased [inaudible] from clients in the International markets on price [inaudible] in Q3, especially in Europe? Thank you.

Dominic Blakemore

Petros, why don't you take that?

Petros Parras

Good morning, Pravin. I'll try to answer your question. The line was not very clear, I think I got most of it, so I'm going to take a stab at it. On like for like, we do – so, now, if you exclude return to office and a lot of [inaudible] in the last couple of years, we do see a positive volume contribution anywhere between 20 to 100 basis points, and you have seen this across the quarters.

The attribution of this primarily we believe is behind our value offer being received positively, compared to the state pricing in restaurants when our associates dine in our premises. The second thing is we discussed about the premiumisation of the offer, the trading up and the third thing is the use of data and AI in driving more sell outs given certain locations. Think about the kiosks, pre order, grab and collect, all of the solutions we have with our clients.

We do expect to continue to have positive volume as we move to Q4 and beyond, structurally based on the three elements I referenced. For A4, again I'm going to say, we have to recognise an exceptional strong volume last year across the business, North America and International; we have to lap this as we go into Q4. When it comes to food inflation, I would say we're running around 2.5% on a blended basis.

Iran. As Dominic referenced, we haven't seen the Iran conflict embed in the numbers. Typically, these things may take six to nine months to show and I want to remind you, this is a different

thing compared to the Ukraine and Russia conflict back in the day of how there was an element of product availability shortage within our supply chain. This is more, we believe, to do with the oil price and distribution cost of the last [inaudible] suppliers and partners.

We're monitoring the space. I think it's going to manifest itself in next year. As Dominic said, the business has been [inaudible] navigating through this and we remain confident to deliver within our medium turn [inaudible].

Pravin Gondhale, Barclays

Thank you very much for that, and apologies for the bad line. Thank you.

Dominic Blakemore

Thank you, and thank you everyone for joining us today. I hope you all have a very enjoyable summer and we'll speak to you again in November.

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