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23 April 2020

COVID-19 Update

Compass Group provides a further update in light of the disruption brought about by the COVID-19 pandemic.

Dominic Blakemore, Group Chief Executive said:

"I'd like to thank the tens of thousands of Compass colleagues around the world who are supporting clients and governments in providing critical and essential services. Their dedication, combined with the many initiatives around the world to prepare and distribute food to help those most in need, make me extremely proud of the contribution our people are making to the fight against COVID-19.

We are managing the business to protect the interests of all our stakeholders. Compass is a strong, resilient organisation that is well-positioned to continue to support our colleagues, clients, consumers and the communities we serve during this challenging period."

PEOPLE

Throughout this crisis our objective has been to protect and reassure our people during a period of great uncertainty.

We are committed to supporting our frontline staff that are providing critical and essential services. Their safety and wellbeing is our absolute priority and we have strengthened our Health & Safety protocols. We are recognising and rewarding their vital and brave work - for example in the UK we are awarding bonuses to all of our employees supporting the National Health Service, and have provided them with 10,000 food hampers.

Our priority has been to protect jobs as much as possible. Employees working in units that have been closed, have, where possible, been redeployed to other sites where critical work is still required such as Healthcare, Education and Defence. In the event redeployment has not been possible, employees have been furloughed according to local government support schemes and labour regulations. Most of our regions provide support through Employee Assistance Programmes and have set up funds or other mechanisms to support employees who might be facing financial difficulties as a result of these actions.

PURPOSE

Our purpose is to care for the communities we serve. Our Healthcare teams around the world have mobilised resources at scale and with pace to allow us to support governments and Healthcare clients. We are also preparing and delivering food to critical and essential workers, the elderly, vulnerable and those in financial distress, often working in partnership with grassroots support organisations.

Examples of the support our teams are providing include:

- We are redeploying thousands of employees from other sectors to support new hospitals such as the NHS Nightingale Hospital in London, the Louisa Jordan Hospital in Glasgow and the hospital in the IFEMA exhibition centre in Madrid

- In the UK, we are working with our partner FareShareUK to ensure food waste is minimised and that surplus food is redistributed to those who need it most

- In New York, we are supporting a new external testing centre in Brooklyn and providing technical support by inspecting and distributing donated ventilators

- In India we have a partnership with government and NGOs to prepare and deliver food to those in need with initiatives like www.letsfeedtogether.com

PERFORMANCE

Trading and cost actions

In the last two weeks of March, the business performed in line with the expectations set out in our Coronavirus Trading Update of 17 March 2020. Organic revenue growth for Half Year 2020 was c.1.6%, within the 0%-2% expected range.

Currently around 55% of our business is closed due to country lock downs. The impact of government containment measures varies significantly by sector:

	Group revenue[1]	**Activity**
Sports & Leisure	13%	c.100% closed
Education	18%	c.75% closed
Business & Industry	39%	c.75% closed
Defence, Offshore and Remote	7%	c.100% open
Healthcare	23%	c.100% open
Group	**100%**	**c.55% closed**

We are proactively mitigating our cost base by around £450m per month by taking a wide range of actions such as:

- Limited use of variable forms of in-unit labour (MAP 4) such as over-time, contractors, and temporary workers
- Redeployed or furloughed much of the fixed element of our in-unit labour (MAP 4)
- Reduced salary, hours or furloughed above-unit overhead (MAP 5) employees
- The Chief Executive has temporarily reduced his salary by 30%, whilst the Group Board and Executive Committee have temporarily reduced their fees and salaries by 25%

The drop through impact of lost revenues on HY operating profit was between 28%-29%, within the anticipated range of 25%-30%.

HY 2020 Cash and net debt

We are working hard to protect our cash flow:

1 Based on 2019 revenues

- Net capital expenditure in half year 2020 was around £400m and we expect capex to be lower in the second half of the year
- Mergers & Acquisition activity has been paused
- At 31 March 2020 net debt was around £4.9bn[2], including a drawdown of c.£200m from our Revolving Credit Facility (RCF)[3], and net debt/ EBITDA was between 1.6x-1.7x[4]

Liquidity

Since our previous announcement we have taken significant measures to strengthen our liquidity:

- We have put in place an additional RCF[3] of £800m with existing relationship banks and now have total committed credit facilities of £2.8bn
- We qualified for the Bank of England's Covid Corporate Financing Facility (CCFF) and drew down £600m in March
- As a precautionary measure, we are in constructive discussions with our US Private Placement investors to obtain a waiver of the covenant tests[5]
- Standard & Poor's reaffirmed our long term (A) and short term (A-1) credit ratings on 24 March and Moody's A3/P-2 long and short term credit ratings remain unchanged

Dividend

We recognise the importance of a dividend to our shareholders. However, we need to balance this with the exceptional circumstances that the Covid-19 pandemic represents. As a result, the Board has decided not to recommend an interim or a final dividend for the year ending 30 September 2020. The Board will keep future dividends under review and will restart payments when it is appropriate to do so.

DATE OF HALF YEARS 2020 RESULTS PRESENTATION

In order to provide enough time to prepare and review financial information in the current climate, the interim results will now be published on 20 May 2020 rather than 13 May 2020 as originally scheduled. Management will host a webcast presentation and Q&A session, details of which will be circulated ahead of the event.

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is being released on behalf of Compass Group PLC by Alison Yapp, Group General Counsel and Company Secretary.

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2 On an IFRS 16 basis
3 Which contains no financial covenants
4 Pre IFRS 16. On an IFRS 16 basis net debt/ EBITDA is around 2.0x
5 4x net debt/ EBITDA (not impacted by IFRS 16) and interest cover more than 2.5x

Website www.compass-group.com

Note to Editors

a) Compass Group PLC is the world's leading food service company, which generated annual revenues of £25.2 billion in the year to 30 September 2019. It operates in around 45 countries, employs and engages over 600,000 people and serves over 5.5 billion meals a year. The Company specialises in providing food and a range of support services across the core sectors of Business & Industry, Healthcare & Seniors, Education, Sports & Leisure and Defence, Offshore & Remote, with an established brand portfolio.

b) Organic revenue growth, 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), disposals (excluded from both periods) and exchange rate movements (translating the prior period at current period exchange rates).

c) 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, 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 foodservice and support services markets in the jurisdictions in which the Group operates, fluctuations in food and other product 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 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, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation 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.

d) 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.