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4 February 2021

AGM and Trading Update

Compass Group PLC today issues a trading update ahead of its Annual General Meeting. The AGM will be held online and will commence at 10:00 am. At this meeting, shareholders will be provided with the following update on the Group's performance since 30 September 2020.

Continued progress, despite slow volume recovery

By region	Organic revenue[1]			Operating margin[2]		
	Q3 2020	Q4 2020	Q1 2021	Q3 2020	Q4 2020	Q1 2021[3]
North America	(44.7)%	(36.4)%	(36.7)%	(2.5)%	2.9%	4.0%
Europe	(52.5)%[4]	(35.7)%	(34.6)%	(12.9)%	(4.1)%	1.2%
Rest of World	(20.8)%[5]	(15.8)%	(12.3)%	2.4%	2.8%	4.0%
Group	**(44.3)%**	**(34.1)%**	**(33.7)%**	**(4.8)%**	**0.6%**	**2.7%**

Organic revenue by sector[1]	Q3 2020	Q4 2020	Q1 2021
Business & Industry	(50.7)%	(44.1)%	(43.4)%
Education	(60.2)%	(35.1)%	(37.0)%
Healthcare & Seniors	(5.1)%	0.2%	0.8%
Sports & Leisure	(89.9)%	(78.9)%	(76.5)%
DOR	(8.8)%	(7.6)%	(1.2)%
Group	**(44.3)%**	**(34.1)%**	**(33.7)%**

The Group's organic revenue for the three months to 31 December 2020 was (33.7)%. This performance was in line with our expectations, given the protracted lockdown measures to contain the virus during the winter months. Our retention remained strong at 95.7%.

Despite little volume improvement, the Group's operating margin continues to improve, increasing from 0.6% in Q4 to 2.7% in Q1, with all regions now profitable. This is due to a series of actions we have taken over the last year to adapt our operations and to manage our cost base more flexibly, including contract renegotiations and resizing of the business.

[1] Year on year change.
[2] Underlying operating margin pre-impairment and resizing costs.
[3] Excluding resizing costs of £20m, predominantly in EME.
[4] Restated to include Middle East.
[5] Restated to exclude Middle East.

UK free school meal food parcels

In light of the recent events around the provision of free school meal food parcels by our Education sector, we recognise that the quality and quantity of some food parcels fell short of our usual high standards. We have apologised to everyone who has been affected.

After conducting a thorough investigation, we have taken several corrective measures that include improved supply chain processes, additional guidance and resources for our employees, and stronger quality assurance checks.

Since 25 January, Chartwells has been providing breakfasts to all children currently receiving a lunch parcel from us for the duration of school closures. We will also provide those same children with lunch and breakfast parcels through the February half term break. The costs of these initiatives will be covered by Compass.

Currency

Trading results from our overseas operations are translated at the average exchange rates for the period. Currency movements[6], compared to the same quarter last year, had a negative translation impact on revenues and operating profit in the quarter of £148 million and £13 million respectively. If current spot rates were to continue for the remainder of the year, foreign exchange translation would negatively impact 2020 revenue by £793 million and operating profit by £33 million.

Summary and outlook

Although the news around vaccinations is encouraging, the pace of volume recovery remains uncertain. As we enter the second quarter with varying lockdown measures in place across our key markets, we anticipate that Q2 revenues and volumes will be broadly in line with Q1. Despite this, we expect second quarter operating margin to improve by a further 50-100bps.

We are encouraged by the strong pipeline of new business which includes first time outsourcing and share gains, particularly in the more defensive sectors of Healthcare & Seniors, Education and Defence, Offshore & Remote. We are confident in our ability to rebuild our Group underlying margin above 7%, before we return to pre-COVID volumes.

As a reminder, we still expect our leverage ratio to peak around the half year due to the COVID impact on the trailing 12-month EBITDA calculation.

Looking further ahead, we remain excited about the significant structural market opportunity globally, a return to organic revenue growth, continued margin improvement and returns to shareholders over time.

Our next reporting dates are as follows:

25 March 2021	HY 2021 Pre-close trading update
12 May 2021	HY 2021 Results

[6] Closing rates as at 29 January 2021.

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Compass will hold a conference call for investors and analysts today at 8:00 am (U.K. time).

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Note to Editors

a) Compass Group PLC is the world's leading food service company, which generated annual revenues of £20.2 billion in the year to 30 September 2020. It operates in around 45 countries, employs and engages around 550,000 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, 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).

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.

e) For definitions please refer to the glossary of terms in the 2020 Annual Report and Accounts.