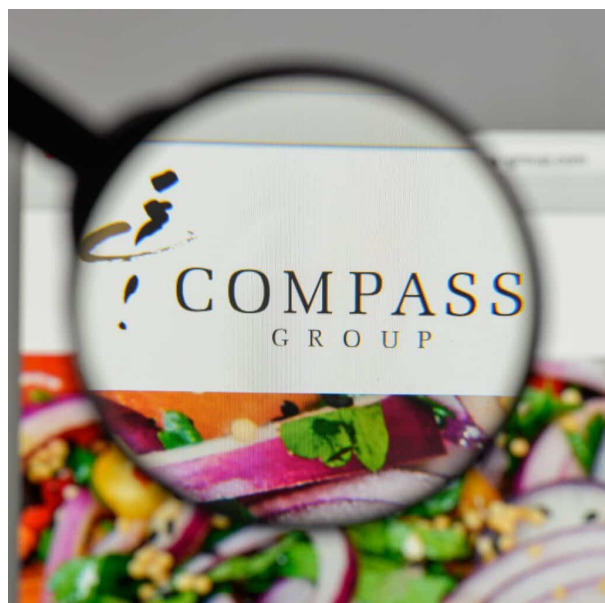


## Compass Group publishes AGM and Q1 Trading Update

3 years ago



This statement updates investors on Compass Group PLC's performance for the three months ended 31 December 2021 and is being issued ahead of the Company's Annual General Meeting.

### Encouraging start to the year driven by continued improvement across all sectors

Group organic revenue grew by 38.6%<sup>1</sup> in the first quarter, with revenues reaching 97% of their pre-COVID level<sup>2</sup>. The quarterly improvement was largely driven by new business, continued strong client retention along with some ongoing recovery in the base business. The emergence of the Omicron variant had a limited impact on the Group during the period.

| By Region     | Organic revenue growth <sup>1</sup> | Revenue as % of 2019 <sup>2</sup> |         |      |
|---------------|-------------------------------------|-----------------------------------|---------|------|
| Q4 2021       | Q1 2022                             | Q4 2021                           | Q1 2022 |      |
| North America | 41.5%                               | 51.1%                             | 90%     | 102% |
| Europe        | 23.8%                               | 25.0%                             | 84%     | 89%  |

|                   |       |       |     |     |
|-------------------|-------|-------|-----|-----|
| Rest of the World | 13.6% | 10.6% | 90% | 89% |
| Group             | 32.9% | 38.6% | 88% | 97% |

Performance improved across all regions with four out of five sectors now trading above 100% of 2019 revenues. Growth was particularly strong in North America in Sports & Leisure and Education. In Europe, all sectors traded well except for Business & Industry which continues to be impacted by reopening delays. The Rest of World region continued to benefit from a higher exposure to the more resilient Defence, Offshore & Remote sector.

| By Sector                  | Revenue as a % of 2019 <sup>2</sup> |      |
|----------------------------|-------------------------------------|------|
| Q4 2021                    | Q1 2022                             |      |
| Business & Industry        | 68%                                 | 77%  |
| Education                  | 94%                                 | 101% |
| Healthcare & Senior Living | 111%                                | 115% |
| Sports & Leisure           | 89%                                 | 107% |
| Defence, Offshore & Remote | 109%                                | 117% |
| Group                      | 88%                                 | 97%  |

### Future growth

In the first quarter, the Group spent c.£87 million on bolt-on acquisitions in North America, further strengthening Compass Group's capabilities in delivered-in solutions. There is a strong pipeline of exciting opportunities across all regions and sectors, and Compass says it remains disciplined in our approach to acquisitions.

The acceleration in new business wins seen in FY21 continued into the new year, with three out of the five top wins globally coming from first time outsourcing.

### Currency

Trading results from our overseas operations are translated at the average exchange rates for the period. If these currency movements<sup>3</sup> continue for the remainder of the year, foreign exchange translation would negatively impact 2021 revenue by £75 million and operating profit by £3 million.

## Summary and outlook

Compass Group says it is encouraged by the strong start to the year, excellent new business wins and continued strong client retention. However, it is mindful of some impact from the Omicron variant in Q2, with Business & Industry clients delaying their return to work, some Sports & Leisure events being postponed and Education facilities extending remote learning.

Compass' guidance for FY22 remains unchanged. It expects full year organic revenue growth of 20 – 25%, with quarterly growth rates moderating through the year, reflecting more challenging comparatives. As previously stated, full year underlying operating margin is expected to be over 6%, returning to around 7% by the year end. Margin progression will be second half weighted, with the first half margin anticipated to be around the Q4 2021 exit rate.

Looking further ahead, Compass remains 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.

These results are unaudited.

<sup>1</sup>Year on year change

<sup>2</sup> On a constant currency basis, including all acquisitions and disposals

<sup>3</sup>Closing rates at 28 January 2022

*Image Credit: Shutterstock*