



## Half year results announcement for the six months ended 31 March 2022

	Underlying <sup>1</sup> results			Statutory results		
	HY 2022	HY 2021	Change	HY 2022	HY 2021	Change
Revenue	<b>£11.6bn</b>	£8.4bn <sup>2</sup>	37.9% <sup>3</sup>	<b>£11.5bn</b>	£8.4bn	36.3%
Operating profit	<b>£673m</b>	£287m <sup>2</sup>	134.5% <sup>2</sup>	<b>£638m</b>	£168m	279.8%
Operating margin	<b>5.8%</b>	3.4%	240bps	<b>5.5%</b>	2.0%	350bps
Earnings per share	<b>26.9p</b>	9.5p <sup>2</sup>	183.2% <sup>2</sup>	<b>26.7p</b>	5.6p	376.8%
Operating cash flow	<b>£557m</b>	£486m	14.6%	<b>£663m</b>	£563m	17.8%
Free cash flow	<b>£360m</b>	£359m	0.3%			
Interim dividend per share	<b>9.4p</b>	-		<b>9.4p</b>	-	

### ***Strong growth drives revenue above pre-COVID level<sup>2</sup> Commencing a £500m share buyback programme***

#### **Half year performance summary**

- Q2 underlying revenue at 99% of 2019 revenues with run rate now above our pre-COVID level<sup>2</sup>
- Organic growth of 37.9% driven by strong performance in North America and Europe
- Excellent net new business growth, total in HY 2022 exceeds entire FY 2021 net new business
- Operating margin of 5.8%, an increase of 240bps on HY 2021
- Leverage further reduced to 1.3x net debt/EBITDA, back within our target range
- Commencing a share buyback programme with up to £500m this calendar year

#### **Operational highlights**

- Strong growth across all sectors, with notable volume recovery in Business & Industry and Education
- Record new business wins of £2.5bn<sup>4</sup> over the last 12 months, with broad based growth across all regions
- Client retention rate at highest ever level of 95.8%
- Net M&A expenditure of £109m, further increasing our presence in delivered-in solutions

#### **Strategy – positioning for the future**

- Capitalising on the significant market growth opportunities in first time outsourcing
- Continuing to strengthen our competitive advantage in vending, digital solutions and ESG
- Resilient business model helps mitigate heightened inflation – also a tailwind to outsourcing

#### **Outlook**

- Increasing FY 2022 organic revenue guidance from 20 – 25% to around 30%
- Margin guidance remains unchanged; expect FY 2022 underlying operating margin to be over 6%, exiting the year at around 7%

#### **Statutory results**

- Statutory revenue increased by 36.3% and operating profit was up by 279.8%

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.  
 2. Measured on a constant currency basis.  
 3. Organic revenue change.  
 4. Annual revenue of new business wins in the last 12 months.

## Business Review

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### Dominic Blakemore, Group Chief Executive, said:

“We continue to recover strongly from the pandemic and have achieved the important milestone of revenue exceeding our pre-COVID level on a run rate basis. We have seen a notable improvement in Business & Industry and Education as employees return to the office and students to in-person learning. Net new business growth has been excellent, particularly in North America and Europe where we have mobilised a significant number of recent wins and benefited from our highest ever client retention rate.

We are mindful of global inflationary pressures, which have been exacerbated by the tragic events in Ukraine. Although we expect inflation to increase and continue at a heightened level in the medium term, we have a resilient business model to help mitigate this challenge. Inflation also provides a further impetus to outsourcing as organisations seek savings and we are capturing this growth opportunity as demonstrated by our record new business wins.

Given our strong first half performance and positive outlook, we are increasing our full year organic revenue growth guidance from 20 – 25% to around 30%. Whilst we are cautious about the inflationary environment, our margin guidance remains unchanged, with full year underlying operating margin expected to be over 6%, exiting the year at around 7%.

While investing in future growth, our increasing profit and cash flow continue to reduce leverage, which is now back within our target range. Our strong balance sheet and excellent growth prospects give us the confidence to commence a share buyback programme with up to £500m during this calendar year.

Looking further ahead, we remain 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.”

### Results presentation today

A recording of the results presentation for investors and analysts will be available on the Company’s website today, Wednesday 11 May 2022, at 7.00am. There will be a Q&A session at 9.00am, accessible via the Company’s website, [www.compass-group.com](http://www.compass-group.com), and you will be able to participate by dialing:

UK Toll Number:	+44 (0) 33 0551 0200
UK Toll-Free Number:	0808 109 0700
US Toll Number:	+1 212 999 6659
US Toll-Free Number:	+1 866 966 5335
Participant PIN Code:	Compass

**Please connect to the call at least 10-15 minutes prior to the start time.**

### Financial calendar

Ex-dividend date for 2022 interim dividend	9 June 2022
Record date for 2022 interim dividend	10 June 2022
Last day for DRIP elections	7 July 2022
Q3 Trading Update	26 July 2022
2022 interim dividend date for payment	28 July 2022
Full year results	22 November 2022

### Enquiries

Investors	Agatha Donnelly & Simon Bielecki	+44 1932 573 000
Press	Giles Robinson, Compass Group PLC	+44 1932 963 486
	Tim Danaher, Brunswick	+44 207 404 5959
Website	<a href="http://www.compass-group.com">www.compass-group.com</a>	

## Business Review (continued)

## Basis of preparation

Throughout the Half Year Results Announcement, and consistent with prior periods, underlying and other alternative performance measures are used to describe the Group's performance alongside statutory measures.

The Executive Committee manages and assesses the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with alternative performance measures used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year on year comparison. Management believes that the Group's underlying and alternative performance measures, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy.

The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

## Group overview

Compass continues to recover strongly from the pandemic, having only been temporarily impacted by the Omicron variant at the beginning of the calendar year. In the first half, on a constant currency basis, underlying revenue was 98% of its pre-COVID level, with Q2 marginally stronger at 99%. Furthermore, we are now ahead of our pre-pandemic revenues on a run rate basis, an important milestone for the Group.

Underlying operating margin for the first six months was 5.8%, in line with our guidance. Despite re-opening expenses, mobilisation costs due to higher growth and inflationary pressures, we expect margin improvement to continue in the second half of the year, with underlying operating margin expected to be above 6% for the full year, with an exit rate of around 7% by year end.

We are continuing to invest in exciting growth opportunities, with capital expenditure at 2.6% of underlying revenue and net M&A expenditure of £109m, mainly in North America, in the first half of the year. Capital expenditure is expected to increase in the second half of 2022, with the full year expected to be around 3.5% of underlying revenue. The Group generated good operating cash flows in the first half and is continuing to reduce leverage, which is now 1.3x, within our target range, enabling us to commence a share buyback programme with up to £500m during this calendar year.

## Group performance

## Revenue

The positive performance trajectory seen through 2021 as our business adapted to, and the world recovered from, COVID-19 has continued into the first half of 2022. Our organic revenue growth for the six months was 37.9% reflecting the lapping of lower revenues in the first half of 2021 and benefiting from volume recovery in 2022.

Organic revenue change <sup>1</sup>	Q3 2021	Q4 2021	Q1 2022	Q2 2022	HY 2022
Business & Industry	20.4%	19.3%	26.9%	40.5%	35.2%
Education	93.7%	41.8%	51.6%	47.9%	49.3%
Healthcare & Senior Living	15.0%	9.3%	11.6%	10.3%	10.5%
Sports & Leisure	412.6%	334.6%	343.8%	228.3%	278.4%
Defence, Offshore & Remote	17.8%	15.0%	8.7%	6.8%	7.9%
<b>Group</b>	<b>36.4%</b>	<b>32.9%</b>	<b>38.6%</b>	<b>37.0%</b>	<b>37.9%</b>

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

## Business Review (continued)

In terms of our sectors, Healthcare & Senior Living, Education, and Defence, Offshore & Remote were all trading above pre-pandemic levels during the first half of the year with Sports & Leisure at 99% of 2019 revenues. Business & Industry has seen a notable improvement in top line performance since the start of the year, with Q2 now 83% of pre-pandemic levels, versus 68% in Q4 2021, reflecting the easing of government restrictions across many markets and the associated return to workplaces. Education also performed particularly well, increasing to 107% of 2019 revenues in Q2 2022, from 94% in Q4 2021.

Underlying revenue <sup>1</sup> as % of 2019 <sup>2</sup>	Q3 2021	Q4 2021	Q1 2022	Q2 2022	HY 2022
Business & Industry	60.8%	68.4%	76.6%	82.9%	<b>80.4%</b>
Education	77.7%	93.6%	101.2%	107.3%	<b>103.9%</b>
Healthcare & Senior Living	107.2%	111.3%	114.6%	116.3%	<b>115.0%</b>
Sports & Leisure	48.8%	89.3%	107.3%	93.8%	<b>99.4%</b>
Defence, Offshore & Remote	110.6%	108.8%	116.6%	115.3%	<b>116.1%</b>
<b>Group</b>	<b>76.2%</b>	<b>88.5%</b>	<b>96.9%</b>	<b>99.2%</b>	<b>98.0%</b>

1. Alternative Performance Measure (APM). The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

2. On a constant currency basis. Throughout this report, underlying revenue as a percentage of 2019 is calculated on a constant currency basis.

Client retention rates continued to improve at 95.8% and, encouragingly, underlying revenue growth from new business wins was 10.3% as contracts continue to mobilise. Net new business, when rebased to 2019, is around 4.4%, higher than the historical levels of 3%, a key indication of positive growth momentum.

On a statutory basis, revenue was £11,499m (2021: £8,435m), an increase of 36% as the business continued to recover from the pandemic.

### Operating profit

Underlying operating profit increased by 135% on a constant currency basis, to £673m, and our underlying operating margin was 5.8%, which represents c.80% of our pre-COVID margin levels.

On a statutory basis, operating profit was £638m (2021: £168m), an increase of 280%, mainly reflecting the higher revenue. Statutory operating profit includes non-underlying item charges of £35m (2021: £122m), including acquisition related costs of £33m (2021: £41m). Non-underlying items in the prior period also included COVID-19 resizing costs of £78m.

### Capital allocation

Our capital allocation framework is clear and unchanged. Our priority is to invest in the business to fund growth opportunities, target a strong investment grade credit rating with a leverage target of around 1x to 1.5x net debt to EBITDA and pay an ordinary dividend, with any surplus capital being returned to shareholders.

Growth investment consists of: (i) capital expenditure to support organic growth in both new business wins and retention of existing contracts; and (ii) bolt-on M&A opportunities that strengthen our capabilities and broaden our exposure. We have a proven track record of strong returns from our investment strategy evidenced by our historical returns on capital employed.

As announced in November 2021, the ordinary dividend has been resumed with the dividend policy to pay out around 50% of underlying earnings through an interim and final dividend. The Board has approved an interim dividend of 9.4 pence per share to be payable in July 2022. The Group is also commencing a share buyback programme with up to £500m during this calendar year.

## Business Review (continued)

## Regional performance

## North America – 65.9% of Group underlying revenue (2021: 60.4%)

Regional financial summary	Underlying results <sup>1</sup>		Change <sup>1</sup>			Statutory results		Change Reported rates
	2022	2021	Reported rates	Constant currency	Organic	2022	2021	
Revenue	<b>£7,657m</b>	£5,160m	48.4%	47.6%	47.9%	<b>£7,650m</b>	£5,150m	48.5%
Operating profit <sup>2</sup>	<b>£535m</b>	£242m	121.1%	120.2%	121.1%	<b>£509m</b>	£218m	133.5%
Operating margin	<b>7.0%</b>	4.7%	230bps			<b>6.7%</b>	4.2%	250bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£3m loss).

## Underlying

During the first half of the year, revenues were 103% of 2019 levels, up from 90% in Q4 2021. All sectors are now operating above or around 100% of 2019 levels, with the exception of Business & Industry. Organic revenue growth was 48%, with base volumes continuing to recover. Reported new business at 11.2%, with double digit new business growth in Business & Industry and Sports & Leisure and continued high retention rates at 97%, saw net new business of 8.2%.

Our Sports & Leisure sector maintained its momentum from the second half of 2021, continuing to benefit from strong attendance and per capita spend, although some events continued to be postponed due to COVID-19. Our Education sector continued to perform well, reflecting higher numbers on campus. The return to the office has been gradual and our Business & Industry sector remains impacted by the pandemic, with revenues at 84% of 2019 levels for the first half, although there has been further improvement during recent months. Our Healthcare & Senior Living business has been resilient throughout the pandemic, particularly in support services, with new business strong especially in community living.

Underlying operating profit of £535m represents 120% growth on a constant currency basis and an operating margin of 7.0%, a 230bps improvement on the first half of 2021. The margin has benefited from overhead leverage as volumes have improved as well as the continued focus on efficiency, cost control and pricing to mitigate higher levels of inflation and mobilisation costs.

During the period, the Group acquired a number of businesses that complement the Group's existing footprint, creating opportunities for synergies across our sectors in the US.

## Statutory

Statutory revenue increased by 48.5% to £7,650m as the business continues to recover from the pandemic.

Statutory operating profit was £509m, a £291m increase, due to stronger revenue and the improved operating margin.

## Business Review (continued)

## Europe – 23.8% of Group underlying revenue (2021: 26.4%)

Regional financial summary	Underlying results <sup>1</sup>		Change <sup>1</sup>			Statutory results		Change Reported rates
	2022	2021	Reported rates	Constant currency	Organic	2022	2021	
Revenue	<b>£2,766m</b>	£2,260m	22.4%	28.3%	28.3%	<b>£2,647m</b>	£2,154m	22.9%
Operating profit/(loss) <sup>2</sup>	<b>£125m</b>	£32m	290.6%	331.0%	342.9%	<b>£118m</b>	£(57)m	307.0%
Operating margin	<b>4.5%</b>	1.4%	310bps			<b>4.5%</b>	(2.6)%	710bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£nil).

## Underlying

Despite varying levels of national restrictions and changing pandemic guidance across the countries, all sectors traded above 100% of 2019 revenues with the exception of Business & Industry, the region's largest sector, which was 76% of 2019 levels. Overall, revenues were 90% of 2019 levels, 6 percentage points higher than Q4 2021. Organic revenue grew by 28.3%. Momentum in reported new business growth has continued and was 9.4%, driven by UK&I, France, Germany and Spain, with client retention showing an improving trend at 94.3%.

The business has continued to resize as government support programmes have reduced or ceased. As expected, no further non-underlying restructuring charges have been incurred, but the cash cost in the period was £29m.

Underlying operating profit was £125m, representing 331% growth on a constant currency basis. Operating margin was 4.5%, a 310bps improvement on the first half of 2021, reflecting overhead leverage as volumes have improved, with higher levels of inflation and mobilisation costs being mitigated through cost control and pricing.

In March, the Group exited the Russian market in response to the war in Ukraine, with the disposal of the business completing during the period. Based on FY 2021 revenues, Russia comprised 0.5% and 0.1% of Europe and Group revenues, respectively.

## Statutory

Statutory revenue was £2,647m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

The statutory operating profit of £118m represents a £175m improvement driven by the trading performance and the higher non-underlying charges in relation to resizing activity and acquisitions in the prior year.

## Business Review (continued)

**Rest of World – 10.3% of Group underlying revenue (2021: 13.2%)**

Regional financial summary	Underlying results <sup>1</sup>		Change <sup>1</sup>			Statutory results		Change Reported rates
	2022	2021	Reported rates	Constant currency	Organic	2022	2021	
Revenue	<b>£1,202m</b>	£1,131m	6.3%	9.6%	9.6%	<b>£1,202m</b>	£1,131m	6.3%
Operating profit <sup>2</sup>	<b>£56m</b>	£53m	5.7%	7.7%	7.7%	<b>£54m</b>	£50m	8.0%
Operating margin	<b>4.7%</b>	4.7%	-			<b>4.5%</b>	4.4%	10bps

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) of the financial statements.
2. 2021 re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (£nil).

**Underlying**

Our Rest of World region had revenues at 90% of 2019 levels, in line with Q4 2021, reflecting ongoing localised lockdowns, especially in Japan which is weighted to Business & Industry clients. Our more resilient Defence, Offshore & Remote sector continued to trade above pre-COVID levels, with over 40% of regional revenue being generated from this sector.

Organic revenue grew by 9.6% reflecting higher volumes and modest net new business driven by Australia, Japan and Brazil. Client retention was 93.3%.

Underlying operating profit was £56m, which represents 7.7% growth on a constant currency basis. Operating margin was 4.7%, consistent with the first half of 2021. The focus on actions to control costs and improve efficiency offset the adverse impact from localised lockdowns, particularly across APAC, and rising inflation.

**Statutory**

Statutory revenue increased by 6.3% to £1,202m. There is no difference between statutory and underlying revenue.

Statutory operating profit was £54m, an increase of £4m, reflecting the improved trading performance.

## Business Review (continued)

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### Strategy

The Group's addressable food services market is estimated to be worth at least £220bn. There is a significant structural growth opportunity from first time outsourcing, with around half of the market currently self-operated. Roughly 25% of the market is held by regional players with a further opportunity to take share from other large competitors. As the operating environment becomes increasingly challenging due to inflationary pressures and operational complexities, we have a clear strategy to capture the acceleration in first time outsourcing based on our focus, scale and expertise. This is demonstrated by our record new business wins of £2.5bn<sup>1</sup> during the last 12 months, with broad based growth across all regions.

Our strategic focus on food, with some specialised support services, is particularly relevant and we continue to evolve in line with changing market conditions. Being the largest global player, our scale in procurement and focus on cost efficiencies give us competitive advantages that translate into greater value for clients and consumers. Our sectorised and sub-sectorised approach enables us to provide a tailored offer to meet changing client requirements. We recognise the increasing importance of digital and Environmental, Social and Governance (ESG) in our food offering and are continuing to invest in our market leading propositions.

We are exiting the COVID-19 pandemic as a stronger and better business, accelerating new digital and culinary initiatives and adopting a more agile operating model. As volumes return, we believe the measures we have taken to increase efficiency will improve the quality of the business over the longer term.

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.

### People

Our people are at the heart of who we are and what we do. The resilience and dedication of our people throughout the pandemic has been extraordinary and has proven to be a vital ingredient in our continued success. It is testament to them that, despite unprecedented operational challenges, they have continued to serve our clients, consumers and communities with passion, creativity and care, whilst maintaining an unwavering focus on health and safety.

We work hard to build an open culture in which our people can thrive, feeling safe and valued for who they are and what they bring to Compass. Career growth is one of our commitments. We want everyone to have the opportunity to develop their personal and professional skills.

Over the last six months, we have been celebrating the diversity of careers and people through social media with our Compass Career Stories and announced the launch of our UK&I Compass Academy in 2023 which will train more than 12,000 people per year in hospitality.

Leadership in Action, our Unit Manager training programme, is delivered in local languages across 32 countries. Around 4,300 Unit Managers have attended our programme thus far which embraces the virtual learning environment. We have also deployed digital learning in our flagship Mapping for Value and Mapping for Action global training programmes. The new capabilities have enhanced our reach as we continue to reinforce our use of the Management and Performance (MAP) framework for all Leadership Team members and Unit Managers.

We continue to invest in supporting our people's mental health and wellbeing with programmes across the globe that include support funds, employee counselling and Mental Health First Aiders. Through our programmes, we have been able to help our colleagues with relatives impacted by the war in Ukraine to access resources and funds. Many of our people have been fundraising, volunteering and supporting families directly in their countries. We are immensely proud of our colleagues' compassion, response and capacity to make a difference in all our communities.

1. Annual revenue of new business wins in the last 12 months.



## Business Review (continued)

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### Purpose

Sustainability is deeply rooted within our business, from our talented chefs and passionate operators to our inspiring leadership team. We have been leading the charge for nearly two decades, setting industry-leading animal welfare standards, removing unnecessary single-use plastics, addressing food waste and now with our 2050 Net Zero commitment. We pride ourselves on being transparent in reporting on progress in our Annual Report and through the Carbon Disclosure Project.

As the world's largest food services group, operating at the heart of the global food supply chain, we are in a unique position to influence real change while helping to create a more sustainable global food system for all. We inspire change with our day of action, Stop Food Waste Day, with delicious and innovative offerings that enable our clients and consumers to make better choices for their health and the health of our planet. Our strategic approach targets areas that have the potential to deliver the most considerable reductions in our carbon footprint over the coming decades while mitigating the impacts of climate change for the benefit of our colleagues, clients, consumers and other stakeholders.

Compass aims to reach Net Zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050 and to be carbon neutral on its Scope 1 and 2 GHG emissions by 2030. Our targets over the next decade have been validated by the Science Based Targets initiative and are in line with the latest climate science deemed necessary to meet the goals of the Paris Agreement. We will achieve these goals in various ways, such as redesigning our menus, promoting plant-forward ways of eating, reducing food waste, switching to renewable electricity across our controlled operations and electrifying our fleet.

Recognising that we are just part of the solution, we work collaboratively with our partners and suppliers to create a significant impact. Collective innovation, proprietary tools, strategic partnerships and a dedicated vision will usher us into a more sustainable future.

### Summary and outlook

The Group is exiting the pandemic strongly and has achieved the important milestone of revenue exceeding its pre-COVID level on a run rate basis. Organic growth was strong in the first half of the year as the Group benefited from like for like volume recovery, high levels of net new business and pricing. Underlying operating margin was in line with guidance and is expected to improve in the second half.

While there are global inflationary pressures, which are expected to increase and continue at a heightened level, we have a resilient business model to help mitigate this challenge. This environment is also leading to an acceleration in first time outsourcing as organisations seek cost savings. We have a clear strategy to capture this growth opportunity based on our scale, expertise and sectorised market approach. Our value creation model has proven very effective and remains unchanged. The Group's market leading position combined with a relevant offer and capability are resulting in record new business wins and our highest ever client retention rate.

Given our strong first half performance and positive outlook, we are increasing our full year organic revenue growth guidance from 20 – 25% to around 30%. Whilst we are cautious about the inflationary environment, our margin guidance remains unchanged, with full year underlying operating margin expected to be over 6%, exiting the year at around 7%.

Our disciplined capital allocation framework supports growth whilst ensuring a robust balance sheet, rewarding shareholders through dividends and additional shareholder returns. This is demonstrated through the 9.4 pence per share interim dividend and the share buyback programme announced today with up to £500m during this calendar year.

Looking further ahead, we remain 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.

## Financial Results

### Group performance

The Executive Committee manages and assesses the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with alternative performance measures used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year on year comparison. Management believes that the Group's underlying and alternative performance measures, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy.

The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

	2022 £m	2021 £m	Change
<b>Revenue</b>			
Underlying – reported rates <sup>1</sup>	11,625	8,551	35.9%
Underlying – constant currency <sup>1</sup>	11,625	8,442	37.7%
Organic <sup>1</sup>	11,588	8,401	37.9%
Statutory	11,499	8,435	36.3%
<b>Operating profit</b>			
Underlying – reported rates <sup>1</sup>	673	290	132.1%
Underlying – constant currency <sup>1</sup>	673	287	134.5%
Organic <sup>1</sup>	673	285	135.8%
Statutory	638	168	279.8%
<b>Operating margin</b>			
Underlying – reported rates <sup>1</sup>	5.8%	3.4%	240 bps
<b>Basic earnings per share</b>			
Underlying – reported rates <sup>1</sup>	26.9p	9.6p	180.2%
Underlying – constant currency <sup>1</sup>	26.9p	9.5p	183.2%
Statutory	26.7p	5.6p	376.8%
<b>Free cash flow</b>			
Underlying – reported rates <sup>1</sup>	360	359	0.3%
<b>Dividend</b>			
Interim dividend per share	9.4p	-	n/a

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

## Financial Results (continued)

## Segmental performance

	Underlying revenue <sup>1</sup>		Change <sup>1</sup>		
	2022 £m	2021 £m	Reported rates	Constant currency	Organic
North America	7,657	5,160	48.4%	47.6%	47.9%
Europe	2,766	2,260	22.4%	28.3%	28.3%
Rest of World	1,202	1,131	6.3%	9.6%	9.6%
<b>Total</b>	<b>11,625</b>	<b>8,551</b>	<b>35.9%</b>	<b>37.7%</b>	<b>37.9%</b>

	Underlying operating profit <sup>1</sup>		Underlying operating margin <sup>1</sup>	
	2022 £m	2021 <sup>2</sup> £m	2022 £m	2021 <sup>2</sup> £m
North America	535	242	7.0%	4.7%
Europe	125	32	4.5%	1.4%
Rest of World	56	53	4.7%	4.7%
Unallocated overheads	(43)	(37)		
<b>Total</b>	<b>673</b>	<b>290</b>	<b>5.8%</b>	<b>3.4%</b>

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.
2. Re-presented to reflect the change in the definition of regional operating profit to include the share of results of associates (North America: £3m loss).

## Statutory and underlying results

	2022			2021		
	Statutory £m	Adjustments £m	Underlying <sup>1</sup> £m	Statutory £m	Adjustments £m	Underlying <sup>1</sup> £m
<b>Revenue</b>	<b>11,499</b>	<b>126</b>	<b>11,625</b>	8,435	116	8,551
<b>Operating profit</b>	<b>638</b>	<b>35</b>	<b>673</b>	168	122	290
Net (loss)/gain on sale and closure of businesses	(6)	6	-	14	(14)	-
Net finance costs	-	(37)	(37)	(49)	(7)	(56)
<b>Profit before tax</b>	<b>632</b>	<b>4</b>	<b>636</b>	133	101	234
Tax expense	(152)	(1)	(153)	(33)	(30)	(63)
<b>Profit for the period</b>	<b>480</b>	<b>3</b>	<b>483</b>	100	71	171
Non-controlling interests	(3)	-	(3)	-	-	-
<b>Attributable profit</b>	<b>477</b>	<b>3</b>	<b>480</b>	100	71	171
Average number of shares	1,784m	-	1,784m	1,784m	-	1,784m
Basic earnings per share	26.7p	0.2p	26.9p	5.6p	4.0p	9.6p
EBITDA			1,039			670

1. The Group's APMs are defined in note 12 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 12 of the financial statements.

## Financial Results *(continued)*

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### Statutory results

#### *Revenue*

On a statutory basis, revenue was £11,499m (2021: £8,435m), an increase of 36% as the business continued to recover from the pandemic.

#### *Operating profit*

On a statutory basis, operating profit was £638m (2021: £168m), an increase of 280%, mainly reflecting the higher revenue. Statutory operating profit includes non-underlying item charges of £35m (2021: £122m), including acquisition related costs of £33m (2021: £41m). Non-underlying items in the prior period also included COVID-19 resizing costs of £78m. A full list of non-underlying items is included in note 12 (non-GAAP measures).

#### *Gains and losses on sale and closure of businesses*

The Group has recognised a net loss of £6m on the sale and closure of businesses (2021: net gain of £14m), including exit costs of £3m (2021: £1m). The net loss in the period includes the Group's exit from its operations in Russia.

#### *Finance costs*

Net finance costs decreased to £nil (2021: £49m) mainly due to fair value gains on unhedged derivatives held to minimise volatility in short term underlying finance costs, the repayment of a tranche of US Private Placements in October 2021, lower net interest expense relating to the unhedged derivatives and termination of the covenant waivers in June 2021.

#### *Tax charge*

Profit before tax was £632m (2021: £133m) giving rise to an income tax expense of £152m (2021: £33m), which is equivalent to an effective tax rate of 24.1% (2021: 24.8%). The decrease in rate primarily reflects the mix of profits by country being taxed at different rates.

#### *Earnings per share*

Basic earnings per share were 26.7 pence (2021: 5.6 pence), an increase of 377%, reflecting the higher profit for the period.

### Underlying results

#### *Revenue*

In the first half, on a constant currency basis, underlying revenue was 98% of its pre-COVID level, with Q2 marginally stronger at 99%.

Our organic revenue growth for the six months was 37.9% reflecting the lapping of lower revenues in the first half of 2021 and benefiting from volume recovery in 2022.

Client retention rates continued to improve at 95.8% and, encouragingly, underlying revenue growth from new business wins was 10.3% as contracts continue to mobilise. Net new business, when rebased to 2019, is around 4.4%, higher than the historical levels of 3%, a key indication of positive growth momentum.

#### *Operating profit*

Underlying operating profit increased by 135% on a constant currency basis, to £673m, and our underlying operating margin was 5.8%, which represents c.80% of our pre-COVID margin levels.

#### *Finance costs*

Underlying net finance costs decreased to £37m (2021: £56m) mainly due to the repayment of a tranche of US Private Placements in October 2021, lower net interest expense relating to the unhedged derivatives and termination of the covenant waivers in June 2021.

#### *Tax charge*

On an underlying basis, the tax charge was £153m (2021: £63m), which is equivalent to an effective tax rate of 24.0% (2021: 26.9%). The decrease in rate primarily reflects the mix of profits by country being taxed at different rates. The tax environment continues to be uncertain, with more challenging tax authority audits and enquiries globally.

#### *Earnings per share*

On a constant currency basis, underlying basic earnings per share increased by 183% to 26.9 pence (2021: 9.5 pence) reflecting the higher profit for the period.

## Financial Results *(continued)*

### Free cash flow

Free cash flow totalled £324m (2021: £233m). In the six months, we made cash payments of £33m (2021: £126m) in relation to programmes aimed at resizing the business. Adjusting for this, and acquisition transaction costs of £3m which are now reported as part of operating cash flows, underlying free cash flow was £360m (2021: £359m), with underlying free cash flow conversion at 53.5% (2021: 123.8%).

Capital expenditure of £306m (2021: £272m) is equivalent to 2.6% (2021: 3.2%) of underlying revenue.

The working capital outflow, excluding provisions and pensions, was £142m (2021: £119m inflow). The prior period benefited from VAT and payroll tax deferral schemes and lower bonus payments.

The net interest outflow reduced to £40m (2021: £52m) consistent with the lower finance costs in the period.

The net tax paid was £133m (2021: £60m), which is equivalent to an underlying cash tax rate of 20.9% (2021: 25.6%).

### Acquisitions

The total cash spent on the acquisition of subsidiaries during the six months ended 31 March 2022, net of cash acquired, was £115m (2021: £34m), including £15m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £3m of acquisition transaction costs included in net cash flow from operating activities.

### Disposals

The Group received £26m (2021: £1m) in respect of disposal proceeds net of exit costs, which includes the sale of a further 17% shareholding in the Japanese Highways business classified as an asset held for sale at 30 September 2021 and tax receipts in respect of prior year business disposals.

### Financial position

#### *Liquidity*

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required. The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 31 March 2022 shows that the average period to maturity is 3.5 years (30 September 2021: 3.7 years).

The Group has issued US Private Placement (USPP) notes which contain financial covenants. These consist of a leverage covenant and an interest cover covenant which are tested semi-annually at 31 March and 30 September. The leverage covenant test stipulates that consolidated net debt must be less than or equal to 3.5 times consolidated EBITDA. The interest cover covenant test stipulates that consolidated EBITDA must be more than or equal to 3 times consolidated net finance costs. Consolidated EBITDA and net finance costs are based on the preceding 12 months. The leverage and interest cover ratios were 1.0 times and 27.0 times, respectively, at 31 March 2022. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 31 March 2022, the Group had access to £3,317m (30 September 2021: £3,656m) of liquidity, including £2,000m (30 September 2021: £2,000m) of undrawn committed bank facilities and £1,317m (30 September 2021: £1,656m) of cash, net of overdrafts. A USPP of \$398m (£297m) was repaid on 1 October 2021.

Our credit ratings remain strong investment grade – Standard & Poor's A/A-1 Long and Short term (outlook Negative) and Moody's A3/P-2 Long and Short term (outlook Stable).

#### *Net debt*

Net debt has remained broadly consistent at £2,530m (30 September 2021: £2,538m). The Group generated £324m of free cash flow, after investing £306m in capital expenditure, which was offset by £106m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, and the payment of the 2021 final dividend of £250m.

#### *Post employment benefit obligations*

The surplus in the Compass Group Pension Plan (UK Plan) increased to £555m (30 September 2021: £353m) mainly reflecting an increase in the discount rate, net of inflation, used to measure the liabilities as corporate bond yields have increased, partly offset by a decrease in the market value of plan assets as gilt and corporate bond yields have increased. The deficit in the rest of the Group's defined benefit pension schemes has decreased to £195m (30 September 2021: £224m).

## Financial Results (continued)

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### Shareholder returns

An interim dividend of 9.4 pence per share (2021: nil) has been declared, £168m in aggregate, which is payable on 28 July 2022 to shareholders on the register at the close of business on 10 June 2022. The interim dividend will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The last date for receipt of elections for the DRIP is 7 July 2022.

The directors have approved a share buyback programme with up to £500m during this calendar year.

### Related party transactions

Details of transactions with related parties are set out in note 10 of the financial statements. These transactions have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

### Going concern

The uncertainty as to the future impact on the financial performance and cash flows of the Group as a result of COVID-19 has been considered as part of the Group's adoption of the going concern basis in its financial statements. The factors considered by the directors in assessing the ability of the Group to continue as a going concern are discussed on page 25. The Group has access to considerable financial resources, together with longer term contracts with a number of clients and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Based on the assessment, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the period to 30 September 2023. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### External audit

The last tender for the external audit was performed with respect to the audit for financial year 2024. The Audit Committee has therefore commenced planning for a tender process with respect to the audit for financial year 2024. This will allow time for the transition of non-audit services ahead of any change in auditor that may be made.

## Risk

### Principal risks

The Board continues to take a proactive approach to risk management with the aim of protecting the Group's employees, clients and consumers, and safeguarding the interests of the Company and its shareholders in what is a constantly changing environment.

Risk management is an essential element of business governance and the Group has risk management policies, processes and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed Key Performance Indicators (KPIs) are integral parts of the business process and core activities throughout the Group.

The war in Ukraine has been recognised as a new principal risk due to the national security threat it brings to neighbouring countries in Europe and the members of the NATO alliance. Details of the other principal risks facing the Group and mitigating actions are included on pages 73 to 81 of the 2021 Annual Report. A description of those risks and uncertainties is set out below. The war in Ukraine has also resulted in the elevation of the existing risks in respect of the economy, cost inflation, political stability and information systems and technology.

RISK	DESCRIPTION
<b>CLIMATE CHANGE AND SUSTAINABILITY</b>	
<b>Climate Change</b>	We recognise the impact of climate change on the environment and Compass; for example the operational impacts of extreme weather events, supply shortages caused by water scarcity, and transition risks, such as changes in technologies, markets and regulation.
<b>Social and Ethical Standards</b>	We rely on our people to deliver great service to our clients and consumers, so we recognise that their welfare is the foundation of our culture and business. We remain vigilant in upholding high standards of business ethics with regard to human rights and social equality.
<b>HEALTH AND SAFETY</b>	
<b>Pandemic COVID-19</b>	The Group's operations have been significantly disrupted due to the ongoing global COVID-19 pandemic and associated containment initiatives. Further outbreaks of the virus, or another pandemic, could cause further business risk.
<b>Health and Safety</b>	Compass feeds millions of consumers and employs hundreds of thousands of people around the world every day. For that reason, setting the highest standards for food hygiene and safety is paramount.  Health and safety breaches could cause serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to our reputation.
<b>PEOPLE</b>	
<b>Recruitment</b>	Failure to attract and recruit people with the right skills at all levels could limit the success of the Group.  The Group faces resourcing challenges in some of its businesses in some key positions due to a lack of industry experience amongst candidates, appropriately qualified people, the seasonal nature of some of our businesses and availability issues related to COVID-19.
<b>Retention and Motivation</b>	Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long term success of the Group.  The current economic conditions may increase the risk of attrition at all levels of the organisation.  Business closures resulting from lockdowns or other social distancing controls may significantly impact the Group's workforce in affected regions.
<b>CLIENTS AND CONSUMERS</b>	
<b>Sales and Retention</b>	Our businesses rely on securing and retaining a diverse range of clients.  The potential loss of material client contracts in an increasingly competitive market is a risk to our businesses.  Reduced office attendance, closure of client sites and fewer site visitors as a result of COVID-19 may impact revenues in affected sectors.

## Risk (continued)

## Principal risks (continued)

## RISK DESCRIPTION

## CLIENTS AND CONSUMERS (CONTINUED)

**Service Delivery, Contractual Compliance and Retention** The Group's operating companies contract with a large number of clients. Failure to comply with the terms of these contracts, including proper delivery of services, could lead to the loss of business and/or claims.

**Competition and Disruption** We operate in a highly competitive marketplace. The levels of concentration and outsource penetration vary by country and by sector. Some markets are relatively concentrated with two or three key players. Others are highly fragmented and offer significant opportunities for consolidation and penetration of the self operated market.

Ongoing structural changes in working and education environments may reduce the number of people in offices and educational establishments.

The emergence of new industry participants and traditional competition using disruptive technology could adversely affect our business.

## ECONOMIC AND POLITICAL ENVIRONMENT

**Economy** Sectors of our business could be susceptible to adverse changes in economic conditions and employment levels. Continued worsening of economic conditions has increased the risk to the businesses in some jurisdictions. The full extent of the medium to long term financial impacts of COVID-19 on economies worldwide is, as yet, unknown.

**Cost Inflation** Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, for example, minimum wages in the USA and UK, or the cost of food, could constitute a risk to our ability to do this. Increases in inflation continue to intensify cost pressures in some locations.

**Political Stability** We are a global business operating in countries and regions with diverse economic and political conditions. Our operations and earnings may be adversely affected by political or economic instability. Political instability around the world remains a risk as a result of continuing geopolitical tensions.

## COMPLIANCE AND FRAUD

**Compliance and Fraud** Ineffective compliance management with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation, its performance and/or a reduction in the Company's share price and/or a loss of business.

A failure to manage these risks could adversely impact the Group's performance and/or reputation if significant financial penalties are levied or a criminal action, sanction or other litigation is brought against the Company, its directors or executive management.

Companies face increased risk of fraud, bribery and corruption, anti-competitive behaviour and other serious misconduct both internally and externally, due to financial and/or performance pressures and significant changes to ways of working.

**International Tax** The international corporate tax environment remains complex and the sustained increase in audit activity from tax authorities means that the potential for tax uncertainties and disputes remains high. The need to raise public finances to meet the cost of the COVID-19 pandemic is likely to cause governments to consider increases in tax rates and other potentially adverse changes in tax legislation, and to renew focus on compliance for large corporates.

Multiple initiatives to assist businesses have been introduced across tax jurisdictions in response to the COVID-19 pandemic.

## INFORMATION SYSTEMS AND TECHNOLOGY

**Information Systems and Technology** The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data and damage to brand reputation through, for example, the increased and instantaneous use of social media.

Disruption caused by the failure of key software applications, security controls or underlying infrastructure could delay day to day operations and management decision making.

The incidence of sophisticated phishing and malware attacks on businesses is rising with an increase in the number of companies suffering operational disruption and loss of data.

The increase in remote working has led to an increase in the risk of malware and phishing attacks across all organisations.



## Responsibility statement of the directors in respect of the half yearly financial report

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The Interim Report complies with the Disclosure Guidance and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half yearly financial report. The Interim Management Report is the responsibility of, and has been approved by, the directors.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' contained in UK-endorsed International Financial Reporting Standards (IFRSs) and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Interim Management Report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to conduct its review.

On behalf of the Board



**Dominic Blakemore**  
Group Chief Executive Officer



**Palmer Brown**  
Group Chief Financial Officer

11 May 2022