Half Year Results Announcement for the six months ended 31 March 2024

	Underlying[1] results			Statutory results		
	HY 2024	Restated[2] HY 2023	Change	**HY 2024**	Restated[2] HY 2023	Change
Revenue	**$20.9bn**	$18.8bn[3]	11.2%[4]	**$20.7bn**	$18.7bn	11.2%
Operating profit	**$1,474m**	$1,242m[3]	18.7%[3]	**$1,420m**	$1,046m	35.8%
Operating margin	**7.1%**	6.6%	50bps	**6.8%**	5.6%	120bps
Earnings per share	**59.0c**	50.4c[3]	17.1%[3]	**50.4c**	43.4c	16.1%
Operating cash flow	**$1,114m**	$1,038m	7.3%	**$1,330m**	$1,125m	18.2%
Free cash flow	**$704m**	$703m	0.1%			
Interim dividend per share	**20.7c**	17.9c	15.6%	**20.7c**	17.9c	15.6%

Double-digit organic revenue growth across all regions. Raising 2024 underlying operating profit growth guidance.

Strong underlying operating profit growth of 18.7%[3] delivered through:

- Balanced organic revenue growth of 11.2% and underlying operating margin up 50bps year on year to 7.1%.

Invested in growth, further refined our portfolio and returned surplus capital to shareholders:

- Invested $693m in capex (3.3% of underlying revenue) supporting growth and generating strong returns.
- Spent $373m on M&A, including the acquisition of HOFMANNˢ. CH&CO completed in April 2024.
- Exited four countries during the period and agreed to exit Brazil subject to regulatory approval.
- Completed half of the $500m share buyback announced in November 2023.

Strategic priorities:

- Focusing on our core markets; capitalising on significant structural growth opportunities.
- Investing in capex and strategic in-fill M&A to support future growth through sectorisation and flexible operating models.
- Nurturing talent and developing leaders to support our long-term growth ambitions.

2024 outlook:

- Now expect underlying operating profit growth towards 15%[5] with organic revenue growth towards 10%.

Statutory results:

- Revenue increased by 11.2% reflecting the strong trading performance.
- Operating profit, including charges relating to business acquisitions and reshaping our portfolio which are excluded from underlying operating profit, increased by 35.8% to $1,420m.

1. Reconciliation of statutory to underlying results can be found in notes 2 (segmental analysis) and 12 (non-GAAP measures) to the consolidated financial statements.
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the six months ended 31 March 2023 have been restated in US dollars.
3. Measured on a constant-currency basis.
4. Organic revenue change.
5. On a constant-currency basis, including announced acquisitions, disposals and exits in 2023 and to date in 2024.

Business review

Dominic Blakemore, Group Chief Executive, said:

"The Group has delivered a strong set of results, with balanced double-digit organic revenue growth and good underlying operating margin progression across all regions, leading to underlying operating profit growth of 19% on a constant-currency basis.

Europe is building a strong track record of growth, having benefited from investment and best practice sharing. We have completed the acquisitions of HOFMANNˢ in Germany and CH&CO in the UK and Ireland[1], increasing operational flexibility as well as further strengthening our unique sectorised approach to the market.

Our results are driving strong cash generation which in turn gives us the flexibility to invest capital back in the business through capex and strategic in-fill M&A, to support future growth through sectorisation and flexible operating models, both of which generate excellent returns.

We have continued to refine our portfolio and increase focus on our core markets where we see significant growth opportunities. The Group has built strong competitive advantages over the past few decades which are being replicated across all our regions.

As a result of our strong first-half performance and positive outlook, we are raising guidance for underlying operating profit growth to towards 15%[2] for the full year. Beyond 2024, we expect to sustain mid to high single-digit organic revenue growth, ongoing margin progression and profit growth ahead of revenue growth. We will continue to reinvest in the business to support future growth, with any surplus capital returned to shareholders, as we maintain our strong track record of delivering long-term, compounding shareholder returns."

Results presentation today

Today, 15 May 2024, management will present Compass Group's Half Year 2024 results.

At 9:00am (UK time), investors and analysts will be able to view a **video presentation** which will stream live on the Compass Group website at www.compass-group.com. An audio-only telephone option is available if you are unable to watch the video.

Following the video presentation, management will host a live **Q&A session** for the analyst community. Participants must be connected by phone to ask a question during the conference call.

Participant dial in details:

UK	+44 (0) 33 0551 0200
UK Toll-Free	0808 109 0700
US	+1 786 697 3501
US Toll-Free	+1 866 580 3963

Enquiries

Investors	Agatha Donnelly, Helen Javanshiri & Simon Bielecki	+44 1932 573 000
Press	Tim Danaher, Brunswick	+44 207 404 5959
Website	www.compass-group.com	

Financial calendar

Ex-dividend date for 2024 interim dividend	13 June
Record date for 2024 interim dividend	14 June
Last day for dividend currency elections	1 July
Last day for DRIP elections	4 July
Sterling equivalent of 2024 interim dividend announced	9 July
Q3 trading update	23 July
2024 interim dividend date for payment	25 July
Procurement deep dive	12 September
Full-year results	26 November

1. The acquisition of CH&CO completed on 30 April 2024 (see note 11 to the consolidated financial statements).
2. On a constant-currency basis, including announced acquisitions, disposals and exits in 2023 and to date in 2024.

Business review (continued)

Basis of preparation

With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The change in presentation currency provides investors and other stakeholders with greater transparency of the Group's performance and reduces foreign exchange volatility on earnings given that approximately three-quarters of the Group's underlying operating profit originates in US dollars. The amounts for prior periods have been translated into US dollars at average exchange rates for the relevant periods for income statements and cash flows, with spot rates used for significant transactions, and at the exchange rates at the relevant balance sheet dates for assets and liabilities.

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 (see page 7).

Group performance

Compass delivered a strong first-half performance, with broad-based double-digit organic revenue growth and good margin progression across all regions. Underlying operating profit grew by 18.7%[1] on a constant-currency basis, to $1,474m[1] (2023: $1,242m), driven by organic revenue growth of 11.2%[1] and a 50bps improvement in underlying operating margin to 7.1%[1].

Capital expenditure was 3.3%[1] of underlying revenue, as it normalises to its pre-pandemic rate, and net M&A expenditure was $373m, the majority of which was spent on HOFMANN[s] in Germany. In addition, during the period, the Group acquired several small businesses mainly in vending in the US. The acquisition of CH&CO in the UK and Ireland completed in April 2024.

There are many exciting opportunities for growth, both in terms of M&A, where we have a strong pipeline, and organically, where the market remains buoyant, and we expect capital expenditure to be c.3.5%[1] of underlying revenue in 2024.

Compass is continuing to refine its country portfolio and has exited four countries during the period, those being Argentina and Angola (as announced in our 2023 full-year results), mainland China and the United Arab Emirates. We have also agreed to exit Brazil, which is yet to complete as the disposal is subject to regulatory approval.

Cash flow generation remains strong, with underlying operating cash flow of $1,114m[1] (2023: $1,038m) and underlying free cash flow of $704m[1] (2023: $703m). Leverage (net debt to EBITDA) remains well within the Group's guided range at 1.4x[1] as at 31 March 2024.

Revenue

Organic revenue growth of 11.2%[1] comprises net new business growth of 3.7%[1], with pricing at around 5% and like-for-like volume growth of around 2.5%. Volume growth is expected to moderate as we lap strong comparatives across the rest of the year. Client retention rates remained strong at 95.8%.

On a statutory basis, revenue increased by 11.2% to $20,744m (2023: $18,655m).

Profit

Underlying operating profit increased by 18.7%[1] on a constant-currency basis, to $1,474m[1], with underlying operating margin at 7.1%[1] (2023: 6.6%). All regions achieved good margin progression reflecting continued operational efficiencies and appropriate levels of pricing to mitigate the sustained inflation headwinds.

Statutory operating profit was $1,420m (2023: $1,046m), an increase of 35.8%, with statutory operating margin of 6.8% (2023: 5.6%).

Statutory profit before tax of $1,195m (2023: $990m) includes net charges of $168m (2023: $182m) which are excluded from underlying profit before tax. During the period, we incurred a net charge of $94m (2023: $83m) in relation to our strategic portfolio review of non-core activities to allow the Group to focus its resources on our core operations. The net charge includes the exit from four countries. In the prior period, the net charge included the exit from six tail countries and the sale of a business, site closures and contract renegotiations and terminations in the UK. Acquisition-related charges totalled $49m (2023: $73m).

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 to the consolidated financial statements.

Business review (continued)

2024 guidance

The Group expects 2024 underlying operating profit growth towards 15%[1] with organic revenue growth towards 10%. We expect underlying finance costs to be around $235m and an underlying effective tax rate of around 25.5%.

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-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 as evidenced by our historical returns on capital employed.

Shareholder returns

Our dividend policy is to pay out around 50% of underlying earnings through an interim and final dividend, with the interim dividend reflecting around one-third of the total annual dividend. The Board has approved an interim dividend of 20.7c per share representing an increase of 15.6% on the prior year's interim dividend.

Shareholders appearing on the Register of Members or holding their shares through CREST will automatically receive their dividends in sterling, but have the option to elect to receive their dividends in US dollars. Details on how to elect to receive the interim dividend in US dollars are provided in note 5 to the consolidated financial statements.

The $500m share buyback announced in November 2023 is ongoing and due to be completed during this calendar year. As at the date of this Announcement, we had completed half of this buyback.

1. On a constant-currency basis, including announced acquisitions, disposals and exits in 2023 and to date in 2024.

Business review (continued)

Strategy

Our strategic focus is on food, with targeted support services. The addressable food services market where we operate is estimated to be worth at least $300bn, of which we estimate our market share is less than 15%. There remains a significant structural long-term growth opportunity with self-operators accounting for around half of the market and around a quarter of the market in the hands of regional players. In addition, the Group has further opportunities for growth in vending and targeted support services, which are not included in this market size estimate.

The operating environment for food services is increasingly complex. The combination of macroeconomic pressures, operational complexity and increased client and consumer demands plays to our strengths. Growth helps deepen our competitive advantages of sectorisation, flexibility and scale, particularly compared to the self-operators and regional players.

Our sectorised approach enables us to provide a tailored offer to clients and our flexible operating model enables us to meet more demanding client and consumer requirements. We are continuing to invest in our market-leading proposition through capex and M&A to drive future growth. As the largest global player, our scale in food procurement and ability to leverage overheads, translate into greater value for both clients and consumers, helping us to secure new business and retain existing customers.

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 our business and our chefs and operational colleagues are driving inspirational transformation across the globe, supporting our sustainability strategy. We value having diverse and inclusive teams at all levels of the organisation and we are determined to support our people to break through traditional gender, ethnicity and socio-economic barriers that might exist in society.

We continue to celebrate our chefs who cook sustainable and safe food at scale, promoting healthier choices and creating great experiences for the people we serve. Recently, we launched the Global Culinary Forum to champion our Planet Promise, using food to connect people and communities to one another and the environment.

We attract and retain talent from diverse backgrounds. The more our people reflect the diversity of our local communities and consumers, the better equipped we are to service their needs and achieve our aims. To provide opportunities for all our workforce around the world, Compass runs development programmes that identify and nurture diverse talent. Across the Group, we are working hard to remove any barriers to women's progression whilst developing female talent and creating community groups and networks such as Women in Culinary. These forums facilitate the career development of talented women, helping them grow into positions of responsibility and leadership.

We promote a workplace where our people can speak up and feel heard and, in creating this environment, we continue to foster a culture of openness, trust and integrity by encouraging our people to always do what is right. Our goal is for integrity to guide the decisions made by our people and business partners.

Purpose

Our Planet Promise is Compass Group's global commitment to a sustainable future for all. It encompasses the Company's values as an ethical, sustainable and inclusive business, together with our ambition to positively impact the world. As well as being the right thing to do, this mission is also key to our growth aspirations as sustainability is a critical issue for many of Compass' clients.

Our people are making lots of incremental changes across thousands of units and sharing these best practices around the Group. Our commitment and thought leadership are continuing to inspire our clients, consumers, employees and suppliers to help find collective solutions and accelerate delivery to reach our target of climate net zero by 2050.

Our decarbonisation strategy is based on four key levers: driving reductions in food waste; collaborating with suppliers; working with chefs to reformulate menus; and steering consumer behavioural changes. We are making good progress in our journey to reach climate net zero.

Business review (continued)

Sustainability is also a competitive advantage. It helps us win new business both from first-time outsourcers and from other larger and regional players and our businesses are continuously evolving their offer to remain relevant by serving their consumers what they want whilst offering insights into the environmental impacts of certain foods. This is highly valued by our clients for whom our businesses are trusted advisers in this area creating mutually beneficial, long-term partnerships.

Summary

The Group delivered another strong first-half performance with good progress on all its key financial metrics, enabling us to raise underlying operating profit guidance for the full year. This performance continues to be broad based, with all our regions delivering double-digit organic revenue growth and good margin progression. The step change in our European business has continued as it benefits from additional investment, growth initiatives and the transfer of best practice.

We have continued to refine our portfolio and increase focus on our core markets where we see significant growth opportunities. Our sector and sub-sector approach remains a key competitive advantage. We are continuing to develop our brand portfolio, particularly in Europe, and are also increasing investment in more flexible operating models with compelling financial returns.

Our strong levels of cash generation and disciplined capital allocation framework underpin our ability to invest in growth, both through capital investment and M&A, and return capital to shareholders, whilst maintaining a strong balance sheet.

Looking further ahead, we remain excited about the significant global structural growth opportunities, leading to profit growth ahead of revenue growth. Our established value creation model and financial discipline will continue to deliver earnings growth rewarding shareholders with compounding returns over the long term.

Financial review

Group performance

We manage and assess the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not defined by International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. The Group's APMs, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Accordingly, the relevant statutory measures are also presented where appropriate. Certain of the Group's APMs 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 to the consolidated financial statements.

	2024 $m	Restated[1] 2023 $m	Change %
Revenue			
Underlying – reported rates[2]	**20,887**	18,819	11.0%
Underlying – constant currency[2]	**20,887**	18,802	11.1%
Organic[2]	**20,626**	18,545	11.2%
Statutory	**20,744**	18,655	11.2%
Operating profit			
Underlying – reported rates[2]	**1,474**	1,251	17.8%
Underlying – constant currency[2]	**1,474**	1,242	18.7%
Organic[2]	**1,451**	1,227	18.3%
Statutory	**1,420**	1,046	35.8%
Operating margin			
Underlying – reported rates[2]	**7.1%**	6.6%	50bps
Statutory	**6.8%**	5.6%	120bps
Basic earnings per share			
Underlying – reported rates[2]	**59.0c**	50.9c	15.9%
Underlying – constant currency[2]	**59.0c**	50.4c	17.1%
Statutory	**50.4c**	43.4c	16.1%
Free cash flow			
Underlying – reported rates[2]	**704**	703	0.1%
Dividend			
Interim dividend per ordinary share	**20.7c**	17.9c	15.6%

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the six months ended 31 March 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 37 to 44).

Financial review (continued)

Income statement

	2024			Restated[1] 2023		
	Statutory $m	**Adjustments $m**	**Underlying[2] $m**	Statutory $m	Adjustments $m	Underlying[2] $m
Revenue	**20,744**	**143**	**20,887**	18,655	164	18,819
Operating profit	**1,420**	**54**	**1,474**	1,046	205	1,251
Net (loss)/gain on sale and closure of businesses	**(94)**	**94**	**–**	35	(35)	–
Finance costs	**(131)**	**20**	**(111)**	(91)	12	(79)
Profit before tax	**1,195**	**168**	**1,363**	990	182	1,172
Tax expense	**(327)**	**(21)**	**(348)**	(225)	(50)	(275)
Profit for the period	**868**	**147**	**1,015**	765	132	897
Non-controlling interests	**(7)**	**–**	**(7)**	(5)	–	(5)
Attributable profit	**861**	**147**	**1,008**	760	132	892
Average number of shares	**1,709m**	**–**	**1,709m**	1,753m	–	1,753m
Basic earnings per share	**50.4c**	**8.6c**	**59.0c**	43.4c	7.5c	50.9c
EBITDA			**2,030**			1,751

1. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the six months ended 31 March 2023 have been restated in US dollars.
2. Alternative Performance Measure (APM) (see pages 37 to 44).

Statutory income statement

Revenue

On a statutory basis, revenue increased by 11.2% to $20,744m (2023: $18,655m).

Operating profit

Statutory operating profit was $1,420m (2023: $1,046m), an increase of 35.8%, with statutory operating margin of 6.8% (2023: 5.6%). Statutory operating profit includes non-underlying item charges of $54m (2023: $205m), including acquisition-related charges of $49m (2023: $73m). The prior period also included charges related to the strategic portfolio review of $118m reflecting the impact of site closures and contract renegotiations and terminations in the UK. A full list of non-underlying items is included in note 12 (non-GAAP measures).

Net loss or gain on sale and closure of businesses

The Group has recognised a net loss of $94m on the sale and closure of businesses (2023: net gain of $35m), including exit costs of $17m and a charge of $76m in respect of the reclassification of cumulative currency translation differences. As a result of its review of non-core activities, the Group exited four countries during the period. In March, the Group agreed the sale of its business in Brazil subject to regulatory approval.

Finance costs

Finance costs increased to $131m (2023: $91m) mainly reflecting the higher interest rates during the period.

Tax expense

Profit before tax was $1,195m (2023: $990m) giving rise to an income tax expense of $327m (2023: $225m), equivalent to an effective tax rate of 27.4% (2023: 22.7%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023 and the impact of non-taxable non-underlying items.

Earnings per share

Basic earnings per share was 50.4c (2023: 43.4c), an increase of 16.1%, reflecting the higher profit for the period.

Financial review (continued)

Underlying income statement

Revenue

Organic revenue growth of 11.2% comprises net new business growth of 3.7%, with pricing at around 5% and like-for-like volume growth of around 2.5%. Volume growth is expected to moderate as we lap strong comparatives across the rest of the year. Client retention rates remained strong at 95.8%.

Operating profit

Underlying operating profit increased by 18.7% on a constant-currency basis, to $1,474m, with underlying operating margin at 7.1% (2023: 6.6%). All regions achieved good margin progression reflecting continued operational efficiencies and appropriate levels of pricing to mitigate the sustained inflation headwinds.

Finance costs

Underlying finance costs increased to $111m (2023: $79m) mainly reflecting the higher interest rates during the period.

Tax expense

On an underlying basis, the tax charge was $348m (2023: $275m), equivalent to an effective tax rate of 25.5% (2023: 23.5%). The increase in rate primarily reflects the increase in the UK corporate tax rate from 19% to 25% from 1 April 2023. 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 17.1% to 59.0c (2023: 50.4c) reflecting the higher profit for the period.

Balance sheet

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. A $352m US Private Placement (USPP) note matured and was repaid in October 2023. In February 2024, the Group issued a €750m ($810m) fixed-rate sustainable bond maturing in February 2031. The new bond effectively pre-finances the maturity of a €750m ($810m) bond in July 2024. The maturity profile of the Group's principal borrowings at 31 March 2024 shows that the average period to maturity is 3.8 years (30 September 2023: 3.3 years).

The Group's USPP notes contain leverage and interest cover covenants 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 1.1 times and 25.5 times, respectively, at 31 March 2024. Net debt, consolidated EBITDA and net finance costs are subject to certain accounting adjustments for the purposes of the covenant tests.

At 31 March 2024, the Group had access to $3,163m (30 September 2023: $3,271m) of liquidity, including $2,526m (30 September 2023: $2,441m) of undrawn bank facilities committed to August 2026 and $637m (30 September 2023: $830m) of cash, net of overdrafts. Our credit ratings remain strong investment grade: Standard & Poor's A/A-1 long-term/short-term (outlook Stable); and Moody's A2/P-1 long-term/short-term (outlook Stable).

Net debt

Net debt has increased by $836m to $5,295m (30 September 2023: $4,459m). The Group generated $675m of free cash flow, after capital expenditure of $693m, which was more than offset by $357m spent on the acquisition of subsidiaries, joint ventures and associates, net of disposal proceeds, dividends of $606m and share buybacks of $377m. Adverse exchange translation was $24m and cash net of lease liabilities of $22m in Brazil has been reclassified to held for sale in the Group's balance sheet at 31 March 2024.

Financial review (continued)

At 31 March 2024, the ratio of net debt to underlying EBITDA was 1.4x (30 September 2023: 1.2x). Our leverage policy is to maintain strong investment-grade credit ratings and to target net debt to underlying EBITDA in the range of 1x-1.5x.

Post-employment benefits

The accounting surplus in the Compass Group Pension Plan is $513m at 31 March 2024 (30 September 2023: $525m). The deficit in the rest of the Group's defined benefit pension schemes has increased to $1,167m (30 September 2023: $983m). The net deficit in these schemes is $143m (30 September 2023: $130m) including investments of $1,024m (30 September 2023: $853m) held in respect of unfunded pension schemes and the US Rabbi Trust which do not meet the definition of pension assets under IAS 19 Employee Benefits.

Cash flow

Free cash flow

Free cash flow totalled $675m (2023: $673m). In the six months, we made cash payments totalling $13m (2023: $20m) in relation to restructuring and strategic programmes and the one-off pension charge. Adjusting for this, and for acquisition transaction costs of $16m (2023: $10m) which are reported as part of operating cash flow, underlying free cash flow was $704m (2023: $703m), with underlying free cash flow conversion at 47.8% (2023: 56.2%).

Capital expenditure of $693m (2023: $434m) is equivalent to 3.3% (2023: 2.3%) of underlying revenue as it normalises to its pre-pandemic rate. The working capital outflow, excluding provisions and pensions, was $167m (2023: $201m). The net interest outflow increased to $98m (2023: $73m) consistent with the higher underlying finance costs in the period. The net tax paid was $301m (2023: $237m), which is equivalent to an underlying cash tax rate of 22.1% (2023: 20.2%).

Acquisition and disposal of businesses

The total cash spent on business acquisitions during the six months, net of cash acquired, was $387m (2023: $270m), including $342m of bolt-on acquisitions and interests in joint ventures and associates, $29m of deferred and contingent consideration and other payments relating to businesses acquired in previous years, and $16m of acquisition transaction costs included in net cash flow from operating activities.

The Group received $14m (2023: $14m) in respect of disposal proceeds net of exit costs.

Dividends paid

Dividends paid represent the 2023 final dividend of $606m.

Purchase of own shares

The cash outflow in respect of share buybacks totalled $377m during the period, which comprises a $185m cash outflow in respect of the completion of the share buyback announced in May 2023 and a $192m cash outflow in respect of the share buyback announced in November 2023.

Foreign exchange translation

The $24m loss (2023: $144m) on foreign exchange translation of net debt primarily arises in respect of the Group's sterling and Euro denominated debt.

Related party transactions

Details of transactions with related parties are set out in note 10 to the consolidated 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 factors considered by the directors in assessing the ability of the Group to continue as a going concern are discussed on pages 23 and 24.

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 discussed on pages 23 and 24, 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 2025. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Regional review

	Underlying revenue[1]		Change			Statutory revenue		Change
	2024 $m	Restated[2] 2023 $m	Reported rates %	Constant currency %	Organic %	**2024 $m**	Restated[2] 2023 $m	Reported rates %
North America	**14,127**	12,691	11.3%	11.3%	10.9%	**14,114**	12,680	11.3%
Europe	**4,801**	4,228	13.6%	12.0%	12.4%	**4,671**	4,075	14.6%
Rest of World	**1,959**	1,900	3.1%	7.4%	10.6%	**1,959**	1,900	3.1%
Total	**20,887**	18,819	11.0%	11.1%	11.2%	**20,744**	18,655	11.2%

	Underlying operating profit[1]		Change	Underlying operating margin[1]		Statutory operating profit		Statutory operating margin	
	2024 $m	Restated[2] 2023 $m	Constant currency %	**2024 %**	2023 %	**2024 $m**	Restated[2] 2023 $m	**2024 %**	2023 %
North America	**1,165**	991	17.6%	**8.2%**	7.8%	**1,157**	947	**8.2%**	7.5%
Europe	**278**	235	17.8%	**5.8%**	5.6%	**232**	82	**5.0%**	2.0%
Rest of World	**103**	85	32.1%	**5.3%**	4.5%	**103**	77	**5.3%**	4.1%
Unallocated overheads	**(72)**	(60)				**(72)**	(60)		
Total	**1,474**	1,251	18.7%	**7.1%**	6.6%	**1,420**	1,046	**6.8%**	5.6%

1. Alternative Performance Measure (APM) (see pages 37 to 44).
2. With effect from 1 October 2023, the reporting currency of the Group was changed from sterling to US dollars. The results for the six months ended 31 March 2023 have been restated in US dollars.

North America – 67.6% of Group underlying revenue (2023: 67.4%)

Underlying

Operating profit growth was 17.6% on a constant-currency basis, with operating profit increasing to $1,165m, driven by strong organic revenue growth and an increase in operating margin.

Organic revenue growth was 10.9%, benefiting from net new business growth, appropriate levels of pricing and continued like-for-like volume growth.

Growth was balanced across all sectors, but strongest in Business & Industry, which benefited from high levels of net new business and increased like-for-like volumes from the continued return to office trend. Across our other sectors, Sports & Leisure and Education benefited from high participation levels and a strong calendar of events, while our Healthcare & Senior Living business benefited from a continued recovery in retail sales to visitors to our sites.

Operating margin increased by 40bps to 8.2% driven by continued management focus on productivity, cost mitigation and appropriate pricing as inflation remains above historic levels.

The region continued to invest in several bolt-on acquisitions to strengthen our capabilities and broaden exposure within our existing sectors.

Statutory

Statutory revenue increased by 11.3% to $14,114m reflecting the strong organic revenue growth.

Statutory operating profit was $1,157m (2023: $947m), with the difference from underlying operating profit being acquisition-related charges of $8m (2023: $44m).

Regional review (continued)

Europe – 23.0% of Group underlying revenue (2023: 22.5%)

Underlying

Operating profit was $278m, growth of 17.8% on a constant-currency basis, achieved via double-digit organic revenue growth and continued margin progression. This was underpinned by our ongoing investment in growth initiatives and core processes across the region.

Organic revenue growth of 12.4% comprised net new business growth, volume growth and pricing. Strong organic growth rates were achieved across all sectors, with double-digit increases in Business & Industry, Education and Defence, Offshore & Remote. Growth remains broad based across the region and all major markets, including the UK, France, Germany, Spain and Türkiye.

Operating margin progression of 20bps resulted in an operating margin of 5.8% reflecting the benefit of operational efficiencies and appropriate levels of pricing to mitigate the sustained inflation headwinds across the region.

We continue to invest in acquisitions and reshape our portfolio to capitalise on significant structural growth opportunities within the region. During the period, we completed the acquisition of HOFMANN^s in Germany and, in April, we completed the acquisition of CH&CO in the UK and Ireland. As the Group continues to increase its focus on core markets, it exited its business in the United Arab Emirates during the period.

Statutory

Statutory revenue increased by 14.6% to $4,671m, with the difference from underlying revenue being the presentation of the share of results of our joint ventures operating in the Middle East.

Statutory operating profit was $232m (2023: $82m), with the difference from underlying operating profit mainly reflecting acquisition-related charges of $41m (2023: $21m) and, in 2023, charges related to the Group's strategic portfolio review ($118m).

Rest of World – 9.4% of Group underlying revenue (2023: 10.1%)

Underlying

Operating profit grew by 32.1% on a constant-currency basis, to $103m, driven by double-digit organic revenue growth and significant margin progression.

Organic revenue growth was 10.6%, with favourable trends across all sectors reflecting net new business growth, strong levels of like-for-like volume growth and pricing. Growth was strongest in our Business & Industry sector, particularly in India, driven by high levels of net new business growth and the continued return to office trend.

Operating margin increased by 80bps to 5.3% reflecting the benefits of management focus on operational challenges in the region, including the sustained levels of inflation and labour shortages in certain markets.

As the Group continues to increase its focus on core markets, it exited its operations in Argentina, Angola and mainland China during the period. Additionally, we have agreed to exit our operations in Brazil subject to regulatory approval.

Statutory

Statutory revenue increased by 3.1% to $1,959m. There is no difference between statutory and underlying revenue.

Statutory operating profit was $103m (2023: $77m), with the difference from underlying operating profit in 2023 being acquisition-related charges of $8m.

Risk management

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in a constantly changing environment.

Risk management is an essential element of business governance. 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 those 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.

Principal risks

Details of the principal risks facing the Group and mitigating actions are included on pages 24 to 30 of the 2023 Annual Report. A description of those risks and uncertainties is set out below.

Risk	Description
Climate change and sustainability	
Climate change	The impact of climate change on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets. Issues in these areas could affect the availability of some food products, and potentially may lead to food cost inflation.
Social and ethical standards	Compass relies on its people to deliver great service to its clients and consumers and recognises that the welfare of employees is the foundation of its culture and business. Compass remains vigilant in upholding high standards of business ethics with regard to human rights and social equality.
Health and safety	
Health and safety	Compass feeds millions of consumers every day and its companies employ hundreds of thousands of people around the world. 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 the Company's reputation.
Pandemic	The Group's operations were significantly disrupted due to the global COVID-19 pandemic and associated containment measures. Compass has recovered well and learned from the pandemic, and as a result this risk has declined. Further outbreaks of the virus, or another pandemic, could cause further business risk.
People	
Recruitment	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 labour shortages and a lack of industry experience amongst candidates, appropriately qualified people, and the seasonal nature of some of Compass' businesses.
Retention and motivation	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. Changes to economic conditions may increase the risk of attrition at all levels of the organisation. Potential business closures resulting from further COVID-19 or other pandemic-related lockdowns or other social distancing controls could significantly impact the Group's workforce in affected regions.
Clients and consumers	
Sales and retention	The Group's 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 Compass' businesses.
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	The Group operates 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 the Group's businesses.

Risk management (continued)

Principal risks (continued)

Risk	Description
Economic and political environment	
Geopolitical	The escalating tensions in the Middle East and the ongoing Russia-Ukraine conflict have elevated geopolitical risks, heightened national security threats to countries in those regions and disrupted the global energy market, which have contributed to cost inflation, and economic and cyber-security risks.
Economy	Sectors of Compass' 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.
Cost inflation	At Compass, 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 US and UK, or the cost of food, could constitute a risk to our ability to do this.
Political instability	Compass is a global business operating in countries and regions with diverse economic and political conditions. Operations and earnings may be adversely affected by political or economic instability.
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 or on its performance and/or lead to a reduction in the Company's share price and/or a loss of business. It could also lead to criminal proceedings, sanctions or other litigation being 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 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.
Information systems, technology and cyber	The digital world creates increasing risk for global businesses including, but not limited to, technology failures, loss of confidential data, data privacy breaches and damage to brand reputation through, for example, the increased threat of cyber-attacks, and use and instantaneous nature of social media. Disruption caused by the failure of key software applications, security controls, or underlying infrastructure, or disruption caused by cyber-attacks could impact day-to-day operations and management decision-making, or result in a regulatory fine or other sanction and/or third party claims. The incidence of sophisticated phishing and malware attacks (including ransomware) on businesses is rising with an increase in the number of companies suffering operational disruption, unauthorised access to and/or loss of data, including confidential, commercial, and personal identifiable data. A combination of increased geopolitical, economic instability and accessibility of sophisticated artificial intelligence (AI) enabled tools and techniques have contributed to a significant increase in the risk of phishing and malware attacks including ransomware across all industries. The democratisation of generative AI has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including to data privacy and confidentiality.

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

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:

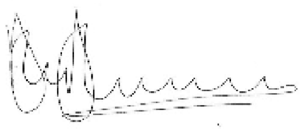
- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Interim Management Report includes 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

Petros Parras
Group Chief Financial Officer

15 May 2024