



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 HOFMANN^s. 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 HOFMANN^s in Germany and CH&CO in the UK and Ireland¹, 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.

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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 \$1,474m¹ (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 \$1,114m¹ (2023: \$1,038m) and underlying free cash flow of \$704m¹ (2023: \$703m). Leverage (net debt to EBITDA) remains well within the Group's guided range at 1.4x¹ 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 \$1,474m¹, 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 Reported rates %
	2024 \$m	Restated ²	Reported rates %	Constant currency %	Organic %	2024 \$m	Restated ²	
		2023 \$m					2023 \$m	
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 Constant currency %	Underlying operating margin ¹		Statutory operating profit		Statutory operating margin	
	2024 \$m	Restated ²		2024 %	2023 %	2024 \$m	Restated ²	2024 %	2023 %
		2023 \$m	2023 \$m				2023 \$m		
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

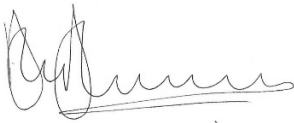
The Interim Report complies with the Disclosure Guidance and Transparency Rules (DTR) of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The Interim Management Report is the responsibility of, and has been approved by, the directors.

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

Compass Group PLC

Independent review report to Compass Group PLC

Conclusion

We have been engaged by Compass Group PLC (“the Company”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.



Jonathan Downer
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
15 May 2024

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated income statement

For the six months ended 31 March 2024

	Notes	Six months ended 31 March			
		2024		Restated ¹ 2023	
		\$m	\$m	\$m	\$m
Revenue	2		20,744		18,655
Operating costs			(19,354)		(17,640)
Operating profit before joint ventures and associates			1,390		1,015
Share of results of joint ventures and associates			30		31
Underlying operating profit²	2,12	1,474		1,251	
Acquisition-related charges	2,12	(49)		(73)	
Charges related to the strategic portfolio review	2,12	–		(118)	
Other ³	12	(5)		(14)	
Operating profit	2		1,420		1,046
Net (loss)/gain on sale and closure of businesses	8,12		(94)		35
Finance income		18		27	
Finance expense		(129)		(106)	
Other financing items	12	(20)		(12)	
Finance costs			(131)		(91)
Profit before tax			1,195		990
Income tax expense	3		(327)		(225)
Profit for the period			868		765
Attributable to					
Equity shareholders			861		760
Non-controlling interests			7		5
Profit for the period			868		765
Basic earnings per share	4		50.4c		43.4c
Diluted earnings per share	4		50.4c		43.4c

1. See note 1.

2. Operating profit excluding specific adjusting items (see note 12).

3. Other specific adjusting items include one-off pension charge and tax on share of profit of joint ventures (see note 12).

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated statement of comprehensive income

For the six months ended 31 March 2024

	Notes	Six months ended 31 March	
		2024 \$m	Restated ¹ 2023 \$m
Profit for the period		868	765
Other comprehensive income			
Items that will not be reclassified to the income statement			
Remeasurement of post-employment benefit obligations		(259)	(160)
Return on plan assets, excluding interest income		101	(67)
Change in asset ceiling, excluding interest income		–	(1)
Change in fair value of financial assets at fair value through other comprehensive income ²		204	57
Tax (charge)/credit on items relating to the components of other comprehensive income		(16)	42
		30	(129)
Items that may be reclassified to the income statement			
Currency translation differences ³		82	269
Change in fair value of financial assets at fair value through other comprehensive income ²		5	–
Reclassification of cumulative currency translation differences on sale of businesses	8	76	(1)
		163	268
Total other comprehensive income for the period		193	139
Total comprehensive income for the period		1,061	904
Attributable to			
Equity shareholders		1,054	899
Non-controlling interests		7	5
Total comprehensive income for the period		1,061	904

1. See note 1.

2. The credit totalling \$209m from the change in fair value of financial assets at fair value through other comprehensive income in 2024 includes \$108m in respect of assets held by the Rabbi Trust and \$101m in respect of trade and other investments in the US.

3. Includes a gain of \$96m in relation to the effective portion of net investment hedges (2023: \$181m).

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2024

	Notes	Attributable to equity shareholders				Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings		
		\$m	\$m	\$m	\$m	\$m	\$m
At 1 October 2023 (restated ¹)		346	317	4,582	1,018	37	6,300
Profit for the period		–	–	–	861	7	868
Other comprehensive income							
Remeasurement of post-employment benefit obligations		–	–	–	(259)	–	(259)
Return on plan assets, excluding interest income		–	–	–	101	–	101
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	209	–	209
Currency translation differences		–	–	82	–	–	82
Reclassification of cumulative currency translation differences on sale of businesses	8	–	–	76	–	–	76
Tax charge on items relating to the components of other comprehensive income		–	–	–	(16)	–	(16)
Total other comprehensive income for the period		–	–	158	35	–	193
Total comprehensive income for the period		–	–	158	896	7	1,061
Fair value of share-based payments		–	–	–	34	–	34
Change in fair value of non-controlling interest put options		–	–	7	–	–	7
Cost of shares transferred to employees		–	–	62	(62)	–	–
Purchase of own shares – share buyback ²		–	–	(253)	–	–	(253)
		346	317	4,556	1,886	44	7,149
Dividends paid to equity shareholders	5	–	–	–	(606)	–	(606)
Dividends paid to non-controlling interests		–	–	–	–	(4)	(4)
At 31 March 2024		346	317	4,556	1,280	40	6,539

1. See note 1.

2. The difference between the \$253m charged to other reserves during the period and the \$377m cash outflow in respect of share buybacks (see page 22) reflects a \$60m creditor at 31 March 2024 in respect of the share buyback announced in November 2023, less a \$184m creditor at 30 September 2023 in respect of the share buyback announced in May 2023.

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2024

	Notes	Attributable to equity shareholders				Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings		
		\$m	\$m	\$m	\$m	\$m	\$m
At 1 October 2022 (restated ¹)		346	317	5,559	325	44	6,591
Profit for the period		–	–	–	760	5	765
Other comprehensive income							
Remeasurement of post-employment benefit obligations		–	–	–	(160)	–	(160)
Return on plan assets, excluding interest income		–	–	–	(67)	–	(67)
Change in asset ceiling, excluding interest income		–	–	–	(1)	–	(1)
Change in fair value of financial assets at fair value through other comprehensive income		–	–	–	57	–	57
Currency translation differences		–	–	269	–	–	269
Reclassification of cumulative currency translation differences on sale of businesses		–	–	(1)	–	–	(1)
Tax credit on items relating to the components of other comprehensive income		–	–	–	42	–	42
Total other comprehensive income/(loss) for the period		–	–	268	(129)	–	139
Total comprehensive income for the period		–	–	268	631	5	904
Fair value of share-based payments		–	–	–	27	–	27
Release of share awards settled in existing shares purchased in the market		–	–	–	(29)	–	(29)
Purchase of own shares – share buyback		–	–	(308)	–	–	(308)
Purchase of own shares – employee share-based payments		–	–	(7)	–	–	(7)
		346	317	5,512	954	49	7,178
Dividends paid to equity shareholders	5	–	–	–	(462)	–	(462)
Dividends paid to non-controlling interests		–	–	–	–	(2)	(2)
Cost of shares transferred to employees		–	–	29	–	–	29
At 31 March 2023 (restated ¹)		346	317	5,541	492	47	6,743

1. See note 1.

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated balance sheet

At 31 March 2024

	Notes	At 31 March 2024 \$m	Restated ¹ At 30 September 2023 \$m
Non-current assets			
Goodwill		6,263	6,105
Other intangible assets		2,762	2,480
Costs to obtain and fulfil contracts		1,373	1,316
Right-of-use assets		1,067	992
Property, plant and equipment		1,289	1,166
Interests in joint ventures and associates		202	298
Other investments		1,320	1,049
Post-employment benefit assets		513	525
Trade and other receivables		383	309
Deferred tax assets		220	237
Derivative financial instruments		16	55
Non-current assets		15,408	14,532
Current assets			
Inventories		714	692
Trade and other receivables		5,221	5,094
Tax recoverable		27	109
Cash and cash equivalents		695	1,029
Derivative financial instruments		61	22
		6,718	6,946
Assets held for sale	8	321	5
Current assets		7,039	6,951
Total assets		22,447	21,483
Current liabilities			
Borrowings		(965)	(1,327)
Lease liabilities		(248)	(237)
Derivative financial instruments		(32)	(45)
Provisions		(316)	(284)
Current tax liabilities		(238)	(261)
Trade and other payables		(6,999)	(7,166)
		(8,798)	(9,320)
Liabilities held for sale	8	(191)	–
Current liabilities		(8,989)	(9,320)
Non-current liabilities			
Borrowings		(3,643)	(2,787)
Lease liabilities		(984)	(916)
Derivative financial instruments		(195)	(253)
Post-employment benefit obligations		(1,167)	(983)
Provisions		(330)	(349)
Deferred tax liabilities		(184)	(132)
Trade and other payables		(416)	(443)
Non-current liabilities		(6,919)	(5,863)
Total liabilities		(15,908)	(15,183)
Net assets		6,539	6,300
Equity			
Share capital		346	346
Share premium		317	317
Other reserves		4,556	4,582
Retained earnings		1,280	1,018
Total equity shareholders' funds		6,499	6,263
Non-controlling interests		40	37
Total equity		6,539	6,300

1. See note 1.

Compass Group PLC

Condensed Consolidated Financial Statements

Condensed consolidated cash flow statement

For the six months ended 31 March 2024

	Notes	Six months ended 31 March	
		2024 \$m	Restated ¹ 2023 \$m
Cash flow from operating activities			
Cash generated from operations	6	1,749	1,463
Interest paid		(118)	(101)
Tax received		3	17
Tax paid		(304)	(254)
Net cash flow from operating activities		1,330	1,125
Cash flow from investing activities			
Purchase of subsidiary companies	8	(366)	(252)
Purchase of interests in joint ventures and associates		(5)	(8)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	8	14	14
Purchase of intangible assets		(151)	(105)
Purchase of contract fulfilment assets		(202)	(104)
Purchase of property, plant and equipment		(263)	(213)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		35	30
Purchase of other investments		(1)	(1)
Proceeds from sale of other investments		1	2
Dividends received from joint ventures and associates		18	12
Interest received		20	28
Loans to third parties		(26)	–
Net cash flow from investing activities		(926)	(597)
Cash flow from financing activities			
Purchase of own shares – share buyback		(377)	(387)
Purchase of own shares – employee share-based payments		–	(7)
Increase in borrowings		806	–
Repayment of borrowings		(352)	(545)
Net cash flow from derivative financial instruments		51	125
Repayment of principal under lease liabilities		(108)	(99)
Dividends paid to equity shareholders	5	(606)	(462)
Dividends paid to non-controlling interests		(4)	(2)
Net cash flow from financing activities		(590)	(1,377)
Cash and cash equivalents			
Net decrease in cash and cash equivalents		(186)	(849)
Cash and cash equivalents at 1 October		830	1,934
Currency translation gains on cash and cash equivalents		18	185
		662	1,270
Cash reclassified to held for sale	8	(25)	–
Cash and cash equivalents at 31 March		637	1,270
Cash and cash equivalents ²		695	1,481
Bank overdrafts ²		(58)	(211)
Cash and cash equivalents at 31 March		637	1,270

1. See note 1.

2. As per the consolidated balance sheet.

Compass Group PLC

Condensed Consolidated Financial Statements

Notes to the condensed consolidated financial statements

For the six months ended 31 March 2024

1 Basis of preparation

Introduction

The unaudited condensed consolidated financial statements for the six months ended 31 March 2024:

- have been prepared in accordance with UK-adopted International Accounting Standard (IAS) 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority;
- apply the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 September 2023, with the exception of the change in the Group's presentation currency (see below);
- do not comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006;
- should be read in conjunction with the Annual Report for the year ended 30 September 2023; and
- were approved by the Board on 15 May 2024.

The comparative figures for the year ended 30 September 2023, restated to reflect the change in the Group's presentation currency (see below), are not the Group's statutory accounts for that financial year. Those financial statements have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

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. Share capital, share premium and other equity items have been translated into US dollars at historical exchange rates either at 1 October 2004, the date of transition to International Financial Reporting Standards (IFRS), or on the date of each relevant transaction.

The annual financial statements of the Group will be prepared in US dollars in accordance with UK-adopted International Accounting Standards.

Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis for the reasons stated below.

At 31 March 2024, the Group's financing arrangements included sterling and Euro bonds (\$3,854m) and US dollar US Private Placement (USPP) notes (\$691m). In addition, the Group had Revolving Credit Facilities of \$2.5bn, committed to August 2026, which were fully undrawn, and \$637m of cash, net of overdrafts. With the exception of a \$600m initial payment to acquire CH&CO in April 2024 (see note 11), the liquidity position of the Group has remained substantially unchanged at the date of approving these consolidated financial statements.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 30 September 2025 (the assessment period) based on the latest forecast for 2024 and the second year of the three-year strategic plan approved by the Board in November 2023. The directors consider 18 months to be a reasonable period for the going concern assessment as it enables them to consider the potential impact of macroeconomic and geopolitical factors over an extended period.

Debt maturities in the going concern period include a €750m (\$810m) Eurobond in July 2024, which was effectively pre-financed by the €750m (\$810m) sustainable bond issued in February 2024, a \$100m USPP note in December 2024, and a £250m (\$316m) Eurobond and \$300m USPP note in September 2025. No additional refinancing of debt is assumed in the going concern assessment.

The USPP notes are subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 31 March 2024. The Group's other financing arrangements do not contain any financial covenants.

The cash flow projections show that the Group has significant headroom against its committed facilities and meets its financial covenant obligations under the USPP notes without any refinancing.

The Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. The Group's committed facilities would be reached in the event that underlying operating profit reduced by more than 55% of the base case. The directors do not consider this scenario to be likely. The stress test assumes no share buybacks or new business acquisitions (with the exception of the acquisition of CH&CO in April 2024) as mitigating actions.

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For the six months ended 31 March 2024

1 Basis of preparation (continued)

Going concern (continued)

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least the period to 30 September 2025 and, therefore, have prepared the financial statements on a going concern basis.

Changes in accounting policies

There are a number of changes to accounting standards, effective in future years, which are not expected to significantly impact the Group's consolidated financial statements.

Judgements

The preparation of the consolidated financial statements requires management to make judgements in respect of the application of its accounting policies which impact the reported amounts of assets, liabilities, income and expenses.

Whilst there are no judgements that management considers to be critical in the preparation of these financial statements, there is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement.

With the exception of contract fulfilment assets, cash payments in respect of contract balances are classified as cash flows from operating activities. The Group classifies additions to contract fulfilment assets as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long-term economic benefits. During the period, the purchase of contract fulfilment assets in cash flows from investing activities was \$202m (2023: \$104m).

Estimates

The preparation of the consolidated financial statements requires management to make estimates which impact the reported amounts of assets, liabilities, income and expenses. These estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Major sources of estimation uncertainty

The Group's major sources of estimation uncertainty are in relation to goodwill in the UK cash-generating unit and post-employment benefit obligations on the basis that a reasonably possible change in key assumptions could have a material effect on the carrying amounts of assets and liabilities in the next 12 months.

Other sources of estimation uncertainty

In addition to the major sources of estimation uncertainty, tax has been identified as another source of estimation uncertainty. Whilst this is not considered to be a major source of uncertainty as defined by IAS 1 Presentation of Financial Statements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties (see note 3).

Climate change

Climate change is identified as a principal risk as its impact on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets. The Group is committed to reach climate net zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050. The potential impact of climate change and the Group's net zero commitments on the following areas has been considered: going concern; tax; goodwill; other intangible assets; and post-employment benefits. There was no impact on the reported amounts in the financial statements as a result of this review.

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For the six months ended 31 March 2024

2 Segmental analysis

	Geographical segments			Total \$m
	North America \$m	Europe \$m	Rest of World \$m	
Revenue by sector and geographical segment^{1,2}				
Six months ended 31 March 2024				
Business & Industry	4,727	2,286	711	7,724
Education	3,292	747	130	4,169
Healthcare & Senior Living	3,926	737	265	4,928
Sports & Leisure	2,008	540	97	2,645
Defence, Offshore & Remote	174	491	756	1,421
Underlying revenue^{3,4}	14,127	4,801	1,959	20,887
Less: Share of revenue of joint ventures	(13)	(130)	–	(143)
Revenue	14,114	4,671	1,959	20,744
Six months ended 31 March 2023 (restated⁵)				
Business & Industry	3,842	1,972	679	6,493
Education	3,024	674	122	3,820
Healthcare & Senior Living	3,689	663	256	4,608
Sports & Leisure	1,960	492	86	2,538
Defence, Offshore & Remote	176	427	757	1,360
Underlying revenue^{3,4}	12,691	4,228	1,900	18,819
Less: Share of revenue of joint ventures	(11)	(153)	–	(164)
Revenue	12,680	4,075	1,900	18,655

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows are considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was \$1,519m (2023: \$1,378m). Underlying revenue arising in the US region was \$13,391m (2023: \$12,030m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was \$19,368m (2023: \$17,441m).
5. See note 1.

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Profit by geographical segment					
Six months ended 31 March 2024					
Underlying operating profit/(loss) before results of joint ventures and associates	1,154	257	103	(72)	1,442
Add: Share of profit before tax of joint ventures	1	14	–	–	15
Add: Share of results of associates	10	7	–	–	17
Underlying operating profit/(loss)¹	1,165	278	103	(72)	1,474
Less: Acquisition-related charges ²	(8)	(41)	–	–	(49)
Less: One-off pension charge ²	–	(3)	–	–	(3)
Less: Tax on share of profit of joint ventures ²	–	(2)	–	–	(2)
Operating profit/(loss)	1,157	232	103	(72)	1,420
Net loss on sale and closure of businesses ²					(94)
Finance costs					(131)
Profit before tax					1,195
Income tax expense					(327)
Profit for the period					868

1. Operating profit excluding specific adjusting items (see note 12).
2. Specific adjusting item (see note 12).

Compass Group PLC

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For the six months ended 31 March 2024

2 Segmental analysis (continued)

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Profit by geographical segment					
Six months ended 31 March 2023 (restated¹)					
Underlying operating profit/(loss) before results of joint ventures and associates	985	210	85	(60)	1,220
Add: Share of profit before tax of joint ventures	–	15	–	–	15
Add: Share of results of associates	6	10	–	–	16
Underlying operating profit/(loss) ²	991	235	85	(60)	1,251
Less: Acquisition-related charges ³	(44)	(21)	(8)	–	(73)
Less: Charges related to the strategic portfolio review ³	–	(118)	–	–	(118)
Less: One-off pension charge ³	–	(14)	–	–	(14)
Operating profit/(loss)	947	82	77	(60)	1,046
Net gain on sale and closure of businesses ³					35
Finance costs					(91)
Profit before tax					990
Income tax expense					(225)
Profit for the period					765

1. See note 1.

2. Operating profit excluding specific adjusting items (see note 12).

3. Specific adjusting item (see note 12).

Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations of \$68m (2023: \$62m), direct costs incurred through business combinations or other strategic asset acquisitions and business integration costs of \$16m (2023: \$10m) and net changes in consideration in relation to past acquisition activity of \$nil (2023: \$1m), partially offset by gains on bargain purchases of \$35m (2023: \$nil).

Charges related to the strategic portfolio review

Charges related to the strategic portfolio review in the six months ended 31 March 2023 of \$118m were in respect of site closures and contract renegotiations and terminations in the UK.

One-off pension charge

The one-off pension charge in the six months ended 31 March 2023 of \$14m represented an estimated past service cost following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023.

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For the six months ended 31 March 2024

3 Tax

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Income tax expense		
Current tax		
Current period	349	279
Adjustment in respect of prior years	(18)	(26)
Current tax expense	331	253
Deferred tax		
Current period	(4)	(24)
Adjustment in respect of prior years	-	(4)
Deferred tax credit	(4)	(28)
Total	327	225

1. See note 1.

The income tax expense for the period is based on the effective UK statutory rate of corporation tax for the period of 25% (2023: 22%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The tax position in each country in which the Group operates is often not agreed with the tax authorities until some time after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including historical experience, interpretations of tax law and the likelihood of settlement.

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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made. In addition, the calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates to be made of the extent to which future taxable profits are available against which these temporary differences can be utilised.

The Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues.

The UK tax authority's enquiry into an intra-group refinancing has been resolved during the period consistent with the provision previously held.

Most of the Group's tax losses and other temporary differences recognised as deferred tax assets do not have an expiry date. The recognition of net deferred tax assets is based on the most recent financial budgets and forecasts approved by management.

Deferred tax assets have not been recognised in respect of tax losses of \$127m (30 September 2023: \$129m) and other temporary differences of \$23m (30 September 2023: \$26m). These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The legislation implementing the Pillar Two Model Rules in the UK will apply from the financial year ending 30 September 2025. The Group is reviewing this legislation and also monitoring the status of implementation of the model rules worldwide. The impact is not expected to be material. The Group has applied the temporary exception under IAS 12 Income Taxes in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two Model Rules.

Compass Group PLC

Condensed Consolidated Financial Statements

Notes to the condensed consolidated financial statements

For the six months ended 31 March 2024

4 Earnings per share

	Six months ended 31 March	
	2024	2023
	\$m	\$m
Profit for the period attributable to equity shareholders	861	760

	Six months ended 31 March	
	2024	2023
	11 ¹ / ₂₀ p each millions	11 ¹ / ₂₀ p each millions
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for basic earnings per share	1,709	1,753
Dilutive effect of share-based payment plans	–	–
Weighted average number of ordinary shares for diluted earnings per share	1,709	1,753

	Six months ended 31 March	
	2024	2023
	cents	cents
Earnings per share		
Basic	50.4c	43.4c
Diluted	50.4c	43.4c

1. See note 1.

Underlying earnings per share for the six months ended 31 March 2024 was 59.0c (2023: 50.9c). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related charges, charges related to the strategic portfolio review, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, together with the tax attributable to these amounts (see note 12).

5 Dividends

The interim dividend of 20.7c per share (2023: 17.9c per share), \$353m in aggregate¹, is payable on 25 July 2024 to shareholders on the register at the close of business on 14 June 2024. Other important dates to note are shown on page 2. The dividend will be paid gross and a Dividend Reinvestment Plan (DRIP) will be available. The dividend was approved by the Board after the balance sheet date and, therefore, it has not been reflected as a liability in the interim financial statements.

	Six months ended 31 March 2024		Restated ² Six months ended 31 March 2023	
	Dividends per share cents	\$m	Dividends per share cents	\$m
Dividends on ordinary shares				
Amounts recognised as distributions to equity shareholders during the period				
Final 2022	–	–	27.7c	462
Final 2023	34.7c	606	–	–
Total	34.7c	606	27.7c	462

1. Based on the number of ordinary shares in issue at 31 March 2024 excluding shares held in treasury and the Compass Group PLC All Share Schemes Trust (1,704m shares).

2. See note 1.

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. The closing date for the receipt of dividend currency elections is 1 July 2024. The sterling equivalent of the 2024 interim dividend will be announced on 9 July 2024.

For shares held in certificated form on the register, US dollar elections can be made by downloading the currency election form. This can be found on the dividend page on the Compass Group website at www.compass-group.com or by contacting our share registrar, Link Group.

Shareholders who hold their shares through CREST and wish to receive their dividend in US dollars, must do so by following the CREST elections process.

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For the six months ended 31 March 2024

6 Reconciliation of operating profit to cash generated from operations

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Reconciliation of operating profit to cash generated from operations		
Operating profit before joint ventures and associates	1,390	1,015
<i>Adjustments for:</i>		
Acquisition-related charges ²	33	63
Charges related to the strategic portfolio review	–	118
One-off pension charge	3	14
Amortisation – other intangible assets ³	74	63
Amortisation – contract fulfilment assets	147	145
Amortisation – contract prepayments	45	31
Depreciation – right-of-use assets	106	95
Depreciation – property, plant and equipment	177	162
Unwind of costs to obtain contracts	16	12
Impairment losses – non-current assets ⁴	7	5
Impairment reversals – non-current assets	–	(1)
Gain on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	(9)	(4)
Other non-cash changes	–	(1)
Increase/(decrease) in provisions	21	(14)
Investment in contract prepayments	(112)	(42)
Increase in costs to obtain contracts ⁵	(21)	(19)
Post-employment benefit obligations net of service costs	5	(5)
Share-based payments – charged to profit	34	27
Operating cash flow before movements in working capital	1,916	1,664
Increase in inventories	(23)	(82)
Increase in receivables	(226)	(246)
Increase in payables	82	127
Cash generated from operations	1,749	1,463

1. See note 1.

2. Includes amortisation and impairment of acquisition intangibles. Excludes acquisition transaction costs of \$16m (2023: \$10m) as acquisition transaction costs are included in net cash flow from operating activities.

3. Excludes amortisation of acquisition intangibles.

4. In the six months ended 31 March 2023, excludes impairment losses of \$60m included in charges related to the strategic portfolio review.

5. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise out of cash payments in relation to assets that will generate long-term economic benefits. During the six months ended 31 March 2024, the purchase of contract fulfilment assets in cash flows from investing activities was \$202m (2023: \$104m).

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Notes to the condensed consolidated financial statements

For the six months ended 31 March 2024

7 Financial instruments

Certain of the Group's financial instruments are held at fair value.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The fair value measurement hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

There were no transfers of financial instruments between levels of the fair value hierarchy in either the six months ended 31 March 2024 or 2023. The carrying amounts of financial instruments measured at fair value are shown in the table below:

	Level	At 31 March 2024 \$m	Restated ¹ At 30 September 2023 \$m
Financial instruments measured at fair value			
Non-current			
Rabbi Trust investments ²	1	928	760
Mutual fund investments ²	1	59	58
Other investments ²	1	16	15
Life insurance policies ²	2	37	35
Derivative financial instruments – assets	2	16	55
Derivative financial instruments – liabilities	2	(195)	(253)
Trade investments ²	3	280	181
Contingent consideration payable on business acquisitions ³	3	(92)	(97)
Non-controlling interest put options ³	3	(15)	(22)
Current			
Money market funds ⁴	1	163	510
Derivative financial instruments – assets	2	61	22
Derivative financial instruments – liabilities	2	(32)	(45)
Contingent consideration payable on business acquisitions ³	3	(51)	(61)

1. See note 1.

2. Classified as other investments in the consolidated balance sheet.

3. Classified as trade and other payables in the consolidated balance sheet.

4. Classified as cash and cash equivalents in the consolidated balance sheet on the basis that they have a maturity of three months or less from the date of acquisition.

Due to the variability of the valuation factors, the fair values presented at 31 March 2024 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

Level 2

Life insurance policies Cash surrender values provided by third-party insurance providers.

Derivative financial instruments Present values determined from future cash flows discounted at rates derived from market-sourced data. The fair values of derivative financial instruments represent the maximum credit exposure.

Level 3

Trade investments Estimated values using income and market value approaches.

Contingent consideration payable on business acquisitions Estimated amounts payable based on the likelihood of specified conditions, such as earnings targets, being met.

Non-controlling interest put options Estimated amounts payable based on the likelihood of options being exercised by minority shareholders.

Compass Group PLC

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Notes to the condensed consolidated financial statements

For the six months ended 31 March 2024

7 Financial instruments (continued)

A reconciliation from opening to closing balances for Level 3 financial instruments is as follows:

	Six months ended 31 March 2024			Six months ended 31 March 2023 (restated ¹)		
	Trade investments \$m	Contingent consideration payable on business acquisitions \$m	Non-controlling interest put options \$m	Trade investments \$m	Contingent consideration payable on business acquisitions \$m	Non-controlling interest put options \$m
Level 3 financial instruments						
At 1 October	181	(158)	(22)	142	(77)	(50)
Change in fair value recognised in the income statement	–	–	–	–	(1)	–
Change in fair value recognised in the statement of comprehensive income	100	–	–	–	–	–
Change in fair value recognised in the statement of changes in equity	–	–	7	–	–	–
Additions	–	(8)	–	–	(102)	–
Payments relating to businesses acquired in previous years	–	27	–	–	18	4
Net present value adjustments	–	(3)	–	–	–	–
Currency translation	(1)	(1)	–	–	(6)	–
At 31 March	280	(143)	(15)	142	(168)	(46)

1. See note 1.

The directors do not consider that any reasonably possible changes in the key assumptions would cause the fair value of the Level 3 financial instruments to be materially higher or lower.

With the exception of borrowings, the carrying amounts of financial instruments measured at amortised cost approximate to their fair values. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 31 March 2024 is \$4,608m (30 September 2023: \$4,114m). The fair value of borrowings at 31 March 2024, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments (Level 2 inputs), is \$4,642m (30 September 2023: \$4,131m).

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For the six months ended 31 March 2024

8 Acquisition, sale and closure of businesses

Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the six months ended 31 March 2024, net of cash acquired, was \$382m (2023: \$262m), including \$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.

On 19 December 2023, the Group acquired 100% of the issued share capital of Hofmann-Menü Holdings GmbH (HOFMANN[§]), a German producer of high-quality cook and freeze meals, for cash consideration of €94m (\$103m) net of cash acquired. The cash consideration represents the enterprise value of €270m (\$297m), less third-party debt settled on acquisition of €168m (\$185m) and purchase price adjustments of €8m (\$9m). The preliminary goodwill represents the premium the Group has paid to acquire a company that complements its existing businesses and creates significant opportunities for synergies. In particular, the ability to offer additional services to the Group's existing customers and to leverage cross-selling opportunities with customers of HOFMANN[§] will deliver significant economies of scale.

The acquisition did not have a material impact on the Group's revenue or profit for the period. If the acquisition had occurred on 1 October 2023, it would not have had a material impact on the Group's revenue or profit for the period.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of HOFMANN[§]:

	Book value \$m	Fair value \$m
Net assets acquired		
Other intangible assets	5	197
Right-of-use assets	5	5
Property, plant and equipment	30	30
Trade and other receivables	13	13
Inventories	18	18
Cash and cash equivalents	41	41
Borrowings	(185)	(185)
Lease liabilities	(5)	(5)
Current tax liabilities	(18)	(18)
Trade and other payables	(23)	(23)
Deferred tax liabilities	–	(52)
Fair value of net assets acquired		21
Goodwill		123
Total consideration		144
Satisfied by		
Cash consideration paid		144
Total consideration		144
Cash flow		
Cash consideration paid		144
Less: Cash and cash equivalents acquired		(41)
Add: Settlement of acquired borrowings		185
Add: Acquisition transaction costs ¹		6
Total cash outflow from purchase of subsidiary companies		294
Consolidated cash flow statement		
Net cash flow from operating activities ¹		6
Net cash flow from investing activities		288
Total cash outflow from purchase of subsidiary companies		294

1. Acquisition transaction costs are included in net cash flow from operating activities.

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Notes to the condensed consolidated financial statements

For the six months ended 31 March 2024

8 Acquisition, sale and closure of businesses (continued)

Acquisition of businesses (continued)

In addition to the acquisition set out above, the Group also completed a number of other acquisitions during the six months ended 31 March 2024. A summary of all acquisitions completed during the period is presented in aggregate below:

	Book value \$m	Fair value \$m
Net assets acquired		
Other intangible assets	7	269
Costs to obtain and fulfil contracts	4	4
Right-of-use assets	26	26
Property, plant and equipment	61	61
Trade and other receivables	15	15
Inventories	19	19
Cash and cash equivalents	46	46
Borrowings	(185)	(185)
Lease liabilities	(26)	(26)
Current tax liabilities	(18)	(18)
Trade and other payables	(33)	(33)
Deferred tax liabilities	–	(49)
Fair value of net assets acquired		129
Less: Step acquisitions		(30)
Less: Gains on bargain purchases		(35)
Goodwill		151
Total consideration		215
Satisfied by		
Cash consideration paid		198
Deferred and contingent consideration payable		9
Non-cash consideration		8
Total consideration		215
Cash flow		
Cash consideration paid		198
Less: Cash and cash equivalents acquired		(46)
Add: Settlement of acquired borrowings		185
Add: Acquisition transaction costs ¹		16
Net cash outflow arising on acquisition		353
Deferred and contingent consideration and other payments relating to businesses acquired in previous years		29
Total cash outflow from purchase of subsidiary companies		382
Consolidated cash flow statement		
Net cash flow from operating activities ¹		16
Net cash flow from investing activities		366
Total cash outflow from purchase of subsidiary companies		382

1. Acquisition transaction costs are included in net cash flow from operating activities.

Goodwill increased from \$6,105m at 30 September 2023 to \$6,263m at 31 March 2024 reflecting business acquisitions (\$151m) and favourable exchange translation (\$72m), partially offset by a transfer to held for sale (\$64m) and business disposals (\$1m).

Contingent consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

The fair value adjustments made in respect of acquisitions in the six months ended 31 March 2024 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

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For the six months ended 31 March 2024

8 Acquisition, sale and closure of businesses (continued)

Acquisition of businesses (continued)

The goodwill arising on the acquisition of the businesses represents the premium the Group has paid to acquire companies that complement its existing businesses and create significant opportunities for synergies. The goodwill arising is not expected to be deductible for tax purposes.

The acquisitions did not have a material impact on the Group's revenue or profit for the period. If the acquisitions had occurred on 1 October 2023, they would not have had a material impact on the Group's revenue or profit for the period.

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 (2023: \$2m). Activity in the period includes the sale of the Group's businesses in Argentina, mainland China and the United Arab Emirates, exit from Angola and sale of the final 5% shareholding in Highways Royal Co., Limited (Japanese Highways).

A summary of business disposals completed during the period is presented in aggregate below:

	\$m
Net assets disposed	
Goodwill	1
Other intangible assets	4
Right-of-use assets	1
Property, plant and equipment	3
Interests in joint ventures and associates	61
Trade and other receivables	37
Inventories	3
Tax recoverable	1
Cash and cash equivalents	9
Assets held for sale	5
Lease liabilities	(1)
Trade and other payables	(39)
Net assets disposed	85
Consolidated income statement	
Cash consideration	34
Deferred consideration	51
Less: Net assets disposed	(85)
Less: Exit costs	(17)
Less: Loss on step acquisitions	(1)
Less: Reclassification of cumulative currency translation differences on sale of businesses	(76)
Net loss on sale and closure of businesses	(94)
Consolidated cash flow statement	
Cash consideration received	34
Less: Exit costs paid	(11)
Less: Cash and cash equivalents disposed	(9)
Net proceeds from sale of subsidiary companies, joint ventures and associates net of exit costs	14

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For the six months ended 31 March 2024

8 Acquisition, sale and closure of businesses (continued)

Assets and liabilities held for sale

In March 2024, the Group agreed the sale of its business in Brazil for approximately \$250m subject to regulatory approval. The disposal is expected to complete in the second half of the year. Accordingly, the assets and liabilities of the Group's business in Brazil are classified as held for sale at 31 March 2024.

	Carrying amount \$m
Assets held for sale	
Goodwill	64
Other intangible assets	10
Right-of-use assets	3
Property, plant and equipment	22
Trade and other receivables	166
Deferred tax assets	13
Inventories	18
Cash and cash equivalents	25
Total	321
Liabilities held for sale	
Lease liabilities	(3)
Provisions	(14)
Current tax liabilities	(11)
Trade and other payables	(163)
Total	(191)

At 31 March 2024, cumulative currency translation losses included in other comprehensive income are \$177m.

9 Contingent liabilities

Litigation and claims

The Group is involved in various legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

The Group is currently subject to audits and reviews in a number of countries that primarily relate to complex corporate tax issues. None of these audits is currently expected to have a material impact on the Group's financial position.

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations.

The federal tax authorities in Brazil have issued notices of deficiency in respect of 2014 and 2017 relating primarily to the PIS/COFINS treatment of certain food costs which we have formally objected to and which are now proceeding through the appeals process. At 31 March 2024, the total amount assessed in respect of these matters is \$90m, including interest and penalties. The possibility of further notices of deficiency for subsequent years cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisers, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded.

In addition, there are a number of other ongoing tax cases in Brazil. None of these cases is individually significant and, therefore, we do not currently expect any of these issues to have a material impact on the financial position of the Group.

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9 Contingent liabilities (continued)

Food safety

In the ordinary course of business, food safety incidents are identified from time to time and our businesses' operations receive external reviews of their food hygiene and safety practices, both on a periodic basis and in connection with identified incidents. At any point, a number of reviews will be ongoing. Although it is not possible to predict the outcome or quantify the financial effect of the outcome of these reviews, or any claim against Group companies related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these ongoing reviews are not expected to have a material effect on the financial position of the Group. The timing of the outcome of these reviews is generally uncertain.

10 Related party transactions

Full details of the Group's related party relationships, transactions and balances are provided in the Group's financial statements for the year ended 30 September 2023. There have been no material changes in these relationships during the six months ended 31 March 2024 or up to the date of this Announcement. Transactions with related parties have not had, and are not expected to have, a material effect on the financial performance or position of the Group.

11 Post-balance sheet events

In January 2024, the Group signed an agreement to acquire 100% of the issued share capital of Orchestra Topco Limited (trading as CH&CO), a provider of premium contract and hospitality services in the UK and Ireland, for an initial enterprise value of £475m (\$600m) subject to regulatory approval. The acquisition of the business completed on 30 April 2024. Additional consideration is payable in 2025 and 2026 contingent on the operation of an earn-out, which is dependent on the profit growth of the business. If the acquisition had occurred on 1 October 2023, it would not have had a material impact on the Group's revenue or profit for the six months ended 31 March 2024. Given the proximity of the completion date to the date of this Announcement, certain elements of the acquisition accounting are not yet available. Full disclosures will be provided in the 2024 Annual Results Announcement and Annual Report.

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12 Non-GAAP measures

Introduction

The Executive Committee manages and assesses 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.

In determining the adjustments to arrive at underlying results, we use a set of established principles relating to the nature and materiality of individual items or groups of items, including, for example, events which: (i) are outside the normal course of business; (ii) are incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business; or (iii) are related to business acquisitions or disposals as they are not part of the Group's ongoing trading business and the associated cost impact arises from the transaction rather than from the continuing business.

Definitions

Measure	Definition	Purpose
Income statement		
Underlying revenue	Revenue plus share of revenue of joint ventures.	Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.
Underlying operating profit	Operating profit excluding specific adjusting items ² .	Provides a measure of operating profitability that is comparable over time.
Underlying operating margin¹	Underlying operating profit divided by underlying revenue.	An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.
Organic revenue¹	Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing businesses and maintain appropriate pricing levels in light of input cost inflation.
Organic operating profit	Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Provides a measure of operating profitability that is comparable over time.
Underlying finance costs	Finance costs excluding specific adjusting items ² .	Provides a measure of the Group's cost of financing excluding items outside of the control of management.
Underlying profit before tax	Profit before tax excluding specific adjusting items ² .	Provides a measure of Group profitability that is comparable over time.
Underlying income tax expense	Income tax expense excluding tax attributable to specific adjusting items ² .	Provides a measure of income tax expense that is comparable over time.
Underlying effective tax rate	Underlying income tax expense divided by underlying profit before tax.	Provides a measure of the effective tax rate that is comparable over time.

1. Key Performance Indicator.

2. See page 41 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

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12 Non-GAAP measures (continued)

Definitions (continued)

Measure	Definition	Purpose
Income statement (continued)		
Underlying profit for the year	Profit for the year excluding specific adjusting items ² and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
Underlying profit attributable to equity shareholders (underlying earnings)	Profit for the year attributable to equity shareholders excluding specific adjusting items ² and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
Underlying earnings per share¹	Earnings per share excluding specific adjusting items ² and tax attributable to those items.	Measures the performance of the Group in delivering value to shareholders.
Underlying EBITDA	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract-related assets.	Provides a measure of Group operating profitability that is comparable over time.
Balance sheet		
Net debt	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.	Allows management to monitor the indebtedness of the Group.
Net debt to EBITDA	Net debt divided by underlying EBITDA.	Provides a measure of the Group's ability to finance and repay its debt from its operations.
Cash flow		
Capital expenditure	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.	Provides a measure of expenditure on long-term intangible, tangible and contract-related assets, net of the proceeds from disposal of intangible, tangible and contract-related assets.
Underlying operating cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, repayment of principal under lease liabilities and share of results of joint ventures and associates, and excluding interest and net tax paid, post-employment benefit obligations net of service costs, cash payments related to the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying operating cash flow conversion	Underlying operating cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Free cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.

1. Key Performance Indicator.

2. See page 41 for definitions of the specific adjusting items and a reconciliation from the statutory to the underlying income statement.

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For the six months ended 31 March 2024

12 Non-GAAP measures (continued)

Definitions (continued)

Measure	Definition	Purpose
Cash flow (continued)		
Underlying free cash flow¹	Free cash flow excluding cash payments related to the cost action programme and COVID-19 resizing costs, strategic portfolio review and one-off pension charge, and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying free cash flow conversion	Underlying free cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.
Business growth		
New business	Current year underlying revenue for the period in which no revenue had been recognised in the prior year.	The measure of incremental revenue in the current year from new business.
Lost business	Prior year underlying revenue for the period in which no revenue has been recognised in the current year.	The measure of lost revenue in the current year from ceased business.
Net new business	New business minus lost business as a percentage of prior year organic revenue.	The measure of net incremental revenue in the current year from business wins and losses.
Retention	100% minus lost business as a percentage of prior year organic revenue.	The measure of our success in retaining business.

1. Key Performance Indicator.

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12 Non-GAAP measures (continued)

Reconciliations

Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 2 (segmental analysis).

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Organic revenue					
Six months ended 31 March 2024					
Underlying revenue	14,127	4,801	1,959	–	20,887
Organic adjustments	(16)	(186)	(59)	–	(261)
Organic revenue	14,111	4,615	1,900	–	20,626
Six months ended 31 March 2023					
Underlying revenue (restated ¹)	12,691	4,228	1,900	–	18,819
Currency adjustments	2	57	(76)	–	(17)
Underlying revenue – constant currency	12,693	4,285	1,824	–	18,802
Organic adjustments	28	(179)	(106)	–	(257)
Organic revenue	12,721	4,106	1,718	–	18,545
Increase in underlying revenue at reported rates – %	11.3%	13.6%	3.1%		11.0%
Increase in underlying revenue at constant currency – %	11.3%	12.0%	7.4%		11.1%
Increase in organic revenue – %	10.9%	12.4%	10.6%		11.2%

1. See note 1.

	Geographical segments			Central activities \$m	Total \$m
	North America \$m	Europe \$m	Rest of World \$m		
Organic operating profit					
Six months ended 31 March 2024					
Underlying operating profit/(loss)	1,165	278	103	(72)	1,474
Underlying operating margin – %	8.2%	5.8%	5.3%		7.1%
Organic adjustments	3	(23)	(3)	–	(23)
Organic operating profit/(loss)	1,168	255	100	(72)	1,451
Six months ended 31 March 2023					
Underlying operating profit/(loss) (restated ¹)	991	235	85	(60)	1,251
Underlying operating margin – %	7.8%	5.6%	4.5%		6.6%
Currency adjustments	–	1	(7)	(3)	(9)
Underlying operating profit/(loss) – constant currency	991	236	78	(63)	1,242
Organic adjustments	3	(13)	(5)	–	(15)
Organic operating profit/(loss)	994	223	73	(63)	1,227
Increase in underlying operating profit at reported rates – %	17.6%	18.3%	21.2%		17.8%
Increase in underlying operating profit at constant currency – %	17.6%	17.8%	32.1%		18.7%
Increase in organic operating profit – %	17.5%	14.3%	37.0%		18.3%

1. See note 1.

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For the six months ended 31 March 2024

12 Non-GAAP measures (continued)

Reconciliations (continued)

	Six months ended 31 March 2024						Underlying \$m
	Statutory \$m	Specific adjusting items					
		1 \$m	2 \$m	3 \$m	4 \$m	5 \$m	
Underlying income statement							
Operating profit	1,420	49	3	2	–	–	1,474
Net loss on sale and closure of businesses	(94)	–	–	–	94	–	–
Finance costs	(131)	–	–	–	–	20	(111)
Profit before tax	1,195	49	3	2	94	20	1,363
Income tax expense	(327)	(12)	(1)	(2)	–	(6)	(348)
Profit for the period	868	37	2	–	94	14	1,015
Less: Non-controlling interests	(7)	–	–	–	–	–	(7)
Profit attributable to equity shareholders	861	37	2	–	94	14	1,008
Earnings per share (c)	50.4c	2.2c	0.1c	–	5.5c	0.8c	59.0c
Effective tax rate (%)	27.4%						25.5%

	Restated ¹						Underlying \$m
	Six months ended 31 March 2023						
	Statutory \$m	Specific adjusting items					
1 \$m		2 \$m	3 \$m	4 \$m	5 \$m		
Underlying income statement							
Operating profit	1,046	73	14	–	118	–	1,251
Net gain on sale and closure of businesses	35	–	–	–	(35)	–	–
Finance costs	(91)	–	–	–	–	12	(79)
Profit before tax	990	73	14	–	83	12	1,172
Income tax expense	(225)	(17)	(3)	–	(26)	(4)	(275)
Profit for the period	765	56	11	–	57	8	897
Less: Non-controlling interests	(5)	–	–	–	–	–	(5)
Profit attributable to equity shareholders	760	56	11	–	57	8	892
Currency adjustments							(8)
Profit attributable to equity shareholders – constant currency							884
Earnings per share (c)	43.4c	3.2c	0.6c	–	3.2c	0.5c	50.9c
Earnings per share – constant currency (c)							50.4c
Effective tax rate (%)	22.7%						23.5%

1. See note 1.

Specific adjusting items are as follows:

1. Acquisition-related charges

Represent amortisation and impairment charges in respect of intangible assets acquired through business combinations, direct costs incurred through business combinations or other strategic asset acquisitions, business integration costs, changes in consideration in relation to past acquisition activity and other acquisition-related items (see note 2).

2. One-off pension charge

Mainly reflects a past service cost following a change in legislation in Türkiye eliminating the minimum retirement age requirement for certain employees effective from March 2023.

3. Tax on share of profit of joint ventures

Reclassification of tax on share of profit of joint ventures to income tax expense.

4. Gains and losses on sale and closure of businesses and charges related to the strategic portfolio review

Profits and losses on the sale of subsidiaries, joint ventures and associates, exit costs on closure of businesses (see note 8) and charges in respect of a strategic review of the Group's portfolio of non-core activities which, during 2023, related to site closures and contract renegotiations and terminations in the UK.

5. Other financing items

Financing items, including hedge accounting ineffectiveness, change in the fair value of derivatives held for economic hedging purposes, change in the fair value of investments and financing items relating to post-employment benefits.

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12 Non-GAAP measures (continued)

Reconciliations (continued)

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying EBITDA		
Underlying operating profit	1,474	1,251
<i>Add back/(deduct):</i>		
Depreciation of property, plant and equipment and right-of-use assets	283	257
Amortisation of other intangible assets, contract fulfilment assets and contract prepayments ²	266	239
Impairment losses – non-current assets ³	7	5
Impairment reversals – non-current assets	–	(1)
Underlying EBITDA	2,030	1,751

1. See note 1.

2. Excludes amortisation of acquisition intangibles.

3. In 2023, excludes impairment losses of \$60m included in charges related to the strategic portfolio review.

Balance sheet

	At 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Components of net debt		
Borrowings	(4,608)	(4,219)
Lease liabilities	(1,232)	(1,106)
Derivative financial instruments	(150)	(119)
Gross debt	(5,990)	(5,444)
Cash and cash equivalents	695	1,481
Net debt	(5,295)	(3,963)

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Net debt reconciliation		
Net decrease in cash and cash equivalents	(186)	(849)
<i>(Deduct)/add back:</i>		
Increase in borrowings	(806)	–
Repayment of borrowings	352	545
Net cash flow from derivative financial instruments	(51)	(125)
Repayment of principal under lease liabilities	108	99
Increase in net debt from cash flows	(583)	(330)
New lease liabilities and amendments	(155)	(141)
Amortisation of fees and discounts on issue of debt	(3)	(2)
Changes in fair value of borrowings in a fair value hedge	(103)	(67)
Lease liabilities acquired through business acquisitions	(26)	–
Lease liabilities derecognised on sale and closure of businesses	1	4
Changes in fair value of derivative financial instruments	79	54
Currency translation losses	(24)	(144)
Increase in net debt	(814)	(626)
Net debt at 1 October	(4,459)	(3,337)
Cash and lease liabilities reclassified to held for sale	(22)	–
Net debt at 31 March	(5,295)	(3,963)

1. See note 1.

Compass Group PLC

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For the six months ended 31 March 2024

12 Non-GAAP measures (continued)

Reconciliations (continued)

	At 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Net debt to EBITDA		
Net debt	(5,295)	(3,963)
Prior year	3,620	3,033
Less: Prior half-year	(1,751)	(1,394)
Add: Current half-year	2,030	1,751
Underlying EBITDA (last 12 months)	3,899	3,390
Net debt to EBITDA (times)	1.4	1.2

1. See note 1.

Cash flow

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Capital expenditure		
Purchase of intangible assets	151	105
Purchase of contract fulfilment assets	202	104
Purchase of property, plant and equipment	263	213
Investment in contract prepayments	112	42
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	(35)	(30)
Capital expenditure	693	434

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying operating cash flow		
Net cash flow from operating activities	1,330	1,125
Purchase of intangible assets	(151)	(105)
Purchase of contract fulfilment assets	(202)	(104)
Purchase of property, plant and equipment	(263)	(213)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	35	30
Repayment of principal under lease liabilities	(108)	(99)
Share of results of joint ventures and associates	30	31
<i>Add back/(deduct):</i>		
Interest paid	118	101
Net tax paid	301	237
Post-employment benefit obligations net of service costs	(5)	5
Cash payments related to the cost action programme and COVID-19 resizing costs	5	20
Cash payments related to the strategic portfolio review	4	–
Cash payments related to the one-off pension charge	4	–
Acquisition transaction costs	16	10
Underlying operating cash flow	1,114	1,038

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying operating cash flow conversion		
Underlying operating cash flow	1,114	1,038
Underlying operating profit	1,474	1,251
Underlying operating cash flow conversion (%)	75.6%	83.0%

1. See note 1.

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For the six months ended 31 March 2024

12 Non-GAAP measures (continued)

Reconciliations (continued)

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Free cash flow		
Net cash flow from operating activities	1,330	1,125
Purchase of intangible assets	(151)	(105)
Purchase of contract fulfilment assets	(202)	(104)
Purchase of property, plant and equipment	(263)	(213)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	35	30
Purchase of other investments	(1)	(1)
Proceeds from sale of other investments	1	2
Dividends received from joint ventures and associates	18	12
Interest received	20	28
Repayment of principal under lease liabilities	(108)	(99)
Dividends paid to non-controlling interests	(4)	(2)
Free cash flow	675	673

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying free cash flow		
Free cash flow	675	673
<i>Add back:</i>		
Cash payments related to the cost action programme and COVID-19 resizing costs	5	20
Cash payments related to the strategic portfolio review	4	–
Cash payments related to the one-off pension charge	4	–
Acquisition transaction costs	16	10
Underlying free cash flow	704	703

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying free cash flow conversion		
Underlying free cash flow	704	703
Underlying operating profit	1,474	1,251
Underlying free cash flow conversion (%)	47.8%	56.2%

1. See note 1.

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Underlying cash tax rate		
Tax received	3	17
Tax paid	(304)	(254)
Net tax paid	(301)	(237)
Underlying profit before tax	1,363	1,172
Underlying cash tax rate (%)	22.1%	20.2%

1. See note 1.

Business growth

	Six months ended 31 March	
	2024 \$m	Restated ¹ 2023 \$m
Net new business		
New business less lost business	680	789
Prior period organic revenue	18,545	15,061
Net new business (%)	3.7%	5.2%

1. See note 1.

Compass Group PLC

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For the six months ended 31 March 2024

13 Exchange rates

Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

	Six months ended 31 March	
	2024	2023
Average exchange rate		
Australian dollar	1.53	1.50
Brazilian real	4.96	5.22
Canadian dollar	1.35	1.36
Euro	0.93	0.96
Japanese yen	148.06	137.55
Pound sterling	0.80	0.84
Turkish lira	29.73	18.77
	At 31 March	
	2024	2023
Closing exchange rate		
Australian dollar	1.53	1.49
Brazilian real	5.01	5.07
Canadian dollar	1.35	1.35
Euro	0.93	0.92
Japanese yen	151.35	133.09
Pound sterling	0.79	0.81
Turkish lira	32.35	19.20

Forward-looking statements

Certain information included in this Announcement is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, the direct and indirect future impacts and implications of: public health crises such as the coronavirus COVID-19 on the economy, nationally and internationally, and on the Group, its operations and prospects; risks associated with changes in environmental scenarios and related regulations including (without limitation) the evolution and development of the global transition to a low carbon economy (including increasing societal and investor expectations); disruptions and inefficiencies in supply chains (such as resulting from the wars in Ukraine and the Middle East); future domestic and global political, economic and business conditions (such as inflation or the UK's exit from the EU); projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments; risks associated with changes in economic conditions, levels of economic growth and the strength of the food and support services markets in the jurisdictions in which the Group operates; fluctuations in food and other product costs and labour costs; prices and changes in exchange and interest rates; and the impacts of technological advancements. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements in this Announcement are not guarantees of future performance. All forward-looking statements in this Announcement are based upon information known to the Company on the date of this Announcement. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements when making their investment decisions. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation or warranty that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Nothing in this Announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.