2021 Full Year Results

23 November 2021

COMPASS
GROUP

Disclaimer

Certain information included in this Annual Report and Accounts 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 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, including disruptions and inefficiencies in the supply chain; UK domestic and global political, economic and business conditions (such as 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, expected expenditures and divestments; risks associated with changes in economic conditions, 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; and prices and changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward looking statements in this Annual Report and Accounts are not guarantees of future performance. All forward looking statements in this Annual Report and Accounts are based upon information known to the Company on the date of this Annual Report and Accounts. 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 Annual Report and Accounts shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Dominic Blakemore

Group Chief Executive

COMPASS GROUP

Today’s agenda

Dominic Blakemore: Overview

Palmer Brown: Financials

Dominic Blakemore: Strategy




COMPASS GROUP

2021: A year of strong recovery

Building a better business	Record new business wins and retention	Continued roll out of digital solutions
More flexible operating model	Unique culture with strong values	Reinstated dividends reflecting confidence

Compass is well positioned for continued revenue and margin recovery

Focused on growth

CONTROL THE CONTROLLABLE

INVEST IN GROWTH

MARKET OPPORTUNITIES

STRATEGIC ENABLERS

Palmer Brown

Group Chief Financial Officer

COMPASS GROUP

FY21 financial highlights

88%

OF 2019 REVENUE IN Q4[1]
(FY 2021: 77% of 2019)

5.8%

OPERATING MARGIN IN Q4
(FY 2021: 4.5% margin)

£2.1bn

RECORD NEW WINS[2]
(c.50% from first time outsourcing)

95.4%

STRONG RETENTION
(FY 2020: 95.1%)

£1bn

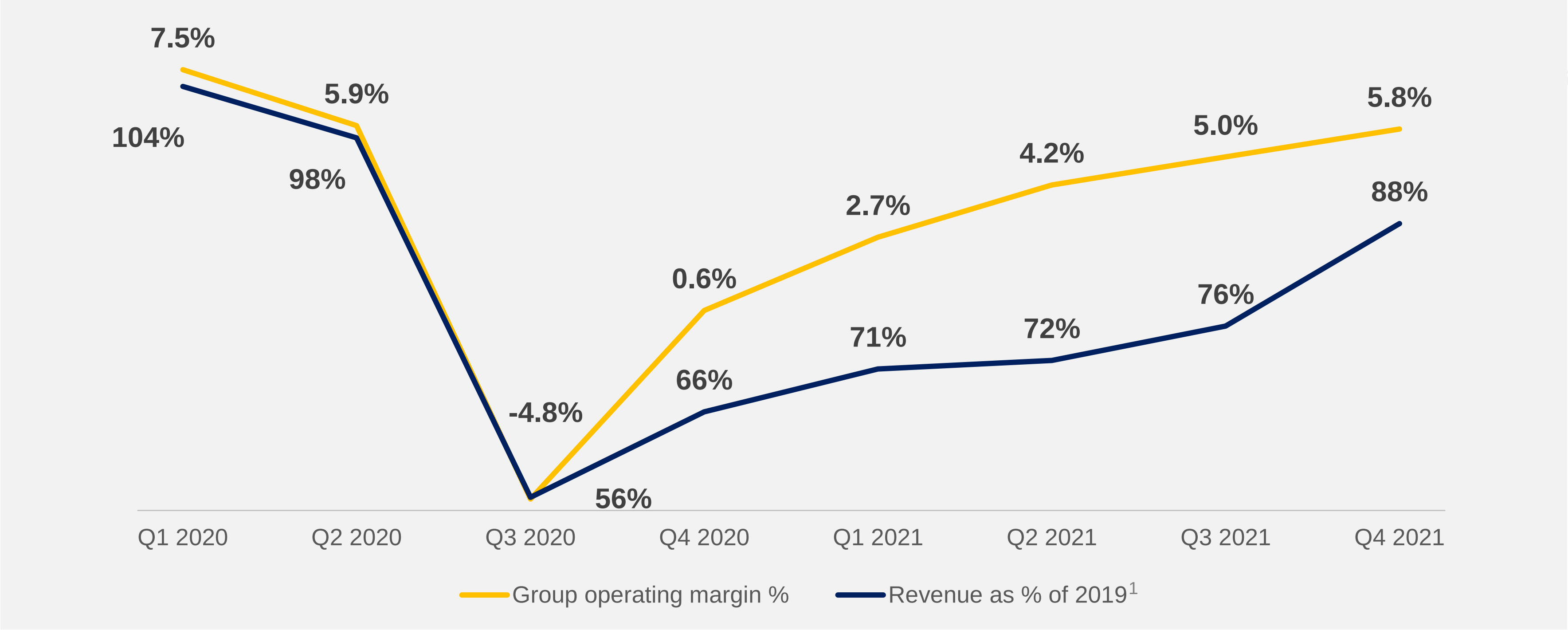
OPERATING CASH FLOW
(124% cash conversion)

14.0p

DIVIDEND REINSTATED
(Net debt/EBITDA at 1.6x)

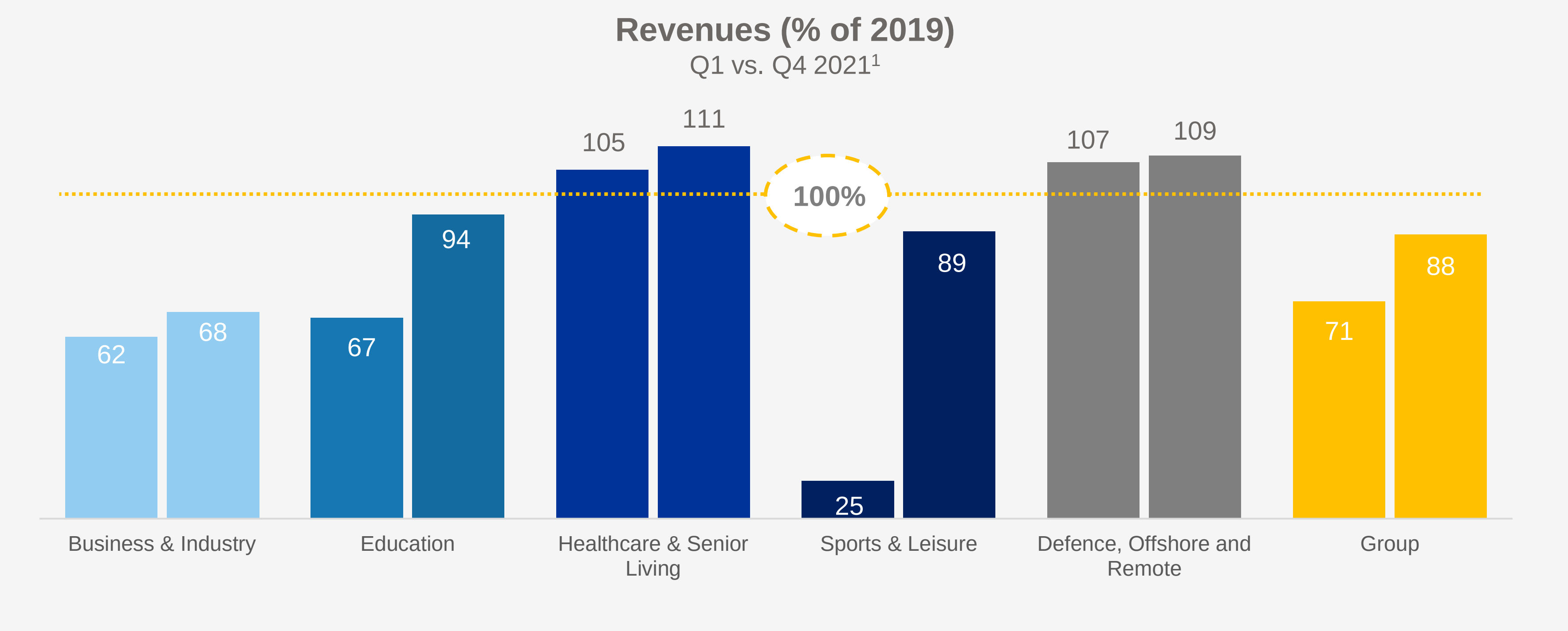
Notes: [1] Q4 revenue on a constant currency basis. [2] £2.1bn is the annual revenue of new business wins.
Based on underlying performance at reported exchange rates unless otherwise indicated. See definitions in the supplementary slides.

Progressive recovery in revenue and margin



Notes: [1] On a constant currency basis. Based on underlying performance at reported exchange rates unless otherwise indicated. See definitions in the supplementary slides.

Revenue recovery throughout the year; strong exit in Q4



Notes: [1] On a constant currency basis. Based on underlying performance at reported exchange rates unless otherwise indicated. See definitions in the supplementary slides.

B&I: Adapting to changing working patterns

- Delta variant delaying return to office
- Office populations rising slowly
- Food being used as an incentive now and post pandemic
- Fewer days but longer hours

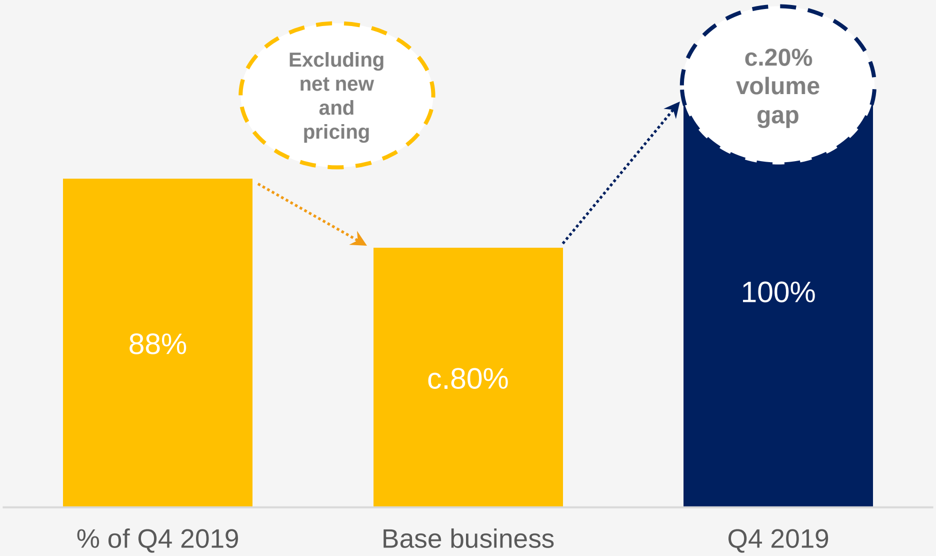
- Sentiment is turning positive
- Most unit populations c.50%
- 40% of Restaurant Associate clients in US & UK offer some free food
- Higher penetration and transaction values

Revenues are returning more quickly than populations

Opportunity for further recovery of the base business

For illustrative purposes:

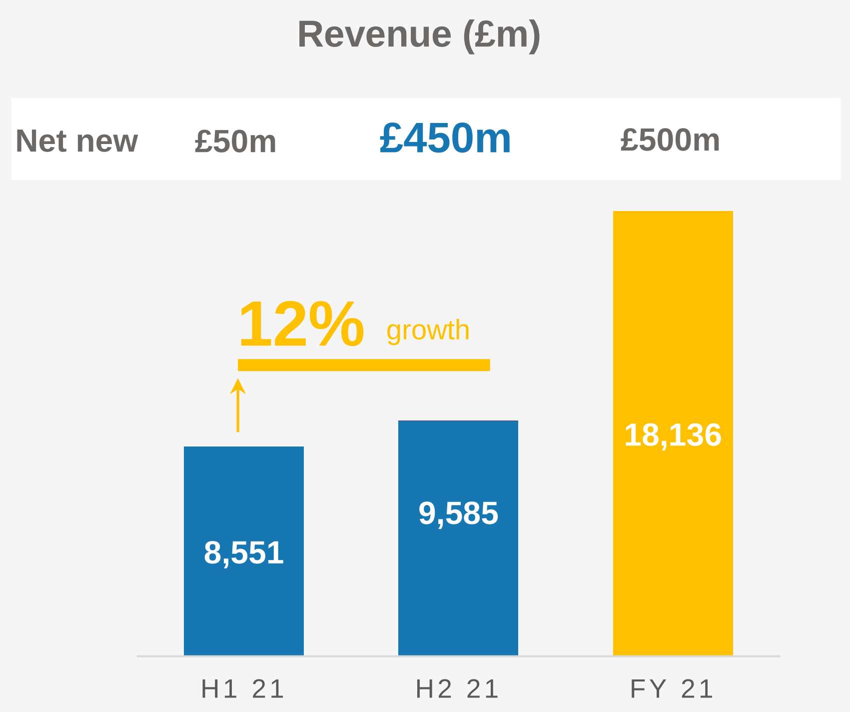
Group Q4 revenue analysis vs. Q4 2019[1]

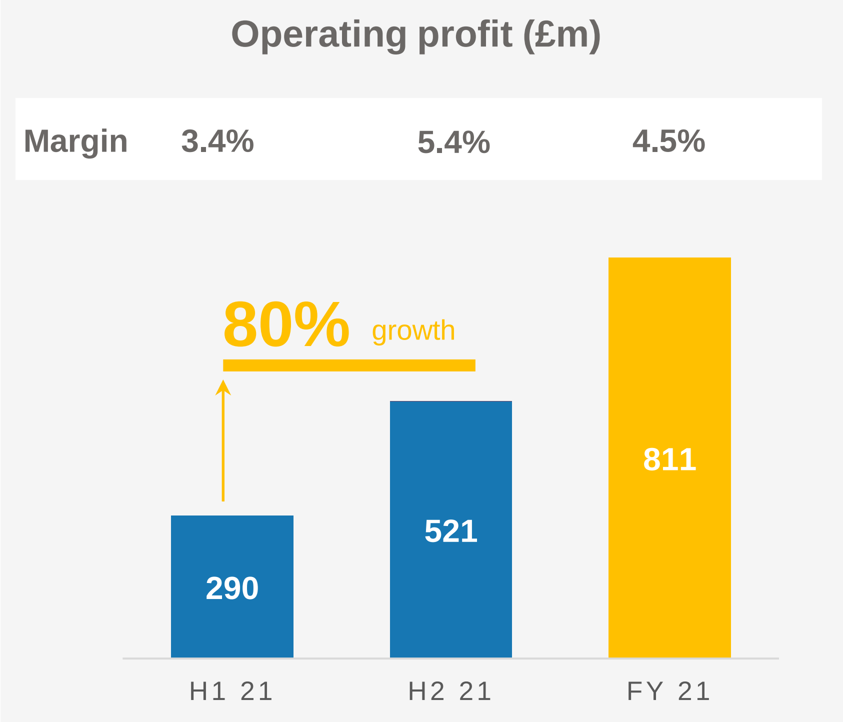


- Base business at c.80% of 2019 level
- Significant potential for further growth as base recovers

Notes: [1] On a constant currency basis. Based on underlying performance at reported exchange rates unless otherwise indicated. See definitions in the supplementary slides.

Strong net new driving revenue growth in H2





Notes: Based on underlying performance at reported exchange rates unless indicated otherwise. See the definitions in the supplementary slides.

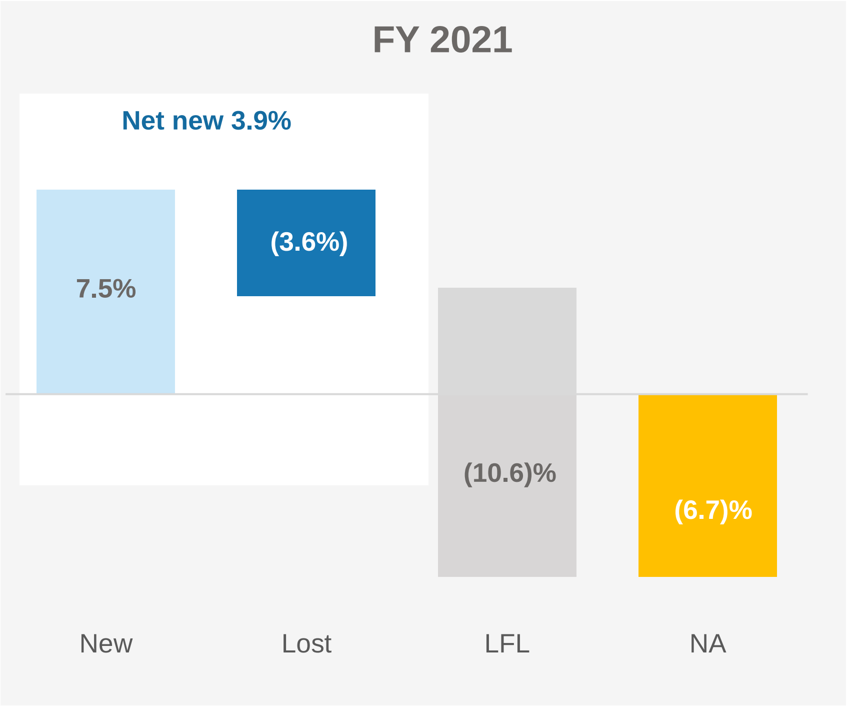
North America: Exceptional new business wins

FY organic revenue down 6.7%

- Q4 revenues at 90% of pre-COVID[1]
- Strong growth in Healthcare & Senior Living, good recovery in Education and Sports & Leisure
- >50% of new business from first time outsourcing, including 8 of top 10 contracts

FY operating margin 5.4%

- Q4 margin of 6.2%, 330bps improvement in the year
- Focus on mobilisation of existing sites and new business wins



Notes: [1] 2019 on a constant currency basis. Based on underlying performance at reported exchange rates unless indicated otherwise. See definitions in the supplementary slides.

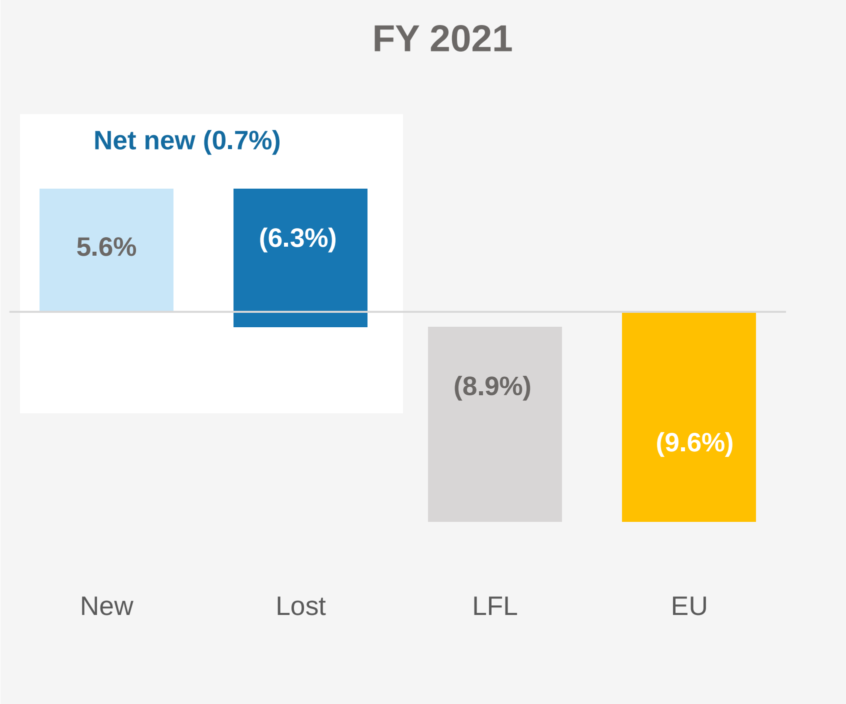
Europe: Growth improved in H2

FY organic revenue down 9.6%

- Q4 revenues at 84% of pre-COVID[1]
- Positive FY organic growth in Turkey, Spain, and across Central Europe
- Education, Healthcare & Senior Living, and DOR traded in line with pre-COVID levels by Q4
- H2 net new 3.5%

FY operating margin 3.2%

- Q4 margin 5.7%; 980bps improvement in the year
- Completed the resizing programme



Notes: [1] 2019 on a constant currency basis. Based on underlying performance at reported exchange rates unless indicated otherwise. See definitions in the supplementary slides.

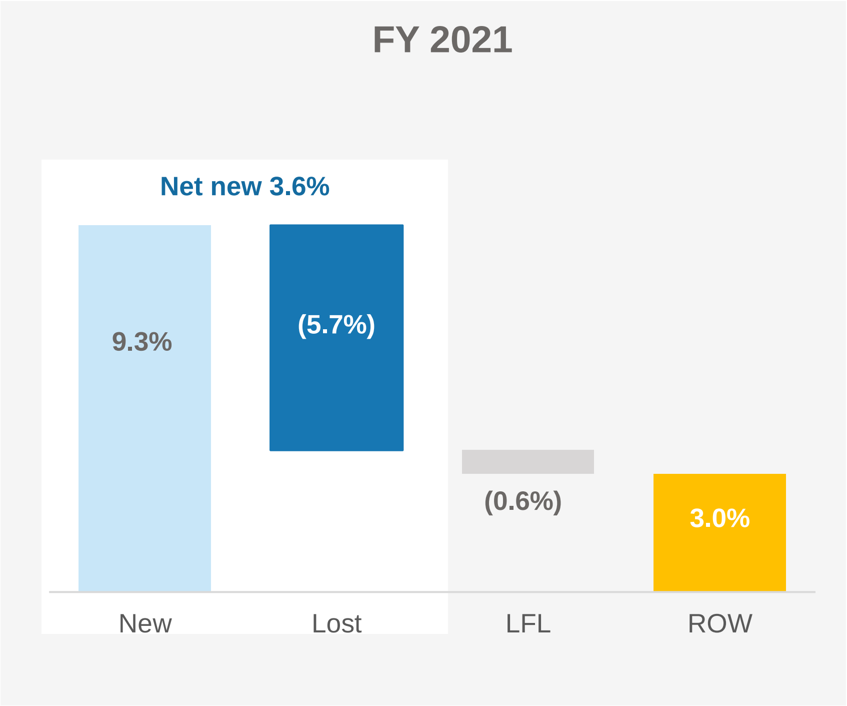
Rest of World: Resilient performance

FY organic revenue growth of 3.0%

- Double digit FY organic growth in LATAM, New Zealand, and DOR in Australia
- Delayed recovery in B&I and Education
- Q4 revenues at 90% of pre-COVID[1]

FY operating margin 5.6%

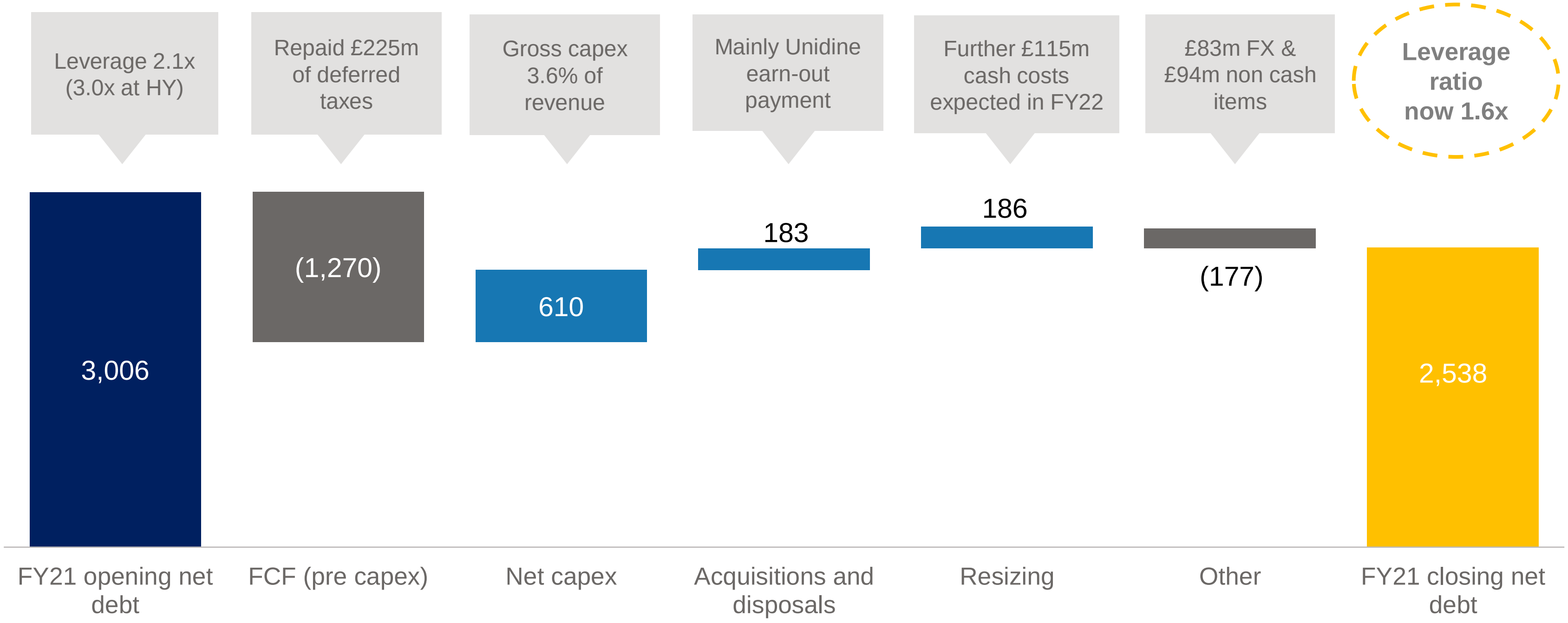
- Q4 margin of 7.3%; 450bps improvement in the year
- Continued focus on optimising costs



Notes: [1] 2019 on a constant currency basis. Based on underlying performance at reported exchange rates unless indicated otherwise. See definitions in the supplementary slides.

Reduction in net debt and leverage

£m



Notes: Based on underlying performance at reported exchange rates unless indicated otherwise. See the definitions in the supplementary slides.

Capital allocation priorities

Invest in the business
Capex for organic growth
c.3.5% revenue

M&A
Required returns > cost of capital by
the end of year two

Resilient balance sheet

Strong investment grade credit rating

Target net debt/ EBITDA 1-1.5x

Ordinary dividends
c.50% of underlying earnings
payout policy

Returns to Shareholders
Share buybacks or special dividends
as and when appropriate

Managing current pressures

Near-term challenges	Resilient & proven business model
Supply chain disruption	• Foodbuy • Flexing food and client offer
Labour shortages	• Career development • Promoting flexibility & efficiency
Inflation	• Operational efficiencies • Contract structures
Mobilisation	• Experience and proven solutions

Excited about our growth potential

FY 2022 guidance:

- Organic revenue growth 20-25%
- Operating margin over 6%; exit rate of c.7%
- Margin progress to be second half weighted

Opportunities going forward:

- Base business recovery
- Net new business mobilised in 2021
- Record new business wins yet to mobilise
- Market and structural dynamics
- Internal opportunities

We expect revenue and profit growth above historical rates, returning margin to pre-pandemic levels

Dominic Blakemore

Strategy

COMPASS GROUP

Focused on growth

CONTROL THE CONTROLLABLE

INVEST IN GROWTH

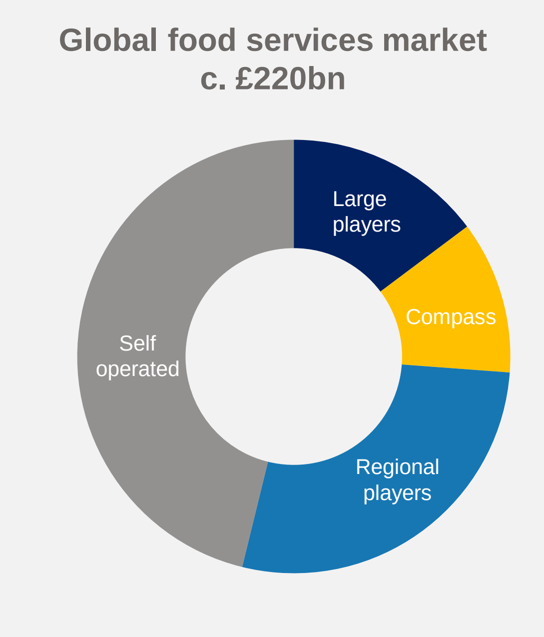
Market opportunities:

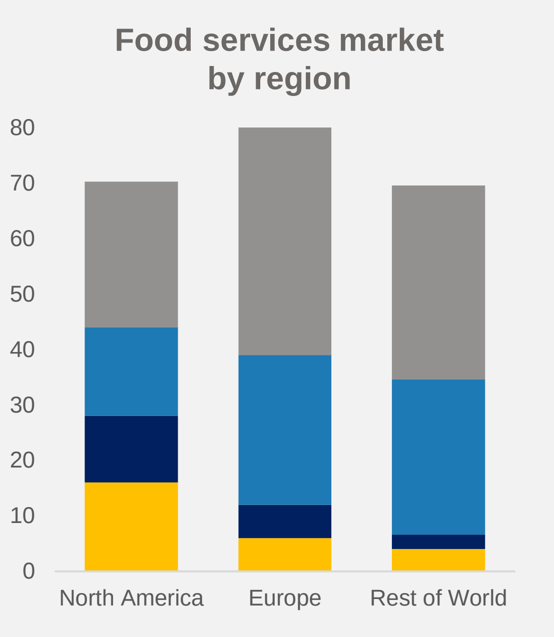
- Significant structural opportunity
- Operational complexity due to COVID
- Inflation and other cost pressures

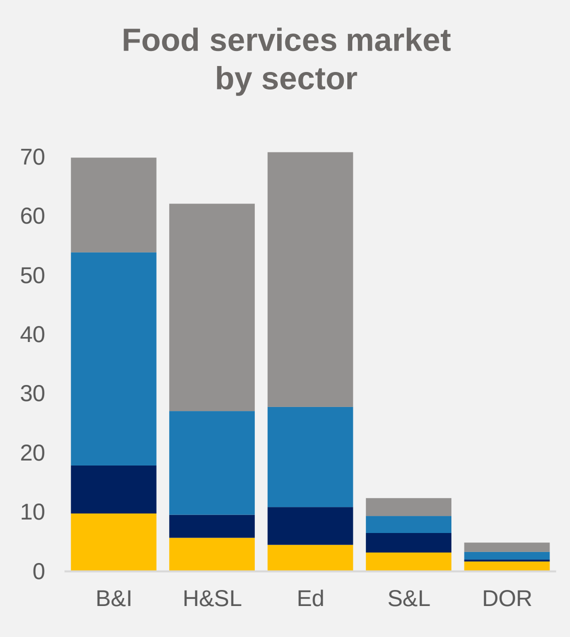
Strategic enablers:

- Flexible operating model
- Digital innovation
- Capex and M&A
- ESG

Significant food service market opportunities…







Notes: Market data figures based on Compass Group management estimates and 2019 revenues.

…and higher value support services

- Differentiated proposition in Healthcare & Senior Living, DOR and Education
- Requires dedicated management expertise
- Double digit organic growth throughout the pandemic and margin accretive
- Strong pipeline of new future business with cross selling opportunities
- Synergies from procurement and overheads

Eurest Services

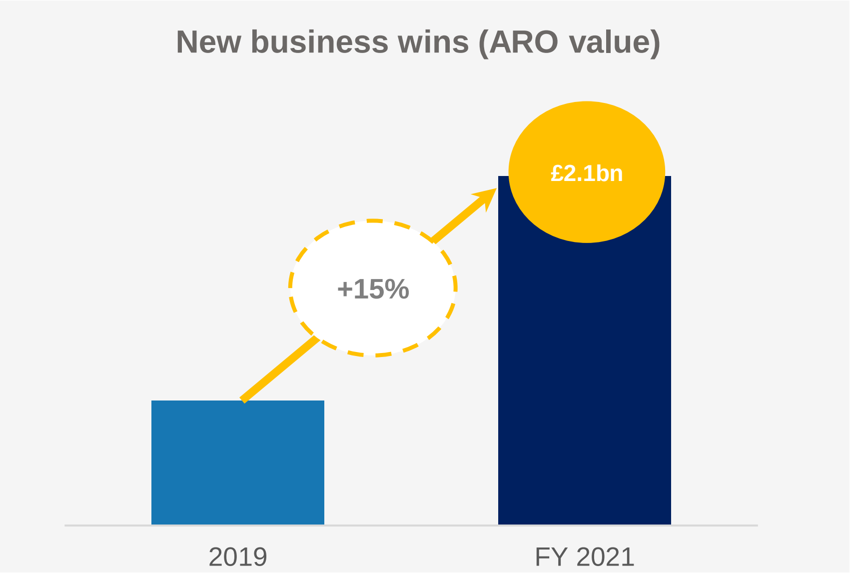
medirest

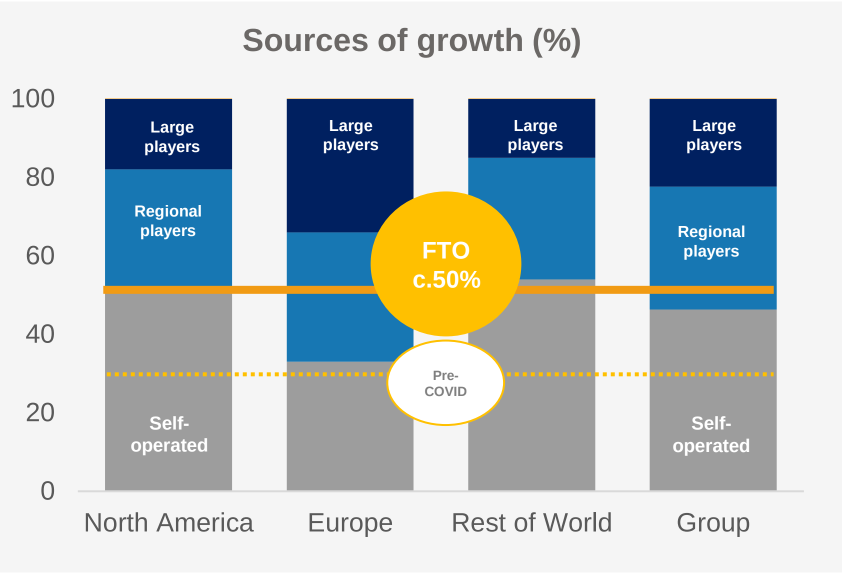
crothall healthcare

Operational complexity & inflation: a tailwind to outsourcing

Resilience	Innovation	Agility
• Health & Safety protocols • Ability to invest and co-create • Scale in procurement • Flexibility within labour pool • Contractual protection	• Culinary expertise • Digital capability • Hybrid solutions • Health and Wellness • Partner of choice on People & Purpose	• Decentralised model enables quick decision making • Rapid deployment of innovation • Empowered operations supported by MAP discipline

Record new business wins and strong outsourcing trend

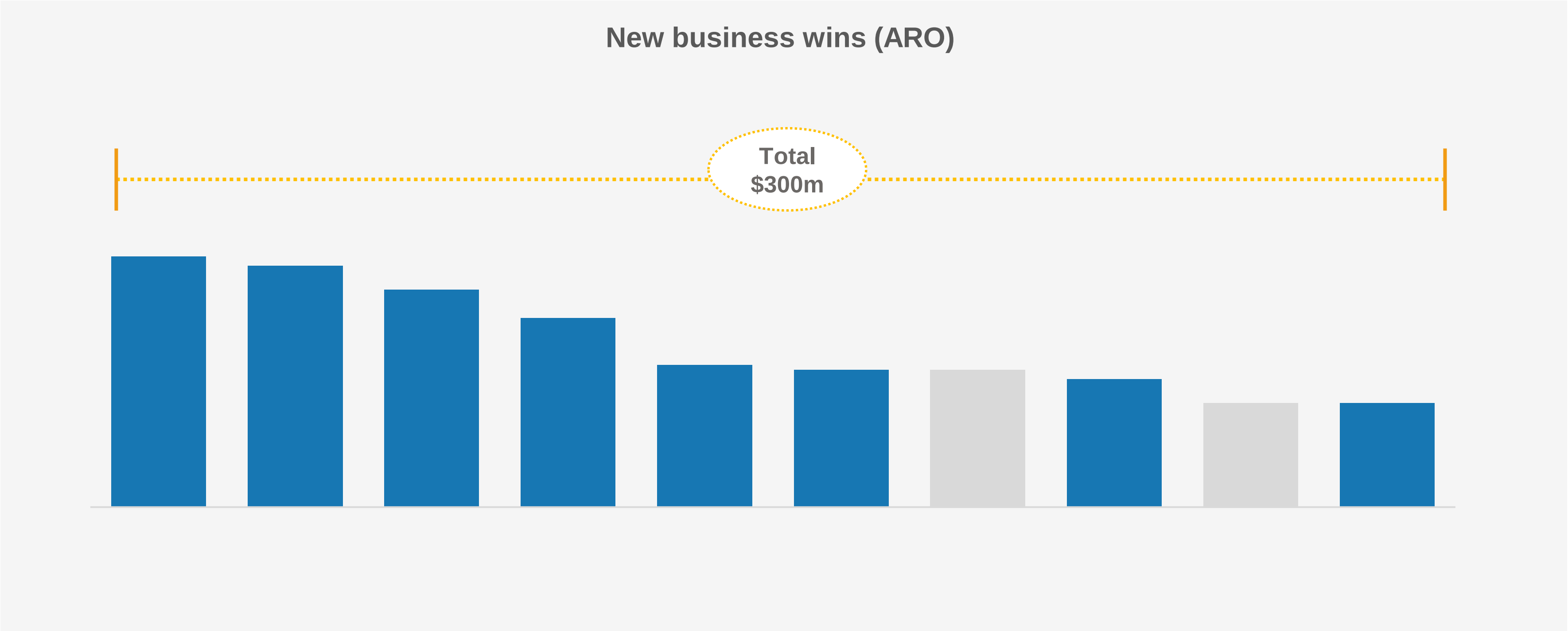




Net new is expected to be c. 1% higher than historical rate of 3%

Notes: FTO is first time outsourcing. ARO value is the annual revenue of new business wins.

North America: 8 out of top 10 new wins from first time outsourcing



Notes: ARO value is the annual revenue of new business wins. Grey is business won from a competitor.

Operational flexibility: Hybrid solutions to B&I clients

Copper Pan Kitchen (UK)

- A scalable and flexible way to feed employees at work or at home
- Virtual kitchen enabled by Feedr
- Health & Sustainability at the heart of the offer

Popote (France)

- Centrally produced gourmet dishes delivered to your location
- Adapts to fluctuating volumes; smaller client locations or sites without kitchens
- Grab & go, smart fridge or click & collect

Digital: Increased participation and improved efficiency

Post-pandemic consumer preferences:

- Fourfold acceleration of digital solutions
- Increased comfort and willingness to use technology
- 70% growth in digital orders compared to pre-pandemic
- Tailored offer to suit consumer preference (pick up or delivery)

Case study: B&I client mobile offer

Driving participation:

- Higher transaction value
- 60% population but 90% of pre-COVID revenue
- Over 2,000 on-site delivery orders per month
- Facilitates labour efficiencies

M&A: Great growth enabler

- Portfolio diversification
- Strengthen existing capability in sectors or regions
- Retain and reward existing management teams
- Leverage scale and overheads to accelerate revenue and margin growth
- Returns exceed WACC by the end of year two

Case study: Unidine in Healthcare & Senior Living

- Acquired in 2017
- Revenue CAGR 17%
- Profit CAGR 34%
- Margin doubled
- ROCE>15% and continuing to increase

UNIDINE

Our ESG focus is a competitive advantage

Reaching Climate Net Zero

Global commitment, delivered through collaboration, innovation and investment

- Carbon neutral: Scope 1 & 2 by 2030
- Net Zero: Scope 1, 2 & 3 by 2050
- Science Based Targets underpin all our commitments
- Levy UK&I – catering at COP26

PLANET PROMISE
OUR COMMITMENT TO A SUSTAINABLE FUTURE FOR ALL

Social mobility

Compass Group Academy

- Commitment to social mobility
- Flagship training and development hub
- Training c.12,000 people a year in hospitality
- 2,000 from social mobility cold spots

A MENU FOR CHANGE
OUR SOCIAL PROMISE

Around 70% of recent bids in the UK included an environmental focus as a top priority

The Compass model of value creation is robust

Value created through operations	Organic revenue growth: accelerated first time outsourcing and continued share gains
	Return to industry leading margins

Value created through capital allocation	Capex supporting new business wins and retention
	M&A to gain sector exposure or capability
	Returns to shareholders: ordinary dividend and other returns

We have established a strong platform for continued recovery in 2022 and beyond

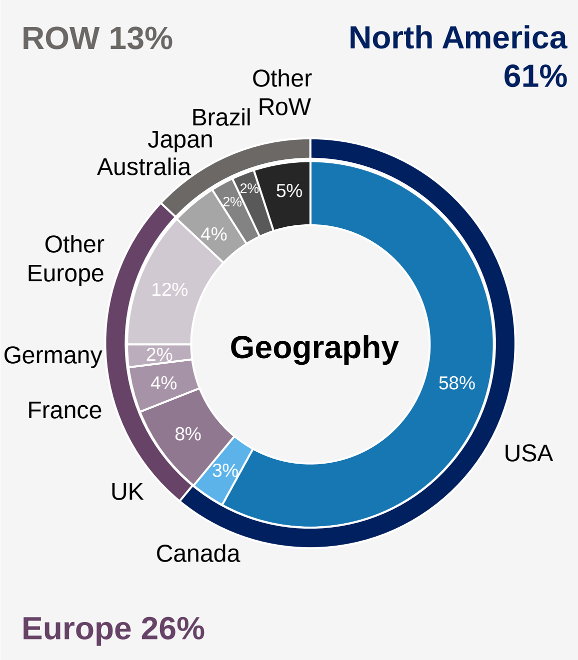
Summary

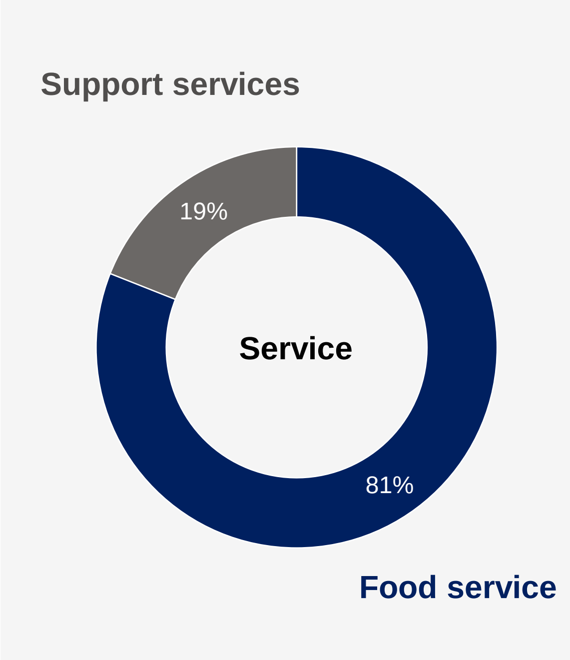
- A strong year of recovery
- Record new business wins and retention
- Exciting opportunity for future growth
- Creating a better business for all stakeholders

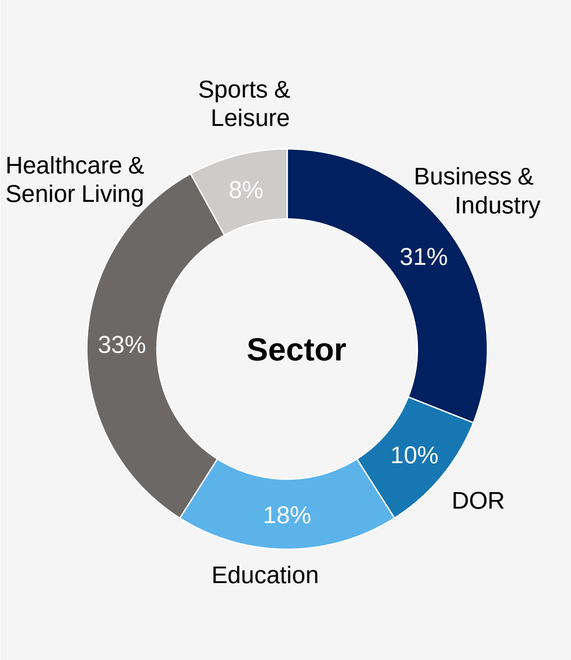
We expect revenue and profit growth above historical rates, returning margin to pre-pandemic levels

Supplementary Information

Revenue

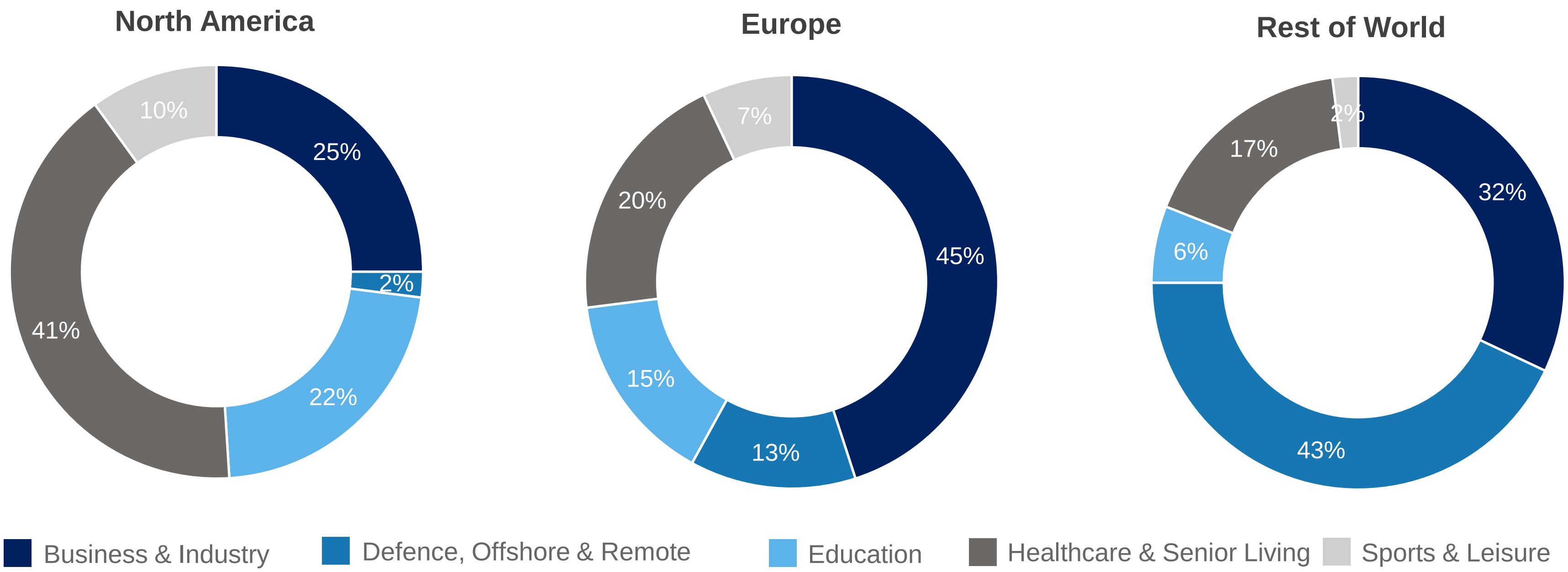






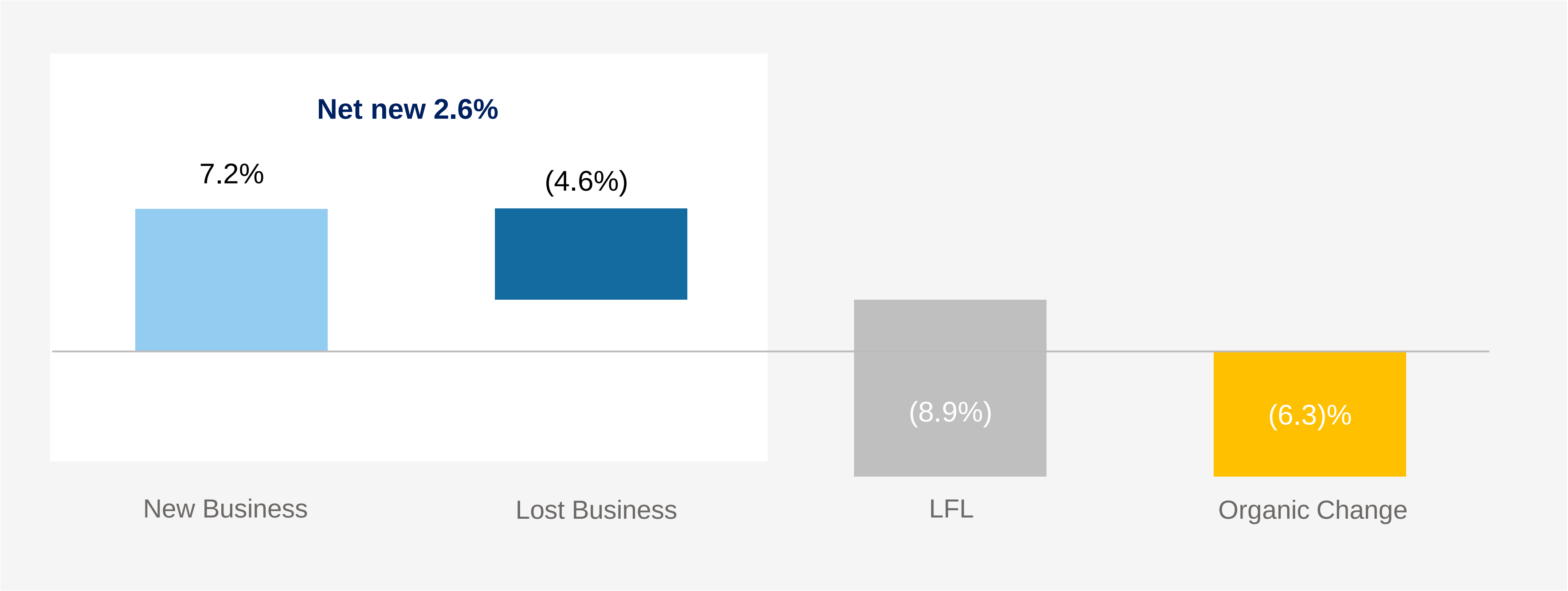
Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Geographic revenue by sector



Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

FY21 Organic growth split



Notes: Mobilised new business. Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Underlying revenue as % of 2019[1]

	Q1	Q2	Q3	Q4	FY
Business & Industry	61.5%	57.8%	60.8%	68.4%	**62.1%**
Education	66.9%	72.0%	77.7%	93.6%	**76.5%**
Healthcare & Senior Living	105.2%	105.2%	107.2%	111.3%	**107.2%**
Sports & Leisure	24.7%	28.3%	48.8%	89.3%	**49.1%**
Defence, Offshore & Remote	107.1%	108.6%	110.6%	108.8%	**108.8%**
Group	**71.1%**	**71.7%**	**76.2%**	**88.5%**	**76.8%**
North America	69.0%	70.2%	74.5%	90.1%	**75.9%**
Europe	71.3%	70.0%	74.3%	83.8%	**74.8%**
Rest of World	80.0%	83.5%	90.3%	90.3%	**86.0%**

Notes: [1] 2019 on a constant currency basis. See definitions in the supplementary slides.

Income statement

£m

	FY 2021	FY 2020
Operating profit	**811**	**561**
Net finance costs	(113)	(134)
Profit before tax	**698**	**427**
Tax	(171)	(116)
Profit after tax	**527**	**311**
Non-controlling interests	-	(2)
Attributable profit	**527**	**309**
Average number of shares (millions)	1,784	1,658
Basic earnings per share (pence)	29.5p	18.6p
Dividend per share	14.0p	-

Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Underlying cash flow

£m

	FY 2021	FY 2020
Operating profit	811	561
Depreciation and amortisation	743	857
EBITDA	**1,554**	**1,418**
Net capital expenditure	(610)	(706)
Trade working capital	165	(143)
Lease payments of principal	(153)	(152)
Other	48	103
Operating cash flow	**1,004**	**520**
Operating cash flow conversion	***124%***	***93%***
Net interest	(116)	(137)
Net tax	(200)	(228)
Other	(28)	58
Free cash flow	**660**	**213**
Free cash flow conversion	***81%***	***38%***

Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Geographic financials

£m	North America	Europe	Rest of World	Other[1]	Total
FY 2021					
Revenue	11,170	4,641	2,325		18,136
Organic growth	*(6.7)%*	*(9.6)%*	*3.0%*		*(6.3)%*
Operating profit	608	147	130	(74)	811
Margin	*5.4%*	*3.2%*	*5.6%*		*4.5%*
Cash flow	764	170	124	(398)	660
Cash flow conversion	*126%*	*116%*	*95%*		*81%*
ROCE	*11.9%*	*3.2%*[2]	*21.7%*		*7.7%*
FY 2020					
Revenue	12,746	5,048	2,404		20,198
Organic growth	*(18.5)%*	*(24.0)%*	*(7.9)%*		*(18.8)%*
Operating profit	606	(29)	94	(110)	561
Margin	*4.8%*	*(0.6)%*	*3.9%*		*2.9%*
Cash flow	488	67	118	(460)	213
Cash flow conversion	*81%*	*(231)%*	*126%*		*38%*
ROCE	*10.3%*	*(0.6)%*	*11.8%*		*4.7%*

Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

1. Other operating profit includes unallocated overheads £73m (2020: £85m), and share of losses from associates £(1)m (2020: £(25)m). Other cash flows includes net interest and tax.
2. Excluding goodwill arising from the Granada merger in 2000, ROCE would be 5.1% (2020: (0.9)%)

Cost benefits from resizing

£m

	Costs of resizing						Estimated annual benefits					
	In unit (MAP 4)	Above unit (MAP 5)	FY 2020 Total	In unit (MAP 4)	Above unit (MAP 5)	FY 2021 Total	In unit (MAP 4)	Above unit (MAP 5)	FY 2020 Total	In unit (MAP 4)	Above unit (MAP 5)	FY 2021 Total
North America	22	26	**48**	-	-	**-**	140	55	**195**	-	-	**-**
Europe	41	20	**61**	130	19	**149**	100	13	**113**	212	19	**231**
Rest of World	11	2	**13**	7	1	**8**	40	2	**42**	10	1	**11**
Group	**74**	**48**	**122**	**137**	**20**	**157**	**280**	**70**	**350**	**222**	**20**	**242**

FY 2022: Further guidance for modelling purposes

- Interest charge c.£110m
- Effective tax rate c.25%
- Capex c.3.5% of revenue
- Cash outflows:
    - c.£115m resizing charges
    - c.£110m due to payroll timings, reverses in FY24

Balance sheet

Overview (£m)	FY 2021	FY 2020
Goodwill	4,550	4,669
Other non-current assets	4,556	4,900
Working capital	(1,255)	(1,128)
Net Assets held for sale	17	6
Provisions	(581)	(637)
Post employment benefit obligations	129	190
Current tax payable	(87)	(117)
Deferred tax	128	26
Net debt	(2,538)	(3,006)
Net assets	**4,919**	**4,813**
Shareholders' equity	4,891	4,790
Non-controlling interests	28	23
Total equity	**4,919**	**4,813**

Components of net debt

	£m
Bonds	2,305
Private placements	1,075
	3,380
Leases	845
Other loans and fair value accounting adjustments	71
Derivatives	(102)
Gross debt	**4,194**
Cash net of overdrafts	(1,656)
Closing net debt at 30 September 2021	**2,538**

Notes: Based on nominal value of borrowings as at 30 September 2021.

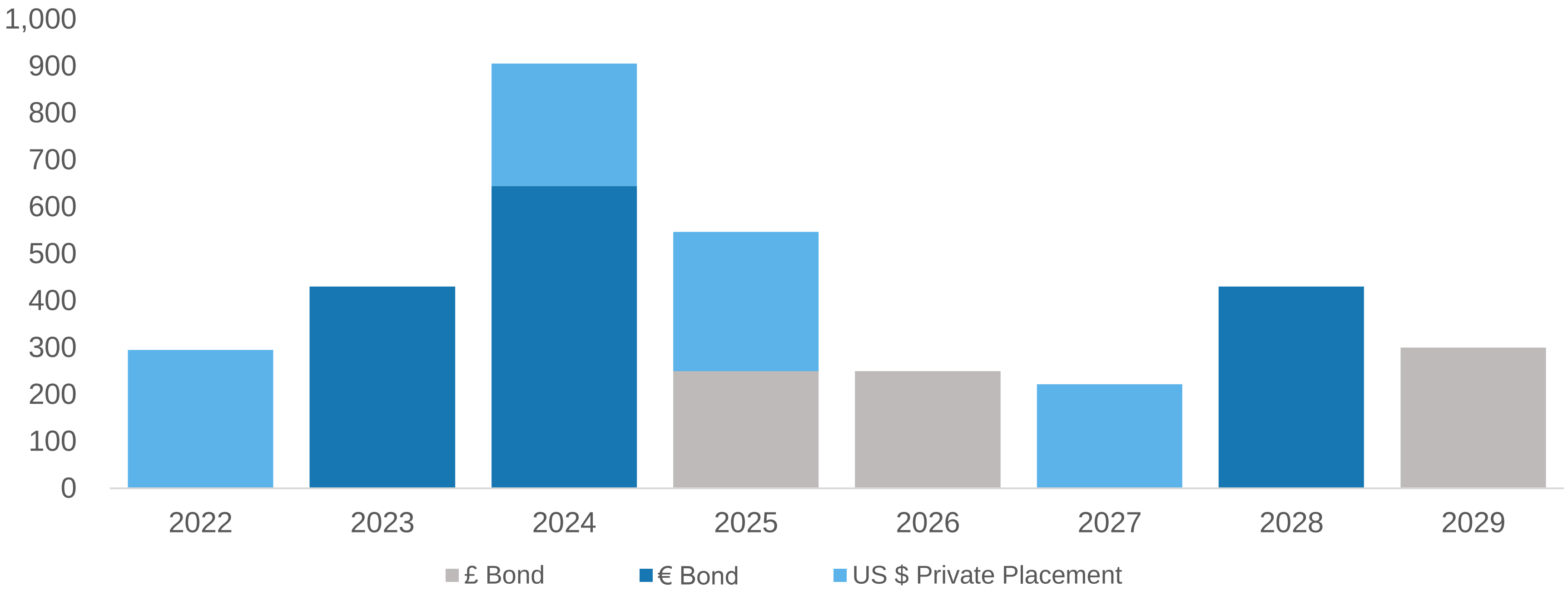
Financing

Principal borrowings	Coupon	Maturing in Financial Year	Drawn £m
Bonds			
€500m	1.875%	2023	430
€750m	0.625%	2024	645
€500m	1.500%	2028	430
£250m	2.000%	2025	250
£250m	3.850%	2026	250
£300m	2.000%	2029	300
Total			**2,305**
US private placements			
$750m (2011 Notes)	3.98% - 4.12%	2022 - 2024	556
$300m (2014 Notes)	3.81%	2025	223
$400m (2015 Notes)	3.54% - 3.64%	2025 - 2027	296
Total			**1,075**
Bank loans			
£2,000m syndicated facility		2026	-
Total			**-**
Total			**3,380**

Notes: Based on borrowings as at 30 September 2021. Interest rates shown are those in force on the date the debt was issued. The Group uses interest rate swaps to manage its effective interest rate. No other adjustments have been made for hedging instruments, fees or discounts. Bonds, private placements and bank loans are held by Compass Group PLC apart from the €750m 2024 & €500m 2028 bonds which are held by CGFNBV, which is a wholly owned subsidiary. Of the £2,000m syndicated facility, £140m expires in 2024 and the remaining £1,860m expires in 2026

Maturity profile

£m



Notes: Based on borrowings and facilities in place as at 30 September 2021, maturing in the financial year ending 30 September.
The average life of the Group's principal borrowings is 3.7 years (2020: 4.6 years).

Financing

Debt ratios and credit ratings

Ratings	Short term	Long term	Outlook	Latest Update
Standard & Poors	A-1	A	Negative	21 Dec 20
Moody's	P-2	A3	Stable	17 Dec 20

Ratios for USPP covenant purposes	FY 2021	FY 2020
Net debt[1] / EBITDA[2]	1.5x	2.3x
EBITDA[2] / net interest[3]	14.7x	9.6x

Reported ratios*	FY 2021	FY 2020
Net debt / underlying EBITDA	1.6x	2.1x

Notes: 1.Net debt excludes leases, derivatives and restricted cash in line with the covenant definitions.
2. EBITDA includes share of profit of associates and profit from discontinued business but excludes exceptional profits and is adjusted where necessary for covenant definitions.
3. Interest excludes leases, the element of finance charges resulting from hedge accounting ineffectiveness and the change in the fair value of investments.
* Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Liquidity position

£m

	FY 2021	FY 2020
Revolving Credit Facility maturing 2026[1]	2,000	2,000
Revolving Credit Facility maturing 2021[2]	-	800
Total Committed Revolving Credit Facilities (RCF)	**2,000**	**2,800**
Bank of England COVID Corporate Finance Facility (CCFF)[3]	-	600
Total Unutilised Committed Credit Facilities	**2,000**	**3,400**
Cash net of overdrafts	1,656	1,387
TOTAL LIQUIDITY	**3,656**	**4,787**

Notes: 1. Maturity date on £2bn extended from 2025 to 2026 during the year. £140m matures in 2024
2. This facility matured on 3rd April 2021 and has now expired
3. Expired during the year

Currency impact on revenue and operating profit

£m

	IMPACT ON FY 2021	IMPACT ON FY 2020
USD	7	(31)
CAD	1	-
AUD	(1)	2
EUR	(3)	-
TRY	(3)	(4)
BRL	-	1
JPY	-	(1)
UAE	-	(2)
Other	(1)	(4)
Total currency impact on profit	**-**	**(39)**
Total currency impact on revenue	**(30)**	**(964)**

Notes: Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.
Impact on FY 2021 profit assumes current spot rates on 18 Nov 2021 continue for the full year

Exchange rates

Rates used in consolidation

	Income Statement [1]		Balance Sheet [2]	
	2021 per £	2020 per £	2021 per £	2020 per £
Australian Dollar	1.83	1.89	1.87	1.80
Brazilian Real	7.35	6.21	7.35	7.29
Canadian Dollar	1.73	1.72	1.71	1.73
Euro	1.15	1.14	1.16	1.10
Japanese Yen	147.07	137.83	150.44	136.43
Turkish Lira	11.07	8.34	11.98	9.96
UAE Dirhams	5.02	4.71	4.95	4.75
US Dollar	1.37	1.28	1.35	1.29

Notes: 1. Income statement uses average monthly closing rates for the 12 months to 30 September
2. Balance sheet uses the closing rate as at 30 September

Exchange rates

Effect on 2021 revenue and profit

US DOLLAR		
£m cumulative change for an incremental 5 cent movement		
Exchange Rate	Revenue Change	Profit Change
1.62	(1,651)	(88.1)
1.57	(1,363)	(72.7)
1.52	(1,056)	(56.3)
1.47	(728)	(38.8)
1.42	(377)	(20.1)
1.37	-	-
1.32	406	21.6
1.27	843	45.0
1.22	1,317	70.3
1.17	1,831	97.7

CANADIAN DOLLAR		
£m cumulative change for an incremental 5 cent movement		
Exchange Rate	Revenue Change	Profit Change
1.98	(66)	(4.6)
1.93	(54)	(3.9)
1.88	(42)	(3.0)
1.83	(29)	(2.0)
1.78	(15)	(1.0)
1.73	-	-
1.68	16	1.1
1.63	32	2.3
1.58	50	3.5
1.53	69	4.9

AUSTRALIAN DOLLAR		
£m cumulative change for an incremental 5 cent movement		
Exchange Rate	Revenue Change	Profit Change
2.08	(93)	(8.1)
2.03	(76)	(6.7)
1.98	(59)	(5.1)
1.93	(40)	(3.5)
1.88	(21)	(1.8)
1.83	-	-
1.78	22	1.9
1.73	45	3.9
1.68	69	6.0
1.63	95	8.3

Notes: Cumulative revenue and operating profit change arising by restating the 2021 full year revenue and operating profit of the relevant currency for the incremental changes in exchange rates shown.

Exchange rates

Effect on 2021 revenue and profit

EURO		
£m cumulative change for an incremental 5 cent movement		
Exchange Rate	Revenue Change	Profit Change
1.40	(360)	(14.4)
1.35	(299)	(12.0)
1.30	(233)	(9.3)
1.25	(161)	(6.5)
1.20	(84)	(3.4)
1.15	-	-
1.10	92	3.7
1.05	192	7.7
1.00	303	12.1
0.95	425	17.0

TURKISH LIRA		
£m cumulative change for an incremental 20 kurus movement		
Exchange Rate	Revenue Change	Profit Change
12.07	(21)	(1.1)
11.87	(17)	(0.9)
11.67	(13)	(0.7)
11.47	(9)	(0.5)
11.27	(5)	(0.2)
11.07	-	-
10.87	5	0.3
10.67	10	0.5
10.47	15	0.8
10.27	20	1.1

BRAZILIAN REAL		
£m cumulative change for an incremental 20 centavo movement		
Exchange Rate	Revenue Change	Profit Change
8.35	(38)	(1.4)
8.15	(31)	(1.2)
7.95	(24)	(0.9)
7.75	(16)	(0.6)
7.55	(8)	(0.3)
7.35	-	-
7.15	9	0.4
6.95	18	0.7
6.75	28	1.1
6.55	39	1.5

Notes: Cumulative revenue and operating profit change arising by restating the 2021 full year revenue and operating profit of the relevant currency for the incremental changes in exchange rates shown.

Change in Alternative Performance Measures

	FY 2021 reported	Definition change for FY 2022	FY 2021 under new definition	Impact
Margin	4.5%	To include associate income	4.5%	-
Capex as % of revenue	3.6%	From gross to net capex	3.4%	(20bps)
Return on capital employed (ROCE)	7.7%	Simplified capital employed[1]	8.7%	100bps

Notes: 1. New definition of capital employed has been simplified to be “total equity shareholders' funds excluding net debt and post-employment benefit obligations”. Based on underlying performance at reported exchange rates unless indicated otherwise, see the definitions.

Definitions

INCOME STATEMENT

Underlying revenue	Revenue plus share of revenue of joint ventures.
Organic revenue	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.
Underlying operating profit	Operating profit excluding specific adjusting items*.
Regional underlying operating profit	Underlying operating profit excluding share of results of associates.
Underlying operating margin	Regional underlying operating profit divided by underlying revenue.
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.
Net operating profit after tax (NOPAT)	Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.
Underlying EBITDA	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract related assets.
Underlying net finance costs	Net finance costs excluding specific adjusting items*.
Underlying profit before tax	Profit before tax excluding specific adjusting items*.
Underlying tax expense	Tax expense excluding tax attributable to specific adjusting items*.
Underlying effective tax rate	Underlying tax charge divided by underlying profit before tax.
Underlying profit for the year	Profit for the year excluding specific adjusting items* and tax attributable to those items.
Underlying earnings per share	Earnings per share excluding specific adjusting items* and tax attributable to those items.

* Specific adjusting items are acquisition-related costs, one-off pension charge, cost action programme and COVID-19 resizing costs, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.

Definitions

BALANCE SHEET

Net debt	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.
Net debt to EBITDA	Net debt divided by underlying EBITDA.
Capital employed	Total equity shareholders' funds excluding net debt, post employment benefit obligations net of deferred tax, amortised intangible assets acquired through business combinations, impaired goodwill, the Group's non-controlling partners' share of net assets and the net assets of discontinued operations.
Return on capital employed (ROCE)	NOPAT divided by 12-month average capital employed.

CASH FLOW

Gross capital expenditure	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments.
Net capital expenditure	Gross capital expenditure, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.
Free cash flow	Net cash flow from operating activities, less 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.
Underlying free cash flow	Free cash flow excluding cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.
Underlying free cash flow conversion	Underlying free cash flow divided by underlying operating profit.
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.

* Specific adjusting items are acquisition-related costs, one-off pension charge, cost action programme and COVID-19 resizing costs, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items, including hedge accounting ineffectiveness and change in the fair value of investments.