

Chair's letter

Another year of strong progress

Ian Meakins
Chair of the Board



Dear Shareholder

I am pleased to report that Compass has delivered yet another year of strong progress, both in terms of revenue growth and margin improvement.

The outsourcing market remains buoyant, driven by macroeconomic pressures, such as heightened inflation, and increasing operational complexity as consumers demand a more sophisticated food service offering, with digital and sustainability being the key drivers of growth.

People

Our people are at the heart of who we are and what we do. Our aim is to provide a culture in which our people thrive and feel valued for who they are and what they bring to Compass. They drive the business forward and make Compass a great place to work. I would like to take this opportunity to thank all our people for their hard work, dedication, and commitment to the business.

Financial results

The Group delivered excellent organic revenue growth of 18.8%¹ and underlying operating margin increased by 60bps compared with the prior year to 6.8%¹. This resulted in underlying operating profit increasing by 29.6%¹ on a constant-currency basis to £2,122 million¹. On a statutory basis, revenue increased by 21.6% to £31,028 million and operating profit was up 26.1% to £1,891 million.

Shareholder returns

The Board recognises the importance of shareholder returns and has been rewarding investors through dividends and share buybacks. Our policy is to pay out around 50% of underlying earnings through an interim and final dividend. In line with this policy, the Board has declared a final dividend of 28.1 pence per share, which, when added to the interim dividend, provides a total dividend for the year of 43.1 pence. We also provided additional capital returns through the year in the form of share buybacks.

Strategy

Our strategy is to focus on food, with targeted support services. The addressable food services market is estimated to be worth at least \$300 billion, with a significant structural growth opportunity from first-time outsourcing, as around half of the market is still self-operated.

We have a strategic focus on People, Performance and Purpose. These pillars underpin all that we do in our ambition to deliver value to all our stakeholders.

Sustainability

Our Planet Promise is the Group's global commitment to a sustainable future for all. It encompasses our 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

1. Alternative Performance Measure (APM) (see pages 206 to 213). The Group's APMs are defined in note 34 (non-GAAP measures) and reconciled to GAAP measures in notes 2 (segmental analysis) and 34 to the consolidated financial statements.

also key to our growth aspirations as sustainability is also a priority for many of our clients.

Governance and Board changes

As your Chair, one of my key responsibilities is to ensure good governance (see pages 56 to 126), and I continue to be well supported by my fellow Board members.

As previously announced, after a career of nearly 40 years at Compass, Gary Green will retire as Group Chief Operating Officer, North America and as a director of Compass Group PLC on 30 November 2023. Gary will be succeeded by Palmer Brown, Group Chief Financial Officer, who joined Compass 22 years ago and has spent most of his working career in North America in a variety of senior finance, strategy, and legal roles. In turn, Palmer will be succeeded by Petros Parras, Regional Finance Director for Europe and the Middle East, who joined the business in January 2020.

On behalf of the Board, I would like to thank Gary for his enormous contribution to Compass and offer him our best wishes for a very happy retirement. I would also like to extend the Board's congratulations to Palmer and Petros on their appointments to their new roles.

Carol Arrowsmith will retire from the Board at the conclusion of the 2024 AGM having served more than nine years on the Board. On behalf of the Board, I would like to thank Carol for her considerable contribution as a non-executive director and for her leadership and stewardship of the Remuneration Committee. I would also like to offer Carol our best wishes for the future. More details of all of these changes can be found in the Nomination Committee Report on pages 93 to 96.

Summary

The Group continued to perform strongly in 2023 both in terms of growth and margin. We are successfully capitalising on the significant structural growth opportunities, particularly in first-time outsourcing, as we leverage our scale and expertise to achieve strong new business wins.

Compass is a fantastic business with a clear strategy and significant growth potential. We look forward to continuing our journey and generating further sustainable long-term value for all our stakeholders.

Ian Meakins
Chair of the Board

20 November 2023

Statement on section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires the directors to promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making.

The Company's section 172 statement is set out on page 80 and is incorporated into this Strategic report by reference.