

Fiscal 2018 First-Half Results

Road show London

Bernstein

April 19, 2018

FORWARD-LOOKING INFORMATION

This presentation contains statements that may be considered as forward-looking statements and as such may not relate strictly to historical or current facts.

These statements represent management's views as of the date they are made and Sodexo assumes no obligation to update them.

Figures have been prepared in thousands of euro and published in millions of euro.

**Alternative Performance Measures:
please refer to Appendix 6 for definitions**

AGENDA

1. First Half Fiscal 2018 highlights
2. Financial performance
3. Review of Operations:
 - › Organic Growth
 - › Underlying Operating Profit
4. Outlook for Fiscal 2018
5. Action Plan
6. Appendices

FISCAL 2018 FIRST HALF HIGHLIGHTS



FIRST HALF FISCAL 2018: SUMMARY

Organic revenue growth of +1.9%, excluding 53rd week, for the First half of Fiscal 2018, and underlying margin of 6.1% were below expectations

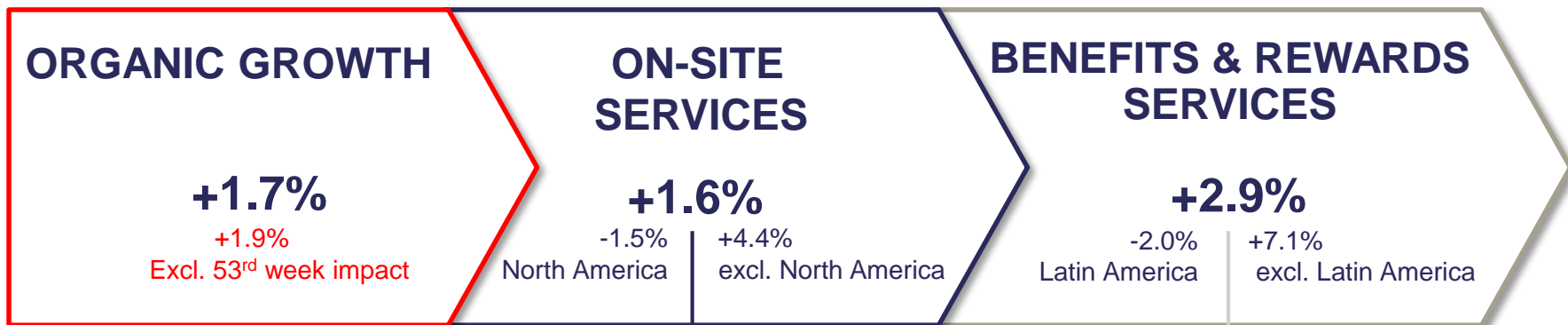
Clear set of action plans in place, both short and medium term

The Group continues to generate substantial cash flow and the balance sheet remains strong

The Group remains well-positioned in structurally attractive global growth market

MODEST GROWTH

First Half Fiscal 2018 highlights



- **Good momentum in Business & Administrations**
 - Ramp-ups in Energy & Resources
 - modest pick-up in France
 - Strong dynamic in developing economies
- **Health Care & Seniors soft in North America and Europe but very strong in developing economies**
- **Education suffering from prior year net losses in Universities**
- **Benefits & Rewards Services strong growth in Europe. Brazil impacted by interest rate decline**

DECREASE OF UNDERLYING OPERATING PROFIT

First Half Fiscal 2018 highlights

Underlying Operating profit

-15.0%
TOTAL
GROWTH

-7.4%
EXCLUDING
CURRENCY*

Underlying Operating profit margin

-80 bps
TOTAL
GROWTH

-70 bps
EXCLUDING
CURRENCY*

▪ Expected in H1

- Lower interest rates in Brazil
- Deconsolidation of certain activities
- Additional savings generated by the Adaptation and Simplification Program, reinvested to enhance growth

▪ Unplanned incremental factors in H1

- Delays in implementation of performance enhancement leading to margin deterioration in North America mainly in Education and Health Care
- Significant contracts ramp up not yet at expected level of profitability

STRONG NET PROFIT, BALANCE SHEET AND CASH FLOW

First Half Fiscal 2018 highlights

Tax rate down

32.6%

H1 FY17

25.9%

H1 FY18

Solid Balance sheet

1.1x

NET DEBT
RATIO

49%

GEARING

Increased Net Acquisitions

€674m spent

1.3%

net contribution to revenues

Group Net profit growth

+6.9%

TOTAL
GROWTH

+13.9%

EXCLUDING
CURRENCY*

Strong free cash flow

€125m

Share buyback program

€300m

FINANCIAL PERFORMANCE



PERFORMANCE IN THE P&L

First Half Fiscal 2018 Financial Performance

€ millions	H1 FY 2018	H1 FY 2017	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	10,293	10,634	-3.2%	+3.0%
Underlying Operating profit	627	738	-15.0%	-7.4%
Underlying Operating margin	6.1%	6.9%	-80 bps	-70 bps
Other Operating income and expenses	(73)	(153)		
Operating profit	554	586	-5.4%	+4.1%
Net financial expense	(44)	(56)		
Effective tax rate	25.9%	32.6%		
Underlying Group net profit	397	458	-13.4%	-7.6%
Group net profit	372	348	+6.9%	+13.9%

ROBUST CASH FLOW

First Half Fiscal 2018 Financial Performance

€ millions

	H1 FY2018	H1 FY2017
Operating cash flow	650	523
Change in working capital ¹	(402)	(388)
Net capital expenditure	(123)	(105)
Free cash flow	125	30
Net acquisitions	(674)	(165)
Share buy-backs/ Treasury stock	(49)	(302) ²
Dividends paid to parent company shareholders	(411)	(359)
Other changes (including change in Financial Assets, scope and exchange rates)	(43)	(31)
(Increase)/decrease in net debt	(1,052)	(827)

¹ Excluding change in financial assets in Benefits & Rewards of €(73)m in H1 FY'18 and €(38)m in H1 FY'17.

Total Change in working capital as reported in Consolidated Cash Flow statement: H1 **FY'18** of €(475)m = €(402)m + €(73)m and H1 **FY'17** of €(426)m = €(388)m + €(38)m

² including 300m€ of the 2017 share buy-back program

ROBUST BALANCE SHEET AND RATIOS

First Half Fiscal 2018 Financial Performance

€ millions

	February 28, 2018	February 28, 2017		February 28, 2018	February 28, 2017
Non-current assets	7,981	7,916	Shareholders' equity	3,343	3,574
Current assets excluding cash	5,207	5,532	Non-controlling interests	34	39
Restricted cash Benefits & Rewards	495	486	Non-current liabilities	3,956	4,227
Financial assets Benefits & Rewards	465	376	Current liabilities	8,335	8,168
Cash	1,519	1,698			
Total assets	15,668	16,008	Total liabilities & equity	15,668	16,008
			Gross borrowings	4,062	3,758
			Net debt	1,663	1,234
			Gearing ratio	49%	34%
			Net debt ratio (net debt/EBITDA)	1.1	0.9

Operating cash totaled **€2,399 million¹**, of which **€2,002 million** related to **Benefits and Rewards Services**

¹ Cash – Bank overdrafts of €81m + Financial assets related to BRS activity

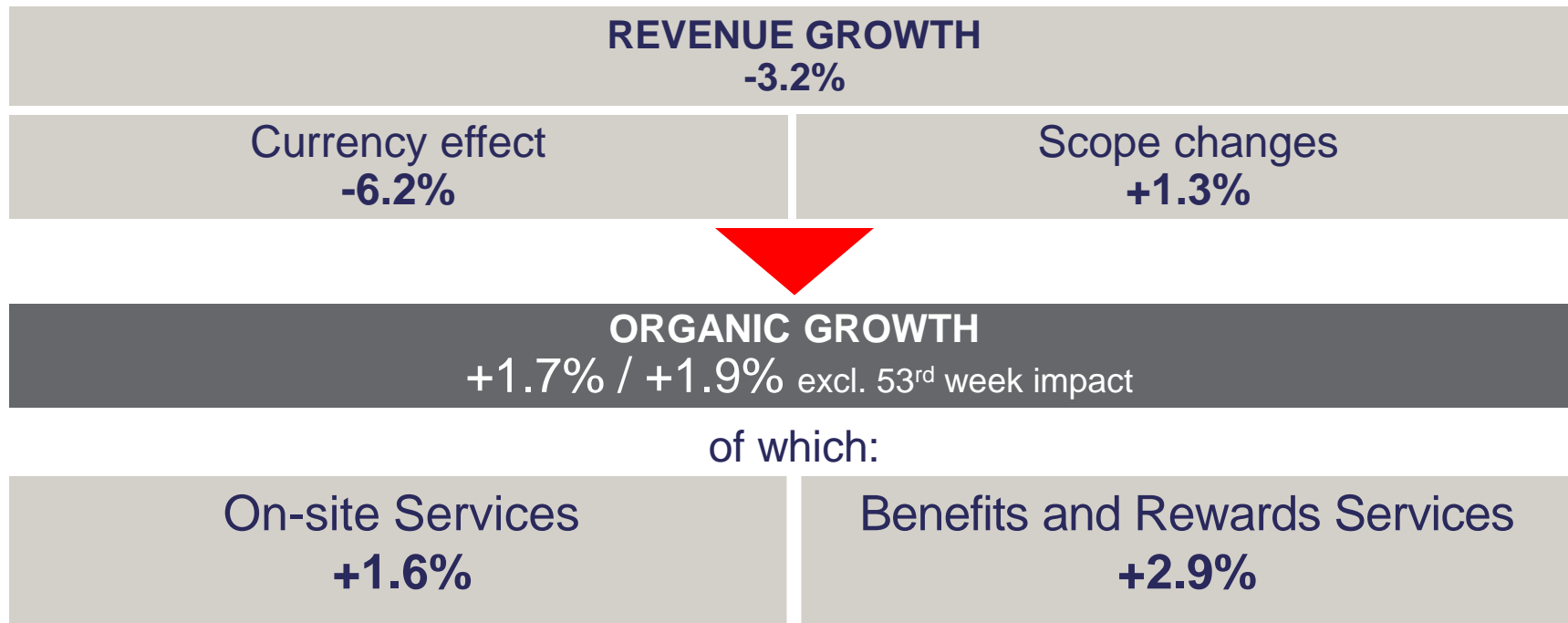
REVIEW OF OPERATIONS

**On-site Services
Benefits & Rewards
Services**

3

ORGANIC GROWTH

First Half Fiscal 2018 Financial Performance



53rd WEEK WORKING DAYS

FY16	>	52 weeks x 7	364
FY17	>	52 weeks x 7 + 6 days	370
FY18	>	A calendar year	365

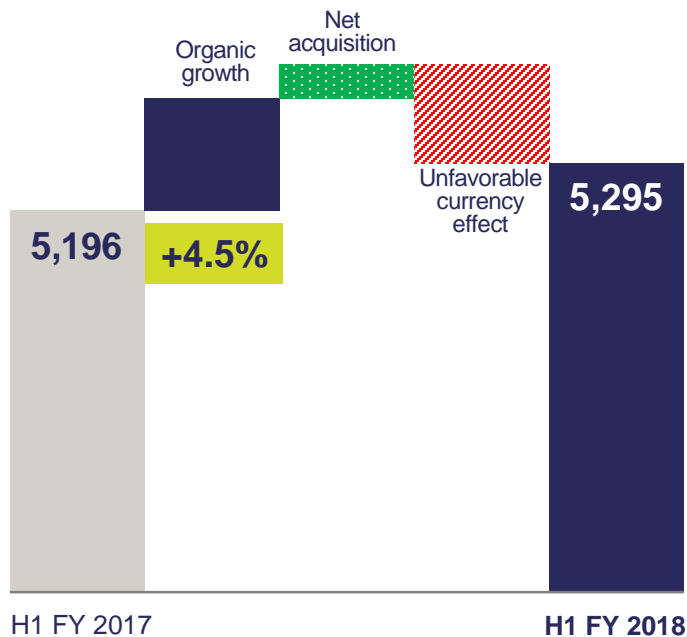


Impacts		
Q1	>	0
H1	>	-1
9M	>	0
FY	>	-5

BUSINESS & ADMINISTRATIONS – REVENUES

ORGANIC GROWTH

€ millions



+2.7%

North America

- Strong growth in Airline lounge activity
- Significant project work in Q1
- Increase in comparable unit sales

+1.2%

Europe

- Contract openings and continued recovery in tourism in France
- Energy & Resources -17%
- Solid growth in Government & Agencies

+12.4%

Africa, Asia, Australia, Latin America & Middle East

- Strong growth in Corporate driven by strong new business and comparable unit sales
- Energy & Resources favorable momentum

54%
On-site
Services
FY 17

24%

of FY17
B&A

50%

of FY17
B&A

26%

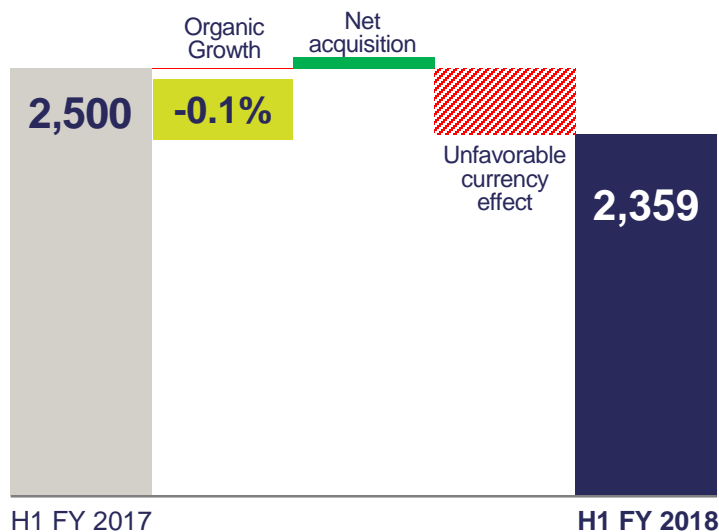
of FY17
B&A

HEALTH CARE & SENIORS – REVENUES



ORGANIC GROWTH

€ millions



-1.6%

North America

- Lower than expected new contract wins
- Weak comparable unit growth

-0.2%

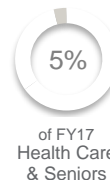
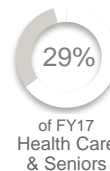
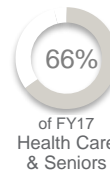
Europe

- Selective bidding in France and UK still ongoing; some recent wins in UK

+16.6%¹

Africa, Asia, Australia, Latin America & Middle East

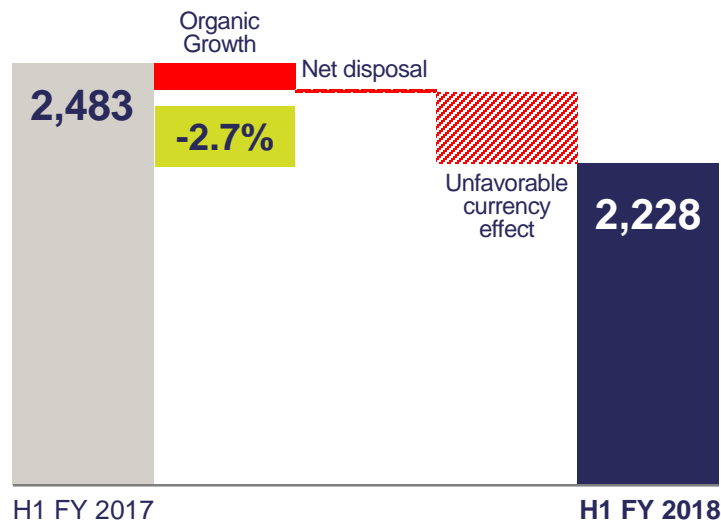
- Strong double digit growth in Brazil due to contract wins and increased same site sales
- Solid comparable growth in Asia



EDUCATION – REVENUES



€ millions



ORGANIC GROWTH

-4.1%

North America

- Poor momentum from last year
- Steady comparable unit growth
- Improving retention to date

+2.7%

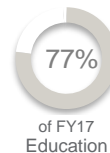
Europe

- High single digit growth in Schools in UK particularly in the private sector
- Positive calendar effect (+2 days) in France and Italy

+15.8%¹

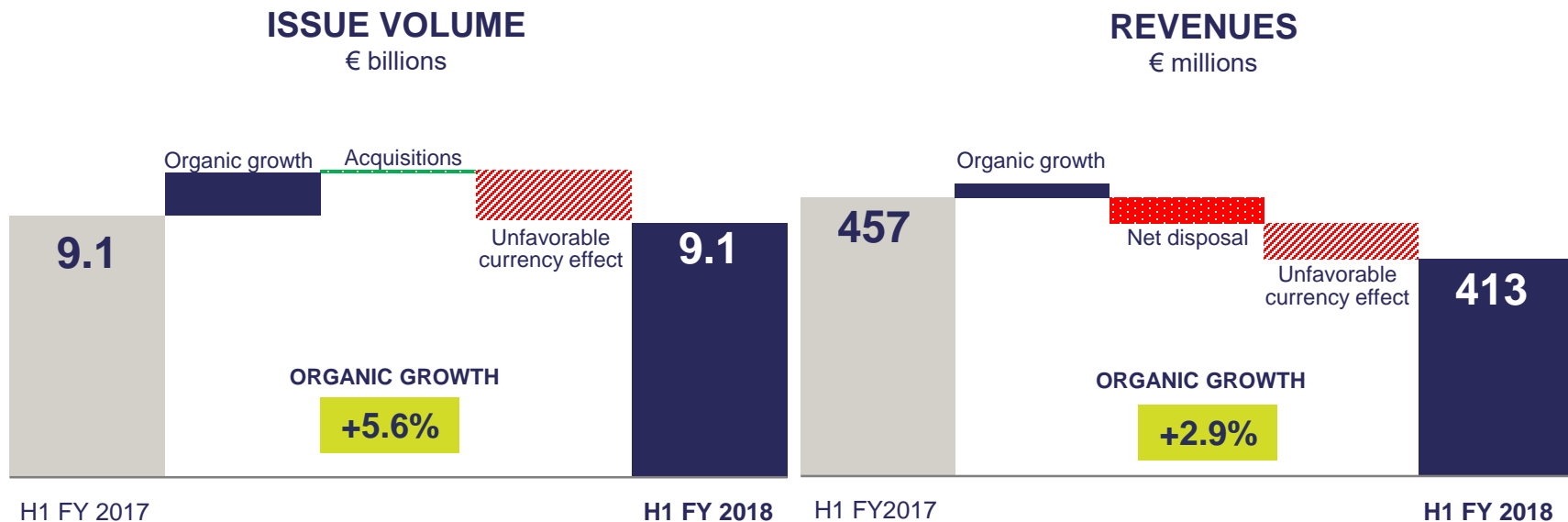
Africa, Asia, Australia, Latin America & Middle East

- Very strong growth in Schools in Asia particularly in India and China



ISSUE VOLUME AND REVENUES

Benefits & Rewards Services



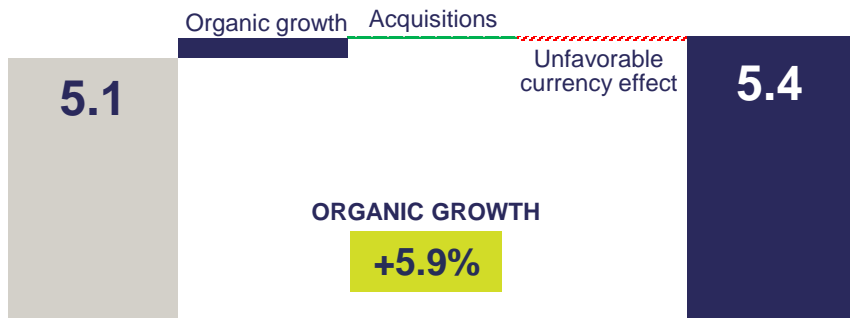
EUROPE, ASIA, USA

Benefits & Rewards Services



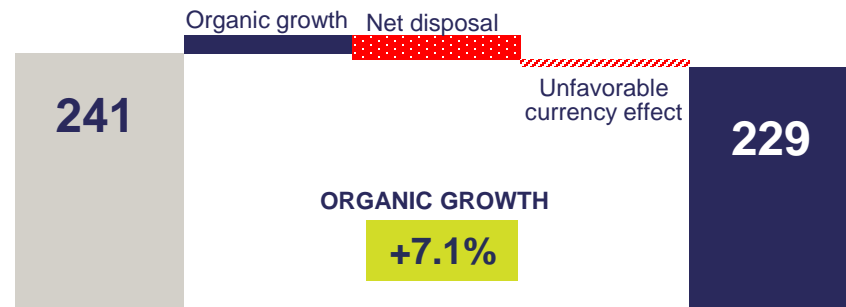
ISSUE VOLUME

€ billions



REVENUES

€ millions



H1 FY 2017

H1 FY 2018

H1 FY 2017

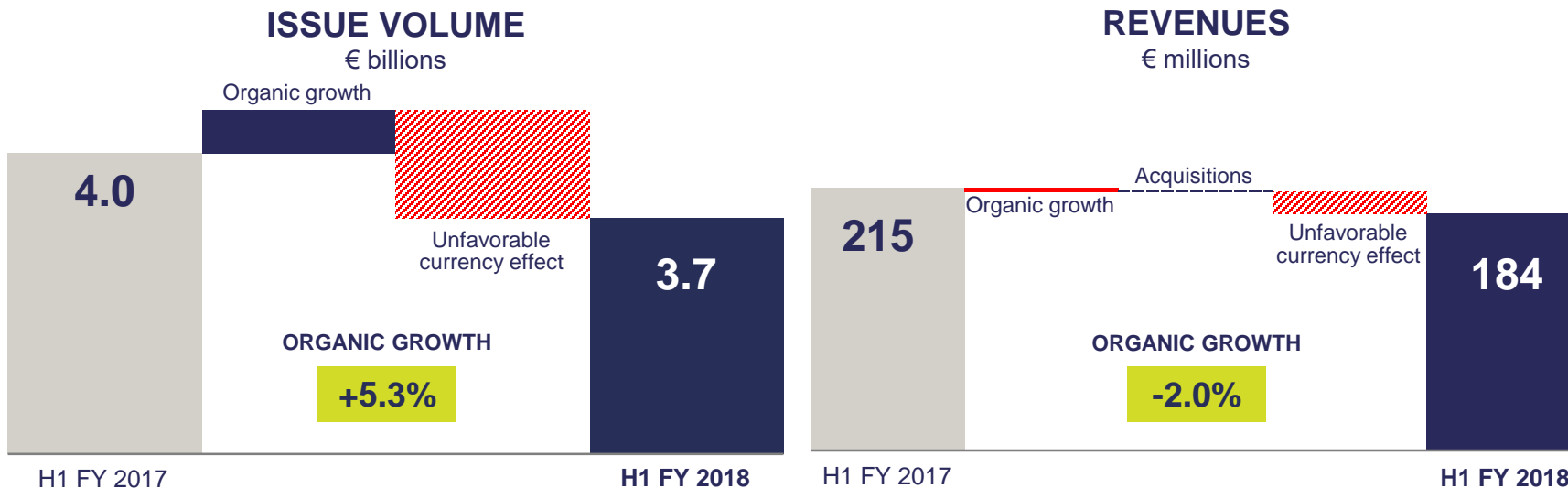
H1 FY 2018

- Robust growth in Central Europe
- Continued growth in Incentive & Recognition
- Weakness in India impacted by mandatory transfer from paper to card on January 1st and a loss of a large contract
- Disposal of Vivabox US, last year in Q4, impacting H1 strongly due to seasonality

LATIN AMERICA

Benefits & Rewards Services

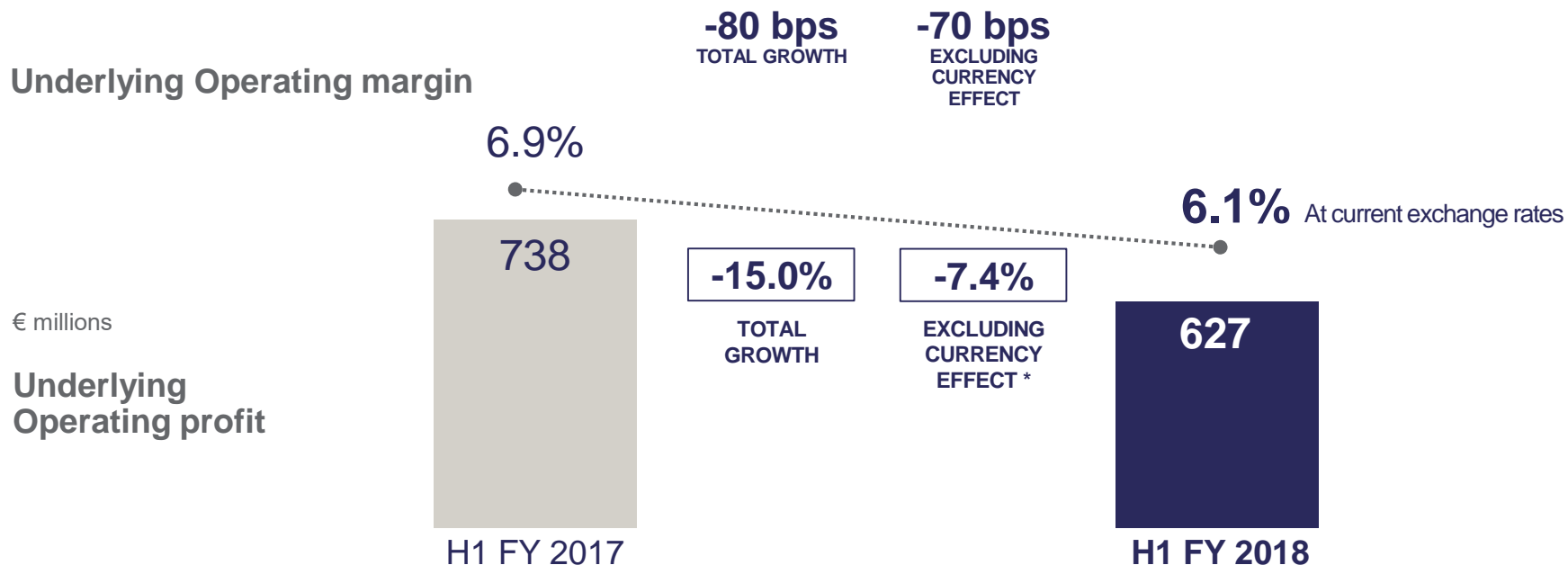
47%
FY 17 BRS
revenues



- Weakness in Brazil impacted by lower interest rates and number of beneficiaries slightly offset by increase in average face value
- Continued growth in Chile and Mexico

DETERIORATION IN UNDERLYING OPERATING PROFIT

First Half Fiscal 2018 Financial Performance



UNDERLYING OPERATING PROFIT AND MARGIN

	H1 FY 2017	H1 FY 2018	At constant rate	
Business & Administration	224M€ +4.3%*	207M€ +3.9%*	-40 bps	<ul style="list-style-type: none"> Loss of several high margin accounts Slower than expected ramp-up in profitability of some recent large contracts
Health Care & Seniors	159M€ +6.4%*	145M€ +6.1%*	-20 bps	<ul style="list-style-type: none"> Delay in SKU rationalization plan Higher labor inflation in North America Lower performance on some large contracts
Education	252M€ +10.1%*	211M€ +9.5%*	-60 bps	<ul style="list-style-type: none"> Delay in delivery of performance improvement plans Higher labor inflation in North America Impact of negative net development from last year
Benefits & Rewards	156M€ +34.1%*	124M€ +30.0%*	-320 bps	<ul style="list-style-type: none"> Decline in interest rates in Brazil Investment in diversification, in particular Mobility Accelerated card migration

OUTLOOK



4

REVISED FISCAL 2018 OBJECTIVES

Outlook

In H1 Fiscal 2018

- Soft growth in revenues
- Decrease in margins
- Strong cash flow

- Low level of signatures since the beginning of the Fiscal Year
- Continued weakness in North America especially Health Care & Seniors
- Negative calendar effect in Education in Q3
- Government & Agencies impacted by UK Army losses
- Slow-down in Energy & Resources

- Compounded effects of delayed efficiency ramp-ups
- A further deterioration expected in North America Health Care before the delivery of action plans

Organic revenue growth of between 1 and 1.5%

excluding 53rd week impact

Underlying operating profit margin around at 5.7%

(excluding currency effects)

ACTION PLAN

A large, bold, white number '5' is centered on a dark blue rectangular background. The number is stylized with a thick stroke and a slight shadow effect, giving it a three-dimensional appearance. The background is a solid, dark blue color.

IMMEDIATE ACTION PLAN

DESIGNED FOR NORTH AMERICA BUT IMPLEMENTED ACROSS REGIONS

IMPROVING FOOD COST MANAGEMENT

- › Rationalize SKUs
- › Control drop frequency more strictly
- › Further increase supplier and product compliance
- › Accelerate synergies from acquisitions

OPTIMIZING SG&A/OUT OF UNITS

- › Introduce Zero base redesign
- › Consolidate back-office including acquisitions
- › Simplify the organization
- › Reduce discretionary spend

**STRENGTHENED
MANAGEMENT
TEAM:
RIGHT PEOPLE,
RIGHT ROLES**

ENHANCING LABOR PRODUCTIVITY

- › Enhance demand-based scheduling to adapt on site productive hours to better meet needs
- › Improve overtime management
- › Rationalize temporary labor
- › Re-engineer Full time/ Part time mix

ADRESSING LOW PERFORMING CONTRACTS

- › Implement detailed action plan for each of the top low performing contracts
- › Enhance claim management and client renegotiations
- › Ensure close monitoring by Executive committee member for each contract

EMBEDDED IN A LONG TERM STRATEGIC AGENDA

THE STRATEGIC AGENDA

FOCUS ON GROWTH

FOCUS ON
EXECUTION

GROWTH

OPERATIONAL
EFFICIENCY

IMPROVING FOOD COST MANAGEMENT
Widely implemented
Control shop frequency more strictly
Further explore supplier and product
alternatives
Accelerate synergies from acquisitions

ENHANCING LABOR PRODUCTIVITY
Operational excellence continues to drive our
productivity focus to better meet clients
requirements
Temporary labor substitution
Re-assignment of full-time staff where
needed

OPTIMIZING SGM/ OUT OF UNITS
Initiated Zero based budgeting
Completed base office reorganizing program
Simplify the organization
Review discretionary spend

ADDRESSING LOW PERFORMING CONTRACTS
Detailed action plan for each of the top
low performing contracts
Business plan management
and client engagement
Close monitoring by Contract Director
for each contract

FOCUS ON
WHAT MAKES
A REAL
DIFFERENCE

TALENT

STRENGTHENED
MANAGEMENT
TEAM:
RIGHT PEOPLE,
RIGHT ROLES

CORPORATE
RESPONSIBILITY

With a unified and rigorous
performance management
Program (STEP)

STEP: A UNIFIED AND RIGOROUS PERFORMANCE MANAGEMENT PROGRAM

STEP

New approach

- Redefine and track common key operational drivers
- Align for consistency
- Use STEP for:
 - › Business Reviews
 - › Definition of objectives
 - › Performance appreciation

STEP 1
Client Sales & Marketing

STEP 2
Consumer Sales & Marketing

STEP 3
Labor Efficiency

STEP 4
Material Costs

STEP 5
Overhead Costs

STEP 6
People

STEP 7
Social Impact

THE WAY FORWARD

Discipline and
Accountability for
a better execution

Sodexo is well placed in attractive, structural growth markets and, with a reinvigorated performance culture and improved execution, will return to delivering strong growth over time

STEP
program

Refocus our people
on operational
excellence

Clear set
of immediate
action plans

Refreshed
management team

Specific focus on
North America

Q&A

APPENDICES

1. Contracts wins
2. Corporate responsibility distinction
3. Adaptation and simplification program
4. H1 Fiscal 2018 exchange rates
5. Number of shares
6. Alternative Performance Measure definitions and financial ratios
7. Reverse factoring
8. Gross Financial debt
9. Financial calendar
10. Sodexo key figures

CONTRACT WINS AND EXTENSIONS

Appendix 1

First Half Fiscal 2018 highlights

Contract extensions



Pierre Fabre

Corporate contract
in France



Huawei

Corporate contract
in 5 countries

Continued momentum in Energy & Resources



Ecopetrol

Onshore contract
in Colombia



Vale

Onshore contract
in Brazil

Pick up in Food contracts



Renault

Corporate contract
in Brazil



**Wellspring
Academy Trust**

Schools contract
in the United Kingdom



**Methodist Hospital
North Lake**

Health Care contract
in the US



Nissan

Corporate contract
in Brazil

CORPORATE RESPONSIBILITY DISTINCTIONS

Appendix 2

First Half Fiscal 2018 highlights

Named the **top-rated company in its sector** on the **Dow Jones Sustainability Index (DJSI)** for the **13th consecutive year**



Earned the highest marks in RobecoSAM's **"Sustainability Yearbook"** for **11th straight year**



ADAPTATION PROGRAM DELIVERING ON TRACK

Appendix 3

First Half Fiscal 2018 Financial Performance

€ millions

**EXCEPTIONAL
IMPLEMENTATION
COSTS**

TOTAL
over 18 months
(Sept. 2015-Feb. 2017)

108 in FY 2016

137 in H1 2017

245

**SUSTAINABLE
CUMULATED
ANNUAL
SAVINGS**

Fiscal 2016

32

Fiscal 2017

150

H1 Fiscal 2018

195

**Objective for
Fiscal 2018
and each year after**

~220

H1 FISCAL 2018 EXCHANGE RATES

Appendix 4

1€ =	Average rate H1 Fiscal 18	Reference rate Fiscal 17	Change average rates H1 Fiscal 18 vs. Reference Fiscal 17	Closing rate H1 Fiscal 18 at 28/02/2018	Change 28/02/18 vs. 31/08/17
U.S. Dollar	1.195	1.099	-8.1%	1.221	-3.2%
Pound Sterling	0.885	0.867	-2.0%	0.884	+4.0%
Brazilian Real	3.864	3.526	-8.7%	3.961	-5.6%

NUMBER OF SHARES

Appendix 5

<i>Company's share capital</i>	February 28, 2018	August 31, 2017	February 29, 2017
Company's share capital, number of shares	150,830,449	150,830,449	153,741,139
Treasury shares	2,529,632	2,205,010	5,814,876
<i>Number of shares for EPS calculation</i> (Basic weighted average number of shares)	148,535,880	148,998,961	149,936,978

ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

Appendix 6

Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted blended of financing rates on borrowings, (including derivative financial instruments) and cash pooling balances at period end.

Free cash flow

Please refer to Consolidated Financial position.

Growth excluding currency effect

Change excluding currency effect calculated converting H1 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, H1 2018 and H1 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 35,280 vs. VEF 3,250 for FY 2017.

Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally-delivered services issued by the Group (Benefits and Rewards Services activity) for beneficiaries on behalf of clients.

Net debt

Group gross borrowings at the balance sheet less operating cash.

Organic growth

Organic growth corresponds to the increase in revenue for a given period (the "current period") compared to the revenue reported for the same period of the prior fiscal year, calculated using the exchange rate for the prior fiscal year; and excluding the impact of business acquisitions and divestments, as follows:

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.

For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods.

As a result, for the calculation of organic growth, Benefits & Rewards figures for H1 2018 and H1 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = VEF 35,280 vs. VEF 3,250 for FY 2017.

ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

Appendix 6

Underlying Operating profit

Operating profit excluding other operating income and other operating expenses. Other operating income and expenses include gains or losses related to perimeter changes and on changes of post-employment benefits, restructuring and rationalization costs, M&A costs, amortization and impairment of client relationships and trademarks and impairment of non-current assets.

Underlying Operating margin

Underlying Operating profit divided by Revenues.

Underlying Operating margin at constant rate

Margin calculated converting H1 Fiscal 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies.

Underlying Net Profit

Underlying Net profit presents a net income excluding significant unusual and/or infrequent elements. Therefore, it corresponds to the Net Income Group share excluding Other Income and Expense and significant non-recurring elements in both Net Financial Expense and Income tax Expense.

In the first half of Fiscal 2018, the Underlying net profit excludes from the Net Income Group share the following items and the related tax impact where applicable:

- Other Income and Expense for -73M€
- Interests received in France on tax reimbursements for 7M€
- Reimbursement of the 3% tax on dividends received for 43M€
- One-off impacts resulting from changes in the US tax regulation for -23M€.

APM - FINANCIAL RATIOS

Appendix 6

		H1 2018	H1 2017
Gearing ratio	Gross borrowings ¹ - operating cash ²	49 %	34%
	Shareholders' equity and non-controlling interests		
Net debt ratio	Gross borrowings ¹ - operating cash ²	1.1	0.9
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) ³		

		H1 2018	H1 2017
¹ Gross borrowings	Non-current borrowings	2,978	3,079
	+ current borrowings excluding overdrafts	1,095	685
	- derivative financial instruments recognized as assets	(12)	(6)
		4,062	3,758
² Operating cash	Cash and cash equivalents	1,519	1,698
	+ financial assets related to the Benefits and Rewards Services activity	960	862
	- bank overdrafts	(81)	(36)
		2,399	2,524
³ Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit (last 12 months)	1,157	1,060
	+ depreciation and amortization (last 12 months)	296	272
		1,453	1,332

Our reverse factoring program has been put in place as part of a “supplier support Program” which was implemented in the context of the standardization of our P2P process. The objectives of this supplier support program were to:

- have the opportunity to work with suppliers which in the past had not accepted our terms and conditions;
- allow our suppliers to gain access to a way to be paid in a fast and secured manner at a low cost of financing;
- improve the perception of Sodexo as a “buyer”;
- standardize our payment terms in each significant region of the Group;
- gain in efficiency in Shared Services Centers with an automatic processing of supplier invoices validated by the Group;

For the reverse factoring programs that have been implemented in the context of our supplier support program:

- Suppliers have the choice but not the obligation to sell, invoice by invoice, their approved receivables before the maturity date.
- Sodexo has no power over the supplier’s decision to sell or not sell its receivables. This is not a tri-partite agreement;
- In instances where payment terms were modified, terms changed for all supplier invoices irrespective of whether supplier financing was or was not utilized;
- Sodexo does not receive any fees or payment from the factor nor do we make any payment to the factor other than the payment of the original invoice;
- Suppliers invoices continue to be paid according to the payment terms negotiated with the suppliers. Whether the bills are in the program or not, the payment date remains the same.
- Such programs have not changed our liabilities towards our suppliers, which is the reason why these liabilities remain as trade payables and are not reclassified as financial debt under IFRS.

BREAKDOWN OF GROSS FINANCIAL DEBT:

Appendix 8

€4,062 million

€ millions

BY CURRENCY

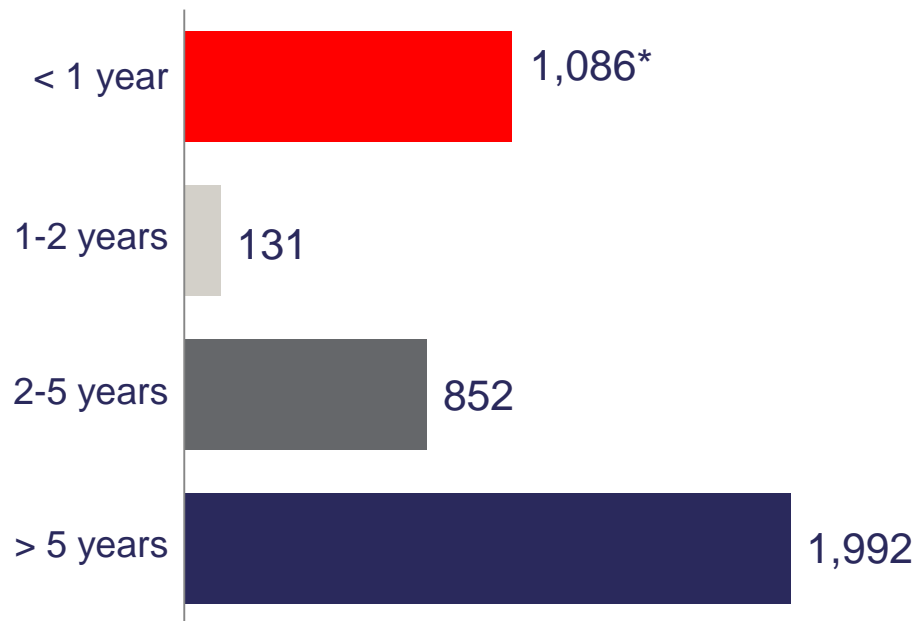


INTEREST RATE



Blended cost of debt 2.2% at 28/02/2018

BY MATURITY



FINANCIAL CALENDAR

Appendix 9

Nine month revenues, Fiscal 2018 July 5, 2018

Capital Markets Day September 6, 2018

Annual results, Fiscal 2018 November 8, 2018

Annual Shareholders' Meeting 2019 January 22, 2019



These dates are purely indicative, and are subject to change without notice.
Regular updates are available in the calendar on our website www.sodexo.com

SODEXO KEY FIGURES

Appendix 10



€20.7bn revenues



427,000 employees



19th largest employer worldwide



100 million consumers served daily



80 countries



€11.8bn market capitalization
April 11, 2018

- **Founded in 1966 by Pierre Bellon**
- **Main Shareholders as 31/08/2017:**
 - > Bellon S.A 40.4% of capital (55.8% of voting rights)
 - > International Institutional investors 37.7%

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FORTUNE
WORLD'S MOST
ADMIRED
COMPANIES 2018



Strong Investment
Grade S&P "A-/A-1"

INVESTOR RELATION CONTACT

Appendix 11

Head of Investor Relations

■ Virginia JEANSON

Tel: + 33 1 57 75 80 56

virginia.jeanson@sodexo.com

Investor Relations Manager

■ Sarah JAMALI-KLEIN

Tel: + 33 1 57 75 83 68

sarah.jamali@sodexo.com

Investor Relations Coordinator

■ Cynthia CATTY

Tel: + 33 1 57 75 80 54

cynthia.catty@sodexo.com

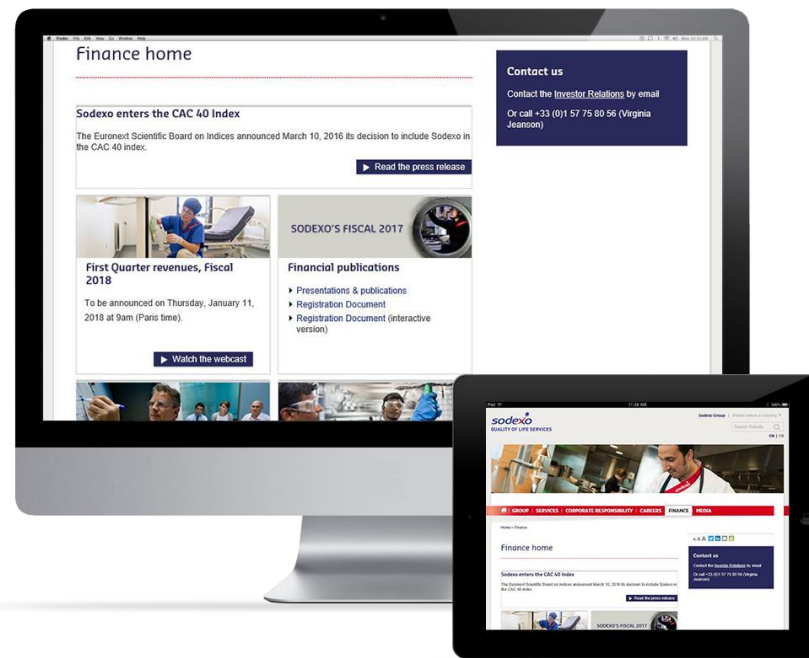
Sodexo

255 Quai de la Bataille de Stalingrad

92130 Issy-Les-Moulineaux

Email: communication.financiere@sodexo.com

www.sodexo.com





Thank you!