

SODEXO – Capital Markets Day

Thursday 6th September 2018

Paris, FRANCE

INTRODUCTION

Introduction by Dianne SALT, Chief Communications Officer

Morning Session 1

A first morning session with:

- Denis MACHUEL – Group CEO
- Neil BARRETT – Senior VP, Corporate Responsibility
- Michel FRANCESCHI – Senior VP, Performance Management STEP
- Marc ROLLAND – CFO
- Aurélien SONET – CEO, Benefits & Rewards Services Worldwide

Morning Session 2

A second morning session with:

- Sylvia METAYER – CEO, Corporate Services Worldwide
- Marc PLUMART – CEO, Healthcare & Seniors Worldwide
- Satya MENARD – CEO, Education Services Worldwide
- Belen MOSCOSO DEL PRADO – Chief Digital & Innovation Officer
- Sean Haley – CEO, Service Operations Worldwide; Region Chair UK & I

Morning Q&A Session

- Q&A session with audience

Afternoon Session

- Sophie BELLON – Chairwoman of the Board of Directors

Afternoon Q&A Session

- Q&A session with audience

INTRODUCTION

• **Dianne SALT**, Chief Communications Officer

Dianne SALT

Good morning everyone. Thanks for being with us today. My name is Dianne Salt and I am the Chief Communications Officer for Sodexo and a member of the Executive Committee. I have the pleasure of being your MC for the day.

We are pleased to welcome you at the Yacht de Paris site, a site we have owned since 2008. Just for a bit of background, we host about 1,200 private and professional events on the Yachts each year, welcoming 100,000 passengers annually.

Today's event is an important one for SODEXO because it's the first time that we've brought together all of the Executive Committee to engage with the financial community. While most of you are very familiar with these sorts of events, for many of us it's a first.

In addition to having the honour of welcoming you, I also have the privilege of sharing some great housekeeping items with you.

If you haven't already done so, please log on to our event app. This will give you more information that you might need, such as your table assignment at lunch, as well as provide you access to the concierge if you need something.

You'll note that there are different coloured lanyards for badges: the blue line lanyards are for you, our invited guests; the cream lanyards are for the SODEXO team; and, the red lanyards are for our organisers who would be very happy to help you at any point during the day.

Speaking of badges, if you turn yours over you will see some important safety instructions. Please do take the time to review them; safety is something we take exceptionally seriously here at SODEXO. We focus on it because we care about our colleagues and it matters to our 460,000 employees and the millions of clients and consumers that we serve. But just because we take the topic very seriously doesn't mean that we can't be creative in how we spread the message. To show you what I mean, I'd invite you to watch the short video

(video presentation)

I hope you enjoyed that...

(loud noise)

I guess that's the equivalent of a mic drop.

I hope you enjoyed our safety rap; that's from the team at the Royal Stoke University Hospital, in the UK, where some of our 1,000 colleagues have been operating a wide range of food, soft, and hard-FM services since 2007. Those are employees from across the site who came together with some of our clients to create this video. It really reminds us all of the importance of safety; and, hopefully, watching it will give you some thoughts on how you can have a safe day.

Before we begin the presentations, I'd like to make the usual legal disclaimer: I remind you that these presentations contain 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 we assume no obligation to update them. You are cautioned not to put undue reliance on our forward-looking statements.

Now, for today's program.

We'll start with our CEO, Denis, who will share his strategic view of the way forward. After that you'll hear presentations outlining our approach to corporate responsibility as well as our enhanced management framework which we call STEP. As well, you'll hear from our CFO, Marc ROLLAND, who most of you know. You'll also hear from some of our businesses and activities including Benefits & Rewards and Corporate Services – as the biggest part of business and administrations – and then Healthcare and Education. We'll end the morning with a presentation on Service Operations and what we're doing in Digital and Innovation.

After the presentations, we'll have a Q & A session. Because we want to answer as many questions as we can, I'd ask that you limit yourself to one question each, rather than bundling them as you often do during the results calls.

Lunch will be served on the adjacent boat and it will give us a lovely view over the water. For the lunch, you will have the number of your table on the app. Of course, don't hesitate to ask anybody from the SODEXO team if you're not sure which table you're sitting at.

After lunch, we'll come back here for a Forum. There will be six different stands that will showcase innovative solutions, for example, that we've offered to our clients. You'll have the opportunity to experience each of these stands, moving from one to another at set times and in a group. When you hear the music play, that's your signal to move to the next stand in a clockwise direction. Please think of this as musical chairs for adults. By the time the music stops, you should be at your next stand. You'll be given the starting point at your lunch table or you can find it on app.

As you will have seen, we have lots of speakers on the agenda. We've included bios at the back of your book on each.

Now, I'd like to invite our CEO, Denis MACHUEL, to start the day.

Denis.

Morning Session 1

- **Denis MACHUEL**, Group Chief Executive Officer
 - **Neil BARRETT**, Senior Vice President, Corporate Responsibility
 - **Michel FRANCESCHI**, Senior Vice President, Performance Management STEP
 - **Marc ROLLAND**, Chief Financial Officer
 - **Aurélien SONET**, Chief Executive Officer, Benefits & Rewards Services Worldwide
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Denis MACHUEL

Thank you very much, Dianne. Thank you very much.

Hello everyone. Thanks for being with us today in this beautiful venue. I'm very happy to welcome you together with the Executive Committee. It turns out that the whole Executive Committee is here. For the last two days, we had a meeting with our top 200 leaders and it gives us the opportunity for you to meet the whole Executive Committee. I hope that you make the most of the opportunity that you have to interact with them during the breaks and during lunch.

At the end of the day, Sophie BELLON will present her long-term vision for the group, for governance, and for how we work together.

Over the course of the day, we want to convince you that we have the right strategy and the right people to unlock our potential and accelerate growth in this fantastic business. This is an important day for us; we brought together SODEXO's leaders from around the world to give you much greater insight into our businesses, into our strategy, and into our different market segments, to show our collective confidence that we can grow in the future. All these leaders are eager to engage with you when showcasing their respective businesses.

I remind you that the Executive Committee, which you see here, was recently renewed and I'm very confident that this new team will ensure alignment of the business, will strengthen client and consumer focus, and maximise development and efficiency across all our businesses. I'm very proud of all of them.

Let me start by telling you why I think we've done well over the past decade:

First, we have created a unique vision and positioned our organisation as a leader in Quality of Life services. When we improve the quality of life of those we serve, we improve the performance of our clients.

Second, 10 years ago, we were effectively a food services player, like our traditional peers. Since that time, as we listened to our clients, Facilities Management has progressively grown to now constitute almost a third of onsite services. This was a sustained and focused effort – combining targeted acquisitions, bringing on board talent with technical expertise, developing new platforms, cultivating the clients.

The result is an average growth rate in revenue of nearly 10% p.a. over the last 10 years. Today, almost half of our client contracts are multi-services; 69% of our revenue in onsite, today, is still food services – food remains core to our business. Although the growth that we delivered in food services has lagged FM over the past few years, I can really tell you that we still have the savoir-faire, the expertise, and the passion for food throughout the organization. Most importantly, food is at the heart of Quality of Life integrated services.

Third, our client segment organisation is also a key asset. It enables us to bring the best of SODEXO around the world to our clients. This client-focused organisation is the right one for SODEXO's business.

There are only four to five layers between the client site-manager and me; for an organization of 460,000 people, it is pretty flat. We are three years into the organisation now. It's fair to say that during this reorganisation we got distracted and became somewhat internally focused. We believe this is the most efficient approach for long-term growth. The segment structure is responsible for the PNL, Sales, marketing for the offer, and client relationships. Service standards, food purchasing, I.T., digital, HR, and finance are managed by Global Functions and they help benchmark and share best-practices. They are locally orchestrated and optimized by the country President.

What's the rationale behind SODEXO's integrated services offering? Its seamlessness creates the most value for the client. Whether it's at the International School of Beijing or PNG sites across the globe, we know our clients business challenges and people intimately, we understand what is most impactful for the end user and what is most at stake for the client. Segmentation, data, analytics, acting as a strategic partner... all this allows us to assemble the best solution for that particular client. We may not self-operate all services but we manage the entire solution and integrated them seamlessly, optimizing cost and energy, standardizing client services across all client locations, driving engagement and productivity, and the client to focus on their core business.

Out of these contracts, SODEXO benefits the growth of higher retention, stronger C-suite conversations, and a growing share of wallet while generating a robust contribution to on-site margins. These more demanding clients require innovation and operational excellence. The lessons we learn are then share across other client portfolios within SODEXO.

To illustrate this point, let's look at the integrated services contracts. On average, large integrated Quality of Life service contracts in corporate services have better client retention rates over the mid-term. Of course, clients close sites or restructure and this can lead to some loss of business. Yet, we haven't lost a strategic account; retention is in the very high 90s. Even if the gross profit margin is slightly below average, once these contracts are fully ramped up and well executed they reach group level because SG&A is lower.

However, as you can see on the chart on the right, ramp up of profitability can take time because these large accounts are complex and each time there is a rebid or an extension the margins get reset before they climb again.

Clients are becoming more mature in their vision of integrated services and their expectations, and therefore in their choice of partners. This is good news for us. According to Frost and Sullivan, growth in integrated services through to 2025 is expected to average at nearly three times overall growth in single services.

Just to show how important this is, I'll share with you a client testimony from Maurice van Deursen, who is a Director of Real Estate and Facilities Contracting at KLM Royal Dutch Airlines. I'm proud to say, that we've been serving KLM with food services for the last 26 years, and with integrated services for the last 11 years.

(video presentation)

Thank you, Maurice.

Let me remind you that, today, integrated services accounts represent roughly 22% of revenues.

Another thing that I think we've done really well is in building our footprint – our global presence – we are notably strong in dynamic developing economies such as Brazil, India, and China. These positions have been built over the past 10 years in a steady and progressive manner. Our long term commitment to these markets is an important factor for our clients. We are a leader in India with 43,000 employees and 450 clients; in Brazil, with 35,000 employees – in Brazil, the on-site business is growing really fast mostly in food and expanding across others segments, particularly in hospitals. In China too we've built a strong presence. Today we have nearly 17,000 employees, 2,000 clients and we serve 700,000 consumers.

Benefits & Rewards Services has done well too. We've increased our geographic footprint organically or through acquisitions and are now present in 34 countries. The traditional Meal & Food business continues to generate solid growth and great margins over the long term.

I really encourage you to see this for yourself at the forum this afternoon to discover how this fits with on-site business, in tune with the new trends in food consumption. The other components of Benefits & Rewards business are growing very fast as well: an average of nearly 16% per annum. More recently, we focused on two new fields: Incentive & Recognition and Mobility & Expense. These new areas represent pain points. For client organisations they are not dependent upon tax benefits, and we believe they have excellent growth characteristics and operate with attractive margins, well above group levels even though they may not be at the level of Meal & Food services margins.

Almost 10 years ago, we started a third new activity from scratch: Personal & Home Services, which is a true B2C business. PHS does not yet weigh heavily in our total revenue – over €300 million, including our recent acquisition that we announced yesterday. But in terms of potential for the future and in terms of consumer insights it really compliments our offer.

The childcare market is growing strongly and we believe this activity fits well with the education segment. Homecare is the continuation of our Seniors activity and you will hear more about this later on.

Concierge services are being increasingly proposed as part of our integrated services; of course, in corporate services but also increasingly in hospitals. We manage these businesses separately because they are still small and need to be larger. PHS has strong fundamental growth prospects, is growing at high single-digits, and is accretive to group margins.

Let's now talk about our 460,000 employees – our 460,000 people around the world – they are a fundamental asset. I'm pleased to share that the recent engagement survey, which captured the voices of 240,000 of our employees, showed even stronger results than the previous one, two years ago, at 69%. We have a strongly engaged team across the world. And I see that wherever I go within SODEXO. The really good news is that the young generations, born with a smartphone in their hands, also have very strong engagement. This is essential to successfully moving into the digital age.

Last but not least, safety remains a key priority for the group. Even though we have greatly reduced our lost-time injury rate, we still have a progress to make.

So far, you've seen what we've done well; we also have specific areas of underperformance. Let me go through the main points and show how we are actively fixing them.

North America is a significant market with very good growth opportunities where we've had leading positions and strong performance but we've lost momentum over the past several years. This is true particularly in Healthcare with a lack of development and in education with a severe decline in retention because we weren't listening to our clients enough. In addition, we faced short term issues in North America: our recent efficiency plants on labour productivity and food cost reduction that were meant to compensate the shortfall in revenues haven't delivered and haven't be effectively implemented in the region. This is now being addressed in NorAm with senior management teams being put in place – they are in place in Healthcare and Education. You'll hear more about this later from Satya MENARD and Marc PLUMART.

In several parts of the world our sales processes haven't been efficient enough and we haven't bought in enough new business on a consistent basis. We are changing remuneration schemes to increase the viable part to ensure that our sales teams are truly incentivised to sell. We have also been recruiting in most regions and have launched an extensive, global sales academy out of which 800 sales people have agreed this past year. The sales culture has to become an obsession and I can tell you this is my obsession every day.

With the time spent on reorganization and the successive cost cutting programs we have lost some of

the previous culture on discipline and accountability across the organisation. This is where STEP will make a difference – Michel FRANCESCHI will speak about this later.

Also, we've been very focussed – probably too focussed – on building our FM capabilities and haven't maintained the necessary focus and resources behind our food offer. We are changing this. Food Services, as I said earlier, is at the heart of our business. We are reasserting our excellence and feedback from the field is extremely positive. We will regain our market share. We have a fantastic array of food offerings at all price points. In addition, we have started acquiring businesses and brands in areas where we are not as strong as we would like to be.

Finally, we also had issues on the ramp-up of a few of our last contracts which has not helped this year's performance. I strongly believe that these large accounts, while complex, push us to deliver the best of SODEXO and bring value to our clients and, therefore, to us. We must ensure that we manage all of them right. These issues are being dealt with and we should improve over the coming year.

So, our job is clear. We need to position our business better to take advantage of all the market opportunities and accelerate our growth to be best in class. As I said back in April, these action plans are firmly entrenched in to our longer-term strategic agenda, which has four pillars. This strategic agenda is fundamentally a managerial program to establish the right operational discipline and attention at all levels to manage the business more efficiently and to build capabilities to prepare the future;

Let's take a closer look at each of these four pillars. The first pillar is about being absolutely client- and consumer-centric. To start with, this means being obsessed by retention. In the Clients For Life program – that we've had for many years – is aimed at retaining all our clients. This is typically set up to avoid a rebid or to maximize our chances during a rebid. It has been a very successful program in the past and we are reviving Clients For Life 2.0 to take our retention rate above 95%.

Client and consumer centricity is also about the consistency between strategy, marketing, and sales; all of these components being powered by digital. Data help us understand better our markets and our consumers with more consumer insight; to better design the right strategy, target our actions, and anticipate digital disruption. You'll hear more about this from Belen MOSCOSO DEL PRADO later on.

We definitely need to reignite sales growth – Food sales growth – and better balance between global, regional, and local development, as well as between single and multi-services contracts. This will ensure that we generate solid growth with good margins and good margin improvements so that the slower profitability ramp-up of some of the large more complex contracts that we have is compensated by our smaller single-service contracts.

Also, we are putting are boosting our marketing actions and expertise to enhance our offers – particularly on food – based on strong consumer insights thanks to digital. We are revisiting our brand strategy to take into account market trends and consumer expectations. Then, we have to sell our offers of course at a faster pace. For that, we need to improve sales effectiveness, strengthen our go-to-market strategies, our tools, and our people.

Look at the Marseille contract; you probably heard about Marseille schools contract. We had the right go-to-market strategy, we had the right positioning, the right organization, the right way of influence, and we managed to renew this contract for another seven years.

Let me now show you a video that demonstrates the excellence of our Food offer that our talented teams can deliver.

(video presentation)

Thanks Nick.

The second pillar is about strongly improving operational efficiency. In terms of cost efficiency, beyond the extra focus that we are putting on food costs and labour costs, we are reassessing some things that

might have been considered taboo in the past. Typically, SODEXO doesn't need to self-perform every single service for our clients. We used to say that we provided 100 services to our clients and we still can but we can also subcontract some services if they are non-core or better done by suppliers or partners locally.

In terms of geography – Marc ROLLAND will talk more about this shortly – we are reassessing our geographical presence. We have exited some countries and we are currently evaluating the right level of presence to serve our global clients in a context of sound and efficient portfolio management. These changes will reduce cost, rationalise processes, and focus the attention of our teams on growth markets. We also launched an SG&A redesign program that we called “Fit for the Future” to reduce non-productive costs and redeploy them into product costs – digital, marketing, I.T., and sales – and Marc will give you examples about this later. The reallocation of resources means that we are reinvesting for growth. A significant redesign of our I.T. and the acceleration of the development of our digital capabilities we enhance our capacity to standardise, to measure, and to be agile.

Finally, all this will be measured by STEP with a consistent language, and culture, and discipline across the organisation; to drive performance at site, country, region, and global levels. Michel FRANCESCHI will provide you more details on this later.

The third pillar, relates to SODEXO's track record and commitments regarding corporate responsibility. This is a cornerstone of our future. It is differentiated, it creates engagement, it is what clients, consumers, and employees want. Over the past 10 to 15 years we have created the platform to go further in making corporate responsibility a stronger competitive advantage. Neil BARRETT will come back to you on this in a moment. Let me just highlight that there are three major areas where we believe we can make a difference and move the needle: being advocates for healthy eating and healthy life choices; generating inclusive growth; and tackling waste everywhere, particularly food waste.

The fourth pillar of our strategic agenda is around our people. As I said earlier, people are the essence of our services, the essence of our success, the essence of our development. We must have the right people with the right skills to deliver our long term growth. Talent is key to ensure we meet the challenges of digital disruption. We need to recruit from outside and also grow our people inside. What makes me very confident about this is that our positioning and our values are strong assets to attract new generations. We saw it happened when we accelerated the building of our digital and data teams.

The three main areas of focus for fans are: first, performance management. We are going back to the basics of performance reviews, performance based bonuses, consequence management – we're driving a mind-set shift with solid KPIs behind; high performer pool management – we need to fill up the pool that was somewhat depleted during the reorganization; and, training to ensure that we have the right and necessary skills for the future – in particular, training on STEP, reinforcing sales and marketing, and digital training.

As you know, Cathy DESQUESES is here. She just joined SODEXO from GE as Chief People Officer. Cathy and I are absolutely excited – just like every one of us – with the momentum that we are building around talent.

So, this is our strategic agenda. We need four pillars.

I want to ensure you that the Executive Committee and I are fully committed to and focused on executing our actions, ensuring that we focus on reasserting our operational excellence, getting back to growth and back to peer-type performance. On top of that, a significant amount of our time is also dedicated to preparing SODEXO for the future because things are moving fast and we've got to be ready to adapt to the evolving world.

Let's look at the addressable market opportunity that we have ahead of us. I'm not going to go into this segment-by-segment; my colleagues will share more detail about this later on. From a high-level perspective, we estimate the total market for out-sourced services around the globe to be €900 billion,

out of which €320 billion is Food Services. Our current market share is €20 billion, so there's a lot of territory to conquer. According to Frost and Sullivan, while demand for individual services in Food and F.M. is expected to grow at 2.2%, what is striking is that the combination of both – what we call “integrated services” – should grow at 6.3% p.a. Today, this represents only 13% of the total market.

As you can see our markets are enormous. And the megatrends are with us.

(video presentation)

I hope you see that we are well placed to surf on these megatrends thanks to our positioning and model; let's dig a little bit into our model.

We serve consumers that are organised in communities by our clients: employees in corporate; patients and staff in hospitals; kids and students in schools and universities. Our B2B clients who manage these communities have been expecting two essential things from their prominent outsourcing partners: efficiency and the associated savings; and, expertise and value, particularly in Quality of Life for their employees, their consumers, and their end-users.

What is happening is that these communities that I mentioned are being partly dismantled by technology and by new lifestyle trends – employees leave the workplace to rework remotely, patients don't stay in hospitals, students do more and more e-learning. So, our clients are increasingly asking us for solutions that help them keep their community together.

Through multi-choice services and solutions, the evolution of consumer requests with regards to food consumption is absolutely typical of the numerous barometers that now influence their behaviours – as you can see on the slide. Today, the consumer choice and consumer pay are more and more prevalent; hence, the necessity for us to be even closer to the consumer through different channels and even more skilful in managing relevant data. The more we concentrate on the consumer, the more we leverage value from our three activities. Indeed, there is not one consumer for onsite services, a different consumer for Benefits & Rewards services, and a different consumer for personal home services. It is the same consumer who relates with us throughout our activities; leveraging the value created by this constant interaction with this consumer will position us very well in the future.

We have to have light and flexible structures to remain agile with more sub-contacting, lighter go-to-market strategies, and optimised cost structures. We will use partnerships to extend our capacities and our capabilities. While we believe that services for humans delivered by humans will remain fundamental and that our offers will remain firmly entrenched into Quality of Life, our operating model is going to evolve as we move on. More and more services will be performed by platforms, robots and drones with data, digitalization, and artificial intelligence at the heart of everything. This may sound like a lot of buzzwords, but they are critical and we are well positioned to capture all the opportunities created by this world.

Before going into deeper detail with all my colleagues, let me summarise and be very clear on the fact that we want our sales teams and our operators to be best in class in our three activities; we are focusing on four strategic pillars to reignite growth and build the necessary capabilities to prepare our future. All this with an absolute execution discipline with STEP, together with empowerment, accountability, and consequence management across the organization, while keeping true to our values. Our objective is to regain leadership in growth; we won't be satisfied until then. Near term, we aim for more than 3% organic revenue growth and with this growth we aim to secure a sustainable underlying operating profit margin above 6%.

Now I'll hand you over to Neil to reinforce what I said earlier about our corporate responsibility, which is engrained in our DNA.

Thank you

Neil BARRETT

Thank you, Denis. Hello everyone.

I'm glad to have the opportunity to provide you with an insight to better understand SODEXO as a responsible company and how this is inextricably linked to being a leader in Quality of Life services. It's just the way we do good business and it's the right thing to do.

To start, I want to highlight three key trends when we think about sustainable growth of Quality of Life services: first, increasingly consumers are aware of unhealthy food and lifestyles – obesity, chronic diseases, mental health – and of their environmental impact, demanding local, transparently, and responsibly source food; second, inequities are rising whether it's income gender or race and effect many – if not all – of the communities where we operate; and thirdly, the amount of food wasted in the world is an economic, environmental, and social tragedy.

My point is not to paint a gloomy picture; my point is that understanding these trends helps us to adapt our services, develop more relevant consumer experiences, think about talent, and ensure our operations are more sustainable when we provide solutions for our clients. In fact, this is already one of the main reasons cited by our clients publicly when they explain why they have chosen SODEXO.

Look at our recent wins: Tetra Pak mentioned our approach to efficient, safe, and healthy workplaces for employees; the Dean of Students of West Virginia University highlighted our commitment to fresh food and local and sustainable sourcing. When selecting a partner, clients are clearly moving from focusing just on cost, to focusing on how our services and the way we deliver them are supporting their own sustainability efforts. Some of you here today have also highlighted how seriously we take this and have advanced practices compared to our peers.

Now, about the imperatives upon which we're actively focusing our efforts – in line with the trends I mentioned. First, as you can see on the left, advocate healthy lifestyle choices; healthy and responsible consumption is a clear driver of profitable growth. This is why 89% of our sites already implement proactive health, nutrition, and wellness actions. According to our latest group-wide survey, 74% of consumers are satisfied with the sustainable food options and 91% are satisfied with environmental initiatives.

But we're not standing still; client and consumer expectations continue to rise. We continue to develop and scale our offers whether in food – like our 'mindful offer' or 'Green and Lean menus' – and plant-forward recipes – like our natural burger or the FoodChéri model – or wellness solutions delivered by inspirers.

Next: grow locally and inclusively. Our services are, by nature, profoundly local; we accompany our clients at thousands of locations across 72 countries ensuring our employees are representative of the communities we serve, driving client and consumer satisfaction and our performance. For example, we know that from our research that gender balanced teams outperform less diverse ones and that we strive to have employees working for gender balanced teams – building a culture of inclusion and offering training and career paths for our employees regardless of education, age, gender, nationality, and culture is part of our responsible growth model.

The other aspect of this model is how we contribute to local economies. Our partner inclusion program is an example where we aim to deliver €10 billion of business value to local merchants and supplier partners in communities by 2025. Whether it's honey producers in Chile, fishermen in Maine, high quality rice producers in Thailand, or restaurateurs in India, we work with thousands of local businesses around the world helping them build capacity, implement standardised processes, and support their access to global markets. We do this because local and diverse supply and partner bases drive more client engagement and strengthen our supply chain. It also maximizes our risk on some commodities and, at the same time, it anchors us positively in the community.

Finally: tackling waste everywhere. As we focus on operational efficiency, preventing waste is a

business imperative. We understand the need to move from a linear to a more circular economy; we're actively engaged with our clients and supply partners to deliver innovative solutions on all forms of waste, with, as Denis said, a clear focus on food waste through the deployment of our Waste Watch powered by Lean Path program – as you can see on the screen and which I will provide more details on shortly. Similarly, with our position on plastics, energy efficiency, and water conservation, we are partnering with clients and others like the World Wildlife Fund to ensure that we are contributing to our clients' sustainability targets; and, collaboratively, through organisations like the International Food Waste coalition, of which we are a founding member, to have an even wider impact.

These efforts are all part of our 'Better Tomorrow: corporate responsibility roadmap'. Since 2009, it has allowed us to put in place a strong governance and performance metrics reporting process that is robust and comprehensive. Every year, we survey all of our sites; our data is third party audited – as required by French law, which is not the case for some of our competitors – and it's been an important driver to align, to encourage, and to ensure action on the matters that are important for our stakeholders and for us.

Anchoring corporate responsibility across a decentralised organisation like SODEXO, with thousands of client sites, is a challenge; the key to meeting this challenge is to progress through collaboration, innovation, and, importantly, deployment at the local level. We do this by training and empowering how employees through awareness campaigns, incentivising our executives to align behaviours and actions, extending and adapting standards through standard operating procedures for services, and scaling and implementing best practices across sites.

Now, I return to our action on food waste. For SODEXO, this is the single biggest environmental action we can take. It's a scandal of our time that globally, of the food produced for people in the world, 30% is being wasted. If food waste were a country, it would be the third largest carbon emitter after the USA and China. The challenge is quite different in different geographies. In India, for example, it's an issue in the food supply chain where approximately 30% of the food is wasted; in developed countries – for example, in the US – it's somewhere between 40%-45% of food wasted from the consumer plate.

As you can see on the screen, our actions to prevent food waste can have wide reaching implications across a range of different but interconnected dimensions: financial, environmental, and even social. To be impactful across these different dimensions we have a holistic approach; nearly all our client food locations have implanted some sort of initiatives to cut waste – as you would expect. Now, thanks to digitisation, data can illuminate the issues, help to identify actions, and change behaviours. Data is also fundamental to moving to a more circular economy. We work with Lean Path – the provider of the world's most advanced waste tracking and analytics platform to power Waste Watch, our customised food waste prevention program. Waste Watch is integrated into our drive process and you'll hear more details on this later today.

In a nutshell, Waste Watch using Lean Path empowers our site-based staff to weigh and track food waste in the kitchen and what consumers leave on their plate, monitor smart data and intuitive analytics to drive changes in operations, use this data to educate change behaviours and drive waste prevention strategy and action. The software is essential, but the most important elements are full, on-site, program ownership, engaging clients and consumers in this process. Based on extensive testing and development, the Waste Watch program has been proven on average to reduce food waste by up to 50%. Our objective is to scale this program to 70% of our relevant food service sites by 2020, targeting 100% by 2025.

I'd like to conclude by reiterating how corporate responsibility is a differentiator for us and why it's anchored in our business. In an increasingly complex world, companies, institutions, and organizations are turning to us for help to support their own sustainability agendas. This brings opportunities for us and we're only going to solve some of the major challenges like excessive consumption, growing inequality, and waste, through collaboration and shared responsibility with our clients and stakeholders. It's this shared responsibility, our mission, our Quality of Life positioning, and our three

business activities that places SODEXO in an exceptional position to act – to act and to influence across the value chain. We have a well-developed, articulated corporate responsibility roadmap for the entire business that requires short-term action, but it is also long-term in its anticipated outcomes.

Our business is a part of a unique ecosystem and we occupy a position in this ecosystem – in this value chain – which we can continue to capitalize upon. Our daily interactions with consumers, the number of supplier partner providers who support us, and of course our client base. We must drive a shared responsibility to have a positive impact on the quality of life of people, to contribute to the communities where we operate, and to leave a healthier planet that we all share.

By growing, we can improve the quality of life for a greater number of people and ensure a better tomorrow for everyone.

Dianne SALT

Thank you very much, Neil.

I'd now like to hand it over to Michel FRANCESCHI. Michel has recently been appointed as Senior Vice President of Performance Management; he's responsible for the STEP framework and reports directly to Denis. He's in the process of picking up the reins of the full program, following the launch of the initial test phase on labor.

Michel.

Michel FRANCESCHI

Thank you, Dianne. Good morning, everyone.

I'm responsible for delivering STEP. As mentioned by Denis, it is about developing a unified and rigorous group-wide performance management culture to support our focus on growth agenda.

Next slide please.

During the last 10 years, as it was explained briefly, SODEXO has been through a massive transformation with the addition of many new services, the development of a wider group of footprints, and, more recently, a reorganization of global segments has also been a major step forward, which required a period of adaptation in the company. We are now ready to go to the next stage in term of performance management. As it was mentioned also, we started this journey some months ago with a small team. We began with defining the building blocks for one of our seven steps, 'Step 3', I will develop on later. I'm now taking over STEP, to implement it.

STEP will help us to build a consistent language and culture of performance, which will be shared across all our segments and all our geographies, to redefine meaningful and common operational KPIs that impact our performance; they will help us to follow business progress by providing consistent visibility at site, country, region and global levels. That will enable us to also provide the tools that will ensure easy access to data at all levels in the organization.

In short, STEP will help our teams to identify performance issues faster, to better understand the reasons for any underperformance, and implement corrective measures more quickly. It will simplify reporting to better measure progress across the business.

As you can see on the slide, STEP is designed to cover seven specific areas to support all four of the pillars of our strategic agenda. In the next few months, we will concentrate our efforts on the first five steps to focus on growth and operational efficiency.

Let me focus, first on STEP 1 and STEP 2 which cover our top line. STEP 1 concentrates on increasing sales to our clients through better retaining existing clients, winning new contracts on our targeted

markets, and selling new services to our existing clients. STEP 2 focuses on sales to our consumers on each site by increasing the average spend-per-consumer or per transaction, increasing our penetration on-site, which means attracting more consumers more often, and boosting specifically our retail activity. We believe that concentrating all our teams' attention to these six areas is critical in accelerating our revenue growth.

Moving on to STEPs 3, 4, and 5, which are focused on our operational efficiency. Here, the expected outcomes are increased gross margin and operating profit. What we are monitoring here is our ability to deliver our services at a competitive cost and the efficiency of our structure to operate and grow our businesses.

STEP 3 specifically focuses on labour efficiency with three key areas: the reduced cost of labour; the best use or efficient use of labour – this is productivity; and, also drive a zero accident culture through the organisation.

STEP 4, concentrate on our material costs: drive down our food costs, optimise our sub-contracting costs, mainly for the F.M. business; and, rationalise other variable costs such as on-site equipment, uniforms, etc.

Finally, STEP 5 covers are overhead costs with 3 lines here. One, as was mentioned by Denis, is to identify the SG&A that are not adding value to clients, consumers, or our sites, and redesign the way we operate to reduce them; better mutualise back-office costs within and across countries to enhance productivity and scale; and ensure we invests in the right capabilities, such as offers, marketing, digital, and IT.

If we move to planning the implementation of STEP, it is structured around three blocks.

The first one is about the definition of operational KPIs. For each STEP operational target we are identifying the most relevant operational KPIs. This means KPIs that are meaningful and common to all our businesses, provide the relevant of granularity to be used at site-level, while being relevant at all levels of the organization. For example, on STEP 3, which relates to labour productivity, the KPI revenue-per-worked-hour, which is our productivity KPI, is both meaningful and actionable across the organization.

Our second block is related to building the tools, to share the KPIs with the teams. Once we identify those KPIs, we need to organise data collection in our systems throughout our different segments and geographies, and make sure all teams have easy access in a timely manner to the information – sometimes, when possible live.

STEP 3, which has been our pilot since the beginning, has already completed the first two blocks. The tools to provide all teams with the right KPIs are built, and it's now ready to be rolled out in six major countries where over 70% our work-force operates.

Our third block, which is probably the most important, is about training and implementation. We know that training the teams and engaging them on those KPIs throughout the company is absolutely instrumental to the success of STEP.

Roll-out will take place in stages as we build up the tools and start with our major geographies. Of course, these different phases will be overlapping; we won't wait for each block to be completed to start the other one or the next one and we will move forward per area. However, we have outlined broad timing on the slides for the three phases. We expect STEP to be fully implemented September by 2020, which mean that all KPIs defined, all KPIs produced, and the roll-out in terms of teams and training done.

Let me now share with you now a concrete example with STEP 3 on labour efficiency, which is a key lever to increase our gross margin. In the past, we mainly focused on financial performance monitoring the % of labour costs on revenue. As you can see on the right-hand side of the slide, we are now shifting

our focus to operational performance by concentrating on two operational KPIs, as indicated in the middle of the slide: the use of labour, which is measured by our revenue-per-worked-hour – it's a productivity KPI – the sales generated per every hour worked; and the cost of labour with our average cost-per-worked-hours. This helped us to better understand and track the evolution of performance; but, at the end, what is instrumental is having our teams focusing on the right operational levels, as mentioned on the left-hand side of the slide, to drive our performance up. As an example, some of these operational levers are the number of hours scheduled versus the hours worked actually, the use of overtime, the use of a temporary labour, and absenteeism which have an impact on this. It is by driving these operational levers in the right direction that we will improve our operational performance and, consequently, will improve our financial performance.

STEP 3, as I mentioned before, has already been piloted in the U.S., France, the U.K., as well as in Brazil, Belgium, and the Netherlands. It will be deployed in all other geographies by the end this fiscal year. To be clear and to be precise, fiscal year 2019, which has just started.

You'll see an example this afternoon around labour productivity where STEP is coming to structure the way we measure productivity and monitor our progress for initiatives of that kind and to give us all a common language across the organisation.

To conclude and as a summary, we are setting up STEP to focus our teams on operational KPIs, to improve performance, to drive progress by better understanding the business drivers; we know that implementing step is about change management – as we are operating through a lot of organizations with more than 20,000 sites, different segments and activity in 72 countries – and we support the execution of our strategic agenda.

STEP will reinforce performance culture and accountability throughout the company and aligns all our teams on the same targets.

Ultimately, STEP will be successful, we believe, when every business review will use STEP as the backbone of every conversation.

Thank you.

Dianne SALT

Thank you very much, Michel.

Next we'll hear from our CFO, Marc ROLLAND.

Marc.

Marc ROLLAND

Thank you, Dianne.

Good morning, everyone.

Today, I want to come back to some key aspects of our business model just to put it in a global perspective and complement what you will be hearing today.

First, the cash generative profile of the Group; then, how we are redesigning the organization to simplify it and gain efficiency; finally, I want to leave you with one thought – our financial strength.

You all know that SODEXO has a negative working capital and you are aware too that the bulk of the group's capital employed is the goodwill and the intangibles related to acquisition. Once we remove goodwill and intangibles, the capital employed is also negative. However, while it is well known that the BRS capital employed is very strongly negative, you may not have realized that onsite services also operate with slightly negative to neutral capital employed. For the past 10 years, as shown on this

slide, onsite services capital employed has been moving in a range from a low point of - €18 million to a high point of only €15 million. So what is important to note is that all our businesses are fundamentally cash generating. As we grow, the SODEXO business model does not consume cash – on the contrary.

Additionally, we are regularly asked about the impact of the development of the FM services to our model. Looking back in time, the onsite capital employed has been very stable – near zero over the last 10 years – while we have grown our FM business to 31% of group revenues. In this same chart, you can see that ROCE has been in the range of 15% to 20%, clearly demonstrating our capacity to deliver consistent returns.

In the second chart on the right, you can see our very steady and strong cash conversion. We fell below the 100% mark only twice in the last 10 years; this was due to the mobilization of the last Rugby World Cup at the end the fiscal year '15 and the significant Rio Tinto investment at the back-end of fiscal '16.

Now, let's look at how we've been allocating and continue to plan to allocate our cash. With regard to CAPEX, we do not believe that our sector is becoming intrinsically more capital intensive. Over the last few years, our level of CAPEX has been particularly low at between 1.5% and 1.7%; this was due to business-specific reasons.

First, we were not winning or retaining enough contracts in universities. Secondly, relative to our peers, our sports and leisure activities was much smaller in proportion to our total business. From our current level of CAPEX to turnover, there will be additional IS&T spend of about €30 million to €50 million per year, and we also expect Centreplate, as a sports and leisure business to require CAPEX at about 5% of sales. Finally, we should also see universities requiring additional CAPEX as our gross improves. Looking ahead, we expect our CAPEX to trend gradually towards 2.5% of sales.

Then, we aim to provide shareholders with a regular returns through ordinary dividends. We have a dividend policy of paying out around 50% of recurrent net income. We also take an opportunistic approach to share buybacks when we have a low level of M&A.

Finally, we will continue to make selective bolt-on acquisitions to develop our capabilities and increase the density in certain markets but also to accelerate innovation. While accessing targets, we expect this acquisition to deliver a free cash flow pay-back below 10 years and year-10 ROCE above 15%.

So in a nutshell, we maintain our business model with a strong focus on cash, with a small increase in capital intensity as the mix of our growth initiatives evolves.

Now looking at our debt, SODEXO has historically taken a prudent approach to debt management. We A- rating and we continue to target a net debt to EBITDA ratio pre IFRS 16 of 1-2x. This year, with the acquisition of Centreplate and the €300 million share buyback, our net debt will grow substantially and we shall be getting closer to 1x at year-end.

As far as IFRS 16 is concerned, it's still a bit too early to give you a firm number but we currently estimate that we shall have about €1 billion in extra debt from fiscal '20, which is principally related to our property and vehicle leases. This adjustment will then increase the net debt to EBITDA ratio by circa 0.7x. Our covenants have a frozen gap clause and therefore adjust for accounting changes.

You all know the results of our Operation Efficiency and Simplification & Adaption programs those past years. The lessons we learned is that a program needs to be growth-focussed in order for the margin improvements to become recurrent. What we've seen is that SG&A savings tend to get embedded, while a much higher proportion of gross profit savings tend to go back to clients in the short-term. The key for us today is to capture SG&A savings that are recurrent and will contribute to sustainable margin enhancement. The savings should therefore not impair our ability to grow and should come from a redesign of the way we operate rather than just mere cost cutting.

Simplification is the underlying principle that we set for the action plans introduced in the last six

months. We are reviewing our geographic presence in order to optimise our footprint. Given our client and contract mix, we plan to be fully present in up to 50 countries. We will remain active for certain projects such as Energy & Resources, for instance, in a further 10 countries; and, we will cover all other countries through partnerships and subcontracting.

This geographic presence rationalisation will allow us to simplify our organization and focus on our larger existing markets. As we reduce the number of countries, we will streamline HQ in regional structures. We expect most of this to happen within two to three years.

The second element is to redesign our “make-or-buy” approach to services. Obviously, Food is the core of our model; it’s our DNA. We absolutely need to reassert our leadership in Food to ensure our purchasing power. To do this, we are focusing on boosting small to medium sized wins, which help us both to densify our operations and ramp up to normal profitability more quickly.

At the same time, we intend to remain strong in the integration of services to capture a larger portion of market growth, and to generate productivity for our clients and for us through synergies between the services. However, we are revisiting our FM services region by region to identify the value of each one of them and focus on those where we can add value to our clients; it means that less profitable services will be subcontracted.

We then have our Fit for the Future programme, which is not a new cost-cutting programme but an exercise to redesign the way we spend our SG&A. The purpose is to rebalance spend towards more value generating activities vs. transactional back-office types of spend. A program that we ran from May to August in the US, France, the UK, and for global structure, has given us a number of very clear areas on which to work on. We are identifying activities where we are required to be best-in-class – such as Health & Safety, Sales, Offer Development, Digital – whereas, in other areas, we need to be best-in-cost – such as Accounting, Back-office in general, and in low value-added processes.

We are also reviewing the way we run our activities around the sites managers and district managers so as to lighten their load, to give them more time to concentrate on managing their contract, their client, and their consumers. We estimate that, we have potentially about 15% of savings to make in non-productive SG&A, which will be redeployed to boost our growth through and expand in Marketing, Sales, IS&T, and Digital activities.

As an example of Fit for the Future, here is what we are doing as part of the redesign programme. We are rethinking the whole European accounting function. This year, we identified that there was a real opportunity in Europe to optimise our accounting costs by redesigning the process. Also, our accounting activities across segments are unified within each country; we have far too many processes and a vast area of technologies in highly decentralised function. Running costs are very variable and, in many cases, above the external benchmark. As a result, we are currently well into a project to move the accounting of 17 countries into two sites – one just outside Paris and a second one in Porto. We expect to benefit from productivity gains of about 30% and the run rate savings of more than €10 million by 2022. As part of Fit for the Future, the savings will allow us to invest in top-line growth.

To conclude, I would like to leave you with three messages: our cash generative business model continues to be solid, even if we should expect a little more growth related CAPEX going forward; we are committed to a redesign of the way we operate that is focused on growth and simplification, and not just another cost cutting exercise; we have a strong balance sheet which gives us a lot of flexibility.

Thank you for your attention and I will hand over to Aurélien.

Aurélien SONET

Good morning, everyone.

I was appointed to lead the Benefits & Rewards activity in September last year. What has struck me

since my appointment is a tremendous rate of change and opportunity occurring in this business, as we accelerate our digital strategy while still maintaining our core fundamentals. This is what I would like to share with you today, as well as some insight on how we plan to grow further.

Over the past 30 years, we've extended our traditional Meal & Food employee benefits to other types of services, including Childcare, Training, Culture, Environment, and many others. We've also enhanced our portfolio with incentive and recognition programs, as well as mobility and expense solutions.

Overall, today, 73% of our total issued volume is digital, meaning cards are electronic vs. paper vouchers which represents an improvement of 6 points compared to August, 2017, with a clear acceleration in most of our geographies.

Next slide.

BRS represents 4% of our total Group revenue and 23% of our Group underlying profit. Our revenue and issued volume are made approximatively 50/50 between our two big regions – LatAm, and Europe-Asia-US.

From a service portfolio standpoint, today, our employee benefits which account for 81% of our global revenue has still great growth opportunities with a total accessible market estimated at €411 billion of issued volume. Incentive & Recognition and Mobility & Expense also represent great growth opportunities; and I will come back to this later in my presentation.

Over the past 10 years, we've delivered good growth with 5% p.a. in our historical Meal & Food business and 16% p.a. in the other services. This growth trend is supported by a few sustained, long-term growth drivers: such as, growth in emerging markets; the talent shortage in mature geographies, that drives stronger focus on benefits companies can offer to attract and retain their employees; and, finally, the low penetration of the Small and Medium companies market.

As you can understand from all of this, we have a strong track record in terms of performance and we have solid fundamentals to execute our strategy for the years to come.

So let's now focus on our two main strategies for BRS.

The first one is to reinforce and boost our core business – the employee benefits market – to drive profitable growth; and, the second one is to continue strategic investment into new services innovation to enhance our offer portfolio and then accelerate our growth.

As I said earlier, we strongly believe that our businesses are markets with great growth opportunities. However, these markets are being challenged by a few trends, like greater personalisation meaning that consumers expect to receive more and more personalised services that will ease their lifestyle and provide greater work-life balance. Another trend is a need for employers to be more and more flexible towards their employees. Of course, last but not least, there's digitisation. Everything is now digital, on-the-go, available at any time, and manageable from smartphones or tablets. So to take advantage of those growth opportunities, we are surfing on those trends and embracing the digitisation of our business.

So starting with our first strategic priority: reinforce and boost our core business.

First, we are accelerating a migration from paper to card. Today, 73% of our business volume is digital; and this digitisation not only optimises our costs, but, more importantly, it represents a fantastic opportunity to bring more innovation and more value to our three stakeholders: our clients, our affiliated merchants, and our consumers.

Then we are digitizing our processes and tools to make them state-of-the-art, smooth, and seamless. We are digitising our offers as well; they are built to be digital from scratch and at the cutting edge of technology on a smartphone.

To support this digitisation strategy, we are globally and systematically investing in two domains: first, the transformation of our sales and marketing approach by leveraging digital to support our end-to-end digital generation process and by improving our sales effectiveness; and, second, in the building of our new capabilities in digital I.T., business intelligence, and in data analytics. We are doing it both in-house and through partnerships. This really supports the idea that the future of our employee benefits market relies on our ability to bring more value to our three stakeholders.

So for our clients, beyond the improvements of their digital journey, it's about reinforcing our value proposition by differentiating ourselves more strongly from competition. On that note, you will see an interesting case at the forum in the afternoon regarding what we are doing in India.

This approach allows us to tap a fantastic market opportunity with a small and medium size company who counts for 70% of our overall client portfolio and represents a potential market of €125 billion of business volume or issued volume.

It is our focus in all countries; where we started this initiative earlier, we were able to double our revenue from these SMEs and we did it quite rapidly. In Turkey, for example, where we are almost 100% on cards and in the last three years when we reviewed our digital marketing capabilities and our sales organization, we managed to increase our number of contracts via in-bound leads – leads coming from a digital marketing campaign – by 70%. We managed to increase our number of contracts by 70% while decreasing the cost of leads by 20%. It's an example of great achievement in this field.

For our affiliated merchants we will remain an important source of revenue and a key priority for us; we aim on enhancing the partnership with them by developing more and more innovative services to help them generate more traffic to their shop or to their restaurant. Through our dedicated services and our digital platform, we allow merchants to not only ease their administrative tasks, but more importantly, we give them access to data on our consumer behaviour that they can target directly through marketing campaigns.

As an example, in Chile, thanks to our new merchant portal, 30% of merchants that created promotions on this new portal for our consumers increased their business by 25%. Again, it had a great impact on their business.

Last but not least, we want to offer more personalised services to our 35 million consumers. Understanding our consumers' needs and their expectations through the analysis of their behaviour allows us to be more predictable models and offer them what they really want as individuals. That's why we are working on developing real intimacy with them, starting with our app.

For the Meal & Food services, from the 7 million app downloads out of the 10 million card users that we have today, we see an average of 6 to 10 interactions or visits per month on this app, which is significant amount. Especially, as consumers, they still have their card to pay and they don't have to use the app to pay for their benefit. In Israel, for example – a country where the business is driven through consumer consumption thanks to a renewed digital ecosystem and the meal delivery services we recently developed in-house – we see a direct increase of 22% of our business. With our new app enriched with the latest features, such as pay at table, deliveries, and One-Click orders, we are able today to capture of 60% of market share of a large public client where the beneficiary has a choice between us and our competition.

So it's a very strong axis of development for us.

As you know, we also diversified over the year from our core business to keep on accelerating our growth; this is our second strategic priority.

Keeping in mind that we aim to driving performance and engagement with our clients through a comprehensive offer of Quality of Life services, we diversified our offer by remaining at the heart of the relationship between the employer and its employees. Ultimately, be part of our consumer-employer experience.

We first started in Incentive & Recognition market. This is a market that we have had for more than 10 years, which we've developed and added to over the years through internal and external investments – like, more recently, the acquisition of Motivcom in 2014, in the UK, that made us the European leader in Incentive & Recognition; and, Inspirus in the U.S. in 2016, that gave us access to the U.S. market in the recognition category.

Today, I&R is a strong part of our offering in six countries, with a double digits margins, and it's a business that will continue to grow through investing in new technologies and innovation; not only to sustain the traditional incentive and recognition programs, but also to continue to drive the employee engagement solution with more and more components around healthy lifestyle choices.

We see that health and well-being is a global concern that is addressed by both public organizations and private companies; we estimate the market size of corporate health and wellness benefits of €37 billion on top of the €86 billion of the I&R business – I remind you that this is revenue and not in terms of issued volume – and this market is growing strongly.

So far, our approach has been two-fold. For the U.S. markets, we are leveraging on our Inspirus recognition platform that has been enriched with new features around health and wellbeing to become a real employee engagement platform; and, for Europe, we have invested in the sports cards business. In 2015, we acquired seven cards in Romania, where the offer is now being deployed across our Eastern and Central European region, and in 2018, we acquired GymForLess in Spain and we invested in Gymlib in France.

It's a growing market and we see good synergies between our core business and these new services.

But we are also investing in our third category of services – around Mobility & Expense. We are in a start-up mode for a moment; so, while we are building the business, the margin is diluted but our business model should be able to generate an operating margin of about 20%. This business traditionally, started with a few vouchers and cards, developed under a similar scheme as the employee benefits but with a tax incentive. Our ambition has always been to enter this market with new innovative, and disruptive solutions that will serve the rest of our businesses in terms of synergies, data collection, in term of capability building, and our financial model as well.

Having this in mind, we've developed offer an expertise in both Fuel & Fleet and Travel & Expenses. In Fuel & Fleet, our focus today is the LatAm market where we see more synergies with our existing customer portfolio, our historical offering and our footprint. At the end of 2015, we strengthened our offer with the acquisition of a fleet management platform that is now operational in three countries: Brazil, Mexico, and Colombia. Since we launched the platform, our revenue in these countries has grown by 120% and gross profit has at least tripled. We see very good momentum in these countries and we had some recent big wins like Aqua in Mexico that demonstrate this momentum. In Travel & Expenses, we know that today 83% of companies are not equipped with Travel & Expenses tool, and still 81% of companies request paper receipts to support the expense claim, in a market that represents more than €820 billion.

To really boost and disrupt this market we invested in start-ups: iAlbatros and Xpenditure. Our ambition is to really develop an end-to-end solution in business travel that will cover all needs, from travel booking, payment, and expense management. Recently, we launched the first version of this offer; it's called Rydoo. It's one single app that reinvents and simplifies your travel and your expense management as well and in a few clicks and with the capture of a photo; this definitely saves time and allows you to optimize costs.

For this offer, we already have 6,500 clients covering 60 countries with more than half a million of active users; we expect much more to come.

It's been a great pleasure to have the opportunity to share with you our two main strategic pillars. As you can see, our strategy is fully embedded into the Group strategy that presented by Denis this

morning; and, it's strongly supported by our talented and very engaged team all around the world.

After the last few years of changes, and even with some political uncertainty remaining in countries like Brazil, I'm fully confident in our capacity to grow our revenue between 5% and 10%, and have our underlying operating profit in high single digits.

Thank you.

I think it's now time for a break.

Dianne SALT

Not yet.

Aurélien SONET

You deserve another presentation.

Dianne SALT

It's almost time for a break.

Just a couple of things.

Thank you, Aurélien. We are often told that BRS is at the end of any investor call or meetings so we thought we would change things up and start with Aurélien today.

We will now have a very short 20-minute break; I would ask that you be back here by 10:55 sharp, please, so that we can continue with our program.

(coffee break)

Morning Session 2

- **Sylvia METAYER**, CEO, Corporate Services Worldwide
 - **Marc PLUMART**, CEO, Healthcare & Seniors Worldwide
 - **Satya MENARD**, CEO, Education Services Worldwide
 - **Belen MOSCOSO DEL PRADO**, Chief Digital & Innovation Officer
 - **Sean HALEY**, CEO, Service Operations Worldwide; Region Chair UK & I
-

Dianne SALT

All right, thank you very much. I hope you had a chance to connect with people over the break.

We're now going to here from our on-site segments, starting with Sylvia METAYER, our CEO Corporate Services Worldwide.

Just to remind everybody, Corporate Services is part of our Business & Administrations and represents just over 50% of its revenues; our other segments – Government & Agencies, Sports & Leisure, and Energy & Resources – are also represented here today, though, unfortunately, we won't have time for presentations for each of them. I would encourage you though to connect with them over the break for lunch and ask them any specific questions you may have.

So to restart our program, I invite Sylvia to the stage.

Sylvia METAYER

I'm delighted to be with you this morning and to present Corporate Services on behalf of our 170,000 employees and 10,000 clients worldwide. These clients are private corporations and our consumers are their employees. So our consumers are their employees and these consumers we share with Benefits & Rewards. Heads up for coming attractions on strategy going forward!

Clients look to SODEXO on the outsourcing of food and FM in this market to address two business issues: the attraction and the retention of talent through engaging workplaces; and, the efficiency of the management of the buildings in which these employees work.

The fastest growing service categories in the market are Food Services, particularly consumer-paid retail offers, and Integrated Services; and both are the result of three trends that I have shown on the right hand side of the slide.

First, the workforce all over the world has become urban, millennial, and digital, and they require urban, millennial, and digital workplaces. We also see the rapid rise of outsourcing in Asia in value and in volume, in food first and then, often, straight integrated services. Our clients are increasingly buying integrated services and contracting with one partner regionally and globally for these integrated services. So, you will see on the slide that for SODEXO this means that our capabilities and footprints have allowed us to build a portfolio of global contracts and integrated services that now represent 20% of our revenues.

So let's look at some the metrics of the segments. There are two ways to look at this slide: first, you can see that we have scale – we represent 27% of the Group's revenues – we have presence, particularly in Asia and in Europe and we are the market leader in Europe, Brazil, China, and India; You also see that we have capability with nearly half of our business from multi-service contracts. This has translated into good growth KPIs, particularly in terms of development.

For all of that, there is another way to see this slide and you can see the opportunities that we have without sacrificing growth to enhance margins. First, if you look at the global footprint, though we have an established and longstanding business in North America, the region is clearly underrepresented in our portfolio. This is important because in Corporate Services this is still the largest market and the most profitable one. Second, our development rate reflects our success in large integrated facilities contracts, but, as Denis explained, these have a fairly long-ramp up time before they hit full profitability and we should rebalance with the development of more local single service food contracts with Small Medium and Enterprise. Third, if we consider that our global contracts have a nearly 100% retention rate, then, mathematically, the retention in a local contract is in the low 90s; and this must be improved for more profitable and sustainable growth. And finally, our current number our comparable sales number could be improved and profitably if we captured more of the retail opportunities, particularly in food.

Having said that, the strategy that we have put in place and which we are executing on is fairly simple. It won't surprise you that our first priority is to rebalance the portfolio to local, retail, food contracts and capturing the workforce in urban environments. If we look to our FM activity, as Marc explained, we also need to be more rigorous about subcontracting and more clear about which services we do or don't deliver.

Second, in a market which has many many opportunities, we must continue to focus. Food, of course, is at the heart of all we do because it is at the heart of the workplace experience, but also because it is a standout capability from our competitors in an integrated services world. We also have to continue to target the top growth sectors that we identified two years ago: Pharma, FMCG, Technology and Professional Services. These clients and sectors have good underlying economic growth, but they're also willing to invest in their employees in a world of talent war, and they value FM services on their critical sites such as data centres or R&D centres. And they also have significant footprint and activity in North America and Asia.

This brings me to the third area of focus which is geographical. We will strengthen our presence in North America, particularly on the West Coast with technology clients in large urban areas with professional services clients, while consolidating our good, market shares currently in Pharma and FMCG. We will continue to grow our Asia business, specifically in India and China; we aim to make China and Chinese clients one of our top-five revenue generators by 2025.

On a rebalanced and very focused base of business, we then have the opportunity to cross-sell and increase our share of business with existing clients, capturing most of our clients spend on employees going straight to the employees for services that they're willing to pay for. To do that, if we are more consumer-focused, we must have innovative offers in Food and FM delivery, particularly leveraging synergies with BRS and PHS.

But, as you all know, this is a business of execution and the best strategy in the world needs to have a detailed execution plan. We started on it, and we know that we need to be disciplined, agile, and

digital. In this business, the first order of profitability is to drive onsite profitability; we will do so expanding DRIVE, which is food productivity, waste initiatives, and labour productivity. We've started implementation in some countries and we must now deploy at scale.

As I said, we must improve and we will improve our retention on a local basis. We have piloted Clients For Life 2.0 with great success in France and we will now be extending it through all of our geographies. Our sales teams are already reorganised on a sector basis and they need to start delivering on that sectorisation. All of this, of course, within a reinforced performance culture, which means, for me, matching performance to market opportunities and we will be measuring of course this through STEP.

If we want to move at consumer speed, we also have to be agile, particularly in the way that we develop and deploy offers: leveraging in one place insights and capabilities; collaborating across regions, and also collaborating with BRS and PHS.

The tremendous opportunity for us is that all this can be enabled through digital. We're targeting our clients through digital marketing as a support of our sector-led strategy; we are deploying data analytics on-site to be able to follow the consumer and understand the consumer and propose services wherever and whenever these employees work; and, more importantly and maybe more basically, to foster new and more efficient ways to work on-site. For instance, with predictive analytics tools that can allow our teams to know the site population in presence and be more proactive in managing food, labour, and waste. This brings us right back to how we can be more disciplined in our world.

In the few minutes that I have left, I just wanted to show you that this is reality; that we have offers and we are deploying them. I will just talk about two.

One of them is Modern Recipe, which is a retail offer that we developed in London; London is the largest urban workforce – millennial, etc. – in the world. It has got astounding success and we've just used that offer to win large contracts in New York. In terms of operational efficiency and being able to support that for our clients, this afternoon you'll be seeing Evolution, which is a technology-based way of bringing all efficiency-drivers onsite together and being able to drive consumer satisfaction. My teams are really looking forward to presenting you with how that works.

Finally, I'll highlight our IT iFM platform, developed with Microsoft – now currently deploying in Europe in North America through our strategic accounts programs. This is the platform that allows our teams to be more efficient in the way they use FM resources on their sites, including subcontracting.

In conclusion, we have a large market with many opportunities; we have a strong platform of business; we need to rebalance some of the portfolio and be very focused on the most profitable and growing parts of the business; we have highly engaged teams who are currently executing on this. Therefore, I have the utmost confidence that we can deliver robust, sustainable, and profitable growth in the years to come.

Thank you very much.

Dianne SALT

Thank you very much, Sylvia.

I'd now like to invite by Marc PLUMART, our CEO of Healthcare Worldwide, to the stage. Marc.

Marc PLUMART

Thank you.

Hello, everyone. I am and very happy to be with you today and to speak about the Healthcare & Senior market.

In these markets, patient satisfaction and resident wellbeing are key elements for the performance of our clients. Our value, at SODEXO, is to provide the services with expertise and caring spirit which impact the quality of life of people.

We are dedicated in 18 countries; through them, we are seeing three global trends. First: changing regulations. This means there are changes in the way our clients are paid, changing requirements in reporting requirements and standards of care; financial pressure, in both the public and private sector; and, empowered consumers, which means that our consumer and their consumers are more informed, more empowered to choose their location and care, so we bring innovation and a lot of competition for clients.

These dynamics give us the opportunity to lead our clients through a changing landscape of Healthcare, with outcomes that matter for them: compliance, financial, and patient satisfaction.

On the following slide, you see some key statistics. Our business is just under a quarter of Group revenue; we estimate the current Healthcare market at €200 billion, and more than €150 billion for Seniors. Big market, big opportunity. As you can see, two thirds of the healthcare market is self-operated and 82% of the Senior market is self-operated.

We see opportunities in cross sales: 50% are buying more than one service from SODEXO. Integrated services is not a question for Healthcare, it is just a fact.

During the recent year, we saw a decrease of organic growth mainly due to a lack of performance in NorAm, retention, and cross-sales. Our profitability also suffered due to a lack of rigour in cost management. It's true that we've been through a lot of change and we didn't pay attention to the right areas.

Today, I'm here to present our plan to reverse the trend and which we are going to deliver in the short and mid-term. This plan is based around three key strategic priorities.

Operational excellence – this is how we bring operational rigour for our clients and be efficient and excellent for our clients. Second, focused growth: the right geography with the right client and the right service. After adding value through innovation, it is our ability to design the right offer with the outcomes that matter for our client.

Let me explain how we are going to execute these key strategic priorities.

Of course, the first strategic priority revolves around the U.S., with us transformation plan that started in January. First, we appointed a new CEO, Catherine TABAKA, who will bring a fresh view of the business. She leads the transformation with a new team, which will be fully embedded by the end of the year.

We see also some improvement in this transformation. First of all, we have a lean management program to optimize our labour costs and we see our labour costs starting to flatten out. With some delays we are also seeing some improvement in the raw material costs because we have been

optimizing our supply chains. SKUs has been reduced by 50%; our delivery drops cut in half; and we see a strong compliance with SKUs of about 97%.

To summarize on this point: we are getting traction; we have changed process behaviours, which is not always easy as it's a people-business so we need to have the time to implement it all, but we are confident because the training and tracking systems are in place to continue to deliver achievements moving forward; and, we are also expecting to put those similar programs in other geographies.

Let me turn, now, to the growth plan looking at different geographies. In Europe, outsourcing rates are flattening out. We are focusing on retention and cross-sales. It means we are focusing on operations and growing our relationship with our clients. In NorAm, we are positioned to come back to normal growth level of the market with all the services we have.

Let me give you an example. During the summer, we won a very important contract in Grady, from Atlanta. Grady wanted to have a provider that did more than just deliver a service. They bought what we are delivering today in terms of retail, food for patients and staff, and cleaning. They bought us because we work in a way that impacts their outcomes, their client satisfaction, and their compliance. That's why they bought our systems.

To summarize, I think that in the emerging markets we expect to continue with double digit growth and, depending on the country, focusing on the private or public sector. I will give you an example with Bupa, which is one of the largest healthcare systems in the world. They were expecting a provider for culinary services, retail, and cleaning. They picked SODEXO because of our reputation in term of quality and innovation. Today, we deliver and app where a patient can put their orders for meals, transportation, and other services, which is completely embedded in the hospitals systems.

Finally, driving our client outcomes – this is our ability to design services with outcomes that matter to the client. Let me give you an example with Protecta. Acquired infections in the world of healthcare are a massive and historic issue. Our client can face issues with penalties, repetition issues, or even dying. Our teams designed a program on cleaning infection control where we have material equipment procedures to ensure that we are doing the right things at a right time and at the right place. When I look at the results with my glasses, it has radically decreased acquired infections. To give you very detailed data on that, in 28 pilot sites, over one year, we reduced *clostridium difficile* by a third and MRSA incidents by a half. These are real outcomes that are very valuable for our clients, because when we reduce infection rates, patients go home, healthier, sooner, and happier. We have deployed this offer in 170 sites so far and many more to go in the pipeline.

Finally, I would like to conclude with an example; an example of a client who is really what we are focusing on right now. Chirec is a very well-known hospital group that we have been working with for more than 20 years. Chirec has transformed itself to become internationally known as a high-end hospital. They decided to build a new facility in Brussels including hotel, shopping mall, restaurant, and more facilities as another whole complex. Thanks to our credibility in our ability to deliver services, with a very strong track record, we created a new restaurant for them with outdoor and indoor spaces for relaxation. We also invented a new patient food offer where patients can choose each component of local-produce menu to customize totally their meal through a digital app.

What are the results of that? We raised satisfaction by 92% – satisfaction is up to 92% – and we cut in half food waste. I think it's an iconic example, because it's exactly what we are focusing on: strong

operational execution on our service delivery to capture the opportunity to lead our client through their changing landscape through an innovative and value-based offer.

I would say that with the momentum we have achieved and the opportunity we see in those growing markets, I'm confident with our future.

Thank you for your attention.

I will now introduce Satya MENARD from Education Worldwide.

Satya MENARD

Good morning, everyone.

I'm pleased to provide you today with an update on the Education Segment.

I will present, first, the measures we are implementing to improve our performance, especially for universities in North America; after, I want to talk to you about our dynamic market that presents very important growth opportunities in the short and mid-term.

Let me start by sharing with you an overview of our Education Segment. Our value proposition to the education sector is to improve the learning environment for children and students with a unique range of food and FM services. Those enable our clients to make their campus more attractive, to increase enrolment, and to increase revenues. In 'Universities', our current business is predominantly in North America, where we count more than 650 clients. Our global organization starts to enable us to export our offers and to accelerate our growth in the UK, Europe, and in the Asia-Pacific regions. In Q3, we won the Yale-NUS University in Singapore, and in Q4, we won the University of Hong Kong. In schools, we have a much more international business with over 3,300 clients in 32 countries. Our business is concentrated in the U.S. in France followed by Italy and the UK.

The education market is driven by very strong and fast-evolving trends. First of all, with the alarming increase of obesity basically everywhere in the world, there is a strong demand for balanced meals and educational nutritional programs. There is also an increasing demand for local sourcing and sustainable products and practices – as you have seen with the Neil earlier today. Finally, our consumers want an ever more personalised experience using more digital solutions. Our success will be to be able to permanently innovate so that we can respond effectively to those evolving expectations.

As you can see, we represent 21% of group revenues. Today, we predominantly operate with clients who only buy one single service – only food or cleaning, for example – but, we have a very large number of offers and we have more and more capabilities to propose more services to our clients. There is for a real opportunity to sell more services to our existing clients. Good examples of our acceleration in that area are, for example, the soft and FM expanded services that we just sold to Chicago Public Schools during the summer, as well as Tulane University in the U.S., but we also sold cleaning services to UCL in London where we previously only operated for services.

The potential you can see for the market is very big with €100 billion; but, what is even more remarkable is there are only a minority of Food clients who are outsourced today and this even truer for FM.

Having said that, we need to be clear that we have underperformed in North America, where retention, in 2017, was only 91%, which is even below the 92% that you can see here as our global average for

2017. It had a knock-on effect on both revenues and margins. Now, we are working to turn around this performance and I want to share with you our strategic priorities to do so.

We have three, very clear priorities. The first one is focusing in North America, where we want to restore growth and increase our profitability in order to regain our leadership. A few years ago, we enjoyed more than 30% of market share and our competitors were in the mid-20s; today, according to current market estimates, we're all around 27%. So, we have lost market share, but we are working to recover this gap, even if it will take some time.

Our second priority is to further expand growth in North America, but also beyond in Europe and in Asia. Given our international footprint in schools, we are looking to expand universities in Europe – in the UK, for example, in France, Spain, and Italy. We are also selectively expanding our presence in Asia and I just shared a few examples of recent success there, and we are already enjoying double-digit growth in that part of the world.

Our third priority is to accelerate innovation, to better retain and win new clients. This covers our portfolio of offers in Food, as well as a better use of digital and data in the future. I will give you some examples in a few minutes.

Let me start, first by giving you details on our first, main, clear imperative which is to restore our leadership in universities in North America.

Three main actions will enable us to deliver on that with concrete impact starting in 2019. We have a first set of actions which are focusing on accelerating growth. We are changing our market sub-segmentation so that we can better focus on clients where we can deliver a better value proposition. We are implementing a new sales organization in 2019, renewing our sales teams and also changing our performance and bonus systems there. Our Client For Life retention program is going to be redeployed with more strategic focus on the most valuable clients and also a more proactive set of initiatives well ahead of contract termination. Our objective is to reach 95% of retention within two years.

Our second set of actions focuses on better controlling cost to increase both profitability and competitiveness. On labour, we are expanding labour scheduling and continuing rigorous monitoring of our main indicator that started in 2017. You will see more about it this afternoon when we present our U.S. pilots.

On food costs, we are deploying a large-scale, more robust, integrated, end-to-end management process that we call DRIVE. The first step of these mid-term projects will enable us to better standardise recipes and rationalise our product range in 2019. After two-months training over the summer, we already have 70% of our universities in the U.S. that have started to use these food process systems in September, 2018 – and will count for the fiscal year of 2019. Follow up of those actions will be done through the STEP framework you saw earlier today with Michel.

Finally, we will strengthen and reinforce our programs to improve safety. Safety is a clear priority and no-one can deny it. In order to be able to progress on safety, our managers will be able to be more present in the field, they will need to focus much more on what matters the most, and they will change their behaviours. By focusing our progress on safety, we will also accelerate change in management behaviours.

The third set of actions is around renewing our offers and deploying more innovation. For Food Services in universities in North America, we have today a very large portfolio. We have about 15 internal offers that range from cafés and bakeries to full-meal experiences or convenience stores, but we also have more than 50 partnerships with sometimes very small innovative and local food retailers as well as very high-street brands.

We want to be more agile and more dynamically manage the brand portfolio; we have also reinforced our partnership with Service Operations so that we are now able to develop new offers in a maximum of six weeks. We are also working with Digital and Service Operations to improve the consumer experience using digital tools. The So Happy app in schools, for example, connects children with their parents, offering them with information on menus, nutritional content, and allergens, and enables them to pre-order as well. It has already been deployed in 2,500 schools in the U.S., France, Italy, and Germany, and will soon also be available in the UK.

Finally, we continue to also expand our FM services in North America and globally worldwide.

Before concluding, I would like to share with you the story partnership with Rensselaer Polytechnic Institute (RPI) in North America. RPI is one of the most prestigious engineering schools in North America, and we have been providing food services there for 26 years. In the fall of 2017, Rensselaer decided to put out an RFP and we decide not to take anything for granted. We used the help of external teams to apply fully our Client For Life process and have an unbiased assessment of the situation.

Thanks to this process, we could identify, well ahead of the RFP, important red flags – for example, we needed to reconnect at multiple levels of the client’s organisation; we also needed to elevate the level of our offer to the level of the expectations of an elite school as well as the expectation of an international population.

We totally rebound our offer, including new concepts and brands that are very liked by students in the U.S. like – and maybe our Europeans colleagues won't know them – Panera, for example, or Argo Tea. We also committed to make significant but available and profitable CAPEX investments. Thanks to those efforts, we won RFP we now have now a contract for more than 10 years, with a possible further extension, worth up to \$375 million.

To conclude, I would like to highlight three takeaways: as you have seen in the few examples I showed you today, we have good processes and innovative offers that are very attractive to our clients. By using them on a wider scale, more strategically and more systematically we will deliver again sustainable, profitable growth. My absolute focus is to redress North American performance in terms of growth and profitability. Actions plans are in place, they are being monitored very closely by me and by our teams, and already, in 2019 we will stop decrease the revenue we saw in 2018; so, we will have at least flat revenue in 2019, which is a very significant change compared to this year.

Finally, the education market worldwide is still very large with very significant opportunities both in the short and mid-term. We are focussing our resources in order to better capture the opportunities which are still very important in the U.S., as well as in Europe, and the rest of the world in Asia.

Thank you very much.

Dianne SALT

Thank you very much, Satya.

Next up are Belen and Sean to talk about what we call “the oil in the machine” – our Service Operations and our Centralised Digital and Innovation teams. Over to you.

Belen MOSCOSO DEL PRADO

Hello. I am Belen. With Sean, we want to share with you today an overview of how Service Operations and Digital Innovation work together to serve the organisation, bringing growth to the business and margins.

We take into account client demands; we take into account market trends; we take into account what technology is bringing us – capabilities and disruptions; we equally take into account the needs of consumers and the evolving behaviours that they are bringing; and we make sure that we understand and take the new business models that are attacking us. By doing this, we develop and improve our services, drawing also on high quality, data-driven analysis, a consumer-centric mind-set, and very, very important equally – an innovative mind-set and lots of agility.

Once we have that, then the segments deliver their services.

Sean.

Sean HALEY

Thanks, Belen.

Good morning, everyone.

There are clearly fantastic things happening in SODEXO every day. Service Operations was established three years ago to leverage SODEXO’s knowhow and global scale across all segments and regions. We support the delivery of a hundred services in 72 countries, which used to operate in a highly decentralized manner. Our job is to ensure that operational expertise is leveraged and processes are standardised across our market verticals and geographies.

To achieve this, we have established expertise platforms to develop, maintain, and innovate the best possible Food, soft and hard-FM services that the segments then develop and tailor to meet client-specific requirements, driving efficiency, effectiveness, and therefore competitiveness.

Our Food platform brings together the very best culinary talent and shows consistent quality and drives innovation. Our Mindful program, for instance, addresses the increasing demand for wellness without sacrifice. The platform also provides the processes and the tools to allow our operators to deliver Food Services efficiently and effectively. And you'll hear more about that with examples of DRIVE and Evolution later this afternoon.

Finally, Retail accounts for a third of our volumes and will take an ever increasing share of our food sales making it a key focus to build capability to allow us to drive growth. Last February, we launched our Retail For Growth program in 100 sites in the U.S. to help our operators build that capability. Overall, we've seen a 4% revenue growth in those sites and we're expanding that program in the U.S. and to the UK this fiscal year.

The Hard Service platform supports the development and innovation of over 60 technical services. Our asset management methodology fully meets the requirements of ISO 55000 and is accredited on five continents. We deliver a connected workplace using advanced technologies to enable predictive and responsive environments for our consumers through the remote collection and exploitation of facility asset data. This approach helps SODEXO guarantee client business-critical assets are always protected and maintained – very important for business continuity.

As for the Soft Service Platform, we commenced rolling out our standardised processes a year ago in cleaning and security. Our experts help segment teams anticipate client expectations, support service deployment, and test and deploy our best innovations. These processes have been implemented on approximately 800 of our 6,000 FM sites across all regions. We've seen up to a hundred basis points in positive impacts on gross profit margins and our clients recognized increased consistency and transparency. Complete rollout is targeted for 2021.

The services that we develop are fully enabled by: standardised operating processes, including health and safety, our number one priority; strong relevant and competitive supply chains; appropriate technology; and costed models to enable informed pricing, with benchmarked net cost-to-deliver defined per geography.

Now, turning to IT. We're just starting down the path of a technology transformation, streamlining our ecosystem for increased efficiency, and to build up capability on core business platforms and data management to drive growth. As Marc mentioned earlier, we expect to increase IT CAPEX by between €30 and €50 million p.a. for the next few years. We are in the process of drastically reducing the number of business applications, technologies, and vendors while harmonising processes and systems. This is key to enabling projects like the European accounting redesign that Marc mentioned earlier. It will also empower our employees to better collaborate, improve their performance and the performance of their teams, and indeed improve the quality of their lives.

We are also implementing differentiating core business platforms in FM, Food, Retail, and Workforce Management. These are designed to optimise operations, reduce operating costs, and create compelling consumer experiences through personalisation, reliability, and innovation. We are also started down the road to leverage AI and big data. These core business platforms are currently being deployed with our customers Sanofi and Microsoft amongst others. The I.T. transformation will speed up our time-to-market, reduce cost-to-deliver, free up capacity to invest in future growth, facilitate the integration of acquisitions, and increase our innovation capability, whilst accelerating our digital transformation. We'll implement this transformation in stages, focusing, first, on the deployment of the core business platforms.

Service Development is also powered by our supply chain, which is supported by a new leader, recruited externally and with excellent experience. In this area too, we look to leverage the power of our global scale while remaining agile and at a local-regional level. Managing a €20 billion spend allows us to gain the best opportunities for our clients and consumers. We are redoubling our efforts to always buy better and ensure we have the right products and services to support our operational businesses.

In terms of competitiveness, our experts in our key categories make sure the evolution of our prices always beats inflation. We continually evolve our supply chains to embrace innovation, ensure quality, and have a positive social and environmental impact, including reducing waste and carbon emissions.

For example, annually we spend the equivalent of 2.8 million bathtubs of water and 3,000 cars of carbon emissions through the selection of our cleaning chemicals.

We are proud of our programs to include suppliers that for small, female owned, and ethnically diverse, and we are recognised for our responsible sourcing. We are uniquely positioned to help and remain totally committed in this area.

Our GPO model is also a very important competitiveness lever. Entegra have been offering SODEXO's procurement services in North America for over 20 years, with a very strong position in healthcare. From October 1st, U.S. GPO-Dining Alliance, with a combined purchasing power of \$7 billion, will become the largest ever client to join Entegra; positioning Entegra for continued growth as a leading GPO in North America. This partnership will increase our GPO volumes to \$18 billion in North America.

Since acquiring PSL, in the UK, in 2016, we've been developing Entegra Europe. In December, 2017, we launched operations in France, Belgium, and the Netherlands; and, we are now formalising plans to take that model to other countries, including Spain, Italy, and Germany. Some of our international clients are also asking for similar services in Asia and Latin America. This presents a mid to long term opportunity for us.

Now let's hear about how digitalisation is impacting the development of our services.

Belen MOSCOSO DEL PRADO

Thank you, Sean.

Yes the Digital & Innovation team's role in the organisation is to make sure that SODEXO evolves at the right speed as technology advances. We are at SODEXO in a continue innovative change to make sure that we meet the evolving expectations of our clients and consumers. The teams in Digital & Innovation work very closely with the segments, globally and locally, to help them and support them in seizing business opportunities, running tests, and putting pilots up in place before we scale those projects and pilots.

Speed, therefore, is absolutely key for us. We focus on four major priorities: first, to make sure that we anticipate disruption in our segment, in our sector; second, one is to open ourselves and leverage the ecosystems outside; third, putting agile tests and running pilot programs in the organisation; and, last but not least, exploiting data as a key and major asset for us.

Disruption is very important for us and we are constantly looking at disruption and we have to anticipate – it's what we're doing right now. Let me give you the example of Food Delivery.

Food Delivery, we recently acquired FoodChéri – it's a French start-up – and we took a minority stake in EAT Club, an American start-up as well working in delivering food to corporations. On top of that, we have strategically developed across segments and countries click-&-collect; this is a service that allows consumers to pre-order food and pick it up from the restaurants without having to queue. I'm not going to talk more about this specific subject because you will have later on the time to look at it in the forum and understand much more.

Technology impacts us now and it will continue doing so in the future and at a higher speed. I'm talking about things such as the Internet of Things, robotics, drones, AI, VR, AR, or even block-chain. These

technologies are going to bring us a lot of advantages and we need to make sure that we understand how we can take them and how we can improve our performance and our innovation within SODEXO.

IOT - the Internet of Things – I think – is the second example, I want to share with you, is our biggest but most exciting challenge that we have at SODEXO, especially related to our FM business. We are already turning multiple pilot programs across the world, more especially in the workplace environment but elsewhere as well, where we are trying to revolutionise already things like queue management, flex-office, predictive maintenance, or even energy management. We are linking with suppliers already and making sure that we find the best technology that suits each one of these cases, each one of the cases that we're testing, and making sure that we draw from there the data that is going to allow us to bring back value to us, the client, and the consumer.

One clear example is on flex-office, we are today capable of getting data and proposing services or new products to our clients where we propose less space for their employees, but at the same time making sure these spaces are productive and comfortable for the employees.

Leveraging open ecosystems – we have been working in ensuring that we put in place ecosystems and environments that allow us to progress and collaborate. We have put in place internal trainings that are individual, collective, or project-based to make sure that our innovation mind-set grows, and grows very quickly. We also have put in place an innovation platform that allows us to grasp from the field the good ideas that are existing and making sure that we take them, scale them, and make them a reality.

At SODEXO, given our culture, thought leadership really is everywhere and it's even in the sites. It is extremely important, this step change – small innovations make a real difference for us.

Third, we have created an open ecosystem. We have partnered with incubators and accelerators across the world: in Paris, for example, with The Camp, Paris&Co, and le Village; and, recent one, in China with X-node. These partnerships allow us to connect with the external space, grab external innovation, and have them support us in increasing the agility and implementation of our innovations. We also have put in place partnerships with other corporations and other actors in the innovation space. Last but not least, we are constantly with an internal team screening and looking for innovations across the world, making sure that when we find them, we capture them and partner with them to support our business objectives.

On top of that, to conclude on this matter, we have created a number of internal levers that allow us to implement much faster. First of all, as you all know, we created SODEXO Ventures. It's an investment fund that allows us to invest in start-ups that collaborate with us – this point is very important. Second, we have a central team in place now; this central team is key to support segments in accelerating partnerships with start-up players or digital players. Last but not least, with Corp UP at SODEXO, we've put a structure in place to foster to make sure that we support to create our own internal start-ups and get them up to market. Rydoo, mentioned before by Aurélien, and Dr. House, in the healthcare environment, are some examples these internal start-ups.

Testing and running pilot programs: I want to feature it with two key examples. The first one is Tork Easy Cube. It's a cleaning, digitalised solution that uses sensors and other connected objects to draw data and give it back to cleaners and supervisors. This solution was developed when it came up in a supply-management innovation context with a partner, a supplier called ECT. When the idea came up, this idea was incubated and supported by the digital and innovation teams at the camp to make it our

reality. It was then implemented in 15 sites. In these 15 sites, we saw an improvement of 30% in productivity and 10% in cost savings, and an increase in satisfaction.

We are very keenly working with our suppliers who also have innovation; we want to leverage them as well. For this very specific case, we are going to now implement and grow this initiative with the support of ECT that is present in 25 countries.

A second example is on virtual reality and training. We created a module to train our people on the prevention of workplace accidents. We started with Roland-Garros – the French Open – where we recruit temporary people in a very short period of time; we need to train them and get them up and running very quickly. We used this module set in a kitchen and the results were really impressive. We then took this pilot and brought it to SOGERES France – a subsidiary of Corporate Services in France – and the results again gave a reduction of accidents. This has now gone to China, Canada, the UK, and other countries; and we are making sure that it is deployed to reduce the workplace accidents as it did in our pilots.

Data. Data is the oil of SODEXO; data is the future of SODEXO.

I tell you, we have tonnes of it: we have 100 million consumers that we serve every day; we have 460,000 employees; and, we are present in 25,000 sites. So we have a lot.

Our challenge is: How do we make this data become an analysis and bring value in terms of performance and innovation to the company. We have started this and we are conducting this journey. We have now a central data lab where we have very, very skilled people, they are making sure that they're working in turning this data into big data analytics to make sure that we can scale this across the organisation.

I'm going to give you three examples of what we are doing. We're working with Benefits & Rewards in Brazil; and Aurélien explained you before about this. We are connecting and making sure that we evolve in our consumer relations and we are bringing them personalised recommendations. This obviously creates huge value to the merchants and value for money to the clients.

Our second example is in universities in the U.S. We have selected very specific client targets and we are looking, at site-level, what are the levers that can allow us to increase the share wallet of our consumers.

The last example with corporate services in the U.K. and France. We have been working for and with our site managers to provide them with analytics but also recommendations on how they can increase the revenue that they make onsite.

Sean HALEY

We now have our final example. You've heard several times this morning about DRIVE and our focus on increasing our food volumes. Managing our food services as efficiently as possible is absolutely critical. DRIVE our end-to-end food management process is a good example of a standardised process combined with digitalisation. DRIVE enables us to deliver a high-quality, consistent consumer experience while improving our financial performance and meeting corporate responsibility objectives.

The process starts with segment-specific food target costs and consumer insights. We then develop the most relevant standard food services, including menus, recipes, and the retail range. Partnering with supply chain, we rationalise SKUs, improve volume and mixing, automate ordering, and optimise logistics. DRIVE and Evolution, which you will see this afternoon, have both been deployed in Brazil over the last few years. During this period, we have seen very positive double-digit development and some very strong margin improvement. This tends to imply both programs are working well and delivering. We are very confident on the benefits of the long-term deployment of DRIVE, however, also acknowledge each market is different – various levels of maturity and performance as a starting point.

The IT tools supporting drive also provide mass data capture, which through pre- and post-production analysis enables us to further optimise delivery.

Belen MOSCOSO DEL PRADO

Sean, DRIVE is a great example of how this works and the virtual data cycle. Thanks to this, we can collect, analyse, and improve performance, and continue improving on the data side. DRIVE has been a key lever for us in the past to come to market with consumer applications much faster – for example, Bite in the U.S. – and we with the data we collect, we make sure that we deliver and propose new services such as click-&-collect, couponing, or loyalty.

Sean HALEY

We've deployed DRIVE in 2,500 locations, covering approximately €1.1 billion of our Food revenues, which represents approximately 10%. Our target is to cover 80% of Food business by 2021.

Belen MOSCOSO DEL PRADO

In conclusion, I would like you take three key takeaways. The first one, we have developed powerful platforms that bring us efficiency, innovation, scalability, and best practices. Thanks to this platform, Sean, we are capable of coming quick to market, avoiding double investments, and bringing competitiveness. On top of that, we can collect and analyse data, we can scale our innovations, and we can digitise our systems. We are now in the right place to confront, face, and take advantage of what technologies are bringing us, consumers are asking for, and new business models are equally bringing. The future is changing; it will continue to change, but we are ready to face it and make the best of it.

Thank you.

Dianne SALT

Thank you, Sean and Belen.

Morning Q&A Session

Dianne SALT

I'd now like to call all the speakers back onto the stage for Q&A.

As I mentioned this morning, we're going to ask everybody to keep to one question at a time because I'm sure there's lots of questions and we'd like to get through as many as we can.

If you'd like to ask a question, just raise your hand and there'll be a mic-runner who will come to you; if you could wait until the microphone arrives, it will be easier for the people on the stage to hear. If you could also state your name and the firm you're with, that would also be helpful.

First question; we'll start over here.

Richard CLARKE

Good afternoon. Richard Clarke from Bernstein.

I want to start on the country exits. I'll ask this of Marc. What are the catalysts to decide that there are 20 countries you don't need to be in? What's made that decision? What's the impact we can expect in terms of top-line margins from those exits?

Marc ROLLAND

We are currently in 72 countries; we exited a few in the past 18 months. When we say "50 fully present; 10 with projects" it means that we will be present in 60 countries. So, the difference is more 12 than 20.

We recognize that it is difficult to be good everywhere and there are countries which are small, we do not have necessarily the potential; they can be profitable and sometimes they are not, sometimes they are. We want simplification and we want to focus our attention on growth markets and make a difference in our growth markets. Hence, the collective decision to say: there are countries where we don't need to be in the future. In terms of leadership, it will allow our leaders to focus on what matters. It will also at some point reduce our costs, because it means that HQ and regional costs can be streamlined. It will have a very limited impact on our top-line and bottom line because we are talking of relatively small countries and they will be treated in our reporting as 'scope changes'; they will not impact our organic growth.

Dianne SALT

Next question, please. Over here. Thank you.

Jamie ROLLO

Thanks. Good afternoon. Jamie ROLLO from Morgan Stanley.

Can I ask a question or questions on the targets you've given? First of all, when after 2020 should we expect the 6% margin? Also, should we expect the 6.5% you made in 2017 to come back at some point after that? Or is that no longer a target? And could you give us a feeling for the year in between 2019? What sort of shape of recovery are you looking for? I'm not looking for formal guidance as I know you'll do that in November. Just roughly, what sort of shape are we looking at?

Denis MACHUEL

Thanks. We said that we want to be at more than 3% by 2020, as you as you understood, from which we can then grow the margin sustainably over 6%. So you should see us in 2018 on that path on the revenue. Regarding the margins, we said that we will really focus on top-line revenue growth, first, before we grow the margin. Ideally, 2021 should be above 6% and sustainably.

Back to your question on 6.5%: we haven't set a ceiling, so we want to improve the margins. We also want to ensure that we do the necessary investments as we move on to prepare for the future. But, when we said, "sustainably above 6% onwards", it absolutely our target.

Dianne SALT

Sorry, if you don't mind, we're just going to try and keep it to one question to get through them.

Jamie ROLLO

It's the same question: on 2019, just on this year.

Denis MACHUEL

We shall present the guidance on 2019 when we present the results in November.

Jamie ROLLO

Okay, thanks.

Tim RAMSKILL

Thank you. Tim RAMSKILL from Credit Suisse.

My question is around CAPEX and the updated guidance there. You stated very clearly that you don't believe that the industry is more capital intensive than before. Certainly 2.5% is, I would say, pretty meaningfully above where the Group has been historically, a 10 year average is probably more like 1.5%, when you've been also growing organically at about 3% over that period of time. Is that entirely mix or is there is there nothing changing? Particularly as we talk to themes about millennial consumers being more demanding, is there not some element of CAPEX creeping in sites where people are expecting more than historic canteen offering and maybe things become a little bit more sophisticated?

Marc ROLLAND

What I meant by there being no intrinsic change is that the clients are not expecting more from us; it's that we are bigger now in Sports & Leisure, and the Sports & Leisure market is requiring more CAPEX. Universities did not grow that much; they will grow stronger in the future, and universities usually consume more CAPEX.

What we want to do – to support what Belen and Sean were saying earlier – is we want to invest more in technology for us and for consumers and clients. This is where there will be a change. Currently, for technology, our CAPEX is about €60 to €70 million a year. We will pass the €100 million mark in the coming years.

Dianne SALT

Next question, please. Over here, please.

Jaafar MESTARI

Hi, Jaafar MEESTARI from Exane BNP Paribas. I just had one question for Sylvia METAYER, please.

In your presentation, you mentioned the U.S. West Coast technology clients as a focus; you said, “We will increase our presence there.” Can you just give us a bit more colour on your current positioning? What exactly are you going to be changing to be able to do better with West Coast tech clients in the future?

Sylvia METAYER

Obviously, if we're going to strengthen our presence there it is because we're not currently as present as we should be.

The Food offers that we've developed allow us to go to technology clients and therefore allow us to be able to drive that; and, the organisation of the sales force is very sector-driven and will also allow us to develop on the West Coast.

David HOLMES

David HOLMES from Merrill Lynch.

I wondered if you could expand on the Dining Alliance win for the GPO. What drove that and how quickly do you expect to see the benefits of that win?

Denis MACHUEL

I think Satya will answer that because as there was a transition between Satya and Sean on the GPO when Satya took over the education business. Satya has been following the Dining Alliance deal because you follow it until the end. Satya will answer this one.

Satya MENARD

Thank you for your question. It's been indeed more than one year since the process started, so we were very happy to win in the end over summer. As they have communicated, they have a potential of \$7 billion of purchase volume from their own clients and they will use the Entegra North America platform as their rebate processor. This is good news for us because it means that we have very competitive food prices in North America – we could not convince them without tens of thousands of price point comparisons to win.

In terms of timing, to answer your question, we will start to see benefits in October when we have first clients switching, but we see it taking more than one year. The first year, we will have to absorb the transfer and transition. So, we don't expect much benefit in year 1, but starting in years 2 and 3 we will have a very solid contribution.

Dianne SALT

Next question. We'll just get to microphone.

If you could just put your hand up again so they know where to bring a mic. Thank you so much.

Najet EL KASSIR

Good morning. **Najet EL KASSIR** from Berenberg.

I just have a quick question on the BRS business. Yesterday, Edenred announced a big partnership with ITAU. For you, BRS, particularly in Brazil, is quite big. How will that impact the Group and how should we expect that to have an impact on your revenue?

Dianne SALT

Thanks. I think this one is for Aurélien.

Aurélien SONET

Is this one for me?

Thank you for the question.

First, we are the market leader in Employee Benefits in Brazil; today, we are a market leader overall and we are quite a significant leader in the SMEs – small and medium enterprise – segment. As I was explaining, we still have long-term strategy to continue to grow this specific segment. Today, just with our internal sales team and our external distribution network, we cover more than 85% of cities in Brazil. Now, with developing a digital marketing approach, we really are covering 100% of the countries.

Overall, our plan is to maintain our leadership. Regarding the fact that banks somehow enter our market, you should be aware that this has been the case for the last 15 years with Banco do Brasil, Banco Santander that have been in our market for 15 years. So, no big change, as such.

Dianne SALT

Next question, please. Up the back.

Sabrina BLANC

Good morning. Sabrina BLANC, Societe Generale.

I have a question regarding the sales falls and incentives. I understand that in the short term you would like to focus more on sales growth, but will incentives be linked to sales, EBITDA or free cash-flow?

Denis MACHUEL

As I said, we are revisiting the sales incentive; there is not a one-size-fits-all answer to that one. We have some areas of underperformance, particularly in Healthcare and Education North America. We also have areas where we really perform very well and grow fast; we have double-digit growth in Asia and in Latin America. We have very strong areas of growth where sales effectiveness is good and strong; we have good leads and the systems work well.

What we've noticed is that the areas where we are underperforming in sales and development were particularly areas where the sales incentive had been in a time, loose and probably not enough focussed on the results not enough maybe the basics grew too high – we've noticed that in several geographies including North America. Again, not everywhere; I think, Corporate Services didn't have exactly the same scheme.

Maybe, when the basics are too high, the people are not enough hungry; we want hungry sales people. So what we're revising and working on is a restructuring.

We want profitable growth; so we don't want only top-line. All the CEOs are very keen in validating the models – the Satyas, the Célias, the Marcs, their teams, and everyone – they really validate the pro-forma of the bid before it goes. It's a subtle exercise and subtle balance between the top-line and the growth margin.

Dianne SALT

Next question.

James AINLEY

Thank you. James Ainley from Citi.

In terms of your 3% organic revenue growth aspiration, can you give us a bit of colour about how you think about that regionally? But also, within the 3%, how do you think about the components: like-for-like volume, like-for-like price, net new business?

Denis MACHUEL

We're talking here mainly about on-site, which is where we have to recover growth.

Growth is simple in a way. In onsite, you have same-site sales growth, development, and retention.

First, it's to stop the low level of retention that we have in the segment; it's mainly in Healthcare and Education in NorAm where we are weak. Development of this year, has been weak; we have reasonable expectations for next year where I think we are starting to see a little bit of a momentum, but we still a bit careful about that. Same-store sales is also very much driven by consumer attendance. We talked about that, Belen explained in much detail how we can interact more with our consumers on that.

Basically, we want to keep the trend that we have back to your question on geographies, we want to keep the trend that we have in the emerging markets; we think that we have real potential to grow on these rates. Of course, in terms of volume, it doesn't have the impact of North America, which is 45% of revenue.

The big focus in reigniting growth is of course definitely North America.

Dianne SALT

Next question.

Laurent SAGLIO

Bonjour, Laurent Saglio. Je suis un peu surpris parce que j'ai compris que votre performance n'était pas très bonne à cause des Etats-Unis, et il n'y a personne aujourd'hui des Etats-Unis pour me démontrer que tout ça va changer. Comment ça se fait ?

Denis MACHUEL

Alors, Satya est basé aux Etats-Unis, Marc est basé aux Etats-Unis...

I'm sorry.

Satya is based in North America, Marc is based in North America, Sylvia spends ... is Canadian and spends half her time in the US, and I can tell you that I spend a significant amount of my time also in the U.S.

We are working on the talent pool in North America; as I said earlier, talent is our key asset. We are putting in a significant effort in reviving talents in North America.

Dianne SALT

Next question, back here again.

Najet EL KASSIR

Najat EL Kassir from Berenberg.

You mentioned the impact of the IFRS 16: what do you expect in terms of impact on the IFRS 15, please?

Marc ROLLAND

With regards to IFRS 15, you know that we treat already, I would say the correct way the client investment because we are netting it from the revenue. With regard to CAPEX in our own equipment and on client-side, I think there won't be major changes. All the concessions and royalties we are paying will actually be treated through IFRS 16 and not IFRS 15. Where there could be some modification is on the speed of recognition of the lost and void in BRS – we're working on this.

Overall, we are not expecting any major changes in the way we are accounting for revenue in the year to come.

Dianne SALT

Next question. Up the front.

Tim RAMSKILL

Thank you. Tim, again, from Credit Suisse.

Question on margins in BRS. The comment at the end of the presentation on BRS talked about 5-10% organic growth and high single-digit EBIT growth, but also, we've talked in the past about the margin differential between the core Food & Meal voucher business and everything else. If there's continued stronger growth in those other segments that are lower margin, what are the offsets to that? It sounds like the guidance is for broadly, flattish margins. Could confirm that's your expectation?

Aurelien SONET

Thanks for the question.

As you mentioned we've seen a slight decrease in our margin over the past few years. It was mainly due to the migration from paper to card. Maintaining the dual system has a cost, and once this migration will be completed definitely we will see some cost effectiveness.

The second impact was due to the acceleration in terms of growth of our two categories of services around Incentives & Recognition and Mobility & Expense, coming with a slightly lower operating margin; they bring some good growth in terms of the top-line.

The last impact was a drop of the interest rate in Brazil.

Now, having said this, we've seen good potential for growth in the Employee Benefits market; and we've been investing energy, time, and efforts to really boost this market. Based on the recent performance, we were really confident that we will both generate 5-10% organic growth for the top-line and this high single-digit growth at UOP (Underlying Operating Profit) level.

Dianne SALT

Next question.

Jamie ROLLO

Thanks. Jamie, again.

On leverage, Marc. You'll be at 1.7x on an IFRS 16 basis; are you going to adjust the 1-2x target to account for that? Or does that mean you're going to be at the top end of your target range?

Marc ROLLAND

In my slide, I went over it quickly. I was saying the 1x-2x is pre-IFRS 16, so, mechanically, it will become 1.7-2.5.

Jamie ROLLO

Thanks

Richard CLARKE

Richard Clarke, again.

On the 'uses of cash' slide, you said you're going to be opportunistic when it comes to share buybacks. It feels like that will, therefore, leave a bit of cash left over. You are not going to commit to giving excess cash back to shareholders? If you're not going to give it back to shareholders, what else might use it for?

Marc ROLLAND

It's a very recurrent question, obviously.

Today, we are generating 100% cash conversion; when we are distributing around 50% of our recurrent net income we are distributing slightly less than 50% of free cash flow. Therefore, 50% is left; if we don't do much M&A, then obviously, we just have spare cash and then we have a conversation with the Board.

In the past three years, the board told us to go and do share buybacks. That's why I say we have a lot of flexibility and options; it allows us to have a conversation with the Board of Directors SODEXO as to how we use our cash.

Right now, I cannot tell you exactly how we will use it, but we have done three share buybacks: one in '16, one in '17, and one in '18; for €300 million each. I don't know what will be the future, but at least we have options and we will discuss it with the board.

Dianne SALT

At the back here, please

Julian GOULD

Hello Julian GOULD, Intrinsic Value Investors.

Could you make some comment on the margin versus Compass? There's a big differential there. Obviously, you've got the boost from your vouchers business.

I expect you haven't put a cap on the 6%, but there's still a very big delta there to Compass.

Denis MACHUEL

Of course, we're not satisfied with the situation, the concentration, and the margins. When we issued our profit warning in March, we said that this was not a rebasing of our margins. That is why I'm saying that what we see is, first, reignite top- line growth, then other margins.

We might have some differences with Compass; I think they do extremely well in North America, and North America is a very profitable market for us as well. But, in terms of volume compared to the rest of the world, they have stronger presence and I think that explains a little bit of that.

We want to improve our margins; this is definitely something that is in our focus. As I said, we want to reach be best in class in terms of revenue growth because that's how you also leverage efficiency and increase the margins as we move on.

Julian GOULD

So once you recover that revenue growth profile, is your objective to close the gap to Compass on the longer term?

Denis MACHUEL

Yep.

Dianne SALT

Next question.

Tim RAMSKILL

Thanks. Tim, again, from Credit Suisse.

To stick to the same topic in terms of comparative performance: you're talking about getting back to above 3% organic growth; you just talked there about best-in-class growth expectations and Compass has talked for a long time about 5-6% organic growth. Could you share with us, is your desire to get to 3% a first step? Clearly, the organisation is in a rebuild mode coming from a low base. Where do you realistically think you can get as a sustainable medium-term growth rate? Is there any reason why there's a structural difference between the two different organizations can achieve?

Denis MACHUEL

As I said earlier, we're not satisfied with our growth performance and we won't be satisfied until we are best-in-class in terms of growth. We have peers who are more traditionally in Food, we have peers more in FM; we believe that the combination of both – what we call 'integrated services' – should help us be in line with the best of our peers.

If you look at the comparison in terms of growth with Compass, we've not been growing as fast as them in NorAm, for sure; we are more or less on par in Europe; and, we are growing faster than them in emerging markets. Of course, 3% is a step we want to reach as fast as possible. You've seen the size of our markets and until we reach best-in-class, we won't be satisfied.

There is something to have in mind is that we've had very strong growth rates in the past; SODEXO is a success story in terms of growth. We slowed down, we have explained the reasons, but we really want to get back those rates.

In terms of guidance, first, the only guidance we really see is to consistently outperform competition; that's our benchmark.

Dianne SALT

Right at the back.

Marco MINOLI

Hi, Marco MINOLI from Citadel.

I was wondering if there's a correlation between higher CAPEX and higher margin. Do contracts that require higher up-front CAPEX have higher margins?

Marc ROLLAND

When you lay out CAPEX onto a client's sites, you expect a return; you have to have a ROCE which pays for it. We need a higher EBITDA margin when laying out CAPEX; otherwise it's not good business.

Denis MACHUEL

In terms of governance, it's true that whenever there is CAPEX involved, we have a Group investment committee where Marc and I are present and we validate the model that goes together with the CAPEX.

Jamie ROLLO

Thanks, Jamie again.

On the sales guidance, generally, the big 4 or 5 have all got sales guidance; you're all chasing sales. Do you think there's a risk that the whole industry is chasing revenue growth at a time when perhaps there are more pressures both in terms of competition, but also you mentioned digital disruption? That means, therefore, having to lead to more CAPEX and cost pressures. Is this just not a risk you're going down by chasing albeit conservative numbers so they acceleration sales?

Denis MACHUEL

I think we've always been in competitive markets. In some geographies, it's true that we've seen extremely competitive situations – Sean can testify on what happened in the UK recently and what happened with Carillion is a good example of some players who have gone a little bit crazy; I'm sorry to say.

Overall, facing competition is something we are used to. We see digital as much as a growth lever as an efficiency lever. We're not scared about it; we have to embark and I think Belen and Sean described the way we are embarking into it. It is true that typical consumption habits are changing, so we need to adapt and evolve our offers. But, when you look at the some of the gross margins that we have with our clients, when we are free digital, they're pretty good.

We also improve our efficiency. Everything that we said about anticipating the attendance of consumers on-site is helping generate better growth margins, which can then help us improve our competitiveness, because we can also share part of it with our clients and capture that for us to reinvest.

Dianne SALT

I think we have time for one more question.

Julian GOULD

Julian GOULD, again, for Intrinsic Value.

Can I just ask about the U.S.? Is it fair to say the big thing you've done differently to Compass over the last several years is not really focused and reinvested on the Food offer? If that's fair, how are you incentivizing or will you incentivize North American management going forward not to make that same mistake again?

Denis MACHUEL

First, I can tell you we keep a very close eye on North American performance, of course, through our CEOs, through Lorna, who is the U.S. Region Chair, to answer your question, Lorna will be able to... she's also American. She's not on stage but you will be able to interact with her if you wish.

We will keep very close focus. It's not only a problem of Food focus in North America; it's a problem of complacency. We've said that in past in road-shows. North America has been a fantastic growth lever for the group until probably 4-6 years ago when we started to see it underperform compared to Compass. We're not happy about this.

We've been complacent with ourselves; we still have very strong positions, particularly in healthcare and education. But, maybe we haven't been not enough putting in the hard work, the effort and the energy to continue this conquest of the market.

There is a big, big, big, big, BIG emphasis on what's going on in NorAm, and I want to keep watching that very closely.

Dianne SALT

Great.

Thank you very much. I will just give you a couple quick instructions before we head to lunch.

As you would have heard this morning food's at the heart of what we do. I'm happy to invite you to lunch that our chefs have prepared; it will be on that boat there. I expect it's going to be nutritious and delicious.

You can leave your things in the room if you like; we will have security in place so you can leave your stuff here.

As soon as you head over to the boat you can be seated and have lunch; your table number is on your app or you can ask anybody with one of the red lanyards.

When you get to the boat, the table numbers go from 1 to 25 with the lower table numbers at the back of the dining room as you enter and the higher ones near the entrance.

I think the weather is going to hold out so we'll have coffee on top of the boat after.

I would like to ask you to be back by 2:00 p.m. sharp for the afternoon program.

Thank you.

Bon Apetit!

Afternoon Session

• **Sophie BELLON**, Chairwoman of the Board of Directors

Sophie BELLON

Good afternoon

Thank you for taking the time to join us today. Since I took office in January 2016, this is the first time that we have had the opportunity to meet and get to know one another a bit. So today, I'm pleased to have this opportunity to share my perspectives on our recent performance and how we're looking at the future. Some of you took part in a recent investor audit, and I want you to know we will reflect and integrate your valuable feedback.

You know in 2013, I became Vice Chairwoman of the Board. At that time, five years ago, we could see very clearly that like many others under the impact of digitisation and other major trends affecting the world, our business was going to switch from a B2B business to a much more B2B2C, with the consumer taking on greater importance in our clients' decision. To adapt to this evolution, while continuing to improve our operational efficiencies, we decided to evolve our organisation from purely geographically-based to a client-based.

We transitioned to the new organisation precisely three years ago and when I took my role as Chairwoman in January 2016, my first focus was on governance. I wanted to make sure that the Board, notwithstanding the change of the Chair, would be in position to play its role properly and also to fulfil its mission. I had the opportunity to appoint new board members and bringing new competencies, energy, and specific expertise.

First, Emmanuel BABEAU, the CFO of Schneider Electric, joined us and became a new member of our Audit Committee, which he now chairs. Then, Cécile TANDEAU de MARSAC, who come from Solvay, was the first HR Director appointed as a board member in the CAC 40, and Cécile heads our Compensation Committee and is also a valuable member of our Nomination Committee. Most recently, I'm delighted that Sophie STABILE, some of you know – former CFO of Accor and also former CEO for France and Switzerland Business for Accor Hotels – has accepted to join us and she will also join the Audit Committee.

I think board renewal is still an on-going and critically important priority, because it progressively allows us to initiate a different type of dialogue, which is essential to support and challenge SODEXO's strategy, but also how the team executes and how the results are delivered.

Fostering a new momentum, open discussion, and best praxis within the boardroom is an important, and was for me an important prerequisite.

One of the first assignment that we had to dive into as a Board was Michel LANDEL's succession. This was a very thorough process, which actually started long before January 2016. I would like to bring to your attention a few aspects why Denis was chosen by the Board.

First, Denis is a SODEXO leader who really embodies our values and deeply believes in our mission to improve the Quality of Life, Denis also has a proven track-record in managing and developing an international business. Denis is also the right leader for the future; he has a very deep understanding of the current technological and digital disruption and its implications for our business. So I strongly believe that the fresh-eyes perspective that Denis brings is a powerful advantage to achieve the necessary transformation of our activities.

Over the last year together with Denis, we have spent time establishing the framework which will guide our relationship into the future and to make sure that the tandem that we form serves as an inefficient funnel between the Management Team and the Board. As part of this work, the first topic we focused on was to assess SODEXO's current situation in order to establish a shared diagnosis of where we stand today, where we want to go, and the related short-term and mid-term priorities.

The content of the shared work has been reflected in what you heard during the course of the day; and, despite our challenges, today, SODEXO is the result of a long and successful history rooted in the original vision of its founder, Pierre BELLON, and its future looks very promising.

Denis and I both shared the conviction that we have a bright future, with huge potential for our activities – you know we have estimated the potential market at around €900 billion in aggregate, approximately 40 times our current size – the demand for service outsourcing is accelerating, the need to integrate different services will follow the same path, and the search for an improved quality of life correspond to a profound aspiration of societies both in Western World and in emerging economies. The more than 100 million people we touch every day represent a huge asset for the future development of our services.

That being said, we have not been quick enough in capturing this potential lately, partly because we probably took too long making some decisions and, for example, on talent, we should probably allowed less time in a number of successions.

SODEXO is and has always been a growth company – growth is in our DNA.

From the very beginning, we have defined ourselves as the community of our clients, our consumers, our employees, and, finally, our shareholders; we have always wanted to build a growth company because growth is the best way to respond to the expectations of all these stakeholders.

Today, recovering and accelerating growth is our number one priority; margin improvement will come also from growth. While I say that, I would like to make something very clear: we don't have growth challenges everywhere – we are doing fine in Asia and Latin America, and in segments such as Energy & Resource or Sport & Leisure, even if there is always room for improvement and acceleration – but, in some markets, we have been clearly overtaken by our competitors, as is the case in North America, in universities and healthcare, and it requires quick and decisive corrective action, which is already well underway.

Taking a broader perspective and looking at the mid and long-term acceleration of growth is not only about fixing things. Under the combined effect of major social, demographic, and environmental shifts affecting the world, and accelerated technological progress, the shape of our market is evolving profoundly and irreversibly. Changes are affecting both our B2B relations and our relations with our end-users requiring us to redefine our space, understand how our traditional business models are evolving, and identify where our value creation will come from in the future.

Looking at these changes, we have already taken a few very clear steps, and renewed our focus on Food Services – our historical and core expertise. Potential in this area is huge; I think you have heard it this morning. Strengthening the integration of our different services demonstrates we have built unrivalled expertise in each client segment and sub-segment; and progressively leveraging increased power of end-users, be desirable in the eyes of our consumers so that they make our B2B client want us while they also progressively become important additional sources of revenue.

This is our plan to conquer the future, and we will deliver on it by leveraging the convergences of our activities and capabilities. But, it is true that a few prerequisites are necessary before we're able to deliver on this vision. I think Denis also talked about this this morning.

Focusing on the basics of our business: improving our operational efficiency is key. If you think of it, our business is not very complicated; it is made of very simple principles, which requires very strong discipline to stick to them at all levels across the company: keep our client-employee engagement and extreme operational discipline. Over the years we have lost sight of these basics, in some parts of the business, and we are in the process of restoring them.

Second, recovering the basics of our culture. This brings me to another point. Our company culture, as created by the first generation of managers, was 'entrepreneurship'; today, this notion is a bit overused everywhere, but let me share with you what I think 'entrepreneurship' means for us. We want each and every one of our managers to manage his or her business as if it were their own business, whether it's on a site, a district, for a region, or a segment; and we want to give them the means to do it. With 'entrepreneurship' comes accountability, and that needs to be restored throughout the company. We need to face the facts with humility before making decisions and taking actions; and, we need to promote accountability and consequence management with no exceptions.

Third, we need to make our talent a number one priority; this is absolutely crucial. We are in a 'people business'. Almost all the challenges we have today have their roots in wrong people's decisions or people's situation which have gone on for too long; the difficulties we are facing in the US show that very clearly. Focusing on developing our talent, constantly building and strengthening our talent pipeline, is the first of all of our priorities.

Back to the basics of the business and of the culture that underpin our success; focus on our talent to make sure we return to attractive levels of sustainable growth so we will be in a position to reach our ambition.

What is that ambition? Well, today, we have around 100 million consumers throughout the world; tomorrow, our ambition is to be desired and chosen by over 1 billion individuals around the world.

Besides our current footprints, we have very unique assets to support us toward this ambition. When Pierre BELLON created SODEXO 52 years ago, his personal history had led him to believe that companies with strong social purpose are the ones that stand the test of time; that's why he gave SODEXO powerful values: team spirit, service spirit, and a spirit of progress; a forward-looking mission for the time improved the quality of life of our employees and the people we serve and also contribute to the economic, social, and environmental development of the communities region where we operate.

All these fundamentals are unchanged since 1966; and, for over 50 years, we have grown while making sure along the way that we were actively contributing to foster progress and create social value for individuals, communities, and society – we won't change this. Fulfilling our mission is all about growing.

To touch and improve the quality of life of every increasing number of individuals – both our employees and our consumers – and to have a greater impact on our communities and the environment we all share. This is our founder's vision.

Our financial independence is the fundamental cornerstone which will help us achieve this. Remaining an independent company, controlled by my family, is for us the only way to maintain our values and our mission, to ensure sustainability in our management, to pursue our long term strategy.

As you know, together with my brother and sisters and our children we have made the commitment to maintain the stability of our shareholding structure for decades to come to ensure that independence. We are all convinced that our independence is a powerful asset that allows us to focus on the long term and gives us the freedom to make the necessary investment to pursue our ambition.

Let me conclude. The long term horizon is the horizon we're looking at. As a Chairwoman, my immediate preoccupation is the rapid recovery of our performance; I am watching closely for the first signs of improvement. We are aware that achieving this ambition, while addressing our current challenges, will take considerable collective efforts and major changes. We have the right level of discipline and courage to ensure effective execution.

Believe me; I am willing to do what it takes to make sure that the most crucial part of who we are remains the same.

Thank you.

Now, I think Denis and Marc will join me on stage to answer your questions.

Afternoon Q&A Session

Richard CLARKE

Richard CLARKE, from Bernstein.

I guess one aspect you haven't touched on in great detail, today, is branding. Sophie, you mentioned that the company had to go from being a B2B to a B2B2C brand, but SODEXO branding has stayed much the same. Can give us an update on where the SODEXO brand may be lacking? What kind of efforts are you doing to create new brands or segment the brand in a way going forward?

Denis MACHUEL

We are currently revisiting our branding strategy. For the past few years, we've put a lot of effort in establishing SODEXO as global name for Quality of Life Services. We realise the limits of that, particularly towards consumers.

Of course, we are revisiting that at the moment. Typically, in the most recent acquisitions that we've made, we've kept the brands: we acquired the Good Eating Company in the U.K. and we kept the brand; we acquired Inspirus in Benefits & Rewards and kept the brand in the US; we acquired Centreplate and kept the brand. This is something that we are absolutely embarking on. We have also more local brands and segmented-related brands. Sylvia was mentioning a Modern Recipe this morning – this is typically a brand that we want to develop and the brand is much more than a menu; it's a whole concept.

We will look into this more; as we move on, particularly on everything that it's consumer-facing, keep SODEXO more as an overarching brand that ensures Quality of Life, but then the more consumer-facing being a variety of brands.

James AINLEY

Thank you. James AINLEY from Citi.

Clearly, a very grand ambition in terms of growing the business ten-fold. How do you see the role of M&A in that process? Do you think you've got the right assets already in place to deliver on that? A subsidiary to that is: as part of that ambition, would you ever consider an equity offering that diluted the families holding?

Denis MACHUEL

Could you repeat the second part of the question?

James AINLEY

The second part of the question was: in a theoretical scenario where there was a big M&A opportunity, would you consider allowing the family's holding to be diluted?

Denis MACHUEL

I'll take the first part of the question... not to mention the second part of your question.

At the moment, we're focused on, as Mark mentioned, bolt-on acquisitions. We will make acquisitions as we move on; acquisitions that are not disruptive regarding the execution of the plan that we've put together.

There are opportunities for interesting acquisitions it can be North American or to complement some expertise that we don't have – FM density can be a target, but also on Food. We are very happy with Good Eating Company – we're very happy this acquisition – and there might be some other ones, but we don't envisage at this moment any transformative acquisition. We need to execute our plan in the next two to three years. We will remain active.

Benefits & Rewards and PHS have had regular acquisitions, as you probably know.

Sophie BELLON

Regarding the second part of the question on the Holding Company.

BELLON S.A. has, as its sole purpose, to accompany the growth of SODEXO. This means that BELLON S.A. invests its dividends in paying off debts or buying new SODEXO shares, but BELLON S.A. will not invest in any other business; it has been a choice that has been made from the beginning and we will stay like that – even though I am speaking to you as Chairwoman of SODEXO.

This means that at some point – as Denis said, we're not looking at transformational acquisitions right now – but if, one day, it happens, BELLON S.A.'s role is to support SODEXO's growth. If we think that the acquisition proposed by the management and if the Board agrees that the acquisition is the right one, BELLON S.A. is going to make it help make it happen either by getting more debt or be diluted but to a certain extent.

Tim RAMSKILL

Thank you.

A question for Sophie, again.

With Denis, we had some debate over lunch around the dual structure to the group – the two businesses. Obviously, I think it's fair to say that Management has been publicly asked quite often about the connection between Onsite Services and Benefits & Rewards. It would be very interesting, Sophie, to hear your perspective or the family's perspective on the importance of keeping the two businesses together and whether you think any differently about that.

Denis MACHUEL

I was expecting your question, Tim.

Sophie BELLON

I really think that BRS is an integral part of our activity, even looking in the mid-term. And I think, you heard about some initiatives earlier – with FoodChéri, or what's happening in Israel – and I think, even today, there is even more and more convergence between Onsite and Benefits & Rewards.

It's true that, we could have in the past leveraged those synergies better and faster; but I think that, today, the market is disrupted and we have to be more agile and make decisions faster and implement things faster. BRS is also there to make it happen. BRS and the talents and profiles of people can help us to make things change faster.

Both businesses are there to improve the quality of life of our clients, and our consumers it's a slightly different way of doing it, but that's part of our strategy.

Denis MACHUEL

If I may, from an operational point of view.

This morning, we said the onsite business is also changing and pure onsite services are changing; the reason there is complementarity between onsite and Benefits & Rewards is because BRS helps to reach beyond the actual site that we serve. Complementarity in serving the onsite and offsite with a continuous platform, which is the vision that we are progressively building, is a very strong element and rational behind of keeping things together.

Unidentified speaker

While we can understand why Benefits & Rewards has some synergies with Food, what about Mobility & Expense? does it mean that... why are you allocating capital to that part? It's not part of your core business.

Denis MACHUEL

Mobility & Expense is a suite of services that are complementary to the actual Benefits & Rewards business today. If you look at what Mobility creates –I think Aurélien mentioned that very much- quite a lot of the leads that we have on Mobility, particularly the suite on Rydoo that we explained, the leads are coming from onsite, because the client is the onsite client that has people travelling all around the world and wants to create a seamless experience.

That's typically something that is very sticky between onsite and BRS.

Jamie ROLLO

Thanks. Are you able to share with us how much the total spend is each year on technology and digital? I know you're talking about CAPEX rising 30 to 50. What does that take the total to? Is that enough?

Marc ROLLAND

We were expecting that question, Jamie.

The IS&T and Digital spend on the current basis is about €350 million, all included – it includes telephones, tablets, services, people, and so forth. €350 million.

The CAPEX we are investing in IS&T and technology, in general, is about €70 million a year; what we are saying is that in coming years, CAPEX should go to €100 million and the spend should reach €400 million.

Jamie ROLLO

A follow up again.

You talked very openly and honestly about the problems of the last 2 years or so; you talked about all the execution issues. But, if we go back a bit further, the Group's sales growth has been quite low for about five or six years. What can you say to convince investors there's nothing longer term or more strategic perhaps causing this? Is it as easy as you say to shift your focus back to Food after so many years of focusing on RFM?

Denis MACHUEL

If it was easier, I would have done it in April.

Of course, the complexity of it is the size that we have: rolling out a program across 460,000 employees and 50,000 site managers that we have overall this takes time and energy.

What makes us very confident is the growth rate. First, the growth rate we have outside the areas where we have underperformance, because this growth rate is very good. That makes us very confident. What makes us confident where we underperform is to look at people around us they do well – they do much better than us. When you look at the assets we have, there is no reason why we shouldn't be able to just reach the peer-type performance and above, which has been our story, Sophie was mentioning earlier that has been our story for many years.

At the end of the day, our business is a people-business; you know that. If you have the right people, the right leader, and the right manager, with the right support and expertise – but we had this available – it works. If you don't have the right person, we missed the target.

Because it's a people-business, you don't turn around a situation, like you get the perfect technology and off you go. This is a good thing about the resilience of our business, but it's also one of the difficulties or the challenges; you have to change to people, you have to train them, etc... When it's the size or magnitude we have, that's why it takes a little bit of time.

You heard we were confident; we are focused on execution; the Executive Committee is absolutely aligned and engaged in this plan and we will have very regular check points on how we progress on all these elements that we presented.

I'm accountable for that.

Richard

Richard CLARKE

Thanks very much.

Yeah just a question. You started off today with a staunch defence of Integrated Services, and then you also said that you want to refocus on food. Would it be right in that there's also a bit in the middle? I think you said Integrated Services is about 22% and Food is about 66% or something like that. There's some stuff in the middle there which is like 'bundled services' or other 'single contracts'. Is that suboptimal? Is that what you need to move in one direction or the other to be either Food or Integrated?

Denis MACHUEL

Let me be very clear: when we talk about the refocus on Food, it's not to the detriment of FM. We like almost double-digit growth in FM – it's great, it's very consistent with Quality of Life services, and has a very good footprint. It turns out that we grew in FM because we had a strong footprint in Food, we listened to the clients and then we developed FM. But now, there are clients through which we enter via FM and then develop the Food offer. What we want to do is keep the momentum in FM, really reignite Food to the market levels or market-plus levels.

Back to your question. It is true that fully integrated services are the ultimate achievement with clients that have really understood the concept, they like it, they see the value, etc. At the moment, we have 48% of our client contracts where we have multi-services - what you could call 'bundled' or several-services. They are not necessarily fully integrated in a suite of services with a single KPI, single reporting, etc... That helps increase the stickiness with our clients and is usually a first step to reach integrated services.

If we look at what we've done with our large accounts, we have started by those bundled services and then we create this strategy and all these processes to integrate them.

Najet EL KASSIR

Good afternoon. **Najet EL KASSIR** from Berenberg.

You mentioned you have a target of 95% retention rate – this is pretty high from where you are at the moment and even the best-in-class in the sector doesn't have a 95% retention rate across the group. How will you achieve that? what are the levers you're putting in to be able to achieve that?

Denis MACHUEL

First of all, we achieve way better than this in several geographies or segments. Historically, for example, that's what makes us a bit sad. Typically, in universities we had very high retention – we were up to 97-98% – so when we drop below, as we did recently, it makes us nervous and unhappy. So, we are able to achieve that.

When we move in innovated integrated services, the stickiness that we have created through integrated services also creates higher retention. Sylvia also mentioned that. We had very high 90s

without having lost a client. It's just we lost some volume because clients restructure or they close sites, etcetera.

I'm convinced we can reach that; we are improving, but I'm sure it's possible.

Other questions? It's been a long day.

Should we conclude?

Thank you very much for having been with us this day. I just want to have a few words of conclusion.

First, to really deeply thank you for your questions and for your attention to what we presented. Your questions are always very meaningful to us; you challenge us, you're demanding to us, and it's a way for us to progress.

I want to really convey this message. Interacting with all of you has been extremely and will be enriching very much in the future. Thanks for your presence.

Conveying these messages to you is important to us. We hope that you had good perspectives on some of our strategies of our segments in the morning. We hope that you had also a nice lunch experience – back to our focus on Food.

We hope also you have interacted during lunch or during the breaks, opportunity to interact with the Executive Committee. I'm very proud of that team; this is a great team; it's a motivated, determined team, energised, and engaged – and that team will get us where we need to be.

I hope in the forum, this afternoon, you also could feel the energy of the rest of the team that is present; they only represent a very small part of all the good people that we have. In a nutshell, what we tried to convince you – and I hope we managed to convince you – that we have the right team, and engaged and focused team, that we are present in the right markets, with scale. Yes, we suffer maybe a little bit in North America, but we have very strong scale positions. We have scale positions in emerging markets. We are a solid company.

With the right focus, with short term action plans, on which we work hard, follow, and push our teams to deliver, and focus on execution as well as building capabilities for the future.

We hope we convinced you that we are very well positioned to a bright future, a future of growth sustained by very strong corporate responsibility, ambition, and soul, and a fantastic differentiating Quality or Life positioning.

Thank you very much.

We are eager to deliver the results that you expect; hopefully, will have exchanges in the future to tell you more about how we perform.

Thank you very much. Have a safe trip back.

Thank you.