

First half Fiscal 2021 results

April 1, 2021



Agenda

1 First half Fiscal 2021 highlights

2 Review of Operations

- › On-Site Services
- › Benefits & Rewards Services

3 Outlook

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

Please refer to Appendix 9 for Alternative Performance Measures definitions

First half Fiscal 2021 highlights



1

First half Fiscal 2021 highlights

**Operational
performance**

First half Fiscal 2021 at a glance

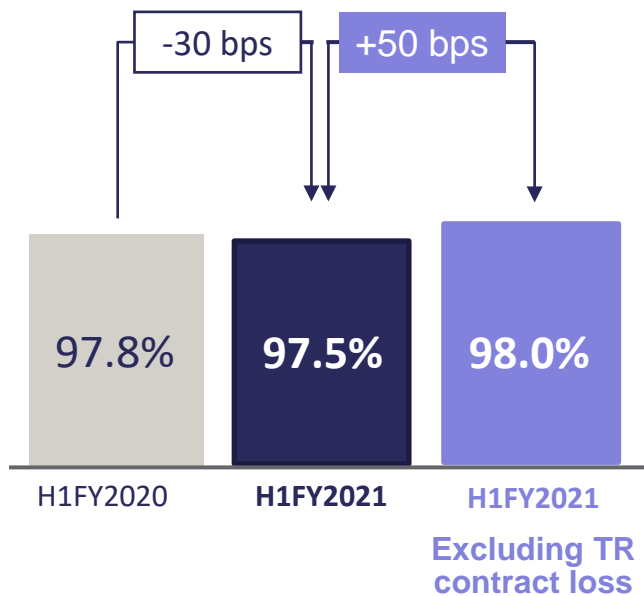
First half Fiscal 2021 highlights

	Organic Revenue Growth	Underlying Operating Margin	Constant rate
Group	-21.7%	3.1%	-250 bps
On-Site Services	-22.2%	2.9%	-260 bps
Benefits & Rewards Services	-8.1%	23.6%	-360 bps

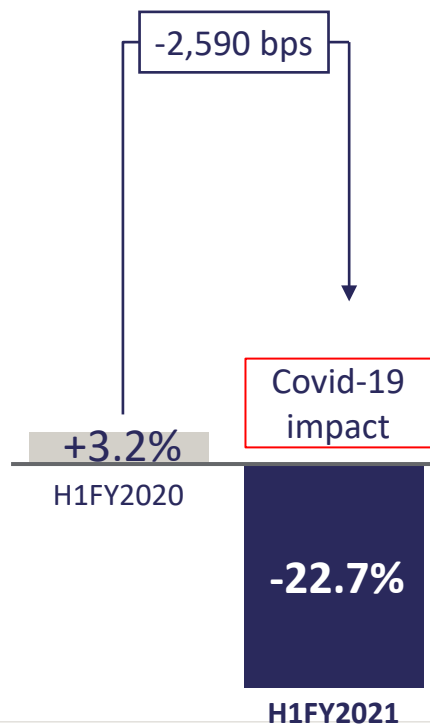
OSS growth indicators

First half Fiscal 2021 highlights

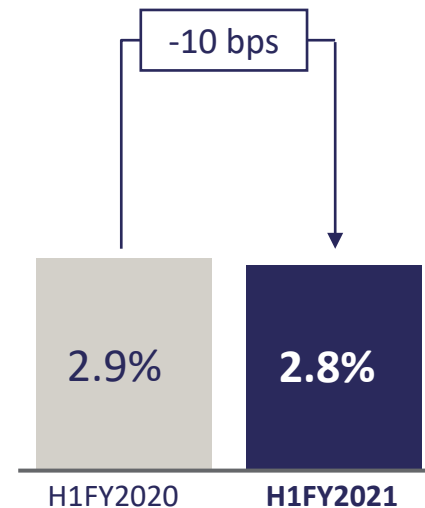
Client retention



Comparable unit growth



Business development



Encouraging sales dynamic

First half Fiscal 2021 highlights

Improved Healthcare North America

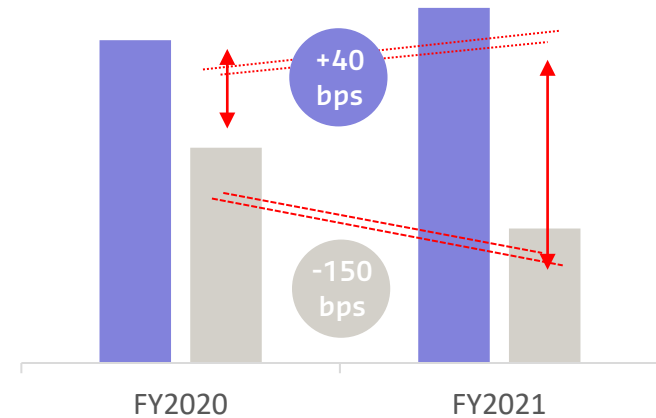
- +80 bps in retention rate
- +60 bps in development rate
- Stronger pipeline +5% vs FY19

Enhanced global pipeline

- +18% vs FY19
- >50% food
- 1/4 first time outsourcing, x2 vs FY19

Increased focus and discipline

- +40 bps in new signature Gross margins
- -150 bps in lost contracts Gross margins
- +140 bps in mobilization Gross margins





Transformation of “Food at work” approach

Strategy to compete

A modular approach:

- geography
- corporate client typology
- client culture

Focused on:

- “Big 3” US, UK & France
- Future “Big 3” Brazil, China & India

Ensuring affordable, healthy and sustainable options





Transformation of “Food at work” approach to meet the needs of clients & consumers

2017

2018

2019

2020

2021

Investments & acquisitions



Launch of new offers & expansion of acquired brands



Digital, Data & IT Investments



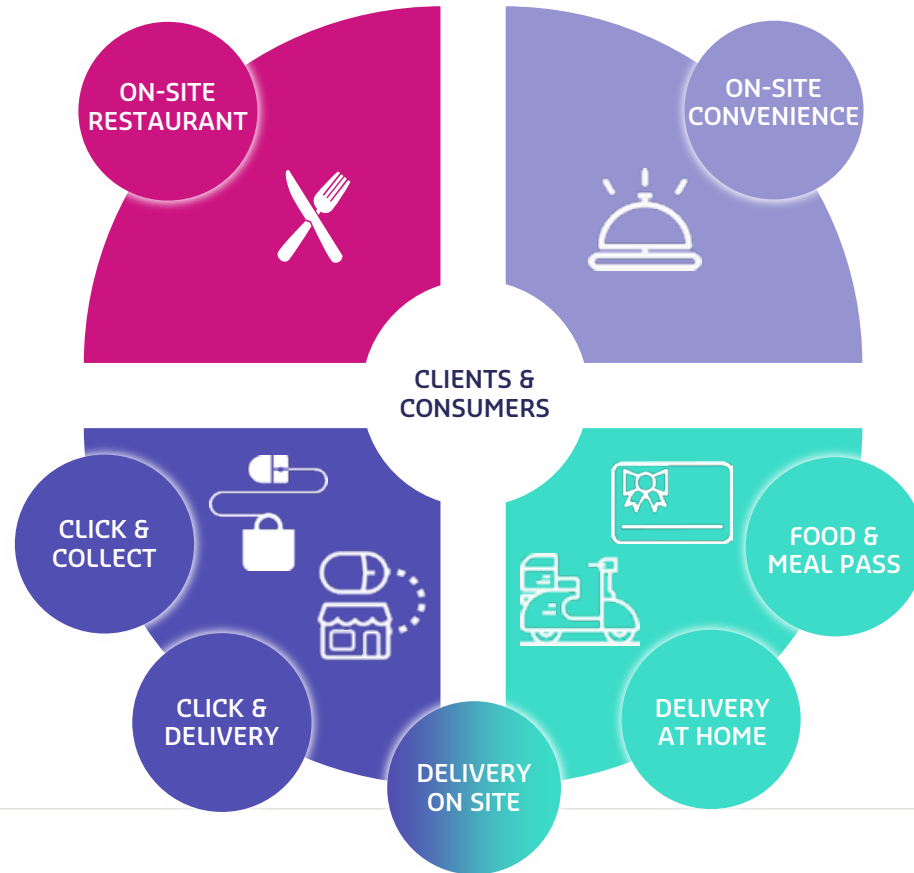
+70 partnerships with delivery platforms

IA & data journey: PowerChef, Aeye-Go, Isahit...





Transformation of “Food at work” approach

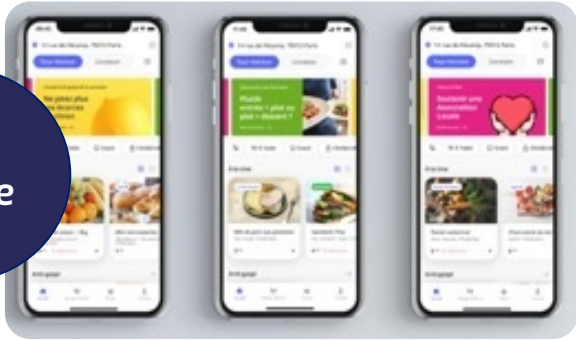




Transformation of "Food at work" approach

Global HQ of a world leader in industrial software solutions
~4,000 consumers (France)

1
single
App



*"I lunch as I want,
when I want and
where I want"*



CLIENTS & CONSUMERS





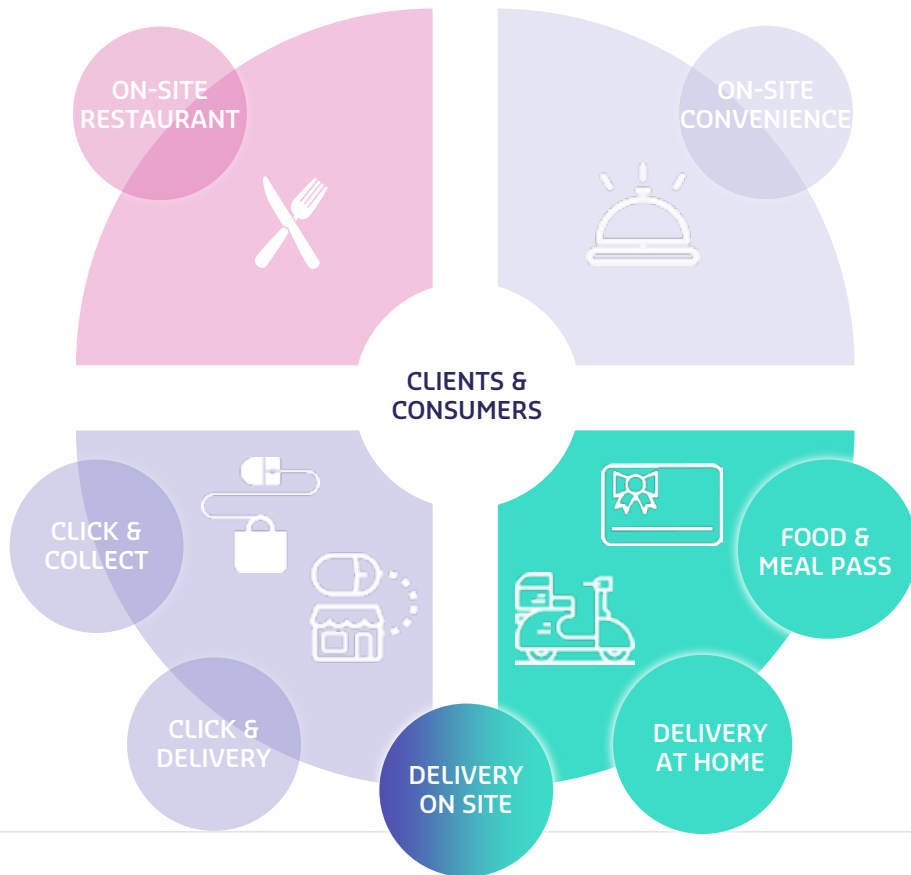
Transformation of “Food at work” approach

Amazon (India)

- A digital Meal Benefits to scale up Amazon India employee’s experience
- >100,000 employees
- 3-year contract, effective January 2021



- 100% virtual cards
- A seamless digital journey
- Secured payment via Sodexo-Zeta App



First half Fiscal 2021 highlights

**Financial
performance**

Tight management of financials

First half Fiscal 2021 highlights

Exceptional free cash flow

€237m

Free cash flow

€1,681m

Net debt

VS €1,868m at august 2020

Delayed Client capex

€86m

CAPEX

1%

Of revenues

Disciplined GET execution

€264m

Cumulated costs

€85m

Cumulated savings

€-123m

Cumulated cash impact

Resilient Balance sheet

3.8

Net debt ratio

57%

Gearing

€5.3bn

Liquidity at the end of H1

P&L Performance

First half Fiscal 2021 highlights

In million €	H1 FY 2021	H1 FY 2020	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	8,595	11,692	-26.5%	-21.7%
Underlying Operating profit	265	685	-61.4%	-55.2%
Underlying Operating margin	3.1%	5.9%	-280 bps	-250 bps
Other Operating income and expenses	(128)	(66)		
Operating profit	136	619	-78.0%	-73.2%
Net financial expense	(50)	(67)		
Tax charge**	(53)	(161)		
Group net profit	33	378	-91.3%	-86.6%
Underlying net profit	128	424	-69.9%	-63.6%

Other income and expenses

First half Fiscal 2021 Financial Performance

In million €	H1FY21	H1FY20
Other Operating income	8	5
Gains related to perimeter changes	3	2
Gains on changes of post-employment benefits	4	4
Other operating expenses	(136)	(71)
Restructuring and rationalization costs	(107)	(33)
Acquisition related costs	(2)	(5)
Losses related to consolidation scope	(1)	(1)
Losses on changes of post-employment benefits	(1)	(2)
Amortization and impairment of acquired intangible assets	(21)	(20)
Other	(3)	(11)
Other operating income and expenses	(128)	(66)

GET program in action

First half Fiscal 2021 Financial Performance

€350m exceptional costs

90% cash impact

€350m
cumulated
savings

50% in GP

50% in SG&A

	FY20	H1 FY21	H2 FY21 <i>estimated</i>	FY22 <i>estimated</i>
(in million €)		Cumulated		
Total exceptional costs	158	264	350	-
Cash impact	-75	-123	-246	-315
SG&A savings	-	36	95	175
GP cost avoidance	-	49	120	175

Exceptional free cash flow

First half Fiscal 2021 Financial Performance

In million €	H1 FY21	H1 FY20
Operating cash flow	405	791
Change in working capital ¹	41	(647)
IFRS 16 Leases outflow	(123)	(120)
Net capital expenditure	(86)	(268)
Free cash flow	237	(243)
Net acquisitions	(10)	(13)
Share buy-backs/ Treasury stock	(11)	(39)
Dividends paid to parent company shareholders	(0)	(425)
Other changes (including change in Financial Assets, scope and exchange rates)	(28)	(140)
(Increase)/decrease in net debt	187	(860)

¹ Excluding change in financial assets related to the Benefits & Rewards Services activity (€(42)m in H1 Fiscal 2021 and €104m in H1 Fiscal 2020).

Total change in working capital as reported in consolidated accounts: in H1 Fiscal 2021: €(1)m = €41m + €(42) and in H1 Fiscal 2020: €(543)m = €(647)m + €104m

Exceptional free cash flow

First half Fiscal 2021 Financial Performance

	Recurring FCF at H1	Non-recurring elements			FCF as published at H1
(in million €)		Restructuring costs	Government support	Tokyo Olympic Games	
October assumptions	-100	-80	-50	-120	-350
Actuals	277	-48	62	-54	237

- Improved UOP
- Strong client collection
- Higher than expected BRS Float
- Delayed Client Capex into H2

Robust balance sheet

First half Fiscal 2021 Financial Performance

In million €	February 28, 2021	February 29, 2020		February 28, 2021	February 29, 2020
Non-current assets	9,766	10,949	Shareholders' equity	2,917 ²	4,098
Current assets excluding cash	4,943	5,926	Non-controlling interests	15	48
Restricted cash	795	563	Non-current liabilities	6,238	6,058
Benefits & Rewards			Current liabilities	8,886	9,345
Financial assets	342	426			
Benefits & Rewards					
Cash	2,210	1,685			
TOTAL ASSETS	18,056	19,549	TOTAL LIABILITIES & EQUITY	18,056	19,549
			Gross borrowings	5,005	4,697
			Net debt	1,681	2,074
			Gearing ratio	57%	50%
			Net debt ratio (net debt/EBITDA)	3.8	1.3

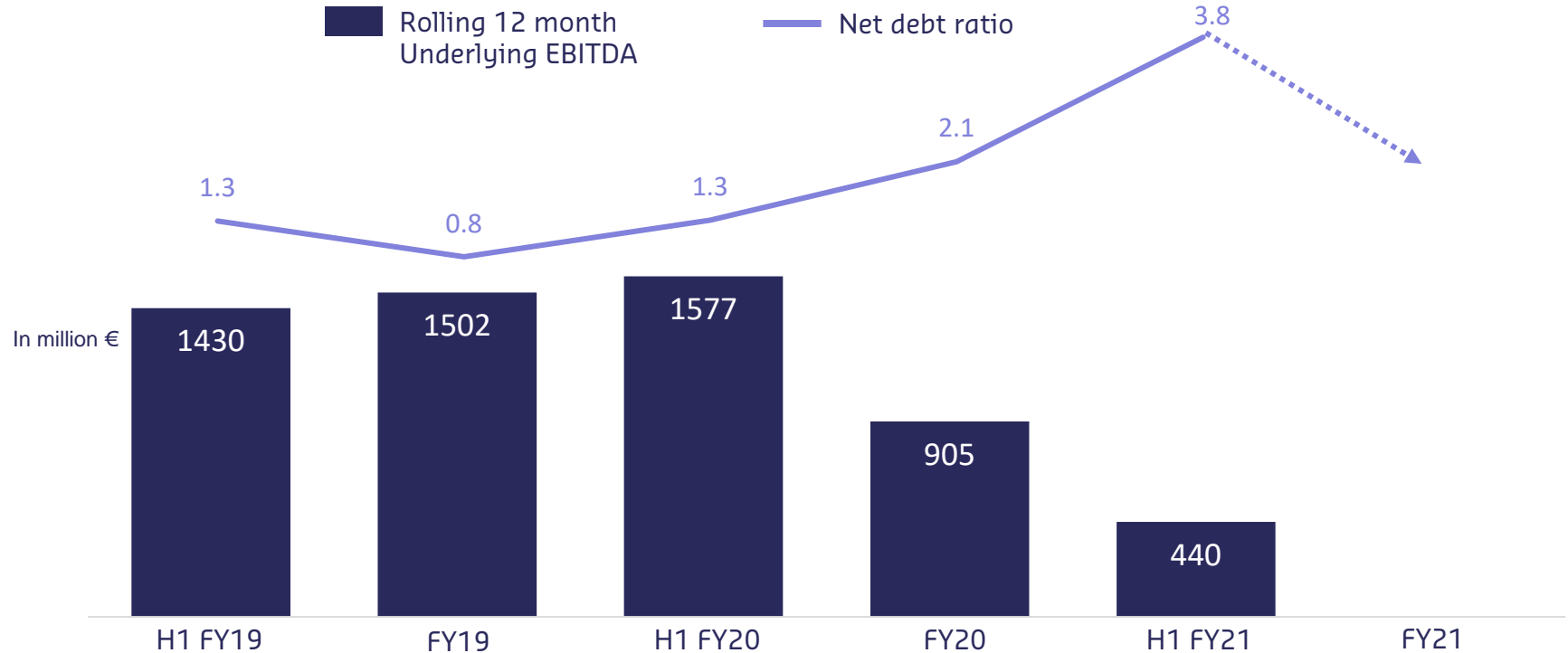
Operating cash totaled **€3,324 million¹**, of which **€2,226 million** related to **Benefits & Rewards Services**

¹ Cash – Bank overdrafts of €23m + Financial assets related to BRS activity

² The change in shareholders equity is mainly due to impact of currencies (mainly Brazilian Real and US Dollar) as well as the reevaluation of certain financial assets due to IFRS 9

Net debt ratio evolution since FY19

First half Fiscal 2021 Financial Performance



Review of operations

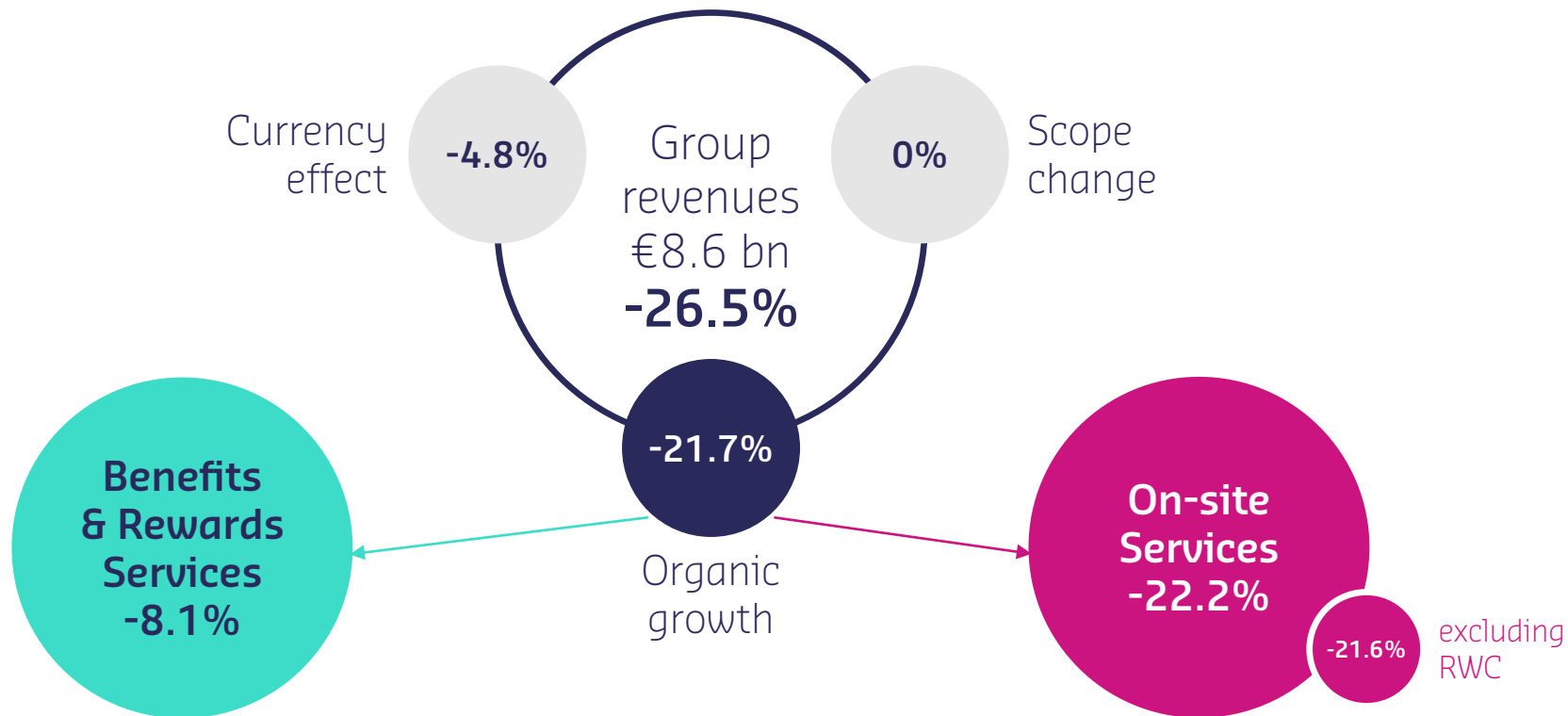


On-site Services

Benefits & Rewards Services

Revenues decline due to Covid-19

First half Fiscal 2021 Financial Performance



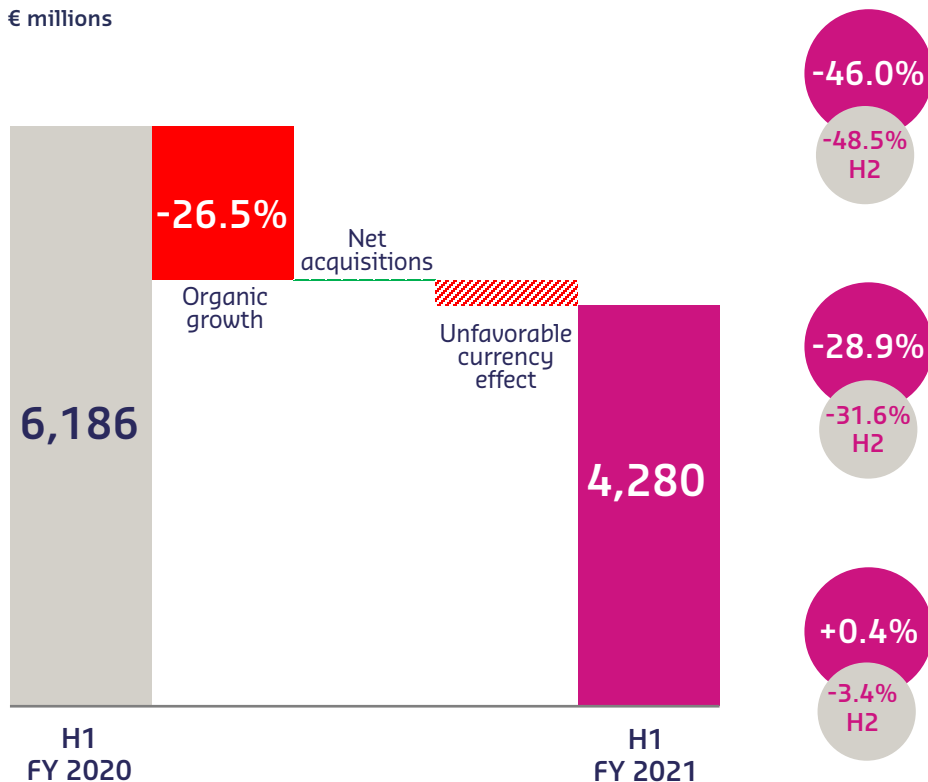
Review of operations

OSS

Business & Administrations – Revenues

55%
On-site
Services
FY20

€ millions



North America

- Improving trends in G&A and strong E&R activities.
- Corporate Services still impacted in food by office closures with no significant improvement in trend from Q1.
- S&L sites still largely closed.

Europe

- -26.8% excluding Rugby World Cup
- Improvement in all sub-segments, except Corporate services Food services slowed by successive lockdown waves since November.
- FM and Global accounts still resilient.

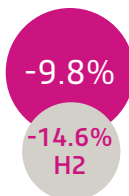
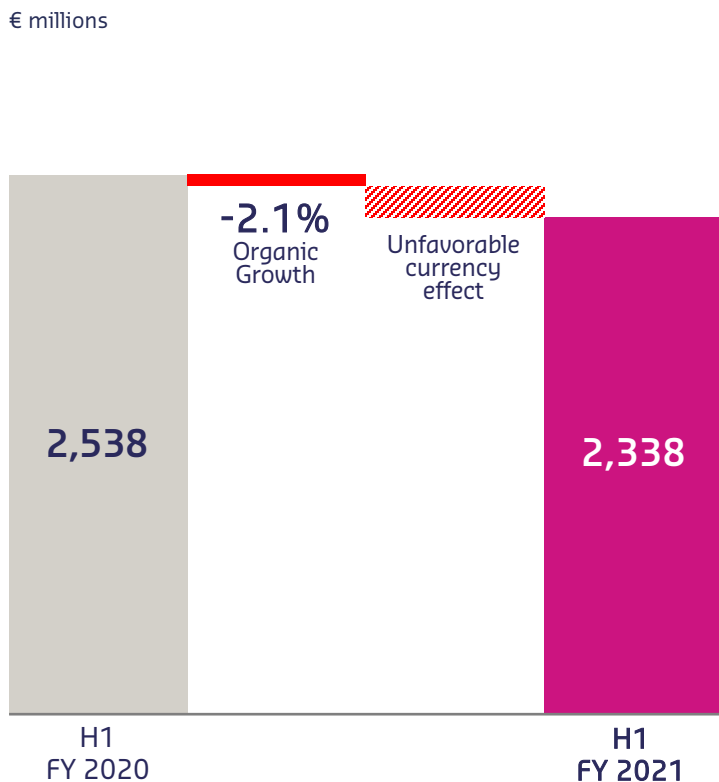
APAC, Latam, MEA

- Strong recovery in Corporate services in China and Latam. India still impacted by the pandemic.
- Solid growth in E&R while Australia is stabilizing.

Healthcare & Seniors – Revenues

26%
On-site
Services
FY20

€ millions



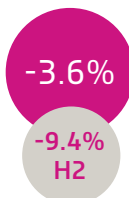
North America

- Progressive improvement in patient revenues but with no sign of improvement in retail sales.
- Solid cross-selling.
- Encouraging sales dynamic.



Europe

- Strong contribution from the rapid testing centers in the UK.
- Still, low retail sales and patient food due to lower levels of elective surgery across the region impacted by successive Covid-19 waves.
- Progressive improvement in Seniors.



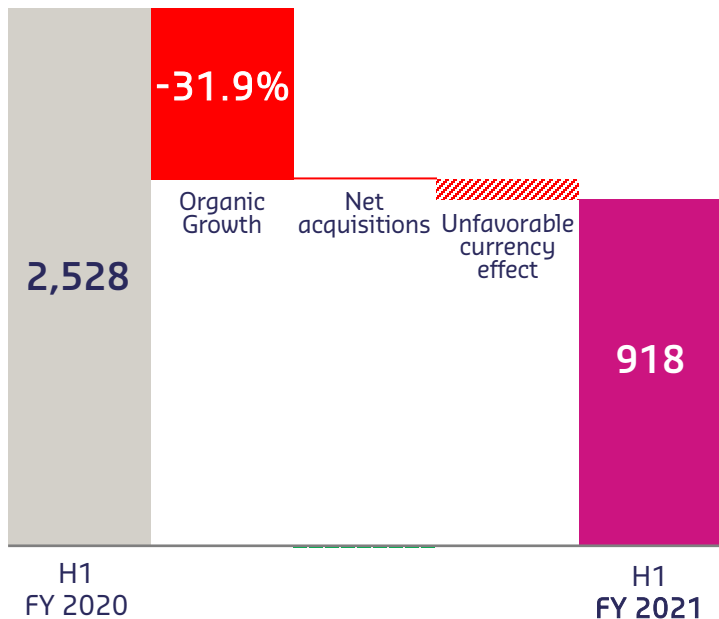
APAC, Latam, MEA

- Recovery in Asia mainly driven by a return to growth in China with easier comparable base.

Education – Revenues

19%
On-site
Services
FY 20

€ millions



-39.7%
-46.5%
H2

North America

- Still low volumes in Universities due to late start of the academic year, enrollment decline and late start of the spring semester.
- Some signs of reopening at the end of the semester in Schools but majority still closed .
- Emergency programs still in place in schools.

-8.3%
-49.2%
H2

Europe

- Significant improvement in Schools driven by full reopening in France and progressive reopening in Italy and Spain.
- Slight erosion in volumes due to occasional class closures linked to Covid-19.
- Second quarter deteriorated because of closure in the UK.

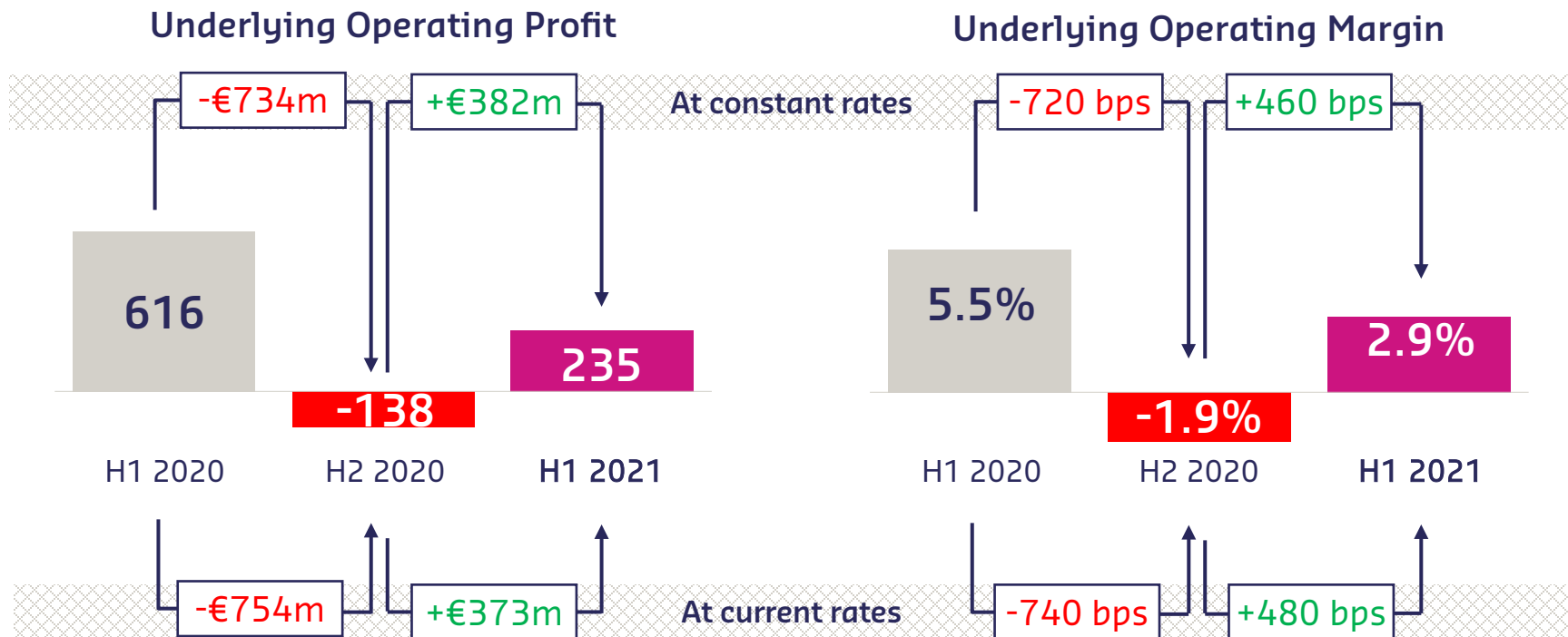
-15.0%
-45.3%
H2

APAC, Latam, MEA

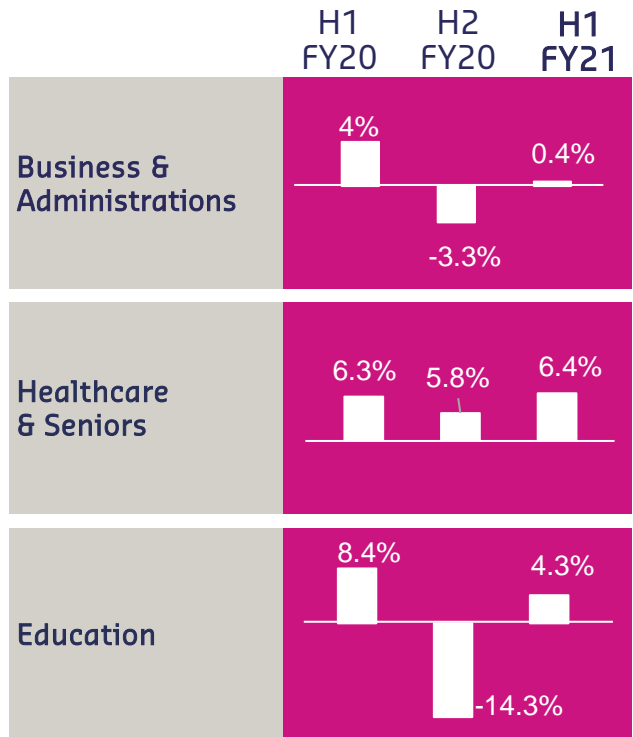
- Progressive reopening in Asia, except India still impacted by the pandemic.

OSS Underlying Operating Profit

€ millions



OSS Underlying Operating Margin by segment



- Very strict cost control
- Contract renegotiations
- Prolonged furlough
- First results of the restructuring program

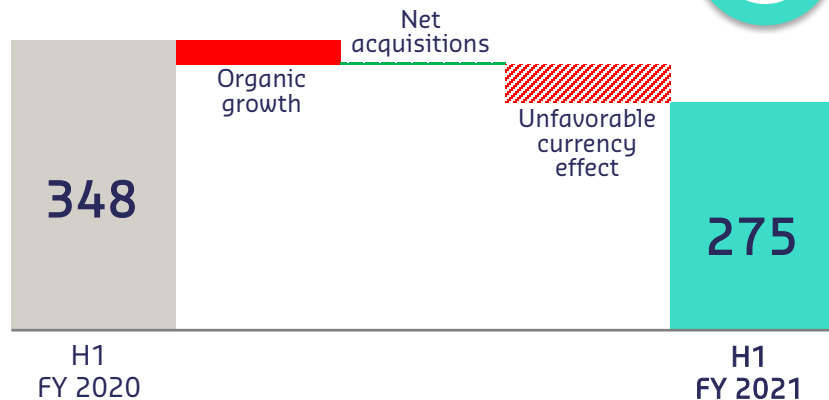
Review of operations

BRS

BRS revenues by service

Employee Benefits

€ millions



Issue volume €5.9bn, +0.2% Organic growth

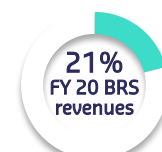
-8.4%
OG

-17.5%
H2

- Impact from second wave of lockdown, particularly in Europe delaying reimbursement flows.
- Deterioration in Brazil due to competitive environment.

Services Diversification

€ millions



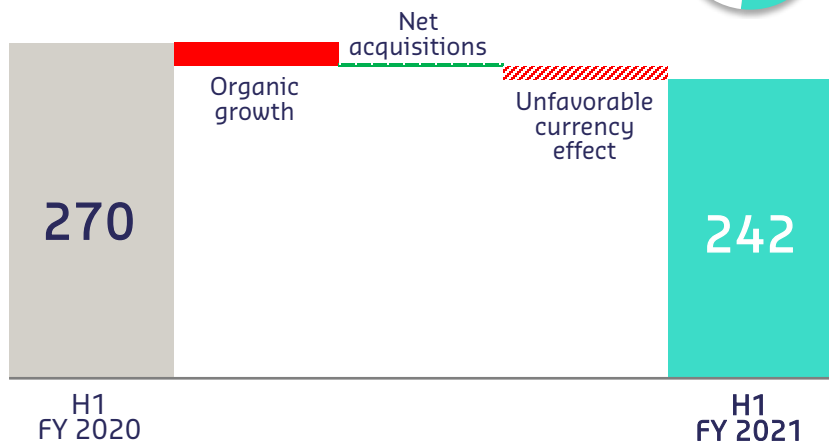
-7.2%
OG

-23.5%
H2

- Continued growth in Public Benefits.
- Fuel & Fleet still showing resilience.
- A return to growth in Incentive & Recognition activities.

BRS revenues by region

Europe, Asia, USA € millions

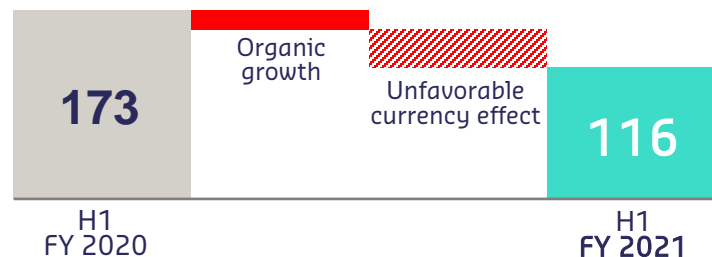


-7.0%
OG

-18%
H2

- Improved trend in Q1, helped by restaurants re-opening and progressive catch-up in reimbursements.
- Slow-down since November due to second wave of lockdowns.

Latin America € millions

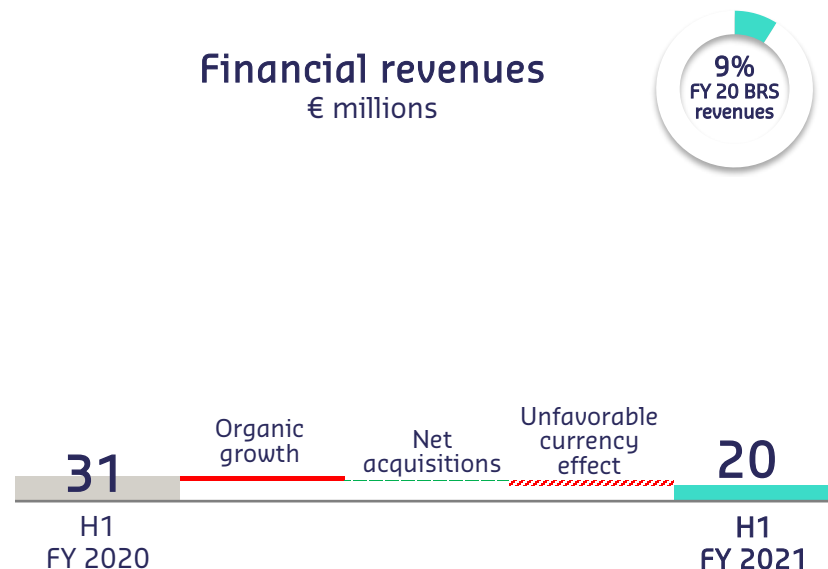
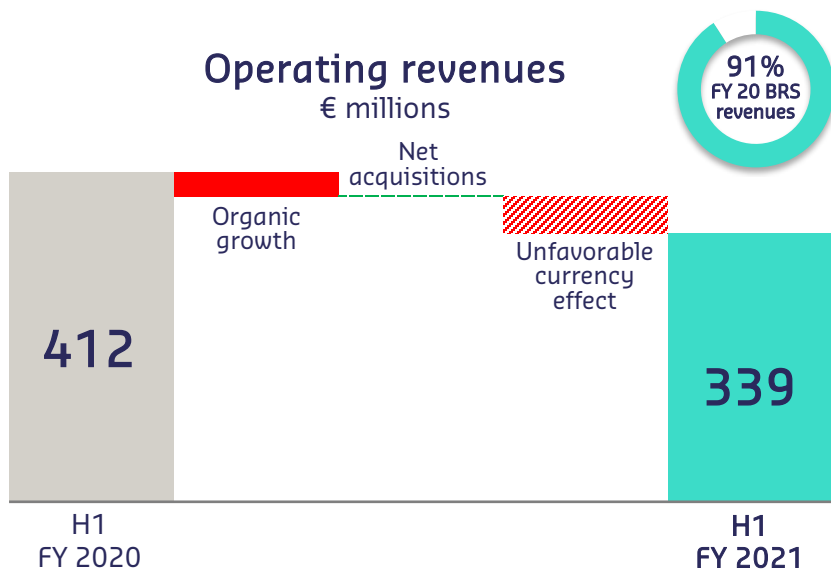


-10.1%
OG

-19.9%
H2

- Brazil impacted by a very competitive environment whereas interest rate stabilizing.
- Solid growth momentum in the rest of the region, except in Chile.

BRS revenues by nature



-7.4%
OG

-18.3%
H2

- Improved trend thanks to revenue catch-up in Q1 but a slowdown in Q2 due to restaurant closures impacted by lockdown measures across Europe.

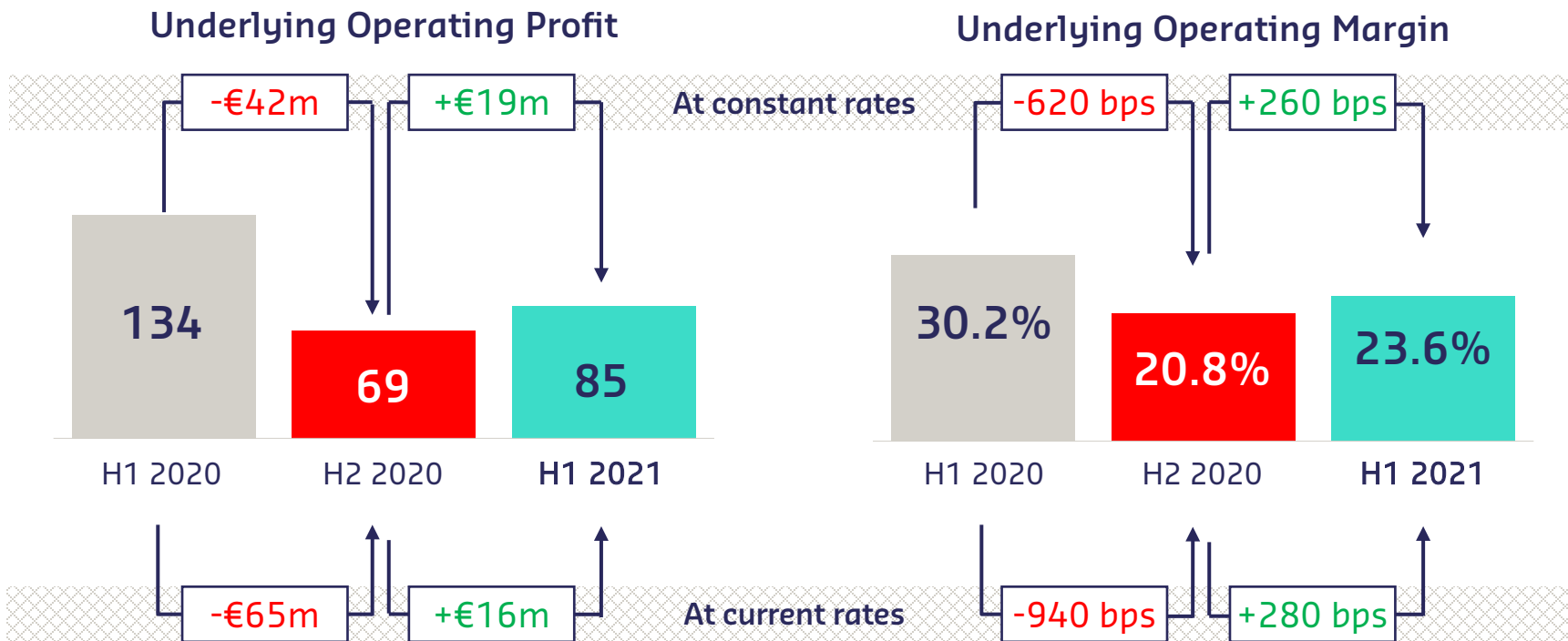
-17.9%
OG

-25.2%
H2

- Significant fall in interest rates in Brazil, though stabilizing.

BRS Underlying Operating Profit

€ millions



Outlook



3

H2 FY2021 assumptions

Outlook


OG: **between +10 and +15%**

UOP Margin at constant rate: **around 3.1%**

Cash Conversion **above 100%** for the full year

Mid-term guidance

Outlook



A strong
pick-up expected
in all segments
and activities
post Covid

A unique range
of services to
help clients
redesign their
value
proposition for
their consumers

Mobilized teams
in the field

Mid-term guidance

Outlook

On the basis that the pandemic will be over by 2021 calendar year end, the Group aims to return to sustained growth and to rapidly increase the Underlying operating margin back over the pre-Covid level.

Q&A

4

Appendices



Contract Wins and extensions

Contract Wins



Amazon

Benefits & Rewards contract
in India



PennState Health

Penn State Health
System

Healthcare contract
in the US



Oundle School

Education contract
in the UK

Contract Retention



APHP

Healthcare contract
in France



Ole Miss Athletics

Sports & Leisure contract
in the US



Pfizer

Corporate contract
in APAC

Contract Extensions / Expansions



Dulwich College
International

Education contract
in China



Collahuasi Mine

Energy & Resources contract
in Chile



Ospedale dell'Angelo

Healthcare contract
in Italy

Q1 Fiscal 2020 Exchange rates

Appendix 2

1€ =	Average Rate H1 Fiscal 21	Average Rate H1 Fiscal 20	Average Rate H1 Fiscal 21 vs. H1 Fiscal 20	Closing Rate H1 Fiscal 21 at 28/02/2021	Closing Rate Fiscal 20 at 31/08/2020	Closing Rate 28/02/21 vs. 31/08/20
U.S. DOLLAR	1.197	1.105	-7.7%	1.212	1.194	-1.5%
POUND STERLING	0.897	0.862	-3.9%	0.871	0.896	+2.9%
BRAZILIAN REAL	6.554	4.602	-29.8%	6.664	6.474	-2.9%

H1 Organic growth excluding Rugby World Cup

Appendix 3

	Organic growth excluding RWC	Organic growth
Group	-21.1%	-21.7%
On-Site Services	-21.6%	-22.2%
On-Site Services Europe	-16.7%	-18.4%
Business & Administrations	-25.4%	-26.5%
Business & Administrations Europe	-26.8%	-28.9%

Revenue breakdown

Appendix 4

REVENUES BY SEGMENT (in millions of euro)	H1 FY2020	FY2019
Business & Administrations	4,280	6,186
Healthcare & Seniors	2,338	2,538
Education	1,620	2,528
On-site Services	8,238	11,252
Benefits & Rewards Services	359	443
Elimination	-2	-3
TOTAL GROUP	8,595	11,692

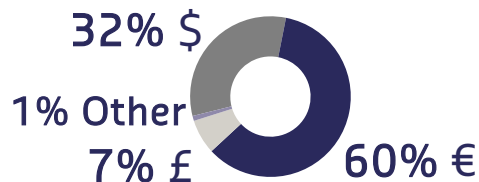
ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
-26.5%	0.1%	-4.4%	-30.8%
-2.1%	0.0%	-5.8%	-7.9%
-31.9%	-0.3%	-3.7%	-35.9%
-22.2%	0.0%	-4.6%	-26.8%
-8.1%	0.5%	-11.4%	-19.0%
-21.7%	0.0%	-4.8%	-26.5%

Breakdown of Gross Financial debt: €5,005m

Appendix 5

In million €

BY CURRENCY **

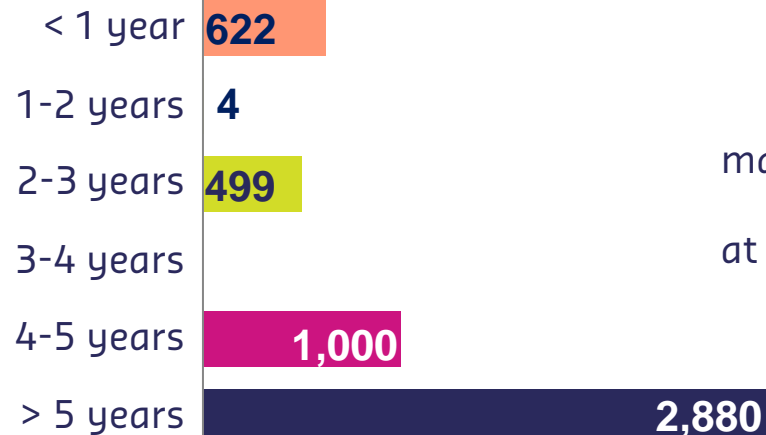


INTEREST RATE



Blended cost of debt 1.6% at 28/02/2021

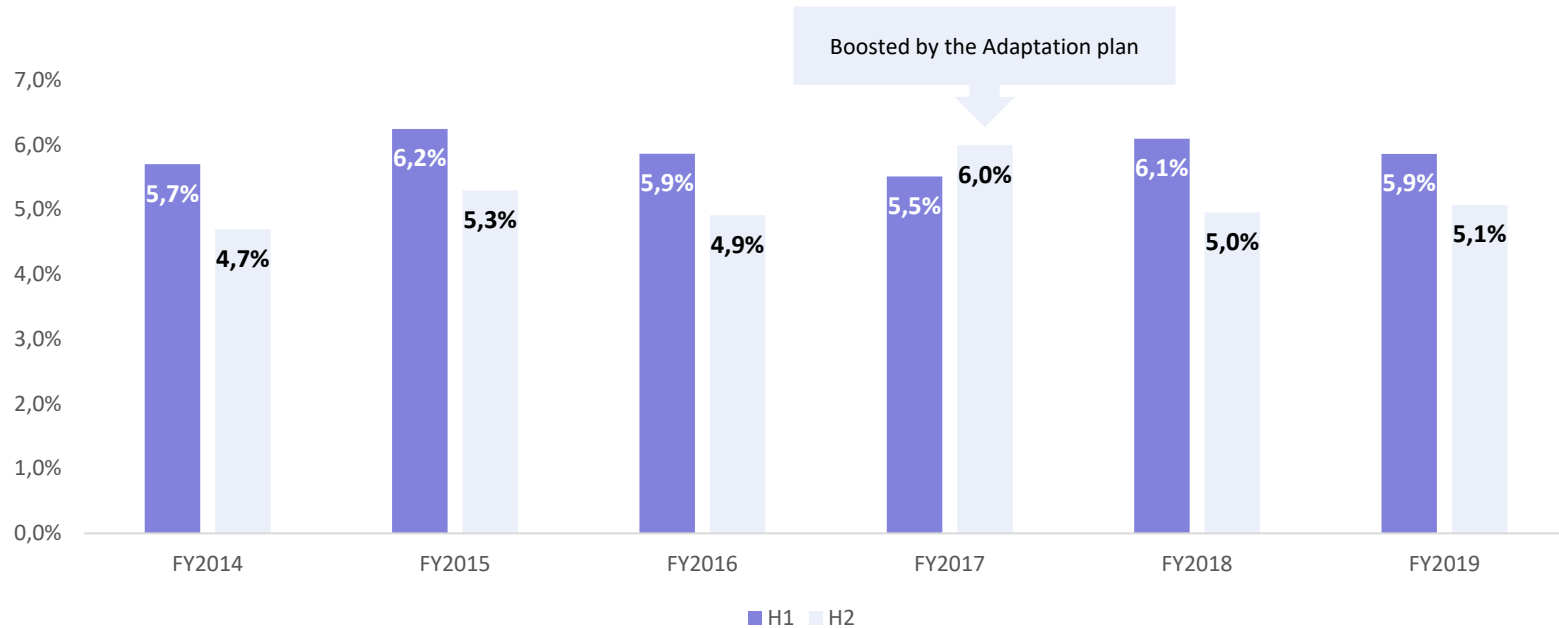
BY MATURITY



Average maturity of 5.2 years at 28/02/2021

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

UOP seasonality



Excluding FY2017 exceptional year, average gap between H1 and H2 margins is at ~100 bps

Modelling details for FY2021

At constant rates

Appendix 7

Other income
and expenses:
around
€240m

Net financial
expenses:
€110m
including
IFRS16

Tax rate:
in line with H1

Number of shares

Company's share capital	FEBRUARY 28, 2021	AUGUST 31, 2020	FEBRUARY 29, 2020
Company's share capital, number of shares	147,454,887	147,454,887	147,454,887
Treasury shares	1,524,876	1,442,351	1,821,266
<i>Number of shares for EPS calculation</i> (Basic weighted average number of shares)	146,001,603	145,778,963	145,868,679

Alternative Performance Measure definitions

Appendix 9

Organic growth

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

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

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

As a result, for the calculation of organic growth, Argentina Peso figures for H1 FY 2021 and H1 FY 2020 have been converted at the exchange

rate of 1€ = 109.280 ARS vs 68.248 ARS for H1 FY 2020.

Starting FY19 Venezuela is accounted for using the equity method. Consequently, Venezuela is no longer in revenue.

Issue volume

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

Reimbursement volume

Reimbursement volume corresponds to the total face value of service vouchers, cards and digitally delivered services (Benefits and Rewards Services activity) reimbursed to the Merchants

Underlying Operating margin

The Underlying operating profit margin corresponds to Underlying operating profit divided by revenues

Underlying Operating margin at constant rate

The Underlying operating profit margin at constant rate corresponds to Underlying operating profit divided by revenues, calculated by converting FY2021 figures at FY 2020 rates, except for countries with hyperinflationary economies.

Alternative Performance Measure definitions

Appendix 9

Blended cost of debt

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

Free cash flow

Please refer to Cashflow position.

Growth excluding currency effect

Change excluding currency effect calculated converting FY 2021 figures at FY 2020 rates, except when significant for countries with hyperinflationary economies.

As a result, for the calculation of organic growth, Argentina Peso figures for H1 FY 2021 and H1 FY 2020 have been converted at the exchange rate of 1€ = 109.280 ARS vs 68.248 ARS for H1 FY 2020.

Net debt

Net debt is defined as Group borrowing at the balance sheet date, less operating cash.

Underlying Net Profit

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

Underlying Net profit per share

Underlying Net profit per share presents the Underlying net profit divided by the average number of shares

APM - Financial ratios definitions & reconciliation

Appendix 9

		H1 Fiscal 2021	H1 Fiscal 2020
Gearing ratio	Gross borrowings ⁽¹⁾ – operating cash ⁽²⁾	57%	50%
	Shareholders' equity and non-controlling interests		
Net debt ratio	Gross borrowings ⁽¹⁾ – operating cash ⁽²⁾	3.8	1.3
	Rolling 12 month Underlying EBITDA ⁽³⁾		
(1) Borrowings	Non-current borrowings	4,398	3,928
	+ Current borrowings excluding overdrafts	641	796
	- Derivative financial instruments recognized as assets	(34)	(27)
		5,005	4,697
(2) Operating cash	Cash and cash equivalents	2,210	1,685
	+ restricted cash and financial assets related to the Benefits & Rewards Services activity	1,137	989
	- Bank overdrafts	(23)	(51)
		3,324	2,623
(3) Rolling 12 month Underlying EBITDA	Underlying operating profit (H2 Fiscal 2020 + H1 Fiscal 2021)	149	1,238
	+ Depreciation and amortization (H2 Fiscal 2020 + H1 Fiscal 2021)	580	469
	- Lease payments (H2 Fiscal 2020 + H1 Fiscal 2021)	289	131
		440	1,577

Financial calendar

Appendix 10

Fiscal 2021 Nine months Revenues	July 1, 2021
Fiscal 2021 Annuals Results	October 28, 2021
Fiscal 2021 Annual Shareholders Meeting	December 14, 2021

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



Sodexo key figures

Appendix 11

As of August 31, 2020



€19.3 bn revenues



420,000 employees



#1 Largest private French employer worldwide ⁽¹⁾



100 million consumers served daily



64 countries



€12.1 bn market capitalization
(as of April 1, 2021)

- Founded in 1966 by Pierre Bellon
- As at 28/02/2021, Bellon S.A. holds 42.8% of capital (57.1% of voting rights)

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA
Leader in its industry sector

Sustainability Award
Silver Class 2021
S&P Global
#1 in its industry sector



FTSE4Good



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

⁽¹⁾ 2020 Forbes Global 2000 ranking (as of April 30, 2020)

Investor relations contacts

Appendix 12

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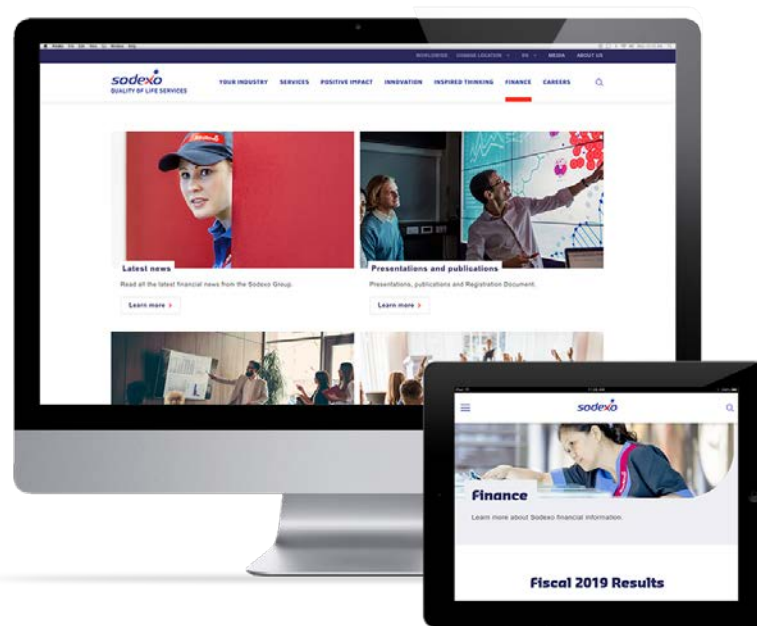
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A Sodexo employee, a woman with dark hair wearing a light blue surgical mask, a blue collared shirt, and a dark grey apron, is cleaning a table in a hospital room. She is wearing purple nitrile gloves and holding a white spray bottle. On the table in front of her is a clear plastic pitcher with blue liquid and a stack of blue cloths. In the foreground, the back of a patient's head and glasses is visible. The background shows a hospital room with blue curtains and an orange wall.

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QUALITY OF LIFE SERVICES

Thank You