

SODEXO DIGEST

FISCAL 2015





PIERRE BELLON
Chairman
of the Sodexo
Board of Directors

“ After graduating from France’s HEC business school and completing my military service as an officer in the French Navy, I returned to Marseilles to work for a small maritime supply company created by my grandfather in 1895 and then managed by my father.

After a few years, I realized that the Marseilles maritime supply market was in decline and that I wanted to start my own business.

At the time, I was troubled in having witnessed the disappearance of three of the world’s largest shipyards in my local region. Before even creating the company, I made the audacious statement, “Sodexo will be a growth company.”

Why growth? To create wealth for our consumers and clients and to create jobs. From the beginning, I chose organic growth because it offers employees the opportunity to grow with the company through internal promotion.

Today, Sodexo has become a major international company, a world leader in Quality of Life services, whose 420,000 employees serve 75 million consumers daily in 80 countries.”



The reasons for this growth are seven in number and we call them

THE FUNDAMENTAL PRINCIPLES OF OUR DEVELOPMENT

1 OUR MISSION

The corporate foodservices industry was undervalued and Pierre Bellon wanted to enoble it and give employees a sense of pride in belonging.

As a result, we have adopted a dual mission:

- **improve the Quality of Life** of our employees and all those we serve
- **contribute to the economic, social and environmental development** of the cities, regions and countries in which we operate.

2 OUR CONCEPT OF A COMPANY

Sodexo is the community of its consumers, clients, employees and shareholders. To meet their expectations, we have placed a priority on **organic growth** in revenues and results.

3 A CULTURE FOCUSED ON THE CONSUMER AND CLIENT

Our strategy is simple:

- **retain existing clients.**
- **find new clients** in two ways:
 - segmentation and sub-segmentation of our clients
 - geographic development.
- **expand our range of Quality of Life services.**



4 DEVELOPING OUR HUMAN RESOURCES

Since the creation of the Group, Pierre Bellon has implemented two key levers:

- ***"Alone, I could not do anything and I was the obstacle to development, so I recruited women and men who were better than me."***

In order for Sodexo to develop, one of the key roles of a manager at any level is to identify and train their successor.



Since our inception, **our mission, our values and our ethical principles** have given meaning to the initiatives and the work of all of us.

OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

- Loyalty
- Respect for people and equal opportunity
- Transparency
- Business integrity

Nearly 50 years after Sodexo's creation, **our mission and values are the foundation of our commitment**, uniting us and serving as a common bond for our teams throughout the world. This is what sets us apart from our competitors.

- The **recognition of all our field teams** is essential: they are in daily contact with consumers, know their needs, ensure their satisfaction and convey the image of the company.

Our human resources is one of the reasons for our past development but also the key to our future development.

59%
+ 2 points
engagement rate in 2 years*

86%
of our employees consider Sodexo a better employer than its competitors*

80.6%
retention rate
for site managers

20.8%
of site manager positions filled through internal promotion

Nearly **5** million hours of training were provided during the year 2014-2015

* Source: 2014 Sodexo Engagement survey of 130,000 employees in 60 countries.

5 OUR STRATEGIC POSITIONING

- We chose the **Quality of Life services** that contribute to our mission and differentiate us from our competitors.

Through 3 activities:

ON-SITE SERVICES

Through its more than 100 professions, Sodexo provides **an integrated services offer** to clients including foodservices, reception, cleaning, security and technical maintenance of facilities and equipment.

These services are delivered in eight client segments:

- Corporate
- Defense
- Justice Services
- Remote Sites
- Health Care
- Seniors
- Education
- Sports and Leisure



BENEFITS AND REWARDS SERVICES

5 categories of services for private and public organizations, of all sizes:

- **Employee Benefits**
- **Incentives and Recognition**
- **Business expense management**
- **Public Benefits**
- **Gift boxes and cards.**

PERSONAL AND HOME SERVICES

Sodexo designs and deploys services that improve quality of personal life across three categories of services:

- **Childcare**
- **In-home support**
- **Concierge services**





6 CHOOSING TO BECOME GLOBAL

"Together, we quickly realized that, like our clients and suppliers, we too had to become global and that France represented only 1% of the world's population," says Pierre Bellon.

Today, **Sodexo generates 86% of its revenues outside France**

We will continue to grow in France, but our markets are global, so our growth will be faster outside France.

7 INDEPENDENCE

Independence enables us **to maintain our values**, focus on **a long-term strategy**, maintain **management continuity** and ensure **our durability**.

Sodexo's financial independence is ensured through a controlling family shareholding: Pierre Bellon and his children control 68.5% of the Bellon SA holding company.

As of August 31, 2015, the controlling holding company, Bellon SA, held 37.7% of Sodexo's capital and 51.8% of the voting rights.

A 50-year agreement was concluded between Pierre Bellon, his wife and his children: this agreement commits the direct descendants of Pierre Bellon to not sell any shares of Bellon SA outside the family group. This agreement fully protects Sodexo's independence, favored by all employees.

HOW TO CONFRONT AND CO



MAJOR CHANGES CONTINUE TO GROW?



“ All countries have experienced a period of their history in which there has been a crisis to overcome.

In a globalized economy in which capital, information, trade and talent are permanently interconnected, one person's crisis is another's opportunity.

The transformation of the world has continued for centuries, but today it is accelerating at high speed. ”

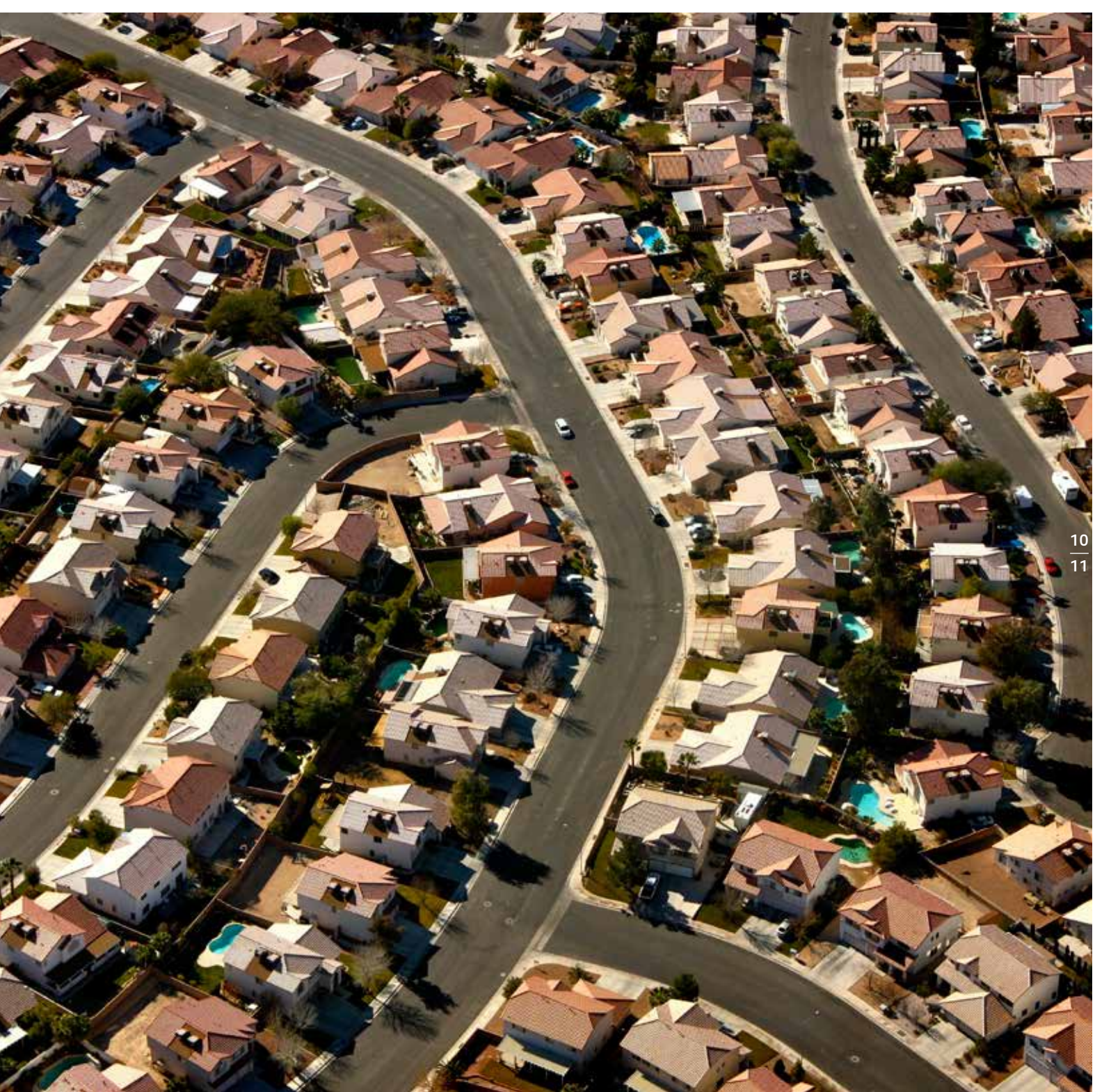
PIERRE BELLON
Chairman of the Sodexo
Board of Directors

WHAT ARE THE MAJOR CHANGES IN THE WORLD?

In recent years, we have identified **10 fundamental global trends:**

- 1 Demographic changes:** population growth, longer life expectancy, etc.
- 2 Economic globalization,** leading to a growing interconnection between capital, information, talent and trade.
- 3 Rampant urbanization,** with the development of **megacities.**
- 4 The transfer of economic muscle** to new countries, with the development of high potential **emerging economies** such as China, India, Brazil, Mexico and Turkey.
- Expanding **middle classes** in emerging economies.
- Increasing **government debt,** a trend that encourages governments to consider **outsourcing** solutions, leading to an increase in private finance initiatives
- 7 The development of renewable energy** and the steep 40% drop in the price of crude oil since June 2014 may seem good news for the global economy, but it holds very different economic consequences in different countries. Countries benefiting appear to be the United States, in particular, and to a lesser extent, Europe and China. The countries being hurt the most are those whose economies are based on exports of these energy resources such as Venezuela, Nigeria, Russia, Saudi Arabia and, to some extent, Norway.
- 8 Mounting pressure from consumers seeking well-being, a good quality of life,** improved health and personalized services.
- 9 Development of new information and communication technologies.**
- 10 The growing trend among companies away from owning the assets used in the business.**





Our short, medium and long term **AMBITION**

- Be the **leader in Quality of Life services**
- contribute to the **economic, social and environmental development** of the communities, regions and countries in which we operate
- be among the global companies **most admired** by its employees
- make Sodexo a **globally known, chosen and loved brand**
- be the **global leader in EBIT⁽¹⁾, free cash flow⁽²⁾** and revenues* generated in our three activities and in each client segment and sub-segment

- remain **independent**

Thus, the Group's objectives for Fiscal 2016 are:

- **organic revenue growth** of around **+3%**;
- an increase in **operating profit**, excluding currency effects and exceptional items, of around **+8%**.

The Board of Directors, confident in the future, confirms its medium-term objectives:

- **average annual revenue growth**, excluding the currency effects, of between **+4 and +7%**;

- **average annual growth in operating profit**, excluding currency effects, of between **+8% to +10%**;
- **average annual cash flow conversion⁽³⁾** of about 100%;
- **ROCE⁽⁴⁾** greater than or equal to 15%.

(1) EBIT: operating profit

(2) Free cash flow: cash generated from operations

(3) Cash-flow conversion: cash generated from operations / net profit

(4) ROCE: return on capital employed



A DUAL APPROACH TO ACHIEVING OUR AMBITION:

- Reaffirm and share the **fundamental principles** on which our development has been based to date
- Deploy **actions** that will allow us to continue to succeed in the future, with **five priorities**:

Ensuring the evolution of the company's culture

- The **truth in facts**: everyone must be realistic, whatever their level
- **Transparency**: it is necessary to build trust at all levels of the company
- The **inverted pyramid**: flip the pyramid to give more power and responsibilities to field teams and have good listening skills.

Transforming our organization

Our geographic organization today will evolve gradually toward a global organization, by client segment.

Developing our human resources

This is one of our major economic and social responsibilities.

Our development potential is estimated at nearly 50 times our current revenue and we need to focus on:

- succession planning and future planning for our leaders, starting with the highest levels
- the emergence of future intra-entrepreneurs with a profile of "world citizens".

Improving our competitiveness

Although it is improving, we must continue to progress, particularly in three areas:

- accelerating our intangible investments, particularly in development, research and innovation.
- continuously reduce our overhead costs.
- digitization: databases are revolutionizing how businesses operate and improving their competitiveness. We must make better use of this.

Establish a large global brand known, loved and chosen by our clients and consumers

It will give us a competitive advantage and improve our margins.

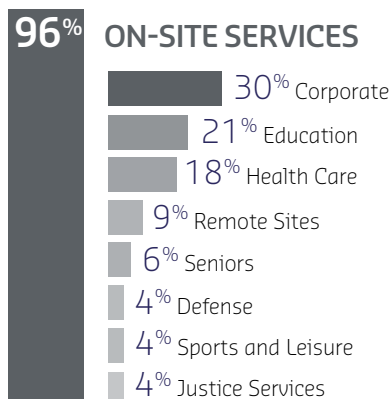


ASSURED SUCCESSION

On January 26, 2016, **Sophie Bellon** succeeds Founder-Chairman Pierre Bellon as Chairwoman of the Board of Directors.

SODEXO TODAY

BREAKDOWN OF REVENUES BY ACTIVITY



4% BENEFITS AND REWARDS SERVICES
€16.4 billion in issue volume.

19.8 billion
 €
 of consolidated revenues

1,143 million
 €
 of operating profit ⁽¹⁾

700 million
 €
 net income, Group share

420,000
 employees

32,000
 sites

75 million
 consumers by day

80 countries

19th largest employer worldwide

#1 France's largest private employer in the world

Consolidated net revenues have increased for five years, an average of
4.5%
 per year, at constant exchange rates

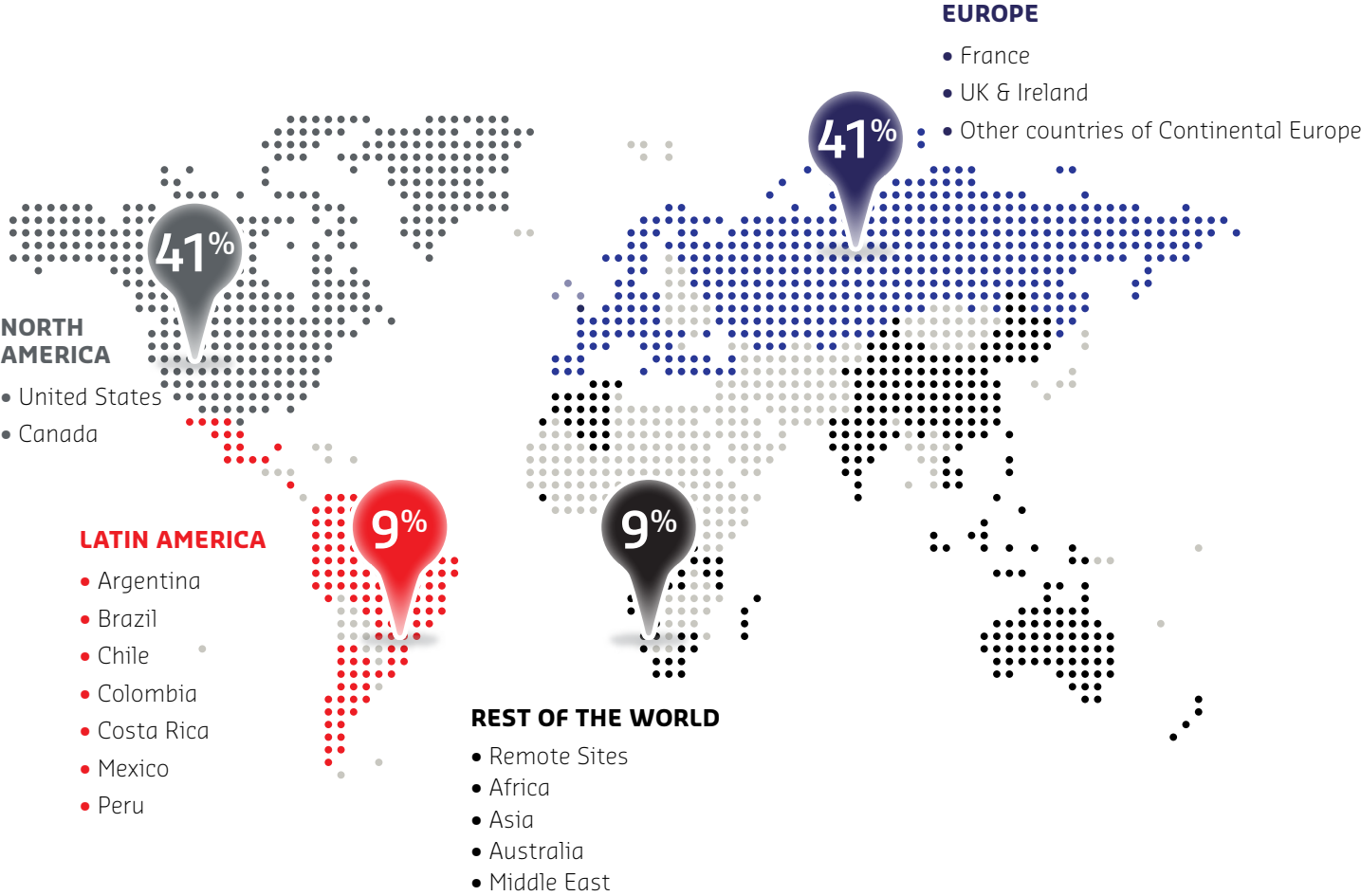
Operating income has increased for five years, an average of
10.1% ⁽¹⁾
 per year, at constant exchange rates

Net income Group share has increased for five years, an average of
10%
 per year, at constant exchange rates

The Group's net debt as of August 31, 2015, represented only
9%
 of equity

⁽¹⁾ Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

BREAKDOWN OF REVENUES BY GEOGRAPHIC ZONE



OUR ECON ENVIRONMENT



OMIC, SOCIAL AND AL RESPONSIBILITY

A close-up photograph of a young child with dark hair and rosy cheeks, looking upwards. The child is wearing a green ribbed jacket. The background is a bright blue sky with white clouds. The image is oriented vertically on the left side of the page.

Sodexo, world leader in Quality of Life services, creates value for its clients and employees and contributes to the social, environmental and economic development of the cities, regions and countries in which it operates.

4 priority actions:

- Develop our human resources and promote diversity
- Act for better nutrition, health and well-being
- Engage with local communities
- Preserve the environment



1 FOSTERING DIVERSITY

To realize our growth potential, which is 50 times greater than our current revenues, we have set **three objectives**:

- **Have the necessary human resources available**, in terms of both quantity and quality, with the skills to respond to the needs of our clients and provide them with innovative solutions.
- **Invest in training** for our employees at all levels.
- **Be one of the world's employers most admired** by its employees.

We conduct an employee engagement survey every two years in 60 countries to better understand the key factors for progress and to define action plans.



Because we believe that **diversity and inclusion** are powerful drivers of our development, we have defined priorities for progress at all levels of the company:

- **gender balance**
- employment of all **generations**

- integration of **individuals with disabilities**
- respect for **ethnic and cultural diversity** (134 nationalities are represented today at Sodexo)
- **respect for sexual orientation** and gender identity.

43%
of Executive Committee
members are women

38%
of the Board of Directors are women

2 ACTING FOR **BETTER NUTRITION, HEALTH AND WELLNESS**

In playing a key role in the eating habits of **75 million people** throughout the world every day, Sodexo helps to ensure a healthier diet and improve their quality of life. Sodexo chefs and certified dieticians work together to propose a wide range of balanced and healthy menus, developed according to the specific tastes of consumers in each country. In addition, Sodexo maintenance teams work to ensure the best possible environment, for working, learning, health care and living.

30 countries
integrating SMEs

3 COMMITMENTS TO **LOCAL COMMUNITIES**

Since its creation, Sodexo has contributed to the economic and social development of the communities, regions and countries in which it operates. Sodexo is committed to ensuring that its activities have a positive impact on the quality of life of local communities.

We hire **95%** of our employees locally and the **Inclusion Program for Sodexo Partners** helps hundreds of SMEs to integrate our supply chain.

34% Objective:
carbon emissions
reduction

4 PRESERVING **ENVIRONMENT**

Wherever Sodexo operates, we work to:

- **fight against waste:** Sodexo is working with its employees, clients and suppliers to reduce waste at multiple levels, including ordering, storage, preparation and distribution on the sites of its clients.
- **reduce water and energy consumption:** Sodexo is committed to reducing carbon emissions from its operations and on client sites. Sodexo has also identified monitoring points and action plans for conserving water.
- **purchase environmentally friendly products:** Sodexo works continuously throughout its supply chain and in particular on the origin, traceability and transparency of products.

99% of sites act to
reduce waste

92.5% of suppliers
have signed the
Code of Conduct

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

In 2015 and for the 11th consecutive year, Sodexo was named **"World leader in its sector of activity"** in the Dow Jones Sustainability Index (DJSI).

The DJSI indicator is the undisputed benchmark reference for sustainable investment for investors and businesses.

The DJSI annual ranking is based on a thorough analysis of economic, social and environmental performance of companies and evaluates criteria such as corporate governance, risk management, climate change strategy, environ-

mental management standards policy and systems, supply chain standards and working conditions.

DJSI underlined that, although it has been a leader for 10 years, Sodexo continues to lead by example, especially in the areas of corporate citizenship, solidarity actions and efforts to protect the environment. Last year, the com-

pany announced an ambitious and exemplary plan to engage, in addition to its own operations, its suppliers, clients and consumers in reducing their carbon emissions by 34% by 2020.

In addition, DJSI has highlighted Sodexo's exemplary supply chain management and excellent social performance indicators.

ENGAGED IN THE FIGHT AGAINST HUNGER AND MALNUTRITION



Since 1996, Sodexo has supported Stop Hunger in making available its network of employees, clients, consumers, suppliers and shareholders. Stop Hunger is active in **48 countries** in partnership with more than **860 NGOs** and associations. For more information: www.stop-hunger.org

THE SODEXO SHARE

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Since its initial public listing in March 1983, Sodexo's share has experienced **average annual growth**, excluding dividends, of **12.8%**

Since its listing, the value of the Sodexo share has multiplied by 50.7, while over the same period*, the CAC 40 has multiplied by 12.5. Sodexo's share has thus progressed at a rate well beyond that of the CAC 40.

Sodexo shares are listed on Euronext Paris (Euroclear code: FR 0000121220) and is part of the Next 20 index.

Over the last five years, Sodexo's share has increased by 73%, while over the same period, the CAC 40 index recorded an increase of 33.3%.

* Real performance of the CAC 40 for the period after December 31, 1987 and reconstitution of the index over the previous period.

To learn more about Sodexo news and the company's performance in Fiscal 2015, log on to www.sodexo.com

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