FINANCIAL REPORT FIRST HALF FISCAL 2015

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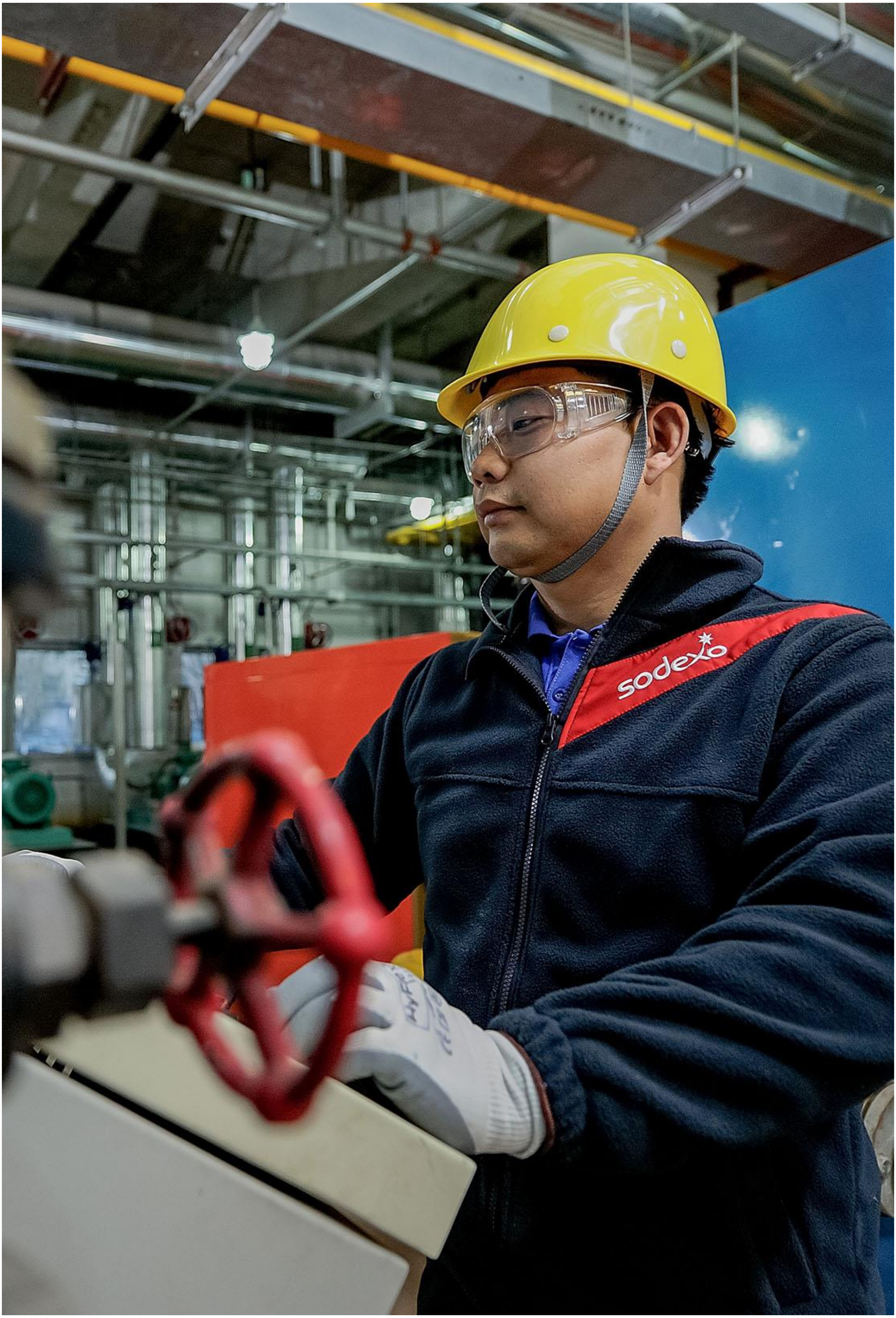
QUALITY OF LIFE SERVICES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ACTIVITY REPORT FOR THE FIRST HALF OF FISCAL 2015

At the Board of Directors meeting on April 14, 2015, chaired by Pierre Bellon, Chief Executive Officer Michel Landel presented the Group's performance for the first half of Fiscal 2015 which ended on February 28, 2015.

1 KEY FIGURES

(in millions of euro)	**First-half Fiscal 2015** (as of February 28, 2015)	**First-half Fiscal 2014** (as of February 28, 2014)	**Change** (excluding currency effect)	**Currency effect**	**Total change**
Revenues	**9,931**	**9,283**	+2.2%	+4.8%	+7.0%
Organic growth	*+2.2%**	*+2.4%*			
Operating profit before exceptional expenses	**620**	**559**	**+8.6%**	**+2.3%**	**+10.9%**
Operating margin before exceptional expenses	**6.2%**	**5.9%***			
Exceptional expenses[1]	0	(30)			
Operating profit (reported)	**620**	**529**	**+14.7%**	**+2.5%**	**+17.2%**
Net financing costs	(79)	(85)			
Share of profit of other companies consolidated by the equity method	1	4			
Profit for the period before tax	**542**	**448**			
Income tax expense *Effective tax rate*	(191) +35.5%	(158) *36.0%*			
Profit for the period	**351**	**290**			
Attributable to non-controlling interests	8	12			
Profit attributable to equity holders of the parent	**343**	**278**	+17.6%	+5.8%	+23.4%
Profit attributable to equity holders of the parent before exceptional expenses, net of tax	**343**	**297**			

The currency effect was determined by applying the average exchange rates for the first half of Fiscal 2014 to the amounts for the first half of Fiscal 2015.

* Organic growth: change in revenues at constant consolidation scope and excluding currency effects (with the exception of the Venezuelan Bolivar, for which the rate used for the first half of Fiscal 2014 was a rate of USD 1 = 51.06 VEF).

** The operating margin for the first half of Fiscal 2014 was calculated using a rate of USD 1 = 51.06 VEF

[1] Excluding exceptional costs recognized in the first half of Fiscal 2014 in connection with the operational efficiency improvement and cost reduction program.
[2] Excpenses incurred in in connection with the operational efficiency improvement and cost reduction program between September 2012 and February 2014..

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1.1 Currency effects

Currency effects for the period were positive for most currencies.

The impact of the most significant currencies on consolidated revenue and operating profit is presented below:

Changes in exchange rates between first-half Fiscal 2014 and first-half Fiscal 2015	Change compared to the euro (in %)	*(in millions of euro)* Revenues	Operating profit	Profit for the period
Euro/USD	+11.5%	397	29	13
Euro/BRL	+ 0.8%	4	1	1
Euro/GBP	+7.8%	62	2	2
Euro/VEF	-75.5%	(45)	(22)	(1)

Starting in Fiscal 2010, the Group decided to no longer use the official exchange rate set by the Venezuelan government, and instead exclusively use the actual exchange rate obtained in the Group's most recent currency transactions.

On March 24, 2014, the Venezuelan government created a new foreign exchange platform called SICAD II. On June 12, 2014, Sodexo carried out its first transaction on this platform, at the rate of 1 U.S. dollar = 52.10 bolivars (or 1 euro = 70.72 bolivars).

Continuing the conversion method used since 2010 and in the absence of any new transactions in the first half of Fiscal 2015, in the consolidated financial statements for this period, amounts denominated in Venezuelan bolivars continued to be converted at the rate used for the most recent transactions, which were carried out in August 2014. The rate applied is therefore 1 U.S. dollar = 51.06 bolivars and 1 euro = 57.39 bolivars as of February 28, 2015.

1.2 Revenues

Consolidated revenues for the first half of Fiscal 2015 were 9.9 billion euro. The increase of 7% from the prior year period included organic growth of 2.2%* and – for the first time since Fiscal 2012 – a 4.8% positive currency effect. Changes in consolidation scope during the period were not material.

Organic growth

Organic revenue growth in the first half of Fiscal 2015 was 2.2%.

Organic growth in **On-site Services** of 1.9% was driven by the success of integrated Quality of Life services offers in the United Kingdom and Ireland, good growth dynamics in the Corporate segment in North America thanks to facilities management expertise and a return to growth in Remote Site revenues.

Organic growth in **Benefits and Rewards Services** of nearly 10% (9.8%) reflected continued strong momentum in Latin America.

* The exchange rate used for the first half of Fiscal 2014 was 1 USD = 51.06 VEF.

1.3 Operating profit

Reported operating profit was 620 million euro, an increase of 17.2% as reported and 14.7% excluding the currency effect.

Operating income for the first half of Fiscal 2014 included 30 million euro of exceptional charges related to the program to improve operating efficiency and reduce costs. Excluding these costs from the operating profit for the first half of Fiscal 2014, the increase is 10.9% at current currency exchange rates and 8.6% excluding currency effects.

Operating profit for the first half of Fiscal 2015 reflects increases (excluding currency effects) as follows:

- 7.1% in North America
- 9.7% in the United Kingdom and Ireland, and
- Nearly 28% in the Rest of the World (Latin America, Africa, the Middle East, Asia, Australia and remote sites)

In Continental Europe, operating profit was more or less stable compared to the prior year period.

In addition, higher issue volumes and stringent cost control led to an increase in operating profit for the Benefits and Rewards Services activity of 17% before currency effects. After taking account of exchange rate variations in Latin America operating profit growth in this activity was reduced to 3.3% at current exchange rate.

These performances take into account the 35 million euro in additional savings generated during the period by the program to improve operational efficiency and reduce costs, raising the total savings obtained since the program was launched in Fiscal 2013 to 135 million euro. It should be noted that this program was launched in September 2012 and ended in February 2014. The program's objective was to reduce overheads and on-site operating costs. Most of the exceptional charges represented net costs to exit certain contracts or activities determined to be insufficiently profitable, as well as costs related to various cost reduction measures and restructuring costs in several countries worldwide.

The consolidated operating margin was 6.2% versus 5.9% in the first half of Fiscal 2014(2).

1.4 Net financing costs

Net financing costs were 79 million euro in the first-half of Fiscal 2015, a decrease of 6 million euro compared to the prior year period. The positive effect of the reduction in average interest rates following the major debt restructuring operations carried out in Fiscal 2014 will not be evident until after January 30, 2015, the date on which the 2009 bond issue in the amount of 880 million euro was redeemed.

1.5 Income tax expense

Income tax expense for the first half of Fiscal 2015 was 191 million euro. The 33 million euro increase compared to the prior year period reflected the growth in pre-tax profit. The effective tax rate of 35.5% for the first half of Fiscal 2015 was slightly lower than that for the first half of the prior year.

(2) Excluding exceptional expenses and with amounts denominated in bolivars converted for the first half Fiscal 2014 at the exchange rate of 1 USD = 51.06 Bolivar.

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1.6 Group net profit

With the reduction in net financing costs and the slightly lower effective tax rate, **profit attributable to equity holders of the parent** was 343 million euro, up 23.4% as reported or 17.6% excluding the currency effect. It should also be noted that Group net profit for the first half of the prior year included exceptional expenses related to the operational efficiency and cost reduction program

All operating profit amounts in the remainder of this report are stated excluding exceptional expenses for Fiscal 2014.

2 ANALYSIS OF CHANGES IN REVENUES AND OPERATING PROFIT BY ACTIVITY

Revenues by activity

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth*	Change (at constant exchange rates)	Change (at current exchange rates)
On-site Services					
North America	**4,014**	**3,579**	+1.5%	+1.1%	+12.1%
Continental Europe	**2,926**	**2,961**	-0.3%	-0.3%	-1.2%
Rest of the World	**1,745**	**1,635**	+4.1%	+4.1%	+6.7%
United Kingdom and Ireland	**821**	**707**	+8.4%	+8.4%	+16.1%
Total On-site Services	**9,506**	**8,882**	**+1.9%**	**+1.8%**	**+7.0%**
Benefits and Rewards Services	**428**	**404**	**+9.8%**	**+12.8%**	**+6.1%**
Elimination of intra-group revenues	**(3)**	**(3)**			
Consolidated Total	**9,931**	**9,283**	**+2.2%**	**+2.2%**	**+7.0%**

* Organic growth: change in revenues at constant consolidation scope and excluding currency effects (with the exception of the Venezuelan Bolivar, for which the rate used for the first half of Fiscal 2014 was the August 31, 2014 rate).

Operating profit by activity[1]

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Change (at constant exchange rates)	Change (at current exchange rates)
On-site Services				
North America	**284**	**238**	+7.1%	+19.3%
Continental Europe	**127**	**128**	+0.0%	-0.8%
Rest of the World	**74**	**54**	+27.8%	+37.0%
United Kingdom and Ireland	**36**	**31**	+9.7%	+16.1%
Total On-site Services	**521**	**451**	**+7.8%**	**+15.5%**
Benefits and Rewards Services	**158**	**153**	**+17.0%**	**+3.3%**
Corporate expenses	**(56)**	**(42)**		
Elimination of intra-group revenues	**(3)**	**(3)**		
Consolidated Total	**620**	**559**	**+8.6%**	**+10.9%**

[1] Excluding exceptional expenses recognized in the first half of Fiscal 2014 for the operational efficiency improvement and cost reduction program.

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2.1 On-site Services

Revenues

(in millions of euro)	**First-half Fiscal 2015**	First-half Fiscal 2014	**Organic growth**	Acquisitions	Currency effect	**Change** at current exchange rates
On-site Services						
North America	**4,014**	**3,579**	**+1.5%**	-0.4%	+11.0%	**+12.1%**
Continental Europe	**2,926**	**2,961**	**-0.3%**	-	-0.9%	**-1.2%**
Rest of the World	**1,745**	**1,635**	**+4.1%**	-	+2.6%	**+6.7%**
United Kingdom and Ireland	**821**	**707**	**+8.4%**	-	+7.7%	**+16.1%**
Total	**9,506**	**8,882**	**+1.9%**	**-0.1%**	**+5.2%**	**+7.0%**

On-Site Services revenues totaled 9.5 billion euro in the first half of Fiscal 2015.

Organic growth of 1.9% was consistent with the prior year period. The decision to terminate under-performing contracts as part of the program to improve operational efficiency and reduce costs had a negative impact of 105 million euro on the activity's revenues. Excluding the impact of these decisions, organic growth in On-site services would have been 3.1%.

Included in this activity are revenues from facilities management services, representing nearly 30% of the consolidated total, which continue to grow significantly faster than foodservices, again confirming the relevance of the Group's strategic positioning. Organic growth in facilities management services revenues exceeded 6% for the period.

By client segment, On-site Services revenues were as follows:

(in millions of euro)	**First-half Fiscal 2015**	First-half Fiscal 2014	**Organic growth**
Corporate	**4,848**	**4,544**	**+3.9%**
Health Care and Seniors	**2,297**	**2,148**	**+0.1%**
Education	**2,361**	**2,190**	**-0.4%**
Total	**9,506**	**8,882**	**+1.9%**

- Organic growth in the **Corporate** segment was **3.9%**. This performance was affected by mixed trends:
  - The relevance of integrated Quality of Life Services offers in all geographic regions, due in particular to their technical maintenance services component.
  - The return to growth in the Remote Sites activity, thanks to the many contracts won during Fiscal 2014, mainly in Latin America and Australia.
  - The continued decline in foodservices volumes, especially in Europe, as clients maintained their efforts to achieve additional cost savings and reduce headcount.
- The **0.1%** organic growth in the **Health Care and Seniors** segment was mainly due to modest new business development in Fiscal 2014, and also to the impact of the decision to terminate part of the HCR ManorCare contract in the United States at the end of Fiscal 2014.
- **Education** segment revenues declined by 0.4% at a constant consolidation scope and currency exchange rates, and reflected continued growth on existing American university campus sites. This impact was offset by the decision to terminate a contract with public schools in the city of Detroit, in the United States. Revenue growth was also strong in emerging countries, where Sodexo leveraged its expertise in serving Education segment clients.

Operating profit

Operating profit from On-site Services totaled 521 million euro, an increase of 15.5% (7.8% at constant exchange rates) compared to the same period in the prior year. The increase mainly relates to growth in On-site Services profits in North America (up 19.3% or 7.1% excluding the currency effect), in the United Kingdom and Ireland (up 16.1% or 9.7% excluding the currency effect) and in the Rest of the World, (up 37% or nearly 28% excluding the currency effect). In Continental Europe, On-site Services operating profit was stable.

Analysis by geographic region, On-site Services

North America

Revenues

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	945	820	+6.6%			
Health Care and Seniors	1,350	1,224	- 1.0%			
Education	1,719	1,535	+ 0.7%			
TOTAL	**4,014**	**3,579**	**+1.5%**	**-0.4%**	**+11.0%**	**+12.1%**

On-site Services revenues in North America totaled 4 billion euro in the first half of Fiscal 2015, an increase of 12.1% over the prior year period. Organic growth for the period was 1.5%.

Organic growth in the **Corporate** segment was 6.6%, reflecting the continued success of Facilities Management services offers for clients such as Bloomberg, Citigroup, Alcatel-Lucent and Walt Disney World Resorts, as well as solid growth on sites in the Defense segment.

A number of contracts were won during the period, with clients such as Archer Daniels Midland Corporation, the Federal National Mortgage Association (Fannie Mae), the California Academy of Sciences and Pacific Gas & Electric Company.

Revenues in the **Health Care and Seniors** segment declined by **1.0%** due to the decision to terminate part of the contract with HCR ManorCare in Fiscal 2014 and also following the disposal of certain laundry activities. In addition, new business development was limited in Fiscal 2014. However, the signature of new contracts since the start of Fiscal 2015 provide further confirmation of the market's potential and should permit a return to growth. The contracts won in this segment included University of Louisville Hospital (Kentucky), Sutter General Hospital (California), Saint Francis Hospital and Medical Center (Connecticut) and Vidant Medical Center for seven sites in North Carolina in the United States.

In **Education**, organic revenue growth was **0.7%**. Growth remained strong in the Universities segment, led by increased sales of board plans, but revenues were nevertheless affected by the decision to terminate the contract with public schools in the city of Detroit, due to the city's financial difficulties and the risk of bad debts.

Recent contract wins included the Medical University of South Carolina.

Operating profit

On-site Services **operating profit** in North America totaled 284 million euro, an increase of 19.3% compared to the prior year period. Excluding the currency effect, the increase was 7.1%.

The numerous measures undertaken as part of the Group's structured approach to improving productivity had a favorable impact during the period, especially measures to reflect inflation in pricing and other measures resulting in gains in on-site productivity, particularly in the Education segment.

Progress in these areas led to an improvement in the On-site Services operating margin in North America, to 7.1% from 6.6% in the first half of Fiscal 2014.

Continental Europe

Revenues

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,744	1,728	+2.1%			
Health Care and Seniors	681	702	-2.6%			
Education	501	531	-5.2%			
TOTAL	**2,926**	**2,961**	**-0.3%**	**-**	**-0.9%**	**-1.2%**

On-site Services revenues in Continental Europe were nearly 3 billion euro, a level consistent with the prior year period.

In the **Corporate** segment, organic growth was **2.1%,** reflecting a further decline in foodservices volumes, particularly in France, Italy and Finland, and the adverse impact of the contract terminations decided between September 2012 and February 2014 as part of the program to improve operational efficiency and reduce costs. These negative impacts were offset by the continued success of Sodexo's Quality of Life services offers, particularly those comprising extensive multi-technical services. In addition, revenues were boosted by the ramp-up of contracts signed in Fiscal 2014 with such clients as Carlsberg and Johnson & Johnson in several countries. New contracts signed during the period included ST Microelectronics and Immeuble Pacific in France and the national police service in the Netherlands.

The **2.6%** decline in revenues in the **Health Care and Seniors** segment was mainly due to weak growth at existing sites, particularly in France, and limited new business development in the prior year. Contracts won during the first half of Fiscal 2015 included medical equipment supply contracts for communities in the Östergötland province and a further range of services for the Östergötland hospital in Sweden.

In the **Education** segment, the **5.2%** decrease in revenues stemmed mainly from the decision made in Fiscal 2014 not to renew certain contracts in several countries, such as in Italy, as a result of pressure on school budgets. Contracts were won during the first half of 2015 with the Conseil Général des Yvelines and Ecole Supérieure d'Art et de Design in France and Tampere University of Technology (TTY) in Finland.

Operating profit

At 127 million euro, **operating profit** from On-site Services in Continental Europe remained stable compared to the first half of Fiscal 2014. Operating margin was 4.3%, consistent with the prior year period. Sodexo's teams were able to adapt their offers in most countries in response to client efforts to cut costs, while simultaneously improving profitability. Nevertheless, steep food cost inflation in Russia, linked to the geo-political situation, and start-up costs for new contracts in the Benelux region adversely affected the region's contribution to growth in On-site Services operating profit.

Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites)

Revenues

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,578	1,493	+3.0%			
Health Care and Seniors	98	81	+21.8%			
Education	69	61	+7.7%			
TOTAL	**1,745**	**1,635**	**+4.1%**	**-**	**+2.6%**	**+6.7%**

In the Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites), Sodexo reaffirmed its leadership in emerging and high potential countries. Revenues for the first half of Fiscal 2015 totaled 1.7 billion euro.

Organic growth in On-site Services revenues in the Rest of the World was 4.1%. Remote Sites (which represented 44% of revenues in the Rest of the World in Fiscal 2014) returned to growth in the first half of Fiscal 2015, generating organic growth of more than 6% thanks to strong sales development in Fiscal 2014 when contract wins included Woodside Energy and Groote Eylandt with Gemco (BHP Billiton) in Australia and Petrex in Peru and, more recently, Mineral Resources/Jerriwah Village in Australia and Compania Minera Nevada in Chile.

Excluding Remote Sites, organic growth in the Rest of the World was 2.4%, reflecting sustained growth in demand for Quality of Life Services in the Health Care and Education segments, but also the short term consequences of the severe economic slowdown in Latin America, especially in Brazil.

In the **Corporate** segment, organic revenue growth of **3.0%** reflected the development in the Remote Sites activity as described above and an increase in other services provided to corporate clients. Strong growth was recorded in India and Southeast Asia. Many contracts were signed in emerging countries, with such clients as Vipshop e-business Company in China, Hyundai SARB in the United Arab Emirates, and Queiroz Galvao, Tivit and Heinz in Brazil.

The **21.8%** organic revenue growth in the **Health Care and Seniors** segment was led by strong performance and commercial successes, notably in India, Brazil and Southeast Asia. The steady pace of solid revenue growth, achieved by leveraging Sodexo's worldwide expertise in the Health Care and Seniors segment, effectively illustrates the relevance of the Group's global approach by client segment. During the first half of Fiscal 2015, Sodexo won a number of contracts, including with the Rio de Janeiro Perinatal Hospital in Brazil, the Star Castle retirement home in China and Cyberabad Citizens Health Services in India.

Growth in **Education also** remained solid both in Latin America and in Asia, contributing organic growth of **7.7%.**

Operating profit

On-site Services operating profit in the Rest of the World rose 37% to 74 million euro. Excluding the currency effect, the increase was 27.8%. This excellent performance was attributable to productivity gains in most regions and to short term volume and activity levels, particularly in the offshore drilling market.

United Kingdom and Ireland

Revenues

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	581	503	+8.1%			
Health Care and Seniors	168	141	+10.9%			
Education	72	63	+5.2%			
TOTAL	**821**	**707**	**+8.4%**	**-**	**+7.7%**	**+16.1%**

Revenues in the United Kingdom and Ireland rose 16.1% to 821 million euro, including organic growth at a high 8.4%.

In the **Corporate** segment, revenue growth accelerated to **8.1%**, reflecting the performance of services with a significant facilities management component to clients such as GSK, Rexam, Carlsberg and Zurich as well as non-recurring services supplied to support the launch of the integrated services contract with Northumberland County Prison. Recent contract wins include Diageo, which chose Sodexo to provide Quality of Life Services at 76 sites in the United Kingdom and Ireland. Sodexo was also chosen by the British government for the Transforming Rehabilitation program for offenders in six regions of the United Kingdom.

In **Health Care and Seniors**, organic growth accelerated to **10.9%** thanks to the ramp-up of several contracts and service extensions at several hospitals, including the five London hospitals operated by Imperial College Healthcare.

In **Education,** the prestigious contract with University College London won in Fiscal 2014 helped to drive a return to growth in the first half of Fiscal 2015, with the **5.2%** increase in revenues representing the segment's best performance since Fiscal 2012.

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Operating profit

On-site Services operating profit in the United Kingdom and Ireland amounted to 36 million euro, up 16.1% or 9.7% excluding the currency effect. Despite the challenges of starting new contracts, operating profit grew at the same rate as revenues. As a result, operating margin was stable at 4.4%. Operating profit in the United Kingdom continued to include costs associated with the upcoming Rugby World Cup that were incurred and accounted for in the first half of Fiscal 2015 although the related revenues will be earned and recognized in Fiscal 2016.

2.2 Benefits and Rewards Services

Issue volume

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	4,030	4,038	+12.3%			
Europe and Asia	4,590	4,300	+3.1%			
TOTAL	8,620	8,338	+7.2%	+1.4%	-5.2%	+3.4%

Revenues

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	229	223	+17.7%			
Europe and Asia	199	181	+1.4%			
TOTAL	428	404	+9.8%	+3.0%	-6.7%	+6.1%

The **Benefits and Rewards Services** activity maintained its strong growth dynamic observed in Fiscal 2014, with organic growth for the first half of Fiscal 2015 at **9.8%**.

In **Latin America**, organic growth continued at a remarkable rate, with issue volume up 12.3% and revenue up **17.7%**, supported in particular by solid advances in Brazil, Chile and Venezuela. This performance was mainly attributable to increased face values of vouchers and cards issued in Brazil and Venezuela, as well as the higher interest rates environment in these countries.Despite complexities of the economic environment in the short term, Sodexo has continued to increase market penetration and added beneficiaries, thanks to its relevant and diversified services. For example, Sodexo recorded notable contract gains in Chile with the Junaeb and in Brazil with the success of the Culture card issued to employees of the Brazilian Post Office (Correios).

In **Europe and Asia**, organic revenue growth was **1.4%** on issue volume up **3.1%**. These advances were attributable to new Quality of Life Services services and double-digit growth in Turkey, India and China. In Europe, despite the sluggish economy, revenues continued to grow in most countries, albeit at a modest rate.

Recent new awards included Samsung Electronics Indonesia, Crédit Agricole Touraine Poitou in France, Société Nationale des Chemins de Fer tunisiens in Tunisia, GE Medical Systems in Turkey and AXIS Bank Ltd in India.

Operating profit

Operating profit from Benefits and Rewards Services amounted to 158 million euro, up 3.3% as reported or 17% excluding the currency effect compared to the first half of Fiscal 2014. The growth in operating profit was led by higher issue volume and improved efficiency in voucher and card processing costs and other operating expenses. At the same time, Sodexo continued to invest in research, innovation and development during the period, focusing on quality of life services.

Operating margin was 36.9% compared to 37.9% for the prior year period. In the first half of Fiscal 2014, an exchange rate of 1 U.S. dollar = 10.2 bolivars (1 euro = 14.1 bolivars) was used. Based on the bolivar exchange rate at August 31, 2014 of 1 U.S. dollar = 51.06 bolivars (1 euro = 67.34 bolivars), operating margin for the first half of Fiscal 2014 would have been 36.6%. Hence, the increase in operating margin excluding the currency effect is 0.3%.

3 CONSOLIDATED FINANCIAL POSITION

3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014
Net cash provided by operating activities	235	182
Net cash used in investing activities	(212)	(184)
Net cash used in financing activities	(1,314)	(127)
Decrease in net cash and cash equivalents	**(1,291)**	**(129)**

Net cash provided by operating activities amounted to 235 million euro, a marked improvement over the first half of Fiscal 2014 that notably resulted from the sharp rise in operating profit.

The seasonality of the Group’s activities generally leads to negative cash flow in the first half of the year before improving in the second half to generate positive cash flow for the full year.

Net cash used in investing activities totaled 212 million euro and included:

- Net capital expenditure and client investments for 160 million euro, representing approximately 1.6% of revenues.
- Acquisitions for 45 million euro, corresponding for the most part to the November 2014 acquisition of Motivcom plc, one of the United Kingdom's leading providers of employee incentive and recognition solutions.

Net cash used in financing activities increased sharply as a result of the reimbursement of an 880 million euro bond issue in January 2015.

Thus net cash flow for the first half of Fiscal 2015 was a negative 1,291 million euro.

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3.2 Condensed consolidated statement of financial position at February 28, 2015

(in millions of euro)	**February 28, 2015**	August 31, 2014	*(in millions of euro)*	**February 28, 2015**	August 31, 2014
Non-current assets	7,447	6,852	Shareholders' equity	3,514	3,189
Current assets excluding cash	5,000	4,120	Non-controlling interests	40	32
Financial assets related to the Benefits and Rewards Services activity	749	758	Non-current liabilities	3,812	3,830
Cash and cash equivalents	1,573	2,748	Current liabilities	7,403	7,427
Total assets	**14,769**	**14,478**	**Total liabilities and shareholders' equity**	**14,769**	**14,478**
			Net debt	**805**	371
			Net debt ratio	**23%**	12%

The favorable currency effect, resulting mainly from gains in the U.S. dollar and the British pound sterling against the euro, led to significant increases in all line items in the consolidated statement of financial position as of February 28, 2015 compared to August 31, 2014.

As of February 28, 2015, the Group had total borrowings of 3,069 million euro. The main borrowings are two euro-denominated bond issues for a total of 1,100 million euro and three U.S. private placement issues for a total of 2,060 million U.S. dollars. The remainder comprised various bank loans and lease liabilities, as well as derivative financial instruments.

Net debt as of February 28, 2015 was 805 million euro and represented 23% of consolidated shareholders' equity as compared to 23% as of February 28, 2014 and 12% at August 31, 2014, demonstrating Sodexo's very solid financial position.

As of the end of the first half of Fiscal 2015, the Group had unused lines of credit totaling 1,247 million euro.

The average interest rate on borrowings was 3.8% for the first half of Fiscal 2015.

Cash and cash equivalents net of bank overdrafts totaled 1,515 million euro as of February 28, 2015. Cash investments by the Benefits and Rewards Services activity in instruments with maturities of more than three months amounted to 334 million euro and the activity's restricted cash was 415 million euro.

Total cash (which includes investments and restricted cash of the Benefits and Rewards Services activity) was 2,264 million euro, of which 1,530 million euro related to the Benefits and Rewards Services activity.

4 ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Since its founding, Sodexo's commitment to Corporate Responsibility has been central to its fundamentals, underpinning its development as a responsible company.

These commitments are reflected in the Group's mission: to improve the quality of life of its employees and all those it serves throughout the world and contributing to the economic, social and environmental development of the communities, regions and countries where it operates.

The Group tracks the implementation and measures the impact of actions in the 80 countries in which it operates through the Corporate Responsibility roadmap, the Better Tomorrow Plan (BTP).

The main initiatives implemented during the first half of Fiscal 2015 were as follows:

- In January 2015, for the 8th consecutive year, Sodexo confirmed its leadership in corporate social responsibility when it was classified as the industry's best performing company in the benchmark RobecoSAM **Sustainability Yearbook**. The Group was given the award for Industry Leader, as well as the only **Gold Class** award in Restaurants and Leisure Facilities.
- Sodexo is the first international company to participate in the Aon Hewitt Certified Best Employer program. Seventeen countries representing the Group's three activities were certified Best Employer by Aon Hewitt in driving high employee engagement, effective leadership, a high performance culture and a compelling employer brand strategy.
- Sodexo topped the French Ministry of Women's Rights' league table of SBF 120 companies for gender balance within its leadership team. This award recognizes that 43% of Sodexo's Executive Committee and 38% of its Board of Directors are women, the creation of strong women's networks throughout the global organization and a commitment to gender equality at the heart of its strategy and performance.
- Carbon Disclosure Project (CDP) has named Sodexo as the leader for the Hotel, Restaurants and Leisure sector in its CDP Global Forests Report 2014 which recognizes companies that are meeting the challenge of removing deforestation from their supply chains. Sodexo was also recognized in the report as the most improved company in the sector.
- Sodexo led the industry in the creation of an independent not-for-profit International Food Waste Coalition, with members representing the entire value chain in the food services industry. The purpose of this group is to develop, pilot and then bring to scale programs that reduce food waste.
- Sodexo continues its commitment to the fight against hunger. Donations collected at the first Stop Hunger evening in Paris will be used to create an emergency fund for climatic or food disasters with the World Food Programme and to support five social entrepreneurs in France and other European countries with Ashoka.

5 ACQUISITIONS FOR THE PERIOD

In the Benefits and Rewards Services activity Sodexo announced on November 21, 2014, that it had completed the acquisition of Motivcom plc, a leading service provider of incentive and recognition solutions in the United Kingdom, for 41 million pounds. The acquisition will enable Sodexo to extend its incentive and recognition services and strengthen its comprehensive Quality of Life Services offering.

6 RELATED PARTY TRANSACTIONS

The main related party transactions are presented in Notes 6.4.7 and 6.4.8 to the consolidated financial statements.

7 MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the Group in the second half of Fiscal 2015 are not materially different from those described in the "Risk Factors" section of the Fiscal 2014 Registration Document filed with the Autorité des Marchés Financiers on November 17, 2014, with the exception of the risks and uncertainties related to Sodexo's operations in Venezuela as described below.

Currency risk

On February 10, 2015, the Venezuelan government announced the creation of a new foreign exchange platform called SIMADI (Marginal Currency Exchange System). As the system is very new, the Group considers that it would be premature to use it and has not carried out any SIMADI transactions.

Based on an exchange rate observed on SIMADI on February 26, 2015 of 1 U.S. dollar = approximately 173 bolivars, the impact on the Group's main financial indicators at February 28, 2015 would be as follows:

	First-half Fiscal 2015 (in millions of euro)				
Currency	Impact on revenues	Impact on operating profit	Impact on profit attributable to equity holders of the parent	Impact on total cash and cash equivalents	Impact on shareholders' equity
Bolivar (VEF)	(10)	(5)	(0.3)	(41)	(16)

8 OUTLOOK

At the April 14, 2015 Board of Directors' meeting, Chief Executive Officer Michel Landel reminded the Board of the relevance of the Group's long-term strategy, founded on a unique Quality of Life Services offering, a global network in 80 countries for its activities, and uncontested leadership in emerging countries.

As announced in November 2014, the Group's objectives for Fiscal 2015 are as follows:

- **Organic revenue growth of around 3%.**
- **Around 10% growth in operating profit (at constant exchange rates and excluding exceptional items)**

  leading to a further improvement in operating margin for Fiscal 2015 and a 0.8% overall increase in operating margin, excluding the currency effect, for Fiscal 2014 and Fiscal 2015, in line with the objective set in November 2013.

Michel Landel also noted that senior management was firmly focus on enhancing competitiveness. These initiatives pursued over the last several years allow Sodexo to continue its investments, in particular in the area of human resources, in order to accelerate growth and continue the Group'stransformation. Accordongly, Michel Landel confirmed to the Board of Directors his confidence in the Group's ability to meet its medium-term objectives.

2

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	First-half Fiscal 2015	First-half Fiscal 2014
Revenues	6.3	**9,931**	**9,283**
Cost of sales	6.4.4	(8,349)	(7,850)
Gross profit		**1,582**	**1,433**
Sales department costs	6.4.4	(142)	(134)
General and administrative costs	6.4.4	(804)	(790)
Other operating income	6.4.4	4	35
Other operating costs	6.4.4	(22)	(20)
Operating profit (1)		**618**	**524**
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business		2	5
Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group's business	**6.3**	**620**	**529**
Interest income	6.4.5	25	6
Financing costs	6.4.5	(104)	(91)
Share of profit of other companies consolidated by the equity method		1	4
Profit for the period before tax		**542**	**448**
Income tax expense	6.2.3	(191)	(158)
Profit for the period		**351**	**290**
Of which:			
Non-controlling interests		8	12
Profit attributable to equity holders of the parent		**343**	**278**
Basic earnings per share *(in euro)*	6.4.6	**2.26**	**1.83**
Diluted earnings per share *(in euro)*	6.4.6	**2.23**	**1.81**

(1) Including 30 million euro in costs recorded in the first half of Fiscal 2014 in connection with the program to improve operational efficiency and reduce costs.

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2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	**First-half Fiscal 2015**	**First-half Fiscal 2014**
Profit for the period	**351**	**290**
Components of other comprehensive income to be reclassified subsequently to profit or loss		
Change in fair value of available for sale financial assets	(1)	3
Change in fair value of cash flow hedges	(3)	(6)
Change in fair value of cash flow hedges reclassified to profit or loss	2	6
Currency translation differences	238	(110)
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss		
Share of other comprehensive income of companies consolidated by the equity method, net of tax	2	(2)
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gain (loss) on defined benefit pension plans		
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Total other comprehensive income (loss), after tax	**238**	**(109)**
Comprehensive income	**589**	**181**
Of which:		
Attributable to equity holders of the parent	577	171
Non-controlling interests	12	10

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	Notes	February 28, 2015	August 31, 2014
NON-CURRENT ASSETS			
Property, plant and equipment		600	555
Goodwill		5,433	4,971
Other intangible assets		538	524
Client investments		440	361
Companies consolidated by the equity method		70	60
Other non-current financial assets		126	122
Derivative financial instruments - assets			17
Other non-current assets		17	16
Deferred tax assets		223	226
Total non-current assets		**7,447**	**6,852**
CURRENT ASSETS			
Current financial assets		26	8
Derivative financial instruments - assets		24	35
Inventories		278	265
Income tax receivable		271	185
Trade and other receivables		4,401	3,627
Restricted cash and financial assets related to the Benefits and Rewards Services activity		749	758
Cash and cash equivalents	6.4.1	1,573	2,748
Total current assets		**7,322**	**7,626**
TOTAL ASSETS		**14,769**	**14,478**

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Liabilities and shareholders' equity

(in millions of euro)	Notes	February 28, 2015	August 31, 2014
SHAREHOLDERS' EQUITY			
Common stock		628	628
Additional paid-in capital		1,109	1,109
Reserves and retained earnings		1,777	1,452
Equity attributable to equity holders of the parent		**3,514**	**3,189**
Non-controlling interests		**40**	**32**
Total shareholders' equity	6.4.2	**3,554**	**3,221**
NON-CURRENT LIABILITIES			
Borrowings	6.4.3	2,763	2,895
Derivative financial instruments - liabilities		2	1
Employee benefits		484	449
Other non-current liabilities		216	233
Provisions		101	104
Deferred tax liabilities		246	148
Total non-current liabilities		**3,812**	**3,830**
CURRENT LIABILITIES			
Bank overdrafts		58	61
Borrowings	6.4.3	318	957
Derivative financial instruments - liabilities		10	15
Income tax payable		131	132
Provisions		72	88
Trade and other payables		4,018	3,592
Vouchers payable		2,796	2,582
Total current liabilities		**7,403**	**7,427**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,769**	**14,478**

4 CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	First-half Fiscal 2015	First-half Fiscal 2014
Operating activities			
Operating profit		618	524
Elimination of non cash and non-operating items			
Depreciation and amortization of tangible and intangible assets		129	125
Provisions		(17)	1
Gains and losses on disposals and other		(3)	(28)
Dividends received from companies consolidated by the equity method		4	5
Change in working capital from operating activities		**(248)**	**(194)**
Change in inventories		3	2
Change in trade and other receivables		(586)	(415)
Change in trade and other payables		93	101
Change in vouchers payable		218	174
Change in financial assets related to the Benefits and Rewards Services activity		24	(56)
Interest paid		(125)	(105)
Interest received		23	3
Income tax paid		(146)	(149)
Net cash provided by operating activities		**235**	**182**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(154)	(122)
Disposals of property, plant and equipment and intangible assets		12	21
Change in client investments		(18)	(40)
Change in financial assets		(7)	5
Acquisitions of subsidiaries		(45)	(48)
Dispositions of subsidiaries			
Net cash used in investing activities		**(212)**	**(184)**
Financing activities			
Dividends paid to parent company shareholders	6.4.2	(275)	(247)
Dividends paid to non-controlling shareholders of consolidated companies		(10)	(10)
Purchases of treasury shares	6.4.2	(46)	(13)
Dispositions of treasury shares	6.4.2	47	45
Acquisitions of non-controlling interests			(1)
Proceeds from borrowings	6.4.3	4	262
Repayment of borrowings	6.4.3	(1,034)	(163)
Net cash used in financing activities		**(1,314)**	**(127)**
Change in net cash and cash equivalents		**(1,291)**	**(129)**
Net effect of exchange rates and other effects on cash		119	(40)
Net cash and cash equivalents, beginning of period		2,687	1,307
Net cash and cash equivalents, end of period	**6.4.1**	**1,515**	**1,138**

5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and compre-hensive income	Currency translation differences	Total shareholders' equity: Attributable to equity holders of the parent	Non-controlling interests	Total
Notes					**6.4.2**				
Shareholders' equity as of August 31, 2014	**157,132,025**	**628**	**1,109**	**(409)**	**2,318**	**(457)**	**3,189**	**32**	**3,221**
Profit for the period					343		343	8	351
Other comprehensive income, net of tax						234	234	4	238
Comprehensive income					**343**	**234**	**577**	**12**	**589**
Dividends paid					(275)		(275)	(6)	(281)
Increase in share capital									
Treasury shares				3			3		3
Share-based payment (net of income tax)					17		17		17
Other[1]					3		3	2	5
Shareholders' equity as of February 28, 2015	**157,132,025**	**628**	**1,109**	**(406)**	**2,406**	**(223)**	**3,514**	**40**	**3,554**

[1] Including the effects of hyperinflation.

(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and compre-hensive income	Currency translation differences	Total shareholders' equity: Attributable to equity holders of the parent	Non-controlling interests	Total
Notes					**6.4.2**				
Shareholders' equity as of August 31, 2013[1]	**157,132,025**	**628**	**1,109**	**(392)**	**2,099**	**(494)**	**2,950**	**37**	**2,987**
Profit for the period					278		278	12	290
Other comprehensive income, net of tax					1	(108)	(107)	(2)	(109)
Comprehensive income					**279**	**(108)**	**171**	**10**	**181**
Dividends paid					(247)		(247)	(6)	(253)
Increase in share capital									
Treasury shares				35			35		35
Share-based payment (net of income tax)					11		11		11
Other[2]					6		6	5	11
Shareholders' equity as of February 28, 2014[1]	**157,132,025**	**628**	**1,109**	**(357)**	**2,148**	**(602)**	**2,926**	**46**	**2,972**

[1] After restatement of past service costs in accordance with IAS 19R.
[2] Including the effects of hyperinflation.

The following notes are an integral part of the interim condensed consolidated financial statements.

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6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sodexo SA is a *société anonyme* (a form of limited liability company) domiciled in France, with its headquarters located in Issy-les-Moulineaux.

The interim condensed consolidated financial statements were approved by the Board of Directors on April 14, 2015.

6.1 Significant events

On November 21, 2014, Sodexo completed the acquisition of Motivcom plc, a leading provider of incentive and recognition solutions in the United Kingdom, for 41 million pounds. The acquired business represented issue volume of 300 million pounds in 2013.

On January 30, 2015, Sodexo SA redeemed its 2009 bond issue in the amount of 880 million euro.

6.2 Basis of preparation of the financial statements

6.2.1. General principles

The interim condensed consolidated financial statements for the six months ended February 28, 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as published by the IASB and adopted by the European Union. They do not include all of the disclosures required for complete annual financial statements and should be read in conjunction with the consolidated financial statements of the Sodexo Group for the year ended August 31, 2014, except for certain interim reporting requirements as described below.

Amounts in tables are expressed in millions of euro unless otherwise indicated.

6.2.2. Standards and interpretations

The accounting policies applied by the Group in the interim consolidated financial statements are the same as those used in the annual consolidated financial statements for the year ended August 31, 2014, except for the new standards and amendments described below.

The new standards, interpretations and amendments to existing standards whose application was mandatory for the Group as from the fiscal year beginning September 1, 2014 did not have a material impact on the interim consolidated financial statements. In particular, the retrospective application of IFRIC 21 "Levies", which describes the criteria for recognizing a liability for levies other than income tax, had no material impact on the Group's consolidated profit for the first half of Fiscal 2015 or its consolidated financial position at February 28, 2015 which were not adjusted.

The Group has not early adopted any standards or interpretations not required to be applied in Fiscal 2015.

The Group does not apply IFRS standards and interpretations that have not been approved by the European Union as of the period-end.

6.2.3. Specific interim reporting requirements

Income tax expense

Income tax expense (current and deferred) in the interim condensed consolidated financial statements is computed by applying the estimated average annual tax rate for the current fiscal year to each tax reporting entity's pre-tax profit for the first half of the year. The resulting deferred tax charge or benefit is recognized in deferred tax assets or deferred tax liabilities in the consolidated statement of financial position.

Post-employment and other long-term employee benefits

The expense for post-employment and other long-term employee benefits is computed as one-half of the annual charge estimated as of August 31, 2014. There were no material plan amendments in the first half of Fiscal 2015.

Program to improve operational efficiency and reduce costs

In early Fiscal 2013, the Group launched a program to improve its operational efficiency and reduce costs over a period of around 18 months, in order to strengthen its competitiveness. The expenses incurred in Fiscal 2014 in connection with this program are presented under various operating expense captions in the income statement depending on the functions concerned. In the Group's segment information they are presented in the "Unallocated" column. They mainly relate to net contract termination costs (including impairments of assets dedicated to the contracts and any losses and provisions related to loss-making contracts) and reorganization costs.

6.2.4. Use of estimates

The preparation of the interim condensed consolidated financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions that may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenues and expenses for the period.

These estimates and assumptions are reassessed continuously based on past experience and on various other factors considered reasonable in light of current circumstances, which constitute the basis for assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subjected to such estimates and assumptions are the same as those described in the consolidated financial statements for the year ended August 31, 2014 (provisions for litigation, derivative instruments, post-employment defined benefit plan assets and liabilities, goodwill and other intangible assets, impairment of current and non-current assets, deferred taxes, and share-based payments).

6.2.5. Changes in principal currency exchange rates

The following table presents changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of the prior year.

Currency	Closing rate as of February 28, 2015	Average rate for First-half Fiscal 2015	Closing rate as of February 28, 2014	Average rate for First-half Fiscal 2014
Dollar (USD)	1.1240	1.2192	1.3813	1.3596
Pound sterling (GBP)	0.7278	0.7754	0.8263	0.8356
Real (BRL)	3.2579	3.1211	3.2120	3.1461
Bolivar (VEF)	57.3914	57.3914	14.0893	14.0893

Since Fiscal 2010, the Group no longer uses the official exchange rate set by the Venezuelan government, and instead uses exclusively the actual exchange rate observed for the Group's most recent currency transactions.

On March 24, 2014, the Venezuelan government created a new foreign exchange platform called SICAD II. On June 12, 2014, Sodexo carried out its first transaction on this platform, at the rate of 1 U.S. dollar = 52.10 bolivars (or 1 euro = 70.72 bolivars).

In line with the conversion method used since 2010 and in the absence of any new transactions in the first half of Fiscal 2015, in the interim condensed consolidated financial statements for this period, amounts denominated in Venezuelan bolivars continued to be converted at the rate used for the most recent transactions, carried out in August 2014. Since August 31, 2014, the rate applied is therefore 1 U.S. dollar = 51.06 bolivars or 1 euro = 67.34 bolivars as of August 31, 2014 and 1 euro = 57.39 bolivars as of February 28, 2015.

On February 10, 2015, the Venezuelan government announced the creation of a new foreign exchange platform called SIMADI (Marginal Currency Exchange System), which would replace the SICAD II system and lead to a devaluation of the bolivar against the dollar. As the system is very new, the Group considers that it would be premature to use it and has not carried out any SIMADI transactions.

Based on an exchange rate observed on SIMADI on February 26, 2015 of 1 U.S. dollar = approximately 173 bolivars, the impact on the Group's main financial indicators at February 28, 2015 would be as follows:

	First-half Fiscal 2015 (in millions of euro)				
Currency	Impact on revenues	Impact on operating profit	Impact on profit attributable to equity holders of the parent	Impact on total cash and cash equivalents	Impact on shareholders' equity
Bolivar (VEF)	(10)	(5)	(0.3)	(41)	(16)

6.3 Segment information

The Group's activities are monitored by the chief operating decision maker based on two business segments: On-site Services and Benefits and Rewards Services. The On-site Services activity is further segmented by geographic region.

The Group's operating segments are as follows:

- On-site Services, which is further segmented into the following geographic regions:
  - North America
  - Continental Europe
  - United Kingdom and Ireland
  - Rest of the World
- Benefits and Rewards Services.

First-half Fiscal 2015 *(in millions of euro)*	On-site Services									
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated	Total
Revenues (third-party)	4,014	2,926	821	1,745	9,506	425				9,931
Inter-segment revenues (Group)						3		(3)		
TOTAL	**4,014**	**2,926**	**821**	**1,745**	**9,506**	**428**		**(3)**		**9,931**
Operating profit [1]	284	127	36	74	521	158	(56)	(3)		620

[1] Including the share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

First-half Fiscal 2014 *(in millions of euro)*	On-site Services									
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services[3]	Corporate expenses	Eliminations	Unallocated[1]	Total
Revenues (third-party)	3,579	2,961	707	1,635	8,882	401				9,283
Inter-segment revenues (Group)						3		(3)		
TOTAL	**3,579**	**2,961**	**707**	**1,635**	**8,882**	**404**		**(3)**		**9,283**
Operating profit [2]	238	128	31	54	451	153	(42)	(3)	(30)	529

[1] Corresponding to the costs recorded in connection with the program to improve operational efficiency and reduce costs.

[2] Including the share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

[3] The exchange rate used in the first half of Fiscal 2014 to translate the financial statements of the Venezuelan subsidiaries was 1 U.S. dollar = 10.20 bolivars (1 euro = 14.09 bolivars).

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6.4 Notes to the interim consolidated financial statements

6.4.1. Cash and cash equivalents

(in millions of euro)	February 28, 2015	August 31, 2014
Marketable securities	404	782
Cash	1,169	1,966
Sub-total: cash and cash equivalents	**1,573**	**2,748**
Bank overdrafts	(58)	(61)
Total	**1,515**	**2,687**

Marketable securities comprised:

(in millions of euro)	February 28, 2015	August 31, 2014
Short-term notes	214	282
Term deposits	170	168
Listed bonds	1	8
Mutual funds and other	19	324
Marketable securities	**404**	**782**

6.4.2. Statement of changes in shareholders' equity

As of February 28, 2015, the Group held 4,817,203 Sodexo shares with a carrying amount of 310 million euro to cover its obligations under stock option and free share plans for Group employees (5,298,649 Sodexo shares as of August 31, 2014 with a carrying amount of 318 million euro).

During the first half of Fiscal 2015, Sodexo shares with a carrying amount of 47 million euro were delivered to employees upon exercise of stock options and additional Sodexo shares were acquired for 46 million euro. During the first half of Fiscal 2014, Sodexo shares with a carrying amount of 45 million euro were delivered to employees upon exercise of stock options and additional Sodexo shares were acquired for 13 million euro.

Shares held in registered form since at least August 31, 2010 are eligible for a dividend premium of 10% of the ordinary dividend. The number of shares eligible for this dividend premium is limited to 0.5% of the share capital for any single shareholder.

Total dividends paid in the first half of Fiscal 2015, adjusted for treasury shares, amounted to 275 million euro, for a dividend per share of 1.80 euro and a dividend premium per share of 0.18 euro.

6.4.3. Borrowings

(in millions of euro)	February 28, 2015 Current	February 28, 2015 Non-current	August 31, 2014 Current	August 31, 2014 Non-current
Euro	**10**	**1,096**	**918**	**1,096**
Bond issues				
U.S. dollar	295	1,572	31	1,560
Euro		70		220
Other currencies	5			
Bank borrowings[(1)]	**300**	**1,642**	**31**	**1,780**
Euro	3	6	3	8
Other currencies	1	3	1	2
Finance lease obligations	**4**	**9**	**4**	**10**
Euro	1	4	1	5
Other currencies	3	12	3	4
Other borrowings[(2)]	**4**	**16**	**4**	**9**
Total excluding derivative financial instruments	**318**	**2,763**	**957**	**2,895**
Net fair value of derivative financial instruments	(14)	2	(20)	(16)
Total including derivative financial instruments	**304**	**2,765**	**937**	**2,879**

[(1)] Including the proceeds from the three U.S. Private Placements, for 360 million U.S. dollars, 600 million U.S. dollars and 1,100 million U.S. dollars. These three loans are subject to financial covenants that the Group complied with as of February 28, 2014, August 31, 2014 and February 28, 2015.

[(2)] Including 10 million euro as of February 28, 2015 (4 million euro as of August 31, 2014) in liabilities related to commitments to acquire non-controlling interests in certain subsidiaries.

Changes in borrowings during the first half of Fiscal 2015 were as follows:

(in millions of euro)	August 31, 2014	Increases	Repayments	Discounting effects and other	Translation adjustments	Changes in scope of consolidation	As of February 28, 2015
Bond issues	2,014		(880)	(28)			1,106
Bank borrowings	1,811		(151)	3	274	5	1,942
Finance lease obligations	14	1	(2)				13
Other borrowings	13	2	(1)			6	20
Total excluding derivative financial instruments	**3,852**	**3**	**(1,034)**	**(25)**	**274**	**11**	**3,081**
Net fair value of derivative financial instruments	(36)	2		(9)	31		(12)
Total including derivative financial instruments[(1)]	**3,816**	**5**	**(1,034)**	**(34)**	**305**	**11**	**3,069**

[(1)] As of February 28, 2015, the fair values of bond issues and bank borrowings were 1,226 million euro and 2,020 million euro respectively (2,086 million euro and 1,875 million euro respectively as of August 31, 2014). There were no transfers between levels in the fair value hierarchy in the first half of Fiscal 2015 compared with those presented in Note 4.21 to the consolidated financial statements for the fiscal year ended August 31, 2014.

On January 30, 2015, Sodexo redeemed its 2009 bond issue in the amount of 880 million euro.

As of February 28, 2015, almost all of the Group's borrowings were at fixed rates of interest and the average cost of borrowings was 3.8%. As of August 31, 2014, almost all of the Group's borrowings were at fixed rates of interest and the average cost of borrowings was 4.3%.

July 2011 multicurrency confirmed facility

As of February 28, 2015 and August 31, 2014, the Group had a multicurrency confirmed facility for a maximum of 600 million euro plus 800 million U.S. dollars, expiring in July 2018. The facility was utilized in the amount of 65 million euro as of February 28, 2015 (215 million euro as of August 31, 2014).

6.4.4. Operating expenses by nature

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014[1]
Depreciation, amortization and impairment charges	(112)	(128)
Employee costs		
- Wages and salaries	(3,592)	(3,347)
- Other employee costs[2]	(1,093)	(1,022)
Purchases of consumables and change in inventory	(2,937)	(2,803)
Other operating expenses[3]	(1,579)	(1,459)
Total	**(9,313)**	**(8,759)**

[1] Including 30 million euro in costs recognized in the first half of Fiscal 2014 in connection with the program to improve operational efficiency and reduce costs.

[2] Primarily payroll taxes, but also including costs associated with defined benefit plans, defined contribution plans, stock options and free shares.

[3] Other operating expenses mainly include operating lease expenses (155 million euro for the first half of Fiscal 2015 and 150 million euro for the first half of Fiscal 2014), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

6.4.5. Financial income and expense

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014
Gross borrowing costs[1]	(87)	(72)
Interest income from cash and cash equivalents	11	4
Net borrowing costs	**(76)**	**(68)**
Interest income from loans and receivables at amortized cost	2	2
Other financial income	5	
Other financial expenses	(3)	(1)
Net foreign exchange (losses)/gains	7	(2)
Interest cost on defined benefit plan obligations	(4)	(3)
Foreign-exchange adjustment for hyperinflation	(5)	(12)
Change in fair value of derivative instruments not qualifying for hedge accounting		
Other	(5)	(1)
Net financial income and expense	**(79)**	**(85)**
Financial income component	**25**	**6**
Financial expense component	**(104)**	**(91)**

[1] Gross borrowing costs represent interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

6.4.6. Earnings per share

The number of ordinary shares outstanding used in calculating basic and diluted earnings per share is presented below:

	First-half Fiscal 2015	First-half Fiscal 2014
Profit for the period attributable to equity holders of the parent (in millions of euro)	**343**	**278**
Basic weighted average number of shares	151,988,253	151,847,327
Basic earnings per share (in euro) [(1)]	**2.26**	**1.83**
Average dilutive effect of stock option and free share plans	2,039,057	1,650,844
Diluted weighted average number of shares	154,027,310	153,498,171
Diluted earnings per share (in euro) [(1)]	**2.23**	**1.81**

[(1)] Basic earnings per share and diluted earnings per share do not include the impact of the dividend premium to be paid on qualifying registered shares.

All of the stock option plans and free share plans had a dilutive impact in the first half of both Fiscal 2014 and Fiscal 2015.

6.4.7. Related party information

Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in Note 4.25 "Related party information" in the consolidated financial statements for the year ended August 31, 2014.

Principal shareholder

As of February 28, 2015, Bellon SA held 37.7% of the capital of Sodexo.

During the first half of Fiscal 2015, Sodexo paid fees of 2.7 million euro (3.1 million euro for the first half of Fiscal 2014) under the assistance and advisory services contract with Bellon SA.

Bellon SA received a dividend of 106.8 million euro from Sodexo SA in February 2015.

6.4.8. Additional information

Members of the Board of Directors and the Executive Committee, Chief Executive Officer

There were no significant changes from the year ended August 31, 2014 in the nature of compensation, advances and commitments for pensions or similar allowances granted to members of Sodexo's Board of Directors or Executive Committee, or to the Chief Executive Officer.

6.4.9. Subsequent events

No material events have occurred since February 28, 2015.

sodexo
SERVICES DE QUALITÉ DE VIE

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STATUTORY AUDITORS' REPORT

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KPMG

SODEXO S.A.

STATUTORY AUDITORS' REPORT ON THE CONDENSED STATUTORY FINANCIAL STATEMENTS

For the six month period ended February 28, 2015

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-Sur-Seine Cedex

KPMG Audit
Department of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Review Report on the condensed interim consolidated financial statements

For the six-month period ended February 28, 2015

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
Share capital: €.628 528 100

To the Shareholders,

Following our appointment as statutory auditors by your General Meeting and in accordance with article L.451- 1-2 III of the French Monetary and financial Code ("Code monétaire et financier"), we
hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Sodexo S.A, for the six-month period ended 28 February 2015;
- the verification of information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of
condensed interim financial information consists of making inquiries, primarily of persons responsible
for financial and accounting matter and applying analytical and other review procedures. A review is
substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become
aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified information given in the interim management report on the condensed interim
consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 15, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG SA*
Yves Nicolas	Frédéric Charcosset	Hervé Chopin

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ATTESTATION OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

sodexo
QUALITY OF LIFE SERVICES

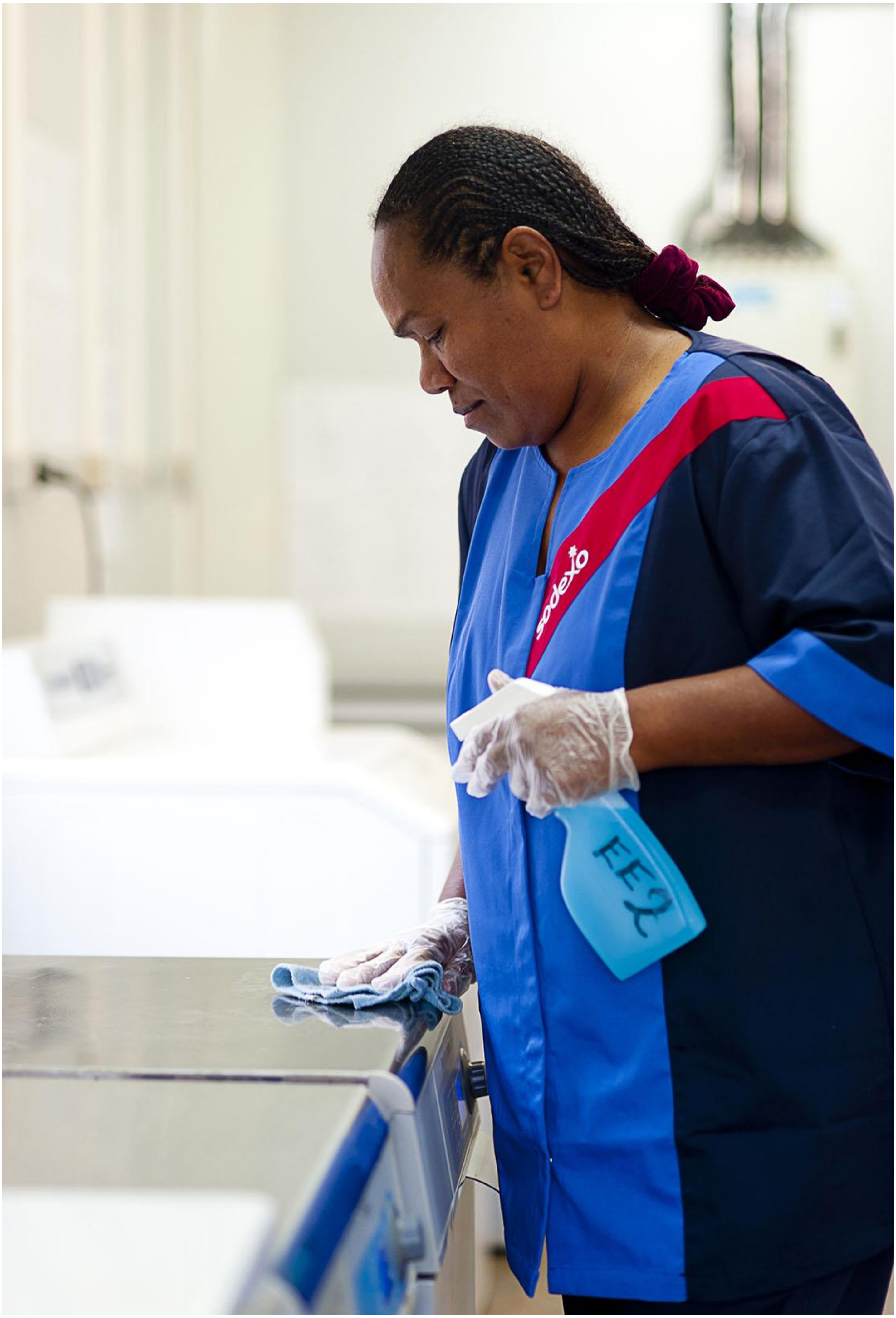
GROUP CHIEF EXECUTIVE OFFICER

RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

Issy-les-Moulineaux, April 15th, 2015

I hereby affirm that to the best of my knowledge the condensed financial statements in the half year report have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Sodexo, and of that of all of the companies included within the consolidation scope, and that the half year activity review included in this report presents the following: a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements; a description of the main risks and uncertainties for the remaining six months of the year; and the principle transactions between related parties.

Michel Landel
Chief Executive Officer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