sodexo
QUALITY OF LIFE SERVICES

PRESS RELEASE

Sodexo: Solid results in the first half of Fiscal 2015, in line with full year objectives

- **Revenue growth of 7%, including organic growth of 2.2%**
- **Operating profit up 8.6% excluding the currency effect and operating margin up 30 basis points due to:**
  - The benefits from the operational efficiency improvement and cost reduction program
  - An improving profitability in On-site Services
  - A rise in operating profit for Benefits and Rewards Services activity, up 17% excluding currency effect
- **Profit attributable to equity holders of the parent up +17.6% excluding the currency effect**
- **Fiscal 2015 objectives confirmed**

Issy-les-Moulineaux, April 16, 2015 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors' meeting on April 14, 2015, chaired by Pierre Bellon, Sodexo Chief Executive Officer Michel Landel presented the Group's performance for the first half of Fiscal 2015 which ended on February 28, 2015.

Financial performance for the first half of Fiscal 2015:

(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[1]	**620**	**559**	+8.6%	+2.3%	+10.9%
Operating margin before exceptional expenses[1]	**6.2%**	**5.9%**			
Exceptional expenses	0	(30)			
Operating profit (reported)	**620**	529	+14.7%	+2.5%	+17.2%
Effective tax rate	**35.5%**	36.0%			
Profit attributable to equity holders of the parent	**343**	**278**	**+17.6%**	**+5.8%**	**+23.4%**

Commenting on these figures, Sodexo CEO Michel Landel said:

"The results for the first half of fiscal 2015 are in line with our expectations. These results continue to show the effects of our different actions in terms of productivity, for all our activities. Thus we confirm our objectives for the full fiscal year".

[1] *Before exceptional costs related to the operational efficiency improvement program in H1 2014.*

Revenues

Consolidated revenues for the first half of Fiscal 2015 were 9.9 billion euro, an increase of 7% from the prior year period. Currency effects for the period were positive for most currencies, impacting revenues as well as other line items in the statement of income.

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.

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.

Organic growth in the *Corporate* segment was 3.9%. This performance is explained by several contrasting factors:

- 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.

The decisions 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%

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

Operating profit

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

Operating profit 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 limited to 3.3% at constant 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.

Profit attributable to equity holders of the parent

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.

Financial position

Net cash provided by operating activities amounted to 235 million euro, a marked improvement (+29%) 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 financing activities increased sharply as a result of the reimbursement of an 880 million euro bond issue in January 2015.

Net debt as of February 28, 2015 was 805 million euro vs. 674 million euro as of February 28, 2014 and represented 23% of consolidated shareholders' equity as compared to 23% as of February 28, 2014 demonstrating Sodexo's very solid financial position.

Acquisitions of the period

In the Benefits and Rewards activity Sodexo finalized the acquisition of Motivcom plc, a leading rewards and employee benefits provider to corporates in the United Kingdom, on November 21, 2014. The total consideration of this transaction was 41 million pounds. With this acquisition, Sodexo offers a more comprehensive incentive and recognition proposition to companies of all sizes, thereby strengthening its global offer of services which improve Quality of Life.

Economic, social and environmental responsibility

Sodexo’s commitment to economic, social and environmental responsibility has been further demonstrated during the first half of Fiscal 2015. Initiatives included:

- 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 its sector.
- 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.

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 focused 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's transformation. Accordingly, Michel Landel confirmed to the Board of Directors his confidence in the Group's ability to meet its medium-term objectives.

Conference Call

Sodexo will hold a conference call (in English) today at 8:30 am (French time) to comment on the results for the first half of Fiscal 2015. This presentation can be followed live via webcast on www.sodexo.com.

The **press release, presentation and webcast will be available on the Group's website www.sodexo.com**, under the "Latest News" section, and the "Finance - Financial Results" section.

A recording of the conference call will be available until April 30, 2015 by dialing **+ 44 (0) 1452 550 000**, followed by the passcode **87 22 26 72**.

Financial calendar

Nine months Fiscal 2015 revenues	July 8, 2015
Fiscal 2015 results	November 19, 2015
Annual Shareholders' Meeting, Fiscal 2016	January 19, 2016

About Sodexo

Founded in 1966 in Marseille by Pierre Bellon, Sodexo is the global leader in services that improve Quality of Life, an essential factor in individual and organizational performance. Operating in 80 countries, Sodexo serves 75 million consumers each day through its unique combination of On-site Services, Benefits and Rewards Services and Personal and Home Services. Through its more than 100 services, Sodexo provides clients an integrated offering developed over more than 45 years of experience: from reception, maintenance and cleaning, to foodservices and facilities and equipment management; from Meal Pass, Gift Pass and Mobility Pass benefits for employees to in-home assistance and concierge services. Sodexo's success and performance are founded on its independence, its business and financial model and its ability to continuously develop and engage its 420,000 employees throughout the world.

Key figures (as of August 31, 2014)

18 billion euro in consolidated revenues
420,000 employees
18th largest employer worldwide
80 countries
32,700 sites
75 million consumers served daily
14.7 billion euro in market capitalization (as of April 15, 2015)

Forward-looking statements:

This press release contains statements that may be considered as forward-looking and as such may not relate strictly to historical or current facts. These statements represent management's views as of the date they are made and Sodexo assumes no obligation to update them. The reader is cautioned not to place undue reliance on these forward-looking statements.

Main risks and uncertainties

The main risks and uncertainties are not materially different from those identified by the Group in the "Risk Factors" section of the Fiscal 2014 Registration Document filed with the *Autorité des Marchés Financiers* on November 17, 2014, except for those related to Sodexo's business in Venezuela which are described in Appendix 3.

Contacts

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APPENDIX 1
Comments by activity and by geographic region

Revenues by activity

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth[1]	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)**			
TOTAL	**9,931**	**9,283**	**+2.2%**	**+2.2%**	**+7.0%**

Operating profit by activity[2]

(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)**		
TOTAL	**620**	**559**	**+8.6%**	**+10.9%**

[1] *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 1 USD = 51.06 Bolivar.*

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

1. On-site Services

Revenues

By region:

(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%**

By client segment:

(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%**

1.1 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 include 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.

1.2 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.

1.3 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 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.

1.4 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 Programme 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.

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. Benefits and Rewards Services

Issue volume

(in millions of euro)	First-half Fiscal 2015	First-half Fiscal 2014	Organic growth[1]	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[1]	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 rate environment in these countries. Despite the temporary economic slow-down in those countries, Sodexo has continued to increase market penetration and add 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.

[1] *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 1 USD = 51.06 Bolivar.*

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%.

APPENDIX 2
Financial Statements for the first half of Fiscal 2015
(audited)

Consolidated income statement

(in millions of euro)	First Half Fiscal 2015 (millions of euro)	First Half Fiscal 2015 % revenue	Change	First Half Fiscal 2014 (millions of euro)	First Half Fiscal 2014 % revenue
Revenues	**9,931**	**100%**	**+ 7.0%**	**9,283**	**100%**
Cost of sales	**(8,349)**	-84.1%		**(7,850)**	-84.6%
Gross profit	**1,582**	**15.9%**	**+10.4%**	**1,433**	**15.4%**
Sales Department costs	**(142)**	-1.4%		**(134)**	-1.4%
General and administrative costs	(804)	-8.1%		**(790)**	-8.5%
Other operating income	4			**35**	0.4%
Other operating costs	(22)	-0.2%		**(20)**	-0.2%
Operating profit	**618**	**6.2%**	**+17.9%**	**524**	**5.6%**
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	2	0.0%		**5**	0.1%
Operating profit after share of profit of certain companies consolidated by the equity method	**620**	**6.2%**	**+17.2%**	**529**	**5.7%**
Interest income	25	0.3%		**6**	0.1%
Financing costs	(104)	-1.0%		**(91)**	-1.0%
Share of profit of other companies consolidated by the equity method	1	0.0%		**4**	0.0%
Profit before tax	**542**	**5.5%**	**+21.0%**	**448**	**4.8%**
Income tax expense	(191)	-1.9%		(158)	-1.7%
PROFIT FOR THE PERIOD	**351**	**3.5%**	**+21.0%**	**290**	**3.1%**
Of which:					
Profit attributable to non-controlling interests	8	0.1%		12	0.1%
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**343**	**3.5%**	**+23.4%**	**278**	**3.0%**

sodexo
QUALITY OF LIFE SERVICES

Consolidated statement of financial position

ASSETS

(in millions of euro)	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	-	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	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	1,573	2,748
Total current assets	**7,322**	**7,626**
TOTAL ASSETS	**14,769**	**14,478**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euro)	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	**3,554**	**3,221**
NON-CURRENT LIABILITIES		
Borrowings	2,763	2,895
Derivative financial instruments	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	318	957
Derivative financial instruments	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 LIABLITIES AND SHAREHOLDERS' EQUITY	**14,769**	**14,478**

Consolidated cash flow statement

(in millions of euro)	**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	(275)	(247)
Dividends paid to non-controlling shareholders of consolidated companies	(10)	(10)
Sales of treasury shares (net)	1	32
Increase in capital	-	-
Acquisitions of non-controlling interests	-	(1)
Proceeds from borrowings	4	262
Repayment of borrowings	(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	**1,515**	**1,138**

APPENDIX 3
Foreign currency effects

Sodexo operates in 80 countries. The impact of the most significant currencies on consolidated revenue and operating profit is presented below:

Currency	Change compared to the euro first-half Fiscal 2015 (in%)	Revenues	Operating profit	Profit for the period
		(in millions of euro)		
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)

The following table shows changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of Fiscal 2014.

Currency	Closing rate as of February 28, 2015	Average rate First Half of Fiscal 2015	Closing rate as of February 28, 2014	Average rate First Half of Fiscal 2014
U.S. dollar (USD)	1.12	1.22	1.38	1.36
Pound Sterling (GBP)	0.73	0.78	0.83	0.84
Real (BRL)	3.26	3.12	3.21	3.15
Bolivar (VEF)	57.39	57.39	14.10	14.10

Additional Note on currency conversion for the Venezuelan Bolivar

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.

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:

Currency	First-half Fiscal 2015 (in millions of euro)				
	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)