PRESS RELEASE

Sodexo: strong growth in net profit, mid-term objectives confirmed

- **Revenues up +2.2%, and organic growth[1] of +1.9%**
  - On-site organic growth at +1.7%, or +1.6% excluding the offsetting factors of the Rugby World Cup (RWC) base effect and the 53rd week contribution in North America.
  - Solid growth in Benefits & Rewards Services activity at +7.7%.
- **An operating margin of 6.4%, up +40 basis points, excluding currency effect and before exceptional expenses[1]**
- **Net profit +13.0% before non-recurring items[1] and excluding currency effect.**
- **Proposed dividend[2] of 2.75 euros representing an increase of +14.6%.**
- **Fiscal 2018 guidance of +2 to +4% revenue organic growth excluding the 53rd week impact and a flat underlying operating margin, at 6.5% new indicator defined in page 25.**
- **Medium-term objectives confirmed.**

Issy-les-Moulineaux, November 16, 2017 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At the Board of Directors meeting held on November 14, 2017 and chaired by Sophie Bellon, the Board closed the Consolidated and Company accounts. Sodexo's Chief Executive Officer Michel Landel presented the Group's performance for the fiscal year ended August 31, 2017.

[1] *As defined in Alternative Performance Indicators on pages 28 and 29.*
[2] *To be proposed at the Annual General Meeting on January 23, 2018.*

Financial performance for Fiscal 2017

(in millions of euro)	Fiscal 2017 (ended August 31, 2017)	Fiscal 2016 (ended August 31, 2016)	Change	Change excluding currency effect[1]
Revenue	**20,698**	**20,245**	**+2.2%**	**+2.3%**
Organic growth	***+1.9%***	***+2.5%***		
Operating profit before exceptional expenses	**1,326**	**1,203**	**+10.2%**	**+8.4%**
Operating margin before exceptional expenses	**6.4%**	**5.9%**	**+50bps**	**+40bps**
Exceptional expenses	**(137)**	**(108)**		
Operating profit	**1,189**	**1,095**	+8.5%	
Net financial expense	**(105)**	**(111)**		
Effective tax rate	***31.7%***	***33.7%***		
Group net profit before non-recurring items, net of tax	**822**	**721**	**+14.0%**	**+13.0%**
Earnings per share -basic- (in euro)	5.52	4.77	+15.7%	
Group net profit	**723**	**637**	**+13.5%**	**+12.2%**
Earnings per share -basic- (in euro)	**4.85**	**4.21**	+15.2%	
Proposed dividend per share (in euro)	**2.75**[2]	**2.40**	+14.6%	
Free cash flow[1]	**887**	**595**	+49.1%	
Gearing[1] (%)	**17%**	**11%**		
Debt Ratio[1]	**0.4**	**0.3**		

Commenting on these figures, Sodexo CEO Michel Landel said:

"In Fiscal 2017, Sodexo has delivered on its operating profit guidance, improving margins, generating cash and increasing the dividend, despite lower than expected growth in revenues. The Group has also significantly reinforced its investments in, sales development, digital transformation and external growth as demonstrated by the recent acquisition of Centerplate. *We have doubled the size of our Sport & Leisure segment, and particularly in North America. External growth for Fiscal 2018 is accelerating, and should reach at minimum 2.5%, The trends in the Energy & Resources segment and France have reversed and developing economies are sustaining high single digit growth. However, net development in Europe and Education and Health Care in North America is not as high as expected.*

The Adaptation and Simplification program is on track to deliver 220 million euro of annual savings in the current year. This will help finance investments to drive future growth.

We are continuing the implementation of our reorganization as expected. We are focused on improving the Quality of Life of those we serve and enhancing our clients' performance. We are confident that for Fiscal 2018 we can aim for +2% to +4% organic revenue growth excluding the 53rd week impact and maintain the underlying operating profit margin."

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[1] As defined in Alternative Performance indicators on pages 28 and 29

[2] To be proposed at the Annual General Meeting on January 23, 2018.

Highlights of the period

- Fiscal 2017 Revenues amounted to 20.7 billion euro, up +2.2% on Fiscal 2016 and organic growth of +1.9%.

- **On-site Services** organic revenue growth was +1.7%, reflecting:
  - Two offsetting factors, the negative effect of the Rugby World Cup in the previous year for -0.6% and the positive impact of the 53rd week in North America for +0.7%,
  - A return to growth in Energy & Resources from the third quarter, after two years of quarterly declines, as a result of strong new business, even though same site sales are still declining, particularly in the North Sea,
  - Strong development of all segments in developing economies,
  - A return to growth in the fourth quarter in France,
  - Lower than expected net new business in Education and Healthcare, particularly in North America.

- **Benefits & Rewards Services** revenue was up +16.0%. Currencies contributed +3.3% to this growth, resulting in particular from the recovery of the Brazilian real. The acquisitions of *Inspirus*, *Xpenditure* and *iAlbatros* contributed a further +5.0% to growth. Organic growth in revenues was +7.7%, on issue volume[1] up +6.1%. Europe, Asia and USA region generated double digit growth in revenues, particularly due to the incentive and recognition activities. In Latin America, revenue organic growth was more limited at +3.2% impacted by the strong competitive pressures and the progressive decline in interest rates in the second half in Brazil. The rest of the region continued to grow significantly.

- **Operating profit before exceptional expenses** rose to 1,326 million euro, up +8.4% excluding the currency effect, due to the many projects implemented as part of the Adaptation and Simplification program which delivered 150 million euro of savings in the full year, versus 32 million euro in Fiscal 2016. The program is therefore on track to deliver 220 million annual savings in Fiscal 2018.

- At 6.4%, the **Operating margin** before exceptional expenses was up **+40 basis points** excluding the currency impact.

- Exceptional expenses related to the adaptation and simplification measures have not changed since H1 and amounted to 137 million euro during the year, bringing the total costs of the program to 245 million euro.

- **Net profit before non-recurring items** (net of taxes) totaled 822 million euro, **up +13.0%** excluding the currency effect. Basic EPS before non-recurring items amounted to 5.52€, up +15.7%, helped by a lower share count linked to the share buy-back program. After deducting exceptional expenses and early debt reimbursement indemnities on the debt restructuring, net of taxes, reported net profit was 723 million euro, up +13.5%.

[1] *As defined in Alternative Performance indicators on pages 28 and 29*

- **Free cash flow** of 887 million euro was strong. Investments of 308 million euro, dividends of 359 million euro and acquisitions[1] of 306 million euro were more than covered. After a further 300 million euro share buy-back, net debt increased by 204 million euro to 611 million euro. The Group's financial position remained strong, with gearing at 17% and the net debt ratio at 0.4, both well below the target levels.

- After several years of relative inactivity, **M&A accelerated** during the year to enrich our offer, strategically move into the mobility field, continue to strengthen the Group's technical expertise in some regions or disciplines and consolidate positions in certain markets. Several non-strategic activities were also sold. As a result, net spend reached 268 million euro during the year. Added to this, net financial investments amounted to 38 million euro, including Sodexo Ventures. As a result, total net investment reached 306 million euro.

  Since year end, further acquisitions have been made for a total committed amount of around 650 million euro: *Kim Yew* will strengthen the Group's technical expertise and capacities in Singapore. *Morris Corporation* will enhance the Group's presence in remote site services for the mining industry in Australia. *Centerplate* is a provider of food and beverage, merchandise and hospitality services at sports facilities, convention centers and entertainment facilities in the United States and Europe. With an annual revenue of 998 million dollars, *Centerplate* will double the Group's presence in the Sports & Leisure segment, particularly strengthening its position in the North America market. Its contribution should be mildly accretive to Fiscal Year 2018 net profit.

- Sodexo's **corporate responsibility** engagement continues to be recognized within the investment community, Sodexo has yet again scored the highest marks of its sector in **RobecoSAM's 2017 "Sustainability Yearbook**", for the 10th consecutive year. Sodexo is also the top-rated company in its sector within the **Dow Jones Sustainability Index** (DJSI), for the 13th consecutive year. A new marker for recognition comes from FTSE Indices that have for the first time, entered Sodexo as a constituent of the **FTSE4Good Index**.

Outlook

For Fiscal Year 2018, growth should accelerate and amplify due to external growth of around 2.5%, including the latest acquisitions. The trends are turning positive again in France and the Energy & Resources segment. Developing economies are also expected to grow strongly in all segments. On the other hand, growth will remain modest in Education and Health Care in North America. Added to this there is a base effect of the 53rd week in North America to offset.

The Adaptation and Simplification program is on track to deliver its target of 220 million euro of savings in Fiscal 2018. This will free-up resources to invest in boosting the Group's growth.

The financial structure of the Group remains strong and provides the capacity to continue to look for more acquisition targets during the year.

[1] *Net acquisitions of 268m€ + net financial investments of 38m€, including Sodexo Ventures*

The Group is confident in achieving the following objectives for **Fiscal 2018:**

- **Organic revenue growth of between +2% and +4%, excluding the 53rd week impact;**
- **Underlying operating profit margin[1] maintained at 6.5%.**

The Board of Directors and Executive Committee confirm the **medium-term objectives of:**

- **Average annual revenue growth, excluding currency effect, of between 4% and 7%;**
- **Average annual growth in underlying operating profit[1], excluding currency effect, of between 8% and 10%.**

Conference call

Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), **8:00 a.m. (London time)** to comment on its results for Fiscal 2017. Those who wish to connect from UK may dial +44 20 3427 1910 or from France + 33 1 76 77 22 22 followed by the passcode **788 27 99**.

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

Financial calendar

1st quarter revenues – Fiscal 2018	January 11, 2018
Annual Shareholders' Meeting	January 23, 2018
Dividend Ex-date	February 1, 2018
Dividend Record date	February 2, 2018
Dividend payment date	February 5, 2018
1st half results – Fiscal 2018	April 12, 2018
Nine month revenues, Fiscal 2018	July 5, 2018
Annual results, Fiscal 2018	November 8, 2018
Annual Shareholders' Meeting 2019	January 22, 2019

[1] See page 25 for definitions of new indicator

About Sodexo

Founded in Marseille in 1966 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 100 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 50 years of experience: from foodservices, reception, maintenance and cleaning, to facilities and equipment management; from services and programs fostering employees' engagement to solutions that simplify and optimize their mobility and expenses management, to in-home assistance, child care centers and concierge services. Sodexo's success and performance are founded on its independence, its sustainable business model and its ability to continuously develop and engage its 427,000 employees throughout the world.

Sodexo is included in the CAC 40 and DJSI indices.

Key figures (as of August 31, 2017)

20.7 billion euro in consolidated revenues

427,000 employees

19th largest employer worldwide

80 countries

100 million consumers served daily

16 billion euro in market capitalization (as of November 15, 2017,)

Forward-looking statements

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

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FINANCIAL REPORT FISCAL 2017

Fiscal year ended August 31, 2017

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FISCAL 2017 ACTIVITY REPORT

FISCAL 2017 YEAR HIGHLIGHTS

A solid performance despite moderate revenue growth

In Fiscal 2017 organic growth (1) in revenues was +1.9% at 20.7 billion euros. Onsite services organic growth was +1.7%. A tough comparable base in the first quarter due to the Rugby World Cup in the previous year was offset by the contribution of the 53rd week in North America in the fourth quarter. Excluding these two items, the Onsite services growth of +1.6% reflects a very mixed environment. On the one hand, in the developing economies, high single digit growth resulted from the significant contribution of new contracts and solid same site sales. On the other hand, Energy & Resources and France continued to face strong headwinds for most of the year, even though the trends turned positive in the third and fourth quarters respectively. Retention and new business in Education and Healthcare, particularly in North America, were lower than expected. Benefits & Rewards achieved another year of solid growth of +7.7%, with double digit growth in Europe, Asia, and USA.

Operating profit excluding the currency effect and before exceptional expenses[1] was up +8.4%, in line with the objective set at the beginning of the year of growth between 8 and 9%. The operating margin before exceptional expenses reached 6.4%, up +40 basis points, excluding currency effect. The Adaptation and Simplification program, launched at the beginning of fiscal 2016, reached annual savings of 150 million euros in fiscal 2017, compared to 32 million euros achieved by Fiscal 2016-year end. A total of 137 million euros of exceptional expenses was incurred during the year. Net financial expenses and the tax charge were both down. As a result, Group net profit increased by +13.5%. Net profit before non-recurring items (1) and excluding currency fluctuations, was up +13%.

Confident in the outlook for the Group, and in line with the policy of a regular increase in the dividend and pay-out on earnings before exceptional items of around 50%, the Board has decided to propose a dividend of 2.75 euro per share, up +14.6%, implying a 50% pay-out ratio, net income before non-recurring items.

[1] *See Alternative Performance Measure definitions pages 28 and 29*

Fiscal 2017 free cash flow amounted to 887 million euro, up +49% on the previous year which had been impacted by unusually high investments and working capital increase linked to the Rio Tinto contract start-up and the timing impact of the Rugby World Cup activity. After a further 300 million euro share repurchase program and 306 million euro of acquisition spend, net of disposals, net debt[1] was up slightly at 611 million euro. The balance sheet remains solid with gearing[1] of 17% and a debt ratio[1] of 0.4.

Merger & acquisition activity has picked up considerably

In Fiscal 2017 Sodexo accelerated its acquisition activity by investing 306 million euro net of the disposal of non-strategic activities such as *Vivabox* in the USA. Since year end the momentum has continued with the signing of several important acquisitions for a total amount of ≈650 million euro.

1. The Group has enriched its offer with the acquisition of:
   - *Inspirus*, a US-based specialist in employee recognition, to complement the UK activities acquired several years ago
   - *PSL* in the UK, a leading fresh-food procurement company, predominantly for the hotel sector, which will bring enhanced purchasing capacities
   - *Peyton and Byrne* and *the Good Eating Company*, quality food services to strengthen the Group's offers in London and more generally for urban clients.
2. Several **strategic moves** have also been made:
   - With the acquisitions of *Xpenditure*, a digital expense management platform, and *iAlbatros*, a digital reservations platform, Benefits & Rewards has entered the mobility market. These two platforms are currently being brought together to provide clients with an end to end business travel and expense management solution to enhance efficiency and quality of life for their employees.
3. **Technical expertise** and capacity have also been extended with the acquisitions of *Tadal* in Israel, a minority position in *Mentor* in specialist laboratory calibration in America and more recently *Kim Yew* in Singapore.
4. The Group has also **consolidated positions** by buying out minority shareholders of *Doyon*, in Alaska, and *FAW*, in China, by strengthening our presence in Senior homecare in the UK with *Prestige Nursing+Care* and in the mining sector with the *Morris* business in Australia.

New business opportunities and retention

In Fiscal 2017, client retention was up +40 basis points at 93.5%. This increase reflects several trends: improvement in the Energy & Resources segment, in France, and in the Business & Administrations segment more generally. On the other hand, retention has suffered in Healthcare and Education, as the Group continues to exit less profitable contracts particularly in North America. There has also been weakness in the UK with inacceptable pricing conditions for public sector contract renewals.

[1] *See Alternative Performance Measure definitions pages 28 and 29*

The development rate of new business at 6.5%, was down -70 points. As a reminder, the major *Rio Tinto* contract accounted for 80 basis points on its own last year. Significant new business opportunities in all segments in the developing economies are offset by slow new business in Universities and Hospitals in North America, and in Europe more generally.

Comparable unit growth was +1.5% excluding the impact of the 53rd week. While inflation was lower than it has ever been and the comparable unit growth in Energy & Resources remained negative, contract extensions with new facilities management services have continued to boost growth in most segments, and particularly in Schools in North America and Corporate Services everywhere except in Europe.

Clients seeking productivity and a global footprint in Energy and Resources:

The crisis in the energy and resources sector has led clients to recognize the advantages of reducing their number of suppliers around the world, including their service-providers. As a result, the segment has signed several new contracts and extensions with *Compañia Minera Lomas Bayas* and *Doña Inés de Collahuasi* in Chile, *Rio Tinto Aluminium* in Australia and *Van Oord* operations worldwide.

Further contract extensions in Facilities Management for existing clients; relationships are also being extended with a Master Services Agreement with *Johnson & Johnson* (J&J) at approximately 250 sites in 42 countries, *Nokia* in 600 sites across 115 countries, *Colgate* in 8 countries, as well as *Bicocca University* in Italy or the Department of Work and Pensions, the largest contract of its type in the public sector in the United Kingdom.

Driving segment development in developing countries; several hospital contracts have been signed, in particular in Brazil and Asia, where being able to transfer know-how to new countries has given Sodexo a strong competitive advantage. Contract signatures include *Makati Medical Center* in the Philippines, *Manipal Hospital* in Goa, India, and *Bangkok Phuket Hospital* in Thailand.

Significant food contracts won; Sodexo has secured several large food-only contracts thanks to its innovative approach and strong focus on healthy eating and variety of choice, with clients such as *Total* in France and *Google* in India, *Citadel University* in the USA, *Clifton College* in the UK and *Renault* in Morocco.

In **Benefits & Rewards Services,** there have been noteworthy developments around the world including with *Nestlé* in the Philippines, *Pague Menos* in Brazil, *STIP-MIVB* in Belgium, and the renewal of our contract with *JUNAEB* (National Board of Student Aid and Scholarships) to serve 300,000 students in Chile.

In 2017, Sodexo renews its Better Tomorrow 2025 program and continues to be recognized for its contribution to a better world

In May, the Group relaunched its Better tomorrow 2025 roadmap, to renew and revitalize our corporate responsibility commitments and actions. This approach is based on looking not only at the different roles that we play as a large global organization, but also at the different impact our actions have in the world.

Within the investment community, Sodexo has yet again scored the highest marks of its sector in RobecoSAM's 2017 "Sustainability Yearbook", for the 10th consecutive year. Sodexo is also the top-rated company in its sector within the Dow Jones Sustainability Index (DJSI), for the 13th consecutive year. A new marker for recognition comes from FTSE Indices that have for the first time, entered Sodexo as a constituent of the FTSE4Good Index.

From a more general public point of view, for the 7th year in a row, Sodexo is among the FORTUNE World's Most Admired Companies, and this year was ranked within Fortune's 2017 list of companies that are changing the world.

Sodexo remains at the forefront of gender balance: in this fiscal year, Sodexo reinforced its commitment and kept the momentum by signing the United Nations Women's Empowerment Principles (WEPs) in 24 countries where it operates. By doing so, Sodexo demonstrates its commitment to empowering women for a better tomorrow in the workplace, marketplace and community.

Research and Thought Leadership

As a leader in Quality of Life Services, Sodexo continues to explore the frontiers of research into the link between Quality of Life and performance in today's rapidly-changing work environment.

- In October 2017, **Sodexo organized the second edition of the Quality of Life Conference**, **in London,** bringing together Sodexo clients, leaders of companies, universities, NGOs, hospitals, governments and communities from more than 30 countries to explore the future of quality of life. The Conference built on the movement launched at Sodexo's inaugural Conference in 2015 in New York. High-profile thinkers, influencers and change makers from all continents, generations and walks of life gathered together to discuss how to build a more fulfilling, sustainable and prosperous future for all. Empowerment, authenticity, mentoring and collaboration all came out as key themes during the discussions while innovation was at the heart of the immersive, interactive Discovery exhibition space.
- **In collaboration with the University of Ottawa, Sodexo released a study to deepen our understanding of the five senses from a senior's perspective**: the research team presented strategies for creating "sense-sensitive" environments that will facilitate person-centered care for seniors. The team also developed an audit tool to help long-term care communities assess and improve their level of sense-sensitivity.
- **Sodexo decoded Gen Z with its first Global Lifestyle Survey of University Students**, which surveyed 4,000 students in three continents and 6 countries (China, India, Italy, Spain, the UK and the US) for insights about ways to improve quality of life along a student's academic journey. This report is intended to drive an understanding of university students around the world and to help universities provide new offers, living arrangements and study spaces that alleviate stress over studies, finances and/or career after graduation.
- The Group issued **its first Global Workplace Trends report**, a far-reaching look at the most critical factors affecting the world's workers and employers. As a top global employer providing quality of life services to 10,000 companies around the world, Sodexo has a direct vision and understanding of the factors that will shape the workplace of the future.
- In January 2017, **in partnership with Harvard University**, Sodexo was awarded a **four-year grant to study the needs of front-line workers in terms of health, safety, and wellbeing**. Sodexo hopes to use the findings from this research to make industry recommendations and changes that will improve not only the quality of life of our employees, but that of a broad spectrum of employees throughout the sector.

On-site Services reorganization and new segment reporting

The evolution in Sodexo's On-Site Services organization enables the Group to become even more competitive, to adapt ever more quickly to clients' evolving needs and to offer the best of Sodexo around the globe for both local and large global clients.

Clients today are looking for partners who have a deep understanding of their business, are experts in their domains and can bring simplified, innovative solutions to enhance productivity. Client and consumer behaviors are becoming harmonized all over the world, global clients are seeking to leverage their size and local clients are mutualizing their services. Client industry standards are fast globalizing. Local and national governments are looking for global experts to identify innovative ways to manage and deliver their services.

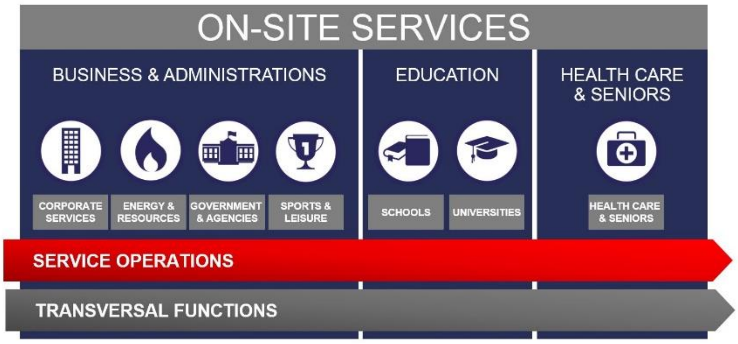
Sodexo is reinventing the way it does business to deliver on our promise of improving the Quality of Life of those we serve.

Sodexo has built significant expertise and a profound understanding of the markets where the Group operates, by segment and sub-segment. It has established strong intimacy with its clients.

To seize market opportunities estimated at 700 billion euro, accelerate growth, become sustainably more competitive over time, and consolidate its position as worldwide leader in Quality of Life services, Sodexo is leveraging its global reach to:

- further create unique value for clients and customers, and
- take advantage of the Group's scale and knowledge to consistently deliver best-in-class services.

To this end, the Group has progressively adapted the way it does business, building an organization by global segment to better support clients wherever they are, both locally and internationally and by global function to ensure optimized and standardized processes in all product offers and functional activities.



In order to fully reflect the reorganization of the On-site activities by global client segments, from September 2015, the segment reporting needed to change. As a result, from Fiscal 2017, revenues and results have been published by global client segment rather than by geography.

Michel Landel announces his retirement, Denis Machuel appointed to become Chief Executive Officer in January 2018

Michel Landel announced his intention to retire in May 2017 and will step down as of the Annual General Shareholders' Meeting on January 23, 2018. To ensure a smooth transition, Denis Machuel became Deputy Chief Executive Officer of Sodexo as of September 1, 2017, Michel Landel retains full executive responsibility for Sodexo's strategy and management during the period leading up to January 23, 2018. Michel Landel will remain on the Board of Directors for the duration of his term, until January 2020.

sodexo
QUALITY OF LIFE SERVICES

FISCAL 2017 PERFORMANCE

Consolidated income statement

(millions of euro)	Year ended August 31 2017	2016	Change	Change excluding currency effect
Revenues	**20,698**	**20,245**	**+2.2%**	**+2.3%**
Organic growth	1.9%	2.5%		
Operating profit before exceptional expenses	**1,326**	**1,203**	**+10.2%**	**+8.4%**
Operating margin before exceptional expenses	6.4%	5.9%	+50 bps	**+40 bps**
Exceptional expenses	(137)	(108)		
Operating profit (reported)	**1,189**	**1,095**		
Interest income	31	34		
Financial Expense	(136)	(145)		
Net Financial Expense	**(105)**	**(111)**		
Share of profit of other companies consolidated by the equity method	4	7		
Profit before tax	1,088	991	+9.8%	**+8.3%**
Income tax expense	(343)	(330)		
Effective tax rate	*31.7%*	*33.7%*		
Profit for the period	**745**	**661**		
Profit attributable to non-controlling interests	22	24		
GROUP NET PROFIT (REPORTED)	**723**	**637**	**+13.5%**	**+12.2%**
Basic Earnings per share ***(in euro)***	**4.85**	**4.21**	**+15.2%**	**+13.9%**
GROUP PROFIT, BEFORE NON-RECURRING ITEMS, NET OF TAX	**822**	**721**	**+14.0%**	**+13.0%**
Basic Earnings before non-recurring items, net of tax per share ***(in euro)***	**5.52**	**4.77**	**+15.7%**	**+14.7%**
Dividend per share ***(in euro)***	**2.75** (1)	**2.40**	**+14.6%**	

[1] *Subject to approval at the Annual Shareholders' Meeting on January 23, 2018.*

Currency effect

Sodexo operates in 80 countries. The percentage of total revenues and operating profit denominated in the main currencies are as follows:

	Revenues	Operating profit before exceptional costs
U.S. dollar	42%	47%
Euro	25%	14%
UK pound sterling	8%	5%
Brazilian real	5%	18%

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency.

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except for Benefits & Rewards in Venezuelan Bolivar.

In terms of the Venezuelan Bolivar, the Group considers that the best estimate of the exchange rate at which funds from its activities in Venezuela could be repatriated is the DICOM rate. The exchange rate used for the year ended August 31, 2017 is therefore 1 U.S. dollar = 3,250 bolivars (1 euro = 3,843 bolivars) relative to the Fiscal 2016 rate of 1 U.S. dollar = 645 bolivars. The effect of this depreciation is not material at Group level, as the Group's operations in Venezuela now represent a negligible share of consolidated revenues and operating profit.

Impact of exchange rates	Average rate Change vs. the euro (in %)	Closing rate Change vs. the euro (in %)	***Impact*** *(in millions of euro)*		
			Revenues	Operating profit before exceptional costs	Net profit
Euro/U.S. dollar	+0.7%	-5.9%	57	4	2
Euro/Brazilian real	+15.4%	-3.7%	146	32	18
Euro/ UK pound sterling	-11.5%	-7.8%	(223)	(9)	(10)

During Fiscal 2017, the average U.S. dollar rate was stable against the euro relative to the previous year. However, the dollar weakened at the end of the year, so that the year-end rate was down 5.9% on the previous year. The Real remained reasonably stable during Fiscal 2017, having picked up strongly at the end of Fiscal 2016, resulting in a 15.4% increase in the average for the year. UK Sterling continued to weaken throughout the year with both the average and the year-end rates being well below previous year rates.

Revenues

Fiscal 2017 consolidated revenues totaled 20.7 billion euro, increasing +2.2% year-on-year. Organic revenue growth was +1.9%. The currency effect was negative. The contribution from acquisitions net of disposals of subsidiaries amounted to +0.4%.

The year was impacted by two significant events. In the first quarter, the Group had a tough comparison base due to last year's Rugby World Cup event which generated a negative effect for fiscal 2017 of -0.6% in organic growth, and in particular affecting Business & Administrations in Europe. This was more than compensated by the 53rd week impact of +0.7% in the fourth quarter of Fiscal 2017 for all segments in North America. The 53rd week adjustment is linked to the change from weekly to monthly accounting as from September 2017. Weekly accounting has the side effect of losing one or two days per year, depending upon whether there is a leap year or not. These lost days are usually recovered in the accounts in a one-off every 5 to 6 years. In fiscal 2017, this 53rd week effect is the equivalent of six more days of trading. The 53rd week has no impact on margins.

Revenues by activity

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	Organic growth	Reported change
Business & Administrations	10,551	10,433	+1.3%	+1.1%
Health Care & Seniors	5,007	4,868	+2.5%	+2.9%
Education	4,239	4,169	+1.6%	+1.7%
Total On-site Services	**19,797**	**19,470**	**+1.7%**	**+1.7%**
Benefits and Rewards Services	**905**	**780**	**+7.7%**	**+16.0%**
Elimination of intra-group revenues	**(4)**	**(5)**		
CONSOLIDATED TOTAL	**20,698**	**20,245**	**+1.9%**	**+2.2%**

sodexo
QUALITY OF LIFE SERVICES

On-site Services

On-site Services organic revenue growth was +1.7%, reflecting:

- Two offsetting factors, the negative effect of the Rugby World Cup in the previous year for -0.6% and the positive impact of the 53rd week in North America for +0.7%,
- A return to growth in Energy & Resources from the third quarter, after two years of quarterly declines, as a result of strong new business, even though same site sales are still declining, particularly in the North Sea,
- Strong development of all segments in developing economies,
- A return to growth in the fourth quarter in France,
- Lower than expected net new business in Education and Healthcare, particularly in North America.

The +1.7% organic growth in On-site Services reflects strong growth in facilities management services at +5.5%. On the other hand, food services were flat reflecting the tough comparable base with Rugby World Cup and weak Universities sales, which are predominantly food services. Non-food services now represent 31% of On-site Services sales.

On-Site Services Revenues by Region

(in millions of euro)	Fiscal 2017	Fiscal 2016	Organic growth	Organic growth excluding 53rd week and Rugby World Cup
North America	9,093	8,706	+3.3%	+1.6%
Europe	7,591	7,988	-2.8%	-1.3%
Africa, Asia, Australia, Latin America, Middle East	3,113	2,776	+9.4%	+9.4%
TOTAL	**19,797**	**19,470**	**+1.7%**	**+1.6%**

By geography, North America benefited from the 53rd week in the fourth quarter. Excluding this, organic growth would have been +1.6% reflecting on the one hand, disappointing new business and retention in Education and Healthcare, and on the other hand, strong development of Facilities Management services, particularly in Corporate Services. Europe was down -2.8%, impacted by the strong comparison base of the Rugby World Cup and the -16% decline in Energy & Resources in the North Sea. In the developing economies, organic growth reached +9.4% due to a combination of strong new business, the transfer of expertise from more mature economies, and scope expansion with many clients.

Brexit:
In June 2016, the United Kingdom voted to leave the European Union. Sodexo has been present in the United Kingdom since 1988 and has around 35,000 employees there today. The Group's business should not be impacted materially by the United Kingdom leaving the European Union. The Group is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. Of course, growth in activity will depend upon growth in GDP and employment in the country.

Business & Administrations

Revenues

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	Organic growth excluding 53rd week and Rugby World Cup	**Organic growth**	Acquisitions	Currency effect	Total growth
North America	**2,515**	2,340	+3.4%	**+5.3%**			
Europe	**5,235**	5,578	-1.6%	**-3.8%**			
Africa, Asia, Australia, Latin America & Middle East	**2,801**	2,515	+9.0%	**+9.0%**			
TOTAL	**10,551**	**10,433**	**+2.1%**	**+1.3%**	**+0.2%**	**-0.4%**	**+1.1%**

Fiscal 2017 **Business & Administrations** revenues totaled **10.6 billion euro**, representing organic growth of +2.1% excluding the negative impact of the Rugby World Cup in Europe and the positive impact of the 53rd week in North America.

In **North America**, organic growth was **+3.4% excluding the 53rd week**, reflecting the high single digit growth in Corporate Services as the development continues in the large accounts and Facilities management services. Energy & Resources remains challenging, although there has been a significant improvement quarter by quarter during the year.

In Europe, sales were **down 1.6% organically**, **excluding the Rugby World Cup** effect due to ongoing weakness in Energy & Resources offshore business in the North Sea which declined by a further -16% during the year, with no signs yet of any recovery. Corporate activity grew in Southern Europe but was weak in Northern Europe, due to a lack of new business. There was a notable pick-up in activity generally in France in the fourth quarter as the comparative base in the Tourism activities became easier, helped by the start-up of a large *Air France* lounges contract.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth is strong at **+9.0%** reflecting double digit growth in Corporate Services and strong dynamics in Energy & Resources with the ramp-up of the significant *Rio Tinto* and *Collahuasi* contracts and stabilization in mining and onshore same site sales. Offshore activity remains difficult.

Health Care & Seniors

Revenues

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	Organic growth excluding 53rd week	**Organic growth**	Acquisitions	Currency effect	Total growth
North America	**3,303**	3,171	+1.8%	**+3.3%**			
Europe	**1,465**	1,501	-0.8%	**-0.8%**			
Africa, Asia, Australia, Latin America, Middle East	**239**	196	+13.1%	**+13.1%**			
TOTAL	**5,007**	**4,868**	**+1.5%**	**+2.5%**	**+0.5%**	**-0.1%**	**+2.9%**

Health Care and Seniors revenues amounted to **5.0 billion euro**, up +1.5% organically excluding the 53rd week effect. After a solid start to the year, organic growth slowed in the second half due to retention and service losses within existing and ongoing contracts in North America.

In **North America,** organic growth of **+1.8%,** excluding the impact of the 53rd week, resulted from a strong first half up 4.4% and a second half which was slightly negative due to weaker retention and lower comparable unit sales linked to scope and service changes in a few large contracts. This was compounded by slow new business and a tough environment in the hospital sector with uncertainty over the future of Obamacare.

In **Europe,** organic growth was **-0.8%.** While development was weak due to the lack of reasonably priced opportunities, it was partially offset by solid retention and same site sales growth.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth is strong at **+13.1%** reflecting many new contract startups in Latin America and Brazil. Many of these contracts have involved transferring expertise from other sites or extending services into new facilities management offers.

Education

Revenues

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	Organic growth excluding 53rd week	**Organic growth**	Acquisitions	Currency effect	Total growth
North America	**3,275**	3,195	+0.1%	**+1.8%**			
Europe	**891**	909	0.0%	**0.0%**			
Africa, Asia, Australia, Latin America, Middle East	**73**	65	+11.3%	**+11.3%**			
TOTAL	**4,239**	**4,169**	**+0.3%**	**+1.6%**	**+0.0%**	**+0.1%**	**+1.7%**

Revenues in **Education** were 4.2 billion euro, up +0.3% organically, excluding the 53rd week contribution.

North America organic growth was **+0.1%**, excluding the 53rd week contribution. Schools generated solid growth with the extension of the *Chicago Public Schools* contract and the ramp-up of the new Washington DC Schools contract. This performance offset a decline in Universities. The commercial successes at *Florida State University*, *Citadel* and *Simon Fraser University* will only impact Fiscal 2018. However, although these wins reflect improved outcomes, they will merely offset contract losses.

In **Europe**, activity was flat on an organic basis due in part to a lower number of days in schools in France and Italy and with low prior year development in the UK, compensated by high retention across the region.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+11.3%** resulting from very strong growth in new Schools contracts in China, Singapore and India.

Benefits and Rewards Services

Benefits & Rewards Services revenue amounted to 905 million euro, up +16.0%. Currencies contributed +3.3% to this growth, resulting in particular from the recovery of the Brazilian real from March 2016 through to March 2017. The acquisitions of *Inspirus*, *Xpenditure* and *iAlbatros* contributed a further +5.0% to growth. Organic growth in revenues was +7.7%, on issue volume growth of +6.1%.

Issue volume

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	**Organic growth**	Acquisitions	Currency effect	Change
Latin America	**7,792**	6,678	**+7.1%**			
Europe, USA and Asia	**10,000**	9,593	**+5.4%**			
TOTAL	**17,792**	**16,271**	**+6.1%**	**+0.2%**	**+3.1%**	**+9.3%**

Revenues

(in millions of euro)	**Fiscal 2017**	Fiscal 2016	**Organic growth**	Acquisitions	Currency effect	Change
Latin America	**425**	376	**+3.2%**			
Europe, USA and Asia	**480**	404	**+11.8%**			
TOTAL	**905**	**780**	**+7.7%**	**+5.0%**	**+3.3%**	**+16.0%**

Organic growth in **Latin America** is at **+3.2%** for revenues and +7.1% for issue volume. Having declined throughout the first half, the number of beneficiaries in Brazil stabilized in the second half, in line with the apparent stabilization of unemployment. In all other countries, the number of beneficiaries continued to increase, and this combined with strong growth in face values bolstered issue volumes. However, revenue growth has been impacted by a very competitive environment in Brazil which affected client commissions**.** From the third quarter, inflation and interest rates in Brazil have started to fall progressively to 2.5% and 9.25%[1] respectively by August 31, 2017.

In **Europe, Asia and the USA,** organic growth in Issue volume and revenues has been strong for the year at **+5.4%** and **+11.8%** respectively. This strong performance reflects solid face value increases in Belgium, volume growth in Italy and Central Europe and good momentum in the Incentive and Recognition activity in the USA and the UK (revenues without issue volume).

[1] *Source : Trading Economics*

Operating profit

Fiscal 2017 operating profit before exceptional expenses related to the Adaptation and Simplification program amounted to 1,326 million euro, up +8.4% excluding the currency effect, in line with the Group's objective for the year. The operating margin before these same exceptional expenses was 6.4%, up +40 basis points relative to the previous year, excluding the currency effect, of in particular the strength of the Brazilian real. Total operating profit before exceptional items was up +10.2% and the margin increased +50 basis points.

Numerous initiatives to improve productivity and reduce SG&A have been implemented over the last two years in all segments and all regions, through the Adaptation and Simplification program. These projects are contributing progressively to improve the margin. The program has delivered 150 million euro of annual savings by the end of Fiscal 2017, up from 32 million euro by the end of Fiscal 2016. The program will ramp-up again in Fiscal 2018 to deliver around 220 million euro in total. These savings are enhancing the Group's capacity to invest in growth.

After deducting exceptional expenses related to these Adaptation and Simplification measures of 137 million euro in Fiscal 2017, compared to 108 million euros in Fiscal 2016, operating profit amounted to 1,189 million euro compared to 1,095 million euro in Fiscal 2016.

All operating profit amounts in the rest of this section are stated excluding exceptional expenses[1].

Operating profit by activity

(in millions of euro)	**Operating profit Fiscal 2017**	Operating profit Fiscal 2016	Change (excluding currency effect)	Change	**Operating margin Fiscal 2017**	Change in operating margin (excluding currency effect)
Business & Administrations	509	492	+4.0%	+3.6%	4.8%	+10 bps
Health Care & Seniors	332	310	+7.1%	+7.1%	6.6%	+30 bps
Education	281	260	+7.2%	+7.9%	6.6%	+30 bps
On-site Services	**1,122**	**1,062**	**+5.7%**	**+5.6%**	**5.7%**	**+20 bps**
Benefits and Rewards Services	**307**	**262**	**+8.9%**	**+16.7%**	**33.9%**	**-110 bps**
Corporate expenses & Intragroup eliminations	(103)	(121)	-14.5%	-15.1%		
OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES	**1,326**	**1,203**	**+8.4%**	**+10.2%**	**6.4%**	**+40 bps**

[1] *See Alternative Performance Measure definitions*

On-site Services margins grew +20 basis points led by productivity gains, enhanced operating efficiency and more efficient purchasing. Much of these improvements were linked to the numerous projects included in the Adaptation and Simplification program. The performance by segment is as follows:

- **Business & Administrations** operating profit increased by +4.0% excluding the currency effect and the operating margin increased by +10 basis points. This performance reflects the progressive contribution of the Adaptation and Simplification program which really started to have an impact in the second half of Fiscal 2017.
- In **Health Care & Seniors** the growth in operating profit and margin was respectively +7.1 % and +30 basis points, excluding the currency effect. This reflects a very strong improvement in margins particularly in the first half, in line with the improvement achieved in the second half of Fiscal 2016, benefiting from substantial cost savings of the Adaptation & Simplification plan. The second half Fiscal 2017 was impacted by a high comparable base.
- In **Education,** operating profit rose by +7.2% excluding the currency effect and the margin increased +30 basis points. This strong performance despite the lack of organic growth was due to strict control of SG&A, the ramp-up of the Adaptation and Simplification program, exit from some less profitable contracts and the effect of operational performance improvement of a few key contracts.

In **Benefits & Rewards Services**, the operating profit was up +16.7% boosted by the recovery in the Brazilian real and the margin was up +30 basis points. Excluding this currency contribution, operating profit was up +8.9%, and the margin was down -110 basis points. The growth in operating profit was helped by the impact of the gain on the disposal of the non-strategic *Vivabox* activities for 16 million euro representing 170 basis points. Excluding these elements, margin was down -280 basis points. About half of the decline in the margin is due to a mix effect linked to the exceptionally strong Incentive and Recognition growth, as well as the first-time consolidation of *Inspirus*. The rest is linked to accelerated digital migration investments, the cost of developing the new Mobility activities as well as the impact from diversification in Health and wellness (Sport Card). For the traditional meal and food business, margins remain solid at their current high levels.

Group net profit

Operating Profit reached 1,189 million euro, up +8.5%, after exceptional expenses linked to the Adaptation and Simplification program of 137 million euros, compared to 108 million euro in the previous fiscal year.

Net financial expenses decreased by 6 million euro essentially due to a reduction in net borrowing costs of 8 million euro which is a combination of the lower average cost of debt of 2.4%, down from 3.2% in Fiscal 2016, and lower financial income due to lower interest rates on cash deposits. Other financial charges included an 11 million euro exceptional indemnity for the early redemption of 108 million dollars of US private placement debt, as part of the debt restructuring program in August and September 2016, to increase maturities and lower interest rates. The first tranche in the preceding year generated an exceptional charge of 21 million euro. These indemnities will be more than offset over future years by the reduction in future interest expenses.

The **effective tax rate** fell to 31.7% in Fiscal 2017, from 33.7% the previous year. This 200 basis point improvement is due in particular to the recognition of a tax rebate on past European subsidiary dividend taxes in FY2012 to FY2015, following the decision of the European Union Court of Justice, the reduction in the United Kingdom tax rate, the end of an exceptional surcharge in France and reversal of some tax provisions.

The share of **profit of other companies consolidated by the equity method** was 4 million euro. Profit attributed to non-controlling interests was 22 million euro against 24 million euro in the previous year.

As a result, **Group net profit** was 723 million euro, up +13.5%, or +12.2% excluding the positive currency contribution. **Group net profit before non-recurring items** (net of taxes) amounted to 822 million euro, an increase of +14.0% at current rates or +13% excluding the currency effect. Non-recurring items included the exceptional expenses related to the Adaptation & Simplification program of 137 million euro and debt reimbursement indemnity of 11 million euro, together 99 million euro net of tax.

Earnings per share

Earnings per share before non-recurring items amounted to 5.52 euro, up +15.7%, and after non-recurring items to 4.85 euro, up +15.2%. The 170 basis point accretion relative to the change in net profit is due to the effect of the 300 million euro share buy-back during the year, net of a higher number of treasury shares carried, resulting in a lower weighted average number of shares of 148,998,961 relative to 151,277,059 shares for Fiscal 2016.

Proposed dividend

At the annual Shareholder's Meeting to be held on January 23, 2018, the Board of Directors has recommended a dividend of 2.75 euro per share for Fiscal 2017, an increase of +14.6% over the prior year. This proposal reflects Sodexo's policy of maintaining regular growth in dividend in line with underlying profits growth. The proposed dividend implies a 57% pay-out ratio on reported figures and a pay-out ratio before non-recurring items of ≈50%.

Consolidated financial position

Cash flows

Cash flows for the period were as follows:

(in millions of euro)	**Fiscal 2017**	**Fiscal 2016**
Operating cash flow	1,076	1,019
Change in working capital excluding change in BRS financial assets*	120	(26)
Net capital expenditure	(308)	(398)
Free cash flow	**887**	**595**
Net acquisitions	(268)	(42)
Share buy-backs	(300)	(300)
Dividends paid to shareholders	(359)	(335)
Other changes (including scope and exchange rates)	(164)	15
(Increase)/decrease in net debt	**(204)**	**(67)**

* *Excluding change in financial assets related to the Benefits and Rewards Services activity (-134 million euro in Fiscal 2017 and -48 million euro in Fiscal 2016). Total change in working capital as reported in consolidated accounts: in Fiscal 2017 -14 m€ = 120m€-134m€ and in Fiscal 2016 -74 m€ = -26m€ - 48m€.*

Operating cash flow totaled 1,076 million euro up +5.6%. After a couple of years impacted by big events, this year the change in working capital returned to positive inflow of 120 million euros.

Net capital expenditure, including client investments amounted to 308 million euro, representing 1.5% of revenues compared to 2% last year. Last year was significantly impacted by the investment for the *Rio Tinto* contract.

Free cash flow reached 887 million euro. This represented a substantial improvement on Fiscal 2016 free cash flow, at 595 million euro, impacted by the *Rugby World Cup* for 51 million euro and *Rio Tinto* mobilization for 65 million euro. As a result, cash conversion reached 123% compared to 93% in Fiscal 2016.

Net acquisitions and disposals of subsidiaries increased significantly to 306[1] million euro following several years of low spend during the transformation of the Group. After taking into account share buy-backs of 300 million euro and dividend payments of 359 million euro, consolidated net debt rose during the year by 204 million euro to 611 million euro at August 31, 2017.

[1] *Net acquisitions 268m€ + Net financial investments 38m€, including Sodexo Ventures*

Acquisitions for the period

During Fiscal 2017, Sodexo substantially accelerated its acquisition activities.

The Group enriched its offer with *Inspirus* in incentive and motivation in the USA, with *PSL* a group purchasing organization in the UK and *Peyton & Byrne* in Food services also in the UK.

Strategic moves were made by Benefits & Rewards to enter the mobility market with the acquisition of digital platforms, *iAlbatros* in business travel bookings and *Xpenditure* in expense management.

Technical expertise and offer were also strengthened with the acquisitions of *Tadal* in Israel and *Mentor* in Puerto Rico.

The Group has consolidated its positions in Alaska and China by taking control of *Doyon* and *Faw* with the acquisition of minority shareholdings, and in the UK with the acquisition of *Prestige Nursing+Care*, in the home care market.

2017 Share buy-back program

On November 17, 2016, Sodexo announced a 300 million euro share buy-back program, for the second consecutive year, reflecting the strong balance sheet at Fiscal 2016 year-end and the Board's confidence in the future of the Group. The share buy-back program was completed in February 2017 with the purchase of 2,910,690 shares, representing 1.9% of the capital, at an average price of 103.07€. These shares were cancelled in June 2017. As at August 31, 2017, the total number of shares was 150,830,449, down from 153,741,139 as at year end Fiscal 2016.

Condensed consolidated statement of financial position at August 31, 2017

(in millions of euro)	**August 31, 2017**	August 31, 2016
Non-current assets	7,416	7,498
Current assets excluding cash	4,531	4,486
Restricted cash Benefits and Rewards	511	507
Financial assets Benefits and Rewards	398	292
Cash	2,018	1,375
Total assets	**14,874**	**14,158**

(in millions of euro)	**August 31, 2017**	August 31, 2016
Shareholders' equity	3,536	3,668
Non-controlling interests	34	34
Non-current liabilities	3,885	3,549
Current liabilities	7,419	6,907
Total liabilities and shareholders' equity	**14,874**	**14,158**
Gross debt	**3,500**	**2,553**
Net debt	**611**	**407**
Gearing	**17%**	**11%**
Net debt ratio	**0.4**	**0.3**

As of August 31, 2017, net debt was 611 million euro, representing a gearing of 17%, compared to 11% as of August 31, 2016, and a net debt ratio of 0.4. The Group's financial position remains strong with cash flow more than covering investments, acquisitions and the dividend. Gearing and net debt ratio have increased due to share buy-backs but remain below the targets of 75% and 1 – 2 respectively. During Fiscal 2017, the Group reimbursed 108 million dollars of its debt which had not yet matured as part of a debt restructuring program aimed at extending maturities and benefiting from extremely low interest rate opportunities. To take advantage of a particularly favorable debt market, the Group issued 800 million euro of a 10-year bond at a coupon of 0.75% in two lots during the year. As a result, at year end, both the cash and the gross debt levels had increased substantially relative to the previous year-end. The average cost of debt fell from 3.2% for Fiscal 2016 to 2.4% in Fiscal 2017.

At the end of Fiscal 2017, the Group had an operating cash position of 2,889 million euro and unused lines of credit totaling 1.1 billion euro. As a reminder, the cash position includes 1,825 million euro for Benefits and Rewards Services (including restricted cash for 511 million euro and financial assets for 398 million euro).

Subsequent events

Since the beginning of fiscal 2018, several acquisitions have been closed:

- The *Morris* Corporation remote site services business in the mining sector, with annual revenues of 100 million euro in Eastern Australia, complementing Sodexo's existing footprint in the western region. This acquisition will significantly expand Sodexo's market share in Australia, reinforcing the company's number one position in the mining sector, and building on its track record as a provider of industry-leading integrated facilities management services.
- *Kim Yew* in Singapore in Facilities management, considerably strengthening our technical expertise in the country.

Introducing underlying operating profit

In order to better focus the Group's financial communication, both historic and prospective, on recurring operating profit drivers and to simplify benchmarking with competitors, the consolidated income statement will change as from Fiscal 2018, to include an underlying operating profit, other operating income and other operating expenses, before arriving at Operating profit.

Other operating income and expenses will include gains or losses related to perimeter changes and on changes of post-employment benefits, restructuring and rationalization costs, M&A costs, amortization of client relationships and trademarks and impairment of non-current assets. Other operating income and expenses are detailed below. In Fiscal 2017, the principle elements were the restructuring costs of 137 million euro. All other items more or less cancel each other out.

As a result, from Fiscal 2018, Segment information will be provided to Underlying operating profit.

The Fiscal 2017 pro forma P&L on this new basis is as follows:

Current P&L

(in millions of euro)	**FY 2017**
Revenues	**20,698**
Operating profit before exceptional expenses	**1,326**
Operating margin before exceptional expenses	**6.4%**
Exceptional expenses	(137)
Operating profit	**1,189**

Redefined P&L

(in millions of euro)	**FY 2017**
Revenues	**20,698**
Underlying Operating profit	**1,340**
Underlying Operating margin	**6.5%**
Other operating income	**24**
Gains related to perimeter changes	21
Gains on changes of post-employment benefits	3
Other operating expenses	**(176)**
Restructuring and rationalization costs	(137)
M&A costs	(6)
Losses related to perimeter changes	-
Losses on changes of post-employment benefits	(2)
Amortization of client relationships and trademarks	(31)
Impairment of non-current assets	-
Operating profit	**1,189**

Outlook

At the Board of Directors' meeting chaired by Sophie Bellon on November 14, 2017, Chief Executive Officer Michel Landel highlighted his confidence in the future development of the Group.

While the geopolitical environment remained difficult in Fiscal 2017, commodity prices and currencies stabilized. As a result, demand for services was strong in developing economies, solid in North America but remained relatively modest in Europe. Energy & Resources demand stabilized in some regions but remained very difficult in the offshore market, in particular in the North Sea. Despite disappointing growth in revenues, the Group achieved a solid increase in margins, helped by the results of the Adaptation and Simplification program, and generated strong cash flow which was used to finance a series of significant acquisitions.

For Fiscal Year 2018, growth should accelerate and amplify due to external growth of around 2.5%, including the latest acquisitions. The trends are turning positive again in France and the Energy & Resources segment. Developing economies are also expected to grow strongly in all segments. On the other hand, growth will remain modest in Education and Health Care in North America. Added to this there is a base effect of the 53rd week in North America to offset.

The Adaptation and Simplification program is on track to deliver its target of 220 million euro of savings in Fiscal 2018, having already achieved 150 million euro in Fiscal 2017. This will free-up resources to invest in enhancing the growth and accelerating the Group's digital transformation:

1. The Group is seeking to accelerate use of technology to improve its processes and back-offices with digital food and facilities management platforms, by testing new solutions, and, in partnership with Lean Path implementing new process to considerably reduce food waste.

2. Strategic investments will also continue in Benefits & Rewards to develop the business travel and expense management digital platforms, to pursue the dematerialization of the vouchers from paper to card and from card to mobile, and to diversify offers to create ever more engaging employee experiences both for within and beyond the workplace. In particular, the new products are focused on incentive and recognition programs and well-being services for better work-life balance.

3. The global deployment of new offers is also accelerating with projects for
   - Student living
   - *Evolution* smart kitchens to increase productivity and improve Health & Safety
   - *Protecta*, a specific service to dramatically reduce nosocomial disease in hospitals,
   - *Boundless* to cultivate a health culture in the work place in Benefits & Rewards
   - *Harmonie* in the field of Seniors which brings back the taste of life.
   - Camp life to enhance Remote site quality of life.

4. The Group is also investing in more consistent and digitalized sales and marketing capabilities around the operations, which includes new training modules, new mobile apps, digital leads, a global CRM tool, a datalab to explore big data and analytics and opening up the eco-system to reach out to the world of start-ups, technology and innovation.

The financial structure of the Group remains strong and provides the capacity to continue to look for more acquisition targets during the year.

The Group is confident in achieving the following objectives for **Fiscal 2018:**

- **Organic revenue growth of between +2% and +4%, excluding the 53rd week impact;**
- **Underlying operating profit margin[1] maintained at 6.5%.**

The Board of Directors and Executive Committee confirm the **medium-term objectives of:**

- **Average annual revenue growth, excluding currency effect, of between 4% and 7%;**
- **Average annual growth in underlying operating profit[1], excluding currency effect, of between 8% and 10%.**

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[1] *New indicator, see page25 for definition.*

Alternative Performance measure definitions

Exceptional expenses

Exceptional expenses are the costs of implementation of the Adaptation and Simplification program (€137m in Fiscal 2017, €108m in Fiscal 2016, zero in Fiscal 2015 and €27m in Fiscal 2014).

Financial ratios

FINANCIAL RATIOS DEFINITIONS		FY 2017	FY 2016
Gearing ratio	$\dfrac{\text{Gross borrowings}^1 - \text{Operating cash}^2}{\text{Shareholders' equity and non-controlling interests}}$	**17%**	**11%**
Net debt ratio	$\dfrac{\text{Gross borrowings}^1 - \text{Operating cash}^2}{\text{Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)}^3}$	**0.4**	**0.3**

FINANCIAL RATIOS RECONCILIATION		FY 2017	FY 2016
[1] **Gross borrowings**	Non-current borrowings	3,012	2,515
	+ current borrowings excluding overdrafts	499	43
	- derivative financial instruments recognized as assets	(11)	(5)
		3,500	**2,553**
[2] **Operating cash**	Cash and cash equivalents	2,018	1,375
	+ financial assets related to the Benefits and Rewards Services activity	909	799
	- bank overdrafts	(38)	(28)
		2,889	**2,146**
[3] **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA*)**	Operating profit (last 12 months)	1,189	1,095
	+ depreciation and amortization (last 12 months)	281	308
		1,470	**1,403**

Free cash flow

Please refer to section Consolidated financial position.

Growth excluding currency effect

Change excluding currency effect calculated converting Fiscal 2017 figures at Fiscal 2016 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2016 and Fiscal 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 3,250 vs. VEF 645 for Fiscal 2016.

Issue volume

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

Net debt

Group borrowing at the balance sheet date, less operating cash.

Net profit before non-recurring items

Reported Net Profit excluding non-recurring items (for Fiscal 2017 and Fiscal 2016 exceptional expenses and early debt reimbursement indemnity, together net of taxes of €99m and €84m respectively, for Fiscal 2015 no exceptional expenses and for Fiscal 2014 exceptional expenses net of taxes of €18m related to the Operational efficiency plan).

Non-recurring items

Fiscal 2017 exceptional expenses of €137m related to the Adaptation & Simplification program in operating profit and €11m of early debt reimbursement indemnity in financial expense, together net of taxes of €99m. Fiscal 2016 exceptional expenses of €108m related to the Adaptation and Simplification program in operating profit and €21m of early debt reimbursement indemnity in financial expense, together net of taxes €84m. Fiscal 2014 exceptional expenses of €27m related to the Operational efficiency plan, net of taxes €18m.

Operating margin

Operating profit divided by Revenues

Operating Margin at constant rate

Margin calculated converting Fiscal 2017 figures at Fiscal 2016 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2017 and Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 3,250 vs. VEF 645 for Fiscal 2016.

Operating margin before exceptional expenses

Operating profit before exceptional expenses divided by Revenues

Operating profit before exceptional expenses

Reported Operating Profit excluding exceptional expenses (€137 m in Fiscal 2017, €108m in Fiscal 2016, €0m in Fiscal 2015 and €27m in Fiscal 2014).

Organic growth

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

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

For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth, Benefits & Rewards figures for Fiscal 2016 and Fiscal 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = 3,250 (vs. VEF 645 for Fiscal 2016).

sodexo
QUALITY OF LIFE SERVICES

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CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2017

Consolidated income statement

(in millions of euro)	Fiscal 2017	Fiscal 2016
Revenues	**20,698**	**20,245**
Cost of sales	(17,509)	(17,135)
Gross profit	**3,189**	**3,110**
Administrative and Sales Department costs	(1,980)	(2,001)
Other operating income	40	22
Other operating expenses	(65)	(42)
Operating profit before share of profit of companies consolidated by the equity method that directly contribute to the Group's business [(1)]	**1,184**	**1,089**
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	5	6
Operating profit	**1,189**	**1,095**
Financial income	31	34
Financial expense	(136)	(145)
Share of profit of other companies consolidated by the equity method	4	7
Profit for the period before tax	**1,088**	**991**
Income tax expense	(343)	(330)
Profit for the period	**745**	**661**
Of which:		
Attributable to non-controlling interests	22	24
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**723**	**637**
Basic earnings per share *(in euro)*	**4.85**	**4.21**
Diluted earnings per share *(in euro)*	**4.79**	**4.15**

(1) Including 137 million euro in expenses recorded in Fiscal 2017 in connection with the Adaptation and Simplification program (108 million euro in Fiscal 2016).

QUALITY OF LIFE SERVICES

Consolidated statement of comprehensive income

(in millions of euro)	Fiscal 2017	Fiscal 2016
Profit for the period	**745**	**661**
Components of other comprehensive income to be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets		1
Change in fair value of Cash Flow Hedge instruments		(2)
Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss		1
Currency translation adjustment	(260)	(7)
Currency translation adjustment reclassified to profit or loss	(3)	
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss		
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax	(3)	4
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan obligation	72	(211)
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	(21)	31
Total other comprehensive income (loss), after tax	**(215)**	**(183)**
COMPREHENSIVE INCOME	530	478
Of which:		
Attributable to equity holders of the parent	511	455
Attributable to non-controlling interests	19	23

Consolidated statement of financial position

Assets

(in millions of euro)	**August 31, 2017**	**August 31, 2016**
NON-CURRENT ASSETS		
Property, plant and equipment	590	604
Goodwill	5,308	5,328
Other intangible assets	511	467
Client investments	547	562
Companies consolidated by the equity method	89	95
Financial assets	163	125
Derivative financial instrument assets	4	5
Other non-current assets	17	25
Deferred tax assets	187	287
Total non-current assets	**7,416**	**7,498**
CURRENT ASSETS		
Financial assets	32	44
Derivative financial instrument assets	7	
Inventories	257	268
Income tax receivable	185	184
Trade and other receivables	4,050	3,990
Restricted cash and financial assets related to the Benefits and Rewards Services activity	909	799
Cash and cash equivalents	2,018	1,375
Total current assets	**7,458**	**6,660**
TOTAL ASSETS	**14,874**	**14,158**

Shareholders' equity and liabilities

(in millions of euro)	August 31, 2017	August 31, 2016
SHAREHOLDERS' EQUITY		
Share capital	603	615
Additional paid-in capital	534	822
Reserves and retained earnings	2,399	2,231
Equity attributable to equity holders of the parent	**3,536**	**3,668**
Non-controlling interests	**34**	**34**
Total shareholders' equity	**3,570**	**3,702**
NON-CURRENT LIABILITIES		
Borrowings	3,011	2,515
Derivative financial instrument liabilities	1	
Employee benefits	462	587
Other non-current liabilities	181	193
Provisions	93	105
Deferred tax liabilities	137	149
Total non-current liabilities	**3,885**	**3,549**
CURRENT LIABILITIES		
Bank overdrafts	38	28
Borrowings	498	43
Derivative financial instrument liabilities	1	
Income tax payable	104	124
Provisions	61	89
Trade and other payables	3,953	3,945
Vouchers payable	2,764	2,678
Total current liabilities	**7,419**	**6,907**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,874**	**14,158**

Consolidated cash flow statement

(in millions of euro)	Fiscal 2017	Fiscal 2016
Operating activities		
Operating profit of consolidated companies	**1,184**	**1,089**
Elimination of non-cash and non-operating items		
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	281	308
Provisions	(31)	23
Disposal (gains) losses and other non-cash items	(3)	9
Dividends received from companies consolidated by the equity method	11	11
Interest paid	(120)	(143)
Interest received	25	35
Income tax paid	(271)	(313)
Operating cash flow	**1,076**	**1,019**
Change in working capital from operating activities	**(14)**	**(74)**
Change in inventories	(13)	(1)
Change in trade and other receivables	(196)	(97)
Change in trade and other payables	180	(60)
Change in vouchers payable	149	132
Change in financial assets related to the Benefits and Rewards Services activity	(134)	(48)
Net cash provided by operating activities	**1,062**	**945**
Investing activities		
Acquisitions of property, plant and equipment and intangible assets	(309)	(345)
Disposals of property, plant and equipment and intangible assets	19	25
Change in client investments	(16)	(76)
Change in financial assets and share of companies consolidated by the equity method	(38)	(47)
Acquisitions of subsidiaries	(257)	(38)
Dispositions of subsidiaries	(11)	(4)
Net cash used in investing activities	**(612)**	**(485)**
Financing activities		
Dividends paid to parent company shareholders	(359)	(335)
Dividends paid to non-controlling shareholders of consolidated companies	(10)	(20)
Purchases of treasury shares	(339)	(280)
Sales of treasury shares	20	62
Increase in share capital	1	
Change in non-controlling interests	5	(2)
Proceeds from borrowings	1,118	1
Repayment of borrowings	(114)	(527)
Net cash provided by/ (used in) financing activities	**322**	**(1,101)**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**772**	**(641)**
Net effect of exchange rates and other effects on cash	(139)	19
Net cash and cash equivalents, beginning of period	1,347	1,969
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**1,980**	**1,347**

Consolidated statement of changes in shareholders' equity

(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and comprehensive income	Currency translation adjustment	Total shareholders' equity: Attributable to equity holders of the parent	Total shareholders' equity: Non-controlling interests	Total shareholders' equity: Total
Shareholders' equity as of August 31, 2015	**157,132,025**	**628**	**1,109**	**(434)**	**2,826**	**(419)**	**3,710**	**34**	**3,744**
Profit for the period					637		637	24	661
Other comprehensive income (loss), net of tax					(176)	(6)	(182)	(1)	(183)
Comprehensive income					**461**	**(6)**	**455**	**23**	**478**
Dividends paid					(335)		(335)	(23)	(358)
Capital reduction by cancelling treasury shares	(3,390,886)	(13)	(287)	300					
Treasury share transactions				(218)			(218)		(218)
Share-based payment (net of income tax)					55		55		55
Change in ownership interest without any change of control					(2)		(2)		(2)
Other [(1)]					3		3		3
Shareholders' equity as of August 31, 2016	**153,741,139**	**615**	**822**	**(352)**	**3,008**	**(425)**	**3,668**	**34**	**3,702**
Profit for the period					723		723	22	745
Other comprehensive income (loss), net of tax					48	(260)	(212)	(3)	(215)
Comprehensive income					**771**	**(260)**	**511**	**19**	**530**
Dividends paid					(359)		(359)	(22)	(381)
Capital reduction by cancelling treasury shares	(2,910,690)	(12)	(288)	300					
Treasury share transactions				(319)			(319)		(319)
Share-based payment (net of income tax)					43		43		43
Change in ownership interest without any change of control								1	1
Other [(1)]					(8)		(8)	2	(6)
Shareholders' equity as of August 31, 2017	**150,830,449**	**603**	**534**	**(371)**	**3,455**	**(685)**	**3,536**	**34**	**3,570**

(1) Including the effects of hyperinflation and the recognition of put options written over non-controlling interests other than in connection with business combinations.