

# Fiscal 2018 Results

November 8, 2018

# FORWARD-LOOKING INFORMATION

This presentation 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.

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

**Alternative Performance Measures:  
please refer to Appendix 13 for definitions**

# AGENDA

1. Key Fiscal 2018 highlights
2. Financial performance
3. Review of Operations:
  - › On-Site Services revenues
  - › Benefits & Rewards Services revenues
  - › Underlying Operating Profit
4. Action plans
5. Outlook for Fiscal 2019
6. Appendices

# KEY FISCAL 2018 HIGHLIGHTS



1

# FY2018 IN LINE WITH REVISED GUIDANCE

## Fiscal 2018 highlights

### Revised guidance

**Organic revenue growth  
of between 1 and 1.5%**

(excluding 53<sup>rd</sup> week impact)



**Underlying operating  
profit margin around  
5.7%**

(excluding currency effects)

### FY2018 Results

**Organic revenue growth  
at 2.0%**

(excluding 53<sup>rd</sup> week impact)



**Underlying operating  
profit margin  
at 5.7%**

(excluding currency effects)

# ORGANIC GROWTH IN LINE WITH REVISED GUIDANCE

## Fiscal 2018 highlights



# FINANCIALS STRICTLY UNDER CONTROL

## Fiscal year 2018 highlights

### Strong Free Cash Flow

€1.1bn

FREE CASH FLOW

165%

CASH CONVERSION

### Solid Balance sheet

1.0

NET DEBT RATIO

38%

GEARING

### Share buyback program

€300m

### FY18 Net Acquisitions

€697m

SPEND

2.9%

SCOPE CHANGE

### Underlying EPS

€4.77

### Dividend maintained

€2.75

DIVIDEND

58%

OF UNDERLYING  
NET PROFIT

# SODEXO REMAINS SOLID

## Fiscal year 2018 highlights

- Second half FY 2018 on the right track
- Accelerated growth in Q4
- We continue to generate strong cash flow
- The action plans are progressively delivering
- Continued focus on North America turnaround
- Dividend maintained – reflecting confidence in Sodexo's future performance

# FINANCIAL PERFORMANCE



2

# PERFORMANCE IN THE P&L

## Fiscal 2018 Financial Performance

€ millions	FY 2018	FY 2017	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	<b>20,407</b>	<b>20,698</b>	-1.4%	+4.4%
Underlying Operating profit	<b>1,128</b>	<b>1,340</b>	-15.8%	<b>-8.6%</b>
Underlying Operating margin	<b>5.5%</b>	<b>6.5%</b>	-100 bps	<b>-80 bps</b>
Other Operating income and expenses	<b>(131)</b>	<b>(151)</b>		
Operating profit	<b>997</b>	<b>1,189</b>	-16.1%	<b>-8.3%</b>
Net financial expense	<b>(90)</b>	<b>(105)</b>		
Effective tax rate	<b>27.1%</b>	<b>31.7%</b>		
Underlying net profit group share	<b>706</b>	<b>822</b>	-14.1%	<b>-8.6%</b>
Basic Underlying Earnings per Share	<b>4.77</b>	<b>5.52</b>	-13.6%	
Group net profit	<b>651</b>	<b>723</b>	-9.9%	<b>-4.0%</b>
Basic Earnings per Share	<b>4.40</b>	<b>4.85</b>	-9.4%	

# OTHER INCOME AND EXPENSES

## Fiscal 2018 Financial Performance

€ millions	FY 2018	FY 2017
<b>Underlying Operating profit</b>	<b>1,128</b>	<b>1,340</b>
Underlying Operating margin	<b>5.5%</b>	<b>6.5%</b>
Other Operating income	<b>10</b>	<b>24</b>
Gains related to perimeter changes	<b>3</b>	<b>21</b>
Gains on changes of post-employment benefits	-	<b>3</b>
Other	<b>7</b>	-
Other operating expenses	<b>(141)</b>	<b>(176)</b>
Restructuring and rationalization costs	<b>(42)</b>	<b>(137)</b>
Acquisition related costs	<b>(15)</b>	<b>(6)</b>
Losses related to perimeter changes	<b>(18)</b>	-
Losses on changes of post-employment benefits	-	<b>(2)</b>
Amortization and impairment of client relationships and trademarks	<b>(52)</b>	<b>(31)</b>
Impairment of non-current assets	-	-
Other	<b>(14)</b>	-
<b>Operating Profit</b>	<b>997</b>	<b>1,189</b>

# SOLID CASH FLOW

## Fiscal 2018 Financial Performance

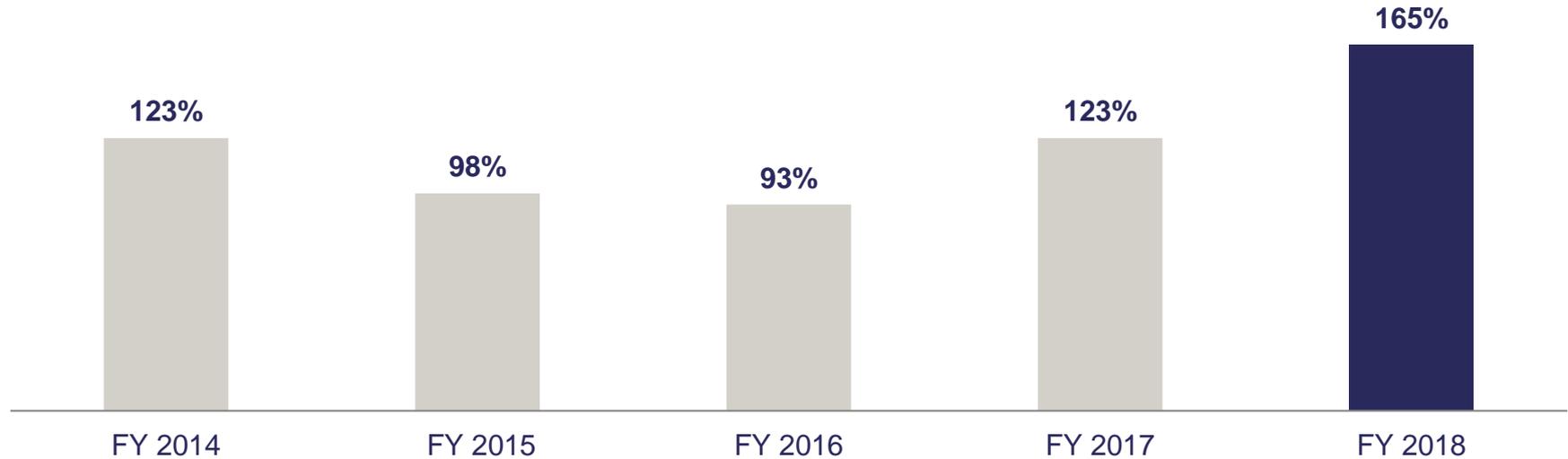
€ millions

	FY2018	FY2017
Operating cash flow	1,140	1,076
Change in working capital <sup>1</sup>	221	120
Net capital expenditure	(286)	(308)
<b>Free cash flow</b>	<b>1,076</b>	<b>887</b>
Net acquisitions	(697)	(268)
Share buy-backs/ Treasury stock	(300)	(300)
Dividends paid to parent company shareholders	(411)	(359)
Other changes (including change in Financial Assets, scope and exchange rates)	(316)	(164)
<b>(Increase)/decrease in net debt</b>	<b>(648)</b>	<b>(204)</b>

<sup>1</sup> Excluding change in financial assets related to the Benefits & Rewards Services activity (-228m€ in Fiscal 2018 and -134 million euro in Fiscal 2017).  
Total change in working capital as reported in consolidated accounts: in Fiscal 2018: -7 m€ = 221m€-228m€ and: in Fiscal 2017 -14 m€ = 120m€-134m€

# STRONG CASH CONVERSION

Cash conversion (Free cash flow/ Group net profit)



# ROBUST BALANCE SHEET AND RATIOS

## Fiscal 2018 Financial Performance

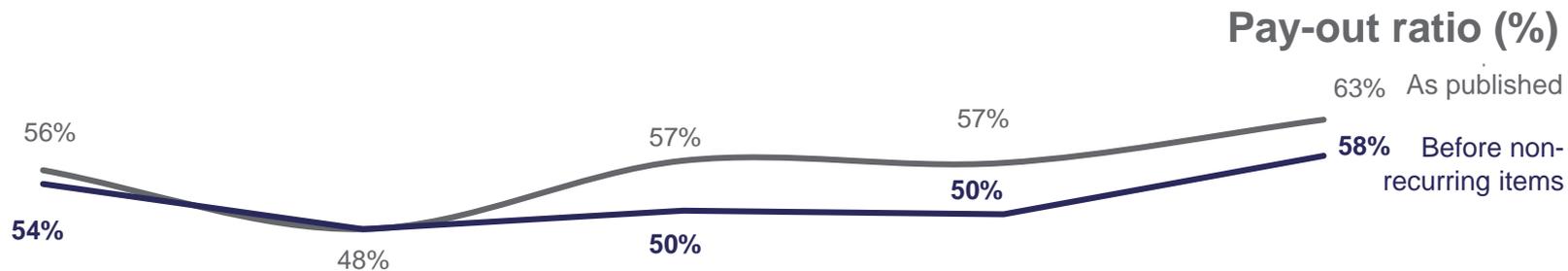
€ millions

	August 31, 2018	August 31, 2017		August 31, 2018	August 31, 2017
Non-current assets	7,944	7,416	Shareholders' equity	3,283	3,536
Current assets excluding cash	4,628	4,531	Non-controlling interests	45	34
Restricted cash Benefits & Rewards	615	511	Non-current liabilities	4,330	3,885
Financial assets Benefits & Rewards	427	398	Current liabilities	7,622	7,419
Cash	1,666	2,018			
<b>Total assets</b>	<b>15,280</b>	<b>14,874</b>	<b>Total liabilities &amp; equity</b>	<b>15,280</b>	<b>14,874</b>
			Gross borrowings	3,940	3,500
			Net debt	1,260	611
			Gearing ratio	38%	17%
			Net debt ratio (net debt/EBITDA)	1.0	0.4

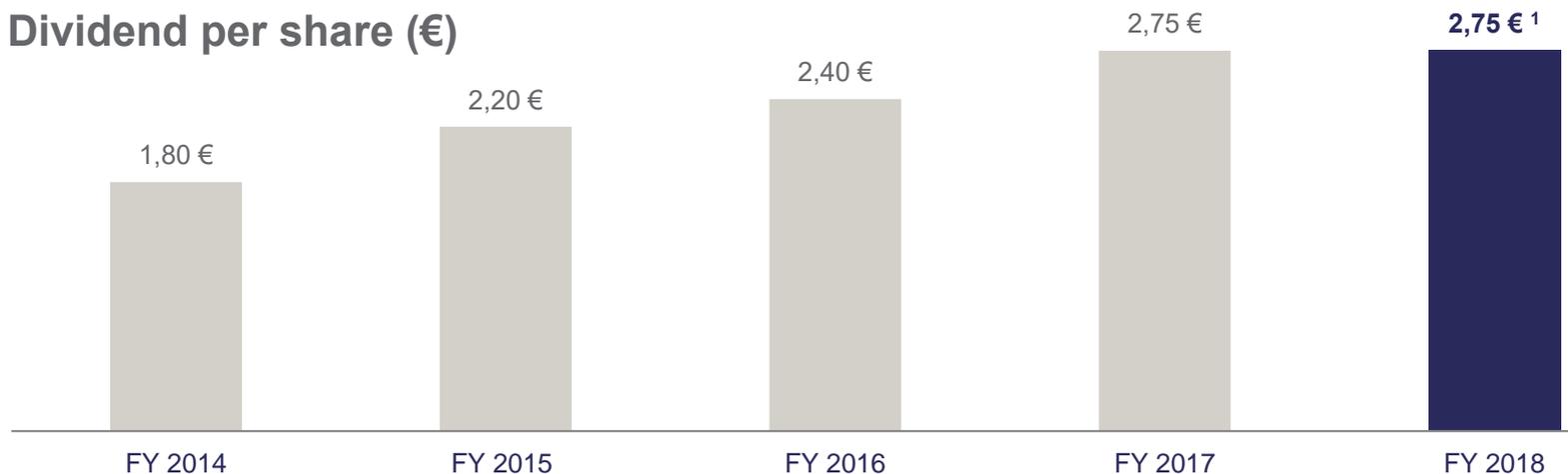
Operating cash totaled **€2,680 million<sup>1</sup>**, of which **€1,987 million** related to **Benefits and Rewards Services**

<sup>1</sup> Cash – Bank overdrafts of €28m + Financial assets related to BRS activity

# DIVIDEND MAINTAINED DESPITE REDUCTION IN NET INCOME



## Dividend per share (€)



<sup>1</sup> To be proposed at the AGM on January 22, 2019

# REVIEW OF OPERATIONS

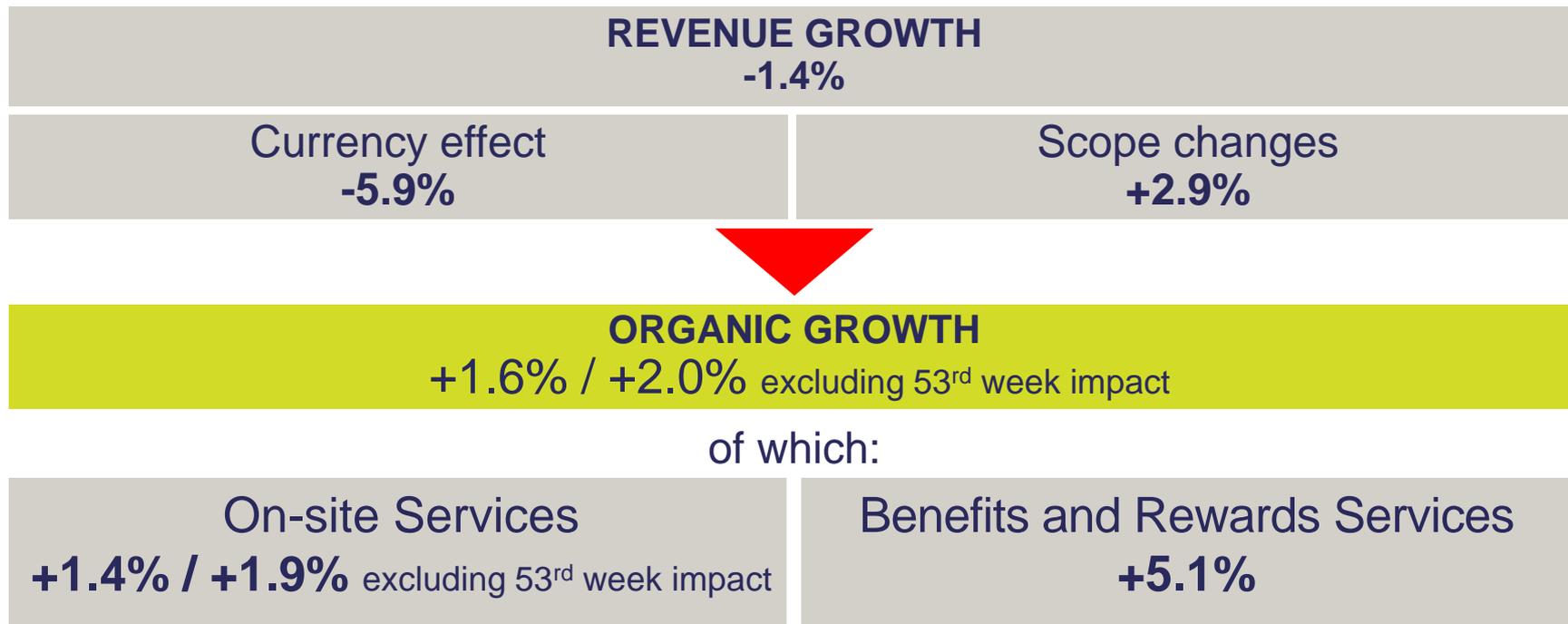
**On-site Services**

**Benefits & Rewards  
Services**

**3**

# ORGANIC GROWTH

## Fiscal 2018 Financial Performance



# REVIEW OF OPERATIONS

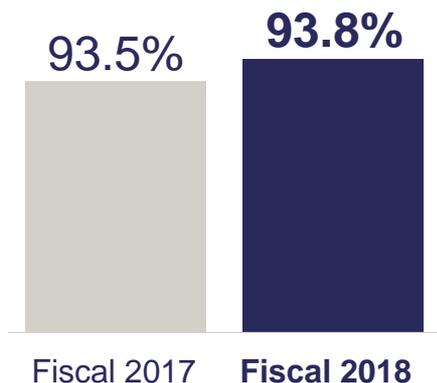
On-site Services  
revenues

OSS

# ENCOURAGING EVOLUTION OF GROWTH INDICATORS ON-SITE SERVICES

## Fiscal 2018 Financial Performance

### Client retention

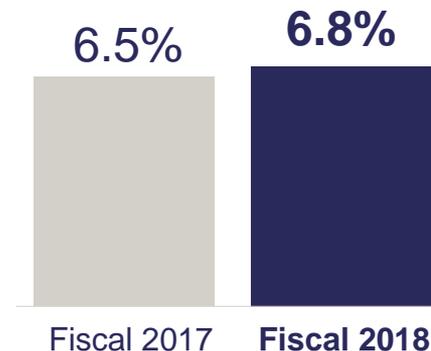


### Comparable unit growth

Excluding 53<sup>rd</sup> week

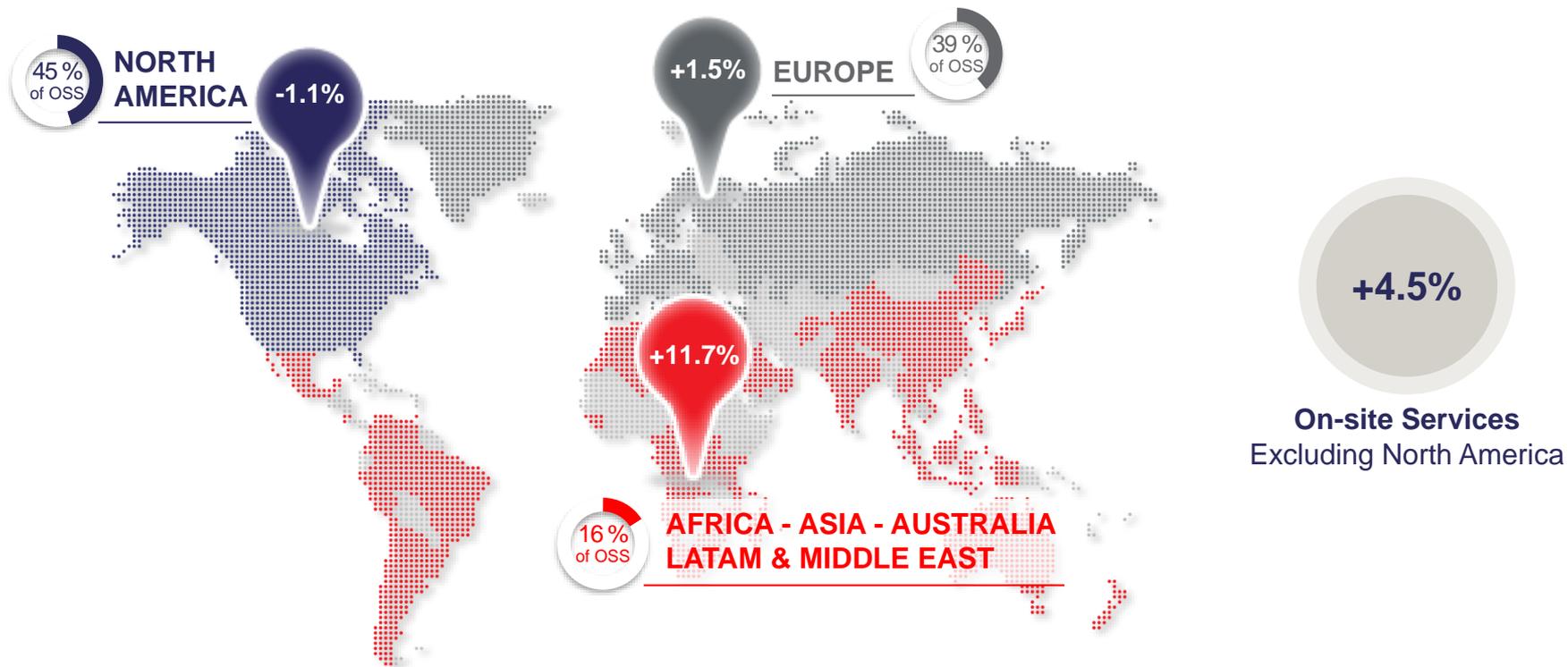


### Business development



# ON-SITE SERVICES ORGANIC GROWTH BY REGION

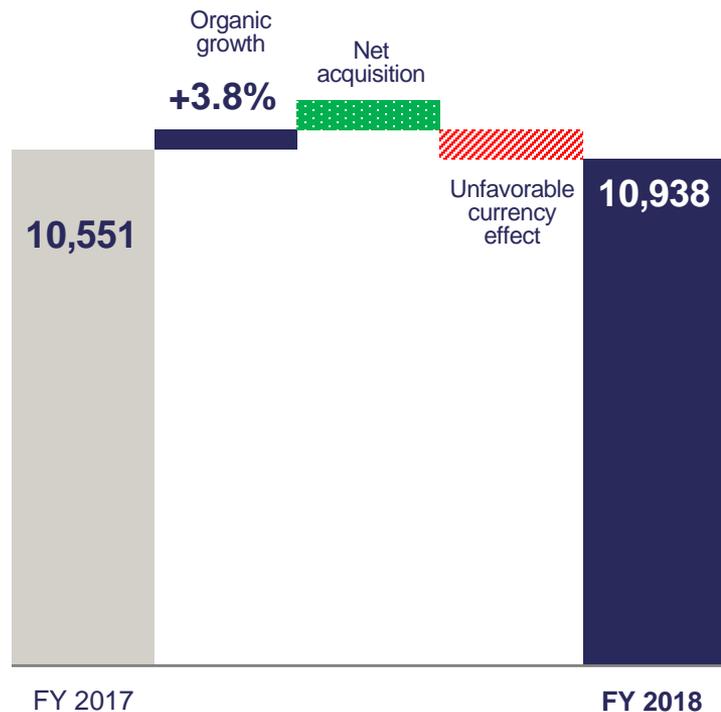
North America organic growth figure is excluding 53<sup>rd</sup> week\*



# BUSINESS & ADMINISTRATIONS – REVENUES



€ millions



## ORGANIC GROWTH (Excluding 53<sup>rd</sup> week)

+1.7%

### North America

- Increase in comparable unit sales driven by further development of FM services
- E&R impacted by a significant site closure



+1.5%

### Europe

- Continued recovery in France boosted by a solid tourism season
- E&R -14.7%
- Government & Agencies impacted by exit of British Army contracts



+11.2%

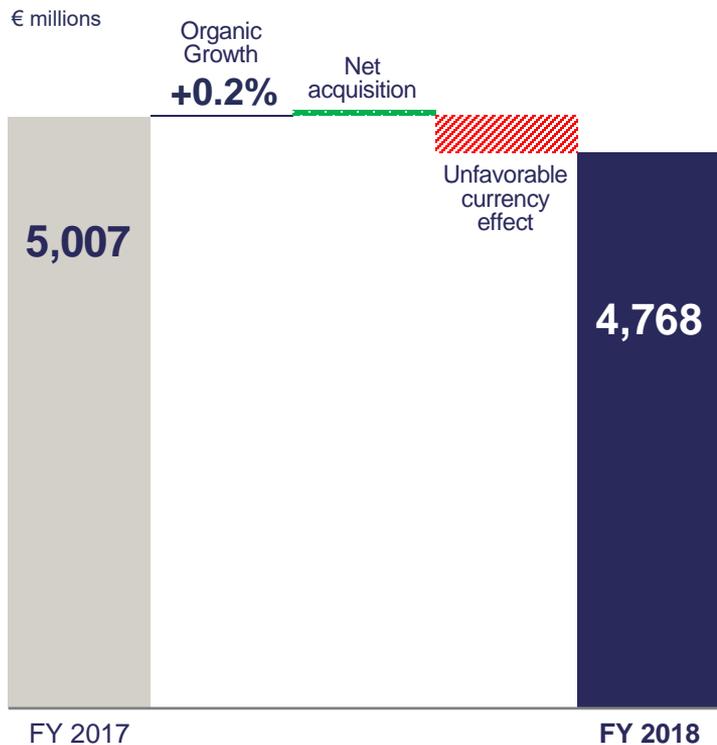
### Africa, Asia, Australia, Latin America & Middle East

- Solid growth in Corporate driven by strong new business and comparable unit sales
- E&R favorable momentum



TOTAL  
+4.1%

# HEALTH CARE & SENIORS – REVENUES



## ORGANIC GROWTH (Excluding 53<sup>rd</sup> week)

**-0.5%**

### North America

- Negative net new / lost business
- Weak comparable unit growth

**+0.6%**

### Europe

- Improved trend in Seniors in France, and Hospitals in Belgium and the Nordics
- Continued Selective bidding in UK

**+17.2%<sup>1</sup>**

### Africa, Asia, Australia, Latin America & Middle East

- Strong double digit growth in Brazil due to contract wins and increased same site sales
- Solid same site sales in Asia

**TOTAL  
+1.0%**



of FY18  
Health Care  
& Seniors



of FY18  
Health Care  
& Seniors

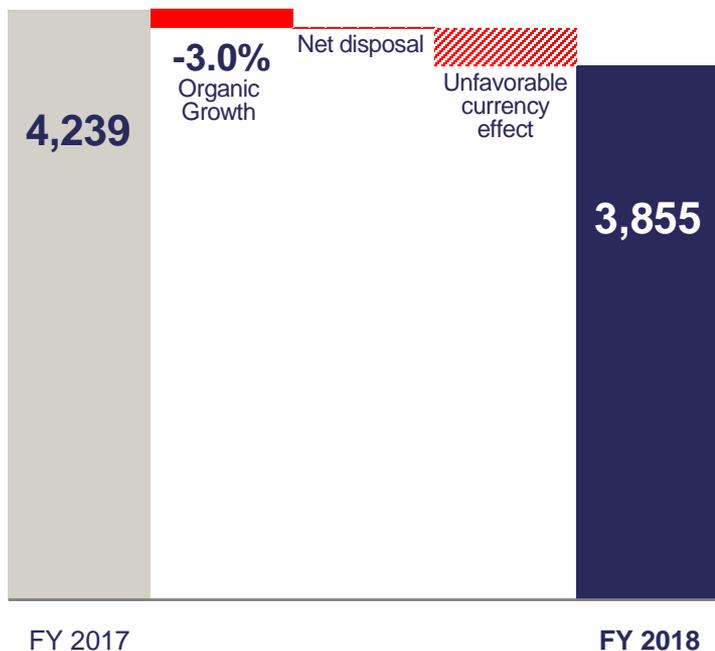


of FY18  
Health Care  
& Seniors

# EDUCATION – REVENUES



€ millions



## ORGANIC GROWTH (Excluding 53<sup>rd</sup> week)

-3.9%

### North America

- Poor momentum from previous year
- Steady comparable unit growth
- Current year neutral net new/lost business



+3.0%

### Europe

- High single digit growth in Schools in UK particularly in the private sector
- Positive calendar effect (+2 days) in Italy



+14.7%<sup>1</sup>

### Africa, Asia, Australia, Latin America & Middle East

- Very strong growth in Schools in Asia particularly in India and China



TOTAL  
-2.5%

# REVIEW OF OPERATIONS

**Benefits & Rewards  
Services revenues**

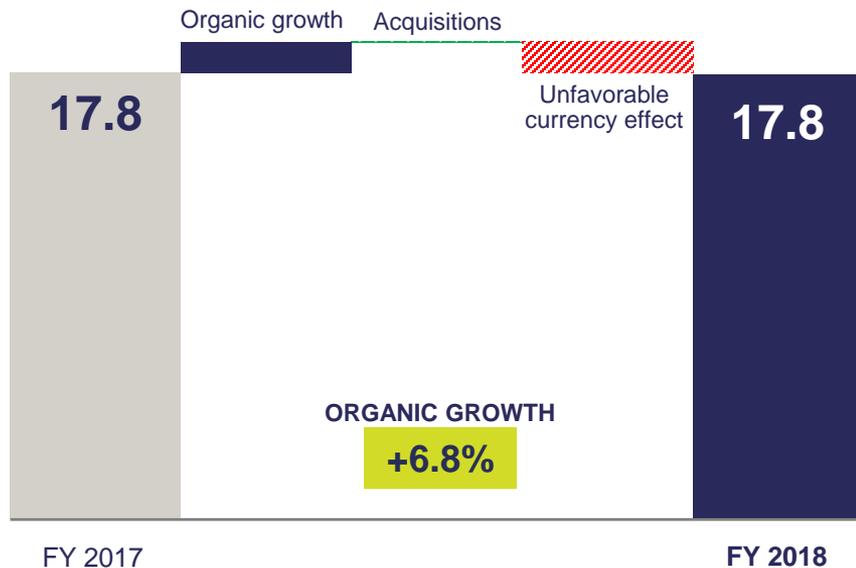
**BRS**

# ISSUE VOLUME AND REVENUES

## Benefits & Rewards Services

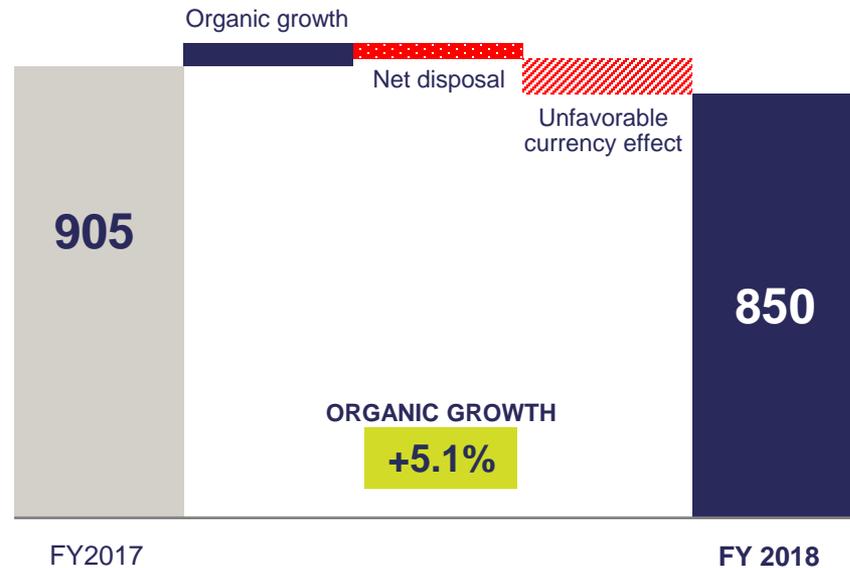
### ISSUE VOLUME

€ billions



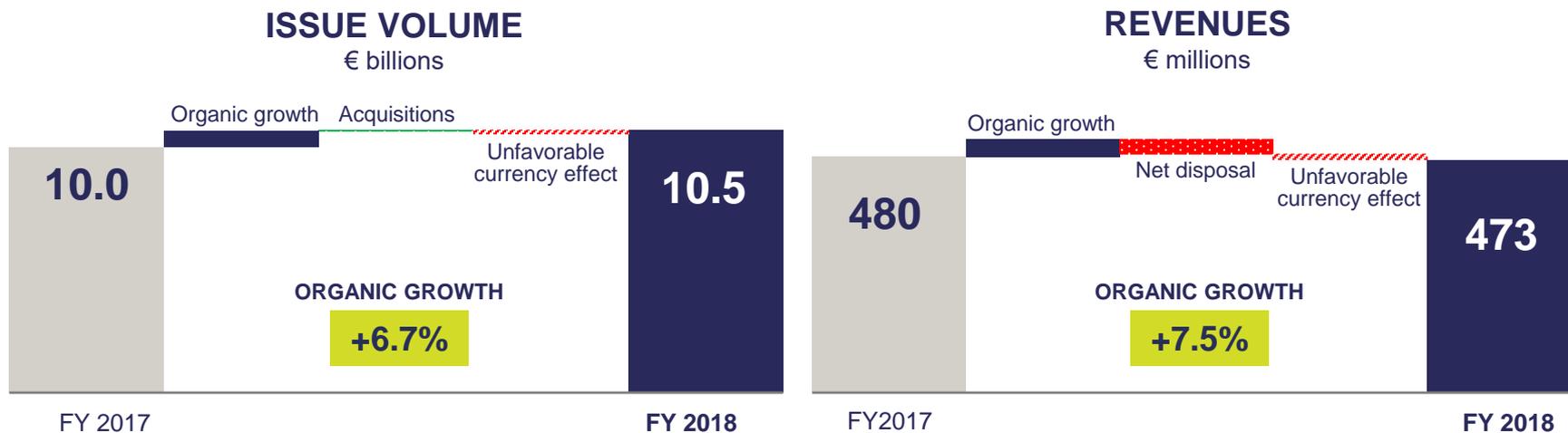
### REVENUES

€ millions



# ISSUE VOLUME AND REVENUES BY REGION

Europe, Asia, USA



- Robust growth in Western Europe
- Double digit growth in Eastern Europe and the Mediterranean region
- Weakness in India impacted by mandatory transfer from paper to digital on January 1<sup>st</sup> and a loss of a large contract  
Signs of improvement in Q4
- Disposal of *Vivabox* US, last year in Q4

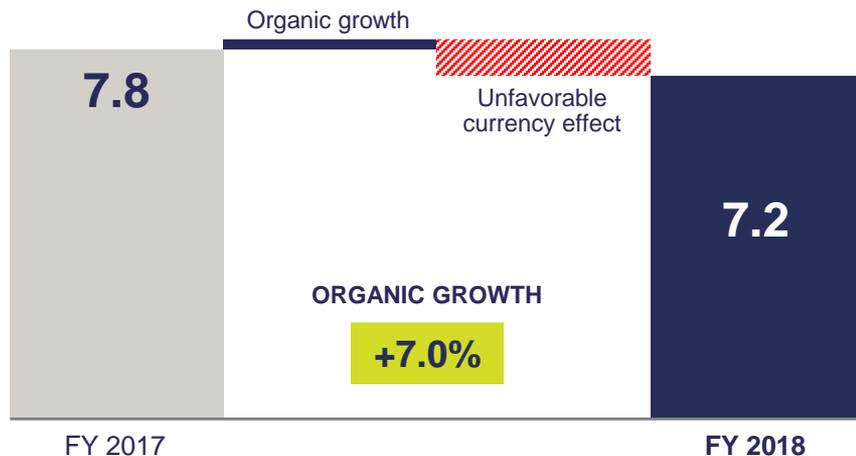
# ISSUE VOLUME AND REVENUES BY REGION

## Latin America



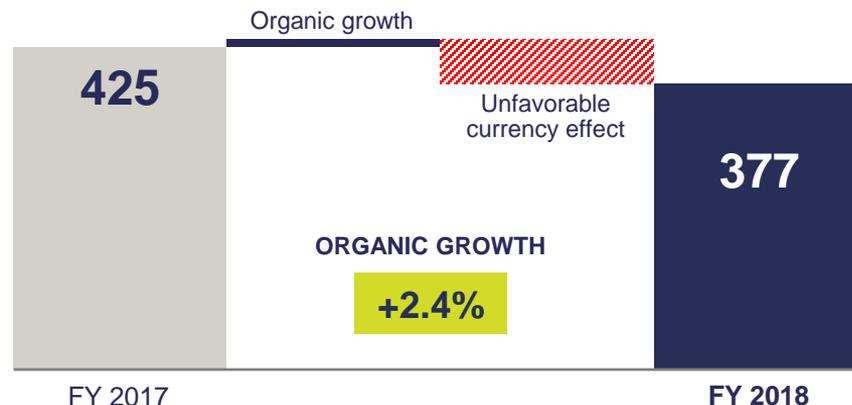
### ISSUE VOLUME

€ billions



### REVENUES

€ millions



- Improvement in Brazil as interest rates stabilize and return to volume growth in H2
- Strong double digit growth momentum in Mexico

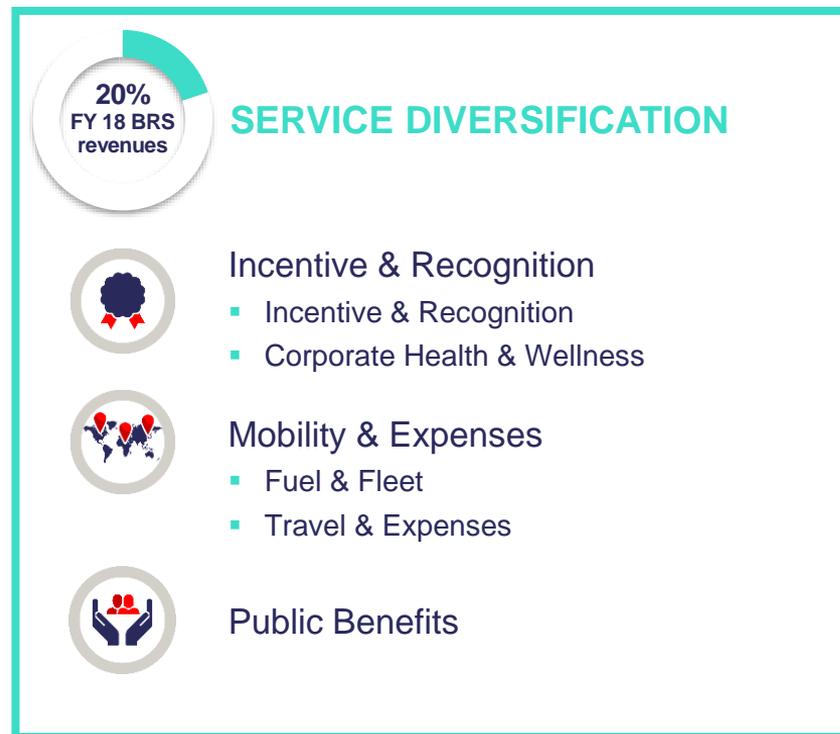
# REVIEW OF OPERATIONS

Benefits & Rewards  
Services revenues  
-NEW DISCLOSURE-

**BRS**

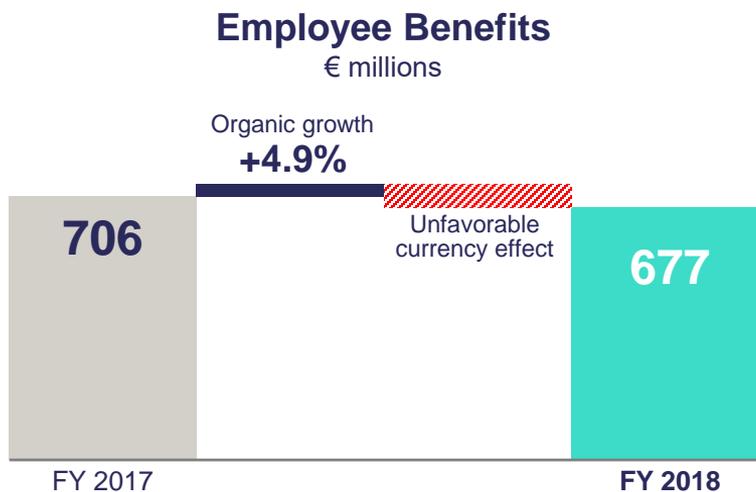
# NEW REVENUE BREAKDOWN BY SERVICE LINE

## Benefits & Rewards Services

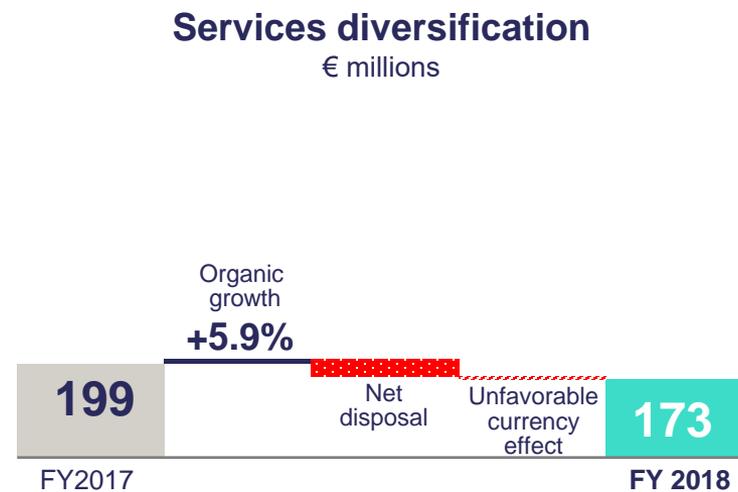


# REVENUES BY SERVICE LINE

## Benefits & Rewards Services



- **Issue volume €13.1bn, +7.2% Organic Growth**
- Solid growth in Europe & the Mediterranean region
- Improving trend in Brazil
- India regaining market share in Q4



- Strong double digit growth in Mobility & Expense
- Fast development in Corporate Health & Wellness with our Sport Card offers
- Disposal of *Vivabox* US, last year in Q4

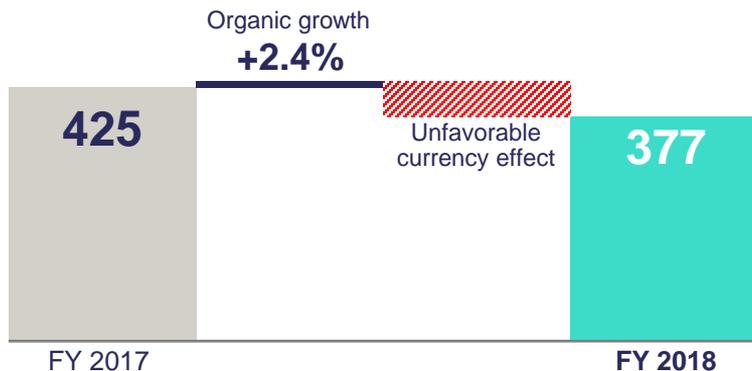
# REVENUES BY REGION

## Benefits & Rewards Services

### Latin America

€ millions

44%  
FY 18 BRS  
revenues

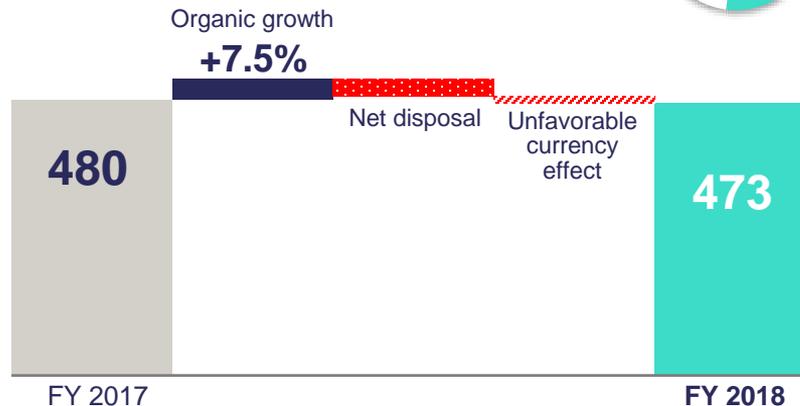


- Improvement in Brazil as interest rates stabilize and return to volume growth in H2
- Strong double digit momentum in Mexico in both Employee Benefits and Mobility & Expense services

### Europe, Asia, USA

€ millions

56%  
FY 18 BRS  
revenues



- Robust growth in Western Europe. Double digit growth in Eastern Europe and the Mediterranean region
- Weakness in India impacted by mandatory transfer from paper to digital on January 1<sup>st</sup> and a loss of a large contract. Signs of improvement in Q4
- Disposal of *Vivabox* US, last year in Q4

# REVENUES BREAKDOWN BY NATURE

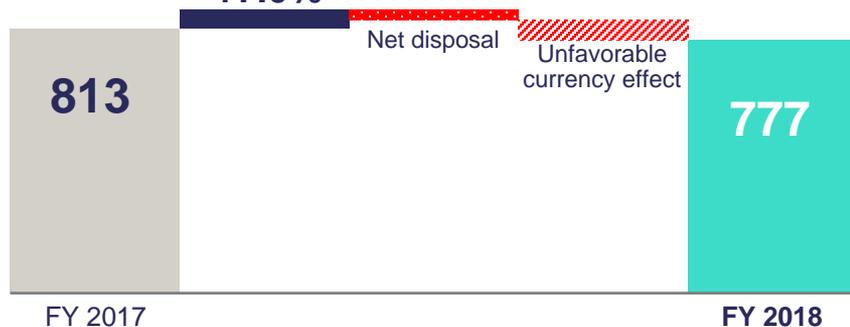
## Benefits & Rewards Services

### OPERATING REVENUES

€ millions

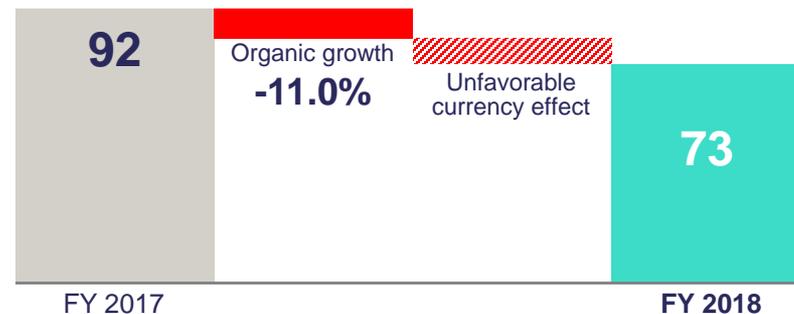
Organic growth

**+7.0%**



### FINANCIAL REVENUES

€ millions



- Robust growth in Western Europe. Double digit growth in Eastern Europe and the Mediterranean region
- Return to volume growth in Brazil in H2 and strong double digit growth in Mexico
- India regaining market share in Q4
- Disposal of *Vivabox* US last year in Q4

- Fall in interest rates in Brazil stabilizing at year end
- Interest rates remaining low in Europe
- High interest rates in Turkey

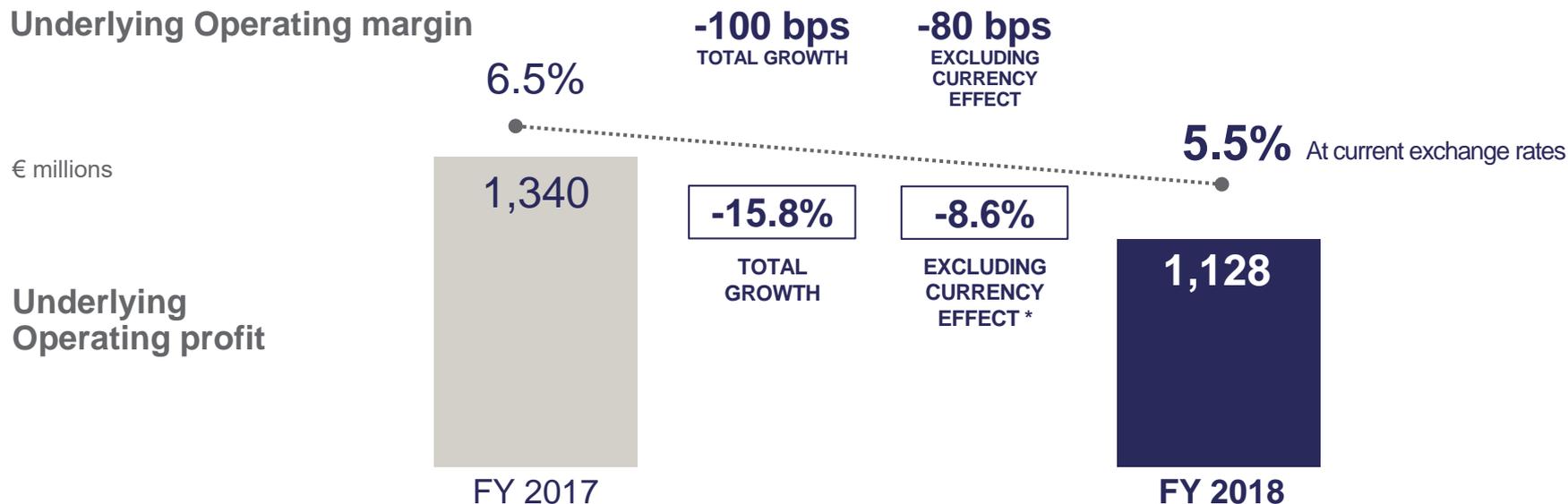
# REVIEW OF OPERATIONS

**Underlying Operating  
Profit**

**UOP**

# DETERIORATION IN UNDERLYING OPERATING PROFIT

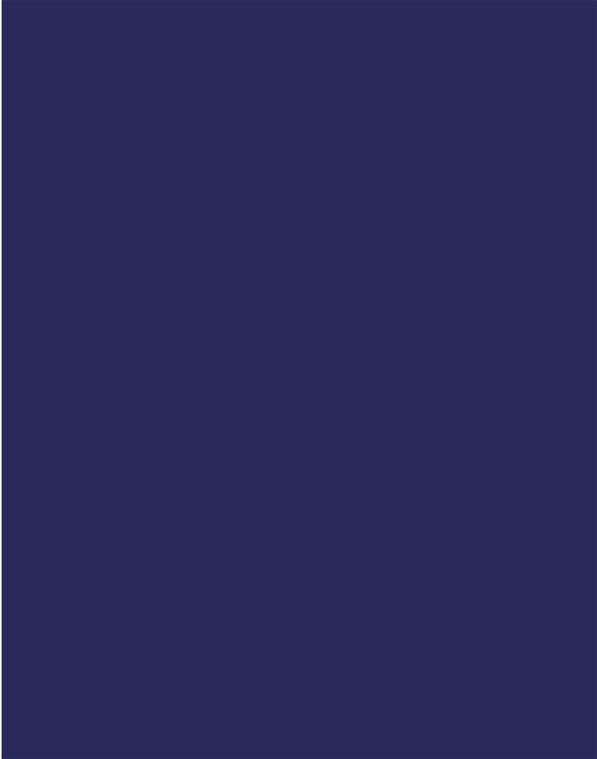
## Fiscal 2018 Financial Performance



# UNDERLYING OPERATING PROFIT AND MARGIN

	FY 2018	At constant rate	
Business & Administration	<p><b>€458M</b></p> <p><b>4.2%*</b></p>	<p>-6.2%</p> <p>-70bps</p>	<ul style="list-style-type: none"> <li>Performance issues in some of our larger accounts</li> <li>Investment in sales and marketing and new offers</li> </ul>
Health Care & Seniors	<p><b>€306M</b></p> <p><b>6.4%*</b></p>	<p>-3.1%</p> <p>-30bps</p>	<ul style="list-style-type: none"> <li>Delays in the delivery of efficiencies from the productivity programs</li> <li>Investments in sales and marketing</li> </ul>
Education	<p><b>€222M</b></p> <p><b>5.8%*</b></p>	<p>-15.6%</p> <p>-90bps</p>	<ul style="list-style-type: none"> <li>Low retention impact</li> <li>Delays in labor scheduling and SKU management programs</li> </ul>
Benefits & Rewards	<p><b>€262M</b></p> <p><b>30.8%*</b></p>	<p>-3.7%</p> <p>-180bps</p>	<ul style="list-style-type: none"> <li>Investment in diversification, in particular Mobility</li> <li>Accelerated card migration</li> <li>Improvement in Brazil in H2</li> </ul>
Corporate expenses	<p><b>€(120)M</b></p>	<p>-16.7%</p>	<ul style="list-style-type: none"> <li>Marketing, digital and innovation increased spend</li> </ul>

# ACTION PLANS



4

# FOCUS ON GROWTH STRATEGIC AGENDA

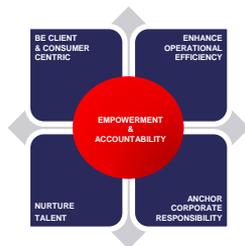
## The Good Eating Company in the UK



- Acquisition in 2017
- 100% client retention
- 100% management team retention
- Growth > 20% in FY 2018
- Attractive contract win in London with **NOMURA**

## Digital Training

- Virtual learning & development program
- +1,500 people trained in wave 1
- Global launch FY19



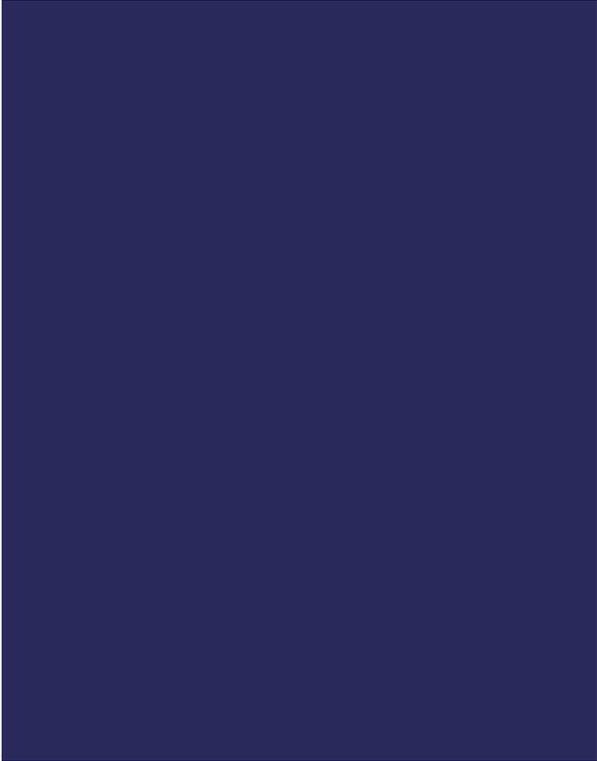
## Fit for the Future

- Moving to execution mode in North America, UK and France: identified €100m run rate of redeployable costs by FY2021
- Porto shared service center live UK transferred  
Next transition to follow: Netherlands

## 200 Plant-based menus launched in the US



# OUTLOOK



5

# FISCAL 2019 OBJECTIVES

## Outlook

- Accelerated growth in Q4 FY18
- Stable growth in Europe
- Continued solid growth in Developing economies
- Progressive improvement in North America



**Organic revenue growth  
of between 2 and 3%**



- Action plans delivering
- Productivity reinvested in growth initiatives



**Underlying operating  
profit margin between  
5.5% and 5.7%**  
(excluding currency effects)

**Q & A**

# APPENDICES

1. Contracts wins and extensions
2. Corporate responsibility distinction
3. M&A Activity
4. Sodexo Ventures
5. Breakdown of Gross Financial debt:
6. Fiscal 2018 exchange rates
7. Fiscal 2018 segment breakdown by currency
8. Number of shares
9. IFRS 15
10. Net to gross Capex/Sales
11. IFRS 16
12. Reverse factoring
13. Alternative Performance Measure definitions and financial ratios
14. Financial calendar
15. Sodexo key figures
16. Investor Relations contact

# CONTRACT WINS AND EXTENSIONS

Appendix 1

## Fiscal 2018 highlights

### Contract Wins



#### The Ronald Reagan Library

Centerplate contract in the US



#### MedStar Health System

Health Care contract in the US



#### The University of Hong Kong

University contract in Hong Kong

### Contract Retention



#### Tour Eiffel

Sport & Leisure contract in France



#### Ecoles de Marseille

School contract in France



#### West Midlands multi-academy trust

University contract in the UK

### Contract Extensions



#### Chicago Public Schools

Schools contract in the US



#### Tetra Pak

Corporate contract in Brazil, Vietnam, UK, Philippines, Norway



#### Bytedance

Corporate contract in China

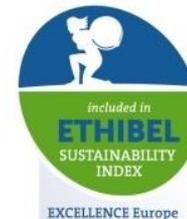
# CORPORATE RESPONSIBILITY DISTINCTIONS

## Fiscal 2018 highlights

Named the **top-rated company in its sector** on the **Dow Jones Sustainability Index (DJSI)** for the **14<sup>th</sup> consecutive year**



Earned the **highest marks in RobecoSAM's "Sustainability Yearbook"** for **11<sup>th</sup> straight year**



# M&A ACTIVITY

Appendix 3

## Fiscal 2018 Highlights

Enriching offers



in France 



in the UK 

 GYM FOR LESS

in Spain 

  
Partisans du goût

in Switzerland 

Strategic moves



in the USA 

Technical Expertise



In Singapore 

Consolidating positions



in Australia 



in France 

Net investments:  
€697m in Fiscal 2018

Acquisitions  
since year end

# SODEXO VENTURES: STRATEGIC CORPORATE VENTURE FUND

Appendix 4

## Fiscal 2018 highlights



- A €50m Fund launched in 2016 to:
  - Accompany the evolution of our markets
  - Increase our capacity for innovation
  - Enrich our offer
  - Support Sodexo's long-term investment strategy
- Key sectors:  
food-tech, health & wellness, data, mobility or smart buildings



智眼金睛AEYE-GO

# BREAKDOWN OF GROSS FINANCIAL DEBT:

€3,940 million

€ millions

## BY CURRENCY



## INTEREST RATE



Blended cost of debt 2.5% at 31/08/2018

## BY MATURITY



# FISCAL 2018 EXCHANGE RATES

## Appendix 6

1€ =	Average rate Fiscal 18	Reference rate Fiscal 17	Change average rates Fiscal 18 vs. Reference Fiscal 17	Closing rate at 31/08/2018	Closing rate 31/08/18 vs. 31/08/17
<b>U.S. Dollar</b>	<b>1.193</b>	1.099	-7.8%	1.165	+1.5%
<b>Pound Sterling</b>	<b>0.884</b>	0.867	-1.9%	0.897	+2.5%
<b>Brazilian Real</b>	<b>4.075</b>	3.526	-13.5%	4.859	-23.0%

# FISCAL REVENUES 2018

## SEGMENT BREAKDOWN BY CURRENCY

Appendix 7

	TOTAL	B&A	Education	Healthcare	BRS
EUR	26%	30%	18%	22%	26%
USD	41%	24%	73%	60%	4%
GBP	9%	12%	3%	7%	7%
BRL	5%	6%	0%	2%	36%
Other	19%	28%	6%	9%	27%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# NUMBER OF SHARES

## Appendix 8

<i>Company's share capital</i>	August 31, 2018	February 28, 2018	August 31, 2017
Company's share capital, number of shares	147,454,887	150,830,449	150,830,449
Treasury shares	1,869,352	2,529,632	2,205,010
<i>Number of shares for EPS calculation</i> (Basic weighted average number of shares)	148,077,776	148,535,880	148,998,961

- Less than 20 bps impact on Revenue for the On-site activity in FY2019 with negligible impact on margin. The organic growth impact will be highlighted in financial communications each quarter.
- Prospective application from September 1, 2018 with no restatement of comparative as no material impact.
- Investments in equipment on client sites agreed contractually with clients will remain accounted for as CAPEX.
- Client investments (cash payments made to clients) were already deducted from revenue and will remain as such.
- No change in Benefits & Rewards Services revenue recognition.

# NET TO GROSS CAPEX TO SALES

Appendix 10

	August 31, 2018 Net Capex/Sales	Client Investments impact	Disposal of assets	August 31, 2018 Gross* Capex/Sales
Revenue	20,407	94		20,501
EBITDA	1,314	94		1,408
Underlying Operating Profit	1,128			1,128
Net income Group Share	651			651
Capital expenditure in cash flow	(286)	(94)	(31)	(411)
<b>Capex as a % of revenue</b>	<b>1.4%</b>			<b>2.0%</b>

\* In this pro-forma Client investment amortization has been added back to Revenue and accounted for as CAPEX amortization to align with the current accounting treatment of our peers. CAPEX in cash flow has also been adjusted to reflect gross CAPEX including Client investment cash out flows and cancellation of disposals of assets.

- Prospective application from September 1, 2019 with no restatement of comparative.
- Work in progress regarding the assessment of impact: preliminary estimate shows circa €1bn of net debt, therefore increase in Net debt/EBITDA ratio by +0.7 net debt/ EBITDA ratio\* from FY2020.

# REVERSE FACTORING:

Our reverse factoring program has been put in place as part of a “supplier support Program” which was implemented in the context of the standardization of our P2P process. The objectives of this supplier support program were to:

- have the opportunity to work with suppliers which in the past had not accepted our terms and conditions;
- allow our suppliers to gain access to a way to be paid in a fast and secured manner at a low cost of financing;
- improve the perception of Sodexo as a “buyer”;
- standardize our payment terms in each significant region of the Group;
- gain in efficiency in Shared Services Centers with an automatic processing of supplier invoices validated by the Group;

The reverse factoring program usage by our suppliers amounted to €370M as at August 31, 2018, with no impact on working capital or cash-flow.

For the reverse factoring programs that have been implemented in the context of our supplier support program:

- Suppliers have the choice but not the obligation to sell, invoice by invoice, their approved receivables before the maturity date.
- Sodexo has no power over the supplier’s decision to sell or not sell its receivables. This is not a tri-partite agreement;
- In instances where payment terms were modified, terms changed for all supplier invoices irrespective of whether supplier financing was or was not utilized;
- Sodexo does not receive any fees or payment from the factor nor do we make any payment to the factor other than the payment of the original invoice;
- Suppliers invoices continue to be paid according to the payment terms negotiated with the suppliers. Whether the bills are in the program or not, the payment date remains the same.
- Such programs have not changed our liabilities towards our suppliers, which is the reason why these liabilities remain as trade payables and are not reclassified as financial debt under IFRS.

### Blended cost of debt

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

### Free cash flow

Please refer to Cashflow position.

### Growth excluding currency effect

Change excluding currency effect calculated converting FY 2018 figures at FY 2017 rates, except when significant for countries with hyperinflationary economies.

As a result, for Venezuelan Bolivar, FY 2018 and FY 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 6,112,000 vs. VEF 3,250 for FY 2017.

### 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 gross borrowings at the balance sheet less operating cash.

### Organic growth

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

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

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

As a result, for the calculation of organic growth, Benefits & Rewards figures for FY2018 and FY 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = VEF 6,112,000 vs. VEF 3,250 for FY 2017.

### **Underlying Operating profit**

Operating profit excluding other operating income and other operating expenses. Other operating income and expenses include gains or losses related to perimeter changes and on changes of post-employment benefits, restructuring and rationalization costs, Acquisition related costs, amortization and impairment of client relationships and trademarks, impairment of goodwill and impairment of non-current assets.

### **Underlying Operating margin**

Underlying Operating profit divided by Revenues.

### **Underlying Operating margin at constant rate**

Margin calculated converting Fiscal 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies when the impact is significant.

### **Underlying Net profit per share**

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

### **Underlying Net Profit**

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

In the Fiscal 2018, the Underlying net profit excludes from the Net Income Group share the following items and the related tax impact where applicable:

- Other Income and Expense for - €131m
- Interests received in France on tax reimbursements for €7m
- Reimbursement of the 3% tax on dividends received for €43m
- One-off impacts resulting from changes in the US tax regulation for - €13m

# APM - FINANCIAL RATIOS DEFINITIONS

## Appendix 13

		Fiscal 2018	Fiscal 2017
<b>Gearing ratio</b>	Borrowings <sup>(1)</sup> – operating cash <sup>(2)</sup>		
	Shareholders' equity and non-controlling interests	37.9%	17.1%
<b>Net debt ratio</b>	Borrowings <sup>(1)</sup> – operating cash <sup>(2)</sup>		
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) <sup>(3)</sup>	1.0	0.4
<b>Debt coverage</b>	Borrowings		
	Operating cash flow	3.5 years	3.3 years
<b>Financial independence</b>	Non-current borrowings		
	Shareholders' equity and non-controlling interests	106.3 %	84.3 %
<b>Return on equity</b>	Profit attributable to equity holders of the parent		
	Equity attributable to equity holders of the parent (before profit for the period)	24.7 %	25.7 %
<b>Return on capital employed (ROCE)</b>	Operating profit after tax <sup>(4)</sup>		
	Capital employed <sup>(5)</sup>	16.4 %	20.6 %
<b>Interest cover</b>	Operating profit		
	Net borrowing cost	12.6	15.0

# APM - FINANCIAL RATIOS RECONCILIATION

Appendix 13

		Fiscal 2018	Fiscal 2017
<b>(1) Borrowings</b>	Non-current borrowings	3 537	3 012
	+ current borrowings excluding overdrafts	421	499
	- derivative financial instruments recognized as assets	(18)	(11)
		<b>3 940</b>	<b>3 500</b>
<b>(2) Operating cash</b>	Cash and cash equivalents	1 666	2 018
	+ financial assets related to the Benefits and Rewards Services activity	1 042	909
	- bank overdrafts	(28)	(38)
		<b>2 680</b>	<b>2 889</b>
<b>(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)</b>	Operating profit	997	1 189
	+ depreciation and amortization	317	281
		<b>1 314</b>	<b>1 470</b>
<b>(4) Operating profit after tax</b>	Operating profit	997	1 189
	Effective tax rate	27.1 %	31.7 %
		<b>727</b>	<b>812</b>
<b>(5) Capital employed</b>	Property, plant and equipment	619	590
	+ goodwill	5 664	5 308
	+ other intangible assets	704	511
	+ client investments	558	547
	+ working capital excluding restricted cash and financial assets of the Benefits and Rewards Services activity	(3 104)	(3 009)
		<b>4 441</b>	<b>3 947</b>

# FINANCIAL CALENDAR

Appendix 14

<b>Registration Document publication</b>	<b>November 22, 2019</b>
<b>1<sup>st</sup> quarter revenues, Fiscal 2019</b>	<b>January 10, 2019</b>
<b>Annual Shareholders' Meeting 2019</b>	<b>January 22, 2019</b>
<b>Dividend ex-date</b>	<b>January 30, 2019</b>
<b>Dividend record date</b>	<b>January 31, 2019</b>
<b>Dividend payment date</b>	<b>February 1, 2019</b>
<b>1<sup>st</sup> half results – Fiscal 2019</b>	<b>April 11, 2019</b>
<b>Nine month revenues, Fiscal 2019</b>	<b>July 8, 2019</b>
<b>Annual results, Fiscal 2019</b>	<b>November 7, 2019</b>
<b>Annual Shareholders' Meeting 2020</b>	<b>January 22, 2020</b>



These dates are purely indicative, and are subject to change without notice.  
Regular updates are available in the calendar on our website [www.sodexo.com](http://www.sodexo.com)

# SODEXO KEY FIGURES

Appendix 15



€20.4bn revenues



460,000 employees



19<sup>th</sup> largest employer worldwide



100 million consumers served daily



72 countries



€13bn market capitalization

November 7, 2018

- **Founded in 1966 by Pierre Bellon**
- **Main Shareholders as 31/08/2018:**
  - > Bellon S.A 42.2% of capital (57.2% of voting rights)
  - > International Institutional investors 43%



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

# INVESTOR RELATION CONTACT

Appendix 16

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## Investor Relations Coordinator

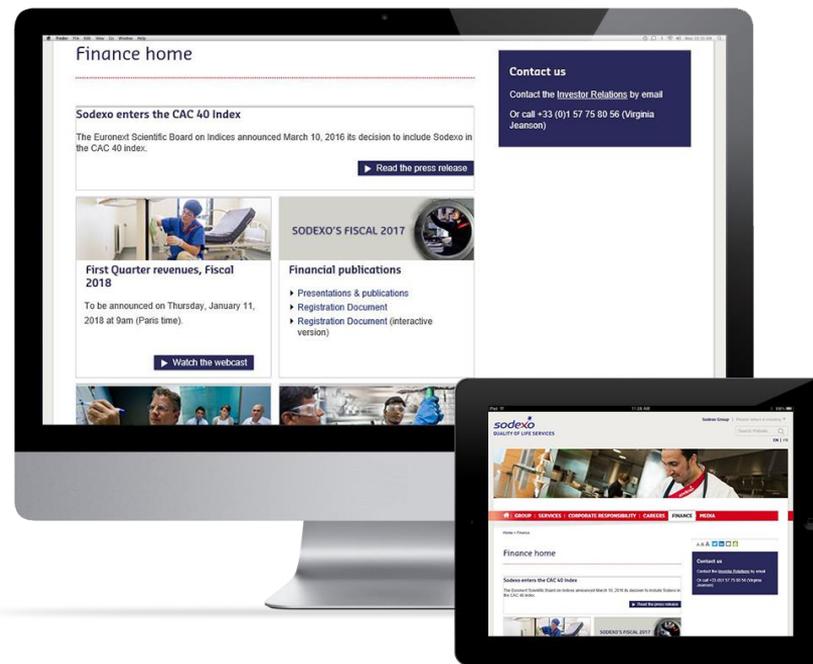
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**Thank you!**