PRESS RELEASE

Sodexo First Half Fiscal 2018 Estimates and Annual Guidance Update

Issy-les-Moulineaux, March 29, 2018 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY), world leader in Quality of Life Services, today provides an update on its financial performance for Fiscal First Half 2018, which ended on February 28, 2018 and annual guidance update.

Summary

- Organic revenue growth of +1.7% for the First Half of Fiscal 2018 and underlying operating margin of 6.1% were both below expectations
- For Fiscal 2018, the Group now expects to deliver organic revenue growth of between +1% and +1.5%, excluding the 53rd week impact, and an underlying profit margin of around 5.7%
- Clear set of immediate action plans in place

Estimated financial performance for First Half Fiscal 2018[1]:

(in millions of euro)	First-Half Fiscal 2018 (ended February 28, 2018)	First-Half Fiscal 2017 (ended February 28, 2017)	Change at current exchange rates	Change excluding currency effect
Revenue	**10,293**	**10,634**	**-3.2%**	**+3.0%**
Organic growth	***+1.7%***	***+0.0%***		
Underlying Operating profit	**627**	**738**	**-15.0%**	**-7.4%**
Underlying Operating margin	**6.1%**	**6.9%**	**-80 bps**	**-70 bps**
Other operating income and expenses	**(73)**	**(153)**		
Operating profit	**554**	**586**	**-5.4%**	**+4.1%**
Net financial expense[2]	**(44)**	**(56)**		
Effective tax rate	***25.9%***	***32.6%***		
Group net profit	**372**	**348**	+6.9%	+13.9%
Free cashflow	**125**	**30**	x4.2	
Net debt ratio	**1.1**	**0.9**		

Sodexo CEO, Denis Machuel, said:
"The second quarter performance was below our expectations and we have reduced our financial guidance for Fiscal 2018. We have identified specific areas of underperformance and are acting quickly to implement a series of corrective measures. As we combine the unique strengths of Sodexo, its offers and the quality of its teams, with greater discipline and accountability across the Group, I am confident we will deliver strong growth over the medium term."

[1] Limited review by the auditors in progress- Closing of the half year financial statements by the Board of Directors scheduled on April 10, 2018

- Since the First Quarter Fiscal 2018 trading update on January 11, 2018, the Group has delivered year-on-year revenue growth and profitability below management expectations. This has resulted in First Half Fiscal 2018 Revenues of 10.3 billion euro, down -3.2% on the previous year, including a negative currency impact of -6.2%. Net acquisitions contributed +1.3%. Organic growth in the first half was +1.7%, or +1.9% excluding a 1-day calendar effect linked to the change to monthly accounting in North America.
- At constant exchange rates, underlying operating profit decreased by -7.4% and the margin decreased by 70 basis points. Accordingly, the Group is issuing revised guidance for full year Fiscal 2018 of organic revenue growth of between +1% and +1.5%, and an underlying profit margin of around 5.7%. Net profit was up +6.9%, or +13.9% excluding currency effects, at 372 million euro, benefiting from lower exceptional charges than the previous year and a significant reduction in the tax charge.
- Revenue performance in the second quarter was in line with first quarter, excluding the calendar effect in North America. As anticipated, revenues in North America were down in Health Care and Education, with a slight deterioration in the second quarter. Outside North America, Onsite revenue growth remained solid at +4.4%. Within that perimeter, Europe is more mixed, but the developing economies are continuing to grow strongly and there is a solid contribution from contract ramp-ups.
- Underlying operating profit has been impacted by the following factors:
    - Planned measures to increase efficiencies and improve margins in North America have not yet delivered. As a result, margins in Education and Health Care, in particular, were negatively impacted.
    - Elsewhere, a small number of significant contracts have not yet ramped up to the expected levels of profitability.
- Going forward, it is expected that the combination of continuing decline of our revenues in North America in the second half, albeit at a lower rate than in the first half, and a slower than anticipated conversion of pipeline opportunities into new contract wins, will weigh on the top line growth and on our margins in the second half.
- The senior management team has developed both immediate and medium-term action plans to address these issues and to improve performance across the business. At the same time, we will continue to make investments to ensure the Group is well positioned to return to attractive levels of sustainable growth.

  In the immediate term we are implementing a series of initiatives to increase contributions from underperforming contracts, enhance labor productivity through demand-based scheduling, control spend more strictly, and improve process and procurement compliance.

  Furthermore, the leadership team is strengthening Sodexo's culture of performance with more discipline, rigor and accountability, while maintaining its entrepreneurial spirit. A deep review of our cost base is in process and will be rolled out across the Group.

  All these measures are intended to deliver further sustainable cost savings which will be redeployed to improve competitiveness and to continue to invest in digital, IT, marketing and sales to enhance top-line growth.
- At the same time the Group continues to generate substantial free cash flow and the balance sheet remains strong with a net debt ratio of 1.1x. Targeted investment in our existing businesses,

partnerships and acquisitions will continue to drive both growth and operational leverage over the medium term.

Conference Call

Sodexo will hold a conference call (in English) today at 8:30 a.m. (Paris time), 7:30 a.m. (London time) to comment on this release. Those who wish to connect from the UK may dial **+44 (0) 330 336 9411** or from France **+01 76 77 22 57**, followed by the passcode **890 30 84**.

The **press release 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 half results – Fiscal 2018	April 12, 2018
Nine month revenues – Fiscal 2018	July 5, 2018
Capital Markets Day	September 6, 2018
Annual results – Fiscal 2018	November 8, 2018
Annual Shareholders' Meeting 2019	January 22, 2019

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 food services, 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
14.6 billion euro in market capitalization (as of March 28, 2018)

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Alternative Performance measure definitions

Financial ratios

FINANCIAL RATIOS DEFINITIONS		FY 2017	FY 2016
Gearing ratio	(Gross borrowings[1] - Operating cash[2]) / Shareholders' equity and non-controlling interests	**17%**	**11%**
Net debt ratio	(Gross borrowings[1] - Operating cash[2]) / 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**

Growth excluding currency effect

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

Operating margin

Operating profit divided by Revenues

Operating Margin at constant rate

Margin calculated converting Fiscal 2018 figures at Fiscal 2017 rates, except for countries with hyperinflationary economies.

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.