

# Fiscal 2018 1<sup>st</sup> Quarter Revenues

January 11, 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 2 for definitions

# AGENDA

1. First quarter 2018 revenues
2. Review of Operations:
  - › On-site Services
  - › Benefits & Rewards Services
3. Outlook for Fiscal 2018
4. Appendices

# FIRST QUARTER 2018 REVENUES



# SOFT START TO THE YEAR BUT IN LINE WITH EXPECTATIONS

First quarter 2018 revenues



- **Good momentum in Business & Administrations**
  - Improving trend in Energy & Resources
  - Pick-up in France
  - Strong dynamic in developing economies
- **Health Care & Seniors very strong in developing economies, but still slow in Europe and North America**
- **Education suffering from poor prior year retention in Universities and fewer working days**
- **Benefits & Rewards Services growth slowed by inflation and interest rate decline in Brazil**

# CONTRACT WINS AND EXTENSIONS

## First quarter 2018 highlights

Comparable unit  
growth / Extensions



**Rich Narcissus Hospital**

Health Care contract  
in China



**GSK**

Corporate contract  
in the Benelux



**Fannie Mae**

**Fannie Mae**

Corporate contract  
in the USA

Momentum in  
Energy &  
Resources segment



**Aker BP**

Offshore contract  
in Norway



**Vale Biopalma**

Onshore Energy contract  
in Brazil



**Bibby Marine  
Services**

Offshore contract  
in the UK

# AIRLINE LOUNGES: A FAST-GROWING SUB-SEGMENT

## First quarter 2018 highlights

First lounge opened  
in **Denver, USA**



First global contract  
in 2009 with  
**Virgin Atlantic**, recently  
renewed for 5 years



Followed by further development

American Airlines 



Major signature  
in FY 2017 for  
**6 Air France lounges**  
in **Charles de Gaulle**  
**Airport in Paris**



New contract signed  
in Q1 FY 2018  
for **lounges**  
in **Asia-Pacific**

Today a global growth business:

- Services provided in **80+ cities**,  
**200 lounge operations** worldwide
- Strong business pipeline

# CONFIRMED PICK UP IN FOOD CONTRACTS

## First quarter 2018 highlights



### COVEA

Corporate contract  
in France



### Doncaster and Bassetlaw Teaching Hospitals

Health Care contract  
in the UK



### Defense Logistics Agency

Defense contract  
in the US



### Total

Corporate contract  
in France



### New Courts of Justice in Paris

Government & Agencies contract  
in France



### Telefonica

Corporate contract  
in Spain



# CONTINUED INVESTMENTS TO ENRICH FOOD OFFER

## First quarter 2018 highlights



in France 

- Next generation **BtoC food delivery services**
- On-demand, **fresh and sustainable meals** prepared by chefs with **locally-sourced products**
- **60% of supply organic** and/or certified by superior quality standards
- **12,000 meals per week** in the **Paris region** via app and website
- Big **opportunity to develop BtoB** together with Sodexo



in the USA 

- The leading provider of **corporate lunch programs** with employee choice via an easy-to-use platform
- **85,000 individual meals** served per week to corporations with 20 - 1,000 employees in the **Bay Area** and **Los Angeles**
- Now expanding into **New York City**
- **Minority stake investment** in FY2017

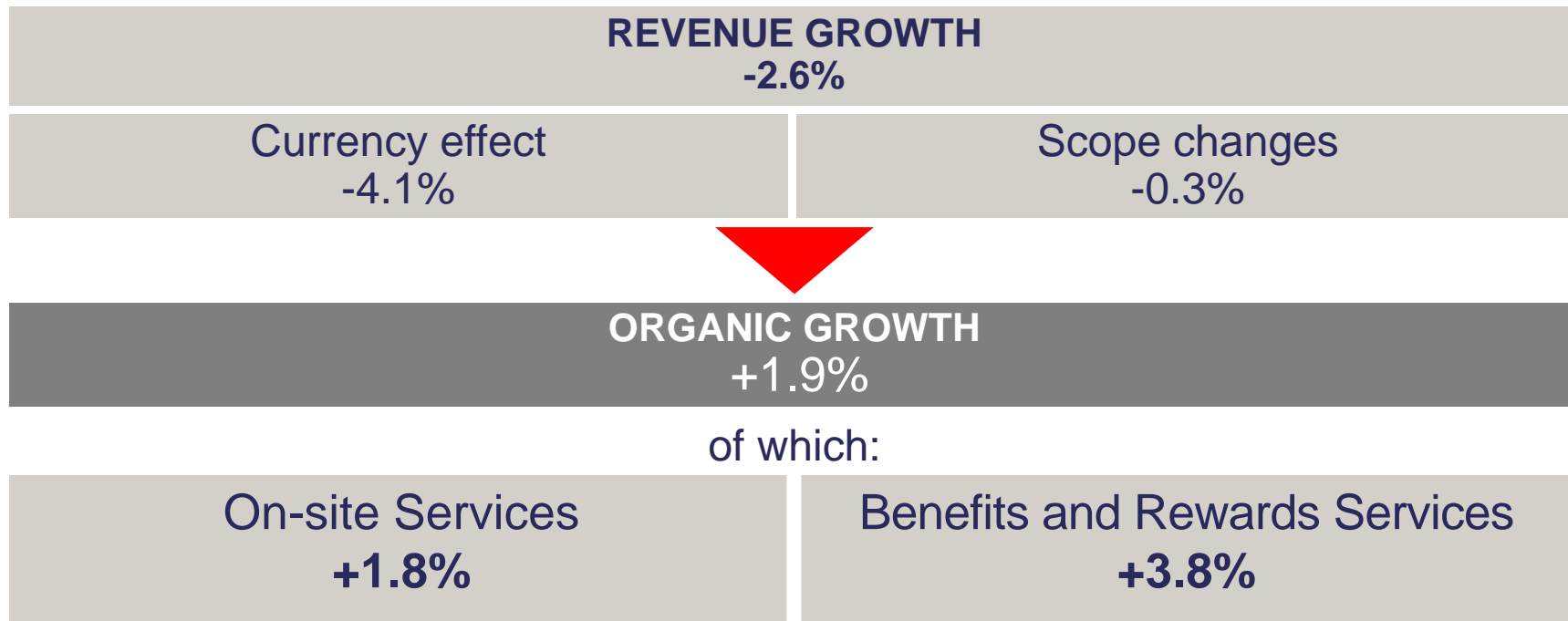
# REVIEW OF OPERATIONS

- › On-site Services
- › Benefits & Rewards Services

2

# ORGANIC GROWTH

First quarter 2018 revenues

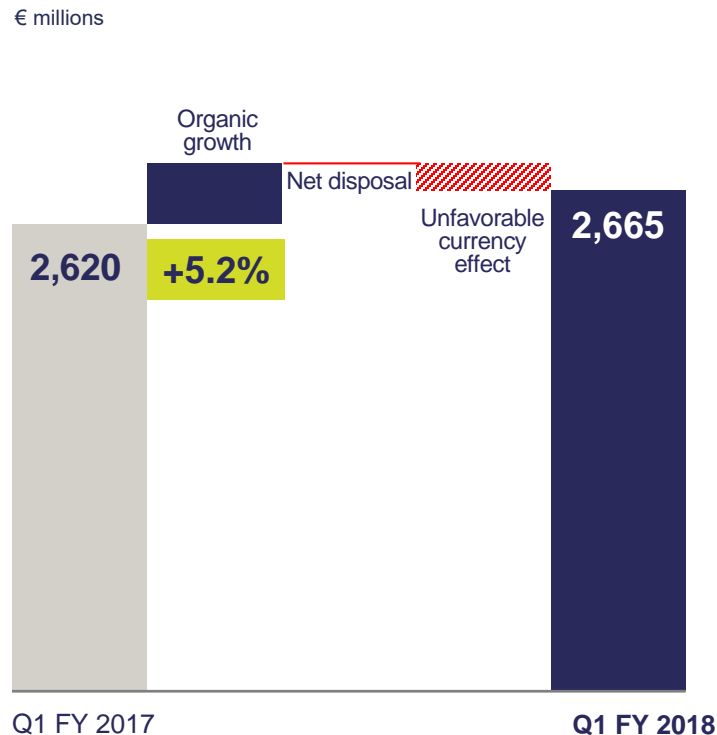


# BUSINESS & ADMINISTRATIONS – REVENUES



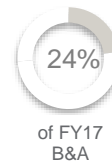
## ORGANIC GROWTH

€ millions



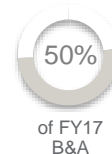
### +5.9% North America

- Strong growth in Airline lounge activity
- Significant project work



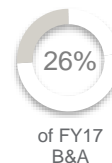
### +1.3% Europe

- Start-ups and continued recovery in tourism in France
- Energy & Resources -19%, despite a few new contracts signed
- Growth in the UK



### +12.2% Africa, Asia, Australia, Latin America & Middle East

- Strong growth in Corporate driven by strong new business and comparable unit sales
- Energy & Resources momentum due to recovery in mining and onshore sub-segments and contract start-ups (last quarter of Rio-Tinto ramp-up)

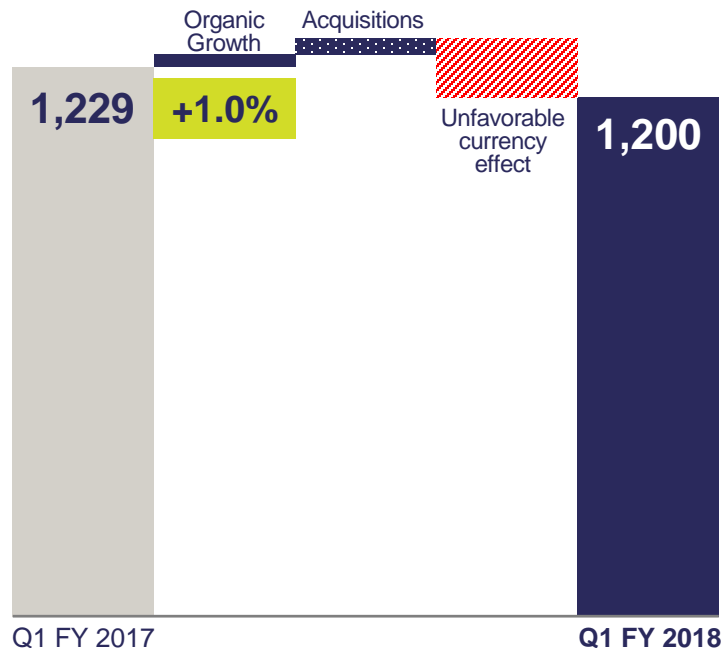


# HEALTH CARE & SENIORS – REVENUES



## ORGANIC GROWTH

€ millions



-0.5%

### North America

- Lack of new business
- Impact of market dynamics

+0.5%

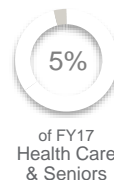
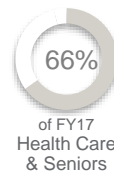
### Europe

- Selective bidding in France and UK still ongoing although some recent wins in UK

+17.7%<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 growth in Latin America

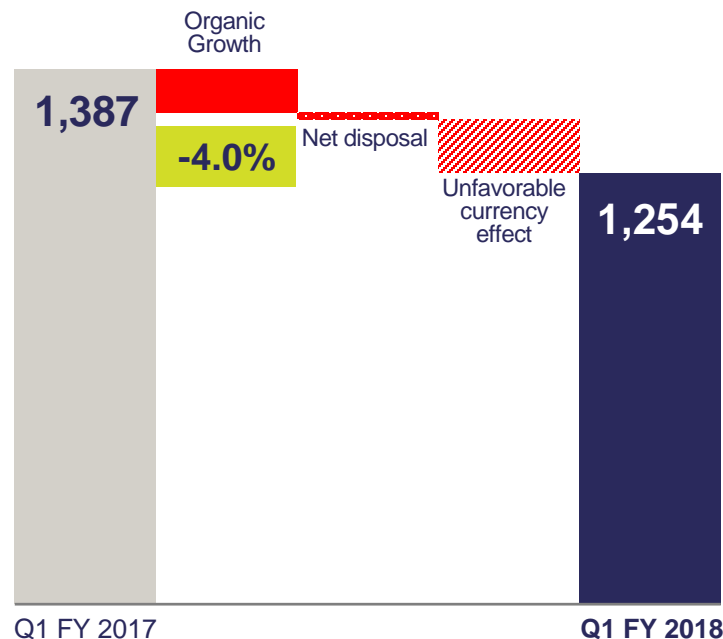


# EDUCATION – REVENUES



€ millions

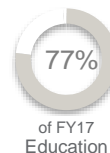
## ORGANIC GROWTH



-5.1%

### North America

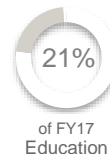
- Lower prior year retention in Universities
- Fewer working days (1.5 day)



+0.9%

### Europe

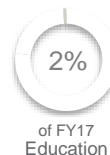
- High single digit growth in Schools in UK particularly in the private sector
- Solid growth in Mediterranean region



+18.0%<sup>1</sup>

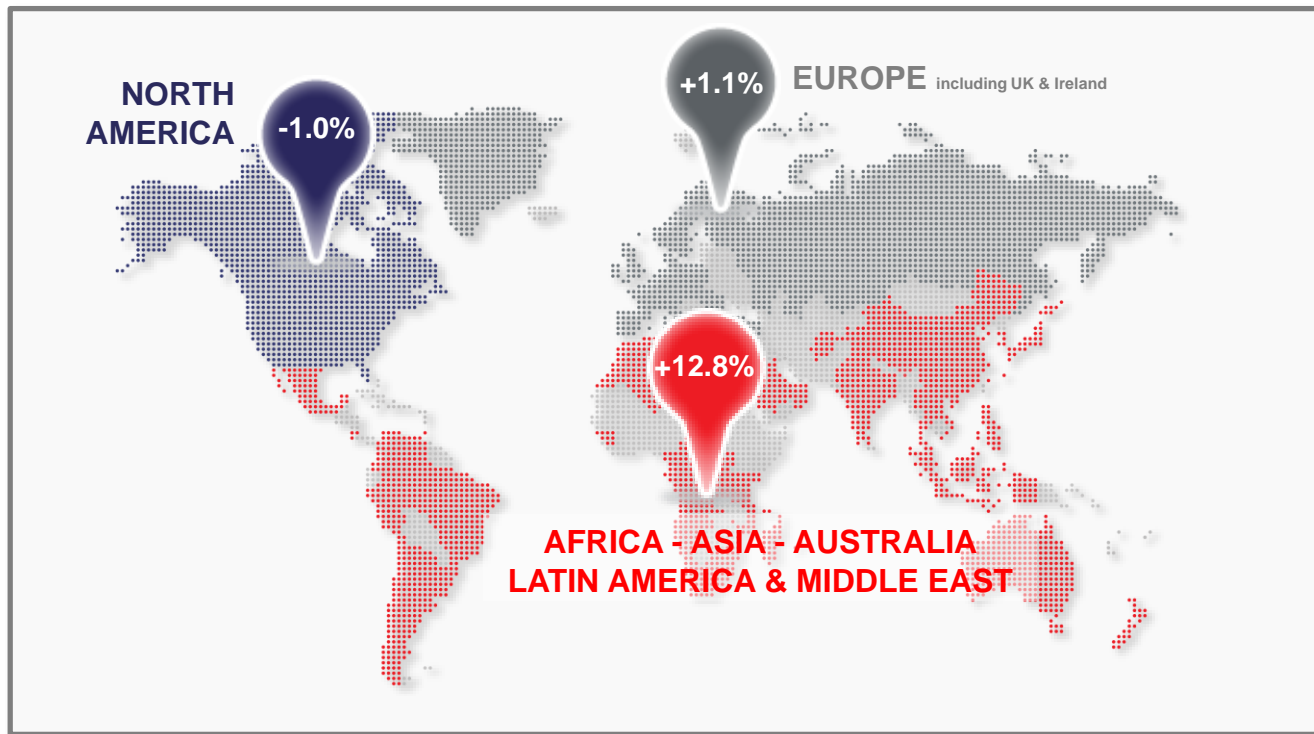
### Africa, Asia, Australia, Latin America & Middle East

- Very strong growth in Schools in Asia (China, Singapore and India)



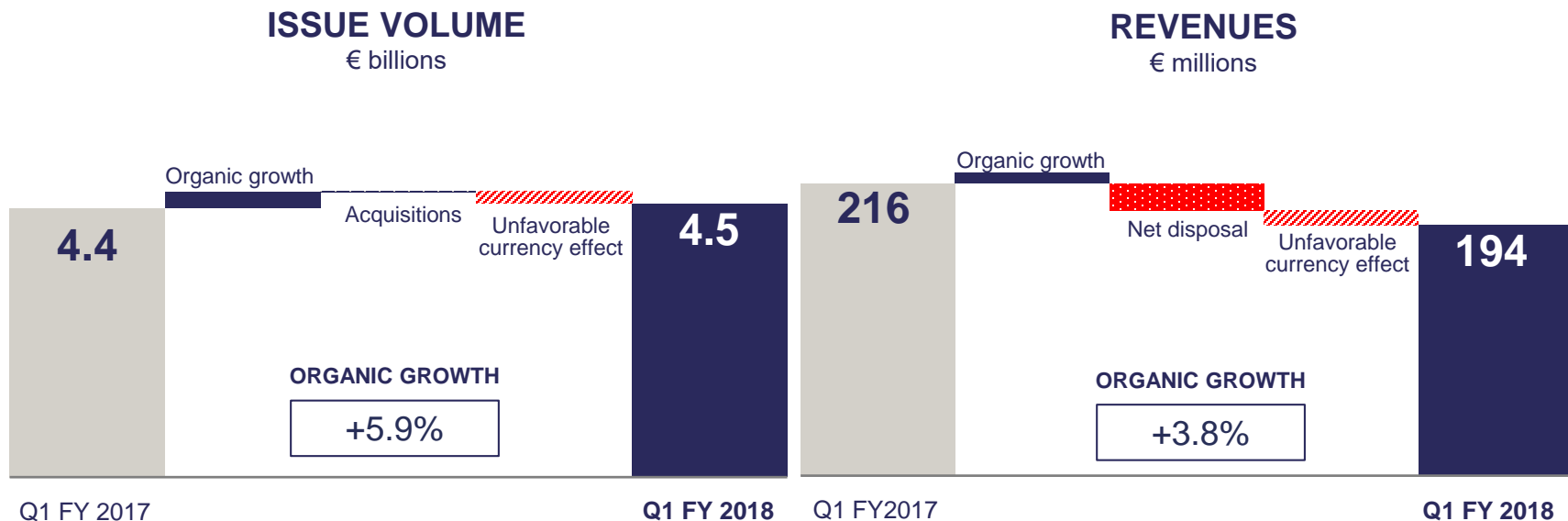
# ORGANIC GROWTH BY REGION

## On-site services



# ISSUE VOLUME AND REVENUES

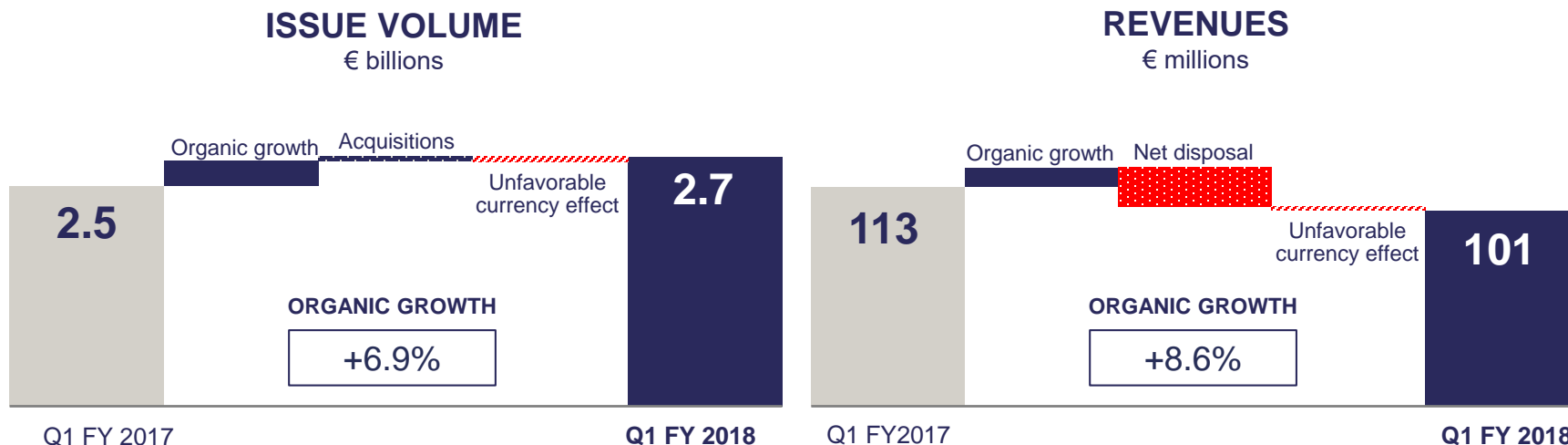
## Benefits & Rewards Services





# ISSUE VOLUME AND REVENUES - EUROPE, ASIA, USA

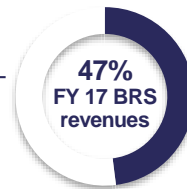
## Benefits & Rewards Services



- Robust growth in Central Europe
- Strong momentum in Incentive & Recognition
- Disposal of *Vivabox* US

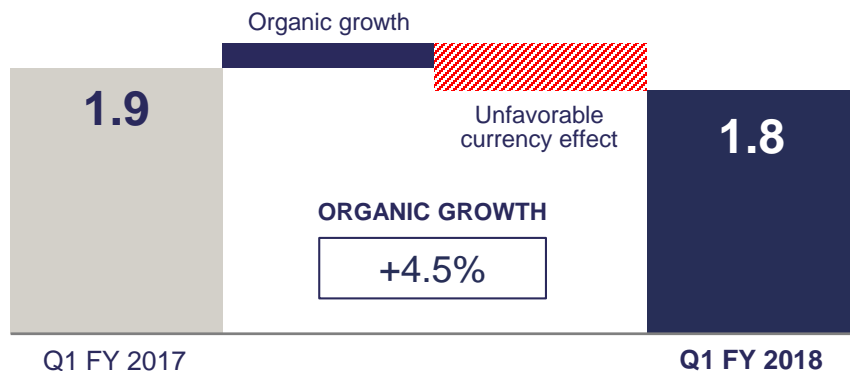
# ISSUE VOLUME AND REVENUES - LATIN AMERICA

## Benefits & Rewards Services



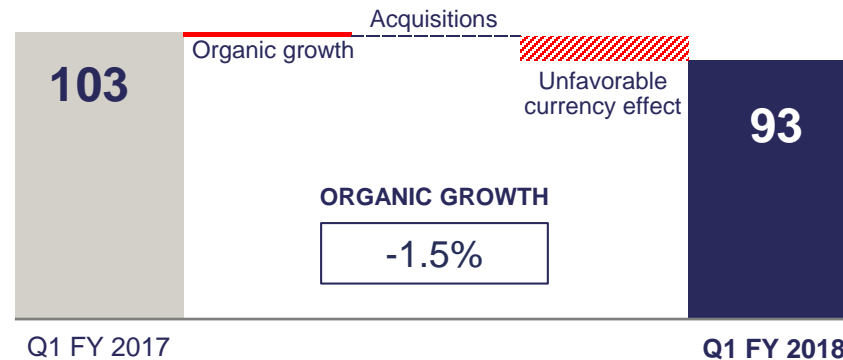
### ISSUE VOLUME

€ billions



### REVENUES

€ millions



- Falling interest rates and low inflation rate in Brazil
- Chile and Mexico growing strongly

## OUTLOOK FOR FISCAL 2018



3

# FISCAL 2018 OBJECTIVES MAINTAINED

## Outlook

- France positive but soft environment in Northern Europe
- Improvement in Energy & Resources and continuous strong growth in developing economies
- North America impacted by lack of growth in Education and Health Care



**Organic revenue growth  
of between 2 and 4%**  
excluding 53<sup>rd</sup> week impact

- Further substantial cost savings this year as part of the Adaptation and Simplification program
- Significant investment to enhance growth



**Underlying operating  
profit margin maintained  
at 6.5%**  
(excluding currency effects)

### 53<sup>rd</sup> week impact

The 53<sup>rd</sup> week adjustment is linked to the change from weekly to monthly accounting as from September 2017 in North America. 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 53<sup>rd</sup> week effect is the equivalent of six more days of trading which will not reoccur in Fiscal 2018. The Impact of the 53<sup>rd</sup> week was estimated at +0.7% on Fiscal 2017 revenues and therefore -0.7% for Fiscal 2018 revenues.

**Q&A**

# APPENDICES

1. Q1 Fiscal 2018 exchange rates
2. Alternative Performance Measure definitions
3. Financial calendar
4. Sodexo key figures
5. Investor Relations contacts

# Q1 FISCAL 2018 EXCHANGE RATES

## Appendix 1

1€ =	Average rate Q1 Fiscal 18	Reference rate Fiscal 17	Change average rates Q1 Fiscal 18 vs. Reference Fiscal 17	Closing rate Q1 Fiscal 18 at 30/11/2017	Change 30/11/17 vs. 31/08/17
<b>U.S. Dollar</b>	<b>1.176</b>	1.099	-6.5%	1.185	-0.2%
<b>Pound Sterling</b>	<b>0.886</b>	0.867	-2.2%	0.880	+4.5%
<b>Brazilian Real</b>	<b>3.791</b>	3.526	-7.0%	3.867	-3.3%

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 2

### 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.

### Underlying Operating profit

Operating profit excluding other operating income and other operating expenses. 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.

### Underlying Operating margin

Underlying Operating profit divided by Revenues.

### 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 2017 and Fiscal 2018 in Venezuelan Bolivar have been converted at the exchange rate of USD 1 = 3,345 VEF (vs. 3,250 VEF for Fiscal 2017).



# FINANCIAL CALENDAR

## Appendix 3

<b>Annual Shareholders' Meeting 2018</b>	<b>January 23, 2018</b>
<b>Dividend Ex-date</b>	<b>February 1, 2018</b>
<b>Dividend Record date</b>	<b>February 2, 2018</b>
<b>Dividend payment date</b>	<b>February 5, 2018</b>
<b>1<sup>st</sup> half results – Fiscal 2018</b>	<b>April 12, 2018</b>
<b>Nine month revenues, Fiscal 2018</b>	<b>July 5, 2018</b>
<b>Capital Markets Day</b>	<b>September 6, 2018</b>
<b>Annual results, Fiscal 2018</b>	<b>November 8, 2018</b>
<b>Annual Shareholders' Meeting 2019</b>	<b>January 22, 2019</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 4



€20.7bn revenues



427,000 employees



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



100 million consumers served daily



80 countries



€17bn market capitalization  
January 10, 2018

- **Founded in 1966 by Pierre Bellon**
- **Main Shareholders as 31/08/2017:**
  - > Bellon S.A 40.4% of capital (55.8% of actual voting rights)
  - > International Institutional investors 37.7%

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



**FORTUNE**  
WORLD'S MOST  
**ADMIRED**  
COMPANIES 2017



Strong Investment  
Grade S&P “A-/A-1”

# INVESTOR RELATION CONTACT

Appendix 5

## Head of Investor Relations

■ Virginia JEANSON  
Tel: + 33 1 57 75 80 56  
[virginia.jeanson@sodexo.com](mailto:virginia.jeanson@sodexo.com)

## Investor Relations Manager

■ Sarah JAMALI-KLEIN  
Tel: + 33 1 57 75 83 68  
[sarah.jamali@sodexo.com](mailto:sarah.jamali@sodexo.com)

## Investor Relations Coordinator

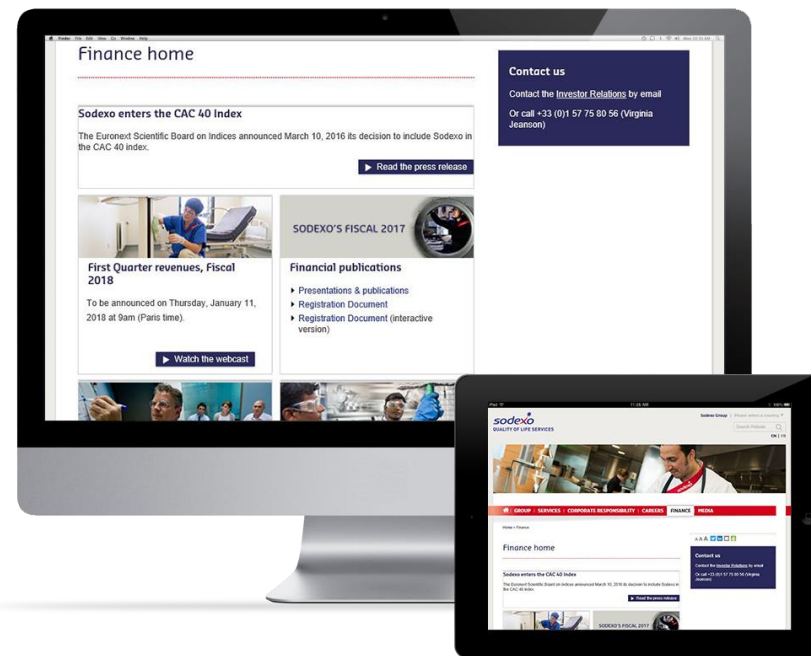
■ Cynthia CATTY  
Tel: + 33 1 57 75 80 54  
[cynthia.catty@sodexo.com](mailto:cynthia.catty@sodexo.com)

## Sodexo

255 Quai de la Bataille de Stalingrad  
92130 Issy-Les-Moulineaux

Email: [communication.financiere@sodexo.com](mailto:communication.financiere@sodexo.com)

[www.sodexo.com](http://www.sodexo.com)



**Thank you!**