FINANCIAL REPORT FIRST HALF FISCAL 2014

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ACTIVITY REPORT FOR THE FIRST HALF OF FISCAL 2014

At the Board of Directors' meeting on April 15, 2014, chaired by Pierre Bellon, Sodexo Chief Executive Officer Michel Landel presented the Group's performance for the first half of Fiscal 2014 which ended on February 28, 2014.

1 KEY FIGURES

(in millions of euro)	**First Half Fiscal 2014** (as of February 28, 2014)	**First Half Fiscal 2013** (as of February 28, 2013)	**Change** excluding currency effect	**Currency effect**	**Total change**
Revenues	**9,283**	**9,460**	+2.8%	- 4.7%	- 1.9%
Organic growth	*+2.4%*	*+2.1%*			
Operating profit before exceptional expenses	**559**	**533**	+11.4%	-6.5%	+4.9%
Operating margin before exceptional expenses	**6.0%**	**5.6%**			
Exceptional expenses[1]	(30)	(50)			
Operating profit (reported)	**529**	**483**	+16.4%	-6.9%	+9.5%
Net financing costs	(85)	(85)			
Share of profit of other companies consolidated by the equity method	4	3			
Profit for the period before tax	**448**	**401**			
Income tax expense *Effective tax rate*	(158) *36%*	(153) *39%*			
Profit for the period	**290**	**248**			
Attributable to non-controlling interests	12	12			
Profit attributable to equity holders of the parent	**278**	**236**	+25.8%	-8%	+17.8%
Profit attributable to equity holders of the parent before exceptional expenses, net of tax	**297**	**267**	+17.2%	-5.7%	+11.5%

Note that the share of profit of certain companies consolidated by the equity method is included in Operating profit. See Note 6.2.2.

The first half of Fiscal 2013 has been presented in the same manner.

[1] Exceptional expenses related to the operational efficiency improvement program

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1.1 Revenues

Consolidated revenues for the first half of Fiscal 2014 were 9.3 billion euro. The decrease of 1.9% from the prior period included organic growth of 2.4% and a positive impact of 0.4% from changes in consolidation scope, offset by a sharply negative currency effect of 4.7%.

Organic growth

Organic revenue growth in the first half of Fiscal 2014 was 2.4%.

Organic growth in **On-site Services** of 1.9% was driven by higher business volumes in North America and the United Kingdom and Ireland.

Organic growth in **Benefits and Rewards Services** of 15.1% reflected continued strong momentum in Latin America and accelerated growth in Europe and Asia compared with the second half of Fiscal 2013.

1.2 Operating profit

Reported operating profit after share of profit of companies consolidated by the equity method was 529 million euro, up 9.5% at current exchange rates and 16.4% excluding the currency effect.

At the beginning of Fiscal 2013, Group senior management launched a program to improve operational efficiency and reduce costs. The objective of the program is to reduce on-site operating costs and achieve administrative cost savings, with annual savings increasingly affecting operating profit in Fiscal 2014 and Fiscal 2015. During the first half of Fiscal 2014 exceptional costs of 30 million euro were recognized in connection with this program, as follows:

- exceptional expenses which reduced gross margin: 13 million euro related to asset impairments and the cost of terminating certain under-performing contracts or activities; and
- exceptional expenses recorded in overheads: 17 million euro related in particular to various cost-cutting measures and restructuring costs in many countries worldwide.

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	Change	
			at current exchange rates	At constant exchange rates
Operating profit before exceptional expenses	**559**	**533**	**+4.9%**	**+11.4%**
Exceptional expenses:				
Included in gross profit	(13)	(30)		
Included in overheads	(17)	(20)		
Total	**(30)**	**(50)**		
Reported operating profit	**529**	**483**	**+9.5%**	**+16.4%**

Operating profit before these exceptional expenses was 559 million euro in the first half of Fiscal 2014, an increase of 4.9% from the prior period at current currency exchange rates and 11.4% excluding the currency effect.

This good performance and growth in On-site Services of more than 25% in Continental Europe and 17% in the Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites) reflects increasing demand from clients for integrated services, as well as rigorous management of operating costs.

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In addition, higher issue volumes and productivity gains from stringent cost control led to an increase in operating profit for the Benefits and Rewards Services of 17%.

The consolidated operating margin[1] was 6.0% versus 5.6% in the first half of Fiscal 2013, an increase of 40 basis points, or 50 basis points excluding currency effects.

All operating profit amounts presented in the remainder of this document exclude the exceptional expenses described above.

1.3 Net financing costs

Net financing costs of 85 million euro were unchanged from the prior year period. The Group's cash-generating financial model permitted a reduction in overall borrowing cost which was fully offset by a higher charge resulting from increased hyperinflation in Venezuela, which was recognized in accordance with IAS 29.

1.4 Income tax expense

Income tax expense increased by 5 million euro to 158 million euro for the first half of Fiscal 2014, reflecting the higher operating profit for the period. The effective tax rate for the first half of Fiscal 2014 was 36%.

1.5 Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent totaled 278 million euro, up 17.8% despite a negative impact from currency exchange rates.

1.6 Currency effects

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

	Change compared to the euro (%)	*(Exchange rate impacts, in millions of euro)* Revenues	Operating profit	Profit for the period
Euro/USD	-3.8%	(135)	(9)	(3)
Euro/BRL	-15.4%	(94)	(15)	(8)
Euro/GBP	-2%	(14)	(1)	(0)

The currency effect was determined by applying the average exchange rates for the first half of Fiscal 2013 to the amounts for the first half of Fiscal 2014.

In the first half of Fiscal 2014, the Group continued to apply the method described in Note 6.2.5 for converting the financial statements of its Venezuelan subsidiaries into euro. The exchange rate used was 1 U.S. dollar = 10.2 bolivars (or 1 euro = 14.1 bolivars).

[1] Operating margin before exceptional expenses related to the program to improve operational efficiency and reduce costs.

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2 ANALYSIS OF CHANGES IN REVENUE AND OPERATING PROFIT BY ACTIVITY

Revenues by activity

(in millions of euro)	**First half Fiscal 2014**	First half Fiscal 2013	Organic growth	Change at constant exchange rates	Change at current exchange rates
On-site Services					
North America	**3,579**	**3,602**	+3.8%	+3.8%	-0.6%
Continental Europe	**2,961**	**2,946**	+0.6%	+1.4%	+0.5%
Rest of the World	**1,635**	**1,838**	-0.3%	+0.1%	-11.1%
United Kingdom and Ireland	**707**	**700**	+3.1%	+2.9%	+1.1%
Total On-site Services	**8,882**	**9,086**	**+1.9%**	**+2.2%**	**-2.2%**
Benefits and Rewards Services	**404**	**380**	**+15.1%**	**+16.6%**	**+6.3%**
Elimination of intra-group revenues	**(3)**	**(6)**			
Total	**9,283**	**9,460**	**+2.4%**	**+2.8%**	**-1.9%**

Operating profit by activity[1]

(in millions of euro)	**First half Fiscal 2014**	First half Fiscal 2013	Change at constant exchange rates	Change at current exchange rates
On-site Services				
North America	**237**	**244**	+1.2%	-2.9%
Continental Europe	**128**	**103**	+25.2%	+24.3%
Rest of the World	**50**	**47**	+17.0%	+6.4%
United Kingdom and Ireland	**31**	**33**	-6.1%	-6.1%
Total On-site Services	**446**	**427**	**+8.2%**	**+4.4%**
Benefits and Rewards Services	**153**	**147**	**+17.0%**	**+4.1%**
Corporate expenses	**(42)**	**(40)**		
Elimination of intra-group revenues	**(3)**	**(6)**		
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	**5**	**5**		
Consolidated Total	**559**	**533**	**+11.4%**	**+4.9%**

[1] Excluding exceptional expenses recorded in the first half of Fiscal 2013 and the first half of Fiscal 2014 related to the operational efficiency improvement and cost reduction program.

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2.1 On-site Services

Revenues

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**	Acquisitions	Currency effect	**Change** at current exchange rates
On-site Services						
North America	**3,579**	3,602	**+3.8%**	-	-4.4%	**-0.6%**
Continental Europe	**2,961**	2,946	**+0.6%**	+0.8%	-0.9%	**+0.5%**
Rest of the World	**1,635**	1,838	**-0.3%**	+0.4%	-11.2%	**-11.1%**
United Kingdom and Ireland	**707**	700	**+3.1%**	-0.2%	-1.8%	**+1.1%**
TOTAL	**8,882**	**9,086**	**+1.9%**	**+0.3%**	**-4.4%**	**-2.2%**

On-site Services revenues totaled 8.9 billion euro. Organic growth of 1.9% was consistent with the prior year period. Revenues from Facilities Management services, which represented over one quarter of the consolidated total, continued to grow significantly and more quickly than foodservices revenues, confirming again the relevance of the Group's strategic positioning.

By client segment, On-site Services revenues were as follows:

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**
Corporate	**4,544**	4,714	**+1.8%**
Health Care and Seniors	**2,148**	2,174	**+2.1%**
Education	**2,190**	2,198	**+1.8%**
TOTAL	**8,882**	**9,086**	**+1.9%**

- Organic growth in the **Corporate** segment was **1.8%** in the first half of Fiscal 2014, resulting from three diverging trends:
  - sustained demand from companies in North America, Europe and emerging markets for multiservice contracts with a significant technical maintenance component.

- contrasted with:
  - a sharp decrease (4.6%) in the Remote Sites activity, particularly in the mining sector, in Africa, the Middle East, Australia and Latin America; and
  - lower volumes for foodservices in several countries, especially in Europe, reflecting continued client efforts to achieve additional cost savings and reduce headcount as well as decreases in consumer spending, particularly in France, the Netherlands, Italy and Spain.
- The initial benefits of sales development in North America in Fiscal 2013 were seen in the **2.1%** organic growth in the **Health Care and Seniors** segment. However, organic growth in Europe continues to be affected by modest sales.
- The **1.8%** organic growth recorded for **Education** was primarily fueled by excellent client retention rates in North America while the Group continued to apply its selective approach to new contracts in the public school sector in Europe.

Operating profit

Operating profit for On-Site Services totaled 446 million euro, up 8.2% (excluding the currency effect) compared with the prior year period. The rise was led by increases of more than 25% in Continental Europe and 17% in the Rest of the World region (Latin America, Africa, the Middle East, Asia, Australia and Remote Sites). This performance reflects growing client demand for integrated services as well as the Group's rigorous management of operating costs.

Analysis by geographic region, On-site Services

North America

Revenues

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**	**Acquisitions**	**Currency effect**	**Total growth**
Corporate	**820**	792	**+8.7%**			
Health Care and Seniors	**1,224**	1,253	**+1.9%**			
Education	**1,535**	1,557	**+2.7%**			
TOTAL	**3,579**	**3,602**	**+3.8%**	**-**	**-4.4%**	**-0.6%**

On-site Services revenues in North America totaled 3.6 billion euro, with organic growth accelerating to 3.8% compared with 0.6% for Fiscal 2013.

Organic growth in the **Corporate** segment was 8.7%, its highest level since Fiscal 2007. The increase was mainly due to new Facilities Management contracts with clients such as Unilever and Walt Disney World Resorts, as well as the development of several large Remote Sites projects in Canada, including Suncor Fort Hills, La Romaine 3 and Talisman Energy.

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Sodexo won a large number of new contracts during the first half of Fiscal 2014, notably, Citigroup.

Health Care and Seniors revenues grew by **1.9%,** spurred by the gradual ramp-up of large contracts won in Fiscal 2013 with chains such as Manorcare, CHI and HCA.

The contracts won in this client segment during the first half of Fiscal 2014 included Covenant Care in Alberta, Canada, and USC Kenneth Norris Jr. Cancer Hospital in California and Wheaton Franciscan Hospital in Wisconsin in the United States.

In **Education**, organic revenue growth was **2.7%.** Despite the adverse impact of bad weather conditions in the second quarter of Fiscal 2014, Sodexo's teams managed to maintain good overall growth thanks to:

- high client retention rates and
- improved participation rates at schools and universities.

New contracts signed during the period included Jackson State University in Mississippi and William Rainer Harper College in Illinois.

Operating profit

On-site Services **operating profit** in North America amounted to 237 million euro, up 1.2% excluding the currency effect.

The numerous measures undertaken as part of the Group's structured approach to improving productivity began to have a favorable impact during the period, in particular with new progress in streamlining menus and efficiency gains in overheads.

However, these benefits were partly offset by the impact of start-up costs incurred for a large number of major contracts following a record year for business development in Fiscal 2013.

Operating margin was 6.6% compared to 6.8% for the first half of Fiscal 2013.

Continental Europe

Revenues

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**	**Acquisitions**	**Currency effect**	**Total growth**
Corporate	**1,728**	1,730	**+1.1%**			
Health Care and Seniors	**702**	702	**+0.4%**			
Education	**531**	514	**-1.0%**			
TOTAL	**2,961**	**2,946**	**+0.6%**	**+0.8%**	**-0.9%**	**+0.5%**

In Continental Europe, revenues totaled 3 billion euro, with organic growth of 0.6%.

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Performance was mixed across the various countries, with continued growth in Russia and Poland and improvement in Germany and Belgium compared with the prior year period, but with an ongoing decline in foodservices, particularly in France and the Netherlands.

The **1.1%** organic growth in the **Corporate** segment continued to reflect the relevance and success of its integrated services offerings with numerous clients across Europe. Facilities management services more than offset the decline in foodservices volumes that notably resulted from client staff reductions. Recent contract awards for Sodexo include the signature of a contract with Carlsberg to provide a wide range of services, including cleaning, reception services, grounds maintenance, foodservices and technical maintenance services for buildings and fire safety equipment, on 35 sites in ten countries.

In **Health Care and Seniors,** organic revenue growth was **0.4%**, slightly higher than for the prior year period despite only a modest increase in site revenues and a weaker client retention rate for the past twelve months. Growth was mainly led by new Seniors contracts in the Benelux countries and contract wins with hospitals and clinics in France. These new contracts included the *Centre Hospitalier de la Région de Saint-Omer* and the *Clinique Générale d'Annecy* in France and the IFO (*Istituto Fisioterapici Ospitalieri*) in Italy.

Revenues in **Education** were down 1%, reflecting Sodexo's decision to exit certain insufficiently profitable contracts, particularly in Southern Europe, as well as pressure on school budgets in several countries. Nevertheless, the Group's teams recently won a number of major new contracts, including the public schools in Asnières-sur-Seine in France and *Taideyliopiston Sibelius Akatemia* in Finland.

Operating profit

At 128 million euro, **operating profit** from On-site Services in Continental Europe was up by 25 million euro (or more than 25%, excluding the currency effect), and operating margin rose sharply to 4.3% from 3.5% in the first half of Fiscal 2013. This performance primarily reflects rigorous management of all operating expenses and the initial benefits of the various initiatives in several European countries in connection with the operational efficiency improvement program. The French *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE) tax credit partially offset increases in payroll taxes in recent years.

Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites)

Revenues

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**	**Acquisitions**	**Currency effect**	**Total growth**
Corporate	**1,493**	1,697	**-1.4%**			
Health Care and Seniors	**81**	84	**+12.5%**			
Education	**61**	57	**+15.2%**			
TOTAL	**1,635**	**1,838**	**-0.3%**	**+0.4%**	**-11.2%**	**-11.1%**

In the Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites), Sodexo reaffirmed its leadership in emerging and high potential markets and reported revenues of 1.6 billion euro for the first half of Fiscal 2014. Unfavorable exchange rates weighed on revenues by over 200 million euro.

Excluding the currency effect, organic growth in revenues for the Rest of the World segment remained stable at +0.1%:

- The Remote Sites segment, which represented 45% of total Rest of the World revenues in Fiscal 2013, reported a nearly 8% revenue decline due to delayed investment in new projects by mining sector clients and remote site closures in Fiscal 2013 upon completion of the related projects.
- Excluding the Remote Sites activity, organic growth in the Rest of the World was 7.1%. In certain regions such as India, South-East Asia, Colombia and Gabon, organic growth was in the double digits.

In the **Corporate** segment, revenues declined by **1.4%** at constant exchange rates. Excluding Remote sites, organic growth in emerging countries with strong medium term growth was 7.3%.

Sodexo's dynamic sales performance during the period resulted in contract wins including BHP Billiton Cerro Matoso, COMFAMA and Unysis in Colombia, Enel in Chile, Apache Energy in Australia, Goodyear Tyres and Tetra Pak India in India, the Knesset in Israel, Mondelez International in Peru and Shanghai Mitsubishi Electric Ltd in China.

Organic growth in **Health Care and Seniors** was 12.5%, reflecting solid business development, especially in Brazil and Asia, with contracts such as Mater Dei Hospital Belo Horisonte in Brazil, Clinica Universitaria Boliviariana in Columbia and the Beijing Jishuitan Hospital in China. This steady and sustained growth attests to Sodexo's proven international expertise in the Health Care and Seniors market.

In **Education**, the Group also continued to expand in emerging markets and leverage its expertise and in-depth knowledge of this segment for numerous clients, especially in South-East Asia and India. Organic growth was 15.2%. Sodexo's teams won a number of major contracts during the period, including Panyapiwat Institute of Management in Thailand and Universidad Santo Tomas in Chile.

Operating profit

Excluding the currency effect, On-site Services operating profit in the Rest of the World rose 17% to 50 million euro. The Group continued to successfully integrate Puras in Brazil and generate operating synergies during the period. Rigorous cost management at sites across the regions contributed to a 3.1% operating margin compared to 2.6% for the first half of Fiscal 2013.

United Kingdom and Ireland

Revenues

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013	**Organic growth**	**Acquisitions**	**Currency effect**	**Total growth**
Corporate	**503**	495	**+3.7%**			
Health Care and Seniors	**141**	135	**+6.9%**			
Education	**63**	70	**-8.4%**			
TOTAL	**707**	**700**	**+3.1%**	**-0.2%**	**-1.8%**	**+1.1%**

Revenues for the United Kingdom and Ireland totaled 707 million euro and organic growth in the region was 3.1%.

In the **Corporate** segment, revenues for the first half of Fiscal 2014 were up by a solid 3.7%, once again reflecting increased demand for integrated services and the extension of services provided to existing clients, such as GSK, BAe Systems and AstraZeneca. The segment's performance during the period was also boosted by the start of a major new Justice Services contract with Northumberland prison.

In **Health Care and Seniors**, organic growth remained brisk, at **6.9%,** as a result of the expansion of services provided to several hospitals, such as Brighton and Sussex and North Staffordshire University Hospitals.

In the **Education** segment, Sodexo won a prestigious contract during the first half of Fiscal 2014 with University College London.

Operating profit

On-site Services operating profit in the United Kingdom and Ireland amounted to 31 million euro, down 6.1% excluding the currency effect.

Despite major on-site productivity efforts made by the teams during the period, operating margin contracted to 4.4% from 4.7%. It should be noted that the first half of Fiscal 2013 benefited from the London Paralympic Games.

2.2 Benefits and Rewards Services

Issue volume

(in millions of euro)	First Half Fiscal 2014	First Half Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	4,038	3,840	+19.4%			
Europe and Asia	4,300	4,134	+4.6%			
TOTAL	8,338	7,974	+11.7%	+1.3%	-8.5%	+4.5%

Revenues

(in millions of euro)	First Half Fiscal 2014	First Half Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	223	206	+23.4%			
Europe and Asia	181	174	+5.1%			
TOTAL	404	380	+15.1%	+1.5%	-10.3%	+6.3%

Benefits and Rewards Services issue volume was 8.3 billion euro. Organic growth in issue volume remained robust, accelerating to **11.7%**.

Benefits and Rewards Services revenues for the first half of Fiscal 2014 totaled 404 million euro, up 6.3% from the prior year period. Unfavorable exchange rates reduced revenues by 10.3% during the period but **organic revenue growth** was excellent, accelerating to **15.1%**.

In **Latin America**, organic revenue growth came in at **over 23%**, thanks to:

- solutions offered to a still increasing number of beneficiaries; and
- higher face values of issued vouchers and cards in Brazil and Venezuela.

In **Europe and Asia**, organic growth rose to **5.1%** as a result of robust sales performances by the Group's teams in Turkey, Central Europe and Asia.

Recent commercial successes include contracts with Santander in Brazil with 22,000 Pass Culture beneficiaries, *Consorcio Viario Zona Leste* and *OAS Engenharia e Participaçoes Ltda* in Brazil, *Les Mousquetaires* in France, *UCZ Magazacilik veTicaret AS* in Turkey and *Bharat Petroleum* in India.

Operating profit

Operating profit from Benefits and Rewards Services was 153 million euro, up 17% excluding the currency effect compared with the first half of Fiscal 2013. The year-on-year increase reflected higher issue volume and tight control over operating expenses. At the same time, Sodexo continued to make investments during the period in research into quality of life services and in development.

The operating margin (at current exchange rates) was 37.9% versus 38.7% in the prior year period.

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3 CONSOLIDATED FINANCIAL POSITION

3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	**First Half Fiscal 2014**	First Half Fiscal 2013
Net cash provided by operating activities	**182**	37
Net cash used in investing activities	**(184)**	(185)
Net cash used in financing activities	**(127)**	(59)
Decrease in net cash and cash equivalents	**(129)**	**(207)**

Net cash provided by operating activities was 182 million euro, a net improvement over the first half of Fiscal 2013 and notably resulted from an improvement in client collections in a number of countries.

Net cash used in investing activities totaled 184 million euro and included:

- 141 million euro (approximately 1.6% of revenues) in net capital expenditure and client investments;
- 48 million euro for acquisitions, primarily related to Sodexo's taking a controlling interest in Crèche Attitude, a French company, increasing its shareholding to 100% from a 35% minority stake at the end of Fiscal 2013.

The seasonality of the Group's activities as well as the payment of Sodexo SA's dividend (247 million euro in February 2014) generally lead to negative cash flow in the first half of the year before improving in the second half to generate positive cash flow for the full year.

Thus net cash flow for the first half of Fiscal 2014 was a negative 129 million euro.

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3.2 Condensed consolidated statement of financial position at February 28, 2014

(in millions of euro)	February 28, 2014	August 31, 2013		February 28, 2014	August 31, 2013
Non-current assets	6,554	6,625	Shareholders' equity	2 929	2 953
Current assets excluding cash	4,347	3,902	Non-controlling interests	46	37
Financial assets related to the Benefits and Rewards Services activity	785	734	Non-current liabilities	2 132	2 734
Cash and cash equivalents	1,186	1,347	Current liabilities	7 765	6 884
Total assets	**12,872**	**12,608**	**Total liabilities and shareholders' equity**	**12 872**	**12 608**
			Net debt	**674**	478
			Net debt ratio	**23%**	16%

All line items in the consolidated statement of financial position at February 28, 2014 were impacted by the negative currency effect resulting mainly from variations in the U.S. dollar, Brazilian real and British pound against the euro.

As of February 28, 2014, the Group had total borrowings of 2,596 million euro. The main borrowings were two euro-denominated bond issues for a total of 1,409 million euro and two U.S. private placement issues for a total of 960 million U.S. dollars (after 140 million U.S. dollars was repaid in September 2013). The remainder comprised various bank loans and lease liabilities, as well as derivative financial instruments.

At February 28, 2014 net debt of 674 million euro represented 23% of consolidated shareholders' equity as compared to 33% at February 28, 2013 (and 16% at August 31, 2013) demonstrating Sodexo's very solid financial situation.

As of the end of the first half of Fiscal 2014, the Group had unused lines of credit totaling 674 million euro.

The average interest rate on borrowings was 5% for the first half of Fiscal 2014.

Cash and cash equivalents net of bank overdrafts totaled 1,138 million euro as of February 28, 2014. Cash investments by the Benefits and Rewards Services activity in instruments with maturities of more than three months totaled 405 million euro and the activity's restricted cash was 380 million euro.

Total cash (which includes investments and restricted cash of the Benefits and Rewards Services activity) totaled 1,923 million euro, of which 1,586 million euro related to the Benefits and Rewards Services activity.

Refinancing and reimbursement of borrowings

On March 4, 2014, after the end of the first half of Fiscal 2014, Sodexo borrowed 1.1 billion U.S. dollars through a private placement with U.S. investors (U.S. Private Placement) with maturities of 5, 7, 10, 12, and 15 years. This new financing allowed Sodexo to:

- refinance the Group's 500 million euro bond issue that matured on March 28, 2014 as well as 290 million euro drawn down on its syndicated loan;
- further extend the maturity of its borrowings; and
- rebalance the currency profile of its borrowings in line with the operating activities of the Group.

4 ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Sodexo has again received important distinctions for its commitment to economic, social and environmental responsibility. For example:

- Sodexo is among the "World's Most Admired Companies" according to Fortune Magazine's 2014 corporate reputation survey which ranks 700 companies from 30 countries on nine criteria were rated from social responsibility to global competitiveness.
- In February 2014, for the seventh consecutive year Sodexo confirmed its leadership in corporate social responsibility when it was classified as the industry's best-performing company in the benchmark RobecoSAM "Sustainability Yearbook 2014". The Group was given the award for **Industry Leader** as well as a **Gold Class** sustainability award.
- In November 2013, Sodexo received the Safety Award at the 2013 Energy Institute ceremony for its Well Track program aimed at helping to improve the health and well-being of people who work offshore. Well Track is an innovative integrated services program that combines On-site Services, Benefits and Rewards Services, and Personal and Home Services. Designed in collaboration with the University of Aberdeen, it provides offshore employees with the opportunity to take control of their health with the support of specialist coaches, and to reduce the stress factors resulting from rotations between home life and life offshore.
- In December 2013, Sodexo in Colombia was honored with the "Premio Portafolio 2013" given by the Colombian president. Premio Portafolio is the country's most prestigious award granted to institutions and individuals that promote Colombia's social, economic, environmental or academic development. Sodexo was recognized for its contribution to the peace process, recruiting people who had formerly taken part in the armed conflict.

5 CORPORATE GOVERNANCE

Board of Directors: appointment of Sophie Bellon as Vice President of the Board of Directors

At its meeting on November 29, 2013, Sodexo's Board of Directors appointed Sophie Bellon as Vice Chairman of the Board, with a view to her succeeding Pierre Bellon (Chairman and Founder of Sodexo) as Chairman of the Board of Directors in two years' time. This decision will be submitted for approval at the Annual Shareholders' Meeting to be held on Tuesday, January 19, 2016.

The Board of Directors, in agreement with the Group Chief Executive Officer Michel Landel, has given Sophie Bellon responsibility to accelerate the Group's research, development and innovation strategy with a specific focus on Quality of Life Services.

Sophie Bellon became a member of the Board of Directors of Sodexo in 1989. After ten years of experience working in the United States, she joined the Group in France in 1994 where she held various positions: Project Manager in the finance department, Director of Strategic Control, Group Director of Client Relations, and Managing Director for Sodexo's Corporate segment in France. Through these roles, she has gained extensive knowledge of the Group, its clients and its teams and has directly participated in the principal stages of its development, including Sodexo's expansion in the United States and the deployment of the comprehensive Quality of Life Services offering.

Enlarged Executive Committee

In line with Sodexo's strategy of developing its unique Quality of Life Services offering, in January 2014 Michel Landel, Group Chief Executive Officer, announced several new appointments to the Group's Executive Committee, following approval of his recommendations by the Board of Directors.

This Executive Committee comprises six women and eight men from six different countries, reflecting all of Sodexo's activities and client segments, as well as its truly international dimension.

One of the principal missions of the Group Executive Committee over the coming years will be to define and implement the next steps required to transform Sodexo from its current country-based structure into a truly global group organized by worldwide client segment.

Until January 2014, the Group Executive Committee, chaired by **Michel Landel**, Group Chief Executive Officer, comprised the following members:

- **Elisabeth Carpentier**, Group Chief Human Resources Officer
- **George Chavel**, Chief Executive Officer, North America, On-site Services
- **Pierre Henry,** Chief Executive Officer, On-site Services Europe and Chairman of Benefits and Rewards, and Personal and Home Services, also appointed Vice Chairman of the Group Executive Committee
- **Siân Herbert-Jones**, Group Chief Financial Officer
- **Nicolas Japy**, Chief Executive Officer, Remote Sites and Asia-Australia, On-site Services
- **Damien Verdier**, Group Chief Marketing and Strategic Planning Officer

Effective January 2014, the Group Executive Committee also includes the following members:

- **Ana Busto**, Group Chief Brand and Communications Officer
- **Patrick Connolly**, President, Health Care Market, North America, On-site Services
- **Lorna Donatone**, President, Education Market, North America, On-site Services
- **Denis Machuel**, Chief Executive Officer, Benefits and Rewards Services
- **Satya-Christophe Menard**, Chief Executive Officer, South America, On-site Services
- **Sylvia Metayer**, President of International Large Accounts
- **Debbie White,** Chief Executive Officer, UK and Ireland, On-site Services

6 RELATED PARTY TRANSACTIONS

The main related party transactions are presented in Notes 6.4.7 and 6.4.8 to the consolidated financial statements.

7 MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the Group in the second half of Fiscal 2014 are not materially different from those described in the "Risk Factors" section of the Fiscal 2013 Registration Document filed with the Autorité des Marchés Financiers on November 18, 2013, with the exception of the risks and uncertainties related to Sodexo's operations in Venezuela as described below.

Currency risk

One of the Group's countries of operations is Venezuela. Since Fiscal 2010, the Group decided to discontinue use of the official exchange rate published by the Venezuelan government (1 U.S. dollar = 6.3 bolivars as of February 28, 2014). The financial statements for the first half of Fiscal 2014 of subsidiaries operating in Venezuela were translated at the rate used for the financial statements for the fiscal year ended August 31, 2013, which is the rate observed for the most recent transactions, which occurred in Fiscal 2012 (*i.e.*, 1 U.S. dollar = 10.20 bolivars, and 1 euro = 14.0893 bolivars at February 28, 2014).

On March 24, 2014, the Venezuelan government created a new foreign exchange platform called SICAD 2 (Alternative Currencies Exchange System). Since the launch of this system, the exchange rate has ranged from 50 to 52 bolivars for 1 U.S. dollar. The terms and conditions for participating in SICAD 2 are fairly complex, as individuals and entities are required to make documented requests for currency on a daily basis which must be approved by the Venezuelan Central Bank. The volumes observed during the platform's first five days of trading were very low and were not sufficient to conclude that the applicable rates are representative of an active and stable market. Given that this system has only recently been created and the low current trading volumes, the Group considers that it is premature to conclude that it will use the new system and therefore has not used a SICAD 2 based exchange rate to translate the financial statements of its Venezuelan subsidiaries as of February 28, 2014. The Group is continuing to monitor developments concerning this new system. The use of an exchange rate based on current SICAD 2 rates to translate the accounts of Sodexo's Venezuelan subsidiaries could have a negative impact on the consolidated financial statements. A sensitivity analysis based on changes in the exchange rate of the bolivar against the euro is provided in Note 6.2.5. to the interim consolidated financial statements.

8 OUTLOOK

At the April 15, 2014 Board of Directors' meeting, Michel Landel reminded the Board of the relevance of the Group's long-term strategy, founded on a unique Quality of Life Services offering, a global network in 80 countries for its activities and uncontested leadership in emerging countries.

During this meeting he confirmed his confidence in the Group's ability to meet its medium-term objectives and noted that senior management is now focusing more than ever on enhancing competitiveness. In addition, the initiatives pursued for several years will enable Sodexo to continue its investments in particular in the area of human resources to support its growth and accelerate its transformation.

Strengthened by its first-half performance, Sodexo confirms its objectives for the current fiscal year, namely:

- **Organic revenue growth between 2.5% and 3%**;
- **Around 11% growth in operating profit** (at constant exchange rates and excluding the impact of the exceptional costs related to the program to improve operational efficiency).

Accordingly the Group is targeting **an operating margin of 5.6%** for Fiscal 2014 (at Fiscal 2013 exchange rates), an increase of 0.4% compared with Fiscal 2013.

In addition and for Fiscal 2015, Sodexo is targeting a consolidated operating margin of 6% at Fiscal 2013 exchange rates.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	First Half Fiscal 2014	First Half Fiscal 2013
Revenues	6.3	**9,283**	**9,460**
Cost of sales	6.4.4	(7,850)	(8,048)
Gross profit		**1,433**	**1,412**
Sales department costs	6.4.4	(134)	(133)
General and administrative costs	6.4.4	(790)	(798)
Other operating income	6.4.4	35	15
Other operating costs	6.4.4	(20)	(18)
Operating profit (1)	6.3	**524**	**478**
Share of profit of companies consolidated by the equity method that that directly contribute to the Group's business		5	5
Operating profit after share of profit of the companies consolidated by the equity method which directly contribute to the Group's operations		**529**	**483**
Interest income	6.4.5	23	23
Financing costs	6.4.5	(108)	(108)
Share of profit of other companies consolidated by the equity method		4	3
Profit for the period before tax		**448**	**401**
Income tax expense	6.2.3	(158)	(153)
Profit for the period		**290**	**248**
Of which:			
Non-controlling interests		12	12
Profit attributable to equity holders of the parent		**278**	**236**
Basic earnings per share *(in euro)*	6.4.6	**1.83**	**1.57**
Diluted earnings per share *(in euro)*	6.4.6	**1.81**	**1.56**

(1) Including 30 million euro in costs recognized in the first half of Fiscal 2014 for the operational efficiency improvement and cost reduction program (50 million euro in the first half of Fiscal 2013).

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2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	**First Half Fiscal 2014**	**First Half Fiscal 2013**
Profit for the period	**290**	**248**
Components of other comprehensive income to be reclassified subsequently to profit or loss		
Change in fair value of available for sale financial assets	3	
Change in fair value of cash flow hedges	(6)	(5)
Change in fair value of cash flow hedges reclassified to profit or loss	6	7
Currency translation differences	(110)	(156)
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss		(1)
Share of other comprehensive income of companies consolidated by the equity method, net of tax	(2)	1
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gain (loss) on defined benefit pension plans		
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Total other comprehensive income (loss), after tax	**(109)**	**(154)**
Comprehensive income	**181**	**94**
Of which:		
Equity holders of the parent	171	83
Non-controlling interests	10	11

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	Notes	February 28, 2014	August 31, 2013
NON-CURRENT ASSETS			
Property, plant and equipment		533	540
Goodwill		4,780	4,803
Other intangible assets		535	528
Client investments		316	288
Companies consolidated by the equity method		61	78
Other non-current financial assets		120	118
Derivative financial instruments - assets		23	69
Other non-current assets		12	14
Deferred tax assets		174	187
Total non-current assets		**6,554**	**6,625**
CURRENT ASSETS			
Current financial assets		6	7
Derivative financial instruments - assets		46	39
Inventories		261	271
Income tax receivable		215	119
Trade and other receivables		3,819	3,466
Restricted cash and financial assets related to the Benefits and Rewards Services activity		785	734
Cash and cash equivalents	6.4.1	1,186	1,347
Total current assets		**6,318**	**5,983**
TOTAL ASSETS		**12,872**	**12,608**

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Liabilities and Shareholders' Equity

(in millions of euro)	Notes	February 28, 2014	August 31, 2013
SHAREHOLDERS' EQUITY			
Common stock		628	628
Additional paid-in capital		1,109	1,109
Reserves and retained earnings		1,192	1,216
Equity attributable to equity holders of the parent		**2,929**	**2,953**
Non-controlling interests		**46**	**37**
Total shareholders' equity	6.4.2	**2,975**	**2,990**
NON-CURRENT LIABILITIES			
Borrowings	6.4.3	1,224	1,895
Derivative financial instruments - liabilities		0	1
Employee benefits		364	372
Other non-current liabilities		217	214
Provisions		87	99
Deferred tax liabilities		240	153
Total non-current liabilities		**2,132**	**2,734**
CURRENT LIABILITIES			
Bank overdrafts		48	40
Borrowings	6.4.3	1,431	712
Derivative financial instruments - liabilities		10	19
Income tax payable		116	109
Provisions		116	116
Trade and other payables		3,377	3,347
Vouchers payable		2,667	2,541
Total current liabilities		**7,765**	**6,884**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**12,872**	**12,608**

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4 CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	First Half Fiscal 2014	First Half Fiscal 2013
Operating activities			
Operating profit		524	478
Elimination of non-cash and non-operating items			
Depreciation and amortization of tangible and intangible assets		125	140
Provisions		1	17
Gains and losses on disposals and other		(28)	1
Dividends received from companies consolidated by the equity method		5	8
Change in working capital from operating activities		**(194)**	**(353)**
Change in inventories		2	(1)
Change in trade and other receivables		(415)	(576)
Change in trade and other payables		101	56
Change in vouchers payable		174	215
Change in financial assets related to the Benefits and Rewards Services activity		(56)	(47)
Interest paid		(105)	(114)
Interest received		3	7
Income tax paid		(149)	(147)
Net cash provided by operating activities		**182**	**37**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(122)	(110)
Disposals of property, plant and equipment and intangible assets		21	5
Change in client investments		(40)	(3)
Change in financial assets		5	4
Acquisitions of subsidiaries		(48)	(81)
Dispositions of subsidiaries			
Net cash used in investing activities		**(184)**	**(185)**
Financing activities			
Dividends paid to parent company shareholders	6.4.2	(247)	(240)
Dividends paid to non-controlling shareholders of consolidated companies		(10)	(12)
Purchases of treasury shares	6.4.2	(13)	(46)
Dispositions of treasury shares	6.4.2	45	54
Increase in capital			
Acquisitions of non-controlling interests		(1)	(11)
Dispositions of equity investments without loss of control			
Proceeds from borrowings	6.4.3	262	237
Repayment of borrowings	6.4.3	(163)	(41)
Net cash used in financing activities		**(127)**	**(59)**
Change in net cash and cash equivalents		**(129)**	**(207)**
Net effect of exchange rates and other effects on cash		40	(48)
Net cash and cash equivalents, beginning of period		1,307	1,436
Net cash and cash equivalents, end of period	**6.4.1**	**1,138**	**1,181**

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5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Total shareholders' equity		
(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and comprehensive income	Currency translation differences	Attributable to equity holders of the parent	Non-controlling interests	Total
Notes					**6.4.2**	**6.4.2**			
Shareholders' equity as of August 31, 2012	**157,132,025**	**628**	**1,109**	**(416)**	**1,867**	**(154)**	**3,034**	**35**	**3,069**
Profit for the period					236		236	12	248
Other comprehensive income, net of tax					2	(155)	(153)	(1)	(154)
Comprehensive income					**238**	**(155)**	**83**	**11**	**94**
Dividends paid					(240)		(240)	(9)	(249)
Increase in share capital									
Treasury shares				11			11		11
Share-based payment (net of income tax)					8		8		8
Other					2		2	2	4
Shareholders' equity as of February 28, 2013	**157,132,025**	**628**	**1,109**	**(405)**	**1,875**	**(309)**	**2,898**	**39**	**2,937**

							Total shareholders' equity		
(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and comprehensive income	Currency translation differences	Attributable to equity holders of the parent	Non-controlling interests	Total
Notes					**6.4.2**	**6.4.2**			
Shareholders' equity as of August 31, 2013	**157,132,025**	**628**	**1,109**	**(392)**	**2,102**	**(494)**	**2,953**	**37**	**2,990**
Profit for the period					278		278	12	290
Other comprehensive income, net of tax					1	(108)	(107)	(2)	(109)
Comprehensive income					**279**	**(108)**	**171**	**10**	**181**
Dividends paid					(247)		(247)	(6)	(253)
Increase in share capital									
Treasury shares				35			35		35
Share-based payment (net of income tax)					11		11		11
Other					6		6	5	11
Shareholders' equity as of February 28, 2014	**157,132,025**	**628**	**1,109**	**(357)**	**2,151**	**(602)**	**2,929**	**46**	**2,975**

The following notes are an integral part of the interim condensed consolidated financial statements.

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6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sodexo SA is a *société anonyme* (a form of limited liability company) domiciled in France, with its headquarters located in Issy-les-Moulineaux.

The interim condensed consolidated financial statements were approved by the Board of Directors on April 15, 2014.

6.1 Significant events

As described in Note 6.4.9, “Subsequent Events,” the Group has borrowed 1.1 billion U.S. dollars through a private placement with U.S. investors (U.S. Private Placement) with maturities of 5, 7, 10, 12, and 15 years. This borrowing was used to refinance the Group’s 500 million euro bond issue that matured on March 28, 2014, and to extend the average maturity of its borrowings.

6.2 Basis of preparation of the financial statements

6.2.1 General principles

The interim condensed consolidated financial statements for the six months ended February 28, 2014 have been prepared in accordance with IAS 34 “Interim Financial Reporting*”* as published by the IASB and adopted by the European Union. They do not include all of the disclosures required for complete annual financial statements and should be read in conjunction with the consolidated financial statements of the Sodexo Group for the year ended August 31, 2013, except for certain interim reporting requirements as described below.

Amounts in tables are expressed in millions of euro unless otherwise indicated.

6.2.2 Standards and interpretations

The accounting policies applied by the Group in the interim consolidated financial statements are the same as those used in the annual consolidated financial statements for the year ended August 31, 2013, except for the new standards and amendments described below.

The new standards, interpretations and amendments to existing standards whose application was mandatory for the Group as from the fiscal year beginning September 1, 2013 did not have a material impact on the interim consolidated financial statements. In particular, the retrospective application of IAS 19 revised “Employee Benefits,” which requires that (i) the expected return on plan assets be measured using the discount rate applied to measure the defined benefit obligation, and (ii) certain costs related to the administrative management of some pension funds be recognized as an expense, did not have a material impact on profit for the period or the consolidated statement of financial position at February 28, 2013. Likewise, there was no material impact on the interim consolidated financial statements as a result of applying IFRS 13 “Fair Value Measurement,” which was mandatory for the Group effective September 1, 2013.

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The Group elected to early adopt IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities,” as well as the amended versions of IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures.” The application of these new and amended standards did not have a material impact on the Group’s scope of consolidation.

The Group has not early adopted any other standards or interpretations not required to be applied in Fiscal 2014.

The Group’s share of profit of companies consolidated by the equity method is included either in “Operating profit after share of profit of companies consolidated by the equity method that directly contribute to the Group’s business” or below the line as part of “Profit for the period before tax”, depending on the type of operations carried out by each of the entities concerned.

The Group does not apply IFRS standards and interpretations that have not been approved by the European Union as of the end of the period.

6.2.3 Specific interim reporting requirements

Income tax expense

Income tax expense (current and deferred) in the interim condensed consolidated financial statements is computed by applying the estimated average annual tax rate for the current fiscal year to each tax reporting entity’s pre-tax profit for the first half of the year. The resulting deferred tax charge or benefit is recognized in deferred tax assets or deferred tax liabilities in the statement of financial position.

Post-employment and other long-term employee benefits

The expense for post-employment and other long-term employee benefits is computed as one-half of the annual charge estimated as of August 31, 2013. There were no material plan amendments in the first half of Fiscal 2014.

Operational efficiency improvement and cost reduction program

In order to reinforce its competitiveness, the Group has implemented an operational efficiency improvement and cost reduction program starting in the first half of Fiscal 2013. The costs related to this program are reported in the relevant operating expense items based on the their function, and in the “unallocated” column in “Segment information.” These costs mainly relate to net contract termination costs (including impairment losses on assets dedicated to the these contracts and in certain cases, provisions for loss-making contracts) and reorganization charges.

6.2.4 Use of estimates

The preparation of the interim condensed consolidated financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions that may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenues and expenses for the period.

These estimates and assumptions are reassessed continuously based on past experience and on various other factors considered reasonable in light of current circumstances, which constitute the basis for assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subjected to such estimates and assumptions are the same as those described in the consolidated financial statements for the year ended August 31, 2013 (provisions for litigation, derivative instruments, post-employment defined benefit plan assets and liabilities, goodwill and other intangible assets, impairment of current and non-current assets, deferred taxes, and share-based payments).

6.2.5 Changes in principal currency exchange rates

The following table presents changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of Fiscal 2013.

Currency	Closing rate as of February 28, 2014	Average rate for First Half Fiscal 2014	Closing rate as of February 28, 2013	Average rate for First Half Fiscal 2013
Dollar (USD)	1.3813	1.3596	1.3129	1.3082
Pound sterling (GBP)	0.8263	0.8356	0.8630	0.8189
Real (BRL)	3.2120	3.1461	2.5871	2.6619
Bolivar (VEF)	14.0893	14.0893	13.392	13.392

Since Fiscal 2010, the Group no longer uses the official exchange rate published by the Venezuelan government (*i.e.,* 1 U.S. dollar = 6.3 bolivars as of February 28, 2014). The financial statements for the first half of Fiscal 2014 of subsidiaries operating in Venezuela have been translated at the rate used for the financial statements for the fiscal year ended August 31, 2013, corresponding to the rate observed for the most recent transactions carried out in Fiscal 2012 (*i.e.*, 1 U.S. dollar = 10.20 bolivars, and 1 euro = 14.0893 bolivars).

On March 24, 2014, the Venezuelan government created a new foreign exchange platform called SICAD 2 (Alternative Currencies Exchange System). Since the launch of this system, the exchange rate has ranged from 50 to 52 bolivars for 1 U.S. dollar. The terms and conditions for participating in SICAD 2 are fairly complex, as individuals and entities are required to make documented requests for currency on a daily basis which must be approved by the Venezuelan Central Bank. The volumes observed during the platform's first five days of trading were very low and were not sufficient to conclude that the applicable rates are representative of an active and stable market. Given that this system has only recently been created and the low current trading volumes, the Group considers that it is premature to conclude that it will use the new system and therefore has not used a SICAD 2 based exchange rate to translate the financial statements of its Venezuelan subsidiaries as of February 28, 2014.

A 10% depreciation of the bolivar compared with the rate used for the first half of Fiscal 2014 would have the following impact on the Group's main financial statement line items:

	First Half Fiscal 2014				
Currency	Impact on revenues	Impact on operating profit	Impact on profit attributable to equity holders of the parent	Impact on total cash and cash equivalents	Impact on shareholders' equity
Bolivar (VEF)	(4)	(2)	(0.3)	(17)	(6)

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6.3 Segment information

The Group's activities are monitored by the chief operating decision maker based on two business segments: On-site Services and Benefits and Rewards Services. The On-site Services activity is further segmented by geographic region.

The Group's operating segments are as follows:

- On-site Services, which is further segmented into the following geographic regions:
  - North America
  - Continental Europe
  - United Kingdom and Ireland
  - Rest of the World
- Benefits and Rewards Services.

First Half Fiscal 2014 (in millions of euro)	On-site Services					Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated[1]	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	3,579	2,961	707	1,635	8,882	401				9,283
Inter-segment revenues (Group)						3		(3)		
TOTAL	**3,579**	**2,961**	**707**	**1,635**	**8,882**	**404**		**(3)**		**9,283**
Segment operating profit[2]	237	128	31	50	446	153	(42)	(3)	(25)	529

(1) Corresponding to operational efficiency improvement and cost reduction program costs and the share of profit of companies consolidated by the equity method which directly contribute to the Group's operations.

(2) Including the share of profit of companies consolidated by the equity method which directly contribute to the Group's operations.

First Half Fiscal 2013 (in millions of euro)	On-site Services					Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated[1]	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	3,602	2,946	700	1,838	9,086	374				9,460
Inter-segment revenues (Group)						6		(6)		
TOTAL	**3,602**	**2,946**	**700**	**1,838**	**9,086**	**380**		**(6)**		**9,460**
Segment operating profit[2]	244	103	33	47	427	147	(40)	(6)	(45)	483

(1) Corresponding to operational efficiency improvement and cost reduction program costs and the share of profit of companies consolidated by the equity method which directly contribute to the Group's operations.

(2) Including the share of profit of companies consolidated by the equity method which directly contribute to the Group's operations.

6.4 Notes to the interim consolidated financial statements

6.4.1. Cash and cash equivalents

(in millions of euro)	**February 28, 2014**	**August 31, 2013**
Marketable securities	381	434
Cash	805	913
Sub-total: cash and cash equivalents	**1,186**	**1,347**
Bank overdrafts	(48)	(40)
Net	**1,138**	**1,307**

Marketable securities were 381 million euro at February 28, 2014 (434 million euro at August 31, 2013), as follows:

(in millions of euro)	**February 28, 2014**	**August 31, 2013**
Short-term notes	179	277
Term deposits	186	134
Listed bonds	2	1
Mutual funds and other	14	22
Marketable securities	**381**	**434**

6.4.2. Changes in shareholders' equity

As of February 28, 2014 a total of 4,753,336 Sodexo shares acquired at a cost of 269 million euro were held in treasury for allocation in connection with employee stock option and free share plans (5,620,453 Sodexo shares held as of August 31, 2013 acquired at a cost of 309 million euro).

During the first half of Fiscal 2014, Sodexo shares with a carrying amount of 45 million euro were delivered to employees upon exercise of stock options and additional Sodexo shares were repurchased at a total cost of 13 million euro. During the first half of Fiscal 2013, Sodexo shares with a carrying amount of 54 million euro were delivered to employees upon exercise of stock options and additional Sodexo shares were repurchased at a total cost of 46 million euro.

Dividends paid in the first half of Fiscal 2014 amounted to 247 million euro, representing 1.62 euro per share plus a dividend premium of 0.16 euro per share paid on shares registered in the name of the same holder (excluding treasury shares) since August 31, 2009. The number of shares eligible for this dividend premium is limited to 0.5% of the share capital for any single shareholder.

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Other comprehensive income for the first half of Fiscal 2014 was as follows:

(in millions of euro)	First Half Fiscal 2014 Change for the period (before tax)	First Half Fiscal 2014 Income tax (expense) benefit	First Half Fiscal 2014 Change for the period (after tax)	First Half Fiscal 2013 Change for the period (before tax)	First Half Fiscal 2013 Income tax (expense) benefit	First Half Fiscal 2013 Change for the period (after tax)
Available-for-sale financial assets	3		3			
Cash flow hedges	(2)		(2)	3	(1)	2
Currency translation adjustments	(108)		(108)	(155)		(155)
Total other comprehensive income (loss), after tax	**(107)**		**(107)**	**(152)**	**(1)**	**(153)**

6.4.3. Borrowings

(in millions of euro)	February 28, 2014 Current	February 28, 2014 Non-current	August 31, 2013 Current	August 31, 2013 Non-current
Bond issues	**1,407**	**0**	**542**	**883**
Euro	1,407	0	542	883
Bank borrowings[(1)]	**16**	**1,204**	**150**	**977**
U.S. dollar	16	694	124	725
Brazilian real			23	
Euro		510		252
Other currencies			3	
Finance lease obligations	**4**	**10**	**15**	**26**
Euro	3	8	4	9
Other currencies	1	2	11	17
Other borrowings[(2)]	**4**	**10**	**5**	**9**
Euro	1	5	2	5
Other currencies	3	5	3	4
Total excluding derivative financial instruments	**1,431**	**1,224**	**712**	**1,895**
Net fair value of derivative financial instruments	(36)	(23)	(20)	(68)
Total including derivative financial instruments	**1,395**	**1,201**	**692**	**1,827**

(1) Including the two U.S. Private Placements, for 500 million U.S. dollars (of which 140 million U.S. dollars was repaid in September 2013), and 600 million U.S. dollars respectively. These two loans are subject to financial covenants that the Group complied with as of February 28, 2013, August 31, 2013 and February 28, 2014.

(2) Including 4 million euro as of February 28, 2014 and August 31, 2013 in liabilities corresponding to commitments to acquire non-controlling interests in certain subsidiaries.

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Changes in borrowings during the first half of Fiscal 2014 were as follows:

(in millions of euro)	August 31, 2013	Increases	Repayments	Discounting effects and other	Translation adjustments	Changes in scope of consolidation	February 28, 2014
Bond issues	1,425		(17)	(1)			1,407
Bank borrowings	1,127	255	(128)	1	(38)	3	1,220
Finance lease obligations	41	5	(32)				14
Other borrowings	14	2	(2)				14
Total excluding derivative financial instruments	**2,607**	**262**	**(179)**	**0**	**(38)**	**3**	**2,655**
Net fair value of derivative financial instruments	(88)	4	(16)	20	21		(59)
Total including derivative financial instruments	**2,519**	**266**	**(195)**	**20**	**(17)**	**3**	**2,596**

In September 2013, the Group repaid the first 140 million U.S. dollar (104 million euro) tranche of its 500 million U.S. dollar U.S. Private Placement loan.

As of February 28, 2014, 89% of Group borrowings were at fixed rates of interest and the average cost of borrowings at that date was 5.0%. As of August 31, 2013, almost all of the Group's borrowings were at fixed rates and the average cost of borrowings was 5.8%.

July 2011 multicurrency confirmed facility

As of February 28, 2014, the facility was utilized in the amount of 505 million euro (250 million euro as of August 31, 2013).

In addition, as of February 28, 2014, the Group had unused lines of credit totaling 674 million euro (954 million euro as of August 31, 2013).

6.4.4. Operating expenses by nature

(in millions of euro)	First Half Fiscal 2014[1]	First Half Fiscal 2013[1]
Depreciation, amortization and impairment charges	(128)	(165)
Employee costs		
- Wages and salaries	(3,347)	(3,393)
- Other employee costs[2]	(1,022)	(1,024)
Purchases of consumables and change in inventory	(2,803)	(2,936)
Other operating expenses[3]	(1,459)	(1,464)
Total	**(8,759)**	**(8,982)**

[1] Including 30 million euro in costs recognized in the first half of Fiscal 2014 for the operational efficiency improvement and cost reduction program (50 million euro in the first half of Fiscal 2013).

[2] Primarily payroll taxes, but also including costs associated with defined-benefit plans, defined contribution plans, stock options and free shares.

[3] Other operating expenses mainly include operating lease expenses (150 million euro for the first half of Fiscal 2014 and 154 million euro for the first half of Fiscal 2013), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

6.4.5. Interest income and financing costs

(in millions of euro)	First Half Fiscal 2014	First Half Fiscal 2013
Gross borrowing costs[1]	(72)	(79)
Interest income from cash and cash equivalents	4	3
Net borrowing costs	**(68)**	**(76)**
Interest income from loans and receivables at amortized cost	2	3
Other financial income		
Other financial expenses	(1)	(2)
Net foreign exchange (losses)/gains	(2)	(1)
Return on defined-benefit plan assets	17	17
Interest cost on defined-benefit plan obligations	(20)	(18)
Foreign-exchange adjustment for hyperinflation	(12)	(4)
Change in fair value of derivative instruments not qualifying for hedge accounting		
Other	(1)	(4)
Borrowing costs and other financial income and expense, net	**(85)**	**(85)**
Of which: financial income	**23**	**23**
Of which: borrowing costs and other financial expenses	**(108)**	**(108)**

[1] Gross borrowing costs represent interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

6.4.6. Earnings per share

The number of ordinary shares outstanding used in calculating basic and diluted earnings per share is presented below:

	First Half Fiscal 2014	First Half Fiscal 2013
Basic weighted average number of shares	151,847,327	150,577,718
Average dilutive effect of stock options and free shares	1,650,844	1,263,251
Diluted weighted average number of shares	153,498,171	151,840,969

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The table below presents the calculation of basic and diluted earnings per share:

	First Half Fiscal 2014	First Half Fiscal 2013
Profit for the period attributable to equity holders of the parent (in millions of euro)	**278**	236
Basic weighted average number of shares	151,847,327	150,577,718
Basic earnings per share (in euro) [(1)]	**1.83**	**1.57**
Diluted weighted average number of shares	153,498,171	151,840,969
Diluted earnings per share (in euro) [(1)]	**1.81**	**1.56**

(1) Basic earnings per share and diluted earnings per share do not include the impact of the dividend premium paid on qualifying registered shares.

All of the stock option plans had a dilutive impact in the first half of both Fiscal 2013 and Fiscal 2014. All of the free share plans had a dilutive impact in the first half of Fiscal 2014

The free shares granted by the Board of Directors on March 11, 2014, as described in Note 6.4.9 “Subsequent events,” did not have a material impact on the calculation of diluted earnings per share.

6.4.7. Related party information

Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in Note 4.25 “Related party information” in the consolidated financial statements for the year ended August 31, 2013.

Principal shareholder

As of February 28, 2014, Bellon SA held 37.7% of the capital of Sodexo.

During the first half of Fiscal 2014, Sodexo paid fees of 3.1 million euro (3.2 million euro for the first half of Fiscal 2013) under the assistance and advisory services contract with Bellon SA.

Bellon SA received a dividend of 96.1 million euro from Sodexo SA in February 2014.

6.4.8. Additional information

Members of the Board of Directors and the Executive Committee, Chief Executive Officer

The Chief Executive Officer and other members of the Executive Committee were granted shares under the free share plan set up in March 2014, as described in Note 6.4.9 “Subsequent events.”

There were no other significant changes from the year ended August 31, 2013 in the nature of compensation, advances and commitments for pensions or similar allowances granted to members of Sodexo’s Board of Directors, Executive Committee or to the Chief Executive Officer.

6.4.9. Subsequent events

On March 4, 2014, the Group borrowed 1.1 billion U.S. dollars at a fixed rate of interest from U.S. investors. This new financing was structured in five tranches:

- 150 million U.S. dollars at a fixed rate of 2.71%, due March 2019;
- 150 million U.S. dollars at a fixed rate of 3.44%, due March 2021;
- 525 million U.S. dollars at a fixed rate of 3.99%, due March 2024;
- 175 million U.S. dollars at a fixed rate of 4.14%, due March 2026;
- 100 million U.S. dollars at a fixed rate of 4.34%, due in March 2029.

The loan is subject to two financial covenants that are calculated by reference to the Group's consolidated financial statements and are the same as those applicable to its two other U.S. Private Placements. These covenants are as follows:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange translation gains or losses since August 31, 2007 must not be less than 1.3 billion euro.

On March 28, 2014, Sodexo SA reimbursed the 500 million in bonds issued in March 2007.

On March 11, 2014, the Board of Directors decided to create a free share plan for certain Group employees, comprising a total of 840,000 shares. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date. Some of the share grants are subject to a performance condition.

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STATUTORY AUDITORS' REPORT

SODEXO S.A.

STATUTORY AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended February 28, 2014

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-Sur-Seine Cedex

KPMG Audit
Department of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Review Report on the condensed interim consolidated financial statements

For the six-month period ended February 28, 2014

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Shareholders,

Following our appointment as statutory auditors by your General Meeting and in accordance with article L.451- 1-2 III of the French Monetary and financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Sodexo S.A., for the six-month period ended 28 February 2014;
- the verification of information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matter and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

II. Specific verification

We have also verified information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 16, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit *Department of KPMG SA*
Yves Nicolas	Hervé Chopin

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ATTESTATION OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT

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GROUP CHIEF EXECUTIVE OFFICER

RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

Issy-les-Moulineaux, April 16th, 2014

I hereby affirm that to the best of my knowledge the condensed financial statements in the half year report have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Sodexo, and of that of all of the companies included within the consolidation scope, and that the half year activity review included in this report presents the following: a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements; a description of the main risks and uncertainties for the remaining six months of the year; and the principle transactions between related parties.

Michel Landel
Chief Executive Officer

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