

# PRESS RELEASE

## Sodexo: Organic Revenue Growth of 2.3% for the First Nine Months of Fiscal 2014

- **On-site Services (+1.7%):** with growth led by integrated Quality of Life Services offers.
- **Benefits and Rewards Services (+14%):** an excellent performance, gaining momentum compared with Fiscal 2013.

**Issy-les-Moulineaux, July 9, 2014** – Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY), the world leader in Quality of Life Services, today reported its revenues for the first nine months of Fiscal 2014, which ended on May 31, 2014.

### Revenues by activity and region

Revenues <i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth <sup>1</sup>	Acquisitions <sup>2</sup>	Currency effect <sup>3</sup>	Total change
North America	5,323	5,398	+ 3.7%		- 5.1%	- 1.4%
Continental Europe	4,409	4,403	+ 0.3%	+ 0.8%	- 1.0%	+ 0.1%
Rest of the World	2,460	2,801	- 0.7%	+ 0.2%	- 11.7%	- 12.2%
United Kingdom and Ireland	1,079	1,038	+ 4.5%	- 0.2%	- 0.3%	+ 4.0%
<b>Total On-site Services</b>	<b>13,271</b>	<b>13,640</b>	<b>+ 1.7%</b>	<b>+ 0.4%</b>	<b>- 4.8%</b>	<b>- 2.7%</b>
<b>Total Benefits and Rewards Services</b>	<b>556</b>	<b>583</b>	<b>+ 14.0%</b>	<b>+ 0.9%</b>	<b>- 19.5%</b>	<b>- 4.6%</b>
Elimination of intra-group revenues	(5)	(9)				
<b>TOTAL GROUP</b>	<b>13,822</b>	<b>14,214</b>	<b>+ 2.3%</b>	<b>+ 0.3%</b>	<b>- 5.4%</b>	<b>- 2.8%</b>

### Commenting on these figures, Sodexo CEO Michel Landel said:

*“We delivered organic growth in the first nine months thanks notably to strong client demand for our integrated Quality of Life Services offer in the Corporate segment across the globe. Our teams are highly mobilized to provide our clients with the savings that they expect and to improve our competitiveness. Finally, we confirm our objective to achieve full-year Fiscal 2014 growth in operating profit of 11% at constant exchange rates<sup>4</sup>.”*

<sup>1</sup> Organic growth: increase in revenues at constant scope of consolidation and exchange rates.

<sup>2</sup> Changes in the scope of consolidation mainly concern the consolidation of Crèche Attitude (previously accounted for by the equity method) in France, following the increase in Sodexo's shareholding to 75% in September 2013, as well as the acquisition of Servi-Bonos in Mexico in November 2012 in the Benefits and Rewards Services segment.

<sup>3</sup> Principal changes in USD, BRL, GBP and VEF exchange rates are presented in Appendix 3 (page 11).

<sup>4</sup> At Fiscal 2013 exchange rates and before exceptional items related to the operational efficiency improvement program.

## 1. Analysis of organic growth

(in millions of euro))

	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Corporate	6,834	7,100	+ 1.9%
Healthcare and Seniors	3,218	3,293	+ 1.4%
Education	3,219	3,247	+ 1.7%
<b>Total On-site Services</b>	<b>13,271</b>	<b>13,640</b>	<b>+ 1.7%</b>
<b>Benefits and Rewards Services</b>	<b>556</b>	<b>583</b>	<b>+ 14.0%</b>
Eliminations	(5)	(9)	
<b>TOTAL GROUP</b>	<b>13,822</b>	<b>14,214</b>	<b>+ 2.3%</b>

### On-site Services

**On-site Services revenues** totaled 13.3 billion euro for the nine-month period, reflecting organic growth of **1.7%**. Excluding the calendar effect, the level of activity in the third quarter was very similar to that observed in the first half of the fiscal year.

- Organic growth in the **Corporate** segment amounted to **1.9%**, reflecting very mixed situations:
  - Integrated Quality of Life Services offers continued to prove successful and relevant in all geographic regions, primarily due to their technical maintenance services component. Facilities Management services continued to expand at a much faster rate than foodservices.
  - Foodservices volumes continued to decline, particularly in Europe, reflecting both employee downsizing and cost savings measures taken by clients.
  - Remote Sites revenues slowed sharply, particularly in the mining sector in Latin America, Australia and Africa.

However, organic growth in the Corporate segment, excluding Remote Sites, was around 4%.

- In **Healthcare and Seniors**, the Group's organic growth for the first nine months of Fiscal 2014 was **1.4%**. This improvement on prior-year trends was nevertheless limited by a slower-than-expected ramp-up of certain new integrated multi-site services contracts in North America.
- At **1.7%**, the Group's organic growth in the **Education** segment began to recover compared with Fiscal 2013, reflecting notably a slightly higher number of school and university consumers in North America, and solid expansion in emerging markets that are capitalizing on Sodexo's expertise by client segment.

## Benefits and Rewards Services

**Organic growth** in **Benefits and Rewards Services** revenues of **14.0%** for the first nine months of the year was once again excellent and much brisker than in Fiscal 2013, due to:

- An excellent sales dynamic in Latin America (with organic growth of nearly 22%), driven by solutions provided to an ever-increasing number of beneficiaries and higher face values on issued vouchers and cards.
- A robust performance in Europe and Asia (with organic growth of 4%).

## 2. Financial position

On June 24, 2014, Sodexo completed a 1.1 billion euro bond issuance, comprising a 7.5-year tranche and a 12-year tranche, with an average interest rate of 2.1%. This issuance followed a 1.1 billion U.S. dollar private placement (USPP) carried out by the Group in March 2014, with maturities ranging between 5 and 15 years and an average rate of 3.8%.

The two transactions allows Sodexo to refinance the borrowings maturing in March 2014 and January 2015 on more favorable terms, significantly extend the maturity of its debt and gradually reduce its average annual borrowing costs.

Apart from these items, there were no material changes in the Group's financial position as of May 31, 2014 as compared to that presented in the Financial Report for First Half Fiscal 2014.

## 3. Outlook confirmed for Fiscal 2014

Sodexo is expecting a slightly slower fourth quarter than initially forecast, given the delayed start-up of certain major contracts.

Sodexo is now forecasting **organic revenue growth of between 2.2% and 2.5%** for Fiscal 2014 and **confirms its operating profit growth target of 11%<sup>1</sup>**. As a result, the Group is targeting an **operating margin of 5.6%<sup>1</sup>** for Fiscal 2014, up 0.4% compared with Fiscal 2013.

## Financial calendar

Fiscal 2014 Results	November 13, 2014
First-Quarter Fiscal 2015 Revenues	January 9, 2015
Annual Shareholders' Meeting	January 19, 2015
First-Half Fiscal 2015 Results	April 16, 2015

<sup>1</sup> At Fiscal 2013 exchange rates and before exceptional items related to the operational efficiency improvement program.

## Conference call

**Sodexo will hold a conference call (in English) today at 8:30 a.m. (Paris time)**, to comment on revenues for the first nine months of Fiscal 2014. Those who wish to connect may dial +44 (0) 1452 555 566 (from outside France) or 01 76 74 24 28 (from within France), followed by the pass code 63 43 58 94. The presentation can also be followed via webcast at [www.sodexo.com](http://www.sodexo.com) under the “Finance – Financial Results” section.

**The press release, presentation and webcast will be available on the Group website [www.sodexo.com](http://www.sodexo.com)** under both the “Latest News” section and the “Finance – Financial Results” section. A recording of the conference will be available until July 22 by dialing +44 (0)1452 550 000, followed by the pass code 63 43 58 94.

## About Sodexo

Founded 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 75 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 more than 45 years of experience: from reception, maintenance and cleaning, to foodservices and facilities and equipment management; from Meal Pass, Gift Pass and Mobility Pass benefits for employees to in-home assistance 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 428,000 employees throughout the world.

### Key figures (as of August 31, 2013)

- 18.4 billion** euro consolidated revenues
- 428,000** employees
- 18th** largest employer worldwide
- 80** countries
- 33,300** sites
- 75 million** consumers served daily
- 12.4 billion euro** market capitalization (as of July 8, 2014)

### Caution about forward-looking statements

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

### Principal risks and uncertainties

The principal risks and uncertainties identified by the Group in the “Risk Factors” section of the Fiscal 2014 Half Year Report published on April 17, 2014 have not significantly changed, but have been supplemented by the press release issued on June 12, 2014.

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## APPENDIX 1

### Analysis of organic growth in On-site Services

#### 2.1 North America

##### Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Corporate	1,242	1,214	+ 8.4%
Healthcare and Seniors	1,833	1,898	+ 1.4%
Education	2,248	2,286	+ 3.2%
<b>Total North America</b>	<b>5,323</b>	<b>5,398</b>	<b>+ 3.7%</b>

On-site Services revenues in North America totaled 5.3 billion euro for the period, with organic growth accelerating to **3.7%** compared to 0.6% for Fiscal 2013.

Organic growth in the **Corporate** segment remained excellent at **8.4%**, led by the ramp-up of integrated services contracts with clients such as Unilever, Citibank and Walt Disney World Resorts. The contribution of several major Remote Sites projects in Canada, such as Suncor Fort Hills and La Romaine, also helped to maintain this high level of growth. In the third quarter, this strong sales momentum led to new contract wins such as Dow Jones & Company and Humana Inc. in the United States.

**At 1.4%**, growth in **Healthcare and Seniors** revenues was impacted by the slower-than-expected ramp-up of major contracts won in 2013 with clients like HCR ManorCare. Sodexo's teams recently won contracts in this segment with clients such as Wheaton Franciscan Hospital.

In **Education**, organic revenue growth was **3.2%**, reflecting an improved performance at existing sites due to increased spending and student participation on university campuses and a greater number of meals served in schools. Other new contracts signed recently include Chicago Public Schools, College of William & Mary and Coker College.

## 2.2 Continental Europe

### Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Corporate	2,583	2,575	+ 1.7%
Healthcare and Seniors	1,048	1,061	- 0.8%
Education	778	767	- 3.1%
<b>Total Continental Europe</b>	<b>4,409</b>	<b>4,403</b>	<b>+ 0.3%</b>

In Continental Europe, revenues totaled 4.4 billion euro, including organic growth of **0.3%**.

The **1.7%** organic growth achieved in the **Corporate** segment was shaped by:

- A further decline in foodservices volumes.
- The continued success of Sodexo's Quality of Life Services solutions, particularly those comprising extensive multi-technical services.

The main contracts signed in the third quarter included Johnson & Johnson in Germany and Procter & Gamble in France. Note that the positive impact of these new contracts will not be felt until the beginning of Fiscal 2015.

The **0.8%** contraction in **Healthcare and Seniors** revenues mainly reflected moderate growth on existing sites in Europe and a difficult socio-economic climate in France. Sodexo's teams were nevertheless awarded prestigious new contracts during the period such as Hôpital Foch in France.

In **Education**, the **3.1%** revenue decline was mainly attributable to Sodexo's decision not to renew certain major contracts in several countries, including Italy, as well as schools and universities looking to reduce costs. Recent contract wins include the public schools in Asnières-sur-Seine in France and Taideyliopiston Sibelius Akatemia in Finland.

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

### Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Corporate	2,238	2,582	- 2.1%
Healthcare and Seniors	124	129	+ 14.1%
Education	98	90	+ 17.9%
<b>Total Rest of the World</b>	<b>2,460</b>	<b>2,801</b>	<b>- 0.7%</b> <i>(+7.0% excl. Remote Sites)</i>

At constant exchange rates and scope of consolidation, revenues in the Rest of the World were virtually stable (**-0.7%**), reflecting very mixed trends by country, client segment and client sub-segment.

Remote Sites revenues (representing 45% of Rest of the World revenues in Fiscal 2013) contracted by 9.2%, as clients postponed investments in new mining projects and several construction phase projects reached completion. However, Sodexo's teams' recent commercial successes in the energy and infrastructure sector should permit a return to growth in the Remote Sites segment in the next fiscal year.

Excluding the Remote Sites activity, organic growth in the Rest of the World remained solid at 7%, reflecting Sodexo's leadership in high-potential emerging markets, as well as strong, steady growth in all client segments, including Healthcare and Education in particular.

In the **Corporate** segment, revenues **declined by 2.1%** at constant exchange rates and scope of consolidation because of the decrease in Remote Sites revenues described above. Corporate services delivered a good performance, notably in Chile, Colombia and the Asia-Pacific region. Sodexo's sales dynamic led to new contract wins during the period, including Heineken in Brazil, Cerro Matoso in Colombia, Groote Eylandt in Australia with the BHP Billiton Group's Gemco, Halliburton in Saudi Arabia, and Shelf Drilling in Indonesia.

In **Healthcare and Seniors**, **14.1%** organic growth was driven by successes reported in every region, particularly in India and Brazil, which saw growth rates of 20% and 18% respectively. This sustained, steady improvement is the product of Sodexo's recognized global expertise in the Healthcare and Seniors segment. Our teams' recent contract wins include Hospital Monte Klinikum in Brazil, and American Sino Medical Shanghai and Beijing Jishuitan Hospital in China. In addition, a major contract was signed with The Medical City in the Philippines, for which Sodexo is providing extensive technical maintenance services.

In **Education**, Sodexo's teams won major new contracts with clients such as the Lycée Franco-Qatari Voltaire in Qatar and the Universidad Santo Tomas in Chile, helping to drive organic growth into the double digits (**17.9%**).

## 2.4 United Kingdom and Ireland

### Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Corporate	770	730	+ 6.1%
Healthcare and Seniors	214	205	+ 4.9%
Education	95	103	- 7.6%
<b>Total United Kingdom and Ireland</b>	<b>1,079</b>	<b>1,038</b>	<b>+ 4.5%</b>

In United Kingdom and Ireland, revenues totaled 1.1 billion euro, including organic growth of **4.5%**.

In the **Corporate** segment, nine-month Fiscal 2014 revenues grew by a robust **6.1%**. This performance was attributable to increased demand for integrated services and to additional services provided to such clients as GSK, Unilever, Agusta Westland and AstraZeneca. It also reflected the opening of a major services contract in Justice, with the prison in Northumberland County.

In **Healthcare and Seniors**, organic growth was sustained at **4.9%** thanks to the ramp-up of several contracts and the extension of services provided to several hospitals such as North Staffordshire University Hospital and Romford Hospital.

In **Education**, Sodexo won a prestigious contract during the second half of the fiscal year with University College London. Recent contracts won also include the Lady Eleanor Holles School.

## 3. Benefits and Rewards Services

### 3.1 Issue volume

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Latin America	5,347	5,999	+ 17.8%
Europe and Asia	6,271	6,089	+ 3.9%
<b>Total Issue Volume</b>	<b>11,618</b>	<b>12,088</b>	<b>+ 10.8%</b>

### 3.2 Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2014	9 months Fiscal 2013	Organic growth
Latin America	297	330	+ 21.7%
Europe and Asia	259	253	+ 4.0%
<b>Total Revenues</b>	<b>556</b>	<b>583</b>	<b>+ 14.0%</b>

Organic revenue growth in the Benefits and Rewards Services activity gained significant momentum compared with Fiscal 2013, rising to **14.0%** over the first nine months of the fiscal year.

In **Latin America**, organic revenue growth continued at a remarkable rate of **21.7%**, led mainly by solid increases in Brazil, Chile and Venezuela. This performance was again supported by an innovative offer adapted to client needs that helped to increase the number of beneficiaries, as well as higher face values on issued vouchers and cards, particularly in Brazil and Venezuela.

In **Europe and Asia**, organic revenue growth of **4%** reflected new contract wins in Quality of Life Services, particularly in Turkey and Central Europe. Organic growth was also lifted by performances in India and China. Recent contract wins include Santander in Brazil, with the addition of 22,000 Culture Pass beneficiaries, as well as Johnson Controls in Romania.

## APPENDIX 2

### Selection of New Clients – Third-Quarter Fiscal 2014

#### On-site Services

##### Corporate

Autoliv, Shanghai, China  
Dow Jones & Company, Inc, New Jersey, United States  
Heineken, multi-site, Brazil  
Humana, Inc, 5 States, United States  
Immeuble Cap de Seine, Ivry, France  
J&J Medical Norderstedt, Germany  
Kirloskar Toyota Textile Machinery PVT LTD, Bangalore, India  
Procter & Gamble, Blois, France  
Vesuvius Zyarock Ceramics, Suzhou, China  
Welspun India Limited, Anjar, India  
Zublin, Rancagua, Chile

##### Healthcare and Seniors

American Sino Medical Shanghai, China  
Hôpital Foch, Suresnes, France  
Hospital Monte Klinikum, Fortaleza, Brazil  
QRG Medicare, Faridabad, India  
The Medical City, Manille, Philippines

##### Education

Chicago Public Schools, Illinois, United States  
Coker College, South Carolina, United States  
College of William & Mary, Virginia, United States  
Community Consolidated School, Illinois, United States  
Lycée Franco-Qatarien Voltaire, Doha, Qatar  
Northeast School District, Indiana, United States  
The Lady Eleanor Holles School, Hampton, United Kingdom

##### Sports and Leisure

Brighton & Hove Albion Football Club's training complex, Brighton, United Kingdom

##### Remote Sites

GemCo, Groote Eylandt, Australia  
Halliburton, Saudi Arabia  
Shelf Drilling, 2 sites, Indonesia  
Weatherford, Rajasthan, India

#### Benefits and Rewards Services

##### Europe

Colruyt France, France  
Conseil Général du 72, France  
Johnson Controls, Romania

##### Latin America

Alcaldia Bolivariana del Municipio La Canada de Urdaneta, Venezuela  
Documentos Mercantiles S.A. Domesa, Venezuela  
Proactiva Medio Ambiente Setasa SA de CV, Mexico

## APPENDIX 3

### Exchange rates and currency effect

The principal average exchange rate changes for the first nine months of Fiscal 2014 were as follows:

	Average rate 9 months Fiscal 2014	Average rate 9 months Fiscal 2013	Change compared to the euro (%)	Currency effect (in millions of euro)
<b>Euro/USD</b>	<b>1.3658</b>	1.3048	- 4.5%	(240)
<b>Euro/GBP</b>	<b>0.8315</b>	0.8288	- 0.3%	(4)
<b>Euro/BRL</b>	<b>3.1386</b>	2.6484	- 15.6%	(145)
<b>Euro/VEF<sup>1</sup></b>	<b>70.8925</b>	13.2661	- 81.3%	(56)

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

<sup>1</sup> As of Fiscal 2010, the Group decided to stop referring to the official exchange rate set by the Venezuelan government, and instead use exclusively the actual exchange rate observed in the Group's most recent currency transactions. Therefore, following a transaction completed in June 2014 through the SICAD II currency exchange system, the rate used for the first nine months of Fiscal 2014 was USD 1 = VEF 52.10 (EUR 1 = VEF 70.89), versus USD 1 = VEF 10.20 (EUR 1 = VEF 13.27) for the first nine months of Fiscal 2013.