

# FINANCIAL REPORT

## FIRST HALF

### FISCAL 2013



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## 1

# FINANCIAL REPORT FOR THE FIRST HALF OF FISCAL 2013

At the Board of Directors meeting on April 16, 2013, chaired by Pierre Bellon, Chief Executive Officer Michel Landel presented the Group's performance for the first half of Fiscal 2013 which ended on February 28, 2013.

He noted that the global economic environment remained very challenging and uncertain, with Europe apparently trapped in a vicious circle of recession, austerity and monetary uncertainty; the United States still struggling with its significant debt burden; and the emerging economies beginning to experience a loss of momentum.

This environment weighed on Sodexo's performance, even though the Group continues its growth and remains confident in its ability to meet its medium-term objectives.

# 1 KEY FIGURES

<i>(in millions of euro)</i>	<b>First Half Fiscal 2013</b>	<b>First Half Fiscal 2012</b>	<b>Change at current exchange rates</b>	<b>Change at constant exchange rates<sup>(1)</sup></b>
<b>Revenues</b>	<b>9,463</b>	<b>9,069</b>	<b>+ 4.3%</b>	<b>+ 2.8%</b>
<b>Operating profit</b>	<b>478</b>	<b>559</b>	<b>- 14.5%</b>	<b>- 14.7%</b>
Interest income	23	33		
Financing costs	(108)	(124)		
Share of profit of companies consolidated by the equity method	8	7		
<b>Profit for the period before tax</b>	<b>401</b>	<b>475</b>		
Income tax expense	(153)	(166)		
<b>PROFIT FOR THE PERIOD</b>	<b>248</b>	<b>309</b>		
Attributable to non-controlling interests	12	12		
<b>Profit attributable to equity holders of the parent</b>	<b>236</b>	<b>297</b>	<b>- 20.5%</b>	<b>- 20.9%</b>

<sup>(1)</sup> The currency impact is determined by applying the average exchange rates for the first half of Fiscal 2012 to the figures for the first half of 2013.

	<b>Change vs. the euro (%)</b>	<i>(Impact of changes in exchange rates, in millions of euro)</i>		
		<b>Revenues</b>	<b>Operating profit</b>	<b>Net profit</b>
Euro/US dollar	+ 3.1%	103	7	3
Euro/Brazilian real	- 10.5%	(67)	(9)	(3)
Euro/British pound	+ 4.4%	29	1	1

## 1.1 Revenue growth

Consolidated revenues for the first half of Fiscal 2013 amounted to 9.5 billion euro, an increase of 4.3% that was attributable to organic growth for 2.1%, acquisitions and changes in scope for 0.7% and favorable exchange rates for 1.5%.

### Changes in scope of consolidation

The main recent changes in the scope of consolidation, which accounted for 0.7% of revenue growth for the period, were as follows:

- **Servi-Bonos** (Benefits and Rewards Services<sup>1</sup> – Mexico) was consolidated from November 2012. Servi-Bonos is one of Mexico's leading meal voucher and card issuers. With a portfolio of 5,000 clients spanning the entire country, it reported issue volume of some 300 million euro in 2011.
- **MacLellan** (Technical Services – India) was consolidated from December 2012. A leading facilities management services company in India, MacLellan has specific expertise in air-conditioning, heating, maintenance and energy management services. This acquisition has helped to enhance the Group's technical services expertise.

In addition to the contribution of these acquisitions made since the start of the current fiscal year, revenues included the contribution over the full six months of businesses acquired in Fiscal 2012:

- The facilities management business of **WS Atkins** (United Kingdom), acquired in December 2011.
- **Roth Bros** (facilities management – United States) acquired in November 2011, specialized in technical maintenance and energy management services.
- **Lenôtre** (France) acquired in September 2011, the emblem of French luxury gastronomy.

### Organic growth

Organic revenue growth in the first half of Fiscal 2013 stood at 2.1% or 2.7% excluding the positive impact on revenue for the prior year period of the Rugby World Cup.

**On-site Services** recorded organic growth of 2%. Excluding the high prior-period comparative created by the 53 million euro in revenue generated by the 2011 Rugby World Cup hospitality contract, the increase was 2.7%.

Organic growth in **Benefits and Rewards Services** was +4.3%, reflecting:

- continued dynamism in Latin America, and
- slightly higher performance than in the second half of Fiscal 2012 (adjusted for the decrease in activity in Hungary resulting from unfavorable legislation introduced in that country on January 1, 2012).

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<sup>1</sup> Benefits and Rewards Services is the new name of the Motivation Solutions activity.

## 1.2 Operating profit

Reported operating profit was 478 million euro, a decline of 14.5% at current exchange rates and 14.7% excluding the currency effect.

Responding to the current macro-economic environment, the Group Chief Executive Officer launched an operational efficiency improvement and cost reduction program at the start of the fiscal year. This program should allow Sodexo to reduce site operating costs by the equivalent of 0.6% of revenue and overheads by the equivalent of 0.4% of revenue, using Fiscal 2012 as the baseline, over the period to Fiscal 2015. The program generated exceptional costs of 50 million euro in the first half of Fiscal 2013.

(in millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Change	
			At current exchange rates	At constant exchange rates
<b>Operating profit before exceptional items</b>	<b>528</b>	<b>533</b>	<b>- 0.9%</b>	<b>- 1.1%</b>
Exceptional items				
Included in gross profit	(30)	-		
Included in overheads	(20)	-		
Accounting adjustment to pension liabilities	-	26		
<b>Total exceptional items</b>	<b>(50)</b>	<b>26</b>		
<b>Reported operating profit</b>	<b>478</b>	<b>559</b>	<b>- 14.5 %</b>	<b>- 14.7%</b>

**Operating profit before exceptional expenses amounted to 528 million euro** in the first half of Fiscal 2013 compared with 533 million euro in the prior year period (excluding exceptional income), a decline of 0.9% at current exchange rates and 1.1% excluding the currency effect.

The On-site Services activities in North America, the United Kingdom and Ireland and the Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites) all increased their contribution to operating profit (excluding the currency effect). Operating profit from the Benefits and Rewards Services activity was also higher. However, the contribution from On-site Services in Europe deteriorated as compared to the prior year period.

The consolidated operating margin<sup>1</sup> stood at 5.6% versus 5.9% in the first half of Fiscal 2012.

**All operating profit figures in the remainder of this document exclude the exceptional items described above.**

<sup>1</sup> Operating margin before exceptional charges in the first half of Fiscal 2013 related to the operational efficiency improvement program announced in November 2012 and the favorable accounting adjustment in the United Kingdom in Fiscal 2012.

### 1.3 Net financing costs

Net financing costs amounted to 85 million euro in the first half of Fiscal 2013 compared with 91 million euro in the prior year period. The 6 million euro decrease in these costs was mainly due to the reduction in Group debt compared with the prior year period, thanks to the significant amounts of cash generated by Sodexo's financial model.

### 1.4 Income tax expense

Income tax expense decreased by 13 million euro to 153 million euro, due to the tax effects on the variation in exceptional items between the two periods.

However, the introduction of new tax rules, particularly in France where a tax on dividends was introduced and interest on borrowings was requalified as a non-deductible expense, resulted in an increase in the effective tax rate to 39% from 35.6% in the first half of Fiscal 2012.

### 1.5 Profit attributable to equity holders of the parent

**Profit attributable to equity holders of the parent** totaled 236 million euro compared with 297 million euro in the prior year period.

The decrease was greater than that of operating profit because of the higher effective tax rate. Net profit also includes the impact of exceptional expenses generated by the operational efficiency improvement program referred to in section 1.2.



## 2 ANALYSIS OF REVENUE AND OPERATING PROFIT BY OPERATING ACTIVITY

### Revenue by operating activity

<i>(in millions of euro)</i>	First half Fiscal 2013	First half Fiscal 2012	Change at current exchange rates	Change at constant exchange rates
<b>On-site Services</b>				
North America	3,602	3,420	+ 5.3%	+ 2.1%
Continental Europe	2,949	2,892	+ 2.0%	+ 1.3%
Rest of the World	1,838	1,708	+ 7.6%	+ 7.4%
United Kingdom and Ireland	700	680	+ 2.9%	- 1.0%
<b>Total On-site Services</b>	<b>9,089</b>	<b>8,700</b>	<b>+ 4.5%</b>	<b>+ 2.7%</b>
<b>Benefits and Rewards Services</b>	<b>380</b>	<b>377</b>	<b>+0.8%</b>	<b>+ 5.3%</b>
<b>Elimination of intra-group revenues</b>	<b>(6)</b>	<b>(8)</b>		
<b>Consolidated Total</b>	<b>9,463</b>	<b>9,069</b>	<b>+ 4.3%</b>	<b>+ 2.8%</b>

### Operating profit by activity

<i>(in millions of euro)</i>	First half Fiscal 2013 <sup>(1)</sup>	First half Fiscal 2012 <sup>(2)</sup>	Change at current exchange rates	Change at constant exchange rates
<b>On-site Services</b>				
North America	244	226	+ 8.0%	+ 4.9%
Continental Europe	103	131	- 21.4%	- 22.1%
Rest of the World	47	43	+ 9.3%	+ 4.7%
United Kingdom and Ireland	33	30	+ 10%	+ 6.7%
<b>Total On-site Services</b>	<b>427</b>	<b>430</b>	<b>- 0.7%</b>	<b>- 3.3%</b>
<b>Benefits and Rewards Services</b>	<b>147</b>	<b>147</b>	<b>+ 0.0%</b>	<b>+ 6.8%</b>
<b>Corporate expenses</b>	<b>(40)</b>	<b>(36)</b>		
<b>Elimination of intra-group revenues</b>	<b>(6)</b>	<b>(8)</b>		
<b>Consolidated Total</b>	<b>528</b>	<b>533</b>	<b>- 0.9%</b>	<b>- 1.1%</b>

<sup>(1)</sup> Excluding exceptional costs related to the operational efficiency improvement program and described on page 7.

<sup>(2)</sup> Excluding the exceptional impact of an accounting adjustment to pension plans in the United Kingdom.

## 2.1 On-site Services

### Revenues

<i>(in millions of euro)</i>	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Currency effect	Acquisitions	Change at current exchange rates
<b>On-site Services</b>						
North America	3,602	3,420	+ 1.3%	+ 3.2%	+ 0.8%	+ 5.3%
Continental Europe	2,949	2,892	+ 0.9%	+ 0.6%	+ 0.5%	+ 2.0%
Rest of the World	1,838	1,708	+ 7.2%	+ 0.2%	+ 0.2%	+ 7.6%
United Kingdom and Ireland	700	680	- 2.6%	+ 3.9%	+ 1.6%	+ 2.9%
<b>Total</b>	<b>9,089</b>	<b>8,700</b>	<b>+ 2%</b>	<b>+ 1.8%</b>	<b>+ 0.7%</b>	<b>+ 4.5%</b>

**On-site Services** revenue totaled 9.1 billion euro, up 4.5% on the first half of Fiscal 2012. Organic revenue growth stood at 2% or 2.7% excluding the positive impact on revenue for the prior year period of the 2011 Rugby World Cup.

Facilities management services accounted for over one quarter of consolidated revenue. As was the case in the last two fiscal years, revenues from these services are continuing to grow three times faster than foodservices revenues, providing renewed confirmation of the relevance of the Group's strategic positioning.

<i>(millions of euro)</i>	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Currency effect	Acquisitions	Change at current exchange rates
Corporate	4,719	4,444	+ 3.9 %			
Healthcare and Seniors	2,177	2,134	- 0.4 %			
Education	2,193	2,122	+ 0.6 %			
<b>Total</b>	<b>9,089</b>	<b>8,700</b>	<b>+ 2.0 %</b>	<b>+ 0.7 %</b>	<b>+ 1.8 %</b>	<b>+ 4.5 %</b>

- Organic growth in the **Corporate** segment was 3.9% in the first half of Fiscal 2013, or 5.1% excluding the impact of the 2011 Rugby World Cup. Growth was mainly driven by:
  - Increased demand from companies in North America and Europe for integrated service contracts.
  - A healthy rate of growth for Sodexo in Asia, Africa, Middle East, Remote Sites and, in particular, Latin America, despite the economic slowdown observed since last summer.

Concerning foodservices, notably in Europe, the slowdown has intensified since the start of the fiscal year. Efforts by clients to find additional cost savings and to reduce employee numbers, along with lower consumer spending, weighed on revenue growth in several countries.

- The **0.4%** decline in **Healthcare and Seniors** was due to the lower client retention rate in North America in Fiscal 2012. Since the start of Fiscal 2013, Sodexo's teams in the United States have won a number of contracts that should lead to a gradual return to growth in this client segment in the coming months.
- In **Education** organic revenue growth was a modest **0.6%**, reflecting a more selective approach to new contracts in the public school sector.

## Operating profit

**Operating profit** of 427 million euro reflected a slight decrease (- 0.7%) compared to the prior year period. The On-Site Services activities in North America, the United Kingdom, Ireland and the Rest of the World region (Latin America, Africa, Middle East, Asia, Australia and Remote Sites) all increased their contribution to operating profit (excluding the currency effect). However, the contribution from Continental Europe deteriorated compared to the prior year period due to the region's unfavorable economic environment.

## Analysis by geographic region, On-site Services

### North America

#### Revenues

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	792	700	+ 6.3%			
Healthcare and Seniors	1,253	1,234	- 1.6%			
Education	1,557	1,486	+ 1.4%			
<b>Total</b>	<b>3,602</b>	<b>3,420</b>	<b>+ 1.3%</b>	<b>+ 0.8%</b>	<b>+ 3.2%</b>	<b>+ 5.3%</b>

On-site Services revenues in North America totaled 3.6 billion euro, up 5.3% from the first half of Fiscal 2012, and included organic growth of 1.3%.

Organic growth in the **Corporate** segment was a high 6.3%. This performance was mainly attributable to the increase in facilities management services for clients such as General Electric, the contribution of new contracts such as the prestigious Circuit of the Americas, home to the United States Formula 1 Grand Prix, and growth in the Remote Sites business in Canada.

Sodexo won several new contracts during the first half, including with Siemens in Canada (44 sites, integrated services), Harley Davidson, Inc. (Wisconsin) and General Electric Aero & Healthcare Systems (South Carolina and New Jersey).

**Healthcare and Seniors** revenues decreased by **1.6%**, due to weak growth in Fiscal 2012 and a decline in the client retention rate, with first half of Fiscal 2013 revenue bearing the full brunt of the lost Ascension Health System contract. Since the start of Fiscal 2013, Sodexo's teams have scored several major contract wins that should help drive a return to growth in the coming months, notably with the gradual ramp-up of the major contract with HCR ManorCare, one of the United States' largest retirement home operators with 290 homes in 32 states and some 40,000 residents. When services under the contract are fully deployed, annual revenues are expected to reach 220 million US dollars.

Other contracts won during the period included the signature of contracts with Health Corporation of America (HCA) East Florida (9 hospitals), LA County (two UCLA Medical Center sites in California), Ochsner Medical Center (Louisiana), Saint Joseph's John Knox Village (Florida) and University of Arizona Medical Center.

In **Education**, organic revenue growth came to **1.4%**. Growth in site revenue was tempered, as a result of:

- A decline in the number of meals served following implementation of the Healthy and Hunger-Free Kids Act which has changed schoolchildren's eating habits.
- Lower spending by students and fewer events at the sports stadiums on university campuses.

New contracts signed during the period included Bethune Cookman University (Florida), St John's College (Maryland) and Confederation College (Ontario, Canada).

## Operating profit

**Operating profit** amounted to 244 million euro, up 8.0% or 4.9% excluding the currency effect. Operating margin stood at 6.8% versus 6.6% in the first half of Fiscal 2012, reflecting tight control over all operating costs and productivity gains, particularly in the Corporate segment.

## Continental Europe

### Revenues

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	1,730	1,678	+ 1.6%			
Healthcare and Seniors	706	705	- 0.4%			
Education	513	509	+ 0.4%			
<b>Total</b>	<b>2,949</b>	<b>2,892</b>	<b>+ 0.9%</b>	<b>+ 0.5%</b>	<b>+ 0.6%</b>	<b>+ 2.0 %</b>

In Continental Europe, revenues totaled 2.9 billion euro, with organic growth of 0.9%.

Performances were mixed, with more significant slowdowns in activity on sites in several countries, particularly France, the Netherlands, Germany and Italy, contrasting with a continued strong dynamic in Russia and Sweden.

The **1.6%** organic growth in the **Corporate** segment was led by the ramp up of contracts with a significant facilities management services component throughout Europe. In France, revenue was also boosted by the opening of a new site in Nantes and the launch of additional services for the Justice Ministry. Recent marketing successes included the signature of a new contract with DNB (Norway) and renewal of the KLM contract in the Netherlands and the Safran and Amundi contracts in France.

In **Healthcare and Seniors**, revenues were down **0.4%**. This was partly the result of applying a more selective approach to new business in Southern Europe and it also reflected soft growth in site revenues, due to clients' strict controls over spending. Sodexo's teams nonetheless won several major contracts, particularly in France with Nouvelles Cliniques Nantaises.

**Education** organic revenue growth came to **0.4%**, representing an improvement on Fiscal 2012. The first half saw continued application of a selective development policy. Growth in site revenue was modest, particularly in Spain and Italy due to pressure on school budgets leading to a reduction in the number of services purchased. Contrat wins included the Fonte Nuova city's schools in Italy, Darussafaka Okul in Istanbul, Turkey, and the Recollets private school group in Longwy, France.

### Operating profit

At 103 million euro, **operating profit** was down by 28 million euro excluding the currency effect. The decline was mainly due to lower foodservices volumes and also to pricing pressure from clients seeking to cut costs, which meant that the Group was only able to pass on to clients a portion of the increase in wages, payroll taxes and food prices. The Sports and Leisure activities in France, which have high fixed costs, were also affected by the decline in the number of tourists and unfavorable weather conditions. As a result of these developments, operating margin weakened to 3.5% from 4.5% in the first half of Fiscal 2012.

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

#### Revenues

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	1,701	1,573	+ 7.9%			
Healthcare and Seniors	84	75	+ 9.3%			
Education	53	60	- 13.4%			
<b>Total</b>	<b>1,838</b>	<b>1,708</b>	<b>+ 7.2%</b>	<b>+ 0.2%</b>	<b>+ 0.2%</b>	<b>+ 7.6%</b>

In the Rest of the World (Latin America, Middle East, Asia, Africa, Australia and Remote Sites), Sodexo reaffirmed its leadership in emerging and high potential markets. Revenues for the first half of 2013 came to 1.8 billion euro, reflecting organic growth of 7.2%.

Despite a sharp decline in manufacturing activity in emerging markets, the **Corporate** segment continued to enjoy robust organic growth. This performance attested to Sodexo's expertise in serving mining companies in Australia and Latin America. However, completion of several construction projects in Remote Sites had a 2% negative impact on revenues.

Lastly, even though growth in revenues from existing clients softened, particularly in India, Brazil and China, Sodexo delivered another excellent sales performance in these markets with business development rates topping 10%. Many contracts were signed during the period, for example with AstraZeneca (China), Australian Submarine Corporation (Australia), Visteon Automotive Systems and Nestlé (India), Electrolux (Brazil), Pacific Rubiales Energy (one of Colombia's leading oil and gas companies) and Hyundai Engineering and Construction Co. Ltd (Oman).

Sodexo also partnered with the French Post Office to win a contract to provide postal support services (collection, delivery and distribution of letters and parcels) for the 19,000 people living on French army bases around the world. This innovative project will leverage Sodexo's expertise in supplying on-site services in harsh environments.

The **Healthcare and Seniors** segment continued to grow in Asia and Latin America, with contract wins including the Renmin University Hospital Wuhan (China). The decline in **Education** revenue was due to the non-renewal of a public schools contract in Chile.

### Operating profit

Operating profit amounted to 47 million euro, an increase of 4.7% excluding the currency effect. During the first half, Puras do Brasil, a Brazilian company acquired at the beginning of Fiscal 2012 continued to be integrated in the Group. This acquisition doubled the On-site Services revenue base in Brazil, lifting the Group to the no.1 position in this market, which offers considerable medium-term growth potential. The first half also saw significant food price inflation in several countries, particularly Brazil. Operating margin stood at 2.6% versus 2.5% in the first half of Fiscal 2012.

## United Kingdom and Ireland

### Revenues

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	495	493	- 4.7%			
Healthcare and Seniors	135	119	+ 5.8%			
Education	70	68	- 2.6%			
<b>Total</b>	<b>700</b>	<b>680</b>	<b>- 2.6%</b>	<b>+ 1.6%</b>	<b>+ 3.9%</b>	<b>+ 2.9%</b>

On-site Services revenues in the United Kingdom and Ireland totaled 700 million euro. Excluding the favorable effect of the 2011 Rugby World Cup hospitality contract in the first half of the prior year, organic revenue growth in the first half of Fiscal 2013 was 5.6%.

**Corporate** revenues for the period were up by a robust 6.8% (excluding Rugby World Cup revenues). This performance was attributable to the roughly 13 million euro in revenues earned during the London Paralympic Games in early September 2012 and to the ramp-up of several integrated service contracts such as the ones with Unilever, AstraZeneca and Eli Lilly.

In **Healthcare and Seniors**, organic revenue growth accelerated to 5.8%, led by expanded services provided in connection with the contract with North Staffordshire University Hospital and the start-up of an integrated services contract at Brighton and Sussex University Hospital.

**Education** revenues contracted by 2.6% on an organic basis, reflecting the continuing selective approach to new business in the public schools sector. Recent contract wins included St. Flannans College in Ennis (Ireland).

### Operating profit

Operating profit amounted to 33 million euro, up 6.7% excluding the currency effect.

On-site productivity gains, particularly in the Justice segment, the ramp-up of integrated service contracts in the Corporate segment, and the gain recognized following pension plan changes in the United Kingdom and Ireland more than compensated for the high prior period basis of comparison resulting from the 2011 Rugby World Cup. Operating margin rose to 4.7% from 4.4% in the first half of Fiscal 2012.

## 2.2 Benefits and Rewards Services

### Issue volume

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Latin America	3,840	3,432	+ 18%			
Europe and Asia	4,134	4,083	+ 0%			
<b>Total</b>	<b>7,974</b>	<b>7,515</b>	<b>+ 8.2%</b>	<b>+ 1.8%</b>	<b>- 3.9%</b>	<b>+ 6.1%</b>

Benefits and Rewards Services issue volume for the first half of Fiscal 2013 totaled 8 billion euro and organic issue volume growth was 8.2%. Overall growth in issue volume was **6.1%**, after taking into account the 3.9% negative currency effect, mainly due to the Brazilian real's decline against the euro, and the contribution of Servi-Bonos in Mexico, which was acquired in November 2012 and added 1.8% to the growth rate.

Issue volume in **Latin America** amounted to 3.8 billion euro. Organic growth was a strong 18%, reflecting a steady increase in the number of beneficiaries as well as in voucher and card face values.

At 4.1 billion euro, issue volume in **Europe and Asia** was in line with the first half of Fiscal 2012. Unfavorable new regulations introduced in Hungary in January 2012 reduced organic issue volume growth by 2.4%. In Belgium, issue volume for the Titres Emploi Service personal service vouchers remained high during the period.

## Revenues

(millions of euro)	First Half Fiscal 2013	First Half Fiscal 2012	Organic growth	Acquisitions	Currency effects	Total growth
Latin America	206	203	+ 8.7%			
Europe and Asia	174	174	- 0.8%			
<b>Total</b>	<b>380</b>	<b>377</b>	<b>+ 4.3%</b>	<b>+ 1.1%</b>	<b>- 4.6%</b>	<b>+ 0.8%</b>

Benefits and Rewards Services revenues for the first half of Fiscal 2013 totaled 380 million euro.

Organic growth stood at 4.3%, while reported growth was nearly 1% reflecting:

- The 4.6% negative currency effect and
- The impact of the Servi-Bonos acquisition in Mexico, which contributed 1.1%. The acquisition of **Servi-Bonos**, one of Mexico's leading meal voucher and card issuers, was finalized in November 2012. The first months of Servi-Bonos's integration into the Group have been satisfactory.

Organic revenue growth in **Latin America** slowed to **8.7%**. This was mainly due to pressures on commission rates with large Corporate and other clients in Brazil, and it also reflected the impact of lower interest rates.

Revenue in **Europe and Asia** amounted to 174 million euro. Organic growth was a negative 0.8% compared with the first half of Fiscal 2012, but a positive 3.3% excluding the impact of Hungary.

Recent marketing successes included contracts with the Lyon Chamber of Commerce and Industry and the Saône et Loire Conseil Général (France), Electropaulo (São Paulo, Brazil), the Zulia State Government (Venezuela), Sharp Electronica Mexico (Mexico) and the Bursa City Authorities (Turkey). Other highlights of the period included the successful launch of the *Spirit of Cadeau* gift card in France, in time for the festive season. The card can be used to purchase products and services for the home and for sporting activities.

## Operating profit

Operating profit from Benefits and Rewards Services amounted to 147 million euro, up 6.8% excluding the currency effect compared with the first half of Fiscal 2012. The increase reflected higher issue volumes and the productivity gains achieved through disciplined management, providing scope to continue investing in new technologies and marketing.

Operating margin stood at 38.7% versus 39% in the year-earlier period when operating profit benefited from several non-recurring items such as a litigation settlement.



## 3 CONSOLIDATED FINANCIAL POSITION

### 3.1 Cash flows

Cash flows for the period were as follows:

<i>(in millions of euro)</i>	First Half Fiscal 2013	First Half Fiscal 2012
Net cash provided by operating activities	37	315
Net cash used in investing activities	(185)	(704)
Net cash (used in) provided by financing activities	(59)	38
<b>Decrease in net cash and cash equivalents</b>	<b>(207)</b>	<b>(351)</b>

- Cash flows for the first half of Fiscal 2013 resulted in a net cash outflow of 207 million euro compared with a 351 million euro outflow for the year-earlier period.
- Net cash provided by operating activities declined to 37 million euro, reflecting:
  - Benefits and Rewards Services investments for the period in higher-return financial instruments with longer maturities (100 million euro impact).
  - Changes in exceptional items included in operating profit for the two periods (76 million euro impact).
  - A slight deterioration in the days sales outstanding ratio.
- By contrast, net cash used in investing activities was reduced to 185 million euro from the year-earlier period's 704 million euro which included 576 million euro related to acquisitions (mainly Puras do Brasil, Roth Bros in the United States and Lenôtre in France).
- Investments for the first half of Fiscal 2013 included:
  - Net capital expenditure and client investments for 113 million euro, representing approximately 1.2% of revenues.
  - Acquisitions for 81 million euro, mainly Servi-Bonos in Mexico.

### 3.2 Condensed consolidated statement of financial position at February 28, 2013

<i>(in millions of euro)</i>	February 28, 2013	August 31, 2012		February 28, 2013	August 31, 2012
Non-current assets	6,815	6,888	Shareholders' equity	2,898	3,034
Current assets excluding cash	4,429	3,842	Non-controlling interests	39	35
Financial assets related to the Benefits and Rewards Services activity	660	609	Non-current liabilities	3,575	3,421
Cash and cash equivalents	1,266	1,451	Current liabilities	6,658	6,300
<b>Total assets</b>	<b>13,170</b>	<b>12,790</b>	<b>Total liabilities and equity</b>	<b>13,170</b>	<b>12,790</b>
			Net debt	961	639
			Net debt ratio	33%	21%

All items in the consolidated statement of financial position at February 28, 2013 were affected by the negative currency effect resulting mainly from variations in the US dollar and British pound against the euro.

At February 28, 2013, the Group had **total borrowings of 2,802 million euro**. The main borrowings are two euro-denominated bond issues for a total of 1,409 million euro and two US private placement issues for a total of 1,100 million US dollars. The remainder is comprised of various bank loans and lease liabilities, as well as derivative financial instruments.

Following the acquisitions completed during the period, net debt was 961 million euro at February 28, 2013, representing 33% of consolidated shareholders' equity versus 38% at February 29, 2012 and 21% at August 31, 2012. As these figures demonstrate, Sodexo has very robust financial ratios.

In addition, at February 28, 2013, the Group had unused lines of credit totaling 774 million euro.

The **average interest rate on debt was 5.5%** in the first half of Fiscal 2013.

**Cash and cash equivalents net of bank overdrafts** amounted to 1,182 million euro at February 28, 2013. Benefits and Rewards Services cash invested in instruments with maturities of more than three months amounted to 284 million and the activity's restricted cash was 375 million euro.

**Total cash** (which also includes the restricted and unrestricted cash of the Benefits and Rewards Services activity) totaled 1,841 million euro, of which 1,724 million euro related to the Benefits and Rewards Services activity.

## 4 DISTINCTIONS

- In March 2013, Sodexo was once again included in Fortune magazine's list of **Most Admired Companies**, ranking first in the Diversified Outsourcing Services category.
- For the sixth year in a row, Sodexo was selected for inclusion in the prestigious **Sustainable Asset Management (SAM) "2013 Sustainability Yearbook"** for its commitment to economic, social and environmental responsibility, and received three sustainability awards, "**SAM 2013 Sector Leader**", "**SAM 2013 Gold Class**" and "**SAM 2013 Sector Mover**".

## 5 RELATED PARTY TRANSACTIONS

The main related party transactions are presented in note 6.4.8 to the consolidated financial statements.

## 6 MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the Group in the second half of Fiscal 2013 are not materially different from those described in the "Risk Factors" section of the Fiscal 2012 Registration Document filed with the Autorité des Marchés Financiers on November 12, 2012.

## 7 OUTLOOK

At the April 16, 2013 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 offer, an unsurpassed global network for its activities and uncontested leadership in the emerging economies.

During this meeting he confirmed his confidence in the Group's medium-term objectives and noted that between Fiscal 2005 and Fiscal 2012, revenues grew by an average 6.7% per year. The initiatives undertaken by Sodexo over several years will allow the Group to continue its growth, improve its competitiveness and continue to invest in its transformation.

Michel Landel noted that the **operational efficiency improvement and cost reduction program** announced in November 2012 is well underway. In this regard, he confirmed that all of the teams are fully mobilized around specific actions to **reinforce the Group's competitiveness**. This program will be enlarged given the economic context. As of today the Group considers that the implementation of this program will result in exceptional charges of between 180 and 200 million euro over a period of 18 months from September 2012 and will have a favorable effect for the same amount in Fiscal 2015 and subsequent years.

Given the first half performance and current trends in the economic environment, Michel Landel provided the following objectives for **Fiscal 2013** :

- Organic growth in revenues of between 1% and 2%
- Stable operating profit<sup>1</sup> compared to Fiscal 2012

Sodexo confirms its confidence in achieving its objective of a **consolidated operating margin of 6.3%** by the end of Fiscal 2015.

**In addition, the Group maintains its objective of average annual growth in consolidated revenues of 7% over the medium-term.**

Michel Landel noted Sodexo's numerous strengths:

- Its integrated services offer;
- Its choices for development which capitalize on the experience and competence of its teams in each client segment and sub-segment;
- Its solid growth dynamic in emerging economies, where the Group continues to reinforce its positions;
- The engagement and motivation of its teams.

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<sup>1</sup> Excluding currency effects and Fiscal 2012 and Fiscal 2013 exceptional items

# 2

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# 1 CONSOLIDATED INCOME STATEMENT

<i>(in millions of euro)</i>	Notes	First Half Fiscal 2013	First Half Fiscal 2012
<b>Revenues</b>	6.3	<b>9,463</b>	<b>9,069</b>
Cost of sales	6.4.5	(8,049)	(7,634)
<b>Gross profit</b>		<b>1,414</b>	<b>1,435</b>
Sales department costs	6.4.5	(133)	(129)
General and administrative costs	6.4.5	(798)	(740)
Other operating income	6.4.5	11	10
Other operating costs	6.4.5	(16)	(17)
<b>Operating profit<sup>(1)</sup></b>	6.3	<b>478</b>	<b>559</b>
Interest income	6.4.6	23	33
Financing costs	6.4.6	(108)	(124)
Share of profit of companies consolidated by the equity method		8	7
<b>Profit for the period before tax</b>		<b>401</b>	<b>475</b>
Income tax expense	6.2.3	(153)	(166)
<b>Profit for the period</b>		<b>248</b>	<b>309</b>
Of which:			
Non-controlling interests		12	12
<b>Profit attributable to equity holders of the parent</b>		<b>236</b>	<b>297</b>
<b>Basic earnings per share <i>(in euro)</i></b>	6.4.7	<b>1.57</b>	<b>1.97</b>
<b>Diluted earnings per share <i>(in euro)</i></b>	6.4.7	<b>1.56</b>	<b>1.96</b>

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

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

## 2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in millions of euro)</i>	First Half Fiscal 2013	First Half Fiscal 2012
<b>Profit for the period</b>	<b>248</b>	<b>309</b>
Components of other comprehensive income to be reclassified subsequently to profit or loss		
Change in fair value of available for sale financial assets		
Change in fair value of available for sale financial assets reclassified to profit or loss		
Change in fair value of cash flow hedges	(5)	(10)
Change in fair value of cash flow hedges reclassified to profit or loss	7	10
Currency translation differences	(156)	192
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	1	(6)
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		
<b>Total other comprehensive income (loss), after tax</b>	<b>(154)</b>	<b>186</b>
<b>Comprehensive income</b>	<b>94</b>	<b>495</b>
Of which:		
Attributable to equity holders of the parent	83	481
Non-controlling interests	11	14

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

## 3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

<i>(in millions of euro)</i>	Notes	February 28, 2013	August 31, 2012
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		547	574
Goodwill	6.4.1	4,955	5,031
Other intangible assets		568	563
Client investments		285	296
Companies consolidated by the equity method		78	81
Other non-current financial assets		120	133
Derivative financial instruments - assets		28	26
Other non-current assets		12	15
Deferred tax assets		222	169
<b>Total non-current assets</b>		<b>6,815</b>	<b>6,888</b>
<b>CURRENT ASSETS</b>			
Current financial assets		5	4
Derivative financial instruments - assets		4	1
Inventories		288	296
Income tax receivable		163	96
Trade and other receivables		3,969	3,445
Restricted cash and financial assets related to the Benefits and Rewards Services activity		660	609
Cash and cash equivalents	6.4.2	1,266	1,451
<b>Total current assets</b>		<b>6,355</b>	<b>5,902</b>
<b>Total assets</b>		<b>13,170</b>	<b>12,790</b>



## Liabilities and Shareholders' Equity

<i>(in millions of euro)</i>	Notes	February 28, 2013	August 31, 2012
<b>SHAREHOLDERS EQUITY</b>			
Common stock		628	628
Additional paid-in capital		1,109	1,109
Reserves and retained earnings		1,161	1,297
<b>Equity attributable to equity holders of the parent</b>		<b>2,898</b>	<b>3,034</b>
<b>Non-controlling interests</b>		<b>39</b>	<b>35</b>
<b>Total shareholders' equity</b>	6.4.3	<b>2,937</b>	<b>3,069</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	6.4.4	2,587	2,550
Derivative financial instruments - liabilities		4	2
Employee benefits		362	381
Other non-current liabilities		210	222
Provisions		110	105
Deferred tax liabilities		302	161
<b>Total non-current liabilities</b>		<b>3,575</b>	<b>3,421</b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		84	15
Borrowings	6.4.4	232	136
Derivative financial instruments - liabilities		12	23
Income tax payable		121	130
Provisions		47	41
Trade and other payables		3,404	3,422
Vouchers payable		2,758	2,533
<b>Total current liabilities</b>		<b>6,658</b>	<b>6,300</b>
<b>Total liabilities and equity</b>		<b>13,170</b>	<b>12,790</b>

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

## 4 CONSOLIDATED CASH FLOW STATEMENT

<i>(in millions of euro)</i>	Notes	First Half Fiscal 2013	First Half Fiscal 2012
<b>Operating activities</b>			
Operating profit		478	559
<b>Elimination of non-cash and non-operating items</b>			
Depreciation and amortization of tangible and intangible assets		140	139
Provisions		17	(2)
Gains and losses on disposals and other		1	8
Dividends received from companies consolidated by the equity method		8	6
<b>Change in working capital from operating activities</b>		<b>(353)</b>	<b>(178)</b>
Change in inventories		(1)	1
Change in trade and other receivables		(576)	(501)
Change in trade and other payables		56	76
Change in vouchers payable		215	197
Change in financial assets related to the Benefits and Rewards Services activity		(47)	49
Interest paid		(114)	(101)
Interest received		7	11
Income tax paid		(147)	(127)
<b>Net cash provided by operating activities</b>		<b>37</b>	<b>315</b>
<b>Investing activities</b>			
Acquisitions of property, plant and equipment and intangible assets		(110)	(145)
Disposals of property, plant and equipment and intangible assets		5	15
Change in client investments		(3)	(13)
Change in financial assets		4	14
Acquisitions of subsidiaries		(81)	(576)
Dispositions of subsidiaries			1
<b>Net cash used in investing activities</b>		<b>(185)</b>	<b>(704)</b>
<b>Financing activities</b>			
Dividends paid to parent company shareholders	6.4.3	(240)	(221)
Dividends paid to non-controlling shareholders of consolidated companies		(12)	(15)
Purchases of treasury shares	6.4.3	(46)	(5)
Dispositions of treasury shares	6.4.3	54	40
Increase in capital			
Decrease in capital			
Acquisitions of non-controlling interests		(11)	
Dispositions of equity investments without loss of control			
Proceeds from borrowings	6.4.4	237	339
Repayment of borrowings	6.4.4	(41)	(100)
<b>Net cash (used in) provided by financing activities</b>		<b>(59)</b>	<b>38</b>
<b>Change in net cash and cash equivalents</b>		<b>(207)</b>	<b>(351)</b>
Net effect of exchange rates and other effects on cash		(48)	46
Net cash and cash equivalents, beginning of period		1,436	1,424
<b>Net cash and cash equivalents, end of period</b>	<b>6.4.2</b>	<b>1,181</b>	<b>1,119</b>

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

## 5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in millions of euro)</i>	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and compre- hensive income	Currency translation differences	Total shareholders' equity		
							Attributable to equity holders of the parent	Non- controlling interests	Total
<b>Notes</b>					<b>6.4.3</b>	<b>6.4.3</b>			
<b>Shareholders' equity as of August 31, 2011</b>	<b>157,132,025</b>	<b>628</b>	<b>1,109</b>	<b>(391)</b>	<b>1,626</b>	<b>(437)</b>	<b>2,535</b>	<b>30</b>	<b>2,565</b>
Profit for the period					297		297	12	309
Other comprehensive income, net of tax					(6)	190	184	2	186
<b>Comprehensive income</b>					<b>291</b>	<b>190</b>	<b>481</b>	<b>14</b>	<b>495</b>
Dividends paid					(221)		(221)	(11)	(232)
Increase in share capital									
Decrease in share capital									
Treasury shares				36			36		36
Share-based payment (net of income tax)					9		9		9
Other								1	1
<b>Shareholders' equity as of February 29, 2012</b>	<b>157,132,025</b>	<b>628</b>	<b>1,109</b>	<b>(355)</b>	<b>1,705</b>	<b>(247)</b>	<b>2,840</b>	<b>34</b>	<b>2,874</b>

<i>(in millions of euro)</i>	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and compre- hensive income	Currency translation differences	Total shareholders' equity		
							Attributable to equity holders of the parent	Non- controlling interests	Total
<b>Notes</b>					<b>6.4.3</b>	<b>6.4.3</b>			
<b>Shareholders' equity as of August 31, 2012</b>	<b>157,132,025</b>	<b>628</b>	<b>1,109</b>	<b>(416)</b>	<b>1,867</b>	<b>(154)</b>	<b>3,034</b>	<b>35</b>	<b>3,069</b>
Profit for the period					236		236	12	248
Other comprehensive income, net of tax					2	(155)	(153)	(1)	(154)
<b>Comprehensive income</b>					<b>238</b>	<b>(155)</b>	<b>83</b>	<b>11</b>	<b>94</b>
Dividends paid					(240)		(240)	(9)	(249)
Increase in share capital									
Decrease in share capital									
Treasury shares				11			11		11
Share-based payment (net of income tax)					8		8		8
Other					2		2	2	4
<b>Shareholders' equity as of February 28, 2013</b>	<b>157,132,025</b>	<b>628</b>	<b>1,109</b>	<b>(405)</b>	<b>1,875</b>	<b>(309)</b>	<b>2,898</b>	<b>39</b>	<b>2,937</b>

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

## 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 condensed interim consolidated financial statements were approved by the Board of Directors on April 16, 2013.

### 6.1 Significant events

The main acquisitions by the Group in the first half of Fiscal 2013 were as follows:

- On November 2, 2012, Sodexo acquired 100% of Servi-Bonos, S.A. de C.V. for 70 million euro. Servi-Bonos is one of Mexico's leading food and meal voucher and card issuers, with some 5,000 clients located throughout the country and an issue volume (face value of the vouchers and cards multiplied by the number of vouchers and cards issued) of some 300 million euro in 2011.
- On December 24, 2012, Sodexo expanded its presence in India by acquiring MacLellan, a leading facilities management services company in India, with specific expertise in air-conditioning, heating, maintenance and energy management services. This acquisition has helped to enhance the Group's technical services expertise.

### 6.2 Basis of preparation of the financial statements

#### 6.2.1 General principles

The condensed interim consolidated financial statements for the six months ended February 28, 2013 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, 2012, except for certain interim reporting treatments 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, 2012.

The Group has not early adopted any standards or interpretations not required to be applied in Fiscal 2013.

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

### 6.2.3 Specific interim reporting treatments

#### Income tax expense

In the interim financial statements, income tax expense (current and deferred) 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 deferred tax charge or benefit calculated by this method is recorded by adjusting deferred tax assets and deferred tax liabilities in the consolidated statement of financial position.

#### Post-employment and other long-term employee benefits

The amount recorded in expenses for post-employment and other long-term employee benefits is estimated as one-half of the annual cost calculated on the basis of information available as of August 31, 2012. The effect of plan changes in the United Kingdom was not material as the plan has been restricted to former public sector employees since November 1, 2012.

There were no other material plan changes in the first half of Fiscal 2013.

#### Operational efficiency improvement and cost reduction program

The Group has launched an operational efficiency improvement and cost reduction program in order to reinforce its competitiveness. The total amount of costs recognized the first half of Fiscal 2013 was a negative 50 million euro, corresponding mainly to net contract termination costs (including impairment losses on assets dedicated to the related contracts and in certain cases, provisions for loss-making contracts) and restructuring charges. These charges are reported in the relevant operating expense line item based on the related function, and in the "unallocated" column in the segment information.

### 6.2.4 Use of estimates

The preparation of the condensed interim 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, 2012 (provisions for litigation and tax risks, derivative financial instruments, post-employment benefit plan assets and liabilities, goodwill and intangible assets, impairment of current and non-current assets, deferred taxes, and share-based payments).

## 6.2.5 Exchange rates

The following table shows changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of Fiscal 2012.

Currency	Closing rate as of February 28, 2013	Average rate for First Half Fiscal 2013	Closing rate as of February 29, 2012	Average rate for First Half Fiscal 2012
Dollar (USD)	1.3129	1.3082	1.3443	1.3484
Pound sterling (GBP)	0.8630	0.8189	0.8439	0.8548
Real (BRL)	2.5871	2.6619	2.2872	2.3827
Bolivar (VEF)	13.392	13.392	12.623	12.623

## 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 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 2013 <i>(in millions of euro)</i>	On-site Services					Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated <sup>(1)</sup>	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	3,602	2,949	700	1,838	9,089	374				9,463
Inter-segment revenues (Group)						6		(6)		
<b>TOTAL</b>	<b>3,602</b>	<b>2,949</b>	<b>700</b>	<b>1,838</b>	<b>9,089</b>	<b>380</b>		<b>(6)</b>		<b>9,463</b>
Segment operating profit	244	103	33	47	427	147	(40)	(6)	(50)	478

(1) Corresponding to operational efficiency improvement and cost reduction program costs.

First Half Fiscal 2012 <i>(in millions of euro)</i>	On-site Services					Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated <sup>(2)</sup>	Total
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total					
Revenues (third-party)	3,420	2,892	680	1,708	8,700	369				9,069
Inter-segment revenues (Group)						8		(8)		
<b>TOTAL</b>	<b>3,420</b>	<b>2,892</b>	<b>680</b>	<b>1,708</b>	<b>8,700</b>	<b>377</b>		<b>(8)</b>		<b>9,069</b>
Segment operating profit	226	131	30	43	430	147	(36)	(8)	26	559

(2) Corresponding to the positive accounting impact of applying a different inflation index to calculate defined benefit plan costs in the United Kingdom.

## 6.4 Notes to the interim consolidated financial statements

### 6.4.1 Goodwill

The decrease in goodwill was mainly due to translation adjustments for the period, representing a negative 151 million euro, partly offset by the recognition of 75 million euro in goodwill on acquisitions for the period, including Servi-Bonos (Mexico), MacLellan India (India) and Rikslunchen (Sweden).

### 6.4.2 Cash and cash equivalents

<i>(in millions of euro)</i>	February 28, 2013	August 31, 2012
Marketable securities	510	537
Cash	756	914
<b>Sub-total: cash and cash equivalents</b>	<b>1,266</b>	<b>1,451</b>
Bank overdrafts	(84)	(15)
<b>Net</b>	<b>1,182</b>	<b>1,436</b>

Marketable securities amounted to 510 million euro at February 28, 2013 (537 million euro at August 31, 2012), as follows:

<i>(in millions of euro)</i>	February 28, 2013	August 31, 2012
Short-term notes	393	362
Term deposits	93	108
Listed bonds	5	11
Mutual funds and other	19	56
<b>Marketable securities</b>	<b>510</b>	<b>537</b>

### 6.4.3 Changes in shareholders' equity

As of February 28, 2013 a total of 5,951,778 Sodexo shares acquired at a cost of 326 million euro were held in treasury for allocation upon exercise of employee stock options.

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. During the first half of Fiscal 2012, Sodexo shares with a carrying amount of 40 million euro were delivered to employees upon exercise of stock options and additional Sodexo shares were repurchased at a total cost of 5 million euro.

Dividends paid in the first half of Fiscal 2013 amounted to 240 million euro, representing 1.59 euro per share. No dividends were paid on Sodexo shares held in treasury on the ex-dividend date.



Other comprehensive income for the first half of Fiscal 2013 was as follows:

<i>(in millions of euro)</i>	First Half Fiscal 2013			First Half Fiscal 2012		
	Change for the period (before tax)	Income tax (expense) benefit	Change for the period (after tax)	Change for the period (before tax)	Income tax (expense) benefit	Change for the period (after tax)
Available-for-sale financial assets						
Cash flow hedges	3	(1) <sup>(1)</sup>	2	(8)	2 <sup>(1)</sup>	(6)
Actuarial gains and losses and other						
Currency translation adjustments	(155)		(155)	190		190
<b>Total other comprehensive income (loss), after tax</b>	<b>(152)</b>	<b>(1)</b>	<b>(153)</b>	<b>182</b>	<b>2</b>	<b>184</b>

(1) Including, in the first half of Fiscal 2012, deferred taxes of 2 million euro on cash flow hedges included in other comprehensive income of companies consolidated by the equity method and reported under "Share of other comprehensive income of companies consolidated by the equity method, net of tax". The amount for the first half of Fiscal 2013 was not material.

#### 6.4.4 Borrowings

<i>(in millions of euro)</i>	February 28, 2013		August 31, 2012	
	Current	Non-current	Current	Non-current
<b>Bond issues</b>				
Euro	27	1 382	43	1 383
<b>Bank borrowings<sup>(1)</sup></b>				
US dollar	125	730	19	872
Brazilian real	53		44	
Euro		438	1	237
Other currencies	2		1	
	<b>180</b>	<b>1 168</b>	<b>65</b>	<b>1 109</b>
<b>Finance lease obligations</b>				
Euro	5	11	6	13
Other currencies	14	17	14	19
	<b>19</b>	<b>28</b>	<b>20</b>	<b>32</b>
<b>Other borrowings<sup>(2)</sup></b>				
Euro	3	6	2	24
Other currencies	3	3	6	2
	<b>6</b>	<b>9</b>	<b>8</b>	<b>26</b>
<b>Total excluding derivative financial instruments</b>	<b>232</b>	<b>2,587</b>	<b>136</b>	<b>2,550</b>
Net fair value of derivative financial instruments	8	(24)	22	(24)
<b>Total including derivative financial instruments</b>	<b>240</b>	<b>2,563</b>	<b>158</b>	<b>2,526</b>

(1) Including two US private placement notes issues for 500 million US dollars and 600 million US dollars respectively.. The two issues are subject to financial covenants that the Group complied with at February 28, 2013.

(2) Including 4 million euro in liabilities related to commitments to buy out non-controlling interests in certain subsidiaries (20 million euro at August 31, 2012).

Changes in borrowings during the first half of Fiscal 2013 were as follows:

<i>(in millions of euro)</i>	August 31, 2012	Increases	Repayments	Discounting effects and other	Translation adjust- ments	Changes in scope of consoli- dation	February 28, 2013
Bond issues	1,426			(17)			1,409
Bank borrowings	1,174	232	(21)	(2)	(35)		1,348
Finance lease obligations	52	6	(11)				47
Other borrowings	34	2	(5)			(16)	15
<b>Total excluding derivative financial instruments</b>	<b>2,686</b>	<b>240</b>	<b>(37)</b>	<b>(19)</b>	<b>(35)</b>	<b>(16)</b>	<b>2,819</b>
Net fair value of derivative financial instruments	(2)	3	(4)	(15)	2		(16)
<b>Total including derivative financial instruments</b>	<b>2,684</b>	<b>243</b>	<b>(41)</b>	<b>(34)</b>	<b>(33)</b>	<b>(16)</b>	<b>2,803</b>

As of February 28, 2013, 94% of Group borrowings were at fixed rates of interest. The average cost of borrowings at that date was 5.5%.

#### July 2011 multicurrency confirmed facility

As of February 28, 2013, the facility was utilized in the amount of 435 million euro (235 million euro as of August 31, 2012).

In addition, as of February 28, 2013, the Group had unused lines of credit totaling 774 million euro.

#### 6.4.5 Operating expenses by nature

<i>(in millions of euro)</i>	First Half Fiscal 2013 <sup>(3)</sup>	First Half Fiscal 2012
Depreciation, amortization and impairment charges	(165)	(140)
Employee costs		
- Wages and salaries	(3,393)	(3,216)
- Other employee costs <sup>(1)</sup>	(1,024)	(877)
Purchases of consumables and change in inventory	(2,936)	(2,944)
Other operating expenses <sup>(2)</sup>	(1,467)	(1,333)
<b>Total</b>	<b>(8,985)</b>	<b>(8,510)</b>

(1) Primarily payroll taxes, but also including costs associated with defined-benefit plans, defined contribution plans and stock options.

(2) Other operating expenses mainly include operating lease expenses (154 million euro for the first half of Fiscal 2013 and 169 million euro for the first half of Fiscal 2012), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

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

## 6.4.6 Interest income and financing costs

<i>(in millions of euro)</i>	First Half Fiscal 2013	First Half Fiscal 2012
Gross borrowing costs <sup>(1)</sup>	(79)	(93)
Interest income from cash and cash equivalents	3	6
<b>Net borrowing costs</b>	<b>(76)</b>	<b>(87)</b>
Interest income from loans and receivables at amortized cost	3	3
Other financial income		
Other financial expenses	(2)	(4)
Net foreign exchange (losses)/gains	(1)	(2)
Net impairment (losses)/reversals		
Expected return on defined-benefit plan assets	17	20
Interest cost on defined benefit plan obligations	(18)	(19)
Foreign-exchange adjustment for hyperinflation	(4)	(2)
Change in fair value of derivative instruments not qualifying for hedge accounting		4
Other	(4)	(4)
<b>Borrowing costs and other financial income and expense, net</b>	<b>(85)</b>	<b>(91)</b>
Of which: financial income	23	33
Of which: borrowing costs and other financial expenses	(108)	(124)

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

## 6.4.7 Earnings per share

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

	First Half Fiscal 2013	First Half Fiscal 2012
Basic weighted average number of shares	150,577,718	151,011,502
Average dilutive effect of stock options	1,263,251	873,776
Diluted weighted average number of shares	151,840,969	151,885,278

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

	First Half Fiscal 2013	First Half Fiscal 2012
Profit for the period attributable to equity holders of the parent (in millions of euro)	236	297
Basic weighted average number of shares	150,577,718	151,011,502
<b>Basic earnings per share (in euro)</b>	<b>1.57</b>	<b>1.97</b>
Diluted weighted average number of shares	151,840,969	151,885,278
<b>Diluted earnings per share (in euro)</b>	<b>1.56</b>	<b>1.96</b>

All of the stock option plans had a dilutive impact in the first half of Fiscal 2013. In the first half of Fiscal 2012, one stock option plan did not have a dilutive impact.

#### 6.4.8 Related party information

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

There were no significant changes in the nature of compensation, advances and commitments in respect of pensions or similar allowances granted to members of the Board of Directors or the Executive Committee, or to the Chief Executive Officer of Sodexo compared with the year ended August 31, 2012, except with respect to stock options, for which no grants were made in the first half of Fiscal 2013.

##### Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in Note 4.26 "Related party information" in the consolidated financial statements for the year ended August 31, 2012

##### Principal shareholder

As of February 28, 2013, Bellon SA held 37.7% of the capital of Sodexo.

During the first half of Fiscal 2013, Sodexo paid fees of 3.2 million euro (3 million euro for the first half of Fiscal 2012) under the assistance and advisory services contract with Bellon SA.

During the first half of Fiscal 2013, the Annual Shareholders' Meeting approved the payment of a dividend of 1.59 euro per share. Bellon SA received a dividend of 94.2 million euro in February 2013.

#### 6.4.9 Subsequent events

No material events have occurred since February 28, 2013.

# 3

## STATUTORY AUDITORS' REPORT



**SODEXO S.A.**

**STATUTORY AUDITORS' REPORT ON THE CONDENSED STATUTORY  
FINANCIAL STATEMENTS**

**For the six month period ended February 28, 2013**

**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, 2013**

**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 2013;
- 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 17, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit

Yves Nicolas

KPMG Audit  
*Department of KPMG SA*

Hervé Chopin



# 4

## STATEMENT FROM THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

**GROUP CHIEF EXECUTIVE OFFICER**

**RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT**

Issy-les-Moulineaux, April 17<sup>th</sup>, 2013

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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