PRESS RELEASE

Sodexo: Solid results for Fiscal 2014

- **Financial objectives for the year achieved:**
    - Organic growth in revenues of +2.3%
    - Operating income up by +10.7% excluding currency effects and exceptional costs; operating margin improving 0.5% to 5.7% excluding currency effects
        - Program to improve operational efficiency and reduce costs delivers results;
        - Improved profitability in On-site Services in Europe and in the Rest of the World
        - Double digit growth in Benefits and Rewards Services
    - Group net income up by +11.6% and +20.3% excluding currency effects
- **Robust cash-generating financial model**
- **Sodexo's targets for 2015: organic growth in revenues of around +3% and an increase in operating profit of +10 % (excluding currency effects)**

Issy-les-Moulineaux, November 13, 2014 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY): At the November 10, 2014 Board of Directors Meeting chaired by Pierre Bellon, Michel Landel, Chief Executive Officer, presented the performance for the year ended August 31, 2014.

Fiscal 2014 financial performance:

Millions of euro	Year ended August 31		Change at current exchange rates	Change at constant exchange rates
	Fiscal 2014	**Fiscal 2013**		
Revenues	**18,016**	**18,397**	**-2.1%**	**+2.6%**
Organic growth	*2.3%*	*1.1%*		
Operating profit before exceptional costs[1]	**966**	**964**	**+0.2%**	**+10.7%**
Operating margin before exceptional costs[1] excluding currency exchange rates	**5.7%**	**5.2%**		
Exceptional costs[1]	(27)	(139)		
Reported operating profit	**939**	**825**	**+13.8%**	**+25.9%**
Financial result	(173)	(136)		
Effective tax rate	34.8%	34.3%		
REPORTED GROUP NET INCOME	**490**	**439**	**+11.6%**	**+20.3%**
Net debt ratio (as of August 31, 2014)[2]	**12%**	**16%**		
Dividend per share (in euro)	**1.80[3]**	**1.62**	**+11.1%**	

[1] Operating profit and margin before costs recognized in connection with the program to improve operational efficiency and reduce costs in Fiscal 2013 and Fiscal 2014, and after share of profit of companies consolidated by the equity method that directly contribute to the Group's business.
[2] Ratio of net financial debt to shareholders' equity and non-controlling interests.
[3] Dividend subject to approval at the January 19, 2015 shareholders' meeting.

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

« Sodexo has met its objectives for 2014 and improved its profitability, in particular in On-site Services. We can also note strong momentum in Benefits and Rewards Services. Lastly, the share of facilities management services continues to increase, now representing 28% of our revenues, reflecting the increasing demand by our clients for integrated services. I would like to thank all of our teams for the ever stronger commitment demonstrated this year. This involvement and the progress we have made allow us to remain confident that we will yet again increase profitability in Fiscal 2015. »

Revenues

Sodexo's consolidated revenues for Fiscal 2014 were 18 billion euro. Organic growth was 2.3%.

On-site Services

Organic growth for the **On-site Services** activity was +1.8%. In a sluggish global economy, this increase reflects stronger demand for Sodexo's integrated Quality of Life Services offers in most regions. These well-configured offers, which include a significant facilities management component, helped to offset the decline in foodservices volumes, particularly in Europe, that resulted from client downsizing plans.

By client segment and on the same basis of comparison, organic revenue growth was as follows:

- +2.2% in **Corporate**, reflecting three contrasting trends:
  - on the one hand, sustained demand in North America, Europe and in emerging countries for multi-services contracts with a significant technical maintenance component;
  - on the other hand:
    - declining foodservices volumes in several countries, particularly in Europe. Clients continued to seek additional cost savings and to downsize their workforces, while reduced spending by consumers continued to have an impact, particularly in France, the Netherlands, Italy and Spain.
    - a sharp (-4.5%) decline in Remote Sites activity, in particular in the mining sector worldwide and specifically in Africa, the Middle East, Australia and Latin America.

Excluding Remote Sites, Corporate segment organic growth was around +4%.

- +1.1% in **Health Care and Seniors**, reflecting moderate growth in On-site existing sites in both North America and Europe. In addition, the ramp-up of a new integrated multi-services contracts in North America was voluntarily slower than originally expected.
- +1.4% in **Education,** with a modest increase in the number of consumers (universities and schools) in North America, and solid growth in emerging countries that benefit from Sodexo's expertise in this segment.

Benefits and Rewards Services

Organic growth in **Benefits and Rewards Services** revenues was +13%. The significant acceleration compared with Fiscal 2013 reflected the sustained growth dynamic in Latin America and healthy expansion in Asia, led by India and China.

Key Growth Indicators

The Group's key growth indicators were as follows:

- **a 93.4% client retention rate.** This represented a sharp improvement compared to the prior year, and was achieved despite decisions taken by Sodexo to terminate certain under-performing contracts and also the completion of certain Remote Site projects. The rate was particularly high in the United Kingdom and Ireland (at close to 97%) and it also improved in Continental Europe and Latin America, as well as for the Remote Sites activity;
- **+2.5% growth** at **existing sites,** compared to +2.1% for the prior year. The increase was mainly attributable to improvements by Sodexo teams in passing through the effects of inflation in pricing both in Europe and in Latin America, which offset continued decreases in volumes in foodservices in Europe and the slowdown in economic growth in certain emerging countries;
- a +**7.1 % business development rate** (new contract wins). The overall decline compared to +7.8% in Fiscal 2013 masked improvements in Continental Europe and China, as well as for the Remote Sites activity, thanks to the many new integrated services contracts sold during the year. The amount of new contracts won during the fiscal year was 1.3 billion euro in annual revenues.

In addition, in human resources, Sodexo conducted a new international employee engagement survey among 130,000 employees in 60 countries. The engagement rate, which measures employees' satisfaction and commitment, is a key performance indicator for the Group.

The results of this engagement survey show that significant advances have been made:

- **The employee engagement rate improved for the third time running with a total increase of 11 percentage points since 2008;**
- The main take-aways from the survey are that Sodexo offers a stable, sustainable and fulfilling work environment, with **86% of respondents stating that they would rather work for Sodexo than for any of its competitors.** 80% of respondents are aware of the career development opportunities available to them and 88% consider that their working environment is appropriate for the types of tasks they perform each day.

Operating profit

Group operating profit before exceptional items[1] was 966 million euro, an increase of +10.7% excluding currency effects and +0.2% at current currency exchange rates over the prior year.

This overall performance included some notable growth in operating profit:

- +20.5% in the On-site Services activity in the Rest of the World[2];
- +17.7% in the On-site Services activity in Continental Europe; and
- Nearly +12% in Benefits and Rewards Services.

At the same time, however, operating profit in On-site Services in North America and in the United Kingdom and Ireland remained at levels broadly similar to the prior year, as a result of significant costs related to the ramp-up of large contracts.

Consolidated operating margin (excluding currency effects) therefore improved by 0.5%, rising from 5.2% in Fiscal 2013 to 5.7% in Fiscal 2014. Including currency effects, consolidated operating margin was 5.4% at current rates.

At the beginning of Fiscal 2013, Group senior management launched a program to improve operational efficiency and reduce costs. The objective of the program was to reduce On-site operating costs and achieve sustained administrative cost savings, with annual savings increasingly affecting operating profit in Fiscal 2014 and Fiscal 2015.

Exceptional expenses related to the program to improve operational efficiency and reduce costs amounted to 27 million euro in Fiscal 2014. They included:

- exceptional expenses which reduced gross margin: 12 million euro related to asset impairments and the cost of terminating certain under-performing contracts or activities;
- exceptional expenses recognized in administrative costs: 15 million euro related in particular to various cost-reduction measures taken.

The total costs incurred under the program to improve operational efficiency and reduce costs during the 18-month period from September 2012 to February 2014 amounted to 166 million euro. Sodexo benefited from the initial favorable impact of this program in Fiscal 2014, when 100 million euro of cost savings were achieved. The program is expected to generate annual savings of 160 million euro in Fiscal 2015, representing a 100% payback.

As part of the plan, Sodexo decided to terminate under-performing contracts and activities representing annual revenues of around 450 million euro.

Reported operating profit amounted to 939 million euro, an increase of +13.8% at current currency exchange rates and +25.9% excluding currency effects.

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[1] Costs recognized in Fiscal 2013 and Fiscal 2014 in connection with the program to improve operational efficiency and reduce costs.

[2] Rest of the World includes Sodexo's activities in Latin America, Asia, Africa and the Middle East as well as Remote Sites management worldwide.

Group net income

Group net income was 490 million euro compared to 439 million euro in Fiscal 2013, an increase of +11.6% or +20.1% excluding currency effects. During Fiscal 2014, the Brazilian real declined (-12.4%) against the euro. The U.S. dollar lost 3.9% and the UK pound sterling gained +1.6%. In addition, continuing the method used since 2010 to translate amounts in Venezuelan bolivars into euro and present performance for the year, the consolidated financial statements were prepared using an average exchange rate of 51.06 bolivars = 1 U.S. dollar (equivalent to 67.34 bolivars = 1 euro). This new rate used to translate income statement items represented an 80% decline in the bolivar against the euro in Fiscal 2014.

It should nonetheless be noted that these exchange rate fluctuations do not create operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.

Earnings per share was 3.23 euro compared to 2.91 euro for the prior year, an increase of +11% or +19.6% excluding currency effects.

The costs incurred in connection with the program to improve operational efficiency and reduce costs had an after-tax negative impact on Group net income of 18 million euro in Fiscal 2014 compared to 91 million euro in Fiscal 2013.

Dividend

At the Annual Shareholders' Meeting to be held on January 19, 2015, the Board of Directors will recommend paying a dividend of 1.8 euro per share for Fiscal 2014, an increase of nearly +11.1% over the prior year. This proposal is in line with Sodexo's policy of allowing shareholders to benefit from the growth in Group net income; it also reflects the Board's great confidence in the Group's future and takes into consideration Sodexo's solid cash-generating financial model.

The proposed dividend represents a payout ratio of 56% of Group net income (54% of Group net income before exceptional expenses related to the program to improve operational efficiency and reduce costs).

Shares held in registered form for more than four years as of August 31, 2014 and still held when the dividend becomes payable, will qualify for a 10% dividend premium (rounded down to the nearest cent), provided that they do not represent over 0.5% of the capital per shareholder.

Net cash flows: a solid cash-generating financial model

Net cash provided by operating activities amounted to 825 million euro, representing 200 million euro more than in Fiscal 2013. Two factors explain the increase:

- the 119 million euro rise in operating profit, due notably to a low basis of comparison in Fiscal 2013 when operating profit was reduced by higher expenses related to the cost of implementing the program to improve operating efficiency and reduce costs;
- a sharp improvement in working capital requirement, due mainly to an improvement in the timing of client payments.

Refinancing, debt reimbursement and debt ratio

During the year, Sodexo carried out two major debt refinancing transactions:

- a private placement with U.S. investors in March 2014 for 1.1 billion U.S. dollars, with maturities ranging from five to 15 years and an average interest rate of 3.8%; and
- a 1.1 billion euro bond issuance in June 2014, comprising a 7.5-year tranche and a 12-year tranche, at an average interest rate of 2.1%.

These two transactions will enable Sodexo to refinance borrowings maturing in 2014 and 2015 at more favorable conditions, significantly extend the average maturity of its debt and gradually reduce its average annual borrowing cost.

Net debt at August 31, 2014 was 371 million euro, representing 12% of consolidated equity compared to 16% at August 31, 2013. Gross debt repayment capacity as of the same date represented 5.4 years of operating cash flow compared to 3.4 years as of the prior year-end.

Subsequent events

On September 12, 2014, Sodexo’s Benefits and Rewards Services subsidiary in the United Kingdom announced that it had signed an agreement for the acquisition of Motivcom plc. The acquisition should be completed before the end of the calendar year.

Awards

In Fiscal 2014, Sodexo won several major awards recognizing its commitment to economic, social and environmental responsibility:

- Included in the DJSI World and DJSI STOXX indices since 2005, for the tenth consecutive year Sodexo was named "Global Sustainability Industry leader" by the Dow Jones Sustainability Indices (DJSI). The Group earned a perfect (100%) score for the positive local impact of its business operations around the world, and earned the highest score in its industry in the social pillar. Sodexo was also named "Sector Leader" in the Consumer Services category.
- Sodexo topped the French Ministry of Women's Rights' league table of SBF 120 companies for gender balance within its leadership team. This award recognizes that 43% of Sodexo's Executive Committee and 38% of its Board of Directors are women, the strong women's networks throughout the global organization and a commitment to gender equality at the heart of the Group's strategy and performance.
- Sodexo was once again included in Fortune magazine's "Most Admired Companies" list, ranking among the "Diversified Outsourcing Services" category and number one for Innovation, Social Responsibility, Financial Soundness, Long-term Investment and Global Competitiveness.

Outlook

At the November 10, 2014 Board of Directors meeting, Chief Executive Officer Michel Landel highlighted the effectiveness of the Group's long-term strategy, based on a unique range of integrated Quality of Life Services, an unparalleled global network in its activities, and undisputed leadership in emerging countries.

Michel Landel summarized **three priorities for the Group going forward in the coming years:**

- To demonstrate the value of Sodexo's offer in a rapidly changing world, thanks to unique and differentiated Quality of Life Services offerings in its three activities, and by showing how these services improve the daily life of its customers and the performance of its clients;
- To deliver the best of Sodexo across its international network spanning 80 countries, using the Group's deep-seated understanding of clients' businesses, in each client segment and sub-segment, and its unique knowledge of the needs of the 75 million consumers that it serves daily;
- To strengthen Sodexo's competitiveness, efficiency and profitability, while continuing to deploy enhanced standards, processes, innovation and best practices.

In the context of a global economy shaped currently by low inflation and an uncertain macro-economic and political environment in certain emerging countries in the short-term, Fiscal 2015 commences with three favorable trends for Sodexo:

- Increasing demand for integrated services confirming the relevance of the Group's offer;
- Continued sustained momentum and double-digit growth in the Benefits and Rewards Services activity in Latin America and Asia;
- A strong development rate (new contract wins) in Remote Sites that should lead to a return to growth in this activity in the first half of the fiscal year.

Nevertheless, ramp-up of some of the more comprehensive integrated service contracts is proving to take longer than in the past.

However, Michel Landel also reaffirmed his confidence in the Group's ability to achieve further operating leverage and profitability improvement during Fiscal 2015, thanks to the structured action plans implemented at all levels of the organization; a program to improve operational efficiency that is already delivering results; and, finally, the full engagement of all Sodexo teams around initiatives to improve competitiveness.

Accordingly, Sodexo has set the following objectives for Fiscal 2015:

- **organic growth in revenues of around +3%;**
- **an increase in operating profit of around +10% (excluding currency effects);**

i.e. representing an overall improvement in operating margin of +0.8% over the two year period from Fiscal 2013 to Fiscal 2015 excluding currency effects, in line with the objectives fixed in November 2013.

In the medium-term (i.e. over the next 3 to 5 years), Sodexo is convinced that it can capture an even greater share of its markets' considerable potential that is almost 50 times greater than the Group's current revenues, and also achieve lasting improvement in profitability.

Further, Michel Landel noted that his Group Executive Committee has been given the task of defining, over the coming fiscal year, the necessary steps to progressively move from an organization by country to an organization by global client segment. This organizational transformation will make it easier for Sodexo to give its international and local clients the benefit of its expertise and consumer insights in each of its markets.

He explained that by accelerating investment in intangible assets, in particular, by developing the Group's Human Resources and strengthening technical and innovation capabilities throughout the world, Sodexo is continuing to focus its teams on the sustained drive to improve competitiveness.

Hence, the Group's **medium-term ambition (i.e. over the next 3 to 5 years)** is to achieve:

- **an annual average revenue growth rate excluding currency effects of between 4% and 7%;**
- **an annual average growth in operating profit excluding currency effects of between 8% and 10%;** and
- **an average annual cash conversion ratio of around 100%,** allowing the Group to comfortably self-finance its development.

In conclusion to this meeting, the Board of Directors reaffirmed its strong confidence in Sodexo's future and reiterated its core strengths:

- **the Group's independence;**
- **a largely untapped potential market** estimated at nearly 50 times Sodexo's current revenue;
- **a unique range** of Quality of Life Services particularly well aligned with evolving client demand**;**
- **an unparalleled global network in our services** spanning 80 countries;
- **an unchallenged leadership in emerging countries;**
- **a robust financial model** that allows Sodexo to self-finance its development;
- **a strong culture and engaged teams.**

The Board of Directors thanks Sodexo's clients for their loyalty, the Group's shareholders for their confidence and Sodexo's 419,000 employees for their efforts in Fiscal 2014 and for their daily commitment to improving the quality of life of our clients and consumers.

Analyst briefing

Sodexo will hold a briefing today at 9:00 a.m. at the Capital 8 Conference Center (32, rue Monceau, 75008 Paris) **to discuss the Fiscal 2014 results**.

The briefing may also be viewed via webcast on www.sodexo.com or via conference call at **+ 44 (0) 20 3427 1905** followed by the code 98 58 177 (in French) or 68 12 163 (in English).

The press release, presentation and webcast will be available on the Group's website www.sodexo.com, under the tab "Latest news" as well as in the section "Finance – Financial results." A recording of the conference call will be available at **+ 44 (0) 20 3427 1905** followed by the code **68 12 163**, until November 27, 2014.

Financial communications schedule

First quarter revenues - Fiscal 2015	January 9, 2015
Annual Shareholders' Meeting	January 19, 2015
Dividend ex-date	January 29, 2015
Dividend record date	January 30, 2015
Payment of the Fiscal 2014 dividend	February 2, 2015
Half-year interim results - Fiscal 2015	April 16, 2015
Nine months revenues - Fiscal 2015	July 8, 2015
Annual results, Fiscal 2015	November 12, 2015

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, safety, 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 419,000 employees throughout the world.

Key figures (as of August 31, 2014)

18 billion euro consolidated revenues
419 000 employees
18th largest employer worldwide
80 countries
32 700 sites
75 million consumers served daily
12.3 billion euro in market capitalization (as of November 12, 2014)

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.

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APPENDIX 1
Comments by activity and geography

Revenues by activity

(in millions of euro)	**Fiscal 2014**	Fiscal 2013	Internal Growth	Change (at current exchange rates)	Change (at constant exchange rates)
On-site Services					
North America	6,759	6,821	+3.7%	-0.9%	+3.6%
Continental Europe	5,702	5,716	-0.2%	-0.2%	+0.7%
Rest of the World	3,327	3,683	+0.2%	-9.7%	+0.4%
United Kingdom and Ireland	1,483	1,397	+4.7%	+6.2%	+4.6%
Total On-site Services	**17,271**	**17,617**	**+1.8%**	**-2.0%**	**+2.1%**
Benefits and Rewards Services	**751**	**790**	**+13.0%**	**-4.9%**	**+13.7%**
Intragroup eliminations	**(6)**	**(10)**			
TOTAL GROUP	**18,016**	**18,397**	**+2.3%**	**-2.1%**	**+2.6%**

Operating profit by activity[1]

(in millions of euro)	**Fiscal 2014**	Fiscal 2013	Change (at current exchange rates)	Change (at constant exchange rates)
On-site Services				
North America	358	372	-3.8%	+0.5%
Continental Europe	231	198	+16.7%	+17.7%
Rest of the World	140	127	+10.2%	+20.5%
United Kingdom and Ireland	66	67	-1.5%	-3.0%
Total On-site Services	**795**	**764**	**+4.1%**	**+8.0%**
Benefits and Rewards Services	**268**	**304**	**-11.8%**	**+11.8%**
Corporate expenses	**(91)**	**(94)**		
Intragroup eliminations	**(6)**	**(10)**		
TOTAL GROUP	**966**	**964**	**+0.2%**	**+10.7%**

[1] *Excluding exceptional costs recorded in Fiscal 2013 and Fiscal 2014 in connection with the program to improve operational efficiency and reduce costs. All of the information related to operating profit in the remainder of this document is presented excluding exceptional items.*

North America

Revenues

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,704	1,647	+8.9%			
Health Care and Seniors	2,439	2,521	+1.1%			
Education	2,616	2,653	+2.8%			
TOTAL	**6,759**	**6,821**	**+3.7%**	**+0.0%**	**-4.6%**	**-0.9%**

On-site Services revenues in North America were 6.8 billion euro. Organic growth for the year of +3.7% significantly exceeded the 0.6% recorded in Fiscal 2013.

At +**8.9%,** organic growth in the **Corporate** segment was at its highest level since 2007, reflecting the success of facilities management services offers for such clients as Unilever, OneMain Financial/Citi Financial and The Boeing Company, as well as the development of several major Remote Sites in Canada, such as Suncor Fort Hills and La Romaine 3.

Sodexo won many new contracts during the fiscal year, notably with Bloomberg and Dow Jones & Company.

In **Health Care and Seniors**, the **+1.1%** revenue growth was modest due to the slower-than-expected ramp-up of major contracts won in Fiscal 2013 and the sale of certain under-performing laundry activities. In addition, following a change in the client's strategy, in the last quarter of Fiscal 2014 Sodexo decided not to pursue the ramp-up of the expanded contract for the ManorCare national retirement home network and to revert to the original contract scope consisting of services provided for many years in the Northeastern United States.

Contract wins during the year included Covenant Care (Alberta) in Canada, and USC Kenneth Norris Jr Cancer Hospital (California) and Wheaton Franciscan Hospital (Wisconsin) in the United States.

Organic growth in **Education** was +**2.8%.** The growth dynamic was maintained thanks to a high client retention rate and improved growth in On-site existing site revenues in the Schools and Universities segments linked to increases in student spending and in the number of meals served.

New contracts signed during the year included Chicago Public Schools, Jackson State University (Mississippi) and William Rainer Harper College (Illinois).

Operating profit

On-site Services **operating profit** in North America totaled 358 million euro, an increase of 0.5% over the prior year excluding currency effects.

Many productivity improvement initiatives were launched as part of a structured program, leading in particular to further advances in menu standardization and improved management of overheads. However, these gains were partially masked by the significant start-up costs incurred notably for the ManorCare contract, and by a one-off increase in provisions for impairment of certain trade receivables.

Operating margin was 5.3% compared to 5.5% in Fiscal 2013.

Continental Europe

Revenues

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	3,404	3,407	+1.1%			
Health Care and Seniors	1,380	1,404	-1.2%			
Education	918	905	-3.6%			
TOTAL	**5,702**	**5,716**	**-0.2%**	**+0.9%**	**-0.9%**	**-0.2%**

In Continental Europe, revenues totaled 5.7 billion euro, with organic growth representing a negative (-0.2%).

Performances were mixed, depending on the country. Sodexo continued to expand in Central Europe and improved its growth in Germany and Belgium, but experienced a further decline in foodservices volumes, particularly in France and the Netherlands. In addition, growth in Russia slowed considerably in the second half of the fiscal year, as a result of the geopolitical situation.

In **Corporate**, organic growth was **+1.1%**, reflecting the continued success of integrated service offers with a significant facilities management component, which were sold to many clients throughout Europe. These services enabled Sodexo to maintain its growth momentum and to offset the decline in foodservices volumes that was due, in particular, to client downsizing plans. Recent contract wins included Carlsberg (for 35 sites in 10 countries, with a wide range of services including cleaning, reception, grounds keeping, foodservices, and technical maintenance of buildings and fire protection systems), and Johnson & Johnson in Germany.

In **Health Care and Seniors**, organic revenue growth in Continental Europe was **-1.2%**, reflecting both weak growth in On-site existing site revenues due in particular to shorter patient stays and also erosion of the client retention rate in Northern Europe over the twelve months of Fiscal 2014. Recent contract wins included the Regional Hospital in Saint Omer and the Clinique Générale in Annecy, in France, and the Istituto Fisioterapici Ospitalieri (IFO) in Italy.

In **Education**, the **-3.6%** decline in revenues was due to Sodexo's decision to terminate or not renew certain under-performing contracts, notably in Southern Europe, and to reductions in school budgets in several countries. Sodexo's teams nevertheless signed several major contracts, for example with the public schools in Asnières-sur-Seine in France and Taideyliopiston Sibelius Akatemia in Finland.

Operating profit

Operating profit rose by 33 million euro (or nearly 18% excluding currency effects) to 231 million euro, and operating margin improved significantly to 4.1% from 3.5% in Fiscal 2013. This performance was above all attributable to effective management of overheads. It also reflected the positive effects of several initiatives conducted as part of the program to improve operational efficiency in several European countries. In France, the *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE) recognized in operating profit helped to offset the increase in payroll taxes observed in recent years.

sodexo
QUALITY OF LIFE SERVICES

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

Revenues

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	**3,030**	3,398	-1.3%			
Health Care and Seniors	**172**	171	+17.1%			
Education	**125**	114	+17.4%			
TOTAL	**3,327**	**3,683**	**+0.2%**	**+0.2%**	**-10.1%**	**-9.7%**

In the Rest of the World (Latin America, Africa, Middle East, Asia, Australia and Remote Sites), Sodexo reaffirmed its leadership in high potential emerging markets. Revenues for the fiscal year amounted to 3.3 billion euro. Unfavorable exchange rates reduced reported revenues by 369 million euro.

Excluding currency effects, revenues in the Rest of the World region were stable, edging up +0.4%.

- Remote Sites revenues (which accounted for 44% of the total for the region) declined by more than 7%, due to client delays in investing in new projects, implementation of cost reduction programs by mining sector clients and the large number of projects completed over the past eighteen months. That said, sales momentum by Sodexo's teams in the energy and infrastructure markets should drive a return to growth in Fiscal 2015;
- Excluding Remote Sites, organic growth in the Rest of the World region was +6.9%, with some regions such as India and Southeast Asia recording double-digit increases.

Organic growth in the **Corporate** segment declined by **-1.3%** excluding currency effects. Services to companies in the manufacturing and services sectors (excluding Remote Sites) continued to grow at a satisfactory rate, with revenues up +5.6% in emerging countries with strong medium-term potential.

Sodexo's strong sales dynamic led to major contract wins, such as BHP Billiton Cerro Matoso and Unysis in Colombia, Heineken in Brazil, Enel in Chile, Groote Eylandt Gemco (BHP Billiton) and Woodside 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.

In **Health Care and Seniors**, organic revenue growth of **+17.1%** reflected solid business development performance, particularly in Brazil and Asia, with new contracts such as Mater Dei Hospital (Belo Horizonte) in Brazil, Clinica Universitaria Boliviariana in Colombia, American Sino Medical Shanghai and the Beijing Jishuitan Hospital in China. The sustained, steady pace of business growth is the result of Sodexo's globally-recognized expertise in the health care and seniors market.

In **Education**, Sodexo also continued to expand in emerging countries, contributing its expertise and deep familiarity with the various market segments to many clients, especially in Southeast Asia and India. Organic growth was **+17.4%**. Contract wins by Sodexo's teams included Panyapiwat Institute of Management in Thailand, Fundação Getulio Vargas in Brazil and Universidad Santo Tomas in Chile.

Operating profit

Operating profit in the Rest of the World region increased by +20.5% excluding currency effects to 140 million euro. During the year, the integration of Puras in Brazil continued according to plan, allowing for the implementation of additional operational synergies. Further, efficient cost management and improved on-site productivity in all regions led to an increase in operating margin to 4.2% from 3.4% in Fiscal 2013.

United Kingdom and Ireland

Revenues

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,070	993	+6.3%			
Health Care and Seniors	289	274	+3.8%			
Education	124	130	-6.1%			
TOTAL	**1,483**	**1,397**	**+4.7%**	**-0.1%**	**+1.6%**	**+6.2%**

On-site Services revenues in the United Kingdom and Ireland totaled 1.5 billion euro, reflecting organic growth of **+4.7%.**

In **Corporate**, revenues grew by a strong **+6.3%**, reflecting increased demand for integrated services and the supply of additional services to clients such as GSK, Unilever, Agusta Westland and AstraZeneca. Fiscal 2014 revenues also include the start-up of a major service contract for the correctional facility located in Northumberland in the Justice segment.

Organic growth in **Health Care and Seniors** remained strong, at **+3.8%,** reflecting ongoing service extensions for several hospitals, including North Staffordshire University Hospital and Romford Hospital.

In **Education**, Sodexo won a prestigious contract with University College London. Other recent contract wins included The Lady Eleanor Holles School.

Operating profit

Operating profit amounted to 66 million euro, down -3% excluding currency effects.

Despite progress made in On-site productivity programs during Fiscal 2014, operating margin declined from 4.8% to 4.5% as Sodexo teams began preparing for the 2015 Rugby World Cup, incurring marketing costs in connection with the Group’s contract to supply hospitality services. The bulk of revenues generated by this event will be recognized in Fiscal 2016. In addition, start-up costs for the new Justice contract weighed on growth in the operating margin in Fiscal 2014.

Benefits and Rewards Services

Issue volume

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	7,323	8,128	+17.2%			
Europe and Asia	8,171	7,908	+1.0%			
TOTAL	**15,494**	**16,036**	**+10.7%**	**+0.8%**	**-14.9%**	**-3.4%**

Revenues

(in millions of euro)	Fiscal 2014	Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	410	452	+20.8%			
Europe and Asia	341	338	+2.5%			
TOTAL	**751**	**790**	**+13.0%**	**+0.7%**	**-18.6%**	**-4.9%**

Benefits and Rewards Services issue volume (face value multiplied by the number of vouchers and cards issued) totaled approximately 15.5 billion euro in Fiscal 2014 and revenues from the activity amounted to 751 million euro.

Very strong underlying performances by the operating teams, in terms of both growth and margins, were masked by significant unfavorable currency effects; particularly for Latin American currencies (see explanation at the beginning of this section).

In **Latin America**, organic growth was very strong in Fiscal 2014, with issue volume increasing by over 17% and revenues by more than 20%, in both cases excluding currency effects. These impressive gains reflected the sustained sales dynamic in Brazil, Chile and Venezuela, supported by innovations closely aligned with client needs. Around two-thirds of growth was due to market penetration and cross-selling, while the other third resulted from inflation in these countries.

In **Europe and Asia**, organic growth in issue volume and revenues was +4.1% and +2.5% respectively, reflecting contract wins for Quality of Life services, particularly in the United Kingdom with Money Boost, in Turkey with the offer for Ferrero, and in Central Europe. Organic growth was also led by faster development in Asia, particularly in India and China.

Recent contract wins included Santander in Brazil with 22,000 beneficiaries of the Vale Cultura, Johnson Controls in Romania, the Konak District, part of the Izmir municipality in Turkey, the General Directorate of Customs in the Czech Republic, Alcatel Lucent in Mexico, Fundación Escolar Del Estado Lara in Venezuela, Abbott Laboratories in Mexico and Petrobras in Brazil.

Operating profit

Benefits and Rewards Services operating profit increased by nearly +12% (excluding currency effects) to 268 million euro in Fiscal 2014, representing 25% of the Group's consolidated operating profit.

The solid growth reflected the leverage provided by issue volume growth and the cost efficiencies generated by tight management of operating expenses. Sodexo's Benefits and Rewards Services solutions are now 63% digital, following a gradual shift that has taken place over the past ten years in the various countries. Sodexo is constantly adapting to changes in payment media, while continuing to invest to improve its performance for its clients and better anticipate their future needs.

Benefits and Rewards Services Fiscal 2014 operating margin was 35.7% at current currency exchange rates and 37.9% excluding currency effects, compared to 38.5% in the prior year. Margins were negatively affected in Fiscal 2014 by the sharp decline in Latin American currencies (Venezuelan bolivar and Brazilian real).

APPENDIX 2
Financial statements for Fiscal 2014

Consolidated income statement

In millions of euro	Fiscal 2014	Fiscal 2013	Change at current exchange rates	Change at constant exchange rates
Revenues	**18,016**	**18,397**	**-2.1%**	**+2.6%**
Operating profit before exceptional items	**966**	**964**	**+0.2%**	**+10.7%**
Exceptional items[1]	(27)	(139)		
Operating profit	**939**	**825**	**13.8%**	**25.9%**
Financial income	20	53		
Financial expenses	(193)	(189)		
Share of profit of associates	8	6		
Profit before tax	**774**	**695**	**11.4%**	**21.0%**
Income tax expense	(265)	(233)		
Profit for the period	**509**	**462**	**10.2%**	**19.0%**
Non-controlling interests	19	23		
GROUP PROFIT FOR THE PERIOD	**490**	**439**	**11.6%**	**20.3%**
Earnings per share *(in euro)*	**3.23**	**2.91**	**+11%**	**+19.6%**
Dividend per share *(in euro)*	**1.80**[2]	**1.62**		

[1] *Costs recorded in connection with the program to improve operational efficiency and reduce costs in Fiscal 2014 and Fiscal 2013.*
[2] *Dividend subject to approval at the Annual Shareholders' meeting on January 19, 2015.*

Consolidated balance sheet

ASSETS

(in millions of euro)	**August 31, 2014**	August 31, 2013
NON-CURRENT ASSETS		
Property, plant and equipment	**555**	**540**
Goodwill	**4,971**	**4,803**
Other intangible assets	**524**	**528**
Client investments	**361**	**288**
Associates	**60**	**78**
Financial assets	**122**	**118**
Derivative financial instruments	**17**	**69**
Other non-current assets	**16**	**14**
Deferred tax assets	**226**	**188**
Total non-current assets	**6,852**	**6,626**
CURRENT ASSETS		
Financial assets	**8**	**7**
Derivative financial instruments	**35**	**39**
Inventories	**265**	**271**
Income taxes receivable	**185**	**119**
Trade and other receivables	**3,627**	**3,466**
Restricted cash and financial assets related to the Benefits and Rewards Services activity	**758**	**734**
Cash and cash equivalents	**2,748**	**1,347**
Total current assets	**7,626**	**5,983**
TOTAL ASSETS	**14,478**	**12,609**

EQUITY AND LIABILITIES

(in millions of euro)	**August 31, 2014**	August 31, 2013
SHAREHOLDERS' EQUITY		
Capital	**628**	**628**
Share premium	**1,109**	**1,109**
Consolidated reserves and retained earnings	**1,452**	**1,213**
Total Group shareholders' equity	**3,189**	**2,950**
Non-controlling interests	**32**	**37**
Total shareholders' equity	**3,221**	**2,987**
NON-CURRENT LIABILITIES		
Borrowings	**2,895**	**1,895**
Derivative financial instruments	**1**	**1**
Employee benefits	**449**	**376**
Other liabilities	**233**	**214**
Provisions	**104**	**99**
Deferred tax liabilities	**148**	**153**
Total non-current liabilities	**3,830**	**2,738**
CURRENT LIABILITIES		
Bank overdrafts	**61**	**40**
Borrowings	**957**	**712**
Derivative financial instruments	**15**	**19**
Income tax payable	**132**	**109**
Provisions	**88**	**116**
Trade and other payables	**3,592**	**3,347**
Vouchers payables	**2,582**	**2,541**
Total current liabilities	**7,427**	**6,884**
TOTAL LIABILITIES AND EQUITY	**14,478**	**12,609**

Consolidated statement of cash flow

(in millions of euro)	Fiscal 2014	Fiscal 2013
Operating activities		
Operating profit before financing costs	933	814
Non-cash items		
Depreciation	250	271
Provisions	(21)	93
Losses (gains) on disposals and other, net of tax	(30)	(4)
Dividends received from associates	12	16
Change in working capital from operating activities	**117**	**(129)**
Change in inventories	5	6
Change in client and other accounts receivable	(138)	(197)
Change in suppliers and other liabilities	218	67
Change in Service Vouchers and Cards to be reimbursed	103	151
Change in financial assets related to the Benefits and Rewards activity	(71)	(156)
Interest paid	(159)	(171)
Interest received	24	10
Income tax paid	(301)	(282)
Net cash provided by operating activities	**825**	**618**
Investing activities		
Acquisition of tangible and intangible fixed assets investments	(245)	(241)
Fixed asset disposals	26	12
Change in client investments	(68)	(7)
Change in financial assets	-	19
Acquisition of consolidated subsidiaries	(50)	(99)
Disposals of consolidated subsidiaries	-	1
Net cash used in investing activities	**(337)**	**(315)**
Financing activities		
Dividends paid to parent company shareholders	(248)	(240)
Dividends paid to minority shareholders of consolidated companies	(18)	(23)
Purchases of treasury shares	(74)	(47)
Disposition of treasury shares	57	71
Acquisition of non-controlling interests	-	(12)
Proceeds from borrowings	1,903	44
Repayment of borrowings	(700)	(66)
Net cash used in financing activities	**920**	**(273)**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**1,408**	**30**
Net effect of exchange rates and other effects on cash	(28)	(159)
Cash and cash equivalents, as of beginning of period	1,307	1,436
NET CASH AND CASH EQUIVALENTS, AS OF END OF PERIOD	**2,687**	**1,307**

APPENDIX
Selection of new clients – Fiscal 2014

On-site Services

Corporate
Carlsberg, 35 sites in 10 countries in Europe
Airbus, Toulouse, France
BASF, 2 sites in Germany
Boeing Company, Virginia, United States
Bridgestone, Jiangmen, China
Deloitte, 18 sites in France
Dow Jones & Company Inc., New Jersey, United States
Goodyear Tyres, Aurangabad, India
GSK, 3 sites in Belgium
Heineken, multi-site, Brazil
Huawei Technology, India
Knesset, Jerusalem, Israel
Mondelez International, Lima, Peru
Nestlé, Graneros, Chile
OneMain Financial/Citi Financial, multi-site, United States
Sanofi Pasteur MSD, Lyon, France
Shanghai Mitsubishi Electric Ltd, Shanghai, China
Telefónica, 381 sites in Chile
Tetra Pak India Private Limited, Pune, India
YPÊ, São Paulo, Brazil

Health Care and Seniors
American Sino Medical Shanghai, China
Beijing Jishuitan Hospital, Beijing, China
Christ Hospital, Ohio, United States
Clínica Universitaria Bolivariana, Medellín, Colombia
Clinique générale d'Annecy, France
Cooper Hospital – University Medical Center, New Jersey, United States
HCA Capital – LewisGale, Virginia (4 sites), United States
Hôpital Foch, Suresnes, France
Hospital Monte Klinikum, Fortaleza, Brazil
Lima Memorial Hospital, Ohio, United States
Mater Dei Hospital, Belo Horizonte, Brazil
Mayo Clinic Health System, 2 sites, United States
Praram 9 Hospital, Bangkok, Thailand
QRG Medicare, Faridabad, India
Renci Healthcare, Singapore
Résidence les Eaux Vives, Brussels, Belgium
The Medical City, Manila, Philippines
Wheaton Franciscan Services, Wisconsin (8 sites), United States

Remote Sites

Woodside, Australia
Cairn India Limited, Barmer, India
Cerro Matoso, Montelibano, Colombia
ENSCO 122, Netherlands
Enel, Taltal, Chile
GemCo, Groote Eylandt, Australia
Halliburton, Saudi Arabia
Keewatinoow S2, Manitoba, Canada
Noble Drilling, 2 sites Offshore, United States
Rowan Drilling, Offshore, Norway
Shelf Drilling, 2 sites, Indonesia
Shell, Offshore, Norway
Weatherford, Rajasthan, India

Education

Chicago Public Schools, Illinois, United States
Ashoka University, Sonipat, India
Australian International School, Singapore
City University, London, United Kingdom
Colegio Academia de Humanidades, Santiago de Chile, Chile
College of William & Mary, Virginia, United States
Commune di Abbiategrasso, Italia
Epsom College, Kuala Lumpur, Malaysia
Flint Community School District, Michigan, United States
Fundação Getulio Vargas, Rio de Janeiro, Brazil
George Mason University, Virginia, United States
Indian School of Business, Hyderabad, India
KIPP Houston Public Schools, Texas, United States
Jackson State University, Mississippi, United States
Michigan Area School District, Michigan, United States
Mount Vernon City School District, New York, United States
Panyapiwat Institute of Management, Bangkok, Thailand
Université des Sciences de Santé et **Université des Sciences et Techniques de Masuku**, Libreville and Franceville, Gabon
University College of London, London, United Kingdom
Ville d'Asnières, France
The Lady Eleanor Holles School, Hampton, United Kingdom

Sports and Leisure

Brighton & Hove Albion Football Club's training complex, Brighton, United Kingdom
CAFAM Club – Club de la Caja de Compensación Familiar, Bogotá, Colombia
Centre Pompidou, Metz, France
Jardin d'acclimatation "La Grande Verrière", Paris, France

Defense

Buckley Air Force Base, Colorado, United States

Justice

Centre pénitentiaire d'Orléans, Orléans, France

Benefits and Rewards Services

Europe

Comité d'entreprise Lignes Air France, France
Colruyt France, France
District de Konak, Municipalité d'Izmir, Turkey
General Directorate of Customs, Czech Republic
Johnson Controls, Romania
UCZ Magazacilik Ticaret A.S., Turkey

Latin America

Banco Santander SA., Brazil
Alcatel Lucent, Mexico
Consorcio Constructor Parque Rio, Brazil
Fundación Escolar Del Estado Lara, Venezuela
Laboratoires Abbott, Mexico
Petrobras, Brazil
Servicios de salud del Estado De Puebla, Mexico
Talento Comercial Cooperativa De Trabajo Asociado, Colombia
Venprecar CA., Venezuela

Asia

Bharat Petroleum Corporation Limited, India
Lucas TVS Limited, India
Shanghai LuJiaZui Finance & Trade Zone Development Co. Ltd., China