

# PRESS RELEASE

## Sodexo: Organic Revenue Growth of 2.3% for the First Quarter of Fiscal 2015

Growth driven by integrated Quality of Life Services offer

- **Benefits and Rewards Services (+12.1%):** sustained strong momentum in particular thanks to Latin America
- **On-site Services (+1.9%):**
  - Average growth of close to 5% for facilities management services, which are an increasingly significant contributor to Sodexo's Quality of Life offer;
  - Renewed growth in Remote Sites (services in the mining, oil and gas and infrastructure sectors) following strong sales development in the prior fiscal year.

**Issy-les-Moulineaux, January 9, 2015** – Sodexo (Euronext Paris FR 0000121220-OTC: SDXAY), world leader in Quality of Life Services, today reported its revenues for the first quarter of Fiscal 2015, which ended on November 30, 2014.

### Revenues by activity and region

Revenues (in millions of euro)	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth <sup>1</sup>	Changes in scope of consolidation	Currency effect <sup>2</sup>	Total change
North America	2,082	1,935	+1.4%	-0.3%	+6.5%	+7.6%
Continental Europe	1,513	1,525	+0.0%		-0.8%	-0.8%
Rest of the World	891	853	+4.5%		-0.1%	+4.4%
United Kingdom and Ireland	400	353	+6.1%		+7.1%	+13.2%
<b>Total On-site Services</b>	<b>4,886</b>	<b>4,666</b>	<b>+1.9%</b>	<b>-0.1%</b>	<b>+2.9%</b>	<b>+4.7%</b>
<b>Total Benefits and Rewards Services</b>	<b>198</b>	<b>191</b>	<b>+12.1%</b>	<b>-0.1%</b>	<b>-8.3%</b>	<b>+3.7%</b>
Elimination of intra-group	(1)	(1)				
<b>TOTAL GROUP</b>	<b>5,083</b>	<b>4,856</b>	<b>+2.3%</b>	<b>-0.2%</b>	<b>+2.6%</b>	<b>+4.7%</b>

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

*"Sodexo's organic growth in the first quarter was in line with our expectations. This growth reflects the dynamics of two of the Group's growth levers: benefits and rewards services, which again achieved double-digit growth, and facilities management services, which continued to grow in most geographical regions at a rate of close to 5%. We confirm our full-year objectives as indicated in November 2014."*

<sup>1</sup> Organic growth: increase in revenues at constant scope of consolidation and exchange rates, with the exception of the Venezuelan Bolivar Fuerte, for which the exchange rate at August 31, 2014 was used for the first quarter of Fiscal 2014.

<sup>2</sup> The main changes in USD, BRL, GBP and VEF exchange rates are presented in Appendix 2 (page 10).

# 1. Analysis of organic growth

(in millions of euro)	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth <sup>1</sup>
Corporate	2,471	2,350	+4.0%
Healthcare and Seniors	1,122	1,083	-0.2%
Education	1,293	1,233	-0.2%
<b>Total On-site Services</b>	<b>4,886</b>	<b>4,666</b>	<b>+1.9%</b>
<b>Benefits and Rewards Services</b>	<b>198</b>	<b>191</b>	<b>+12.1%</b>
Eliminations	(1)	(1)	
<b>TOTAL GROUP</b>	<b>5,083</b>	<b>4,856</b>	<b>+2.3%</b>

## On-site Services

**On-site Services revenues** totaled 4.9 billion euro for the first three months of Fiscal 2015, reflecting organic growth of **1.9%**.

- Organic growth in the **Corporate** segment amounted to **4.0%** as a result of a number of factors:
  - Integrated Quality of Life Services offers continued to demonstrate their relevance in all geographic regions, primarily due to their technical maintenance services component. Facilities management services, which account for nearly 30% of total revenue, achieved average revenue growth of close to 5% ;
  - Remote Sites returned to growth thanks to numerous contract wins in Fiscal 2014, notably in Latin America and Australia. Excluding Remote Sites, organic growth in the Corporate segment also remained solid in the Rest of the World, at around 5% ;
  - Foodservices volumes continued to decline, particularly in Europe, reflecting employee downsizing and cost-saving measures taken by clients.
- In **Healthcare and Seniors**, first-quarter revenue **declined by 0.2%** excluding changes in the scope of consolidation and the currency effect. This trend reflects limited business development in the previous fiscal year and the impact of the voluntary withdrawal from part of the HCR ManorCare contract in the United States.
- The **0.2% decrease** in revenue from the **Education** segment reflects contrasting factors:
  - Good growth at existing sites in North America and solid development in emerging markets that are benefiting from Sodexo's expertise by client segment ;
  - A still selective approach to new business in several geographic regions.

<sup>1</sup> Organic growth: increase in revenues at constant scope of consolidation and exchange rates, with the exception of the Venezuelan Bolivar Fuerte, for which the exchange rate at August 31, 2014 was used for the first quarter of Fiscal 2014.

## Benefits and Rewards Services

**Organic growth** in **Benefits and Rewards Services** revenues was once again excellent, reaching **12.1%** for the first three months of the fiscal year due to:

- A strong dynamic in **Latin America** (with organic growth of **17.1%**), driven in part by higher face values on issued vouchers and cards.
- A robust performance in **Europe and Asia** (with organic growth of **6.3%**), thanks to the popularity of gift boxes and cards in several countries.

## 2. Financial position

There were no material changes in the Group's financial position as of November 30, 2014 relative to that presented in the Fiscal 2014 Registration Document filed with the Autorité des Marchés Financiers (AMF) on November 17, 2014.

## 3. Acquisitions

On November 21, 2014, Sodexo announced that it had finalized the acquisition of Motivcom plc, a leading supplier of employee benefits, rewards and incentive solutions for companies in the United Kingdom. The acquisition price totaled 41 million pounds sterling. This transaction will allow Sodexo to extend and expand its range of corporate incentive programs and enhance its overall Quality of Life Services offer.

## 4. Objectives for Fiscal 2015

As indicated last November, Sodexo's objectives for Fiscal 2015 are:

- **Organic revenue growth of around 3%.**
- **An increase in operating profit of around 10% (excluding currency effects and exceptional items).**

As a result, operating margin is targeted to improve by 0.8% excluding currency effects over the two-year period of Fiscal 2014 and Fiscal 2015, in line with the objectives announced in November 2013.

## Financial calendar

Annual Shareholders' Meeting	January 19, 2015
Dividend Payment	February 2, 2015
First-Half Fiscal 2015 Results	April 16, 2015
Nine Months Fiscal 2015 Revenues	July 8, 2015
Fiscal 2015 Results	November 17, 2015

## Conference call

**Sodexo will hold a conference call (in English) today at 8:30 a.m. (Paris time)**, to comment on revenues for the first quarter of Fiscal 2015. Those who wish to connect may dial +44 (0) 1452 555 566 (from outside France) or 01 76 74 24 28 (from within France), followed by the passcode 48 50 61 12. The presentation can also be followed via webcast at [www.sodexo.com](http://www.sodexo.com) under the "Finance – Financial Results" section.

**The press release, presentation and webcast will be available on the Group website [www.sodexo.com](http://www.sodexo.com)** under the "Latest News" tab and in the "Finance – Financial Results" section. A recording of the conference call will be available until January 22 by dialing +44 (0)1452 550 000, followed by the passcode 48 50 61 12.

## About Sodexo

Founded in 1966 in Marseille 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 offer developed over nearly 50 years of experience: from reception, maintenance and cleaning, to foodservices and facilities and equipment management; from Meal Pass, Gift Pass and Mobility Pass benefits for employees to in-home assistance and concierge services. Sodexo's success and performance are founded on its independence, its sustainable business model and its ability to continuously develop and engage its 420,000 employees throughout the world.

### Key figures (as of August 31, 2014)

**18 billion** euro consolidated revenues  
**420,000** employees  
**18<sup>th</sup>** largest employer worldwide  
**80** countries  
**32,700** sites  
**75 million** consumers served daily  
**12.8 billion** euro in market capitalization (as of January 8, 2015)

### Caution about forward-looking statements

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

### Principal risks and uncertainties

There were no significant changes to the principal risks and uncertainties identified by the Group in the "Risk Factors" section of the Fiscal 2014 Registration Document filed with the AMF on November 17, 2014.

## Contacts

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## APPENDIX 1

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

#### 2.1 North America

##### Revenues

<i>(in millions of euro)</i>	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth
Corporate	476	432	+6.1%
Healthcare and Seniors	650	615	-1.1%
Education	956	888	+0.9%
<b>Total North America</b>	<b>2,082</b>	<b>1,935</b>	<b>+1.4%</b>

On-site Services revenues in **North America** totaled 2.1 billion euro for the period, with organic growth of **1.4%**.

Organic growth in the **Corporate** segment remained high, at **6.1%**, led by the ramp-up of integrated services contracts with clients such as Alcatel Lucent, Boeing, Citigroup, Bloomberg and Walt Disney World Resorts. Recent contract wins include the California Academy of Sciences and Pacific Gas and Electric Company.

With revenues **down 1.1%**, the **Healthcare and Seniors** segment was impacted by the voluntary withdrawal from part of the HCR ManorCare contract in the United States and the sale of certain laundry services as part of the September 2012-February 2014 program to improve operational efficiency and reduce costs, and limited business development during the previous fiscal year. Nevertheless, growth at existing sites was positive. Among the year's successes was a contract with Vidant Medical Center at seven sites in North Carolina.

In **Education**, organic revenue growth of **0.9%** reflected continued solid growth at existing sites in Schools and Campuses but was partially offset by the voluntary withdrawal from a contract with Detroit Public Schools, due to the city's financial difficulties and the risk of non-payment.

## 2.2 Continental Europe

### Revenues

<i>(in millions of euro)</i>	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth
Corporate	908	891	+2.9%
Healthcare and Seniors	344	354	-2.5%
Education	261	280	-6.1%
<b>Total Continental Europe</b>	<b>1,513</b>	<b>1,525</b>	<b>+0%</b>

In **Continental Europe**, revenues totaled 1.5 billion euro, on a par with the first quarter of Fiscal 2014.

The **2.9%** organic growth achieved in the **Corporate** segment was shaped by a further downturn in foodservices volumes, notably in France, Italy and Finland, and by the impact of the withdrawal from certain contracts as part of the September 2012-February 2014 program to improve operational efficiency and reduce costs. These factors were offset by the continued success of Sodexo's Quality of Life Services, especially those with a strong multi-technical services component. Growth was also lifted by the ramp-up of contracts signed in Fiscal 2014, among them Carlsberg, and Johnson & Johnson in several countries.

The **2.5%** contraction in **Healthcare and Seniors** revenues mainly reflected weak growth at existing sites, particularly in France, and limited business development during the previous fiscal year. New contract wins include a contract to provide medical equipment to individuals for the province of East Gotland in Sweden.

In **Education**, the **6.1%** decline in revenue was mainly attributable to Sodexo's decision in Fiscal 2014 not to renew certain major contracts in several countries including Italy, as part of the program to improve operational efficiency and reduce costs, as well as to cost-saving measures taken by schools. New contracts signed during the period include one with Conseil Général des Yvelines in France.

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

### Revenues

<i>(in millions of euro)</i>	First quarter Fiscal 2015	First quarter Fiscal 2014	Organic growth
Corporate	804	779	+3.1%
Healthcare and Seniors	48	41	+23.3%
Education	39	33	+14.6%
<b>Total Rest of the World</b>	<b>891</b>	<b>853</b>	<b>+4.5%</b>

With revenues totaling 891 million euro in the first three months of Fiscal 2015, the **Rest of the World** returned to growth for the first time since the end of 2013, with organic growth of **4.5%**.

As announced at the end of the previous fiscal year, this recovery was led by Remote Sites, which accounted for 44% of the region's total revenues in Fiscal 2014 and achieved 4% revenue growth driven by significant contract wins in Fiscal 2014, including Woodside Energy and BHP Billiton subsidiary GemCo for Groote Eylandt in Australia and Petrex in Peru.

Excluding the Remote Sites activity, organic growth in the Rest of the World remained solid at 5%, reflecting Sodexo's leadership in high-potential emerging markets, as well as strong, steady growth in all client segments, and more particularly in Healthcare and Education.

In the **Corporate** segment, revenues **increased by 3.1%** at constant exchange rates and scope of consolidation because of the abovementioned growth in Remote Sites and other Corporate services. Chile, India and Southeast Asia put in the best performances. Also during the quarter, a large number of contracts were signed in emerging markets, including one with Vipshop, an e-commerce company in China.

In **Healthcare and Seniors**, organic growth of **23.3%** was led by solid performances and contract wins, particularly in India, Brazil and Southeast Asia. Driven by Sodexo's global expertise in Healthcare and Seniors services, this steady, sustained growth confirms the validity of our global approach by client segment.

In **Education**, solid performances in both Latin America and Asia contributed to organic growth of **14.6%**.

## 2.4 United Kingdom and Ireland

### Revenues

<i>(in millions of euro)</i>	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth
Corporate	283	248	+6.6%
Healthcare and Seniors	80	71	+5.2%
Education	37	34	+4.1%
<b>Total United Kingdom and Ireland</b>	<b>400</b>	<b>353</b>	<b>+6.1%</b>

On-site Services revenues in the **United Kingdom and Ireland** totaled 400 million euro for the first quarter, reflecting organic growth of **6.1%**.

Revenue growth in the **Corporate** segment remained solid at **6.6%**, led once again by the provision of services with a high facilities management component to clients such as GSK, Rexam, Carlsberg and Zurich. This performance also reflects the one-off services provided during the start-up of the integrated services contract for Northumberland Prison. Sodexo has developed extensive expertise in preparing inmates for a successful return to mainstream society, a commitment that has been rewarded by the signature of new contracts, such as the one for six sites in the United Kingdom, as part of the country's Transforming Rehabilitation program. Recent contract wins include one with Diageo, which has chosen Sodexo to provide Quality of Life Services on 76 sites in the United Kingdom and Ireland, and a contract with Singapore Airlines in London.

Organic growth in **Healthcare and Seniors** remained strong, at **5.2%**, reflecting both the ramp-up of several contracts and service extensions for several hospitals.

Benefiting in particular from the prestigious contract won in Fiscal 2014 with University College London, **Education** revenues returned to growth during the first quarter, with an increase of **4.1%**, the segment's best performance since Fiscal 2012.

## 3. Benefits and Rewards Services

### 3.1 Issue volume

(in millions of euro)	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth <sup>1</sup>
Latin America	2,001	2,017	+13.2%
Europe and Asia	2,206	2,164	+2.0%
<b>Total</b>	<b>4,207</b>	<b>4,181</b>	<b>+7.0%</b>

### 3.2 Revenues

(in millions of euro)	First Quarter Fiscal 2015	First Quarter Fiscal 2014	Organic growth <sup>1</sup>
Latin America	109	109	+17.1%
Europe and Asia	89	82	+6.3%
<b>Total</b>	<b>198</b>	<b>191</b>	<b>+12.1%</b>

In the **Benefits and Rewards Services** activity, the growth dynamic observed in the previous fiscal year continued during the first quarter of Fiscal 2015, resulting in organic revenue growth of **12.1%**.

In **Latin America**, organic growth continued at a remarkable rate of 13.2% for issue volume and **17.1%** for revenue, led mainly by solid advances achieved in Brazil, Chile and Venezuela. This performance was supported by higher face values on vouchers and cards issued in Brazil and Venezuela, an increase in the number of beneficiaries in several countries and new contracts, such as with Junaeb in Chile and in Brazil thanks to the popularity of the Culture card with the employees of Correios (Brazil's postal service).

In **Europe and Asia**, organic revenue growth of **6.3%** reflected new contract wins in Quality of Life Services, particularly in Turkey, India and China. First quarter Fiscal 2015 also saw strong growth in incentive programs, particularly gift boxes and cards, with revenue growth of more than 20% in several countries.

Recent contract wins include Samsung Electrics Indonesia and Flipkart in India.

First-quarter revenues grew at a faster rate than issue volume, mainly because of a reduction in issue volume for the Onem contract (universal service vouchers) in Belgium compared to the prior year, with little impact on revenues.

<sup>1</sup> Organic growth: increase in revenues at constant scope of consolidation and exchange rates, with the exception of the Venezuelan Bolivar Fuerte, for which the exchange rate at August 31, 2014 was used for the first quarter of Fiscal 2014.

## APPENDIX 2

### Exchange rates and currency effect

The principal exchange rate changes for the first three months of Fiscal 2015 are:

1 EUR =	Average rate Q1 Fiscal 2015	Average rate Q1 Fiscal 2014	Change	Revenue impact (in millions of euro)
U.S. dollar	1.2643	1.3522	+6.9%	+129
Pound Sterling	0.7855	0.8431	+7.3%	+28
Brazilian Real	3.0737	3.0563	-0.6%	(1.6)
Bolivar Fuerte	63.74	67.34 <sup>1</sup>	+5.6%	+0.3

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

<sup>1</sup> First-quarter organic growth was calculated using the August 31, 2014 rate for the Venezuelan Bolivar Fuerte (rather than the average rate for the first three months of Fiscal 2014) to take into account the new exchange rate used by the Group since June 12, 2014.