

PRESS RELEASE

Sodexo: Solid Q1 Fiscal 2020 revenue growth

- Revenue growth of +7.1%
- Organic growth at +3.8%
- Strong Rugby World Cup contribution

Issy-les-Moulineaux, January 9, 2020 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY).

Fiscal 2020 Q1 revenues

REVENUES BY SEGMENT (in millions of euro)	Q1 FY20	Q1 FY19	RESTATED ¹ ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	3,195	2,874	+6.6%	+9.0%	+0.8%	+1.4%	+11.2%
Healthcare & Seniors	1,274	1,275	-2.0%	-5.0%	+2.7%	+2.3%	0.0%
Education	1,403	1,327	+3.1%	+1.3%	+1.2%	+3.3%	+5.7%
On-site Services	5,872	5,476	+3.8%	+3.8%	+1.4%	+2.0%	+7.2%
Benefits & Rewards Services	205	197	+4.2%	+4.2%	0.0%	+0.2%	+4.5%
Elimination	-1	-1					
TOTAL GROUP	6,076	5,671	+3.8%	+3.8%	+1.3%	+2.0%	+7.1%

Commenting on these figures, Sodexo CEO Denis Machuel said:

“Revenue growth in the first quarter remains solid with a very successful Rugby World Cup which offsets the impact of contract losses and a decision to exit a Healthcare contract in North America.

With renewed management teams in North America, strong outsourcing trends in developing economies, continuing growth in Europe and rigorous implementation of our action plans to enhance productivity and reinvest in sales, marketing, digital capabilities and innovation, we are confident that we are on the right track.”

Highlights of the period

- First quarter Fiscal 2020 revenues grew +7.1%, with organic revenue growth at +3.8%, in line with the trend in the previous quarter.
- **On-site Services** organic revenue growth of +3.8% was also in line with the previous quarter. The Rugby World Cup contributed +150bps to growth. This more than compensated for the Healthcare contract exit and contract losses in North America. Excluding the Rugby World Cup, organic growth would have been +2.3%. The key elements of the quarter were:

¹ See Restatements on page 10.

- The strength of Business & Administrations at +6.6% reflecting the contribution of the Rugby World Cup contract.
- The impact of Healthcare contract losses (already in Q4 figures) and exit (this quarter) in North America.
- The ongoing effect of the new Yvelines schools' contract in France, in Education.

This resulted in activity in North America being down -0.9%, while growth outside North America accelerated strongly to +8.3%, boosted by the Rugby World Cup, steady growth in Europe and double-digit growth in the developing economies.

- **Benefits & Rewards Services** organic revenue growth was +4.2%, with a very strong performance in Europe at +11.1% and a decline in Latin America of -3.8%, due to falling interest rates and a more competitive environment in Brazil.
- **Acquisitions**, net of disposals, contributed **+1.3%** to growth linked to the ongoing effect of last year's acquisitions in Corporate Services, Education and Homecare.
- **The Rugby World Cup** in Japan was a successful contract. Sodexo designed, developed and marketed a range of innovative offers, creating memorable experiences for rugby fans. Working with a local partner, Sodexo sold 190,000 tickets and 60,000 hospitality packages to fans from over 100 countries around the world.
- Since November 1, 2019, as part of the **EGalim law** introduced in France, one school meal a week is now required to be entirely vegetarian. Getting well ahead of this legal requirement, Sodexo has been offering a vegetarian option since the start of the school year. We see this as a great opportunity to introduce children to new food trends while providing them with diversified and well-balanced meals. It's also an opportunity to help children discover cereals and legumes that they may not be used to eating at home (such as lentils, spelt, barley, etc.).

Outlook

As seen in the first quarter, for Fiscal 2020, growth in North America remains challenging as the Healthcare contract exit and losses impact revenues and with net new business being only neutral in Education. However, the contribution of the Rugby World Cup in the first quarter and the 2020 Summer Olympics in the fourth quarter combined with strong growth in the developing economies and steady progress in Europe should more than compensate.

The Group is continuing to identify additional Fit for the Future initiatives to generate SG&A savings. This will complement operational productivity due to enhanced discipline and STEP (our performance management framework) implementation. **These savings will continue to be reinvested in accelerating growth.**

As a result, for **Fiscal 2020 the Group is expecting:**

- **Organic revenue growth of around 4%, including the major sports events.**
- **Stable underlying operating profit margin for the year, excluding the currency impact and any impact from the IFRS 16 implementation.**

Mid-term, the Group aims to deliver market leading profitable growth. Current Group investments, activity mix and geographic presence provide us with the opportunities to capture this growth. Sodexo is capable of accelerating organic growth over the years to come while ensuring a sustainable and inclusive business model.

As organic growth increases, growth investments will be kept under control, so that the effects of enhanced discipline and efficiency gains will feed margin expansion.

Conference call

Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), 8:00 a.m. (London time) to comment on its results for Fiscal 2020 Q1 revenues. Those who wish to connect

- from the UK may dial +44 2071 928 000 or
- from France + 33 1 76 70 07 94, or
- from the USA +1 631-510-7495,
- followed by the passcode **524 83 25**.

The **press release, presentation and webcast will be available on the Group website www.sodexo.com** in both the "Latest News" section and the "Finance - Financial Results" section.

Financial calendar

Fiscal 2019 Annual Shareholders Meeting	January 21, 2020
Ex-dividend date	January 30, 2020
Dividend record date	January 31, 2020
Dividend payment date	February 3, 2020
Fiscal 2020 1 st half results	April 9, 2020
Fiscal 2020 Nine-month revenues	July 7, 2020
Fiscal 2020 Annual results	October 29, 2020
Fiscal 2020 Annual Shareholders Meeting	January 12, 2021

These dates are purely indicative and are subject to change without notice. Regular updates are available in the calendar on our website www.sodexo.com

About Sodexo

Founded in Marseille 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 67 countries, Sodexo serves 100 million consumers each day through its unique combination of On-site Services, Benefits & Rewards Services and Personal and Home Services. Sodexo provides clients an integrated offering developed over more than 50 years of experience: from foodservices, reception, maintenance and cleaning, to facilities and equipment management; from services and programs fostering employees' engagement to solutions that simplify and optimize their mobility and expenses management, to in-home assistance, child care centers 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 470,000 employees throughout the world.

Sodexo is included in the CAC 40, FTSE 4 Good and DJSI indices.

Key figures (as of August 31, 2019)

- 22.0 billion** euro in consolidated revenues
- 470,000** employees
- 19th** largest private employer worldwide
- 67** countries
- 100 million** consumers served daily
- 15.8 billion** euro in market capitalization (as of January 8, 2020)

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2020 Q1 REVENUE ACTIVITY REPORT

Revenues

REVENUES BY SEGMENT (In millions of euro)	Q1 FY20	Q1 FY19	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
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Education	1,403	1,327	+3.1%	+1.3%	+1.2%	+3.3%	+5.7%
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Benefits & Rewards Services	205	197	+4.2%	+4.2%	0.0%	+0.2%	+4.5%
Elimination	-1	-1					
TOTAL GROUP	6,076	5,671	+3.8%	+3.8%	+1.3%	+2.0%	+7.1%

First quarter Fiscal 2020 consolidated revenues totaled 6.1 billion euro, up +7.1% year-on-year. This growth is the result of organic growth of +3.8%, a net contribution from acquisitions of +1.3% and positive currency movements for +2.0%, helped by strength in the US dollar and to a lesser extent pound sterling, more than offsetting the weakness in the Brazilian Real.

On-site Services

On-site Services organic revenue growth was +3.8% in first quarter Fiscal 2020, in line with the fourth quarter trend which had benefitted from positive non-recurring elements such as the contract renegotiations in Business & Administrations, strong Paris tourism this summer and a higher level of summer works in Education. The first quarter growth was boosted by the Rugby World Cup which compensated for the Healthcare contract exit and losses in North America. Excluding the Rugby revenues, organic growth was +2.3%.

On-site Services Revenues by Region

REVENUES BY REGION (In millions of euro)	Q1 FY20	Q1 FY19	RESTATED ORGANIC GROWTH
North America	2,699	2,618	-0.9%
Europe	2,278	2,049	+7.4%
Africa, Asia, Australia, LatAm, Middle East	895	808	+10.3%
ONSITE SERVICES TOTAL	5,872	5,476	+3.8%

North America was down -0.9% due to contract losses and exits in Healthcare and Sports & Leisure.

Outside North America, representing 55% of On-site Services revenue, organic growth was +8.3%, due to the contribution of the Rugby World Cup, continued growth in Europe at +3.3% excluding the event, and double-digit growth in Africa, Asia, Australia, LatAm, Middle East, as the outsourcing trend accelerates particularly in Brazil, China and India.

Brexit:

In June 2016, the United Kingdom voted to leave the European Union, confirmed by the recent British elections. Sodexo has been present in the United Kingdom since 1988 and has around 35,000 employees there today. The Group's business should not be materially impacted by the United Kingdom leaving the European Union. Sodexo is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. Action plans have been put in place to limit the impact of Brexit on food prices and availability. A slowdown in new business opportunities is visible but this is compensated by solid same site sales growth and retention. Of course, growth in activity will remain dependent upon growth in GDP and employment in the country.

Business & Administrations

Revenues

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY20	Q1 FY19	RESTATED ORGANIC GROWTH
North America	853	823	-0.2%
Europe	1,559	1,339	+9.0%
Africa, Asia, Australia, LatAm, Middle East	782	713	+9.9%
BUSINESS & ADMINISTRATIONS TOTAL	3,195	2,874	+6.6%

First quarter Fiscal 2020 **Business & Administrations** revenues totaled **3.2 billion euro**, with organic growth of +6.6%.

In **North America** organic growth was down **-0.2%**. On the one hand, growth was solid in Corporate Services and Government & Agencies, helped by the ongoing improvement in the US Marine Corps contract. This compensated for the decline in Sports & Leisure due to the ongoing effects of the exit of some less profitable contracts where the pipeline is currently being rebuilt. Energy & Resources was flat impacted by construction contract closures.

In **Europe**, sales were up **+9.0%** organically, boosted by the revenues from the Rugby World Cup in Japan, consolidated by the Group's specialist entity in the UK. Excluding the Rugby World Cup, organic growth remained steady at +3.0%. While growth in Corporate Services was more modest than in recent quarters, Government & Agencies and Energy & Resources were up strongly.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth accelerated to **+9.9%** in the quarter, reflecting strong growth in same site sales and new business in Corporate Services and in Energy & Resources, particularly in mining.

Healthcare & Seniors

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY20	Q1 FY19	RESTATED ORGANIC GROWTH
North America	781	784	-4.3%
Europe	411	421	0.0%
Africa, Asia, Australia, LatAm, Middle East	82	69	+13.9%
HEALTHCARE & SENIORS TOTAL	1,274	1,275	-2.0%

Healthcare & Seniors revenues amounted to **1.3 billion euro**, down -2.0% organically.

Organic growth in **North America** was down **-4.3%** due to the impact of the loss of several hospital contracts from the fourth quarter Fiscal 2019 and one large contract exit in this first quarter Fiscal 2020. Development has also been slow due to a more selective approach in the new business pipeline. As a result, the contracts signed are more robust. Seniors organic growth is improving progressively.

In **Europe**, organic growth was flat. The lack of new business opportunities in the segment and the resulting negative net new business in most countries has hampered growth. On the other hand, sales growth in existing sites was strong, particularly in northern Europe. The pipeline is showing signs of improvement in France and the UK.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth has remained strong this quarter, at **+13.9%** despite the comparable base becoming more and more challenging quarter after quarter. This reflects new contract startups in Brazil and Asia, as clients seek to benefit from the transfer of the Group's expertise, and strong existing site sales growth across the regions.

Education

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY20	Q1 FY19	RESTATED ORGANIC GROWTH
North America	1,064	1,012	+1.1%
Europe	308	289	+9.6%
Africa, Asia, Australia, LatAm, Middle East	31	26	+13.2%
EDUCATION TOTAL	1,403	1,327	+3.1%

Revenues in **Education** were **1.4 billion euro**, up +3.1% organically.

North America was up **+1.1%**. While net new business signed in Fiscal 2019 was neutral, inflation boosted same site sales, as well as some volume growth, particularly in Schools.

In **Europe**, organic growth was **+9.6%**, driven by the ongoing impact of the start-up in January 2019 of the Schools contract in the Yvelines department. This contract is one of the biggest Schools contracts ever signed in France, combining both food and facilities management services. This trend was somewhat offset by one day less in France in the quarter and slower growth in the UK due to a tougher comparable base after several major ramp-ups in the previous year.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth remained strong at **+13.2%**, despite an ever higher comparable base, resulting from the opening of several new School and University contracts in China, Singapore and India. On the other hand, activity in Hong Kong has been severely impacted by the ongoing protests.

Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 205 million euro, up +4.2% organically, reflecting double digit growth in Europe offset somewhat by a tough environment in Brazil.

REVENUES BY ACTIVITY <i>(In millions of euro)</i>	Q1 FY20	Q1 FY19	ORGANIC GROWTH
Employee benefits	159	153	+3.9%
Services diversification	46	43	+5.3%
BENEFITS & REWARDS SERVICES	205	197	+4.2%

*Including Incentive & Recognition, Mobility & Expenses and Public Benefits

Employee Benefit revenues were up **+3.9%** organically, compared to organic growth in issue volume (3.4 billion euro) of +3.5%.

Services Diversification was up **+5.3%** organically, or +18.9% excluding some portfolio rationalization in Incentive & Recognition, with continued double-digit growth in Mobility & Expense and rapid development in Corporate Health & Wellness offers.

REVENUES BY NATURE <i>(In millions of euro)</i>	Q1 FY20	Q1 FY19	ORGANIC GROWTH
Operating Revenues	189	180	+5.2%
Financial Revenues	16	17	-5.3%
BENEFITS & REWARDS SERVICES	205	197	+4.2%

Operating revenues were up **+5.2%**, with double digit growth in Europe, somewhat offset by a decline in Brazil. **Financial revenues** were down **-5.3%** due principally to the fall in interest rates in Brazil.

REVENUES BY REGION <i>(in millions of euro)</i>	Q1 FY20	Q1 FY19	ORGANIC GROWTH
Europe, Asia and USA	120	107	+11.1%
Latin America	85	90	-3.8%
BENEFITS & REWARDS SERVICES	205	197	+4.2%

In **Europe, Asia and USA**, organic growth in revenues remains strong at **+11.1%**. This performance is due to a particularly strong double-digit performance in the traditional benefits business in Europe and India, as well as continued strong development in Rydoo, the end-to-end travel and expense management system and the Corporate Health and Wellness offers. Incentive & Recognition has stabilized after several quarters of portfolio management.

In **Latin America sales declined -3.8%**. The Brazilian market was affected by falling interest rates, a more competitive environment, and issues volumes that were flat. The momentum in the rest of the region remained solid.

Financial position

Apart from the seasonal changes in working capital, there were no material changes in the Group's financial position as of November 30, 2019, relative to that presented in the Fiscal 2019 Universal Registration Document published filed with the AMF on November 20, 2019.

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 2019 Universal Registration Document filed with the AMF on November 20, 2019.

Currency effect

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency. However, given the weight of the Benefit & Rewards business in Brazil, and the high level of the margins relative to the Group, when the Brazilian Real declines against the euro, it has a negative effect on the underlying operating margin due to a change in the mix of margins. Conversely, when the Brazilian Real improves, Group margins increase.

1€=	AVERAGE RATE Q1 FY20	AVERAGE RATE Q1 FY19	AVERAGE RATE Q1 FY20 VS. Q1 FY19	CLOSING RATE Q1 FY20 AT 30/11/2019	CLOSING RATE FY19 AT. 31/08/19	CLOSING RATE 30/11/19 VS. 31/08/19
U.S. DOLLAR	1.102	1.146	+4.1%	1.098	1.104	+0.5%
POUND STERLING	0.875	0.890	+1.7%	0.852	0.906	+6.3%
BRAZILIAN REAL	4.532	4.476	-1.2%	4.646	4.588	-1.2%

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except in hyper-inflationary economies where all figures are converted at the latest closing rate for both periods when the impact is significant.

As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for first quarter Fiscal 2020 and first quarter Fiscal 2019 have been converted at the exchange rate of 1€ = 65.789 ARS vs 42.951 ARS for first quarter Fiscal 2019.

Subsequent events

Sodexo acknowledges the decision made by the French Competition Authority on December 18, 2019 to sanction several meal voucher issuers for practices within this industry, including Sodexo Pass France. The fine of 126 million euro will most probably become payable in the third quarter.

Sodexo firmly contests this decision which manifests a completely inaccurate appreciation of the alleged practices and of the market dynamics. Indeed, Sodexo refutes the anticompetitive nature of the information exchanges through the "Centrale de Règlement des Titres" (central remittance agency), which cannot be characterized as strategic. The allegation of market protection is equally unjustified considering, in particular, the arrival of several new players on the market. Consequently, Sodexo has decided to appeal the French Competition Authority's decision.

Inter-segment restatements

Since the beginning of Fiscal 2020, in some European and Asian countries, contracts have been reallocated from Healthcare & Seniors and Education to Business & Administrations.

Given the low materiality of these changes, pro forma figures for Fiscal 2019 are not required. The effects are detailed below.

Fiscal 2020 organic growth and variations in UOP margin will be adjusted to take into account such changes.

Below are the adjustments for these restatements for each quarter of Fiscal 2019.

Revenues (in millions of euros)	FY19			Q119			Q219			Q319			Q419		
	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU
North America															
Europe	+221	-143	-78	+59	-36	-23	+56	-36	-20	+58	-35	-23	+48	-37	-11
Africa, Asia, Australia, Latam, Middle East	+17	-17		+4	-4		+4	-4		+4	-4		+5	-5	
GROUP	+238	-160	-78	+63	-40	-23	+60	-40	-20	+62	-39	-23	+52	-41	-11

Alternative Performance Measure definitions

Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally-delivered services issued by the Group (Benefits and Rewards Services activity) for beneficiaries on behalf of clients.

Organic growth

Organic growth corresponds to the increase in revenue for a given period (the “current period”) compared to the revenue reported for the same period of the prior fiscal year, calculated using the exchange rate for the prior fiscal year; and excluding the impact of business acquisitions (or gain of control) and divestments, as follows:

- For businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- For businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- For businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- For businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.
- For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for first quarter Fiscal 2020 and first quarter Fiscal 2019 have been converted at the exchange rate of 1€ = 65.789 ARS vs 42.951 ARS for first quarter Fiscal 2019.

Underlying operating profit margin

The underlying operating profit margin corresponds to Underlying operating profit divided by revenues.

Underlying operating profit margin at constant rates

The underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting 2020 figures at Fiscal 2019 rates, except for countries with hyperinflationary economies.