

▶ Sodexo: Q1 Fiscal 2019 organic revenue growth in line with expectations

▶ Annual objectives maintained

- Q1 Fiscal 2019 organic revenue growth of +2.6%
 - On-site Services: +2.3%
 - Benefits & Rewards Services: +9.5%

Issy-les-Moulineaux, January 10, 2019 - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY), world leader in Quality of Life Services, today reported its revenues for the first quarter of Fiscal 2019, which ended on November 30, 2018.

Fiscal 2019 Q1 revenues

REVENUES BY SEGMENT <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	2 874	2 665	+2.5% ¹	+0.9%	+8.8%	-1.9%	+7.8%
Health Care & Seniors	1 275	1 200	+1.9% ¹	+5.3%	+0.1%	+0.8%	+6.2%
Education	1 327	1 254	+2.5%	+2.5%	+1.5%	+1.8%	+5.8%
On-site Services	5 476	5 119	+2.3%	+2.3%	+5.0%	-0.3%	+7.0%
Benefits & Rewards Services	197	194	+9.5%	+9.5%	+0.3%	-8.3%	+1.6%
Elimination	-1	-1					
GROUP TOTAL	5 671	5 312	+2.6%	+2.6%	+4.8%	-0.6%	+6.8%

Commenting on these figures, Sodexo CEO Denis Machuel said:

“First quarter revenue growth is in the middle of the range of our guidance. It reflects a good performance relative to Fiscal 2018 but as expected, does not match the growth in the prior quarter which was boosted by seasonal factors.

While new signatures in Health Care and Seniors in North America are good, we remain prudent on the recovery in this segment.

We are vigorously implementing our action plans. As we generate productivity, we are reinvesting in sales, marketing, digital and innovation. We maintain our objectives for the year as a whole.”

¹ Restated for inter-segment reclassification, see the Restatement Section for detail.

Highlights of the period

- Fiscal 2019 first quarter revenues totaled 5.7 billion euro, up +6.8% compared to the same period in the previous fiscal year. Currency effects were limited during the period at -0.6%, with the U.S. dollar strength offsetting the Brazilian real weakness and net acquisitions contributing +4.8% to growth. Organic growth reached +2.6%.
- Organic growth for On-site Services was +2.3%, reflecting:
 - Growth in **Business & Administrations** was +2.5%¹. The tourism activities continued to perform particularly well. Corporate Services remained strong in North America, Latin America, Brazil and Asia. However, the Energy & Resources year-on-year performance was impacted by comparison with a significant project in North America in the first quarter Fiscal 2018. The mining and onshore activities which are predominantly in developing economies continue to grow, although the offshore activities in the North Sea remain challenging.
 - Growth in **Health Care & Seniors** was +1.9%¹. Activity in North America was up slightly. Growth remained modest in Europe due to a lack of any significant new business and double digit in the rest of the world due to the ongoing contribution of the robust development in Asia and Latin America.
 - The trend in **Education has improved at +2.5%** with positive growth in North America, strong growth in Europe with good new business in Schools and continued double digit growth in the rest of the world.
- Organic revenue growth in Benefits & Rewards Services continued to improve in the first quarter at +9.5%.
 - Growth in Europe, Asia and the United States remained strong at +7.6%.
 - Latin America was up +11.8%, due to the recovery in Brazil, with a combination of face value increases, some new business, growth in the number of beneficiaries at existing clients and the stabilization of interest rates.
- On March 1, 2019, Sarosh Mistry will become Region Chair, North America replacing Lorna Donatone who will retire. He joins the Group Executive Committee effective immediately.
 - Since 2016, Sarosh Mistry has been Chief Executive Officer of Sodexo Home Care Worldwide. Sarosh joined Sodexo in 2011 in the On-site activities and in 2012 became Chief Executive Officer of Comfort Keepers, North America.
 - Prior to joining Sodexo, Sarosh was Chief Executive Officer of Eurest, a division of Compass Group North America, providing services in the corporate environment; Vice President of Retail Sales for Starbucks North America; and President of Aramark Healthcare Support Services in the USA. Earlier in his career, he held numerous positions with Pepsi and Yum! Brands.

¹ Restated for inter-segment reclassification, see the Restatement Section for detail.

Outlook

Growth in Q1 was in line with expectations, with stable growth in Europe, continued solid growth in developing economies and progressive improvement in North America. The action plans are delivering and the productivity is being reinvested in growth initiatives. In this process of reinvestment, we expect some timing differences between productivity gains and investments which will weigh slightly on the first half underlying operating profit margin. However, the Group maintains the following objectives for the full year **Fiscal 2019**:

- **Organic revenue growth between +2% and +3%;**
- **Underlying operating profit margin between 5.5% and 5.7%, excluding the currency impact.**
- The **strategic agenda** is aimed at delivering **market leading growth**. The first steps to return to this performance are to achieve organic growth of **more than 3% from Fiscal 2020** and then improve margins back up **over 6% sustainably**. **As explained during the Capital Markets Day, margin improvement will come with the right levels of growth.**

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 Fiscal 2019 Q1 revenues.

If you are calling **from the UK / International** please dial **+44 (0)330 336 9125**

If you are calling **from France** please dial **+33 (0)1 70 72 25 50**

If you are calling **from the USA** please dial **+1 929-477-0324**

Code **3323825**

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. You can follow the webcast live on the site.

Financial calendar

Annual Shareholders' Meeting	January 22, 2019
Ex-dividend date	January 30, 2019
Dividend record date	January 31, 2019
Dividend payment date	February 1, 2019
1 st half results – Fiscal 2019	April 11, 2019
Nine-month revenues – Fiscal 2019	July 8, 2019
Annual results – Fiscal 2019	November 7, 2019
Annual Shareholders' Meeting 2019	January 21, 2020

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 72 countries, Sodexo serves 100 million consumers each day through its unique combination of On-site Services, Benefits and 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 460,000 employees throughout the world.

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

Key figures (as of August 31, 2018)

20.4 billion euro in consolidated revenues

460,000 employees

19th largest private employer worldwide

72 countries

100 million consumers served daily

13.5 billion euro in market capitalization (as of January 9, 2019)

Forward-looking information:

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. Figures have been prepared in thousands of euro and published in millions of euro.

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2019 Q1 REVENUE ACTIVITY REPORT

Revenue Analysis

REVENUES BY SEGMENT <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	2 874	2 665	+2.5% ¹	+0.9%	+8.8%	-1.9%	+7.8%
Health Care & Seniors	1 275	1 200	+1.9% ¹	+5.3%	+0.1%	+0.8%	+6.2%
Education	1 327	1 254	+2.5%	+2.5%	+1.5%	+1.8%	+5.8%
On-site Services	5 476	5 119	+2.3%	+2.3%	+5.0%	-0.3%	+7.0%
Benefits & Rewards Services	197	194	+9.5%	+9.5%	+0.3%	-8.3%	+1.6%
Elimination	-1	-1					
GROUP TOTAL	5 671	5 312	+2.6%	+2.6%	+4.8%	-0.6%	+6.8%

Fiscal 2019 first quarter consolidated revenues totaled 5,7 billion euro, up +6.8% on the previous year period. The currency impact was limited during this period at -0.6%, impacted in particular by the weakness of the Brazilian real, nearly offset by the U.S. dollar strength. The net contribution of acquisitions and disposals was +4.8%, with the impact of *Centerplate*, consolidated from January 2018, *Crèche de France* from September 2018, and the modest impact of *The Good Eating Company*, *Morris Corporation* and *Kim Yew* acquired in the first quarter of Fiscal 2018.

Revenue has been recognized in accordance with the principles of IFRS 15 since September 1, 2018, with no significant impact.

Since the beginning of Fiscal 2019, some contracts have been reallocated between segments. The major change was in some European countries, where after several years of restructuring, the business has now been segmented for the first time. So, the Hospitals and Seniors business is now reported in Health Care and Seniors whereas it was previously reported in Business & Administrations, as are all the non-segmented businesses.

Analysis of organic revenue growth in On-site Services

Business & Administrations

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	RESTATED ORGANIC GROWTH
North America	823	618	-1.3% ¹
Europe	1 339	1 347	+1.9% ¹
Africa, Asia, Australia, Latam, Middle East	713	700	+7.1% ¹
BUSINESS & ADMINISTRATIONS TOTAL	2 874	2 665	+2.5%¹

¹ Restated for inter-segment reclassification, see the Restatement Section for detail.

First quarter Fiscal 2019 **Business & Administrations** revenues totaled 2.9 billion euro, up +2.5%¹ organically compared with the first quarter Fiscal 2018.

Organic growth in **North America** was down at -1.3%¹ against a particularly strong quarter last year helped by some Energy & Resources project work. Excluding this project work, organic growth would have been positive. There was some recovery in the underlying Energy & Resources business and strong demand for additional facilities management services among corporate clients. On the other hand, the Government & Agencies segment was down due to the renewal of the *US Marine Corp* contract at lower comparable unit sales. The acquisition of *Centerplate* and the strong dollar explains the significant increase in revenues in the region.

Europe was up +1.9%¹. The Sports & Leisure activities were strong, helped by a strong autumn tourism season in Paris. Corporate services continued to generate solid growth due to net contract wins. Energy & Resources is stabilizing. Government & Agencies was impacted by the progressive exit of the British Army contracts in Fiscal 2018.

In **Africa, Asia, Australia, Latin America and the Middle East**, organic growth remained solid at +7.1%¹, despite the much stronger comparative base. Growth in the Energy & Resources Mining and On-shore sub-segments is continuing, but at lower pace. In Corporate services, contract extensions with existing clients and a high level of new clients ramping up are still major drivers.

Health Care & Seniors

REVENUES BY REGION (In millions of euro)	Q1 FY19	Q1 FY18	RESTATED ORGANIC GROWTH
North America	784	757	+0.8% ¹
Europe	421	375	+1.7% ¹
Africa, Asia, Australia, Latam, Middle East	69	68	+15.3% ¹
HEALTH CARE & SENIORS TOTAL	1 275	1 200	+1.9%¹

In **Health Care & Seniors**, revenues totaled 1.3 billion euro, with organic growth at +1.9%¹.

Organic growth in **North America** was +0.8%¹, with an improvement in comparable unit growth. Retention was steady in Health Care and remains under pressure in Seniors.

In **Europe**, organic growth was up +1.7%¹ consistent with previous quarterly performance, helped by last year's development in Belgium and the UK. Activity in the Nordics was impacted by negative net lost business. Elsewhere retention remains high and bidding remains very selective.

Despite the much higher comparable base last year, in **Africa, Asia, Australia, Latin America and the Middle East**, growth is particularly strong at +15.3%¹ due to the number of contract start-ups and solid same site sales growth in Brazil, India and China.

¹ Restated for inter-segment reclassification, see the Restatement Section for detail.

Education

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	ORGANIC GROWTH
North America	1 012	980	+0.6%
Europe	289	255	+8.9%
Africa, Asia, Australia, Latam, Middle East	26	18	+12.0%
EDUCATION TOTAL	1 327	1 254	+2.5%

In **Education**, revenues for the first quarter Fiscal 2019 amounted to 1.3 billion euro, up +2.5% on an organic basis, due to a very strong quarter in Europe and Asia and growth in North America.

Organic growth in **North America** was positive at **+0.6%**. As expected, net new business is neutral, no longer negatively impacting revenues. Price increases are also reflected.

In **Europe**, organic growth was **+8.9%**. This very strong growth is due to new business in private schools in the UK and entry into the student living market for European universities with several wins in the UK. It was also helped by an extra day in France. From January, the figures will also include the new contract for the Yvelines schools in France. The recently acquired specialist in UK public sector school catering, Alliance in Partnership, will be consolidated from January 2019.

Despite a very strong comparative base, organic growth in **Africa, Asia, Australia, Latin America, and the Middle East**, remained strong at **+12.0%**, resulting from several new Schools and Universities contracts in China, Singapore and India.

On-site Services Revenues by region

REVENUES BY REGION <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	RESTATED ORGANIC GROWTH
North America	2 618	2 356	+0.2%
Europe	2 049	1 977	+2.8%
Africa, Asia, Australia, Latam, Middle East	808	787	+7.9%
ONSITE SERVICES TOTAL	5 476	5 119	+2.3%

Organic growth in **North America** remained **slightly positive** during this quarter, after a solid Q4 boosted by summer break project work in Education. Outside North America, growth remains solid at +4.2%.

Benefits & Rewards Services

Revenues

Benefits & Rewards Services revenue amounted to 197 million euro, up +1.6%. Currencies had a negative impact of -8.3%, due principally to the weakness of the Brazilian real. Organic growth was strong at +9.5%.

REVENUES BY ACTIVITY <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Employee Benefits	153	153	+10.5%			
Services Diversification	43	41	+6.1%			
BENEFITS & REWARDS SERVICES	197	194	+9.5%	+0.3%	-8.3%	+1.6%

Employee benefits were up +10.5%, compared to growth in total issue volume (3.3 billion euro) of +8.4%. Services Diversification, including Incentive & Recognition, Mobility & Expenses and Public Benefits were up +6.1%, with strong double-digit growth in Mobility & Expense and rapid development in Corporate Health & Wellness products. Incentive and Recognition growth was more modest compared to a strong prior year base. These activities are not necessarily linked to issue volume.

REVENUES BY NATURE <i>(In millions of euro)</i>	Q1 FY19	Q1 FY18	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Operating Revenues	180	176	+9.2%			
Financial Revenues	17	17	+12.7%			
BENEFITS & REWARDS SERVICES	197	194	+9.5%	+0.3%	-8.3%	+1.6%

Operating revenues were up +9.2% and Financial revenues were up +12.7%, as a result of the stabilization in rates in Brazil, exceptionally high issue volume in Romania in Q4 last year and particularly strong growth in Turkey this quarter, where interest rates are high.

TOTAL REVENUES BY REGION <i>(in millions of euro)</i>	Q1 FY19	Q1 FY18	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Europe, USA and Asia	107	101	+7.6%			
Latin America	90	93	+11.8%			
BENEFITS & REWARDS SERVICES	197	194	+9.5%	+0.3%	-8.3%	+1.6%

In **Europe, Asia and USA**, organic growth in revenues remains strong this quarter at **+7.6%**, with solid growth in mature Europe, and double-digit growth in Eastern Europe, helped by large issue volume at the end of the previous fiscal year in Romania, and strong growth in the Czech Republic and Turkey. Incentive & Recognition activities continued to grow albeit a bit more modestly in the last quarter. However, there has been a very strong start to the commercialization of *Rydo*, an end-to-end travel and expense management system.

Organic growth in **Latin America** continued to improve from the Fiscal 2018 Q3 and Q4 growth rates, with revenues up **+11.8%**. This reflects the continued recovery in both the traditional meal and food cards, as well as the fuel card, in Brazil, with face value increases, recovery in the number of beneficiaries, some new business and stability in interest rates. Growth remains strong in Mexico.

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, 2018, relative to that presented in the Fiscal 2018 Registration Document published on November 22, 2018.

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 2018 Registration Document filed with the AMF on November 22, 2018.

Exchange rates and currency effect

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

1€=	AVERAGE RATE Q1 FY 19	REFERENCE RATE FY 18	CHANGE AVERAGE RATES Q1 FY 19 VS. REFERENCE FY 18	CLOSING RATE Q1 FY 19 AT 30/11/2018	CHANGE CLOSING RATE 30/11/18 VS. 31/08/18
U.S. DOLLAR	1.146	1.193	+4.0%	1.136	+2.6%
POUND STERLING	0.890	0.884	-0.7%	0.891	+0.8%
BRAZILIAN REAL	4.476	4.075	-9.0%	4.384	+10.8%

Note: Reference rate Fiscal 2018 is the average rate for Fiscal year 2018.

Inter-segment restatements

Since the beginning of Fiscal 2019, some contracts have been reallocated between segments. The major change was in some European countries, where after several years of restructuring, the business has now been segmented for the first time. As a result, the Hospitals and Seniors business is now reported in Health Care and Seniors while it was previously reported in Business & Administrations, as are all the non-segmented businesses.

Below are the adjustments for these restatements for each quarter of Fiscal 2018.

REVENUES <i>(In millions of euro)</i>	FY18			Q1 FY18			Q2 FY18			Q3 FY18			Q4 FY18		
	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU
North America	-12	+9	+3	-3	+2	+1	-3	+2	+1	-3	+2	+1	-3	+2	+1
Europe	-158	+158		-41	+41		-39	+39		-41	+41		-37	+37	
Africa, Asia, Australia, Latam, Middle East	+10	-10		+3	-3		+2	-2		+2	-2		+3	-3	

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.

Underlying Operating margin

Underlying Operating profit divided by Revenues.

Underlying Operating margin at constant rate

Margin calculated converting FY2019 figures at FY 2018 rates, except for countries with hyperinflationary economies.

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 when the impact is significant.
- As a result, for the calculation of organic growth, Argentine Peso figures for FY2019 and FY 2018, have been converted at the exchange rate of EUR 1 = ARS 42.951 vs. ARS 44.302 for FY 2018.

Starting FY19 Venezuela is accounted for using the equity method. Consequently, Venezuela is no longer included in revenue.