PRESS RELEASE

Sodexo: operating profit guidance maintained despite mixed revenue performance in Q3 2017

Issy-les-Moulineaux, July 06, 2017 – Sodexo (NYSE Euronext Paris: FR 0000121220 - OTC: SDXAY), world leader in Quality of Life Services, today reported its non-audited revenues for the first nine months of Fiscal 2017, which ended on May 31, 2017.

- **Revenue organic growth[1] was up +0.5% and +1.3% excluding Rugby World Cup:**
  - **On-site Services organic growth turned positive at +0.3% as the weight of the base effect of the Rugby World Cup reduces. Excluding this event, the growth was +1.1%.**
    - > This reflects a lower than expected Q3 performance, at +1.3%, with
      - Lower than anticipated activity in Health Care and Universities in North America,
      - Corporate Services remained strong in North America and Asia and Latin America but was still weak in Europe,
      - Energy & Resources and Government & Agencies returned to positive growth,
      - More generally, robust growth in Latin America, Brazil and Asia.
  - **Benefits & Rewards Services organic growth of +6.1%, reflecting**
    - > Strong growth in Europe, and in Incentive & Recognition
    - > An improving underlying trend in Latin America in Q3 masked by the effect of the Venezuelan bolivar devaluation.
- **Fiscal 2017 guidance:**
  - **Revenue organic growth of +1.5% to +2%**
  - **Growth in operating profit confirmed at between 8% and 9% (excluding currency effect and exceptional expenses linked to the Adaptation and Simplification program).**
- **Medium-term objectives confirmed.**

[1] *Organic growth is defined as growth at constant exchange rates (converting 9M Fiscal 2017 figures at Fiscal 2016 rates) and consolidation scope, except for Benefits & Rewards in Venezuelan Bolivar. All Fiscal 2017 and Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 2010 vs. VEF 645 for FY 2016.*

Revenues by activity and global client segment 9M Fiscal 2017:

Revenues *(in millions of euro)*	9M Fiscal 2017	9M Fiscal 2016	Organic growth	Published growth
Business & Administrations	**7,883**	**7,869**	**-0.5%**	**+0.2%**
Health Care & Seniors	**3,759**	**3,647**	**+1.9%**	**+3.1%**
Education	**3,673**	**3,622**	**+0.2%**	**+1.4%**
Total On-site Services	**15,314**	**15,137**	**+0.3%**	**+1.2%**
Total Benefits & Rewards Services	**673**	**576**	**+6.1%**	**+16.9%**
Elimination of intra-group revenues	(3)	(4)		
TOTAL GROUP	**15,984**	**15,709**	**+0.5%**	**+1.7%**

Commenting on these figures, Sodexo CEO Michel Landel said:

"The Q3 revenue performance was in line with Q2 but disappointing, particularly in Health Care and Universities in North America and Business & Administrations in Europe.

On the other hand in other areas, the recovery is coming through. Energy & Resources has turned positive in Q3. France is improving and Asia and Latin America, and in particular Brazil, continue to be strong.

We are confident in the acceleration of revenue growth in Q4, given the recent contract start-ups and a significant calendar effect in North America.

As a result, whereas revenue growth will be softer than expected this year, we maintain our objective of growth in operating profit of between +8% to +9% for this fiscal year, excluding currencies and before exceptional expenses."

Highlights of the period

- 9M Fiscal 2017 Revenues amounted to 16 billion euro, up +1.7% on the previous year period. Currencies contributed +0.8% and net acquisitions +0.4%. So, organic growth was +0.5%, or +1.3% excluding effect of the Rugby World Cup (RWC) in the comparable base.
- Organic growth for the On-site Services activity was +0.3%, or +1.1% excluding the RWC impact:
  - **Business & Administrations** organic growth of **-0.5%, or +1.1%** excluding the RWC, accelerated quarter on quarter. This reflects a return to positive growth in Energy & Resources of +4.3% in Q3, an improving trend in France, due to an easier comparable base in the tourist activities and Government & Agencies. In Corporate Services, activity was solid with high single digit growth in North America and the developing economies more than offsetting weakness in Europe.
  - The strong trend in **Health Care & Seniors** in the first half was offset somewhat by organic growth turning negative in Q3 in North America resulting in an organic growth at **+1.9%** for the period. This was due to lower comparable unit sales linked to scope and services changes in a few large contracts and the impact of phasing difference in new business. Development in Asia and Brazil remained strong. In Europe, bidding opportunities remain highly competitive in Hospitals; however Seniors development has been better in Q3.

- **Education** organic growth was positive at **+0.2%.** Schools activity is benefiting from strong retention and development in all regions. The Universities activity is more challenging, particularly in North America where growth was suffering from the lack of prior year signatures. In Q3, same site sales growth reflected a positive calendar shift from Q2, lower than expected student spend and the accelerated exit of a large contract in Q2.

- First 9M Fiscal 2017 organic revenue growth in the **Benefits & Rewards Services** was **+6.1%**. Growth in Europe, Asia and the USA remained strong through to the end of the period at +9.8%, reflecting solid growth in both the number of beneficiaries and face values, and good momentum in the Incentive and Recognition activity. In Latin America, organic growth was +2.1% for the period. The apparent slowdown in Q3 reflects the impact of the Venezuelan devaluation at the end of May, masking signs of stabilization in Brazil and continued strong growth in Mexico and Chile.

Outlook

Revenue growth in Q3 was disappointing due to lower than expected activity in Health Care and Universities in North America and continued weakness in Corporate services in Europe. However, Energy & Resources has turned positive, the trend in France is improving and developing economies are growing well.

The expected acceleration in Q4 is also still on track with:

- A return to growth in France,
- Further acceleration in Energy & Resources,
- The calendar effect in North America,
- Contribution of contract startups in May and June 2017.

As a result, while revenue growth may be softer than previously anticipated, between +1.5% and +2%, operating profit growth before currencies and exceptional items should still be between +8% to +9%.

Long-term trends remain positive with further significant opportunity in outsourcing and contract consolidation, growth in developing economies, strong potential of the new segment organization and increased contribution from acquisitions. The Group confirms its mid-term objectives of:

- **Average annual revenue growth, excluding currency effect, of between +4% and +7%;**
- **Average annual growth in operating profit, excluding currency effect, of between +8% and +10%.**

Conference call

Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), to comment on its revenues for the first nine months of fiscal 2017. Those who wish to connect from UK may dial + 44(0)20 3427 1905 or from France +33(0)1 76 77 22 30 following by the pass code **34 49 694.** The presentation can be followed via live webcast on the Group website, www.sodexo.com.

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

Annual results, Fiscal 2017	November 16, 2017
1st quarter revenues, Fiscal 2018	January 11, 2018
Annual Shareholders' Meeting 2018	January 23, 2018

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 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 50 years of experience: from foodservices, reception, maintenance and cleaning, to facilities and equipment management; from Meal Pass, Gift Pass and Mobility Pass benefits for employees 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 425,000 employees throughout the world.

Sodexo is included in the CAC 40 and DJSI indices.

Key figures (as of August 31, 2016)

20.2 billion euro in consolidated revenues

425,000 employees

19th largest employer worldwide

80 countries

75 million consumers served daily

17.1 billion euro in market capitalization (as of July 5, 2017)

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

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sodexo
QUALITY OF LIFE SERVICES

ACTIVITY REPORT
FOR FIRST NINE MONTHS
FISCAL 2017

Operating profit guidance maintained despite mixed revenue performance in Q3 2017

Contract wins

Due to a slow start to contract signatures in the First Half, Q3 was a busy quarter for start-ups which should therefore contribute to the acceleration in growth in revenue in Q4.

Further recent significant signatures in On-site Services include:

- A pick up in France, with multi-service contract signed for thecamp in Aix-en-Provence, two contracts for our client Lagardère with the Aix-en-Provence Arena (mutli-services contract) and the Bordeaux Metropole Arena (food services) as well as a food services contract for the new Groupama Campus in La Défense.
- Several large food services contracts for Citadel University in the USA, Clifton College in the UK and CHIREC Hospital Group in Belgium.
- Cross-selling contract extensions for Nokia worldwide, Pfizer in India and the US as well as the Makati Medical Center in the Philippines.

Revenues

Consolidated revenues for the First Nine Months Fiscal 2017 totaled 16 billion euro, up +1.7%. The currency effect contributed +0.8% to reported growth for the period, with the strength in the US dollar and the Brazilian real more than offsetting the decline in Pound Sterling. Acquisitions net of disposals provided growth of +0.4%. As a result, organic growth was +0.5%.

Revenues by activity

Revenues *(in millions of euro)*	9M Fiscal 2017	9M Fiscal 2016	Published growth	Scope changes	Currency effect	Organic growth
Business & Administrations	**7,883**	**7,869**	**+0.2%**	**+0.5%**	**+0.2%**	**-0.5%**
Health Care & Seniors	**3,759**	**3,647**	**+3.1%**	**+0.3%**	**+0.8%**	**+1.9%**
Education	**3,673**	**3,622**	**+1.4%**	**-**	**+1.2%**	**+0.2%**
Total On-site Services	**15,314**	**15,137**	**+1.2%**	**+0.3%**	**+0.6%**	**+0.3%**
Total Benefits & Rewards Services	**673**	**576**	**+16.9%**	**+4.6%**	**+6.1%**	**+6.1%**
Elimination of intra-group revenues	(3)	(4)				
TOTAL GROUP	**15,984**	**15,709**	**+1.7%**	**+0.4%**	**+0.8%**	**+0.5%**

Analysis of organic growth in On-site Services

9M Fiscal 2017 On-site Services organic growth was +0.3%, and +1.1% excluding the RWC impact.

Business & Administrations

Revenues

(in millions of euro)	9M Fiscal 2017	9M Fiscal 2016	Organic growth
North America	1,848	1,729	+3.6%
Europe	3,928	4,274	-5.4%
Africa, Asia, Australia, Latin America, Middle East	2,107	1,866	+7.0%
Total Business & Administrations	**7,883**	**7,869**	**-0.5%**

9M Fiscal 2017 On-site Services revenues in **Business & Administrations** totaled 7.9 billion euro, down organically by -0.5% compared with 9M Fiscal 2016 which benefited from the RWC, or +1.1% excluding the RWC.

Organic growth in **North America** was **+3.6%** due to high single digit growth in Corporate Services, supported by development of Facilities management services and a return to growth in Government & Agencies in Q3.

Europe was down **-5.4%.** Half of the decline was due to the RWC effect. With no signs of improvement in the North Sea oil and gas segment Energy & Resources continued to decline 16%. Corporate services remains lackluster throughout the region, with weak comparable unit sales. On the other hand, the French activities are benefitting from an easier comparable base. In the Justice segment the impact of the loss of a large contract in January 2016 is now over. The tourism activities are better than previous year, even though they are not yet back up to 2015 levels.

In **Africa, Asia, Australia, Latin America and the Middle East**, organic growth of **+7.0%** reflects continued strong growth in Corporate Services thanks to new contracts in all the regions, and a return to growth in Energy & Resources due principally to contract start-ups and some improvement in the mining and onshore activities. The offshore activity remains difficult.

Health Care & Seniors

Revenues

(in millions of euro)	**9M Fiscal 2017**	9M Fiscal 2016	**Organic growth**
North America	2,479	2,363	+2.7%
Europe	1,103	1,143	-1.0%
Africa, Asia, Australia, Latin America, Middle East	177	141	+12.7%
Total Health Care & Seniors	**3,759**	**3,647**	**+1.9%**

In **Health Care & Seniors**, revenues totaled 3.8 billion euro, with organic growth at +1.9%.

Organic growth in **North America** was **+2.7%,** reflecting a significant slowdown in Q3 due to lower comparable unit sales linked to scope and service changes in a few large contracts and phasing differences in new business.

The **-1.0%** decline in **Europe** reflects the lack of net new business in hospitals in France and the UK due to much greater selectivity in bidding. On the other hand, there has been some good new development in Seniors in Q3 and the focus on developing Facilities Management services is creating more opportunities for cross-selling.

In **Africa, Asia, Australia, Latin America and the Middle East**, growth in the segment is strong at **+12.7%** boosted by strong growth in Latin America and particularly in Brazil due to multiple contract wins and increased same site sales.

Education

Revenues

(in millions of euro)	**9M Fiscal 2017**	9M Fiscal 2016	**Organic growth**
North America	2,871	2,809	+0.1%
Europe	744	761	-0.3%
Africa, Asia, Australia, Latin America, Middle East	58	51	+10.9%
Total Education	**3,673**	**3,622**	**+0.2%**

In **Education**, revenues for the first nine months Fiscal 2017 amounted to 3.7 billion euro, up organically by +0.2%.

North America organic growth was **+0.1%**. On the one hand, Schools generated solid growth with the extension of the Chicago Public Schools contract, the ramp-up of the new Washington DC Schools contract and solid retention. On the other hand, in Universities, growth is suffering from the lack of prior year signatures. In Q3, despite a positive calendar shift from Q2, growth was weaker than anticipated due to lower than expected same site sales and the accelerated exit of a large contract in Q2.

In **Europe**, organic growth of **-0.3%** was impacted by a lower number of working days in France, and low prior year development in the UK, compensated in part by high retention in the region.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+10.9%** resulting from very strong growth in new Schools contracts in China, Singapore and India.

By region

Revenues *(in millions of euro)*	**9M Fiscal 2017**	9M Fiscal 2016	Published growth	**Organic growth**
North America	**7,199**	6,901	**+4.3%**	**+1.9%**
Europe	**5,774**	6,179	**-6.5%**	**-4.0%**
Africa, Asia, Australia, Latin America, Middle East	**2,341**	2,057	**+13.8%**	**+7.5%**
Total On-site Services	**15,314**	**15,137**	**+1.2%**	**+0.3%**

Note: it is important to note that with the new segment reporting, all Energy & Resources business is now spread across the different regions, whereas previously remote sites was included in Rest of the World. As a result, North America and Europe now have a share of Energy & Resources which weighs on their growth this period, particularly in Europe where Energy & Resources revenues is still down 16%.

In **North America** organic growth of **+1.9%** was supported by high single digit growth in Corporate Services and a return to positive growth in Government & Agencies. On the other hand, lower than expected same site sales in both Health Care and Universities in Q3 severely muted the year to date performance. Energy & Resources declined slightly.

The organic reduction of **-4.0%** in **Europe** reflects a more diluted Rugby World Cup effect, a 16% fall in North Sea Energy & Resources activity and weak Corporate activity. However, the comparable base in France is improving and government and agencies has turned positive in Q3.

Africa, Asia, Australia, Latam and Middle East achieved **+7.5%** organic growth. This was a combination of solid new Corporate business in all regions, strong growth in hospitals, particularly in Latin America, and Schools, particularly in Asia, and growth in Energy & Resources helped by substantial contract start-ups. Africa and Middle East remain impacted by the difficult context in the Oil and Gas industry.

Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 673 million euro in 9M Fiscal 2017, up +16.9%. Currencies contributed +6.1% to this growth, resulting in particular from the recovery of the Brazilian real. The acquisitions of Inspirus, Xpenditure and iAlbatros contributed a further +4.6% to growth. Organic growth was therefore +6.1%, compared to growth in issue volume[2] also strong at +5.9%.

Issue volume

(in millions of euro)	**9M Fiscal 2017**	9M Fiscal 2016	**Organic growth**
Latin America	5,888	4,860	+6.4%
Europe, Asia and USA	7,659	7,336	+5.6%
Total Issue volume	**13,547**	**12,196**	**+5.9%**

Revenues

(in millions of euro)	**9M Fiscal 2017**	9M Fiscal 2016	**Organic growth**
Latin America	321	274	+2.1%
Europe, Asia and USA	352	302	+9.8%
Total revenues	**673**	**576**	**+6.1%**

Organic growth in **Latin America** is at **+6.4%** for Issue volume and **+2.1%** for revenues**.** Strong growth in issue volume across the region reflected strong demand in most countries, except in Brazil, and increasing face values. Revenue growth remains more subdued due to a highly competitive environment in Brazil. However, in Q3, there were signs of stabilization in Brazil as well as continued growth in the rest of the region. This improvement was masked by the impact of the devaluation of the VEF at the end of May, representing 240 basis points of growth.

In **Europe, Asia and USA,** organic growth in Issue volume and revenues has been strong during the first nine months of the year at **+5.6%** and **+9.8%** respectively. This is due to solid face value increases in Belgium (fully in the comparable base from Q3 Fiscal 2017), strong volume growth in Italy and Central Europe and good momentum in the Incentive and Recognition activity in the USA and the UK (revenues without Issue Volume).

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[1] *Organic growth is defined as growth at constant exchange rates (converting 9M Fiscal 2017 figures at Fiscal 2016 rates) and consolidation scope, except for Benefits & Rewards in Venezuelan Bolivar. All Fiscal 2017 and Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 2,010 vs. VEF 645 for FY 2016.*

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

Alternative Performance Measure Definitions

Exceptional expenses

Exceptional expenses are the costs of implementation of the Adaptation and Simplification program (€137m in H1 Fiscal 2017 and €108m in Full year Fiscal 2016).

Growth excluding currency effect

Change excluding currency effect calculated converting 9M 2017 figures at FY 2016 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, 9M Fiscal 2017 and 9M Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 2,010 vs. VEF 645 for Fiscal 2016.

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.

Operating profit before exceptional expenses

Reported Operating Profit excluding exceptional expenses (€137m in H1 Fiscal 2017 and €108m in Full year Fiscal 2016).

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 and divestments, as follows:

- for businesses acquired during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired 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 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 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, Benefits & Rewards figures for 9M 2017 and 9M 2016 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = VEF 2,010 vs. VEF 645 for FY 2016.

Currency effect

Sodexo operates in 80 countries. The percentage of total revenues denominated in the main currencies are as follows:

(9M 17)	% of revenues
U.S. dollar	43%
Euro	25%
UK pound sterling	8%
Brazilian real	5%

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except for Benefits & Rewards services in Venezuelan Bolivar.

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

During 9M Fiscal 2017, the U.S. dollar has strengthened by 2.3% relative to the euro. The Brazilian real has strengthened by 17.3%, boosting in particular the contribution of the Benefits & Rewards activity to revenue. The 10.8% decline in UK sterling against the euro from June 2016, after the Brexit referendum, impacts revenues of the onsite business.

In terms of the Venezuelan Bolivar, the Group considers that the best estimate of the exchange rate at which funds from its activities in Venezuela could be repatriated is the DICOM rate. All 9M Fiscal 2017 and 9M Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 2,010 vs. VEF 645 for FY Fiscal 2016.

1€ =	Average rate 9M Fiscal 17	Average rate 9M Fiscal 16	Reference rate FY Fiscal 16	Change 9M Fiscal 17 vs. Reference Fiscal 16	Closing rate 31/05 2017	Closing rates: change 31/05 2017 vs. 2016
U.S. Dollar	1.082	1.105	1.106	+2.3%	1.117	-0.3%
Pound Sterling	0.860	0.750	0.767	-10.8%	0.868	-12.3%
Brazilian Real	3.469	4.219	4.069	+17.3%	3.651	+10.0%