

# NINE MONTHS FISCAL 2017 REVENUES

July 6, 2017

# FORWARD-LOOKING INFORMATION

This presentation 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.

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

Please refer to Appendices (page 26 and 27) for definitions of Alternative Performance Measures.

# AGENDA

1. First Nine Months Fiscal 2017 highlights
2. Review of Operations:  
On-site Services  
and Benefits & Rewards Services
3. Outlook
4. Appendices

# FIRST NINE MONTHS FISCAL 2017 HIGHLIGHTS



# KEY MESSAGES

## First Nine months Fiscal 2017 highlights



No acceleration in Q3:  
Q1 -1.5%, +0.8% excluding Rugby  
Q2 +1.7%  
Q3 +1.5%

Lower than expected activity  
in Health Care and Universities  
in North America

Weaker Corporate activity  
in Europe in Q3

Improving trend in E&R:  
Q1 -4.5%  
Q2 -0.8%  
Q3 +4.3%

Easier comparative base in France

Strong Corporate activity  
in North America

Strong growth  
in developing economies

# CONTRACT WINS IN Q3

## First Nine Month Fiscal 2017 highlights

### Food services



#### Citadel

University contract in the US



#### Clifton College

School contract in the UK



#### Chirec

Health Care contract in Belgium

### Pick-up in France



#### thecamp

Corporate contract



#### Aix-en-Provence Arena & Bordeaux Metropole Arena

Sports & Leisure contracts



#### Groupama Campus

Corporate contract

### Cross-selling



#### Nokia

Global Corporate contract



#### Pfizer

Corporate contract in India and in the US



#### Makati Medical Center

Health Care contract in the Philippines

# REVIEW OF OPERATIONS

**On-site Services  
Benefits & Rewards  
Services**

**2**

# ORGANIC GROWTH

First nine months 2017 revenues

**REVENUE: €16bn +1.7%**

Currency effect  
+0.8%

Scope changes  
+0.4%



**ORGANIC GROWTH**

+0.5% | +1.3% excluding Rugby

of which:

On-site Services  
**+0.3% | +1.1%** excluding Rugby

Benefits & Rewards Services  
**+6.1%**



# B&A MOMENTUM IMPROVING QUARTER AFTER QUARTER

## On-site Services

### YTD ORGANIC GROWTH



**-0.5%**

**+1.1%**

Excluding  
Rugby

### Business & Administrations

- Diluted impact of Rugby World Cup
- Energy & Resources and Government & Agencies turned positive in Q3
- Strong growth in Corporate in North America and Developing economies but still weak in Europe



**+1.9%**

### Health Care & Seniors

- Phasing difference of new business
- In Q3, lower than expected comparable unit growth in North America
- Strong growth in developing economies

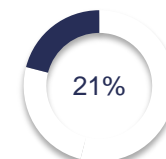
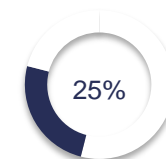


**+0.2%**

### Education

- Strong retention and start ups in Schools,
- Universities positive calendar shift in Q3, lower than expected comparable unit growth and accelerated contract exit in Q2

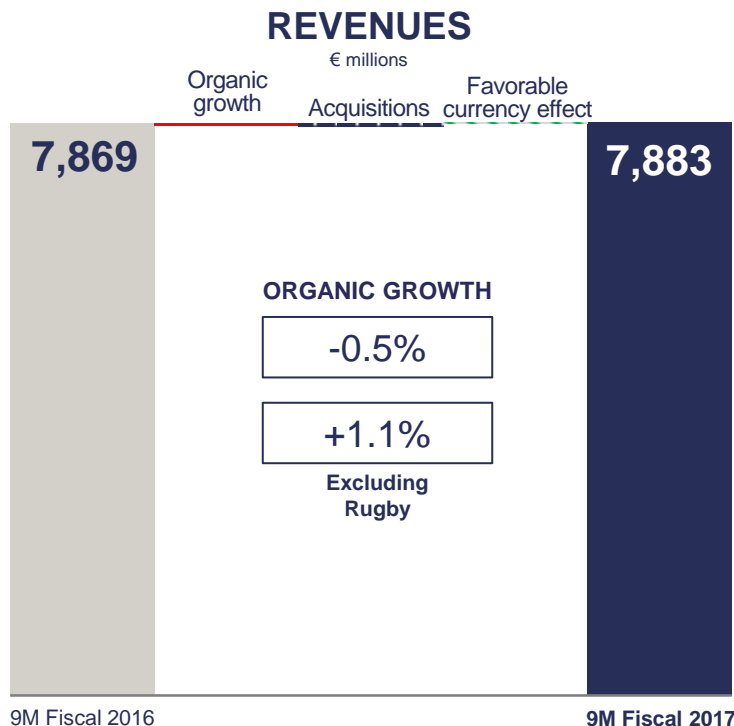
% of Fiscal 2016  
On-site Services  
restated



# BUSINESS & ADMINISTRATIONS

## On-site Services

54%  
On-site  
Services



### YTD ORGANIC GROWTH

#### +3.6% North America

- Continued strong growth in Corporate services, particularly in FM
- Return to growth in Government & Agencies in Q3

#### -5.4% Europe

- Half of decline due to Rugby base effect
- No sign of stabilization in North Sea with E&R at -16%
- No visible recovery in Corporate services yet
- Tourism in France improving, not back to 2015 levels
- Easier comparative base in Government and Agencies

#### +7.0% Africa, Asia, Australia, LatAm & Middle East

- Continued strong development in Corporate
- Growth in E&R, helped by new contract start-ups

22%

of Restated  
B&A  
FY16

54%

of Restated  
B&A  
FY16

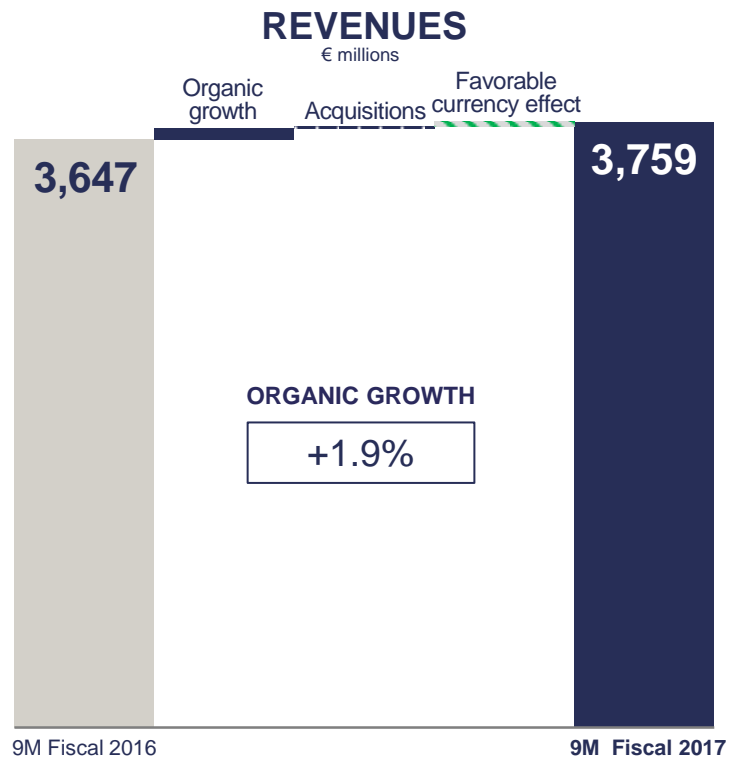
24%

of Restated  
B&A  
FY16

# HEALTH CARE & SENIORS

## On-site Services

25%  
On-site  
Services



### YTD ORGANIC GROWTH

#### **+2.7%** North America

- Phasing difference of new business
- Lower comparable unit growth in Q3

#### **-1.0%** Europe

- Strict selectivity in Hospitals in France and UK
- Good new business development in Q3 in Seniors

#### **+12.7%** Africa, Asia, Australia, LatAm & Middle East

- Double digit growth in Latin America, particularly in Brazil

65%

of restated  
Health Care  
FY16

31%

of restated  
Health Care  
FY16

4%

of restated  
Health Care  
FY16

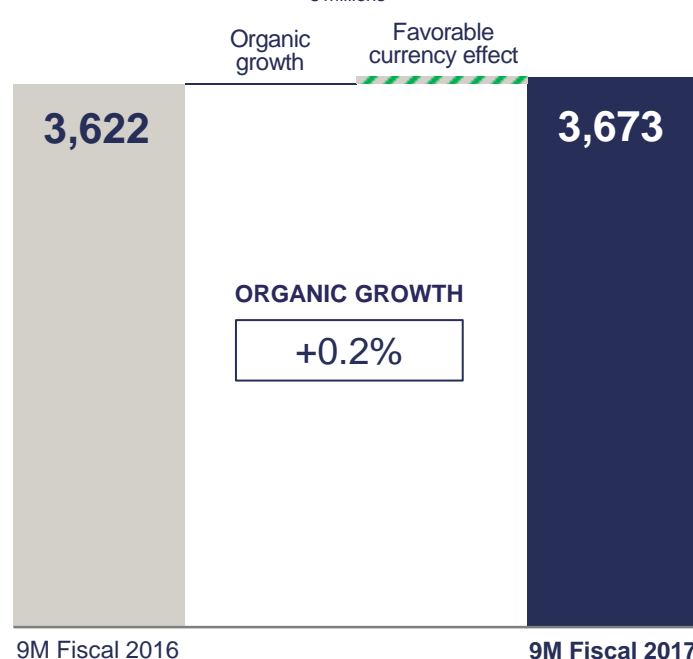
# EDUCATION

## On-site Services

21%  
On-site  
Services

### REVENUES

€ millions



### YTD ORGANIC GROWTH

**+0.1%** North America

- Solid contribution from LY development and good retention in Schools
- In Universities in Q3, positive calendar shift from Q2, lower than expected comparative unit growth, and a large contract exited in Q2

**-0.3%** Europe

- Limited LY net development in United Kingdom
- Negative working days impact in France

**+10.9%** Africa, Asia, Australia, LatAm & Middle East

- Strong growth in Schools in Asia mainly from new contracts in China, Singapore and India

77%

of restated  
Education  
FY16

22%

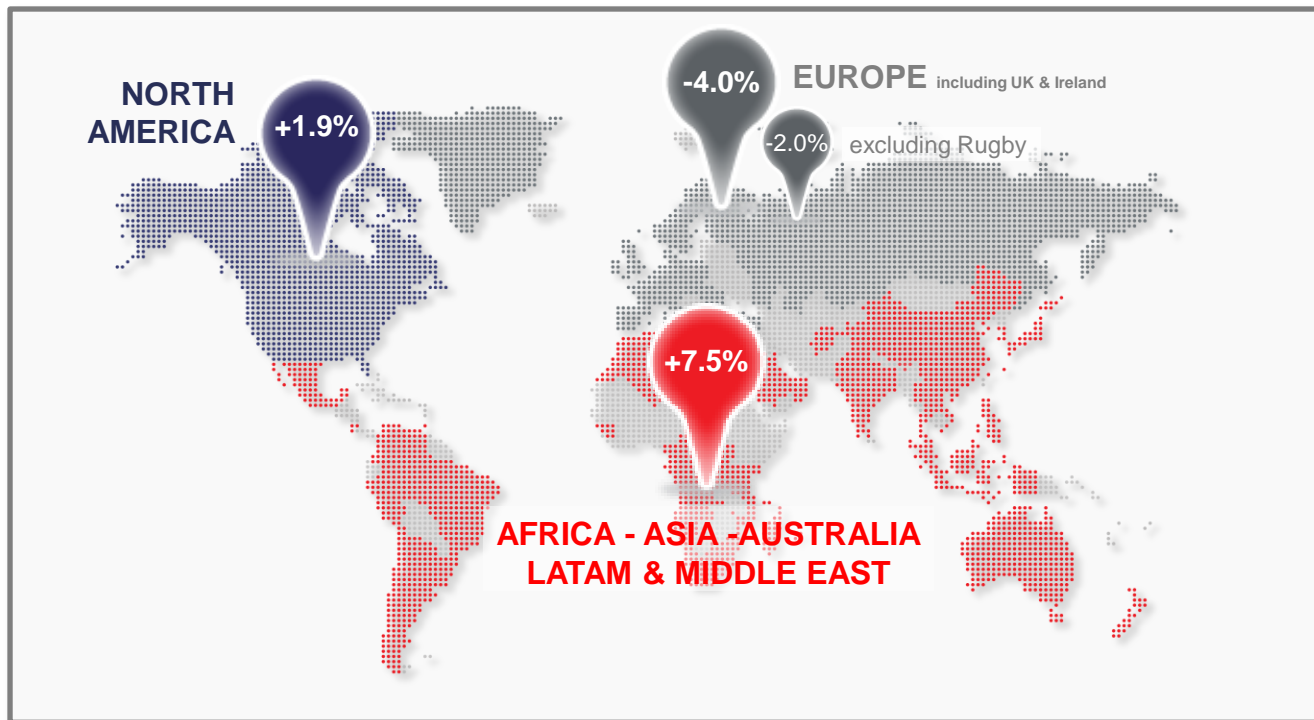
of restated  
Education  
FY16

1%

of restated  
Education  
FY16

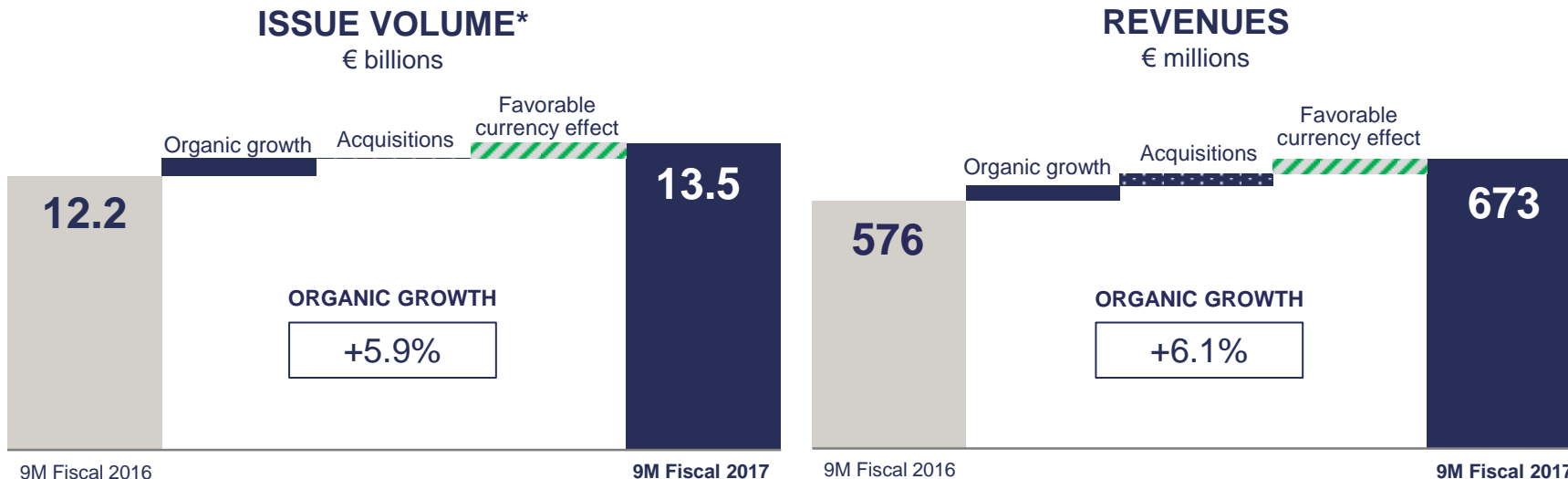
# 9M FISCAL 2017 ORGANIC GROWTH OF +0.3%

## On-site Services by region



# ISSUE VOLUME AND REVENUES

## Benefits & Rewards Services



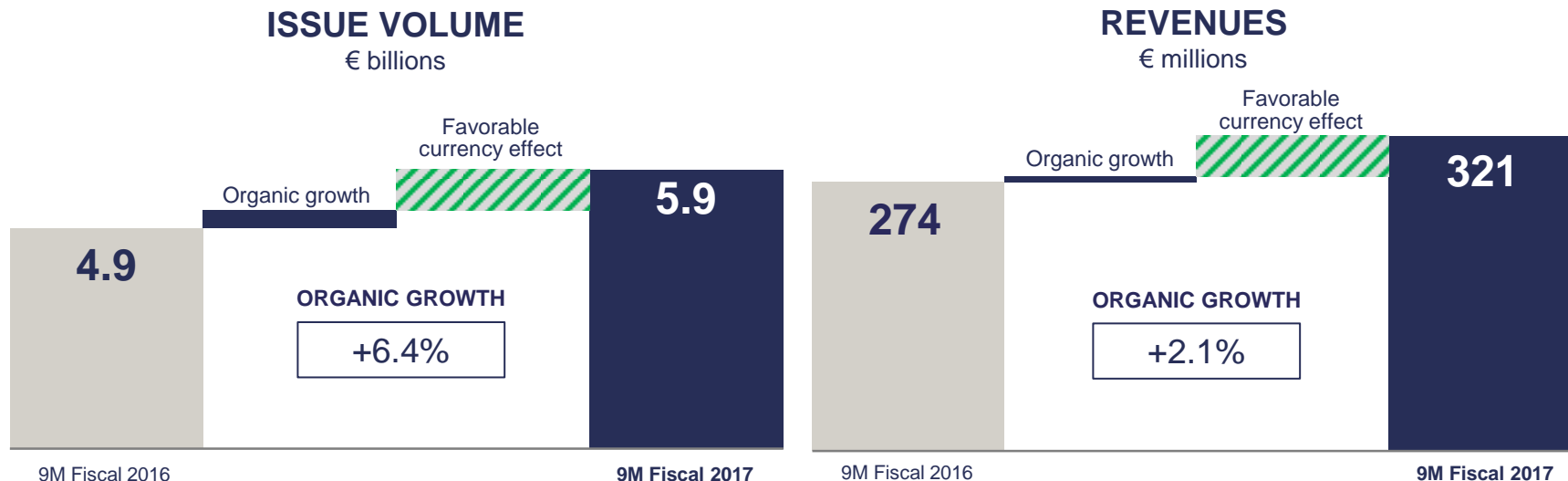
- Signs of stabilization in Brazil
- Europe still growing strongly
- VEF devaluation impact 120 bps

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.

# ISSUE VOLUME AND REVENUES – LATIN AMERICA

## Benefits & Rewards Services

48%  
FY 16  
revenues



- Signs of stabilization in Brazil in Q3 despite competitive environment
- Strong growth in the rest of the region
- VEF devaluation impact 240 bps

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.

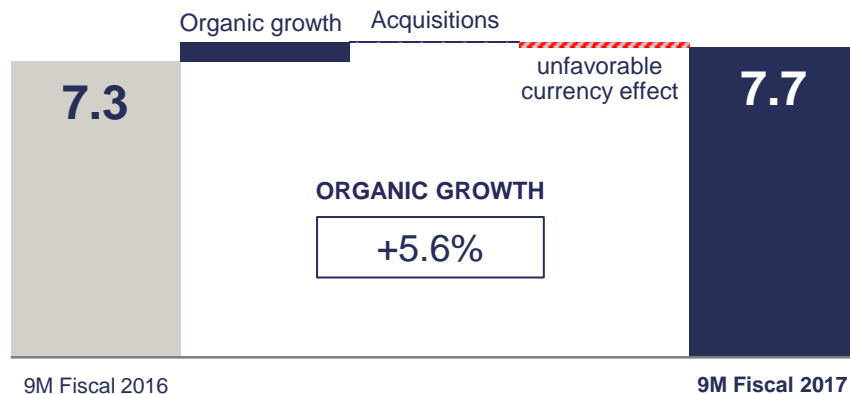
# ISSUE VOLUME AND REVENUES – EUROPE, ASIA, USA

## Benefits & Rewards Services

52%  
FY 16  
revenues

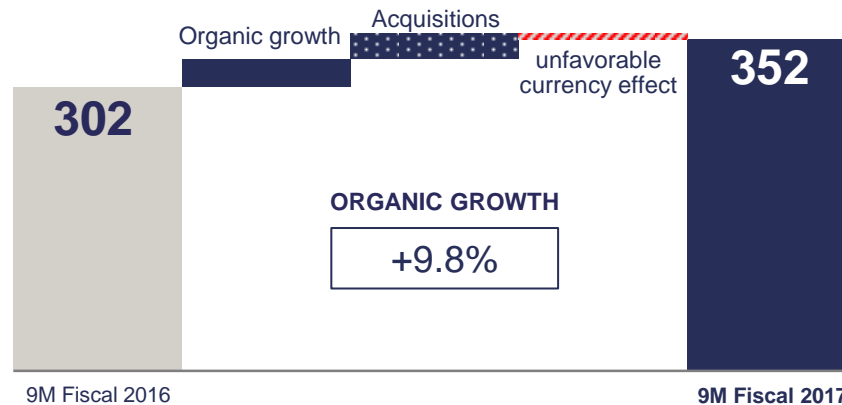
### ISSUE VOLUME

€ billions



### REVENUES

€ millions



- Robust growth in Italy and Central Europe
- Strong momentum in Incentive & Recognition
- End of impact of face value increase in Belgium in Q3



# OUTLOOK

A large, bold, white number '3' is centered on a dark blue rectangular background. The number is stylized with a thick stroke and a slight curve at the top and bottom. The background is a solid dark blue color.

# FISCAL 2017 OBJECTIVES

## Outlook

### Disappointing Q3 performance:

- Healthcare in North America
- Corporate in Europe
- Universities in North America

Confidence in acceleration in Q4 based on:

- Contribution of contract startups in May and June
- Further acceleration in Energy & Resources
- Return to growth in France
- Positive calendar effect in North America in Q4



**Organic revenue growth of +1.5 to +2%**

Confidence in delivering substantial cost savings this year as part of the Adaptation and Simplification program:

- Operating profit growth confirmed



**Operating profit growth between 8 and 9%**  
(excluding currency effects and exceptional expenses\*)

# MEDIUM-TERM OBJECTIVES

## Outlook

Long-term trends remain positive with:

- further significant outsourcing and contract consolidation potential
- growth in developing economies
- strong potential of the new segment organization
- increased M&A contribution

average annual **growth**  
in **revenue**  
**between 4% and 7%**  
(excluding currency effect)

average annual **growth**  
in **operating profit**  
**of between 8% and 10%**  
(excluding currency effect)

**Q&A**

# APPENDICES

1. 2016 new segment breakdown
2. Main Exchange rates
3. 9M Fiscal 2017 Revenue growth
4. Alternative performance measure definitions

# 2016 NEW SEGMENT BREAKDOWN

## Appendix 1

Revenues <i>(In million of euro)</i>	Revenues YTD Q1 Fiscal 2016	Revenues YTD H1 Fiscal 2016	Revenues YTD 9M Fiscal 2016	Revenues YTD FY Fiscal 2016	% of total FY 16 revenues
<b>Business &amp; Administrations</b>	<b>2 808</b>	<b>5 322</b>	<b>7 869</b>	<b>10 433</b>	<b>52%</b>
North America	584	1 148	1 729	2 340	
Europe (including UK & Ireland)	1 579	2 930	4 274	5 578	
Total Africa, Asia, Australia, LatAm & Middle East	645	1 243	1 866	2 515	
<b>Health Care &amp; Seniors</b>	<b>1 204</b>	<b>2 419</b>	<b>3 647</b>	<b>4 868</b>	<b>24%</b>
North America	778	1 568	2 363	3 171	
Europe (including UK & Ireland)	382	762	1 143	1 501	
Total Africa, Asia, Australia, LatAm & Middle East	44	90	141	196	
<b>Education</b>	<b>1 377</b>	<b>2 465</b>	<b>3 622</b>	<b>4 169</b>	<b>21%</b>
North America	1 091	1 924	2 809	3 195	
Europe (including UK & Ireland)	267	508	761	909	
Total Africa, Asia, Australia, LatAm & Middle East	19	33	51	65	
<b>ON-SITE SERVICES</b>	<b>5 388</b>	<b>10 206</b>	<b>15 137</b>	<b>19 470</b>	<b>96%</b>
North America	2 453	4 640	6 901	8 706	
Europe (including UK & Ireland)	2 228	4 200	6 179	7 988	
Total Africa, Asia, Australia, LatAm & Middle East	708	1 366	2 057	2 776	
<b>BENEFITS &amp; REWARDS SERVICES</b>	<b>186</b>	<b>393</b>	<b>576</b>	<b>780</b>	<b>4%</b>
Intragroup eliminations	(1)	(3)	(4)	(5)	
<b>TOTAL GROUP</b>	<b>5 573</b>	<b>10 596</b>	<b>15 709</b>	<b>20 245</b>	<b>100%</b>

# MAIN EXCHANGE RATES

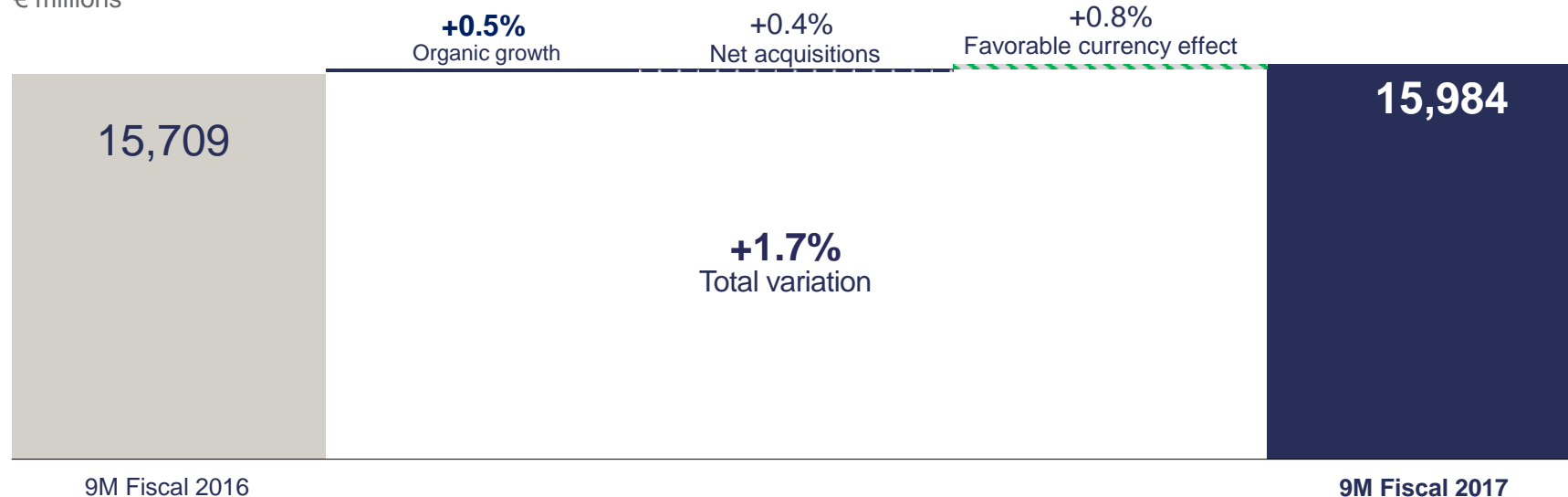
## Appendix 2

1€ =	Average rate 9M Fiscal 17	Average rate 9M Fiscal 16	Reference rate FY Fiscal 16	Change 9M 17 vs. Reference FY 16	Closing rate at 31/05/17	Closing rate at 31/05 2017 vs.2016
<b>U.S. Dollar</b>	<b>1.082</b>	1.105	1.106	<b>+2.3%</b>	1,117	-0.3 %
<b>Pound Sterling</b>	<b>0.860</b>	0.750	0.767	<b>-10.8%</b>	0.868	-12.3 %
<b>Brazilian Real</b>	<b>3.469</b>	4.219	4.069	<b>+17.3%</b>	3.651	+10.0%

# 9 MONTHS FISCAL 2017 REVENUE

## Appendix 3

€ millions



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.



# 9 MONTHS FISCAL 2017 REVENUE

## Appendix 3

Revenues <i>(in millions of euro)</i>	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%
<b>On-site Services</b>	<b>15,314</b>	<b>15,137</b>	<b>+0.3%</b>	<b>+1.2%</b>
<b>Benefits &amp; Rewards Services</b>	<b>673</b>	<b>576</b>	<b>+6.1%</b>	<b>+16.9%</b>
Elimination of intra-group revenues	(3)	(4)		
<b>TOTAL GROUP</b>	<b>15,984</b>	<b>15,709</b>	<b>+0.5%</b>	<b>+1.7%</b>

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 4

### **Exceptional expenses**

Exceptional expenses are the costs of implementation of the Adaptation and Simplification program closed last February of which €108m were booked in Fiscal 2016 and €137m booked in H1 Fiscal 2017.

### **Issue volume**

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.

### **Operating profit before exceptional expenses**

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

# ALTERNATIVE PERFORMANCE MEASURE DEFINITION

## Appendix 4

### 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 Fiscal 2017 and Fiscal 2016 in Venezuelan Bolivar, have been converted at the exchange rate of US\$ 1 = VEF 2,010(vs. VEF 645 for Fiscal 2016).

**Thank you**