

**BELLON SA**

**Statutory Auditors' report on the financial statements**

**For the year ended December 31, 2015**

**PricewaterhouseCoopers Audit**  
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## **Statutory Auditors' report on the financial statements**

**For the year ended December 31, 2015**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**BELLON SA**  
2, Place d'Arvieux  
Espace Gaymard  
13002 Marseille

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Bellon SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

### **I – Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

## **II – Justification of our assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- The Company measures its equity investments using the methods described in Note 3.1 "Financial assets" to the financial statements. Our work consisted in examining, on a test basis, the data and assumptions used for the determination of value in use and reviewing the calculations performed by the Company.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## **III – Specific verifications and information**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 25, 2016

The Statutory Auditors

**PricewaterhouseCoopers Audit**

**KPMG SA**

Agnès Hussherr

Jean-Claude Reydel

# Financial statements BELLON SA as of December 31, 2015

## I INCOME STATEMENT

In thousands of euro	Year ended December 31	
	2015	2014
<b>REVENUES</b>	<b>5 969</b>	<b>7 506</b>
Other income		
Employee costs	(6 455)	(9 561)
Other external charges	(4 840)	(2 712)
Taxes other than income taxes	(337)	(463)
<b>OPERATING PROFIT</b>	<b>(5 663)</b>	<b>(5 220)</b>
Financial income	107 203	96 984
Financial expense	(20 765)	(26 474)
<b>FINANCIAL RESULT</b>	<b>86 438</b>	<b>70 510</b>
Exceptional income/expense, net	(23)	(4)
Income taxes	(281)	(254)
<b>NET INCOME</b>	<b>80 471</b>	<b>65 032</b>

## II BALANCE SHEET

<b>ASSETS</b> (in thousands of euro)	<b>As of Dec. 31, 2015</b>	<b>As of Dec. 31, 2014</b>
<b>NON-CURRENT ASSETS, NET</b>		
Property, plant and equipment	-	-
Financial investments	1 567 048	1 567 048
• <b>Total non-current assets</b>	<b>1 567 048</b>	<b>1 567 048</b>
<b>CURRENT ASSETS</b>		
Accounts receivable	-	-
Other receivables	21 529	23 051
Marketable securities	56 591	347
Cash	158 748	17 142
• <b>Total current assets</b>	<b>236 868</b>	<b>40 540</b>
<b>TOTAL ASSETS</b>	<b>1 803 916</b>	<b>1 607 588</b>
<b>LIABILITIES AND EQUITY</b> (in thousands of euro)		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	411	411
Additional paid in capital	396 706	396 706
Reserves and retained earnings	720 796	649 710
• <b>Total Shareholders' equity</b>	<b>1 117 913</b>	<b>1 046 827</b>
• <b>Provisions for contingencies and losses</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
Borrowings	679 603	551 713
Accounts payable	237	229
Other liabilities	6 163	8 819
<b>Total liabilities</b>	<b>686 003</b>	<b>560 761</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 803 916</b>	<b>1 607 588</b>

# NOTES TO THE FINANCIAL STATEMENTS

## I SIGNIFICANT EVENTS

### 1.1 Borrowings

In order to benefit from the general decrease in interest rates, during 2015 BELLON SA renegotiated all of its borrowings with banking institutions, except for the USPP.

1.1.1 On June 19, 2015, Bellon SA signed an Equity Linked Swap (ELS) agreement (forward sale of Sodexo shares with a swap exchanging changes in interest rates for changes in Sodexo share prices) for an amount of 150 million euro with CACIB starting on June 22, 2015 and maturing on June 21, 2019 at the rate of the 3-month Euribor plus 1.20%.

On June 22, 2015, Bellon SA made an early repayment of 70 million euro to CACIB corresponding to the ELS maturing on August 1, 2016.

The existing interest rate swap on a notional amount of 70 million euro with CACIB with a maturity date of August 1, 2016, was maintained.

An interest rate swap on a notional amount of 150 million euro was put in place for the period from August 4, 2016 to June 21, 2019 at a rate of 0.31%.

1.1.2 On July 4, 2015 Bellon SA reimbursed at maturity the ELS 2015 signed with Natixis for an amount of 150 million euros.

On July 10, 2015, Bellon SA signed an Equity Linked Swap agreement with Natixis on a notional amount of 200 million euro from July 15, 2015 maturing on July 15, 2020 at a rate of Euribor + 1.30%.

On July 10, 2015, Bellon SA made an early repayment of 150 Million euros on the ELS signed with Natixis and maturing in July 2017.

On July 15, 2015, an interest rate swap was put in place with Natixis for the period from July 15, 2015 to July 15, 2020 with a notional amount of 200 million euro at a rate of 1.085%. This rate includes the effect of cancelling the previous interest rate swap.

1.1.3 On July 10, 2015, Bellon SA signed an Equity Linked Swap agreement with Société Générale for an amount of 150 million euro with a start date of September 10, 2015 maturing on July 15, 2018 at Euribor + 1.1%.

An interest rate swap was negotiated with Société Générale for the period from September 10, 2015 to July 18, 2018 on a notional amount of 150 million euro at a rate of 0.103%.

Arrangement fees totaling 1.432 million euro were paid at the conclusion of these contracts and are included in the line item "Other external charges" in the income statement for the year ended December 31, 2015.

## **1.2 Capital**

As of December 31, 2015, Bellon SA held 37.71% of the issued capital of Sodexo and 52.3% of the theoretical voting rights.

## **II ACCOUNTING PRINCIPLES, RULES AND METHODS**

The annual financial statements were prepared and presented in conformity with the principles, standards and accounting methods required by the general accounting plan of 1999 in compliance with Rule 2014-03 of the Accounting Regulation Committee (CRC).

The accounting principles used in the preparation of the statutory financial statements for 2015 are the same as those used for 2014. The historical cost method was used in the preparation of these financial statements.

Unless otherwise mentioned, amounts included in tables in the footnotes are expressed in thousands of euro.

The amounts reported as exceptional income/expense represent those items which do not relate to current activities, as well as certain items considered exceptional by their nature but which concern ordinary activities.

### **3.1 Financial assets**

Shares in companies and other financial investments are carried at historical cost or contribution value. At each balance sheet date, an impairment write-down may be recognized if the value in use is less than the carrying amount.

### **3.2 Marketable securities**

Marketable securities are recognized at their acquisition cost and are written down for unrealized losses.

### **3.3 Borrowings**

Transaction costs on borrowings are expensed in « Commissions and expenses on loan issuance » in the period in which they are incurred.

### III NON-CURRENT ASSETS

	Amounts as of January 1, 2015	Increase	Decrease	Amounts as of December 31, 2015
<b>Property, plant and equipment</b>	-	-	-	-
<b>Financial investments</b>				
Sodexo	1 567 048	-	-	1 567 048
Other investments	-	-	-	-
<b>Total financial investments</b>	<b>1 567 048</b>	-	-	<b>1 567 048</b>
<b>Other financial assets</b>	-	-	-	-
<b>Total non-current assets (gross amount)</b>	<b>1 567 048</b>	-	-	<b>1 567 048</b>
Amortization and impairment write-down	-	-	-	-
<b>Total non-current assets (net)</b>	<b>1 567 048</b>	-	-	<b>1 567 048</b>

Sodexo shares are valued at historical cost. Market price as of the end of the year would have been 5 380 million euro.

### IV CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares	Capital	Additional paid in capital	Legal reserve	Ordinary reserve	Retained earnings	Net income for the fiscal year	Shareholders equity
<b>Shareholders' equity as of December 31, 2013</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>522 218</b>	<b>8 067</b>	<b>62 810</b>	<b>990 253</b>
Dividends paid			-		54 000	351	(62 810)	(8 459)
Net income for the year							65 032	65 032
<b>Shareholders' equity as of December 31, 2014</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>576 218</b>	<b>8 418</b>	<b>65 032</b>	<b>1 046 827</b>
Dividends paid					55 000	648	(65 032)	(9 384)
Net income for the year							80 471	80 471
<b>Shareholders' equity as of December 31, 2015</b>	<b>25 710</b>	<b>411</b>	<b>396 706</b>	<b>41</b>	<b>631 218</b>	<b>9 066</b>	<b>80 471</b>	<b>1 117 913</b>



## V BORROWINGS

	Amounts as of January 1, 2015	Increase	Decrease	Amounts as of December 31, 2015
<b>Bank borrowings</b>	<b>551 713</b>	<b>507 880</b>	<b>379 990</b>	<b>679 603</b>
<b>Overdraft</b>	-	-	-	-
<b>Total borrowings</b>	<b>551 713</b>	<b>507 880</b>	<b>379 990</b>	<b>679 603</b>

The following agreements contain terms that are customary for loans of this nature made to a holding company: the Equity Linked Swap agreements signed with CACIB in June 2015, Natixis and Société Générale in July 2015, the agreements signed with the U.S. investors and the swap agreements. These conditions mainly include the following:

- the level of Bellon SA's investment in Sodexo should not be less than 33.33% of capital and voting rights
- the ratio of Bellon SA's total assets to Sodexo shares should be 90%
- the ratio of revaluated assets to revaluated net financial debt must be higher than 2.5 as of August 31 and December 31 of each year
- the ratio "dividends to net financial expenses" should be higher than 1.1 each year
- total borrowings should be lower than 1.1 billion euro at any point in time
- Sodexo's rating should not be lower than BBB-

As of December 31, 2015, Bellon SA met its commitments.

## VI MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES	Amounts	Less than 1 year	More than 1 year
Other receivables	21 529	21 529	
<b>Sub total</b>	<b>21 529</b>	<b>21 529</b>	
<b>TOTAL RECEIVABLES (NET)</b>	<b>21 529</b>	<b>21 529</b>	

In September 2014, Bellon SA signed a forward purchase agreement with SOFRANE, a simplified joint stock company that is wholly owned by Pierre Bellon's children. Under the terms of the agreement, Sofrane will sell to Bellon SA in 2016 full ownership of the usufruct (the right to receive dividends) of 2,736 Bellon SA shares. These shares will have no rights to any liens, duties, charges, guarantees, pledges, preferential rights, options or other rights of third parties or restrictions regardless of their nature. The sale of the full ownership of the usufruct of these shares and the resulting transfer of the property will take place at the latest eight working days after the Bellon SA annual shareholders meeting to approve the financial statements of the year ended December 31, 2015.

Pursuant to the terms of the aforementioned agreement, the one-time fixed price for the acquisition of the full ownership of the usufruct of 2,736 Bellon SA shares was fixed at 22 million euro of which 21 million euro has already been paid by Bellon SA when the agreement was finalized. This payment is recognized in the balance sheet as of December 31, 2015 in the line item "Other receivables".

LIABILITIES	Amounts	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	679 603	29 013	395 622	254 968
<b>Total Borrowings</b>	<b>679 603</b>	<b>29 013</b>	<b>395 622</b>	<b>254 968</b>
<b>Accounts payable</b>	<b>237</b>	<b>237</b>		
Employee related liabilities	5 791	4 357	1 434	
Social and tax liabilities	350	350		
Other	22	22		
<b>Total other liabilities</b>	<b>6 163</b>	<b>4 729</b>	<b>1 434</b>	
<b>TOTAL LIABILITIES</b>	<b>686 003</b>	<b>33 979</b>	<b>397 056</b>	<b>254 968</b>

## VII RELATED PARTY INFORMATION

	Amount	Related companies and associates	Companies with related investments
<b>ASSETS</b>			
Financial investments (gross)	1 567 048	1 567 048	
<b>LIABILITIES</b>			
Accounts payable	5	5	
<b>INCOME STATEMENT</b>			
Operating revenues	5 969	5 969	
Operating expenses	67	67	
Financial income	106 795	106 795	
Financial expense	0	0	

Transactions as stipulated by the regulation "ANC 2010-02" are presented below:

Related parties	Nature of transaction	Amount of transaction
Sodexo S.A.	Assistance and advisory services agreement between Bellon S.A. and Sodexo S.A.	The invoice issued by Bellon S.A. amounts to 7 411 thousand euro excluding taxes for the year ended December 31, 2015

## VIII ACCRUED EXPENSES

Accounts payable	40
Employee related liabilities	3 977
Social and fiscal liabilities	1 486
<b>Total</b>	<b>5 503</b>

## IX ISSUED CAPITAL

Total capital is 411 360 euro divided into 25 710 shares of 16 euro each, all fully paid.

## X ANALYSIS OF REVENUES

Revenues are related to services rendered in France and amount to 5 969 thousand euro.

## **XI AUDIT FEES**

The statutory auditors' fee for the year ended December 31, 2015 amounts to 61 thousand euro for the statutory audit of the financial statements.

## **XII FINANCIAL RESULT**

The financial result of 86 438 thousand euro comprises the following:

- Dividends from Sodexo for 106 795 thousand euro.
- Gains on sale of marketable securities and interest income on financial investments for 408 thousand euro.
- Interest expense amounting to 20 765 thousand euro related to the interest on the company's debt.

## **XIII INCOME TAXES**

The company recognized a tax loss of 14 668 thousand euro for the year.

Consequently the disclosures regarding income taxes are not applicable.

## **XIV UNREALISED TAX GAINS AND LOSSES**

Following the September 1997 merger with Financière Sodexo, Bellon SA committed to calculating, in the future, any unrealized gains on the 3 306 684 Sodexo contributed shares as compared to the tax value recognized by Sodexo Financiere, which was 201 271 thousand euro.

Following the April 1998 grant of three new shares for each previously held share and the 4 for 1 stock split in March 2001, the number of Sodexo shares held through the merger was multiplied by 16.

As of December 31, 2008, total Sodexo shares resulting from the merger were 46 726 226 with a tax value of 168 588 thousand euro.

As of December 31, 2015, Bellon SA has accumulated tax losses of 491 646 thousand euro which can be carried forward indefinitely, representing a decrease in future taxes payable of 163 866 thousand euro, based on the current rate of 33.33%.

## **XV LEASES**

As of December 31, 2015 Bellon SA had no finance leases.

## **XVI PLEDGED SHARES**

4 304 408 Sodexo shares are pledged to the benefit of Natixis.  
3 013 259 Sodexo shares are pledged to the benefit of Cacib.  
3 565 995 Sodexo shares are pledged to the benefit of Société Générale.

For the US private placement:

3 341 621 Sodexo shares are pledged to the benefit of US investors (USD Notes).  
867 482 Sodexo shares are pledged to the benefit of US investors (Euro Notes).

A total of 15 092 765 Sodexo shares have been pledged.

## **XVII RETIREMENT BENEFIT COMMITMENTS**

Bellon SA is required to pay benefits to retiring employees under the terms stipulated in the Sodexo collective agreement.

The commitment, which is not recognized as a liability in the balance sheet, is estimated at 3 105 thousand euro.

## **XVIII FINANCIAL INSTRUMENT COMMITMENTS**

The company uses derivative financial instruments in order to manage its exposure to volatility in interest and currency exchange rates.

During the year, the company contracted six financial instrument commitments.

Bank	Inception date	Expiry date	Notional amount	Market value of swaps December 31, 2015
Natixis	July 15, 2015	July 15, 2020	€200 million	- €9.2 million
Natixis	June 29, 2012	February 14, 2022	\$ 49.5 million	€3,3 million
Société Générale	June 29, 2012	February 14, 2022	\$ 33 million	€ 2,2 million
Société Générale	September 10, 2015	July 16, 2018	€150 million	-€0,8 million
CACIB	June 29, 2012	February 14, 2022	\$ 82.5 million	€ 5,2 million
CACIB	November 30, 2012	August 4, 2016	€70 million	-€ 0.3 million
CACIB	August 4, 2016	June 21, 2019	€150 million	-€1,2 million

## **XIX COMPENSATION, ADVANCES AND COMMITMENTS WITH RESPECT TO PENSIONS AND INDEMNITIES PAID TO THE MEMBERS OF THE SUPERVISORY BOARD AND NON-EXECUTIVE DIRECTORS**

• Total compensation paid to the members of the Board and non executive directors	1 107 thousand euro
• Advances and loans	None
• Amount paid to a defined benefit pension plan during the financial year	None

## **XX NUMBER OF EMPLOYEES**

As of December 31, 2015, 8 executives were employed by the company.

## **XXI LIST OF SUBSIDIARIES**

	% interest in Capital	Capital	Shareholders' equity	Book value of investment	Revenues	Net income for recent fiscal year	Date	Dividends
Sodexo	37.71 %	628 528	3 181 361	1 567 048	86 221	324 129	8/31/2015	106 795

## **XXII CONSOLIDATION**

The annual financial statements of Bellon SA are fully consolidated into the consolidated financial statements of Bellon SA.

## **XXIII POST-BALANCE SHEET EVENTS**

Bellon SA has indicated its desire to increase its shareholding in Sodexo through the acquisition of approximately 2.2 million Sodexo shares between now and September 1, 2016. In addition the Board of Directors of Sodexo decided on November 17, 2015 to launch a share repurchase and cancellation program for an amount of 300 million euro, which will be realized over a 12-month period (this authorization was approved in the 10<sup>th</sup> and 11<sup>th</sup> resolutions at Sodexo's Annual Shareholders' meeting on January 26, 2016).

These two transactions give Bellon SA the ability to increase its shareholding in Sodexo by more than 1% in less than 12 consecutive months. Accordingly, Bellon SA requested and received from the Autorité des Marchés Financiers (AMF: French stock exchange authority), a waiver to the requirement to file a public tender offer in conformity with Article 234-9, 6° of the AMF's General Regulations (Bellon SA already having the majority of voting rights in Sodexo).

On April 11, 2016, Bellon SA signed a forward purchase contract for 1 million Sodexo shares from now until April 15, 2016 at a maximum price of 97 euro.