

# PRESS RELEASE

## H1 landing in line with guidance; active management of COVID-19

**Paris, March 18, 2020** – The Fiscal 2020 1<sup>st</sup> half landing to be published on April 9, 2020 is expected to be in line with internal forecasts and aligned with the Fiscal 2020 annual guidance.

The COVID-19 pandemic started to be a concern in the second half of January for our business in China, leading to a rapid deterioration worldwide in February, moving from region to region and generating more and more government precautionary measures to limit the spread of the virus.

Sodexo is coordinating globally, regionally and locally to manage its business continuity and pandemic plans to support and protect its employees and consumers across all of its geographies. The health and safety of Sodexo employees and consumers is our utmost priority. Sodexo has reinforced the existing rules for food safety, personal hygiene and infection control.

As the situation is an evolving one, Sodexo teams are adhering to guidelines of health advisories and local authorities and will continue to closely monitor the situation.

Sodexo is also mobilized to ensure business continuity and results through a set of rigorous actions:

- Precise and proactive management of our workforce to adapt to the rapidly changing contexts;
- Strict management of our cash position (focusing on client receivables and delaying Capex spend);
- Close proximity to our supply chain to ensure business continuity and flexibility;
- Rigorous follow-up on the execution of our services with strong contract management;
- Strict management of our SG&A;
- Close monitoring of all possible relief from authorities on direct and indirect taxes, social charges and employee relief funds.

The first half figures include a mild shortfall in revenues in China and Italy due to COVID-19 that we have been able to absorb.

As much as we have the systems and granularity of reporting to identify with precision the impact of COVID-19 ex post, it is too early to assess the different situations and their impact moving forward. This is due to the variety of situations we are facing, decline in traffic, full or partial closure of sites, and variability between sites, countries and regions.

Currently, **On-Site Services** are impacted as follows:

- **Education segment**, where we are experiencing government-imposed closures but also voluntary closures such as in the USA
- **Business & Administrations segment**
  - Sports & Leisure where stadiums, cultural destinations, airline lounges and conference centers are experiencing severe scaling down or full closures;
  - Corporate Services where we see many clients shutting down their plants or offices or asking their employees to work from home
  - Energy & Resources and Government & Agencies have also been thus far only somewhat impacted even though we are experiencing a reduction in traffic due to fewer external visitors and home working.
- **Healthcare and Seniors** segment is currently impacted mildly in comparison to the others, and we are adapting rapidly to the demand of our clients in a very critical but stressful environment.

As for **Benefits & Rewards Services**, it is too early to have any visibility on the effect of the crisis.

At this stage, it is too early to determine the impact that these combined factors may have on the Group's second half results. Based on the last few weeks' observations in China, Italy, France and the USA we can see that for each 100M€ of revenue decline the impact on underlying operating profit is around -30% depending on the country and the segment.

We are currently running a full bottom-up forecast exercise based on closures and revised traffic estimates and will provide an update on April 9<sup>th</sup> along with our H1 results. Currently, early estimates, given the many moving parts, could be for an impact of around 2 billion euro on annual revenues.

While we remain confident on our strong market and financial position, and the midterm positive perspectives and potential of Sodexo, we have no other choice at this stage but to suspend our guidance confirmed in January until the situation stabilizes.

## 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 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 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 billion** euro in consolidated revenues

**470,000** employees

**19<sup>th</sup>** largest private employer worldwide

**67** countries

**100 million** consumers served daily

**7.7 billion** euro in market capitalization (as of March 17, 2020)

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