MOODY'S RATINGS

CREDIT OPINION

31 July 2026

Update

Send Your Feedback

RATINGS

Sodexo SA

Domicile	France
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Negative

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Sarah Nicolini +33.1.5330.3362
VP-Ratings
sarah.nicolini@moodys.com

Nicolas Brenner +33.1.5330.5982
Sr Ratings Associate
nicolas.brenner@moodys.com

Caroline Pichon +33.1.5330.1027
Exec Dir-Ratings
caroline.pichon@moodys.com

Sodexo SA

Update following investor day

Summary

Sodexo SA's Baa1 rating with a negative outlook reflects our expectation that the company's credit metrics will remain weak over the next 12-18 months, beyond what is commensurate with the current rating.

We forecast that the underlying operating margin will decline in the fiscal year ending August 2026 (fiscal 2026) and remain broadly flat in fiscal 2027, as a consequence of the investments undertaken to improve operating execution.

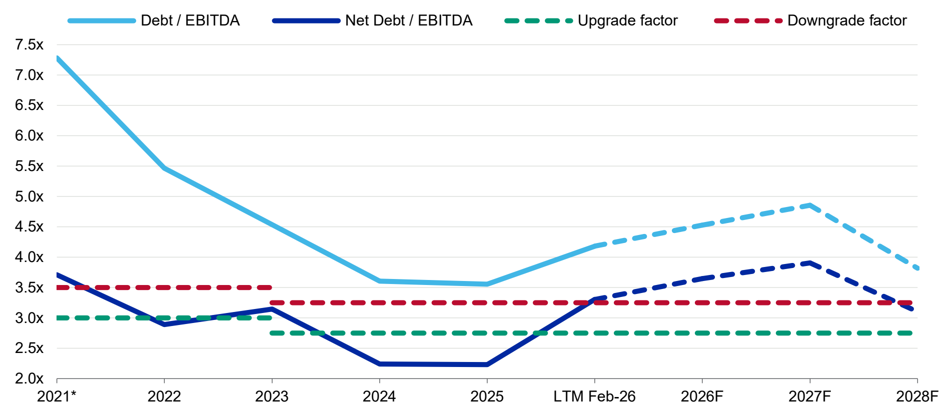
We also expect margin recovery to begin in fiscal 2028, followed by an acceleration of margin expansion thereafter, supported by the benefits of the investments currently being undertaken, stronger volume growth, and higher levels of net new contract wins.

We expect this faster pace of margin improvement to drive a rapid strengthening of credit metrics from fiscal 2029.

Sodexo's Baa1 rating continues to be supported by its excellent liquidity.

Exhibit 1

We expect Sodexo's leverage to deteriorate in fiscal 2026-27 and then start to recover from fiscal 2028



Moody's guidance on upgrade and downgrade factors are defined on the basis of debt/EBITDA.
*2021 data include Pluxee's business, which was spun off in February 2024. All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Sodexo SA's financial year ends on 31 August, and 2025 refers to the period that ended 31 August 2025. LTM = Last 12 months. F stands for forecasts. 2027 forecast assumes the refinancing of the April 2027 maturities.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Second-largest global market share in contract catering

» Diversified global geographic market presence and end markets

» Recurring nature of demand, as seen during past economic cycles

» Excellent liquidity profile

Credit challenges

» Weak operating margin over the next 12-18 months, leading to a deterioration in credit metrics

» Execution risks in improving its operating performance and restoring a stronger business momentum

» Several quarters required to restore historical operating performance

» Mature and competitive nature of the catering and facilities management markets

Rating outlook

The negative outlook reflects our expectations that it will take time to restore a stronger operating performance and that, as a consequence, the company's operating profit will remain below the historical average over the next 12-18 months.

Factors that could lead to an upgrade

Although unlikely at present, the rating could be upgraded over time if the company shows a solid and consistent operating performance, with sustained growth in revenue and margins, and its financial profile improves, such that its Moody's-adjusted debt/EBITDA remains well below 2.75x on a sustained basis and its Moody's-adjusted retained cash flow (RCF)/net debt is sustainably above 30%.

Factors that could lead to a downgrade

We could downgrade Sodexo's rating if its operating performance deteriorates and its profitability decreases significantly below the historical levels, leading to sustained weak credit metrics for the rating category, such as Moody's-adjusted debt/EBITDA remaining above 3.25x or Moody's-adjusted RCF/net debt below 25% on a sustained basis.

Key indicators

Exhibit 2

Sodexo SA

(in € billions)	2021*	2022	2023	2024	2025	LTM Feb-26	2026F	2027F	2028F
Revenue	17.4	20.3	22.6	23.8	24.1	23.6	23.8	24.6	25.5
EBITA Margin	3.1%	4.3%	4.8%	5.0%	4.9%	3.9%	2.8%	2.7%	3.6%
Debt / EBITDA	7.3x	5.5x	4.5x	3.6x	3.6x	4.2x	4.5x	4.9x	3.8x
EBITA / Interest Expense	4.5x	6.9x	5.6x	6.4x	6.6x	4.8x	3.5x	3.0x	3.9x
RCF / Net Debt	20.9%	24.8%	25.3%	-2.7%	23.2%	16.0%	11.0%	12.6%	15.6%
EBITDA Margin	5.7%	6.2%	6.4%	6.5%	6.5%	5.6%	4.5%	4.3%	5.3%
FCF / Debt	6.0%	5.0%	6.9%	-10.4%	0.7%	0.5%	-3.4%	-3.2%	-1.0%
Net Debt / EBITDA	3.7x	2.9x	3.1x	2.2x	2.2x	3.3x	3.6x	3.9x	3.1x

*2021 data include Pluxee's business, which was spun off in February 2024. All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. Sodexo SA's financial year ends on 31 August, and 2025 refers to the period that ended 31 August 2025. LTM = Last 12 months. 2027 forecast assumes the refinancing of the April 2027 maturities.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Sodexo SA is one of the world's largest providers of contract catering and facilities management services. The company is present in 43 countries, with the US, France, Brazil and the UK among its largest markets.

The company is listed on the Euronext Paris Stock Exchange. As of 31 August 2025, Bellon SA, the family holding company of founder Pierre Bellon, remained the company's largest shareholder, holding a 43.8% stake and 58.8% of voting rights.

Detailed credit considerations

Weak operating margins and a lengthy recovery will cause credit metrics to remain above what is required over the next 12-18 months

Beginning in Q1 of fiscal 2025, Sodexo's financial performance progressively weakened as a consequence of commercial challenges in North American education and corporate segments, which were driven by lower enrollment, prior-year contract losses and competitive pressure. The retention rate at the group level fell to 93.9% from 95.5% over the year, while net new contribution decreased progressively from 2.4% (12 months that ended February 2024) to 1.2% (12 months that ended February 2025), and turned slightly negative (-0.6%) in the 12 months that ended February 2026. As a result, the underlying operating profit margin contracted sharply to 3.7% in H1 of fiscal 2026, reflecting lower volumes, execution challenges, accelerated investments, and an extensive review of contracts across all segments globally, which resulted in higher provisions.

Since the arrival of the new CEO, Thierry Delaporte, in November 2025, the company has been actively addressing its operating issues in North America. Early actions have focused on restoring commercial intensity and execution discipline through closer client engagement, direct CEO oversight of the North American region, and a significant reinforcement of sales capabilities, including an expansion of the sales force and tighter prioritization of growth opportunities. In parallel, management has begun realigning performance targets to better reflect contract economics and delivery capabilities while accelerating investments in technology, data and digital tools to support operational consistency, productivity and service quality.

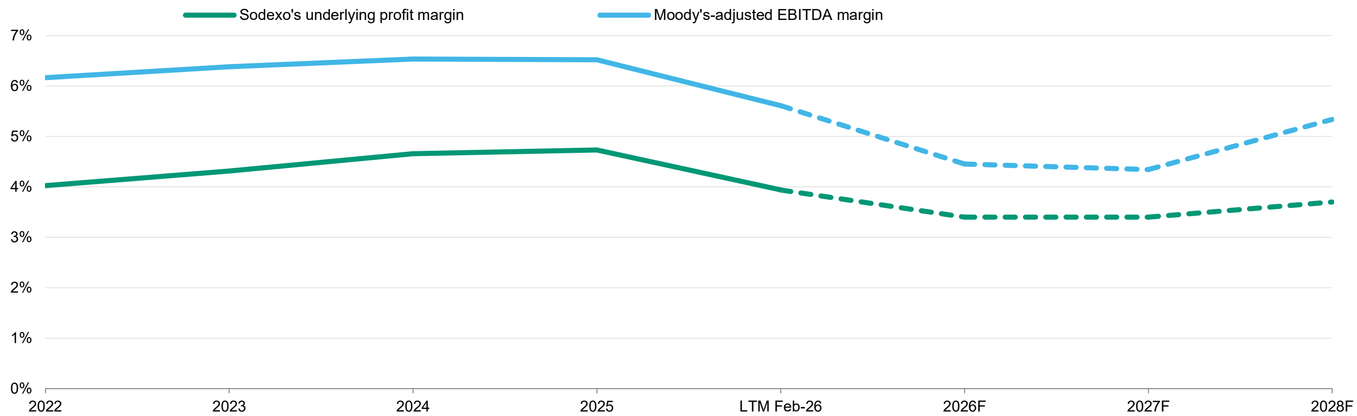
We now expect the company's underlying operating margin to fall to 3.4% in fiscal 2026, in line with the upper end of the company's guidance, from 4.7% in fiscal 2025. The expected margin contraction reflects the negative operating mix and accelerated investments, particularly in North America, where the company has been facing commercial challenges in its education and corporate segments. We expect this margin contraction to translate into Moody's-adjusted EBITA margin decreasing to around 2.8% in fiscal 2026, from 3.9% in the 12 months that ended February 2026 and 4.9% in fiscal 2025.

We also forecast that the underlying operating margin will remain unchanged in fiscal 2027 from fiscal 2026, as a consequence of investments to upgrade and integrate technological systems and standardize supply chain and procurement across all geographies.

We expect signs of recovery to emerge in fiscal 2028, with rapid and significant increases in the underlying operating margin thereafter, until it reaches around 5% by fiscal 2030. This will translate into the Moody's-adjusted EBITA margin increasing back to above 4% over the same period.

Exhibit 3

We expect Sodexo's profitability to stay below historical levels in 2026-27 and gradually recover from 2028



Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Company data and Moody's Ratings forecasts

Achievement of Sodexo's 5% underlying operating margin target depends on the successful execution of the turnaround plan and the delivery of cost efficiencies. As we detailed in our July Issuer In-Depth, we believe that there are no structural constraints that could impede Sodexo's efforts to restore its margins. However, we also expect the turnaround plan to take time to produce results, with execution risk in improving operating performance.

The margin contraction in fiscal 2026 and fiscal 2027 will significantly weaken Sodexo's credit metrics.

We forecast its Moody's-adjusted debt/EBITDA will increase to around 4.5x in fiscal 2026 from 3.6x in fiscal 2025. We previously expected the ratio to be 3.3x at the end of fiscal 2026 . We expect the ratio to remain weak in fiscal 2027 and potentially increase temporarily, depending on the timing and size of the refinancing of its upcoming €800 million bond maturity in April 2027.

At its investor day on 16 July 2026, the company confirmed its commitment to retain a solid investment-grade rating and maintained unchanged its financial policy.

The company will continue to prioritise investments in the business, including capital expenditure of 2.5%-3% of revenue, which we expect to be calibrated as a function of net new contract wins.

Sodexo also intends to maintain unchanged its 50% dividend payout ratio. The company may pursue bolt-on acquisitions, subject to strict financial discipline and a return on capital employed exceeding 15%.

We expect the company to maintain its excellent liquidity, which strongly supports its Baa1 rating.

One of the world's largest providers of contract catering and integrated facilities management

Sodexo is one of the largest providers of facilities management services globally, with strong market positions in contract catering and integrated facilities management. In contract catering, it is the second-largest operator after Compass Group PLC (A2 stable), but ahead of Aramark Services, Inc. (Ba2 stable). However, the market is fragmented, with competition ranging from multinational companies to smaller national or regional companies. We estimate that Compass, Sodexo and Aramark have a combined share of 15%-20% of the overall contract catering market.

Within integrated facilities management, competition is limited mainly to large global companies such as ISS Global A/S (Baa2 stable), and includes providers of property-related or hard facilities management services such as Jones Lang LaSalle Incorporated (Baa1 stable) and CBRE Services, Inc. (Baa1 stable).

Following Pluxee's spinoff, Sodexo intends to maintain its leading position in catering while growing its business by leveraging its food expertise. Sodexo also intends to selectively pursue external growth opportunities to enhance its scale in existing markets or its know-how.

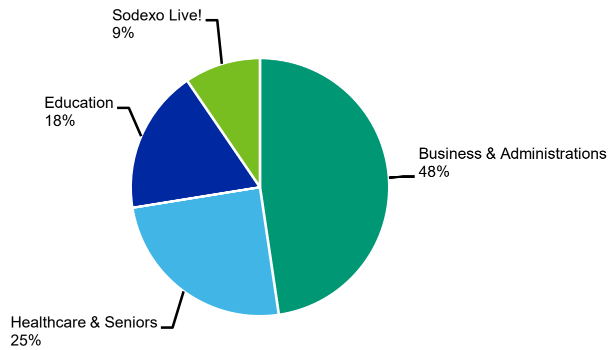
Balanced segment diversification and geographical market presence

Sodexo has a balanced revenue mix in terms of geography and end markets, reflecting its strong global market positions. Following Pluxee's spinoff in February 2024, its largest subsegment remains Business and Administration, contributing 48% of total revenue, compared with 55% before the spinoff (see Exhibit 4). Revenue remains fairly balanced between North America (45% of revenue in the 12 months that ended February 2026) and Europe (37%), while the rest of the world accounts for 18% (see Exhibit 5).

Exhibit 4

Business and Administrations remains Sodexo's largest segment after the Pluxee spinoff

Revenue by segment (for the 12 months that ended February 2026)

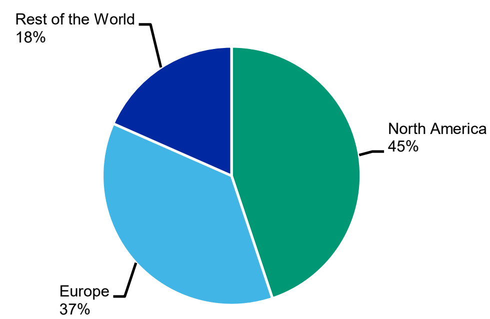


Source: Company data

Exhibit 5

Sodexo mainly operates in developed markets

Revenue by region (for the 12 months that ended February 2026)

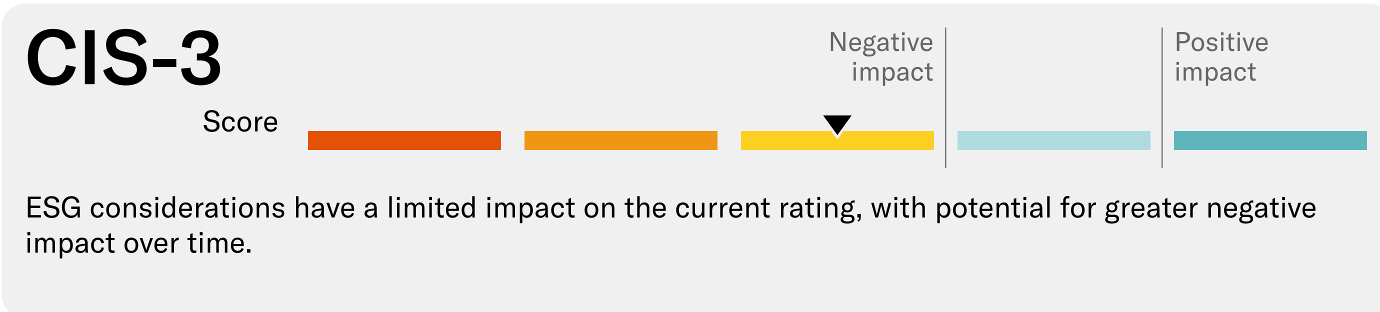


Source: Company data

ESG considerations

Sodexo SA's ESG credit impact score is CIS-3

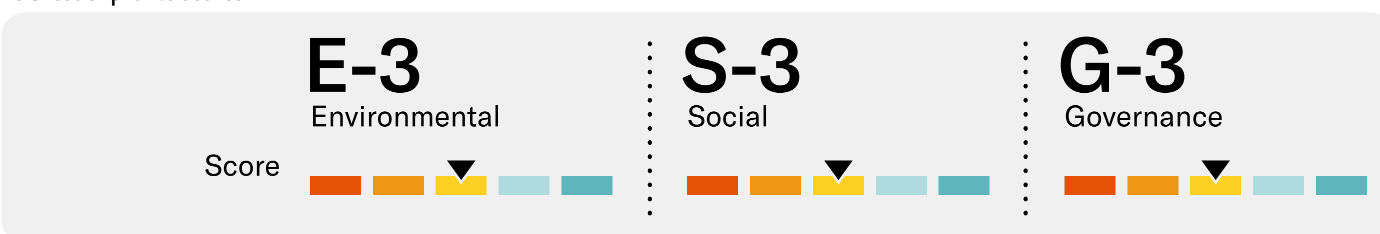
Exhibit 6
ESG credit impact score



Source: Moody's Ratings

Sodexo's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. This predominantly stems from governance considerations.

Exhibit 7
ESG issuer profile scores



Source: Moody's Ratings

Environmental

E-3. Sodexo relies on natural resources, particularly food commodities, and is therefore exposed to sustainability risks in its sourcing. The company is also exposed to waste and pollution and carbon transition as it relies on the operation of a fleet of internal combustion engine (ICE) vehicles, which will need to transition to alternative fuel (AF) vehicles.

Social

S-3. Sodexo is primarily exposed to risks related to customer relations, human capital and responsible production. Human capital risks arise from the organisation's extensive workforce. At times of high employment, Sodexo could be vulnerable to wage inflation to attract talent, which in turn could impact the company's profit margins. However, the company has a good track record of passing through wage inflation to clients. Exposure to responsible production reflects supply chain risks related to food quality standards. However, none of these social risk exposures have had a material impact on Sodexo's credit profile.

Governance

G-3. Sodexo's financial strategy is supported by its excellent liquidity profile. Because of commercial challenges faced in fiscal 2025, management further downward revised its 2026 profit guidance and signaled an unexpected margin contraction. Sodexo's ownership is concentrated in the Bellon family, which holds the majority of voting rights. Since the appointment of Thierry Delaporte as group CEO on 8 October 2025, Sophie Bellon has served as non-executive chair of the board. The family ownership supports a long-term business vision and the current corporate governance structure adequately protects the interests of all stakeholders.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

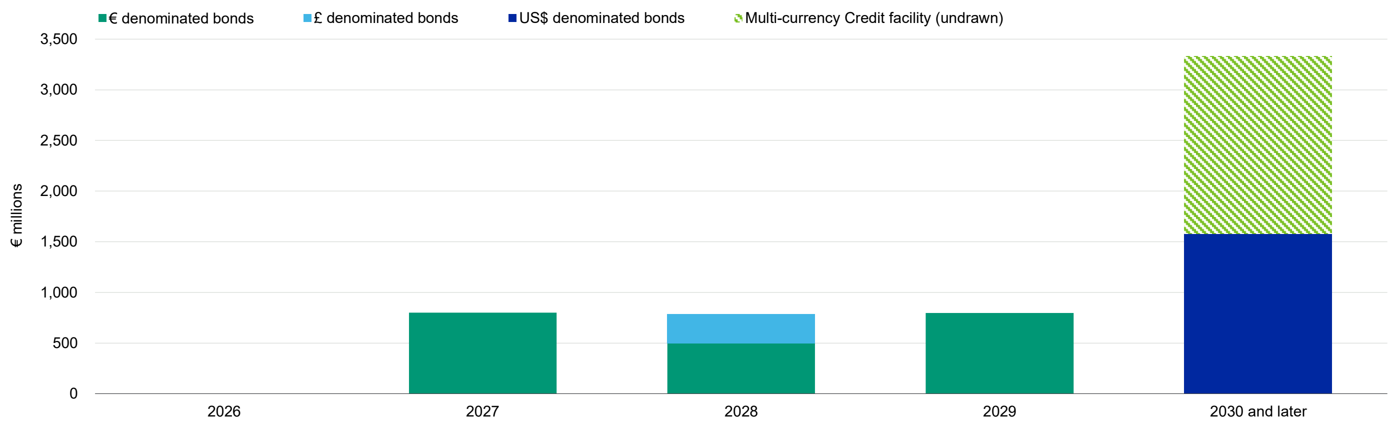
Liquidity analysis

Sodexo's liquidity is excellent. As of February 2026, the company had around €1.17 billion of cash and access to a €1.75 billion undrawn committed revolving credit facility maturing in July 2031.

These liquidity sources are more than sufficient to cover the free cash flow burn that we expect over the next 12-18 months, resulting from the lower profit and the cash expenses necessary to implement the turnaround plan; and the upcoming debt maturity of the €800 million bonds maturing in April 2027. We expect the company to maintain a cash balance of €1 billion-1.1 billion over the next 12-18 months.

Exhibit 8

Sodexo has a well-spread debt maturity profile



As of 30 July 2026.
Source: Company data

Methodology and scorecard

The principal methodology used in rating Sodexo was the Business and Consumer Services methodology.

The Baa1 rating is two notches higher than the actual scorecard-indicated outcome and three notches higher than the forward-looking scorecard-indicated outcome. The difference reflects the excellent liquidity that we expect the company to maintain; our expectation that the company will start recovering its operating margin in fiscal 2028; and that management will fully succeed in restoring operating profit to at least historical levels.

Exhibit 9

Rating factors

Sodexo SA

Business and Consumer Services Industry Scorecard *	Current LTM February 28 2026		Moody's 12-18 Month Forward View **	
	Measure	Score	Measure	Score
Factor 1: Scale (20%)				
a) Revenue (USD Billion)	27.2	A	28.3 - 28.9	A
Factor 2: Business Profile (20%)				
a) Demand Characteristics	A	A	A	A
b) Competitive Profile	A	A	A	A
Factor 3: Profitability (10%)				
a) EBITA Margin	3.9%	Ca	2.7% - 3.2%	Ca
Factor 4: Leverage And Coverage (40%)				
a) Debt / EBITDA	4.2x	Ba	4.3x - 4.9x	B
b) EBITA / Interest Expense	4.8x	Ba	3.0x - 3.5x	Ba
c) RCF / Net Debt	16.0%	Ba	12.6% - 14.1%	B
Factor 5: Financial Policy (10%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Ratings				
a) Scorecard-Indicated Outcome		Baa3		Ba1
b) Actual Rating Assigned				Baa1

*All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
**Moody's forecasts are Moody's opinion and do not represent the views of the issuer (as applicable).
Sources: Moody's Financial Metrics™ and Moody's Ratings projections

Appendix

Exhibit 10
Peer comparison
Sodexo SA

	Sodexo SA Baa1 Negative			Compass Group PLC A2 Stable			Cintas Corporation No.2 A3 Stable		
	FY	FY	LTM	FY	FY	LTM	FY	FY	LTM
(in $ millions)	Aug-24	Aug-25	Feb-26	Sep-24	Sep-25	Mar-26	May-24	May-25	Feb-26
Revenue	25,724	26,503	27,224	42,002	46,070	48,485	9,597	10,340	11,027
EBITDA	1,681	1,728	1,527	3,976	4,435	4,852	2,599	2,928	3,118
Total Debt	6,202	6,534	6,543	7,543	8,601	10,779	2,684	2,666	2,929
Cash & Cash Equivalents	2,349	2,435	1,376	1,685	1,756	1,738	308	228	147
EBITA Margin	5.0%	4.9%	3.9%	8.1%	8.2%	8.4%	23.4%	24.6%	24.6%
EBITA / Interest Expense	6.4x	6.6x	4.8x	11.1x	9.3x	8.7x	20.9x	22.9x	23.4x
Debt / EBITDA	3.6x	3.6x	4.2x	1.9x	1.9x	2.2x	1.0x	0.9x	0.9x
RCF / Net Debt	-2.7%	23.2%	16.0%	35.7%	33.7%	28.6%	69.2%	76.2%	71.7%
FCF / Debt	-10.4%	0.7%	0.5%	8.4%	8.6%	6.4%	42.1%	43.0%	38.1%
Net Debt / EBITDA	2.2x	2.2x	3.3x	1.5x	1.5x	1.9x	0.9x	0.8x	0.9x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.
Rated entity - Cintas Corporation No. 2; financials under entity Cintas Corporation.
Source: Moody's Financial Metrics™

Exhibit 11
Moody's-adjusted debt reconciliation
Sodexo SA

(in € millions)	2022	2023	2024	2025	Feb-26
As reported debt	**6,695**	**6,424**	**5,467**	**5,446**	**5,406**
Pensions	131	129	136	136	136
Moody's-adjusted debt	**6,826**	**6,553**	**5,603**	**5,582**	**5,542**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Sodexo SA's financial year ends on 31 August, and 2025 refers to the period that ended 31 August 2025.
Source: Moody's Financial Metrics™

Exhibit 12

Moody's-adjusted EBITDA reconciliation
Sodexo SA

(in € millions)	2022	2023	2024	2025	LTM Feb-26
Underlying Operating Profit	**815**	**976**	**1,109**	**1,139**	**930**
Add: Depreciation and amortization	420	422	434	454	468
Add: Client investment amortization	120	140	135	131	129
Less: Lease payments	(213)	(203)	(189)	(214)	(216)
Underlying EBITDA	**1,142**	**1,335**	**1,489**	**1,510**	**1,310**
Pensions	(6)	1	-	-	-
Less: Client investment amortization	(120)	(140)	(135)	(131)	(129)
Add: Lease payments	213	203	189	214	216
Interest income (+)	34	90	120	90	83
Other financial gains and losses (net)	2	(7)	(1)	(2)	(5)
Equity income from other companies	1	3	8	7	6
Impairment	1	-	-	-	22
Unusual Items	(18)	(41)	(115)	(118)	(178)
Moody's-adjusted EBITDA	**1,249**	**1,444**	**1,555**	**1,570**	**1,325**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Sodexo SA's financial year ends on 31 August, and 2025 refers to the period that ended 31 August 2025. LTM = Last 12 months.
Sources: Company data and Moody's Financial Metrics™

Exhibit 13

Overview of select historical and forecast Moody's-adjusted financial data

Sodexo SA

(in € millions)	2021*	2022	2023	2024	2025	LTM Feb-26	2026F	2027F	2028F
INCOME STATEMENT									
Revenue	17,428	20,263	22,637	23,798	24,074	23,616	23,785	24,623	25,535
EBITDA	989	1,249	1,444	1,555	1,570	1,325	1,059	1,069	1,363
EBITA	548	876	1,079	1,192	1,187	930	668	664	930
EBIT	417	793	986	1,088	1,080	801	557	587	852
Interest Expense	122	127	193	187	179	192	192	225	238
BALANCE SHEET									
Cash & Cash Equivalents	3,534	3,215	2,009	2,122	2,080	1,165	933	1,016	976
Total Debt	7,203	6,826	6,553	5,603	5,582	5,542	4,796	5,193	5,204
Net Debt	3,669	3,611	4,544	3,481	3,502	4,377	3,863	4,177	4,228
CASH FLOW									
Funds from Operations (FFO)	780	1,194	1,506	1,283	1,216	1,108	821	763	889
Cash Flow From Operations (CFO)	982	1,100	1,333	1,320	964	968	774	713	838
Capital Expenditures	(538)	(462)	(524)	(523)	(521)	(534)	(543)	(642)	(659)
Dividends	(14)	(297)	(358)	(1,377)	(402)	(408)	(396)	(236)	(229)
Retained Cash Flow (RCF)	766	897	1,148	(94)	814	700	425	527	659
RCF / Debt	10.6%	13.1%	17.5%	-1.7%	14.6%	12.6%	8.9%	10.1%	12.7%
Free Cash Flow (FCF)	430	341	451	(580)	41	26	(165)	(164)	(51)
FCF / Debt	6.0%	5.0%	6.9%	-10.4%	0.7%	0.5%	-3.4%	-3.2%	-1.0%
PROFITABILITY									
Change in Sales (YoY)	-9.8%	16.3%	11.7%	5.1%	1.2%	-2.3%	-1.2%	3.5%	3.7%
EBIT Margin	2.4%	3.9%	4.4%	4.6%	4.5%	3.4%	2.3%	2.4%	3.3%
EBITA Margin	3.1%	4.3%	4.8%	5.0%	4.9%	3.9%	2.8%	2.7%	3.6%
EBITDA Margin	5.7%	6.2%	6.4%	6.5%	6.5%	5.6%	4.5%	4.3%	5.3%
INTEREST COVERAGE									
(FFO + Interest Expense) / Interest Expense	7.4x	10.4x	8.8x	7.9x	7.8x	6.8x	5.3x	4.4x	4.7x
EBIT / Interest Expense	3.4x	6.3x	5.1x	5.8x	6.0x	4.2x	2.9x	2.6x	3.6x
EBITDA / Interest Expense	8.1x	9.9x	7.5x	8.3x	8.8x	6.9x	5.5x	4.8x	5.7x
LEVERAGE									
Debt / EBITDA	7.3x	5.5x	4.5x	3.6x	3.6x	4.2x	4.5x	4.9x	3.8x
Net Debt / EBITDA	3.7x	2.9x	3.1x	2.2x	2.2x	3.3x	3.6x	3.9x	3.1x

*2021 data include Pluxee's business, which was spun off in February 2024.
All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Sodexo SA's financial year ends on 31 August, and 2025 refers to the period that ended 31 August 2025. LTM = Last 12 months.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Ratings

Exhibit 14

Category	Moody's Rating
SODEXO SA	
Outlook	Negative
Issuer Rating -Dom Curr	Baa1
SODEXO INC.	
Outlook	Negative
Bkd Senior Unsecured	Baa1

Source: Moody's Ratings

REPORT NUMBER 1486711