

# FISCAL 2013 FIRST HALF RESULTS

April 18, 2013

# FORWARD-LOOKING INFORMATION

This presentation contains statements that may be considered 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 we assume no obligation to update them.

You are cautioned not to place undue reliance on our forward-looking statements.

# AGENDA



1. First Half Fiscal 2013 in brief
2. Financial performance
3. On-site Services
4. Benefits and Rewards Services
5. Outlook

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# FIRST HALF FISCAL 2013 IN BRIEF

# FIRST HALF FISCAL 2013 IN BRIEF

**Good overall resilience  
in a difficult macro-economic  
environment**

- ▶ Modest positive growth
- ▶ A solid pipeline

**A relevant strategy**

- ▶ A unique offer
- ▶ Success of facilities management offers  
(growth 3 times that of foodservices)
- ▶ Leadership in emerging economies, a growth driver  
(in both On-site Services and Benefits and Rewards Services)

# FIRST HALF FISCAL 2013 IN BRIEF

## SOLID DEVELOPMENT

### HEALTHCARE & SENIORS

HCR ManorCare 

#### **Manor Care in the U.S.**

Foodservices - 290 retirement homes in 32 states – nearly 40,000 residents



#### **HCA East Florida in the U.S.**

Foodservices and maintenance - 9 hospitals – 2,200 people



#### **Les Nouvelles Cliniques Nantaises in France**

Nutritional support as part of treatment, bio-cleaning, logistics

### EDUCATION



#### **Bethune-Cookman University in the U.S.**

Foodservices and shops – 3,500 students

### REMOTE SITES



#### **Pacific Rubiales in Colombia**

Integrated services for the petroleum industry - 12 sites – 6,000 employees

# FIRST HALF FISCAL 2013 IN BRIEF

## SOLID DEVELOPMENT

### CORPORATE

**SIEMENS**

#### **Siemens in Canada**

Construction and maintenance, electricity, heating, air conditioning - 44 sites



#### **IMF in the U.S.**

Construction and engineering, energy management, external and internal moves – 4,000 people



#### **Banco Bradesco S.A. in Brazil**

Foodservices – 16,000 people

### BENEFITS AND REWARDS SERVICES



#### **Delhi Metro Rail Corporation in India**

10,000 beneficiaries



#### **Unicamp in Brazil**

10,000 beneficiaries

# FIRST HALF FISCAL 2013 IN BRIEF

Revenues

**€ 9.5 Billion**

**+ 4.3%**  
overall  
growth

Organic revenue growth

**+2.1%**  
**+ 2.7%**  
excl. Rugby World Cup

Operating profit before exceptional  
expenses

**€ 528 Million**

**- 0.9%**



# FIRST HALF FISCAL 2013 IN BRIEF

**An operational efficiency improvement and cost reduction program underway and being expanded**

- ▶ Exceptional charges of € 50 million during 1st Half Fiscal 2013

**Group net income of 236 million euro**

- ▶ **An increase of +1%** excluding exceptional items and at a constant effective tax rate

**Improved Gearing**

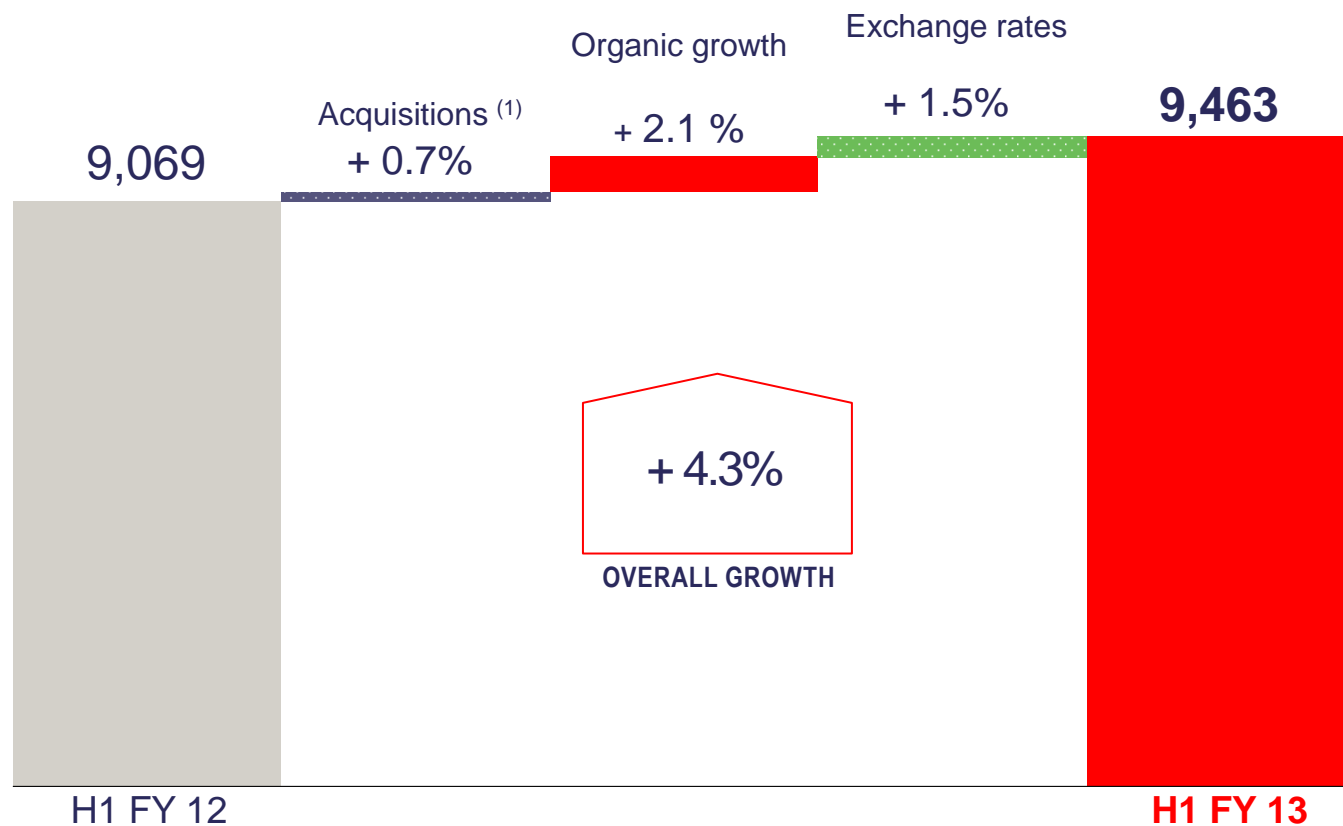
- ▶ **Level of 33%** (February 28, 2013) versus 38% (February 29, 2012)

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## FINANCIAL PERFORMANCE

# FINANCIAL PERFORMANCE REVENUES

€ millions



<sup>(1)</sup> Roth Bros (U.S.), Atkins (UK), Lenôtre (France), Servi-Bonos (Mexico) and MacLellan (India).

# FINANCIAL PERFORMANCE ORGANIC GROWTH



**+ 2.1%**  
as reported

**+ 2.7%**  
excluding positive impact  
of Rugby World Cup\*  
including:

On-site Services  
**+ 2.7%**

Benefits and Rewards Services  
**+ 4.3%**

\* Fiscal 2012 benefited from Rugby World Cup (€53m)

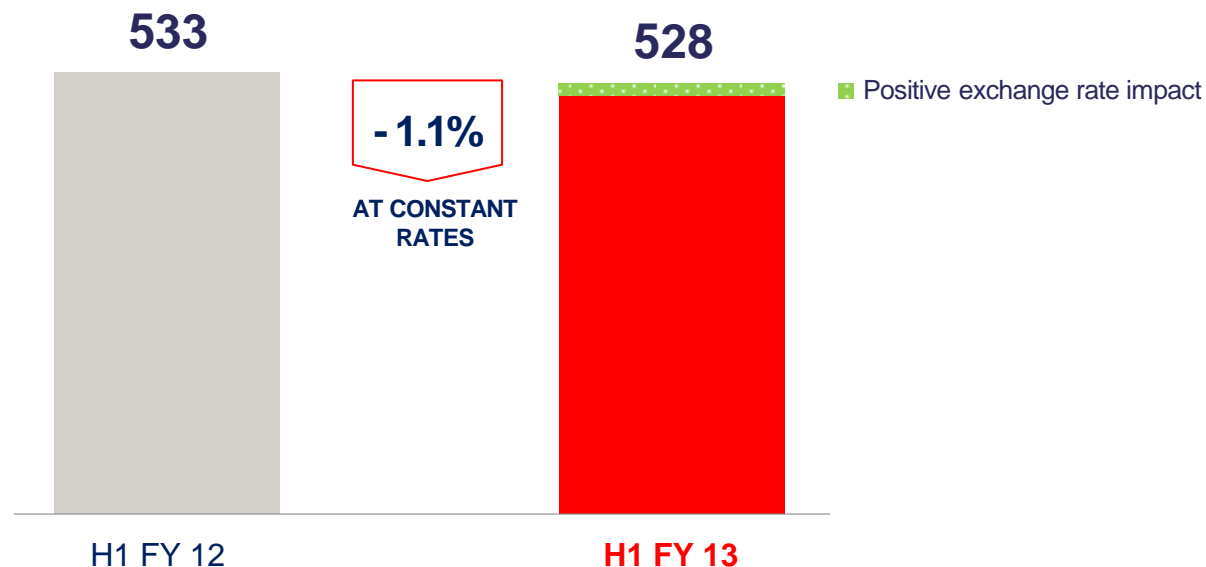
# FINANCIAL PERFORMANCE EXCEPTIONAL ITEMS

	H1 FY 12	H1 FY 13	EXCHANGE	
	€ millions	€ millions	current rates	constant rates
Operating profit before exceptional items	533	528	- 0.9%	- 1.1%
Exceptional items				
Gross margin (on site)	-	(30)		
Overheads	-	(20)		
Accounting adjustment for pensions	26	-		
Total	26	(50)		
Operating profit - reported	559	478	- 14.5%	- 14.7%

# FINANCIAL PERFORMANCE

## OPERATING PROFIT\*

€ millions



Operating margin\*

5.9%

5.6%

**Growth throughout the world,  
except Continental Europe**

\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013 and impact from UK pensions in FY 2012

# FINANCIAL PERFORMANCE

## EVOLUTION OF CONSOLIDATED RESULTS

	H1 FY 12	H1 FY 13	EXCHANGE	
	€ millions	€ millions	current rates	constant rates
Operating profit before exceptional items	533	528	- 0.9%	- 1.1%
Exceptional items	26	(50)		
Operating profit - reported	559	478	- 14.5%	- 14.7%
Financial expense	(91)	(85)		
Income tax expense	(166)	(153)		
Effective tax rate	35.6%	39%		
Non-controlling interests	(5)	(4)		
<b>Group net income</b>	<b>297</b>	<b>236</b>	<b>- 20.5%</b>	<b>- 20.9%</b>

# FINANCIAL PERFORMANCE

## CONSOLIDATED CASH FLOW

€ millions

	H1 FY 12	H1 FY 13
Operating cash flow	492	390
Net capital expenditure	(151)	(113)
Change in working capital	(227)	(307)
<b>Free cash flow</b>	<b>114</b>	<b>(30)</b>
Net acquisitions	(568)	(71)
Change in shareholders' equity	(201)	(255)
Other changes (incl. scope and exchange rates)	(56)	34
<b>(Increase) / decrease in net debt</b>	<b>(711)</b>	<b>(322)</b>



# FINANCIAL PERFORMANCE

## CONSOLIDATED BALANCE SHEET

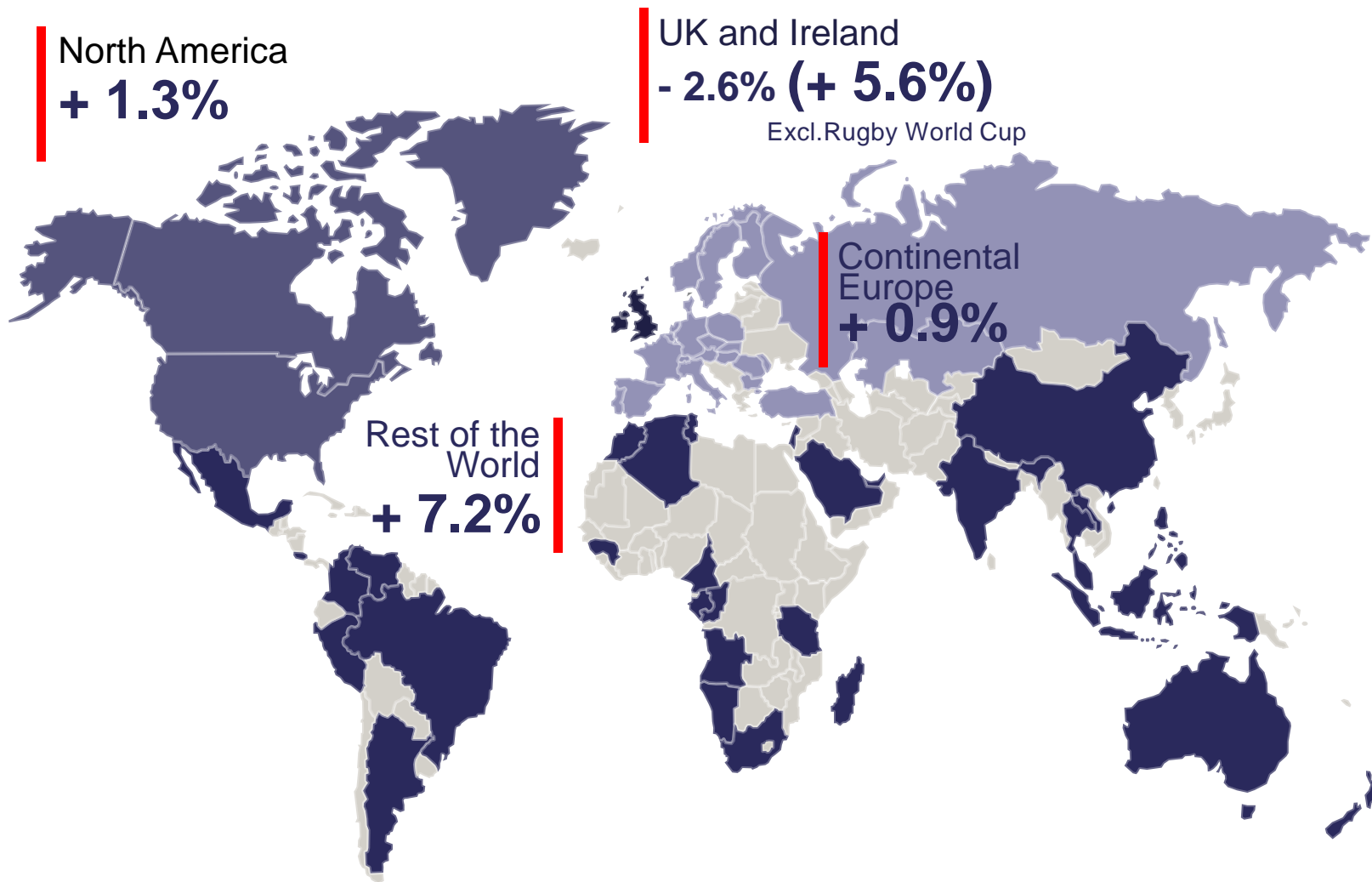
€ millions

	February 29, 2012	February 28, 2013		February 29, 2012	February 28, 2013
Non-current assets	6,798	6,815	Shareholders' equity	2,840	2,898
Current assets excluding cash	4,242	4,429	Non-controlling interests	34	39
Financial assets Benefits and Rewards Services	577	660	Non-current liabilities	3,458	3,575
Cash	1,210	1,266	Current liabilities	6,495	6,658
<b>Total assets</b>	<b>12,827</b>	<b>13,170</b>	<b>Total liabilities</b>	<b>12,897</b>	<b>13,170</b>
			Net debt	1,087	961
			Net debt ratio	38%	33%

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## ON-SITE SERVICES

# ON-SITE SERVICES 2.7% ORGANIC GROWTH (excluding Rugby World Cup)



# ON-SITE SERVICES ORGANIC GROWTH BY CLIENT SEGMENT



## Corporate

- Offers of integrated services offset lower foodservices volumes
- Double digit growth in Latin America and mining sector

**+ 3.9%**

**+ 5.1%**  
excl. Rugby World Cup



## Health Care and Seniors

- Loss of a major contract in Fiscal 2012 in North America
- Good recovery in business development in North America during past six months

**- 0.4%**



## Education

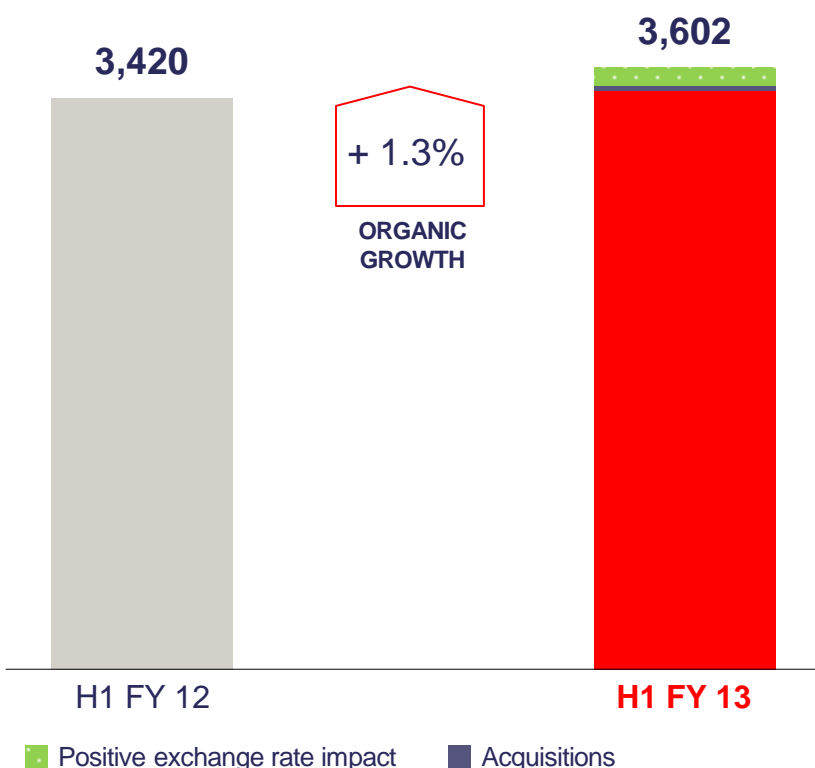
- Increased selectivity on public schools contracts

**+ 0.6%**

# ON-SITE SERVICES NORTH AMERICA

€ millions

## Revenues



### Corporate + 6.3%

- Increased contribution from facilities management services offers
- Success at Formula 1 event (Circuit of the Americas)
- Remote Sites development in Canada

### Health Care and Seniors - 1.6%

- Strong recovery in business development
- Loss of *Ascension* contact in Fiscal 2012

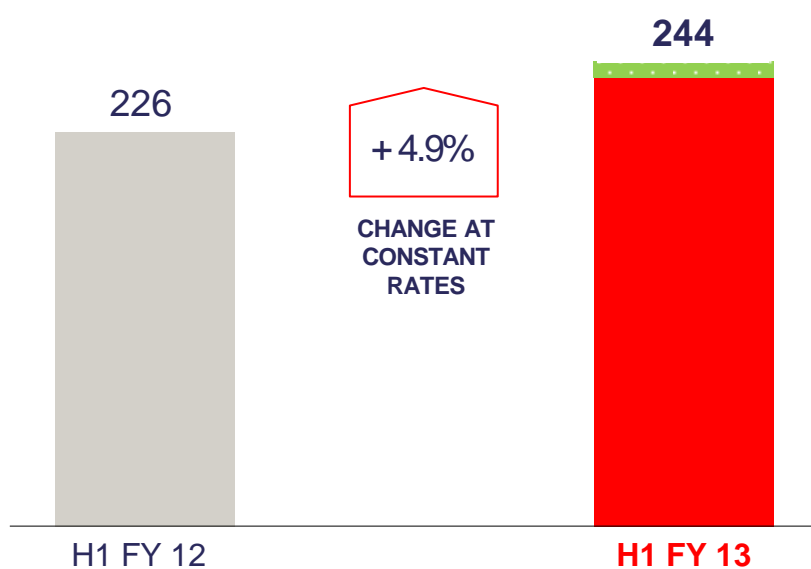
### Education + 1.4%

- Modest existing site growth in schools following regulatory change (*HHFKA*)

# ON-SITE SERVICES NORTH AMERICA

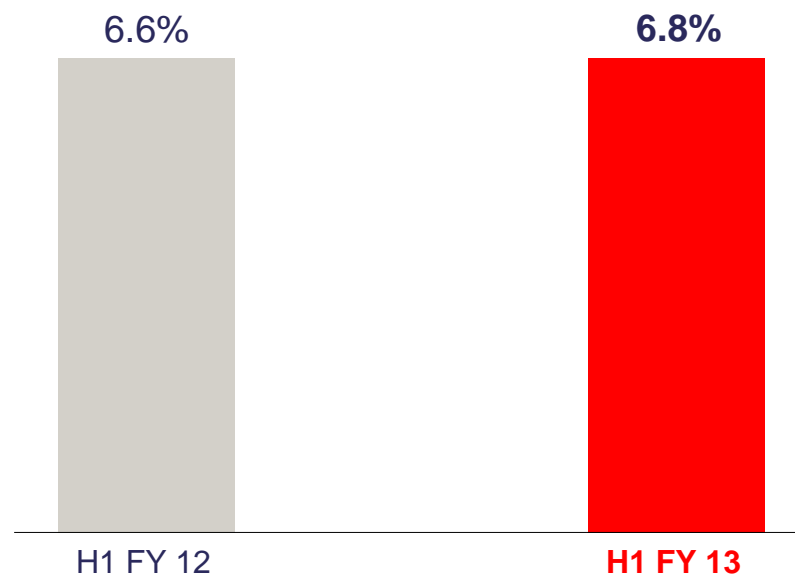
€ millions

## Operating profit\*



Positive exchange rate impact

## Operating margin\*



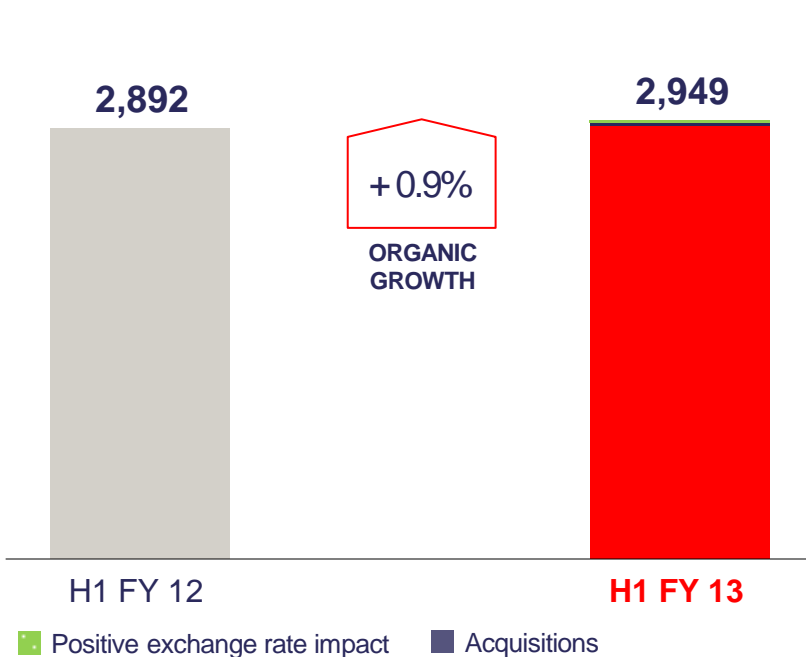
**Improvement from site productivity gains, particularly in Corporate**

\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013

# ON-SITE SERVICES CONTINENTAL EUROPE

€ millions

## Revenues



### Corporate + 1.6%

- Ramp up of facilities management contracts fully offsets lower foodservices volumes

### Health Care and Seniors - 0.4%

- Weak existing site growth

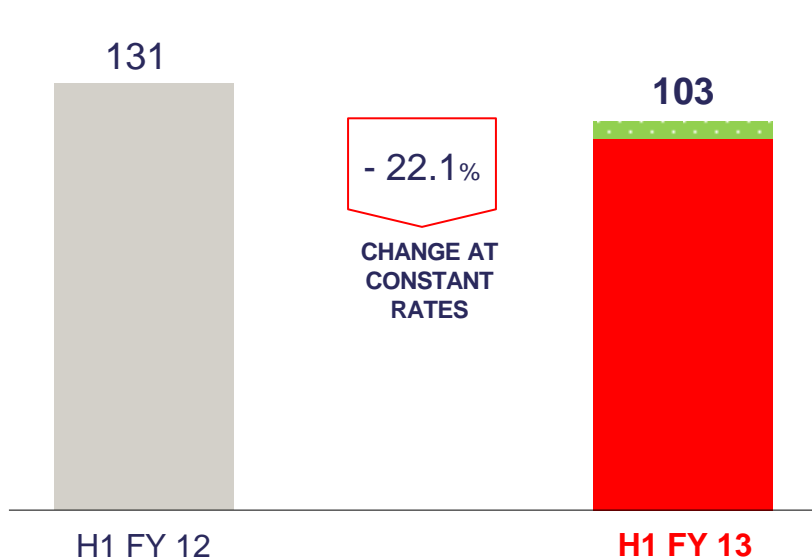
### Education + 0.4%

- Pressure on school budgets in Southern Europe

# ON-SITE SERVICES CONTINENTAL EUROPE

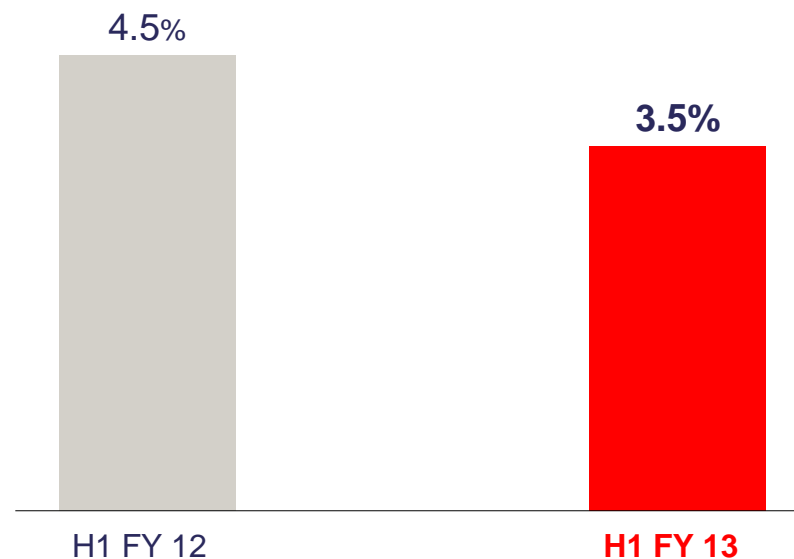
€ millions

## Operating profit\*



■ Positive exchange rate impact

## Operating margin\*



**Decline in foodservices volumes**  
**Strong pressure from clients seeking savings**  
**Time lag to adjust fixed costs**

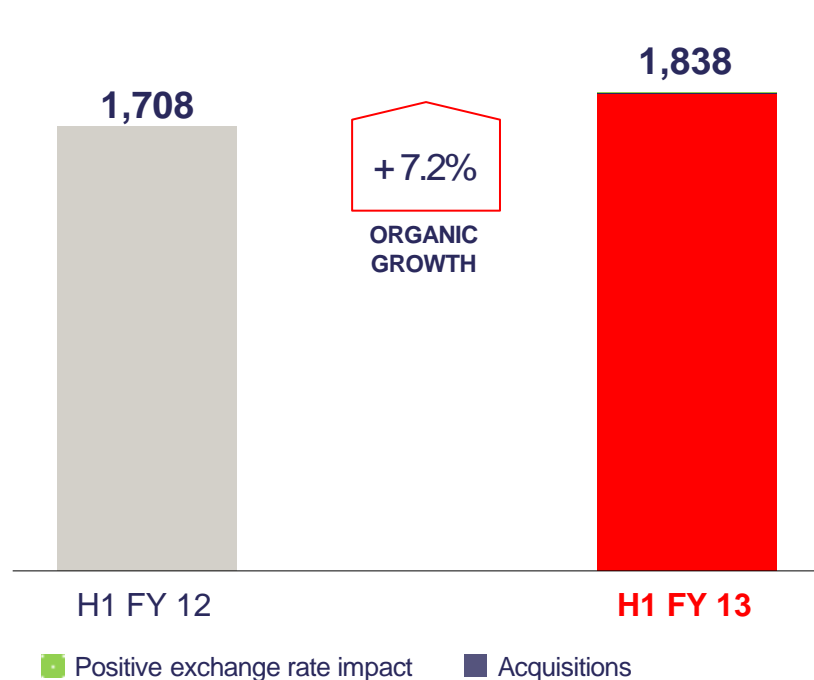
\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013



# ON-SITE SERVICES REST OF THE WORLD

€ millions

## Revenues



### Corporate

**+ 7.9%**

- Strong contribution from Latin America mining contracts
- Slowdown of industrial clients activity
- Project completions in Remote Sites

### Health Care and Seniors

**+ 9.3%**

- Good dynamic in Asia and Latin America

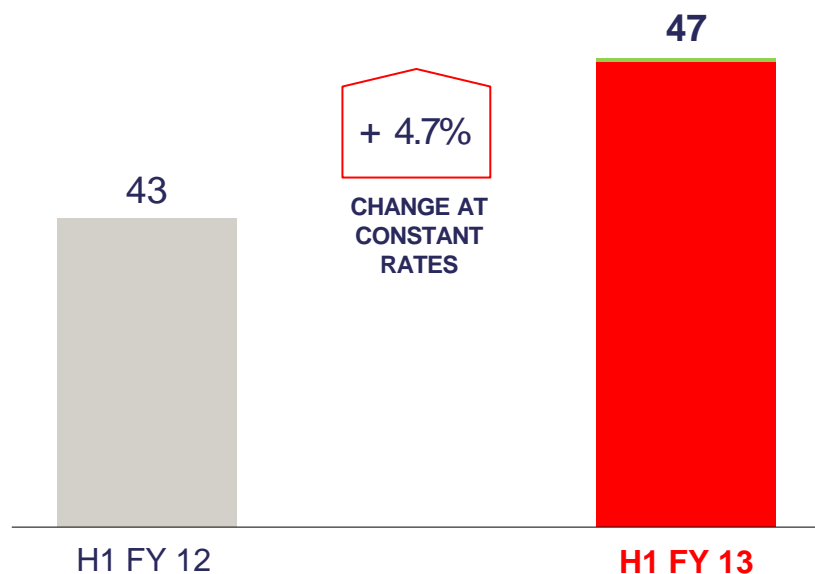
### Education

**- 13.4%**  
(or -7 million euro)

# ON-SITE SERVICES REST OF THE WORLD

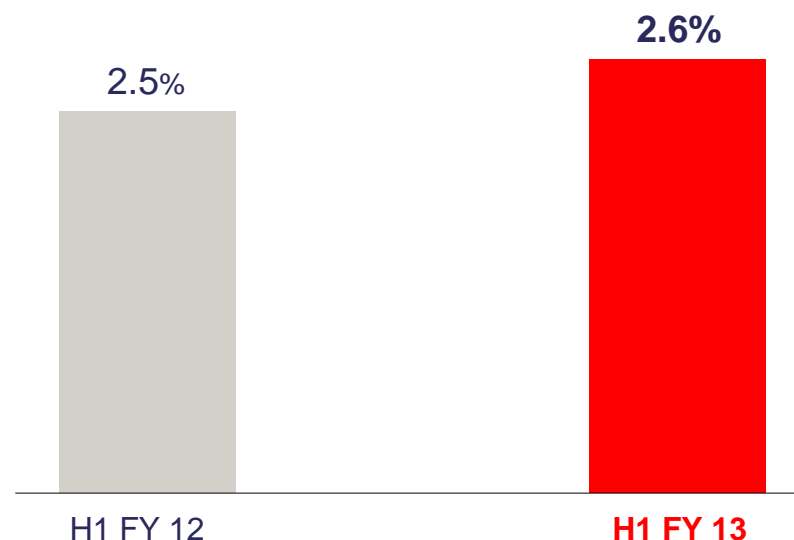
€ millions

## Operating profit\*



■ Positive exchange rate impact

## Operating margin\*



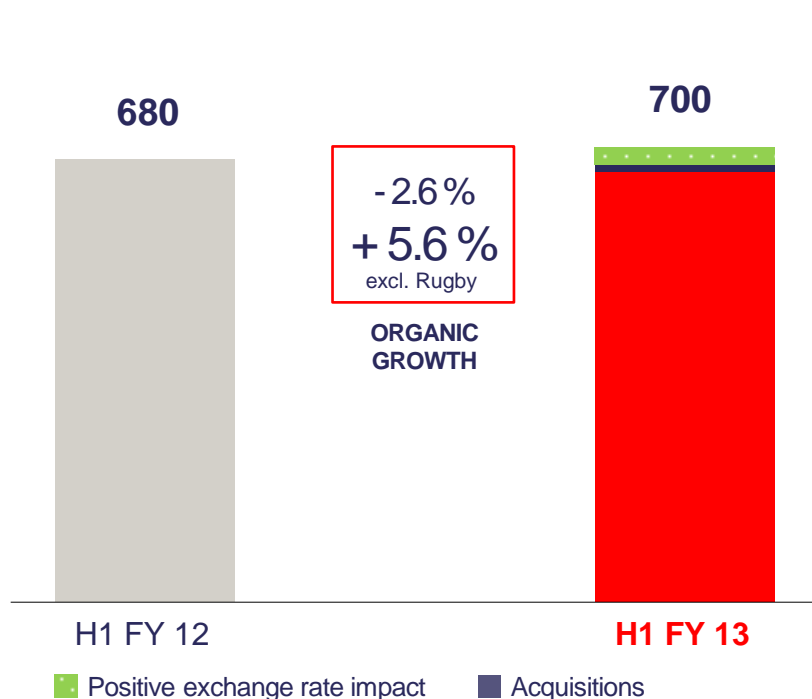
**Continued integration of Puras do Brasil**  
**Strong inflation, particularly in Brazil**

\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013

# ON-SITE SERVICES UK AND IRELAND

€ millions

## Revenues



### Corporate

- 4.7%  
**+ 6.8%**  
excl. Rugby World Cup

- Ramp up of contribution from several integrated services contracts
- Contribution from Paralympics in September 2012

### Health Care and Seniors

**+ 5.8%**

- Extension of services
- Modest recovery in business development

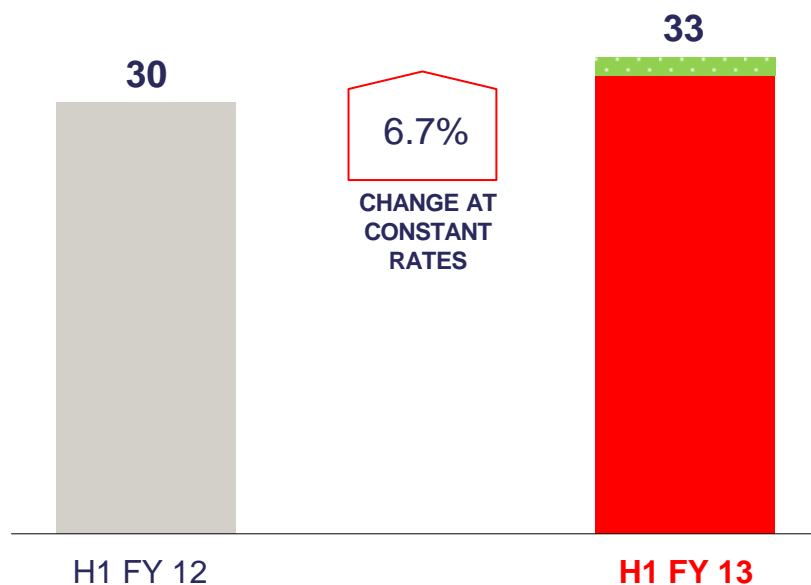
### Education

**- 2.6%**

# ON-SITE SERVICES UK AND IRELAND

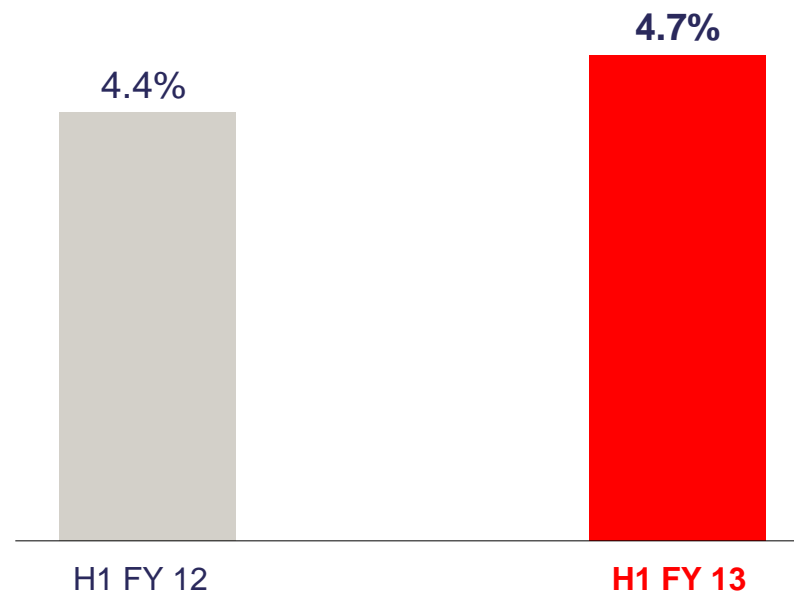
€ millions

## Operating profit\*



Positive exchange rate impact

## Operating margin\*



**On site productivity gains**  
**Increased contribution from integrated services contracts**

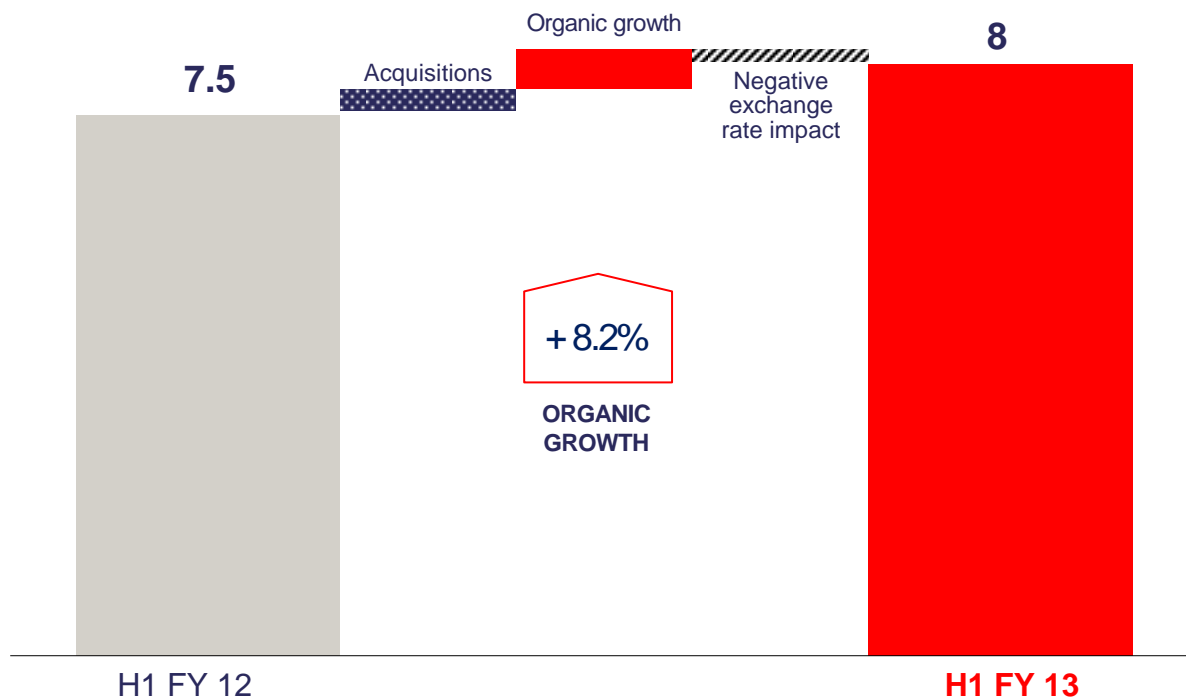
\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013 and impact from UK pensions in FY 2012

# 4

## **BENEFITS AND REWARDS SERVICES**

# BENEFITS AND REWARDS SERVICES ISSUE VOLUME

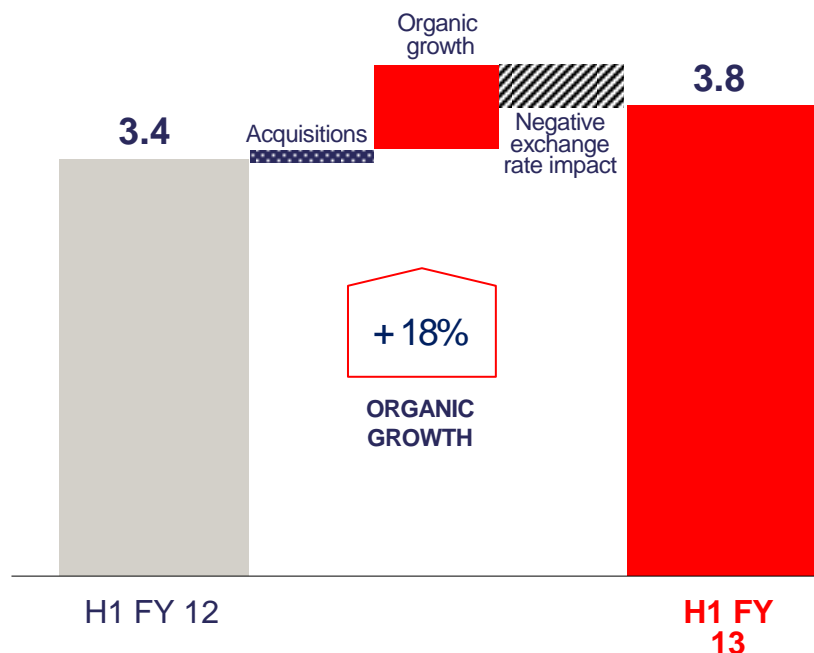
€ billions



# BENEFITS AND REWARDS SERVICES ISSUE VOLUME BY GEOGRAPHIC ZONE

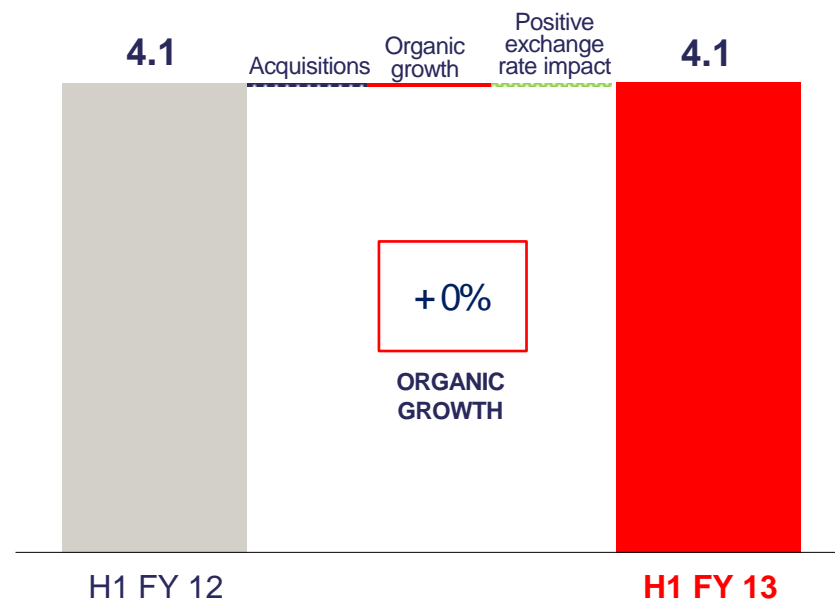
€ billions

## Latin America



**Increase in face value  
and number of beneficiaries**

## Europe and Asia

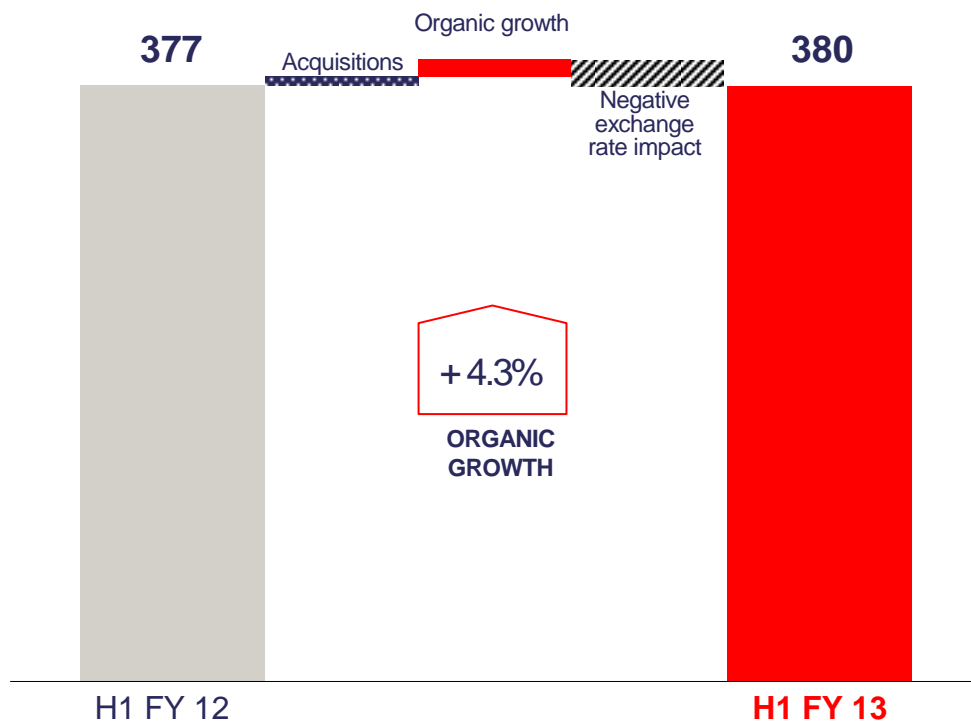


**Solid progress of Employment  
Service Voucher in Belgium**

**Impact of regulatory  
change in Hungary**

# BENEFITS AND REWARDS SERVICES REVENUES

€ millions

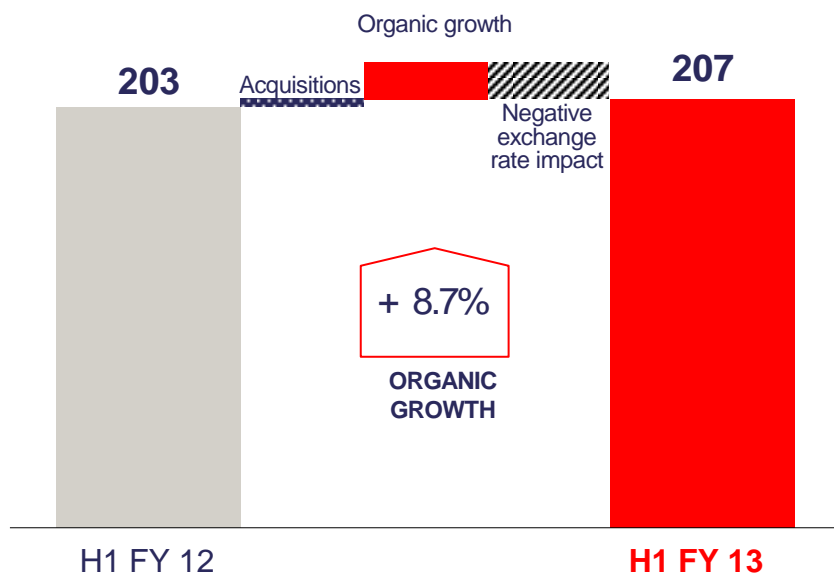




# BENEFITS AND REWARDS SERVICES REVENUES BY GEOGRAPHIC ZONE

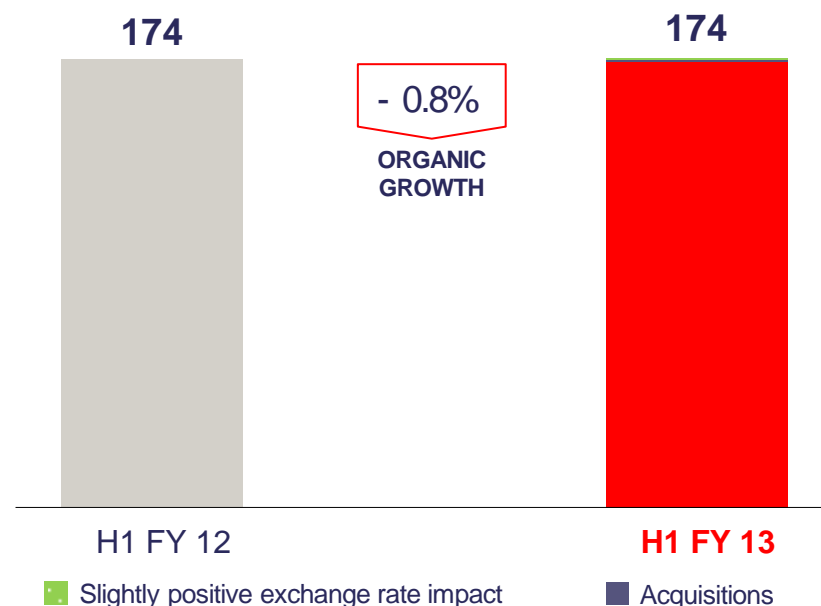
€ millions

## Latin America



**Sustained growth despite pressure on commissions in Brazil**

## Europe and Asia

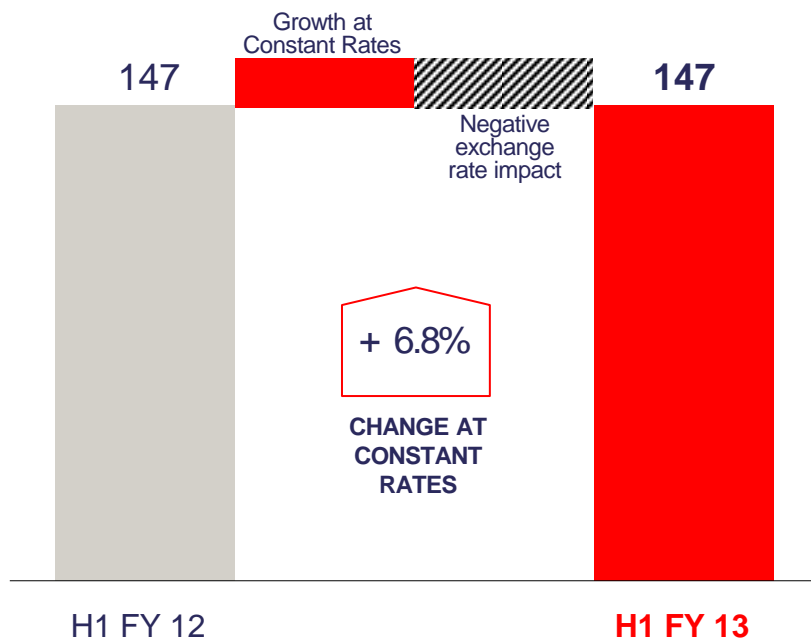


**Negative impact of regulatory change in Hungary**

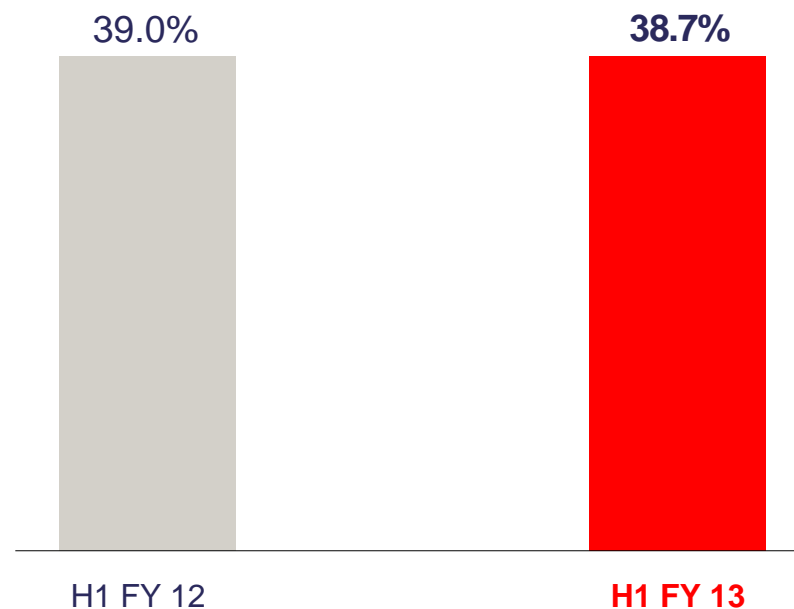
# BENEFITS AND REWARDS SERVICES OPERATING PROFIT

€ millions

## Operating profit\*



## Operating margin\*



**Investments in technology and marketing enabled by productivity gains**

\* Operating profit and margin are before exceptional items from operational efficiency improvement program in FY 2013

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## OUTLOOK

# OUTLOOK FISCAL 2013

## For Fiscal 2013, Sodexo projects:

- Organic revenue growth of between 1 and 2%
- Stable Operating profit \*compared to Fiscal 2012

(\*) Operating profit excluding currency and before exceptional items from operational efficiency improvement program in Fiscal 2013 and impact from UK pensions in Fiscal 2012

# OUTLOOK OPERATIONAL EFFICIENCY IMPROVEMENT AND COST REDUCTION PROGRAM

## ON SITE SAVINGS

- Synergies following acquisitions
- New program to reduce purchasing costs
- Site productivity
- Review of contract portfolio

+ 0.6% of revenues  
in Fiscal 2015 \*



## REDUCTION OF OVERHEADS

- Rationalization of the organization
- Pooling of support functions and shared services
- Other cost reductions (rents, fees, telecommunications, equipment ...)

+ 0.4% of revenues  
in Fiscal 2015 \*



\* Compared with Fiscal 2012

## OUTLOOK

# ENLARGEMENT OF OPERATIONAL EFFICIENCY IMPROVEMENT AND COST REDUCTION PROGRAM

## EXCEPTIONAL COSTS OF IMPLEMENTATION

Between € 180 and 200 million  
over 18 months (Sept. 2012 - Feb. 2014)  
100% payback in Fiscal 2015

An increase of € 50 million coming from  
further review of contracts portfolio and overhead rationalization

## OUTLOOK

# CONFIDENCE IN OUR MEDIUM TERM OBJECTIVES

- Annual average revenue growth

**+ 7%**

- Operating margin at end of Fiscal 2015

**6.3%**



THANK YOU!





# Questions & Answers

# APPENDICES

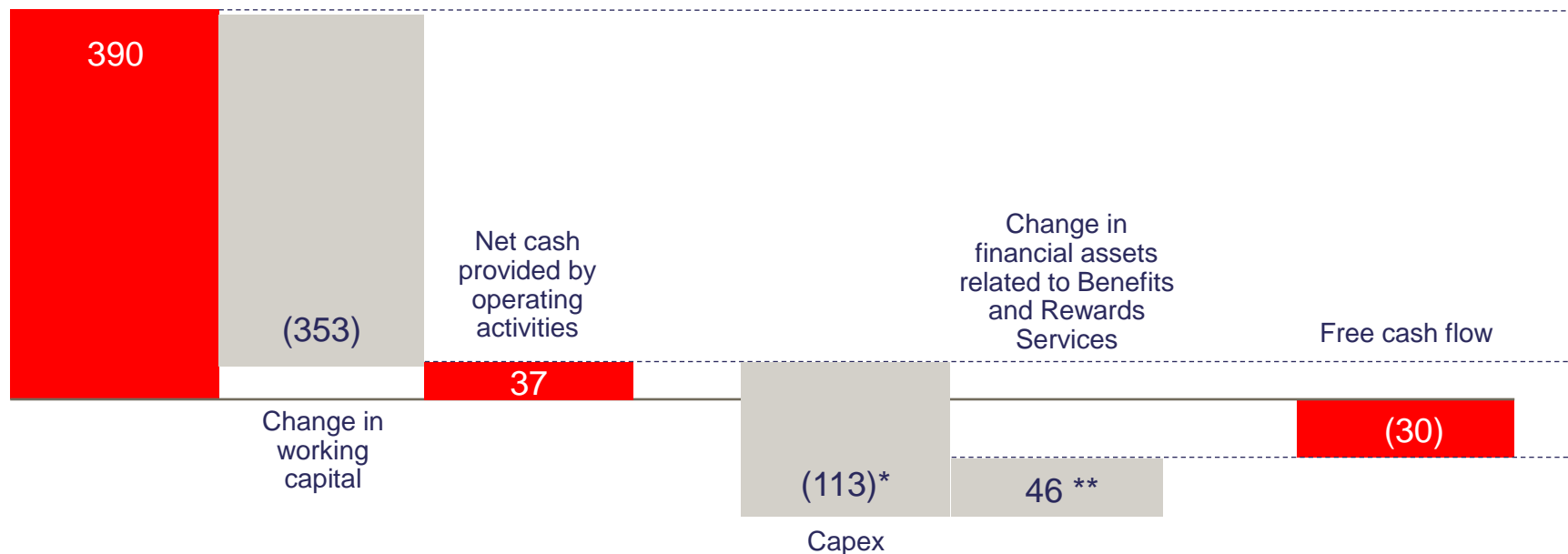


## APPENDICES

- a) Free cash flow
- b) Financial debt analysis
- c) Principal exchange rates used
- d) Impact of principal exchange rates on balance sheet

# FREE CASH FLOW

## Operating cash flow



\* (113) CAPEX = (110) Fixed asset acquisition,  
5 Fixed asset disposals,  
(3) Change in client investments,  
(5) Leasing investments

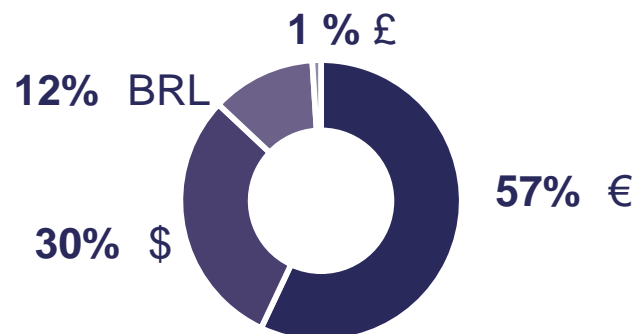
\*\* (46) Not included in working capital changes from Consolidated statement of cash flow  
Total change in working capital : (353) = (307) + (46)

# ANALYSIS OF FINANCIAL DEBT

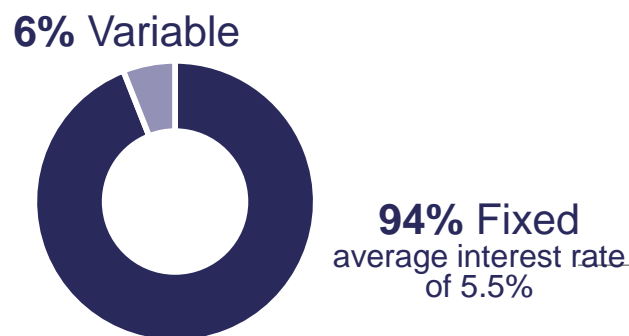
as of February 28, 2013\*

€ millions

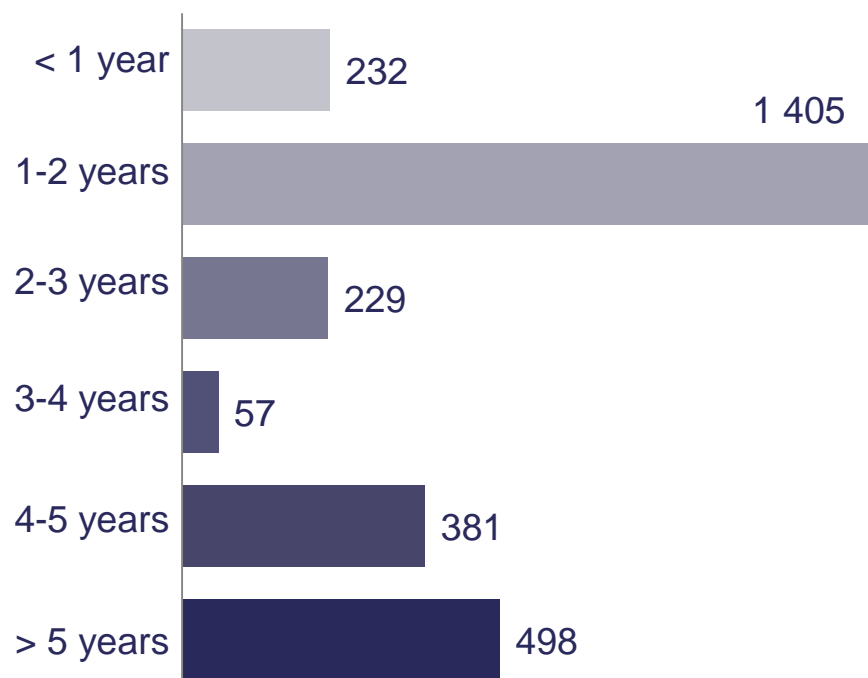
## BY CURRENCY



## BY INTEREST RATE



## BY MATURITY



\* Financial debt of 2,802 (or 2,818 million euros, excluding financial derivatives of -16 )

# PRINCIPAL EXCHANGE RATES USED

1€ =	Closing 28-02-2013	Average H1 13	Closing 31-08-2012	Average H1 12
Dollar U.S.	1.3129	1.3082	1.2611	1.3484
Pound Sterling	0.8630	0.8189	0.7953	0.8547
Brazilian Real	2.5871	2.6619	2.5804	2.3827
Venezuelan Bolivar	13.3915	13.3915	12.8632	12.6230

# IMPACT OF PRINCIPAL EXCHANGE RATES ON BALANCED SHEET as of February 28, 2013

€ millions

	USD	£	BRL
Fixed assets	(112)	(61)	(2)
Deferred tax assets	(3)	(1)	-
Change in working capital assets and other receivables	(30)	(17)	-
Cash	(13)	(8)	(1)
	<b>(158)</b>	<b>(87)</b>	<b>(3)</b>

	USD	£	BRL
Shareholders' equity	(78)	(50)	(1)
Provisions	-	-	-
Deferred tax liabilities	(2)	-	-
Financial debt	(28)	(2)	(2)
Change in working capital liabilities and other receivables	(50)	(35)	-
	<b>(158)</b>	<b>(87)</b>	<b>(3)</b>