

# First Quarter Fiscal 2020 Revenues

January 9, 2020

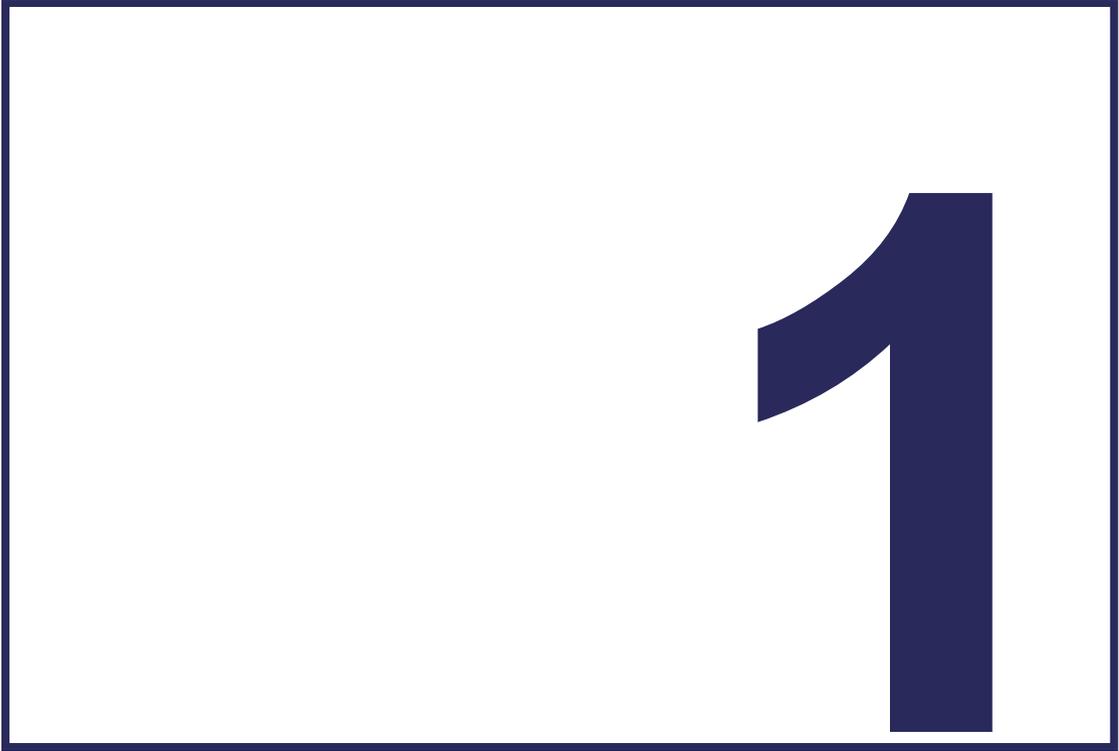
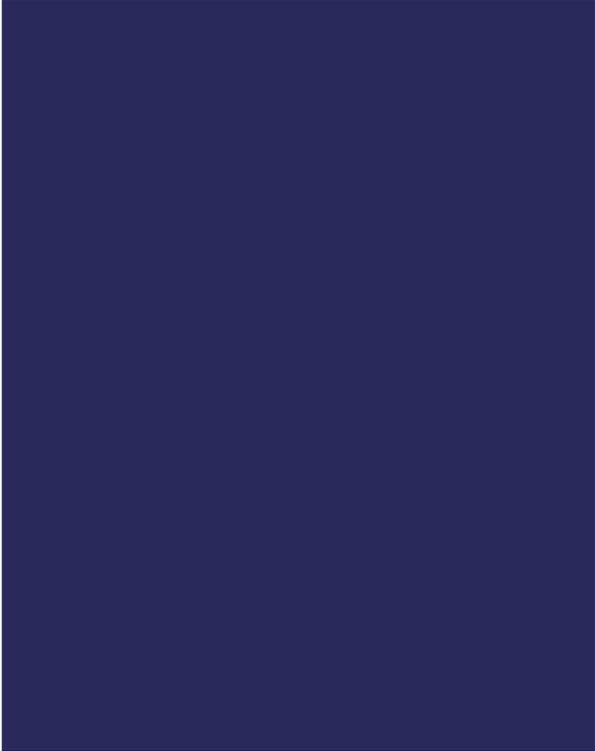
# AGENDA

1. First quarter Fiscal 2020 highlights
2. Review of Operations:
  - › On-site Services
  - › Benefits & Rewards Services
3. Focus on Growth strategic agenda
4. Outlook for Fiscal 2020
5. Appendices

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

Please refer to Appendix 4 for Alternative Performance Measures definitions

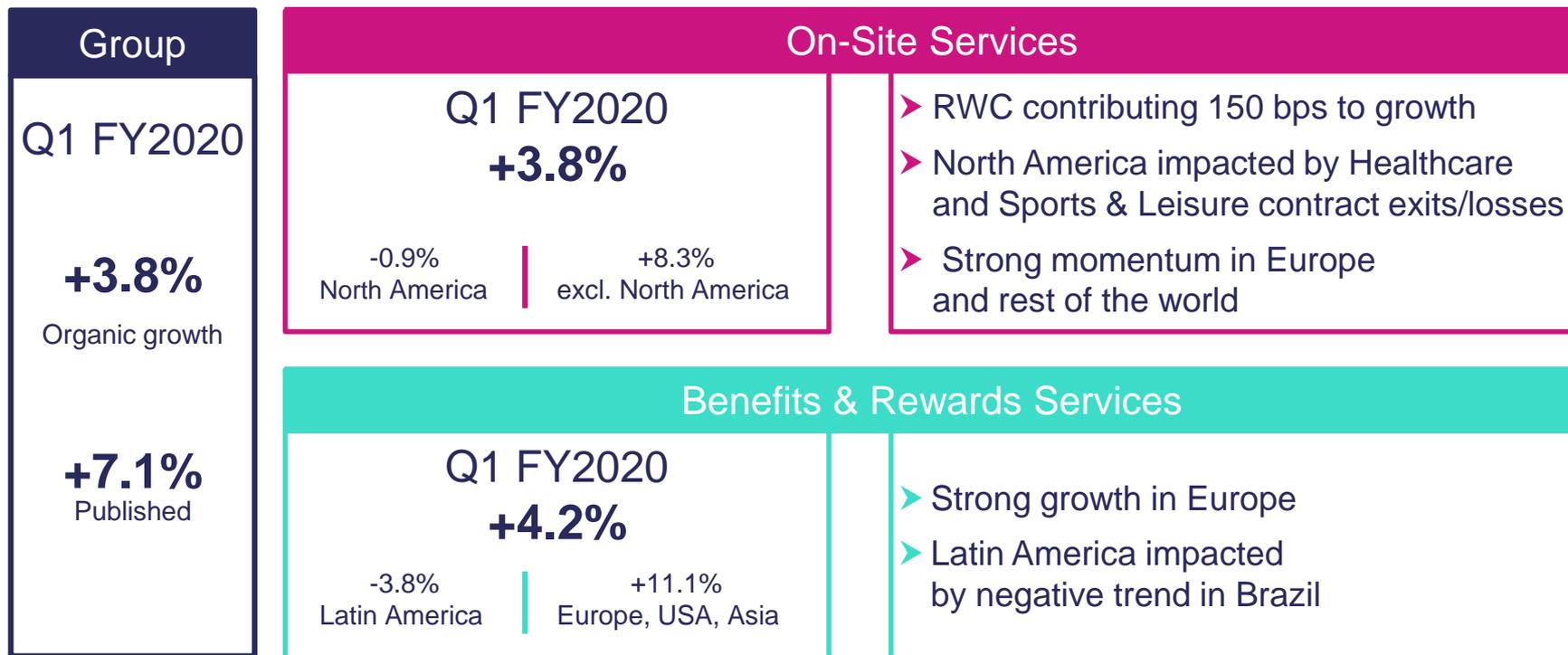
# FIRST QUARTER FISCAL 2020 HIGHLIGHTS



**1**

# Q1 ORGANIC GROWTH BOOSTED BY RWC JAPAN 2019

## First quarter Fiscal 2020 highlights



# RWC JAPAN 2019: CREATING MEMORABLE EXPERIENCES FOR SPORTS FANS THROUGH INNOVATIVE SERVICES



## First quarter Fiscal 2020 highlights



Design, development and marketing  
of **all hospitality services**

**12 host stadiums**  
across Japan

Innovative  
**Guest experiences**

**9 offers developed**  
**60,000** hospitality packages sold  
**190,000** match tickets sold  
Welcoming fans from **100** different countries



# BRS: BELGIUM SERVICE VOUCHER CONTRACT RENEWAL

## First quarter Fiscal 2020 highlights



- **Public Benefits contract**
- A payment facility for household services
  - > cleaning
  - > shopping
  - > transporting disabled and elderly people
- Subsidized by the regions

- Since **2008**
- **€3bn** Issue volume in 2019
- **1.2 million** active users
- **1 out of 4 Belgian households** uses service vouchers
- **3 regions** tendered separately and all renewed:
  - Flanders • Brussels • Wallonia

- A full rethinking of **user experience**
- New **applications** for **iOS** and **Android**
- For **Flanders**:
  - > integrated into the Flemish citizen identity management system
  - > online payment

# REVIEW OF OPERATIONS

**On-site Services**

**Benefits & Rewards  
Services**

**2**

# SOLID GROWTH

## First quarter fiscal 2020 Financial Performance

REVENUE AT €6.1bn

TOTAL GROWTH  
+7.1%

Currency effect  
+2.0%

Scope change  
+1.3%

ORGANIC GROWTH  
+3.8%

of which:

On-site Services  
+3.8% / +2.3% Excl. RWC

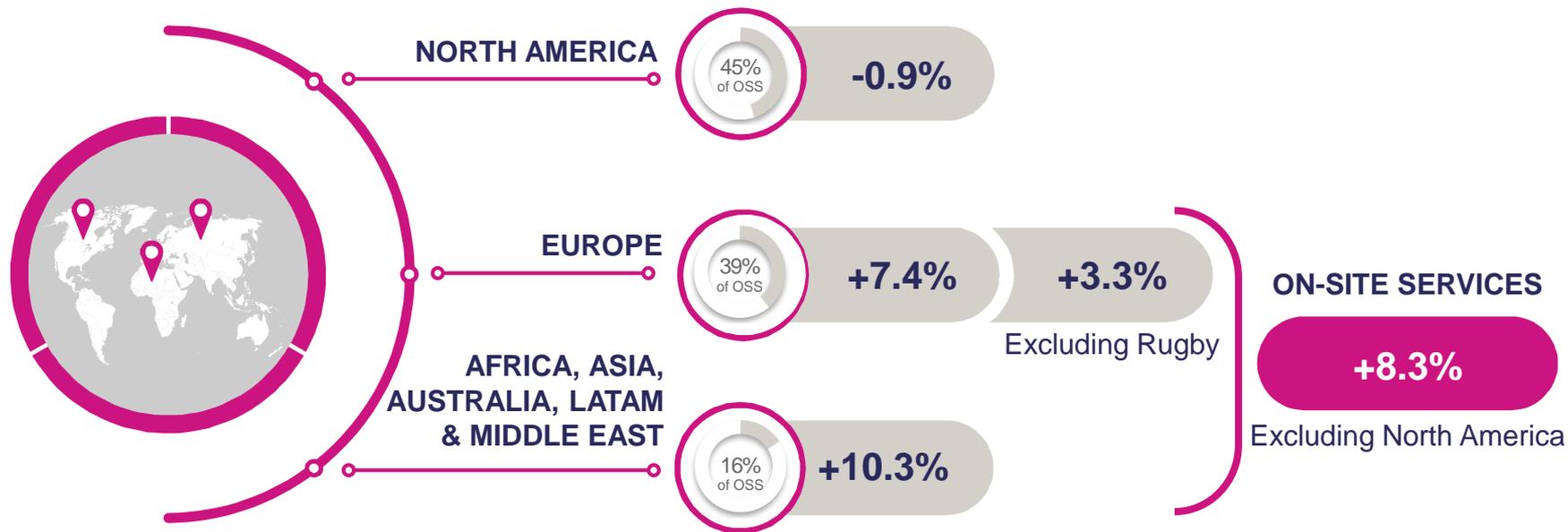
Benefits & Rewards Services  
+4.2%

# REVIEW OF OPERATIONS

On-site Services  
revenues

OSS

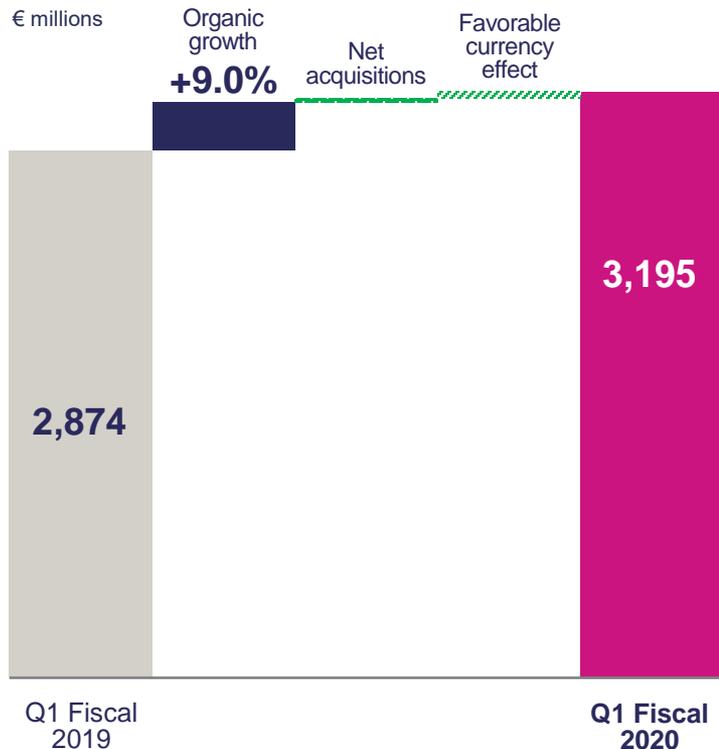
# OSS ORGANIC GROWTH BY REGION



# BUSINESS & ADMINISTRATIONS – REVENUES

55%  
On-site  
Services  
FY19

## NON RESTATED ORGANIC GROWTH



## RESTATED ORGANIC GROWTH<sup>1</sup>

-0.2%

### North America

- Solid growth in Corporate Services driven by strong comparable unit growth
- Good performance in G&A driven by new business and improvement in US Marine Corps contract
- Construction contract closures impacting E&R
- S&L impacted by Centerplate contract rationalization

28%

of FY19  
B&A

+9.0%

### Europe

- Corporate Services helped by last year new business
- Strong improvement in G&A driven by higher comparable unit growth
- RWC contribution consolidated in UK

+3.0%  
exc. RWC

46%

of FY19  
B&A

+9.9%

### Africa, Asia, Australia, Latin America & Middle East

- Strong growth in Corporate Services driven by new business and comparable unit growth in Asia and LatAm
- Improvement in E&R

26%

of FY19  
B&A

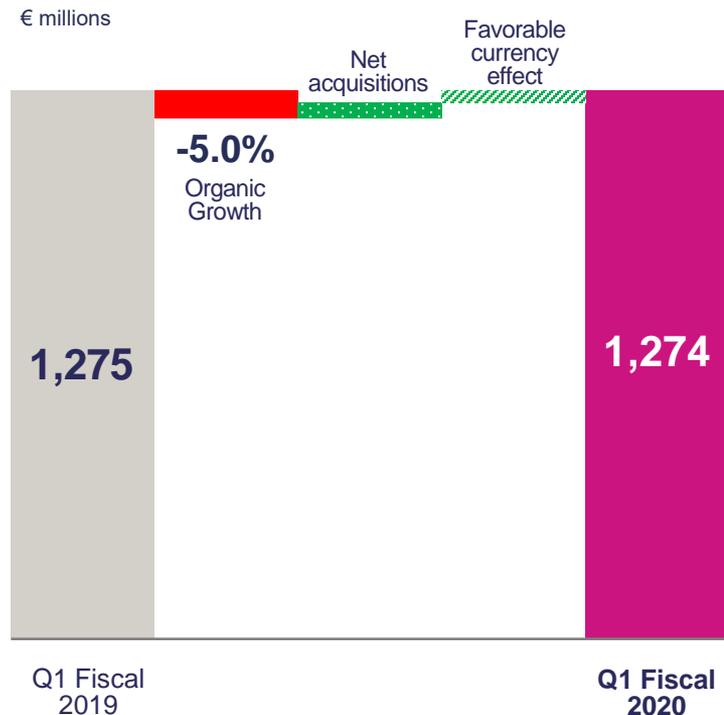
TOTAL  
+6.6%

# HEALTHCARE & SENIORS – REVENUES



## NON RESTATED ORGANIC GROWTH

## RESTATED ORGANIC GROWTH<sup>1</sup>



**-4,3%**

### North America

- Impact of contract exit and losses in Healthcare
- Seniors improving with a better comparable unit growth helped by cross-selling



**0.0%**

### Europe

- Some good signatures despite tough market dynamics



**+13.9%**

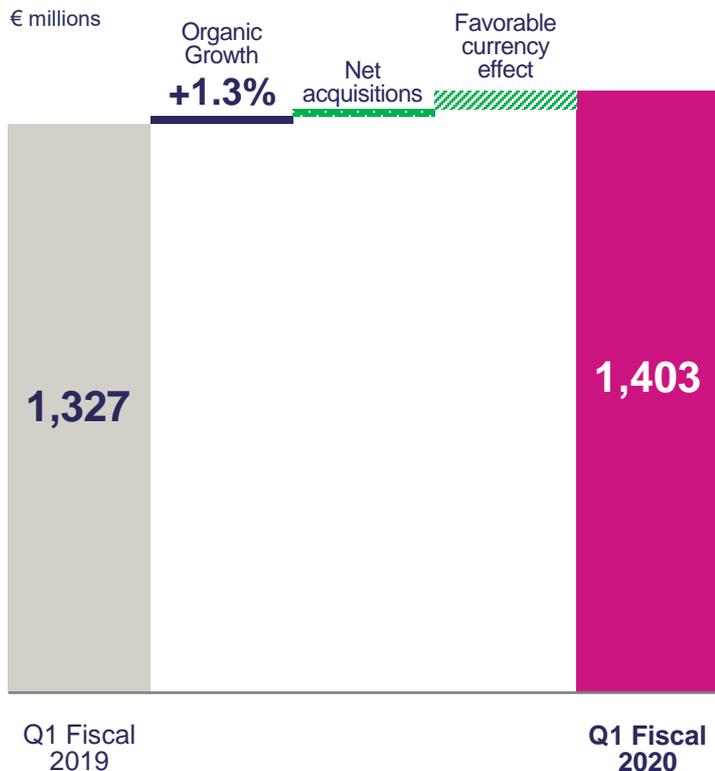
### Africa, Asia, Australia, Latin America & Middle East

- Double digit growth due to new contracts and strong comparable unit growth in Brazil and Asia



**TOTAL  
-2.0%**

# EDUCATION – REVENUES



## RESTATED ORGANIC GROWTH<sup>1</sup>

+1.1%

### North America

- Neutral net new business
- Strong comparable sales in schools boosted by higher volumes and price increases

+9.6%

### Europe

- Strong new business and comparable unit growth in France, boosted by the contribution of Yvelines Schools contract opened January FY2019
- 1 working day less in France

+13.2%

### Africa, Asia, Australia, Latin America & Middle East

- Strong growth in Schools in Asia driven by new business in China and Singapore and strong comparable unit growth in India

TOTAL  
+3.1%



# REVIEW OF OPERATIONS

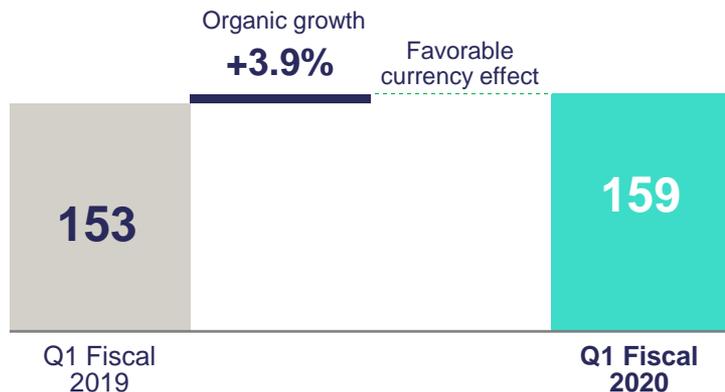
Benefits & Rewards  
Services revenues

**BRS**

# BRS REVENUES BY SERVICE LINE

## Employee Benefits

€ millions

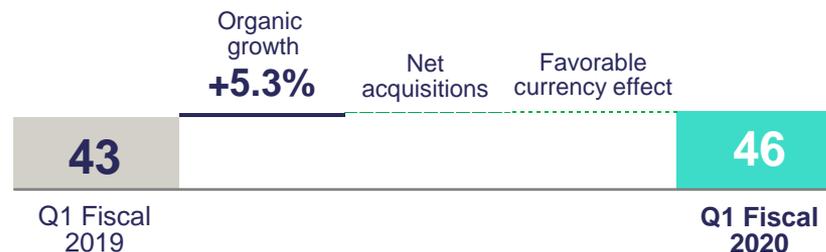


**Issue volume €3.4bn,  
+3.5% Organic growth**

- Strong growth in Europe
- Tough environment in Brazil

## Services diversification

€ millions

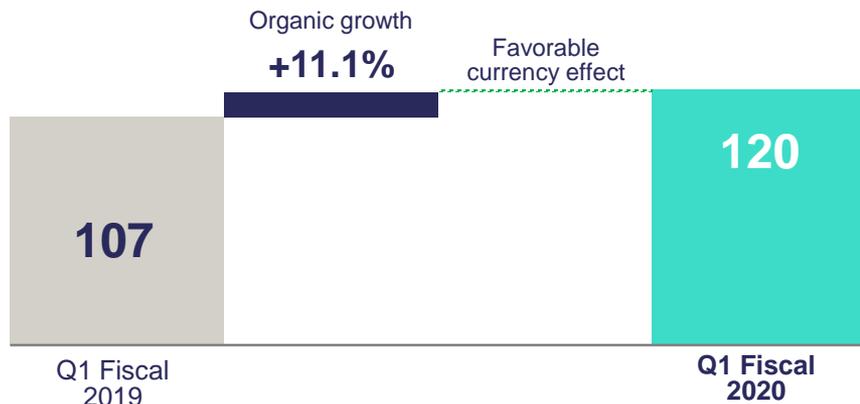


**+18.9% Organic growth excluding  
Incentive & Recognition (Portfolio rationalization)**

- Good momentum in Mobility & Expense
- Fast development in Corporate Health & Wellness

# BRS REVENUES BY REGION

## Europe, Asia, USA € millions



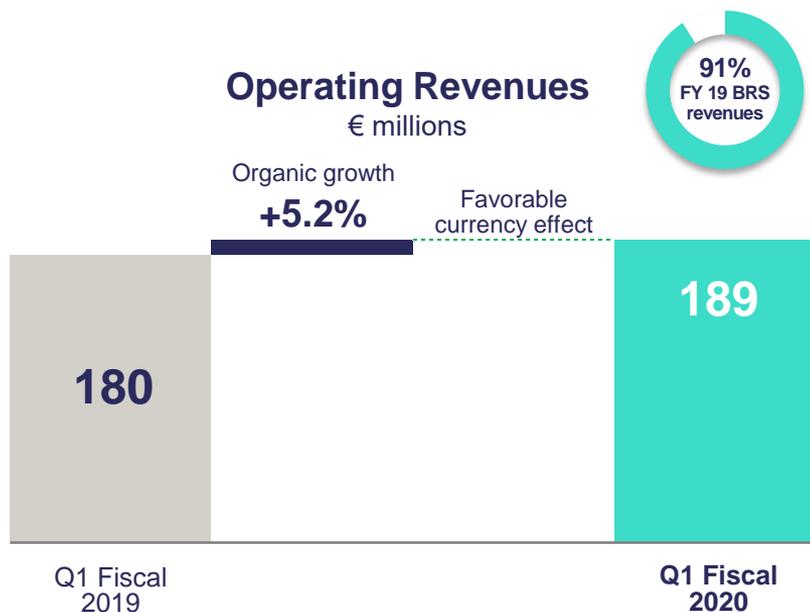
- Double-digit performance in the traditional benefits business through Europe
- Continued strong development in new services

## Latin America € millions

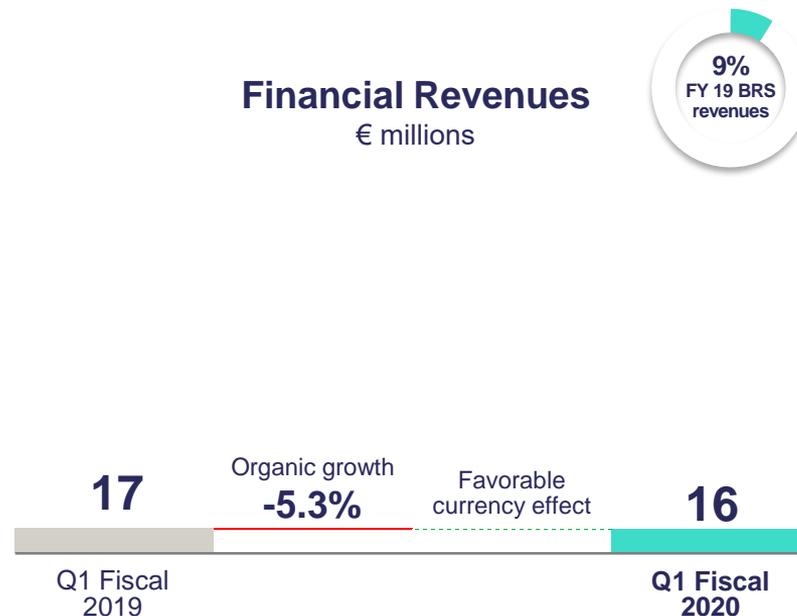


- Brazil impacted by unfavorable economic environment and strong competition
- Good momentum in Mexico and Chile

# BRS REVENUES BY NATURE

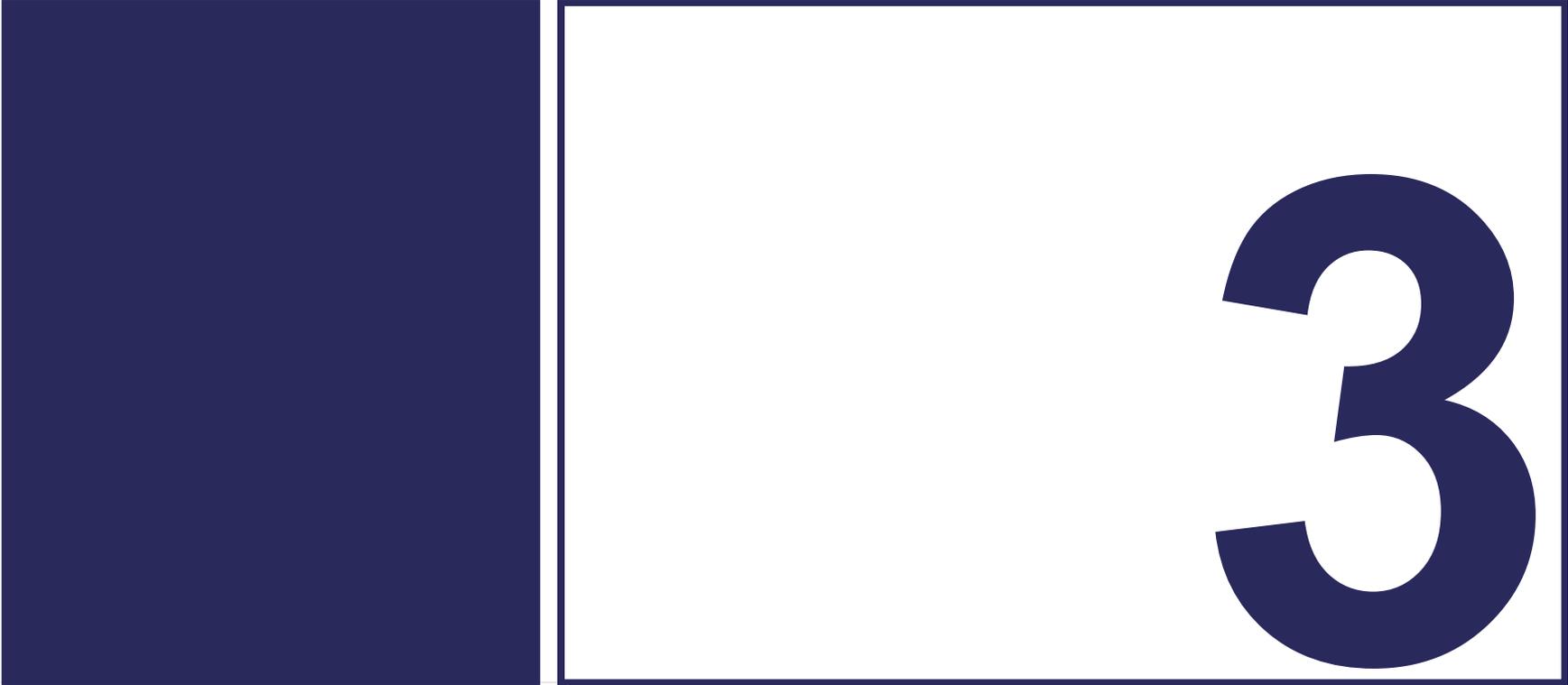


- Strong performance in Europe and the rest of Latin America
- Brazil impacted by unfavorable economic environment and strong competition



- Interest rates deteriorating in Brazil

# FOCUS ON GROWTH STRATEGIC AGENDA



3



STEP

# BEING CLIENT & CONSUMER CENTRIC



## Evolution in client & consumers needs



- Lack of space
- Co/Nomad working
- Challenging talent attraction and retention
- Fragmented consumption
- Healthy and trendy lifestyle

## New value proposition



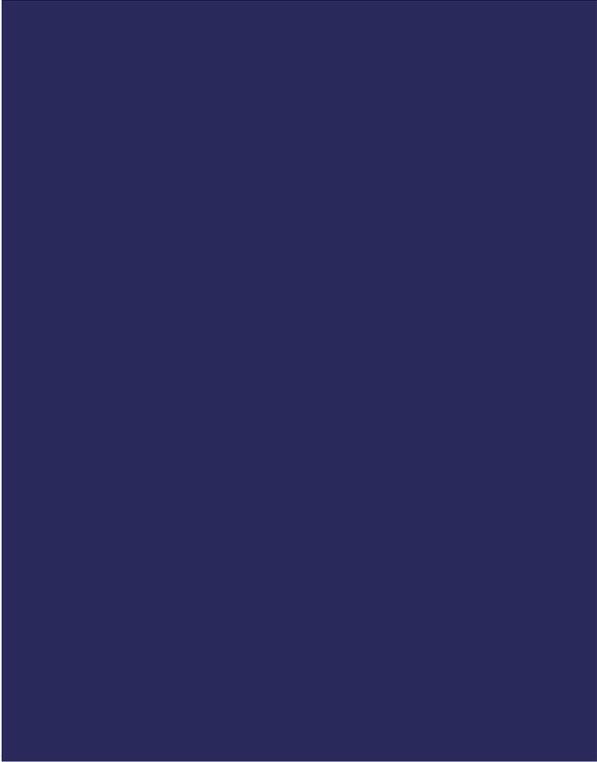
- Small, cosy and modular spaces
- Fresh, local and seasonal menus
- Enjoy officer
- SoHappy@Work
- Reception, conciergerie, room service, and all day dining

## New operating model



- No cooking onsite
- Leveraging underused nearby kitchens
- Optimizing logistics for reduced costs and lighter carbon footprint
- Recyclable disposables

# OUTLOOK



4

# FISCAL 2020 OBJECTIVES

## Outlook

- Healthcare North America contract exit and losses impact
- Education North America neutral new development
- Continued growth in developing economies
- Solid momentum in Europe
- Sports events in Japan should provide 100bps to organic growth

- Action plans delivering cost reduction
- Productivity reinvested in growth initiatives

**Organic revenue growth  
around 4%**

**(including  
major sports events)**

**Stable underlying  
operating profit margin**

(excluding currency effects  
and pre-IFRS 16)

**Q & A**

# APPENDICES



5

# APPENDICES

1. Contract wins and extensions
2. First quarter Fiscal 2020 Exchange rates
3. FY 2020 On Site services Inter-segment reclassifications
4. Alternative Performance Measures
5. Subsequent events
6. Financial calendar
7. Sodexo key figures
8. Investor Relations contacts

# CONTRACT WINS AND EXTENSIONS

Appendix 1

## Contract Wins



**RAF Museum**  
Sports & Leisure contract in the UK



**World Market Center in Las Vegas**  
Sports & Leisure contract in the US



**Victoria College**  
Education contract in the UK

## Contract Retention



**Procter & Gamble**  
Corporate contract in 67 countries



**University of Hawaii at Mānoa**  
Education contract in the US



**Fortescue Metals Group**  
Energy & Resources contract in Australia

## Contract Extensions



**Merck / MSD**  
Corporate contract in 30 countries



**Deloitte**  
Rydo contract in France and French Speaking Africa



**Nebraska Medicine**  
Healthcare contract in the US

# FIRST QUARTER FISCAL 2020 EXCHANGE RATES

Appendix 2

1€ =	AVERAGE RATE Q1 FISCAL 20	AVERAGE RATE Q1 FISCAL 19	AVERAGE RATE Q1 FISCAL 20 VS. Q1 FISCAL 19	CLOSING RATE AT 30/11/2019	CLOSING RATE AT 31/08/19	CLOSING RATE 30/11/19 VS. 31/08/19
U.S. Dollar	1.102	1.146	+4.1%	1.098	1.104	+0.5%
Pound Sterling	0.875	0.890	+1.7%	0.852	0.906	+6.3%
Brazilian Real	4.532	4.476	-1.2%	4.646	4.588	-1.2%

# FY 2020 ON SITE SERVICES INTER-SEGMENT RECLASSIFICATIONS

Appendix 3

Revenues (in millions of euros)	FY19			Q119			Q219			Q319			Q419		
	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU	B&A	HC	EDU
North America															
Europe	+221	-143	-78	+59	-36	-23	+56	-36	-20	+58	-35	-23	+48	-37	-11
Africa, Asia, Australia, Latam, Middle East	+17	-17		+4	-4		+4	-4		+4	-4		+5	-5	
<b>GROUP</b>	<b>+238</b>	<b>-160</b>	<b>-78</b>	<b>+63</b>	<b>-40</b>	<b>-23</b>	<b>+60</b>	<b>-40</b>	<b>-20</b>	<b>+62</b>	<b>-39</b>	<b>-23</b>	<b>+52</b>	<b>-41</b>	<b>-11</b>

Since the beginning of Fiscal 2020, in some European and Asian countries, contracts have been reallocated from Healthcare & Seniors and Education to Business & Administrations.

Given the low materiality of these changes, pro forma figures for FY 2019 are not required. The effects are detailed above. FY 2020 organic growth and variations in UOP margin will be adjusted to take into account such changes.

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 4

### Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally-delivered services issued by the Group (Benefits and Rewards Services activity) for beneficiaries on behalf of clients.

### 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 (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) 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 (or loss of control) 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 (or loss of control) 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 when the impact is significant.

As a result, for the calculation of organic growth, Argentine Peso figures for Q1 FY2020 and FY 2019, have been converted at the exchange rate of EUR 1 = ARS 65.789 vs. ARS 42.951 for Q1 FY 2019.

Starting FY19 Venezuela is accounted for using the equity method. Consequently Venezuela is no longer in revenue.

### Underlying Operating margin

The underlying operating profit margin corresponds to Underlying operating profit divided by revenues

### Underlying Operating margin at constant rate

The underlying operating profit margin at constant rate corresponds to Underlying operating profit divided by revenues, calculated by converting FY2020 figures at FY 2019 rates, except for countries with hyperinflationary economies.

### Underlying Net Profit

Underlying Net profit presents a net income excluding significant unusual and/or infrequent elements. Therefore, it corresponds to the Net Income Group share excluding Other Income and Expense and significant non-recurring elements in both Net Financial Expense and Income tax Expense.

## SUBSEQUENT EVENT: FRENCH COMPETITION AUTHORITY SANCTION OF €126M

Appendix 5

Sodexo acknowledges the decision made by the French Competition Authority on December 18, 2019 to sanction several meal voucher issuers for practices within this industry, including Sodexo Pass France. The fine of 126 million euro will become payable most probably in Q3 FY2020.

Sodexo firmly contests this decision which manifests a completely inaccurate appreciation of the alleged practices and of the market dynamics. Indeed, Sodexo refutes the anticompetitive nature of the information exchanges through the “Centrale de Règlement des Titres” (central remittance agency), which cannot be characterized as strategic. The allegation of market protection is equally unjustified considering, in particular, the arrival of several new players on the market. Consequently, Sodexo has decided to appeal Competition Authority’s decision

# FINANCIAL CALENDAR

## Appendix 6

<b>Fiscal 2019 Annual Shareholders Meeting</b>	<b>January 21, 2020</b>
<b>Ex-dividend date</b>	<b>January 30, 2020</b>
<b>Dividend record date</b>	<b>January 31, 2020</b>
<b>Dividend payment date</b>	<b>February 3, 2020</b>
<b>Fiscal 2020 1<sup>st</sup> half results</b>	<b>April 9, 2020</b>
<b>Fiscal 2020 nine month revenues</b>	<b>July 7, 2020</b>
<b>Fiscal 2020 Annual results</b>	<b>October 29, 2020</b>
<b>Fiscal 2020 Annual Shareholders Meeting</b>	<b>January 12, 2021</b>



These dates are purely indicative, and are subject to change without notice.  
Regular updates are available in the calendar on our website [www.sodexo.com](http://www.sodexo.com)

# SODEXO KEY FIGURES

Appendix 7



€22 bn revenues



470,000 employees



19<sup>th</sup> Largest private employer worldwide



100 million consumers served daily



67 countries



€15,8 bn market capitalization

January 8, 2020

- **Founded in 1966 by Pierre Bellon**
- **As at 31/08/2019**, Bellon S.A. holds 42.2% of capital (56.2% of voting rights)

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

**SAM**  
Sustainability Award  
Gold Class 2019

**FORTUNE**  
WORLD'S MOST  
**ADMIRED**  
COMPANIES 2019

DiversityInc  
**TOP 50**  
COMPANIES FOR  
DIVERSITY

  
FTSE4Good

 **OECD Better Life Index**

**INSTITUTE FOR QUALITY OF LIFE**  
sodexo

**CDP**  
MOVING SUSTAINABLE ECONOMIES

Strong Investment  
Grade S&P "A-/A-1"

# INVESTOR RELATIONS CONTACTS

Appendix 8

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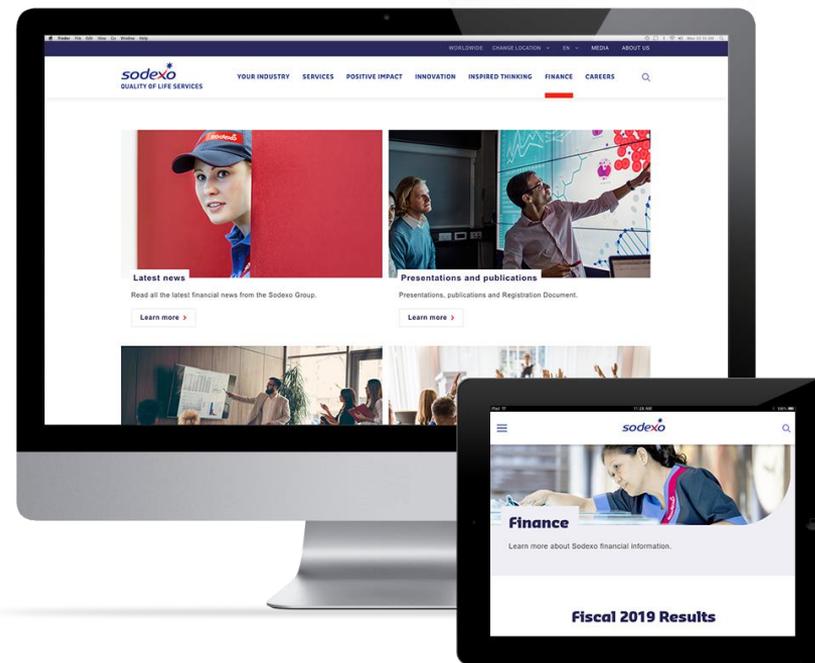
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**Thank You**