



# Fiscal 2020 First Half Results

April 9, 2020

# AGENDA

1. First Half Fiscal 2020 highlights
2. Financial Performance
3. Review of Operations
  - › On-Site Services
  - › Benefits & Rewards Services
4. COVID-19 update
5. Appendices

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

Please refer to Appendix 7 for Alternative Performance Measures definitions

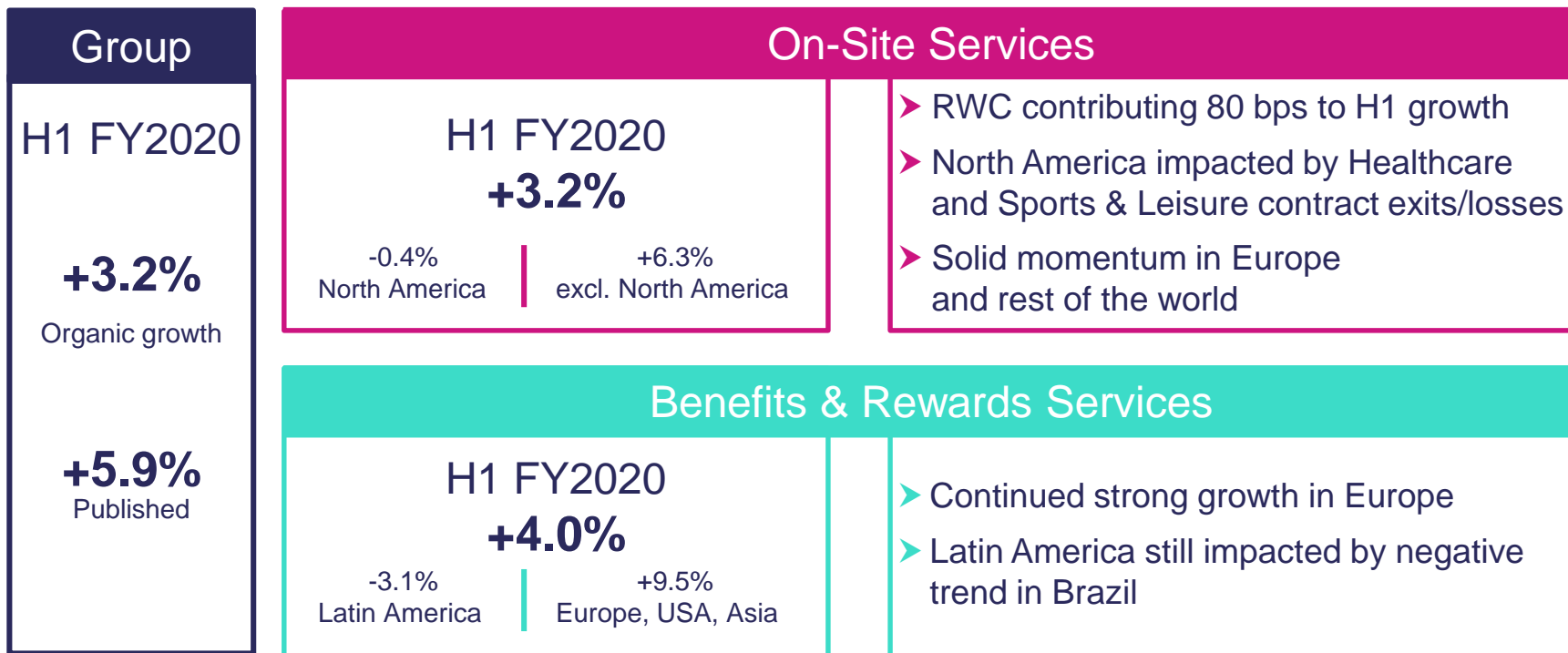
# FIRST HALF FISCAL 2020 HIGHLIGHTS



1

# H1 ORGANIC GROWTH IN LINE WITH EXPECTATIONS

## First Half Fiscal 2020 highlights

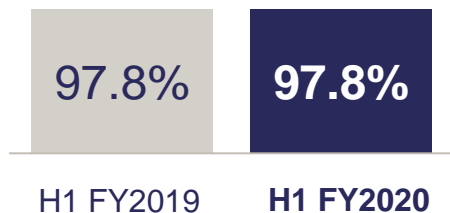


# OSS GROWTH INDICATORS

## First Half Fiscal 2020 highlights

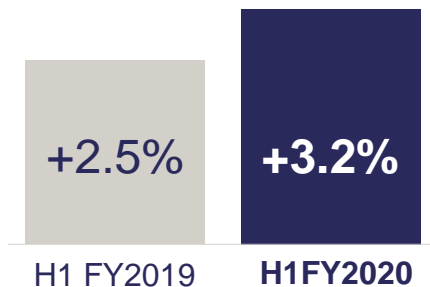
### Client retention

0 bps



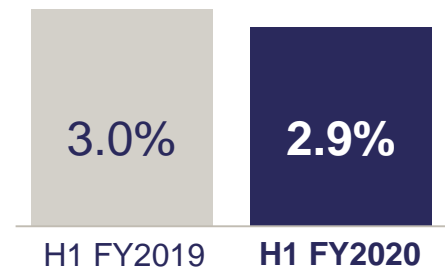
### Comparable unit growth

+70 bps



### Business development

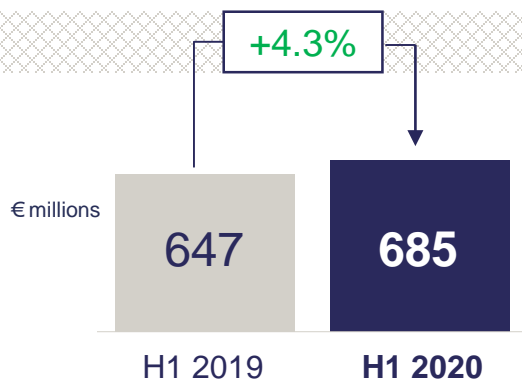
-10 bps



# STABLE UNDERLYING OPERATING PROFIT MARGIN

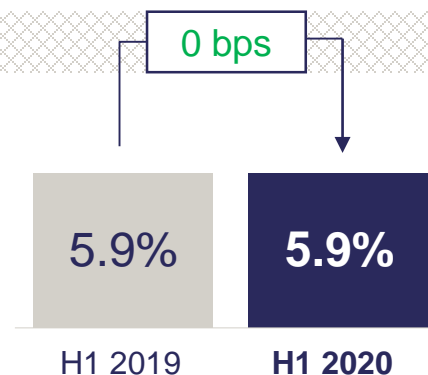
## First Half Fiscal 2020 highlights

### Underlying Operating Profit



At constant rates

### Underlying Operating Margin



At current rates

0 bps

# SOLID FINANCIALS

## First Half Fiscal 2020 highlights

### CAPEX up strongly

€268m

CAPEX

2.3%

CAPEX / REVENUES

### Solid Balance sheet

1.3

NET DEBT RATIO<sup>1</sup>

50%

GEARING

### Net Acquisitions

€13m

SPEND

+1.1% in H1

SCOPE CHANGE / REVENUES

### Seasonal cash generation

-€243m

FREE CASH FLOW

€2,623m

CASH IN BALANCE SHEET

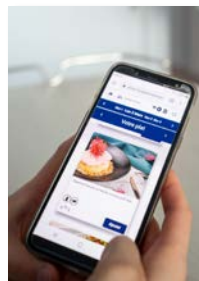
# A UNIQUE HOSPITALITY OFFER IN FRANCE

ELSAN, the 2<sup>nd</sup> largest private hospital group in France



- **A unique collaborative model** to ensure unequaled Quality of Life for all hospital stakeholders.
- **Innovative Foodservices, Retail Management and Infection control** for an optimized experience
  - › for patients and visitors: a personalized and multi-choice food service offer responding to new consumption patterns, with a digital ordering system and dedicated staff to order freely without time or space constraints
  - › for employees: new restaurant “*La Place du Marché*” with themed stalls to meet their time constraints and budget while providing variety of choice
  - › new retail spaces, open to all
    - 24/7 alternative self-service restaurant and shop for basic necessities and gifts
    - Renewed retail concept with quality food, press, books, gifts, etc.
  - › Infection control service, focused on patient comfort and fight against hospital acquired infections.

**78 private hospitals**  
After deployment,  
**7.2 million meals per year**  
**8-year contract**





# A HOLISTIC APPROACH TO HOSPITALITY FOR SUPER BOWL LIV

- **Tailored-made guest experiences** for 65,000 spectators in the stadium and 150,000 more in the fan zone at the Miami Beach Convention Center.
- **Ultra high-end experiences** in 167 suites and 7 all-inclusive clubs at the Miami Hard Rock Stadium.
- **Hosting a NFL press conference** for 200+ local and international media in attendance for game week.
- For the first time, a female chef **Dayanny de la Cruz** led the kitchen: **100 chefs** and **2,400 staff** members **10 kitchens**, including 2 mobile kitchens.
- **Top-quality food**, promoting latest F&B trends: plant-based burgers, authentic local cuisine and strengthened links with 40 local artisans, purveyors, and restaurants.
- **Implementing CSR initiatives**
  - › Reducing single-use plastic with 500,000 plastic cups removed
  - › Fighting food waste: composting of foodstuffs and converting waste oils into biofuels, surplus food donations to local Food Rescue missions.
  - › Teaming up with Ocean Conservancy® for seafood.



# FINANCIAL PERFORMANCE



2

# PERFORMANCE IN THE P&L

## First Half Fiscal 2020 Financial Performance, including IFRS16 for the first time\*

€ millions	H1 FY 2020	H1 FY 2019	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	11,692	11,045	5.9%	+4.3%
Underlying Operating profit	685	647	+5.9%	+4.3%
Underlying Operating margin	5.9%	5.9%	0 bps	0 bps
Other Operating income and expenses	(66)	(69)		
Operating profit	619	578	+7.2%	+5.5%
Net financial expense	(67)	(54)		
Effective tax rate	29.3%	28.8%		
Underlying net profit group share	424	413	+2.8%	+1.0%
Basic Underlying Earnings per Share	2.91	2.84	+2.6%	
Group net profit	378	364	+3.8%	+1.8%
Basic Earnings per Share	2.59	2.50	+3.7%	

# OTHER INCOME AND EXPENSES

## First Half Fiscal 2020 Financial Performance

€ millions	H1 FY 2020	H1 FY 2019
Other Operating income	5	3
Gains related to perimeter changes	2	3
Gains on changes of post-employment benefits	4	-
Other	-	-
Other operating expenses	(71)	(72)
Restructuring and rationalization costs	(33)	(19)
Acquisition related costs	(5)	(4)
Losses related to perimeter changes	(1)	-
Losses on changes of post-employment benefits	(2)	(3)
Amortization and impairment of client relationships and trademarks	(20)	(43)
Other	(11)	(2)
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>(66)</b>	<b>(69)</b>

# TRADITIONAL WEAKER CASH FLOW IN H1

First Half Fiscal 2020 Financial Performance, including IFRS16 for the first time\*

	FIRST-HALF FISCAL 2020			FIRST-HALF FISCAL 2019
	INCLUDING IFRS 16	IFRS16 IMPACT	EXCLUDING IFRS16	
<i>(€ millions)</i>				
Operating cash flow	791	(120)	672	648
Change in working capital excluding change in BRS financial assets <sup>1</sup>	(647)		(647)	(428)
IFRS 16 Leases outflow	(120)	+120	0	
Net capital expenditure	(268)		(268)	(205)
<b>FREE CASH FLOW</b>	<b>(243)</b>	<b>0</b>	<b>(243)</b>	<b>14</b>
Net acquisitions	(13)		(13)	(234)
Share buy-backs/ Treasury stock	(39)		(39)	12
Dividends paid to shareholders	(425)		(425)	(403)
Other changes (including scope and exchange rates)	(140)		(140)	32
<b>(INCREASE) / DECREASE IN NET DEBT since August 31</b>	<b>(860)</b>	<b>0</b>	<b>(860)</b>	<b>(579)</b>

<sup>1</sup> Excluding change in financial assets related to the Benefits and Rewards Services activity (+€104m in H1 Fiscal 2020 and +€55m in H1 Fiscal 2019).

Total change in working capital as reported in consolidated accounts: in H1 Fiscal 2020: €(543)m = €(647)m+ €104m and in H1 Fiscal 2019: €(373)m = €(428)m+ €55m

# ROBUST BALANCE SHEET AND RATIOS

## First Half Fiscal 2020 Financial Performance, including IFRS16 for the first time\*

€ millions	FEBRUARY 29, 2020	FEBRUARY 28, 2019		FEBRUARY 29, 2020	FEBRUARY 28, 2019
Non-current assets	10,949 <sup>1</sup>	9,147	Shareholders' equity	4,098	3,999
Current assets excluding cash	5,926	5,581	Non-controlling interests	48	46
Restricted cash Benefits & Rewards	563	577	Non-current liabilities	6,058	4,615
Financial assets Benefits & Rewards	426	458	Current liabilities	9,345	9,055
Cash	1,685	1,950			
<b>TOTAL ASSETS</b>	<b>19,549</b>	<b>17,714</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>19,549</b>	<b>17,714</b>

Operating cash totaled €2,623 million<sup>2</sup>, of which €2,246 million related to **Benefits & Rewards Services**

<sup>1</sup> Of which IFRS 16 1,397 million euro

<sup>2</sup> Cash – Bank overdrafts of €51m + Financial assets and restricted cash related to BRS activity

<sup>3</sup> New definition, see APM Appendix 7

### Excluding IFRS 16

Gross borrowings	4,697	4,753
Net debt	2,074	1,839
Gearing ratio	50%	45%
Net debt ratio <sup>3</sup> (net debt/Underlying EBITDA)	1.3	1.2

# REVIEW OF OPERATIONS

**On-site Services**

**Benefits & Rewards  
Services**

**3**

# SOLID GROWTH UP TO END OF FIRST HALF

## First Half Fiscal 2020 Financial Performance

REVENUE AT €11.7 bn

**TOTAL GROWTH**  
**+5.9%**

Currency effect  
**+1.6%**

Scope change  
**+1.1%**

**ORGANIC GROWTH**  
**+3.2%**

of which:

On-site Services  
**+3.2%**

Benefits & Rewards Services  
**+4.0%**

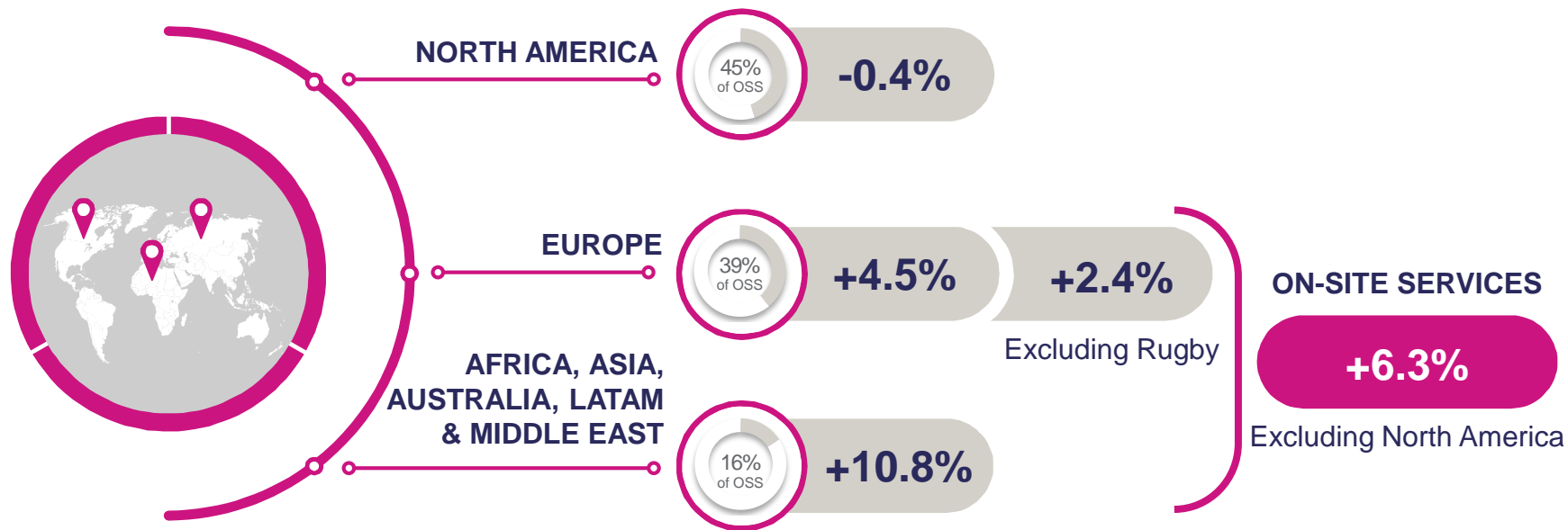


# REVIEW OF OPERATIONS

On-site Services  
revenues

OSS

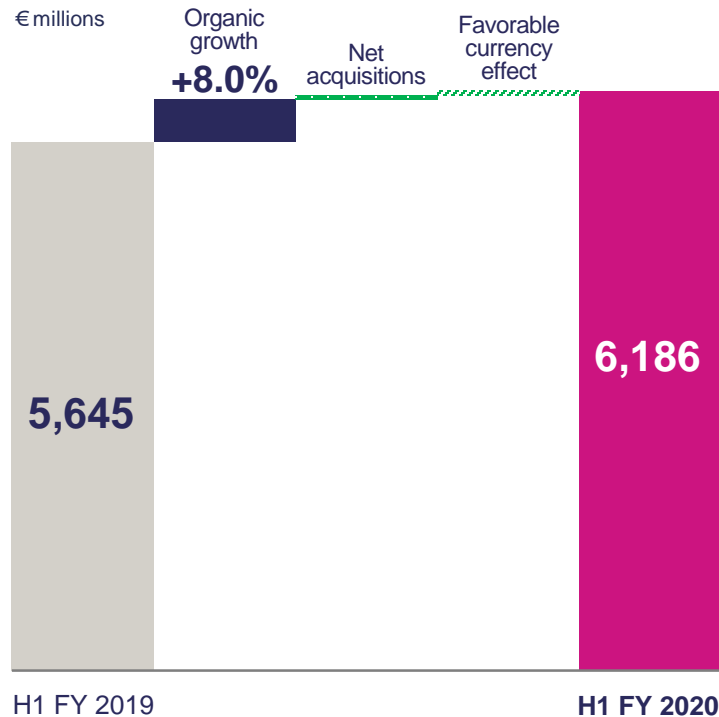
# OSS ORGANIC GROWTH BY REGION



# BUSINESS & ADMINISTRATIONS – REVENUES



## NON RESTATED ORGANIC GROWTH

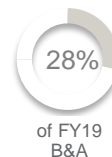


## RESTATED ORGANIC GROWTH<sup>1</sup>

1.8%

### North America

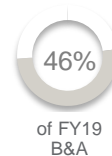
- Strong comparable unit growth in Corporate Services
- Good performance in G&A driven by improvement in US Marine Corps contract
- Contract start-ups compensating construction contract closures in E&R
- S&L impacted by Centerplate portfolio rationalization



+5.3%

### Europe

- RWC contribution in the 1<sup>st</sup> quarter consolidated in UK
- Corporate Services modest growth, mostly due to same site sales growth
- Strong improvement in G&A and Energy & Resources

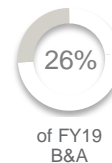


+2.3%  
exc. RWC

+10.7%

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

- Strong growth in Corporate Services driven by new business and comparable unit growth in Asia and LatAm
- Good growth in E&R lifted by strong momentum in mining



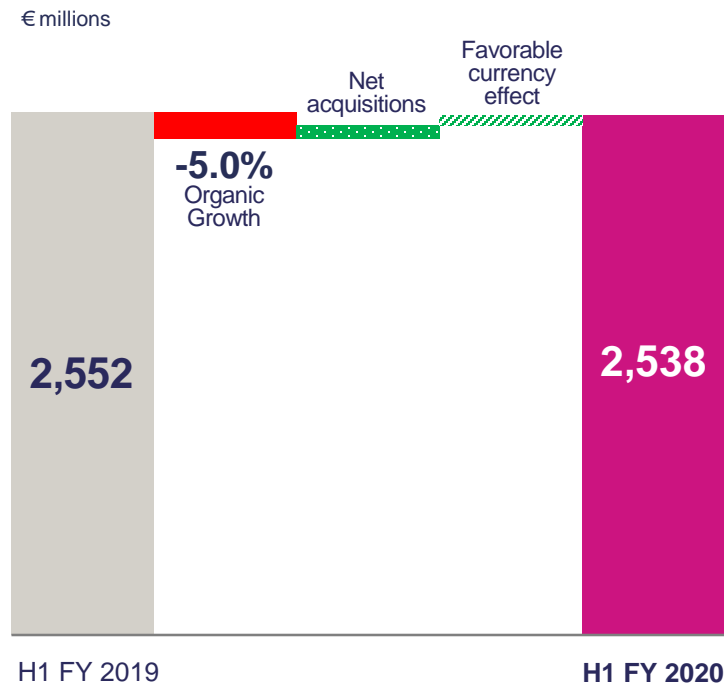
TOTAL  
+5.7%

# HEALTHCARE & SENIORS – REVENUES



## NON RESTATED ORGANIC GROWTH

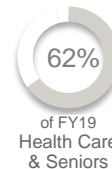
## RESTATED ORGANIC GROWTH<sup>1</sup>



-4,6%

### North America

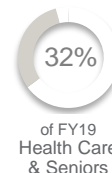
- Impact of contract exit and losses in Healthcare
- Selective development
- Seniors improving with a better comparable unit growth helped by cross-selling



+0.5%

### Europe

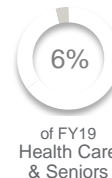
- Negative net new business
- Strong comparable unit growth rate
- Elsan contract signature at the end of the period



+15.4%

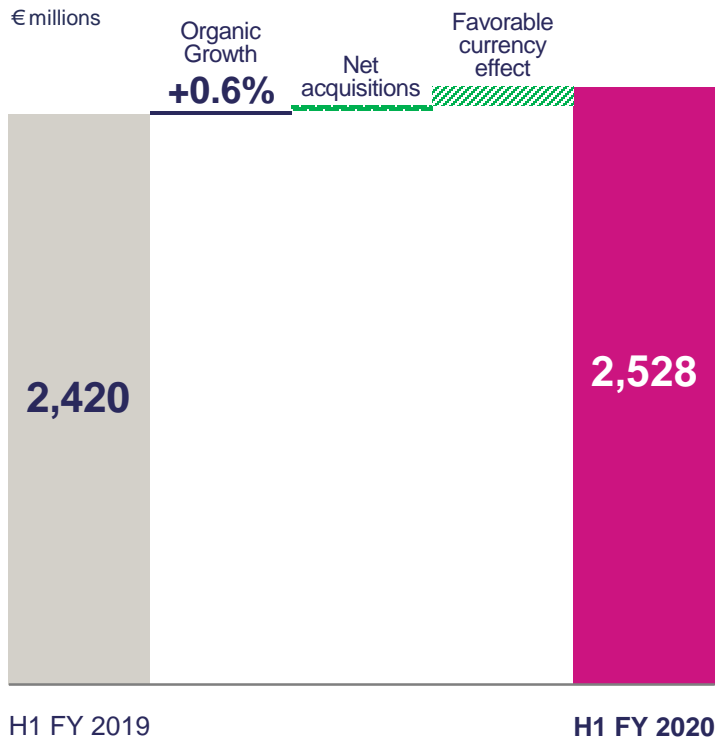
### Africa, Asia, Australia, Latin America & Middle East

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



TOTAL  
-2.0%

# EDUCATION – REVENUES

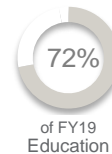


## RESTATED ORGANIC GROWTH<sup>1</sup>

**+1.4%**

### North America

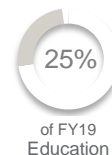
- Neutral net new business
- Strong comparable sales in schools boosted by higher volumes and price increases
- Inflation passed through but weaker volumes in Universities



**+5.9%**

### Europe

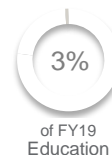
- Contribution of Yvelines Schools contract annualized in the comparable base
- Strikes in France
- 5 working days less in Italy, of which 3 due to COVID-19 crisis



**+3.6%**

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

- Strong growth in Schools in Asia in Q1
- Q2 impacted by Hong Kong student demonstrations and the closure in China of all schools and universities

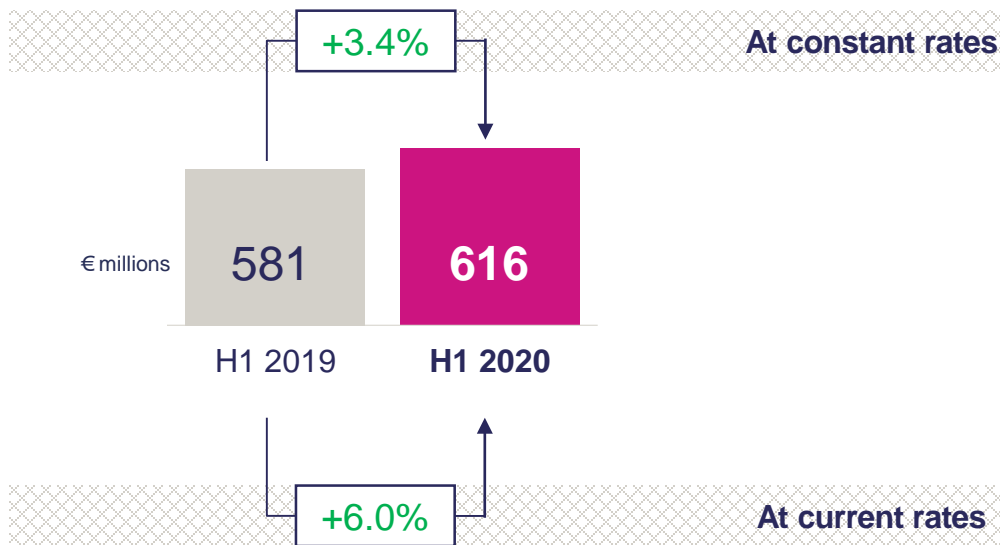


**TOTAL  
+2.4%**

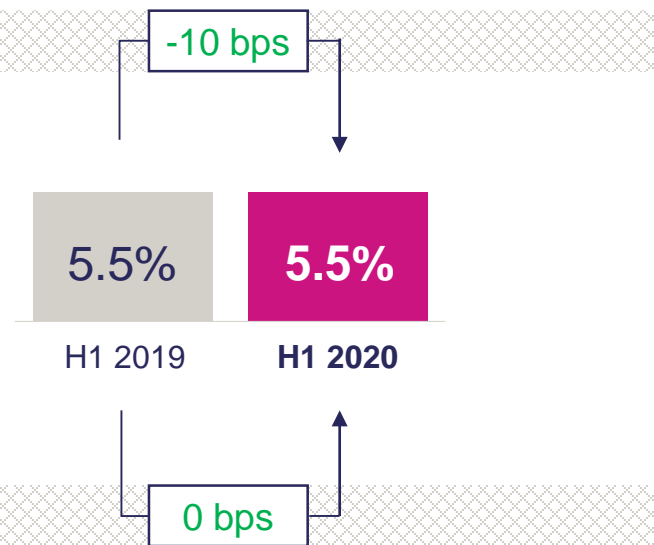
# OSS UOP MARGIN STABLE

## First Half Fiscal 2020 highlights

### Underlying Operating Profit



### Underlying Operating Margin



- Higher health benefit costs in USA impacting UOP by 14 bps

# OSS UOP BY SEGMENT

	H1 FY 2020	Variation Constant rate	
Business & Administration	€245m	+17.9%	<ul style="list-style-type: none"> <li>Strong growth in Europe, Asia and Latin America</li> <li>Improvement of underperforming contracts</li> <li>Health benefit costs impact of 8 bps</li> </ul>
	4.0%*	+30 bps	
Healthcare & Seniors	€160m	-3.8%	<ul style="list-style-type: none"> <li>Excluding increase in cost of health benefits, margin up 21 bps</li> <li>Productivity initiatives delivering</li> <li>Improving quality of signatures and mobilization of new contracts</li> </ul>
	6.3%*	=	
Education	€111m	-4.7%	<ul style="list-style-type: none"> <li>One third of reduction explained by increase in cost of health benefits</li> <li>Impact of strikes in France of circa 20 bps</li> <li>Despite good inflation passthrough, North America Universities impacted by lower meal plan volumes</li> </ul>
	8.4%*	-60 bps	

# REVIEW OF OPERATIONS

Benefits & Rewards  
Services results

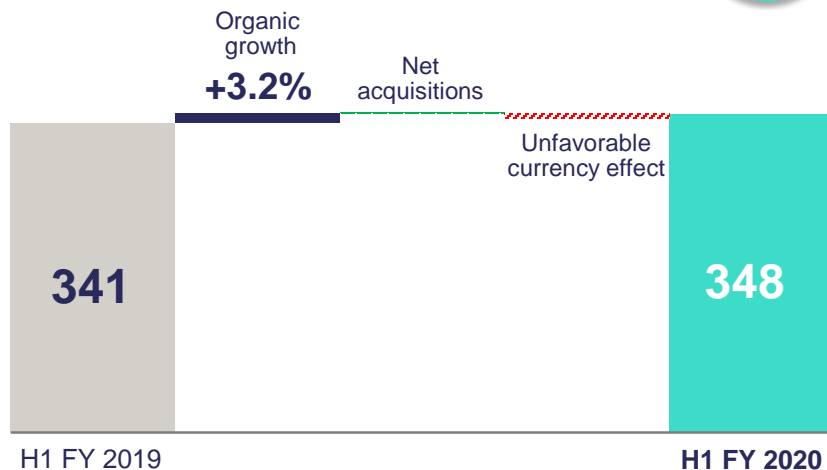
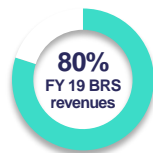
**BRS**



# BRS REVENUES BY SERVICE LINE

## Employee Benefits

€ millions

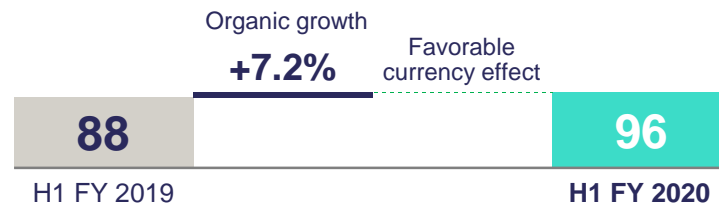
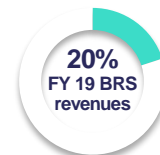


Issue volume **€6.9 bn,**  
**+5.2% Organic growth**

- Strong growth in Europe and Asia
- Tough environment in Brazil

## Services diversification

€ millions

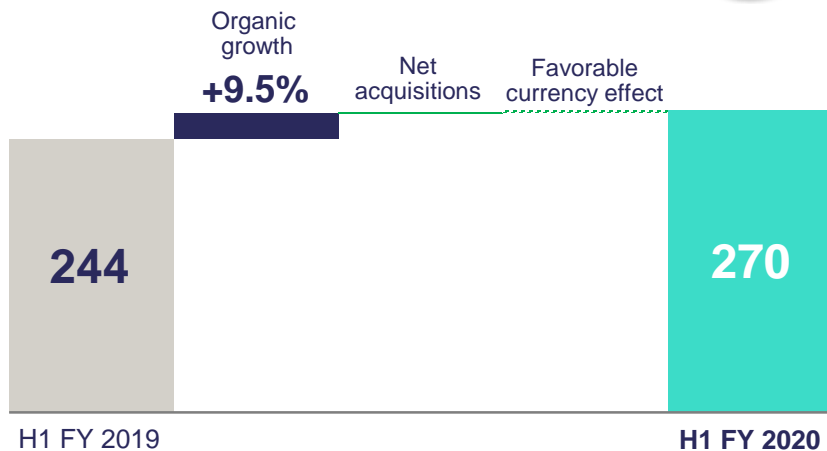


**+19.8% Organic growth excluding  
Incentive & Recognition (Portfolio rationalization)**

- 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 in most countries throughout Europe and Asia
- Continued strong development in new services

## Latin America € millions

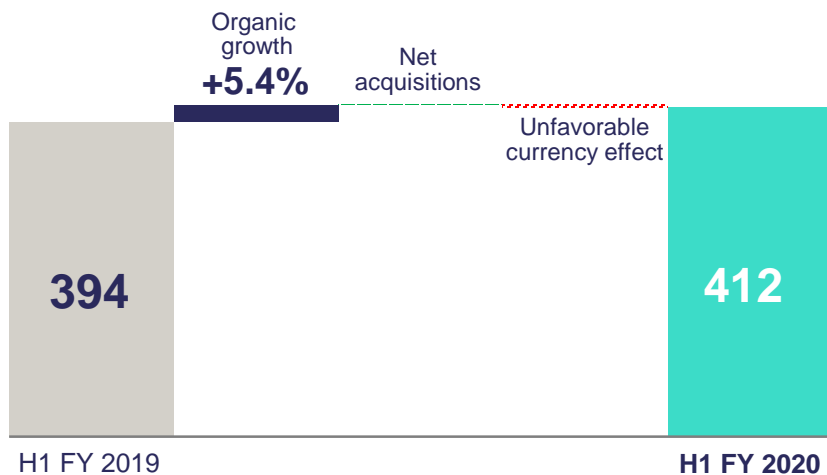
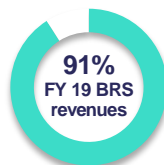


- Brazil impacted by unfavorable economic environment, falling rates and strong competition
- Double digit growth in the rest of Latin America

# BRS REVENUES BY NATURE

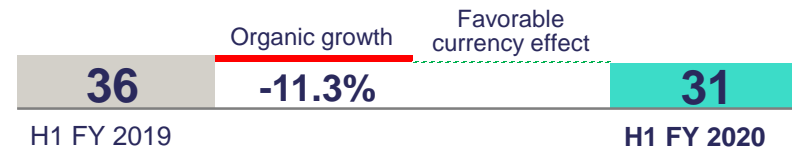
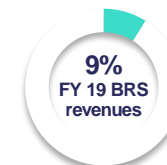
## Operating Revenues

€ millions



## Financial Revenues

€ millions

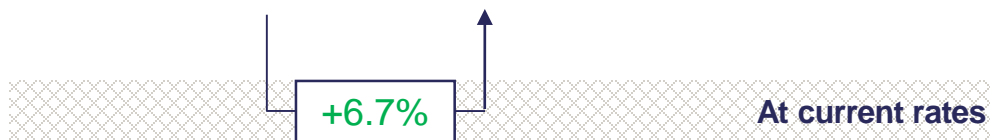
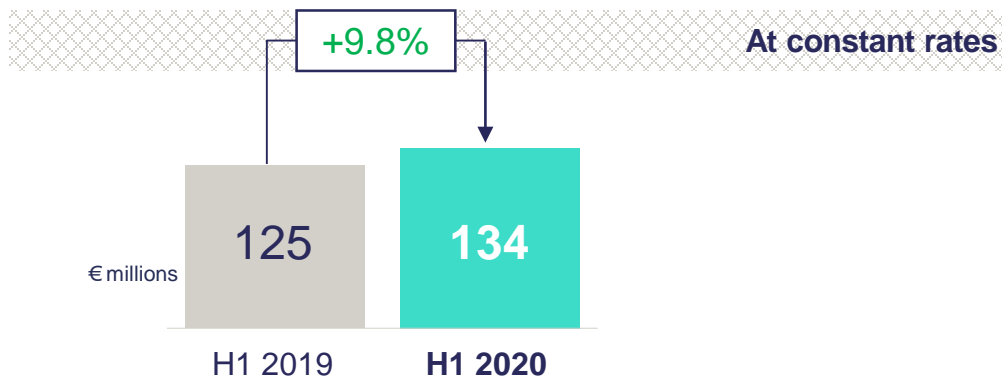


- Solid growth in issue volumes in most countries except Brazil

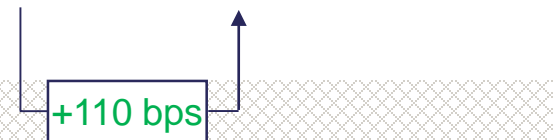
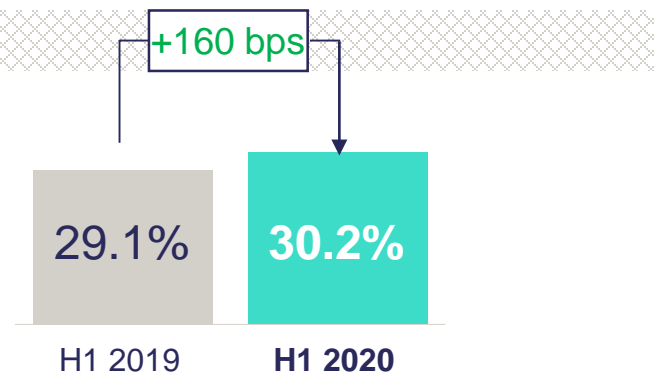
- Interest rates deteriorating in Brazil

# IMPROVEMENT IN BRS UOP MARGIN

## Underlying Operating Profit



## Underlying Operating Margin



# COVID-19 UPDATE



4

# FULLY MOBILIZED AGAINST COVID-19

Since the beginning of January, Sodexo is implementing all necessary actions

- 1. Secure the safety of our employees, our clients and consumers**
- 2. Ensure the business continuity of our operations**
- 3. Secure the sustainability of our company and our business, over the short and long term**



# FULLY MOBILIZED AGAINST COVID-19

## Secure the safety of our employees, our clients and consumers

Sodexo is coordinating globally, regionally and locally to support and protect its employees and consumers across all of its geographies.

- As **services experts**, we work closely with our clients to support them in this unprecedented crisis
- On all of our sites, whether in Corporate Services, Hospitals and retirement homes, Sodexo has implemented **exceptional measures** for food safety, personal hygiene and infection control in addition to social-distancing guidelines that all staff adhere to.  
*Examples: staggering meal times, implementation of take-away systems, setting up specific and simplified menus, priority given to paying by credit card and so on.*
- We have also **strengthened existing hygiene and food safety measures in the kitchen and all the areas where we provide our services**  
*Examples: provision of a disposable nurse's coat (in paper) for a daily change for the staff in retirement homes or the cleaning and even more regular disinfection of high traffic contact points.*

# FULLY MOBILIZED AGAINST COVID-19

Ensure the business continuity and secure the sustainability of our company

## Proactive workforce management

- Redeployment of people to high-demand sites whenever possible
- Leveraging government employment initiatives (e.g. Technical unemployment in most European countries)
- Optimizing vacation/unpaid leave...
- Strict limitation of temporary workers
- Termination as a last resort when all other options have been exhausted

## Strict management of our cash position

- Maintaining ongoing dialogue with clients on their financial health and keep them current in their payments
- Postpone capex/projects and M&A until further notice
- Daily monitoring of cash positions and outflows, full compliance of centralization in cash pool

## Supply chain monitoring

- Securing supplies of critical items such as Personal Protection Equipment
- Reduction of inventory levels where it makes sense
- Inventories transferred to active sites
- Increasing frequency of deliveries



# FULLY MOBILIZED AGAINST COVID-19

Ensure the business continuity and secure the sustainability of our company

## Strong execution and contract management

- Immediate mitigation plans (changes in services, Grab&go, etc.)
- Contract adaptation in line with evolving legislation
- Implementation of new services (disinfecting cleaning, human temperature monitoring) in compliance with HSE standards

## SG&A Control

- Delay non-critical projects
- Delay/cancel all variable non people related expenses
- Strict Travel and expenses ban
- Hiring freeze for population off- site
- Optimizing vacation/unpaid leave...

## Monitoring of authorities relief

- Direct and indirect taxes
- Social charges
- Employee relief funds
- Government sponsored financing

# COVID 19

Revenue reduction in H2 top line model as of April 9, 2020 (vs last year)

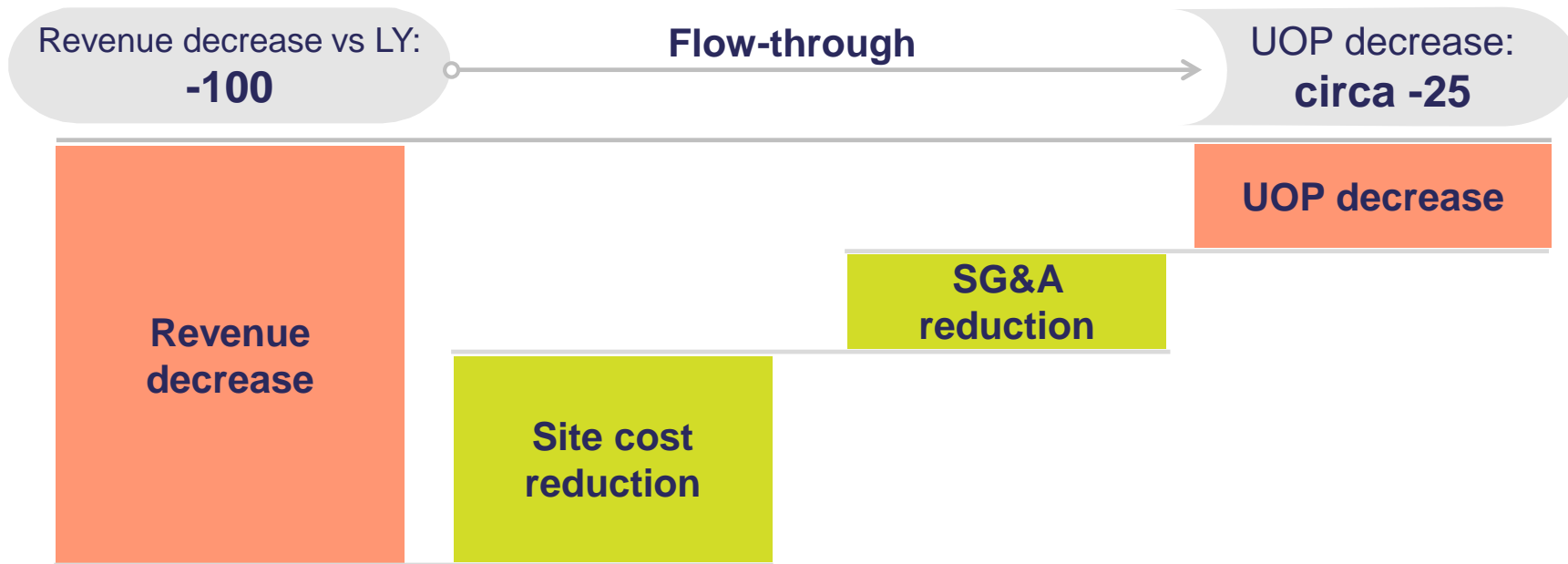
	Q3	Q4	H2
<b>Business &amp; Administrations</b>	<b>30%</b>	<b>15%</b>	<b>25%</b>
Of which Corporate Services	30%	10%	20%
Of which Sports & Leisure	85%	75%	80%
<b>Education</b>	<b>60%</b>	<b>40%</b>	<b>55%</b>
Of which Schools	70%	30%	55%
Of which Universities	60%	50%	55%
<b>Healthcare and Seniors</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>
<b>Benefits &amp; Rewards Services</b>	<b>20%</b>	<b>10%</b>	<b>15%</b>
<b>Group</b>	<b>33%</b>	<b>15%</b>	<b>25%</b>

**H2 Fiscal 2020 Revenue reduction  
versus last year in top-line model**

Between  
**-2.4 and -2.8**  
€ billion

# COVID 19

Flow-through hypothesis as of April 9, 2020 (vs last year)



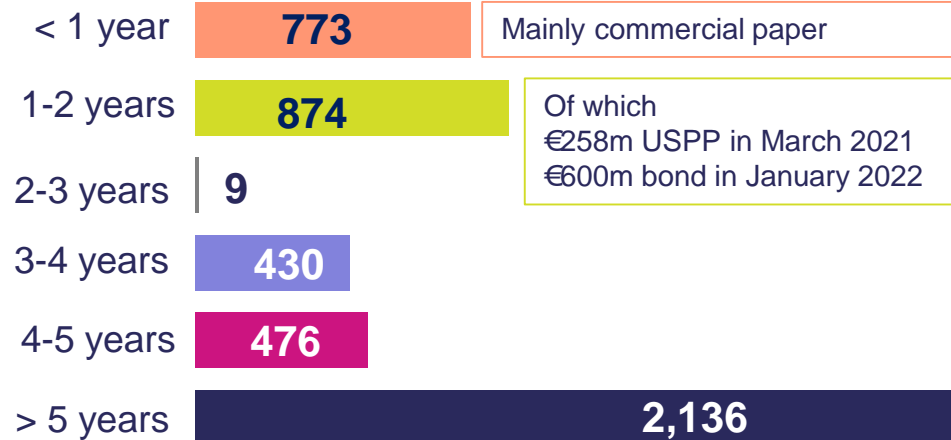
# SOLID FINANCING STRUCTURE

## Focus on cash as of 29/2/2020

- Gross Debt: €4.7 bn
- Cash position: €2.6 bn
- €1.8 bn of unused credit facilities
- Strong Investment Grade S&P “A-/A-1” negative outlook, confirmed on March 25, 2020

- Cash centralization within global cash pooling
- Worldwide daily cash positions monitoring
- Monitoring of client payment terms and overdues
- Capex and M&A delayed during crisis

## BY MATURITY



## COVENANTS (USPP only)

- USPP = \$1.5 bn
- 3.5x Net debt (excluding BRS restricted funds) / EBITDA ratio
- Net assets >€1.3 bn

# APPENDICES



5

# CONTRACT WINS AND EXTENSIONS

Appendix 1

## Contract Wins



### Tim Hortons Field

Sports & Leisure contract in Canada



### Quilter

Corporate contract in the UK



### Grupo HYCSA

Benefits & Rewards contract in Mexico

## Contract Retention



### KLM

Corporate contract in The Netherlands



### Naugatuck Schools

Education contract in the US



### Emory & Henry College

Education contract in the US

## Contract Extensions



### Bridgewater State

Education contract in the US



### PFIZER Manufacturing

Corporate contract in Ireland and Germany



### Elsan

Healthcare contract in France

# H1 FISCAL 2020 EXCHANGE RATES

## Appendix 2

1€=	AVERAGE RATE H1 FISCAL 20	AVERAGE RATE H1 FISCAL 19	AVERAGE RATE H1 FISCAL 20 VS. H1 FISCAL 19	CLOSING RATE FISCAL 19 AT 31/08/2019	CLOSING RATE H1 FISCAL 20 AT 29/02/2020	CLOSING RATE 29/02/20 VS. 31/08/19
U.S. Dollar	1.105	1.145	+3.7%	1.104	1.098	+0.5%
Pound Sterling	0.862	0.887	+2.9%	0.906	0.853	+6.2%
Brazilian Real	4.602	4.398	-4.4%	4.588	4.923	-6.8%

# BREAKDOWN OF GROSS FINANCIAL DEBT: €4,697M\*

Appendix 3

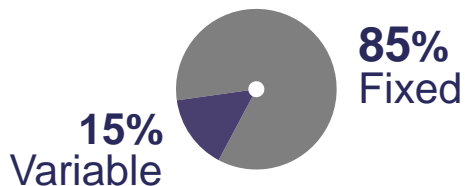
EXCLUDING IFRS16 LEASES

€ millions

## BY CURRENCY

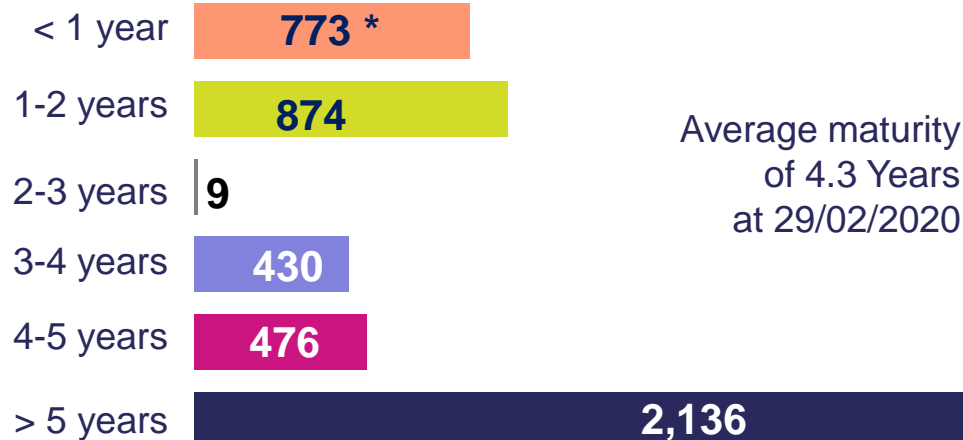


## INTEREST RATE



Blended cost of debt 2.2% at 29/02/2020

## BY MATURITY



**Strong Investment Grade S&P “A-/A-1” negative outlook, confirmed on March 25, 2020**



# NUMBER OF SHARES

## Appendix 4

<b>COMPANY'S SHARE CAPITAL</b>	<b>FEBRUARY 29, 2020</b>	AUGUST 31, 2019	FEBRUARY 28, 2019
Company's share capital, number of shares	147,454,887	147,454,887	147,454,887
Treasury shares	1,821,266	1,448,566	1,731,012
<b><i>Number of shares for EPS calculation</i></b> (Basic weighted average number of shares)	<b>145,868,679</b>	<b>145,721,534</b>	<b>145,647,702</b>

# FY2020 ON SITE SERVICES INTER-SEGMENT REVENUE RECLASSIFICATIONS

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.

# IFRS 16 “LEASES”

## New accounting standard applied in First Half Fiscal 2020

- Sodexo applied IFRS 16 from September 1, 2019 **with no restatement of comparative periods**, in accordance with the standard
- IAS 17 dual accounting model applicable to lessees\* replaced by a single model: all leases recognized on balance sheet, subject to limited exemptions
- Main transactions impacted: leases of property assets (primarily administrative buildings) and lease components included in concession agreements involving fixed payments
- Impact of the first-time application recognized on the opening balance sheet as of September 1, 2019: **+€1,495 million**
  - › Recognition of a lease liability, measured at the net present value of the fixed lease payments (including commission guarantees on concessions) over the lease term
  - › Recognition of a right-of-use asset for the same amount
  - › No impact on equity
- **Main impact on First Half Fiscal 2020** (detailed in the next page)
  - › **Insignificant impact on Underlying Operating Profit**
  - › **Additional interest expenses, impacting significantly the financial result**
  - › **No impact on cash flows other than the presentation of the statutory cash flow statement**

\* Until August 31, 2019, only finance leases were recognized on the balance sheet; operating leases were presented off-balance sheet.

# IFRS 16 “LEASES”

## Appendix 6

### Impact on First Half Fiscal 2020 Consolidated financial statements

#### Impact on P&L

€ millions	H1 FY 2020			H1 FY 2019
	Post-IFRS 16 (published)	IFRS 16 impact	Pre-IFRS 16	IAS 17
Underlying Operating profit	685	2	683	647
Net financial expense	(67)	(11)	(56)	(54)
PROFIT BEFORE TAX	556	(9)	565	526

- › Operating lease expense replaced from Fiscal 2020 by:
  - a depreciation of the right-of-use asset
  - an interest expense on the related lease liability
- › The impact on UOP corresponds to the difference between the fixed lease expenses cancelled and the depreciation of the right-of-use asset recognized

#### Impact on balance sheet

€ millions	SEPTEMBER 1, 2019	H1 FY 2020 change	FEBRUARY 29, 2020
Right-of-use assets	1,495	(98)	1,397
Lease liabilities	1,495	(91)	1,404

- › The right-of-use mainly relates to Sites and spaces operated under concession agreements, and to Land and buildings
- › As of February 29, 2020, the lease liabilities amount to 1,404 million euro, including 1,168 million euro in non-current lease liabilities and 237 million euro in current lease liabilities

#### Impact on statutory cash flow statement

€ millions	H1 FY 2020			H1 FY 2019
	Post-IFRS 16 (published)	IFRS 16 impact	Pre-IFRS 16	IAS 17
Net cash provided by Operating activities	248	120	128	275
Net cash used in Investing activities	(307)	-	(307)	(450)
Net cash provided by Financing activities	(14)	(120)	106	343
Change in Net cash and cash equivalents	(73)	-	(73)	169

- › No change in net cash flow, but change in presentation of the statutory cash flow statement
- › The operating lease payments previously presented in operating cash flows is partly reclassified as financing cash flows (repayments of the lease liability)

# IFRS 16 “LEASES”

## Appendix 6

### Impact on First Half Fiscal 2020 Alternative Performance Measures\*

The Group does not believe the new accounting treatment introduced by IFRS 16 modifies the operating nature of its lease transactions.

Accordingly, to ensure the Group's performance measures continue to best reflect its operating performance, the Group consider repayments of lease liabilities as operating items impacting the Free cash flow\*\*. Therefore, the Free cash flow presented for First Half Fiscal 2020 is prepared on a consistent basis compared to the First Half Fiscal 2019 Free cash flow.

Consistently, the lease liabilities are not included in Net debt (treated as operating items). However, additional information is provided hereafter to help comparison with similar indicators used by other groups.

#### Impact on APM

€ millions	H1 FY 2020	H1 FY 2019
<b>Free cash flow</b>	<b>(243) <sup>(1)</sup></b>	<b>14</b>
<b>Underlying EBITDA</b> (rolling 12-month)	<b>1,617 <sup>(2)</sup></b>	<b>1,495</b>
<b>Gross borrowings</b>	<b>4,697 <sup>(3)</sup></b>	<b>4,753</b>
<b>Net debt</b>	<b>2,074 <sup>(4)</sup></b>	<b>1,839</b>
<b>Gearing ratio</b>	<b>50% <sup>(5)</sup></b>	<b>45%</b>
<b>Net debt ratio</b> (net debt/Underlying EBITDA)	<b>1.3 <sup>(6)</sup></b>	<b>1.2</b>

- › Given the position above, the definition and calculation of most of our APMs remain unchanged
- › The implementation of IFRS16 and our position presented above has led us to revisit our EBITDA APM definition:
  - Underlying EBITDA corresponds to the UOP before depreciation and amortization but including the cash outflow of rents and is calculated on a rolling 12-month basis for the purpose of the computation of the Net debt ratio.
  - The Group's management believes that Underlying EBITDA provides readers a more relevant information as it is aligned with internal performance monitoring and more consistent with the market practice.
- › The table below provides information on what our APM would have been in H1 FY20, should we have considered lease transactions as a financing item instead of an operating item:

• <sup>(1)</sup> Free cash Flow:	(123)
• <sup>(2)</sup> Underlying EBITDA (Rolling 12-month):	1,748
• <sup>(3)</sup> Gross borrowings:	6,101
• <sup>(4)</sup> Net debt:	3,478
• <sup>(5)</sup> Gearing:	84%
• <sup>(6)</sup> Net debt ratio:	2.0

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 7

### Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted blended of financing rates on borrowings, (including derivative financial instruments) and cash pooling balances at period end.

### Free cash flow

Please refer to Cashflow position.

### Growth excluding currency effect

Change excluding currency effect calculated converting FY 2019 figures at FY 2018 rates, except when significant for countries with hyperinflationary economies.

As a result, for Argentine Peso figures for H1 FY2020 and H1 FY 2019, have been converted at the exchange rate of 1€ = 68.248 ARS vs 44,045 ARS for first half Fiscal 2019

### 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.

### Net debt

Net debt is defined as Group borrowing at the balance sheet date, less operating cash.

### 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 H1 FY2020 and H1 FY 2019, have been converted at the exchange rate of 1€ = 68.248 ARS vs 44,045 ARS for first half Fiscal 2019

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 7

### **Underlying Operating profit**

Operating profit excluding other operating income and other operating expenses. Other operating income and expenses include gains or losses related to perimeter changes and on changes of post-employment benefits, restructuring and rationalization costs, Acquisition related costs, amortization and impairment of client relationships and trademarks, impairment of goodwill and impairment of non-current assets.

### **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 H1 2019 figures at FY 2018 rates, except for countries with hyperinflationary economies.

### **Underlying Net profit per share**

Underlying Net profit per share presents the Underlying net profit divided by the average number of shares

### **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.

In H1 Fiscal 2020 and 2019, the Underlying net profit excludes from the Net Income Group share Other Income and Expenses and the related tax impact where applicable.

# APM - FINANCIAL RATIOS DEFINITIONS & RECONCILIATION

## Appendix 7

		H1 2020	H1 2019
<b>Gearing ratio</b>	Gross borrowings <sup>(1)</sup> – operating cash <sup>(2)</sup>		
	Shareholders' equity and non-controlling interests	50%	45%
<b>Net debt ratio</b>	Gross borrowings <sup>(1)</sup> – operating cash <sup>(2)</sup>		
	Rolling Underlying Earnings before Interest, Taxes, Depreciation and Amortization <sup>(3)</sup>	1.3	1.2
<b>(1) Gross borrowings</b>			
	Non-current borrowings	3,928	3,576
	+ current borrowings excluding overdrafts	796	1,189
	- derivative financial instruments recognized as assets	(27)	(13)
		<b>4,697</b>	<b>4,753</b>
<b>(2) Operating cash</b>			
	Cash and cash equivalents	1,685	1,950
	+ financial assets related to the Benefits and Rewards Services activity	989	1,035
	- bank overdrafts	(51)	(72)
		<b>2,623</b>	<b>2,914</b>
<b>(3) Rolling Underlying Earnings before Interest, Taxes, Depreciation and Amortization (Underlying EBITDA)</b>			
	Underlying operating profit (H2 Fiscal 2019 + HA Fiscal 2020)	1,237	1,148
	+ depreciation and amortization excluding IFRS 16 (H2 Fiscal 2019 + HA Fiscal 2020)	381	347
		<b>1,617</b>	<b>1,495</b>



# REVENUE BREAKDOWN

## Appendix 8

REVENUES BY SEGMENT (In millions of euro)	H1 FY20	H1 FY19	RESTATED ORGANIC GROWTH
Business & Administrations	6,186	5,645	5.7%
HealthCare & Seniors	2,538	2,552	-2.0%
Education	2,528	2,420	2.4%
<b>On-site Services</b>	<b>11,252</b>	<b>10,617</b>	<b>3.2%</b>
<b>Benefits &amp; Rewards Services</b>	<b>443</b>	<b>430</b>	<b>4.0%</b>
Elimination	-3	-2	
<b>TOTAL GROUP</b>	<b>11,692</b>	<b>11,045</b>	<b>3.2%</b>

ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
8.0%	0.6%	1.0%	9.6%
-5.0%	2.5%	2.0%	-0.5%
0.6%	0.9%	3.0%	4.5%
<b>3.2%</b>	<b>1.1%</b>	<b>1.7%</b>	<b>6.0%</b>
<b>4.0%</b>	<b>0.0%</b>	<b>-1.1%</b>	<b>3.0%</b>
<b>3.2%</b>	<b>1.1%</b>	<b>1.6%</b>	<b>5.9%</b>

# FINANCIAL CALENDAR

Appendix 10

---

**Fiscal 2020 nine month revenues** **July 7, 2020**

**Fiscal 2020 Annual results** **October 29, 2020**

**Fiscal 2020 Annual Shareholders Meeting** **January 12, 2021**

---



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 11



€22 bn revenues



470,000 employees



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



100 million consumers served daily



67 countries



€9.4 bn market capitalization

April 8, 2020

- **Founded in 1966 by Pierre Bellon**
- **As at 31/08/2019**, Bellon S.A. holds 42.2% of capital (56.7% 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  
**2019 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 12

## Head of Investor Relations

■ Virginia JEANSON

Tel: + 33 1 57 75 80 56

[virginia.jeanson@sodexo.com](mailto:virginia.jeanson@sodexo.com)

## Investor Relations Manager

■ Sarah JAMALI-KLEIN

Tel: + 33 1 57 75 83 68

[sarah.jamali@sodexo.com](mailto:sarah.jamali@sodexo.com)

## Investor Relations Coordinator

■ Cynthia CATTY

Tel: + 33 1 57 75 80 54

[cynthia.catty@sodexo.com](mailto:cynthia.catty@sodexo.com)

## Sodexo

255 Quai de la Bataille de Stalingrad

92130 Issy-Les-Moulineaux

Email: [communication.financiere@sodexo.com](mailto:communication.financiere@sodexo.com)

[www.sodexo.com](http://www.sodexo.com)

