



# Fiscal Year 2020 Results

October 29, 2020

# AGENDA

1. Fiscal 2020 highlights
2. Fiscal 2020 Financial performance
3. H2 Review of Operations
  - › On-Site Services
  - › Benefits & Rewards Services
4. Outlook

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

Please refer to Appendix 13 for Alternative Performance Measures definitions

# FISCAL 2020 HIGHLIGHTS



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# H2 BETTER THAN HYPOTHESES

H2 Fiscal 2020

	Hypotheses	Actuals
Organic revenue decline	-28%	<b>-27.5%</b>
Flow-through to UOP at constant rate	20 to 23%	<b>21.2%</b>
Free Cash Flow excluding USPP Makewhole	- €200M to + €200M	<b>+ €465M</b>

# IMPROVING TRENDS IN Q4

## H2 Fiscal 2020

	Actuals			
Revenue organic growth	Q3	Q3 Trend*	Q4	H2
Business & Administrations	-28.5%	-34%	-29.8%	-29.2%
Of which Corporate Services	-27%	-32%	-25%	-26%
Of which Sports & Leisure	-84%	-100%	-91%	-88%
Education	-53.9%	-65%	-35.7%	-47.2%
Of which Schools	-48%	-58%	-23%	-39%
Of which Universities	-59%	-71%	-48%	-55%
Healthcare & Seniors	-12.9%	-15%	-9.1%	-11.1%
<b>OSS</b>	<b>-30.1%</b>	<b>-36%</b>	<b>-25.4%</b>	<b>-27.8%</b>
<b>BRS</b>	<b>-22.8%</b>	<b>-27%</b>	<b>-15.1%</b>	<b>-18.8%</b>
<b>Group</b>	<b>-29.9%</b>	<b>-36%</b>	<b>-24.9%</b>	<b>-27.5%</b>

**H2  
Revenues**

**€-2.9 Bn**  
at constant rates

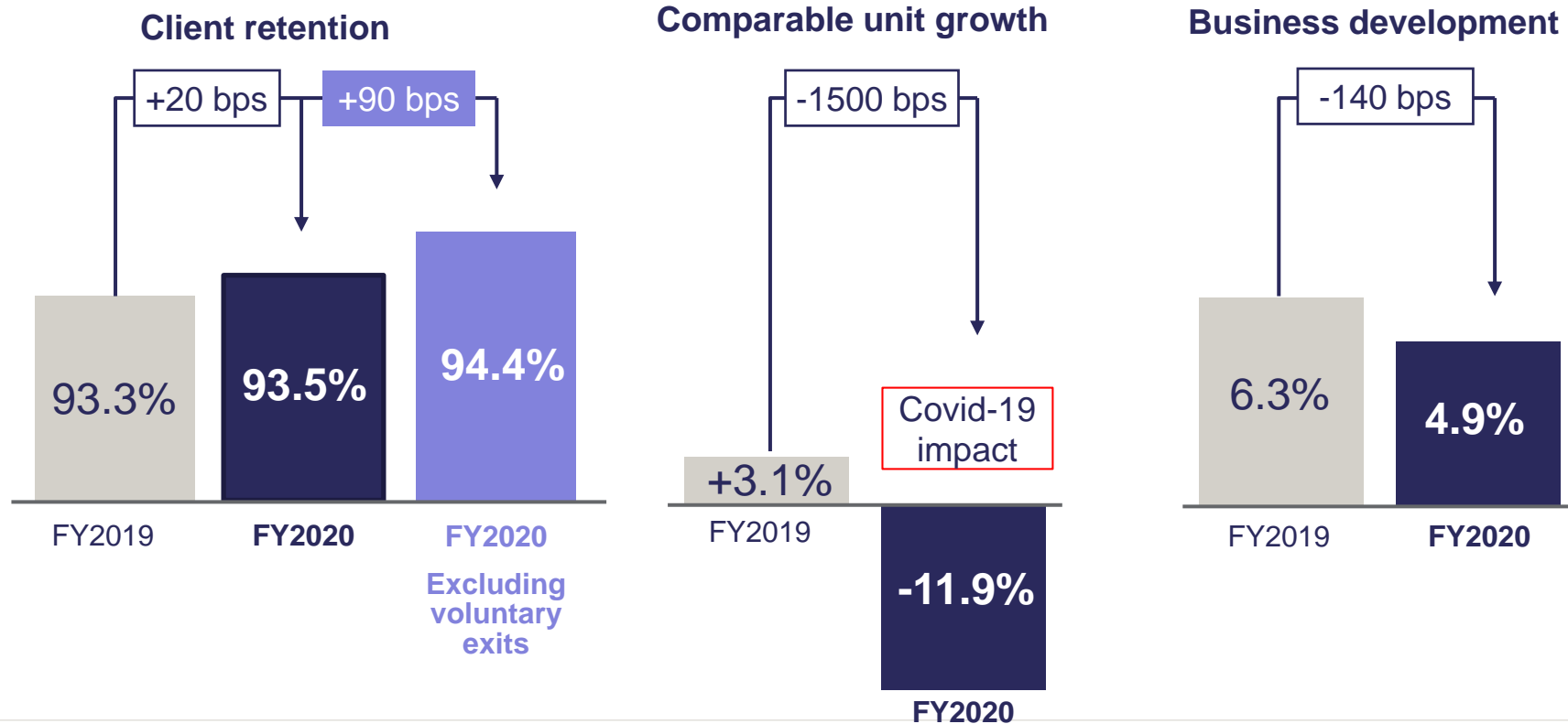
# FISCAL YEAR 2020 AT A GLANCE

## Fiscal 2020 highlights

	Organic Growth	Underlying Operating Margin	Constant rate
Group	-12.0%	2.9%	-240 bps
On-Site Services	-12.1%	2.6%	-240 bps
Benefits & Rewards Services	-7.8%	26.2%	-300 bps

# OSS GROWTH INDICATORS

## Fiscal 2020 highlights



# ENCOURAGING DYNAMIC IN RETENTION & DEVELOPMENT

## Fiscal 2020 highlights

**North America retention rate**

**+ 230 bps yoy**

**Gross Profit retention rate**

**95.7%**

**New signature margins**

**+50 bps**

**Corporate services cross selling**

**~ 2%**



# A NEW GLOBAL IFM PARTNERSHIP

Fiscal 2020 highlight

**5-year contract with one of the largest pharmaceutical leaders in the world**



**78 services**  
Foodservices,  
Hard FM, Soft FM

**60+ countries**  
in 5 continents

***Successful  
partnership built on  
a long-term  
relationship, focus on  
CSR and global FM  
expertise  
in this sector***

**130+ sites**  
corporate offices,  
manufacturing  
plants, R&D sites

From a **regional**  
to a **global**  
**agreement**

Successful  
**mobilization**  
during pandemic

Sustainability, D&I  
& well-being as  
**key components**  
of the offer



# STRONG CASH MANAGEMENT

## Fiscal 2020 highlights

### CAPEX reduced

€268m

H1

€125m

H2

### Net Debt lowered

€2.1bn

NET DEBT  
AT FEBRUARY FY20

€1.9bn

NET DEBT  
AT AUGUST FY20

### Net Acquisitions paused

€18m

FY20 SPEND

0.7%

FY20 SCOPE  
CHANGE / REVENUES

### Cash protected

+€315m +€465m

H2 FCF

H2 FCF  
Excluding USPP  
Makewhole

€5.1bn

LIQUIDITY  
AT YEAR END

# FISCAL 2020 FINANCIAL PERFORMANCE



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# H2 PERFORMANCE

## H2 Fiscal 2020

	At constant rates	Currencies impact	At current rates
H2 Revenue decline	(2,940)	(340)	(3,280)
Flow-through to UOP	21.2%		20.4%
Underlying Operating Profit	(74)	(42)	(116)

# P&L PERFORMANCE

## Fiscal 2020 Financial Performance

In million €	FY 2020	FY 2019	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	<b>19,321</b>	21,954	-12.0%	-11.2%
Underlying Operating profit	<b>569</b>	1,200	-52.6%	-49.6%
Underlying Operating margin	<b>2.9%</b>	5.5%	-260 bps	-240 bps
Other Operating income and expenses	<b>(503)</b>	(141)		
Operating profit	<b>65</b>	1,059	-93.8%	-91.1%
Net financial expense	<b>(291)</b>	(100)		
Tax charge	<b>(98)**</b>	(277)**		
<b>Group net profit</b>	<b>(315)</b>	665		
<b>Basic Earnings per Share (€)</b>	<b>(2.16)</b>	4.56		
<b>Underlying net profit</b>	<b>306</b>	765	-60.1%	-57.1%
<b>Basic Underlying Earnings per Share (€)</b>	<b>2.10</b>	5.25	-60.1%	

# OTHER INCOME AND EXPENSES

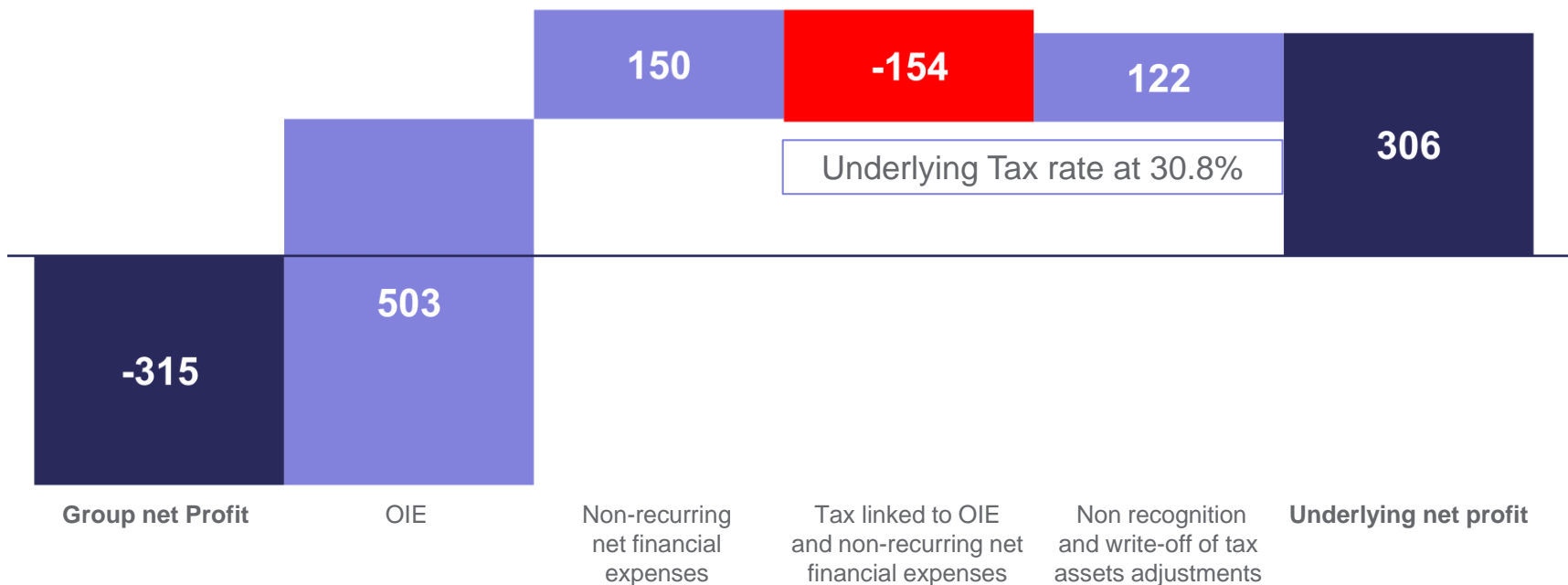
## Fiscal 2020 Financial Performance

In million €	H1FY20	H2FY20	FY20	FY19
<b>Other Operating income</b>	5	2	7	11
Gains related to perimeter changes	2		2	9
Gains on changes of post-employment benefits	4	(2)	2	1
Other	-	3	3	1
<b>Other operating expenses</b>	(71)	(439)	(510)	(152)
Restructuring and rationalization costs	(33)	(158)	(191)	(46)
Acquisition related costs	(5)	(4)	(9)	(11)
Losses related to consolidation scope	(1)	(13)	(14)	-
Losses on changes of post-employment benefits	(2)	(2)	(4)	(4)
Amortization and impairment of acquired intangible assets	(20)	(253)	(273)	(85)
Impairment of non-current assets	-	-	-	-
Other	(11)	(8)	(19)	(6)
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>(66)</b>	<b>(437)</b>	<b>(503)</b>	<b>(141)</b>

# UNDERLYING GROUP NET PROFIT BRIDGE

## Fiscal 2020 Financial Performance

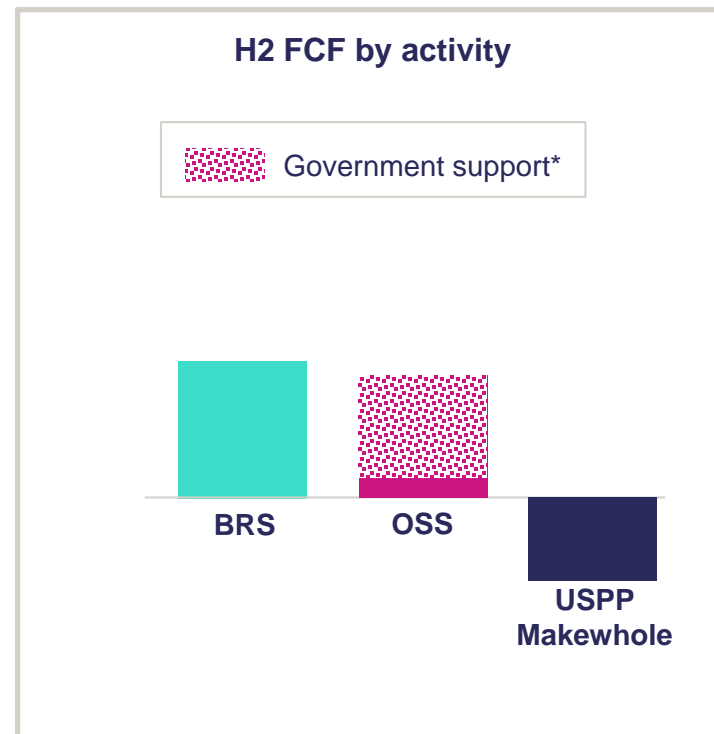
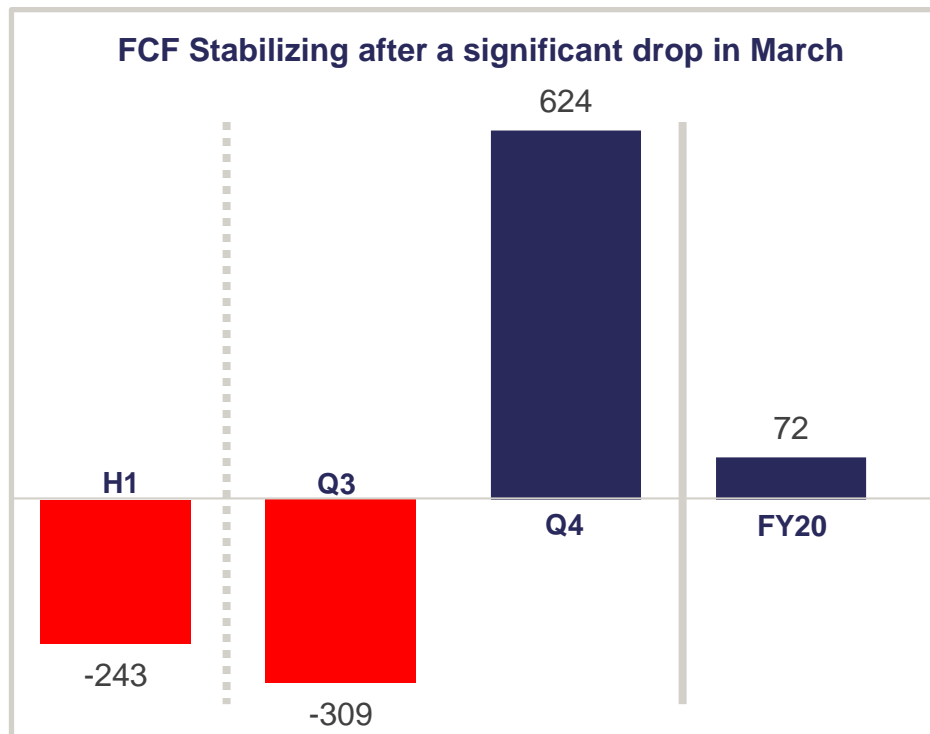
In million €



# A RESILIENT CASH GENERATIVE BUSINESS MODEL

## Fiscal 2020 Financial Performance

In million €





# ROBUST CASH FLOW

## Fiscal 2020 Financial Performance

In million €	H1FY20	H2FY20	FY20	FY19
Operating cash flow	791	(122)	670	1,139
Change in working capital <sup>1</sup>	(647)	702	55	182
IFRS 16 Leases outflow	(120)	(140)	(260)	-
Net capital expenditure	(268)	(125)	(393)	(415)
<b>Free cash flow</b>	(243)	315	72	907
Net acquisitions	(13)	(5)	(18)	(301)
Share buy-backs/ Treasury stock	(39)	-	(39)	(7)
Dividends paid to parent company shareholders	(425)	-	(425)	(403)
Other changes (including change in Financial Assets, scope and exchange rates)	(140)	(105)	(245)	(150)
<b>(Increase)/decrease in net debt</b>	(860)	205	(655)	47

<sup>1</sup> Excluding change in financial assets related to the Benefits & Rewards Services activity (€(93)m in Fiscal 2020 and €(53)m in Fiscal 2019).

Total change in working capital as reported in consolidated accounts: in Fiscal 2020: €(38)m = €55m + €(93) and Fiscal 2019: €129m = €182m+ €(53)m

Please note that FY2019 figures are not restated for the IFRS 16 impact

# ROBUST BALANCE SHEET AND RATIOS

## Fiscal 2020 Financial Performance

In million €	AUGUST 31, 2020	AUGUST 31, 2019		AUGUST 31, 2020	AUGUST 31, 2019
Non-current assets	9,730	9,455	Shareholders' equity	2,758 <sup>2</sup>	4,456
Current assets excluding cash	4,493	5,111	Non-controlling interests	15	42
Restricted cash	770	678	Non-current liabilities	6,834	4,722
Benefits & Rewards			Current liabilities	7,745	8,247
Financial assets	333	442			
Benefits & Rewards					
Cash	2,027	1,781			
<b>TOTAL ASSETS</b>	<b>17,353</b>	<b>17,467</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17,353</b>	<b>17,467</b>
			Gross borrowings	4,992	4,079
			Net debt	1,868	1,213
			Gearing ratio	67%	27%
			Net debt ratio (net debt/EBITDA)	2.1	0.8

Operating cash totaled **€3,124 million<sup>1</sup>**, of which **€2,082 million** related to **Benefits & Rewards Services**

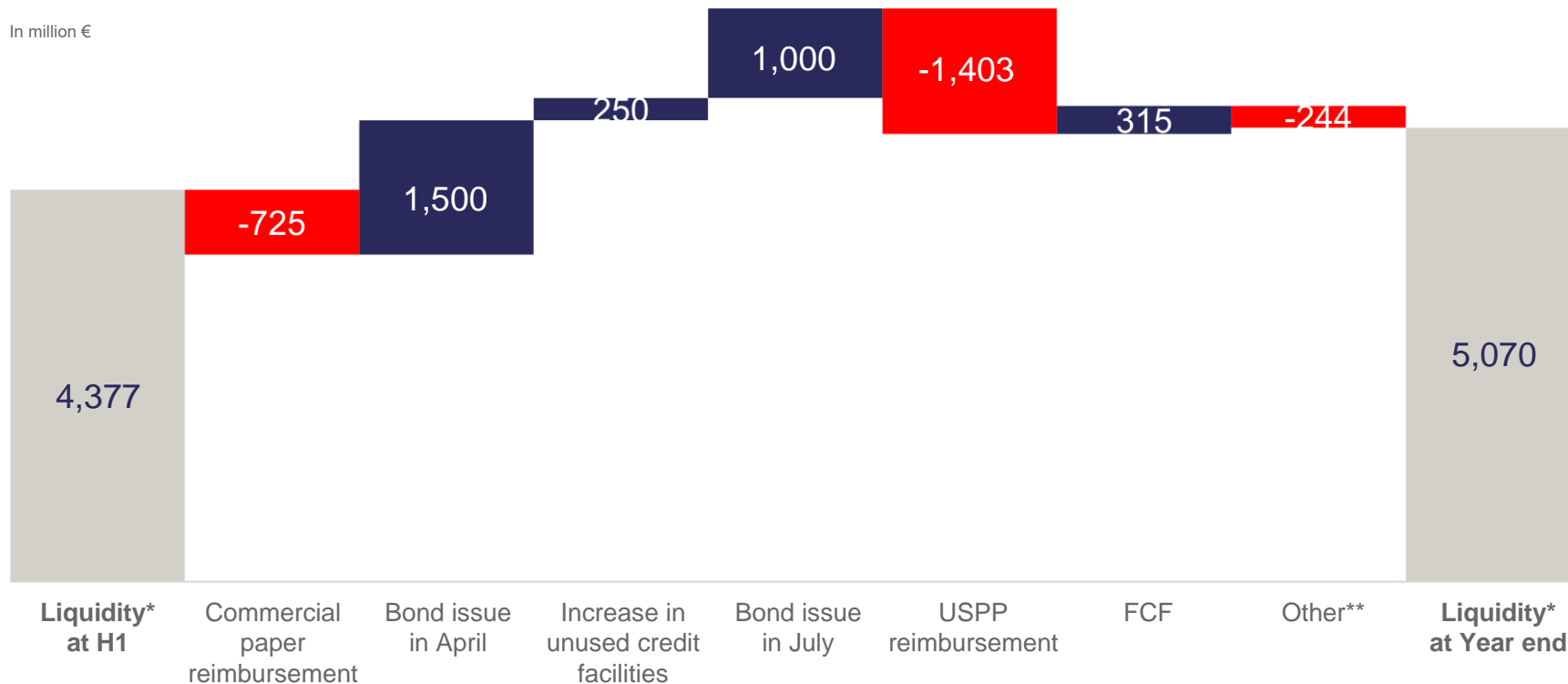
<sup>1</sup> Cash – Bank overdrafts of €6m + Financial assets related to BRS activity

<sup>2</sup> The change in shareholders equity is mainly due to impact of currencies (mainly Brazilian Real and US Dollar) as well as the reevaluation of certain financial assets due to IFRS 9

# LIQUIDITY EVOLUTION SINCE FIRST HALF

## Fiscal 2020 Financial Performance

In million €



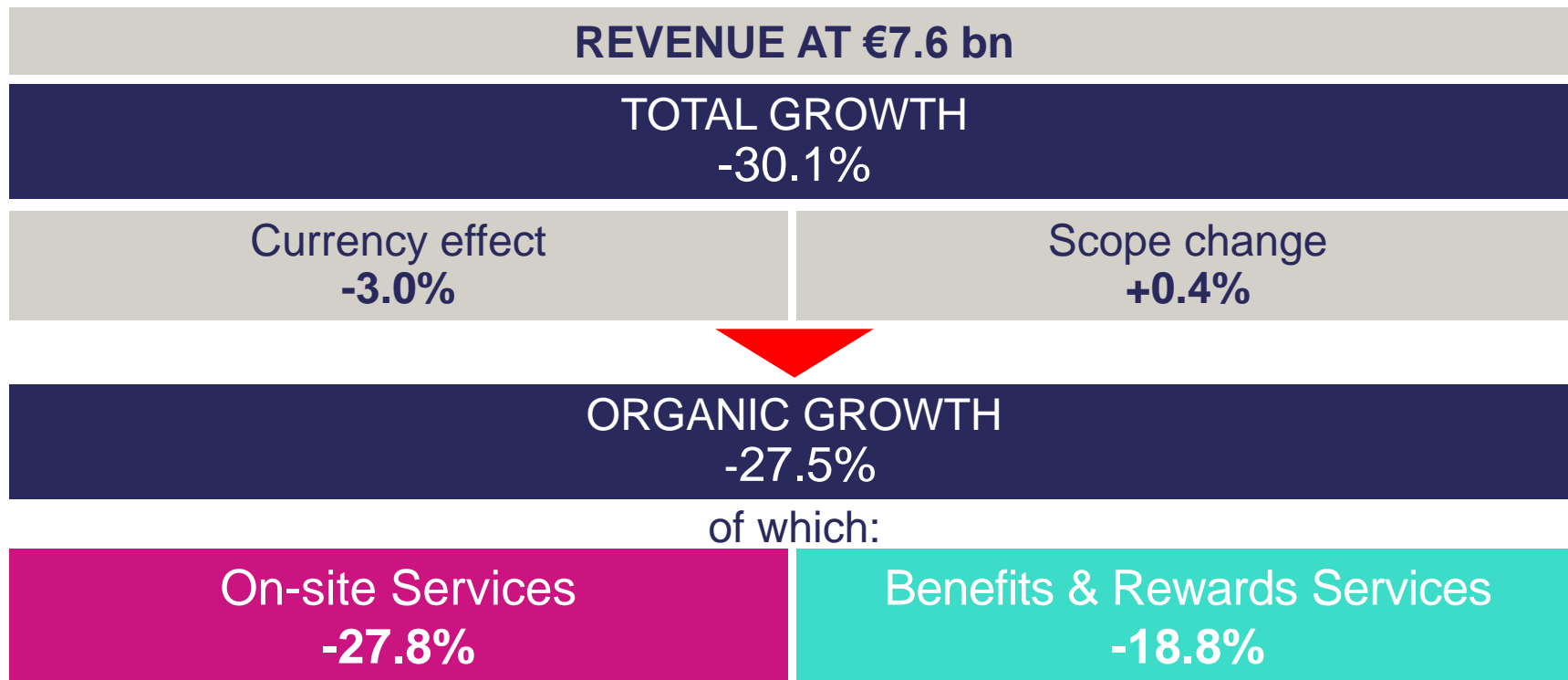
## H2 REVIEW OF OPERATIONS

- › On-Site Services
- › Benefits & Rewards Services

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# H2 DECLINE DUE TO COVID-19 IMPACT

## H2 Review of operations



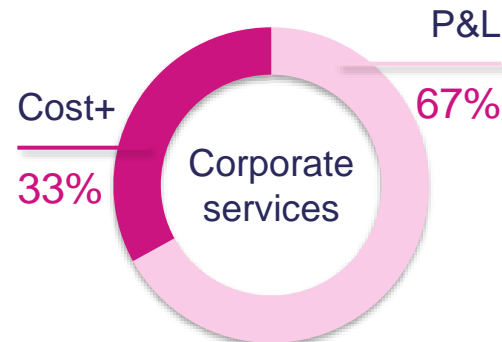
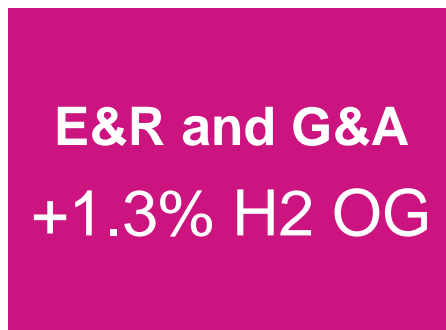
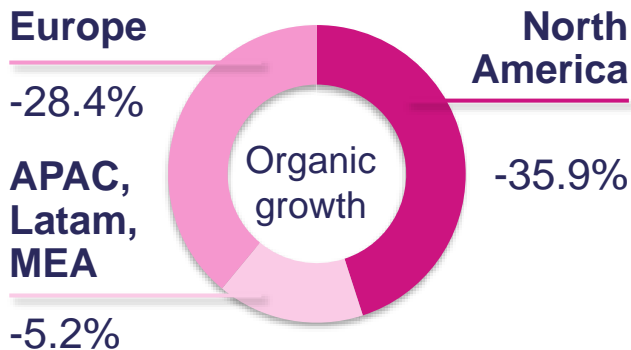
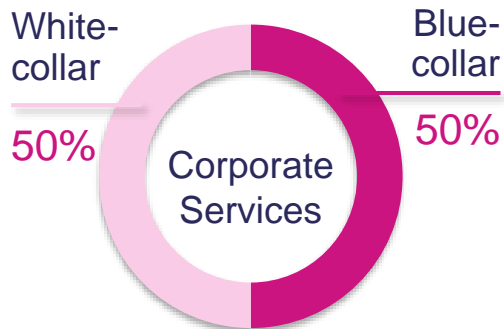
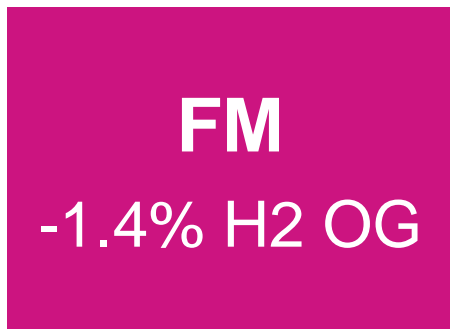
## H2 REVIEW OF OPERATIONS

On-site Services

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# ON-SITE SERVICES LEVERS OF RESILIENCE

## H2 Review of operations



# ON-SITE SERVICES OPERATIONAL PERFORMANCE

## H2 Review of operations

	Restated* Organic Growth	Underlying Operating Margin
Business & Administrations	-29.2%	-3.3%
Healthcare & Seniors	-11.1%	5.8%
Education	-47.2%	-14.3%
<b>ON-SITE SERVICES TOTAL</b>	<b>-27.8%</b>	<b>-1.9%</b>



# H2 BUSINESS & ADMINISTRATION OPERATIONAL PERFORMANCE

## Review of operations

	<b>Business &amp; Administrations</b>
<b>RESTATED* ORGANIC GROWTH</b>	<b>-29.2%</b>
North America	-48.5%
Europe	-31.6%
Asia-Pacific, Latam, Middle East	-3.4%
<b>UNDERLYING OPERATING MARGIN</b>	<b>-3.3%</b>
Variation vs FY19 at constant rate	-760 bps

### Corporate Services

- Severe decline in food revenues attenuated by
  - FM and Food services mix
  - Exposure to Global Strategic Accounts
  - 50/50 mix white and blue-collar consumers.
- Working From Home remained in place in North America and many European countries.

### Sports & Leisure

- Sharp decline due to the complete closure of stadiums, convention centers and museums from March and very low tourism in France.

### Energy & Resources - Government & Agencies

- still very resilient boosted by solid FM activity, especially in mining in Asia.

# H2 HEALTHCARE & SENIORS OPERATIONAL PERFORMANCE

## Review of operations

	Healthcare & Seniors
<b>RESTATED* ORGANIC GROWTH</b>	<b>-11.1%</b>
North America	-14.6%
Europe	-3.9%
Asia-Pacific, Latam, Middle East	-9.4%
<b>UNDERLYING OPERATING MARGIN</b>	<b>5.8%</b>
<b>Variation vs FY19 at constant rate</b>	<b>-100 bps</b>

### Healthcare

- Lower level of elective surgery and retail sales in hospitals overall.
- Impact of contract exits and losses in Q4 in North America.
- Improvement in Europe, due to solid cross-selling of COVID-related hygiene services and a large contract for the Rapid Testing Centers in the UK.

### Seniors

- Stable activity in North America, weaker in Europe but improvement seen in July and August.

# H2 EDUCATION OPERATIONAL PERFORMANCE

## Review of operations

	Education
<b>RESTATED* ORGANIC GROWTH</b>	<b>-47.2%</b>
North America	-46.5%
Europe	-49.2%
Asia-Pacific, Latam, Middle East	-45.3%
<b>UNDERLYING OPERATING MARGIN</b>	<b>-14.3%</b>
<b>Variation vs FY19 at constant rate</b>	<b>-1,410 bps</b>

Most **Universities** were closed

- Fixed cost billing continued.
- Contract negotiations ongoing.
- A significant underperforming contract is being exited.

**Schools** more resilient

- Higher share of FM services
- Local authority efforts to provide meals to families despite the school closures, particularly in North America.

## H2 REVIEW OF OPERATIONS

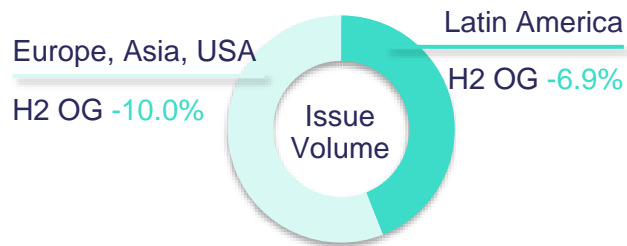
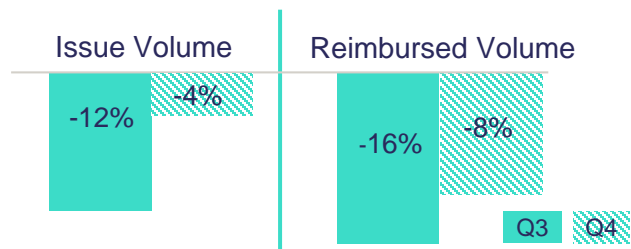
Benefits & Rewards  
Services results

**BRS**

# BENEFITS & REWARDS SERVICES LEVERS OF RESILIENCE

## H2 Review of operations

### Improvement in Employee benefits issue volume in Q4



### Further acceleration in Digital

- 86% digitalization (+12pts of conversion in Europe vs Q4 FY19)
- 70 food delivery partnerships in 7 countries (+55 vs Q3)
- 2.6m deliveries/month (+30% month on month)

Uber Eats

Glovo

SWIGGY

Rappi



deliveroo



Wolt

# BENEFITS & REWARDS SERVICES OPERATIONAL PERFORMANCE

## H2 Review of operations

By service		By region		By nature	
Employee Benefits	-17.5%	Europe, Asia, USA	-18.0%	Financial revenues	-25.2%
Services diversification	-23.5%	Latin America	-19.9%	Operating revenues	-18.3%

**Employee Benefits** resilient. Organic decline in issue volume (13.5 billion euro) at -8.4%. Delayed merchant revenues due to restaurant closures and catching up progressively. More competition and strong decline in interest rates in Brazil

**Services Diversification** impacted by travel decline, interrupting the rapid development of Mobility & Expense. Fuel & Fleet showed more resilience.

In Q4, improved trend in **Europe, Asia and USA**, helped by restaurants reopening and issuance catch-up, slightly offset by a deterioration in India.

Pandemic spread in **Latin America**, amplified by falling interest rates and a very competitive environment in Brazil. Several markets in the region remained positive.

Marked improvement in **Operating revenues** in Europe in Q4 compared to reverse situation in Latin America. **Financial revenues** down largely due to the persistent decline in Brazilian interest rates

	Organic Growth	Underlying Operating Margin	Variation vs FY19 at constant rate
BENEFITS & REWARDS TOTAL	-18.8%	20.8%	-800 bps

# OUTLOOK



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# H1 FY2021 HYPOTHESES

## Outlook

OG : -20 to -25%

UOP Margin: 2 to 2.5%

Recurrent Free Cash Flow: ~ -100m€

Free Cash Flow including non-recurrent elements: ~ -350m€

- ▶ Restructuring costs
- ▶ Government support payment delays reversals
- ▶ Reimbursement of the 2020 Olympic Games hospitality packages



# MID TERM GUIDANCE

## Outlook

On the basis that the pandemic will be over by 2021 calendar year end, the Group aims to return to sustained growth and to rapidly increase the underlying operating margin back over the pre-Covid level.

**Q & A**

# APPENDICES

1. Contract wins and extensions
2. Fiscal 2020 exchange rates
3. Fiscal 2020 revenues breakdown by segment and region
4. Fiscal 2020 revenues segment breakdown by currency
5. Breakdown of Gross Financial debt
6. Net Financial expense
7. Number of shares
8. FY2020 On Site Services Inter-segment reclassifications
9. IFRS 16
10. Revenue Breakdown
11. Capex by segment
12. ROCE
13. APM
14. Financial ratios
15. Modelling details for H1 FY21
16. Financial calendar
17. Sodexo key figures
18. Investor Relations contacts

# CONTRACT WINS AND EXTENSIONS

Appendix 1

## Contract Wins



**New Mexico State University**

Education contract in the US



Companhia Siderúrgica Nacional

**CSN**

Corporate contract in Brazil



Quellaveco

**Anglo-American Quellaveco**

Energy & Resources contract in Peru

## Contract Retention



**Nestlé**

Corporate contract in Singapore



**Nokia**

Corporate contract in China



**Holland Bloorview Kids Rehabilitation Hospital**

Healthcare contract in Canada

## Contract Extensions / Expansions



Defence Infrastructure Organisation

**Defence Infrastructure Organisation**

Government & Agencies contract in the UK



**National Health Service**

Healthcare contract in the UK



**Zurich**

Corporate contract in Germany

# FISCAL 2020 EXCHANGE RATES

Appendix 2

1€ =	AVERAGE RATE FY20	AVERAGE RATE FY19	AVERAGE RATE FY20 VS. FY19	CLOSING RATE FY20 AT 31/08/2020	CLOSING RATE FY19 AT 31/08/2019	CLOSING RATE 31/08/20 VS. 31/08/19
U.S. DOLLAR	1.115	1.134	+1.7%	1.194	1.104	-7.6%
POUND STERLING	0.876	0.885	+1.0%	0.896	0.906	+1.1%
BRAZILIAN REAL	5.255	4.384	-16.6%	6.474	4.588	-29.1%
ARGENTINIAN PESOS	87.865	63.975	-27.2%	87.865	63.975	-27.2%

1€=	AVERAGE RATE FY20	AVERAGE RATE H1 FISCAL 20	AVERAGE RATE FY20 VS. H1 FY20
U.S. DOLLAR	1.115	1.105	-0.9%
POUND STERLING	0.876	0.862	-1.6%
BRAZILIAN REAL	5.255	4.602	-12.4%
ARGENTINIAN PESOS	87.865	68.248	-10.0%

# FISCAL REVENUES 2020

## REVENUES BREAKDOWN BY SEGMENT AND REGION



	NORAM	EUROPE	LATAM, ASIA, BRAZIL, AMENA	TOTAL GROUP
Business & Administrations	24%	48%	28%	55%
Education	74%	24%	2%	19%
Healthcare & Seniors	61%	33%	6%	26%
<b>On-Site Services</b>	<b>43%</b>	<b>40%</b>	<b>17%</b>	<b>100%</b>

	LATAM	EUROPE, USA, ASIA	TOTAL GROUP
<b>Employee Benefits</b>	44%	56%	79%
<b>Services Diversification</b>	15%	85%	21%
<b>BRS</b>	<b>38%</b>	<b>62%</b>	<b>100%</b>

Fiscal 2020 revenues were impacted in H2 by Covid-19.

The magnitude of this impact is different depending on the segment and the region and has changed the business mix.

# FISCAL REVENUES 2020

## SEGMENT BREAKDOWN BY CURRENCY

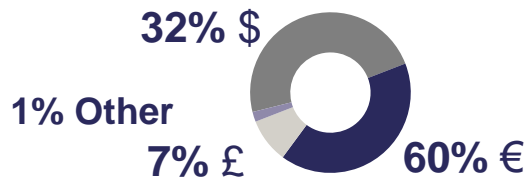
Appendix 4

	GROUP	Business & Administrations	Education	Healthcare & Seniors	Benefits & Rewards Services
EUR	24%	28%	19%	20%	30%
USD	40%	23%	72%	58%	5%
GBP	9%	11%	4%	9%	5%
BRL	5%	5%	0%	3%	28%
Other	22%	33%	4%	10%	32%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

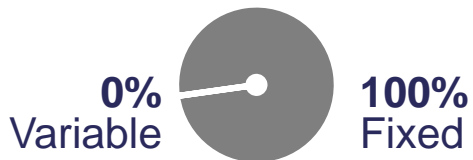
# BREAKDOWN OF GROSS FINANCIAL DEBT: €4,992M

In million €

## BY CURRENCY \*\*

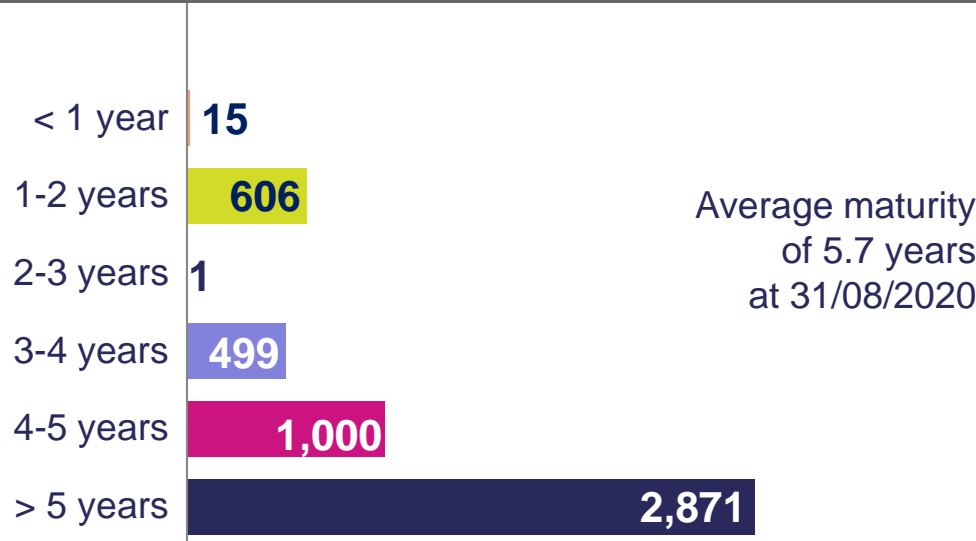


## INTEREST RATE



Blended cost of debt 1.6% at 31/08/2020

## BY MATURITY



**Strong Investment Grade S&P “A-/A-1”**

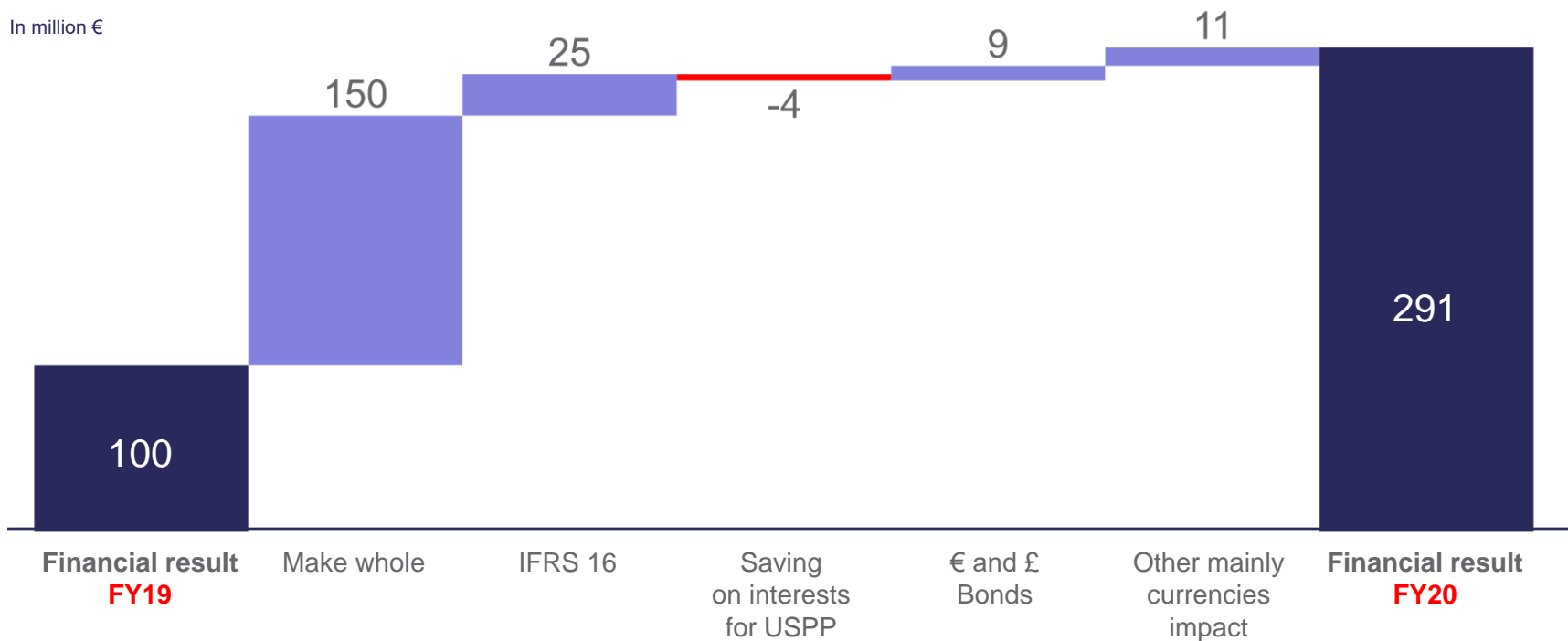


# NET FINANCIAL EXPENSE

Appendix 6

## Fiscal 2020 Financial Performance

In million €



# NUMBER OF SHARES

Appendix 7

<b>COMPANY'S SHARE CAPITAL</b>	<b>AUGUST 31, 2020</b>	FEBRUARY 29, 2020	AUGUST 31, 2019
Company's share capital, number of shares	147,454,887	147,454,887	147,454,887
Treasury shares	1,442,351	1,821,266	1,448,566
<b><i>Number of shares for EPS calculation</i></b> (Basic weighted average number of shares)	<b>145,778,963</b>	145,868,679	<b>145,721,534</b>

# FISCAL 20 ON SITE SERVICES INTER-SEGMENT REVENUE RECLASSIFICATIONS

Appendix 8

Revenues (in millions of euros)	FISCAL 19			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 20, 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 Fiscal 2019 are not required.

The effects are detailed above.

Fiscal 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 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: **+€1,490 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 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 9

### Impact on Fiscal 2020 Consolidated financial statements

#### Impact on P&L

In million €	FY 2020			FY 2019
	Post-IFRS 16 (published)	IFRS 16 impact	Pre-IFRS 16	IAS 17
<b>Underlying Operating Profit</b>	569	7	562	1200
<b>Net financial expense</b>	(291)	(25)	(266)	(100)
<b>PROFIT BEFORE TAX</b>	(221)	(18)	(203)	963

- › 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

In million €	SEPTEMBER 1, 2019	FY 2020 change	AUGUST 31, 2020
<b>Right-of-use assets</b>	1,490	(169)	1,321
<b>Lease liabilities</b>	1,490	(133)	1,357

- › The right-of-use mainly relates to Sites and spaces operated under concession agreements, and to Land and buildings
- › As of August 31, 2020, the lease liabilities amount to 1,357 million euro, including 1,126 million euro in non-current lease liabilities and 231 million euro in current lease liabilities

#### Impact on statutory cash flow statement

In million €	FY 2020			FY 2019
	Post-IFRS 16 (published)	IFRS 16 impact	Pre-IFRS 16	IAS 17
Net cash provided by Operating activities	632	260	372	1,268
Net cash used in Investing activities	(430)	-	(430)	(809)
Net cash provided by Financing activities	198	(260)	458	(408)
<b>Change in Net cash and cash equivalents*</b>	<b>399</b>	<b>-</b>	<b>399</b>	<b>52</b>

- › 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 9

### Impact on 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 Fiscal 2020 is prepared on a consistent basis compared to the 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

In million €	FY 2020	FY 2019
<b>Free cash flow</b>	72 <sup>(1)</sup>	907
<b>Underlying EBITDA</b> (rolling 12-month)	905 <sup>(2)</sup>	1,502
<b>Gross borrowings</b>	4,992 <sup>(3)</sup>	4,079
<b>Net debt</b>	1,868 <sup>(4)</sup>	1,213
<b>Gearing ratio</b>	67% <sup>(5)</sup>	27%
<b>Net debt ratio</b> (net debt/Underlying EBITDA)	2.1 <sup>(6)</sup>	0.8

- › 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 FY20, should we have considered lease transactions as a financing item instead of an operating item:

(1) Free cash Flow:	332
(2) Underlying EBITDA (Rolling 12-month):	1,190
(3) Gross borrowings:	6,348
(4) Net debt:	3,224
(5) Gearing:	1.16
(6) Net debt ratio:	2.7

# REVENUE BREAKDOWN

Appendix 10

REVENUES BY SEGMENT (in millions of euro)	FY2020	FY2019	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	10,265	11,577	-12.1%	-10.3%	0.4%	-1.4%	-11.3%
Healthcare & Seniors	4,815	5,210	-6.6%	-9.4%	1.7%	0.1%	-7.6%
Education	3,475	4,280	-18.9%	-20.4%	0.5%	1.0%	-18.8%
<b>On-site Services</b>	<b>18,554</b>	<b>21,067</b>	<b>-12.1%</b>	<b>-12.1%</b>	<b>0.7%</b>	<b>-0.5%</b>	<b>-11.9%</b>
<b>Benefits &amp; Rewards Services</b>	<b>773</b>	<b>892</b>	<b>-7.8%</b>	<b>-7.8%</b>	<b>0.2%</b>	<b>-5.8%</b>	<b>-13.4%</b>
Elimination	-5	-4					
<b>TOTAL GROUP</b>	<b>19,321</b>	<b>21,954</b>	<b>-12.0%</b>	<b>-12.0%</b>	<b>0.7%</b>	<b>-0.8%</b>	<b>-12.0%</b>

# NET CAPEX TO SALES BREAKDOWN

Appendix 11

	<b>GROUP</b>	<b>Business &amp; Administration</b>	<b>Education</b>	<b>Healthcare &amp; Seniors</b>	<b>Benefits &amp; Rewards</b>
<b>FY2020 Net Capex / Revenue</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.0%</b>	<b>0.8%</b>	<b>9.1%</b>
FY2019 Net Capex / Revenue	1.9%	1.4%	2.3%	0.7%	6.5%



€M	FY17	FY18	FY19	FY20
<b>Average Capital employed excluding goodwill, customer relationships and brands</b>	<b>-1,658</b>	<b>-1,644</b>	<b>-1,688</b>	<b>-1,788</b>
o/w OSS (including PHS)	4	94	168	174
o/w BRS	-1,661	-1,738	-1,856	-1,962
<b>Group average customer relationships and brands</b>	<b>267</b>	<b>354</b>	<b>428</b>	<b>391</b>
<b>Group average goodwill</b>	<b>5,316</b>	<b>5,484</b>	<b>5,911</b>	<b>5,961</b>
<b>Group average Capital employed</b>	<b>3,925</b>	<b>4,194</b>	<b>4,651</b>	<b>4,563</b>
<b>ROCE</b>	<b>23,3%</b>	<b>19,6%</b>	<b>18,3%</b>	<b>8,6%</b>

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

## Appendix 13

### 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 2020 figures at FY 2019 rates, except when significant for countries with hyperinflationary economies.

As a result, for Argentine Peso figures for FY2020 and FY 2019, have been converted at the exchange rate of EUR 1 = ARS 87.865 vs. ARS 63.975 for FY 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 FY2020 and FY 2019, have been converted at the exchange rate of EUR 1 = ARS 87.865 vs. ARS 63.975 for FY 2019.

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

# ALTERNATIVE PERFORMANCE MEASURE DEFINITIONS

Appendix 13

## **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.

## **Underlying Net profit per share**

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

# APM - FINANCIAL RATIOS DEFINITIONS & RECONCILIATION

Appendix 14

		Fiscal 2020	Fiscal 2019
<b>Gearing ratio</b>	$\frac{\text{Borrowings}^{(1)} - \text{operating cash}^{(2)}}{\text{Shareholders' equity and non-controlling interests}}$	67%	27%
<b>Net debt ratio</b> <sup>(1)</sup>	$\frac{\text{Borrowings}^{(1)} - \text{operating cash}^{(2)}}{\text{Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization)}^{(3)}}$	2.1	0.8
<b>Debt coverage</b>	$\frac{\text{Borrowings}}{\text{Operating cash flow}}$	7.5 years	3.6 years
<b>Financial Independence</b>	$\frac{\text{Non-current borrowings}}{\text{Shareholders' equity and non-controlling interests}}$	179.4%	86.8%
<b>Return on equity</b>	$\frac{\text{Profit attributable to equity holders of the parent}}{\text{Equity attributable to equity holders of the parent (before profit for the period)}}$	-10.3%	17.6%
<b>ROCE (Return on capital employed)</b> <sup>(1)</sup>	$\frac{\text{Underlying operating profit after tax}^{(4)}}{\text{Average capital employed}^{(5)}}$	8.6%	18.3%
<b>Interest cover</b>	$\frac{\text{Operating profit}}{\text{Net borrowing cost}}$	0.6	11.6

# APM - FINANCIAL RATIOS DEFINITIONS & RECONCILIATION

Appendix 14

		Fiscal 2020	Fiscal 2019
	Non-current borrowings	4,975	3,902
	+ Non-current derivative financial instrument liabilities	13	7
(1) Borrowings	+ Current borrowings	21	182
	+ Current derivative financial instrument liabilities	6	0
	- Derivative financial instruments recognized as assets	(22)	(12)
	<b>Borrowings</b>	<b>4,992</b>	<b>4,079</b>
	Cash and cash equivalents	2,027	1,781
(2) Operating cash	+ Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,103	1,120
	- Bank overdrafts	(6)	(35)
	<b>Operating cash</b>	<b>3,124</b>	<b>2,866</b>
	Underlying operating profit	569	1,200
(3) Underlying EBITDA	+ Depreciation and amortization	622	302
	- Lease payments <sup>(1)</sup>	(285)	-
	<b>Underlying EBITDA (Underlying operating profit before Interest, Taxes, Depreciation and Amortization)</b>	<b>905</b>	<b>1,502</b>
	Underlying operating profit	569	1,200
(4) Underlying operating profit after tax	Underlying Effective tax rate	30.8%	29.0%
	Underlying operating profit after tax	<b>392</b>	<b>852</b>
	Property, plant and equipment	625	652
	+ Right-of-use assets relating to leases	661	-
	+ Leases liabilities	(679)	-
(5) Average capital employed	+ Goodwill	5,961	5,911
	+ Other intangible assets	737	75
	+ Client investments	600	592
	+ Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(3,343)	(3,256)
	<b>Average capital employed<sup>(2)</sup></b>	<b>4,563</b>	<b>4,651</b>

# MODELLING DETAILS FOR H1 FY2021

Appendix 15

At constant rates

Other income and expenses: around €140M

Net financial expenses: €53M including IFRS16

Tax charge: around €70M

# FINANCIAL CALENDAR

Appendix 16

Investor Day	November 02, 2020
Fiscal 2021 Q1 Revenues	January 8, 2021
Fiscal 2020 Annual Shareholders Meeting	January 12, 2021
Fiscal 2021 Half-year Results	April 1, 2021
Fiscal 2021 Nine months Revenues	July 1, 2021
Fiscal 2021 Annuals Results	October 28, 2021
Fiscal 2021 Annual Shareholders Meeting	December 14, 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

As of August 31, 2020



€19.3 bn revenues



420,000 employees



#1 Largest private French employer worldwide<sup>(1)</sup>



100 million consumers served daily



64 countries



€8.1 bn market capitalization (as of October 28, 2020)

<sup>(1)</sup> 2020 Forbes Global 2000 ranking (as of April 30, 2020)

- **Founded in 1966 by Pierre Bellon**
- **As at 31/08/2020**, Bellon S.A. holds 42.8% of capital (57.1% of voting rights)

MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM  
**#1 in its industry sector**

**SAM**  
**Sustainability Award Gold Class 2020**  
**#1 in its industry sector**



FTSE4Good



Strong Investment Grade S&P “A-/A-1”



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Appendix 18

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