

PRESS RELEASE

Sodexo announces nine months Fiscal 2016 revenue growth at +3.7% and confirms full-year objectives

- Organic growth¹ of +3.3%
- Steady growth in On-site Services despite a mixed environment
- Benefits & Rewards Services resilient

Issy-les-Moulineaux, July 8, 2016 - Sodexo (Euronext Paris FR 0000121220-OTC: SDXAY), world leader in Quality of Life Services, today reports its nine-month year to date Fiscal 2016 revenues, ending May 31, 2016.

Fiscal 2016 nine months Revenues:

Revenues (in millions of euro)	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total change
North America	6,844	6,204	+4.0%	+0.1%	+6.2%	+10.3%
Continental Europe	4,399	4,367	+1.8%	-0.4%	-0.7%	+0.7%
Rest of the World	2,339	2,647	-3.9%	+0.3%	-8.0%	-11.6%
United Kingdom and Ireland	1,555	1,293	+18.1%	+1.2%	+1.0%	+20.3%
Total On-site Services	15,137	14,511	+3.2%	+0.1%	+1.0%	+4.3%
Total Benefits and Rewards Services	576	636	+5.7%	+0.2%	-15.3%	-9.4%
Elimination of intra-group sales	(4)	(4)				
TOTAL GROUP	15,709	15,143	+3.3%	+0.1%	+0.3%	+3.7%

Commenting on these figures, Sodexo CEO Michel Landel said:

"The underlying growth trend has been maintained in the third quarter. This is due to strong growth in Corporate and Health Care in North America, stabilization in the Remote Sites activity quarter on quarter, and a resilient performance in Benefits and Rewards Services.

This quarter, we continued to develop exciting new partnerships with clients such as Publicis and United Airlines, who share our belief that improving Quality of Life for their employees and customers improves their own performance.

In light of this, we confirm our Fiscal 2016 objectives."

¹ Organic growth is defined as growth at constant exchange rates and consolidation scope. For Benefits & Rewards, nine months YTD Fiscal 2016 and 2015 revenues and issue volume in Venezuelan Bolivar have been converted at the May 2016 exchange rate of USD 1 = VEF 521, vs. USD 1 = VEF 199 previously.

Highlights of the period

- Revenues for the first nine months of Fiscal 2016 amounted to 15.7 billion euro representing an increase of **+3.7%** compared to the year-earlier period. Organic growth was **+3.3%**, including the contribution from the Rugby World Cup contract in the first quarter, or **+2.5% excluding this impact**.
- Organic growth of **On-site Services was +3.2%**, reflecting:
 - Growth in North America continuing to improve, with revenues up +4% on an organic basis, driven by strong performance in Health Care and Corporate;
 - Small but regular improvement in organic growth in Continental Europe, up +1.8%, helped by a couple of extra working days in certain countries in May;
 - Revenue growth of 18.1% in the UK as a result of the positive impact of the Rugby World Cup contract and the ramp-up of the large new contracts signed last year, and which are now fully in the comparable base;
 - Impact, in the Rest of the World region, of the severe slowdown in the Remote Sites activity (mining and petroleum industries) which appears to be stabilizing quarter on quarter. Excluding Remote Sites, organic growth was +6.5%.
- Organic revenue growth in **Benefits and Rewards Services was +5.7%** reflecting:
 - A resilient performance in Latin America driven by strong growth in Chile and Mexico, offsetting ongoing weakness in demand in Brazil;
 - A particularly good performance in Europe, in the third quarter.
- Strong demand for integrated Quality of Life Services offers with clients including Publicis, EM Lyon Business School, United Airlines, Google and Baptist Health System.

Outlook

Given the underlying trends in growth achieved year to date in Fiscal 2016, the Group **confirms its objectives for Fiscal 2016**, as follows:

- **Organic revenue growth of around 3%;**
- **Around 8% growth in operating profit excluding the currency effects and exceptional expenses related to the adaptation and simplification program.**

Conference call

Sodexo will hold a conference call in English today at 8:30 am (Paris time), to comment on its revenues for the first nine months of Fiscal 2016. The presentation will also be available via live webcast on the Group website, www.sodexo.com.

The press release, presentation and webcast will be available on the Group website www.sodexo.com in both the "Latest News" section and the "Finance – Financial Results" section. A recording of the conference will be available until July 21, 2016 by dialing **+44 (0)20 3427 0598**, followed by the passcode **53 60 634**.

Financial calendar

Annual results – Fiscal 2016	November 17, 2016
1 st Quarter Revenues Fiscal 2017	January 12, 2017
Annual Shareholders' Meeting	January 24, 2017

About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in services that improve Quality of Life, an essential factor in individual and organizational performance. Operating in 80 countries, Sodexo serves 75 million consumers each day through its unique combination of On-site Services, Benefits and Rewards Services and Personal and Home Services. Through its more than 100 services, Sodexo provides clients an integrated offering developed over 50 years of experience: from foodservices, reception, maintenance and cleaning, to facilities and equipment management; from Meal Pass, Gift Pass and Mobility Pass benefits for employees to in-home assistance and concierge services. Sodexo's success and performance are founded on its independence, its sustainable business model and its ability to continuously develop and engage its 420,000 employees throughout the world.

Sodexo is included in the CAC 40 and DJSI indices.

Key figures (as of August 31, 2015)

- 19.8 billion** euro in consolidated revenues
- 420,000** employees
- 19th** largest employer worldwide
- 80** countries
- 32,000** sites
- 75 million** consumers served daily
- 15 billion** euro in market capitalization (as of July 7, 2016)

Forward-looking statements

This press release contains statements that may be considered as 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 Sodexo assumes no obligation to update them. The reader is cautioned not to place undue reliance on these forward-looking statements.

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ACTIVITY REPORT FIRST NINE MONTHS FISCAL 2016

Revenues

Consolidated revenues for the first nine months of Fiscal 2016 totaled 15.7 billion euro, up +3.7%. Organic revenue growth was +3.3%. The currency effect was slightly positive at +0.3%, with the increase in the dollar and sterling offsetting weakness in the Brazilian real, other Latin American currencies, and the Australian and Canadian dollars. The impact from acquisitions and disposals of subsidiaries during the period was minimal.

Unless mentioned otherwise, all changes in revenue described below are based on organic growth which excludes currency and acquisition impacts.

1. On-site Services

On-site Services nine month Fiscal 2016 organic revenue growth was **+3.2%**, reflecting the following:

- Growth in Corporate was boosted by the contribution of the Rugby World Cup contract in the first quarter and the ramp-up of new integrated services contracts in the UK and North America, more than offsetting a steep decline in Remote Sites activity, even though activity levels have stabilized in the third quarter ;
- Healthcare is benefiting from good momentum in North America but limited contract wins in Europe and in the United Kingdom;
- Education growth picked up in the third quarter due to more working days in France and Italy and new business in the United Kingdom and Ireland.

Breakdown by segment:

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth
Corporate	7,529	7,387	+3.7%
Health Care and Seniors	3,796	3,548	+3.1%
Education	3,812	3,576	+2.0%
TOTAL	15,137	14,511	+3.2%

1.1 North America

Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,672	1,478	+7.6%			
Health Care and Seniors	2,363	2,121	+4.8%			
Education	2,809	2,605	+1.4%			
TOTAL	6,844	6,204	+4.0%	+0.1%	+6.2%	+10.3%

On-site Services revenues in **North America** totaled 6.8 billion euro in the first nine months of Fiscal 2016, up **+4%**, with solid growth in Corporate services and a recovery in growth in Health Care and Seniors.

In the **Corporate** segment, organic growth was **+7.6%**, reflecting continued growth in demand for integrated service offers for clients such as Chevron, Zurich and P&G, as well as cross-selling of more facilities management services to existing clients.

New business boosted **Health Care and Seniors** organic growth to **+4.8%** in the first nine months of Fiscal 2016, with the trend continuing to improve slightly each quarter. This improvement is due to new hospital contracts won this year and last year, as well as solid demand at existing sites.

In **Education**, organic revenue growth was **+1.4%**, reflecting same-site growth in demand in universities and, to a lesser extent, in schools, and last year's weak selling season.

1.2 Continental Europe

Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	2,649	2,602	+3.2%			
Health Care and Seniors	981	1,012	-2.1%			
Education	769	753	+2.3%			
TOTAL	4,399	4,367	+1.8%	-0.4%	-0.7%	+0.7%

In **Continental Europe**, revenues amounted to 4.4 billion euro, up **+1.8%**, reflecting a moderate quarter by quarter pick-up in activity in the region.

In the **Corporate** segment, organic growth of **+3.2%** was attributable to slightly improved growth in revenues at existing sites with additional project work, particularly in Southern Europe, Germany and the Nordic countries.

Health Care and Seniors revenues stabilized in the third quarter, so that the nine months' trend was down only **-2.1%**. The Group continues to take a very selective approach to new hospital contracts in France. However, the effects of the ramp up of the Korian senior homes contract in France and strong growth in Sweden are visible in the figures.

Education revenues rose by **+2.3%**, accelerating in the third quarter, helped by higher volumes due to extra working days in May.

1.3 United Kingdom and Ireland

Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,150	923	+23.6%			
Health Care and Seniors	279	263	-0.5%			
Education	126	107	+16.6%			
TOTAL	1,555	1,293	+18.1%	+1.2%	+1.0%	+20.3%

Revenues in the **United Kingdom and Ireland** totaled 1.6 billion euro, up **+18.1%**, reflecting the significant contribution of the Rugby World Cup contract in the first quarter and the ramp-up of many major contracts won in Fiscal 2015.

In the **Corporate** segment, organic revenue growth was **+23.6%**. This performance was largely attributable to the services provided in connection with the Rugby World Cup, which contributed 131 million euro to revenues for September and October 2015. Even without the Rugby World Cup, organic growth was solid at +10% due to the progressive start-up of major contracts between February and August 2015 (Transforming Rehabilitation contract, GSK and Diageo contracts). Business development has been much more modest in Fiscal 2016. The better-than-expected revenues in the third quarter are attributable to strong same-site sales from cross-selling more facilities management services to existing clients.

Health Care and Seniors revenues declined **-0.5 %** due to a Sodexo decision to terminate a contract and to the end of the Imperial College Hospital contract ramp-up. Same-site sales were good.

In **Education**, organic growth of **+16.6%** reflected several new school contracts as well as the ramp-up of York, Birmingham City and Glasgow Clyde Universities.

1.4 Rest of the World (Latin America, Middle East, Asia, Africa, Australia and Remote Sites)

Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	2,058	2,384	-5.7%			
Health Care and Seniors	173	153	+21.3%			
Education	108	110	0.0%			
TOTAL	2,339	2,647	-3.9%	+0.3%	-8.0%	-11.6%

In the **Rest of the World** region, revenues amounted to 2.3 billion euro, down **-3.9%**. This region was severely affected by the decline in Remote Site revenues in the mining and petroleum industries, in line with significant decline in commodity prices. Excluding Remote Sites, organic growth from the region remained strong at +6.5% in the first nine months of Fiscal 2016.

Corporate revenues contracted by **-5.7%** with contrasting performances:

- In Remote Sites, severe reductions in oil and commodity prices forced clients operating in these industries to revise down their production levels, resulting in a corresponding reduction in service levels. In Chile in particular, several mining clients sought to diversify their suppliers in a strained economic and social environment. As a result of these issues, Remote Site revenues in the Rest of the World region were down -16%, with activity stabilizing in the third quarter relative to the second quarter.
- On the contrary, pure Corporate organic revenue growth was solid at +5.2% with some improvement in activity levels in Brazil and in India even if the weakness of the oil and gas markets is weighing on activity more generally in the Middle East and Africa.

In **Health Care and Seniors**, organic growth of **+21.3%** was attributable to contract wins, especially in Latin America and Asia.

Education revenues were **flat** with solid performances in Brazil and India offset by the decision to suspend a contract in Africa due to payment issues.

2. Benefits and Rewards Services

Benefits and Rewards Services delivered another resilient performance, with issue volume up +7% and revenues up +5.7% on an organic basis.

Issue volume

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic growth ¹	Acquisitions	Currency effect	Total growth
Latin America	4,860	5,989	+8.2%			
Europe and Asia	7,336	6,774	+6.0%			
TOTAL	12,196	12,763	+7.0%	+1.8%	-13.2%	-4.4%

Revenues

<i>(in millions of euro)</i>	9 months Fiscal 2016	9 months Fiscal 2015	Organic Growth ¹	Acquisitions	Currency effect	Total growth
Latin America	274	341	+7.9%			
Europe and Asia	302	295	+3.3%			
TOTAL	576	636	+5.7%	+0.2%	-15.3%	-9.4%

In **Latin America**, the first nine months of the year has been a period of solid organic growth, with an increase in issue volumes and revenues of around **+8%**.

Higher face values and interest rates due to inflation helped to drive growth in the region, especially in Brazil, compensating for a decline in the number of beneficiaries in that country.

Growth was strong in Chile and even more so in Mexico with many contract wins being recorded.

In **Europe and Asia**, issue volumes and revenues grew respectively **+6%** and **+3.3%**, boosted by extra working days in May in France, Belgium and Turkey, as well as strong momentum in Belgium, contracts won in Italy and an increase in penetration in Turkey and the Czech Republic. The increased spread between the growth in issue volume and revenues is linked to the strong increase in issue volumes particularly in May, not yet fully reflected in revenues, and a decline in interest rates in Europe.

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Exchange rates and currency effect

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency.

The main changes in exchange rates during the first nine months of Fiscal 2016 were as follows:

€1 =	Average rates 9 months Fiscal 2016	Average rates 9 months Fiscal 2015	% change	Revenue impact (in millions of euro)	Period-end rates May 31, 2016	Period-end rates May 31, 2015	% change
U.S. dollar	1.1045	1.1775	+6.6%	+410	1.1139	1.0970	-1.5%
Pound sterling	0.7501	0.7581	+1.1%	+17	0.7613	0.7190	-5.6%
Brazilian real	4.2194	3.2054	-24.0%	-204	4.0148	3.4522	-14.0%

The average U.S. dollar favorable currency effect more than offset the decrease in the Brazilian real. Given the weakness in many other Latin American currencies as well as the Australian and Canadian dollars, the total currency impact on nine-month YTD Fiscal 2016 revenues stands at +0.3%,

For Venezuela, the exchange rate used to calculate organic growth in the nine-month YTD Fiscal 2016 and 2015 was USD 1 = VEF 521, vs VEF 199 previously.

Update on the share repurchase program

The share repurchase and cancellation program, announced in November 2015, for an amount of 300 million euro, was completed in the third quarter Fiscal 2016, with the cancellation of 3,390,886 shares corresponding to a value of 300 million euro, approved at the Board Meeting of June 14, 2016.

The Company's share capital, previously composed of 157,132,025 shares with a par value of 628,528,100 euro, is now composed of 153,741,139 shares, with a par value of 614,964,556 euro.