

PRESS RELEASE

Sodexo: continued organic growth in revenues for first quarter Fiscal 2014

- **Organic growth increased to +2.7%:**
 - **On-site Services up +2.2%** thanks to the success of integrated service contracts and solid business development in North America.
 - **Benefits and Rewards Services organic growth accelerated to +12.3%** for the period.
- **Total consolidated revenue was down at -1.9%**, after including the nearly 5% negative currency effect that has no impact on operations given that revenues and expenses are in the same currency.

Issy-les-Moulineaux, January 8, 2014 – Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY), world leader in Quality of Life Services, today reported its revenue for the first quarter of Fiscal 2014, which ended on November 30, 2013.

Revenues by activity and region

Revenues <i>(In millions of euro)</i>	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth ¹	Currency effect ²	Acquisitions ³	Total change
North America	1,935	1,935	+5.1%	-5.1%		+0.0%
Continental Europe	1,525	1,517	+0.5%	-0.7%	+0.7%	+0.5%
Rest of the World	853	949	-0.2%	-10.5%	+0.6%	-10.1%
United Kingdom and Ireland	353	369	+0.4%	-4.4%	-0.1%	-4.1%
Total On-site Services	4,666	4,770	+2.2%	-4.7%	+0.3%	-2.2%
Benefits and Rewards Services	191	183	+12.3%	-9.2%	+1.5%	+4.6%
Intra-group eliminations	(1)	(3)				
TOTAL GROUP	4,856	4,950	+2.7%	-4.9%	+0.3%	-1.9%

Commenting on these figures, Sodexo CEO Michel Landel said:

“Sodexo continued to demonstrate robust organic growth in the first quarter. Our unique quality of life service offering remains in strong demand among our clients. Accelerated growth in North America and the development of facilities management services confirm this. Our Benefits and Rewards Services also made a very good start to the year, boosted by a strong marketing dynamic in Latin America.”

¹ Organic growth: increase in revenues at constant scope of consolidation and exchange rates.

² Material changes in exchange rates are presented in Appendix 2 (page 12).

³ Changes in the scope of consolidation mainly concerns the consolidation of Crèche Attitude (previously accounted for by the equity method) in France, following the increase in Sodexo's stake to 75% in September 2013.

1. Analysis of Group revenue growth

(In millions of euro)

	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	2,348	2,449	+1.2%	+0.2%	-5.6%	-4.2%
Healthcare and Seniors	1,083	1,089	+3.4%	-0.1%	-3.9%	-0.6%
Education	1,235	1,232	+3.3%	+1.0%	-4.0%	+0.3%
Total On-site Services	4,666	4,770	+2.2%	+0.4%	-4.8%	-2.2%
Benefits and Rewards Services	191	183	+12.3%	+1.5%	-9.2%	+4.6%
Eliminations	(1)	(3)				
TOTAL GROUP	4,856	4,950	+2.7%	+0.3%	-4.9%	-1.9%

On-site Services

On-Site Services revenues totaled 4.7 billion euro in the first quarter. Organic growth was **+2.2%**, led by increased demand for integrated Quality of Life Services offers, in particular facilities management services. This performance offset lower foodservices volumes, particularly in Europe, and the consequences of clients seeking cost savings in the current economic environment.

Organic growth in the **Corporate** segment was affected by a 3.8% decline in Remote Sites revenue that was largely attributable to delayed investment in new projects by mining sector clients, and to reduced Defense activity as a result of military redeployments. Excluding these two factors, growth in Corporate segment revenue was +3.8%.

In **Healthcare and Seniors**, organic growth was **+3.4%**, representing a strong improvement on the prior year period. Major contract wins for Sodexo in North America in Fiscal 2013 contributed to a gradual return to growth in the first quarter.

Thanks to a high client retention rate and improved growth in university and school comparable unit revenues in North America, organic growth in the **Education** segment was also higher than in Fiscal 2013, reaching **+3.3%**.

Benefits and Rewards Services

Organic growth in revenues from **Benefits and Rewards Services** reached **+12.3%**. This robust performance was mainly due to Sodexo's strong momentum in Latin America, where organic growth topped +20%.

2. Analysis of On-site Services growth

2.1 North America

Revenues

(In millions of euro)

	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	430	415	+9.3%			
Healthcare and Seniors	616	628	+3.0%			
Education	889	892	+4.7%			
Total North America	1,935	1,935	+5.1%	0.0%	-5.1%	0.0%

On-site Services revenues in North America in the first quarter totaled 1.9 billion euro. Organic growth was +5.1% for the quarter, representing the best performance in the past six years. This solid underlying performance was nevertheless masked by the unfavorable currency effect resulting from the 5.1% decline of the euro against the dollar.

Organic growth in the **Corporate** segment was a high **+9.3%**. This strong growth was mainly attributable to the positive impact of Quality of Life services, the contribution of new technical maintenance contracts (hard facilities management) with clients such as Siemens, and the dynamic performance of the Remote Sites activity in Canada. Recent contract wins include Walt Disney World Resorts, Citibank, and the extension of a European partnership with Unilever to the United States.

In **Healthcare and Seniors**, the **+3.0%** organic growth reflected the contribution of contracts signed by Sodexo's teams in Fiscal 2013 which drove a return to growth in the first quarter. These very large, complex contracts will gradually ramp up over the next 18 to 24 months.

In **Education**, organic growth was **+4.7%**, thanks to a client retention rate that remained very high and an increase in comparable unit revenues, with a slight improvement in participation in schools and universities compared with Fiscal 2013. Contract wins included George Mason University in Virginia, and the University of Colorado School of Medicine.

2.2 Continental Europe

Revenues

(In millions of euro)

	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	892	896	+0.6%			
Healthcare and Seniors	354	351	+1.4%			
Education	279	270	-1.0%			
Total Continental Europe	1,525	1,517	+0.5%	+0.7%	-0.7%	+0.5%

In Continental Europe, organic growth was +0.5% with mixed trends and difficult economic conditions depending on the country. Revenues declined in the Netherlands, for example, but continued to grow rapidly in Russia.

The **+0.6%** organic growth in the **Corporate** segment reflected the on-going ramp up of contracts with a strong multi-technical services component throughout Europe. Facilities management services continued to see significantly higher growth than foodservices, offsetting lower catering volumes, particularly as a result of client downsizing plans. Recent contract wins include one with Carlsberg, covering 35 sites in ten countries.

In **Healthcare and Seniors**, revenue growth was **+1.4%**, an improvement on the +0.1% recorded in the first quarter of Fiscal 2013. Growth was led in particular by new Seniors contracts in the Benelux countries such as La Résidence les Eaux Vives in Belgium.

In **Education**, revenue was down slightly, reflecting the Group's selective approach to new business as well as pricing pressure from clients in a number of countries faced with tighter school budgets. Recent contract wins include Dunakeszi Education in Hungary.

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

Revenues

(In millions of euro)

	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	777	875	-1.4%			
Healthcare and Seniors	42	42	+12.3%			
Education	34	32	+17.5%			
Total rest of the World	853	949	-0.2%	+0.6%	-10.5%	-10.1%

In the Rest of the World (Latin America, Asia, Africa, Australia, Middle East and Remote Sites), Sodexo holds a leadership position in emerging and high potential markets.

Revenues totaled 853 million euro in the first quarter. Unfavorable exchange rates impacted reported revenue by 100 million euro (-10.5%). However, exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency. Excluding the currency effect, first quarter revenue for the Rest of the World was down only -0.2% compared with the first quarter of Fiscal 2013, but with very mixed trends across countries, and client segments and sub-segments.

In **Corporate**, and at constant exchange rates, revenue declined by **-1.4%** in this region. This performance reflects:

On the one hand:

- An almost -8.4% decline in revenues from the Remote Site activity (which represented around 45% of the total for the Rest of the World in Fiscal 2013), due to delayed investment in new projects by mining sector clients and project terminations in Fiscal 2013.
- A drop in revenue from Defense services.

However, far more positive trends are emerging:

- In the Corporate segment (excluding Remote Sites and Defense), growth was close to +8% in emerging markets that have considerable medium-term growth potential.

Even though there are still signs of short-term weakness in clients' industrial activity in some countries such as Brazil and China, Sodexo's strong business momentum have helped to deliver further contract wins including Telefónica in Chile (381 sites) and Bridgestone in China. Sodexo maintained investment in these markets, especially in terms of human resources.

In **Healthcare and Seniors**, organic growth was **+12.3%**, reflecting Sodexo’s solid business development, especially in Latin America. The further gains attest to Sodexo’s proven expertise in the increasingly global Healthcare and Seniors market.

In **Education**, Sodexo is also continuing to expand in emerging markets, contributing its expertise and deep familiarity with the various market segments to many clients, especially in Asia. Organic growth in the Rest of the World region was **+17.5%**.

New contracts signed by Sodexo’s teams include Sultan Qaboos University in Oman, the Université des Sciences de Santé and the Université des Sciences et Techniques de Masuku in Gabon.

2.4 United Kingdom and Ireland

Revenues

<i>(In millions of euro)</i>	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	248	263	-1.0%			
Healthcare and Seniors	71	68	+11.1%			
Education	34	38	-8.5%			
Total United Kingdom and Ireland	353	369	+0.4%	-0.1%	-4.4%	-4.1%

Revenues in the United Kingdom and Ireland region came to 0.4 billion euro in the quarter. Organic growth in the region was +0.4%.

At constant scope of consolidation and exchange rates, **Corporate** revenues fell -1.0%, but excluding the impact of the London Paralympic Games in September 2012¹, first quarter organic growth would have been +4.4%. Revenue growth primarily reflects the ramp up of several integrated services contracts including those signed with GSK, Augusta Westland and BAE Systems.

In **Healthcare and Seniors**, organic growth accelerated to **+11.1%** due to extensions of service contracts with several hospitals such as Brighton and Sussex and North Staffordshire University Hospitals.

In **Education**, the -8.5% decrease in revenues primarily reflects Sodexo’s selective approach to new business. Sodexo recently won a prestigious contract with University College London (UCL).

¹ Representing revenue of 13 million euro in the first quarter of Fiscal 2013.

3. Benefits and Rewards Services

3.1 Issue volume

<i>(In millions of euro)</i>	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	2,017	1,855	+20.3%			
Europe and Asia	2,164	2,103	+3.3%			
Total Issue Volume	4,181	3,958	+11.3%	+1.9%	-7.6%	+5.6%

Issue volume was 4.2 billion euro, up by +5.6%. Changes in exchange rates impacted growth by -7.6% in the first quarter, but organic growth in issue volume remained robust and accelerated to **+11.3%**.

In **Latin America**, organic growth remained strong at **+20.3%**. It was led by a rise in the number of beneficiaries in the region, by contract wins in Brazil and by higher face values of issued vouchers and cards, especially in Brazil and Venezuela.

In **Europe and Asia**, organic growth in issue volume was **+3.3%**, boosted by healthy business development in Turkey and India.

Issue volume from the Onem contract in Belgium continued to grow, rising by more than 5%. This contract contributes to issue volume growth but has only a limited impact on revenue growth.

3.2 Revenues

<i>(In millions of euro)</i>	Q1 Fiscal 2014	Q1 Fiscal 2013	Organic growth	Acquisitions	Currency effect	Total growth
Latin America	109	100	+21.2%			
Europe and Asia	82	83	+1.5%			
Total Revenues	191	183	+12.3%	+1.5%	-9.2%	+4.6%

Revenue was 191 million euro in the first quarter, an increase of +4.6% compared with the prior year period. Unfavorable exchange rates reduced growth by -9.2% in the first quarter, but **organic revenue growth** was excellent, accelerating to **+12.3%**.

In **Latin America**, organic revenue growth was **over 20%**, thanks to:

- Offers proposed by Sodexo teams in Brazil, which allow tailored solutions to be offered to a constantly increasing number of beneficiaries.
- Increases in voucher face values in Brazil and Venezuela.

In **Europe and Asia**, organic growth remained modest at **+1.5%**, but this nevertheless represented an improvement on the prior year period.

Recent contracts signed by Sodexo include Capgemini in India, which has 14,000 beneficiaries and is expected to ramp up progressively in Fiscal 2014. Since the start of Fiscal 2014, Sodexo has also won other contracts such as the Conseil Général de la Haute-Garonne in France and Lucas TVS Limited in India.

4. Corporate governance: Board of Directors

At their meeting of November 29, 2013, the Board of Directors of Sodexo appointed Sophie Bellon Vice Chairman of the Board of Directors, in order that she succeeds Pierre Bellon, Chairman and Founder of Sodexo, as Chairman of the Board of Directors in two years.

Sophie Bellon became a member of the Board of Directors of Sodexo in 1989. After close to 10 years in the U.S., she joined Sodexo in 1994 where she has had numerous responsibilities: Project Manager in the finance department, Director of Strategic Control, Group Director of Client Relations, Managing Director for Sodexo's Corporate segment in France.

Through these roles, she has developed an extensive knowledge of the Group, its clients and its teams and has directly participated in the company's principal stages of growth.

The Board of Directors, in agreement with Sodexo CEO Michel Landel, has given Sophie Bellon responsibility for the Group's research, development and innovation strategy with a specific focus on Quality of Life.

5. Financial position

There were no material changes in the Group's financial position or debt ratios as of November 30, 2013 compared with the financial position and ratios as of August 31, 2013 which are indicated in the Fiscal 2013 Registration Document.

6. Outlook

Sodexo confirms **its objectives for the current fiscal year (Fiscal 2014):**

- **Organic revenue growth between +2.5% and +3%.**
- **An + 11% increase in operating profit** (at constant exchange rates and excluding the impact of the exceptional costs related to the program to improve operational efficiency).

As a result, the Group is targeting an operating margin of 5.6% for Fiscal 2014, up 0.4% compared with Fiscal 2013.

In addition, **Sodexo has a two-year target of reaching a consolidated operating margin of 6% by Fiscal 2015.**

Financial calendar

Annual Shareholders' Meeting, Fiscal 2014	January 21, 2014
Payment of the Fiscal 2013 dividend	February 4, 2014
First-half Fiscal 2014 results	April 17, 2014
Nine months Fiscal 2014 revenues	July 9, 2014
Fiscal 2014 results	November 12, 2014

Conference Call

Sodexo will hold a conference call (in English) today at 8:30 am (Paris time) to comment on the 1st Quarter Fiscal 2014 revenues. This presentation can be followed live via webcast on www.sodexo.com.

The **press release, presentation and webcast will be available on the Group's website www.sodexo.com**, under the "Latest News" section, and the "Finance - Financial Results" section. A recording of the conference call will be available by dialing **+ 44 (0) 1452 550 000**, followed by the passcode **26 76 61 26**.

About Sodexo

Founded 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 more than 45 years of experience: from reception, maintenance and cleaning, to foodservices and 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 428,000 employees throughout the world.

Key figures (as of August 31, 2013)

18.4 billion euro in consolidated revenues

428,000 employees

18th largest employer worldwide

80 countries

33,300 sites

75 million consumers served daily

11.6 billion euro in market capitalization (as of January 7, 2014)

Forward-looking statements:

This press release contains statements that may be considered as forward-looking 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.

Main risks and uncertainties

The main risks and uncertainties are not materially different from those identified by the Group in the "Risk Factors" section of the Fiscal 2013 Registration Document filed with the *Autorité des Marchés Financiers* on November 18, 2013.

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APPENDIX 1

Selected new clients – first quarter fiscal 2014

On-site Services

Corporate

Carlsberg, 35 sites in 10 countries in Europe
Bridgestone, Jiangmen, China
GSA-Social Security Administration, Maryland, United States
Telefónica, 381 sites in Chile

Education

Colegio Academia de Humanidades, Santiago de Chile, Chile
Dunakeszi Education, Dunakeszi, Hungary
George Mason University, Virginia, United States
Université des Sciences de Santé and Université des Sciences et Techniques de Masuku, Libreville and Franceville, Gabon
University College of London, London, United Kingdom
University of Colorado School of Medicine, Colorado, United States

Justice

Centre pénitentiaire d'Orléans, Orléans, France

Healthcare and Seniors

Beijing Jishuitan Hospital, Beijing, China
Georgian Village, Penetanguishene, Canada
Lima Memorial Hospital, Ohio, United States
Résidence les Eaux Vives, Brussels, Belgium
Riverwoods Senior Living Community, Pennsylvania, United States

Defense

Buckley Air Force Base, Colorado, United States

Sports and Leisure

Columbus Zoo and Aquarium, Ohio, United States

Remote Sites

Cairn India Limited, Barmer, India
ENSCO 120, Scotland
Manitoba Hydro, Manitoba, Canada
Seadrill, Norway
Transocean / Asgard, Indonesia

Benefits and Rewards Services

Europe

Artic, Romania
Comité d'entreprise Lignes Air France, France
Conseil Général de la Haute-Garonne, France
Eczacibasi ilac Pazarlama A.S., Turkey
Konak District, Izmir City, Turkey

Latin America

Companhia de Docas do Rio de Janeiro, Brazil
Consortio Light Rio, Brazil
Talento Comercial Cooperativa De Trabajo Asociado, Colombia
Venprecar C.A., Venezuela

Asia

Lucas TVS Limited, India
Shanghai LuJiaZui Finance & Trade Zone Development Co. Ltd., China

APPENDIX 2

Exchange rates

The principal exchange rate changes for the first three months of Fiscal 2014 are:

1 EUR =	Average rate Q1 Fiscal 2014	Average rate Q1 Fiscal 2013	Change	Revenue impact (millions of euro)
US dollar	1.3522	1.2906	-4.6%	(89)
British pound sterling	0.8431	0.8025	-4.8%	(18)
Brazilian real	3.0562	2.6398	-13.6%	(43)
Bolivar fuerte	13.8832	13.2457	-4.6%	(1)

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