

SODEXO DIGEST

FISCAL 2014



sodexo
QUALITY OF LIFE SERVICES





“ After graduating from France’s HEC business school and completing my military service as an officer in the French Navy, I returned to Marseilles to work for a small maritime supply company created by my grandfather in 1895 and then managed by my father.

After a few years, I realized that the Marseilles maritime supply market was in decline and that I wanted to start my own business.

At the time, I was troubled in having witnessed the disappearance of three of the world’s largest shipyards in my local region. Before even creating the company, I made the audacious statement: “Sodexo will be a growth company.”

Why growth? To create value for our consumers and clients and to create jobs. From the beginning, I chose organic growth because it offers employees the opportunity to grow with the company through internal advancement.

Today, Sodexo has become a major international company, the world leader in Quality of Life Services, whose 420,000 employees serve 75 million consumers daily in 80 countries. ”

PIERRE BELLON
Chairman of the Board of Directors of Sodexo

THE FUNDAMENTAL PRINCIPLES OF OUR DEVELOPMENT



01 OUR MISSION

The corporate foodservice industry was undervalued and Pierre Bellon wanted to enoble it and give employees a sense of pride in belonging.

As a result, we adopted a dual mission:

- **improve the Quality of Life** of our employees and all those we serve
- **contribute to the economic, social and environmental development** of the cities, regions and countries in which we operate.

02 OUR CONCEPT OF A **COMPANY**

Sodexo is the community of its consumers, clients, employees and shareholders. To meet their expectations, we have given priority to the **organic growth** of our revenues and results.

03 A CULTURE FOCUSED ON THE **CONSUMER** AND **CLIENT**

Our strategy is simple:

- **retain existing clients.**
- **find new clients** in two ways:
 - segmentation and sub-segmentation of our clients
 - geographic development.
- **expand our range of Quality of Life Services.**



04 OUR HUMAN RESOURCES

Since the creation of the Group, Pierre Bellon has implemented two key levers:

- *"Alone, I could not do anything, so I recruited women and men better than me."*

In order for Sodexo to develop, one of the key roles of a manager at any level is to identify and train their successor.

- **Recognition of all our field teams** is essential: they are in daily contact with consumers, know their needs, ensure their satisfaction and convey the image of the company.

Our human resources is one of the reasons for our past development but also the key to our future development.

Since our inception, **our mission, our values** and **our ethical principles** have given meaning to the initiatives and work of all of us.

OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

- Loyalty
- Respect for people and equal opportunity
- Transparency
- Business integrity

Nearly 50 years after Sodexo's creation, **our mission and values are the foundation of our commitment**, uniting us and serving as a common bond for our teams throughout the world. This is what sets us apart from our competitors.

05 OUR STRATEGIC POSITIONING

Since Sodexo's beginning, we made major choices that are still the pillars of our strategy:

- we are and will remain a **services company**
- we chose the **Quality of Life Services** that contribute to our mission and differentiate us from our competitors.

Through 3 activities:

ON-SITE SERVICES

Through more than 100 professions, Sodexo provides **an integrated services offer** to clients including foodservices, reception, cleaning, security and technical maintenance of facilities and equipment.

These services are delivered in eight client segments: Corporate, Defense, Justice Services, Remote Sites, Health Care, Seniors, Education and Sports and Leisure.

BENEFITS AND REWARDS SERVICES

4 categories of services for private and public organizations, of all sizes:

- **Employee Benefits** to attract, engage and retain employees (restaurant, food, culture and transportation vouchers and cards, etc.)
- **Incentives and Recognition programs** to help organizations achieve their qualitative and quantitative objectives, facilitating a partners network and building employee loyalty (dedicated programs, customized online platforms, gift vouchers, catalogs and cards...)
- **Public Benefits** to manage and control the distribution of public assistance
- **Gift boxes and cards:** personalized and innovative gift ideas for the general public.

PERSONAL AND HOME SERVICES

Sodexo designs and deploys services that improve quality of personal life across three categories of services:

- **In-home support**
- **Childcare**
- **Concierge services**





06 CHOOSING TO BECOME GLOBAL

"Together, we quickly realized that, like our clients and suppliers, we too had to become global and that France represented only 1% of the world's population", says Pierre Bellon.

Today, **Sodexo generates 85% of its revenues outside France.**

We will continue to grow in France, but our markets are global, so our growth will be faster outside France.

07 INDEPENDENCE

Independence enables us to **maintain our values, focus on a long-term strategy, maintain management continuity and ensure our durability.**

Sodexo's financial independence is ensured through family shareholding: Pierre Bellon's children own 68.5% of the Bellon SA holding company. As of August 31, 2014, our controlling holding company, Bellon SA, held 37.7% of Sodexo's capital and 52.4% of the voting rights.

A 50-year agreement was concluded between Pierre Bellon, his wife and his children: this agreement commits the grandchildren and fully protects Sodexo's independence, favored by all employees.

HOW TO FACE THE BIG CHANGES OF THE
AND CONTINUE TO GROW?



E WORLD



“ All countries have experienced a period of their history in which there has been a crisis to overcome. In a globalized economy in which capital, information, trade and talent are permanently interconnected, the crisis of one is the happiness of others.

The world has been undergoing profound transformation for centuries, but today this change is accelerating at high speed. ”

PIERRE BELLON
Chairman of the Board
of Directors of Sodexo

WHAT ARE THE MAJOR CHANGES IN THE WORLD?

In recent years, we have identified **ten global trends**:

01 **Demographic changes** (population growth, longer life expectancy, etc.).

02 **Economic globalization**, leading to a growing interconnection between capital, information, talent and trade.

03 **Rampant urbanization**, with the development of megacities.

04 **The transfer of economic muscle** to new countries, with the development of high potential **emerging economies** such as China, India, Brazil, Mexico and Turkey.

05 Expanding **middle classes** in emerging economies.

06 Increasing **government debt**, a trend that encourages governments to consider outsourcing solutions, leading to an increase in private finance initiatives.

07 The development of renewable energies and the sharp 40% drop in the price of crude oil since June 2014 seem like good news for the world economy, but the economic consequences differ considerably depending on the country. The winners seem to be primarily the United States and, to a lesser extent, Europe and China, and the losers seem to be countries with economies primarily based on the export of these resources, such as Venezuela, Nigeria, Russia, Saudi Arabia, and, to some extent, Norway.

08 **Mounting pressure from consumers seeking well-being, a good quality of life**, improved health and personalized services.

09 Development of **new information and communication technologies**.

10 The growing trend among companies away from owning the assets used in the business.





Our short, medium and long-term **AMBITIONS**

- be the **leader in Quality of Life Services**
- contribute to the **economic, social and environmental development** of the communities, regions and countries in which we operate
- be among the global companies **most admired** by its employees
- make Sodexo **a globally known, chosen and loved brand**
- be the **global leader in operating profit, free cash flow and revenues generated** in our three activities and in each client segment and sub-segment
- remain **independent**
- generate an **annual average revenue growth rate between 4 and 7%**
- reach **annual average growth in operating profit** (excluding exchange rates impacts) **between 8 and 10%**
- have an **average annual cash conversion ratio⁽¹⁾ of around 100%**
- have a **return on capital employed** \geq to 15%.

⁽¹⁾ Cash-flow conversion: free cash-flow/
Group net income



A DUAL APPROACH TO ACHIEVING OUR AMBITION:

- Tenaciously reaffirm and share the **fundamental principles** on which our development has been based to date
- Deploy **actions** that will allow us to continue to succeed in the future, with **five priorities**:

Ensuring the evolution of the company's culture

- The **truth in facts**: everyone must be realistic, whatever their level
- **Transparency**: it is necessary to build trust at all levels of the company
- The **inverted pyramid**: flip the pyramid to give more power and responsibilities to field teams and have good listening skills.

Transforming our organization

Our geographic organization today will evolve gradually toward a global organization, by client segment.

Developing our human resources

This is one of our major economic and social responsibilities.

Our development potential is estimated at nearly 50 times our current revenue and we need to focus on:

- succession planning and future planning for our leaders, starting with the highest levels
- the emergence of future intra-entrepreneurs with a profile of "world citizens".

Improving our competitiveness

Although it is improving, we must continue to progress, particularly in three areas:

- accelerating our intangible investments, particularly in development, research and innovation
- continuously reduce our overhead costs
- digitization: databases are revolutionizing how businesses operate and improving their competitiveness. We must make better use of this.

Establishing a large global brand known, loved and chosen by our clients and consumers

It will give us a competitive advantage and improve our margins.

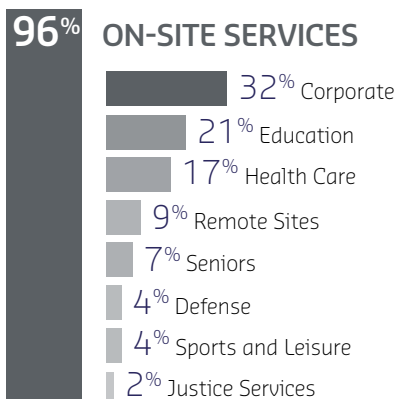


ASSURED SUCCESSION

At the Sodexo Board of Directors meeting of November 29, 2013 **Sophie Bellon was named Vice-Chairman of the Board** and will succeed Founder-Chairman Pierre Bellon as Chairman of the Board of Directors in January 2016.

SODEXO TODAY

BREAKDOWN OF REVENUES BY ACTIVITY



4% **BENEFITS AND REWARDS SERVICES**
€ 15.5 billion in issue volume.

18 billion
€
in consolidated
revenues

966 million
€
in operating profit ⁽¹⁾

490 millions
€
of net income,
Group share

420,000
employees

32,700
sites

75 million
consumers per day

80 countries

18th largest employer
worldwide

N°1 worldwide
in most
of its markets

Consolidated net revenues
have increased, in five years,
an average of

4.7%
per year

Operating profit
increased, in five years,
an average of

10.2% ⁽¹⁾
per year at constant exchange rates

Net income Group share
increased in five years,
an average of

6.0% ⁽²⁾
per year, at constant exchange rates

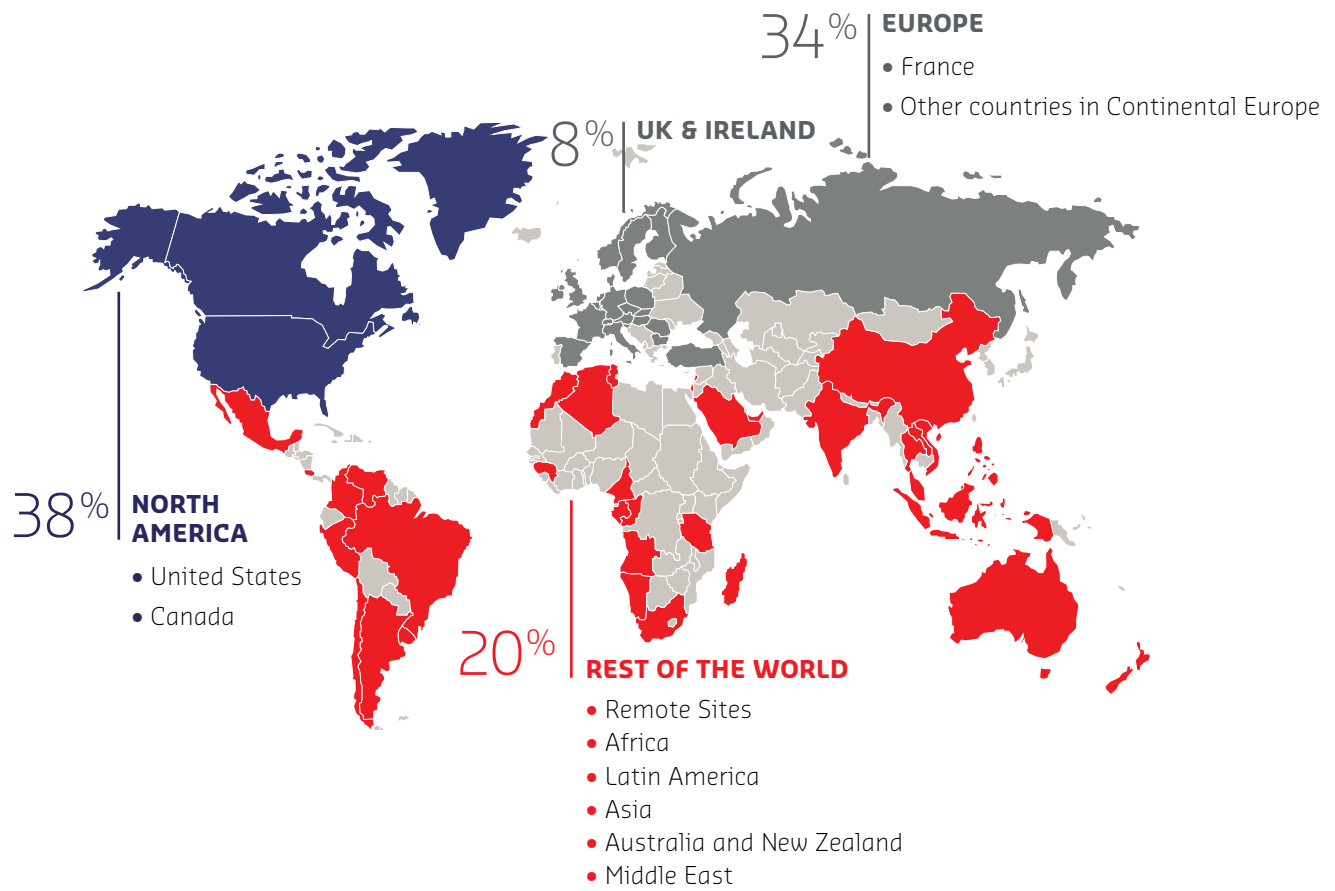
The Group's net debt
as of August 31, 2014,
represented only

12%
of equity

⁽¹⁾ Operating profit before costs recorded in connection with the program to improve operational efficiency and reduce costs in Fiscal 2013 and Fiscal 2014 and after share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

⁽²⁾ Net Income before costs recorded in connection with the program to improve operational efficiency and reduce costs in Fiscal 2013 and Fiscal 2014.

BREAKDOWN OF REVENUES
BY GEOGRAPHIC ZONE



Find the details of our subsidiaries and our services in each country on www.sodexo.com

OUR ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY





By the very nature of its business, Sodexo creates value for its clients and employees and contributes to the economic development of countries by generating a substantial number of local jobs.

4 priority actions:

- Develop our human resources and promote diversity
- Act for better nutrition, health and well-being
- Engage with local communities
- Preserve the environment



01 DEVELOP OUR HUMAN RESOURCES

To achieve our development potential, which is 50 times greater than our current revenues, we have set **two objectives**:

- **Have the necessary human resources available**, in terms of both quantity and quality, with the skills to respond to the needs of our clients and provide them with innovative solutions.

Investment in training for our employees at all levels is a priority.

- **Be one of the world's employers most admired** by its employees.

We conduct an employee engagement survey every two years in 60 countries to better understand the key factors for progress and to define action plans.



DiversityInc again ranked Sodexo among the 50 companies most committed to diversity. Sodexo is **the only company ranked in the Top 2** for each of the last five years.

Sodexo topped the list of the SBF 120 index for gender diversity within its management team (SBF 120 is an index of 120 French companies).

AND PROMOTE DIVERSITY

Because we believe that **diversity and inclusion** is a powerful driver of our development, we have identified priorities for progress at all levels of the company:

- **gender balance**
- representation of all **generations**

- integration of **individuals with disabilities**
- respect for **ethnic and cultural diversity** (134 nationalities are represented in Sodexo's workforce today)
- **respect for sexual orientation** and gender identity.

59%

+ 2 points

in engagement rate* in 2 years

86%

of our employees consider Sodexo a better employer than its competitors*

24%

of site manager positions filled through internal promotion

5.1

million hours of training were provided in 2013

82.2%

retention rate for site managers

43%

women on the Executive Committee

38%

women on the Board of Directors

* Source: 2014 Sodexo engagement survey of 130,000 employees in 60 countries

02

ACT FOR **BETTER NUTRITION, HEALTH AND WELLNESS**

Sodexo plays a key role in the eating habits of **75 million people every day** and has made nutrition education, a balanced diet, health and well-being part of its fundamental offer.

03

COMMITMENT TO **LOCAL COMMUNITIES**

Our business is local by its nature: **95%** of our employees are hired locally and more than **80%** of our supplies are sourced from local or regional producers and suppliers.

Sodexo supports local communities in leveraging its resources, particularly in the fight against hunger and malnutrition.

04

PROTECTING THE **ENVIRONMENT**

Our subsidiaries are implementing programs on client sites in **three main areas**

- Purchasing environmentally-friendly products
- Reducing water and energy consumption
- Fighting against food waste.



MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Sodexo was recognized in the "Sustainability Yearbook 2014" published by RobecoSAM as "**Sector Leader**" and "**Gold Class**".

In 2014, for the 10th consecutive year, Sodexo was named "**World leader in its industry**" by the Dow Jones Sustainability Index (DJSI).

ENGAGED IN THE **FIGHT AGAINST HUNGER** AND MALNUTRITION



IS A PROUD SUPPORTER OF



Since 1996, Sodexo has been supporting Stop Hunger in making available its network of employees, clients, consumers, suppliers and shareholders. Stop Hunger operates in **43 countries** in partnership with more than **700 NGOs** and associations. For more information, please visit: www.stop-hunger.org

THE SODEXO SHARE





Since its initial public listing in March 1983, Sodexo has experienced **average annual growth, ex-dividend, of 13.1%**

Since its initial listing, the value of the Sodexo share has multiplied by 48.4, while over the same period*, the CAC 40 has multiplied by 11.8. Sodexo's increase is thus much higher than that of the CAC 40.

Sodexo shares are listed on Euronext Paris (Euroclear code: FR 0000121220) and the Next 20 index.

Over the last five fiscal years, the value of the Sodexo share price has increased by more than 86%, whereas the CAC 40 index increased by nearly 20% over the same period.

* Real performance of the CAC 40 index for the period since December 31, 1987 and reconstitution of the index over the previous period.

To learn more about Sodexo news and the Group's performance in Fiscal 2014, log on to www.sodexo.com

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