

Sodexo announces strong improvement in results for Fiscal 2007

- Acceleration in organic revenue growth, with an increase in organic growth from 4.3% to 8.4% over the last two fiscal years
- Operating profit up: + 14.5% versus Fiscal 2006, at constant exchange rates and excluding the gain of 21 million euro on Spirit Cruises divestiture and release of the 7 million euro provision for U.S. litigation that improved Fiscal 2006 results
- Net cash provided by operating activities improves from 488 to 753 million euro
- Proposed increase of 21% in the dividend per share
- Fiscal 2008 objectives: Organic revenue growth exceeding 7% and an operating profit increase of around 12% at constant exchange rates

Paris, Nov. 15, 2007 – The Sodexo Alliance (*Euronext Paris FR0000121220 - SDXAY- OTC*) Board of Directors met on November 13, 2007 under the chairmanship of Pierre Bellon to close the accounts for the year ended August 31, 2007.

Key financial performance indicators

| IFRS accounting standards In millions of euro | Fiscal year ended August 31, | | % change (current exchange rates) | % change (constant exchange rates) ⁽¹⁾ |
|--|---------------------------------|------|--|--|
| | 2007 | 2006 | | |

Income statement highlights

| | | | | |
|---|---------------|--------|-------|--------------|
| Revenue | 13,385 | 12,798 | 4.6% | 8.3% |
| Organic growth | + 8.4% | + 6.4% | | |
| Operating profit | 640 | 605 | 5.7% | 9.2% |
| Operating profit (excluding Spirit and U.S. litigation) | 640 | 577 | 10.9% | 14.5% |
| Operating margin (excluding Spirit and U.S. litigation) | 4.8% | 4.5% | | |
| Net income | 347 | 323 | 7.5% | 11.0% |
| Earnings per share (in euros) | 2.22 | 2.07 | 7.5% | 11.0% |

Financial structure highlights

| | | |
|---|--------------|-------|
| Net cash provided by operating activities | 753 | 488 |
| Reduction of net debt ⁽²⁾ | (331) | (234) |
| Borrowings / operating cash flow (years) | 3.4 | 4.2 |

(1) The currency impact is calculated by applying the average exchange rates for the previous fiscal year to the current fiscal year figures. In Fiscal 2007, the effect of movements in the exchange rate of the US dollar against the euro was (434) million euro on revenue, (17) million euro on operating profit and (9) million euro on profit attributable to equity holders of the parent.

(2) Borrowings less cash and cash equivalents (restricted cash and financial assets related to the Service Vouchers and Cards activity).

Sodexo CEO, Michel Landel, said: "Our teams can be proud of these good results achieved in Fiscal 2007 which reflect the efforts of all employees throughout the world. This solid performance shows the relevance of our strategic choices and efficiency in their implementation. We intend to reinforce our position as a global expert in both Food and Facilities Management services and in Service Vouchers and Cards. To associate our employees with our growth, we intend to launch during 2008 a new international employee share ownership plan in 25 countries. The diversity of our teams and their strong motivation, the considerable potential of our markets and the strength of our financial model, make me particularly confident in our future."

Acceleration in organic revenue growth in two years

Sodexo's consolidated revenue increased in Fiscal 2007 by 587 million euro over the previous year to reach 13,385 million euro. Development intensified in Food and Facilities Management services, illustrated by:

- An uplift in organic growth in North America (+ 8.8%) reflecting acceleration across all segments;
- Continued growth in Continental Europe (+ 5.1%);
- Confirmation of a return to growth in the UK (+ 6.1%)
- Further strong activity in the Rest of the World (+ 15.3%), with double-digit growth in Latin America, Asia-Australia and Remote Sites.

In addition, Service Vouchers and Cards confirmed its dynamic growth profile with organic revenue growth of 20.1%.

Improvement in performance indicators

During the year, the Group continued to implement its strategy:

- A client retention rate of 93.9%, in line with Fiscal 2006 (+ 0.1%); with good progress in North America, where the Group's 95% target was exceeded;
- Revenue growth on existing sites exceeded 5%;
- Business development (new contract wins) remained above 9%, reflecting good performance in all geographies.

Results from our most recent employee engagement survey, conducted every two years with employees worldwide, shows:

- Over 80% of our employees identify with Sodexo's values (Service Spirit, Team Spirit and Spirit of Progress)
- 83% would not hesitate to recommend Sodexo to a friend looking for a job.

Increase in operating profit

Operating profit increased 5.7% from the prior year to 640 million euro. It should be noted that operating profit from the previous year included a gain of 21 million on the divestiture in the U.S. of the river and harbor cruise business, Spirit Cruises and release of the 7 million euro provision for U.S. litigation following final resolution of the case;

Excluding these items, operating profit rose 10.9% at current exchange rates and 14.5% at constant exchange rates, surpassing the Group's objectives set at the beginning of the fiscal year.

The operating margin reached 4.8%, compared with 4.7% for Fiscal 2006, or 4.5% excluding the gain from Spirit Cruises and the effect of the US litigation provision release during the previous year.

Food and Facilities Management

Highlights of operating profit performance in the **Food and Facilities Management** services activity are as follows:

In **North America**, operating profit was 253 million euro, a decrease of 1.6% at constant exchange rates compared with the previous year. Excluding the gain from Spirit Cruises and release of the provision for U.S. litigation, the operating result shows an increase of 9.6% at constant exchange rates. The operating margin was 4.6%. Despite productivity gains recorded on labor costs, particularly in Education and Business & Industry, and improved operational performance in Defense, the increase was limited by:

- the impact on revenue growth of a 53rd week of activity in Fiscal 2007 as a result of the 52/53 week calendar used by Sodexo in North America, in line with industry practice. on Fiscal 2007 revenue growth, which had no significant effect on operating profit because of start-up costs related to the timing of the start of the academic year;
- price inflation on some food products.

In **Continental Europe**, operating profit was 214 million euro, an increase over the previous year of 4.9% excluding currency effects. Further productivity efforts in purchasing and labor costs helped to offset inflation on certain food products. Investment in human resources was intensified to accelerate medium-term business development. The operating margin was 4.9%, a level equivalent to Fiscal 2006.

In the **UK and Ireland**, operating profit was 72 million euro and operating margin was 4.9% compared with 3% for Fiscal 2006. The operating margin in the UK and Ireland has now reached the Group average, meeting the recovery objectives set three years ago.

In the **Rest of the World**, growth in operating profit of more than 50% to 41 million euro resulted in an improvement in operating margin, which rose from 1.9% in Fiscal 2006 to 2.6%. This success is attributable in part to more rigorous management and contract renegotiations in Remote Sites. Sodexo continues to invest in human resources and support functions in China and India to sustain its particularly robust development.

Service Vouchers and Cards

The **Service Vouchers and Cards** activity had operating profit of 135 million euro. The 22.6% increase, at constant exchange rates, reflects:

- Strong growth in issue volume, particularly in Latin America;
- The settlement of the dispute with a mutual fund following the insolvency in 2003 of a bank in Latin America;
- Increased investment in development, notably in the areas of strategy, marketing and innovation.

Growth in net income

Group net income rose 7.5% to 347 million euro, or 11.0% excluding currency effects. This increase resulted mainly from:

- Growth in operating profit;
- A decrease in interest expense related to reductions in the Group's debt during the year;
- An effective tax rate maintained below 35%.

Improvement in net cash provided by operating activities

Net cash provided by operating activities was 753 million euro in Fiscal 2007, compared with 488 million euro in Fiscal 2006. This performance is the result of the improvement in operating profit, a reduction in client credit of around two days, cash advances received in connection with the 2007 Rugby World Cup contract and high issue volumes in Service Vouchers and Cards in the final months of the year.

Net debt (borrowings, net of the operating cash position) as of August 31, 2007 was 119 million euro, representing 5% of consolidated equity, as compared to 21% as of August 31, 2006.

The recently-announced acquisitions, which are still being finalized in Service Vouchers and Cards (VR in Brazil, Tir Groupé in France) and the Circles concierge services business in the United States will be financed out of available cash and unused credit facilities.

Proposed increase of 21% in the dividend

In view of the positive results and the level of free cash flow generated during the fiscal year, the Board of Directors will propose to the General Shareholders Meeting of January 22, 2008, a dividend of 1.15 euro, an increase of 21% compared to the dividend paid for the previous year and representing a payout ratio (dividends on Group net income) of 53%. This proposal reflects the high level of confidence of the Board in the ability of the Group to continue to achieve, in a sustainable manner, a high level of profitable growth.

Change of the corporate name

The Board of Directors will also propose to the General Shareholders Meeting a change in the company's corporate name.

Fiscal 2008 Objectives

Michel Landel indicated to the Board of Directors that Fiscal Year 2008 has started well.

Sodexo is confident in its ability to manage the effects of the recent strong global price increases of certain food products. This confidence is based on the search for new supply sources, modification of its menus and from improvement in the productivity of its purchasing, (for example, reducing the number of suppliers, rationalization of logistics, etc.).

The change of the corporate name, launch of a new international employee share ownership plan and reinforced deployment of information systems and technology will require additional investment in Fiscal 2008.

Sodexo sets the following objectives for Fiscal 2008:

- **organic revenue growth above 7%,**
- **operating profit growth of around 12% at constant exchange rates.**

Michel Landel concluded: *"These objectives are in line with the project Ambition 2015, aimed at doubling the Group's revenue. Sodexo employees are fully mobilized to achieve further progress in implementing the six strategic imperatives:*

- *Accelerate profitable organic growth;*
- *Improve operating profits, margins and cash;*
- *Live Sodexo's values;*
- *Make Sodexo's brand the reference in Quality of Life services;*
- *Ensure compliance through reinforced standards, risk management, business rigor and best practices;*
- *Create a competitive advantage through our people and their diversity.*

As a corporate citizen, Sodexo contributes to the economic and social development of the countries in which we do business. Sodexo has received recognition for these efforts including being named for the third consecutive year as "Supersector leader" in our industry sector by the Dow Jones Sustainable Index (DJSI), the sole France-headquartered company to receive this distinction. As a leader in Foodservices, Sodexo places particular importance to offering nutritious and well-balanced menu choices and promoting healthy lifestyles with our customers. Finally, because Sodexo refuses to accept the fact that 850 million people worldwide, including 200 million children, suffer from hunger and malnutrition, we have extended to 23 of our main host countries our STOP Hunger program, launched 10 years ago, and through which we partner with numerous NGOs and philanthropic organizations."

- **Analyst and journalist meeting**

SODEXHO ALLIANCE will hold briefings today for analysts and journalists at Espace Etoile-St-Honoré, 23, rue Balzac, 75008 Paris. The analysts' briefing will be webcast and begins at 9:00 a.m. A slideshow presentation will be available on the following link www.sodexo.com, under the "latest news" section, beginning at 9:00 a.m. The audio proceedings of the analysts' briefing also can be followed by dialing: + 33 (0)1 72 26 01 65. An audio recording will be available by dialing: + 33 (0)1 72 28 01 49 and entering the code : 208534 #.

- **Financial communications calendar**

Revenues for the first three months of Fiscal 2008

Wednesday, January 9, 2008. The announcement will be followed by a conference call.

General Shareholders Meeting

Tuesday, January 22, 2008 at 4:30 p.m. (Paris time) at the Espace Grande Arche (Parvis de la Défense, Paris).

The above dates are provided for information only and are subject to change.

- **About Sodexo Alliance**

SODEXHO ALLIANCE, founded in 1966 by Pierre Bellon, a world leader in Food and Facilities Management services, with more than 342,000 employees on 29,000 sites in 80 countries. For Fiscal 2007, which closed August 31, 2007, SODEXHO ALLIANCE had revenues of 13.4 billion euro. Listed on Euronext Paris, the Group's current market capitalization is more than 7.5 billion euro.

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 we assume no obligation to update them. You are cautioned not to place undue reliance on our forward looking statements.

Press contact:

William Mengebier

Tel: + 33 (1) 30 85 74 18 - Fax: +33 (1) 30 85 50 10

E-mail: william.mengebier@sodexoalliance.com

Investor relations:

Pierre Bénéaich

Tel : + 33 (1) 30 85 29 39 - Fax : +33 (1) 30 85 50 05

E-mail : pierre.benaich@sodexoalliance.com

Annex 1 : INCOME STATEMENT

(in millions of euro)

| | Fiscal 2007 | % Revenue | change | Fiscal 2006 | % Revenue |
|--|----------------|--------------|--------|----------------|--------------|
| Revenue | 13,385 | 100% | 4,6% | 12,798 | 100% |
| Cost of sales | (11,396) | -85.1% | | (10,957) | -85.6% |
| Gross profit | 1,989 | 14.9% | 8.1% | 1,841 | 14.4% |
| Sales department costs | (174) | -1.3% | | (159) | -1.2% |
| General and administrative costs | (1,181) | -8.8% | | (1,104) | -8.6% |
| Other operating income | 24 | | | 42 | 0.3% |
| Other operating expenses | (18) | | | (15) | -0.1% |
| Operating profit before financing costs | 640 | 4.8% | 5.7% | 605 | 4.7% |
| Financial income | 78 | 0.6% | | 54 | 0.4% |
| Financial expenses | (178) | -1.3% | | (162) | -1.3% |
| Share of profit of associates | 7 | 0.1% | | 8 | 0.1% |
| Profit before tax | 547 | 4.1% | 8.3% | 505 | 3.9% |
| Income tax expense | (184) | -1.4% | | (172) | -1.3% |
| Net result from discontinued operations | | | | | |
| Profit for the period | 363 | 2.7% | 9.0% | 333 | 2.6% |
| Minority interests | 16 | 0.1% | | 10 | 0.1% |
| Group profit for the period | 347 | 2.6% | 7.5% | 323 | 2.5% |
| Earnings per share (in euro) | 2.22 | | 7.5% | 2.07 | |
| Diluted earnings per share (in euro) | 2.19 | | 7.0% | 2.05 | |

Annex 2 : BALANCE SHEET

(in millions of euro)

| | August 31, 2007 | August 31, 2006 | August 31, 2005 |
|--|--------------------|--------------------|--------------------|
| Non-current assets | | | |
| Property, plant and equipment | 440 | 430 | 406 |
| Goodwill | 3,515 | 3,623 | 3,705 |
| Other intangible assets | 122 | 126 | 87 |
| Client investments | 149 | 146 | 138 |
| Associates | 37 | 36 | 32 |
| Financial assets | 88 | 75 | 74 |
| Other non-current assets | 13 | 18 | 18 |
| Deferred tax assets | 136 | 241 | 224 |
| Total non-current assets | 4,500 | 4,695 | 4,684 |
| Current assets | | | |
| Financial assets | 11 | 17 | 7 |
| Derivative financial instruments | 0 | 42 | 40 |
| Inventories | 185 | 168 | 176 |
| Income tax | 48 | 17 | 19 |
| Trade receivable | 2,089 | 1,909 | 1,750 |
| Restricted cash and financial assets related to the Service Vouchers and Cards activity | 454 | 423 | 326 |
| Cash and cash equivalents | 1 410 | 1 042 | 949 |
| Total current assets | 4,197 | 3,618 | 3,267 |
| Total assets | 8,697 | 8,313 | 7,951 |

| | August 31, 2007 | August 31, 2006 | August 31, 2005 |
|---|--------------------|--------------------|--------------------|
| Shareholders' equity | | | |
| Capital | 636 | 636 | 636 |
| Share premium | 1,186 | 1,186 | 1,186 |
| Undistributed net income | 633 | 668 | 708 |
| Consolidated reserves | -178 | -361 | -497 |
| Total group shareholders' equity | 2,277 | 2,129 | 2,033 |
| Minority interests | 23 | 17 | 18 |
| Total shareholders' equity | 2,300 | 2,146 | 2,051 |
| Non-current liabilities | | | |
| Borrowings | 1,839 | 1,852 | 1,891 |
| Employee benefits | 232 | 349 | 309 |
| Other liabilities | 79 | 101 | 80 |
| Provisions | 53 | 68 | 53 |
| Deferred tax liabilities | 35 | 75 | 80 |
| Total non-current liabilities | 2,238 | 2,445 | 2,413 |
| Current liabilities | | | |
| Bank overdraft | 33 | 36 | 21 |
| Borrowings | 111 | 68 | 85 |
| Derivative financial instruments | 1 | 2 | 2 |
| Income tax | 57 | 80 | 84 |
| Provisions | 49 | 40 | 97 |
| Trade and other payable | 2,618 | 2,369 | 2,197 |
| Vouchers payable | 1,290 | 1,127 | 1,001 |
| Total current liabilities | 4,159 | 3,722 | 3,487 |
| Total equity and liabilities | 8,697 | 8,313 | 7,951 |

Annex 3 : CASH FLOW

| (in millions of euro) | Fiscal 2007 | Fiscal 2006 |
|---|----------------|----------------|
| Operating activities | | |
| Operating Profit | 640 | 605 |
| Non cash items | | |
| Depreciations | 186 | 164 |
| Provisions | (1) | (34) |
| Losses (gains) on disposals and other, net of tax | 3 | (21) |
| Dividends received from associates | 4 | 1 |
| Change in working capital from operating activities | 188 | 40 |
| change in inventories | (21) | 2 |
| change in client and other accounts receivable | (210) | (189) |
| change in suppliers and other liabilities | 284 | 203 |
| change in Service Vouchers and Cards to be reimbursed | 161 | 131 |
| change in financial assets related to the Service Vouchers and Cards activity | (26) | (107) |
| Interest paid | (113) | (114) |
| Interest received | 30 | 18 |
| Income tax paid | (184) | (171) |
| Net cash provided by operating activities | 753 | 488 |
| Investing activities | | |
| Tangible and intangible fixed assets investments | (229) | (192) |
| Fixed assets disposals | 32 | 17 |
| Change in Client investments | (11) | (15) |
| Change in financial investments | 2 | (15) |
| Acquisitions of consolidated subsidiaries | (18) | (30) |
| Disposals of consolidated subsidiaries | 3 | 25 |
| Net cash used in investing activities | (221) | (210) |
| Financing activities | | |
| Dividends paid to parent company shareholders | (149) | (117) |
| Dividends paid to minority shareholders of consolidated companies | (10) | (10) |
| Change in shareholders' equity | (61) | (4) |
| Proceeds from borrowings | 524 | 23 |
| Repayment of borrowings | (448) | (71) |
| Net cash provided by (used in) financing activities | (144) | (179) |
| Increase in net cash and cash equivalents | 388 | 99 |
| Net effect of exchange rates on cash | (17) | (21) |
| Cash and cash equivalents, as of beginning of period | 1 006 | 928 |
| Cash and cash equivalents, as of end of period | 1,377 | 1,006 |

Annex 4 : SEGMENT ANALYSIS

(in millions of euro)

| Revenues | Fiscal 2007 | change | Fiscal 2006 |
|------------------------------------|----------------|-------------|----------------|
| Food and Facilities Management | | | |
| North America | 5,492 | 0.2% | 5,479 |
| Continental Europe | 4,388 | 5.8% | 4,148 |
| United Kingdom and Ireland | 1,475 | 7.7% | 1,370 |
| Rest of the World | 1,591 | 10.9% | 1,434 |
| Service Vouchers and Cards | 447 | 19.7% | 373 |
| Elimination of Intragroup Revenues | -8 | 33.3 % | -6 |
| total | 13,385 | 4.6% | 12,798 |

| Operating profit (before corporate expenses) | Fiscal 2007 | change | Fiscal 2006 |
|---|----------------|-------------|----------------|
| Food and Facilities Management | | | |
| North America | 253 | -8.7% | 277 |
| Continental Europe | 214 | 5.1% | 203 |
| United Kingdom and Ireland | 72 | 72.6% | 42 |
| Rest of the World | 41 | 49.1% | 28 |
| Service Vouchers and Cards | 135 | 19.3% | 113 |
| Headquarters | -75 | 29.5% | -58 |
| total | 640 | 5.7% | 605 |