

# FINANCIAL REPORT FIRST-HALF FISCAL 2018

Six months ended February 28, 2018

## Sodexo confirms First Half Fiscal 2017-2018 Results

**Issy-les-Moulineaux, April 12, 2018** - Sodexo (NYSE Euronext Paris FR 0000121220-OTC: SDXAY). At its meeting of April 10, 2018, chaired by Sophie Bellon, the Board of Directors approved the consolidated financial statements for the First Half Fiscal 2017-2018 and Denis Machuel, Chief Executive Officer, presented the performance for First Half Fiscal 2017-2018, which ended February 28, 2018.

### Financial performance for First Half Fiscal 2017-2018:

(in millions of euro)	First-Half Fiscal 2017-2018 (ended February 28, 2018)	First-Half Fiscal 2016-2017 (ended February 28, 2017)	Change at current exchange rates	Change excluding currency effect
Revenues	10,293	10,634	-3.2 %	+3.0 %
Organic growth	+1.7 %	+0.0 %		
Underlying Operating profit	627	738	-15.0 %	-7.4 %
Underlying Operating margin	6.1 %	6.9 %	-80 bps	-70 bps
Other operating income and expenses	(73)	(153)		
<b>Operating profit</b>	<b>554</b>	<b>586</b>	<b>-5.4 %</b>	<b>+4.1%</b>
Net financial expense	(44)	(56)		
Effective tax rate	25.9 %	32.6 %		
Group net profit	372	348	+6.9%	+13.9 %
Free cashflow	125	30		
Net debt ratio	1.1	0.9		

#### Sodexo CEO, Denis Machuel, said:

*“Sodexo’s fundamentals remain solid but these results clearly identify areas where we must improve. We are acting decisively both to recover performance in the short term and drive growth in the longer term. We are highly focused on delivering efficiency and productivity improvements. At the same time, we are strengthening our performance-based and client-focused culture, and reinvigorating our client portfolio. While pursuing our global multiservice contracts strategy, we must reinforce our focus on winning local contracts, mid-sized contracts, and food services contracts. We will reinforce our basics and take a disciplined approach to investing in our capabilities to ensure that we are best placed to take advantage of the multiple growth opportunities that are available to us, thanks to our Quality of Life positioning.”*

## Highlights of the period

- First Half Fiscal 2018 Revenues of 10.3 billion euro were down -3.2% on the previous period, including a negative currency impact of -6.2%. Net acquisitions contributed +1.3%, with Centerplate consolidated for the first time as of January. Organic growth in the first half was +1.7%, or +1.9% excluding the 53<sup>rd</sup> week impact in North America. Outside North America, On-site organic growth was +4.4%.
- Organic growth of On-Site Services was +1.6%:
  - In **Business & Administrations**, organic growth was **+4.5%** with a solid performance in all regions. In particular, there was a sharp increase in airport lounge business and a modest recovery in France. The Energy & Resources segment remained buoyant thanks to the contribution of contract ramp-ups and in spite of continuing challenges in the North Sea.
  - The **Health Care & Seniors** segment was stable at **-0.1%**. Activity in North America remained weak due to a low development rate and a lack of growth at existing sites, even though client retention held up. In Europe, revenues were stable. Contract wins in the United Kingdom broadly compensated for contract losses elsewhere in Europe. In Asia and Brazil, robust development is continuing as well as same store sales across a number of sites.
  - In **Education**, organic growth declined by **-2.7%**. In North America, the segment felt the impact of one less day in the half year and low client retention in Universities in the previous fiscal year, while growth at existing sites remained solid for Schools and Universities. Europe benefited from two additional days in Italy and France, while in Asia, the development was strong.
- In First Half Fiscal 2017-2018, organic growth in the Benefits & Rewards Services segment was **+2.9%**. In Europe, Asia and the United States, growth of +7.1% was driven by Central Europe, as well as a solid performance by the Incentive & Recognition segment in the United Kingdom. In Latin America, organic growth was down by -2.0%, impacted by the continued weakness in Brazil.
- At constant exchange rates, underlying operating profit decreased by -7.4% and the margin decreased by 70 basis points, spread evenly across three trends:
  - Approximately one third of the margin decline was a result of expected factors such as lower interest rates in Brazil and the deconsolidation of certain activities and in particular *Vivabox* which is seasonally significant in the first half.
  - A shortfall in Education and Health Care in North America due to delays in the execution of planned measures to increase efficiencies.
  - A further shortfall resulted from the slower than expected ramp-up of profitability in a small number of significant contracts.
- Net profit was up by +6.9%, or +13.9% excluding currency effects, at 372 million euro, benefiting from lower exceptional charges than the previous year and a significant reduction in the tax charge. Underlying net profit was 397 million euro, down by -13.4% or -7.6% excluding currency effects. Overall this was in line with the trend in underlying operating profit.
- The Group continues to generate substantial free cash flow and the balance sheet remains strong with a net debt ratio of 1.1x.

- Changes in the Executive Committee:
  - **Denis Machuel** succeeded Michel Landel as Chief Executive Officer at the end of the General Shareholders' Meeting of January 23, 2018.
  - **Satya-Christophe Menard** was appointed Chief Executive Officer of Schools and Universities worldwide on April 1, 2018.
  - **Sean Haley** was appointed Chief Executive Officer of Service Operations worldwide on April 1, 2018.
- Sodexo's Corporate Responsibility commitments led to the Group being ranked number-one in its sector in RobecoSAM's "Sustainability Yearbook 2018" for the 11<sup>th</sup> consecutive year. Sodexo has also been named Supplier Engagement Leader by CDP (Carbon Disclosure Project) for its strategy to reduce carbon emissions throughout its supply chain.
- Confident in the Group's future prospects and given the strength of the balance sheet, the Board approved the implementation of a share buyback program amounting to 300 million euro.

## Outlook

**For Fiscal 2018, the Group now expects to deliver organic revenue growth of between +1% and +1.5%, excluding the 53<sup>rd</sup> week impact, and an underlying profit margin of around 5.7%.**

This revised guidance for Fiscal 2018 reflects the soft revenue growth and margin decline in the first half, and the compounded effect of delayed efficiency ramp-ups on the second half. Revenue growth in the second half will be impacted by a relatively low level of recent new contract wins; continued weakness in North America, particularly in Health Care and Seniors; a negative calendar effect in Education in the third quarter; the impact of contract losses in the UK; and the end of significant ramp-ups in Energy & Resources. The weak revenue growth in the second half, combined with the impact of the delayed efficiency ramp-ups and a further deterioration expected in North America Health Care, has led to our revised margin guidance.

As previously announced in our trading update on 29 March, immediate action plans have been put in place to address these issues, particularly in North America but also selectively across the rest of the Group, to improve our operational and financial performance. In the immediate term we are actively implementing a series of efficiency initiatives which are based on the following areas.

- Improving food management, particularly in North America, through a combination of SKU rationalization, greater discipline in supplier and product compliance and accelerating synergies from acquisitions
- Enhancing labor productivity through more efficient demand-based scheduling processes and more disciplined approach to managing overtime and temporary labor.
- Optimizing SG&A with an immediate reduction in discretionary spend and adopting a longer-term approach to right-sizing the organization and consolidating back offices.
- Addressing underperforming contracts with detailed action plans, more proactive client renegotiations and close monitoring by a dedicated member of the Executive Committee for each contract.

We are actively addressing the execution issues in North America and are revitalizing the management team there, bringing some of our most experienced senior people from within the Group as well as external hires who will bring new ideas and new ways of doing things.

These action plans will deliver benefits in Fiscal 2018 and they will also support further margin improvement over time. These measures are embedded in a long-term strategic agenda which will refocus the Group on delivering improved Operational Excellence.

The guidance for Fiscal 2018 has been revised to reflect the challenges Sodexo is currently facing. At the same time, the Board of Directors and Executive Committee remain highly confident in the attractive long-term growth opportunities for Sodexo. The Group will provide an update on its short-term action plans and long-term strategy at its Capital Markets Day on September 6, 2018.

## Conference call

**Sodexo will hold a conference call (in English) today at 9:00 a.m. (Paris time), 8:00 a.m. (London time), to comment on the results of First Half Fiscal 2018.**

Those who wish to connect from the USA may dial +1 323 794 2093, from the UK or other countries outside France may dial +44 (0) 330 336 9411 or from France +01 76 77 22 57, followed by the passcode 8426254.

**The press release, presentation and webcast will be available on the Group's website [www.sodexo.com](http://www.sodexo.com) in both the "Latest News" section and the "Finance – Financial Results" section.**

## Financial calendar

Nine-month revenues – Fiscal 2018	July 05, 2018
Capital Markets Day	September 06, 2018
Annual results – Fiscal 2018	November 08, 2018
Annual Shareholders' Meeting 2019	January 22, 2019

## 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 100 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 food services, reception, maintenance and cleaning, to facilities and equipment management; from services and programs fostering employees' engagement to solutions that simplify and optimize their mobility and expenses management, to in-home assistance, child care centers 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 427,000 employees throughout the world.

Sodexo is included in the CAC 40 and DJSI indices.

### Key figures (as of August 31, 2017)

- 20.7 billion** euro in consolidated revenues
- 427,000** employees
- 19<sup>th</sup>** largest employer worldwide
- 80** countries
- 100 million** consumers served daily
- 11.8 billion** euro in market capitalization (as of April 11, 2018)

## Contacts

### Analysts and Investors

**Virginia JEANSON**  
Tel: +33 1 57 75 80 56  
[virginia.jeanson@sodexo.com](mailto:virginia.jeanson@sodexo.com)

### Media

**Laura SCHALK**  
Tel: +33 1 57 75 85 69  
[laura.schalk@sodexo.com](mailto:laura.schalk@sodexo.com)

1

# ACTIVITY REPORT FOR FIRST HALF FISCAL 2018

# FISCAL 2018 FIRST HALF ACTIVITY REPORT

(September 1, 2017 to February 28, 2018)

## Revenue Analysis

Revenues by Segment (In millions of euro)	H1 FY18	H1 FY17	Organic growth	External growth	Currency effect	Total growth
Business & Administrations	5,295	5,196	+4.5%	+2.6%	-5.2%	+1.9%
Health Care and Seniors	2,359	2,500	-0.1%	+1.2%	-6.7%	-5.6%
Education	2,228	2,483	-2.7%	-0.3%	-7.3%	-10.3%
<b>On-site Services</b>	<b>9,882</b>	<b>10,179</b>	<b>+1.6%</b>	<b>+1.5%</b>	<b>-6.1%</b>	<b>-2.9%</b>
<b>Benefits &amp; Rewards Services</b>	<b>413</b>	<b>457</b>	<b>+2.9%</b>	<b>-5.1%</b>	<b>-7.3%</b>	<b>-9.6%</b>
<b>Elimination</b>	<b>(2)</b>	<b>(2)</b>				
<b>GROUP TOTAL</b>	<b>10,293</b>	<b>10,634</b>	<b>+1.7%</b>	<b>+1.3%</b>	<b>-6.2%</b>	<b>-3.2%</b>

Fiscal 2018 first half consolidated revenues amounted to 10.3 billion euro, down -3.2% on the previous year period. Currencies had a negative impact of -6.2% due to the weakness of the main currencies against the euro, and in particular, the US dollar and the Brazilian Real. The net contribution of acquisitions and disposals was +1.3%. The impact of the deconsolidation of Vivabox, particularly significant in the first half due to seasonality, and some activities in New Caledonia and in the Middle East and Africa region last year, was more than offset by the first-time contributions from The Good Eating Company, Morris Corporation, Centerplate and Kim Yew.

Organic revenue growth was +1.7%, or +1.9% excluding the impact of the 53<sup>rd</sup> week, representing 1 less day in the first half.

On-site services were up +1.6%, resulting from a solid performance in Business & Administrations, flat sales in Health Care & Seniors, and a decline in Education primarily due to the negative net new business last year in North America. Benefits & Rewards services revenues generated organic growth of +2.9%. Strong growth in Europe and the USA more than offset weakness in Brazil which was impacted by declining interest rates and the lack of improvement in unemployment trends.

## Analysis of organic revenue growth in On-site Services

### Business & Administrations

Revenues by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth
North America	1,258	1,211	+2.7%
Europe	2,638	2,611	+1.2%
Africa, Asia, Australia, Latam, Middle East	1,399	1,374	+12.4%
<b>Business &amp; Administrations</b>	<b>5,295</b>	<b>5,196</b>	<b>+4.5%</b>

First half Fiscal 2018 **Business & Administrations** revenues totaled 5.3 billion euro, up +4.5% compared with the first half of Fiscal 2017. This performance reflects growth in all regions, strong progress in the sub-segment of airport lounges, and modest growth in France. Energy & Resources continued to show strong growth, despite the continued decline in the offshore sub-segment, due to the contribution of last year's new business.

Organic growth in **North America** was **+2.7%**. New airline lounge contracts and strong demand for additional facilities management services among corporate clients continued to drive growth. The first quarter also benefited from significant project-work while the second quarter was impacted by a major site closure in the onshore activity.

**Europe** was up **+1.2%**. France has returned to growth with the recovery of tourism in Paris, some improvement in net new business and same site sales growth in Sports & Leisure. Government & Agencies is benefiting from several major contract wins. However, in the UK, the army contract losses will start to impact revenues in the second half. Energy & Resources continued to remain very weak, down -17% during the period.

In **Africa, Asia, Australia, Latin America and the Middle East**, organic growth remained strong at **+12.4%**, reflecting the ramp-up of new contracts signed last year in Energy & Resources. Corporate Services growth also remained robust due to both the extension of contracts with existing clients and start-ups for significant new client mandates.

## Health Care & Seniors

Revenues by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth
North America	1,483	1,658	-1.6%
Europe	746	729	-0.2%
Africa, Asia, Australia, Latam, Middle East	130	114	+16.6% <sup>1</sup>
<b>Health Care &amp; Seniors</b>	<b>2,359</b>	<b>2,500</b>	<b>-0.1%</b>

In **Health Care & Seniors**, revenues totaled 2.4 billion euro, quasi flat on the previous year.

Organic growth in **North America** was **-1.6%** due to a lack of new signatures and low same site sales growth since the beginning of the year. On the other hand, client retention has remained solid.

In **Europe**, sales were flat. Contract wins in the UK did not compensate contract losses elsewhere. However, retention remains high and same site sales growth has been good.

In **Africa, Asia, Australia, Latin America and the Middle East**, growth is particularly strong at **+16.6%**<sup>1</sup> due to a significant number of contract start-ups in Brazil and strong same site sales growth in Asia and Brazil.

## Education

Revenues by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth
North America	1,696	1,953	-4.1%
Europe	488	494	+2.7%
Africa, Asia, Australia, Latam, Middle East	43	37	+15.8% <sup>1</sup>
<b>Education</b>	<b>2,228</b>	<b>2,483</b>	<b>-2.7%</b>

In **Education**, revenues for the first half of Fiscal 2018 amounted to 2.2 billion euro, down -2.7% on an organic basis, due mainly to poor prior year retention and also a negative 53<sup>rd</sup> week impact of 1 day in North America.

<sup>1</sup> Restated for internal transfers between segments

The organic decline in sales in **North America** of **-4.1%** was driven by lower prior year retention in Universities and a negative calendar impact of 1 day in both Schools and Universities during the first half. Same site sales growth remained solid in both Schools and Universities, and even though it is still relatively early in the selling season, the retention rate in Universities at the end of the first half is better than at the same time last year.

In **Europe**, organic growth was **+2.7%** with the UK benefitting from strong new business signed last year and France and Italy benefitting from two extra school days each which boosted same site sales growth in southern Europe.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth remained strong with the ramp-up of several new School contracts in China, Singapore and India, at **+15.8<sup>1</sup>%**.

## On-site Services Revenues by region

Revenues by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth
North America	4,438	4,821	-1.5%
Europe	3,872	3,834	+1.2%
Africa, Asia, Australia, Latam, Middle East	1,572	1,524	+12.8%
<b>On-site Services</b>	<b>9,882</b>	<b>10,179</b>	<b>+1.6%</b>

Organic growth outside North America was +4.4%.

## Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 413 million euro, down -9.6%. Currencies contributed -7.3% to this decline, due principally to the weakness of the Brazilian real. The sale of *Vivabox* in the USA (last quarter of Fiscal 2017) also weighed on sales due to its strong seasonality in the first quarter. Net disposals accounted for - 5.1%. As a result, organic revenue growth was +2.9%, compared to organic growth in total issue volume of +5.6%.

### Issue volume

Issue Volume by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth	External growth	Currency effect	Total growth
Europe, USA and Asia	5,409	5,142	+5.9%			
Latin America	3,663	3,972	+5.3%			
<b>Benefits &amp; Rewards services</b>	<b>9,072</b>	<b>9,114</b>	<b>+5.6%</b>	<b>+0.4%</b>	<b>-6.5%</b>	<b>-0.5%</b>

### Revenues

Revenues by Region (In millions of euro)	H1 FY18	H1 FY17	Organic growth	External growth	Currency effect	Total growth
Europe, USA and Asia	229	241	+7.1%			
Latin America	184	215	-2.0%			
<b>Benefits &amp; Rewards services</b>	<b>413</b>	<b>457</b>	<b>+2.9%</b>	<b>-5.1%</b>	<b>-7.3%</b>	<b>-9.6%</b>

In **Europe, Asia and USA**, organic growth in issue volume and revenues was strong in the first half, despite a strong comparative base, at **+5.9%** and **+7.1%** respectively. This performance was driven by solid growth in issue volume in Europe in many countries, and in particular by double digit growth in Central Europe. Activity in India was temporarily impacted by the mandatory transfer from paper to card and the loss of a large client. Revenue growth was stronger than issue volumes growth, due to the continued growth in the Incentive and Recognition activities, particularly in the UK this period, which do not generate issue volume.

Organic growth in **Latin America** was slower than in recent quarters. While issue volume remains strong at **+5.3%**, revenue growth turned negative at **-2.0%**. This is explained by the environment in Brazil where growth in face values is being offset by lower interest rates, currently around 6.5%, and a very competitive market due to the lack of any improvement in unemployment. On the other hand, as in previous quarters, growth remains strong in Chile and Mexico.

## Underlying operating profit

First Half Fiscal 2018 Underlying operating profit amounted to 627 million euro, down -15.0%, or -7.4% excluding the currency effect. The underlying operating margin was 6.1%, down -80 bps, or -70 bps excluding the currency mix effect of the weakness of the Real, in particular.

- The -70 bps decline in Underlying operating profit margin is spread evenly between the following factors:
  - Approximately one third was expected due to the deconsolidation of *Vivabox*, particularly significant in the first half, other scope changes, as well as the weakness in Benefits and Rewards due to the lower interest rates in Brazil.
  - A shortfall in Education and Health Care in North America due to delays in the execution of planned measures to increase efficiencies which were aimed at compensating anticipated weak sales. These measures included optimizing SKU management and demand-based scheduling processes. While improvements have been made recently, the delays will continue to impact performance in the second half.
  - A further shortfall resulted from the slower than expected ramp-up of profitability in a small number of significant contracts.

On the other hand, productivity gains from the Adaptation and Simplification program have been delivered in line with the plan amounting to annualized savings of 195 million euro, or 45 million euro more in the first half Fiscal 2018. The plan is on track to deliver 220 million euro of annual savings by the end of the fiscal year. As planned, these savings have been reinvested into the business to accelerate the launch of new offers and in our IT and digital capabilities, as presented in November 2017.

## Underlying Operating profit by activity

(in millions of euro)	Underlying Operating profit H1 Fiscal 2018	Difference	Difference (excluding currency effect)	Underlying Operating margin H1 Fiscal 2018	Difference in margin	Difference in margin (excluding currency mix effect)
Business & Administrations	207	-7.7%	-2.2%	3.9%	-40 bps	-40 bps
Health Care & Seniors	145	-8.7%	-1.3%	6.1%	-20 bps	-20 bps
Education	211	-16.3%	-8.9%	9.5%	-70 bps	-60 bps
<b>On-site Services</b>	<b>562</b>	<b>-11.4%</b>	<b>-4.6%</b>	<b>5.7%</b>	<b>-50 bps</b>	<b>-50 bps</b>
<b>Benefits &amp; Rewards Services</b>	<b>124</b>	<b>-20.4%</b>	<b>-11.5%</b>	<b>30.0%</b>	<b>-410 bps</b>	<b>-320 bps</b>
Corporate expenses and intragroup eliminations	(59)	+13.4%				
<b>UNDERLYING OPERATING PROFIT</b>	<b>627</b>	<b>-15.0%</b>	<b>-7.4%</b>	<b>6.1%</b>	<b>-80 bps</b>	<b>-70 bps</b>

**Excluding the currency impact, Onsite Services Underlying operating profit was down -4.6% and the underlying margin declined by -50 basis points.** Performance by segment excluding currency impact, is as follows:

- **Business & Administrations** underlying operating profit decreased by -2.2% and the operating margin was down -40 basis points, reflecting the loss of some high margin contracts and the slower than expected ramping up of profitability of a small number of recent large contracts.
- In **Health Care & Seniors**, the underlying operating profit was down -1.3% and the margin was -20 basis points lower at 6.1%. This compares to a particularly strong first half in 2017. The year-on-year decline is due to weaker-than-expected performance on some large contracts and the delay in the implementation of an SKU rationalization program in North America which is now expected to start contributing in the third quarter. The program is ongoing and will provide upside over the next 18 months.
- In **Education**, underlying operating profit fell by -8.9% and the margin declined by -60 basis points, reflecting the decline in revenues in North America. The fall in revenues was exacerbated by a sharp increase in labor inflation and poor execution of the performance improvement plan. During the second quarter, there was a significant focus placed on improving the implementation of the performance improvement plan and the early results are reassuring but this was not enough to offset the issues experienced during the first quarter.

In **Benefits & Rewards Services**, the underlying operating profit was down -11.5%, after adjusting for the currency impact, in particular, the negative effect of the weakness in the Brazilian Real. The margin was down -320 basis points on a constant currency basis. As expected, about one half of the decline reflects the investments in diversification, and in particular, the cost of developing the new Mobility and Expense management end-to-end platforms. The other half is due to the movement in interest rates in Brazil, flowing directly through into reduced underlying operating profit, and the card migration project costs in India and the Czech Republic, in particular.

Finally, Corporate expenses were up +13.6% principally due to some of the investments, as presented in November 2017.

## Group net profit

Other income and expenses in the first half Fiscal 2018 were down 52% to -73 million euro against -153 million euro last year. First half Fiscal 2018 includes losses related to perimeter changes, impairment of certain intangible assets and further restructuring costs. This compares to substantially higher restructuring costs linked to the second tranche of the Adaptation and simplification program in the figures last year.

**As a result, first half Fiscal 2018 Operating profit was** 554 million euro against 586 million in the same period last year, up +4.1% excluding currency impacts.

**Net financial expense** decreased by 11 million euro to 44 million euro for the First Half Fiscal 2018.

Net borrowing costs were down 3 million euro to 38 million euro. The blended cost of debt at February 28, 2018, remained broadly stable at 2.2% versus 2.4% at August 31, 2017. First half Fiscal 2017 included an early redemption indemnity of 11 million euro. First half Fiscal 2018 includes 7 million euro of one-off interest income related to the reimbursement of past dividend taxes.

The **effective tax rate** fell to **25.9%** from 32.6% in First Half Fiscal 2017 due in part to a positive one-off from the reimbursement of past dividend taxes, partly offset by a negative one-off linked to the reduction in the income tax rate in the USA, related to the realignment of deferred taxes and the deemed repatriation tax. The tax rate for the year is expected to be around 28%.

The share of **profit of other companies consolidated by the equity method** was 1 million euro against 2 million euro the previous year. Profit attributed to non-controlling interests was at 7 million euro against 12 million euro the previous year.

As a result, **Group net profit** was 372 million euro, up +6.9% or +13.9% excluding currency impacts.

**Basic Earnings per share (EPS)** amounted to 2.51 euro, up +7.9% relative to the previous year. The small accretion relative to the change in net profit (+6.9%) is due to the reduction of the average share count by 0.9% to 148.5 million shares. This is the result of the share buy-back programs in Fiscal 2017 partially offset by a reduction in treasury shares held for the employee free share plans.

**Underlying Group net profit** amounted to 397 million euro, down -13.4%, or -7.6% excluding currency impacts, in line with the Underlying operating margin performance. Adjustments to reach normalized net profit include all Other income and Expenses and corresponding tax impact, interest income linked to exceptional tax reimbursements and the net exceptional elements of the tax charge. In the previous year, Underlying net profit was adjusted for all other income and expenses and reimbursement indemnities, net of income taxes. Basic Underlying EPS was 2.67 euro, down -12.6%, or -6.8% excluding currency impact.

# Consolidated financial position

## Cash flows

Cash flows for the period were as follows:

<i>(in millions of euro)</i>	First-Half Fiscal 2018	First-Half Fiscal 2017
Operating cash flow	650	523
Change in working capital excluding change in BRS financial assets*	(402)	(388)
Net capital expenditure	(123)	(105)
<b>Free cash flow</b>	<b>125</b>	<b>30</b>
Net acquisitions	(674)	(165)
Share buy-backs/treasury stock	(49)	(302)**
Dividends paid to shareholders	(411)	(359)
Other changes in shareholders' equity (including change in financial assets <sup>1</sup> , scope and exchange rates)	(43)	(31)
<b>(Increase)/decrease in net debt</b>	<b>(1,052)</b>	<b>(827)</b>

\* Excluding change in financial assets in Benefits & Rewards of €(73)m in H1'18 and €(38)m in H1'17. Total Change in working capital as reported in Consolidated accounts: H1'18 of €(475)m = €(402)m + €(73)m and H1'17 of €(426)m = €(388)m + €(38)m

\*\* Including 300m€ of the 2017 share buy-back program

The increase in Operating cash flow reflects the lower outflow of net taxes due to the reimbursement of dividend taxes paid in the last five years, the cashing in of a CICE receivable, as well as lower taxes in certain countries. Tax elements accounted for much of the improvement in operating cashflow.

The negative working capital variation is principally due to a seasonal impact of activity levels between end August and end February. Net capital expenditure and client investments, at 123 million euro, was up 17% on the previous year. As a result, operating free cash flow amounted to 125 million euro.

M&A activity increased markedly during the period resulting in a net amount spent of 674 million euro (see Acquisitions in the period section below). The combination of the capital expenditure, acquisitions net of disposals and the annual dividend payment of 411 million euro, resulted in an increase in net debt of 1 billion euro from August 31, 2017.

<sup>1</sup> Including Sodexo Ventures investments in Wynd, Neo-Nomade and Life-Dojo, in H1 Fiscal 2017

## Acquisitions in the period

During First Half Fiscal 2018, the Group accelerated its M&A activity. The major acquisitions of the period include:

- *The Good Eating Company* – Urban food services offer in London
- *Kim Yew* - Technical FM in Singapore
- *Morris* – Mining remote site activity in Eastern Australia
- *Centerplate* – Sports and Convention centers, principally in North America

Total revenues generated by acquisitions contributed 2.4% to growth in the First half 2018. However, the combination of the sale of *Vivabox* in August 2017 and the exiting of several joint ventures and subsidiaries in Africa and the Middle East, were offsetting factors. As a result, the net contribution from acquisitions during the first half was 1.3% of revenues. Net acquisitions are expected to contribute more than 2.5% to growth in Fiscal 2018.

## Share buy-back program

The Sodexo Board has approved a 300 million euro share buy-back program, reflecting the Board's confidence in the future prospects of the Group and the strength of the balance sheet. At the closing share price on April 11, 2018 of €78.30, this represents the purchase of approximately 3.8 million shares, or 2.6% of the capital.

## Condensed financial position

### Condensed consolidated statement of financial position at February 28, 2018

<i>(in millions of euro)</i>	February 28, 2018	February 28, 2017		February 28, 2018	February 28, 2017
Non-current assets	7,981	7,916	Shareholders' equity	3,343	3,574
Current assets excluding cash	5,207	5,532	Non-controlling interests	34	39
Restricted cash Benefits & Rewards	495	486	Non-current liabilities	3,956	4,227
Financial assets Benefits & Rewards	465	376	Current liabilities	8,335	8,168
Cash	1,519	1,698			
<b>Total assets</b>	<b>15,668</b>	<b>16,008</b>	<b>Total liabilities and shareholders' equity</b>	<b>15,668</b>	<b>16,008</b>
			Gross borrowings	4,062	3,758
			Net debt	1,663	1,234
			Gearing ratio	49%	34%
			Net debt Ratio	1.1	0.9

As of February 28, 2018, net debt was 1,663 million euro, representing 49% of shareholders' equity, compared to 34% at the end of First Half Fiscal 2017 and to 17% as at the year end, August 31, 2017. Despite the seasonally high level of debt at the end of the first half of the year and net acquisitions since year end of 674 million euro, the Group's financial position remains strong. At the end of the First Half Fiscal 2018, the Group had unused lines of credit totaling 1.4 billion euro.

The increase in gross borrowings was due to the acquisitions closed in this first half.

The operating cash position (which includes Benefits & Rewards Services cash investments and restricted cash) totaled €2,399 million, of which €2,002 million related to Benefits & Rewards Services, including 495 million euro of restricted cash and 465 million euro of financial assets (of more than 3 months).

## Subsequent events

Beside the announcement of the change in the Fiscal 2018 annual guidance on March 29, no other significant event has been identified since the closing of the interim accounts on February 28, 2018, except those mentioned in Note 6.4.12 to the First Half Fiscal 2018 consolidated financial statements.

## Related party transactions

The main related party transactions are presented in Notes 6.4.10 and 6.4.11 to the First Half Fiscal 2018 consolidated financial statements.

## Main risks and uncertainties

The main risks and uncertainties are not materially different from those described in the "Risk Factors" section of the Fiscal 2017 Registration Document, filed with the *Autorité des Marchés Financiers* (AMF) on November 20, 2017 except for litigations mentioned in note 6.4.11 of the First Half Fiscal 2018 consolidated financial statements.

## Currency effect

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

1€	Average rate H1 Fiscal 18	Reference rate Fiscal 17	Change average rates H1 Fiscal 18 vs. Reference Fiscal 17	Closing rate H1 Fiscal 18 at 28/02/2018	Change 28/02/18 vs. 31/08/17
U.S. Dollar	1.195	1.099	-8.1%	1.221	-3.2%
Pound Sterling	0.885	0.867	-2.0%	0.884	+4.0%
Brazilian Real	3.864	3.526	-8.7%	3.961	-5.6%

Note: Reference rate Fiscal 2017 is the average rate for Fiscal year 2017.

Sodexo operates in 80 countries. The percentage of total revenues and operating profit denominated in the main currencies are as follows:

(H1 '18)	% of revenues	% of Underlying Operating profit
U.S. dollar	41%	54%
Euro	26%	9%
UK pound sterling	8%	8%
Brazilian real	5%	16%

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except for countries with hyperinflationary economies, such as Venezuela where the Group has a strong presence in Benefits & Rewards Services.

During First Half Fiscal 2018, a number of currencies have continued to fall relative to the Euro. The U.S. dollar has fallen by -8.1% and the Brazilian real has by -8.7%, weighing on revenue growth and the profit contribution of the Benefits & Rewards activity, as the margins are higher than the onsite business. The decline in UK sterling against the euro is less significant during the period.

In terms of the Venezuelan Bolivar, the Group considers that the best estimate of the exchange rate at which funds from its activities in Venezuela could be repatriated is the DICOM rate. For the purpose of calculations at constant rate, all Fiscal 2018 and Fiscal 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 35,280 vs. VEF 3,250 for FY 2017.

## Alternative Performance Measures Definitions

### Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted average of financing rates on borrowings, (including derivative financial instruments) and cash pooling balances at period end.

### Free cash flow

Please refer to Consolidated Financial position.

### Growth excluding currency effect

Change excluding currency effect calculated converting H1 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, H1 2018 and H1 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 35,280 vs. VEF 3,250 for FY 2017.

### 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

Group gross borrowings at the balance sheet 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.

As a result, for the calculation of organic growth, Benefits & Rewards figures for H1 2018 and H1 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = VEF 35,280 vs. VEF 3,250 for FY 2017.

## Underlying Net Profit

Underlying Net profit presents a normalized 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.

In the first half of Fiscal 2018, the Underlying net profit excludes from the Net Income Group share the following items and the related tax impact where applicable:

- Other Income and Expense for -73M€
- Interests received in France on tax reimbursements for 7M€
- Reimbursement of the 3% tax on dividends received for 43M€
- One-off impacts resulting from changes in the US tax regulation for -23M€

## Underlying Operating margin

Underlying Operating profit divided by Revenues.

## Underlying Operating margin at constant rate

Margin calculated converting H1 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies.

## Financial Ratio Definitions

		H1 2018	H1 2017
Gearing ratio	Gross borrowings <sup>1</sup> - operating cash <sup>2</sup>	49 %	34%
	Shareholders' equity and non-controlling interests		
Net debt ratio	Gross borrowings <sup>1</sup> - operating cash <sup>2</sup>	1.1	0.9
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) <sup>3</sup>		

## Financial Ratio Reconciliation:

		H1 2018	H1 2017
<sup>1</sup> Gross borrowings	Non-current borrowings	2,978	3,079
	+ current borrowings excluding overdrafts	1,095	685
	- derivative financial instruments recognized as assets	(12)	(6)
		<b>4,062</b>	<b>3,758</b>
<sup>2</sup> Operating cash	Cash and cash equivalents	1,519	1,698
	+ financial assets related to the Benefits and Rewards Services activity	960	862
	- bank overdrafts	(81)	(36)
	<b>2,399</b>	<b>2,524</b>	
<sup>3</sup> Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit (last 12 months)	1,157	1,060
	+ depreciation and amortization (last 12 months)	296	272
		<b>1,453</b>	<b>1,332</b>

CONDENSED INTERIM  
CONSOLIDATED FINANCIAL  
STATEMENTS

# 1 Consolidated income statement

<i>(in millions of euro)</i>	Notes	First-half Fiscal 2018	First-half Fiscal 2017 <sup>(1)</sup>
<b>Revenues</b>	6.3	<b>10,293</b>	<b>10,634</b>
Cost of sales	6.4.5	(8,706)	(8,932)
<b>Gross profit</b>		<b>1,587</b>	<b>1,702</b>
Administrative and Sales Department costs	6.4.5	(964)	(966)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business		5	2
<b>Underlying operating profit</b>		<b>627</b>	<b>738</b>
Other operating income	6.4.6	7	2
Other operating expenses <sup>(2)</sup>	6.4.6	(80)	(154)
<b>Operating profit</b>	<b>6.3</b>	<b>554</b>	<b>586</b>
Financial income	6.4.7	27	14
Financial expense	6.4.7	(71)	(70)
Share of profit of other companies consolidated by the equity method		1	2
<b>Profit for the period before tax</b>		<b>511</b>	<b>532</b>
Income tax expense	6.2.3 and 6.4.8	(131)	(172)
<b>Profit for the period</b>		<b>380</b>	<b>360</b>
Of which:			
Attributable to non-controlling interests		7	12
<b>Profit attributable to equity holders of the parent</b>		<b>372</b>	<b>348</b>
<b>Basic earnings per share</b> <i>(in euro)</i>	6.4.9	<b>2.51</b>	<b>2.32</b>
<b>Diluted earnings per share</b> <i>(in euro)</i>	6.4.9	<b>2.47</b>	<b>2.29</b>

<sup>(1)</sup> After reclassifications based on the new consolidated income statement presentation (see note 6.2.4)

<sup>(2)</sup> Including 137 million euro in expenses recorded in the First Half of Fiscal 2017 in connection with the Adaptation and Simplification program, that have been reclassified in line with the new consolidated income statement presentation (see note 6.2.4) The total amount reported as "Other operating expenses" in the new presentation includes 51 million euro previously reported under "Cost of sales", 65 million euro previously reported under "Administrative and Sales Department costs", and 20 million euro reported under "Other operating expenses" in the old presentation.

## 2 Consolidated statement of comprehensive income

<i>(in millions of euro)</i>	First-Half Fiscal 2018	First-Half Fiscal 2017
<b>Profit for the period</b>	<b>380</b>	<b>360</b>
Components of other comprehensive income that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale financial assets	2	(1)
Change in fair value of Cash Flow Hedge instruments		
Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss		
Currency translation adjustment	(119)	206
Currency translation adjustment reclassified to profit or loss		(5)
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss		
Share of other components of comprehensive income (loss) of companies consolidated by the equity method, net of tax	(1)	(1)
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan obligation		
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss		
<b>Total other comprehensive income (loss), after tax</b>	<b>(118)</b>	<b>199</b>
<b>Comprehensive income</b>	<b>262</b>	<b>559</b>
Of which:		
Attributable to equity holders of the parent	256	545
Attributable to non-controlling interests	7	14

# 3 Consolidated statement of financial position

## Assets

<i>(in millions of euro)</i>	Notes	February 28, 2018	August 31, 2017
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		623	590
Goodwill	6.4.2	5,721	5,308
Other intangible assets		618	511
Client investments		518	547
Companies consolidated by the equity method		77	89
Financial assets		193	163
Derivative financial instrument assets	6.4.4	2	4
Other non-current assets		17	17
Deferred tax assets		212	187
<b>Total non-current assets</b>		<b>7,981</b>	<b>7,416</b>
<b>CURRENT ASSETS</b>			
Financial assets		34	32
Derivative financial instrument assets	6.4.4	10	7
Inventories		280	257
Income tax receivable		198	185
Trade and other receivables		4,686	4,050
Restricted cash and financial assets related to the Benefits and Rewards Services activity		960	909
Cash and cash equivalents	6.4.3	1,519	2,018
<b>Total current assets</b>		<b>7,687</b>	<b>7,458</b>
<b>TOTAL ASSETS</b>		<b>15,668</b>	<b>14,874</b>

## Shareholders' equity and liabilities

<i>(in millions of euro)</i>	Notes	February 28, 2018	August 31, 2017
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		603	603
Additional paid-in capital		534	534
Reserves and retained earnings		2,205	2,399
<b>Equity attributable to equity holders of the parent</b>		<b>3,343</b>	<b>3,536</b>
<b>Non-controlling interests</b>		<b>34</b>	<b>34</b>
<b>Total shareholders' equity</b>	6.4.1	<b>3,377</b>	<b>3,570</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	6.4.4	2,977	3,011
Derivative financial instrument liabilities	6.4.4		1
Employee benefits		457	462
Other non-current liabilities		180	181
Provisions		106	93
Deferred tax liabilities		236	137
<b>Total non-current liabilities</b>		<b>3,956</b>	<b>3,885</b>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		81	38
Borrowings	6.4.4	1,094	498
Derivative financial instrument liabilities	6.4.4	2	1
Income tax payable		77	104
Provisions		64	61
Trade and other payables		4,063	3,953
Vouchers payable		2,954	2,764
<b>Total current liabilities</b>		<b>8,335</b>	<b>7,419</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>15,668</b>	<b>14,874</b>

## 4 Consolidated cash flow statement

<i>(in millions of euro)</i>	Notes	First-Half Fiscal 2018	First-Half Fiscal 2017
<b>Operating activities</b>			
<b>Operating profit of consolidated companies</b>		<b>549</b>	<b>584</b>
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		156	140
Provisions		(15)	19
Net disposal (gains) losses and other non-cash items		12	
Dividends received from companies consolidated by the equity method		17	5
Interest paid		(54)	(61)
Interest received		31	14
Income tax paid		(46)	(178)
<b>Operating cash flow</b>		<b>650</b>	<b>523</b>
Change in inventories		(5)	1
Change in trade and other receivables		(664)	(781)
Change in trade and other payables		34	98
Change in vouchers payable		233	294
Change in financial assets related to the Benefits and Rewards Services activity		(73)	(38)
<b>Change in working capital from operating activities</b>		<b>(475)</b>	<b>(426)</b>
<b>Net cash provided by operating activities</b>		<b>175</b>	<b>97</b>
<b>Investing activities</b>			
Acquisitions of property, plant and equipment and intangible assets		(148)	(144)
Disposals of property, plant and equipment and intangible assets		14	12
Change in client investments		13	29
Change in financial assets		(25)	(17)
Acquisitions of subsidiaries	6.4.2	(676)	(160)
Disposals of subsidiaries		2	(5)
<b>in investing activities</b>		<b>(820)</b>	<b>(285)</b>
<b>Financing activities</b>			
Dividends paid to parent company shareholders	6.4.1	(411)	(359)
Dividends paid to non-controlling shareholders of consolidated companies		(6)	(12)
Purchases of treasury shares	6.4.1	(66)	(316)
Sales of treasury shares	6.4.1	17	14
Acquisition of non-controlling interests		(4)	
Proceeds from borrowings	6.4.3	596	1,233
Repayment of borrowings	6.4.3	(3)	(98)
<b>Net cash provided by financing activities</b>		<b>124</b>	<b>462</b>
<b>Change in net cash and cash equivalents</b>		<b>(521)</b>	<b>274</b>
Net effect of exchange rates and other effects on cash		(21)	41
Net cash and cash equivalents, beginning of period		1,980	1,347
<b>Net cash and cash equivalents, end of period</b>	<b>6.4.3</b>	<b>1,438</b>	<b>1,662</b>

## 5 Consolidated statement of changes in shareholders' equity

<i>(in millions of euro)</i>	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and comprehensive income	Currency translation adjustment	Total shareholders' equity		
							Attributable to equity holders of the parent	Non-controlling interests	Total
<b>Notes</b>					<b>6.4.1</b>				
<b>Shareholders' equity as of August 31, 2017</b>	<b>150,830,449</b>	<b>603</b>	<b>534</b>	<b>(371)</b>	<b>3,455</b>	<b>(685)</b>	<b>3,536</b>	<b>34</b>	<b>3,570</b>
Profit for the period					372		372	7	380
Other comprehensive income (loss), net of tax					1	(118)	(117)	(1)	(118)
<b>Comprehensive income</b>					<b>373</b>	<b>(118)</b>	<b>256</b>	<b>7</b>	<b>262</b>
Dividends paid					(411)		(411)	(9)	(419)
Treasury share transactions				(49)			(49)		(49)
Share-based payment (net of income tax)					16		16		16
Other <sup>(1)</sup>					(6)		(6)	3	(3)
<b>Shareholders' equity as of February 28, 2018</b>	<b>150,830,449</b>	<b>603</b>	<b>534</b>	<b>(420)</b>	<b>3,428</b>	<b>(803)</b>	<b>3,343</b>	<b>34</b>	<b>3,377</b>

<sup>(1)</sup> Including the effects of hyperinflation and recognition of commitments to repurchase non-controlling interests.

(in millions of euro)	Shares outstanding	Share capital	Additional paid-in capital	Treasury shares	Reserves and comprehensive income	Currency translation adjustment	Total shareholders' equity		
							Attributable to equity holders of the parent	Non-controlling interests	Total
<b>Notes</b>					<b>6.4.1</b>				
<b>Shareholders' equity as of August 31, 2016</b>	<b>153,741,139</b>	<b>615</b>	<b>822</b>	<b>(352)</b>	<b>3,008</b>	<b>(425)</b>	<b>3,668</b>	<b>34</b>	<b>3,702</b>
Profit for the period					348		348	12	360
Other comprehensive income (loss), net of tax					(2)	199	197	2	199
<b>Comprehensive income</b>					<b>346</b>	<b>199</b>	<b>545</b>	<b>14</b>	<b>559</b>
Dividends paid					(359)		(359)	(11)	(371)
Treasury share transactions				(300)			(300)		(300)
Share-based payment (net of income tax)					21		21		21
Other <sup>(1)</sup>					(1)		(1)	2	1
<b>Shareholders' equity as of February 28, 2017</b>	<b>153,741,139</b>	<b>615</b>	<b>822</b>	<b>(652)</b>	<b>3,015</b>	<b>(226)</b>	<b>3,574</b>	<b>39</b>	<b>3,613</b>

<sup>(1)</sup> Including the effects of hyperinflation.

The following notes are an integral part of the condensed interim consolidated financial statements.

## 6 Notes to the condensed interim consolidated financial statements

Sodexo is a *société anonyme* (a form of limited liability company) domiciled in France, with its headquarters located in Issy-les-Moulineaux.

The condensed interim consolidated financial statements for the six-month period from September 1, 2017 to February 28, 2018 were approved by the Board of Directors on April 10, 2018.

### 6.1 Significant events

During the First-Half of Fiscal 2018, the Group expanded its Sports & Leisure offer by acquiring *Centerplate, Inc.*, which operates in the United States, the United Kingdom, Spain and Canada. In addition, *The Good Eating Company* in the United Kingdom was acquired in the Corporate Services segment and *Morris Corporation* in Australia in the Energy & Resources segment. Strategic initiatives for the period included acquisition of control of *FoodChéri* in France, while the Group's expertise and technical offer were strengthened with the acquisition of Singapore-based *Kim Yew*.

Details of these business combinations' impact on the consolidated financial statements at February 28, 2018 are provided in note 6.4.2.

## 6.2 Basis of preparation of the financial statements

### 6.2.1. General principles

The condensed interim consolidated financial statements for the six months ended February 28, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting", as published by the IASB and adopted by the European Union. They do not include all of the disclosures required for complete annual financial statements and should be read in conjunction with the consolidated financial statements of the Sodexo Group for the fiscal year ended August 31, 2017, except for certain interim reporting requirements. Amounts in tables have been prepared in thousands of euro and are expressed and rounded to the nearest million (unless otherwise indicated).

### 6.2.2. Standards and interpretations

The accounting policies applied by the Group in the condensed interim consolidated financial statements for the six months ended February 28, 2018 are the same as those used in the annual consolidated financial statements for the fiscal year ended August 31, 2017, except for the adoption of a new definition of other operating income and expenses and its impact on the presentation of the income statement (see note 6.2.4).

The new standards, interpretations and amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2017 had no material impact on the interim consolidated financial statements. The Group has not applied any IFRSs that had not yet been approved by the European Union as of February 28, 2018.

The Group has not elected to early adopt any standards or interpretations whose application is not mandatory in Fiscal 2018.

During the First Half of Fiscal 2018, the Group continued to analyze the impacts of applying IFRS 15 "Revenue from Contracts with Customers", IFRS 9 "Financial Instruments" and IFRS 16 "Leases".

### 6.2.3. Specific interim reporting requirements

#### Income tax expense

Income tax expense (current and deferred) in the condensed interim consolidated financial statements is computed by applying an estimated average annual tax rate for the current fiscal year to each tax reporting entity's pre-tax profit for the First Half of the year as adjusted, where applicable, for the tax effect of any specific events that may have occurred during the period. The resulting deferred tax charge or benefit is recognized in deferred tax assets or deferred tax liabilities in the consolidated statement of financial position.

#### Post-employment and other long-term employee benefits

The expense for post-employment and other long-term employee benefits is computed as one half of the annual charge estimated as of August 31, 2017. There were no material plan amendments in the First Half of Fiscal 2018.

### 6.2.4. Income statement presentation

In order to better focus the Group's financial communication on recurring operating profit and to simplify benchmarking with competitors, the consolidated income statement has changed as from Fiscal 2018 to include a new indicator, "Underlying operating profit", which corresponds to operating profit before "Other operating income" and "Other operating expenses".

Other operating income and expenses include gains and losses arising from changes in the scope of consolidation, gains and losses arising from changes in post-employment benefit obligations, restructuring and rationalization costs, M&A costs, amortization and impairment of client relationships and trademarks, impairment of non-current assets and other unusual or non-recurring items representing material amounts.

Underlying operating profit has replaced operating profit in the segment information, as it is now the main indicator reviewed regularly by the Executive Committee, which is the Group's main operating decision-maker.

The income statement and segment information for the First Half of Fiscal 2017 have been restated based on the new presentation.

In the new presentation of the income statement, the costs of the 18-month Adaptation and Simplification program launched in Fiscal 2016 have been reclassified under "Other operating expenses".

### 6.2.5. Use of estimates

The preparation of the condensed interim consolidated financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions that may affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and of revenues and expenses for the period.

These estimates and valuations are updated continuously based on past experience and on various other factors considered reasonable in view of current circumstances, and are the basis for the assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions are the same as those described in the consolidated financial statements for the year ended August 31, 2017 (provisions and litigation, derivative financial instruments, post-employment defined benefit plan assets and liabilities, goodwill and other intangible assets, impairment of current and non-current assets, deferred taxes, and share-based payments).

### 6.2.6. Changes in principal currency exchange rates

The following table presents changes in exchange rates for the main currencies used to convert the financial statements of subsidiaries compared with the first half of the prior fiscal year.

Currency	Closing rate as of February 28, 2018	Average rate for First-Half Fiscal 2018	Closing rate as of February 28, 2017	Average rate for First-Half Fiscal 2017
U.S. dollar (USD)	1.221	1.195	1.060	1.081
Pound sterling (GBP)	0.884	0.885	0.853	0.863
Real (BRL)	3.961	3.864	3.281	3.486

## 6.3 Segment information

The segment information presented below has been prepared based on internal management data as monitored by the Group Executive Committee, which is Sodexo's chief operating decision maker. The Group's two business segments correspond to On-site Services and Benefits and Rewards Services.

On-site Services revenue and underlying operating profit are broken down by global client segment. These global client segments meet the definition of operating segments in IFRS 8.

Consequently, Sodexo's operating segments and groups of operating segments are as follows:

- On-site Services:
  - Business & Administrations, which includes Corporate Services, Energy & Resources, Government & Agencies, Sports & Leisure and other non-segmented activities,
  - Health Care, combined with Seniors,
  - Education, comprising Schools and Universities;
- Benefits and Rewards Services.

The operating segments that have been aggregated carry out similar operations – both in terms of type of services rendered and the processes and methods used to deliver the services – and have similar economic characteristics (notably in terms of the margins they generate).

Segment assets and liabilities are not presented as they are not included in the chief operating decision maker's measurement of segment performance.

<b>First-Half Fiscal 2018</b> <i>(in millions of euro)</i>	<b>On-site Services</b>	<b>Business &amp; Administrations</b>	<b>Health Care &amp; Seniors</b>	<b>Education</b>	<b>Benefits and Rewards Services</b>	<b>Eliminations and corporate expenses</b>	<b>Consolidated total</b>
Revenues	9,882	5,295	2,359	2,228	411		10,293
Inter-segment sales (Group)					2	(2)	
<b>TOTAL</b>	<b>9,882</b>	<b>5,295</b>	<b>2,359</b>	<b>2,228</b>	<b>413</b>	<b>(2)</b>	<b>10,293</b>
Underlying operating profit <sup>(1)</sup>	562	207	145	211	124	(59)	627

<sup>(1)</sup> This is a new consolidated income statement indicator (see note 6.2.4) that includes the Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business but excludes other operating income and expenses.

<b>First-Half Fiscal 2017</b> <i>(in millions of euro)</i>	<b>On-site Services</b>	<b>Business &amp; Administrations</b>	<b>Health Care &amp; Seniors</b>	<b>Education</b>	<b>Benefits and Rewards Services</b>	<b>Eliminations and corporate expenses</b>	<b>Consolidated total</b>
Revenues	10,179	5,196	2,500	2,483	455		10,634
Inter-segment sales (Group)					2	(2)	
<b>TOTAL</b>	<b>10,179</b>	<b>5,196</b>	<b>2,500</b>	<b>2,483</b>	<b>457</b>	<b>(2)</b>	<b>10,634</b>
Underlying operating profit <sup>(1)(2)</sup>	634	224	159	252	156	(52)	738

<sup>(1)</sup> This is a new consolidated income statement indicator (see note 6.2.4) that includes the Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business but excludes other operating income and expenses.

<sup>(2)</sup> After reclassifications based on the new consolidated income statement presentation (see note 6.2.4)

## 6.4 Notes to the interim consolidated financial statements

### 6.4.1. Consolidated statement of changes in shareholders' equity

As of February 28, 2018, the Group held 2,529,632 Sodexo shares with a carrying amount of 225 million euro, including (i) 2,428,132 shares (215 million euro) purchased to cover the Group's obligations for stock option and free share plans for Group employees, and (ii) 101,500 shares (10 million euro) held under the liquidity contract.

As of August 31, 2017, the Group held 2,205,010 Sodexo shares with a carrying amount of 177 million euro to cover its obligations under stock option and free share plans for Group employees. During the First Half of Fiscal 2018, Sodexo shares with a carrying amount of 17 million euro were delivered to employees upon exercise of stock options or under free share plans. During the First Half of Fiscal 2017, Sodexo shares with a carrying amount of 14 million euro were delivered to employees upon exercise of stock options.

Total dividends paid out in the First Half of Fiscal 2018, adjusted for treasury shares, amounted to 411 million euro, representing a dividend of 2.75 euro per share and, where applicable, a dividend premium of 0.275 euro per share.

## 6.4.2. Business combinations

Changes in goodwill were as follows in the First Half of Fiscal 2018:

<i>(in millions of euro)</i>	August 31, 2017	Increases	Decreases	Currency translation adjustment	February 28, 2018
Corporate Services	1,022	4		(15)	1,011
Government & Agencies	357			4	360
Sports & Leisure	64	430		(15)	479
Energy & Resources	302	35	(1)	(10)	327
Other non-segmented activities	303	35		(1)	337
<b>Business &amp; Administrations</b>	<b>2,048</b>	<b>504</b>	<b>(1)</b>	<b>(37)</b>	<b>2,513</b>
Health Care	992			(22)	970
Seniors	416	5		(8)	413
<b>Health Care &amp; Seniors</b>	<b>1,408</b>	<b>5</b>		<b>(30)</b>	<b>1,382</b>
Schools	339	12		(7)	344
Universities	842			(25)	818
<b>Education</b>	<b>1,181</b>	<b>12</b>		<b>(32)</b>	<b>1,161</b>
<b>On-site Services</b>	<b>4,637</b>	<b>521</b>	<b>(1)</b>	<b>(99)</b>	<b>5,057</b>
<b>Benefits and Rewards Services</b>	<b>671</b>	<b>13</b>		<b>(20)</b>	<b>664</b>
<b>TOTAL</b>	<b>5,308</b>	<b>534</b>	<b>(1)</b>	<b>(119)</b>	<b>5,721</b>

During the First Half of Fiscal 2018, goodwill totaling 534 million euro was recognized on the acquisition of *The Good Eating Company* in the Corporate Services segment, *Morris Corporation* in the Energy & Resources segment, *Centerplate, Inc.* in the Sports & Leisure segment, *Kim Yew* in Schools, as well as on the acquisition of control of *FoodChéri*.

The table below shows the impact of newly consolidated entities. It includes the values of the assets acquired and liabilities assumed, as provisionally estimated at February 28, 2018, and the adjustments resulting from the final purchase price allocation of prior acquisitions.

<i>(in millions of euro)</i>	February 28, 2018	Of which Centerplate
Intangible assets <sup>(1)</sup>	134	146
Property, plant and equipment	49	43
Other non-current assets	12	12
Current assets	84	76
Cash and cash equivalents	26	11
Borrowings	(1)	
Other non-current liabilities <sup>(2)</sup>	(36)	(35)
Net deferred tax	32	29
Other current liabilities <sup>(2)</sup>	(119)	(103)
<b>Total identifiable net assets</b>	<b>182</b>	<b>180</b>
Goodwill	534	430
Non-controlling interests	(3)	
<b>Consideration transferred</b>	<b>714<sup>(3)</sup></b>	<b>610</b>
Cash acquired	(26)	(11)
Change in liabilities related to acquisitions of subsidiaries	(9)	
<b>Impact on the cash flow statement</b>	<b>(676)</b>	<b>(598)</b>

<sup>(1)</sup> Out of which -20 million euro impact of purchase price allocation adjustments to certain assets acquired in business combinations carried out in prior years

<sup>(2)</sup> Including provisions for risks and litigation in the United States and the United Kingdom

<sup>(3)</sup> Price paid or payable in cash, including estimated contingent consideration for 9 million euro

Companies acquired during the First-Half of Fiscal 2018, that were consolidated from the date of acquisition, contributed 171 million euro to consolidated revenue and 6 million euro to consolidated underlying operating profit for the period.

The acquisition of Centerplate, which was the main business combination for the period, was completed on December 26, 2017. If Centerplate had been consolidated as from September 1, 2017, it would have contributed 293 million to consolidated revenues and 12 million euro more to underlying operating profit for the First Half of Fiscal 2018.

Intangible assets mainly include customer relationships and trademarks. The amortization period for customer relationships has been provisionally set by management at a maximum of 15 years, based on the estimated attrition rate. Goodwill primarily reflects the expertise and know-how of the acquired businesses' employees and the expected synergies between these companies and Sodexo.

### 6.4.3. Cash and cash equivalents

(in millions of euro)	February 28, 2018	August 31, 2017
Marketable securities	435	420
Cash <sup>(1)</sup>	1,084	1,598
<b>Total cash and cash equivalents</b>	<b>1,519</b>	<b>2,018</b>
Bank overdrafts	(81)	(38)
<b>Total <sup>(2)</sup></b>	<b>1,438</b>	<b>1,980</b>

<sup>(1)</sup> Including 13 million euro allocated to the liquidity contract signed with an investment services provider, which complies with the Code of Conduct drawn up by the French financial markets association (*Association française des marchés financiers* – AMAFI) and approved by the French securities regulator (*Autorité des Marchés Financiers* – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.

<sup>(2)</sup> The Group's international cash pool has negative cash positions in U.S. dollars for the equivalent of 606 million euro, in Canadian dollars for the equivalent of 67 million euro and in other currencies for the equivalent of 33 million euro, partly offset by a positive cash position in euro of 707 million euro.

#### Total marketable securities comprised:

(in millions of euro)	February 28, 2018	August 31, 2017
Short-term notes	289	244
Term deposits	114	139
Mutual funds and other	32	37
<b>Marketable securities</b>	<b>435</b>	<b>420</b>

## 6.4.4. Borrowings

<i>(in millions of euro)</i>	February 28, 2018		August 31, 2017	
	Current	Non-current	Current	Non-current
<b>Bond issues</b>	17	1,877	13	1,876
Euro	17	1,877	13	1,876
<b>Bank borrowings <sup>(1)</sup></b>	1,070	1,068	479	1,103
US dollar	258	1,068	233	1,103
Euro	809		246	
Other currencies	3			
<b>Finance lease obligations</b>	3	8	4	7
Euro	3	7	3	6
Other currencies		1	1	1
<b>Other borrowings <sup>(2)</sup></b>	3	24	2	25
Euro	1	8	1	5
Other currencies	2	16	1	20
<b>Total excluding derivative financial instruments</b>	1,094	2,977	498	3,011
Net fair value of derivative financial instruments	(8)	(2)	(6)	(3)
<b>Total including derivative financial instruments</b>	1,086	2,976	492	3,008

<sup>(1)</sup> Including the proceeds of (i) two U.S. private placements (354 million U.S. dollars and 1,100 million U.S. dollars respectively as of February 28, 2018) and (ii) commercial paper issues (808 million euro and 140 million U.S. dollars as of February 28, 2018). The U.S. private placements are subject to financial covenants that the Group complied with as of February 28, 2018, August 31, 2017 and February 28, 2017.

<sup>(2)</sup> Including 17 million euro as of February 28, 2018 corresponding to liabilities recognized in connection with commitments to repurchase the non-controlling interests in certain subsidiaries (17 million euro as of August 31, 2017).

Changes in borrowings during the First Half of Fiscal 2018 were as follows:

<i>(in millions of euro)</i>	August 31, 2017	New borrowings	Repayments	Discounting effects and other	Currency translation adjustment	Changes in scope of consolidation	As of February 28, 2018
Bond issues	1,889			5			1,894
Bank borrowings	1,582	594			(38)	1	2,138
Finance lease obligations	11	2	(1)				11
Other borrowings	27	2	(2)	(3)		3	28
<b>Total excluding derivative financial instruments</b>	3,509	598	(3)	1	(38)	4	4,071
Net fair value of derivative financial instruments	(9)						(9)
<b>Total including derivative financial instruments <sup>(1)</sup></b>	3,500	598	(3)	1	(38)	4	4,062

<sup>(1)</sup> As of February 28, 2018, the fair values of bond issues and bank borrowings were 1,968 million euro and 2,110 million euro respectively (1,990 million euro and 1,623 million euro respectively as of August 31, 2017). There were no transfers between levels in the fair value hierarchy in the First Half of Fiscal 2018 compared with those presented in note 4.21 to the consolidated financial statements for the fiscal year ended August 31, 2017.

As of February 28, 2018, approximately 46% of the Group's borrowings were denominated in U.S. dollars, after taking into account the effect of derivative financial instruments and the cash pooling system. As of February 28, 2018, approximately 78% of the Group's borrowings were at fixed rates of interest and the blended cost of debt at that date was 2.2%.

As of August 31, 2017, nearly 91% of the Group's borrowings were at fixed rates of interest and the blended cost of debt at that date was 2.4%.

#### **July 2011 multi-currency confirmed credit facility**

As of August 31, 2017 and February 28, 2018, the Group had a multi-currency confirmed credit facility for 531 million euro plus 709 million U.S. dollars, expiring in July 2022. No amounts had been drawn down on this facility as of either February 28, 2018 or August 31, 2017.

#### **December 2017 bilateral confirmed lines of credit**

On December 20, 2017, the Group obtained two 150 million euro bilateral confirmed lines of credit, one expiring in December 2018 and the other in December 2019. No amounts had been drawn down on these facilities as of February 28, 2018.

#### **Commercial paper issues**

On January 22, 2018, Sodexo Finance set up a 1.4 billion euro commercial paper program. As of February 28, 2018, borrowings under the Sodexo SA and Sodexo Finance commercial paper programs totaled 923 million euro (808 million euro and 140 million U.S. dollars), compared with 331 million euro (100 million U.S. dollars and 246 million euro) as of August 31, 2017.

### **6.4.5. Operating expenses by nature**

<i>(in millions of euro)</i>	<b>First-Half Fiscal 2018</b>	<b>First-Half Fiscal 2017</b>
Depreciation, amortization and impairment losses	(160)	(158)
Employee costs		
- Wages and salaries	(3,829)	(3,942)
- Other employee costs <sup>(1)</sup>	(1,125)	(1,174)
Purchases of consumables and change in inventory	(2,803)	(3,033)
Other operating expenses <sup>(2)</sup>	(1,826)	(1,743)
<b>Total</b>	<b>(9,743)</b>	<b>(10,050)</b>

<sup>(1)</sup> Primarily payroll taxes, but also including costs associated with defined benefit plans, defined contribution plans and free share plans.

<sup>(2)</sup> Other operating expenses mainly include operating lease expenses (191 million euro for the First Half of Fiscal 2018 and 165 million euro for the First Half of Fiscal 2017), professional fees, other purchases used for operations, sub-contracting costs and travel expenses.

## 6.4.6. Other operating income and expenses

<i>(in millions of euro)</i>	First-Half Fiscal 2018	First-Half Fiscal 2017
Gains arising from changes in scope of consolidation		2
Gains arising from changes in post-employment benefit obligations		
Other	7	
<b>Total other operating income</b>	<b>7</b>	<b>2</b>
Restructuring and rationalization costs <sup>(1)</sup>	(7)	(137)
M&A costs	(14)	(2)
Losses arising from changes in scope of consolidation	(18)	
Losses arising from changes in post-employment benefit obligations		
Amortization and impairment of client relationships and trademarks	(31)	(15)
Impairment of non-current assets		
Other	(11)	
<b>Total other operating expenses</b>	<b>(80)</b>	<b>(154)</b>

<sup>(1)</sup> In the First Half of Fiscal 2017, this item corresponds to costs incurred for the Adaptation and Simplification program.

## 6.4.7. Financial income and expense

<i>(in millions of euro)</i>	First-Half Fiscal 2018	First-Half Fiscal 2017
Gross borrowing cost <sup>(1)</sup>	(54)	(48)
Interest income from short-term bank deposits and equivalent	16	7
<b>Net borrowing cost</b>	<b>(38)</b>	<b>(41)</b>
Interest income from loans and receivables at amortized cost	1	1
Other financial income <sup>(2)</sup>	10	4
Other financial expense <sup>(3)</sup>	(5)	(15)
Net foreign exchange gains/(losses)	(4)	2
Net interest cost on net defined benefit plan obligation	(4)	(3)
Monetary adjustment for hyperinflation		(3)
Change in fair value of derivative financial instruments not qualified for hedge accounting		
Other	(4)	(1)
<b>Net financial expense</b>	<b>(44)</b>	<b>(56)</b>
Of which financial income	27	14
Of which financial expense	(71)	(70)

<sup>(1)</sup> Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

<sup>(2)</sup> Including, in the First Half of Fiscal 2018, late interests related to the reimbursement of the tax on dividends and other tax for 7 million euro.

<sup>(3)</sup> Including, for the First Half of Fiscal 2017, 11 million euro related to the early redemption of 108 million U.S. dollars worth of a U.S. private placement.

### 6.4.8. Income tax expense

The effective tax rate for the First Half of Fiscal 2018 was 25.9% compared with 32.6% for the First Half of Fiscal 2017. The decline was mainly due to the reimbursement of the tax on dividends in France, for 43 million euro, and to the effects of the tax reform in the United States.

Sodexo SA sold a receivable for an amount of 46 million euro of CICE tax credits, which has been derecognized because substantially all the risks and rewards of ownership of the credits have been transferred.

### 6.4.9. Earnings per share

The table below presents the calculation of basic and diluted earnings per share:

	First-Half Fiscal 2018	First-Half Fiscal 2017
Profit for the period attributable to equity holders of the parent (in millions of euro)	372	348
Basic weighted average number of shares	148,535,880	149,936,978
<b>Basic earnings per share (in euro) <sup>(1)</sup></b>	<b>2.51</b>	<b>2.32</b>
Average dilutive effect of stock option and free share plans	2,026,926	2,241,223
Diluted weighted average number of shares	150,562,807	152,178,201
<b>Diluted earnings per share (in euro) <sup>(1)</sup></b>	<b>2.47</b>	<b>2.29</b>

<sup>(1)</sup> Basic and diluted earnings per share do not reflect the effect of the dividend premium to be paid on qualifying registered shares.

All of the Group's stock option plans and free share plans had a dilutive impact in the First Half of both Fiscal 2018 and Fiscal 2017.

### 6.4.10. Related party information

#### Non-consolidated companies

Transactions with non-consolidated companies are similar in nature to those described in note 4.25, "Related parties" to the consolidated financial statements for the fiscal year ended August 31, 2017.

#### Principal shareholder

As of February 28, 2018, Bellon SA held 40.38% of the capital of Sodexo and 55.9% of the exercisable voting rights.

During the First Half of Fiscal 2018, Sodexo paid fees of 2 million euro (1.6 million euro for the First Half of Fiscal 2017) under the assistance and advisory services contract with Bellon SA.

Bellon SA received dividends of 167.7 million euro on its Sodexo SA shares in February 2018.

## 6.4.11. Other disclosures

### Free share grants

On September 14, 2017, the Board of Directors decided to grant up to 14,000 shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date, and some of the share grants are subject to a performance condition.

### Members of the Board of Directors and the Executive Committee, Chief Executive Officer

At the close of the Annual Shareholders' Meeting on January 23, 2018, Denis Machuel succeeded Michel Landel and officially took up the position of Chief Executive Officer of Sodexo.

There were no significant changes from the fiscal year ended August 31, 2017 in relation to the nature of compensation, advances and commitments for pensions or similar benefits granted to members of Sodexo's Board of Directors or Executive Committee, or to the Chief Executive Officer.

### Disputes and litigation

On October 9, 2015, *Octoplus* lodged a complaint with France's Competition Authority concerning the practices of several French meal voucher issuers, including Sodexo Pass France, and asked the authority to issue an interim order. After hearing arguments from the parties concerned, on October 6, 2016 the Competition Authority rejected the request for an interim order but decided that the investigation into the complaint should be pursued. The investigations are still in progress and in the absence of any estimate of the related risk at this stage in the procedure, no provision was booked at February 28, 2018.

During the First Half of Fiscal 2018, there has been no significant change in the litigation with the Brazilian tax authorities regarding to the deductibility for tax purposes of the amortization of goodwill recognized on the purchase of *VR*.

## 6.4.12. Subsequent events

On March 5, 2018, the Group obtained a new 150 million euro bilateral confirmed line of credit expiring in March 2019.

On March 29, 2018, Sodexo SA redeemed at maturity the 2011 U.S. private placement for 148 million U.S. dollars.

# STATUTORY AUDITORS' REPORT

**Statutory Auditors' review report  
on the interim financial information**

**For the six months ended February 28, 2018**

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**SODEXO**

255 Quai de la Bataille de Stalingrad  
92866 Issy-les-Moulineaux Cedex 9  
France

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Sodexo for the six months ended February 28, 2018;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## **I - Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

## **II - Specific verification**

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, April 11, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit  
*Department of KPMG S.A.*

Hervé Chopin

STATEMENT OF  
RESPONSIBILITY FOR THE  
INTERIM FINANCIAL REPORT

**GROUP CHIEF EXECUTIVE OFFICER**

**RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT**

Issy-les-Moulineaux, April 12, 2018

I hereby affirm that to the best of my knowledge the condensed financial statements presented for the half-year just ended have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Sodexo, and of that of all of the companies included within the consolidation scope, and that the half year activity review included in the attached report presents a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements; the principle transactions between related parties; and describes the main risks and uncertainties for the remaining six months of the year.



**Denis Machuel**  
Chief Executive Officer