

Combined Annual Shareholders Meeting

January 22, 2019

AGENDA

1. Members of the Bureau, Agenda
2. Message from Sophie BELLON, Chairwoman of the Board
3. Message from Denis MACHUEL, Chief Executive Officer
4. Overview of Fiscal 2018 results by Marc ROLLAND, Chief Financial Officer
4. Outlook by Denis MACHUEL, Chief Executive Officer
5. Sodexo's Governance, presentation of film
6. Introducing Sophie STABILE, new Director
7. Work of the Compensation Committee by Cécile TANDEAU DE MARSAC, Director and Chairwoman of the Compensation Committee
8. Auditors' Reports
9. Questions / Answers
10. Vote on the resolutions

MEMBERS OF THE BUREAU

- **Members of the Bureau**
- **Agenda**

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MEMBERS OF THE BUREAU

- **Ms. Sophie BELLON**
Chairwoman of the Board of Directors
Chairwoman of the Meeting
- **Ms. Nicole HUARD**
Representing Bellon SA
Scrutineer
- **Mr. Xavier CAROULLE**
representing the FCP *Sodexo with me Classic*
of Sodexo Group employees
Scrutineer
- **Ms. Cindy CARIO**
Corporate Secretary of Sodexo
Secretary of the Meeting

ALSO PRESENT WITH US TODAY

ON THE STAGE:

- **Mr. Denis MACHUEL**
Chief Executive Officer
- **Mr. Marc ROLLAND**
Chief Financial Officer

IN THE ROOM:

- **Mr. Hervé CHOPIN**
KPMG – Statutory Auditor
- **Mr. Jean-Christophe GEORGHIOU**
PWC – Statutory Auditor

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD

Sophie BELLON
Chairwoman of the Board



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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Denis MACHUEL
Chief Executive Officer

A large, bold, dark blue number '3' is centered within a white rectangular area that has a dark blue border. The number is positioned on the right side of the overall slide layout.





38% live in large cities
GENERATING
72% OF GDP

4 URBANIZATION



OVERVIEW OF FISCAL 2018 RESULTS AND PERSPECTIVES

Marc ROLLAND
Chief Financial Officer

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FY2018 IN LINE WITH REVISED GUIDANCE

Fiscal 2018 highlights

Revised guidance

**Organic revenue growth*
of between 1 and 1.5%**

(Excluding 53rd week impact)



**Underlying operating
profit margin
around 5.7%**

(Excluding currency effects)

FY2018 Results

**Organic revenue growth
at 2.0%**

(Excluding 53rd week impact)



**Underlying operating
profit margin
at 5.7%**

(Excluding currency effects)

FINANCIALS STRICTLY UNDER CONTROL

Fiscal year 2018 highlights

Strong Free Cash Flow*

€1.1bn

FREE CASH FLOW

165%

CASH CONVERSION

Solid Balance sheet

1.0

NET DEBT RATIO

38%

GEARING

Share buyback program

€300m

FY18 Net Acquisitions

€697m

SPEND

2.9%

SCOPE CHANGE

Underlying EPS*

€4.77

Dividend maintained

€2.75

DIVIDEND

58%

OF UNDERLYING
NET PROFIT

PERFORMANCE IN THE P&L

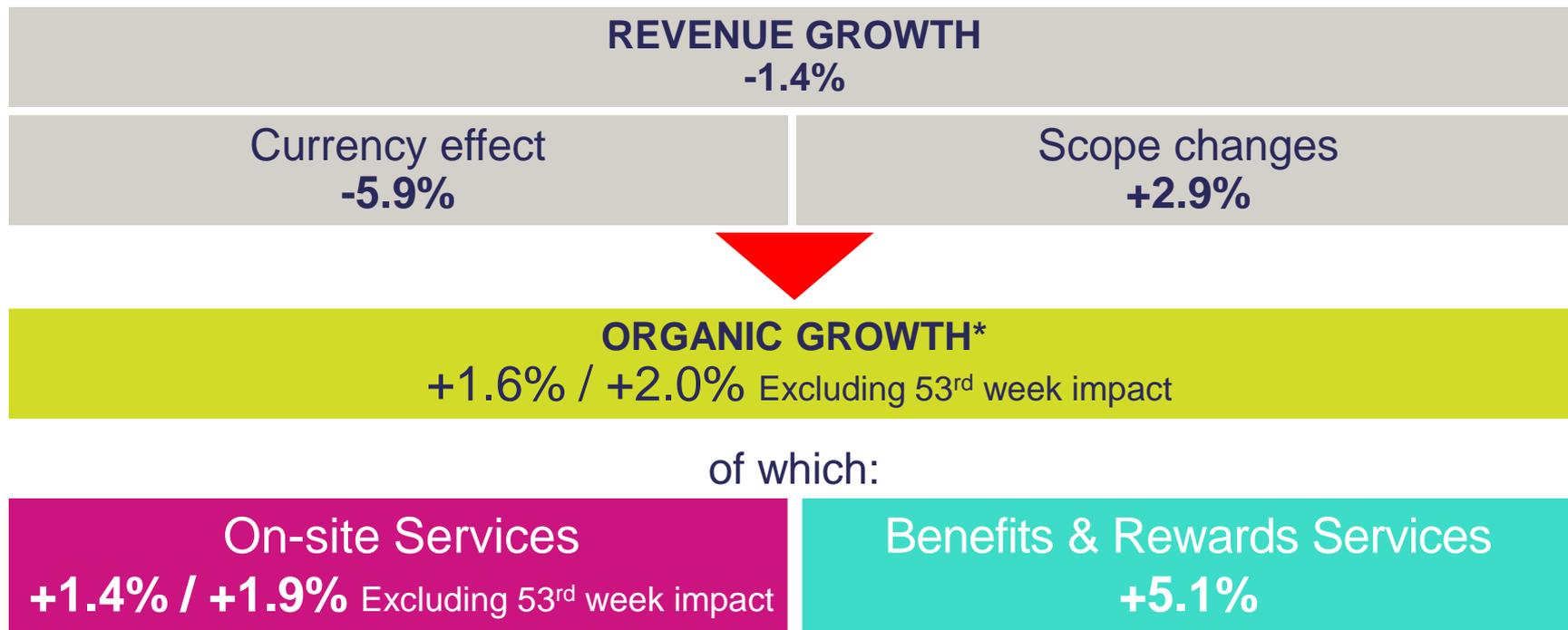
Fiscal 2018 Financial Performance

€ millions	FY 2018	FY 2017	CHANGE	
			At current exchange rates	Excluding currency effect
Revenues	20,407	20,698	-1.4%	+4.4%
Underlying Operating profit	1,128	1,340	-15.8%	-8.6%
Underlying Operating margin	5.5%	6.5%	-100 bps	-80 bps
Other Operating income and expenses	(131)	(151)		
Operating profit	997	1,189	-16.1%	-8.3%
Net financial expense	(90)	(105)		
Effective tax rate	27.1%	31.7%		
Underlying net profit group share*	706	822	-14.1%	-8.6%
Basic Underlying Earnings per Share*	4.77	5.52	-13.6%	
Group net profit	651	723	-9.9%	-4.0%
Basic Earnings per Share	4.40	4.85	-9.4%	

* Alternative Performance Measures

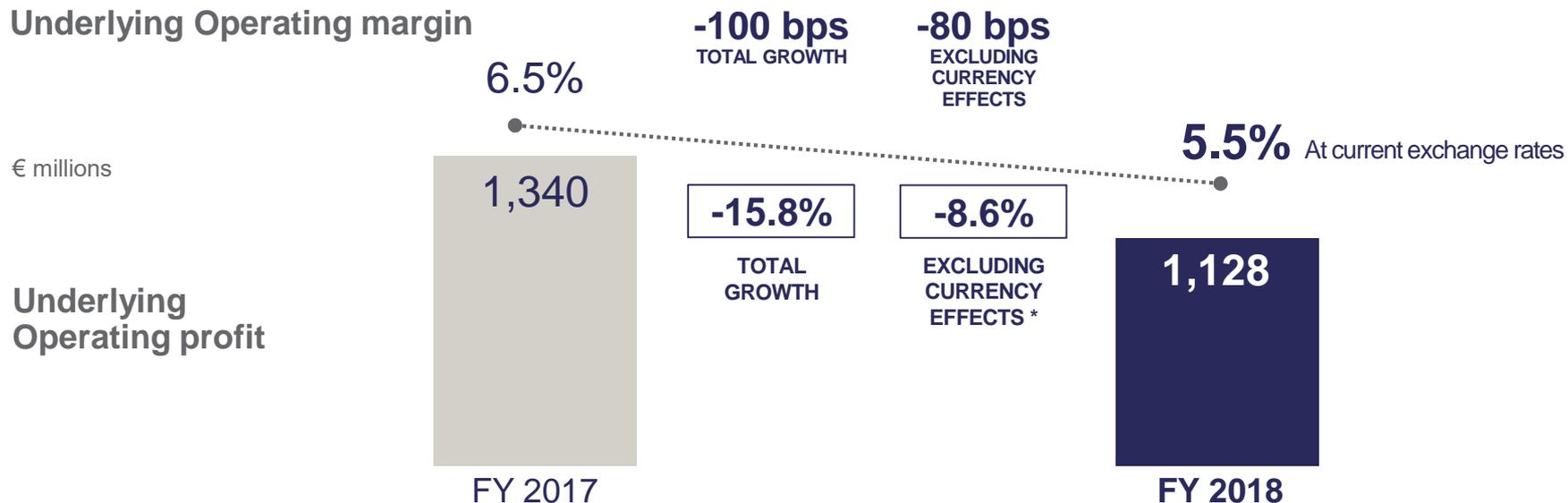
ORGANIC GROWTH

Fiscal 2018 Financial Performance



DETERIORATION IN UNDERLYING OPERATING PROFIT

Fiscal 2018 Financial Performance



* Alternative Performance Measures

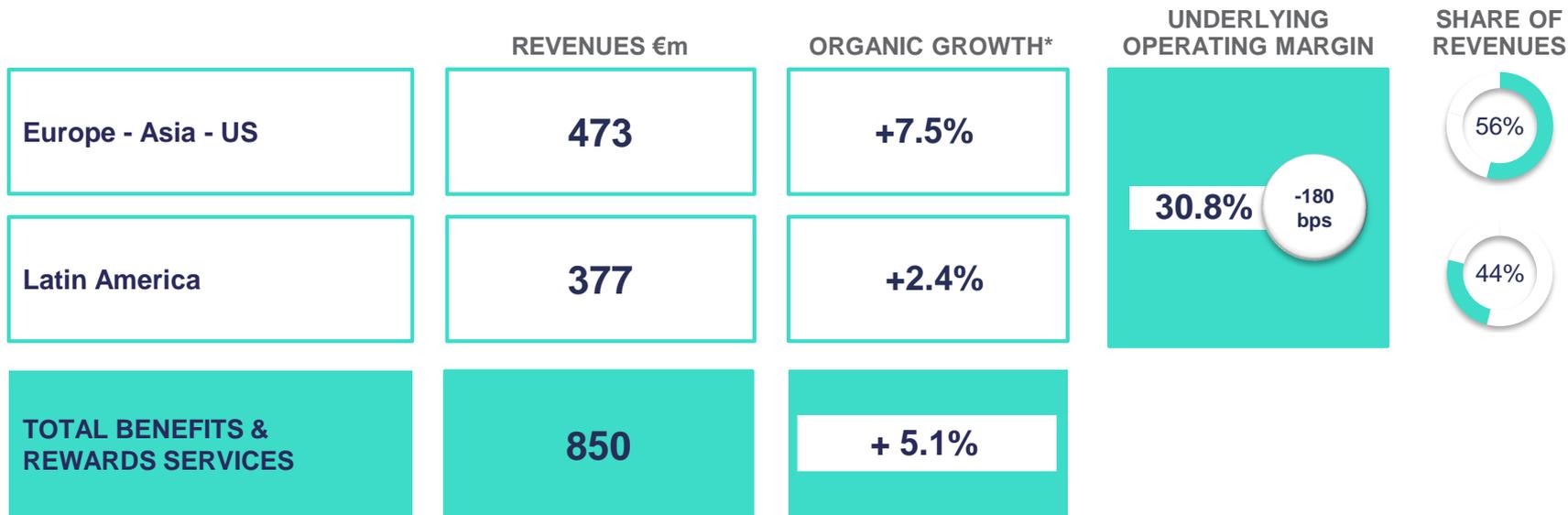
ON SITE SERVICES

Fiscal 2018 Financial Performance

	REVENUES €m	ORGANIC GROWTH*	UNDERLYING OPERATING MARGIN	SHARE OF REVENUES
Business & Administrations	10,938	+3.8% +4.1% Excluding 53 rd week	4.2%  -70 pbs	 56%
Health Care & Seniors	4,768	+0.2% +1.0% Excluding 53 rd week	6.4%  -30 pbs	 24%
Education	3,855	-3.0% -2.5% Excluding 53 rd week	5.8%  -90 pbs	 20%
TOTAL ON-SITE SERVICES	19,561	+1.4% +1.9% Excluding 53 rd week	5.0%  -70 pbs	

BENEFITS & REWARDS SERVICES

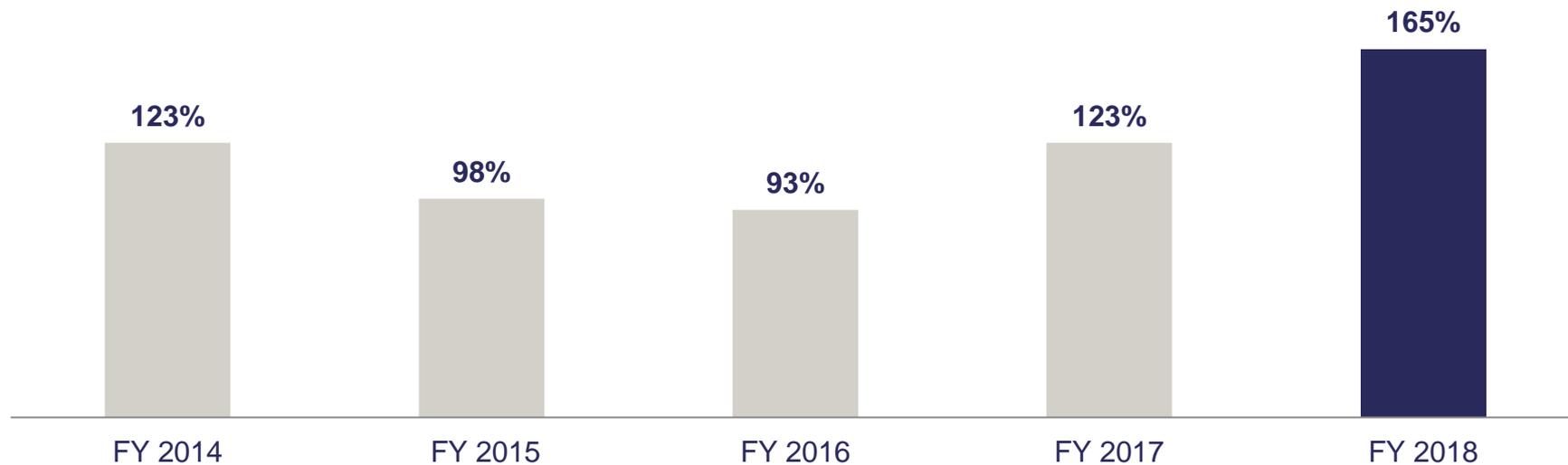
Fiscal 2018 Financial Performance



* Alternative Performance Measures

STRONG CASH CONVERSION

Cash conversion (Free cash flow / Group net profit)



STRONG CASH FLOW AND ROBUST BALANCE SHEET

Fiscal 2018 Financial Performance

Free cash flow*
€1,076m

Net debt*
€1,260m

Gearing*
38%

Proposed dividend €2.75

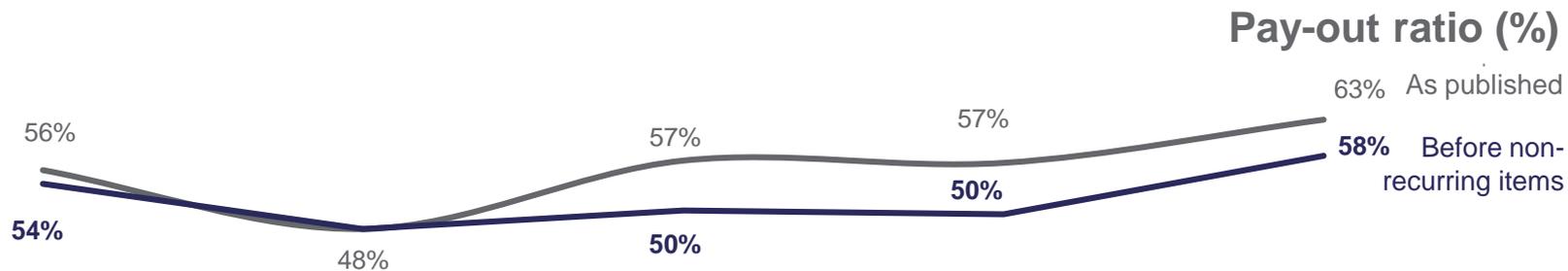
Pay-out ratio¹ ~58%

Total dividend¹ €407m

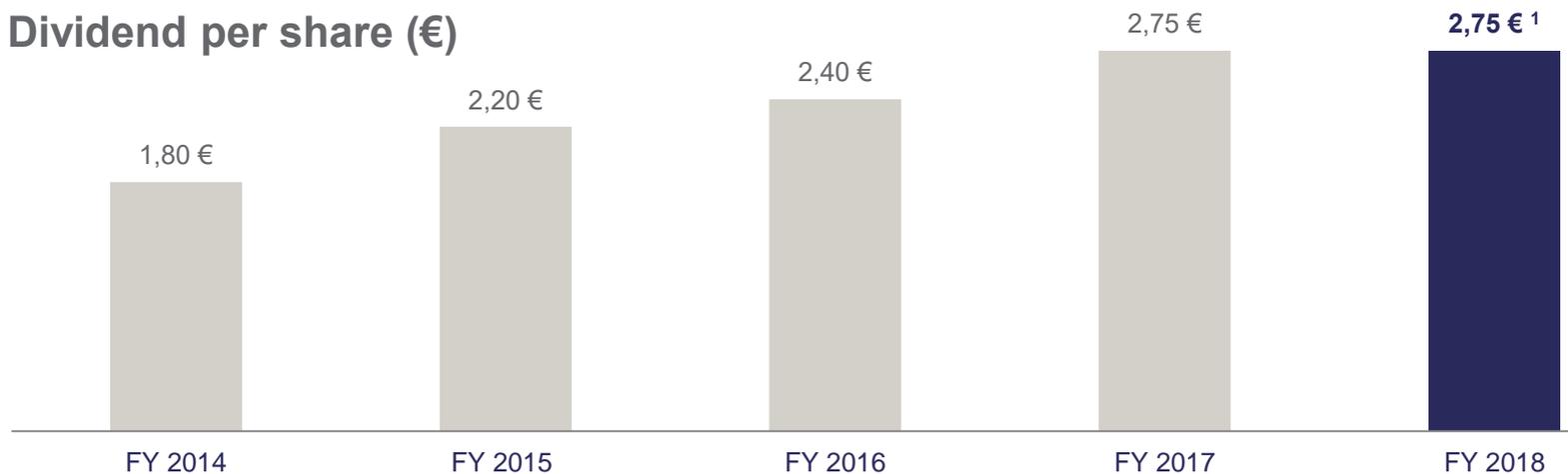
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¹Pay-out ratio: dividend / Underlying EPS* = 58% ; dividend / published EPS = 63%

DIVIDEND MAINTAINED DESPITE REDUCTION IN NET INCOME



Dividend per share (€)

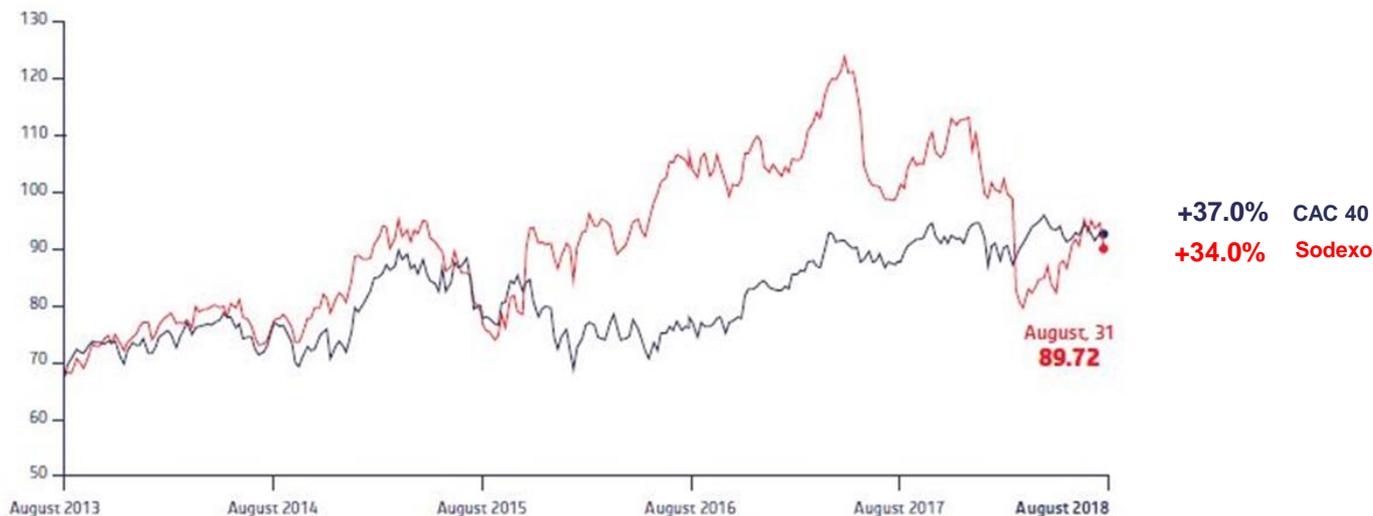


¹ To be proposed at the AGM on January 22, 2019

SHARE PRICE PERFORMANCE

Shareholders and stock market performance

EVOLUTION OF THE SHARE PRICE OVER THE LAST 5 YEARS



- Over the last five fiscal years, Sodexo's share price is up a **+34.0%** whereas the CAC 40 increased by **+37.0%**
- During the last fiscal year, Sodexo's share price has decreased by **-8.5%** while the CAC 40 is up **+6.3%**.

SHARE PRICE PERFORMANCE

Shareholders and stock market performance

Since initial listing in 1983

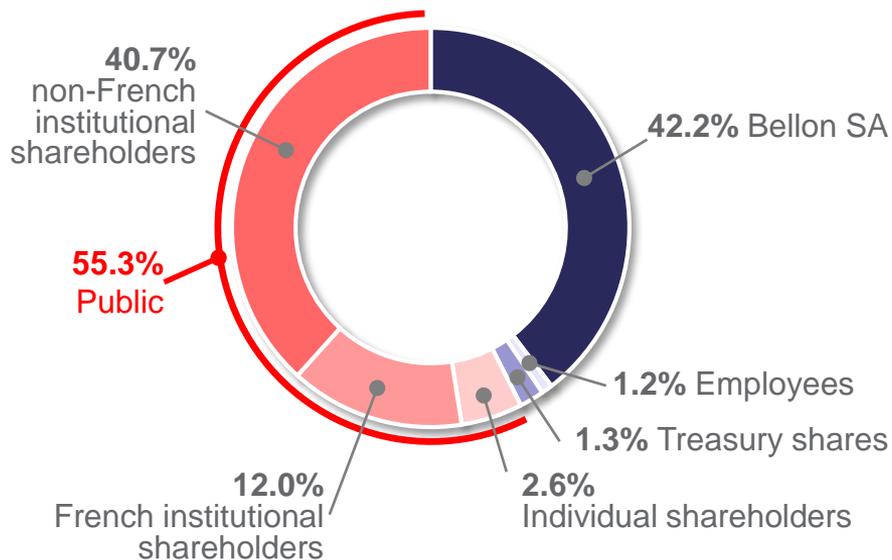
Share price x 58

More than **4 times**
the growth of the CAC40

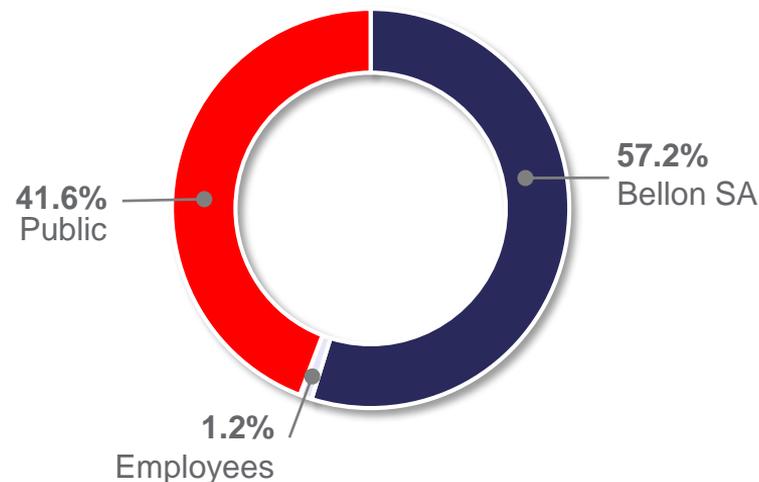
BREAKDOWN OF THE CAPITAL AND VOTING RIGHTS

Shareholders and stock market performance

SHAREHOLDERS AS AT 31/08/2018



VOTING RIGHTS



OUTLOOK

Denis MACHUEL
Chief Executive Officer

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FISCAL 2019 OBJECTIVES

Outlook

- Growth in line with expectations in Q1 FY19
- Stable growth in Europe
- Continued solid growth in developing economies
- Progressive improvement in North America

- Action plans delivering
- Productivity reinvested in growth initiatives
- Some timing differences in reinvestments are expected to weigh slightly on the first half



**Organic* revenue
growth
between 2 and 3%**



**Underlying operating
profit margin
between 5.5% and 5.7%**
(Excluding currency effects)

CORPORATE GOVERNANCE

Presentation of film

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INTRODUCING A NEW DIRECTOR

Sophie STABILE
Director
since July 1, 2018



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WORK OF THE COMPENSATION COMMITTEE

**Cécile
TANDEAU DE MARSAC**
Director
and
Chairwoman
of the Compensation
Committee



CORPORATE OFFICERS' COMPENSATION POLICY

General principles

FISCAL 2019

Compliance	Recommendations of the Afep-Medef Code
Competitiveness	<ul style="list-style-type: none">▪ With the French market (CAC-40)▪ With the international market (main competitors)
Balance	<ul style="list-style-type: none">▪ Between fixed and variable components▪ Between financial and non-financials objectives▪ Between short- and long-term
Alignment of interests	Employees, shareholders and other stakeholders
Performance	Rigorous performance conditions, profitable sustained growth, alignment with published objectives
Transparency	Clear, straightforward and communicated externally

COMPENSATION POLICY

Chairwoman of the Board of Directors

FISCAL 2019

Components

- Fixed compensation
- Company car
- Collective health and benefit plan

Does not include any

- Variable (annual or multi-year)
- Exceptional compensation
- Long-term incentive compensation
- Directors' fees (for attending Board or Committee meetings)
- Indemnity in case of termination of her mandate
- Supplemental pension plan

Proposed compensation

- 675,000 euro per year, unchanged from the prior year and applicable for the entire remaining term of office

COMPENSATION POLICY

Chief Executive Officer

FISCAL 2019

- | | |
|-----------------------------|--|
| Components | <ul style="list-style-type: none">▪ Fixed compensation▪ Annual variable compensation▪ Long-term compensation▪ Non-compete agreement (maximum of 24 months of fixed compensation only)▪ Supplemental pension plan▪ Company car▪ Collective health and benefits plan▪ Unemployment insurance▪ Exceptional compensation |
| Does not include any | <ul style="list-style-type: none">▪ Multi year compensation▪ Indemnity in case of termination of his mandate |

COMPENSATION POLICY CHIEF EXECUTIVE OFFICER

Fixed compensation

FISCAL 2019

Denis Machuel

Base salary of 900,000 euro

COMPENSATION POLICY CHIEF EXECUTIVE OFFICER

Annual variable compensation (bonus)

FISCAL 2019

70%	Financial objectives (organic revenues growth, consolidated underlying operating profit, Group net income, free cash flow)
30%	Non-financial objectives (health and safety, talent management, DJSI ranking)
Fiscal 2019	<ul style="list-style-type: none">▪ 100% of the bonus <u>when</u> the objectives are achieved▪ 150% of the bonus <u>when</u> the objectives are exceeded
Cap	<ul style="list-style-type: none">▪ 150% of fixed compensation

COMPENSATION POLICY CHIEF EXECUTIVE OFFICER

Long term compensation

FISCAL 2019

Exclusively	Performance shares
Continued presence and performance conditions	For a four-year period
Performance conditions directly related to the Group's strategic priorities	For the April 2019 plan : <ul style="list-style-type: none">▪ Financial performance: for 50% of the shares▪ Market performance: for 30% of the shares▪ Diversity and inclusion objective: for 20% of the shares
Cap	<ul style="list-style-type: none">▪ 150% of total annual compensation (fixed and variable at objectives achieved)▪ 5% of all of the free shares granted during the fiscal year

COMPENSATION OF SOPHIE BELLON

FISCAL 2018

Sophie Bellon

€627,077

Chairwoman of the Board of Directors

- Fixed compensation paid by Sodexo €625,347
- Other benefits (company car) €1,730

COMPENSATION OF MICHEL LANDEL

FISCAL 2018

Michel Landel	€1,269,644
Chief Executive Officer, since January 23, 2018	
of which:	
▪ Fixed compensation	€372,165
▪ Variable compensation*	€252,383
▪ Non-compete indemnity	€622,267
▪ Directors' fees	€22,000
▪ Other benefits (Company car)	€829

* Includes the Fiscal 2018 bonus (to be paid in Fiscal 2019) and travel allowances.

COMPENSATION OF DENIS MACHUEL

FISCAL 2018

Denis Machuel

€798,894

Chief Executive Officer, as from January 23, 2018

of which:

▪ Fixed compensation	€545,768
▪ Variable compensation*	€245,595
▪ Fringe benefits (company car, unemployment insurance)	€7,531

* Includes the Fiscal 2018 bonus (to be paid in Fiscal 2019).

PERFORMANCE SHARES GRANTED TO DENIS MACHUEL ON APRIL 27, 2018

FISCAL 2018

Number of shares	25,000
Value (IFRS)	€1,600,438

▪ **100%** of the **grant** is subject to **performance conditions**:

- | | |
|----------------------------|---|
| • 50% of the shares | Growth in consolidated operating profit of +8 to +10% |
| • 20% of the shares | Achievement of a diversity and inclusion objective set by Sodexo to encourage the promotion of women to top management positions |
| • 15% of the shares | Outperformance of a peer group comprising CAC 40 Companies |
| • 15% of the shares | Outperformance of a peer group (Elior, Compass, Edenred, Aramark, ISS, JLL, CBRE, ABM, ELIS, G4S, Rentokil and Securitas) |

RELATED PARTY AGREEMENTS FOR DENIS MACHUEL SUBMITTED FOR SHAREHOLDER APPROVAL

Non-compete agreement:

- Concluded between Sodexo and Denis Machuel
- **Approved** by the Board of Directors on April 27, 2018
- **Addendum** signed by Sodexo and Denis Machuel, approved by the Board of Directors on November 6, 2018 (**in order to conform to the new Afep-Medef Code**)
- Duration of **24 months**
- Compensated by **24 months of fixed compensation**

Other commitments:

- Supplemental pension plan
- Collective supplemental health and benefit plan

AUDITORS' REPORTS

- **KPMG**
M. H. CHOPIN
- **PWC**
M. JC. GEORGHIOU



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REPORTS ON THE CONSOLIDATED AND INDIVIDUAL COMPANY FINANCIAL STATEMENTS



Pages
158-162
& 192-195
of the RD

Unqualified opinion

Purpose of our assignment: obtain reasonable assurance that the financial statements:

- Are free of material misstatement
- Comply with the applicable accounting standards, and
- Give a true and fair view of the assets and liabilities and of the financial position of the Group at August 31, 2017 and of the results of the Group's operations for the year then ended.

Accounting policies applied:

- Consolidated financial statements: IFRS as adopted by the European Union
- Individual company financial statements: French GAAP
- Emphasis of matter in our report on the individual company financial statements regarding the first-time application of ANC regulation no. 2015-05 on financial instruments and hedging transactions.

Specific verifications:

- Management Report: no matters to report as to its fair presentation and its consistency with the financial statements
- Information relating to compensation and benefits received by corporate officers and any other commitments made in their favor: we have verified its accuracy and fair presentation
- Information on those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer: we have no matters to report.

REPORTS ON THE CONSOLIDATED AND INDIVIDUAL COMPANY FINANCIAL STATEMENTS



Pages
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of the RD

Key audit matters

Matters disclosed to the Audit Committee requiring particular attention during our audit and which we consider to be the most significant:

- Consolidated financial statements:
 - Measurement of the recoverable amount of goodwill
 - Suppliers' discount allowances
 - Post-employment benefits
 - Tax risks
- Individual company financial statements:
 - Valuation of equity investments
- ▶ A detailed description of the risks and our responses thereto can be found in our reports

SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS



Pages
196-199
of the RD

3 new agreements and commitments to be submitted
for approval at the Shareholders' Meeting

Related-party agreements and commitments authorized by the Board of Directors and submitted for approval at the Shareholders' Meeting

- Non-compete agreement entered into with Denis Machuel, Chief Executive Officer, applicable for a period of 24 months as from the date on which his duties as Chief Executive Officer cease
- Supplemental health, benefits and pension plans for Denis Machuel, Chief Executive Officer
- Supplemental pension plan for Denis Machuel, Chief Executive Officer.

SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS



Pages
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of the RD

Continuing agreements and commitments already approved by the Shareholders' Meeting that remained in force during the year

Related-party agreements and commitments approved in previous years

- Service agreement between Bellon SA and Sodexo
- Supplemental health and benefit plans for Sophie Bellon, Chairwoman of the Board of Directors, and Michel Landel, Chief Executive Officer until January 23, 2018 and Director until July 1, 2018
- Transactions with Michel Landel, Chief Executive Officer until January 23, 2018 and Director until July 1, 2018 (retirement benefit plan, and indemnity in the event of termination of his appointment as Chief Executive Officer, unless for reasons of resignation or retirement, and barring his removal from office for serious misconduct or gross negligence).

Related-party agreements and commitments approved during the year

- Non-compete agreement entered into with Michel Landel, Chief Executive Officer until January 23, 2018 and Director until July 1, 2018, applicable for a period of 24 months as from the date on which his duties as Chief Executive Officer cease.



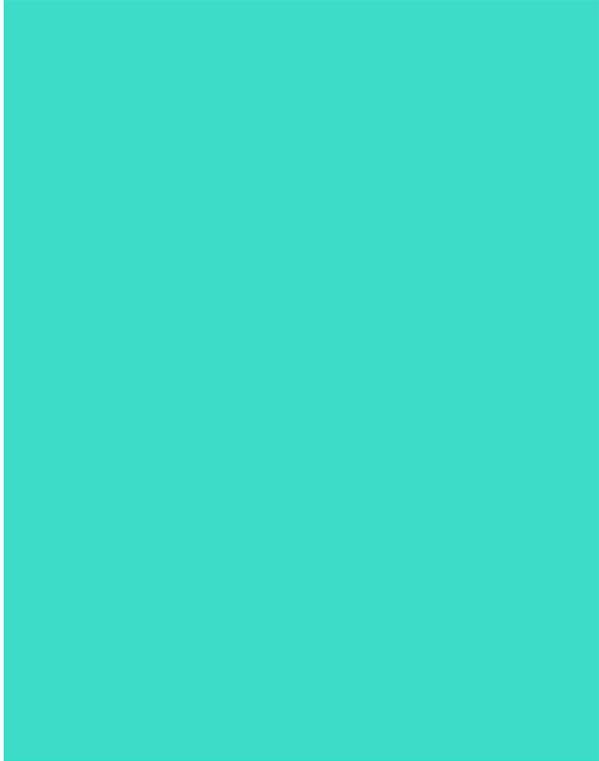
SPECIAL REPORTS ON THE RESOLUTIONS SUBMITTED FOR APPROVAL AT THE EXTRAORDINARY SHAREHOLDERS' MEETING

**Relating to authorizations and delegations of authority
granted to the Board of Directors**

Report on the authorization to grant free existing or newly issued shares (18th resolution)

- No matters to report on the information provided in the Board of Directors' report concerning the proposed authorization to grant free shares.

QUESTIONS / ANSWERS



Q & A

VOTE ON THE RESOLUTIONS

**Combined Annual
Shareholders Meeting**

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1st RESOLUTION

Vote on ordinary resolutions

Adoption of the individual company Financial Statements of SODEXO SA
Fiscal 2018, ended on August 31, 2018

Net income of 481 million euro

2nd RESOLUTION

Vote on ordinary resolutions

Adoption of the Consolidated Financial Statements

Fiscal 2018, ended on August 31, 2018

Group net profit of 651 million euro

3rd RESOLUTION

Vote on ordinary resolutions

**Appropriation of net income for Fiscal 2018
and setting of the dividend at €2.75 per share**

Reminder: a **10% dividend premium** is allocated to shares held in registered form for more than 4 years (limited to 0.5% of the share capital per shareholder)

4th RESOLUTION

Vote on ordinary resolutions

Related-party agreement and commitment

Non-compete agreement of Mr. Denis MACHUEL
presented in the Auditors' Special Report



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5th RESOLUTION

Vote on ordinary resolutions



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Related party Agreement and commitment

Mr. Denis MACHUEL's collective supplemental health and benefits plan presented in the Auditors' Special Report

6th RESOLUTION

Vote on ordinary resolutions

Related party Agreement and commitment

Mr. Denis MACHUEL's supplemental pension plan
presented in the Auditors Report



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7th RESOLUTION

Vote on ordinary resolutions

Reappointment of

Mr. Emmanuel BABEAU as Director
for a period of **three years**

**Term of office: Shareholders Meeting held to approve the financial statements
for the fiscal year ending August 31, 2021**

8th RESOLUTION

Vote on ordinary resolutions

Reappointment of

Mr. Robert BACONNIER as Director
for a period of **one year**

**Term of office: Shareholders Meeting held to approve the financial statements
for the fiscal year ending August 31, 2019**

9th RESOLUTION

Vote on ordinary resolutions

Reappointment of

Ms. Astrid BELLON as Director

For a period of **three years**

Term of office: Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2021

10th RESOLUTION

Vote on ordinary resolutions

Reappointment of

Mr. François-Xavier BELLON as Director

For a period of **three years**

Term of office: Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2021

11th RESOLUTION

Vote on ordinary resolutions

Ratification of the Board's appointment by cooptation of

Ms. Sophie STABLE as Director

For the remainder of her predecessor's term of office

Term of office: Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2019

12th RESOLUTION

Vote on ordinary resolutions



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Approval of the compensation and benefits paid or awarded to Ms. Sophie BELLON, Chairwoman of the Board, for Fiscal 2018

Compensation	Gross amount paid for Fiscal 2018
Fixed compensation	625,347 euro
Other benefits (company car)	1,730 euro

13th RESOLUTION

Vote on ordinary resolutions



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& 261
of the RD

Approval of the compensation and benefits paid or awarded to Mr. Michel LANDEL, Chief Executive Officer until January 23, 2018, for Fiscal 2018

Compensation	Gross amounts paid or awarded for Fiscal 2018
Fixed compensation	372,165 euro
Variable Compensation	252,383 euro
Non-compete indemnity	622,267 euro
Directors' fee	22,000 euro
Performance share grant	None
Other benefits (company car)	829 euro

14th RESOLUTION

Vote on ordinary resolutions



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& 262
of the RD

Approval of the compensation and benefits paid or awarded to Mr. Denis Machuel, Chief Executive Officer since January 23, 2018, for Fiscal 2018

Compensation	Gross amounts paid or awarded for Fiscal 2018
Fixed compensation	545,768 euro
Variable Compensation	245,596 euro
Performance share grant	25,000 performance shares valued at 1,600,438 euro
Other benefits (company car, unemployment insurance)	7,531 euro

15th RESOLUTION

Vote on ordinary resolutions



Pages
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of the RD

Approval of the compensation policy for the Chairwoman of the Board

Principles and criteria used to determine, allocate and award the components of the compensation and benefits

16th RESOLUTION

Vote on ordinary resolutions



Pages
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of the RD

Approval of the compensation policy for the Chief Executive Officer

Principles and criteria used to determine, allocate and award the components of the compensation and benefits

17th RESOLUTION

Vote on ordinary resolutions

Authorization for the Board to purchase treasury shares

For **attributions within the scope of a free share plan** for group employees or executive officers, **cancellation through a capital decrease** and **to carry out market-making** in Sodexo shares

- **Maximum purchase price: 120€ per share**
- **Limit: 5% of the issued share capital as of the date of January 22, 2019**
- **Term of the authorization: 18 months**
- **Cancels and replaces the authorization voted by the Shareholders on January 23, 2018**

18th RESOLUTION

Vote on extraordinary resolutions

Authorization for the Board of Directors to grant existing and/or newly issued free shares to employees and/or corporate officers of the Group with an automatic waiver of shareholders' preferential subscription rights

- **Limit: 2.5% of the issued share capital as of the date of the Board's decision and 1.5% of the share capital during a single fiscal year**
- **Term of authorization: 38 months**
- **Cancels and replaces the authorization voted by the Shareholders on January 26, 2016**

19th RESOLUTION

Vote on extraordinary resolutions

Powers to perform legal formalities



sodexo
QUALITY OF LIFE SERVICES

Thank You