

Sodexo announces both revenue and operating profit growth for Fiscal 2009

- Revenues up 7.9%, including 2.5% organic growth
- Operating profit of 746 million euro, up 8.1%
- Growth in net income of 4.5% after acquisition financing, maintaining proposed dividend at 1.27 euro per share
- Fiscal 2010 outlook: revenues to be maintained at same level as previous year; operating profit between 750 and 770 million euro, at constant exchange rates
- Medium-term ambitions confirmed

Paris, November 10, 2009 – Sodexo's (NYSE Euronext Paris FR 0000121220- OTC : SDXAY) Board of Directors met on November 6, 2009 under the chairmanship of Pierre Bellon to close the accounts for the year ended August 31, 2009. Michel Landel, Chief Executive Officer, presented the financial results for Fiscal 2009.

Key financial performance indicators for Fiscal 2009

In millions of euro	Fiscal year ended August 31		Change at constant exchange rates	Currency impact	Total change
	2009	2008			
Income statement highlights					
Revenues	14,681	13,611	+ 6.4%	+ 1.5%	+ 7.9%
<i>Organic growth</i>	2.5%	7.7%			
Operating profit	746	690	+ 6.7%	+ 1.4%	+ 8.1%
<i>Operating margin</i>	5.1%	5.1 %			
Net income	393	376	+ 5.3%	- 0.8%	+ 4.5%
Earnings per share (in euro)	2.54	2.42	+ 5.8%		
Dividend per share (in euro)	1.27	1.27	-		
Financial structure highlights					
Net cash provided by operating activities	577	780			
	As of 08/31/09	As of 08/31/08			
Gearing ratio	38%	21%			

Commenting on these results, Sodexo CEO Michel Landel, said:

"In a particularly difficult environment, Sodexo again increased revenues and profits in Fiscal 2009 to a level in line with its objectives. Sodexo remains a growth company. Firmly focused on the future and the long term, we have continued during Fiscal 2009 to invest in the implementation of our strategy, including in our comprehensive offer, in training our teams, in recruiting new talents, in creating platforms of expertise in Facilities Management, and also in four acquisitions in France, Germany, India and the U.S. As we anticipated last year, the crisis has slowed our new business development and weighed on comparable unit growth on existing sites. These impacts will continue during Fiscal 2010 such that, for the coming year, consolidated revenues are likely to remain at the same level as in Fiscal 2009 (at constant scope and exchange rates). Also, our Fiscal 2010 operating profit objective is to achieve between 750 and 770 million euro (at constant rates). Beyond this horizon, and given the considerable potential of our worldwide markets, our unique strategic positioning and our solid financial structure, we are fully confident of our ability to achieve the medium term objectives we have set: i.e., annual average revenue growth of 7% and an operating margin of 6%."

Revenue growth of 7.9%

The + 7.9% growth in revenues comprises the following:

- **organic growth: + 2.5%;**
- currency impact: + 1.5%;
- changes in scope of consolidation: + 3.9%.

In **On-site Service Solutions**¹, the year was marked by:

- continued robust organic growth in **Health Care and Seniors**¹ (+ 5.2%), reflecting Sodexo's market leadership, especially in North America;
- solid performance in **Education**, with + 4.6% organic growth, including satisfactory growth in North America;
- reduced activity across all regions of the world in **Corporate** (- 0.8%).

By geography, organic growth in On-site Service Solutions resulted from:

- a moderate increase (+ 1.8%) in North America, driven mainly by the fast-growing Health Care, Seniors and Education segments, which offset the downturn experienced in Corporate;
- maintained revenues (+ 0.1%) in Continental Europe, despite revenue declines in Corporate and Sports and Leisure;
- solid activity in the UK and Ireland, with + 6.7% growth excluding the impact of the 2007 Rugby World Cup hospitality contract;
- continued strong activity in the Rest of the World (+ 11.9%) resulting particularly from double-digit growth in Remote Sites and in Latin America.

In total, Facilities Management services also contributed strongly to this organic growth, reaching 23.9% of Group consolidated revenues in Fiscal 2009, compared to 21.6% the previous year.

Finally, organic growth in **Motivation Solutions**¹ remained excellent, up 14%.

Issue volume grew from 10.4 billion euro in Fiscal 2008 to 12.1 billion euro for Fiscal 2009, an increase of 16.7% at current rates.

¹ To reflect its strategic positioning, Sodexo has decided to modify the names of its activities as follows :

- « Food and Facilities Management Services » is now « On-site Service Solutions »
- « Service Vouchers and Cards » is now « Motivation Solutions ».

Underlying this performance, Sodexo's key performance indicators evolved as follows during the year:

- the client retention rate was 93.5%, comparable to the prior year rate;
- less than 3% comparable unit growth on existing sites, reflecting a sharp drop in volumes in the Corporate segment in the United States and Europe;
- the business development rate (i.e., new contract wins) was approximately 6%.

Operating profit up 8.1%

Operating profit increased by 8.1% to 746 million euro in Fiscal 2009, an increase of 6.7% at constant currency exchange rates.

This robust growth in operating profit results from:

- significant issue volume increases in Motivation Solutions;
- improved profitability in North America, where operating margins rose from 4.8% to 5.2%;
- a more significant contribution from the Rest of the World (Latin America, Middle East, Africa, Asia and Australia).

This solid performance more than offset the negative impacts of the consequences of the economic crisis seen in both the Corporate and Sports and Leisure segments in Continental Europe and in the UK and Ireland.

During the year, the Group also achieved efficiency savings of more than 50 million euro in its administrative and support costs, in line with the objectives set by the Executive Committee at the start of Fiscal 2009.

The resulting consolidated operating margin was 5.1%, comparable to the prior year.

Growth in Net income of 4.5% and earnings per share of 5%

While operating profit grew 8.1 %, Group net income grew by only 4.5 % after taking into account increased interest expense from the financing of acquisitions undertaken during the last twelve months.

Dividend

Despite the economic crisis, the Sodexo Board of Directors will propose to the January 25, 2010 General Shareholders' Meeting a **dividend maintained** at 1.27 euro per share.

A cash-generating financial model

Net cash provided by operating activities totaled 577 million euro, demonstrating once again the quality of Sodexo's financial model, a major strength in this crisis environment.

Net cash provided by operating activities was used to finance:

- net operational investments of 223 million euro (1.5% of revenues);
- acquisitions (net of divestments and of cash held by acquired companies) of 526 million euro.

Sodexo issued three new debt instruments in Fiscal 2009, thereby securing the reimbursement of the two bond issues due March 2009 and also extending the maturity of its borrowings.

As of August 31, 2009, net debt was 889 million euro, representing only 38% of Group consolidated equity. Gross debt represented less than four years of operating cash flow at the same date.

Four strategic acquisitions

During Fiscal 2009, Sodexo made a number of targeted acquisitions, enabling it to reinforce its global leadership positions in high potential markets:

- **Score Group**, the fourth-largest provider of foodservices in France, consolidating Sodexo's position in the French market, especially in the Corporate segment in the Paris region;
- **Zehnacker** in Germany, a specialist in Facilities Management services in the Health Care segment. This acquisition enhances the Group's ability to provide comprehensive services to major international clients in the high potential German market.
- **Radhakrishna Hospitality Services Group (RKHS)**, in India, enabling Sodexo to establish a clear position as the leader in comprehensive services solutions in one of Asia's largest markets.
- **Comfort Keepers**, one of the leading providers in the North American market of non-medical in-home services for seniors and persons in need of support. This Seniors market has significant worldwide potential for Sodexo.

Outlook

Fiscal 2010 objectives

Michel Landel underlined to the Sodexo Board of Directors that despite overall satisfactory performance for Fiscal 2009, the full initial effects of the economic crisis were only first felt in all of the Group's activities and countries beginning from the second quarter of Fiscal 2009.

Hence, considering current uncertainties and the fact that the global economic recovery is likely to be slow, Fiscal 2010 should likely see revenues (at constant scope and exchange rates) remain at the same level as Fiscal 2009. The Group targets as a consequence for Fiscal 2010 an operating profit objective of between 750 and 770 million euro (at constant rates).

Sodexo has won several recent prestigious contracts but the crisis has seen delay in certain decisions by clients and new prospects. Growth in sales on existing sites has also slowed. As a consequence, the rate of new business development at the start of the year has been inferior to that of past years and a modest decrease in revenues for the first half of Fiscal 2010 is anticipated.

In Fiscal 2009, Sodexo achieved 50 million euro in savings and productivity gains in its administrative and support costs; For Fiscal 2010, Sodexo targets improving organizational efficiency by a further 60 million euro in Fiscal 2010, (thereby achieving nearly 10% in these costs over two years). These gains will permit reinvestment for continued investment for the long term.

Medium term

Sodexo confirms its medium term objectives: i.e., to achieve annual average revenue growth of 7% and an operating margin of 6%.

With a significant potential market estimated at 780 billion euro, particularly in segments in which the Group is a world leader - Health Care, Seniors, Education and Defense – Sodexo benefits from major competitive advantages:

- strong values, ethical principles and a motivated workforce;
- a unique strategic positioning: Sodexo's worldwide teams are the only ones with an offer as comprehensive and integrated that combines On-site Service Solutions and Motivation Solutions;
- a unique global network, operating in 80 countries, which cover over 80% of the world's population and more than 92% of global GDP;
- a financial model that has proved its strength and effectiveness, allowing Sodexo to finance its future development;
- Sodexo's independence, which enables the Group to pursue a long-term strategy.

Analysts meeting

SODEXO will hold a briefing on its Fiscal 2009 results today at 9:00 a.m. at the Centre de Conférences, Capital 8 (32, rue Monceau, Paris 8ème). It will also be available via webcast, at www.sodexo.com.

Future financial communications dates:

- First quarter Fiscal 2010 revenues: January 6, 2010
- General Shareholders' Meeting: January 25, 2010
- First half 2010 results: April 22, 2010

About Sodexo

Quality of Life services play an important role in the progress of individuals and the performance of organizations. Based on this conviction, Sodexo serves as the strategic partner for companies and institutions that place a premium on performance, as it has since Pierre Bellon founded the company in 1966. Sharing the same passion for service, Sodexo's 380,000 employees, in 80 countries around the world, design, manage and deliver an unrivaled array of comprehensive On-site Service Solutions and Motivation Solutions. In this, Sodexo has invented a new form of service business that promotes the fulfillment of our employees and contributes to the economic, social and environmental development of the communities, regions and countries in which it operates.

Sodexo key figures (as of August 31, 2009)

14.7 billion euro consolidated revenue
380,000 employees
33,900 sites
50 million consumers served daily
80 countries
6.5 billion euro market capitalization (as of November 9, 2009)

This press release contains statements that may be considered as forward-looking statements and as such may not relate strictly to historical or current facts. These statements represent management's views as of the date they are made and we assume no obligation to update them. You are cautioned not to place undue reliance on our forward looking statements.

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Appendix 1

Comments by offer and geography

On-site Service Solutions

Revenues in **North America** were 5.7 billion euro, with organic growth of 1.8%. The favorable trend in the exchange rate of the U.S. dollar against the euro boosted total growth for the year by 10.3%.

With a decrease of 5.9%, the Corporate segment suffered from reductions in all corporate discretionary spending (including on event catering services), staff cuts and shorter working hours at many clients, and from the slowdown in the Sports and Leisure sector. Sales growth in comprehensive service solutions partly offset this decline in consumer numbers in Foodservices.

Organic growth of 4% in the Health Care and Seniors segments was mainly driven by increased revenue at existing sites, thanks to the success of Sodexo's comprehensive service solutions offerings and new On-site services. However, sales development was hampered by clients' "wait-and-see" attitude, leading to delayed decision-making.

Education reported organic growth of 4.5%. This satisfactory performance was attributable to a combination of:

- Rising student enrollments in universities and higher participation in school meal programs; and
- strong client retention for several years.

Operating profit was 297 million euro, up 8.5% at constant currency exchange rates and +20% at current exchange rates. The operating margin increased from 4.8% to 5.2% for Fiscal 2009.

This growth was attributable mainly to:

- new labor productivity gains on sites in Education, Health Care and Seniors, and
- rigorous management of overhead costs.

Revenues in **Continental Europe** totaled 5.1 billion euro, with organic growth of + 0.1%, reflecting a variety of situations depending on the country and market segment.

Corporate revenues declined markedly by - 2.8% (at constant currency exchange rates and scope of consolidation), chiefly as a result of:

- a more pronounced slowdown in activity in most countries in the second half of the year, as clients curbed discretionary spending, reduced staffing levels or introduced lengthy temporary shut downs, and
- a decrease in tourist activity in the Paris region.

Organic growth in Health Care and Seniors was 3.3%, helped in particular by satisfactory growth at existing sites, especially in France and Italy, as well as by business wins in Belgium and Hungary.

The 5.6% organic growth in the Education segment stems largely from prior year contract wins in France, the Netherlands, Italy and Scandinavia. These included UT Twente in the Netherlands, and public schools in Milan and Monza in Italy.

Operating profit was 183 million euro, down 48 million euro compared to the previous year. The operating margin was 3.6%. Two main factors explain the decline:

- lower tourist numbers, and difficulties in rapidly adjusting the cost structure in response to the economic crisis, which weighed on performance in France,
- withdrawal from certain contracts in Sweden that were no longer profitable, and the resulting reorganization of Sodexo's activities in that country during the first half of the year.

Revenues in the **United Kingdom and Ireland** were 1.3 billion euro.

It is important to note that the first quarter of Fiscal 2008 had benefited from the sizable contribution of the hospitality contract for the Rugby World Cup (revenues of 148 million euro). Excluding the Rugby World Cup, organic growth for the year was + 6.7%. Including this contract, revenue registered an organic decline of - 3%.

The Corporate segment registered an apparent decline of - 8.1%. However, excluding the impact of the Rugby World Cup, this segment reported robust growth of + 4.4% resulting from the start up of comprehensive service solutions contracts in Corporate and in Justice (with the opening of Addiewell, in Scotland), together with the ramping up of major Defense contracts (in Cyprus).

The Health Care and Seniors segments registered strong growth (+ 18.2%) thanks to the ramp-up of Public Private Partnership contracts such as Manchester Royal Infirmary and North Staffordshire Hospital.

In Education, Sodexo registered + 4.3% organic growth.

Operating profit was 52 million euro, down 24% from the previous year, which had benefited from the Rugby World Cup hospitality contract.

In addition, the steep drop in demand in the Sports and Leisure segments, and the mobilization of new contracts in the Health Care and Justice segments, all weighed on performance.

At the same time, initiatives in overhead efficiency also had a favorable impact. The operating margin was 4.1%, compared to 5.2% for the previous year.

Revenues in the **Rest of the World** (Latin America, Middle East, Asia, and Australia) were 1.9 billion euro. The + 11.9% organic growth mainly reflects double-digit growth in Latin America, the Middle East, Asia and Australia, especially in Remote Sites. Continued increasing demand for energy and other natural resources as well as large infrastructure projects, contributed to this momentum.

Despite a slowdown in the second part of the year, growth was strong, benefiting from:

- the startup of several large mining contracts such as Los Pelambres, Esperanza and Escondida in Chile, and Rio Tinto Pilbara, Woodside and Olympic Dam in Australia;
- the implementation of contractual indexation clauses following the sharp rise in the cost of food supplies in the previous year, particularly in Latin America and the Middle East.

Operating profit increased 73% to 57 million euro.

This increase stemmed primarily from continuing productivity gains in Remote Sites and rigorous contract management. The operating margin was 3%, compared to 1.9% for the prior year.

Motivation Solutions

Revenues for Fiscal 2009 totaled 711 million euro, while organic revenue growth was 14%.

Growth in Sodexo's issue volume (face value multiplied by the number of vouchers and cards issued) was excellent, at 16.7% (21% at constant currency exchange rates). Issue volume was 12.1 billion euro.

Organic revenue growth reflects robust business development in Latin America where there was continued vigorous demand for traditional services (Restaurant Pass and Food Pass).

However, headcount reductions at large companies in central Europe resulted in weaker activity from the middle of the year onward.

Operating profit rose + 35.1% to 247 million euro, excluding currency exchange rates.

This substantial increase resulted in particular from growth in volumes in Latin America (including the impact resulting from integration of Grupo VR in Brazil), and productivity gains across all geographic regions (production costs, processing, and marketing expenses, etc.).

The operating margin was 34.7% (representing around 2% of issue volumes), compared to 32% for the previous year. The Group has set a new medium term profitability target for this activity at 38%.

Appendix 2

Full Year financial statements

Statement of income

(in euro million)			Variation		
	Fiscal 2009	% Revenues		Fiscal 2008	% Revenues
Revenue	14,681	100%	7.9%	13,611	100%
Cost of sales	(12,366)	- 84.2%		(11,486)	- 84.4%
Gross profit	2,315	15.8%	8.9%	2,125	15.6%
Sales department costs	- 221	- 1.5%		- 194	- 1.4%
General and administrative costs	- 1,322	- 9.0%		- 1,245	- 9.1%
Other operating income	5			17	
Other operating expenses	- 31	- 0.2%		-13	- 0.1%
Operating profit before financing costs	746	5.1%	8.1%	690	5.1%
Financial income	74	0.5%		71	0.5%
Financial expenses	- 194	- 1.3%		- 173	- 1.3%
Share of profit of associates	12	0.1%		11	0.1%
Profit before tax	638	4.3%	6.5%	599	4.4%
Income tax expense	- 216	- 1.5%		- 202	- 1.5%
Net result from discontinued operations					
Profit for the period	422	2.9%	6.3%	397	2.9%
Minority interests	29	0.2%		21	0.2%
Group profit for the period	393	2.7%	4.5%	376	2.8%
Earnings per share (€)	2.54		5.0%	2.42	

Consolidated balance sheet

ASSETS

(in euro million) **August 31, 2009** August 31, 2008

Non-current assets		
Property, plant and equipment	520	465
Goodwill	4,226	3,793
Other intangible assets	392	288
Client investments	186	162
Associates	48	40
Financial assets	124	100
Other non-current assets	11	13
Deferred tax assets	93	86
Total non-current assets	5,600	4,947

Current assets

Financial assets	7	8
Derivative financial instruments	4	7
Inventories	204	202
Income tax	64	54
Trade receivable	2,728	2,615
Restricted cash and financial assets related to the Service Vouchers and Cards activity	597	483
Cash and cash equivalents	1,204	1,594
Total current assets	4,808	4,963

Total assets **10,408** **9,910**

EQUITY AND LIABILITIES

(in euro million) **August 31, 2009** August 31, 2008

Shareholders' equity		
Capital	628	629
Share premium	1,109	1,122
Consolidated reserves	542	394
Total Group shareholders' equity	2,279	2,145
Minority interests	37	26
Total shareholders' equity	2,316	2,171

Non-current liabilities

Borrowings	2,547	1,163
Employee benefits	257	192
Other liabilities	106	85
Provisions	46	53
Deferred tax liabilities	99	45
Total non-current liabilities	3,055	1,538

Current liabilities

Bank overdraft	42	31
Borrowings	94	1,353
Derivative financial instruments	11	2
Income tax	71	61
Provisions	53	36
Trade and other payable	2,689	2,631
Vouchers payable	2,077	2,087
Total current liabilities	5,037	6,201

Total equity and liabilities **10,408** **9,910**

Consolidated statement of cash flow

(in euro million)	Fiscal 2009	Fiscal 2008
Operating activities		
Operating profit before financing costs	746	690
Non cash items		
• Depreciations	217	204
• Provisions	(2)	(17)
• Losses (gains) on disposals and other, net of tax	10	(1)
Dividends received from associates	6	4
Change in working capital from operating activities	(96)	157
• change in inventories	1	(22)
• change in client and other accounts receivable	9	(468)
• change in suppliers and other liabilities	(73)	45
• change in Service Vouchers and Cards to be reimbursed	95	630
• change in financial assets related to the Service Vouchers and Cards activity	(128)	(28)
Interest paid	(147)	(124)
Interest received	37	37
Income tax paid	(194)	(170)
Net cash provided by operating activities	577	780
Investing activities		
• Tangible and intangible fixed assets investments	(221)	(228)
• Fixed assets disposals	19	31
• Change in Client investments	(21)	(22)
• Change in financial investments	(17)	(16)
• Acquisitions of consolidated subsidiaries	(528)	(615)
• Disposals of consolidated subsidiaries	2	3
Net cash used in investing activities	(766)	(847)
Financing activities		
• Dividends paid to parent company shareholders	(197)	(179)
• Dividends paid to minority shareholders of consolidated companies	(21)	(17)
• Change in treasury shares	18	(32)
• Change in capital	41	(73)
• Proceeds from borrowings	1,614	588
• Repayment of borrowings	(1,623)	(22)
Net cash provided by (used in) financing activities	(168)	265
INCREASE IN NET CASH AND CASH EQUIVALENTS	(357)	198
• Net effect of exchange rates on cash	(44)	(12)
• Cash and cash equivalents, as of beginning of period	1,563	1,377
CASH AND CASH EQUIVALENTS, AS OF END OF PERIOD	1,162	1,563

Sector analysis: revenue

Revenue (in euro million)	Fiscal 2009	Fiscal 2008	Organic growth ⁽¹⁾	Exchange rate variation ⁽²⁾	External Growth	Variation at current rate
On-site Service Solutions						
• North America	5,730	5,107	+ 1.8%	+ 10.3%	+ 0.1%	+ 12.2%
• Continental Europe	5,074	4,701	+ 0.1%	- 1.5%	+ 9.3%	+ 7.9%
• UK and Ireland	1,285	1,504	- 3.0%	- 11.6%	-	- 14.6%
• Rest of the World	1,900	1,715	+ 11.9%	- 3%	+ 1.9%	+ 10.8%
Total	13,989	13,027	+ 2.0%	+ 1.7%	+ 3.7%	+ 7.4%
Motivation Solutions						
	711	596	+ 14%	- 4.9%	+ 10.2%	+ 19.3%
Elimination	- 19	- 12				
Total	14,681	13,611	+ 2.5%	+ 1.5%	+ 3.9%	+ 7.9%

1 Organic growth: revenue growth, at constant scope of consolidation and exchange rates.

2 The currency impact was globally positive (+ 1.5%) for fiscal year: (+ 11.1%) for US dollar, (- 12.9%) for the Pound and (- 9.6%) for BRL. It should be noted that, contrary to exporting companies, the revenues and expenses of Sodexo subsidiaries are denominated in the same currency. Consequently, foreign exchange variations do not have an operational risk. The average exchange rate for the USD/euro for Fiscal 2009 was 1.352.

Sector analysis: operating profit

Operating profit (in euro million) Before corporate expenses	Fiscal 2009	Fiscal 2008	Change
On-site Service Solutions			
• North America	297	247	+ 20%
• Continental Europe	183	231	- 20.8%
• UK and Ireland	52	78	- 33.3%
• Rest of the World	57	33	+ 72.7%
Motivation Solutions	247	191	+ 29.3%
Headquarters	- 71	- 78	
Elimination	- 19	- 12	
TOTAL	746	690	+ 8.1%

Revenue

On-site Service Solutions by segment

Consolidated Group

(in euro million)	Fiscal 2009	Fiscal 2008	Organic growth
Corporate	6,833	6,696	- 0.8%
Health Care & Seniors	3,847	3,369	5.2%
Education	3,309	2,962	4.6%
TOTAL	13,989	13,027	2.0%

North America

(in euro million)	Fiscal 2009	Fiscal 2008	Organic growth
Corporate	1,286	1,243	- 5.9%
Health Care & Seniors	2,211	1,930	4.0%
Education	2,233	1,934	4.5%
TOTAL	5,730	5,107	1.8%

Continental Europe

(in euro million)	Fiscal 2009	Fiscal 2008	Organic growth
Corporate	2,893	2,756	- 2.8%
Health Care & Seniors	1,313	1,139	3.3%
Education	868	809	5.6%
TOTAL	5,074	4,701	0.1%

United Kingdom and Ireland

(in euro million)	Fiscal 2009	Fiscal 2008	Organic growth
Corporate	921	1,136	- 8.1%
Health Care & Seniors	236	229	18.2%
Education	128	139	4.3%
TOTAL	1,285	1,504	- 3.0%

Rest of the World

(in euro million)	Fiscal 2009	Fiscal 2008	Organic growth
Corporate	1,733	1,562	12.1%
Health Care & Seniors	87	70	24.4%
Education	80	83	- 1.4%
TOTAL	1,900	1,715	11.9%