

Sodexo presents its strategy to refocus and accelerate growth

Paris, November 2, 2022 – Inside information

At its Capital Markets Day today, Sodexo will present its 2025 strategic plan to generate sustainable, profitable growth and create value for its shareholders and all its stakeholders.

Sodexo's strategy to 'refocus and accelerate' is based on three pillars:

- Refocus on food services and be more selective in facilities management;
- Accelerate profitable growth of Benefits & Rewards Services;
- Strengthen Sodexo's impact as market maker in sustainability.

By successfully executing our strategy, the Board is confident that Sodexo will deliver:

- For Fiscal 2023: +8 to +10% organic revenue growth and an underlying operating profit margin of close to 5.5% at constant rates.
- For Fiscal 2024 & 2025: +6 to +8% organic revenue growth and a margin above 6% in 2025.

Sodexo's ambition is to be the world leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play. With strong positions in attractive Food and Facilities management markets globally, and with a continued strong focus on execution and a very solid balance sheet, Sodexo is well placed to achieve its ambition.

To implement this strategic plan, a leaner Leadership Team will oversee a simplified and more effective organization.

Sophie Bellon, Sodexo's Chairwoman and Chief Executive Officer said:

"Fiscal 2022 was a turning point. Sodexo has strengthened its competitiveness and has made good progress against the priorities I set out when I became CEO. Today, with our strategy to refocus and accelerate, and with a relentless focus on execution, we expect to continue to improve our performance in the coming years. I am confident that Sodexo will deliver solid organic growth and that we can return our Underlying operating profit Margin to over 6%. Our people are essential to the successful delivery of our plans, and I want to thank them for their excellent work in delivering great service to our clients and consumers every day; contributing to the positive impact we have on society and our local communities. I firmly believe that we are on the right track to deliver long-term profitable growth and to be the world leader in sustainable food and valued experiences at every moment in life: learn, work, heal and play".

Sodexo's strategic plan is based on 3 pillars.

- **Refocus on food services and be more selective in facilities management by:**
 - **Upgrading and upscaling existing food offers and accelerating the development of advanced food models** to address fast-changing consumer needs and behaviors: multichannel, anytime, anywhere, hybrid.
 - **Targeting selected facilities management services that augment the food experience** and bring value to our clients and consumers.

- **Accelerate the profitable growth of Benefits & Rewards Services:**

Guided by its vision to bring to life a personalized and sustainable employee experience at work and beyond, the plan is to:

- **Accelerate in meal and food**, by enhancing the digital experience for clients, consumers and merchants and penetration of the SME segment.
- **Augment its core business**, by enriching offers with a wider range of integrated and flexible employee benefits, while strengthening employee rewards and recognition and engagement platforms.
- **Diversify its activities** as a longer-term ambition.

Benefits & Rewards Services Capex is expected to run at close to 10% of revenues per year during 2022 and 2025 period.

Benefits & Rewards Services is targeting:

- **For Fiscal 2023, an organic revenue growth between +12 and +15% and an Underlying operating profit margin around 30%.**
- **For Fiscal 2024 and 2025, low double-digit organic revenue growth and an Underlying operating profit margin above 30% in Fiscal 2025.**

- **Strengthen Sodexo's impact as market-maker in sustainability:**

In line with our mission and purpose, having a positive impact on the planet and people is at the core of Sodexo's business.

- Sodexo has launched a process with SBTi¹ to formalize its '**science-based**' **2040 Net Zero commitment**, which will be a first in the sector.
- Sodexo is continuing its journey to reduce its environmental impact **by committing to achieve -34% carbon emissions reduction by 2025**. On the fight against food waste, Sodexo is committed to extending the deployment of its WasteWatch program to 85% of its food service sites by 2025 vs 46% in Fiscal 2022.
- **Recognized as a leader in Diversity, Inclusion and Equity**, Sodexo is about to achieve its gender balance objectives at top management level and is targeting gender balance in **100% of its management at country level teams by 2025**.

¹The Science Based Targets initiative (SBTi) is a collaboration between the CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Addressing businesses, it sets itself the goal of driving "ambitious climate action" by offering them to make their transition to a low-carbon economy a competitive advantage.

This strategic plan is supported by three key enablers.

- **Tech & Data investments** are critical to improving operational efficiency while enhancing consumers' experience.
 - On-Site annual IS&T, Digital and Data operating expenses are currently running at around 500 million euros per year.
 - Specifically, to increase consumer centricity, Sodexo aims to reach 10 million active consumers in its On-Site digital ecosystems by 2025.

- **Commercial excellence:** supported by strong consumer-oriented brands, innovative offers, and a robust CRM system and marketing tools.
 - Key focus is to increase client retention to above 95%.
 - A best-in-class CRM system and new digital sales and marketing tools (MSDC) have been deployed in North America with digital marketing leads now accounting for 60% of the pipeline. MSDC's tool is currently being deployed in Europe.
 - Consumer-oriented branded offers will be scaled and expanded, such as The Good Eating Company, Modern Recipe or Aspretto.

- **Supply chain power:** Sodexo will better leverage its powerful global supply chain:
 - Increase Sodexo's purchasing from SMEs, targeting 2 billion euros by 2025 for On-Site Services, to enhance local, responsible, and inclusive sourcing.
 - Continue to develop Entegra, Sodexo's GPO, in the US and in Europe, in Food & Hospitality, as both a profit center and a means of delivering superior Group purchasing power.

To support this strategy, Sodexo will continue to have a disciplined approach to investment with gross Capex rising from 2.3% of revenues in 2022 to 2.8% in Fiscal 2025 and acquisitions, which will be focused, strategic and accretive.

To execute this strategy, Sodexo is evolving its organization to a simplified and more effective model.

- For On-Site services:
 - End-to-end P&L management has been transferred to countries and regions, consolidated into **three geographic zones**: North America, Europe and the Rest of the World, which includes Asia-Pacific, Middle East, Africa ("APMEA"), Brazil, and Latin America. This brings empowerment, decision-making and quicker response times to a local level.
 - **A Growth and Commercial role** has been created to accelerate our profitable growth and further develop the value of our segmentation.
 - **A Tech & Services function** has been created to provide expertise as well as technical and operational support. This function will bring together strategic planning, IS&T, data, digital, innovation and R&D, and also include our food and facilities management expertise.

- For Benefits & Rewards Services:
 - A dedicated governance is in place.

- For Group:
 - o A **Group Chief Impact Officer** has been appointed to ensure that Sodexo's purpose, mission and values are constantly reflected in our operations and continue to provide a competitive advantage.

As of December 1, 2022, Sodexo's Leadership Team will comprise the following:

- Sophie Bellon, Chairwoman & Chief Executive Officer
- Nathalie Bellon-Szabo, CEO Sodexo Live! Worldwide
- Johnpaul Dimech, President APMEA, Brazil & Latin America
- Sarosh Mistry, President North America
- Sunil Nayak, President Europe
- Anna Notarianni, Group Chief Impact Officer
- Marc Plumart, Chief Growth and Commercial Officer
- Marc Rolland, Group Chief Financial Officer
- Alexandra Serizay, Chief Tech & Services Officer
- Aurélien Sonet, CEO Benefits & Rewards Services
- Annick de Vanssay, Group Chief Human Resources Officer

To join the Capital Markets Day starting at 11:00am (Paris time): the event is available live on www.sodexo.com with the opportunity to join Q&A sessions via the conference call.

- **Capital Markets Day webcast link**
- **Dial-in details for the conference call:**
 - UK: +44 1 212 818 004
 - France: +33 1 70 91 87 04
 - US: +1 718 705 8796
 - Access code: 77 72 30*

The presentation will be available on the Group website www.sodexo.com in the "Finance" section at 9.00am (Paris time). This event will be recorded and made available online as soon as possible.

About Sodexo

Founded in Marseille in 1966 by Pierre Bellon, Sodexo is the global leader in Quality of Life Services, an essential factor in individual and organizational performance. Operating in 53 countries, our 422,000 employees serve 100 million consumers each day. Sodexo Group stands out for its independence and its founding family shareholding, its sustainable business model and its portfolio of activities including Food Services, Facilities Management Services and Employee Benefit Solutions. We provide quality, multichannel and flexible food experiences, but also design attractive and inclusive workplaces and shared spaces, manage and maintain infrastructure in a safe and environmentally friendly way, offer personalized support for patients or students, or even create programs fostering employee engagement. From Day 1, Sodexo has been focusing on tangible everyday gestures and actions through its services in order to have a positive economic, social and environmental impact over time. For us, growth and social commitment go hand in hand. Our purpose is to create a better everyday for everyone to build a better life for all.

Sodexo is included in the CAC Next 20, CAC 40 ESG, FTSE 4 Good and DJSI indices.

Key Figures

- 21.1 billion euro in Fiscal 2022 consolidated revenues
- 422,000 employees as at August 31, 2022
- #2 France-based private employer worldwide
- 53 countries (as at Aug. 31, 2022)
- 100 million consumers served daily
- 13.1 billion euro in market capitalization (as at November 1st, 2022)

Forward-Looking Statements

This press release does not constitute an offer of sale or solicitation of an offer to purchase Sodexo shares. If you wish to obtain more comprehensive information about Sodexo, please refer to the public documents registered in France with the Autorité des marchés financiers, also available in English on our website www.sodexo.com and notably the 2022 universal registration document to be filed with the Autorité des marchés financiers on November 9, 2022.

This press release may contain forecast information. While the Company believes that these statements are based on reasonable assumptions as of the date of publication of this press release, they are by nature subject to risks and uncertainties which may lead to a discrepancy between the actual figures and those indicated or suggested in these statements.

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