

Sodexo First half Fiscal 2025 estimates and full year guidance update

11 months ago



- First half Organic revenue growth of +3.5%
 - First half Underlying operating profit up +6.4% at constant currencies, margin up +10bps
 - Update to full year guidance mainly triggered by slower than expected organic growth in North America
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- Organic revenue growth between +3% and +4% (from between +5.5% and +6.5%)
 - Underlying operating profit margin improvement between +10 to + 20 bps, at constant currencies (from +30 to +40 bps)

First half Fiscal 2025 key figures – unaudited¹

(in million euros)	H1 FISCAL 2025	H1 FISCAL 2024	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenues	12,475	12,101	+3.1%	+3.2%
Organic revenue growth	+3.5%	+8.5%		

UNDERLYING OPERATING PROFIT	651	612	+6.4%	+6.4%
UNDERLYING OPERATING PROFIT MARGIN	5.2%	5.1%	+10bps	+10bps
Other operating income & expenses	(71)	30		
OPERATING PROFIT	580	642	(9.7%)	(10.0%)
Net financial expense	(40)	(46)		
Tax charge	(105)	(99)		
Effective tax rate	19.5%	16.6%		
NET PROFIT FROM CONTINUING OPERATIONS	434	496	(12.5%)	(12.7%)
UNDERLYING NET PROFIT FROM CONTINUING OPERATIONS	450	427	+5.4%	+5.2%
Basic underlying EPS from continuing operations (in euros)	3.08	2.91		

Sodexo Chairwoman and CEO, Sophie Bellon, said:

"While our industry fundamentals remain strong, in North America the continued soft trend in volumes in Education and slower than expected net new ramp-up in Healthcare have impacted our ability to meet initial expectations. We are determined to strengthen execution on identified areas where improvement is required. We continue to see significant opportunities in a highly attractive market, and we are investing in the future to grow faster. We are confident in our ability to create sustainable value for our stakeholders."

H1 Fiscal 2025 highlights

- First half Fiscal 2025 consolidated revenues reached 12.5 billion euros, up +3.1% year-on year including a negative currency impact of -0.1% and a net contribution from acquisitions and disposals of -0.3%. Organic revenue growth was +3.5%.

- In North America, Organic growth was +3.5%, lower than expected, with Education affected by the continuation of soft volumes, and Healthcare by delays in the opening of new contracts, meanwhile Business & Administrations and Sodexo Live! demonstrated good organic growth.
- Europe was up +2.1% organically, with good performance in Healthcare & Seniors but continued soft growth in Facilities Management.
- In Rest of the World, Organic growth was +6.6%, fueled by strong performance in Australia, India and Brazil.

REVENUES (in million euros)	H1 FY 2025	H1 FY 2024		ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
North America	5,977	5,756		+3.5%	-0.6%	+1.0%	+3.8%
Europe	4,336	4,254		+2.1%	-0.8%	+0.7%	+1.9%
Rest of the World	2,162	2,091		+6.6%	+1.5%	-4.7%	+3.4%
SODEXO	12,475	12,101		+3.5%	-0.3%	-0.1%	+3.1%

- During First half Fiscal 2025, last-12-months (LTM) client retention stood at 93.9% with a development of 7.3%.
- Underlying operating profit in the First half was 651 million euros, up +6.4%. The Underlying operating margin improved +10 basis points at 5.2%, with good improvement in North America despite the revenue shortfall, and softer improvement in Europe, specifically in Corporate services, and in Rest of the World due to some operational challenges in a couple of contracts in Latin America.

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(in million euros)	UNDERLYING OPERATING PROFIT H1 FISCAL 2025	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN H1 FISCAL 2025	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
North America	422	+6.8%	+5.6%	7.1%	+20 bps	+10 bps

Europe	186	+3.3%	+3.3%	4.3%	+10 bps	+10 bps
Rest of the World	85	+6.3%	+12.7%	3.9%	+10 bps	+20 bps
Corporate expenses	(42)	-2.3%	-2.3%			
UNDERLYING OPERATING PROFIT (continuing activities)	651	+6.4%	+6.4%	5.2%	+10 bps	+10 bps

FY25 Guidance

- Organic revenue growth guidance revised to between +3% and +4% (from +5.5% to +6.5% in the initial guidance)
- Underlying operating margin YoY improvement guidance revised to +10 to +20 bps (from +30 to +40 bps in the initial guidance)

Our adjustment to the full-year organic revenue growth guidance is primarily driven by weaker-than-expected volume trends in Education in the First half, which are expected to persist. Additionally, in North America, delays in certain contracts start dates in Healthcare, and softer commercial performance in the First half have impacted expectations for net new contributions in the second half.

Similarly, the revision of the Underlying operating margin guidance mainly reflects the full-year impact of the revenue shortfall.

Sodexo is strengthening execution on identified areas where improvement is required, with a particular focus on North America towards commercial discipline and operational execution, as well as global organizational efficiency and strict overhead cost control.

Further details will be provided in the upcoming H1 results announcement, scheduled for April 4th, 2025.

Conference call

Sodexo will hold a conference call (in English) today at 8:30 a.m. (Paris time), 7:30 a.m. (London time) to comment on this release.

Those who wish to connect:

- From the UK: +44 121 281 8004, or
- From France: +33 1 70 91 87 04, or
- From the US: +1 718 705 8796,

Followed by the access code 07 26 13.

The live audio webcast will be available on www.sodexo.com

The press release, presentation and webcast will be available on the Group website www.sodexo.com in both the “Newsroom” section and the “Investors – Financial Results” section.

Financial calendar

Fiscal 2025 First half Results	April 4, 2025
Fiscal 2025 Third quarter Revenues	July 1, 2025
Fiscal 2025 Annual Results	October 24, 2025

These dates are indicative and may be subject to change without notice.

Regular updates are available in the calendar on Sodexo’s website www.sodexo.com