

# Sodexo Slashing Full-Year Guidance Following Weak First-Half Performance and Strategic Reset

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**Sodexo** has announced a significant downward revision to its Fiscal 2026 outlook this week, as new CEO Thierry Delaporte initiates a sweeping management “reset” to combat persistent underperformance and execution challenges.

The French food services and FM giant reported a difficult first half ending February 28, 2026, characterised by thinning margins and sluggish organic growth. In response, leadership has lowered expectations for the remainder of the year, citing a need to prioritise long-term competitiveness over short-term gains.

## Key Financial Highlights (H1 Fiscal 2026)

- Revenues: €12.0 billion, down 3.7% (largely due to a weak U.S. dollar).
- Organic Revenue Growth: +1.7%, slowed by contract losses in North America.
- Underlying Operating Profit: €442 million, a 32.1% drop year-over-year.
- Operating Margin: 3.7%, down 140 basis points at constant currencies.
- Net Profit: Fell to €188 million from €434 million in the prior year.

## A “Deliberate” Pivot Under New Leadership

Thierry Delaporte, who recently took the helm as CEO, was blunt in his assessment of the company’s current standing. While praising the company’s “differentiated assets,” he admitted Sodexo has “undeniably underperformed the market and our main competitors.”

Delaporte attributed the slump to historical under-investment and poor execution in commercial intensity and decision-making. To rectify this, the company has simplified its executive structure, with Delaporte himself taking direct control of the North American division, and conducted a thorough review of existing contracts.

“This is deliberate and necessary to rebuild a powerful growth engine,” Delaporte stated. “While we know this will not be an overnight fix, we are moving with a strong sense of urgency.”

## Regional Performance and Headwinds

The first-half results showed a stark divide across global markets:

- North America: Organic growth declined by 1.8%, hit hard by contract losses in the Education and Corporate sectors.
- Europe: Saw a 2.8% increase, buoyed by health care and airport lounge activity via Sodexo Live!.
- Rest of World: Remained the bright spot with 9.2% growth, driven by strong performance in India, Australia, and Brazil.

## Revised 2026 Outlook

Reflecting what the company calls “prevailing operating conditions,” Sodexo issued the following revised guidance for the full fiscal year:

- Organic Revenue Growth: Now expected between +0.5% and +1% (down from the previous 1.5% to 2.5% range).
- Operating Profit Margin: Target lowered to between 3.2% and 3.4%.
- Restructuring Costs: Other operating expenses are expected to reach €300 million as the company continues its organisational overhaul.

Jean Renton, Sodexo UK&I CEO, said: “Thierry Delaporte, Group CEO, presented the Group first half fiscal 2026 results to the market, sharing his view on where we stand and how we move forward. In the UK & Ireland we are totally committed and progressing in this way with our ambition to increase market share of the company.

“Across our business, we are seeing the benefit of our focus on delivering food and support services, combining the strength of our integrated offer with an emphasis on quality, innovation and client partnership.

“Our teams are proud to have secured several important new contracts and extensions, reflecting the trust our clients place in us and the value we deliver every day. From our appointment as a strategic partner to the Home Office to new partnerships with organisations such as EY in Ireland, Edinburgh Zoo, and continued long-term relationships with clients including the Scottish Parliament, Leyland Trucks, the Royal Academy of Arts, and additional services for ESB in Ireland, these wins demonstrate the breadth of our capabilities.

“As we celebrate our 60th year, we are reinvigorating our approach to serve clients, underpinned by continued investment in technology and digital capability to enhance the consumer experience.

“In the region, we continue to deliver on sustainability goals – focusing on supporting environmental food systems, improving food security and energy efficiency that delivers commercial value and operational efficiency for our clients. Our latest net zero progress report highlights our market leading progress to decarbonise our business by combining data, expertise, commitment, and action across our business.

“We are also proud to mark the 20th anniversary of our Stop Hunger Foundation, which has supported more than 11 million people, raised over £10 million, and benefited 470 charities, reflecting the place-based impact we continue to make in communities across the UK and Ireland.

“None of this would be possible without our colleagues. Their dedication, expertise and passion are what set Sodexo apart, and I would like to thank all our teams for the impact they deliver every day for our clients and in driving our business forward.

“Looking ahead to the second half of the year, we remain focused on driving performance and long-term value across our business.”