Aramark Second Quarter 2017 Results

May 9, 2017

aramark

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views as to future events and financial performance with respect to, without limitation, conditions in our industry, our operations, our economic performance and financial condition, including, in particular, statements under the heading, “Overview”, “2017 Business Outlook” “and “Summary” and relating to our business and growth strategy. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “outlook,” "aim," "anticipate," “are confident,” “have confidence,” "estimate," "expect," “will be," "will continue," "will likely result," "project, "intend," "plan," "believe,” see,” “look to” and other words and terms of similar meaning or the negative versions of such words.

Forward-looking statements speak only as of the date made. All statements we make relating to our estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include without limitation: unfavorable economic conditions; natural disasters, global calamities, sports strikes and other adverse incidents; the failure to retain current clients, renew existing client contracts and obtain new client contracts; a determination by clients to reduce their outsourcing or use of preferred vendors; competition in our industries; increased operating costs and obstacles to cost recovery due to the pricing and cancellation terms of our food and support services contracts; the inability to achieve cost savings through our cost reduction efforts; our expansion strategy; the failure to maintain food safety throughout our supply chain, food-borne illness concerns and claims of illness or injury; governmental regulations including those relating to food and beverages, the environment, wage and hour and government contracting; liability associated with noncompliance with applicable law or other governmental regulations; new interpretations of or changes in the enforcement of the government regulatory framework; currency risks and other risks associated with international operations, including Foreign Corrupt Practices Act, U.K. Bribery Act and other anti-corruption law compliance; continued or further unionization of our workforce; liability resulting from our participation in multiemployer defined benefit pension plans; risks associated with suppliers from whom our products are sourced; disruptions to our relationship with, or to the business of, our primary distributor; the inability to hire and retain sufficient qualified personnel or increases in labor costs; healthcare reform legislation; the contract intensive nature of our business, which may lead to client disputes; seasonality; disruptions in the availability of our computer systems or privacy breaches; failure to achieve and maintain effective internal controls; our leverage; the inability to generate sufficient cash to service all of our indebtedness; debt agreements that limit our flexibility in operating our business; and other factors set forth under the headings Item 1A “Risk Factors,” Item 3 “Legal Proceedings” and Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other sections of our Annual Report on Form 10-K filed with the SEC on November 23, 2016, as such factors may be updated from time to time in our other periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov and which may be obtained by contacting Aramark’s investor relations department via its website www.aramark.com. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in our other filings with the SEC. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, us. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, changes in our expectations, or otherwise, except as required by law.

Important Disclosure

In this presentation, we mention certain financial measures that are considered non-GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes items different than those prepared or presented in accordance with generally accepted accounting principles in the United States. We have prepared disclosures and reconciliations of non-GAAP financial measures that were used in this presentation and may be used periodically by management when discussing our financial results with investors and analysts, which are in the appendix to this presentation. Our fiscal year ends on the Friday nearest September 30 of each year. When we refer to our fiscal years, we say “Fiscal” and the year number, as in “Fiscal 2016” which refers to our fiscal year ended September 30, 2016.

Overview

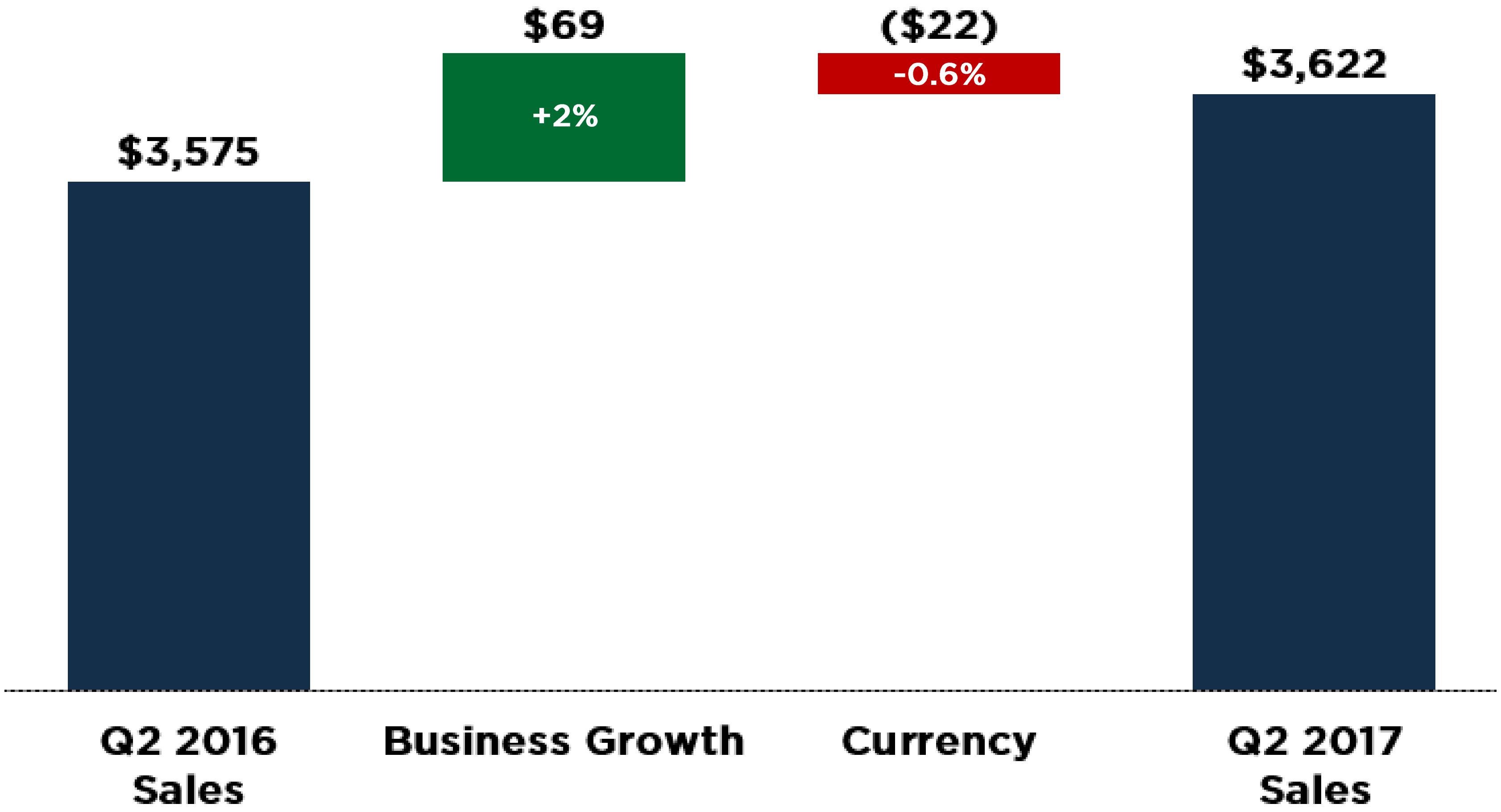
- **Strong second quarter results, in line with expectations**
  - Adjusted EPS of $0.45, up 15% [1]
  - Organic sales growth of +2%
  - Adjusted Operating Income (AOI) of $231 million, up 5%[1]
  - Adjusted Operating Income Margin of 6.4%[1], up 20 bps

- **Refinanced capital structure**
  - Improved financial flexibility and extended maturities
  - Reduced interest expense

- **Improved FY 17 Adjusted EPS outlook to $1.90 to $2.00**

[1] Constant Currency

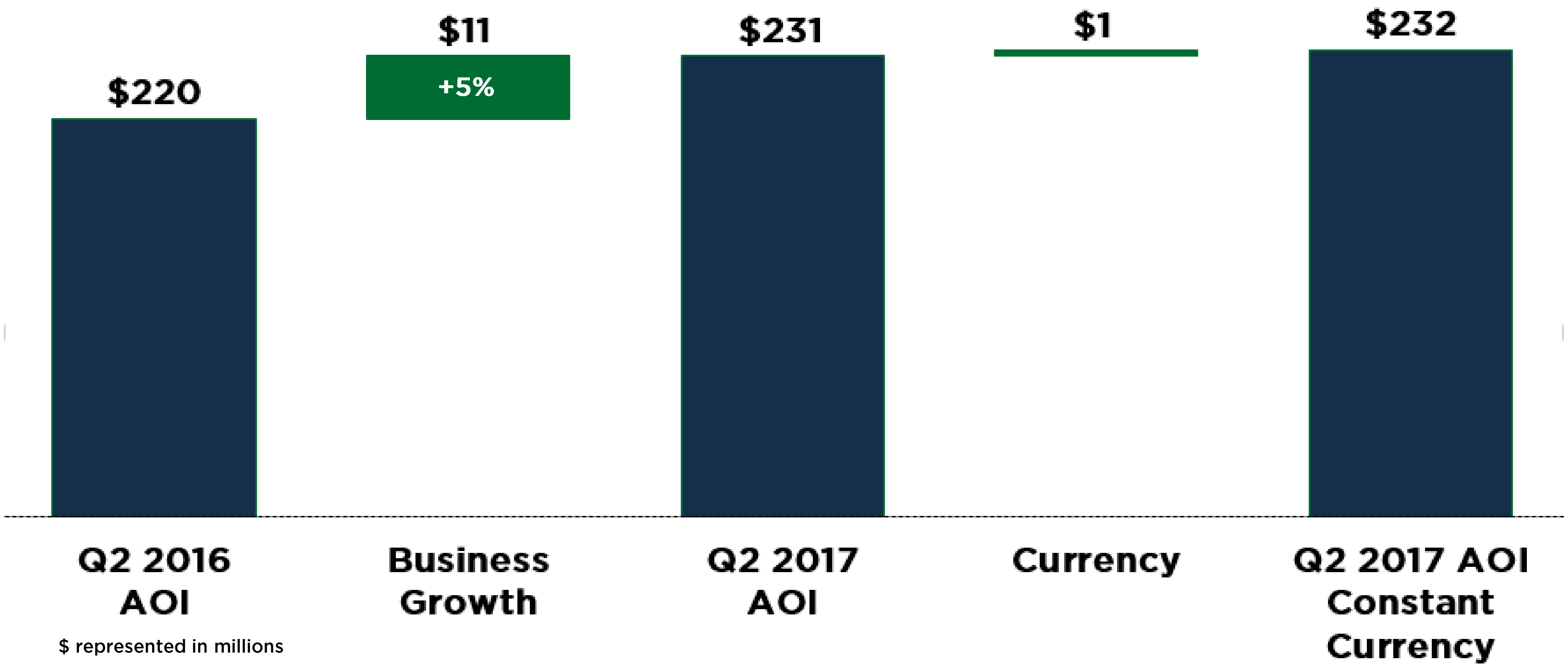
Q2 Sales Reconciliation



$ represented in millions; percentage change may not foot due to rounding

Organic Sales Growth +2%, Reported Sales Growth +1%

Q2 AOI Reconciliation

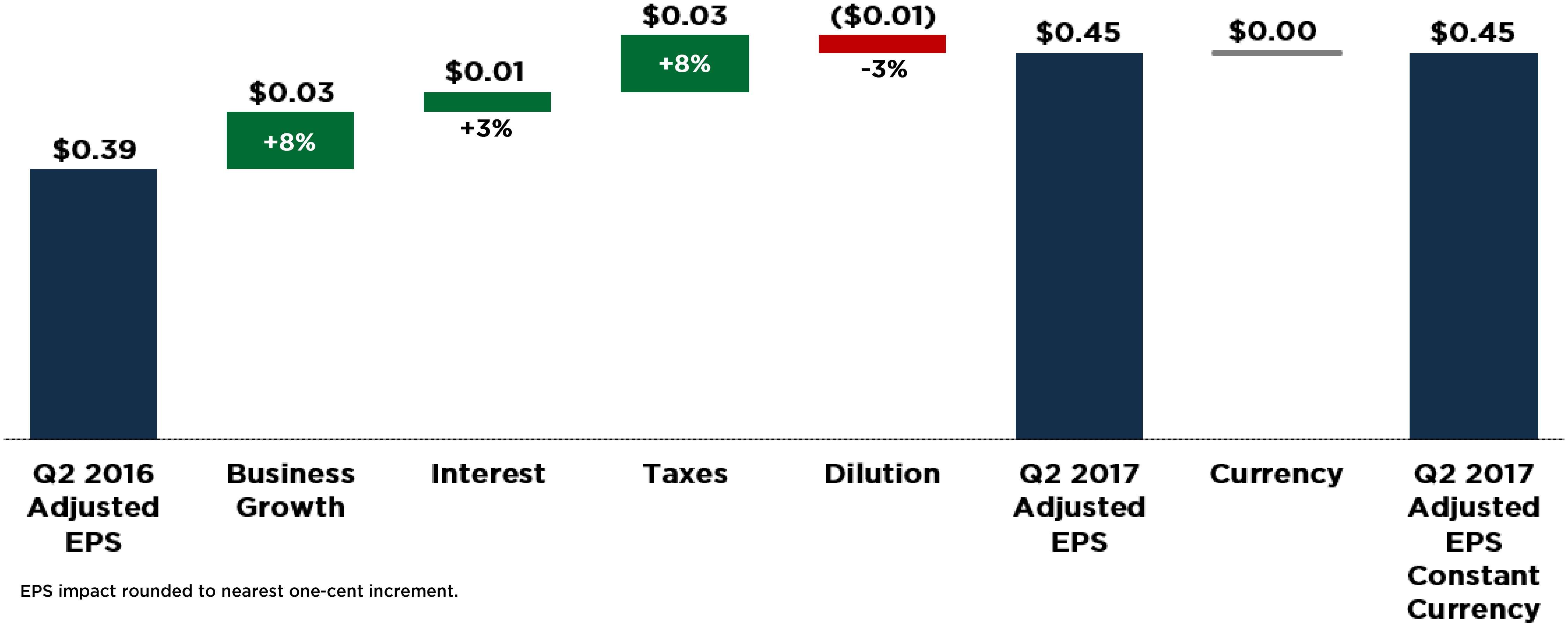


$ represented in millions

AOI Growth +5%[1]; AOI Margin 6.4%[1], +20bps

[1] Constant Currency

Q2 Adjusted EPS Reconciliation



EPS impact rounded to nearest one-cent increment.

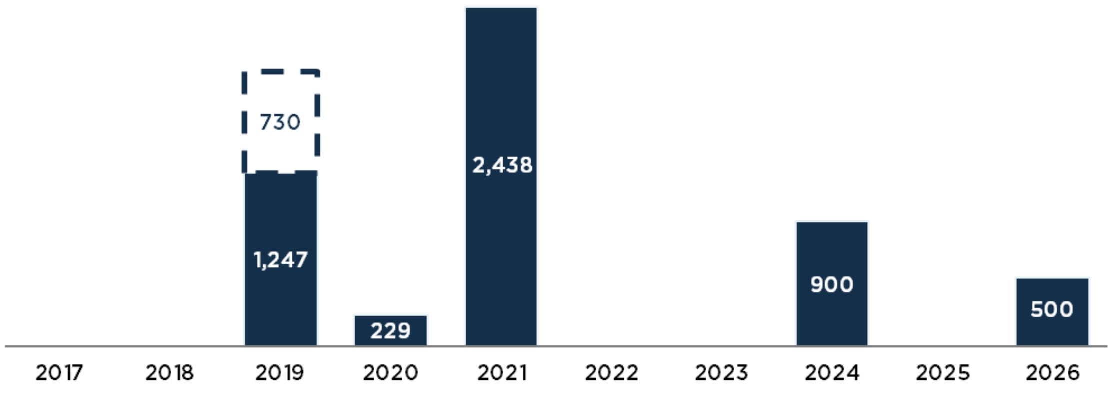
Adjusted EPS +15%[1]

[1] Constant Currency

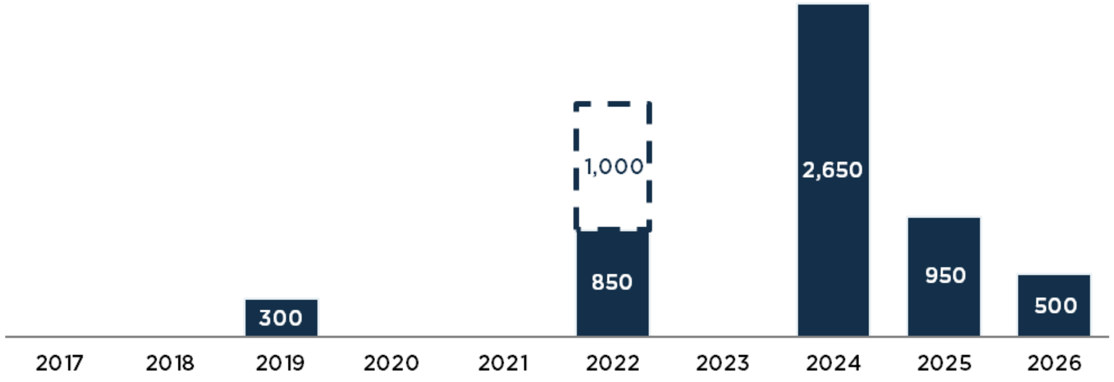
Capital Structure Refinancing

Extended duration – no significant maturities for next 5 years:

Previous Debt Maturity Schedule



New Debt Maturity Schedule



- Bond issuance of $600m in US and €325m in Europe
- Increased revolving credit facility capacity by approximately 40% to $1.0B
- Lowered pricing on term loans and revolver by 50-75 bps to L+175-200 bps
- Lowered weighted average fixed interest rate by approximately 40 bps to 4.7%
- Improved mix of fixed rate debt to 90%

2017 Business Outlook

FY 17 Expectations

- Adjusted EPS improved to $1.90 to $2.00
  - Operational earnings expected to drive low double-digit Adjusted EPS growth
- Currency 2-cent headwind
- Capex 3.25% to 3.50% of Sales
- Interest expense of $265m, net of refinancing costs
  - $19m lower than prior-year*
- Tax rate down ~300 bps vs. prior-year*
- Free Cash Flow of > $350M
- Leverage ratio 3.6x – 3.7x by year-end

*Change from prior assumptions

H2 17 Expectations

- Timing of revenue growth weighted to fourth quarter
- Margin expansion continues as level of reinvestment declines

Summary

- Strong performance delivered in second quarter
- Continued reinvestment to deliver growth, enhance quality and optimize productivity
  - Driving higher client and consumer satisfaction
- Improved financial flexibility through refinancing
- FY 17 Adjusted EPS outlook increased to $1.90 – $2.00

Appendix

Non-GAAP Reconciliation

Adjusted Sales (Organic)

Adjusted Sales (Organic) represents sales growth, adjusted to eliminate the effects of material acquisitions and divestitures and the impact of currency translation.

Adjusted Operating Income

Adjusted Operating Income represents operating income adjusted to eliminate the change in amortization of acquisition-related customer relationship intangible assets and depreciation of property and equipment resulting from the going-private transaction in 2007 (the "2007 LBO"); the impact of the change in fair value related to certain gasoline and diesel agreements; severance and other charges; share-based compensation; the effects of material acquisitions and divestitures and other items impacting comparability.

Adjusted Operating Income (Constant Currency)

Adjusted Operating Income (Constant Currency) represents Adjusted Operating Income adjusted to eliminate the impact of currency translation.

Covenant Adjusted EBITDA

Covenant Adjusted EBITDA represents net income attributable to Aramark stockholders adjusted for interest and other financing costs, net; provision (benefit) for income taxes; depreciation and amortization; and certain other items as defined in our debt agreements required in calculating covenant ratios and debt compliance. The Company also uses Net Debt for its ratio to Covenant Adjusted EBITDA, which is calculated as total long-term borrowings less cash and cash equivalents.

Adjusted Net Income

Adjusted Net Income represents net income attributable to Aramark stockholders adjusted to eliminate the change in amortization of acquisition-related customer relationship intangible assets and depreciation of property and equipment resulting from the 2007 LBO; the impact of changes in the fair value related to certain gasoline and diesel agreements; severance and other charges; share-based compensation; the effects of material acquisitions and divestitures and other items impacting comparability, less the tax impact of these adjustments. The tax effect for adjusted net income for our U.S. earnings is calculated using a blended U.S. federal and state tax rate. The tax effect for adjusted net income in jurisdictions outside the U.S. is calculated at the local country tax rate.

Adjusted Net Income (Constant Currency)

Adjusted Net Income (Constant Currency) represents Adjusted Net Income adjusted to eliminate the impact of currency translation.

Adjusted EPS

Adjusted EPS represents Adjusted Net Income divided by diluted weighted average shares outstanding.

Non-GAAP Reconciliation (cont'd)

Free Cash Flow

Free Cash Flow represents net cash provided by operating activities less net purchases of property and equipment, client contract investments and other. Management believes that the presentation of free cash flow provides useful information to investors because it represents a measure of cash flow available for distribution among all the security holders of the Company.

We use Adjusted Sales (Organic), Adjusted Operating Income (including on a constant currency basis), Covenant Adjusted EBITDA, Adjusted Net Income (including on a constant currency basis), Adjusted EPS and Free Cash Flow as supplemental measures of our operating profitability and to control our cash operating costs. We believe these financial measures are useful to investors because they enable better comparisons of our historical results and allow our investors to evaluate our performance based on the same metrics that we use to evaluate our performance and trends in our results. These financial metrics are not measurements of financial performance under generally accepted accounting principles, or GAAP. Our presentation of these metrics has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. You should not consider these measures as alternatives to sales, operating income, net income or earnings per share determined in accordance with GAAP. Adjusted Sales (Organic), Adjusted Operating Income, Covenant Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Free Cash Flow as presented by us, may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

We provide our expectations for full year Adjusted EPS and full year Free Cash Flow on a non-GAAP basis and do not provide a reconciliation of such forward-looking non-GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including adjustments that could be made for the impact of the change in fair value related to certain gasoline and diesel agreements, severance and other charges and the effect of currency translation.

Non-GAAP Reconciliation

- **Adjusted Consolidated Operating Income Margin**

ARAMARK AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
ADJUSTED CONSOLIDATED OPERATING INCOME MARGIN
(Unaudited) (In thousands)

	Three Months Ended March 31, 2017				
	FSS North America	FSS International	Uniform	Corporate	Aramark and Subsidiaries
Sales (as reported)	$ 2,559,500	$ 674,457	$ 387,671		$ 3,621,628
Operating Income (as reported)	$ 151,969	$ 31,094	$ 45,481	$ (37,124)	$ 191,420
Operating Income Margin (as reported)	5.94%	4.61%	11.73 %		5.29%
Sales (as reported)	$ 2,559,500	$ 674,457	$ 387,671		$ 3,621,628
Effect of Currency Translation	(5,745)	27,800	—		22,055
Adjusted Sales (Organic)	$ 2,553,755	$ 702,257	$ 387,671		$ 3,643,683
Sales Growth (as reported)	1.56%	1.57%	(0.76)%		1.31%
Adjusted Sales Growth (Organic)	1.33%	5.76%	(0.76)%		1.93%
Operating Income (as reported)	$ 151,969	$ 31,094	$ 45,481	$ (37,124)	$ 191,420
Amortization of Acquisition-Related Customer Relationship Intangible Assets and Depreciation of Property and Equipment Resulting from the 2007 LBO	13,650	(316)	—	—	13,334
Share-Based Compensation	202	183	133	18,784	19,302
Gains, Losses and Settlements impacting comparability	846	—	—	6,529	7,375
Adjusted Operating Income	$ 166,667	$ 30,961	$ 45,614	$ (11,811)	$ 231,431
Effect of Currency Translation	(543)	1,131	—	—	588
Adjusted Operating Income (Constant Currency)	$ 166,124	$ 32,092	$ 45,614	$ (11,811)	$ 232,019
Operating Income Growth (as reported)	10.74%	26.60%	3.99 %		11.22%
Adjusted Operating Income Growth	5.30%	7.38%	-0.10 %		5.01%
Adjusted Operating Income Growth (Constant Currency)	4.96%	11.30%	-0.10 %		5.27%
Adjusted Operating Income Margin (Constant Currency)	6.51%	4.57%	11.77 %		6.37%

	Three Months Ended April 1, 2016				
	FSS North America	FSS International	Uniform	Corporate	Aramark and Subsidiaries
Sales (as reported)	$ 2,520,188	$ 664,002	$ 390,632		$ 3,574,822
Adjusted Sales (Organic)	$ 2,520,188	$ 664,002	$ 390,632		$ 3,574,822
Operating Income (as reported)	$ 137,236	$ 24,560	$ 43,734	$ (33,416)	$ 172,114
Amortization of Acquisition-Related Customer Relationship Intangible Assets and Depreciation of Property and Equipment Resulting from the 2007 LBO	18,438	147	(644)	—	17,941
Share-Based Compensation	282	112	89	14,211	14,694
Severance and Other Charges	1,840	4,015	2,480	2,870	11,205
Gains, Losses and Settlements impacting comparability	485	—	—	3,955	4,440
Adjusted Operating Income	$ 158,281	$ 28,834	$ 45,659	$ (12,380)	$ 220,394
Operating Income Margin (as reported)	5.45%	3.70%	11.20 %		4.81%
Adjusted Operating Income Margin	6.28%	4.34%	11.69 %		6.17%

Non-GAAP Reconciliation

- **Adjusted Net Income**
- **Adjusted EPS**

ARAMARK AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
ADJUSTED NET INCOME & ADJUSTED EPS
(Unaudited) (In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	March 31, 2017	April 1, 2016	March 31, 2017	April 1, 2016
Net Income Attributable to Aramark Stockholders (as reported)	$ 70,151	$ 66,354	$ 195,490	$ 159,697
Adjustment:				
Amortization of Acquisition-Related Customer Relationship Intangible Assets and Depreciation of Property and Equipment Resulting from the 2007 LBO	13,334	17,941	30,157	44,770
Share-Based Compensation	19,302	14,694	35,968	30,795
Severance and Other Charges	—	11,205	—	13,776
Effects of Acquisitions and Divestitures	—	—	(1,127)	—
Gains, Losses and Settlements impacting comparability	7,375	4,440	(3,488)	7,296
Effects of Refinancing on Interest and Other Financing Costs, net	29,968	—	29,968	—
Tax Impact of Adjustments to Adjusted Net Income	(26,739)	(18,878)	(35,101)	(37,991)
Adjusted Net Income	$ 113,391	$ 95,756	$ 251,867	$ 218,343
Effect of Currency Translation, net of Tax	464	—	507	—
Adjusted Net Income (Constant Currency)	$ 113,855	$ 95,756	$ 252,374	$ 218,343
Earnings Per Share (as reported)				
Net Income Attributable to Aramark Stockholders (as reported)	$ 70,151	$ 66,354	$ 195,490	$ 159,697
Diluted Weighted Average Shares Outstanding	251,723	248,270	251,937	248,013
	$ 0.28	$ 0.27	$ 0.78	$ 0.64
Earnings Per Share Growth (as reported)	3.70%		21.88%	
Adjusted Earnings Per Share				
Adjusted Net Income	$ 113,391	$ 95,756	$ 251,867	$ 218,343
Diluted Weighted Average Shares Outstanding	251,723	248,270	251,937	248,013
	$ 0.45	$ 0.39	$ 1.00	$ 0.88
Adjusted Earnings Per Share Growth	15.38%		13.64%	
Adjusted Earnings Per Share (Constant Currency)				
Adjusted Net Income (Constant Currency)	$ 113,855	$ 95,756	$ 252,374	$ 218,343
Diluted Weighted Average Shares Outstanding	251,723	248,270	251,937	248,013
	$ 0.45	$ 0.39	$ 1.00	$ 0.88
Adjusted Earnings Per Share Growth (Constant Currency)	15.38%		13.64%	

Non-GAAP Reconciliation

- **Net Debt to Covenant Adjusted EBITDA**

ARAMARK AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES
NET DEBT TO COVENANT ADJUSTED EBITDA
(Unaudited) (In thousands)

	Twelve Months Ended	
	March 31, 2017	April 1, 2016
Net Income Attributable to Aramark Stockholders (as reported)	$ 323,598	$ 250,324
Interest and Other Financing Costs, net	335,620	285,884
Provision for Income Taxes	135,998	120,321
Depreciation and Amortization	499,774	501,416
Share-based compensation expense[1]	62,252	64,288
Pro forma EBITDA for equity method investees[2]	13,281	15,076
Pro forma EBITDA for certain transactions[3]	2,410	5,426
Other[4]	20,575	67,918
Covenant Adjusted EBITDA	$ 1,393,508	$ 1,310,653
Net Debt to Covenant Adjusted EBITDA		
Total Long-Term Borrowings	$ 5,294,327	$ 5,408,353
Less: Cash and cash equivalents	$ 145,484	$ 147,724
Net Debt	$ 5,148,843	$ 5,260,629
Covenant Adjusted EBITDA	$ 1,393,508	$ 1,310,653
Net Debt/Covenant Adjusted EBITDA	3.7	4.0

(1) Represents compensation expense related to the Company's issuances of share -based awards but does not include the related employer payroll tax expense incurred by the Company when employees exercise in the money stock options or vest in restricted stock awards.

(2) Represents our estimated share of EBITDA primarily from our AIM Services Co., Ltd. equity method investment, not already reflected in our EBITDA. EBITDA for this equity method investee is calculated in a manner consistent with consolidated EBITDA but does not represent cash distributions received from this investee.

(3) Represents the annualizing of net EBITDA from certain acquisitions made during the period.

(4) Other includes the following for the twelve months ended March 31, 2017 and April 1, 2016, respectively: organizational streamlining initiatives ($18.8 million costs and $37.5 million costs), the impact of the change in fair value related to certain gasoline and diesel agreements ($10.2 million gain and $2.8 million loss), expenses related to acquisition costs ($4.0 million and $0.8 million), property and other asset write-downs associated with the sale of a building ($5.1 million and $10.4 million), asset write-offs ($5.0 million and $16.2 million) and other miscellaneous expenses.