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Holding Bercy Investissement SCA

Interim report

October 2013 – December 2013

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Holding Bercy Investissement
Société en Commandite par Actions
Share capital: €1,395,220.58
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MANAGEMENT DISCUSSION AND ANALYSIS OF HOLDING BERCY INVESTISSEMENT SCA'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Holding Bercy Investissement SCA ("HBI") should be read in conjunction with the appended consolidated financial statements of HBI for the three-month period ended December 31, 2013. HBI wholly owns Elior SCA and is therefore the parent company of the Elior Group.

Results of Operations

Comparison of the three months ended December 31, 2013 and December 31, 2012

	For the three months ended December 31	
	2012	**2013**
	in € million	
Revenue	**1,247.6**	**1,348.7**
Purchase of raw materials and consumables	(367.4)	(412.1)
Personnel costs	(596.3)	(623.7)
Other operating expenses	(175.4)	(195.1)
Taxes other than on income	(12.7)	(16.4)
Share of profit of associates with the same business activity as the Group's	(0.1)	0.3
EBITDA including share of profit of associates	**95.7**	**101.7**
Depreciation, amortization and recurring operating provisions	(33.5)	(35.1)
Recurring operating profit including share of profit of associates	**62.2**	**66.6**
Other income and expenses, net	(2.0)	(3.6)
Operating profit including share of profit of associates	**60.2**	**63.0**
Net financial expense	(28.8)	(40.8)
Profit before income tax	**31.4**	**22.3**
Income tax	(14.2)	(18.9)
Profit/(loss) for the period	**17.2**	**3.3**

Revenue

Consolidated revenue increased by €101.1 million, or 8.1%, from €1,247.6 million for the three months ended December 31, 2012 to €1,348.7 million for the three months ended December 31, 2013.

The following table shows a breakdown of consolidated revenue by segment as well as a breakdown of revenue growth between organic growth, changes in consolidation scope and foreign currency effect for each operating segment individually and for the Group as a whole.

	For the three Months ended December 31			
	2012		**2013**	
	in € million and % of total			
Revenue by segment				
Contract Catering & Support Services	894.0	*71.7%*	989.0	*73.3%*
Concession Catering & Travel Retail	353.5	*28.3%*	359.8	*26.7%*
Total revenue	**1,247.6**	***100%***	**1,348.7**	***100%***

	Contract Catering & Support Services		Concession Catering & Travel Retail		Total Group	
	in € million	% growth	in € million	% growth	in € million	% growth
Revenue for the three months ended December 31, 2012	**894.0**		**353.5**		**1,247.6**	
Organic growth	14.8	*1.7%*	14.9	*4.2%*	29.7	*2.3%*
Changes in consolidation scope	82.9	*9.3%*	(4.6)	*(1.3)%*	78.4	*6.3%*
Foreign currency effect	(2.9)	*(0.3)%*	(4.1)	*(1.2)%*	(7.0)	*(0.6)%*
Revenue for the three months ended December 31, 2013	**989.0**	***10.6%***	**359.8**	***1.8%***	**1,348.7**	***8.1%***

The overall revenue increase was primarily due to acquisitions, which generated revenue growth of 6.3%, resulting from (i) the acquisitions of THS in the USA (Contract Catering) in April 2013. The positive impact of this acquisition was partially offset by the previous year disposals of Hold & Co UK and Honoré James (banqueting business in the City Sites sector in France), which have been deconsolidated since February and June 2013 respectively and the current year disposal, with effect from 1 December 2013, of our Argentinean and Moroccan activities operated by Areas.

The total revenue increase also reflects 2.3% organic growth over the period. The exchange rate effect was negative for (0.6)%.

Contract Catering & Support Services

Revenue from the Group's Contract Catering & Support Services segment ("Contract Catering & Support Services") increased by €94.9 million, or 10.6%, from €894.0 million for the three months ended December 31, 2012 to €989.0 million for the three months ended December 31, 2013.

The following table splits out revenue growth between organic growth, changes in consolidation scope and foreign currency effect for each of the three Contract Catering & Support Services sectors.

	Business & Industry		Education		Healthcare		Total Contract Catering & Support Services	
	in € million	% growth	in € million	% growth	in € million	% growth	in € million	% growth
Revenue for the three months ended December 31, 2012	**422.7**		**267.2**		**204.2**		**894.0**	
Organic growth	3.8	*0.9%*	7.1	*2.7%*	3.9	*1.9%*	14.8	*1.7%*
Changes in consolidation scope	12.3	*2.9%*	28.1	*10.5%*	42.5	*20.8%*	82.9	*9.3%*
Foreign currency effect	(2.4)	*(0.6)%*	(0.3)	*(0.1)%*	(0.2)	*(0.1)%*	(2.9)	*(0.3)%*
Revenue for the three months ended December 31, 2013	**436.4**	***3.3%***	**302.1**	***13.1%***	**250.5**	***22.7%***	**989.0**	***10.6%***

The revenue increase posted by Contract Catering & Support Services was chiefly due to the acquisition of THS in the USA in April 2013 (which operate in the three Contract Catering & Support Services sectors). This acquisition generated €84.2 million worth of external growth revenue for the three months ended December 31, 2013, which was partially offset by a €1.2 million revenue erosion caused by the disposal of Hold & Co UK in February 2013. The net increase from acquisitions represented a 9.3% revenue rise for the segment as a whole. Organic revenue growth over the period came to 1.7% (including a 0.8% unfavorable effect of number of days of activity estimated at c. €8.0 million). The exchange rate effect was negative for (0.3) %.

Business & Industry. Revenue for the Business & Industry sector ("B&I") climbed €13.7 million, or 3.3%, to €436.4 million for the three months ended December 31, 2013 from €422.7 million for the three months ended December 31, 2012. This revenue rise was similarly led by the acquisition of THS – which generated an aggregate €13.6 million worth of external growth revenue for the three months ended December 31, 2013 – although this positive impact was partially offset by the €1.2 million decrease in revenue caused by the deconsolidation of Hold & Co UK which took place in February 2013. The net increase from acquisitions represented a 2.9% revenue rise for the B&I sector. The overall increase in B&I revenue also reflects 0.9 % organic growth over the period as well as a (0.6)% negative exchange rate effect due to the change in value of the pound sterling against the euro.

The positive organic growth figure for B&I reflects growth experienced by our French operations in contract catering but also in Support services. Organic growth in France was mainly attributable to higher like-for-like sales due to an increase in the average price per meal.

Out of France, organic decrease in the revenue of our B&I operations in the UK was mainly attributable to challenging economic conditions in this country which led to headcount reductions and site closures at our clients. In Italy, the impact of voluntary termination of unprofitable contracts (particularly in the facilities management business) was offset by the positive impact of a new significant inboard catering contract in trains which started in November 2013. In Spain, stronger sales were recorded thanks to the impact of new sites openings.

Education. Revenue reported by the Education sector ("Education") advanced by €34.9 million, or 13.1%, to €302.1 million for the three months ended December 31, 2013 from €267.2 million for the three months ended December 31, 2012. This rise primarily reflects the acquisition of THS, which generated €28.1 million in additional revenue for the three months ended December 31, 2013 representing revenue growth of 10.5%. The overall increase in Education revenue also included 2.7% organic growth over the period, with a slightly negative exchange rate effect.

The positive organic growth figure for Education reflects growth experienced by our French contract catering operations despite the negative impact on school attendance during the first quarter ended December 31, 2013 caused by fewer school days, school personnel strikes and unfavorable weather conditions in December. This satisfactory performance was achieved thanks to (i) the positive impact of new contracts won during the financial year ended September 30, 2013, (ii) higher like-for-like sales due to an increase in the number of guests and the average price per meal. The UK and Spain also reported a satisfactory growth rate due to new sites openings.

Healthcare. Revenue from the Healthcare sector ("Healthcare") increased by €46.3 million, or 22.7%, to €250.5 million for the three months ended December 31, 2013 from €204.2 million for the three months ended December 31, 2012. The revenue rise was primarily due the acquisition of THS, which generated €42.5 million worth of additional revenue in the three months ended December 31, 2013, representing revenue growth of 20.8%.

The increase in Healthcare revenue was also attributable to organic growth of 1.9% during the period whereas the exchange rate effect was slightly negative. This 1.9% organic growth figure reflects satisfactory growth in our Healthcare business in France during the period (higher like-for-like sales and gain of new contracts), and high growth in Spain and Portugal, mainly fuelled by new contracts.

Concession Catering & Travel Retail

Revenue from the Group's Concession Catering & Travel Retail ("Concessions & TR") segment increased by €6.3 million, or 1.8%, from €353.5 million for the three months ended December 31, 2012 to €359.8 million for the three months ended December 31, 2013.

The following table splits out Concessions & TR revenue growth between organic growth, changes in consolidation scope and foreign currency effect for each of the three sectors in which we operate.

	Airports		Motorways		City Sites & Leisure		Total Concession Catering & Travel Retail	
	in € million	**% growth**	**in € million**	**% growth**	**in € million**	**% growth**	**in € million**	**% growth**
Revenue for the three months ended December 31, 2012 ..	**131.9**		**118.8**		**102.9**		**353.5**	
Organic growth.....................	13.3	*10.1%*	3.7	*3.2%*	(2.1)	*(2.1)%*	14.9	*4.2%*
Changes in consolidation scope	(1.1)	*(0.8)%*	0.0	*0.0%*	(3.5)	*(3.4)%*	(4.6)	*(1.3)%*
Foreign currency effect	(2.4)	*(1.9)%*	(0.7)	*(0.6)%*	(1.0)	*(1.0)%*	(4.1)	*(1.2)%*
Revenue for the three months ended December 31, 2013 ..	**141.6**	***7.4%***	**121.8**	***2.6%***	**96.3**	***(6.4)%***	**359.8**	***1.8%***

The increase in our Concessions & TR revenue was fuelled by (i) a satisfactory organic increase of 4.2%, (ii) a (1.3)% negative impact from changes in consolidation scope attributable to the disposals of Honoré James (a banqueting business in the City Sites sector in France) and of our Argentinean and Moroccan activities, which have exited our consolidation scope respectively since June 2013 and December 2013 and (iii) a negative foreign currency effect of (1.2)%.

Airports. Revenue reported by the Airports sector ("Airports") increased by €9.7 million, or 7.4%, to €141.6 million for the three months ended December 31, 2013, from €131.9 million for the three months ended December 31, 2012. This increase was due to (i) an organic revenue rise of 10.1% over the period, (ii) the disposals of our Argentinean and Moroccan activities, which caused a revenue decrease of (0.8)% (or €1.1 million worth of negative revenue) and (iii) a negative exchange rate effect of (1.9)%. This 10.1% organic rise was mainly attributable to our higher organic revenue growth rate in the United States, due to the ramp up of food and beverage activities at Los Angeles International Airport and at other airports. A satisfactory growth rate was also reported in Mexico and to a lesser extent in Portugal, due to outlets openings under an existing contract.

An organic increase in revenue was also experienced in France, one of our traditional core markets (with Spain), thanks to the opening of the Bale-Mulhouse Airport contract in October 2013 and to the higher activity at Roissy CDG airport.

Motorways. Revenue from the Motorways sector ("Motorways") increased by €3.0 million, or 2.6%, to €121.8 million for the three months ended December 31, 2013 from €118.8 million for the three months ended December 31, 2012. The rise reflects the combined impact of (i) an organic increase of €3.7 million, or 3.2% in revenue and (ii) a negative foreign currency effect of 0.6%.

The 3.2% organic growth in revenue in the Motorways sector was mainly attributable to high organic growth figures posted by Germany and United States. In Germany this was due to the effect of new motorways concessions gained and the extension of the retail shops business on existing motorway service areas. The organic growth performance in the United States reflects higher revenue generated by the Florida turnpike contract, where more outlets are now open whereas they were partly closed during the previous year due to renovation works.

This growth was partially offset by an organic revenue decrease in our traditional core markets (France, Spain and Italy), chiefly due (i) for France, to the impact of sites closures mainly at petrol stations operated under business lease arrangements, (ii) for Spain and Italy, to general economic difficulties in these countries which resulted in a continued but slowing reduction in passengers traffic and spending.

City Sites & Leisure. Revenue from the City Sites & Leisure sector ("City Sites") decreased by €6.6 million, or (6.4)%, to €96.3 million for the three months ended December 31, 2013 from €102.9 million for the three months ended December 31, 2012. This decrease was due to (i) the disposals of Honoré James in France and in a lesser extent of our Argentinean activities which respectively occurred in June 2013 and December 2013 and generated revenue decrease of (3.4)% (or €3.5 million worth of less revenue), to (ii) organic decrease of (2.1)% (or €2.1 million worth of less revenue), and (iii) a negative foreign currency effect of (1.0)%.

The organic decrease figure of (2.1)% was primarily attributable to organic decrease in France, mainly explained by (i) less revenue generated as a result of the Paris motor show which only takes place every second year and was held during the three months ended December 31, 2012, partially offset by (ii) the opening of new restaurants and points of sale at Gare de Lyon in Paris.

Purchase of raw materials and consumables

This item increased by €44.7 million, or 12.2%, from €367.4 million in the three months ended December 31, 2012 to €412.1 million in the three months ended December 31, 2013.

The following table sets out purchases of raw materials and consumables by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		**2013**	
	in € million and % of revenue			
Purchase of raw materials and consumables (including as % of revenue)				
Contract Catering & Support Services	(266.6)	*29.8%*	(308.5)	*31.2%*
Concession Catering & Travel Retail	(103.7)	*29.3%*	(107.2)	*29.8%*
Headquarters, holding companies and purchasing entities	3.0	—	3.6	—
Total	**(367.4)**	***29.5%***	**(412.1)**	***30.6%***

Contract Catering & Support Services

Purchases of raw materials and consumables for Contract Catering & Support Services rose by €41.9 million, or 15.7%, from €266.6 million in the three months ended December 31, 2012 to €308.5 million in the three months ended December 31, 2013. The acquisition of THS in April 2013 contributed €38.1 million to this increase.

The segment's purchases of raw materials and consumables increased as a percentage of revenue from 29.8% in the three months ended December 31, 2012 to 31.2% in the three months ended December 31, 2013, chiefly as a result of the acquisition of THS, which have a higher percentage of purchases of raw materials and consumables to revenue than the segment's other businesses. This increase was also due – albeit to a much lesser extent – to a moderate increase in raw materials prices in all sectors, which could not be fully passed on to customers over the period as selling prices are generally adjusted in January.

Concession Catering & Travel Retail

Purchases of raw materials and consumables for Concessions & TR increased by €3.5 million, or 3.4%, from €103.7 million in the three months ended December 31, 2012 to €107.2 million in the three months ended December 31, 2013, mainly due to the sites openings on German Motorways, which have a higher percentage of purchases of raw materials and consumables to revenue than the segment's other businesses.

Personnel costs

Consolidated personnel costs rose by €27.4 million, or 4.6%, from €596.3 million in the three months ended December 31, 2012 to €623.7 million in the three months ended December 31, 2013, but decreased as a percentage of revenue from 47.8% to 46.2%.

The following table sets out personnel costs by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		2013	
	in € million and % of revenue			
Personnel costs (including as % of revenue)				
Contract Catering & Support Services	(454.4)	*50.8%*	(482.3)	*48.8%*
Concession Catering & Travel Retail	(131.9)	*37.3%*	(129.8)	*36.1%*
Headquarters, holding companies and purchasing entities[1]	(10.0)	—	(11.7)	—
Total	**(596.3)**	***47.8%***	**(623.7)**	***46.2%***

[1] Represents personnel costs associated with headquarters, holding companies and purchasing entities (including the IT department) invoiced to operating entities as part of management and shared services. As the corresponding invoices do not include a breakdown of costs invoiced by nature, they cannot be allocated to the costs by nature of HBI's operating segments. They are therefore recorded as a credit to "Other operating expenses" within the Headquarters, holding companies and purchasing entities segment.

Contract Catering & Support Services

Personnel costs for Contract Catering & Support Services increased by €27.9 million, or 6.1%, from €454.4 million in the three months ended December 31, 2012 to €482.3 million in the three months ended December 31, 2013. The rise was mainly due to the effect of THS acquisition during the previous year, which accounted for €29.6 million of the overall increase. This effect was, however, partially offset by the positive impact of the CICE tax credit which was introduced in France from January 2013 and has represented a higher amount in the three months ended 31 December 2013 than in the three months ended 31 December 2012.

The segment's personnel costs decreased as a percentage of revenue from 50.8% in the three months ended December 31, 2012 to 48.8% in the three months ended December 31, 2013, mainly as a result of (i) a mix effect arising from acquisition, as THS has lower personnel costs to sales ratios than those of our other Contract Catering & Support Services businesses, and (ii) more CICE's positive impact on the ratio than in the three months ended 31 December 2012.

Concession Catering & Travel Retail

Personnel costs for Concessions & TR decreased by €(2.1) million, or (1.6)%, from €131.9 million in the three months ended December 31, 2012 to €129.8 million in the three months ended December 31, 2013. This decrease was primarily due to the positive impact of the CICE which has represented a higher amount in the three months ended 31 December 2013 than in the three months ended 31 December 2012.

As a percentage of revenue, personnel costs for this segment edged back from 37.3% in the three months ended December 31, 2012 to 36.1% in the three months ended December 31, 2013. This decrease was mainly attributable to (i) the positive effect of the CICE on the ratio in the three months ended December 31, 2013 and (ii) a lower ratio of personnel costs on Areas activities, due to the higher activity allowing productivity improvement and the effect of the restructuring plan implemented to reduce staff costs in the Madrid Barajas airport which contract had been successfully renewed during the prior year.

Other operating expenses

Other operating expenses increased by €19.7 million, or 11.2%, from €175.4 million in the three months ended December 31, 2012 to €195.1 million in the three months ended December 31, 2013.

The following table sets out other operating expenses by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		2013	
	in € million and % of revenue			
Other operating expenses (including as % of revenue)				
Contract Catering & Support Services	(85.5)	*9.6%*	(105.1)	*10.6%*
Concession Catering & Travel Retail	(96.1)	*27.2%*	(96.4)	*26.8%*
Headquarters, holding companies and purchasing entities(1)	6.2	—	6.5	—
Total	**(175.4)**	***14.1%***	**(195.1)**	***14.5%***

(1) Represents a portion of the revenue invoiced to operating entities by headquarters, holding companies and purchasing entities (including the IT department) for certain management and shared services. As the corresponding invoices do not break down the costs invoiced by nature, they cannot be allocated to the costs by nature of our operating segments. They are therefore recorded as a credit to "Other operating expenses" for Headquarters, holding companies and purchasing entities and are mainly composed of personnel costs.

Contract Catering & Support Services

Other operating expenses reported for Contract Catering & Support Services increased by €19.6 million, or 22.9%, from €85.5 million in the three months ended December 31, 2012 to €105.1 million in the three months ended December 31, 2013. The acquisition of THS accounted for €6.4 million of the increase, whereas in Italy higher recourse to subcontracting was due to the start of the new significant inboard catering contracts in trains recently awarded to the Group which is operated by Elior since November 2013.

As a percentage of revenue, other operating expenses for the Contract Catering & Support Services segment increased from 9.6% in the three months ended December 31, 2012 to 10.6% in the three months ended December 31, 2013, primarily as a result of the increase in subcontracting costs as a percentage of revenue.

Concession Catering & Travel Retail

Other operating expenses for Concessions & TR slightly increased by €0.4 million, or 0.4%, from €96.1 million in the three months ended December 31, 2012 to €96.5 million in the three months ended December 31, 2013. As a percentage of revenue, they edged down year on year from 27.2% to 26.8%.

Taxes other than on income

This item rose by €3.7 million overall, or 29.1%, from €12.7 million in the three months ended December 31, 2012 to €16.4 million in the three months ended December 31, 2013. The following table sets out taxes other than on income by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		2013	
	in € million and % of revenue			
Taxes other than on income (including as % of revenue)				
Contract Catering & Support Services	(8.2)	*0.9%*	(11.6)	*1.2%*
Concession Catering & Travel Retail	(4.1)	*1.2%*	(4.2)	*1.2%*
Headquarters, holding companies and purchasing entities	(0.5)	—	(0.5)	—
Total	**(12.7)**	***1.0%***	**(16.4)**	***1.2%***

Contract Catering & Support Services

Taxes other than on income for Contract Catering & Support Services increased by €3.4 million, or 41.5% from €8.2 million in the three months ended December 31, 2012 to €11.6 million in the three months ended December 31, 2013. This increase was due to the effect of THS acquisition for €2.8 million.

Concession Catering & Travel Retail

Taxes other than on income for Concessions & TR increased by €0.1 million, or 2.4%, from €4.1 million in the three months ended December 31, 2012 to €4.2 million in the three months ended December 31, 2013. As a percentage of revenue they remained unchanged, however.

EBITDA

The following table sets out EBITDA by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		**2013**	
	in € million and % of revenue			
EBITDA (including as % of revenue)				
Contract Catering & Support Services	79.4	*8.9%*	81.5	*8.2%*
Concession Catering & Travel Retail	17.6	*5.0%*	22.4	*6.2%*
Headquarters, holding companies and purchasing entities	(1.3)	—	(2.1)	—
Total	**95.7**	***7.7%***	**101.7**	***7.5%***

Consolidated EBITDA increased by €6.0 million, or 6.3%, from €95.7 million in the three months ended December 31, 2012 to €101.7 million in the three months ended December 31, 2013. As a percentage of revenue, consolidated EBITDA decreased from 7.7% to 7.5% (see below for an analysis by segment).

Contract Catering & Support Services

EBITDA for Contract Catering & Support Services increased by €2.1 million, or 2.6%, from €79.4 million in the three months ended December 31, 2012 to €81.5 million in the three months ended December 31, 2013. This increase was mainly due to the positive effect of the acquisition of THS occurred during FY 2012-2013, as well as the favorable impact of the CICE, partially offset by the lower performance realized in our French activities, especially on Education due to a lower number of days of activity which impact is estimated at c. €3.0 million and raw material cost increase not yet passed to customers. International subsidiaries performed satisfactorily especially Serunión in Spain on higher sales revenue.

As a percentage of revenue, the segment's EBITDA contracted from 8.9% to 8.2% mainly due to lower performance realized by our French contract catering activities not fully compensated by the consolidation of THS, improved performance at Serunión and the positive impact of the CICE.

Concession Catering & Travel Retail

EBITDA for Concessions & TR increased by €4.8 million, or 27.3%, from €17.6 million in the three months ended December 31, 2012 to €22.4 million in the three months ended December 31, 2013. This rise was mainly due to the positive impact of the CICE and higher performance achieved by Areas upon higher activity in the USA and in Airports in Spain and in Portugal.

As a percentage of revenue, the segment's EBITDA increased from 5.0% to 6.2% chiefly reflecting higher performance from the Airports and Motorways sectors in USA.

Depreciation, amortization and recurring operating provisions

Consolidated depreciation, amortization and recurring operating provisions rose by €1.6 million, or 4.8%, from €33.5 million in the three months ended December 31, 2012 to €35.1 million in the three months ended December 31, 2013.

The following table sets out depreciation, amortization and recurring operating provisions by segment for the periods indicated and as a percentage of the revenue of each segment.

	For the three months ended December 31			
	2012		**2013**	
	in € million and % of revenue			
Depreciation, amortization and recurring operating provisions (including as % of revenue)				
Contract Catering & Support Services	(15.3)	*1.7%*	(16.0)	*1.6%*
Concession Catering & Travel Retail	(17.6)	*5.0%*	(18.7)	*5.2%*
Headquarters, holding companies and purchasing entities	(0.6)	—	(0.4)	—
Total	**(33.5)**	***2.7%***	**(35.1)**	***2.6%***

Contract Catering & Support Services

Depreciation, amortization and recurring operating provisions for Contract Catering & Support Services increased by €0.7 million, or 4.6%, from €15.3 million in the three months ended December 31, 2012 to €16.0 million in the three months ended December 31, 2013. This increase was primarily attributable to THS acquisition.

Concession Catering & Travel Retail

Depreciation, amortization and recurring operating provisions for Concessions & TR increased by €1.1 million or 6.2%, from €17.6 million in the three months ended December 31, 2012 to €18.7 million in the three months ended December 31, 2013. This increase was mainly due to capital expenditure for new contracts on Areas USA and Spain.

Other income and expenses, net

This item represented a net expense of €3.6 million overall for the three months ended December 31, 2013 and were mainly attributable to (i) the initial amortization of the intangible asset (customers lists) recorded upon first consolidation of THS USA, following the purchase price allocation and (ii) the capital loss recorded upon the disposal of the Argentinean subsidiary.

”Other income and expenses, net” for the group represented €2.0 million in the three months ended December 31, 2012 and were attributable to non-recurring due diligence fees and financial advisory works undertaken for the Amend & Extend process.

Net financial expense

Net financial expense increased by €12.0 million, or 41.7% from €28.8 million in the three months ended December 31, 2012 to €40.8 million in the three months ended December 31, 2013. This increase was mainly due to increased indebtedness amount in relation with acquisitions and higher margins payable on the Group’s debt following the Amend & Extend processes conducted in April 2013.

Income tax

The Group’s income tax expense rose by €4.7 million or 33.1%, from €14.2 million in the three months ended December 21, 2012 to €18.9 million in the three months ended December 31, 2013. This increase was partly attributable to the impact of THS acquisition for €1.2 million and to a €7.0 million accrual recorded upon a tax audit under way in a Group subsidiary, partly offset by lower income tax charge upon taxable profits in France.

Profit for the period

As a result of the above-described factors, and mainly upon higher net financial expense, the Group profit for the three months ended December 31, 2013 was €3.3 million, compared with the €17.2 million profit reported for the three months ended December 31, 2012.

Consolidated cash flows for the three months ended December 31, 2012 and December 31, 2013

The following table provides an overview of the Group's cash flow statements for the three months ended December 31, 2012 and December 31, 2013.

	For the three months ended December 31	
	2012	**2013**
	in € million	
Net cash generated from operating activities	(18.3)	(13.5)
Net cash used in investing activities	(40.7)	(58.6)
Net cash generated from (used in) financing activities	59.3	62.0
Effect of exchange rate and other changes	0.7	5.5
Net increase (decrease) in cash and cash equivalents	**1.0**	**(4.6)**

Net cash used in operating activities

The following table sets out the components of the Group's net cash generated from operating activities for the three months ended December 31, 2012 and December 31, 2013.

	For the three months ended December 31	
	2012	**2013**
	in € million	
EBITDA	95.7	101.7
Change in working capital	(72.7)	(61.7)
Interest paid	(26.6)	(39.3)
Tax paid	(3.7)	(3.7)
Other cash movements (incl. dividends received from associates)	(11.0)	(10.5)
Net cash used in operating activities	**(18.3)**	**(13.5)**

Net cash used by operating activities totaled €18.3 million for the three months ended December 31, 2012 and €13.5 million for the three months ended December 31, 2013. The year-on-year change in this item reflects movements in all of its components during the period.

Change in working capital

Change in working capital resulted in a lower cash outflow in the year ended December 31, 2013 (€61.7 million) compared with the previous year (€72.7 million). This improvement primarily reflects the combined impact of the following: (i) the sale without recourse of Spanish receivables for an amount of €17.0 million, (ii) the impact of higher amount CICE receivables in the balance sheet due a higher amount being recognized in the three months ended 31 December 2013 than in the three months ended 31 December 2012, and (iii) the rest of the Group achieving a slight improvement in working capital requirements as compared to the three months ended December 31, 2012 which can be considered a satisfactory performance considering the still weak economic environment in the European economies and states public finances.

Tax paid

Tax paid includes corporate income tax paid in all the geographic areas in which the Group operates. It also includes the Italian IRAP tax (*Imposta Regionale Sulle Attività Produttive*) and the French CVAE tax.

Tax paid for the three months ended December 31, 2013 was €3.7 million remaining flat compared with the three months ended December 31, 2012.

Other cash movements

“Other cash movements” primarily include cash outflows and inflows concerning (i) non-recurring income or expense recorded under “Other income and expenses, net” in the consolidated income statement and (ii) payments made in connection with purchase price accounting adjustments related to acquisitions as recorded in accordance with IFRS. The corresponding net cash outflows were €11.0 million and €10.5 million for the three months ended December 31, 2012 and December 31, 2013, respectively. Net cash outflows for the three months ended December 31, 2013 were mainly attributable to restructuring costs incurred at Areas in Spain which had been accrued at September 30, 2013 and at the recently-acquired businesses, Ansamble and Gemeaz.

Net cash used in investing activities

The following table sets out the components of net cash used in investing activities for the three months ended December 31, 2012 and December 31, 2013.

	For the three months ended December 31	
	2012	**2013**
	in € million	
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(49.7)	(56.0)
Purchases of and proceeds from sale of non-current financial assets	10.2	(1.8)
Acquisition/sale of shares in consolidated companies	(1.1)	(0.8)
Net cash used in investing activities	**(40.7)**	**(58.6)**

Net cash used in investing activities amounted to €40.7 million in the three months ended December 31, 2012 and €58.6 million in the year ended December 31, 2013.

Capital expenditure

Consolidated net cash used for capital expenditure (net of proceeds from sales) represented €49.7 million and €56.0 million in the three months ended December 31, 2012 and December 31, 2013, respectively.

For Contract Catering & Support Services, capital expenditure represented €16.6 million for the three months ended December 31, 2012 and €20.8 million for the three months ended December 31, 2013, representing 1.9% and 2.1% of Contract Catering & Support Services revenue respectively.

Capital expenditure for Concession Catering & Travel Retail was €32.4 million for the three months ended December 31, 2012 and €33.6 million for the three months ended December 31, 2013, representing 9.2% and 9.3% of Concession Catering & Travel Retail revenue respectively. The quarter-on-quarter increase was mainly due to intangible assets purchase at City sites and Leisure together with the continuing capital expenditure programs on Turnpikes in the United States.

Capital expenditure for Headquarters, holding companies and purchasing entities came to €0.8 million and €1.7 million in the three months ended December 31, 2012 and December 31, 2013 respectively and primarily corresponded to investments in software and hardware.

Purchases of and proceeds from sale of non-current financial assets

The consolidated net cash outflow of €1.8 million generated from “Purchases of and proceeds from sale of non-current financial assets” in the three months ended December 31, 2013 mainly relates to the increase in loans and deposits.

Acquisition/sale of shares in consolidated companies

For the three months ended December 31, 2012, consolidated net cash used for acquisitions totaled €1.1 million and related to deferred consolidation payable with respect to the acquisitions of Copra and Gemeaz in Italy.

Consolidated net cash used for acquisitions for the three months ended December 31, 2013 amounted to €0.8 million and included the payment of acquisition debts mainly in respect of earn outs payable by THS to certain former shareholders of purchased subsidiaries offset by the proceeds from the disposal of our Argentinean and Moroccan subsidiaries occurred during the quarter.

Net cash generated from financing activities

The following table sets out the components of consolidated net cash generated from financing activities for the three months ended December 31, 2012 and December 31, 2013.

	For the three months ended December 31	
	2012	**2013**
	in € million	
Movements in share capital of the parent and in shareholder loans	(0.0)	(0.0)
Dividends paid to non-controlling interests in consolidated companies	(0.7)	(0.3)
Proceeds from borrowings	63.5	74.7
Repayments of borrowings	(3.5)	(12.4)
Net cash generated from financing activities	**59.3**	**62.0**

Net cash from financing activities represented a net inflow of €62.0 million for the three months ended December 31, 2013 versus a €59.3 million net inflow for the three months ended December 31, 2012.

Movements in share capital of the parent and in shareholder loans

No movements in share capital have occurred in the three months ended December 31, 2012 and 2013.

Dividends paid to non-controlling interests in consolidated companies

This item represented net cash outflows of €0.7 million and €0.3 million for the three months ended December 31, 2012 and December 31, 2013, respectively, and corresponded mainly to dividends paid to minority shareholders of MyChef.

Proceeds from borrowings

Consolidated cash generated from the proceeds from borrowings represented €63.5 million and €74.7 million in the three months ended December 31, 2012 and December 31, 2013 respectively.

In the three months ended December 31, 2012, such proceeds were mostly related to (i) €42.7 million in additional securitization of receivables and (ii) €18.5 million drawn under a new financing extended to Areas in order to finance capital expenditures in the United States.

In the three months ended December 31, 2013, proceeds from borrowings mainly corresponded to (i) €50.9 million worth of additional securitization of receivables due to the inclusion of Serunion in the program, and (ii) €20.5 million worth of bank debt drawn by Areas.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €3.5 million and €12.4 million in the three months ended December 31, 2012 and December 31, 2013 respectively.

These repayments mainly related to debt associated with capital leases and miscellaneous bank debts of subsidiaries.

Effect of exchange rate and other changes

In the three months ended December 31, 2013, fluctuations in exchange rates and other changes had a positive cash impact of €5.5 million. This overall positive effect reflects the combined impact of (i) amounts cashed in by Áreas USA in respect of the Florida Turnpike short-term financial receivable recorded in accordance with IFRIC 12 and (ii) positive currency effects on consolidated cash.

Fluctuations in exchange rates and other changes also had a positive cash impact in the three months ended December 31, 2012, due chiefly to currency effects on consolidated cash.

Liquidity, Capital Resources and Breakdown of Net Debt

The Group's cash requirements consist mainly of the following:

- covering the cash needs of operating activities, including working capital requirement, which is seasonal;
- servicing debt at Group and subsidiary level;
- funding acquisitions;
- financing capital expenditure; and
- paying taxes.

Our sources of liquidity have historically mainly consisted of the following:

- cash generated from operating activities;
- capital contributions from shareholders;
- borrowings under existing or new credit facilities;
- proceeds from divestments; and
- dividends received from associates.

At December 31, 2013 the Group had consolidated net debt of €2,248.7 million and consolidated net cash and cash equivalents of €125.5 million. The following table sets out the components of consolidated net debt at December 31, 2013.

	December 31, 2013
HBI March 2019 Facility	405,1
Elior March 2019 Facility	1,166.2
HBI Facility H May 2020 (1)	350.0
Total main HBI/Elior credit facilities	**1,921,3**
THS term loan (2)	111.0
Credit Facility Areas	34.9
Securitization of receivables	230.2
Other short-term borrowings	81.9
Cash and cash equivalents	(125.5)
Short-term financial receivables	(5.2)
Net debt (3)	**2,248.7**

(1) Term loan granted by Elior Finance &Co SCA which mirrors the Elior Finance & Co SCA Senior Secured Notes

(2) THS $155.0 million ring fenced syndicated term loan

(3) net of overdrafts, current accounts with affiliates and accrued interest on debt

The Group complied with all of its debt covenants at December 31, 2013 and expects that its sources of liquidity and cash and cash equivalents at December 31, 2013 will be sufficient to meet its cash requirements for the subsequent 12 months.

Recent Events

With effect from 3 February 2014, the company has obtained a reduction in its syndicated loans interest margins. This decrease amounts to 75 basis points for the main term loans of Elior and HBI representing total borrowings of € 1,571.3 million and 25 basis points upon an amount of €192.5 million of the revolving credit facilities not drawn at 31 December 2013.

It has been announced on March 4, 2014 by HBI that an IPO project is underway, aiming at listing its shares on Euronext Paris before the summer of 2014.

Holding Bercy Investissement SCA

Condensed consolidated interim financial statements

For the three months ended 31 December 2013 and the three months ended 31 December 2012

1. Consolidated income statement and statement of comprehensive income

a. Consolidated income statement

(€ million)	Note	3 months ended 31/12/2013 Unaudited	3 months ended 31/12/2012 Unaudited
Revenue	**9.a**	**1,348.7**	**1,247.6**
Purchase of raw materials and consumables		(412.1)	(367.4)
Personnel costs		(623.7)	(596.3)
Other operating expenses		(195.1)	(175.4)
Taxes other than on income		(16.4)	(12.7)
Depreciation, amortisation and recurring operating provisions		(35.1)	(33.5)
Recurring operating profit		**66.3**	**62.3**
Share of profit of associates		0.3	(0.1)
Recurring operating profit including share of profit of associates	**9.b**	**66.6**	**62.2**
Other income and expenses, net	11	(3.6)	(2.0)
Operating profit including share of profit of associates		**63.0**	**60.2**
Net financial expense	17	(41.6)	(30.3)
Net financial income	17	0.9	1.5
Profit before income tax		**22.3**	**31.4**
Income tax	12	(18.9)	(14.2)
Profit / (loss) for the period		**3.3**	**17.2**
Attributable to owners of the parent		**4.1**	**19.5**
Attributable to non-controlling interests		**(0.8)**	**(2.3)**
Earnings/(loss) per share (in €)		0.04	0.18
Diluted earnings/(loss) per share (in €)		0.04	0.18

b. Consolidated statement of comprehensive income

(€ million)	3 months ended 31/12/2013 Unaudited	3 months ended 31/12/2012 Unaudited
Profit/(loss) for the period	**3.3**	**17.2**
Items that will not be reclassified subsequently to profit or loss		
Post employment benefits	0.1	(0.5)
Items that may be reclassified subsequently to profit or loss		
Financial instruments	3.3	0.0
Currency translation differences	(0.2)	0.6
Income tax	(1.1)	0.0
Total other comprehensive income/(expense) for the period	**2.1**	**0.1**
Total comprehensive income/(expense) for the period	**5.4**	**17.3**
Attributable to :		
- Owners of the parent	6.2	20.2
- Non-controlling interests	(0.8)	(2.9)

2. Consolidated balance sheet

a. Assets

(€ million)	Note	31/12/2013 Unaudited	30/09/2013 Audited	31/12/2012 Unaudited
Goodwill	14	2,362.6	2,411.6	2,243.4
Intangible assets	15	224.7	143.4	107.7
Property, plant and equipment	16	485.9	489.5	481.8
Non-current financial assets		43.5	39.3	20.6
Investments in associates		6.8	6.7	6.3
Fair value of derivative financial instruments (*)		1.0	0.6	0.0
Deferred tax assets		219.9	227.8	202.2
Non-current assets		**3,344.6**	**3,318.9**	**3,061.9**
Inventories		96.6	94.2	84.4
Trade and other receivables		908.2	905.2	836.1
Current income tax assets		19.6	19.5	16.1
Other current assets		47.3	46.2	40.4
Short-term financial receivables (*)		5.2	8.5	30.5
Cash and cash equivalents (*)		168.2	210.0	125.7
Current assets		**1,245.0**	**1,283.6**	**1,133.2**
Total assets		**4,589.6**	**4,602.5**	**4,195.2**

(*) Net debt

b. Equity and liabilities

(€ million)	Note	31/12/2013 Unaudited	30/09/2013 Audited	31/12/2012 Unaudited
Share capital		1.1	1.1	1.1
Reserves and retained earnings		589.0	582.1	583.7
Non-controlling interests		66.0	67.6	46.8
Total equity		**656.0**	**650.8**	**631.6**
Long-term debt (*)	17	2,290.7	2,240.8	2,037.4
Fair value of derivative financial instruments (*)		22.5	25.7	42.4
Contingent liabilities relating to share acquisitions and dividend to non-controlling interests		39.2	40.1	37.7
Deferred tax liabilities		47.7	23.1	11.0
Provisions for pension and other post-employment benefit obligations	18	95.3	97.6	93.3
Other long-term provisions	18	15.4	13.5	17.3
Other non-current liabilities		0.0	0.0	0.0
Non-current liabilities		**2,510.8**	**2,440.9**	**2,239.2**
Trade and other payables		615.9	667.2	578.7
Due to suppliers of non-current assets		14.4	30.2	19.1
Accrued taxes and payroll costs		524.8	525.5	505.1
Current income tax liabilities		11.2	3.1	15.4
Short-term debt (*)	17	109.3	136.1	91.7
Liabilities relating to share acquisitions		25.7	26.4	23.5
Short-term provisions	18	102.9	101.3	67.8
Other current liabilities		18.5	21.1	23.0
Current liabilities		**1,422.8**	**1,510.9**	**1,324.4**
Total liabilities		**3,933.5**	**3,951.7**	**3,563.6**
Total equity and liabilities		**4,589.6**	**4,602.5**	**4,195.2**
(*) Net debt		2,248.1	2,183.5	2,015.3
Net debt excluding fair value of derivative financial instruments and debt issuance costs		2,248.7	2,181.4	1,978.4

3. Consolidated cash flow statement

(€ million)	3 months ended 31/12/2013 Unaudited	3 months ended 31/12/2012 Unaudited
Cash flows from operating activities		
Recurring operating profit including share of profit of associates	66.6	62.2
Amortisation and depreciation	33.9	33.0
Provisions	1.2	0.5
EBITDA	**101.7**	**95.7**
Dividends received from associates	0.0	0.0
Change in working capital	(61.7)	(72.7)
Interest paid	(39.3)	(26.6)
Tax paid	(3.7)	(3.7)
Other cash movements	(10.5)	(11.0)
Net cash used in operating activities	**(13.5)**	**(18.3)**
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(58.4)	(51.5)
Proceeds from sale of property, plant and equipment and intangible assets	2.4	1.7
Purchases of non-current financial assets	(2.4)	(0.0)
Proceeds from sale of non-current financial assets	0.6	10.2
Acquisition of Elior shares		
Acquisition /sale of other consolidated securities	(0.8)	(1.1)
Net cash used in investing activities	**(58.6)**	**(40.7)**
Cash flows from financing activities		
Movements in share capital of the parent and shareholder loans	0.0	0.0
Dividends paid to non-controlling interests in consolidated subsidiaries	(0.3)	(0.7)
Proceeds from borrowings	74.7	63.5
Repayments of borrowings	(12.4)	(3.5)
Net cash from financing activities	**62.0**	**59.3**
Effect of exchange rate and other changes	5.5	0.7
Net increase (decrease) in cash and cash equivalents	**(4.6)**	**1.0**
Cash and cash equivalents at beginning of period	**130.1**	**54.8**
Cash and cash equivalents at end of period	**125.5**	**55.8**

Bank overdrafts repayable on demand and current accounts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement whereas they are classified as short-term debt in the balance sheet. These items represent the sole difference between the amounts of cash and cash equivalents presented in the balance sheet and the cash flow statement as presented above.

4. Consolidated statement of changes in equity

(€ million)	Number of shares	Share capital	Additional paid-in capital and other reserves	Profit/(loss) for the period attributable to owners of the parent	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 30 September 2012 as published	**108,820,358**	**1.1**	**596.2**	**(30.1)**	**1.8**	**568.8**	**50.1**	**618.9**
Impact of change of accounting method : IAS 19R			(5.8)			(5.8)		(5.8)
Balance at 30 September 2012	**108,820,358**	**1.1**	**590.4**	**(30.1)**	**1.8**	**563.0**	**50.1**	**613.1**
Profit/(loss) for the period				19.5		19.5	(2.3)	17.2
Post employment benefits			(0.5)			(0.5)		(0.5)
Changes in fair value of financial instruments								
Currency translation differences					1.2	1.2	(0.5)	0.6
Comprehensive Income			**(0.5)**	**19.5**	**1.2**	**20.1**	**(2.9)**	**17.3**
Appropriation of prior-period profit			(30.1)	30.1				
Dividends paid			(0.6)			(0.6)		(0.6)
Other movements			2.2			2.2	(0.4)	1.8
Balance at 31 December 2012	**108,820,358**	**1.1**	**561.2**	**19.5**	**3.0**	**584.7**	**46.8**	**631.6**
Balance at 30 September 2013	**108,820,358**	**1.1**	**567.2**	**8.7**	**6.3**	**583.2**	**67.6**	**650.8**
Profit/(loss) for the period				4.1		4.1	(0.8)	3.3
Post employment benefits			0.1			0.1		0.1
Changes in fair value of financial instruments			2.2			2.2	0.0	2.2
Currency translation differences					0.6	0.6	(0.8)	(0.2)
Comprehensive Income			**2.3**	**4.1**	**0.6**	**7.0**	**(1.6)**	**5.4**
Appropriation of prior-period profit			8.7	(8.7)		0.0		0.0
Dividends paid			(0.3)			(0.3)		(0.3)
Other movements			0.1			0.1	0.0	0.1
Balance at 31 December 2013	**108,820,358**	**1.1**	**577.9**	**4.1**	**6.9**	**590.1**	**66.0**	**656.0**

Notes to the consolidated financial statements

1. General information

Holding Bercy Investissement ("HBI") is a French partnership limited by shares (*société en commandite par actions*) registered and domiciled in France. Its headquarters are located at 61-69 rue de Bercy, Paris, France. At 31 December 2013, HBI was 70.24%-controlled by investment funds managed by Charterhouse and Chequers, 24.75%-controlled by Bagatelle Investissement et Management "BIM" (which is wholly-owned by Robert Zolade), and 5.01%-controlled by (i) the investment fund SOFIA, (ii) companies of the Intermediate Capital Group (ICG), and (iii) co-investors including a number of Group managers, through specific companies set up for this purpose.

The HBI Elior Group is a major player in Europe's contracted foodservice and related services industry. It operates its businesses of Contract Catering & Support Services and Concession Catering & Travel Retail through companies based in thirteen countries – mainly in the Eurozone, the United Kingdom, Latin America and the USA.

2. Basis of preparation

The HBI Elior Group's condensed consolidated interim financial statements for the three-month period ended 31 December 2013 and the three-month period ended 31 December 2012 have been prepared in accordance with IAS 34, "Interim Financial Reporting". These interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2013, which were prepared in accordance with IFRS.

The condensed consolidated interim financial statements were approved for issue by HBI's Managing Partner on 5 March 2014.

3. Significant events of the period

a. Changes in consolidation scope, acquisitions and disposals

In December 2013, the Company has sold its Concessions activities previously operated by Areas in Morocco and in Argentina. These activities generated a turnover of c. €20.0 million on a full year basis.

The Group did not acquire and consolidate or sell and deconsolidate any company during the three months ended 31 December 2012.

4. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below and the change on accounting policy related to the implementation of revised IAS 19 standard as described in paragraph 5.

For interim periods, taxes on income other than tax on the value added by the business (CVAE) are accrued using the tax rate that is expected to apply to total annual profit or loss.

Tax on the value added by the business (CVAE, which is included in income tax) and employee profit- sharing are accrued based on one quarter of the corresponding expected full-year charge.

No actuarial assessments of retirement benefit obligations have been performed for the condensed interim consolidated financial statements. The related expense for the three month periods ended 31 December 2013 and 31 December 2012 is a quarter of the expense calculated for the full-years ending 30 September 2014 and 30 September 2013, respectively.

5. New and amended standards

New standards and interpretations adopted by the EU and applied by the Group

- Revised version of IAS 19 “Employee Benefits”, which was adopted by the EU on 6 June 2012 and is effective for annual periods beginning on or after 1 January 2013. This revised standard removes the option of deferring the recognition of certain actuarial gains and losses in the income statement over employees’ average remaining service period (known as the “corridor” method). The revised standard also requires additional disclosures on the risks related to employee benefit plans and their future cash flow impact. The Group recognised its actuarial gains and losses using the corridor method until 30 September 2013. In accordance with IFRS 8 the change to the prescribed method has been applied retrospectively and has had a negative €8.8 million impact (before tax) and €5.8 million (after tax effect) on the Group’s equity at 30 September 2012 corresponding to the total amount of actuarial gains and losses not previously recognised. The actuarial gains and losses occurred subsequently to 30 September 2012 have been recognised in the statement of comprehensive income.

New standards, amendments and interpretations issued by the IASB and not yet applied by the Group

The following standards, amendments and interpretations have been issued by the IASB for application in fiscal years subsequent to 2013-2014. They were adopted by the EU at 31 December 2012, and will therefore be applicable by the Group as from 1 January 2014 unless the Group decides to early adopt them. The practical implications of applying the following standards, amendments and interpretations and their effect on the Group’s financial statements are currently being analysed and they are not expected to have a material impact on the presentation of the Group’s results or on its financial position:

- IFRS 12 “Disclosure of Interests in Other Entities” and amendments to IFRS 10, IFRS 11 and IFRS 12 “Transition Guidance”, which were endorsed by the EU in December 2012. This new standard and related amendments set out disclosure requirements regarding entities’ interests in subsidiaries, joint arrangements, associates and unconsolidated entities. These disclosure requirements are designed to help readers of financial statements evaluate the basis of control, as well as any restrictions on consolidated assets or liabilities. They are also aimed at helping evaluate the exposure to risks resulting from the entity’s interests in unconsolidated entities and from non-controlling interests in consolidated activities. Application of this standard and these amendments will require the Group to disclose additional information on the financial position and results of its joint ventures and special purpose entities.

The other standards, amendments and interpretations that have been issued but are not yet effective are not expected to have a material impact on the consolidated financial statements and are listed below:

- Amendments to IAS 12 “Deferred Tax – Recovery of Underlying Assets”.
- The revised version of IAS 27 “Separate Financial Statements”.
- The revised version of IAS 28 “Investments in Associates and Joint Ventures”.
- Amendment to IAS 36 “recoverable amount disclosures for non financial assets”
- Amendment to IAS 32 and IFRS 7 “Offsetting financial assets and financial liabilities”
- Interpretation IFRIC 21 “levies”

6. Estimates

The preparation of interim financial statements requires the Management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the balance sheet date and on items of income and expense for the period.

These estimates and assumptions – which are based on historical experience and other factors believed to be reasonable in the circumstances – are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates if different assumptions or circumstances apply.

In preparing these condensed consolidated interim financial statements, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

7. Exchange rates

For the three months ended 31 December 2013 and 31 December 2012, the balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in HBI's accounts have been translated (i) at the exchange rate prevailing at 31 December 2013 and 31 December 2012 respectively for the balance sheet, and (ii) at the average exchange rate for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Translation differences have been recorded in equity.

The main exchange rates used in the consolidated financial statements for the three months ended 31 December 2013 and 31 December 2012 were based on Paris stock exchange rates and were as follows:

31 December 2013	Period-end rate	Average rate
€/$US:	1.3746	1.3616
€/£:	0.8303	0.8408

31 December 2012	Period-end rate	Average rate
€/$US:	1.3197	1.2976
€/£:	0.8117	0.8080

8. Seasonality of operations

Revenue and recurring operating profit (EBIT) generated by the majority of our businesses are subject to seasonal fluctuations. During the summer, our Concession Catering & Travel Retail segment typically experiences a significant increase in revenue and, notably due to the effect of this increase in revenue on the absorption of fixed costs, a more than proportional increase in both the amount of EBIT and EBIT as a percentage of revenue. In contrast, during the same period the Contract Catering & Support Services business experiences lower business volumes and a more than proportional decrease in the amount of EBIT and EBIT as a percentage of revenue, due to the fact that a large number of employees and students are on vacation in the summer.
At Group level, the seasonality observed has no impact on the revenue reported on a quarterly basis due to offsetting effects between the Group's two business segments. Each quarter accounts for approximately 25% of the Group's total annual revenue, excluding the effect of changes in consolidation scope.

At the level of recurring operating profit (EBIT), seasonality effects result in higher operating income being recorded during the second half of the year due to higher revenue and margins in the Concession Catering & Travel Retail segment. The proportion of operating profit recorded during the first and second half of each financial year represents approximately 40% and 60% respectively.

In addition, changes in the number of working days and the positioning in the year of certain bank or school holidays as well as changes in the consolidation scope impact comparability of revenue and profitability between two periods for our two segments.

Net cash generated by operating activities is also subject to seasonal variations, which are mainly due to changes in working capital as:

- in the Concession Catering & Travel Retail segment, cash generated from working capital is directly linked to business levels, which are low during the first half of each financial year and high during the second half; and
- in the Contract Catering & Support Services segment, the amount of trade receivables increases during the first half of each financial year as revenue invoiced to clients is at its peak during this period, and decreases during the second half which is when this segment's business levels trough.

9. Operating segment information

At 31 December 2013, the Group had two main operating segments: Contract Catering & Support Services, and Concession Catering & Travel Retail, as well as an operating segment corresponding to headquarters, holding companies and purchasing entities. The two main operating segments comprise two principal geographic areas – France and International.

The following table presents revenue and profit information for the Group's operating segments for the three months ended 31 December 2013 and 2012 respectively.

a. Revenue

- By operating segment and client sector

(€ million)	3 months ended 31/12/2013 Unaudited	% of total revenue	3 months ended 31/12/2012 Unaudited	% of total revenue	Year-on-year change	% change
Contract Catering & Support Services						
Business & Industry	436.4	32.4%	422.7	33.9%	13.7	3.2%
Education	302.1	22.4%	267.2	21.4%	34.9	13.1%
Healthcare	250.5	18.6%	204.2	16.4%	46.3	22.7%
Sub-total: Contract Catering & Support Services	**989.0**	**73.3%**	**894.0**	**71.7%**	**94.9**	**10.6%**
Concession Catering & Travel Retail						
Airports	141.6	10.5%	131.9	10.6%	9.8	7.4%
Motorways	121.8	9.0%	118.8	9.5%	3.1	2.6%
City Sites & Leisure	96.3	7.1%	102.9	8.2%	(6.6)	-6.4%
Sub-total: Concession Catering & Travel Retail	**359.8**	**26.7%**	**353.5**	**28.3%**	**6.2**	**1.8%**
Total	**1,348.7**	**100.0%**	**1,247.6**	**100.0%**	**101.1**	**8.1%**

- By geographical area

(€ million)	3 months ended 31/12/2013 Unaudited	% of total revenue	3 months ended 31/12/2012 Unaudited	% of total revenue	Year-on-year change	% change
France						
Contract Catering & Support Services	553.1	41.0%	544.8	43.7%	8.3	1.5%
Concession Catering & Travel Retail	167.3	12.4%	174.2	14.0%	(7.0)	(4.0)%
Sub-total: France	**720.4**	**53.4%**	**719.1**	**57.6%**	**1.3**	**0.2%**
International						
Contract Catering & Support Services	435.8	32.3%	349.2	28.0%	86.7	24.8%
Concession Catering & Travel Retail	192.5	14.3%	179.3	14.4%	13.2	7.4%
Sub-total: International	**628.3**	**46.6%**	**528.5**	**42.4%**	**99.8**	**18.9%**
Total	**1,348.7**	**100.0%**	**1,247.6**	**100.0%**	**101.1**	**8.1%**

b. Recurring operating profit

- By operating segment

	3 months ended 31/12/2013 Unaudited		**3 months ended 31/12/2012 Unaudited**	
	in €m	% revenue	in €m	% revenue
Contract Catering & Support Services	65.5	6.6%	64.1	7.2%
Concession Catering & Travel Retail	3.7	1.0%	0.1	0.0%
Sub-total	**69.2**	**5.1%**	**64.2**	**5.2%**
Headquarters, holding companies and purchasing entities	(2.5)	(0.2)%	(2.0)	(0.2)%
Total	**66.6**	**4.9%**	**62.2**	**5.0%**

- By geographical area

	3 months ended 31/12/2013 Unaudited		**3 months ended 31/12/2012 Unaudited**	
	in €m	% revenue	in €m	% revenue
France	43.3	6.0%	51.5	7.2%
International	25.9	4.1%	12.6	2.4%
Sub-total	**69.2**	**5.1%**	**64.2**	**5.1%**
Headquarters, holding companies and purchasing entities	(2.5)	(0.2)%	(2.0)	(0.2)%
Total	**66.6**	**4.9%**	**62.2**	**5.0%**

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

10. Business combinations

In April 2013, the Group completed the acquisition of 78% of the share capital of the US based contract caterer THS. THS generates some $440 million in annual revenue and operates mainly in the Education, Healthcare and Corrections sectors.

The acquisition was realised via the acquisition vehicle Gourmet Acquisition Holding (GAH) which was funded by an equity investment of €100 million by Elior Restauration & Services SA and the rollover of management shares in THS and is therefore controlled by HBI at 78% (the remaining 22% being owned by Management). In order to limit HBI's use of financial resources, the acquisition was also financed with a local syndicated ring fenced bank loan implemented at GAH level for an amount of $ 155 million (€118 million at inception) maturing in April 2019.

As a consequence of the above, acquisition cost of THS on a 100% basis, net of the cash acquired and including due diligence and legal costs amounted to € 235 million.

THS has been fully consolidated by the Group since 15 April 2013.

For the three months ended 31 December 2013, THS contributed €84.2 million to consolidated revenue and €7.3 million to consolidated EBITDA as compared to a proforma €91.1 million in consolidated revenue and proforma €7.6 million in consolidated EBITDA for the corresponding prior year period.

11. Other income and expenses, net

This item represented a net expense of €3.6 million in the three months ended 31 December 2013, including mainly (i) the 3 months amortization charge of fixed assets recognized in consolidation upon acquisition of THS (customers lists) following the purchase price allocation exercise and (ii) the capital loss recorded upon the disposal of the Argentinean subsidiary.

For the 3 months ended 31 December 2012, "Other income and expenses, net" represented an amount of €2.0 million in respect of costs incurred to date for due diligence and financial advisory works undertaken for the Amend & Extend process.

12. Income tax

Income tax expense excluding tax based on the value added by the business (CVAE) is recognised based on Management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 30 September 2014 is 29.6%. The tax rate used for three months ended 31 December 2012 was 29%.

Tax based on the value added by the business (CVAE) is accrued based on a quarter of the expected annual CVAE charge. The estimated tax for the three months ended 31 December 2013 was €6.9 million (€7.2 million for the three months ended 31 December 2012).

13. Dividends

No dividend that related to the period ended 30 September 2013 (respectively 30 September 2012) was paid during the three months ended 31 December 2013 (respectively 31 December 2012).

14. Goodwill

(€ million)	31/12/2013	30/09/2013	31/12/2012	30/09/2012
Contract Catering & Support Services	1,677.6	1,724.8	1,532.9	1,531.7
Concession Catering & Travel Retail	685.1	686.8	710.5	699.2
Goodwill	**2,362.6**	**2,411.6**	**2,243.4**	**2,230.9**

No impairment was recorded in respect of acquisition goodwill for both interim accounting periods presented.

The decrease in the gross value of goodwill at 31 December 2013 as compared to 30 September 2013 relates primarily to changes to the THS USA acquisition goodwill as a result of preliminary purchase price allocation which has consisted in allocating an amount of €78.2 million to identifiable intangible assets (customers lists) based upon an external appraiser valuation. This intangible asset is amortised in the profit and loss account using 15 years duration. The decrease in gross value of goodwill corresponding to this allocation, including the effect of the deferred tax liability recorded, is an amount of €46.7 million.

The goodwill amount and related purchase price allocation are still provisional at this stage and will be finalised in the subsequent accounting period.

15. Intangible assets

(€ million)	30/09/2013	Additions	Disposals	Other movements (2)	31/12/2013
Concession rights	102.0	7.0	(0.8)	(0.9)	107.2
Assets operated under concession arrangements (1)	36.3	0.0	0.0	0.0	36.3
Trademarks	33.8	0.1	(0.0)	(0.1)	33.8
Software	90.8	1.0	(0.2)	0.4	92.0
Prepayments to suppliers of intangible assets	28.6	4.0	0.0	(4.5)	28.1
Other	17.4	0.0	(0.1)	79.8	97.2
Gross value	**308.8**	**12.0**	**(1.2)**	**74.8**	**394.4**
Concession rights	(37.3)	(1.1)	0.3	2.6	(35.5)
Assets operated under concession arrangements (1)	(36.2)	(0.2)	0.0	(0.0)	(36.4)
Trademarks	(9.8)	(0.3)	0.0	0.0	(10.0)
Software	(69.3)	(2.1)	0.2	(0.0)	(71.2)
Other	(12.7)	(1.5)	0.1	(2.4)	(16.6)
Total amortisation	**(165.3)**	**(5.2)**	**0.6**	**0.2**	**(169.7)**
Carrying amount	**143.4**	**6.8**	**(0.6)**	**75.1**	**224.7**

(1) These assets reflect the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's Education sector.

(2) "Other movements" primarily reflect the preliminary purchase price allocation upon the acquisition of THS USA and still provisional fair value adjustments in respect of identifiable intangible assets (customer lists).

(€ million)	30/09/2012	Additions	Disposals	Other movements	31/12/2012
Concession rights	97.7	0.1	(0.0)	3.8	101.6
Assets operated under concession arrangements (1)	36.3	0.0	0.0	0.0	36.3
Trademarks	27.6	2.9	0.0	(0.0)	30.5
Software	83.4	1.0	(0.0)	1.0	85.5
Prepayments to suppliers of intangible assets	1.5	0.4	0.0	(6.4)	(4.5)
Other	19.8	0.0	0.0	(0.0)	19.8
Gross value	**266.4**	**4.5**	**(0.0)**	**(1.6)**	**269.3**
Concession rights	(38.5)	(0.9)	0.0	0.3	(39.2)
Assets operated under concession arrangements (1)	(35.2)	(0.3)	0.0	0.0	(35.5)
Trademarks	(7.9)	(0.2)	0.0	0.0	(8.1)
Software	(61.5)	(2.0)	0.0	0.0	(63.5)
Other	(15.2)	(0.2)	0.0	0.0	(15.3)
Total amortisation	**(158.3)**	**(3.6)**	**0.0**	**0.4**	**(161.5)**
Carrying amount	**108.1**	**0.9**	**(0.0)**	**-1.3**	**107.7**

(1) These assets reflect the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's Education sector.

16. Property, plant and equipment

(€ million)	30/09/2013	Additions	Disposals	Other movements	31/12/2013
Land	3.2	0.0	0.0	(0.0)	3.1
Buildings	151.0	2.7	(0.1)	(0.2)	153.4
Technical installations	765.1	15.4	(31.1)	(5.8)	743.6
Other items of property, plant and equipment	456.2	6.7	(3.7)	(0.8)	458.5
Assets under construction	22.6	5.8	(0.3)	(3.2)	24.8
Prepayments to suppliers of property, plant and equipement	2.5	0.4	0.0	(0.9)	2.0
Gross value	**1,400.6**	**31.0**	**(35.2)**	**(10.8)**	**1,385.5**
Buildings	(85.1)	(2.4)	0.1	0.0	(87.3)
Technical installations	(528.4)	(17.2)	31.0	5.8	(508.8)
Other items of property, plant and equipment	(297.6)	(11.3)	3.9	1.7	(303.5)
Total depreciation	**(911.1)**	**(30.9)**	**34.9**	**7.5**	**(899.6)**
Carrying amount	**489.5**	**0.1**	**(0.3)**	**(3.4)**	**485.9**

(€ million)	30/09/2012	Additions	Disposals	Other movements	31/12/2012
Land	1.9	0.0	0.0	(0.0)	1.9
Buildings	139.5	1.4	(0.8)	0.1	140.2
Technical installations	749.8	11.9	(3.6)	1.0	759.1
Other items of property, plant and equipment	428.7	5.4	(2.0)	(1.2)	430.9
Assets under construction	24.6	14.2	(0.9)	(1.4)	36.4
Prepayments to suppliers of property, plant and equipement	2.4	0.9	0.0	1.7	5.0
Gross value	**1,346.8**	**33.9**	**(7.4)**	**0.1**	**1,373.4**
Buildings	(77.8)	(2.2)	0.8	0.0	(79.2)
Technical installations	(503.2)	(17.1)	3.3	(10.3)	(527.2)
Other items of property, plant and equipment	(277.5)	(10.6)	2.1	0.8	(285.2)
Total depreciation	**(858.5)**	**(29.9)**	**6.2**	**(9.4)**	**(891.6)**
Carrying amount	**488.3**	**3.9**	**(1.2)**	**(9.3)**	**481.8**

17. Borrowings, loans and net financial expense

The Group's debt can be analysed as follows:

		31/12/2013	30/09/2013
(€ million)	Original currency	Amortised cost (1)	Amortised cost (1)
Bank overdrafts	**€ / $**	35.7	30.6
Other short-term debt (including short-term portion of obligations under finance leases)	**€**	73.7	105.5
Sub-total - short-term		**109.3**	**136.1**
Syndicated loans (including THS loan)	**€ / $**	1,667.5	1,666.7
Other medium- and long-term borrowings (2)	**€**	344.5	344.2
Factoring and securitised trade receivables	**€**	228.5	180.3
Other long-term debt (including obligations under finance leases)	**€ / $**	50.2	49.6
Sub-total - long-term		**2,290.7**	**2,240.8**
Total Debt		**2,400.0**	**2,376.9**

		31/12/2012	30/09/2012
(€ million)	Original currency	Amortised cost (1)	Amortised cost (1)
Bank overdrafts	**€ / $**	66.9	46.8
Other short-term debt (including short-term portion of obligations under finance leases)	**€**	24.8	30.1
Sub-total - short-term		**91.7**	**76.9**
Syndicated loans	**€**	1,809.1	1,808.8
Factoring and securitised trade receivables	**€**	176.2	134.0
Other long-term debt (including obligations under finance leases)	**€ / $**	52.2	34.9
Sub-total - long-term		**2,037.4**	**1,977.7**
Total Debt		**2,129.2**	**2,054.6**

(1) The amortised cost of bank borrowings is calculated taking into account the bank commissions payable on the Group's debt refinancing operations (Amend & Extend and Elior Finance & Co Bond issuance), which represented a net amount of €21.9 million at 31 December 2013 and a net amount of €5.5 million at 31 December 2012.

The Group recorded a net financial expense of €40.8 million for the three months ended 31 December, 2013, versus a net financial expense of €28.8 million for the three months ended 31 December 2012, breaking down as follows:

(€ million)	**3 months ended 31/12/2013**	**3 months ended 31/12/2012**
Interest expense on debt	(39.5)	(27.9)
interest income on short-term financial investment	0.2	1.3
Other financial income and expenses (1)	(0.9)	(1.4)
Interest cost on post-employment benefit obligations (2)	(0.6)	(0.8)
Net financial expense	**(40.8)**	**(28.8)**
(1) Including :		
- Fair value adjustements on interest rate hedging instruments	*(0.5)*	*(0.5)*
- Gains on disposals and movements in provisions for impairment of shares in non-consolidated companies	*0.0*	*(0.8)*
- Amortisation of debt issuance costs	*(1.0)*	*(0.2)*
- Net foreign exchange gain / (loss)	*0.7*	*0.2*

(2) This item relates to the discounting of pension and other post-employment benefit obligations.

The Group's net financial expense increased year on year mainly as a result of the higher level of debt in relation with the acquisition of THS USA and higher interest rate margins, particularly following the Amend & Extend processes and Elior Finance & Co Bond issuance that took place in April 2013.

The Group's debt can be analysed as follows by maturity:

	31/12/2013		**30/09/2013**	
(€ million)	Current	Non-current	Current	Non-current
Bank borrowings				
Medium-term borrowings - HBI		405.1		405.1
Medium-term borrowings - Elior and THS		1,277.1		1,278.9
Other medium and long-term bank borrowings		36.4		37.0
Sub-total - bank borrowings	**0.0**	**1,718.6**	**0.0**	**1,721.0**
Other debt			.	
Elior Finance & Co SCA - May 2020 6.5% SSN		350.0		350
Finance leases	4.7	12.8	4.6	11.6
Other (1)	62.0	231.3	51.5	181.3
Bank overdrafts (2)	35.7		30.6	
Current accounts (2)	1.1		1.1	
Accrued interest on borrowings (2)	5.9		48.3	
Sub-total - other debt	**109.3**	**594.1**	**136.1**	**542.9**
Total debt	**109.3**	**2,312.7**	**136.1**	**2,263.9**

(1) Including liabilities under the receivables securitisation programme.

(2) Amounts deducted from cash and cash equivalents in the cash flow statement.

(€ million)	31/12/2012 Current	31/12/2012 Non-current	30/09/2012 Current	30/09/2012 Non-current
Bank borrowings				
Medium-term borrowings - HBI		642.4		642.4
Medium-term borrowings - Elior		1,172.2		1,172.2
Other medium and long-term bank borrowings		38.2		21.0
Sub-total - bank borrowings	**0.0**	**1,852.8**	**0.0**	**1,835.6**
Other debt				
Finance leases	5.0	12.9	5.0	12.9
Other (1)	16.9	177.3	17.3	135.0
Bank overdrafts (2)	66.9		46.8	
Current accounts (2)	0.9		1.8	
Accrued interest on borrowings (2)	2.0		6.0	
Sub-total - other debt	**91.7**	**190.1**	**76.9**	**147.9**
Total debt	**91.7**	**2,043.0**	**76.9**	**1,983.5**

(1) Including liabilities under the receivables securitisation programme.

(2) Amounts deducted from cash and cash equivalents in the cash flow statement.

The medium-and long-term bank borrowing contracts entered into by HBI and Elior include financial covenants that could trigger compulsory early repayment in the event of non-compliance. The covenants are based on HBI's consolidated financial ratios and compliance checks are carried out at each quarterly period-end. None of the covenants had been breached at 31 December 2013 or 31 December 2012.

18. Short- and long-term provisions

(€ million)	31/12/2013	30/09/2013
Commercial risks	8.5	8.6
Employee-related disputes	16.3	16.8
Reorganisation costs	18.2	21.1
Tax risks	31.4	24.3
Employee benefits	8.7	8.7
Other	19.8	21.8
Short-term provisions	**102.9**	**101.3**
Employee benefits	97.2	97.6
Non-renewal of concession contracts	8.9	8.4
Other	4.7	5.1
Long-term provisions	**110.7**	**111.1**
Total	**213.6**	**212.4**

(€ million)	31/12/2012	30/09/2012
Commercial risks	8.6	8.6
Employee-related disputes	13.3	14.5
Reorganisation costs	15.7	15.8
Tax risks	2.3	2.3
Employee benefits	9.3	9.2
Other	18.6	24.3
Short-term provisions	**67.8**	**74.7**
Employee benefits	95.0	95.4
Non-renewal of concession contracts	8.5	7.8
Other	7.1	8.0
Long-term provisions	**110.6**	**111.2**
Total	**178.4**	**185.9**

19. Related-party transactions

A total of €319 thousand was paid during the three months ended 31 December 2013 (€146 thousand during the three months ended 31 December 2012) pursuant to services and consulting agreements entered into with SOFIBIM and ORI Investissements. This amount includes salaries, social security contributions and other costs incurred by SOFIBIM and ORI Investissements for the performance of their services.

Bercy Présidence is the Managing Partner of HBI (a partnership limited by shares). At 31 December 2013 this company was chaired by Gilles Petit and controlled by the investment funds Charterhouse and Chequers.

In accordance with a decision taken by the Company's shareholders on 19 November 2009, Bercy Présidence received €137 thousand in the three months ended 31 December 2013, corresponding to remuneration payable in its capacity as Managing Partner of HBI for the period from 1 October 2013 to 31 December 2013 (€137 thousand for the period from 1 October 2012 to 31 December 2012).

No other expenses were recorded during the year in relation to HBI's corporate officers and no financial rights are held by them other than those set out above.

20. Subsequent events

- With effect from 3 February 2014, the company has obtained a reduction in its syndicated loans interest margins. This decrease amounts to 75 basis points for the main term loans of Elior and HBI representing total borrowings of € 1,571.3 million and 25 basis points upon € 192.5 of undrawn revolving credit facilities.
- It has been announced by HBI on March 4, 2014 that an IPO project is underway, aiming at listing its shares on Euronext Paris before the summer of 2014.