May 29, 2018

Elior Group SA

Interim Financial Report

October 1, 2017 - March 31, 2018

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Elior Group SA
Société anonyme
Share capital: €1,759,490.96
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 allée de l'Arche - 92032 Paris La Défense, France

1.1 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Six months ended March 31,	
	2018	2017
Revenue	**3,339.4**	**3,213.0**
Purchase of raw materials and consumables	(1,061.0)	(996.9)
Personnel costs	(1,497.1)	(1,417.3)
Share-based compensation expense	(5.3)	(5.7)
Other operating expenses	(505.2)	(500.0)
Taxes other than on income	(46.0)	(44.2)
Share of profit of equity-accounted investees	0.7	0.5
Reported EBITDA	**225.5**	**249.5**
Depreciation, amortization and provisions for recurring operating items	(102.3)	(89.2)
Net amortization of intangible assets recognized on consolidation	(10.2)	(11.1)
Recurring operating profit including share of profit of equity-accounted investees	**113.0**	**149.2**
Non-recurring income and expenses, net	(14.0)	(12.2)
Operating profit including share of profit of equity-accounted investees	**99.0**	**137.0**
Net financial expense	(33.1)	(25.2)
Profit before income tax	**65.8**	**111.7**
Income tax	(24.3)	(48.8)
Loss for the period from discontinued operations	(0.8)	(0.9)
Profit for the period	**40.7**	**62.1**
Profit for the period attributable to non-controlling interests	3.7	3.8
Profit for the period attributable to owners of the parent	**37.0**	**58.3**
Earnings per share (in €)	0.21	0.34
Adjusted attributable profit for the period	56.5	77.5
Adjusted earnings per share (in €)	0.33	0.45

1.1.1 CHANGES IN SCOPE OF CONSOLIDATION

Six months ended March 31, 2018

In November 2017, Elior North America (formerly TrustHouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services ("CBM"), based in Sioux Falls, South Dakota, which provides foodservices to correctional facilities. CBM has just under 1,000 employees serving 200 locations in 29 states and generates annual revenue of approximately $70 million.

Effective February 1, 2018, Aerocomidas – a Mexico-based Areas subsidiary – acquired the airport concession catering activities operated under the La Taba brand, which generate total annual revenue of around €10 million.

For the six months ended March 31, 2018, the two above-described acquisitions contributed an aggregate €25.4 million to consolidated revenue and €3.4 million to consolidated EBITDA.

Six months ended March 31, 2017

In October 2016 and January 2017 respectively, Elior North America acquired Abigail Kirsch and Corporate Chefs.

- Abigail Kirsch is a New York-based company specialized in banqueting and events catering.
- Corporate Chefs is based in Haverhill, Massachusetts, and specializes in freshly prepared, highest quality food for the corporate and education markets. Founded in 1987, Corporate Chefs has operations in eight states in the north-east of the USA.

The aggregate annual revenue generated by Abigail Kirsch and Corporate Chefs is approximately $55 million.

In Europe:

- Elior Ristorazione – an Elior Group contract catering subsidiary based in Italy – acquired Hospes, a company that primarily operates in the corporate catering market in the north of Italy.
- Serunion – an Elior Group contract catering subsidiary based in Spain and Portugal – acquired Hostesa, which mainly operates in the education and elder care home catering markets in Catalonia and the Valencia region of Spain.

These two companies – which have been consolidated since October 1, 2016 – represent combined annual revenue of approximately €30 million.

For the six months ended March 31, 2017, the four newly-acquired companies described above contributed a total €30.4 million to consolidated revenue and €2.7 million to consolidated EBITDA.

On November 21, 2016, Elior Group announced that it had signed an agreement to acquire the entire capital of MegaBite Food Services and a 51% majority stake in CRCL. Both of these companies are based in India – MegaBite Food Services in Bangalore and Bombay and CRCL in Chennai – and together they generate annual revenue of approximately €27 million. The acquisitions were completed in February 2017 and both companies have been consolidated in the Group's financial statements since April 2017.

1.1.2 OTHER SIGNIFICANT EVENTS

Six months ended March 31, 2018

Philippe Salle, the Group's Chairman and Chief Executive Officer, left his post on October 31, 2017. Following a decision taken by Elior Group's Board of Directors on July 26, 2017 to separate the roles of Chairman and Chief Executive Officer, Gilles Cojan – who was appointed by the Board as director – was named Chairman of the Board of Directors, and Pedro Fontana was appointed as the Group's Interim Chief Executive Officer, both with effect from November 1, 2017.

At its meeting on December 5, 2017, the Board appointed Philippe Guillemot as the Group Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

Six months ended March 31, 2017

On March 30, 2017, pursuant to the strategic partnership agreement signed in fiscal 2015-2016 with master chef Alain Ducasse, Elior Group transferred to Group Ducasse the control of its French museum catering operations run by Areas France and Northern Europe. This transaction entailed transferring to Ducasse Développement 60% of the shares in Areas Développement Musées (the new holding company for the Group's museum catering operations). It generated a €2.4 million net capital gain

which was included in “Loss for the period from discontinued operations” in the income statement for the six months ended in March 31, 2017.

The remaining 40% of the assets and liabilities of Areas Développement Musées and its subsidiaries held by Elior Group is still presented in assets/liabilities classified as held for sale in the consolidated financial statements.

1.1.3 CHANGES IN THE PRESENTATION OF OPERATING SEGMENT INFORMATION

As a result of (i) Elior Group’s buyout of the non-controlling interest in Areas in July 2015, which raised its stake in the company to 100%, and (ii) the reorganization of the Group’s businesses, operating segment reporting has been presented differently since fiscal 2015-2016. The presentation of information by operating segment is now as follows:

- The two reporting segments corresponding to the Group’s business lines remain unchanged, i.e. contract catering & services and concession catering (which is now operated under the Areas brand Group-wide).
- Information for each business line is presented based on two geographic segments –France and International.

1.1.4 REVENUE

1.1.4.1 Calculating organic revenue growth

The Group calculates organic growth between one financial period ("period n") and the comparable preceding period ("period n-1") as revenue growth excluding:

(i) Changes in the scope of consolidation resulting from material acquisitions, divestments and transfers of operations held for sale that took place during each of the relevant periods, as follows:

- for acquisitions completed during period n-1, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations from the beginning of period n until one year after the date on which the acquired operations were included in the scope of consolidation;

- for acquisitions completed during period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations from the date on which the acquired operations were included in the scope of consolidation until the end of the period n;

- for divestments completed during period n-1, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations during period n-1; and

- for divestments completed during period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations from the date corresponding to one year before the deconsolidation of the divested operations until the end of period n-1.

However, when the Group compares periods that are not full fiscal years (for example, six-month periods), it determines the effect on revenue of changes in the scope of consolidation as follows:

- for (a) acquisitions completed during fiscal year n-1 but after the end of period n-1 and (b) acquisitions completed during fiscal year n but before the beginning of period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the acquired operations during period n; and

- for (a) divestments completed during fiscal year n-1 but after the end of period n-1 and (b) divestments completed during fiscal year n but before the beginning of period n, the Group considers as a "change in scope of consolidation" effect the revenue generated by the divested operations in period n-1.

(ii) The effect of changes in exchange rates (the "currency effect") as described below.

The Group calculates the currency effect on its revenue growth as the difference between (i) the reported revenue for period n and (ii) the revenue for period n calculated at the applicable exchange rates for period n-1. The applicable exchange rates for any period are calculated based on the average daily rates for that period.

1.1.4.2 Revenue analysis

Consolidated revenue totaled €3,339 million for the first half of fiscal 2017-2018. The 3.9% year-on-year increase reflects organic growth of 2.9%, acquisition-led growth of 3.5% and a negative 2.5% currency effect. The Group's two recent acquisitions – CBM Managed Services in the United States and the La Taba airport concession catering operations in Mexico – were consolidated for the first time in the first half of fiscal 2017-2018 as from the dates specified in section 1.1 above.

The following table shows a breakdown of consolidated revenue by business line as well as a breakdown of revenue growth between organic growth, changes in scope of consolidation and changes in exchange rates (currency effect) for each business line and operating segment and for the Group as a whole.

(in € millions)	6 months 2017-2018	6 months 2016-2017	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
France	1,160.2	1,149.1	1.0%	0.0%	0.0%	1.0%
International	1,391.5	1,284.0	4.6%	8.7%	(4.9)%	8.4%
Contract catering & services	2,551.6	2,433.1	2.9%	4.6%	(2.6)%	4.9%
France	298.6	306.1	(2.4)%	0.0%	0.0%	(2.4)%
International	489.2	473.8	6.4%	0.2%	(3.4)%	3.2%
Concession catering	787.8	780.0	2.9%	0.2%	(2.1)%	1.0%
GROUP TOTAL	3,339.4	3,213.0	2.9%	3.5%	(2.5)%	3.9%

The 3.9% year-on-year increase in consolidated revenue reflects (i) organic growth of 2.9%, (ii) 3.5% in acquisition-led growth, and (iii) a negative 2.5% currency effect. The proportion of revenue generated by international operations rose to 56% from 55% in first-half 2016-2017.

The following table shows a revenue breakdown between the Group's six main markets and the growth rates by market for the first six months of fiscal 2017-2018 and fiscal 2016-2017:

(in € millions)	6 months 2017-2018	6 months 2016-2017	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
Business & industry	1,131.6	1,030.7	3.0%	8.4%	(1.7)%	9.8%
Education	827.3	806.0	3.0%	3.0%	(3.4)%	2.6%
Healthcare	592.7	596.4	2.5%	0.0%	(3.1)%	(0.6)%
Contract catering & services	2,551.6	2,433.1	2.9%	4.6%	(2.6)%	4.9%
Motorways	238.1	242.2	0.1%	0.0%	(1.8)%	(1.7)%
Airports	360.2	341.7	8.5%	0.3%	(3.4)%	5.4%
City sites & leisure	189.5	196.0	(3.1)%	0.0%	(0.2)%	(3.3)%
Concession catering	787.8	780.0	2.9%	0.2%	(2.1)%	1.0%
GROUP TOTAL	**3,339.4**	3,213.0	2.9%	3.5%	(2.5)%	3.9%

1.1.4.3 Contract Catering & Services

Contract catering & services revenue advanced €119 million, or 4.9%, year on year to €2,552 million and accounted for 76% of total consolidated revenue.

Organic growth for the period came to 2.9%, notably reflecting the slowdown that occurred in the second quarter, as expected, due to an unfavorable calendar effect and difficult weather conditions in the United States.

Fluctuations in exchange rates had a negative 2.6% impact.

Revenue generated by the **international** segment rose 8.4% to €1,391 million. Organic growth for this segment was 4.6% and recent acquisitions generated additional growth of 8.7%, whereas the currency effect shaved 4.9% off the revenue figure.

- In the United States, despite the adverse impact of difficult weather conditions in the second quarter, organic growth topped 10%, propelled by the start-up of new contracts in all of the Group's markets.
- In the United Kingdom, organic growth also remained strong thanks to the start-up of new contracts and good performances delivered by existing sites.
- In Spain, revenue was on a par with first-half 2016-2017, despite an unfavorable calendar effect in the second quarter and a more selective sales approach.
- In Italy, revenue retreated due to the combined impact of the termination of certain contracts, poor weather conditions and an unfavorable calendar effect.

In France, contract catering & services revenue totaled €1,160 million, with organic growth of 1.0%.

- In the business & industry market, revenue was on a par with first-half 2016-2017. The strong business development in 2016-2017 and a higher average customer spend offset the negative calendar effect and adverse impact of poor weather conditions in the second quarter.
- In the education market, revenue rose year on year thanks to an overall favorable calendar effect during the period.

- In the healthcare market, revenue declined in first-half 2017-2018, mainly due to certain contracts not being renewed.

1.1.4.4 Concession Catering

Concession catering revenue climbed €8 million in the first half of 2017-2018, coming in at €788 million and representing 24% of total consolidated revenue.

Organic growth was 2.9%, changes in the scope of consolidation had a 0.2% positive impact and fluctuations in exchange rates – notably for the Mexican peso and US dollar – trimmed 2.1% off the business's revenue for the period.

In the **international** segment, concession catering revenue increased 3.2% to €489 million in the first six months of 2017-2018. Organic growth was a robust 6.4%, whereas fluctuations in exchange rates trimmed 3.4% off revenue.

- The motorways market felt the positive effects of higher traffic volumes in Portugal, new contracts in Spain and the fact that Spain's Holy Week celebrations fell in the month of March.

- Revenue in the airports market was boosted by (i) increasing traffic volumes, especially in Spain, Portugal and Italy, (ii) the opening of new points of sale at airports in Portugal, the United States (LAX) and Mexico, and (iii) the start-up of operations at Bogota airport in Colombia.

In **France,** concession catering revenue decreased 2.4% year on year to €299 million.

- The motorways market saw good traffic volumes but revenue was still hampered by the termination of certain contracts.

- Revenue generated in the airports market edged up, reflecting continued good air traffic volumes (especially for airports outside Paris) and the opening of new points of sale, which offset the loss of the contract for Nice airport.

- The railway stations, city sites & leisure market also reported a revenue decline, due to (i) the fact that certain major trade shows are only held once every two years, (ii) the termination of the contracts with the Le Bourget and Villepinte exhibition centers, and (iii) the impact of renovation work being carried out at Paris's main stations.

1.1.5 PURCHASE OF RAW MATERIALS AND CONSUMABLES

This item increased by €64.1 million, or 6.4%, from €996.9 million for the six months ended March 31, 2017 to €1,061.0 million for the first half of fiscal 2017-2018.

The following table sets out purchases of raw materials and consumables by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Six months ended March 31,			
	2018		2017	
Purchase of raw materials and consumables				
Contract catering & services	(815.5)	*32.0%*	(780.3)	*32.1%*
Concession catering	(244.8)	*31.1%*	(227.5)	*29.2%*
Corporate	(0.7)	_	10.9	_
Total	**(1,061.0)**	***31.8%***	**(996.9)**	***31.0%***

1.1.5.1 Contract Catering & Services

Purchases of raw materials and consumables for the contract catering & services business line rose by €35.2 million, or 4.5%, from €780.3 million to €815.5 million. The year-on-year increase was primarily attributable to the acquisitions carried out by Elior North America during fiscal 2016-2017 and the first half of fiscal 2017-2018 (Corporate Chefs, Lancer, Design Cuisine and CBM Managed Services).

As a percentage of revenue, this item edged down from 32.1% to 32.0%.

1.1.5.2 Concession Catering

Purchases of raw materials and consumables for the concession catering business line increased by €17.3 million, or 7.6%, from €227.5 million to €244.8 million.

As a percentage of revenue, this item increased from 29.2% to 31.1%, reflecting the fact that although the ratio decreased slightly in the international segment, particularly for Spain, Portugal and Germany, it increased for all concession catering operations in France.

1.1.6 PERSONNEL COSTS

Consolidated personnel costs increased by €79.8 million, or 5.6%, year on year, from €1,417.3 million to €1,497.1 million. As a percentage of revenue, they rose from 44.1% to 44.8%.

The following table sets out personnel costs by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Six months ended March 31,			
	2018		2017	
Personnel costs				
Contract catering & services	(1,217.3)	*47.7%*	(1,126.8)	*46.3%*
Concession catering	(271.3)	*34.4%*	(260.8)	*33.4%*
Corporate[1]	(8.4)	–	(29.7)	–
Total	**(1,497.1)**	***44.8%***	**(1,417.3)**	***44.1%***

[1] Represents personnel costs associated with corporate support functions (including the Group IT department), which are invoiced to operating entities for management and shared services. As the corresponding invoices do not break down the costs invoiced by nature, they cannot be allocated to specific operating segments. They are therefore recorded as a credit under "Other operating expenses" within the Corporate segment.

1.1.6.1 Contract Catering & Services

Personnel costs for the contract catering & services business line rose by €90.5 million, or 8.0%, from €1,126.8 million to €1,217.3 million. The year-on-year increase was primarily attributable to the acquisitions carried out by Elior North America in fiscal 2016-2017 and the first half of fiscal 2017-2018 (Corporate Chefs, Lancer, Design Cuisine and CBM Managed Services) but Elior UK and Elior Italy also reported a significant rise.

As a percentage of revenue, contract catering & services personnel costs rose from 46.3% to 47.7%. The ratio increased both in France – due to the combined effect of the reduced CICE tax credit rate introduced by the French government and a high level of new contracts and site openings – and for the business line's international operations as a result of an unfavorable calendar effect and the start-up of new contracts. For Elior UK the main reason for the year-on-year rise was the impact of new contracts and for Elior Italy it related to a change in the operating conditions applicable under a major contract.

1.1.6.2 Concession Catering

Personnel costs for the concession catering business line increased by €10.5 million, or 4.0%, from €260.8 million to €271.3 million. This rise chiefly stemmed from the creation of a French concession catering HQ which resulted in a transfer of staff from the "Corporate" to the "Concession catering" segment in France. Personnel costs for international concession catering operations were stable year on year.

As a percentage of revenue, personnel costs for this business line rose from 33.4% to 34.4%, mainly as a result of the above-described HQ transfer in France.

1.1.6.3 Share-Based Compensation Expense

Share-based compensation expense – which relates to long-term compensation plans put in place in the Group's French and international subsidiaries – amounted to €5.3 million in the first half of fiscal 2017-2018 versus €5.7 million in the same period of fiscal 2016-2017.

1.1.7 OTHER OPERATING EXPENSES

Other operating expenses increased by €5.2 million, or 1.0%, from 500.0 million to 505.2 million.

The following table sets out other operating expenses by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Six months ended March 31,			
	2018		2017	
Other operating expenses				
Contract catering & services	(290.2)	*11.4%*	(277.7)	*11.4%*
Concession catering	(224.3)	*28.5%*	(239.7)	*30.7%*
Corporate[1]	9.3	–	17.4	–
Total	**(505.2)**	***15.1%***	**(500.0)**	***15.6%***

[1] Represents the portion of revenue invoiced to operating entities by the Corporate segment (including the Group IT department) for management and shared services. As the corresponding invoices do not break down the costs invoiced by nature, they cannot be allocated to specific operating segments. They are therefore recorded as a credit under "Other operating expenses" for the Corporate segment and mainly comprise personnel costs.

1.1.7.1 Contract Catering & Services

Other operating expenses for the contract catering & services business line rose by €12.5 million from €277.7 million to €290.2 million. The year-on-year increase was primarily attributable to the acquisitions carried out by Elior North America (Corporate Chefs, Lancer, Design Cuisine and CBM Managed Services).

As a percentage of revenue, other operating expenses were stable year on year, at 11.4%.

1.1.7.2 Concession Catering

Other operating expenses for the concession catering business line decreased by €15.4 million, or 6.4%, from €239.7 million to €224.3 million, reflecting reductions reported by all concession catering operations in France.

As a percentage of revenue, other operating expenses for this business line narrowed from 30.7% to 28.5% thanks to improvements for concession catering operations in France and Germany.

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1.1.8 TAXES OTHER THAN ON INCOME

This item increased by €1.8 million, or 4.1%, from €44.2 million to €46.0 million.

The following table sets out taxes other than on income by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Six months ended March 31,			
	2018		2017	
Taxes other than on income				
Contract catering & services	(36.7)	*1.4%*	(33.4)	*1.4%*
Concession catering	(8.5)	*1.1%*	(9.4)	*1.2%*
Corporate	(0.7)	–	(1.4)	–
Total	**(46.0)**	***1.4%***	**(44.2)**	***1.4%***

1.1.8.1 Contract Catering & Services

Taxes other than on income for the contract catering & services business line increased by €3.3 million, or 9.9% from €33.4 million to €36.7 million. Operations in the United States accounted for the majority of the year-on-year rise, with over 90% stemming from the acquisitions of Corporate Chefs, Lancer, Design Cuisine and CBM Managed Services. As a percentage of revenue, taxes other than on income were unchanged from first-half 2016-2017 at 1.4%.

1.1.8.2 Concession Catering

Taxes other than on income for the concession catering business line edged down €0.9 million, or 9.6%, from €9.4 million to €8.5 million, with the majority of the impact attributable to operations in France as the figure for international operations remained stable year on year. This item was also slightly lower as a percentage of revenue, coming in at 1.2% compared with 1.1%, with both French and international operations reporting improvements in their ratios.

1.1.9 EBITDA

Reported EBITDA as presented in the consolidated financial statements totaled €225.5 million in the six months ended March 31, 2018. The EBITDA figure used by the Group as its key operating performance indicator (and discussed in the section below) corresponds to consolidated EBITDA adjusted to exclude share-based compensation expense. This adjusted EBITDA figure amounted to €230.8 million in the first half of fiscal 2017-2018 after adding back €5.3 million in share-based compensation expense.

The following table sets out adjusted EBITDA by business line and segment and as a percentage of the revenue of each business line and segment.

(in € millions)	Six months ended March 31,		Change in EBITDA	EBITDA margin	
	2018	2017		H1 2017-2018	H1 2016-2017
Contract catering & services					
France	98.5	113.0	*(14.5)*	*8.5%*	*9.8%*
International	93.2	101.8	*(8.6)*	*6.7%*	*7.9%*
Total contract catering & services	**191.7**	**214.7**	**(23.0)**	**7.5%**	**8.8%**
Concession catering					
France	13.3	17.4	*(4.1)*	*4.5%*	*5.7%*
International	26.4	25.8	*0.6*	*5.4%*	*5.4%*
Total concession catering	**39.7**	**43.3**	**(3.6)**	**5.0%**	**5.5%**
Corporate	**(0.6)**	**(2.8)**	*2.2*		
GROUP TOTAL	**230.8**	**255.2**	**(24.4)**	**6.9%**	**7.9%**

Consolidated adjusted EBITDA contracted 9.6% year on year to €231 million and represented 6.9 % of revenue versus 7.9% for the same period of 2016-2017. Fluctuations in exchange rates had a negative impact of around €6 million on the overall adjusted EBITDA figure.

1.1.9.1 Contract Catering & Services

Adjusted EBITDA for the contract catering & services business line came to €192 million (compared with €215 million in first-half 2016-2017) and represented 7.5% of revenue, down 130 basis points.

- In the **international** segment, adjusted EBITDA fell €9 million to €93 million. representing 6.7% or revenue compared with 7.9% in first-half 2016-2017. This performance reflects how profitability during the period was weighed down by fluctuations in exchange rates, poor weather conditions and an unfavorable calendar effect.

- **In France**, adjusted EBITDA for contract catering & services came to €98 million and represented 8.5% of revenue, versus 9.8% for the equivalent period of 2016-2017. This year-on-year decline in profitability was due to (i) the reduced CICE tax credit rate introduced by the French government, (ii) a high level of contract renewals and new restaurant openings, (iii) an increase in structural costs, and (iv) poor weather conditions in February and March.

1.1.9.2 Concession Catering

Concession catering adjusted EBITDA amounted to €40 million (versus €43 million in the same period of fiscal 2016-2017) and represented 5.0% of revenue (against 5.5% in first-half 2016-2017).

- In the **international** segment, despite a negative currency effect during the period, adjusted EBITDA for the concession catering business line inched up to €26 million and adjusted EBITDA

margin held firm at 5.4%. Revenue rises posted by existing sites in Spain, Portugal and Latin America offset the start-up costs incurred for certain contracts in the airports market in the United States and Colombia.

- **In France**, adjusted EBITDA for concession catering came to €13 million (versus €17 million for the equivalent prior-year period). This decrease reflects the adverse impact of (i) contract start-ups in the railway stations market, (ii) lower business levels with exhibition centers, and (iii) refurbishment works carried out at motorway service plazas, which could not be offset by the higher year-on-year profitability delivered by the leisure and airports markets.

1.1.10 DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS

Consolidated depreciation, amortization and provisions for recurring operating items increased by €13.1 million from €89.2 million to €102.3 million.

The following table sets out depreciation, amortization and provisions for recurring operating items by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Six months ended March 31,			
	2018		2017	
Depreciation, amortization and provisions for recurring operating items				
Contract catering & services	(54.4)	*2.1%*	(46.5)	*1.9%*
Concession catering	(43.5)	*5.5%*	(39.2)	*5.0%*
Corporate	(4.4)	–	(3.5)	–
Total	**(102.3)**	***3.1%***	**(89.2)**	***2.8%***

1.1.10.1 Contract Catering & Services

Depreciation, amortization and provisions for recurring operating items for the contract catering & services business line rose by €7.9 million, or 17.0%, from €46.5 million to €54.4 million. Year-on-year rises were reported by (i) international operations (which accounted for 53% of the increase) mainly due to the impact of acquisitions in the United States and (ii) France, as a result of a high level of capital expenditure.

1.1.10.2 Concession Catering

For the concession catering business line, this item increased by €4.3 million, or 11.0% from €39.2 million to €43.5 million.

1.1.11 NON-RECURRING INCOME AND EXPENSES, NET

For the first half of fiscal 2017-2018, non-recurring income and expenses represented a net expense of €14.0 million and primarily included (i) €12.5 million recorded by the Group's French and international operations for reorganization costs and the costs of exiting innovative projects, and (ii) €1.5 million in share acquisition costs, mainly incurred in the USA.

For the six months ended March 31, 2017, this item represented a net expense of €12.2 million and primarily included (i) €9.2 million recorded by the Group's French and international operations for reorganization costs and the costs of withdrawing from sites and exiting contracts, mainly in relation to the rollout of the Tsubaki 2020 transformation plan, (ii) €1.8 million in share acquisition costs, and (iii) €2.6 million in costs incurred in connection with the Group's 25th anniversary celebrations and for sponsoring Paris's bid for the 2024 Olympic Games.

1.1.12 NET FINANCIAL EXPENSE

Net financial expense rose by €7.9 million, or 31.3%, from €25.2 million to €33.1 million. The year-on-year increase primarily reflects (i) a €6.0 million impairment loss for certain non-controlling interests in innovative start-ups whose activities are related to or complementary to the Group's businesses, which was recognized in order to reflect the outlook of the companies concerned in terms of business development and future profitability, and (ii) to a lesser extent, higher interest costs, chiefly on the unhedged portion of the Group's US-dollar denominated debt.

1.1.13 INCOME TAX

The Group's income tax expense contracted by €24.5 million, or 50.2%, from €48.8 million to €24.3 million, representing an effective tax rate of 19% (or 36% including the impact of the French CVAE tax). The year-on-year decrease in income tax expense was primarily due to (i) the fact that the figure for first-half 2016-2017 included the one-off negative effect of remeasuring long-term deferred tax assets following the announcement of a reduction in the corporate income tax rate in France to 28.92% effective from 2020, (ii) the positive impact in first-half 2017-2018 of the US tax reform effective from January 1, 2018 which led the Group to recognize a non-recurring income tax benefit to reverse deferred tax liabilities (amounting to €12 million on an annual basis), (iii) the Group's lower level of pre-tax profit for the first half of fiscal 2017-2018 compared with the corresponding prior-year period, and (iv) a slight decrease in the effective tax rate for certain European countries, notably Italy and the UK.

1.1.14 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

In the six-month periods ended March 31, 2018 and 2017 this item primarily concerned non-strategic business operations run by Areas Northern Europe. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal.

In first-half 2017-2018, discontinued operations generated €7.2 million in revenue and the loss for the period from discontinued operations recognized in the income statement amounted to €0.8 million.

In the first half of fiscal 2016-2017, discontinued operations generated €23.4 million in revenue and the loss for the period from discontinued operations recognized in the income statement amounted to €0.9 million, including the €2.4 million capital gain arising on the transfer to Groupe Ducasse of 60% of Elior Group's museum catering operations on March 31, 2017.

1.1.15 ATTRIBUTABLE PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

The Group ended the first half of fiscal 2017-2018 with €37.0 million in profit attributable to owners of the parent versus €58.3 million for first-half 2016-2017. The year-on-year decrease reflects the above-described factors and particularly the lower EBITDA figure and higher depreciation and amortization expense, finance costs and non-recurring operational reorganization costs, partly offset by the lower income tax expense.

Earnings per share – calculated based on the weighted average number of Elior Group shares outstanding during the period – amounted to €0.21 compared with €0.34 for the first half of fiscal 2016-2017, representing a year-on-year decrease of 38%.

1.1.16 ADJUSTED ATTRIBUTABLE PROFIT FOR THE PERIOD

Adjusted attributable profit for the period corresponds to profit for the period attributable to owners of the parent adjusted for (i) "Non-recurring income and expenses, net" and net of the related tax effect calculated at the Group's standard tax rate of 34%, and (ii) amortization of intangible assets recognized on consolidation in relation to acquisitions (notably customer relationships). For the six months ended March 31, 2018 it totaled €56.5 million and represented €0.33 in adjusted earnings per share, down 26.7% on the €0.45 figure for the first half of fiscal 2016-2017.

(in € millions)	Six months ended March 31,	
	2018	2017
Profit for the period attributable to owners of the parent	**37.0**	**58.3**
Adjustments		
Non-recurring income and expenses, net (1)	14.0	12.2
Net amortization of intangible assets recognized on consolidation	10.2	11.1
Tax effect on (1) calculated at the standard rate of 34%	(4.8)	(4.2)
Adjusted attributable profit for the period	**56.5**	**77.5**
Adjusted earnings per share (in €)	**0.33**	**0.45**

1.2 CONSOLIDATED CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

The following table provides a summary of the Group's cash flows for the six-month periods ended March 31, 2017 and 2018.

(in € millions)	Six months ended March 31,	
	2018	2017
Net cash from operating activities	60.6	43.5
Net cash used in investing activities	(223.9)	(178.3)
Net cash from financing activities	206.8	136.5
Effect of exchange rate and other changes	2.8	1.1
Net increase in cash and cash equivalents	**46.3**	**2.8**

1.2.1 CASH FLOWS FROM OPERATING ACTIVITIES

The following table sets out the components of consolidated net cash from operating activities for the six-month periods ended March 31, 2017 and 2018.

(in € millions)	Six months ended March 31,	
	2018	2017
Reported EBITDA	225.5	249.5
Change in operating working capital	(118.6)	(154.4)
Interest and other financial expenses paid	(24.2)	(25.9)
Tax paid	(0.1)	(8.9)
Other (including dividends received from associates)	(22.0)	(16.8)
Net cash from operating activities	**60.6**	**43.5**

Operating activities generated a net cash inflow of €60.6 million in the six months ended March 31, 2018 versus a net cash inflow of €43.5 million in the first half of fiscal 2016-2017.

Change in operating working capital

Change in operating working capital represented a lower net cash outflow in the six months ended March 31, 2018 (€118.6 million) than in the same period of fiscal 2016-2017 (€154.4 million). The year-on-year decrease reflects the seasonal nature of the Group's working capital requirement, although there was a significant improvement in first-half 2017-2018 compared with the equivalent prior-year period when the contract catering business in France was adversely affected by longer payment periods arising from changes in the payment processes of public-sector clients.

Interest and other financial expenses paid

This item represented a slightly lower net cash outflow in first-half 2017-2018 than in the first half of fiscal 2016-2017, despite the increase in average consolidated debt and slightly higher borrowing costs on US-dollar denominated debt. The year-on-year decrease was due to the fact that the figure for the six months ended March 31, 2017 included the negative cash impact of an exit fee for a number of interest rate swaps.

Tax paid

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

This item represented a net cash outflow of €0.1 million in the six months ended March 31, 2018 (versus €8.9 million in the same period of fiscal 2016-2017). The year-on-year decrease was mainly due to refunds received in first-half 2017-2018 for income tax overpaid in France during fiscal 2016-2017.

Other cash flows from operating activities

Other cash flows from operating activities primarily relate to (i) non-recurring income and expenses recorded under "Non-recurring income and expenses, net" in the consolidated income statement, and (ii) payments made in connection with fair value adjustments recognized in accordance with IFRS as part of the purchase price allocation process for acquisitions.

For the six months ended March 31, 2017 and 2018, other cash flows from operating activities represented net cash outflows of €16.8 million and €22.0 million respectively. The first-half 2017-2018 figure chiefly consists of (i) an aggregate €17.8 million in restructuring costs, primarily incurred by Elior in France, Serunion in Spain, Elior UK, and Areas in Spain, and (ii) €1.4 million in transaction costs arising on recent acquisitions.

1.2.2 CASH FLOWS FROM INVESTING ACTIVITIES

The following table sets out the components of consolidated net cash used in investing activities for the six-month periods ended March 31, 2017 and 2018.

(in € millions)	Six months ended March 31,	
	2018	2017
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(149.5)	(134.5)
Purchases of and proceeds from sale of non-current financial assets	(7.4)	(18.7)
Acquisition/sale of shares in consolidated companies	(67.0)	(25.1)
Net cash used in investing activities	**(223.9)**	**(178.3)**

Net cash used in investing activities totaled €178.3 million in the six months ended March 31, 2017 and €223.9 million in the six months ended March 31, 2018.

Capital expenditure

Total consolidated cash used for purchases of property plant and equipment and intangible assets (capital expenditure), net of proceeds from sales, increased year on year from €134.5 million to €149.5 million.

The figure for contract catering & services came to €73.4 million for the six months ended March 31, 2017 and €87.9 million for the first half of fiscal 2017-2018, representing 3.0% and 3.4% of this business line's revenue respectively. The year-on-year increase reflects higher capital outlay in France (particularly for computer hardware and software), the United States and India.

For concession catering, net cash used for capital expenditure totaled €46.1 million for the six months ended March 31, 2017 and €53.9 million for the first half of fiscal 2017-2018, representing 5.9% and 6.8% of the business line's revenue respectively. These rises reflect a high level of expenses incurred under capital expenditure programs in the motorways and railway stations markets in France as well as in the airports market in Latin America due to the start-up of a new contract at Bogota airport in Colombia.

Net cash used for capital expenditure by the Corporate segment came to €15.0 million and €7.6 million in the six-month periods ended March 31, 2017 and 2018 respectively and primarily corresponded to purchases of computer software and hardware and investments in technological developments.

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

This item corresponded to a net cash outflow of €7.4 million in the six months ended March 31, 2018, and mainly related to deposits paid to concession grantors by Areas in Spain and Mexico in connection with the start-up of new concession contracts.

For the first six months of fiscal 2016-2017, "Purchases of and proceeds from sale of non-current financial assets" represented a net cash outflow of €18.7 million and primarily corresponded to the acquisition of non-controlling interests in innovative start-ups whose activities are related or complementary to the Group's businesses.

Acquisition/sale of shares in consolidated companies

For the six months ended March 31, 2018, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €67.0 million and chiefly concerned the acquisitions of CBM Managed Services in the United States, and the airport concession catering activities of La Taba in Mexico.

For the six months ended March 31, 2017, this item represented a net cash outflow of €25.1 million and primarily concerned the acquisitions of Corporate Chefs and Abigail Kirsch in the United States, Hostesa in Spain and Hospes in Italy.

1.2.3 CASH FLOWS FROM FINANCING ACTIVITIES

The following table sets out the components of consolidated net cash from financing activities for the six-month periods ended March 31, 2017 and 2018.

(in € millions)	Six months ended March 31,	
	2018	2017
Dividends paid to owners of the parent	-	-
Movements in share capital of the parent	-	0.6
Acquisition/sale of treasury shares	(0.7)	0.6
Dividends paid to non-controlling interests	(1.7)	(1.8)
Proceeds from borrowings	250.8	149.2
Repayments of borrowings	(41.6)	(12.1)
Net cash from financing activities	**206.8**	**136.5**

Net cash from financing activities totaled €206.8 million and €136.5 million for the six-month periods ended March 31, 2018 and 2017 respectively.

Movements in share capital of the parent

There were no movements in the parent company's share capital during the six months ended March 31, 2018. The €0.6 million cash inflow recorded under this item for the first half of fiscal 2016-2017 related to the exercise of stock options under the 2011 and 2012 stock option plans.

Dividends paid to non-controlling interests

This item represented net cash outflows of €1.8 million and €1.7 million for the six-month periods ended March 31, 2017 and 2018 respectively.

Proceeds from borrowings

Consolidated cash inflows from proceeds from borrowings totaled €149.2 million and €250.8 million in the six-month periods ended March 31, 2017 and 2018 respectively.

For the six months ended March 31, 2018 these proceeds mainly corresponded to (i) €39.0 million from new securitized receivables, (ii) €207.0 million in drawdowns under euro- and dollar-denominated revolving credit facilities, and (iii) €4.0 million from finance lease transactions.

For the six months ended March 31, 2017 they mainly corresponded to (i) €54.0 million from new securitized receivables, (ii) €80.0 million in drawdowns under the euro-denominated revolving credit facility, and (iii) €9.5 million from finance lease transactions.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €12.1 million and €41.6 million in the six-month periods ended March 31, 2017 and 2018 respectively.

In the first half of fiscal 2017-2018, this item primarily related to repayments of revolving credit facilities (€34.7 million)

In the six months ended March 31, 2017, repayments of borrowings mainly concerned finance lease liabilities (€6.9 million).

1.2.4 EFFECT OF EXCHANGE RATE AND OTHER CHANGES

In the six months ended March 31, 2018, the effect of exchange rate and other changes mainly related to shares purchased by non-controlling interests in Elior North America as part of a capital increase (€2.2 million).

In the six months ended March 31, 2017, this item mainly concerned discontinued operations, whose impact was offset by the currency effect on consolidated cash.

1.2.5 FREE CASH FLOW

(in € millions)	Six months ended March 31,	
	2018	2017
Adjusted EBITDA	**230.8**	**255.2**
Share-based compensation expense	(5.3)	(5.7)
Reported EBITDA	**225.5**	**249.5**
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(149.6)	(134.5)
Change in operating working capital	(118.6)	(154.4)
Other cash flows from operating activities	(21.9)	(16.8)
Tax paid	(0.1)	(8.9)
Free cash flow	**(64.7)**	**(65.1)**

Free cash flow was stable year on year, coming in at a negative €64.7 million for the six months ended March 31, 2018. As stated above, this figure reflects the lower amount of EBITDA and higher operational reorganization costs and capital expenditure, partly offset by the decrease in tax paid and improved management of working capital.

1.3 CONSOLIDATED BALANCE SHEET

(in € millions)	At March 31, 2018	At March 31, 2017
Non-current assets	4,072	3,877
Current assets excluding cash and cash equivalents	1,152	1,358
Cash and cash equivalents	167	163
Total assets	**5,392**	**5,398**

(in € millions)	At March 31, 2018	At March 31, 2017
Equity	1,563	1,514
Non-controlling interests	58	50
Non-current liabilities	2,101	2,251
Current liabilities	1,669	1,583
Total equity and liabilities	**5,392**	**5,398**
Net operating working capital requirement	(307)	(119)
Gross debt	1,936	2,019
Net debt as defined in the SFA	1,783	1,862
SFA leverage ratio (net debt as defined in the SFA / adjusted EBITDA) (*)	3.48	3.38

(*) Pro forma, adjusted to exclude acquisitions/divestments of consolidated companies carried out during the previous 12 months.

The Group's gross debt amounted to €1,936 million at March 31, 2018 compared with €2,019 million one year earlier. This reduction was mainly due to the implementation of the new securitization program under which most of the sold trade receivables are now derecognized. Gross debt at March 31, 2018 mainly comprised (i) euro-denominated bank borrowings amounting to €1,334 million under the Senior Facilities Agreement (SFA), and (ii) €409 million in dollar-denominated debt carried by Elior Group and Elior Participations. The remainder was made up of liabilities related to trade receivables securitized by French, Spanish and UK subsidiaries (whose amount was reduced to €123 million at March 31, 2018) and €40 million in finance lease liabilities.

The average interest rate for the first half of fiscal 2017-2018 – including the lending margin – on the Group's debt related to the SFA and securitized trade receivables (which represent the majority of its total debt) was 2.1% taking into account the effect of interest rate hedges (2.2% in first-half 2016-2017).

Cash and cash equivalents recognized in the balance sheet amounted to €167 million at March 31, 2018. At the same date, cash and cash equivalents presented in the cash flow statement, i.e. net of bank overdrafts and short-term accrued interest, totaled €126 million.

At March 31, 2018, consolidated net debt (as defined in the SFA) stood at €1,783 million. This amount represented 3.48 times consolidated adjusted EBITDA (pro forma after excluding acquisitions/divestments of consolidated companies carried out during the previous 12 months) versus 3.38 times at March 31, 2017. The Group's leverage ratio is affected by the seasonal fluctuations inherent in its operations which mean that its working capital position is traditionally much better in the second half of the fiscal year than in the first.

1.4 EVENTS AFTER THE REPORTING DATE

Amend and Extend Agreement for Syndicated Bank Loans

On April 20, 2018, Elior Group signed an agreement with its lending banks to extend the maturities of the majority of its euro- and dollar-denominated syndicated bank loans as described in Note 21.1 of the condensed interim consolidated financial statements. These loans correspond to the following:

- Term Loans amounting to €800 million and a Revolving Credit Facility – representing an original amount of €300 million that has been increased to €450 million – which now mature in May 2023.
- Term Loans amounting to $344 million and a Revolving Credit Facility representing $250 million, which now also mature in May 2023

Launch of an International Employee Share Ownership Plan

In application of the 31st resolution passed at the March 9, 2018 Annual General Meeting, Elior Group launched its first international employee share ownership plan, called the "Future Plan". A total of 1,059,846 new Elior Group shares were purchased by employees under the plan, corresponding to a capital increase of €15 million that took place in April 2018.

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1.5 MAIN DISCLOSURE THRESHOLDS CROSSED DURING THE SIX MONTHS ENDED MARCH 31, 2018

In the six months ended March 31, 2018, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

- Crédit Agricole Corporate and Investment Bank and Crédit Agricole SA disclosed that on October 2, 2017 they had reduced their interest to below the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date they no longer held any of the Company's shares or voting rights.
- AXA Investment Managers disclosed that on October 5, 2017 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.91% of the Company's total shares and voting rights.
- Amundi disclosed that on October 9, 2017 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.87% of the Company's total shares and voting rights.
- Wellington Management Group LLP disclosed that on October 11, 2017 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.58% of the Company's shares and voting rights.
- Baring Asset Management Limited disclosed that on October 18, 2017 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.97% of the Company's total shares and voting rights.
- UBS Investment Bank disclosed that on October 25, 2017 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that at that date it held 1.01% of the Company's total shares and voting rights.
- UBS Investment Bank disclosed that on October 25, 2017 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights.
- UBS Investment Bank disclosed that on November 21, 2017, it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights.
- BNP Paribas Asset Management Holding disclosed that on November 28, 2017 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.3% of the Company's total shares and 2.92% of its voting rights.
- UBS Investment Bank disclosed that on November 28 2017 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that at that date it held 1.18% of the Company's total shares and voting rights.
- UBS Investment Bank disclosed that on November 28, 2017 it had reduced its interest to below the threshold of 1% of the Company's shares and voting rights.
- On December 4, 2017, Marshall Wace LLP disclosed that it held 0.96% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on December 4, 2017, it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.05% of the Company's total shares and voting rights.
- Citigroup Inc disclosed that on December 6, 2017 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.99% of the Company's total shares and voting rights.
- On December 7, 2017, MFS Investment Management disclosed that it held 1.93% of the Company's total shares and voting rights.
- BNP Paribas Asset Management Holding disclosed that on December 14, 2017 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.38% of the Company's total shares and 3% of its voting rights.
- On December 21, 2017, MFS Investment Management disclosed that it held 0.76% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on December 27, 2017 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.1% of the Company's total shares and voting rights.
- On December 27, 2017, Wellington Management Group LLP disclosed that it held 2.02% of the Company's total shares and voting rights.
- On December 28, 2017, Selected Equity Group LP disclosed that it held 0.94% of the Company's total shares and voting rights.
- On January 9, 2018 Wellington Management Group LLP disclosed that it held 2.02% of the Company's total shares and voting rights.

- Sycomore Asset Management disclosed that on January 25, 2018, it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.99% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on January 24, 2018 it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, and 5% of the Company's capital and voting rights and that at that date it held 5.04% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on January 24, 2018 it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, and 5% of the Company's capital and voting rights and that at that date it held 5.15% of the Company's total shares and voting rights.
- Fonds Stratégique de Participations disclosed that on January 26, 2018 it had raised its interest to above the thresholds of 1%, 2% and 3% of the Company's capital and voting rights and that at that date it held 3.07% of the Company's total shares and voting rights.
- Fonds Stratégique de Participations disclosed that on January 29, 2018 it had raised its interest to above the thresholds of 4% and 5% of the Company's capital and voting rights and that at that date it held 5.02% of the Company's total shares and voting rights.
- BIM disclosed that on February 2, 2018 it had reduced its interest to below the thresholds of 24%, 25%, 26% and 27% of the Company's capital and voting rights and that at that date it held 23.07% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 15, 2018 it had raised its interest to above the thresholds of 6% and 7% of the Company's capital and voting rights and that at that date it held 7.86% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on February 15, 2018 it had raised its interest to above the thresholds of 6%, 7% and 8% of the Company's capital and voting rights and that at that date it held 8.06% of the Company's total shares and voting rights.
- La Financière de l'Echiquier disclosed that on March 14, 2018 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.033% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on March 26, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.42% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on March 26, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.69% of the Company's total shares and voting rights.

May 29, 2018

Elior Group SA

Condensed Interim Consolidated Financial Statements

For the Six-Month Periods Ended March 31, 2018 and 2017

The English-language version of this document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation.

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IFRS Consolidated Financial Statements for the Six-Month Periods Ended March 31, 2018 and 2017

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Six months ended March 31, 2018 Unaudited	Six months ended March 31, 2017 Unaudited
Revenue	**13.1**	**3,339.4**	**3,213.0**
Purchase of raw materials and consumables		(1,061.0)	(996.9)
Personnel costs		(1,497.1)	(1,417.3)
Share-based compensation expense		(5.3)	(5.7)
Other operating expenses		(505.2)	(500.0)
Taxes other than on income		(46.0)	(44.2)
Depreciation, amortization and provisions for recurring operating items		(102.3)	(89.2)
Net amortization of intangible assets recognized on consolidation		(10.2)	(11.1)
Recurring operating profit		**112.3**	**148.7**
Share of profit of equity-accounted investees		0.7	0.5
Recurring operating profit including share of profit of equity-accounted investees	**13.1**	**113.0**	**149.2**
Non-recurring income and expenses, net	15	(14.0)	(12.2)
Operating profit including share of profit of equity-accounted investees		**99.0**	**137.0**
Financial expenses	21	(35.3)	(28.1)
Financial income	21	2.1	2.8
Profit before income tax		**65.8**	**111.7**
Income tax	16	(24.3)	(48.8)
Loss for the period from discontinued operations	24	(0.8)	(0.9)
Profit for the period		**40.7**	**62.1**
Attributable to non-controlling interests		**3.7**	**3.8**
Attributable to owners of the parent		**37.0**	**58.3**
Basic earnings per share (in €)		0.21	0.34
Diluted earnings per share (in €)		0.21	0.34

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Six months ended March 31, 2018 Unaudited	Six months ended March 31, 2017 Unaudited
Profit for the period	**40.7**	**62.1**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (*)	-	-
Items that may be reclassified subsequently to profit or loss		
Financial instruments	6.9	10.7
Currency translation differences	(6.0)	5.1
Income tax	(2.4)	(3.7)
Total items that may be reclassified subsequently to profit or loss	**(1.5)**	**12.1**
Comprehensive income for the period	**39.2**	**74.1**
Attributable to:		
- Owners of the parent	36.5	70.1
- Non-controlling interests	2.7	4.0

(*) Net of the effect of income tax.

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At March 31, 2018 Unaudited	At September 30, 2017 Audited	At March 31, 2017 Unaudited
Goodwill	18	2,594.1	2,561.7	2,542.8
Intangible assets	19	508.5	479.2	448.6
Property, plant and equipment	20	705.5	667.5	601.8
Non-current financial assets		83.9	83.1	78.1
Equity-accounted investees		7.9	7.3	5.1
Fair value of derivative financial instruments (*)		7.6	3.2	2.5
Deferred tax assets		164.8	188.6	198.1
Total non-current assets		**4,072.3**	**3,990.6**	**3,877.0**
Inventories		129.9	123.0	122.4
Trade and other receivables		892.8	810.4	1,083.3
Current income tax assets		25.5	32.1	31.0
Other current assets		98.0	79.4	100.3
Short-term financial receivables (*)		-	8.9	10.9
Cash and cash equivalents (*)		167.1	139.6	162.7
Assets classified as held for sale		6.1	8.8	9.9
Total current assets		**1,319.4**	**1,202.2**	**1,520.7**
Total assets		**5,391.7**	**5,192.8**	**5,397.7**

(*) Included in the calculation of net debt

2.2 Equity and Liabilities

(in € millions)	Note	At March 31, 2018 Unaudited	At September 30, 2017 Audited	At March 31, 2017 Unaudited
Share capital		1.7	1.7	1.7
Reserves and retained earnings		1,561.4	1,561.5	1,512.5
Non-controlling interests		58.1	54.5	49.9
Total equity	4	**1,621.2**	**1,617.7**	**1,564.1**
Long-term debt (*)	21	1,879.3	1,685.3	2,001.9
Fair value of derivative financial instruments (*)		6.4	7.6	8.5
Non-current liabilities relating to share acquisitions		21.3	24.1	18.5
Deferred tax liabilities		52.4	73.4	76.8
Provisions for pension and other post-employment benefit obligations	22	112.6	112.4	116.1
Other long-term provisions	22	23.6	23.0	23.8
Other non-current liabilities		5.9	5.5	5.5
Total non-current liabilities		**2,101.5**	**1,931.3**	**2,251.1**
Trade and other payables		774.0	793.0	722.9
Due to suppliers of non-current assets		75.3	73.7	29.4
Accrued taxes and payroll costs		579.9	582.4	584.0
Current income tax liabilities		30.0	13.8	36.5
Short-term debt (*)	21	56.2	75.1	17.4
Current liabilities relating to share acquisitions		28.7	13.5	21.5
Short-term provisions	22	53.7	60.6	51.6
Other current liabilities		65.3	24.0	111.2
Liabilities classified as held for sale		5.9	7.7	8.1
Total current liabilities		**1,669.0**	**1,643.8**	**1,582.5**
Total liabilities		**3,770.5**	**3,575.1**	**3,833.6**
Total equity and liabilities		**5,391.7**	**5,192.8**	**5,397.7**
(*) Included in the calculation of net debt		1,767.3	1,616.3	1,851.6
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,782.5	1,627.7	1,862.2

3. Consolidated Cash Flow Statement

(in € millions)	Six months ended March 31, 2018 Unaudited	Six months ended March 31, 2017 Unaudited
Cash flows from operating activities		
Recurring operating profit including share of profit of equity-accounted investees	113.0	149.2
Amortization and depreciation	109.1	98.1
Provisions	3.4	2.2
Reported EBITDA	**225.5**	**249.5**
Change in operating working capital	(118.6)	(154.4)
Interest and other financial expenses paid	(24.2)	(25.9)
Tax paid	(0.1)	(8.9)
Other cash movements	(22.0)	(16.8)
Net cash from operating activities	**60.6**	**43.5**
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(152.4)	(138.2)
Proceeds from sale of property, plant and equipment and intangible assets	2.8	3.7
Purchases of non-current financial assets	(8.3)	(18.7)
Proceeds from sale of non-current financial assets	0.9	0.0
Acquisition/sale of shares in consolidated companies, net of cash acquired/divested	(67.0)	(25.1)
Net cash used in investing activities	**(223.9)**	**(178.3)**
Cash flows from financing activities		
Dividends paid to owners of the parent	-	-
Movements in share capital of the parent	-	0.6
Acquisition/sale of treasury shares	(0.7)	0.6
Dividends paid to non-controlling interests	(1.7)	(1.8)
Proceeds from borrowings	250.8	149.2
Repayments of borrowings	(41.6)	(12.1)
Net cash from financing activities	**206.8**	**136.5**
Effect of exchange rate and other changes (1)	2.8	1.1
Net increase in cash and cash equivalents	**46.3**	**2.8**
Cash and cash equivalents at beginning of period	**79.5**	**156.2**
Cash and cash equivalents at end of period	**125.8**	**159.0**

- *Including a net cash inflow of €0.5 million for the six months ended March 31, 2018 (compared with a net cash outflow of €3.0 million for the equivalent period of fiscal 2016-2017) related to discontinued operations/operations held for sale.*

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 cash and cash equivalents figure presented under assets in the balance sheet and the amount presented in the cash flow statement under “Cash and cash equivalents at end of period”.

The following table shows a reconciliation between the figures recorded for these items in the balance sheet and the cash flow statement:

	March 31, 2018	March 31, 2017
Balance sheet – Assets		
Cash and cash equivalents	167.1	139.6
Balance sheet – Liabilities		
Bank overdrafts	(38.2)	(57.5)
Intra-Group current accounts	(1.6)	(1.4)
Accrued interest	(1.5)	(1.2)
Net cash and cash equivalents presented in the cash flow statement	125.8	79.5

4. Consolidated Statement of Changes in Equity

(in € millions)	Number of shares	Share capital	Additional paid-in capital and other reserves	Profit 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 September 30, 2016	**172,634,475**	**1.7**	**1,400.5**	**135.3**	**(21.3)**	**1,516.2**	**41.2**	**1,557.4**
Profit for the period				58.3		58.3	3.8	62.1
Changes in fair value of financial instruments			7.0			7.0		7.0
Currency translation differences					4.8	4.8	0.2	5.1
Comprehensive income for the period			**7.0**	**58.3**	**4.8**	**70.1**	**4.0**	**74.1**
Appropriation of prior-period profit			135.3	(135.3)		-		-
Capital increase	107,310		0.6			0.6		0.6
Dividends paid			(73.4)			(73.4)	(0.9)	(74.3)
Share-based payments (IFRS 2)			0.9			0.9		0.9
Other movements (1.a)			(0.3)			(0.3)	5.6	5.3
Balance at March 31, 2017	**172,741,785**	**1.7**	**1,470.7**	**58.3**	**(16.5)**	**1,514.2**	**49.9**	**1,564.1**
Balance at September 30, 2017	**172,741,785**	**1.7**	**1,474.9**	**113.7**	**(27.2)**	**1,563.2**	**54.5**	**1,617.7**
Profit for the period				37.0		37.0	3.7	40.7
Post-employment benefit obligations			-			-		-
Changes in fair value of financial instruments			4.5			4.5		4.5
Currency translation differences					(5.0)	(5.0)	(1.0)	(6.0)
Comprehensive income for the period			**4.5**	**37.0**	**(5.0)**	**36.5**	**2.7**	**39.2**
Appropriation of prior-period profit			113.7	(113.7)				
Capital increase	2,147,465		36.2			36.2	2.2	38.4
Dividends paid			(72.5)			(72.5)	(1.7)	(74.2)
Share-based payments (IFRS 2)			0.6			0.6		0.6
Other movements (1.b)			(1.0)			(1.0)	0.4	(0.6)
Balance at March 31, 2018	**174,889,250**	**1.7**	**1,556.5**	**37.0**	**(32.2)**	**1,563.1**	**58.1**	**1,621.2**

(1.a) For the six months ended March 31, 2017, the amount recorded under "Other movements" within "Non-controlling interests" primarily corresponds to goodwill recognized on the acquisition of Waterfall in the United Kingdom and the amount recorded under "Other movements" within "Equity attributable to owners of the parent" mainly concerns the remeasurement of the liability related to a put option written over the non-controlling interests in Areas Italy.

(1.b) For the six months ended March 31, 2018, the amount recorded under "Other movements" within "Equity attributable to owners of the parent" primarily corresponds to the price paid for Elior Group shares bought back by the Company under the liquidity contract currently in force.

Notes to the IFRS Consolidated Financial Statements for the Six-Month Periods ended March 31, 2018 and 2017

5. General Information

Elior Group SA (the "Company") is a French joint stock corporation (*société anonyme*) registered and domiciled in France. Its headquarters are located at 9-11 allée de l'Arche, Paris La Défense, France. At March 31, 2018, the Company was held by the following parties: 6.5% by Caisse de Depôt et Placement du Québec (CDPQ), 23.1% by BIM SAS (which is controlled by Robert Zolade), 9.9% by Corporacion Empresarial Emesa, 5.0% by Fonds Stratégique de Participations and 55.5% by private and public investors following the Company's admission to trading on Euronext Paris on June 11, 2014.

The Elior group – comprising Elior Group SA and its subsidiaries (the "Group") – is a major player in contracted catering and related services. It operates its businesses of contract catering & services and concession catering through companies based in 16 countries – mainly in the eurozone, the United Kingdom, Latin America, the USA and India.

6. Basis of Preparation

The condensed interim consolidated financial statements for the six-month period ended March 31, 2018 (first-half 2017-2018) have been prepared in accordance with IAS 34. These financial statements do not include all the information and disclosures required in accordance with IFRS for annual financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the fiscal year ended September 30, 2017, which were prepared in accordance with IFRS as adopted in the European Union.

The accounting policies used are the same as those applied in the annual financial statements at September 30, 2017.

All of the standards and interpretations whose application was mandatory during the period and which have been adopted by the European Union have been applied in these financial statements for the six months ended March 31, 2018.

Following the issuance of the AMF recommendation concerning 2016 financial statements (DOC-2016-09 dated November 3, 2016), since the annual financial statements for the year ended September 30, 2016, amortization of intangible assets recognized on consolidation – notably for contract catering customer relationships – has been reclassified to recurring operating profit whereas it was previously recognized as a non-recurring expense. In addition, expenses related to stock option and free share plans set up by Elior Group and its subsidiaries are now presented in a separate line of the consolidated income statement ("Share-based compensation expense").

The income tax expense for the six months ended March 31, 2018 has been recognized based on the estimated average annual income tax rate for the full fiscal year and includes the impact of the remeasurement through profit of the deferred taxes of the Group's North-American companies in order to take into account the new federal corporate income tax rate of 21% which has applied in the USA since January 1, 2018.

The condensed interim consolidated financial statements were approved for issue by Elior Group's Board of Directors on May 28, 2018.

7. Significant Events

- **Acquisition and Disposals of Shares in Consolidated Companies**

In November 2017, Elior North America (formerly TrustHouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services ("CBM"), based in Sioux Falls, South Dakota, which provides foodservices to correctional facilities. CBM has just under 1,000 employees serving 200 locations in 29 states and generates annual revenue of approximately $70 million.

Effective February 1, 2018, Aerocomidas – a Mexico-based Areas subsidiary – acquired the airport concession catering activities operated under the La Taba brand, which generate total annual revenue of around €10 million.

For the six months ended March 31, 2018, the two above-described acquisitions contributed an aggregate €25.4 million to consolidated revenue and €3.4 million to consolidated EBITDA.

Six months ended March 31, 2017

In October 2016 and January 2017 respectively, Elior North America acquired Abigail Kirsch and Corporate Chefs.

- Abigail Kirsch is a New York-based company specialized in banqueting and events catering.
- Corporate Chefs is based in Haverhill, Massachusetts, and specializes in freshly prepared, highest quality food for the corporate and education markets. Founded in 1987, Corporate Chefs has operations in eight states in the north-east of the USA.

The aggregate annual revenue generated by Abigail Kirsch and Corporate Chefs is approximately $55 million.

In Europe:

- Elior Ristorazione – an Elior Group contract catering subsidiary based in Italy – acquired Hospes, a company that primarily operates in the corporate catering market in the north of Italy.
- Serunion – an Elior Group contract catering subsidiary based in Spain and Portugal – acquired Hostesa, which mainly operates in the education and elder care home catering markets in Catalonia and the Valencia region of Spain.

These two companies – which have been consolidated since October 1, 2016 – represent combined annual revenue of approximately €30 million.

For the six months ended March 31, 2017, the four newly-acquired companies described above contributed a total €30.4 million to consolidated revenue and €2.7 million to consolidated EBITDA.

On November 21, 2016, Elior Group announced that it had signed an agreement to acquire the entire capital of MegaBite Food Services and a 51% majority stake in CRCL. Both of these companies are based in India – MegaBite Food Services in Bangalore and CRCL in Chennai – and together they generate annual revenue of approximately €27 million. The acquisitions were completed in February 2017 and both companies have been consolidated in the Group’s financial statements since the second half of fiscal 2016-2017.

- **Other Significant Events**

Six months ended March 31, 2018

Philippe Salle, the Group’s Chairman and Chief Executive Officer, left his post on October 31, 2017. Following a decision taken by Elior Group's Board of Directors on July 26, 2017 to separate the roles of Chairman and Chief Executive Officer, Gilles Cojan – who was appointed by the Board as a director – was named Chairman of the Board of Directors, and Pedro Fontana was appointed as the Group's Interim Chief Executive Officer, both with effect from November 1, 2017.

At its meeting on December 5, 2017, the Board appointed Philippe Guillemot as Group Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

Six months ended March 31, 2017

On March 30, 2017, pursuant to the strategic partnership agreement signed in fiscal 2015-2016 with master chef Alain Ducasse, Elior Group transferred to Groupe Ducasse the control of its museum catering operations run by Areas France and Northern Europe. This transaction entailed transferring to Ducasse Développement 60% of the shares in Areas Développement Musées (the new holding company for the Group's museum catering operations). It generated a €2.4 million net capital gain which was included in "Loss for the period from discontinued operations" in the income statement for the six months ended March 31, 2017.

The remaining 40% of the assets and liabilities of Areas Développement Musées and its subsidiaries held by Elior Group is still presented in assets/liabilities classified as held for sale in the consolidated financial statements.

8. Accounting Policies

The accounting policies adopted are the same as those used for the fiscal year ended September 30, 2017.

For interim periods, taxes on income (other than the CVAE tax levied in France on value added generated by the business but including the regional IRAP tax applicable in Italy) are accrued using the tax rate that is expected to apply to total annual profit. In these financial statements, the CVAE tax – which is included in income tax – and employee profit-sharing have been accrued based on 50% of the expected full-year charge.

No actuarial assessments of pension and other post-employment benefit obligations have been performed for these condensed interim consolidated financial statements. The related expense for the six-month periods ended March 31, 2017 and 2018 represents half of the expense calculated for the full years ended September 30, 2017 and 2018, respectively.

9. New Standards, Amendments and Interpretations

- **New Standards, Amendments and Interpretations Adopted by the European Union and Applied by the Group**

None.

- **New Standards, Amendments and Interpretations Issued by the IASB but not yet Applied by the Group**

The main standards, amendments and interpretations that have been issued but which are not yet effective are as follows:

- IFRS 9, "Financial Instruments", effective for annual periods beginning on or after January 1, 2018 (adopted by the EU in November 2016).
- IIFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018 (adopted by the EU in October 2017).
- IFRS 16, "Leases", effective for annual periods beginning on or after January 1, 2019 (adopted by the EU in November 2017).

The Group did not early adopt any standards or amendments during the first half of fiscal 2017-2018. It is currently in the process of analyzing the potential impacts of the above-mentioned new standards and as these analyses currently stand, it is not expected that the application of either IFRS 15 or IFRS 9 will significantly impact the Group's consolidated financial statements.

10. Use of Estimates

The preparation of interim consolidated financial statements requires 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 the estimates if different assumptions or circumstances apply.

In preparing these condensed interim consolidated financial statements, the significant judgments 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 September 30, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes.

11. Exchange Rates

The recognition and measurement criteria relating to foreign currency operations are defined in IAS 21, "The Effects of Changes in Foreign Exchange Rates". Commercial transactions denominated in foreign currencies carried out by consolidated companies are translated using the exchange rate prevailing at the date of the transaction. Foreign currency receivables and payables are translated at the period-end exchange rate and the resulting translation gains or losses are recorded in the income statement.

For the six-month periods ended March 31, 2018 and 2017, the balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in the consolidated financial statements have been translated (i) at the exchange rate prevailing at March 31, 2018 and 2017 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. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the six-month periods ended March 31, 2018 and 2017 were based on Paris stock exchange rates and were as follows:

	Six months ended March 31, 2018		Six months ended March 31, 2017	
	Period-end rate	Average rate	Period-end rate	Average rate
- € /US $:	1.2321	1.2032	1.0649	1.0717
- € /£:	0.8788	0.8852	0.8483	0.8641
- € /MXN:	22.42	22.69	19.96	21.51

12. Seasonality of Operations

Revenue and recurring operating profit generated by the majority of the Group's operations are subject to seasonal fluctuations. During the summer, the concession catering business line 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 rise in both the amount of recurring operating profit and recurring operating profit as a percentage of revenue.

In contrast, during the same period the contract catering & services business line experiences lower business volumes and therefore a more than proportional decrease in its recurring operating profit, both in absolute value terms and 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, these seasonal fluctuations do not have any impact on reported half-yearly revenue due to offsetting effects between the two business lines. Each half year accounts for approximately 50% of the Group's total annual revenue, excluding the effect of changes in the scope of consolidation.

In terms of recurring operating profit, seasonal fluctuations result in a higher figure being recorded during the second half of the year due to higher revenue and margins for the concession catering business line. The proportion of recurring operating profit recorded during the first and second half of each fiscal year represents approximately 45% and 55% respectively.

In addition, changes in the number of working days and the dates on which public holidays or school vacations fall (e.g. the fact that Holy Week in Southern Europe fell in March in 2018 compared with April in 2017) as well as changes in the scope of consolidation, impact the period-on-period comparability of revenue and profitability for the Group's two business lines.
Net cash from operating activities is also subject to seasonal variations, which are mainly due to changes in working capital as:

- in the concession catering business line, cash generated from changes in working capital is directly linked to business volumes, which are lower in the first half of each fiscal year than in the second half; and
- in the contract catering & services business line, the amount of trade receivables increases during the first half of each fiscal year as revenue invoiced to clients is at its peak during this period, and decreases during the second half as this is the low season for contract catering & services.

13. Segment Reporting

At March 31, 2018 and 2017, the Group was structured into two business lines: contract catering & services, and concession catering. The results and long-term assets of these business lines are broken down into operating segments that correspond to the Group's geographic regions and the main segments used by management in making key operating decisions. For both contract catering & services (operated under the Elior brand) and concession catering (operated under the Areas brand), these operating segments correspond to “France” and “International”.

- These operating segments are those whose operating results are regularly reviewed by the Group's chief operating decision maker (the Executive Committee).

Share of profit of equity-accounted investees primarily relates to concession catering operations in France.

13.1 Income Statement Information

The tables below present detailed income statement information by operating segment as well as a breakdown of consolidated revenue by (i) business line and market, and (ii) geographic region, for the six-month periods ended March 31, 2018 and 2017.

- Income statement information by operating segment

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Six months ended March 31, 2018 Unaudited	France	International	Total	France	International	Total		
Revenue	**1,160.2**	**1,391.5**	**2,551.6**	**298.6**	**489.2**	**787.8**	**-**	**3,339.4**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	72.2	51.6	**123.8**	(4.5)	(0.7)	**(5.2)**	(5.6)	**113.0**
Recurring operating profit/(loss) as a % of revenue	*6.2%*	*3.7%*	***4.9%***	*(1.5)%*	*(0.1)%*	***(0.7)%***	*(0.2)%*	***3.4%***
Non-recurring income and expenses, net	(2.0)	(3.1)	**(5.1)**	(2.4)	(2.3)	**(4.7)**	(4.2)	**(14.0)**
Operating profit/(loss)	70.3	48.5	**118.8**	(6.9)	(3.0)	**(9.9)**	(9.9)	**99.0**
Net financial expense								**(33.1)**
Income tax								**(24.3)**
Loss for the period from discontinued operations								**(0.8)**
Profit for the period attributable to non-controlling interests								**3.7**
Profit for the period attributable to owners of the parent								**37.0**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(24.5)	(35.4)	**(59.9)**	(17.9)	(27.0)	**(44.8)**	(4.3)	**(109.1)**
Other expenses with no cash impact	(1.8)	(1.5)	**(3.3)**	0.0	(0.1)	**(0.1)**	(0.1)	**(3.4)**
Reported EBITDA	98.4	88.5	**187.0**	13.3	26.4	**39.7**	(1.2)	**225.5**

(in € millions)	Contract catering & services			Concession catering				
Six months ended March 31, 2017 Unaudited	France	International	**Total**	France	International	**Total**	**Corporate**	**Group total**
Revenue	**1,149.1**	**1,284.0**	**2,433.1**	**306.1**	**473.9**	**780.0**	_	**3,213.0**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	90.4	65.8	**156.3**	(1.5)	2.6	**1.1**	(8.1)	**149.2**
Recurring operating profit/(loss) as a % of revenue	*7.9%*	*5.1%*	***6.4%***	*(0.5)%*	*0.5%*	***0.1%***	*(0.3)%*	***4.6%***
Non-recurring income and expenses, net	(7.4)	(2.8)	**(10.2)**	(0.7)	(0.1)	**(0.9)**	(1.2)	**(12.2)**
Operating profit/(loss)	83.0	63.1	**146.1**	(2.3)	2.4	**0.2**	(9.3)	**136.9**
Net financial expense								**(25.2)**
Income tax								**(48.8)**
Loss for the period from discontinued operations								**(0.9)**
Profit for the period attributable to non-controlling interests								**3.8**
Profit for the period attributable to owners of the parent								**58.2**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(21.6)	(31.2)	**(52.8)**	(18.6)	(23.5)	**(42.2)**	(3.1)	**(98.1)**
Other expenses with no cash impact	(0.9)	(0.8)	**(1.8)**	(0.2)	0.2	**(0.1)**	(0.4)	**(2.2)**
Reported EBITDA	113.0	97.9	**210.9**	17.4	25.9	**43.3**	(4.7)	**249.5**

- Revenue by business line and market

(in € millions)	Six months ended March 31, 2018 Unaudited	% of total revenue	Six months ended March 31, 2017 Unaudited	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	1,131.6	33.9%	1,030.7	32.1%	100.9	9.8%
Education	827.3	24.8%	806.0	25.1%	21.3	2.6%
Healthcare	592.7	17.7%	596.4	18.6%	(3.7)	(0.6)%
Sub-total: Contract catering & services	**2,551.6**	**76.4%**	**2,433.1**	**75.7%**	**118.5**	**4.9%**
Concession catering						
Airports	360.2	10.8%	341.7	10.6%	18.5	5.4%
Motorways	238.1	7.1%	242.2	7.5%	(4.1)	(1.7)%
City sites & leisure	189.5	5.7%	196.0	6.1%	(6.5)	(3.3)%
Sub-total: Concession catering	**787.8**	**23.6%**	**780.0**	**24.3%**	**7.8**	**1.0%**
Total	**3,339.4**	**100.0%**	**3,213.0**	**100.0%**	**126.4**	**3.9%**

- Revenue by geographic region

(in € millions)	Six months ended March 31, 2018 Unaudited	% of total revenue	Six months ended March 31, 2017 Unaudited	% of total revenue	Year-on-year change	% change
France	1,458.8	43.7%	1,455.2	45.3%	3.6	0.2%
Europe excluding France	1,151.4	34.5%	1,112.2	34.6%	39.2	3.5%
Other countries	729.2	21.8%	645.6	20.1%	83.6	12.9%
Total	**3,339.4**	**100.0%**	**3,213.0**	**100.0%**	**126.4**	**3.9%**

13.2 Segment Non-Current Assets

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Six months ended March 31, 2018 Unaudited	France	International	**Total**	France	International	**Total**		
Revenue	1,160.2	1,391.5	**2,551.6**	298.6	489.2	**787.8**	–	**3,339.4**
Non-current assets	1,278.6	1,225.8	**2,504.5**	664.8	601.0	**1,265.8**	37.9	**3,808.1**

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Six months ended March 31, 2017 Unaudited	France	International	**Total**	France	International	**Total**		
Revenue	1,149.1	1,284.0	**2,433.1**	306.1	473.9	**780.0**	–	**3,213.0**
Non-current assets	1,241.4	1,134.7	**2,376.1**	604.0	559.4	**1,163.5**	53.6	**3,593.2**

14. Business Combinations

During the six months ended March 31, 2018, the Group acquired CBM Managed Services ("CBM") – a contract caterer based in the United States – and the airport concession catering activities operated under the La Taba brand in Mexico.

These two acquisitions have been fully consolidated (since December 1, 2017 for CBM and since February 1, 2018 for La Taba). The goodwill recognized on their first-time consolidation – after assigning fair values to their identifiable assets and liabilities under the purchase price allocation process – amounted to an aggregate €23.0 million. Together, the two acquisitions represent annual revenue of approximately €67 million.

In the first-half of fiscal 2016-2017 the Group acquired the following contract catering companies: Abigail Kirsch and Corporate Chefs (United States), Hospes (Italy) and Hostesa (Spain). These four companies – which generate combined annual revenue of approximately €80 million – have been fully consolidated (since October 1, 2016 for Abigail Kirsch, Hospes and Hostesa and since February 1, 2017 for Corporate Chefs). The goodwill recognized on their first-time consolidation – before assigning final fair values to their identifiable assets and liabilities under the purchase price allocation process – amounted to an aggregate €35.1 million.

Also during first-half 2016-2017, a total of €44.8 million was allocated on a provisional basis to the identifiable amortizable assets of Waterfall (trademarks and customer relations) and Areas Restauration Services (concession rights in railway stations) following the acquisition of these companies in the second half of fiscal 2015-2016.

15. Non-Recurring Income and Expenses, Net

This item represented a net expense of €14.0 million for the six months ended March 31, 2018 and primarily included (i) €12.5 million recorded by the Group's French and international operations for reorganization and business exit costs, and (ii) €1.5 million in share acquisition costs.

For the six months ended March 31, 2017, "Non-recurring income and expenses, net" represented a net expense of €12.2 million and primarily included (i) €9.2 million recorded by the Group's French and international operations for reorganization costs and the costs of withdrawing from sites and exiting contracts, mainly in relation to the rollout of the Tsubaki 2020 plan, (ii) €1.8 million in share acquisition costs, and (iii) €2.6 million in costs incurred in connection with the Group's 25th anniversary celebrations and for sponsoring Paris's bid for the 2024 Olympic Games.

16. Income Tax

Income tax expense, excluding the CVAE tax on value added generated by the business, is recognized based on Management's estimate of the average annual income tax rate for the full fiscal year. The estimated rate for the year ending September 30, 2018 and used for the six months ended March 31, 2018 was 19%. The estimated rate applied for the six months ended March 31, 2017 was 35%.

This year-on-year decrease in the estimated annual income tax rate (excluding the CVAE tax) is due to the fact that the income tax charge for the six months ended March 31, 2018 took into account the remeasurement through profit of the deferred taxes of the Group's US companies in order to factor in the new federal corporate income tax rate of 21% applicable in the USA since January 1, 2018 following Donald Trump's tax reform. This remeasurement resulted in a €12 million non-recurring net income tax benefit recorded for the full year.

The CVAE tax is accrued based on 50% of the expected annual CVAE charge. The CVAE charge for the six months ended March 31, 2018 amounted to €14.5 million (€14.1 million for the corresponding prior-year period).

17. Dividends

At the March 9, 2018 Annual General Meeting, the Company's shareholders approved an aggregate dividend of €72.5 million for fiscal 2016-2017 (corresponding to €0.42 per share) which was paid as follows:

- 86,695,117 coupons were paid in the form of new Elior Group shares, corresponding to 2,147,465 shares plus a cash balance of €163 thousand for fractions of shares.
- 85,976,082 coupons were paid in cash, representing an aggregate €36.1 million.

The cash dividend – which was paid on April 17, 2018 – was recorded under "Other current liabilities" in the consolidated balance sheet at March 31, 2018.

The dividend for the year ended September 30, 2016 – which totaled €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 10, 2017 Annual General Meeting – was fully paid in cash on April 12, 2017. This amount was recorded under "Other current liabilities" in the consolidated balance sheet at March 31, 2017.

18. Goodwill

The table below shows an analysis of net goodwill by cash generating unit (CGU).

(in € millions)	At March 31, 2018 Unaudited	At September 30, 2017 Audited	At March 31, 2017 Unaudited
Elior Entreprises	578.4	578.3	578.3
Other – France (Enseignement, Santé and Services)	499.0	498.9	498.7
France	**1,077.4**	**1,077.2**	**1,077.0**
International	**815.4**	**788.6**	**770.8**
Contract catering & Services	**1,892.8**	**1,865.8**	**1,847.8**
France	423.6	423.6	422.9
Northern Europe and Italy	86.7	86.7	86.4
Sub-total - France, Northern Europe and Italy	**510.3**	**510.3**	**509.3**
Spain, Portugal and the Americas	**191.1**	**185.7**	**185.7**
Concession catering (Areas)	**701.4**	**696.0**	**695.0**
Group total	**2,594.1**	**2,561.7**	**2,542.8**

No goodwill impairment losses were recognized in either of the interim periods under review.

For the few CGUs whose half-yearly results were the lowest compared with the actual figures for first-half 2016-2017 and the budgeted figures for first-half 2017-2018, the Group ensured that the business plans used for drawing up the Group's 2019-2022 strategic plan –which is currently being reviewed before being submitted for approval to the Board of Directors and will be presented to the financial markets on June 26 – did not trigger any risk of impairment when using the assumptions applied for the selected median scenario. Particular attention will be paid to valuing the assets of these CGUs at September 30, 2018.

The increase in goodwill at March 31, 2018 compared with September 30, 2017 mainly reflects the combined impact of (i) the €23 million in goodwill recognized on the acquisition of CBM Managed Services, and (ii) a €5 million unfavorable currency effect on goodwill recorded in US dollars.

The increase in goodwill at March 31, 2017 compared with September 30, 2016 mainly reflects the combined impact of (i) the goodwill recognized on the acquisitions of the following contract catering companies: Hospes (in Italy) by Elior Ristorazione, Hostesa (in Spain) by Serunion, and Abigail Kirsch and Corporate Chefs by Elior North America, and (ii) the allocation of provisional fair values to the identifiable intangible assets (notably trademarks, customer relationships and concession rights of Waterfall (a UK-based contract caterer) and Areas Restauration Services (a France-based concession caterer), which were both consolidated for the first time in fiscal 2015-2016.

19. Intangible Assets

(in € millions)	At September 30, 2017 Audited	Additions	Disposals	Other movements (2)	At March 31, 2018 Unaudited
Concession rights	231.5	15.0	(0.6)	23.2	269.0
Assets operated under concession arrangements (1)	37.0	-	-	-	37.0
Trademarks	60.3	0.4	(0.0)	1.8	62.5
Software	133.1	4.8	(0.2)	10.0	147.8
Intangible assets in progress	66.7	11.0	(1.5)	(23.1)	53.1
Other	232.4	1.3	(2.6)	13.9	245.0
Gross value	**761.0**	**32.5**	**(4.9)**	**25.8**	**814.3**
Concession rights	(73.7)	(8.1)	0.5	1.1	(80.2)
Assets operated under concession arrangements (1)	(36.9)	-	-	(0.0)	(37.0)
Trademarks	(21.1)	(1.6)	0.0	0.1	(22.5)
Software	(87.2)	(9.8)	0.2	(0.0)	(96.9)
Other	(62.7)	(12.2)	4.0	1.7	(69.3)
Total amortization	**(281.7)**	**(31.7)**	**4.7**	**2.9**	**(305.9)**
Carrying amount	**479.2**	**0.8**	**(0.3)**	**28.7**	**508.5**

- *These assets reflect the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's education market.*
- *"Other movements" primarily relate to (i) the first-time consolidations of CBM Managed Services (Elior NA) and La Taba (Areas Mexico) which were acquired in the first half of fiscal 2017-2018 (€37.2 million recognized for trademarks, customer relationships and concession rights) and (ii) the effect of changes in exchange rates in the United States and the United Kingdom.*

(in € millions)	At September 30, 2016 Audited	Additions	Disposals	Other movements (2)	At March 31, 2017 Unaudited
Concession rights	193.2	6.7	(0.6)	38.4	237.8
Assets operated under concession arrangements (1)	37.0	-	-	-	37.0
Trademarks	42.5	0.2	(0.1)	8.9	51.5
Software	118.7	4.0	(0.3)	4.7	127.1
Intangible assets in progress	23.1	17.8	(0.1)	0.3	41.0
Other	210.1	0.2	(0.0)	15.7	226.0
Gross value	**624.6**	**28.8**	**(1.2)**	**68.1**	**720.4**
Concession rights	(60.3)	(7.7)	0.3	(0.9)	(68.6)
Assets operated under concession arrangements (1)	(36.9)	-	-	(0.0)	(37.0)
Trademarks	(15.8)	(2.6)	0.0	(2.0)	(20.4)
Software	(84.6)	(6.1)	0.3	(0.2)	(90.5)
Other	(48.1)	(7.9)	0.0	0.7	(55.2)
Total amortization	**(245.8)**	**(24.3)**	**0.6**	**(2.4)**	**(271.8)**
Carrying amount	**378.8**	**4.6**	**(0.5)**	**65.7**	**448.6**

- *These assets reflect the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's education market.*
- *"Other movements" primarily relate to (i) the first-time consolidations of Waterfall and Areas Restauration Services which were acquired in the second half of fiscal 2015-2016 (€44.8 million recognized for trademarks, customer relationships and concession rights) and (ii) the effect of changes in exchange rates in the United States and the United Kingdom.*

20. Property, Plant and Equipment

(in € millions)	At September 30, 2017 Audited	Additions	Disposals	Other movements (1)	At March 31, 2018 Unaudited
Land	6.2	1.8	(0.0)	0.5	8.5
Buildings	168.9	5.9	(13.6)	3.0	164.2
Technical installations	805.2	41.0	(16.1)	12.9	842.9
Other items of property, plant and equipment	613.5	44.0	(25.9)	5.6	637.3
Assets under construction	41.6	33.2	(2.2)	(26.5)	46.0
Prepayments to suppliers of property, plant and equipment	7.0	3.9	(0.0)	(4.7)	6.0
Gross value	**1,642.3**	**129.7**	**(57.8)**	**(9.3)**	**1,705.0**
Buildings	(94.3)	(4.7)	13.6	0.3	(85.1)
Technical installations	(539.4)	(43.7)	17.0	(0.3)	(566.4)
Other items of property, plant and equipment	(341.1)	(35.9)	26.1	3.0	(347.9)
Total depreciation	**(974.8)**	**(84.3)**	**56.7**	**3.0**	**(999.4)**
Carrying amount	**667.5**	**45.5**	**(1.1)**	**(6.3)**	**705.5**

- *"Other movements" mainly correspond to the impact of changes in exchange rates in the United States and United Kingdom.*

(in € millions)	At September 30, 2016 Audited	Additions	Disposals	Other movements (1)	At March 31, 2017 Unaudited
Land	5.5	-	-	0.2	5.7
Buildings	168.4	4.1	(11.9)	3.8	164.4
Technical installations	806.3	38.4	(17.8)	(9.4)	817.5
Other items of property, plant and equipment	532.5	37.2	(27.0)	40.7	583.4
Assets under construction	27.9	15.5	(0.9)	(14.5)	28.0
Prepayments to suppliers of property, plant and equipment	6.0	0.7	(0.1)	(3.9)	2.8
Gross value	**1,546.5**	**96.0**	**(57.7)**	**17.0**	**1,601.9**
Buildings	(91.6)	(10.3)	12.4	1.8	(87.8)
Technical installations	(557.6)	(40.5)	18.5	9.9	(569.7)
Other items of property, plant and equipment	(322.5)	(25.8)	26.3	(20.5)	(342.5)
Total depreciation	**(971.7)**	**(76.6)**	**57.2**	**(8.9)**	**(1,000.1)**
Carrying amount	**574.8**	**19.4**	**(0.5)**	**8.2**	**601.8**

- *"Other movements" primarily relate to the first-time consolidation of Abigail Kirsch, Hospes, Hostesa and Corporate Chefs.*

21. Debt and Financial Income and Expenses

21.1 Debt

The Group's debt can be analyzed as follows (repayment/redemption value corresponds to market value):

		At March 31, 2018 Unaudited		At September 30, 2017 Audited	
(in € millions)	Original currency	Amortized cost (1)	Repayment/ redemption value	Amortized cost (2)	Repayment/ redemption value
Bank overdrafts	€	38.2	38.2	57.5	57.5
Other short-term debt (including short-term portion of obligations under finance leases)	€	18.0	18.0	17.6	17.6
Sub-total – short-term debt		**56.2**	**56.2**	**75.1**	**75.1**
Syndicated loans	€ / $	1,647.8	1,661.9	1,488.0	1,503.0
Other medium- and long-term borrowings	$	82.3	82.3	84.8	84.8
Factoring and securitized trade receivables	€	122.5	122.5	85.7	86.5
Other long-term debt (including obligations under finance leases)	€	26.7	26.7	26.8	26.8
Sub-total – long-term debt		**1,879.3**	**1,893.4**	**1,685.3**	**1,701.1**
Total debt		**1,935.6**	**1,949.6**	**1,760.4**	**1,776.2**

(1) At March 31, 2018, the amortized cost of bank borrowings was calculated taking into account a net €14.0 million in unamortized bank fees.

(2) At September 30, 2017, the amortized cost of bank borrowings was calculated taking into account a net €15.8 million in unamortized bank fees.

The Group’s debt at March 31, 2018 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at March 31, 2018:

- For Elior Group SA:
  - A senior bank loan totaling €318.0 million at March 31, 2018, of which €168 million repayable in January 2022 and €150 million in December 2024. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2022 and 2.75% for the portion repayable in 2024.
  - US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds – which represented an aggregate $100 million at March 31, 2018 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.
  - A senior bank loan totaling €234 million at March 31, 2018, of which €50 million repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.
- For Elior Participations SCA:
  - A senior bank loan totaling €632 million at March 31, 2018, the full amount of which is repayable in January 2022. Interest is based on the Euribor plus a standard margin of 1.65%. In addition, Elior Participations SCA has a €300 million revolving credit facility (which can also be used by Elior Group SA), of which €30 million expires in January 2021 and €270 million in January 2022. Interest on this revolving facility is based on the Euribor plus a standard margin of 1.25%. If it is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At March 31, 2018, Elior Participations had drawn down €150 million of this facility.
  - A US-dollar denominated senior bank loan totaling $344 million at March 31, 2018, which was set up under the SFA and of which $6 million is repayable in May 2020, $94 million in May 2021 and $244 million in June 2021. Of this total amount, $50 million was drawn down in May 2015 (6th amendment to the SFA), $50 million in June 2015 (7th amendment) in connection with the refinancing of the original Elior North America acquisition debt, and $244 million in June 2016 (8th amendment). Interest is based on the USD Libor plus a standard margin of 1.70%. In addition, Elior Participations SCA has a $250 million revolving credit facility (which can also be used by Elior Group SA), of which €14.8 million expires in January 2020 and €253.3 million in May 2021. Interest on this revolving facility is based on the Libor plus a standard margin of 1.30%. If it is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At March 31, 2018, Elior Participations had drawn down $60 million of this facility.

Liabilities relating to the Group's receivables securitization program. At March 31, 2018, outstanding securitized receivables – net of the related €0.2 million overcollateralization reserve – stood at €122.5 million. This securitization program was set up in July 2017 for a period of four years. The ceilings on the program (net of the equivalent of an overcollateralization reserve) are €360 million and £30 million and it includes the receivables of Elior Group’s French, Spanish and UK subsidiaries. The program’s cost, based on net amounts securitized, was approximately 1.30% in first-half 2017-2018.

The Group’s debt at March 31, 2017 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at March 31, 2017:

- For Elior Group SA:

(1) A senior bank loan totaling €200.0 million at March 31, 2017, of which €168 million repayable in January 2021 and €32 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2021 and 2.75% for the portion repayable in 2022.

(2) US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds – which represented an aggregate $100 million at March 31, 2017 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.

(3) A senior bank loan totaling €234.0 million at March 31, 2017, of which €50 million repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.

- For Elior Participations SCA:

(1) A senior bank loan totaling €750.0 million at March 31, 2017, of which €632 million repayable in January 2021 and €118 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2021 and 2.75% for the portion repayable in 2022. In addition, Elior Participations SCA has a €300 million revolving credit facility (which can also be used by Elior Group SA), which expires in January 2021. Interest on this revolving facility is based on the Euribor plus a standard margin of 1.25%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. If it is not used, a commitment fee is payable which is calculated as a portion of the margin applied.

(2) A US-dollar denominated senior bank loan totaling $344 million at March 31, 2017, which was set up under the SFA and of which $100 million is repayable in May 2020 and $244 million in June 2021. Of this total amount, $50 million was drawn down in May 2015 (6th amendment to the SFA), $50 million in June 2015 (7th amendment) in connection with the refinancing of the original Elior North America acquisition debt, and $244 million in June 2016 (8th amendment). Interest is based on the USD Libor plus a standard margin of 1.70%. In addition, Elior Participations SCA has a $250 million revolving credit facility (which can also be used by Elior Group SA), which expires in May 2020. Interest on this revolving facility is based on the Libor plus a standard margin of 1.30%. If it is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At March 31, 2017, Elior Participations had drawn down $5.0 million of this facility.

Liabilities relating to the Group's receivables securitization program. At March 31, 2017, outstanding securitized receivables – net of the related €77.5 million overcollateralization reserve – stood at €275.3 million. This securitization program was set up in late 2006 for a period of five years and was subsequently renewed until June 2018. The ceiling on the program (net of the equivalent of an overcollateralization reserve) is €300 million and at March 31, 2017 it also included the receivables of Elior Group's Spanish, Italian and UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.5% in fiscal 2016-2017.

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

(in € millions)	Original currency	At March 31, 2018 Unaudited				At September 30, 2017 Audited	
		Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings – Elior Group SA	€		*168.0*	*384.0*	552.0		552.0
Medium-term borrowings – Elior Participations	€ / $		*1,109.9*		1,109.9		952.6
Other medium- and long-term bank borrowings	€		*2.3*	*0.5*	2.8		1.4
Sub-total – bank borrowings			***1,280.2***	***384.5***	**1,664.7**		**1,506.0**
Other debt							
Elior Group bond debt (USD private placement)	$		*81.2*		81.2		84.7
Finance leases	€	14.9	*24.9*		24.9	15.0	25.5
Other (1)	€		*122.5*		122.5		84.9
Bank overdrafts (2)	€	38.2				57.5	
Current accounts (2)	€	1.6				1.4	
Accrued interest on borrowings (2)	€ / $	1.5				1.2	
Sub-total – other debt		**56.2**	***228.6***	-	**228.6**	**75.1**	**195.1**
Total debt		**56.2**	***1,508.8***	***384.5***	**1,893.4**	**75.1**	**1,701.1**

(1) *Including liabilities under the receivables securitization program.*

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

21.2 Financial Income and Expenses

The Group recorded a net financial expense of €33.1 million for the six months ended March 31, 2018, versus €25.2 million for the six months ended March 31, 2017, breaking down as follows:

(in € millions)	Six months ended March 31, 2018 Unaudited	Six months ended March 31, 2017 Unaudited
Interest expense on debt	(25.7)	(25.0)
Interest income on short-term investments	1.5	2.1
Other financial income and expenses (1)	(8.2)	(1.9)
Interest cost on post-employment benefit obligations	(0.8)	(0.5)
Net financial expense	**(33.1)**	**(25.2)**
(1) Including:		
- Fair value adjustments on interest rate hedging instruments	*(0.4)*	*-*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies	*(6.0)*	*(0.3)*
- Amortization of debt issuance costs	*(1.9)*	*(2.3)*
- Early redemption penalties on the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes	*-*	*-*
- Net foreign exchange gain/(loss)	*0.6*	*0.7*
- Other financial expenses	*(0.5)*	*-*

The year-on-year increase in the Group's net financial expense was primarily due to (i) the higher amount of interest paid on the unhedged portion of US-dollar denominated debt as a result of the rise in the USD Libor, (ii) the increase in the amount of outstanding securitized receivables and (iii) €6 million in impairment losses recognized against investments held in non-consolidated start-ups.

22. Provisions

Short- and long-term provisions can be analyzed as follows:

(in € millions)	At March 31, 2018 Unaudited	At September 30, 2017 Audited
Commercial risks	2.2	2.4
Tax risks and employee-related disputes	25.9	29.7
Reorganization costs	1.3	2.7
Employee benefits	11.2	11.2
Other	13.0	14.6
Short-term provisions	**53.7**	**60.6**
Employee benefits	112.6	112.4
Non-renewal of concession contracts	10.0	9.5
Other	13.5	13.5
Long-term provisions	**136.1**	**135.4**
Total	**189.8**	**196.0**

(in € millions)	At March 31, 2017 Unaudited	At September 30, 2016 Audited
Commercial risks	2.5	2.8
Tax risks and employee-related disputes	25.8	26.5
Reorganization costs	1.5	1.2
Employee benefits	11.3	11.2
Other	10.4	8.4
Short-term provisions	**51.6**	**50.1**
Employee benefits	116.1	113.0
Non-renewal of concession contracts	9.4	8.8
Other	14.4	17.8
Long-term provisions	**139.9**	**139.5**
Total	**191.5**	**189.6**

23. Related Party Transactions

None

24. Loss for the Period from Discontinued Operations

At March 31, 2018, assets classified as held for sale in the consolidated balance sheet primarily corresponded to non-strategic operations run by Areas Northern Europe.

Profit or loss from discontinued operations, after the elimination of intra-group transactions, is presented on a separate line of the income statement. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal.

For the six months ended March 31, 2018, this item mainly concerned the 40% residual interest held by the Group in museum catering operations in France following the transfer of control of these operations to Groupe Ducasse during fiscal 2016-2017 (representing €7.2 million in revenue and a €0.8 million loss for the period).

For the six months ended March 31, 2017, discontinued operations generated revenue of €23.4 million and the loss for the period from discontinued operations amounted to €0.9 million.

25. Events After the Reporting Date

On April 20, 2018, Elior Group signed an agreement with its lending banks to extend the maturities of the majority of its euro- and dollar-denominated syndicated bank loans described in Note 21.1 above. These loans correspond to the following:

- Term Loans amounting to €800 million and a Revolving Credit Facility – representing an original amount of €300 million that has been increased to €450 million – which now mature in May 2023.

- Term Loans amounting to $344 million and a Revolving Credit Facility representing $250 million, which now also mature in May 2023.

In application of the 31st resolution passed at the March 9, 2018 Annual General Meeting, Elior Group launched its first international employee share ownership plan, called the “Future Plan”. A total of 1,059,846 new Elior Group shares were purchased by employees under the plan, corresponding to a capital increase of €15 million that took place in April 2018.

RESPONSABILITY FOR THE HALF YEAR FINANCIAL REPORT

I hereby affirm that to the best of my knowledge the condensed financial statements presented for the 2017-2018 half-year have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Elior Group, and of that of all of the companies included within the consolidation scope. The half year activity review included in the attached report presents a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements, the principle transactions between related parties, and describes the main risks and uncertainties for the remaining six months of the year.

Paris La Défense,
May 29th, 2018

Philippe Guillemot
Chief Executive Officer

Elior Group SA

Statutory Auditors' review report
on the interim financial information

(For the six months ended March 31, 2018)

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This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' review report on the interim financial information

(For the six months ended March 31, 2018)

To the Shareholders,
Elior Group SA
9 -11 Allée de l'Arche
92032 Paris La Defense cedex

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on :

- the review of the accompanying condensed interim consolidated financial statements of Elior Group, for the six months ended March 31, 2018 ;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, May 29, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	KPMG Audit IS
Eric Bertier *Partner*	François Caubriere *Partner*