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PRESS RELEASE

Paris, May 29, 2019

Results

H1 performance: first signs of recovery
Solid fundamentals for the New Elior

New Elior: contract catering & services

- First-half results:
  - Revenue at €2,600 million, with organic growth of (0.6)%, reflecting voluntary contract exits in Italy
  - Adjusted EBITA margin at 4.7%, reflecting the Group's modernization strategy and the impacts of capital expenditure in prior years
- Full-year 2018-2019 targets: (1)% organic growth, stabilized margins and a significant improvement in the generation of operating free cash flow
- Medium-term goals in line with the Group's new profile: accelerate growth, recover margins and achieve strong cash generation
- Up to €350 million (cumulative) to be returned to shareholders in FY 2020 and 2021

Application of IFRS 5 in view of the planned sale of Areas[1]

Elior Group (Euronext Paris – ISIN: FR 0011950732), one of the world's leading operators in the catering and support services industry, today released its consolidated results for the first half of fiscal 2018-2019, corresponding to the six months ended March 31, 2019.

Commenting on these results, Philippe Guillemot, Elior Group's Chief Executive Officer, said:

"The €1.54 billion offer we have received for the acquisition of Areas is paving the way for a new chapter in the Group's history – that of a New Elior, which will be more solid with a strengthened balance sheet and refocused on our core businesses of contract catering and services. I am confident in the robustness of these structurally cash-generative businesses, and in their potential for profitable growth.

Our renewed management team has already been proving its ability to get the Group back on track. Together we have set ourselves an ambitious goal – to step up our organic growth, operating margins and cash generation as from fiscal 2019-2020.

In the first half of 2018-2019, our transformation plan has already delivered its first results. In line with our roadmap announced in June 2018, we have enhanced the management of our operations and tightened our commercial discipline thanks to a more selective sales policy. At the same time, we have fully met our key objective of improving cash generation. Going forward, our first-half results give us confidence that we will be able to achieve our target of improving margins in the second half of 2018-2019 compared with the previous fiscal year."

(in € million)	H1 2018-2019	H1 2017-2018	Year-on-year change
Revenue	**2,600**	**2,564**	**+1.4%**
Adjusted EBITA	122	131	€(9)m
As a % of revenue	***4.7%***	***5.1%***	***- 40 bps***
Net profit attributable to owners of the parent	0	*37*	*€(37)m*

[1] cf. note 6 of the IFRS consolidated financial statements for the 6-month periods ended March 31, 2019 and 2018

Application of IFRS 5 to the concession catering business

On April 24, 2019, Elior Group announced that it had received a binding offer for the acquisition of its subsidiary, Areas. In accordance with IFRS 5, in the Group's financial statements for the six months ended March 31, 2019, the concession catering activities forming part of the acquisition deal have been accounted for as "discontinued operations" in the income statement and cash flow statement, and as "assets/liabilities classified as held for sale" in the balance sheet. The income statement, statement of comprehensive income and cash flow statement for the first half of 2017-2018 have been restated to reflect this accounting treatment. This allows for meaningful year-on-year comparisons.

Business development

Major contracts were signed in the Group's contract catering and services businesses in the first half of 2018-2019, including with Renault, Télécom ParisTech, APEI Chambéry and the University of Bordeaux in France; South Western Railway in the United Kingdom; the University of Wisconsin in the United States; Bellvitge hospital and BASF in Spain; Sanremo Casino in Italy; and Mercedes-Benz in India.
The retention rate for contract catering was 90% at end-March 2019, reflecting the voluntary contract exit in the public sector in Italy as well as the termination of contracts with the Ministry of Defense and Tesco in the United Kingdom.

Revenue

Consolidated revenue from continuing operations totaled €2,600 million for the first half of 2018-2019. The 1.4% year-on-year increase includes (i) negative organic growth of 0.6%, (ii) 1.7% in acquisition-led growth, (iii) a favorable 1.3% currency effect, and (iv) a negative 0.9% impact from the change in accounting policy related to the first-time application of IFRS 15.

The proportion of revenue generated by international operations rose to 55% in the six months ended March 31, 2019 from 54% in first-half 2017-2018.

Revenue for the **international** segment climbed 2.4% to €1,425 million. Organic growth for the period was a negative 1.8%, recent acquisitions generated additional growth of 3.1% (primarily in the United States), and the currency effect was a positive 2.3%. The calendar effect was slightly favorable during the period.

- In Spain, the ramp-up of new contracts in the business & industry market more than offset the effect of site closures in the education market.

- In the United States, growth slowed in the first half of 2018-2019, notably due to the unexpected loss of the contract with the Alabama Department of Social Services.

- In Italy, revenue was impacted by the Group's decision not to renew a number of major public sector contracts. However, sales momentum was promising in the private sector in new market segments.

- In the United Kingdom, revenue declined during the period due to a more difficult market environment and the termination of a contract with the Ministry of Defense.

Revenue generated in **France** totaled €1,164 million, with organic growth of 0.9%.

- The business & industry market was spurred by strong performances from existing sites.
- In the education market, revenue declined year on year due to the Group's more selective sales policy.
- Revenue in the healthcare market was led by a good level of client retention and buoyant business development.

The **Corporate & Other segment** generated €12 million in revenue in first-half 2018-2019. This segment's total revenue figure for the full fiscal year is expected to come in at around €25 million.

Adjusted EBITA and recurring operating profit

Adjusted EBITA for continuing operations amounted to €122 million in the six months ended March 31, 2019, representing 4.7% of revenue versus 5.1% in the first half of 2017-2018. Out of this overall 40-point year-on-year contraction, 20 points stemmed from higher depreciation and amortization resulting from the prior year's increase in capital expenditure, and the remaining 20 points derived from a rise in support function costs during the period.

In the **international** segment, adjusted EBITA was €66 million and represented 4.7% of revenue against 4.6% in the comparable prior-year period. The year-on-year increase was attributable to the measures put in place across the Group to generate cost savings and productivity gains.

In **France**, adjusted EBITA totaled €69 million and represented 5.9% of revenue, 30 basis-points lower than in first-half 2017-2018. This margin contraction reflects an increase in depreciation and amortization due to higher capital expenditure in prior years as well as a lower CICE tax credit rate.

Adjusted EBITA for the Corporate & Other segment declined in first-half 2018-2019 due to higher IT opex as a consequence of prior years' investments, and the investments injected into the Group's support functions to carry out its transformation process. This segment includes the adjusted EBITA contribution from city-site catering entities accounted for by the equity method.

Recurring operating profit from continuing operations, including the share of profit of equity-accounted investees, came to €106 million for the six months ended March 31, 2019 compared with €117 million in the first half of 2017-2018. The first-half 2018-2019 figure includes €10 million in amortization of intangible assets related to acquisitions and €6 million in share-based compensation charge (versus €9 million and €5 million respectively in first-half 2017-2018).

Attributable profit for the period

Non-recurring items represented a net expense of €6 million (versus €9 million in first-half 2017-2018) and primarily included restructuring and contract exit costs incurred in both France and the international segment.

Net financial expense was €31 million, slightly lower than the first-half 2017-2018 figure which included exceptional write-downs of financial assets. The Group's finance costs rose year on year due to a higher debt level and leverage ratio.

Income tax expense increased to €37 million from €16 million in the first half of 2017-2018, when the figure included €14 million in income from deferred taxes in the United States. The Group's estimated effective income tax rate (excluding the French CVAE tax) is 23% for full-year 2018-2019. The CVAE tax is accrued based on 50% of the estimated annual CVAE charge, i.e. €12 million.

In view of the above factors, **net profit for the period from continuing operations** came to €32 million in first-half 2018-2019, against €58 million for the same period of 2017-2018.

Discontinued operations posted a €33 million net loss for the period (versus a €17 million net loss in first-half fiscal 2017-2018), notably reflecting one-off expenses related to the deal with PAI Partners.

Attributable net profit for the period came in at break-even.

Cash flows and debt

Operating free cash flow totaled €89 million, up €93 million on first-half 2017-2018. This year-on-year increase was due to two main factors. First, more optimized working capital, partly due to (i) the fact that the CICE tax credit in France has been replaced by a reduction in payroll taxes and (ii) the use of the receivables securitization program. The second factor was lower restructuring costs and capital expenditure, although capex is expected to be higher in the second half of the year and to represent less than 3% of revenue for the full twelve months of fiscal 2018-2019.

Net debt (including Areas) totaled €1,922 million at March 31, 2019, up €92 million on the September 30, 2018 figure. The operating free cash flow generated during the period was more than offset by the payment of €28 million in interest and the net cash outflow from discontinued operations (which had an impact of €127 million). At March 31, 2019 the Group's leverage ratio was 3.9 x EBITDA, compared with 3.6 x at end-September 2018.

Outlook for full-year 2018-2019

In view of the transformation process launched as part of the Elior Group 2021 strategic plan and the upswing that can already be seen in the Group's operating performance, for full-year 2018-2019, we expect to see:

- Negative organic growth of 1%, including the impact of voluntary contract exits in Italy (estimated at 1% of Group revenue).
  Acquisitions carried out to date should generate additional revenue growth of around 1%.
- A stable adjusted EBITA margin, at 3.6%, inducing a year-on-year improvement of the second-half margin.
- Capital expenditure representing less than 3% of revenue.
- A sharp increase in operating free cash flow.

Ambition for the New Elior

If the sale of Areas is completed, Elior Group will focus exclusively on its contract catering and services businesses in six countries, positioning it as the world's second-largest pure player in the sector. The New Elior would be able to draw on its strong local positions as well as its expertise and powerful brands in order to continue its development in new market segments.

The New Elior has the potential for very high cash generation thanks to the contract catering market's growth prospects as well as the new Group's low capital intensity and potential to enhance its profitability. With a stronger balance sheet and a leverage ratio reduced on a lasting basis to within the range of 1.5 x to 2.0 x EBITDA, the Group will have the resources to ensure its business development and at the same time return cash to its shareholders.

Consequently, the new Group's medium-term ambitions are:

- Annual organic growth of 2% to 4%;
- An increase in adjusted EBITA margin of between 10 and 30 basis points per year;
- Capital expenditure below 3% of revenue.

The Group may return to shareholders up to €350 million (cumulative) in FY 2019-2020 and 2020-2021, either in the form of share buybacks or dividend payments, depending on the Elior Group share performance and external growth opportunities and based on the associated value creation.

A press conference will take place today (Wednesday, May 29, 2019) at 8.30 a.m. (CEST), which will also be accessible by webcast on the Elior Group website and by phone by dialing one of the following numbers:

France: + 33 (0) 1 76 77 22 88

United Kingdom: + 44 (0) 33 0336 9127

United States: + 1 720 543 0302

Access code: 4917692

Financial calendar:

- July 25, 2019: Revenue for the first nine months of fiscal 2018-2019 – issue of press release before the start of trading

- December 4, 2019: Full-year 2018-2019 results – press conference

Appendix 1: Revenue by business and geographic region
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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.

About Elior Group

Founded in 1991, Elior Group has grown into one of the world's leading operators in contract catering, concession catering and support services, and has become a benchmark player in the business & industry, education, healthcare and travel markets. Operating in 15 countries, the Group generated €6,694 million in revenue in fiscal 2017-2018.
Our 132,000 employees serve 6 million people on a daily basis through 25,600 restaurants and points of sale. Our mission is to feed and take care of each and every one, at every moment in life.
Innovation and social responsibility are at the core of our business model.
Elior Group has been a member of the United Nations Global Compact since 2004, reaching the GC Advanced Level in 2015.

For further information please visit our website (http://www.eliorgroup.com) or follow us on Twitter (@Elior_Group)

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Appendix 1: Revenue by Business and Geographic Region

(in € millions)	Q1 2018-2019	Q1 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
France	585	579	1.5%	0.0%	0.0%	-0.6%	0.9%
International	729	706	-0.7%	4.0%	1.2%	-1.2%	3.3%
Contract Catering & Services	1,314	1,285	0.3%	2.2%	0.7%	-0.9%	2.2%
Corporate & Other	7	7	-4.5%	0.0%	0.0%	0.0%	-4.5%
GROUP TOTAL	1,320	1,292	0.2%	2.2%	0.7%	-0.9%	2.2%

(in € millions)	Q2 2018-2019	Q2 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
France	579	581	0.3%	0.0%	0.0%	-0.6%	-0.2%
International	695	686	-3.0%	2.2%	3.4%	-1.3%	1.4%
Contract Catering & Services	1,275	1,266	-1.5%	1.2%	1.9%	-0.9%	0.6%
Corporate & Other	5	5	-6.4%	0.0%	0.0%	0.0%	-6.4%
GROUP TOTAL	1,280	1,272	-1.5%	1.2%	1.8%	-0.9%	0.6%

(in € millions)	H1 2018-2019	H1 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
France	1,164	1,160	0.9%	0.0%	0.0%	-0.6%	0.3%
International	1,424	1,392	-1.8%	3.1%	2.3%	-1.2%	2.4%
Contract Catering & services	2,588	2,552	-0.6%	1.7%	1.3%	-0.9%	1.4%
Corporate & Other	12	12	-5.3%	0.0%	0.0%	0.0%	-5.3%
GROUP TOTAL	2,600	2,564	-0.6%	1.7%	1.3%	-0.9%	1.4%

Appendix 2: Revenue by Market

(in € millions)	Q1 2018-2019	Q1 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
Business & Industry	591	575	0.7%	2.2%	0.4%	-0.7%	2.7%
Education	415	420	-1.0%	0.0%	0.9%	-1.1%	-1.2%
Healthcare	314	297	1.0%	5.2%	0.8%	-1.1%	5.9%
GROUP TOTAL	1,320	1,292	0.2%	2.2%	0.7%	-0.9%	2.2%

(in € millions)	Q2 2018-2019	Q2 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
Business & Industry	559	568	-2.4%	0.0%	1.4%	-0.7%	-1.7%
Education	409	407	-0.9%	0.0%	2.4%	-1.2%	0.3%
Healthcare	312	296	-0.6%	5.1%	1.9%	-1.0%	5.4%
GROUP TOTAL	1,280	1,272	-1.5%	1.2%	1.846%	-0.9%	0.6%

(in € millions)	H1 2018-2019	H1 2017-2018	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
Business & Industry	1,150	1,144	-0.8%	1.1%	0.9%	-0.7%	0.5%
Education	824	827	-1.0%	0.0%	1.7%	-1.1%	-0.4%
Healthcare	626	593	0.2%	5.1%	1.4%	-1.1%	5.7%
GROUP TOTAL	2,600	2,564	-0.6%	1.7%	1.3%	-0.9%	1.4%

Appendix 3: Adjusted EBITA by Business and Geographic Region

(in € millions)	H1 2018-2019	H1 2017-2018	Y-on-y change (€m)	Y-on-y change (%)
France	69	72	(3)	-4.7%
International	66	65	1	+3.0%
Contract Catering & Services	135	137	(2)	-1.1%
Corporate & Other	(13)	(6)	(7)	nm
GROUP TOTAL	122	131	(9)	-6.5%

Appendix 4: Condensed Cash Flow Statement

(in € millions)	H1 2018-2019	H1 2017-2018	Y-on-y change (€m)
EBITDA	178	185	(7)
Change in operating working capital	(18)	(78)	60
Net capex	(60)	(96)	36
Non-recurring cash items	(11)	(15)	4
Operating free cash flow	89	(4)	93
Tax paid	0	4	(4)
Free cash flow	**89**	**0**	**89**

Appendix 5: Consolidated Financial Statements

Consolidated Income Statement

(in € millions)	H1 2018-2019	H1 2017-2018
Revenue	2,600	2,564
Purchase of raw materials and consumables	(831)	(819)
Personnel costs	(1,253)	(1,231)
Share-based compensation expense	(6)	(5)
Other operating expenses	(287)	(286)
Taxes other than on income	(44)	(38)
Depreciation, amortization and provisions for recurring operating items	(62)	(59)
Net amortization of intangible assets recognized on consolidation	(10)	(9)
Recurring operating profit	107	117
Share of profit of equity-accounted investees	(1)	-
Recurring operating profit including share of profit of equity-accounted investees	106	117
Non-recurring income and expenses, net	(6)	(9)
Operating profit including share of profit of equity-accounted investees	100	108
Net financial expense	(31)	(34)
Profit before income tax	69	74
Income tax	(37)	(16)
Net profit for the period from continuing operations	32	58
Net loss for the period from discontinued operations	(33)	(17)
Net profit/(loss) for the period	(1)	41
Attributable to owners of the parent	**0**	**37**
Attributable to non-controlling interests	(1)	4

Consolidated Balance Sheet – Assets

(in € millions)	At March 31, 2019	At March 31, 2018
Goodwill	1,850	2,541
Intangible assets	279	524
Property, plant and equipment	402	747
Other non-current assets	10	-
Non-current financial assets	43	72
Equity-accounted investees	1	9
Fair value of derivative financial instruments	2	8
Deferred tax assets	161	188
Total non-current assets	2,748	4,090
Inventories	91	132
Trade and other receivables	804	879
Contract assets	-	-
Current income tax assets	19	23
Other current assets	50	97
Short-term financial receivables	-	2
Cash and cash equivalents	66	143
Assets classified as held for sale	1,627	-
Total current assets	2,657	1,276
Total assets	**5,405**	**5,366**

Consolidated Balance Sheet – Equity and Liabilities

(in € millions)	At March 31, 2019	At March 31, 2018
Share capital	2	2
Reserves and retained earnings	1,387	1,458
Non-controlling interests	7	11
Total equity	1,396	1,471
Long-term debt	1,969	1,874
Fair value of derivative financial instruments	10	5
Non-current liabilities relating to share acquisitions	100	100
Deferred tax liabilities	51	59
Provisions for pension and other post-employment benefit obligations	90	109
Other long-term provisions	17	20
Other non-current liabilities	-	7
Total non-current liabilities	2,237	2,173
Trade and other payables	574	850
Due to suppliers of non-current assets	17	75
Accrued taxes and payroll costs	509	601
Current income tax liabilities	26	11
Short-term debt	85	84
Current liabilities relating to share acquisitions	2	16
Short-term provisions	34	51
Contract liabilities	42	-
Other current liabilities	84	34
Liabilities classified as held for sale	399	-
Total current liabilities	1,772	1,722
Total liabilities	**4,009**	**3,895**
Total equity and liabilities	**5,405**	**5,366**

Consolidated Cash Flow Statement

(in € millions)	H1 2018-2019	H1 2017-2018
Cash flows from operating activities		
EBITDA	178	185
Change in operating working capital	(18)	(78)
Interest and other financial expenses paid	(28)	(24)
Tax paid	-	4
Other cash movements	(11)	(15)
Net cash from operating activities	121	72
Cash flows from operating activities		
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(60)	(96)
Purchases of and proceeds from sale of non-current financial assets	8	(3)
Acquisition/sale of shares in consolidated companies	(16)	(56)
Net cash used in investing activities	(68)	(155)
Cash flows from financing activities		
Dividends paid to owners of the parent	-	-
Movements in share capital of the parent	-	-
Acquisition/sale of treasury shares	-	(1)
Dividends paid to non-controlling interests	-	-
Proceeds from borrowings	82	250
Repayments of borrowings	(7)	(41)
Net cash from financing activities	75	208
Effect of exchange rate and other changes	(3)	4
Net increase/(decrease) in cash and cash equivalents – continuing operations	**125**	**129**
Net increase/(decrease) in cash and cash equivalents – discontinued operations	(127)	(82)

Appendix 6: Proforma figures

(In € millions)	H1 2017-2018	H2 2017-2018	FY 2017-2018
Contract Catering & Services revenue	2,552	2,310	4,862
Corporate & Other revenue	12	12	24
Continuing operations revenue	**2,564**	**2,322**	**4,886**
Contract Catering & Services adjusted EBITA	137	53	190
As % of revenue	*5,4%*	*2,3%*	*3,9%*
Corporate & Other adjusted EBITA	-6	-9	-15
Continuing operations adjusted EBITA	**131**	**44**	**175**
As % of revenue	***5,1%***	***1,9%***	***3,6%***

Appendix 7: Definition of Alternative Performance Indicators

Organic growth in consolidated revenue: Growth in consolidated revenue expressed as a percentage and adjusted for the impact of (i) changes in exchange rates, using the calculation method described in Chapter 4, Section 4.1.4.1 of the fiscal 2016-2017 Registration Document, and (ii) change in accounting policies, notably the first-time application of IFRS 15 in 2018-2019 and (iii) changes in scope of consolidation.

Adjusted EBITA: Recurring operating profit reported under IFRS adjusted for the impact of share-based compensation expense (stock options and free shares granted by Group companies) and amortization of intangible assets recognized on consolidation.
The Group considers that this indicator best reflects the operating performance of its businesses as it includes the depreciation and amortization arising as a result of the capex inherent to the Group's business model. It is also the most commonly used indicator in the industry and therefore permits comparisons between the Group and its peers.

Adjusted EBITA margin: Adjusted EBITA as a percentage of consolidated revenue

Adjusted earnings per share: This indicator is calculated based on consolidated profit for the period attributable to owners of the parent excluding (i) non-recurring income and expenses, net, and exceptional impairment of investments in and loans to non-consolidated companies, net of the income tax effect calculated at the Group's standard tax rate of 34%, and (ii) amortization of intangible assets recognized on consolidation (mainly customer relationships).

Operating free cash flow: The sum of the following items as defined in the fiscal 2017-2018 Registration Document and recorded either as individual line items or as the sum of several individual line items in the consolidated cash flow statement:

- Reported EBITDA.
- Net capital expenditure (i.e. amounts paid as consideration for property, plant and equipment and intangible assets used in operations less the proceeds received from sales of these types of assets).
- Change in net operating working capital.
- Other cash movements, which primarily comprise cash outflows related to (i) non-recurring items in the income statement and (ii) provisions recognized for liabilities resulting from fair value adjustments recognized on the acquisition of consolidated companies.

This indicator reflects cash generated by operations and is the indicator used internally for the annual performance appraisals of the Group's managers.

Leverage ratio (as defined in the covenants in the Senior Facilities Agreement and presented for the Group's debt at a given period-end): The ratio between (i) the Group's net debt (at the given period-end determined based on the definition and covenants in the Senior Facilities Agreement as described in Chapter 4, Section 4.7.2 of the fiscal 2017-2018 Registration Document: "Senior Facilities Agreement", i.e. excluding unamortized issuance costs and the fair value of derivative instruments) and (ii) adjusted EBITDA calculated on a rolling basis for the twelve months preceding the period-end concerned, further adjusted to exclude the impacts of acquisitions and divestments of consolidated companies during the twelve months preceding said period-end.