REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT FISCAL 2016-2017

This document is a free translation of 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 in French takes precedence over this translation.

Registration Document and Annual Financial Report Fiscal 2016-2017

Société anonyme **(French joint-stock corporation)**
Share capital: €1,727,417.85

Registered office:

9-11 allée de l'Arche

92032 Paris La Défense, France

Registered in Nanterre under no. 408 168 003

The French *Document de Référence* was filed with the Autorité des Marchés Financiers (AMF) on January 29, 2018, in accordance with Article 212-3 of the AMF's General Regulations. The *Document de Référence* has been prepared by the issuer and its signatories are liable for its contents. It may only be used in connection with a financial transaction if it is accompanied by a securities note (*note d'opération*) approved by the AMF.

Copies of the *Document de Référence* in French and the English translation thereof (the "Registration Document") may be obtained free of charge from the Company's registered office, or may be downloaded from the websites of the Company (www.eliorgroup.com) and the AMF (www.amf-france.org).

NOTE

General Information

This registration document (hereinafter referred to as the "Registration Document") also constitutes:

- the annual financial report that must be drawn up and published by all listed companies within four months of their fiscal year-end, in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF; and
- the annual management report issued by Elior Group's Board of Directors that must be presented at the Annual General Meeting held to approve the financial statements for the past fiscal year, in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code.

In the Registration Document the term "Company" refers to Elior Group, and the terms "Group", "the Elior group" and "Elior" refer to the Company and its consolidated subsidiaries as a whole.

Forward-Looking Statements

This Registration Document contains various forward-looking statements regarding the Group's outlook and growth prospects. Words such as "expect", "anticipate," "assume," "believe," "contemplate," "continue," "estimate," "aim", "forecast," "intend," "likely," "plan," "positioned," "potential," "predict," "project," "remain" and other similar expressions, or future or conditional verbs such as "will", 'should", "would" "could", "may", or "might", or their negative equivalents identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. These statements do not reflect historical or present facts or circumstances. They are not guarantees of future performance and they involve uncertainties and assumptions on matters that are difficult to predict. These forward-looking statements are based on information, assumptions and estimates considered reasonable by Group management. They may change or be amended due to uncertainties related to, among other things, the economic, financial, competitive and/or regulatory environment. Forward-looking statements are included in a number of places in this Registration Document, and consist of statements related to the Group's intentions, estimates and objectives concerning, among other things, its markets, strategy, growth, results, financial situation and cash position. The forward-looking statements in this Registration Document are to be understood as at its registration date, and the Group does not accept any obligation to update forward-looking statements to reflect subsequent changes affecting its objectives or any events, conditions or circumstances on which the forward-looking statements are based, except to the extent required by the applicable laws and regulations. The Group operates in a highly competitive and rapidly-changing environment. It is therefore not possible for it to predict all of the risks, uncertainties or other factors that could impact its business or the extent to which any risks, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors and prospective investors should not place undue reliance on forward-looking statements as a prediction of actual results.

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1. ELIOR GROUP

1.1 CHAIRMAN'S STATEMENT

How would you sum up the Group's performance in fiscal 2016-2017?

FY 2016-2017 was a year that saw an acceleration in the growth momentum begun the previous fiscal year, with revenue climbing 8.9% and topping the €6 billion mark for the first time. International operations accounted for 56% of the total revenue figure and the United States became the Group’s second-largest revenue contributor.

Overall, our business performance was very satisfactory, even though some divisions did not achieve the ambitious objectives they were set, which meant that we didn’t meet our target of significant growth in adjusted EPS. The main reasons for this were the combination of an unfavorable calendar effect for contract catering and a sharp increase in the costs incurred for the Group’s IT and digital transformation process.

How did the Group's ownership structure change during the year?

There were some changes but not huge ones. Both BIM and Emesa strengthened their positions, raising their interests to 27.31% and 9.89% respectively.

Elior Group's governance structure was changed during the summer. Why?

Yes, the Board of Directors decided to separate the roles of Chairman and Chief Executive Officer in order to comply with current best corporate governance practices. The Group’s ambitious business development plan means that the Chairman needs to devote a large amount of time to overseeing the Board and its committees, which is not compatible with also being the CEO of a world-leading player. The change will make the Group’s corporate governance more effective.

We have now appointed a new Chief Executive Officer – Philippe Guillemot – whose managerial skills, in-depth experience and undisputed leadership qualities put him in excellent stead to pursue the Group’s international expansion drive and continue the transformation process we have already begun with the aim of delivering ever-more services and value added for our clients and guests, speeding up the introduction of digital solutions and strengthening the Group’s competitive edge.

How do you perceive Elior Group's future?

We expect to see a further revenue rise in 2017-2018, with organic growth amounting to at least 3% and acquisition-led growth representing over 2%. We anticipate that adjusted EBITDA margin will remain stable based on a constant scope of consolidation and exchange rates and that adjusted earnings per share will increase slightly.

The proportion of revenue contributed by international operations will continue to increase, especially in the United States, where our organic growth is currently the strongest. We will of course pursue our productivity drive and, as has been the case in recent years, we will pass on some of our efficiency gains to our clients.

In addition, as a world leader in catering and related services it is our duty to lead the way. Corporate social responsibility now plays a key role in the success of companies and their teams and we are rising to this challenge, notably through the Positive Foodprint Plan – our CSR strategy which is aimed at leaving a positive foodprint by 2025. I have every confidence that our people will leverage this new strategic tool in order to ensure the Group’s sustainable development.

1.2 CHIEF EXECUTIVE OFFICER'S STATEMENT

What was your assessment of the Group when you first arrived?

I joined a group that has a balanced business portfolio, is well positioned in its markets and has solid fundamentals. The client retention rate for contract catering & services is a very high 93% despite fierce competition and voluntary exits from certain contracts. There were several operational challenges in 2016-2017, especially in the second half of the fiscal year, such as the extremely adverse calendar effect for contract catering and the fact that a considerable portion of the Group's motorways contracts in France came up for renewal. We now need to put strict discipline measures in place for our resource allocation if we want to genuinely transform our group and achieve the growth we are aiming for.

Which countries are expected to play a key role in the Group's growth?

The Group pursued its external growth strategy in the United States in 2016-2017 via numerous acquisitions, and the USA is now the Group's second-largest revenue contributor, accounting for 19% of the consolidated total — behind France but ahead of other historic markets like Spain and Italy. We plan to put in place the structures, teams and systems we need to maintain our robust organic growth, for instance by concentrating on the main US airports as well as niche markets such as correctional facilities. In the UK, thanks to ongoing business development and a small acquisition in the education market, we are now the country's fourth-largest contract caterer. And lastly, we entered the Indian market during the year by simultaneously acquiring two contract catering companies operating in the business & industry sector, creating a subsidiary that has propelled the Group straight into the ranks of India's top three contract catering players.

Excluding acquisitions, what are the Group's main capital expenditure projects?

Our Group-wide project to transform our technologies and upgrade our information systems involves a capital expenditure plan representing several tens of millions of euros over the period from 2016 through 2020. This project is essential for our long-term growth and its positive effects have yet to be fully felt. The corresponding operations budgets are gradually increasing and several different areas of our businesses will see the benefits, including customer relations, site management, financial and operational reporting, and IT and personal data security. Data analysis and digital technology will be key factors for improving our growth and efficiency going forward.

What are your priorities for 2017-2018?

Once I have been out to see our teams in action and meet our clients, by July I intend to announce our long-term goals for growth and financial performance. What will definitely be on the agenda will be transforming our business to make it even more focused, more guest- and client-centric and more operationally efficient, by putting in place long-lasting and carefully targeted projects. I firmly believe that our markets – including the most mature ones – offer many opportunities that can be tapped if we take the right approach to sharpening our competitive edge. I am counting on our ability to combine best-in-class service delivery with our well-proven entrepreneurial mindset to make Elior Group the catering industry's benchmark player, with even stronger credentials than it has today.

1.3 SELECTED FINANCIAL INFORMATION

Key Figures

**€6,422 MILLION
IN CONSOLIDATED REVENUE**

€4,648 MILLION GENERATED BY CONTRACT CATERING & SERVICES	€1,774 MILLION GENERATED BY CONCESSION CATERING
25,000 RESTAURANTS AND POINTS OF SALE	5.5 MILLION CUSTOMERS EACH DAY
127,000 EMPLOYEES	16 COUNTRIES WORLDWIDE

Income Statement Data

(in € millions)	Year ended September 30		
	2017	2016	2015
Revenue	**6,422**	**5,896**	**5,674**
Contract catering & services	4,648	4,228	3,995
– France	2,171	2,163	2,136
– International	2,477	2,065	1,859
Concession catering	1,774	1,668	1,679
– France	672	657	716
– International	1,102	1,011	963
Revenue growth[1]	8.9%	3.9%	6.2%
Organic revenue growth[2]	2.3%	1.4%	3.1%
Recurring operating profit	**309.9**	**330.8**	**308.8**
Recurring operating profit margin[3]	**4.8%**	**5.6%**	**5.4%**
Profit attributable to owners of the parent	**113.7**	**135.3**	**107.2**
Adjusted attributable profit for the period	**175.7**	**180.9**	**133.4**
Adjusted earnings per share (in €)[4]	**1.02**	**1.05**	**0.80**
Dividend (in €)	**0.42**	**0.42**	**0.32**

(1) Revenue growth corresponds to the percentage increase in the Group's consolidated revenue for a given accounting period compared to the comparative period of the previous fiscal year.

(2) See definition in Chapter 4, Section 4.1.4 of this Registration Document.

(3) Recurring operating profit margin corresponds to recurring operating profit as a percentage of revenue.

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

Revenue by Geographic Region

(in € millions)	Year ended September 30		
	2017	**2016**	**2015**
France	2,843	2,820	2,852
International	3,579	3,076	2,822
GROUP TOTAL	**6,422**	**5,896**	**5,674**

Revenue by Market

(in € millions)	Year ended September 30		
	2017	**2016**	**2015**
- Business & industry	2,070	1,945	1,861
- Education	1,396	1,139	1,069
- Healthcare	1,182	1,144	1,065
Total contract catering & services	4,648	4,228	3,995
- Motorways	586	593	615
- Airports	798	724	688
- City sites & leisure	390	351	376
Total concession catering	1,774	1,668	1,679
GROUP TOTAL	**6,422**	**5,896**	**5,674**

Balance Sheet Data

(in € millions)	Year ended September 30		
	2017	**2016**	**2015**
Goodwill	2,561.7	2,542.0	2,376.0
Cash and cash equivalents	139.6	160.6	210.4
Equity	1,617.7	1,557.4	1,486.1
Gross debt	1,760.4	1,857.4	1,654.0
Net debt[1]	1,627.7	1,705.8	1,452.2
Leverage ratio (net debt[1]/pro forma EBITDA[2])	3.01	3.22	3.03

(1) Based on the definition and covenants in the Senior Facilities Agreement, as described in Chapter 4, Section 4.7.2, "Senior Facilities Agreement" of this Registration Document, i.e. excluding unamortized issuance costs and the fair value of derivative instruments.

(2) Based on the definition and covenants in the Senior Facilities Agreement, as described in Chapter 4, Section 4.7.2, "Senior Facility Agreement", i.e. EBITDA adjusted to (i) include/exclude the impact of acquisitions/divestments of consolidated companies over a rolling period of less than twelve months and (ii) exclude the impact of stock option and free share plans.

Consolidated Cash Flow Data

(in € millions)	Year ended September 30		
	2017	2016	2015
Net cash from operating activities	364.7	275.1	293.9
Net cash used in investing activities	(419.8)	(460.4)	(285.6)
Net cash from/(used in) financing activities	(214.5)	142.5	24.4
Effect of exchange rate and other changes[1]	192.9	1.4	(23.9)
Net increase/(decrease) in cash and cash equivalents	**(76.7)**	**(41.4)**	**8.8**

(1) Including the impact of the new off balance-sheet securitization program set up in 2017 representing a total amount of €195 million.

Other Financial Data

(in € millions)	Year ended September 30		
	2017	2016	2015
Reported EBITDA[1 5]	**521.5**	**496.8**	**473.6**
Contract catering & services	333.7	322.3	302.4
Concession catering	193.2	183.3	179.1
Corporate	(5.4)	(8.8)	(7.8)
Reported EBITDA margin[6]	8.1%	8.4%	8.4%
Adjustment to exclude the impact of stock options and free shares	**9.4**	4.3	1.4
Adjusted EBITDA	**530.8**	501.1	475.0
EBITDA margin adjusted to exclude the impact of stock options and free shares and the dilutive effect of the consolidation of Preferred Meals in the U.S.A.	8.3%	8.6 %	8.4%
Net capital expenditure[3]	(291.8)	(183.0)	(177.9)
Change in operating working capital[4]	2.6	(0.3)	34.1
OPERATING CASH FLOW	**232.3**	**313.5**	**329.8**
Other cash movements[2]	(53.2)	(61.3)	(84.9)
Tax paid	(56.8)	(78.7)	(56.2)
FREE CASH FLOW (FCF)[2]	**122.3**	**173.5**	**188.7**
FCF/EBITDA conversion rate[7]	23%	35%	40%

(1) Reported EBITDA corresponds to the following, as recorded in the consolidated income statement: recurring operating profit including share of profit of equity-accounted investees whose activities are the same or similar to those of the Group, before (i) net depreciation and amortization expense included in recurring operating profit and (ii) net additions to provisions included in recurring operating profit.

(2) Free cash flow is the sum of the following items as defined in this Registration Document and recorded either as individual line items or as the sum of several individual line items in the consolidated cash flow statement:

- Consolidated reported EBITDA as defined in (1) above.
- Net capital expenditure as defined in (3) below.
- Change in operating working capital as defined in (4) below.

- Tax paid, which notably includes corporate income tax, the CVAE tax in France and the IRAP tax in Italy.
- 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.

(3) Net capital expenditure corresponds to amounts paid as consideration for property, plant and equipment and intangible assets used by contract catering, concession catering and services operations as well as by support and corporate activities, less the proceeds received from sales of these types of assets. This net amount represents the sum of the following items in the consolidated cash flow statement:

- Purchases of property, plant and equipment and intangible assets.
- Proceeds from sale of property, plant and equipment and intangible assets.

(4) Change in operating working capital corresponds to the net change during the period in the cash required for maintaining current assets that are used by contract catering, concession catering and services operations as well as by support and corporate functions. This cash flow is presented in the consolidated cash flow statement and covers the following current assets and liabilities:

- Inventories and work-in-progress.
- Trade receivables.
- Trade payables.
- Employee-related payables and receivables, including accrued income related to the CICE tax credit in France.
- Tax receivables and payables (excluding corporate income tax, deferred taxes and the CVAE and IRAP taxes).
- Other operating receivables and payables.

(5) EBITDA and free cash flow are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of the Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS. EBITDA and free cash flow as presented in this Registration Document may differ from and may not be comparable to similarly titled measures used by other companies. The Group presents EBITDA and free cash flow for information purposes only. The calculations of EBITDA and free cash flow are based on various assumptions. These amounts have not been, and, in certain cases, cannot be, audited, reviewed or verified by an independent auditor. This information is inherently subject to risks and uncertainties and may not give an accurate or complete picture of the financial position or results of operations of acquired businesses. The Group presents EBITDA and free cash flow because it believes they are helpful to investors and prospective investors for understanding its operating performance. EBITDA and free cash flow have limitations as analytical tools and should not be considered as a substitute for an analysis of the Group's operating results as reported under IFRS.

(6) EBITDA margin corresponds to EBITDA as a percentage of revenue.

(7) The FCF/EBITDA conversion rate corresponds to free cash flow as a percentage of EBITDA as adjusted to exclude the impact of stock options and free shares.

1.4 INFORMATION ABOUT THE GROUP

Company Name

Elior Group.

Registration Particulars

The Company is registered with the Nanterre Companies Registry under number 408 168 003.

Date of Incorporation and Term

The Company was incorporated on July 8, 1996 for a term of ninety-nine years from the date of its registration with the Companies Registry, expiring on July 8, 2095 unless said term is extended or the Company is wound up in advance.

Registered Office, Legal Form and Governing Law

The Company's registered office is located at 9-11 allée de l'Arche, 92032 Paris La Défense, France. The telephone number of the registered office is +33 1 71 06 70 00. Elior Group is a French joint-stock corporation (*société anonyme*) with a Board of Directors, and is governed by the laws of France (notably Book II of the French Commercial Code), as well as by the Company's bylaws (hereinafter the "Bylaws").

History and Development

Since it was founded in 1991, the Group has grown from a contract caterer with operations only in France to an international group providing a wide range of services in both its traditional businesses of contract catering and concession catering and its more recent businesses of services and retail. The Group currently operates in 16 countries worldwide.

The Group was co-founded by Francis Markus and Robert Zolade who, together with 300 managers, acquired a 35% stake in Générale de Restauration, the contract catering subsidiary of the Accor group.

In 1993 the Group entered the French concession catering market by acquiring a stake in Elitair, and by 1997 achieved a leading position in the market through its acquisition of a majority stake in Holding de Restauration Concédée. In 1998 the Group adopted the name "Elior", and in 1999 it began accelerating its development in the European contract catering market through acquisitions in the United Kingdom, Spain and Italy.

In 2000 the Group was listed on the Premier Marché of Euronext Paris and shortly afterwards it expanded its concession catering business in Spain and Italy through partnerships with MyChef and Areas and built up its presence in contract catering in Spain through an alliance with Serunion. The Group further diversified its business by entering the services industry in France in 2004 through the acquisition of Hôpital Service, a company that provides services for healthcare establishments (specialized cleaning and hospitality).

In 2006, the Group delisted from Euronext and was taken private by Charterhouse, Chequers and Robert Zolade.

Since the beginning of 2010 the Group has engaged in a number of acquisitions in various markets and businesses, beginning in that year with Copra, an Italian contract caterer, as well as Sin&Stes, one of France's leading corporate cleaning services firms, which pushed it up to the position of sixth-leading contract cleaning company in France. In 2011, the Group expanded its contract catering business in Spain through its acquisition of the Alessa Catering group. In early 2012, the Group consolidated its operations under the "Elior" brand name, which also became its trade name in France, the United Kingdom and Italy. Also in 2012, the Group acquired two contract catering companies: Gemeaz in Italy (which made it the country's leading contract caterer), and Ansamble in France (which placed it as France's joint leader in the contract catering market). In 2013 the Group entered the U.S. contract catering market by acquiring TrustHouse Services (since renamed Elior North America), a leading player in the education and healthcare sectors in the United States. In October 2014, the Group acquired Lexington, a UK-based contract caterer specialized in providing high-end catering services in the City of London.

On June 11, 2014, the Company was relisted on Euronext Paris.

In 2015, the Group reinforced its position as a global player in the concession catering market by raising its stake in Areas to 100 %. It also increased its contract catering presence in the United States by acquiring Starr Catering Group, a U.S. market leader that offers a full range of premium catering services.

In 2016, the North American subsidiary took on the Group's flagship contract catering brand name, becoming Elior North America. During that year, Elior North America acquired ABL Management which operates in the

university and corrections segments, and Preferred Meals (specialized in preparing fresh and frozen snacks as well as single dishes and complete meal solutions for contract catering operations and home deliveries in the education and seniors markets).

In the United Kingdom, Elior Group acquired Waterfall Catering Group, which operates in the growth markets of education and healthcare, and as a result has become the UK's fourth-largest contract caterer.

In November 2016, the Group made its entry into Asia by simultaneously acquiring two contract caterers in India: MegaBite Food Services (the leading premium contract caterer for Bangalore's business & industry market) and CRCL, which is based in Chennai and is India's fourth-largest contract caterer with many clients in the industrial sector. The new subsidiary resulting from these acquisitions – Elior India – has over 3,500 employees who serve 135,000 meals a day. Through these two acquisitions Elior Group has become one of the top three contract catering players in India – a highly fragmented market with very good growth prospects.

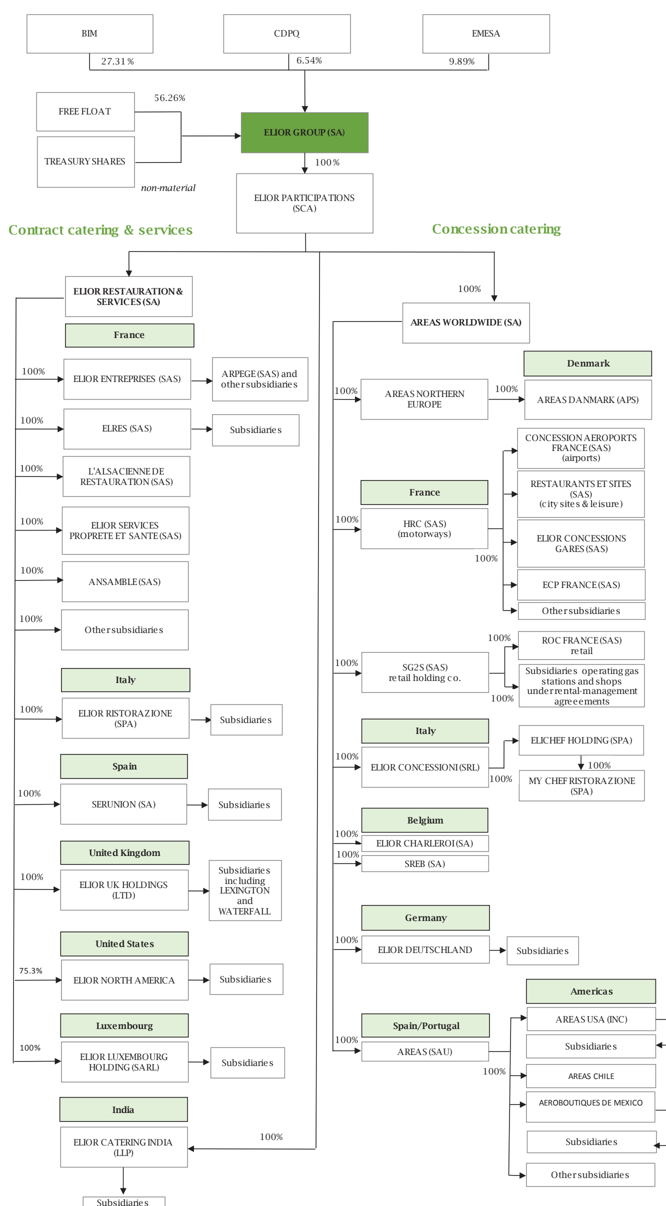
In 2017, Elior Group pursued its expansion of contract catering activities in the United States by successively acquiring CBM Managed Services, Lancer Hospitality, Abigail Kirsch, Corporate Chefs, Design Cuisine and Sidekim. The acquisition of Corporate Chefs has strengthened Elior North America's positions in the high-end corporate catering market and the education sector. Lancer Hospitality provides professional food management services in a variety of settings including cultural venues, leisure attractions, business centers, schools and healthcare facilities. Based in Minnesota, the acquisition of Lancer Hospitality has enabled Elior Group to broaden its presence in the US.

During 2017 the Group also won its first contract catering contracts in Luxembourg.

Since the Group’s first year of operations after it was founded in 1991, its annual revenue has increased more than ten-fold and in fiscal 2016-2017 it topped the €6 billion mark for the first time, coming in at €6.422 billion.

1.5 ORGANIZATIONAL STRUCTURE

The organization chart below presents the Group's legal organizational structure at December 31, 2017.[1]



[1] The percentage ownership figures stated in this organization chart correspond to the percentage voting rights held in the Company's direct and indirect subsidiaries.

1.6 THE GROUP'S BUSINESSES AND STRATEGIES

1.6.1 BUSINESSES

The Group is an international contract catering and concession catering operator, serving some 5.5 million customers every day at approximately 25,000 restaurants and points of sale worldwide. The Group also proposes soft facility management services and has around 127,000 employees in 16 countries across Europe, North America, Latin America and Asia. It is the only European player with leadership positions in both contract and concession catering.

The Group's contract catering business offers a broad range of catering services targeted at three key client markets: corporate entities and government agencies (business & industry), educational establishments ("education"), and healthcare facilities ("healthcare"). The Group primarily operates contract catering activities in its traditional markets in Europe and, since 2013 and 2016 respectively, in the United States and India. Based on revenue generated in FY 2016-2017, the Group estimates that it is the third-leading contract caterer in Europe and the fourth-leading contract caterer in the world.

The concession catering business consists of designing and operating food and beverage points of sale as well as convenience stores and some non-food retail outlets (primarily in travel and leisure settings), under concession agreements. This business is closely related to the travel industry and operates in three key markets: airports, motorway service plazas and city and leisure sites (which include railway stations, exhibition centers and leisure and vacation parks). It represents a strategic fit with the non-food offerings that the Group provides in travel-related settings. The Group operates its concession catering business in 14 countries in Europe and the Americas. It estimates that it is the third-leading concession catering operator in the world.

The majority of the Group's services business is conducted in France and involves the provision of soft facility management solutions, notably cleaning, reception, concierge, light maintenance and grounds maintenance services. Through this business, the Group provides public and private-sector institutional clients with a wide array of outsourced services ranging from cleaning and reception services through to the management of offices, hotels, shopping malls, leisure and vacation parks and office and apartment buildings. The Group estimates that it is the sixth-leading cleaning services provider in France and the largest provider of outsourced cleaning services in the French healthcare market.

The Group has experienced significant growth in recent years, both organically and through acquisitions, expanding its offerings and entering new geographic markets. Despite a difficult economic environment, particularly in Southern Europe, since 2010 the Group has been able to maintain organic growth in all of its geographic markets and most of its business segments. It has also made a number of significant acquisitions since 2010 – a year in which it acquired Sin&Stes, a major player in the French services market. In April 2012, the Group acquired Gemeaz Cusin – a leading player in the Italian contract catering market – followed by the Ansamble group in France. Then in April 2013, it purchased a 78% stake in TrustHouse Services group (THS), an established contract caterer in the United States with a major presence in the education, healthcare and corrections sectors. This significant acquisition enabled the Group to access the North American market and to further diversify its revenue sources and business model. In October 2014, the Group acquired Lexington, a UK-based company with a major presence in the business & industry catering market in the City of London. In July 2015, the Group raised its interest in its Spanish subsidiary, Areas, to 100%, which enabled it to combine its European concession assets and teams in order to create a global player in the market and to extract significant operational, commercial and cost synergies. In August 2015, the Group reinforced its position in the U.S. contract catering market by acquiring STARR Restaurant Catering Group, a high-end player serving a clientele that includes corporations, non-profit organizations and cultural institutions. It then pursued its U.S. expansion strategy through the acquisition in early October 2015 of Cura Hospitality, which specializes in dining services for senior living communities and hospitals in the United States.

In 2016, the North American subsidiary took on the Group's flagship contract catering brand name, becoming Elior North America. During that year, Elior North America acquired ABL Management, which operates in the university and corrections segments, and Preferred Meals, which specializes in preparing fresh and frozen snacks as well as single dishes and complete meal solutions for contract catering operations and home deliveries in the education and seniors markets. In the United Kingdom, the Group acquired Waterfall Catering Group, which operates in the growth markets of education and

healthcare, and as a result has become the UK's fourth-largest contract caterer.

In November 2016, the Group made its entry into Asia by simultaneously acquiring two contract caterers in India: MegaBite Food Services, the leading premium corporate contract caterer in Bangalore, and CRCL, which is based in Chennai and has a large client base in the industry sector. Through these two acquisitions, Elior Group has become one of the top three players in the Indian contract catering market.

In 2017, Elior Group pursued the expansion of its contract catering activities in the United States by successively acquiring Abigail Kirsch, Corporate Chefs, Design Cuisine, Sidekim and Lancer Hospitality. The acquisition of Corporate Chefs has strengthened Elior North America's positions in premium corporate catering and in the education market. Lancer Hospitality provides professional food management services in a variety of settings from cultural attractions to business centers, schools and healthcare facilities. As it is based in Minnesota, its acquisition has extended Elior Group's geographic reach in the United States.

Also in 2017, the Group won its first contracts in Luxembourg (for contract catering) and Denmark (concession catering).

In the year ended September 30, 2017, the Group generated total consolidated revenue of €6,422 million and reported EBITDA of €521.5 million. The contract catering & services business line generated €4,648 million in revenue and €333.7 million in reported EBITDA, and the concession catering business's revenue totaled €1,774 million and its reported EBITDA amounted to €193.2 million.

1.6.1.1 The Group's Contract Catering & Services Business Line

2016-2017 key figures

- Revenue: €4,648 million (72% of total consolidated revenue)
- An operating presence in eight countries: France, Italy, Spain, Portugal, Luxembourg, the United Kingdom, the United States and India
- 23,000 restaurants and points of sale in six countries
- 4.6 million guests per day
- 78,000 employees worldwide

The Group operates its contract catering business in five geographic markets in Europe (France, Italy, Spain/Portugal, Luxembourg and the United Kingdom), as well as in the United States (since its acquisition of THS in 2013) and India (since its acquisitions of CRCL and MegaBite Food Services in 2016). Through this business, the Group provides food services and other catering-related services, such as meal delivery, vending solutions and technical support for foodservices issues. The contract catering business addresses three different client markets: business & industry (private and public sector companies and government agencies), education (private and public educational establishments), and healthcare (private and public healthcare providers and care home operators).

The Group's business & industry contract catering clients include private companies in the manufacturing and services sectors, as well as public institutions such as state-owned enterprises, government agencies, military installations and corrections facilities. In Italy, the Group has a particularly strong position in catering to the armed forces and local and national government offices, and is developing its business of on-board catering services for high-speed trains. In the United Kingdom, the Group's business & industry contract catering clients also include stadiums, museums and other major venues. The Group generates a significant proportion of its business in the United Kingdom from a contract it has with the U.K. Ministry of Defence, for which it provides food services and retail and other services at military bases.

The Group's contract catering clients in the education market comprise public and private educational institutions for children and students across a broad spectrum of ages. They range from pre-school day-care centers and public and private elementary and secondary schools through to public and private universities and other higher education institutions. The Group estimates that it is the leading contract caterer in the education market in both Spain and France.

The Group's contract catering clients in the healthcare market are mainly hospitals, clinics, care homes and care facilities for elderly people and people with disabilities.

The Group serves the business & industry, education and healthcare markets in each of the countries in which it operates. In the United States and France it is also present in the corrections market.

Contract catering brands

The Group operates in the contract catering market through several different brands and trade names, which vary depending on the sector, client or country concerned.

France

Elior (for the education, healthcare and business & industry markets)

Arpège

Ansamble

L'Alsacienne de Restauration

Spain

Serunion

Alessa

Arce

Arume

Hostea

Singularis

Italy

Elior

Gemeaz

United Kingdom

Elior

Lexington

Azur

Waterfall

TaylorShaw

Caterplus

United States

Elior North America

Valley

A'viands

Lindley

Aladdin

Corporate Chefs

Cura

Lancer Hospitality

STARR Catering Group

Summit

Preferred Meals

1.6.1.1.1 The Business & Industry Market

a) 2016-2017 key figures

- €2,070 million in revenue (45% of total contract catering & services revenue)
- 5,800 restaurants
- 1.3 million guests per day

In an economic environment marked by strong price pressure, the Group has developed segmented offerings (based on its various markets) and fast-food solutions that meet its guests' changing requirements. Its formats successfully mirror commercial catering offerings (such as salad bars, theme-based international cuisine, and on-trend desserts) and offer excellent value for money. The Group also provides meal delivery services for this market.

b) Highlights of 2016-2017

Spain –Serunion was chosen by the Spanish armed forces to provide three meals a day for 1,250 soldiers at several different sites.

France – Thanks to Arpège's expertise, 1,600 employees of L'Oréal group's luxury division now have access to five dedicated dining and services spaces that offer a range of high-street brands.

France – Arpège was awarded the contract for providing premium catering services for the 1,500 employees working at the new head office of the Les Échos-Le Parisien group (LVMH group), seven days a week from breakfast through to dinner.

France – Elior won several major contracts with the Prime Minister's office and the Ministry of Foreign Affairs.

France – Having been won over by the Group's in-house concepts, Sephora chose Elior to provide its head office employees with a comprehensive all-day catering offering.

India – Uber entrusted MegaBite Food Services with catering for its 2,000 employees in Bangalore.

Italy – The Group's network of central kitchens helped it win a six-site contract with the Italian Ministry of Defense.

Luxembourg – Elior signed its first-ever contract in the Grand Duchy, to provide catering services for 1,900 employees at Deloitte's Luxembourg head office.

United Kingdom – Tesco awarded Elior a multi-site contract to cater for 32,000 employees each day across the UK.

Overall, Elior pursued its growth in the business & industry catering market in 2016-2017 thanks to the start-up and renewal of numerous contracts.

c) The best foodtech start-ups working alongside Elior Group

Elior keeps a watchful eye on emerging market trends and is a pioneer in numerous areas. As a result, it has surrounded itself with the best foodtech start-ups so that it can propose offerings that are ever-more in line with guests' needs and expectations. For example, the Group intends to play a major role in the fast-growing market for workplace meal deliveries. To this end, in Spain, Serunion has teamed up with Vitalista to provide deliveries of customized meals combined with support from a nutritionist. In Italy, Elior has acquired 20% of Rose & Mary, a start-up that delivers very healthy, gourmet meals which can be ordered via an app or online.

d) Serving and informing each and every guest

Aware that guests' requirements are becoming increasingly personalized, Elior Group develops innovative solutions designed to cater for a range of different needs whilst always ensuring an excellent customer experience. It does this first and foremost by devising diverse and customized offerings. In each country where it operates, it anticipates new trends and tailors its formats accordingly, such as the vegetarian and gluten-free options that are regularly proposed at its ZestEat restaurant in Italy. In India, the Group adapts its menus to the specific tastes and cultures of each region in which it is present. And in the United Kingdom, Elior has teamed up with Vita Mojo - the world's first ultra-personalized restaurant. Via Mojo provides software that enables its customers to combine the type and quantity of ingredients they want in order to build their perfect meal, both in terms of taste and nutrition.

As well as aiming for diversity in its offerings the Group never takes its eye off quality. An apt illustration is the Elements concept in the United Kingdom, which is a range of delicious and nutritious dishes, developed in collaboration with dietitians, that are bursting with flavor and energy-boosting ingredients. In France, the Group has rolled out across all of its corporate restaurant sites a program called Mon Menu. By providing specifically-designed recipe books and technical data sheets to chefs, this program helps achieve a constant level of quality and encourages chefs to put "homemade" meals on the menu.

Elior Group also takes into account allergy sufferers in the concepts and solutions it designs. For example, the TimeChef app available in France enables guests not only to view menus but also to see a list of allergens for each dish. Similarly, in the United Kingdom, the Group has developed a system in conjunction with the specialist firm, Ten Kites, which automatically updates information that could be of interest to clients and guests at each site, with details of prices, ingredients, nutritional content and allergens available in just one click. In Italy, this information is relayed clearly and simply to everyone through the JoyFood digital ecosystem.

e) Inventive solutions for major corporations

As a worldwide standard-setter in its industry, Elior Group partners other large groups and adapts its catering offerings to the new ways of working that the millennials have adopted and which help create a better sense of well-being at work. In France, Elior developed a tailored offering for Sephora's 850 head office employees, which includes a Bonsens outlet and a Worko café. For the corporate restaurant at the head office of Les Échos-Le Parisien (LVMH group), Arpège devised a premium, contemporary and urban concept available seven days a week, from morning to night, for the teams of this leading French news and media group. Arpège has also adapted main-street concepts for its catering offerings at L'Oréal's luxury division head office site, creating five eating areas that propose inventive and flexible solutions. Guests at this site are the first in France to be offered several concepts inspired by commercial catering formats (like those already introduced by Areas in other countries) or they can choose to eat at A'Plume - a premium fast-food offering developed in conjunction with Michelin-starred chef Akrame Benallal. In Italy, Elior has created a food court for the new head office of BNL BNP Paribas, with seven catering brands and a Melò cafeteria. And in the United States, Elior acquired Corporate Chefs - a premium corporate caterer based in Massachusetts to enhance the Group's offerings for companies seeking high-quality freshly-prepared meals.

f) Round-the-clock food solutions

The traditional working day no longer really exists for office workers and it is not rare nowadays for employees to arrive early in the morning or stay late in the evening. Elior makes life easier for these workers by offering round-the-clock catering solutions as well as takeaway concepts. For example, in France, Bonplan is proving ever more popular, with dinners prepared on site by our chefs for employees to take home, which can be either pre-ordered or ordered on the spot. In 2016, Elior Group held its first in-house innovation competition called Life4 Challenge, which was won by BOX'D CHEF – an innovative solution that proposes kits for employees to take home and prepare a delicious meal in less than 30 minutes. The concept proved very popular at five pilot sites in the UK, and has been tested in the United States at three Cura-catered senior living communities since September 2017. In Italy, the Group has launched FOOD360, a new premium vending solution that lets people order a dish though an app and then collect it directly from the vending machine at any time. In France, Arpège's connected fridge developed for the Les Échos-Le Parisien corporate restaurant is based on the same principle, with employees able to take away, around the clock, meals cooked by Arpège's chef.

g) Geographic and strategic expansion

2016-2017 was a year of expansion, both in terms of broadening our geographic footprint and entering new markets. During the year, the Group made its entry into India by simultaneously acquiring two contract caterers: MegaBite Food Services and CRCL. The new subsidiary resulting from these acquisitions – Elior India – has over 3,800 employees who serve 165,000 meals a day. Also in 2016-2017, Elior made its first foray into Luxembourg by securing a four-year contract for providing catering services to 1,900 employees at the Luxembourg head office of Deloitte, one of the Big Four accounting firms. This international expansion has gone hand in hand with an increase in our presence in the defense, corrections and government agencies markets. In Spain, the armed forces represent the largest volume of contracts won by Serunion during the year. In Italy, the Ministry of Defense renewed and extended its contract with Elior on the strength of its vast network of central kitchens across the country as well as the quality of its on-site restaurants. Meanwhile, in France, Elior now manages the catering services of the Prime Minister's office and has been selected to cater for the Draguignan detention center.

1.6.1.1.2 The Education Market

a) 2016-2017 key figures

- €1,396 million in revenue (30% of total contract catering & services revenue)
- 14,400 school restaurants
- 2.7 million children and students catered for each day in Europe and the United States

School catering is one of the Group's long-standing markets. Thanks to our large number of central kitchens, experience in managing small sites, and technological expertise, we enjoy a solid leadership position in both the public and private education sector in Europe.

b) Highlights of 2016-2017

Spain – Serunion won the bid to cater for 9,200 pupils on a daily basis in Andalusia's middle schools.

United States – A'viands introduced a new dining program for the 5,500 students at the University of Wisconsin Whitewater, offering a combination of propietary brand concepts and national franchises to provide a variety of food options..

France – Ansamble signed a contract with the EHESP School of Public Health in Rennes to cater for 500 guests a day.

France – Elior secured a contract with the Collège Stanislas school under which it provides daily meals for 2,800 guests, ranging from nursery school pupils to foundation course students, in the same dining area.

France – Elior was awarded public service contracts by the municipalities of Saint-Cloud and Sartrouville to cater for over 6,000 pupils from the two towns.

Italy – The schools in Sesto San Giovanni (located in the suburbs of Milan) selected Elior to provide the catering services for all of their pupils.

United Kingdom – Elior completely revamped its offering and dining spaces for the 800 students at Hugh Baird College.

The school catering market has been shaped in recent years by demographic growth. However, at the same time, measures put in place to halt increases in local authorities' costs, combined with difficult economic conditions, have resulted in cost-saving programs and ensuing price pressure. Against this backdrop, the large number of central kitchens operated by the Group in France, Italy and Spain is a real asset for expanding and consolidating its

leadership in those countries. In addition, the growing weight of regulations is beginning to be felt more or less everywhere, but especially in Spain and Italy, which makes it difficult to retain market share.

c) A growing appetite for local and organic produce

As major players in their regional economies, local authorities are placing increasing importance on local sourcing with a view to encouraging local production. This commitment to short supply chains often goes hand in hand with higher demand for organic ingredients. Thanks to its long-standing work in these domains, Elior Group is extremely well positioned to meet this demand. In France, for several years now, Elior has been building up partnerships and dialog with producers in Greater Paris and neighboring regions in order to guarantee high-quality produce for its young guests. As part of its efforts to create a sustainable framework for these partnerships it supported the first organic/traditional vegetable processing facility to be opened in the Greater Paris region, working alongside Acade & Bio and the regional public authorities. As the missing link in the chain between local farms and school caterers, this facility will be able to supply fully-local produce to over 200,000 children in 700 school restaurants managed by Elior. Another partnership for a vegetable processing facility has been set up in Aubagne, this time in association with a sheltered work program. Also in France, Ansamble captured new markets during the year thanks to its healthy, natural food and local/organic focus. Meanwhile, Alsacienne de Restauration is similarly showcasing local and organic food as 30% of the produce it supplies for all of the school catering market in Strasbourg is organic and it has stepped up its local produce offering with its "I'm d'Alsace" campaign. Far from being a uniquely French phenomenon, short supply chains have also taken off in Spain, where Serunion draws on a network of over 350 local producers. This appetite for locally-grown produce has spread across the Group, with chefs in the United States, for instance, creating menus using local ingredients or even garden-grown produce. As a result, some of the US chefs have their own on-site herb gardens!

d) Fighting food waste

On October 16, 2017 – France's national anti-food waste day and World Food Day – Elior Group signed up to a "zero waste" charter which sets the target of sending zero food waste to landfill by 2025. The education market is an ideal place to put this commitment into practice because by making young people aware of the importance of consuming responsibly, Elior Group can help to both protect the planet today and work towards more respect for global resources in the future. In France, Elior's school restaurants organize food waste prevention campaigns that are a fun and educational way to clearly show children how much bread is wasted every day. In Bordeaux, special waste sorting tables have been introduced so that pupils can see that the food they have chosen but left (bread, yoghurts etc.) will be thrown away and not reused. Awareness-raising is also a major focus for Serunion, as illustrated by its program called La comida no se tira (Don't throw food away!) which is recognized by the Spanish Ministry of Agriculture. As part of this program, children use waste sorting tables to separate out packaging from organic waste and uneaten bread, which is then weighed. The results are displayed daily in the school restaurants to encourage the young diners not to waste food. Thanks to the efforts of the pupils concerned, Serunion has been able to reduce food waste by more than 16% in the fifty schools covered by the program. Serunion has also developed a sustainable school restaurant in conjunction with the Lycée Français high school in Barcelona. This innovative concept is based on the circular economy and is aimed at minimizing the environmental impact of the catering activities at the school.

e) Awakening new tastes

For Elior Group, preparing meals for children from nursery through to high school age gives us the privileged role of helping to educate our young guests' tastes. To this end, we work hard to introduce new flavors and break away from the clichés that surround the school canteen. For example, in Spain, Serunion's menus offer vegetable proteins such as soya as well as cereals including quinoa, couscous and wild rice. In France, Elior has set up a partnership with a fresh fruit and vegetable trade association called Interfel in order to organize fun and educational workshops in some thirty elementary schools aimed at encouraging children to discover and appreciate fruit and vegetables. The Group's innovative culinary approach can also be seen in Sartrouville (France), where 40 to 50 new recipes are introduced every year and are tested by pupils themselves. Lastly, the Rueil-Malmaison central kitchen – which prepares 7,000 meals a day – is also contributing to the taste revolution thanks to its new recipes and preparation methods inspired by haute cuisine that have arisen out of the partnership between Elior and Ducasse Conseil.

f) Zero compromise on nutritional balance

In all of its restaurants, the Group is committed to providing tasty food without any compromise in terms of nutritional balance. In order to meet both the demands of its clients and the physiological needs of its guests in the education market, our chefs create recipes that are designed in conjunction with and approved by dieticians and nutritionists. In France, Elior offers a game in schools called Jeu d'équilibre (Balancing Act), which is designed to help children learn more about having a balanced diet. In

the United States, Aladdin and Elior North America have created a nutrition education program for schools that encourages students to make healthy food choices. In Spain, Serunion gives out a book to school children on good eating habits and healthy living. And in some cases the Group's educational input extends beyond nutrition, such as in Italy, where Elior has teamed up with the start-up Growtheplanet to develop a project called Ortoascuola (school vegetable garden), which combines games and digital technology to teach children how to look after plants and respect the seasons.

g) Using digital to make life easier

With a view to making daily life easier for its guests and their families, the Group has developed numerous original digital tools for the education market. For example, it was the first contract caterer to offer a mobile application like bon'App in France's private education sector. This innovative app lets parents view their children's lunch menus, obtain information on the 14 major allergens and pay their school restaurant bills, etc. In Spain, these same services are offered through Educa App, which has been rolled out to over 200 schools. And for older guests, smartphones can now be used for ordering and paying for meals thanks to the WeekyConnect app in France and Yoyo Wallet in the United Kingdom. Far from being reserved just for guests, new technologies are also being put to use for the Group’s employees working in school restaurants. In France, Elior has introduced Kookiz tablets in some 310 schools to facilitate management of their restaurants (e.g. by providing daily hygiene control reports, school lunch attendance figures, meal orders and flash surveys). In addition, the Eezytrace app enables staff to carry out electronic hygiene controls.

1.6.1.1.3 The Healthcare Market

a) 2016-2017 key figures

- €1,182 million in revenue (25% of total contract catering & services revenue)
- 2,800 restaurants
- 600,000 guests per day

In healthcare facilities, care homes and extra care housing, good food contributes to the health and well-being of patients and residents and forms an integral part of the overall care process. The Group designs catering formats for these establishments that combine nutritional value with the pleasure of eating. Our teams also help clients adapt their business models to market changes, such as higher volumes of outpatient surgery and price pressure from public health authorities.

b) Highlights of 2016-2017

Spain – Serunion was selected by SARquavitae to cater for almost 2,000 residents at several different sites.

United States – The Louisiana Department of Health selected Valley as its partner to provide meals for 1,300 residents at five sites in Mississippi, particularly thanks to Valley's automated diet management solutions.

France – Elior consolidated its partnership with Gustave Roussy Cancer Campus Grand Paris through a renewed and extended offering for staff as well as patients and their visitors.

France - Elior entered into an ambitious partnership with Les Apprentis d’Auteuil aimed at helping disabled and disadvantaged young people by its restaurants taking on apprentices as well as middle and high school students as interns.

France – Elior now helps care for the 400 residents of the five sites making up the Robert-Doisneau de Paris center, which assists both seniors and people with disabilities

United Kingdom –Elior opened three new restaurants for staff and visitors at the Royal Bolton Hospital, as well as additional on-site outlets.

c) Giving hospital patients their appetite back

Hospital meals should not only be a source of nutrition but also a means of cheering up patients. In the aim of proposing high-quality meals that meet both of these objectives, the Group’s offerings factor in the results of scientific research and use specifically-adapted cooking methods. We constantly innovate to ensure that the food we provide precisely meets patients’ specific dietary needs. In France, we have put in place numerous initiatives for cancer patients in order to meet their dietary requirements while at the same time taking into account the fact that their medical treatment can lead to loss of appetite, changes in taste and smell and difficulty swallowing. Just two examples of our work in this area are the specific menus tested out at the Jean-Mermoz cancer institute in Lyon and the new catering offering introduced at Gustave Roussy – Europe's leading cancer center – which was designed in association with Alexandre Bourdas, chef of the two Michelin-starred restaurant SaQuaNa and is aimed at helping patients get their appetite back. In parallel, tests have been carried to invent new tastes and flavors for cancer patients. Lastly, Elior is sponsoring research with the Paul Bocuse Institute to get a better understanding of the impact of chemotherapy on sensory perception. In the United States, the Group also has acknowledged expertise in menus adapted to the nutritional requirements and different dietary

requirements of each patient, as illustrated in February 2017 when Arnot Health selected Cura (an Elior North America subsidiary) to provide all of the catering services at its three hospital centers in New York state.

d) Contributing to the well-being of care home residents

We are committed to the well-being of elderly people – who are increasing in number – and we strive to improve their quality of life both through the culinary offerings we propose and numerous innovations aimed at creating friendly, social atmospheres. In El Paso County, Texas (United States), Elior North America offers Southern- and Mexican-style food in order to satisfy the specific tastes of its guests. In France, Elior takes its inspiration from main-street food concepts to give care home residents an enjoyable dining experience. For example, at the Augustines care home in Angers, it has created a restaurant-style atmosphere, with residents choosing their meal and the hot dish (steak, pancakes etc.) being prepared in front of them in the dining room. Elior also intends to develop gourmet menus in French care homes that are specifically-researched to make an impact and give residents something to look forward to. In line with this, in 2016-2017 residents at the Salvagnac care home were offered five festive dishes created by five Elior chefs helped by Michel Sarran, the two-Michelin-starred chef based in Toulouse. Elior has also launched numerous initiatives to broaden its services offering for the elderly, including two innovative concepts in France – Exhalia, a fragrance diffuser that helps to stimulate seniors' appetite, and Dynseo, a tablet-based memory game comprising entertaining and cultural exercises, as well as a simplified messaging app to communicate with friends and families.

e) Championing social inclusion

Another major focus for the Group is taking into account disability in all of its forms, both for its guests and employees, and particularly in the social care sector. Consequently, at the Village Saint-Michel center in Paris, Elior has introduced its new Régal et vous offering, which comprises customized catering solutions aimed at encouraging guests to be autonomous and creating a convivial atmosphere through fun and educational activities. Elior is also committed to giving employment opportunities to people with disabilities in its central kitchens, with the central kitchens of Jemmapes, Varennes and Varize leading the way, followed this year by Villeneuve-la-Garenne and ADAPEI 19. Our social inclusion drive also extends to unemployed adults who are having difficulties finding a job. To help these job seekers, in France we work with the Cuisine Mode d'Emploi association set up by the top chef Thierry Marx, in order to promote equal opportunities in the kitchen and offer employment to unqualified young people, the long-term unemployed and people following the Red Cross's professional retraining program. At the same time, Elior has entered into an ambitious partnership with Les Apprentis d'Auteuil under which it offers internships and apprenticeships in its kitchens and restaurants to middle and high school students and apprentices from the Sainte-Thérèse school and apprentice training unit located at Les Apprentis d'Auteuil's historic site in Paris.

f) Reinventing refreshments in hospitals

When designing catering offerings for hospitals we need to take into account changes in how hospitals are run, particularly the growing role of outpatient departments. Accordingly, we are promoting a wider vision of the refreshments offered in hospitals, through a range of innovative concepts. In France, the Rest'O Bulle l'Espace format offers refreshments in a comfortable and relaxing outpatients lounge. The lounge is a turnkey offering for clients, comprising a warm and friendly setting and cocooning-style signage to make outpatients feel as relaxed and comfortable as possible. Also in France, four new cafeterias for hospital visitors, patients and staff were created during the year in partnership with commercial catering brands such as Colombus Café & Co and Café et Compagnie, as well as a food truck offering. Additionally, the Gustave Roussy Cancer Campus now has a TWENTY outlet, which proposes made-to-order sandwiches, as well as a Nespresso Bar that serves tea and coffee in particularly elegant and welcoming surroundings. In Spain, Serunion has crafted a new cafeteria concept called Daily Break. First launched at the San Juan d'Alicante university hospital, and since rolled out to five other hospitals in Laredo, Bilbao, Ecija and Madrid, the idea behind this concept is to give hospital patients and visitors food services and an environment that help them concentrate on their well-being and give them a time-out from their daily lives.

g) Serving guests in their own homes

While all catering operators are currently wondering how best to capture the home delivery market, Elior Group is the first to have developed a fully-fledged solution. Launched in partnership with the French postal service in November 2017, this concept involves Elior making meals which are then delivered to people's homes by mailmen. This means that Elior is playing a major role in helping people to grow old healthily and at home and preventing seniors from becoming isolated. In the United States, Elior is the leading preparer of Meals on Wheels, with 60 kitchens spread across the country. . The company provides meals for these senior nutrition programs in many major U.S. cities including San Francisco, Detroit, Baltimore and Houston, and are also delivered to homeless centers in New York.

1.6.1.1.4 The Services Business

a) 2016-2017 key figures

· No.1 for cleaning services in the French healthcare market

· 2,300 sites

Elior Services proposes a comprehensive range of value-added services that meet the requirements of healthcare establishments, industrial environments and retail spaces where cleanliness and services are essential to brand image.

b) Highlights of 2016-2017

France –Gaumont-Pathé cinemas selected Elior Services to provide cleaning services for all of the sites in its network, covering some 800 auditoriums as well as foyers and rest rooms.

France – Elior Services won the contract for four additional private clinics in the Paris region run by the Vivalto group.

France – Toulouse university hospital renewed its contract with Elior Services to provide specialized cleaning services at a number of its sites.

France – Nexity chose Elior Services to provide cleaning and management services for all its student housing across the country.

France - Elior Services was referenced by the two main public healthcare public procurement agencies (UniHa and Resah).

c) A stronger presence in the leisure market

In 2016-2017, Elior Services once again demonstrated its ability to manage situations that require flexible and reactive solutions. As activity levels in the leisure market vary significantly, with peaks due to specific events, weekends, school holidays etc., Elior Services provides adapted, targeted solutions and flexibly-configured teams. Already recognized for its expertise by the Stade de France and Jean-Bouin stadiums in Paris, Elior Services stepped up its presence in this market during the year by signing a contract with the new modular, multi-purpose hall in Nanterre – the U Arena – which is located near Elior Group's head office. Elior Services is also broadening its reach in the cinema sector. Building on its existing contract for providing cleaning services at one Gaumont-Pathé site, in 2016-2017 it won the bid for cleaning the auditoriums, foyers and rest rooms at all of Gaumont-Pathé's 71 cinemas across France. This contract extension to all of its sites clearly shows how Gaumont-Pathé has been won over by the quality of Elior Services' offering and customer relations.

d) An increase in facility management services

As an expert in both the cleaning profession and facility management, Elior Services has seen significant growth in demand for offerings that combine both of these areas, such as the package it provides for EDF's head office. Having demonstrated its ability to manage a wide array of services and partner its clients in managing their premises and public, Elior Services is increasingly being requested to provide soft facility management solutions. An example of its comprehensive offerings is the partnership that has been in place since 2012 between Elior Services and CRM Services, a subsidiary of SNCF (the French national railway operator). Under this partnership, as well as welcoming passengers in the eight Grand Voyageur lounges, Elior Services deals with changing passengers' tickets, displaying SNCF special offers and helping to reserve ancillary services sold by the SNCF group (hotels, taxis, vehicle rentals, etc.). Elior Services is both a pioneer and thought-leader in the area of facility management, as illustrated by the eBook it has launched for real estate managers and work environment managers, which was inspired by trends in the hospitality sector. The eBook contains practical solutions and actions for guaranteeing the best customer experience, based on hospitality-market design principles for foyer areas and individual and collective spaces.

e) Drawing on innovation to drive efficiency in healthcare establishments

Elior Services stands out from its competitors by using innovation to help boost its clients' efficiency. Elior Services was referenced by the two main public healthcare public procurement agencies (UniHa and Resah) thanks to an offering that includes robotization, connected objects and digital devices. The technology put in place to help both the hospital's teams and patients includes robots that wash certain floor areas, connected objects that provide real-time information on the fill-levels of rest-room product dispensers (soap, toilet paper, etc.), a system to improve communications between medical staff and Elior Services' employees that can be used on a Wi-Fi or 3G network, and an automated waste collection solution. With a view to providing ever-more effective and high-performing services, Elior Services has also deployed numerous innovations at other sites. To name just a few these include: a connected trolley to optimize room turnaround times; the Easytraça app that clients can use to monitor Elior Services' work in real time; the Fluigo tracking system to optimize internal requests such as for repairs/maintenance; Trapese, a digital system for controlling waste management costs; and a healthcare-specific platform for in-room services related to Wi-Fi and

multimedia. And to top it all off, Elior has created the Novacio challenge to act as an incubator for projects that will shape the future of services in the healthcare sector. This constant innovation drive and the possibility of developing made-to-measure solutions also won over Ramsay Générale de Santé – France's leading private hospital group – for which Elior Services has designed two serious games with a view to helping embed a shared services culture.

f) New certifications

During 2016-2017 Elior Services was awarded new certifications further confirming its expertise. They come in addition to the MASE certifications that already guarantee the conditions for operations in 8 regional agencies, including the most recent one in Bordeaux showing ongoing and continuous improvement in safety performance. ISO 14001 SIEGE ESPS shows Elior Services' ability to offer services that have a reduced environmental impact. ISO 9001 was renewed for cleaning services in the multisegment market, healthcare hospitality services and facility management services. QUALIPAYSAGE ESPACES VERTS: certification for the management of green spaces.

1.6.1.2 The Group's Concession Catering Business Line

2016-2017 key figures

- €1,774 million in revenue (28% of total consolidated revenue)
- No.3 worldwide
- An operating presence in 14 countries
- 2,000 restaurants and points of sale
- 900,000 customers per day
- 20,800 employees worldwide

In its concession catering business line, the Group operates food and beverage and retail concessions, mainly at travel- and leisure-related locations. This business encompasses three key markets: airport terminals, motorway service plazas and city sites, including railway stations.

The Group is the third-leading concession catering operator globally. It has concession sites in 14 countries, in Europe and the Americas. Its main geographic markets are France, Italy, Spain and the United States but it also has concession catering operations in Mexico and Germany, and, on a lesser scale, in Portugal, Denmark, Chile, Colombia, Belgium, Luxembourg, Saint Martin and the Dominican Republic. In the United States it operates concessions mainly at airports and service plazas on toll motorways. As part of its concession catering business, the Group proposes varied offerings – including table-service dining, takeaway options, and shops and services for travelers and visitors – at airports, motorway service plazas, railway stations and other sites such as leisure and vacation parks.

Concession catering brands

The Group operates food and beverage concessions under directly-owned brands, such as L'Arche, Tout le monde à Table !, COMO ou Airea in free flow, La Pausa or Pepito Grillo for table service, Deli&cia, Briciole, Philéas or Super Wild Coffee for fast food, as well as main-street brands under franchise agreements, such as PAUL, McDonald's, Courtepaille, Costa Coffee, Five Guys, Burger King, Exki, Starbucks Coffee or Wendy's and Dunkin' Donuts. The Group also operates duty free retail concessions through franchise agreements or through directly-owned retail brands such as Divers and News & Books in Spain. Lastly, the Group has retail operations on motorways and in airports, using franchised brands such as Carrefour Express, Franprix and monop'daily.

1.6.1.2.1 The Airports Market

a) 2016-2017 key figures

- €798 million in revenue (45% of total concession catering revenue)
- No.1 in France, Spain and Italy
- 89 airports worldwide
- 677 points of sale

The Group is a long-standing partner of many European airports, with over 39% market share in France, Spain and Portugal, and we are expanding rapidly in this market in Italy and the United States. Our overall strategy is underpinned by a deep understanding of travelers' needs – particularly those of frequent flyers – as well as an extensive knowledge of consumer trends and popular brands. This enables us to offer airports the best combination of international and regional brands as well as innovative theme-based formats, resulting in a high-quality and varied services offering for a multi-cultural clientele.

b) Highlights of 2016-2017

Germany – Areas will now have an operating presence at Berlin-Schönefeld airport, with a Kamps outlet.

Chile – Areas' contract has been renewed for six of its restaurants at Comodoro Arturo Merino Benítez International Airport in Santiago.

Colombia – Bogota airport will be the country's first airport to house an outlet run by Areas.

Denmark – Areas' first three outlets at Copenhagen airport were opened during the year, in partnership with local main-street brands.

Spain – Areas strengthened its positions in Spanish airports by opening new points of sale, including at Bilbao, Fuerteventura and Ibiza.

United States – Areas continued to expand its presence at LAX with eight new points of sale awarded in three of the airport's terminals.

United States – Minneapolis-Saint Paul became the tenth US airport to house outlets run by Areas (15 in all).

France – Areas won a bid for five points of sale in Terminals 2G, 2F2 and T1 at Paris-Charles-de-Gaulle airport.

France – A partnership agreement was signed between Areas and McDonald's to manage four outlets at Paris-Charles-de-Gaulle airport for a 15-year period.

Italy – Areas expanded its presence at Rome Fiumicino airport by opening five new points of sale.

Mexico – Areas notched up new contracts for Aeromarket outlets in several airports across the country.

Portugal – Areas won concession contracts for four new points of sale at Faro airport.

In 2016-2017, air passenger traffic once again rose at a faster pace than global growth.

c) New international and regional destinations

In 2017, we continued to expand our business in the world's largest airports. In the United States, Areas secured a 10-year contract to manage 15 restaurants at Minneapolis-Saint Paul airport. In France, Areas won a bid for Terminals 2G, 2F2 and T1 at Paris-Charles-de-Gaulle airport covering five points of sale for a nine-year period. It also strengthened its presence at Copenhagen airport in Denmark, via two additional points of sale, and opened a Kamps outlet at Berlin-Schönefeld, marking its first foothold in a German airport. Lastly, the Group made its entry into the Colombian market by signing a ten-year contract for running eight points of sale at Bogota airport, which is the third largest in Latin America. Also during the year, we extended our presence in a number of countries where we already had operations, by winning contracts for new spaces at regional airports. For example, Areas gained new business at Toulouse, Brest and Lyon airports in France and in Portugal it won contracts for four new eating areas at Faro airport, consolidating its position as the leading concessions operator at the country's third-largest airport.

d) Global names and local brands

Already a partner of a number of leading brands, the Group enriched its concession catering portfolio in 2016-2017 by adding further international names such as Starbucks, Pizza Hut and McDonald's (in France). Also during the year, the inauguration of a Burger King marked a turning point in strengthening Areas' presence at Bilbao and Fuerteventura airports in the Canary Islands. We have also set up partnerships with well-known domestic brands, such Panda Express and Chik-Fil-A in the United States, as well as opening a Caffé Vergnano at Rome airport in Italy. In tandem, for passengers looking for a more local experience during their waiting time at the airport, Areas has entered into partnerships with popular local brands. For instance, at Copenhagen airport in Denmark, it has teamed up with Retreat, 42Raw (a Danish vegan and gluten-free concept) and Bar Jacobsen (Denmark's leading craft beer brand, owned by the Carlsberg group). At Ibiza airport in Spain, Areas has partnered with two brands that are a favorite with the island's regulars in order to give travelers original options for taking a break in the StrEAT food market: Pasteleria Mediterranea (pastries with a gluten-free offering) and Can Terra (famous for its tapas and pinchos kebabs). At Lisbon airport, the O Mercado space provides a selection of the best brands and partners in Portugal. And lastly, at Minneapolis airport, Areas is pursuing its strategy of offering a taste of local gourmet cuisine thanks to the brand The Cook and The Ox.

e) Directly-owned signature brands

As well as being a partner of both famous brands and local players, the Group seeks to stand out from the crowd by further developing its directly-owned brands. For example, Deli&Cia – a premium grab & go concept – has proved extremely successful since it was first launched at Palma de Mallorca airport and there are now 17 Deli&Cia outlets in six different countries, with more openings planned in the coming months. Likewise, the premium coffee shop concept Super Wild Coffee has taken off both in France and internationally, following its launch in 2016. At Fuerteventura airport in the Canaries, this alternative to traditional coffee shops proposes an offering of character coffees as well as a wide range of delicious, fresh and healthy food. Areas has also created the StrEAT

food market in Ibiza, which groups together four brands inspired by the trend for street food.

f) Gastronomic excellence at airports

Once again this year, the Group was heralded for its ability to develop premium gastronomic formats that give international travelers a unique airport experience. The Ferrari Spazio Bollicine wine bar opened by Areas at three Italian airports won the Global as well as the European prize for Best Airport Wine Bar of the Year at the 2017 Airport FAB awards. In addition, as part of a new concept unveiled at Bilbao airport – Exploring the World from Bilbao – Areas has teamed up with master chef Ricardo Pérez to create a restaurant offering a highly original gastronomic journey across the world as well as a selection of the Basque specialties that have made the chef's name at La Alhondiga, his famous restaurant in downtown Bilbao.

g) Digitally connected to travelers

In tune with its times, the Group has put in place numerous digital initiatives to meet the needs of an increasingly-connected airport clientele and enhance the effectiveness of its points of sale throughout the world. A prime example is the Smart Kiosks introduced by Areas which allow customers to order and pay before collecting their meal in a dedicated area. Screens inform customers when their order is ready so they do not have to queue at the collection area, which saves them time and stress! Areas has also developed a click & collect system which customers can use to place orders and pay via a mobile app, once again avoiding the need to queue. Lastly, tablet assisted sales (TAS) systems have been set up to help teams manage orders more effectively. All of these initiatives are intended to reduce customer waiting times and smoothly handle the significant variations in footfall that are inherent to airports.

1.6.1.2.2 The Motorways Market

a) 2016-2017 key figures

- €586 million in revenue (33% of total concession catering revenue)
- No.1 in France and Spain
- 220 motorway service plazas worldwide

Motorway service plazas are another of the Group's long-standing markets and it is the leader in this segment in France and Spain. Its diversified catering and services offerings have established it as a benchmark player in Europe and building on this base, the Group has exported its expertise to the United States where it operates service plazas on major motorways in Maryland and Florida.

In order to meet the needs of an extremely varied clientele (families, business travelers, truck drivers etc.), the Group has developed a diversified catering, retail and services offering, including the à Table! restaurant (successor of the long-standing L'Arche brand), food courts, corners and mini-markets so that customers can either eat on site or buy something to take away. Thanks to the Group's combination of directly-owned concepts and partnerships developed with a wide range of main-street brands it is able to adapt its offerings to the specific characteristics of each service plaza.

b) Highlights of 2016-2017

Germany – Tank & Rast awarded Areas two new concessions, covering a total of 34 service plazas.

France – In partnership with Total, Areas completely refurbished the Limours-Janvry service plaza for Vinci, both from a commercial and architectural standpoint.

Portugal – The joint venture set up between Areas and the motorway operator, Brisa, will be in charge of managing 14 service plazas until 2035.

United States – On the front line of the evacuations caused by Hurricane Irma, Areas' Florida Turnpike teams performed admirably.

c) A new era for motorways

2017 was a year of major building works and renovations in the motorways market where the Group operates. Numerous service plazas managed by Areas were given a new look, particularly in France, in order to provide a better customer experience and boost revenue thanks to more appealing offerings. At the same time, new plazas were opened in France, including Poitiers-Chincé, Bourges-Marmagne and Saint Rambert d'Albon-Est. Also during the year, Areas extended its presence in the Portuguese motorways market by setting up a joint venture with Brisa, the country's leading motorway operator. Brisa Áreas do Serviço will directly manage 14 of the 25 service plazas on Brisa's Portuguese motorway network until 2035. In Germany, Tank & Rast entrusted Areas with two newly-opened service plazas, raising to 34 the total number operated by the Group in that country.

d) Resolutely customer focused

We further enhanced the customer experience at our motorway concessions in 2017 by reworking the spaces in our service plazas and implementing a large-scale customer-centric strategy. In Northern Europe this

strategy was actioned through the PassionClients program – a 360° approach involving a wide range of measures aimed at building skills and encouraging individual initiatives, participative management and exemplary attitudes. Just one year after its launch, some 1,700 Areas employees have received PassionClients training and NPS (Net Promoter Score) – a performance measurement and management system – is still being rolled out. In a bid to promote employee initiative and engagement, Areas has also set up a new academy to develop its people's sales and customer relations techniques. In Spain, Areas has launched two customer-centric projects called A500 and Personal 2020. The A500 project is an in-house competition between 220 teams aimed at achieving the best scores under the NPS system as well as in terms of operational excellence and sales. It proved very popular, with over 100,000 NPS questionnaires submitted. In the United States, Areas launched the AreasConnect program, designed to enhance the customer experience through training, communication and in-house rewards; AreasConnect has already proved its worth as there has been an increase in the number of sales and average customer spend.

e) à Table! – a new dining experience

The Group's historic brand, L'Arche, has been transformed into a new concept called à Table! in order to breathe new life into our guests' dining experience. Featuring a resolutely modern and open design, with corner stands, dessert bars and intuitive sales layouts based on the self-service model, this new concept has been introduced at the Limours-Janvry service plaza in France and Alcacer in Portugal and will soon be rolled out to numerous other motorway service plazas managed by Areas. The Group is also currently designing other new concepts that will be launched in 2018 with a view to constantly enhancing its responses to travelers’ expectations, including a premium bakery and an ultra-modern sandwich bar.

f) Entertaining young travelers

In order to encourage children to stop for longer at service plazas and make their journey more interesting, Areas has launched a game called L'Arche Mission Zoo on its French motorway network. This fun app – which was designed in partnership with the TV channel, Gulli – is aimed at 4- to 10-year-olds and plunges them into an augmented reality journey through the African Savannah. The idea is for children to look for animals hidden in the L'Arche cafeterias and retrieve them in augmented reality. The game is available for download, free of charge, on the App Store or Google Play.

1.6.1.2.3 Railway Stations, City Sites and Leisure

a) 2016-2017 key figures

- €390 million in revenue (22% of total concession catering revenue)
- No.1 in the French railway station catering market
- 84 railway stations in Europe

b) Railway stations

Railway stations are currently undergoing a transformation process driven by an overall strategy of turning them into bright and welcoming spaces which are appealing to passengers while also helping them make good use of their time. The Group is playing a key role in this transformation through its new concepts for eat-in and takeaway catering with rapid service and its focus on modern, people-friendly settings.

Highlights of 2016-2017

Spain – Areas became the main food services operator at Sants station in Barcelona, with the opening of two new outlets.

France – At Versailles-Chantiers station, Areas opened the first Super Wild Coffee outlet, (a concept developed in-house), along with a PAUL and a monop’daily.

France – Passengers traveling through Gare du Nord can now use the delivery services and loyalty system offered by the Wiiish app designed by Areas, which enables customers to interact with the catering concepts proposed at the station before, during and after their visit. .

The rail transport sector has held up well in these difficult economic times, with traffic volumes continuing to rise, led by growing urbanization and the extension of public transport networks. Concession grantors’ overall strategy for stations is to make them people-friendly, welcoming and safe places, and the Group is working hard to help them achieve these aims.

New openings and others in the pipeline

For Areas in Northern Europe, having won a large number of new contracts in 2016 and purchased Autogrill's railway operations in France, 2017 was spent carrying out refurbishment works and preparing for the rollout of new offerings in almost two thirds of the stations in which Areas operates. The largest refurbishment project was the complete restructuring of Gare du Nord station in Paris,

where the new concepts introduced by Areas will soon be unveiled to the public. Also in 2017, Areas became the main food services operator at Sants station in Barcelona – one of Spain's largest stations in terms of passenger numbers – with the opening of a COMO outlet. In Italy, Areas began its quest to gain market share in the railway station catering sector, and is confident in the prospects offered by this high-potential market.

Interactive services for a better customer experience

Today, digital technology is the go-to solution for energizing offerings and meeting travelers' expectations in terms of efficient, flexible and seamless services. Originally used by the young – the Y and Z generations – digital is now being embraced by all ages, which is why it has become a major pillar of the catering projects developed by Areas, particularly for railway stations. One example of Areas' digital technology projects is Wiiish, a smart app which was designed for and tested at Gare du Nord station in Paris (France). This app gives rapid access to a wide range of innovative services providing communication, information and feedback in order to give train passengers a smooth travel experience, including a click & collect service, a real-time directory and an interactive loyalty system. For the first time, Wiiish provides unlimited "marketplace" access to all of the products available at the station (including in outlets not managed by Areas) so that travelers can place orders and pick them up at any time without having to queue. At Montpellier station, Areas also tested connected tables designed by Awadac, which have integrated screens that travelers can use to view menus in several languages, obtain information about food properties (allergen content, etc.), call for waiting staff, give feedback on service quality, look up train times and even access games applications. By digitalizing the catering chain, the connected table bridges the gap between guest and kitchen and provides reassurance for people on the move as they can effectively manage their time. As the pilot test at Montpellier station proved successful, the Group has joined forces with Awadac to further develop the technology and roll it out on a wider scale.

Meeting every passenger's needs

One of the Group's major strengths is its ability to offer solutions that take into account the requirements of every passenger and visitor passing through stations, from early in the morning to late at night. Areas' varied offering – encompassing cafeterias, self-service restaurants, steakhouses and grab & go solutions – is underpinned by a harmonious blend of well-known brands, directly-owned brands, and concepts devised in conjunction with local and international master chefs. Everyone can find a solution to suit their needs, from the business person waiting for their long-distance train to the local resident who uses the station for their daily commute. In 2016-2017, it was the turn of COMO – one of the Group's directly-owned brands – to win over new customers. Initially launched in the motorways market, COMO was first introduced to the railway station market at Sants station in Barcelona (Spain). This concepts offers eat-in and take-away options and is focused on high-quality, healthy ingredients and Mediterranean-style cuisine.

c) City Sites & Leisure

For places where people are looking to relax and enjoy leisure time, we have developed exceptional expertise to bring out the best in each of these unique locations, which provide an excellent showcase for the Group. And our ability to offer best-in-class catering for events that attract large numbers of people to exhibition centers and sports stadiums is a key contributing factor to the success of the shows, trade fairs and sporting matches held at those venues.

Highlights of 2016-2017

Germany and France – Areas extended its partnership with Pierre & Vacances-Center Parcs and its short-term objective is to double the revenue it generates with this company.

United States – STARR Catering redesigned and refreshed the food and beverage operations at the National Gallery of Art in Washington, D.C., adding a new dining location, the Terrace Café.

United States – STARR Catering Group worked with the New-York Historical Society to design Storico, a seasonally-inspired restaurant located in this landmark building. The location also features a Parliament Espresso and Coffee Bar designed to complement Storico with similar interior elements including Carrera marble counters, custom millwork, reclaimed lighting and a canary yellow La Marzocco espresso machine..

France – After winning the bid for the Paris Expo Porte de Versailles exhibition center, Areas' teams began rolling out their new offerings for the venue, including an original concept – a PAUL innovation café.

Italy – Areas began operations at the Fiera Milano exhibition center by opening a point of sale under the Briciole Green brand.

United Kingdom – Elior became part of the hospitality offering proposed by Sunderland AFC to 3,000 guests at its home matches at the Stadium of Light.

A far-reaching offering for exhibition centers and international trade fairs

In 2017, the Group reinforced its leadership position in the exhibition centers market in the Greater Paris region and in Catalonia, where it operates at the two centers owned by Fira de Barcelona. In its role as the concession operator at the Paris Expo Porte de Versailles exhibition center, the Group re-affirmed its approach based on working with main-street brands and offering modular units and customized pop-up outlets depending on the type and scale of each event. Areas has opened a premium McDonald's at this site and has introduced an original variation on the PAUL concept, called the PAUL innovation café. Exclusively designed for Viparis (the site’s operator), this unique café has a pared down design and is equipped with its own kneader and bakehouse. In Italy, Areas made its entry into the country’s trade fair market, inaugurating a new eating area at the famous Fiera Milano exhibition center under the Briciole Green brand. This green version of the Briciole concept, which was developed in house, proposes fresh salads and smoothies.

Areas goes on vacation

Areas views the leisure segment as a strategic area for development. In 2016-2017 it strengthened its existing partnership with Center Parcs by signing a contract running until 2031 for France and Germany. Under this contract, three new vacation villages in Germany will be entrusted to Areas in 2018, enabling it to double the revenue it generates in that country. Center Parcs was particularly impressed by the quality of the Group's services and its constant innovation drive. For example, when the exclusive Forest Lodge hamlet at the Les Trois Forêts vacation village in the Lorraine region of France was opened, Areas introduced connected tables fitted with tablets which customers can use to order, pay their bill or play games. Areas has also incorporated a selection of dishes from the Forest Lodge Café into its Deli'very offering (a much-appreciated service whereby meals are delivered directly to the cottages).

A new market segment in the United States

The Group's city sites & leisure market is currently expanding in the United States. For example, Elior North America's subsidiary STARR Catering Group – which specializes in premium dining and events catering – has established a presence in the heart of Washington D.C., at the National Gallery of Art. It has been awarded a ten-year contract to run the four restaurants and cafés located in the two wings of this prestigious museum that sits on the National Mall. STARR Catering Group also has a restaurant and a café in the New York Historical Society building, with a design that fits perfectly with the site. Additionally, the company manages the Hudson Garden Grill located in the New York Botanical Garden where the culinary offerings give visitors a true garden experience. Lastly, in April 2017 the Group announced that, through Elior North America, it had acquired Lancer Hospitality, a US company specialized in contract catering for cultural venues, leisure parks (including zoos), business centers, schools and healthcare facilities.

1.6.2 THE GROUP'S STRATEGY

The Group has a clear strategy focused on its core business of catering, which has two components – contract catering and concession catering. In addition it has a services business (cleaning and facility management), which is primarily operated in France.

The Group's strategy is underpinned by three key principles:

– Remaining focused on a select number of countries, particularly as our target markets are local markets and there are very few synergies that can be realized between one country and another.

– Achieving leadership positions, at the level of either a particular country or several market segments when a country is large, such as the United States.

– Balancing the geographic and/or market segment mix in order to avoid significant revenue impacts for the Group as a whole if a particular country or market segment performs poorly.

The Group's ambition is to be the caterer of choice reputed for its best-in-class food offerings and innovative customer experience. It has a differentiation strategy underpinned by a state-of-the-art marketing and digital approach that is resolutely customer focused.

At the same time, the Group is drawing on acquisition-led growth as part of its business expansion drive, primarily in the contract catering sector in the United States and the United Kingdom.

Innovation is another central element of the Group's expansion strategy. Based on structured processes and embedded into operations it will enhance operational efficiency, the quality of offerings and the overall customer experience.

Implementing this overall strategy requires an efficient and effective organization structure, strengthened teams and a transformation plan whose results will have long-term benefits. The road map for the next three years will be drawn up in the first half of 2018, approved by the Board of Directors and presented externally in early summer 2018. It will be the fruit of joint work shared between the Group's executive management and operations teams.

1.6.2.1 Strategy for the contract catering business

The worldwide contract catering market (also referred to as outsourced catering) represents approximately €150 billion.

As the worldwide average outsourcing rate for catering is around 35% this implies there is an underlying market of some €430 billion. The countries where outsourcing rates are the highest are Italy, Japan, the United Kingdom and Turkey, and the regions with the lowest rates are primarily emerging markets such as China and India. The outsourcing rate in the United States is around 35%.

The key features of the worldwide contract catering market are as follows:

- It is a growth market.

- It is a local market with a relatively limited number of multi-country invitations to tender as these do not generate any particular advantages for clients in the business & industry market.

- It is a specific market, with invitations to tender for catering services rarely combined with other types of services, particularly in Continental Europe, the main exception being in the healthcare sector.

- It is a market with low barriers to entry, apart from in the education sector, where operators need to invest in central kitchens In many countries, large corporations work side by side with numerous smaller players.

- Lastly, it is a market where consumer expectations are changing rapidly, with growing demand for grab & go solutions, theme-based catering, more comprehensive information on the provenance of ingredients, allergen details, etc. To meet this demand, we believe that digital technology is indispensable – notably for millennials as they are the main guest recruitment targets within the Group's major business & industry clients.

The Group's contract catering strategy is to pursue its organic growth in Continental Europe and achieve stronger growth in the United Kingdom and the United States by combining internal development with targeted acquisitions.

In terms of the services that the Group offers, it places importance on developing new concepts (original fast food and grab & go solutions, offerings for student

residences, etc.) while intensifying the use of digital technology in order to provide new customer services (such as click & collect). With a view to meeting changing consumer demands the Group is pursuing its pioneering strategy of developing directly-owned brands as well as incorporating powerful franchised brands into its contract catering offerings.

1.6.2.2 Strategy for the concession catering business

The worldwide concession catering market represents an estimated €25 billion.

This market is expected to continue to grow, led by the increase in air traffic which is set to double by 2034, representing an annual average growth rate of 3.8% (data source: IATA).

In the concession catering business, the Group's operations are grouped together under a worldwide brand name – Areas. This strategic move is intended to enable the Group to leverage the current growth in air traffic and the increasingly important role that commercial services now play in the perceived quality of airports, railway stations and motorway service plazas.

The Group's concession catering strategy is to reinforce its positions in Continental Europe and achieve stronger growth in the United States.

In terms of its concession catering offering, the Group has adopted a holistic approach for customers on the move by incorporating digital solutions and practices in order to go beyond the notion of on-site catering and instead propose a whole array of products and services that will augment footfall at sites and increase average customer spend. We also plan to continue to create new proposals that combine several catering and retail offerings, to help travelers make the most of their time. For example, our catering solutions at Paris Gare du Nord station in France provide a broad range of best-in-class offerings and services for digitally enabled passengers, with the Group's Wiiish app facilitating passengers' lives by providing them access to all of the station's food and beverage offerings.

The Group's brand policy is centered on four main objectives: pursuing partnerships with international banners, developing co-branding in association with mass retail brands, seeking out carefully targeted local brands, and further strengthening directly-owned brands.

1.6.3 THE GROUP'S COMPETITIVE STRENGTHS

As a leading player in the contract catering, services and concession catering markets, the Group believes that it has the following main competitive strengths:

1.6.3.1 An operating presence in growing markets with attractive fundamentals

1.6.3.1.1 Solid competitive positions in Europe, complemented by an operating presence in the highly active U.S. market

In the eight main countries where the Group operates, contract catering is characterized by a highly competitive environment, with a large number of small and mid-size regional operators competing with a few national or international players. In the Group's markets, critical size is an essential competitive factor, as it creates the ability to offer prices that match market expectations. At the same time, large players such as Elior Group are better equipped to compete for major contracts.

In the concession catering business, a limited number of large operators compete for the biggest concessions in the main sectors and geographic markets. However, most markets are still fragmented, with a significant number of small regional and national operators.

a) In Europe

The addressable contract catering market in the European countries where the Group operates is estimated to represent over €40 billion, of which only some €20 billion is currently outsourced. In most of the countries and sectors in which the Group operates in Europe, it has been able to reach critical mass and position itself among the main market participants. These leading positions and the Group's ability to operate on both a local and national level in almost all of its business sectors and host countries in Europe have been made possible due to a decentralized organizational structure that encourages a local entrepreneurial culture while drawing on the strength of a large global player.

Based on revenue for 2016-2017, the Group estimates that:

- In France, it is joint leader in contract catering (holding the number one position in two of the three segments that make up this business), the leader in concession catering, and the leader in cleaning services for the healthcare market.
- In Spain, it is the leader in both contract and concession catering.
- In Italy it is the leader in contract catering and airport concession catering.
- In the United Kingdom it is the number four contract catering player thanks to the acquisitions it has carried out over the past two years.

b) In the United States

The Group has a solid presence in the United States, where it first entered the concession catering market in 2006 and then expanded into contract catering in 2013 through its acquisition of TrustHouse Services (since renamed Elior North America). The U.S. market represents a major growth driver, notably due to (i) the Group's concession catering business, in which it holds several large concessions in the motorways market and is strengthening its position in major airports, and (ii) its solid positioning in the most attractive market segments of the contract catering industry. The Group estimates that it is the second-leading operator in the toll motorways concession catering market in the United States. In the U.S. contract catering market, the Group has moved up to the position of fifth-leading operator thanks to the acquisitions it has carried out over the past two years.

1.6.3.1.2 Strong potential in contract catering & services

The Group is present in markets and sectors that have high growth potential. In Europe, the Group estimates that the addressable contract catering market in which it operates was worth approximately €20 billion in 2017. In the United States, the addressable contract catering market is estimated at some €84 billion, of which only €33 billion is currently outsourced. The education market (particularly in the United Kingdom) and the healthcare market (in the United Kingdom, Spain and Italy) also represent strong potential, with outsourcing rates below 50%.

Each of the contract catering and services markets in which the Group operates enjoys solid growth opportunities. For example, the Group believes that:

- In the private sector of the business & industry market, fast food and "grab & go" formats will grow, service times will extend to the whole day, and new services will become available as a result of digital

technology (click & collect, take away, etc.), leading to higher footfall and/or an increase in average customer spend.

- In the education market, the move towards outsourcing will accelerate, in particular for secondary schools and universities, which still have relatively low outsourcing rates, especially in Italy, France and the United Kingdom.

- The healthcare market will continue to grow, notably in France and the United States, due to general population aging, the market's still relatively low outsourcing rates, and the further development of value-added sub-segments, such as home meal deliveries as part of hospital after-care services, and new services related to an expected trend towards higher-end offerings in elder care facilities.

- The services business will continue to grow, driven by the combined effect of (i) an increase in outsourcing, as clients seek ways to reduce costs, and (ii) constraints related to an ever-stricter and more complex regulatory framework in this sector.

1.6.3.1.3 Solid market fundamentals in concession catering

The size of the addressable concession catering markets in the various countries in which the Group operates is significant, as these markets are currently only partially covered by the Group and they have strong growth potential. For example, the Group believes that:

- In the airports market, growth will be led by an overall increase in passenger volumes in the coming years.

- In the motorways market, the increasing size of sites (notably due to the grouping of catering and retail facilities in one building) is enabling concession caterers to offer retail and gasoline distribution services in addition to their food and beverage services. At the same time, the economic recovery in Southern Europe – particularly Spain – is leading to a rise in motorway traffic.

- Market trends for railway station concessions are holding firm, notably due to growing suburbanization in the countries where the Group operates, which pushes up the volume of commuters. Traditional restaurants will gradually be replaced by coffee shops, fast-food, snack and retail solutions, which are more in phase with consumer demand and generate higher volumes of customers. Lastly, business in railway stations is moving beyond services purely related to rail travel, with full-scale shopping centers being created in station precincts.

1.6.3.2 A strong strategic fit between the Group's contract catering and concession catering businesses, offering numerous growth opportunities

1.6.3.2.1 Two complementary businesses

The Group has two highly complementary businesses– contract catering on the one hand and concession catering on the other.

Commercial synergies

The strategic fit between these two businesses is illustrated by growing synergies and particularly the fact that it is increasingly offering to its contract catering clients brands and concepts proposed in its concession catering businesses. The Group draws on its relations with the catering brands that it uses under franchise agreements in the concession catering business in order to introduce snack and takeaway formats marketed under these brands into its contract catering operations. This is particularly the case for the brands the Group uses under exclusive franchise agreements, such as Paul and Exki. These brand offerings are highly appealing to customers and therefore give the Group a competitive edge, helping to increase footfall and average customer spend, as demonstrated in the French business & industry market with the introduction of the Paul brand at Renault's Technocentre in Guyancourt and the Bonsens brand at the BNP Paribas site at Issy-les-Moulineaux. Similarly, the Group draws on its contract catering know-how for its concession catering operations in the city sites & leisure market, as illustrated by its contract with Center Parcs.

Purchasing synergies

Another demonstration of this strategic fit is the synergies the Group can leverage along the supply chain. The Group's size, combined with its knowledge of its local and national markets, enable it to achieve considerable economies of scale by putting in place cross-business procurement structures.

Seasonality

The complementary nature of the contract and concession catering businesses also helps the Group to manage seasonality impacts as the busiest time of the year for contract catering is the winter, whereas for concession catering it is the summer vacation period.

Business models

Contract catering and concession catering are also financially complementary, particularly in terms of their capital expenditure requirements and cash generation profiles. Contract catering operations require little capital outlay and have low working capital requirements, but costs and margins need to be very tightly controlled. On the other hand, concession catering operations are more capital intensive but generate higher cash inflows due to a negative working capital requirement under multi-year contracts that offer financial and legal security for the concession operator.

Image and reputation

Finally, all of the Group's businesses and markets are now benefiting from the fact that its brand names (Elior, Areas and Elior Services) are becoming increasingly powerful, which means that they can capitalize on the reputation for quality and excellence the Group has built up over many years.

1.6.3.2.2 Numerous growth drivers across all of the Group's operations as a result of excellent innovation capabilities

Digital technology helps to enrich existing services as it provides the Group with a better understanding of its guests' expectations by giving them numerous opportunities to interact. This means offerings can be more closely tailored to demand, which has a positive effect on both footfall and average customer spend. Additionally, digital technology can be used to create new types of services.

1.6.3.3 A resilient and attractive business model thanks to a loyal client base and long-term contracts

Complementary geographies and markets

The resilience of the Group's business model is mainly due to the wide diversity of its operations, both in terms of markets and geographies. For example, in contract catering the healthcare and education markets are less cyclical than the business & industry market.

The Group has also broadened its geographic reach over the years, and now has operations in 16 countries, with the proportion of revenue generated by France reduced to 44% of the consolidated total for the fiscal year ended September 30, 2017. During 2017 it pursued its external growth strategy for contract catering, with the successive acquisitions of CBM Managed Services, Corporate Chefs and Lancer Hospitality in the United States, MegaBite Food Services and CRCL in India, and bolt-on acquisitions in the United States and the United Kingdom, further lowering France's weighting in the geographic mix. The U.S.A. is now the Group's second-largest market, representing 19% of its total revenue in fiscal 2016-2017.

Long-term contractual relations with clients

The Group's business model is also strengthened by the fact that it has a wide and diverse client portfolio. In 2016-2017, its five largest contract catering clients accounted for less than 7% of total revenue for the contract catering business. During the same period, its five largest concession catering contracts represented 38% of total concession catering revenue.

Other factors that contribute to the strength and stability of the Group's business model include an efficient and dynamic management of the business contracts underlying its contract catering operations, as well as the existence of stable and long-lasting relations with a large number of its major contract catering clients. Many of the Group's contracts include automatic renewal clauses and indexation clauses based on the prices of certain raw materials and labor costs. The Group also has very long-standing relations with large international corporations, such as Airbus, Lloyd's of London, ABB and L'Oréal. In the year ended September 30, 2017, the Group's client retention rate was 93%.

In its concession catering business, the Group operates mainly through long-term contracts, with durations that typically range between 5 and 15 years in Europe and can reach up to 35 years for U.S. motorway concessions. Its ability to renew key concession contracts also contributes to the stability of the concession catering business and to the overall resilience of its business model.

1.6.3.4 A proven capacity to create value through a combination of organic and acquisition-led growth and a recognized ability to effectively integrate acquired companies

The Group has a strong track record in terms of acquisitions, and since early 2016 the new businesses it has acquired have added some €800 million to annual consolidated revenue.

The success of these acquisitions is due to the profiles of the target companies and their strategic fit with the Group's existing operations. This is illustrated by the recent business combinations carried out both in the United States (which have extended the Group's geographic coverage in that country) and in the United Kingdom (resulting in greater coverage of the healthcare

and education markets). The integration process for newly-acquired companies includes a plan to leverage synergies, which are assessed upstream of the transaction and encompass areas such as costs (procurement, IT, support functions, etc.), business development (integrating acquired brands into the Group's portfolio, analyzing client portfolios and capital expenditure projects, etc.), human resources and management. In most cases the Group keeps the existing management teams in place, in order to ensure continuity and encourage an entrepreneurial culture.

The Group's acquisitions have enabled it to create powerful national players in each of its main host countries. One illustration of the effectiveness of this strategy is the ramp-up of its contract catering operations in North America. Having first entered the North American market in 2013 through the acquisition of THS, the Group believes it was the fifth-largest player in this country at September 30, 2017.

1.6.3.5 A solid financial performance, combining growth, profitability and cash flow generation

Since its very beginnings, the Group has demonstrated its ability to deliver profitable growth and generate operating cash flow, despite a difficult economic environment, particularly in Europe.

1.6.3.5.1 Operating excellence resulting from a tightly-controlled supply chain and cost base

A tightly-controlled supply chain

Because of the large economies of scale resulting from its size and geographic reach, the Group is able to obtain highly favorable purchasing conditions and significant rebates, therefore increasing its cost efficiency compared with other market players. In addition, it has stable and long-lasting business relations with the majority of its local and global suppliers of foodstuffs, other raw materials and logistics services.

The Group strictly monitors the quality of its supplies, notably by performing quality audits when selecting new suppliers and periodic audits on existing suppliers and by carrying out regular controls on the raw materials and products that it procures.

Constant cost control

The Group views as a priority its ability to control its cost base and improve its overall operational efficiency as these areas are key factors for successfully managing its businesses, particularly for contract catering & services.

The Group's cost base mainly comprises purchases of food products and raw materials, personnel costs and overheads. As well as implementing upstream purchasing policies, the Group has also put in place processes to optimize the use of food on site in order to minimize waste.

In addition, as personnel costs represent the largest proportion of its cost base, the Group closely monitors movements in its overall payroll in order to ensure it keeps up its cost efficiency during local market cycles. The Group has demonstrated its ability to successfully implement restructuring plans, notably in Spain and Italy, which have enabled it to maintain its operating profitability despite the challenging economic conditions in those countries and the overall decrease in business volumes and footfall.

In parallel, thanks to its investments in central kitchens in France, Spain and Italy – particularly for the education market – the Group has been able to streamline its production processes and reduce the cost per meal.

Robust financial performance

The Group's efficient business model, which is characterized by good profitability levels, modest working capital requirements and contained capital expenditure enables it to generate a high level of operating cash flow over the long term.

1.6.3.6 Experienced management teams with an entrepreneurial mindset and in-depth knowledge of their markets

The Group's highly decentralized organizational structure means that its managers have a resolutely entrepreneurial mindset. They share the Group's financial objectives and take part in certain strategic initiatives but they remain autonomous from an operational and commercial point of view, which gives the Group a dynamic and agile profile.

A number of key initiatives aimed at differentiating the Group have been launched locally, such as with Pierre & Vacances and Center Parcs vacation villages in France and Germany, developing sports stadium offerings in the United Kingdom and Spain, and proposing on-board train catering services in Italy

1.6.4 THE GROUP’S MAIN OPERATING MARKETS AND COMPETITIVE ENVIRONMENT

1.6.4.1 Contract catering

The Group estimates that the overall contract catering market (also referred to as the outsourced catering market) in the countries in which it operates excluding the United States and India (i.e. France, Spain, Italy, the United Kingdom and Portugal) represented total revenue of approximately €21 billion in 2016 compared with around €17 billion in 2008 (data source: GIRA). France, the United Kingdom, Italy and Spain together account for 61% of the total European contract catering market, or over 70% not taking into account Turkey and Russia. Despite the challenging economic environment in Europe in recent years, the Group believes that the contract catering market in its host countries has maintained a steady pace of growth, estimated at an annual rate of 2.3% since 2010 (data source: GIRA).

The Group believes that the U.S. contract catering market is worth approximately $49 billion, with the highest growth rates seen in the education and seniors healthcare sectors (around 4.5% and 6% respectively), both of which are priority development targets for the Group.

1.6.4.1.1 Business & industry

The business & industry market also includes clients in the government agencies, correctional facilities and defense sectors. In Europe, the Group estimates that the business & industry market represents 46% of the aggregate contract catering market in the countries in which it operates and generates revenue of approximately €9.3 billion (sources: GIRA and in-house research). With an average outsourcing rate of 78% in the Group's European host countries (reaching over 90% when excluding the public sector), Europe is the Group's most mature market.

In the United States, the Group believes that in 2016 the business & industry market, excluding the defense sector, generated approximately 37% of the country’s aggregate contract catering sales, up nearly 2% on 2015.

In most cases, the business & industry market corresponds to on-site catering prepared in kitchens located in the same place as that in which the food is consumed.

1.6.4.1.2 Education

With aggregate revenue of some €5.5 billion and an outsourcing rate of just over 27%, education represents the second-largest contract catering market in the European countries in which the Group operates (data sources: GIRA and in-house research).

The education market comprises primary, secondary and higher education establishments, in both the state and private sectors. In 2016, the private sector represented 45% of France's education market versus 55% for the state sector (data source: GIRA).

In the United States, the Group estimates that in 2016 the education market generated approximately 32% of the country’s aggregate contract catering sales.

In most cases, but particularly in the primary education sector, meals are prepared in central kitchens and are then delivered to and served in the schools.

1.6.4.1.3 Health and care

With aggregate revenue of €5.4 billion in the European countries in which the Group operates, the health and care ("healthcare") market comprises both public and private medical establishments as well as care homes for the dependent and elderly. This market represents over 26.5% of the total revenue generated in the contract catering market and constitutes Europe's third-largest contract-catering sector (data source: GIRA and in-house research).

In France, which is Europe's largest healthcare contract catering market, the health and care sectors accounted for 11% and 20% respectively of total contract catering sales in 2016 (data source: GIRA). In the United States, the Group estimates that in 2016 the healthcare market generated approximately 21% of the country’s aggregate contract catering sales.

Meals are generally prepared on site by caterers, although are being increasingly prepared off-site in central kitchens.

1.6.4.1.4 Geographic markets

Unless otherwise specified, market data presented in this section is derived from reports issued by GIRA (notably for Spain, France and Italy), public data, assumptions and estimates considered to be reasonable by the Group, and research carried out by external agencies at the Group’s request. They are not guarantees of future performance and they involve uncertainties and assumptions on matters that are difficult to predict.

a) France

With estimated revenue of over €6.9 billion in 2016 (data source: GIRA), the Group believes that France constitutes the second-largest contract catering market in the European countries in which it operates, just after the United Kingdom. Contract catering represents some 38% of France's overall in-house and contract catering market, which the Group estimates was worth approximately €18.2 billion in 2016, up 2% year on year. The Group considers that the French market has experienced sustained growth of around 2% a year since 2010. It believes there remains significant organic growth potential in the French contract catering market, especially in the education and social care markets which account for nearly 70% of meal sales which are still handled in-house. On the basis of research carried out by external agencies at the Group’s request, the Group estimates that the French contract catering market could grow at an annual average rate of around 2% between 2016 and 2018.

The French business & industry catering market (excluding government agencies and the public sector) is well developed, with 92% of meals outsourced in 2016 and a contract catering sector worth around €2.3 billion. The outsourcing rate for catering for the public sector facilities with captive customers (defense, corrections facilities, etc.) increased sharply from 14% to 26% between 2008 and 2016. However, the Group believes that outsourcing rates in the French education (particularly the secondary sector) and healthcare catering markets are still low (31% and 27% respectively in 2016 in value terms). The contract catering sectors of the education and healthcare markets were worth €1.8 billion and €2.3 billion respectively in 2016. The Group estimates that the annual average growth rate for the education and healthcare markets will be 2% by 2018.

b) Spain

With estimated revenue of almost €1.9 billion in 2016 (data source: GIRA) and accounting for 9% of Europe's total contract catering market, Spain constitutes the fourth-largest contract catering market in the European countries in which the Group operates. Contract catering represents some 47% of Spain's overall in-house and contract catering market, which the Group estimates was worth €4 billion in 2016. Despite the severe economic downturn in Spain since 2008, the overall contract catering market has remained robust and the Group estimates that the Spanish contract catering market will grow at an annual average rate of approximately 1% between 2016 and 2020. The main markets for contract catering in Spain are business & industry, education, and healthcare, respectively representing 26%, 34% and 40% of the country's total contract catering revenue.

In 2016, catering outsourcing rates in Spain were mixed: according to the Group's estimates, around 63% for education, 52% for business & industry (including government agencies) and only 36% for the healthcare market. The Group believes that there are growth opportunities to be seized as a result of the low outsourcing rates for these markets in Spain.

c) Italy

With revenue of some €4.1 billion in 2016, remaining stable since 2014 (data source: GIRA), and representing 20% of Europe's total contract catering market, Italy constitutes the third-largest contract catering market in the European countries in which the Group operates.

Contract catering represents some 64% of Italy's overall in-house and contract catering market, which the Group estimates was worth approximately €6.5 billion in 2016, making Italy Europe's most mature market. The main markets for contract catering in Italy are business & industry, education, and healthcare, respectively representing 31%, 30% and 39% of the country's total contract catering revenue in 2016. The Group believes that a distinguishing characteristic of the Italian contract catering market is that while there are high levels of outsourcing in workplaces (78% in the business & industry sector and over 96% excluding government agencies) and in the education sector (approximately 70%), there is significant room for growth in the healthcare market, where the Group estimates that only 48% of catering was outsourced in 2016.

d) United Kingdom

With revenue of almost £6.3 billion in 2016 (data source: in-house research) and accounting for 36% of Europe's total contract catering market, the Group believes that the UK constitutes the largest contract catering market in the European countries in which the Group operates.

Contract catering represents close to 55% of the UK's overall in-house and contract catering market, which the Group estimates was worth 11.5 billion in 2016.

The UK contract catering market has kept up strong momentum over recent years, growing at an estimated

annual average rate of more than 4% between 2010 and 2016. The Group believes the contract catering market in the United Kingdom is very well developed in the business & industry sector, with an outsourcing rate of almost 85% including government agencies. However the Group considers that outsourcing is still less developed in both education and healthcare (approximately 36% and 34% respectively), which therefore represents growth opportunities for the Group.

e) United States

Based on external research, the U.S. contract catering market was estimated to be worth more than $47 billion in 2016, or around $36 billion for the segments in which the Group operates (excluding the leisure and defense sectors). The education sector represents 47% of the country's contract catering market and education and healthcare represent 32% and 21% respectively.

With an estimated outsourcing rate of 37%, the U.S. contract catering market represents significant growth potential, particularly in healthcare and education whose outsourcing rates are 21% and 32% respectively and which are therefore priority expansion areas for the Group.

Based on its own research, the Group estimates that the U.S. contract catering market will grow at an average annual rate of nearly 3% between 2016 and 2018.

f) India

In 2016 the Group gained a strong position in the Indian market through the acquisition of two contract catering companies (Megabite Food Services and CRCL) and believes that it is the country's third-largest contract caterer. The Indian market is highly fragmented, with over 2 million contract catering companies, and represents significant growth potential. The current outsourcing rate accounts for only 23% of the total contract catering market which is estimated to be worth over $14 billion and is growing at an annual rate of 16% (data source: the Hindu). The business & industry, healthcare and education sectors respectively represent 49%, 43% and 8% of India's contract catering market.

1.6.4.1.5 Competitive environment

Based on external and internal research, the Group believes that it is Europe's third leading contract catering player. In the European countries in which it operates, the Group believes it is the third-largest player in the business & industry market, the second-largest in the healthcare market and the leader in the education market.

a) France

Based on external research, the Group believes that it is the joint leader, with Sodexo, in the French contract catering market, holding the leading position in business & industry and education, and second position in healthcare (based on outsourced sales in 2016). The French contract catering market is relatively concentrated, with the top three contract caterers accounting for approximately 71% of total contract catering sales in 2016. The Group's main competitors in this market are large, multinational companies, such as Sodexo and Compass, and Elior Group is the only one of the market's top three players whose revenue grew between 2014 and 2016 (data source: GIRA). The Group also faces competition from smaller, national caterers such as Api Restauration, Dupont and RestAlliance.

b) Spain

The Group believes that it is the leading contract caterer in Spain based on 2016 revenue, with an estimated market share of over 22% (data source: GIRA). The Group considers that the Spanish contract catering market is still fragmented, with the top five contract caterers accounting for around 68% of the market in 2016. The Group is number one in the education and healthcare markets and number two in business & industry. Several major groups (Compass, Aramark and Sodexo) operate in the Spanish market but other local players such as Ausolan and Mediterranea hold significant market shares.

c) Italy

The Group believes that it is the leading contract caterer in Italy based on 2016 revenue, with an estimated 14% market share (data source: GIRA). It has leading positions in the business & industry and healthcare markets and is the third-largest player in the education market. The structure of the Italian contract catering market is very different from other European countries. Multinational companies, such as Sodexo and Dussmann, make up 30% of the overall market, and cooperatives such as CAMST and CIR account for over 20%, with local small and medium-sized players (generating less than €130 million in revenue) representing around 40%.

The Italian contract catering market is generally stable and represented approximately €6.5 billion in 2016. The outsourcing rate is some 64%, which could grow at an average annual rate of around 1.0% between 2016 and 2018 (data source: GIRA).

d) United Kingdom

In 2015, the Group consolidated its position as the joint fourth-leading contract caterer in the United Kingdom with a market share of 4.5%. The Group believes that it is the fourth-largest player in the business & industry sector, the fifth-largest in education and number four in healthcare. Once it has consolidated the acquisitions it

made in fiscal 2016-2017, the Group's position in the healthcare market will be significantly strengthened.

The Group considers that the U.K. market is less concentrated than the French market, with players generating less than £120 million in revenue but together representing more than 41% of the overall market. As in its other geographic markets, the Group's main competitors in the United Kingdom are large companies such as Compass, Sodexo and Aramark. However, it also faces competition from national catering companies such as BaxterStorey, as well as from smaller, local catering companies or companies with niche markets, and from facilities management companies that also provide catering services.

e) United States

The Group has moved up a place in North America and estimates that it is now the fifth-leading contract caterer in the North American market (data source: Food-management.com). The market is largely concentrated, with the top three contract caterers accounting for 75% of total contract catering sales and the top ten representing almost 90%. The world's three largest players hold the top three places in the U.S. market.

1.6.4.1.6 Market trends

a) Increase in outsourcing

Based on third-party market research, the Group expects that outsourcing rates will continue to grow, resulting in further expansion of the contract catering market. It believes that, as companies and other private institutions seek to maximize savings in the current uncertain economic environment, and as public entities continue to experience political pressure to reduce spending, they will focus on their core business and competencies, which will incentivize them to outsource non-core activities including catering services. Once an entity chooses to outsource its catering or support services, it very rarely decides to bring those services back in-house. Consequently, the Group expects that the outsourcing trend will continue.

b) Market concentration

The Group expects the current market concentration trends in Europe's contract catering market to continue. Although certain sectors in its geographic markets have already undergone considerable concentration in recent years, fragmentation persists in Italy, Spain and the United Kingdom. Fragmented markets present an opportunity for larger players, as these players' high volumes of purchases enable them to be more cost efficient.

1.6.4.2 Services

On the basis of research carried out by external agencies at the Group's request, the Group considers that specialized cleaning services represented 40% of the overall revenue generated by the cleaning services market in France in 2016, versus 60% for standard and office cleaning services (data source: Le Monde de la Propreté).

1.6.4.2.1 Principal geographic market

France is the Group's principal geographic market for its Services business. The Group estimates that the French cleaning services market generated over €21 billion in revenue in 2016, around €13 billion of which derived from the outsourced segment of the market, representing an outsourcing rate of approximately 60%. It also estimates that sales generated by the outsourced cleaning services market in France increased by around 2% in 2016. After slowing in 2013 (with a rise of just 1.1%), the market picked up in 2014 and 2015, growing 4.4% (data source: Le Monde de la Propreté). The pace of growth is expected to be 2% from 2016 onwards (data source: Eurostat).

1.6.4.2.2 Competitive environment

The Group believes that the French cleaning services market is highly fragmented, with around 45,000 companies referenced (data source: Le Monde de la Propreté), and the sector's top ten companies accounting for less than 40% of the sector's overall revenue. However, small companies only made up 20% of the market in value terms and between 2012 and 2014 the larger players (entities generating more than €20 million in revenue) reported growth of over 3.5% whereas the growth rate for smaller companies was less than 1% (data source: Eurostat).

The Group believes that it is the sixth-leading cleaning services provider in France based on 2016 revenue – largely due to the acquisition of Sin&Stes in 2010 – and it has an estimated market share of around 3.5%. The healthcare market represents 5% of the overall outsourced cleaning services market in France (data source: Le Monde de la Propreté) and the Group believes that it is the leading provider of outsourced cleaning services in the French healthcare market, with an estimated market share of nearly 30% based on 2016 revenue. The Group's main competitors are Onet, Samsic, Atalian, GSF and ISS. All of these companies are large entities with dense client networks and offer an array of other support services besides cleaning.

The Group's Services business also faces competition internationally from large, multinational providers such as Sodexo and ISS, as well as from smaller, regionally-based service providers.

1.6.4.2.3 Market trends

a) Increase in outsourcing

The Group expects that the trend towards greater outsourcing of support services will continue. In particular, it believes that public and private sector entities are increasingly looking to streamline their operations to focus on their core businesses, which means that the offerings by larger support services providers who are able to provide quality services at low costs will become increasingly attractive to potential clients.

b) Market concentration

The Group believes that there is a trend towards further concentration in the services industry, particularly in France where the market is still highly fragmented. Because larger specialized companies can operate with lower overhead costs due to economies of scale, they are able to pass cost savings on to clients and therefore offer more competitive pricing. As companies and public institutions remain sensitive to budgetary concerns, they will likely favor larger specialized companies when seeking to outsource their support service needs.

c) Emergence of multiservice contracts

The Group believes that there is currently a trend for large services providers to expand their offerings to propose multiple types of outsourced services to clients. Such offerings range from the bundling of so-called "soft" services such as cleaning, light maintenance and office support to the combined sale of support services and catering services. As the services market continues to become more concentrated, large providers will increasingly be able to offer a wide range of services to clients at attractive prices.

d) Professionalization of the outsourced services industry

Historically, outsourced services, especially cleaning, have been provided by small, locally-based businesses. As a result, the market for such services is highly fragmented, particularly in France. The Group believes that larger companies such as itself will be able to leverage their brand recognition and reputation in order to grow market share more rapidly than smaller companies, resulting in further market concentration.

1.6.4.3 Concession catering

Unless stated otherwise, all of the market data presented below is derived from reports issued by GIRA.

The concession catering market comprises (i) three main segments related to the air, rail and motorways transport markets, and (ii) the leisure segment which includes a variety of settings ranging from cultural venues to vacation villages. The Group is mainly positioned in the transport concession market, which in the European countries in which the Group operates, represented aggregate revenue of around €3.3 billion in 2016. Worldwide, this market is worth €7.7 billion for the segments and geographic regions covered by the Group.

The Group's primary city site & leisure concession catering markets are France and Spain.

1.6.4.3.1 Market size

a) Airports

The overall airport concession catering market in the European countries in which the Group operates represents just over €1 billion, and worldwide it is worth over €5 billion (data source: GIRA and in-house research).

France

The overall French airport concession catering market represented an estimated €300 million in 2016 (data source: GIRA), up almost 3% on 2015. This year-on-year increase, which was in line with the rise in air passenger traffic, was due to a slight 1.4% rise in meal volumes and a sharp 2.8% increase in average customer spend. The Group estimates that this trend should continue, with average annual revenue growth expected to reach around 3.9% between 2016 and 2018 and meal sales volumes set to increase by 2.4%. In both volume and value terms, this growth rate is the highest since 2013.

Italy

After two years of steady decline between 2011 and 2013, air passenger traffic has picked up since 2014 (up by 4%), even before the impact of Expo Milano (data source: GIRA). This growth continued after the World Expo, rising almost 5% between 2015 and 2016.

Despite challenging economic conditions, the Group believes that the Italian airport concession catering market has managed to keep up a steady pace of growth over recent years, with revenue rising more than 7% between 2014 and 2016 to over €300 million (data source: GIRA). This increase was mainly seen by major operators such as Areas and chain brands, whose aggregate revenue has climbed 7.6% since 2014, for although there was a slight decrease in average customer spend, sales volumes rose by 8.6% over the same period. The rise was fueled by international air traffic and low-cost companies which now account for almost half of Italy's overall air traffic. In addition, the market felt the positive effects of refurbishments carried out in recent years, notably in Milan and Rome.

Spain

Following a steady decline in air passenger traffic between 2011 and 2013, the Spanish airport concession catering market picked up again as from 2014, and in 2016 the number of passengers reached a record high of 11% year on year, exceeding the spike observed in 2007 (data source: Aena).

On the basis of research carried out by external agencies at the Group's request, the Group estimates that revenue for the Spanish airport concession catering market as a whole increased from €279 million in 2014 to €290 million in 2015. It believes that the Spanish airport concession catering market will grow at an average annual rate of around 3% between 2015 and 2020.

United States

Based on its own research, the Group believes that the U.S. airport concession catering market has grown by over 2.5% since 2014 and that its annual growth rate will rise to almost 3% between now and 2020. This increase is higher than the expected 2.2% rise in air passenger traffic for 2017 and the 2% annual average forecast for between now and 2026 (data source: FAA).

The Group estimates that in 2016, total revenue generated by the U.S. airport concession catering market reached $4 billion.

Mexico

Based on in-house research, the Group considers that the Mexican airport concession catering market is worth €340 million. Having recorded a near-25% rise in air passenger traffic since 2014, this market represents attractive growth prospects and the Group believes that it could grow at an annual average rate of 9.5% between now and 2020.

b) Motorways

The overall motorway service areas concession catering market in the European countries in which the Group operates represents around €1.8 billion, and worldwide it is worth approximately €2.2 billion (data source: GIRA and in-house research).

France

The French motorway concession catering market declined by over 3.5% in value terms in 2016 to €392 million (data source: GIRA, excluding vending), whereas traffic volumes increased by over 3.2%. The year-on-year decrease was due to (i) a large number of concessions which were renewed and engendered significant refurbishment work, and (ii) consumers choosing fast-food and convenience options whose average customer spend is lower than for sit-down dining. The Group expects the market to pick up by 2018, however, with estimated annual average growth of over 3.5% in value terms.

Italy

The Group believes that the food services sector of the Italian motorway concession catering market has decreased by around 2% since 2014 and is now worth €639 million. However, this decline mainly impacted small independent operators, with the weighting of large operators and chains such as Areas increasing almost 1% in value terms since 2014.

After several years of falling traffic, trends have swung back up since 2014, rising by over 3% between 2015 and 2016 (data source: GIRA).

Spain

Revenue generated by the Spanish motorway concession catering market has decreased since 2007, due to the country's difficult economic situation. The Group believes that in 2016, revenue generated by the Spanish motorways concession catering market represented €180 million, up nearly 2% since 2015. The Group believes that the Spanish motorway concession catering market will grow at an average annual rate of between 2% and 2.5% from now until 2020 (data source: GIRA). This rise will be led by the increase in motorway traffic since 2014 (up 4% between 2014 and 2015 (data source: Spanish Transport Ministry).

United States

The Group estimates that the U.S. motorway concession catering market was worth around $690 million in 2016 and believes that this market will grow at an average annual rate of more than 1% between now and 2020.

Germany

Based on in-house research, the Group estimates that the German motorway concession catering market was worth around €627 million in 2016 and it expects this market to grow at an annual average rate of around 1% in the coming years.

c) Railway stations, city sites & leisure

The overall railway concession catering market for in the European countries in which the Group operates represents around €450 million.

France

As in other sectors of the French concession catering market, the Group believes that the French railway market has held firm in recent years. After slowing in 2015, it grew by over 3.2% in 2016 to €358 million. This growth was mainly due to higher average customer spend, as sales volumes only edged up 1.2% whereas passenger traffic increased by 2.4% in 2016 (data source: GIRA). This increase in value terms is primarily due to a better segmented offering focused on targeting customer budgets and showcasing well-known main street brands.

At a time when the renovation of certain stations with high passenger footfall is coming to an end, the Group estimates that the increase is likely to continue, with sales of services expected to climb 1.5% in volume terms and 3% in value terms by 2018 (data source: GIRA).

Revenue generated by food and beverage concessions at vacation villages and leisure parks declined in 2016 to €605 million.

Spain

The overall Spanish railway concession catering market was estimated to be worth over €86 million in 2016 (data source: GIRA). In view of the strong rise in high-speed train traffic, the Group estimates that this market will grow by an annual average rate of 4.5% between now and 2020 (data source: GIRA).

1.6.4.4 Competitive environment

The Group believes it is the third-leading concession catering operator globally, with a market leadership position in a number of the markets in which it operates. It faces competition from a variety of companies ranging from large, multinational concession operators, such as Autogrill and SSP, to smaller, locally-based companies.

a) France

The Group believes that it is the leading concession catering operator in France based on 2016 revenue, with a market share of 56% in the French airports sector, around 50% in the French motorways sector and 33% in the French railway stations sector (data source: GIRA). It considers that the overall French concession catering market is highly concentrated, with the top three concession operators in airports, motorways and railway stations accounting for an estimated 88%, 84% and 74% of each of these sector's revenue respectively. The Group's main competitors in each of these sectors are Autogrill, SSP and - recently - Lagardère Travel Retail, mainly in the railway stations market following Relay's repositioning.

b) Spain

The Group estimates that it is the leading concession catering operator in Spain based on 2016 revenue, with approximate market shares of 45% in airport concessions, 40% in motorway concessions and 30% in railway station concessions (data source: GIRA). The Group's aggregate market share for these three segments is an estimated 40%.

The Spanish market is relatively concentrated, and the Group believes that in the Spanish airports, railways and motorway concession catering markets, the top three players accounted for approximately 60% of the market. The Group's main competitors in Spain are Autogrill (railway stations and motorways), SSP (airports and railway stations), Eat out (airports) and Abades (motorways).

c) Italy

The Italian motorway concession catering market is highly concentrated, with the three leading operators representing 83% of the market in 2016 in the two segments in which the Group operates (airports and motorways). However, the market has become increasingly open to other participants in recent years due to market liberalization measures. In the airports market, the Group is Italy's leading concession catering operator based on 2016 revenue, with around 31% market share. In the motorways market, the Group believes that it is the fourth-leading concession caterer in Italy based on 2016 revenue, with an estimated market share of just over 5%.

The Group's two main competitors are Autogrill, Chef Express, and – recently – Lagardère Travel Retail, as well as smaller companies such as Sirio and Gustofast.

d) United States

In the United States, the Group mainly faces competition from large multinational companies, such as Autogrill (motorways and airports) and SSP (airports) as well as from regional companies, such as Delaware North and OTG (primarily for airports). Based on its own research, the Group believes that in 2016 it moved up to fifth position in airports market and that it ranks number two in the motorways market.

e) Mexico

In Mexico, the Group is mainly present in the airport concession catering market. Based on its own research, it estimates that it is the country's third-leading player, with a market share of 15%. Competition is mostly concentrated around local groups such as Mera, Alsea and CMR.

f) Germany

In Germany the Group is present in the motorway concession catering market. Based on 2015 revenue, the Group believes that it is the joint leader with Autogrill, with a market share of around 12% (data source: in-house research). This market is highly fragmented, with the top four players only accounting for 34% of overall revenue.

1.6.4.4.2 Market trends

a) Continued barriers to entry

The Group believes that the structure of the concession catering industry will continue to favor large, incumbent operators.

Concession agreements tend to be medium to long-term, lasting for up to 35 years, which limits turnover of operators. The length of contracts is typically the result of the intensive capital expenditure required to operate a concession.

A further barrier to entry is the need to enter into franchising agreements with brand owners. Consumers are attracted to national and international main-street brands, and concession grantors look closely at a concession operator's brand portfolio when considering bids. Franchisors tend to prefer more experienced, well-known concession operators in order to limit the risk of any reputational damage to their brands.

Lastly, the successful operation of a concession requires the management of complex and expensive information technology systems to track sales and link them up with accounting systems, as well as oversight of vendors and of the entire supply and logistic chain. The management of such systems can be an advantage for large players in this market.

b) Economic recovery and increased travel and leisure time

The Group believes that the current global economic recovery will result in an increase in consumer discretionary spending, boosting concession catering sales. Because the concession catering industry is closely linked to business and personal travel, it is particularly sensitive to changes in businesses' and consumers' confidence and changes in their purchasing power. In poor economic conditions, concession catering businesses tend to be affected by business and consumer spending cutbacks.

However, as Europe's economic recovery takes a firm hold, air passenger traffic is increasing sharply, with an overall 9% rise in passengers in the first half of 2017 (data source: ACI Europe), with a 3.8% increase for French airports and 9% for Spain.

In addition, the upswing in motorway traffic in the United States is continuing, after six years of decline and stagnation following the economic recession of 2008. In the first half of 2017, the increase was almost 2% (data source: US Department of Transportation).

1.6.5 LAWS AND REGULATIONS APPLICABLE TO THE GROUP

The Group is subject to various laws and regulations issued by local, national and other government entities in each of the countries in which it operates, as well as at European Union level. Its contract catering and concession catering businesses are particularly subject to laws and regulations regarding food safety and hygiene and food labeling requirements.

Additionally, the Group is subject to labor and employment laws and regulations across each of its business segments and countries.

1.6.5.1 Food safety regulations

Food safety is a fundamental aspect of the Group's business as a food services provider. Serving food that is safe and has been prepared and distributed in accordance with the applicable regulations is an underlying prerequisite for clients and is the foundation for the trust they place in the Group. In its contract and concession catering operations, the Group is subject to extensive local, regional and national laws and other requirements relating to food safety, hygiene and nutrition standards in each of the countries in which it operates, whether at local, national or E.U. level (for its operations in the European Union).

1.6.5.1.1 Food safety and hygiene

a) European Union

A set of rules known as the "Hygiene Package" has been applicable in the European Union since January 1, 2006. The introduction of this legislation was aimed at creating a single, transparent hygiene policy applicable to all food and all food operators right through the food chain "from farm to fork", together with effective instruments to manage food safety and any future food crises throughout the food chain.

For its catering operations the Group is subject to four of the Hygiene Package's regulations:

Regulation (EC) No. 178/2002 dated January 28, 2002 (also called the "General Food Law") lays down the general principles of food safety and covers foodstuffs intended for human consumption and animal feed. This Regulation also established the European Food Safety Authority (EFSA) and the Rapid Alert System for Food and Feed (RASFF) in the European Union.

The EFSA assesses and communicates on risks associated with the food chain in order to provide guidance and clarity for the policies and decision making of food safety risk managers. A large part of the EFSA's work entails issuing scientific opinions on matters that affect food safety. The EFSA uses its expertise in playing an advisory role for European legislation on food safety, deciding whether to approve regulated substances such as pesticides and food additives and developing regulatory frameworks and policies in the field of nutrition.

The RASFF is an alert system that warns the health authorities of each E.U. country whenever a risk is identified for a food product.

The General Food Law establishes general principles (e.g. use of risk analyses by the relevant authorities, the precautionary principle, the principle of transparency and the protection of consumers' interests) and sets out specific obligations for professionals, including traceability, recalling any products that may present a public health risk, and informing the relevant inspection authorities.

In particular, the General Food Law requires food business operators to ensure that businesses under their control satisfy the relevant requirements and to verify that such requirements are met at all stages of production, processing and distribution. It also imposes a mandatory traceability requirement along the entire food chain that applies to all food and all types of operators in the processing, transportation, storage, distribution and retail stages. Each food operator is required to register and retain for a period of five years detailed product information (including the name and address of the producer, the nature of the product and the transaction date) and make such records immediately available to the relevant authorities upon request.

Regulation (EC) No 852/2004 of April 29, 2004 on the hygiene of foodstuffs applies to all food businesses (including caterers, primary producers, manufacturers, distributors and retailers).

This Regulation requires, among other things, that food chain players set up procedures based on the principles of Hazard Analysis Critical Control Points (HACCP) which should take account of the seven Codex Alimentarius principles (a program set up jointly by the United Nations Food and Agriculture Organization (FAO) and the World Health Organization). HACCP is a process control system which is used to identify potential food safety hazards and take action to reduce or eliminate the risks related to the various stages of the product manufacturing process, including ensuring the safety of raw materials, validating internal processes, shelf life and end-consumer usage. The

Regulation also requires that employees undergo training on food hygiene matters and the application of HACCP principles. In addition it sets out obligations for meal-delivery firms in terms of declaring and registering food information with the food control authorities and requesting authorizations.

Regulation (EC) No. 853/2004 dated April 29, 2004 includes more stringent requirements for food products of animal origin, such as meat, fish and dairy products, and foods containing such products. European legislation regulates the temperature settings at which these products must be kept (below 3° Celsius) as well as the length of time for which they can be displayed.

Regulation (EC) No. 2073/2005 dated November 15, 2005 is an implementing regulation covering microbiological criteria for foodstuffs. The above criteria are used for assessing the compliance of products when setting the shelf life of products or for health and hygiene controls.

b) France

In France, the main food safety regulator is the Agency for Food, the Environment and Occupational Health and Safety (Agence Nationale de Sécurité Sanitaire de l'Alimentation, de l'Environnement et du Travail, or "ANSES"). ANSES is a governmental agency that is overseen by the Ministries of Health, Agriculture, the Environment, Labor and Consumer Protection. It acts as a watchdog and advisory specialist for a wide range of issues related to human and plant health and animal health and welfare, and also carries out research activities in these areas. It applies a holistic approach to health issues by analyzing all of the related risks and benefits. It assesses all of the risks (chemical, biological, physical) to which an individual may be exposed – voluntarily or involuntarily – at all ages and times of their life, whether at work, when traveling, during leisure time, or through the food they eat.

French food safety regulations incorporate the standards provided for in E.U. legislation on food safety. They also include the requirements of:

(i) The **governmental decree issued on December 21, 2009** concerning the temperature settings at which animal-derived products must be kept, and specific provisions relating to contract catering establishments (display dishes, the obligation to report to the authorities any suspected cases of food poisoning, procedures for managing unsold food etc.) and (ii) the decree dated October 8, 2013 relating to all foodstuffs that are not derived from animal goods.

(ii) **The governmental decree of February 2, 2015** relating to the definition of the concept of local distribution, implementing Regulation (EC) No. 37/2005 and rescinding the decree dated July 20, 1998 setting the technical and hygiene conditions for food transportation.

(iii) **The governmental decree of June 8, 2006** concerning health and hygiene ratings for companies that market products of animal origin and foodstuffs containing animal products, as amended by decree on September 24, 2014.

In addition, the Group is subject to certain provisions of the French Rural Code (*Code rural*) dealing with food safety, epidemiology concerns related to products of animal origin, animal feed, and animal health.

Lastly, the Group is required to respect the instructions issued by the French Food Safety Agency ("DGAL"), notably instruction DGAL/SDSSA/2017-164 dated February 22, 2017 specifying the health and hygiene regulations applicable to retail trade and the transportation of animal-origin products and foodstuffs containing animal products.

c) Italy

In Italy, the main advisory authority for food safety is the Ministry of Health. Decree no. 123 dated March 3, 1993, transposing into Italian law the European Council Directive 89/397/EEC of June 14, 1989 on harmonizing the official control of foodstuffs in the European Union, relates to all stages of the food industry: production, manufacture, processing, storage, transport, distribution and trade. It authorizes the performance of the following operations: inspections, sampling, laboratory analysis of samples taken, verification of staff hygiene, and a review of formal documentation and systems used by the company. Italian food safety regulations incorporate the standards provided for in E.U. legislation on food safety. In addition to national and European-level food safety and hygiene regulations, the Group is subject to regional and provincial food safety obligations in Italy.

The main food safety supervisory bodies in Italy are:

- The Ministry of Health, notably through programs set up by the food safety and nutrition department (*Direzione generale per l'igiene e la sicurezza degli alimenti e la nutrizione*).
- The public health institute *(Istituto Superiore di Sanità).*
- The Italian police's food and drug control unit *(Nuclei Antisofisticazione e Sanità (N.A.S.) dei Carabinieri).*

- The local healthcare authorities *(Aziende Sanitarie Locali)* which have inspection powers.

- Veterinary clinics.

- The Ministry of Agriculture *(Ministero delle politiche agricole alimentari e forestali).*

d) Spain

In Spain, the main food safety regulator is the Consumer Protection, Food Safety and Nutrition Agency (*Agencia Española de Consumo, Seguridad Alimentaria y Nutrición*, or the "AECOSAN"). The Group is subject to food safety regulations promulgated and enforced by the AECOSAN at national level, such as the General Health Act 14/1986, the Consumers and Users Protection Act 1/2007 and the Food Safety and Nutrition Act 17/2011.

As well as being required to hold specific authorizations to conduct business as a food operator in Spain since the promulgation of Royal Decree 3484/2000 in December 2000, the Group is also subject to specific hygiene rules for preparing pre-cooked meals as well as requirements to ensure that food handlers are supervised and instructed in food hygiene matters in a way that is commensurate with their professional activities. In addition to national food safety laws and regulations, the Group is also subject to specific obligations under local regulations applicable in the Spanish autonomous regions in which it operates.

e) Portugal

The main food safety regulator in Portugal is the Food Safety and Economic Agency (*Autoridade de Segurança Alimentar e Económica* or "ASAE"). ASAE's mission is to oversee and verify that economic players in the food and non-food sectors are compliant with the applicable legislation, and to oversee, assess and communicate food safety risks to its European and international counterparts.

f) United Kingdom

In the United Kingdom the main food safety regulators are the Food Standards Agency (the "FSA") for England, Wales and Northern Ireland and the Food Standards Scotland (the FSS) for Scotland. The FSA and FSS are responsible for food safety and food hygiene across the United Kingdom. They work with local authorities to enforce food safety regulations and inspect meat plants to check compliance with the applicable regulations. The FSA also commissions research related to food safety. Key UK laws applying to food safety and hygiene include the General Food Law Regulation (EC) 178/2002 and amendments to the Food Safety Act 1990 to bring it in line with the E.U. General Food Law.

The four countries of the United Kingdom have their own statutory rules which are detailed in:

- The Food Safety and Hygiene (England) (Amendment) Regulations 2016;

- The Food Safety and Hygiene (Scotland) (Amendment) Regulations 2012;

- The Food Hygiene (Wales) (Amendment) Regulations 2012;

- The Food Hygiene (Northern Ireland) Regulations 2006.

In conjunction with the legislation, the FSA writes guidance when there is a significant risk to food safety within the UK.

In the United Kingdom, the FSA, FSS and local authorities work in partnership to operate two food safety rating schemes: The Food Hygiene Rating System (FHRS) in England, Wales and Northern Ireland and The Food Hygiene Information Scheme (FHIS) in Scotland. Primary Authority is a statutory scheme, established by the Regulatory Enforcement and Sanctions Act 2008. It allows an eligible business to form a legally recognized partnership with a single local authority in relation to regulatory compliance. Elior UK has a direct partnership with Cheshire East Council, achieving Primary Authority for Food Safety and Health & Safety.

g) Germany

In Germany, the Federal States are responsible for food safety. Official control is coordinated by the respective state ministries and random inspections of foodstuffs are carried out at municipal or provincial level.

The overarching supervisory body is the Federal Ministry of Food and Agriculture. At federal level, the food safety process is divided into two areas of responsibility: (i) scientific assessment of risks and risk reporting, which are performed by the Federal Institute for Risk Assessment (BfR), and (ii) risk management, which is overseen jointly by the Federal States, the European Community and the Federal Office of Consumer Protection and Food Safety (the BVL). The application of the HACCP system provided for in E.U. Regulation (EC) No. 852/2004 is compulsory under German food safety legislation.

Certification bodies such as DOS and TÜV carry out audits to verify that food producers respect the requirements of the International Featured Standards and that they are capable of producing legally-compliant, safe and high-

quality foods. Almost all of the producers of retail branded foodstuffs in Germany have these certifications.

h) United States

In the United States, food safety regulations are promulgated at the federal, state and local level. State and local agencies issue the regulations to be applied by restaurants and other catering establishments located within their jurisdiction. The U.S. Food and Drug Administration (FDA) publishes the Food Code, a model that assists food control jurisdictions at all levels of government by providing them with a scientifically sound technical and legal basis for regulating food safety within the food services industry. Most States use the FDA Food Code as a model to develop or update their own food safety rules and to be consistent with national food regulatory policy. The FDA regulates all foods and food ingredients introduced into or offered for sale in interstate commerce, with the exception of meat, poultry, and certain processed egg products regulated by the U.S. Department of Agriculture.

i) Mexico

In Mexico, food safety rules are managed at country-level by the Health Secretary. These rules are based on Mexico's public health legislation (*Ley general de Salud)* and are also promulgated by another federal public health agency called *Comision Federal para la Protección contra Riesgos Sanitarios.*

j) Chile

In Chile, the Ministry of Health (MINSAL) is responsible for overseeing the agrifood sector, based on two main legislative areas: the Food Safety Regulations and the "Food Safety" section of the Regional Public Health Plan.

Article 543 of the Food Safety Regulations included in government decree no. 977 issued in 1996 by Chile's Health Ministry sets out (i) the food safety and hygiene requirements that need to be applied during the production and labeling of foods, (ii) specifications relating to the use of additives, (iii) microbiological specifications, (iv) regulations for each food group, (v) general labeling provisions, and (vi) applicable sanctions.

The Regional Public Health Plan provides technical advice for the regions on how to perform controls. The Regional Health Authority and the Regional Health Secretary have legal jurisdiction for overseeing public food safety and they perform ongoing food safety and hygiene controls throughout the production, processing, marketing and consumption chain.

k)India

In India, food safety regulations are promulgated at federal and state level. At federal level, the main food safety agency is the Food Safety and Standards Authority of India or the "FSSAI". The FSSAI regulates all foods proposed for sale, including dairy products and products containing poultry. It also certifies all commercialized food ingredients and products and each operator and vendor must have FSSAI certification, which is renewed annually following a detailed inspection. A state-level liaison officer regularly verifies that the applicable regulations and requirements are complied with. In addition, a regulatory authority carries out compliance inspections at regular intervals, and all operators have to follow a certified food safety training program.

Elior India only deals with suppliers which are FSSAI certified and uses an independent national company for performing prevention checks.

1.6.5.1.2 Food labeling

Prepacked food that the Group sells must comply with European Union labeling requirements, notably European Directive 2000/13/EC of March 20, 2000 relating to the labeling, presentation and advertising of foodstuffs. The products the Group sells are also subject to E.U. regulations on nutrition labeling under the European Council Directive 90/496/EEC, which aims to help consumers choose an appropriate diet and encourage public nutrition education.

The applicable E.U. Law on the provision of food information to consumers was consolidated and updated by E.U. Regulation 1169/2011 of October 25, 2011, which has been effective since December 13, 2014. This Regulation makes a distinction between the information that must be given for prepacked food and non-prepacked food, and provides for harmonized and compulsory nutritional information labeling for prepacked food effective December 2016. In its catering activities, the Group is required to provide information on whether its food contains any of the 14 major allergens set out in Annex II of this Regulation.

Other recent E.U. regulations affecting food labeling include Regulation (EC) No. 1379/2013 which amends the labeling requirements for fishery and aquaculture products, and Regulation (EC) No. 1337/2013 which amends the labeling requirements for meat from pigs, sheep, poultry and goats.

Local and national authorities may also introduce specific regulations or decrees clarifying particular points in the European regulations. For example, in France, the implementing decree 2015/447 dated April 17, 2015 –

which has been effective since July 1, 2015 – clarifies the procedures for applying Regulation (EC) No. 1169/2011, Decree no. 2002-1465 has regulated the labeling of beef in catering establishments since December 17, 2002, and the decree dated May 5, 2017 sets out the conditions for labeling manufactured nanomaterials in foodstuffs.

1.6.5.1.3 Other food service-related regulations

In recent years, a number of national and local authorities have introduced specific regulations motivated by concerns about public health and environmental protection. These regulations cover, among other things, enhanced nutritional information for foodstuffs, requirements to use recyclable packaging, and additional taxes on food and beverages with high sugar content.

Additionally, the Group's operations in the French education sector are subject to specific regulations concerning the nutritional quality of meals served in school restaurants (Decree 2011-1227 of September 30, 2011). Accordingly, the Group has a number of obligations it is required to respect in relation to drawing up menus for restaurants in public and private schools, in accordance with the recommendations set out in the French National Nutrition and Health Program (*Programme National Nutrition Santé*) and those issued by the GEMRCEN (a French governmental think-tank specialized in nutritional issues in the contract catering industry).

Restaurant facilities are also subject to regulations promulgated by national, regional and local authorities covering a wide range of matters such as the utilization and maintenance of restaurant sites and equipment and waste storage and disposal. In addition, for catering sites or concession points of sale at which the Group serves alcohol, it is required to obtain liquor licenses and is subject to ongoing alcoholic beverage control obligations. The Group is also required to comply with anti-smoking laws prohibiting smoking at dining establishments, such as the law applicable in France since January 1, 2008.

1.6.5.2 Labor and employment laws and regulations

Labor and employment laws and regulations have a significant impact on the Group's operations because of its large headcount, which, at September 30, 2017, comprised some 127,000 employees. The majority of the Group's workforce is based in France, Italy and Spain and its French employees alone account for just under half of the workforce. As a result, the Group is particularly affected by labor and employment laws and regulations in France, Italy and Spain.

A description of the general types of labor and employment laws and regulations that affect the Group's operations is provided below.

1.6.5.2.1 Laws and regulations governing employment contracts

In most of the countries in which the Group operates, the traditional model of employment law is based on an employment contract signed between the employer and employee before or at the time the employee is hired. Fundamentally, the employment contract defines the employee's responsibilities, sets out the wage to be paid to the employee in return for his or her services, establishes the employee's working time and is entered into for an indefinite or pre-determined duration. Many features of employment contracts are subject to mandatory provisions of labor laws and regulations as well as by the provisions of collective bargaining agreements.

1.6.5.2.2 Collective bargaining agreements

Under French, Spanish and Italian law, the employer-employee relationship is not only regulated by applicable legislation and the employment contract executed between both parties, but also by relevant industry-wide collective bargaining agreements ("CBAs"). CBAs may exist at national, regional or local level or be specific to a particular company. CBAs are agreements entered into between one or several trade union organizations representing employees, on the one hand, and an employer, or group of employers, on the other hand. National labor laws and CBAs constitute important sources of obligations relating to working conditions and govern the individual and collective relationships between employers and employees for the relevant industry. CBAs typically address (with respect to individual employees) matters such as working conditions and employment-related benefits, pay scales (with an industry specific minimum wage), working time, sickness and maternity leave, vacation, social security and retirement fund contributions, year-end bonuses and financial terms of dismissals or retirement.

The scope of each national CBA is defined by reference to a given industry or type of business. Therefore, the applicable CBA for a company depends on the company's principal business activity. Owing to the broad range of the Group's services, from various catering services to facilities management services, it is subject to several different CBAs. As the terms of CBAs can vary significantly from one activity to another, within the same country the Group may have different responsibilities to different groups of employees based on the business in which they operate.

All CBAs provide for a minimum wage that varies according to the classification of employees and within the applicable pay scale. However, the wage of an employee cannot be below a statutory minimum wage that is set for all employees, regardless of classification, at the national level. Trade unions renegotiate the terms of the industry-wide CBAs almost every year, including the terms of any increase in the minimum wage for each specified level of employee. Companies to which the CBAs apply have an obligation to comply with these provisions by granting at least a corresponding salary increase every year, failing which employees may make legal claims for the enforcement of the industry-wide CBAs, back pay and damages.

In France, employers may also enter into company-wide CBAs to address specific matters such as working time, salary levels, and compensation and benefits.

1.6.5.2.3 Part-time and temporary work

At September 30, 2017, just under half of the Group's staff were employed on a part-time basis. The employment of part-time employees is subject to specific laws and regulations in some of the countries where the Group operates. For example, under French law, part-time employment contracts must include certain mandatory provisions, such as the number of hours worked per week or per month, the arrangements for communicating the scheduling of hours worked per week or per month and the maximum number of overtime hours that the employee can work per month. If a company is found not to be in compliance with regulations on part-time employment, the part-time employee concerned may seek to reclassify his or her part-time employment contract as a full-time employment contract, and may also claim back pay and damages.

The Group is likewise restricted in the manner in which it may hire temporary workers. For example, under French law, an employer wishing to take on non-permanent workers may either hire an employee under a fixed-term employment contract or take on a temporary worker through an agency. The use of fixed-term employment contracts/temporary workers must be restricted to the performance of clearly defined and temporary tasks in specific circumstances provided by law (e.g., (i) to replace an employee on a temporary leave of absence or whose employment contract is suspended, (ii) to temporarily fill a position before an employee can be hired under a permanent employment contract or, after a permanent employee has left, before the position is eliminated, or (iii) to cover a temporary increase in the company's business). In particular, the Group may not use fixed-term employment contracts/temporary workers to fill a job position on a long-term basis in connection with its ordinary and ongoing business.

1.6.5.2.4 Employee representation

a) Right to representation and trade unions

In the majority of the countries in which the Group operates, its employees have the legal right to elect representatives from among their ranks to act as a liaison between the workforce and management. Such representatives are responsible for presenting to the employer all requests and grievances from employees, notably regarding compensation and compliance with applicable labor laws and CBAs. The employer is required to regularly provide the employee representatives with information regarding various matters such as working conditions and the company's financial situation. Depending on the country, employee representatives may also be responsible for notifying the relevant labor regulation enforcement authority of any claims or grievances from employees related to a breach of labor laws or regulations. Employers may also be exposed to the risk of strikes and work stoppages.

In addition, employees may choose to join a trade union to represent their interests. Depending on the country concerned and the size of any given worksite, the Group may be obliged to recognize the trade union and allow employees to unionize. In certain countries, such as France, there is a limited number of nationally-recognized trade unions that are given the legal authority to negotiate national and company-specific CBAs.

b) Works councils

In accordance with E.U. law, the Group has a European works council in place that serves as a forum for employee representatives to engage in direct discussions with members of Group management. E.U. law requires any company that (i) has subsidiaries in at least two different E.U. member states, (ii) employs at least 1,000 employees in E.U. or E.E.A. member states, and (iii) employs a minimum of 150 employees in at least two E.U. member states, to set up a European works council (an "EWC"). EWCs bring together employee representatives from the different European countries in which a multinational company has operations. During EWC meetings, employee representatives are informed and/or consulted by Group management on transnational issues that concern the Group's employees.

National labor laws in most of the countries in which the Group operates also require the establishment of local works councils. The frequency of works council meetings, the degree of information that must be provided to employee representatives in works council meetings, and the extent to which opinions issued by a works council

must be taken into account in management decisions vary on a country-by-country basis. In France, certain employer decisions relating to issues such as workforce reductions or changes in the legal and/or financial organization of the company (in particular in the case of a merger or a sale of assets or shares) require a prior information and/or consultation process to be carried out with the relevant works council(s) (local and/or central and/or European). In such cases, no final decision may be taken before the relevant employee representative body has delivered its formal opinion (whether negative or positive) on the proposed decision.

c) Employee representation on corporate boards

In France, employees may be represented on their company's Board of Directors (or Supervisory Board where applicable). Companies that for the past two consecutive fiscal years have had either (i) 1,000 permanent employees or more on their payroll who work for the company or its direct or indirect subsidiaries with registered offices located in France, or (ii) 5,000 permanent employees or more worldwide who work for the company or its direct or indirect subsidiaries with registered offices located in France and abroad, must appoint at least one – and in certain cases – two Board members representing employees.

Prior to 2015 an exemption existed pursuant to which these provisions did not apply to companies that were not required to have a works council (such as Elior Group), but this exemption was removed by way of French Act 2015-944 dated August 17, 2015. However, holding companies whose principal activity is to acquire and manage subsidiaries and affiliates and which are not required to have a works council are not obliged to appoint employee representatives to their corporate boards if the governance bodies of their subsidiaries include employee representatives (Articles L 225-27-1, I and L 225-79-2, I of the French Commercial Code, as amended).

In accordance with paragraph 2 of Article L. 225-27-1 I of the French Commercial Code, at the date of this Registration Document, Elior Group's Board of Directors did not have any directors representing employees, given that the Boards of its subsidiaries, Elior Restauration et Services and Areas Worldwide[1] – the holding companies for the contract catering & services and concession catering business lines respectively – each have an employee representative director.

In addition, for companies whose shares are traded on a regulated market, if at the close of the last fiscal year employees held more than the statutory threshold of 3% of the share capital, the company's shareholders must appoint one or more employees to the Board to represent employee shareholders.

d) Workplace health and safety

The Group is also subject to regulations related to employees' health and safety in the workplace. Such regulations may require companies to put in place operational procedures to ensure that their working practices are safe and to reduce potential workplace hazards. Occupational health and safety matters are regulated and enforced by a variety of authorities, including the European Agency for Safety and Health at Work, the French *Directions régionales des entreprises, de la concurrence, de la consommation, du travail et de l'emploi* (regional directorates of companies, competition, consumption, labor and employment) and the U.S. Occupational Safety and Health Agency.

[1] A simplified organization chart of the Group is provided in Chapter 1, Section 1.4 of this Registration Document.

1.7 ELIOR GROUP ON THE STOCK MARKET

1.7.1 FINANCIAL COMMUNICATIONS AND SHAREHOLDER RELATIONS

1.7.1.1 Preparation of financial communications

The Chief Executive Officer and the Chief Financial Officer are responsible for the Group's financial communications.

In application of the Board of Directors' Rules of procedure, any key data due to be released to the market and any major press releases must be approved in advance by the Board of Directors.

1.7.1.2 Financial communications policy

The Chief Executive Officer, the Chief Financial Officer, and the Investor Relations Director are the Company's sole spokespeople for financial communications.

Information is released either before the opening or after the close of trading on Euronext Paris so as not to influence the share price.

In order to respect the principle of fair access to information, press releases are issued simultaneously to the whole of the financial community and the market authorities.

Additionally, for the purpose of transparency and in accordance with the applicable regulations, Elior Group has drawn up a directors' charter as well as a code of conduct applicable to its executive and non-executive directors, officers and employees. These documents cover the procedures to adopt concerning inside information in order to prevent conflicts of interest and avoid risks related to insider trading.

All of the Group's executive and non-executive directors, officers and employees have a duty of confidentiality and discretion.

The Group's risk prevention measures related to financial information are described in Chapter 3, Section 3.2 of this Registration Document.

1.7.1.3 Regular contacts with shareholders and investors

In order to ensure that communication channels remain open at all times with both shareholders and the financial community at large, Elior holds regular meetings during the year. A financial calendar setting out Elior Group's publications and events for the financial community is available on the Company's website.

On December 9, 2016, the Chairman and Chief Executive Officer[1] and the Chief Financial Officer held a press conference during which they presented the Group's results for full-year 2015-2016 and answered questions from the financial community.

On May 30, 2017, the Chairman and Chief Executive Officer[1] and the Chief Financial Officer held a conference call during which they presented the Group's results for the first half of fiscal 2016-2017 and answered questions from the financial community. In order to meet the applicable requirements for equal access to information, an audio webcast of these conference calls was posted on the Elior Group website.

On November 17, 2017, the Group Chief Financial Officer held a conference call during which he answered questions from the financial community about the press release published that day and announced a revision to the Group's financial outlook.

On December 6, 2017, the Group's Chairman, Deputy Chief Executive Officer and Chief Financial Officer held a press conference during which they presented the Group's results for fiscal 2015-2016 and answered questions from the financial community, in the presence of the Chief Executive Officer who had been appointed to that post on December 5.

The Annual General Meeting is an excellent forum for the Company to exchange information with its shareholders. Official notice of the meetings is published in the press and in the French official legal journal (BALO). The Annual General Meeting pack is available on the Elior Group

[1] On July 26, 2017, the Board decided to separate the roles of Chairman and Chief Executive Officer to take effect as of the date of Philippe Salle's departure from the Company. Philippe Salle ceased to exercise the duties of Chairman and Chief Executive Officer of the Company on October 31, 2017.

website at least 21 days before the Meeting takes place and is sent to shareholders on request.

The Chief Executive Officer, the Chief Financial Officer and the Investor Relations Director regularly participate in roadshows and investor meetings in order to maintain a regular dialog with the financial community.

1.7.1.4 A steady flow of information

In line with the Group's objective of offering a high level of transparency, a "Finance" section is available on the Elior Group website, which enables shareholders, analysts and investors to access at any time all the information required under the applicable regulations. The website serves as a database of the Group's main financial news and allows investors to keep up to date in real time. The documents available on the website include the Company's Bylaws, the Board of Directors' Rules of Procedure, the financial publications calendar, press releases, and financial reports.

The Elior Group share price is also shown in real time.

All of the Group's statutory documents are also available at the Company's headquarters.

The Registration Document as filed with the AMF is posted on both the Elior Group and AMF websites, in French and English.

In addition, financial news flashes are regularly issued in the economic and financial press when the Group releases its results or carries out significant transactions.

Provisional financial calendar for fiscal 2017-2018

Thursday, January 25, 2018	Release of first-quarter fiscal 2016-2017 revenue figures
Friday, March 9, 2018	2018 Annual General Meeting
Tuesday, May 29, 2018	Release of first-half fiscal 2017-2018 results
Wednesday, July 25, 2018	Release of third-quarter fiscal 2016-2017 revenue figures
Tuesday, December 4, 2018	Release of full-year fiscal 2017-2018 results

Any changes to this provisional calendar will be posted on Elior Group's website.

Head of Investor Relations

Marie de Scorbiac

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marie.descorbiac@eliorgroup.com

Registered Shares

Elior Group's shares are managed by BNP Paribas Securities Services, which can be contacted at the following address:

BNP Paribas Securities Services

Grands Moulins de Pantin

9 rue du Débarcadère

93761 Pantin Cedex, France

Tel: +33 (0)1 57 43 02 30 – open Monday through Friday from 8:45 a.m. to 6:00 p.m. (CET)

1.7.2 THE ELIOR GROUP SHARE

Elior Group's shares have been listed on Euronext Paris (Compartment A) since June 11, 2014 under ISIN FR0011950732. Their initial listing price on June 11, 2014 was €14.75 per share.

On March 6, 2015, Elior Group announced that the authority responsible for the various indices of Euronext Paris – the Conseil Scientifique des Indices Euronext Paris – had decided to include the Company's shares in the SBF 120 index as from the close of trading on March 20, 2015.

At December 31, 2015, Elior Group's closing share price was €19.30, representing a 30.8% increase since the IPO (excluding the dividend). At December 30, 2016, Elior Group's closing share price was €21.72 and its market capitalization was €3.75 billion, compared with €3.33 billion at December 31, 2015 and €2.02 billion at December 31, 2014.

At December 29, 2017, Elior Group's closing share price was €17.225, representing a 20.70% decrease (excluding the dividend).

Elior Group's share performance since the IPO:

Date	Trading volume	End-of-month share price (in €)	Monthly high (in €)	Monthly low (in €)
June 2014[1]	16,959,901	14.83	15.90	14.35
July 2014	3,385,985	14.25	15.30	13.82
August 2014	1,556,537	12.90	14.48	12.41
September 2014	1,943,224	12.92	14.00	12.30
October 2014	2,097,232	12.20	13.13	11.54
November 2014	2,662,405	12.60	13.23	12.26
December 2014	3,225,981	12.30	13.60	11.80
January 2015	3,110,181	13.99	14.50	11.99
February 2015	1,659,455	14.84	14.85	14.04
March 2015	4,038,437	15.99	17.24	14.53
April 2015	3,727,468	16.75	16.92	15.63
May 2015	5,143,079	16.61	17.58	15.48
June 2015	4,907,967	17.97	19.04	16.83
July 2015	3,219,321	17.92	19.84	17.55
August 2015	2,185,856	18.11	18.98	16.52
September 2015	3,328,863	17.10	18.48	16.55
October 2015	4,659,420	17.27	18.03	16.40
November 2015	3,559,746	18.30	18.38	16.55
December 2015	4,960,716	19.30	19.45	17.26
January 2016	5,749,046	18.52	19.28	17.15
February 2016	4,195,169	18.70	18.78	16.65
March 2016	17,787,296	19.27	19.79	18.13
April 2016	5,080,226	18.78	19.48	18.50
May 2016	4,592,084	20.17	20.45	18.22
June 2016	6,808,171	19.63	20.70	18.45
July 2016	5,969,994	19.53	20.28	19.02
August 2016	4,145,441	20.56	20.98	19.29
September 2016	4,127,986	20.38	21.09	20.11
October 2016	3,542,647	20.46	21.00	20.21

Date	Trading volume	End-of-month share price (in €)	Monthly high (in €)	Monthly low (in €)
November 2016	5,501,429	19.58	20.55	17.90
December 2016	5,772,438	21.72	21.80	18.54
January 2017	4,667,899	20.70	22.11	20.48
February 2017	4,712,714	21.19	21.60	20.67
March 2017	5,045,756	21.27	21.64	20.30
April 2017	6,174,649	22.90	23.12	21.29
May 2017	5,329,098	25.22	25.48	22.92
June 2017	6,936,726	25.44	26.06	24.83
July 2017	8,447,005	22.42	25.87	21.41
August 2017	5,634,454	22.30	23.22	22.03
September 2017	7,107,760	22.40	23.38	22.15
October 2017	6,440,471	24.38	24.42	22.34
November 2017	11,271,362	18.46	24.85	18.17
December 2017	15,640,013	17.22	18.54	15.95

(1) From June 11, 2014 (the initial listing date of the Company's shares)

The above information has been extracted from the Finance section of Elior Group's website at www.eliorgroup.com

Per-share data

	Year ended September 30, 2017
Weighted average number of shares (in millions)	172.74
Profit for the period attributable to owners of the parent (in € millions)	113.7
Earnings per share (in €)	0.66
Net dividend per share (in €)	0.42

At the Annual General Meeting to be held on March 9, 2018 the Board will recommend the payment of a cash dividend of €0.42 per share.

2

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2. CORPORATE SOCIAL RESPONSIBILITY

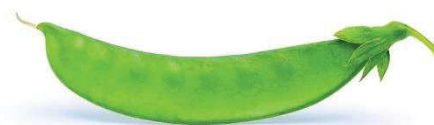
2.1 CONTEXT AND OVERALL OBJECTIVES

2.1.1 CSR STRATEGY: THE ELIOR GROUP POSITIVE FOODPRINT PLAN

As the contract caterer of choice in sixteen countries, serving over 5.5 million guests every day, the Elior group pays particular attention to the impact of its business on the environment and society.

We have been a member of the United Nations Global Compact since 2004 and in 2016 the broad range of best practices adopted by the Group led to our Communication on Progress (COP) reports for the United Nations Global Compact being recognized as fulfilling the Advanced Criteria.

With the whole world gearing up to meet the United Nations' 17 Sustainable Development Goals (SDGs), after completing an initial materiality assessment, in October 2016 we launched our new CSR strategy, the Elior Group Positive Foodprint Plan™.



THE ELIOR GROUP
POSITIVE
FOODPRINT
PLAN™

In a bid to leave a positive footprint on the planet, the Group has made a commitment to achieve by 2025 the four SDGs where it will have the most effect, namely: public health issues with poor diet as a contributing factor, environmental problems caused by agriculture, the increase in food waste, and the need for decent jobs.

Focus on the Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were adopted by the United Nations in September 2015. To address the challenges facing the world today, the UN member countries have agreed on a set of goals and targets to stimulate action in the areas of peace, humanity, the planet and prosperity through the creation of multi-stakeholder partnerships. These transformative goals and targets constituting the 2030 Agenda for Sustainable Development are designed to change society by ending poverty and creating conditions for just and inclusive sustainable development throughout the world. The private sector will make a critical contribution to the success of the 2030 Agenda, which will also create market opportunities and transform the way companies do business. That is why Elior Group has decided to keep pace with the global challenges and contribute in particular to the four SDGs – nos. 2, 3, 8 and 12 – that relate to its catering business.

Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Sustainable Development Goal 3: Ensure healthy lives and promote well-being for all at all ages
Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, employment and decent work for all
Sustainable Development Goal 12: Ensure sustainable consumption and production patterns

The Group's pro-active and committed CSR strategy is underpinned by a continuous improvement approach. The objective of the strategy is to achieve the ambitious goal of leaving a positive food footprint (Positive Foodprint) from farm to fork, with the support of our clients, guests, suppliers and employees. It is organized around our responses to four issues:

1. **Healthy choices:** help our guests to achieve good health through providing healthy choices and raising awareness.
2. **Sustainable ingredients:** through better procurement, increase the sustainability of our ingredients.
3. **A circular model:** innovate and collaborate to reduce food waste and other waste through our value chain, working towards a circular model.
4. **Thriving people and communities:** create and promote local jobs which are inclusive and help people to fulfill their potential.

These responses have been translated into four sustainable development objectives that we intend to achieve by 2025:

Objective 1: For 100% of our guests to be able to choose healthy and delicious food.

Objective 2: For 10 of our major ingredients to meet our sustainable and local sourcing criteria.

Objective 3: Zero food waste to landfill.

Objective 4: For 70% of managers to come from internal promotions, contributing to personal advancement and diversity.

Fiscal 2016-2017 was the year in which Elior Group's various markets embraced the CSR strategy. The strategy was presented to the units' management committees by their CSR Officers and initial audits were performed to help each market determine its specific challenges and priorities. We also set clear objectives for the Group, announced our detailed commitments and established a framework for action plans in the areas of sustainable ingredients, food waste and animal welfare. Internal and external awareness-raising campaigns were launched to encourage people to buy into the strategy's core messages. In 2017, we conducted a campaign to educate employees about the importance of CSR, supported by materials such as freely available "CSR is Business" videos presenting the strategy and describing how these issues affect our operations.

2.1.2 MEMBER OF THE UNITED NATIONS GLOBAL COMPACT

In line with the particular importance we place on corporate social responsibility, we have been a member of the United Nations Global Compact since 2004. Each year, we renew our commitment to adhering to the Global Compact's principles across all our operations and in all our decision-making processes. These principles form one of the cornerstones of our CSR approach.

By signing the Global Compact, we joined a movement of players who are committed to promoting corporate social responsibility both within their own businesses and with their partners (clients, customers and suppliers). Our yearly Communications on Progress (COPs), corresponding to the CSR report in the Registration Document, enable us to raise awareness among stakeholders about what we have achieved in our long-term CSR projects.

The Group is committed to respecting the Fundamental Conventions of the International Labour Organization (ILO) and, accordingly, has undertaken to uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as to support the elimination of all forms of forced and compulsory labor, the effective abolition of child labor and the elimination of discrimination in respect of employment and occupation. In view of the diversity of the Group's businesses and geographic locations, depending on the countries concerned labor relations are managed at national or regional level and/or at the level of each individual entity.

As was already the case in 2016, our 2017 Communication on Progress (COP) reports for the United Nations Global Compact were recognized as being at the Advanced level. Through the GC Advanced level, the Global Compact Office recognizes companies that adopt and report on a broad range of best practices in sustainability governance and management.

In 2017, we submitted our COP reports to a comparative examination with those of other Global Compact members by taking part in the Global Compact France peer review.

2.1.3 FLOWCHART OF STAKEHOLDERS AND SHARED VALUE

The Group's €6,421 million in revenue for fiscal 2016-2017 was derived from resources contributed by its clients and guests. The value represented by the annual revenue figure is shared between the Group's various stakeholders as follows: just under half is allocated to remunerating employees and paying social security contributions, one third is allocated to purchases (i.e. paid to suppliers), and the remaining fifth is divided between various taxes and costs and paying interest to the Group's lenders.

2.1.4 MATERIALITY ANALYSIS

In 2015, we performed a standard materiality analysis of the Group's CSR issues in order to rank them by order of priority and adjust our CSR strategy.

Four main stakeholder groups were consulted for the purpose of the analysis:

- **Our employees,** who are in daily contact with our clients and guests and as such are central to our business. Day after day, they demonstrate their commitment to delivering superior service quality. As a responsible employer, we have developed an ambitious policy designed to offer professional development and personal fulfillment opportunities to all our employees.
- **Our clients and guests,** whose satisfaction is the focus of our entire business. The Group's long-term success depends on our ability to offer them innovative and competitive services that are closely aligned with their needs and expectations.
- **Our suppliers,** who enable us to propose best-in-class offerings to all our clients by providing us with healthy, high quality products at competitive prices with a limited social and environmental cost.
- **Civil society**: our financial partners support the development of our businesses, and we also talk regularly to municipalities and other public authorities, both as clients and as supervisors, in order to maintain a constructive dialog and positive relations with our host communities.

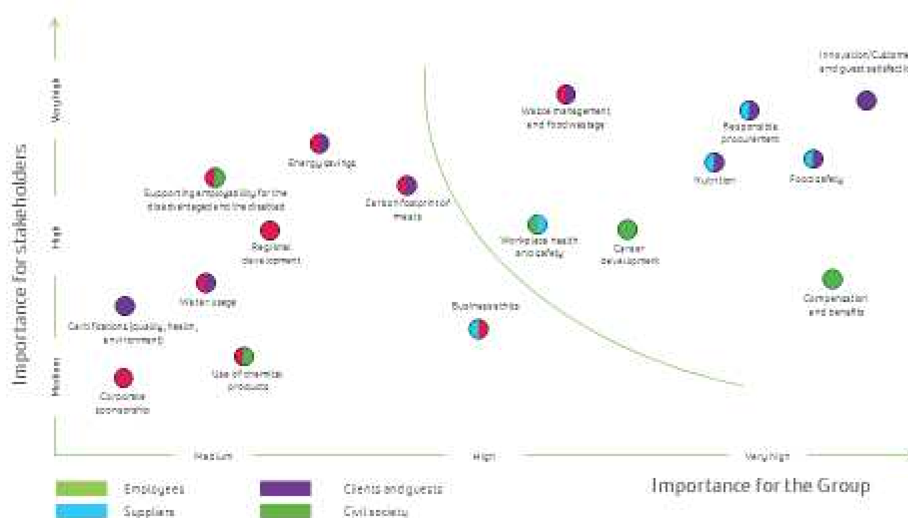
The materiality analysis was organized in three phases:

1. Analysis of the Group's CSR universe
The CSR universe was analyzed by reviewing relevant industry publications and the results of the Group's internal risk analysis. In all, 25 CSR issues were identified.

2. Assessment of the CSR issues' relative importance by internal and external stakeholders
Interviews were conducted with CSR correspondents from the Group's various markets and with external stakeholders such as clients, representatives of civil society and financial analysts. The financial challenges were also analyzed, in order to obtain a comprehensive assessment of each CSR issue's importance for the organization and for stakeholders.

3. Assessment summary
Based on the analyses performed in phase 2, we prepared a matrix showing the main issues and the stakeholders most directly concerned by each one. This gave us a graphic representation of the main sources of CSR risks and opportunities for the Group. Of the 25 CSR issues identified in phase 1, 17 were selected as focal points following the phase 2 analyses.

Elior Group Materiality Matrix

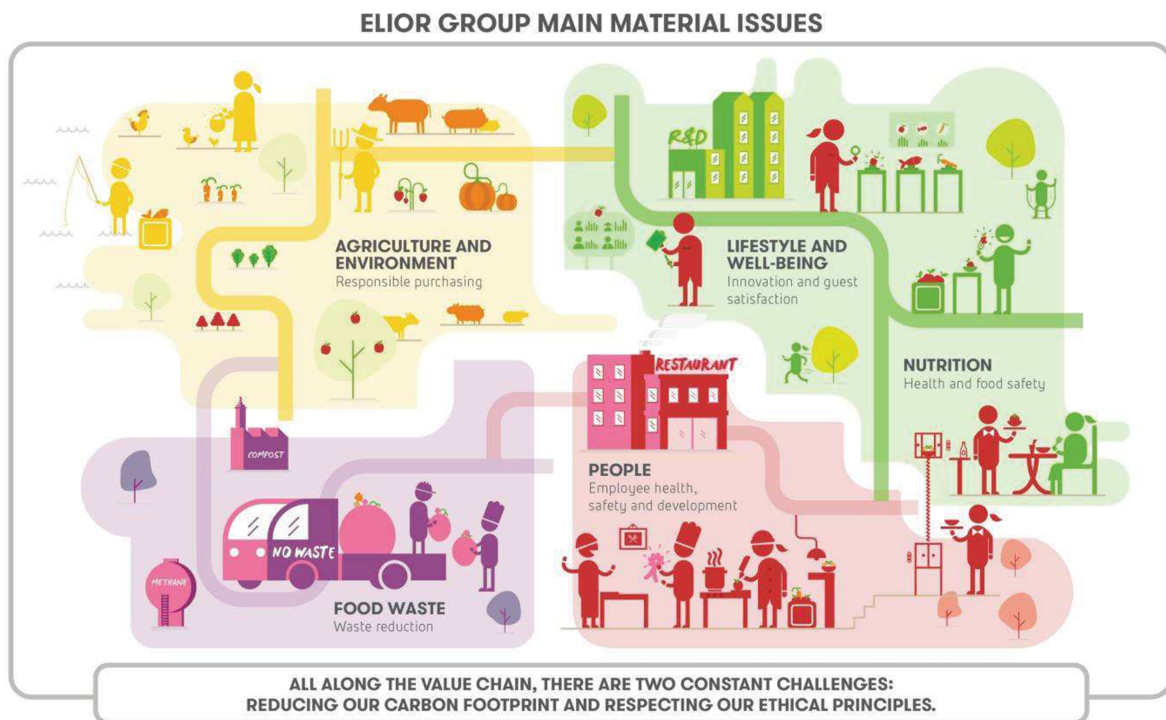


2.1.5 THE SUSTAINABILITY CHALLENGES FROM ONE END OF THE VALUE CHAIN TO THE OTHER

Our sustainability challenges are those we identified during the materiality analysis performed in 2015. We have chosen to start by focusing on the four main challenges described below:

- **Environmental problems caused by agriculture** (see "Agriculture and environment" in the flowchart below), because of the many ways in which poor agricultural practices can contribute to deforestation, drought and climate change.
- **Public health issues caused by poor diets** (see "Lifestyle and well-being" in the flowchart below), because of the growing incidence of obesity, food allergies and diabetes worldwide.
- **The need for decent jobs** (see “People" in the flowchart below), because of the compelling need to combat growing social inequality and halt the rise in youth unemployment.
- **Growth in food waste**, because if we do nothing, food waste could be responsible for 10% of greenhouse gas emissions by 2050.

ELIOR GROUP MAIN MATERIAL ISSUES



Our CSR commitments are made to all stakeholders. They take various forms and concern each stage of the value-creation process, notably:

Agriculture and the environment:

- Selecting products based on their quality and safety
- Factoring in CSR criteria when selecting suppliers (responsible production methods, local suppliers, etc.)
- Building long-term relations with suppliers
- Optimizing logistics so as to reduce polluting emissions

Lifestyle and well-being:

- Devising healthy, balanced and tasty menus for guests
- Being constantly attuned to the needs of our clients and creating relationships of trust

Food waste:

- Saving resources in our processing operations and the services we provide
- Sorting, recycling and reclaiming the waste produced at our sites

People:

- Taking care over the health, safety and personal development of our people, who play an important role in each stage of the value-creation process
- Becoming involved in the development of the regions where we operate.

At each stage of the value chain, we focus constantly on two challenges: reducing our carbon footprint and complying with the highest ethical standards.

2.1.6 ELIOR GROUP, OFFICIAL PARTNER OF PARIS'S BID TO HOST THE 2024 OLYMPIC AND PARALYMPIC GAMES: PROMOTING THE LUNCH BREAK AS A MOMENT OF WELL-BEING

Elior Group, the global caterer of choice, decided to become an official partner of Paris's bid to organize the 2024 Olympic and Paralympic Games. Championing the theme of sport, nutrition and well-being, we lent our expertise to help the Paris 2024 bid team fulfil a dream shared by all generations. The choice of theme linked directly to our contract catering business extends the commitment underpinning our CSR strategy, to leave a positive foodprint from farm to fork with the support of our suppliers, clients, guests and employees.

#2024seconds

We chose to adopt this three-pronged sport/nutrition/well-being theme so that we could propose a positive and attractive approach. Promoting the "well-being break" means encouraging people to take time to practice the sport of their choice and enjoy a good meal so that they can achieve a balanced exercise/lunch break experience. It was at the heart of the #2024seconds campaign which guided Elior Group's actions to support Paris 2024.

The #2024seconds campaign was designed to challenge, invite and motivate people to take a break for their well-being. We supported the Paris 2024 bid by encouraging people in France to revive their appetite for sports and good food in order to get back to the basic pleasures that are essential for their well-being.

2,024 seconds is the average length of the French lunch break, the time our 2017 campaign suggested people should set aside every day for their well-being, by making the most of their lunchtime break to enjoy a good meal and practice some form of physical exercise.

From weekend warriors to professional athletes, sports lovers across the board were encouraged to take #2024seconds for their well-being and help carry Paris 2024 to victory!

In line with our commitment to meeting their everyday needs, we focused on the specific expectations of our guests in France and the reality of their lifestyle. We teamed up with Kantar TNS to study their relationship with sport and food, with very instructive results expressed by the equation "fork + sneakers = well-being".

This equation was the foundation of the website dedicated to the #2024seconds campaign, which offered a well-being detector that was tested with a selfie, as well as multiple testimonies (in French) on the importance of finding the right balance between exercising and eating.

Elior Group was involved in:

- developing a sustainable spectator experience
- helping the bid committee obtain ISO 20121 certification of its sustainable event management system
- using sustainable ingredients in the meals served as caterer for the restaurant at the bid committee's headquarters and performing an audit of greenhouse gas emissions from the restaurant.

2.1.7 FOCUS ON CSR AWARDS

Les Échos Responsible Leader Awards

On June 1, 2017, Philippe Salle, Elior Group's Chairman and Chief Executive Officer and Chairman of Cancer@Work received the 2017 Responsible Leader of the Year Trophy from Les Échos business newspaper. Granted by a committee of experts, this prize is awarded to France's top boss in the field of sustainable management for his or her outstanding track-record as regards commitment and best practices in sustainable development. Philippe Salle won this award notably for his efforts in addressing the problem of cancer in the workplace. President of Cancer@Work since its creation in 2012, he committed Elior Group to the cause in February 2016 by signing the Cancer@Work charter.

EcoVadis – Gold CSR rating

With the confirmation of their Gold CSR rating, Elior Entreprises and Arpège remain among the 5% of companies that have been awarded the highest CSR rating by EcoVadis, an independent organization whose ratings are recognized by all the major procurement teams in France. Acting responsibly towards all stakeholders is one of our Group's five core values. It is also an increasingly important selection criterion for clients, who expect us to include in our contract bids detailed information about our sustainability practices and the results achieved. EcoVadis's CSR rating system involves buyers as well as suppliers, in order to speed the development of a sustainable business. Its comprehensive methodology is based on 21 criteria covering four main topics: the environment (energy use, greenhouse gas emissions, biodiversity, pollution, consumer health and safety, etc.); fair working conditions (employee health and safety, employee dialog, training and career development); business ethics (responsible marketing, anti-competitive practices, etc.) and supply chain (suppliers' social and environmental performance).

Good Farm Animal Welfare Awards: Good Chicken

The Good Farm Animal Welfare Awards set up in 2007 reward companies for their current policies or commitments that result in positive impacts on farm animal welfare across their supply chains. There are five categories: the Good Egg Award, the Good Chicken Award, the Good Dairy Award, the Good Pig Award and the Good Rabbit Award. At the 10th Good Farm Animal Welfare Awards ceremony held in London in 2017, La Poste received a Good Chicken Award for its commitment to serving chicken meat exclusively from higher welfare systems to postal workers in its 71 restaurants contracted to Elior.

Cost Sector Catering Awards

Elior UK received the CR Award at the Cost Sector Catering (CSC) Awards event in April 2017, in recognition of its corporate responsibility strategy. The Award is given to the company that has best integrated social, economic and environmental concerns into its business. Key corporate responsibility issues include stakeholder engagement, labor standards, employee and community relations and sustainable and ethical sourcing.

2017 Health & Vitality Honours

In the United Kingdom, the Health & Vitality Honours reward contract catering companies and their suppliers for their best practices and transparency in the areas of health and nutrition. Elior UK received Corporate Vitality Honours for its focus on healthy, low-salt and low-fat meals in its grab & go offers and for its You & Life program encouraging guests to adopt a healthy diet. Lexington also received Healthy Hospitality Honours for its broad healthy and balanced meal offering and for nudging guests towards these offers in the company restaurants it manages in the City of London.

FSM Awards

On November 22, 2016, Elior UK received the sought-after FSM CSR Award in recognition of the results obtained from its corporate social responsibility strategy in the contract catering business. Judges were particularly impressed by the 59% reduction in Elior UK's carbon footprint compared to 2009, representing the pay-off from some 40 initiatives implemented as part of the CSR strategy.

Royal Society for the Prevention of Accidents (RoSPA) Awards

Elior UK received a Gold Award and Fleet Safety Gold Award at the prestigious RoSPA Health and Safety Awards. The judges base their decision on a review of the candidates' health and safety management performance, including such practices as leadership and workforce involvement. The RoSPA awards have become the key fixture in the health and safety calendar and are highly respected throughout the world, because they attest to an organization's ability to maintain an excellent health and safety record. Meeting RoSPA standards is no easy task.

British Safety Council – International Safety Award

In 2016, Elior UK received an International Safety Award from the British Safety Council for its performance in protecting employees against the risk of workplace injuries and work-related ill-health. Now in their 59th year, the International Safety Awards recognize and celebrate organizations from around the world that have demonstrated to a panel of independent adjudicators the effectiveness of their system to prevent workplace injuries and work-related ill-health during the past calendar year.

2016 Law Awards

In November 2016, Elior Group's road risk and fire risk prevention programs were recognized by Décideurs, a business magazine, which awarded the Group a special mention in the "Insurance and risk management department" category. The Law Awards celebrate the excellence of the best legal specialists.

2.2 CSR GOVERNANCE

2.2.1 THE GROUP'S MAIN CSR PLAYERS

In order to firmly embed responsibility and accountability in our performance and operational excellence, we have established an internal CSR governance system. The aim of this system is to enable us to define and formulate our CSR commitments in line with our overall corporate strategy and with the best interests of both the Group and its stakeholders.

The Group's CSR strategy is shared with the Board of Directors via the Strategy, Investments and CSR Committee, which advises the Board on strategic and investment decisions. It assesses the Group's values and undertakings in the field of sustainability and corporate social responsibility and helps to ensure that they are reflected in the Board's decisions.

The Group's CSR strategy is placed under the direct responsibility of the Chairman and Chief Executive Officer and its practical application is overseen by the CSR Officer. The CSR Officer leads a network of specialist sustainable development correspondents who help draw up and coordinate the CSR strategy and ensure that it is implemented across the Group. Open to external experience and initiatives, the CSR team acts as a center of expertise for the Group with respect to CSR issues.

These strategic commitments are translated into operational procedures and are tracked for each business and market.

Spread across the various entities and subsidiaries, the roughly ten sustainable development correspondents define and implement CSR initiatives adapted to their respective markets and businesses, in line with the Group's overall CSR strategy. Appointed by the CEOs of their entities, their role is to translate the Group's major CSR objectives into practical actions and to share best practices. The sustainable development correspondents are supported by around sixty sustainable development contacts who hold other operational positions within the Group. These contacts help roll out measures drawn up for their particular business area and participate in implementing actions resulting from discussions with clients, suppliers and other partners.

2.2.2 BUSINESS ETHICS AT ELIOR GROUP

2.2.2.1 The Elior Group Ethical Principles

The Elior Group Ethical Principles are aimed at creating a shared framework for the conduct of all Group employees in their daily working lives. These principles are based on clear and strong values with an overriding objective of achieving excellence, and they allow all employees to unite and work together towards the same goals.

These ethical principles are a clear illustration of Elior Group's proactive strategy to support and promote the main international ethics standards and guidelines, i.e. the Universal Declaration of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Sustainable Development Goals. The daily implementation of each Principle supports a continuous improvement approach that will ensure that the Group continues to be viewed as a contract caterer of choice.

In fiscal 2016-2017, 86% of the Group's revenue was generated in countries with a low risk of corruption based on the 2016 index published by Transparency International (an NGO).

France's "Sapin II" Act on transparency, the prevention of corruption and the modernization of the economy came into effect on June 1, 2017. Elior Group, all of its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the companies it controls within the meaning of Article L.233-3 of the Code, are required to comply with the Act's provisions.

Work groups have been set up to develop the procedures provided for in Article 17.II of the Sapin II Act and determine the process for applying the measures mentioned in the same article. The groups' work mainly consisted of drafting a code of conduct and related disciplinary measures, implementing a whistle-blowing system, mapping corruption risks, defining accounting controls, developing a training program and

implementing a risk assessment procedure covering clients, leading suppliers and intermediaries.

The Group Internal Audit Department was given responsibility for overseeing and assessing these measures and procedures. The timeline for deploying them throughout the Group was determined based on legal requirements, particularly the requirement to consult employee representatives in France, pending the possible publication of guidelines by France's corruption watchdog, Agence Française Anticorruption.

2.2.2.2 Engaged approaches by subsidiaries

In fiscal 2016-2017, the Elior Group Ethical Principles were rolled out to the operating entities under the leadership of the Internal Audit Department in compliance with the applicable legislation, integrating any similar systems already in place.

Subsidiaries that already had an Ethics Code, such as Areas' concession catering subsidiaries in Spain, Portugal, the United States and Mexico, made any necessary adjustments during the year in order to incorporate the Elior Group Ethical Principles.

Since 2011, Elior UK has had an anti-corruption system comprising awareness-raising measures and an anticorruption policy which complies with the 2010 Bribery Act. In addition, following adoption of the UK Modern Slavery Act in 2015, the subsidiary published a declaration on its website and issued guidance to its managers on this subject. The guidance informs managers of the legal requirements, helps them identify cases of modern slavery and provides them with the resources to prevent this scourge.

The Italian subsidiaries have an Ethics Committee whose members come from both inside (from the operational, legal and human resources departments) and outside the Group. The subsidiaries' CEOs can submit to the Ethics Committee any issues or cases that they believe may have material implications. The Committee meets every quarter on dates fixed at the beginning of the year. It is responsible for examining ethical issues associated mainly with:

- major contract bids;
- workplace health and safety procedures;
- material consulting or sponsorship contracts;
- training plans.

In Italy, each year since 2010 we have organized awareness-raising events in schools on Mafia Victims Remembrance Day, with the menus served to the children including ingredients such as Libera Terra pasta. Libera Terra products are organic and are grown on land that has been freed from Mafia control and is managed by social cooperatives. Every year, this special menu is served to around 7,000 school children.

2.3 HEALTHY CHOICES

We are committed to offering our guests food options that are both flavorsome and good for their health and we work to develop menus that fulfill these two criteria. Clients and guests are increasingly interested in the role of diet in maintaining a healthy lifestyle, and our balanced menus are and will continue to be one of the keys to retaining their business. Ultimately, all Elior Group restaurants will be affected by this critical overall trend.

2.3.1 LEADING THE FIELD IN HYGIENE AND FOOD SAFETY

Meeting the highest standards of hygiene and food safety is a fundamental business requirement and is critical to a successful guest experience. It's what our clients and guests expect, and we need to go even further by ensuring that detailed processes are in place and by constantly looking for ways to improve.

2.3.1.1 Strict organizational procedures and regular controls to ensure product safety

Guaranteeing the highest safety levels for our clients and guests is our daily priority, and to this end we have deployed organizational procedures that enable us to continuously manage and monitor the quality and safety of our food products. We have long-standing systems and processes in place to ensure the safety of the food we serve (such as for selecting and assessing products and suppliers, managing food safety alerts, and drawing up hygiene rules). In 2015, Elior was the first caterer in France to obtain ISO 22000 certification of its food safety management system, covering all the following processes:

- Supplier, food and non-food approval process
- Processes for the drafting of hygiene rules included in the Food Safety Management Plan rolled out to all Elior France restaurants and central kitchens
- On-site hygiene monitoring processes at Elior France restaurants and central kitchens
- Processes for managing food safety alerts.

A number of Group entities worldwide have received ISO 22000 certification – the industry's internationally recognized standard for food safety management – which clearly demonstrates the effectiveness of our food safety processes. In France, for example, we have centralized quality and hygiene issues within a single department. This enables us to manage product quality standards and risk prevention in an integrated way, which constitutes a real asset for meeting the challenges of safety compliance in today's constantly changing world.

As part of the ISO 22000 certification process, in late 2016 Elior France set up a system of supply chain audits to check suppliers' food safety and allergen risk management systems.

Our risk prevention measures are structured around a group-wide framework and strict oversight procedures. All the Group's sites apply the Hazard Analysis Critical Control Point (HACCP) method of identifying, analyzing and controlling risks. The HACCP manuals constitute veritable knowledge bases as they contain the Group's expertise and experience, including guidance from both operations teams and control units, as well as recommendations from professional bodies such as the SNRC (French national union of contract caterers). An on-line version of the manuals, the Food Safety Management Plan (FSMP), was rolled out to all the Group's French sites in October 2015. The hygiene rules in the manuals are adapted as closely as possible to the constraints of each particular business and factor in the changes caused by constant innovation in the design of our concepts. In France, in November 2016 practical guidance on barbecue cooking was added to the FSMP, covering not only the usual health and hygiene requirements but also techniques to help prevent the food being contaminated with combustion by-products and limit the associated risks.

All our restaurants and facilities are subject to regular controls carried out by both internal and external auditors.

In fiscal 2016-2017, a total of 21,579 hygiene audits were performed.

In order to maximize the effectiveness of day-to-day hygiene monitoring at our facilities in France, we have developed a central electronic document management system to process the food hygiene reports prepared at the various sites, including product analyses, surface analyses and audit results. Elior France's business & industry market has developed a digital hygiene inspection application for use by restaurant staff. The initiative is designed to improve restaurant hygiene tracking, make life easier for the teams, enhance the transparency and traceability of site data and meet the zero-paper objective. The education market uses a similar application, named Eazytrace.

Lastly, our food quality and safety teams monitor scientific, technological and regulatory developments on an ongoing basis. Our protocols are continually tested and validated, and are regularly updated to ensure the safety of our most innovative new concepts.

The Group has also set up a Scientific Committee in France comprising independent experts (nutritionists, pediatricians, toxicologists, microbiologists, etc.) who work with our food quality and safety teams and help to anticipate risks and regulatory developments. For example, based on the recommendations of the Scientific Committee, we drew up nutrition specifications aimed at reducing the levels of trans fats in the food served in our restaurants and in 2016 we banned the use of materials containing phthalates that would come into contact with food. We also proactively warn suppliers of possible new regulations concerning endocrine disruptors.

As part of its quality and Health, Safety and Environment (HSE) management processes, our services business has set up mobile teams of hygienists who deliver hands-on technical training to its employees, tailored to each particular site and job as well as to the operating environment and specific client needs.

In the United States, a monthly internal food safety newsletter was launched in 2016 to provide regular reminders of best food safety practices, along with advice and guidance on the safe storage of food products. In addition, reminders are issued twice a month alerting staff to food allergy risks and describing what to do if a guest suffers an allergic reaction.

In Spain, Serunion's pasta, rice and pulse suppliers are subject to six-monthly inspections to prevent any risk of insect infestations.

At Areas in the United States, the Food Safety Manual modeled on the FSMP used in France provides procedural and other guidance for catering staff. The manual includes definitions, instructions on applying the HACCP method and proposals concerning corrective and control measures. It also describes the control procedures to be followed for equipment, chemicals and foodborne infections. The topics covered are presented in alphabetical order with hyperlinks and include, for example, handling food with bare hands, communicable diseases, hand washing, equipment to keep food products cool or hot, defrosting equipment and transportation equipment.

2.3.1.2 Rigorously selected suppliers and products

To ensure food safety we need to work in conjunction with all our stakeholders. As a result, we apply rigorous supplier selection procedures and regularly update suppliers about regulatory and scientific developments. Suppliers are audited using specific scoring charts that vary depending on the type of product and supplier concerned. The charts focus on the key food safety issues affecting each particular profession (distributor, manufacturer, artisan, abattoir, milk producer, importer, etc.) and the audits are performed based on a full traceability test, starting from when the raw materials are received through to the Group's distribution of the end product. In France, a written post-audit report describes the recommended improvements and the undertakings given by the supplier. Implementation of the recommendations is checked during the next audit.

In fiscal 2016-2017, 520 supplier audits were carried out which enabled us to ensure the quality of the products delivered to us and verify the effectiveness of the corresponding supply chain processes.

In France, 273 organoleptic analyses – equivalent to one every working day – were performed by the test kitchen where new food offerings are developed, providing the guarantee that ingredients served to guests were of a consistently high quality.

The Group also has a responsible purchasing policy with strict requirements concerning the provenance of raw materials and the composition of products. We favor the use of concentrated products that carry the eco-label, and all our client sites are supplied with detergents that do not contain any substances classified as CMR (carcinogenic, mutagenic or toxic for reproduction). In all, environmentally responsible detergents (i.e. eco-labeled,

concentrated and unclassified detergents) account for around 90% of our chemical product purchases. Attesting to its increasingly deep commitment to using environmentally responsible cleaning products, following conclusive tests carried out in 2016-2017 Elior Services is offering clients new VOC-free products that are plant-based and odorless and do not pose any health risk for clients' employees, patients or occupants.

2.3.2 INNOVATING AND OFFERING HEALTHY, BALANCED FOOD CHOICES

If we want our guests to appreciate the healthy choices we offer them, we need to continually innovate in order to regularly surprise and please them with menus that contribute to a healthy lifestyle. For example, we need to include more vegetables in our meals and increase the number of menus that offer vegetarian, vegan or vegetarian protein options. It's a choice that is as good for our guests as it is for the environment.

2.3.2.1 Healthy food offerings adapted to all types of consumer

Delivering better nutrition is a major challenge for the Group. This focus on constant nutritional quality is in strong demand from clients in all our markets and at the same time squarely meets the needs of modern-day consumers. We make rigorous nutrition choices on a daily basis, in line with the main recommendations issued by public health bodies such as the World Health Organization (WHO).

In 2016-2017, we worked with a total of 476 nutritionists.

We also place great importance on training our employees and raising our guests' awareness about particular health issues, such as the risks of high salt intake and managing allergies (e.g. gluten intolerance). We work towards reducing salt consumption in a number of ways, including through our product selection processes, the training we give our chefs, and the awareness-raising initiatives we organize at our clients' sites. Elior Italy educates school children in the benefits of the Mediterranean diet and raises adult guests' awareness about the health risks of high salt intake.

In order to satisfy our guests' broad spectrum of requirements, we work with our dietitians and nutritionists on developing balanced menus tailored to each different consumer profile. For example, under the Balance format developed for the business & industry market, a balanced menu based on our dietitians' recommendations is offered every day. The menus are designed using varied recipes that are selected based on criteria issued by GEMRCN (a French governmental think-tank specialized in nutrition issues in the contract catering industry) and which contain controlled quantities of fat and sugar. Similarly, in Italy we have developed two new catering concepts – Elior Più and Smart Food – which both propose a high-quality food offering served in relaxing surroundings. This approach is based on providing balanced, varied and original food formats as well as innovative and interactive technological solutions that help create the ideal conditions for service quality. Elior UK's You & Life program offers a holistic approach to highlighting the link between diet and health by providing nutrition information. You & Life educates staff and guests about well-being and the benefits of a healthy diet. It also helps guests make informed food choices in support of a healthier lifestyle. In 2017, Elior UK launched its Elements For a Super Life concept targeted at guests looking for healthy natural products. The range of meals and products champions the positive attitude that comes from their ingredients' health benefits. Featuring products that are low-calorie and low-fat or free of undesirable additives ("NoaddedBaddies"), the offer focuses on delicious, wholesome dishes flavored by nature. Around a hundred recipes have already been developed with Elior UK's dietitians, packed with hot new healthy ingredients such as golden linseeds and acai and bursting with freshness and flavor. Photos of the dishes are posted on social networks such as Instagram, which helps to increase consumer interaction. In all, 87% of Elior UK sites now offer at least one healthy eating option.

In the United States, Areas has added a new range of healthy eating products to its grab & go offers. The range has initially been deployed at eight points of sale in Los Angeles airport, Areas' largest airport contract, as well as in the Maryland House motorway service plaza point of sale, and will be incorporated in all new concepts launched from now on. It comprises a wide variety of products ranging from cold-pressed fruit juice and organic beverages to superfood bars, dried fruit, seeds and gluten-free/non-GM snacks.

In France too, we ensure that our teams champion healthy choices. For example, last year a workshop was organized on the topic of flexitarian and vegetarian diets. The aim was to share the various markets' best practices, and to present consumer expectations along with flexitarian, vegetarian and vegan market benchmarks to the marketing teams, dietitians and culinary advisors. At Arpège, this led to the development of the Vege'Spot offer, which provides an alternative for guests who want to eat less animal protein and more vegetables. More than 35%

of Arpège restaurants now offer at least one vegetarian option every day, with 50 different recipes.

We apply very strict rules in France about the sourcing of food products. For example, we have prohibited the use of GM-labeled products and irradiated foods in our restaurants. We have also adopted a policy aimed at reducing the levels of trans fats in the food served in our restaurants as these give rise to cardiovascular risks. In addition, the use of palm oil has been prohibited in France since 2004, as it is rich in saturated fat and its plantations have been the source of massive deforestation in the main producer countries.

After an initial partnership with Bleu Blanc Coeur (BBC) set up with its subsidiary, Ansamble, on April 4, 2015 Elior France stepped up its commitment by becoming a member of this organization, which promotes feeding animals a healthy and balanced diet that is rich in Omega 3 (found in plants such as grass, flax, alfalfa and lupin) in order to enhance the nutritional value of food products and encourage biodiversity on animal farms. We now have 87 Bleu Blanc Coeur-labeled products on our procurement list, representing over 192 tonnes of products offered to guests in fiscal 2016-2017. The range was expanded and diversified during the year and clients were invited to join our discussions with BBC. This led to very significant gains, with three times more BBC-labeled chicken (33 tonnes versus 11), 6% more bread and 55% more beef.

Lastly, in order to bring out the taste and nutritional qualities of ingredients, we use different cooking techniques – such as steaming, stir frying and plancha grilling – to make low-fat meals that are full of flavor. Our objective is to ensure that mealtimes are always an enjoyable experience and we use a variety of different ways to achieve this aim, including entering into partnerships with well-known chefs.

2.3.2.2 Healthy food offerings adapted to specific consumer categories

A good diet is essential to the recovery of a patient and the well-being of a resident. In the healthcare market, we work alongside specialists such as the professor of geriatric medicine, Claude Jeandel, in France in order to create innovative catering solutions that are compatible with pathologies which affect people’s ability to absorb nutrients (for example, malnutrition, age-related illnesses, multiple disabilities). In 2016, we chose Prof. Jeandel to lead a scientific study on *Bouchées Saveurs*, a solution for Alzheimer's sufferers that consists of transforming our recipes into tasty, bite-sized portions that can be eaten with the fingers. The aim of the study was to demonstrate that *Bouchées Saveurs* are of equivalent nutritional value to traditional meals and make mealtimes an easier, more enjoyable experience for residents and caregivers alike. The three-month study was conducted among 23 residents of the Order of Malta-run Maison Ferrari care home in Clamart, a Paris suburb. It was monitored by a dietitian-nutritionist from Elior Group and the data was processed by a statistician.

In the United Kingdom, the Dementia Box concept which is designed to help Alzheimer's sufferers eat unaided has received the Alzheimer’s Society's seal of approval. The appetizing finger food can be eaten at any time of the day or night, offering an ideal, highly appreciated grazing solution for residents who tend to ignore traditional eating patterns. The Dementia Box comes with a monitoring form to record what is eaten and ensure that residents enjoy a balanced daily diet.

In France, at Gustave Roussy – Europe’s leading cancer hospital – we have introduced a new catering offer designed in association with chef Alexandre Bourdas to help patients recover their appetite. The traditional recipes, prepared exclusively on-site using organic and certified ingredients, stimulate the taste buds and help to restore the appetite lost during cancer treatment, which affects patients’ sense of taste and smell. The aim is to make the meal a pleasant, eagerly-anticipated point in the patients’ day. By speeding their recovery, a healthy and tasty diet helps patients to regain their sense of well-being and return to an active social life. Because three-quarters of patients who undergo chemotherapy lose their sense of taste and smell, we are partnering the APICIL Group, the CNRS, Institut Paul Bocuse and Lyon 1 University in a research program designed to transform the patient’s meal time into a pleasant and relaxing interlude. The three-year program will lead to the publication of a thesis on the impact of chemotherapy on sensory perceptions in relation to eating habits. The program’s findings will be used to formulate culinary recommendations for patients, their carers and catering professionals, so that the patients recover their appetite.

In Italy, Areas is working with Associazione Italiana Celiachia (AIC), a charity that helps celiac disease sufferers, on the *Alimentazione Fuori Casa* (out-of-home dining) project. The AIC has produced a guide listing restaurants that feature gluten-free products on their menus.

All Areas points of sale in France and Italy offer vegetarian and/or vegan food options. In Italy and Portugal, Areas offers lactose-free beverages such as cappuccinos made using soya milk, gluten-free products (at 75% of Areas concessions in Italy) and vegetable-based beverages. In Italy, 35 Areas restaurants now offer recipes made using mozzarella with a reduced fat and salt content

2.3.3 RAISING GUESTS' AWARENESS OF THE IMPORTANCE OF HEALTHY EATING

Our guests are increasingly familiar with the healthiest food options and regularly choose them. We have a critical role to play in helping them understand all the benefits and want to guide them in making the right choices not only when they eat with us but also the rest of the time. That's why we give them advice and suggest simple and affordable nutrition solutions.

2.3.3.1 Educational information for guests about food and nutrition

In Europe, we comply with EU Regulation 1169/2011 ("INCO regulation") on the provision of food information to consumers, which consolidates and updates existing legislation in this area and has been applicable since December 13, 2014. In France, guests are informed when the meals prepared and served in our restaurants are known to contain one or more of 14 major allergens. In the United Kingdom, policies on the use of products containing allergens are regularly reviewed and e-learning modules are updated.

New hypoallergenic central kitchen in Rueil-Malmaison (France)

The central kitchen allows us to offer a special menu that is free of nine of the 14 major allergens and is suited to 14 different special diets, meeting the needs of school children who suffer from allergies.

Digital technology enables us to provide guests with all the information they need about allergens and ingredients. Areas France informs guests via its Wiiish application and the Awadac connected tables installed in its restaurants. Serunion in Spain shares nutrition information via applications such as TimeChef in the business & industry market and Educa App in the education market. It has also developed a healthy eating blog named *Como llevar una vida saludable*.

In Italy, guests at Areas' restaurants and points of sale can consult a booklet that lists all the products and ingredients used and provides details of components and allergens.

We produce numerous different types of educational material and organize awareness-raising events for all guest profiles as part of our overall drive to relay healthy eating habits to our guests though our catering offerings.

In the United States, A'Viands has set up Food for Thought, a five-year nutrition education program for participants of all ages, which focuses on a different food group each year. The program introduces participants to new tastes and encourages them to try new food products. Also in the United States, Preferred Meals has launched the Serve & Learn Smart Line™. This new addition to the MyPlate program to promote healthy eating among schoolchildren uses color codes and easy-to-understand nutrition information.

In the education market in France, we raise our guests' awareness of healthy eating habits by undertaking numerous initiatives to improve their knowledge about different foods and their properties, to provide them with information about the food supply chain and the provenance of products and to enable them to take responsibility for choosing and putting together their own menus. A breakfast club concept, *Petit-déjeunons ensemble* (Let's have breakfast together), has been created to help ensure that schoolchildren start the day with a balanced meal.

In Spain, Serunion has produced and distributed over 90,000 copies of a book designed to encourage children in the 5-to-10 age group to adopt sound eating habits and a healthy lifestyle. The book presents a young girl's typical school day and provides 11 tips to maintain a healthy lifestyle and adopt the right reflexes. The preface signed by Prof. Juan Jose Badiola from Zaragoza University reminds readers that families and schools share responsibility for ensuring that children eat a healthy diet. This initiative by Serunion adds to the educational programs developed with non-profit organizations and academia on gluten intolerance, and to the initiatives already undertaken in partnership with Unicef.

In 2017, Elior France responded to its guests' desire to eat healthier food by organizing 143 *Bien Fait pour Vous* nutrition events in partnership with clients. Reaching out to 28,000 guests on 111 sites, the events promoted good nutritional practices and raised guests' awareness of the benefits of healthy eating.

In 2017, we teamed up with Mister Goodfish to promote sustainable consumption of seafood products among the public and professionals. Arpège's restaurants have committed to featuring a Mister Goodfish-recommended seafood product on the menu once a week. These

products respect three criteria: the season, the minimum authorized size and the state of fish stocks in every fishing ground. The Arpège teams will also work to raise awareness among all guests of sustainable seafood products sourced from responsible fisheries, letting guests discover an innovative and delicious range of fish and seafood products, and proposing a variety of recipes and species. Lastly, by raising awareness among distribution partners, we will engage all the links in the seafood product chain.

2.3.3.2 Attentive to guests' satisfaction and well-being

In order to welcome and serve our guests in optimal conditions, we strive to provide the best possible environment in our restaurants and motorway service plaza points of sale, with the overall objective of making them warm and friendly places where visitors feel happy and relaxed.

In fiscal 2016-2017, a total of 9,259 restaurants and points of sale operated by the contract catering business were subject to at least one guest satisfaction survey.

NBRI Circle of Excellence in the United States

During the past three years, Elior North America has been conducting annual client satisfaction surveys with the help of the National Business Research Institute (NBRI). Based on the survey results, in 2016 Elior became the only one of NBRI’s 152 foodservice industry clients to receive the prestigious NBRI Circle of Excellence Award, in recognition of its solid Net Promoter Score. This achievement illustrates our teams’ commitment to offering an exemplary service.

Areas in France devoted 2015 to setting up Net Promoter Score (NPS), a performance measurement and management system that allows clients in all Areas’ host countries to directly have their say, and the deployment process was pursued in 2016-2017. Each client is asked to express an opinion on their experience and their assessment of the main drivers of satisfaction with catering services (price, products, atmosphere). The NPS database is updated in real time, helping us to develop practical action plans to improve our offer. The NPS system is part of an ambitious internal program named Passion Clients that aims to instill and maintain a strong client culture among our employees. The program’s components include training courses and team management aids, as well as competitions and incentives for all members of staff.

The NPS system has also been deployed in Spain and Portugal, where guests were asked to fill out a questionnaire designed to measure the operational excellence of the teams working in the restaurants and points of sale. In 2016-2017, 81,713 completed questionnaires were collected in Spain and 13,790 in Portugal, representing an equivalent number of guest opinions on service quality, products and facilities.

Areas Northern Europe's Client Care and Operational Marketing Department uses two other methods to raise the operations teams’ awareness about service quality issues – a quality challenge that rewards employees who obtain an overall score of 100 following two mystery customer audits, and a quality contest that rewards all employees from the three points of sale by type of service that obtain the highest average scores in the four mystery customer audit rounds carried out each year.

2.4 SUSTAINABLE INGREDIENTS

The environmental and social impact of ingredients depends on how they are grown and produced. We therefore work on the ten ingredients that allow us to have the greatest positive impact through sustainable sourcing and the development of appropriate standards. In line with this approach, we target product sources, looking at such issues as animal well-being, responsible fishing practices and reduced use of pesticides. We intend to work alongside suppliers to help them meet our criteria.

2.4.1 BUILDING LONG-TERM RELATIONS WITH SUPPLIERS TO ACHIEVE THE HIGHEST QUALITY

Purchases are a major component of our value chain and our focus on the environmental and social practices and initiatives of our partners throughout the world gives us a broad sphere of influence. That's why we need to pay close attention to our partners' performance in this area. Our overall impact is managed by conducting debriefing meetings at the end of each stage of the service cycle, and by maintaining healthy and transparent commercial relations with partners based on a set of mutual commitments.

In France, Elior has drawn up a Responsible Purchasing Charter which formally documents the sustainability requirements of our procurement processes, all of which are consistent with the Group's commitments and objectives. Through this Charter – which had been signed by 95% of our suppliers in France by end-September 2017 – the Group's suppliers are asked to reduce their environmental footprint, to act both as responsible employers (notably by respecting children's rights and combating clandestine work) and responsible suppliers, and to draw up a CSR progress report. The Charter has been updated to incorporate the Elior Group Ethical Principles and to underscore the need to focus more closely on our value chain and sphere of influence. The revised Charter was issued in mid-2017 and will be appended to supplier contracts as from January 2018.

In France, we organized a major seminar in Paris and a visit to all the regional departments for our chefs and suppliers. In September 2016, 140 Group employees and some 700 suppliers were invited to a seminar at the Cirque d'Hiver in Paris that included a presentation of our strategic vision and a question and answer session with representatives of 16 startups. The seminar was followed by eight regional events featuring supplier villages designed to facilitate meetings between suppliers and site managers. The events were a great success, with each one attracting an average of 60 suppliers.

In the same vein, we have provided our suppliers with a platform that they can use to carry out self-assessments and controls related to CSR issues. This platform – which was designed by Afnor (the French national standards agency) and is based on ISO 26000 – not only enables us to check that our suppliers are respecting our CSR requirements but also to exchange views and ideas with them and to ascertain their progress. A total of 78 suppliers representing the equivalent of 62% of revenue took part in the Elior-financed 2017 CSR assessment of food and non-food suppliers (Elior and Elior Services) on the independent Acesia/Afnor platform.

Various initiatives have also been implemented at local level, for example in the United Kingdom where all our suppliers have signed responsible purchasing charters. We work closely with suppliers when it comes to planning menus or developing recipes, to ensure that they understand what we want and adapt their offers.

In Italy, over half of Areas' suppliers have signed the company's code of ethics or earned SA 8000 certification. In addition, 6% of suppliers have earned ISO 14001 certification.

The Group's Responsible Purchasing Charter was rolled down to Elior Services in 2017 and aligned with the specific needs of the business.

In fiscal 2016-2017, a total of 520 supplier audits were performed by the Group.

We also use our service and product purchasing policies as a means of promoting employment and training for people with disabilities. For example, in France we have entered into partnerships with some 139 assistance-through-work establishments covering all of our business sectors. In 2016-2017, €855,145 worth of our revenue in France was generated through projects with the social economy sector.

At the same time, we have developed a central payments system in France to ensure that the three million supplier invoices received each year are paid on time. We are also working to increase electronic communications with all our suppliers to improve traceability, bring down their costs and reduce their environmental footprint. These measures currently concern 80% of our suppliers in France. Access to the EDI invoicing portal has been extended to small local suppliers and the content for bakery product suppliers has been changed to make it more user-friendly and better meet our partners' needs.

2.4.2 BUILDING A SUSTAINABLE SUPPLY CHAIN

In its role as a caterer, the Group's business is entirely structured around the food chain. Farmers are having to deal with a range of different environmental issues, such as the erosion of biodiversity, which have arisen as a result of intensified agricultural production. We are staunchly committed to addressing these issues and with this in mind seek to limit our environmental impact by rigorously selecting the products we use and closely monitoring the effect of our choices on eco-systems and the climate.

We also consider that we have a role to play in educating the market. Following on from the 2016 European Sustainable Development Week which provided an opportunity for us to draw stakeholders' attention to the importance for our catering business of protecting biodiversity, in 2017 we raised awareness of what constitutes a sustainable ingredient, the importance of choosing sustainably sourced eggs and fish, and the ways of promoting sustainable palm oil production, in line with our initial commitments.

In 2018, we will present the product categories that all subsidiaries will commit to working on by 2025.

In the healthcare market, we sponsor thirteen beehives and organize numerous events, such as a day of honey-based menus, honey tasting sessions, exhibitions presenting the life cycle of bees and the pollination process, and a honey harvesting workshop. This initiative illustrates our commitment to installing hives at sites where our teams are present, while also deploying educational programs.

2.4.2.1 Responsibly farmed seasonal products sourced locally

Along with responsible farming, local sourcing has also become an increasingly important criterion for our clients in all our host countries. Consequently, our subsidiaries' purchasing departments have all adopted a local sourcing policy backed by their distributors' own local policies. Local sourcing is also a way for the Group to reduce its carbon footprint, which is one of the key commitments of our responsible purchasing strategy.

In 2017, with our partner Arcade & Bio, we opened the first organic and traditional vegetable preparation center in the Paris region. The center will enable over 200,000 children to savor 100%-local products in Elior's 700 school cafeterias. Each year, 500 tonnes of washed, peeled, trimmed and packaged vegetables will be delivered to Elior restaurants, representing a third of the center's capacity. The center offers a guaranteed market for local Paris region producers, several of which – such as Xavier Dupuis – have been supplying Elior for many years. It also provides employment for around twenty disabled employees seconded from two of the region's assistance-through-work establishments.

Organic products

For almost 17 years now, we have pursued a purchasing policy in France based on the use of organic and local products. For example, Elior is one of France's leading users of organic ingredients for school meals.

In 2016-2017, we had a total of 3,557 organic product references.

In February 2015, during the Paris International Agricultural Show, Group representatives visited the organic food agency stand with representatives from FNAB, the national organic farming federation, and MBIM, a non-profit organization set up to encourage people to switch to organic food. The three partners signed an agreement to encourage food buyers in France to choose locally-grown organic produce. The agreement is in line with our responsible purchasing policy which consists of favoring products grown using environmentally-sound farming practices and making a sustainable contribution to the economic development of our host regions. It led to

the Solibio platform taking center stage at the L'Alsacienne de Restauration's restaurants in June 2016, during European Sustainable Development Week. The restaurants concerned were able to use the platform to source a wider range of local organic produce, including vegetables, meat, ultra-fresh products, cheese, cold cuts and fruit juice, aligned with the needs of the contract catering business.

In 2016, Serunion in Spain opened its first 100% organic central kitchens. After four years of efforts and audits, the Malaga and Seville central kitchens were certified as 100% organic meal production centers by the CAAE, Spain's leading certification body. The Malaga central kitchen is currently able to prepare 14 different 100% organic meal choices for guests and the number is set to increase rapidly. In 2017, the Almeria central kitchen was also certified. Together, staff at the three kitchens prepare over 5.3 million meals a year for contract catering clients in the education and healthcare markets.

Local products

In France, locally sourced products (produced less than 200 km from where they are consumed) account for over 11% of our fresh food purchases. The number of local products rose by 20% last year.

Elior has deep roots in France's regions. For example, we are members of the Made in Brittany organization, we take part in regional trade fairs that aim to make markets more accessible for local producers and, working with a partner, we have developed a sourcing network for beef from cattle born, reared and slaughtered in the Paris region. Proof of the geographical origin of fruit and vegetables is no longer just provided by contractual documents, it now also appears on invoices in the form of the zip code, guaranteeing to our stakeholders that we are fulfilling our commitments.

A key factor in our ability to win public sector contracts, our *Les Pépinières du Goût* project is built on a commitment to offer menus for the education market in France comprising local products for 15% and sustainable products for at least 50%. Other compelling arguments include for example our decision to ban the use of industrial sauce bases.

In Spain, one of Areas' best-selling snacks is the *Jamon Iberico* sandwich, which accounts for 28% of total sandwich sales (15.3 million out of a total of 55.1 million). Two local suppliers deliver 181 tonnes of this special ham produced at pig farms that have earned the DO label attesting to their compliance with stringent animal welfare and husbandry standards.

In response to clients' increasingly strict requirements concerning product origin, authenticity and quality, the Arpège brand in France has established a partnership with a potato producer in the Aube region to supply fresh French fries to its restaurants in Paris. The partnership accounts for 13% of Arpège's potato purchases. This differentiation enables our guests to enjoy a more authentic and higher quality product. Also in France, to meet the needs of one of our pork suppliers in the Paris region, Arpège decided to make two products – pork shoulder and pork loin – a permanent feature of its menus. The objective is for all pork shoulder and loin to be sourced from this local supplier.

During the 2017 European Sustainable Development Week, Arpège launched a system to communicate with guests on the leo.arpege-restaurants.fr website. Four local products are now celebrated in the restaurants each quarter (recipes, on-site communication). All stages in each product's lifecycle are presented on the website.

Product Selections in France

As part of our responsible purchasing policy, we are committed to seeking out and promoting local products that constitute each region's culinary ID, through our *Produits Selection* program. The principle consists of selecting the best products in each region, based on taste, product origin and farming or production practices. This approach encourages regional development by helping local producers to find new markets. We work closely with our clients and national producers in order to help build sustainable supply chains for fruit and vegetables, meat and cold cuts, bakery products and seafood that can meet large-scale catering needs such as ours. These producers are included in approved supplier lists kept by the purchasing departments in each country, which enables us to source products that are actually produced in the countries where we operate our restaurants. In France, for example, we purchased last year 150 tonnes of Corsican PGI (Protected Geographical Indication) certified clementines and 60 tonnes of kiwi fruit during their fruit-picking season.

Organic-certified production units

In France, **Level 1 Ecocert** certification was renewed for our central kitchens in Rosny (serving nine school cafeterias in the Lilas district of Paris) and Fresnes (serving three school cafeterias in Issy-les-Moulineaux, a Paris suburb).

In addition, three Elior-managed care homes in the Hérault region of southern France earned Level 1 Ecocert certification last year.

The certification process covers four areas of action:

– More organic: offer a varied selection of organic products throughout the year.

– More local: reduce the menus' carbon footprint by favoring short distribution circuits and local production.

– More healthy: help to ensure that children have a balanced diet and choose "home-made" over industrially produced food.

– More sustainable: implement practical measures to reduce and recycle food waste.

2.4.2.2 Responsible fishery resources

It is widely agreed that the world's marine resources are under excessive pressure, with 90% of species fished to the limit or over-fished.

We are committed to protecting biodiversity by pro-actively and assertively adapting our seafood purchases to take account of changes in marine ecosystems and the recommendations of expert stakeholders.

Since 2006, we have deployed a responsible purchasing policy designed to protect marine biodiversity. In France, Elior is a founder member of the Responsible Fishing Alliance and we no longer purchase certain endangered fish species including grenadier, red tuna, blue ling, black scabbard fish and the majority of shark species. Based on the recommendations of our Scientific Committee, we have also banned purchases of wild fish from the Baltic Sea due to the high level of industrial activity in the region and the accumulation of cancerogenic chemical compounds (dioxins and PCBs).

In France, since 2017 we have been working with Ethic Ocean, an environmental organization, to assess the sustainability of fish species served in our restaurants, as well as the value chain's ethical standards and the risk of illegal fishing. Ethic Ocean applauded the wide range of fish species included in our menus, while also flagging up certain opportunities for improvement that will gradually be incorporated in our specifications and contractual stipulations. Ethic Ocean, along with the GoodPlanet Foundation, were active in raising awareness of responsible fishing issues among our purchasing teams in France, while Mister Goodfish provided training in the assessment project to restaurant teams at pilot Arpège sites.

Our purchasing department in France has earned Marine Stewardship Council (MSC) certifications, allowing us to affirm that the fish served in our restaurants comes from responsible fisheries. The Chelles central kitchen and the Pontault-Combault school cafeterias are also MSC-certified.

In the United Kingdom we only serve fish that is on the Marine Conservation Society's "fish to eat" list and have removed 19 fish species from our menus. Elior UK has joined the Sustainable Fish Cities alliance and is working with the Marine Stewardship Council to obtain Chain of Custody accreditation.

2.4.2.3 Animal welfare

As global demand for all types of food products, including meat, continues to grow, we recognize the need to vigilantly protect animal welfare, an issue that also preoccupies our guests and clients as well as our employees and stakeholders. Conditions at certain intensive farms have led to increased global concerns about the treatment of livestock.

For Elior Group, animal welfare is essential to animal health and thus a vital link in the sustainable supply chain. That's why the Group made animal welfare an integral part of its CSR strategy and in 2017 adopted a stance that addresses the animal welfare issues involved in meeting UN Sustainable Development Goal 2 – Zero hunger. Although we don't own any farms or processing units, we are aware of our responsibility for building a constructive relationship of trust with suppliers to ensure that they take animal welfare into account and apply research-led best practices.

Animal welfare standards and best practices are constantly evolving, and we intend to regularly review our stance to be consistent with the recommendations of the scientific community and take on board the advances made in each of our host regions. We will share our stance with suppliers in fiscal 2017-2018.

In the United Kingdom, we have published an animal welfare guide and support the principles promoted by the Farm Animal Welfare Committee. We also support the UK government's Live Transport Welfare advice and guidelines, which include giving priority to domestic sourcing in order to avoid live animals being transported over long distances.

In France, the animal welfare charter signed in October 2016 incorporates the standards that we require our meat and egg suppliers to meet. A total of 84% of the suppliers concerned have already signed the charter. In the same vein, a section on animal welfare has been added to the supplier audit checklist for abattoirs. In January 2017, we forged a partnership with Compassion in World Farming (CIWF) to develop specific tools for establishing and monitoring commitments and requirements (audit checklists and policies) within each product chain. These tools will help all our stakeholders to improve animal welfare practices. CIWF- led training sessions were held in

June 2017 for an expanded group of Elior employees and external expert auditors (including veterinarians).

Elior Group has also committed to stop sourcing cage eggs, including for egg-based products, in all markets by 2025 when the egg industry will have had time to transition to more humane farming conditions. In March 2017 already, Elior UK sourced 36% of whole shell eggs and 30% of liquid eggs from free-range farms.

Chicken features regularly on the menu at our restaurants and one of our priorities is to further improve broiler welfare in the supply chain. Our aim is to require all suppliers to house broilers outside cages in properly ventilated growout buildings that are light during the day and dark at night. The broilers must be fed an appropriate diet and have access to water. Their bedding must be dry and clean. We intend to work closely with suppliers and experts to ensure that broiler welfare objectives are met in the United States and the European Union by 2025.

In the United States, Areas has stepped up its selection criteria, with particular emphasis on animal welfare, and has set targets for 2019 in its New Ingredients Highlights plan for own labels and certain franchise brands. This concerns products such as eggs, chicken and bacon.

2.4.2.4 Palm oil

Palm oil cultivation has been responsible for massive deforestation in the two main producer countries, Indonesia and Malaysia. Added to that, palm oil contains more saturated fats than other food oils. For these reasons, as part of our responsible purchasing policy, in 2004 we removed pure palm oil from our list of approved purchases in France. We have also been working with suppliers on replacing palm oil in their food products.

Since April 2011, we have stopped offering food oils that contain palm oil, a measure that has improved the nutritional profile of our blended oils by reducing their saturated fat content by 45%. And in line with the nutrition policy adopted in 2004, the products also contain less than 1% trans fats.

For other food products that contain or are produced using palm oil, we partner our suppliers in transitioning to another vegetable oil whenever this is possible. For example, since the end of 2010 a broad range of pre-fried products such as potato-based products and breaded fish are no longer made using palm oil.

At the same time, as a responsible market participant, we are also committed to supporting the development of sustainable palm oil cultivation. Some of our products such as cookies are already made using palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) and we intend to work alongside our suppliers to make further progress in this area.

Elior UK supported the British government's policy of encouraging companies to switch to RSPO-certified palm oil by the end of 2016 and its sustainable palm oil policy was communicated to all suppliers. It is working with designated suppliers to map palm oil use and provide data on all product ranges containing this ingredient in order to create a transparent and traceable supply chain for food and non-food products.

2.4.2.5 Non-food purchasing strategy

Our efforts to cut down our use of non-agricultural raw materials and accordingly limit the overall environmental impact of products or equipment are underpinned by two key principles – eco-design and respecting environmental standards issued by recognized certifying bodies. For example, we work closely with our suppliers on ways to reduce product packaging and we favor the use of recyclable and recycled materials as well as paper and cardboard certified as deriving from sustainably managed forests. In addition, we raise awareness among our employees about how to use fewer materials and how to use them in a more efficient way. All of these measures and initiatives enable us to reduce our consumption of non-renewable natural resources, the amount of waste we produce and our transport-related CO_2 emissions.

For example, over five million bio-degradable food containers were used by the education market's central kitchens in France in 2016-2017. They included our new 100%-compostable food tray featuring an innovative inner film that is also compostable. Used for dishes served cold, it is stronger and holds its shape better than the trays used previously, offering increased employee and product safety.

2.5 THE CIRCULAR ECONOMY

Wasting food does not just mean squandering precious natural resources, it also contributes to global warming if the waste is disposed of in landfill sites. We are actively seeking innovative ways to reduce food waste and avoid any such waste being sent to landfill, by closing the loop with new partnerships.

A CIRCULAR MODEL

WE'RE AIMING TO REDUCE OUR LANDFILL FOOD WASTE TO ZERO BY 2025

2.5.1 REDUCING OUR ENVIRONMENTAL FOOTPRINT

We do everything we can to reduce our environmental footprint, addressing such issues as water use, carbon emissions from our logistics operations and food waste. The measures taken to date include transferring all our Paris headquarters teams to a single HQE®-certified building in the La Défense business district.

The Group has put in place environmental management processes for its restaurants and other activities. Environmental management systems at many of our sites have earned ISO 14001 certification, including:

- All our sites in Italy. Areas Italy renewed its 2004 certification at the end of 2016, covering the same sites plus a further nine new sites.
- Elior UK's offices and all of its defense market restaurants.
- Serunion in Spain.
- Elior Services' head office in France.
- The business & industry market's STMicroelectronics sites in Crolles and Grenoble (France).

We are also attentive to the noise and odor pollution associated with our activities. When necessary, for example in response to complaints from neighbors, we take steps to resolve the problem. For example, in 2016 we carried out soundproofing work on the Dammarie-les-Lys central kitchen.

2.5.1.1 Energy saving measures

The world's energy reserves are finite and fossil fuels (oil, natural gas, coal) discharge CO_2, the main greenhouse gas, into the atmosphere when they are burnt. Reducing fossil fuel use therefore helps to combat global warming.

Like other human and industrial activities, the Group's operations use a certain amount of energy – mainly electricity but also gas, heating oil, gasoline and diesel – for the meal preparation process, the storage of ingredients and meals (refrigerators and cold stores), and their transportation (delivery vehicles). In line with our environmental commitment, we seek ways to limit our energy use.

To lessen the impact related to energy production, for several years now we have been working to adopt greener solutions and recommend them to our clients. We act at several levels:

- By tracking annual energy use wherever possible.
- By encouraging employees to adopt eco-friendly behaviors and smarter driving techniques.
- By implementing responsible purchasing policies that give preference to energy efficient products and materials such as insulation, low energy light bulbs and refrigeration systems, and alternative energy sources, for example, electric vehicles.
- By choosing renewable energy sources.

In 2016, we signed a 100% renewable energy contract with electricity provider EDF to support the energy transition. With this contract, the equivalent of 100% of the electricity used by the Group in France will be matched by power generated from renewable generation assets. Most of the time, our operations are carried out on our clients' premises using their equipment. This means that we can reliably track energy use only on some of our sites.

In early 2017, our education market in France invited its 35 central kitchens to take part in an Eco-Energy Challenge with the aim of reducing energy use per meal served by 10%. The teams were encouraged to adopt simple energy efficient reflexes such as systematically closing cold store doors, not turning on ovens first thing in the morning and switching off equipment when it is no longer needed.

In 2015, we launched our first energy audits (electricity, heating oil, gas, gasoline and diesel for the vehicle fleet) in all French markets, in compliance with a European directive. The same year, Elior UK published its first report on energy use for its administrative activities, based on Energy Savings Opportunity Scheme (ESOS) guidelines.

At Areas in Spain, audits have been performed covering 85% of energy purchases and energy saving measures have already been implemented, for example by installing LED lights. Areas Mexico has also acted to reduce energy use by installing LED lights and more energy efficient air conditioning systems.

ISO 50001 certification in Italy

Following on from earlier energy efficiency initiatives such as the installation of a combined cooling, heat and power (CCHP) generation system that limits the energy loss commonly observed with traditional heating systems, Elior Italy paved the way for improved energy use by all local entities by launching a program to secure ISO 50001 certification of their energy management systems.

And ISO 50001 certification was also obtained by Areas, for all of its points of sale in Rome-Fiumicino airport.

In our day-to-day operations, we work towards reducing our energy use by installing energy-saving equipment such as low energy lighting and machinery and timer switches, as well as by developing the production of renewable energy (e.g. from bio-waste generated during catering operations) and by using solutions such as videoconferencing to avoid unnecessary travel.

Following the energy audits carried out in 2015, which enabled us to identify the main sources of energy use in our restaurants, we trialed various energy efficiency solutions in the business & industry market to be shared with clients based on feedback from the tests. The trials concerned for example installing timers so that production equipment turns on and off automatically, replacing sensors by a box system that limits energy use in cold stores and installing systems to monitor energy use in real time.

In Italy, the central kitchen in Bologna features energy-saving innovations such as a CCHP generation system that limits the energy loss commonly observed with traditional heating systems. The Nuova Emilia methane-powered plant is capable of simultaneously producing electricity (thanks to a turbine), heat and refrigerated water for cooling. The 30,000 meals produced at the central kitchen every day are delivered to 400 catering sites in the region serving widely different markets: business & industry, education and healthcare.

At Areas in France, the La Chaponne motorway service plaza has earned HQE® environmental certification. In the United States, all Areas motorway service plazas are certified under the Leadership in Energy and Environmental Design (LEED) program created by the US Green Building Council. At the same time as seeking to reduce our own use of natural resources we partner our clients in projects aimed at achieving the same objective. For instance, Arpège and other Group units help their clients obtain and/or renew environmental certifications (such as HQE®) by involving their teams in the clients' environmental data compilation and reporting processes.

Since March 2016, to go even further and increase car drivers' awareness of environmental issues, Areas US has displayed in Florida the works of Xavier Cortada, famous for creating art installations at the North and South Poles. His murals draw our attention to the risks of climate change and creeping urbanization and call on us to develop a natural ecosystem. This original partnership is a means of reaching out to a wide audience about the need to protect the environment.

In fiscal 2016-2017, Elior Group sites used 234,533,240 kWh of electricity, generating 43,144 teqCO_2.

2.5.1.2 Water saving measures

Water is essential to maintaining life on earth. Domestic and industrial uses absorb around half of the world's easily accessible water, while the extension and intensification of farming activities account for 70% of global water use. The quantity of renewable fresh water available per inhabitant has been halved due to population growth.

We are committed to limiting our water use and protecting watercourses from the consequences of our activities. Water use depends on local resources. Our businesses use water at various stages, both directly (during the food preparation and cooking process, for cleaning, in rest rooms and for cooling) and indirectly through our purchases.

We act at several levels:

- By tracking annual water use.
- By encouraging employees to adopt eco-friendly behaviors and reminding clients to keep their plumbing systems in a good state of repair.
- By implementing responsible purchasing policies that give preference to water efficient products and materials.
- By preventing pollution of watercourses by treating cooking water, waste water and sanitary water, and by collecting used cooking oil and hazardous products.

In fiscal 2016-2017 the Group used a total of 2,727,093 cu.m. of water. Water resources will be analyzed in 2018.

Elior Services uses cleaning equipment with water saving systems such as scrubber-dryers with a cleaning solution dosing (CSD) system and EcoFlex, and consumables such as micro-fiber wipes and pads. In 2016-2017, it installed additional dilution centers to ensure that the right quantity of chemicals is added to the cleaning solution, avoid employees having to handle chemicals and avoid transportation of the water needed to prepare the solution.

Areas makes numerous innovative changes to the interior and external fittings of buildings at its motorway service plazas using leading-edge sustainability technologies. The La Chaponne service plaza on the A6 motorway in France 213 km south of Paris is a prime example, with the retail and service building becoming the first of its kind to obtain HQE® environmental certification. Everything is designed according to sustainable development principles, from the systems to save drinking water and use rain water for watering greenery to the treatment of waste water.

2.5.1.3 Enhanced waste management: prevention, sorting and recycling/reuse

One of the Group's key priorities is to manage the waste created by its businesses. Increasing quantities of waste are recycled both in France and internationally across all markets.

The Group is responsible for its waste from creation to final treatment, in compliance with the applicable regulations. It establishes partnerships with recycling professionals to provide clients with the most appropriate solution.

Various initiatives are undertaken, including:

- Programs to raise employees' awareness of the types of waste generated by the Group's businesses.
- Awareness-raising events for guests.
- Deployment of waste sorting and recycling/reuse systems where possible.
- Measures to limit waste production.
- Recycling of used cooking oil, bio-degradable waste and all other types of waste.
- Reduction, and in some cases elimination of packaging at source, for example by replacing plastic bottles with water fountains (in Italy).
- Since 2012 in France, creation of logs recording the waste collected by the local authority at each site, in accordance with France's Grenelle II Act on environmental regulations.

Given that the results of our drive to promote the recycling and reuse of waste largely depend on the effectiveness of at-source sorting systems, we focus throughout the Group on raising our clients' and guests' awareness about waste sorting. For example, we undertake numerous initiatives in schools to teach children how to correctly sort waste, such as by using a special food waste sorting table called Eco Plats Net.

Waste collection and recycling/reuse is organized in line with the type of site and waste concerned. A service provider collects and processes the sorted waste but in some cases pre-processing equipment (such as dehydrators) is installed on site. The main methods used by the Group and its partners to recycle and reuse bio-degradable waste are composting and anaerobic digestion, which enable organic waste to be returned to the soil in the form of fertilizer.
Of the more than 1,000 sites operated by our business & industry market, around 300 are required to sort and recycle bio-degradable waste under France's Grenelle II Act. At around 30% of these sites, we are responsible for collecting and processing the waste. At these sites, we consult service providers licensed to recycle category 3

animal by-products (SPA3) and organize selective collection and processing of the waste.

Along the same lines, we are taking part in trials and supporting projects such as Organic Vallée, involving the delivery of 170 tonnes of bio-degradable waste to the Cler Verts recycling center in Toulouse, and the system set up with a farmer close to Rennes for the anaerobic digestion of agricultural products. The latter project followed a review of food waste at La Poste's Rennes-Colombier site in France, which led our business & industry catering teams and La Poste's management to support the activities of a local farmer who owns an anaerobic digestion facility. The recovered energy is used to heat the farm's pigsty and the digestate is used as a soil conditioner for the farmer's land or that of other local farmers. A contract has been signed with the local farmer to collect and locally manage the roughly 40 tonnes of bio-degradable waste generated by ten of our restaurants in Rennes, including those forming part of our education and healthcare catering operations and those operated by Ansamble.

Areas has teamed up with Moulinot for the collection, management and recycling of all waste created each year at the Porte de Versailles exhibition center. The project consists of creating an eco-site to massify food waste and waste paper, board, glass, plastic bottles, tin cans and transparent film.

In the United States, Areas has been operating a system for the recycling and re-use of plastic water bottles at Los Angeles airport since February 2016, with The Bottle Box as its partner and Fresh & Ready as supplier. The Bottle Box transforms plastic bottles into finished food containers. This is an innovative, environmentally responsible solution: the more Bottleboxes used by Areas the lower its carbon footprint. In the first six months, Areas sold 276,447 items packed in Bottleboxes and the aim is now to extend this solution to all upcoming grab & go concepts.

Our used cooking oils are utilized as a renewable energy source – they are collected and recycled into bio-fuel and we ensure their traceability. In the United Kingdom, they are used by our logistics service provider once they have been converted into bio-fuel.

In 2016-2017, 82% of the used cooking oil collected was recycled.
Non-fermentable waste produced by our sites is also recycled. For example, pre-sorted packaging waste is recycled into new materials and office supplies such as ink cartridges and paper are recycled and used either for new materials or for energy.

On 12 motorway service plazas in France, Areas and the Les Bouchons d'Amour organization conduct plastic bottle top collection campaigns. A total of 318 kg were collected in the first year of this partnership that will be pursued in 2017-2018. Les Bouchons d'Amour used the funds raised from the operation to finance the purchase of wheelchairs for the disabled and one-off humanitarian operations.

We are also committed to innovation in our services business, as demonstrated by the ongoing development of the business's Valogic paper sorting and recycling service, which is provided in partnership with companies from the social economy sector. Its successful deployment at 36 sites has paved the way for extending the initiative to include plastic and metal sorting and recycling. Elior Services has also developed Trapese, a waste traceability tool for use by clients. Waste is weighed and recorded using a scanning system. The data are then stored in a central database, allowing the client to track the exact quantities of waste supplied, in the aggregate and by zone, department and floor.

In 2016-2017, following a change in employee workwear in France, Elior recycled 430,000 old workwear items using solutions developed by its partner, Elis. In all, 90% of the items were recycled (to create new textiles, generate energy, etc.).

2.5.1.4 Measures to reduce food waste

Throughout the value chain, we act at source to reduce food waste by ensuring that we use high quality products and recipes, from day-to-day by efficiently managing quantities and training employees to "think green", and at the end of the chain by redistributing unsold food, recycling waste and encouraging guests to adopt eco-friendly behaviors.

To structure our approach, we set up a work group to draft an anti-food waste charter expressing the Group's commitments and defining the framework for action by all subsidiaries. In 2018, we will work on developing progress indicators.

In the education and healthcare markets in France, all new recipes are tested among guests and a committee made up of experienced chefs meets eight times a year to conduct culinary workshops at which new recipes are created or adjusted. In fiscal 2016-2017, 180 recipes for the education market were tested by 1,200 school children and the results were analyzed by an independent organization. Recipes that obtained a score of more than 70/100 were kept, those with a score of between 50 and 69/100 were adjusted and those with a score of less than 50 were abandoned.

In the education market, we have set up a Taste Observatory whose team carries out assessments at a number of sites every day to identify the components of each menu that tend to be left on the plate. This procedure enables us to identify guests' favorite recipes and those they like the least.

In the healthcare market in France, detailed food waste audits have been performed at ten healthcare facilities with the aim of identifying the causes of waste and drawing up specific measures to reduce waste levels at each facility. A food waste guide has been prepared to support facilities that are interested in taking part in this project. In addition, Mystery Meal Tray surveys are conducted at 16 hospitals owned by Ramsay Générale de Santé to measure the quantity of food products ordered by guests but not eaten. A set of tools is then used to assess, understand and measure trends and the reasons for the waste.

In order to promote best practices in relation to reducing food waste, we encourage guests to take part in our efforts. Through the *Chasse au Gaspi* ("Stop wastage") campaign that we have used in the education market since 2010 we have raised children's awareness of how much food is wasted every day and how to consume smartly. This campaign – which uses "Stop Wastage" kits and special waste collection bins for bread and/or water – achieves excellent results. In the business & industry market, we joined forces with the Expliceat startup in 2016-2017 to establish guest awareness-raising workshops. Over 1,100 guests participated in the first tests.

At the end of the food service, the Group's various entities distribute unsold food to food banks when this is allowed under local legislation. For example, Elior Italy has worked with the SITICIBO food bank since 2009 and also partners Last Minute Market. In 2016, the equivalent of 95,700 meal portions and 11 tonnes of bread were for the most part redistributed in Italy. Through its partnership with the Le Chaînon Manquant organization, the Arpège restaurant in the office building of its client Danone has given away unsold food since May 2017. Thanks to this initiative, over 220 meals have been distributed to a homeless shelter. Serunion redistributed 700 kg of unsold food last year in Spain.

During fiscal 2016-2017, 20% of Arpège restaurants in France conducted assessments of food waste and the potential for supplying food banks. The results showed that food waste is highest on Fridays and that the waste mainly concerns salads. Following the assessment, all restaurants in the network were given a best practice guide that includes an overview of Group principles in this area.

The La Maison de l'Amitié drop-in center where people living on the borderline can obtain welfare assistance, wash their clothes and partake in various activities, is located just a short walk away from our Group's head office in Paris. Every morning, the Paul bakery shop in the La Défense subway station delivers bread and pastries left over from the previous day to provide breakfast for visitors to the center, while our nearby LAB test kitchen also delivers uneaten food.

In Spain, Areas has launched a program to prevent food waste and deliver uneaten food to local charities. Phenix is a social enterprise that supports its clientele of major retailers, manufacturers and event organizers in negotiating their transition to a circular model, by coming up with groundbreaking solutions that effectively address their need to reduce, recycle and re-use waste. Phenix has already conducted a preliminary audit for Areas at its points of sale in Madrid Barajas airport, in preparation for the upcoming deployment process.

2.5.1.5 Reducing greenhouse gas emissions

Recognizing that climate change is causing exceptional weather events that may have an impact on raw material prices, we work hard to mitigate environmental risks and prevent pollution, notably by reducing the emissions we discharge into the air, water and soil through our operations. We are currently looking at how to address this risk in our responsible sourcing strategy.

We have made a specific commitment to reduce our emissions of greenhouse gases (GHGs). In France, we have designed a GHG measurement system based on the Bilan Carbone® method devised by the French National Agency for the Environment and Energy Management (ADEME). Through this system – which has been specially tailored to our contract catering, concession catering and services businesses – each site manager can identify the main sources of GHG emissions and can partner clients in their emission reduction efforts by proposing joint action plans. Specific user training was provided throughout the Group's various markets when the system was initially rolled out.

In addition, a network of some forty in-house specialists has been set up in France in order to implement and monitor action plans at Group sites. As a result of all of these initiatives, we have now identified the main sources of GHG emissions in our different businesses (purchases represent the principal source, followed by energy use and freight) and have rolled out measures to reduce their impacts. These actions were stepped up in 2014 when we

were awarded a Bilan Carbone® Service Provider license by the Bilan Carbone Association.

Since 2015, carbon emissions have been measured at 20 services business sites, focusing mainly on employees' daily commute. An analysis of the results showed that the business's average GHG emissions in the healthcare market represented around 1 $teqCO_2$ per full-time equivalent employee. The business is gradually switching to electric vehicles to reduce these emissions. It has also introduced a policy designed to limit road trips that are too long or too frequent, by making travel by train the preferred option for trips in excess of 300 km. In addition, employees are offered courses in eco-driving techniques.

At Elior UK, GHG emissions from corporate activities have been measured since 2009. Carbon emissions were reduced to 4.84 $teqCO_2$ per full-time equivalent employee in 2016 through home-working, video-conferencing and the resulting major transport-related impact.

A number of the actions taken as part of the Group's responsible purchasing policy – such as installing energy-saving equipment and developing local sourcing – also help reduce its carbon footprint. Other key emissions-reducing measures we have adopted include introducing an ecological vehicle fleet (95% of our employees' company cars and service vehicles in France emit less than 130g CO_2/km) and optimizing the vehicles' delivery loads and rounds.

In fiscal 2016-2017, 78% of the Group's vehicles were eco-efficient.

Elior Group sites used 234,533,240 kWh of electricity in 2016-2017, generating 43,144 $teqCO_2$.

During the year, the Group added a dozen electric cars to its fleet on a trial basis. Electric cars reduce our carbon footprint by three to four $teqCO_2$ per vehicle.

2.5.2 CONTRIBUTING TO A CIRCULAR ECONOMY THROUGH INNOVATION AND PARTNERSHIPS

The Group and its restaurants are stakeholders in the circular economy. Our aim is for all our waste to become a secondary raw material for other industries operating in the same region.

To illustrate our engagement and share our experience with other participants in the Greater Paris economy, at the Greater Paris General Assembly on the Circular Economy in 2016 we took part in the second working group on food waste and the redistribution of unsold foodstuffs. We also helped draft a white paper on the Greater Paris circular economy published in 2016 which proposes 65 initiatives that could represent federating projects to support the transformation of Paris and its inner suburbs into a single economic area.

2.5.3 SHARING BEST SUSTAINABLE DEVELOPMENT PRACTICES WITH SUPPLIERS AND CLIENTS

With 23,000 restaurants and points of sale and teams providing services on a local level, the Group plays an important part in weaving and developing the economic fabric of the regions where it operates. Highly aware of our instrumental role among the populations we serve, we have made a stated commitment to promote equitable and sustainable regional development by drawing on our expertise and business activities. We also seek to directly involve our stakeholders in community outreach programs. To that end we take part in awareness-raising programs for all types of audience, including in partnership with sustainable development players and organizations across the world.

On October 16, 2016, France's National Anti-Food Waste Day and World Food Day, the Group signed the Paris-based chefs' anti-food waste charter alongside the Paris city authorities, France's Agriculture Ministry and eight leading chefs. At the same time, we shared a stand with Phenix at the SIAL International Food Exhibition in Paris drawing visitors' attention to the issue of food waste.

We were also among the experts invited to attend the 10th Convergences World Forum on September 4 and 5, 2017, contributing to the discussion on "How to make sustainable production a lever for responsible consumption" by presenting our best anti-food waste practices. Each year, the Forum attracts over 5,000 participants from throughout the world, representing all sectors of the economy.

One of the ways in which Areas promotes sustainable development among the wider, general public is by introducing returnable or reusable cups at the events we cater for. Areas France provides catering services for numerous one-off events during trade fairs and at

exhibition centers and stadiums, and its teams systematically recommend to our partners the use of returnable or reusable cup solutions such as Ecocup. This type of solution helps customers to be more eco-friendly and environmentally accountable by avoiding the use of disposable plastic cups that lead to waste and pollution.

2.6 THRIVING PEOPLE AND COMMUNITIES

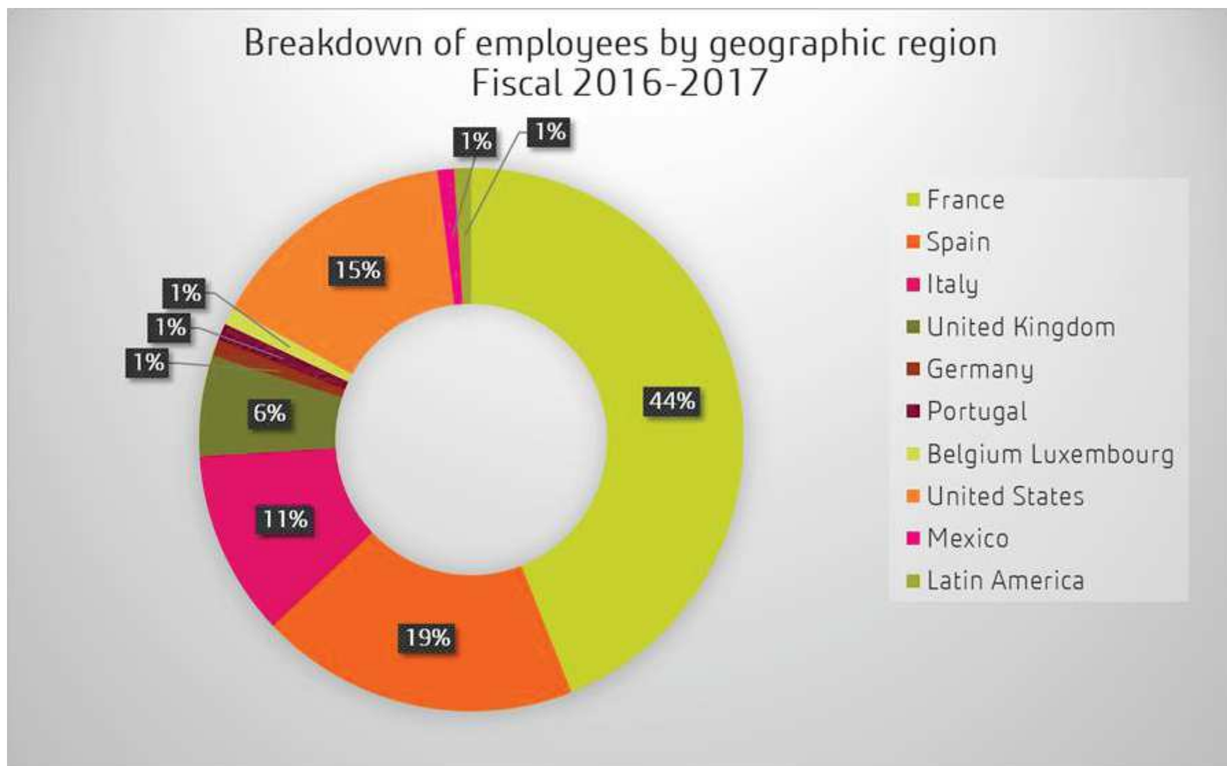
We are proud of our employees' diversity and talent and want them to be able to fulfil their potential. For this reason, we do everything we can to promote their development, regardless of the level at which they join the Group. We take care to adequately reward their work and engagement, at individual and team level and at the level of the Group as a whole.

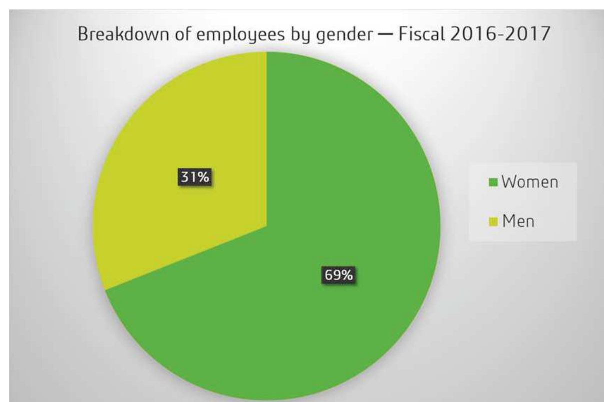
Our business can act as a driver of social integration and we have an opportunity to enable employees to develop their skills. We are also committed to helping improve the image and reputation of the catering industry as a whole in the job market.

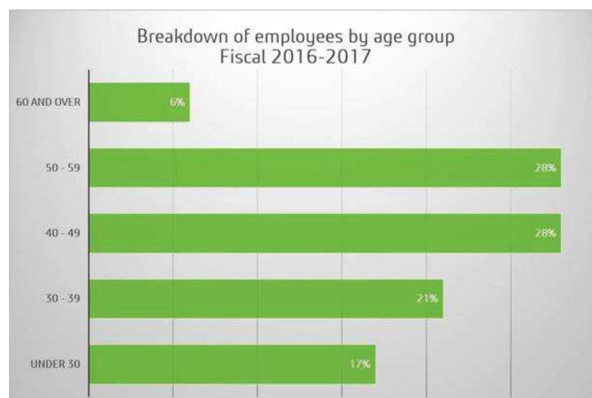
To make subsidiaries more accountable for their human resources strategies and management processes, decisions are now made at the level of the markets, which each have their own Human Resources Director. In France, a Human Resources Department was created in late 2015 for the contract catering business, to oversee all related activities in France. Following these changes, the Group Human Resources team is now responsible for human resources issues affecting the Group's top 100 executives and parent company employees.

2.6.1 EMPLOYEE DATA

As of September 30, 2017, 44% of Group employees were based in France versus 45% one year earlier.







2.6.2 GUARANTEEING EMPLOYEE HEALTH AND SAFETY

Workplace safety is a non-negotiable priority for the Group. Appropriate training is provided along with guidance in applying best practices, in order to guarantee employee safety in compliance with existing processes.

We create optimal working conditions to ensure the health, safety and well-being of our teams. Aware that this requires significant effort, we have strengthened the policies in place within each subsidiary in order to limit the impact of our employees' working conditions on their health and safety.

The first step, implemented in 2015, consisted of identifying the main types of accident and determining where they occurred. Since then, projects have been launched to:

1. Instill a workplace health and safety culture, built for example on preventive measures. Areas in Northern Europe and Elior in France have signed up to the program for the prevention of job-related musculo-skeletal disorders (TMS Pro program) led by France's Social Security authorities.

2. Lead a health and safety performance management process. Most of the Group's entities currently have at least one workplace health and safety specialist who is responsible for ensuring compliance with national regulations, identifying high-risk situations and preventing incidents. In France, the workplace health and safety departments act as a source of expertise for operations staff and each one has drawn up a specific framework for their health and safety risk assessment document (DUER) required under French law. Also in France, Elior established a specific unit in fiscal 2016-2017 to support operating units in managing workplace accident rates. A new dedicated phone line for all unit managers has helped reduce the time they spend managing accidents and human resources.

3. Establish new management systems. In France, Elior has launched a tablet-based workplace health and safety audit system on a trial basis in the business & industry market. The system's aim is to permit better real time interaction with managers and to adapt risk analyses in real time.

4. Train managers. In fiscal 2016-2017 a total of 21,694 Group employees took part in at least one workplace health and safety training initiative. Psycho-social risks are becoming an increasing cause for concern in our services business and Elior Services has therefore introduced voluntary awareness-raising sessions for managers. Specific training courses on this issue are already organized and the effort will be stepped up in the next three years. In addition, a psycho-social support help-line has been made available to all the services business's employees, who can confidentially discuss their problems with an independent psychologist, whether they be of a professional or personal nature.

5. Raise awareness of health and safety issues, notably through communication campaigns. For employees in France and North America who spend most of their time on the road, a safe driving program has been developed based on newsletters, driver training and a fleet policy that gives preference to purchasing the best equipped vehicles. In the United States, a monthly internal newsletter named "Be Well" was launched in 2016 to raise employees' awareness of workplace well-being issues. Elior UK organizes workplace well-being workshops.

6. Improve working conditions. No new health and safety agreements were signed in 2016-2017 but several existing agreements remained in full force and effect, at Areas for example. In addition, a number of measures were taken during the year to improve employee comfort. For example, Areas Italy adapted the safety shoes worn by employees to reduce the risk of slipping. In the United States, Areas issues safety shoes to employees free of charge every six months.

During 2017, new workwear was delivered to Elior's 24,500 employees in France, improving their comfort and safety. The more ergonomic workwear is the result of a long design and development process launched in 2014 to ensure that it is closely aligned with all wearers' needs, with a single priority: reduce the risk of burn injuries and accidents due to catching. It was initially tested by 200 employees in France at 15 pilot sites. The 450,000 items comply with strict CSR standards.

Employees of the services business's Rhône-Alpes Bourgogne regional department in France were invited to take part in a challenge to come up with the best idea for improving workplace safety. The judges reviewed 17 projects and chose five for local or national deployment. Involving employees in this challenge was a key driver of the safety management system (SMS) program which enabled nine of Elior Services' local offices to earn SMS certification.

Elior Services has also developed a new offer named Coabiz for the office cleaning sector, whereby its staff work during office hours alongside the client's employees. For Elior Services teams, this has a number of advantages. They enjoy normal working hours and a better work life balance, they can use public transport for their daily commute and can work full time, while also benefiting from their profession's enhanced visibility and recognition.

OHSAS 18001 certifications
In Italy, Elior and Areas have both earned OHSAS 18001 certification. Based on the benchmark workplace health and safety standard, OHSAS 18001 certification is an effective tool for managing organizational, technical and behavioral risks on a day-to-day basis and improving performance over time.

2.6.3 DEVELOPING EMPLOYEES' SKILLS TO ENCOURAGE INTERNAL PROMOTION

2.6.3.1 Continuous employee dialog

Our labor relations are based on respecting and valuing our employees and creating a constructive dialog.

At Elior France, one of the highlights of last year was the arrival of a new Human Resources Director tasked with establishing an organization that focuses more closely on aligning HR processes by defining common principles applicable to all Elior units in France that will be rolled down to each one.

Ongoing dialog with our employees leads to the signature of numerous collective agreements on a wide range of issues. For instance, the 2016-2017 annual negotiation process led to the signature of four agreements, on statutory employee profit-sharing, a pension savings plan, human resources planning and development and employee benefits plans.

The European Works Council (EWC) is informed annually about the Group's financial position, business operations, strategic objectives and HR situation. Meetings are also held with members of the EWC's Bureau to discuss specific topics.

The Group operates in some countries where the economic situation and legal environment give rise to certain risks. This is the case, for example, in Chile, Mexico, the Dominican Republic and Saint Martin. Employees based in these countries represent around 1% of the Group's total headcount. We take particular care to ensure that our business practices in these countries comply with the spirit of the fundamental conventions of the International Labour Organization.

In France, the Group Works Council (GWC) set up in 2000 serves as the primary forum for dialog with representatives of employees and trade unions from its French subsidiaries. It includes a specialist commission which particularly focuses on analyzing HR indicators determined jointly by the GWC and the Group. In 2017, the GWC held a plenary session on June 29.

At the level of its French subsidiaries and/or UES (specific groupings of entities only existing in France) – which employ 44% of the Group's total headcount – depending

on the entity concerned the Group manages relations with its employees through:

- Central works councils, company-level works councils and site level works councils
- Health, Safety and Working Conditions committees
- Employee representatives
- Various committees set up to monitor collective bargaining agreements or action plans.

In Italy, Areas has negotiated agreements covering working hours.

The above information concerns the main changes to collective agreements signed in fiscal 2016-2017; it does not include addenda to certain agreements that may have been signed by other Group subsidiaries.

2.6.3.2 Career development measures

The Group is undergoing extensive changes, driven by client demand, developments in its operating environment, and by its own dynamic.
We constantly adapt our training programs to these changes. In particular, new employees need to learn a number of fundamental principles so they can deliver the service quality expected of them. The training we provide ensures that all our people, wherever they work, know these fundamental principles, particularly concerning food hygiene and health and safety. Lasting from one hour to two days, our training modules are designed in conjunction with operations managers and use tools and methods that are the most appropriate for each situation (face-to-face learning, e-learning, etc.).

We are keen for employees to drive their own career development process. In 2016, Elior France signed an HR planning and development agreement (GE2P) that lays the foundations for the main human resources goals set for the period 2016-2018:

- Provide increased access to training for all employee categories, particularly the least qualified employees and those who have received the least training.
- Improve gender equality by making it easier for women to obtain training that will enable them to apply for a promotion.
- Step up employee health and safety training.
- Develop career plans based notably on existing or future Professional Qualification Certificates (PQCs) to help employees move up the career ladder in one or several business areas.
- Link training systems (training plans, skill-honing periods, personal training accounts, personal training leave) to enable employees to be the co-designers of their training roadmap.
- Expand the use of professional training contracts, particularly for employees studying for catering industry PQCs.
- Establish sustainable mentoring/apprentice guidance/trainee monitoring systems as part of the policy to promote work-study arrangements.
- Strengthen employee skills by expanding the knowledge and skills base.
- Establish a sustainable skills acquisition dynamic.

For Elior in France, the investment in training contributes to the value creation process by improving service quality and customer satisfaction. It also helps to increase employees' employability, motivation and loyalty.
In 2017, our internal professional training organization became an officially recognized provider of PQC training.

In all, 28% of training hours concern job-specific techniques and a further 28% concern food safety.

A bespoke work-study program to train future managers of Areas points of sale in France

During 2016-2017, Areas' teams in Northern Europe worked with Schola Nova, an educational organization specialized in work-study programs, to develop a program that combines formal classroom education with practical experience for students interested in a career as a point of sale manager. The objective is to hire, train and integrate twenty school-leavers capable of obtaining a BTS diploma in business unit management and subsequently managing one of the Group's points of sale. Participants in the program are offered positions in points of sale located in Paris or in Orly or Paris-Charles-de-Gaulle airports. The program kicked off in September 2017 with a nearly three-week immersion period followed by a two-year BTS program. Participants are employed under a professional training contract during this period, with the aim of offering them a permanent employment contract once they have completed their studies. Members of the Areas Northern Europe training team participate in leading the professional training modules.

In France, Areas has launched four internal diploma programs with ESCP business school to enable employees

to acquire the skills needed to manage its restaurants and points of sale.

To encourage internal promotions and respond to demand from service operatives and local supervisors, courses to prepare employees for a promotion have been introduced at the Elior Services University. The 12 to 15-day courses are open to all service personnel and team leaders and are followed by 30 employees each year. They prepare participants for the positions of team leader or site manager. Successful candidates are promised a promotion to the position concerned within 12 months.

In the United Kingdom, the Chef School has been created to address the current shortage of experienced chefs and develop a pool of future candidates with this profile. The nine-month program is organized in several modules that take place in the kitchen, in the classroom and also in the field with professionals such as food producers and butchers. Students also work with leading chefs catering for high profile events. On completing the course, they obtain the Professional Cookery Level 2 diploma qualifying them to manage a restaurant. The initial results are promising, with all participants becoming capable of holding a position as junior chef and 80% having already been promoted.

Taking its training commitment a step further, Elior UK was one of the first companies to sign up to the Recovery Career Services (RCS) program launched by its client the UK Ministry of Defense. RCS provides employment support opportunities to wounded, injured and sick soldiers, sailors and airmen, and as a partner to the program Elior UK finds opportunities for these ex-servicemen and women to be given training and practical experience in the catering and services field. Elior UK also supports Help for Heroes and BLESMA, two charities that provide support to ex-servicemen and women who were wounded or injured in the line of duty.

2.6.3.3 Internal mobility

Firmly convinced that internal mobility and diverse experience are the best ways of training up future managers and executives, we encourage our employees to build career paths that include working in a number of different markets and/or businesses. In order to encourage internal mobility, the Human Resources teams ensure that employees have clear visibility of the possible career paths that can be followed in the Group. In Europe, a position map of the main job categories in each country, grouped by business and level of responsibility, enables employees to see where they are at on the career ladder and plan future moves. As part of the drive to provide information and create a mobility dynamic, training materials have been produced by the various businesses in France that offer a simple explanation of the internal mobility process and the interaction between the main players.

In Spain, the United States and Mexico, Areas managers participated in a training program to learn how to conduct meetings to discuss their team members' career development and to support them in furthering their careers.

Internal mobility programs also help the Group to establish succession plans at all levels in the organization. To this end, development centers have been set up throughout the Group to better identify the advancement potential of employees singled out as possible successors. In particular, the system has been deployed for managers in line to take over executive positions. Available in the Group's four languages, it helps senior management and human resources professionals to better prepare and support moves up the career ladder. After going through the development center process, employees prepare an action plan that will enable them to advance by narrowing the gap between their current skills and those required by the target position.

In all, during the past year, 12% of employees changed positions within the Group.

2.6.3.4 Compensation policy

In view of the fact that payroll costs represent such a major expense item in the Group's business model (equivalent to 43.8% of revenue), our compensation policy is a key aspect of our strategy.

The fundamental aims of the policy are to ensure that compensation and benefits packages are fair across the Group and to encourage mobility between our various businesses. We also take care to ensure that our packages and hiring conditions are competitive compared with other market players by carrying out benchmark studies.

In France, the annual negotiations with employee representatives led to the introduction of a loyalty bonus for Elior restaurant managers in France in June 2017.

For managerial positions, compensation and benefits packages are structured based on the Group's position map. Bonuses depend on the job concerned and the level in the chain of command, as well as the achievement rate of the objectives set for each manager. All employees have an annual performance review meeting during which the results of the past fiscal year are measured against the year's objectives and new objectives are set for the coming year. This system enables us to ensure that our managers'

personal career aims are aligned with the Group's overall strategy and performance objectives.

Compensation levels for non-managerial employees are determined based on salary scales and rules defined by each individual industry and in accordance with local legislation.

Whenever a new entity joins the Group, our compensation policies and management processes are gradually extended to cover the new entity.

In 2016-2017, we worked on structuring compensation packages in order to align them more clearly with the Group's short and medium-term financial priorities and also with market practices.

2.6.4 FIGHTING DISCRIMINATION

2.6.4.1 Responsible hiring practices

Being an engaged employer means giving opportunities to everyone. Our hiring processes take into account our commitment to combating discrimination through the different policies and procedures implemented in our various host countries.

In France, 2017 saw the signature by Elior of a pact guaranteeing equal access to jobs for all candidates, whatever their origins. The pact is a means of raising awareness of the importance of equal opportunities among employees involved in the hiring process.

When we open new sites, we use a simulation-based hiring method that allows us to assess candidates objectively, irrespective of their qualifications or previous experience. The patented method has been used successfully for the past ten years, mainly by Areas and Elior in the education and healthcare markets. The method helps to reveal capabilities or potentials that even the applicant may not be aware of possessing. The resume does not include any details of the applicant’s age or qualifications. At Areas, the content of the assessment exercises was validated in advance and, with the help of Pôle Emploi job center staff, aligned with job descriptions at an existing Center Parcs site for kitchen staff, Carrefour general foodservice employees, Quick team members, dishwashers and inexperienced and experienced waiting staff. All candidates who obtained a certain score in the assessment exercise were interviewed with a view to being selected to receive classroom and practical training.

During 2016-2017, Elior France continued to work in partnership with Association d’Accompagnement Global Contre l’Exclusion (Adage), an organization that helps vulnerable people to find work and take up their place in society. Activities included restaurant visits to enable destitute women participating in the *Parcours de Femmes* (careers for women) program to discover the contract catering environment and, in some cases, obtain an internship. We also work with Pôle Emploi job center staff to help long-term unemployed persons with disabilities to re-enter the job market by offering internships to prepare them for a job in one of our restaurants. The program includes practical training, work experience and help in preparing the catering diploma.

Equal opportunity and anti-discrimination policies throughout the Group

In the United States, Elior’s hiring procedures are governed by equal opportunity and anti-discrimination policies that also underpin the company's annual affirmative action plans. Job vacancies are published through organizations that have an obligation to comply with anti-discrimination principles and to promote job opportunities for people who may find it more difficult to obtain employment (war veterans, people with disabilities, women, ethnic minorities, etc.). These principles are laid down by the US Labor Department's Office of Federal Contract Compliance Programs. In addition, hiring practices were reviewed in conjunction with the setting of new targets for management. Managers are being trained in hiring techniques to help them assess candidates based on their technical skills rather than on subjective criteria.

Elior North America's anti-discrimination practices are described in the Employee Handbook distributed to new hires. At A'Viands, a manager in charge of individual employee relations is responsible for ensuring that these practices are followed and for examining any complaints. At the other subsidiaries, Elior North America’s Legal Affairs Director is responsible for these matters.

At Areas in Chile, the United States, Mexico, Saint Martin and the Dominican Republic, human resources staff apply procedures to guarantee the absence of discriminatory practices in the workplace. These include distributing a code of conduct to all new hires and, in the United States, organizing e-learning courses.

At Areas in Spain, an equal opportunities agreement was signed by stakeholders in September 2015.

Lastly, in Italy the SA 8000 social accountability certifications held by Elior (since 2011) and Areas attest that the fundamental human rights of their employees (and those of their subsidiaries and suppliers) are respected, in line with ILO conventions.

2.6.4.2 Gender equality

A total of 69% of the Group’s 127,000 employees worldwide are women, 44% of whom hold managerial positions (versus 42% in 2016). A number of initiatives have been launched in France and at European level to encourage more women to move up to managerial positions or to take on traditionally male-dominated jobs.

In 2015, most Group companies in France renewed their agreements or action plans to promote gender equality. The aim is to pursue a structured approach to increasing the proportion of women holding managerial positions or traditionally male-dominated jobs.

At Areas in Spain, the trade unions and management representatives signed a gender equality plan in July 2015. The plan promotes the integration, promotion and equal treatment of women and men within the organization so

that the company taps the full potential of all of its employees, whatever their gender.

2.6.4.3 Hiring and continued employment policy for people with disabilities

With 4,270 disabled employees, the Group acts on a daily basis to promote the hiring of people with disabilities and to help employees retain their job if they become disabled or an existing disability becomes more serious.

We undertake diverse initiatives and programs to promote job opportunities for people with disabilities and to partner them in their work.

In 2016-2017, Elior France created a unit dedicated to anticipating the risk of employees being declared unfit to perform their jobs and acting to prevent them having to be laid off. To date, the unit has provided its expert help to over 200 employees.

In June 2015, Elior and Areas signed a three-year partnership agreement in France with Agefiph, an organization set up to implement government policy by promoting the hiring and continued employment of people with disabilities by private sector companies. The aim of the agreement is to establish a long-term policy of ensuring that employees keep their job or are offered alternative employment within the organization after they become disabled. Eleven workshops were organized to address the following five challenges:

1. Involve managers and Management Committee members in meeting the challenges created by policies to ensure that disabled employees keep their jobs and by workplace health policies.
2. Upgrade the business's practices in terms of finding alternative employment within the organization for employees who become disabled.
3. Promote a stronger preparedness culture among managers, HR professionals, and the technical/engineering, purchasing and marketing departments.
4. Develop measures to prevent employees being declared unfit to perform their jobs and improve the employability of employees in that situation.
5. Develop and deploy a communication plan on measures to enable employees to keep their jobs, adapted to different targets.

In 2017, pursuant to the commitments given when the Agefiph partnership was set up, the Elior and Areas purchasing and marketing support functions in France were encouraged to take disability issues into account when preparing new offers by proposing more ergonomic restaurant spaces and purchasing equipment that helps to protect employees' health. A guide to keeping disabled people in work has been distributed to managers and HR professionals.

In partnership with the Concession Professions University in Evry (France), in early 2014 Areas helped develop a professional catering course specially designed for people with disabilities. In Italy, Areas joined Associazione Italiana Persone Down Roma to launch a project to employ Down syndrome sufferers in its restaurants, such as the Rome-Fiumicino airport point of sale.

The Group has been a member of the Cancer@Work organization since 2012 and in February 2016 we stepped up our commitment by joining its *Pionniers* program. The program's aim is to change attitudes towards cancer sufferers and the way they are treated at all levels of the organization. To this end, we held round-table discussions to raise employee awareness of the issue and now organize discussion groups to propose practical solutions to facilitate the return to work of employees who have a cancer-related disability. In 2017, Arpège launched a pioneering three-year experimental program to (i) raise employees' awareness and energize them by organizing round-table discussions and conferences; (ii) analyze and understand their expectations by setting up an internal barometer and holding conversations with the teams; (iii) organizing co-development workshops to come up with company-specific solutions and develop an action plan; and (iv) deploy internal initiatives and promote the program as widely as possible.

We are involved in the fight against cancer in all host countries. In Italy, awareness-raising initiatives are organized between employees and the Incontradonna Onlus organization. In Spain, messages from the local cancer charity are communicated to employees every month as part of our cancer prevention campaign. In the United States, funds have been set up to enable employees suffering from serious illnesses to receive financial assistance from the Group.

2.6.4.4 Training policy for vulnerable employees within the Group

The Group's CSR commitments also involve helping employees who are vulnerable in the job market because they have difficulties with reading and/or writing. We have created specific training programs for these employees with a view to reducing the risk of them being unable to find a new job in the event that the Group loses the commercial contract for which they are employed. For

example, in France we offer volunteer employees opportunities to relearn how to read, write and count either during or outside working hours and on site or in training centers. The aim is to help the trainees get onto subsequent internal training programs that lead to certificates or diplomas.

2.6.5 CONTRIBUTING TO THE DEVELOPMENT OF LOCAL COMMUNITIES

In line with our aim of helping develop the regions where we operate, one of our key objectives is to provide job opportunities for people who struggle to obtain employment. To this end we work with local partners when hiring new employees. Around one hundred temporary staff agencies in France are now listed as approved suppliers. These agencies play a key role in helping the long-term unemployed to find work in one of our three core businesses in France.

Elior Group Solidarities has succeeded the Elior Foundation as the organization tasked with funding, supporting and promoting our French and international solidarity initiatives in the areas of nutrition, education and employment. Active in all our host countries, Elior Group Solidarities has a broader remit than its predecessor, in order to encourage new initiatives benefiting the most vulnerable members of society.

In France we support the 100 Opportunities 100 Jobs charitable program whose aim is to create a network to find sustainable employment solutions for young people with few or no qualifications. In Strasbourg, Elior Group's subsidiary L'Alsacienne de Restauration is in charge of overseeing the program in partnership with the non-profit organization IMS Entreprendre pour la Cité.

Also in France, Areas has been participating for over ten years in the Driving License, Sport, Job program alongside the French army, by helping young people to find out more about the catering professions. In July 2017, Areas teamed up with the monop'daily convenience store in the Gare de Lyon railway station in Paris to organize a week-long fund-raising campaign in which visitors to the store were asked to make a €3 donation to the Secours Populaires organization to fund holidays for people who would not otherwise be able to afford to take a break. The campaign raised a total of €28,000.

In Italy, Areas helped to find jobs for young residents of Amatrice, which was hit by an earthquake in August 2016, and worked in partnership with one of Milan's universities to help former prisoners re-enter the job market.

In the United States, the Areas point of sale in Los Angeles airport donated 50 cents for each children's menu ordered by guests to the No Kid Hungry organization, raising $3,700 for this cause in fiscal 2016-2017. With the aim of helping to promote healthier lifestyles, Areas in the United States also raised $26,000 for the American Diabetes Association (ADA) in the space of four weeks. For Areas, the ADA was the obvious choice of partner because diet plays a major role in the well-being and health of diabetes sufferers. The traditional fund-raising campaign organized on service plazas on the Florida Turnpike – the United States' second longest toll motorway – was extended this year to the whole of the United States. The money collected will help the ADA to fund research and awareness programs on diabetes, a disease that affects 9.3% of the American population.

2.7 ENVIRONMENTAL AND SOCIAL INDICATORS, INDEPENDENT ASSURANCE REPORT

2.7.1 TABLE OF PUBLISHED INDICATORS

The consolidated HR, environmental and social indicators published in this section were prepared by a group of specialists from the Group's operations and corporate departments.

The indicators published in this section concern the 2016-2017 fiscal year running from October 1, 2016 to September 30, 2017 (the "reporting period"), unless otherwise specified.

The data set out in this section has been verified by KPMG, one of the Group's Statutory Auditors, in accordance with Article 225 of France's Grenelle II Act and the related enabling legislation.

As a responsible company, Elior Group closely oversees its HR, environmental and social performance. For this purpose, the Group monitors precise indicators that are adapted to its businesses of contract catering, concession catering and services. These indicators have been chosen to meet the following two main objectives:

- to comply with legal requirements, such as France's Grenelle II Act; and
- to ensure that the Group's HR, environmental and social reporting process meets the requirements of the United Nations Global Compact.

These indicators also help give employees a greater understanding of the Group's HR, environmental and social commitments, making them more involved in the process, and give management at both Group and country level good visibility of the progress achieved.

		2016-2017		2015-2016	
Table of environmental and social indicators[1]	**Unit**	**Total**	**Coverage rate (%)**	**Total**	**Coverage rate (%)**
Site certifications					
Percentage of revenue generated in markets that have at least one certification	%	76.1	100	79.2	100
	1.1.1				
Nutrition and consumer health and safety					
Number of on-site hygiene audits carried out during the fiscal year	no.	21,579	100	20,278	100
Number of product analyses carried out during the fiscal year	no.	125,979	100	111,208	100
Number of supplier audits carried out during the fiscal year	no.	520	100	314	100
Number of nutrition specialists working for Elior at the fiscal year-end	no.	476	100	489	100
Number of restaurants operated by the contract catering business that have been subject to at least one guest satisfaction survey	no.	5,773	100		
Responsible purchasing					
Number of organic product references available at the fiscal year-end	no.	3,557	100	2,869	100
Proportion of suppliers who have signed the Elior Responsible Purchasing Charter in France	%	95	100	94.5	100
Waste management					
Percentage of used cooking oils recycled[2]	%	82	75	86.2	87.7
Resource savings					
Water use[3]	cu.m.	2,727,093	64		
Electricity use[4]	kWh	234,533,240	73		
Vehicles and greenhouse gas emissions					
Proportion of green vehicles out of the total vehicles used by Elior	%	78	100	72.8	100
CO_2 equivalent tonnes represented by electricity use[4]	$TeqCO_2$	43,144	73		
Fair practices					
Percentage of revenue generated in countries with a low risk of corruption based on the Transparency International (NGO) rating index	%	86	100	86.7	100
Sites in France classified as environmentally sensitive (ICPE sites)					
Number of ICPE classified central kitchens	no.	16	100		

(1) Excluding Elior India, Areas Denmark, Edwards & Blake (UK), Waterfall (UK), Hospes (Italy), Sidekim (USA), Vitalista and Hostesa (Spain), Areas (Colombia), Areas Germany, Elior Luxembourg.
(2) Excluding Elior North America, Ansamble, Areas USA, Areas Mexico.
(3) Excluding Elior UK, Serunion Portugal, Elior North America, Ansamble (France), Elior Services (France), Areas USA and Areas Mexico
(4) Excluding Elior North America, Areas USA and Areas Mexico

Table of HR indicators[1]	2016-2017	% of workforce covered	2015-2016	% of workforce covered
Employee Numbers				
Total workforce	118,380	100%	118,990	100%
Permanent	88%		86%	
Non-permanent	12%		14%	
Breakdown by gender (permanent employees)		100%		95.6%
Women	69%		69%	
Men	31%		31%	
Breakdown by business	118,380	100%	113,773	95.6%
Contract catering	67%		65%	
Concession catering	16%		18%	
Services	17%		17%	
Group headquarters	0.1%		0.1%	
Breakdown by geographic region	118,380	100%	113,773	95.6%
Europe				
France	44%		45%	
Spain	19%		19%	
Italy	11%		12%	
United Kingdom	6%		6%	
Germany	1%		1%	
Portugal	1%		1%	
Belgium/Luxembourg	0%		0%	
Other countries				
United States	15%		13%	
Mexico	1%		1%	
Chile	0.3%		0.3%	
Dominican Republic – Saint Martin	0.1%		0.1%	
Breakdown by category		100%	109,972	95.6%
Managers	12%		11%	
Non-managers	88%		89%	
Breakdown by age (permanent employees)				
Under 30	17%		15%	
30-39	21%		21%	
40-49	28%		29%	
50-59	28%		28%	
60 and over	6%		6%	

Table of HR indicators[1]	2016-2017		2015-2016	
		% of workforce covered		% of workforce covered
Average seniority (permanent employees)	10.5	100%		95.6%
Managers	11.99		11.9	
Non-managers	8.83		8.3	
Recruitments and departures				
Number of external hires	124,427	100%	116,052	95.6%
On a permanent contract	20%			
Proportion of under-25s within external hires	27%		25%	
Proportion of over-50s within external hires	15%		15%	
Proportion of managers within external hires	10%		9%	
Proportion of women managers within external hires	5%		4%	
On a non-permanent contract	80%		95,807	
Proportion of under-25s within external hires	26%		27%	
Proportion of over-50s within external hires	14%		12%	
Proportion of managers within external hires	0.3%		0.3%	
Proportion of women managers within external hires	0.1%		0.1%	
Recruitment rate		100%		95.6%
Recruitment rate for average permanent employees	25%		21%	
Number of new arrivals due to a transfer or change of operator	6,217	100%	6,524	95.6%

Table of HR indicators[1]	2016-2017		2015-2016	
		% of workforce covered		% of workforce covered
Number of departures (excluding transfers, change of operator or mobility)	125,759	100%	122,608	95.6%
Permanent employees	30,243		20,418	
Departures rate (excluding transfers or change of operator)		100%		95.6%
Average permanent employees				
At the employee's initiative	56%		59.3%	
At the employer's initiative	36%		31.8%	
Non-permanent employees	95,516		102,190	
At the employer's initiative	2%		1.2%	
Number of departures due to a transfer or change of operator (permanent employees)	5,520	100%	5,227	95.6%
Manager retention rate (average permanent employees)[2] – (excluding transfers or change of operator)	80%	100%	81%	95.6%
Employees with less than one year's seniority	52%		50%	
Employees with one year's seniority or more	84%		84%	
Non-manager retention rate (average permanent employees) – (excluding transfers or change of operator)	75%		79%	
Employees with less than one year's seniority	42%		40%	
Employees with one year's seniority or more	82%		84%	
Organization of working hours		100%		95.6%
Total workforce				
Full time	53%		52%	
Part time with 24 hours/week or more	17%		24%	
Part time with less than 24 hours/week	30%		23%	
Total female workforce				
Full time	43%		42%	
Part time with 24 hours/week or more	20%		30%	
Part time with less than 24 hours/week	37%		28%	
Total male workforce				
Full time	75%		74%	
Part time with 24 hours/week or more	9%		12%	
Part time with less than 24 hours/week	16%		14%	
Workplace health and safety[2]		80%		95.6%
Number of employees given health and safety training[2]	21,694	80%	17,802	90%
Proportion of total employees given at least one health and safety training initiative during the fiscal year	18%	80%	17%	90%

Table of HR indicators[1]	2016-2017		2015-2016	
		% of workforce covered		% of workforce covered
Frequency rate of workplace accidents with lost time		100%		100%
Total workforce	36		37.3	
By geographic region				
France	49		47	
Europe excluding France	44.4		36	
United States	13		9	
South America	39.5		19	
Severity rate of workplace accidents		100%		100%
Total workforce	1.88		1.5	
By geographic region				
France	3.4		3.0	
Europe excluding France	0.7		0.8	
United States	0.4		0.2	
South America	0.2		0.2	
Number of new cases of recognized occupational illnesses (France only)	153		121	
Absentee rate for permanent employees				
Absentee rate for medical reasons[3] (occupational and other illnesses, workplace accidents)	5.82%	96%	6.0%	90%
Managers	3.2%		2.5%	
Non-managers	6.3%		5.8%	
Short-term absentee rate (less than one month) for medical reasons (occupational and other illnesses, workplace accidents)[4]	2.6%	88%	3.4%	75%
Payroll costs (€ millions)	2,811.4		2,625.7	
Payroll costs as a percentage of revenue	43.8%		44.52%	
Professional development[2]		80%		90%
Number of employees who participated in at least one training initiative during the fiscal year	44,668		43,668	
Number of employees given training leading to a professional certificate or diploma	804	100%	906	
Total number of training hours[5]	658,906	99%	465,797	
Average number of training hours per employee	4.9		4.6	
Managers	22.6		13	
o/w women managers	11.2		13	
Non-managers	3.4		4	
o/w women non-managers	3.2		3	
Breakdown of training hours by topic		100%		
Technical training	28%		30%	
Workplace health and safety training	6%		27%	
Food hygiene training	28%		17%	
Training leading to a professional certificate or diploma	14%		11%	
Management and leadership training	5%		9%	
Personal efficiency training	3%		6%	
Other	14%		1%	

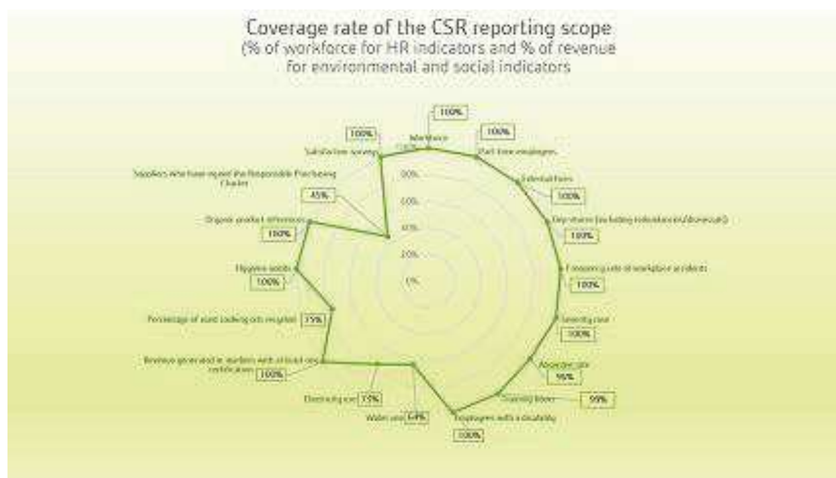
Number of employees employed under a work-study contract during the fiscal year (France only)	1,145	1,091

Table of HR indicators[1]	2016-2017		2015-2016	
		% of workforce covered		% of workforce covered
Diversity				
Proportion of employees with a disability during the fiscal year	3.6%	100%	3.2%	98%
France	4.9%		4.5%	
Direct employment rate – 2016 statutory declaration (France only)	6.45%		6.1%	
Number of employees with a disability hired during the fiscal year	1,031	100%	477	98%
Proportion of women employees in the workforce	68%	100%	68%	100%
Proportion of women within the managerial workforce	44%	100%	42%	
Proportion of women within workforce given training	66%	80%	63%	100%
Proportion of women managers given training	42%	80%	43%	100%
Talent management[6]				
Internal mobility rate for managers (permanent employees)	12%	84%	8%	100%
Internal hiring rate for managers (permanent employees)	47%	84%	44%	100%
Labor relations				
% of employees covered by a collective bargaining agreement	78%	100%	81%	100%

(1) Employees on the payroll as of September 30, 2017 excluding Areas Denmark, Elior India, Elior Luxembourg, Waterfall, Edwards & Blake, Hospes, Sidekim, Vitalista, Hostesa and Areas Colombia
(2) Excluding Elior UK, Elior North America, Areas Dominican Republic and Saint Martin, Areas (including ROC, SGAR, SG2P), SMR
(3) Excluding Areas USA, Elior North America, Preferred Meals and Design Cuisine
(4) Excluding Elior Italy and Areas USA
(5) Excluding Areas Dominican Republic and Saint Martin, Areas (including ROC, SGAR, SG2P), SMR
(6) Excluding Areas Chile, Areas SREB, Areas SG2P and SMR

2.7.1.1 Coverage rate for the audited indicators

The graph below presents the coverage rate for the CSR indicators audited by our statutory auditors, determined by reference to fiscal 2016-2017 revenue.



2.7.1.2 Reporting Scope

2.7.1.2.1 HR indicators for fiscal 2016-2017

HR indicators are consolidated for all Group entities. Certain additional indicators published in this document only apply to French entities (data concerning occupational illnesses and employees on work-study contracts).

The HR reporting scope covers the whole Elior Group and 93.2% of the workforce (118,380 employees). However, some indicators that are not based on employee numbers do not include the following entities: Areas Denmark, Elior India, Elior Luxembourg, Waterfall, Edwards & Blake, Hospes, Sidekim, Vitalista, Hostesa or Areas Colombia. We are currently putting in place the necessary measures to extend the HR reporting scope to include these companies.

2.7.1.2.2 Environmental and social indicators for fiscal 2016-2017

The reporting scope for environmental and social data covers the whole Elior Group, except where stated otherwise in a footnote to the reported indicator. Consequently, a coverage rate is provided for each environmental and social indicator (see table of environmental and social indicators in section 2.7.1 above). For water and electricity use, the reporting scope is presented below (see section 2.7.1.2.1.b).

2.7.1.2.3 Changes in the reporting scope

Fiscal 2016-2017 is the Group's fourth year of reporting non-financial information in accordance with the Grenelle II Act.

A list of companies included in the reporting scope is provided in an appendix to this Registration Document.

The following general rules apply concerning entities included in the reporting scope (other than the specific points stated in the sections on HR, environmental and social indicators):

- The following are not included in the reporting scope: (i) companies that were deconsolidated for financial reporting purposes during the fiscal year, and (ii) contract catering, concession catering or services sites for which the Group's contract expired or was terminated during the fiscal year.
- Companies that were newly consolidated during the fiscal year (newly-formed or acquired companies) are included in the reporting scope within three years or earlier. In such cases, the reporting period starts from the date on which the company was consolidated for financial reporting purposes. Contract catering, concession catering and services sites for which a contract with the Group was entered into during the fiscal year are also included in the reporting scope. In these cases, the reporting period starts from the date

on which the contract for the site concerned entered into force.

2.7.1.3 Data collection methods and procedures

The HR, environmental and social indicators published in this document are obtained from several different data collection systems within the Group.

The main participants in the HR reporting process are:

- the Group Communication and CSR Department;
- the person responsible for validating the data at each level of the entity;
- the person responsible for issuing the reporting packages of each entity.

The reported HR data for France is compiled through a single reporting system via information extracted from a shared payroll system called Pleiades, which is used by the majority of the Group's French subsidiaries. For international entities and subsidiaries that do not use Pleiades, HR data is collected based on a standard reporting template. The Group Communication and CSR Department carries out consistency tests on the HR data reported by French and international entities before it is consolidated.

The main participants in the environmental and social reporting process are:

- the CSR network, which compiles and validates the data and subsequently reports it to the Group Sustainable Development Department;
- the Group Sustainable Development Department, which is responsible for consolidating the data for the Group as a whole.

2.7.1.3.1 Specific methodology for certain indicators

Elior has some 127,000 employees and operations in 16 countries which all have different laws and regulations. The Group serves guests at over 25,000 sites which vary in both size and type of business activity. Consequently, certain data can be complex to consolidate, and the calculation methods have to be adapted accordingly.

The definitions of the Group's HR, environmental and social data as well as the applicable calculation methods are set out in the reporting guidelines and system which are available to all of the contributors to the reporting process.

Definitions and explanations are provided in this document in order to give readers a clearer understanding of the indicators presented.

a) HR Indicators

MANAGERS

For operations-related positions, one or more of the following criteria must be met for an employee to be classified as a manager, namely he or she:

- is responsible for one or more team members; or
- works in close collaboration with the site manager; or
- is responsible for one or more of the following processes: hiring, departures, resource planning, managing working hours and pay, and annual performance appraisals; or
- is responsible for a budget and/or placing orders.

For example, in France, "agents de maîtrise" (supervisors) in operations-related positions are qualified as managers.

RETENTION RATE

The retention rate is calculated by subtracting from 1 the number of departures divided by the average monthly workforce.

TRAINING

Consolidated training indicators correspond to the number of employees who received training and the number of hours' training given.

Employees are considered as having received training if they have participated in one or more training initiatives during the fiscal year.

Training initiatives correspond to:

- synchronous or asynchronous classroom or online training (except for French entities that use Pleiades);
- training given by full time or occasional trainers employed by the Group;
- training given by outside service providers using trainers who are not Group employees;

- training meeting the above criteria and:
  - for which written training materials have been prepared;
  - is designed to enhance the participants' professional skills and/or adapt the participants' skills to fit their job description.

The reported number of training hours corresponds to the number of hours' training given to employees during the fiscal year. Commuting time is excluded. For some entities, the number of training hours includes apprentice training.

INTERNAL MOBILITY

The reporting period used for this indicator was July 1, 2016 through June 30, 2017.

Internal mobility only concerns the managerial population, which in France includes all employees classified as “cadres".

The internal mobility rate is calculated by dividing the number of employees who have changed position and/or duties during the period by the total number of employees concerned.

INTERNAL RECRUITMENTS

The reporting period used for this indicator was July 1, 2016 through June 30, 2017.

Internal recruitments only concern the managerial population, which in France includes all employees classified as “cadres".

The internal recruitment rate is calculated by dividing the number of employees who have changed position and/or duties during the period by the total number of positions filled during the period through both internal mobility and external recruitment.

ABSENTEEISM

The absentee rate corresponds to the number of days' absence for medical reasons (occupational or other illnesses, workplace accidents, illness of a child) divided by the theoretical total number of hours worked.

WORK-STUDY CONTRACTS

This indicator includes work-study contracts (apprenticeships and placements) signed during the period in France.

WORKPLACE ACCIDENTS

The workplace accident frequency rate corresponds to the number of accidents with at least one day's lost time divided by the number of hours worked and then multiplied by one million.

The severity rate corresponds to the number of days' lost time due to workplace accidents divided by the number of hours worked and then multiplied by one thousand.

Once data on workplace accidents have been entered into our systems they are not systematically corrected if the social security authorities refuse to recognize the incident as a workplace accident.

b) Environmental and Social Indicators

Unless stated otherwise, the reporting period used for these indicators was October 1, 2016 through September 30, 2017.

DEFINITION OF GREEN VEHICLES

The following vehicles are considered to be "green", as defined in the Elior Group reporting guidelines: electric vehicles, hybrid vehicles, natural gas vehicles (NGV) and vehicles that meet the Euro 5 and Euro 6 standards.

WATER AND ENERGY USE

The Group operates at a large number of different client sites in France and abroad, where it is often impossible to obtain data on water and energy use.

Consequently, we are not currently in a position to reliably measure our water and energy use at these sites.

RESPONSIBLE PURCHASING CHARTER

This indicator covers purchases by the Elior Group in France, corresponding to a revenue coverage rate of 45%.

WATER USE

Water volumes correspond to water from public systems used at and billed to all Group sites (all businesses combined). The reported data corresponds to a revenue coverage rate of 64% (Serunion Portugal, Elior UK, Elior North America, Ansamble, Elior Services, Areas USA and Areas Mexico are excluded).

ENERGY USE

Reported energy use data corresponds to a revenue coverage rate of 73% (Elior North America, Areas USA and Areas Mexico are excluded).

We have launched a project to start monitoring our use of water and energy at client sites, notably through energy audits.

ENVIRONMENTAL PROVISIONS AND WARRANTIES

The Group does not have any environmental provisions or warranties.

EXCLUSIONS

Due to the nature of its business, land use indicators are not considered relevant to the Group, based in particular on the materiality analysis performed in 2015 (see 2.1.4).

2.7.2 REPORT BY THE INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

This is a free English translation of the Statutory Auditors' 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 standards applicable in France.

For the year ended 30 September 2017

To the Shareholders,

In our capacity as independent third party of Elior Group, (hereinafter named the "Company"), certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 30 September 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Protocol"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Independent third party's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information) ;
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not our responsibility to issue an opinion on the Company's compliance with other legal requirements, including those set out in Article L. 225-102-4 of the French Commercial Code (duty of care requirement) and the Sapin II Anti-Corruption Law of 9 December 2016.

Our work involved six persons and was conducted between July 2017 and January 2018 during an eight week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. **Attestation regarding the completeness of CSR Information**

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where

[1] Whose scope is available at www.cofrac.fr

[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the paragraph "Responsabilité Sociétale de l'Entreprise" of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to :

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[3] :

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report ;
- at the level of a representative sample of entities selected by us[4] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents.

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[3] Social indicators: Total headcount as of the 30/09 (split by sex, age, region and type of contract), Number of part-time workers, Number of external recruitments (permanent/non-permanent), Number of departures split by reason including dismissals and redundancies, Absenteeism rate for medical reasons, Work accidents frequency rate, Work accidents severity rate, Number of training hours, Number of disabled employees who worked for the company during the year.
Environmental indicators: Number of sites which have at least one certification, Used cooking oils collected/recovered during the accounting year, Water consumption, Electricity consumption.
Societal indicators: Number of organic product references available at the fiscal year-end, Proportion of suppliers who have signed the Elior Responsible Purchasing Charter in France, Number of hygiene audits carried out during the account year, Number of clients sites of contract catering services and cleaning services or facility management which have been investigated thoroughly at least once during the accounting year.
Qualitative information : Measure implemented to protect and conserve the biodiversity, The organization of the company to integrate environmental issues and, if appropriate, the assessments and certifications process regarding environmental issues, Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste, Actions against food waste, Integration of social and environmental issues into the company procurement policy, Territorial, economic and social impact of the economy activity : regarding regional employment and development; on the local populations, Actions of partnership and sponsorship, Measures implemented to promote consumers health and safety, Other actions implemented to promote Human Rights.

[4] The French companies under Pleiades, ELRES, Purchasing department of Elior France, Elior North America, AREAS Europe du Nord, AREAS Spain, Serunion Spain.

The selected sample represents 57% of headcount considered as material data of social issues and between 29% and 100% of environmental data considered as material data[5] of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

[5] See full list of environmental and societal indicators in the n°3 footnote of page 3 of this report.

3

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3. CORPORATE GOVERNANCE – AFR

Chairman's Report on the Board's Operating Procedures and on Internal Control and Risk Management Procedures

This report describing the membership of the Board of Directors, the preparation and organization of the Board's work and the Group's internal control and risk management procedures has been prepared in application of paragraph 6 of Article L. 225-37[1], of the French Commercial Code. It was drawn up by the Chairman of the Board of Directors after consulting the members of the Executive Committee and representatives of the Group's various corporate functions. It was reviewed by the Audit Committee on December 1, 2017 and presented to the Board of Directors on December 5, 2017. It was approved by the Board of Directors on January 24, 2018 and will be presented to shareholders at the next Annual General Meeting, due to be held on March 9, 2018.

For all corporate governance issues, the Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies, as revised in November 2016 (the "AFEP-MEDEF Code"), and to the recommendations issued by France's securities regulator, the AMF.

The Company's Bylaws and the Board of Directors' Rules of Procedure are available on the Company's website.[2]

[The use of the masculine pronoun in this report is for convenience only and all references to the masculine gender should be understood as including the feminine where appropriate]

3.1 ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 GOVERNANCE STRUCTURE

3.1.1.1 Management structure

The Company is a *société anonyme* with a Board of Directors.

At its July 26, 2017 meeting the Board took the decision to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, resulting in a change in the Company's governance structure, with effect from November 1, 2017. It had become apparent to the Board that the sizable amount of time the Chairman dedicated to Board and committee governance work (due notably to the numerous issues to be dealt with as part of the Group's ambitious development plan) was not compatible with the duties he was also required to exercise as CEO.

This decision was taken with a view to enabling the Company's corporate governance bodies to operate more effectively.

Accordingly, the Board offered Philippe Salle, the then Chairman and Chief Executive Officer of the Group, to remain director and CEO. Philippe Salle declared that while he understood the logic and pertinence of this decision, he did not wish to be part of this type of governance structure.

Consequently, Philippe Salle stepped down as Chief Executive Officer, Chairman and member of the Board on October 31, 2017.

Also at its July 26, 2017 meeting, the Board of Directors:

- Appointed Sofibim –represented by Gilles Cojan at that time – as Vice-Chairman of the Board and appointed Pedro Fontana as the Company's Deputy Chief Executive Officer. Both of these appointments took effect immediately and remained in force until Philippe Salle's departure on October 31, 2017.
- Appointed Gilles Cojan as a director and Chairman of the Board of Directors, with effect from November 1, 2017.

  Gilles Cojan was chosen for his in-depth knowledge of both the industry and the Group, in which he has played a key role notably by ensuring the bulk of its international expansion.

[1] As per the version existing prior to the French Government Order dated July 12, 2017 as this Order only applies to reports covering fiscal years commencing on or after January 1, 2017.

[2] https://www.eliorgroup.com/elior-group/governance/board-directors

- Appointed Pedro Fontana as Interim Chief Executive Officer, also with effect from November 1, 2017, until the arrival of the new Chief Executive Officer who shareholders will be asked to elect as a director of the Company at the Annual General Meeting to be held in March 2018.

- Appointed Gilles Auffret as Senior Independent Director, with immediate effect.

The Board's July 26, 2017 decision to separate the roles of Chairman and Chief Executive Officer effective October 31, 2017 was in line with best corporate governance practices, which are key to ensuring the Group's continued success and maintaining shareholder confidence. These best practices are also reflected in the Board's membership structure and operating procedures, the skills and ethics of the Board's members and the active role that the Board plays in determining the Group's strategy and approving major decisions, as illustrated in the following:

- The majority of the Board's members are independent directors, in accordance with the commitments given by the Company (as set out in its 2014-2015 Registration Document) and the recommendations of the AFEP-MEDEF Code.

- The majority of the members of the Audit Committee and the Nominations and Compensation Committee are independent directors and both committees are chaired by independent directors.

- The Strategy, Investments and CSR Committee comprises two independent directors. This committee also benefits from the experience and knowledge of the Company's founder, Robert Zolade, who chairs the Committee in his capacity as permanent representative of BIM. Meetings of the Strategy, Investments and CSR Committee have recently been opened up to all directors who may attend if they so wish, but in a non-voting capacity.

- Relations between the Group's executives and the Board of Directors are organized in a balanced way. For example, (i) executives' powers are restricted (as described in Section 3.1.5 below) in relation to significant transactions and operations (particularly regarding the budgets of the Group and its principal activities, and, in excess of certain thresholds, external growth transactions, investments, commitments and guarantees), and (ii) the executives regularly report to the Board on the Group's business activities, significant events and economic and financial indicators.

- The workload of the Board and its committees was significantly high in 2016-2017, when they met 39 times to discuss major issues facing the Group.

- An annual review is carried out of the Company's corporate governance practices and the operating procedures of the Board and its committees in order to regularly identify priorities and areas for improvement.

The main provisions contained in the Company's Bylaws and Board of Directors' Rules of Procedure – particularly relating to the Board's operating procedures and powers – are summarized in Chapter 5 of this Registration Document, "Information about the Company and its Share Capital".

The Company's governance system, the members of the Board of Directors and the Board committees, as well as their operating procedures and work, are described in detail below, in compliance with the requirements of paragraph 6 of Article L. 225-37[1] of the French Commercial Code.

3.1.1.2 Chairman of the Board of Directors

Gilles Cojan – Chairman of the Board of Directors since November 1, 2017 – organizes and leads the Board's work and reports to shareholders on this work at the Annual General Meeting. He also ensures that the Company's governance structures function effectively and that directors are in a position to fulfil their duties.

The Chairman is regularly informed by the Chief Executive Officer about strategic developments, organizational changes, capital expenditure projects and other significant events in the life of the Group. Additionally, in view of Gilles Cojan's expertise and in-depth knowledge of the Group, the Board has entrusted him with a wider role in his capacity as the Company's Chairman, notably working on international acquisitions and helping the new Chief Executive Officer.

The Chairman is informed of any related-party agreements concerning routine operations entered into on arm's length terms and he provides a list of these agreements, with details of their purpose, to the members of the Board and the Statutory Auditors. However, this

[1]As per the version existing prior to the French Government Order dated July 12, 2017 as this Order only applies to reports covering fiscal years commencing on or after January 1, 2017.

disclosure requirement does not apply to agreements whose purpose or amounts involved are not deemed to be material for any of the parties concerned.

3.1.1.3 Vice Chairman

The Board of Directors may appoint a Vice Chairman, for a period that may not exceed his term of office as a director. He may be reappointed and may be removed from office at any time by the Board of Directors.

The Vice Chairman replaces the Chairman of the Board of Directors if the Chairman is temporarily unable to perform his duties or in the event of his death. The Vice Chairman fulfils this role until the Chairman is able to resume his duties, or in the event of the Chairman's death, until a new Chairman is appointed.

Like the Chairman, the Vice Chairman's roles and responsibilities include the following:

- He is informed of major events that occur within the course of the Group's operations, during regular meetings with the Chief Executive Officer.
- He may meet with key Group executives and make site visits in order to act on a fully-informed basis.
- He meets with shareholders at their request, and passes on to the Board any concerns they may have concerning the Company's governance.

At its meeting on July 26, 2017, the Board appointed Sofibim –represented at that time by Gilles Cojan – as Vice Chairman (assigning it the roles and responsibilities provided for in the Board's Rules of Procedure) for a period which expired on the date of Philippe Salle's departure, i.e. October 31, 2017. No compensation was paid for this Vice Chairmanship.

3.1.1.4 Senior Independent Director

Based on the recommendation of the Nominations and Compensation Committee, the Board may appoint a Senior Independent Director from among the independent directors who have been a member of the Board for at least one year.

The Senior Independent Director is appointed for a period that may not exceed his term of office as a director. His term as Senior Independent Director may be renewed based on the recommendation of the Nominations and Compensation Committee and he may be removed from office at any time by the Board.

The Senior Independent Director's main role is to ensure that the Company's governance structures function effectively. To this end, he is responsible for:

- Preventing and managing any conflicts of interest by raising awareness about facts or circumstances that may lead to such conflicts. He is informed by each director of any actual or potential conflicts of interest that may arise and relays this information to the Board of Directors. He also informs the Board of any actual or potential conflicts of interest that he may have identified himself.
- Overseeing periodic assessments of the Board of Directors' operating procedures.

As part of his work, the Senior Independent Director may suggest to the Chairman of the Board of Directors:

- that additional points be included in a Board meeting agenda; and/or
- that the Board of Directors meet to discuss a pre-defined agenda concerning an important or urgent matter requiring an extraordinary Board meeting.

The Senior Independent Director ensures that the directors have the possibility of meeting the Group's executive managers and statutory auditors, in accordance with the provisions of the Rules of Procedure.

More generally, the Senior Independent Director ensures that the directors receive all the information they need to exercise their duties in the best possible conditions, as stipulated in the Rules of Procedure.

Once a year, the Senior Independent Director reports to the Board of Directors on his work.

As part of the decisions taken during its July 26, 2017 meeting leading to the separation of the roles of Chairman and Chief Executive Officer, the Board resolved to appoint a Senior Independent Director, as it felt that this would ensure balanced relations between the directors, the Chairman of the Board and executive management. Gilles Auffret was selected to fulfil this new role.

3.1.1.5 Chief Executive Officer

On December 5, 2017, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors appointed Philippe Guillemot as the Company's Chief Executive Officer.

The Board felt that Philippe Guillemot's demonstrated ability to strengthen organizations and motivate teams around clear objectives and his capacity to pursue the

transformation process already begun would be essential assets for Elior Group. His experience in major decentralized and international corporations will also be particularly useful for continuing to accelerate the Group's international expansion drive.

Shareholders will be asked to elect Philippe Guillemot as a director at the Annual General Meeting on March 9, 2018.

The Chief Executive Officer has the broadest powers to act on behalf of the Company in all circumstances, within the scope of the corporate purpose, except for those powers directly vested by law in shareholders and the Board of Directors. He represents the Company in its dealings with third parties, and all of his actions are binding on the Company, even when they fall outside the corporate purpose, unless the Company can prove that the third party concerned was aware or, under the circumstances, could not have failed to be aware, that the Chief Executive Officer was acting outside the corporate purpose. Publication of the Bylaws does not in itself constitute adequate proof thereof.

Decisions taken by the Board of Directors that restrict the Chief Executive Officer's powers are not binding on third parties.

The Chief Executive Officer's work is based on objectives set within the framework of the strategic roadmap as well as on goals established by the Board of Directors. He actively participates in meetings of the Board of Directors and reports regularly to the Board on the Company's operational management and on significant events in the life of the Group, and as such is involved in road mapping and adjusting the Group's overall strategy.

3.1.1.6 Deputy Chief Executive

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officer(s) who must be individuals rather than legal entities.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). A Deputy Chief Executive Officer has the same powers as the Chief Executive Officer in his dealings with third parties.

On December 5, 2017, acting on the recommendation of the Company's new Chief Executive Officer, Philippe Guillemot, the Board of Directors appointed Pedro Fontana as the Group's Deputy Chief Executive Officer for an indeterminate period.

3.1.1.7 Honorary Chairman

At its meeting on June 11, 2014, the Board of Directors appointed Robert Zolade as Honorary Chairman.

Mr. Zolade attends Board meetings purely in an advisory, non-voting capacity. This does not affect any voting rights he may have in his capacity as permanent representative of a corporate director.

3.1.1.8 The Group Executive Committee

In accordance with the Rules of Procedure, the Company has an Executive Committee, which is chaired by Philippe Guillemot and comprises the Group's key executives.

The Executive Committee members notably include (i) the Group Deputy Chief Executive Officer and CEO of Concession Catering Worldwide and (ii) the President and CEO of Elior North America (covering contract catering & services).

At the date of this Registration Document, other than Philippe Guillemot, whose election as a director will be put forward at the March 9, 2018 Annual General Meeting, the Executive Committee members are not members of the Board of Directors.

The Executive Committee reviews and authorizes significant projects concerning:

- Major operating contracts under negotiation in France and in international markets, and the related capital expenditure projects.
- Proposed company acquisitions and divestments, strategic partnerships and any other major ventures.

The Executive Committee also examines the Group's operational and sales performance on a monthly basis. It initiates and oversees cross-functional programs involving the sales and marketing, human resources, finance, budget control and purchasing functions, as well as programs to optimize productivity and the cost base.

The Executive Committee meets at monthly intervals and more frequently when required.

3.1.1.9 The Management Committee

The Company also has a Management Committee, comprising the Executive Committee members and the CEOs of the Group's main operating entities.

The Management Committee discusses and exchanges information on events in the life of the Group, its half-yearly and yearly performance, and the decisions taken by the Executive Committee. It assists the Executive

Committee, particularly for international matters and plays a role in promoting the sharing of best practices and monitoring cross-functional programs.

The Management Committee meets twice a year.

3.1.2 EXECUTIVE MANAGEMENT

The Company's executive management is placed under the responsibility of Philippe Guillemot, who was appointed Chief Executive Officer by the Board on December 5, 2017 following the recommendation of the Nominations and Compensation Committee.

Shareholders will be asked to elect Philippe Guillemot as a director at the Company's Annual General Meeting on March 9, 2018.

Philippe Guillemot – Chief Executive Officer

Age: 58
Nationality: French

Profile

Philippe Guillemot has been Elior Group's Chief Executive Officer since December 5, 2017. Between 2013 and 2016, Philippe Guillemot was Chief Operating Officer at Alcatel-Lucent, a global company with significant exposure to the US market and at the heart of the digital revolution. He was brought into the company to draw up a business recovery and transformation plan and subsequently oversaw Alcatel-Lucent's integration into Nokia.

From 2010 through 2012, he was CEO and a Board member of Europcar, where he modernized the company's brand image and offerings to make them more appealing and more suited to customer expectations. During his time with Europcar he also launched a large-scale plan to improve operating efficiency in very challenging market conditions.

From 2004 through 2010, Mr. Guillemot served as Chairman and CEO of Areva Transmission and Distribution (T&D), which subsequently became a division of Alstom, and was a member of Areva's Executive Committee. In this role he successfully implemented two strategic plans to turn around the business and significantly boost its profitability. During the six years he was with Areva T&D, the entity extensively enlarged its international footprint, doubled its revenue and increased its value fourfold.

Before joining Areva T&D, Mr. Guillemot was a member of the Executive Committees at the automotive suppliers Faurecia (2001-2003) and Valeo (1998-2000). At both of these companies he oversaw the global expansion of divisions with revenue of several billion euros. Prior to that he held executive posts at Michelin (1993-1998 and 1983-1989), where he was appointed to his first Executive Committee position at the age of thirty-six. Alongside Edouard Michelin he was the architect behind the product line-based organization structure that enabled Michelin to pursue a profitable growth trajectory and whose fundamentals are still in place today.

Aged 58, Philippe Guillemot holds an MBA from Harvard University and is a graduate of the French engineering school, École des Mines de Nancy. He is also a knight of the French National Order of Merit.

Business address	Member of a Board committee
9-11 allée de l'Arche, 92032 Paris La Défense cedex, France	No

Number of Elior Group shares held	Independent director
17,750	No

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Director of Constellium (United States, listed company)
- Director of Sonoco (United States, listed company)

Directorships and positions held during the past five years which have expired

- Chairman of Captain Bidco (France, unlisted company)

3.1.3 BOARD OF DIRECTORS

3.1.3.1 Members of the Board of Directors

The Board comprises nine directors, who are elected for four-year terms. Five of the directors are independent and five are women. In addition over a third of the Board's members are non-French nationals, with the following nationalities represented: American, Canadian, Spanish and Belgian[1].

The Company's aim is to ensure that a wide range of skills are represented on the Board of Directors and that the gender balance complies with the relevant legal requirements.

As permitted under paragraph 2 of Article L. 225-27-1 I of the French Commercial Code, at the date of this Registration Document, Elior Group's Board of Directors did not have any directors representing employees. This is due to the fact that the Boards of its subsidiaries Elior Restauration et Services and Areas Worldwide[2] (the holding companies for contract catering & services and concession catering respectively) each have an employee representative director.

At the date of this Registration Document Elior Group's Board of Directors was made up of the following nine members:

Name	Independent director	Date first elected/appointed as a director	Expiration date of current term of office (at the AGM called to approve the financial statements for the year ended on the date indicated)
Gilles Cojan[3], Chairman		Nov. 1, 2017	Sept. 30, 2018
Gilles Auffret	✓	June 11, 2014	Sept. 30, 2017
Laurence Batlle	✓	June 11, 2014	Sept. 30, 2017
Anne Busquet	✓	March 11, 2016	Sept. 30, 2019
Caisse de dépôt et placement du Québec (CDPQ), represented by Elisabeth Van Damme	✓	March 2, 2016	Sept. 30, 2017
Emesa Corporacion Empresarial, S.L. (Emesa), represented by Emilio Cuatrecasas	✓	March 11, 2016	Sept. 30, 2019
Sofibim, represented by Célia Cornu[4]		June 11, 2014	Sept. 30, 2017
Servinvest, represented by Sophie Javary		March 11, 2016	Sept. 30, 2019
BIM, represented by Robert Zolade		June 11, 2014	Sept. 30, 2017

[1] Elisabeth Van Damme – a Belgian national – represents Caisse de dépôt et placement du Québec on the Board of Directors.
[2] See Chapter 1, Section 1.4 of this Registration Document for the Group's simplified organization chart.
[3] Gilles Cojan's appointment as a director by the Board of Directors on July 26, 2017, effective October 31, 2017, will be submitted for shareholder approval at the Annual General Meeting to be held in March 2018.
[4] Célia Cornu was appointed as a non-voting member of the Board of Directors at the March 11, 2016 Annual General Meeting. She stood down from this position on October 31, 2017 and on that same date was appointed to replace Gilles Cojan as the permanent representative of Sofibim, which is a director of the Company.

The table below provides a summary of the changes in the Board's members in 2016 and 2017:

Date of decision	Type of decision	Effective date	Expiration date of term[1]
March 10, 2017 (AGM)	Shareholder approval of the appointment of CDPQ as a director	-	At the AGM called to approve the financial statements for the year ended Sept. 30, 2017
July 26, 2017 (Board meeting)	Appointment of Sofibim as Vice Chairman of the Board	July 26, 2017	Oct. 31, 2017
	Appointment of Gilles Auffret as Senior Independent Director	July 26, 2017	At the AGM called to approve the financial statements for the year ended Sept. 30, 2017
	Board's appointment of Gilles Cojan as a director	Nov. 1, 2017	At the AGM called to approve the financial statements for the year ended Sept. 30, 2018
	Appointment of Gilles Cojan as Chairman of the Board of Directors	Nov. 1, 2017	At the AGM called to approve the financial statements for the year ended Sept. 30, 2018
	Resignation of Philippe Salle from his positions as Chairman and Chief Executive Officer and a director of the Company	Oct. 31, 2017	-
Oct. 31, 2017 (Board meeting)	Resignation of Gilles Cojan from his position as permanent representative of Sofibim	Oct. 31, 2017	-
	Resignation of Célia Cornu as a non-voting member of the Company's Board of Directors	Oct. 31, 2017	-
	Appointment of Célia Cornu as permanent representative of Sofibim to replace Gilles Cojan	Oct. 31, 2017	-

As a result of the elections in 2015-2016 of CDPQ, Emesa and Anne Busquet as directors, the Board has a total of five independent directors, representing over 55% of its total members. This percentage is higher than the proportion recommended in the AFEP-MEDEF Code for companies that do not have controlling shareholders.

Elior Group also places great importance on ensuring gender balance on its Board and women make up over 55%[2] of its total members, either directly or as representatives of corporate directors. This percentage is higher than the proportion required under French law and higher than that recommended in the AFEP-MEDEF Code.

[2] This percentage takes into account Célia Cornu's appointment as Sofibim's permanent representative on October 31, 2017.

3.1.3.1.1 Director independence

The Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies[1], notably for determining whether directors qualify as independent. Consequently, a director is deemed to be independent when he or she has no relationship of any kind whatsoever with the Company, its group or the management of either that may affect his or her judgment or create a conflict of interests between the director and the Company, its group or the management of either. The independence criteria specified in the Board of Directors' Rules of Procedure are the same as those in the AFEP-MEDEF Code and also include additional criteria specific to the Company. When the five independent directors were elected, the criteria set out below were examined and considered as being fulfilled. Therefore, in accordance with the AFEP-MEDEF Code and the Board's Rules of Procedure, for Elior Group an independent director is a director who:

- Is not, and has not been in any of the past five years:
  - an employee or executive director of the Company;
  - an employee or director of a shareholder that holds (directly or indirectly) over 10% of the Company's capital or voting rights;
  - an employee, executive director or non-executive director of an entity that the Company consolidates;
  - an employee, executive director or non-executive director of the parent of the Company or an entity consolidated by the Company's parent.
- Is not an executive director of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee or executive director of the Company (currently in office or having held such office in the past five years) is a director.
- Is not, and does not have any direct or indirect ties with, a client, a supplier, an investment banker or a commercial banker:
  - that is material for the Company or for the Group; or
  - for which the Company or the Group represents a substantial proportion of its business.

  The assessment of whether or not any relationship that a director may have with the Company or Group is significant is debated by the Board of Directors and the quantitative and qualitative criteria used for this assessment are explicitly set out in the Annual Report.

In addition, an independent director must not:

- Have close family ties with an executive director of the Company or the Group or with a shareholder that owns (directly or indirectly) over 10% of the Company's capital or voting rights.
- Have served as a statutory auditor of the Company or another Group entity at any time in the past five years.
- Have served as a director of the Company for more than twelve years.
- Receive, or have received, material compensation from the Company or the Group, (other than directors' fees), including all forms of share-based payments and all other forms of performance-related compensation.

The Rules of Procedure stipulate that the decision to qualify a director as independent must be discussed by the Nominations and Compensation Committee, which prepares a report on the issue for the Board of Directors. Each year, prior to the publication of the Annual Report, the Board of Directors assesses each director's situation in relation to the independence criteria, based on the Nominations and Compensation Committee's report. The Board's conclusions are presented to shareholders in the Annual Report.

The situation of each director in relation to the independence criteria set out in the Board's Rules of Procedure based on the AFEP-MEDEF Code was reviewed by the Nominations and Compensation Committee at its meeting on December 1, 2017, and its findings were then reported to the Board of Directors. At its December 5, 2017 meeting, the Board qualified five of its members as independent: Laurence Batlle, Anne Busquet, Gilles Auffret, CDPQ (represented by Elisabeth Van Damme) and Emesa (represented by Emilio Cuatrecasas).

During fiscal 2016-2017, all of these five directors fulfilled the independence criteria in the AFEP-MEDEF Code and in particular the criterion that they do not have any business relations with the Company or the Group. In addition, the Company does not have any business relations with any entity or group with which these independent directors have ties. Based on the Nominations and Compensation

[1] Apart from certain exceptions which are set out below in Section 3.1.4, "Corporate Governance Code".

Committee's analysis, the Board considered that the 9.89% and 6.54% ownership interests held in Elior Group by Emesa and CDPQ respectively do not affect these corporate directors' judgment or create any conflict of interests.

Since March 2016, the Board of Directors has applied the recommendation issued by France's Haut Comité de Gouvernement d'Entreprise (High Committee of Corporate Governance) concerning the proportion of independent directors on corporate boards. Consequently, the Company's percentage of independent directors now complies with the recommendations contained in the AFEP-MEDEF Code.

Directors' compliance with independence criteria:

	Gilles Cojan	Gilles Auffret	Laurence Batlle	Anne Busquet	CDPQ	Emesa	Sofibim	Servinvest	BIM
Must not be an employee or executive director of the Company, its parent, an entity consolidated by the Company or its parent, or a shareholder that holds over 10% of the Company's capital or voting rights	x	√	√	√	√	√	x	√	√
No cross-directorships	√	√	√	√	√	√	√	√	√
No business relations	√	√	√	√	√	√	x	√	x
No close family ties with an executive director of the Company or the Group or with a shareholder that owns (directly or indirectly) over 10% of the Company's capital or voting rights	√	√	√	√	√	√	x	x	x
Has not served as a statutory auditor of the Company at any time in the past five years	√	√	√	√	√	√	√	√	√
Has not been a director of the Company for more than 12 years	√	√	√	√	√	√	x	√	x
Does not receive or has not received material compensation from the Company or the Group (other than directors' fees)	x	√	√	√	√	√	√	√	√

√: complies with the stated independence criterion

X: does not comply with the stated independence criterion

3.1.3.1.2 Profiles of the Members of the Board of Directors

Gilles Cojan – Chairman of the Board of Directors

Age: 63
Nationality: French

Profile

Gilles Cojan graduated from ESSEC business school in 1977. He joined Elior in 1992, first as Chief Financial Officer before going on to become CEO of Elior International. Throughout this time he also held the position of Chief Strategy Officer for the Elior Group.

In 2007, Mr. Cojan was appointed as a member of Elior's Supervisory Board, sitting alongside Robert Zolade and representatives of Charterhouse, and has served on the Board of Directors since the Company was re-listed in June 2014.

Gilles Cojan was appointed Vice-Chairman of the Elior Group on July 26, 2017 and became Chairman of the Board of Directors on November 1, 2017. He is also a member of Elior Group's Strategy, Investments and CSR Committee.

Acting alongside Elior's founders – Robert Zolade and Francis Markus – Mr. Cojan ensured the success of the Company's first MBO organized in 1992 and completed in 1996. Then, again with the founders, he organized two successive LBOs for the contract catering and concession catering businesses, which resulted in the creation of the Elior Group in 1997. As from that date he directly led the Group's internationalization strategy, enabling it to successively enter the UK, Spanish and Italian markets.

Gilles Cojan was the driving force behind a number of the major partnerships that stepped up the pace of the Group's growth, including the partnership set up in 2001 with the Spanish company Areas, which helped the Group strengthen its leadership position in concession catering, and subsequently the alliance forged in 2013 with the founder of THS, which underpinned Elior's rapid development strategy in the United States. In 2000, he oversaw Elior's IPO and then in 2006, with Robert Zolade, he organized the Company's voluntary stock market de-listing followed by a new LBO carried out with the aim of accelerating the Group's development. In 2010, he was behind the idea of creating a "services" business which has now become an integral part of the Group.

Since 2007, Mr. Cojan has also been the CEO of BIM – Elior Group's principal shareholder – where he implemented a diversification strategy that led to the creation of three major players in the outdoor hospitality, Parisian hotels and healthcare education sectors.

Before joining Elior, in 1990 Mr. Cojan took on the position as head of the Financing and Treasury department at Valeo. Prior to that he formed part of Banque Translatlantique where he served as CEO of its subsidiary, GTI Finance, having previously worked between 1978 and 1986 as Treasurer for the pharmaceutical group Servier.

In addition to his current position as Chairman of Elior Group's Board of Directors, Gilles Cojan is the Chief Executive Officer of Sofibim and BIM.

Business address	Member of an Elior Group committee
9-11 allée de l'Arche, 92032 Paris La Défense cedex, France	Yes – member of the Strategy, Investments and CSR Committee

Number of Elior Group shares held	Independent director
2,000	No

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Chief Executive Officer of Sofibim SAS (France, unlisted company)

- Chief Executive Officer of BIM SAS (France, unlisted company)
- Permanent representative of BIM SAS as a director of El Rancho SA (France, unlisted company)
- Chairman of Artalor Immo SAS (France, unlisted company)
- Chairman of the Steering Committee of Yako SAS (France, unlisted company)
- Chairman of the Strategy Committee of Afrimarket SAS (France, unlisted company)

Directorships and positions held during the past five years which have expired

- Director of Gourmet Acquisition Holdings, Inc. (Elior group – United States)
- Director of Gourmet Acquisition Inc. (Elior group – United States)
- Director of THS Group Inc. (Elior group – United States)
- Manager of THS Holdings LLC (Elior group – United States)
- Chairman of Elior Gestion (Elior group – France)
- Chairman of Elior FA3C (Elior group – France)
- Member of the Supervisory Board of Bercy Présidence (Elior group – France)
- Member of the Supervisory Board of Elior Finance SCA (Elior group – Luxembourg)
- Director of Elichef Holding (Elior group – Italy)
- Chairman of Grande Vitesse Catering (Elior group – Italy)
- Director of MyChef Ristorazione Commerciale (Elior group – Italy)
- Director of Elior Ristorazione (Elior group – Italy)
- Director of Elior Investimenti (Elior group – Italy)
- Director of Aeroboutiques de Mexico (Elior group – Mexico)
- Director of Areas (Elior group – Spain)
- Director of Operadora AeroBoutiques (Elior group – Mexico)
- Director of Textiles Deor (Elior group – Mexico)
- Director of Aero Boutiques Servicios (Elior group – Mexico)
- Director of Multiservicios Aeroboutiques (Elior group – Mexico)
- Director of Aerocomidas (Elior group – Mexico)
- Director of Servicios Aeropuertarios (Elior group – Mexico)
- Chairman of ORI Investissements (France)
- Chief Executive Officer of Octant Partenaires (France)
- Director of Medica (France)

Gilles Auffret – Senior Independent Director

Age: 70
Nationality: French

Profile

Gilles Auffret is currently Chairman of the Supervisory Board of Azulis, a private equity firm, and Chairman of the Board of Directors of Terreal. Between 1999 and 2013, he held various management positions within the Solvay Rhodia Group, including Chief Operating Officer (2001-2012), Chief Executive Officer (2013) and member of the Rhodia Executive Committee (2013). From September 2011 to the end of 2013, he was also a member of the Solvay Executive Committee. Between 1982 and 1999, Mr. Auffret held various executive positions within the Pechiney Group, including Vice President of the Aluminium Metal Division and Chief Executive Officer of Aluminium Pechiney from 1994 to 1999. Prior to that, he served as an auditor with the French national audit office (*Cour des Comptes*) from 1975 to 1978 and as a project manager in the Industry Ministry between 1978 and 1982. Gilles Auffret is a graduate of Ecole Polytechnique, Institut d'Etudes Politiques de Paris, Ecole Nationale de la Statistique et de l'Administration Économique and École Nationale d'Administration.

Business address	Member of an Elior Group committee
9-11 allée de l'Arche, 92032 Paris La Défense cedex, France	Yes - Chair of the Nominations and Compensation Committee and a member of the Strategy, Investments and CSR Committee

Number of Elior Group shares held	Independent director
15,200	Yes

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Chairman of the Supervisory Board of Azulis (France, unlisted company)
- Chairman of the Board of Directors of Terreal (France, unlisted company)
- Member of the Supervisory Board of Novacap (France, unlisted company)

Directorships and positions held during the past five years which have expired

None

Laurence Batlle – Independent director

Age: 46
French

Profile

Laurence Batlle chairs the Executive Board of RATP Dev (a position to which she was appointed in January 2017, having served as a member on this Board since 2011). She joined RATP Dev in December 2007, serving initially as Chief Financial Officer and, since September 2014, as Director of the Americas, Africa and Sightseeing business unit. Prior to that, she spent two years with Atos Origin, as Vice President, Global Finance Support. She began her career with PricewaterhouseCoopers, where she worked from 1993 to 2005, rising to the position of partner. Laurence Batlle is a graduate of the Harvard Business School Advanced Management Program, holds a Masters in Finance and Accounting from L'Institut Commercial de Nancy and is a qualified chartered accountant in France.

Business address	Member of an Elior Group committee
54, Quai de la Rapée-LAC LA 30 – 75012 Paris, France	Yes - Chair of the Audit Committee and a member of the Strategy, Investments and CSR Committee

Number of Elior Group shares held	Independent director

1,000	Yes

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Member of the Executive Board of RATP Développement – a joint stock corporation (SA) with an Executive Board and a Supervisory Board (France, unlisted company)
- Director of RATP Dev Transdev Asia SAS (France, unlisted company)
- President of RATP Dev Participation SAS (France, unlisted company)
- President of SELT SAS (France, unlisted company)
- Permanent representative of RATP Dev France Services as a director of RATP El Djazaïr (Algeria, unlisted company)
- Permanent representative of RATP Dev France Services as a director of Setram (Algeria, unlisted company)
- Director of Bombela Operating Company (South Africa, unlisted company)
- Director and President of RDSL Urban (United States, unlisted company)
- Director of RATP Dev Global Sightseeing (United Kingdom, unlisted company)
- Director of The Original London Sightseeing Tour Ltd (United Kingdom, unlisted company)
- Director of RATP Dev Italia (Italy, unlisted company)
- Director of Casa Tram (Morocco, unlisted company)
- Director of M'DINA (Morocco, unlisted company)

Directorships and positions held during the past five years which have expired

- Director of RATP Dev UK (United Kingdom)
- Director of Hong Kong Tramways (China)
- CEO of RATP Dev USA (United States)
- Director of RATP ElDjazaïr (Algeria)
- Director of HR Richmond (United Kingdom)
- Permanent representative of RATP Développement as a director of SQYBUS – a joint stock corporation with a Board of Directors (France)
- Director of Flexcité 94 SAS (France)
- Director of Flexcité SA – a joint stock corporation with a Board of Directors (France)
- Member and Chair of the Supervisory Board of Cars Dunois SAS (France)
- President of Compagnie de Transport de Charleville-Mezières SAS (France)
- President of Société de Transport Interurbain des Lignes Express SAS (France)
- President of RD 01 SAS (France)
- President of RD 04 SAS (France)
- President of RD 06 SAS (France)
- President of RD 07 SAS (France)
- President of RD 08 SAS (France)
- President of RD 09 SAS (France)

Anne Busquet – Independent director

Age: 67
Nationality: French and American

Profile

Anne Busquet has been principal at AMB Advisors LLC in New York since 2006. She began her career in 1973 at Hilton International before joining the American Express group in 1978, where she held several high executive positions until 2001. She then served as President of AMB Advisors LLC from 2001 to 2003, when she joined InterActiveCorp as President of Travel Services and was subsequently appointed CEO of Local and Media Services.

Business address	Member of an Elior Group committee
1080 5th Ave, New York, NY 10128, United States	Yes – member of the Nominations and Compensation Committee

Number of Elior Group shares held	Independent director
2,330	Yes

Other directorships and positions held at September 30, 2017 (outside the Elior group):
• Managing Director of Golden Seeds, Inc. (United States, unlisted company) • Director of Pitney Bowes, Inc (United States, unlisted company) • Director of Intercontinental Hotels Group PLC (United Kingdom, unlisted company) • Director of Medical Transcription Billing, Corp (United States, listed company)
Directorships and positions held during the past five years which have expired
None

CDPQ, represented by Elisabeth Van Damme – Independent director

Information about CDPQ

Description	Registration number
CDPQ holds 6.54% of Elior Group's capital	383 811 536 RCS Paris
Registered office	**Member of an Elior Group committee**
Edifice Price – 65 rue Sainte-Anne, 14e étage – Québec, G1R 3X5, Canada	Yes - member of the Audit Committee
Number of Elior Group shares held	**Independent director**
11,299,435	Yes

Other directorships and positions held at September 30, 2017 (outside the Elior group):
None
Directorships and positions held during the past five years which have expired

None

Information about Elisabeth Van Damme, CDPQ's permanent representative

Age	Nationality
51	Belgian
Business address	**Number of Elior Group shares held**
12 avenue des Ormeaux, 1180 Brussels, Belgium	0

Profile

Elisabeth Van Damme is currently Financial Advisor for Bureau Van Dijk, a Moody's Analytics Company, having served as Chief Financial Officer of Bureau Van Dijk until 2008. Prior to that, she worked for Coca Cola Services and as an auditor with KPMG (BBKS/Peat Marwick). Elisabeth Van Damme holds an economics degree from the Louvain School of Management (Belgium).

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Independent director of Bourbon Offshore (France, listed company)

Directorships and positions held during the past five years which have expired

- Permanent representative of Charterhouse Poppy II on the Board of Directors of Elior Group (Elior group – France)

Emesa, represented by Emilio Cuatrecasas – Independent corporate director

Information about Emesa

Description	Registration number
	B58138512

Emesa holds 17,087,800 Elior Group shares, representing 9.89% of the Company's capital

Registered office	Member of an Elior Group committee
579-587 avenida Diagonal, planta 10, 08014, Barcelona, Spain	No
Number of Elior Group shares held	**Independent director**
17,087,800	Yes

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Director of Devicare, S.L. (Spain, unlisted company)
- Director of Sunroad, S.L. (Spain, unlisted company)

Directorships and positions held during the past five years which have expired

- Director of Metropolis Inmobiliarias y Restauraciones, S.L. (Spain)

Information about Emilio Cuatrecasas, Emesa's permanent representative

Age	Nationality
64	Spanish
Business address	**Number of Elior Group shares held**
Avenida Diagonal 579, 10th floor, 08014, Barcelona, Spain	0

Profile

Emilio Cuatrecasas is Chairman of Emesa Corporacion Empresarial, S.L. He began his career in 1977 as a lawyer at the Cuatrecasas law firm, where he successively held the posts of Managing Partner, Chief Executive Officer and President until 2014. He is currently Honorary Chairman of the Cuatrecasas law firm, the non-profit organization Barcelona Global and the Asociación para el Progreso de la Dirección (APD).

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Director of Union CB, S.L. (Spain, unlisted company)
- Director of Emesa Corporacion Empresarial, S.L. (Spain, unlisted company)
- Director of Cambriano, S.L. (Spain, unlisted company)
- Director of Almerer, S.L. (Spain, unlisted company)
- Director of CB Concordia, S.L. (Spain, unlisted company)

Directorships and positions held during the past five years which have expired

- Director of Cuatrecasas, Gonçalves Pereira, S.L.P. (Spain)
- Director of Areas S.A. (Spain)

Sofibim, represented by Célia Cornu – Corporate Director

Information about Sofibim

Description	Registration number
Sofibim is a holding company that exercises exclusive control over BIM	508 292 083 RCS Paris
Registered office	**Member of an Elior Group committee**
54, avenue Marceau, 75008 Paris, France	No
Number of Elior Group shares held	**Independent director**
1,000	No

Other directorships and positions held at September 30, 2017 (outside the Elior group):

Chair of BIM SAS (France, unlisted company)

Directorships and positions held during the past five years which have expired

- Chair of the Supervisory Board of Elior Participations SCA (Elior group – France)
- Chair of the Supervisory Board of Bercy Présidence (Elior group – France)
- Chair of Octant Partenaires (France)
- Director of Sophia Publications (France)

Information about Célia Cornu, Sofibim's permanent representative

Age	Nationality
37	French
Business address	**Number of Elior Group shares held**
8 rue Christophe Colomb, 75008 Paris, France	0

Profile

Célia Cornu is Chief Operating Officer of Collection Bagatel and a member of Sofibim's Strategy Committee. She began her career in the marketing departments of the Printemps and Galeries Lafayette groups before moving into financial investment at Pragma Capital and Advent International. She joined BIM in 2009. Célia Cornu holds a masters in Management from Kedge Business School, France (2002) and an MBA in Finance and Strategy from Boston University in the United States (2009).

Other directorships and positions held at September 30, 2017 (outside the Elior group):

Director of Sofibim SA (Luxembourg, unlisted company)

Directorships and positions held during the past five years which have expired

None

Servinvest, represented by Sophie Javary – Corporate Director

Information about Servinvest

Description	Registration number
Servinvest is a company managed by Robert Zolade	383 811 536 RCS Paris
Registered office	**Member of an Elior Group committee**
54, avenue Marceau, 75008 Paris, France	No
Number of Elior Group shares held	**Independent director**
1,000	No

Other directorships and positions held at September 30, 2017 (outside the Elior group):

None

Directorships and positions held during the past five years which have expired

None

Information about Sophie Javary, Servinvest's permanent representative

Age	Nationality
58	French
Business address	**Number of Elior Group shares held**
4 rue d'Antin, 75002 Paris, France	0

Profile

Sophie Javary has headed up the EMEA Corporate Finance department at BNP Paribas since 2014. She began her career with Bank of America before joining Indosuez. In 1994, she was appointed Managing Director at Rothschild and then Managing Partner in 2002. During her time there she notably co-managed the ABN-AMRO Rothschild joint venture between 2000 and 2007. She joined BNP Paribas in 2011 as Managing Director of the Investment Banking Europe division. Sophie Javary is a graduate of HEC Paris business school and the International Management Program (Fundacao Getulio Vargas de Sao Paulo and NY University). In 2013 she became a Knight of the French Legion of Honor.

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Director of Europa Nova (NGO, France)
- Lecturer at HEC

Directorships and positions held during the past five years which have expired

- Member of the Supervisory Board of Altamir

BIM, represented by Robert Zolade – Corporate Director

Information about BIM

Description	Registration number
BIM holds 47,168,049 Elior Group shares, representing 27.31% of the Company's capital	487 719 288 RCS Paris

Registered office	Member of an Elior Group committee
54, avenue Marceau, 75008 Paris, France	Yes - Chair of the Nominations and Compensation Committee and the Strategy, Investments and CSR Committee

Number of Elior Group shares held	Independent director
47,168,049	No

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- President of Novetude Santé SAS (France, unlisted company)
- President of Collection Bagatel SAS (France, unlisted company)
- President of Hôtel Platine SAS (formerly Compagnie Hôtelière Bagatelle) (France, unlisted company)
- President of Financière de Bel Air SAS (France, unlisted company)
- President of AMAC SAS (formerly Compagnie de Bel Air) (France, unlisted company)
- President of Holding Bel Air Investissements SAS (France, unlisted company)
- Director of El Rancho SAS (France, unlisted company)

Directorships and positions held during the past five years which have expired

Represented by Robert Zolade:

- President of Eurelior (Elior group – France)
- President of Fidelior (Elior group – France)
- President of Sofilior (Elior group – France)

Represented by Gilles Cojan:

- Chairman of the Supervisory Board of HBI (Elior group – France)

Information about Robert Zolade, BIM's permanent representative

Age	Nationality
77	French

Business address	Number of Elior Group shares held
54, avenue Marceau, 75008 Paris, France	0

Profile

Robert Zolade is the Chairman and controlling shareholder of Sofibim, which in turn exercises exclusive control over BIM (Elior Group's main shareholder). He is the co-founder of the Elior group and served as its Co-Chairman and then Chairman from its creation in 1991 until 2010. Prior to that, he held various senior management positions within the Accor group, including Chairman and Chief Executive Officer of Société Générale de Restauration in 1990, and Chief Executive Officer of Compagnie Internationale des Wagons-Lits et de Tourisme from 1990 to 1992. Robert Zolade is a graduate of Institut d'Etudes Politiques de Paris (IEP) and also holds a law degree and a post-graduate degree in economics.

Main professional activity: permanent representative of Sofibim on Elior Group's Board of Directors and Honorary Chairman of Elior Group's Board of Directors. He is also Chairman of Sofibim.

Other directorships and positions held at September 30, 2017 (outside the Elior group):

- Chairman of the Board of Directors of Sofibim SA (Luxembourg, unlisted company)
- Chairman of Sofibim SAS (France, unlisted company)
- Chairman of the Board of Directors of BIM Luxembourg (Luxembourg, unlisted company)
- Legal Manager of Servinvest SARL (France, unlisted company)
- Vice Chairman of the Supervisory Board of Pragma Capital SA (France, unlisted company)
- Legal Manager of Bérulle Art SARL (France, unlisted company)
- Legal Manager of LMDB SC (France, unlisted company)
- Legal Manager of MBOB SC (France, unlisted company)

Directorships and positions held during the past five years which have expired

- Director of Áreas Iberico Americana S.L. (Elior group – Spain)
- Chairman of Bercy Services XII (Elior group – France)
- Chairman of Novelior (Elior group – France)
- Chairman of Bercy Présidence (Elior group – France)
- Chairman and a director of Avenance (Elior group – France)
- Chairman and a director of Eliance (Elior group – France)
- Chairman of Elior Partenaires (Elior group – France)
- Director of Elior UK Ltd (Elior group – United Kingdom)
- Director and Chairman of Avenance UK (Elior group – United Kingdom)
- Director of Serunión (Elior group – Spain)
- Director of Natixis (France)
- Chairman of BIM (France)

3.1.3.1.3 Directors' qualifying shares and prevention of conflicts of interests

The Rules of Procedure stipulate that each director[1] must hold at least 1,000 of the Company's shares. Individuals appointed as permanent representatives of corporate directors on the Company's Board are not required to hold any shares in their own name, as the corporate directors are all significant shareholders of the Company and their permanent representatives are direct or indirect partners or employees of the companies concerned (see Section 3.1.4, "Corporate Governance Code" below).

As far as the Company is aware:

- There are no family relationships between the members of the Board of Directors and the Company officers.
- During the past five years: no director or Company officer has been (i) found guilty of fraud, (ii) associated with a bankruptcy, sequestration or liquidation, (iii) incriminated by or subject to an official public sanction issued by a statutory or regulatory authority, or (iv) prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities or from taking part in managing or conducting an issuer's business.
- There are no conflicts of interest between directors' and officers' duties to the Company and their private interests.

3.1.3.1.4 Service contracts

At the date of this Registration Document, no director or member of the Company's Executive Committee has a service contract with the Company or any of its subsidiaries providing for any personal benefits.

3.1.3.2 Operating procedures of the Board of Directors

3.1.3.2.1 Powers of the Board of Directors

The Company is governed by a Board of Directors which determines the Company's business strategy and oversees its implementation, examines all issues that concern the efficient operation of the business and makes decisions on all matters concerning the Company.

The Board of Directors is and will remain a collegiate body that collectively represents all shareholders and acts at all times in the Company's best interests.

[1] In accordance with Appendix 2 of the November 2016 revised version of the AFEP-MEDEF Code, this includes executive directors (Chairman and Chief Executive Officer, Chief Executive Officer, Deputy Chief Executive Officer) and non-executive directors (including the Chairman of the Board of Directors).

The Board of Directors examines all issues that fall within its scope of responsibility under the applicable laws and regulations. In particular it examines and approves all major decisions concerning the business, human resources, financial and technological strategies of the Company and the Group and oversees their implementation by management. It also:

- Examines and approves the reports of the Board of Directors and the Board committees for inclusion in the Annual Report.
- Examines and approves, based on the recommendation of the Nominations and Compensation Committee, the directors' profiles to be included in the Annual Report, including the list of independent directors and the independence criteria applied.
- Appoints directors, if necessary, and proposes directors for re-election at the Annual General Meeting.
- Sets Company officers' compensation, based on the recommendation of the Nominations and Compensation Committee, and allocates directors' fees.
- Decides whether to set up stock option and free share plans and determines the Group's policy concerning discretionary profit-sharing plans, based on the recommendation of the Nominations and Compensation Committee.
- Oversees the quality of information disclosed to shareholders and the market in the financial statements and in connection with major transactions.
- Assesses the Group's operating performance at least once a year.
- Approves the management report and the sections of the Annual Report describing the Company's corporate governance and its compensation policy.
- Examines all issues that concern the efficient operation of the Company and the Group. The Board of Directors has sole authority to amend the Rules of Procedure.

3.1.3.2.2 Preparation and organization of the work of the Board of Directors

a) Work of the Board of Directors

The preparation and organization of the Board's work are governed by the legal and regulatory provisions applicable to *sociétés anonymes*, as well as by the Company's Bylaws and the Board's Rules of Procedure, which also describe the operating procedures of the Board committees.

The Chairman provides the directors with the information and documents needed to allow them to fulfil their duties and prepare the Board's decisions.

Board meetings are called with at least five days' notice, by e-mail and/or via a secure IT platform.

The notices of meeting include the meeting agenda. Board members are generally given an information pack at least five days before the meeting date, and are also provided with any updates to the information prior to the meeting. All of these Board documents are available for download from the secure IT platform at any time. Furthermore, for emergency meetings or meetings to discuss extremely confidential matters, directors may be given additional information after the meeting has been called or once it commences.

In addition to documents dealing with specific agenda items, the meeting pack includes the draft minutes of the previous meeting and selected analyses of the Group's business and financial performance.

Between two Board meetings, specific information memos, research, analysts' memos, economic and financial data and press releases published in France may also be provided to the directors through the secure IT platform.

Directors have an obligation not to disclose any confidential information communicated to them. This non-disclosure rule is set out in Article 3.6 of the Rules of Procedure.

At the time of their appointment, the directors received an information pack containing all the documents required to understand the Company, its organization and business and the accounting, financial and operational issues that are specific to it. They were also invited to an induction day during which they were able to meet and talk with the Group's key operations managers. The documents provided to the directors on their appointment are updated regularly and can be consulted at all times via a dedicated, secure IT platform.

b) Board of Directors' activity report

The Board of Directors met twelve times in fiscal 2016-2017 and six times between October 1, 2017 and the date this report was prepared. Notices of the meetings along with the related agenda were provided to the directors by e-mail and on a secure IT platform several days ahead of each meeting. Between meetings, the members of the

Board were kept regularly informed of significant events and transactions involving the Company and received copies of all the major press releases published by the Company.

The duration of routine Board meetings averaged two hours and the attendance rate was 97%.

As well as performing the duties assigned to it under French law and the Company's Bylaws, the Board of Directors regularly received all necessary information about the implementation of the Group's 2020 strategic plan and the Tsubaki transformation plan as well as about the Group's CSR policy, results, operations and significant projects and transactions (notably acquisitions and capital expenditure projects). At each meeting, the Group Chief Executive Officer and the Chief Financial Officer respectively gave presentations to the Board on the Group's business performance and financial position, and the CEOs of the businesses concerned reported on the implementation of the Group's strategy and the Tsubaki plan. Several Board meetings were devoted to discussing the implementation of the strategy by business sector and geographic region and analyzing the Group's operating and financial performance. For example, in July 2017 the Board dedicated a meeting to discussing the Group's policy on innovation and digital solutions and in May 2017 it spent two full days in the United Kingdom working on the Group's strategy and operations in that country. On these different occasions the directors were able to meet and talk with the key executives of the Group's subsidiaries. The Board was also consulted on numerous occasions about transactions and decisions that were material to the Company or which required the Board's prior authorization pursuant to the Rules of Procedure, notably acquisitions and capital expenditure projects.

c) Attendance rates at Board meetings held in 2016-2017

Director	Number of meetings taken into account	Attendance rate
Gilles Auffret	12	100%
Laurence Batlle	12	100%
Anne Busquet	12	100%
Sofibim (Gilles Cojan[1])	12	100%
Emesa (Emilio Cuatrecasas)	10	83%
Servinvest (Sophie Javary)	11	92%
CDPQ (Elisabeth Van Damme)	12	100%
BIM (Robert Zolade)	12	100%
Philippe Salle	12	100%

3.1.3.3 Assessment of the Board's operating procedures

In accordance with its Rules of Procedure, the Board of Directors includes an assessment of its operating procedures on the agenda of at least one Board meeting per year.

Additionally, in application of the recommendations of the AFEP-MEDEF Code, which the Company has voluntarily adopted as its corporate governance framework, every three years the Board commissions an external consultant to conduct a formal assessment of its operating procedures as well as those of its committees. The first such formal assessment was carried out in late 2016. Based on the findings of this assessment, as analyzed by the Nominations and Compensation Committee and subsequently by the Board of Directors, the Board gradually came to the conclusion that the best way to improve the Board's operating procedures would be to separate the roles of Chairman of the Board and Chief Executive Officer. It had become apparent to the Board that the increasing amount of time the Chairman was required to dedicate to Board and committee governance work was not compatible with the duties he was also required to exercise as Chief Executive Officer. Consequently, at its July 26, 2017 meeting, the Board took the decision to change the Company's governance structure from a one-tier to a two-tier system, in order to enable its management bodies to operate more effectively. This change in governance structure took effect on November 1, 2017.

In the aim of further finetuning the Group's governance structure, at its same meeting of July 26, 2017 the Board decided to appoint Gilles Auffret as Senior Independent Director, with immediate effect. His role in this capacity is to assist the Chairman of the Board with organizing the Board's work and acting as a liaison with the other independent directors in order to coordinate their work and seek their opinions.

At the annual assessment carried out by the Board at its December 5, 2017 meeting, the directors noted that the operating procedures of the Board and its committees had improved since the roles of the Chairman of the Board and Chief Executive Officer had been separated. The directors' responses to the assessment questionnaire given to them showed that, overall, they felt positively about the Board's membership structure and operating procedures, with freedom of expression being considered a particular strong point. They also saw as a positive point the change

[1] Sofibim was represented by Gilles Cojan in fiscal 2016-2017 and until October 31, 2017. He was appointed by the Board as a director and then Chairman of the Board of Directors on July 26, 2017, effective November 1, 2017. Sofibim has been represented by Célia Cornu since October 31, 2017.

in governance structure with the appointment of a Chief Executive Officer, and welcomed the appointment of a Senior Independent Director as they feel he will ensure well-balanced relations between the directors, the Chairman of the Board and executive management.

The areas for improvement that were identified as priorities for the coming fiscal year are involving the Group's operations executives in the Board's strategic discussions and inviting them to attend Board meetings that have strategy topics on the agenda, and devoting more time to subjects that are of strategic importance.

3.1.3.4 Board committees

The Board of Directors' work and discussions in some areas are prepared by specialized committees made up of directors appointed by the Board for a period corresponding to their term as director.

Three Board committees are in place within Elior Group:

- The Audit Committee
- The Nominations and Compensation Committee
- The Strategy, Investments and CSR Committee.

The main organization and operating procedures of the Board committees are described in the Bylaws and the Rules of Procedure.

The Board of Directors chooses one of the members of each committee as that committee's chair, based on the recommendation of the Nominations and Compensation Committee. The Audit Committee and the Nominations and Compensation Committee are chaired by independent directors.

3.1.3.4.1 Audit Committee

a) Committee members

The table below shows the members of the Audit Committee in fiscal 2016-2017 and since November 1, 2017:

	Members of the Audit Committee	Independent director
In fiscal 2016-2017	Laurence Batlle (Committee Chair)	√
	CDPQ, represented by Elisabeth Van Damme	√
	Sofibim, represented by Gilles Cojan	
Since November 1, 2017	Laurence Batlle (Committee Chair)	√
	CDPQ, represented by Elisabeth Van Damme	√
	Servinvest, represented by Sophie Javary	

The Audit Committee currently comprises three members, two of whom are independent directors. This membership structure complies with the AFEP-MEDEF Code which recommends that at least two thirds of companies' audit committees should be made up of independent directors. No executive directors sit on the Audit Committee.

The Committee's members have the necessary technical skills for performing their duties (see Section 3.1.3.1.2 above, "Profiles of the Members of the Board of Directors"). The Audit Committee is chaired by Laurence Batlle, an independent director.

The Chairman of the Board of Directors may attend Audit Committee meetings if he so requests.

b) Main roles and responsibilities

The Audit Committee assists the Board of Directors in its tasks of overseeing and verifying the preparation of the financial statements of the Company and the Group, and the information communicated to shareholders and the market. It pays particular attention to the relevance and quality of the Company's financial communications. It also obtains assurance concerning the effectiveness of the internal control and risk management systems and is

responsible for overseeing issues relating to the preparation and verification of accounting and financial information and the statutory audit of the accounts.

The Committee's members all have recognized accounting and finance expertise, as evidenced by their professional background (see Section 3.1.3.1.2, "Profiles of the Members of the Board of Directors").

The Committee's main roles and responsibilities, as defined and described in Article 4.5.3 of the Rules of Procedure, are to:

- Oversee the process for the preparation of financial information and, where appropriate, draw up recommendations for ensuring the integrity of this information.
- Monitor the effectiveness of the internal control, risk management and internal audit systems covering the procedures for preparing and processing financial and accounting information.
- Oversee the statutory audits of the financial statements of the Company and the Group.
- Monitor the amount of fees paid to the Statutory Auditors for engagements other than statutory audits.
- Verify that the Statutory Auditors comply with the applicable independence criteria.
- Ensure the relevance and quality of the Company's financial communications.

Audit Committee meetings are called by the Committee Chair or Secretary. Members may attend meetings either in person or by conference call or videoconference, in accordance with the same conditions as applicable to Board meetings. Decisions may only be adopted if the meeting is attended by at least half of the Committee's members.

Audit Committee decisions are adopted by a majority vote of the members participating in the meeting, with each member having one vote.

The Committee members were given a copy of the Chairman's report on corporate governance and internal control on January 18, 2018, to enable them to approve the sections falling within the Committee's remit.

At the December 1, 2017 Audit Committee meeting, the Statutory Auditors reported on their audit work on the annual financial statements of the Company and the Group.

Other than in exceptional cases, the Audit Committee meets three days before the meeting of the Board of Directors at which it reports to the Board on its work. Its activity reports enable the directors to be fully informed and help to improve the quality of Board decisions.

c) Audit Committee activity report

The Audit Committee met six times in fiscal 2016-2017 and three times between October 1, 2017 and the date this report was prepared. The attendance rate at these meetings was 100%.

The Statutory Auditors attended all of these meetings. The Group's Chief Financial Officer also attended the meetings, as did, whenever required, the Accounting and Consolidation Director and the Financial Control Director (who also oversees internal control) and the Internal Audit Director.

At its meetings, the Committee prepared the Board of Directors' review of the half-yearly and annual financial statements, and reviewed the draft financial press releases. It also examined the principles for publishing the financial statements and financial communications, as well as the information contained in the fiscal 2016-2017 Registration Document. At its meeting on December 1, 2017, the Committee reviewed the financial statements of the Company and the Group as well as management's discussion and analysis of the financial statements. During the fiscal year, the Committee was also regularly given presentations by representatives from the Group Risk Management and Internal Audit Departments, notably related to the Group's risk map and action plans, together with the risk management and internal control work completed to date and work still under way. In May 2017, the Audit Committee devoted a meeting to examining the Group's operating and financial performance and defining its alternative performance indicators.

3.1.3.4.2 Nominations and Compensation Committee

a) Committee members

The table below shows the members of the Nominations and Compensation Committee in fiscal 2016-2017 and since October 1, 2017:

Members of the Nominations and Compensation Committee		Independent director
In fiscal 2016-2017 and since October 1, 2017:	Gilles Auffret (Committee Chair)	√
	Anne Busquet	√
	BIM, represented by Robert Zolade	

The Nominations and Compensation Committee currently comprises three members, two of whom are independent directors. This membership structure complies with the AFEP-MEDEF Code, which recommends that independent directors should make up the majority of nominations and compensation committees and that no executive directors should sit on these committees.

The Nominations and Compensation Committee is chaired by Gilles Auffret, the Senior Independent Director.

The overall role of this Committee is to assist the Board of Directors in its tasks of (i) appointing the members of the management bodies of the Company and Group and (ii) determining and regularly assessing the compensation and benefits packages of executive directors and other executives, including all forms of deferred compensation plans and termination benefits.

b) Main Roles and responsibilities

The Committee's main roles and responsibilities, as defined and described in Article 4.6.3 of the Rules of Procedure, are to:

- Propose candidates for election to the Board of Directors as executive or non-executive directors or as members of Board committees.
- Draw up and update the succession plan for the Company's executive directors and the Group's other key executives.
- Perform annual assessments of directors' independence.
- Review and make recommendations to the Board of Directors concerning the compensation packages and related conditions for executive directors of the Company and the Group's key executives.
- Review and make recommendations to the Board of Directors concerning the method of allocating directors' fees.

The Committee is also consulted by the Board of Directors about any exceptional compensation that the Board may wish to award to any of its members for undertaking special assignments.

Nominations and Compensation Committee meetings are called by the Committee Chair or Secretary by any method, including verbally, and the notice of meeting must include an agenda. Members may attend meetings either in person or by conference call or videoconference, in accordance with the same conditions as applicable to Board meetings. Decisions may only be adopted if the meeting is attended by at least half of the Committee's members.

Decisions by the Nominations and Compensation Committee (corresponding to the opinions and recommendations that it issues) are adopted by a majority vote of the members taking part in the meeting, with each member having one vote. The Committee Chair, who is an independent director, does not have a casting vote.

The Nominations and Compensation Committee meets as often as required, but at least once a year prior to the Board meeting held to assess directors' independence based on the independence criteria adopted by the Company. The Committee also meets prior to any Board meeting held to set key executives' compensation or to approve the allocation of directors' fees.

c) Nominations and Compensation Committee activity report

The Nominations and Compensation Committee met thirteen times in fiscal 2016-2017 and five times between October 1, 2017 and the date this report was prepared. The attendance rate at these meetings was 100%.

The Committee's workload during the year was extremely dense in view of the Group's developments and organizational changes.

In addition to its usual work concerning the recruitment, compensation packages and motivation systems of the Group's main executives, the Nominations and Compensation Committee devoted many meetings to the project of separating the roles of Chairman and Chief Executive Officer as well as to the process of hiring the Company's new Chief Executive Officer. As part of this work, the Committee also reviewed the membership structure of the Board committees and the Board itself and proposed amendments to the Rules of Procedure to take into account the Company's new governance system.

The Committee issued a number of recommendations to the Board in connection with the departure of Philippe Salle (the Company's former Chairman and Chief Executive Officer). These recommendations notably concerned:

- The terms and conditions of Philippe Salle's departure.
- The compensation of the Chairman of the Board of Directors.
- The compensation of the Interim Chief Executive Officer and the Deputy Chief Executive Officer.
- The compensation package of the new Chief Executive Officer (whom shareholders will be invited to elect as a director of the Company).
- The compensation packages of the Group's main non-director executives.
- The stock option and free share plans in force.
- The allocation of directors' fees for fiscal 2016-2017.

During the year the Nominations and Compensation Committee also oversaw the self-assessment process for the operating procedures of the Board and its committees for 2016-2017.

Lastly, in January 2018, the Committee devoted a meeting to the succession plan for the Group's key executives.

3.1.3.4.3 Strategy, Investments and CSR Committee

a) Committee members

The table below shows the members of the Strategy, Investments and CSR Committee in fiscal 2016-2017 and since November 1, 2017:

Members of the Strategy, Investments and CSR Committee		Independent director
In fiscal 2016-2017	BIM, represented by Robert Zolade (Committee Chair)	
	Laurence Batlle	√
	Sofibim, represented by Gilles Cojan	
	Gilles Auffret	√
	Philippe Salle	
Since November 1, 2017	BIM, represented by Robert Zolade (Committee Chair)	
	Gilles Auffret	√
	Laurence Batlle	√
	Gilles Cojan	

The Strategy, Investments and CSR Committee currently has four members, two of whom are independent directors (i.e. 50% of the Committee).
The Committee is chaired by BIM, represented by Robert Zolade. The Company's Chief Executive Officer also attends meetings of this Committee.

Any directors who are not members of the Strategy Committee, Investments and CSR Committee may attend meetings of this Committee in a non-voting capacity as it is felt that this helps to create a strong, balanced governance structure and encourages information-exchange, decision-making and review processes within the Board.

b) Main roles and responsibilities

The Strategy, Investments and CSR Committee advises the Board of Directors on its decisions concerning the Group's strategy, investments and significant acquisition and divestment projects. It assesses the Company's values and undertakings in the field of sustainability and corporate social responsibility and helps to ensure that they are reflected in the Board's decisions.

The Committee is particularly responsible for:

- Giving its opinion to the Board on (i) the Group's main strategic goals and their economic, financial and social implications, and (ii) the Group's development policy.
- Advising the Board on which of the Group's operating entities should be classified as strategic.
- Reviewing and issuing an opinion to the Board on the Group's annual investment budget and its investment allocation strategy.
- Issuing recommendations to the Board on minimum expected returns on investments.
- Drawing up and putting forward to the Board appropriate financial indicators to be used for taking decisions about external growth and capital expenditure.
- Advising on significant acquisition and divestment projects requiring the Board's prior approval.
- Examining the Company's CSR policies, its sustainability undertakings and the resources allocated to fulfill them.

The Committee's roles and responsibilities are defined and described in Article 4.7.3 of the Rules of Procedure.

Meetings held by the Strategy, Investments and CSR Committee are called by the Committee Chair or Secretary by any method, including verbally, and the notice of meeting must include an agenda. Members may attend meetings either in person or by conference call or videoconference, in accordance with the same conditions as applicable to Board meetings. Decisions may only be adopted if the meeting is attended by at least half of the Committee's members. Committee decisions are adopted by a majority vote of the members taking part in the meeting, with each member having one vote.

The Committee meets as often as required, but at least once a year.

c) Strategy, Investments and CSR Committee activity report

The Strategy, Investments and CSR Committee met eight times in fiscal 2016-2017 and once between October 1, 2017 and the date this report was prepared. The attendance rate at these meetings was 90%.

During its meetings the Committee worked on the follow-up and implementation of the Group's 2020 strategic plan and the Tsubaki transformation plan as well as the implementation of its new CSR strategy. It put forward recommendations to the Board of Directors on managing the Group's strategic projects as well as on acquisition projects and significant investments.

3.1.4 CORPORATE GOVERNANCE CODE

The Company uses as its corporate governance framework the AFEP-MEDEF Corporate Governance Code for listed companies (hereinafter the "Code"), except for the following recommendations:

AFEP-MEDEF Code recommendation and Article number	Company practice/Explanations
An individual director or the permanent representative of a corporate director should be a shareholder personally and hold a minimum number of shares, which should be significant in comparison to the amount of directors' fees received (Article 19).	The Company's shareholders do not wish to impose a minimum shareholding obligation on the permanent representatives of its corporate directors. The Company has decided not to apply this recommendation of the Code because the corporate directors are significant shareholders of the Company and their permanent representatives are directly or indirectly partners or employees of the entities concerned. In addition, although it is preferable for directors to participate in the Company's shareholders' meetings, the shareholders have decided not to make this a requirement for all directors.
The method used to allocate directors' fees – the aggregate amount of which is set by shareholders at the AGM – should be determined by the Board of Directors. This method should be set in such a way that the amount received by each director takes into account their actual attendance at Board and committee meetings and therefore the variable portion should represent more than the fixed portion (Article 20.1).	Since fiscal 2016-2017, the variable portion of directors' fees paid to all of the Company's directors (both independent and non-independent) has represented more than the fixed portion.
When an employee becomes a Company officer, his or her employment contract with the Company or other Group entity should be terminated (Article 21.1).	Pedro Fontana was appointed Deputy Chief Executive Officer of Elior Group on July 26, 2017 and then Interim Chief Executive Officer from November 1, 2017 until the arrival of Philippe Guillemot, who was appointed as the Company's Chief Executive Officer by the Board of Directors on December 5, 2017. At this same December 5 meeting, Pedro Fontana was named Deputy Chief Executive Officer on the recommendation of Philippe Guillemot. As Mr. Fontana still carries out salaried duties within the Group's Spanish subsidiary, Areas, the Board considered that his employment contract should not be terminated.

The AFEP-MEDEF Code to which the Company refers can be downloaded from the internet[1]. In addition, the Company holds copies of the Code that the members of its governance bodies can obtain at any time on request. The operating procedures of the Board of Directors are set out in the Rules of Procedure. Lastly, the directors are required to comply with the principles of good conduct defined in a director's charter that describes their duties of diligence, discretion and confidentiality, as well as the rules applicable to any transactions they may carry out in relation to the Company's securities.

[1] http://www.afep.com/en/content/focus/corporate-governance-code-listed-corporations

3.1.5 RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER AND THE DEPUTY CHIEF EXECUTIVE OFFICER

In accordance with Appendix 3 of the Rules of Procedure – as updated on January 24, 2018 in line with the recommendations issued by the Nominations and Compensation Committee – the following decisions are subject to the prior approval of the Board of Directors and may be implemented only with the formal prior consent of a straight majority of the directors[1]:

a. Approval of the consolidated annual budget of the Company and Strategic Subsidiaries. In addition to containing the usual budget items, each consolidated annual budget must include:

- For operating entities (including headquarters), details of any capex projects of over two million euros (€2,000,000), as identified at the date the budget is drawn up.

- For the Group, a breakdown of operating profit and cash flows and a detailed report of the Group's financial position and financing methods.

b. Approval of any long-term strategic plan for the Group and/or its entities as well as any significant amendments to such plans.

c. The acquisition by any method (including through the acquisition of securities or other assets, a merger or a capital contribution) of over 50% of an Entity, enterprise or business (including through a joint venture agreement or the writing or exercise of a call option over all or part of the Entity, enterprise or business) with an enterprise value of more than ten million euros (€10,000,000). This does not, however, include acquisitions resulting from irrevocable purchase commitments (such as written put options or purchase contracts) given by the Group prior to the date of the Rules of Procedure and executed in accordance with the terms of said commitment(s) (as applicable at the date of the Rules of Procedure).

d. The acquisition by any method (including through the acquisition of securities or other assets, a merger or a capital contribution) of 50% or less of an Entity, enterprise or business (including through a joint venture agreement or the writing or exercise of a call option over all or part of the Entity, enterprise or business) for a unit amount equaling or exceeding one million euros (€1,000,000) in absolute value terms, it being specified that the aggregate amount of any such transactions carried out in a given fiscal year may not represent more than three million euros (€3,000,000), irrespective of the unit amount of each individual transaction.

e. The sale or transfer by any permitted method of (i) any asset(s) (other than securities) or minority interest(s) for a price of more than two million euros (€2,000,000) or (ii) any majority interest in an Entity, enterprise or business with an enterprise value in excess of ten million euros (€10,000,000) except where the transaction results from irrevocable commitments (such as written call options or sale contracts) given by the Group prior to the date of the Rules of Procedure and executed in accordance with the terms of said commitments (as applicable at the date of the Rules of Procedure).

f. Any public offering of securities by the Company and the admission to trading on a regulated market or public offer of all or some of the shares of an Elior Group subsidiary.

g. Any amendment to the shareholders' agreements concerning the Ducasse companies and the group headed by Gourmet Acquisition Holding.

h. The settlement of any litigation or dispute resulting in the payment by the Company or a Subsidiary of an amount in excess of five million euros (€5,000,000).

i. Any budgeted or unbudgeted investment (other than an acquisition) representing more than five million euros (€5,000,000), and any decision setting the required minimum return on investment.

j. Any unbudgeted investment (other than an acquisition) representing a unit amount of more than two million euros (€2,000,000), it being specified that the total aggregate amount of any such transactions carried out in a given fiscal year may not represent more than ten million euros (€10,000,000), irrespective of the unit amount of each individual investment.

k. The signature, amendment or renewal of any contract related to the Group's business (such as service contracts for contract catering operations or concession catering contracts) entered into by the Company or a Subsidiary with a client when the

1The terms that are capitalized in this list are defined in the Rules of Procedure.

contract’s total revenue (calculated over the remaining term of the contract) exceeds one hundred million euros (€100,000,000) for contract catering contracts or one hundred and fifty million euros (€150,000,000) for concession catering contracts.

l. The signature, amendment or renewal of any purchase contract or contract other than those referred to in (g) above entered into by the Company or a Subsidiary with a supplier or another party when the value of such contract (calculated by multiplying the purchase volume or revenue concerned by the remaining term of the contract) exceeds one hundred million euros (€100,000,000).

m. The signature, amendment or renewal of any contract entered into by the Company or a Subsidiary with a client, supplier or another party which commits the Group to paying any sum, of any type (royalties, rent or other), the minimum amount of which exceeds two million euros (€2,000,000) per year.

n. Guarantees, endorsements or collateral granted by the Company or its Subsidiaries in connection with the Group’s activities which represent a unit amount in excess of thirty million euros (€30,000,000), it being specified that the aggregate annual amount of such guarantees, endorsements or collateral must not represent more than three hundred and fifty million euros (€350 million).

o. Revenue and results press releases and any communications to the market that could have a significant effect on the Company's share price or the Group's overall image.

p. The Group's financing and interest rate and currency hedging policies as well as the signature or the amendment of loan agreements representing over 20% of the Group's net debt or the early repayment of borrowings exceeding 20% of the Group's net debt.

q. The amount set for the gross annual compensation (fixed and variable) of executive directors and key executives as defined in the Rules of Procedure.

r. The signature, amendment or termination of Key Executives’ employment contracts.

The transactions subject to prior approval do not include any transactions referred to in paragraphs c, d and e above carried out between Subsidiaries that are wholly-owned, directly or indirectly, by Elior Group or Gourmet Acquisition Holding.

3.1.6 DIRECTORS AND OFFICERS’ INTERESTS AND COMPENSATION

3.1.6.1 Compensation policy for the Company's directors and officers for fiscal 2017-2018 (disclosed in accordance with France's "Sapin II" Act of December 9, 2016)

The principles and criteria used for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits due or awarded to the Company's officers are determined by the Board of Directors on the recommendation of the Nominations and Compensation Committee. In accordance with Article L. 225-37-2 of the French Commercial Code – which was introduced pursuant to France's “Sapin II” Act on transparency, the prevention of corruption and the modernization of the economy – these principles and criteria will be submitted for shareholder approval at the Annual General Meeting to be held in March 2018, with a specific resolution put forward for each officer.

3.1.6.1.1 General principles

The compensation policy for Company officers must be competitive, aligned with the Company’s overall strategy, and structured in a way that promotes the Company’s performance and competitiveness over the medium- and long-term.

Compliance
The compensation policy for Company officers is determined by reference to the AFEP-MEDEF Code, which states that compensation packages should be comprehensive, comparable, consistent and proportionate, that a balance should be achieved between the various components of the compensation and that the rules applied should be clearly understandable.

Comprehensive and balanced compensation packages
All of the components of Company officers’ compensation packages are analyzed in a comprehensive manner, in line with the Company’s strategy.

Alignment of interests and transparency
While the compensation packages of Company officers are set taking into account the need for the Company to be able to attract, motivate and retain the best talents, they also take into consideration shareholders’ interests, particularly in terms of transparency and the Company’s performance.

Proportionality and comparability
The responsibilities entrusted to each officer as well as market practices are also factored in. The performance criteria used must have high targets, correspond to the Company's key growth factors and aligned with its short- and long-term objectives.

3.1.6.1.2 Compensation policy for the Chairman of the Board of Directors (non-executive director)

The Chairman of the Board of Directors receives annual fixed compensation paid in cash as well as directors' fees. In accordance with the AFEP-MEDEF Code, he does not receive any annual or long-term variable compensation and is not a beneficiary of any long-term incentive plan involving stock options and/or performance shares.

a) Annual fixed compensation

The annual fixed compensation paid to the Chairman of the Board of Directors is made in payment for the duties he performs in his capacity as Chairman and is set by reference to market practices.

b) Directors' fees

The directors' fees awarded to the Chairman of the Board are allocated in accordance with the rules applicable to all directors.

3.1.6.1.3 Compensation policy for the Chief Executive Officer (executive officer)

The Chief Executive Officer's compensation package – which is determined in a balanced way and is consistent with the Company's strategy – comprises three components:

- Fixed compensation.
- Variable compensation, which is based on annual financial and non-financial performance criteria.
- Long-term compensation, based on the Company's internal and external financial performance. This long-term compensation may take the form of cash-settled performance units representing a percentage of his fixed annual compensation, performance shares or any other similar financial instrument.

Component	Purpose and strategic objective	Description	Weighting (as a % of fixed compensation)
FIXED COMPENSATION	To retain and motivate high-performing executives.	Set by the Board of Directors on the recommendation of the Nominations and Compensation Committee, taking into account: • Experience • Market practices	
ANNUAL VARIABLE COMPENSATION	To encourage the achievement of the Company's annual financial and non-financial objectives	The following are set by the Board of Directors on the recommendation of the Nominations and Compensation Committee, based on strategic priorities: • The annual objectives to be achieved. • The nature and weighting of the performance criteria. • The breakdown of the target compensation between quantitative and qualitative criteria.	Minimum amount: 0% of the CEO's fixed annual compensation. Target amount: 100% of his fixed annual compensation. Maximum amount: 150% of his fixed annual compensation.
		Quantitative criteria (which determine most of the variable compensation): these criteria correspond to achieving precise and ambitious performance objectives set for business profit margins generated (i) organically and (ii) by acquisitions, as well as the Group's ability to	70% to 75% of his fixed annual compensation (target amount).

		convert profit into cash and control non-recurring costs.	
		Qualitative criteria: these concern initiatives taken during the year to drive long-term growth.	25% to 30% of his fixed annual compensation (target amount).
LONG-TERM COMPENSATION	To encourage internal and external financial performance over the long-term and reward outperformance.	Based on recommendations of the Nominations and Compensation Committee, the Board awards €2 million worth of performance units each year, between the date on which the annual results are published and January 31 of the following year. Payment of this compensation is contingent on two conditions being met. First, the Chief Executive Officer must still form part of the Group at the payment date. And second, exacting performance objectives must have been reached relating to the Company's internal and external financial performance over a minimum period of three years (the vesting period), such as: • earnings per share; and • total shareholder return (TSR). The Chief Executive Officer is required to convert at least 25% of his net of tax gains realized at the end of each vesting period into Elior Group shares and to hold those shares for the entire duration of his term of office. This requirement ceases to apply once the number of Elior Group shares held by the Chief Executive Officer represents a total amount equal to four times his annual fixed compensation.	Target amount: €2 million, converted based on the Elior Group share price on the award date either into (i) performance units, or (ii) performance shares. The number of units or shares that vest varies between 0% and 100% of those initially awarded depending on the achievement of future performance criteria. The weighting of each of the criteria may vary between 40% and 60% depending on the year. If performance units are awarded, the cash amount paid for the vested performance units may not exceed four times the CEO's annual fixed compensation irrespective of the Elior Group share price at the end of the vesting period.

3.1.6.1.4 Compensation policy for the Deputy Chief Executive Officer (executive officer)

The Deputy Chief Executive Officer receives annual fixed compensation paid in cash and is made in payment for the duties performed in the role of Deputy Chief Executive Officer.

3.1.6.1.5 Compensation policy for the Chairman and Chief Executive Officer (executive officer)

The Chairman and Chief Executive Officer receives annual fixed compensation paid in cash. It is made in payment for the duties performed in the role of Chairman and Chief Executive Officer and is set by reference to market practices.

The Chairman and Chief Executive Officer does not receive any annual or long-term variable compensation, is not a beneficiary of any long-term incentive plan involving stock options and/or performance shares and does not receive directors' fees.

3.1.6.2 Application of the compensation policy for Company officers for fiscal 2017-2018 (disclosed in accordance with the French Sapin II Act of December 9, 2016)

3.1.6.2.1 Compensation package set for Gilles Cojan, Chairman of the Board of Directors of Elior Group from November 1, 2017 (non-executive director)

Since November 1, 2017, the Chairman of the Board of Directors has been Gilles Cojan.

In view of the extended duties entrusted to the Chairman of the Board of Directors, namely actively participating in drawing up the Group's strategy, being directly involved

in external growth transactions and helping the new Chief Executive Officer during his first few months in office, the Board of Directors has decided to award Mr. Cojan gross fixed compensation of €500,000 in his capacity as Chairman of the Board of Directors. This amount is slightly higher than the median compensation (i.e. after eliminating the extreme highs and lows) awarded to executive chairmen in SBF 120 companies who have extended responsibilities.

3.1.6.2.2 Compensation package set for Philippe Guillemot, Elior Group's Chief Executive Officer (executive officer) from December 5, 2017

On December 5, 2017, the Board of Directors approved the components of Philippe Guillemot's compensation package for fiscal 2017-2018, based on the recommendation of the Nominations and Compensation Committee and in accordance with the Board's compensation policy which will be submitted for shareholder approval in March 2018. This package takes into account Mr. Guillemot's responsibilities and experience as well as market practices.

The Board took care to verify that the structure of the CEO's compensation package as well as its components and amounts reflect the Company's best interests, market practices and the performance levels expected from him.

In particular, the Board verified that the proposed compensation structure is suitably adapted to the Company's operations and competitive environment and is in line with French and international market practices. It also ensured that the package includes a long-term variable portion to encourage stability at executive management level. This stability is of great importance for effectively implementing the Group's strategy and achieving its development and growth objectives.

The Board also made sure that the performance criteria used to set the variable portion of the CEO's compensation reflect the Group's short-, medium- and long-term objectives for its operational and financial performance.

The Board carried out a comparative analysis of Philippe Guillemot's total potential compensation compared with a peer group[1] made up of companies with a similar profile and characteristics to Elior Group. The aim of the analysis was to ensure that the overall amount of his compensation was sufficiently motivating while being in the same range as the peer group's compensation packages. The results show that Mr. Guillemot's total compensation is the sixth-highest in the peer group, which includes Elior Group.

a) Annual fixed compensation set at a gross amount of €900,000

The Board decided that this amount of annual fixed compensation cannot be increased before the end of Philippe Guillemot's term of office other than in specific circumstances such as if the Group significantly expands its business activities, or if warranted by the Group's financial performance. As Philippe Guillemot was appointed Chief Executive Officer during the course of fiscal 2017-2018, his annual fixed compensation for the fiscal year will be €750,000.

b) Variable compensation, with a target amount set at 100% of the Chief Executive Officer's fixed compensation (with 75% based on quantitative criteria and 25% on qualitative criteria). The amount of this variable compensation may vary from 0% to 150% of his fixed compensation depending on the extent to which the applicable quantitative and qualitative performance criteria are achieved. As Philippe Guillemot was appointed Chief Executive Officer during the course of fiscal 2017-2018, his annual variable compensation for the fiscal year will be calculated on a proportionate basis.

The tables below show the principles for calculating Philippe Guillemot's variable compensation for fiscal 2017-2018 including the applicable performance criteria and their weightings.

[1] The peer group includes Auto Grill, Mitchells & Butlers, SSP, Whitbread, Accor, Bureau Veritas, Essilor, Lagardère, Rexel, Securitas and Thomas Cook.

Performance criteria applicable to variable compensation and method used for setting the performance objectives

Type of criterion	Performance criteria	Reasons for applying the criterion	Method used for setting the objectives
Quantitative	Operating cash flow generation[1] (in absolute value terms)	When determining the conditions for the CEO's variable compensation, the Nominations and Compensation Committee decided that these quantitative criteria were the most appropriate for measuring the performance levels achieved, given the nature of the Group's businesses. In particular, the Committee felt that the Group's growth and its free cash flow generation were particularly relevant indicators for fiscal 2017-2018 – a year which will see a notably high level of capex.	Operating cash flow generation corresponds to Elior Group's consolidated adjusted EBITDA[1] as shown in the financial statements for fiscal 2017-2018 less (i) the amount of capex[2] reported in Elior Group's consolidated cash flow statement and (ii) the exceptional[3] or non-recurring items[4] reported in Elior Group's consolidated income statement
Quantitative	Elior Group's consolidated revenue growth based on a constant scope of consolidation		Elior Group's consolidated revenue growth will be calculated in relation to fiscal 2016-2017, based on a constant scope of consolidation (the scope of consolidation at October 1, 2017) and at constant exchange rates (organic growth).[5]
Qualitative	Setting up a three-year business plan covering the fiscal years 2018-2019, 2019-2020 and 2020-2021	This objective is appropriate in view of the change in the Company's executive management team in December 2017 and the Group's results for 2016-2017	
Qualitative	Improvement in fiscal 2017-2018 of the CSR indicator "Internal hiring rate", which is audited on an annual basis	This new non-financial criterion, which depends on a score awarded by a third party, is in line with the Group's CSR objectives set for the period up to 2025.	The achievement level of this criterion in fiscal 2017-2018 will be measured by reference to a 70% target set for 2025.

[1, 2, 3, 4, 5] As defined in the alternative performance indicators used by Elior Group in its financial communications.

Variable compensation – Performance criteria and objectives

Type of criteria	Quantitative objectives		Minimum	Target	Maximum
Quantitative criteria: **¾ of variable compensation** **(75% of fixed compensation)**	Operating cash flow generation[1] (in absolute value terms) (50% weighting)	As a % of fixed compensation	0%	50%	75%
	Elior Group's consolidated revenue growth based on a constant scope of consolidation (25% weighting)	As a % of fixed compensation	0%	25%	37.5%
	Total percentage contingent on quantitative objectives		**0%**	**75%**	**112.5%**

Type of criteria	Qualitative objectives		Minimum	Target	Maximum
Qualitative criteria: **¼ of variable compensation** **(25% of fixed compensation)**	Setting up a three-year business plan covering the fiscal years 2018-2019, 2019-2020 and 2020-2021 (15% weighting)	As a % of fixed compensation	0%	15%	22.5%
	Improvement in fiscal 2017-2018 of the CSR indicator "Internal hiring rate" (10% rating)	As a % of fixed compensation	0%	10%	15%
	Total percentage contingent on qualitative criteria		**0%**	**25%**	**37.5%**
	Total percentage contingent on quantitative and qualitative criteria		**0%**	**100%**	**150%**

c) Long-term variable compensation, which for fiscal 2017-2018 will consist of the award of 119,331 performance units representing a cash amount of €2 million for fiscal 2017-2018, corresponding to an estimated fair value of €1.4 million (the "2018 Performance Units").

The number of 2018 Performance Units has been calculated by dividing the cash amount that the 2018 Performance Units represent (i.e. €2 million) by the average Elior Group share price over the 20 trading days following December 6, 2017 (the publication date of the Group's annual results for fiscal 2016-2017), i.e. €16.76.

On January 24, 2018, the Board of Directors placed on record that the average Elior Group share price over the 20 trading days following December 6, 2017 was €16.76 and that the number of Performance Units therefore awarded to Philippe Guillemot was 119,331. The 2018 Performance Units will vest for Philippe Guillemot after a three-year period expiring on December 31, 2020 (the "vesting period") provided that he is still Elior Group's Chief Executive Officer at that date.

The number of vested Performance Units will be determined based on the performance levels achieved, as assessed at the end of the vesting period, in terms of growth in adjusted earnings per share ("AEPS")[2] and Elior Group's share performance measured by reference to the total shareholder return ("TSR") for the period compared with (i) the TSR of a group of companies operating in the same business sectors as Elior Group, including Elior Group itself (the "Peer Group")[3] calculated over the same period (with a 50% weighting), and (ii) the TSR of the Next 20 GR index (the "Index"), calculated over the same period (also with a 50% weighting).

Growth in AEPS will be calculated based on three fiscal years – 2017-2018, 2018-2019 and 2019-2020.

The comparative TSR performances of Elior Group and (i) the Peer Group and (ii) the Index, will be calculated by an

[1] As defined in Note 6.20 to the consolidated financial statements.
[2] As defined in Note 6.20 to the consolidated financial statements.
[3] The Peer Group includes Aramark, Auto Grill, Compass, Elis Berendsen, ISS, Sodexo, SSP and Whitbread.

independent valuer appointed by the Nominations and Compensation Committee and will be based on the performance levels achieved between December 31, 2017 and December 31, 2020.

AEPS performance objectives

The vesting of 60% of the 2018 Performance Units will be contingent on the AEPS figure as measured at the end of the vesting period. On December 5, 2017, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors set the minimum required level of annual average AEPS growth at 5% ("Minimum AEPS Growth Level") and the maximum level at 12% ("Maximum AEPS Growth Level"). The number of 2018 Performance Units contingent on the AEPS-based objective that will vest will be as follows depending on the AEPS performance:

- None will vest if the AEPS figure is below the Minimum AEPS Growth Level.

- 50% will vest if the AEPS figure corresponds to the Minimum AEPS Growth Level (i.e. 30% of all the 2018 Performance Units awarded).

- 100% will vest if the AEPS figure corresponds to the Maximum AEPS Growth Level (i.e. 60% of all the 2018 Performance Units awarded).

- If the AEPS figure is between the Minimum AEPS Growth Level and the Maximum AEPS Growth Level, the number of 2018 Performance Units that vest will be determined on a straight-line basis between these two limits.

TSR performance objectives

The vesting of 40% of the 2018 Performance Units will be contingent on Elior Group's share performance as measured by its TSR over the vesting period (i.e. as stated above, from December 31, 2017 through December 31, 2020), as follows:

- The vesting of 50% of the 2018 Performance Units contingent on the TSR objective (i.e. 20% of all of the 2018 Performance Units awarded) will be based on Elior Group's TSR performance compared with the TSR of the Index.

- The vesting of the remaining 50% of the 2018 Performance Units contingent on the TSR objective (i.e. 20% of all of the 2018 Performance Units awarded) will be based on Elior Group's TSR performance compared with the TSR of the Peer Group.

The number of Performance Units contingent on the TSR objective that will vest at the end of the vesting period will be determined as follows:

- If Elior Group's TSR equals 100% of the Peer Group's median TSR (the "Peer Group Threshold") then 50% of the 2018 Performance Units subject to this condition will vest (i.e. 10% of the total 2018 Performance Units awarded). If Elior Group's TSR figure falls below the Index Threshold, none of the 2018 Performance Units subject to this condition will vest.
- If Elior Group's TSR equals 100% of the Index's TSR (the "Index Threshold") then 50% of the 2018 Performance Units subject to this condition will vest (i.e. 10% of the total 2018 Performance Units awarded). If Elior Group's TSR figure falls below the Peer Group Threshold, none of the 2018 Performance Units subject to this condition will vest.

- If Elior Group's TSR represents 120% or more of the Index's TSR (the "Index Ceiling") then 100% of the 2018 Performance Units subject to this condition will vest (i.e. 20% of the total 2018 Performance Units awarded).

- If Elior Group's TSR represents 120% or more of the median TSR of the Peer Group (the "Peer Group Ceiling") then 100% of the 2018 Performance Units subject to this condition will vest (i.e. 20% of the total 2018 Performance Units awarded).

- The median TSR will be determined by reference to the TSRs of the nine companies in the Peer Group including Elior Group itself, and will therefore correspond to that of the company that has the fifth-highest TSR of the Peer Group.

  If Elior Group's TSR figure falls between the Peer Group/Index Threshold and the Peer Group/Index Ceiling the number of corresponding vested 2018 Performance Units will be determined on a straight-line basis between these two limits.

- If Elior Group's TSR is negative, irrespective of the Group's positioning in comparison with the Index or the Peer Group, no Performance Units contingent on the TSR objective will vest.

- The number of 2018 Performance Units that will vest based on Elior Group's TSR compared with the TSR performance of the Index and the Peer Group may not exceed 40% of the total number of Performance Units awarded.

- The TSR performances of Elior Group, the Peer Group and the Index will be calculated by an independent valuer appointed by the Nominations and

Compensation Committee taking into account growth in adjusted share prices (notably adjusted for dividends paid) for the period from December 31, 2017 through December 31, 2020 and incorporating any dividends paid.

At the end of the vesting period, the 2018 Performance Units that vest as a result of the various performance conditions being met will be converted into cash by multiplying the number of vested 2018 Performance Units by the average Elior Group share price for the 20 trading days following the publication of the annual financial statements immediately following the vesting date. Irrespective of the amount of said average Elior Group share price, the cash amount paid at the end of the vesting period may not exceed four times the Chief Executive Officer's annual fixed compensation for fiscal 2017-2018, i.e. €3.6 million.

At the end of the vesting period applicable for the 2018 Performance Units:

- The Company will pay the fiscal 2017-2018 long-term variable compensation effectively and definitively due to Philippe Guillemot provided (i) he is still Elior Group's Chief Executive Officer at the vesting date, and (ii) the Company's shareholders approve said compensation at the Annual General Meeting, in accordance with Article L. 225-37-2 of the French Commercial Code.
- Unless he already holds Elior Group shares with a value equal to at least four times his fixed annual compensation, Philippe Guillemot will be required to acquire Elior Group shares representing at least 25% of the net-of-tax amount received for the 2018 Performance Units. He will then be required to hold these shares for the entire duration of his term of office as the Company's Chief Executive Officer.

Performance criteria applicable to long-term variable compensation and method used for setting the objectives

Performance criteria	Reasons for applying the criterion	Method used for setting the objectives
Adjusted earnings per share (AEPS)	Criterion used to measure the Company's operational and financial performance	AEPS[1] is calculated based on consolidated profit for the period attributable to owners of the parent adjusted for non-recurring income and expenses, net of the income tax effect calculated at the Group's standard tax rate of 34%, and amortization of intangible assets. Growth in AEPS will be calculated based on three fiscal years – 2017-2018, 2018-2019 and 2019-2020.
Total shareholder return (TSR)	This indicator is used to compare the Company's performance with that of the market	The TSR performances of Elior Group, the Peer Group and the Index will be calculated by an independent valuer appointed by the Nominations and Compensation Committee taking into account growth in adjusted share prices (notably adjusted for dividends paid) for the period from December 31, 2017 through December 31, 2020 and incorporating any dividends paid.

Type of performance criteria	Description of performance criteria	Weighting of performance criteria
"Internal" financial performance criterion	Growth in the Company's AEPS as measured at the end of a three-year period following the award date of the Performance Units based on fiscal years 2017-2018, 2018-2019 and 2019-2020	60%
"External" financial performance criterion	The Company's TSR performance as measured at the end of a three-year period following the award date of the Performance Units by comparing Elior Group's TSR with (i) the TSR of a panel of comparable companies (the Peer Group) over the same period (50% weighting), and (ii) the TSR of the Next 20 GR index over the same period (50% weighting).	40%

[1]As defined in Note 6.20 to the consolidated financial statements.

d) Other components of compensation

Directors' fees

N/A.

Exceptional compensation

N/A.

Pension plans

N/A.

Termination benefit

If the Company were to terminate Philippe Guillemot's term of office as Chief Executive Officer, he may be entitled to a termination benefit equal to 12 months' compensation calculated on the basis of his average gross monthly compensation received for the 12 months preceding his removal from office (fixed and variable, excluding any long-term variable compensation).

The termination benefit would not be payable if Philippe Guillemot were removed from office for reasons pertaining to gross negligence or serious misconduct, which include, but are not limited to, the following types of behavior:

- Inappropriate behavior for an executive (criticizing the Company and/or its management bodies in front of external parties, etc.).
- Repeated failure to take into consideration decisions taken by the Board of Directors and/or behavior that is contrary to such decisions.
- Repeated communication errors that seriously and adversely affect the Company's image and/or value (impact on share price).

The benefit would only be payable, in full or in part, if the average (A) of the Chief Executive Officer's annual variable compensation for the three years preceding his termination (or two years if his office is terminated between the second and third year following his start-date) represents at least 80% of the corresponding target annual compensation. If this condition is met, Philippe Guillemot would be entitled to:

- 20% of the total amount of the termination benefit if A equals 80%;
- 100% of the total amount of the termination benefit if A equals or exceeds 100%;
- Between 20% and 100% of the total amount of the benefit if A is between 80% and 100%, with this percentage calculated on a straight line basis applying the following formula: 20 + [(100-20) x X]

where: X = (A-80)/(100-80).

If Philippe Guillemot's position were terminated during the first two years of his term as Chief Executive Officer he would not be entitled to any termination benefit.

Philippe Guillemot would also not be entitled to the termination benefit if he resigns from his position as Chief Executive Officer.

All of this information was published on the Company's website in compliance with the applicable legal provisions.

In accordance with Article L. 225-42-1 of the French Commercial Code, the Chief Executive Officer's termination benefit will be put forward for shareholder approval at the Annual General Meeting to be held on March 9, 2018.

Non-compete agreement

The Company has entered into a non-compete agreement with Philippe Guillemot, pursuant to which, for a period of two years after he ceases his duties as the Company's Chief Executive Officer, he will be prohibited from:

- carrying out duties for any commercial catering and/or contract catering company (as an employee, officer, consultant, shareholder or other) that are similar to or compete with the duties he performed as the Company's Chief Executive Officer; and/or
- directly or indirectly soliciting employees or officers away from the Group; and/or
- having any financial or other interests, either directly or directly, in a commercial catering and/or contract catering company.

As consideration for his non-compete covenant, Philippe Guillemot would be eligible for a monthly indemnity equal to 50% of his gross monthly fixed and variable compensation (excluding any long-term variable compensation) calculated based on his average monthly gross fixed and variable compensation (excluding any long-term variable compensation) received for the 12 months preceding the date on which he ceases his duties as Chief Executive Officer. This indemnity would be payable from the date his duties as Chief Executive Officer

cease until the end of the period of validity of the non-compete covenant.

If Philippe Guillemot were to resign from his position as Chief Executive Officer, the Company may decide to exempt him from his non-compete covenant. In such a case the Company would notify him of this exemption within one month of the date on which he ceases his duties and the Company would not be required to pay him the afore-mentioned non-compete indemnity.

If Philippe Guillemot were to be removed from his position as Chief Executive Officer, the non-compete indemnity would be payable unless he and the Company jointly agree that the obligations provided for under the non-compete agreement would no longer apply to either party.

All of this information is available on the Company's website in accordance with the applicable legal provisions.

As required under Article L. 225-42-1 of the French Commercial Code, the non-compete agreement entered into with the Chief Executive Officer will be put forward for shareholder approval at the Annual General Meeting to be held on March 9, 2018.

Employment contract

In compliance with the AFEP-MEDEF Code, the Chief Executive Officer does not have an employment contract with the Company.

Benefits in kind

The Chief Executive Officer has the use of a company car, as is Group practice for persons with the responsibilities of Chief Executive Officer.

Welfare and retirement plans

The Chief Executive Officer is eligible for the welfare and retirement plans put in place within Elior Group applicable to Company officers. He is not eligible for any supplementary retirement plan.

Bonuses and indemnities for taking up office

Philippe Guillemot is not eligible for any type of bonus or indemnity for taking up office.

3.1.6.2.3 Compensation package set for Pedro Fontana, Interim Chief Executive Officer from November 1, 2017 through December 5, 2017 and Deputy Chief Executive Officer since December 5, 2017

Pedro Fontana was appointed Deputy Chief Executive Officer of the Company on July 26, 2017 and then Interim Chief Executive Officer as from November 1, 2017 until the arrival of Philippe Guillemot, who the Board appointed as the Company's Chief Executive Officer at its meeting on December 5, 2017. At this same meeting, acting on Philippe Guillemot's recommendation the Board appointed Pedro Fontana as Deputy Chief Executive Officer.

Pedro Fontana did not receive any compensation from the Company for his duties as Deputy Chief Executive Officer for the period from July 26, 2017 through October 31, 2017.

He received gross monthly compensation of €50,000 for his duties as Interim Chief Executive Officer for the period from November 1, 2017 through December 5, 2017.

For his duties as Deputy Chief Executive Officer which he has carried out since December 5, 2017, the Board has decided to award him gross monthly compensation of €50,000.

These two compensation amounts covering his duties first as Interim Chief Executive Officer, and subsequently Deputy Chief Executive Officer, have been awarded in addition to the compensation he receives for his duties within the Group as CEO of Concession Catering Worldwide.

Further details of the compensation due or awarded to Pedro Fontana for fiscal 2016-2017 are provided in Section 3.1.6.3.2.3 above.

3.1.6.2.4 Compensation package set for Philippe Salle, Chairman and Chief Executive Officer of the Company from October 1 through October 31, 2017

Philippe Salle's fixed compensation for the period October 1 through October 31, 2017 (the date on which he left office) totaled a gross amount of €75,000, corresponding to one twelfth of his annual fixed compensation. This amount was paid on November 3, 2017.

See Section 3.1.6.3.2.4 below concerning Philippe Salle's non-compete covenant that at its July 26, 2017 meeting the Board decided not to waive. In accordance with this covenant, Philippe Salle will receive a monthly indemnity

of €41,276.25 for a period of two years commencing as from the date on which he left office (i.e. October 31, 2017).

3.1.6.3 Compensation and benefits awarded to directors and officers of the Company (recommendations of the AFEP-MEDEF code)

In accordance with the recommendations of the AFEP-MEDEF Code, at the Annual General Meeting to be held in March 2018, shareholders will be given a say-on-pay vote on the components of the compensation and benefits due or awarded to each Company officer for fiscal 2016-2017, with a specific resolution put forward for each officer.

The compensation and benefits awarded to directors and officers of the Company within the meaning of Article L. 225-102-1 of the French Commercial Code are presented below in the standard format recommended by AFEP and MEDEF and the AMF.

None of Elior Group's directors or officers holds any stock options, free shares, or performance shares granted by the Company or any other Group entity apart from those set out in the tables below.

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3.1.6.3.1 Table 1: Summary of compensation, stock options and free shares (performance shares) granted to each Company officer

3.1.6.3.1.1 Summary of compensation, stock options and free shares (performance shares) granted to Gilles Cojan

(In euros)

Gilles Cojan **Chairman of the Board of Directors** since November 1, 2017	**Fiscal 2015-2016**	**Fiscal 2016-2017**
Compensation due for the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	N/A	N/A

3.1.6.3.1.2 Summary of compensation, stock options and free shares (performance shares) granted to Philippe Guillemot

(In euros)

Philippe Guillemot **Chief Executive Officer** since December 5, 2017	**Fiscal 2015-2016**	**Fiscal 2016-2017**
Compensation due for the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	N/A	N/A

3.1.6.3.1.3 Summary of compensation, stock options and free shares (performance shares) granted to Pedro Fontana

(In euros)

Pedro Fontana **Deputy Chief Executive Officer**[1] from July 26, 2017 through Oct. 31, 2017 and since Dec. 5, 2017	**Fiscal 2015-2016**	**Fiscal 2016-2017**
Compensation due for the year[2]	**869,381.0**	**919,433.20**
Value of stock options granted during the year	118,582.9	125,030.8
Value of performance shares granted during the year	277,745.9	349,997.4
TOTAL	**1,265,709.8**	**1,394,461.4**

(1) Pedro Fontana was appointed Deputy Chief Executive Officer of the Company on July 26, 2017 and then Interim Chief Executive Officer as from November 1, 2017 until the arrival of Philippe Guillemot, who the Board appointed as the Company's Chief Executive Officer at its meeting on December 5, 2017. At this same meeting, acting on Philippe Guillemot's recommendation the Board appointed Pedro Fontana as Deputy Chief Executive Officer.

(2) Compensation due under his employment contract, paid by Areas SAU (a Spanish Group subsidiary) for his duties as CEO of Concession Catering Worldwide.

3.1.6.3.1.4 Summary of compensation, stock options and free shares (performance shares) granted to Philippe Salle

(In euros)

Philippe Salle **Chairman and Chief Executive Officer** until October 31, 2017[3]	**Fiscal 2015-2016**	**Fiscal 2016-2017**
Compensation due for the year	1,826,951.0	993,191.0
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	**1,826,951.0**	**993,191.0**
Value of other long-term compensation plans (not vested)	0[1]	0[2]

(1) Philippe Salle's LTVC for fiscal 2015-2016 would only have vested at the end of the second fiscal year following fiscal 2015-2016 (i.e. on September 30, 2018), provided that he was still Elior Group's Chairman and Chief Executive Officer at that date. However, as a result of his departure on October 31, 2017, he lost his entitlement to his LTVC for fiscal 2015-2016 (see Section 3.1.6.3.2.4 below).

(2) Philippe Salle's LTVC for fiscal 2016-2017 would only have vested at the end of the second fiscal year following fiscal 2016-2017 (i.e. on September 30, 2019), provided that he was still Elior Group's Chairman and Chief Executive Officer at that date. However, as a result of his departure on October 31, 2017, he lost his entitlement to his LTVC for fiscal 2016-2017 (see Section 3.1.6.3.2.4 below). As explained in Section 3.1.6.3.2.4, Philippe Salle did, however, receive long-term variable compensation for fiscal 2014-2015 representing an aggregate amount of €2.50 million (€1.25 million paid on October 1, 2017 and €1.25 million paid on November 2, 2017).

(3) Philippe Salle ceased to exercise all of his duties as Chairman and Chief Executive Officer and a director of the Company on October 31, 2017.

3.1.6.3.2 Table 2: Summary of compensation awarded to each Company officer

3.1.6.3.2.1 Summary of compensation awarded to Gilles Cojan

(In euros)

Gilles Cojan **Chairman of the Board of Directors** since November 1, 2017	**Fiscal 2015-2016**		**Fiscal 2016-2017**	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A

3.1.6.3.2.2 Summary of compensation awarded to Philippe Guillemot

(In euros)

Philippe Guillemot **Chief Executive Officer** since December 5, 2017	**Fiscal 2015-2016**		**Fiscal 2016-2017**	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	N/A	N/A

3.1.6.3.2.3 Summary of compensation awarded to Pedro Fontana

(In euros)

Pedro Fontana	**Fiscal 2015-2016**[4]		**Fiscal 2016-2017**[4]	
Deputy Chief Executive Officer[5] from July 26, 2017 through Oct. 31, 2017 and since December 5, 2017	Amount due	Amount paid[1]	Amount due	Amount paid[1]
Fixed compensation[2]	521,980.0	521,980.0	500,000.0	500,000.0
Annual variable compensation[2]	314,832.0	217,000.0	383,287.60	314,832.0
Exceptional compensation[2]	0	0	0	0
Directors' fees[2]	N/A	N/A	N/A	N/A
Benefits in kind[3]	32,569.0	32,569.0	36,145.6	36,145.6
TOTAL	**869,381.0**	**771,549.0**	**919,433.20**	**850,977.6**

(1) Total compensation paid during the fiscal year to the Company officer concerned.

(2) Gross (before payroll taxes and income tax).

(3) Use of a car provided by the Company and health and life insurance provided in accordance with his employment contract with Areas SAU (a Spanish Group subsidiary) for his duties as CEO of Concession Catering Worldwide.

(4) Compensation due under his employment contract, paid by Areas SAU (a Spanish Group subsidiary) for his duties as CEO of Concession Catering Worldwide.

(5) Pedro Fontana was appointed Deputy Chief Executive Officer of the Company on July 26, 2017 and then Interim Chief Executive Officer as from November 1, 2017 until the arrival of Philippe Guillemot, who the Board appointed as the Company's Chief Executive Officer at its meeting on December 5, 2017. At this same meeting, acting on Philippe Guillemot's recommendation, the Board appointed Pedro Fontana as Deputy Chief Executive Officer.

3.1.6.3.2.4 Summary of compensation awarded to Philippe Salle

a. Summary table of compensation awarded to Philippe Salle

(In euros)

Philippe Salle **Chairman and Chief Executive Officer** until October 31, 2017[9]	**Fiscal 2015-2016**		**Fiscal 2016-2017**	
	Amount due	Amount paid[1]	Amount due	Amount paid[1]
Fixed compensation[2]	900,000	900,000	900,000	900,000
Annual variable compensation[2]	924,390	375,000	90,630[3]	924,390[4]
Exceptional compensation[2]	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind[6]	2,561	2,561	2,561	2,561
TOTAL	**1,826,951**	**1,277,561**	**993,191**	**1,826,951**
Long-term variable compensation[2]	0[5]	0	0[7]	2,500,000[8]

(1) Total compensation paid during the fiscal year to the Company officer concerned.

(2) Gross (before payroll taxes and income tax).

(3) See breakdown of annual variable compensation for fiscal 2016-2017 below. This sum was paid in January 2018, i.e. during fiscal 2017-2018.

(4) Annual variable compensation due for fiscal 2015-2016 and paid in January 2017, i.e. during fiscal 2016-2017.

(5) Philippe Salle's LTVC for fiscal 2015-2016 would only have vested at the end of the second fiscal year following fiscal 2015-2016 (i.e. on September 30, 2018), provided that he was still Elior Group's Chairman and Chief Executive Officer at that date. However, as a result of his departure on October 31, 2017, he lost his entitlement to his LTVC for fiscal 2015-2016.

(6) Company car.

(7) Philippe Salle's LTVC for fiscal 2016-2017 would only have vested at the end of the second fiscal year following fiscal 2016-2017 (i.e. on September 30, 2019), provided that he was still Elior Group's Chairman and Chief Executive Officer at that date. However, as a result of his departure on October 31, 2017, he lost his entitlement to his LTVC for fiscal 2016-2017.

(8) As explained in Section 3.1.6.3.2.4, Philippe Salle received €2.50 million in LTVC for fiscal 2014-2015 (€1.25 million paid on October 1, 2017 and €1.25 million paid on November 2, 2017) – amounts recorded in Elior Group's consolidated financial statements for fiscal 2016-2017.

(9) Philippe Salle ceased to exercise all of his duties as Chairman and Chief Executive Officer and a director of the Company on October 31, 2017.

b. Details of the annual variable remuneration for fiscal 2016-2017 awarded to Philippe Salle, Chairman and Chief Executive Officer of the Company until October 31, 2017

The principles and rules used for determining Philippe Salle's compensation and benefits package were approved by the Board of Directors at its meeting on April 29, 2015.

At the Annual General Meeting on March 10, 2017, the Company's shareholders rejected the say-on-pay resolution concerning the compensation awarded for fiscal 2015-2016 to Philippe Salle, who was the Company's Chairman and Chief Executive Officer at that time.

After analyzing the opinions expressed by investors and the voting agencies, the Board of Directors concluded that the main reason for the shareholders' rejection was that the investors and agencies felt the Chairman and Chief Executive Officer's long-term variable compensation structure for fiscal 2015-2016 was not in line with market expectations.

On July 26, 2017, the Board decided to separate the roles of Chairman and Chief Executive Officer, following which Philippe Salle stated he was stepping down from all of his duties.

Philippe Salle's departure from the Group meant that he was no longer entitled to his long-term variable compensation for fiscal 2015-2016. As a result, the Board felt that this effectively dealt with the shareholders' concerns expressed in their rejection of the say-on-pay resolution on Philippe Salle's compensation for fiscal 2015-2016.

At its meeting on October 31, 2017, the Board formally placed on record that due to his departure, as from July 27, 2017, Philippe Salle would no longer be entitled to his long-term variable compensation for fiscal 2015-2016 and therefore the shareholders' objection to this compensation that had resulted in their rejection of the say-on-pay resolution at the March 10, 2017 Annual General Meeting was no longer relevant. At the same meeting, the Board confirmed the other components of Philippe Salle's fiscal 2015-2016 compensation that had been identified as not forming part of the shareholders' objection, i.e. his fixed compensation and his annual variable compensation.

Philippe Salle's compensation for his duties as the Company's Chairman and Chief Executive Officer during fiscal 2016-2017 comprised the following components:

- **Fixed compensation**

On September 20, 2016, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors set Philippe Salle's annual fixed compensation at a gross amount of €900,000, unchanged from fiscal 2015-2016.

- **Annual variable compensation**

Philippe Salle's annual variable compensation – which could represent up to 100% of his gross annual fixed compensation (the "Target Amount") – was contingent on the achievement of annual quantitative objectives set in relation to adjusted EBITDA and free cash flow as well as qualitative objectives. If the objectives were exceeded the variable component could be increased to 130% of the Target Amount (i.e. €1,170,000 gross).

The type of quantitative and qualitative objectives chosen and the proportions they represented in terms of the overall variable component were determined by the Board of Directors after examining the recommendations issued by the Nominations and Compensation Committee.

For fiscal 2016-2017, 75% of Philippe Salle's variable compensation was based on the achievement of financial objectives and 25% was contingent on meeting specific, pre-defined qualitative objectives related to his individual performance rather than on the Group's results. The applicable quantitative targets and the proportions they represented of his total variable compensation were as follows:

Quantitative objectives

- **Criterion 1**: growth in adjusted EBITDA in absolute value terms versus 2015-2016, based on a constant Group structure relative to October 1, 2016 (40% weighting):
  - Growth of €0 to €45 million: 0% to 100% of his fixed annual compensation.
  - Growth of >€45 million to €60 million or over: 100% to 130% of his fixed annual compensation.
- **Criterion 2**: adjusted EBITDA to cash conversion ratio[1] (20% weighting):
  - From 38% to 42%: 0% to 100% of his fixed annual compensation.
  - From >42% to 46% and over: 100% to 130% of his fixed annual compensation.

Criterion 3: reported EBITDA of acquired companies in absolute value terms (10% weighting):

  - From €35 million to €41 million: 0% to 100% of his fixed annual compensation.
  - From >€41 million to €50 million and over: 100% to 130% of his fixed annual compensation.

- **Criterion 4**: the amount of non-recurring items (excluding acquisition costs) (5% weighting):
  - From €28 million to €20 million: 0% to 100% of his fixed annual compensation.

    From <€20 million to €15 million and less: 100% to 130% of his fixed annual compensation.

  Criterion 4 was aimed at measuring how tightly non-recurring costs were controlled.

Qualitative objectives

- For the 25% of his variable compensation contingent on qualitative targets, targets related to the membership and performance of the Group's management teams represented 15% and those concerning the performance of the Board of Directors accounted for 10%.

Following a review by the Nominations and Compensation Committee of the performance levels achieved, at its meeting on December 5, 2017, the Board of Directors decided to set Philippe Salle's variable annual compensation for fiscal 2016-2017 at €90,630, representing 10.07% of his fixed annual compensation. Further details on his variable annual compensation for fiscal 2016-2017 are provided in this section (3.1.6.3.2.4).

- **Long-term variable compensation**

The amount of Philippe Salle's long-term variable compensation (hereafter "LTVC") was contingent on growth in the Company's earnings per share as adjusted for non-recurring items (hereafter "Adjusted EPS" or "AEPS") for the five fiscal years as from October 1, 2014. The amount of the non-recurring items taken into account when calculating Adjusted EPS was determined at the end of each fiscal year by the Audit Committee.

Philippe Salle could only receive the LTVC if he remained in his position as Chairman and Chief Executive Officer for a specified period following the vesting date of the LTVC.

The amount of the LTVC for a given fiscal year depended on the level of Adjusted EPS reported for that year. Based on the floor and cap mechanism put in place for Adjusted EPS, gross LTVC could amount to between €1.25 million and €2.5 million per fiscal year. There was no entitlement to the LTVC if the Adjusted EPS floor required for triggering payment was not reached.

The amount of the LTVC for a given fiscal year ("Year Y") was vestable at the end of the second fiscal year following Year Y and payable at the end of the fourth fiscal year following Year Y if Philippe Salle was still Elior Group's Chairman and Chief Executive Officer at that date. For example, the LTVC for 2017-2018 would only have vested on September 30, 2020 and would only have been paid on September 30, 2022 if Philippe Salle was still Elior Group's Chairman and Chief Executive Officer at that date.

As an exception, the amounts of the LTVC vested for fiscal years 2014-2015, 2015-2016 and 2016-2017 were payable at the end of the second fiscal year following the fiscal year concerned, subject to a cap of €1.25 million. Any

[1] Ratio of free cash flow/adjusted EBITDA

amount in excess of this cap was payable as explained above, i.e. at the end of the fourth fiscal year following the fiscal year concerned if Philippe Salle was still Elior Group's Chairman and Chief Executive Officer at that date.

If Philippe Salle's term of office as Chairman and Chief Executive Officer ended between the vesting date of his LTVC and its payment date as a result of his death, a chronic illness, or removal from office for any reason other than gross negligence or serious misconduct committed in the course of his duties within the Group, as an exception to the above, the vested LTVC would be paid on the date his duties as Chairman and Chief Executive Officer ceased.

If the growth rate for Adjusted EPS set by the Board of Directors for the period concerned (the five fiscal years as from October 1, 2014) were achieved, this would have represented an almost two-fold increase in Adjusted EPS by the end of fiscal 2018-2019. This demonstrates how exacting the performance requirements were in order for beneficiaries to be entitled to payment of the LTVC.

As the maximum Adjusted EPS objective was reached for fiscal 2014-2015, Philippe Salle's variable compensation for fiscal 2014-2015 was paid on October 1, 2017 in an amount of €1.25 million. This amount was recognized in the consolidated financial statements for fiscal 2016-2017.

On October 31, 2017, acting on the recommendation of the Nominations and Remuneration Committee, the Board of Directors amended the payment conditions applicable to vested LTVC. It decided that in the event of a forced departure equivalent to a removal from office, such as a decision by the Board of Directors to separate the roles of Chairman and Chief Executive Officer, any vested LTVC could be paid when the Chairman and Chief Executive Officer leaves office.

In accordance with these provisions, on November 2, 2017, Philippe Salle received €1.25 million for his vested LTVC for fiscal 2014-2015. This amount was recognized in the consolidated financial statements for fiscal 2016-2017.

In accordance with Article L. 225-42-1 of the French Commercial code, at the Annual General Meeting to be held in March 2018, the Company's shareholders will be asked to approve the amendment to the payment conditions applicable to Philippe Salle's vested LTVC that were authorized by the Board on October 31, 2017.

- **Termination benefit**

i. Entitlement to a termination benefit

If Philippe Salle's duties as Chairman and Chief Executive Officer were terminated, he was entitled to a termination benefit equal to 12 months' compensation calculated on the basis of his average gross monthly compensation received for the 12 months preceding his removal from office by the Board of Directors (fixed and variable, excluding any LTVC).

On January 19, 2017, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to replace the performance conditions attached to Philippe Salle's termination benefit that were approved on April 29, 2015 in order to make them more stringent and more closely aligned with market practices. This notably entailed introducing a clause whereby payment of the benefit would be calculated based on the average of the percentages that the last three years of the Chairman and Chief Executive Officer's annual variable compensation represented compared with the maximum target amount of the corresponding annual variable compensation.

This amendment was approved by shareholders at the March 10, 2017 Annual General Meeting in accordance with Article L. 225-42-1 of the French Commercial Code.

As a result of the amendment, the benefit was only payable, in full or in part, if the average (A) of the Chairman and Chief Executive Officer's annual variable compensation for the last three years represented at least 80% of the corresponding target annual compensation. If this condition was met, Philippe Salle was entitled to:

- 20% of the total amount of the termination benefit if A equaled 80%;
- 100% of the total amount of the termination benefit if A equaled or exceeded 100%;
- Between 20% and 100% of the total amount of the benefit if A was between 80% and 100%, with this percentage calculated on a straight-line basis applying the following formula: 20 + [(100-20) x X]

  where: X = (A-80)/(100-80).

The termination benefit was not payable if Philippe Salle was removed from office for reasons of gross negligence or serious misconduct, including, but are not limited to, the following types of behavior:

- Inappropriate behavior for an executive (criticizing the Company and/or its management bodies in front of external parties, etc.).
- Repeated failure to take into consideration decisions taken by the Board of Directors and/or behavior that is contrary to such decisions.
- Repeated communication errors that seriously and adversely affect the Company's image and/or value (impact on share price).

In addition, Philippe Salle was not entitled to the termination benefit if he resigned from his position as the Company's Chairman and Chief Executive Officer.

All of this information was published on the Company's website in accordance with the applicable legal provisions.

ii. Amendments to the conditions for the payment of Philippe Salle's termination benefit

On July 26, 2017, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors authorized a further amendment to the conditions applicable for the payment of Philippe Salle's termination benefit, which were originally approved on April 29, 2015 and had already been amended on January 19, 2017 as described above. In accordance with this authorization:

- The termination benefit would be due either if Philippe Salle was removed from office as the Company's Chairman and Chief Executive Officer or in the event of a forced departure, such as if the Board decided to separate the positions of Chairman and Chief Executive Officer.
- The amount of the termination benefit would be equal to 12 months' compensation calculated on the basis of his average gross monthly compensation (fixed and variable, excluding any long-term variable compensation) received for the 12 months preceding the effective date of his departure, i.e. the sum of the average gross compensation received by Philippe Salle for the 12 months preceding October 31, 2017 and his variable compensation for fiscal 2016-2017.
- The benefit would only be payable, in full or in part, if the average (A) of the Chairman and Chief Executive Officer's annual variable compensation for the last two years represents at least 80% of the corresponding target annual compensation. If this condition is met, Philippe Salle would be entitled to:
  - 20% of the total amount of the termination benefit if A equals 80%;
  - 100% of the total amount of the termination benefit if A equals or exceeds 100%;
  - Between 20% and 100% of the total amount of the benefit if A is between 80% and 100%, with this percentage calculated on a straight-line basis applying the following formula: 20 + [(100-20) x X]

where: X = (A-80)/(100-80).

In compliance with Article L. 225-42-1 of the French Commercial Code, the above-described amendments to the Chairman and Chief Executive Officer's termination benefit will be put forward for shareholder approval at the Annual General Meeting to be held on March 9, 2018.

However, Philippe Salle has waived his entitlement to payment of the termination benefit.

- **Non-compete agreement**

In accordance with the commitments given when Philippe Salle joined the Group, which were approved in the eighth resolution of the March 11, 2016 Annual General Meeting, he is eligible for a monthly non-compete indemnity equal to 50% of his gross monthly fixed and variable compensation (excluding any long-term variable compensation) calculated based on his average monthly gross fixed and variable compensation (excluding any long-term variable compensation) received for the 12 months preceding the date on which he ceased his duties as Chairman and Chief Executive Officer. This indemnity corresponds to a monthly payment of €41,276.25 (50% x (990,630/12). This amount is being paid over a period of 24 months, commencing November 1, 2017.

Under the non-compete agreement, Philippe Salle is prohibited from any and all of the following until October 31, 2019:

- Carrying out duties for any commercial catering and/or contract catering company (as an employee, officer, consultant, shareholder or other) that are similar to or compete with the duties he performed as the Company's Chairman and Chief Executive Officer. However this obligation has been narrowed to a ban on working with:

  (i) the Elior group's seven direct competitors, i.e. Aramark, Compass, ISS, Sodexo, Autogrill, SSP and Lagardère; and

(ii) any other sizeable company that is a competitor of the Elior group and has contract catering and/or concession catering operations in France and/or the six other countries in which the Group has a major presence, i.e. Spain, the United Kingdom, Italy, Portugal, Germany and the United States.

- Directly or indirectly soliciting employees or officers away from the Group.
- Having any financial or other interests, either directly or directly, in any of the above companies.

At its meeting on July 26, 2017 the Board of Directors decided not to waive Philippe Salle's non-compete covenant for obvious and legitimate reasons of protecting the Group's interests.

All of this information was published on the Company's website in accordance with the applicable legal provisions.

Compensation details of the Company's directors and officers are publicly disclosed and are set out in the section of this Registration Document entitled "Compensation and Benefits Awarded to Directors and Officers of the Company".

- **Supplementary pension plan**

Philippe Salle was not a member of any specific supplementary pension plan.

- **Benefits in kind**

Philippe Salle had the use of a company car during the year ended September 30, 2017, in line with Group practice for persons with the responsibilities of Chairman and Chief Executive Officer.

The table below shows the six criteria used for calculating the annual variable compensation for fiscal 2016-2017 applicable to Philippe Salle, Chairman and Chief Executive of the Company until October 31, 2017:

Criterion 1 (quantitative): growth in adjusted EBITDA in absolute value terms versus fiscal 2015-2016, based on a constant Group structure relative to October 1, 2016 (**40% weighting**)			
Adjusted EBITDA growth objectives (in € millions)	Amount of bonus as a % of fixed compensation	Actual adjusted EBITDA growth (in € millions)	Amount of bonus awarded (in €)
0 to 45	0 to 100	(2)	
>45 to 60 and +	100 to 130		0
Criterion 2 (quantitative): Adjusted EBITDA to cash conversion ratio[1] (**20% weighting**)			
Adjusted EBITDA to cash conversion ratio objectives (%)	Amount of bonus as a % of fixed compensation	Actual adjusted EBITDA to cash conversion ratio (%)	Amount of bonus awarded (in €)
38 to 42	0 to 100	25	0
>42 to 46 and +	100 to 130		
Criterion 3 (quantitative): reported EBITDA of acquired companies in absolute value terms (**10% weighting**)			
Objectives for reported EBITDA of acquired companies (in € millions)	Amount of bonus as a % of fixed compensation	Actual reported EBITDA (in € millions)	Amount of bonus awarded (in €)
35 to 41	0 to 100		
>41 to 50 and +	100 to 130	35.4	90,630
Criterion 4 (quantitative): amount of non-recurring items (excluding acquisition costs) (**5% weighting**)			
Objectives for amount of non-recurring items (in € millions)	Amount of bonus as a % of fixed compensation	Actual amount of non-recurring items (in € millions)	Amount of bonus awarded (in €)
28 to 20	0 to 100	47	0
<20 to 15 and -	100 to 130		
Criterion 5 (qualitative): membership and performance of the Group's management teams (**15% weighting**)			
		Performance achieved (as a % of fixed compensation)	Amount of bonus awarded (in €)
		0	0
Criterion 6 (qualitative): performance of the Board of Directors (**10% weighting**)			
		Performance achieved (as a % of fixed compensation)	Amount of bonus awarded (in €)
		0	0
Total variable compensation for fiscal 2016-2017		**€90,630, i.e. 10% of annual fixed compensation**	

[1] Ratio of free cash flow/adjusted EBITDA

3.1.6.3.3 Table 3: Directors' fees and other compensation received by non-executive directors

Non-executive directors do not receive any compensation other than that shown in the table below.

Non-executive directors[1]	Fiscal 2015-2016		Fiscal 2016-2017	
	Fixed portion	Variable portion	Fixed portion	Variable portion
Gilles Auffret[2]	€40,000	€82,000	€37,000	€57,000
Laurence Batlle[2]	€40,000	€66,000	€37,000	€46,000
Anne Busquet[2]	€16,650	€24,000	€27,000	€49,000
Emesa Corporacion Empresarial, S.L. (Emilio Cuatrecasas)[2]	€16,650	€15,000	€27,000	€30,000
Sofibim (Gilles Cojan[3])	€30,000	€49,000	€27,000	€50,000
Servinvest (Sophie Javary)	€16,650	€15,000	€27,000	€33,000
CDPQ (Elisabeth Van Damme)[2]	€16,650	€21,000	€27,000	€42,000
BIM (Robert Zolade)	€30,000	€76,000	€27,000	€57,000
TOTAL	**€230,750**	**€369,000**	**€236,000**	**€364,000**

Information on directors' fees

Fees paid to independent directors

Each independent director receives a set annual amount of directors' fees totaling €27,000, which is increased to €37,000 if they act as the Chair of a Board committee. In addition to this fixed amount, they receive variable fees of €3,000 per Board meeting attended and €1,000 per meeting of the Audit Committee, Nominations and Compensation Committee or Strategy, Investments and CSR Committee.

Fees paid to non-independent directors

Each non-independent director receives a set annual amount of directors' fees totaling €27,000. In addition to this fixed compensation there is a variable portion of €3,000 per Board meeting and €1,000 per meeting of the Audit Committee, Nominations and Compensation Committee and the Strategy, Investments and CSR Committee.

The amounts presented in the table above are stated gross, before taxes withheld at source.

- **Fiscal 2015-2016**

The amount and definitive allocation of directors' fees for fiscal 2015-2016 were determined by the Board of Directors on December 8, 2016. They were paid on April 12, 2017.

- **Fiscal 2016-2017**

The amount and definitive allocation of directors' fees for fiscal 2016-2017 were determined by the Board of Directors on December 5, 2017.

[1] Philippe Salle did not receive any directors' fees for the year ended September 30, 2017.
[2] Independent directors.
[3] Sofibim was represented by Gilles Cojan in fiscal 2016-2017 and until October 31, 2017. He was appointed by the Board as a director and then Chairman of the Board of Directors on July 26, 2017, effective November 1, 2017. Sofibim has been represented by Célia Cornu since October 31, 2017.

3.1.6.3.4 Table 4: Stock options granted by the Company and any other Group entity during the fiscal year to each Company officer

	Fiscal 2016-2017					
(In euros)	**Plan no. and date**	**Type of options (exercisable for new or existing shares)**	**Value of options**	**Number of options granted**	**Exercise price**	**Exercise period**
Gilles Cojan[1]	N/A	N/A	N/A	N/A	N/A	N/A
Philippe Guillemot[2]	N/A	N/A	N/A	N/A	N/A	N/A
Pedro Fontana[3]	2016/2 Plan (Oct. 27, 2016)	New shares	3.27	38,272	18.29	From Oct. 27, 2017 through Oct. 27, 2024
Philippe Salle[4]	N/A	N/A	N/A	N/A	N/A	N/A

1 Chairman of the Board of Directors as from November 1, 2017.

2 Chief Executive Officer as from December 5, 2017.

3 Deputy Chief Executive Officer from July 26, 2017 through October 31, 2017 and then from December 5, 2017, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017.

4 Chairman and Chief Executive Officer until October 31, 2017.

3.1.6.3.5 Table 5: Stock options exercised during the fiscal year by each Company officer

		Fiscal 2016-2017	
(In euros)	Plan no. and date	Number of options exercised	Exercise price
Gilles Cojan[1]	N/A	N/A	N/A
Philippe Guillemot[2]	N/A	N/A	N/A
Pedro Fontana[3]	N/A	N/A	N/A
Philippe Salle[4]	N/A	N/A	N/A

[1] Chairman of the Board of Directors as from November 1, 2017.

[2] Chief Executive Officer as from December 5, 2017.

[3] Deputy Chief Executive Officer from July 26, 2017 through October 31, 2017 and then from December 5, 2017, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017.

[4] Chairman and Chief Executive Officer until October 31, 2017.

3.1.6.3.6 Table 6: Free shares (performance shares) granted by the Company and any other Group entity during the fiscal year

	Fiscal 2016-2017					
(In euros)	Plan no. and date	Number of performance shares granted	Value of shares[1]	Vesting date	End of lock-up period	Performance conditions
Gilles Cojan[2]	N/A	N/A	N/A	N/A	N/A	N/A
Philippe Guillemot[3]	N/A	N/A	N/A	N/A	N/A	N/A
Pedro Fontana[4]	2016/4 Plan (Oct. 27, 2016)	19,136	18.29	Oct. 27, 2020	Oct. 27, 2020	See footnote 3 in Table 9 below
Philippe Salle[5]	N/A	N/A	N/A	N/A	N/A	N/A

[1] Value used for the consolidated financial statements before deferral of the related expense and after taking into account the applicable performance criteria.

[2] Chairman of the Board of Directors as from November 1, 2017.

[3] Chief Executive Officer as from December 5, 2017.

[4] Deputy Chief Executive Officer from July 26, 2017 through October 31, 2017 and then from December 5, 2017, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017.

[5] Chairman and Chief Executive Officer until October 31, 2017.

3.1.6.3.7 Table 7: Free shares (performance shares) that vested during the fiscal year for each Company officer

	Fiscal 2016-2017		
(In euros)	Plan no. and date	Number of vested performance shares	Vesting conditions
Gilles Cojan[1]	N/A	N/A	N/A
Philippe Guillemot[2]	N/A	N/A	N/A
Pedro Fontana[3]	N/A	N/A	See footnote 3 in Table 9 below
Philippe Salle[4]	N/A	N/A	N/A

[1] Chairman of the Board of Directors as from November 1, 2017.

[2] Chief Executive Officer as from December 5, 2017.

[3] Deputy Chief Executive Officer from July 26, 2017 through October 31, 2017 and then from December 5, 2017, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017.

[4] Chairman and Chief Executive Officer until October 31, 2017.

Elior Group stock option and free share plans

Elior Group stock option plans set up in April 2010 and 2011

At the Extraordinary General Meetings held on February 12, 2010 and January 18, 2011, the Company's Managing Partner was authorized to grant stock options to Group employees under plans set up in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code. The Managing Partner used these authorizations to set up two stock option plans (on April 15, 2010 and 2011), whose main characteristics are set out in Table 8 below.

No further options may be granted under either of these two plans as they expired on December 31, 2016.

Elior Group stock option plans set up in 2016

By way of an extraordinary resolution voted at the Annual General Meeting held on March 11, 2016, the Company's shareholders authorized the Board of Directors to grant, on one or more occasions, to employees and/or officers of the Company and/or related entities within the meaning of Article L. 225-180 of the French Commercial Code (other than Elior Group's Chairman and Chief Executive Officer), stock options exercisable for (i) new shares of the Company, or (ii) existing shares bought back by the Company under the conditions provided for by law.

The shareholders resolved that:

- The total number of shares that may be issued on exercise of the options may not represent more than 2.2% of the Company's capital at the option grant date.
- The option exercise price may not be lower than 90% of the average of the closing prices quoted for the Elior Group share over the twenty trading days preceding the option grant date;
- The exercise of the stock options must be subject to the attainment of quantitative performance conditions and the options will only vest if the beneficiary is still a member of the Group on the vesting date.

<u>2016/1 Plan</u>
On March 11, 2016, the Board used the above shareholder authorization in order to set up two new Elior Group stock option plans for members of the Executive Committee, Management Committee and Leaders Committee and the Regional Directors, apart from the Company's Chairman and Chief Executive Officer. The main characteristics of these plans are described below and set out in Table 8 below.

The vesting of the stock options and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the attainment of performance conditions based on the following:

- For beneficiaries who are members of the Executive Committee and Management Committee: EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2017.
- For beneficiaries who are members of the Leaders Committee and the Regional Directors: EPS growth as reported between the option grant date and September 30, 2017.

<u>2016/2 Plan</u>
On October 27, 2016, the Board used the shareholder authorization given at the March 11, 2016 Annual General Meeting in order to set up two new Elior Group stock option plans for members of the Executive Committee, Management Committee and Leaders Committee and the Regional Directors, apart from the Company's Chairman and Chief Executive Officer. The main characteristics of these plans are described below and set out in Table 8 below.

The vesting of the stock options and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the attainment of performance conditions based on the following:

- For beneficiaries who are members of the Executive Committee and Management Committee: EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2018.
- For beneficiaries who are members of the Leaders Committee and the Regional Directors: EPS growth as reported between the option grant date and September 30, 2018.

3.1.6.3.8 Table 8: Information on stock options

(In euros)

	Plan 2010	Plan 2011	Plan 2016/1	Plan 2016/2
Date of Shareholders' Meeting	Feb. 12, 2010	Jan. 18, 2011	March 11, 2016	March 11, 2016
Date of Managing Partners'/Board of Directors' decision to grant the stock options	April 15, 2010	April 15, 2011	March 11, 2016	Oct. 27, 2016
Total number of stock options granted o/w options granted to:	396,640	458,990	843,383	814,695
Company officers				
Gilles Cojan Chairman of the Board of Directors (since Oct. 31, 2017)	N/A	N/A	N/A	N/A
Philippe Guillemot Chief Executive Officer (since Dec. 5., 2017)	N/A	N/A	N/A	N/A
Pedro Fontana Deputy Chief Executive Officer (from July 26, 2017 through Oct. 31, 2017 and then from Dec. 5, 2017) Interim Chief Executive Officer (from Oct. 31, 2017 through Dec. 5, 2017)	0	0	31,367	38,272
Philippe Salle Chairman and Chief Executive Officer until Oct. 31, 2017	N/A	N/A	N/A	N/A
Non-executive directors				
Gilles Auffret	N/A	N/A	N/A	N/A
Laurence Batlle	N/A	N/A	N/A	N/A
Anne Busquet	N/A	N/A	N/A	N/A
EMESA (Emilio Cuatrecasas)	N/A	N/A	N/A	N/A
Sofibim (Gilles Cojan[1])	N/A	N/A	N/A	N/A
Servinvest (Sophie Javary)	N/A	N/A	N/A	N/A
CDPQ (Elisabeth Van Damme)	N/A	N/A	N/A	N/A
BIM (Robert Zolade)	N/A	N/A	N/A	N/A
Start date of exercise period	April 15, 2014	April 15, 2015	March 11, 2020	Oct. 27, 2020
Expiration date	Dec. 31, 2016	Dec. 31, 2016	March 11, 2020	Oct. 27, 2020
Vesting date	N/A	N/A	March 11, 2020	Oct. 27, 2020
End of lock-up period	N/A	N/A	March 11, 2020	Oct. 27, 2020

[1] Sofibim was represented by Gilles Cojan in fiscal 2016-2017 and until October 31, 2017. Gilles Cojan was appointed by the Board as a director and then as Chairman of the Board of Directors on July 26, 2017, effective November 1, 2017. Sofibim has been represented by Célia Cornu since October 31, 2017.

Exercise price	€5.71[1]	€5.72[1]	€16.30[2]	€18.29
Exercise terms and conditions	N/A	N/A	N/A	N/A
Performance and presence conditions	N/A	N/A	See footnote below[3]	See footnote below[4]
Number of options exercised in fiscal 2016-2017	50,220	57,090	0	0
Total number of options exercised since the grant date	386,380	425,220	0	0
Number of vested options at December 31, 2017	N/A	N/A	103,602[5]	0[6]
Total number of options canceled or forfeited	10,260	33,770	739,781	83,924
Number of options outstanding at December 31, 2017	0	0	0[7]	730,771[8]

Elior Group free share plans set up in 2016

By way of an extraordinary resolution voted at the Annual General Meeting held on March 11, 2016, the Company's shareholders authorized the Board of Directors to grant, free of consideration and on one or more occasions, new or existing shares of the Company, in accordance with the laws and regulations in force at the grant date (notably Articles L. 225-129 *et seq.* and Articles L. 225-197-1 *et seq.* of the French Commercial Code) to employees and/or officers of the Company and/or of entities that are directly or indirectly related to the Company within the meaning of Article L. 225-180 of the French Commercial Code (other than Elior Group's Chairman and Chief Executive Officer).

The shareholders resolved that:

- The total number of shares granted may not represent more than 0.3% of the Company's capital at the grant date.
- The vesting of the free shares granted must be subject to (i) the attainment of quantitative performance conditions and (ii) the beneficiary still being a member of the Group at the vesting date.

2016/3 Plan

On March 11, 2016, the Board used the above shareholder authorization in order to set up an Elior Group free share plan for members of the Executive Committee and Management Committee, apart from the Company's Chairman and Chief Executive Officer.

The vesting of the shares and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the attainment of performance conditions based on EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2017.

2016/4 Plan

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[1] In 2010, when the first stock option plan was set up, the Company (then named HBI) was organized as a *société en commandite par actions* (partnership limited by shares). The option exercise price was set at €7.33 for the options granted on April 15, 2010 and €7.34 for the options granted on April 15, 2011. The exercise price was adjusted by the Managing Partner following the capital reduction carried out in February 2012 (see Chapter 5, Section 5.2.7, "Significant Changes in Share Capital").
[2] The option exercise price includes a 10% discount on the average of the prices quoted for the Elior Group share over the twenty trading days preceding the option grant date.
[3] The vesting of the stock options will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the achievement of performance conditions based on EBITA margin and the organic revenue growth rate, both assessed as at September 30, 2017 (for members of the Executive and Management Committees) or EPS growth as reported at September 30, 2017 (for members of the Leaders Committee and the Regional Directors).
[4] The vesting of the stock options will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the achievement of performance conditions based on EBITA margin and the organic revenue growth rate, both assessed as at September 30, 2018 (for members of the Executive and Management Committees) or EPS growth as reported at September 30, 2018 (for members of the Leaders Committee and the Regional Directors).
[5] The vesting of the stock options will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the achievement of performance conditions based on EBITA margin and the organic revenue growth rate, both assessed as at September 30, 2017 (for members of the Executive and Management Committees) or EPS growth as reported at September 30, 2017 (for members of the Leaders Committee and the Regional Directors).
[6] The number of vested options will be determined based on the fulfilment of the performance conditions as measured by reference to the consolidated financial statements for the year ending September 30, 2018.
7 Including 107,767 options granted to members of the Executive and Management Committees and 0 options granted to the members of the Leaders Committee and the Regional Directors for the 2016/1 plan.
[8] Including 282,771 options granted to members of the Executive and Management Committees and 450,500 options granted to members of the Leaders Committee and the Regional Directors for the 2016/2 plan.

On October 27, 2017, the Board used the shareholder authorization given at the March 11, 2016 Annual General Meeting in order to set up a further Elior Group free share plan for members of the Executive Committee, Management Committee, Leaders Committee and the Regional Directors, apart from the Company's Chairman and Chief Executive Officer.

The vesting of the shares and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the attainment of performance conditions based on the following:

- For beneficiaries who are members of the Executive Committee and Management Committee: EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2018.

- For beneficiaries who are members of the Leaders Committee and the Regional Directors: adjusted EPS growth at September 30, 2018.

2017 Elior Group free share plan

By way of a decision on December 5, 2017, the Board of Directors used the authorization given at the Annual General Meeting of March 11, 2016 in order to set up an Elior Group free share plan for members of the Executive Committee, Management Committee and Leaders Committee and the Regional Directors, apart from the Chairman of the Board and the Chief Executive Officer and Deputy Chief Executive Officer. The vesting of the shares and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of a two-year vesting period and (ii) the attainment of performance conditions based on generation of operating cash flow, assessed by reference to the consolidated financial statements for the year ending September 30, 2018.

3.1.6.3.9 Table 9: Information on free share plans

(In euros)

	2016/3 Plan	2016/4 Plan	2017/1 Plan
Date of Shareholders' Meeting	March 11, 2016	March 11, 2016	11.03.2016
Date of Board of Directors' decision to grant the free shares	March 11, 2016	27.10.2016	05.12.2017
Total number of shares granted o/w number of shares granted to:	148 941	249 017	213 044
Company officer			
Gilles Cojan Chairman of the Board of Directors (Since Oct. 31, 2017)	N/A	N/A	N/A
Philippe Guillemot Chief Executive Officer (since Dec. 5, 2017)	N/A	N/A	N/A
Pedro Fontana Deputy Chief Executive Officer (from July 26, 2017 through Oct. 31, 2017, and then from Dec. 5, 2017) Interim Chief Executive Officer (from Oct. 31, 2017 through Dec. 5, 2017)	15 683	19 136	N/A
Philippe Salle Chairman and Chief Executive Officer until Oct. 31, 2017	N/A	N/A	N/A
Non-executive directors			
Gilles Auffret	N/A	N/A	N/A
Laurence Batlle	N/A	N/A	N/A
Anne Busquet	N/A	N/A	N/A
EMESA (Emilio Cuatrecasas)	N/A	N/A	N/A
Sofibim (Gilles Cojan [1])	N/A	N/A	N/A
Servinvest (Sophie Javary)	N/A	N/A	N/A
CDPQ (Elisabeth Van Damme)	N/A	N/A	N/A
BIM (Robert Zolade)	N/A	N/A	N/A
Vesting date	March 11, 2020	Oct. 27, 2020	March 11, 2020
End of lock-up period	March 11, 2020	Oct. 27, 2020	March 11, 2020
Vesting conditions	See footnote below[2]	See footnote below[3]	See footnote below[4]

[1] Sofibim was represented by Gilles Cojan in fiscal 2016-2017 and until October 31, 2017. Gilles Cojan was appointed by the Board as a director and then as Chairman of the Board of Directors on July 26, 2017, effective November 1, 2017. Sofibim has been represented by Célia Cornu since October 31, 2017.

[2] The vesting of the free shares will be contingent on (i) the achievement of performance conditions based on EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2017, and (ii) the beneficiary still forming part of the Group: the shares will automatically be forfeited if the beneficiary leaves the Group before the second anniversary of the grant date or resigns before the fourth anniversary of the grant date. If the beneficiary leaves the Group (for any reason other than resignation) between the second and fourth anniversary of the grant date, the number of shares that will vest will be calculated on a proportionate basis and will represent between 50% and 100% of the shares that would have vested for that beneficiary based on the attainment of the performance conditions. The standard exceptions concerning death or disability will apply in relation to these vesting conditions.

[3] The vesting of the free shares will be contingent on (i) the achievement of performance conditions based on EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2018, for members of the Executive Committee and Management Committee, or adjusted EPS growth, as assessed at September 30, 2018, for members of the Leaders Committee and the Regional Directors, and (ii) the beneficiary still forming part of the Group: the shares will automatically be forfeited if the beneficiary leaves the Group before the second anniversary of the grant date or resigns before the fourth anniversary of the grant date. If the beneficiary leaves the Group (for any reason other than resignation) between the second and fourth anniversary of the grant date, the number of shares that will vest will be calculated on a proportionate basis and will represent between 50% and 100% of the shares that would have vested for that beneficiary based on the attainment of the performance conditions. The standard exceptions concerning death or disability will apply in relation to these vesting conditions.

[4] The vesting of the free shares will be contingent on (i) the achievement of performance conditions based on the generation of operating cash flow as assessed by reference to the consolidated financial statements for the year ending September 30, 2018 and (ii) the beneficiary still forming part of the Group at the end of the two-year vesting period.

Number of vested free shares at Dec. 31, 2017	51,801	0[1]	0[2]
Cumulative number of cancelled or forfeited free shares	97,140	24,092	0
Number of unvested free shares at Dec. 31, 2017	0	224,925	213,044[3]

3.1.6.3.10 Table 10: Stock options granted to and exercised by the ten employees other than Company officers who received the greatest number of options

(In euros)	**Total number of options granted/ exercised**	**Weighted average exercise price**	**2010 Plan**	**2011 Plan**	**2016/1 Plan**	**2016/2 Plan**
Options granted during the year by the Company or any other qualifying Group entity to the ten employees of the Company and any other qualifying Group entity who received the greatest number of options (aggregate information)	N/A	N/A	N/A	N/A	71,928	177,917
Options granted by the Company or any other qualifying Group entity that were exercised during the year by the ten employees of the Company and any other qualifying Group entity who exercised the greatest number of options (aggregate information)	107,190	5.705	50,220	56,970	0	0

[1] The number of vested free shares will be determined based on the achievement of performance conditions as assessed by reference to the consolidated financial statements for the year ending September 30, 2018.
[2] The number of vested free shares will be determined based on the achievement of performance conditions as assessed by reference to the consolidated financial statements for the year ending September 30, 2018.
[3] Including 117,419 free shares granted to the members of the Executive and Management Committees and 95,625 free shares granted to the members of the Leaders Committee and the Regional Directors for the 2016/2 plan.

3.1.6.3.11 Table 11: Information disclosed in accordance with AFEP-MEDEF recommendations

Company officer	Employment contract		Supplementary pension plan		Compensation for loss of office or change in duties		Non-compete agreement	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Cojan **Chairman of the Board of Directors** Start of term of office: Nov. 1, 2017 End of term of office: Sept. 30, 2018		√		√		√		√
Philippe Guillemot **Chief Executive Officer** Start of term of office: Dec. 5, 2017		√		√	√[1]		√[1]	
Pedro Fontana **Deputy Chief Executive Officer** Start of term of office: July 26, 2017 End of term of office: Oct. 31, 2017 And subsequently since Dec. 5, 2017 **Interim Chief Executive Officer** Start of term of office: Oct. 31, 2017 End of term of office: Dec. 5, 2017	√[2]			√		√		√
Philippe Salle **Chairman and Chief Executive Officer** Start of term of office: April 29, 2015 End of term of office: Oct. 31, 2017		√		√	√[3]		√[3]	

(1) See section 3.1.6.2.2 above.

(2) See section 3.1.6.2.3 above concerning the fact that Pedro Fontana still has an employment contract.

(3) See section 3.1.6.2.4 above.

3.1.6.4 Transactions in the Company's financial instruments carried out by members of the Board of Directors from October 1, 2016 through December 31, 2017

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
Emesa	Director	Shares	Acquisition	Dec. 16, 2016	€21.09	4,000,000	€84,360,000
BIM[1]	Director	Shares	Equity forward contract	April 7, 2017	-	-	-
BIM[2]	Director	Other types of financial instrument	Structured financing	April 7, 2017	€21.48	3,491,620	€74,999,997.60
BIM[3]	Director	Shares	Pledge	April 7, 2017	€21.48	5,586,592	-
BIM[4]	Director	Shares	Equity forward contract	June 12, 2017	€21.75	3,765,084	€81,904,507.81
Emesa	Director	Shares	Acquisition	July 28, 2017	€22.29	4,000,000	€89,180,000

[1] On April 7, 2017, BIM entered into a physically-settled prepaid forward contract with Crédit Agricole Corporate and Investment Bank ("CACIB"), with Elior Group shares as the underlying assets. CACIB undertook that at the term of the contract it would deliver to BIM, by June 30, 2017, the number of Elior Group shares (up to a maximum of 4,500,000) that CACIB would have acquired independently for hedging purposes by that date. The unit price and the amount of the transaction was not determined at the date the contract was set up.

[2] On April 7, 2017, BIM entered into a structured financing arrangement with Crédit Agricole Corporate and Investment Bank (CACIB) consisting of (i) a prepaid forward sale contract, with Elior Group shares as the underlying assets, that can be either physically or cash settled at BIM's choice, and (ii) a swap contract entered into at the same time, with the same number of Elior Group shares as the underlying assets, signed with the same counterparty, and having the same expiration date as the forward. Both of these contracts will expire on April 7, 2022 at the latest. The combination of the forward sale contract and the swap corresponds to a structured financing arrangement for BIM because the aim of the swap is to neutralize the effect of changes in the Elior Group share price on the forward sale contract. These financial instruments do not increase BIM's exposure to Elior Group to any greater degree than the exposure it already has on account of the Elior Group shares it holds. The reference Elior Group share price used for these instruments was the closing price on April 6, 2017, i.e. €21.48.

[3] Creation of a pledge over a securities account containing 5,586,592 Elior Group shares at the transaction date (April 7, 2017). The value of the pledge – which was €119,999,996.16 based on the closing Elior Group share price on April 6, 2017 – may change depending on any future movements in the Elior Group share price, the number of shares registered in the pledged account and the amount of the guaranteed obligations.

[4] On April 11, 2017, BIM announced that it had entered into a physically-settled prepaid forward contract with Crédit Agricole Corporate and Investment Bank ("CACIB"), with Elior Group shares as the underlying assets. CACIB undertook that at the term of the contract it would deliver to BIM, by June 30, 2017, the number of Elior Group shares (up to a maximum of 4,500,000) that CACIB would have acquired independently for hedging purposes by that date. The deal was unwound in advance of term on June 12, 2017 and on the settlement-delivery date on June 14, 2017, BIM acquired, through the intermediary of CACIB, 3,765,084 Elior Group shares for a total of €81,904,507.81.

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
BIM[1]	Director	Shares	Pledge	Sept. 27, 2017	22.40	10	-
BIM	Director	Shares	Pledge	Sept. 29, 2017	23.05	1,301,519	-
BIM	Director	Shares	Pledge	Sept. 29, 2017	23.05	6,073,753	-
BIM[2]	Director	Shares	Pledge	Sept. 29, 2017	22.36	2,235,637	-
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4650	8,400	€146,706
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4300	8,400	€146,412
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4400	950	€16,568
Gilles Cojan	Chairman of the Board of Directors	Shares	Purchase	Dec. 8, 2017	16.70	2,000	€33,400

[1] Amendment to the pledge set up on April 7, 2017 over a securities account containing Elior Group shares (AMF disclosure no. 2017DD472612 dated April 12, 2017). At the date of the amendment (September 27, 2017), 5,586,592 Elior Group shares were registered in the pledged account. On September 29, 2017 BIM reimbursed and therefore reduced in a corresponding amount the obligations covered by the pledge, following which only 10 shares were still registered in the pledged account.

[2] Amendment to the pledge of a securities account containing Elior Group shares. At the date of the amendment (September 29, 2017), 2,235,637 Elior Group shares were registered in the pledged account.

3.2 RISK MANAGEMENT

3.2.1 RISK FACTORS

3.2.1.1 Risks Related to the Group's Industry

3.2.1.1.1 Risks related to food safety

The Group is exposed to risks associated with food safety and the food supply chain, which may subject it to liability claims, harm its reputation or negatively affect its relationship with clients.

The Group's main business activity is the preparation and service of meals as well as the sale of food products in connection with the provision of outsourced services (contract catering) or the operation of sales outlets (concession catering). As a result, it is particularly exposed to damage resulting from actual or perceived issues regarding the safety or quality of the food it provides. Claims of illness or injury relating to contaminated, spoiled, mislabeled or adulterated food can require costly measures to investigate and remediate, such as withdrawing products from sale or destroying supplies and inventory that are unfit for consumption.

The Group's contract catering and concession catering businesses rely on strict adherence by employees to standards for food handling and restaurant operations. Claims related to food quality or food handling are common in the food service industry and a number of these claims affecting the Group's contract catering or concession catering businesses may exist at any given time. If the Group is found negligent in its food safety, it may be exposed to significant liability, which could have an adverse impact on its results of operations. Even if any such claims are without merit, any negative publicity as a result of allegations of unsafe food services can have a significant impact on the Group's reputation and could negatively impact its contract catering and concession catering revenues.

Furthermore, the contract catering and concession catering businesses expose the Group to risks related to the food industry in general, such as widespread contamination, nutritional concerns and other health-related issues. From time to time, food suppliers are forced to recall products and as a result the Group may have to remove certain products from its inventory and source inventory from other providers. Such events can be highly disruptive to its business.

If any of the above were to occur, it could have a material adverse effect on the Group's business, reputation, results of operations and financial position.

For these reasons, Group-wide risk management processes and procedures have been put in place to mitigate food safety risks, which include, as a minimum:

- Supplier approval procedures.
- Certification of procurement procedures and points of sale.
- Hygiene control measures (HACCP).
- Bacteriological analyses.
- Training provided to new hires and other employees.
- Procedure manuals.

3.2.1.1.2 Risks related to unfavorable economic conditions

Unfavorable economic conditions have affected the Group's operations, and could again adversely affect in the future, the Group's results of operations and financial position.

Each of the Group's businesses may be impacted to a different extent by the effects of general economic conditions. Growth in demand for services generally correlates with economic conditions in each of the countries in which it operates, and as a result, the Group is exposed to fluctuations in revenue correlated to economic cyclicality.

The Group provides contract catering and other services to both public and private entities. Public entities facing budgetary pressures due to declining tax revenues and concerns over deficit spending, and private companies facing declining revenues, may reduce their demand for the Group's services (including, for example, with respect to hours, types of services or service scope and cost). The Group's contract catering business in particular may suffer if its clients reduce their workforce, resulting in a smaller pool of guests to serve. In addition, the guests themselves may decide to consume differently as they are not obliged to dine in the corporate restaurant provided by their employer.

The Group's concession catering business is based on a business-to-consumer model and is therefore particularly sensitive to weaker consumer confidence and reduced spending. It is also closely linked to the travel industry and is affected by factors that may cause a decline in that industry. Lower disposable income, increased unemployment, a rise in oil prices, higher interest rates, inflation, deflation and increased consumer debt levels can all incite individuals to spend less, particularly on discretionary purchases associated with light retail in concessions areas. Travel is also largely a discretionary expense, and traditionally experiences a downturn when economic conditions are poor. Moreover, opportunities to expand the Group's concession catering business may be reduced due to scaled-back development of travel facilities during a downturn in the economy.

The Group's financial and operating performance, in particular in the concession catering business, has been adversely affected by these trends in the past and could be further adversely affected by a worsening of general economic conditions in the markets in which it operates, as well as by international trading market conditions and/or related factors. The Group is especially sensitive to economic conditions in Europe, particularly in France, Spain, Italy and Portugal, where it derives a significant portion of its revenue. The Group generates 37.9% of its concession catering revenue in France, 25.9% in Spain and Portugal, 13.9% in the United States and 9.9% in Italy. Its European operations were affected by the region's weak economic performance from 2008 through 2015. In Spain, for instance, during that period the concession catering market experienced a severe contraction directly linked to a decrease in traffic on toll motorways, reduced passenger volumes in railway stations and airports and generally lower average customer spend. As a result of these unfavorable economic conditions the Group wrote down goodwill relating to Areas by €25 million at September 30, 2012 and €63 million at September 30, 2013 (for further details on risks related to goodwill, see Section 3.2.1.2.15 below). The situation in this region has improved since 2015 and business has recently returned to the same levels as in 2008. The International Monetary Fund has revised upwards its upwards for world economic growth, particularly for the Eurozone. However, the Group may not be able to sustain its current revenue or profit levels if adverse economic events or circumstances re-occur in the countries in which it operates.

In addition, the measures implemented by the Spanish and Italian governments have continued to have a positive impact on these countries' economies, which in turn has resulted in an improvement in the Group's average days' sales outstanding ratios, which have decreased by a further 3 days in Italy, going from 77 days to 74, and by a further 7 days in Spain, from 82 days to 75. The Group has continued to take proactive measures, particularly in Southern Europe and France, in order to lessen the effects that any future downturn in these countries' economic or political situations could have on its results. These measures have been aimed at significantly reducing the Group's labor costs, by actively right-sizing employee numbers and working hours, and negotiating reductions in labor costs with employee representatives in Spain and Italy.

Lastly, the Group has put in place a number of processes and procedures with a view to managing and/or analyzing these risks, such as defining acceptable minimum returns on investment, harmonized procedures for drawing up bids (adapted to the Group's various businesses), internal approval processes prior to lodging bids, and processes for identifying the risks accepted in validated bids.

In addition, *a posteriori* checks are carried out between the commercial proposal and the actual situation during the performance of the corresponding contract.

The Group has also set up "business watch" teams that monitor economic conditions on an ongoing basis in order to anticipate changes in the macro-economic environment wherever possible.

3.2.1.1.3 The Group faces a dynamic competitive landscape marked by intense competition from a variety of players. If it is unable to compete successfully with its competitors and adapt to changing market conditions, this could result in a loss of market share, decreased revenue and/or lower profitability

The Group faces significant competition from a variety of companies across both of its business lines, and its success is dependent on its ability to demonstrate the quality and cost value of its services. In the contract catering & services business line, competitors range from small, local businesses to multinationals with substantial financial resources. In each market in which the contract catering & services businesses are operated, the Group competes based on several factors, including the depth and scope of its services, the skills and training of its personnel, its ability to tailor services to a client's particular needs and its ability to manage costs effectively. The concession catering business competes with national and international operators of

food, beverage and retail concessions, where distinguishing factors include the ability to undertake significant capital expenditure necessary for starting up a concession site, marketing expertise and the scope of a concession operator's brand offering. If the Group's clients do not perceive the quality and cost value of its services, or if there is insufficient demand for new services, this could have a material adverse effect on its business, results of operations and financial position.

In addition, some of the markets in which the Group operates its businesses remain highly fragmented despite some degree of consolidation. Over time, competitors could consolidate, and the diversified service offerings or increased synergies of those consolidated businesses could intensify the competition faced by the Group. Any failure to adapt successfully to these or other changes in the competitive landscape could result in a loss of market share, decreased revenue and/or a decline in profitability, and could thus have a material adverse effect on the Group's business, results of operations, financial position or outlook.

The majority of the Group's regions have "business watch" teams that monitor market trends on an ongoing basis. This helps the Group to develop innovative offerings, which are underpinned by a portfolio of directly-owned and franchised brands that is constantly evolving.

Client satisfaction surveys are regularly launched and their results carefully analyzed, and the contract catering business's regions have a specific CRM (Client Relationship Management) system.

Lastly, the Group is currently focusing in particular on integrating into its businesses the systems and possibilities offered by new media.

3.2.1.1.4 Events beyond the Group's control that cause a reduction in travel, including terrorist attacks, pandemics and natural disasters, could have a material adverse effect on its concession catering business

The Group's concession catering business is largely dependent on sales to travelers. Consequently, it is likely to be significantly adversely affected by any event or series of events that disrupts travel or causes a reduction in travel.

The travel and leisure sector is particularly sensitive to economic factors beyond the Group's control (see Section 3.2.1.1.2 above). For example, high or rising oil prices may inhibit sales growth due to higher airline ticket prices caused by fuel surcharges. Similarly, higher gas prices for motorway travelers and a generally increased cost of living may restrict the disposable income of the Group's concession catering clients or reduce consumer confidence.

The travel sector is also subject to risks related to travelers' perception of safety. The occurrence of any one of a number of events beyond the Group's control such as armed conflicts, terrorist attacks (for example, the attack in Barcelona on August 17, 2017), pandemics, extreme weather conditions (like Hurricane Irma that hit Saint Martin on September 5, 2017 and then Florida on September 10), natural disasters (such as the earthquake on September 19, 2017 in Mexico) or accidents could lead to a reduction in the number of air, railway or motorway travelers on a global, regional or local level.

Furthermore, any disruption to or suspension of services provided by airlines or train operators as a result of financial difficulties, labor disputes, construction work, increased security or otherwise, could have a material adverse effect on the number of air or rail passengers.

Any of the events described above, were they to cause a reduction in travel, would be likely to result in a decrease in concession catering sales and could have a material adverse effect on the Group's business, financial position and results of operations.

3.2.1.2 Risks related to the Group's Business

3.2.1.2.1 The Group's contract catering business is reliant on key suppliers and a disruption of the supply chain could have a material adverse effect on its results of operations

The Group relies on its relationships with suppliers of both food and non-food items in the operation of its businesses.

Except in Spain and Italy, where the contract catering and concession catering businesses each have their own purchasing organization, the Group has put in place central purchasing structures in the main countries in which it operates which manage the needs of each of its businesses. For around 60% of the Group's purchases, master agreements have been signed with the main distribution platforms that serve as warehouses

between suppliers and the Group's central kitchens or concession catering sites.

Although supplies are obtained from a range of sources, the Group is particularly reliant on a handful of key suppliers in certain of the markets in which it operates. In France, in 2016-2017, the top supplier represented 12.1% of the Group's purchases. The Group's top five suppliers represented 30.3% of purchases in France and the top ten 36.9%. If the Group were to lose the ability to purchase from a key supplier, it would be more difficult for it to meet its supply needs unless it rapidly found a substitute supplier. Consolidation among suppliers, if it were to occur, would further reduce the number of supply sources for the Group. In addition, in the event of a dispute with any supplier or if a supplier were to experience financial difficulties, delivery of a significant quantity of supplies could be delayed or cancelled, or the Group could be forced to purchase supplies at a higher price from other suppliers. Such events could cause a decrease in revenue and an increase in costs, thereby adversely affecting the Group's business, results of operations and financial position.

In addition, a number of factors beyond the Group's control and the control of its suppliers could harm or disrupt its supply chain. Such factors include unfavorable weather conditions or natural disasters (notably in certain regions of the United States that are prone to earthquakes or hurricanes), government action, fire, terrorism, the outbreak or escalation of armed conflicts, pandemics, workplace accidents or other occupational health and safety issues, labor actions or customs or import restrictions. Any failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could have a material adverse effect on the Group's business, results of operations and financial position, as well as requiring additional resources to restore the Group's supply chain.

3.2.1.2.2 Ability to attract, retain and motivate key personnel

The Group is reliant on site, regional, divisional and senior management teams and other key personnel for the successful operation of its businesses.

The success of its operations depends on the skills, experience, efforts and policies of its executives and the continued active participation of a relatively small group of senior management personnel. If the services of all or some of these executives were to be lost, this could harm the Group's operations and impair efforts to expand its business. If one or more key executives leaves the Group, a replacement will have to be hired with the necessary qualifications to carry out the Group's strategy, if such a replacement is not available within the Group. Because competition for skilled employees is intense, and the process of finding qualified individuals can be lengthy and expensive, the Group believes that the loss of the services of key executives and employees could have a material adverse effect on its business, results of operations and financial position. The Group cannot provide assurance that it will continue to retain such key executives and employees.

The Group relies on skilled and experienced managerial personnel at each level of the organization to ensure that its operations are carried out in an effective, cost-efficient manner. Site managers are the first point of contact with clients in both the contract catering and concession catering businesses and are key to maintaining good client relations. They also have primary responsibility for evaluating and managing costs at each of the Group's restaurants and points of sale and for guaranteeing service quality and compliance with client specifications. District, regional and national managers coordinate restaurants and retail outlets and ensure that large-scale operational plans and/or capital expenditure projects are carried out efficiently, in line with Group instructions and policies. Finally, the Group depends on its senior management's skills and experience in coordinating its businesses, implementing large capital expenditure programs and formulating, evaluating and implementing new strategies.

In order for its management model to operate successfully, the Group relies on its ability to attract, train and retain qualified personnel. If one or more executives are unable or unwilling to continue in their current positions, the Group may not be able to replace them easily or provide their potential replacements with the training necessary to carry out their missions. If the Group is unable to hire or retain personnel with the requisite expertise or train such individuals effectively, it may be unable to operate its business effectively and this would have a material adverse effect on its results of operations and financial position.

In order to attract and retain high quality personnel the Group has set up a career management system called "Elior Talent" as well as several training programs adapted to its various professions and countries. The Group's compensation policy is regularly benchmarked against other market players and salaries generally include a variable portion based on the achievement of targets.

The employment contracts of managerial staff often include a non-compete clause.

3.2.1.2.3 The Group faces risks associated with entry into new markets or any acquisition of businesses or divestment of business units that it may undertake as part of its strategy

The Group has engaged in the past in strategic and targeted acquisitions as part of its growth strategy in each of its contract catering & services and concession catering business lines. It intends to continue to develop and expand its businesses through further acquisitions, particularly in the United States, and to seek new growth opportunities in Northern Europe and the Middle East as well as in Asia – a market that it entered in fiscal 2016-2017 with the formation of Elior India. The Company has uncommitted revolving credit facilities amounting to €300 million and US$ 250 million to finance its future acquisitions. Any inability by the Group to successfully complete acquisitions or integrate acquired companies may render it less competitive. The preparation and completion of acquisitions may require significant input from the Group's management teams and divert management and financial resources away from the day-to-day running of the business. Among the risks associated with acquisitions that could have a material adverse effect on the Group's business, results of operations and financial position, are the following related to acquisition opportunities:

- It may not find suitable acquisition targets.
- It may not plan or manage a particular acquisition effectively.
- It may be unable to arrange financing for an acquisition, or to obtain financing on satisfactory terms.
- It may face increased competition for acquisitions as markets in which it operates undergo continuing consolidation.
- It may overpay for the acquisition target.

The Group is also exposed to the following risks related to the acquisitions themselves:

- It may not be able to retain the acquired business's key personnel or key client contracts (which, in the case of such contracts, can be due to a "change of control" clause).
- It may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses for which it may be liable as the successor owner, controlling entity or operator in spite of any due diligence it conducted prior to the acquisition.
- Labor laws in certain countries may require the Group to retain more employees than would otherwise be optimal from entities it acquires.
- Future acquisitions could result in the Group incurring additional debt and related interest expense or contingent liabilities and amortization expenses related to intangible assets, which could have a material adverse effect on its financial position, results of operations and/or cash flow.
- Future acquisitions could result in the assumption of liabilities in excess of those valued during the due diligence phase, notably relating to disputes and litigation.
- Future acquisitions may be subject to approval by antitrust or competition authorities, which could seriously delay or even prevent completion of the transaction.
- An acquisition may not achieve the anticipated synergies or other expected benefits, or may give rise to higher risks than identified during the acquisition process.
- It may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses, such as costs and issues relating to managing, hiring and training new personnel, the integration of information technology and reporting, accounting and internal control systems or problems coordinating supply chain arrangements; in some cases the costs incurred may not be offset by the profit generated by the acquired businesses.
- It may incur costs associated with developing appropriate risk management and internal control structures for acquisitions in a new market, or understanding and complying with a new regulatory environment.
- Additional investments may be needed in order to understand new markets and follow trends in those markets in order to compete effectively.
- It may have a reduced ability to predict the future performance of an acquired business in the event it

has less experience in the acquired business's market than in its existing markets, particularly if it underestimates the level and extent of market competition.

- Acquisitions may divert management's attention from running existing businesses.

The Group may also face risks in relation to any divestments it may undertake. Divestments could result in losses and write-downs of goodwill and other intangible assets. The Group may encounter unanticipated events or delays and retain or incur legal liabilities related to the divested business with respect to employees, clients, suppliers, subcontractors, public authorities or other parties. Any of these events could have a material adverse effect on the Group's business, results of operations and financial position.

In order to mitigate acquisition-related risk, the Group systematically performs due diligences on target companies. These due diligences are performed either by in-house teams or external consultants.

The first stage of any acquisition involves analyzing the target's business plan.

These analyses systematically include a review of issues such as earnings growth, potential synergies, action plans and the target's image (brand image, corporate culture, repeat business, etc.).

3.2.1.2.4 The Group could be held liable for the actions of its employees

As a provider of outsourced services through its contract catering & services business line and as an operator of food and beverage and retail outlets through its concession catering business line, the Group is reliant on a large workforce whose actions have a direct impact on consumers and/or who provide services at its clients' premises. In addition, in all of its businesses the Group provides facilities that are accessible to the public either at its own or its clients' premises. As a result, it may be subject to claims in connection with damage to a client's property, security breaches at a client's premises, interruptions of a client's business, the spread of infections at healthcare facilities, food contamination, violations of environmental and/or occupational health and safety regulations, unauthorized use of a client's property, willful misconduct or other tortious acts by its employees or people who have gained unauthorized access to premises through it. Such claims may be substantial and may result in adverse publicity for the Group. Moreover, such claims may not be fully covered by insurance policies. Consequently, they could have a material adverse effect on the Group's business, results of operations and financial position.

3.2.1.2.5 Some of the Group's concession catering contracts provide for minimum guaranteed payments to concession grantors; if the Group were unable to generate sufficient revenue at a concession site to meet such guaranteed payments, its results of operations could be adversely affected

Pursuant to the terms of its concession catering contracts, the Group pays to the concession grantor a fee for the right to operate points of sale at the concession site. This fee is typically determined based on the revenue generated by the Group at the points of sale. Revenue or profits at concession catering outlets may be lower than forecast due to higher-than-expected operating costs, lower passenger traffic, changes in passenger flows or a decrease in travelers' purchasing power. For this reason, some concession grantors negotiate a minimum amount that must be paid by the concession holder, regardless of the actual revenue generated. This could result in the expenses associated with a concession site being disproportionate to the Group's revenue at the site. If such a situation were to occur and the Group were unable to renegotiate the terms of the contract, its results of operations could be adversely affected.

3.2.1.2.6 Risk of revenue growth not keeping up with increases in the Group's main operating costs (labor and raw materials, including oil)

If the Group were unable to manage and control its food costs, information systems costs or labor costs (notably as a result of any labor actions), this could have a material adverse effect on its businesses.

Outsourcing is a key trend underpinning the demand for services provided by the Group. Maintaining low costs while being able to provide a wide array of services is essential for the successful operation of any outsourced business. Clients will choose this solution only if they perceive that outsourcing will enable them to obtain higher quality services at a lower overall cost and permit them to focus on their core business activities.

Food costs are a key element of the Group's operating expenses. Its contract catering business and, to a lesser extent, its concession catering business rely on its

ability to purchase food supplies and prepare meals on a cost-efficient basis. Food costs are variable and prices are subject to the risk of inflation. Food price inflation can be driven by several factors, such as scarcity due to poor weather conditions, increased oil and transport prices and overall population growth.

In addition, because its businesses also require that the Group maintain a large workforce, it is particularly sensitive to labor costs. In order to operate efficiently, it is important that staffing levels are predicted accurately and properly managed. The Group's labor costs can also depend on political decisions taken by the relevant authorities to increase or decrease payroll taxes and/or tight national labor markets due to a return to full employment in some countries. Staffing needs are determined by studying a number of factors, including the extent of the services and volume of the products to be provided to a client and the expected footfall at a particular contract or concession catering site. If the Group overestimates its staffing needs for a particular client, its operating margins may be eroded. Labor laws applicable to the Group's business in certain countries are relatively strict. For example, the vast majority of its employees are covered by collective bargaining agreements that set wages and benefits. These agreements are periodically renegotiated and any increases in wages or benefits that could result from these renegotiations would have a material adverse effect on operating costs which the Group may be unable to pass on to any significant extent to its clients or end-consumers.

Because approximately half of its workforce is located in France, the Group's payroll costs are particularly affected by increases in French payroll taxes. However, its exposure to the risk of an increase in the statutory minimum wage is limited, because only around 1,600 employees in France were paid the minimum wage at September 30, 2017, and therefore a 1% increase would not be material at Group level. Furthermore, the risk is often lessened by the application of annual price escalation clauses contained in the Group's contracts that are generally based on increases in labor cost indexes. In many cases, labor laws provide for other strong protections of employees' interests, requiring the Group to consult with unions, works councils or other bodies on developing or restructuring certain aspects of its business. These labor laws and consultation procedures could restrict the Group's flexibility with respect to its employment policy or reorganization plans, and could limit its ability to respond effectively to market changes; moreover, they are not a guarantee against negative reactions from employees and employees' representative bodies. Although the Group believes its relations with its employees are generally good, it runs the risk of labor disputes potentially leading to strikes and other forms of labor action that could cause serious disruption to its operations and require costly settlements. Additionally, the Group may be affected by work stoppages at its clients' facilities or at concession sites. Any prolonged strikes or other labor actions could have a material adverse effect on the Group's business, results of operations and financial position.

Another contributing factor to the Group's costs is the implementation and maintenance of systems necessary to run its worldwide operations in an orderly fashion. For example, the Group maintains complex group-wide information technology systems in order to monitor sales at contract catering and concession catering restaurants and points of sale, as well as to track client accounts and implement accounting controls and procedures. It relies on its software providers and in-house information technology team to maintain reliable systems at the lowest possible cost and limit overheads that would otherwise have to be passed on to clients or reflected in the pricing of its concession catering and contract catering bids.

The Group's ability to pass on increased costs in its contract catering & services business line is determined by the terms of its contracts. The level of risk borne by the Group due to changes in costs and probable margins varies depending on the type of contract under which the services are provided. Although many contracts allow the Group to renegotiate pricing terms periodically to reflect increases in the cost of goods, it may be unable to do so in a timely fashion, if at all, exposing it to losses due to higher-than-expected costs during the renegotiation period and possibly for longer. Even if the Group is able to shift the burden of higher costs to its clients, it could lose market share due to a decline in the perceived value of its services. Any failure on its part to control costs or adapt to higher costs could have a material adverse effect on its business, results of operations and financial position.

With a view to managing its margins as closely as possible, the Group carries out an annual budget procedure that requires approvals and validations at several different levels. In the near future it also plans to put in place a rolling forecast system in order to round out this procedure.

Group-level performance reviews are carried out on a monthly basis and any necessary corrective measures are subsequently implemented and tracked. A strict purchasing policy has also been put in place (covering issues such as large-scale procurement, prices and product ranges) and employees are required to respect

precise instructions set out in technical datasheets at production sites.

Various internal and public indices are regularly monitored and wherever possible indexation clauses are included the Group's contracts with its clients.

In concession catering and retail operations, price changes are generally subject to restrictions that may be set by the concession grantors.

3.2.1.2.7 The Group might not be able to win new contracts and the contracts that it does win might not yield the results it expects

The success of each of the Group's businesses relies on its ability to generate organic growth by winning new business from clients who choose to outsource and from concessions grantors.

A large proportion of contract catering & services and concession catering business is generated from a competitive bidding process between the Group and several other service providers. In order to be awarded a contract, the Group must be able to demonstrate its value proposition effectively. It devotes significant time and effort and incurs substantial costs in preparing a bid or a proposal for a competitive bidding process. These costs may not be recouped if the Group is not successful in its bid.

Even if a bid is successful, the contract may not yield the expected results. Although the Group thoroughly researches each opportunity to enter into a new contract to ensure that it is aligned with its overall strategic and financial objectives, it may not be able to fully evaluate the contract until operations begin. Ultimately the potential for revenue may not sufficiently outweigh the costs of providing catering or support services or of operating at a particular concession site. While contract terms are negotiated to mitigate exposure to losses, for example by including price escalation clauses based on changes in food and labor costs and capital outlay, the Group may have no choice but to terminate a contract that is unprofitable. However, its ability to terminate its contracts may be limited. For example, its contract catering & services contracts with public entities are difficult to terminate because of certain contractual provisions that are required by law to be included in public sector contracts. Additionally, some concession catering contracts cover long periods and their termination may be difficult or complicated. If the Group underestimates the cost of providing its services under a particular contract and is unable to terminate or renegotiate the contract, it could incur significant losses that could have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.8 The early termination of a significant number of client contracts or decisions by clients not to renew their contracts could have a material adverse effect on the Group's contract catering & services and concession catering business lines

The Group conducts business with its contract catering & services clients under contracts that either have a stated term or may be terminated with advance notice. Contracts may be terminated, or not renewed, if one of the Group's competitors offers the same service for a lower price. The Group cannot predict whether a client will choose to cancel a contract or allow it to lapse. Moreover, even if contracts are renewed, their new terms may be less advantageous than previously or they may require the Group to incur significant capital expenditure. Clients may also decide to insource services previously outsourced to the Group. For example at the end of 2013, a large client in the United Kingdom announced that it had made a strategic decision to insource the catering services previously outsourced to the Group. Although this termination did not have a material adverse effect on the Group, notwithstanding the Group's general efforts to mitigate its exposure to any single client in each of its markets, the loss of a large contract or the loss of multiple contracts simultaneously could have a material adverse effect on its results of operations and financial position. Furthermore, client dissatisfaction with the Group's services could damage its reputation and negatively impact its ability to win new contracts, which could also have a material adverse effect on its business, results of operations and financial position.

In order to reduce the risk of losing major contracts, the Group has put in place procedures aimed at anticipating negotiations with the client during the course of the contract.

As part of this approach a process has been set up to identify "key account" clients, and dedicated teams are assigned to these clients in the Group's various geographic regions.

In addition a client loyalty strategy has been drawn up at Group level and rolled out across all of the businesses.

3.2.1.2.9 The Group may have to write off receivables from clients experiencing financial difficulties

Across both of its business lines, and notably for contract catering & services, the Group is reliant on clients' ability to pay for its services. If a client experiences financial difficulties, payments may be significantly delayed and ultimately the Group may not be able to collect the amounts due under its contracts, resulting in bad debt write-offs. Although provisions are set aside for doubtful accounts, there can be no assurance that such provisions adequately cover the Group's credit risks. Significant or recurring bad debts could have a material adverse effect on the Group's financial position and results of operations.

Client credit risk is closely monitored and controlled via a DSO (Daily Sales Outstanding) reporting system that covers all of the Group's regions. Additionally, an off-balance securitization program has been set up for its European contract catering entities covering a period of four years.

3.2.1.2.10 An inability to enter into or enforce the terms of franchise agreements would adversely affect the Group's concession catering business

Brands form a key element of the Group's concession catering business strategy. Through franchise agreements, the Group is able to license well-known food, beverage and retail brands for use in concession areas that it operates worldwide. When the Group bids for a concession contract, it assembles a portfolio of brands to match the specifications set by the concession grantor. The Group believes customers are specifically drawn to well-known, main-street brands, thereby making the ability to offer such brands a key factor in generating revenue. As a result, concession grantors look specifically to the brand portfolio proposed by a bidder when considering whether to award a contract. The Group is party to a certain number of franchise agreements that provide an exclusive right to use a brand and its ability to conclude new franchise agreements is a key to its success in forming winning bids for new concessions. If the Group is unable to sign franchise agreements on favorable terms, it could prove difficult to expand the concession catering business. Further, the Group is party to franchise agreements that provide a right of first refusal in the use of a brand for a particular bid for new concessions. This enables the Group to have a preferential right to use these brands and thus have the most attractive offer possible compared to its competitors. If a franchisor were to terminate or breach a franchise agreement and the Group were to lose the right to use that particular brand, it could be at a competitive disadvantage with another concession operator bidding for the same contract. Consequently, if the Group were unable to enter into new franchise agreements or enforce the terms of existing franchise agreements, this could have an unfavorable impact on its concession catering business and, as a consequence, could have a material adverse effect on its results of operations and financial position as a whole. Lastly, as the Group does not own the brands used under franchise agreements, it could be indirectly affected by any negative events arising in relation to franchisors and their brands, most of which are beyond its control.

3.2.1.2.11 The Group's international operations may expose it to additional risks

The Group currently operates in 16 countries worldwide. Because of the international scope of its activities, it is subject to a number of risks and challenges, most of which are beyond its control. These include the management of a decentralized international group and the complexities associated with complying with the legislative and regulatory requirements, including tax rules and labor and social security legislation, of many different jurisdictions. Thus, where local tax rules are complex or their applicability is uncertain, compliance with such rules may lead to unforeseen tax consequences.

In addition, decision-making processes and compliance with local legislation may be rendered more difficult due to conflicting laws and regulations, including those relating to, among other things:

- Employment, social security and collective bargaining.
- Immigration.
- Health and safety.
- Public procurement.
- Competition.
- Environmental protection.

The Group may also be subject to political and social uncertainties in some of the countries in which it operates or plans to extend its operations. The political systems in those countries may be vulnerable to the public's dissatisfaction with economic reforms, such as austerity measures, leading to social unrest. Any

disruption or volatility in the political or social environment in these countries – such as the campaign that led to the October 1, 2017 referendum in Catalonia – could have a material adverse effect on the Group's business, financial position and results of operations.

The Group delegates considerable operational responsibility to its subsidiaries. Although Group-wide control procedures, reporting policies and codes of conduct have been adopted and individual country operations are visited and audited at regular intervals, the Group may experience incidents in certain countries or regions of managers not complying with its policies, accounting irregularities, unintended accounting misstatements or intentional or unintentional breaches of local legislation, any of which could, individually or collectively, have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.12 The Group's contract catering business relies to a significant extent on its central kitchen facilities. Disruption in the operations of any of its central kitchens could have a material adverse effect on its contract catering business and results of operations

At September 30, 2017, the Group operated 125 central kitchens – 67 in France, 32 in Italy 17 in Spain, 4 in the United States and 5 in India – in which meals are prepared for delivery to contract catering clients in the education, healthcare and corrections markets. Its central kitchens are strategically located to serve the needs of clients within a specific geographical area. If, as a result of an incident such as fire or a labor dispute, a central kitchen is put out of operation for an extended period of time, it would be difficult to fulfill contractual obligations to the contract catering clients that a particular central kitchen serves, especially in markets where meals are prepared hot for immediate delivery to contract catering sites and cannot therefore be transported over extended distances. Such a disruption in operations, if it were to occur, could have a material adverse effect on the contract catering business and, therefore, on the Group's results of operations as a whole. Similarly, the business could also be adversely affected if the Group were to lose a contract with a public authority that allows it to use a central kitchen for preparing meals for said public authority as well as for other parties in return for a fee.

3.2.1.2.13 The Group may incur liabilities that are not covered by insurance

Various types of insurance policies have been taken out by the Group, notably property damage insurance, general liability coverage and directors and officers liability insurance. The Group may not always be able to accurately foresee all activities and situations in order to ensure that they are fully covered by the terms of its insurance policies and, as a result, it may not be covered by insurance in specific instances. While it seeks to maintain the most extensive levels of cover, not all risks are insurable and it may experience major incidents of a nature that is not covered by insurance. The Group maintains a level of insurance protection that it believes is adequate, but there can be no assurance that its insurance coverage will be sufficient or effective under all circumstances and against all liabilities to which it may be subject. It could also be subject to substantial claims for damages upon the occurrence of several events within the same calendar year, which could have a material adverse effect on its insurance premiums. In addition, its insurance costs could increase over time in response to any negative development in its claims history or due to significant price increases in the insurance market in general. The Group may not be able to maintain its current insurance coverage or do so at a reasonable cost, which could have an adverse effect on its business, results of operations and financial position.

3.2.1.2.14 A financial crisis in a particular geographic region, industry or economic sector could have a material adverse effect on the Group's ability to borrow from banks or raise funds in the capital markets or otherwise

The Group's ability to borrow from banks or raise funds in the capital markets or otherwise to meet its financing requirements is dependent on favorable market conditions. Financial crises in particular geographic regions, industries or economic sectors have led, in the recent past, and could lead in the future to sharp declines in currencies, stock markets and other asset prices, in turn threatening the affected financial systems and economies.

For instance, in recent years, global credit markets have tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to

various other areas. In addition, the persistent doubts of the financial community about the ability of some countries to refinance their government debt and reduce their public deficit could trigger a general market slowdown that would have a material adverse effect on the Group's ability to borrow from banks or raise funds in the capital markets and could therefore significantly increase the costs of such borrowing. If sufficient sources of financing were not available in the future for these or other reasons, the Group may be unable to meet its financing needs, which could have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.15 The Group has recorded a significant amount of goodwill and it may never realize the full amount thereof

The Group has recorded a significant amount of goodwill. Total goodwill, which represents the excess of acquisition cost over the fair value of the net assets of businesses acquired, was €2,562 million at September 30, 2017, representing 49.3% of its total assets. Goodwill is recorded on the acquisition date and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from a deterioration in the acquired business's performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any goodwill impairment is expensed immediately as a charge to the income statement and may not be subsequently reversed. For example, the Group recognized a €25 million goodwill impairment loss in its financial statements for the year ended September 30, 2013 and it cannot guarantee that it will not have to recognize further impairment losses in the future. Any future impairment of goodwill would result in material reductions of its profit and equity under IFRS. The goodwill impairment loss of €25 million for the year ended September 30, 2013 related to Areas' goodwill and was recognized after a similar impairment loss of €63 million was recognized in the year ended September 30, 2012 against the goodwill related to Areas Spain and Portugal.

3.2.1.2.16 The Group relies on its computer systems to conduct its business. Any instances of systems under-performance or failure could adversely affect its business

The Group relies on numerous computer systems that allow it to track and bill or record its services and costs, manage payroll and gather information upon which management bases its decisions regarding the Group's business. The administration of its business is increasingly dependent on the use of these systems. Consequently, any system failure or down-time resulting from computer viruses, hackers or other causes, or the Group's dependence on certain IT suppliers, could have an adverse effect on its business, results of operations and financial position.

To mitigate these risks, technical security audits are carried out, comprising intruder tests and an assessment of employees' awareness of best security practices.

An SOC (Security Operations Center) was set up in fiscal 2016-2017 for the Group's shared information systems in order to be able to detect security incidents as quickly as possible and put in place effective and proportionate corrective plans.

In France, business continuity procedures have been set up. These are checked regularly and tested every year based on real life simulations.

The data from the Group's most critical applications are duplicated in a mirror data-center which acts as a hot site in order to ensure that services will still be available in the event of an incident.

3.2.1.3 Risks Related to the Group's Financial Structure and Profile

3.2.1.3.1 The Group's leverage may affect its ability to finance its operations and growth, and could have a material adverse effect on its financial position

The Group's leverage may be qualified as reasonable. At September 30, 2017, it had total gross debt of €1,776 million (see Chapter 4, Section 4.7.1.2.2, "Financial Liabilities"). However, its indebtedness could have negative consequences. In particular:

- It could be required to dedicate a substantial portion of its cash flow from operations to servicing its debt, thus reducing the availability of free cash flow to fund organic growth and capital expenditure and for other general corporate purposes.
- Its vulnerability to a downturn in its business or economic conditions may be increased.

- It may be put at a competitive disadvantage compared to other market players that have less debt in relation to cash flow.
- It may have less flexibility in planning for or reacting to changes in its business and industry.
- It may have a reduced ability to invest in expanding its business, notably with a view to modernizing and extending its network.
- Its ability to exploit certain business opportunities may be restricted.
- The Company and its subsidiaries could have a reduced ability to borrow additional funds or raise equity capital in the future and the costs of such additional financing may be higher.

These risks could have a material adverse effect on the Group's business, results of operations and financial position. The Group is also exposed to the risk of fluctuations in interest rates because the majority of its debt is indexed to the Euro Interbank Offered Rate ("Euribor") plus an applicable margin. See Section 3.2.1.5.2 "Interest Rate Risk" below for a definition of Euribor. In addition to fluctuations in Euribor, the margins applicable on some of the credit facilities put in place under the Senior Facilities Agreement – which account for a significant portion of the Group's overall debt – will increase in line with any rises in the Group's leverage ratio (see Chapter 4, Section 4.7.1, "Liquidity and Capital Resources").

In order to effectively manage the Group's debt, several reporting schedules are analyzed on a monthly basis including schedules relating to revenue, DSO, cash out capex, commitments and disputes.

A detailed reporting schedule on the Group's net debt is prepared each month and the main lines are monitored weekly.

3.2.1.3.2 As a holding company, the Company depends on the ability of its operating subsidiaries to generate profit and service debt. Any decrease in their profit or any restriction of their ability to repay their borrowings could have a material adverse effect on the Group's financial flexibility

The Company is a holding company and conducts its business indirectly through its operating subsidiaries (see Chapter 1, Section 1.5 "Organizational Structure"). These operating subsidiaries own the Group's assets and generate the vast majority of its profits and cash flows. If the subsidiaries' profits decrease, the Group's profit and cash flows will be affected, and the subsidiaries concerned may not be in a position to meet their obligations (notably to service their debts) or to make dividend payments to the Company or its intermediate subsidiaries. The Company's cash flows primarily consist of dividends from its subsidiaries as well as interest on and repayments of intra-group loans. The ability of its subsidiaries to make these payments will be dependent on various economic, commercial, contractual, legal and regulatory considerations. If any of the subsidiaries experiences a decrease in its profits or is unable to make scheduled payments to other Group subsidiaries or to the Company, this could have a material adverse effect on the ability of the subsidiaries concerned to repay their borrowings and meet their other obligations, which in turn could have a material adverse effect on the Group's business, results of operations and financial position.

3.2.1.3.3 A number of negative covenants in subsidiaries' financing agreements could restrict the Group's ability to operate its business

The Senior Facilities Agreement requires the Group to comply with certain customary negative covenants and financial ratios (see Chapter 4, Section 4.7.1, "Liquidity and Capital Resources").

The restrictions in the Senior Facilities Agreement, and the documentation for the Group's securitization programs could affect its ability to operate its business and may limit its capacity to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect the Group's ability to finance its operations and capital expenditure, make strategic acquisitions, investments or alliances, restructure the organization or finance its capital needs. Additionally, its ability to comply with these covenants and restrictions may be affected by events beyond its control, such as prevailing economic, financial and industry conditions. If the Group breaches any of these covenants or restrictions, it could be in default under the above-mentioned agreements.

If there is an event of default under any of the Group's debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and/or cause all amounts outstanding with respect to such debt to be due and payable immediately, which in turn could result in cross defaults under its other debt instruments. Any such

actions could have a material adverse impact on the Group and could even force it into bankruptcy or liquidation.

3.2.1.4 Legal and Regulatory Risks

3.2.1.4.1 Risk of non-compliance with hygiene, health and safety, and labor laws and regulations

The Group is subject to constraining and complex laws and regulations in certain countries in which it operates – notably labor laws and regulations – and changes in or violations of such laws and regulations may adversely affect its business and profitability.

Labor laws and regulations have a significant effect on the Group's operations because of the size of its workforce (which, at September 30, 2017, comprised approximately 127,000 employees) and payroll costs (which represented 44% of consolidated revenue for the year ended September 30, 2017). The vast majority of the Group's workforce is based in France, Italy and Spain, where labor laws are highly protective of employees. Labor laws and regulations may not be clear, leaving substantial room for interpretation by employers and employees as well as by the courts and regulatory authorities. If a court or regulatory authority were to interpret a legal or regulatory labor-related obligation in a manner contrary to the manner in which the Group has employed its workers, or if the Group were to be found to be in violation of labor laws or regulations, it could incur significant additional operating costs or liabilities. Any changes in labor and employment laws and regulations may also subject the Group to substantial compliance costs. If any of these events were to occur, the Group's results of operations and financial position could be adversely affected.

Generally, the Group's results could be negatively affected by changes in the legal or regulatory environment in certain domains. For example, any change in the rules relating to school hours could have an adverse effect in the education market within its contract catering & services business line. Similarly, a reduction in the duration of vacations could adversely impact the Group's concession catering business due to the fall in the volume of traveler and passenger traffic that such a change would entail.

The Group's regions have a supervisory body that oversees workplace health and safety and have access to internal or external experts who monitor and advise on changes in labor laws and regulations.

3.2.1.4.2 The Group's public sector contracts may be affected by political and administrative decisions

The Group derives a significant portion of its revenue in each of its businesses from contracts with government entities and other public sector organizations. It estimates that these contracts represent approximately 36.1% of revenue for the contract catering & services business line. Business generated by public sector clients may be affected by political and administrative decisions regarding levels of public spending, particularly in light of the current attention in certain of the countries in which the Group operates to reducing national and local government budget deficits. Decisions to reduce public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on the Group's results of operations. The Group has also experienced delays in collecting amounts due to it under contracts with public entities in Spain and Italy. Although none of its public entity clients have defaulted on their payments, any difficulties the Group may have in collecting amounts due under its contracts could have a material adverse effect on its business, cash flows and results of operations.

In addition, contracts in the public sector are subject to review and monitoring by local authorities to ensure compliance with laws and regulations prohibiting anti-competitive and unethical practices. Any failure to comply with such laws and regulations could result in fines, penalties and other sanctions, including exclusion from participation in tenders for public contracts. Any such event could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

3.2.1.4.3 The adverse outcome of material litigation could have a negative financial impact and an unfavorable impact on the Group's client base and reputation

The Group has been involved, and may be involved in the future, in various legal proceedings arising in the ordinary course of its business, including disputes concerning professional liability and disputes with employees. For example, the Group is currently involved in proceedings for alleged violation of antitrust laws in Italy and in France. Some of the proceedings against it may involve claims for substantial amounts and could divert management's attention from day-to-day business operations to address such issues. Proceedings may result in substantial monetary damages, damage to

the Group's reputation and reduced demand for its services, all of which could have a material adverse effect on its financial position, results of operations and/or cash flows in the period(s) in which the outcome of such matters is determined and/or the related amounts are settled.

In early 2014, the French antitrust authorities launched an investigation into 15 companies, including Elior Services Propreté et Santé, with a view to determining whether the companies concerned had engaged in anti-competitive practices in the industrial cleaning sector, notably in relation to an invitation to tender organized by the Ministry of Defense's aeronautical manufacturing division which was won by one of Elior Services Propreté et Santé's competitors. At the date of this Registration Document the investigation proceedings were still under way and no related provision had been recognized in the consolidated financial statements.

On March 18, 2014, the Italian antitrust authorities announced that they had decided to launch an investigation concerning MyChef Ristorazione Commerciale S.p.A. and Chef Express S.p.A. in order to determine whether these two companies had acted contrary to E.U. competition regulations at the time of their participation in 2013 in invitations to tender related to catering concessions on the Italian motorway network. At the time of their announcement the authorities stated that the two companies may have agreed between themselves on a way for each of them to be granted 8 of the 43 catering outlets included in the invitation to tender. On May 7, 2015, the Italian antitrust authorities issued a decision ordering MyChef to pay a €5 million fine. MyChef appealed this decision to the Regional Administrative Court on July 1, 2015 and on July 29, 2015 this Court suspended the payment of the fine and overturned the decision of the antitrust authorities. Subsequently, by way of a ruling handed down on April 1, 2016 the Administrative Court canceled in full the antitrust authorities' decision of May 7, 2015 – a ruling that the antitrust authorities appealed on June 30, 2016. The appeal decision is still pending. In view of the circumstances of this case no related provision has as yet been recognized in the consolidated financial statements. Moreover, in view of the Group's size, the Company deems the risk associated with the case to be non-material.

At the date of this Registration Document, the Group was not aware of any other governmental, judicial or arbitration proceedings, including any pending or potential proceedings, that could have or have had in the last 12 months, a significant impact on the financial situation or profitability of the Company and/or the Group.

3.2.1.4.4 French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on the Group's debt incurred in France, thus reducing the cash available to service its debt

Under Article 212 II of the French Tax Code (*Code général des impôts*), the deduction of interest paid on loans from related parties within the meaning of Article 39 (12.) of the French Tax Code, or on loans from a third party that are guaranteed by a related party (which are assimilated to related-party debt), is subject to certain restrictions. Deductions for interest paid on such loans may be partially disallowed in the fiscal year during which it accrues if the amount involved exceeds each of the following: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company's net equity and (b) the average amount of debt owed to related parties (and assimilated debt owed to third parties) over the relevant fiscal year; (ii) 25% of the company's profit before tax and non-recurring items (as adjusted for the purpose of these restrictions); and (iii) the amount of interest received by the borrower from related parties. Deductions may be disallowed for the portion of interest that exceeds, in a given fiscal year, the highest of the above three restrictions if such portion of interest is greater than €150,000.

In addition, Article 209 IX of the French Tax Code restricts deductions for interest incurred by a French company that has acquired shares in another company qualified as a participating interest (*titres de participation*) within the meaning of Article 219 I a *quinquies* of the Tax Code, if it is unable to demonstrate, for the fiscal year(s) covering the twelve months following the purchase of the shares (or the first fiscal year commencing after January 1, 2012 for shares acquired in a fiscal year commencing prior to that date): (i) that decisions concerning the shares are effectively made by the acquirer (or, if applicable, a company that controls the acquirer or a company directly controlled by the acquirer within the meaning of Article L. 233-3 I of the French Commercial Code, that is located in France) and (ii) that the acquirer (or, if applicable, a company that controls the acquirer or a company directly controlled by the acquirer within the meaning of Article L. 233-3 I of the French Commercial Code) exercises control or influence over the acquiree.

Moreover, Articles 212 *bis* and 223 B *bis* of the French Tax Code provide for a general restriction on the deductibility of interest with some exceptions. Pursuant to Article 212 *bis* of the Code, only 75% of adjusted net interest expense incurred by French companies that are

not members of a French tax group in fiscal years beginning on or after January 1, 2014 is deductible from their taxable profit if their interest expense net of interest income exceeds €3 million for the fiscal year concerned. For companies that are members of a tax group, under Article 223 B *bis* of the Code, the deduction limit is determined based on the tax group's taxable profit and is applied to the adjusted sum of net interest expense paid by tax group members on loans from lenders that are not members of the tax group, where the sum of the interest expense net of interest income of the tax group members exceeds €3 million for the fiscal year concerned.

Finally, pursuant to Article 22 of the French Finance Act for 2014 (*Loi de Finances pour 2014*), for fiscal years ending on or after September 25, 2013, an additional restriction applies to deductions for interest paid to related parties within the meaning of Article 39 (12.) of the French Tax Code. If the lender is a related party within the meaning of Article 39 (12.) of the Code, the French borrower must be able to demonstrate, at the request of the French tax authorities, that the lender is liable for corporate or personal income tax on the interest for the fiscal year concerned and that said tax liability is at least equal to 25% of the corporate income tax that would be due under standard French tax rules. If the lender is domiciled or based outside France, the corporate income tax that would be due according to standard French tax rules is the amount the lender would have had to pay on the interest income if it had been domiciled or based in France. Specific rules apply when the lender is a look-through entity (*entité translucide*) within the meaning of French tax law, an undertaking for collective investment in securities (UCITS) governed by Articles L. 214-1 to L. 214-191 of the French Monetary and Financial Code (*Code Monétaire et Financier*) – a category that includes OPCVMs, FIAs, SICAVs, and SPPICAVs with a sole shareholder – or, in some cases, a similar entity governed by the laws of another country.

These tax rules could restrict the Group's ability to deduct interest on its French debt and therefore increase its tax burden, which in turn could have a material adverse effect on its financial position and cash flows.

3.2.1.4.5 The Group qualifies for the French employment incentive tax credit. However, changes in the law or in the application of related accounting rules may have a material adverse effect on the extent to which it benefits from this tax credit

In December 2012, the French government enacted a competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi*, or "CICE"), as part of its overall policy to support employment in France and improve the competitiveness of the French economy. The CICE equaled 4% of gross salaries paid to certain employees in 2013, 6% for 2014, 2015 and 2016 and 7% for 2017. The rate is expected to return to 6% for salaries paid as from January 1, 2018 in accordance with the French Finance Bill for 2018. The amount of the CICE is calculated on the basis of gross salaries paid in each calendar year to employees who receive up to 2.5 times the French statutory minimum wage. Eligible salaries are calculated on the basis of regular working hours plus overtime hours (but without taking into account the overtime rate).

In accordance with the accounting rules applicable as of the date of this Registration Document, the Group is able to record the CICE as a deduction from personnel costs. It therefore had a positive impact on EBIT and EBITDA in the consolidated financial statements for the year ended September 30, 2017.

The CICE for any particular fiscal year may be used to reduce corporate income tax payable for the next three years. Any excess credits not used to offset corporate income tax during that four-year period become fully refundable in cash by the French tax authorities at the end of those four years.

However, the Group believes that it should be able to regularly monetize this refund before the end of the four-year period, on a recourse or non-recourse basis, as it did in July 2017 for the 2016 credit. This would provide the Group with additional sources of liquidity in the event of monetization on a recourse basis or with additional net cash from operating activities in the case of non-recourse monetization. Nevertheless, no assurance can be given as to the Group's ability to achieve such monetization.

Further, in light of ongoing budgetary pressures in France, the French government may decide at any time to change its policy and restrict application of the CICE, for example by changing the calculation base, or eliminate it altogether. The French Finance Bill for 2018

provides for the CICE to be eliminated as from January 1, 2019 and for it to be replaced by a reduction in employers' social security contributions. There can be no assurance, therefore, that the Group will continue to be able to benefit from the CICE. Any changes to the CICE, including changes in the conditions or requirements companies must satisfy in order to claim the tax credit or any changes in its accounting treatment, may have the effect of reducing or eliminating its positive impact on the Group's results of operations. Finally, certain commercial partners such as clients, suppliers and concession grantors, may increase price pressure on the Group in order to share the benefit of the tax credit, which could have an impact on its revenue and margins and as such reduce or eliminate the positive impact of the CICE.

3.2.1.4.6 The Group is exposed to tax risks.

The Group seeks to create value by leveraging the synergies and the commercial strength of a multinational group. In order to do so, it must structure its organization and operations appropriately while respecting the various tax laws and regulations of the jurisdictions in which it operates, which are generally complex. Additionally, because tax laws may not provide clear-cut or definitive doctrines, the tax regime applied to the Group's operations and intragroup transactions or reorganizations is sometimes based on its interpretations of tax laws and regulations. The Group cannot guarantee that such interpretations will not be challenged by the relevant tax authorities, which may adversely affect its financial position or results of operations. Tax laws and regulations are subject to change, and new laws and regulations may make it difficult for the Group to restructure its operations in a tax-efficient manner. More generally, any failure to comply with the tax laws or regulations of the countries in which the Group operates may result in reassessments, late interest, fines or other penalties.

Furthermore, the Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from differences between the tax and accounting values of assets and liabilities or in respect of the tax loss carryforwards of its subsidiaries. Recovery of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits, and on the future results of the subsidiaries concerned. In particular, pursuant to Article 24, I-1° of the 2013 Finance Act no. 2012-1509 (*loi de finances pour 2013*) dated December 29, 2012 – which amends paragraph 3 of Article 209 of the French Tax Code – the portion of French tax loss carryforwards that may be used to offset the portion of taxable profit exceeding €1 million for a given fiscal year was reduced from 60% to 50% for fiscal years ended on or after December 31, 2012. At September 30, 2017, the Group had deferred tax assets of €189 million and available tax loss carryforwards of €360 million. Deferred tax assets of €114 million were recognized for tax loss carryforwards in the year ended September 30, 2017. Any reduction in the ability to recover these assets due to changes in laws and regulations, potential tax reassessments, or lower than expected profits could have a negative impact on the Group's results of operations and financial position.

The services the Group provides to its clients are subject to value added tax, sales taxes or other similar taxes. Tax rates may increase at any time, and any such increase could affect the Group's business and the demand for its services. This in turn could reduce its operating profit, negatively affecting its results of operations.

3.2.1.4.7 The Group is subject to multiple and complex types of regulation in each of the countries in which it operates and any failure to comply with requirements imposed by the applicable law or other governmental regulations could expose it to lawsuits, investigations and other sources of liability claims and restrictions on its operations that could have a material adverse effect on its business

The nature of the Group's businesses also subjects it to varying types of local, national and international regulations. Its contract catering and concession catering businesses are both subject to regulations concerning food safety and preparation (see Section 3.2.1.1.1 above, "Risks related to food safety", and Chapter 1, Section 1.6.5.1, "Food Regulations"). Through its services business, the Group provides cleaning and other services to companies in highly regulated industries, including the healthcare industry – which accounts for a significant proportion of its services revenue – and the food industry. Due to the sensitive nature of these industries, the Group must comply with particularly strict standards of operation and hygiene. The Group and its clients and suppliers in such industries are subject to highly detailed and restrictive laws and regulations regarding the provision of these services and the safety of facilities. Any failure to comply with such laws and regulations could cause the Group to incur fines, lose contracts or cease operations.

The Group is also subject to workplace safety and environmental regulations. The Group's facilities may be inspected at any time, and any allegations of non-compliance with regulations can result in lengthy and costly investigations. Such regulations have tended to become broader and stricter over time – particularly in Europe and the United States – and enforcement has become more stringent. If regulations in the countries in which the Group operates are strengthened in the future, the extent and timing of investments required to maintain compliance may differ from its internal schedule and may limit the availability of funding for other investments. In addition, if the costs of regulatory compliance continue to increase and it is not possible for these additional costs to be passed on in the price of its services, any such changes could reduce the Group's profitability. Changes in regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditure and other financial obligations that could affect the Group's profitability.

3.2.1.5 Market Risks

3.2.1.5.1 Foreign exchange risk

The Group operates primarily in Eurozone countries. In the year ended September 30, 2017, non-Eurozone countries – essentially the United Kingdom, Mexico and the United States – accounted for over 26% of its consolidated revenue, including 6.3% contributed by the United Kingdom and 18.8% by the United States. The revenues and expenses of Group companies are invoiced and paid in local currencies. Consequently, the Group is exposed to fluctuations in exchange rates that have a direct impact on its consolidated financial statements. This corresponds to transaction risk on income and expenses in foreign currencies and risks related to the conversion into euro of the balance sheets and income statements of foreign subsidiaries located outside the Eurozone.

The Group's sensitivity to changes in exchange rates mainly relates to fluctuations in the value of:

- The pound sterling against the euro: a 5% increase or decrease in this currency compared with the average rate of 0.8717 for the year ended September 30, 2017 would result in a corresponding change in consolidated revenue and recurring operating profit of €20 million and €0.9 million respectively.

- The U.S. dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.1050 for the year ended September 30, 2017 would result in a corresponding change in consolidated revenue and recurring operating profit of €60 million and €2 million respectively.

The Group's external borrowings are primarily denominated in euros, except for the financing set up when the debt of Elior North America was refinanced in May and June 2015, which principally includes (i) $100 million worth of bonds issued by Elior Group through a private placement, (ii) the Facility I put in place under the Senior Facilities Agreement, representing an aggregate $100 million, (iii) the RCF 1 and 2 revolving credit facilities which totaled $250 million at September 30, 2015 (financing matched by dollar-denominated cash flows generated by Elior North America and Areas US) and (iv) the new Facility I representing $244 million which was put in place under the Senior Facilities Agreement on June 20, 2016 notably for the purpose of refinancing a portion of Areas US's external debt.

3.2.1.5.2 Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates on debt that is indexed to the Euro Interbank Offered Rate ("Euribor") and the US dollar Libor plus an applicable margin. Euribor and Libor could rise significantly in the future, which could increase the Group's interest expense and reduce cash flows available for capital expenditure, as well as hindering its ability to make payments on certain loans. Its loan agreements do not include a clause requiring it to hedge all or part of its related exposure to interest rate risk.

In order to manage its interest rate risks, the Group has set up interest rate swaps and caps in the past and intends to continue to put in place such contracts in the future where it deems appropriate. These hedges mitigate (i) the risk of variable interest rates affecting the fair value of the Group's fixed-rate debt, and (ii) the impact of the Group's variable-rate debt on consolidated cash. However, the Group can give no assurance that it will be able to effectively hedge its exposure to fluctuations in interest rates in the future or to continue to set up such hedges at a reasonable cost

At September 30, 2017 all of the Group's borrowings were at variable rates. At that date the Group's net exposure to interest rate risk, before and after hedging was as follows:

(in € millions)

	At September 30, 2017									
	Financial investments[1]		Debt[2]		Net exposure before hedging		Interest rate hedging instruments[3]		Net exposure after hedging	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than 1 year		7.2		75.1	0.0	67.9			0.0	67.9
1 to 5 years				1,317.1	0.0	1,317.1		(1,338.6)	0.0	(21.5)
Beyond 5 years				384.0	0.0	384.0			0.0	384.0
Total	**0.0**	**7.2**	**0.0**	**1,776.2**	**0.0**	**1,769.0**	**0.0**	**(1,338.6)**	**0.0**	**430.4**

(1) Cash investments recorded under marketable securities in the balance sheet.

(2) Primarily corresponding to (i) the euro- and USD-denominated syndicated debt of the Company and Elior Participations SCA under the Senior Facilities Agreement, (ii) US dollar bond debt related to the private placement, and (iii) liabilities under the receivables securitization program.

(3) Euro- and USD-denominated hedging instruments (swaps), effective throughout fiscal 2017-2018, 2018-2019 and 2019-2020.

In fiscal 2016-2017, 75.7% of the Group's variable-rate debt was hedged.

In view of the relative weighting of the Group's fixed-rate and variable-rate borrowings, the sensitivity of its finance costs to a 1% increase in interest rates is approximately €5.6 million per year. This sensitivity takes into account the hedges currently in place but these hedges have a limited duration and do not protect against fluctuations in interest rates until the maturity dates of the borrowings concerned.

The sensitivity of the Group's debt to fluctuations in interest rates is as follows:

(in € millions)	Year ended September 30, 2017	
	Income statement impact (before tax)	**Equity impact (before tax)**
Impact of a 1% increase in interest rates for the fiscal year	(5.6)	47.4
Impact of a 1% decrease in interest rates[1]	N/A	N/A

(1) Not material – not applicable based on the current Euribor and Libor rates.

3.2.1.5.3 Liquidity Risk

The Group manages its liquidity risk by maintaining adequate reserves, bank lines of credit and stand-by lines of credit, by preparing cash flow forecasts and monitoring actual cash flows in relation to forecasts, and by matching to the extent possible the maturity profiles of financial assets and liabilities.

The following table shows the breakdown of financial liabilities other than derivative instruments at September 30, 2017 by contractual maturity.

(in € millions)	At September 30, 2017			
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**
Medium-term debt – Elior Group		168.0	384.0	552.0
Medium-term debt – Elior Participations		952.6		952.6
Sub-total: bank debt		**1,120.6**	**384.0**	**1,504.6**
Elior Group bond debt (USD private placement)		84.7		84.7
Miscellaneous borrowings[1]		84.9		84.9
Obligations under finance leases	15.0	25.5		40.5
Other	60.2	1.5		61.6
Sub-total: other debt	**75.1**	**196.5**		**271.6**
Total debt	**75.1**	**1,317.1**	**384.0**	**1,776.2**

(1) Primarily liabilities under the receivables securitization program.

The Group also has access to revolving lines of credit for a total of €300 million and US$ 250 million that can be drawn down at any time. These revolving lines of credit are subject to the customary negative covenants and other commitments (see Chapter 4, Section 4.7.1.2.2., "Financial Liabilities").

For more information about the Group's liquidity sources, see Chapter 4, Section 4.7.1, "Liquidity and Capital Resources".

3.2.1.5.4 Credit and/or Counterparty Risk

Credit and/or counterparty risk is the potential that a party to a contract with the Group will fail to meet its obligations in accordance with agreed terms, leading to a financial loss for the Group.

The main financial instruments that could expose the Group to concentrations of counterparty risk are trade receivables, cash and cash equivalents, investments and derivatives. Broadly speaking, the Group's maximum exposure to credit risk corresponds to the carrying amount of all of the financial assets recognized in the consolidated financial statements at September 30, 2016 and 2017, net of any accumulated impairment losses.

The Group considers that it has very low exposure to concentrations of credit risk in relation to trade receivables. The balance sheets of its companies operating in the concession catering business line do not generally include significant amounts of trade receivables. In the contract catering & services business line, there is no material exposure to concentrations of client credit risk at Group level as the relevant companies have a large number of clients and the geographic locations of these clients and the operating sites concerned are highly diverse.

The Group only enters into hedging agreements with leading financial institutions and it believes that the risk of any of these counterparties defaulting on their contractual obligations is very low as the financial exposure of each institution is limited.

3.2.1.5.5 Risks Related to Equities and Other Financial Instruments

At the date of this Registration Document, the Group did not hold any equities other than shares in non-consolidated companies and companies accounted for by the equity method. Consequently, the Group believes that it is not exposed to any material market risk related to equities and other financial instruments.

3.2.1.6 Insurance and Risk Management

3.2.1.6.1 Insurance

The Group has taken out various types of insurance cover, including property damage insurance, general liability coverage and business interruption insurance. However, certain types of operating risk are not insured, because cover is not available or is only available at a cost that the Group considers unreasonable. In addition, client credit risks are not insured. The Group regularly takes out various insurance policies for its vehicles. It has also set up directors' and officers' liability insurance. The Group considers that its insurance programs, including the insured amounts and the applicable terms and conditions, provide adequate protection against the risks it faces in the geographic areas in which it operates, taking into account the costs of such insurance and the potential risks to its continuing operations. However, it cannot provide any assurance that in the future it will not suffer any losses or be subject to any legal proceedings that are not covered by its existing insurance policies.

Annual insurance premiums paid by the Group in the year ended September 30, 2017 totaled €22.5 million, including Workers Compensation Insurance premiums of €9 million in the United States.

3.2.1.6.2 Risk of the Internal Control System Being Inefficient or Unsuited to the Group's Risk Exposure

The Group has set up detailed internal control procedures with a view to anticipating and managing the risks to which it is exposed.

The Group is exposed to specific risks related to food safety and the food supply chain (as described in Section 3.2.1.1.1 above) and has therefore implemented internal control procedures in each country where it operates in order to ensure the quality of the food used to prepare meals, and compliance with the applicable hygiene and food safety regulations. It has also put in place strict procedures to ensure the traceability of its products and comply with applicable European regulations. In line with its commitment to applying best practices in the area of hygiene, it has adopted and rolled out HACCP principles (see Chapter 1, Section 1.6.5.1.1 a., "Food Safety and Hygiene").

Additionally, the Group is exposed to risks that may reduce travelers' mobility, such as terrorist attacks, pandemics and natural disasters (as described in Section 3.2.1.1.4 above). However, the potential impact of this risk on the Group's results is attenuated by its broad spread of businesses and wide geographic reach.

As explained in Section 3.2.1.2.1 above, the Group relies on a small number of key suppliers for certain products. If problems were to arise in obtaining supplies from these companies, this could have an adverse effect on the Group's results of operations. Nonetheless, the Group believes that this risk is fragmented, and therefore mitigated, due to the fact that it is not dependent on global suppliers. Supplier replacement procedures have been set up to deal with an emergency or crisis situation. The geographic dispersion of the Group's businesses also lessens this risk.

The Group also relies on some key personnel and its ability to attract, train and retain qualified personnel is a significant factor in its success (see Section 3.2.1.2.2 above). To strengthen employee loyalty, a talent management program has been set up that identifies key managers and tracks their career development.

Acquiring target companies, notably in new markets, can also represent a risk for the Group (see Section 3.2.1.2.3 above). This risk is limited through a selective acquisition policy that focuses on targets offering considerable potential synergies that operate in countries where the Group is already present. Further, the Group generally gives the acquired company's key managers a stake in the transaction's success.

The Group is also exposed to liability risks arising from the actions of its employees, notably in activities that involve handling food products and interaction with the public (see Section 3.2.1.2.4 above). In order to limit this risk, the Group has implemented numerous employee training programs on health and food safety issues as well as on interaction with the public.

The Group believes that it is exposed to a risk of existing contracts not being renewed (see Section 3.2.1.2.8.

above). It has implemented an active policy to lessen this risk, namely by setting up teams dedicated to retaining clients and building their loyalty. These teams use customer relationship management (CRM) tools and solutions to reduce contract termination and non-renewal risks and improve client retention rates.

The Group is also exposed to a default risk in the event that clients experience financial difficulties (see Section 3.2.1.2.9. above). In order to anticipate and respond to this risk, it has set up dedicated credit and collection teams to quickly identify past-due payments and default risks and take the appropriate measures. These measures range from dunning procedures to contract terminations in the most serious cases.

The Group also believes that it is faced with two specific risks arising from its presence in numerous countries and its international reach (see Section 3.2.1.2.11 above). The first is the risk of local management failing to comply with applicable regulations. The Group believes, however, that the size of its business in each country where it operates allows it to implement adequate internal controls to ensure compliance with applicable legal, tax and labor regulations. The second is the risk of political and social instability in the countries where it operates. The Group considers that this risk is limited because the bulk of revenues are generated in countries that are politically and socially stable, mainly in the European Union and the United States.

Finally, the Group considers that it is exposed to a risk of disruption to the operations of its central kitchens that could have a material adverse effect on its results of operations. This risk has been contained by establishing a network of central kitchens in the countries in which the Group operates, helping to ensure that client commitments continue to be fulfilled in the event that a central kitchen has to be closed temporarily.

3.2.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.2.2.1 Description of Internal Control and Risk Management Procedures

This description of internal control and risk management procedures has been prepared under the responsibility of the Chairman of the Board of Directors and is an integral part of the Chairman's report prepared in application of Article L. 225-37[1] of the French Commercial Code. It was drawn up with the assistance of the Group Finance Department.

This report covers the Company and all of its consolidated subsidiaries. The information contained in this report is organized as follows:

- Procedures underlying the preparation of the description of internal control and risk management procedures.
- The internal control framework adopted by the Group.
- Scope of the Group's internal control processes.
- Organization of internal control and risk management systems.
- Internal control procedures covering the preparation and processing of financial and accounting information.

Internal control procedures covering the preparation and processing of financial and accounting information are referred to in this report as "financial internal control procedures".

3.2.2.1.1 Procedures Underlying the Preparation of the Description of Internal Control and Risk Management Procedures

This description of internal control and risk management procedures has been prepared with input from the Finance, Legal Affairs, Internal Audit and other departments.

The Group's various regions (comprising countries and business units) also contributed actively to the description of the internal control system referred to in this report.

[1] As per the version existing prior to the French Government Order dated July 12, 2017 as this Order only applies to reports covering fiscal years commencing on or after January 1, 2017.

This report was drawn up by the Group Finance Department and was approved by the Chief Executive Officer. The report and the underlying procedures were reviewed by the Audit Committee on December 1, 2017 and were presented to the Board of Directors on December 5, 2017. The report was approved in full by the Board at its January 24, 2018 meeting.

3.2.2.1.2 Internal Control Framework Adopted by the Group

The description of internal control and risk management procedures is based on the five components of internal control defined and published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as updated in May 2013:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring activities

This internationally recognized model constitutes the Group's control framework.

COSO defines internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. These objectives cover the main aspects of internal control and may be defined as follows:

- ***Operations objectives***: these pertain to the effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- ***Reporting objectives:*** these pertain to internal and external financial and non-financial reporting and encompass reliability, timeliness and transparency.
- ***Compliance objectives:*** these pertain to adherence to laws and regulations to which the entity is subject.

Like any control system, internal control provides reasonable but not absolute assurance that the entity's objectives will be met. Among its inherent limitations, internal control cannot prevent bad judgment or decisions, or external events that can cause an organization to fail to achieve its operational goals.

3.2.2.1.3 Scope of the Group's Internal Control Processes

The principles and operating methods underlying the Company's internal control system are defined at Group level and at the level of the operating entities (i.e. regions, countries and business units) in France and abroad.

The system applies to all of the Group's business activities or to the regions and business units concerned, regardless of whether management has chosen to conduct operating activities directly or to outsource them.

In the specific case of very small or newly acquired subsidiaries, an integration program has been developed to facilitate convergence of their procedures with those of the Group and ensure effective control of their operating, financial and accounting processes.

3.2.2.1.4 Organization of Internal Control and Risk Management Systems

This report describes the main control processes based on the five components defined in the COSO framework.

a) The Group's control environment

The control environment is the set of standards, processes and structures that provide the basis for carrying out internal control across the organization.

The Board of Directors and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct. There are five principles associated with the control environment:

- The control environment demonstrates the integrity and ethical values of the organization.
- The Board of Directors acts independently from management. It oversees the development and effectiveness of the internal control system.
- Under the Board's supervision, management defines the organization structure and the assignment of authority and responsibility to enable objectives to be met.
- The organization demonstrates its commitment to attracting, training and retaining competent individuals, in line with objectives.
- Each member of the organization is accountable for his or her performance in the area of internal control, to enable the objectives to be met.[1]

The Group's control environment is based on an internal control system driven by senior management and supported by a strong internal control culture at all levels of the organization. It is also based on the core documents and procedures that structure the Group's critical processes and must be adhered to by all Group employees:

- The Group's values, which reflect its commitments to clients, employees, the community and shareholders and explain the management philosophy and the principles on which management action is based.
- The rules drawn up by the Board of Directors and executive management for application by all Group companies. These rules contain provisions applicable to the Company and its exclusively-controlled French and international subsidiaries. The areas and issues covered by these rules include:
    - the appointment of and delegation of powers to executives within the Group;
    - management compensation arrangements;
    - investments and commitments (including guarantees, endorsements and collateral);
    - financial communications.

The control environment is aligned with the Group's decentralized organization structure.

Several networks of managers and correspondents are tasked with rolling down the control processes defined by the Company to the Group's various regions and business units. They include the network of internal control correspondents, decentralized internal auditors, and all the employees responsible for information systems security and for safety and security/insurance within the Group.

[1] COSO Integrated Internal Control Framework – Components and Principles

b) Governance structures and the control environment

As is the case for any entity, the Group's control environment is necessarily influenced by the way its governance is organized. This influence can be put down to a variety of historical, organizational and regulatory factors:

- The Group's internal control system results from the strategy, culture and general policies defined at the time of its formation.
- At September 30, 2017 the Group's governance structure was based on the powers of the Chairman of the Board of Directors and the Group Chief Executive Officer being held by one person (Philippe Salle – Chairman and Chief Executive Officer). This structure was changed on July 26, 2017 by the Board of Directors following it decision to separate the roles of Chairman and Chief Executive Officer, effective from the date of Philippe Salle's departure, i.e. October 31, 2017.
- In line with the responsibilities assigned to audit committees in the French Commercial Code, the Audit Committee obtains assurance concerning the relevance, reliability and effective implementation of internal control procedures and procedures for the identification, coverage and management of risks associated with operating activities and the production of accounting and financial information. The Committee receives reports from the Group's Internal Audit Director and the Financial Control Director (who oversees the internal control function) and it reviews the Group risk map yearly. The Audit Committee also expresses an opinion on the organization and resources of the Internal Audit Department that are allocated to internal control, and is informed of the internal audit program. The Committee receives periodic summaries of the internal audit reports and of internal control work performed.

These factors mean that the Board of Directors is deeply involved in deploying the Group's strategy, monitoring its operational performance and overseeing risks and internal control. The agendas of meetings of the Board of Directors and Board committees reflect this involvement (see the section on corporate governance above).

c) Allocation of internal control roles and responsibilities

The organization of internal control is the responsibility of the Group Chairman and Chief Executive Officer, assisted by the Group Chief Financial Officer and the Group Executive Committee, which includes the Chairman and Chief Executive Officer, the Chief Financial Officer, the CEO of Concession Catering Worldwide, the Group Senior Vice-President in charge of Strategy, Development, Innovation and Public Affairs, and the President and CEO of Elior North America.

The legal organization (Company officers) is consistent with the organization of the operational and corporate functions. As well as being represented on the boards of directors of Group companies, the Company also regularly attends management meetings in its operational entities, mainly via its Management Committee.

In particular, the Group has established a formal system of delegations of authority that is coordinated by the legal affairs departments of each region for all of the region's business units. In addition, the Group's approval rules defining authorization levels for commitments and decisions that involve the Company or a subsidiary have been updated to reflect the Group's current organizational structure. Alongside these documents, the Group has issued rules and policies that provide guidelines for each of the core functions and critical processes.

The Group's Chief Financial Officer and Chief Communications Officer also have formal delegations of authority which are drawn up by the Group Corporate Legal Affairs Department.

d) Human resources development policy – Human resources planning and management

A new HR organizational structure was put in place at the beginning of the fiscal year with a view to giving the regions in each country more autonomy in managing their talent and developing their employees' careers.

Only the members of the regional management committees – corresponding to around 120 employees – are now overseen directly by the Group Talent Management Department.

This means that each region is responsible for defining and implementing its own HR development strategy. However, for both cost and organizational reasons, the various regional HR departments still use the shared talent management system – Elior Group Talents – which is administered centrally by Group HR.

This new, more balanced, organizational structure enables each human resources department to adapt their talent management strategy to their local priorities

while still being able to have the benefits of a global system.

The HR management processes for the Group's "Top 120" executives are drawn up by the Group Talent Management Department and include training programs, short- and long-term compensation plans, talent reviews and succession plans.

All of these moves are aimed at aligning employees' actions with the Group's strategy and giving them the resources they need to successfully implement the "Tsubaki 2020" transformation plan with their teams as well as retaining the management teams that head up the various regions. In parallel, tailored training solutions are provided locally for employees through training teams that have been set up across the Group's regions and business units.

The Group encourages and supports staff mobility between its various markets, businesses and professions. The rules and principles underpinning the internal mobility policy are described in a document issued to all Group managers. Job opportunities are posted on the Elior Group Recruitment online job site, with priority always given to internal candidates over external candidates with similar profiles.

Finally, Elior Group plays close attention to maintaining pay equity and to offering competitive compensation packages.

Senior executives receive an annual bonus. The bonus system is designed to incentivize key executives to achieve Elior Group's development ambitions, by basing a significant portion of the bonus on the attainment of EBIT, EBITDA and free cash flow targets. "Roadmap" criteria are also defined by market, to support the attainment of financial targets, notably through closely monitoring cash flow. The system also includes minimum performance thresholds and an increased bonus if executives outperform in their area of responsibility.

All of these measures help to retain employees, while also facilitating performance tracking and recognition, and allowing a clear, up-to-date allocation of responsibilities.

e) Business ethics and rules of conduct

Group employees are required to perform their professional duties in accordance with the following five core values: responsibility, employee recognition, operational excellence, innovation and loyalty. These values were defined and deployed through a gradual, qualitative approach among a panel of managers representing the Group's diversity. They are presented to each new hire and also feature on the Group's intranet.

Elior Group has drawn up a set of fundamental Ethical Principles which are a clear illustration of Elior Group's proactive strategy to support and promote the main international ethics standards and guidelines, namely the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Sustainable Development Goals. These Principles cover both daily ethical conduct and management ethics as well relations with shareholders, public authorities, clients, suppliers and members of civil society. It was made available on July 22, 2016 after being approved by the Group Chairman and Chief Executive Officer. It has been translated into the languages of all of the countries in which the Group operates and is available on the Group's corporate website and intranet.

f) Preventing and managing fraud and corruption

A new Act on transparency, the prevention of corruption and the modernization of the economy (known as the "Sapin II Act") came into effect in France on June 1, 2017. Elior Group, all of its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code, and (ii) the companies that it controls, within the meaning of Article L.233-3 of the Code, are required to comply with the Act's provisions.

Work groups have been set up to develop the procedures provided for in Article 17.II of the Sapin II Act and determine the process for applying the measures mentioned in the same article. The group's work mainly consisted of drafting a code of conduct and related disciplinary measures, implementing a whistle-blowing system, mapping corruption risks, defining accounting control procedures, developing a training program and implementing a risk assessment procedure covering clients, suppliers and intermediaries.

The timeline for deploying these measures and procedures throughout the Group was determined based on legal requirements, particularly the requirement to consult employee representatives in France, pending the possible publication of guidelines by France's corruption watchdog, Agence Française Anticorruption.

The Group Internal Audit Department has been tasked with overseeing and monitoring the overall measures and procedures put in place.

3.2.2.2 Risk Management Systems

Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risk assessment therefore forms the basis for determining how risks will be managed. Management takes into account any changes in the external environment and in its business model that could adversely affect the achievement of objectives.

There are four principles associated with risk assessment:

- The organization defines objectives in a sufficiently clear manner to permit the identification and assessment of risks to their achievement.
- Risks to the achievement of objectives are identified across the entire organization and are analyzed to determine how they should be managed.
- The organization factors fraud risk into its assessment of risks to the achievement of its objectives.
- The organization identifies and assesses changes that could have a material impact on the internal control system.[1]

A presentation of the overall risk management framework and a description of each risk are provided in the “Risk Factors” section of this Registration Document.

3.2.2.2.1 Risk Management Organization

The Group has set up a risk management system to identify, assess, prioritize and rationally process its major risks, and to track its exposure over time. The aim is to understand and take into account the risks faced by line personnel during their day-to-day activities and to ensure that appropriate plans, controls or monitoring procedures are in place to address these risks, in line with the Group’s strategy and objectives.

This system enables the Group to decide on its potential risk exposures and to better manage these risks in order to efficiently deploy its strategy. The risk management system is implemented by line personnel under the leadership of the Group Finance Department and the supervision of the Board of Directors and the Audit Committee. It is a key component of the Group’s governance system.

Risk management processes are organized around three pillars:

- Development of a risk map and corresponding action plans at Group level.
- Control over the risks inherent in critical processes at the level of each Group entity, which are subject to continuous assessments, in some cases with the help of external consultants.
- Audits of cross-functional processes and certain cross-functional risks by the Internal Audit Department.

The Group's risks were first mapped in 2014 and the risk map drawn up was reviewed and validated by the Executive Committee and presented to the Audit Committee.

Action plans are implemented by local managers under the responsibility of the heads of the regions or corporate departments.

The Group's risk management system is updated yearly with a self-assessment process carried out at the level of the Group’s various regions. The findings of this self-assessment are presented to the Audit Committee.

In September 2016, the Internal Audit Department drew up a new risk map using a Governance, Risk & Compliance (GRC) system and subsequently rolled it out to all of the Group’s operations, apart from the contract catering business in the United States.

This new risk map – which applied to fiscal 2015-2016 – was presented to the Audit Committee in the first quarter of calendar 2017.

A further risk assessment was carried out during the fiscal year with new risks identified as priorities and added to the existing risk map. A new risk map was therefore drawn up for fiscal 2016-2017, which now also covers the contract catering business in the United States.

Also during fiscal 2016-2017, the Group’s risks related to fraud and corruption were specifically identified and an anti-fraud and anti-corruption program was rolled out Group-wide.

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[1] COSO Integrated Internal Control Framework – Components and Principles

In February 2017, in anticipation of the introduction of the Sapin II Act in France, a self-assessment campaign was launched across the Group (except for Elior North America).

Following this campaign, a map of the Group's fraud and corruption risks was drawn up and presented to the Audit Committee on May 23, 2017.

Elior Group's GRC system – which can be used to carry out internal control and risk assessment campaigns – is now used by all of the Group's businesses except for its recently-acquired operations in India.

3.2.2.2.2 Management of Insurable Risks

The Insurance and Risk Prevention Department, which is part of the Group Finance Department, is responsible for setting up insurance programs to protect the Group's interests.

The Insurance and Risk Prevention Department comprises a two-member central team supported by a network of internal correspondents (by profession and/or geographic location: insurance correspondents, health and safety managers and finance managers) and external correspondents (insurance engineers). It determines the Group's strategy in the areas of property damage prevention and implements a contractual risk reduction strategy in conjunction with the Legal Affairs Department – Operations, in particular through the use of clauses that limit the Group's liability. It makes decisions as to whether certain types of risks should be self-insured or insured on the market. Risks are transferred to the market via international insurance programs that help to standardize risk transfer processes and to pool insurance purchases within the Group. The main international insurance programs are placed with insurance companies that in 2017 were rated at least "A Stable" by Standard & Poor's or "Baa 1" by Moody's.

These international insurance programs consist of policies that are common to all subsidiaries (including general liability and property damage/business interruption cover) and local integrated or non-integrated policies.

General liability cover concerns losses caused to third parties by the Group's activities and is obtained through local integrated or non-integrated policies as well as via the Group program.

Property damage policies cover damage to assets used in the business and losses arising from the interruption of business following an insured event (fire, flood, natural disaster, etc.). The sites are covered for property damage and business interruption under local integrated or non-integrated policies as well as via the Group program.

The Insurance and Risk Prevention Department prepares a list of all Group sites each year, along with insurable values. It centralizes all claims reported by the insurance correspondents in France and is gradually setting up a system to consolidate information about claims reported by the international subsidiaries. The causes of the most material and/or recurring claims are analyzed jointly with the insurers.

The Insurance and Risk Prevention Department has developed several systems for the prevention of insurable risks:

1. Communication of safety and security guidelines with respect to the Group's main operational risks, prepared by the Group's safety and security managers in partnership with insurance engineers (sharing of best practices).

2. Organization of risk assessment visits at around twenty Group sites per year, in France and at international subsidiaries, based on a schedule drawn up by the insurers. A written report is prepared after each visit, containing recommendations to improve the site's safety and security and/or compliance with safety standards.

When appropriate, these recommendations are designated as best practices and rolled out to the entire Group.

Lastly, in December 2016, as part of the GRC system, an assessment campaign concerning insurance management best practices was carried out across all of the Group's operations (except for the contract catering business in the United States).

The findings of this campaign were presented to the Audit Committee on May 23, 2017.

3.2.2.3 Control Activities

Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes. They may be manual or automated.

There are three principles associated with control activities:

- The organization selects and develops control activities to manage the risks to achievement of its objectives and reduce them to an acceptable level.
- The organization selects and develops general automated controls to facilitate the achievement of its objectives.
- The organization deploys control activities through rules that describe the objectives and through procedures for the implementation of these rules.[1]

The control activities set up by the Group aim to:

- Ensure that the business of the Company and its French and international subsidiaries and the activities of its employees fall within the framework defined by the applicable laws and regulations, executive management's strategic guidelines and the Company's internal commitments and rules.
- Prevent and contain the risks incurred by the Group, not only accounting and financial risks – including the risks of error or fraud – but also operational risks, to protect and preserve its businesses and the Company's assets.
- Produce accounting, financial and management information on a timely basis, in order to ensure the reliability and relevance of the financial information communicated to shareholders, in compliance with the applicable standards and regulations, and permit the Group to be managed appropriately.

The internal control system architecture, which is the responsibility of the Chairman and Chief Executive Officer, is based on a three-tier organization:

- First-tier controls are performed by each employee and his or her line manager, based on their explicit responsibilities, the procedures applicable to their activities and their instructions.
- Second-tier controls are performed by specialized functions that are independent from the activities that are the subject of the controls. They may also be performed by members of operational, support and control units.
- Third-tier controls are performed by the Group internal auditors, who have a dotted-line reporting relationship with the Chairman and Chief Executive Officer and are responsible for ensuring at all times that first and second-tier controls are effective and are systematically performed.

[1]COSO Integrated Internal Control Framework – Components and Principles

3.2.2.3.1 Food Hygiene and Safety

In each country where the Group operates, its operations management teams have put in place – under the supervision of Group executive management – "purchasing" and "quality" units in order to ensure food safety within each of the respective businesses. These units are responsible for drawing up food safety and hygiene policies and procedures and setting up the appropriate processes and systems for ensuring they are properly applied, as well as for defining the alert procedures to be used in the event of a crisis situation.

In France, these tasks are carried out by a central, independent Quality and Safety Department, which has a team of 13 people and is responsible for:

- Safeguarding the quality of food and non-food supplies.
- Defining hygiene rules for all sites and overseeing their application.
- Providing the technical and scientific expertise required to manage administrative files with the relevant authorities.
- Dealing with any product safety alerts.
- Ensuring that the French purchasing unit – Elior Achats France (EAF) – maintains its quality certifications.

The Quality and Safety Department is divided into two units: (i) the Product Quality unit which is responsible for ensuring that suppliers apply the Group's food quality and safety policies; and (ii) the Food Hygiene unit, which oversees food safety for all of the Group's restaurants and sites.

The Quality and Safety Department has been ISO 9001 certified since 1994 and ISO 22000 certified since 2012.

The Group's international subsidiaries have also set up systems to monitor and control food safety issues.

This organization has enabled the Group to deploy several tools to guarantee the quality of the products served at all of its restaurants and sites. These tools

cover both upstream and downstream processes to ensure the highest levels of safety.

a) Food safety in the supply chain

France

Elior France's activities have been ISO 22000 certified since April 2015, covering:

- Selecting and assessing suppliers and food and non-food products – specific scope certified since end-2012.
- Managing food safety alerts – specific scope certified since end-2012.
- Establishing formally documented food hygiene instructions and applying these instructions –full scope of Elior France certified since April 2015.

For the past 15 years, the Group has applied a formal accreditation and quality tracking system for its suppliers in France, under the responsibility of the Quality and Safety Department's Product Quality unit.

All new suppliers must be accredited before being listed, with accreditation based on:

- Supplier acceptance of Elior's general food quality and safety specifications.
- Supplier acceptance of Elior's product quality specifications.
- Completion of a supplier audit (on-site and/or desk audit depending on the supplier's business).

Elior France has created accreditation audit questionnaires that are tailored to the businesses of food and non-food suppliers (distributor, manufacturer, artisan, abattoir, dairy producer, importer, local supplier), in order to focus on the key health and safety issues associated with the various activities. The audit plans are regularly updated to take into account emerging risks and the audits are performed by certified internal and external auditors with recognized expertise (vets, chemists, agronomists, etc.).

Suppliers are also monitored by the Product Quality unit via an audit program.
The annual audit program takes into account the risks associated with the products, the supplier history and significant events since the last audit.

The Product Quality unit has also set up a product testing plan. The list of products to be tested is drawn up at the start of the year by each product engineer for the product families under his or her responsibility. They are selected based on a variety of factors: food risk, client satisfaction (complaints, volume etc.), the results of previous checks, and the supplier history. The analysis criteria (organoleptic, microbiological or physico-chemical properties) are defined based on the Group's expectations, the applicable regulations and also any emerging areas of public concern. Each case of non-compliance detected during these tests is followed up with the supplier.

The results of the supplier audits and product tests are logged and stored in a central database called the "Quality Dashboard". As a result, the Group has detailed records of these audits going back more than 15 years and representing some 2,455 audits and over 23,000 analyses of raw materials. Each supplier is awarded a quality rating each year, based on the results of the audits and tests and on its responsiveness to any problems. If a supplier's rating is considered too low, the Product Quality unit contacts the Purchasing Department to determine the corrective action to be taken.

International

Each of the Group's regions has put in place a quality system, which can take different forms, ranging from the accreditation of approved suppliers to setting up dedicated quality teams.

- Concession catering

The Regional Purchasing departments manage supplier listings and product catalogs. Listed suppliers are required to either have a certification or be audited by the Purchasing Department concerned or specialist external audit firms.

In addition, a large proportion of the supplies of the concession catering business are sourced from suppliers that are listed by its partner franchisors.
These franchisors require their suppliers to respect specific processes in compliance with strict food hygiene and security standards.

- Contract catering

In Europe, the Regional Purchasing departments manage supplier listings and product catalogs. Listed suppliers are required to either have a certification or be audited by the Purchasing Department concerned or specialist external audit firms.
In the United States, supplies are concentrated with a principal distributor in order to ensure an unbroken

supply chain, both in terms of food hygiene and security and in terms of logistics.

Finally, all of the regions have put in place:

- Processes for managing supplier incidents, which are closely monitored, and, where required, implementing corrective measures.
- Processes for managing food safety alerts as well as regulatory watches for food safety laws and regulations.
- Processes for sharing and harmonizing best hygiene practices across a region's different sites.

b) Food safety and hygiene at production sites

France

In France, the Quality and Safety Department's Food Hygiene unit has drawn up hygiene rules in conjunction with the Group's operations personnel that are implemented through a system that analyses hazards and assesses risks using the Hazard Analysis Critical Control Point (HACCP) method. Elior France also has a hygiene management plan comprising around a hundred pages, which is distributed to all of the Group's restaurants in France. For each stage in the production and sale process, all potential hazards have been analyzed and preventive measures have been introduced. All of these measures are set out in general hygiene rules (premises, personnel, cleaning and disinfection) and specific hygiene measures (storage, defrosting, cooling, etc.). It is regularly updated by hygiene experts to reflect new practices and regulations. Special training courses are provided by internal or external trainers for front-line employees and their line managers, to ensure that they are familiar with regulatory requirements, are capable of identifying critical issues and understand their respective responsibilities.

The Quality and Safety Department uses a supervision system managed by independent, Cofrac-accredited laboratories to check that these hygiene rules are applied and that the measures taken are effective. There are three types of on-site hygiene checks:

- Microbiological analyses of finished products to check that the food products offered to consumers comply with food health and safety regulations.
- Surface analyses to verify the effectiveness of cleaning operations.
- Hygiene audits focused on ensuring that hygiene rules are respected and that records as defined in the HACCP manual are kept.

The sampling and audit plan is drawn up based on each site's activity (nature and volume). The results of these audits and analyses are logged and stored in a database called “Gedha”.

Product alerts (blocks, withdrawals or recalls) and suspected outbreaks of food-borne diseases are managed centrally by the Quality and Safety Department, including in particular all dealings with the authorities. This department can issue warnings to the sites in real time, by e-mail, of any concerns about a product and the need to withdraw it from use. A central telephone number allows all Elior France employees to rapidly alert the Quality and Safety Department to any suspected problems.

International

In the Group's international operations, food safety is guaranteed by applying the best practices in place in France after adapting them to the regions' local regulations. Consequently:

- Audits are regularly performed by franchisors to make sure that the sites respect all of the hygiene, food safety and quality rules set out in the specifications of the franchised concepts.

- Each region uses independent laboratories to regularly carry out bacteriological audits, which ensures that hygiene and food safety standards are respected.

- The quality departments of subsidiaries carry out regulatory watches, draw up procedures to guarantee food safety and organize meetings with operations teams to keep them fully informed about food hygiene and safety matters.

- In the event of a food safety alert, all operations sites are notified by the regions' purchasing departments, which are also responsible for continually updating the site portfolio.

- All operations teams are given training and information about food hygiene and security as soon as they are hired, in the form of e-learning sessions, information displayed on-site and specific training programs.

c) Internal control campaign

In June 2016, a food safety best practices campaign was carried out across the Group (except for Elior North

America). The results of this campaign were presented to the Audit Committee on December 5, 2016.

3.2.2.3.2 Workplace Health and Safety

To guarantee the health and safety of its employees, the Group has for many years applied an assertive policy to reduce their exposure to risks. This policy has been translated into specific training programs, particularly in France, to help employees better understand the risks and therefore manage them more effectively:

- **Workplace safety training**: several modules have been developed to help site managers protect the health and safety of their teams through preventive measures and analyses of workplace risks.
- **Fire/evacuation training**: this training is particularly important at sites that are visited by the public and where food is prepared on gas hobs that represent a specific fire risk.
- **Chemical risk training**: employees who use detergents and cleaning products are trained in their correct use to avoid health risks.
- **Gesture and posture training:** employees are trained in the positions to be adopted to avoid musculo-skeletal injuries and in the proper use of the equipment provided to help them.
- **Specific training modules**: for employees who perform specific tasks, electrician accreditation training or CACES safe driving training is compulsory to guarantee their safety before working on electrical installations or using motorized vehicles.
- **Workplace first-aider training**: the workplace first-aiders at all restaurants receive regular training.
- **Road safety training**: specific training to help drivers better control their vehicle in all circumstances has been introduced for employees who use their vehicle regularly or who have been involved in a road accident.

In addition, a system is in place to improve the protective equipment provided to employees:

- The Group works with manufacturers to develop more effective safety equipment (heatproof gloves, safety cutters, shoes with non-slip soles, etc.). This led, for example, to Spontex being awarded the APRIA prize in 2008 for the “tempcook” glove developed in partnership with the Group.
- Controls and tests are carried out with future users before professional safety equipment is included on the approved products list.
- Safety equipment can be ordered via a database accessible on the intranet.
- New workwear has been introduced made from sustainably produced fabrics that are Oeko-tex certified. These fabrics are made by manufacturers that comply with International Labor Organization standards and are committed to protecting the environment (in terms of consumption and discharges). They are also guaranteed as being free from carcinogenic colorants and allergenic fibers.

Each Group business unit in France has its own safety department, which is responsible for deploying all available safety processes and adapting them to the specific risks in its market. The French business units use a specific template for their "Single Risk Assessment Document" prepared in compliance with French labor law. The template comprises a non-exclusive list of risks identified by the business units, taking into account, in particular, the advice and guidance of France’s national scientific research institute (INRS) and the specific risks associated with each environment.

Safety departments with similar responsibilities to those in France are also in place in the Group’s international regions, except for Areas in Latin America

When the international regions purchase equipment (or list equipment suppliers) they specifically take into account user safety. They have also set up a process for communicating workplace health and safety rules and regulations and ensuring that these are effectively applied.

Apart from Areas in Latin America, all of the Group’s international regions have processes in place for identifying and assessing employee health and safety risks at each operating site and provide every employee with a workplace health and safety booklet.

In June 2016, an internal control campaign focused on workplace health and safety was carried out across the Group (except for Elior North America) by the Internal Control Department. The results of this campaign were presented to the Audit Committee on December 5, 2016.

3.2.2.3.3 Financial Controls over Operating Activities

The Financial Control Department – which reports to Group Finance – ensures that information communicated both internally (monthly reporting,

forecasts and budgets) and externally is consistent and exercises ongoing control over the operations, investments, capital expenditure and development of the Group's various businesses.

The Finance Departments within the Group's business units and subsidiaries – which group together the contract catering & services or concession catering businesses in each operating country – report directly to their own executive management and have a dotted-line reporting relationship with the Group Finance Department, which coordinates their work.

The Finance Departments of the Group's main international regions have also drawn up – under the supervision of their executive management – rules that apply specifically to their scope of operations. These rules are derived from or supplement the rules applicable on a Group-wide basis, and are documented in manuals distributed in hard copy or via the Intranet. The internal organization issues they cover include hiring and compensation; expenditure commitments; investments and capital expenditure; bank signing authorities; expense claims; and benefits in kind. The procedures applied, which derive from Elior Group best practices, are regularly verified by internal control teams and are periodically audited by the Internal Audit Department.

3.2.2.3.4 Internal Controls related to Information Systems

The Group Information Systems Department – which reports to the Chairman and Chief Executive Officer – is responsible for developing and putting in place the Group's information systems strategy, particularly accounting and finance applications, and overseeing data protection and continuity of operations. It is currently providing in-depth support for the Group's digital transformation process.

The information systems of the Group's international subsidiaries are under the responsibility of each region's Information Systems Department. The Group Information Systems Department provides coordination and assistance with implementing and upgrading Group accounting and financial information systems.

When developing new systems and upgrading existing systems, the Group applies the dual principle of close coordination, but also clear segregation, between the Information Systems Department acting in its technical role as project manager, and user departments (e.g. the Financial Control Department, business-level Finance Departments, Human Resources Departments and operations departments) in their role as project sponsors. This enables systems to be effectively aligned with user needs in terms of analyses, controls and operations management.

The Information Systems Security Officer – who reports to the Group Information Systems Department and has a strong dotted-line reporting relationship with the Internal Audit Department – has developed a Group-wide information systems security policy. This policy sets out, *inter alia*, the Group's main information systems security risks and describes the role of the Information Systems Security Steering Committee, which is chaired by the Chief Financial Officer and whose members include the Internal Audit Director and the heads of the operating units.

The following measures were carried out during the year in conjunction with the Group Information Systems Department:

- The Group Internal Control Director sent a set of IT best practices to all of the Group's regions. This will be followed up by an information-sharing campaign and the feedback received will form the basis for mapping the application of the Group's best IT practices.
- The Group Internal Audit Director drew up an IT audit plan aimed at covering all of the Group's international operations within the space of three years. The findings of the audits will be presented to the Information Systems Security Steering Committee.
- The Group Information Systems Security Officer designed a security self-assessment questionnaire which was sent out to the subsidiaries. Technical security audits were also carried out, comprising intruder tests and an assessment of employees' awareness of best security practices.

The Group information systems security program has been designated as a strategic project within the Group's IT blueprint and the Information Systems Security Officer has been given a specific budget and a strengthened organizational structure so that he can effectively carry out his duties and oversee the transformation projects that form part of the program. Examples of the measures already put in place in order to limit information systems risks include the following:

- A SOC (Security Operations Center), which was set up for the Group's shared information systems at the end of the fiscal year. The aim of this new team

is to detect security incidents as quickly as possible and put in place effective and proportionate corrective plans. Particular attention is paid to the "typical cases" for each business, which have been drawn up with the management teams of the Group's businesses, in collaboration with the Group Finance Department.

- Business continuity procedures have been put in place. These are checked regularly and tested every year based on real life simulations. In addition, applications are backed up off-site, guaranteeing the integrity of data and ensuring that systems can be restarted without delay following an incident. The data from the Group's most critical applications are duplicated in a mirror datacenter which acts as a hot site in order to make certain that services will still be available in the event of an incident. The international subsidiaries are responsible for establishing their own business continuity and disaster recovery plans.

In fiscal 2016-2017, the Group launched a program to protect sensitive data, which is resolutely focused on the security of personal data and data concerning payment media. The program involves drawing up action plans to ensure that the Group's systems comply with the Payment Card Industry Data Security Standard (PCI-DSS) and the EU General Data Protection Regulation (GDPR). A GRC self-assessment campaign on IT management best practices will be launched in fiscal 2017-2018.

3.2.2.3.5 Procedures Established by the Financing and Treasury Department (which reports to Group Finance) to Manage Financial Risks

The principle of centralizing financial market operations under the responsibility of the Financing and Treasury Department is applied to all fully consolidated French and international subsidiaries. This principle is intended to control and improve the management of financial risk in a way that offers optimal security and cost-effectiveness, together with standardization of practices.

The Financing and Treasury Department also manages the Group's financing programs (bank borrowings, bond issues, securitization programs, etc.), meeting the financing needs of exclusively-controlled subsidiaries through the cash pooling system and otherwise. The main objectives of this way of working are to centralize and control the Group's financial commitments, and to reduce costs.

Guarantee facilities are also negotiated by the Financing and Treasury Department for French and international subsidiaries.

The department has set up a monthly net debt reporting system to track and manage the Group's liquidity position.

As most of the Group's external debt is carried by the parent company, the level of consolidated net debt can be calculated on a daily basis.

For the Group's operations in France, the Financing and Treasury Department manages bank transactions, negotiates banking terms and ensures that these terms are properly applied. It supports the international subsidiaries in organizing their banking relationships and negotiating bank charges. The department is also responsible, in coordination with the Information Systems Department, for implementing new cash management tools designed to offer improved payment security and optimize bank charges incurred by the Group.

Finally, the department manages bank signing authorities through a dedicated system covering all of the Group's business units in France.

The Financing and Treasury Department teams are organized around three units: Commitments/Reporting, Cash Management/Bank Administration and Payment Media Management/Information Systems Administration. The Group's main regions have their own treasurers who are tasked with ensuring that the Group's cash management policies and rules are effectively applied within their respective remits.

This organization, combined with the use of cash management software and payment media management software, enables the Group to obtain a direct snapshot of the subsidiaries' cash positions at any given time.

The main focuses of the Financing and Treasury Department's work in the area of internal control are as follows:
Prevention of fraud risk: a comprehensive system has been set up to limit the risk of fraudulent use of payment media, in particular by limiting paper-based transfer instructions and checks. Rules about strict segregation of tasks are also applied to the entire headquarters team and to the network of treasurers.

Secure transportation of funds: the Group only uses professional money transporters. It has also put in place advanced till protection systems and new secure cash collection tools.

Development of best management practices to optimize transaction security and administrative efficiency: the Financing and Treasury Department's aim is to identify and adopt industry best practices for all of its processes.

In addition to the points mentioned in this report, this objective is being met notably through industrialized cash collection processes to enable automated recording of accounting entries, a drive towards electronic payment media (bank cards, electronic meal vouchers, electronic transfers, etc.), the use of deposit guarantee management software, and active monitoring of developments with France's association of corporate treasurers (Association Française des Trésoriers d'Entreprise).

In June 2017, as part of the GRC system, a self-assessment campaign for treasury management best practices was carried out across all of the Group's businesses (except for the recently-acquired operations in India). The findings of this campaign were presented to the Audit Committee on September 29, 2017.

3.2.2.3.6 Legally Secure Operations

The Group Corporate Legal Affairs Department, which reports to the Group Finance Department, coordinates the implementation of and compliance with corporate governance rules within the Company and its subsidiaries, firstly by representatives of the department acting as secretary of the Company's Board of Directors and the Board committees and of the governance bodies of its main French and international subsidiaries, and secondly by supervising the lawyers in the other subsidiaries.

Each business unit, in France and the international regions, has an in-house operations legal affairs department or works with external legal advisers. The role of these departments is to monitor the legal security of the operations carried out by the subsidiaries within their remit.

In particular, the operations legal affairs departments are responsible, either directly or by providing assistance to local management, for the protection of intangible assets owned by the Group (notably trademarks and concession rights). They also ensure that the subsidiaries within their remit comply with the applicable laws and regulations and with the Group's internal rules that apply to all of the business activities of Elior Group and its subsidiaries.

When required, these departments also intervene directly or by delegation, in conjunction with external advisers, in order to help (i) protect the Group's interests in respect of legal and contractual issues associated with major contracts and with acquisitions and divestments of equity interest, and (ii) manage disputes that could have material consequences for the Group.

3.2.2.4 Information and Communication

Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses information from both internal and external sources to support the functioning of other components of internal control. Communication enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously.

There are three principles associated with information and communication:

- The organization obtains, generates and uses relevant and quality information to support the functioning of internal control.
- The organization communicates internally the information needed for the proper operation of internal control, particularly information concerning objectives and internal control responsibilities.
- The organization provides information to external parties about matters that may affect the proper operation of internal control.[1]

The Group uses the following structures and systems to obtain and communicate relevant information that allows each individual to fulfill his or her responsibilities:

- Its decentralized organization and its information system, which facilitate the circulation of information needed for decision-making purposes. Corporate and operations managers are responsible, at their respective levels, for communicating the rules, policies and procedures applicable throughout the Group.

[1] COSO Integrated Internal Control Framework – Components and Principles

- Various intranet sites and document bases, which enable information to be shared within the Group. This concerns both financial data and non-financial data meeting the needs of the various operations and corporate departments.
- Communication and training activities initiated by the Group Finance Department, which leads and coordinates the network of internal controllers and internal auditors:
  - the department is responsible for training and integrating new internal auditors;
  - it communicates regularly at the different levels in the organization, in particular through meetings at regional level with finance directors and executive committees.

3.2.2.5 Monitoring Activities

The COSO internal control framework states that ongoing evaluations, separate evaluations, or some combination of the two should be used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning.

Findings are evaluated and deficiencies are communicated on a timely basis, with the most serious deficiencies reported to executive management and the board of directors.

There are two principles associated with monitoring activities:

1. The organization selects, develops and performs ongoing and/or separate assessments to ensure that the components of internal control are present and functioning.
2. The organization evaluates internal control deficiencies and communicates them on a timely basis to the persons responsible for taking corrective action, including – where appropriate – executive management and the Board of Directors.

Monitoring activities are conducted at all levels of the Group. The role of the main structures involved is presented below.

3.2.2.5.1 Board of Directors and Board Committees

The Board of Directors and the Board committees, particularly the Audit Committee, oversee implementation of the Group's internal control strategy.

The Audit Committee is responsible, *inter alia*, for monitoring the effectiveness of the internal control, internal audit and risk management systems in relation to accounting and financial information. To this end, the Committee obtains assurance concerning the relevance, reliability and effective implementation of internal control procedures and procedures for the identification, coverage and management of risks associated with operating activities and the production of accounting and financial information.

The Audit Committee also holds regular discussions with the Internal Audit Director and reviews the business risk map. The Committee gives its opinion on the Internal Audit Department's organization and is informed of its audit program. It receives copies of the internal audit reports or periodic summaries of these reports.

Lastly, the Audit Committee monitors the work carried out by the Internal Control Department and it is presented with the findings of internal control campaigns and risk mapping processes that are carried out on a regular basis.

3.2.2.5.2 Group Executive Committee

The Group Executive Committee oversees implementation of the Group's internal control strategy through:

- Leadership and oversight of internal control activities throughout the Group, including monitoring implementation of identified action plans.
- Presentations on internal control, which are made to the Executive Committee on a regular basis. In particular, presentations on internal control risks in regions considered as representing a priority are made by the CEOs of these regions.

In line with internal control procedures, the Group Chairman and Chief Executive Officer and the Chief Financial Officer review and authorize projects concerning significant operating contracts under negotiation, both in France and international markets, as well as the related capital expenditure programs. These powers are exercised in accordance with a

specific Group procedure and are subject to the restrictions set by the Board of Directors.

3.2.2.5.3 Senior Management of the Regions and Group Corporate Directors

In line with the Group's internal control policy, internal control is the direct responsibility of the regions' senior management and the Group corporate directors.

Within the Group's main regions, a network of internal control officers and a network of internal audit officers have been set up. The role of these officers is mainly to assist management in identifying and monitoring risks and to provide support for applying the Group's internal control rules.

3.2.2.5.4 Internal Control Department

The Group Internal Control Department – which has a dotted-line reporting relationship with the Group Financial Control Department – is responsible for leading the internal control process and managing the project to create Group-wide internal control guidelines.

In July 2015 the Group acquired a specific (Governance, Risk and Compliance (GRC) information system, which is structured as follows:

A "Framework" module: which currently contains:

- A set of Group best practices for critical business functions (18 business functions covered by end-2017) that have to be constantly managed in order to safeguard the Group's business model and brand value (e.g. workplace health and safety, business development and food hygiene and safety).
- Guidelines on the program for preventing and managing fraud.
- Guidelines on risk control measures for the risks that are tracked by the Group Audit Committee.

A "Risks" module: which currently contains:

- A portfolio of fifteen identified risks that are tracked by the Group Audit Committee.
- A portfolio of five risks covering the specific areas of fraud and corruption.

This module can now be used to prepare a risk map containing both a gross assessment and a net assessment (taking into account the impact of control measures put in place for each risk) both at Group level and for the regions and business units.

An "Action Plan" module which can be used to monitor action plans put in place.

The Internal Control Department has rolled out the GRC system to all of the Group's operations (except for the recently-created Elior India). Through this system the Group can process the self-assessment questionnaires filled out by the regions relating to (i) compliance with the guidelines of the Group's internal control framework, and (ii) the risk management processes applied for the major risks identified and tracked in the risk map. It was rolled out to Elior North America in the second half of 2016-2017.

Since 2015, the Group has had a network of internal control correspondents who ensure that the internal control framework is effectively deployed across the Group and applied over the long term. These correspondents act as a liaison and contact point for the various specialists from each region and business unit and region involved in the process. They are responsible for ensuring that the Group's internal control framework is used correctly and that the self-assessment processes run smoothly. They also manage updates of the action plans that are launched by regional management based on the results of the self-assessments and which are aimed at improving the practices applied within each region to align them with the Group's requirements and expectations.

The Audit Committee is regularly informed of the work conducted by the Internal Control Department as well as of the outcomes of the internal control programs that have been launched across the Group's businesses and which focus on a specific issue each month. In fiscal 2016-2017, nine internal control self-assessment campaigns were carried out, three of which covered all of the Group's operations (except Elior India). These campaigns covered the application of the following best practices:

- Three best practices related to the control environment. The average score across the Group was 2.7 on a scale running from 1 (non-compliant) to 3 (fully compliant).
- Eight best practices related to budget control. The average score across the Group was 2.83.
- 26 best practices related to accounting. The average score across the Group was 2.73.

- Three best practices related to management of financial information. The average score across the Group (excluding Elior North America and Elior India) was 2.64.
- Five best practices related to insurance. The average score across the Group was 2.59.
- Six best practices related to business development. The average score across the Group was 2.58.
- Three best practices related to capex. The average score across the Group (including Elior North America but excluding Elior India) was 2.94.
- Nine best practices related to treasury management. The average score across the Group (including Elior North America but excluding Elior India) was 2.76.
- 13 best practices related to human resources management. The average score across the Group (including Elior North America but excluding Elior India) was 2.79.

Two risk mapping processes were carried out during the fiscal year. The first, in February 2017, covered fraud and corruption risks, and the second, in September 2017, concerned the 15 risks identified by the Audit Committee.

The self-assessment campaigns are commented and documented in the GRC system. The system's data base can be accessed by the Internal Audit Department and the data contained in it is provided to the Statutory Auditors at their request, so that during their audit work they can verify the accuracy of the regions' self-assessments.

3.2.2.5.5 Internal Audit Department

The Group Internal Audit Department plays a key role in assessing and reinforcing the effectiveness of internal control processes. Its organization and responsibilities are defined in the Internal Audit Charter.

Role

The role of the Internal Audit Department is to independently and objectively assess the extent to which operations are controlled at all levels in the Group, based on an annual audit program approved by the Board of Directors on the recommendation of the Audit Committee.

The department assists management in effectively fulfilling its duties by providing analyses, assessments and recommendations designed to improve control over the audited activities.

Internal audit engagements cover the organization and operation of all processes and structures (units, entities, departments) in the Company and its subsidiaries. The Internal Audit Department may examine all activities, processes, systems and entities that are part of the consolidated Group. This includes all operating, support, operational management, corporate governance, risk management and control processes.

The Internal Audit Department may also examine material outsourced activities and to this end, the operating teams are required to include an audit clause in their outsourcing contracts. The Internal Audit Department's remit does not cover the activities of companies in which the Group is a non-controlling shareholder. However, the Group's representative on the board of directors of these companies is expected to make inquiries about the quality of internal control and to warn the Group's executive management and Internal Audit Department of any possible deficiencies.

Development of the internal audit program and reporting

An internal audit program is prepared each year by the Internal Audit Department, setting out the recurring and specific audits to be carried out during the year. The program is based on an analysis of the risks facing the organization and is submitted for approval to executive management and the Audit Committee. A post-audit report is prepared after each internal audit for the audited team, their line management and Group executive management. The report contains an assessment of the identified risks and recommendations on mitigation measures.

Finally, the Internal Audit Director regularly informs the Group Chairman and Chief Executive Officer, the Chief Financial Officer – to whom he reports directly – and the Audit Committee on the performance of the annual internal audit program and on progress in implementing the Internal Audit Department's recommendations.

Organization and resources

The Internal Audit Department reports to the Chief Executive Officer.

The Internal Audit Director meets with the Chief Executive Officer on a regular basis and also works in conjunction with the Chairman of the Audit Committee.

The Group internal audit team comprises three auditors and the main regions also have internal auditors who report to the regional CEOs.

The regional-level staff represent an average of 1.5 internal auditors for each main region.

Activities during the fiscal year ended September 30, 2017

During the fiscal year, internal audits were carried out in five of the Group's 16 regions, including:

- Site audits (central kitchens, concessions, etc.).
- Process audits (operating, legal, financial and accounting processes).
- Follow-up audits to monitor implementation of recommendations made after previous audits.
- Engagements to provide operational advice to regions and business units.
- Special audits carried out at the request of executive management.
- Assessments of internal control practices (sites).
- Compliance audits.

During these regional audits, the Group Internal Audit Department used the services of external consultants to test the effectiveness of general IT controls. This work – which was carried out under the supervision of the Group Internal Audit Director – helped strengthen the program for assessing the effectiveness of the internal control system.

3.2.2.6 Internal Control Procedures Covering the Preparation and Processing of Financial and Accounting Information

3.2.2.6.1 Key Processes that have an Impact on the Reliability of the Financial Information of the Company and the Group

The main processes that have an impact on the production of financial information, for which key controls have been defined as presented above, concern the following areas:

- Finance (accounts closing process, including analysis of off-balance sheet commitments, consolidation, legal and tax management and cash management processes).
- Purchasing (from the call for bids to the recording and payment of invoices).
- Sales (from taking the order to recording and collecting the related revenue).
- Information systems (security management in particular).
- Payroll and management of employee-related obligations.
- Commitments, financing and management related to property, plant and equipment and intangible assets.
- Inventory management (physical inventories, valuation).

3.2.2.6.2 Key Points in the Internal Control System Covering the Production of Published Financial Information

Specific procedures are implemented in connection with the preparation of published financial information. These notably concern:

- An accounting information system (SAP) which has been adapted to the Group's specific needs and has been rolled out to the majority of subsidiaries based on a core model.
- SAP is used in all of the Group's contract catering & services operations (apart from in the United States), as well as in the concession catering business in France, Italy and Germany. A project is currently under way to also deploy the system in the Group's concession catering operations in Spain, Portugal, the United States and Chile. For the contract catering business, a project to roll out SAP to India is in progress and will subsequently also be extended to the United States.
- A financial reporting and consolidation information system that is extensively interfaced with the SAP accounting system and is used to produce the financial statements of the Company and the Group.
- A formal process for the reporting, analysis and control of the other information published in the Group's annual report (Registration Document).

The overall preparation process for published financial information is managed by an Information Committee comprising the Group's main financial managers, who check the content of financial communications and reports before they are submitted to the Audit Committee and the Board of Directors for approval prior to publication.

In parallel, during fiscal 2016-2017, the Group Financial Control Department carried out a project called "Nagame" in conjunction with the Group Information Systems Department and under the supervision of the Group Chief Financial Officer. The aim of this project was to put in place a forward-looking system within the Group's regions so that they have the requisite resources to effectively anticipate and react in the short-, medium- and long-term, while enabling information to be efficiently and rapidly consolidated at Group level.

With the help of an external consultant, a set of specifications was drawn up during several workshops and the systems proposed by various software houses were then tested.

Following this first phase of the project, the Corporate Performance Management (CPM) software designed by Tagetik was selected and acquired in November 2016. The free cash flow module of this software was rolled out across the Group in September 2017. The information provided by the software – which is based on data automatically fed in for companies using SAP and specifically input for other companies – enables the Group's corporate teams to track free cash flow.

The Group plans to deploy the budget and forecasts module for several regions during fiscal 2017-2018.

3.2.2.6.3 Organization of and Responsibilities for the Production of Accounting and Financial Information

The Group Accounting and Tax Department – which reports to the Group Chief Financial Officer – is responsible for (i) preparing, the Group's consolidation packages (on a half-yearly basis) and its monthly reporting packages, (ii) managing the Group's tax affairs, and (iii) determining and monitoring Group accounting policies and methods.

The Group Financial Control Department – which includes four experienced financial controllers each responsible for monitoring specific regions – is tasked with analyzing and validating monthly reporting data as well as tracking and reviewing significant capital expenditure requests. This department also leads the community of finance directors and financial controllers as a result of the dotted-line reporting relationship the finance directors have with Group Finance. Lastly, it sets the main budget and reporting rules, oversees the implementation and proper interpretation of accounting policies and ensures the consistency of information relayed within the Group.

The Group uses SAP BFC (formerly Magnitude) consolidation software. The system is operated and maintained by the Group Accounting Department and has been rolled out to all Group companies, except for Elior North America which was acquired in April 2013 and is currently treated as a consolidated sub-group. The central consolidation team comprises three people with in-depth experience of reporting and information systems. Each of them is responsible for central consolidation and reporting tasks for a group of consolidated entities; however, the team is organized so that its members can take over from each other should the need arise. Technical issues and complex consolidation operations are dealt with by the Group Accounting Director with the support of the Tax Department, the consolidation team and the Financial Control Department. The accounting managers and general ledger accountants in each business unit and the members of the SAP competence centers represent a stable network of interfaces with the Accounting and Tax Department for the application of the Group's accounting and tax policies, the supervision of the accounts closing process, tax audits and statutory audits.

Each business line (contract catering & services on the one hand and concession catering on the other) has an SAP Competence Center, which reports to the Information Systems Director of the business line concerned. The SAP Competence Centers are responsible for developing system upgrades at the request of users in order to effectively meet their needs, while complying with Group procedures for the production of accounting and financial information.

3.2.2.6.4 Process for the Preparation of Accounting and Financial Information

The Group Accounting and Tax Department collates accounting data and produces the financial statements of the Company and the Group.

Budget process

The Group Financial Control Department is responsible for carrying out and overseeing the budget process and monthly reporting as well as monitoring commitments and investment and capital expenditure projects. Executive management draws on the Financial Control Department's work to launch action plans where appropriate. Management control is exercised through a network of management controllers in all of the Group's regions.

Monthly budget reviews are carried out and may result in the implementation of action plans targeted at a specific business, with the aim, for example, of improving profitability (such as by performing a detailed review of contracts whose margins are below Group expectations), accelerating commercial development, or tightening control over investments, capital expenditure or working capital. During these reviews particular attention is paid to optimizing the costs of support functions.

Reconciliations are regularly performed between management accounting data and the data used for consolidation purposes in order to ensure that financial information is reliable.

The reporting systems and budget processes of all Group units are run on SAP BFC software. The budget process begins each year in April with the communication of macro-economic budget assumptions by executive management and the Financial Control Department (including assumptions concerning general inflation, food commodities inflation and wage inflation). The regions then adapt the assumptions, review their specific challenges, threats and opportunities and present their proposed budget in July, in a standard format. Once these budget presentations are complete, a roadmap is prepared for each region detailing the action plans needed to meet the budget objectives. The budgets are approved by Elior Group's Board of Directors at the end of September and entered in the SAP BFC system.

Statutory Auditors

For many years now, Elior Group has used the services of two joint Statutory Auditors to audit the accounting and financial information of substantially all of its subsidiaries, as well as the consolidation process. They share this work on an approximately 50/50 basis. The two Statutory Auditors – currently KPMG and PwC – carry out audit procedures directly, or indirectly through their local correspondents or offices, at the main accounting period-ends (full-year and first-half). They audit and sign off on financial statements prepared under local accounting standards and consolidation packages prepared in accordance with Group accounting policies. They issue an audit report, which they present at closing meetings held in the main subsidiaries with members of the Group Accounting and Tax Department.

During their interim work, the Statutory Auditors carry out a review of procedures and a risk identification and assessment process. This can include reconciling the internal control and risk assessment data contained in the Group's GRC system with their own assessments. The risks and processes covered by these reviews are rotated annually, and are those most likely to impact the financial statements of Group companies.

3.2.2.6.5 Process for Communicating Accounting and Financial Information to Third Parties

An Investor Relations Department was created within Group Finance in early fiscal 2014-2015. This department's role is to ensure that the Group's financial communications remain anchored to the principles of equal access to information, the duty to disclose to the public any fact that, if it were known, could have an impact on the Company's share price, and the duty to provide an accurate, true and fair view of the Group's financial position.

As the Group's executive management is ultimately responsible for any sensitive and non-public information disclosed to the markets, it must approve the disclosure of such information in advance. Consequently, a specific approval procedure has been put in place for this purpose, with communications signed off by a Disclosure Committee. The members of the Disclosure Committee are the Group Chief Executive Officer; the Group Chief Financial Officer; the Group Chief Communications Officer; the Group Media Relations Director; the Group Investor Relations Director and the Group Chief Legal Officer (where necessary).

In order to provide the public with full and detailed accounting and financial information, the Elior Group website has a "Finance" section, which contains, *inter alia*, all of the Group's regulated information.

Original French version signed by Gilles Cojan[1]*,*
Chairman of the Board of Directors, in Paris, France
on January 24, 2018

[1] Gilles Cojan was appointed by the Board as a director and then Chairman of the Board of Directors on July 26, 2017, effective November 1, 2017.

3.3 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ELIOR GROUP

This is a free translation into English of the Statutory Auditors' 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.

To the Shareholders,

In our capacity as Statutory Auditors of Elior Group, and in accordance with article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended 30 September 2017.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

The Statutory Auditors
Neuilly-sur-Seine and Paris La Défense, 26 January 2018

KPMG Audit IS

François Caubrière
Partner

PricewaterhouseCoopers

Anne-Laure Julienne
Partner

Eric Bertier
Partner

3.4 EMPLOYEES

3.4.1 COMPENSATION POLICY

Elior Group's compensation and benefits policies draw on best market practices in each country, with the constant underlying aim of ensuring that a fair system is applied consistently throughout the Group and that packages are competitive in relation to the market as a whole.

The policies are underpinned by a position mapping process, which allows compensation and benefits to be tailored to each business and level of responsibility (known as "position weighting"). This process also entails performing internal diagnostic reviews and annual compensation surveys designed to compare the Group's practices with those of the market.

Positions are divided into four main categories: "executives", "senior managers", "managers" and "key contributors". Each category is sub-divided into "position classes" to ensure that the policies are tailored to each different level.

The basic salary policy for "executives", "senior managers" and "managers" is determined in line with local practices in each country, via annual salary surveys. A target positioning is defined for each position class, which applies to all of the Group's markets. The Group's reference pay scale is drawn up annually and is used during the hiring process as well as for annual salary reviews. In parallel, overall annual salary increases are aligned with local inflation rates and market practices.

The basic salary of "key contributors" is determined for each country based on the salary scales and rules established at the level of each industry and by local legislation.

The Group's variable compensation policy is aimed at ensuring that employees' performance is aligned with its short and medium-term objectives

Performance is generally assessed by reference to Group or entity-level financial criteria as well as individual criteria comprising quantitative and/or qualitative objectives. The financial criteria are based on targets in the annual budget of the Group or the entity concerned

The individual criteria are intended to encourage achievement of the financial objectives. Most of the variable compensation systems include the notion of a performance threshold and some reward outperformance.

3.4.2 LABOR RELATIONS

The Group has a European Works Council (EWC), which is regularly provided with information about the Group's financial position, business operations, strategic objectives and HR situation.

In France, the Group Works Council serves as the primary forum for dialogue with representatives of employees and trade unions from its French subsidiaries. The Group Works Council has a specialized commission that is tasked with closely monitoring human resources indicators.

At the level of its subsidiaries and/or UES (specific groupings of entities only existing in France), depending on the entity concerned the Group manages relations with its employees through:

- Central works councils, company-level works councils and site-level works councils.
- Health, Safety and Working Conditions committees.
- Employee representatives.
- Various committees set up to monitor collective bargaining agreements or action plans.

The Group has also built up constructive relations with trade union representatives, both at the level of its subsidiaries and Group wide, as demonstrated by the numerous collective agreements signed on a wide range of issues (including personal insurance coverage, human resources planning and development, quality of working life, gender equality, and inter-generational agreements).

3.4.3 STATUTORY AND DISCRETIONARY PROFIT-SHARING AGREEMENTS

3.4.3.1 Statutory Profit-Sharing Agreements

In accordance with Article L. 3322-2 of the French Labor Code, companies in France are required to set up a statutory employee profit-sharing agreement if they have at least 50 employees and if their taxable profit represents more than 5% of their return on capital employed. As the Group meets these criteria it has entered into statutory profit-sharing agreements in all of its main French subsidiaries.

To date no statutory profit-sharing agreements have been entered into in the other countries where the Group operates.

3.4.3.2 Discretionary Profit-Sharing Agreements

Under French law, discretionary profit-sharing agreements are aimed at aligning employees' collective interests with those of the company by paying bonuses that are calculated based on the company's results and performance as provided for in Article L. 3312-1 of the French Labor Code. As at the date of this Registration Document, the vast majority of Group companies had not set up any discretionary profit-sharing plans.

3.4.3.3 Incentive Plans for Key Executives

In 2016 the Group set up stock option and free share plans. See Section 3.1.6.3 above for further information.

4

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4. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL 2016-2017 - AFR

4.1 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Year ended September 30,	
	2017	2016
Revenue	**6,421.9**	**5,896.0**
Purchase of raw materials and consumables	(1,981.8)	(1,823.5)
Personnel costs	(2,802.0)	(2,618.5)
Share-based compensation expense	(9.4)	(4.3)
Other operating expenses	(1,028.2)	(888.8)
Taxes other than on income	(82.0)	(67.3)
Share of profit of equity-accounted investees	2.9	3.2
Reported EBITDA	**521.5**	**496.8**
Depreciation, amortization and provisions for recurring operating items	(188.7)	(153.0)
Net amortization of intangible assets recognized on consolidation	(22.9)	(13.0)
Recurring operating profit including share of profit of equity-accounted investees	**309.9**	**330.8**
Non-recurring income and expenses, net	(52.1)	(49.5)
Operating profit including share of profit of equity-accounted investees	**257.8**	**281.3**
Net financial expense	(61.6)	(63.0)
Profit before income tax	**196.2**	**218.3**
Income tax	(77.9)	(73.5)
Loss for the period from discontinued operations	(1.2)	(6.3)
Profit for the period	**117.1**	**138.5**
Profit for the period attributable to non-controlling interests	3.4	3.2
Profit for the period attributable to owners of the parent	**113.7**	**135.3**
Earnings per share (in €)	0.66	0.78
Adjusted attributable profit for the period	175.7	180.9
Adjusted earnings per share (in €)	1.02	1.05

4.1.1 CHANGES IN SCOPE OF CONSOLIDATION

Year ended September 30, 2017

In October 2016, January 2017, April 2017 and July 2017 respectively, Elior North America (formerly Trusthouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired Abigail Kirsch, Corporate Chefs, Lancer Hospitality, and Design Cuisine.

- 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 Northeast of the USA.
- Lancer Hospitality is a foodservice and catering company based in Mendota Heights, Minnesota and mainly operates in the Midwest and Northwest of the USA. It provides professional food management services in a variety of settings from cultural attractions to amusement parks and schools.
- Design Cuisine – which was founded in 1978 – is an upscale event caterer based in Washington DC.

Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine generate aggregate annual revenue of approximately $171 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 around €30 million.

Also in Europe, Waterfall – an Elior Group contract catering subsidiary based in the UK – acquired Edwards & Blake, a contract caterer operating primarily in the education market. Edwards & Blake generates annual revenue of approximately £20 million.

Lastly, in the second quarter of the fiscal year, Elior India acquired 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 1, 2017.

These newly-acquired companies contributed €145 million to consolidated revenue and €10 million to consolidated EBITDA for the year ended September 30, 2017.

Year ended September 30, 2016

In October and November 2015 respectively, Elior North America – an Elior Group contract catering subsidiary operating in the United States – purchased Cura Hospitality (based in Pittsburg, Pennsylvania) and ABL Management (based in Baton Rouge, Louisiana). Cura Hospitality and Starr Catering Group – which was acquired in August 2015 and operates primarily in New York and Miami – have been fully consolidated since October 1, 2015 and ABL Management since December 1, 2015. In June 2016, Elior North America also acquired Preferred Meals (based near Chicago, Illinois), which has been consolidated since July 1, 2016. These four companies generate combined contract catering revenue of around $375 million a year, in the following markets: business & industry and prestigious venues (Starr), senior living and healthcare (Cura), education and corrections facilities (ABL) and education (Preferred Meals). For the year ended September 30, 2016, they contributed an aggregate €191.1 million to consolidated revenue and €10.5 million to consolidated EBITDA.

Also during the year, Elior UK, the Group's contract catering subsidiary in the United Kingdom, acquired Waterfall Catering Group (based in Warrington in the north-west of the country). Waterfall Catering Group generates annual contract catering revenue of some £70 million and operates in the education, healthcare and social services and business & industry markets. For the year ended September 30, 2016, this subsidiary – which has been consolidated since September 1, 2016 – contributed €8.6 million to consolidated revenue and €1.0 million to consolidated EBITDA.

Finally, in fiscal 2015-2016 Elior Concessions Gares – an Elior Group concession catering subsidiary based in France – acquired Autogrill Restauration Service (since renamed Areas Restauration Services), which holds restaurant concessions in railway stations in France and generates annual revenue of some €50 million. For the year ended September 30, 2016, this subsidiary – which has been consolidated since May 1, 2016 – contributed €25.5 million to consolidated revenue and €1.8 million to consolidated EBITDA.

4.1.2 PARTNERSHIP BETWEEN ELIOR GROUP AND ALAIN DUCASSE

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 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 €3.6 million net capital gain which was included in "Loss for the period from discontinued operations" in the income statement for the year ended September 30, 2017.

Elior Group's remaining 40% of the assets and liabilities of Areas Développement Musées and its subsidiaries is still presented in assets/liabilities classified as held for sale in the consolidated financial statements and its portion of these companies' profit is included in "Loss for the period from discontinued operations".

4.1.3 CHANGES IN THE PRESENTATION OF OPERATING SEGMENT INFORMATION, EFFECTIVE FROM FISCAL 2015-2016

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 new presentation of information by operating segment is 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 now presented based on two geographic segments – France and International.

4.1.4 REVENUE

4.1.4.1 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 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 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.

4.1.4.2 Revenue analysis

Consolidated revenue rose by €525.9 million, or 8.9%, from €5,896.0 million in fiscal 2015-2016 to €6,421.9 million in fiscal 2016-2017. For information purposes, the Group's recently-acquired companies in the United States (Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine), the United Kingdom (Edwards & Blake), Italy (Hospes), Spain (Hostesa) and India (MegaBite Food Services and CRCL) were all consolidated for the first time in fiscal 2016-2017 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)	12 months 2016-2017	12 months 2015-2016	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
France	2,171.2	2,162.9	0.3%	0.1%	0.0%	0.4%
International	2,476.5	2,065.1	2.2%	19.4%	(1.6)%	19.9%
Contract catering & services	4,647.7	4,228.0	1.2%	9.5%	(0.8)%	9.9%
France	671.7	657.1	(1.9)%	4.1%	0.0%	2.2%
International	1,102.5	1,010.9	9.4%	0.0%	(0.3)%	9.1%
Concession catering	1,774.2	1,668.0	5.0%	1.6%	(0.2)%	6.4%
GROUP TOTAL	6,421.9	5,896.0	2.3%	7.3%	(0.6)%	8.9%

The 8.9% year-on-year increase in consolidated revenue reflects (i) organic growth of 2.3% (taking into account the 1.3% adverse effect of voluntary contract exits), (ii) 7.3% in acquisition-led growth, and (iii) a negative 0.6% currency effect.

Concerning voluntary contract exits, a monthly performance review is carried out for contracts that in the previous fiscal year generated a margin considered to be insufficient based on the Group's profitability criteria. If any action plans and/or renegotiations launched in relation to these contracts have not achieved the expected results within a period of several months, a decision may be taken to withdraw from the contracts concerned. A case-by-case analysis is systematically carried out before any such decision is taken, with a view to avoiding any negative impacts that can arise as a result of terminating a contract. The profitability criteria used for these performance reviews and analyses are in line with the profitability objectives that the Group communicates to the market.

The portion of revenue generated by international operations rose to 56% in fiscal 2016-2017 from 52% the previous year, with the United States now accounting for 19% of the Group's total revenue figure.

The following table shows a revenue breakdown between the Group's six main markets and the growth rates by market for fiscal 2016-2017 and fiscal 2015-2016:

(in € millions)	12 months 2016-2017	12 months 2015-2016	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
Business & industry	2,069.7	1,944.5	1.2%	6.6%	(1.4)%	6.4%
Education	1,396.4	1,139.4	1.0%	21.8%	(0.2)%	22.6%
Healthcare	1,181.6	1,144.1	1.3%	2.2%	(0.3)%	3.3%
Contract catering & services	4,647.7	4,228.0	1.2%	9.5%	(0.8)%	9.9%
Motorways	585.7	592.8	(1.3)%	0.0%	0.1%	(1.2)%
Airports	798.1	724.5	10.5%	0.0%	(0.3)%	10.2%
City sites & leisure	390.4	350.8	4.0%	7.7%	(0.3)%	11.3%
Concession catering	1,774.2	1,668.0	5.0%	1.6%	(0.2)%	6.4%
GROUP TOTAL	6,421.9	5,896.0	2.3%	7.3%	(0.6)%	8.9%

4.1.4.3 Contract Catering & Services

Contract catering & services revenue was up €420 million, or 9.9%, on the fiscal 2015-2016 figure, coming in at €4,648 million and representing 72% of total consolidated revenue.

Organic growth for this business was 1.2%, reflecting (i) a negative 1.5% impact resulting from the Group's strategy of withdrawing from low- and non-profit-making contracts in Europe, and (ii) an estimated 1.0% adverse calendar effect.

Recent acquisitions contributed revenue of €402 million – including €268 million generated in the United States – representing external growth of 9.5%.

The currency effect during the year was a negative 0.8%.

Revenue generated in **France** totaled €2,171 million. Organic growth amounted to 0.3%, taking into account the unfavorable impact of voluntary contract exits (approximately 1.0%) and an estimated 1.4% negative calendar effect.

- In the business & industry market, revenue was boosted by strong business development and an increase in average customer spend, which offset the unfavorable calendar effect.
- Revenue generated in the education market was stable compared with fiscal 2015-2016, as the effect of the higher pace of organic growth in the fourth quarter (led by the start-up of new contracts) was offset by an extremely adverse calendar effect, especially in the second half of the year.
- In the healthcare market, public policy resulted in budget squeezes for hospitals and other facilities, which created a difficult operating environment that led to the Group choosing its bid proposals more selectively and voluntarily withdrawing from certain contracts.

Revenue for the **international** segment advanced 19.9% to €2,476 million. Organic growth for this segment was 2.2%, including an approximately 2.0% negative impact from voluntary contract exits in Europe. Recent acquisitions generated additional growth of 19.4% during the year, mainly in the United States and the United Kingdom, whereas the currency effect was a negative 1.6%.

- In Spain, the business & industry and education markets performed well, driven mainly by buoyant business development.
- The United States reported strong organic growth, spurred by the start-up of new contracts in all markets.
- In Italy, revenue was hampered by an unfavorable calendar effect in the second half as well as by the impact of voluntary contract exits, especially in the education and healthcare markets.
- Revenue in the United Kingdom felt the benefits of the ramp-up of new contracts, particularly in the healthcare market in the fourth quarter.

4.1.4.4 Concession Catering

Concession catering revenue rose 6.4% year on year to €1,774 million, representing 28% of total consolidated revenue.

Organic growth for the year amounted to 5.0%. Changes in the scope of consolidation pushed up revenue by 1.6% whereas changes in exchange rates had a 0.2% negative effect.

Revenue generated in **France** totaled €672 million, up 2.2% year on year overall, with acquisition-led growth coming in at 4.1%.

- The motorways market reported a revenue decline, mainly because certain contracts were not renewed and renovation works were carried out at a number of sites whose contracts have been renewed.
- Revenue was also lower in the airports market. The loss of the contract for the fast-food outlets at terminals E and F at Paris-Charles-de-Gaulle airport no longer affects this market’s basis of comparison (since February 2017), but revenue was weighed down during the year by (i) the slump in air traffic at the South Terminal of Orly airport as a result of airlines being assigned differently at the airport's terminals, and (ii) the end of the concession contract for Terminal 2 at Nice airport in June 2017.
- The railway stations, city sites & leisure market reported a revenue increase, powered by the start-up of new contracts in the railway stations segment and the full-year impact of new points of sale acquired in May 2016. This increase was achieved despite the fact that some exhibition center contracts came to an end.

In the **international** segment, revenue amounted to €1,103 million, up 9.1% year on year, breaking down as 9.4% in organic growth and a 0.3% negative currency effect.

- The motorways market felt the positive effects of higher traffic volumes in Spain and Portugal (but particularly Portugal), as well as the opening of new service plazas in Germany, which more than offset the impact of the closure of several service plazas in Italy.
- Revenue in the airports market was lifted by increasing traffic volumes – especially in Mexico, Spain, Portugal and the United States – and the opening of new points of sale in Spain (Bilbao, Fuerteventura and Ibiza), Portugal (Faro), the United States (LAX) and Mexico.

4.1.5 PURCHASE OF RAW MATERIALS AND CONSUMABLES

This item increased by €158.3 million, or 8.7%, from €1,823.5 million for the year ended September 30, 2016 to €1,981.8 million for fiscal 2016-2017.

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)	Year ended September 30,			
	2017		2016	
Purchase of raw materials and consumables				
Contract catering & services	(1,493.5)	*32.1%*	(1,356.4)	*32.1%*
Concession catering	(511.9)	*28.9%*	(488.2)	*29.3%*
Corporate	23.6	-	21.0	-
Total	**(1,981.8)**	***30.9%***	**(1,823.5)**	***30.9%***

4.1.5.1 Contract Catering & Services

Purchases of raw materials and consumables for the contract catering & services business line rose by €137.1 million, or 10.1%, from €1,356.4 million for the year ended September 30, 2016, to €1,493.5 million for fiscal 2016-2017. The year-on-year increase was primarily attributable to Elior North America, whose acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine contributed €101.0 million to the overall

rise, and, to a lesser extent, Elior UK, whose acquisition of Edwards & Blake accounted for €28.3 million. Excluding changes in the scope of consolidation, purchases of raw materials and consumables increased in line with revenue growth.

As a percentage of revenue, this item remained stable year on year, at 32.1%, but excluding the effect of acquisitions it improved slightly. The improvement was particularly marked for international operations due to cost control measures and changes in the contract mix (notably in the United Kingdom where the end of the Tesco supply contract led to a significant decrease in the purchase-to-revenue ratio).

In France, the ratio edged up year on year, primarily attributable to entities operating in the business & industry market.

4.1.5.2 Concession Catering

Purchases of raw materials and consumables for the concession catering business line increased by €23.7 million, or 4.9%, from €488.2 million to €511.9 million.

As a percentage of revenue, this item decreased from 29.3% to 28.9%, reflecting mixed trends across the business line's various regions:

- In France, the ratio rose by 0.1% year on year. This increase occurred despite the higher weighting of the railway stations market (which has lower-than-average raw materials costs), because the motorways and leisure markets – which both have high raw materials cost ratios – represented a larger proportion of the business, whereas the weighting of the city sites and airports markets – which have lower ratios – decreased.

- For international concession catering operations, the ratio was lower than in the previous year in most countries (primarily due to the strong growth of the airports market where the ratio is traditionally lower than average) but it remained stable overall in the United States.

4.1.6 PERSONNEL COSTS

Consolidated personnel costs, excluding share-based compensation expense, increased by €183.5 million, or 7.0%, year on year, from €2,618.5 million to €2,802.0 million. However, as a percentage of revenue they inched down from 44.4% to 43.6%. This decrease was wholly attributable to the business model structures of the Group's newly-acquired companies (particularly in the United States), most of which have personnel cost ratios that are lower than the Group's average. The higher rate of the CICE tax credit in France (7% for fiscal 2016-2017 versus 6% for fiscal 2016-2017) also had a positive effect.

The following table sets out personnel costs (excluding share-based compensation expense) by business line and as a percentage of the revenue of each business line.

(in € millions and % of revenue)	Year ended September 30,			
	2017		2016	
Personnel costs				
Contract catering & services	(2,211.4)	*47.6%*	(2,043.3)	*48.3%*
Concession catering	(553.2)	*31.2%*	(528.2)	*31.7%*
Corporate[1]	(37.4)	–	(47.0)	–
Total	**(2,802.0)**	***43.6%***	**(2,618.5)**	***44.4%***

[1] Represents personnel costs associated with corporate support and procurement functions (including IT departments) 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.

4.1.6.1 Contract Catering & Services

Personnel costs for the contract catering & services business line rose by €168.1 million, or 8.2%, from €2,043.3 million to €2,211.4 million. The year-on-year increase was primarily attributable to the acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality, and Design Cuisine in the USA during the year and the full-year impact of the Waterfall acquisition in fiscal 2015-2016, which together accounted for €118.3 million of the overall rise. Excluding these acquisitions by Elior North America, personnel costs for contract catering & services rose in line with revenue growth.

As a percentage of revenue, contract catering & services personnel costs decreased from 48.3% to 47.6%. Excluding (i) the impact of newly-acquired companies, primarily in the United States, and (ii) the positive effects of productivity plans put in place in Spain and Portugal, this business line's other countries saw an increase in their personnel costs ratio, mainly due to a negative calendar effect, and despite the positive impact of the higher CICE tax credit rate in France.

4.1.6.2 Concession Catering

Personnel costs for the concession catering business line increased by €25.0 million, or 4.7%, from €528.2 million to €553.2 million, mainly due to the full-year impact of the acquisition of Areas Restauration Services in 2016.

As a percentage of revenue, personnel costs for this business line narrowed from 31.7% to 31.2%. This decrease primarily reflects high business volumes combined with tight cost control at Areas Iberia, Italy, USA and Mexico, although these positive effects were partially offset by an increase in the ratio for Areas Northern Europe. The rise in Northern Europe was chiefly attributable to the impact of significant renovation works in the French motorways and railway stations markets, which was not offset by the positive effect of the higher CICE tax credit rate in France.

4.1.6.3 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 €9.4 million in fiscal 2016-2017 versus €4.3 million for fiscal 2015-2016. The fiscal 2016-2017 figure mainly concerns the plan set up by Elior North America.

4.1.7 OTHER OPERATING EXPENSES

Other operating expenses increased by €139.4 million, or 15.7%, from €888.8 million to €1,028.2 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)	Year ended September 30,			
	2017		2016	
Other operating expenses				
Contract catering & services	(536.9)	*11.6%*	(451.1)	*10.7%*
Concession catering	(502.9)	*28.3%*	(457.5)	*27.4%*
Corporate[1]	11.6	_	19.8	_
Total	**(1,028.2)**	***16.0%***	**(888.8)**	***15.1%***

[1] Represents the portion of revenue invoiced to operating entities by headquarters, holding companies and purchasing entities (including IT departments) 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.

4.1.7.1 Contract Catering & Services

Other operating expenses for the contract catering & services business line rose by €85.8 million, or 19.0%, from €451.1 million to €536.9 million. The acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine represented €59.0 million of the overall increase, while in France other operating expenses decreased in the business & industry market.

As a percentage of revenue, the business line's other operating expenses widened from 10.7%, to 11.6%, mainly reflecting increases in (i) Italy, due to the "on-pack" project for Itinere trains, for which the assembly of boxed meals is outsourced, and the operating conditions of the new contract with the Italian Ministry of Defense, and (ii) the United States, where new acquisitions and their subsequent consolidation led to an increase in corporate and support services costs.

4.1.7.2 Concession Catering

Other operating expenses for the concession catering business line increased by €45.4 million, or 9.9%, from €457.5 million to €502.9 million. Spain, Portugal, the United States and Mexico accounted for the majority of this rise as a result of higher concession fees payable for new and renewed contracts.

Other operating expenses for concession catering operations in France were stable year on year.

As a percentage of revenue, other operating expenses for the concession catering business line inched up from 27.4% to 28.3%.

4.1.8 TAXES OTHER THAN ON INCOME

This item increased by €14.7 million, or 21.8%, from €67.3 million to €82.0 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)	Year ended September 30,			
	2017		2016	
Taxes other than on income				
Contract catering & services	(64.1)	*1.4%*	(52.0)	*1.2%*
Concession catering	(15.8)	*0.9%*	(13.8)	*0.8%*
Corporate	(2.1)	–	(1.5)	–
Total	**(82.0)**	***1.3%***	**(67.3)**	***1.1%***

4.1.8.1 Contract Catering & Services

Taxes other than on income for the contract catering & services business line increased by €12.1 million, or 23.3%, from €52.0 million to €64.1 million. The rise was mainly attributable to operations in the United States, with the acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine pushing up the figure by €7.5 million. As a percentage of revenue, taxes other than on income inched up from 1.2% to 1.4%.

4.1.8.2 Concession Catering

Taxes other than on income for the concession catering business line increased by €2.0 million, or 14.5%, from €13.8 million to €15.8 million, with the majority of the rise attributable to the full-year consolidation of Areas Restauration Services, which was acquired in May 2016. The figure for this item as a percentage of revenue was also higher year on year, rising 0.1 of a percentage point from 0.8% to 0.9%.

4.1.9 EBITDA

Reported EBITDA as presented in the consolidated financial statements totaled €521.5 million for fiscal 2016-2017. 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 €530.8 million in fiscal 2016-2017 after adding back €9.4 million in share-based compensation expense.

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

(in € millions)	Year ended September 30,		Change in EBITDA	EBITDA margin	EBITDA margin
	2017	2016		FY 2016-2017	FY 2015-2016
Contract catering & services					
France	179.5	186.2	*(6.7)*	*8.3%*	*8.6%*
International	162.4	139.2	*23.2*	*6.6%*	*6.7%*
Total contract catering & services	**341.9**	**325.4**	**16.5**	**7.4%**	**7.7%**
Concession catering					
France	69.9	75.8	*(5.9)*	*10.4%*	*11.5%*
International	123.3	107.5	*15.8*	*11.2%*	*10.6%*
Total concession catering	**193.2**	**183.3**	**9.9**	**10.9%**	**11.0%**
Corporate	**(4.3)**	**(7.6)**	***3.3***		
GROUP TOTAL	**530.8**	**501.1**	**29.7**	**8.3%**	**8.5%**

Consolidated adjusted EBITDA rose 5.9% year on year to €531 million and represented 8.3% of revenue (including the estimated 5 basis-point dilutive impact of acquisitions carried out during the year).

4.1.9.1 Contract Catering & Services

Adjusted EBITDA for the contract catering & services business line climbed to €342 million in fiscal 2016-2017 from €325 million the previous year and represented 7.4% of revenue.

- In **France**, adjusted EBITDA totaled €180 million. As a percentage of revenue, it was down slightly on fiscal 2015-2016 due to the unfavorable calendar effect, higher structural costs (notably related to IT programs) and the start-up of numerous contracts for which the month of September is particularly important, notably in the education market.
- In the **international** segment, adjusted EBITDA rose by €23 million to €162 million but as a percentage of revenue it narrowed slightly year on year. For the absolute value figure, increases in Spain, the United Kingdom and the United States partially offset the decrease posted by Italy due to a negative calendar effect and the impact of the new contract signed with the Italian Ministry of Defense.

4.1.9.2 Concession Catering

Concession catering adjusted EBITDA came to €193 million (versus €183 million in fiscal 2015-2016) and represented 10.9% of revenue, down slightly year on year.

- In **France**, adjusted EBITDA edged down to €70 million from €76 million, reflecting the start-up of new railway station contracts, the impact of works carried out following the renewal of motorway contracts, and higher concession fees.
- In the **international** segment, adjusted EBITDA rose by €16 million to €123 million. This represented a significant year-on-year increase in adjusted EBITDA margin, which was propelled by higher revenue figures in all regions in Europe and the Americas.

4.1.10 DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS

Consolidated depreciation, amortization and provisions for recurring operating items increased by €35.7 million, or 23.3%, from €153.0 million to €188.7 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)	Year ended September 30,			
	2017		2016	
Depreciation, amortization and provisions for recurring operating items				
Contract catering & services	(96.7)	*2.1%*	(72.0)	*1.7%*
Concession catering	(82.8)	*4.7%*	(76.1)	*4.6%*
Corporate	(9.2)	–	(4.9)	–
Total	**(188.7)**	***2.9%***	**(153.0)**	***2.6%***

4.1.10.1 Contract Catering & Services

Depreciation, amortization and provisions for recurring operating items reported by the contract catering & services business line rose by €24.7 million, or 34.3%, from €72.0 million to €96.7 million. Elior North America's acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine accounted for €6.0 million of the increase and France saw a €13.2 million rise, principally attributable to the education market, and to a lesser extent, the healthcare and business & industry markets. Lastly, the Group has recently invested in IT hardware and software and has carried out capital expenditure programs as part of its innovation and transformation drive, and these investments are generally depreciated/amortized over a shorter period of time than other operating assets.

4.1.10.2 Concession Catering

For the concession catering business line, this item increased by €6.7 million, or 8.8%, from €76.1 million to €82.8 million, primarily reflecting (i) changes in the scope of consolidation in France, (ii) openings and renovations of points of sale following the renewal of contracts in the motorways and railway stations markets in France, and (iii) openings of new points of sale in the United States.

4.1.11 NON-RECURRING INCOME AND EXPENSES, NET

For the year ended September 30, 2017, non-recurring income and expenses represented a net expense of €52.1 million and primarily included (i) €37.3 million in restructuring costs, (ii) €4.8 million in share acquisition costs (including transaction costs), primarily for purchases of shares in the United Kingdom and the USA, (iii) €7.0 million in costs related to legal disputes, and (iv) €3.0 million in costs incurred in connection with sponsoring Paris's bid for the 2024 Olympic Games, and the 2025 World Expo.

For the year ended September 30, 2016, this item represented a net expense of €49.5 million and notably included (i) €35.2 million in restructuring costs, (ii) €9.2 million in costs related to withdrawing from unprofitable contracts in Spain, France, Italy and the USA, and (iii) €5.1 million in share acquisition costs primarily for purchases of shares in the United Kingdom and the USA.

4.1.12 NET FINANCIAL EXPENSE

Net financial expense contracted by €1.4 million, or 2.2%, from €63.0 million to €61.6 million, mainly due to (i) the refinancing and repricing of the Group's euro- and dollar-denominated debt carried out in January 2016, which led to a further 25 basis-point decrease in interest margins, and (ii) the full refinancing of the Elior Finance & Co 6.5% 2020 Senior Secured Notes that took place in the second half of fiscal 2015-2016 (in a context of ongoing low interest rates). These positive effects were, however, partially offset by the effect of a higher overall average level of debt and higher debt issuance costs. The fiscal 2016-2017 net financial expense figure also includes a €4.7 million impairment loss for certain non-controlling interests in innovative start-ups whose activities are related 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.

4.1.13 INCOME TAX

The Group's income tax expense rose by €4.4 million, or 6.0%, from €73.5 million to €77.9 million, representing an effective tax rate of 26% (or 40% including the impact of the French CVAE tax).

The year-on-year increase in income tax expense was primarily attributable to the €14.5 million non-recurring impact in fiscal 2016-2017 of factoring into the calculation of long-term deferred taxes the announced reduction in French corporate income tax to 28.92% effective from 2020. Following the announcement of this lower future tax rate, the deferred taxes recognized in the Group's balance sheet (primarily deferred tax assets) that are expected to be recovered/settled after 2020 were remeasured through profit based on the new rate rather than the existing standard rate of 34.43%. Excluding this effect, the year-on-year change in income tax expense reflects (i) a lower level of pre-tax profit compared with the previous year and (ii) a slightly lower effective tax rate for certain European countries, notably Italy and Spain.

4.1.14 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

In the year ended September 30, 2017, this item primarily concerned non-strategic business operations run by Areas Northern Europe, notably the Group's remaining 40% interest in museums operations in France after control of these operations was transferred to the Ducasse Group on March 31, 2017.

This item 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.

4.1.15 ATTRIBUTABLE PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

As a result of the above-described factors – particularly the higher EBITDA figure and lower finance costs, offset by higher non-recurring operations reorganization costs – the Group ended fiscal 2016-2017 with €113.7 million in profit attributable to owners of the parent, down 16.0% on the €135.3 million recorded for fiscal 2015-2016.

Earnings per share – calculated based on the weighted average number of Elior Group shares outstanding during the year ended September 30, 2017 – amounted to €0.66, representing a 15.3% decrease compared with the fiscal 2015-2016 figure of €0.78.

4.1.16 ADJUSTED ATTRIBUTABLE PROFIT FOR THE PERIOD

Adjusted attributable profit for the period – which 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%, (ii) exceptional impairment of investments in and loans to non-consolidated companies, and (iii) amortization of intangible assets recognized on consolidation in relation to acquisitions (notably customer relationships) – totaled €175.7 million and represented €1.02 in adjusted earnings per share, down 2.8% year on year.

(in € millions)	Year ended September 30,	
	2017	2016
Profit for the period attributable to owners of the parent	**113.7**	**135.3**
Adjustments		
Non-recurring income and expenses, net (1)	52.1	49.5
	22.9	13.0
Net amortization of intangible assets recognized on consolidation		
Exceptional impairment of investments in and loans to non-consolidated companies	4.7	0
Tax effect on (1) calculated at the standard rate of 34%	(17.7)	(16.8)
Adjusted attributable profit for the period	**175.7**	**180.9**
Adjusted earnings per share (in €)	**1.02**	**1.05**

4.2 CONSOLIDATED CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

The following table provides a summary of the Group's cash flows for the years ended September 30, 2016 and 2017.

(in € millions)	Year ended September 30,	
	2017	2016
Net cash from operating activities	364.7	275.1
Net cash used in investing activities	(419.8)	(460.4)
Net cash from (used in) financing activities	(214.5)	142.5
Effect of exchange rate and other changes	192.9	1.4
Net increase/(decrease) in cash and cash equivalents	**(76.7)**	**(41.4)**

4.2.1 CASH FLOWS FROM OPERATING ACTIVITIES

The following table sets out the components of consolidated net cash from operating activities for the years ended September 30, 2016 and 2017.

(in € millions)	Year ended September 30,	
	2017	2016
Reported EBITDA	521.5	496.8
Change in operating working capital	2.6	(0.3)
Interest and other financial expenses paid	(49.5)	(81.4)
Tax paid	(56.8)	(78.7)
Other (including dividends received from associates)	(53.2)	(61.3)
Net cash from operating activities	**364.7**	**275.1**

Operating activities generated a net cash inflow of €364.7 million in the year ended September 30, 2017 versus €275.1 million in fiscal 2015-2016. The year-on-year increase reflects movements in all of this item's components during the year.

Change in operating working capital

This item was more or less stable year on year, representing a net cash inflow of €2.6 million in fiscal 2016-2017 versus a net cash outflow of €0.3 million in fiscal 2015-2016. This performance reflects the impact of (i) longer payment periods by clients of certain contract catering subsidiaries in France arising from changes in the payment processes of public clients, and (ii) the cash outflows resulting from the termination of certain contracts, offset by (i) better working capital management by international contract catering operations, and (ii) higher business volumes for international concession catering operations.

Interest and other financial expenses paid

For the year ended September 30, 2016, this item included the payment of a €13.6 million exit fee for interest rate swaps as well as an €11.8 million early redemption penalty for the Elior Finance & Co 6.5% 2020 Senior Secured Notes.

As the figure for "Interest and other financial expenses paid" did not include these non-recurring expenses in fiscal 2016-2017, it was lower than in fiscal 2015-2016.

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 €56.8 million in the year ended September 30, 2017 (versus €78.7 million in fiscal 2015-2016). The year-on-year decrease was mainly due to the one-off payment in fiscal 2015-2016 of a prior-period tax liability following the settlement of a tax dispute.

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 years ended September 30, 2016 and 2017, other cash flows from operating activities represented net cash outflows of €61.3 million and €53.2 million respectively. The fiscal 2016-2017 figure chiefly consists of (i) an aggregate €30.6 million in restructuring costs and costs related to voluntary contract exits, primarily incurred by Elior Group in France, Serunion in Spain, Elior UK and Elior Ristorazione in Italy, (ii) €4.6 million in transaction costs related to recent acquisitions, and (iii) one-off costs, notably for Elior Group’s sponsoring of Paris’s bid for the 2014 Olympic Games and the 2025 World Expo.

4.2.2 CASH FLOWS FROM INVESTING ACTIVITIES

The following table sets out the components of consolidated net cash used in investing activities for the years ended September 30, 2016 and 2017.

(in € millions)	Year ended September 30,	
	2017	2016
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(291.8)	(183.0)
Purchases of and proceeds from sale of non-current financial assets	(29.4)	(24.4)
Acquisition/sale of shares in consolidated companies	(98.6)	(253.1)
Net cash used in investing activities	**(419.8)**	**(460.4)**

Net cash used in investing activities totaled €460.4 million in fiscal 2015-2016 and €419.8 million in fiscal 2016-2017.

Capital expenditure (net operating investments)

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 €183.0 million to €291.8 million.

The figure for contract catering & services came to €91.4 million for the year ended September 30, 2016 and €150.3 million for fiscal 2016-2017, representing 2.2% and 3.2% of this business line's revenue respectively. The year-on-year increase reflects higher capital outlay in France (particularly for computer hardware and software and innovation and transformation programs) as well as in Italy, Spain and the United States. The capital expenditure incurred in fiscal 2016-2017 for the contract catering &

services business line was used for implementing its medium- and long-term BtoC strategy via IT tools including new digital applications and data analysis systems.

For concession catering, net cash used for capital expenditure totaled €73.4 million for the year ended September 30, 2016 and €123.2 million for fiscal 2016-2017, representing 4.4% and 6.9% of the business line's revenue respectively. These rises reflect a higher 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 was stable year on-year, coming in at the high level of €18.2 million in both fiscal 2016-2017 and fiscal 2015-2016 and primarily corresponding to purchases of software and hardware in connection with the Group's new IT blueprint.

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

This item corresponded to a net cash outflow of €29.4 million in the year ended September 30, 2017, and mainly related to (i) the continued implementation of the strategic partnership with Ducasse Développement which was entered into in fiscal 2015-2016 and resulted in Elior Group purchasing shares in that company during fiscal 2016-2017, and (ii) the acquisition of non-controlling interests in innovative start-ups whose activities are related or complementary to the Group's businesses.

For fiscal 2015-2016, "Purchases of and proceeds from sale of non-current financial assets" represented a net cash outflow of €24.4 million and primarily concerned (i) the implementation of the strategic partnership with Ducasse Développement which resulted in Elior Group purchasing convertible bonds and shares during the fiscal year, and (ii) 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 year ended September 30, 2017, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €98.6 million and chiefly concerned the acquisitions of (i) Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine in the United States, (ii) Edwards & Blake in the United Kingdom, (iii) Hospes in Italy, (iv) Hostesa in Spain and (v) Megabite and CRCL in India.

For the year ended September 30, 2016, this item represented a net cash outflow of €253.1 million and chiefly concerned the acquisitions of (i) Cura, ABL and Preferred Meals in the United States, (ii) Waterfall in the United Kingdom, and (iii) Areas Restauration Services in France.

4.2.3 CASH FLOWS FROM FINANCING ACTIVITIES

The following table sets out the components of consolidated net cash from/(used in) financing activities for the years ended September 30, 2016 and 2017.

(in € millions)	Year ended September 30,	
	2017	2016
Dividends paid to owners of the parent	(72.5)	(55.1)
Movements in share capital of the parent	0.6	1.8
Acquisition/sale of treasury shares	0.1	(1.1)
Dividends paid to non-controlling interests	(1.9)	(0.9)
Proceeds from borrowings	14.3	549.7
Repayments of borrowings	(155.1)	(351.9)
Net cash from (used in) financing activities	**(214.5)**	**142.5**

Cash flows from financing activities represented a net cash outflow of €214.5 million in the year ended September 30, 2017 versus a net cash inflow of €142.5 million in fiscal 2015-2016.

Dividends paid to owners of the parent

The dividend for the year ended September 30, 2016 – which corresponded to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 10, 2017 Annual General Meeting – was paid on April 12, 2017.

The dividend for the year ended September 30, 2015 – which corresponded to €55.1 million (€0.32 per share) and was approved by the Company's shareholders at the March 11, 2016 Annual General Meeting – was paid on April 13, 2016.

Movements in share capital of the parent

This item totaled €0.6 million and €1.8 million for the years ended September 30, 2017 and 2016 respectively and represented the amounts received in connection with capital increases carried out on exercise of Elior Group stock options.

Dividends paid to non-controlling interests

This item represented net cash outflows of €0.9 million and €1.9 million for the years ended September 30, 2016 and 2017 respectively.

Proceeds from borrowings

Consolidated cash inflows from proceeds from borrowings totaled €549.7 million and €14.3 million in the years ended September 30, 2016 and 2017 respectively.

For the year ended September 30, 2017 these proceeds primarily related to finance lease transactions.

For the year ended September 30, 2016 they mainly corresponded to (i) €449.7 million drawn down by Elior Group under three new bank loans, (ii) €33.1 million in drawdowns under euro- and dollar-denominated revolving credit facilities, and (iii) €44.2 million from new securitized receivables.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €351.9 million and €155.1 million in the years ended September 30, 2016 and 2017 respectively.

In fiscal 2016-2017, this item primarily corresponded to the reduction in securitization liabilities following the implementation of the new trade receivables securitization program, under which most of the trade receivables concerned are now derecognized.

In fiscal 2015-2016, this item primarily related to (i) the early redemption of the Elior Finance & Co. 6.5% May 2020 Senior Secured Notes (€227.5 million), (ii) the refinancing of Areas' external euro-denominated debt, which was replaced by intra-Group debt (€116.4 million), and (iii) repayments of finance lease liabilities (€7.1 million).

4.2.4 EFFECT OF EXCHANGE RATE AND OTHER CHANGES

In the year ended September 30, 2017, fluctuations in exchange rates and other changes had an overall €192.9 million net positive cash impact. This total primarily corresponds to (i) a €185 million positive effect arising from the implementation of the new "off-balance sheet" securitization program, (ii) a €2 million negative effect from discontinued operations, and (iii) a €5.0 million net cash inflow due to fluctuations in the USD and GBP exchange rates.

In the year ended September 30, 2016, fluctuations in exchange rates and other changes had an overall €1.4 million net positive cash impact, chiefly corresponding to cash inflows of €3.6 million due to fluctuations in the USD and GBP exchange rates and €1.9 million resulting from the share issue taken up by Elior North America's non-controlling shareholders, partly offset by a €3.6 million negative effect from discontinued operations.

4.2.5 FREE CASH FLOW

(in € millions)	Year ended September 30,	
	2017	2016
Adjusted EBITDA	**530.9**	**501.1**
Share-based compensation expense	(9.4)	(4.3)
Reported EBITDA	**521.5**	**496.8**
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(291.8)	(183.0)
Change in operating working capital	2.6	(0.3)
Other cash flows from operating activities	(53.2)	(61.3)
Tax paid	(56.8)	(78.7)
Free cash flow	**122.3**	**173.5**

Free cash flow contracted to €122.3 million in the year ended September 30, 2017. The year-on-year decrease reflects a significant increase in capital expenditure, the effect of which was only partly offset by the higher EBITDA figure and lower other cash outflows from operating activities and tax paid. The adjusted EBITDA to free cash flow conversion rate was 23% in fiscal 2016-2017.

4.3 CONSOLIDATED BALANCE SHEET

(in € millions)	At September 30, 2017	2016
Non-current assets	3,991	3,782
Current assets excluding cash and cash equivalents	1,063	1,175
Cash and cash equivalents	140	161
Total assets	**5,193**	**5,118**

(in € millions)	At September 30, 2017	2016
Equity	1,563	1,516
Non-controlling interests	55	41
Non-current liabilities	1,931	2,099
Current liabilities	1,644	1,461
Total equity and liabilities	**5,193**	**5,118**
Net operating working capital requirement (1)	(394)	(415)
Gross debt	1,760	1,857
Net debt as defined in the SFA	1,628	1,706
SFA leverage ratio (net debt as defined in the SFA / adjusted EBITDA) (2)	3.01	3.22

(1) At September 30, 2017, this figure included the impact of the derecognition of €218 million in trade receivables in France and Spain following the implementation of the new securitization program.
(2) Pro forma, adjusted to exclude acquisitions/divestments of consolidated/deconsolidated companies carried out during the previous 12 months.

At September 30, 2017, non-current assets included deferred tax assets totaling €189 million (versus €216 million one year earlier), of which €113 million related to recognized tax loss carryforwards (€132 million at September 30, 2016). The Group's assessment of the recoverable nature of these deferred tax assets is based on the same ten-year earnings forecasts as used for the impairment tests performed for the entities concerned.

The Group's gross debt amounted to €1,760 million at September 30, 2017 compared with €1,857 million one year earlier. This reduction was principally due to the implementation of the new securitization program under which most of the sold trade receivables are now derecognized. Gross debt at September 30, 2017 mainly comprised (i) euro-denominated bank borrowings amounting to €1,199 million under the Senior Facilities Agreement (SFA), and (ii) €390 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 €85 million at September 30, 2017) and €40 million in finance lease liabilities.

The average interest rate in both fiscal 2016-2017 and fiscal 2015-2016 – 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 2.2% taking into account the effect of interest rate hedges.

Cash and cash equivalents recognized in the balance sheet amounted to €140 million at September 30, 2017. 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 €79 million.

At September 30, 2017, consolidated net debt (as defined in the SFA) stood at €1,628 million. This amount represented 3.01 times consolidated adjusted EBITDA (pro forma to exclude acquisitions) versus 3.22 times at September 30, 2016.

4.4 EVENTS AFTER THE REPORTING DATE

Changes in Governance

Philippe Salle, Elior Group's Chairman and Chief Executive Officer, resigned and left the Company effective October 31, 2017. Gilles Cojan then became the new Chairman of the Board of Directors and appointed Pedro Fontana to act as Interim Chief Executive Officer as from November 1, 2017. On December 5, 2017, Philippe Guillemot was appointed Elior Group's Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

Acquisition of CBM in the United States

On November 30, 2017, the Group announced that, through its contract catering subsidiary Elior North America, it had acquired CBM Managed Services, based in Sioux Falls, South Dakota, thereby strengthening its positions in the correctional facilities catering market in the United States. CBM has some one thousand employees serving 200 locations in 29 states and generated revenue of approximately $70 million in 2016.

Group employee share ownership plan

In a press release dated January 26, 2018, Elior Group announced that it had launched its first share ownership plan for Group employees.

The terms and conditions of this plan are described in the press release dated January 26, 2018 and are available on the Group's website at www.eliorgroup.com.

4.5 MAIN DISCLOSURE THRESHOLDS CROSSED DURING THE YEAR ENDED SEPTEMBER 30, 2017

In the year ended September 30, 2017, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

- On October 12, 2016, Sycomore Asset Management disclosed that 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% of the Company's total shares and voting rights.
- On October 18, 2016 Crédit Agricole Corporate and Investment Bank and Crédit Agricole SA disclosed that they had raised their interest to above the threshold of 5% of the Company's capital and voting rights and that at that date they held 5.01% of the Company's total shares and voting rights.
- On October 18, 2016 Crédit Agricole Corporate and Investment Bank and Crédit Agricole SA disclosed that they had reduced their interest to below the threshold of 5% of the Company's capital and voting rights and that at that date they held 4.77% of the Company's total shares and voting rights.
- On November 2, 2016, FIL Limited disclosed that it had raised its interest to above the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date it held 2.42% of the Company's total shares and voting rights.
- On December 21, 2016, Emesa Corporacion Empresarial, S.L. disclosed that 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 7.58% of the Company's total shares and voting rights.
- On December 21, 2016, Citigroup Inc. disclosed that it had raised its interest to above the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date it held 2.15% of the Company's total shares and voting rights.
- Citigroup Inc. disclosed that at December 23, 2016 it held 2.56% of the Company's total shares and voting rights.
- On January 10, 2017, Citigroup Inc. disclosed that 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.
- On January 11, 2017, Citigroup Inc. disclosed that 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 2.02% of the Company's total shares and voting rights.
- On January 12, 2017, BNP Paribas Investment Partners SA disclosed that 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 2.01% of the Company's total shares and 1.95% of its voting rights.
- On January 16, 2017, Citigroup Inc. disclosed that 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 1.98% of the Company's total shares and voting rights.
- On January 23, 2017, Citigroup Inc. disclosed that 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% of the Company's total shares and voting rights.
- On January 31, 2017, Sycomore Asset Management disclosed that 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 1.97% of the Company's total shares and voting rights.
- On February 7, 2017, BNP Paribas Investment Partners SA disclosed that 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 1.98% of the Company's total shares and 1.92% of its voting rights.
- On March 17, 2017, Marshall Wace LLP disclosed that 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% of the Company's total shares and voting rights.
- On March 17, 2017, Sycomore Asset Management disclosed that 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% of the Company's total shares and voting rights.
- On April 7, 2017, Deutsche Bank AG disclosed that 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 5.97% of the Company's total shares and voting rights.

- BIM disclosed that at April 11, 2017 it held 27.73%[1] of the Company's total shares and voting rights.
- On April 13, 2017 Crédit Agricole Corporate and Investment Bank and Crédit Agricole SA disclosed that they had raised their interest to above the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date they held 2.02% of the Company's total shares and voting rights.
- On April 20, 2017, Sycomore Asset Management disclosed that 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 1.97% of the Company's total shares and voting rights.
- On April 21, 2017, Deutsche Bank AG disclosed that it had reduced its interest to below the thresholds of 3%, 4% and 5% of the Company's capital and voting rights and that at that date it held 2.42% of the Company's total shares and voting rights.
- On April 25, 2017, Sycomore Asset Management disclosed that 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% of the Company's total shares and voting rights.
- On May 10, 2017, Sycomore Asset Management disclosed that 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.
- Citigroup Inc. disclosed that at May 30, 2017 it held 2.11% of the Company's total shares and voting rights.
- On June 6, 2017, BNP Paribas Investment Partners SA disclosed that it had increased its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.09% of the Company's total shares and 2.01% of its voting rights.
- On June 14, 2017, BIM disclosed that it had raised its interest to above the thresholds of 26% and 27% of the Company's capital and voting rights and that at that date it held 27.31% of the Company's total shares and voting rights.[2]
- On July 5, 2017, Marshall Wace disclosed that it had reduced its interest to below the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date it held 0.95% of the Company's total shares and voting rights.
- On July 28, 2017, BNP Paribas Investment Partners SA disclosed that 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 3.03% of the Company's total shares and 2.78% of its voting rights.
- On July 31, 2017, Emesa Corporacion Empresarial, S.L. disclosed that it had raised its interest to above the thresholds of 8% and 9% of the Company's capital and voting rights and that at that date it held 9.89% of the Company's total shares and voting rights.
- On August 1, 2017, Ameriprise Financial Group disclosed that 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 0.819% of the Company's total shares and voting rights.
- On September 5, 2017, BNP Paribas Investment Partners SA disclosed that it had reduced its interest to below the threshold of 3% of the Company's capital and voting rights and that at that date it held 2.96% of the Company's total shares and 2.69% of its voting rights.
- On September 13, 2017, Millennium Partners LP disclosed that 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 1.009% of the Company's total shares and voting rights.
- On September 15, 2017, Millennium Partners LP disclosed that 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 0.981% of the Company's total shares and voting rights.
- On September 15, 2017, Sycomore Asset Management disclosed that 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 0.98% of the Company's total shares and voting rights.
- On September 20, 2017, Allianz Global Investors GmbH disclosed that 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

[1] On April 11, 2017, BIM disclosed that it had entered into a forward contract with Crédit Agricole Corporate and Investment Bank, with Elior Group shares as the underlying assets. Consequently, at the term of this contract, BIM could effectively hold 27.73% of the Company's capital and voting rights, and as a result of the shares underlying an equity swap, it could potentially hold 29.75% of the Company's capital and voting rights..

[2] In this same disclosure, BIM also stated that taking into account the shares underlying an equity swap, it potentially held 29.33% of the Company's total shares and voting rights, which would therefore raise its interest to above the thresholds of 28% and 29%.

held 2.01% of the Company’s total shares and voting rights.

- On September 29, 2017, Baring Asset Management Limited disclosed that 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 1.0068% of the Company’s total shares and voting rights.

4.6 PARENT COMPANY PROFIT AND DIVIDEND

Based on the results for fiscal 2016-2017, at the Annual General Meeting to be held in 2018 the Board of Directors will recommend a dividend payment of 42 euro cents per share, unchanged from fiscal 2015-2016. This dividend corresponds to a payout ratio of approximately 40% of adjusted earnings per share[1] for the fiscal year ended September 30, 2017, which amounted to €1.02.

[1] Adjusted earnings per share is calculated based on consolidated profit for the period attributable to owners of the parent (€113.7 million) adjusted for non-recurring items (a €52.1 million net expense) net of the income tax effect calculated at the Group's standard tax rate of 34% (representing an income tax effect of €17.7 million), amortization of intangible assets recognized on acquisitions (mainly client relationships), amounting to €22.9 million, and €4.7 million in exceptional impairment of investments in and loans to non-consolidated companies. Adjusted profit for the period therefore totaled €175.7 million, which, based on the weighted average number of Elior Group shares outstanding during the fiscal year ended September 30, 2017, represents adjusted earnings per share of €1.02.

4.7 THE GROUP'S FINANCIAL AND LIQUIDITY POSITION

4.7.1 LIQUIDITY AND CAPITAL RESOURCES

4.7.1.1 General information

The Group's cash requirements mainly relate to financing its working capital requirements and capital expenditure as well as servicing and repaying its debt. Its main source of liquidity is cash generated from operating activities. Going forward, its ability to generate cash from its operating activities will depend on its future operating performance, which is, in turn, dependent to some extent on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control. The Group uses its cash and cash equivalents to fund the day-to-day requirements of its business. Its cash investments are denominated in euros and US dollars.

The Group has regularly refinanced its debt with a view to reducing the cost of its bank borrowings and extending their maturities. In 2013 it carried out an issue of Senior Secured Notes and in 2015 it issued US dollar-denominated bonds which were taken up through a private placement. Also in 2015 and then in 2016, it successively refinanced its local US dollar-denominated debt and the Senior Secured Notes via bank borrowings drawn down under the SFA (for a description of these operations, see Note 5.2.2 to the consolidated financial statements for the years ended September 30, 2015 and 2016 in Chapter 4, Section 4.9 of the 2015-2016 Registration Document and Chapter 4, Section 4.8 of the 2014-2015 Registration Document).

As was the case in the year ended September 30, 2016 and in previous years, the Group believes that for the year ending September 30, 2018, its cash requirements will mainly relate to (i) financing working capital requirements (see Section 4.7.7.3 below), (ii) financing capital expenditure (see Section 4.2.2 above), and (iii) servicing and repaying debt. Based on the conditions described in Section 4.8 below, "Outlook", and the Group's updated cash flow forecasts, Management believes that the Group will be able to fund its cash requirements and service and repay its debt during the twelve-month period following the date on which its consolidated financial statements were approved for issue (December 5, 2017).

4.7.1.2 Financial resources

4.7.1.2.1 Overview

The Group's sources of liquidity have historically consisted mainly of the following:

- Net cash from operating activities, which amounted to €364.7 million for the year ended September 30, 2017 and €275.1 million for the year ended September 30, 2016.
- Cash and cash equivalents recorded in the consolidated cash flow statement amounted to €156.2 million and €79.5 million at September 30, 2016 and 2017 respectively. For further information see the cash flow statement included in the consolidated financial statements set out in the section below entitled "Consolidated Financial Statements for the Years Ended September 30, 2017 and 2016".
- Debt, which includes the Senior Facilities Agreement (SFA), the US-dollar bond issue (private placement), the 2017 Securitization Program, and finance lease liabilities. See Note 8.16.1 to the consolidated financial statements in the section below entitled "Consolidated Financial Statements for the Years Ended September 30, 2017 and 2016" as well as the description below.

4.7.1.2.2 Financial liabilities

The Group's financial liabilities totaled €1,876.2 million and €1,776.2 million at September 30, 2016 and 2017 respectively. The table below provides a breakdown of the Group's gross debt at each of those dates.

(in € millions)	At September 30	
	2017	2016
Financial liabilities under the Senior Facilities Agreement	1,504.6	1524.3
USD private placement	84.7	89.0
Finance lease liabilities	40.5	36.1
Receivables securitization program	84.9	221.4
Other financial liabilities (short-term bank loans)	61.5	5.4
Total financial liabilities	**1776.2**	**1,876.2**

The table below shows the Group's credit ratings:

	Moody's[1]	S&P[2]	Fitch[3]
Group	Ba2	BB+	BB-

(1) Rating issued on September 25, 2015 and affirmed on June 26, 2017
(2) Rating issued on March 14, 2016
(3) Rating issued on April 21, 2016 and affirmed on July 19, 2017

The following section describes the main components of the Group's financial liabilities.

4.7.2 SENIOR FACILITIES AGREEMENT

Overview

On June 23, 2006, the Company entered into a Senior Facilities Agreement (the "Senior Facilities Agreement" or "SFA"), which has been amended several times since that date. The borrowers under this Agreement are Elior Group and Elior Participations S.C.A.

In March 2017 the Group submitted a request to the lenders of Facilities B, I4, I5 and the EUR and USD revolving facilities to extend these facilities by one year. The lenders agreed to do so and their lending commitments were therefore transferred to new facilities called "2017". The transfer was contractualized by way of an addendum to the loan contract in April 2017.

A new I9 Facility was set up in September 2017 (replacing Facility C) in order to extend the facility by two years and decrease Facility C's lending margin by 25 bps.

Credit Facilities

As at the date of this Registration Document, the Senior Facilities Agreement provides for the following credit facilities:

Facility	Borrower	Principal amount (in € millions)	Currency	Maturity
Facility B	Elior Group – Elior Participations	800	EUR	2022
Facility I9	Elior Group	150	EUR	2024
Facility I4	Elior Participations	2.75	USD	2020
Facility I4 2017	Elior Participations	47.25	USD	2021
Facility I5	Elior Participations	3.25	USD	2020
Facility I5 2017	Elior Participations	46.75	USD	2021
Facility I6	Elior Group	50	EUR	2023
Facility I7	Elior Group	184	EUR	2023
Facility I8	Elior Participations	244	USD	2021
EUR Revolving Facility	Elior Group – Elior Participations	30	EUR	2021
EUR 2017 Revolving Facility	Elior Group – Elior Participations	270	EUR	2022
USD Revolving Facility	Elior Group – Elior Participations	8.25	USD	2020
USD 2017 Revolving Facility	Elior Group – Elior Participations	141.75	USD	2021
USD Revolving Facility 2	Elior Group – Elior Participations	6.5	USD	2020
USD 2017 Revolving Facility 2	Elior Group – Elior Participations	93.5	USD	2021
	Total	**2,078**		

The Senior Facilities Agreement provides for the following to be made available to the Company and/or Elior Participations S.C.A., in one or more tranches: (i) a "Facility H" loan, as described in Section 4.7.3 below, "Facility H and High Yield Notes", and (ii) a "Facility I", as described below.

Interest and Fees

The Senior Facilities bear interest at a rate per annum equal to the Libor of the currency in which the loan is denominated (or Euribor for loans in euros), plus the applicable margins and certain usual mandatory costs.

The annual margins for certain Senior Facilities are determined by reference to the applicable leverage ratio as follows:

Leverage ratio	Facility B	Facility I9	Facilities I4, I5 and I8	Facilities I6 and I7	EUR Revolving Facility	USD Revolving Facility
Greater than or equal to 3.50:1	2.00%	2.85%	1.9 %	2.85%	1.60%	1.55%
Less than 3.50:1 but greater or equal to 3.00:1	1.65%	2.50%	1.70%	2.50%	1.25%	1.30%
Less than 3.00:1 but greater or equal to 2.50:1	1.40%	2.25%	1.45%	2.25%	1.00%	1.05%
Less than 2.50:1 but greater or equal to 2.00:1	1.205%	2.05%	1.20%	2.05%	0.80%	0.80%
Less than 2.00:1	1.00%	1.85%	0.95%	1.85%	0.60%	0.55%

The mechanism providing for a reduction in margins based on the leverage ratio will not apply if an "event of default", as defined in the Senior Facilities Agreement, has occurred.

Security and Guarantees

Following the redemption of the Senior Secured Notes, the pledges granted to Elior Finance & Co. S.C.A. in its capacity as lender for the Facility H1 Loan have been released.

Similarly, as the Senior Facilities Agreement provided for the release of all of the pledges granted in relation to Facility H in the event of repayment of all of the sums due under that facility, the remaining outstanding pledges were released in June 2016.

Undertakings and Covenants

The Senior Facilities Agreement contains customary negative and affirmative covenants with respect to the Group's entities (adapted in certain cases to reflect the Group's specific situation). It does not contain any restrictions with respect to dividend payments.

The Senior Facilities Agreement contains certain reporting requirements, and particularly an obligation to provide audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The Senior Facilities Agreement also stipulates that the Group's leverage ratio must be less than or equal to 4:1 at September 30 and less than or equal to 4.50:1 at March 31.

Mandatory Prepayments and Cancellation

The Senior Facilities will be immediately repayable, if, among other events, there is a "change of control" or a sale of all or substantially all of the Group's assets.

The borrowers may voluntarily (i) prepay all or part of the loans made to them under the Senior Facilities, or (ii) cancel all or part of any unused facilities under the Senior Facilities.

Events of Default

The Senior Facilities Agreement provides for certain events of default (subject to materiality, cure periods and other exceptions where appropriate) which can trigger acceleration. These events of default are customary for this type of financing and notably include breach of the leverage ratio covenant.

If an event of default occurs and persists, the Senior Facilities Agreement provides that the Senior Facility Agent may and will, if so instructed by the lenders, either (i) block any additional utilizations, or (ii) declare that all or part of any amount outstanding under such Senior Facilities is immediately due and payable.

Governing Law

The Senior Facilities Agreement is governed by English law.

4.7.3 FACILITY H AND HIGH YIELD NOTES

Overview of Facility H

The Senior Facilities Agreement provides that the Company or Elior Participations S.C.A may borrow amounts under a credit facility entitled Facility H, in one or more tranches. For this purpose, a duly authorized credit institution in France must commit to make such tranches available, subject to the assurance that the loan will be immediately purchased by another lender through financing obtained in a capital markets transaction (a high yield note offering or any other similar issue), which in turn must meet a number of conditions. The interest payable on any Facility H tranche, taking into account any fees or issue premiums, must be set such that the yield to maturity does not exceed 11% per annum.

The Senior Facilities Agreement provides that net proceeds of any borrowings under a Facility H tranche must be used as follows: (i) €150 million (after deducting any repayments made using the proceeds of any borrowings under Facility I) as prepayment of the Facilities granted to Elior Participations S.C.A. or the Company that mature in 2017, and then, (ii) at the discretion of the borrower concerned, for carrying out permitted acquisitions (subject to certain limits) and/or for voluntarily prepaying the term loan facilities.

The repayment, maturity and interest rate clauses applicable to a Facility H tranche will be the same as the equivalent clauses contained in the terms and conditions of the related capital markets issue, as the majority of the prepayment clauses applicable to the other Senior Facilities provided for under the Senior Facilities Agreement do not apply to Facility H.

Any amounts drawn down under a Facility H tranche will be guaranteed by the Company (unless it is the borrower itself), Bercy Participations and Elior Participations S.C.A. (and any other entity that may join the Senior Facilities Agreement as guarantor), subject to the related guarantee limitations. Repayments under a Facility H tranche are also secured by (i) pledges granted by the Company over its shares in Elior Participations S.C.A. and Bercy Participations, and, (ii) if Elior Participations S.C.A. is the borrower, a pledge granted by Elior Participations S.C.A. over its shares in Areas Worldwide and Elior Restauration et Services, and the Avenance trademark. Any amounts recovered through enforcement of these guarantees and/or pledges will indirectly benefit the holders of the notes issued as part of the related capital markets issue.

If a Facility H tranche is issued, the Company, Bercy Participations and Elior Participations S.C.A. (and any other company that joins the Senior Facilities Agreement as guarantor) must enter into a Covenant Agreement concerning the related notes that will be issued, under which they agree to respect, and ensure that their subsidiaries also respect the undertakings (other than payment undertakings) provided for in the terms and conditions of said notes.

The holders of the notes issued in connection with a Facility H tranche do not benefit from the numerous rights and protections granted to other lenders under the Senior Facilities Agreement, apart from the fact that they indirectly benefit from the payments made by the Company under the related Facility H tranche and are given certain indirect, restricted rights and benefits. Neither the Company nor its subsidiaries directly guarantee the notes issued in connection with a Facility H tranche.

4.7.4 FACILITY I

General Information

The Senior Facilities Agreement provides that the Company or Elior Participations S.C.A. may borrow amounts, in one or more tranches, under a facility entitled Facility I, which will be made available under certain specific conditions. For this purpose, a duly authorized credit institution in France must commit to make such tranches available.

The interest payable on any Facility I tranche, taking into account any fees or issue premiums, must be set such that the yield to maturity does not exceed 6% per annum. The net proceeds from any borrowings under Facility I must be used, at the discretion of the borrower concerned, for carrying out permitted acquisitions (subject to certain limits) and/or for voluntarily prepaying the term loan facilities.

For as long as the amounts due under Facility H have not been repaid in full, any amounts drawn down under a Facility I tranche will be guaranteed by the Company (unless it is the borrower itself), Bercy Participations and Elior Participations S.C.A. (and any other entity that may join the Senior Facilities Agreement as guarantor). In addition, and also for as long as the amounts due under

Facility H have not been repaid in full, repayments under a Facility I tranche are also secured by (i) pledges granted by the Company over its shares in Elior Participations S.C.A. and Bercy Participations, and (ii) if Elior Participations S.C.A. is the borrower, a pledge granted by Elior Participations S.C.A. over its shares in Areas Worldwide and Elior Restauration et Services, and the Avenance trademark.

Tranche I1 of Facility I (Facility B, Facility C and revolving credit facility)

On December 3, 2014, a syndicated credit facility (comprising term loans and a revolving credit facility) was set up under Facility I, representing a total of €1,250 million and bearing interest at 1.90% per annum for the five-year tranche and 2.75% for the eight-year tranche, subject to changes in the interest scale, as described in the "Interest and Fees" section of this chapter. Out of this total, on December 10, 2014, €200 million was made available to Elior Group and €750 million to Elior Participations The five-year revolving credit facility that can be used by Elior Group and Elior Participations amounts to €300 million. Under the January 2016 addendum to the Senior Facilities Agreement the maturities of the 5-year tranches and the revolving credit facility were extended by one year, and their respective lending margins were reduced by 25 basis points.

Two new Facility I tranches amounting to €50 million each were set up on May 22, 2015 (Facility I4) and June 23, 2015 (Facility I5). The funds under these facilities – whose drawdowns bear interest at a rate of 1.88% – were made available to Elior Participations on May 28 and June 26, 2015 respectively.

In addition, two Revolving Facilities amounting to USD 150 million (the USD Revolving Facility) and USD 100 million (the USD Revolving Facility 2) were made available to Elior Group and Elior Participations in June 2015.

Two new Facility I tranches were set up on January 15, 2016 (Facility I6, for €50 million) and April 18, 2016 (Facility I7, for €184 million). The funds under these facilities – whose drawdowns bear interest at a rate of 2.254 % for Facility I6 and 2.1486 % for Facility I7 – were made available to Elior Group on January 29 and May 2, 2016 respectively. They were financed by bank-format private placements within the scope of the Senior Facilities Agreement.

A further new Facility I tranche (Facility I8) was set up on June 8, 2016, amounting to USD 244 million. The funds under this facility – whose drawdowns bear interest at a rate of 2.14805 % – were made available on June 20, 2016.

Lastly, a further new Facility I tranche (Facility I9) was set up on September 22, 2017, amounting to USD 150 million. The funds under this facility – whose drawdowns bear interest at a rate of 2.128% – were made available on September 29, 2017.

4.7.5 BOND ISSUE

In 2015 the Company carried out a bond issue representing a maximum USD 100 million. Interest on the bonds – which mature on May 28, 2022 – corresponds to the USD six-month Libor plus a margin of 2.15%. The proceeds of the bond issue (net of the related issue costs) were used to refinance Elior North America's debt (see Section 4.8.16.1 below).

The bonds were issued to the Belgian-based fund, Pandios CommVA under a private placement. Neither the Company nor its subsidiaries have granted any collateral or guarantees for the bonds. Other than the guarantee provisions, the bonds are subject to the same terms and conditions as in the Senior Facilities Agreement.

4.7.6 RECEIVABLES SECURITIZATION PROGRAM

Certain French entities of the Group (the "Elior Group Receivables Sellers") were beneficiaries under a €200 million receivables securitization program, which was entered into in November 2006 and amended several times since that date (the "2006 Securitization Program"). The 2006 Securitization Program was refinanced in May 2013 (the "2013 Securitization Program") and its maximum amount was increased to €300 million. In addition, the 2013 Securitization Program was extended to include certain Spanish and Italian entities of the Group. The 2013 Securitization Program was refinanced in July 2017 (the "2017 Securitization Program") and its maximum amount was increased to €322 million. The Group's Italian entities no longer form part of this program.

Under the 2017 Securitization Program, trade receivables arising from sales carried out or services provided in France and in Spain in relation to concession catering contracts or facility management services (subject to

certain eligibility criteria) and which are denominated in euros and originated by any Elior Group Receivables Seller are sold to Ester Finance Titrisation, (the "Purchaser"), a French subsidiary of Crédit Agricole CIB.

The 2017 securitization program comprises two compartments: An "ON compartment" whereby receivables are sold with recourse and an "OFF compartment" whereby receivables are sold without recourse.

For the ON compartment, as the Group will continue to bear a significant portion of late payment and customer risks, the sold receivables do not meet the conditions required under IAS 39 for off balance-sheet accounting. Consequently, the financing received is accounted for as debt. Sales to the Purchaser are made at the face value of the receivables, less a discount to reflect the financing costs until settlement.

At September 30, 2017, outstanding securitized receivables relating to the ON compartment, net of the related €17 million overcollateralization reserve, stood at €63 million. The program's cost, applied to the net amounts securitized, is approximately equal to the one-month Euribor plus 0.90%.

Credit risks, interest rate risks and late payment risks related to the OFF compartment are transferred to the Purchaser through the discount applied on the receivables, which corresponds to remuneration for the credit risk and financing cost. Dilution risk, assessed as part of the overall risks and benefits analysis, is not deemed to be a risk associated with the receivables. Consequently, the receivables sold under the OFF compartment have been derecognized.

At September 30, 2017, the amount of derecognized receivables totaled €218 million.

The Purchaser settles its purchases from the Elior Group Receivables Sellers on a monthly basis. Between settlement dates, the Elior Group Receivables Sellers may use cash received from clients, which is paid into segregated bank accounts dedicated to the transaction and swept monthly to the Purchaser's bank account (subject to netting against the purchase price owed for newly originated receivables, unless a default event has occurred). Responsibility for administering receivables, including adherence to established credit and collection policies, remains with the Elior Group Receivables Sellers, with Elior Participations S.C.A. acting as the centralizing entity for such administration.

Certain specified events would terminate the Securitization Program. These include (without limitation) events relating to the performance of the receivables, payment default exceeding €40 million on any debt contracted by the Elior Group Receivables Sellers or under the Senior Facilities Agreement, and accelerated repayment exceeding €40 million in relation to any debt contracted by the Elior Group Receivables Sellers or the Senior Facilities Agreement.

Direct recourse to the Elior Group Receivables Sellers is limited (i) for the ON compartment, to the amount of the overcollateralization reserve of the receivables, and (ii) for the OFF compartment, to the amount of the dilution reserve.

In addition, the Purchaser has been granted a guarantee by Elior Participations S.C.A. for amounts due to the Purchaser by the Elior Group Receivables Sellers up to a maximum principal amount of €331 million.

The Purchaser's commitment to fund the purchase of receivables ends in July 2021.

In 2014 the Group set up an off-balance sheet factoring program for a number of its French subsidiaries, under which total outstandings amounted to €22 million at September 30, 2017 (out of a maximum amount of €70 million). This program expired on June 20, 2017.

On June 29, 2016, an on-balance sheet receivables securitization agreement with a three-year term was put in place for a number of the Group's UK subsidiaries, under which total outstandings amounted to GBP 20 million at September 30, 2017 (out of a maximum amount of GBP 30 million).

4.7.7 PRESENTATION AND ANALYSIS OF THE GROUP'S MAIN CASH OUTFLOWS

4.7.7.1 Capital Expenditure

The Group's capital expenditure for its operations breaks down into the following categories:

- Maintenance and repairs expenditure.
- Expenditure incurred in connection with the renewal or extension of existing contracts in order to maintain or improve the retention rate.
- Expenditure for expanding the business and prospecting new clients.

The Group's capital expenditure for the years ended September 30, 2016 and 2017 totaled €183 million and €292 million respectively. For further information on the Group's historical, current and future capital expenditure see Section 4.2.2 above, "Cash Flows from Investing Activities".

4.7.7.2 Interest Payments and Repayments of Borrowings

A large part of the Group's cash flow is allocated to servicing and repaying its debt. The Group paid interest amounting to €81.4 million and €49.5 million in the years ended September 30, 2016 and 2017 respectively. It also repaid borrowings in the amounts of €351.9 million and €155.1 million in the years ended September 30, 2016 and 2017 respectively.

4.7.7.3 Financing Working Capital Requirement

The Group's working capital mainly corresponds to inventories plus trade receivables and other operating receivables less trade payables and other operating payables. Structurally, its working capital requirement reflects the specific characteristics of each of its businesses.

4.8 OUTLOOK

4.8.1 MEDIUM-TERM OUTLOOK

Over the past three years Elior Group has strengthened its leadership positions and now has a solid and profitable base with global reach from which it can pursue its expansion drive, building on its positions in:

- Contract catering & services, where the Group is no. 1 in France, Italy and Spain, no. 4 in India, no. 4 in the United Kingdom and no. 5 in the United States; and

- Concession catering, where it is no 1 in France and Spain, no. 1 in Italy's airports market, and no. 2 in motorways in the United States and Latin America (regions in which it is also growing fast in the airports market).

The Group's medium-term strategy is to boost its leadership positions in Continental Europe and broaden its coverage of the world's other geographic regions, both through internal development and targeted acquisitions, notably in the United States.

Innovation is a central element of the Group's expansion strategy. Based on structured processes and embedded into operations it will enhance operational efficiency, the quality of offerings and the overall customer experience.

With Philippe Guillemot at the helm as Chief Executive Officer this strategy will be implemented through an efficient and effective organization structure, strengthened teams and a transformation plan whose results will have long-term benefits. The road map for the next three years will be drawn up in the first half of 2018, approved by the Board of Directors and presented externally in early summer 2018. It will be the fruit of joint work shared between the Group's executive management and operations teams.

4.8.2 OUTLOOK FOR FISCAL 2017-2018

The priorities of fiscal 2017-2018 for Philippe Guillemot and his management teams will be best-in-class delivery, rigorous management and the ramp-up of new contracts.

The Group expects to see another year of growth with:

- Organic growth of at least 3%.

  Acquisitions carried out to date should generate additional revenue growth of more than 2%.

- A stable adjusted EBITDA margin (based on a constant scope of consolidation and constant exchange rates)

- A slight increase in adjusted earnings per share.

4.9 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

ELIOR GROUP

Consolidated Financial Statements for the Years Ended

September 30, 2017 and September 30, 2016
(prepared in accordance with IFRS)

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IFRS Consolidated Financial Statements for the Years Ended September 30, 2017 and 2016

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Year ended September 30, 2017	Year ended September 30, 2016
Revenue	**8.2**	**6,421.9**	**5,896.0**
Purchase of raw materials and consumables		(1,981.8)	(1,823.5)
Personnel costs	8.4	(2,802.0)	(2,618.4)
Share-based compensation expense	8.17.2	(9.4)	(4.3)
Other operating expenses		(1,028.2)	(888.8)
Taxes other than on income		(82.0)	(67.3)
Depreciation, amortization and provisions for recurring operating items		(188.7)	(153.0)
Net amortization of intangible assets recognized on consolidation		(22.9)	(13.0)
Recurring operating profit		**307.0**	**327.6**
Share of profit of equity-accounted investees	8.12	2.9	3.2
Recurring operating profit including share of profit of equity-accounted investees	**8.1**	**309.9**	**330.8**
Non-recurring income and expenses, net	8.6	(52.1)	(49.5)
Operating profit including share of profit of equity-accounted investees		**257.8**	**281.3**
Financial expenses	8.5	(66.5)	(72.8)
Financial income	8.5	4.9	9.8
Profit before income tax		**196.2**	**218.3**
Income tax	8.7	(77.9)	(73.5)
Loss for the period from discontinued operations	8.8	(1.2)	(6.3)
Profit for the period		**117.1**	**138.5**
Attributable to non-controlling interests		**3.4**	**3.2**
Attributable to owners of the parent		**113.7**	**135.3**
Basic earnings per share (in €)	8.3	0.66	0.78
Diluted earnings per share (in €)	8.3	0.66	0.78

The accompanying notes form an integral part of the consolidated financial statements.

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Year ended September 30, 2017	Year ended September 30, 2016
Profit for the period	**117.1**	**138.5**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (*)	4.6	(7.3)
Items that may be reclassified subsequently to profit or loss		
Financial instruments	11.6	(12.7)
Currency translation differences	(7.4)	(3.5)
Income tax	(3.7)	4.4
Total items that may be reclassified subsequently to profit or loss	**0.5**	**(11.8)**
Comprehensive income for the period	**117.6**	**119.4**
Attributable to:		
- Owners of the parent	115.7	115.1
- Non-controlling interests	1.9	4.3

(*) Net of the effect of income tax.

The accompanying notes form an integral part of the consolidated financial statements.

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At September 30, 2017	At September 30, 2016
Goodwill	8.9	2,561.7	2,542.0
Intangible assets	8.10.1	479.2	378.8
Property, plant and equipment	8.10.2	667.5	574.8
Non-current financial assets	8.11	83.1	65.1
Equity-accounted investees	8.12	7.3	5.6
Fair value of derivative financial instruments (*)	8.16.2	3.2	-
Deferred tax assets	8.14.1	188.6	216.0
Total non-current assets		**3,990.6**	**3,782.3**
Inventories		123.0	116.7
Trade and other receivables	8.13	810.4	933.1
Current income tax assets		32.1	24.7
Other current assets	8.14.2	79.4	72.1
Short-term financial receivables (*)		8.9	9.8
Cash and cash equivalents (*)		139.6	160.6
Assets classified as held for sale		8.8	18.3
Total current assets		**1,202.2**	**1,335.2**
Total assets		**5,192.8**	**5,117.5**

(*) Included in the calculation of net debt

The accompanying notes form an integral part of the consolidated financial statements.

2.2 Equity and Liabilities

(in € millions)	Note	At September 30, 2017	At September 30, 2016
Share capital	8.17.1	1.7	1.7
Reserves and retained earnings		1,561.5	1,514.5
Non-controlling interests		54.5	41.2
Total equity	4.	**1,617.7**	**1,557.4**
Long-term debt (*)	8.16.1	1,685.3	1,846.0
Fair value of derivative financial instruments (*)	8.16.2	7.6	15.8
Non-current liabilities relating to share acquisitions	8.18	24.1	19.1
Deferred tax liabilities	8.14.1	73.4	74.3
Provisions for pension and other post-employment benefit obligations	8.15	112.4	113.0
Other long-term provisions	8.15	23.0	26.5
Other non-current liabilities		5.5	4.7
Total non-current liabilities		**1,931.3**	**2,099.4**
Trade and other payables		793.0	729.7
Due to suppliers of non-current assets		73.7	41.7
Accrued taxes and payroll costs		582.4	556.6
Current income tax liabilities		13.8	8.9
Short-term debt (*)	8.16.1	75.1	11.5
Current liabilities relating to share acquisitions	8.18	13.5	21.8
Short-term provisions	8.15	60.6	50.1
Other current liabilities	8.19	24.0	25.1
Liabilities classified as held for sale		7.7	15.4
Total current liabilities		**1,643.8**	**1,460.7**
Total liabilities		**3,575.1**	**3,560.1**
Total equity and liabilities		**5,192.8**	**5,117.5**
(*) Included in the calculation of net debt		1,616.3	1,702.8
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,627.7	1,705.8

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated Cash Flow Statement

(in € millions)	Note	Year ended September 30, 2017	Year ended September 30, 2016
Cash flows from operating activities			
Recurring operating profit including share of profit of equity-accounted investees		309.9	330.8
Amortization and depreciation		206.7	166.3
Provisions		4.9	(0.3)
Reported EBITDA	**6.21**	**521.5**	**496.8**
Change in working capital		2.6	(0.3)
Interest and other financial expenses paid		(49.5)	(81.4)
Tax paid		(56.8)	(78.7)
Other cash movements		(53.2)	(61.3)
Net cash from operating activities		**364.7**	**275.1**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(299.3)	(195.2)
Proceeds from sale of property, plant and equipment and intangible assets		7.4	12.2
Purchases of non-current financial assets		(29.4)	(24.4)
Proceeds from sale of non-current financial assets		0.0	0.0
Acquisition/sale of shares in consolidated companies, net of cash acquired/divested		(98.6)	(253.1)
Net cash used in investing activities		**(419.8)**	**(460.4)**
Cash flows from financing activities			
Dividends paid to owners of the parent		(72.5)	(55.1)
Movements in share capital of the parent		0.6	1.8
Acquisition/sale of treasury shares		0.1	(1.1)
Dividends paid to non-controlling interests		(1.9)	(0.9)
Proceeds from borrowings		12.6	549.7
Repayments of borrowings		(153.4)	(351.9)
Net cash from/(used in) financing activities		**(214.5)**	**142.5**
Effect of exchange rate and other changes (1)		192.9	1.4
Net increase/(decrease) in cash and cash equivalents		**(76.7)**	**(41.4)**
Cash and cash equivalents at beginning of period		**156.2**	**197.6**
Cash and cash equivalents at end of period	**6.9**	**79.5**	**156.2**

(1) Including, for the year ended September 30, 2017, (i) a €195.0 million net cash inflow from the new off-balance sheet securitization program (including the effect of the termination of the previous factoring program) and (ii) a net cash outflow of €2.0 million related to discontinued operations/operations held for sale (€3.6 million in 2016).

The accompanying notes form an integral part of the consolidated financial statements.

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, 2015	**172,325,244**	**1.7**	**1,363.4**	**107.2**	**(16.7)**	**1,455.5**	**30.6**	**1,486.1**
Profit for the period				135.3		135.3	3.2	138.5
Post-employment benefit obligations			(7.3)			(7.3)		(7.3)
Changes in fair value of financial instruments			(8.3)			(8.3)		(8.3)
Currency translation differences					(4.6)	(4.6)	1.1	(3.5)
Comprehensive income for the period			**(15.6)**	**135.3**	**(4.6)**	**115.1**	**4.3**	**119.4**
Appropriation of prior-period profit			107.2	(107.2)		-		-
Capital increase	309,231	-	1.8			1.8	2.0	3.7
Dividends paid			(55.1)			(55.1)	(0.5)	(55.6)
Share-based payments (IFRS 2)			1.2			1.2	-	1.2
Other movements (1.a)			(2.2)			(2.2)	4.8	2.6
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**
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				113.7		113.7	3.4	117.1
Post-employment benefit obligations			4.6			4.6		4.6
Changes in fair value of financial instruments			7.9			7.9		7.9
Currency translation differences					(5.9)	(5.9)	(1.5)	(7.4)
Comprehensive income for the period			**12.5**	**113.7**	**(5.9)**	**120.3**	**1.9**	**122.2**
Appropriation of prior-period profit			135.3	(135.3)		0		0
Capital increase	107,310		0.6			0.6	8.3	8.9
Dividends paid			(73.4)			(73.4)	(1.0)	(74.4)
Share-based payments (IFRS 2)			0.3			0.3		0.3
Other movements (1.b)			(0.8)			(0.8)	4.1	3.3
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**

(1.a) The amount recognized under "Other movements" within "Non-controlling interests" for the year ended September 30, 2016 primarily corresponds to the reversal of a liability related to a put option written over the non-controlling interests in Elior North America (formerly THS) following an amendment to the underlying shareholders' agreement.
(1.b) The amount recognized under "Other movements" within "Non-controlling interests" for the year ended September 30, 2017 primarily corresponds to the adjustment of the value of the non-controlling interests in the UK company Waterfall (acquired in 2016), following the completion of the accounting for the business combination.

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the IFRS Consolidated Financial Statements for the Years Ended September 30, 2017 and 2016

5. General Information and Significant Events

5.1 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 September 30, 2017, the Company was held by the following parties: 6.54% by Caisse de Dépôt et Placement du Québec (CDPQ), 27.31% by BIM SAS (which is controlled by Robert Zolade), 9.89% by Corporacion Empresarial Emesa and 56.26% 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.

5.2 Significant Events

5.2.1 Acquisitions of shares in consolidated companies

Year ended September 30, 2017

In October 2016, January 2017, April 2017 and July 2017 respectively, Elior North America (formerly Trusthouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired Abigail Kirsch, Corporate Chefs, Lancer Hospitality, and Design Cuisine:

- 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 states in the Northeast of the USA.
- Lancer Hospitality is a foodservice and catering company based in Mendota Heights, Minnesota and mainly operates in the Midwest and Northwest of the USA. It provides professional food management services in a variety of settings from cultural attractions to amusement parks and schools.
- Design Cuisine – which was founded in 1978 – is an upscale event caterer based in Washington DC.

Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine generate aggregate annual revenue of approximately $171 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 around €30 million.

Also in Europe, Waterfall – an Elior Group contract catering subsidiary based in the UK – acquired Edwards & Blake, a contract caterer operating primarily in the education market. Edwards & Blake generates annual revenue of approximately £20 million.

Lastly, in the second quarter of the fiscal year, Elior India acquired 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 1, 2017.

Together, the above newly-acquired companies contributed €145 million to consolidated revenue and €10 million to consolidated EBITDA for the year ended September 30, 2017.

Year ended September 30, 2016

In October and November 2015 respectively, Elior North America (formerly Trusthouse Services) – an Elior Group contract catering subsidiary operating in the United States – purchased Cura Hospitality (based in Pittsburg, Pennsylvania) and ABL Management (based in Baton Rouge, Louisiana). Cura Hospitality and Starr Catering Group – which was acquired in August 2015 and operates primarily in New York and Miami – have been fully consolidated since October 1, 2015 and ABL Management since December 1, 2015.

In June 2016, Elior North America also acquired Preferred Meals (based near Chicago, Illinois), which has been consolidated since July 1, 2016.

These four companies generate combined contract catering revenue of around $375 million a year, in the following markets: business & industry and prestigious venues (Starr), senior living and healthcare (Cura), education and corrections facilities (ABL) and education (Preferred Meals). For the year ended September 30, 2016, they contributed an aggregate €191.1 million to consolidated revenue and €10.5 million to consolidated EBITDA.

Also during the year, Elior UK – an Elior Group contract catering subsidiary based in the United Kingdom – acquired Waterfall Catering Group (based in Warrington in the north-west of the country). Waterfall Catering Group generates annual contract catering revenue of some €89 million and operates in the education, healthcare and social services and business & industry markets. For the year ended September 30, 2016, this subsidiary – which has been consolidated since September 1, 2016 – contributed €8.6 million to consolidated revenue and €1.0 million to consolidated EBITDA.

Finally, in fiscal 2015-2016 Elior Concessions Gares – an Elior Group concession catering subsidiary based in France – acquired Autogrill Restauration Service (since renamed Areas Restauration Services), which holds restaurant concessions in railway stations in France and generates annual revenue of some €50 million. For the year ended September 30, 2016, this subsidiary – which has been consolidated since May 1, 2016 – contributed €25.5 million to consolidated revenue and €1.8 million to consolidated EBITDA.

5.2.2 Other Significant Events

Year ended September 30, 2017

5.2.2.1 Partnership between Elior Group and Alain Ducasse

On March 31, 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 the holding company for the Group's museum catering operations. It generated a €3.6 million net capital gain which was included in "Loss for the period from discontinued operations" in the income statement for the year ended, September 30, 2017.

Elior Group's remaining 40% of the assets and liabilities of Areas Développement Musées and its subsidiaries is still presented in assets/liabilities classified as held for sale in the consolidated financial statements and its portion of these companies' profit is included in “Loss for the period from discontinued operations”.

5.2.2.2 Refinancing

On April 4, 2017, Elior Group and its partner banks signed a ninth amendment to the SFA, which extended by one year the maturities of substantially all of its euro- and dollar-denominated syndicated bank loans. The new maturities of these facilities are now staggered between May 2021 and May 2023.

On September 29, 2017, Elior Group and its partner banks signed a tenth amendment to the SFA concerning the €150 million Facility C. This amendment provided for Elior Group to become the sole borrower under the facility as well as for a 25 basis-point reduction in the facility's interest margin and a two-year extension of its maturity until December 10, 2024.

5.2.2.3 Dividend payment by Elior Group on April 12, 2017

The dividend for the year ended September 30, 2016 – which amounted to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 10, 2017 Annual General Meeting – was paid on April 12, 2017

Year ended September 30, 2016

5.2.2.4 Partnership between Elior Group and Alain Ducasse

Pursuant to the strategic and culinary partnership agreement signed on September 29, 2015 with master chef Alain Ducasse, which took effect on October 5, 2015, in fiscal 2015-2016 Elior Participations SCA purchased convertible bonds issued by Ducasse Développement and subsequently, on February 19, 2016, new shares issued by that company. Following these transactions, if it converts the bonds it acquired, Elior Group will hold an 11% interest in Ducasse Développement.

5.2.2.5 Early redemption of the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes

On February 9 and May 4, 2016 Elior Group redeemed in advance of term the outstanding Elior Finance & Co 6.5% May 2020 Senior Secured Notes. The aggregate redemption represented a nominal amount of €227.5 million and the corresponding cash outflow for Elior Group was €240.0 million, including €11.8 million in early redemption penalties. It was financed by way of Elior Group SA making drawdowns under new syndicated bank loans set up on January 29 and May 2, 2016, which expire in January and May 2023 respectively. Interest on these new loans is based on the Euribor plus a standard margin of 2.5%.

The full redemption of these Senior Secured Notes resulted in the release of all of the collateral underlying the Senior Facilities Agreement and means that Elior Group is no longer required to publish condensed interim consolidated financial statements for its quarterly closings at December 31 and June 30.

5.2.2.6 Refinancing of the Elior North America acquisition debt and repayment of Area USA's dollar-denominated debt in June 2016 (8th amendment)

In January 2016, the Group signed the eighth amendment to the SFA with a view to refinancing the debt used for Elior North America's previous acquisitions and to repay Areas USA's external local bank debt denominated in US dollars. This amendment provided for (i) a new Facility I loan to be set up under the SFA, representing a principal amount of USD 244 million, and (ii) a new Uncommitted Revolving Facility to be put in place under the SFA, representing a principal amount of USD 100 million. The Facility I loan provided for in this new amendment was draw down on June 20, 2016.

The new Facility I loan has a 5-year maturity. Interest payable on the loan is based on the USD Libor plus a margin of 1.70% per annum at inception, which may subsequently vary depending on the leverage ratio, but may not exceed 1.95% per annum. This loan is subject to all the other terms and conditions of the SFA.

The new Uncommitted Revolving Facility also has a 5-year maturity. If it is drawn down, the interest payable will be based on the USD Libor plus a margin of 1.30% per annum at the time the facility is set up, which may subsequently vary depending on the leverage ratio and the amount drawn down, but may not exceed 1.55% per annum. This revolving facility is subject to all the other terms and conditions of the SFA.

5.2.2.7 Dividend payment by Elior Group on April 12, 2017

The dividend for the year ended September 30, 2016 – which amounted to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 10, 2017 Annual General Meeting – was paid on April 12, 2017.

6. Accounting Policies

6.1 Basis of Preparation of the Consolidated Financial Statements

6.1.1 Basis of preparation of the consolidated financial statements for the years ended September 30, 2017 and 2016

In compliance with European Commission Regulation (EC) number 1606/2002 dated July 19, 2002, the Group's consolidated financial statements for the years ended September 30, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and endorsed by the European Union's Accounting Regulatory Committee. The IFRSs and related interpretations adopted by the European Union can be viewed on the website of the European Financial Reporting Advisory Group at https://www.efrag.org/Endorsement.

The consolidated financial statements cover the operations, results and cash flows for the twelve-month periods ended September 30, 2017 and 2016, as Elior Group and its subsidiaries have a September 30 fiscal year-end (apart from a small number of exceptional cases). They were authorized for issue by Elior Group's Board of Directors on January 24, 2018 and will be submitted for approval at the Annual General Meeting to be held on March 9, 2018. They are presented in millions of euros unless otherwise specified.

The accounting principles in force at September 30, 2017 have been applied for all of the periods presented in these consolidated financial statements.

6.1.2 New standards, amendments and interpretations adopted by the European Union and applied by the Group

None

6.1.3 New standards, amendments and interpretations issued by the IASB and adopted by the European Union 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).
- IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018 (adopted by the EU in October 2016).
- IFRS 16, "Leases", effective for annual periods beginning on or after January 1, 2018 (adopted by the EU in November 2017).

The Group did not early adopt any standards or amendments during fiscal 2016-2017. It is currently in the process of analyzing the potential impacts of the above-mentioned new standards and as these analyses currently stand:

- Application of IFRS 15 is not expected to significantly impact the Group's consolidated financial statements.
- The potential impacts of IFRS 9 need to be analyzed in order to assess whether these impacts will be significant for the Group's consolidated financial statements.

6.2 Consolidation Methods

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Associates are all entities over which the Group has significant influence but not control. This influence is deemed to exist where the consolidating company directly or indirectly holds at least 20% of the entity's voting rights. Investments in associates are accounted for by the equity method.

A list of consolidated companies – including changes in the scope of consolidation during the year ended September 30, 2017 – is provided in Note 14 below.

6.3 Fiscal Year-Ends

Elior Group's 2016-2017 and 2015-2016 fiscal years cover the 12-month periods from October 1, 2016 through September 30, 2017 and October 1, 2015 through September 30, 2016 respectively. Elior Group's subsidiaries and associates have a 12-month fiscal year ending on September 30, apart from in exceptional cases for regulatory reasons (Mexico- and India-based entities) or contractual reasons.

Where consolidated companies have a fiscal year-end other than September 30, these entities prepare full and audited interim financial statements at September 30.

6.4 Foreign Currency Translation

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.

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 September 30, 2017 and 2016 respectively for the balance sheet, and (ii) at the average exchange rate for the year 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 years ended September 30, 2017 and 2016 were based on Paris stock exchange rates and were as follows:

	Year ended September 30, 2017		Year ended September 30, 2016	
	Period-end rate	Average rate	Period-end rate	Average rate
- €/US $:	1.1812	1.1050	1.1241	1.1112
- €/£:	0.8816	0.8717	0.8661	0.7827
- €/MXN:	21.56	21.10	21.78	19.91
- €/CLP:	756.16	725.59	739.24	760.48
- €/INR:	77.16	72.63	74.82	74.22

6.5 Intangible Assets and Goodwill

6.5.1 Intangible assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets recognized in the Group's consolidated balance sheet include the following:

– Trademarks

In accordance with IAS 38, "Intangible Assets", trademarks are recorded under intangible assets.

This item corresponds to the trademarks used by Elior Concessions for its motorway concessions, which are amortized over a period of 30 years.

– Other intangible assets

As prescribed in IFRIC 12, assets used under certain of the Group's catering contracts are classified as intangible assets and amortized over their estimated useful lives (subject to a maximum period corresponding to the term of the underlying operating contracts).

– Software

The cost of software installed and operated within the Group is capitalized and amortized over estimated useful lives of between 4 and 10 years (with the maximum period applied for major ERP projects).

Intangible assets are amortized using the straight-line method.

6.5.2 Goodwill

At the date of a business combination, goodwill is measured as the difference between (i) the aggregate of the fair value of the consideration transferred and the amount of any non-controlling interests (measured at fair value or at the non-controlling interest's share of the identifiable net assets, which is likewise generally measured at fair value) plus the acquisition-date fair value of any equity interest in the acquiree previously held by the Group, and (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In accordance with IFRS 3R, any adjustments to the fair values provisionally assigned to the assets or liabilities of an acquiree are accounted for as retrospective adjustments to goodwill if they are recognized within twelve months of the acquisition date and where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. Beyond this twelve-month measurement period, the impacts of any such fair value adjustments are recognized directly in profit or loss, unless they correspond to error corrections.

6.6 Impairment Tests

In accordance with IAS 36, "Impairment of Assets", intangible assets are tested for impairment whenever there is an indication that they may be impaired. The impairment tests are carried out using the discounted cash flow method. Future cash flows are calculated by the Group's management team using the medium and long-term strategic plans drawn up by each business. These plans form the basis of the calculation for all intangible assets, including trademarks and goodwill.

If an asset's recoverable amount (determined based on the present value of the future cash flows expected to be derived from the asset) is lower than its carrying amount, a corresponding impairment loss is recognized in the income statement under "Non-recurring income and expenses, net".

At each reporting date the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed in order to assess whether there is any indication that they may be impaired. If such an indication exists, the recoverable amount of the asset concerned is estimated. Goodwill is tested for impairment annually at September 30.

For the purposes of impairment testing, assets are grouped into cash-generating units (CGUs) which correspond to the smallest identifiable group of assets that generates cash inflows from continuing use of the assets that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising on business combinations is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The Group has identified the following 13 CGUs, which generally correspond to its main legal entities that have separate activities:

Contract catering & services – France:

- Elior Entreprises (to which Ansamble was added in 2012)
- ELRES
- Elior Services Propreté & Santé (ESPS)

Contract catering & services – International:

- Elior Italia
- Elior Iberia (Spain & Portugal)

- Elior UK
- Elior North America (formerly THS USA)
- Elior India

Concession catering:
- Areas Northern Europe (France, Germany, Luxembourg and Denmark)
- Areas Italia
- Areas Iberia (Spain & Portugal)
- Areas USA
- Areas LATAM (Mexico, Chile, Colombia, the Dominican Republic and Saint Martin)

Goodwill is allocated to the CGUs listed above.

An impairment loss is recorded if the estimated recoverable amount of a CGU is lower than its carrying amount. The recoverable amount of a CGU corresponds to the higher of its fair value less costs of disposal and its value in use.

In practice, the recoverable amounts of the Group's CGUs have been determined based on their value in use, calculated using projections of the cash flows that the Group expects to derive from each CGU. The cash flow projections used were based on five-year budgets drawn up for each CGU and validated by Group management. The underlying assumptions used for the projections were as follows:

- Average annual growth in revenue based on the business plan and generally corresponding to between 1.0% and 4.8%, depending on the business segment and country concerned.
- Stable or moderate growth in operating margins (EBITDA), corresponding to between 6.6% and 15.3% depending on the CGU concerned.

Cash flow projections beyond the five-year budget period are estimated by extrapolating the projections using a long-term growth rate which may not exceed the average long-term growth rate for the operating segment.

Future cash flows are discounted using the estimated weighted average cost of capital (WACC) for the segment.

The Group uses a post-tax discount rate applied to post-tax cash flows.

The main assumptions used for the impairment tests performed were as follows:

	Discount rate		Perpetuity growth rate	
	Year ended September 30, 2017	Year ended September 30, 2016	Year ended September 30, 2017	Year ended September 30, 2016
Europe (excluding Spain and Portugal) and USA	7% - 8.2%	6.0% - 7.5%	2.0%	2.0%
Spain and Portugal	8.2%	7.5%	2.0%	2.0%
Central and Latin America	10.0%	7.5% - 8.5%	0.5%	2.0%

No material goodwill impairment losses were recognized in the years ended September 30, 2017 or 2016.

Sensitivity of the recoverable amount of groups of CGUs to changes in the assumptions applied

In accordance with IAS 36, the Group carried out sensitivity analyses on the results of the impairment tests performed, using different assumptions for the long-term growth rates, projected cash flows and discount rates, as set out below.

These sensitivity analyses did not reveal any reasonably possible scenarios in which the recoverable amount of any of the Group's CGUs or groups of CGUs would fall below their carrying amount if the different assumptions were applied.

Consequently, no impairment losses would need to be recognized in relation to the assets tested for each CGU or group of CGUs if the following changes were made to the assumptions used:

- a 50 basis-point decrease in the long-term growth rate;
- a 5% decrease in projected net cash flows based on the duration of the relevant business plans and the terminal value;
- a 50 basis-point increase in the discount rate.

6.7 Property, Plant and Equipment

As permitted under IAS 16, "Property, Plant and Equipment", the Group has elected to apply the cost model rather than the revaluation model for measuring property, plant and equipment. Consequently, these assets are carried at acquisition or production cost less accumulated depreciation and any accumulated impairment losses. The capitalization of borrowing costs provided for in IAS 23R is not applicable to the Group. Property, plant and equipment are depreciated using the straight-line method, over the estimated useful lives of each main class of asset, as follows:

- Buildings: between 20 and 40 years
- Fixtures and fittings: between 5 and 12 years
- Catering equipment: between 5 and 10 years
- Office equipment: between 4 and 5 years
- IT equipment: between 3 and 4 years
- Vehicles: between 4 and 5 years

The residual values and useful lives of property, plant and equipment are reviewed at each fiscal year-end based on indicators such as the term of the underlying operating contract.

In accordance with IAS 17, assets held under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are initially recognized at the lower of their fair value and the present value of the minimum lease payments, and are depreciated over the shorter of their useful lives and the lease terms. The corresponding obligation is recognized under debt on the liabilities side of the balance sheet. Lease payments are then apportioned between the finance charge and the reduction of the outstanding liability.

6.8 Operating Working Capital Accounts (Inventories and Trade and Other Receivables)

6.8.1 Inventories

Inventories of raw materials and goods held for resale are measured at the lower of cost and net realizable value.

The majority of the Group's inventories are measured at the most recent purchase price, net of supplier rebates and discounts, given the high turnover rate due to inventories being primarily composed of perishable goods. This method is consistent with the "First-in First-out method" recommended in IAS 2, "Inventories". Borrowing costs are not included in the measurement.

6.8.2 Trade and other receivables

Trade and other receivables are initially recognized at fair value. If these assets subsequently become impaired an impairment loss is recorded in the income statement, calculated either specifically or statistically based on the estimated future loss rates of the operating companies concerned using reliable historical data.

The balance sheets of concession catering companies do not generally include significant amounts of trade receivables. In the contract catering & services business there is no material exposure to concentrations of customer credit risk at Group level as the relevant companies have a large number of customers and the geographic locations of these customers and the operating sites concerned are highly diverse.

6.9 Cash and Cash Equivalents

Cash and cash equivalents are held primarily to meet the Group's short-term cash needs rather than for investment or other purposes. Cash and cash equivalents consist of cash balances, cash in the process of collection, deposits with maturities of less than three months, money-market mutual funds and money-market securities, which can be realized or sold at short notice and are subject to an insignificant risk of changes in value.

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 consolidated balance sheet (see Note 10.3). These items represent the sole difference between the amounts of cash and cash equivalents presented in the balance sheet and those presented in the cash flow statement.

The cash flow statement is presented based on the indirect method.

6.10 Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", provisions recorded by the Group are intended to cover liabilities of uncertain timing or amount. These liabilities represent a present legal or constructive obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. They notably include compensation estimated by the Group and its legal counsel for litigation, claims and disputes brought by third parties. Provisions are discounted when the effect of the time value of money is material.

6.11 Current and Deferred Taxes

The consolidated income tax expense corresponds to the aggregate amount of income tax reported by each of the Group's companies, adjusted for any deferred taxes. French subsidiaries that are over 95%-owned by Elior Group form part of a consolidated tax group headed by Elior Group.

The Group has elected to apply the following accounting treatment to the business tax (*Contribution Economique Territoriale* – CET) applicable to French entities pursuant to the 2010 French Finance Act:

- The portion of the CET tax based on the rental value of real estate (CFE) is recognized as an operating expense.
- The portion of the CET tax based on the value added by the business (CVAE) is recognized as an income tax within the meaning of IAS 12.

In accordance with IAS 12, "Income Taxes", deferred taxes are recognized for (i) all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and (ii) the carryforward of unused tax losses (apart from in exceptional cases) to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred taxes are calculated using the liability method, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in tax rates is recorded in the income statement, except if the related tax was generated either by (i) a transaction recognized directly in equity under other comprehensive income, or (ii) in connection with a business combination. Deferred tax assets and liabilities are not discounted.

The reform introduced by the French Amended Finance Act for 2012 – which limits the amount of tax loss carryforwards that can be offset annually against taxable profit – did not affect the amount of deferred taxes recognized in relation to Elior Group's tax loss carryforwards at either September 30, 2017 or 2016.

6.12 Employee Benefits

Statutory retirement bonuses, long-service awards and pension plans

In accordance with IAS 19R, "Employee Benefits", the Group's pension and other post-employment benefit obligations are measured by independent actuaries. A provision to cover these obligations (including the related payroll taxes) is recorded in the consolidated balance sheet.

The main actuarial assumptions used for the years ended September 30, 2017 and 2016 were as follows:

- For the Year Ended September 30, 2017

Country	France	Italy	Spain	Germany
Type of obligation	Statutory retirement bonuses and long-service awards	TFR provision for employment contract termination indemnities	Retirement and loyalty bonuses	Loyalty bonuses
Discount rate	1.50%			
Salary growth rate	2 to 2.25%	N/A	0.5 to 1.0%	N/A

- For the Year Ended September 30, 2016

Country	France	Italy	Spain	Germany
Type of obligation	Statutory retirement bonuses and long-service awards	TFR provision for employment contract termination indemnities	Retirement and loyalty bonuses	Loyalty bonuses
Discount rate	0.85%			
Salary growth rate	2 to 2.25%	N/A	0.5%	N/A

The discount rate applied is determined by reference to the interest rates on high quality corporate bonds that have the same terms to maturity as the terms of the obligations concerned.

Actuarial gains and losses are generated by changes in assumptions or experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred). In accordance with IAS 19R, actuarial gains and losses related to statutory retirement bonuses are recognized in full within "Other comprehensive income". Actuarial gains and losses on other long-term benefits (long-service awards and loyalty bonuses) are recognized immediately in the income statement.

6.13 Treasury Shares

Any treasury shares held by the Group are recorded as a deduction from equity. Proceeds from any sales of treasury shares are credited directly to equity, so that the related disposal gains or losses do not impact profit for the period. At September 30, 2017 Elior Group held 47,267 shares in treasury (representing €1,059 thousand) in connection with its liquidity contract.

6.14 Recognition and Measurement of Financial Assets and Liabilities

6.14.1 Recognition and Measurement of Financial Assets

The Group's financial assets comprise (i) non-current financial assets, corresponding to loans (including loans and advances to subsidiaries and associates), and deposits

and guarantees, (ii) trade and other receivables, (iii) derivatives, and (iv) cash and cash equivalents.

Financial assets are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. When a financial asset is initially recognized, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the acquisition date, the Group classifies financial assets in one of the following categories defined in IAS 39:

- Loans and receivables

This category includes non-current financial assets, loans and advances to subsidiaries and associates, other loans, deposits and guarantees and trade and other receivables. After initial recognition at fair value they are measured at amortized cost using the effective interest method.

An impairment loss is recorded as an operating expense if the recoverable amount of a loan or receivable is lower than its carrying amount.

Deposits and guarantees correspond to amounts paid to lessors as guarantees for rental payments. The value of these assets is adjusted regularly in line with adjustments to the corresponding rental payments. The impact of discounting these amounts is deemed to be non-material for the purpose of the Group's consolidated financial statements.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss correspond to assets that are held for trading which the Group intends to sell in the near term.

6.14.2 Recognition and measurement of financial liabilities

Financial liabilities comprise borrowings, bank overdrafts, liabilities relating to share acquisitions, derivatives, and trade payables and other payables.

Financial liabilities other than those at fair value through profit or loss (i.e. derivatives) are initially recognized at fair value less transaction costs and are subsequently measured at amortized cost using the effective interest method (which factors in the related issuance costs as well as any issue or redemption premiums).

6.15 Recognition and Measurement of Derivatives

6.15.1 Interest rate and foreign currency instruments

In accordance with IAS 39, derivatives are recognized in the balance sheet at fair value. As prescribed in IFRS 7, the fair value of interest rate and currency derivatives is calculated by discounting future cash flows at the interest rate prevailing at the balance sheet date.

The method used for recognizing changes in the fair value of derivatives depends on (i) whether there is formal designation and documentation of a hedging relationship in accordance with the criteria in IAS 39, and (ii) the type of hedge used:

- If there is no hedging relationship within the meaning of IAS 39, changes in fair value of derivatives are recorded in the income statement.
- The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income (with a corresponding adjustment to the fair value reserve). The gain or loss relating to the ineffective portion is recognized in the income statement.

6.15.2 Liabilities relating to share acquisitions and commitments to purchase non-controlling interests

When the Group acquires an equity interest in a subsidiary, it may give the non-controlling shareholders of the acquired subsidiary a commitment to subsequently purchase their shares. Such purchase commitments correspond to put options written by the Group.

In accordance with IAS 32 and since the application of the revised version of IFRS 3, the Group recognizes a financial liability in its consolidated financial statements for put options written over non-controlling interests, with the amount of the liability calculated based on the price formulas in the related contractual documentation. A corresponding adjustment is made to equity and subsequent changes in the value of the financial liability are recognized in equity. For put options written in connection with acquisitions carried out before the application of IFRS 3R, any changes in the value of the underlying financial liability that arise subsequent to initial recognition as a result of the change in the estimated value of the options' exercise price are recorded as an adjustment to goodwill, which was the accounting treatment applied prior to IFRS 3R.

At September 30, 2017, liabilities relating to share acquisitions, recognized in accordance with IAS 32, primarily corresponded to put options written over non-controlling interests in Waterfall, in an amount of €8 million.

At September 30, 2016, liabilities relating to share acquisitions, recognized in accordance with IAS 32, primarily corresponded to put options written over non-controlling interests in Waterfall (€8.8 million) and Mychef (€12.5 million).

6.16 Definition of Net Debt

Net debt as defined by the Group represents short- and long-term debt plus the fair value of derivative financial instruments recognized under liabilities, less cash and cash equivalents, short-term financial receivables recognized in accordance with IFRIC 12 and the fair value of derivative financial instruments recognized under assets. It does not include liabilities relating to share acquisitions.

6.17 Revenue

Consolidated revenue corresponds to sales of goods and services in the course of the ordinary activities of consolidated companies. It includes all income provided for in the Group’s contracts, whether the Group entity concerned is acting as principal (the majority of cases) or agent.

Revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes. It is recognized when it is probable that future economic benefits will flow to the Group and those benefits can be measured reliably. No revenue is recognized if there is significant uncertainty about the recoverability of the costs incurred in connection with the rendering of services.

Revenue generated from the rendering of contract catering services and support services or the sale of goods in travel retail stores is recognized when the service is rendered or the goods are sold.

6.18 Share-Based Compensation Expense

The Group’s share-based compensation plans correspond to:

- The share-based compensation plan resulting from the acquisition of Waterfall in the UK.
- Stock option and restricted share plans set up within Elior North America when THS USA was acquired in 2013. These plans are recognized as employee benefits in accordance with IAS 19 as they will be settled by way of a future cash payment calculated using a formula that is not based on the fair value of Elior North America shares. The measurement of the plans takes into account the fact that Elior has a call option exercisable between December 2019 and February 2020.
- Elior Group stock option and performance share plans authorized by the Company’s shareholders at the March 11, 2016 Annual General Meeting and put in place for a number of Group managers (excluding managers at Elior North America). As these plans are payable in Elior Group shares they are considered to be equity-settled instruments and are therefore recognized in accordance with IFRS 2.

The expense related to these plans amounted to €9.4 million in fiscal 2016-2017 (of which €7.7 million for Elior North America plans).

6.19 Other Operating Expenses

This item includes all recurring operating expenses except costs for the purchase of raw materials and consumables, personnel costs, taxes other than on income, and depreciation, amortization and provision expense.

6.20 Non-recurring Income and Expenses, Net

This item consists of income and expenses that are not considered as generated or incurred in the normal course of business, and mainly includes impairment of goodwill and other non-current assets, non-recurring significant restructuring costs, acquisition costs of consolidated subsidiaries, and gains and losses on disposals of assets or investments in consolidated companies.

Previously, “Non-recurring income and expenses, net” also included annual charges to amortization recorded in the consolidated financial statements for intangible assets recognized on business combinations (notably customer relationships). However, since the year ended September 30, 2016, these charges have been recognized within recurring operating profit.

6.21 Reported EBITDA

Reported EBITDA is defined as recurring operating profit, including share of profit of equity-accounted investees,

before depreciation, amortization and provisions for recurring operating items (recognized in accordance with IAS 37).

6.22 Recurring Operating Profit

Recurring operating profit represents total income less total expenses before (i) non-recurring income and expenses, net, (ii) financial income and expenses, (ii) profit/(loss) from discontinued operations or operations held for sale, and (iii) income tax. Since the year ended September 30, 2014 the Group has included within recurring operating profit the share of profit of equity-accounted investees whose activities are the same or similar to those of the Group as a whole.

6.23 Calculation of Earnings Per Share

In accordance with IAS 33, basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period excluding shares held in treasury.

For the purpose of calculating diluted earnings per share, (i) the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, and (ii) profit attributable to owners of the parent is increased by the amount of dividends and interest recognized in the period in respect of any dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive, when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. The achievement of the performance conditions applicable under the stock option and performance share plans put in place by Elior Group in October 2016 (Plan 2) will be assessed at September 30, 2018. As these conditions had not yet been met at September 30, 2017 the instruments concerned were not considered to be dilutive for the purposes of calculating diluted earnings per share at that date.

For Plan 1 set up in March 2016, based on the estimated achievement levels of the applicable performance conditions at September 30, 2017, a total of 161,651 stock options and free shares with a dilutive impact of 66,700 shares (calculated using the treasury stock method) were taken into account for the purpose of calculating the diluted earnings per share figure for fiscal 2016-2017.

6.24 Segment Reporting

At September 30, 2017 and 2016, 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 and concession catering (now 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.

Segment information concerning the income statement is provided in Notes 8.1 (Income Statement Information by Operating Segment) and 8.2 (Consolidated Revenue).

The following tables provide an analysis of revenue and non-current assets by operating segment:

- Fiscal 2016-2017:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2017	France	International	Total	France	International	Total		
Revenue	2,171.2	2,476.5	**4,647.7**	671.7	1,102.5	**1,774.2**	-	**6,421.9**
Non-current assets	1,259.3	1,184.3	**2,443.6**	637.4	566.5	**1,203.9**	60.9	**3,708.4**

- Fiscal 2015-2016:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2016	France	International	Total	France	International	Total		
Revenue	2,162.9	2,065.1	**4,228.0**	657.1	1,010.9	**1,668.0**	-	**5,896.0**
Non-current assets	1,220.7	1,073.2	**2,294.0**	603.9	555.8	**1,159.7**	41.9	**3,495.6**

6.25 Use of Estimates and Judgment

The preparation of the 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 these estimates if different assumptions or circumstances apply.

Significant items that were subject to such estimates and assumptions include goodwill and other intangible assets and property, plant and equipment (Notes 6.5, 6.6, 6.7, 8.9 and 8.10), provisions for litigation and employee benefit obligations (Note 8.15), and deferred taxes (Note 8.14.1).

Information on the judgment exercised in applying accounting policies that has the most significant impact on the amounts recognized in the consolidated financial statements is provided in the notes relating to impairment tests.

6.26 Accounting Treatment and Presentation of Assets or Groups of Assets Held For Sale and Discontinued Operations

At September 30, 2017, assets recognized as held for sale in the consolidated balance sheet corresponded to non-strategic concession catering operations in France, and Belgium. These operations were reclassified in the balance sheet at September 30, 2017.

IFRS 5 sets out the accounting treatment, presentation and disclosures required in relation to assets or groups of assets held for sale and discontinued operations. A discontinued operation represents a separate major line of business or a geographical area of operations that the Group has either disposed of or has classified as held for sale.

IFRS 5 requires entities to present assets and groups of assets held for sale in a separate line in the balance sheet if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, (i) the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (ii) the entity concerned must have made the decision to sell the asset (e.g. by management being committed to a plan to sell), and (iii) the sale must be highly probable within 12 months following the end of the reporting period.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and cease to be depreciated once they are classified in this category.

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 current period and the comparative periods presented.

The net cash flows attributable to discontinued operations are presented in “Effect of exchange rate and other changes” in the cash flow statement and correspond to the cash flows generated by these operations until the date of their disposal as well as the cash generated by their disposal (excluding tax), for the current period and the comparative periods presented.

7. Changes in Group Structure During the Years Ended September 30, 2017 and 2016

The following companies were acquired and consolidated or sold and deconsolidated during the twelve months ended September 30, 2017:

	Country	% interest at Sept. 30, 2016	Type of transaction	Consolidation method	% interest at Sept. 30, 2017	Consolidation period
Abigail Kirsch	United States	-	Acquisition	Full	75%	Oct. 1, 2016 - Sept. 30, 2017
Hospes	Italy	-	Acquisition	Full	100%	Oct. 1, 2016 - Sept. 30, 2017
Hostesa	Spain	-	Acquisition	Full	100%	Oct. 1, 2016 - Sept. 30, 2017
Corporate Chefs	United States	-	Acquisition	Full	75%	Feb. 1, 2017 - Sept. 30, 2017
Megabite	India	-	Acquisition	Full	100%	April 1, 2017 - Sept. 30, 2017
CRCL	India	-	Acquisition	Full	51%	April 1, 2017 - Sept. 30, 2017
Lancer Hospitality	United States	-	Acquisition	Full	75%	April 1, 2017 - Sept. 30, 2017
Edwards and Blake	United Kingdom	-	Acquisition	Full	100%	May 1, 2017 - Sept. 30, 2017
Design Cuisine	United States	-	Acquisition	Full	75%	Aug. 1, 2017 - Sept. 30, 2017
Sidekim Foods	United States	-	Acquisition	Full	75%	Aug. 15, 2017 - Sept. 30, 2017

The following companies were acquired and consolidated or sold and deconsolidated during the twelve months ended September 30, 2016:

	Country	% interest at Sept. 30, 2015	Type of transaction	Consolidation method	% interest at Sept. 30, 2016	Consolidation period
Areas Restauration Services	France	-	Acquisition	Full	100%	May 1, 2016 - Sept. 30, 2016
Waterfall Catering Group Ltd and subsidiaries	United Kingdom	-	Acquisition	Full	80%	Sept. 1, 2016 - Sept. 30, 2016
Starr	United States	-	Acquisition	Full	77%	Oct. 1, 2015 - Sept. 30, 2016
Cura	United States	-	Acquisition	Full	77%	Oct. 1, 2015 - Sept. 30, 2016
ABL	United States	-	Acquisition	Full	77%	Dec. 1, 2015 - Sept. 30, 2016
Preferred Meals and subsidiaries	United States	-	Acquisition	Full	77%	July 1, 2016 - Sept. 30, 2016

8. Analysis of Changes in Income Statement and Balance Sheet Items

8.1 Income Statement Information by Operating Segment

Fiscal 2016-2017:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2017	France	International	**Total**	France	International	**Total**		
Revenue	**2,171.2**	**2,476.5**	**4,647.7**	**671.7**	**1,102.5**	**1,774.2**	**-**	**6,421.9**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	129.2	89.3	**218.5**	29.3	74.8	**104.1**	(12.8)	**309.9**
Recurring operating profit/(loss) as a % of revenue	*6.0%*	*3.6%*	***4.7%***	*4.4%*	*6.8%*	***5.9%***	*(0.2)%*	***4.8%***
Non-recurring income and expenses, net	(18.4)	(11.8)	**(30.2)**	(6.4)	(1.4)	**(7.8)**	(14.1)	**(52.1)**
Operating profit/(loss)	110.8	77.5	**188.3**	22.9	73.4	**96.3**	(26.9)	**257.8**
Net financial expense								**(61.6)**
Income tax								**(77.9)**
Loss for the period from discontinued operations								**(1.2)**
Profit for the period attributable to non-controlling interests								**3.4**
Profit for the period attributable to owners of the parent								**113.7**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(45.5)	(66.9)	**(112.4)**	(38.6)	(48.5)	**(87.0)**	(7.2)	**(206.7)**
Other expenses with no cash impact	(4.8)	1.9	**(2.8)**	(2.0)	0.0	**(2.0)**	(0.1)	**(4.9)**
Reported EBITDA	179.5	154.2	**333.7**	69.9	123.3	**193.2**	(5.4)	**521.5**

Fiscal 2015-2016:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2016	France	International	**Total**	France	International	**Total**		
Revenue	**2,162.9**	**2,065.1**	**4,228.0**	**657.1**	**1,010.9**	**1,668.0**	_	**5,896.0**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	151.0	88.2	**239.3**	43.9	61.3	**105.2**	(13.7)	**330.8**
Recurring operating profit/(loss) as a % of revenue	*7.0%*	*4.3%*	***5.7%***	*6.7%*	*6.1%*	***6.3%***	*(0.2)%*	***5.6%***
Non-recurring income and expenses, net	(10.4)	(10.5)	**(21.0)**	(3.8)	(10.1)	**(13.9)**	(14.7)	**(49.5)**
Operating profit/(loss)	140.6	77.7	**218.3**	40.1	51.2	**91.3**	(28.3)	**281.3**
Net financial expense								**(63.0)**
Income tax								**(73.5)**
Loss for the period from discontinued operations								**(6.3)**
Profit for the period attributable to non-controlling interests								**3.2**
Profit for the period attributable to owners of the parent								**135.3**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(37.2)	(46.7)	**(83.9)**	(31.5)	(45.4)	**(76.9)**	(5.5)	**(166.3)**
Other expenses with no cash impact	2.0	(1.1)	**0.9**	(0.3)	(0.9)	**(1.2)**	0.6	**0.3**
Reported EBITDA	186.2	136.0	**322.3**	75.7	107.6	**183.3**	(8.8)	**496.8**

8.2 Consolidated Revenue

Fiscal 2016-2017:

– Revenue by business line and market

(in € millions)	Year ended Sept. 30, 2017	% of total revenue	Year ended Sept. 30, 2016	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	2,069.7	32.2%	1,944.5	33.0%	125.2	6.4%
Education	1,396.4	21.7%	1,139.4	19.3%	257.0	22.6%
Healthcare	1,181.6	18.4%	1,144.1	19.4%	37.5	3.3%
Sub-total: Contract catering & services	**4,647.7**	**72.4%**	**4,228.0**	**71.7%**	**419.7**	**9.9%**
Concession catering						
Airports	798.1	12.4%	724.5	12.3%	73.6	10.2%
Motorways	585.7	9.1%	592.8	10.1%	(7.1)	(1.2)%
City sites & leisure	390.4	6.1%	350.8	5.9%	39.6	11.3%
Sub-total: Concession catering	**1,774.2**	**27.6%**	**1,668.1**	**28.3%**	**106.1**	**6.4%**
Total	**6,421.9**	**100.0%**	**5,896.0**	**100.0%**	**525.9**	**8.9%**

– Revenue by geographic region

(in € millions)	Year ended Sept. 30, 2017	% of total revenue	Year ended Sept. 30, 2016	% of total revenue	Year-on-year change	% change
France	2,842.8	44.3%	2,820.0	47.8%	22.8	0.8%
Europe excluding France	2,255.7	35.1%	2,134.6	36.2%	121.1	5.7%
Other countries	1,323.4	20.6%	941.5	16.0%	382.0	40.6%
Total	**6,421.9**	**100.0%**	**5,896.0**	**100.0%**	**525.9**	**8.9%**

Fiscal 2015-2016:

– Revenue by business line and market

(in € millions)	Year ended Sept. 30, 2016	% of total revenue	Year ended Sept. 30, 2015	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	1,944.5	33.0%	1,861.5	32.8%	83.0	4.5%
Education	1,139.4	19.3%	1,068.7	18.8%	70.6	6.6%
Healthcare	1,144.1	19.4%	1,065.1	18.8%	79.0	7.4%
Sub-total: Contract catering & services	**4,228.0**	**71.7%**	**3,995.3**	**70.4%**	**232.6**	**5.8%**
Concession catering						
Airports	724.5	12.3%	687.5	12.1%	37.0	5.4%
Motorways	592.8	10.1%	615.1	10.8%	(22.3)	(3.6)%
City sites & leisure	350.8	5.9%	376.1	6.6%	(25.4)	(6.7)%
Sub-total: Concession catering	**1,668.0**	**28.3%**	**1,678.7**	**29.6%**	**(10.7)**	**(0.6)%**
Total	**5,896.0**	**100.0%**	**5,674.1**	**100.0%**	**221.9**	**3.9%**

– Revenue by geographic region

(in € millions)	Year ended Sept. 30, 2016	% of total revenue	Year ended Sept. 30, 2015	% of total revenue	Year-on-year change	% change
France	2,820.0	47.8%	2,851.5	50.3%	(31.5)	(1.1)%
Europe excluding France	2,134.5	36.2%	2,110.6	37.2%	23.9	1.1%
Other countries	941.5	16.0%	711.9	12.5%	229.5	32.2%
Total	**5,896.0**	**100.0%**	**5,674.1**	**100.0%**	**221.9**	**3.9%**

8.3 Earnings Per Share

The table below shows the number of outstanding shares before and after dilution.

	Year ended September 30	
	2017	2016
Weighted average number of shares outstanding - Basic	172,741,785	172,448,564
Dilutive impact of stock option and performance share plans	66,700	108,132
Weighted average number of shares outstanding - Diluted	172,808,485	172,556,696

Basic and diluted earnings per share for the years ended September 30, 2017 and 2016 were as follows:

	Year ended September 30	
	2017	2016
Profit attributable to owners of the parent	113.7	135.3
Basic earnings per share (in €)	**0.66**	**0.78**
Diluted earnings per share (in €)	**0.66**	**0.78**

8.4 Personnel Costs and Employee Numbers

8.4.1 Analysis of Personnel Costs

Personnel costs for fully consolidated companies break down as follows:

(in € millions)	Year ended Sept. 30, 2017	Year ended Sept. 30, 2016
Personnel costs (excluding employee profit-sharing)	(2,801.7)	(2,617.7)
Employee profit-sharing	(0.3)	(0.7)
Share-based compensation expense	(9.4)	(4.3)
Personnel costs	**(2,811.4)**	**(2,622.8)**

8.4.2 **Employee Numbers**

The table below shows the number of employees of Group companies at the period end. Consequently, year-on-year changes cannot be directly compared with those of personnel costs recorded in the consolidated income statement.

The number of employees at September 30, 2017 and 2016 (both full and part-time) can be analyzed as follows by category:

	At Sept. 30, 2017	At Sept. 30, 2016
Management and supervisory staff	18,881	18,185
Other	108,272	100,805
Total	**127,153**	**118,990**

Employee numbers break down as follows by geographic region:

	At Sept. 30, 2017	At Sept. 30, 2016
France	52,438	51,737
International	74,715	67,253
Total	**127,153**	**118,990**

8.5 Financial Income and Expenses

The net financial expense recorded in the years ended September 30, 2017 and 2016 breaks down as follows:

(in € millions)	Year ended September 30, 2017	Year ended September 30, 2016
Interest expense on debt	(52.3)	(51.4)
Interest income on short-term investments	2.7	2.6
Other financial income and expenses (1)	(11.1)	(12.3)
Interest cost on post-employment benefit obligations	(1.0)	(1.9)
Net financial expense	**(61.6)**	**(63.0)**
(1) Including:		
- Fair value adjustments on interest rate hedging instruments	*(0.5)*	*(0.4)*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies	*(5.6)*	*(1.0)*
- Amortization of debt issuance costs (a)(b)	*(5.6)*	*(6.3)*
- Early redemption penalties on the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes	*-*	*(11.8)*
- Net foreign exchange gain/(loss)	*2.2*	*7.2*
- Other financial expenses	*(1.5)*	*-*

(a) Including, for fiscal 2015-2016, €2.3 million related to the early redemption of the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes.

(b) Including, for fiscal 2016-2017, €0.7 million related to the early termination of the first trade receivables securitization program, which was replaced by an off balance-sheet program during that year.

Caps, swaps and FRAs have been set up to hedge the variable-rate borrowings of Elior Group and Elior Participations (as described in Note 8.16.2).

8.6 Non-recurring income and expenses, net

For the year ended September 30, 2017, non-recurring income and expenses represented a net expense of €52.1 million and primarily included (i) €37.3 million recorded by the Group's French and international operations for reorganization costs and the costs of withdrawing from sites and exiting contracts, (ii) €4.8 million in share acquisition costs (including transaction costs) primarily for acquisitions in the UK and the USA, (iii) €7 million in provisions for claims and litigation, and (iv) an aggregate €3.0 million in costs incurred in connection with the Group's sponsorship of Paris's bid for the 2024 Olympic Games and the 2025 World Expo.

For the year ended September 30, 2016, this item represented a net expense of €49.5 million and notably included (i) €44.4 million in restructuring costs and costs related to withdrawing from unprofitable contracts in France, Italy, Spain and the USA, and (ii) €5.1 million in share acquisition costs (including transaction costs) primarily for acquisitions in the UK and the USA.

8.7 Income Tax

(in € millions)	Year ended Sept. 30, 2017	Year ended Sept. 30, 2016
Current tax	(53.4)	(51.9)
Deferred tax	(24.5)	(21.6)
Total	**(77.9)**	**(73.5)**

The portion of the CET tax based on value added (CVAE) has been recognized as current income tax in the amounts of €26.8 million both for fiscal 2016-2017 and fiscal 2015-2016 (see Note 6.11).

The deferred tax charge for fiscal 2016-2017 included a €14.5 million non-recurring expense recognized to take into account the announced reduction in French corporate income tax to 28.92% as from 2020. Following the announcement of this lower future tax rate, the deferred taxes recognized in the Group's balance sheet (primarily deferred tax assets) that are expected to be recovered/settled after 2020 were remeasured through profit based on the new rate rather than the existing standard rate of 34.43%.

The following table shows a reconciliation between the Group's net income tax expense recognized in the income statement and its theoretical income tax expense for the years ended September 30, 2017 and 2016:

(in € millions)	Year ended Sept. 30, 2017		Year ended Sept. 30, 2016	
	Base	Tax impact	Base	Tax impact
Profit before income tax	**196.2**		**218.3**	
Share of profit of equity-accounted investees	(2.9)		(3.2)	
Profit before income tax and share of profit of equity-accounted investees	193.3		215.1	
Theoretical income tax (1)		(66.5)		(74.1)
Impact of tax rates on profit generated outside France		6.6		5.8
Tax losses for which no deferred tax asset was recognized and impairment of deferred tax assets (2)		(15.2)		(3.7)
Income not subject to tax and expenses not deductible for tax purposes		(2.8)		(1.5)
Net income tax expense		**(77.9)**		**(73.5)**

(1) The standard income tax rate used by the Group is 34.43%.
(2) Of which a €14.5 million non-recurring expense recognized at September 30, 2017 due to the remeasurement of deferred taxes that are expected to be recovered/settled after 2020 in order to take into account the lower corporate income tax rate scheduled to be introduced in France as from that year.

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8.8 Loss for the Period from Discontinued Operations

At September 30, 2017, assets classified as held for sale in the consolidated balance sheet primarily corresponded to non-strategic operations run by Areas Northern Europe. These operations were reclassified in the balance sheet at September 30, 2017.

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 year

ended September 30, 2017, discontinued operations generated revenue of €29.7 million and the loss for the period recognized in the consolidated income statement amounted to €1.2 million (€52.7 million in revenue and a €6.3 million loss for the year ended September 30, 2016).

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8.9 Analysis of Goodwill

The table below shows an analysis of consolidated goodwill by business line and including the CGUs defined in Note 6.5 above.

(in € millions)	At September 30, 2017	At September 30, 2016
Elior Entreprises	578.3	574.7
Other – France (Enseignement, Santé and Services)	498.9	498.7
Sub-total – France	**1,077.2**	**1,073.4**
International	**788.6**	**742.6**
Total contract catering & services	**1,865.8**	**1,816.0**
France	423.6	453.6
Northern Europe and Italy	86.7	86.7
Sub-total - France, Northern Europe and Italy	**510.3**	**540.3**
Spain, Portugal and the Americas	**185.7**	**185.7**
Total concession catering (Areas)	**696.0**	**726.0**
Group total	**2,561.7**	**2,542.0**

The main movements in goodwill in the years ended September 30, 2017 and 2016 related to the following:

For the year ended September 30, 2017:

- €52.3 million in goodwill recognized in relation to (i) Elior North America's acquisitions of Abigail Kirsch, Corporate Chefs, Lancer Hospitality and Design Cuisine, (ii) Elior India's acquisitions of Megabite and CRCL, and (iii) Elior UK's acquisition of Edwards & Blake, after the assignment of provisional fair values to these companies' identifiable intangible assets.
- €10.3 million in goodwill recognized in relation to the September 2016 acquisitions of Hospes and Hostesa, which have been consolidated since October 1, 2016.
- The completion of the purchase price allocation process for Waterfall (UK) and Areas Restauration Services (France), which were consolidated in fiscal 2015-2016.
- The currency effect arising on the recognition of goodwill related to the above companies denominated in foreign currencies.

For the year ended September 30, 2016:

- €70.2 million in goodwill recognized in relation to Elior North America's acquisitions of Starr, Cura, ABL and Preferred Meals during the year, after the assignment of provisional fair values to these companies' identifiable intangible assets.

- €30.7 million in goodwill recognized in relation to Areas Restauration Services following the Group's acquisition of full control of this company in May 2016.

- €62.6 million in provisional goodwill recognized on the purchase of Waterfall Catering Group in the United Kingdom following the first-time consolidation of this company on September 1, 2016. The process of allocating fair values to Waterfall Catering Group's identifiable intangible assets was still underway at September 30, 2016.

8.10 Analysis of Intangible Assets and Property, Plant and Equipment

8.10.1 Intangible Assets

(in € millions)	At Sept. 30, 2016	Additions	Disposals	Other movements (2)	At Sept. 30, 2017
Concession rights	193.2	14.7	(2.4)	26.0	231.5
Assets operated under concession arrangements (1)	37.0	0	0.0	(0.0)	37.0
Trademarks	42.5	0.3	(1.5)	19.0	60.3
Software	118.7	17.9	(12.7)	9.2	133.1
Intangible assets in progress	23.1	52.7	(0.4)	(8.7)	66.7
Other	210.1	0.4	(0.9)	22.8	232.4
Gross value	**624.6**	**86.0**	**(17.9)**	**68.2**	**761.0**
Concession rights	(60.3)	(16.2)	1.1	1.7	(73.7)
Assets operated under concession arrangements (1)	(36.9)	0	0.0	(0.0)	(36.9)
Trademarks	(15.8)	(5.1)	1.4	(1.5)	(21.1)
Software	(84.6)	(14.7)	12.5	(0.5)	(87.2)
Other	(48.1)	(19.9)	1.1	4.3	(62.7)
Total amortization	**(245.8)**	**(56.0)**	**16.1**	**4.0**	**(281.7)**
Carrying amount	**378.8**	**30.0**	**(1.8)**	**72.2**	**479.2**

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

(2) Other movements primarily correspond to the allocation during the year of goodwill to identifiable intangible assets.

(in € millions)	At Sept. 30, 2015	Additions	Disposals	Other movements (2)	At Sept. 30, 2016
Concession rights	176.9	9.7	(1.1)	7.7	193.2
Assets operated under concession arrangements (1)	37.0	0	0.0	(0.0)	37.0
Trademarks	38.9	0.2	(0.1)	3.6	42.5
Software	107.5	10.8	(7.9)	8.3	118.7
Intangible assets in progress	17.5	24.4	(0.1)	(18.7)	23.1
Other	133.5	2.8	(0.5)	74.3	210.1
Gross value	**511.2**	**47.8**	**(9.6)**	**75.2**	**624.6**
Concession rights	(49.2)	(12.6)	0.9	0.6	(60.3)
Assets operated under concession arrangements (1)	(36.9)	0	0.0	(0.0)	(36.9)
Trademarks	(12.2)	(3.4)	0.1	(0.4)	(15.8)
Software	(82.6)	(10.8)	7.8	0.9	(84.6)
Other	(36.3)	(12.1)	0.5	(0.2)	(48.1)
Total amortization	**(217.2)**	**(38.8)**	**9.3**	**0.9**	**(245.8)**
Carrying amount	**294.0**	**9.0**	**(0.3)**	**76.1**	**378.8**

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

(2) Other movements primarily correspond to the allocation during the year of goodwill to identifiable intangible assets.

8.10.2 **Property, Plant and Equipment**

(in € millions)	At Sept. 30, 2016	Additions	Disposals	Other movements	At Sept. 30, 2017
Land	5.5	0.6	0.0	0.1	6.2
Buildings	168.4	14.3	(13.8)	0.1	168.9
Technical installations	806.3	82.1	(47.0)	(36.2)	805.2
Other items of property, plant and equipment	532.5	108.8	(90.5)	62.8	613.5
Assets under construction	27.9	38.8	(4.9)	(20.3)	41.6
Prepayments to suppliers of property, plant and equipment	6.0	6.0	(0.5)	(4.6)	7.0
Gross value	**1,546.5**	**250.6**	**(156.7)**	**1.9**	**1,642.3**
Buildings	(91.6)	(14.8)	14.0	(1.8)	(94.3)
Technical installations	(557.6)	(74.1)	47.5	44.8	(539.4)
Other items of property, plant and equipment	(322.5)	(71.4)	91.4	(38.5)	(341.1)
Total depreciation	**(971.7)**	**(160.3)**	**152.8**	**4.5**	**(974.8)**
Carrying amount	**574.8**	**90.3**	**(3.9)**	**6.3**	**667.5**

(in € millions)	At Sept. 30, 2015	Additions	Disposals	Other movements	At Sept. 30, 2016
Land	3.8	0.1	(0.0)	1.6	5.5
Buildings	163.6	4.9	(24.7)	24.6	168.4
Technical installations	785.5	66.1	(56.6)	11.2	806.3
Other items of property, plant and equipment	519.6	60.1	(74.4)	27.2	532.5
Assets under construction	22.1	25.6	(1.0)	(18.9)	27.9
Prepayments to suppliers of property, plant and equipment	1.4	5.6	(0.0)	(1.0)	6.0
Gross value	**1,496.0**	**162.4**	**(156.7)**	**44.8**	**1,546.5**
Buildings	(97.0)	(9.5)	23.3	(8.5)	(91.6)
Technical installations	(541.2)	(75.8)	54.7	4.8	(557.6)
Other items of property, plant and equipment	(347.3)	(54.4)	72.4	6.8	(322.5)
Total depreciation	**(985.6)**	**(139.7)**	**150.4**	**3.1**	**(971.7)**
Carrying amount	**510.5**	**22.7**	**(6.4)**	**47.9**	**574.8**

At September 30, 2017 and 2016, the value of non-current assets held under finance leases broke down as follows (excluding the assets described in Note 8.10.1 relating to the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's education market):

	At Sept. 30, 2017	At Sept. 30, 2016
Gross value	102.4	88.1
Depreciation	(61.4)	(51.0)
Net value	**41.0**	**37.2**

8.10.3 **Analysis of Intangible Assets and Property, Plant and Equipment by Operating Segment**

(in € millions)	Carrying amount – intangible assets	Carrying amount – property, plant and equipment	At Sept. 30, 2017
Contract catering & services	225.4	317.4	542.8
Concession catering	205.5	302.8	508.3
Corporate	48.3	47.3	95.6
Total	**479.2**	**667.5**	**1,146.7**

(in € millions)	Carrying amount – intangible assets	Carrying amount – property, plant and equipment	At Sept. 30, 2016
Contract catering & services	194.9	283.1	478.0
Concession catering	162.6	271.2	433.7
Corporate	21.4	20.5	41.9
Total	**378.8**	**574.8**	**953.6**

8.10.4 Analysis of Intangible Assets and Property, Plant and Equipment by Geographic Region

(in € millions)	Carrying amount – intangible assets	Carrying amount – property, plant and equipment	At Sept. 30, 2017
France	116.8	342.6	459.4
International	362.4	324.9	687.3
Total	**479.2**	**667.5**	**1,146.7**

(in € millions)	Carrying amount – intangible assets	Carrying amount– property, plant and equipment	At Sept. 30, 2016
France	61.8	277.7	339.5
International	317.0	297.0	614.1
Total	**378.8**	**574.8**	**953.6**

8.11 Non-current Financial Assets

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
	Carrying amount	**Carrying amount**
Investments in non-consolidated companies (1)	**45.3**	**33.6**
Loans	7.0	4.5
Deposits and guarantees paid	28.7	24.7
Financial receivables	2.2	2.3
Total	**83.1**	**65.1**

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(1) At September 30, 2017, "Investments in non-consolidated companies" and "Loans" notably included (i) the shares held by the Group in Ducasse Développement, and (ii) non-controlling interests held in, and a loan granted to, innovative companies operating in the catering industry. The carrying amount of these investments includes a €4.8 million impairment loss recognized to reflect the growth outlook of the companies concerned.

8.12 Equity-accounted Investees

(in € millions)	Carrying amount at Sept. 30, 2016	Dividends paid	Profit for the period (1)	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2017
Motorways subsidiaries (France)	0.4	(0.1)	0.1	-	0.4
N.W.L (France and International) (2)	4.9	(0.9)	2.8	-	6.8
Riverside Events (UK)	0.3	(0.3)	0.1	-	0.1
Total	**5.6**	**(1.3)**	**2.9**	**-**	**7.3**

(in € millions)	Carrying amount at Sept. 30, 2015	Dividends paid	Profit for the period (1)	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2016
Motorways subsidiaries (France)	0.4	(0.2)	0.2	-	0.4
N.W.L (France and International) (2)	2.5	(0.3)	2.7	-	4.9
Riverside Events (UK)	0.2	(0.1)	0.2	-	0.3
Total	**3.0**	**(0.5)**	**3.1**	**-**	**5.6**

(1) *These amounts are included in recurring operating profit in the consolidated financial statements.*

(2) *A joint venture set up with Newrest at the end of fiscal 2012-2013 for running on-board train catering services for the high-speed network in France and internationally. This joint venture is 35%-owned by Elior Group and has been operating since the beginning of fiscal 2013-2014.*

8.13 Trade and Other Receivables

(in € millions)	At Sept. 30, 2017		At Sept. 30, 2016	
	Gross	Net	Gross	Net
Trade receivables	550.7	511.2	702.4	663.3
Revenue accruals	96.4	96.4	96.7	96.7
Prepayments to suppliers	69.6	69.6	60.1	60.1
Prepaid and recoverable VAT (1)	61.1	61.1	51.1	51.1
Receivables relating to asset disposals	1.7	1.7	1.8	1.8
Other	70.2	70.2	60.0	60.0
Total	**849.9**	**810.4**	**972.1**	**933.1**

(1) Accrued taxes and payroll costs included accrued and payable VAT in respective amounts of €81.6 million and €76.5 million at September 30, 2016 and 2015.

Net trade receivables – which are primarily recorded in the balance sheets of contract catering & services companies – break down as follows by maturity:

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Receivables not past due	334.1	444.7
Receivables less than 30 days past due	63.6	104.7
Receivables more than 30 days but less than 6 months past due	79.1	82.8
Receivables more than 6 months but less than 1 year past due	13.7	13.3
Receivables more than 1 year past due	20.7	17.8
Total net trade receivables	**511.2**	**663.3**

The trade receivables balance recognized in the consolidated balance sheet at September 30, 2016 included receivables of certain contract catering subsidiaries in France, Spain, Italy and the UK which were sold under receivables securitization programs. The programs for the Group's French, Spanish and Italian subsidiaries were terminated in 2017 and a new off-balance sheet securitization program was set up for the French and Spanish subsidiaries. The outstanding amount of receivables sold under this program totaled €218.4 million at September 30, 2017. The outstanding amounts under the on-balance-sheet securitization program – which now only concerns Elior UK – were as follows at September 30, 2017 and 2016:

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Outstanding balance of sold receivables	105.5	298.0
Overcollateralization reserve	20.5	76.8
Net outstanding balance	**85.0**	**221.2**

An off-balance sheet factoring program set up in July 2014 for certain trade receivables held by the Group's main contract catering subsidiaries was also terminated in fiscal 2016-2017. The outstanding amount of trade receivables sold under this program totaled €23.4 million at September 30, 2016.

In fiscal 2016-2017, the Group sold its CICE tax credit for 2016 to a bank on a no-recourse basis for €53 million. The capital loss of €0.9 million that arose on this sale – which took place in July 2017 – was recorded under "Other financial expenses".

8.14 Deferred Taxes and Other Current Assets

8.14.1 Deferred Taxes

The deferred tax balances recorded in the consolidated balance sheet at September 30, 2017 and 2016 break down as follows by type of temporary difference:

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Paid leave provisions	6.5	7.8
Other non-deductible provisions and expenses	34.3	30.6
Provisions for pension benefit obligations	30.1	34.6
Fair value adjustments (1)	(69.4)	(63.4)
Recognition of tax loss carryforwards (2)	113.6	132.0
Total	**115.2**	**141.6**
Deferred tax assets	188.6	216.0
Deferred tax liabilities	(73.4)	(74.3)
Total	**115.2**	**141.6**

(1) This item corresponds to (i) the deferred tax impact of fair value measurements concerning the assets of companies consolidated for the first time in prior periods; and (ii) changes in the fair value of interest rate hedges.

(2) This amount primarily includes:

- *At September 30, 2017 (i) €86 million in tax loss carryforwards for Elior Group, recoverable through the French tax consolidation group which it heads, and (ii) €10 million in tax loss carryforwards of the Group's subsidiary, Areas USA. The amount of deferred tax assets recognized for the Group's French subsidiaries includes the impact of a €14.5 million remeasurement through profit recorded to take into account the reduced 28.92% corporate income tax rate that will apply for deferred taxes expected to be recovered/settled after 2020.*
- *At September 30, 2016 (i) €98 million in tax loss carryforwards for Elior Group, recoverable through the French tax consolidation group which it heads, and (ii) €17 million in tax loss carryforwards of the Group's subsidiary, Areas USA.*

Deferred taxes are classified under non-current assets and liabilities in the consolidated balance sheet. Unrecognized deferred tax assets did not represent a material amount at September 30, 2017.

8.14.2 Other Current Assets

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Prepaid expenses	53.6	51.1
Other	25.8	21.0
Total	**79.4**	**72.1**

8.15 Provisions

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

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Commercial risks	2.4	2.8
Tax risks and employee-related disputes	29.7	26.5
Reorganization costs	2.7	1.2
Employee benefits	11.2	11.2
Other	14.6	8.4
Short-term provisions	**60.6**	**50.1**
Employee benefits	112.4	113.0
Non-renewal of concession contracts	9.5	8.8
Other	13.5	17.8
Long-term provisions	**135.4**	**139.5**
Total	**196.0**	**189.6**

Provisions for non-renewal of concession contracts are recorded to cover the risk of asset write-downs or reconditioning expenses for property, plant and equipment to be returned to concession grantors.

Provisions for employee benefits are described in Note 6.12 above and cover:

- Contractual indemnities, such as retirement bonuses, which are payable at the retirement date if the employee still forms part of the Group at that date (although there are certain exceptional cases when these bonuses are paid if the employee leaves the Group).
- “TFR” payments for the Group’s Italian companies which correspond to the companies’ legal obligation to pay an indemnity to employees on termination of their employment contract. At each balance sheet date, vested rights of employees are valued in accordance with the legal requirements and are fully covered by provisions. Since January 1, 2007, following a change in Italian legislation, employees can request that their entitlements be transferred to the Italian state plan or private insurance funds.
- Defined benefit plans whose members correspond to around 300 employees working on a small number of contract catering contracts operated by the Group's newly acquired UK companies, Waterfall and Edwards & Blake.

At September 30, 2017, provisions for employee benefits totaled €123.6 million, including €13.8 million relating to the TFR provision for Italian companies and €4.9 million for defined benefit plans in the UK.

At September 30, 2016, provisions for employee benefits totaled €124.3 million, including €14.7 million relating to the TFR provision for Italian companies.

The funding of employee benefit obligations and the reconciliation with assets and liabilities recorded in the balance sheet can be analyzed as follows:

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Accumulated benefit obligation at the period-end	**145.7**	**124.3**
Value of plan assets	(22.1)	-
Provisions recognized in the consolidated balance sheet at the period-end	**123.6**	**124.3**
o/w short-term	11.2	11.2
o/w long-term	112.4	113.0

Movements in these provisions during the years ended September 30, 2017 and 2016 can be analyzed as follows:

Provision at September 30, 2015	**112.8**
Service cost net of benefits paid	(4.1)
Interest cost	1.9
Other movements (impact of changes in scope of consolidation, exchange rates, reclassifications and changes in accounting method)	13.7
Provision at September 30, 2016	**124.3**
Service cost net of benefits paid	0.7
Interest cost	0.8
Other movements (impact of changes in scope of consolidation, exchange rates, reclassifications and changes in accounting method) (1)	(2.2)
Provision at September 30, 2017	**123.6**

(1) Impact of change in discount rate and newly-consolidated companies.

8.16 Debt and Hedging Instruments

8.16.1 Analysis of Debt by Type

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

		At Sept. 30, 2017		At Sept. 30, 2016	
(in € millions)	Original currency	Amortized cost (1)	Repayment/ redemption value	Amortized cost (2)	Repayment/ redemption value
Bank overdrafts	€	57.5	57.5	2.6	2.6
Other short-term debt (including short-term portion of obligations under finance leases)	€	17.6	17.6	8.9	8.9
Sub-total – short-term debt		**75.1**	**75.1**	**11.5**	**11.5**
Syndicated loans	€ / $	1,488.0	1,503.0	1,506.7	1,524.3
Other medium- and long-term borrowings (3)	$	84.8	84.8	89.0	89.0
Factoring and securitized trade receivables	€	85.7	86.5	220.2	221.4
Other long-term debt (including obligations under finance leases)	€	26.8	26.8	30.1	30.1
Sub-total – long-term debt		**1,685.3**	**1,701.1**	**1,846.0**	**1,864.7**
Total debt		**1,760.4**	**1,776.2**	**1,857.4**	**1,876.2**

(1) *The amortized cost of bank borrowings at September 30, 2017 was calculated taking into account a net €15.8 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elior North America acquisition debt.*

(2) *The amortized cost of bank borrowings at September 30, 2016 was calculated taking into account a net €18.8 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elior North America acquisition debt.*

(3) *At September 30, 2017 this item corresponded to the Group's $100 million USD private placement.*

The Group's debt at September 30, 2017 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2017:

- For Elior Group SA:
  - A senior bank loan totaling €318.0 million at September 30, 2017, of which €168 million is 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 2.50% 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 September 30, 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%.
  - A senior bank loan totaling €234 million at September 30, 2017, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest on this loan is based on the Euribor plus a standard margin of 2.50%.
- For Elior Participations SCA:
  - A senior bank loan totaling €632 million at September 30, 2017, 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 September 30, 2017, Elior Participations had drawn down €15 million of the facility.
  - A US-dollar denominated senior bank loan totaling $344 million at September 30, 2017, 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 May 2020 and $235.3 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 September 30, 2017, Elior Participations had drawn down $17 million of the facility.

Liabilities relating to the Group's receivables securitization program. At September 30, 2017, outstanding securitized receivables – net of the related €20.6 million overcollateralization reserve – stood at €84.8 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 €325 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 1.35% in fiscal 2016-2017.

The Group's debt at September 30, 2016 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2016:

- For Elior Group SA:
  - A senior bank loan totaling €200.0 million at September 30, 2016, 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.
  - 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 September 30, 2016 – 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 €234.0 million at September 30, 2016, of which €50 million repayable in January 2023 and €184 million in May 2023. Interest on this loan is based on the Euribor plus a standard margin of 2.50%.

– For Elior Participations SCA:
    - A senior bank loan totaling €750 million at September 30, 2016, 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) that expires in January 2021 and carries a variable interest rate 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. At September 30, 2016, Elior Participations had drawn down €30.0 million of this facility.
    - A US-dollar denominated senior bank loan totaling $344 million at September 30, 2016, 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) that expires in May 2020 and carries a variable interest rate based on the Libor plus a standard margin of 1.30%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2016, Elior Participations had drawn down $5.0 million of this facility.

Liabilities relating to the Group's receivables securitization program. At September 30, 2016, outstanding securitized receivables – net of the related €77.0 million overcollateralization reserve – stood at €221.0 million. This securitization program was set up at the end of 2006 for a period of five years and was subsequently extended until June 2018. The ceiling on the program (net of the equivalent of an overcollateralization reserve) was €300 million and at September 30, 2016 it included the receivables of Elior Group's French, Spanish, Italian and UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.5% in fiscal 2015-2016.

8.16.2 Derivative Financial Instruments

At September 30, 2017 and 2016, a portion of the Group's debt was hedged by caps, swaps and FRAs set up by Elior Group and Elior Participations.

The amounts of debt hedged by these instruments were as follows at September 30, 2017 (excluding hedges that expired at June 30, 2017 which covered the period between June 30, 2017 and December 31, 2017):

(in € millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges
From Dec. 31, 2017 through Sept. 30, 2018	750	-
From Oct. 1, 2018 through Sept. 30, 2019	950	-
From Oct. 1, 2019 through Sept. 30, 2020	1,000	-
From Oct. 1, 2021 through Dec. 31, 2021	550	-

(in USD millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges (2)
From Dec. 31, 2017 through Sept. 30, 2018	50	100
From Oct. 1, 2018 through Dec. 31, 2018	200	-
From Jan. 1, 2019 through Sept. 30, 2020	400	-
From Jan. 1, 2020 through Dec. 31, 2021	50	-

The amounts of debt hedged by these instruments were as follows at September 30, 2016 (excluding hedges that expired at June 30, 2016 which covered the period between June 30, 2016 and December 31, 2016):

(in € millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges (2)
From Dec. 31, 2016 through Sept. 30, 2019	1,000	-
From Oct 1, 2019 through Sept. 30, 2020	850	-

(in USD millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges (2)
From Dec. 31, 2016 through March 31, 2018	100	100

(1) Swaps

(2) Purchases of caps

The Group's derivative financial instruments (caps, FRAs and currency and interest rate swaps) are accounted for in accordance with IAS 39. See Note 6.15 for further details.

Analysis:

(in € millions)	Fair value of Derivatives Assets/(Liabilities)	
	At Sept. 30, 2017	At Sept. 30, 2016
Instruments qualifying as cash flow hedges	(5.0)	(15.5)
Instruments qualifying as fair value hedges		
Instruments not qualifying for hedge accounting	0.6	(0.3)
Total	**(4.4)**	**(15.8)**
Interest rate hedging instruments	(5.0)	(15.5)
Foreign currency hedging instruments	0.6	(0.3)
Total	**(4.4)**	**(15.8)**

Derivatives are classified as non-current assets and liabilities in the consolidated balance sheet. The net-of-tax amounts recorded in equity (under “Other comprehensive income”) in relation to cash flow hedges were a positive €3.7 million for the year ended September 30, 2017 and a negative €8.3 million for the year ended September 30, 2016 (see Note 4 – Consolidated Statement of Changes in Equity).

8.16.3 Financial Covenants

The medium– and long-term bank borrowing contracts entered into by Elior Group and Elior Participations include financial covenants (related to the Group's gearing) that could trigger compulsory early repayment in the event of non-compliance. The covenants are based on Elior Group’s consolidated financial ratios and compliance checks are carried out at the end of each six-month period. None of the covenants had been breached at either September 30, 2017 or 2016 or at any half-yearly period-ends during the two fiscal years under review.

The medium- and long-term term borrowing contracts of Elior Group SA and Elior Participations SCA do not include any exceptional clauses compared with the standard legal provisions which apply to this type of contract.

8.17 Parent Company's Share Capital and Stock Options

8.17.1 Elior Group SA's Share Capital

At September 30, 2017, Elior Group SA's share capital amounted to €1,727,417.85 divided into 172,741,785 shares with a par value of €0.01 each. A total of 107,310 new Elior Group shares were issued during fiscal 2016-2017 following the exercise of stock options.

At September 30, 2016, Elior Group SA's share capital amounted to €1,726,344.75 divided into 172,634,475 shares with a par value of €0.01 each. A total of 309,231 new Elior Group shares were issued during fiscal 2015-2016 following the exercise of stock options.

8.17.2 **Stock Options and Free Shares Granted to Employees of Elior Group and its Subsidiaries**

8.17.2.1 Elior Group Stock Options and Free Shares Granted Prior to the Year Ended September 30, 2017

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable free shares (1)	Fair value of plan (in € millions)
March 11, 2016	Stock options	March 11, 2020	March 11, 2024	16.3	107,767	0.8
March 11, 2016	Performance shares	-	-	N/A	53,884	1.4
Total					**161,651**	**2.2**

(1) Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2017.

8.17.2.2 Elior Group Stock Options and Free Shares Granted During the Year Ended September 30, 2017

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable free shares (1)	Fair value of plan (in € millions)
Oct. 27, 2016	Stock options	Oct. 27, 2020	Oct. 27, 2024	18.29	733,271	1.3
Oct. 27, 2016	Performance shares	-	-	N/A	226,025	2.4
Total					**959,296**	**3.7**

(1) Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2017.

Other than the stock options and restricted shares granted by Elior North America (see Note 8.17.2.3 below), Elior Group's stock options and free shares were mainly granted to members of the Management Committee and the Leaders Committee. These options and shares will only be exercisable/vest if the beneficiary still forms part of the Group on the exercise/vesting date and if certain pre-defined performance conditions are met (based on organic revenue growth and increases in operating margin and earnings per share). The achievement of these performance conditions is assessed at the end of the second fiscal year following the grant date, i.e. at September 30, 2017 for the March 2016 plans and September 30, 2018 for the October 2016 plans.

The stock options granted have a four-year life and are exercisable for shares at a 10% discount to their market value.

The IFRS 2 fair value of the stock options (which correspond to equity-settled options) was estimated at the grant date using a Black & Scholes-type pricing model which factors in the terms and conditions under which the options were granted and assumptions about beneficiaries' exercise patterns.

The main assumptions used for the fair value estimations were as follows:

- Expected life of the options:4 years
- Volatility: 23%
- Expected dividend yield: 2.2%

The aggregate fair value of the stock options and free shares granted in March and October 2016 amounted to €5.9 million and the related expense recognized in the fiscal 2016-2017 income statement was €1.2 million.

8.17.2.3 Elior North America stock options and restricted shares granted to managers of Elior North America

The stock options and restricted shares granted to Elior North America's managers when THS was acquired in 2013 and subsequently to new managers joining the company will only be exercisable/vest if the beneficiary still forms part of the company on the exercise/vesting date and if certain pre-defined performance conditions are met. These conditions are based on Elior Group's internal rate of return (IRR) calculated by reference to the value of Elior North America shares at September 30, 2019 compared with the capital invested by Elior Group since its acquisition of THS in 2013.

The value of Elior North America's shares will be calculated based on accounts at September 30, 2019 using the following formula:

- Enterprise value using the multiple originally applied for the acquisition of THS by Elior Group in 2013.
- Less the net debt of the Elior North America sub-group.

The IRR figure obtained will be compared against a pre-defined threshold and the difference between these two amounts will determine (i) the number of options and restricted shares actually allocated, and (ii) the purchase price of the shares concerned.

In view of the features of this plan, the options and shares granted have been classified as cash-settled instruments and are therefore accounted for in accordance with IAS 19.

The total fair value of the liability related to this plan was estimated at €12.6 million at September 30, 2017 and the related expense recognized in the fiscal 2016-2017 income statement amounted to €7.7 million.

8.18 Liabilities Relating to Share Acquisitions and Commitments to Purchase Non-Controlling Interests

The net amount recorded in the consolidated financial statements at September 30, 2017 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €38 million. This total primarily includes the following:

Commitments to purchase non-controlling interests

- €8.0 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group (payment of an exit price for the 20% of the company's capital that they still hold).

Liabilities relating to share acquisitions

- €3.4 million relating to additional purchase consideration payable for the acquisition of the UK-based subsidiary, Lexington.
- €17.7 million relating to additional purchase consideration payable for acquisitions carried out by Elior North America.
- €1.4 million relating to additional purchase consideration payable for the acquisition of the UK-based subsidiary, Edwards & Blake.
- €3.6 million relating to additional purchase consideration payable for the acquisition of the Indian companies, Megabite and CRCL.

The net amount recorded in the consolidated financial statements at September 30, 2016 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €40.9 million and primarily included the following:

•

Commitments to purchase non-controlling interests

- €12.5 million corresponding to the Group's liability towards the non-controlling shareholders of MyChef (which is fully consolidated by the Group) relating to the 11.2% of the company's capital which is not yet owned by the Group but is covered by cross put and call options which have been exercisable since 2011.
- €8.8 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group (payment of an exit price for the 20% of the company's capital that they still hold).

Liabilities relating to share acquisitions

- €3.6 million relating to additional purchase consideration payable for the acquisition of the UK-based subsidiary, Lexington.
- €14.8 million relating to additional purchase consideration payable for the acquisitions carried out by Elior North America during fiscal 2015-2016.

8.19 Other Current Liabilities

Other current liabilities consist of the following:

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Deferred income	14.8	18.1
Other liabilities	9.2	7.0
Total	**24.0**	**25.1**

9. Off-Balance Sheet Commitments

9.1 Pledges and Guarantees Granted in Relation to Bank Borrowings and Bond Debt

None

9.2 Guarantees Given/Received

(in € millions)	At Sept. 30, 2017	At Sept. 30, 2016
Guarantees given on commercial contracts (1)	327.9	303.1
Total guarantees given (2)	**327.9**	**303.1**

(1) Guarantees relating to performance bonds, commitments to pay concession fees and charges, and bid bonds for contracts.
(2) The precise maturity of these guarantees cannot be determined.

The Group also grants and receives guarantees in respect of assets and liabilities in relation to acquisitions and divestments of businesses, upon terms and conditions which are usual for such transactions. Where the guarantees granted by the Group are subject to valid claims not yet settled at the reporting date, a provision is recorded in the balance sheet.

9.3 Commitments under Operating Leases

At September 30, 2017, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €277.6 million, breaking down as follows by maturity:

- Less than one year: €73.2 million
- 1 to 5 years: €156.5 million
- Beyond 5 years: €47.9 million

These commitments concerned numerous lease contracts negotiated locally in the various countries in which the Group operates and mainly related to (i) site equipment, office equipment and vehicles (€93.6 million), and (ii) office rental payments (€184 million).

At September 30, 2016, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €282.1 million, breaking down as follows by maturity:

- Less than one year: €79.5 million
- 1 to 5 years: €165.2 million
- Beyond 5 years: €37.4 million

These commitments concerned numerous lease contracts negotiated locally in the various countries in which the Group operates and mainly related to (i) site equipment, office equipment and vehicles (€93.2 million), and (ii) office rental payments (€188.9 million).

10. Financial Risk Management and Financial Instruments

10.1 Exposure to Foreign Exchange Risk

The Group operates primarily in eurozone countries. In the year ended September 30, 2017, the Group's main non-eurozone countries – the United Kingdom, Latin America (Chile, Colombia and Mexico), the United States and India – accounted for 26.9% of consolidated revenue (22.3% in fiscal 2015-2016), including 6.3% contributed by the United Kingdom (fiscal 2015-2016: 6.2%) and 18.8% by the United States (14.5% in fiscal 2015-2016).

The revenues and expenses of Group companies are invoiced and paid in local currencies. As a general rule, Group companies have no significant receivables or payables denominated in foreign currencies. Consequently, the Group has no significant foreign exchange risk exposure in relation to its business transactions.

The Group's external borrowings are primarily denominated in euros, apart from the dollar-denominated borrowings set up on the refinancing of the debt of Elior North America and Areas USA (within the scope of the SFA), which amounted to $461 million at September 30, 2017. The Group's foreign exchange risk in relation to its borrowings is therefore low. Internal borrowings between eurozone and non-eurozone Group subsidiaries are generally hedged through currency swap transactions.

Elior Participations SCA uses forward currency sale contracts to hedge loans granted to its subsidiaries in the United States and the United Kingdom. The outstanding amounts of these currency hedges were £58.1 million and $57.1 million at September 30, 2017 and £54.9 million and $63.1 million at September 30, 2016.

The Group's sensitivity to changes in exchange rates mainly relates to fluctuations in the value of:

- The pound sterling against the euro: a 5% increase or decrease in this currency compared with the average rate of 0.87173 for the year ended September 30, 2017 would result in corresponding changes in consolidated revenue and recurring operating profit of €20 million and €0.7 million respectively.
- The U.S. dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.10503 for the year ended September 30, 2017 would result in corresponding changes in consolidated revenue and recurring operating profit of €60 million and €2 million respectively.

10.2 Exposure to Interest Rate Risk

The Group is exposed to the risk of fluctuations in interest rates on debt that is indexed to the Euro Interbank Offered Rate ("Euribor") and the USD Libor plus an applicable margin.

In order to manage interest rate risk, the Group has set up interest rate swaps and caps. These hedges mitigate (i) the risk of variable interest rates affecting the fair value of the Group's fixed-rate debt, and (ii) the impact of the Group's variable-rate debt on consolidated cash. Hedges set up using options are referred to as "optional hedges" and other hedges are referred to as "firm hedges". The net amount of firm hedges set up does not exceed the amount of the Group's debt for a given period and the net gains or losses on hedges are allocated to the hedged period.

The rates at which the Group's debt was hedged (against the Euribor and USD Libor) were as follows at September 30, 2017 for Elior Group and Elior Participations:

Hedges in euros

- For the period from December 31, 2017 through September 30, 2018: 0.215% for firm hedges (€1,000 million, of which €750 million qualifies for hedge accounting under IAS 39).
- For the period from October 1, 2018 through September 30, 2019: 0.051% for firm hedges (€1,000 million, of which €950 million qualifies for hedge accounting under IAS 39).
- For the period from October 1, 2019 through September 30, 2020: 0.075% for firm hedges (€1,000 million).
- For the period from October 1, 2020 through December 31, 2021: 0.351% for firm hedges (€550 million).

Hedges in US dollars

- For the period from December 31, 2017 through September 30, 2018: 1.160% for firm hedges ($300 million, of which $50 million qualifies for hedge accounting under IAS 39).
- For the period from October 1, 2018 through December 31, 2018: 1.596% for firm hedges ($400 million, of which $200 million qualifies for hedge accounting under IAS 39).
- For the period from January 1, 2019 through December 31, 2021: 2.032% for firm hedges ($400 million).
- For the period from October 1, 2020 through December 31, 2021: 1.878% for firm hedges ($50 million).
- For the period from December 31, 2017 through June 30, 2018: 2.0% for optional hedges ($175 million, of which $100 million qualifies for hedge accounting under IAS 39).
- For the period from July 1, 2018 through September 30, 2018: 2.0% for optional hedges ($100 million).

The rates at which the Group's debt was hedged (against the Euribor and USD Libor) were as follows at September 30, 2016 for Elior Group and Elior Participations:

Hedges in euros

- For the period from December 31, 2016 through September 30, 2018: 0.215% for firm hedges (€1,000 million).
- For the period from September 30, 2018 through September 30, 2019: 0.051% for firm hedges (€1,000 million).
- For the period from September 30, 2019 through September 30, 2020: 0.015% for firm hedges (€850 million).

Hedges in US dollars

- For the period from December 31, 2016 through September 30, 2018: 0.936% for firm hedges ($100 million).
- For the period from December 31, 2016 through September 30, 2018: 2.0% for optional hedges ($100 million).

At September 30, 2015, the rates at which the Group's debt was hedged (against the 6-month Euribor) were as follows for Elior Group and Elior Participations:

- For the period from December 31, 2015 through December 31, 2016: 0.234% for firm hedges (€950 million).
- For the period from December 31, 2016 through September 30, 2018: 0.234% for firm hedges (€950 million).
- For the period from September 30, 2018 through September 30, 2019: 0.304% for firm hedges (€150 million).

These rates do not include lending margins, which are set out in Note 8.15.1. Taking into account these hedging transactions, a 1% increase in interest rates would have an impact of approximately €6 million on the Group's finance costs for fiscal 2016-2017.

10.3 Exposure to Liquidity Risk

The Group manages its liquidity risk by maintaining adequate reserves, bank lines of credit and stand-by lines of credit, by preparing cash flow forecasts and monitoring actual cash flows in relation to forecasts, and by matching to the extent possible the maturity profiles of financial assets and liabilities.

The Group's debt can be analyzed as follows by maturity (based on repayment/redemption value):

(in € millions)	Original	At September 30, 2017 Short-term	Due in 1 to 5 years	Due beyond 5 years	Long-term	At September 30, 2016 Short-term	Long-term
Bank borrowings							
Medium-term borrowings - Elior Group SA	€	-	*168.0*	*384.0*	552.0	-	250.0
Medium-term borrowings - Elior Participations	€ / $	-	*952.6*	-	952.6	-	1,090.3
Other medium- and long-term bank borrowings	€	-	*1.4*	-	1.4	-	184.6
Sub-total – bank borrowings		**-**	***1,122.0***	***384.0***	**1,506.0**	**-**	**1,525.0**
Other debt							
Elior Group bond debt (USD private placement)	$	-	*84.7*	-	84.7	-	89.0
Finance leases	€	15.0	*25.5*	-	25.5	-	29.1
Other (1)	€	-	*84.9*	-	84.9	7.0	221.7
Bank overdrafts (2)	€	57.5	-	-	-	2.6	-
Current accounts (2)	€	1.4	-	-	-	0.2	-
Accrued interest on borrowings (2)	€ / $	1.2	-	-	-	1.7	-
Sub-total – other debt		**75.1**	***195.1***	***0***	**195.1**	**11.5**	**339.8**
Total debt		**75.1**	***1,317.1***	***384.0***	**1,701.1**	**11.5**	**1,864.7**

(1) Including liabilities under the receivables securitization program described in Note 8.12.

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

10.4 Exposure to Credit and Counterparty Risk

Credit and/or counterparty risk is the risk that a party to a contract with the Group will fail to meet its obligations in accordance with agreed terms, leading to a financial loss for the Group.

The main financial instruments that could expose the Group to concentrations of counterparty risk are trade receivables, cash and cash equivalents, investments and derivatives. The Group's maximum exposure to credit risk corresponds to the carrying amount of all of the financial assets recognized in the consolidated financial statements, net of any accumulated impairment losses.

The Group considers that it has very low exposure to concentrations of credit risk in relation to trade receivables. The balance sheets of the Group's companies operating in the concession catering business line do not generally include significant amounts of trade receivables. In the contract catering & services business line there is no material exposure to concentrations of customer credit risk at Group level as the relevant companies have a large number of customers and the geographic locations of

these customers and the operating sites concerned are highly diverse.

The Group only enters into hedging agreements with leading financial institutions and it considers that the risk of any of these counterparties defaulting on their contractual obligations to be very low as the financial exposure of each of these financial institutions is limited.

10.5 Fair Value of Financial Assets and Liabilities

The table below presents the Group's financial assets and liabilities by category as well as their carrying amounts and fair values and the account headings in which they are included in the consolidated balance sheet. It also shows the fair value hierarchy level for assets and liabilities carried at fair value. These levels correspond to the following:

- Level 1: Quoted prices in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(in € millions)	Carried at amortized cost	Fair value hierarchy level	At Sept. 30, 2017		At Sept. 30, 2016	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Non-current financial assets	✓		83.1	83.1	65.1	65.1
Equity-accounted investees		Level 3	7.3	7.3	5.6	5.6
Derivative financial instruments		Level 2	3.2	3.2	-	-
Trade and other receivables	✓		810.4	810.4	933.1	933.1
Other current assets	✓		79.4	79.4	72.1	72.1
Short-term financial receivables	✓		8.9	8.9	9.8	9.8
Cash and cash equivalents		Level 1	139.6	139.6	160.6	160.6
Financial liabilities						
Short- and long-term debt	✓		1,760.4	1,760.4	1,857.4	1,857.4
Derivative financial instruments		Level 2	7.6	7.6	15.8	15.8
Liabilities relating to share acquisitions		Level 3	37.6	37.6	40.9	40.9
Trade and other payables	✓		793.0	793.0	729.7	729.7
Due to suppliers of non-current assets	✓		73.7	73.7	41.7	41.7

11. Related Party Transactions

11.1 Executive Compensation and Benefits

Executives classified as related parties correspond to individuals who exercise authority and responsibility for the control and management of the Group's entities.

At September 30, 2017 Philippe Salle was Chairman and Chief Executive Officer of the Group and a Company officer of Elior Group SA.

(in € millions)	Year ended Sept. 30, 2017	Year ended Sept. 30, 2016
Amount paid during the year	**6.1**	**3.9**
Amount recognized as an expense in the income statement for the year	**12.5**	**6.1**
Of which:		
Short-term benefits	5.0	4.6
Grant-date fair value of stock options and free shares	2.7	0.9
Other long-term benefits	3.3	0.6
Provision for non-compete indemnity	1.4	-
Amount recognized as a liability in the balance sheet	**-**	**-**
Post-employment benefits	-	-

The figures presented in the table above comprise directors' fees and share-based compensation expense (for stock options and free shares) recognized in accordance with IFRS 2, as well as all other types of compensation and benefits paid (or awarded for the year in return for duties performed) by Elior Group SA entities and/or other Group companies. For the years ended September 30, 2017 and 2016 they concerned the members of the Executive Committee, which comprised five people, including the Group Chairman and Chief Executive Officer.

At its meeting on October 31, 2017, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors authorized an amendment to the conditions for paying the long-term variable compensation that had vested for Philippe Salle, Chairman and Chief Executive Officer, at that date. As a result of this amendment, the Board authorized the payment to Philippe Salle of €1.25 million, corresponding to his long-term variable compensation for fiscal 2014-2015. The Board also authorized the payment to Philippe Salle of a non-compete indemnity (provisioned for in the Group's balance sheet) for a period of two years commencing November 1, 2017.

11.2 Other Related Party Transactions

None.

12. Events After the Reporting Date

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.

On November 30, 2017, Elior North America announced that it had acquired CBM Managed Services based in Sioux Falls, South Dakota, USA, which provides foodservices to correctional facilities. CMB Managed Services has just under 1,000 employees serving 200 locations in 29 states and generated approximately $70 million in revenue in 2016.

13. Additional Information

13.1 Statutory Auditors' Fees

Statutory Auditors' fees for the year ended September 30, 2017 recorded in the income statement and relating to fully consolidated companies amounted to €4.5 million. The total breaks down as €3.5 million for statutory audit work and €1.0 million for audit-related services provided in connection with due diligence procedures for acquisitions and financing operations.

In order to ensure that the statutory audit work performed on the financial statements of the Group's companies is consistent and of a high quality, and with a view to centralizing relations with the external auditors at Finance Department and Audit Committee level, a plan has been drawn up for substantially all of the Group's subsidiaries stipulating that they appoint one of the two international audit firms used by Elior Group (PricewaterhouseCoopers Audit and KPMG).

Together, PricewaterhouseCoopers Audit and KPMG – which are members of the Compagnie Régionale des Commissaires aux Comptes de Versailles – represent nearly 100% of the Group's audit fees. The fees paid by Group subsidiaries to audit firms other than PricewaterhouseCoopers, KPMG or the members of their networks, for the audits of their accounts, amounted to €0.1 million for fiscal 2016-2017.

In addition, in compliance with the new rules applicable in France concerning the authorization of Statutory Auditors' engagements, the Group's Finance Department (acting under the supervision of the Audit Committee) has drawn up a policy and put in place procedures for all of the Group's subsidiaries concerning the appointment of Statutory Auditors, the verification of statutory audit fees, and the prior approval of other services provided by the Statutory Auditors.

In € thousands	KPMG				PwC			
	2017		2016		2017		2016	
	Amount (excl. VAT)	**%**	**Amount (excl. VAT)**	**%**	**Amount (excl. VAT)**	**%**	**Amount (excl. VAT)**	**%**
1. Audit services rendered by the statutory auditors or members of their network in relation to certifying separate or consolidated accounts								
- Issuer	197	*10%*	224	*13%*	195	*8%*	224	*10%*
- Fully consolidated subsidiaries	1,284	*63%*	1,219	*70%*	1,826	*73%*	1,465	*67%*
2. Services rendered by the statutory auditors or members of their network that are not in relation to certifying separate or consolidated accounts (*)								
- Issuer	324	*16%*	86	*5%*	264	*11%*	94	*4%*
- Fully consolidated subsidiaries	234	*11%*	217	*12%*	220	*9%*	392	*18%*
Total	**2,039**	***100%***	**1,746**	***100%***	**2,505**	***100%***	**2,175**	***100%***
- Issuer	521	*26%*	309	*18%*	459	*18%*	318	*15%*
- Fully consolidated subsidiaries	1,518	*74%*	1,435	*82%*	2,046	*82%*	1,857	*85%*

(*) These services primarily comprise those required under the applicable laws and regulations such as engagements to perform agreed-upon procedures and issue the related reports, carrying out due diligence procedures, and providing advisory services for technical subjects relating to accounting, tax or any other audit-related matters.

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14. List of Consolidated Companies at September 30, 2017

In the following table, the percentage of ownership and control is not provided when both represent 100%.

Company		% ownership	% control	Principal activity	Consolidation method
ELIOR GROUP		PARENT	PARENT	HOLD	FULL
France					
A l'Ancienne Douane				CT	FULL
Actair				CO	FULL
Actal		51%		CO	FULL
Ansamble				CT	FULL
Ansamble Investissements				HOLD	FULL
Aprest				MO	FULL
Areas Egée 1	FTC			CO	FULL
Areas Management				CO	FULL
Areas Northern Europe				CO	FULL
Areas Operation Restauration	FTC			CO	FULL
Areas Restauration Services				CO	FULL
Areas Services				CO	FULL
Arpège				CT	FULL
Arbane	FTC			MO	FULL
Aten	FTC			MO	FULL
Bercy Participations				HOLD	FULL
Bercy Services I				MO	FULL
Bercy Services II				MO	FULL
BSXXV				HOLD	FULL
BSXXVII		60%		HOLD	FULL
BSXXIX	FTC			CT	FULL
C2L				HOLD	FULL
Concessions Aéroports France				CO/HOLD	FULL
E.L.R.E.S.				CT/HOLD	FULL
ECP France				CO	FULL
Egée Services 1	FTC			CT	FULL
EGEE Venture				HOLD	FULL
Elcena	FTC			MO	FULL
Elior Achats Concessions				MO	FULL
Elior Achats Services				MO	FULL
Elior Appro Concessions				MO	FULL
Areas Worldwide				HOLD	FULL
Elior Concessions Gares				CO	FULL
Elior Data				MO	FULL
Elior Data Concessions				MO	FULL
Elior Data RC France				HOLD	FULL
Elior Entreprises				CT/HOLD	FULL
Elior F.A.3.C.				MO	FULL
Elior Financement				HOLD	FULL
Elior Gestion				MO	FULL
Elior Orly Ouest				CO	FULL
Elior Orly Sud				CO	FULL
Elior RC France				HOLD	FULL
Elior Roissy				CO	FULL
Elior Restauration Approvisionnements				CT	FULL

Company		% ownership	% control	Principal activity	Consolidation method
Elior Restauration et Services				HOLD	FULL
Elior Retail Gares				CO	FULL
Elior Services à la Personne				CT	FULL
Elior Services Propreté et Santé				CT/HOLD	FULL
Elior Services Supports				MO	FULL
Elior Participations				HOLD	FULL
Elior Trésorerie				MO	FULL
Eurobar				CO	FULL
Elior Service FM				CT	FULL
G.S.R				CO	FULL
H.R.C.				CO/HOLD	FULL
L'Alsacienne de Restauration				CT	FULL
Loiretal		49%	49%	CO	EQUITY
NewCOREFRC	FTC			MO	FULL
Newrest		35%	35%	CO	EQUITY
Resapro				MO	FULL
Restaurants et Sites				CO/HOLD	FULL
Restogen				CT	FULL
ROC France				CO	FULL
Sacores				MO	FULL
Saveurs à l'ancienne	FTC			CT	FULL
SCI Les Hirondelles	FTC			CT	FULL
SC2R				MO	FULL
SCICB				CT	FULL
Services et Santé				CT	FULL
SG2P				CO	FULL
SG2S				CO	FULL
SGAR				CO	FULL
SHRHM				CO	FULL
SMR				CT	FULL
Société de Restauration du Musée du Louvre		40%	40%	CO	DISC
Société de Restauration Musées et Lieux culturels	FTC	40%	40%	CO	DISC
Société de Restauration du Musée d'Orsay		40%	40%	CO	DISC
Soferest		40%	40%	CO	DISC
Soreno				CT	FULL
Soreset				CT	FULL
SPR				CO	FULL
SRAM		44%		CO	FULL
SRBS		40%	40%	CO	EQUITY
SRHAJ				CO	FULL
SRHVMB				CO	FULL
Tabapag				CT	FULL
TPJ Creil	FTC			CT	FULL
French Overseas Territories					
S.O.G.E.C.C.I.R.				CT	FULL

Company		% ownership	% control	Principal activity	Consolidation method
Germany					
ECP Deutschland				CO	FULL
Elior Autobahn Ost				CO	FULL
Elior Autobahn Süd				CO	FULL
Elior Autobahn West				CO	FULL
Elior Deutschland Gmbh				HOLD	FULL
ERW Deutschland GmbH	FTC			CO	FULL
ESP Deutschland				CO	FULL
Belgium					
Elior Charleroi				CO	FULL
SAREB				CO	FULL
SREB				CO	FULL
Chile					
Areas Chile				CO	FULL
Colombia					
Areas Colombia	FTC			CO	FULL
Denmark					
Areas Denmark	FTC			CO	FULL
Spain					
Alimentacion Saludable Gallega				CT	FULL
Arco Duplo		70%	100%	CO	FULL
ARCE				CT	FULL
Alessa Catering Services				CT	FULL
Basic Serveis Escolars				CT	FULL
Excellent Market				CT	FULL
Geriatrio Siglo XXI				CT	FULL
Areamed		50%	100%	CO	FULL
Areas				CO/HOLD	FULL
Carmen		19%	100%	CO	FULL
Distri-Areas				CO	FULL
General de Restaurantes 2000				CO	FULL
Hold & Co Espana		50%	50%	CO	EQUITY
Hostesa	FTC	80%	100%	CT	FULL
Serunion				CT/HOLD	FULL
Serunion Norte				CT	FULL
Serunion Servicios				CT	FULL
Serunion Vending				CT	FULL
Vitalista	FTC	80%	100%	CT	FULL
United States					
Abigail Kirsch	FTC	75%	100%	CT	FULL
ABL Management		75%	100%	CT	FULL
Aladdin Food Management Services		75%	100%	CT	FULL
AmeriServe		75%	100%	CT	FULL
Areas USA inc				CO	FULL
A'Viands		75%	100%	CT	FULL
CFM		75%	100%	CT	FULL
Corporate Chefs	FTC	75%	100%	CT	FULL
Cura Hospitality		75%	100%	CT	FULL
Design Cuisine	FTC	75%	100%	CT	FULL
Elior Inc.		75%	100%	MO	FULL
Fitz Vogt Acquisition		75%	100%	HOLD	FULL
Fitz Vogt & Associates		75%	100%	CT	FULL

Fitz Vogt & Enterprises		75%	100%	CT	FULL
Food Service Inc		75%	100%	CT	FULL
Gourmet Acquisition Holding		75%	100%	HOLD	FULL
Gourmet Acquisition		75%	100%	HOLD	FULL
Lancer Hospitality	FTC	75%	100%	CT	FULL
Lindley Acquisition		75%	100%	HOLD	FULL
Preferred Meals		75%	100%	CT	FULL

Company		% ownership	% control	Principal activity	Consolidation method
Sidekim Foods	FTC	75%	100%	CT	FULL
Starr Catering Group		75%	100%	CT	FULL
Summit Food Service		75%	100%	CT	FULL
TrustHouse Services Holding		75%	100%	HOLD	FULL
Valley Services		75%	100%	CT	FULL
United Kingdom					
Azure Support Services				CO	FULL
Caterplus Services Ltd				CT	FULL
Digby Trout Restaurants				CO	FULL
Edwards & Blake	FTC			CT	FULL
Eliance Events				CO	FULL
Eliance Restaurants				CO	FULL
Eliance UK				CO	FULL
Elior UK				CT	FULL
Elior UK Holdings				HOLD	FULL
Elior UK Services				MO	FULL
Hold & Co UK				CO	FULL
Hospitality Catering Services				CT	FULL
Le Bistro				CO	FULL
Lexington				CO	FULL
Riverside Events		50%	50%	CO	EQUITY
Taylor Shaw Ltd				CT	FULL
Waterfall Caterting Group				CT	FULL
Waterfall Elior Ltd				CT/HOLD	FULL
Waterfall Services Ltd				CT	FULL
India					
CRCL	FTC	51%	100%	CT	FULL
Elior India				CT	FULL
Elior West	FTC			CT	FULL
Italy					
Elior Ristorazione		99%		CT	FULL
Elior Concessioni SRL				HOLD	FULL
Elichef				HOLD	FULL
Elior Servizi		99%		CT	FULL
Gemeaz		99%		CT	FULL
Hospes	FTC			CT	FULL
Meridia		50%		CT	FULL
MyChef				CO	FULL
SEA Services		60%	100%	CO	FULL
Luxembourg					
Äre-Resto Hausgemachten	FTC			CT	FULL
Elior Luxembourg	FTC			CT	FULL
Elior Luxembourg Holding	FTC			CT	FULL
SLRH				CO	FULL
Mexico					
Aerocomidas				CO	FULL
Aeroboutiques de Mexico				CO	FULL
Portugal					
Areas Portugal				CO	FULL
Serunión Restaurantes Portugal				CT	FULL
Switzerland					
Elior Suisse				CO	FULL

- *FULL: fully consolidated companies.*
- *EQUITY: companies accounted for by the equity method.*
- *CT: companies specialized in contract catering & services.*
- *CO: companies specialized in concession catering.*
- *HOLD: companies operating as holding companies.*
- *MO: companies providing headquarters and support services to Group companies.*
- *FTC: companies consolidated for the first time during the period.*
- *DISC: companies held for sale*

4.10 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Elior Group SA for the year ended 30 September 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 30 September 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis of the audit opinion

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements".

Independence

We conducted our audit in compliance with the applicable independence rules for the period from 1 October 2016 to the date of issue of our report, and in particular we did not provide any services that are prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

Justification of our assessments – Key audit matters

In accordance with the provisions of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgement, were most significant in the audit of the consolidated financial statements, as well as how our audit addressed such risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on individual account captions or on information taken from outside of the consolidated financial statements.

Measurement of the goodwill of the contract catering & services and concession catering businesses

Description of risk

As part of its development, the Group carried out targeted external growth transactions and recognised goodwill.

At 30 September 2017, goodwill amounted to €2,562 million, representing 49% of total assets. It has been allocated to the cash-generating units (CGUs) of the businesses into which the acquired companies have been integrated (either the contract catering & services business or the concession catering business), as indicated in Note 6.6 to the consolidated financial statements).

Note 6.6 also explains that:

- the carrying amount of goodwill is tested for impairment at each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated and an impairment loss is recognised whenever the carrying amount of the CGU to which the asset is allocated exceeds its estimated recoverable amount;
- the recoverable amount is estimated using the value in use;
- the value in use is calculated using the present value of future cash flows, based on five-year budgets drawn up and validated by Group management and a long-term growth rate which may not exceed the average long-term growth rate for the operating segment.

The recoverable amount of the goodwill of the contract catering & services and concession catering businesses, which respectively represented 73% (€1,866 million) and 27% (€696 million) of total goodwill at 30 September 2017, is determined based to a large extent on the judgement of the Group and in particular on the three following assumptions:

- five-year budgets;
- the long-term growth rate beyond five years;
- the discount rate.

We therefore deemed the measurement of the goodwill of the contract catering & services and concession catering businesses and the determination of the assumptions (five-year budgets, the long term growth rate beyond five years and the discount rate applied) to be a key audit matter.

How our audit addressed this risk

We analysed the compliance of the methodology applied by the Group with the appropriate current accounting standards.

We also verified the accuracy and completeness of the source data used in the impairment tests as well as of the components of the carrying amount of the CGUs of the contract catering & services and concession catering businesses which were tested by the Group.

In addition, we conducted a critical analysis of the methods applied to implement the main assumptions used and examined the analysis performed by the Group to determine the sensitivity of the value in use to a change in said assumptions and in particular:

- with respect to the five-year future cash flow projections, we verified:

- the reasonableness of the five-year future cash flow projections in view of the economic and financial context in which the contract catering & services and concession catering businesses operate and the reliability of the process by which the estimates are calculated by examining the reasons for differences between projected and actual cash flows;

- the consistency of the five-year future cash flow projections with management's most recent estimates, as presented to the Board of Directors during the budget process;

- with respect to the long-term growth rate beyond five years, we verified:

- the consistency of the growth rate for projected cash flows beyond five years with the rates used for comparable companies, based on a sample of analysis reports about the Company;

- with respect to the discount rate applied for future cash flow projections, we verified:

- the consistency of the discount rate applied for the estimated future cash flows expected to arise from the contract catering & services and concession catering businesses with the rates used for comparable companies, based on a sample of analysis reports about the Company.

Lastly, we examined the appropriateness of the information provided in the Notes 6.5.2, 6.6 and 8.9 to the consolidated financial statements.

Assessment and completeness of provisions for tax and social security risks

Description of risk

The Group operates in 16 countries in Europe, the Americas and Asia and has approximately 127,000 employees. As a result, it is exposed to various tax and social security jurisdictions and may be the subject of tax or social security adjustments or disputes, relating to its recurring operations in these countries, brought by local tax or social security authorities or employees.

At 30 September 2017, provisions for tax and social security risks amounted to €30 million, as indicated in Note 8.15 to the consolidated financial statements.

The Group recognises a provision for tax and social security risks whenever it considers that the criteria set out in the relevant accounting standard, as described in Note 6.10 to the consolidated financial statements, are met.

Given the Group's exposure to fiscal and social security issues, some of which are specific to its industry, and in light of the significant judgement exercised by the Group in estimating the risks and the amounts recognised, we deemed the assessment and completeness of tax and social security risks to be a key audit matter.

How our audit addressed this risk

We conducted interviews with the management teams of the Group and its subsidiaries and performed other technical controls such as inspection procedures to obtain an understanding of and assess the procedures implemented by the Group and its subsidiaries to identify all reported or potential tax and social security liabilities, assess the associated risks of an outflow of sources and – where applicable – recognise provisions.

Our work also consisted in:

- assessing the relevance of the method applied by the Group in light of the nature of the risk;

- gathering supporting evidence to measure the risk assessment performed by the Group and the appropriateness of the assumptions used to calculate the tax and social security provisions (in particular, by reading the decisions of tax or social security authorities and any recent correspondence between Group entities and tax or social security authorities or lawyers representing employees having brought a dispute against the Group and by reviewing the applicable case law, where appropriate);

- conducting interviews with the lawyers retained by the Group to handle the most significant or complex tax or social security disputes in order to obtain information about any significant or ongoing proceedings involving the Company, any pending or imminent tax claims or other types of claims against the Company and any other significant contingent liabilities borne by the Company and analysing the responses obtained;

- for tax risks, verifying whether the Group has taken into account any changes in applicable tax laws;

- analysing movements in provisions during the year, in particular the reversal of provisions that are no longer needed and their correction recognition and presentation in the financial statements.

Lastly, we examined the appropriateness of the information provided in the Notes 6.10 and 8.15 to the consolidated financial statements.

Verification of information relating to the Group provided in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

PricewaterhouseCoopers Audit was appointed Statutory Auditor of Holding Bercy Investissement SCA (renamed Elior Group SA) by the General Meeting of 26 October 2006. Salustro Reydel (then KPMG Audit IS) was appointed Statutory Auditor of Management Restauration Collective SAS (renamed Holding Bercy Investissement SCA then Elior Group SA) by the General Meeting of 28 January 2002.

At 30 September 2017, PricewaterhouseCoopers Audit was in the eleventh consecutive year of its engagement and KPMG Audit IS was in the sixteenth consecutive year of its engagement, thus respectively six and four years since the Company shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance relating to the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any internal audit procedures

relating to the preparation and processing of financial and accounting information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of article L.823-10-1 of the French Commercial Code, our audit of the consolidated financial statements does not constitute a guarantee of the longer-term viability or quality of the company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the consolidated financial statements is set out in the appendix to this report, and is an integral part hereof.

Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatements that we deem to have been most significant for the audit of the consolidated financial statements and which constitute key audit matters that we describe in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, 26 January 2018

KPMG Audit IS

François Caubrière
Partner

PricewaterhouseCoopers

Anne-Laure Julienne
Partner

Eric Bertier
Partner

4.11 SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY FOR THE YEAR ENDED SEPTEMBER 30, 2017

INCOME STATEMENT

(in € thousands)	Note	Year ended September 30, 2017	Year ended September 30, 2016
Operating income			
Net revenue	1.1.3.1	20,774	22,934
Own work capitalized		4,364	1,336
Reversals of depreciation, amortization and provisions, expense transfers			
Other income			
Total operating income		**25,138**	**24,270**
Operating expenses			
Purchase of raw materials and consumables			
Other operating expenses		17,090	15,395
Taxes other than on income		1,272	484
Personnel costs		13,844	18,638
Depreciation, amortization and provision expense		865	115
Total operating expenses		**33,071**	**34,632**
Operating profit/(loss)		(7,933)	(10,362)
Net financial income/(expense)	1.1.3.2	142,709	(19,878)
Net non-recurring expense	1.1.3.3	(5,468)	(12,003)
Income tax	1.1.3.4	(38,216)	(39,927)
Profit/(loss) for the period		**167,524**	**(2,316)**

BALANCE SHEET – ASSETS

(in € thousands)	Note	At Sept. 30, 2017			At Sept. 30, 2016
		Gross	Depr., amort. and provisions	Net	Net
Intangible assets	1.1.4.1	7,769	2,881	4,888	3,336
Property, plant and equipment	1.1.4.3 and 1.1.4.1	5	5		1,797
Long-term investments	1.1.4.3 and 1.1.4.2	1,741,247		1,741,247	1,741,200
Total fixed assets		**1,749,021**	**2,886**	**1,746,135**	**1,746,333**
Advances and downpayments					35
Trade receivables		962		962	3,008
Other receivables	1.1.4.4	1,197,136		1,197,136	971,137
Marketable securities		2,157		2,157	2,117
Cash		4		4	218
Prepaid expenses		345		345	1,114
Total current assets		**1,200,604**		**1,200,604**	**977,629**
Unrealized foreign exchange losses		6,355		6,355	2,329
TOTAL ASSETS		**2,955,980**	**2,886**	**2,953,094**	**2,726,291**

BALANCE SHEET – EQUITY AND LIABILITIES

(in € thousands)	Note	At Sept. 30, 2017	At Sept. 30, 2016
Share capital		1,727	1,726
Share premium account		1,665,608	1,664,996
Other reserves		173	173
Retained earnings		256,059	330,873
Profit/(loss) for the period		167,524	(2,316)
Total equity	1.1.4.7	**2,091,091**	**1,995,452**
Equity loans (*titres participatifs*)			
Provisions for contingencies and charges	1.1.4.9	**11,589**	**3,352**
Gross debt		637,748	524,245
Trade payables		4,281	3,770
Other liabilities		201,656	197,057
Total liabilities	1.1.4.10	**843,685**	**725,072**
Unrealized foreign exchange gains		**6,729**	**2,415**
TOTAL EQUITY AND LIABILITIES		**2,953,094**	**2,726,291**

4.11.1 BASIS OF PREPARATION, GENERAL INFORMATION AND SIGNIFICANT EVENTS OF THE YEAR

These notes are an integral part of the parent company financial statements. They provide additional disclosures concerning the balance sheet and income statement in order to provide a true and fair view of the Company's assets and liabilities, financial position and results of operations.

Non-compulsory disclosures are made only where the information concerned is material.

4.11.1.1 General information about the Company and its business

Elior Group is a French joint stock corporation (*société anonyme*) registered and domiciled in France. The Company's registered office is located at 9-11 allée de l'Arche, 92032 Paris La Défense, France.

At September 30, 2017, Elior Group was 27.31% owned by Bagatelle Investissement et Management – "BIM" (which is wholly-owned by Robert Zolade), 9.89% by Corporacion Empresarial Emesa, S.L, 6.54% by Caisse de Dépôt et Placement du Québec, and 56.26% by private and public investors following Elior Group's admission to trading on Euronext Paris on June 11, 2014.

Elior Group (the "Company") is the parent company of the Elior group comprising Elior Group and its subsidiaries ("the Group").

4.11.1.2 Significant events of the year

4.11.1.2.1 Dividend payment by Elior Group on April 12, 2017

The dividend for the year ended September 30, 2016 – which corresponded to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 10, 2017 Annual General Meeting – was paid on April 12, 2017.

4.11.2 ACCOUNTING PRINCIPLES AND METHODS

4.11.2.1 Accounting principles

Elior Group's financial statements for the year ended September 30, 2017 have been prepared in accordance with French generally accepted accounting principles, including the principles of prudence and segregation of accounting periods. They are presented on a going concern basis and accounting methods have been applied consistently from one year to the next.

All amounts referred to in the notes to the financial statements are in thousands of euros, unless otherwise specified.

4.11.2.2 Accounting methods

The main accounting methods applied by the Company are described below.

4.11.2.2.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at acquisition cost, which corresponds to their purchase price plus incidental expenses and excluding transaction costs.

Depreciation and amortization are calculated by the straight-line method over the following estimated useful lives:

- Software: 1 to 6 years
- Fixtures and fittings 5 to 10 years
- Plant and equipment 5 to 7 years
- IT equipment 3 to 4 years

4.11.2.2.2 Shares in subsidiaries and affiliates and other long-term securities

The gross value of these assets corresponds to cost excluding incidental expenses. If their fair value is lower than this gross value a provision for impairment is recognized.

Fair value corresponds to value in use for the Company, which is determined based on Elior Group's equity in the underlying net assets of the companies concerned, adjusted to take account of their growth and earnings prospects.

Estimating value in use requires management to make judgments about what elements to take into account for each company concerned. These elements can vary depending on the company, and in some cases can be historical elements (such as equity, or the average share price for the most recent month), and in other cases can be forward-looking elements such as profitability outlook or the economic situation in the company's country of operations.

The economic and competitive environment that certain subsidiaries may face, as well as the geographic location of some subsidiaries, can have an adverse effect on their business activities which may in turn negatively impact their results of operations.

4.11.2.2.3 Receivables

Receivables are stated at nominal value. A provision for impairment is recognized if their fair value is lower than this gross value.

4.11.2.2.4 Foreign currency transactions

Income and expenses denominated in foreign currencies are translated into euros using the exchange rate prevailing at the transaction date. Foreign currency payables, receivables and cash balances are translated using the year-end exchange rate and any resulting translation differences are recognized in the balance sheet under “Unrealized foreign exchange losses" or “Unrealized foreign exchange gains”. A provision is recorded for the unhedged portion of any unrealized foreign exchange losses at the year end.

4.11.2.3 Tax consolidation

Since February 1, 2006, pursuant to Articles 223.A, 235ter and 223 L6 of the French Tax Code (*Code Général des Impôts*), Elior Group has filed a consolidated tax return for its French subsidiaries in which it has an ownership interest of over 95%.

The income tax charge for each member of the consolidated group is calculated on that member’s own earnings as if it were taxed on a stand-alone basis. The parent company benefits from any tax savings arising on tax consolidation as the tax group can use any tax losses generated by members of the group to offset taxable profit. However, this is only a temporary benefit because if the companies concerned return to profit the tax savings generated by the use of their tax losses are repaid to them as if they were taxed on a stand-alone basis.

The income tax for fiscal 2016-2017 recorded in the income statement was calculated at the standard rate of 33.33% and can be analyzed as follows including the impact of tax consolidation:

(in € thousands)	
Income tax for the head of the tax consolidation group	2,613
Tax payable by profitable members of the tax group	(42,726)
Corporate sponsorship tax credit	(30)
Other	1,927
Income tax including impact of tax consolidation	**(38,216)**

4.11.2.4 Consolidating company

At September 30, 2017 Elior Group was the parent company responsible for preparing the consolidated financial statements of the Elior group.

4.11.2.5 Retirement benefit obligations

The following obligations are presented in "Off-balance sheet commitments": (i) obligations for the payment of statutory and contractual retirement indemnities related to active employees, and (ii) obligations relating to supplementary pension plans, measured using the projected unit credit method based on end-of-career salaries, net of the value of any plan assets.

4.11.3 NOTES TO THE INCOME STATEMENT

4.11.3.1 Revenue

	France	Other countries	Year ended Sept. 30, 2017	Year ended Sept. 30, 2016
Management of the Group and services provided to the Group	8,224	6,106	14,330	13,047
Rebillings of personnel costs	2,291		2,291	4,540
Rebillings of insurance costs	3,216	346	3,562	3,404
Other rebillings	533	58	591	1,943
TOTAL	**14,264**	**6,510**	**20,774**	**22,934**

4.11.3.2 Net financial income/(expense)

	At Sept. 30, 2017	At Sept. 30, 2016
Dividends received from subsidiaries	98,921	58
Interest income	61,375	438
Interest expense	(17,587)	(20,374)
TOTAL	**142,709**	**(19,878)**

4.11.3.3 Net non-recurring expense

	Year ended Sept. 30, 2017	Year ended Sept. 30, 2016
Proceeds from sale of non-current financial assets	750	
Retirement of fixed assets		(31)
Expenses related to debt refinancing		(11,970)
Provisions and exceptional impairment	(6,210)	
Other	(8)	(2)
TOTAL	**(5,468)**	**(12,003)**

4.11.3.4 Income tax analysis

	Pre-tax profit for year ended Sept. 30, 2017	Income tax due	Post-tax profit for year ended Sept. 30, 2017	Post-tax loss for year ended Sept. 30, 2016
Profit/(loss) from ordinary activities	134,776	7,894	126,882	(30,241)
Net non-recurring expense	(5,468)		(5,468)	(12,003)
Impact of tax consolidation		(46,080)	46,080	39,898
Corporate sponsorship tax credit		(30)	30	30
TOTAL	**129,308**	**(38,216)**	**167,524**	**(2,316)**

4.11.4 NOTES TO THE BALANCE SHEET

4.11.4.1 Property, plant and equipment and intangible assets

	Gross at Sept. 30, 2016	Increase	Decrease	Gross at Sept. 30, 2017
Intangible assets	3,398	4,371		7,769
Property, plant and equipment	2,813		2,808	5
TOTAL	**6,211**	**4,371**	**2,808**	**7,774**

Intangible assets mainly correspond to goodwill related to the Company’s activities of managing the Group and providing Group services. In view of the nature of the contracts involved, these assets are not amortized. Intangible assets also include development costs incurred by the Group for innovation projects launched since 2016 in connection with the Tsubaki project and which were partially written down at September 30, 2016. Property, plant and equipment sold corresponds to premises previously occupied by the Group's Purchasing Department until this department moved to the new offices at La Défense.

4.11.4.2 Depreciation and amortization

	Cumulative amount at Sept. 30, 2016	Additions	Reversals	Cumulative amount at Sept. 30, 2017
Intangible assets	62	2,819		2,881
Property, plant and equipment	1,016	46	1,057	5
TOTAL	**1,078**	**2,865**	**1,057**	**2,886**

4.11.4.3 Long-term investments

	Gross at Sept. 30, 2016	Increase	Decrease	Gross at Sept. 30, 2017
Investments in subsidiaries and affiliates	1,741,183			1,741,183
Other long-term investment securities	3			3
Loans		59		59
Deposits	14		12	2
TOTAL	**1,741,200**	**59**	**12**	**1,741,247**

At September 30, 2017, the Company owned 139,312,620 shares in Elior Participations, representing a total gross value of €1,740,720,983.30, and 500 shares in Bercy Participations, representing a total value of €461,907.33.

4.11.4.4 Maturity schedule of receivables and long-term investments

	At Sept. 30, 2017	Due within one year	Due beyond 1 year
Other long-term investments	2	2	
Trade receivables	962	962	
Other receivables	3,872	3,872	
Tax receivables arising on tax consolidation	3,212	3,212	
Current accounts with subsidiaries	1,190,052	1,190,052	
Prepaid expenses	345	345	
TOTAL	**1,198,445**	**1,198,445**	

4.11.4.5 Accrued income

	At Sept. 30, 2017
Revenue accruals	684
TOTAL	**684**

4.11.4.6 Prepaid expenses

	At Sept. 30, 2017
Operating expenses	341
Financial expenses	4
TOTAL	**345**

4.11.4.7 Equity

	At Sept. 30, 2016	Appropriation of FY 2015-2016 profit	Dividend payment	Capital increase	FY 2016-2017 profit	At Sept. 30, 2017
Share capital	1,726			1		1,727
Share premium account	1,664,997			612		1,665,609
Other reserves	172					172
Retained earnings	330,873	(2,316)	(72,498)			256,059
Profit/(loss) for the period	(2,316)	2,316			167,524	167,524
TOTAL	**1,995,452**		**(72,498)**	**613**	**167,524**	**2,091,091**

4.11.4.8 Share capital

	At Sept. 30, 2016	Increase	Decrease	At Sept. 30, 2017
Number of shares	172,634,475	107,310		172,741,785
Amount (in €)	1,726,345	1,073		1,727,418

At September 30, 2017, the share capital of Elior Group amounted to €1,727,417.85, divided into 172,741,785 shares with a par value of €0.01 each.

The increase in the Company’s share capital during the year was due to the issue of 107,310 Elior Group shares on the exercise of stock options (see Note 4.11.5.2 below, "Financial Commitments").

4.11.4.9 Provisions

	At Sept. 30, 2016	Additions	Reversals	At Sept. 30, 2017
Other provisions for contingencies and charges	530	3,760		4,290
Provisions for taxes	493	450		943
Provisions for foreign exchange losses	2,329	4,026		6,355
TOTAL	**3,352**	**8,236**	-	**11,588**
O/w recorded under:				
- Financial income and expenses		4,026		
- Non-recurring income and expenses		4,210		

4.11.4.10 Maturity schedule of liabilities

	At Sept. 30, 2017	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bond debt (USD private placement)	84,660		84,660	
Bank borrowings	553,088	1,088	168,000	384,000
Other borrowings				
Trade payables	4,281	4,281		
Other liabilities	15,010	15,010		
Tax payables arising on tax consolidation	186,438	186,438		
Deferred income	208	208		
TOTAL	**843,685**	**207,025**	**252,660**	**384,000**

Elior Group's debt at September 30, 2017 included:

- 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 September 30, 2016 – 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 €318.0 million at September 30, 2017, of which €168 million is 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 2.50% for the portion repayable in 2024.
- A senior bank loan totaling €234.0 million at September 30, 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%.

4.11.4.11 Maturities of trade payables and receivables (disclosed in accordance with Article D.441-4 of the French Commercial Code)

Supplier invoices received that were not yet settled at the year-end	Due within 0 days	Due within 1 to 30 days	Due within 31 to 60 days	Due within 61 to 90 days	Due in 91 days and beyond	Total (1 day and beyond)
Number of invoices concerned	4	-	-	-	-	90
Total number of invoices concerned (incl. VAT)	3	471	47	38	42	599
Percentage of total amount of purchases for the year (incl. VAT)	-	1.9%	0.2%	0.2%	0.2%	2.4%
Invoices corresponding to disputed or unrecognized debt (excluded from the late payment schedule)						
Number of invoices						
Amount (incl. VAT)						

Reference payment dates used to calculate late payments	Contractual payment dates

Trade receivables comprise invoices of intra-group services whose payments are based on contractual payment dates.

4.11.4.12 Accrued expenses

	At Sept. 30, 2017
Borrowings and accrued interest	1,085
Trade payables	2,863
Taxes and payroll costs	6,701
Credit notes due to clients	263
TOTAL	**10,912**

4.11.5 ADDITIONAL INFORMATION

4.11.5.1 Related party transactions and balances

	At Sept. 30, 2017
ASSETS	
Long-term investments: investments in subsidiaries and affiliates	1,741,183
Trade receivables	685
Intra-group current accounts	1,190,052
Tax receivables	3,212
Total	2,935,132
LIABILITIES	
Trade payables	56
Tax payables	186,438
Other liabilities	263
Total	186,757
INCOME STATEMENT	
Financial expenses	
Financial income	160,201

Related parties correspond to companies that are fully consolidated by Elior Group. Related-party transactions during the period were conducted on arm's length terms and did not represent a material amount.

4.11.5.2 Financial commitments

4.11.5.2.1 Retirement benefit obligations

The Company’s retirement benefit obligation is measured using the projected unit credit method, in accordance with Recommendation 1.23 issued by the French Order of Chartered Accountants, and Recommendation 2003-R. 01 and Opinion 2004-05 of March 25, 2004 issued by the French Accounting Standards Authority.

This method values the Company’s obligation based on projected end-of-career salaries and rights vested at the valuation date, as defined under applicable collective bargaining agreements, company-level agreements and/or legal provisions in effect at the fiscal year-end.

At September 30, 2017, the obligation was calculated using a net discount rate of 1.5% and based on a retirement age of between 62 and 64 and voluntary retirement. At that date it totaled €714,352, the full amount of which related to indemnities payable to employees on retirement.

4.11.5.2.2 Stock options granted to employees of Elior Group and its subsidiaries

(i) Elior Group stock options and performance share plans set up during the year ended September 30, 2017

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable free shares
March 11, 2016	Stock options	March 11, 2020	March 11, 2024	16.3	107,767
March 11, 2016	Performance shares			N/A	53,884
Total					**161,651**

(ii) Elior Group stock options and performance share plans set up during the year ended September 30, 2017

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/vestable free shares
Oct. 27, 2016	Stock options	Oct. 27, 2020	Oct. 28, 2024	18.29	733,271
Oct. 27, 2016	Performance shares			N/A	226,025
Total					**959,296**

The stock options and free shares granted during fiscal 2016-2017 were mainly to members of the Management Committee and Leaders Committee in companies other than Elior North America. The options and shares will only be exercisable/vest if the beneficiary still forms part of the Group on the exercise/vesting date and if certain pre-defined performance conditions are met (based on organic revenue growth and increases in operating margin and earnings per share). The achievement of these performance conditions is assessed at the end of the second fiscal year following the grant date, i.e. at September 30, 2017 for the March 2016 plans and September 30, 2018 for the October 2017 plans.

The stock options granted in fiscal 2016-2017 have a four-year life and are exercisable for shares at a 10% discount to their market value.

4.11.5.2.3 Pledges and other Guarantees

Elior Group continues to act as guarantor for the commitments given by Elior Participations under the SFA.

4.11.5.3 Average headcount

Number of employees	At Sept. 30, 2017	At Sept. 30, 2016
Managerial employees	16	21
TOTAL	**16**	**21**

4.11.5.4 Subsidiaries and affiliates

(in € thousands)	Share capital	Total equity, excluding share capital	% owner-ship	Gross value of shares held	Net value of shares held	Out-standing loans and advances	Guarantees given	Net revenue for the last fiscal year	Profit for the period	Dividends received
Affiliates										
Bercy Participations[1]	37	175	100%	462	462				171	10
Elior Participations[1]	5,310	330,882	100%	1,740,721	1,740,721	1,190,052		25,127	9,606	98,912

(1) Fiscal year from October 1, 2016 to September 30, 2017.

4.11.5.5 Deferred taxes

Analysis	Base	Tax effect Deferred tax benefit
Currency translation differences	374	125
Provisions	11,588	3,863
Deferred tax assets	11,962	3,988
Tax loss carryforwards before tax consolidation		
Tax loss carryforwards after tax consolidation	535,334	178,445

4.11.5.6 Directors' fees

Directors' fees paid in fiscal 2016-2017 totaled €599,750.

4.11.5.7 Events After the Reporting Date

Philippe Salle, the Group's Chairman and Chief Executive Officer, left his post on October 30, 2017. Following the 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.

4.11.5.8 Five-Year Financial Summary (information disclosed in accordance with Articles 133, 135 and 148 of the French decree applicable to commercial companies)

(in euros)	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017
Capital at year-end					
Share capital	1,088,204	1,643,706	1,723,252	1,726,345	1,727,418
Number of ordinary shares outstanding	108,820,358	164,370,556	172,325,244	172,634,475	172,741,785
Number of preferred non-voting shares	0	0	0	0	0
Maximum number of shares to be created on exercise of stock options	0	0	0	0	0
Maximum number of shares to be created on conversion of bonds	0	0	0	0	0
Results of operations					
Net revenue	21,396,332	21,309,934	22,370,878	22,933,610	20,773,973
Profit/(loss) before tax, employee profit-sharing, depreciation, amortization and provisions	(25,851,045)	(68,356,619)	24,260,349	(41,659,242)	140,410,025
Income tax	(50,666,041)	(32,528,040)	(102,592,298)	(39,927,640)	(38,215,770)
Employee profit-sharing	0	0	0	0	0
Profit/(loss) after tax, employee-profit sharing, depreciation, amortization and provisions	3,882,411	(34,543,373)	124,317,351	(2,315,980)	167,524,310
General Partners' profit share	3,882				
Total dividend payout		32,874,111	55,144,078	72,506,480	72,551,550
Per share data					
Profit/(loss) per share after tax and employee profit-sharing, before depreciation, amortization and provisions	0.23	(0.22)	0.74	(0.01)	1.03

Earnings/(loss) per share	0.04	(0.21)	0.72	(0.01)	0.97
Dividend per share	0.00	0.20	0.32	0.42	0.42
Employee data					
Average number of employees	25	25	25	21	16
Total payroll	8,277,897	19,173,774	16,824,031	12,654,126	10,545,447
Benefits	3,518,448	7,107,350	3,903,951	5,983,841	3,298,454

4.12 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS - AFR

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

Opinion

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Elior Group SA for the year ended 30 September 2017.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 30 September 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.
The opinion expressed above is consistent with our report to the Audit Committee.

Basis of the audit opinion

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the financial statements".

Independence

We conducted our audit in compliance with the applicable independence rules for the period from 1 October 2016 to the date of issue of our report, and in particular we did not provide any services that are prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

Justification of our assessments – Key audit matters

In accordance with the provisions of articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgement, were most significant in the audit of the financial statements, as well as how our audit addressed such risks.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on individual account captions or on information taken from outside of the financial statements.

Valuation of equity investments

Description of risk

Equity investments came to €1,741 million at 30 September 2017 and represented one of the largest assets on the balance sheet. They are carried at cost and may be impaired based on their value in use.

As indicated in Note 1.1.2.2.2 to the financial statements, fair value is estimated by management based on the share of equity held at the closing date, adjusted for the outlook, profitability and earnings forecasts of the subsidiaries concerned.

In order to estimate the value in use of equity investments, management is required to exercise judgement to decide which data to use for each investee. These data either correspond to historical data (for some entities, equity; for other entities, the average quoted price for the last month of the period) or forecast data (future profitability or the economic environment in the countries in which the investees operate).

The geographic location of certain subsidiaries and the competitive and economic environment in which they operate could lead to a drop in their business activity and therefore a fall in their operating income.

Accordingly, we deemed the valuation of equity investments and related receivables and provisions for contingencies to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving projections.

How our audit addressed this risk

In order to assess the reasonableness of the estimated values in use of equity investments, based on the information provided to us, our audit work consisted

mainly in verifying that the estimated values in use determined by management were based on an appropriate measurement method and underlying data and, depending on the investee concerned:

For valuations based on historical data:

- verifying that the equity values used were consistent with the financial statements of the entities that have been the subject of an audit or analytical procedures and that any adjustments to equity were based on documentary evidence;

For valuations based on forecast data:

- obtaining the cash flow projections for the operating activities of the entities concerned, drawn up by their operational management teams;
- assessing the consistency of the assumptions used with the economic environment at the balance sheet date and at the date on which the financial statements were prepared;
- comparing the projections used for previous periods with actual performances in order to measure the achievement of past objectives;
- assessing whether the cash flow projections were adjusted to take account of the amount of debt held by the entity concerned.

In addition to assessing the values in use of the investees, our work also consisted in:

- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of a subsidiary with negative equity.

Verification of the management report and of the other documents addressed to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the other documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.
In accordance with French law, we have verified that the required information concerning the purchase of controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

PricewaterhouseCoopers Audit was appointed Statutory Auditor of Holding Bercy Investissement SCA (renamed Elior Group SA) by the General Meeting of 26 October 2006. Salustro Reydel (then KPMG Audit IS) was appointed Statutory Auditor of Management Restauration Collective SAS (renamed Holding Bercy Investissement SCA then Elior Group SA) by the General Meeting of 28 January 2002.

At 30 September 2017, PricewaterhouseCoopers Audit was in the eleventh consecutive year of its engagement and KPMG Audit IS was in the sixteenth consecutive year of its engagement, thus respectively six and four years since the Company shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, as well as for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any internal audit procedures relating to the preparation and processing of financial and accounting information.

These financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
In accordance with the provisions of article L.823-10-1 of the French Commercial Code, our audit of the financial statements does not constitute a guarantee of the longer-term viability or quality of the company's management.
A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the financial statements is set out in the appendix to this report, and is an integral part hereof.

Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatements that we deem to have been most significant for the audit of the financial statements and which constitute key audit matters that we describe in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, 26 January 2018

KPMG Audit IS	**PricewaterhouseCoopers**	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

4.13 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments 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.

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas SA, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved. Where applicable it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE ANNUAL GENERAL MEETING FOR APPROVAL

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorised by the Board of Directors.

1. FINANCING

- ***Ninth amendment to the Senior Facilities Agreement (SFA)***

Agreement authorised by the Board of Directors on: 9 March 2017

Contracting entities: Elior Participations (of which Bercy Participations, chaired by Elior Group represented by Philippe Salle at the time of signature of the ninth amendment to the SFA, is manager [gérant]) and Bercy Participations (of which Elior Group, represented by Philippe Salle, is Chairman).

Persons concerned: Philippe Salle (Director and Chairman and Chief Executive Officer of Elior Group, which is Chairman of Bercy Participations, which is manager [gérant] of Elior Participations).

Nature and purpose: during financial year 2016-2017, with a view to optimising its financing, Elior Group authorised a new amendment to the SFA established on 23 June 2006 that:

- extends the maturity of the facilities agreed to under the SFA;
- amends the definition of Permitted Financial Indebtedness;
- aligns the terms of maturity applicable to Facility I and the Uncommitted Acquisition Facility;
- allows for other changes to the SFA made necessary by the extended maturities.

Reason provided by the Company: "This transaction will allow the Group to optimise its financing structure."

2. REMUNERATION

- ***Amendment to the performance conditions applicable to Philippe Salle's termination benefits***

Agreement authorised by the Board of Directors on: 26 July 2017

Contracting entities: N/A

Person concerned: Philippe Salle (Chairman and Chief Executive Officer of Elior Group until 31 October 2017).

Nature and purpose: On the recommendation of the Nominations and Compensation Committee, on 26 July 2017 the Board of Directors approved changes to the conditions for granting Philippe Salle's termination benefits (as approved on 29 April 2015 and modified on 19 January 2017), and stipulated in the paragraph

entitled "Agreements and commitments approved in the previous financial year". It was decided that:

- Termination benefits are payable should Philippe Salle be removed from the office of Chairman and Chief Executive Officer of the Company, or should he be forced to terminate his duties, namely were the Board of Directors to decide to separate the roles of Chairman and Chief Executive Officer.
- Termination benefits are set at 12 months' remuneration, based on the average basic monthly gross fixed and variable remuneration, excluding any long-term variable remuneration (hereinafter referred to as "LTVR"), paid during the 12 months preceding the date of his departure from office, namely the total gross fixed remuneration received by Philippe Salle for the 12 months preceding 31 October 2017 and his variable remuneration for 2016/2017.

Termination benefits shall now depend on the average percentages represented by each of the annual variable remunerations received by the Chairman and Chief Executive Officer for the prior two years, rather than three years as was previously the case.
Nevertheless, it is hereby stated that Philippe Salle has waived the right to any termination benefits.

Agreements and commitments authorised after the year end

We were informed of the following agreements and commitments, which were authorized since the year end and given prior approval by the Board of Directors.

- ***Termination benefits for Philippe Guillemot, Chief Executive Officer of Elior Group as of 5 October 20***

Agreement authorised by the Board of Directors on: 5 December 2017

Contracting entities: N/A

Person concerned: Philippe Guillemot (Chief Executive Officer of Elior Group as of 5 December 2017).

Nature and purpose: on the recommendation of the Nominations and Compensation Committee, the Board of Directors approved the commitment undertaken by Elior Group to pay termination benefits to the Chief Executive Officer in the event of the termination of his duties. Termination benefits are set at 12 months' remuneration based on the average basic monthly gross fixed and variable remuneration, excluding any LTVR, paid during the 12 months preceding the date of his removal from office by the Board of Directors.
The termination benefits will only be payable, in part or in full, if the average percentage (A) of the Chief Executive Officer's annual variable remuneration for the last three years is greater than or equal to 80% of his basic gross monthly fixed and variable remuneration. If this requirement is met, the amount of the termination benefit due to Philippe Guillemot is set at:

- 20% of the total amount if A is equal to 80%;
- 100% of the total amount if A is greater than or equal to 100%;
- between 20% and 100% of the total amount if A is between 80% and 100%, calculated by linear interpolation using the following formula: 20 + [(100-20) x X], or:
  X = (A-80)/(100-80).

Termination benefits are not payable in the event of dismissal for serious or gross misconduct, nor in the event of the Chief Executive Officer's resignation or termination during the first two years of his time in office.

Reason provided by the Company: "The Nominations and Compensation Committee sought to verify that the remuneration of the Chief Executive Officer, including its features and amounts, is in compliance with the principles described herein and takes into account the interests of the Company, market practices and the performance levels expected. In particular, the Committee assessed the appropriateness of the proposed remuneration methods with respect to the Company's operations, its competitive environment and French and international market practices."

- ***Non-competition agreement signed by Philippe Guillemot, Chief Executive Officer as of 5 December 2017***

Agreement authorised by the Board of Directors on: 5 December 2017

Contracting entities: N/A

Person concerned: Philippe Guillemot (Chief Executive Officer of Elior Group as of 5 December 2017).

Nature, purpose and terms and conditions: on the recommendation of the Nominations and Compensation Committee, the Board of Directors recommended a non competition agreement. Under the terms and conditions of the agreement, signed by the Company and Philippe Guillemot, for a period of two years following the termination of his term as Chief Executive Officer, Philippe Guillemot is prohibited from:

- working as an employee, corporate officer, consultant, shareholder or other for companies in the commercial and/or contract catering industries where he would perform duties similar to or competing with those performed as Chief Executive Officer of the Company;
- directly or indirectly approaching employees or corporate officers of the Group;
- directly or indirectly holding financial or any other interests in any of the aforementioned companies.

As consideration for the non-competition obligation, the Chief Executive Officer will receive a monthly payment equal to 50% of his basic gross fixed and variable monthly remuneration (excluding LTVR) from the date of his termination and for the duration of the non-

competition obligation. The amount due is calculated based on the average monthly basic gross fixed and variable remuneration (excluding LTVR) paid during the 12 months preceding his termination date.
In the event that the Chief Executive Officer resigns from his position, the Company may decide to waive his non-competition obligation. In this case, the Company will be released from its obligation to pay the aforementioned non-competition compensation.

Reason provided by the Company: "On the recommendation of the Nominations and Compensation Committee, in the event of termination of the duties of the Chief Executive Officer for any reason, he will be bound by a non-competition obligation with the Company and with Elior Group for a period of two years from the date on which his functions are terminated, mainly on account of the strategic information to which he has had access in his position as Chief Executive Officer."

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended 30 September 2017.

REMUNERATION

- ***Remuneration of Philippe Salle, Chairman and Chief Executive Officer of the Company***

Contracting entities: N/A

Person concerned: Philippe Salle (Chairman and Chief Executive Officer).

Fixed remuneration authorised by the Board of Directors on 10 December 2015

Philippe Salle's gross annual fixed remuneration for fiscal 2016-2017 is set at €900,000. This fixed remuneration is paid on a monthly basis.

Amount recorded during the year:
The Company recorded an expense of €900,000 with respect to Philippe Salle's fixed remuneration for the year ended 30 September 2017.

Basic variable remuneration authorised by the Board of Directors on 2 November 2015

In addition to his fixed remuneration, Philippe Salle is entitled to an annual variable remuneration. The amount of this annual variable remuneration is set at 100% of his gross annual fixed remuneration (the "target amount") and is subject to the fulfilment of quantitative annual objectives, based on revenue, EBITDA and operating cash flow, as well as qualitative objectives.
When determining the conditions for the annual bonus, the Nominations and Compensation Committee decided that these quantitative criteria were the most appropriate for measuring the performance levels achieved, given the nature of the Group's businesses.
Each year, on the recommendation of the Nominations and Compensation Committee, the Board of Directors sets the quantitative and qualitative objectives and determines to what extent these objectives contribute to the annual variable remuneration. In addition, the annual bonus may be increased to 130% of the target amount, i.e., a gross amount of €1,170,000, if the objectives are exceeded.

Amount recorded during the year:

On 5 December 2017, the Board of Directors approved an amount of €90,360, or 10.07% of his annual fixed remuneration, for Philippe Salle's variable remuneration for the financial year ended 30 September 2017. The Company recorded an amount of €540,000 for the period.

Long-term variable remuneration ("LTVR") authorised by the Board of Directors on 29 April 2015

The amount of Philippe Salle's LTVR is dependent on the growth of the Company's earnings per share less exceptional items (hereinafter "earnings per share") over the five fiscal years from 1 October 2014. The amount relating to exceptional items to be taken into account in the calculation of earnings per share is decided at the end of each fiscal year by the Audit Committee.

The payment of the LTVR is dependent on Philippe Salle continuing to serve as Chairman and Chief Executive Officer of the Company over a given period following the date on which he is granted rights to the LTVR concerned.

The amount of the LTVR for a given year is calculated based on earnings per share for that same year and includes a threshold and ceiling mechanism whereby gross LTVR could vary between €1.25 million and €2.5 million per year. However, if the threshold is not reached, Philippe Salle will not be paid the LTVR for that year.

Philippe Salle will acquire rights to the LTVR for year Y at the end of the second year following year Y and the LTVR will be paid at the end of the fourth year following year Y if he is still Chairman and Chief Executive Officer of Elior Group at that date. For example, he will acquire rights to the LTVR for 2018 on 30 September 2020 and will be paid the corresponding amount on 30 September 2022 if he is still Chairman and Chief Executive Officer of Elior Group at that date.
Exceptionally, the LTVR acquired for 2015, 2016 and 2017 will be paid at the end of the second year following the year concerned, within the limit of €1.25 million. Any additional remuneration due will be paid according to the method described above, i.e., at the end of the fourth year following the year concerned if Philippe

Salle is still Chairman and Chief Executive officer of Elior Group at that date.

In addition, if Philippe Salle's term of office as Chairman and Chief Executive Officer is terminated between the LTVR acquisition date and the payment date as a result of death, long-term illness or dismissal for any reason other than serious or gross misconduct committed during the performance of his duties within the Group, the LTVR acquired will be exceptionally paid on the date of termination.
The earnings per share growth rate set by the Board of Directors for the period concerned (five years from 1 October 2014) should lead to earnings per share nearly doubling by the end of 2019.

Amount recorded during the year:

On 31 October 2017, the Board of Directors approved an amount of €2.5 million with respect to Philippe Salle's long-term variable remuneration for the year 2014/2015 ended 30 September 2015. An amount of €1.875 million was recorded for the year ended 30 September 2017. The Company recorded an amount of €625,000 in its financial statements for the year corresponding to the portion allocated for services rendered as of 30 September 2016.

Termination benefit authorised by the Board of Directors on 29 April 2015

On the recommendation of the Nominations and Compensation Committee, the Board of Directors recommended that Philippe Salle receive termination benefits in the event that he is removed from his position as Chairman and Chief Executive Officer of the Company, in accordance with the provisions of article L.225-42-1 of the French Commercial Code. Termination benefits are set at 12 months' remuneration based on the average basic monthly fixed and variable remuneration, excluding any LTVR, paid during the 12 months preceding the date of his removal from office by the Board of Directors. The payment of the termination benefits is subject to the fulfilment of one of the following two performance conditions at the termination date:

- the Group's adjusted net income and operating cash flow are greater than or equal to two thirds of the budgeted amounts for two consecutive years;
- Elior Group's share performance over two consecutive years is greater than or equal to two-thirds of the average share performance of the three largest stock market capitalisations for companies listed in the European Union and operating within the same industry as the Group over the same period.

Termination benefits are not payable in the event of dismissal for serious or gross misconduct, characterised by, but not limited to, the following:

- inappropriate behaviour for a corporate executive, e.g., criticising the company and/or its executive bodies to a third party;
- repeated failure to take into account the Board of Directors' decisions and/or taking actions contrary to said decisions;
- frequent communication errors that seriously damage the Company's image and/or values, e.g., impacting the Company's share price.

Termination benefits are not payable should Philippe Salle resign from his duties as Chairman and Chief Executive Officer of the Company.
The termination benefit performance conditions were amended by the Board of Directors at its meeting on 19 January 2017. They are presented under "Agreements and commitments authorised after the year".

Company car authorised by the Board of Directors on 29 April 2015
Philippe Salle has access to a company car for his personal use. The car will be declared as a benefit in kind within the meaning of French tax and labour regulations.

Social security benefits and insurance policies authorised by the Board of Directors on 29 April 2015
Philippe Salle benefits from the social security and pension plans and the professional liability insurance cover available to corporate officers within Elior Group.

Reason provided by the Company: "The Nominations and Compensation Committee sought to verify that the remuneration structure, its features and amounts took into account the interests of the Company, market practices and the performance levels expected. In particular, the Committee assessed the appropriateness of the proposed remuneration with respect to the Company's operations, its competitive environment and French and international market practices. The Committee also ensured that the remuneration included a long-term variable portion to ensure the stability of the Group's executive management. This is critical for the effective implementation of the Group's strategy and for the achievement of the Group's development and growth objectives."

- ***Non-competition agreement with Philippe Salle in the event of the termination of his duties as Chairman and Chief Executive Officer***

Agreement authorised by the Board of Directors on: 29 April 2015

Contracting entities: N/A
Person concerned: Philippe Salle (Chairman and Chief Executive Officer until 31 October 2017).

Nature, purpose and conditions: On the recommendation of the Nominations and Compensation Committee, the Board of Directors recommended a non competition agreement.
Under the terms and conditions of the agreement, for a period of two years following the end of his term as Chairman and Chief Executive Officer of the Company, Philippe Salle is prohibited from:

- working as an employee, corporate officer, consultant, shareholder or other for companies in the commercial and/or contract catering industries where he would perform duties similar to or competing with those performed as Chairman and Chief Executive Officer of Elior Group. This obligation is, however, limited to certain companies;
- directly or indirectly approaching employees or corporate officers of the Group;
- directly or indirectly holding financial or any other interests in any of the aforementioned companies.

As consideration for the non-competition obligation, Philippe Salle will receive a monthly payment equal to 50% of his basic gross fixed and variable monthly remuneration (excluding LTVR) from the date of his termination and for the duration of the non-competition obligation. The amount due is calculated based on the average monthly basic gross fixed and variable remuneration (excluding LTVR) paid during the 12 months preceding his termination date.

Reason provided by the Company: "On 26 July 2017, the Board of Directors decided not to waive the non-competition obligation, for the self-evident and legitimate reason of protecting the Group's interests."

Amount recorded during the year:
On 5 December 2017, the Board of Directors having approved an amount of €90,360 for Philippe Salle's variable remuneration for the financial year ended 30 September 2017, the amount of the non competition consideration was €990,630. The Company recorded an amount of €1,440,000 for the period.

- ***Gilles Petit's employment contract***

Agreement authorised by the Board of Directors (or the Supervisory Board before 11 June 2014) on: 11 June 2014

Contracting entities: N/A

Person concerned: Gilles Petit (Chief Executive Officer until 10 March 2015).

Nature and purpose: on 11 June 2014, Elior Group and Gilles Petit, the Chief Executive Officer, signed an addendum to his employment contract, entered into on 1 October 2010, which suspends the employment contract for his term of office as Chief Executive Officer. On 24 February 2014, the Company and Gilles Petit also signed an addendum to his employment contract providing for a non competition agreement.

Terms and conditions: the non-competition agreement prohibits Gilles Petit from holding a similar or competing position in any company in the commercial and/or contract catering industries for two years following the termination of his employment contract. This non-competition agreement is limited to the main groups in contract catering and related industries in the European Union and to major contract catering companies in France, Spain, Italy, the United Kingdom, Portugal and Germany. During the same two-year period, Gilles Petit is also prohibited from directly or indirectly holding financial or any other interests in one of the aforementioned companies. As consideration, Gilles Petit will receive a monthly payment equal to 50% of his gross monthly fixed remuneration for the two years following the termination of his employment contract.

Amount recorded during the year: on 10 March 2015, the Board of Directors decided to terminate Gilles Petit's term of office as Chief Executive Officer and authorised a non-competition compensation payment in his favour.

The Company paid non-competition compensation in an amount of €380,882 to Gilles Petit for the year ended 30 September 2016. A provision for the full amount of this compensation had been booked during the year ended 30 September 2015. No amounts were recognised in respect of the 2016/2017 accounting period.

Agreements and commitments approved during the year
We were informed that the following agreements and commitments, already approved by the Annual General Meeting on 10 March 2017, following the Statutory Auditors' special report of 27 January 2017, were implemented during the year.

1. REMUNERATION
- ***Amendment to the performance conditions applicable to Philippe Salle's termination benefits***

Agreement authorised by the Board of Directors on: 19 January 2017

Contracting entities: N/A

Person concerned: Philippe Salle (Chairman and Chief Executive Officer until 31 October 2017).

Nature and purpose: on the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to appoint the firm Mercer to conduct a review of the Chairman and Chief Executive Officer's remuneration and particularly the structure of his termination benefits. In its review, Mercer concluded that the termination benefit clause could be amended and the grant conditions tightened to bring them into line with market practices. The clause could, for example, provide for a payment calculated on the basis of the average of the Chairman and Chief Executive Officer's annual bonuses – as a percentage of the maximum target bonus – for each of the last three years.

Terms and conditions: based on the aforementioned review, the Nominations and Compensation Committee, with the agreement of Philippe Salle, recommended that the Board replace the termination benefit performance conditions approved on 29 April 2015, and specify that the termination benefit will only be payable, in part or in full, if the average percentage (A) of the Chairman and Chief Executive Officer's annual bonuses for his last

three years is greater than or equal to 80% of his basic monthly gross fixed and variable remuneration. If this requirement is met, the amount of the termination benefit due to Philippe Salle will be set at:

- 20% of the total amount if A is equal to 80%;
- 100% of the total amount if A is greater than or equal to 100%;
- between 20% and 100% of the total amount if A is between 80% and 100%, calculated by linear interpolation using the following formula: 20 + [(100-20) x X],

where: X = (A-80)/(100-80).

Reason provided by the Company: "Tightening the grant conditions for the Chairman and Chief Executive Officer's termination benefits by amending the performance conditions used to calculate the amount of the termination benefit is necessary to bring it into line with market practices."

Amount recorded during the year: As Philippe Salle had waived the right to any termination benefits, no amounts were recognised on 30 September 2017.

2. FINANCING

- ***Eighth amendment of 29 January 2016 to the Senior Facilities Agreement (SFA)***

Agreement authorised by the Board of Directors on: 10 December 2015

Contracting entities: Elior Participations (of which Bercy Participations, chaired by Elior Group, represented by Philippe Salle at the time of signature of the eighth amendment to the SFA, is manager [gérant]) and Bercy Participations (of which Elior Group, represented by Philippe Salle, is Chairman).

Persons concerned: Philippe Salle (Director and Chairman and Chief Executive Officer of Elior Group, which is Chairman of Bercy Participations, which is manager [gérant] of Elior Participations).

Nature and purpose: as part of the restructuring of the Group's financing, on 29 January 2016, Elior Group authorised an eighth amendment to the SFA.

Terms and conditions: the main provisions of the eighth amendment to the SFA are as follows:

- extending the maturity of (i) Facility B of the Original Revolving Facility, (ii) the Facility I Commitment and (iii) the Uncommitted Acquisition Facility, so that they expire on the fifth anniversary of the date on which this addendum enters into force;
- amending the definition of Permitted Financial Indebtedness;
- renewing the Uncommitted Revolving Facility Commitment Period from the date on which this addendum enters into force and ensuring that the amounts of the Uncommitted Revolving Facility confirmed up to that date are excluded from the limits of €400 million and USD 400 million, respectively; and
- authorising the Company to implement a commercial paper issue in order to finance its working capital and short-term business requirements.

Reason provided by the Company: "This transaction will allow the Group to make savings on its finance costs, and will pay for itself within one year. In addition, the transaction should help to make certain covenants less restrictive."

The Statutory Auditors

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

KPMG Audit IS	**PricewaterhouseCoopers**	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

5

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5. INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

5.1 INFORMATION ABOUT ELIOR GROUP SA

This section sets out:

(i) The main provisions of the Company's Bylaws as adopted on March 13, 2014 by way of a collective decision of the shareholders and subsequently updated following the relocation of the Company's registered office and successive capital increases carried out on the exercise of stock options.

(ii) The provisions of the Rules of Procedure, updated in accordance with the decisions of the December 5, 2017 Board of Directors meeting.

The Bylaws were drawn up in accordance with the laws and regulations applicable to *sociétés anonymes* with a Board of Directors and governed by French law.

The Company's Bylaws and the Rules of Procedure are available on the Company's website (www.eliorgroup.com).

[The use of the masculine pronoun in the provisions below is for convenience only and all references to the masculine gender should be understood as including the feminine where appropriate]

5.1.1 CORPORATE PURPOSES (ARTICLE 2 OF THE BYLAWS)

The Company's purposes, in France and abroad, are to:

- Act as a holding company for financial investments in any existing or future company or entity, which may take any form.

- Provide contract catering and commercial catering services worldwide, as well as to carry out any activities that are similar to, associated with or complementary to catering services; to acquire, use, sell, or transfer to any company, any moveable or immovable property; to take part in any transactions or operations for the purpose of operating, managing and administering any business or entity; and to purchase or lease any real estate required for the Company to achieve its corporate purposes.

- Lead and coordinate the entities of the Group by actively participating in the implementation of their strategies and providing them with specific services, notably for administrative, legal, accounting, financial or real estate matters.

More generally, the Company is authorized to directly or indirectly conduct any and all transactions or operations of a legal, economic, financial, trading or non-trading nature that are directly or indirectly related to the corporate purposes set out above or to any similar, connected or complementary purposes that could contribute to the implementation or furtherance of said corporate purposes.

5.1.2 FISCAL YEAR (ARTICLE 22 OF THE BYLAWS)

The Company's fiscal year covers the 12-month period from October 1 to September 30 of each calendar year.

5.1.3 MANAGEMENT BODIES

5.1.3.1 Board of Directors (Articles 15 to 17 of the Bylaws)

The Board of Directors has adopted a set of rules of procedure ("Rules of Procedure") that define the terms and conditions of its operation.

Article 1.3 of the Rules of Procedure provides that the Board of Directors' prior express consent (based on a straight majority vote) is required for certain strategic decisions, and that such decisions cannot be taken by the Chief Executive Officer or Deputy Chief Executive Officer(s) without said consent.

The decisions concerned are detailed in Section 3, "Corporate Governance", of this Registration Document.

5.1.3.2 Membership Structure of the Board of Directors (Article 15 of the Bylaws and Article 2 of the Rules of Procedure)

The Company is administered by a Board of Directors comprising at least three and no more than eighteen members, except where otherwise permitted by law.

Directors are elected, re-elected or removed from office in accordance with the terms and conditions provided for in the applicable laws and regulations as well as in the Bylaws.

Directors are elected for four-year terms. However, shareholders in an Ordinary General Meeting may elect certain directors for a term of less than four years, or, if appropriate, reduce the term of one or more directors, in order to ensure that Board members are re-elected on a staggered basis.

Directors may be re-elected, and they may be removed from office at any time by way of a decision taken in an Ordinary General Meeting.

No more than one third of the Board's members may be aged over 80. If this threshold is exceeded and no director aged over 80 resigns voluntarily, the oldest director on the Board shall be deemed to have resigned. However, if the threshold is exceeded due to a decrease in the number of Board members, this automatic resignation provision shall not apply, if, within a period of three months, new directors are elected such that the proportion of directors over the age of 80 returns to less than one third of the Board's total members.

Directors may be individuals or legal entities. Legal entities elected to the Board are required to appoint a permanent representative who is subject to the same conditions, duties and liability as if he were a director in his own right (without prejudice to the joint and several liability of the legal entity he represents), and whose term of office will be of the same duration as that of the legal entity he represents.

If a legal entity removes its permanent representative from office, it must immediately notify the Company thereof in writing and provide the Company with the details of its new permanent representative. The same requirements apply in the event of death, resignation or prolonged incapacity of a permanent representative

All directors, other than directors representing employee shareholders, are subject to a minimum stock ownership requirement.

The Board of Directors comprises at least one independent member.

A director is deemed to be independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that may affect his or her judgment or create a conflict of interests between the director and the corporation, its group or the management of either.

Consequently, an independent director is a director who:

- Is not, and has not been in any of the past five years:
    - an employee or executive director of the Company;
    - an employee or director of a shareholder that holds (directly or indirectly) over 10% of the Company's capital or voting rights;
  - an employee or executive or non-executive director of an entity that the Company consolidates;
  - an employee, executive director or non-executive director of the parent of the Company or an entity consolidated by the Company's parent.
- Is not an executive director of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee or executive director of the Company (currently in office or having held such office in the past five years) is a director.
- Is not, and does not have any direct or indirect ties with, a client, a supplier, an investment banker or a commercial banker:
    - that is material for the Company or for the Group; or

- for which the Company or the Group represents a substantial proportion of its business.

The assessment of whether or not any relationship that a director may have with the Company or Group is significant is debated by the Board of Directors and the quantitative and qualitative criteria used for this assessment are explicitly set out in the Annual Report.

In addition, an independent director must not:

- Have close family ties with an executive director of the Company or the Group or with a shareholder that owns (directly or indirectly) over 10% of the Company's capital or voting rights.
- Have served as a statutory auditor of the Company or another Group entity at any time in the past five years.
- Have served as a director of the Company for more than twelve years;
- Receive, or have received, material compensation from the Company or the Group, (other than directors' fees), including all forms of share-based payments and all other forms of performance-related compensation.

The Chairman of the Board may be deemed independent even if he is an officer of the Company, if this classification can be justified in view of the above criteria.

A list of the members of the Board of Directors is provided in Chapter 3 of this Registration Document.

5.1.3.3 Chairman of the Board of Directors (Article 17 of the Bylaws)

The Board of Directors appoints from among its members a Chairman, who must be an individual and whose term of office as Chairman may not exceed that of his term as a director. His term may be renewed an unlimited number of times.

If the Chairman is temporarily unable to perform his duties, or in the event of his death, the Board of Directors may appoint another director to act as Chairman.

In the case of temporary unavailability, the acting Chairman will be appointed for a set period, which may be renewed. In the event of the Chairman's death, the acting Chairman will remain in office until such time as a new Chairman is appointed.

The age limit for the Chairman of the Board of Directors is 70. If a Chairman in office reaches the age of 70, his term of office will automatically expire at the close of the first Board meeting held after his 70th birthday.

The Chairman of the Board is responsible for (i) organizing and leading the Board's work, (ii) overseeing that the Company's governance structures function effectively, and (iii) ensuring that directors are in a position to fulfil their duties.

The Chairman is informed of any related party agreements concerning routine operations entered into on arm's length terms and he provides a list of these agreements, including the purpose thereof, to the members of the Board and to the Statutory Auditors. However, this duty to inform the Chairman does not apply to agreements which are not material for either of the parties concerned in light of their purpose or financial implications.

5.1.3.4 Honorary Chairman of the Board of Directors (Article 15.6 of the Bylaws)

The Board of Directors may appoint an Honorary Chairman of the Board, who must be an individual who has served as a Company officer. The Honorary Chairman is appointed for a term of four years which may be renewed an unlimited number of times.

The Honorary Chairman may be invited to attend Board meetings in a purely consultative capacity (without prejudice to the voting rights that he may hold if he is also a director or a permanent representative of a corporate director). The Honorary Chairman is required to abide by the Board's Rules of Procedure.

5.1.3.5 Senior Independent Director (Article 2.3 of the Rules of Procedure)

Based on the recommendation of the Nominations and Compensation Committee, the Board may appoint a Senior Independent Director from among the independent directors who have been a member of the Board for at least one year.

The Senior Independent Director is appointed for a period that may not exceed his term of office as a director. His term as Senior Independent Director may be renewed based on the recommendation of the Nominations and Compensation Committee and he may be removed from office at any time by the Board.

The Senior Independent Director's main role is to ensure that the Company's governance structures function effectively.

To this end, he is responsible for:

- Preventing and managing any conflict of interests by raising awareness about facts or circumstances that may lead to such conflicts. He is informed by each director of any actual or potential conflicts of interest that may arise and relays this information to the Board of Directors. He also informs the Board of any actual or potential conflicts of interest that he may have identified himself.

- Overseeing periodic assessments of the Board of Directors' operating procedures.

As part of his work, the Senior Independent Director may suggest to the Chairman of the Board of Directors:

- that additional points be included in a Board meeting agenda; and/or

- that the Board of Directors meet to discuss a pre-defined agenda concerning an important or urgent matter requiring an extraordinary Board meeting.

The Senior Independent Director ensures that the directors have the possibility of meeting the Group's executive managers and Statutory Auditors, in accordance with the provisions of the Rules of Procedure.

More generally, the Senior Independent Director ensures that the directors receive all the information they need to exercise their duties in the best possible conditions, as stipulated in the Rules of Procedure.

Once a year, the Senior Independent Director reports to the Board of Directors on his work.

By way of decisions at its July 26, 2017 meeting, the Board of Directors decided to appoint Gilles Auffret as Senior Independent Director.

5.1.3.6 Vice Chairman (Article 2.4 of the Rules of Procedure)

The Board of Directors may appoint a Vice Chairman who can be either an individual or a legal entity. The Vice Chairman is appointed for a period that may not exceed his term of office as a director. He may be re-appointed and may be removed from office at any time by the Board of Directors. The Vice Chairman replaces the Chairman of the Board of Directors if the Chairman is temporarily unable to perform his duties or in the event of the Chairman's death.

In the case of temporary unavailability, the Vice Chairman chairs the Board until the Chairman is able to take up his duties again. In the event of the Chairman's death, the Vice Chairman chairs the Board until a new Chairman is appointed.

Like the Chairman, the Vice Chairman's roles and responsibilities include the following:

- He is informed of major events that occur within the course of the Group's operations, during regular meetings with the Chief Executive Officer.

- He may meet with key Group executives and make site visits in order to act on a fully-informed basis.

- He may meet with shareholders at their request, and passes on to the Board any concerns they may have concerning the Company's governance.

5.1.3.7 Board Committees (Article 16.4 of the Bylaws and Article 4 of the Rules of Procedure)

The Board of Directors may decide to set up committees tasked with examining issues submitted to them by the Board or its Chairman. The membership structure and roles of each of these committees, which perform their duties under the responsibility of the Board of Directors, are determined by the Board in its Rules of Procedure.

At the date of this Registration Document the Board of Directors had set up the following standing committees:

(i) An Audit Committee

(ii) A Nominations and Compensation Committee

(iii) A Strategy, Investments and CSR Committee

5.1.3.8 Non-voting directors (Article 19 of the Bylaws)

Shareholders in a General Meeting may elect one or more non-voting directors for a term of up to four years.

Non-voting directors are called to Board meetings which they attend in a purely advisory capacity. They may or may not be shareholders and receive a fee set by the Board of Directors.

Their term of office ends at the close of the Annual General Meeting called in the year in which their term expires for the purpose of approving the financial statements for the previous year.

5.1.3.9 Operating Procedures of the Board of Directors (Article 16 of the Bylaws and Article 3 of the Rules of Procedure)

The Board of Directors meets as often as required in the interests of the Company. Board meetings may be called

by any method, including orally, by the Chairman of the Board or any other of its members. They are held at the Company's head office or any other venue specified in the notice of meeting.

A Board meeting may be validly constituted, even if it is not called in advance, if all of the Board's members are present or represented. At least half of the Board's members must be present in order for a meeting to be validly constituted.

Decisions of the Board are generally made by a straight majority vote of the directors present or represented and in the case of a split decision, the Chairman has a casting vote. However, the Rules of Procedure may provide that certain decisions require a larger majority.

The Rules of Procedure specify that directors who take part in Board meetings by video-conference, or by any other telecommunications or remote transmission media that comply with the technical conditions set down in the applicable laws and regulations, are considered as being physically present for the calculation of the quorum and voting majority.

Directors may give proxy to another director to represent them at a Board meeting, but no director may hold more than one proxy at any single meeting.

5.1.3.10 Compensation paid to Members of the Board of Directors (Article 15 of the Bylaws and Article 3.5 of the Rules of Procedure)

The aggregate amount of directors' fees is set by shareholders at the Annual General Meeting and the Board of Directors allocates said aggregate amount among its individual members based on the recommendation of the Nominations and Compensation Committee. The amount allocated to each director takes into account their attendance at meetings of the Board and its Committees.

An additional amount of directors' fees may be allocated, or special compensation paid, to any director entrusted with any specific duties or assignments, such as the role of Senior Independent Director. Any such payment of special compensation is subject to the procedure applicable to related party agreements.

5.1.4 EXECUTIVE MANAGEMENT (ARTICLE 18 OF THE BYLAWS)

5.1.4.1 Appointment of a Chief Executive Officer

The Company's executive management is performed either by the Chairman of the Board, in which case he is given the title of Chairman and Chief Executive Officer, or by another individual appointed by the Board – who may or may not be a Board member – who is given the title of Chief Executive Officer.

The Board of Directors may decide whether to separate or combine the duties of Chairman and Chief Executive Officer at any time, and must review the decision on the expiration of each term of office of the Chief Executive Officer or the Chairman when the Chairman is also responsible for the Company's executive management.

The duration of the term of office of the Chief Executive Officer and any Deputy Chief Executive Officer(s) appointed is set at the time of their appointment.

However, if the Chief Executive Officer and the Deputy Chief Executive Officer(s) are also directors, said duration may not exceed that of their term of office as director. The Chief Executive Officer may be removed from office at any time by the Board of Directors, as may the Deputy Chief Executive Officer(s) if recommended by the Chief Executive Officer. If either the Chief Executive Officer or a Deputy Chief Executive Officer is removed from office unfairly, he may be entitled to compensation unless he is also the Chairman of the Board of Directors.

If the Chief Executive Officer ceases to fulfil his duties or is prevented from doing so, unless otherwise decided by the Board of Directors, the Deputy Chief Executive Officer(s) will remain in office and continue to exercise the same responsibilities until a new Chief Executive Officer is appointed.

The Board of Directors determines the compensation paid to the Chief Executive Officer and the Deputy Chief Executive Officer(s).

5.1.4.2 Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances within the scope of the corporate purposes, except for those powers directly vested by law in shareholders and the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. In its relations with third parties the Company is bound by any actions of the Chief Executive Officer that fall outside the scope of the

Company's corporate purposes unless it can be demonstrated that the third party knew – or in light of the circumstances could not have been unaware – that such actions exceeded the remit of the corporate purposes. Publication of the Bylaws does not, in itself, constitute adequate proof thereof.

Decisions taken by the Board of Directors that restrict the Chief Executive Officer's powers are not binding on third parties. For internal purposes, the Group has decided that certain strategic decisions cannot be taken by the Chief Executive Officer without the Board of Directors' prior express consent, given by a straight majority vote (See Chapter 3, Section 3.1.4, "Restrictions on the Chairman and Chief Executive Officer's Powers").

The Chief Executive Officer and Deputy Chief Executive Officer(s) may, within the limits set down by law, delegate any of their powers that they deem fit to any representative(s) of their choice – even to representatives that do not form part of the Company – for said representative(s) to act individually or as part of a committee or commission, with or without the power of substitution, and subject to the restrictions provided for under the applicable law. Any such delegations of powers may be permanent or temporary and, where applicable, will remain in force even if the terms of office of the Chief Executive Officer or Deputy Chief Executive Officer(s) who granted them have expired.

5.1.4.3 Deputy Chief Executive Officers (Article 18 of the Bylaws)

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint up to five Deputy Chief Executive Officer(s) who must be individuals rather than legal entities.

The age limit for holding office as Deputy Chief Executive Officer is 70. If a Deputy Chief Executive Officer reaches the age of 70, his term of office will automatically expire at the close of the first Board meeting held after his 70th birthday.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Deputy Chief Executive Officer(s) have the same powers as the Chief Executive Officer in their dealings with third parties.

On December 5, 2017, acting on the recommendation of the Chief Executive Officer, Philippe Guillemot, the Board of Directors appointed Pedro Fontana as the Company's Deputy Chief Executive Officer for an indeterminate period.

5.1.5 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO SHARES

5.1.5.1 Form of the Shares (Article 9 of the Bylaws)

Fully paid-up shares may be held in registered or bearer form, at the shareholder's discretion, in accordance with the terms and conditions provided for in the applicable laws and regulations.

5.1.5.2 Voting Rights (Article 10 of the Bylaws)

Each share carries the right for its holder to vote – either directly or by proxy – at shareholders' meetings, in accordance with the applicable laws and the Bylaws. None of the Company's shares carry double voting rights.

5.1.5.3 Rights to Dividends and Profits (Article 10 of the Bylaws)

Subject to the rights allocated to each separate class of shares if any different classes of shares are subsequently created, each share entitles its holder to a portion of the Company's profits and assets equal to the proportion of capital represented by the share.

Shareholders are liable for losses only up to the amount of their capital contributions.

The rights and duties attached to shares are transferred with title to the shares. Share ownership automatically requires shareholders to comply with the Company's Bylaws and the decisions taken in General Shareholders' Meetings.

Where a shareholder is required to own a specific number of shares to exercise a particular right, shareholders owning fewer than the number of shares required to exercise the rights concerned are personally responsible for obtaining said number.

5.1.5.4 Pre-emptive Subscription Rights

The Company's shares carry preemptive subscription rights for capital increases, in accordance with the terms and conditions provided for in the French Commercial Code.

5.1.5.5 Restrictions on Voting Rights

The Bylaws do not contain any clauses that restrict the voting rights attached to the Company's shares.

5.1.6 AMENDMENTS TO THE RIGHTS OF SHAREHOLDERS (ARTICLE 20.6 OF THE BYLAWS)

Shareholder rights as set out in the Company's Bylaws may only be amended at an Extraordinary General Meeting. However, an Extraordinary General Meeting may only take decisions that increase shareholders' commitments or affect their equal treatment if unanimously agreed by all of the shareholders, other than in the case of operations resulting from a properly performed reverse stock split.

5.1.7 GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 20 OF THE BYLAWS)

General Shareholders' Meetings are called and held in accordance with the terms, conditions and timeframes provided for by law, either at the Company's head office or any other venue specified in the notice of meeting.

5.1.7.1 Attending and Voting at General Shareholders' Meetings

All shareholders are entitled to participate in General Shareholders' Meetings, either in person or by proxy.

Prior to each meeting, the Board of Directors may decide that shareholders may participate in the meeting via video-conference or web conference, or any other telecommunications media or remote transmission methods (including the Internet) that enable them to be identified in accordance with the conditions provided for in the applicable laws and regulations, in which case they will be deemed as being physically present for the purpose of calculating the quorum and voting majority. In such a case, the Board's decision must be published in the notice of meeting.

Any shareholder may vote remotely or by proxy as provided for in the applicable laws and regulations, using a form drawn up by the Company and returned to the Company in accordance with the terms and conditions of the applicable laws and regulations, including electronically or by remote transmission (if so decided by the Board of Directors). This form must be received by the Company in accordance with the applicable regulatory terms and conditions in order for it to be taken into account.

5.1.7.2 Organization of General Shareholders' Meetings

The agenda of each General Shareholders' Meeting is drawn up by the person who issues the notice of meeting and is included in said notice.

Shareholders may not deliberate on any issues that are not included in the agenda of a General Shareholders' Meeting. However, as an exception to this rule, shareholders are always entitled to deliberate on removing one or more directors from office and electing their replacements.

One or more shareholders whose shareholding represents at least the amount required by law may put forward a proposed resolution to be included in the agenda of a General Shareholders' Meeting, in accordance with the terms, conditions and timeframes provided for by law.

An attendance register containing all of the information provided for by law is kept for each General Shareholders' Meeting.

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a director specifically authorized by the Board of Directors to act in the capacity of Chairman. Failing that, the General Shareholders' Meeting elects its own Chairman.

The role of scrutineers at a General Shareholders' Meeting is carried out by the two shareholders present at the Meeting who hold or represent the largest number of voting rights and who agree to take on the role.

The meeting officers thus appointed then appoint a secretary, who may or may not be a shareholder.

The meeting officers are responsible for checking, certifying and signing the attendance register, ensuring that discussions during the Meeting take place in an appropriate manner, dealing with any incidents that may arise during the Meeting, checking the votes of the shareholders and verifying that they are properly cast, as well as ensuring that the minutes of the Meeting are drawn up.

Minutes are prepared for each General Shareholders' Meeting and copies or extracts thereof are certified and issued in accordance with the applicable laws and regulations.

5.1.8 ARTICLES OF THE BYLAWS OR THE RULES OF PROCEDURE THAT COULD HAVE AN IMPACT IN THE EVENT OF A CHANGE IN CONTROL

There are no clauses in the Company's Bylaws or the Rules of Procedure that could have the effect of delaying, deferring or preventing a change in control of the Company.

5.1.9 IDENTIFICATION OF SHAREHOLDERS AND DISCLOSURE THRESHOLDS

5.1.9.1 Identification of Shareholders (Article 13 of the Bylaws)

The Company uses available legal procedures to identify its shareholders.

To this end, the Company may request, at any time, that the securities clearing house provide it with the name (or corporate name), address and nationality of holders of bearer shares and other securities carrying immediate or deferred rights to vote at General Shareholders' Meetings, as well as the number of securities held in each case and any restrictions applicable to the securities.

5.1.9.2 Disclosure Thresholds (Article 14 of the Bylaws)

In addition to the disclosures required by law, any person or legal entity, acting alone or in concert within the meaning of Articles L. 233-10 *et seq.* of the French Commercial Code, that comes to own, directly or indirectly, a number of shares representing at least 1% of the Company's total shares or voting rights, is required to disclose the interest to the Company by registered letter with recorded delivery, before the close of trading on the fourth trading day following the threshold being crossed.

This disclosure requirement applies each time the shareholder's interest exceeds any further multiples of 1% of the Company's total shares or voting rights. The same disclosure formalities must also be followed each time a shareholder's interest is reduced to below any 1% threshold as explained above.

All of the forms of shareholding covered by Articles L. 233-7 *et seq.* of the French Commercial Code must be taken into account for the calculation of the above-mentioned thresholds.

Such disclosures must contain all of the information required pursuant to the applicable laws and regulations.

If a shareholder fails to comply with these disclosure rules, at the request of one or more shareholders with combined holdings representing at least 3% of the Company's capital or voting rights, the shares in excess of the threshold concerned will be stripped of voting rights, in accordance with the conditions and subject to the limits set down by law.

See Section 5.3 below for details of the disclosure thresholds crossed during fiscal 2016-2017.

5.1.10 SPECIFIC PROVISIONS GOVERNING CHANGES IN THE COMPANY'S SHARE CAPITAL

There are no specific provisions in the Company's Bylaws governing changes in its share capital. Article 7 of the Bylaws simply provides that the Company's capital may be increased, reduced or redeemed in accordance with the terms and conditions provided for under law and the Bylaws.

5.2 INFORMATION ABOUT THE SHARE CAPITAL – AFR

5.2.1 ISSUED CAPITAL AND AUTHORIZED BUT UNISSUED CAPITAL

At December 31, 2017, the Company's share capital amounted to €1,727,417.85, represented by 172,741,785 fully-paid shares, all of the same class, with a par value of €0.01 each.

The table below shows the financial authorizations granted by shareholders to the Board of Directors that were in effect during fiscal 2016-2017 and at the date of this Registration Document.

Resolution number and date of Annual General Meeting (AGM)	Description of authorization granted to the Board of Directors	Use of authorization in FY 2016-2017
9 March 10, 2017 AGM	**Type of authorization:** To purchase Elior Group shares under a share buyback program **Duration:** 18 months **Ceiling:** 10% of the total number of shares making up the Company's capital at the date the authorization is used **Maximum amount that may be invested in the share buyback program:** €460 million	See Section 5.2.4.2, "Share Equivalents"
10 March 10, 2017 AGM	**Type of authorization:** To issue ordinary shares and/or securities carrying rights to the Company's shares and/or securities carrying rights to the allocation of debt securities, with pre-emptive subscription rights for existing shareholders[1] **Duration:** 26 months **Maximum nominal amount of capital increase(s):** €430,000 **Maximum nominal amount of debt securities:** €750 million	None
11 March 30, 2017 AGM	**Type of authorization:** To increase the Company's capital by capitalizing reserves, profit, the share premium account or other eligible items. **Duration:** 26 months **Maximum amount of capital increase(s):** maximum amounts eligible for capitalization at the date of the Board of Directors' decision to use the authorization	None
13 March 10, 2017 AGM	**Type of authorization:** To issue shares/and or securities to members of an employee share ownership plan, without pre-emptive subscription rights for existing shareholders[1] **Duration:** 26 months **Ceiling:** 2% of the Company's capital, with a sub-ceiling of 1% per rolling 12-month period/amount of the capital increase(s) included in the €430,000 blanket ceiling provided for in the 10th resolution	None
14 March 10, 2017 AGM	**Type of authorization:** To reduce the Company's capital by canceling shares **Duration:** 24 months **Ceiling:** 10% of the Company's capital as at the date of the authorization	None

Resolution number and date of Annual General Meeting (AGM)	Description of authorization granted to the Board of Directors	Use of authorization in FY 2016-2017
21 March 10, 2016 AGM	**Type of authorization:** To increase the Company's capital in payment for shares and/or securities carrying rights to shares in another company contributed to the Company in transactions other than public tender offers **Duration:** 26 months **Maximum amount of capital increase(s)**: 10% of the Company's capital **Ceiling:** The maximum amount of the capital increase(s) is included in the blanket ceiling set in the twenty-eighth resolution, i.e. €518,000 (for information purposes 30% of the Company's capital as at the March 9, 2018 AGM)	None
25 March 11, 2016 AGM	**Type of authorization:** To grant stock options to employees and/or officers of the Company or related entities, with a waiver of existing shareholders' pre-emptive subscription rights for the shares issued on exercise of the options **Duration:** 38 months **Ceiling:** Stock options granted may be exercisable for shares representing a maximum of 2.2% of the Company's capital at the option grant date. The aggregate number of options that may be granted to officers of the Company may not represent more than 30% of the total number of options granted by the Board of Directors under the authorization	See Section 5.2.4.2, "Share Equivalents"
26 March 11, 2016 AGM	**Type of authorization:** To grant free shares to employees and/or officers of the Company or related entities, with a waiver of existing shareholders' pre-emptive subscription rights for the vested free shares **Duration:** 38 months **Ceiling:** The total number of new or existing shares granted under the authorization may not exceed 0.3% of the Company's capital at the grant date	See Section 5.2.4.2, "Share Equivalents"

(1) The aggregate nominal amount of capital increases carried out pursuant to these authorizations – either directly or on exercise of rights to shares – may not exceed €430,000 and the aggregate nominal amount of debt securities that may be issued, either directly or on exercise of rights, may not exceed €750 million (10th resolution of the March 10, 2017 AGM).

The table below sets out the authorizations that will be submitted for approval at the Annual General Meeting of March 9, 2018, and which, if adopted, will replace the authorizations currently in force.

Resolution number	Description of the authorization granted to the Board of Directors
28	**Type of authorization:** To issue ordinary shares and/or securities carrying rights to the Company's shares and/or securities carrying rights to the allocation of debt securities, with pre-emptive subscription rights for existing shareholders **Duration:** 26 months **Maximum nominal amount of capital increase(s):** €518,000 (for information purposes, representing 30% of the Company's capital as at the March 9, 2018 AGM) **Maximum nominal amount of debt securities:** €930 million
29	**Type of authorization:** To issue shares and/or other securities in payment for securities in another company contributed to the Company in transactions other than public tender offers **Duration:** 26 months **Maximum aggregate amount of capital increase(s)**: 10% of the Company's capital **Ceiling:** The maximum amount of the capital increase(s) is included in the blanket ceiling set in the 28th resolution, i.e. €518,000 euros (for information purposes, representing 30% of the Company's capital at the March 9, 2018 AGM)
30	**Type of authorization:** To increase the Company's capital by capitalizing reserves, profit, the share premium account or other eligible items **Duration:** 26 months **Maximum amount of capital increase(s):** Up to the amount of available reserves
31	**Type of authorization:** To issue shares and/or other securities to members of an employee share ownership plan, without pre-emptive subscription rights for existing shareholders **Duration:** 26 months **Ceiling:** 2% of the Company's capital, with a sub-ceiling of 1% per rolling 12-month period. The amount of the capital increase(s) is included in (i) the sub-ceiling set in the 29th resolution and (ii) the blanket ceiling set in the 28th resolution, i.e. €518,000 euros (for information purposes, representing 30% of the Company's capital as at the March 9, 2018 AGM)
32	**Type of authorization:** To grant new or existing shares free of consideration, automatically entailing the waiver of pre-emptive subscription rights for existing shareholders **Duration:** 38 months **Ceiling:** The total number of new or existing shares that may be granted free of consideration under this authorization may not exceed 1.2% of the Company's capital at the grant date. The number of free shares that may be granted to officers of the Company may not represent more than 30% of the total number of free shares granted by the Board of Directors under this authorization.

Resolution number	Description of the authorization granted to the Board of Directors
33	**Type of authorization:** To reduce the Company's capital by cancelling shares **Duration:** 24 months **Ceiling:** 10% of the Company's capital as at the date of the authorization

5.2.3 SHARES NOT REPRESENTING CAPITAL

The Company has not issued any shares that do not represent capital.

5.2.4 TREASURY SHARES, OWN SHARES AND SHARE BUYBACK PROGRAMS

5.2.4.1 Share Buyback Authorizations

On March 10, 2017, the Company's shareholders granted the Board an eighteen-month authorization to carry out a share buyback program in accordance with Article L. 225-209 of the French Commercial Code. Under this authorization – which superseded the one given for the same purpose on March 11, 2016 – the maximum amount that may be invested in the buyback program is €460 million (net of transaction expenses) and the number of shares that may be bought back may not exceed 10% of the total number of shares making up the Company's capital. The maximum unit purchase price of the shares that may be bought back under the program was set at €27 (excluding transaction costs).

This authorization provides that the shares can be purchased at any time – except during a takeover bid for the Company – within the limits specified in the applicable laws and regulations and by any authorized methods, for any of the following purposes:

- For subsequent cancellation.
- To be held and subsequently used in exchange or as payment in connection with external growth transactions, provided that the number of shares used for such transactions does not exceed 5% of the Company's capital.
- For allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for the Company's shares.
- To hedge the risks arising on the Company's financial instrument obligations, particularly the risk of fluctuations in the Elior Group share price.
- To allocate shares for the implementation of (i) stock option plans, (ii) free share plans or (iii) employee share ownership plans, in operations complying with Articles L.3331-1 *et seq.* of the French Labor Code, and/or (iv) grants of shares to employees and/or officers of the Company or of any related entities.
- To maintain a liquid market for the Company's shares under a liquidity contract entered into with an investment services provider that complies with a code of ethics recognized by the AMF.
- And more generally, to carry out any transactions or market practices currently authorized or that may be authorized in the future under the applicable laws and regulations, including the regulations of the AMF.

Use of share buyback authorizations

By way of a decision on March 10, 2017, the Company's Board of Directors used the authorization granted by the shareholders on the same date to set up a share buyback program in order to maintain a liquid market in the Company's shares under a liquidity contract entered into with Natixis that complies with the AMAFI code of ethics approved by the AMF by way of a decision dated March 8, 2011. A total of €3 million has been allocated to the contract.

At December 31, 2017, 68,297 shares were held under the liquidity contract.

Also at December 31, 2017, the Company held 183 shares in treasury.

5.2.4.2 Share Equivalents

At the date of this Registration Document, the Company had not granted any stock options or free shares, other than those under the 2010, 2011, 2016/1, 2016/2, 2016/3 and 2016/4 plans, as described in Chapter 3, Section 3.1.6.3 of this Registration Document.

5.2.5 INFORMATION ABOUT AND THE TERMS OF ANY ACQUISITION RIGHTS OR OBLIGATIONS OVER AUTHORIZED BUT UNISSUED CAPITAL

N/A.

5.2.6 INFORMATION ABOUT THE SHARE CAPITAL OF ANY GROUP ENTITY WHICH IS UNDER OPTION OR AGREED TO BE PUT UNDER OPTION

Following the Group's acquisition of control of THS (since renamed Elior North America) in April 2013, certain managers of this entity were granted a put option entitling them to sell one third of the shares they hold in Elior North America to Elior Group in a single transaction.

This put option was terminated by way of an addendum dated December 7, 2015.

5.2.7 SIGNIFICANT CHANGES IN SHARE CAPITAL

At October 1, 2011, the Company's share capital was €1,395,220.58, represented by 139,522,058 shares with a par value of €0.01 each.

Date	Type of operation	Increase/(decrease) in share capital (in €)		New share capital (in €)	New number of shares
		Per-share par value	Premium included		
Feb. 2, 2012	Capital reduction (not for the purpose of absorbing losses)	0.01	349,692,363.00	1,088,203.58	108,802,358
June 10, 2014	Capital increase (Fidelior merger)	0.01	3,610,131.98	1,093,864.62	109,386,462
June 10, 2014	Capital increase (Sofilior merger)	0.01	3,468,744.04	1,099,186.42	109,918,642
June 10, 2014	Capital increase (Eurelior merger)	0.01	3,468,949.03	1,104,508.22	110,450,822
June 10, 2014	Capital increase (Financière Elior merger)	0.01	5,145,047.72	1,113,023.01	111,302,301
June 10, 2014	Capital reduction (Fidelior merger)	0.01	(3,491,219.40)	1,107,361.97	110,736,197
June 10, 2014	Capital reduction (Sofilior merger)	0.01	(3,414,990.67)	1,102,040.17	110,204,017
June 10, 2014	Capital reduction (Eurelior merger)	0.01	(3,414,990.67)	1,096,718.37	109,671,837
June 10, 2014	Capital reduction (Financière Elior merger)	0.01	(4,818,033.03)	1,088,203.58	108,820,358
June 11, 2014	Capital increase (Bercy Présidence merger)	0.01	949,011.73	1,088,859.85	108,885,985
June 11, 2014	Capital increase (Novelior merger)	0.01	741,623.25	1,112,013.89	111,201,389
June 11, 2014	Capital reduction (cancellation of ABSA shares with equity warrants attached)	0.01	(741,000.00)	1,109,013.89	110,901,389
June 13, 2014	Capital increase	0.01	784,467,782.12	1,641,217.27	164,121,727
June 13, 2014	Private placement	0.01	1,340,720.92	1,642,126.85	164,212,685
Sept. 10, 2014	Exercise of stock options	0.01	864,467.70	1,643,643.46	164,364,346
Sept. 30, 2014	Exercise of stock options	0.01	35,397.00	1,643,705.56	164,370,556
Dec. 31, 2014	Exercise of stock options	0.01	3,705.00	1,643,712.06	164,371,206
Feb. 28, 2015	Exercise of stock options	0.01	48,135.30	1,643,796.36	164,379,636
March 24, 2015	Exercise of stock options	0.01	159,708.70	1,644,076.06	164,407,606
June 30, 2015	Exercise of stock options	0.01	938,048.58	1,645,716.64	164,571,664

Date	Type of operation	Increase/(decrease) in share capital (in €)		New share capital (in €)	New number of shares
July 24, 2015	Capital increase for allocation of shares to Emesa	0.01	134,979,075	1,722,891.64	172,289,164
Sept. 30, 2015	Exercise of stock options	0.01	206,249.10	1,723,252.44	172,325,244
Dec. 31, 2015	Exercise of stock options	0.01	165,151.40	1,723,541.44	172,354,144
March 31, 2016	Exercise of stock options	0.01	288,440.60	1,724,046.14	172,404,614
June 30, 2016	Exercise of stock options	0.01	589,972.80	1,725,077.94	172,507,794
Sept. 30, 2016	Exercise of stock options	0.01	724,315.81	1,726,344.75	172,634,475
Dec. 31, 2016	Exercise of stock options	0.01	613,311.00	1,727,417.85	172,741,785

The main changes in the Company's share capital during the past three fiscal years were as follows:

- Successive capital increases and reductions – as approved at the combined Ordinary and Extraordinary General Meeting of June 10, 2014 – related to the mergers into the Company of Fidelior, Sofilior, Eurelior, Financière Elior, Novelior and Bercy Présidence.
- An issue of shares by way of a public offering without pre-emptive subscription rights for existing shareholders, carried out in connection with the Company's listing on Euronext Paris. The Company's Managing Partner approved this issue on May 26, 2014 using the corresponding shareholder authorization, and set its terms and conditions on June 10, 2014.
- A private placement involving the issue of 90,958 new shares without pre-emptive subscription rights for existing shareholders. The Managing Partner selected the investors to which the shares would be offered and set the related terms and conditions on June 10, 2014 using a shareholder authorization granted on the same date.
- An issue of 7,717,500 new shares on July 24, 2015 used as a portion of the consideration paid to Emesa Corporacion Empresarial, S.L. for the acquisition of its 514,500 Areas shares.
- Successive capital increases following the exercise of stock options under the 2010 and 2011 plans described in Chapter 3, Section 3.1.6.3 of this Registration Document.

5.3 THE COMPANY'S OWNERSHIP STRUCTURE – AFR

5.3.1 OWNERSHIP STRUCTURE AT DECEMBER 31, 2017 AND CHANGES IN OWNERSHIP STRUCTURE DURING FISCAL 2016-2017 AND UP UNTIL DECEMBER 31, 2017

At December 31, 2017 the Company's ownership structure was as follows:

Shareholder	Shares making up the Company's capital		Theoretical voting rights		Voting rights exercisable in AGMs	
	Number	%	Number	%	Number	%
BIM[1]	47,168,049	27.31%	47,168,049	27.31%	47,168,049	27.32%
Emesa	17,087,800	9.89%	17,087,800	9.89%	17,087,800	9.90%
CDPQ	11,299,435	6.54%	11,299,435	6.54%	11,299,435	6.54%
Free float[2]	97,118,204	56.22%	97,118,204	56.22%	97,118,204[3]	56.24%
Treasury shares	68,297	0.04%	68,297	0.04%	0	0%
TOTAL	**172,741,785**	**100%**	**172,741,785**	**100%**	**172,673,488**	**100%**

(1) *Entity controlled by Robert Zolade.*

(2) *Of which held under employee share ownership plans: 0%*

(3) *Theoretical voting rights less voting rights attached to shares held under the liquidity contract set up by the Company. At December 31, 2017, there were 172,673,488 such shares held.*

Disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws)

In accordance with Article L. 233-7 of the French Commercial Code, any person or legal entity acting alone or in concert must inform the Company and the AMF when their direct or indirect holding of shares (or securities attached to shares or voting rights as referred to in Article L. 233-9 of the French Commercial Code) rises above, or is reduced to below, 5%, 10%, 15%, 20%, 25%, 30%), one third, 50%, two thirds, 90% or 95% of the Company's capital or theoretical voting rights, within four days of the corresponding threshold being crossed.

In addition, the Company's Bylaws provide that any person or legal entity, acting alone or in concert within the meaning of Articles L. 233-10 *et seq.* of the French Commercial Code, that comes to own, directly or indirectly, a number of shares representing at least 1% of the Company's total shares or voting rights, is required to disclose the interest to the Company by registered letter with recorded delivery, before the close of trading on the fifth trading day following the threshold being crossed. This disclosure requirement applies each time the shareholder's interest exceeds any further multiples of 1% of the Company's total shares or voting rights. The same disclosure formalities and five-day timeframe must also be followed each time a shareholder's interest is reduced to below any 1% threshold as explained above. All of the forms of shareholding covered by Articles L. 233-7 *et seq.* of the French Commercial Code must be taken into account for the calculation of the above-mentioned thresholds. If a shareholder fails to comply with these disclosure rules, at the request of one or more shareholders with combined holdings representing at least 3% of the Company's capital or voting rights, the shares in excess of the threshold concerned will be

stripped of voting rights, in accordance with the conditions and subject to the limits set down by law.

To the best of the Company's knowledge, no shareholders other than those listed below submitted any notifications under the applicable disclosure threshold rules during fiscal 2016-2017 and up until December 31, 2017.

Entity	Disclosure date	Disclosure threshold: Under the Bylaws	Disclosure threshold: Under the applicable laws	Increase/ decrease in holding	% capital	% voting rights
Sycomore Asset Management	October 12, 2016	2%	-	Increase	2%	2%
Crédit Agricole Corporate and Investment Bank --- Crédit Agricole S.A.	October 18, 2016	5%	5%	Increase	5.01%	5.01%
Crédit Agricole Corporate and Investment Bank --- Crédit Agricole S.A.	October 18, 2016	5%	5%	Decrease	4.77%	4.77%
FIL Limited	November 2, 2016	1 % to 2%	-	Increase	2.42%	2.42%
Emesa Corporacion Empresarial, S.L.	December 21, 2016	6% to 7%	-	Increase	7.58 %	7.58 %
Citigroup Inc.	December 21, 2016	1% to 2%	-	Increase	2.15%	2.15%
Citigroup Inc.	December 23, 2016	-	-	-	2.56%	2.56%
Citigroup Inc.	January 10, 2017	2%	-	Decrease	1.99%	1.99%
Citigroup Inc.	January 11, 2017	2%	-	Increase	2.02%	2.02%
BNP Paribas Investment Partners S.A.	January 12, 2017	2%	-	Increase	2.01%	1.95%
Citigroup Inc.	January 16, 2017	2%	-	Decrease	1.98%	1.98%

Entity	Disclosure date	Disclosure threshold: Under the Bylaws	Disclosure threshold: Under the applicable laws	Increase/ decrease in holding	% capital	% voting rights
Citigroup Inc.	January 23, 2017	2%	-	Increase	2%	2%
Sycomore Asset Management	January 31, 2017	2%	-	Decrease	1.97%	1.97%
BNP Paribas Investment Partners S.A.	February 7, 2017	2%	-	Decrease	1.98%	1.92%
Marshall Wace LLP	March 17, 2017	2%	-	Increase	2%	2%
Sycomore Asset Management	March 17, 2017	2%	-	Increase	2%	2%
Deutsche Bank AG	April 7, 2017	1% - 2% - 3% - 4% - 5%	5%	Increase	5.97%	5.97%
BIM	April 11, 2017	-	-	-	27.73%[1]	27.73%[1]
Crédit Agricole Corporate and Investment Bank --- **Crédit Agricole S.A.**	April 13, 2017	1% to 2%	-	Increase	2.02%	2.02%
Sycomore Asset Management	April 20, 2017	2%	-	Decrease	1.97%	1.97%
Deutsche Bank AG	April 21, 2017	5% - 4% - 3%	5%	Decrease	2.42%	2.42%
Sycomore Asset Management	April 25, 2017	2%	-	Increase	2%	2%

[1] On April 11, 2017, BIM disclosed that it had entered into a forward contract and a swap agreement with Crédit Agricole Corporate and Investment Bank, at the term of which BIM could effectively hold 27.73% of the Company's capital and voting rights, and, as a result of the shares underlying the equity swap, it could potentially hold 29.75% of the Company's capital and voting rights.

Entity	Disclosure date	Disclosure threshold: Under the Bylaws	Disclosure threshold: Under the applicable laws	Increase/ decrease in holding	% capital	% voting rights
Sycomore Asset Management	May 10, 2017	2%	-	Decrease	1.99%	1.99%
Citigroup Inc.	May 30, 2017	-	-	-	2.11%	2.11%
BNP Paribas Investment Partners S.A.	June 6, 2017	2%	-	Increase	2.09%	2.01%
BIM	June 14, 2017	26% to 27%	-	Increase	27.31%[1]	27.31%[1]
Marshall Wace LLP	July 5, 2017	1% to 2%	-	Decrease	0.95%	0.95%
BNP Paribas Investment Partners S.A.	July 28, 2017	3%	-	Increase	3.03%	2.78%
Emesa Corporacion Empresarial, S.L.	July 31, 2017	8% to 9%	-	Increase	9.89%	9.89%
Ameriprise Financial Group	August 1, 2017	1%	-	Decrease	0.819%	0.819%
BNP Paribas Investment Partners S.A.	September 5, 2017	3%	-	Decrease	2.96%	2.69%
Millennium Partners L.P.	September 13, 2017	1%	-	Increase	1.009%	1.009%
Millennium Partners L.P.	September 15, 2017	1%	-	Decrease	0.981%	0.981%
Sycomore Asset Management	September 15, 2017	1%	-	Decrease	0.98%	0.98%

[1] On June 14, 2017, BIM disclosed that it had raised its interest to above the thresholds of 26% and 27% of the Company's capital and voting rights and that at that date it held 27.31% of the Company's total shares and voting rights. In this same disclosure BIM also stated that taking into account the shares underlying an equity swap it potentially held 29.33% of the Company's total shares and voting rights, which would therefore raise its interest to above the thresholds of 28% and 29%.

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
Allianz Global Investors GmbH	September 20, 2017	2%	-	Increase	2.01%	2.01%
Baring Asset Management Limited	September 29, 2017	1%	-	Increase	1.0068%	1.0068%
Crédit Agricole Corporate and Investment Bank --- Crédit Agricole S.A.	October 2, 2017	2% to 1%	-	Decrease	0	0
AXA Investment Managers	October 5, 2017	1%	-	Decrease	0.91%	0.91%
Amundi	October 9, 2017	2%	-	Decrease	1.87%	1.87%
Wellington Management Group LLP	October 11, 2017	1%	-	Increase	1.58%	1.58%
Baring Asset Management Limited	October 18, 2017	1%	-	Decrease	0.97%	0.97%
UBS Investment Bank	October 25, 2017	1%	-	Increase	1.01%	1.01%
UBS Investment Bank	October 25, 2017	1%	-	Decrease	-	-
BNP Paribas	November 28, 2017	3%	-	Increase	3.30%	2.92%
UBS Investment Bank	November 28, 2017	1%	-	Increase	1.18%	1.18%
UBS Investment Bank	November 28, 2017	1%	-	Decrease	-	-
Marshall Wace LLP	December 4, 2017	-	-	-	0.96%	0.96%
Sycomore Asset Management	December 4, 2017	1%	-	Increase	1.05%	1.05%

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
Citigroup Inc.	December 6, 2017	3%	-	Increase	3.99%	3.99%
MFS Investment Management	December 7, 2017	1%	-	-	1.93%	1.93%
BNP Paribas	December 14, 2017	3%	-	Increase	3.38%	3.00%
Sycomore Asset Management	December 27, 2017	2%	-	Increase	2.10%	2.10%
Wellington Management Group LLP	December 27, 2017	2%	-	-	2.02%	2.02%

5.3.2 OWNERSHIP STRUCTURE AT DECEMBER 31, 2016 AND CHANGES IN OWNERSHIP STRUCTURE DURING FISCAL 2015-2016

At December 31, 2016 the Company's ownership structure was as follows:

Shareholder	Shares making up the Company's capital		Theoretical voting rights		Voting rights exercisable in AGMs	
	Number	%	Number	%	Number	%
BIM[1]	43,402,965	25.13%	43,402,965	25.13%	43,402,965	25.13%
Emesa	13,087,800	7.58%	13,087,800	7.58%	13,087,800	7.58%
CDPQ	11,299,435	6.54%	11,299,435	6.54%	11,299,435	6.54%
Free float[2]	104,951,402	60.75%	104,951,402	60.75%	104,949,283[3]	60.75%
Treasury shares	183	0.0%	183	0.0%	0	0%
TOTAL	**172,741,785**	**100%**	**172,741,785**	**100%**	**172,739,483**	**100%**

(1) *Entity controlled by Robert Zolade.*

(2) *O/w held under employee share ownership plans: 0%*

(3) *Theoretical voting rights less voting rights attached to shares held under the liquidity contract set up by the Company.*

Information on the crossing of disclosure thresholds during fiscal 2015-2016 can be found in Chapter 5, Section 5.3 of the Registration Document filed on January 27, 2017 under number R. 17 - 003.

5.3.3 OWNERSHIP STRUCTURE AT DECEMBER 31, 2015 AND CHANGES IN OWNERSHIP STRUCTURE DURING FISCAL 2014-2015

At December 31, 2015 the Company's ownership structure was as follows:

Shareholder	Shares making up the Company's capital		Theoretical voting rights		Voting rights exercisable in AGMs	
	Number	%	Number	%	Number	%
Charterhouse Poppy II[1]	18,518,581	10.7%	18,518,581	10.7%	18,518,581	10.7%
Charterhouse Poppy IV[1]	8,452,753	4.9%	8,452,753	4.9%	8,452,753	4.9%
Charterhouse Poppy VI[1]	3,360,492	1.9%	3,360,492	1.9%	3,360,492	1.9%
Société de Restauration 2[2]	1,000	0.0 %	1,000	0.0 %	1,000	0.0 %
BIM[3]	41,350,965	24.0%	41,350,965	24.0%	41,350,965	24.0%
Emesa	9,001,000	5.2%	9,001,000	5.2%	9,001,000	5.2%
Free float[4]	91,669,170	53.3%	91,669,170	53.3%	91,669,170[5]	53.3%
Treasury shares	183	0.0%	183	0.0%	0	0%
TOTAL	**172,354,144**	**100%**	**172,354,144**	**100%**	**172,353,961**	**100%**

(1) Entities controlled by Charterhouse Capital Partners LLP.

(2) Entities controlled by Chequers Partenaires.

(3) Entity controlled by Robert Zolade.

(4) O/w held under employee share ownership plans: 0%

(5) Theoretical voting rights less voting rights attached to shares held under the liquidity contract set up by the Company.

Information on the crossing of disclosure thresholds during fiscal 2015-2016 can be found in Chapter 5, Section 5.3 of the Registration Document filed on January 28, 2016 under number R. 16 – 003.

5.3.4 SHAREHOLDER VOTING RIGHTS

Each Company share carries one voting right. The Company's Bylaws do not provide for double voting rights.

At December 31, 2017, the total number of the Company's shares was 172,741,785 and the total number of exercisable voting rights was 172,673,488 (see Section 5.2.4.1 above for information concerning the share buyback program).

5.3.5 MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS AND SHAREHOLDING PATTERN OF THE COMPANY

At the date of this Registration Document, shareholders that were known to hold over 5% of the Company's capital (with these shareholders being members of the Company's Board of Directors) were as follows:

- BIM (the Company's historic and main shareholder), represented by Robert Zolade.
- Emesa Corporacion Empresarial, S.L. – an independent director (represented by Emilio Cuatrecasas), elected at the Company's AGM on March 11, 2016.
- Caisse de Dépôt et Placement du Québec, represented by Elisabeth Van Damme (whose appointment as a director by the Board on March 2, 2016 was ratified at the Company's AGM on March 10, 2017).

At its December 5, 2017 meeting, the Company's Board of Directors qualified five of its members as independent directors, including EMESA and CDPQ.

Based on the Nominations and Compensation Committee's analysis (carried out by reference to the independence criteria set out in the AFEP-MEDEF Corporate Governance Code), the Board considered that the 9.89% and 6.54% ownership interests held in Elior Group by Emesa and CDPQ respectively do not affect these corporate directors' judgment nor do they create any conflict of interests.

The membership structure of the Board of Directors and the Board committees is set out in Chapter 3, Section 3.1.3.1, "Members of the Board of Directors" of this Registration Document.

5.3.6 AGREEMENTS THAT COULD RESULT IN A CHANGE OF CONTROL

At the date of this Registration Document, to the best of the Company's knowledge there were no agreements in place that if implemented could, at a subsequent date, result in a change of control of the Company.

5.3.7 CONTROL STRUCTURE

The Company is not controlled by any structure within the meaning of Article L. 233-3 of the French Commercial Code.

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6. ADDITIONAL INFORMATION

6.1 MATERIAL CONTRACTS

The Group's principal material contracts are as follows:

6.1.1 SENIOR FACILITIES AGREEMENT

See Chapter 4, Section 4.7.2., "Senior Facilities Agreement".

6.1.2 RECEIVABLES SECURITIZATION PROGRAM

See Chapter 4, Section 4.7.6., "Receivables Securitization Program".

6.2 DOCUMENTS AVAILABLE TO THE PUBLIC

Documents relating to the Company that are required to be made available to the public – notably its Bylaws, accounts, financial information, and reports presented by the Board of Directors and the Statutory Auditors at General Shareholders' Meetings – can be viewed at the Company's headquarters at 9-11 allée de l'Arche, 92032 Paris La Défense cedex, France.

The provisional calendar for the publication of financial press releases for fiscal 2017-2018 is presented in Chapter 1, Section 1.7.1.4. of this Registration Document.

These documents are also available on Elior Group's website at www.eliorgroup.com

6.3 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE ACCOUNTS – AFR

6.3.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

We hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further declare that, to the best of our knowledge and belief, the financial statements have been prepared in accordance with the applicable accounting standards and present fairly in all material respects the assets, liabilities, financial position and results of the Company and the consolidated group. We also declare that the information contained in the management report gives a true and fair view of trends in the business operations, results and financial position of the Company and the consolidated group, as well as a description of the main risks and uncertainties facing those companies (see Section 6.9).

We obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and verified the information about the financial position and the accounts contained therein.

Original French version signed on January 29, 2018 by Gilles Cojan, Chairman of the Board of Directors, and Pedro Fontana, Deputy Chief Executive Officer.

6.3.2 AUDITORS

	Date first appointed	Term	Expiration of current term
Statutory Auditors			
PricewaterhouseCoopers Audit Represented by Eric Bertier and Anne-Laure Julienne 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles	October 26, 2006	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ended September 30, 2017
KPMG AUDIT IS Represented by François Caubrière Tour EQHO Avenue Gambetta 92066 Paris La Défense Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.	January 30, 2008	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2019
Substitute Auditors			
KPMG AUDIT ID Represented by Jean-Paul Vellutini Tour EQHO Avenue Gambetta 92066 Paris La Défense Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.	January 7, 2014	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2019
Jean-Christophe Georghiou[1] 63 rue de Villiers 92208 Neuilly sur Seine, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles	May 26, 2014	For the remainder of Yves Nicolas' term	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ended September 30, 2017

(1) Appointed to replace Yves Nicolas at the Annual General Meeting of May 26, 2014

6.4 INFORMATION INCORPORATED BY REFERENCE

In application of Article 28 of European Commission Regulation 809/2004/EC, the following information is incorporated by reference into this Registration Document:

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2016, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 27, 2017 under number R17-003.

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2015, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 28, 2016 under number R16-003.

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2014, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 26, 2015 under number R15-005.

6.5 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTERESTS

This Registration Document contains information about the Group's markets and competitive positioning, in particular in Chapter 1, "Elior Group". Some of this information is based on publicly available data obtained from sources that the Group believes to be reliable, but which have not been independently verified, such as market research published by various organizations, notably reports prepared by (i) GIRA Foodservice for information on the contract catering and concession catering markets in France, Spain and Italy, (ii) INSEE/ESAN concerning the support services market, (iii) Technomic for markets in the United States, and (iv) Peter Roberts for markets in the United Kingdom. The Group cannot guarantee that a third party using different methods to collate, analyze or calculate data about these markets would reach the same conclusions. Other market information is based on research conducted by a well-known international specialist firm specifically commissioned by the Group. Unless otherwise stated, all data included in this Registration Document regarding the size, scale and share of markets relevant to the Group is based on the Group's own estimates and is provided for information purposes only.

The Company certifies that where information has been sourced from a third party, it has been accurately reproduced, and that as far as the Company is aware and is able to ascertain from information published or provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

6.6 CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

The table below cross-references the pages in the Registration Document with the key information required under European Commission Regulation 809/2004/EC implementing Directive 2003-1971//EC.

	Key information required under Annex 1 of European Commission Regulation 809/2004	Section	Page number(s)
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3	**Selected financial information**	1.3	7-10
4	**Risk factors**	3.2.1 Note 10 of the consolidated financial statements	182-203 320-323
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6.3	Exceptional factors	4.11.1 Note 5.2 of the consolidated financial statements	340, 273-275
6.4	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	3.2.1.2.1, 3.2.1.2.7, 3.2.1.2.8, 3.2.1.2.16	184-185, 189, 189, 192
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* In application of Article 28 of European Commission Regulation 809/2004/EC dated April 29, 2004, the following information is incorporated by reference into this Registration Document:

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2016, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 27, 2017 under number R17-003.

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2015, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 28, 2016 under number R16-003.

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2014, presented in the Registration Document filed with the Autorité des Marchés Financiers on January 26, 2015 under number R15-005.

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Partnerships and corporate sponsorship	2.5.3
Subcontractors and suppliers	
Factoring CSR issues into the purchasing policy	2.4.1 2.4.2.1
The extent of recourse to subcontracting, and taking into account suppliers' and subcontractors' CSR policies when selecting external providers	2.3.1.2 2.4.1 2.4.2.1
Fair practices	
Measures taken to prevent corruption	2.2.2
Measures taken to enhance consumer health and safety	2.3.1 2.3.2
Other	
Other measures taken to support human rights	2.1.2

The 21 Advanced Criteria for Communications on Progress (COP) under the United Nations Global Compact	Section
1. The COP describes mainstreaming into corporate functions and business units	2.1 2.2
2. The COP describes value chain implementation	2.1.5
3. The COP describes robust commitments, strategies or policies in the area of human rights	2.1.2 2.2.2 2.4.1 2.6
4. The COP describes effective management systems to integrate the human rights principles	2.2.1 2.4.1.5
5. The COP describes effective monitoring and evaluation mechanisms of human rights integration	2.1.5
6. The COP describes robust commitments, strategies or policies in the area of labor	2.4.1 2.6
7. The COP describes effective managements systems to integrate the labor principles	2.6
8. The COP describes effective monitoring and evaluation mechanisms of labor principles integration	2.6
9. The COP describes robust commitments, strategies or policies in the area of environmental stewardship	2.1.5
10. The COP describes effective management systems to integrate the environmental principles	2.4 2.5
11. The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	2.5
12. The COP describes robust commitments, strategies or policies in the area of anti-corruption	2.1.5 2.2.2
13. The COP describes effective management systems to integrate the anti-corruption principle	2.2.2
14. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	2.2.2
15. The COP describes core business contributions to UN goals and issues	2.1.1 2.1.2 2.3.2.1
16. The COP describes strategic social investments and philanthropy	2.6.5
17. The COP describes advocacy and public policy engagement	2.1.1

The 21 Advanced Criteria for Communications on Progress (COP) under the United Nations Global Compact	Section
18. The COP describes partnerships and collective action	2.3 2.4 2.5 2.6
19. The COP describes CEO commitment and leadership	2.1
20. The COP describes Board adoption and oversight	2.2.1
21. The COP describes stakeholder engagement	2.1.4

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