REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT FISCAL 2017-2018

eliorGroup

Time savored

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
Annual Financial Report
Fiscal 2017-2018

Société anonyme **(French joint-stock corporation)**
Share capital: €1,759,490.96

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 24, 2019, in accordance with Article 212-13 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

In the summer of 2017, the Board decided on a new governance structure for the Group. Is this fully in place now?

Although the roles of Chairman of the Board of Directors and Chief Executive Officer were officially separated in early November 2017, the new structure only took full effect when Philippe Guillemot joined the Group as Chief Executive Officer in December 2017. During the first six months of 2018, Philippe worked in parallel on forming his Executive Committee and drawing up a three-year strategic plan for the Group, which was then unanimously approved by the Board.

In fiscal 2017-2018, three new directors joined the Board: Philippe Guillemot (director and Chief Executive Officer), Bernard Gault (independent director) and Virginie Duperat-Vergne (independent director), who represents Fonds Stratégique de Participations. With its ten members, the Board now seems to me to be extremely balanced from all perspectives.

So yes, the Group’s new governance structure is now well in place, with on the one hand the Board of Directors and the Board's committees, which are fully focused on their respective tasks, and on the other hand a Chief Executive Officer and his Executive Committee, whose objectives and action plans have been clearly defined. The Board is fully confident that the Group's management teams in their new form have the ability and talent to successfully carry out all of the missions assigned to them.

How would you sum up the Group's performance in 2017-2018?

We achieved our objectives for the year, with 3% organic growth, adjusted EBITA margin of 4.3% and around €290 million in capex.

The roadmap established by the Chief Executive Officer for the period up to 2021 marks a real return to Elior Group’s fundamentals – i.e. strictly monitoring the quality of our business development, constantly enhancing the appeal of our offerings and tightly controlling all of our costs. We have also put in place rigorous procedures for authorizing capex to ensure that we use our financial resources more effectively in both our contract catering and concession catering businesses.

How do you see Elior Group’s future?

There are still opportunities to be tapped in our markets.

In particular, the outsourcing rate for the education, healthcare and seniors sectors of the contract catering & services business line remains relatively low, giving us strong growth potential.

Our share of the US contract catering market is still small, despite our some $1.3 billion in revenue generated in 2017-2018, and we have many opportunities in the United States in terms of both organic and acquisition-led growth.

The support services market in France also offers new avenues for expansion in catering-related services.

In concession catering, traffic volumes on transport networks are constantly on the rise, creating more and more opportunities every day for our teams to develop our business in our various market segments.

Thanks to these growth and investment prospects, allied with the talent of our people, we are looking to the future with optimism.

How do things stand regarding the review of the strategic options for the concession catering business?

The Board of Directors is considering whether the Group’s long-standing business model, which combines contract catering & services with concession catering, is still the right configuration. There are two main reasons for this. First, because it's questionable whether this model allows sufficient financial resources to be allocated to each of our business lines. And second, in an increasingly complex, competitive and specialized operating environment, it is uncertain whether we can hold firm against competitors that are focused on just one of these business areas. The Board therefore felt it might be the right time to separate our two business lines in order to give each of them the appropriate resources to accelerate their respective growth trajectories.

1.2 CHIEF EXECUTIVE OFFICER'S STATEMENT

How do you feel after ten months at the helm of Elior Group?

I feel more motivated than ever. With each day that passes – and particularly when I'm with our front-line teams – my confidence in the Group's incredible potential gets even greater. Our business is being driven by highly enthusiastic teams who are dedicated to their work and carry out their jobs with a real sense of purpose.

In June 2018 you presented the Elior Group 2021 Plan. What are its objectives?

From a financial perspective, there are three main objectives for the period from 2019 through 2021: achieve organic growth of more than 3% a year on average, attain adjusted EBITA growth that is twice as high as organic revenue growth and generate €750 million in aggregate operating cash flow. Growth for these three indicators is not expected to be linear.

The plan also has three key objectives in terms of operations. First, to get the Group back on track financially and ensure the expansion of our three businesses while being rigorous in the allocation of resources. Second, to put in place efficient organizational structures by building high-performing teams packed with talent. And third, to futureproof by investing today to capitalize on our growth drivers tomorrow.

What are those growth drivers?

There are three of them, and we are already actioning development and innovation plans for each one. The first is the fact that eating times in contract catering are now much more fragmented. Lunch breaks are getting shorter and guests want to be able to have access to food and drink at any time of the day. We are drawing inspiration from commercial catering to meet these new needs.

Our second growth driver stems from small and medium enterprises (SMEs), many of which realize that having a high-quality catering offering is an effective way to attract and retain the best talent. We can help them meet this challenge by offering flexible concepts with no need for an on-site kitchen, thanks to our network of central kitchens which is the largest in Europe.

And thirdly, longer life expectancy is offering new opportunities for catering, and not only in the care home sector. Seniors are remaining autonomous for longer, and our meal delivery services in Europe and the United States help people to age well. Once again, our central kitchens give us an advantage in this sector, which we intend to leverage while at the same time diversifying the types of personal services we offer.

You often talk about the Group's central kitchens. Why are they so important?

Our central kitchens form a tight-knit network covering extensive ground in the countries where we operate. They can make hundreds of thousands of meals each day that meet all of our guests' nutritional requirements. The meals are prepared according to exemplary safety standards and are offered at a reasonable cost, while being a far cry from industrial foods. We will continue to invest in these kitchens to make them a powerful asset both for the markets we currently serve and those we would like to serve in the future.

You say that CSR is at the heart of how your business is run. Can you explain that a bit more?

CSR is fundamental for us at Elior Group, in the literal sense of the term. Our corporate mission is to feed and take care of people, which places us at the center of many of the challenges of today's society. This means that what we do is inextricably linked to corporate social responsibility, right up to the very heart of our business model. Our vocation is to provide healthy food to a wide range of people of all ages, from children in nurseries to seniors in care homes. What's more, think of the contribution we're making to transforming the food industry by using local suppliers for our restaurants (9,600 in France for example). And that's without taking into account the fact that we provide jobs to people who have no qualifications and give them the chance of following a real career path. Far from being a constraint, we view CSR as an opportunity for the Group. It is part of what we are and what we want to become: a responsible player in people's everyday lives.

You also say that innovation is in the Group's DNA. What does that mean in practice?

Just like CSR, innovation is an essential component of Elior Group's corporate mission. Our innovation drive covers not only cooking and technology but also our

services. We need to identify good ideas across the globe and then turn them into formal projects, share them and roll them out as widely as possible. Our approach is not to centralize the ideas we come up with but to pool them, and I have appointed someone in my team to specifically manage this.

Your executive team is now complete. What do you expect from its members?

Because the Group's financial success goes hand in hand with the efficient running of our operations, I have strengthened the Group's organizational structure to ensure that the Elior Group 2021 Plan is effectively executed and that our corporate mission is embodied in our everyday work. For instance, I have restored the position of Chief Human Resources Officer, and one of the main responsibilities of this post is to build on our approach of making human resources a vector for social integration. Similarly, I have created a Group Supply Chain Department to encourage the use of short supply-chains, list more local products and guarantee that we meet our nutritional commitments. The executive team has clear roles and responsibilities and it is now up to us to work together and with our operating entities to achieve our objectives.

Are these objectives the result of a collective thinking process?

The Elior Group 2021 Plan is the result of close interaction with the Group's entities, which were encouraged to input their ideas. Consequently, our teams know exactly what they have signed up to and what resources they will have to deliver on their commitments. The roadmaps obviously vary from one entity to another but they will all contribute to achieving our ultimate goals. I expect our managers at all levels of the Group to steer to success everyone who works in our 25,600 points of sale worldwide. Because our aim is for each and every operational team to be successful.

What are Elior's prospects in the contract catering market?

In the countries where we are already the leading contract caterer – i.e. France, Spain and Italy – we intend to consolidate our positions, while at the same time exploring avenues of future growth. In the countries where we are a challenger – the United Kingdom, the United States and India – our strategy is to offer services that clearly stand out from the competition. This approach has already enabled us to grow twice as quickly as our markets in those countries. In 2017-2018, the USA confirmed its position as the Group's second-largest revenue contributor in the contract catering business. We intend to go all out to make it the number one contributor by 2021, through both organic and acquisition-led growth.

How will the services business contribute to Elior Group's expansion?

Elior Services is the market leader in France and, going forward, we will pursue our innovation strategy in order to reinforce our offering of high value-added services. In the healthcare market, we are leveraging synergies between our services and catering offerings, underscoring the Group's strength and putting into action our corporate mission of feeding and taking care of everyone.

What is the roadmap for Areas in the concession catering business?

We have invested heavily in Areas over the past few years so our priority is to ensure that we get a return on that investment. We want to deepen our expertise in concession catering so that we can continue to grow the business. Our strategy is aimed at retaining our current contracts and enhancing their performance, as well as selectively winning new contracts worldwide, particularly in the USA.

On November 12, 2018, you announced the launch of a review into the strategic options for the concession catering business. Why?

Today we have more opportunities than we can actually seize across all of our operations. In order to give each of our businesses the resources they require to expand in line with the Elior Group 2021 Plan, we now need to make some choices. Were we to take the decision to spin off our concession catering arm, it would be with the aim of helping each business grow by ensuring they have the requisite financial means.

1.3 SELECTED FINANCIAL INFORMATION

1.3.1 KEY PERFORMANCE INDICATORS

Organic growth in consolidated revenue: Growth in consolidated revenue expressed as a percentage and adjusted for the impact of (i) changes in exchange rates, using the calculation method described in Chapter 4, Section 4.1.4.1 of this Registration Document, and (ii) changes in scope of consolidation, taking into account companies that generate more than 0.1% of the Group's annual consolidated revenue. However, acquired companies that contribute less than 0.1% to the Group's annual consolidated revenue are only included in the calculation of organic growth provided that on an aggregate basis they do not represent more than 10% of the organic growth figure stated in the guidance for the fiscal period concerned. For the year ended September 30, 2018 this was 30 bp.

Reported EBITA: Recurring operating profit reported under IFRS including share of profit of equity-accounted investees whose activities are the same or similar to those of the Group.

Adjusted EBITA: Recurring operating profit reported under IFRS adjusted for the impact of share-based compensation expense (stock options and free shares granted by Group companies) and amortization of intangible assets recognized on consolidation.

The Group considers that this indicator best reflects the operating performance of its businesses as it includes the depreciation and amortization arising as a result of the capex inherent to the Group's business model. It is also the most commonly used indicator in the industry and therefore enables comparisons between the Group and its peers.

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

Reported EBITDA[1]: This indicator corresponds to the following, as recorded in the consolidated income statement: reported EBITA, as defined above, before (i) net depreciation and amortization expense included in recurring operating profit and (ii) net additions to provisions included in recurring operating profit.

Adjusted EBITDA[1]: Reported EBITDA as defined above adjusted for the impact of share-based compensation expense (stock options and free shares granted by Group companies).

Adjusted EBITDA margin: Adjusted EBITDA as a percentage of consolidated revenue.

Adjusted earnings per share[1]: This indicator is calculated based on consolidated profit for the period attributable to owners of the parent excluding (i) non-recurring income and expenses, net (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).

Operating free cash flow[1]: 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:

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

[1]These indicators 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. These indicators 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 these indicators for information purposes only. Their calculations 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 these indicators because it believes they are helpful to investors and prospective investors for understanding its operating performance. They 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.

recognized on the acquisition of consolidated companies.

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

Free cash flow[1]: 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:

- Operating free cash flow, as defined above.
- Tax paid, which notably includes corporate income tax, the CVAE tax in France and the IRAP tax in Italy.

Leverage ratio[1] (as defined in the covenants in the Senior Facilities Agreement and presented for the Group's debt at a given period-end): The ratio between (i) the Group's net debt (at the given period-end determined based on the definition and covenants in the Senior Facilities Agreement as described in Chapter 4, Section 4.7.2 of this Registration Document: "Senior Facilities Agreement", i.e. excluding unamortized issuance costs and the fair value of derivative instruments) and (ii) adjusted EBITDA calculated on a rolling basis for the twelve months preceding the period-end concerned, further adjusted to exclude the impacts of acquisitions and divestments of consolidated companies during the twelve months preceding said period-end.

1.3.2 KEY FIGURES

€6,694 MILLION
IN CONSOLIDATED REVENUE

€4,862 MILLION GENERATED BY CONTRACT CATERING & SERVICES	€1,832 MILLION GENERATED BY CONCESSION CATERING
25,561 RESTAURANTS AND POINTS OF SALE	6 MILLION CUSTOMERS EACH DAY
132,000 EMPLOYEES	15 COUNTRIES WORLDWIDE

[1] These indicators 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. These indicators 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 these indicators for information purposes only. Their calculations 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 these indicators because it believes they are helpful to investors and prospective investors for understanding its operating performance. They 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.

Income Statement Data

(in € millions)	Year ended September 30		
	2018	2017	2016
Revenue	**6,694**	**6,422**	**5,896**
Contract catering & services	4,862	4,648	4,228
– France	2,185	2,171	2,163
– International	2,677	2,477	2,065
Concession catering	1,832	1,774	1,668
– France	665	672	657
– International	1,167	1,102	1,011
Revenue growth[1]	4.2%	8.9%	3.9%
Organic revenue growth[2]	3.0%	2.3%	1.4%
Recurring operating profit	**233.6**	**309.9**	**330.8**
Recurring operating profit margin[3]	**3.5%**	**4.8%**	**5.6%**
Profit attributable to owners of the parent	**33.7**	**113.7**	**135.3**
Adjusted attributable profit for the period	**145.8**	**175.7**	**180.9**
Adjusted earnings per share (in €)[4]	**0.84**	**1.02**	**1.05**
Dividend (in €)	**0.32**	**0.42**	**0.42**

(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) See definition in Chapter 1, Section 1.3.1 of this Registration Document.

Revenue by Geographic Region

(in € millions)	Year ended September 30		
	2018	2017	2016
France	2,849	2,843	2,820
International	3,845	3,579	3,076
GROUP TOTAL	**6,694**	**6,422**	**5,896**

Balance Sheet Data

(in € millions)	Year ended September 30		
	2018	**2017**	**2016**
Goodwill	2,541.2	2,561.7	2,542.0
Cash and cash equivalents	142.5	139.6	160.6
Equity	1,470.7	1,617.7	1,557.4
Gross debt	1,958.5	1,760.4	1,857.4
Net debt[1]	1,829.5	1,627.7	1,705.8
Leverage ratio (net debt[1]/pro forma EBITDA[2])	3.62	3.01	3.22

(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		
	2018	**2017**	**2016**
Net cash from operating activities	354.0	364.7	275.1
Net cash used in investing activities[1]	(515.4)	(419.8)	(460.4)
Net cash from/(used in) financing activities	182.1	(214.5)	142.5
Effect of exchange rate and other changes[2]	(22.2)	192.9	1.4
Net increase/(decrease) in cash and cash equivalents	**(1.5)**	**(76.7)**	**(41.4)**

(1) For the year ended September 30, 2018, this line includes the €99.1 million outflow related to the acquisition of an additional 18% interest in Elior North America.
(2) Including, for the year ended September 30, 2017, 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		
	2018	2017	2016
Reported EBITDA[1]	**470.8**	**521.5**	**496.8**
Reported EBITDA margin[2]	7.0%	8.1%	8.4%
Adjustment to exclude the impact of stock options and free shares	**29.3**	**9.4**	**4.3**
Adjusted EBITDA[3]	**500.1**	**530.8**	**501.1**
EBITDA margin adjusted to exclude the impact of stock options and free shares[4]	7.5%	8.3%	8.6%
Net capital expenditure[5]	(287.8)	(291.8)	(183.0)
Change in operating working capital[6]	17.8	2.6	(0.3)
Other cash movements	(37.3)	(53.2)	(61.3)
OPERATING FREE CASH FLOW[7]	**163.5**	**179.1**	**252.2**
Tax paid	(47.8)	(56.8)	(78.7)
FREE CASH FLOW (FCF)[8]	**115.7**	**122.3**	**173.5**
FCF/EBITDA conversion rate[9]	23%	23%	35%

(1) (2) (3) (7) (8) See definition in Chapter 1, Section 1.3.1 of this Registration Document.

(4) See definition in Chapter 1, Section 1.3.1 of this Registration Document, and for fiscal 2015-2016 only, also adjusted to exclude the dilutive effect of the consolidation of Preferred Meals in the United States.

(5) 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.

(6) Change in operating working capital corresponds to the net change during the period in the cash required for maintaining current assets and liabilities 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).

(9) 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 business of services. The Group currently operates in 15 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 US 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 the Premier Marché of 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 (since renamed Constellation Culinary Group), a US 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 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 India, the Group made its entry into Asia by simultaneously acquiring two contract caterers: MegaBite Food Services and CRCL. Through these two acquisitions Elior Group has become one of the top three players in the Indian contract catering market.

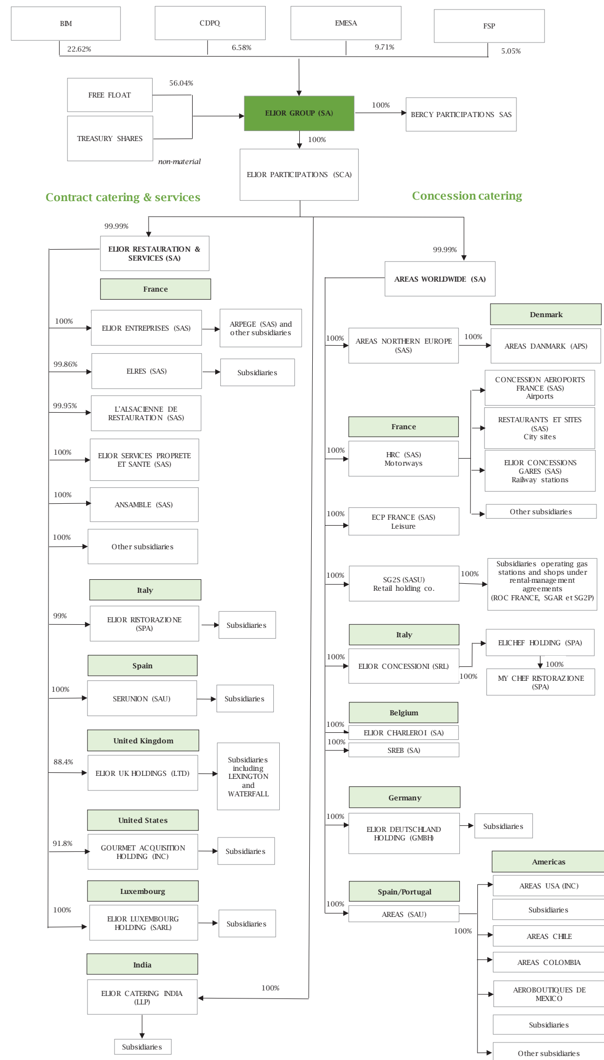
In 2017, Elior Group pursued the expansion of its contract catering activities in the United States by successively acquiring CBM Managed Services, Lancer Hospitality, Abigail Kirsch, Corporate Chefs, Design Cuisine and Sidekim. The acquisition of Corporate Chefs has strengthened Elior North America's 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. At it is based in Minnesota, the acquisition of Lancer Hospitality has enabled Elior Group to broaden its presence in the US.

In 2018, Elior Group acquired a new company in the United States, Bateman Community Living, reinforcing Elior North America’s position in the seniors catering sector. In total, the Group has carried out 19 acquisitions in the United States in the space of three years.

For the year ended September 30, 2018, the Group's revenue figure came in at €6.694 billion.

1.5 ORGANIZATIONAL STRUCTURE

The simplified organization chart below presents the Group's legal organizational structure at December 31, 2018[2].



[2] 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 player in contract catering, concession catering and services, serving some 6 million customers every day at approximately 25,600 restaurants and points of sale worldwide. It has around 132,000 employees in 15 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 serves three key client markets: corporate entities and government agencies (business & industry), educational establishments ("education"), and healthcare facilities ("healthcare"). It operates its contract catering activities in its traditional markets of France, Spain, Italy and the United Kingdom as well as in the United States since 2013 and India since 2016. Based on revenue generated in fiscal 2017-2018, the Group estimates that its positioning in the contract catering industry is number three in Europe as a whole and number four worldwide. Only including the European countries in which it operates, it estimates that it is the leading contract caterer (source: GIRA 2018).

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). The Group operates its concession catering business in 13 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 solutions 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 number one 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 countries. 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 several major acquisitions since 2010 – a year in which it acquired Sin&Stes, a key 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 significant 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 sources of revenue sources and its 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 concession catering market and to extract substantial operational, commercial and cost synergies. In August 2015, the Group reinforced its position in the US contract catering market by acquiring Starr Catering Group (since renamed Constellation Culinary Group), a high-end player serving a clientele that includes corporations, non-profit organizations and cultural institutions. It then pursued its US 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, THS took on the Group's flagship contract catering brand name, becoming Elior North America. During that year Elior North America acquired ABL Management (operating in the university and corrections segments) and Preferred Meals (specialized in contract catering and home deliveries in the education and seniors markets).

During the same year, Elior Group acquired UK-based Waterfall Catering Group, present in the growth markets

of education and healthcare, and as a result became the UK's fourth-largest contract caterer.

In late 2016, the Group made its entry into Asia by simultaneously acquiring two contract caterers in India: MegaBite Food Services and CRCL, resulting in the formation of Elior India. 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 through the successive acquisitions of Abigail Kirsch, CBM Managed Services, Corporate Chefs, Design Cuisine, Lancer Hospitality and Sidekim. Corporate Chefs has strengthened Elior North America's positions in several markets, including correctional facilities, premium corporate catering, events and the education. Lancer Hospitality provides professional food management services in a variety of settings including cultural venues, leisure attractions, business centers, schools and healthcare facilities and as it is based in Minnesota, its acquisition has extended Elior Group's geographic reach in the United States.

In 2018, Elior Group acquired a new company in the United States, Bateman Community Living, which has firmly cemented Elior North America's position in the seniors catering sector. In the last three fiscal years, the Group has carried out a total of 12 acquisitions in the United States.

In the year ended September 30, 2018, the Group generated total consolidated revenue of €6,694 million and its adjusted EBITA amounted to €285 million. The contract catering & services business line generated €4,862 million in revenue and €190 million in adjusted EBITA and the concession catering business's revenue totaled €1,832 million and its adjusted EBITA came to €105 million.

1.6.1.1 The Group's Contract Catering & Services Business Line

2017-2018 key figures:

- **Revenue: €4,862 million** (73% of total consolidated revenue)
- An operating presence in eight countries: France, Italy, Spain, Portugal, the United Kingdom, Luxembourg, the United States and India
- 23,500 restaurants and points of sale in eight countries
- 5.1 million guests per day
- 109,000 employees worldwide

The Group's contract catering business addresses three different client markets: business & industry (private and public sector companies and government agencies), education (private and public educational and higher-educational establishments), and healthcare (private and public healthcare providers and care home operators). Through this business, the Group offers dining services and other catering-related services, such as meal deliveries, vending solutions and foodservices technical support.

The Group's business & industry contract catering clients include private companies in the manufacturing and tertiary sectors, as well as public institutions such as state-owned enterprises, government agencies, military bases and corrections facilities. In Italy, the Group delivers catering services on board high-speed trains. In the United Kingdom and the United States, the Group's business & industry contract catering clients also include stadiums, museums and other prime venues.

The Group's contract catering clients in the education market comprise public and private educational institutions covering a broad spectrum of teaching ages, ranging 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 Spain and France.

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

The Group serves the business & industry, education and healthcare markets in each of the countries in which it has

contract catering operations. 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

Hostesa

Singularis

Italy

Elior

Gemeaz

Hospes

United Kingdom

Elior

Caterplus

Edwards & Blake

Lexington

Taylor Shaw

United States

Abigail Kirsch

Aladdin

A'viands

Bateman Community Living

Constellation Culinary Group

Corporate Chefs

Cura

Design Cuisine

Lancer Hospitality

Lindley

Preferred Meals

Summit

Valley

1.6.1.1.1 The Business & Industry Market

a) 2017-2018 key figures

- **€2,225 million in revenue** (46% of total contract catering revenue)
- 6,500 restaurants
- 1.6 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 constantly innovates to create catering solutions that meet the changing needs and requirements of its guests.

b) Highlights of 2017-2018

Spain – Euroforum chose Serunion to provide all-day catering services at two sites which host between 100 and 400 people every day for training courses and events.

Spain – To partner L'Oréal in its quest for well-being in the workplace, Serunion designed a sustainable and ecological restaurant – The Green House – as well as a foodtruck called The Green Van.

United States – In New York, Constellation Culinary Group won a contract with GroupM thanks to its premium catering offering carefully tailored to the pace of GroupM's business.

France –After Elior's teams earned their stripes at one Sanofi site, it was awarded a five-site contract for this group in the Paris region.

France – Elior now caters for all of the teams at Bouygues' flagship head office building, "Challenger".

France – Elior won the invitation to tender launched by Bayer for three of its sites outside Paris (Lyon, Lille and Valbonne).

France – Arpège's key accounts strategy paid off when it secured a contract with BPCE for catering services at several of this major banking group's sites, including its head office.

India – To meet the needs of Rising Star's 8,000 guests, Elior opened a central kitchen in Sri City, widening its footprint in India.

India – Satisfied with the services already provided by Elior, Goldman Sachs extended its existing contract with the Group by entrusting it with the catering services at its campus in Bangalore, which has a 1,400 sq.m. dedicated kitchen.

Italy – Elior won an invitation to tender launched by the Ministry of the Interior to cater for 1,000 guests at 41 sites in the regions of Marche, Tuscany and Umbria.

Italy – Won over by its bespoke offer, Unicredit awarded Elior a three-year contract to cater for the 3,000 employees at its Milan head office.

United Kingdom – Airbus selected Elior to deliver food services to up to 4,000 guests a day at six sites in England and Wales using local ingredients.

United Kingdom – Having combined several sites in one new London-based head office, Schroders took up a broader catering and services offering proposed by Lexington.

Overall, the Elior group pursued its growth trajectory in the business & industry catering market in 2017-2018, propelled by the start-up, extension and renewal of numerous contracts.

c) A broader offering with longer opening hours to meet demand for anytime-eating

Today's guests in the business & industry market want to be able to eat at any time of their working day, which may start early and finish late. Therefore, Elior Group is rewriting the rules of traditional catering by proposing tailored offerings available from morning to night and creating growth drivers by extending the times when guests can eat and drink. For example, in France, Elior has broadened its room-service offering with Arpege's *Tasty Time* and *Room Service by Elior*, which enable customers to order breakfasts, snacks, cocktails and meals that can be delivered, hot or cold, at any time. And in Italy, guests can use the *Joyfood* app to see menus that show a description of each dish (including their calorie content) as well as nutritional recommendations enabling them to create an individual profile. At Schroders' new head office in the United Kingdom, Lexington offers a broad range of services including catering, events and reception services. Extending the hours when food and drink is available also means rethinking the design of dining and break areas. One example of this is at ICADE, which has opted for a modular catering concept proposed by Arpège whereby the lunch-time self-service restaurant becomes a co-working café in the mornings and afternoons offering a non-stop service of breakfasts and snacks. Other companies prefer to keep their dining areas separate from break areas and in response to this preference, in France Elior has created *Cosy Forte*, a new contemporary café with very long opening hours and a broad offering to match. Meanwhile, Facebook and Blablacar have opted to broaden the traditional company restaurant offering to different dining and snacking areas proposed by Arpège in the #cloud office complex in the heart of Paris. The Group constantly innovates to ensure that it stays ahead of the curve in adopting new trends. For instance, in Italy Areas has created a new foodhall concept for the Caldera Park business zone where its head office is based. A veritable trend lab, it is open to the building's occupants throughout the day and is a way for Areas to test new products and services before rolling them out on a larger scale.

d) Promoting diversified, balanced and healthy eating

Providing tasty, healthy choices to guests and raising their awareness of good eating habits is one of the four pillars of the Group's CSR strategy – the Positive Foodprint Plan. This commitment is in line with companies' growing demand to help their employees stay healthy by having a good diet. In France, Ansamble has created an offering for Calydon's corporate restaurant that consists entirely of homemade food using local and regional ingredients. In all of its restaurants, every Wednesday Arpège serves fresh fish as part of a partnership with Mister Goodfish set up with the aim of safeguarding fishery resources. In the United Kingdom, Vita Mojo proposes 100% personalized dishes for Lexington's corporate clients. Each guest can choose their ingredients and portion size and then instantly receive nutritional data relating to their meal. This means that meals can be tailored to everyone's different lifestyles, tastes, intolerances, preferences and diets. It is an innovation that goes hand in hand with the awareness-raising program *You & Life*, which promotes healthy, balanced eating by informing guests about the

amounts of sugar, calories and saturated fats contained in the meals served in corporate restaurants. In Spain, Serunion has created a sustainable and ecological restaurant concept called *The Green House*. Forty percent of the products used in *The Green House* are organic and over half of the restaurant's supplies are local. In addition, all of the packaging is compostable and biodegradable. In Italy, Unicredit's head office in Milan now offers a *Wellness* salad bar along with soups, cereals and other vegetarian dishes. The Group's development of more vegetarian and vegan options is in response to growing public demand as an increasing number of guests are following a more vegetable-based diet, especially in the under 35 age-group. In the United Kingdom, Lexington has launched a line of vegan products in its takeaway offerings under its Grains & Greens vegetarian brand. Guests in the United Kingdom can also enjoy fresh made-to-order fruit and vegetable juices proposed by Vitalicious. In France, Ansamble offers a vegetarian meal every day at ANSES' head office and has developed an organic, local-based offering for the corporate restaurants at several Orange sites. Lastly, in Italy, during the year Elior organized a "no-meat day" for the 3,500 people working at BNP-Paribas' head office in Rome.

e) Ever-more digital

Like in any other sector, digital technologies are changing the expectations and behaviors of contract-catering guests, often in the aim of saving time and facilitating daily living. That is why Elior has stepped up the pace of its drive to roll out mobile apps and online services for its clients. Take *Tasty Time*, for instance. Based on the now widely deployed *TimeChef* app dedicated to guests, *Tasty Time* allows the teams of Arpège's clients in France to order room-service via their smartphone and have their food and drinks delivered to meeting rooms or open space offices as and when they want. In the United Kingdom, the Group has rolled out a click & collect app at Airbus to speed up service time. In Italy, at the Milan offices of Unicredit Business Integrated Solutions, guests can go online to order and pre-pay their meals using the *Joyfood* app. In Spain, Serunion uses digital technology to offer guests innovative payment solutions by card or cell phone. And in India, the mobile app *El Chef* is the first of its kind in the country and allows guests to view each day's menu on their smartphone, pay for their order and find out when it is ready so they can pick it up at exactly the right time.

f) Transparency and sustainability

One of the Group's priorities is to shape the catering landscape of today so that it will have a positive impact on tomorrow's world. To this end, it is putting in place numerous initiatives to create more sustainable catering services worldwide. In the United Kingdom, for instance, Elior has removed plastic straws from all of its restaurants. And at Airbus it has devised reusable solutions in order to significantly cut down on disposable cups, cutlery and food containers. At the offices of Unicredit Business Integrated Solutions in Italy, Elior has introduced separate waste collection containers for paper and plastics, both in its restaurants and kitchens. In France, a continuous improvement process called *MaSignature* has been launched with a view to guaranteeing quality and transparency over the long term. The process consists of seven fundamental principles and a contract that restaurants sign up to when they commit to the process (which contains a list of progress plans for each principle) as well as action plans. Restaurants that successfully implement the process are awarded the *MaSignature* label, which is certified via external audits. Elior is also using biodegradable packaging for a regional authority in south-west France. The Group is also acting to reduce food waste and re-use uneaten meals. In Italy, uneaten meals are donated to charities which help the poor. But the Group's responsible actions go beyond committing to reduce waste. It also takes care to effectively inform guests about the food and beverages they consume. In Spain, items sold in Serunion's vending machines have QR codes which customers can scan with their cell phones to obtain detailed nutritional information about each product.

g) Central kitchens – a real asset for tapping into new growth markets

Elior's network of around one hundred central kitchens across Europe gives it a unique advantage for offering new catering services to SMEs and therefore capturing new markets. Many SMEs are keen to give their teams healthy, high-quality food services but they don't have a kitchen on their premises. The Group's central kitchens – which have been traditionally used in the education and healthcare markets – enable these companies to offer quality meals that are made and delivered at competitive prices. In Italy, for example, *Food360* proposes dishes prepared at a central kitchen and then delivered to refrigerated cabinets at clients' premises. This type of cook-chill system with meals supplied from central kitchens is also at the heart of the *Smart Food* and *Plus by Elior* concepts, which have been specially created for Italian SMEs. The same system is used for some larger companies to which Elior provides catering services. For instance, in several business districts in France, Arpège can deliver meals to companies located within the vicinity of its kitchens thanks to orders taken digitally through the *Tasty Time* app. In India, the Sri City central kitchen has been opened in a fast-growing business district offering promising prospects.

1.6.1.1.2 The Education Market

a)2017-2018 key figures

- **€1,433 million in revenue** (29% of total contract catering revenue)
- 14,000 school restaurants
- 2.9 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 its large number of central kitchens, experience in managing small sites, and technological expertise, it enjoys a solid leadership position in both the public and private education sector in Europe.

b) Highlights of 2017-2018

Spain – The authority responsible for state-run schools in Rioja selected Serunion to cater for over 4,000 pupils a day at several different sites.

United States – A'viands won its first contract in the higher education market in California, for California State University's Monterey Bay site, which has 3,500 students.

United States – Preferred Meals' expertise in pre-prepared dishes helped it win the catering contract for the KIPP DC network of college-preparatory public schools in Washington, D.C., which only has a limited amount of space for cooking.

France – Elior secured the public contract for meals delivered on behalf of the municipality of Poissy (in the Paris region), covering schools and a community center and representing 3,100 guests a day.

France – The Hauts-de-Seine regional authorities renewed the public service contract under which Elior caters for 8,200 secondary school pupils each day.

France – Elior has catered for the 1,200 pupils at the Notre-Dame La Riche private school in Tours since September 2018, with some recipes devised by the Michelin-starred chef, Michel Sarran.

France – Elior once again won the public contract with the municipality of Lyon to provide food services to 27,000 guests in 127 restaurants, ranging from pre-school children to school staff.

Italy – Elior now caters every day for the 1,250 school children in Casale Monferrato in the Piedmont region, with an offer based on local produce.

Italy – More than 2,000 school children in San Donato Milanese in the Lombardy region will now be able to savor Elior's meals made from local produce.

United Kingdom – Won over by its culinary concepts, the University of Sunderland selected Elior to cater for 6,600 students every day.

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 the costs of local authorities – which are major clients in this market – mean that operators need to change their traditional business models. Against this backdrop, the Group's unique positioning in Europe, with a network of around one hundred central kitchens in France, Italy and Spain, is a real asset for expanding and consolidating its leadership in those countries.

c) Meeting demand for organic and local produce

In all of the Group's markets, clients are increasingly seeking healthier catering solutions, with a particular focus on organic and local produce. This demand is especially strong in the education market, where all of the stakeholders involved agree that children need to be given the best start possible. In Italy, the schools in Casale Monferrato (in the Piedmont region) were attracted by our local produce offering, choosing Elior to cater for 1,245 pupils a day. The local authorities in San Donato Milanese (Lombardy) and Bassano del Grappa (Veneto) have renewed their school catering contracts with Elior for the same reason. In France, Ansamble continues to offer homemade meals cooked from scratch using fresh local ingredients. Ansamble is currently working with the Blanquefort regional authorities to create a virtuous and responsible catering offering that takes into account the social and environmental impact of food. At other sites, Elior has launched ambitious progress plans for its supply chain. In Poissy and Versailles, the aim is for 30% of supplies to be organic in the immediate future and 20% organic within the space of a year. And in the 10-year contract that has been renewed with the Croix Blanche in northern France, Elior set itself the clear objective of its ingredients being 20% organic and 50% local within four years. Elior's aim is for its central kitchens to become taste incubators ("*Pépinières du gout*") in order to demonstrate their commitment to excellence and their focus on culinary expertise and quality.

d) Central kitchens acting as taste incubators

To become a *Pépinière du Goût*, Elior's central kitchens in France have to honor three main pledges: source sustainable produce (organic and/or local), create new "homemade" recipes, and use new cooking processes, such as the dry heat slow cooking technique, in order to maintain a maximum of nutrients in the food they

provide. These kitchens also receive Bureau Veritas certification for 26 criteria and 52 commitments and carry the Ducasse Conseil culinary label which certifies that they use the cooking processes specially developed by Ducasse Conseil for Elior. More than ever, the Group is seeking to showcase the expertise and quality of its central kitchens. These facilities are unrivaled in their markets and stand out from the competition thanks to their up-to-the-minute technology, high production capacity – achieved with no sacrifice in terms of quality – and top culinary expertise. The central kitchen in Conflans-Sainte-Honorine in the Paris region played a major role in the Group winning a public contract to deliver meals to some twenty schools in Poissy (representing 1,300 meals a day). And in Ernstein, L'Alsacienne de Restauration has opened a new central kitchen to deliver 1,500 meals a day to schools and nurseries. Housed in a brand-new building, this kitchen sports the latest energy-saving technologies. In the United States, Preferred Meals' central kitchen in Washington is now broadening its target guest base. Initially dedicated to pre-school and primary-school children, it will now also serve other, smaller sites.

e) Alternative concepts for millennials

Catering in the education market is reinventing itself and the main driver behind this move is the millennial generation (people born between 1980 and 2000). Eating patterns are now radically different from what was the norm until recently. Online ordering and deliveries are the now the name of the game, and the Group has developed new concepts accordingly. In France, the *Weeky Connect* app saves time for high-school and university students by enabling them to click and collect their meals. And Elior is continuing to roll out *bon'App* – the app that parents can use to see their children's menus, identify allergens and pay online. In the United Kingdom, Elior has even gone one step further, with *ChEATAH*, which Roehampton University's students can use to order pizzas online which are then delivered directly on campus. As millennials also have a clear preference for main-street brands, the Group has developed concepts and cemented partnerships that bring urban trends into educational establishments. In France, Elior has successfully tested *Weeky* – a new fast-food concept for high-school pupils and students – at four pilot sites. And in the United Kingdom, it is continuing to develop Urban Rajah, a new Indian street-food concept, in an exclusive partnership with its celebrity chef founder. Meanwhile, at the University of Sunderland, Elior UK has introduced a Starbucks, street-food formats and a bar that's open for evening events. In the United States, universities tend to favor a blend of main-street brands, local names and original concepts. Consequently, while Areas's long-standing partnerships have facilitated the rollout of Chik-Fil-A and Starbucks franchises by Elior North America in the education market, students have also been given a chance to discover the new Mexican street-food concept, *Chilaca*. And at CSU Monterey Bay University, A'viands has teamed up with Verve, a trendy and highly-popular coffee roaster brand originating from Santa Cruz.

f) Encouraging young people to eat well

A firm believer in knowledge transfer, the Group has positioned itself as a responsible enterprise that has a role to play in teaching children balanced and healthy eating habits, both in and out of school. During the year, Serunion in Spain teamed up with the chef, Sergio Fernández, to create *Club Nutrifriends,* whose aim is to help primary school children develop their critical thinking skills when it comes to making daily food choices. In the same vein, Serunion published the third volume of its "*Noa & Max*" series which promotes healthy eating in a fun and entertaining way. And in France, Elior encourages young children to stand on their own two feet when it comes to food choices through *Mon 1er Resto* and *Le Self qui fait grandir*. *Mon 1er Resto* is an innovative school restaurant concept for pre-school children which is both pedagogical and stimulating. And *Le Self qui fait grandir* is an empowering format specially designed for 6-10-year-olds. Another way of encouraging young people to adopt healthy eating habits is to propose dishes that turn the spotlight on vegetables. At CSU Monterey Bay university, Elior North America offers Grains & Greens – a healthy, balanced eating concept which Elior UK has already introduced in its business & industry market. In France, Elior offers vegetarian menus designed by its in-house chef, Sylvain Chevalier, as well as the *Mon assiette liberté* concept which proposes a meatless meal alternative. In the United Kingdom, a wide range of vegan and vegetarian options is available as part of the *Elements* offering, and Vita Mojo allows guests to create personalized dishes and see each ingredient's nutritional composition in real time.

g) An ever-more responsible catering offering

The Group pays particular attention to the environmental impact of its business and has implemented numerous measures to make its catering offerings more sustainable. For instance, when its four-year school-catering contract was renewed with the Hauts-de-Seine region, Elior undertook to obtain Ecocert certification within the first year. The Group has a holistic approach which promotes sustainable eating and respect for the environment, both for and by school children. In Spain, waste sorting tables have been installed in schools to combat food wastage and in France, for the 32 pre-schools and elementary schools in Versailles (6,000 covers a day), Elior has put in place an anti-food wastage program comprising a raft of initiatives such as waste-sorting tables and re-using bio-waste. In early 2018, Ansamble began introducing fully

compostable food containers made of 100% vegetable fiber in 35 schools in the suburbs of Bordeaux. The Group also closely involves its central kitchens in initiatives to fulfil its eco-commitments. Consequently, in France, Elior has launched a consultation process to find new solutions for optimizing the waste generated by these kitchens. In Italy, the Pesaro central kitchen has been fully refurbished, making it a model for the green kitchen format and a benchmark in terms of the equipment it has installed. All these initiatives are in line with the CSR commitments set out in the Elior Group Positive Foodprint Plan (see Chapter 2 of this Registration Document).

1.6.1.1.3 The Healthcare Market

a) 2017-2018 key figures

- **€1,204 million in revenue** (25% of total contract catering revenue)
- 3,000 restaurants
- 600,000 guests per day

In all forms of healthcare facilities, from hospitals to care homes, a good diet helps to restore patients' and residents' health and well-being and forms an integral part of the overall care process. The Group designs catering formats for these establishments that combine nutritional values with the enjoyment of eating. Its 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 2017-2018

Spain – The Ramón y Cajal hospital in Madrid selected Serunion to cater for 750 guests a day.

United States – The 2,600 residents of the Presbyterian Communities of South Carolina can now savor Cura's delicious catering offerings, served in a warm and friendly atmosphere.

United States – The Sacramento Meals on Wheels program – which has been entrusted to Valley – now includes meals produced by Bateman and a menu that changes on a quarterly basis.

France – The partnership between L'Alsacienne de Restauration and the Erstein sheltered workshop led to the creation of a new restaurant by and for local workers followed by a central kitchen which delivers 1,500 meals a day to surrounding schools and nurseries.

France – Elior pursued its partnership with the Colisée group, gradually rolling out a supply and technical assistance offering across 80 sites.

France – Ramsay Générale de Santé renewed its trust in Elior and Elior Services for 80 of its sites, extending a partnership begun 25 years ago, which includes, among other things, seven special menus.

France – Thanks to its strong culinary profile and good reputation at other sites owned by the Alph'Age Gestion group, Elior was selected to provide catering services at the La Roseraie care home in Croissy-sur-Seine (in the Paris region).

France – The Partage & Vie Foundation renewed Elior's catering services contract covering 16 establishments (for elderly and disabled people) in the north of the country, representing 1,100 guests a day.

Italy – The local health authorities in north Piedmont renewed their contract with Elior to cater for around a thousand people a day at three sites.

c) Contributing to seniors' well-being and helping them stay in their own homes

The Group's corporate mission is to feed and take care of people. This means going beyond the act of catering to actually looking after our guests. And this is particularly the case when it comes to seniors, as the Group is a key contributor to their well-being. As well as providing meals on site in care homes, the Group is playing a significant role in the movement to help elderly people stay in their own homes by developing its home meal delivery offerings. In France, Elior offers "homemade" food in care homes, cooked from scratch using fresh local ingredients, and provides different textured dishes to meet the specific needs of residents. During the year, Elior's chefs designed 30 Signature recipes by reworking some of the major classics of French cuisine. The Group also invited several famous chefs to take part in special events. For example, in south-west France, five Elior chefs teamed up with the top chef, Michel Sarran, to create festive meals for care home residents. We even participated in a film shoot at the Pieuré Saint Louans site in Chinon to sweep away the stereotypes of catering for seniors and reaffirm that a large group like Elior is capable of providing bespoke services.

The Group's central kitchens are also a major strength when it comes to meal deliveries – a sector that is growing rapidly due to an aging population and the increasing trend of aging at home. In a bid to meet this demand in Alsace, Elior has opened a third central kitchen in that region. The Group has also teamed up with the French postal service (La Poste) to create an offer called *Savourer chez Vous,* which helps seniors eat well by providing home mail deliveries of Elior meals. And with a view to making an ongoing contribution to seniors' welfare, Elior has joined forces with La Compagnie des Aidants, a charitable

network of carers and helpers. In the United States, Elior is the leading preparer of Meals on Wheels, with 60 kitchens, and during the year it further cemented its leading position in the aging at home sector by acquiring Bateman Community Living. Founded over 30 years ago, Bateman Community Living is specialized in the market of meal deliveries to seniors, providing meals either at seniors' own homes or in congregate settings. The Group also supplies food to community centers where elderly people meet up and chat over a meal or a snack.

In France, Elior has enriched its range of services for the elderly with two innovative offers: *Exhalia*, a fragrance diffuser that helps to stimulate seniors' appetite, and *Dynseo*, a simplified messaging solution for residents to keep in touch with their families which also offers a tablet-based memory game. In Spain, through its acquisition of Ulla.sar, Serunion has reached out beyond catering and home meal deliveries by offering services to the elderly such as cleaning, washing and bathing and accompanying them on walks.

d) Tailoring offerings to each patient's needs

Each hospital patient's story and experience are different and nutrition plays a large part in their well-being, which is why the meals they are served need to be tailored to their individual needs. In France, the Group has developed a concept called *L'Itinéraire du Patient Optimum*, whose menus are adapted to the specific situation of each patient based on personalized nutritional protocols that form part of the overall care process. And for Ramsay Générale de Santé, Elior has devised seven menus that are specially adapted to different pathologies, including two new menus dedicated to the oncology and dialysis departments. For maternity units, new mothers now have the *Maman Plaisir en Toute Liberté* offering – notably introduced at the GHM de Grenoble private hospital – which enables them to choose their meals from a "food-truck trolley" wheeled through the hospital corridors or to order food directly from their room. The market for long-stay patients is also evolving, especially for people with disabilities, and the offers proposed by the Group can be adapted in line with these changing needs. The many initiatives put in place in France have also inspired the Group's other countries. In Spain, for example, Serunion has presented to healthcare sector professionals the Group's *Faciles à manger* ("easy-to-eat") concept designed specifically for elderly people who have problems with chewing and swallowing. Originally created by Elior's teams for the French healthcare market, this concept's international rollout is a prime illustration of the synergies being leveraged across the Group.

e) Focusing on the enjoyment of meal times

In the healthcare sector more than anywhere else, the relationship we build up with our guests is fundamental. Being in hospital can be stressful and patients can feel captive to their situation, which makes their need for care and comfort even greater. The pace and patterns of their lives are different to what they are used to and meal times therefore take on an all-important role of creating a sense of well-being and familiar routine. That is why Elior has developed a range of innovative solutions that help its clients stand out from the competition, increase patient satisfaction and facilitate the work of care staff. In France, Elior has launched premium extra offerings such as *Matin Plaisir* (tasty breakfasts proposed as an addition to the standard offering) and *Repas Plaisir* (a selection of gourmet dishes approved by well-known specialists). And in three hospitals that have recently selected Elior as their caterer, the foodservices offering will also include food-trucks brought in once a week to add a lively twist to the foodservices offering. This trend is also taking off in Spain, where Serunion and the Universitario Central De Asturias hospital (HUCA) have teamed up with the Michelin-starred chef, Nacho Manzano, to offer patients and staff exceptional dishes showcasing local recipes. In the United States, Elior North America won over six SpiriTrust Lutheran sites thanks to Cura's culinary innovations which encourage guests to eat well and with dignity and to enjoy their food.

f) Developing hospitality services

In addition to its catering offerings, Elior also proposes services to patients that help break up the daily routine of their hospital stay, which can often be a stressful time. These new services have been developed by Elior's Services and Healthcare teams in France. For example, at Elsan Santé Atlantique in Nantes, patients can now have their favorite newspapers delivered directly to their room. And at the brand-new Nord Deux-Sèvres hospital in Parthenay (near Poitiers) and the Les Portes du Sud hospital in Vénissieux (near Lyon), patients have access to a television rental, concierge and room services offering.

g) No kitchen? No problem!

A growing number of healthcare establishments are opting not to have on-site kitchens so that they can fully focus on care. In view of this, Ansamble has devised a meal delivery offering based on its central kitchen services. This new offering was one of the main reasons why its contract was renewed with the Cliniques Mutualistes du Finistère et du Morbihan in France.

1.6.1.1.4 The Services Business

a) 2017-2018 key figures

- No.1 for cleaning services in the French healthcare market
- 2,300 sites

- 19,000 employees in France

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

b) Highlights of 2017-2018

France – Elior and Elior Services won numerous contracts together for health and social care establishments: in Melun, Arras, Marseille, Caen, Nantes, Grenoble etc.

France – Thanks to its focus on employee well-being and workplace safety, Elior Services won a contract covering 340 EDF sites in the Paris region and the north and east of France following a national bid process.

France – Elior Services has been included in Ikea's nation-wide approved supplier list and has already begun to manage cleaning services at four Ikea stores (in Metz, Strasbourg, Villiers-sur-Marne and Montpellier).

France – Nespresso renewed its trust in Elior Services to provide cleaning services at 26 of its stores across the country.

France – Satisfied with its comprehensive offering and organizational efficiency, four hospitals in the Paris region, including HIA Bégin, renewed their contracts with Elior Services.

c) A continuous innovation approach

In order to continually enhance client offerings and facilitate the work of its teams, Elior Services is pursuing its *Novacio* collaborative innovation program. A particularly successful outcome of this program is the smart trolley, which proved its credentials once again in 2018. Now used at 15 Ramsay Générale de Santé sites, this state-of-the-art innovation allows specialized cleaning teams to communicate in real time with clinic staff. Another innovation is the *Easytraça* app. Based on NFC technology for traceability, real-time monitoring and improving working organization, *Easytraça* has impressed the four Ikea stores whose cleaning is now managed by Elior Services. And Elior Services is just as innovative when it comes to environmental matters, having rounded out its already-wide offering in this field with a comprehensive and responsible waste management solution called *Valogic*. One of the stars of the year was Pepper, a humanoid robot who's become a real hit with the public. Pepper – who is an ambassador for new technologies – welcomes people at the Group's head office, presents the operations of Elior Services and Elior Group, carries out satisfaction surveys with people visiting the Group's LAB, and of course amuses and entertains them.

d) New expertise in corporate reception and hospitality services

Drawing on its position as a benchmark player in cleaning and hygiene services, Elior Services is deepening its expertise in corporate reception and hospitality. During the year it launched a new website entirely dedicated to reception services as well as an e-book called "Hospitality Inspiration" with a view to showcasing its corporate hospitality savoir-faire. As part of its *Novacio* program, Elior Services has also launched *FI LINKS* – a cutting-edge instructional design system that places hospitality-inspired behaviors and attitudes at the heart of the service process. This expertise convinced Lacoste to assign Elior Services all of its cleaning and facility management services for its two office buildings in Paris. The contract covers all of the services related to the buildings and their occupants as well as the actual running of the buildings, such as reception areas, mail and shuttle services, logistics, cleaning, waste management, safety and security, light maintenance, multi-technical services, an e-concierge, grounds management and flower arrangements. Following its acquisition of the concierge company, Alfred, Elior Services can now offer concierge services both online and on-site. This hospitality expertise also extends to the healthcare sector as healthcare establishments are increasingly looking to outsource such services. Just as Elior Santé has risen to the sector's new challenges by introducing up-to-the-minute catering offerings, Elior Services now offers room preparation and personalized reception services as well as serving meals. The innate ability of these two Elior Group subsidiaries to adapt to market demand was precisely why Ramsay Générale de Santé decided to renew its contracts with Elior Santé and Elior Services for catering, hospitality and specialized cleaning services in 70 healthcare establishments.

e) Broader CSR commitments

Elior Services pays particular attention to the impact its business has on the environment and society, as demonstrated by its CSR Impacts+ strategy and in line with the Group's Positive Foodprint Plan. The main CSR focuses for the company and its teams in 2017-2018 were sorting and collecting waste, using responsible products, introducing daytime working for service agents and launching a responsible purchasing charter. Elior Services also put in place many innovative measures during the year including a rainwater collection system at Unibail Rodamco Westfield's site, which supplies 400 liters of water a day that is used for Elior Services' cleaning equipment. Elior Services' responsible approach has won the acclaim of many different organizations. For example, it was awarded the Ecovadis gold medal for its CSR policy that allies financial performance with environmental

commitment and well-being at work, ranking in the highest 2% of all of the companies that were rated.

In addition, Elior Services' sustainable development policy received a score of A++ in the *indice vert* – a labeling system developed by the French public and private hospitals procurement association (CAHPP).

Also during the year, Elior Services' ISO 9001:2015 and MASE certifications were renewed and it maintained its ISO 14001:2015 and Certiphyto certifications.

1.6.1.2 The Group's Concession Catering Business Line

2017-2018 key figures:

- **€1,832 million in revenue** (27% of total consolidated revenue)
- No.3 worldwide
- An operating presence in 13 countries
- 2,100 restaurants and points of sale
- 900,000 customers per day
- 23,000 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 and leisure venues).

The Group is the third-leading concession catering operator globally. It has concession sites in 13 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 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, À Table !, COMO and Airea for free flow, La Pausa and Pepito Grillo for table service and Deli&cia, Briciole, Philéas, Go Johnny Go and Super Wild Coffee for fast food, as well as main-street brands under franchise agreements, including PAUL, McDonald's, Courtepaille, Costa Coffee, Five Guys, Burger King, La Place, Exki, Starbucks Coffee, 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 Sibarium 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) 2017-2018 key figures

- **€867 million in revenue** (47% of total concession catering revenue)
- No.1 in France, Spain and Italy
- 91 airports worldwide
- 770 points of sale

The Group is a long-standing partner of many European airports, with over 39% market share in France, Spain and Italy, and is are expanding rapidly in this market in the United States. Its 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. The Group's expansion is also being propelled by the steady growth in air traffic that is continuing to outpace global growth.

b)Highlights of 2017-2018

Chile – Areas won the concession catering bids for three of the six points of sale in the new C and E terminals at Santiago airport.

Colombia – Areas now has eight points of sale at Bogota airport.

Spain – Areas has become the main concession operator at Barcelona El Prat airport, having won the contracts for

15 new points of sale covering a vast spectrum of concepts.

Spain – Areas strengthened its position at Malaga airport, securing seven new points of sale and increasing its total to nine.

United States – Areas continued to expand its business at LAX, opening eight new points of sale.

United States – Areas opened two new points of sale out of the sixteen it won for Minneapolis-Saint Paul airport.

France – Areas won the concession contracts for three new points of sale at Paris-Charles-de-Gaulle airport: an Exki, a Starbucks and the first Sushi Shop to be opened by the Group.

France – Areas reached an agreement with McDonald's concerning the management of two airport restaurants – one in Terminal 1 at Paris-Charles-de-Gaulle and the other at Orly-Ouest.

France – Following a bidding process, Areas' contract was renewed for the eight points of sale it already operated at Toulouse-Blagnac airport, comprising a mix of franchises and directly-owned brands: Victor, Panorama, Super Wild Coffee, MasQMenos, Starbucks, etc.

Italy – Areas refreshed its offering at Naples airport with the opening of the first point of sale operating under the directly-owned brand, *Farine*, which is being developed Europe-wide.

Italy – Milan-Malpensa airport now has outlets operating under two new brands: Spontini, a high-popular local pizzeria, and Inamore, a coffee shop concept designed by Areas.

Mexico – Areas strengthened its presence at Mexico City and Guadalajara airports (with ten new points of sale at Guadalajara).

Portugal – Following its acquisition of Cores Doces, Areas now serves 4,000 customers a day at its shops in six airports.

Portugal – In partnership with ANA, Areas overhauled the Portfolio chain of four concept stores, a move which is already proving successful.

c) Innovative concepts and services

Elior Group stands out from the crowd in the fiercely-competitive airports market by regularly adding innovative formats and concepts that are inspired by the major trends in commercial catering. For example, in Italy, Areas has brought the street food experience to airports, with Hot Dog Station carts introduced at Rome-Fiumicino and Naples International Airport. Naples International Airport is also now home to the first *Farine* – a new French-style café and bakery concept developed by Areas. At Madrid-Barajas airport, during the year Areas inaugurated a new outlet under its flagship brand, Sibarium Delicatessen, which for the first time combines a tasting bar with a traditional offering of gourmet Spanish products. In Portugal, Faro airport saw the opening of a new point of sale as part of the fifth-anniversary celebrations of the Portfolio brand (owned by ANA Aeroportos and fully managed by Areas). This illustrates Areas' intention of continuing to expand this brand, which has a local produce offering that showcases the very best of Portuguese culture. The concepts developed by Areas have also met with success on the other side of the Atlantic. For instance, at Mexico's third-largest airport, Guadalajara – where Areas already operated five restaurants and 12 points of sale – it has further enlarged its footprint by opening 10 new concepts at the heart of the 1,300 sq.m. Mercado Providencia foodhall. These new concepts include *Asian Street Food*, developed in partnership with a Mexican chef, and *Cienaga*, a Mexican brand specially created for travelers which embodies the spirit of Mexican cuisine. At Miami and LAX airports in the United States, Areas has responded to high public demand for vegetarian and vegan food, offering *The Beyond Burger* – a veggie-burger that tastes uncannily like meat. And in Miami, travelers can now take a break at *La Pausa* and choose from its menus designed for all tastes and budgets.

d) Local brands

Every day, thousands of air passengers in transit come through an airport with no time to visit the actual city. To offer them at least a taste of the best local gastronomy, Areas has forged exclusive partnerships with renowned regional chefs and brands. This type of initiative clearly demonstrates Areas' ability to act at different levels, bringing together exclusive regional names and major international brands. At Minneapolis-Saint Paul airport in the United States, for example, Areas orchestrated the opening of a *Blue Door Pub*, a brand close to the hearts of the people of Minneapolis thanks to its totchos and Juicy Lucy. Definitely worth making a trip for! Visitors to this airport will soon also be able to have a table-service meal at the *Cook & the Ox*, a restaurant concept thought up by local chef Jack Riebel, the culinary genius behind Lexington in Saint Paul and the Butcher & the Boar in Minneapolis. And at LAX, two *Ashland Hill* outlets reflect the fashionable ambiance of Santa Monica. Back in France, Toulouse-Blagnac airport now has a *Victor* restaurant, offering a wide range of local produce supplied by stallholders from Toulouse's famous Victor Hugo market – a favorite destination for the Pink City's foodies. At Spain's Barcelona airport, nearly half of the brands on

offer are local, giving everyone the chance to pop into *Boldù* – Barcelona's famous bakery and pastry shop – or the legendary cocktail bar, *Javier de la Muelas* (with its fabled Montesquieu and Dry Martini). In Italy, Areas has joined forces with Mancini – a small firm with a great reputation for its pulled-pork sandwiches – and has opened two Mancini corners at Rome airport.

e) Teaming up with well-known chefs

Areas works in partnership with the best international chefs across the globe in order to entice guests with gourmet offerings. For instance, at Malaga airport in Spain, it will soon be opening a new fine-dining restaurant in collaboration with Andalusian chef, Dani García. This restaurant will join the *Kirei* sushi bar, developed by Kabuki and run by Areas under the guidance of Michelin-starred chef Ricardo Sanz. In 2018, *Kirei* was named best premium dining airport restaurant of the year at the FAB Awards, in recognition of its innovative and high-quality food offering. At Bilbao airport, Areas has partnered with top chef Ricardo Pérez to propose *Yandiola – Exploring the World from Bilbao* covering 352 sq.m. of dining space. Here, guests can enjoy a taste of the Basque specialties that made the reputation of Pérez's award-winning Yandiola restaurant in downtown Bilbao. In France, following on from the successful *I Love Paris* which was launched in 2015, Areas has renewed its partnership with the legendary *Grand Véfour* chef, Guy Martin, opening a second fine-dining restaurant at Paris-Charles de Gaulle airport. Called *The French Taste* by Guy Martin, this neo-classical brasserie was designed by architect Charles Zan with a Palais Royal-inspired décor.

f) A larger footprint at Spain's main airports

In 2017-2018, Areas boosted its leading positions in Spain's travel and leisure market by increasing its presence at Madrid, Barcelona, Palma, Malaga and Seville airports. At Barcelona-El Prat airport, Areas won a major eight-year contract for 15 new food outlets covering 6,200 sq.m., making it the airport's largest commercial operator with an overall 29 points of sale. The new food and beverage offering comprises numerous concepts, with local brands such as *Boldú* and *Javier de las Muelas*, well-known international brands (e.g. Burger King, Exki, La Place and PAUL), popular brands directly owned by Areas like *Deli&Cia* and *COMO*, and national brands that have been successfully tried and tested in other Spanish airports such as *SantaGloria* and *MasQMenos*. Seven new points of sale will also be opened soon at Malaga airport in addition to the two outlets already managed by Areas. These consist of three specialist ice-cream shops where tourists can savor the premium Carte d'Or brand and two *MasQMenos* tapas bars as well as the top-end eatery, *Kirei* and *Bibo Flamenco Bar & Tapas*. Lastly, at Madrid-Barajas, Areas is giving the Dutch brand, La Place, the opportunity to continue its European expansion following on from its initial launch in French railway stations.

1.6.1.2.2 The Motorways Market

a) 2017-2018 key figures

- **€582 million in revenue** (32% of total concession catering revenue)
- No.1 in France and Spain
- 227 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, it 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 2017-2018

Spain – Areas won the bid for the Villalba and Villacastin service plazas on the AP6 motorway.

United States – The renovations carried out by Areas at the Ft. Pierce Service Plaza on the Florida Turnpike were completed.

France – ASF Vinci renewed its contract with Areas following an invitation to tender for the management of eight points of sale (operating under the Burger King, À table !, PAUL, Super Wild Coffee and Easy Drugstore brands) at the Lançon-Provence service plaza on the A7.

France – APRR once again selected Areas following an invitation to tender for the Venoy-Grosse Pierre and Venoy-Soleil Levant service plazas on the A6.

Italy – Areas refurbished its points of sale at the Bormida West and Aglio West service plazas.

Portugal – As part of its joint venture with Brisa, Areas took over the management of several service plazas, which will gradually be renovated in the coming years.

c) The motorways of the future

In line with its highly innovative policy aimed at anticipating the catering trends of the future, Areas applies a collaborative thinking approach to obtain input from a variety of different profiles. During the year, it organized a giant hackathon with the Vinci and Certas Energy France groups to conceive the motorway service plaza of the future. The event brought together some sixty people from different walks of life (Elior Group employees, start-ups, students from the Ferrandi school, Dragon Rouge stylists, etc.) and had a top-quality judging panel. Various ideas for customer circulation flows were explored to improve the user experience and three key priorities emerged: eco-responsibility, underground parking and the importance of offering co-working spaces connected to users and their environment.

d) *À Table !* – a European concept

Areas opened its first *À table !* restaurant in Portugal in 2017. Since then, this new free flow format has arrived in France, illustrating the Group's ability to give its concepts an international dimension. The Limours-Janvry (A10), Mâcon Saint Albain (A6), Assevillers Est (A1) and Orléans (A10) service plazas all now host this directly-owned brand, which has been reworked to meet the requirements of the modern-day motorway cafeteria. With a peaceful and relaxing decor, it proposes a large selection of dining options and highly efficient service. The concept can also be adapted to different places, offering a taste of the local gastronomy in each location.

e) Renovations and events

With a view to giving travelers ever-more enjoyable journey breaks, Areas is upscaling its motorway service plazas, by carrying out spectacular renovation works and regularly organizing special events. The inauguration in January 2018 of Ft. Pierce Service Plaza on Florida's Turnpike was the crowning moment of Areas' ambitious renovation program aimed at modernizing the plazas on America's second-largest toll motorway and making them more attractive. For a service plaza to appeal to motorists it must not only have a modern design but also hold attention-grabbing events that make people's journeys more enjoyable. In line with this, Areas strives to provide best-in-class services and entertainment throughout the year. One example is *Culin'Aires,* which Areas staged in France during the year in conjunction with three other major players in the French motorways catering market – Autogrill, Sighor and SSP. This event allowed millions of guests to enjoy two menus devised by the master chef, Marc Veyrat, throughout the summer, in 160 cafeterias and sandwich bars across the country. Thanks to the *Menu du Jour* app (menu of the day), motorway customers detected within a range of 30km could get a push notification inviting them to try out the offer. Also in France, Areas created a special event with Esso where gas pump operators dressed up as Formula 1 mechanics helped passengers refuel their cars.

f) Management leases on the rise

As a major player in the motorway concessions market in France, Spain and the United States, Areas has decided to diversify its business model. With a view to pursuing its growth trajectory, its business is now split between the conventional concession model and sites operated under management lease agreements. Conventional concession arrangements entered into with motorway concession grantors or oil companies have been very successful for the Group and the aim is clearly to continue and develop this model, e.g. by setting up joint ventures like the one with Brisa in Portugal. At the same time, in France, Areas now runs 56 sites under management lease agreements through a partnership with Certas Energy Retail France (the DCC Group), which manages Esso's network of gas stations. This model is based on cross-participation in the rental and management of the shop and restaurant so that both parties are fully involved. These tight-knit partnerships result in lower capex for Areas and encourage cross-party thinking about the motorways of the future.

1.6.1.2.3 Railway Stations, City Sites and Leisure

a) 2017-2018 key figures

- **€383 million in revenue** (21% 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 2017-2018

France – Areas won the bid to renew the contract for nine points of sale it operates at Montparnasse railway station

in Paris, including Paul, Maison Pradier, Super Wild Coffee etc.

France – Areas secured the bid to renew the contract for two points of sale it operates at Lyon-Part-Dieu station (Exki and Carrefour Bon App).

Italy – Areas was awarded first-time contracts for two points of sale at Roma Termini station, marking its entry into the Italian railway stations market.

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.

A growing number of new brands

Railway stations are increasingly becoming go-to rather than pass-through places. In order to cement its position as a benchmark concession caterer, the Group is seizing this opportunity to develop its own brands and make them as popular with the public as its franchises. In 2018 numerous new concepts were added to the existing portfolio of 150 brands, with the aim of offering a range of bang on-trend solutions tailored to each occasion. In France, Paris's Gare de l’Est station saw the opening of the first *Go Johnny Go* – a premium take-away counter with an innovative fast casual food offering. And at Gare du Nord station, *Bara* showcases the regional gastronomy of western France, in partnership with the chef, Thierry Breton. In parallel, Areas is continuing to forge partnerships with franchised brands such as La Place, a highly successful Dutch concept based on fresh, local produce and 100% natural ingredients with homemade recipes prepared on site. Having opened in kiosk format at Gare du Nord and restaurant format at Gare de l’Est, the next destination for La Place will be Spanish airports!

Digital solutions for customer purchases

Digitizing the customer purchase process is all-important in the concession catering market. On the one hand, it saves time for travelers and makes their life easier. And on the other, it helps Areas’ teams to provide seamless service and optimally manage customer flows. Areas therefore incorporates numerous smart systems into its catering concepts. In France, the pre-order app *Wiiish*, developed by Areas, has been deployed at the Paris Expo Porte de Versailles exhibition center. And at Gare du Nord railway station, it has been included in the SNCF’s *En gare* digital services platform, positioning Areas as a leader in click & collect. At Gare du Lyon station in Paris, Areas has teamed up with the Montpellier-based start-up, Awadac, to install smart tables in one of the station’s restaurants. The screens in these tables can be used to view menus in several languages, select dishes based on their allergen content, order food, call for waiting staff (who wear smart watches), give feedback on the service quality and look up train times.

Italian stations open up to competition

In Italy, Grandi Stazioni Retail is in charge of the leases for 465 points of sale in 14 of Italy’s largest stations: Central in Bologna, San Maria Novella in Florence, Piazza Principe in Genoa, Central in Milan and Naples, Rome Termini, Turin Porta Nuova and Venice Mestre stations. In 2018, Benetton decided to sell its shares in this company and Areas seized this opportunity to enter the Italian railway stations market, which until then had been inaccessible. In this more open environment, Areas has numerous strengths that help it stand out from the competition. And the strong performance of its brand portfolio in Italian airports places it in good stead for a similar success story in the railway station market. After the opening of a *Caffè Vergano* and a *Porchetta Mancini* at Rome Termini this summer, a new food court is scheduled to open at Bari station in the near future. Areas has set itself the objective of one to two new openings a year, with a targeted selection of top brands.

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 2017-2018

Germany and France – Areas continued to expand its food services offering for Center Parcs vacation villages, launching several new brands (both directly-owned and franchised) and a range of innovative services such as meal deliveries and smart tables.

Spain – Areas won a contract with Fira de Barcelona for 16 points of sale which will bear the colors of seven different concepts in order to fully satisfy the visitors to its exhibition centers.

Spain – IFEMA renewed its contract with Areas covering the management of four points of sale at the food court for visitors to trade shows held at its Feria de Madrid Convention Center

United States – Constellation Culinary Group opened a new restaurant called Stir in the Philadelphia Museum of Art, designed by Frank Gehry.

Italy – Areas opened a second point of sale at the Fiera Milano exhibition center, under the *La Piazzetta* banner.

A broader offering for exhibition centers

During the year Areas reinforced its position in the exhibitions centers sector, by demonstrating its ability to host thousands of visitors at major events.

In Spain, the contract with IFEMA for the Feria de Madrid Convention Center was renewed for a five-year period. Areas provides a food services offering covering a floor area of some 1,000 sq.m. at this venue, which hosts many exhibitions, conferences and events that attract over three million visitors a year. In Barcelona, Areas still works closely with the Fira de Barcelona, managing 16 points of sale at its exhibition centers as well as catering services at the Palau de Congressos. Visitors to these venues will be able to discover the following brands: *Deli&Cia* (Areas' directly-owned takeaway brand which it has developed internationally); *La Pausa* (a concept based on market-fresh produce); *Briciole* (a high-end bakery originally developed in Italy by Areas); a *Caffriccio* cafeteria; a *Pizza'n Co*; a *Buena Pinta* bar; and the *Saboramar*, a fine-dining restaurant. In Italy, Areas is opening up new opportunities by deepening its expertise in catering for exhibition centers. For example, at Fiera Milano– one of the largest exhibition centers in Europe – it has opened two new eateries: *Briciole Green* and *La Piazzetta*. Lastly, in France, Areas is the concession operator for Paris Expo Porte de Versailles and during the year it launched three new concepts for this major exhibition center: *Go Johnny Go*, *La Halle Gourmande* and the *Bistrot de Paris*. In May, the Group took advantage of the Vivatech trade show held at Porte de Versailles to roll out *Wiiish*, its first online meal ordering service in the concession catering market.

Play 2 Learn

Highly-committed to providing training to its teams, in 2017-2018 Areas decided to offer them a new experience by entering the age of game-based learning (or "serious games"). The difference between this form of learning and more traditional training is that it enables participants to remember content better thanks to a more motivating and amusing approach. Areas tested out this innovation at the 2018 Paris Motor Show, which is held at the Porte de Versailles exhibition center and requires large numbers of temporary staff for the on-site teams. The *Play 2 Learn* mobile app gives team members the Academy by Areas in their pockets and offers them a fun, innovative and intuitive solution for developing their professional skills while playing at the same time. The app proposes a multitude of training capsules to build both business-specific and cross-business knowledge. The wide range of constantly-evolving content covers a plethora of topics ranging from hygiene and health and safety to front-of-house customer services, sales, personal development, management, digital culture, major events, current affairs and human resources, to name but a few. And as an incentive, when they complete a training module, staff receive "miles" that can be collected and exchanged for gifts.

Center Parcs renews its trust in Areas

Drawing on its expertise in the world of travel and leisure, since 2010 Areas has proposed a wide array of original offerings to vacationers staying at Center Parcs villages: table service, fast food, food stores with delivery service and events catering for seminars. Fully satisfied with the quality of these services, the Pierre & Vacances-Center Parcs group has granted Areas an exclusive contract for managing their catering and food store operations until 2031. This new contract covers the five existing Center Parcs vacation villages in France and the three in Germany, as well as the villages currently being built in France (in the Lot-et-Garonne region) and Germany (in Bavaria) as well as the Sunparks sites in Germany.

1.6.2 THE GROUP'S STRATEGY

In 2018, the Group began a new chapter in its history with the launch of the **Elior Group 2021** three-year strategic plan. The aim of this plan is to fully capitalize on the three businesses we operate in 15 countries worldwide: contract catering, concession catering and services (principally operated in France).

The overriding goal for 2021 for the Group and its new executive team is to consolidate the Group's positions and affirm its leadership. This goal is underpinned by three financial objectives, namely to achieve:

- Organic growth of over 3% per annum on average and external growth fueled by bolt-on acquisitions in the United States.
- Adjusted EBITA growth that is twice as high as organic revenue growth.
- Cumulative operating free cash flow of €750 million over the period, allocated to acquisitions in the United States, deleveraging and returning cash to shareholders.

In the coming three years – the first of which will be a year of financial and organizational consolidation – the Elior Group 2021 strategic plan's execution will be based on three pillars of value creation:

1. Developing talented and high-performing teams.
2. Investing in growth drivers.
3. Increasing cash generation.

Breakdown of objectives by business

Contract catering in continental Europe: consolidate the Group's leadership and explore new growth opportunities.

Contract catering in the United Kingdom and India: grow organically twice as fast as the overall market.

Contract catering in North America: outpace market growth and continue to expand through bolt-on acquisitions.

Services: pursue profitable growth and continue to innovate.

Concession catering: obtain a return on past investments and grow selectively.

The Elior Group 2021's overall goal is rooted in its corporate mission: to feed and take care of people. And every day our 132,000 employees work hard to make that mission a reality. We feed and take care of our guests at all stages of their lives, at any age, any time and any place, to help them grow up, get well, or just live better.

Innovation and social responsibility are at the heart of everything we do. To this end six initiatives have been launched to transform the Group and make it a benchmark player in six different domains: people, clients, the menu-to-sourcing value chain, on-site organizational efficiency, finance and IT & digital.

- **People**: The Group's people are its greatest asset. Three main focal points for this domain have been defined for the coming three years – workplace health and safety, talent management and compensation & benefits – with the overall aim of ensuring employee engagement and aligning their interests across front-line positions and corporate support functions.

- **Clients**: The development, expansion and retention of the Group's client base is at the heart of its growth strategy. Many best practices exist within the Group, which need to be shared and leveraged globally.

- **Menu-to-sourcing value chain**: The Group's approach to excellence includes analyzing the menu-to-sourcing value chain, from farm to fork. This initiative is based on three pillars: enhancing the relevance and quality of menus, strengthening the supply chain and rolling out Group processes across all of the operating companies.

- **On-site organizational efficiency**: The Group is focusing on four efficiency enablers: calibration models with productivity standards by site, accurate forecasts, sharing best practices and systems integration.

- **IT & digital**: The key priorities for the next three years in this domain are (i) putting in place a strict governance system to ensure that projects and costs are tightly controlled throughout the Group, (ii) paying particular attention to information security, (iii) continuing to stand out from the competition through technological innovation and digital solutions, (iv) creating a portfolio of robust solutions, and (v) growing the Group's capacity to capture and exploit data, especially for new digital services.

- **Finance:** The immediate key priorities for the finance function are to reinforce and accelerate performance supervision processes – especially for investments and commitments – and to improve the procedures for monitoring free cash flow generation, notably by shortening reporting and closing deadlines.

1.6.2.1 Strategy for the contract catering business

In the countries and sectors where the Group is present, the contract catering market (also referred to as outsourced catering) represents a potential of €125 billion. As the outsourcing rate is 42% this implies that the market currently represents €53 billion.

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

- It is a growth market.
- It is a local market with a limited number of multi-country invitations to tender as these do not generate any particular advantages for client companies.
- 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 behaviors change in line with trends and their expectations are constantly increasing. For example, consumers now expect to see grab & go solutions, theme-based catering, more information about the provenance of ingredients and allergen details, etc. To meet this demand, we believe that the supply chain and digital technology are indispensable factors – particularly for millennials, who by 2020 will represent 50% of the new hires made by the Group's major corporate clients.

The Group's contract catering strategy is to consolidate its position as the world's fourth-largest contract caterer, pursue its organic growth in Continental Europe, grow at least twice as quickly as the market in the United Kingdom and India and expand through bolt-on acquisitions in the United States.

In our contract catering business, we are therefore continuing to invest in both culinary and service innovation, in order to ensure we constantly meet our guests' demands and can adapt to today's more fragmented eating times, especially outside traditional meal hours. Thanks to our unique network of some 100 central kitchens in Europe, we can propose new offers for the silver economy and SMEs that do not have on-site kitchens.

1.6.2.2 Strategy for the concession catering business

In the countries and markets where the Group is present, the concession catering market represents a potential of €11 billion.

The Group's operations for this business are grouped together in a centralized worldwide structure under the brand name Areas. This organization is intended to enable the Group to leverage 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 obtain a return on its past investments and grow selectively.

As the world's third-largest concession catering operator, with an operating presence on two continents, the Group intends to consolidate its leadership position in Europe and continue to expand in the United States. The four pillars of the Group's concession catering strategy are as follows:

- Our local and international teams, who are the business's front line and key driver.

- Customer satisfaction, with objectives that we intend to meet or even exceed through the quality of our services, products and brand and the customer experience we provide.

– Operational excellence, to enhance free cash flow.

- A selective growth policy.

For 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.

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

1.6.2.3 Strategy for the services business

The Group's services business is operated by Elior Services, which is a major player in cleaning, healthcare hospitality and facility management (reception, mail and concierge services, etc.) in France.

The cleaning and related services market in France represents an estimated €30 billion.

In this market, the Group's aim is to continue to grow organically, focusing particularly on:

- The healthcare market, where synergies with the contract catering business can be further developed.
- Innovation, which will be vital in order to continue to position the Group in high value-added services.
- An ambitious HR policy centered on career management, continuous training and promotion (channeled through the Elior Services University) as well as a continuous improvement approach, validated by numerous certifications.

1.6.3 THE GROUP'S COMPETITIVE STRENGTHS

As a leading player in the contract catering, concession catering and services 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 US 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, several 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 €42 billion, of which only some €20.5 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 in almost all of the Group's 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 support functions provided by the Group (purchasing, finance, innovation, HR and IT). The new organizational and operational model for support functions is aimed at aligning best practices in order to deploy them Group-wide.

Based on revenue for fiscal 2017-2018, the Group estimates that:

- In France, it is the leader in contract catering, 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 fourth-largest contract caterer.

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. The US 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 US 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 three 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 in the sectors in which the Group operates is estimated at $94 billion, of which only $37 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 growth potential, with outsourcing rates still below 50%.

In order to create growth drivers, the Group analyzes the trends in each of the contract catering and services markets in which it operates. For example, the Group believes that:

- In the private sector of the business & industry market, main-street brand concepts and "grab & go" formats are growing, service times are extending to the whole day, and new services are becoming 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 Contract catering, concession catering and services businesses that offer numerous growth opportunities

Contract catering, concession catering and services have different financial models which require a different type of management and offer relatively limited synergies. In line with this, the Elior Group 2021 Plan was drawn up for each specific business.

As the contract catering business is a purely local activity, the Group intends to continue to manage it on a country-by-country and case-by-case basis. However, there are potential synergies that can be leveraged in Europe by sharing best practices between the various countries in which the Group operates.

The services business is essentially operated in France and offers synergies that can be generated with the contract catering business in the healthcare market.

Concession catering is an international business which is managed vertically and internationally. The goal for this business is to optimize our brands, concepts, partnerships and operational excellence.

Procurement and Logistics

In its contract catering business, the Group has a holistic procurement policy, covering the whole supply chain from designing recipes and menus through to sourcing. Consequently, the Group Purchasing and Logistics Department is tasked with optimizing the entire value chain including purchasing, sourcing, product quality and logistics.

This policy is underpinned by collaborative working methods and a co-construction approach, both internally and with our suppliers. The main aim is to optimize the deployment and use of standardized and high-performing tools and systems across all of our host countries and to encourage the sharing of best practices Group-wide.

The Group's size, combined with the deep knowledge it has of its local and national markets, mean that it can generate economies of scale.

By factoring in social trends, technological developments and client expectations concerning our procurement process, we also contribute to the development of sustainable supply chains, therefore meeting our clients' and guests' increasing demand for transparency and responsibility.

Business models

Contract catering and services operations require little capital outlay and have low working capital requirements, but costs and margins need to be very tightly controlled. 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, the Group has powerful brand names, which means that it can capitalize on the reputation for quality and excellence it has built up over many years.

1.6.3.2.1 Growth opportunities across all of the Group's operations, fueled by higher production capacity and stronger innovation capabilities

The Elior Group 2021 Plan is underpinned by three main growth drivers.

The first is the fragmentation of eating times and the Group's capacity to meet new consumer demand for anytime, anywhere foodservices. As this fragmented demand – spanning from breakfast to dinner – is set to increase by 45% by 2025 and to represent an estimated $1.9 billion, the Group has developed a range of offers that cover the entire day. As well as extending our opening hours, we have added extra services that can significantly increase the average customer spend (such as digital payment systems, grab and go in Spain and takeout dinner solutions in France and the United Kingdom).

We have also included in our offerings a new highly-personalized fast food concept called Vita Mojo which allows guests to order online and carefully control the calories in their meals.

The second identified growth opportunity is the silver economy. This market – which has increased by 20% in the space of four years – currently represents €6 billion worldwide and is expected to rise to €11 billion by 2022.

Most elderly people need some type of help in their daily lives. In France, 6 million retired people live at home and a third require help to prepare their meals. To support these people who want to stay in their own homes, our teams have designed a range of recipes that correspond to their eating habits and can be tailored to the needs of each guest based on their age and level of autonomy (e.g. specially-adapted dishes and textures). We have even teamed up with the French postal service (La Poste) to create *Savourer chez vous* – healthy, balanced meals delivered by the postal staff.

We intend to draw on our central kitchens, our strong positioning in the healthcare market and our expertise in the United States in order to continue to develop our home meal delivery offerings in Europe.

The third growth opportunity identified is small and medium-sized enterprises (SMEs). SMEs account for 67% of European workers (79% in Italy, 73% in Spain and 63% in France) and correspond to a market estimated at €53 billion in the Group's three main operating countries in Europe. This is therefore a high-potential market, particularly because many SMEs do not have the space to install kitchens on their premises.

Our challenge is to find the best model and the best scale to serve these enterprises. We have tested several production and delivery concepts to find the best approach to take and we are now ready to industrialize these initiatives. SMEs are warring with one another to attract talent and they have to be able to offer employees the same benefits as large corporations. We have created several small and flexible concepts to meet this need. For example, in Italy, the *Food 360* offering lets guests order their meals via several multi-channel apps (*Joy Food*) and then get their meal from a smart fridge installed on site at their work. In Spain, *Vitalista* delivers healthy meals to guests' offices, with an optional nutritional coaching service available. In France, we intend to launch the *Cocon* concept of small casual restaurants that are not very capital intensive. We will continue to work on developing these effective and alternative catering models as well as on providing no-kitchen concepts in other European countries.

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

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 15 countries, with the proportion of revenue generated by France reduced to 43% of the consolidated total for the fiscal year ended September 30, 2018. The USA is now the Group's second-largest market, representing 20% of its total revenue in 2017-2018.

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 2017-2018, 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, Banca d'Italia, La Poste and Seat. In the year ended September 30, 2018, the Group's client retention rate was 92%.

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 US 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 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 €900 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 (purchasing, 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 leading 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 market in 2013 through the acquisition of THS, it was the fifth-largest contract caterer in North America at September 30, 2018.

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

The Group's cost base mainly comprises purchases of food products and raw materials, personnel costs and overheads.

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. As well as implementing upstream purchasing policies, the Group has put in place processes to optimize the use of purchased foodstuffs 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.

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, Portugal and Luxembourg) represented total revenue of approximately €20.5 billion in 2017 compared with around €17.5 billion in 2010 (excluding Portugal and Luxembourg, data source: GIRA). Despite the unsettled 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 1.9% since 2010.

The Group believes that the addressable US contract catering market is worth over $39 billion, with the highest growth rates seen in the education and seniors healthcare sectors (around 4.3% and 3.1% 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 the European countries where it operates, the Group estimates that the business & industry market represents 46% of the aggregate contract catering market (making it the market's largest segment) 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 2017 the business & industry market, excluding the defense sector, generated approximately 36% of the country's aggregate contract catering sales, up nearly 1.5% on 2016.

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 €5.7 billion and an outsourcing rate of just over 28%, 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 2017, the private sector represented 43% of France's education market versus 57% for the state sector (data source: GIRA).

In the United States, the Group estimates that in 2017 the education market generated just over 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 just over 26% 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 21% respectively of total contract catering sales in 2017 (data source: GIRA). In the United States, the Group estimates that in 2017 the healthcare market generated approximately 21% of the country's aggregate contract catering sales.

Most meals are prepared on site by caterers, although they 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 may change or be amended due to uncertainties related to, among other things, the economic, financial, competitive and/or regulatory environment.

a) France

With estimated revenue of over €7.1 billion in 2017 (data source: GIRA), the Group believes that France (with the

United Kingdom depending on fluctuations in exchange rates) constitutes the largest contract catering market in the European countries in which it operates.

Contract catering represents some 38 % of France's overall in-house and contract catering market, which the Group estimates was worth approximately €18.6 billion in 2017, 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 healthcare markets which account for nearly 90% of meal sales which are still handled in-house.

The French business & industry catering market (excluding government agencies and the public sector) is well developed, with 92% of meals outsourced in 2017 and a contract catering sector worth around €2.2 billion. The outsourcing rate for catering for the public sector facilities with captive customers (defense, corrections facilities, etc.) increased sharply from 14% to over 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 29% respectively in 2017 in value terms). The contract catering sectors of the education and healthcare markets were worth €1.8 billion and €2.2 billion respectively in 2017.

b) Spain

With estimated revenue of almost €1.9 billion in 2017 (data source: GIRA) and accounting for more than 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 2017. 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 2017, catering outsourcing rates in Spain were mixed: according to the Group's estimates, around 64% for education, over 52% for business & industry (including government agencies) and almost 37% for the healthcare market. The Group believes that there are growth opportunities to be seized as a result of the low outsourcing rates in certain markets in Spain.

c) Italy

With revenue of some €4.1 billion in 2017, 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 2017, 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 2017. 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 97% excluding government agencies) and in the education sector (approximately 70%), there is significant room for growth in the healthcare market, where only 49% of catering was outsourced in 2017.

d) United Kingdom

With revenue of almost £5.4 billion (excluding vending) in 2017 (source: in-house research) and accounting for 33% of Europe's total contract catering market, the Group believes that the UK shares the position with France as the largest contract catering market in the European countries in which the Group operates.

Contract catering represents 55% of the UK's overall in-house and contract catering market, which the Group estimates is worth £9.9 billion.

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 2017. The contract catering market in the United Kingdom is very well developed in the business & industry sector, with an outsourcing rate of over 85% including government agencies. However, the Group considers that outsourcing is still less developed in both education and healthcare (approximately 36% and 35% respectively), which therefore represents growth opportunities.

e) United States

Based on external research, the US contract catering market was estimated to be worth more than $51 billion in 2017 and around $39 billion for the segments in which the Group operates (excluding the leisure and defense sectors). The business & industry sector represents 42% of

the country's contract catering market (excluding leisure, vending and defense) and education and healthcare represent 35% and 22% respectively.

With an estimated outsourcing rate of 39%, the US contract catering market represents significant growth potential, particularly in healthcare and education whose outsourcing rates are 27% and 37% respectively and which are therefore priority expansion areas for the Group.

Based on its own research, the Group estimates that the US contract catering market will grow at an average annual rate of over 2% between 2017 and 2020.

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 the three main players only covering 4% of the market. India represents significant growth potential as in a total market that is estimated to be worth over $5 billion, the current outsourcing rate is only 37% and the contract catering market is growing at an annual rate of more than 16% (data source: The Hindu Times). The healthcare, business & industry and education sectors respectively represent 55%, 35% and 10% 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 leader, in front of 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 2017). Large multinational companies, such as Sodexo and Compass, hold significant market shares in the French contract catering market and 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 2017 revenue, with an estimated 22% market share (data source: GIRA and in-house research). The Group considers that the Spanish contract catering market is still fragmented, with the top five contract caterers accounting for 69% of the market in 2017. The Group is number one in the education and healthcare sectors and number two in business & industry. Several major groups (Compass, Aramark and Sodexo) operate in the Spanish market but 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 2017 revenue, with an estimated 14% market share (data source: GIRA). It has leading positions in the business & industry and healthcare sectors and is the third-largest player in the education sector. The structure of the Italian contract catering market is very different from other European countries. Multinationals, such as Sodexo and Compass, make up less than 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%.

d) United Kingdom

In 2017, the Group held on to its position as the fourth-leading contract caterer in the United Kingdom, with a 6% market share thanks to the consolidation of the companies acquired in fiscal 2016-2017. The Group believes that it is the fourth-largest player in the business & industry, education and healthcare sectors.

The UK market is characterized by the presence of both large and medium-sized operators, with players generating less than £150 million in revenue representing more than 39% 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 niche players, and from facility management companies that also provide catering services.

e) United States

The Group estimates that it is the fifth-leading contract caterer in the North American market (data source: Food-management.com). This 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 US market.

The Group estimates that it is the fourth-largest player in the market covering the whole country and all of the market's main segments. The other catering companies operating in the USA are either specialized in particular

segments (like Delaware North in the leisure segment) or only cover specific regions.

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 €25 billion in revenue in 2017, around €12 billion of which derived from the outsourced segment of the market, representing an outsourcing rate of approximately 48%. It also estimates that sales generated by the outsourced cleaning services market in France are still growing at an annual rate of between 2% and 3%.

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). Players generating less than €100 million in revenue together account for almost 65% of the market's total revenue.

The Group believes that it is the sixth-leading cleaning services provider in France based on 2017 revenue – largely due to the acquisition of Sin&Stes in 2010 – and it has an estimated market share of around 3.2%. 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 2017 revenue. The Group's main competitors are Onet, Samsic, Atalian and GSF. 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. In response to market demand, 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.

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 exhibition centers to vacation villages. The Group is mainly positioned in the transport-related concession market, which in the European countries and market segments in which the Group operates, represented aggregate revenue of around €3.4 billion in 2017. Worldwide, this market is worth €10.1 billion for the segments and geographies 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 €7 billion (data source: GIRA and other in-house and external research).

France

The total French airport concession catering market was estimated to be worth €318 million in 2017 (data source: GIRA), up almost 6% on 2016. This year-on-year increase, which was in line with the rise in air traffic, was due to a 4% rise in meal volumes and a sharp 4.4% increase in average customer spend. The Group estimates that this trend should continue, with average annual revenue growth expected to reach around 4.1% by 2019 and meal sales volumes set to increase by 2.3%.

Italy

After two years of steady decline between 2011 and 2013, air passenger traffic has picked up since 2014. 2017 was another record year, with passenger numbers topping 175 million, representing a 30% increase over the past ten years.

Despite challenging economic conditions, the Group believes that the Italian airport concession catering market has managed to keep up a steady pace of growth since 2014, with revenue topping €350 million in 2017 (data source: GIRA and in-house research).

This rise has been fueled by international air traffic and low-cost companies – which now account for almost half of Italy's overall air traffic. Growth has been balanced, with 8 out of the 10 the main Italian airports seeing their traffic increase by more than 6.5% in 2017.

Spain

Following a steady decline in air traffic between 2011 and 2013, the Spanish airport concession catering market picked up again as from 2014, and in 2017 the number of passengers reached a record high, up 8% year on year (data source: Aena). The total increase since 2012 is 28%.

The Group estimates that the Spanish contract catering market could grow at an annual average rate of around 3% between 2015 and 2020.

United States

Based on in-house and external research (AXN Factbook), the Group estimates that the US airport concession catering market generated $5.9 billion in revenue in 2017. The outlook for air passenger traffic is still promising with annual average growth forecast at 4.5% between now and 2040 (data source: Airports Council International).

Mexico

Based on in-house research, the Group considers that the Mexican airport concession catering market was worth €750 million in 2017. With air passenger traffic up 10% and expected to rise by 4% per year on average between now and 2021, this market represents attractive growth prospects and the Group believes that it could grow at an annual average rate of 6% between now and 2021.

b) Motorways

The overall motorway service plaza concession catering market in the European countries in which the Group operates represents over €1.8 billion, and worldwide it is worth approximately €2.5 billion (data source: GIRA and in-house research).

France

The French motorway concession catering market rose 1.1% in value terms in 2017 to €395 million (data source: GIRA, excluding vending) whereas traffic volumes increased by almost 2%. This situation was due to (i) a high number of concession renewals, which engendered significant refurbishment work, and (ii) consumers choosing fast-food and convenience options whose average customer spend is lower than for sit-down dining.

Italy

The Group believes that the food services sector of the Italian motorway concession catering market has decreased by around 3.5% since 2014 and in 2017 was worth €630 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.

In 2017, motorway traffic volumes in Italy returned to their pre-crisis level, up 2% on 2016 (source: Aiscat).

Spain

Revenue generated by the Spanish motorway concession catering market has decreased since 2007, due to the country's difficult economic situation. The Group estimates the Spanish motorway concession catering market could grow at an annual average rate of between 2% and 2.5% between now and 2020 (data source: GIRA). This rise will be led by the increase in motorway traffic since 2014 (up 3% between 2016 and 2017 (data source: Spanish Transport Ministry), which is expected to continue, with annual average growth forecast at between 2.5% and 3% over the next five years.

United States

The Group estimates that the US motorway concession catering market was worth around $720 million in 2017 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 €630 million in 2017 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 over €450 million.

France

After slowing in 2015, the French railway concession catering marketing grew by over 4.5% in value terms in 2017 to €375 million. This growth was mainly due to higher average customer spend, as sales volumes only edged up 3% whereas passenger traffic increased by 4% in 2017 (data source: GIRA and SNCF). 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.

With the SNCF's plan to increase the retail space at France's main stations by 120,000 sq.m. by 2023, the Group estimates that the market's growth is likely to continue, with sales of services expected to climb 2% in volume terms and some 4% in value terms by 2019 (data source: GIRA).

Revenue generated by food and beverage concessions at vacation villages and leisure parks climbed to €682 million in 2017.

Spain

The overall Spanish railway concession catering market was estimated to be worth over €91 million in 2017 (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 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 Lagardère Travel Retail, to smaller, locally-based companies.

a) France

The Group believes that it is the leading concession catering operator in France based on 2017 revenue, with a cumulative market share of 41.1%, with nearly 38% for airport concessions, over 35% for motorway concessions and nearly 50% for railway station concessions (data

source: GIRA). The Group considers that the French concession catering market in the airports, motorways and railway stations sectors is dominated by large, specialist corporations, which hold significant market shares. The Group's main competitors in each of these sectors are Autogrill, SSP and Lagardère Travel Retail.

b) Spain

The Group estimates that it is the leading concession catering operator in Spain based on 2017 revenue, with approximate market shares of 46% in airport concessions, 48% in motorway concessions and 43% in railway station concessions (data source: GIRA).

The Group's aggregate market share for these three segments is an estimated 42%. Both large and medium-sized players operate in the Spanish concession catering market. The Group's main competitors in Spain are Autogrill, SSP (airports and railway stations), Eat Out (airports) and Abades (motorways).

c) Italy

The two market sectors in which the Group operates it concession catering business in Italy – i.e. airports and motorways – are made up of large and medium-sized specialist companies that hold significant market shares. However, the market has become increasingly open to other participants in recent years due to market liberalization measures. In the railway stations market, new opportunities have opened up following Benetton's sale of its shares in Grandi Stazioni. In the airports market, the Group is Italy's leading concession catering operator based on 2017 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 2017 revenue, with an estimated market share of just over 5%.

The Group's two main competitors in the Italian concession catering market are Autogrill and Chef Express, although Lagardère Travel Retail has also recently made an entry. Other smaller companies are also present, such as Sirio and Gustofast.

d) United States

In the United States, the Group mainly faces competition from large multinationals 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 in-house and external research (AXN Factbook), the Group believes that in 2017 it ranked fifth in the airports market and 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 second-leading player, with a market share of 11%. The market is relatively fragmented as small-sized operators account for over 62%. The Group's competitors are mainly local players such as Mera, Alsea and CMR.

f) Germany

In Germany the Group is present in the motorway concession catering market. Based on 2017 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 35% 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, with the length of contracts 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

As Europe's economic recovery takes hold, air passenger traffic is increasing sharply, with an overall 6.7% rise in passengers in the first half of 2018 (data source: Airports Council International). For the full twelve months of 2017, air passenger traffic rose 5.8% in France, 8.9% in Spain (data source: IATA) and 4% in Italy (data source: Assoaeroporti).

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 2017, the increase was over 3% (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 (the "EU"). 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 EU 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 all 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 each EU country's health authorities 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 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 EU legislation on food safety. They also include the requirements of:

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.), supplemented by the decree dated October 8, 2013 relating to all foodstuffs that are not derived from animal goods.

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.

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 has to follow the instructions issued by the French Food Safety Agency ("DGAL"), notably (i) 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, and (ii) instruction DGAL/SDSSA/2018-141 which merges all of the DGAL memoranda relating to the approval procedure provided for in Regulation (EC) No. 853/2004. This second instruction particularly specifies the approval procedure to be followed by central kitchens, events caterers and group cooking workshops, as well as the terms and conditions applicable for the Agency's delivery and tracking of health and hygiene certifications.

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 EU legislation on food safety. (Regulation (EC) No. 852/2004, Regulation (EC) No. 2073/2005 - 1441/2007, Regulation (EC) No. 1935/2004 on materials and articles intended to come into contact with food and repealing Directives 80/590/EEC and 89/109/EEC, and subsequent amendments and additions).

Another major food safety regulation applicable in Italy is legislative decree 193, dated November 6, 2007, which entered into force on November 24, 2017 and concerns the implementation of Directive 2004/41/EC relating to safety controls on foodstuffs and the application of European Community regulations concerning such

controls. This legislative decree sets out the sanctions that apply in the event of non-compliance with EU food hygiene regulations, notably regulations 852/2004 and 853/2004.

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*), whose role is mainly to prevent and sanction.
- The local healthcare authorities *(Aziende Sanitarie Locali)* which have inspection powers.
- The government’s veterinary services.
- 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 the "*ASAE*"). The 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 monitor, assess and communicate food safety risks to its European and international counterparts. This regulatory body also has the power to verify compliance with national and EU-level regulations related to food safety and business activities. The fines imposed by the ASAE if it identifies any breaches of the applicable regulations are calculated as a proportion of the breaching party’s revenue.

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 EU 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. Within the UK, there is a statutory scheme called Primary Authority – established by the Regulatory Enforcement and Sanctions

Act 2008 – which 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, which acts as the company's Primary Authority, giving it authorizations and advice in relation to its management systems for food safety, hygiene and other safety issues.

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 EU Regulation (EC) No. 852/2004 is compulsory under German food safety legislation.

Certification bodies such as DQS 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 US 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 US Department of Agriculture.

For the operations of Areas and Elior in the United States, hygiene and food safety are principally governed by local and federal rules and regulations. These rules and regulations are adopted by the FDA by way of Title 21 of the Code of Federal Regulations (CFR).

The Group's regulatory compliance measures in the United States include:

- Outsourcing food safety and hygiene audits to and approved independent organization.
- Pest management.
- Using the services of an independent inspection company.
- Using "safety information sheets" drawn up by a specialized chemical safety services firm.
- Commissioning an accredited laboratory to carry out tests on meals served.

All of the Group's distributors and suppliers are authorized and approved by local and state regulatory bodies and comply with the 2013 Food Safety Modernization Act (FSMA).

All of the Group's food managers are required to follow a food safety training course and to obtain food manager certification, which needs to be renewed every five years.

The Group operates in 48 different US States which each have their own food hygiene rules and regulations.

As well as its catering activities, Elior North America has food production and processing operations which must be compliant with HACCP (Hazard and Critical Control Points) and HARPC (Hazard Analysis and Risk-based Preventive Control) rules.

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.*

The main regulatory framework comprises Mexican Official Standards NOM-251-SSA1-2009 – Hygiene practices for the processing of foods, drinks and dietary supplements – and NMX-F-605-NORMEX-2016.

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) Colombia

The main establishments responsible for drawing up food health and safety regulations in Colombia are the MINSALUD (the Colombian Ministry of Health and Social Protection) and the INVIMA (Colombia's National Food and Drug Surveillance Institute). The INVIMA is also responsible for monitoring regulatory compliance, particularly in relation to Article 126 of Decree-Law 019 issued in 2012, which states that, in accordance with the regulations issued by the Ministry of Health and Social Protection, any food item that is manufactured, packaged or imported for sale in Colombia has to be covered by a health and safety notification, permit or registration, depending on the level of public health risk posed by the item concerned.

The terms and conditions under which the INVIMA, acting as Colombia's national health and safety authority, delivers health and safety notifications, permits or registrations, were communicated to the World Trade Organization (WTO) on March 19 and 20, 2016 in documents bearing the reference numbers G/SPS/N/COL/249 and G/TBT/N/COL/191. These documents set out all of the INVIMA's sanitary principles as well as its food hygiene and safety rules.

l) 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 applicable EU Law on the provision of food information to consumers was consolidated and updated by EU 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 EU 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.

In Italy, several documents have been published relating to Regulation (EC) No. 1169/2011, including two memoranda issued by:

- the Ministry of Health on February 6, 2015 related to information on the presence of allergens in food and beverages; and

- the Ministry of Health/Ministry of Economic Development on November 16, 2016 related to foodstuffs that are not subject to nutritional disclosure requirements.

The Italian government has also issued a Legislative Decree related to EC Regulation No. 1169/2011 (decree No. 231 dated December 15, 2017, which came into force on May 9, 2018): "Sanctions applicable in the event of a breach of Regulation (EC) No. 1669/2011 on the provision of food information to consumers, and alignment of national legislation with Regulation (EC) No. 1669/2011 and Directive 2011/91/EU, in accordance with Article 5 of Act no 170-2015 dated August 12, 2016 on European delegation".

In Mexico, the applicable provisions related to food labeling are set out in Mexican Official Standard NOM-051-SCFI / SSA1-2010, "General Labeling Specifications for Pre-Packaged Food and Non-Alcoholic Beverages – Commercial and Food Safety Information".

These provisions are in line with the following standards of the Codex Alimentarius international food safety standards:

- CODEX STAN 1-1985 (Rev.1-1991), Codex General Standard for the Labelling of Prepackaged Foods, and the subsequent amendments thereto.
- CAC/GL 1-1979 (Rev. 1-1991), General Guidelines on Claims, and the subsequent amendments thereto.
- CAC/GL 2-1985 (Rev. 1-1993), Guidelines on Nutrition Labeling, and the subsequent amendments thereto.
- CAC/GL 23-1997 (Rev. 1-2004), Guidelines for Use of Nutrition and Health Claims, and the subsequent amendments thereto.

In Spain, food labeling is governed at national level by Royal Decree 126/2015, which sets out disclosure requirements concerning ready-to-eat, non-prepacked food.

In the United States, food labeling is generally regulated by the US Department of Agriculture (USDA), the Food and Drug Administration (FDA) and the Federal Trade Commission (FTC).

The Federal Food, Drug and Cosmetic Act (FFDCA) prohibits false and misleading labeling and sets out the labeling requirements for processed and prepacked food.

Prepacked food provided in locations where food is "served for immediate consumption", such as catering establishments, hospitals, schools, cafeterias, bakeries, etc., must comply with sections 101.1 *et seq.* of Title 21 of the Code of Federal Regulations (21 CFR) which state that labels must show the common name of the food item, its ingredients, the name/place of sale, its net quantity and its nutrition claims. In addition, any potential presence of the main food allergens must be stated on the labels (and any other forms of display).
Since May 7, 2018, restaurants and similar retail food establishments that are part of a chain with 20 or more locations, doing business under the same name, and offering for sale substantially the same menu items have also been subject to "menu labeling regulations". These regulations state that such establishments have to provide calorie information for standard menu items and ensure that additional nutrition information is available on request.

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 education sector can be subject to specific regulations concerning the nutritional quality of meals served in school restaurants. This is notably the case in France (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.

Elior UK has developed tailored learning programs to teach its employees about the legislation related to serving alcohol, and in Scotland all employees who handle and serve alcohol are required to follow a two-hour training course beforehand.

In Portugal, the conduct of trade and commerce activities or food and beverage services currently requires certain diplomas, which can be a constraint when putting in place standardized concepts. Decree Law no. 10/2015 dated January 16, 2015 approved the legal framework for (i) accessing and exercising trade activities and food and beverage services and (ii) accessing trade, services and catering activities (RJACSR).

The Group is also required to comply with anti-smoking laws prohibiting smoking at dining establishments, such as the laws applicable in France since January 1, 2008 and in Italy since January 10, 2005 (Law no. 3/2003 dated January 16, 2003).

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, 2018, comprised 132,000 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 to 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 diverse 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 towards 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 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 employee category. 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, 2018, 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 post 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 EU 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. EU law requires any company that (i) has subsidiaries in at least two different EU member states, (ii) has at least 1,000 employees in EU or EEA member states, and (iii) has a minimum of 150 employees in at least two EU 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 and the degree of information that must be provided to employee representatives in those meetings, as well as the extent to which opinions issued by a works council must be taken into account in management decisions, vary from country to country. 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 2015-994 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).

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[1] (the holding companies for contract catering & services and concession catering 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 US Occupational Safety and Health Agency.

[1] See Section 1.5 of this chapter of the Registration Document for the Group's simplified organization chart.

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

Elior Group regularly organizes meetings during the year to keep communication channels open at all times with shareholders and the financial community at large. A financial calendar setting out the Company's publications and events for the financial community is available on the Elior Group website.

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 2016-2017 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.

On May 16, 2018, the Group's Chief Executive and Chief Financial Officer held a conference call during which they answered questions from the financial community about the profit warning issued that day by the Group.

On May 29, 2018, the Chief Executive Officer and the Chief Financial Officer held a conference call during which they presented the Group's results for the first half of fiscal 2017-2018 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.

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 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 2018-2019

Thursday, January 24, 2019	Release of first-quarter fiscal 2018-2019 revenue figures
Friday, March 22, 2019	2019 Annual General Meeting
Wednesday, May 29, 2019	Release of first-half fiscal 2018-2019 results
Thursday, July 25, 2019	Release of third-quarter fiscal 2018-2019 revenue figures
Wednesday, December 4, 2019	Release of full-year fiscal 2018-2019 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 30, 2016, Elior Group's closing share price was €21.72 and its market capitalization was €3.75 billion. At December 29, 2017, Elior Group's closing share price was €17.225.

At December 28, 2018, Elior Group's closing share price was €12.79.

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
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

Date	Trading volume	End-of-month share price (in €)	Monthly high (in €)	Monthly low (in €)
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	17.23	18.95	15.95
January 2018	10,532,196	18.56	19.71	17.07
February 2018	7,001,194	18.02	18.80	17.54
March 2018	7,205,688	17.66	19.08	16.63
April 2018	6,534,858	16.93	17.58	16.10
May 2018	16,295,847	14.24	17.11	12.52
June 2018	18,219,953	12.36	15.37	11.59
July 2018	8,201,745	14.00	14.67	11.81
August 2018	5,455,600	13.49	14.60	13.33
September 2018	5,887,464	13.34	13.69	12.39
October 2018	7,218,308	12.73	13.62	11.26
November 2018	7,715,313	13.11	13.68	12.31
December 2018	9,170,914	13.06	13.39	11.30

(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, 2018
Weighted average number of shares (in millions)	174
Profit for the period attributable to owners of the parent (in € millions)	33.7
Earnings per share (in €)	0.19
Net dividend per share (in €)	0.34

At the Annual General Meeting to be held on March 22, 2019 the Board will recommend the payment of a cash dividend of €0.34 per share.

2

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2. CORPORATE SOCIAL RESPONSIBILITY

2.1. THE ELIOR GROUP POSITIVE FOODPRINT PLAN: RESPONSIBILITY AT THE HEART OF OUR CORPORATE STRATEGY

With operations in 15 countries and serving six million guests every day, the Elior group is a caterer of choice in the business & industry, education and healthcare markets and in the world of travel (see Chapter 1, Section 1.6.4, "The Group's Main Operating Markets and Competitive Environment").

We have been fully committed to Corporate Social Responsibility (CSR) for over ten years now and firmly believe that our sphere of responsibility extends beyond the direct impacts of our business. In line with this commitment, we launched a new CSR strategy in 2016 called "The Elior Group Positive Foodprint Plan"[4], which entails working with all of the stakeholders in our value chain (suppliers, guests, NGOs etc.) with the aim of leaving a positive foodprint from farm to fork.

2.1.1. THE UNDERLYING FUNDAMENTALS OF THE POSITIVE FOODPRINT PLAN

As a member of the United Nations Global Compact since 2004, we regularly issue information about our CSR commitments and report annually via our Communication on Progress (COP)[5] about how we have moved forward in the Global Compact's four fundamental areas, namely respecting human rights, complying with international labor standards, combating corruption in all its forms and protecting the environment. Since 2016, our COP reports have been recognized as fulfilling the "Advanced" criteria – which corresponds to the highest level of reporting under this voluntary international program – and in 2018 Elior Group was named as Chair of the French Global Compact Advanced club.

In June 2018, when Elior Group's Chief Executive Officer, Philippe Guillemot, presented the Elior Group 2021 Plan, which sets out the Group's strategic goals for the coming three years he reaffirmed the central role that CSR plays in the Group's strategy. Accordingly, in the same way as innovation, CSR will be at the heart of everything we do going forward and will be one of the key drivers for achieving the goals we have set ourselves in the Elior Group 2021 Plan (see Chapter 1, Section 1.6, "The Group's Businesses and Strategies").

THE ELIOR GROUP
POSITIVE FOODPRINT PLAN™

"Having been a member of the United Nations Global Compact since 2004, Elior Group has undertaken to respect and promote the Compact's ten fundamental principles[6] in all of its businesses. By publishing this registration document and qualifying this CSR chapter as an Advanced-level COP, I am pleased to reaffirm the Group's commitment to respect and promote those fundamental principles of the Global Compact and to give them a central role in its organization and corporate strategy".

Philippe Guillemot, Chief Executive Officer of Elior Group

[4] Hereafter also referred to as the "Positive Foodprint Plan".

[5] This CSR chapter of the Registration Document serves as Elior Group's communication on progress (COP).

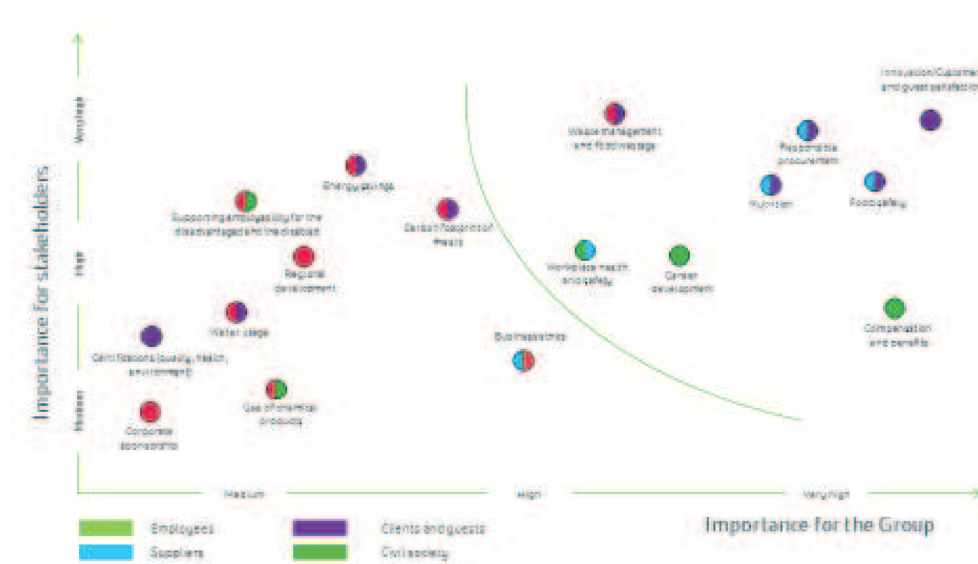
[6] Further information on the ten principles of the United Nations Global Compact and an explanation of the "Advanced" level are available at www.unglobalcompact.org

Four pillars of responsibility

Elior Group has built its Positive Foodprint Plan around four priority areas which are aligned with the four sustainable development goals (SDGs) defined by the United Nations (see below, "Focus on sustainable development goals").

In order to identify our main CSR issues, we carried out an initial materiality analysis in 2015. Four main stakeholder groups (internal and external) were consulted for the purpose of the analysis to create a representative sample from Group's different operations and geographic regions: our employees, our clients and guests, our suppliers and members of civil society.

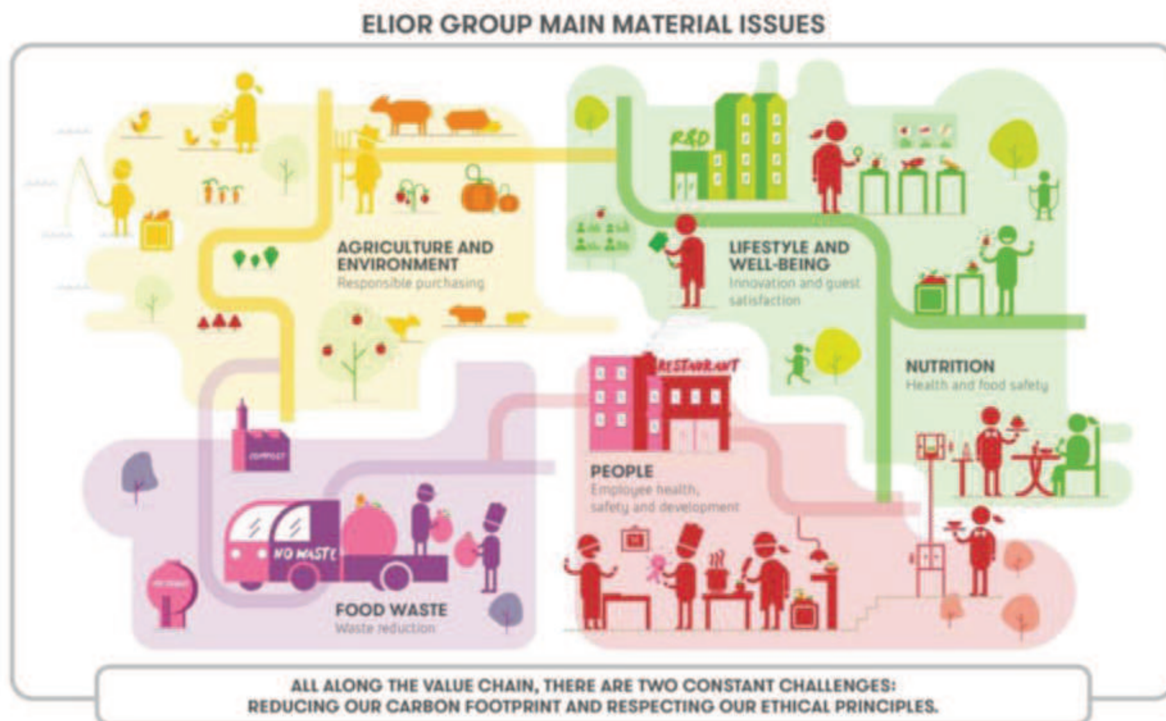
Elior Group Materiality Matrix



Based on the results obtained from this analysis, we decided to focus our business model transformation efforts on four priority areas:

- Nutrition and public health, with poor diet a contributing factor to problems such as obesity, food intolerances and diabetes.
- Combating food waste, which experts say could be the source of 10% of global greenhouse gas emissions by 2050[7].
- The need for decent jobs, to help combat both youth unemployment and growing social inequality in the countries where the Group has operations.
- Environmental issues caused by agriculture (e.g. deforestation, soil pollution and contribution to climate change).

[7] Data source: FAO (Food and Agriculture Organization of the United Nations).



In order to offer solutions in these four priority areas, in 2016 the Group launched a new CSR approach called "The Elior Group Positive Foodprint Plan", which is structured around the following four main commitments:

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

For each one of these priorities, Elior Group has set up improvement plans at every level of the organization and at every stage of the value creation process. And ethics and environmental protection are key considerations in how we run our day to day operations (see Section 2.2 below, "Conducting business responsibly").

During the first half of 2017-2018, the Group's new governance team decided to review the objectives of the Positive Foodprint Plan. Consequently, Elior Group will publish its new CSR objectives and new governance structure for its four main CSR commitments during the course of fiscal 2018-2019.

1.7.2.1 Non-financial risk map

In order to complete our materiality analysis and further strengthen our CSR approach, in 2018 we mapped for the first time our non-financial risks[8]. This mapping process, which supplements the risk mapping already carried out by the Group (see Chapter 3, Section 3.2.1, "Risk Factors"), enabled us to identify the main non-financial risks[9] to which the Group is exposed.

[8] In compliance with the regulatory requirements arising from the transposition into French law of the European directive on non-financial reporting.

[9] Environmental, social and labor risks.

The risk mapping exercise was carried out in the following three stages:

1. Defining the non-financial risk universe: identifying around twenty risks and issues that could have a significant impact on the Group, or relating to which the Group could have an impact on society at large. This risk universe was built up using the findings of the materiality analysis performed in 2015, as well as sector-based bibliographic research and internationally recognized standards (GRI[10], SASB[11], etc.). The Group then defined a more limited universe of risks and issues to ensure that its mapping process was in line with its business sector, geographic locations and main strategic goals.
2. Risk scoring: each risk was then given a score using the same approach as that applied by the Group's Risk Department. The scores given to all of the risks were based on two criteria: the level of seriousness if the risk occurs and the probability that the risk will occur.
3. Creating a risk hierarchy: based on the scores allocated to each risk, the Group identified eight priority non-financial risks, which were validated by the Group Chief Compliance Officer. These risks are in addition to those already monitored by the Group (see Chapter 3, Section 3.2.1, "Risk Factors"). The strategies put in place by Elior Group to mitigate these risks are described throughout this Registration Document.

Identified risks[(a)]	Description of risk treatment
Unethical practices and lack of transparency	2.2 Conducting business responsibly
Failure to include CSR criteria in purchasing practices*	2.4 Sustainable ingredients
Failure to adapt to guests' new expectations*	2.3 Healthy choices
Poor hygiene and food safety	2.3 Healthy choices
Poor employee working conditions*	2.6 Thriving people and communities
Inequality and discrimination*	2.6 Thriving people and communities
Failure to attract and retain talent	2.6 Thriving people and communities
Failure to include CSR criteria in pay structures*	2.6 Thriving people and communities
Failure to protect employees' health and safety in the workplace	2.6 Thriving people and communities
Poor management of resources and waste*	2.5 A circular model
Environmental pollution (water, air)*	2.5 A circular model
Poor use of water and energy*	2.5 A circular model
Ineffective IT and data protection systems	3.2.2.3.4 Internal controls related to information systems

** CSR risks identified via the non-financial risk map.*
(a) See methodological note for a description of the identified risks (Section 2.7.3 below, "Non-Financial Risk Map").

[10] *Global Reporting Initiative*

[11] *Sustainability Accounting Standards Board*

Focus on the UN's Sustainable Development Goals

Launched in 2015 by the United Nations (UN) and brought into force on January 1, 2016, the 17 Sustainable Development Goals[12] (SDGs) constitute the UN's 2030 Agenda for Sustainable Development, also known as the "2030 Agenda". This program applies to everyone and requires the implementation of multi-stakeholder partnerships in all countries in order to eradicate poverty, protect the planet and ensure that all human beings can live in peace and prosperity.

In its Positive Foodprint Plan, Elior Group has chosen to particularly focus on the four SGDs that directly relate to its catering business.

Positive Foodprint Plan	Sustainable Development Goals	
	Number	Description
Healthy choices	SDG 3: "Good health and well-being"	• Ensure healthy lives and promote well-being for all at all ages.
Sustainable ingredients	SDG 2: "Zero hunger"	• End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
A circular model	SDG 12: "Responsible consumption and production"	• Ensure sustainable consumption and production patterns.
Thriving people and communities	SDG 8: "Decent work and economic growth"	• Promote sustained, inclusive and sustainable economic growth, employment and decent work for all.

2.1.2. CSR GOVERNANCE

The Group has put in place an internal governance system so that it can define and formulate its CSR commitments in line with its overall corporate strategy and with the best interests of both the Group and its stakeholders.

CSR oversight at the highest level of the Group

The Group's CSR strategy is placed under the direct responsibility of the Group's Chief Executive Officer, Philippe Guillemot, and its practical application is overseen by the CSR Officer. The CSR Officer leads a network of some 15 CSR correspondents who cover all of the Group's entities and help draw up and coordinate the CSR strategy and ensure that it is implemented across the Group.

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

Strategy, Investments and CSR Committee

The Positive Foodprint Plan is shared with the Board of Directors via the Strategy, Investments and CSR Committee. Comprising four members (see Chapter 3, Section 3.1.1 "Governance Structure"), this Committee 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.

[12] See https://sustainabledevelopment.un.org/ for further information on the UN's Sustainable Development Goals.

Network of CSR correspondents

As the people responsible for the on-the-ground deployment of the Positive Foodprint Plan, the CSR correspondents are appointed by the entities' CEOs and are tasked with defining and implementing action plans adapted to their respective markets and businesses.

2.1.3. CSR AWARDS RECEIVED IN 2017-2018

Each year, the Group's operating entities receive awards for their commitment to CSR.

In 2018, the NGO, Compassion in World Farming (CIWF), awarded Elior France the "Good Rabbit Commendation" for its commitment to only source rabbit meat from cage-free farms, which improve rabbit welfare.

In Spain, Serunion became the first contract catering firm to obtain IQN and SR 10 certification from the Aenor[13] (*Asociación española de normalización y certificación*) for its environmental and social commitments.

Also during the fiscal year, three Elior Group French entities had their EcoVadis[14] rating renewed. The EcoVadis rating system is based on 21 indicators grouped into four themes (Environment, Labor/Social, Fair business/Ethics and Supply Chain) and a score is attributed for each theme as well as an overall score out of 100[15]. Arpège, Elior Entreprises and Elior Services all won the EcoVadis Gold rating (with scores higher than 62/100).

[13] The Spanish national standards body.

[14] EcoVadis is an independent company specialized in CSR performance ratings.

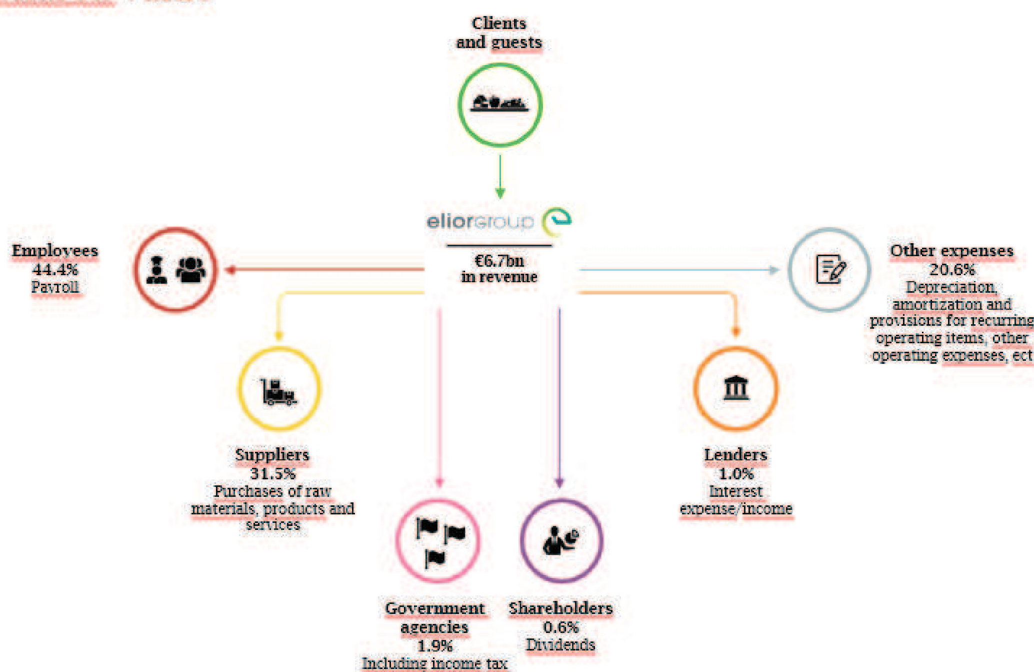
[15] The top obtainable score is 100.

2.2. CONDUCTING BUSINESS RESPONSIBLY

At Elior Group we place ethics and integrity at the heart of how we do business and we share with all of our employees and suppliers a number of principles that we expect everyone to respect everywhere and in all circumstances. In 2016 we drew up a set of Ethical Principles which all of our people are required to follow and in 2017-2018 we further strengthened our anti-corruption measures (see Section 2.2.3 below, “Fighting Fraud and Corruption”) as well as our systems for ensuring that human rights are respected across the Group.

2.2.1. STAKEHOLDERS AND SHARING VALUE

In 2017-2018, the Elior group generated €6.7 billion in consolidated revenue. This value was shared between the Group’s stakeholders (employees, suppliers, government agencies, shareholders and lenders) as follows:



Combating tax evasion

The Elior group paid €47.8 million in corporate income tax for fiscal 2017-2018 in the countries where it operates. In order to ensure its tax compliance, in 2018 it created a new position of Group Chief Tax Officer and drew up a tax policy which focuses in priority on combating tax evasion, and has been relayed to all of the Group's operating entities. In addition, in accordance with the applicable regulatory requirements[16], Elior Group has performed a country by country reporting process, disclosing a breakdown of its profit, income tax and operating activities by tax jurisdiction.

[16] In accordance with Article 223 *quinquies* of the French Tax Code (*Code general des impôts*).

2.2.2. THE ELIOR GROUP ETHICAL PRINCIPLES

All Elior Group employees are required to comply with the laws and regulations applicable in the countries in which the Group operates and must constantly respect the Group's Ethical Principles. Issued in June 2016, the Elior Group Ethical Principles are aimed at creating a shared framework for all Group employees in their daily working lives They 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 (see Section 2.1.1 above, "The Underlying Fundamentals of the Positive Foodprint Plan").
- The United Nations Sustainable Development Goals (see Section 2.1.1 above, "The Underlying Fundamentals of the Positive Foodprint Plan").

These Ethical Principles have been rolled out to all of the Group's operating entities in accordance with local legislation and integrating any similar processes already used by each specific entity. For example, entities that already had an Ethics Code in place[17] have adapted the content of their Code, where necessary, to incorporate the Elior Group Ethical Principles.

In order to be fully understood and taken on board by all of our people, the Elior Group Ethical Principles have been translated into six languages[18]. The French and English versions are available on the Group's corporate website at www.eliorgroup.com

2.2.3. FIGHTING FRAUD AND CORRUPTION

As a member of the United Nations Global Compact, Elior Group respects, supports and promotes the fight against all forms of corruption.

During 2017-2018, over a quarter of the Group's revenue was generated in countries that have a high risk of corruption based on Transparency International's Corruption Perceptions Index (score below 60/100). Elior Group's anti-fraud and anti-corruption system – which is overseen by the Internal Audit Department – was strengthened during the year following the entry into force on June 1, 2017 of the anti-corruption provisions contained in France's "Sapin II" Act on transparency, the prevention of corruption and the modernization of the economy[19].

Risk mapping

The Group's fraud and corruption risks are assessed on an annual basis using a risk mapping procedure specifically targeting these issues (see Chapter 3, Section 3.2.2, "Internal Control and Risk Management Procedures"). The fraud and corruption risk map was updated in February 2018 and in accordance with the applicable legal requirements the risk mapping process was rolled out to all of the Group's entities worldwide through the GRC (Governance, Risk and Compliance) system.

Internal system for fighting fraud and corruption

In 2018, the Group launched a website specifically dedicated to integrity: integrity.eliorgroup.net. Available in four languages (French, English, Spanish and Italian), this site sets out all of the Group's integrity commitments as well as the corresponding documentation.

In order to facilitate employees' take-up of the Elior Group Ethical Principles, in 2018 the Group published an Integrity Guide. The aim of this guide is to provide clear rules as well as theoretical and practical information so that everyone can comply with both the laws that apply to them and the Group's Ethical Principles. The document is split into five parts:

1. Organizational and responsibility-related rules applicable within the Elior group concerning the prevention of corruption.
2. Definitions of key corruption-related terms and concepts.
3. Anti-corruption rules.

[17] Areas in Spain, Portugal, the United States and Mexico.

[18] The Elior Group Ethical Principles are available in the following languages: French, English, Spanish, German, Portuguese and Italian.

[19] Elior Group and all of its subsidiaries (as defined in Article L. 233-1 of the French Commercial Code) and the companies controlled by Elior Group (as defined in Article L. 233-3 of said Code) are subject to the provisions of the Sapin II Act.

4. Practical recommendations.
5. Practical information.

Since 2018, the Group has also had a whistle-blowing system in place. Accessible by email or telephone in all of the countries where the Group operates, this system enables employees to raise the alarm in the event of any breach of the provisions in the Group's Integrity Guide. A whistle-blowing charter specifying the terms and conditions for using the system has been published on integrity.eliorgroup.net. Available in six languages[20], this charter guarantees that any information provided via the whistle-blowing system will remain strictly confidential. The Group undertakes to protect whistle-blowers from any negative consequences, provided that they have acted in good faith and that the information they give is based on verifiable facts.

Employee training

The Group also gives training on fighting fraud and corruption to employees who are considered to be most exposed to associated risks. For example in 2017-2018, employees in charge of relations with public authorities were given training on the lobbying provisions contained in the French Sapin II Act. And the Group intends to organize training sessions on the anti-corruption provisions of the Sapin II Act to all of its Leadership Committee members and people in jobs exposed to corruption risks (such as purchasers, developers, sales staff, operations managers and regional managers).

2.2.4. VIGILANCE PLAN

As a member of the United Nations Global Compact, Elior Group is committed to promoting and respecting, along its entire value chain, human rights principles and international labor and environmental standards (see section 2.1.1 above, "The Underlying Fundamentals of the Positive Foodprint Plan"). It also ensures that it is not complicit in any breach of these principles or standards. All of these commitments are reiterated in the Elior Group Ethical Principles (see Section 2.2.2 above).

Over the years we have put in place many procedures and systems enabling us to identify, assess and control our risks (see Chapter 3, Section 3.2.1, "Risk Factors"). In 2017, a new Duty of Vigilance Law[21] was introduced in France, which requires companies to identify social and environmental risks in their own operations and at suppliers and sub-contractors and to set up a "Vigilance Plan" to address these risks. In line with this new law, in 2018 we set up a multi-disciplinary steering committee (comprising representatives from the purchasing, audit, CSR and quality departments etc.) to draw up the Group's first risk map for its main purchasing categories (food and non-food) in France.

Duty of vigilance – the purchasing risk map

The main risks related to Elior France's supply chain were identified and hierarchized following a four-step process, which involved:

- Identifying risks by purchasing category.
- Identifying suppliers' home countries and country risks.
- Conducting interviews (internally and with an external panel) and additional bibliographic research in order to hierarchize the identified risks.
- Mapping the risks and putting in place an action plan.

Elior's 12 main purchasing categories in France (sea food, fruit and vegetables, cleaning products, etc.) – representing over 30,000 food and non-food items – were analyzed and the following risk categories were identified:

- Working conditions: pay, forced labor, child labor, etc.
- Health and safety of workers and consumers.
- Communities and regional development: living and housing conditions, land and property rights and access to natural resources.
- The environment: use of resources, biodiversity, pollution, waste and climate change.
- Animal welfare: breeding and slaughter conditions.

Recommendations were then issued for each purchasing category and systems were put in place for buyers to prevent the identified risks. The Group will report on the effectiveness of the measures implemented in the 2018-2019 Registration Document.

In the coming years, Elior Group intends to extend its Vigilance Plan to cover other areas (such as human resources) and to roll it out to all of its entities worldwide.

[20] French, English, Spanish, Italian, Portuguese and German.

[21] French Act of March 27, 2017 on the duty of vigilance of parent companies and purchasing entities.

2.3. HEALTHY CHOICES

As a benchmark player in the catering industry, we place the utmost importance on proposing daily menus that are nutritionally balanced and prepared with high-quality ingredients. In line with our aim of providing our guests and clients with affordable solutions that are focused on health and well-being, we respect the nutritional recommendations issued by globally-recognized bodies (such as the World Health Organization) as well as national standards applicable in the countries where we operate (such as the PNNS, France's National Nutrition and Health Program).

Our nutritional initiatives are also aimed at helping achieve the objectives of UN Sustainable Development Goal 3: "Good health and well-being"[22].

2.3.1. LEADING THE WAY IN HYGIENE AND FOOD SAFETY

With 6 million guests a day, hygiene and food safety are key priorities at Elior Group. We apply the highest standards in this area and have set up strict processes to ensure optimal safety.

Strict organizational procedures and regular controls to ensure product safety

In order to guarantee the highest safety levels for our clients and guests we have deployed organizational procedures that enable us to rigorously manage and monitor food safety. We have also set up control procedures to ensure compliance with the regulations and standards applicable to our various business activities. In addition, our teams have an ongoing oversight procedure in place (scientific, technological and regulatory) so that the Group can adapt its control policies and processes where necessary.

In particular, we use the HACCP (Hazard Analysis Critical Control Point) method at all of our sites, which allows us to identify, assess and control significant food safety hazards. Dedicated trainings sessions are given to employees to ensure compliance with HACCP principles and best hygiene practices.

Hygiene audits are regularly conducted at the Group's contract and concession catering sites. Carried out by either internal or external auditors, the underlying aim of these audits is to check that the products used are compliant and that food safety and hygiene standards are met. The audits also enable us to check the cleanliness of premises and equipment, operators' practices, supply chain processes and compliance with cold chain standards. In 2017-2018, Elior Group performed some 24,000 hygiene audits worldwide.

In order to help anticipate risks and regulatory developments relating to food safety, the Group has also set up a Scientific Committee in France, comprising independent experts (nutritionists, pediatricians, toxicologists, microbiologists, etc.) and members of the Group's teams (food quality, safety, purchasing etc.). This committee meets several times a year and issues recommendations relating to nutrition (e.g. the 2016 ban on the use of phthalates in materials that come into contact with food), health (e.g. the recommendations issued in 2017 concerning risks related to endocrine disruptors) and product traceability. The Scientific Committee met three times in 2017-2018.

In addition, some Group entities have had their sites audited by independent certification bodies in order to demonstrate the level of their quality and food safety. At September 30, 2018, seven Group entities had sites with ISO 22000 certification – the benchmark international standard on food safety management – and nine entities had sites with ISO 9001 certification – the leading standard for quality management systems.

Rigorously selected suppliers and products

The Group works closely with all of the participants in its value chain, and especially suppliers, in order to offer its guests healthy, safe and high-quality products. We ensure the traceability of the ingredients included in our menus and perform audits to control the quality of our supplies.

Suppliers are audited using specific scoring charts that vary depending on the type of product and supplier

[22] SDG 3 – "Good health and well-being": Ensure healthy lives and promote well-being for all at all ages.

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 2017-2018 the Group conducted 391 supplier audits across all of its operating countries.

Tests are also regularly carried out to ensure the quality of the ingredients delivered to the Group's restaurants by its suppliers. In France, 295 organoleptic tests – i.e. more than one every working day – were performed by the test kitchen where new food offerings are developed.

The Group also pays particular attention to the provenance of raw materials and the composition of the food and non-food products it uses. For example, Elior Services favors the use of concentrated products that carry the eco-label and all of its client sites are supplied with detergents that do not contain any substances classified as CMR (carcinogenic, mutagenic or toxic for reproduction). We also offer VOC-free products, which 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

In order to contribute to the health and well-being of our guests and meet our clients' growing expectations regarding nutritional quality, we offer healthy, balanced menus in all of our host countries that can be tailored to the needs of all types of consumers. We take great care over the selection and composition of the products we use in our recipes and place particular importance on training our employees. We also run awareness-raising campaigns among guests about the dangers of eating too much of certain types of food (e.g. salt) and managing food allergies, such as gluten intolerance (see Section 2.3.3 below, "Raising guests' awareness about healthy eating").

Healthy food offerings adapted to all types of consumer

When developing our offerings we draw on the recommendations issued by national and international recognized (the WHO[23], the PNNS[24], etc.), as well as on the expertise of our teams. At September 30, 2018, Elior Group had 526 nutritionists working across its host countries.

One of the key aims of our nutritional policy is to reduce the amount of trans and saturated fats in the food served in our restaurants as these give rise to cardiovascular risks. In line with this, in 2011 we decided to drastically reduce our use of food oils containing palm oil, which has a high saturated fat content. This decision enabled us to improve the nutritional profile of the blended oils we use, with an over-45% reduction in their saturated fat content. And in accordance with the nutritional policy in place within the Group since 2004, the products we use must also contain less than 1% trans fats. In France, we apply very strict rules about the sourcing of food products, with the use of GM-labeled products and irradiated foods banned in our kitchens.

Keenly aware of the diverse range of consumers we cater for, we take care to create offerings that are adapted to the varying expectations and cultural requirements of our different types of guests. For several years now the Group has been working on reducing salt intake and developing offerings that include vegetarian, vegan or vegetarian protein options (such as *Buddha Bowl* in Arpège's restaurants).

[23] World Health Organization.

[24] Programme national nutrition santé – France's National Nutrition and Health Program.

Examples of offerings[a]

Country	Entity	Name of offering	Description
France	Elior Entreprises	Équilibre & Santé	Menus recommended by the Group's dietitians, devised based on the criteria issued by the GEMRCN (a French governmental think-tank specialized in nutrition issues in the contract catering industry) and containing controlled quantities of fat and sugar.
France	Arpège	Vege'spot	A daily vegetarian offering with fifty different recipes, for guests who want to eat less animal protein.
Italy	Elior Italy	Smart Food	A balanced, varied and original offering with innovative and interactive technological solutions that help create the ideal conditions for service quality.
United Kingdom	Elior UK	Elements for a super life	A range of healthy, tasty dishes and products with a strong focus on natural ingredients. Low in calories and fat and with no undesirable additives ("No added baddies"). Over one hundred recipes have already been developed in collaboration with Elior UK's dietitians.
United States	Elior North America	BeWell	A range of healthy snacks and drinks (no trans fats, low in sodium and restricted levels of processed ingredients).

(a) *Non-exhaustive list.*

Since 2015 Elior France has been a member of the Bleu-Blanc-Coeur (BBC) organization, which works with players in the food chain towards achieving shared quality objectives. In particular, it promotes feeding animals a more healthy and balanced diet based on plants that are rich in Omega 3 (such as grass, flax, alfalfa and lupin) in order to enhance the nutritional quality of food products and encourage biodiversity on animal farms.

A nutritional offering that can be tailored to specific needs

To help improve the well-being of guests in healthcare establishments (hospitals, care homes, etc.), we offer innovative solutions which are compatible with pathologies that affect people's ability to absorb nutrients (malnutrition, age-related illnesses, multiple disabilities, etc.). We regularly forge partnerships with clients, nutritionists, doctors and chefs to develop service offerings tailored to the specific needs of these guests.

Elior's Healthcare division in France (Elior Santé) is working on food offerings developed specifically for cancer patients. The aim is to stimulate patients' appetites as cancer treatments can lead to digestive problems, changes in the sense of taste or smell, and even loss of appetite. Elior Santé has teamed up with chef Alexandre Bourdas, to propose this type of offering at Gustave Roussy – Europe's largest cancer center – and in the first half of 2018 it set up a similar pilot project with the Jean Mermoz private hospital in Lyon.

In parallel, Elior UK has developed the *Dementia Box*. Approved by the Alzheimer's Society, this concept is designed to help Alzheimer's sufferers eat unaided by providing appetizing finger food that can be eaten any time of the day or night.

2.3.3. RAISING GUESTS' AWARENESS ABOUT THE IMPORTANCE OF HEALTHY EATING

In light of growing public health problems arising as a result of obesity and poor eating habits as well as increasingly high expectations from consumers and the public authorities in relation to health and well-being, our nutritional approach factors in the objectives of the UN Sustainable Development Goal 3: "Good health and well-being".

We offer our guests healthy, balanced meals every day (see Section 2.3.2 above, "Innovating and offering healthy, balanced food choices") and we use clear and straightforward information and communication campaigns to raise their awareness about the importance of adopting healthy eating habits. Each of our businesses develops communication tools in their specialty areas and most of our entities now have awareness-raising programs in place.

Being attuned to guests' needs

We place great importance on understanding and anticipating the changing needs and habits of our guests so that we can adapt our food offerings and the environments of our restaurants, points of sale and motorway service plazas accordingly. We use numerous different tools for this purpose (satisfaction surveys, mystery visits etc.) as well as digital solutions – notably dedicated apps such as TimeChef and Joyfood – all with a view to ensuring that we can better listen to our guests, better understand what they want and better provide the information they expect to get.

During 2017-2018, at least one guest satisfaction survey was carried out at 5,588 restaurants and points of sale in the contract catering business and Areas continued to roll out its Net Promoter Score (NPS) customer satisfaction measurement system. NPS gives customers the possibility of giving their opinion on their experience and satisfaction in several areas (such as price, products and atmosphere), allowing Areas' teams to react in real time where necessary. Thanks to hundreds of thousands of opinions collected each year, Areas can draw up concrete action plans to enhance its offerings. At September 30, 2018, over 600 Areas sites and points of sale were equipped with the NPS system, in France, Spain, Portugal, Italy and the United States.

Providing the information that guests want

Today's consumers expect to be given comprehensive information about the food they eat (nutritional information, origin of ingredients, etc.). To meet this rising demand for information, the Group goes beyond simply following local regulations (such as the EU FIC regulation)[25], and its various entities have voluntarily put in place communication tools adapted to their specific markets and geographies.

For example, a number of entities inform their guests about the main allergens contained in the food they serve. At all of Areas' restaurants and points of sale in Italy, a document is available to customers setting out the allergens in the products proposed. And in France, Elior has become the first contract catering company to offer an app (*Bon'App*) in the school catering market that shows menus and gives information about the 14 main allergens.

Apps have also been launched in the corporate catering market – TimeChef in France and Spain and Joyfood in Italy – which allow guests not only to view menus but also to obtain nutritional information and find out about the allergens present in each dish.

In the United Kingdom, Elior UK regularly reviews its policies on allergens and updates its e-learning training modules.

Communicating with children

Many of the Group's entities cater for children and they put in place education and information programs that are designed in partnership with local players and specifically adapted to children's needs.

In Spain, for instance, Serunion has developed several tools for helping pupils make healthy daily food choices. These include the *Nutrifriends* nutritional education program, developed in partnership with a master chef, and a book encouraging good eating habits and a healthy lifestyle (with over 60,000 copies distributed in 2017-2018).

In Italy, the *Mangiare al ritmo della natura*[26] program launched by Elior during 2017-2018 is also intended to encourage children to adopt healthy dietary habits, while using fun activities to teach them the importance of eating seasonal food. In France, Elior raises awareness of healthy

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[25] The EU Food Information for Consumers Regulation, which consolidates and updates the existing EU legislation on the topic.

[26] Eating at nature's pace.

eating habits among its guests in the education market through various fun activities that improve their knowledge about different foods and their properties, provide them with information about the origin of products and help them take responsibility for choosing and putting together their own menus.

2.4. SUSTAINABLE INGREDIENTS

The environmental and social impact of the Group's operations mainly derives from the raw materials used, directly or indirectly, in the meals we serve. In line with our CSR commitments, we have decided to focus our efforts on building a sustainable supply chain for a number of foodstuffs that we consider as priorities, i.e. eggs, fish and palm oil. We also participate in developing new standards in areas such as animal welfare, preserving biodiversity and reducing the use of pesticides.

Our actions in these fields fall within the scope of UN Sustainable Development Goal 2: "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".

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

In view of the important role that purchases play in our business, we are particularly attentive to the relations we have with our suppliers, to ensure that they deliver us high-quality products and that they apply best social and environmental practices.

Supplier audits and Responsible Purchasing Charter

The Group regularly carries out product supplier audits to check the quality of their operations and the quality and traceability of their products. In 2017-2018, 391 supplier audits were performed worldwide.

In addition, several of the Group's operating entities have gone a step further by developing specific systems and processes for managing their supplier relations. For example, since 2012 Elior France has had a Responsible Purchasing Charter which formally documents what the Group expects from its suppliers in several areas, such as quality, food safety, environmental protection, ethics and labor standards. This Charter was updated in 2017 to incorporate the Elior Group Ethical Principles and focus more strongly on the notion of vigilance in relation to our value chain and sphere of influence. Elior Services also adapted its business to the Charter in 2017. Aimed at all of Elior's suppliers in France (both current and new), the Charter – which had been signed by 99% of these suppliers at September 30, 2018 –has been appended to all new supplier contracts since January 2018.

Elior France provides its suppliers with access to the Acesia self-assessment and control platform. Developed by Afnor (the French national standards body), this platform not only enables the Group to check that its suppliers are respecting its CSR requirements but also to exchange views and ideas with them.

Likewise, Elior UK's suppliers have to sign a supplier code of conduct, and in Italy, over half of Areas' suppliers have signed the company's code of ethics or achieved certification in the Social Accountability 8000 standard.

Paperless communication with suppliers

We are also working to increase the level of paperless communication with all of our suppliers in order to enhance traceability, bring down costs and reduce the environmental footprint. In France, we have developed a central payments system to ensure that the millions of supplier invoices we receive each year are paid on time. 80% of Elior's purchases from its listed suppliers in France are now paperless.

2.4.2. BUILDING A SUSTAINABLE SUPPLY CHAIN

The Group uses many products of animal origin (either fresh or processed) in preparing its meals, and we believe that even though we do not own any farms or processing plants, we are an essential link for building a sustainable supply chain. The Positive Foodprint Plan seeks to limit as far as possible the impact of our supply chain on eco-systems and the climate by providing for rigorous product selection. We have set ourselves the following priorities in this area: animal welfare, responsible fishing, use of seasonal produce and palm oil.

We are also particularly vigilant about the environmental impact of soya production and we have clearly identified the risks (particularly deforestation) related to the source of feed for the animals served as meat in our restaurants. To respond to these challenges, Elior France has set up a system aimed at assessing the related risks and is also a member of a multi-party working group on animal feed (comprising representatives from NGOs, agri-food industry players, etc.). In addition, in order to meet its clients' specifications, Elior France purchases meat bearing a wide range of labels attesting to the quality of the animal feed used (organic, *Label Rouge*, etc.). And since 2005, Elior France's approved product list has included products certified by the Bleu-Blanc-Coeur association, which encourages the use of plants that are natural sources of Omega 3 in animal feed (such as linen), which reduce the proportion of imported soya.

Animal welfare

In 2017 Elior Group issued an animal welfare guide. Available in French, English, Spanish and Italian, this guide – which was sent to all of our entities – is the benchmark for all of our countries and markets. It sets out the priority animal welfare action areas identified by the Group: traceability, reasonable use of antibiotics, welfare during transport, etc.

As a founding member of the Global Coalition for Animal Welfare (GCAW) we are keenly aware of the importance of working closely with other food industry players to improve animal welfare along the entire supply chain. Launched in 2018, GCAW is a global platform bringing together major companies and animal welfare experts with the aim of improving animal welfare standards and meeting growing consumer demand for food products from animals reared in systems that promote good welfare. GCAW's members have identified five priority work streams: cage-free policies, improved broiler chicken welfare, farmed fish welfare, antimicrobial resistance, and global standards for transportation and slaughter. Working with a group of multi-disciplinary experts, GCAW intends to publish its action plan during 2019.

In connection with its commitment to animal welfare, Elior Group has undertaken to stop sourcing cage eggs[27] by 2025. All of the Group's entities are therefore gradually changing their purchasing policies so that they only source eggs from hens bred in cage-free conditions (i.e. barn-laid, free-range or organic eggs). In 2017-2018, cage-free eggs represented 40% of total egg purchases for Elior UK, 33% for Elior Italy and 100% for Areas Germany. At Group level, the proportion was 7.3%. We are also working closely with suppliers to ensure that by 2025 all of the broilers purchased by the Group will be from cage-free sources, bred in in properly ventilated growout buildings that are light during the day and dark at night[28].

The Group's overall animal welfare commitments are rounded out by local undertakings given by individual entities. For instance, Elior UK has issued its own animal welfare policy and supports the UK government's Live Transport Welfare initiative, which is aimed at improving animal transport conditions. In addition, all of its UK-based meat and dairy suppliers have to carry the *Red Tractor* label, certifying that their practices meet high health and environmental standards.

In France, Elior teamed up with Compassion in World Farming (CIWF) in 2017 in order to formally document its animal welfare requirements vis à vis its suppliers and to create systems and processes that can be adapted to the needs of each business (such as audit checklists and specific policies). An animal welfare section has therefore been added to the supplier audit checklist and the Group clearly informs its suppliers about its animal welfare policy.

In the United States, Areas has stepped up its supplier selection criteria, with particular emphasis on animal welfare, and has set a number of animal welfare targets for 2019 in a plan called New Ingredient Highlights, which covers its directly-owned brands and certain franchised brands. The products concerned are eggs, chicken and bacon.

Responsible fishery resources

For over ten years now, we have deployed a responsible purchasing policy designed to protect marine biodiversity and we no longer purchase certain endangered fish species including grenadier, red tuna, blue ling, black scabbard fish and most shark species. Similarly, based on the recommendations of our Scientific Committee, we have banned purchases of wild fish from the Baltic Sea due to the high level of industrial activity in the region and the accumulation of carcinogenic chemical compounds (dioxins and PCBs).

At the same time, several Group entities have entered into partnerships with national or international specialists to improve their fish sourcing practices.

[27] Whole/shell eggs, liquid eggs and egg-based products (powder, omelets, egg whites, etc.).

[28] In accordance with EC Council Directive 2007/43 of June 28, 2007 laying down minimum rules for the protection of chickens kept for meat production.

In the United States, Elior North America has become a member of the Monterrey Bay aquarium's Seafood Watch program in order to learn from their expertise and improve its sourcing practices. Elior UK only serves fish that is on the Marine Conservation Society's "fish to eat" list and has removed several fish species from its menus, including cuttlefish, John Dory and lemon sole. Elior UK has also joined the Sustainable Fish Cities alliance and has earned MSC CoC certification (Marine Stewardship Council Chain of Custody), affirming that the fish it purchases comes from sustainable fisheries.

Since 2017, Elior France has worked with Ethic Ocean, an environmental organization whose aim is to help safeguard the oceans and fishery resources and promote sustainable fishing. An analysis of the Group's fish supplies in France has been carried out and recommendations issued to improve Elior France's fish sourcing practices (banned species, accepted fishing methods, etc.). Elior France's purchasing department has earned Marine Stewardship Council (MSC) certification, which means that it can propose an MSC-approved fish offering in its restaurants. In 2017-2018, 30% of the frozen fish purchased by Elior France was MSC certified. In addition, also since 2017, Arpège – Elior's premium corporate catering brand – has been a partner of the Mr. Goodfish program, which raises awareness among the public and professionals about the sustainable consumption of seafood products. Consequently, all of Arpège's restaurants now feature a Mister Goodfish-recommended fresh, seasonal fish product on the menu once a week. Lastly, in 2018 Elior France signed a plea issued by the International Seafood Sustainability Foundation to rally industry participants and public authorities to improve tuna fishing methods.

Responsibly farmed seasonal produce sourced locally

In line with the Positive Foodprint Plan and to meet growing demand from guests and public authorities, the Group encourages all of its operating entities to source local, quality products (organic, certified, etc.). This approach is aimed not only at favoring products grown using environmentally-sound farming practices but also at making a sustainable contribution to the economic development of the regions where we do business. At September 30, 2018, over 4,000 of the food items on our approved product list were organic.

In France, as part of its *Les Pépinières du Goût* project, Elior has undertaken that its central kitchens will propose meals for the education market comprising at least 25% seasonal and sustainable produce (organic, local and/or certified). In 2017, Elior France reaffirmed its commitment to local producers to contribute to the development of sustainable supply chains, notably by becoming a partner of the Acade & Bio organic/traditional vegetable preparation center. Located in the Greater Paris region, Acade & Bio supplies fully-local produce to over 200,000 children in 700 school restaurants. Each year, more than 500 tonnes of washed, peeled, trimmed and packaged vegetables are delivered to Elior restaurants, representing a third of the center's capacity. This partnership also helps the social economy by working with local back to work organizations and sheltered work associations. In 2017-2018, local products accounted for over 10% of the Group's fresh food purchases in its French contract catering business.

Some Group entities have gone a step further and applied for certification for a number of their sites. Since 2016, three of Serunion's central kitchens (in Malaga, Seville, and Almeria) have been certified as 100% organic meal production centers by the CAEE, Spain's leading organic food certification body. Over five million meals are prepared each year by these three central kitchens for clients in the education and healthcare markets.

In France, several entities have been certified by Ecocert – a French audit and certification organization specialized in organic produce. Elior's Healthcare division in France maintained its level 1 Ecocert certification for three of its elderly care homes[29] in south-west France. The Education division had its level 1 certifications renewed for the municipalities of Issy les Moulineaux and Les Lilas, and achieved level 3 Ecocert certification – the highest possible level – for its central kitchen in Saint-Etienne, where over 64% of the meals it serves in schools are organic.

Palm oil

At Elior Group we are keenly aware of the importance of safeguarding the world's forests and eliminating from our supply chain any products that contribute to deforestation. That is why we have stopped purchasing pure palm oil in France since 2004, as palm oil cultivation is one of the main contributors to tropical deforestation, particularly in South-East Asia. We have undertaken to extend to all of our entities this policy of prohibiting the direct use of palm oil or substituting palm oil with a certified sustainable equivalent. In 2017-2018 the Group used 23 tonnes of palm oil worldwide, 39% of which was certified as sustainable.

[29] Residential homes for dependent seniors.

Non-food purchases

Our efforts to reduce the overall environmental impact of products 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 favor the use of recyclable, recycled and certified materials.

In 2017-2018, 15% of the food containers used by Elior's Education division in France were biodegradable[30]. And taking this one step further, the Group has teamed up with a manufacturer to develop a new fully compostable container (including the inside film) and plans to use 10 million of these containers in the French education market by the end of 2019.

2.5. A CIRCULAR MODEL

The Group is committed to combating all forms of waste – particularly food waste – and its objective is to contribute to establishing sustainable consumption and production patterns (UN Sustainable Development Goal 12). To that end, we enter into partnerships with a view to finding innovative solutions enabling us to actively combat food waste and contribute to the development of a circular economy.

2.5.1. COMBATING FOOD WASTE

Highly aware of the environmental impact that food waste represents on a worldwide scale, we take active steps to reduce it at each stage of our value chain. In October 2017, we used the occasion of World Food Day and the National Stop Food Waste Day[31] as an opportunity to formalize our commitment by publishing our first "zero food waste" charter. Available in four languages (French, English, Italian and Spanish), this charter sets out a Group-wide framework for achieving the zero food waste objective.

All of the Group's entities are working to reduce the amount of food waste generated in their central kitchens, restaurants or points of sale by acting at several levels:

- Selecting products and recipes based on quality criteria.
- Training employees in effectively managing raw materials inventories and producing just the right quantities in order to avoid perished, surplus or unsold products.
- Performing on-site diagnostic analyses.
- Raising guests' awareness in order to change behavioral patterns.

Selecting products and recipes based on quality criteria

In France, Elior carries out tests with guests for all of its new recipes for the healthcare and education markets. A committee of specialist chefs meets eight times a year in culinary workshops to create new recipes or rework existing ones and to validate culinary events organized based on specific menus. The results of the tests are analyzed by an independent organization and if a recipe scores higher than 70/100 it is kept. In 2017-2018, 169 recipes for the education market were tested by 1,215 school children.

In order to identify which recipes guests prefer, Elior's Education division in France has 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.

On-site diagnostic analyses

Several of our entities have struck up specific partnerships to help them put into action their plans for reducing food waste and have acquired special tools for performing diagnostic analyses. This enables them to measure and analyze waste, whether generated by surplus meal production, poor raw material inventory management or guests' individual behaviors. For example, in 2017-2018 both Elior North America and Elior UK set up Winnow technology at several of their sites. Based on the use of smart weighing meters, Winnow enables kitchen teams to see which products are being wasted. Also in 2018 Elior UK launched pilot tests of the Wise Up On Waste platform at eight of its sites in order to measure

[30] 97% biodegradable containers.

[31] In France.

and analyze the waste generated from the meal production stage through to when guests return their trays. Similarly, Elior's Healthcare division in France carried out diagnostic analyses at a dozen sites during the year to identify their main causes of waste and determine specific waste-reduction measures.

In Spain, Areas continued its pilot project at Barajas airport in Madrid with Phenix, a social enterprise specialized in combating food waste and in waste recycling.

Donating surplus food

In order to help combat food insecurity, whenever permitted under local legislation, we donate unsold food to non-profit organizations or NGOs. The Group carried out its first reporting on food donations in 2017-2018 and the initial reported data – which will be fine-tuned for 2018-2019 – shows that a number of its entities have already put in place partnerships with non-profit organizations or NGOs. Over 60 tonnes of food was donated by Elior Group entities in 2017-2018.
In France, Arpège strengthened its partnership during the year with the *Le Chaînon Manquant* organization – which specializes in distributing unsold food – and five Arpège sites now donate food on a weekly basis. Meanwhile, Elior's Education division in France signed a partnership agreement with the *Excellents Excédents* social enterprise to donate surplus production from its Villenueve-la-Garenne central kitchen in the Paris suburbs.

In Italy, Elior has worked with the *Fondazione Banco Alimentare* since 2012 and donates its unsold meals to food banks in accordance with the applicable local legislation. Serunion in Spain has also committed to donate its surplus food through partnerships with players such as the Spanish NGO, *Nutrición Sin Fronteras.*

Raising guests' awareness about combating food waste

At Elior Group we believe that raising the awareness of all of our guests – adults and children alike – is an essential factor for winning the battle against food waste. Our various entities develop communication tools and organize events that are specifically adapted to their markets so both adults and children can actively participate in combating food waste when eating out and at home.

In France, for example, Elior's Business & Industry, Healthcare and Education divisions have teamed up with *Expliceat*, a company specialized in raising awareness about food waste through "Anti-waste" recipes that people can use in their daily lives. Over 70 anti-waste workshops were held in 2017-2018, enabling participants to make muffins and cookies out of unused bread from Elior restaurants. Also during the year, Elior France's Education division continued its *Chasse au Gaspi* ("Stop Wastage") campaign. Launched in 2010, this campaign has a dual objective: to make children aware of how much food is wasted every day and teach them how to consume smartly.

2.5.2. REDUCING THE GROUP'S ENVIRONMENTAL FOOTPRINT.

Aware of the environmental impact of our business, we seek to reduce our footprint at every stage of our value chain. Each entity puts in place measures suited to its own specific needs in order to reduce water and energy use, greenhouse gas emissions and waste production (both food and non-food). The majority of our business is carried out at client sites, which we do not own, but we encourage our entities to seek certification of their environmental management systems. At September 30, 2017, over 1,800 Elior Group sites were ISO 14001 certified.

Optimizing waste management

Our efforts to reduce waste production and encourage waste recycling are focused on the following areas:

- Raising the awareness of our employees and guests about the environmental cost of waste.
- Putting in place equipment that enables optimal waste management and sorting at our sites.
- Using eco-design principles when devising our offerings, and recycling waste.

Reducing waste and increasing recycling largely depends on the effectiveness of the upstream sorting systems in place. Raising the awareness of clients and guests is therefore a key priority for the Group's entities, which for the past several years have implemented measures to help them reduce and manage food waste (see section 2.5.1 above, "Combating Food Waste"). These measures are notably aimed at teaching both adults and children the importance of sorting waste at the end of meals. For instance, we help school children learn to be eco-friendly through initiatives such as the *Eco Plats Net* special food waste sorting table.

In order to facilitate guests' daily lives and encourage waste sorting and recycling, we create innovative solutions and provide equipment to help with managing waste. At September 30, 2018, over 2,000 sites had put in

place equipment enabling guests to sort their organic waste.

Waste collection and recycling is organized at site level and differs depending on the type of waste concerned. Some sites have equipment that pre-processes waste (such as dehydrators), but pick-up and processing is always outsourced to specialist service providers. Composting and anaerobic digestion are the two main processes used by the Group and its partners for recycling organic waste. We have established partnerships with recycling professionals to provide our clients with the best solutions. In France for example, Areas and Elior have teamed up with Moulinot, which specializes in recycling food waste into biogas or compost. In 2017-2018, 81% of the used cooking oil collected from Elior Group sites worldwide was recycled into energy (biofuel in particular).

At LAX airport in the United States, Areas is a partner of The Bottle Box, a company specialized in collecting and recycling plastic bottles.
As the best level of waste is obviously zero, the Group also strives to reduce, or totally eliminate, packaging and single-use products (particularly plastic). For example, in 2018, Elior UK adopted a new policy on plastics and decided to ban plastic straws and stirrers in all of its restaurants. In place since September 30, 2018, this policy will result in the elimination of over a million plastic straws per year. Elior North America and Elior UK have also teamed up with Vegware, a company that makes organically sourced[32] single-use packaging and products that can be recycled in less than 12 weeks along with traditional organic waste.

We are also committed to innovation in our services business, as demonstrated by the ongoing development of Elior Services' *Valogic* paper sorting and recycling service, which is provided in partnership with companies from the social economy sector. Elior Services has also developed *Trapese*, a waste traceability tool for use by clients, which weighs and records waste using a scanning system. The data is then stored in a central database, allowing the client to track the exact quantities of waste produced, in total and by zone, department and floor.

Energy saving measures

Elior Group is committed to reducing its overall energy consumption and using more renewable energy. Although most of our business is carried out at our clients' premises, we take action to improve on-site energy efficiency in several different ways, including installing eco-efficient equipment, developing the production of renewable energy from organic waste, deploying solutions to limit travel (e.g. video conferences), etc.

Several Group entities have achieved certifications attesting to the quality of the energy management or energy efficiency of their sites. In Italy, all of Elior's sites[33] are ISO 50001 certified, and in the United States all of Areas motorway service plazas are certified under the Leadership in Energy and Environmental Design (LEED) system. The Group also helps its clients obtain and/or renew environmental certifications (such as HQE®) by involving their teams in the environmental data compilation and reporting processes.

We also take steps to raise our teams' awareness about adopting environmentally-friendly practices to reduce energy use at our sites (systematically closing cold-storage room doors, switching off unused equipment, etc.). In line with this, in 2017-2018, Elior's Healthcare division in France continued to roll out its "Energy saving" kits (comprising stickers, posters for guests, lighting plans etc.), notably at new sites.

In Italy, Elior's central kitchen in Bologna, which produces more than 30,000 meals a day, uses a combined cooling, heat and power (CCHP) generation system that runs on methane and simultaneously produces electricity, heat and refrigerated water for cooling.

In France, since 2016, the Group has held a renewable energy contract with electricity provider EDF under which the equivalent of 100% of the electricity used by the Group's sites in France for which it has an EDF contract is matched by power generated from renewable energy sources.

In order to identify the main sources of energy use, and in accordance with the applicable regulations, the Group carried out energy audits (electricity, gas, heating oil, and fuel for company vehicles) at all of its French sites for the first time in 2015. In 2018, Serunion in Spain worked with the energy efficiency consultant, Optima, to perform energy audits at its kitchens and offices.

In all, our sites consumed 255,696,872 kWh of electricity in 2017-2018.

Reducing greenhouse gas emissions

In order to limit the impact of our business on the environment and climate change, at Elior Group we work hard to mitigate environmental risks, notably by reducing the emissions we discharge into the air through our

[32] Plant-based.

[33] At September 30, 2018, Elior Italy had 1,776 sites.

operations, and we are currently studying ways to incorporate climate risk into our responsible purchasing strategy. In December 2017, Philippe Guillemot – the Group's Chief Executive Officer – officially reiterated our commitment to combating climate change by signing up to the French Business Climate Pledge.

Since 2012, we have measured our French restaurants' greenhouse gas (GHG) emissions using 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 and was updated in 2018 – 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.

One particular way in which we reduce our GHG emissions is by installing energy-efficient equipment and raising our teams' awareness about environmentally-friendly behavior. The total amount of electricity used by Elior Group sites in 2017-2018 was 255,696,872 kWh, which generated 55,305 tCO_2-e.

Other key emissions-reducing measures we have adopted include gradually making our vehicle fleet cleaner and training our employees in eco-driving techniques, as well as encouraging home-working and video-conferencing. At September 30, 2018, 68% of the Group's vehicles were classified as green vehicles[34].

In 2017-2018, we performed our first global GHG emissions audit in order to identify the main sources of GHG emissions across our entire value chain (scopes 1, 2 and 3 – direct and indirect emissions). The emissions were calculated based on the Greenhouse Gas Protocol guidelines and the audit results show that the main items affecting the Group's carbon footprint are purchases (over 80% of total GHG emissions), energy use and freight.

Water saving measures

Using water sustainably is a major objective for the Group as we consume large amounts of this resource either directly (at our sites) or indirectly (through our supply chain).

To help meet this objective, we put in place innovative solutions across our sites to reduce our use of water and control the quality of the waste water they produce. The measures we have undertaken include setting up water-saving equipment at all of our sites (restaurants, points of sale, central kitchens and motorway service plazas), raising awareness among employees and clients about eco-friendly practices, and processing waste water to ensure its quality and reduce its impact on the natural environment.

During fiscal 2017-2018, the Group used 1,474,934 cu.m of water at the sites where we are directly responsible for managing this resource.

Elior Services uses cleaning equipment with water saving systems such as floor cleaners with a cleaning solution dosing (CSD) system and EcoFlex, and consumables such as micro-fiber cloths. In 2017-2018, it continued to install dilution centers, which ensure that the right quantity of chemicals is added to cleaning solutions and avoid employees having to handle chemicals.

[34] The following vehicles are considered to be "green": electric vehicles, hybrid vehicles, natural gas vehicles (NGV) and vehicles that meet the Euro 5 and Euro 6 standards (or that emit less than 130g CO_2/km).

2.6. THRIVING PEOPLE AND COMMUNITIES

We are proud of the talent and diversity of our 132,000 employees. And because we believe that happy employees make happy guests, we want all of our people to fulfill their potential. For this reason we offer an attractive business model, take care to adequately reward employees' work and engagement and help them build their skills, regardless of the level at which they join the Group.

In order to effectively factor in the specific characteristics of each of our host countries, we have introduced a subsidiarity principle for many issues related to human resources management. Consequently, decision-making powers have been given to the Human Resources Directors at the level of the Group's markets for a wide range of topics. However in order to build a consistent Group-wide policy for certain key areas, a new Group Chief Human Resources Officer was appointed in September 2018. He reports to the Group Chief Executive Officer and is a member of the Executive Committee.

2.6.1. EMPLOYEE DATA

At September 30, 2018, the Group had some 132,000 employees based in 15 countries (some 40% in France). Worldwide, the contract catering business accounted for over two-thirds of the Group's employees in fiscal 2017-2018. The average seniority of employees on permanent contracts was eight years.

Employees by geographic region[a]	2017-2018	
	Number	%
France[b]	51,761	39.3%
Spain	24,302	18.4%
United States	21,597	16.4%
Italy	12,942	9.8%
United Kingdom	10,743	8.2%
India[c]	3,921	3.0%
LATAM[d]	2,704	2.1%
Germany	1,979	1.5%
Portugal	1,492	1.1%
Luxembourg[c]	126	0.1%
Belgium	113	0.1%
Denmark[c]	56	0.0%
Group total	**131,736**	**100%**

[a] *Total workforce (permanent and non-permanent employees) on the payroll at September 30, 2018*
[b] *Including Monaco*
[c] *Not included in the CSR reporting scope*
[d] *Chile, Colombia (not included in the CSR reporting scope), Mexico and the Dominican Republic.*

Movements in employee numbers

In fiscal 2017-2018, over 132,000 people left the Group and more than 137,000 new people joined it (excluding transfers or changes of operator). Over three quarters of these hires and departures concerned employees on non-permanent contracts.

Hires and departures	2017-2018
Number of hires (excluding transfers and changes of operator)	**137,769**
o/w on permanent contracts	20.5%
o/w on non-permanent contracts	79.5%
Number of new arrivals due to transfers or changes of operator	6,206
Number of departures (excluding transfers, changes of operator or mobility)	**132,202**
o/w employees on permanent contracts	22.0%
o/w employees on non-permanent contracts	78.0%
Number of departures due to transfers or changes of operator	8,930

2.6.2. GUARANTEEING EMPLOYEE HEALTH AND SAFETY

Elior Group strives to provide its people with optimal working conditions and employee health and safety is a non-negotiable priority. We are fully aware that some of the jobs that our teams perform are particularly difficult and we continuously reinforce our health and safety policies and put in place specific programs to ensure a safe and healthy working environment.

Our pro-active policy to enhance our employees' well-being includes implementing special prevention measures and providing tools and equipment that are adapted to the specific requirements of each job. One of our particular focuses is working on areas that directly affect the difficulty of the jobs our people carry out, which we address by:

- Investing in new, more ergonomic equipment that is more user-friendly and easier to maintain (e.g. motorized handling equipment, same-height trolleys, self-cleaning ovens etc.).
- Reducing the weight of loads handled, by using more light-weight packaging.
- Designing special safety equipment in partnership with both manufacturers and users (e.g. heatproof gloves, safety cutters, shoes with non-slip soles, etc.).
- Providing employees with new workwear made from fabrics that are Oeko-tex certified (free from carcinogenic colorants and chemicals and allergenic fibers).

Employee training is also a key factor for reducing the risk of accidents. During 2017-2018, over 20,000 Group employees followed a training course dedicated to health and safety.

Some Group entities have gone one step further and voluntarily applied for OHSAS 18001 certification (the globally recognized standard for occupational health and safety management systems). In Italy, all of Elior's sites[35] and 30 Areas sites were OHSAS 18001 certified at September 30, 2018.

Frequency rate of workplace accidents with lost time[(a) (b)]	2016-2017	2017-2018
France	49.0	48.9
Group total	**36.5**	**31.6**

(a) Total workforce (permanent and non-permanent employees, casual workers and seasonal staff)
(b) Number of accidents expressed per million hours worked

Thanks to the commitment of our employees and the programs set up within the Group's various entities, the frequency rate of workplace accidents with lost time was 5 points lower than in 2016-2017. No fatal accidents were recorded in the Group during 2017-2018.

Severity rate of workplace accidents[(a) (b)]	2016-2017	2017-2018
France	3.43	3.73
Group total	**1.88**	**1.81**

(a) Total workforce (permanent and non-permanent employees, casual workers and seasonal staff)
(b) Number of days' lost time due to workplace accidents for 1,000 hours worked

[35] At September 30, 2018, Elior Italy had 1,776 sites.

The Group seeks to prevent all forms of occupational illness and its operating entities put in place action plans to reduce locally identified risk factors.

Number of new cases of recognized occupational illnesses	2016-2017	2017-2018
France	153	218

(a) Permanent and non-permanent employees

Working time organization

The organization of employees' working time varies depending on the local context of each entity and the markets in which they operate. With a view to improving the work-life balance of our employees, we offer attractive and flexible working time organization models (remote working, part-time work etc.) and the Group's entities regularly sign collective agreements related to this issue (see Section 2.6.4 below, "Labor Relations and Compensation Policy"). At September 30, 2018, part-time employees accounted for 46.5% of the total workforce. The Group's absenteeism rate was 5.7% in 2017-2018.

Absentee rate for medical reasons[(a) (b)]	2016-2017	2017-2018
Managers	3.2%	2.9%
Non-managers	6.3%	6.4%
Group total	5.8%	**5.7%**

(a) Permanent employees
(b) Number of hours' absence for medical reasons divided by the theoretical total number of hours worked

2.6.3. DEVELOPING EMPLOYEES' SKILLS AND ENCOURAGING INTERNAL MOBILITY

At Elior Group we strongly encourage internal mobility and are keen for employees to drive their own career development process. We therefore offer training programs adapted to their needs to enable them to develop their skills and realize their full potential within the Group.

An illustration of the importance the Group places on this issue is the fact that it has made the internal recruitment rate[36] one of the performance criteria underlying the Chief Executive Officer's variable compensation (see Chapter 3, Section 3.1.6.4).

Employee training	2016-2017	2017-2018
Average number of training hours per employee[(a)]	4.9	4.3

(a) Permanent and non-permanent employees

Training content is regularly updated and new training courses are created in order to factor in developments in the markets in which the Group operates. Training is given in priority on areas related to food hygiene and workplace health and safety, but numerous other courses are also offered in technical areas and personal development. The formats proposed differ depending on the subject matter, target audience and end-purpose of the training and the sessions may take the form of classroom learning or e-learning and may be organized in groups or one-on-one. In France, for example, the Group offers a training course on managing raw materials, which is an essential factor for reducing food waste (see Section 2.5.1 above, "Combating Food Waste").

To encourage employee mobility between entities operating in different markets, the HR teams of several operating entities have drawn up a position map of the main job categories. Organized by job type and level of responsibility, these maps show the career paths available in the Group and the training required in order to follow them.

[36] See definition in Section 2.7.1 below, "Non-Financial Reporting Process".

	2016-2017	2017-2018
Internal mobility rate for managers[a]	11.7%	17.0%

(a) Permanent employees

In response to demand from service operatives and local supervisors, courses to prepare employees for a promotion have been introduced at the Elior Services University. The two-week courses are open to all service personnel and team leaders and enable several dozen employees each year to train up as a team leader or site manager.

In the United Kingdom, the Chef School has been created to address the current shortage of experienced chefs in the labor market. 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. On completing the course, participants obtain the Professional Cookery Level 2 diploma qualifying them to manage a restaurant.

2.6.4. LABOR RELATIONS AND COMPENSATION POLICY

Labor relations

The Group ensures that the International Labor Organization's fundamental principles and rights at work are respected in all of its operating entities: freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labor, effective abolition of child labor and elimination of discrimination in respect of employment and occupation. In view of the diversity of its operations and geographic locations, the Group's labor relations with employee representative bodies are managed at national level or at the level of each individual entity.

To improve employees' working conditions, collective agreements are regularly signed by the Group's entities related to topics such as working time organization, employee compensation and benefits, etc. Numerous multi-year agreements signed prior to 2017-2018 are still in force within the Group.

Collective agreements signed in 2017-2018[a][b]

Topic	Country	Entity	
Working time organization	Germany	Areas Germany	• 2 agreements on working time
	Spain	Serunion	• 1 agreement on working time
	France	Areas France	• 1 agreement on working time
	Italy	Elior Italy	• 1 agreement on paid vacation • 1 agreement on working time • 1 agreement on health and safety
Compensation and benefits	Germany	Areas Germany	• 2 agreements on compensation
	Spain	Areas Spain	• 1 agreement on compensation
		Serunion	• 1 agreement on compensation • 1 agreement on gender pay equality
	France	Elior France and Areas France	• 13 agreements on compensation • 2 agreements on health and welfare benefit costs
	Italy	Elior Italy	• 1 agreement on compensation

(a) Agreements signed between October 1, 2017 and September 30, 2018. (b) Non-exhaustive list.

In 2017 the Group set up a European Works Council (EWC) covering all of its subsidiaries located in the European Union. The EWC is informed annually about the Group's financial position, business operations, strategic objectives and HR situation.

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.

Compensation policy

Our compensation policy is designed to ensure that compensation and benefits packages are fair across the Group and that mobility is encouraged between our various businesses. No form of discrimination is tolerated. Compensation surveys are regularly conducted by our operating entities in order to identify market practices and offer attractive packages to their employees and job candidates.

For managerial positions, compensation and benefits packages are structured based on the position map drawn up by job category and level of responsibility. 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. 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.

2.6.5. ELIMINATING ALL FORMS OF DISCRIMINATION

At Elior Group we are convinced that the diversity of our teams is a key driver of our innovation and performance. In order to attract and retain talent from all backgrounds, our operating entities develop tools and programs to encourage gender equality, generational diversity and inclusion of people with disabilities.

Gender equality

In 2017-2018 the proportion of women in the Group's headcount was on a par with previous years, with women accounting for over two thirds of the permanent workforce and almost half of managers on permanent contracts at September 30, 2018. In addition 62% of the managers recruited during the fiscal year were women.

Two women joined the Group's Executive Committee in 2018 (see Chapter 3, Section 3.1.1.8, "The Group Executive Committee") and four women sit on Elior Group's Board of Directors (see Chapter 3, Section 3.1.3.1, "Members of the Board of Directors").

Breakdown of employees by gender (M/F)[a]	2016-2017	2017-2018
Managers	56%/44%	51.7%/48.3%
Group total	**32%/68%**	**31.2%/68.8%**

[a] *Total monthly average workforce (permanent and non-permanent employees)*

The Group's operating entities put in place specific initiatives to encourage more women to move up to managerial positions or to take on traditionally male-dominated jobs.

Employee training	2017-2018
Average number of training hours for women managers	13.1

Generational diversity

We believe that all of our businesses act as real drivers of social integration and we aim to give everyone a chance, whatever their age. In line with this, in 2017-2018 the Group hired over 37,000 people aged under 25 and more than 20,000 over-50s.

The breakdown of the Group's permanent employees by age group was stable year on year.

Breakdown of employees by age group[a]	2016-2017	2017-2018
60 and over	6%	8%
50-59	28%	28%
40-49	28%	27%
30-39	21%	21%
Under 30	17%	16%
Group total	**100%**	**100%**

[b] *Permanent employees on the payroll at September 30, 2018*

We set up specific programs in order to mitigate the risk of job insecurity and help build the skills of the Group's most vulnerable employees. For instance, Elior France offers a 12-day refresher course that gives volunteer employees the opportunity to relearn how to read, write and count. The aim is to help the trainees go on to subsequent internal training programs.

Helping people with disabilities

Elior Group employs over 5,000 people with disabilities, and acts on a daily basis to provide them with employment opportunities.
In 2017-2018, the Group hired over 1,500 disabled employees and worked with more than 160 companies in the sheltered sector in France[37]. During that same fiscal year, €1.3 million worth of Elior France's revenue was generated through projects with the social economy sector.

Employment rate of people with disabilities	2016-2017	2017-2018
France[a]	6.5%	6.3%
Group total	**3.6%**	**4.2%**

[a] *Based on the compulsory statutory reporting in France related to the employment of disabled workers.*

Our operating entities set up specific programs to support the specific needs of employees with disabilities. For example, Elior France has created a job retention unit which anticipates the risk of employees being declared medically unfit to perform their jobs and acts to prevent them having to be laid off. In 2017-2018, the unit provided its expert help to over 300 employees. In addition, Elior France has put in place a network of disability officers covering all of the regions in which Elior France has an operating presence.

In 2015, Elior and Areas signed a three-year partnership agreement in France with Agefiph[38], an organization set up to implement government policy by promoting the hiring and continued employment of people with disabilities by private sector companies. This agreement has five underlying main aims:

- 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.
- Upgrade the business's practices in terms of finding alternative employment within the organization for employees who become disabled.
- Promote a stronger preparedness culture among managers, HR professionals, and the technical/engineering, purchasing and marketing departments.
- Develop measures to prevent employees being declared unfit to perform their jobs and improve the employability of employees in that situation.
- 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.

Responsible recruitment practices

Being an engaged employer means giving opportunities to everyone. Our recruitment processes take into account our commitment to combating discrimination through the different policies and procedures implemented in our various host countries.
In the United States, Elior's recruitment 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.). Managers are trained in recruitment techniques to help them assess candidates based on their technical skills rather than on subjective criteria.

[37] Sheltered work associations enable people with disabilities to have a salaried job in conditions adapted to their specific needs. At least 80% of the production staff employed by these associations in France are disabled.

[38] Association de gestion du fonds pour l'insertion des personnes handicapées.

2.6.6. HAVING A POSITIVE IMPACT ON LOCAL COMMUNITIES

Helping people find employment

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 find employment. To this end we work with local partners (job agencies, not-for-profit organizations etc.) when hiring new employees and reject all forms of discrimination (see Section 2.6.5 above, "Eliminating all Forms of Discrimination").

Elior Group Solidarités

Set up in 2017, Elior Group Solidarités is a not-for-profit organization tasked with funding, supporting and promoting our solidarity initiatives in the areas of nutrition, education, social inclusion and employment. Chaired by Philippe Guillemot, the Group's Chief Executive Officer, Elior Group Solidarités is open to all Group employees and involves voluntary projects both in France and abroad. Elior Group Solidarités' main action areas entail:

- Funding solidarity projects proposed by employees.
- Allocating education grants.
- Providing help and equipment to the disadvantaged (donating meals, redistributing unsold food, etc.).

Following an initial call for projects launched in November 2017, 14 projects were selected at an award ceremony held in May 2018. Based in the United States, France, India, Italy and the United Kingdom, the winning projects reflect the Group's international scale.

Also in 2017-2018, on International Refugee Day, Elior Group Solidarités decided to back the Refugee Food Festival – an international touring event designed to promote the integration of refugees thanks to the universal power of food. Supported by the United Nations High Commissioner for Refugees (UNHCR), the Refugee Food Festival encourages restaurant owners to entrust their kitchens to refugee chefs in order to:

- Change the way refugees are perceived, by showcasing their talents and culinary heritage.
- Provide a springboard for refugee chefs to find work more quickly.
- Rally citizens to the cause of refugees by uniting them around the dinner table.

2.7. METHODOLOGICAL NOTE

2.7.1. NON-FINANCIAL REPORTING PROCESS

Data collection

In order to ensure that the indicators used across its reporting scope are consistent, Elior Group sends protocols to all of its operating entities defining its non-financial indicators (HR, environmental and social indicators) and setting out the methods to use when reporting non-financial data (particularly calculation formulae). Updated annually following the data consolidation process, these documents also serve as the basis for the annual review work carried out by the independent third party appointed by the Group to verify its non-financial information. They are available on request from the Company's head office.

The main participants in the Group's non-financial reporting process are:

- The Group CSR Department, which is in charge of the non-financial reporting process at Group level (defining indicators, collecting data from the operating entities, consolidating the data, etc.). The Group CSR Department ensures that the data is consistent and is the main point of contact for the external auditors.
- Network of CSR correspondents. The data collected from the operating entities is tracked by the Group's CSR correspondents who make sure it is controlled and consistent. If any major differences are identified an analysis is performed in order to explain the difference or make the necessary adjustments.

Reporting tools

The Group's non-financial indicators published in this document were obtained from several different data collection systems.

The reported HR data for France is compiled from a single reporting tool based on information from a shared payroll system used by the majority of the Group's French subsidiaries (Pléiades). For international subsidiaries that do not use Pléiades, HR data is collected via the subsidiaries' own information systems and is reported to the Group CSR Department using a standard reporting template.

After carrying out consistency checks, the Group CSR Department consolidates all of the HR data provided by the companies concerned.

Reporting scope and coverage rate

All of the Group's entities are included in the non-financial reporting scope. However, in order to ensure the quality and reliability of the reported data, the Group may decide not to include certain entities for some or all of the indicators. This is notably the case for newly-acquired companies. When an indicator is calculated for a restricted scope, the coverage rate is stated.

The rules for including and excluding companies from the non-financial reporting scope are as follows:

- Scope exclusions: companies that were removed from the Group's financial scope of consolidation during a given fiscal year (before September 30) are excluded from the non-financial reporting scope. Contract catering, concession catering and services sites whose contracts with the Group terminated before the end of a given fiscal year are also excluded from the scope.
- Scope inclusions: Companies that were newly consolidated during the fiscal year (newly-formed or acquired companies) are included in the non-financial reporting scope within a maximum of three years. In such cases, the reporting period starts from the date on which the company was first consolidated for financial reporting purposes. Contract catering, concession catering and services sites whose contract with the Group was entered into during the fiscal year are also included in the non-financial reporting scope. In these cases, the reporting period starts from the date on which the contract for the site concerned entered into force.

HR, environmental and social data has been consolidated for all of the Group's entities except for the following companies: Elior India, Areas Denmark, Areas Colombia and Hospes (Elior Italy). Certain additional indicators reported in this document only apply to French entities (e.g. data concerning occupational illnesses and the number of employees on work-study contracts).

Unless otherwise indicated, the reported data covers the fiscal year from October 1, 2017 to September 30, 2018. Depending on the indicators, the reported figure either represents an annual consolidation of data for the fiscal

year as a whole or a snap-shot figure at the end of the fiscal year (September 30, 2018).

The reporting scope for 2017-2018 covers 95.5% of the Group's total workforce (125,791 employees) and represents 99.3% of revenue.

The coverage rate for each indicator is specified in the summary table of HR, environmental and social indicators (see Section 2.7.2 below, "Table of Non-Financial Indicators"). A list of the companies included in the reporting scope for 2017-2018 is provided in an appendix to this Registration Document.

Specific methodology for certain indicators

Due to the geographic diversity of the Group's activities and the high number of its restaurants and points of sale (over 25,000), some indicators may not be exhaustive, notably because of the difficulty in collecting the data concerned. The methods used have therefore been adapted to take into account this situation.

HR indicators

Managers

For operations-related positions, one or more of the following criteria must be met for a Group 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.

Training

All of the Group's employees, whether on permanent or non-permanent contracts, are included in the training indicators.

The types of training taken into account for the purpose of calculating these indicators are as follows:

- classroom learning or e-learning;
- training given by training centers;
- training given by external trainers;
- legally-required training courses (e.g. on safety)
- training given by employees (qualified and non-qualified trainers) that meets all the following criteria: use of formal training material; duration of more than one hour; training content aimed at building professional skills and not just help with getting to know the job.

The reported number of training hours corresponds to the number of hours' training given to Group employees during the fiscal year (from October 1 to September 30 included).

Internal mobility

The Group considers internal professional mobility to be:

- a job move (i.e. a new post or department); or
- a company move (i.e. a change of entity); or
- a promotion (i.e. a new level of responsibility and compensation without a change of entity).

The internal mobility rate corresponds to the proportion of managers on a permanent contract who underwent an internal mobility move between July 1, 2017 and June 30, 2018. It is calculated by dividing the number of managers who changed position and/or duties by the average number of managerial employees during that period.

In France the managerial population includes all employees classified as "*cadres*".

Internal recruitment

The internal recruitment rate corresponds to the proportion of managers on a permanent contract compared with all managerial posts filled between July 1, 2017 and June 30, 2018. It is calculated by dividing (i) the number of employees who have changed posts and/or duties (including through a promotion) during the period by (ii) the total number of posts filled during the period through both internal mobility and external recruitment. In France the managerial population includes all employees classified as "*cadres*".

In 2017-2018, reliability tests were carried out on this indicator, which resulted in a correction to the data reported for 2016-2017.

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.

Workplace accidents

The Group considers a workplace accident to be any accident (including fatal accidents) that (i) occurs suddenly during working hours, (ii) causes a bodily injury and (iii) results in at least one calendar day of lost time. All of the Group's employees are included in the calculation of workplace accidents, i.e. employees on permanent and non-permanent contracts, casual workers and interns. Only temporary workers are not included.

The workplace accident frequency rate corresponds to the number of accidents with at least one day's lost time that occurred during a given fiscal period per million hours worked.

The severity rate corresponds to the number of calendar days of absence caused by workplace accidents per thousand hours worked.

Employee retention rate

The employee retention rate corresponds to the number of departures divided by the average monthly total number of employees.

Work-study contracts

This indicator includes work-study contracts (apprenticeships and placements) signed during the period in France. Interns are not included for the purpose of calculating this indicator.

Environmental and social indicators

Green vehicles

The Group classifies the following vehicle categories as "green":

- Electric vehicles
- Hybrid vehicles
- Hydrogen vehicles
- NGVs (natural gas vehicles)
- Vehicles that comply with the Euro 5 or Euro 6 standards (i.e. emitting less than 130g CO_2/km).

All of the vehicles owned by the Group or held under a long-term lease at September 30 of a given year are included in the calculation of this indicator, irrespective of when the vehicle was acquired or the lease contract signed.

Water and energy use

The Group operates at a large number of different client sites in France and abroad, where data on water and energy use is very often not available. It is therefore difficult for the Group to reliably and globally measure its water and energy use at client sites.

Water use

The water volumes taken into account for this indicator correspond to water from public systems used at and billed directly to Group sites (all businesses combined).

Energy use

The electricity volumes taken into account for this indicator correspond to electricity from the public grid used at and billed directly to Group sites (all businesses combined).

GHG emissions

The Group's GHG emissions have been calculated in accordance with Greenhouse Gas Protocol.

"Scope 1" corresponds to direct emissions related to the combustion of fossil fuels (oil, gas and coal) used at sites owned or controlled by the Group as well as those generated by leaks of refrigerants from owned or controlled equipment. This scope also includes emissions from vehicles owned or controlled by the Group.

"Scope 2" corresponds to indirect emissions related to purchased or acquired electricity, heat and cooling.

"Scope 3" corresponds to other indirect emissions (from dairy raw materials, packaging and upstream and downstream transport).

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2.7.2. TABLE OF NON-FINANCIAL INDICATORS

Environmental and Social Indicators	Unit	2017-2018		2016-2017	
		Total	Coverage rate	Total	Coverage rate
Healthy choices					
Number of on-site hygiene audits carried out during the fiscal year	Number	**23,874**	100%	21,579	100%
Number of product analyses carried out during the fiscal year	Number	**111,944**	100%	125,979	100%
Number of supplier audits carried out during the fiscal year	Number	**391**	100%	520	100%
Number of nutrition specialists working for Elior Group at the fiscal year-end	Number	**526**	100%	476	100%
Number of restaurants in the contract catering business that have carried out at least one guest satisfaction survey	Number	**5,588**	99%	5,773	100%
Sustainable ingredients					
% of eggs purchased from cage-free sources[39]	%	**7%**	100%	-	-
% of fish sourced from sustainable fisheries	%	**22%**	100%	-	-
Number of organic product references available at the fiscal year-end	Number	**4,289**	100%	3,557	100%
% of suppliers who have signed up to the responsible purchasing charter (France only)	%	**99%**	100%	95%	100%
A circular model					
% of used cooking oils recycled[40]	%	**81%**	75%	82%	75%
Water use[41]	cu.m.	**1,474,934**	62%	2,727,093	64%
Electricity use[42]	kWh	**255,696,872**	73%	234,533,240	73%
% of green vehicles out of the total vehicles used by the Group	%	**68%**	100%	78%	100%
Tonnes of $C0_2$ equivalent represented by electricity use[42]	tCO_2-e	**55,305**	73%	43,144	73%
Fair practices					
% of revenue generated in countries with a risk of corruption[43]	%	**27%**	100%	27%	100%
Sites in France classified as environmentally sensitive (ICPE sites)					
Number of ICPE sites[44]	Number	**14**	100%	16	100%

[39] Excluding Areas Dominican Republic.

[40] Excluding Elior North America and Areas USA.

[41] Excluding Ansamble, Areas Luxembourg, Areas Mexico, Areas USA, Elior North America, Elior Services, Elior UK and Serunion Portugal.

[42] Emission factors contained in the GHG emissions database (*Base Carbone®*) of the French Environment and Energy Management Agency (ADEME). Excluding Areas Luxembourg, Areas USA, Elior North America, Elior UK and Serunion Portugal.

[43] Countries scoring less than 60/100 in the Transparency International Corruption Perceptions Index.

[44] Defined as industrial or agricultural sites that could create risks, generate pollution or cause inconvenience, particularly for the health and safety of people living nearby.

HR Indicators	Unit	2017-2018 Total	2017-2018 % of workforce covered	2016-2017 Total	2016-2017 % of workforce covered
Employee numbers at September 30, 2018					
Total workforce[45]	Number	**125,791**	**100%**	118,380	100%
Permanent	%	**87.9%**		88%	
Non-permanent	%	**12.1%**	**100%**	12%	
Breakdown of total workforce by country					100%
France	%	**41.1%**		44.2%	
Spain	%	**18.5%**		19.2%	
United States	%	**17.2%**		15.2%	
Italy	%	**9.8%**		11.0%	
United Kingdom	%	**8.5%**		6.2%	
Mexico	%	**1.7%**		1.4%	
Germany	%	**1.6%**		1.3%	
Portugal	%	**1.2%**		1.1%	
Other countries[46]	%	**0.4%**		0.4%	
Breakdown of total workforce by category			**100%**		100%
Managers	%	**13.4%**		12%	
Non-managers	%	**86.6%**		88%	
Breakdown of total workforce by gender			**100%**		100%
% women	%	**68.8%**		68%	100%
% men	%	**31.2%**		32%	
% of women managers	%	**48.3%**		44%	
Breakdown of permanent workforce by gender			**100%**		100%
% women	%	**68.3%**		69%	
% men	%	**31.7%**		31%	
Breakdown of permanent workforce by age					
Under 30	%	**16.3%**		17%	
30-39	%	**20.5%**		21%	
40-49	%	**27.0%**		28%	
50-59	%	**28.3%**		28%	
60 and over	%	**7.9%**		6%	
Average seniority (permanent workforce)	Number	**8 years**		8 years	
Movements in workforce					
Total number of new employees during the fiscal year (excluding transfers and changes of operator)	Number	**137,769**	**100%**	124,427	100%
External hires on permanent contracts	%	**20.5%**		19.5%	
External hires on non-permanent contracts	%	**79.5%**		80.5%	
Number of new employees due to transfers or changes of operator	Number	**6,206**		6,217	

[45] Excluding Elior Charleroi, Elior India, Elior Luxembourg, Areas Colombia, Areas Denmark and Hospes (Elior Italy), corresponding to 5,945 employees.
[46] Belgium, Luxembourg, Chile and the Dominican Republic.

HR Indicators	Unit	2017-2018 Total	2017-2018 % of workforce covered	2016-2017 Total	2016-2017 % of workforce covered
Breakdown of new hires on permanent contracts (excluding transfers and changes of operator)					
% of managers hired	%	**12.5%**		10%	
% of women in new hires of managers	%	**62.0%**		50%	
% of new hires aged under 25	%	**28.5%**		27%	
% of new hires aged over 50	%	**16.0%**		15%	
Breakdown of new hires on non-permanent contracts (excluding transfers and changes of operator)					
% of new hires aged under 25	%	**27.0%**		26%	
% of new hires aged over 50	%	**14.9%**		14%	
Recruitment rate for average permanent workforce	%	**25.6%**		25%	
Total number of employee departures during the fiscal year (excluding transfers and changes of operator)	Number	**132,202**	100%	119,373	100%
% of employees on permanent contracts	%	**22.0%**		20.2%	
% of employees on non-permanent contracts	%	**78.0%**		79.8%	
Number of departures due to transfers or changes of operator	Number	**8,930**		6,386	
Breakdown of departures by reason for employees on permanent contracts (excluding transfers and changes of operator)					
% of voluntary departures	%	**60.5%**		56%	
% of involuntary departures	%	**32.4%**		36%	
% of departures for other reasons[47]	%	**7.1%**		8%	
Breakdown of departures by reason for employees on non-permanent contracts (excluding transfers and change of operator)					
% of voluntary departures	%	**5.5%**		4%	
% of involuntary departures	%	**3.3%**		2%	
% of departures for other reasons[47]	%	**91.2%**		94%	
Working time organization			100%		100%
% of full-time employees in total workforce	%	**53.5%**		53%	
% of part-time employees in total workforce	%	**46.5%**		47%	
Total workforce – Women					
% full-time	%	**43.6%**		43%	
% part-time	%	**56.4%**		57%	
Total workforce – Men					
% full-time	%	**75.3%**		75%	
% part-time	%	**24.7%**		25%	

[47] Agreement reached between the employee and employer; end of contract for non-permanent contracts.

HR Indicators	Unit	2017-2018 Total	2017-2018 % of workforce covered	2016-2017 Total	2016-2017 % of workforce covered
Workplace health and safety					
Frequency rate of workplace accidents with lost time[48]			98%		100%
Total workforce	Number	**31.6**		36.5	
France	Number	**48.9**		49	
Severity rate of workplace accidents[49]			98%		100%
Total workforce	Number	**1.81**		1.83	
France	Number	**3.73**		3.43	
Number of new cases of recognized occupational illnesses (France only)	Number	**222**		153	
Absenteeism					
Absentee rate for medical reasons[50]	%	**5.7%**	100%	5.8%	96%
Managers	%	**2.9%**		3.2%	
Non-managers	%	**6.4%**		6.3%	
Training					
Number of employees attending at least one training course during the fiscal year[51]	Number	**47,029**	84%	44,668	
Total number of training hours[52]	Number	**544,539**	98%	658,906	99%
Average number of training hours per employee	Number	**4.3**		4.9	
Average number of training hours - managers	Number	**11.3**		22.4	
Average number of training hours – women managers	Number	**13.1**		11.2	
Average number of training hours - non-managers	Number	**3.2**		3.4	
Average number of training hours - women non-managers	Number	**2.8**		3.2	
Breakdown of training hours by topic			98%		
Workplace health and safety training	%	**29.2%**		-	
Technical training	%	**26.1%**		-	
Food hygiene training	%	**15.9%**		-	
Training leading to a professional certificate or diploma	%	**11.6%**		-	
Management and leadership training	%	**7.6%**		-	
Personal efficiency training	%	**5.8%**		-	
Other	%	**3.8%**		-	
Number of employees on a work-study contract during the fiscal year (France only)	Number	**5,992**		1,145	

[48] Number of workplace accidents per million hours worked by the total workforce (permanent and non-permanent employees, and casual and seasonal workers). Excluding Areas Dominican Republic and Areas USA.
[49] Number of days' lost time as a result of workplace accidents per 1,000 hours worked (permanent and non-permanent employees).
[50] Number of hours' absence of permanent employees for medical reasons (occupational or other illnesses, workplace accidents) divided by the theoretical total number of hours worked by permanent employees.
[51] Excluding Areas Germany, Elior North America, ROC, SGAR, SG2P and SMR.
[52] Excluding Areas Germany, ROC, SGAR, SG2P and SMR.

HR Indicators	Unit	2017-2018 Total	2017-2018 % of workforce covered	2016-2017 Total	2016-2017 % of workforce covered
Disabled employees[53]			**98%**		
% of employees with a disability during the fiscal year	%	**4.2%**		3.6%	100%
% of employees with a disability during the fiscal year – France	%	**5.4%**		4.9%	
Direct employment rate – 2017 statutory declaration[54] (France only)	%	**6.3%**		6.5%	
Number of employees with a disability hired during the fiscal year	Number	**1,557**		1,031	100%
Career development[55]			**98%**		
Internal mobility rate for managers on permanent contracts	%	**17.0%**		12%	84%
Internal recruitment rate for managers on permanent contracts	%	**40.7%**		47%	84%
Labor relations[56]			**98%**		
% of employees covered by a collective bargaining agreement	%	**66%**		78%	100%

[53] Excluding Areas USA and SMR.
[54] Declaration of the number of disabled workers required under French law
[55] Excluding Areas Germany, Areas Chile and SMR.
[56] Excluding SMR.

2.7.3. BUSINESS MODEL AND CSR

The Group's business model and its main areas of responsibility are set out in Chapter 1, "Elior Group" and Chapter 2, "Corporate Social Responsibility" of this Registration Document (see, in particular, Chapter 1, Section 1.6 concerning the Group's business model, and Chapter 2, Section 2.1 for information about the Group's CSR objectives).

2.7.4. NON-FINANCIAL RISK MAP

In 2018 the Group mapped its non-financial risks for the first time[57]. This mapping process, which supplements the risk mapping already carried out by the Group (see Chapter 3, Section 3.2.1 “Risk Factors”), enabled us to identify the main non-financial risks to which the Group is exposed along the entire value chain.

Identified risks	Description of risk	Description of risk treatment
Unethical practices and lack of transparency	Tax evasion, fraud and corruption	2.2 Conducting business responsibly
Failure to include CSR criteria in purchasing practices*	Purchases of raw materials that can have significant negative impacts on society and the environment, such as production-related pollution, animal welfare, deforestation, exhausting natural resources, breaching human rights, corruption, child labor, and not sharing value along the supply chain.	2.4 Sustainable ingredients
Failure to adapt to guests' new expectations*	Failure to take into account guests' food-related expectations in terms of (i) nutritional requirements, food intolerances and allergies, or (ii) the products offered (organic, vegetarian, traceability), and failure to satisfy guests in terms of service, well-being and information.	2.3 Healthy choices
Poor hygiene and food safety	Risk of failure to comply with the applicable hygiene, health and safety regulations and risk of large-scale food poisoning.	2.3 Healthy choices
Poor employee working conditions*	Loss of motivation or productivity and/or effects on employees' mental or physical health, notably due to lack of work-life balance, under-payment, unsuitable work tools or managerial harassment.	2.6 Thriving people and communities
Inequality and discrimination*	Unequal treatment in terms of pay, career development or other issues based on gender, ethnicity, religion or beliefs, disability, nationality, sexual orientation, gender reassignment, etc.	2.6 Thriving people and communities
Failure to attract and retain talent	Failure by the Group to attract, retain and motivate the key employees who are necessary for running and developing its operations. Career management tools not used, lack of training, unsuitable compensation policy, lack of succession planning.	2.6 Thriving people and communities
Failure to include CSR criteria in pay structures*	Lack of correlation between executive pay and the Group's non-financial performance	2.6 Thriving people and communities
Failure to protect employees' health and safety in the workplace	Risk of non-compliance with the applicable labor and health and safety regulations, risk of workplace accidents for Group employees	2.6 Thriving people and communities
Poor resource and waste management*	Poor management of inventories and food preparation resulting in food waste; failure to sort and recycle leading to poor re-use of waste; no or insufficient staff training on resource and waste management.	2.5 A circular model

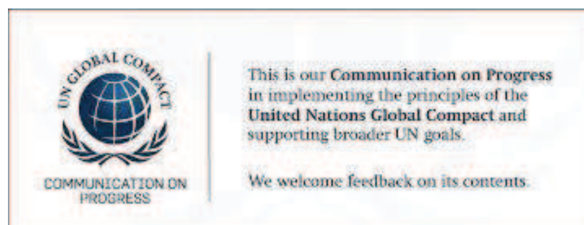
[57] Environmental, social and labor risks for which disclosure is required in compliance with the regulatory requirements arising from the transposition into French law of the European directive on non-financial reporting.

Environmental pollution (water, air)*	Discharge of pollutants into the atmosphere that contribute to climate change and/or discharge of pollutants/contaminants into watercourses with a direct impact on residents, flora or fauna.	2.5 A circular model
Poor use of water and energy*	Inefficiently managed use of water and energy at sites, particularly in terms of food preparation, refrigerants or lighting.	2.5 A circular model
Ineffective IT and data protection systems	Interruption of production, pay or cash management systems due to a hardware breakdown, a fire or a malicious act (cyber-attack, system blockage with ransom demand, etc.); poor protection of data, particularly personal data; theft of an executive's identity.	3.2.2.3.4 Internal controls related to information systems

* *CSR risks identified via the non-financial risk map*

2.7.5. CROSS-REFERENCE TABLE WITH THE 21 GLOBAL COMPACT CRITERIA

The CSR chapter of this Registration Document constitutes Elior Group's Communication on Progress (COP) under the UN Global Compact. The table below cross-references the sections in this document with the 21 criteria of the Global Compact's Advanced level COPs.



Advanced level Global Compact criteria	Sections of the Registration Document
Implementing the Ten Principles into Strategies & Operations	
Criterion 1: The COP describes mainstreaming into corporate functions and business units	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly
Criterion 2: The COP describes value chain implementation	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly
Robust Human Rights Management Policies & Procedures	
Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly 2.6.3 Developing Employees' Skills and Encouraging Internal Mobility
Criterion 4: The COP describes effective management systems to integrate the human rights principles	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly 2.6.3 Developing Employees' Skills and Encouraging Internal Mobility
Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly 2.6.5 Eliminating All Forms of Discrimination
Robust Labour Management Policies & Procedures	
Criterion 6: The COP describes robust commitments, strategies or policies in the area of labor	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly 2.4.1 Building Long-Term Relations with Suppliers to Achieve the Highest Quality 2.6 Thriving People and Communities
Criterion 7: The COP describes effective management systems to integrate the labor principles	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.4.1 Building Long-Term Relations with Suppliers to Achieve the Highest Quality 2.6 Thriving People and Communities
Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor principles integration	2.4.1 Building Long-Term Relations with Suppliers to Achieve the Highest Quality 2.6 Thriving People and Communities

Advanced level Global Compact criteria	Sections of the Registration Document
Robust Environmental Management Policies & Procedures	
Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.5.2 Reducing the Group's Environmental Footprint
Criterion 10: The COP describes effective management systems to integrate the environmental principles	2.4 Sustainable Ingredients 2.5.2 Reducing the Group's Environmental Footprint
Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	2.4 Sustainable Ingredients 2.5.2 Reducing the Group's Environmental Footprint
Robust Anti-Corruption Management Policies & Procedures	
Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2.3 Fighting Fraud and Corruption
Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle	2.2.3 Fighting Fraud and Corruption
Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	2.2.3 Fighting Fraud and Corruption
Taking Action in Support of Broader UN Goals and Issues	
Criterion 15: The COP describes core business contributions to UN goals and issues	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.2 Conducting Business Responsibly 2.3 Healthy Choices 2.4 Sustainable Ingredients 2.5 A Circular Model 2.6 Thriving People and Communities
Criterion 16: The COP describes strategic social investments and philanthropy	2.6.6 Having a Positive Impact on Local Communities
Criterion 17: The COP describes advocacy and public policy engagement	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan
Criterion 18: The COP describes partnerships and collective action e	2.3 Healthy Choices 2.4 Sustainable Ingredients 2.5 A Circular Model 2.6 Thriving People and Communities
Corporate Sustainability Governance and Leadership	
Criterion 19: The COP describes CEO commitment and leadership	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan
Criterion 20: The COP describes Board adoption and oversight	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.1.2 CSR Governance
Criterion 21: The COP describes stakeholder engagement	2.1.1 The Underlying Fundamentals of the Positive Foodprint Plan 2.4.1 Building Long-Term Relations with Suppliers to Achieve the Highest Quality 2.4.2 Building a Sustainable Supply Chain

2.7.6. REPORT BY THE INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT 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 2018

To the Shareholders,

In our capacity as independent third party of Elior Group, certified by the French Accreditation Committee (Comité Français d'Accréditation or COFRAC) under number 3-1049[58], we hereby report to you on the consolidated non-financial performance statement for the year ended 30th of September 2018 (hereinafter the "Statement"), included in the Group Management Report, in accordance with the legal and regulatory provisions of Articles L.225 102-1, R. 225-105 and R.225-105-1 of the French Commercial Code (Code de commerce).

Responsibility of the Company

It is the Board of Directors' responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of the Company (specify where appropriate), (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement (or available on the website or upon request at the Company's headquarters).

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors. Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

Statutory Auditor's responsibility

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

– the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code (*Code de Commerce*);

– the information provided (hereinafter the "Information") is fairly presented in accordance with Article R.225-105-I(3) and II of the French Commercial Code (*Code de commerce*) concerning policy outcomes, including key performance indicators and actions relating to the main risks;

However, it is not our responsibility to express an opinion on:

– the Company's compliance with any other applicable legal and regulatory provisions, relating, in particular, to the duty of care requirement and the fight against corruption and tax evasion;

– the compliance of products and services with applicable regulatory provisions.

Nature and scope of our work

We performed our work described below in compliance with Article A.225-1 et seq. of the French Commercial Code (Code de commerce), 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 or CNCC) relating to this engagement, and with ISAE 3000 (International standard on assurance engagements other than audits or reviews of historical financial information).

[58] Scope available at www.cofrac.fr

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- We gained an understanding of the Entity's business activity, the activity of all companies in the consolidation scope, of the Entity's exposure to the main social and environmental risks relating to the business activity and, if applicable, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- We assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- We verified that the Statement covers every category of information required under Article L.225-102-1, Paragraph III concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement presents the business model and the main risks relating to the activity of all companies in the consolidation scope, including risks due to its business relationships, products or services, in accordance with the disclosures required under Article R. 225-105-I, and policies, due diligence procedures and outcomes, including key performance indicators;
- We verified that the Statement presents the disclosures required under article R. 225-105-II if they are relevant given the main risks or policies presented;
- We obtained an understanding of the process for identifying, prioritizing and validating the main risks;
- We enquired about the existence of internal control and risk management procedures implemented by the company;
- We verified that the Statement covers all companies in the consolidation scope in accordance with Article L. 233-16 within the limits specified in the Statement;
- We assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the policy outcomes and key performance indicators that must be mentioned in the Statement;
- For key performance indicators and the other quantitative outcomes[59] that we considered the most important, we set up:
  - analytical procedures to verify that data collected are correctly consolidated and that any changes to the data are consistent;
  - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out with a selection of entities contributing[60] to the reported data and represents between 24 and 73% of consolidated data of key performance indicators and outcomes selected for these tests;
- We referred to documentary sources and conducted interviews to corroborate the due diligence procedures that we deemed the most important[61] (organization, policies, actions, qualitative outcomes);
- We assessed the overall consistency of the Statement based on our understanding of the Company.

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[59] Social indicators: Total headcount as of the 30th of September 2018 (split by sex, age, region and type of contract), the share 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: Rate of recovered used cooking oils during the accounting year, Water consumption, Electricity consumption.

Societal indicators: Number of organic product references available at the fiscal year-end, Number of hygiene audits carried out during the account year, Cage free eggs as a percentage of all eggs ordered, Number of sites which have been subject to a guests satisfaction survey during the accounting year, Number of the Areas sites that implemented the Net Promoter Score.

Qualitative information: Career development, Waste & food waste, Certifications Quality Health Environment, Use of chemical products, Sustainable procurement, Territorial development, Actions of partnership and sponsorship, Sapin II Law / Fight against corruption and tax evasion, Business Ethic, Duty of Care.

[60] The French companies under Pleiades, Elior France (Purchasing department), Elior France (Water and Electricity), Elior Entreprise, Elior Italy, Serunion Spain, AREAS USA.

[61] List of qualitative information (actions and outcomes) in the footnotes on page 3 of the current report.

We believe that the sampling methods and sample sizes we have used, based on our professional judgment, are sufficient to provide a basis for our limited assurance opinion. 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 Statement cannot be totally eliminated.

Means and resources

Our work drew on the skills of five individuals.

To assist us in conducting our work, we called on our firm's sustainable development and corporate social responsibility (CSR) specialists. We conducted a dozen]interviews with the individuals responsible for preparing the Statement, particularly from General Management, Administration and Finance, Risk Management, Compliance, Human Resources, Health and Safety and Purchasing.

Conclusion

Based on our work, and given the scope of our responsibilities, we have no material misstatements to report that would call into question the Statement's compliance with the applicable regulatory provisions, or the fair presentation of the information, taken as a whole, in accordance with the Guidelines.

Paris La Défense, 24 January 2019

KPMG S.A.

Anne Garans
Partner
Sustainability Services

François Caubrière
Partner

3

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3. CORPORATE GOVERNANCE - AFR

Board of Directors' Report on Corporate Governance

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 of the French Commercial Code. It was drawn up by 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 November 27, 2018 and January 21, 2019 and presented to the Board of Directors on December 3, 2018 and January 23, 2019. It was approved by the Board of Directors on January 23, 2019 and will be presented to shareholders at the next Annual General Meeting, due to be held on March 22, 2019.

For all corporate governance matters, the Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies, as revised in June 2018 (the "AFEP-MEDEF Code"), and to the recommendations issued by France's securities regulator, the Autorité des Marchés Financiers (AMF).

The Company's Bylaws and the Board of Directors' Rules of Procedure are available on the Company's website[1].

[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

Elior Group 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, which took effect from November 1, 2017. These two roles – which were initially carried out by one individual with the title of Chairman and Chief Executive Officer – were separated so that the Company's corporate governance bodies could function more effectively.

Philippe Salle, who was the Chairman and Chief Executive Officer of Elior Group when the Board took its decision, stated that he did not wish to be part of the new governance structure, and on October 31, 2017 he therefore ceased his duties as Chairman and Chief Executive Officer and as a director of the Company.

Gilles Cojan was appointed by the Board as a director for the remainder of Philippe Salle's term of office and then as Chairman of the Board on July 26, 2017, with both roles taking effect from November 1, 2017. The Board's appointment of Gilles Cojan as a director was ratified by the Company's shareholders at the March 9, 2018 Annual General Meeting.

Sofibim – which was previously a director represented by Gilles Cojan – held the position of Vice-Chairman of the Board of Directors from July 26, 2017 through October 31, 2017. As Sofibim did not put itself forward for re-election as a director at the March 9, 2018 Annual General Meeting it has not been a member of the Board since that date.

Pedro Fontana – who held the position of Deputy Chief Executive Officer of the Company from July 26, 2017 through October 31, 2017 and subsequently from December 5, 2017 through March 9, 2018 – served as Interim Chief Executive Officer from November 1, 2017 until Philippe Guillemot was appointed as Chief Executive Officer on December 5, 2017.

The Board's July 26, 2017 decision to separate the roles of Chairman and Chief Executive Officer, effective from November 1, 2017, was taken in line with best corporate governance practices, which are key to ensuring the Group's continued success and maintaining shareholder confidence.

[1] https://www.eliorgroup.com/elior-group/governance/board-directors

As at the date of this Registration Document, therefore, Gilles Cojan holds the position of Chairman of the Board of Directors and Philippe Guillemot – who was elected a director at the March 9, 2018 Annual General Meeting – is Chief Executive Officer.

Best corporate governance 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 by the following:

- Half 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.
- Two thirds of the members of the Audit Committee, including its chair, are independent directors and none of its members are executive directors. The majority of the members of the Nominations and Compensation Committee, including its chair, are independent directors.
- The Strategy, Investments and CSR Committee has four members, of which two are 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 may now be attended by any director who so wishes, 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, executives' powers are restricted (as described in Section 3.1.5 below) in relation to significant transactions (notably the Group's budgets and acquisitions, investments, commitments and guarantees representing more than pre-defined thresholds). In addition, executives regularly report to the Board on the Group's business activities, significant events and economic and financial indicators.
- The Board and its committees had a high workload in 2017-2018, meeting 35 times to discuss the major challenges 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 the 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 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. As Gilles Cojan's directorship is due to expire at the close of the March 22, 2019 Annual General Meeting, he will stand for re-election at that meeting.

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. The Chairman, in coordination with the Chief Executive Officer, is also responsible for ensuring that the Company maintains good shareholder relations. Additionally, in view of Gilles Cojan's experience, expertise and in-depth knowledge of the Group, the Board entrusted him with a wider role in his capacity as the Company's Chairman, notably working on international acquisition projects and helping the Chief Executive Officer when he took up his position.

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 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, during regular meetings with the Chief Executive Officer, of major events that occur within the course of the Group's operations.
- 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 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.

At the date of this Registration Document the Board does not have a Vice Chairman.

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 the occurrence of any conflicts of interest by raising awareness about facts or circumstances that could 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 the 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.

The Board appointed its first Senior Independent Director at the time of the decisions taken during its July 26, 2017 meeting leading to its new governance structure involving the separation of the roles of Chairman and Chief Executive Officer. The Board made this appointment as it felt that it would ensure balanced relations between the directors, the Chairman of the Board and executive management.

Gilles Auffret was selected to fill this new role and is still the Company's Senior Independent Director as at the date of this Registration Document.

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, and that his experience in major decentralized and international corporations would be

particularly useful for continuing to accelerate the Group's international expansion drive.

Philippe Guillemot was also elected as a director of the Company at the March 9, 2018 Annual General Meeting.

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.

The Chief Executive Officer 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 scope of 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 scope of 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 (see Section 3.1.5 below) 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 all 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. As part of this role he is involved in defining and adjusting the Group's overall strategy.

3.1.1.6 Deputy Chief Executive Officer

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 dealings with third parties.

From October 1, 2017 through October 31, 2017 and then from December 5, 2017 through March 31, 2018, Pedro Fontana served as Deputy Chief Executive Officer. On March 31, 2018 he resigned from all of his executive duties within Elior Group.

At the date of this Registration Document the Company does not have a Deputy Chief Executive Officer.

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.

At the date of this Registration Document, the members of the Group Executive Committee are as follows:

- Philippe Guillemot, Group Chief Executive Officer
- Benoît Cornu, Group Chief Communications Officer
- Bernard Duverneuil, Group Chief Information and Digital Officer
- Pierre Von Essen, Elior France Chief Executive Officer
- Esther Gaide, Group Chief Financial Officer
- Ruxandra Ispas, Group Chief Procurement and Logistics Officer
- Ludovic Oster, Group Chief Human Resources Officer
- Brian Poplin, President and Chief Executive Officer of Elior North America
- Gilles Rafin, President of Elior Services
- Oscar Vela, Areas Worldwide Chief Executive Officer

Apart from Philippe Guillemot, none of the members of the Executive Committee are directors of the Company.

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 implementation of the Elior Group 2021 strategic plan presented by the Chief Executive Officer on June 26, 2018.

The Executive Committee also examines the Group's operating 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 or more frequently when required.

3.1.1.9 The Management Committee

The Company also has a Management Committee, comprising the Executive Committee members, the CEOs of the Group's main operating entities and the heads of its principal corporate functions.

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 has been Chief Executive Officer of Elior Group since December 5, 2017.

Philippe Guillemot has also been a director of the Company since March 9, 2018. A profile of Mr. Guillemot is provided in Section 3.1.3.1.2 below.

3.1.3 BOARD OF DIRECTORS

3.1.3.1 Members of the Board of Directors

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. At the date of this Registration Document, the Board comprises ten directors, who are elected for four-year terms. Five of the directors are independent and four 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].

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 does 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[1] (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 is made up of the following ten 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 fiscal year ended on the date indicated)
Gilles Cojan[2], Chairman	No	Nov. 1, 2017	Sept. 30, 2018
BIM, represented by Robert Zolade[3]	No	June 11, 2014	Sept. 30, 2021
Philippe Guillemot	No	March 9, 2018	Sept. 30, 2021
Gilles Auffret[3]	Yes	June 11, 2014	Sept. 30, 2021
Anne Busquet	Yes	March 11, 2016	Sept. 30, 2019
Emesa Corporacion Empresarial, S.L. (EMESA) represented by Pedro Fontana[4]	No	March 11, 2016	Sept. 30, 2019
Fonds Stratégique de Participations (FSP), represented by Virginie Duperat-Vergne	Yes	March 9, 2018	Sept. 30, 2021
Bernard Gault	Yes	March 9, 2018	Sept. 30, 2021
Servinvest, represented by Sophie Javary	No	March 11, 2016	Sept. 30, 2019
Caisse de dépôt et placement du Québec (CDPQ), represented by Elisabeth Van Damme[3]	Yes	March 2, 2016	Sept. 30, 2021

[1] See Chapter 1, Section 1.5 of this Registration Document for the Group's simplified organization chart.

[2] Gilles Cojan was appointed as a director by the Board on July 26, 2017, effective November 1, 2017, for the remainder of Philippe Salle's directorship, i.e. until the close of the March 22, 2019 Annual General Meeting. The Board's decision was ratified by shareholders at the March 9, 2018 Annual General Meeting and Gilles Cojan will stand for re-election at the March 22, 2019 Annual General Meeting.

[3] The Company's shareholders re-elected Gilles Auffret, BIM and CDPQ as directors at the March 9, 2018 Annual General Meeting.

[4] Emilio Cuatrecasas resigned as Emesa's permanent representative on Elior Group's Board of Directors on August 31, 2018 and was replaced by Pedro Fontana on that same date.

The table below provides a summary of the changes in the Board's members in the fiscal year ended September 30, 2018

Date of decision	Description	Effective date	Expiration date of term
Oct. 31, 2017 (Board meeting)	Resignation of Philippe Salle from his position as a director of the Company	Oct. 31, 2017	At the AGM called to approve the financial statements for the year ended Sept. 30, 2018
	Board's appointment of Gilles Cojan as a director to replace Philippe Salle	Nov. 1, 2017	At the AGM called to approve the financial statements for the year ended Sept. 30, 2018
	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	At the AGM held to approve the financial statements for the year ended Sept. 30, 2017
March 9, 2018 (AGM)	The directorships of Laurence Batlle and Sofibim expired at the close of the March 9, 2018 AGM as neither stood for re-election at that meeting.	March 9, 2018	-
	Ratification of the 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
	Election of Philippe Guillemot as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ended Sept. 30, 2021
	Election of Fonds Stratégique de Participations as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
	Election of Bernard Gault as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
	Re-election of Gilles Auffret as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
	Re-election of CDPQ as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
	Re-election of BIM as a director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
	Election of Célia Cornu as a non-voting director	March 9, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2021
Sept. 27, 2018 (Board meeting)	Emilio Cuatrecasas ceased acting as permanent representative of Emesa	Aug. 31, 2018	-
	Appointment of Pedro Fontana as permanent representative of Emesa to replace Emilio Cuatrecasas	Aug. 31, 2018	At the AGM called to approve the financial statements for the year ending Sept. 30, 2019

The Board's percentage of independent directors continued to meet the applicable regulatory requirements in 2017-2018, thanks to the election of FSP and Bernard Gault as directors and the re-election of Gilles Auffret and CDPQ.

At the date of this Registration Document, five of the Board's ten members are independent directors, which complies with 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 the Board, with women representing 40% of its total members, either directly or as representatives of corporate directors. This percentage complies with the threshold provided for by law and recommended in the AFEP-MEDEF Code.

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. 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. When the five independent directors were elected, the criteria set out below were examined and considered as being fulfilled. These criteria are also examined by the Board on an annual basis. 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 or any other Group entity;
  - 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 annually by the Nominations and Compensation Committee, which prepares a report on the issue for the Board of Directors. Each year, prior to the

[1]Apart from certain exceptions which are set out below in Section 3.1.4, "Corporate Governance Code".

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 November 27, 2018, and its findings were then reported to the Board of Directors. At its December 3, 2018 meeting, the Board qualified five of its members as independent: Gilles Auffret, Anne Busquet, FSP (represented by Virginie Duperat-Vergne, Bernard Gault and CDPQ (represented by Elisabeth Van Damme). During fiscal 2017-2018, these five directors all 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 Committee's analysis, the Board considered that the 6.6% and 5.9% ownership interests held in Elior Group by CDPQ and FSP respectively do not affect these corporate directors' judgment or create any conflict of interests. However, the Board considered that Emesa could no longer be deemed independent as, since August 31, 2018, it has been represented by Pedro Fontana, who served as the Company's Deputy Chief Executive Officer from July 26, 2017 through October 31, 2017 and subsequently from December 5, 2017 through March 31, 2018, as Interim Chief Executive Officer from November 1, 2017 through December 5, 2017, and as Chief Executive Officer of Areas Worldwide until August 31, 2018.

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, which is now in line with the recommendations contained in the AFEP-MEDEF Code.

3.1.3.1.2 Profiles of the Members of the Board of Directors at December 30, 2018[1]

Gilles Cojan – Chairman of the Board of Directors
Age: 64
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. He is also a member of Elior Group's Audit Committee and the Strategy, Investments and CSR Committee and has been the Chairman of the Board of Directors since November 1, 2017.

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

[1] The directorships of Laurence Batlle and Sofibim expired at the close of the March 9, 2018 AGM as neither stood for re-election at that meeting. The profiles of Laurence Batlle and Sofibim (which was represented by Célia Cornu) are set out in Chapter 3, Section 3.1.3.1.2 of the fiscal 2016-2017 Registration Document, which is available on the Company's website at https://www.eliorgroup.com/finance/regulated-information/registration-document

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 main 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 of 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, France	Yes - member of the Audit Committee and the Strategy, Investments and CSR Committee
Number of Elior Group shares held	**Independent director**
18,049	No

Other directorships and positions held at September 30, 2018 (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 Equia 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)
- Chairman of ORI Investissements (France)
- Chief Executive Officer of Octant Partenaires (France)
- Director of Medica (France)

BIM – corporate director represented by Robert Zolade, Elior Group's Honorary Chairman
Information about BIM

Description	Registration number
BIM holds 39,878,255 Elior Group shares, representing 22.66% 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 - Member of the Nominations and Compensation Committee and Chair of the Strategy, Investments and CSR Committee
Number of Elior Group shares held	**Independent director**
39,878,255	No

Other directorships and positions held at September 30, 2018 (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)
- President of CHB Invest II SAS (France, unlisted company)
- President of CHB Invest III 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
78	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 BIM 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, 2018 (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 Sparring 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)

Philippe Guillemot – Chief Executive Officer and a director
Age: 59
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 59, 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 an Elior Group committee
9-11 allée de l'Arche, 92032 Paris La Défense, France	No
Number of Elior Group shares held	**Independent director**
18,191	No

Other directorships and positions held at September 30, 2018 (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)

Gilles Auffret – Senior Independent Director
Age: 71
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 French 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, 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
31,573	Yes
Other directorships and positions held at September 30, 2018 (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.	

Anne Busquet – Independent director
Age: 68
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 remained until 2001, occupying several high executive posts. 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**
2,370	Yes
Other directorships and positions held at September 30, 2018 (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.	

Emesa – Independent corporate director, represented by Pedro Fontana
Information about Emesa

Description	Registration number
Emesa holds 17,087,800 Elior Group shares, representing 9.71% of the Company's capital	B58138512
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, 2018 (outside the Elior group):	
- Director of Devicare, S.L. (Spain, unlisted company) - Director of Cofiber Financiera Establecimiento Financiero de Crédito, S.A. (Spain, unlisted company)	
Directorships and positions held during the past five years which have expired	
- Director of Metropolis Inmobiliarias y Restauraciones, S.L. (Spain)	

- Director of Sunroad, S.L. (Spain, unlisted company)

Information about Pedro Fontana, Emesa's permanent representative	
Age	**Nationality**
66	Spanish
Business address	**Number of Elior Group shares held**
Avenida Diagonal 579-585, Planta 10, 08014 Barcelona, Spain	15,917

Profile

Pedro Fontana holds an MBA from Harvard University. He began his career in the banking sector, where he successively held the posts of Chairman and Chief Executive Officer of Banca Mas Sardá from 1983 to 1989, Executive Chairman of Banca Catalana from 1994 to 1999 and then CEO Cataluña for Banco Bilbao Vizcaya until 2009. From 1990 through 1993 he served as Director General of the Barcelona Olympics Organizing Committee. He joined Areas in 1998 as a member of the Board of Directors before being appointed Vice-Chairman in 2001 and Executive Chairman in 2012, a position he held until August 2018.

Pedro Fontana was appointed Deputy Chief Executive Officer of Elior Group on July 26, 2017 and then served as Interim Chief Executive Officer 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. Mr. Fontana served as Deputy Chief Executive Officer until March 31, 2018, when he resigned from all of his executive duties within Elior Group.

Other directorships and positions held at September 30, 2018 (outside the Elior group):

- Chairman of the Board of Directors of Areamed 2000 SA (Elior group – Spain, unlisted company)
- Chairman of the Board of Directors of Gourmet Acquisition (Elior group – USA, unlisted company)
- Member of the Board of Directors of Fira de Barcelona (Elior group – Spain, unlisted company)
- Member of the Board of Directors of Banco Sabadell (Spain, listed company)
- Member of the Board of Directors of Grupo Indukern (Spain, unlisted company)
- Executive Vice-President of Emesa (Elior group – Spain, unlisted company)

Directorships and positions held during the past five years which have expired

- Deputy Chief Executive Officer and Interim Chief Executive Officer of Elior Group (Elior group – France)
- Chairman and Chief Executive Officer and a director of Areas Worldwide (Elior group – France)
- Chairman and Chief Executive Officer and a director of Elior Restauration et Services (Elior group – France)
- Chairman of Elior FA3C (Elior group – France)
- Chairman of Elior Gestion (Elior group – France)
- Chairman of Elior Trésorerie (Elior group – France)
- Permanent representative of Elior Restauration et Services on the Supervisory Board of Elior Participations (Elior group – France)
- Permanent representative of Elior Participations in its capacity as Chair of Elcena (Elior group – France)
- Permanent representative of Elior Participations in its capacity as Chair of Elior Achats Services (Elior group – France)
- Permanent representative of Elior Participations in its capacity as Chair of Aprest (Elior group – France)
- Permanent representative of Aprest in its capacity as Chair of Resapro (Elior group – France)
- Representative of Areas Worldwide in its capacity as sole director of Areas SA (Elior group – Spain)
- Director of Restauracion De Aeropuertos Españoles, S.A. (Elior group – Spain)
- Vice Chairman of the Board of Directors of Areas Portugal Restauracao e Distbucao SA (Elior group – Portugal)
- Sole director of Areas USA Inc. (Elior group – USA)
- Chairman of the Board of Directors of Aeroboutiques de Mexico SA de CV (Elior group – Mexico)
- Chairman of the Board of Directors of Aerocomidas, SA de CV (Elior group – Mexico)
- Chairman of the Board of Directors of Operadora Aeroboutiques SA de CV (Elior group – Mexico)
- Representative of Areas SA in its capacity as sole director of Areas SA Chile Limitada (Elior group – Chile)
- Representative of Areas SA in its capacity as sole director of Areas Colombia SAS (Elior group – Colombia)
- Director of Carmen la Comida de Espana 1992 SA (Elior group – Spain)
- Director of Arco Prime Limitada (Elior group – Chile)
- Chairman of the Board of Directors of BRCH SA (Elior group – Argentina)
- Chairman of the Board of Directors of Geresa Holding SA (Elior group – Argentina)
- Chairman of the Board of Directors of Auxiliaire des Transports Aériens SA (Elior group – Morocco)
- Director of Restauracion De Aeropuertos Españoles, S.A. (Elior group – Spain)

Fonds Stratégique de Participations – Independent director, represented by Virginie Duperat-Vergne **Information about Fonds Stratégique de Participations (FSP)**	
Description	**Registration number**
FSP holds 8,890,453 Elior Group shares, representing 5.05% of the Company's capital	753 519 891 RCS Paris
Registered office	**Member of an Elior Group committee**
47, rue du Faubourg Saint-Honoré, 75008 Paris, France	Yes - Chair of the Audit Committee
Number of Elior Group shares held	**Independent director**
8,890,453	Yes
Other directorships and positions held at September 30, 2018 (outside the Elior group):	
- Director of Arkema (listed company) - Director of Groupe Seb (listed company) - Director of Eutelsat Telecommunications (listed company) - Director of Tikehau Capital (listed company) - Director of Safran (listed company), indirectly via a joint venture set up in partnership with another major Safran shareholder.	
Directorships and positions held during the past five years which have expired	
- Director of Zodiac Aerospace	

Information about Virginie Duperat-Vergne, Fonds Stratégique de Participation's permanent representative	
Age	**Nationality**
43	French
Business address	**Number of Elior Group shares held**
9-11 allée de l'Arche, 92032 Paris La Défense, France	0
Profile	
Virginie Duperat-Vergne has been Chief Financial Officer of the Gemalto group since December 1, 2017, prior to which she was Deputy Chief Financial Officer and a member of the Senior Leadership Team at TechnipFMC. During the seven years she spent at TechnipFMC she held various leadership positions within the executive finance team of the TechnipFMC group. Ms. Duperat-Vergne began her career as an external auditor and spent more than ten years at Arthur Andersen, then Ernst & Young (now EY) before joining Canal + Group as Compliance Officer for Accounting Standards. Virginie Duperat-Vergne holds a master's degree in management from Toulouse Business School.	
Other directorships and positions held at September 30, 2018 (outside the Elior group):	
- Chair of Gemalto Treasury Services, a Gemalto group subsidiary - Director on one of the Advisory Boards of BPIFrance's Accélérateur ETI 2018-2019 program. - Mentee on the BoardWomen Partners Program	
Directorships and positions held during the past five years which have expired	
- Director of several subsidiaries of the Technip and TechnipFMC groups, including Technip France	

Bernard Gault – Independent director Age: 60 Nationality: French
Profile
Bernard Gault is an investment banker and investor and is the founding partner of the investment firm Barville & Co, formed in 2016. He is also a founding partner of Perella Weinberg Partners, a global financial services firm set up in 2006 offering financial advisory and asset management services.

Bernard Gault began his career in 1982 at Compagnie Financière de Suez before joining Morgan Stanley in 1988 where he went on to serve as Managing Director until 2006.

Bernard Gault holds degrees from Ecole Centrale Paris and Institut d'Etudes Politiques de Paris.

Business address	Member of an Elior Group committee
9-11 allée de l'Arche, 92032 Paris La Défense, France	Yes - Member of the Nominations and Compensation Committee and 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, 2018 (outside the Elior group):

- Chairman of Prime Vineyards Partners
- Chairman of A.S.H.S. Ltd (Anya Hindmarch)
- Chairman of Wild Spirits
- Director of OVH Groupe
- Director of Balmain S.A.
- Director of FFP Investment UK
- Senior Advisor of Perella Weinberg Partners
- Legal manager of SCI de la Troika
- Legal manager of SCI du Mas de la Foux
- Legal Manager of SCI de la Vigne aux Dames
- Director of La Fondation de l'Orchestre de Paris
- Director of La Fondation Centrale Supélec
- Director of Le Fonds Saint Michel

Directorships and positions held during the past five years which have expired

None.

Servinvest – Corporate director, represented by Sophie Javary
Information about Servinvest

Description	Registration number
Servinvest is a company whose legal manager is 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, 2018 (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
59	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 and was appointed Vice-Chairman CIB EMEA at BNP Paribas in November 2018. 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 with Rothschild 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, 2018 (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

CDPQ – Independent director, represented by Elisabeth Van Damme
Information about CDPQ

Description	Registration number
CDPQ holds 11,580,582 Elior Group shares, representing 6.58% of the Company'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**
11,580,582	Yes

Other directorships and positions held at September 30, 2018 (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
52	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, 2018 (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)

Célia Cornu – Non-voting director	
Age	**Nationality**
38	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, 2018 (outside the Elior group):	
Director of Sofibim SA (Luxembourg, unlisted company)	
Directorships and positions held during the past five years which have expired	
None.	

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 far as the Company is aware:

- There are no family relationships between the members of the Board of Directors and the Company's 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 potential conflicts of interest between directors' and officers' duties to the Company and their private interests.

BIM and Servinvest do not have any business or commercial relations with the Group. BIM's business involves running premium hospitality venues and private higher-education establishments and Servinvest is a real estate investment company. The Group does not provide any catering or other services to any of the establishments owned by either of these companies.

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.

The Board of Directors examines all issues that fall within its scope of responsibility under the applicable laws and

1 In accordance with the Preamble of the June 2018 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).

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, notably by controlling the Group's financial information.
- 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.

Additionally, in application of the recommendations of the June 2018 revised version of the AFEP-MEDEF Code, which the Company has voluntarily adopted as its corporate governance framework, the Board places particular importance on:

- Promoting long-term value creation by the Company, taking into account the social and environmental impacts of its activities. In line with this objective it proposes changes to the Bylaws whenever it deems fit.
- Regularly examining – based on the business strategy it has drawn up – the opportunities available to the Group and the risks it faces, such as financial, legal, operational, social and environmental risks, as well as the measures taken to mitigate those risks. To this end, the Board of Directors is given all of the information required to fulfill its duties, notably by the executive directors.

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 required for 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 fourteen times in fiscal 2017-2018, including eight times since the March 9, 2018 Annual General Meeting. It met four times since October 1, 2018 and the date this report was prepared. Notices of the meetings along with the related agenda were sent to the directors by e-mail and made available 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. The attendance rate at Board meetings was 93%, reflecting the numerous changes in the Board's membership structure during the fiscal year.

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 2021 strategic plan as well as about its CSR policy, results, general business activity 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 operating entities concerned gave status reports on the implementation of the Group's strategy and the Elior 2021 plan as well as on acquisitions and investment projects. Several Board meetings were devoted to building up the Elior 2021 strategic plan, which was presented to the markets on June 26, 2018, and to analyzing the Group's operating and financial performance. 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, particularly acquisitions and capital expenditure projects and free share plans for Group employees.

Attendance rates at Board meetings held in 2017-2018

Director	Number of meetings taken into account	Attendance rate
Gilles Cojan	14	100%
BIM (Robert Zolade)	14	100%
Philippe Guillemot[1]	8	100%
Gilles Auffret	13	93%
Anne Busquet	14	100%
Emesa (Emilio Cuatrecasas then Pedro Fontana)[2]	14	71%
FSP (Virginie Duperat-Vergne)[1]	7	88%
Bernard Gault[1]	8	100%
Servinvest (Sophie Javary)	14	93%
CDPQ (Elisabeth Van Damme)	12	86%
Laurence Batlle[3]	6	83%
Sofibim (Gilles Cojan then Célia Cornu)[3,4]	6	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 year the Board carries out such an assessment and every three years it 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 and the next one performed by an external consultant will take place in 2019.

Based on the work undertaken in relation to its operating procedures, the Board gradually came to the conclusion that the best way to improve those 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

[1] Philippe Guillemot, Bernard Gault and FSP (represented by Virginie Duperat-Vergne) were elected as directors at the March 9, 2018 Annual General Meeting. Consequently, their meeting attendance rates were calculated as from March 9, 2018 and on the basis of eight meetings.
[2] Pedro Fontana replaced Emilio Cuatrecasas as Emesa's permanent representative on August 31, 2017. The attendance rate shown in the table above is based on Emesa's attendance and not that of its successive permanent representatives.
[3] The directorships of Laurence Batlle and Sofibim expired at the close of the March 9, 2018 AGM as neither stood for re-election at that meeting. Consequently, the attendance rates of Laurence Batlle and Sofibim were calculated up until March 9, 2018, based on six meetings.
[4] Célia Cornu replaced Gilles Cojan as Sofibim's permanent representative on October 31, 2017. The attendance rate shown in the table above is based on Sofibim's attendance and not that of its successive permanent representatives.

work was not compatible with the duties he was also required to exercise as Chief Executive Officer. This change in governance structure – which took effect on November 1, 2017 – has enabled the Company's corporate governance bodies to function more effectively.

In the aim of further fine-tuning the Group's governance structure, the Board decided to appoint a Senior Independent Director, and named Gilles Auffret in the position. 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.

At the annual assessment carried out by the Board in 2018, the directors confirmed 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 showed that, overall, they felt positively about the Board's membership structure and operating procedures, and considered there to be balanced relations between the Chief Executive Officer and the Chairman. They also felt that the Senior Independent Director was able to effectively fulfil his role of coordinator between the Chief Executive Officer, the Chairman and the independent directors.

The main area for improvement identified as a priority for the coming fiscal year is giving the Board greater access to the Group's operations teams so that it can have the best possible vision to validate strategies and major acquisition and capital expenditure projects.

In addition, on July 24, 2018, the independent directors held a meeting to discuss the measures that could be taken to (i) provide better visibility of the Group's operations and challenges, from both an operational and strategic perspective, and (ii) achieve a better balance of the Board's work between operational and financial issues.

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 2017-2018:

Members of the Audit Committee		Independent director
In fiscal 2016-2017 and from October 1, 2017 through October 31, 2017	Laurence Batlle (Committee Chair)	√
	CDPQ, represented by Elisabeth Van Damme	√
	Sofibim, represented by Gilles Cojan	-
From November 1, 2017 through March 9, 2018	Laurence Batlle (Committee Chair)	√
	CDPQ, represented by Elisabeth Van Damme	√
	Servinvest, represented by Sophie Javary	-
Since March 9, 2018	FSP, represented by Virginie Duperat-Vergne (Committee Chair)	√
	Gilles Cojan	-
	CDPQ, represented by Elisabeth Van Damme	√

The symbol √ indicates compliance with the applicable independence criteria.

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 FSP, represented by Virginie Duperat-Vergne, an independent director.

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 above, "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.

Other than in exceptional cases, the Audit Committee meets two days before the Board of Directors' meeting at which it reports to the Board on its work. The Committee's 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 five times in fiscal 2017-2018 and twice between October 1, 2018 and the date this report was prepared. The attendance rate at those 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, the Chief Compliance Officer and the Heads of the Internal Control and Internal Audit Departments.

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 underlying the publication of the financial statements and financial communications, as well as the information contained in the fiscal 2017-2018 Registration Document.

At its meeting on November 27, 2018, 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 in relation 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 2018, the Audit Committee devoted a meeting to examining the Group's operating and financial performance.

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 2017-2018:

Members of the Nominations and Compensation Committee		Independent director
In fiscal 2016-2017 and from October 1, 2017 through March 9, 2018	Gilles Auffret (Committee Chair)	√
	Anne Busquet	√
	BIM, represented by Robert Zolade	-
Since March 9, 2018	Gilles Auffret (Committee Chair)	√
	Anne Busquet	√
	Bernard Gault	√
	BIM, represented by Robert Zolade	-
As from December 3, 2018	Gilles Auffret (Committee Chair)	√
	Anne Busquet	√
	Bernard Gault	√
	BIM, represented by Robert Zolade	-
	Pedro Fontana	√

The symbol √ indicates compliance with the applicable independence criteria.

The Nominations and Compensation Committee currently comprises five members, three 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 a nominations and compensation committee and that no executive directors should sit on such a committee.

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 the challenges facing the Group and its overall human resources strategy.
- 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 and in the event of a tied vote, the decision is ultimately taken by the Board of Directors.

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 executive compensation or to approve the allocation of directors' fees.

c) Nominations and Compensation Committee activity report

The Nominations and Compensation Committee met ten times in fiscal 2017-2018 and twice between October 1, 2018 and the date this report was prepared. The attendance rate at those meetings was 100%.

In addition to its habitual work concerning the recruitment, compensation packages and incentive systems of the Group's key executives, the Nominations and Compensation Committee devoted several meetings to (i) the Company's governance, (ii) the recruitment of the Group's new Chief Executive Officer, and (iii) changes in the membership structures of the Board of Directors and its committees in order to align them with the Company's new governance structure which came into effect on November 1, 2017.

The Committee also issued recommendations to the Board concerning:

- The terms and conditions of the departure of Philippe Salle, the Group's Chairman and Chief Executive Officer until October 31, 2017.
- The compensation of the Chairman of the Board of Directors.
- The compensation of the Interim Chief Executive Officer.
- The compensation package of the new Chief Executive Officer.
- The compensation packages of the Group's key non-director executives.
- The stock option and free share plans in force.
- The allocation of directors' fees for fiscal 2017-2018.

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 2017-2018.

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 2017-2018:

Members of the Strategy, Investments and CSR Committee		Independent director
In fiscal 2016-2017 and from October 1, 2017 through October 31, 2017	BIM, represented by Robert Zolade (Committee Chair)	-
	Laurence Batlle	√
	Sofibim, represented by Gilles Cojan	-
	Gilles Auffret	√
	Philippe Salle	-
From November 1, 2017 through March 9, 2018	BIM, represented by Robert Zolade (Committee Chair)	-
	Gilles Auffret	√
	Laurence Batlle	√
	Gilles Cojan	-
Since March 9, 2018	BIM, represented by Robert Zolade (Committee Chair)	-
	Gilles Auffret	√
	Gilles Cojan	-
	Bernard Gault	√

The symbol √ indicates compliance with the applicable independence criteria.

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 helps the Board with its information-exchange, decision-making and review processes.

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 Chair does not have a casting vote and in the event of a tied vote, the decision concerned is taken by the Board of Directors.

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 seven times in fiscal 2017-2018 and twice between October 1, 2018 and the date this report was prepared. The attendance rate at those meetings was 100%.

During its meetings, the Committee principally worked on (i) the preparation, review and implementation of the Elior Group 2021 strategic plan which was presented by the Company's Chief Executive Officer on June 26, 2018 and (ii) the project announced on November 13, 2018 to review the strategic options concerning the Group's concession catering operations. The Committee put forward its 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"), as revised in June 2018, 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 most of the corporate directors are significant shareholders of the Company. 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.
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 the Company on July 26, 2017 and then served as Interim Chief Executive Officer 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, a post he held until March 31, 2018, when he stood down from all of his positions within the Company. 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 until it ended on August 31, 2018.
Companies that state in their corporate governance report that they use the Code as their corporate governance framework should have directors representing employees on their Board, who should be elected or appointed in accordance with the applicable legal requirements (Article 7.1).	Pending the adoption by the French Parliament of the "PACTE" Act, the Company has decided not to make this requirement compulsory as it already complies with the relevant legislation concerning employee representative directors.

The AFEP-MEDEF Code to which the Company refers for corporate governance matters 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] https://www.afep.com/wp-content/uploads/2018/06/Afep-Medef-Code-revision-June-2018-ENG.pdf

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 March 9, 2018 based on 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 by the Chief Executive Officer 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:

i. 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.

ii. 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 a total 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 March 9, 2018 and executed in accordance with the terms of said commitment(s) (as applicable at March 9, 2018).

(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 March 9, 2018 and executed in accordance with the terms of said commitments (as applicable at March 9, 2018).

(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 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.

[1] The terms that are capitalized in this list are defined in the Rules of Procedure, which is accessible on Elior Group's website at https://www.eliorgroup.com/elior-group/governance/board-directors

(l) The signature, amendment or renewal of any purchase contract or contract other than those referred to in (k) 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 strategy 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 of the Company and Key Executives as defined in the Rules of Procedure.

(r) The signature, amendment or termination of the employment contracts of the Key Executives of Strategic Subsidiaries.

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-controlled, directly or indirectly, by Elior Group or Gourmet Acquisition Holding.

3.1.6 DIRECTORS AND OFFICERS' INTERESTS AND COMPENSATION

3.1.6.1 Key performance indicators used for calculating the compensation of the Company's officers

Reported EBITA: Recurring operating profit reported under IFRS including share of profit of equity-accounted investees whose activities are the same or similar to those of the Group.

Adjusted EBITA: Recurring operating profit reported under IFRS adjusted for the impact of share-based compensation expense (stock options and free shares granted by Group companies) and amortization of intangible assets recognized on consolidation.

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

Reported EBITDA: This indicator corresponds to the following, as recorded in the consolidated income statement: (i) reported EBITA as defined above, (ii) net depreciation and amortization expense included in recurring operating profit and (iii) net additions to provisions included in recurring operating profit.

Adjusted EBITDA: Reported EBITDA as defined above adjusted for the impact of share-based compensation expense (stock options and free shares granted by Group companies).

Adjusted EBITDA margin: Adjusted EBITDA as a percentage of consolidated revenue.

Organic growth in consolidated revenue: Growth in consolidated revenue expressed as a percentage and adjusted for the impact of (i) changes in exchange rates, using the calculation method described in Chapter 4, Section 4.1.4.1 of this Registration Document, and (ii) changes in scope of consolidation taking into account companies that generate more than 0.1% of the Group's annual consolidated revenue.

Operating free cash flow: The sum of the following items as defined elsewhere 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:

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

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

Generation of operating cash flow: Elior Group's consolidated adjusted EBITA for fiscal 2017-2018 less (i) the amount of capex reported in Elior Group's consolidated cash flow statement and (ii) the non-recurring items reported in Elior Group's consolidated income statement for the same fiscal year, as defined below.

Capex reported in Elior Group's consolidated cash flow statement: Amounts paid as consideration for property, plant and equipment and intangible assets used in contract catering, concession catering and services operations as well as in 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 as presented 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.

Non-recurring items: Non-recurring income and expenses correspond to 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 restructuring costs of material amounts, acquisition costs of consolidated subsidiaries, and gains and losses on disposals of assets or investments in consolidated companies.

Adjusted earnings per share: This indicator is calculated based on consolidated profit for the period attributable to owners of the parent excluding (i) non-recurring income and expenses, net (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).

Total Shareholder Return (TSR): The total return on the Elior Group share for an investor for a given period, corresponding to the gains that would be received on the sale of the share and the dividends received.

Elior North America Value (ENA Value): This indicator, calculated at the end of a given twelve-month fiscal year, corresponds to (i) 8.5 times ENA's EBITDA for that fiscal year, less (ii) ENA's debt at the given fiscal year-end. For the purposes of calculating this indicator, "ENA Value 2017" means the ENA Value at September 30, 2017 and "ENA Value 2020" means the ENA Value at September 30, 2020.

Compounded annual growth rate (CAGR): The compounded annual growth rate of the ENA Value, as defined above, calculated for the period from October 1, 2017 through October 1, 2020 using the following formula:
$(\text{ENA Value 2020}/\text{ENA Value 2017})^{1/3} - 1$

3.1.6.2 Compensation policy for the Company's officers for fiscal 2018-2019, submitted for shareholder approval at the March 22, 2019

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 for the performance of their duties 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 2019, with a specific resolution put forward for each officer.

The compensation policy for the Company's 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 the Company's 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 the compensation packages of the Company's officers are analyzed in a comprehensive manner, in line with the Company's strategy.

Alignment of interests and transparency
While the compensation packages of the Company's 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
Compensation amounts are set taking into account the responsibilities entrusted to each officer as well as market practices. The performance targets used must be high, correspond to the Company's key growth factors and aligned with its short- and long-term objectives.

3.1.6.2.1 Criteria for determining, allocating and awarding the components of the Chairman of the Board of Directors' compensation package for fiscal 2018-2019

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.

On December 3, 2018, after consulting with the Nominations and Compensation Committee, the Board of Directors set the Chairman's annual fixed compensation at a gross amount of €400,000 for fiscal 2018-2019.

The directors' fees awarded to the Chairman of the Board will be allocated in accordance with the rules applicable to all directors.

At the March 22, 2019 Annual General Meeting, shareholders will be asked to approve the principles and criteria used for determining, allocating and awarding the components of the Chairman's compensation package for fiscal 2018-2019.

Subsequently, at the 2020 Annual General Meeting, shareholders will be given a "say-on-pay" vote on the components of the compensation due or awarded to the Chairman of the Board of Directors for 2018-2019, although the payment of his fixed compensation for that fiscal year is not contingent on a favorable shareholder vote.

3.1.6.2.2 Criteria for determining, allocating and awarding the components of the Chief Executive Officer's compensation package for fiscal 2018-2019

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:

- Annual fixed compensation.
- Short-term variable compensation, which is based on annual financial and non-financial performance criteria.
- Long-term variable compensation, based on the Company's internal and external financial performance over several years.

Components of the Chief Executive Officer's compensation package	Purpose and strategic objective	Description	Weighting (as a % of fixed compensation)
1. **FIXED COMPENSATION**	To retain and motivate the CEO	Set taking into account, among other things, the CEO's experience and market practices.	
2. **SHORT-TERM VARIABLE COMPENSATION** (ANNUAL)	To encourage the achievement of the Company's annual financial and non-financial objectives	Set based on the Company's financial and non-financial priorities and objectives for the fiscal year.	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): structured to encourage organic growth in consolidated revenue and ensure the generation of operating free cash flow.	75% of his fixed annual compensation (target amount).
		Qualitative criteria: structured to take into account initiatives put in place during the year to drive long-term growth.	25% of his fixed annual compensation (target amount).
3. **LONG-TERM VARIABLE COMPENSATION** (MULTI-ANNUAL)	To encourage internal and external financial performance over the long-term and reward over-performance.	Performance units awarded each year, between the date on which the Group's annual results are published and January 31 of the following year, representing 262% of the CEO's gross fixed annual compensation in the event of over-performance and 222% at the target value.	Maximum face value: 262% of the CEO's gross fixed annual compensation (target value: 222%), converted based on the Elior Group share price on the date the performance units are awarded. The number of performance units that vest varies between 0% and 100% of those initially awarded depending on the achievement of future performance criteria. The cash amount paid for vested performance units may not exceed 600% of the CEO's annual fixed compensation, irrespective of the Elior Group share price at the end of the vesting period.
		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 period of three years (the vesting period), such as: • Adjusted earnings per share (AEPS). • Total shareholder return (TSR). The Chief Executive Officer is required to convert 50% 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 as CEO. This requirement ceases to apply once the number of his Elior Group shares represents a total amount equal to six times his annual fixed compensation.	

On December 3, 2018, the Board of Directors approved the components of the Chief Executive Officer's compensation package for fiscal 2018-2019, 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 at the March 2019 Annual General Meeting. This package takes into account the CEO's level of responsibilities 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 the head of the Group's executive management team. This stability is of great importance for effectively implementing the Group's strategy, as presented on June 26, 2018, and for 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 operating and financial performance.

The Board carried out a comparative analysis of the CEO'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 the CEO's compensation was sufficiently motivating while being in the same range as the peer group's compensation packages. The results show that the CEO's total compensation is the sixth-highest in the peer group, which includes Elior Group.

1. **Annual fixed compensation set at a gross amount of €900,000**

On December 3, 2018, having consulted the Nominations and Compensation Committee, the Board of Directors set the CEO's annual fixed compensation at a gross amount of €900,000 for fiscal 2018-2019, unchanged from fiscal 2017-2018.

2. **Short-term variable compensation (annual)**

The Board of Directors set the target amount of the CEO's short-term variable compensation at 100% of his 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.

The tables below show the principles used for calculating the CEO's short-term variable compensation for fiscal 2018-2019 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 annual variable compensation and method used for setting the performance objectives

Type of criterion	Performance criteria	Reasons for applying the criterion
Quantitative	Operating free cash flow[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 generation of operating free cash flow were especially relevant indicators for fiscal 2018-2019 – a year that will see a particularly high level of capex[3].
Quantitative	Elior Group's consolidated revenue growth based on a constant scope of consolidation and constant exchange rates[2].	
Qualitative	Setting up a succession plan in 2018-2019 for the Group's leadership	Setting up a succession plan in 2018-2019 for the members of the Leaders Committee is an essential criterion for ensuring the continuity and smooth running of the Group.
Qualitative	Improving the "Internal recruitment rate" CSR indicator for 2018-2019 (audited annually).	Improving the "internal recruitment rate" CSR indicator for 2018-2019 is an annual objective set based on a target of 70% by 2025.

[1, 2, 3] See definition in Section 3.1.6.1 above.

Short-term variable compensation – Performance criteria and objectives (annual)

Type of criterion	Quantitative objectives		Minimum	Target	Maximum
Quantitative criteria: **¾ of variable compensation** (75% of fixed compensation)	Operating free cash flow[1] (in absolute value terms)	As a % of fixed compensation	0%	50%	75%
	Elior Group's consolidated revenue growth based on a constant scope of consolidation	As a % of fixed compensation	0 %	25%	37.5%
	Total percentage contingent on quantitative objectives		**0%**	**75%**	**112.5%**

[1] See definition in Section 3.1.6 above.

Type of criterion	Quantitative objectives		Minimum	Target	Maximum
Qualitative criteria: **¼ of variable compensation** (25% of fixed compensation)	Setting up a succession plan in 2018-2019 for the members of the Leaders Committee.	**As a % of fixed compensation**	**0%**	**15%**	**22.5%**
	Improving the "internal recruitment rate" CSR indicator for 2018-2019 (audited annually).	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%**

3. Long-term variable compensation (multi-annual)

For fiscal 2018-2019, the Chief Executive Officer's long-term variable compensation consists of the award of 188,648 performance units, representing a cash amount of €2.36 million (i.e. 262% of his annual fixed compensation) and corresponding to an estimated fair value of €1.82 million (the “2019 Performance Units”).

The number of 2019 Performance Units has been calculated by dividing the cash amount that the 2019 Performance Units represent (i.e. €2.36 million) by the weighted average of the prices quoted for the Elior Group share over the 20 trading days following December 4, 2018 (the publication date of the Group’s annual results for fiscal 2017-2018), i.e. €12.51.

On January 23, 2019, the Board of Directors placed on record that the weighted average of the prices quoted for the Elior Group share over the 20 trading days following December 4, 2018 was €12.51 and that the number of 2019 Performance Units awardable to the Chief Executive Officer was therefore 188,648.

i. General principles

The Chief Executive Officer's 2019 Performance Units will vest after a three-year period expiring on December 31, 2021 (the "Vesting Period") provided that he is still Elior Group’s Chief Executive Officer at that date.

The number of 2019 Performance Units that will vest will depend on:

- Growth in adjusted earnings per share (AEPS) during the Vesting Period.

- Elior Group’s relative share performance measured by reference its total shareholder return (TSR) over the Vesting Period as compared with:

  - the TSR (calculated over the Vesting Period) of a group of companies operating in the same business sectors as Elior Group, including Elior Group itself (the “Peer Group”)[1]; and

  - the TSR (calculated over the Vesting Period) of the Next 20 GR index (the “Index”).

The total number of 2019 Performance Units that will vest will be 188,648 if (i) the maximum AEPS growth level is attained (corresponding to over-performance, i.e. 12% per year) and (ii) the target TSR performance level is reached. If the target levels are achieved for AEPS growth (i.e. 8% per year) and TSR performance, the total number of 2019 Performance Units that will vest will be 159,872 (representing a face value of €2 million). The AEPS growth and TSR performance objectives, as well as the proportions and numbers of 2019 Performance Units whose vesting is contingent on those objectives are set out in the table below.

AEPS growth will be calculated based on three fiscal years – 2018-2019, 2019-2020 and 2020-2021. The comparative TSR performances of Elior Group and the Peer Group and the Index will be calculated by an independent valuer appointed by the Nominations and Compensation Committee and will be based on the performance levels observed between December 31, 2018 and December 31, 2021.

ii. Performance objectives and number of vested 2019 Performance Units

Number of 2019 Performance Units that will vest if AEPS growth and TSR performance represent the target levels: 159,872 (60% for the AEPS objective and 40% for the TSR objective).

Number of 2019 Performance Units that will vest if AEPS growth represents the maximum level (over-performance) and TSR performance represents the target level: 188,648 (66% for the AEPS objective and 34% for the TSR objective).

[1] The Peer Group includes Aramark, Auto Grill, Compass, Elis Berendsen, ISS, Sodexo and SSP.

2019 Performance Units contingent on AEPS growth
95,923, i.e. 60% of the total 2019 Performance Units if AEPS growth and TSR performance represent the target levels
124,700, i.e. 66% of the total 2019 Performance Units if AEPS growth represents the maximum level and TSR performance represents the target level

Average annual growth in AEPS[1]	**% of 2019 Performance Units subject to the AEPS growth objective that will vest at the minimum and target levels**	**% of 2019 Performance Units subject to the AEPS growth objective that will vest at the maximum level**	**Number of 2019 Performance Units contingent on the AEPS growth objective that will vest**	**% of total 2019 Performance Units**	
				Target level AEPS growth	**Maximum level AEPS growth**
Below 5%	0%	0%	0	0%	0%
5% (minimum level)	50%	N/A	47,961	30%	N/A
> 5% and up to but not including 8%	Calculated on a straight-line basis			30% to 60%	N/A
8% (target level)	**100%**	N/A	**95,923**	**60%**	**N/A**
> 8% and up to but not including 12%	Calculated on a straight-line basis			N/A	N/A
12% (maximum level) and higher	N/A	130%	124,700	N/A	66.1%

2019 Performance Units contingent on TSR performance[2]
63,948, i.e. 40% of the total 2019 Performance Units if AEPS growth and TSR performance represent the target levels and 34% of the total 2019 Performance Units if AEPS growth represents the maximum level and TSR performance represents the target level

Peer Group TSR objective 31,974, i.e. 20% of the total 2019 Performance Units if AEPS growth and TSR performance represent the target levels			**Index TSR objective** 31,974, i.e. 20% of the total 2019 Performance Units if AEPS growth and TSR performance represent the target levels			**% of total 2019 Performance Units**	
Elior Group's TSR compared with the Peer Group's TSR[3]	**% of 2019 Performance Units subject to the objective that will vest**	**Number of 2019 Performance Units subject to the objective that will vest**	**Elior Group's TSR compared with the Index's TSR**[3]	**% of 2019 Performance Units subject to the objective that will vest**	**Number of 2019 Performance Units subject to the objective that will vest**	**Target level TSR performance**	**Maximum level TSR performance**
Below 100%	0%	0	Below 100%	0%	0	0	
100%	50%	15,987	100%	50%	15,987	20%	16.9%
> 100% and up to but not including 120%	50% to 100%		> 100% and up to but not including 120%	50% to 100%		20% to 40%	16.9% to 33.9%
120% and higher (target level)	**100%**	**31,974**	**120% and higher (target level)**	**100%**	**31,974**	**40%**	33.9%

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, 2018 through December 31, 2021 and incorporating any dividends paid.

[1] Levels set by the Board of Directors on December 3, 2018, acting on the recommendation of the Nominations and Compensation Committee.

[2] The total number of 2019 Performance Units that vest based on the Index and Peer Group TSR objective may not exceed 40% of the total number of 2019 Performance Units granted.

[3] If Elior Group's TSR is negative, irrespective of the Company's comparative TSR positioning with the Peer Group or the Index, none of the 2019 Performance Units subject to the Peer Group TSR objective will vest.

iii. Vesting Period and continued presence condition

At the end of the Vesting Period, the 2019 Performance Units that vest as a result of meeting the AEPS and TSR performance conditions will be converted into cash by multiplying the number of vested 2019 Performance Units by the weighted average of the prices quoted for the Elior Group share over the 20 trading days following the publication of the annual financial statements immediately following the vesting date.

Irrespective of the amount of said weighted average Elior Group share price, the cash amount paid at the end of the Vesting Period may not exceed 600% of the Chief Executive Officer's annual fixed compensation for fiscal 2018-2019, i.e. €5.4 million.

4. **Other components of compensation**

Directors' fees

N/A.

Exceptional compensation

If the strategic review currently under way related to accelerating the growth of the Group's businesses results in the concession business being spun off, Philippe Guillemot would be entitled to exceptional compensation that could represent up to 300% of his annual fixed compensation. Part of this exceptional compensation would be subject to the completion of the spin-off and part would be based on the actual sale price received.

Pension plans

N/A.

Termination benefit

If the Company were to terminate the Chief Executive Officer's term of office, 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 the date on which he is removed from office (fixed and variable, excluding any long-term variable compensation).

The termination benefit would not be payable if the Chief Executive Officer 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, the Chief Executive Officer 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 the Chief Executive Officer is removed from office during the first two years of his term, he would not be entitled to any termination benefit.

The Chief Executive Officer would also not be entitled to the termination benefit if he resigns from his position.

All of this information – which has not changed since the Chief Executive Officer first took up his post – was published on the Company's website in December 2017 in accordance with the applicable legal provisions.

Non-compete agreement

The Company has entered into a non-compete agreement with the Chief Executive Officer, 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, the Chief Executive Officer 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 the Chief Executive Officer were to resign, 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 it would not be required to pay him the afore-mentioned non-compete indemnity. If the Chief Executive Officer were to be removed from office, 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 – which has not changed since the Chief Executive Officer first took up his post – was published on the Company’s website in December 2017 in accordance with the applicable legal provisions.

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

The Chief Executive Officer is not eligible for any type of bonus or indemnity for taking up office.

At the March 22,2019 Annual General Meeting, the shareholders will be asked to approve the principles and criteria used for determining, allocating and awarding the components of the Chief Executive Officer’s compensation package for fiscal 2018-2019.

Subsequently, at the 2020 Annual General Meeting, shareholders will be given a "say-on-pay" vote on the components of the compensation due or awarded to the Chief Executive Officer for 2018-2019. The payment of his fixed compensation for that fiscal year is not contingent on a favorable shareholder vote but the payment of his variable compensation and any exceptional compensation is.

3.1.6.3 Compensation and benefits paid or awarded to the Company’s officers for fiscal 2017-2018, submitted for shareholder votes at the March 22, 2019 Annual General Meeting

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 for fiscal 2017-2018 were approved by the shareholders, in accordance with Article L. 225-37-2 of the French Commercial Code, at the March 9, 2018 Annual General Meeting.[1]

As required under Article L 225-100 of the French Commercial Code, at the Annual General Meeting to be held on March 22, 2019, 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 2017-2018, with a specific resolution put forward for each officer.

None of Elior Group's officers holds any stock options, free shares, or performance shares granted by the Company or any other Group entity apart from those listed in the tables below.

[1] See Section 3.1.6. above.

3.1.6.3.1 Compensation and benefits paid or awarded for fiscal 2017-2018 to Gilles Cojan, Chairman of the Board of Directors since November 1, 2017

The tables below show the components of the compensation and benefits paid or awarded for fiscal 2017-2018 to Gilles Cojan (Chairman of the Board of Directors since November 1, 2017), which will be submitted to the shareholder vote at the March 22, 2019 Annual General Meeting in accordance with Article L. 225-100 of the French Commercial Code.

a) Summary of compensation paid and stock options and free shares (performance shares) granted

(In euros) **Gilles Cojan** **Chairman of the Board of Directors** since November 1, 2017	**Fiscal 2016-2017**	**Fiscal 2017-2018**
Compensation paid for the year	N/A	416,666.6
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	416,666.6

b) Summary of compensation

(In euros) **Gilles Cojan** **Chairman of the Board of Directors** since November 1, 2017	**Fiscal 2016-2017**		**Fiscal 2017-2018**	
	Amount due (gross)	Amount paid (gross)	Amount due (gross)	Amounts paid (gross)
Fixed compensation	N/A	N/A	458,333.0[1]	416,666.6
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	55,000.0[2]	N/A
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	513,333.0	416,666.6

[1] Total gross compensation calculated on a proportionate basis from November 1, 2017 through September 30, 2018, i.e. €458,333 for fiscal 2017-2018.

[2] In his capacity as (i) the representative of Sofibim for October 2017 and then (ii) a director of the Company from November 2017.

3.1.6.3.2 Compensation and benefits paid or awarded for fiscal 2017-2018 to Philippe Guillemot, Chief Executive Officer since December 5, 2017

The tables below show the components of the compensation and benefits paid or awarded for fiscal 2017-2018 to Philippe Guillemot (Chief Executive Officer since December 5, 2017), which will be submitted to the shareholder vote at the March 22, 2019 Annual General Meeting in accordance with Article L. 225-100 of the French Commercial Code.

a) Summary of compensation paid and stock options and free shares (performance shares) granted

(In euros) **Philippe Guillemot** **Chief Executive Officer** since December 5, 2017	**Fiscal 2016-2017**	**Fiscal 2017-2018**
Compensation paid for the year	N/A	**676,067.15**
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	676,067.15

b) Summary of compensation

(In euros) **Philippe Guillemot** **Chief Executive Officer** since Dec. 5, 2017	**Fiscal 2016-2017**		**Fiscal 2017-2018**	
	Amount due (gross)	Amount paid (gross)	Amount due (gross)	Amount paid (gross)
Fixed compensation	N/A	N/A	750,000.0[1]	675,000.0
Annual variable compensation	N/A	N/A	**375,000.0**[2]	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	24,000.0	N/A
Benefits in kind	N/A	N/A	**1,280.6**[3]	1,067.15
TOTAL	N/A	N/A	**1,150,280.6**	676,067.15

[1] As Philippe Guillemot took up his post as Chief Executive Officer during the course of the fiscal year his annual fixed compensation for 2017-2018 was calculated proportionately, corresponding to €750,000.
[2] See breakdown of annual variable compensation for fiscal 2017-2018 below.
[3] Company car provided to Philippe Guillemot by Elior Group since April 2018.

On December 5, 2017, the Board of Directors set the principles and criteria used for determining, allocating and awarding the components of the compensation package set for the Chief Executive Officer, Philippe Guillemot, for fiscal 2017-2018, based on the recommendation of the Nominations and Compensation Committee and in accordance with the Board's compensation policy. These principles and criteria took into account the level of responsibilities associated with the post as well as market practices.

In accordance with Article L. 225-37-2 of the French Commercial Code, at the March 9, 2018 Annual General Meeting, the Company's shareholders approved these principles and criteria used for determining, allocating and awarding the components of the compensation package of the Chief Executive Officer applicable as from December 5, 2017.

Philippe Guillemot's compensation for his duties as the Company's Chief Executive Officer during fiscal 2017-2018 comprised the following components:

- **Annual fixed compensation**

Philippe Guillemot's annual fixed compensation for fiscal 2017-2018 was set by the Board of Directors at a gross amount of €900,000. As Philippe Guillemot was appointed Chief Executive Officer during the course of 2017-2018, his annual fixed compensation for the fiscal year was €750,000.

- **Short-term variable compensation (annual)**

The target amount of Philippe Guillemot's annual short-term variable compensation was set at 100% of his gross annual fixed compensation (i.e. €750,000 for 2017-2018[1]), subject to him achieving the quantitative and qualitative objectives set out below.

If the objectives were exceeded his variable compensation could have been increased to 150% of the target amount (i.e. €1,125,000 gross for 2017-2018[1]).

The type of quantitative and qualitative objectives set and the proportions they represent in terms of the overall variable compensation are decided on by the Board of Directors each year after examining the recommendations issued by the Nominations and Compensation Committee.

Philippe Guillemot's short-term variable compensation for 2017-2018 was based on the following performance criteria:

- 75% was subject to achieving quantitative objectives related to (i) the generation of operating cash flow[2], and (ii) growth in Elior Group's consolidated revenue based on a constant scope of consolidation and constant exchange rates.

- 25% was subject to achieving precise pre-defined qualitative objectives related to (i) setting up a three-year business plan covering the fiscal years 2018-2019, 2019-2020 and 2020-2021, and (ii) improvement in fiscal 2017-2018 of the "Internal hiring rate" CSR indicator.

Quantitative objectives (*75% weighting)*:

Criterion 1 (*50% weighting)*: generation of operating cash flow[1]:

- Below €215m: 0%
- Between €215 million and €239 million: from 0% to 100%
- Between €239m and €287m and over: from 100% to 150%

Criterion 2 (*25% weighting)*: growth in Elior Group's consolidated revenue based on a constant scope of consolidation compared with the scope of consolidation at October 1, 2017 and at constant exchange rates (organic growth):

- Below 3%: 0
- Between 3% and 3.5%: from 50% to 100% (calculated proportionately on a straight-line basis)
- + 3.5% to 4.5% and over: from 100% to 150% (calculated proportionately on a straight-line basis)

Qualitative objectives (*25% weighting)*:

Criterion 1 (*15% weighting*): Setting up a three-year business plan covering the fiscal years 2018-2019, 2019-2020 and 2020-2021.

Criterion 2 (*10% weighting)*: Improvement in fiscal 2017-2018 of the "Internal hiring rate" CSR indicator, which is audited annually and is one of the Group's four main CSR objectives for 2025:

- Below 30.9%: 0
- Between 30.9% and 34%: from 0% to 100 % (calculated proportionately on a straight-line basis)
- + 34% to 37% and over: from 100% to 150 % (calculated proportionately on a straight-line basis)

At its meeting on December 3, 2018, acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to set Philippe Guillemot's annual variable compensation for fiscal 2017-2018 at €375,000, representing 50% of his annual fixed compensation for 2017-2018. Further details on his annual variable compensation for 2017-2018 are provided in this section of the Registration Document.

[1] See Section 3.1.6.2.2 above.

[2] See Section 3.1.6.1 above.

The table below shows the six criteria used for calculating the short-term (annual) variable compensation for fiscal 2017-2018 applicable to Philippe Guillemot, Chief Executive Officer of the Company since December 5, 2017[1]:

Criterion 1 (quantitative): Generation of operating cash flow (in absolute value terms)[1] - *Weighting: 50%*			
Generation of operating cash flow objective	Potential amount of bonus as a % of annual fixed compensation	Operating cash flow generated	Amount of bonus awarded
Below €21.5m	0%	€188.1m	€0
Between €21.5m and €239m	0% to 100%	N/A	N/A
Between €239m and €287m and over	100% to 150%	N/A	N/A
Criterion 2 (quantitative): Growth in Elior Group's consolidated revenue based on a constant scope of consolidation compared with the scope of consolidation at October 1, 2017 and at constant exchange rates (organic growth) - *Weighting: 25%*			
Organic revenue growth objective	Potential amount of bonus as a % of annual fixed compensation	Organic revenue growth objective achieved	Amount of bonus awarded
Below 3%	0%	N/A	N/A
Between 3% and 3.5%	50% to 100%	3%, i.e. an achievement rate of 50%	€93,750
+ 3.5% to 4.5% and over	100% to 150%	N/A	N/A
Criterion 3 (qualitative): Setting up a three-year business plan covering the fiscal years 2018-2019, 2019-2020 and 2020-2021 - *Weighting: 15%*			
N/A		Performance achieved as a % of annual fixed compensation	Amount of bonus awarded
		150%	€168,750
Criterion 4 (qualitative): Improvement in fiscal 2017-2018 of the "Internal hiring rate" CSR indicator - *Weighting: 10%*			
Improvement in "Internal hiring rate" CSR indicator objective	Potential amount of bonus as a % of annual fixed compensation	Actual amount of bonus awarded as a % of annual fixed compensation	Amount of bonus awarded
Below 30.9%	0%	N/A	N/A
+30.9% to 34%	0% to 100%	100%	N/A
+ 34% to 37% and over	100% to 150%	40.5% improvement, i.e. an achievement rate of 150%	€112,500
Total variable compensation for fiscal 2017-2018		**€375,000, i.e. 50% of Philippe Guillemot's annual fixed compensation for 2017-2018**	

[1] See Section 3.1.6.1 above.

- **Long-term variable compensation**

Philippe Guillemot did not receive any long-term variable compensation for the fiscal year ended September 30, 2018.

- **Termination benefit**

N/A

- **Non-compete agreement**

N/A

- **Exceptional compensation**

N/A

Benefits in kind

Philippe Guillemot has the use of a company car, as is Group practice for persons with the responsibilities of Chief Executive Officer.

3.1.6.3.3 Compensation and benefits paid or awarded for fiscal 2017-2018 to Pedro Fontana, Deputy Chief Executive Officer from October 1, 2017 through October 31, 2017 and subsequently from December 5, 2017 through March 31, 2018, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017

The tables below show the components of the compensation and benefits paid or awarded for fiscal 2017-2018 to Pedro Fontana, Deputy Chief Executive Officer from October 1, 2017 through November 1, 2017 and subsequently from December 5, 2017 through March 31, 2018, and Interim Chief Executive Officer from November 1, 2017 through December 5, 2017. These compensation components will be submitted to a shareholder vote at the March 22, 2019 Annual General Meeting in accordance with Article L. 225-100 of the French Commercial Code.

a) Summary of compensation paid and stock options and free shares (performance shares) granted

(In euros) **Pedro Fontana** **Deputy Chief Executive Officer**[1] from July 26, 2017 through Oct. 31, 2017 and from Dec 5, 2017 through March 31, 2018	**Fiscal 2016-2017**	**Fiscal 2017-2018**
Compensation paid for the year	850,977.0[2]	1,229,127.04[3]
Value of stock options granted during the year	125,030.8	N/A
Value of performance shares granted during the year	349,997.4	707,915.88[4]
TOTAL	**1,326,025.2**	**1,937,042.92**

[1] Pedro Fontana served as (i) Deputy Chief Executive Officer of the Company from July 26, 2017 through October 31, 2017, (ii) Interim Chief Executive Officer from November 1, 2017 until Philippe Guillemot's arrival on December 5, 2017 and then (iii) Deputy Chief Executive Officer from December 5, 2017 through March 31, 2018.
[2] Comprising (i) annual gross fixed and variable compensation due under Mr. Fontana's employment contract and paid by Areas SAU – a Spanish Elior Group subsidiary – for his duties as CEO, Concession Catering Worldwide for fiscal 2016-2017 and (ii) the compensation paid by the Company for his duties as Deputy Chief Executive Officer in fiscal 2016-2017.
[3] Comprising (i) annual gross fixed and variable compensation due under Mr. Fontana's employment contract and paid by Areas SAU – a Spanish Elior Group subsidiary – for his duties as CEO, Concession Catering Worldwide until August 31, 2018 and (ii) the compensation paid by the Company for his duties as Interim Chief Executive Officer and Deputy Chief Executive Officer in fiscal 2017-2018.
[4] Pedro Fontana's stock options and performance shares were granted in fiscal 2015-2016, 2016-2017 and 2017-2018. They will vest on March 11, 2020, October 27, 2020 and June 15, 2021, subject to the achievement of the applicable performance conditions.

b) Summary of compensation

(In euros) **Pedro Fontana**[1] **Deputy Chief Executive Officer** From July 26, 2017 through Oct 31, 2017 and from Dec. 5, 2017 **Interim Chief Executive Officer** From Nov. 1, 2017 through Dec. 5, 2017	**Fiscal 2016-2017**		**Fiscal 2017-2018**	
	Amount due (gross)	Amount paid (gross)	Amount due (gross)	Amount paid (gross)
Fixed compensation	500,000.0[1]	500,000.0[1]	758,333.3[2]	758,333.3
Annual variable compensation[3]	383,287.0	314,832.0	309,375.0	383,287.0
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	3,000.0[4]	N/A
Benefits in kind[5]	36,145.6	36,145.6	87,506.74	87,506.74
TOTAL	919,432.6	850,977.0	**1,158,215.04**	**1,229,127.04**

[1] Gross annual compensation due under Pedro Fontana's employment contract with Areas SAU – a Spanish Elior Group subsidiary – for his duties as CEO, Concession Catering Worldwide, which ceased on August 31, 2018.
[2] Including (i) a gross fixed monthly amount of €50,000 for his duties as Interim Chief Executive Officer and subsequently Deputy Chief Executive Officer from October 1, 2017 through March 31, 2018 (representing a total of €300,000), and (ii) €458,333.30 due under his employment contract, paid by Areas SAU – a Spanish Elior Group subsidiary – for his duties as CEO, Concession Catering Worldwide until August 31, 2018. Pedro Fontana did not receive any further compensation for his duties as (i) Deputy Chief Executive Officer after March 31, 2018 and (ii) CEO, Concession Catering Worldwide after August 31, 2018.
[3] Pedro Fontana's annual variable compensation could represent up to 67.5% of his basic fixed compensation under his employment contract as CEO, Concession Catering Worldwide up until August 31, 2018, depending on the achievement level of quantitative criteria based on growth in adjusted EBITDA and free cash flow for the Group's concession catering business.
[4] Directors' fees due for Pedro Fontana's duties as the representative of Emesa on the Company's Board of Directors, which he has exercised since August 31, 2018 (see Section 3.1.6.4.1 above).
[5] Including (i) use of a company car provided by Elior Group, (ii) health and life insurance provided in accordance with Pedro Fontana's employment contract with Areas SAU (a Spanish Elior Group subsidiary) for his duties as CEO, Concession Catering Worldwide which he exercised until August 31, 2018, and (iii) for fiscal 2017-2018, accommodation provided by the Company in connection with his duties as Deputy Chief Executive Officer.

3.1.6.3.4 Compensation and benefits paid or awarded for fiscal 2017-2018 to Philippe Salle, Chairman and Chief Executive Officer from October 1, 2017 through October 31, 2017

The tables below show the components of the compensation and benefits paid or awarded for fiscal 2017-2018 to Philippe Salle (Chief Executive Officer since from October 1, 2017 through October 31, 2017), which will be submitted to shareholders for approval at the March 22, 2019 Annual General Meeting in accordance with Article L. 225-100 of the French Commercial Code.

a) Summary of compensation paid and stock options and free shares (performance shares) granted

(In euros) **Philippe Salle** **Chairman and Chief Executive Officer** From Oct. 1, 2017 through Oct. 31, 2017[1]	**Fiscal 2016-2017**	**Fiscal 2017-2018**
Compensation paid for the year	**1,826,951.0**	165,843.4
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**	**165,843.4**
Non-compete agreement	N/A	454,038.75[3]
Value of other long-term compensation plans (not vested)	0[2]	0

[1] Philippe Salle stood down from his positions as Chairman and Chief Executive Officer and a director of the Company effective from October 31, 2017.

[2] Philippe Salle's long-term variable compensation 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. In view of his departure on October 31, 2017, he lost his entitlement to his long-term variable compensation for fiscal 2016-2017 (see Chapter 3, Section 3.1.6.3.2.4 of the 2016 -2017 Registration Document). However, as explained in Chapter 3, Section 3.1.6.3.2.4 of the 2016-2017 Registration Document, Philippe Salle did 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] Since his departure on October 31, 2017, Philippe Salle has received a gross monthly non-compete indemnity of €41,276.25, corresponding to a total of €454,038.75 for the period from November 1, 2017 through September 30, 2018. This monthly indemnity is payable until October 31, 2019.

b) Summary of compensation

(In euros) **Philippe Salle** **Chairman and Chief Executive Officer** until October 31, 2017[1]	Fiscal 2016-2017		Fiscal 2017-2018	
	Amount due (gross)	Amount paid (gross)[2]	Amount due (gross)	Amount paid (gross)[2]
Fixed compensation	900,000.0	900,000.0	75,000.0	75,000.0
Annual variable compensation	90,630.0[3]	924,390.0[4]	N/A	90,630.0[3]
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind[5]	2,561.0	2,561.0	213.4	213.4
TOTAL	**993,191.0**	**1,826,951.0**	**75,213.4**	**165,843.4**
Non-compete agreement[6]	N/A	N/A	454,038.75	454,038.75
Long-term variable compensation	0[7]	2,500,000.0[8]	N/A	N/A

1 Philippe Salle stood down from his positions as Chairman and Chief Executive Officer and a director of the Company effective from October 31, 2017.
2 Total compensation paid during the fiscal year.
3 Annual variable compensation due for fiscal 2016-2017 and paid in fiscal 2017-2018. Further details on Philippe Salle's annual variable compensation for fiscal 2016-2017 are provided in Chapter 3, Section 3.1.6.3.2.4 of the 2016-2017 Registration Document.
4 Annual variable compensation due for fiscal 2015-2016 and paid in fiscal 2016-2017.
5 Company car.
6 Since his departure on October 31, 2017, Philippe Salle has received a gross monthly non-compete indemnity of €41,276.25, representing a total of €454,038.75 for the period from November 1, 2017 through September 30, 2018. This monthly indemnity is payable until October 31, 2019.
7 Philippe Salle's long-term variable compensation 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. In view of his departure on October 31, 2017, he lost his entitlement to his long-term variable compensation for fiscal 2016-2017.
8 As explained in Chapter 3, Section 3.1.6.5.1 of the 2016-2017 Registration Document, Philippe Salle received long-term variable compensation for fiscal 2014-2015 representing an aggregate amount of €2.50 million.

3.1.6.4 Tables summarizing the compensation of the Company's officers for fiscal 2017-2018 based on the template issued by the AMF[1]

The tables summarizing the compensation of the Company's officers during fiscal 2017-2018 are set out in Section 3.1.6.2 above.

3.1.6.4.1 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	Fiscal 2016-2017		Fiscal 2017-2018	
	Fixed portion	Variable portion	Fixed portion	Variable portion
Gilles Cojan	N/A	N/A	N/A	€52,000
BIM (Robert Zolade)	€27,000	€57,000	N/A	€79,000
Philippe Guillemot	N/A	N/A	N/A	€24,000
Gilles Auffret[2]	€37,000	€57,000	€12,000	€76,000
Anne Busquet[2]	€27,000	€49,000	€10,000	€72,000
Emesa Corporacion Empresarial, S.L. (represented by Emilio Cuatrecasas[2] then Pedro Fontana)[3]	€27,000	€30,000	€9,167*	€30,000
FSP (represented by Virginie Duperat-Vergne)[2]	N/A	N/A	€7,000*	€27,000
Bernard Gault[2]	N/A	N/A	€5,833*	€41,000
Servinvest (represented by Sophie Javary)	€27,000	€33,000	N/A	€45,000
CDPQ (represented by Elisabeth Van Damme)[2]	€27,000	€42,000	€10,000	€51,000
Sofibim (represented by Gilles Cojan then Célia Cornu)[4]	€27,000	€50,000	N/A	€18,000
Laurence Batlle[5]	€37,000	€46,000	€5,000*	€26,000
Philippe Salle[6]	N/A	N/A	N/A	N/A
TOTAL	**€236,000**	**€364,000**	**€59,000**	**€541,000**

** Amounts calculated proportionately based on the duration of the directors' terms of office in fiscal 2017-2018.*

1 AMF Recommendation no. 2009-16, Guide to preparing registration documents.

2 Independent director.

3 Emilio Cuatrecasas (independent director) stood down from his position as Emesa's permanent representative on August 31, 2018 and was replaced on the same date by Pedro Fontana (non-independent director).

4 Sofibim was represented by Gilles Cojan throughout 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. Sofibim's term of office as a director expired at the close of the March 9, 2018 as it did not stand for re-election at that meeting.

5 Laurence Batlle's directorship expired at the close of the March 9, 2018 as she did not stand for re-election at that meeting.

6 Philippe Salle – who stood down from his positions as Chairman and Chief Executive Officer and a director of the Company effective from October 31, 2017 – did not receive any directors' fees for his duties as a director for the fiscal year ended September 30, 2017 or for the period from October 1, 2017 through October 31, 2017.

Information on directors' fees

Fees paid to independent directors

Each independent director receives a fixed annual amount of directors' fees totaling €10,000, plus an additional €2,000 if they chair a Board committee. In addition to this fixed amount, they receive variable fees for each Board or Committee meeting they attend (€3,000 per Board, Audit Committee or Nominations and Compensation Committee meeting and €1,000 per Strategy, Investments and CSR Committee meeting).

Fees paid to non-independent directors

Each non-independent director receives variable fees for each Board or Committee meeting they attend (€3,000 per Board, Audit Committee or Nominations and Compensation Committee meeting and €1,000 per Strategy, Investments and CSR Committee meeting).

No fixed amount of directors' fees was paid to non-independent directors for the fiscal year ended September 30, 2018.

The amounts presented in the table above are stated gross, before taxes withheld at source.

- **Fiscal 2016-2017**

The amount of directors' fees due for fiscal 2016-2017 and their actual allocation were decided by the Board of Directors at its meeting on December 5, 2017.

- **Fiscal 2017-2018**

The amount of directors' fees due for fiscal 2017-2018 and their actual allocation were decided by the Board of Directors at its meeting on December 3, 2018.

3.1.6.4.2 Stock options granted by the Company and any other Group entity during the fiscal year to each Company officer

N/A

3.1.6.4.3 Stock options exercised during the fiscal year by each Company officer

N/A

3.1.6.4.4 Free shares (performance shares) granted by the Company and any other Group entity during the fiscal year to each Company officer

	Fiscal 2017-2018					
(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]	2018/1 Plan	53,793	14.4	June 15, 2018	June 15, 2021	See table 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 since November 1, 2017.
[3] Chief Executive Officer since December 5, 2017.
[3] Deputy Chief Executive Officer of the Company from July 26, 2017 through October 31, 2017, then Interim Chief Executive Officer from November 1, 2017 through December 5, 2017 and Deputy Chief Executive Officer from December 5, 2017 through March 31, 2018.
[5] Chairman and Chief Executive Officer until October 31, 2017.

3.1.6.4.5 Free shares (performance shares) that vested during the fiscal year for each Company officer

N/A

3.1.6.4.6 Historical information on stock options

	2016/1 Plan	2016/2 Plan
Date of Shareholders' Meeting authorizing stock option grants	March 11, 2016	March 11, 2016
Date of Managing Partners'/Board of Directors' decision to grant the stock options	March 11, 2016	Oct. 27, 2016
Total number of stock options granted	843,383	814,695
O/w granted to Company officers		
Gilles Cojan Chairman of the Board of Directors (since Nov. 1, 2017)	N/A	N/A
Philippe Guillemot Chief Executive Officer (since Dec. 5, 2017)	N/A	N/A
Pedro Fontana Deputy Chief Executive Officer (from July 26, 2017 through Oct. 31, 2017, and subsequently from Dec. 5, 2017 through March 31, 2018) Interim Chief Executive Officer (from Oct. 31, 2017 through Dec. 5, 2017)	31,367	38,272
Philippe Salle Chairman and Chief Executive Officer (from Oct. 1, 2017 through Oct. 31, 2017)	N/A	N/A

O/w granted to non-executive directors		
Gilles Auffret	N/A	N/A
Anne Busquet	N/A	N/A
Emesa (Emilio Cuatrecasas then Pedro Fontana)[1]	N/A	N/A
Servinvest (Sophie Javary)	N/A	N/A
CDPQ (Elisabeth Van Damme)	N/A	N/A
BIM (Robert Zolade)	N/A	N/A
FSP (Virginie Duperat-Vergne)	N/A	N/A
Bernard Gault	N/A	N/A
Start date of exercise period	March 11, 2020	Oct. 27, 2020
Expiration date	March 11, 2020	Oct. 27, 2020
Vesting date	March 11, 2020	Oct. 27, 2020
End of lock-up period	March 11, 2020	Oct. 27, 2020
Exercise price	€16.30[2]	€18.29
Exercise terms and conditions	N/A	N/A
Performance and presence conditions	See footnote below[3]	See footnote below[4]
Number of options exercised in fiscal 2017-2018	0	0
Total number of options exercised since the grant date	0	0
Number of vested options at December 31, 2018	100,072[5]	59,240[6]
Total number of options canceled or forfeited	743,311	755,455
Number of options outstanding at December 31, 2018	0	0
Financial performance achievement rate	12.77][7]	17.27[8]

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

1 Emesa was represented by Emilio Cuatrecasas until August 31, 2018 when he was replaced by Pedro Fontana.

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 Including 100,072 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.

6 Including 59,240 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 2016/2 plan.

7 Rate calculated using the same scope of beneficiaries at the grant date and the date on which achievement of the vesting conditions based on financial performance is measured. It is obtained by dividing (i) the total number of options that have vested due to achievement of the applicable financial performance conditions, excluding presence conditions (107,767) by (ii) the total number of options granted (843,383).

8 Rate calculated using the same scope of beneficiaries at the grant date and the date on which achievement of the vesting conditions based on financial performance is measured. It is obtained by dividing (i) the total number of options that have vested due to achievement of the applicable financial performance conditions, excluding presence conditions (59,240) by (ii) the total number of options granted (814,695).

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.

2016/1 Plan (March 11, 2016)

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 vesting of the stock options and the final number received by each beneficiary are 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.

2016/2 Plan (October 27, 2016)

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 vesting of the stock options and the final number received by each beneficiary are 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.

The authorization given at the March 11, 2016 Annual General Meeting concerning stock option grants is valid for a period of 38 months expiring on May 11, 2019.

The Company does not intend to grant any stock options between now and May 11, 2019 and no resolution for the authorization of stock option grants will be submitted to shareholders at the March 22, 2019 Annual General Meeting.

3.1.6.4.7 Historical information on free share plans

a) Elior Group free share plans set up in 2016 and 2017

	2016/3 Plan	2016/4 Plan	2017/1 Plan
Date of Shareholders' Meeting authorizing free share grants	March 11, 2016	March 11,	March 11, 2016
Date of Board of Directors' decision to grant the free shares	March 11, 2016	Oct. 27, 2016	Dec. 5, 2017
Total number of shares granted:	148,941	249,017	213,044
O/w granted to Company officers			
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 subsequently 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 (from Oct. 1, 2017 through Oct. 31, 2017)	N/A	N/A	N/A
O/w granted to non-executive directors			
Gilles Auffret	N/A	N/A	N/A
Anne Busquet	N/A	N/A	N/A
Emesa (Emilio Cuatrecasas then Pedro Fontana)[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	Dec. 5, 2019
End of lock-up period	March 11, 2020	Oct. 27, 2020	Dec. 5, 2019
Performance and presence conditions	See footnote below[2]	See footnote below[3]	See footnote below[4]

[1] Emesa was represented by Emilio Cuatrecasas until August 31, 2018 when he was replaced by Pedro Fontana.

[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 ended 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, 2018	50,036	29,620[1]	59,566[2]
Cumulative number of canceled or forfeited free shares	98,905	219,397	153,478
Number of unvested free shares at Dec. 31, 2018	0	0	0
Financial performance achievement rate	36.17%[3]	11.89%[4]	28.42%[5]

Elior Group free share plans set up in 2016 and 2017

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 (March 11, 2016)

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 are 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 (October 27, 2016)

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 are contingent on (i) the beneficiary still forming part of the Group at the end of the four-year

[1] Including 29,620 free shares granted to members of the Executive and Management Committees and 0 free shares granted to members of the Leaders Committee and the Regional Directors for the 2016/4 plan.

[2] Including 32,407 free shares granted to members of the Executive and Management Committees and 28,159 free shares granted to members of the Leaders Committee and the Regional Directors for the 2017/1 plan.

[3] Rate calculated using the same scope of beneficiaries at the grant date and the date on which achievement of the vesting conditions based on financial performance is measured. It is obtained by dividing (i) the total number of free shares that have vested due to achievement of the applicable financial performance conditions, excluding presence conditions (53,884) by (ii) the total number of free shares granted (148,941).

[4] Rate calculated using the same scope of beneficiaries at the grant date and the date on which achievement of the vesting conditions based on financial performance is measured. It is obtained by dividing (i) the total number of free shares that have vested due to achievement of the applicable financial performance conditions, excluding presence conditions (29,620) by (ii) the total number of free shares granted (249,017).

[5] Rate calculated using the same scope of beneficiaries at the grant date and the date on which achievement of the vesting conditions based on financial performance is measured. It is obtained by dividing (i) the total number of free shares that have vested due to achievement of the applicable financial performance conditions, excluding presence conditions (60,566) by (ii) the total number of free shares granted (213,044).

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.

2017/1 Plan (December 5, 2017)

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, the Chief Executive Officer and the Deputy Chief Executive Officer. The vesting of the shares and the final number received by each beneficiary is 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 ended September 30, 2018.

b) Elior Group free share plans set up in 2018 and 2019

	2018/1 Plan	2018/2 Plan	2018/3 Plan	2018/4 Plan	2018/5 Plan
Date of Shareholders' Meeting authorizing free share grants	March 9, 2018	March 9, 2018	March 9, 2018	March 9, 2018	March 9, 2018
Date of Board of Directors' decision to grant the free shares	June 15, 2018	June 15, 2018	June 15, 2018	June 15, 2018	June 15, 2018
Total number of shares granted	549,655	620,427	119,280	126,078	122,440
O/w granted to Company officers					
Gilles Cojan Chairman of the Board of Directors (since Oct. 31, 2017)	N/A	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	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)	53,793	N/A	N/A	N/A	N/A
Philippe Salle Chairman and Chief Executive Officer (from Oct. 1, 2017 through Oct. 31, 2017)	N/A	N/A	N/A	N/A	N/A
O/w granted to non-executive directors					
Gilles Auffret	N/A	N/A	N/A	N/A	N/A
Anne Busquet	N/A	N/A	N/A	N/A	N/A
Emesa (Emilio Cuatrecasas then Pedro Fontana)[1]	N/A	N/A	N/A	N/A	N/A
Servinvest (Sophie Javary)	N/A	N/A	N/A	N/A	N/A
CDPQ (Elisabeth Van Damme)	N/A	N/A	N/A	N/A	N/A
BIM (Robert Zolade)	N/A	N/A	N/A	N/A	N/A
FSP (Virginie Duperat-Vergne)	N/A	N/A	N/A	N/A	N/A
Bernard Gault	N/A	N/A	N/A	N/A	N/A
Vesting date	June 15, 2021	June 15, 2021	June 15, 2021	June 15, 2021	June 15, 2021
End of lock-up period	June 15, 2021	June 15, 2021	June 15, 2021	June 15, 2021	June 15, 2021
Performance and presence conditions	See paragraph below	See paragraph below	See paragraph below	See paragraph below	See paragraph below
Number of vested free shares at Dec. 31, 2018[2]	0	0	0	0	0
Cumulative number of cancelled or forfeited free shares	48,973	53,121	0	0	0
Number of unvested free shares at Dec. 31, 2018	500,682	567,306	119,280	126,078	122,440
Financial performance achievement ratio[3]	N/A	N/A	N/A	N/A	N/A

[1] Emesa was represented by Emilio Cuatrecasas until August 31, 2018 when he was replaced by Pedro Fontana.

[2] The number of vested free shares will be determined based on the achievement of performance conditions as assessed (i) by reference to the consolidated financial statements for the year ending September 30, 2021 and (ii) at December 31 2018 for the TSR criterion.

[3] The financial performance achievement rate will be determined when the financial performance vesting conditions are assessed.

Elior Group free share plans set up in 2018

At the Annual General Meeting held on March 9, 2018, 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).

The shareholders resolved that:

- The total number of shares granted may not represent more than 1.2% 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 set by the Board of Directors and (ii) the beneficiary still being a member of the Group at the vesting date.

On June 15, 2018, the Board used the shareholder authorization given at the March 9, 2018 Annual General Meeting in order to set up an Elior Group free share plan for:

- The following categories of employees in the Elior group: (i) Global Executives 1 and 2 and Top Executives 1 and (ii) Top Executives 2 – Senior Executives 1 and 2 who are members of the Leaders Committee.

- The following categories of Elior North America employees: (i) Top Executives 1 and (ii) Top Executives 2 and Senior Executives 1 who are members of the Leaders Committee.

- Elior North America's CEO

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 three-year vesting period, and (ii) the attainment of performance conditions based on the criteria set out below.[1]

(i) *Concerning the plans for employees of the Elior group*:

- **2018/1 Plan**: For Global Executives 1 and 2 and Top Executives 1, the applicable performance conditions are based on:

  - AEPS[2] growth (70% weighting).

  - Elior Group's TSR performance (30% weighting). Half of the shares subject to this criterion will vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half will vest based on Elior Group's TSR performance compared with the Index's TSR.

- **2018/2 Plan**: For Top Executives 2, Senior Executives 1 and 2 who are members of the Leaders Committee, all of the shares are subject to the AEPS growth objective.

(ii) *Concerning the plans for Elior North America employees*

- **2018/3 Plan**: For Top Executives 1, the applicable performance conditions are based on:

  - The CAGR objective (70% weighting).

  - Elior Group's TSR performance (30% weighting). Half of the shares subject to this criterion will vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half will vest based on Elior Group's TSR performance compared with the Index's TSR.

- **2018/4 Plan**: For Top Executives 2 and Senior Executives 1, all of the shares are subject to the CAGR objective.

- **2018/5 Plan**: For Elior North America's CEO:

For the performance shares, the vesting conditions are based on:

- The CAGR objective (50% weighting).

- The AEPS growth objective (28% weighting).

[1] See Section 3.1.6.1 above for the definitions of AEPS, TSR and CAGR.

- Elior Group's TSR performance (22% weighting). Half of the shares subject to this criterion will vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half will vest based on Elior Group's TSR performance compared with the Index's TSR.

For the over-performance and top-performance shares, the performance criteria are based on:

- The CAGR objective (70% weighting).
- Elior Group's TSR performance (30% weighting). Half of the shares based on this criterion will vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half will vest based on Elior Group's TSR performance compared with the Index's TSR.

Elior Group free share plans for 2019

At Elior Group's next Annual General Meeting on March 22, 2019, shareholders will be invited to authorize 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).

If this authorization is given by the shareholders, the total number of new or existing shares that may be granted free of consideration would not be able to represent more than 2.7% of the Company's capital at the grant date or more than 1% per year. In addition, the vesting of the shares and the final number allocated to each grantee would be contingent on (i) the beneficiary still forming part of the Group at the end of the three-year vesting period, and (ii) the attainment of performance conditions, as set by the Board of Directors on the recommendation of the Nominations and Compensation Committee, also assessed over three years and based on the criteria set out below[1]:

i) Concerning the plans for employees of the Elior group:

- For members of the Executive and Management Committees, the applicable performance conditions would be based on:
  - The AEPS growth objective (50% weighting).
  - The level of operating free cash flow (30% weighting).
  - Elior Group's TSR performance (20% weighting). Half of the shares subject to this criterion would vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half would vest based on Elior Group's TSR performance compared with the Index's TSR.
- For members of the Leaders Committee and other beneficiaries, the applicable performance condition would be based on:
  - The AEPS growth objective (70% weighting).
  - The level of operating free cash flow (30% weighting)

ii) Concerning the plans for Elior North America employees:

- For members of the Executive and Management Committees, the applicable performance conditions would be based on:
  - The CAGR objective (50% weighting).
  - The level of operating free cash flow (30% weighting).
  - Elior Group's TSR performance (20% weighting). Half of the shares subject to this criterion would vest based on Elior Group's TSR performance compared with the Peer Group's TSR performance and the other half would vest based on Elior Group's TSR performance compared with the Index's TSR.
- For members of the Leaders Committee and other beneficiaries, the applicable performance condition would be based on:
  - The CAGR objective (70% weighting).
  - The level of operating free cash flow (30% weighting).

[1] See Section 3.1.6.1 above for the definitions of AEPS, operating free cash flow, TSR and CAGR.

3.1.6.4.8 Stock options granted to and exercised by the ten employees other than Company officers who received the greatest number of options

(In euros)

Stock options granted to and exercised by the ten employees other than Company officers who received the greatest number of options	Total number of options granted/ exercised	Weighted average exercise price	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
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)	N/A	N/A	N/A	N/A

3.1.6.4.9 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 (since Nov. 1, 2017)		X		X		X		X
Philippe Guillemot Chief Executive Officer (since Dec. 5, 2017)		X		X	X[1]		X[1]	
Pedro Fontana Deputy Chief Executive Officer (from July 26, 2017 through Oct. 31, 2017, and subsequently from Dec. 5, 2017) Interim Chief Executive Officer (from Nov. 1, 2017 through Dec. 5, 2017)	X[2]			X		X		X
Philippe Salle Chairman and Chief Executive Officer (from Oct. 1, 2017 through Oct. 31, 2017)		X		X	X[3]			X[3]

[1] See Section 3.1.6 above.

[2] See Section 3.1.3 above.

[3] See Section 3.1.6 above.

3.1.6.5 Transactions in the Company's financial instruments carried out by members of the Board of Directors from October 1, 2017 through December 31, 2018

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4650	8,400	146,706.0
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4300	8,400	146,412.0
Philippe Guillemot	Chief Executive Officer	Shares	Purchase	Dec. 7, 2017	17.4400	950	16,568.0
Gilles Cojan	Chairman of the Board of Directors	Shares	Purchase	Dec. 8, 2017	16.70	2,000	33,400.0
BIM	Director	Shares	Pledge[1]	Jan. 11, 2018	17.55	626,781	-
BIM	Director	Shares	Sale	Jan. 26, 2018	18.97	3,954,000	75,007,380.0
BIM	Director	Shares	Sale	Jan. 29, 2018	18.97	3,364,000	63,815,080
BIM	Director	Call option	Sale[2]	Feb. 5, 2018	-	-	-
BIM	Director	Shares	Equity forward contract[3]	Feb. 15, 2018	-	-	-
BIM	Director	Shares	Pledge[4]	Feb. 15, 2018	18.07	2,000,000	-
BIM	Director	Shares	Sale[5]	April 6, 2018	16.88	819,349	13,830,611.1
CDPQ	Director	Shares	Stock dividend payment[6]	April 17, 2018	16.88	281,147	4,745,762.7

[1] On January 11, 2018 626,781 Elior Group shares were registered in a pledged securities account, in accordance with the provisions of a credit agreement entered into on June 28, 2016, as amended by successive riders. This pledge, which is valued at €11,000,006.55 (based on the closing Elior Group share price on January 9, 2018) has been made in addition to the pledge signed on September 29, 2017 (see the fiscal 2016-2017 Registration Document) and therefore raised the total number of Elior Group shares in the pledged securities account to 2,862,418. The value of the pledge may change depending on the amount of the underlying obligations.

[2] On February 5, 2018, BIM entered into an option contract with an investment services provider concerning Elior Group shares, pursuant to which it sold to the investment services provider call options on a number of Elior Group shares that was set on March 15, 2018. The amount of the premium paid to BIM on the sale of these call options was also set on March 15, 2018 (see below).

[3] On February 15, 2018, BIM set up a structured financing arrangement with an investment services provider, consisting of a prepaid forward sale contract, with 2,000,000 Elior Group shares as the underlying, which can be either physically or cash settled at BIM's choice. This contract, which expires in June 2023, includes a floor and ceiling on the Elior Group share price, to (i) hedge against decreases in Elior Group's share price and (ii) cap any increases in the Elior Group share price passed on to the investment service provider. The amount of the structured financing that will be paid by the investment services provider to BIM is €33,051,362.62. As collateral for the arrangement BIM has pledged 2,000,000 Elior Group shares to the investment services provider (see below).

[4] On February 15, 2018, BIM set up a securities pledge of 2,000,000 Elior Group shares as collateral for its obligations under a prepaid forward contract entered into with an investment services provider on February 15, 2018 (see above). This pledge was valued at €36,140,000 based on the closing Elior Group share price on February 14, 2018.

[5] On February 5, 2018 BIM entered into an option contract with an investment services provider concerning Elior Group shares, pursuant to which itsold to the investment services provider call options on a total of 819,349 Elior Group shares. BIM's management disclosed this option contract to the AMF on February 7, 2018 (see above). On April 6, 2018, the investment services provider exercised all of the call options at an exercise price of €16.88 per share, representing a total exercise price of €13,830,611.12.

[6] Exercise of shareholders' options for the payment of their dividend in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
BIM	Director	Shares	Stock dividend payment[1]	April 17, 2018	16.88	774,062	13,066,166.6
FSP	Director	Shares	Stock dividend payment[2]	April 17, 2018	16.88	215,837	3,643,628.6
Anne Busquet	Director	Shares	Stock dividend payment[3]	April 17, 2018	16.88	40	675.2
Gilles Auffret	Director	Shares	Stock dividend payment[4]	April 17, 2018	16.88	373	6,296.2
Philippe Guillemot	Director	Shares	Stock dividend payment[5]	April 17, 2018	16.88	441	7.444.0
Gilles Cojan	Director	Shares	Stock dividend payment[6]	April 17, 2018	16.88	49	827.1
Gilles Auffret	Director	Shares	Purchase	Dec. 6, 2018	12.64	4,000	50,580.0
Gilles Auffret	Director	Shares	Purchase	Dec. 6, 2018	12.37	4,000	49,516.0
Gilles Cojan	Director	Shares	Purchase	Dec. 10, 2018	11.98	6,000	71,905.80
Gilles Auffret	Director	Shares	Purchase	Dec. 10, 2018	12.09	4,000	48,368.0
Gilles Auffret	Director	Shares	Purchase	Dec. 11, 2018	11.91	4,000	47,664.0
Gilles Cojan	Director	Shares	Purchase	Dec. 11, 2019	12.00	10,000	120,000.0
Bernard Gault	Director	Shares	Purchase	Dec. 13, 2018	12.19	1,000	12,190.0
BIM	Director	Shares	Purchase	Dec. 24, 2018	12.38	4,352	53,896.91
BIM	Director	Shares	Purchase	Dec. 27, 2018	12.36	67,712	837,414.62
BIM	Director	Shares	Purchase	Dec. 28,.2018	12.49	1 429	17,859.21

[1] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

[2] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

[3] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

[4] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

[5] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

[6] Exercise of shareholder's option for a dividend payment in Elior Group shares in accordance with the terms of the third and fourth resolutions adopted at the March 9, 2018 Annual General Meeting.

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 operating performance. 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 and financial and operating performance.

3.2.1.1.2 Risks related to unfavorable economic conditions

The Group's financial and operating performance has been adversely affected by economic conditions in the past, and could be further adversely affected in the future.

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 unfavorable. 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 36.6% of its concession catering revenue in France, 27.9% in Spain and Portugal, 13.1% 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, 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 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.

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.

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 and its financial and operating performance.

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 therefore have a material adverse effect on the Group's business, financial and operating performance and/or outlook.

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 could 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 could 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 in August 2017), pandemics, extreme weather conditions (like Hurricane Irma that hit Saint Martin and then Florida in September 2017 and Hurricane Florence that struck the east coast of the United States in September 2018), natural disasters (such as the earthquake in September 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 (such as the go-slow carried out on the French railway network from April through June 2018), 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 and its financial and operating performance.

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 operating performance

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 64% of purchases in France, 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. However, the Group still relies on a restricted number of key suppliers in certain markets. In France, in 2017-2018, the Group's top supplier represented 20.4% of its total food purchases. The top five suppliers represented 43.1% in France and the top ten 55.2%. 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 and its financial and operating performance.

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 and its financial and operating performance, 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 and its financial and operating performance. 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.

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 financial and operating performance.

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. The Company has uncommitted revolving credit facilities amounting to €450 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 and/or its financial and operating performance 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 and operating performance 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. Furthermore, it 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 and its financial and operating performance.

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 and its financial and operating performance.

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 operating performance 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 operating performance 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.

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. The Group 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 and its financial and operating performance.

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 has set up 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. If the Group is unable to renegotiate pricing terms with its clients in a timely fashion, it would be exposed to losses due to higher-than-expected costs. 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 and its financial and operating performance.

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 and the Group may not be able to fully evaluate the contract until operations actually 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. The Group may have 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 and its financial and operating performance.

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. The loss of a large contract or the loss of multiple contracts simultaneously could have a material adverse effect on the Group's financial and operating performance. 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 and its financial and operating performance.

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. There can be no assurance that the provisions set aside for doubtful accounts adequately cover the Group's credit risks. Significant or recurring bad debts could have a material adverse effect on the Group's financial and operating performance.

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 financial and operating performance 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 15 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 or the UK's Brexit negotiations – could have a material adverse effect on the Group's business and its financial and operating performance.

The Group delegates considerable operational responsibility to its subsidiaries. It 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 and its financial and operating performance.

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 its operating performance

At September 30, 2018, the Group operated 125 central kitchens – 61 in France, 30 in Italy, 22 in Spain, 6 in the United States and 6 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 operating performance as a whole. Similarly, the business could also be adversely affected if the Group were to lose a public procurement contract under which it is allowed to use a central kitchen for preparing meals not only for the public authority concerned but also 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. Not all risks are insurable and the Group may experience major

incidents of a nature that is not covered by insurance. The Group cannot give any 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 and its financial and operating performance.

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 and its financial and operating performance.

3.2.1.2.15 The Group has recognized a significant amount of goodwill and it may never realize the full amount thereof

The Group has recognized 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 €2,541 million at September 30, 2018, representing 47.4% of the Group's total assets. Goodwill is recognized 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, unfavorable 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. The Group recognized a €63.7 million goodwill impairment loss in its financial statements for the year ended September 30, 2018 following the impairment tests carried out as described in Note 6.6 to the consolidated financial statements, 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 and its financial and operating performance.

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, 2018, it had total gross debt of €1,973.6 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 and its financial and operating performance. 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").

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 and its financial and operating performance.

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, 2018, comprised approximately 132,000 employees) and payroll costs (which represented 44% of consolidated revenue for the year ended September 30, 2018). 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 financial and operating performance 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 of the Group's 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.

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 33.4% 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 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 operating performance. 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 operating performance.

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 and financial and operating performance.

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 and operating performance 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 EU. competition regulations at the time of their participation in 2013 in invitations to tender for 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 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 returned to 6% for salaries paid as from January 1, 2018 in accordance with the French Finance Act 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, 2018.

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.

Under the French Finance Act for 2018, the CICE will be eliminated as from January 1, 2019 and will be replaced by a reduction in employers' social security contributions. Any changes to or postponement of this reduction, including changes in the conditions or requirements companies must satisfy in order to claim the tax credit or in the methods of accounting for it, may diminish or even eliminate altogether the neutral effect originally intended by the French government when it transformed the CICE into reduced social security contributions. 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 reduced contributions, which could impact the Group's revenue and margins and consequently diminish or eliminate the positive impact of the reduction.

3.2.1.4.5 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 and operating performance. 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, 2018, the Group had deferred tax assets of €190 million and available tax loss carryforwards of €360 million. Deferred tax assets of €105.9 million were recognized for tax loss carryforwards in the year ended September 30, 2018. Any reduced ability to recover these assets due to changes in laws and regulations, potential tax reassessments, or lower than expected profits could negatively impact the Group's financial and operating performance.

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 operating performance.

3.2.1.4.6 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, 2018, non-Eurozone countries – essentially the United Kingdom, Mexico and the United States – accounted for over 28.9% of its consolidated revenue, including 6.5% contributed by the United Kingdom and 20.3% 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 0.884779 for the year ended September 30, 2018 would result in corresponding changes in consolidated revenue and recurring operating profit of €21.8 million and €0.2 million respectively.

- The US dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.190259 for the year ended September 30, 2018 would result in corresponding changes in consolidated revenue and recurring operating profit of €68.0 million and €0.2 million respectively.

The majority of the Group's external borrowings are denominated in euros, except for the following US-dollar-denominated debt: (i) $100 million worth of bonds issued by Elior Group through a private placement, (ii) the Facility D put in place under the Senior Facilities Agreement, representing $344 million, and (iii) the $250 million RCF USD 3 revolving credit facility, of which $89.5 million had been utilized at September 30, 2018.

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.

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, 2018 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, 2018									
	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		11.7		84.4	0	72.7			0	72.7
1 to 5 years				1,739.1	0	1,739.1		(1,344.6)	0	394.5
Beyond 5 years				150	0	150			0	150
Total	0	11.7	0	1,973.5	0	1,961.8	0	(1,344.6)	0	617.2

(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 receivables securitization programs.

(3) Euro- and USD-denominated hedging instruments (swaps), effective throughout fiscal 2018-2019 and 2019-2020. The net exposure to swaps for fiscal 2020-2021 is €722.3 million.

In fiscal 2017-2018, 68.1% 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 €6.2 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, 2018	
	Income statement impact (before tax)	Equity impact (before tax)
Impact of a 1% increase in interest rates for the fiscal year	(6.2)	55.1
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 following table shows the breakdown of financial liabilities other than derivative instruments at September 30, 2018 by contractual maturity.

(in € millions)	At September 30, 2018			
	Due within 1 year	**Due in 1 to 5 years**	**Beyond 5 years**	**Total**
Medium-term debt – Elior Group		1,539.4	150.0	1,689.4
Medium-term debt – Elior Participations				
Sub-total: bank debt		**1,539.4**	**150.0**	**1,689.4**
Elior Group bond debt (USD private placement)		86.1		86.1
Miscellaneous borrowings[1]		88.2		88.2
Obligations under finance leases	19.9	23.5		43.4
Other	64.5	1.9		66.4
Sub-total: other debt	**84.4**	**199.7**		**284.1**
Total debt	**84.4**	**1,739.1**	**150.0**	**1,973.5**

(1) Primarily liabilities under the receivables securitization program.

The Group also has access to revolving lines of credit for a total of €450 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, 2017 and 2018, net of any accumulated impairment losses.

3.2.1.5.5 Risks Related to Equities and Other Financial Instruments

The Group believes that it is not exposed to any material market risk related to equities and other financial instruments

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 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 ("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.

This report and the underlying procedures carried out to prepare it were reviewed by the Audit Committee on November 27, 2018 and presented to the Board of Directors on December 3, 2018. The report was approved in full by the Board at its January 23, 2019 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 operating 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 control environment 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 and CSR correspondents, decentralized internal auditors, and all the employees responsible for information systems security and for safety and security/insurance within the Group.

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:

[1] COSO Integrated Internal Control Framework – Components and Principles

- The Group's internal control system results from the strategy, culture and general policies defined at the time of its formation.

- On July 26, 2017, the Board of Directors decided to reorganize Elior Group's governance structure by separating the roles of Chairman of the Board and Chief Executive Officer, effective from the date of Philippe Salle's departure, i.e. October 31, 2017. Under the new organization structure, at September 30, 2018, the Chairman of the Board of Directors was Gilles Cojan and the Group Chief Executive Officer was Philippe Guillemot, who was appointed on December 5, 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, the Financial Control Director and the Chief Compliance Officer (who oversees the internal control function) and it reviews the Group risk map on an annual basis. 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 operating performance and overseeing risks and internal control. The agendas of meetings of the Board of Directors and Board committees reflect this involvement (see the earlier section of this chapter on corporate governance).

c) Allocation of internal control roles and responsibilities

The organization of internal control is the responsibility of the Group Chief Executive Officer.

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 the management meetings of its different operating 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.

d) Human resources development policy – Human resources planning and management

The Group's organizational structure in terms of HR development is aimed at allowing the regions in each country to autonomously manage their talent and develop 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 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 Group strategy and retaining the management teams that head up the various regions and functions. 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

In performing their professional duties, employees are required to comply with Elior Group's fundamental Ethical Principles, which are available both on the Group's intranet and website. These Ethical Principles 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 Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Sustainable Development Goals.

The Group's Ethical Principles cover both daily ethical conduct and management ethics as well relations with shareholders, public authorities, clients, suppliers and members of civil society. They were made available on July 22, 2016 after being approved by the Group's Chairman and Chief Executive Officer and have been translated into the languages of all of the countries in which the Group operates.

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, as well as (i) 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.

Working groups were 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 that article.

The groups' work mainly consisted of drafting a Code of Conduct (published in the Group's six main languages, i.e. French, English, Spanish, Italian, German and Portuguese), setting up disciplinary measures for breaches of the Code, implementing a whistle-blowing system covering all of the Group's operating countries, drawing up a map of corruption risks, defining accounting control procedures, developing a training program and putting in place a risk assessment procedure relating to clients, tier-one suppliers and intermediaries.

The Group has created a dedicated website called Elior Group Integrity (htpps://integrity.eliorgroup.net) in order to ensure that the Code of Conduct reaches as many people as possible and that everyone understands its principles.

The Group Compliance Department is responsible for overseeing and assessing the ethics-related 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 the 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 Compliance 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 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.

Action plans are implemented by local managers under the responsibility of the heads of the regions or corporate departments.

[1]COSO Integrated Internal Control Framework – Components and Principles

All of the Group's businesses now use a Governance, Risk and Compliance (GRC) system for internal control and risk assessment campaigns.

Risk mapping

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.
In September 2016, the Internal Audit Department drew up a new risk map using a 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 risk map – used for fiscal 2015-2016 – was presented to the Audit Committee in the first quarter of calendar 2017.

A further risk assessment was carried out in 2016-2017 with new priority risks identified and added to the existing risk map. A new risk map was therefore drawn up for fiscal 2016-2017, which this time covered the US contract catering business. This risk map – which was used for fiscal 2016-2017 – was presented to the Audit Committee.

Another risk map, covering all of the Group's operations, was drawn up in September 2018.

Risk map of fraud and corruption risks

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.

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.

In February 2018, another self-assessment campaign was carried out across the Group and a new fraud and corruption risk map was presented to the Audit Committee at its meeting on September 27, 2018.

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 Group 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 2018 were rated at least "A with a stable outlook" 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:

- Communicating safety and security guidelines about the Group's main operational risks, drafted by the Group's safety and security managers in partnership with insurance engineers (sharing of best practices).

- Organizing 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 on 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 safeguard 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 Group's 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 controlled activities. 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 Group's Chief Executive Officer and are responsible for ensuring at all times that first and second-tier controls are effective and are systematically performed.

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 set up equivalent 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.

[1] COSO Integrated Internal Control Framework – Components and Principles

a) Food safety in the supply chain

France

Elior France's activities have been ISO 22000 certified since April 2015, covering:

1. Selecting and assessing suppliers and food and non-food products – specific scope certified since end-2012.
2. Managing food safety alerts – specific scope certified since end-2012.
3. 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:

4. Supplier acceptance of Elior's general food quality and safety specifications.
5. Supplier acceptance of Elior's product quality specifications.
6. 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.). The hygiene management plan 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 the 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.;
- 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 July 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 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 draws up the Group's overall information systems strategy as well as its IT and digital standards, and coordinates and helps implement and upgrade the Group's 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 is part of the Group Information Systems Department but works closely with all of the Group's departments – is responsible for overseeing that the Group's information systems security policy is properly applied. 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 Executive Officer and whose members include the Chief Financial Officer and the heads of the operating units.

The following measures have been carried out 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 over 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.

Information systems security has been designated as a strategic project in the Group's three-year business plan (2018-2020) 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 provide support to the transformation projects that form part of this plan.

Examples of the measures already put in place in order to limit information systems risks include the following:

- An SOC (Security Operations Center) has been set up 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. 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 and are regularly checked. 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.

The Group has also 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 the coming fiscal year.

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 two units: The Front/Middle Office and the Back Office. 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 cash register 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, 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. The legal affairs departments of the Group's subsidiaries report to the Corporate Legal Affairs Department, which coordinates any measures they may implement.
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 an organization 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 required for decision-making purposes. Corporate and operations managers are responsible, at their respective levels, for communicating the

[1]COSO Integrated Internal Control Framework – Components and Principles

rules, policies and procedures applicable throughout the Group.

- 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. These findings are presented by the Group Chief Compliance Officer who is now responsible for the internal control campaigns and risk mapping processes.

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 given by the CEOs of these regions.

In line with internal control procedures, the Group Chief Executive Officer and 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-2018) 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 twenty-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 GRC system has been used in all of the Group's operations since May 2018. 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.

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 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 the results of the self-assessment campaigns launched across the Group's businesses and which focus on a specific issue each month.

At least one self-assessment campaign has now been carried out for all of the Group's frameworks and standards. They will be re-validated and completed where necessary before being assessed again.

The standards applicable in the following domains have been self-assessed by the regions to ensure that they comply with Group best practices:

- Control environment
- Hygiene and food safety
- Workplace health and safety
- Budget control
- Accounting
- Management of financial information
- Insurance
- Business development
- Capex
- Treasury

- Internal audit
- Human resources
- Information systems
- Legal affairs
- Purchases and sourcing
- Sales
- Marketing
- Communication

As in 2016-2017, two risk mapping processes were carried out during the fiscal year. The first, in February 2018, covered fraud and corruption risks, and the second, in September 2018, 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 Group Chief Compliance Officer and the data contained in it is systematically provided to the Statutory Auditors. This means that the regions' self-assessments can be verified for accuracy both by the Internal Audit Department and the Statutory Auditors when they perform their audit work.

The Internal Control Director and the Chief Compliance Officer both receive the findings of the audits carried out by both the internal and statutory auditors and can attend the follow-up meetings held with the audited regions or business units.

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 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 Group 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 four 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, 2018

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.

3.2.2.5.6 Group Chief Compliance Officer

The post of Chief Compliance was newly-created on October 1, 2018 against a backdrop of ever-stricter regulations in many domains such as anti-corruption, anti-trust law, workplace health and safety, ethics and personal data protection.

The Chief Compliance Officer reports directly to the Group Chief Executive Officer and is tasked with implementing compliance rules, internal control procedures and compliance controls. He is responsible for overseeing the Group's control systems, advising and training managers on compliance issues and tracking the measures set up to identify any areas for improvement. Working with other cross-business departments and each region's management team, he is in charge of putting in place a Group-wide network of compliance officers. He is also responsible for ensuring that the Group complies with all the laws and regulations in force in all of its host countries and that its employees always respect the Elior Group ethical principles.

The compliance system will also include whistle-blowing lines, face-to-face training sessions on compliance for employees most affected by compliance and the creation of the Elior Group Integrity website (htpps://integrity.eliorgroup.net)

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, Mexico 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.

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 in the coming fiscal year.

3.2.2.6.3 Organization of and Responsibilities for the Production of Accounting and Financial Information

The Group Accounting Department and the Group Tax Department – which report to the Chief Financial Officer – are 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 Department and the 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 and review their specific challenges, threats and opportunities. They present their proposed budget in late August, in a standard format, in line with the revisions to the Group's three-year plan presented during meetings held in May. 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 Department and the Group 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 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, with financial 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.

3.3 EMPLOYEES

3.3.1 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.

The basic salary policy for the various categories of 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 over-performance.

In line with these principles, the variable compensation of the Group's Top 120 executives is set each year in a way that ensures that their individual objectives are aligned with those of their region and the Group as a whole.

For 2018-2019, 80% of this variable compensation is based on the achievement of financial objectives for the region and/or Group and 20% on the achievement of individual "roadmap" objectives. The financial performance criteria applicable for this coming fiscal year primarily relate to operating cash flow and organic revenue growth. A trigger threshold has been set for each criterion and if the Group's financial objectives are outperformed a coefficient of up to 1.5 can be applied, which means that if all of the objectives are outperformed to the maximum level, the employees concerned could receive up to 187.5% of their target variable compensation.

3.3.2 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).

3.3.3 STATUTORY AND DISCRETIONARY PROFIT-SHARING AGREEMENTS

3.3.3.1 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.

3.3.3.2 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.

3.3.3.3 Incentive Plans for Key Executives

In 2016 the Group set up stock option and free share plans. See Section 3.1.5.2 above for further information.

In February 2018 the Group launched its first international employee share ownership plan, called the "Future Plan", covering eight countries. Two different subscription formulae were proposed: a "classic" formula with a 20% discount on the Elior Group share price and a "multiple" formula guaranteeing a minimum return on investment and therefore removing all risk for the employee concerned.

4

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4. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL 2017-2018 - AFR

4.1 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Year ended September 30,	
	2018	2017
Revenue	**6,694.3**	**6,421.9**
Purchase of raw materials and consumables	(2,105.4)	(1,981.8)
Personnel costs	(2,946.3)	(2,802.0)
Share-based compensation expense	(29.3)	(9.4)
Other operating expenses	(1,056.3)	(1,028.2)
Taxes other than on income	(88.1)	(82.0)
Share of profit of equity-accounted investees	1.9	2.9
Reported EBITDA	**470.8**	**521.5**
Depreciation, amortization and provisions for recurring operating items	(215.2)	(188.7)
Net amortization of intangible assets recognized on consolidation	(22.0)	(22.9)
Recurring operating profit including share of profit of equity-accounted investees	**233.6**	**309.9**
Non-recurring income and expenses, net	(88.8)	(52.1)
Operating profit including share of profit of equity-accounted investees	**144.8**	**257.8**
Net financial expense	(66.3)	(61.6)
Profit before income tax	**78.5**	**196.2**
Income tax	(40.3)	(77.9)
Loss for the period from discontinued operations	(0.3)	(1.2)
Profit for the period	**37.9**	**117.1**
Profit for the period attributable to non-controlling interests	4.2	3.4
Profit for the period attributable to owners of the parent	**33.7**	**113.7**
Earnings per share (in €)	0.19	0.66
Adjusted attributable profit for the period	145.8	175.7
Adjusted earnings per share (in €)	0.84	1.02

4.1.1 CHANGES IN SCOPE OF CONSOLIDATION

Year ended September 30, 2018

In November 2017 and July 2018 respectively, Elior North America (formerly TrustHouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services and Bateman Community Living:

- CBM Managed Services ("CBM") is based in Sioux Falls, South Dakota and provides foodservices to correctional facilities. It has just under 1,000 employees serving 200 locations in 29 states and generates annual revenue of approximately $70 million.
- Bateman Community Living ("Bateman") is specialized in the seniors delivered food market, providing meals either at seniors' homes or in congregate settings across the United States. It has 550 employees and 200 clients and generated some $70 million in revenue in 2017.

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

The newly-acquired companies described above contributed an aggregate €86.0 million to consolidated revenue and €11.9 million to consolidated EBITDA for the year ended September 30, 2018.

Lastly, in July 2018, Elior Group launched an offer to purchase the non-controlling interests in Elior North America. The transaction completed on July 9, 2018, on which date Elior Group's interest in Elior North America increased from 74% to 92%.

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 fiscal 2016-2017, 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.

4.1.2 OTHER SIGNIFICANT EVENTS

Year ended September 30, 2018

Change in governance

Philippe Salle, the Group's Chairman and Chief Executive Officer, stepped from 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 the Group's Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

Senior Facilities Agreement – Amend & Extend

On April 20, 2018, Elior Group and Elior Participations signed an 11th amendment to the Senior Facilities Agreement ("SFA") with their lending banks extending the maturities of some of the SFA's term loans (B, D, RCF EUR-2 & RCF USD-2) to May 2023.

All of the facilities under the SFA are now carried solely by Elior Group except for the revolving credit facilities which can be drawn down by Elior Group and/or Elior Participations.

In addition, the interest payable on the US dollar-denominated facilities was decreased by 5 basis points. The aggregate amount of the facilities affected by this rate cut was $594 million.

Lastly, the maximum drawdown on the euro-denominated revolving credit facility was raised by €150 million to €450 million.

The above changes were accounted for as simple modifications without any extinguishment of the Group's existing debt.

Presentation of Elior Group's 2019-2021 strategic plan at the Investor Day held on June 26, 2018

At Elior Group's Investor Day held on June 26, 2018, CEO Philippe Guillemot presented the Group's new strategic plan, which covers the period of three fiscal years until September 30, 2021.

The plan's main objectives are to achieve:

- Average annual organic growth of over 3%.
- Adjusted EBITA growth that is twice as high as organic revenue growth.
- An aggregate €750 million in operating free cash flow for the three fiscal years covered by the plan.

Capital increase

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

Year ended September 30, 2017

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 Group Ducasse the control of its French museum catering operations run by Areas France and Northern Europe. This transaction entailed transferring to Ducasse Développement 60% of the shares in the holding company for the Group's museum catering operations. It generated a €3.6 million net capital gain at March 30, 2017, which was included in "Loss for the period from discontinued operations" in the income statement for the year ended September 30, 2017.

4.1.3 PRESENTATION OF OPERATING SEGMENT INFORMATION

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

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

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 (it being specified that significant acquisitions are acquired companies whose annual revenue corresponds to more than 0.1% of the Group's consolidated revenue for period n-1):

- 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 of the daily rates for that period.

(iii) The effect of changes in accounting methods as described below.

The effect of changes in accounting methods notably concerns changes arising as a result of applying IFRS 15, "Revenue from Contracts with Customers", which will be applicable by the Group as from the fiscal year ending September 30, 2019.

4.1.4.2 Revenue analysis

Consolidated revenue rose by €272.4 million, or 4.2%, from €6,421.9 million in fiscal 2016-2017 to €6,694.3 million in fiscal 2017-2018. The Group's recently-acquired companies in the United States (Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman), the United Kingdom (Edwards & Blake), Mexico (La Taba) and India (MegaBite and CRCL) were consolidated from the dates specified in section 4.1.1 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 2017-2018	12 months 2016-2017	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
France	2,184.6	2,171.2	0.6%	0.0%	0.0%	0.6%
International	2,677.4	2,476.5	4.0%	7.4%	(3.3)%	8.1%
Contract catering & services	4,862.0	4,647.7	2.4%	4.0%	(1.8)%	4.6%
France	664.8	671.7	(1.0)%	0.0%	0.0%	(1.0)%
International	1,167.5	1,102.5	7.7%	0.5%	(2.3)%	5.9%
Concession catering	1,832.3	1,774.2	4.4%	0.3%	(1.4)%	3.3%
GROUP TOTAL	6,694.3	6,421.9	3.0%	2.9%	(1.7)%	4.2%

The 4.2% year-on-year increase in consolidated revenue reflects 3.0% organic growth, acquisition-led growth of 2.9%, and a negative 1.7% currency effect.

The portion of revenue generated by international operations rose to 57% in 2017-2018 from 56% in 2016-2017, with the United States now accounting for 20% 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 2017-2018 and fiscal 2016-2017:

(in € millions)	12 months 2017-2018	12 months 2016-2017	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
Business & industry	2,224.7	2,069.7	1.9%	6.9%	(1.3)%	7.5%
Education	1,432.8	1,396.4	3.0%	1.8%	(2.3)%	2.6%
Healthcare	1,204.5	1,181.6	2.7%	1.2%	(2.0)%	1.9%
Contract catering & services	4,862.0	4,647.7	2.4%	4.0%	(1.8)%	4.6%
Motorways	582.5	585.7	0.4%	0.0%	(1.0)%	(0.6)%
Airports	867.0	798.1	10.3%	0.7%	(2.3)%	8.6%
City sites & leisure	382.9	390.4	(1.6)%	0.0%	(0.3)%	(1.9)%
Concession catering	1,832.3	1,774.2	4.4%	0.3%	(1.4)%	3.3%
GROUP TOTAL	6,694.3	6,421.9	3.0%	2.9%	(1.7)%	4.2%

4.1.4.3 Contract Catering & Services

Contract catering & services revenue climbed €214 million, or 4.6%, year on year to €4,862 million and represented 73% of total consolidated revenue.

Organic growth for the fiscal year was 2.4%. Recent acquisitions contributed €184 million to the business line's revenue — including €150 million generated in the United States — representing acquisition-led growth of 4.0%. The currency effect was a negative 1.8%.

Revenue for the **international** segment advanced 8.1% to €2,677 million. Organic growth for this segment was 4.0% and recent acquisitions generated additional growth of 7.4%, in the United States, the United Kingdom and India, whereas the currency effect was a negative 3.3%.

- In Spain, all market segments saw growth, driven by buoyant business development.
- The United States reported strong organic growth, spurred by a good retention rate and the start-up of new contracts in all of the Group's markets.
- In Italy, revenue was hampered by the Group's decision to be more selective with contract renewals and responding to invitations to tender (particularly in the education and healthcare markets).
- Revenue in the United Kingdom was propelled by good performances in healthcare and business & industry.

In **France**, contract catering & services revenue totaled €2,185 million. Organic growth came to 0.6% for the year as a whole, reflecting a return to positive territory (0.8%) in the fourth quarter.

- In the business & industry market, revenue contracted due to lower footfall throughout fiscal 2017-2018 (particularly as a result of strikes in the second half) and a lower retention rate, partially offset by higher average customer spend.
- In the education market, revenue rose year on year thanks to a favorable calendar effect and strong levels of footfall since the beginning of the fiscal year.
- Revenue in the healthcare market declined slightly due to the Group's decision not to renew certain contracts.

4.1.4.4 Concession Catering

Concession catering revenue climbed 3.3% year on year to €1,832 million, representing 27% of total consolidated revenue.

Organic growth was 4.4% and changes in the scope of consolidation nudged up revenue by 0.3% whereas changes in exchange rates had a 1.4% negative effect.

In the **international** segment, concession catering revenue advanced 5.9% to €1,168 million in 2017-2018. Organic growth was 7.7%, the currency effect was a negative 2.3% and acquisitions had a positive 0.5% impact.

- The motorways market was lifted by higher traffic volumes in Portugal and new contracts in Spain.
- Revenue in the airports market was boosted by (i) positive trends for air traffic volumes, especially in Spain, Portugal and Italy, (ii) the opening of new points of sale in Spain, Portugal, the United States (LAX), Denmark and Mexico, and (iii) the start-up of operations at Bogota airport in Colombia.

In **France**, concession catering revenue decreased 1.0% year on year to €665 million.

- Revenue for the railway stations, city sites & leisure market was weighed down by the effect of renovation works and strikes at railway stations in the second half of the year and the termination of contracts with the Le Bourget and Villepinte exhibition centers.
- The motorways market was buoyed by good traffic volumes and strong performances from recently renovated sites, but this market's revenue was once again negatively affected by the Group's policy of not bidding for the renewal of certain contracts.
- Revenue generated in the airports market was up year on year, with growth accelerating sharply in the fourth quarter, reflecting continued good air traffic volumes and the opening of new points of sale.

4.1.5 PURCHASE OF RAW MATERIALS AND CONSUMABLES

This item increased by €123.6 million, or 6.2%, from €1,981.8 million for the year ended September 30, 2017 to €2,105.4 million for fiscal 2017-2018.

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

(in € millions and % of revenue)	Year ended September 30,			
	2018		2017	
Purchase of raw materials and consumables				
Contract catering & services	(1,550.5)	*31.9%*	(1,493.5)	*32.1%*
Concession catering	(553.9)	*30.2%*	(511.9)	*28.9%*
Corporate	(0.9)	_	23.6	_
Total	**(2,105.4)**	***31.5%***	**(1,981.8)**	***30.9%***

4.1.5.1 Contract Catering & Services

Purchases of raw materials and consumables for the contract catering & services business line rose by €57.0 million, or 3.8%, from €1,493.5 million to €1,550.5 million. The year-on-year increase was primarily attributable to Elior North America, whose acquisitions of Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman contributed €56.7 million to the overall rise. 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 edged down from 32.1% to 31.9%.

4.1.5.2 Concession Catering

Purchases of raw materials and consumables for the concession catering business line increased by €42.0 million, or 8.2%, from €511.9 million to €553.9 million.

As a percentage of revenue, this item rose from 28.9% to 30.2%, reflecting mixed trends across the business line's various regions:

- In France, the ratio rose by a sharp 3.4% across all markets.

- For international concession catering operations, the ratio improved year on year in most countries (primarily due to the strong growth in the airports market where the ratio is traditionally lower than the average).

4.1.6 PERSONNEL COSTS

Consolidated personnel costs, excluding share-based compensation expense, increased by €144.3 million, or 5.1%, year on year, from €2,802.0 million to €2,946.3 million. However, as a percentage of revenue, they only edged up from 43.6% to 44.0%.

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,			
	2018		2017	
Personnel costs				
Contract catering & services	(2,362.8)	*48.6%*	(2,211.4)	*47.6%*
Concession catering	(566.7)	*30.9%*	(553.2)	*31.2%*
Corporate[1]	(16.9)	_	(37.4)	_
Total	**(2,946.3)**	***44.0%***	**(2,802.0)**	***43.6%***

[1] Represents personnel costs associated with corporate support and purchasing 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 €151.4 million, or 6.8%, from €2,211.4 million to €2,362.8 million. This year-on-year increase in absolute value terms was primarily attributable to the acquisitions of Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman in the USA during the year and the acquisitions of MegaBite and CRCL in India in fiscal 2016-2017, which together accounted for €57.0 million of the overall rise. Excluding Elior North America's acquisitions, personnel costs for contract catering & services rose in line with revenue growth.

As a percentage of revenue, contract catering & services personnel costs rose from 47.6% to 48.6%. The ratio increased both in France – due to the combined effect of the lower CICE tax credit rate introduced by the French government and a high level of new contracts and site openings – and for the business line's international operations as a result of the start-up of new contracts.

4.1.6.2 Concession Catering

Personnel costs for the concession catering business line rose by €13.5 million, or 2.4%, from €553.2 million to €566.7 million.

As a percentage of revenue, personnel costs for this business line narrowed from 31.2% to 30.9%. This decrease primarily stemmed from France, despite the lower CICE tax credit rate, as personnel costs remained stable for international concession catering operations.

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 €29.3 million in fiscal 2017-2018 versus €9.4 million for fiscal 2016-2017. The fiscal 2017-2018 figure mainly concerns the plan set up by Elior North America.

4.1.7 OTHER OPERATING EXPENSES

Other operating expenses increased by €28.1 million, or 2.7%, from €1,028.2 million to €1,056.3 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,			
	2018		2017	
Other operating expenses				
Contract catering & services	(571.2)	*11.7%*	(536.9)	*11.6%*
Concession catering	(503.2)	*27.5%*	(502.9)	*28.3%*
Corporate[(1)]	18.1	-	11.6	-
Total	**(1,056.3)**	***15.8%***	**(1,028.2)**	***16.0%***

[(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 €34.3 million, or 6.4%, from €536.9 million to €571.2 million. The acquisitions of Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman represented €19.7 million of the overall increase, while in Italy other operating expenses decreased.

As a percentage of revenue, the business line's other operating expenses remained stable, edging up from 11.6% to 11.7%.

4.1.7.2 Concession Catering

Other operating expenses for the concession catering business line rose by €0.3 million, or 0.1%, from €502.9 million to €503.2 million. Other operating expenses for concession catering operations in France decreased year on year.

As a percentage of revenue, other operating expenses for this business line narrowed from 28.3% to 27.5%, reflecting a better ratio for concession catering operations in France and Germany.

4.1.8 TAXES OTHER THAN ON INCOME

This item increased by €6.1 million, or 7.4%, from €82.0 million to €88.1 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,			
	2018		2017	
Taxes other than on income				
Contract catering & services	(72.0)	*1.5%*	(64.1)	*1.4%*
Concession catering	(14.6)	*0.8%*	(15.8)	*0.9%*
Corporate	(1.5)	–	(2.1)	–
Total	**(88.1)**	***1.3%***	**(82.0)**	***1.3%***

4.1.8.1 Contract Catering & Services

Taxes other than on income for the contract catering & services business line increased by €7.9 million, or 12.3%, from €64.1 million to €72.0 million. The rise was mainly attributable to operations in the United States, with the acquisitions of Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman pushing up the figure by €4.4 million. As a percentage of revenue, taxes other than on income edged up from 1.4% to 1.5%.

4.1.8.2 Concession Catering

Taxes other than on income for the concession catering business line decreased by €1.2 million, or 7.6%, from €15.8 million to €14.6 million, with the majority of the decrease attributable to operations in France. As a percentage of revenue, taxes other than on income for this business line edged down 0.1 of a percentage point from 0.9% to 0.8%.

4.1.9 EBITA

Effective from the fiscal year ended September 30, 2018, adjusted EBITA, calculated by adjusting recurring operating profit (or reported EBITA) as explained below, has replaced adjusted EBITDA as the Group's key performance indicator. The Group considers that adjusted EBITA best reflects the operating performance of its businesses as it includes the depreciation and amortization arising as a result of the capex inherent to the Group's business model. It is also the most commonly used indicator in the industry and therefore enables comparisons between the Group and its peers.

Reported EBITA as presented in the consolidated financial statements totaled €233.6 million in fiscal 2017-2018. After adding back €29.3 million in share-based compensation expense and €22.0 million in amortization of intangible assets recognized on consolidation, adjusted EBITA came to €284.9 million. This key performance indicator is discussed in the section below.

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

(in € millions)	Year ended September 30,		Change in adjusted EBITA	Adjusted EBITA margin	
	2018	2017		FY 2017-2018	FY 2016-2017
Contract catering & services					
France	97.7	129.2	*(31.5)*	*4.5%*	*6.0%*
International	92.0	113.6	*(21.6)*	*3.4%*	*4.6%*
Total contract catering & services	**189.6**	**242.8**	**(53.2)**	**3.9%**	**5.2%**
Concession catering					
France	31.6	35.9	*(4.3)*	*4.8%*	*5.3%*
International	73.5	74.6	*(1.1)*	*6.3%*	*6.8%*
Total concession catering	**105.0**	**110.4**	**(5.4)**	**5.7%**	**6.2%**
Corporate	**(9.8)**	**(11.2)**	***1.4***		
GROUP TOTAL	**284.9**	**342.2**	**(57.3)**	**4.3%**	**5.3%**

Consolidated adjusted EBITA contracted by €57 million to €285 million, representing 4.3% of revenue. The year-on-year decrease mainly reflects (i) higher depreciation and amortization expense, as expected, following an increase in capex since 2017, (ii) the reduction from 7% to 6% of the CICE tax credit rate in France, and (iii) non-recurring factors such as strikes in France and adverse weather conditions.

4.1.9.1 Contract Catering & Services

Adjusted EBITA for the contract catering & services business line totaled €190 million (versus €243 million in 2016-2017) and represented 3.9% of revenue.

- In the **international** segment, adjusted EBITA was €92 million, representing 3.4% of revenue, down on fiscal 2016-2017 mainly because of the poor weather conditions in the first half of the fiscal year. The profitability of operations in Italy was hampered by the contract with the Italian Ministry of Defense, while in the United Kingdom the start-up of new contracts and an increase in fixed costs weighed on profitability. In Spain, increases in wages and fixed costs were partially offset by measures to optimize raw materials costs. And in the United States and India, adjusted EBITA was boosted by revenue growth.
- In **France**, adjusted EBITA totaled €98 million and represented 4.5% of revenue, lower than the 2016-2017 figure due to higher personnel costs (notably resulting from the reduced CICE tax rate) and high churn in the contract portfolio.

4.1.9.2 Concession Catering

Concession catering adjusted EBITA came to €105 million (against €110 million in 2016-2017) and represented 5.7% of revenue, down slightly year on year.

- In the **international** segment, adjusted EBITA for the concession catering business line amounted to €74 million, representing 6.3% of revenue. This slight year-on-year decrease stemmed from the ramp-up of new contracts, particularly in the Americas, and the negative effect on profitability of changes in exchange rates.
- In **France**, adjusted EBITA for concession catering came to €32 million (versus €36 million in 2016-2017). This contraction reflects the impact of the strikes that took place in the second half of the fiscal year, the start-up of new contracts and renovation works in railway stations, and refurbishment work related to

contract renewals in the motorways market. These negative effects were partially offset by the good performances delivered by refurbished sites and the closure of sites that were not very profitable.

4.1.10 DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS

Consolidated depreciation, amortization and provisions for recurring operating items increased by €26.5 million, or 14.0%, from €188.7 million to €215.2 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,			
	2018		2017	
Depreciation, amortization and provisions for recurring operating items				
Contract catering & services	(115.9)	*2.4%*	(96.7)	*2.1%*
Concession catering	(90.7)	*4.9%*	(82.8)	*4.7%*
Corporate	(8.6)	–	(9.2)	–
Total	**(215.2)**	***3.2%***	**(188.7)**	***2.9%***

4.1.10.1 Contract Catering & Services

Depreciation, amortization and provisions for recurring operating items reported by the contract catering & services business line increased by €19.2 million, or 19.9%, from €96.7 million to €115.9 million. Elior North America's acquisitions of Corporate Chefs, Lancer Hospitality, Design Cuisine, CBM and Bateman accounted for €4.7 million of the rise. All of the Group's countries saw year-on-year increases, due to a high level of capital expenditure, and depreciation and amortization of computer hardware and software rose by €2.9 million.

4.1.10.2 Concession Catering

For the concession catering business line, this item rose by €7.9 million, or 9.5%, from €82.8 million to €90.7 million. Depreciation and amortization of computer hardware and software accounted for €2.6 million of the total increase.

4.1.11 NON-RECURRING INCOME AND EXPENSES, NET

For the year ended September 30, 2018, non-recurring income and expenses represented a net expense of €88.8 million and primarily included (i) €63.7 million in impairment of goodwill related to contract catering operations (€46.0 million for Italy and €17.7 million for India), (ii) €25.1 million in severance payments and other employee-related costs, impairment losses recognized against operating assets and prototypes, and costs incurred by the Group's French and international operations for exiting contracts with start-ups, (iii) €2.9 million in acquisition and merger costs (mainly in the USA), and (iv) reversals of payables related to earn-out payments and fair value adjustments on acquisitions carried out in the USA and United Kingdom, recognized after the 12-month measurement period and therefore recorded in profit.

For the year ended September 30, 2017, this item 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.

4.1.12 NET FINANCIAL EXPENSE

Net financial expense increased by €4.7 million, or 7.6%, from €61.6 million to €66.3 million. This rise was mainly due to impairment losses on certain non-controlling interests in start-ups whose activities are related or complementary to the Group's businesses, which were recognized in order to reflect the outlook of the companies concerned in terms of business development and future profitability.

Excluding this effect, net financial expense on the Group's debt in fiscal 2017-2018 was on a par with the previous year.

4.1.13 INCOME TAX

The Group's income tax expense contracted by €37.6 million, or 48.3%, from €77.9 million to €40.3 million, representing an effective tax rate of 16% (or 29% including the impact of the French CVAE tax).

The year-on-year decrease in income tax expense was primarily attributable to (i) the fact that the 2016-2017 figure included the one-off negative effect of partly writing down deferred tax assets following the announcement of a reduction in the corporate income tax rate in France effective from 2020, (ii) the positive impact in 2017-2018 of the US tax reform effective from January 1, 2018, which led the Group to recognize a non-recurring income tax benefit to reverse deferred tax liabilities recognized in the USA (amounting to €8.4 million), and (iii) the Group's lower level of pre-tax profit for 2017-2018 compared with the previous fiscal year.

4.1.14 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

For the year ended September 30, 2018, this item primarily concerned the cost of liquidating an entity that previously formed part of the Group's contract catering business line (S.O.G.E.C.C.I.R) and whose operations were sold in fiscal 2016-2017.

As a result of amendments to the shareholders' agreements, the Group's remaining 40% interest in museum catering operations in France (following the transfer of control of these operations to Groupe Ducasse in March 2017) no longer met the criteria for classification as an asset held for sale at September 30, 2018. For fiscal 2017-2018 this interest has therefore been accounted for by the equity method and included in "Equity-accounted investees" in the consolidated balance sheet, with the Group's share of profit from the investment reclassified to "Share of profit of equity-accounted investees".

The Group's loss for the period from discontinued operations for fiscal 2016-2017 primarily concerned non-strategic business operations run by Areas Northern Europe, notably the Group's remaining 40% interest in museums operations in France This investment was classified under assets held for sale in view of the fact that control of these operations (60%) was transferred to the Ducasse Group on March 31, 2017 and the fact that at September 30, 2017, it was considered probable that the Group would sell its remaining 40% interest.

4.1.15 ATTRIBUTABLE PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

As a result of the above-described factors – particularly the higher amounts of depreciation and amortization expense and net non-recurring expense (notably the goodwill impairment loss recognized during the year), partially offset by the lower income tax expense – the Group ended fiscal 2017-2018 with €33.7 million in profit attributable to owners of the parent, down 70.4% on the €113.7 million recorded for fiscal 2016-2017.

Earnings per share – calculated based on the weighted average number of Elior Group shares outstanding during the year ended September 30, 2018 – amounted to €0.19, representing a 71.2% decrease compared with the fiscal 2016-2017 figure of €0.66.

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", net of the related tax effect calculated at the Group's standard tax rate of 34% for both 2017-2018 and 2016-2017, (ii) exceptional impairment of investments in and loans to non-consolidated companies, (iii) goodwill impairment losses, and (iv) amortization of intangible assets recognized on consolidation in relation to acquisitions (notably customer relationships) – totaled €145.8 million and represented €0.84 in adjusted earnings per share, down 17.6% year on year.

(in € millions)	Year ended September 30,	
	2018	2017
Profit for the period attributable to owners of the parent	**33.7**	**113.7**
Adjustments		
Non-recurring income and expenses, net (1)	25.1	52.1
Goodwill impairment losses	63.7	-
Net amortization of intangible assets recognized on consolidation	22.0	22.9
Exceptional impairment of investments in and loans to non-consolidated companies	9.8	4.7
Tax effect on (1) calculated at the standard rate of 34%	(8.5)	(17.7)
Adjusted attributable profit for the period	**145.8**	**175.7**
Adjusted earnings per share (in €)	**0.84**	**1.02**

4.2 CONSOLIDATED CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

The following table provides a summary of the Group's cash flows for the years ended September 30, 2017 and 2018.

(in € millions)	Year ended September 30,	
	2018	2017
Net cash from operating activities	354.0	364.7
Net cash used in investing activities	(515.4)	(419.8)
Net cash from/(used in) financing activities	182.1	(214.5)
Effect of exchange rate and other changes	(22.2)	192.9
Net increase/(decrease) in cash and cash equivalents	**(1.5)**	**(76.7)**

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, 2017 and 2018.

(in € millions)	Year ended September 30,	
	2018	2017
Reported EBITDA	470.8	521.5
Change in operating working capital	17.8	2.6
Interest and other financial expenses paid	(49.4)	(49.5)
Tax paid	(47.8)	(56.8)
Other (including dividends received from associates)	(37.3)	(53.2)
Net cash from operating activities	**354.0**	**364.7**

Operating activities generated a net cash inflow of €354.0 million in the year ended September 30, 2018, versus €364.7 million in 2016-2017. The year-on-year decrease reflects movements in all of this item's components during the year.

Change in operating working capital

This item improved in 2017-2018, representing a net cash inflow of €17.8 million against €2.6 million for the previous fiscal year. The year-on-year increase mainly stems from the recognition of a liability related to Elior North America's cash-settled stock option plans. Excluding this impact, the change in operating working capital would have represented a net cash outflow of approximately €10 million. In 2017-2018, working capital was more tightly managed for the contract catering business (for both French and international operations) as well as for concession catering, including the positive impact of the CICE receivable in France following the reduction of the CICE tax rate from 7% to 6% in 2018.

Interest and other financial expenses paid

Interest paid in 2017-2018 was on a par with 2016-2017, in line with the stable finance costs recorded in the consolidated income statement.

Tax paid

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

This item represented a net cash outflow of €47.8 million in the year ended September 30, 2018 (versus €56.8 million in 2016-2017). The year-on-year decrease was mainly due to tax refunds received in 2018, notably relating to (i) the ruling in the legal dispute over the 3% dividend tax and (ii) the refund of corporate income tax downpayments overpaid in 2016-2017

Other cash flows from operating activities

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

This item represented net cash outflows of €53.2 million and €37.3 million for the years ended September 30, 2017 and 2018 respectively. The 2017-2018 figure chiefly consists of an aggregate €34.3 million in restructuring costs and costs arising on voluntary contract exits, primarily incurred by (i) the contract catering & services business in France, Italy and Spain, (ii) Areas' concession catering business in Spain, and (iii) the Corporate segment.

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, 2017 and 2018.

(in € millions)	Year ended September 30,	
	2018	2017
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(287.8)	(291.8)
Purchases of and proceeds from sale of non-current financial assets	(5.7)	(29.4)
Acquisition/sale of shares in consolidated companies	(221.9)	(98.6)
Net cash used in investing activities	**(515.4)**	**(419.8)**

Net cash used in investing activities totaled €419.8 million in 2016-2017 and €515.4 million in 2017-2018.

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, decreased year on year from €291.8 million to €287.8 million.

The figure for contract catering & services came to €150.3 million for the year ended September 30, 2017 and €152.0 million for 2017-2018, representing 3.2% and 3.1% of this business line's revenue respectively. This year-on-year increase reflects higher capital outlay in the United States and the United Kingdom in order to drive growth in those countries, although this effect was partly offset by lower capital expenditure in France.

For concession catering, net cash used for capital expenditure totaled €123.2 million for the year ended September 30, 2017 and €125.7 million for 2017-2018, representing 6.9% of the business line's revenue for both fiscal years. These amounts mainly correspond to capital expenditure incurred for expanding the Group's concession catering business in Europe and the USA, as well as for improving and harmonizing IT systems.

Net cash used for capital expenditure by the Corporate segment totaled €18.2 million in 2016-2017 and €10.1 million in 2017-2018. The year-on-year decrease mainly reflects the termination of the works undertaken to fit out the Group's Tour Egée head office building in Paris.

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

This item corresponded to a net cash outflow of €5.7 million in the year ended September 30, 2018 and mainly related to deposits paid to concession grantors in Spain and France in connection with the start-up of new concession contracts.

For 2016-2017, "Purchases of and proceeds from sale of non-current financial assets" represented a net cash outflow of €29.4 million and primarily related to (i) the continued implementation of the strategic partnership with Ducasse Développement which was entered into in 2015-2016 and resulted in Elior Group purchasing shares in that company during 2016-2017, and (ii) the acquisition of non-controlling interests in 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, 2018, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €221.9 million and chiefly concerned the acquisitions of (i) CBM and Bateman in the United States, (ii) La Taba's airport concession catering activities in Mexico, and (iii) a portion of the shares held by minority shareholders in Elior North America, which raised the Group's interest in this subsidiary to 92%.

For the year ended September 30, 2017, this item 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.

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, 2017 and 2018.

(in € millions)	Year ended September 30,	
	2018	2017
Dividends paid to owners of the parent	(36.3)	(72.5)
Movements in share capital of the parent	14.9	0.6
Acquisition/sale of treasury shares	(0.4)	0.1
Dividends paid to non-controlling interests	(1.8)	(1.9)
Proceeds from borrowings	220.4	14.3
Repayments of borrowings	(14.8)	(155.1)
Net cash from/(used in) financing activities	**182.1**	**(214.5)**

Cash flows from financing activities represented a net cash inflow of €182.1 million in the year ended September 30, 2018 versus a net cash outflow of €214.5 million in 2016-2017.

Dividends paid to owners of the parent

Half of the dividend for the year ended September 30, 2017 was paid in cash (corresponding to a total payout of €36.3 million) and the same amount was paid in the form of new shares to shareholders who took up the stock dividend option. The total dividend for that year – which corresponded to €0.42 per share and was approved by the Company's shareholders at the March 9, 2018 Annual General Meeting – was paid on April 17, 2018.

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.

Movements in share capital of the parent

The €14.9 million recorded under this item for 2017-2018 corresponds to the capital increase carried out following the purchase of Elior Group shares by employees under the international employee share ownership plan (the "Future Plan") launched in May 2018.

For 2016-2017, "Movements in share capital of the parent" represented a net cash inflow of €0.6 million, corresponding to 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 €1.9 million and €1.8 million for the years ended September 30, 2017 and 2018 respectively.

Proceeds from borrowings

Consolidated cash inflows from proceeds from borrowings totaled €14.3 million and €220.4 million in the years ended September 30, 2017 and 2018 respectively.

For the year ended September 30, 2018 these proceeds mainly corresponded to (i) €181.0 million in drawdowns on the euro-denominated revolving credit facility and (ii) €7.9 million from finance lease transactions.

For the year ended September 30, 2017 proceeds from borrowings primarily related to finance lease transactions.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €155.1 million and €14.8 million in the years ended September 30, 2017 and 2018 respectively.

In 2017-2018, this item mainly related to repayments of finance lease liabilities for an aggregate €9.9 million.

In 2016-2017, repayments of borrowings 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.

4.2.4 EFFECT OF EXCHANGE RATE AND OTHER CHANGES

In the year ended September 30, 2018, fluctuations in exchange rates and other changes had an overall €22.2 million net negative cash impact, mainly corresponding to the adverse cash effect of refinancing a portion of the Group's US dollar-denominated debt.

In the year ended September 30, 2017, fluctuations in exchange rates and other changes had an overall €192.9 million net positive cash impact, chiefly corresponding 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.

4.2.5 FREE CASH FLOW

(in € millions)	Year ended September 30,	
	2018	2017
Adjusted EBITDA	**500.1**	**530.9**
Share-based compensation expense	(29.3)	(9.4)
Reported EBITDA	**470.8**	**521.5**
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(287.8)	(291.8)
Change in operating working capital	17.8	2.6
Other cash flows from operating activities	(37.3)	(53.2)
Operating free cash flow	**163.5**	**179.1**
Tax paid	(47.8)	(56.8)
Free cash flow	**115.7**	**122.3**

Free cash flow contracted year on year to €115.7 million, primarily as a result of the lower consolidated EBITDA figure, although this negative effect was partly offset by a positive change in operating working capital and a decrease in other cash outflows from operating activities and tax paid. The adjusted EBITDA to free cash flow conversion rate was 23.1% in 2017-2018.

4.3 CONSOLIDATED BALANCE SHEET

(in € millions)	At September 30, 2018	At September 30, 2017
Non-current assets	4,090	3,991
Current assets excluding cash and cash equivalents	1,133	1,063
Cash and cash equivalents	143	140
Total assets	**5,366**	**5,193**

(in € millions)	At September 30, 2018	At September 30, 2017
Equity	1,460	1,563
Non-controlling interests	11	55
Non-current liabilities	2,173	1,931
Current liabilities	1,722	1,644
Total equity and liabilities	**5,366**	**5,193**
Net operating working capital requirement (1)	(393)	(394)
Gross debt	1,959	1,760
Net debt as defined in the SFA	1,830	1,628
SFA leverage ratio (net debt as defined in the SFA / adjusted EBITDA) (2)	3.62	3.01

(1) At September 30, 2018, this figure included the impact of the derecognition of €188 million in trade receivables in France and Spain following the implementation of the new securitization program (€218 million at September 30, 2017).
(2) Pro forma, adjusted to exclude acquisitions/divestments of consolidated/deconsolidated companies carried out during the previous 12 months.

At September 30, 2018, non-current assets included deferred tax assets totaling €190 million (versus €189 million one year earlier), of which €107 million related to recognized tax loss carryforwards (€113 million at September 30, 2017). The Group's assessment of the recoverable nature of these deferred tax assets is based on the same five-year earnings forecasts as used for the impairment tests performed for the entities concerned.

The Group's gross debt amounted to €1,959 million at September 30, 2018 compared with €1,760 million one year earlier. This increase was primarily due to drawdowns on the US dollar- and euro-denominated revolving credit facilities. Gross debt at September 30, 2018 mainly comprised (i) euro-denominated bank borrowings amounting to €1,316 million under the Senior Facilities Agreement (SFA), and (ii) €459 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 increased slightly to €88 million at September 30, 2018) and €38 million in finance lease liabilities.

The average interest rate in 2017-2018 – including the lending margin – on the Group's debt related to the SFA and securitized trade receivables (which represent the majority of its total debt) was 2.31% taking into account the effect of interest rate hedges (2.2% in 2016-2017).

Cash and cash equivalents recognized in the balance sheet amounted to €143 million at September 30, 2018. At the same date, cash and cash equivalents presented in the cash flow statement, i.e. net of bank overdrafts and short-term accrued interest, totaled €78 million.

At September 30, 2018, consolidated net debt (as defined in the SFA) stood at €1,830 million. This amount represented 3.62 times consolidated adjusted EBITDA (pro forma to exclude acquisitions) versus 3.01 times at September 30, 2017.

4.4 EVENTS AFTER THE REPORTING DATE

Review of the Group's strategic options for its concession catering business

On November 13, 2018, Elior Group announced that it had launched a review of its strategic options concerning its concession catering activities grouped within its subsidiary, Areas. This review, which could result in Areas being spun off from the rest of the Group, is aimed at speeding up the expansion of each of the Group's businesses and creating value for Elior Group's shareholders.

4.5 MAIN DISCLOSURE THRESHOLDS CROSSED DURING THE YEAR ENDED SEPTEMBER 30, 2018

In the year ended September 30, 2018, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

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

- On December 27, 2017, Wellington Management Group LLP disclosed that it held 2.02% of the Company's total shares and voting rights.
- On December 28, 2017, Selected Equity Group LP disclosed that it held 0.94% of the Company's total shares and voting rights.
- On January 9, 2018, Wellington Management Group LLP disclosed that it held 2.02% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on January 25, 2018, it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.99% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on January 24, 2018 it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, and 5% of the Company's capital and voting rights and that at that date it held 5.04% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on January 24, 2018 it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, and 5% of the Company's capital and voting rights and that at that date it held 5.15% of the Company's total shares and voting rights.
- Fonds Stratégique de Participations disclosed that on January 26, 2018 it had raised its interest to above the thresholds of 1%, 2% and 3% of the Company's capital and voting rights and that at that date it held 3.07% of the Company's total shares and voting rights.
- Fonds Stratégique de Participations disclosed that on January 29, 2018 it had raised its interest to above the thresholds of 4% and 5% of the Company's capital and voting rights and that at that date it held 5.02% of the Company's total shares and voting rights.
- BIM disclosed that on February 2, 2018 it had reduced its interest to below the thresholds of 24%, 25%, 26% and 27% of the Company's capital and voting rights and that at that date it held 23.07% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 15, 2018 it had raised its interest to above the thresholds of 6% and 7% of the Company's capital and voting rights and that at that date it held 7.86% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on February 15, 2018 it had raised its interest to above the thresholds of 6%, 7% and 8% of the Company's capital and voting rights and that at that date it held 8.06% of the Company's total shares and voting rights.
- La Financière de l'Echiquier disclosed that on March 14, 2018 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.033% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on March 26, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.42% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on March 26, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.69% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on April 4, 2018 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.41% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on April 4, 2018 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.41% of the Company's total shares and voting rights.
- Caisse des dépôts disclosed that on April 18, 2018, it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.05% of the Company's total shares and voting rights.
- BNP Paribas Asset Management Holding disclosed that on April 27, 2018 it had raised its interest to above the threshold of 3% of the Company's voting rights and that at that date it held 3.62% of the Company's total shares and 3.17% of its voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on April 24, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.99% of the Company's total shares and voting rights.
- Franklin Resources, Inc. disclosed that on April 30, 2018 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.02% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on May 4, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.98% of the Company's total shares and voting rights.

- Ostrum Asset Management disclosed that on May 17, 2018, 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 1.21% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on May 17, 2018, 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 0.56% of the Company's total shares and voting rights.
- Ostrum Asset Management disclosed that on May 23, 2018 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 2.07% of the Company's total shares and voting rights.
- Allianz Global Investors GmbH disclosed that on June 19, 2018 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.996% of the Company's total shares and voting rights.
- Allianz Global Investors GmbH disclosed that on June 26, 2018 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 2.09% of the Company's total shares and voting rights.
- BNP Paribas Asset Management Holding disclosed that on June 19, 2018 it had reduced its interest to below the threshold of 3% of the Company's voting rights and that at that date it held 2.94% of the Company's total shares and 2.59% of its voting rights.
- T. Rowe Price Associates, Inc. disclosed that on June 28, 2018 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 1.08% of the Company's total shares and 1.06% of its voting rights.
- Amundi disclosed that on July 2, 2018 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 2.13% of the Company's total shares and voting rights.
- Franklin Resources, Inc. disclosed that on July 4, 2018 it had raised its interest to above the threshold of 4% of the Company's capital and voting rights and that at that date it held 4.07% of the Company's total shares and voting rights.
- BNP Paribas Asset Management Holding disclosed that on July 5, 2018 it had reduced its interest to below the threshold of 2% of the Company's voting rights and that at that date it held 2.246% of the Company's total shares and 1.998% of its voting rights.
- BNP Paribas Asset Management Holding disclosed that on July 11, 2018 it had reduced its interest to below the threshold of 2% of the Company's capital and that at that date it held 1.999% of the Company's total shares and 1.793% of its voting rights.
- Covéa Finance disclosed that on July 27, 2018 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 0.85% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on August 9, 2018 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.00% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on August 10, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.99% of the Company's total shares and voting rights.
- Dimensional Fund Advisors LP disclosed that on August 16, 2018 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 1.001% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on September 13, 2018 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.16% of the Company's total shares and voting rights.
- Citadel Advisors and Citadel Advisors II LLC disclosed that on September 17, 2018 they had raised their interest to above the threshold of 1% of the Company's capital and voting rights and that at that date they held 1.002% of the Company's total shares and voting rights.
- Amundi disclosed that on September 18, 2018 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.00% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on September 20, 2018 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.75% of the Company's total shares and voting rights.
- Citadel Advisors and Citadel Advisors II LLC disclosed that on September 26, 2018 they had reduced their interest to below the threshold of 1% of the Company's capital and voting rights and that at that date they held 0.99% of the Company's total shares and voting rights.

4.6 PARENT COMPANY PROFIT AND DIVIDEND

Based on the results for fiscal 2017-2018, at the Annual General Meeting to be held in 2019, the Board of Directors will recommend a dividend payment of €0.34 per share, down on the 2016-2017 per share dividend figure. This dividend corresponds to a payout ratio of approximately 40% of adjusted earnings per share[1] for fiscal 2017-2018, which amounted to €0.84.

[1] Adjusted earnings per share is calculated based on consolidated profit for the period attributable to owners of the parent adjusted for (i) "Non-recurring income and expense, net", net of the income tax effect calculated at the Group's standard tax rate of 34% for both 2017-2018 and 2016-2017, (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 (mainly customer relationships). Adjusted profit for the period therefore totaled €145.8 million, representing adjusted earnings per share of €0.84, down 16.7% on the figure for fiscal 2016-2017.

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).

The Group believes that for the year ending September 30, 2019 (as was the case for fiscal 2017-2018 and for previous years), its cash requirements will mainly relate to (i) financing working capital requirements (see Section 4.7.6.3 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 3, 2018).

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 €354 million for the year ended September 30, 2018 and €364.7 million for the year ended September 30, 2017.
- Cash and cash equivalents: cash and cash equivalents recorded in the consolidated cash flow statement amounted to €79.5 million and €78.0 million at September 30, 2017 and 2018 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, 2018 and 2017".
- Debt, which includes the Senior Facilities Agreement (SFA), the US-dollar bond issue (private placement), the Securitization Programs 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 2018" as well as the description below.

4.7.1.2.2 Financial Liabilities

The Group's financial liabilities totaled €1,776.2 million and €1,973.5 million at September 30, 2017 and 2018 respectively. The table below provides a breakdown of the Group's gross debt at each of those dates.

(in € millions)	At September 30	
	2018	**2017**
Financial liabilities under the Senior Facilities Agreement	1,689.4	1,504.6
USD private placement	86.1	84.7
Finance lease liabilities	38.7	40.5
Receivables securitization programs	98.4	84.9
Other financial liabilities (short-term bank loans)	60.9	61.5
Total financial liabilities	**1,973.5**	**1,776.2**

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 – Outlook revised to negative on August 6, 2018
(2) Rating issued on June 1, 2018
(3) Rating issued on April 21, 2016 and confirmed on September 19, 2018

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 the SFA are Elior Group and Elior Participations S.C.A.

In March 2018 the Group submitted a request to the lenders to extend the maturities of (i) certain euro-denominated facilities by one year, and (ii) certain USD - denominated facilities by two years. The lending commitments of the lenders who agreed to this amend & extend transaction were transferred to new facilities and the commitments of the lenders who refused the amend & extend were taken on by other existing lenders under the SFA. The transaction was contractualized by way of an addendum to the SFA signed in April 2018.

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	800	EUR	2023
Facility I9	Elior Group	150	EUR	2024
Facility D	Elior Group	344	USD	2023
Facility I6	Elior Group	50	EUR	2023
Facility I7	Elior Group	184	EUR	2023
EUR - 2 Revolving Facility	Elior Group – Elior Participations	450	EUR	2023
USD - 3 Revolving Facility	Elior Group – Elior Participations	250	USD	2023
	Total	**2,228**		

The Senior Facilities Agreement also provides for a "Facility I" to be made available to the Company and/or Elior Participations S.C.A., in one or more tranches, 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 facility is denominated (or Euribor for facilities in euros), plus the applicable margins and certain usual mandatory costs.

The annual margins for certain of the Senior Facilities are determined by reference to the applicable leverage ratio as follows:

Leverage ratio	Facilities B and D	Facility I9	Facilities I6 and I7	EUR Revolving Facility	USD Revolving Facility
Greater than or equal to 3.50:1	2.00%	2.85%	2.85%	1.60%	1.60%
Less than 3.50:1 but greater than or equal to 3.00:1	1.65%	2.50%	2.50%	1.25%	1.25%
Less than 3.00:1 but greater than or equal to 2.50:1	1.40%	2.25%	2.25%	1.00%	1.00%
Less than 2.50:1 but greater than or equal to 2.00:1	1.205%	2.05%	2.05%	0.80%	0.80%
Less than 2.00:1	1.00%	1.85%	1.85%	0.60%	0.60%

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 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 facilities made available to them under the SFA, or (ii) cancel all or part of any unused facilities under the SFA.

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 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 five-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 amounting to USD 150 million (Facility I9) was set up on September 22, 2017 (to repay Facility C). The funds under Facility I9 – whose drawdowns bear interest at a rate of 2.128 % – were made available on September 29, 2017.

4.7.4 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.

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.

4.7.5 RECEIVABLES SECURITIZATION PROGRAMS

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 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 continues 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.

In March 2018, the maximum amount of the program was raised to €360 million.

At September 30, 2018, outstanding securitized receivables relating to the ON compartment, net of the related €22 million overcollateralization reserve, stood at €69 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 the 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 are derecognized.

At September 30, 2018, the amount of derecognized receivables totaled €188 million, compared with €218 million one year earlier.

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 under 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 €367 million.

The Purchaser's commitment to fund the purchase of receivables ends in July 2021.

On July 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 stood at GBP 17 million at September 30, 2018 (out of a maximum amount of GBP 30 million).

4.7.6 PRESENTATION AND ANALYSIS OF THE GROUP'S MAIN CASH OUTFLOWS

4.7.6.1 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 business expansion and prospecting new clients.

The Group's capital expenditure for the years ended September 30, 2017 and 2018 totaled €291.8 million and €287.8 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".

4.7.6.2 Interest Payments and Repayments of Borrowings

For the year ended September 30, 2018, a large portion of the Group's cash flow stemmed from the €150 million increase in the drawdown limit for the revolving credit facility. In the year ended September 30, 2017, a large portion of the Group's cash flow (€153.4 million worth) was allocated to servicing and repaying its debt.

The Group paid interest amounting to €49.6 million and €49.4 million in the years ended September 30, 2017 and 2018 respectively.

4.7.6.3 Financing Working Capital

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 reflects the specific characteristics of each of its businesses.

4.8 OUTLOOK

4.8.1 MEDIUM-TERM OUTLOOK

The Group identifies and anticipates market trends in its three businesses and ensures that it capitalizes on its long-standing expertise as well as its positioning and unique strengths:

- Elior is the leading contract caterer in several countries in mainland Europe and a fast-growing challenger in the United Kingdom, India and North America. The contract catering market is still highly attractive, notably because of the increasing trend towards outsourcing. Elior has consistently demonstrated its ability to leverage its culinary innovations and operating expertise in this market to provide its clients with personalized offerings and the best value for money.

- Elior Services is one of France's leading providers of high value-added services, such as cleaning, healthcare hospitality and facility management. Its operational excellence and constant innovation makes it stand out from its competitors in this highly fragmented, fast-growing market.

- Areas is a world leader, holding strong positions in key countries in Europe and North America. Its deep knowledge of market trends and customer behaviors, which it constantly refreshes, helps it create bespoke concepts, team up with attractive brands and manage high-performing sites.

Innovation and social responsibility are at the heart of everything the Group does. To this end six initiatives have been launched to transform the Group and make it a benchmark player in six different domains: people, clients, the menu-to-sourcing value chain, on-site organizational efficiency, IT & digital and finance.

- People:

  The Group's people are its greatest asset. Three main focal points for this domain have been defined for the coming three years – workplace health and safety, talent management and compensation & benefits – with the overall aim of ensuring employee engagement and aligning their interests across front-line positions and corporate support functions.

- Clients:

  The development, expansion and retention of the Group's client base is at the heart of its growth strategy. Many best practices exist within the Group, which need to be shared and leveraged globally.

- Menu-to-sourcing value chain:

  The Group's approach to excellence includes analyzing the menu-to-sourcing value chain, from farm to fork. This initiative is based on three pillars: enhancing the relevance and quality of menus, strengthening the supply chain and rolling out Group processes across all of the operating companies.

- On-site organizational efficiency:

  The Group is focusing on four efficiency enablers: calibration models with productivity standards by site, accurate forecasts and productivity, sharing best practices and systems integration.

- IT & digital:

  The key priorities for the next three years in this domain are (i) putting in place a strict governance system to ensure that projects and costs are tightly controlled throughout the Group, (ii) paying particular attention to information security, (iii) continuing to stand out from the competition through technological innovation and digital solutions, (iv) creating a portfolio of robust solutions, and (v) growing the Group's capacity to capture and exploit data, especially for new digital services.

- Finance:

  The immediate key priorities for the finance function are to reinforce performance supervision processes – especially for monitoring contracts and approving investments and commitments – and to improve the procedures for monitoring free cash flow generation, notably by shortening reporting and closing deadlines.

The Group's three value-creation pillars for the coming years are:

- Generating cash flow.

- Focusing on targeted profitable growth sectors.

- Developing talented and high-performing teams.

The Group's organizational structure has been strengthened in order to ensure the successful execution of the Elior Group 2021 Plan. In line with this, each business has been given a clear road map:

- Contract catering in Continental Europe: consolidate the Group's leadership and explore new growth opportunities.

- Contract catering in the United Kingdom and India: outpace market growth organically.

- Contract catering in North America: outpace market growth and continue to expand through bolt-on acquisitions.

- Services: pursue profitable growth and continue to innovate.

- Concession catering: obtain a return on past investments and grow selectively.

The Elior group has three main financial objectives for the period from 2019 through 2021, namely to achieve:

- Organic growth of over 3% per annum on average and external growth fueled by bolt-on acquisitions in the United States.

- Adjusted EBITA growth that is twice as high as organic revenue growth.

- Cumulative operating free cash flow of €750 million over the period, allocated to acquisitions in the United States, deleveraging and returning cash to shareholders.

The trajectory for achieving these objectives will not be linear:

- The first year will see a stabilization of EBITA margin and capex.

- In the second and third years, the Group's stronger operating performance and lower capex will gradually have a positive effect on EBITA margin, operating free cash flow generation and cash conversion.

.

4.8.2 OUTLOOK FOR FISCAL 2018-2019

As announced when the Elior Group 2021 strategic plan was presented, fiscal 2018-2019 will be a year of stabilization, with:

- Organic growth of over 1% based on constant accounting methods, including the negative impact of voluntary contract exits in Italy. Acquisitions carried out to date should generate additional revenue growth of close to 1%.
- A stable adjusted EBITA margin (based on a constant scope of consolidation and constant exchange rates)
- A significant increase in operating free cash flow.
  •

Elior Group has launched a review of its strategic options concerning its concession catering activities grouped within its subsidiary, Areas. This review, which could result in Areas being spun off from the rest of the Group, is aimed at speeding up the expansion of each of the Group's businesses and creating value for Elior Group's shareholders.

Over the past few years, Elior Group has developed its two core businesses in parallel, propelling Areas to number three worldwide in concession catering and Elior to number four worldwide in contract catering. Elior Group considers that it might be the right time to envisage separating these two businesses in order to accelerate their respective expansion by offering them the resources that they each need. It is important to note that this review of strategic options may or may not result in an actual transaction, and that the Group remains fully focused on executing the Elior Group 2021 strategic plan as a value creation vehicle, whatever the outcome of the process. The Group does not intend to issue any communications about the advancement of this review of strategic options until the Board of Directors has taken its decision to either approve a spin-off or terminate the process.

On January 24, 2019, Elior Group released its revenue figures for the first quarter of fiscal 2018-2019 and announced that it was standing by its full-year guidance. .

4.9 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

ELIOR GROUP

IFRS Consolidated Financial Statements
for the Years Ended September 30, 2018 and September 30, 2017

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IFRS Consolidated Financial Statements for the Years Ended September 30, 2018 and 2017

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Year ended September 30, 2018	Year ended September 30, 2017
Revenue	8.2	**6,694.3**	**6,421.9**
Purchase of raw materials and consumables		(2,105.3)	(1,981.8)
Personnel costs	8.4	(2,946.3)	(2,802.0)
Share-based compensation expense	8.17.2	(29.3)	(9.4)
Other operating expenses		(1,056.3)	(1,028.2)
Taxes other than on income		(88.1)	(82.0)
Depreciation, amortization and provisions for recurring operating items		(215.2)	(188.7)
Net amortization of intangible assets recognized on consolidation		(22.0)	(22.9)
Recurring operating profit		**231.7**	**307.0**
Share of profit of equity-accounted investees	8.12	1.9	2.9
Recurring operating profit including share of profit of equity-accounted investees	8.1	**233.6**	**309.9**
Non-recurring income and expenses, net	8.6	(88.8)	(52.1)
Operating profit including share of profit of equity-accounted investees		**144.8**	**257.8**
Financial expenses	8.5	(72.1)	(66.5)
Financial income	8.5	5.8	4.9
Profit before income tax		**78.5**	**196.2**
Income tax	8.7	(40.3)	(77.9)
Loss for the period from discontinued operations	8.8	(0.3)	(1.2)
Profit for the period		**37.9**	**117.1**
Attributable to non-controlling interests		**4.2**	**3.4**
Attributable to owners of the parent		**33.7**	**113.7**
Basic earnings per share (in €)	8.3	0.19	0.66
Diluted earnings per share (in €)	8.3	0.19	0.66

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, 2018	Year ended September 30, 2017
Profit for the period	**37.9**	**117.1**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (*)	1.5	4.6
Items that may be reclassified subsequently to profit or loss		
Financial instruments	9.8	11.6
Currency translation differences	2.5	(7.4)
Income tax	(3.4)	(3.7)
Total items that may be reclassified subsequently to profit or loss	8.9	**0.5**
Comprehensive income for the period	**46.8**	**117.6**
Attributable to:		
- Owners of the parent	42.6	115.7
- Non-controlling interests	4.2	1.9

(*) 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, 2018	At September 30, 2017
Goodwill	8.9	2,541.2	2,561.7
Intangible assets	8.10.1	524.5	479.2
Property, plant and equipment	8.10.2	746.7	667.5
Non-current financial assets	8.11	71.9	83.1
Equity-accounted investees	8.12	8.9	7.3
Fair value of derivative financial instruments (*)	8.16.2	7.9	3.2
Deferred tax assets	8.14.1	188.5	188.6
Total non-current assets		**4,089.6**	**3,990.6**
Inventories		132.2	123.0
Trade and other receivables	8.13	879.4	810.4
Current income tax assets		23.1	32.1
Other current assets	8.14.2	97.2	79.4
Short-term financial receivables (*)		1.6	8.9
Cash and cash equivalents (*)		142.5	139.6
Assets classified as held for sale	8.8	0.1	8.8
Total current assets		**1,276.1**	**1,202.2**
Total assets		**5,365.7**	**5,192.8**

(*) 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, 2018	At September 30, 2017
Share capital	8.17.1	1.7	1.7
Reserves and retained earnings		1,458.1	1,561.5
Non-controlling interests		10.9	54.5
Total equity	4.	**1,470.7**	**1,617.7**
Long-term debt (*)	8.16.1	1,874.1	1,685.3
Fair value of derivative financial instruments (*)	8.16.2	5.2	7.6
Non-current liabilities relating to share acquisitions	8.18	99.8	24.1
Deferred tax liabilities	8.14.1	58.7	73.4
Provisions for pension and other post-employment benefit obligations	8.15	108.8	112.4
Other long-term provisions	8.15	19.5	23.0
Other non-current liabilities		7.0	5.5
Total non-current liabilities		**2,173.1**	**1,931.3**
Trade and other payables		850.1	793.0
Due to suppliers of non-current assets		75.0	73.7
Accrued taxes and payroll costs		601.2	582.4
Current income tax liabilities		10.7	13.8
Short-term debt (*)	8.16.1	84.4	75.1
Current liabilities relating to share acquisitions	8.18	16.2	13.5
Short-term provisions	8.15	50.5	60.6
Other current liabilities	8.19	33.7	24.0
Liabilities classified as held for sale	8.8		7.7
Total current liabilities		**1,721.8**	**1,643.8**
Total liabilities		**3,894.9**	**3,575.1**
Total equity and liabilities		**5,365.7**	**5,192.8**
(*) Included in the calculation of net debt		1,811.8	1,616.3
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,829.5	1,627.7

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated Cash Flow Statement

(in € millions)	Note	Year ended September 30, 2018	Year ended September 30, 2017
Cash flows from operating activities			
Recurring operating profit including share of profit of equity-accounted investees		233.6	309.9
Amortization and depreciation		229.7	206.7
Provisions		7.5	4.9
Reported EBITDA	**6.21**	**470.8**	**521.5**
Change in operating working capital		17.8	2.6
Interest and other financial expenses paid		(49.4)	(49.5)
Tax paid		(47.8)	(56.8)
Other cash movements		(37.3)	(53.2)
Net cash from operating activities		**354.0**	**364.7**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets (1)	8.10.1 8.10.2	(293.6)	(299.3)
Proceeds from sale of property, plant and equipment and intangible assets		5.8	7.4
Purchases of financial assets		(7.7)	(29.4)
Proceeds from sale of financial assets		2.0	0.0
Acquisitions of shares in consolidated companies, net of cash acquired (2)		(221.7)	(98.6)
Other cash flows related to investing activities		(0.2)	-
Net cash used in investing activities		**(515.4)**	**(419.8)**
Cash flows from financing activities			
Dividends paid to owners of the parent		(36.3)	(72.5)
Movements in share capital of the parent		14.9	0.6
Acquisition/sale of treasury shares		(0.4)	0.1
Dividends paid to non-controlling interests		(1.8)	(1.9)
Proceeds from borrowings	8.16.1	220.4	12.6
Repayments of borrowings	8.16.1	(14.8)	(153.4)
Net cash from/(used in) financing activities		**182.1**	**(214.5)**
Effect of exchange rate and other changes (3)		(22.2)	192.9
Net increase/(decrease) in cash and cash equivalents		**(1.5)**	**(76.7)**
Cash and cash equivalents at beginning of period		**79.5**	**156.2**
Cash and cash equivalents at end of period	**6.9**	**78.0**	**79.5**

(1) Purchases of property, plant and equipment and intangible assets are presented net of the year-on-year change in amounts due to suppliers of non-current assets. In the year ended September 30, 2018 this change had a €16.8 million positive cash impact.

(2) This line includes a €99.1 million outflow related to the acquisition of a further 18% interest in Elior North America in the year ended September 30, 2018 (see Note 5.2.1 below,"Acquisitions and Disposals").

(3) For the year ended September 30, 2018, this item mainly includes (i) a €23.7 million negative currency effect relating to Elior Participations following the restructuring of dollar-denominated debt that was refinanced during the year, and (ii) a €1.1 million net cash inflow from discontinued operations/operations held for sale (versus a €2.0 million net outflow for 2016-2017). The 2016-2017 figure included a €195.0 million net inflow deriving from the start of the off-balance sheet securitization program as well as the effect of terminating the factoring program.

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

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

	Sept. 30, 2018	Sept. 30, 2017
Balance sheet – Assets		
Cash	130.8	132.4
Cash equivalents – Marketable securities	11.7	7.2
Balance sheet – Liabilities		
Bank overdrafts	(60.9)	(57.5)
Intra-Group current accounts	(1.8)	(1.4)
Accrued interest	(1.8)	(1.2)
Net cash and cash equivalents presented in the cash flow statement	78.0	79.5

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, 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)				
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.a)			(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**
Balance at September 30, 2017	**172,741,785**	**1.7**	**1,474.9**	**113.7**	**(27.2)**	**1,563.2**	**54.5**	**1,617.7**
Profit for the period				33.7		33.7	4.2	37.9
Post-employment benefit obligations			1.5			1.5		1.5
Changes in fair value of financial instruments			6.4			6.4		6.4
Currency translation differences					2.5	2.5	(0.1)	2.4
Comprehensive income for the period			**7.9**	**33.7**	**2.5**	**44.1**	**4.1**	**48.2**
Appropriation of prior-period profit			113.7	(113.7)		0.0		
Capital increase	3,207,311	0	14.9			14.9	2.0	16.9
Dividends paid			(36.3)			(36.3)	(1.8)	(38.1)
Share-based payments (IFRS 2)			1.5			1.5		1.5
Other movements (1.b)			(127.5)			(127.5)	(48.0)	(175.5)
Balance at September 30, 2018	**175,949,096**	**1.7**	**1,449.2**	**33.7**	**(24.7)**	**1,459.9**	**10.8**	**1,470.7**

(1.a) 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.
(1.b) The amounts recognized under "Other movements" within "Equity attributable to owners of the parent" and "Non-controlling interests" for the year ended September 30, 2018 mainly corresponds to the impact of the purchase of non-controlling interests in Elior North America.
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, 2018 and 2017

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, 2018, the Company was held by the following parties: 6.6% by Caisse de Depôt et Placement du Québec (CDPQ), 22.6% by BIM SAS (which is controlled by Robert Zolade), 9.7% by Corporacion Empresarial Emesa, 5.1% by Fonds Stratégique de Participations and 56% 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 15 countries, mainly in the eurozone, the United Kingdom, Latin America, the USA and India.

5.2 Significant Events

5.2.1 Acquisitions and Disposals

Year ended September 30, 2018

- **Acquisition and disposals of shares in consolidated companies**

In November 2017 and July 2018 respectively, Elior North America (formerly TrustHouse Services) –– an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services and Bateman Community Living:

- CBM Managed Services ("CBM") is based in Sioux Falls, South Dakota and provides foodservices to correctional facilities. It has just under 1,000 employees serving 200 locations in 29 states and generates annual revenue of approximately $70 million.
- Bateman Community Living ("Bateman") is specialized in the seniors delivered food market, providing meals either at seniors' homes or in congregate settings throughout the USA. It has 550 employees and 200 clients and in 2017 generated around $70 million in revenue.

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

For the year ended September 30, 2018, the above-described acquisitions contributed an aggregate €86 million to consolidated revenue and €11.9 million to consolidated EBITDA.

An aggregate €35.5 million in net goodwill was recognized for the acquisitions carried out in North America as the purchase price of La Taba was allocated in full to amortizable intangible assets (airport concession rights).

- **Acquisition of an additional interest in Elior North America**

In July 2018, Elior Group carried out a purchase of non-controlling interests in its subsidiary, Elior North America. This transaction enabled the Group to simplify Elior North America's ownership structure by purchasing shares from the subsidiary's minority shareholders.

On completion of the transaction, Elior Group's stake in Elior North America increased from 74% to 92% in return for a cash payment of $115 million (converting to €99 million at the transaction date).

Elior North America's minority shareholders still hold an aggregate 8% interest in the company, which is covered by cross put and call options exercisable from 2023. The put liability was initially recognized at September 30, 2018 in an amount of €85 million, corresponding to the present value of its exercise price at that date. This initial amount was recognized in equity in the Group's consolidated financial statements, as will any subsequent changes in the put liability's fair value.

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 fiscal 2016-2017, 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.

5.2.2 Other Significant Events

Year ended September 30, 2018

5.2.2.1 Dividend payment by Elior Group on April 17, 2018

The dividend for the year ended September 30, 2017 – which corresponded to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the March 9, 2018 Annual General Meeting – was paid on April 17, 2018. Out of this total, €36.3 million was paid in cash and the remainder in Elior Group shares.

5.2.2.2 Change in governance

Philippe Salle, the Group's Chairman and Chief Executive Officer, stepped down from 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 the Group's Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

5.2.2.3 Senior Facilities Agreement – Amend & Extend Transaction

On April 20, 2018, Elior Group and Elior Participations signed an 11th amendment to the Senior Facilities Agreement ("SFA") with their lending banks extending the maturities of some of the SFA's term loans (B, D, RCF EUR-2 & RCF USD-2) to May 2023.

All of the facilities under the SFA are now carried solely by Elior Group except for the revolving credit facilities which can be drawn down by Elior Group and/or Elior Participations.

In addition, the interest payable on the US dollar-denominated facilities was decreased by 5 basis points. The aggregate amount of the facilities affected by this rate cut was $594 million.

Lastly, the maximum drawdown on the euro-denominated revolving credit facility was raised by €150 million to €450 million.

The above changes were accounted for as simple modifications without any extinguishment of the Group's existing debt.

5.2.2.4 Presentation of Elior Group's 2019-2021 strategic plan

At Elior Group's Investor Day held on June 26, 2018, CEO Philippe Guillemot presented the Group's new strategic plan, which covers the period of three fiscal years until September 30, 2021.

5.2.2.5 Capital increase

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

Year ended September 30, 2017

5.2.2.6 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 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 at March 30, 2017, which was included in "Loss for the period from discontinued operations" in the income statement for the year ended September 30, 2017.

5.2.2.7 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.

The above changes were accounted for as simple modifications without any extinguishment of the Group's existing debt.

5.2.2.8 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.

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, 2018 and 2017

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, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued 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, 2018 and 2017, 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 23, 2019 and will be submitted for approval at the Annual General Meeting to be held on March 22, 2019. They are presented in millions of euros unless otherwise specified.

The accounting principles in force at September 30, 2018 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

The Group has applied the following new amendments in its financial statements for the year ended September 30, 2018:

- Amendments to IAS 7 – Disclosure Initiative.
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IFRS 12 as part of the Annual Improvements to IFRS Standards 2014–2016 Cycle.

These amendments did not have a significant impact on the consolidated financial statements.

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

The Group did not early adopt any standards, amendments or interpretations in the year ended September 30, 2018 that have been issued by the IASB but whose application is not yet mandatory. In addition, it did not apply any standards during the fiscal year that had not been endorsed by the European Union at September 30, 2018.

The Group is currently analyzing the potential impacts of applying IFRS 16, "Leases", IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers".

. IFRS 16, "Leases", applicable by the Group as from the fiscal year commencing October 1, 2019 and ending September 30, 2020.

IFRS 16 removes the distinction between operating leases and finance leases. Under this new standard, apart from short-term leases and leases of low-value assets (for which the standard offers an exemption), lessees are required to bring all of their leases on balance sheet, recognizing an asset corresponding to their right to use the leased item and a lease liability representing the obligation to make the fixed lease payments over the term of the lease.

The expected impact of the standard – which is still being analyzed – will be the recognition of lease liabilities for the following:

- Operating leases for on-site equipment, office equipment and vehicles.
- Certain concession agreements, which, although referred to as "concession" agreements, do not fall within the scope of IFRIC 12, notably in the motorways, airports, railway stations and city sites markets. The liability that will need to be recognized under IFRS 16 relates to the occupancy fees paid to concession grantors when the agreements include a guaranteed minimum fee clause. A corresponding asset will be recognized in the balance sheet for the right to use the assets covered by the agreements.

The Group plans to use the modified retrospective approach when it adopts IFRS 16 for the first time, which will affect the opening balance sheet at October 1, 2019. It has not yet assessed whether it has any leases that fall within the scope of the exemptions provided for in the standard.

. IFRS 9, "Financial Instruments", applicable by the Group as from the fiscal year commencing October 1, 2018 and ending September 30, 2019. The IASB's project for IFRS 9 was structured in three phases:

- Phase I – Classification and measurement of financial assets and liabilities. The area in which the Group expects to be most affected is available-for-sale securities. Changes in the fair value of this type of equity instrument will have to be recognized in full in profit or in other comprehensive income, depending on the option selected by the Group for each investment on its first-time adoption of IFRS 9. The Group has not yet decided which accounting option to select under IFRS 9 for its non-controlling interests in start-ups and in Groupe Ducasse.
- Phase II – Impairment. IFRS 9 replaces the existing "incurred loss" model with an "expected credit loss" model. The work begun by the Group in fiscal 2016-2017 to set up a provisions matrix is still in progress but is not expected to significantly impact the consolidated balance sheet concerning the recognition of impairment losses on trade receivables.
- Phase III – Hedging. The impact of applying Phase III is not expected to be significant.

. IFRS 15, "Revenue from Contracts with Customers", applicable by the Group as from the fiscal year commencing October 1, 2018 and ending September 30, 2019. The Group has now completed its analysis of the impacts of IFRS 15.

The first-time application of IFRS 15 is expected to have an overall impact of less than 1% on the Group's consolidated revenue based on its actual revenue figure for the year ended September 30, 2017. It will mainly affect the presentation of revenue and expenses, with no significant impact on operating profit and will primarily concern the contract catering & services business line with concession catering not significantly affected.

Two main impacts have been identified, as follows:

- The Group sometimes has to pay amounts to clients when it wins contract catering contracts. In certain cases, these amounts have been recognized as intangible assets and amortized through operating expenses. In accordance with IFRS 15, these amounts will be kept on balance sheet under assets, but will be reclassified to a separate line. However, the amortization expense on the capitalized amounts will be recorded in the income statement as a deduction from revenue, as the amounts concerned correspond to consideration paid to clients that does not relate to distinct services received from clients.
- The Group sometimes has to pay certain fees to its clients that it previously recorded under operating expenses, but which, in accordance with IFRS 15, will now be reclassified as a deduction from revenue. This is due to the fact that the fees concerned correspond to consideration paid to clients that does not relate to distinct services received from clients. This reclassification does not apply to concession catering operations when Elior's client is not the concession grantor but instead is the end-consumer as in this case the fees fall within the scope of IFRIC 12 or IAS 17 (see the last bullet point above on the expected impacts of IFRS 16).

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, 2018 – is provided in Note 14 below.

6.3 Fiscal Year-Ends

Elior Group's 2017-2018 and 2016-2017 fiscal years cover the 12-month periods from October 1, 2017 through September 30, 2018 and October 1, 2016 through September 30, 2017 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, 2018 and 2017 respectively for the balance sheet, and (ii) at the average exchange rate for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the years ended September 30, 2018 and 2017 were based on Paris stock exchange rates and were as follows:

	Year ended September 30, 2018		Year ended September 30, 2017	
	Period-end rate	Average rate	Period-end rate	Average rate
- €/US $:	1.1608	1.1903	1.1812	1.1050
- €/£:	0.8907	0.8848	0.8816	0.8717
- €/MXN:	21.72	22.63	21.56	21.10
- €/CLP:	763.21	749.46	756.16	725.59
- €/INR:	84.16	79.17	77.16	72.63

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 and Impairment Losses

6.6.1 Impairment Tests

In accordance with IAS 36, "Impairment of Assets", 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
- Elior Enseignement et Santé
- Elior Services

Contract catering & services – International:

- Elior Italy
- 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 Italy
- Areas Iberia (Spain & Portugal)
- Areas USA
- Areas LATAM (Mexico, Chile, Colombia and the Dominican Republic).

Goodwill is allocated to the CGUs listed above.

An impairment loss is recorded in the income statement under "Non-recurring income and expenses, net" 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, which varies depending on the business segment and country concerned.
- Stable or moderate growth in average operating margins (EBITDA).

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 weighted average cost of capital (WACC), determined based on market assumptions which vary depending on the business segment concerned and country risk factors.

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, 2018	Year ended September 30, 2017	Year ended September 30, 2018	Year ended September 30, 2017
Elior Restauration Entreprises	7.8%	7.0%	2.0%	2.0%
Elior Restauration Enseignement et Santé	7.8%	7.0%	2.0%	2.0%
Elior Services	7.0%	7.0%	2.0%	2.0%
Elior North America	8.8%	7.0%	2.0%	2.0%
Elior Europe - other countries (1)	7.5% - 8.3%	7.2% - 8.2%	1.7% - 2.0%	2.0%
Elior India	11.5%	11.4%	4.0%	2.0%
Areas Northern Europe	7.8%	7.0%	2.0%	2.0%
Areas Southern Europe (2)	7.8% - 8.3%	8.0% - 8.2%	1.7% - 2.0%	2.0%
Areas Americas (3)	8.8% - 10.5%	7.0% - 10.0%	2.0% - 3.6%	2.0%

(1) Grouping of the following CGUs: Elior UK, Elior Iberia and Elior Italy
(2) Grouping of the following CGUs: Areas Iberia and Areas Italy
(3) Grouping of the following CGUs: Areas USA and Areas LATAM

6.6.2 Impairment losses and sensitivity analyses

The impairment tests carried out on the Group's assets at September 30, 2018 led to the recognition of €63.7 million in goodwill impairment losses, breaking down as €46.0 million for Elior Italy and €17.7 million for Elior India.

Elior Italy

Elior Italy is a contract caterer and operates in the business & industry, education and healthcare markets. The impairment loss recognized for this CGU in 2017-2018 resulted from the decision to refocus Elior Italy's business on higher value-added segments.

This €46 million impairment loss corresponds to 21% of the value of Elior Italy's goodwill before impairment. Recognition of this impairment loss reduced the carrying amount of the CGU's goodwill to €170 million, which corresponds to the CGU's value in use.

Elior India

Elior India is a contract caterer and operates in the business & industry market. The impairment loss recognized for this subsidiary in 2017-2018 resulted from the decision to restrict the Group's expansion in India to organic growth only. Its amount corresponds to 100% of the goodwill recognized for this CGU in the consolidated balance sheet.

Sensitivity of the recoverable amount 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, based on the following changes in the assumptions applied concerning the long-term growth rate, projected cash flows and discount rates:

- 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; or
- a 50 basis-point increase in the discount rate for eurozone CGUs and a 100 basis-point increase for the other CGUs.

Excluding Elior India, (whose goodwill has been fully written down) the sensitivity analyses based on the changes in assumptions set out above did not reveal any reasonably possible scenarios in which the recoverable amounts of any of the Group's other CGUs would fall below their carrying amounts.

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 (i) by 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.

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, 2018 and 2017 were as follows:

- For the Year Ended September 30, 2018

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%	N/A

- 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

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, 2018 Elior Group held 64,314 shares in treasury (representing €858 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 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.
- For cash flow hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in 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.

In July 2018, the Group raised its interest in Elior North America to 92%, following its purchase of the majority of this subsidiary's outstanding ordinary shares and all of its outstanding preference shares. The transaction led to a total cash outflow of €99 million, which was deducted from "Non-controlling interests" in equity in accordance with IFRS 3R as it corresponded to a transaction between owners not resulting in a transfer of control.

The remaining 8% interest in Elior North America not held by the Group at September 30, 2018 is covered by cross put and call options exercisable from 2023, which have measured based on a price formula that approximates a fair value measurement. An €85 million liability has been recognized under "Non-current liabilities relating to share

acquisitions" for the fair value of the put as measured at September 30, 2018. As the put also corresponds to a transaction between owners, the liability was initially recognized and will be remeasured at fair value at the close of each future financial year until it is derecognized through "Equity attributable to owners of the parent", with no impact on consolidated profit.

At September 30, 2018, liabilities relating to share acquisitions, recognized in accordance with IAS 32, primarily comprised (i) €85 million for put options written by Elior Restauration et Services over non-controlling interests in Elior North America and (ii) €8 million for put options written over non-controlling interests in Waterfall.

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.

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

In its contract catering and facilities management operations, the Group serves three key client markets: corporate entities and government agencies ("business & industry"), educational establishments ("education"), and healthcare facilities ("healthcare"). Through this business line, the Group offers dining and other catering-related services, such as meal deliveries, vending solutions and foodservices technical support.

The service contracts in the contract catering business provide for a flat fee calculated on a cost-plus basis or for management fees. These fees are invoiced and paid on a monthly basis.

In the business & industry and education markets of the contract catering business, revenue corresponds to the amount invoiced to the client (i.e. companies or local or regional authorities) in the form of a price per cover, less any partial payments received from restaurant guests in the business & industry market or paid by families in the education market.

The Group's services business, which it notably conducts in France, involves the provision of soft facility management solutions, mainly value-added cleaning services in healthcare establishments, sensitive industrial environments and shopping malls. Remuneration provided for under these service contracts is on a per service basis, which is invoiced and paid monthly.

In its concession catering business line – which covers the motorways, airports, railway stations and city sites markets – the Group operates food and beverage concessions under both directly-owned and franchised main-street brands. It also operates duty-free and other retail concessions in airports and on motorways under franchised brands. The concession agreements are entered into between the Group's subsidiaries and third-party concession grantors (airport authorities, motorway operators, etc.) which grant the Group the right to conduct business at their sites, in accordance with a set of specifications and in return for the payment of a concession fee. This fee is based on the revenue generated by Elior Group at the site concerned and the concession agreement may or may not include guaranteed minimum fee clauses. The food, beverages and other items purchased from the Group in this business are directly paid for by customers at the cash register of the restaurant or retail outlet.

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 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.
- Elior Group stock option and performance share plans authorized by the Company's shareholders and put in place during the years ended September 30, 2016, 2017 and 2018 for selected Group managers. 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 €29.3 million in fiscal 2017-2018 (of which €27.3 million for the 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 and 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, these charges are now 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, (iii) profit/(loss) from discontinued operations or operations held for sale, and (iv) 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. As the performance conditions applicable under the stock option and performance share plans put in place by Elior Group in June 2018 had not yet been met at September 30, 2018, the instruments concerned were not considered to be dilutive for the purposes of calculating diluted earnings per share.

For the performance shares granted in 2016 and 2017, based on the actual achievement levels of the applicable performance conditions at September 30, 2017 and 2018, a total of 148,900 dilutive instruments (140,200 potential ordinary shares, calculated using the treasury stock

method), were taken into account for the purpose of calculating the diluted earnings per share figure for 2017-2018.

6.24 Segment Reporting

At September 30, 2018 and 2017, the Group was structured into two business lines: contract catering & services, and concession catering.

The results and long-term assets of these business lines are broken down into operating segments that correspond to the Group's geographic regions and the main segments used by management in making key operating decisions.

For both contract catering & services and concession catering (operated under the Areas brand), these operating segments correspond to "France" and "International".

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

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

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 2017-2018:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2018	France	International	Total	France	International	Total		
Revenue	2,184.6	2,677.4	**4,862.0**	664.8	1,167.5	**1,832.3**	-	**6,694.3**
Non-current assets	1,276.4	1,212.5	**2,488.9**	681.7	605.6	**1,287.3**	36.2	**3,812.4**

- 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**

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 the 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, 2018, following the reclassification of the profit generated by the Group's interest in museum catering operations in France to "Share of profit of equity-accounted investees", the amounts recognized as assets/liabilities classified as held for sale and discontinued operations were virtually nil. The remaining amounts correspond to accounts that still need to be settled for subsidiaries that are in the process of liquidation.

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 on 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 Scope of Consolidation during the Years Ended September 30, 2018 and 2017

The following companies were acquired and consolidated or sold and deconsolidated during the twelve months ended September 30, 2018:

	Country	% interest at Sept. 30, 2017	Type of transaction	Consolidation method	% interest at Sept. 30, 2018	Consolidation period
CBM	United States	-	Acquisition	Full	92%	Dec. 1 2017 - Sept. 30, 2018
La Taba	Mexico	-	Acquisition	Full	100%	Feb. 1 2018 - Sept. 30, 2018
Bateman	United States	-	Acquisition	Full	92%	July 1 2018 - Sept. 30, 2018

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

8. Analysis of Changes in Income Statement and Balance Sheet Items

8.1 Income Statement Information by Operating Segment

Fiscal 2017-2018:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2018	France	International	**Total**	France	International	**Total**		
Revenue	**2,184.6**	**2,677.4**	**4,862.0**	**664.8**	**1,167.5**	**1,832.3**	-	**6,694.3**
Recurring operating profit/(loss) including share of profit of equity-accounted investees	97.7	45.0	**142.6**	28.8	73.5	**102.2**	(11.3)	**233.6**
Recurring operating profit/(loss) as a % of revenue	*4.5%*	*1.7%*	***2.9%***	*4.3%*	*6.3%*	***5.6%***	*(0.2)%*	***3.5%***
Non-recurring income and expenses, net	(9.1)	(67.5)	**(76.5)**	(3.9)	(3.2)	**(7.1)**	(5.2)	**(88.8)**
Operating profit/(loss)	88.6	(22.5)	**66.1**	24.9	70.3	**95.1**	(16.5)	**144.8**
Net financial expense								**(66.3)**
Income tax								**(40.3)**
Loss for the period from discontinued operations								**(0.3)**
Profit for the period attributable to non-controlling interests								**4.2**
Profit for the period attributable to owners of the parent								**33.7**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(49.7)	(76.6)	(126.3)	(39.2)	(55.1)	(94.3)	(9.0)	**(229.7)**
Other expenses with no cash impact	(5.2)	(3.5)	**(8.7)**	0.8	(0.0)	**0.8**	0.4	**(7.5)**
Reported EBITDA	152.6	125.1	**277.7**	67.1	128.6	**195.7**	(2.7)	**470.8**

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**

8.2 Consolidated Revenue

Fiscal 2017-2018:

– Revenue by business line and market

(in € millions)	Year ended Sept. 30, 2018	% of total revenue	Year ended Sept. 30, 2017	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	2,224.7	33.2%	2,069.7	32.2%	155.0	7.5%
Education	1,432.8	21.4%	1,396.4	21.7%	36.4	2.6%
Healthcare	1,204.5	18.0%	1,181.6	18.4%	22.9	1.9%
Sub-total: Contract catering & services	**4,862.0**	**72.6%**	**4,647.7**	**72.4%**	**214.3**	**4.6%**
Concession catering						
Airports	867.0	13.0%	798.1	12.4%	68.9	8.6%
Motorways	582.5	8.7%	585.7	9.1%	(3.2)	(0.5)%
City sites & leisure	382.8	5.7%	390.4	6.1%	(7.6)	(1.9)%
Sub-total: Concession catering	**1,832.3**	**27.4%**	**1,774.2**	**27.6%**	**58.1**	**3.3%**
Total	**6,694.3**	**100.0%**	**6,421.9**	**100.0%**	**272.4**	**4.2%**

– Revenue by geographic region

(in € millions)	Year ended Sept. 30, 2018	% of total revenue	Year ended Sept. 30, 2017	% of total revenue	Year-on-year change	% change
France	2,849.4	42.6%	2,842.8	44.3%	6.6	0.2%
Europe excluding France	2,349.6	35.1%	2,255.7	35.1%	93.9	4.2%
Other countries	1,495.3	22.3%	1,323.5	20.6%	171.9	13.0%
Total	**6,694.3**	**100.0%**	**6,421.9**	**100.0%**	**272.4**	**4.2%**

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%**

8.3 Earnings Per Share

The table below shows the number of outstanding shares before and after dilution.

	Year ended September 30	
	2018	2017
Weighted average number of shares outstanding - Basic	174,133,539	172,741,785
Dilutive impact of stock option and performance share plans	148,856	66,700
Weighted average number of shares outstanding - Diluted	174,282,395	172,808,485

Basic and diluted earnings per share for the years ended September 30, 2018 and 2017 were as follows:

	Year ended September 30	
	2018	2017
Profit or the period attributable to owners of the parent	33.7	113.7
Basic earnings per share (in €)	**0.19**	**0.66**
Diluted earnings per share (in €)	**0.19**	**0.66**

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, 2018	Year ended Sept. 30, 2017
Personnel costs (excluding employee profit-sharing)	(2,943.4)	(2,801.7)
Employee profit-sharing	(2.9)	(0.3)
Share-based compensation expense	(29.3)	(9.4)
Personnel costs	**(2,975.6)**	**(2,811.4)**

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, 2018 and 2017 (both full and part-time) can be analyzed as follows by category:

	At Sept. 30, 2018	At Sept. 30, 2017
Management and supervisory staff	20,574	18,881
Other	111,426	108,272
Total	**132,000**	**127,153**

Employee numbers break down as follows by geographic region:

	At Sept. 30, 2018	At Sept. 30, 2017
France	51,778	52,438
International	80,222	74,715
Total	**132,000**	**127,153**

8.5 Financial Income and Expenses

The net financial expense recorded in the years ended September 30, 2018 and 2017 breaks down as follows:

(in € millions)	Year ended September 30, 2018	Year ended September 30, 2017
Interest expense on debt	(53.1)	(52.3)
Interest income on short-term investments	3.7	2.7
Other financial income and expenses (1)	(15.3)	(11.1)
Interest cost on post-employment benefit obligations	(1.6)	(1.0)
Net financial expense	**(66.3)**	**(61.6)**
(1) Including:		
- Fair value adjustments on interest rate and currency hedging instruments	*(2.1)*	*(0.5)*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies (a)	*(9.8)*	*(5.6)*
- Amortization of debt issuance costs (b) (c)	*(4.7)*	*(5.6)*
- Net foreign exchange gain/(loss)	*2.1*	*2.2*
- Other financial expenses	*(0.8)*	(1.5)

- *Including €9.8 million in impairment losses recognized by Egée Venture against investments in start-ups.*
- *Including €3.1 million in amortization of debt issuance costs recorded by Elior Group and Elior Participations following the Amend & Extend transaction related to Facility C under the SFA in April 2018.*
- *Including, for the year ended September 30, 2018, €1.1 million in financial expenses related to the sale of the Group's CICE tax receivable.*

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, 2018, non-recurring income and expenses represented a net expense of €88.8 million and primarily included (i) €63.7 million in impairment of goodwill related to contract catering operations (€46.0 million for Italy and €17.7 million for India), (ii) €25.1 million in severance payments and other employee-related costs, impairment losses recognized against operating assets and prototypes, and costs incurred by the Group's French and international operations for exiting contracts with start-ups, (iii) €2.9 million in acquisition and merger costs (mainly in the USA), and (iv) reversals of payables related to earn-out payments and fair value adjustments on acquisitions carried out in the USA and United Kingdom, recognized in profit because recorded after the 12-month measurement period.

For the year ended September 30, 2017, this item 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.

8.7 Income Tax

(in € millions)	Year ended Sept. 30, 2018	Year ended Sept. 30, 2017
Current tax	(59.4)	(53.4)
Deferred tax	19.1	(24.5)
Total	**(40.3)**	**(77.9)**

The portion of the French CET tax based on value added (CVAE) has been recognized as current income tax in the amounts of €26.9 million and €26.8 million for the years ended September 30, 2018 and 2017 respectively (see Note 6.11).

The Group's income tax charge decreased by €37.6 million, or 48.3%, from €77.9 million to €40.3 million in fiscal 2017-2018, representing an effective tax rate of 16% (or 29% including the impact of the French CVAE tax).

The year-on-year decrease in income tax expense was primarily attributable to (i) the fact that the 2016-2017 figure included the one-off negative effect of partially writing down deferred tax assets following the announcement of a reduction in the corporate income tax rate in France effective from 2020, (ii) the positive impact in 2017-2018 of the US tax reform effective from January 1, 2018, which led the Group to recognize a non-recurring income tax benefit to reverse deferred tax liabilities in the USA (amounting to €8.4 million) and (iii) the Group's lower level of pre-tax profit for 2017-2018 compared with the previous fiscal year.

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, 2018 and 2017:

(in € millions)	Year ended Sept. 30, 2018		Year ended Sept. 30, 2017	
	Base	Tax impact	Base	Tax impact
Profit before income tax	**78.5**		**196.2**	
Share of profit of equity-accounted investees	(1.9)		(2.9)	
Profit before income tax and share of profit of equity-accounted investees	76.7		193.3	
Theoretical income tax (1)		(26.4)		(66.5)
Impact of tax rates on profit generated outside France		0.2		6.6
Tax losses for which no deferred tax asset was recognized and impairment of deferred tax assets (2)		13.0		(15.2)
Income not subject to tax and expenses not deductible for tax purposes (3)		(27.1)		(2.8)
Net income tax expense		**(40.3)**		**(77.9)**

- *The standard income tax rate used by the Group is 34.43%.*
- *Including, for the year ended September 30, 2018, €8.4 million in net reversals of deferred tax liabilities in the United States following the US federal income tax reforms. The only impact identified at September 30, 2018 was a reduction in the US federal corporate income tax rate from 35% to 21%.*
- *Including, for the year ended September 30, 2018, a €21.1 million negative impact (net of income tax) related to the CVAE tax in France, the IRAP tax in Italy and the US state tax.*

8.8 Loss for the Period from Discontinued Operations

For the year ended September 30, 2018, this item primarily concerned the non-material costs of liquidating an entity that previously formed part of the Group's contract catering business line (S.O.G.E.C.C.I.R) and whose operations were sold in 2016-2017.

As a result of amendments to the shareholders' agreements, the Group's remaining 40% interest in museum catering operations in France (following the transfer of control of these operations to Groupe Ducasse in March 2017) no longer met the criteria for classification as an asset held for sale at September 30, 2018. For fiscal 2017-2018 this interest has therefore been accounted for by the equity method and included in "Equity-accounted investees" in the consolidated balance sheet, with the Group's share of profit from the investment reclassified to "Share of profit of equity-accounted investees".

The Group's loss for the period from discontinued operations for fiscal 2016-2017 primarily concerned non-strategic business operations run by Areas Northern Europe, notably the Group's remaining 40% interest in museums operations in France This investment was classified under assets held for sale in view of the fact that control of these operations (60%) was transferred to the Ducasse Group on March 31, 2017 and the fact that at September 30, 2017, it was considered probable that the Group would sell its remaining 40% interest.

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 gain or loss recognized on the disposal.

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 Sept. 30, 2017	Increases	Decreases	Impairment	Other movements including currency translation differences (4)	At Sept. 30, 2018
Elior Restauration Entreprises	578.3	0.2	(0.0)	-	-	578.4
Elior Restauration Enseignement et Santé	364.9	0.1	-	-	-	364.9
Elior Services	134.0	-	-	-	-	134.0
France	**1,077.2**	**0.3**	**(0.0)**	**0.0**	**0.0**	**1,077.4**
Elior North America	233.0	35.5	-	-	2.3	270.8
Elior Europe – Other countries (1)	542.8	0.0	-	(46.0)	(5.2)	491.7
Elior India	12.8	5.2	-	(17.7)	(0.3)	(0.0)
International	**788.6**	**40.7**	**0.0**	**(63.7)**	**(3.2)**	**762.5**
Total contract catering & services	**1,865.8**	**41.0**	**(0.0)**	**(63.7)**	**(3.2)**	**1,839.8**
Areas Northern Europe	423.9	0.0	-	-	(0.2)	423.8
Areas Southern Europe (2)	207.2	5.4	-	-	-	212.6
Areas Americas (3)	64.9	0.1	-	-	0.0	65.0
Total concession catering (Areas)	**696.0**	**5.5**	**0.0**	**0.0**	**(0.2)**	**701.3**
Group total	**2,561.7**	**46.6**	**(0.0)**	**(63.7)**	**(3.4)**	**2,541.2**

(1) Grouping of the following CGUs: Elior UK, Elior Iberia and Elior Italy
(2) Grouping of the following CGUs: Areas Iberia and Areas Italy
(3) Grouping of the following CGUs: Areas USA and Areas LATAM
(4) This column corresponds to currency translation differences as well as the adjustments made to provisional goodwill amounts on completion of the purchase price allocation processes for acquired companies consolidated for the first time at September 30, 2017.

(in € millions)	At Sept. 30, 2016	Increases	Decreases	Impairment	Other movements including currency translation differences (4)	At Sept. 30, 2017
Elior Restauration Entreprises	547.7	3.6	-	-	-	578.3
Elior Restauration Enseignement et Santé	346.6	0.2	-	-	-	364.9
Elior Services	134.0	-	-	-	-	134.0
France	**1,073.4**	**3.8**	**-**	**-**	**-**	**1,077.2**
Elior North America	208.3	29.6	-	-	(4.9)	233.0
Elior Europe – Other countries (1)	534.3	24.7	-	-	(16.1)	542.8
Elior India	-	13.2	-	-	(0.4)	12.8
International	**742.6**	**67.4**	**-**	**-**	**(21.4)**	**788.6**
Total contract catering & services	**1,815.9**	**71.2**	**-**	-	**(21.4)**	**1,865.8**
Areas Northern Europe	453.8	0.7	-	-	(30.7)	423.9
Areas Southern Europe (2)	207.2	0.0	-	-	-	207.2
Areas Americas (3)	65.0	0.1	-	-	(0.0)	64.9
Total concession catering (Areas)	**726.0**	**0.8**	**-**	-	**(30.8)**	**696.0**
Group total	**2,541.9**	**72.0**	**-**	-	**(52.2)**	**2,561.7**

(1) *See above.*
(2) *See above.*
(3) *See above.*
(4) *This column corresponds to currency translation differences as well as the adjustments made to provisional goodwill amounts on completion of the purchase price allocation processes for acquired companies consolidated for the first time at September 30, 2016.*

The main movements in goodwill in the years ended September 30, 2018 and 2017 related to the following:

For the year ended September 30, 2018:

- €35.5 million in goodwill recognized in relation to the acquisitions of CBM Managed Services and Bateman Community Living in the United States and the assignment of fair values to these companies' identifiable intangible assets.
- €5.4 million in goodwill recognized on the acquisition of Cores Doces in Portugal carried out during the fiscal year.
- The completion of the purchase price allocation process for the UK contract caterer Edwards & Blake (consolidated since fiscal 2016-2017) and the completion of the purchase price allocation processes for MegaBite and CRCL (Elior India), also consolidated since fiscal 2016-2017.
- The currency effect arising on the recognition of goodwill related to the above companies denominated in foreign currencies.
- Goodwill impairment losses recognized during the year for the Elior Italy and Elior India CGUs (€46.0 million and €17.7 million respectively).

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.
- €10.3 million in goodwill recognized on the completion of the purchase price allocation process for 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), consolidated since fiscal 2015-2016.
- The currency effect arising on the recognition of goodwill related to the above companies denominated in foreign currencies

8.10 Analysis of Intangible Assets and Property, Plant and Equipment

8.10.1 Intangible Assets

(in € millions)	At Sept. 30, 2017	Additions	Disposals	Other movements (3)	At Sept. 30, 2018
Concession rights	231.5	18.2	(1.5)	24.3	272.5
Assets operated under concession arrangements (1)	37.0	-	0.0	(0.0)	37.0
Trademarks	60.3	0.7	(0.4)	11.8	72.4
Software	133.1	18.0	(1.6)	22.1	171.6
Intangible assets in progress	66.7	14.0	(1.7)	(44.9)	34.2
Other (2)	232.4	1.6	(2.8)	45.4	276.7
Gross value	**761.0**	**52.6**	**(7.8)**	**58.7**	**864.4**
Concession rights	(73.7)	(16.2)	1.2	(0.5)	(89.3)
Assets operated under concession arrangements (1)	(36.9)	-	0.0	(0.0)	(36.9)
Trademarks	(21.1)	(3.9)	0.5	(0.0)	(24.5)
Software	(87.2)	(21.0)	1.3	0.1	(106.8)
Other	(62.7)	(23.3)	4.1	(0.4)	(82.4)
Total amortization	**(281.7)**	**(64.4)**	**7.1**	**(0.9)**	**(339.9)**
Carrying amount	**479.2**	**(11.8)**	**(0.7)**	**57.9**	**524.5**

(1) *Assets recognized in accordance with IFRIC 12 for the Group's right to use central kitchens in the education market in France as granted under leases and public sector contracts.*

(2) *This item corresponds to assets recognized as part of business combinations, mainly in the contract catering business (UK and USA), including customer relationships in accordance with IAS 38.118.*

(3) *Other movements primarily correspond to (i) identifiable intangible assets recognized in relation to business combinations carried out during the fiscal year, and (ii) the reclassification of intangible assets in progress to the corresponding intangible asset line items.*

(in € millions)	At Sept. 30, 2016	Additions	Disposals	Other movements (3)	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)	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 (2)	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)	(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**

- *See above.*
- *See above.*
- *See above.*

8.10.2 Property, Plant and Equipment

(in € millions)	At Sept. 30, 2017	Additions	Disposals	Other movements (1)	At Sept. 30, 2018
Land	6.2	1.8	(0.0)	0.6	8.6
Buildings	168.9	14.2	(18.5)	12.8	177.5
Technical installations	805.2	80.9	(39.1)	(129.0)	718.0
Other items of property, plant and equipment	613.5	116.5	(39.4)	170.9	861.5
Assets under construction	41.6	40.9	(1.7)	(40.6)	40.1
Prepayments to suppliers of property, plant and equipment	7.0	3.5	(0.0)	(6.5)	4.0
Gross value	**1,642.3**	**257.8**	**(98.7)**	**8.3**	**1,809.7**
Buildings	(94.3)	(11.4)	18.1	(3.7)	(91.3)
Technical installations	(539.4)	(78.8)	39.5	101.3	(477.4)
Other items of property, plant and equipment	(341.1)	(90.6)	41.7	(104.3)	(494.3)
Total depreciation	**(974.8)**	**(180.8)**	**99.3**	**(6.8)**	**(1,063.0)**
Carrying amount	**667.5**	**77.0**	**0.6**	**1.5**	**746.7**

(1) Other movements primarily correspond to (i) inter-item reclassifications, (ii) the recognition of property, plant and equipment in connection with acquisitions carried out during the fiscal year, and (iii) the allocation of assets under construction to the corresponding property, plant and equipment line items.

(in € millions)	At Sept. 30, 2016	Additions	Disposals	Other movements (1)	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**

(1) See above.

At September 30, 2018 and 2017, 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 accounting treatment of leases entered into concerning central kitchen facilities in the Group's education market):

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Gross value	110.1	102.4
Depreciation	(71.4)	(61.4)
Net value	**38.7**	**41.0**

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, 2018
Contract catering & services	265.3	383.7	649.0
Concession catering	241.5	344.5	586.0
Corporate	17.7	18.5	36.2
Total	**524.5**	**746.7**	**1,271.2**

(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**

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, 2018
France	120.2	376.8	497.0
International	404.3	369.9	774.2
Total	**524.5**	**746.7**	**1,271.2**

(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**

8.11 Non-Current Financial Assets

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
	Carrying amount	Carrying amount
Investments in non-consolidated companies (1)	**29.4**	**45.3**
Loans	6.5	7.0
Deposits and guarantees paid	33.7	28.7
Financial receivables	2.3	2.2
Total	**71.9**	**83.1**

(1) At September 30, 2018, "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 start-ups in the catering industry. The carrying amount of these investments includes a €13.3 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, 2017	Dividends paid	Profit/(loss) for the period (1)	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2018
Motorways subsidiaries (France)	0.4	0.1	(0.0)	(0.1)	0.4
SRMLC and subsidiaries (2)	-	-	(1.4)	0.7	(0.7)
BrisAreas subsidiary (Portugal)	-	-	0.2	-	0.2
N.W.L (France and International) (3)	6.8	(0.9)	3.0	-	8.9
Riverside Events (UK)	0.1	(0.1)	0.1	-	0.1
Total	**7.3**	**(0.9)**	**1.9**	**0.6**	**8.9**

Following the amendments to the shareholders' agreements with Groupe Ducasse, the Group's remaining 40% interest held in SRMLC and its subsidiaries has been reclassified to "Equity-accounted investees", effective October 1, 2017.

(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) (3)	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**

(1) *These amounts are included in recurring operating profit in the consolidated financial statements.*

(2) *These amounts correspond to the remaining 40% interest held by the Group in museum concession catering operations in France, which has been reclassified to "Equity-accounted investees" effective October 1, 2017 (see Note 8.8 above).*

(3) *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, 2018		At Sept. 30, 2017	
	Gross	Net	Gross	Net
Trade receivables	582.7	539.5	550.7	511.2
Revenue accruals	106.2	106.2	96.4	96.4
Prepayments to suppliers	97.4	97.4	69.6	69.6
Prepaid and recoverable VAT (1)	69.5	69.5	61.1	61.1
Receivables relating to asset disposals	10.2	10.2	1.7	1.7
Other	56.5	56.5	70.2	70.2
Total	**922.6**	**879.4**	**849.9**	**810.4**

(1) Accrued taxes and payroll costs included accrued and payable VAT in amounts of €95.8 million and €83 million at September 30, 2018 and 2017 respectively.

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, 2018	At Sept. 30, 2017
Receivables not past due	355.1	334.1
Receivables less than 30 days past due	77.7	63.6
Receivables more than 30 days but less than 6 months past due	64.4	79.1
Receivables more than 6 months but less than 1 year past due	17.0	13.7
Receivables more than 1 year past due	25.3	20.7
Total net trade receivables	**539.5**	**511.2**

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 mainly for the French and Spanish subsidiaries. The outstanding amount of receivables sold under this program totaled €188.6 million at September 30, 2018. The outstanding amounts under the on-balance-sheet securitization program – which concerns all of Elior UK's outstanding receivables and some of the outstanding receivables of the Group's French and Spanish subsidiaries – were as follows at September 30, 2018 and 2017:

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Outstanding balance of sold receivables	116.3	105.5
Overcollateralization reserve	28.1	20.5
Net outstanding balance	**88.2**	**85.0**

In fiscal 2017-2018, the Group sold its CICE tax credit for 2017 to a bank on a no-recourse basis for €60.9 million. The capital loss of €1.1 million that arose on this sale – which took place in July 2018 – 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, 2018 and 2017 break down as follows by type of temporary difference:

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Paid leave provisions	6.1	6.5
Other non-deductible provisions and expenses	42.5	34.3
Provisions for pension benefit obligations	28.3	30.1
Fair value adjustments (1)	(51.6)	(69.4)
Recognition of tax loss carryforwards (2)	105.9	113.6
Total	**131.2**	**115.2**
Deferred tax assets	189.9	188.6
Deferred tax liabilities	(58.7)	(73.4)
Total	**131.2**	**115.2**

(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, 2018, the following tax loss carryforwards: (i) €87.9 million for Elior Group, recoverable through the French tax consolidation group which it heads and (ii) €11.2 million for the Group's US subsidiaries. The amount of deferred tax assets recognized for the Group's French subsidiaries includes the impact of a €0.4 million remeasurement through profit recorded to take into account the reduced 25.83% corporate income tax rate (following the French tax reforms) that will apply for deferred taxes expected to be recovered/settled after 2020.*

- At September 30, 2017, the following tax loss carryforwards: (i) €86 million for Elior Group, recoverable through the French tax consolidation group which it heads, and (ii) €10 million for the Group's US subsidiaries. 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 was expected to apply for deferred taxes to be recovered/settled after 2020.

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, 2018.

8.14.2 Other Current Assets

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Prepaid expenses	59.9	53.6
Other	37.3	25.8
Total	**97.2**	**79.4**

8.15 Provisions

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

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Commercial risks	0.3	2.4
Tax risks and employee-related disputes	17.1	29.7
Reorganization costs	3.3	2.7
Employee benefits	11.3	11.2
Other	18.5	14.6
Short-term provisions	**50.5**	**60.6**
Employee benefits	108.8	112.4
Non-renewal of concession contracts	10.8	9.5
Other	8.7	13.5
Long-term provisions	**128.3**	**135.4**
Total	**178.9**	**196.0**

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 recently acquired UK companies, Waterfall and Edwards & Blake.

At September 30, 2018, provisions for employee benefits totaled €120.1 million, including €12.0 million relating to the TFR provision for Italian companies and €5.4 million for defined benefit plans in the UK.

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.

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, 2018	At Sept. 30, 2017
Accumulated benefit obligation at the period-end	**143.0**	**145.7**
Value of plan assets	**(22.9)**	**(22.1)**
Provisions recognized in the consolidated balance sheet at the period-end	**120.1**	**123.6**
o/w short-term	11.3	11.2
o/w long-term	108.8	112.4

Movements in these provisions during the years ended September 30, 2018 and 2017 can be analyzed as follows:

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)	(2.2)
Provision at September 30, 2017	**123.6**
Service cost net of benefits paid	(2.6)
Interest cost	1.6
Other movements (impact of changes in scope of consolidation, exchange rates, reclassifications and changes in accounting method) (1)	(2.4)
Provision at September 30, 2018	**120.1**

(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 carrying amount and fair value of the Group's debt can be analyzed as follows:

		At Sept. 30, 2018		At Sept. 30, 2017	
(in € millions)	Original currency	Amortized cost (1)	Fair value	Amortized cost (2)	Fair value
Bank overdrafts	€	60.9	60.9	57.5	57.5
Other short-term debt (including short-term portion of obligations under finance leases)	€	23.5	23.6	17.6	17.6
Sub-total – short-term debt		**84.4**	**84.4**	**75.1**	**75.1**
Syndicated bank loans	€ / $	1,674.4	1,689.4	1,488.0	1,503.0
Other medium- and long-term borrowings (3)	$	86.1	86.1	84.8	84.8
Factoring and securitized trade receivables	€	88.2	88.2	85.7	86.5
Other long-term debt (including obligations under finance leases)	€	25.4	25.4	26.8	26.8
Sub-total – long-term debt		**1,874.1**	**1,889.2**	**1,685.3**	**1,701.1**
Total debt		**1,958.5**	**1,973.6**	**1,760.4**	**1,776.2**

(1) The amortized cost of bank borrowings at September 30, 2018 was calculated taking into account a net €15.0 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, 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.

(3) At September 30, 2018 and 2017 this item corresponded to the Group's $100 million USD private placement.

The following tables show the movements in the Group's debt in the years ended September 30, 2018 and September 30, 2017:

(in € millions)	At Sept. 30, 2017	Increases	Redemptions/ repayments	Other movements (1)	At Sept. 30, 2018
Syndicated bank loans	1,503.0	195.4	0.0	(9.0)	1,689.4
Factoring and securitized trade receivables	84.9	6.8	(3.3)	(0.2)	88.2
Finance leases	40.5	8.2	(9.9)	0.1	38.8
Other borrowings	90.4	9.9	(1.6)	(2.5)	96.2
Total fair value of debt	**1,718.7**	**220.4**	**(14.8)**	**(11.6)**	**1,912.8**

(1) *"Other movements" correspond to currency translation differences, reclassifications and the impact of changes in scope of consolidation, notably related to acquisitions carried out in fiscal 2017-2018.*

(in € millions)	At Sept. 30, 2016	Increases	Redemptions/ repayments	Other movements (1)	At Sept. 30, 2017
Syndicated bank loans	1,340.3	0.0	(2.3)	165.0	1,503.0
Factoring and securitized trade receivables	221.4	0.0	(135.4)	0.5	86.5
Finance leases	29.1	12.1	(9.8)	9.1	40.5
Other borrowings	282.9	0.5	(6.0)	(188.6)	88.8
Total fair value of debt	**1,873.6**	**12.6**	**(153.4)**	**(14.0)**	**1,718.7**

(1) *"Other movements" correspond to currency translation differences, reclassifications and the impact of changes in scope of consolidation, notably related to acquisitions carried out in fiscal 2016-2017.*

The Group's debt at September 30, 2018 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2018:

- For Elior Group SA:
- A senior bank loan totaling €950.0 million at September 30, 2018, of which €800 million is repayable in May 2023 and €150 million in December 2024. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2023 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, 2018 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.
- A senior bank loan totaling €234 million at September 30, 2018, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.
- A US dollar-denominated senior bank loan totaling $344 million, which was set up under the SFA and is repayable in May 2023. Interest is based on the USD Libor plus a standard margin of 1.65%.

- For Elior Participations SCA:
- A €450 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Euribor plus a standard margin of 1.25%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2018, Elior Participations had drawn down €132 million of this facility.

- A $250 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Libor plus a standard margin of 1.25%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2018, Elior Participations had drawn down $89.5 million of this facility.

Liabilities relating to the Group's first receivables securitization program. At September 30, 2018, outstanding securitized receivables under this program – net of the related €22.4 million overcollateralization reserve – stood at €69.4 million. The program was set up in July 2017 for a period of four years. Its ceiling (net of the equivalent of an overcollateralization reserve) is €360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.30% in fiscal 2017-2018.

Liabilities relating to the Group's second receivables securitization program. At September 30, 2018, outstanding securitized receivables under this program – net of the related £4.9 million overcollateralization reserve – stood at £16.7 million. The program was set up in July 2016 for a period of three years. Its ceiling (net of the equivalent of an overcollateralization reserve) is £30 million and it includes the receivables of Elior Group's UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.50% in fiscal 2017-2018.

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 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 repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.

- For Elior Participations SCA:
- A senior bank loan totaling €632 million at September 30, 2017, fully repayable in January 2022. Interest is based on the Euribor plus a standard margin of 1.65%. In addition, Elior Participations SCA had a €300 million revolving credit facility (which could also be used by Elior Group SA), of which €30 million expiring 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 had a $250 million revolving credit facility (which could also be used by Elior Group SA), of which $14.8 million expiring 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 this 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 the program 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.

8.16.2 Derivative Financial Instruments

At September 30, 2018 and 2017, a portion of the Group's debt was hedged by caps and swaps set up by Elior Group and Elior Participations.

The net exposure of the Group's variable rate debt to the instruments described below (both before and after hedging) is set out in the risk management section of this Registration Document (Chapter 3, Section 3.2.1.5.2).

The amounts of debt hedged by instruments that qualified for hedge accounting were as follows at September 30, 2018:

(in € millions)	Amount of debt hedged by firm hedges (1)	Amount of debt hedged by optional hedges (2)
From Oct. 1, 2018 through Sept. 30, 2019	1,000	
From Oct. 1, 2019 through Sept. 30, 2020	1,000	
From Oct. 1, 2020 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 Oct. 1, 2018 through Sept. 30, 2019	400	
From Oct. 1, 2019 through Sept. 30, 2020	400	
From Oct. 1, 2020 through Dec. 31, 2021	200	

The amounts of debt hedged by instruments that qualified for hedge accounting were as follows at September 30, 2017 (excluding hedges that expired at June 30, 2016 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 (2)
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	-

(1) Swaps
(2) Purchases of caps

The Group's derivative financial instruments (caps 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, 2018	At Sept. 30, 2017
Instruments qualifying as cash flow hedges	3.5	(5.0)
Instruments qualifying as fair value hedges	-	-
Instruments not qualifying for hedge accounting	(0.8)	0.6
Total	**2.7**	**(4.4)**
Interest rate hedging instruments	3.5	(5.0)
Foreign currency hedging instruments	(0.8)	0.6
Total	**2.7**	**(4.4)**

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 €6.4 million for the year ended September 30, 2018 and €3.7 million for the year ended September 30, 2017 (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, 2018 or 2017 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, 2018, Elior Group SA's share capital amounted to €1,759,490.96 divided into 175,949,096 shares with a par value of €0.01 each.

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.

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, 2018

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	100,072	0.6
March 11, 2016	Performance shares	-	-	N/A	50,036	1.1
Total					**150,108**	**1.7**

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	Oct. 27, 2020	Oct. 27, 2024	18.29	59,240	0.6
March 11, 2016	Performance shares	-	-	N/A	29,620	0.5
Total					**88,860**	**1.1**

- *Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2018.*

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 allocated on March 11, 2016 and October 27, 2016 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% and 2.2%

The aggregate fair value of the stock options and free shares granted in March and October 2016 amounted to €2.8 million and no related expense was recognized in the fiscal 2017-2018 income statement.

8.17.2.2 Elior Group Stock Options and Free Shares Granted During the Year Ended September 30, 2018

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	Performance shares	-	-	N/A	60,566	1.1
Total					**60,566**	**1.1**

The share-based instruments granted on December 5, 2017 correspond solely to performance shares. They were allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met (based on cash flows generated by a pre-defined scope).

The achievement of the cash flow objectives was assessed at September 30, 2018 and the vesting condition based on continued presence within the Group will be assessed on December 5, 2019.

The aggregate fair value of the performance shares granted on December 5, 2017 amounted to €1.1 million and the related expense recognized in the fiscal 2017-2018 income statement was €0.5 million.

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 9, 2018	Performance shares	-	-	N/A	1,537,880	10.7
Total					**1,537,880**	**10.7**

(1) Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2018.

The share-based instruments granted on June 15, 2018 also correspond solely to performance shares. They were mainly allocated to the members of the Management Committee and Leaders Committee and are also subject to vesting conditions relating to presence and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the performance of the CAC Next 20 index. The achievement of these conditions will be assessed on June 15, 2021 for the presence condition, on September 30, 2021 for the internal performance conditions and on December 31, 2021 for the external performance conditions.

The aggregate fair value of the performance shares granted on June 15, 2018 amounted to €10.7 million and the related expense recognized in the fiscal 2017-2018 income statement was €1.0 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 are also subject to vesting conditions related to presence and performance. The performance 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 Group's purchase of non-controlling interests in Elior North America, carried out in July 2018 via Elior Restauration et Services, also involved the purchase of all of the restricted shares held by Elior North America's managers. This resulted in these shares vesting immediately, with a €5 million expense recognized in the 2017-2018 consolidated financial statements.

The aggregate fair value of the corresponding liability – which now only relates to Elior North America stock options and is recognized in the balance sheet under "Accrued taxes and payroll costs" – amounted to €32 million at September 30, 2018, as estimated based on the above-described formula.

The total expense recorded in the consolidated income statement for the Elior North America plan for the year ended September 30, 2018 was €27 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, 2018 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €116 million. This total primarily includes the following:

Commitments to purchase non-controlling interests (see Note 6.15.2)

- €7.9 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group under a put option exercisable from 2020 (payment of an exit price for the 20% of the company's capital that they still hold).
- €84.6 million corresponding to the liability related to a put option written over the non-controlling interests in Elior North America, exercisable from 2023.

Liabilities relating to share acquisitions

- €11.2 million relating to additional purchase consideration payable for acquisitions carried out by Elior North America.
- €7.3 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, 2017 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €38 million and primarily included 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 company, 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 company, Edwards & Blake.
- €3.6 million relating to additional purchase consideration payable for the acquisition of the Indian companies, MegaBite and CRCL.

8.19 Other Current Liabilities

Other current liabilities consist of the following:

(in € millions)	At Sept. 30, 2018	At Sept. 30, 2017
Deferred income	16.9	14.8
Other liabilities	16.8	9.2
Total	**33.7**	**24.0**

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, 2018	At Sept. 30, 2017
Guarantees given on commercial contracts (1)	331.2	327.9
Total guarantees given (2)	**331.2**	**327.9**

(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 Relating to Operating Leases and Concession Fees

9.3.1 Commitments relating to operating leases

At September 30, 2018, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €270.7 million, breaking down as follows by maturity:

- Less than one year: €66.5 million
- 1 to 5 years: €145.6 million
- Beyond 5 years: €58.6 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 (€63.6 million), and (ii) office rental payments (€207.1 million).

At September 30, 2017, the Group's total commitments relating to 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).

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, 2018, the Group's main non-eurozone countries – the United Kingdom, Latin America (Chile, Colombia and Mexico), the United States and India – accounted for 28.8% of consolidated revenue (26.9% in fiscal 2016-2017), including 6.5% contributed by the United Kingdom (2016-2017: 6.3%) and 20.3% by the United States (18.8% in 2016-2017).

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 US 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 $537 million at September 30, 2018. 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, the United Kingdom and Mexico. The outstanding amounts of these currency hedges were £45.1 million, $54.0 million and MXN 148.3 million at September 30, 2018 and £58.1 million and $57.1 million at September 30, 2017.

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 0.884779 for the year ended September 30, 2018 would result in corresponding changes in consolidated revenue and recurring operating profit of €21 million and €0.2 million respectively.
- The US dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.190259 for the year ended September 30, 2018 would result in corresponding changes in consolidated revenue and recurring operating profit of €68 million and €0.6 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, 2018 for Elior Group and Elior Participations:

Hedges in euros

- For the period from October 1, 2018 through September 30, 2019: 0.051% for firm hedges (€1,000 million).
- 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 October 1, 2018 through December 31, 2018: 1.596% (weighted average based on the notional amount) for firm hedges ($400 million).
- For the period from January 1, 2019 through September 30, 2020: 2.032% for firm hedges ($400 million).
- For the period from October 1, 2020 through December 31, 2021: 2.558% for firm hedges ($200 million).

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 qualifying 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 qualifying 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 qualifying 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 qualifying 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 qualifying for hedge accounting under IAS 39).
- For the period from July 1, 2018 through September 30, 2018: 2.0% for optional hedges ($100 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 2018-2019.

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 currency	At September 30, 2018				At September 30, 2017	
		Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings – Elior Group SA	€		*1,330.3*	*150.0*	1,480.3		552.0
Medium-term borrowings – Elior Participations	€ / $		*209.1*		209.1		952.6
Other medium- and long-term bank borrowings	€				-		1.4
Sub-total – bank borrowings			***1,539.4***	***150.0***	**1,689.4**		**1,506.0**
Other debt							
Elior Group bond debt (USD private placement)	$		*86.1*		86.1		84.7
Finance leases	€	15.3	*23.5*		23.5	15.0	25.5
Other (1)	€	8.3	*90.1*		90.1		84.9
Bank overdrafts (2)	€	60.9			-	57.5	
Current accounts (2)	€					1.4	
Accrued interest on borrowings (2)	€ / $					1.2	
Sub-total – other debt		**84.4**	***199.7***	**-**	**199.7**	**75.1**	**195.1**
Total debt		**84.4**	***1,739.1***	***150.0***	**1,889.1**	**75.1**	**1,701.1**

(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, 2018		At Sept. 30, 2017	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Non-current financial assets	✓		71.9	71.9	83.1	83.1
Equity-accounted investees		Level 3	8.9	8.9	7.3	7.3
Derivative financial instruments		Level 2	7.9	7.9	3.2	3.2
Trade and other receivables	✓		879.4	879.4	810.4	810.4
Other current assets	✓		97.2	97.2	79.4	79.4
Short-term financial receivables	✓		1.6	1.6	8.9	8.9
Cash and cash equivalents		Level 1	142.5	142.5	139.6	139.6
Financial liabilities						
Short- and long-term debt	✓		1,958.5	1,958.5	1,760.4	1,760.4
Derivative financial instruments		Level 2	5.2	5.2	7.6	7.6
Liabilities relating to share acquisitions		Level 3	116.0	116.0	37.6	37.6
Trade and other payables	✓		850.1	850.1	793.0	793.0
Due to suppliers of non-current assets	✓		75.0	75.0	73.7	73.7

11. Related Party Transactions

11.1 Compensation and Benefits Paid to the Company's Key Executives

The Company's key 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, 2018 Philippe Guillemot was Chief Executive Officer of the Group and a director of Elior Group SA.

(in € millions)	Year ended Sept. 30, 2018	Year ended Sept. 30, 2017
Amount expensed for the year	**7.4**	**12.5**
Of which:		
Short-term benefits	6.6	5.0
Grant-date fair value of stock options and free shares	0.3	2.7
Other long-term benefits	0.5	3.3
Provision for non-compete indemnity		1.4
Amount recognized as a liability in the balance sheet	**-**	**-**
Post-employment benefits	-	-

The compensation and benefit 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 and/or other Group companies.

For the year ended September 30, 2018 these amounts related to persons who were (i) members of the Executive Committee at that date, which comprised ten people (including the Group Chief Executive Officer) and (ii) the members of the Elior Group Board of Directors.

For the year ended September 30, 2017, these compensation and benefit amounts related to the members of the Executive Committee, which comprised five people, including the Group Chairman and Chief Executive Officer.

The amount still payable at September 30, 2018 – corresponding to variable compensation for fiscal 2017-2018 and directors' fees – was €2.4 million.

In the year ended September 30, 2017, the Board authorized the payment of a termination benefit to the former Chairman and Chief Executive Officer, which is included in the above table in an amount of €2.7 million (including a non-compete indemnity payable for a period of two years commencing November 1, 2017). The outstanding amount of this termination benefit and other contract termination indemnities totals €1.2 million.

11.2 Other Related Party Transactions

None.

12. Events After the Reporting Date

Review of the Group's strategic options for its concession catering business

On November 13, 2018, Elior Group announced that it had launched a review of its strategic options concerning its concession catering activities grouped within its subsidiary, Areas. This review, which could result in Areas being spun off from the rest of the Group, is aimed at speeding up the expansion of each of the Group's businesses and creating value for Elior Group's shareholders.

13. Additional Information

13.1 Statutory Auditors' Fees

Statutory Auditors' fees for the year ended September 30, 2018 recorded in the income statement and relating to fully consolidated companies amounted to €3.9 million. The total breaks down as €3.4 million for statutory audit work and €0.5 million for services rendered by the Statutory Auditors or members of their networks other than certifying accounts.

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 €0.6 million for fiscal 2017-2018.

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			
	2017-2018		2016-2017		2017-2018		2016-2017	
	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	219	*14%*	197	*10%*	204	*8%*	195	*8%*
- Fully consolidated subsidiaries	1,125	*70%*	1,284	*63%*	1,900	*77%*	1,826	*73%*
2. Services rendered by the statutory auditors or members of their network other than certifying separate or consolidated accounts (*)								
- Issuer	91	*6%*	324	*16%*	10	*1%*	264	*11%*
- Fully consolidated subsidiaries	164	*10%*	234	*11%*	355	*14%*	220	*9%*
Total	**1,600**	***100%***	**2,039**	***100%***	**2,469**	***100%***	**2,505**	***100%***
- Issuer	310	*19%*	521	*26%*	214	*9%*	459	*18%*
- Fully consolidated subsidiaries	1,289	*81%*	1,518	*74%*	2,255	*91%*	2,046	*82%*

(*) 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.

14. List of Consolidated Companies at September 30, 2018

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%	100%	CO	FULL
Academy by Elior	FTC			CT	FULL
Ansamble				CT	FULL
Ansamble Investissements				HOLD	FULL
Aprest				MO	FULL
Excelcis		40%	40%	CO	EQUITY
Areas Management				CO	FULL
Areas Northern Europe				CO	FULL
Areas Operation Restauration				CO	FULL
Areas Services				CO	FULL
Arpège				CT	FULL
Arbane				MO	FULL
Aten				MO	FULL
Bercy Participations				HOLD	FULL
Bercy Services I				MO	FULL
Bercy Services II				MO	FULL
BSXXV				HOLD	FULL
BSXXVII				HOLD	FULL
BSXXIX				CT	FULL
Centre d'expertise Elior RC France	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				CT	FULL
EGEE Venture				HOLD	FULL
Elcena				MO	FULL
Eléat				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	% interest	% 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 Ciel de Paris			CO	FULL
H.R.C.			CO/HOLD	FULL
L'Alsacienne de Restauration			CT	FULL
Loiretal	49%	49%	CO	EQUITY
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			CT	FULL
SCI Les Hirondelles			CT	FULL
SC2R			MO	FULL
SCICB			CT	FULL
Services et Santé			CT	FULL
SG2P			CO	FULL
SG2S			CO	FULL
SGAR			CO	FULL
SMR			CT	FULL
Société de Restauration du Musée du Louvre	40%	40%	CO	EQUITY
Société de Restauration Musées et Lieux culturels	40%	40%	CO	EQUITY
Société de Restauration du Musée d'Orsay	40%	40%	CO	EQUITY
Soferest	40%	40%	CO	EQUITY
Sorebou FTC			CT	FULL
Soreno			CT	FULL
Soreset			CT	FULL
SRAM	44%		CO	FULL
Tabapag			CT	FULL
TPJ Creil			CT	FULL
French Overseas Territories				
S.O.G.E.C.C.I.R.			CT	DISC

Company		% interest	% control	Principal activity	Consolidation method
Belgium					
Elior Charleroi				CO	FULL
SREB				CO	FULL
Chile					
Áreas Chile				CO	FULL
Colombia					
Areas Colombia				CO	FULL
Denmark					
Areas Denmark				CO	FULL
Germany					
ECP Deutschland GmbH				CO	FULL
EAP Deutschland GmbH	FTC			CO	FULL
ECPNP Deutschland GmbH	FTC			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				CO	FULL
ESP Deutschland GmbH				CO	FULL
India					
CRCL		51%	100%	CT	FULL
Elior India				CT	FULL
Elior West				CT	FULL
Italy					
Elior Ristorazione		99%	100%	CT	FULL
Elior Concessioni SRL				HOLD	FULL
Elichef				HOLD	FULL
Elior Servizi		99%	100%	CT	FULL
Gemeaz		99%	100%	CT	FULL
Hospes				CT	FULL
Meridia		50%	100%	CT	FULL
MyChef				CO	FULL
SEA Services		60%	100%	CO	FULL
Luxembourg					
Äre-Resto Hausgemachten				CT	FULL
Äre-Resto Les petites canailles	FTC			CT	FULL
Elior Luxembourg				CT	FULL
Elior Luxembourg Holding				CT	FULL
SLRH				CO	FULL
Mexico					
Aerocomidas				CO	FULL
Aeroboutiques de Mexico				CO	FULL
Portugal					
Areas Portugal				CO	FULL
Cores Doces	FTC			CO	FULL
Serunión Restaurantes Portugal				CT	FULL
Spain					
Alessa Catering Services				CT	FULL
Alimentacion Saludable Gallega				CT	FULL
Arco Duplo		70%	100%	CO	FULL
ARCE				CT	FULL
Basic Serveis Escolars				CT	FULL
Excellent Market				CT	FULL
Geriatrio Siglo XXI				CT	FULL
Areamed		50%	100%	CO	FULL
Áreas				CO/HOLD	FULL
Carmen		19%	100%	CO	FULL
Distri-Áreas				CO	FULL
General de Restaurantes 2000				CO	FULL
Hold & Co Espana		50%	50%	CO	EQUITY
Hostesa		80%	100%	CT	FULL
Serunión				CT/HOLD	FULL
Serunion Alimentacio Saludable S.L.U.	FTC			CT	FULL
Serunion Singularis Catering de autor S.L.U.	FTC			CT	FULL
Serunión Norte				CT	FULL
Serunión Servicios Sociai				CT	FULL
Serunión Vending				CT	FULL
Travel Food and Retail S.A.	FTC			CO	FULL
Vitalista		80%	100%	CT	FULL

Company	% interest	% control	Principal activity	Consolidation method
Switzerland				
Elior Suisse			CO	FULL
United Kingdom				
Caterplus Services Ltd			CT	FULL
Edwards & Blake			CT	FULL
Elior UK			CT	FULL
Elior UK Holdings			HOLD	FULL
Elior UK Services			MO	FULL
Hospitality Catering Services			CT	FULL
Lexington			CT	FULL
Riverside Events	50%	50%	CO	EQUITY
Taylor Shaw Ltd			CT	FULL
Waterfall Catering Group			CT	FULL
Waterfall Elior Ltd			CT/HOLD	FULL
Waterfall Services Ltd			CT	FULL
United States				
Abigail Kirsch at Tappan Hill Inc.	92%	100%	CT	FULL
Abigail Kirsch Connecticut LLC	92%	100%	CT	FULL
ABL Educational Enterprise Inc.	92%	100%	CT	FULL
ABL Management Inc.	92%	100%	CT	FULL
AK 530 LLC	92%	100%	CT	FULL
530 Lounge LLC	50%	100%	CT	FULL
Aladdin Food Management LLC	92%	100%	CT	FULL
AmeriServe Inc.	92%	100%	CT	FULL
Areas USA Inc.			CO	FULL
Areas USA MCO, LLC			CO	FULL
Areas Hojeij Orlando, JV			CO	FULL
Areas USA DTW, LLC			CO	FULL
Areas MCE Detroit, JV			CO	FULL
Areas McNamara JV, LLC			CO	FULL
Areas USA Atlanta, LLC			CO	FULL
Areas Airport Retail Management (ARM) Atlanta, JV			CO	FULL
Areas Brookstone Atlanta JV, LLC			CO	FULL
Areas USA MIA, LLC			CO	FULL
Areas USA MIA RETAIL, LLC			CO	FULL
Areas USA IND, LLC			CO	FULL
Areas USA DCA, LLC			CO	FULL
Areas USA EWR, LLC			CO	FULL
Areas DFB EWR JV, LLC			CO	FULL
Areas USA FLTP, LLC			CO	FULL
Areas USA LAX, LLC			CO	FULL
Areas OHM LAX JV, LLC			CO	FULL
Areas Skyview LAX JV, LLC			CO	FULL
Areas Crews LAX JV, LLC			CO	FULL
Areas CBH LAX JV, LLC			CO	FULL
Areas USA LAX II, LLC			CO	FULL
Areas USA ORD, LLC			CO	FULL
Areas RHHG ORD JV, LLC			CO	FULL
Areas USA MDTP, LLC			CO	FULL
Areas USA MSP, LLC			CO	FULL
Areas Aero MSP JV, LLC			CO	FULL
Areas USA PHL II, LLC			CO	FULL
Areas G2G PHL JV, LLC			CO	FULL
Areas USA BOS, LLC			CO	FULL
Areas USA DFW, LLC			CO	FULL
Areas USA LGA, LLC			CO	FULL
Areas USA DIA, LLC			CO	FULL
Areas Tastes HP JV, LLC			CO	FULL
Areas USA JFK, LLC			CO	FULL
Areas USA SJC, LLC			CO	FULL
Areas USA SLC, LLC			CO	FULL

Company		% interest	% control	Principal activity	Consolidation method
United States (cont'd)					
A'Viands LLC		92%	100%	CT	FULL
Bateman Community Living LLC	FTC	92%	100%	CT	FULL
Blue Bell Entreprises Inc;		92%	100%	CT	FULL
Brompton Group LLC		92%	100%	CT	FULL
Catering by Marlin's Inc.	FTC	92%	100%	CT	FULL
Corporate Chefs Inc.		92%	100%	CT	FULL
Cura Hospitality LLC		92%	100%	CT	FULL
CurtMont Food Services Group LLC		49%	49%	CT	FULL
DC Party Rentals LLC		92%	100%	CT	FULL
Elements Food Service Inc.		92%	100%	CT	FULL
Elior Inc.		92%	100%	MO	FULL
Fitz Vogt & Associates Ltd		92%	100%	CT	FULL
Food Services Inc.		92%	100%	CT	FULL
Galaxy GP LLC		92%	100%	CT	FULL
Galaxy Restaurants Catering Group GFS LLC		92%	100%	CT	FULL
Galaxy Restaurants Catering Group LP		92%	100%	CT	FULL
Galaxy Restaurants Catering Group MAM LLC		92%	100%	CT	FULL
Galaxy Restaurants Catering Group NYBG GB LLC		92%	100%	CT	FULL
Galaxy Retaurants Catering Group NYBG LP		92%	100%	CT	FULL
Gourmet Acquisition Holding Inc.		92%	100%	HOLD	FULL
Gourmet Acquisition Inc.		92%	100%	HOLD	FULL
KV International LLC		92%	100%	CT	FULL
Lancer at Edinburgh Inc.		92%	100%	CT	FULL
Lancer Food Holdings LLC		92%	100%	HOLD	FULL
Lancer Food Service Inc.		92%	100%	CT	FULL
Lancer Hospitality Oklahoma LLC		92%	100%	CT	FULL
Lancer Hospitality Washington LLC		92%	100%	CT	FULL
Lancer Management Services LLC		92%	100%	CT	FULL
Lindley Acquisition Corp.		92%	100%	HOLD	FULL
National Food Enterprises Inc.		92%	100%	CT	FULL
Performance Hospitality NYC LLC		92%	100%	CT	FULL
Preferred Meal Systems (CA) Inc.		92%	100%	CT	FULL
Preferred Meal Systems Inc.		92%	100%	CT	FULL
Prepared Meal Holdings Inc.		92%	100%	HOLD	FULL
SideKim LLC		92%	100%	CT	FULL
Summit Food Service LLC		92%	100%	CT	FULL
The Maramont Corporation		92%	100%	CT	FULL
TrustHouse Services Holdings LLC		92%	100%	HOLD	FULL
Valley Services Inc.		92%	100%	CT	FULL
Zooper Food LLC		92%	100%	CT	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 – 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.

Elior Group SA
9-11 Allée de l'Arche
92032 Paris La Défense Cedex
France

To the Shareholders,

Opinion

In compliance with the engagement 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 2018.

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 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit 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 opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 October 2017 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements 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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items 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 2018, goodwill amounted to €2,541 million, representing 47% of total assets. It has been allocated to the cash-generating units (CGUs) of the businesses into which the acquired companies were integrated. The Group's two businesses are contract catering & services and concession catering, 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 72% (€1,840 million) and 28% (€701 million) of total goodwill at 30 September 2018, is determined based to a large extent on the judgement of Group management and in particular on the three following assumptions:

- five-year budgets;
- the long-term growth rate beyond five years;
- the discount rate.

At 30 September 2018, the impairment tests carried out by Elior Group management led to the recognition of goodwill impairment losses in a total amount of €64 million with respect to the "Elior Italy" and "Elior India" CGUs (€46 million and €18 million, respectively), as indicated in Note 6.6 to the consolidated financial statements.

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, and to the discount rate applied to expected estimated future cash flows, we verified:
  - the consistency of these rates with the rates observed for comparable companies, based on a sample of analytical 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 15 countries in Europe, the Americas and Asia and has approximately 132,000 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 2018, provisions for tax and social security risks amounted to €17 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 correct 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.

Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the statement on non-financial performance provided for in article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

Appointment of the 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 2018, PricewaterhouseCoopers Audit was in the twelfth consecutive year of its engagement and KPMG Audit IS was in the seventeenth consecutive year of its engagement, thus five years since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are 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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were 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 as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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 taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, 24 January 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit IS**
Matthieu Moussy Partner	François Caubrière Partner

4.11 SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY FOR THE YEAR ENDED SEPTEMBER 30, 2018

INCOME STATEMENT

(in € thousands)	Note	Year ended September 30, 2018	Year ended September 30, 2017
Operating income			
Net revenue	1.1.3.1	15,997	20,774
Own work capitalized		1,537	4,364
Reversals of depreciation, amortization and provisions, expense transfers		530	
Other income			
Total operating income		**18,064**	**25,138**
Operating expenses			
Purchase of raw materials and consumables			
Other operating expenses		14,037	17,090
Taxes other than on income		2,512	1,272
Personnel costs		10,852	13,844
Depreciation, amortization and provision expense		983	865
Total operating expenses		**28,384**	**33,071**
Operating profit/(loss)		(10,320)	(7,933)
Net financial income	1.1.3.2	2,814	142,709
Net non-recurring expense	1.1.3.3	(678)	(5,468)
Income tax	1.1.3.4	(46,762)	(38,216)
Profit for the period		**38,578**	**167,524**

BALANCE SHEET – ASSETS

(in € thousands)	Note	At Sept. 30, 2018			At Sept. 30, 2017
		Gross	Depr., amort. and provisions	Net	Net
Intangible assets	1.1.4.1 and 1.1.4.2	9,306	7,305	2,001	4,888
Property, plant and equipment	1.1.4.1 and 1.1.4.2	59	59		
Long-term investments	1.1.4.3	3,790,356		3,790,356	1,741,247
Total fixed assets		**3,799,721**	**7,364**	**3,792,357**	**1,746,135**
Advances and downpayments					
Trade receivables		660		660	962
Other receivables	1.1.4.4	153,624		153,624	1,197,136
Marketable securities		1,539		1,539	2,157
Cash		57		57	4
Prepaid expenses		358		358	345
Total current assets		**156,239**		**156,239**	**1,200,604**
Unrealized foreign exchange losses		24,886		24,886	6,355
TOTAL ASSETS		**3,980,846**	**7,364**	**3,973,482**	**2,953,094**

BALANCE SHEET – EQUITY AND LIABILITIES

(in € thousands)	Note	At Sept. 30, 2018	At Sept. 30, 2017
Share capital		1,759	1,727
Share premium account		1,716,741	1,665,608
Other reserves		173	173
Retained earnings		351,061	256,059
Profit for the period		38,578	167,524
Total equity	1.1.4.7	**2,108,312**	**2,091,091**
Equity loans (*titres participatifs*)			
Provisions for contingencies and charges	1.1.4.9	**26,429**	**11,589**
Gross debt		1,568,114	637,748
Trade payables		3,844	4,281
Other liabilities		241,687	201,656
Total liabilities	1.1.4.10	**1,813,645**	**843,685**
Unrealized foreign exchange gains		**25,096**	**6,729**
TOTAL EQUITY AND LIABILITIES		**3,973,482**	**2,953,094**

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 give 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, 2018, Elior Group was 22.6% owned by Bagatelle Investissement et Management – "BIM" (which is wholly-owned by Robert Zolade), 9.7% by Corporacion Empresarial Emesa, S.L, 6.6% by Caisse de Dépôt et Placement du Québec (CDPQ), 5.1% by Fonds Stratégique de Participations, and 56% 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 17, 2018

The dividend for the year ended September 30, 2017 – which corresponded to €72.5 million (€0.42 per share) and was approved by the Company's shareholders at the April 13, 2018 Annual General Meeting – was paid on April 17, 2018. Out of this total, €36.3 million was paid in cash and the remainder in Elior Group shares.

4.11.1.2.2 Capital increase

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

4.11.1.2.3 Change in governance

Philippe Salle, the Group's Chairman and Chief Executive Officer, stepped down from 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 the Group's Chief Executive Officer and Pedro Fontana became Deputy Chief Executive Officer.

4.11.1.2.4 Amend & Extend Transaction

On April 20, 2018, Elior Group and Elior Participations and signed an 11th amendment to the Senior Facilities Agreement ("SFA") with their lending banks, extending the maturities of some of the SFA's term loans (B, D, RCF EUR-2 & RCF USD-2) to May 2023.

All of the facilities under the SFA are now carried solely by Elior Group except for the revolving credit facilities which can be drawn down by Elior Group and/or Elior Participations.

In addition, the interest payable on the US dollar-denominated facilities was decreased by 5 basis points. The aggregate amount of the facilities affected by this rate cut was $594 million.

Lastly, the maximum drawdown on the euro-denominated revolving credit facility was raised by €150 million to €450 million.

4.11.2 ACCOUNTING PRINCIPLES AND METHODS

4.11.2.1 Accounting principles

Elior Group's financial statements for the year ended September 30, 2018 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, using the historical cost convention, 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 entities concerned, as adjusted for their development outlook.

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".

4.11.2.2.5 Tax consolidation

Since February 1, 2006, pursuant to Articles 223.A, 235 *ter* 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.

Income tax for fiscal 2017-2018 was calculated at the statutory rate of 33.33% and can be analyzed as follows, including the impact of tax consolidation:

(in € thousands)	
Income tax charge for the head of the tax consolidation group	1,443
Tax benefit for profitable members of the tax group	(44,907)
Tax credit	(6)
Other	(3,292)
Net income tax benefit including impact of tax consolidation	**(46,762)**

4.11.2.3 Consolidating company

At September 30, 2018 Elior Group was the parent company responsible for preparing the consolidated financial statements of the Elior group.

4.11.2.4 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, 2018	Year ended Sept. 30, 2017
Management of the Group and services provided to the Group	5,524	4,554	10,078	14,330
Rebillings of personnel costs	1,455		1,455	2,291
Rebillings of insurance costs	3,548	293	3,841	3,562
Other rebillings	571	52	623	591
TOTAL	**11,098**	**4,899**	**15,997**	**20,774**

4.11.3.2 Net financial income

	Year ended Sept. 30, 2018	Year ended Sept. 30, 2017
Dividends received from subsidiaries	47,716	98,921
Interest income	933	61,375
Interest expense	(45,835)	(17,587)
TOTAL	**2,814**	**142,709**

4.11.3.3 Net non-recurring expense

	Year ended Sept. 30, 2018	Year ended Sept. 30, 2017
Proceeds from sale of fixed assets		750
Exceptional reversals of provisions and impairment	4,210	
Exceptional additions to provisions and impairment	(4,545)	(6,210)
Other	(343)	(8)
TOTAL	**(678)**	**(5,468)**

4.11.3.4 Income tax analysis

	Before tax Year ended Sept. 30, 2018	Income tax due	After tax Year ended Sept. 30, 2018	After tax Year ended Sept. 30, 2017
Profit/(loss) from ordinary activities	(7,506)		(7,506)	126,882
Net non-recurring expense	(678)	259	(937)	(5,468)
Net tax benefit		(47,015)	47,015	46,080
Tax credit		(6)	6	30
TOTAL	**(8,184)**	**(46,762)**	**38,578**	**167,524**

4.11.4 NOTES TO THE BALANCE SHEET

4.11.4.1 Property, plant and equipment and intangible assets

	Gross at Sept. 30, 2017	Increase	Decrease	Gross at Sept. 30, 2018
Intangible assets	7,769	1,537		9,306
Property, plant and equipment	5	54		59
TOTAL	**7,774**	**1,591**	**0**	**9,365**

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, which were fully written down at September 30, 2018.

4.11.4.2 Depreciation and amortization

	Cumulative amount at Sept. 30, 2017	Additions	Reversals	Cumulative amount at Sept. 30, 2018
Intangible assets	2,881	4,424		7,305
Property, plant and equipment	5	53		59
TOTAL	**2,886**	**4,478**	**0**	**7,364**

4.11.4.3 Long-term investments

	Gross at Sept. 30, 2017	Increase	Decrease	Gross at Sept. 30, 2018
Investments in subsidiaries and affiliates	1,741,183			1,741,183
Loans to subsidiaries and affiliates		2,049,096		2,049,096
Other long-term investment securities	3			3
Other loans	59			59
Deposits	2	13		15
TOTAL	**1,741,247**	**2,049,109**	**0**	**3,790,356**

At September 30, 2018, Elior Participations' share capital comprised 139,312,620 shares, of which Elior Group owned 139,312,617, representing a total gross value of €1,740,721 thousand. The three remaining shares were held by the Company's general partners in the form of consumer loans.

At that date the Company also owned 500 shares in Bercy Participations, representing a total value of €462 thousand.

Since the 11th amendment to the SFA was signed on April 20, 2018, the Group's external borrowings have been fully carried by Elior Group, apart from the revolving credit facilities which can still be drawn down by Elior Group and/or Elior Participations. Elior Group finances all of the Group's borrowing requirements in US dollars and euros through inter-company loans, which totaled $418 million and €1,689 million respectively at September 30, 2018.

4.11.4.4 Maturity schedule of receivables and long-term investments

	At Sept. 30, 2018	Due within one year	Due beyond 1 year
Other long-term investments	15	15	
Trade receivables	660	660	
Other receivables	12,232	12,232	
Tax receivables arising on tax consolidation	5,321	5,321	
Current accounts with subsidiaries	136,070	136,070	
Prepaid expenses	358	358	
TOTAL	**154,656**	**154,656**	

4.11.4.5 Accrued income

	At Sept. 30, 2018
Revenue accruals	41
Other	204
TOTAL	**245**

4.11.4.6 Prepaid expenses

	At Sept. 30, 2018
Operating expenses	338
Financial expenses	20
TOTAL	**358**

4.11.4.7 Equity

	At Sept. 30, 2017	Appropriation of FY 2016-2017 profit	Dividend payment (1)	Capital increase (2)	FY 2017-2018 profit	At Sept. 30, 2018
Share capital	1,727		21	11		1,759
Share premium account	1,665,609		36,228	14,905		1,716,742
Other reserves	172					172
Retained earnings	256,059	167,524	(72,522)			351,061
Profit for the period	167,524	(167,524)			38,578	38,578
TOTAL	**2,091,091**		**(36,273)**	**14,916**	**38,578**	**2,108,312**

(1) Corresponding to the payment of a dividend per share of €0.42, with a total of €36.3 million paid in cash and €36.2 million paid in Elior Group shares.
(2) Corresponding to the capital increase carried out following employee share purchases under the Elior Group international employee share ownership plan.

4.11.4.8 Share capital

	At Sept. 30, 2017	Increase	Decrease	At Sept. 30, 2018
Number of shares	172,741,785	3,207,311		175,949,096
Amount (in €)	1,727,418	32,073		1,759,491

At September 30, 2018, the share capital of Elior Group amounted to €1,759,490.96, divided into 175,949,096 shares with a par value of €0.01 each.

4.11.4.9 Provisions

	At Sept. 30, 2017	Additions	Reversals	At Sept. 30, 2018
Other provisions for contingencies and charges	4,290	1,050	4,290	1,050
Provisions for taxes	943		450	493
Provisions for foreign exchange losses	6,355	18,531		24,886
TOTAL	**11,588**	**19,581**	**4,740**	**26,429**
O/w recorded under:				
(i) Operating income and expenses		-	530	
(ii) Financial income and expenses		18,531	-	
(iii) Non-recurring income and expenses		1,050	4,210	

4.11.4.10 Maturity schedule of liabilities

	At Sept. 30, 2018	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bond debt (USD private placement)	86,147		86,147	
Bank borrowings	1,481,966	1,619	1,330,347	150,000
Other borrowings				
Trade payables	3,005	3,005		
Other liabilities	14,961	14,961		
Tax payables arising on tax consolidation	226,727	226,727		
Deferred income				
TOTAL	**1,812,806**	**246,312**	**1,416,494**	**150,000**

Elior Group's debt at September 30, 2018 included:

- A senior bank loan totaling €950.0 million at September 30, 2018, of which €800 million is repayable in May 2023 and €150 million in December 2024. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2023 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, 2018 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.

- A senior bank loan totaling €234 million at September 30, 2018, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.50%.

- A US dollar-denominated senior bank loan totaling $344 million, which was set up under the SFA and is repayable in May 2023. Interest is based on the USD Libor plus a standard margin of 1.65%.

Maturities of trade payables	Total	Due within 30 days	Due in 31 to 44 days	Due in 45 to 75 days	Due in 76 to 90 days	Due within 90 days
Due to external suppliers	775	213	562			
Due to suppliers of non-current assets						
Due to internal suppliers	65	65				
TOTAL	**840**	**278**	**562**		-	-

4.11.4.11 Accrued expenses

	At Sept. 30, 2018
Borrowings and accrued interest	1,617
Trade payables	3,005
Accrued taxes and payroll costs	4,629
Credit notes due to clients	2,950
TOTAL	**12,201**

4.11.5 ADDITIONAL INFORMATION

4.11.5.1 Related party transactions and balances

	At Sept. 30, 2018
ASSETS	
Long-term investments: investments in subsidiaries and affiliates	1,741,183
Loans	2,049,096
Trade receivables	384
Intra-group current accounts	136,070
Tax receivables	5,322
Total	3,932,055
LIABILITIES	
Trade payables	144
Tax payables	226,727
Other liabilities	2,950
Total	229,821
INCOME STATEMENT	
Financial expenses	
Financial income	48,485

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, 2018, 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 €809,660, the full amount of which related to indemnities payable to employees on retirement.

4.11.5.2.2 Stock options and free shares granted to employees of Elior Group and its Subsidiaries

a) Elior Group stock options and free shares granted prior to the year ended September 30, 2018

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	100,072	0.6
March 11, 2016	Performance shares	-	-	N/A	50,036	1.1
Total					**150,108**	**1.7**

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	Oct. 27, 2020	Oct. 27, 2024	18.29	59,240	0.6
March 11, 2016	Performance shares	-	-	N/A	29,620	0.5
Total					**88,860**	**1.1**

(1) *Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2018.*

Other than the stock options and restricted shares granted by Elior North America (see Note 8.17.2.3 to the consolidated financial statements), Elior Group's stock options and free shares allocated on March 11, 2016 and October 27, 2016 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 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% and 2.2%

b) Elior Group stock options and free shares granted during the year ended September 30, 2018

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	Performance shares	-	-	N/A	60,566	1.1
Total					**60,566**	**1.1**

(1) Adjusted to take into account (i) departures of beneficiary employees and (ii) the estimated future achievement of performance conditions at September 30, 2018.

The share-based instruments granted on December 5, 2017 correspond solely to performance shares. They were allocated to the members of the Management Committee and Leaders Committee and will only vest if the beneficiary still forms part of the Group on the vesting date and if certain performance conditions are met (based on cash flows generated by a pre-defined scope).

The achievement of the cash flow objectives was assessed at September 30, 2018 and the vesting condition based on continued presence within the Group will be assessed on December 5, 2019.

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	Fair value of plan (in € millions)
March 9, 2018	Performance shares	-	-	N/A	1,537,880	10.7
Total					**1,537,880**	**10.7**

The share-based instruments granted on June 15, 2018 also correspond solely to performance shares. They were mainly allocated to the members of the Management Committee and Leaders Committee and are also subject to vesting conditions relating to presence and performance. The performance conditions are based on the following: (i) the cumulative annual growth rate for Elior Group's adjusted earnings per share, (ii) the cumulative annual growth rate for Elior North America's share price (only for the plan for Elior North America employees), and (iii) Elior Group's share performance compared with a peer group and compared with the performance of the CAC Next 20 index. The achievement of these conditions will be assessed on June 15, 2021 for the presence condition, on September 30, 2021 for the internal performance conditions, and on December 31, 2021 for the external performance conditions.

4.11.5.2.3 Other commitments

Elior Group continues to act as guarantor for the commitments given by Elior Participations under the SFA.

Other commitments given at September 30, 2018 included a €3,224,104 tax guarantee granted in a previous fiscal year, which was released on December 4, 2018.

4.11.5.3 Average headcount

Number of employees	At Sept. 30, 2018	At Sept. 30, 2017
Managerial employees	18	16
TOTAL	**18**	**16**

4.11.5.4 Subsidiaries and affiliates

(in € thousands)	Share capital	Total equity, excluding share capital	% ownership	Gross value of shares held	Net value of shares held	Outstanding loans and advances	Guarantees given	Net revenue for the last fiscal year	Profit for the period	Dividends received
Affiliates										
Bercy Participations[1]	37	52	100%	462	462				15	171
Elior Participations[1]	5,310	564,932	100%	1,740,721	1,740,721	2,185,166		31,364	243,811	9,752

(1) Fiscal year from October 1, 2017 to September 30, 2018.

4.11.5.5 Deferred taxes

Analysis	Base	Tax effect Deferred tax benefit
Currency translation differences	210	70
Provisions	26,428	8,809
Deferred tax assets	26,638	8,879
Tax loss carryforwards before tax consolidation		
Tax loss carryforwards after tax consolidation	529,270	176,423

4.11.5.6 Directors' fees

Directors' fees paid in fiscal 2017-2018 totaled €600,000.

4.11.5.7 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 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
Capital at year-end					
Share capital	1,643,706	1,723,252	1,726,345	1,727,418	1,759,491
Number of ordinary shares outstanding	164,370,556	172,325,244	172,634,475	172,741,785	175,949,096
Number of preferred non-voting shares	-	-	-	-	-
Maximum number of shares to be created on exercise of stock options	-	-	-	-	-
Maximum number of shares to be created on conversion of bonds	-	-	-	-	-
Results of operations					
Net revenue	21,309,934	22,370,878	22,933,610	20,773,973	15,996,850
Profit/(loss) before tax, employee profit-sharing, depreciation, amortization and provisions	(68,356,619)	24,260,349	(41,659,242)	140,410,025	11,134,444
Income tax	(32,528,040)	(102,592,298)	(39,927,640)	(38,215,770)	(46,761,791)
Employee profit-sharing	-	-	-	-	-
Profit/(loss) after tax, employee-profit sharing, depreciation, amortization and provisions	(34,543,373)	124,317,351	(2,315,980)	167,524,310	38,577,839
General Partners' profit share					
Total dividend payout	32,874,111	55,144,078	72,506,480	72,521,904	59,822,693
Per share data					
Profit/(loss) per share after tax and employee profit-sharing, before depreciation, amortization and provisions	(0.22)	0.74	(0.01)	1.03	0.33
Earnings/(loss) per share	(0.21)	0.72	(0.01)	0.97	0.22
Dividend per share	0.20	0.32	0.42	0.42	0.34
Employee data					
Average number of employees	25	25	21	16	22
Total payroll	19,173,774	16,824,031	12,654,126	10,545,447	7,996,628
Benefits	7,107,350	3,903,951	5,983,841	3,298,454	2,855,251

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.

(Annual General Meeting for the approval of the financial statements for the year ended September 30, 2018)

Elior Group SA
9 -11 Allée de l'Arche
92032 Paris La Défense cedex
France

Opinion

In compliance with the assignment entrusted to us by your General Meetings, we have audited the accompanying annual financial statements of Elior Group SA for the financial year ended 30 September 2018.

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 2018 and of the results of its operations for the financial 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 2017 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 draw your attention to 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, and we explain 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 line items or on information taken from outside of the financial statements.

Valuation of equity investments and related receivables:

Description of risk

Equity investments and related receivables amounted to €3,790 million at 30 September 2018 and represented one

of the largest assets on the balance sheet. They principally comprise the shares of Elior Participations, the holding company for all of the Group's subsidiaries.

As indicated in Note 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 as to which data to use for each investee. The data may be historical data (for some entities, equity; and for other entities, the average stock market price for the last month of the period) or forecast data (outlook of 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 may lead to a decline in their business activity and a decrease in their operating income.

As a result, we believe that the valuation of equity investments and related receivables and provisions for contingencies are 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

To assess the reasonableness of the estimated values in use of equity investments and related receivables, 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, which had been audited or subject to 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 performance in order to measure the achievement of past objectives;
- assessing whether the cash flow projections have been adjusted to take into account 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.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Disclosures provided in the management report and other documents addressed to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the disclosures 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.

We attest the accuracy of the information on payment terms mentioned in article D. 441-4 of the French Commercial Code, as well as its consistency with the annual financial statements.

Disclosures on corporate governance

We have verified that the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code has been properly disclosed in the corporate governance section of the management report.

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 the accuracy and fair presentation of this information.

Other disclosures

In accordance with French law, we have verified that the required information concerning 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 2018, PricewaterhouseCoopers Audit was in the twelfth consecutive year of its engagement and KPMG Audit IS was in the seventeenth consecutive year of its engagement, thus five 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.

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 draw its attention to 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

Paris La Défense and Neuilly-sur-Seine, 24 January 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Matthieu Moussy

KPMG Audit IS

François Caubrière

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.

(Annual General Meeting for the approval of the financial statements for the year ended 30 September 2018)

Elior Group SA
9-11 Allée de l'Arche
92032 Paris La Défense Cedex
France

To the Shareholders,

In our capacity as Statutory Auditors of Elior Group 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 authorised and entered into during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments entered into during the year and authorised by the Board of Directors.

- ***FINANCING***

Eleventh amendment to the Senior Facilities Agreement (SFA)

Agreement authorised by the Board of Directors on: 9 March 2018

Contracting entities: Elior Group (of which Philippe Guillemot is the Chief Executive Officer) and Elior Participations (of which Bercy Participations, chaired by Elior Group, is manager [gérant])

Persons concerned: Philippe Guillemot (director and Chief Executive Officer of Elior Group, which is manager of Elior Participations, at the time of signature of the eleventh amendment to the SFA)

Nature and purpose: During financial year 2017-2018, 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 existing credit facilities under the SFA to 2023;
- increases the revolving credit facilities by €150 million;
- decreases the dollar-denominated lending margin by 5 basis points; and
- simplifies contractual documents.

Reason provided by the Company: "This transaction will allow the Group to optimise its financing structure."

Agreements and commitments from previous years not submitted for the approval of a previous Annual General Meeting

We were informed of the following agreements and commitments approved and entered into during previous years (Y-1 and Y-2), which were not submitted for the approval of the Annual General Meeting called to approve the Y-1 financial statements.

- ***REMUNERATION***
- ***Amendment to the payment conditions applicable to Philippe Salle's long-term variable remuneration ("LTVR") for financial year 2014-2015***

Agreement authorised by the Board of Directors on: 31 October 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, on 31 October 2017 the Board of Directors approved changes to the conditions for paying Philippe Salle's LTVR for financial year 2014-2015.

It was decided that:

- as an exception, the vested LTVR for financial year 2014-2015 will be paid on the date of termination of his duties as Chairman and Chief Executive Officer, not only in the event that Philippe Salle is removed from office for any reason other than serious or gross misconduct in the performance of his duties within the Group, but also in the event of forced departure, namely were the Board of Directors to decide to separate the roles of Chairman and Chief Executive Officer;
- as the payment conditions of the remaining LTVR for financial year 2014-2015 have been met, the amount of €1.25 million will be payable to Philippe Salle on the termination of his duties, after publication of this amendment on the Company's website.

Reason provided by the Company: "At its meeting of 20 October 2017, the Nominations and Compensation Committee held that, in the same way as for the termination benefit, it would be unjust not to extend the entitlement [i.e., that the benefit be due not only in the event that Philippe Salle is removed from office for any reason other than serious or gross misconduct, but also in the event of forced departure, namely were the Board of Directors to decide to separate the roles of Chairman and Chief Executive Officer] to his LTVR."

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 2018.

- ***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 variable compensation – as a percentage of the maximum target amount of variable compensation – 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 variable compensation for the 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 at 30 September 2017.

- ***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 monthly gross fixed and variable 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 basic monthly gross fixed and variable remuneration (excluding LTVR) paid during the 12 months preceding his termination date.

The maximum gross amount of non-competition compensation is €990,630, payable over a period of 24 months from 1 November 2017, i.e., a monthly gross amount of €41,276.25.

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, the Board of Directors approved the payment of non-competition compensation in the amount of €990,630. Accordingly, the Company paid non-competition compensation to Philippe Salle for the year ended 30 September 2018 in the amount of €454,038.75. A provision for the full amount of this compensation had

been booked during the year ended 30 September 2018. No amounts were recognised in respect of financial year 2017-2018.

We were informed that the following agreements and commitments, already approved by the Annual General Meeting of 9 March 2018, following the Statutory Auditors' special report of 29 January 2018, were implemented during the year.

- ***REMUNERATION***
- ***Termination benefits for Philippe Guillemot, Chief Executive Officer of Elior Group 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 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 monthly gross fixed and variable remuneration. If this requirement is met, the amount of the termination benefit due to Philippe Guillemot 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).

Termination benefits will not be 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 end 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 monthly gross fixed and variable 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 basic monthly 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."

- ***Amendment to the grant 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), as stipulated in the paragraph entitled "Agreements and commitments approved during the 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 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 financial year 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.

Paris La Défense and Neuilly-sur-Seine, 24 January 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit IS
Matthieu Moussy	François Caubrière

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, notably 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 March 9, 2018 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 Bylaws and 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 Chapter 3, “Corporate Governance – AFR”, 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 the 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 Company, the 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, the 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 or executive 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 officer 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 the 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 an Ordinary 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 verbally, 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 technology that complies 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, and 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 the 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, 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 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 one or more Deputy Chief Executive Officer(s) who must be individuals rather than legal entities. The maximum number of Deputy Chief Executive Officers that may be appointed is five.

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 July 26, 2017, the Board of Directors appointed Pedro Fontana as the Company's Deputy Chief Executive Officer. Mr. Fontana served as Deputy Chief Executive Officer until November 1, 2017, when he was appointed as Interim Chief Executive Officer – a position he held until the arrival of Philippe Guillemot on December 5, 2017.

At the date of this Registration Document the Company did not have any Deputy Chief Executive Officers.

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 pre-emptive 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 form of telecommunications technology 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 proportion of the Company's capital 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 2017-2018.

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, 2018, the Company's share capital amounted to €1,759,490.96, represented by 175,949,096 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 2017-2018 and at the date of this Registration Document.

Resolution number	Description of 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 amount of capital increase(s)**: 10% of the Company's share capital **Ceiling:** The maximum amount of the capital increase(s) is included in the €518,000 blanket ceiling set in the 28th resolution (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):** 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 maximum amount of the capital increase(s) is included in the €518,000 blanket ceiling set in (i) the 28th resolution (for information purposes, representing 30% of the Company's capital at the March 9, 2018 AGM) and (ii) the 29th resolution

Resolution number	Description of authorization granted to the Board of Directors
32	**Type of authorization**: To grant new or existing shares free of consideration, 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 that may be granted free of consideration under this resolution may not exceed 1.2% of the Company's share 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.
33	**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

The table below sets out the authorizations that will be submitted for approval at the Annual General Meeting on March 22, 2019, and which, if adopted, will replace the authorizations currently in force (notably the unused portions of the authorizations given at the March 9, 2018 AGM in the 28th, 29th, 30th, 31st, 32nd and 33rd resolutions).

Resolution number	Description of authorization granted to the Board of Directors
16	**Type of authorization**: To issue shares and/or other securities with pre-emptive subscription rights for existing shareholders. **Duration:** 26 months. **Maximum nominal amount of capital increase(s):** €527,000 (for information purposes, representing 30% of the Company's share capital as at the March 22, 2019 AGM). This amount represents a blanket ceiling covering any capital increase(s) carried out under the 16th, 17th, 18th, 20th and 21st resolutions of the March 22, 2019 AGM. **Maximum nominal amount of debt securities:** €664 million. This amount represents a blanket ceiling covering any debt securities issued under the 16th and 17th resolutions of the March 22, 2019 AGM. This authorization will supersede the unused portion of the authorization given for the same purpose in the 28th resolution of the March 9, 2018 AGM.
17	**Type of authorization**: To issue shares and/or other securities by way of a public offer, without pre-emptive subscription rights for existing shareholders but with a compulsory priority subscription period for existing shareholders. **Duration:** 26 months. **Maximum nominal amount of capital increase(s)**: €260,000 (for information purposes, representing 15% of the Company's share capital as at the March 22, 2019 AGM). This amount represents a sub-ceiling covering any capital increase(s) carried out under the 17th, 18th, 20th and 21st resolutions of the March 22, 2019 AGM. The nominal amount of any capital increase(s) carried out under this resolution will also be included in the blanket ceiling on capital increases set in the 16th resolution of the March 22, 2019 AGM. **Maximum nominal amount of debt securities:** €330 million. The nominal amount of any debt securities issued under this resolution will be included in the blanket ceiling on debt security issues set in the 16th resolution of the March 22, 2019 AGM.
18	**Type of authorization:** To issue shares and/or other securities in payment for shares and/or other securities in another company contributed to the Company in transactions other than public tender offers. **Duration:** 26 months. **Maximum nominal amount of capital increase(s):** 10% of the Company's share capital as at the March 22, 2019 AGM. The nominal amount of any capital increase(s) carried out under this resolution will also be included in (i) the sub-ceiling on capital increases set in the 17th resolution of the March 22, 2019 AGM and (ii) the blanket ceiling on capital increases set in the 16th resolution of the March 22, 2019 AGM.

Resolution number	Description of authorization granted to the Board of Directors
	This authorization will supersede the unused portion of the authorization given for the same purpose in the 29th resolution of the March 9, 2018 AGM.
19	**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 nominal amount of capital increase(s)**: The amount of available reserves. This authorization will supersede the unused portion of the authorization given for the same purpose in the 30th resolution of the March 9, 2018 AGM.
20	**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 nominal amount of any capital increase(s) carried out under this resolution will be included in (i) the sub-ceiling on capital increases set in the 17th resolution of the March 22, 2019 AGM and (ii) the blanket ceiling on capital increases set in the 16th resolution of the March 22, 2019 AGM. This authorization will supersede the unused portion of the authorization given for the same purpose in the 31st resolution of the March 9, 2018 AGM.
21	**Type of authorization**: To grant new or existing shares free of consideration, 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 that may be granted free of consideration under this resolution may not exceed 2.7% of the Company's share capital at the grant date and may not represent more than 1% of the Company's share capital in any given year. The nominal amount of any capital increase(s) carried out under this resolution will be included in (i) the sub-ceiling on capital increases set in the 17th resolution of the March 22, 2019 AGM and (ii) the blanket ceiling on capital increases set in the 16th resolution of the March 22, 2019 AGM. This authorization will supersede the unused portion of the authorization given for the same purpose in the 32nd resolution of the March 9, 2018 AGM.
22	**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. This authorization will supersede the unused portion of the authorization given for the same purpose in the 33rd resolution of the March 9, 2018 AGM.

5.2.2 SHARES NOT REPRESENTING CAPITAL

The Company has not issued any shares that do not represent capital.

5.2.3 TREASURY SHARES, OWN SHARES AND SHARE BUYBACK PROGRAMS

5.2.2.1 Share Buyback Authorizations

On March 9, 2018, 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 10, 2017 – the maximum amount that may be invested in the buyback program is €430 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 €25 (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 9, 2018, 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.

The liquidity contract initially entered into with Natixis was transferred to Oddo BHF on July 2, 2018.

At December 31, 2018, 32,830 shares were held under the liquidity contract with Oddo BHF.

Also at December 31, 2018, the Company held 183 shares in treasury.

5.2.2.2 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 2016/1, 2016/2, 2016/3, 2016/4, 2017/1, 2018/1, 2018/2, 2018/3, 2018/4 and 2018/5 plans, as described in Chapter 3, Section 3.1.6.3 of this Registration Document.

5.2.4 INFORMATION ABOUT AND THE TERMS OF ANY ACQUISITION RIGHTS OR OBLIGATIONS OVER AUTHORIZED BUT UNISSUED CAPITAL

N/A.

5.2.5 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.

5.2.6 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

Date	Type of operation	Increase/(decrease) in share capital (in €)		New share capital (in €)	New number of shares
June 30, 2015	Exercise of stock options	0.01	938,048.58	1,645,716.64	164,571,664
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
April 13, 2018	Capital increase following shareholders' exercise of stock dividend option	0.01	36,249,209.20	1,748,892.50	1,748,892.50
April 26, 2018	Capital increase following the set-up of the Group employee share ownership plan	0.01	15,229,987.00	175,949,096	1,759,490.96

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 the fiscal 2016-2017 Registration Document.
- Capital increase following shareholders' exercise of the option to receive their dividend for fiscal 2016-2017 in shares as authorized at Elior Group's Annual General Meeting of March 9, 2018.
- Issue of shares to members of an employee share ownership plan, without pre-emptive subscription rights for existing shareholders, as authorized at Elior Group's Annual General Meeting of March 9, 2018.

5.3 THE COMPANY'S OWNERSHIP STRUCTURE – AFR

5.3.1 OWNERSHIP STRUCTURE AT DECEMBER 31, 2018 AND CHANGES IN OWNERSHIP STRUCTURE DURING FISCAL 2017-2018 AND UP UNTIL DECEMBER 31, 2018

At December 31, 2018 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]	39,878,255	22.7%	39,878,255	22.7%	39,878,255	22.7%
Emesa	17,087,800	9.7%	17,087,800	9.7%	17,087,800	9.7%
CDPQ	11,580,582	6.6%	11,580,582	6.6%	11,580,582	6.6%
FSP	8,890,453	5.1%	8,890,453	5.1%	8,890,453	5.1%
Free float[2]	98,479,176	55.9%	98,479,176	55.9%	98,479,176	55.9%
Treasury shares	32,830	0.0%	32,830	0.0%	N/A	N/A
TOTAL	**175,949,096**	**100.00%**	**175,949,096**	**100.00%**	**175,916,266**[3]	**100.00%**

(1) Entity controlled by Robert Zolade.
(2) O/w held under employee share ownership plans: 0.6%
(3) Theoretical voting rights less voting rights attached to shares held under the liquidity contract set up by the Company.

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 2017-2018 and up until December 31, 2018.

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
Crédit Agricole Corporate and Investment Bank --- Crédit Agricole S.A.	October 2, 2017	2% - 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	November 21, 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%
Citigroup Inc.	December 6, 2017	3%	-	Increase	3.99%	3.99%
MFS Investment Management	December 7, 2017	1%	-	-	0.79%	0.79%
MFS Investment Management	December 12, 2017	1%	-	Increase	1.93%	1.93%

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
BNP Paribas	December 14, 2017	3%	-	Increase	3.38%	3.00%
MFS Investment Management	December 26, 2017	1%		Decrease	0.76%	0.76%
Sycomore Asset Management	December 27, 2017	2%	-	Increase	2.10%	2.10%
Wellington Management Group LLP	January 9, 2018	2%	-	Increase	2.02%	2.02%
Sycomore Asset Management	January 25, 2018	2%	-	Decrease	1.99%	1.99%
Crédit Agricole Corporate and Investment Bank	January 29, 2018	1% - 2% - 3% - 4% - 5%	5%	Increase	5.04%	5.04%
Crédit Agricole S.A.	January 29, 2018	1% - 2% - 3% - 4% - 5%	5%	Increase	5.15%	5.15%
Fonds Stratégique de Participations	January 29, 2018	1% - 2% - 3%	-	Increase	3.07%	3.07 %
Fonds Stratégique de Participations	January 30, 2018	4% - 5%	-	Increase	5.02%	5.02%
BIM	February 2, 2018	27% - 26% - 25% - 24%	-	Decrease	23.07%	23.07%
Crédit Agricole Corporate and Investment Bank	February 21, 2018	6% - 7%	-	Increase	7.86%	7.86%
Crédit Agricole S.A.	February 21, 2018	6% - 7% - 8%	-	Increase	8.06%	8.06%
La Financière de l'Échiquier	March 15, 2018	3%	-	Increase	3.03%	3.03%
Crédit Agricole Corporate and Investment Bank	March 30, 2018	7%	-	Decrease	6.42%	6.42%
Crédit Agricole S.A.	March 30, 2018	7%	-	Decrease	6.69%	6.69%
Crédit Agricole Corporate and Investment Bank	April 10, 2018	7%	-	Increase	7.41%	7.41%

Entity	Disclosure date	Disclosure threshold: Under the Bylaws	Disclosure threshold: Under the applicable laws	Increase/ decrease in holding	% capital	% voting rights
Groupe Caisse des Dépôts	April 20, 2018	1%	-	Increase	1.05%	1.05%
BNP Paribas Asset Management	April 27, 2018	3%	-	Increase	3.62%	3.17%
Crédit Agricole Corporate and Investment Bank	April 30, 2018	7%	-	Decrease	6.99%	6.99%
Crédit Agricole S.A.	April 30, 2018	7%	-	Increase	7.02%	7.02%
Sycomore Asset Management	May 17, 2018	1%	-	Decrease	0.56%	0.56%
Crédit Agricole S.A.	May 18, 2018	7%	-	Decrease	6.98%	6.98%
OSTRUM Asset Management	May 18, 2018	1%	-	Increase	1.21%	1.21%
Franklin Resources, Inc	May 21, 2018	3%	-	Increase	3.02%	3.02%
OSTRUM Asset Management	May 25, 2018	2%	-	Increase	2.07%	2.07%
Allianz Global Investors GmbH	June 20, 2018	2%	-	Decrease	1.99%	1.99%
Allianz Global Investors GmbH	June 27, 2018	2%	-	Increase	2.09%	2.09%
BNP Paribas Asset Management	June 29, 2018	3%	-	Decrease	2.94%	2.59%
T.RowePrice	July 2, 2018	1%	-	Increase	1.08%	1.06%
Amundi	July 2, 2018	2%	-	Increase	2.13%	2.13%
Franklin Resources, Inc	July 4, 2018	1%	-	Increase	4.07%	4.07%
BNP Paribas Asset Management	July 6, 2018	2%	-	Decrease	2.25%	1.99%
BNP Paribas Asset Management	July 17, 2018	2%	-	Decrease	1.99%	1.79%
Covea Finance	July 31, 2018	1%	-	Decrease	0.85%	0.85%

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
Crédit Agricole S.A.	August 13, 2018	7%	-	Increase	7.00%	7.00%
Crédit Agricole S.A.	August 13, 2018	7%	-	Decrease	6.99%	6.99%
Dimensional Fund Advisors LP	August 20, 2018	1%	-	Increase	1.001%	1.001%
Crédit Agricole S.A.	September 17, 2018	7%	-	Increase	7.16%	7.16%
Amundi	September 18, 2018	3%	-	Increase	3.00%	3.00%
Citadel	September 18, 2018	1%	-	Increase	1.002%	1.002%
Crédit Agricole S.A.	September 25, 2018	7%	-	Decrease	6.75%	6.75%
Citadel	September 27, 2018	1%	-	Decrease	0.99%	0.99%
Citadel	October 16, 2018	1%	-	Increase	1.001%	1.001%
Allianz Global Investors GmbH	October 26, 2018	2%	-	Decrease	1.99%	1.99%
Groupe Caisse des Dépôts	October 29, 2018	2%	-	Increase	2.01%	2.01%
OSTRUM Asset Management	November 13, 2018	2%	-	Decrease	1.99%	1.99%
Edmond de Rothschild	November 19, 2018	1%	-	Increase	1.05%	1.05%
Citadel	November 21, 2018	1%	-	Decrease	0.83%	0.83%
Sycomore Asset Management	November 22, 2018	2%	-	Increase	2.19%	2.19%
Amundi	November 22, 2018	3%	-	Decrease	2.82%	2.82%
Amber Capital	November 28, 2018	1%	-	Increase	1.06%	1.06%
Bertrand Corp	December 4, 2018	1%	-	Increase	1.00%	1.00%
York Capital Management	December 5, 2018	1%	-	Increase	1.47%	1.47%
Bertrand Corp	December 7, 2018	2 – 3%	-	Increase	3.00%	3.00%

Entity	Disclosure date	Disclosure threshold		Increase/ decrease in holding	% capital	% voting rights
		Under the Bylaws	Under the applicable laws			
Bertrand Corp	December 11, 2018	4%	-	Increase	4.00%	4.00%
Bertrand Corp	December 12, 2018	5%	-	Increase	5.00%	5.00%
Allianz Global Investors GmbH	December 12, 2018	2%	-	Increase	2.01%	2.01%
T.RowePrice	December 12, 2018	1%	-	Decrease	0.95%	0.94%
BNP Paribas Asset Management	December 14, 2018	1%	-	Decrease	0.86%	0.83%

5.3.2 OWNERSHIP STRUCTURE AT DECEMBER 31, 2017 AND CHANGES IN OWNERSHIP STRUCTURE DURING FISCAL 2016-2017

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) 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 and changes in the Company's ownership structure during fiscal 2016-2017 can be found in Chapter 5, Section 5.3 of the Registration Document filed on January 29, 2018.

5.3.3 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.

5.3.4 SHAREHOLDER VOTING RIGHTS

Each Company share carries one voting right. The Company's Bylaws do not provide for double voting rights.

At December 31, 2018, the total number of the Company's shares was 175,949,096 and the total number of exercisable voting rights was 175,916,266 (see Section 5.2.3.1 above for information on 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, the following shareholders were known to hold over 5% of the Company's capital and were members of the Board of Directors:

- BIM (the Company's historic and main shareholder), represented by Robert Zolade.
- Emesa Corporacion Empresarial, S.L. (represented by Pedro Fontana), which was elected as a director at the Company's AGM on March 11, 2016.
- Caisse de Dépôt et Placement du Québec (independent director 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.
- Fonds Stratégique de Participations (represented by Virginie Duperat Vergne), which was elected as a director at the Company's AGM on March 9, 2018.

At its December 3, 2018 meeting, the Company's Board of Directors qualified four of its members as independent directors, including CDPQ and FSP.

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 9.71%, 6.58% and 5.05% ownership interests held in Elior Group by Emesa, CDPQ and FSP 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 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 PROGRAMS

See Chapter 4, Section 4.7.5., "Receivables Securitization Programs".

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 2018-2019 is presented in Chapter 1, Section 1.7. 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 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I 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 my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my 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. I 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.

I 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 24, 2019 by Philippe Guillemot, Chief Executive Officer.

6.3.2 AUDITORS

	Date first appointed	Term	Expiration of current term
Statutory Auditors			
PricewaterhouseCoopers Audit, Represented by Matthieu Moussy 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 ending September 30, 2023
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	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2023

(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 report and Statutory Auditors report for the fiscal year ended September 30, 2017, presented in the fiscal 2016-2017 Registration Document filed with the Autorité des Marchés Financiers on January 29, 2018.
- The Group's consolidated financial statements and the related management report and Statutory Auditors report for the fiscal year ended September 30, 2016, presented in the fiscal 2015-2016 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 report and Statutory Auditors report for the fiscal year ended September 30, 2015, presented in the fiscal 2014-2015 Registration Document filed with the Autorité des Marchés Financiers on January 28, 2016 under number R16-003.

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, "The 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 Sections of 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(s) of the Registration Document
1	**Persons responsible**	6.3.1
2	**Statutory Auditors**	6.3.2
3	**Selected financial information**	1.3
4	**Risk factors**	3.2.1 Note 10 of the consolidated financial statements
5	**Information about the issuer**	
5.1	History and development of the issuer	1.4
5.2	Investments	4.2.2, 4.7.6.1
6	**Business overview**	
6.1	Principal activities	1.6.1
6.2	Principal markets	1.6.1, 1.6.3, 1.6.4, 4.1.4
6.3	Exceptional factors	4.11.1.2 Note 5.2 of the consolidated financial statements
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
6.5	Competitive position	1.6.3, 1.6.4
7	**Organizational Structure**	

Key information required under Annex 1 of European Commission Regulation 809/2004		Section(s) of the Registration Document
7.1	Brief description of the Group	1.4, 1.6.1
7.2	List of significant subsidiaries	1.5 Note 14 of the consolidated financial statements
8	**Property, plant and equipment**	N/A
9	**Operating and financial review**	
9.1	Financial condition	4.1, 4.6, 4.7
9.2	Operating results	4.11 Note 1.1 of the consolidated financial statements
10	**Capital resources**	4.7.1
11	**Research and development, patents and licenses**	N/A
12	**Trend information**	1.6.2, 1.6.4, 4.4
13	**Profit forecasts or estimates**	4.1, 4.8
14	**Board of Directors and executive management**	3.1
14.1	Information about members of the Board of Directors and executive management	3.1.1, 3.1.2, 3.1.3
14.2	Conflicts of interest	3.1.3.1.1, 3.1.3.1.3
15	**Compensation and benefits**	
15.1	Compensation and benefits in kind	3.1.6 Note 11.1 of the consolidated financial statements
15.2	Total amounts set aside or accrued to provide pension, retirement or similar benefits	4.1, 4.11.4.9 Note 6.10 of the consolidated financial statements
16	**Board practices**	

Key information required under Annex 1 of European Commission Regulation 809/2004		Section(s) of the Registration Document
16.1	Expiration date of current terms of office	3.1.3.1
16.2	Service contracts with members of the administrative and management bodies	3.1.3.1.4
16.3	Information about the Audit Committee and the Nominations and Compensation Committee	3.1.3.4.1, 3.1.3.4.2
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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 report and Statutory Auditors report for the fiscal year ended September 30, 2017, presented in the fiscal 2016-2017 Registration Document filed with the Autorité des Marchés Financiers on January 29, 2018.
- The Group's consolidated financial statements and the related management report and Statutory Auditors report for the fiscal year ended September 30, 2016, presented in the fiscal 2015-2016 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 report and Statutory Auditors report for the fiscal year ended September 30, 2015, presented in the fiscal 2014-2015 Registration Document filed with the Autorité des Marchés Financiers on January 28, 2016 under number R16-003.

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