REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT FISCAL 2015-2016

eliorgroup

Time savored

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Registration Document and Annual Financial Report Fiscal 2015-2016

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

Registered office:

9-11 allée de l'Arche

92032 Paris La Défense, France

Registered in Nanterre under no. 408 168 003

The French *Document de Référence* was filed with the Autorité des Marchés Financiers (AMF) in accordance with the AMF's General Regulations (notably Article 212-13) and was registered by the AMF on January 27, 2017 under number R.17-003. 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.

In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code (*Code monétaire et financier*) the AMF registered the *Document de Référence* after verifying the document for completeness, clarity and consistency. Such registration should not be construed as an approval by the AMF of the accounting and financial information presented therein.

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.

CONTENTS

AFR: The sections of this document that constitute the Annual Financial Report are identified by the letters AFR in the contents table (see also cross-reference table in Section 6.8).

1

THE ELIOR GROUP

1. ELIOR GROUP

1.1 MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

How would you sum up the Group's performance in fiscal 2015-2016?

One year after launching our 2016-2020 strategy we are ahead of schedule, both in terms of our external growth and our transformation process. We achieved our financial objectives for 2015-2016, with organic growth of 3.1% (excluding the impact of voluntary contract exits which mainly affected contract catering), and EBITDA margin[1] widening by 20 basis points (not taking into account the dilutive effect of our most recent acquisition in the United States). This increase in profitability is just the beginning – going forward, we intend to further our drive to optimize operational performance across our various markets by continuing to roll out projects under the Tsubaki transformation plan. We therefore expect to see faster profitability growth in 2016-2017 and remain confident in our Group's longer term outlook.

What were the highlights of 2015-2016?

In 2015-2016 we pursued our external growth strategy and strengthened our leadership position in the contract catering industry by acquiring ABL Management and Preferred Meals in the United States, Waterfall Catering Group in the United Kingdom and Autogrill's railway station concession operations in France. The year 2016 marked the Group's 25th anniversary and also saw the relocation of our headquarters to the Tour Égée in the La Défense business district of Paris. As a result of this move, 1,200 team members from Elior Group, Elior, Areas and Elior Services now all work under the same roof, in an environment that encourages operational excellence – one of the five corporate values defined together by Group Management and relayed to all of our people last year.

Also in 2016, I decided to lend the Group's support to Paris' bid for the 2024 Olympics and France's candidature for World Expo 2025. We are already helping the bid teams, offering them our expertise as a leading global contract caterer with experience in major international events, such as when we catered for the 45,000 daily participants at the 2015 United Nations Climate Conference held in Paris. In line with the principles advocated at this historic international event, in October 2016 we unveiled our new CSR strategy – the Positive Foodprint Plan™ – which is aimed at leaving a positive food footprint by 2025 through sourcing sustainable ingredients, providing healthy choices in our restaurants, reducing food waste and helping our people fulfill their potential.

Where is the Group at in terms of developing operations in Asia?

In line with our 2016-2020 strategy, the Group has now made its entry into India – a highly fragmented and fast-growing market – by simultaneously acquiring in November 2016 the contract caterers MegaBite Food Services and CRCL, which operate in the business & industry sector. The Group's new subsidiary resulting from these acquisitions – Elior India – has over 3,500 employees who serve 135,000 meals a day, primarily for clients based in Bangalore and Chennai. This move has propelled Elior Group straight into the ranks of India's top three contract catering players.

What about in the rest of the world?

In the United Kingdom, our acquisition of Waterfall Catering Group is a perfect fit with our strategy of being the contract caterer of choice in the education, healthcare and high-end business & industry markets. It also brings us closer to our objective of doubling our size in the UK and becoming one of its top three contract caterers by 2020. In the United States our objective is to reach the one and a half billion dollar revenue mark by 2020. In order to achieve this objective we are positioning ourselves in four contract catering markets that offer good growth prospects – education, healthcare and seniors, high-end business & industry and corrections facilities. Our acquisitions of ABL Management and Preferred Meals are also fully in step with our leadership strategy. In the concession catering business we have gained an initial foothold in Northern Europe by winning the contract for a point of sale at Copenhagen airport and we have

[1] Adjusted EBITDA margin

broadened our coverage of French railway stations by securing the contract for food and beverage concessions at Paris Gare du Nord and seven major stations outside the capital.

Innovation is a key strategic driver for the Group – can you give us an update?

I am convinced that digital technology has a key role to play in the transformation of our business, particularly when it comes to creating innovative customer experiences and fine-tuning the way we operate. We are taking a pioneering approach in the industry by investing in start-ups whose activities have a direct relationship to our core business or which round out our business model – for instance La Belle Assiette, Never Eat Alone, TOUCHANDPLAY, PopChef, FoodMeUp and Foodles, and by entering into partnerships with players in the start-up ecosystem, such as the business incubator Smart Food Paris. In parallel, we are reinforcing our unique portfolio of directly-owned brands, formats and concepts and putting in place measures to encourage an entrepreneurial mindset among our employees. For example, during 2015-2016 we launched Life4 Challenge, an in-house competition backed by the Group's Executive Team, which was won by a team in the UK. Our next step is to identify more mature businesses to work with on devising innovative, out-of-the-ordinary services that will give us an edge in invitations to tender.

How do you view the Company's share performance in 2015-2016 and what changes were there in its ownership structure?

Elior Group's shares performed well in the twelve months from October 1, 2015 to September 30, 2016, up 19% (following on from the strong 32% growth seen in 2014-2015) and analysts are issuing buy and hold recommendations. The Company's ownership structure was changed in February 2016 with the exit of entities controlled by Charterhouse Capital Partners LLP, which up until then had owned around 10% of Elior Group. Then a month later, Caisse de Dépôt et Placement du Québec acquired just over 6% of the Company's capital.

What are your priorities for 2016-2017?

We of course intend to ensure that we make a success of our entry into the Indian market and we plan to pursue our trajectory of acquisition-led growth. For the contract catering business, our aim is to continue to grow in the United States, the United Kingdom and other countries and in concession catering we will be particularly focusing on airports in Northern Europe and the United States. Now that we have put in place the organizational structures and management teams we need in order to accelerate the implementation of our strategy, I want to concentrate on local-level managers – who are key to the success of our ambitious plans – by investing, for example, in more modern systems and processes so they can devote more of their time to growing their revenue and margins.

1.2 SELECTED FINANCIAL INFORMATION

Key Figures

**€5,896 MILLION
IN CONSOLIDATED REVENUE**

€4,228 MILLION GENERATED BY CONTRACT CATERING & SERVICES	€1,668 MILLION GENERATED BY CONCESSION CATERING
23,000 RESTAURANTS AND POINTS OF SALE	4.4 MILLION CUSTOMERS EACH DAY
120,000 EMPLOYEES	15 COUNTRIES WORLDWIDE

Income Statement Data

(in € millions)	Year ended September 30		
	2016	2015	2014
Revenue	**5,896**	**5,674**	**5,341**
Contract catering & services	4,228	3,995	3,774
– France	2,163	2,136	2,122
– International	2,065	1,859	1,652
Concession catering	1,668	1,679	1,567
– France	657	716	707
– International	1,011	963	860
Revenue growth[1]	3.9%	6.2%	6.5%
Organic revenue growth[2]	1.4%	3.1%	3.7%
Recurring operating profit	**330.8**	**308.8**	**308.3**
Recurring operating profit margin[3]	**5.6 %**	**5.4 %**	**5.8 %**
Profit attributable to owners of the parent	**135.3**	**107.2**	**47.8**
Adjusted attributable profit for the period	**180.9**	**133.4**	**66.0**
Adjusted earnings per share (in €)[4]	**1.05**	**0.80**	**0.52**
Recommended dividend (in €)	**0.42**	**0.32**	**0.20**

(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 Section 4.1.4 of this Registration Document.

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

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

Revenue by Geographic Region

(in € millions)	Year ended September 30		
	2016	2015	2014
France	2,820	2,852	2,829
International	3,076	2,822	2,512
GROUP TOTAL	**5,896**	**5,674**	**5,341**

Revenue by Market

(in € millions)	Year ended September 30		
	2016	2015	2014
- Business & industry	1,945	1,861	1,723
- Education	1,139	1,069	1,050
- Healthcare	1,144	1,065	1,001
Total contract catering & services	4,228	3,995	3,774
- Motorways	593	615	575
- Airports	724	688	623
- City sites & leisure	351	376	368
Total concession catering	1,668	1,679	1,567
GROUP TOTAL	**5,896**	**5,674**	**5,341**

Balance Sheet Data

(in € millions)	At September 30		
	2016	2015	2014
Goodwill	2,542.0	2,376.0	2,360.2
Cash and cash equivalents	160.6	210.4	220.2
Equity[1]	1,557.4	1,486.1	1,326.8
Gross debt	1,857.4	1,654.0	1,588.5
Net debt[2]	1,705.8	1,452.2	1,380.4
Leverage ratio (net debt[2]/pro forma EBITDA[3])	3.22	3.03	3.09

(1) The difference between the reported figure of €1,322.6 million for equity at September 30, 2014 and the €1,326.8 million presented in the table above is due to the retrospective application of IFRIC 12.

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

(3) Based on the definition and covenants in the Senior Facility Agreement, as described in Section 4.7.2, "Senior Facility Agreement", i.e. pro forma EBITDA adjusted to exclude the impacts of (i) acquisitions and divestments of consolidated companies, and (ii) stock option and free share plans.

Consolidated Cash Flow Data

(in € millions)	Year ended September 30		
	2016	2015	2014
Net cash from operating activities	275.1	293.9	241.4
Net cash used in investing activities	(460.4)	(285.6)	(174.1)
Net cash from financing activities	142.5	24.4	15.0
Effect of exchange rate and other changes	1.4	(23.9)	(23.6)
Net increase/(decrease) in cash and cash equivalents	(41.4)	**8.8**	**58.7**

Other Financial Data

(in € millions)	Year ended September 30		
	2016	2015	2014
Reported EBITDA[1 5]	496.8	**473.6**	**447.3**
Contract catering & services	322.3	302.4	293.0
Concession catering	183.3	179.1	158.8
Corporate	(8.8)	(7.8)	(4.5)
Reported EBITDA margin[6]	8.4%	8.4%	8.4%
Adjustment to exclude the impact of stock options and free shares	4.3	1.4	-
Adjusted EBITDA	501.1	475.0	-
EBITDA margin adjusted to exclude the impact of stock options and free shares and the dilutive effect of the consolidation of Preferred Meals in the United States	8.6%	-	-
Net capital expenditure[3]	(183.0)	(177.9)	(181.4)
Change in working capital[4]	(0.3)	34.1	34.8
OPERATING CASH FLOW	**313.5**	**329.8**	**300.7**
Other cash movements[2]	(61.3)	(84.9)	(74.3)
Tax paid	(78.7)	(56.2)	(43.0)
FREE CASH FLOW (FCF)[2]	**173.5**	**188.7**	**183.4**
FCF/EBITDA conversion rate[7]	34.9%	39.8%	41.0%

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

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

- Consolidated EBITDA as defined in (1) above adjusted for the impact of stock options and free shares.
- Net capital expenditure as defined in (3) below.
- Change in working capital as defined in (4) below.
- Tax paid, which notably includes corporate income tax, the CVAE tax in France and the IRAP tax in Italy.

- Other cash movements, which primarily comprise cash outflows related to (i) non-recurring items in the income statement and (ii) provisions recognized for liabilities resulting from fair value adjustments recognized on the acquisition of consolidated companies.

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

- Purchases of property, plant and equipment and intangible assets.

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

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

- Inventories and work-in-progress.

- Trade receivables.

- Trade payables.

- Employee-related payables and receivables, including accrued income related to the CICE tax credit in France.

- Tax receivables and payables (excluding corporate income tax, deferred taxes and the CVAE and IRAP taxes).

- Other operating receivables and payables.

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

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

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

1.3 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 (0)1 71 06 70 00. Elior Group is a French joint-stock corporation (*société anonyme*) with a Board of Directors, and is governed by the laws of France (notably Book II of the French Commercial Code), as well as by the Company's bylaws (hereinafter the "Bylaws").

History and Development

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

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

On June 11, 2014, the Company was relisted on 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 Restaurant Catering Group (SRCG), a U.S. market leader that offers a full range of high-end catering services.

In 2016, the North American subsidiary took on the Group's flagship contract catering brand name, becoming Elior North America. Also during the year, Elior Group continued its expansion drive in the United States where it acquired two new companies – ABL Management and Preferred Meals, which specializes in preparing fresh and frozen snacks as well as single dishes and complete meal solutions for contract catering operations and home deliveries in the education and seniors markets. The acquisition of ABL Management has enabled the Group to consolidate its positions in the university and corrections segments, while its purchase of Preferred Meals has strengthened its presence in the education and seniors markets and enabled it to broaden its offerings to encompass new services such as meal deliveries.

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

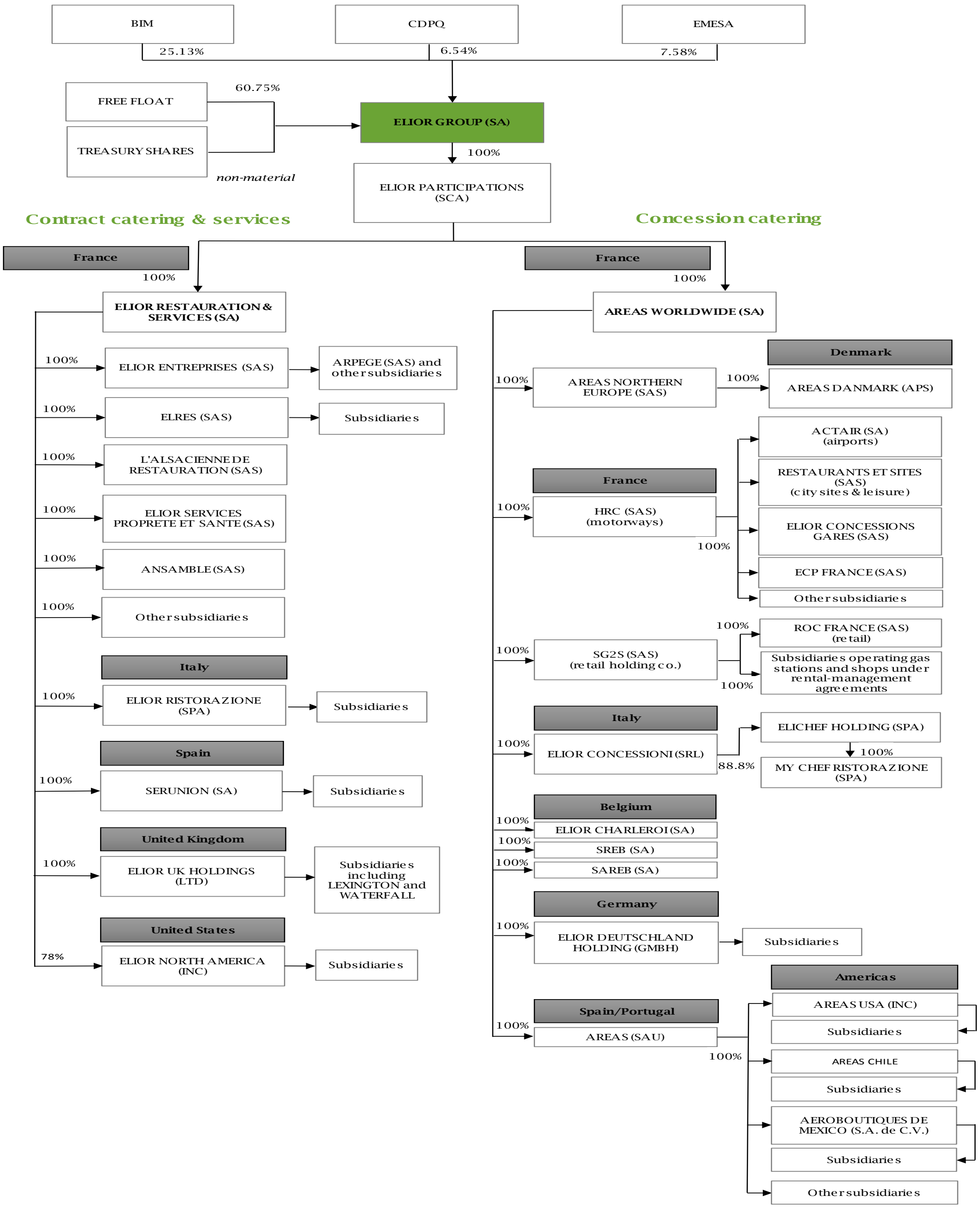
In November 2016, the Group made its entry into India – a highly fragmented market with very good growth prospects – by simultaneously acquiring two contract caterers: MegaBite Food Services (the leading premium contract caterer for Bangalore's business & industry market) and CRCL, which is based in Chennai and is the largest contract caterer in Southern India. The Group acquired the entire capital of MegaBite Food Services and a majority stake in CRCL, and the new subsidiary resulting from these acquisitions – Elior India – has over 3,500 employees who serve 135,000 meals a day, giving Elior Group an immediate positioning among India's top three players in the contract catering market.

Founded in 2005 by three former hoteliers, MegaBite Food Services currently employs over 850 people and prepares 28,000 meals a day from its central kitchen in Bangalore and 1,800 meals a day in Mumbai. Its clients include Cisco, Microsoft, Google, McKinsey and Shell. CRCL has over 33 years of experience and is India's fourth-leading foodservices provider, employing over 2,650 people based at several different sites and serving more than 100,000 meals a day. Its prestigious client portfolio includes Daimler, Pfizer, MRF and the Vellore Institute of Technology.

Since the Group's first year of operations after it was founded in 1991, its annual revenue has increased more than ten-fold, reaching €5.896 billion for the year ended September 30, 2016.

1.4 ORGANIZATIONAL STRUCTURE

The organization chart below presents the Group's legal organizational structure at December 31, 2016.[2]



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[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.

1.5 THE GROUP'S BUSINESSES AND STRATEGIES

1.5.1 BUSINESSES

The Group is an international contract catering and concession catering operator, serving some 4.4 million customers every day at approximately 23,000 restaurants and points of sale worldwide. The Group also proposes soft facility management services and has around 120,000 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 offers a broad array of catering services targeted at three key client markets: corporate entities and government agencies (business & industry), educational establishments (education), and healthcare facilities (healthcare). The Group primarily operates contract catering activities in its traditional markets in Europe and, since 2013, in the United States. Based on revenue generated in 2016, the Group estimates that it is the third-leading contract caterer in Europe and the fourth-leading contract caterer in the world.

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

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

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

In 2016, the North American subsidiary took on the Group's flagship contract catering brand name, becoming Elior North America. Also during the year, Elior Group continued its expansion drive in the United States where it acquired two new companies – ABL Management and Preferred Meals, which specializes in preparing fresh and frozen snacks as well as single dishes and complete meal solutions for contract catering operations and home deliveries in the education and seniors markets. The acquisition of ABL Management has enabled the Group to consolidate its positions in the university and corrections segments, while its purchase of Preferred Meals has strengthened its presence in the education and seniors markets and enabled it to broaden its offerings to encompass new services such as meal deliveries.

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

In the year ended September 30, 2016, the Group generated total consolidated revenue of €5,896 million and reported EBITDA of €496.8 million. The contract catering & services business line generated €4,228 million in revenue and €322.3 million in reported EBITDA, and the concession catering business's revenue totaled €1,668 million and its reported EBITDA amounted to €183.3 million.

1.5.1.1 The Group's Contract Catering & Services Business Line

2015-2016 key figures

- **Revenue: €4,228 million** (72% of total consolidated revenue)
- An operating presence in seven countries: France, Italy, Spain, Portugal, the United Kingdom, the United States and India
- 21,000 restaurants and points of sale in six countries[1]
- 3.5 million customers per day[1]
- 78,000 employees worldwide[1]

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

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

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

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

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

Contract catering brands

The Group provides its contract catering services under 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

[1] Excluding India.

Spain

Serunión

Alessa

Singularis

Italy

Elior

Gemeaz

Copra

United Kingdom

Elior

Lexington

Azur

Waterfall

United States

Elior North America

Valley

A'Viands

Lindley

Aladdin

Cura

Starr Catering Group

Preferred Meals

ABL

1.5.1.1.1 The Business & Industry Market

a) 2015-2016 key figures

- **€1,945 million in revenue** (46% of total contract catering & services revenue)
- 5,200 restaurants
- 1.1 million customers per day

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

b) Highlights of 2015-2016

France – Elior Group became a key partner of the Airbus Group Leadership University in Toulouse (24-hour catering and comprehensive services for the 145-bed hotel, provided in conjunction with Elior Services).

France – AccorHotels selected Arpège as the service provider for its new head office at Issy-les-Moulineaux, having been won over by an innovative offering of services covering more than just the building's eating areas.

France – Arpège won a contract with Natixis to cater for three sites in the Greater Paris region, representing over 2,500 guests in total.

France – Elior was selected by Thalès as the catering provider for its newly-opened campus in Bordeaux, representing 1,600 guests each day.

France – Elior won the contract to manage the Paris-based high-end inter-company restaurant, Carré Saint-Honoré (which is used by employees from Rothschild, Sisheido, Burberry etc.).

Italy – Elior Italy completely overhauled and remodeled its offering for the 2,500 Italian postal service employees it serves in Rome.

United States – Macquarie Holdings selected Starr to devise a dining concept and area for its New York offices that is conducive to collaborative work.

United Kingdom – Elior UK was chosen by General Electric UK to cater for its 1,200 employees at its London head office and carry out office maintenance services there.

Spain – Serunión won the bid process launched by Endesa to provide catering services for around one thousand employees at its Madrid head office.

Overall, Elior pursued its growth in the business & industry catering market in 2015-2016 thanks to the start-up and renewal of numerous contracts.

c) Reinventing eating areas

Working methods are changing in today's business world and companies are responding to these changes by rethinking their spaces. The Group assists its clients in this process by continuously reinventing its approach to catering. We take every measure to ensure our projects are a success by drawing from a pool of designers, sociologists and other experts who work together to create exclusive solutions and concepts for our clients. Just one example of this original approach is the four themed spaces created by Arpège for AccorHotels' new head office in the Paris suburbs. Also in France, in 2015-2016, Danone and Engie took on board Elior's recommendation to create modular dining areas. The Group has created diverse spaces in which people can hold meetings, co-work or have some private time out during their working day. The "Worko" area of the Group's new head office at the Tour Égée is an example of such a space, and several pilot restaurants have been created in the building that showcase the Group's business & industry offering. In the United States, the new café concept designed for Macquarie provides an environment that is both comfortable and practical in which employees can either switch off and take a break or work in new ways through "smart working". Zesteat – a premium concept designed by Elior in Italy – is a prime example of smartworking solutions, with the Zesteat space incorporating work stations and connected meeting rooms and creating an atmosphere that encourages people to work more efficiently.

d) Helping workers set their own pace

It is important for today's workers to feel they can take a break when they want to. The Group has responded to this behavioral change by breaking with traditional catering hours and proposing food and beverage offerings at any time of the day or night, as is the case at the Airbus Group Leadership University campus in Toulouse in France where we are open 24 hours a day. The general trend in the business & industry market is towards lunches being served over longer periods and breakfast, café and snack offerings being available throughout the day for all types of appetite, such as in the new Melò cafeteria created for the Italian postal service. In addition, because taking a break also means taking time for yourself, in Spain, Serunión has purchased a stake in Vitalista, which delivers meals to the workplace that are specifically tailored for each guest and designed in conjunction with a nutritionist.

e) A digital journey from kitchen to plate

Far from being a gadget, digital technology is now a key way to offer corporate diners ever-more comfort and services. Fully aware that food-tech is transforming the way we eat and drink, Elior Group is taking steps to integrate technology into each aspect of its offerings. The advantages for our guests are numerous: for example, in Italy they no longer have to queue at the cash desk thanks to the introduction of Smartfood interactive terminals, and in France and the UK they can use the Time Chef and Ten Kites apps respectively in order to view the day's menu and see in real time how busy the restaurant is. Guests can also now use click & collect services, such as Clicca & Gusta in Italy, and can receive an alert when their favorite meal is on the menu. Another new option for guests is to use geolocation technology to find team members with whom they would like to have lunch or the Never Eat Alone app in order to meet up for lunch with people from neighboring offices. This digital revolution is also proving to be of great benefit for the Group's kitchen teams. For instance, in France a tablet-based digital food safety plan called Eezytrace has been introduced to simplify internal processes, and an app called Ouiteam has been launched which can be used to optimize teams by calling on other resources within the Group.

f) Corporate campuses – A recent trend

In recent years there has been a trend within major corporations for setting up corporate campuses in order to introduce new working methods and organizational structures. These spaces – which are designed as microcosms – need to have original and varied food and beverage offerings available at any time of the day. In 2016, Elior partnered both L'Oréal and Airbus when they put in place their corporate campuses. Also during the year, we opened two self-service restaurants and introduced both commercial catering brands and directly-owned brand concepts for the 9,000 employees at the SFR campus. And lastly, at the Thales campus in Bordeaux, the Group introduced 20 Work Café spaces and a format designed in partnership with the Michelin-starred chef, Nicolas Magie.

1.5.1.1.2 The Education Market

a) 2015-2016 key figures

- **€1,139 million in revenue** (27% of total contract catering & services revenue)
- 13,000 school restaurants
- 1.8 million children and students catered for each day in Europe and the United States

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

b) Highlights of 2015-2016

Italy – Elior Italy now manages the catering services for the schools in Verbania, in the Piedmont region in the north-west of the country.

France – Le Sivom du Haut-Médoc renewed its contract with Ansamble for providing catering services to 6,200 school children per day.

France – Elior signed a public service delegation agreement with the municipality of Rueil-Malmaison to serve 7,800 meals a day.

France - Elior's public service delegation agreements with the municipalities of Issy-les-Moulineaux and Saint-Étienne were renewed (representing an aggregate 13,000 meals a day).

United States – The Confluence Academy in Saint-Louis (Missouri) renewed its contract with Aladdin to cater for 3,000 school children per day.

United Kingdom – Kingston University renewed its contract with Elior UK, which has further enriched its offering for the establishment's 4,000 students.

United Kingdom – London Business School chose to work again with Lexington for providing catering services to 1,500 students.

Spain – Already the caterer of choice for the Lycée Français schools in Barcelona, Bilbao and Valencia, in 2015-2016 Serunión was selected to also cater for over 3,000 pupils each day at Madrid's Lycée Français.

The school catering market has been shaped in recent years by demographic growth. At the same time, measures put in place to halt increases in local authorities' costs, combined with difficult economic conditions, have resulted in cost-saving programs and ensuing price pressure. Against this backdrop, the large number of central kitchens operated by the Group in France, Italy and Spain is a real asset for expanding and consolidating its leadership in those countries. In addition, the growing weight of regulations is beginning to be felt more or less everywhere, but especially in Spain and Italy, which makes it difficult to retain market share.

c) Responsible catering

Responsibility and transparency are vital ingredients for any catering operator today. From nursery schools to universities, the Group is committed to serving natural, healthy food from field to fork. We favor short supply chains, as illustrated by the new exclusive partnership agreement we have signed with the organic supplier, Acade et Bio in France. We pioneered the introduction of organic produce in school meals and now offer menus that are up to 40% organic. This positioning is a key element of the Ansamble brand, which opened a new central kitchen in Arras in 2015-2016, with a capacity of 5,000 covers for elementary school children. It is also an approach that enables us to pursue another key objective of ours – offering home-made food. By working with fresh products from scratch in our kitchens, our chefs can create dishes that have an immediately recognizable signature. In addition, we work with Ducasse Conseil which trains our teams in exclusive culinary processes through video tutorials.

d) City center-style offerings for student campuses

As millennials, today's higher-education students expect to see the same type of catering offerings on campus as they can find in city centers. We totally get this at Elior and are committed to delivering varied, exclusive solutions that are innovative and bang on trend. In 2015-2016 it was our in-depth understanding of what young people are looking for in a catering offering that secured us new contracts with ESIEE in Paris, France, and the Lycée Français in Madrid, Spain, and which prompted Kingston University and the London Business School in the UK to renew their contracts with us. Also during the year we strengthened our partnerships with several major brands, such as by opening a Starbucks at Kingston University as well as creating diversified offerings of new directly-owned concepts for student campuses. For example, in Spain, we introduced a new concept called Cafétéria U by Serunión, which proposes on-trend organic and local offerings at affordable prices for students. In the United Kingdom, we have created bistros, coffee shops and food courts that are open throughout the day and which meet student demand for alternative food solutions. And in France we have introduced the first food truck for the education market under the "Twenty" brand which provides a catering solution to fit the on-the-move urban lifestyle.

e) A taste for learning

Using meal times as an opportunity to contribute to young people's education is a priority for the Group. One of the ways we do this is by helping children learn about taste by offering varied menus designed in conjunction with chefs and by introducing them to new savors and textures. In France the Group has a "Taste Observatory" through which our young guests can play a key role in our culinary innovations. The underlying idea behind this initiative is for the children (around 200,000 across 2,462 schools) to tell us which dishes they prefer from a selection of recipes and to then only use the recipes that receive more than 70% positive responses. Meanwhile, as part of an approach based on hands-on learning, Elior Italy has developed a "From garden to fork" program through which it organizes school visits to markets and kitchens and taste initiation workshops. In the United States, Preferred Meals has a concept called Serve & Learn Smart Line which guides children in compiling their own meal tray and choosing healthy options. Lastly, in Spain, the Group employs 9,000 monitors to be by the sides of the youngest children at lunchtime to ensure that they eat in a peaceful, friendly atmosphere. It is this ability we have to be closely attuned to children's thoughts and feelings that makes us stand out as a contract caterer in the education market.

f) An increasingly local approach

A growing number of schools now prefer to entrust their catering services to local businesses and teams in order to ensure a more socially responsible process from the supply phase through to cooking methods. Fully aware of this demand, the Group has several brands that meet these criteria, notably Arume and Hostesa in Spain and Ansamble and L'Alsacienne de Restauration in France.

1.5.1.1.3 The Healthcare Market

a) 2015-2016 key figures

- **€1,144 million in revenue** (27% of total contract catering & services revenue)
- 2,800 restaurants
- 600,000 customers per day

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

b) Highlights of 2015-2016

United Kingdom – Elior UK now provides catering services for 1,500 patients at 45 sites for Four Seasons Health Care.

France – Elior won the catering contract for the Village Saint-Michel health and welfare center project in Paris thanks to its innovative offers tailored to the disabilities of the 450 guests concerned.

Italy – Elior Italy won the bid for catering services at the Maggiore Policlinico hospital in Milan.

Italy – Elior Italy is now responsible for catering services at the hospitals in Desio and Vimercate, two towns in the Lombardy region.

United States – Rush Foundation Hospital (Meridian, Mississippi) signed a contract with Valley to provide daily catering services for its 250 patients.

France – The Vivalto group entrusted Elior with catering for the patients (mainly day surgery patients) at five of its clinics.

France – Elior won back the catering contract for Foch Hospital in Suresnes (1,500 daily guests) after a two-year interval.

Spain - Serunión opened its first Daily Break cafeteria as part of the refurbishment works at the San Juan hospital in Alicante.

c) Focusing on autonomy and dignity

We are increasingly putting in place initiatives to help patients in healthcare establishments retain their dignity and continue to look forward to mealtimes. For example, at the Village Saint-Michel health and welfare center in France, we have introduced a concept called "Régal et Vous" which incorporates innovative offerings that are specially adapted to the disabilities of the 450 guests we serve. By creating a bespoke dining area, selecting specific furniture, proposing ergonomic tableware and creating clear visual menus, we have paved the way for a new era in catering for health and welfare facilities. We also propose a finger food format called "Bouchées Saveurs" for care home residents and in 2015-2016 we carried out scientific research which proved the effectiveness of this offering. It was thanks to our innovative work in helping dependent people retain their autonomy that we won the bid for the catering services at the new Cogedim Club senior living communities in France. In parallel, we make home meal deliveries to 10,000 seniors every day.

d) Just like at home

We create our recipes for the healthcare market in conjunction with Sylvain Chevalier (our Healthcare Head of Culinary Innovation), the two Michelin-starred chefs, Michel Sarran and Alexandre Bourdas, and teams from Ducasse Conseil, with the aim not only of meeting the strictest nutritional criteria but also proposing meals that our guests will savor. These partnerships have given rise to a wide range of both familiar and original dishes and we organize tastings so that patients and residents can choose their favorites. We also offer services inspired by the hospitality industry because we believe that creating an enjoyable meal means so much more than simply putting food on a plate. For example, residents in care homes can choose their menu a week in advance using interactive terminals provided by our partner, Adoxia, and can select between several options on the actual day of their meal. They can also help themselves from serving plates placed on the tables to create a more convivial atmosphere. In parallel, we are adapting in real time to new patterns and usages and have devised solutions specially dedicated to the increasing number of day surgery patients. These new solutions helped us secure a contract with the Vivalto group to cater for its patients at five clinics.

e) Bringing the city center into hospitals

Modern-day hospitals seek to project a sense of well-being and warmth, especially by proposing catering formats and choices that are more outward-looking and inspired by those available in city centers. In other words, they are remaking themselves as hubs of life where patients, visitors and staff all come together. In line with this vision, in France Elior has created Café et Compagnie, a new type of hospital cafeteria that is warm and welcoming with a contemporary design. At the same time, the new Daily Break cafeteria in Spain – designed along the lines of city-center cafés – has been extremely successful ever since its first opening at San Juan hospital in Alicante. All of these new concepts are ways of opening hospitals up while offering patients reassuring landmarks at an often-difficult time in their lives. Our forefront approach to new solutions and in-depth expertise of the healthcare sector helped Elior Italy win the invitation to tender launched by Maggiore Policlinico hospital in Milan and enabled Valley to secure the contract for Rush Foundation Hospital in the United States.

1.5.1.1.4 The Services Business

a) 2015-2016 key figures

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

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

b) Highlights of 2015-2016

France – Elior Services became a key partner of the Airbus Group Leadership University in Toulouse (24-hour catering and comprehensive services for the 145-bed hotel, provided in conjunction with Elior Entreprises).

France – Elior Services won a three-year contract for providing cleaning services at the building that hosts the famous Paris department store, Galeries Lafayette Haussmann.

France – Elsan – a leading private hospital group resulting from the merger of Vedici and Vitalia – once again selected Elior Services as the service provider for all of its sites in partnership with Elior Santé.

France – Elior Services is now an approved supplier for Uni.H.A. (a national purchasing cooperative for major French hospitals) and Ugap (a public central purchasing agency).

c) An acknowledged expert in the healthcare market

With half of its revenue generated in the healthcare market, Elior Services has built up an expertise in this sector that places it well ahead of its competitors. Having already tested the excellence of our savoir-faire, in 2015-2016 Foch Hospital (located just outside Paris) once again entrusted Elior Services with its cleaning services after a two-year interval. Also during the year, Elior Services' contracts were renewed with a number of major sites such as Toulouse University Hospital, Cochin hospital – the company's first client in the healthcare market – and the Maison de Santé Protestante de Bagatelle. In addition, Elsan – France's second-leading private hospital group – not only renewed its contract with Elior Services but also extended its scope. And lastly, the Bois Bernard private hospital teamed up with Elior Services for the first time. These numerous successes reflect Elior Services' ability to adapt in real time to the fast-changing healthcare market, such as by designing targeted offerings tailored to new healthcare practices, e.g. the increasing numbers of day surgery patients.

d) Technical expertise that wins over key accounts

Thanks to its recognized technical prowess and capacity to adapt, in 2015-2016, Elior Services signed a three-year contract to provide cleaning services for the famous Parisian department store, Galeries Lafayette in addition to the services it already provides for Galaries Lafayette's head office. This prestigious 75,000 sq.m store welcomes 100,000 customers a day and will soon be opening its doors every Sunday. Elior Services is rising to the challenge of this demanding assignment by providing flexible and expert teams. Other major successes notched up by Elior Services during the year include contracts for 52 H&M sites as well as with Unibail-Rodamco and Marseille airport. In addition, Elior Services now works at the Airbus University campus in partnership with the Group's contract catering business.

e) Ensuring smooth reporting flows in facility management

In response to companies' increasing moves to streamline their outsourced facility management (FM) services, Elior Services has created new multi-service positions, such as the combined reception/mail function devised for SFR. For both SFR and Safran, Elior Services has assigned a dedicated national multi-site manager to act as the client's sole contact point and meet the new demand for centralized reporting. In the same vein, Elior Services has developed a web portal that enables clients to manage operations at all of their sites.

f) Constant innovation

Elior Services constantly innovates with a view to always enhancing the effectiveness of its operations. For instance, at Galeries Lafayette it has put in place real-time service traceability systems for the parts of the building that need extra vigilance, such as rest rooms, salons and escalators. Elior Services also helps optimize its clients' waste management using software called Trapese to obtain precise data on the type and quantity of waste generated by each waste-producing unit thanks to a bar-code based verification system. Five client sites have already been equipped with this software.

g) Creating a professional ladder for cleaning operatives

For Elior Services it is absolutely vital that each and every one of its people is given the opportunity to develop their careers, both for their own well-being and so that they can deliver best-in-class service to clients. As skills-building and training are two of its key priorities it has created its own in-house university. Currently, 25 to 30 people per year attend the university to build up their knowledge and skills bases, which in turn enables them to access new jobs within the services business. The aim is to increase this number to 100 people per year over the next few years.

1.5.1.2 The Group's Concession Catering Business Line

2015-2016 key figures

- **€1,668 million in revenue** (28% of total consolidated revenue)
- No. 3 worldwide
- An operating presence in 13 countries
- 2,000 restaurants and points of sale
- 900,000 customers per day
- 21,600 employees worldwide

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

The Group is the third-leading concession catering operator globally. It has concession sites in 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, Chile, Belgium, Luxembourg, Saint Martin and the Dominican Republic. In the United States it operates concessions mainly at airports and service plazas on toll motorways. As part of its concession catering business, the Group proposes varied offerings – including table-service dining, takeaway options, and shops and services for travelers and visitors – at airports, motorway service plazas, railway stations and other sites such as museums and leisure and vacation parks.

Concession catering brands

The Group operates food and beverage concessions under directly-owned brands, such as L'Arche and Philéas in France, Airea and Deli&Cia in Spain, MyChef in Italy and Axxe in Germany, as well as under main-street brands through franchise agreements, including Paul, Quick, Courtepaille and Costa Coffee in France, Burger King and Starbucks Coffee in Spain, McDonald's in Italy and Wendy's and Dunkin' Donuts in the United States.

The Group also operates duty free retail concessions through franchise agreements or through directly-owned retail brands such as Divers and News & Books in Spain. Lastly, the Group has retail operations on motorways and in airports, using franchised brands such as Carrefour Express, Franprix and monop'daily.

1.5.1.2.1 The Airports Market

a) 2015-2016 key figures

- **€724 million in revenue** (43% of total concession catering revenue)
- No. 1 in France, Spain and Italy
- 86 airports worldwide
- 670 points of sale

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

b) Highlights of 2015-2016

Denmark – Areas gained its first foothold in Scandinavia by opening a point of sale at Copenhagen airport.

Portugal – Areas strengthened its presence at Faro airport for the next five years by opening three new eating areas.

Mexico – Areas won a contract to open 15 points of sale in six airports with a total footfall of 18 million passengers a year.

Mexico – Areas had its contracts extended or renewed for over 80 points of sale at some twenty airports.

Spain – Areas opened new points of sale at Bilbao, Barcelona, Palma de Mallorca and San Sebastián airports.

Italy – Areas won a bid for four points of sale at Fiumicino-Leonardo da Vinci International Airport in Rome.

United States – Areas broadened its footprint in terminals 1 and 3 at Los Angeles International Airport through the launch of seven new concepts.

In 2015-2016, air passenger traffic once again rose at a faster pace than global growth. The increase in the Group's revenue in the airports market during the year was driven by strong business development in Italy and the United States as well as by robust performances recorded by the new points of sale opened at Madrid Barajas and Barcelona airports in Spain, Basel-Mulhouse-Freiburg EuroAirport and other tourist airports in Spain and Portugal.

c) Strategic global expansion

In 2015-2016, Areas consolidated its position as a leading international concession caterer. The Group gained its first foothold in Scandinavia, at Copenhagen airport, by entering into a partnership with the Retreat brand – an extremely successful healthy eating concept in Denmark – and won a contract in Mexico for 15 new points of sale in six airports with an aggregate footfall of 18 million passengers a year. Also during the year we secured contract extensions and renewals for over 80 points of sale at some twenty airports in Mexico, opened four points of sale in Rome (Italy) and three new eating areas in Faro (Portugal), all clearly demonstrating our growing global reach.

d) An exclusive portfolio for all tastes

In order to meet the needs of all types of travelers, Areas has created a unique mix of well-known names, exclusive partnerships and directly-owned brands. Because people like to see familiar landmarks when away from home, the Group has deepened its partnerships with leading brands such as McDonald's, Burger King, Starbucks, Costa Coffee and Dunkin' Donuts. It also works with well-known brands under exclusive franchise agreements – for example, Paul and monop'daily in France and Illy in Italy – as well as with brands that have only just been introduced into certain countries. One of Areas' key strengths in the fiercely competitive airports market is its ability to design original formats that help it stand out from the competition. For example, the exclusively-created brand Deli&Cia is now available in 15 airports across the world and our new coffee shop – Super Wild Coffee – also looks set to take off internationally. In Italy, passengers are loving the Michelangelo Bistro, and at Palma de Mallorca and Barcelona airports a food truck that fuses street food with creative cuisine is causing a real buzz. Meanwhile, in the after-security area at Paris-Charles-de-Gaulle airport in France, a unique gourmet restaurant concept called I Love Paris by Guy Martin was named the world's best airport restaurant, winning the "Airport chef-led/fine dining" category in the 2016 Airport Food and Beverage (FAB) Awards.

e) A dish-full of California living at Los Angeles International Airport

Having won the bid for the food and beverage concessions at Terminal 1 at LAX in 2015, in 2016 Areas became this airport's major catering operator. In line with the Group's ongoing objective of offering passengers a condensed taste of the City of Angels without leaving the airport, we have created seven new concepts for Terminals 1 and 3. Passengers seeking to experience the Californian lifestyle now have a wide selection of healthy and local options to choose from as well as a range of well-known Californian brands. This local-focused approach was rewarded when USA Today named Ford's Filling Station as one of the top 10 winners for airport local/regional dining in its "10Best Readers' Choice Awards". Also during the year Areas entered into an exclusive partnership with Blue Window, an ultra-trendy Hollywood fast-food concept, which now has an outlet in Terminal 3 at LAX.

f) Meeting the challenge of catering for everyone

In order to cater for the higher numbers of passengers during holiday periods, Areas has taken on new team members in Spain and Portugal and provided them with specific sales and customer care training. We have also put in place other methods to deal with peaks in passenger numbers while optimizing our sites' profitability. For example, self-order Smartkiosks have been installed at the Burger King restaurants at Barcelona and Madrid airports and at Nice, Basel-Mulhouse, Palma and Barcelona airports, we have brought in street food formats such as food trucks, carts and scooters as reinforcements.

1.5.1.2.2 The Motorways Market

a) 2015-2016 key figures:

- **€593 million in revenue** (36% of total concession catering revenue)
- No. 1 in France and Spain
- 225 motorway service plazas worldwide

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

In order to meet the needs of an extremely varied clientele (families, business travelers, truck drivers etc.), the Group has developed a diversified catering, retail and services offering, including cafeterias operating under the L'Arche name – a long-standing brand which is now deployed in several different formats – as well as 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 2015-2016

Portugal – Areas' contracts with Brisa were extended, which will bridge the period until the start of a joint-venture agreement which is currently being drawn up between the two companies.

Spain – Areas completed its refurbishment plan for 17 service plazas on three motorways, with the opening of the COMO restaurant at La Selva.

France – Areas secured contract renewals for the major service plazas at Mâcon and Assevillers, where it intends to introduce several new concepts.

United States – As planned, Areas opened the Okahumpka Travel Plaza on the Florida Turnpike and completed its refurbishment of Fort Pierce Travel Plaza.

c) Cultural respite at motorway service plazas

In the United States, Areas has made its motorway service plazas into cultural destinations in and of themselves by creating permanent art installations at its sites. With a view to raising awareness about global warming and environmental protection, the Group has commissioned exclusive creations from Xavier Cortada, an artist famous for his eco-art installations at the North and South Poles. These artworks are displayed at the Okahumpka Travel Plaza (opened in December 2015), the refurbished Fort Pierce Travel Plaza and other service plazas in Florida, and are all based on the theme of protecting endangered species and the natural ecosystem. By taking these installations off the beaten track of contemporary art venues the Group has opened them up to a much wider audience.

d) Areas – a real taste for catering

As well as drawing on its portfolio of well-known names, the Group has built up its reputation as a leading international caterer through several directly-owned brands. In 2015-2016, Areas finalized the creation of its worldwide concept, "À Table!". This new-style cafeteria has reinvented the rules for motorway catering by providing a redesigned space and new customer experience (with both self-service and table-service offerings). Its new menu – which has been reworked in terms of both food choices and pricing – includes signature dishes such as the Gourmet Burger. In parallel, Areas has developed a new bakery concept so that motorists can have a tasty break at any time of the day. Lastly, in Spain, a new and innovative dining format was launched in 2016 – COMO – which proposes a broad range of fresh products and a healthy offering in friendly, informal surroundings.

e) A turning point for motorway service plazas

In 2016, Areas decided to use Spain as the pilot country for its new vision of the motorway service plaza of the future, by refurbishing 17 sites based on the new full-scale concept, Airea. Everything has been thought out in this new design for motorists to make the most of their travel break. As well as including contemporary-style spaces these up-to-the-minute service plazas offer high value-added services that enhance the user experience, such as free Wi-Fi, modern-designed play areas, a new rest-room concept and latest-generation vending machines. With the same aim of constantly improving customer satisfaction, Areas also renovated the Haut-Forez-Sud and Saint-Léger Ouest service plazas during the year and signed contract renewals for the major sites at Mâcon and Assevillers. Other sites, including Le Mans Sud in France, La Selva in Spain and the travel plazas in Maryland in the United States, were likewise refurbished and new concepts introduced. By launching these numerous initiatives and focusing on innovation we have been able to firmly consolidate our relations with motorway operators. In Portugal, for example, Areas is currently finalizing the creation of a joint venture with the operator, Brisa, and pending the completion of this project the existing partnerships between the two companies have been extended with three new contracts signed.

f) Social and economic change driving the concession catering business

The Group is closely tracking technological innovations in the mobile sector, as well as the development of the sharing economy and changes in transport regulations, and we have entered into partnerships to ensure that we will remain a major player in the motorway catering market going forward. For example, in the future certain vehicle guidance systems could propose that their users take a break at an Areas service plaza or a car-pooling passenger may suggest using coupons received when they signed up to the car-pooling service. Similarly, the current increase in the use of coaches as an alternative to the train for longer journeys also opens up interesting opportunities for the Group in terms of the number of visitors to its service plazas.

1.5.1.2.3 Railway Stations, City Sites and Leisure

a) 2015-2016 key figures

- **€351 million in revenue** (21% of total concession catering revenue)
- No. 1 in the French railway station catering market
- 78 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 part 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 2015-2016

France – SNCF Gares & Connexions entrusted Areas with providing catering services at Paris Gare du Nord station and seven other major stations for a ten-year period.

Spain – Areas signed a new catering contract for Barcelona Sants station, where it is now the principal operator.

France – Areas purchased Autogrill's concession catering operations in French train stations, thus extending its contract with Paris Gare Saint-Lazare station for a further six years.

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.

Paris Gare du Nord station – A model project

In France, SNCF Gares & Connexions commissioned Areas to fit out and operate 14 food and beverage areas at Paris Gare du Nord station. This ten-year contract with Europe's biggest railway station is the fruit of the Group's work to completely overhaul its offerings. Areas won the contract by proposing 13 different brands for 14 points of sale, including several brands that are new to France such as Five Guys and La Place (a Dutch concept offering fresh produce cooked on site). These varied offerings – which were all up and running as from the end of 2016 – were designed to be a perfect blend with the station's new architecture. In April 2017, the Group intends to roll out "Wiish", an original digital application which will enable customers to interact with the catering concepts proposed at the station before, during and after their visit.

The Group takes major strides in Spain

Areas consolidated its position in the Spanish railway station catering market in 2015-2016, becoming the principal operator at Barcelona Sants station. It achieved this success by proposing two cutting-edge offerings – COMO (a healthy eating concept) and an Espression Lavazza café covering a total surface area of 1,500 sq.m. Also during the year, Areas expanded its offering for Chamartín station in Madrid – one of Spain's largest stations – by introducing the La Pausa concept that meets the needs of modern daily rail passengers by enabling them to take a tasty break in a spacious, contemporary-designed setting.

Fostering customer loyalty through employee engagement

Fully aware of the direct impact that employee engagement has on customer satisfaction, Areas has put in place various different programs aimed at enhancing operational excellence. An apt example is the project rolled out in 2016 at Paris Gare de Lyon station in France, which Areas used as a pilot site for measuring employee engagement and customer satisfaction. As part of this project the site's teams were given training in both technical skills and customer care, based on each different type of job and using guidelines set by the Group. In addition, the customer experience measurement system, Net Promoter Score (NPS), was put in place at the site's restaurants and points of sale using tablets and interactive terminals. NPS also measures, in real time, the propensity for customers to recommend Areas' products and brands and enables offerings to be adjusted accordingly. In Italy, customer satisfaction is measured through a terminal equipped with a tablet and an intuitive system called *Sei Soddisfatto?* which uses emojis for customer feedback. Participation levels for the system were extremely high in 2016, and in 2017 customers will be able to give their feedback directly via their own smartphone or tablet.

Deli&Cia – International and cross-market growth

Focused on healthy fast food and a welcoming and refreshing atmosphere, the Deli&Cia concept – which was initially created in Spain – has gradually won over other countries. Today, the Group has 15 Deli&Cia sites, serving airport passengers in Italy, Mexico, France and the United States. And in 2016, the brand made its debut in the railway stations market, opening a site at Nice station in France. This opening illustrates not only how Areas is effectively meeting customers' growing demand for simple, healthy eating, but also how it is successfully building up cross-market brands.

c) City Sites & Leisure

For museums and other prestigious cultural sites 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 2015-2016

Spain – FC Barcelona selected Singularis – a Serunión subsidiary – to provide gourmet catering services at its iconic Nou Camp stadium.

United States – Starr Catering Group is now the catering provider for the Norton Museum of Art in Palm Beach, Florida.

France – Areas organized and provided catering services for the 45,000 daily participants at the UN Climate Change Conference held in Paris.

France – Areas won the bid for a 10-year contract with Viparis for the Porte de Versailles exhibition center.

France – Areas signed contract renewals for the Ciel de Paris restaurant in the Montparnasse Tower and the restaurant at the Maison de l'Amérique Latine (which it refurbished during the year).

United Kingdom – Murrayfield Stadium in Edinburgh renewed its contract with Elior UK (which refurbished the site's points of sale).

Showcasing our expertise

The Group recently confirmed its leadership in the exhibition center catering market by winning the ten-year concession operator contract for the Porte de Versailles exhibition center in France. We have brought Hall 2 of the center right up to date and it is now creating a buzz thanks to a new modern food court, a Food Hall and the launch of the first Cake & Coffee – a tasty offering exclusively developed for the site's operator, Viparis. Another major contract win for the year was in Spain, where Areas was awarded the catering contracts for the Fira de Barcelona exhibition center and the World Trade Center Barcelona. These successes were achieved thanks to our expertise in devising temporary catering formats that can serve hundreds of thousands of visitors as well as our ability to mobilize large teams in record time.

Turning the spotlight on historic and cultural landmarks

From Versailles Palace to the Rodin museum, Areas contributes to the luster of France's historical and cultural monuments. In order to ensure that we provide the best-in-class services that these exceptional places need and deserve, we work with renowned international experts. For example, when we refurbished the restaurant at the Maison de l'Amérique Latine in Paris, we were assisted by the Argentine sculptor and designer, Pablo Reinoso, and Mathieu Lehanneur designed the décor at the Café Mollien in the Louvre Museum. In 2015-2016, Starr Catering Group – an Elior North America subsidiary – planted its flag in the heart of Washington DC at the National Gallery of Art, with four new restaurants and cafés. In addition, Starr has been selected to provide catering services at the Norton Museum of Art in Palm Beach, Florida. Meanwhile in Italy, the Group has refurbished all of its points of sale in the Vatican's museums. And lastly, in 2016, Serunión opened the first restaurant inside FC Barcelona's iconic Nou Camp stadium in Spain. Named Roma 2009, this new space was created by the prestigious design studio, Lázaro Rosa Violan, and proposes a gourmet offering developed by the famous Iglesias brothers.

Elior Group – Official caterer for the UN Climate Change Conference in Paris

In December 2015, Areas was the official caterer for the 21st UN Climate Change Conference which was held at the Paris-Le Bourget exhibition center in France. At the event, the Group provided catering for the 45,000 daily participants at 30 food and beverage areas, proposing a responsible offering that met strict specifications. We proved our ability to integrate sustainability into each stage of our operating process by using short supply chains and non-GMO, organic and certified products, as well as by minimizing packaging, using a maximum of biodegradable containers and distributing unsold products to charitable organizations, etc. We also raised awareness about climate change and combating food wastage among the 300 members of our teams working at the event. This responsible approach to French cuisine was praised by the Secretary General of the Climate Change Conference.

A new vision for exhibition centers

Commissioned by Viparis to develop a new catering offering at the Porte de Versailles exhibition center in Paris, Areas was able to once again demonstrate its expertise by putting in place 30 brands in 43 food and beverage areas. Its overall offering – which includes permanent points of sale, modular units, pop-up stores, vending machines and high-end event catering – can be adapted in line with the events held at the venue and the organizers' requirements. Each client is given a digital pack providing them with access to click & collect and click & deliver services together with dynamic promotions.

1.5.2 THE GROUP'S STRATEGY

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

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

- Remaining focused on a select number of countries, particularly as our target markets are local markets and there are very few synergies that can be realized between one country and another.
- Achieving leadership positions, at the level of either a particular country or several market segments when a country is large, such as the United States.
- Balancing the geographic and/or market segment mix in order to avoid significant revenue impacts for the Group as a whole if a particular country or market segment performs poorly.

The Group's ambition is to be the caterer of choice thanks to the quality of its food offerings and a differentiation strategy that is resolutely customer/consumer-focused (BtoCtoB) both in terms of the diversity of its offerings and brands and the digital solutions it provides.

At our 2015 Investor Day held in September, we announced our external growth strategy, notably for the contract catering business in the United States and United Kingdom. In 2015-2016 this strategy was implemented in line with the information announced.

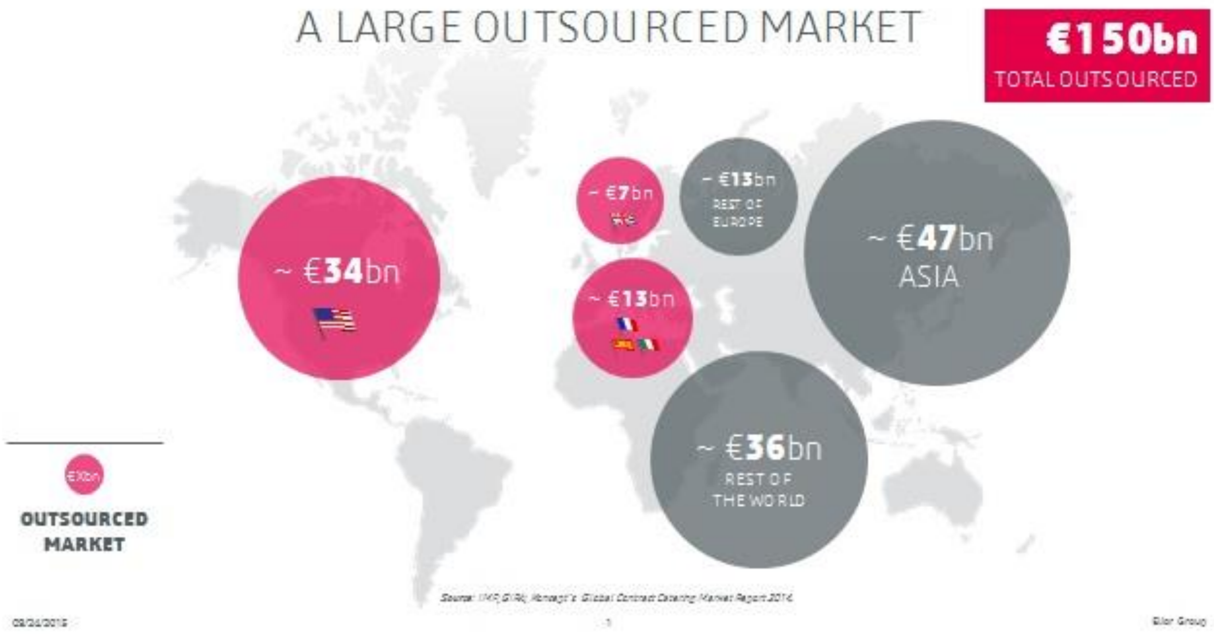
In order to implement our strategy we have put in place a new organizational structure, strengthened our management teams and launched a transformation plan. Named "Tsubaki" this plan is built around three key objectives and eight main projects aimed at accelerating growth, optimizing costs and supporting operational excellence.

As part of our BtoCtoB strategy, we have set up a Group Innovation and Digital Customer department tasked with (i) determining and overseeing our digital road map (mobile apps and big data) and (ii) forging partnerships with business incubators in order to identify and potentially invest in start-ups that can provide new services to our guests.

Lastly, the Group has set itself ambitious financial targets for 2020, namely to generate revenue of between €7 billion and €8 billion, to achieve an adjusted EBITDA margin (before expenses related to stock options and free shares) representing 9% to 10% of revenue and to have a free cash flow/adjusted EBITDA ratio of between 45% and 50%.

1.5.2.1 Strategy for the Contract Catering Business

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



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

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

- It is growing at a rate of around 5%-6% per year, particularly in emerging countries.
- It is a local market with a relatively limited number of multi-country invitations to tender as these do not generate any particular advantages for clients in the business & industry market.
- It is a specific market, with invitations to tender for catering services rarely combined with other types of services, particularly in Continental Europe, the main exception being in the healthcare sector.
- It is a market with low barriers to entry, apart from in the education sector, where operators need to invest in central kitchens In many countries, large corporations work side by side with numerous smaller players.
- Lastly, it is a market where consumer expectations are changing rapidly, with growing demand for grab & go solutions, theme-based catering, more comprehensive information on the provenance of ingredients, details about allergens in food served, etc. To meet this demand, we believe that digital technology is indispensable, notably for millennials, which are the main recruitment targets for the Group's major business & industry clients.

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

In terms of the services that the Group offers, it places importance on developing new concepts (original fast food and grab & go solutions, offerings for student residences, etc.) while intensifying the use of digital technology in order to provide new customer services (such as click & collect). With a view to meeting changing consumer demands the Group is pursuing its pioneering strategy of developing directly-owned brands as well as incorporating powerful franchised brands into its contract catering offerings.

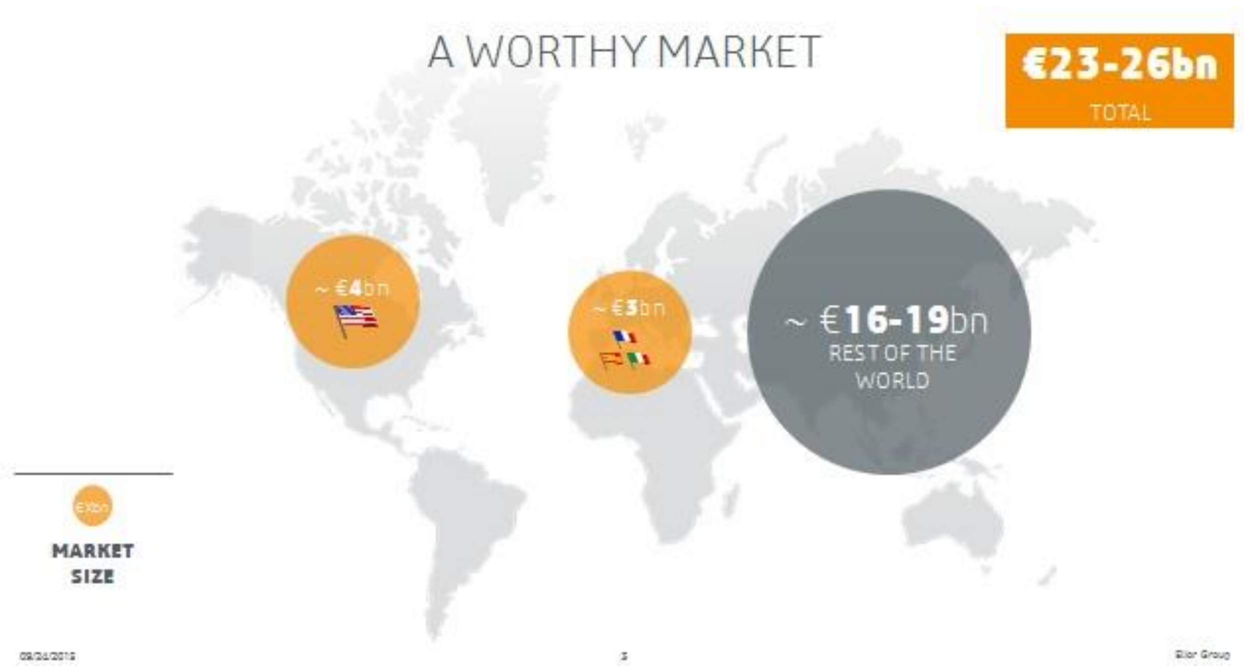
In the business & industry market, the Group's objective is to consolidate its leading positions in the countries where it operates by developing qualitative segmented offerings adapted to different types of clients and site configurations.

In the education market – which has traditionally low outsourcing rates (particularly in France, Italy and the United Kingdom), the Group is developing highly contemporary concepts tailored for teenagers and students in general. The Group believes that outsourcing represents an attractive solution for municipalities in the current economic climate, as they are working to tight budgets and are required to factor in increasingly stringent regulatory constraints.

In the health and social care sector (elder care facilities and centers for people with disabilities or other dependent needs) – which is undergoing significant change as a result of longer life expectancy – the Group's key objective is to accelerate its expansion by designing leading-edge food and beverage solutions. Just one example of how it stands out from the competition is by designing offerings that are closely adapted to the pathologies that vulnerable people often suffer from, such as the risk of malnutrition. Lastly, the Group is implementing a market-winning strategy within the "silver economy" to tap the growth opportunities arising as a result of the aging population. For instance, because hospital or residential care is increasingly costly, the Group is working closely with Tech Care Paris (an e-healthcare business incubator), with a particular focus on start-ups specialized in connected devices that provide a constant link-up with patients.

1.5.2.2 Strategy for the Concession Catering Business

The worldwide concession catering market represents approximately €25 billion.



This market is expected to continue to grow at an annual rate of 4% between now and 2018, led by the increase in airport traffic which is set to double by 2034, representing an annual average growth rate of 3.8% (data source: IATA).

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

The Group's concession catering strategy is to pursue organic growth in Continental Europe and achieve stronger growth in the United States by combining internal development with targeted acquisitions. In addition, it is aiming to break into the airports market in the Middle East and Asia, where there are significant growth opportunities.

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

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

1.5.3 THE GROUP'S COMPETITIVE STRENGTHS

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

1.5.3.1 An operating presence in growing markets with attractive fundamentals

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

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

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

a) In Europe

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

Based on revenue for 2016, the Group estimates that:

- In France, it is joint leader in contract catering (holding the number one position in two of the three segments that make up this business), the leader in concession catering, and the leader in cleaning services for the healthcare market.
- In Spain, it is the leader in both contract and concession catering.
- In Italy it is the leader in contract catering and number one in airport concession catering.
- In the United Kingdom it is set to become the country's fourth-largest contract caterer following the acquisition carried out in 2015-2016.

b) In the United States

The Group has a solid presence in the United States, where it first entered the concession catering market in 2006 and then expanded into contract catering in 2013 through its acquisition of TrustHouse Services (since renamed Elior North America). The U.S. market represents a major growth driver, notably due to (i) the Group's concession catering business, which has recently won several large contracts in the motorways market, and (ii) its strong positions in the most attractive market segments of the contract catering industry. The Group estimates that it is the second-leading operator in the motorways concession catering market in the United States. In the U.S. contract catering market, the Group consolidated its position as the sixth-leading operator in 2015-2016, and should move up to fifth place once the companies it acquired in 2015 and 2016 are consolidated over a full year.

1.5.3.1.2 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 2015. In the United States, the addressable contract catering market is estimated at some $126 billion, of which only $46 billion is currently outsourced. The education market (particularly in the United Kingdom) and the healthcare market (in the United Kingdom, Spain and Italy) also represent strong potential, with outsourcing rates below 50%.

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

- In the private sector of the business & industry market, the development of fast food and "grab & go" formats as well as new services made possible thanks to digital technology (click & collect, take away dinners, etc.) will lead to higher footfall and/or an increase in 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.

1.5.3.1.3 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, as well as by the reduction and gradual erosion in quality of in-flight catering services.
- In the motorways market, the increasing size of sites (notably due to the grouping of catering and retail facilities in one building) will enable 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 – in particular Spain – is leading to a gradual rise in motorway traffic and an increase in average customer spend.
- 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 fast-food and snack 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.

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

1.5.3.2.1 Two complementary businesses

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

Commercial synergies

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

& leisure market, as illustrated by its contract with Center Parcs.

Purchasing synergies

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

Seasonality

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

Business models

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

Image and reputation

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

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

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

Additionally, digital technology can be used to create new types of services. For example, the Group has launched meal delivery concepts in several different countries (deliveries of meals to customers' homes or workplaces, either ready-made or in kit form).

Also, by entering into partnerships with players in the food-tech sector in France and many other countries, the Group has been able to identify start-ups that can give the Group greater agility and more of a cutting-edge, which will enable it to continue to stand out from the competition. . New value-added complementary service (such as mobile apps, additional information for guests, connected devices and new ways of marketing services) are now being offered across all of the Group's markets.

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

Complementary geographies and markets

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

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 48% of the consolidated total for the fiscal year ended September 30, 2016. Going forward, as a result of the acquisitions carried out in 2015 and 2016 in the contract catering market in North America (ABL Management and Preferred Meals) and in the United Kingdom (Waterfall Catering Group), as well as the Group's plans to penetrate the Indian market in the short term, French operations – which are, still on the growth track – will represent an even lower weighting within the Group's geographic mix.

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 2015-2016, its five largest contract catering clients accounted for less than 8% of total revenue for the contract catering business. During the same period, its five largest concession catering contracts represented less than 6% 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 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 a number of large international corporations, such as Airbus, Lloyd's of London, ABB, L'Oréal and Banco Santander. In the year ended September 30, 2016 the Group's client retention rate rose by 2 points to 93.2%.

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

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

The Group has a strong track record in terms of acquisitions, and since launching its transformation plan the new businesses it has acquired have added €500 million to annual consolidated revenue.

The success of these acquisitions is due to the profiles of the target companies and their strategic fit with the Group's existing operations. This is illustrated by the recent business combinations carried out both in the United States (which have extended the Group's geographic coverage in that country) and in the United Kingdom (resulting in greater coverage of the healthcare and education markets). The integration process for newly-acquired companies includes a plan to leverage synergies, which are assessed upstream of the transaction and encompass areas such as costs (procurement, IT, support functions, etc.), business development (integrating acquired brands into the Group's portfolio, analyzing client portfolios and capital expenditure projects, etc.), human resources and management. In most cases the Group keeps the existing management teams in place, in order to ensure continuity and encourage an entrepreneurial culture.

The Group's acquisitions have enabled it to create powerful national players in each of its main host countries. One illustration of the effectiveness of this strategy is the ramp-up of its contract catering operations in North America. Having first entered the North American market in 2014 through the acquisition of THS, the Group is now aiming to be the fifth-largest player in this country by the end of 2016-2017.

1.5.3.5 A solid financial performance, combining growth, cash flow generation and margin increases

Since 2010, the Group has demonstrated its ability to consistently grow its revenue, increase its margins and generate operating cash flow, despite a difficult economic environment, particularly in Europe.

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

A tightly-controlled supply chain

Because of the large economies of scale resulting from its size and geographic reach, the Group is able to obtain 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.

The Group's supply chain is organized around a principal central purchasing unit located in France, which covers contract catering, services and concession catering operations, as well as satellite Purchasing departments located in the Group's various host countries which are specialized by business (contract catering or concession catering)

Constant cost control

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

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

In addition, as personnel costs represent the largest proportion of its cost base, the Group closely monitors movements in its overall payroll in order to ensure it keeps up its cost efficiency during local market cycles. The Group has demonstrated its ability to successfully implement restructuring plans, notably in Spain and Italy, which have enabled it to maintain its EBITDA margins 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, again without affecting profitability.

Robust financial performance

The Group's efficient business model, which is characterized by good profitability levels, modest working capital requirements and contained capital expenditure as a percentage of revenue, has resulted in a high generation of operating cash flow.

1.5.3.6 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

The Human Resources Department has put in place talent identification programs with a view to spotting and promoting high-potential managers and encouraging employee empowerment. It has also drawn up and regularly updates a top management succession plan in order to be able to swiftly propose succession solutions.

1.5.4 THE GROUP'S MAIN OPERATING MARKETS AND COMPETITIVE ENVIRONMENT

1.5.4.1 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 (i.e. France, Spain, Italy, the United Kingdom and Portugal) represented total revenue of approximately €21 billion in 2015 compared with around €17 billion in 2008 (data source: GIRA). France, the United Kingdom, Italy and Spain together account for some 61% of the total European contract catering market, or over 70% not taking into account Turkey and Russia. Despite the challenging economic environment in Europe in recent years, the Group believes that the contract catering market in its four main host countries has maintained a steady pace of growth, estimated at an annual rate of 2.4% from 2012 to 2015 (data source: GIRA).

The Group believes that the U.S. contract catering market is worth approximately $46 billion with the highest growth rates seen in the education and corrections sectors (around 4.5% and 2.6% respectively), both of which are priority development targets for the Group.

1.5.4.1.1 Business & Industry

The Group estimates that in France the public sector represented 22% and the private sector 78% of the total revenue generated in the business & industry contract catering market in 2015 (data source: GIRA). The business & industry market also includes clients in the defense and corrections sectors. In Europe, the Group estimates that in 2015 the business & industry market represented approximately 47% of the aggregate contract catering market in the countries in which it operates (data source: GIRA). And in the United States, the Group believes that in 2015 the business & industry market, including the defense and corrections sectors, generated approximately 45% of the country's aggregate contract catering sales, up 2% on 2014.

1.5.4.1.2 Education

On the basis of research carried out by external agencies at the Group's request, the Group estimates that in France the public sector (state-run schools and colleges) represented 55% and the private sector 45% of the overall revenue generated in the contract catering sector's education market in 2015. In Europe, the Group estimates that in 2015 the education market generated approximately 27% of total contract catering sales in the

European countries in which it operates (data source: GIRA). In the United States, the Group estimates that in 2015 the education market generated approximately 29% of the country's aggregate contract catering sales.

1.5.4.1.3 Healthcare

On the basis of research carried out by external agencies at the Group's request, the Group estimates that in France the healthcare sector represented 11% and the social care sector 20% of the total revenue generated in the contract catering market in 2015. Meals are generally prepared on-site by contract caterers or, less commonly, off-site at central kitchens. In Europe, the Group estimates that in 2015 the health and social care market generated approximately 26% of total contract catering sales in the countries in which it operates (data source: GIRA). And in the United States, the Group estimates that in 2015 the health and social care market generated approximately 18% of the country's aggregate contract catering sales.

1.5.4.1.4 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. Such data may change or be amended due to uncertainties related to, among other things, the economic, financial, competitive and/or regulatory environment.

a) France

The Group estimates that the French contract catering market was worth approximately €6.8 billion in 2015, representing some 38% of the country's overall in-house and contract catering market, which the Group estimates was worth approximately €17.9 billion in 2015. As a whole, the Group considers that the contract catering market has experienced sustained growth in France in recent years, representing around 2.24% per year since 2009. The Group believes there remains significant potential for organic growth in the French contract catering market, especially in the education, healthcare and government agencies sectors. On the basis of research carried out by external agencies at the Group's request, the Group estimates that the French contract catering market will grow at a rate of between 2% and 3% from 2015 to 2016. The French business & industry catering market (excluding government agencies and the public sector) is well developed, with approximately 92% of sales outsourced in 2015 and a contract catering sector worth around €3.3 billion. The outsourcing rate for catering for the public sector facilities with captive customers (defense, corrections facilities, etc.) increased sharply from 14% to 25% between 2008 and 2015. However, the Group believes that outsourcing rates in the French education and healthcare catering markets are still low (31% and 27% respectively in 2015 in value terms). The contract catering sectors of the education and health and social care markets were worth €1.75 billion and €2.15 billion respectively in 2015. On the basis of research carried out by external agencies at the Group's request, the Group estimates that the annual average growth rate for the contract catering sector from 2016 to 2018 will be nearly 3% for the education market and around 4% for the health and social care market.

b) Spain

The Group estimates that the Spanish contract catering market remained stable in 2015, representing approximately €1.8 billion and accounting for some 47% of the country's overall in-house and contract catering market, which the Group estimates was worth approximately €4 billion in 2015. Despite the severe economic downturn in Spain since 2008, the overall 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 2015 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 2015, catering outsourcing rates in Spain were mixed (around 63% for the education market, 51% for business & industry (including government agencies, or 86% without this sector), and only 34% for the healthcare market). The Group believes that there are growth opportunities to be seized as a result of the low outsourcing rates for certain markets in Spain.

c) Italy

The Group estimates that the Italian contract catering market was worth €4.1 billion in 2015 (on a par with 2014), representing around 64% of the country's overall in-house and contract catering market, which the Group estimates was worth approximately €6.5 billion in 2015. The Group believes that the Italian contract catering market has remained stable since 2008. The main markets for contract catering in Italy are business & industry, education and healthcare, respectively representing 30%, 31% and 39% of the country's total contract catering revenue in 2015. The Group believes that a distinguishing characteristic of the Italian catering market is that while there are high levels of outsourcing in workplaces (77% in the business & industry sector and over 96% excluding government agencies) and in the education sector (approximately 71%), there remains room for growth in the healthcare sector, where the Group estimates that only 48% of catering was outsourced in 2015.

d) United Kingdom

The Group estimates that the contract catering market in the United Kingdom was worth £6.1 billion in 2015, representing around 55% of the country's overall in-house and contract catering market. The UK contract catering market has kept up strong momentum over recent years, growing at an estimated annual rate of more than 3.88% between 2010 and 2015. The Group believes the contract catering market in the United Kingdom is very well developed in the business & industry sector, with an outsourcing rate of almost 90% excluding government agencies. However outsourcing is still less developed in both education and healthcare (approximately 34% and 33% respectively), which therefore represents growth opportunities for the Group.

e) United States

The Group estimates that the U.S. contract catering market was worth approximately $46 billion in 2015, representing 36% of the country's overall in-house and contract catering market. On the basis of in-house research, the Group believes that the U.S. contract catering market will grow at an annual average rate of around 2.5% between 2015 and 2018. The business & industry sector (including corrections facilities and defense) represents 48% of the country's contract catering market and education and healthcare represent 32% and 20% respectively. Based on research commissioned by the Group, the sectors offering the best opportunities for outsourcing are corrections facilities, elementary education and healthcare.

1.5.4.1.5 Competitive Environment

a) France

Based on external research, the Group believes that it is the joint leader, with Sodexo, in the French contract catering market, holding the leading position in business & industry and education, and second position in health and social care (based on outsourced sales in 2015). The French contract catering market is relatively concentrated, with the top three contract caterers accounting for approximately 73% of total contract catering sales in 2015. The Group's main competitors in this market are large, multinational companies, such as Sodexo and Compass, and Elior Group is the only one of the market's top three players whose revenue grew between 2014 and 2015 (data source: GIRA). The Group also faces competition from smaller, national caterers such as Api Restauration, Dupont and RestAlliance.

b) Spain

The Group believes that based on 2015 revenue it is the leading contract caterer in Spain, with an estimated market share of over 22% (data source: GIRA). The Group considers that the Spanish contract catering market is still fragmented, with the top two contract caterers accounting for 41% of the market in 2015 and no other competitors holding more than a 10% market share. A number of major groups (Compass, Aramark and Sodexo) operate in the Spanish market but other local players such as Ausolan and Mediterranea hold significant market shares.

c) Italy

The Group believes that it is the leading contract caterer in Italy based on 2014 revenue, with an estimated 14% market share (data source: GIRA). The Italian contract catering market is still highly fragmented, with only the top two players holding a market share of over 10% and small and mid-size operators (with revenue of less than €130 million) representing around 40% of the market. The weighting of local players such as Gruppo CAMST, CIR and Pellegrini is significant compared with the market share held by local players in other European countries. The contract catering market in Italy was worth €6.5 billion in 2014, with an outsourcing rate of 64%, and based on research carried out by external agencies at the Group's request it is expected to grow at an annual rate of around 1.0% between 2014 and 2018.

d) United Kingdom

In 2015, the Group consolidated its position as the joint fourth-leading contract caterer in the United Kingdom with a market share of around 4.5%. Once the revenue of the company that it acquired in 2015-2016 is consolidated for a full year, the Group believes that it will move up in the rankings to take up the number four position on its own. The Group considers that the U.K. market is less concentrated than the French market, with players generating less than £120 million in revenue representing more than 45% of the overall market. As in its other geographic markets, the Group's main competitors in the United Kingdom are large companies such as Compass, Sodexo and Aramark. However, it also faces competition from national catering companies such as BaxterStorey, as well as from smaller, local catering companies or companies with niche markets, and from support services companies that also provide catering services.

e) United States

The Group estimates that it is the sixth-leading contract caterer in the North American market (data source: Foodmanagement.com). The market is largely concentrated with the top three contract caterers accounting for over 80% of total contract catering sales. The world's three largest players hold the top three places in the U.S. market, and following its acquisitions carried out in 2016 the Group believes it will be able to move up one place to become North America's fifth-leading contract caterer.

1.5.4.1.6 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 expends that the current market concentration trends in Europe's contract catering market will 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 they are able to achieve significant economies of scale and improve the appeal of their offers, in particular in terms of price. Larger companies are also better equipped to pursue acquisition opportunities, thereby increasing their market share and allowing further economies of scale.

1.5.4.2 Services

On the basis of research carried out by external agencies at the Group's request, the Group considers that specialized cleaning services and standard cleaning services represented 40% and 60% respectively of the overall revenue generated by the cleaning services market in France in 2015.

1.5.4.2.1 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 around €21 billion in revenue in 2014, around €12 billion of which derived from the outsourced segment of the market, representing an outsourcing rate of approximately 55%. It also estimates that sales generated by the outsourced cleaning services market in France increased by around 2% in 2015. After slowing in 2013 (with a rise of just 1.1%) the market picked up in 2014 and 2015 and the pace of growth is expected to accelerate to 2% as from 2016 (data source: Eurostat).

1.5.4.2.2 Competitive Environment

The Group believes that the French cleaning services market is highly fragmented, with around 90% of the market's participants having fewer than ten employees in 2014. However, small companies only accounted for 20% of the market in value terms and between 2012 and 2014 the larger players (entities generating over €20 million in revenue) reported growth of over 3.5% whereas the growth rate for smaller companies was less than 1% (data source: Eurostat).

The Group believes that it is the sixth-leading cleaning services provider in France based on 2014 revenue – largely due to the acquisition of Sin&Stes in 2010 – and it has an estimated market share of around 3.5%. The healthcare market represents 5% of the overall outsourced cleaning services market in France (data source: Eurostat) 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 over 30% based on 2013 revenue. Its main competitors are Onet, Samsic, Atalian, GSF and ISS. All of these companies are large entities with dense client networks and, apart from GSF, 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.

1.5.4.2.3 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 of larger support services providers who are able to provide quality services at low costs will increasingly prove attractive to potential clients.

b) Market Concentration

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

c) Emergence of Multiservice Contracts

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

d) Professionalization of the Outsourced Services Industry

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

1.5.4.3 Concession Catering

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

City sites consist mainly of inter-city railway stations and, to a lesser extent, other non-travel specific areas such as exhibition centers, museums, leisure parks and vacation villages. City sites, other than railway stations, are distinct from both airports and motorways in that the general level of capital expenditure required from the concession operator is low. Another distinguishing characteristic is that railway station concession customers are less captive than at airports and motorway service plazas. Customers may come and go as they please and have a wider choice of catering options than, for example, airline passengers who only have the options available to them in the airport terminal.

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

1.5.4.3.1 Market Size

a) Airports

France

The overall French airport concession catering market represented an estimated €291 million in 2015 (data source: GIRA), up by nearly 1% on 2015. This year-on-year increase was lower than the 3.1% rise in passenger volumes and is believed to be attributable to a decrease in the number of purchases as the volume of services rose by 0.7% and the average customer spend was slightly higher. However, the Group believes that market growth in value terms will accelerate in the coming years, and average annual growth is expected to top 2% in 2016 and 2017 (data source: GIRA) compared with 1.8% for the period from 2012-2015.

Italy

Having steadily declined between 2011 and 2013, air passenger traffic in Italy picked up in 2014, increasing 4% excluding the impact of Expo Milano (data source: GIRA). Despite challenging economic conditions, the Group believes that the Italian airport concession catering market has managed to keep up a steady pace of growth over recent years, with revenue rising from approximately €288 million in 2013 to €295 million in 2015. This reflects an increase in the number of points of sale (11.4%) and the volume of services (7%) as well as higher average customer spend, which all fueled an 8.5% rise in the market's overall value. The Group considers that this growth was largely due to expansions of commercial areas as well as measures taken to enhance the concession offerings proposed at the airports in Milan and Rome.

Spain

Following a steady decline in air passenger traffic between 2011 and 2013, the Spanish airport concession catering market picked up again in 2014. In 2015 the number of passengers increased nearly 6% year on year, exceeding the spike observed in 2011.

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

United States

The Group considers that the U.S. airport concession catering market has managed to keep on the growth path in recent years despite the challenging economic conditions experienced since 2008. It estimates that in 2015, total revenue generated by this market came to €3.9 billion. On the basis of research carried out by external agencies at the Group's request, it believes that the U.S. airport concession catering market will grow at an annual average rate of between 6.0% and 6.5% between 2015 and 2020.

b) Motorways

France

The French motorway concession catering market edged down 0.4% in value terms in 2015 to €406.3 million (data source: GIRA, excluding vending), whereas traffic volumes increased by 2.8%. The year-on-year value decrease was due to travelers being more careful about spending. However, having narrowed at an average annual rate of 1.4% between 2012 and 2015, the Group estimates that the market will grow 1.5% per year in 2016 and 2017.

Italy

The Group estimates that the Italian motorway concession catering market remained stable in 2015, generating overall revenue of €1.1 billion. Motorway traffic in Italy has fallen by nearly 10.5% since the financial crisis in 2007 but inched up 0.9% in 2014.

Spain

Revenue generated by the Spanish motorway concession catering market has decreased since 2007, due to the country's difficult economic situation. On the basis of research carried out by external agencies at the Group's request, the Group estimates that in 2015, revenue generated by the overall Spanish motorway concession catering market represented €156 million. The Group believes that the Spanish motorway concession catering market will grow at an average annual rate of between 1.5% and 2% from now until 2020 (data source: GIRA). This rise will be led by the increase in motorway traffic since 2014 (up 4% between 2014 and 2015, data source: Spanish Transport Ministry).

United States

The Group estimates that the U.S. motorway concession catering market was worth around $611 million in 2015 and believes that this market will continue to grow in the coming years at an average annual rate of around 3%.

c) Railway Stations, City Sites & Leisure

France

As in other sectors of the French concession catering market, the Group believes that the French city sites & leisure market has held firm in recent years. After experiencing average annual growth of 2.4% from 2008 to 2014, the market slowed in 2015 with growth of 0.6% and overall revenue amounting to €347 million. This slowdown was notably due to a 0.7% decrease in high-speed train traffic. Although the Group only expects volumes to pick up slightly between now and 2017 (0.2% on average), it believes that the modernization of several stations combined with the introduction of reworked concepts sporting carefully selected main-street brand names should result in the market's value increasing by an annual average of around 1.5% over the same period (data source: GIRA).

Revenue generated by food and beverage concessions at vacation villages and leisure parks remained more or less stable in 2015, edging back just 0.3% to €660 million.

Spain

Revenue generated by Spanish railway station concessions amounted to an estimated €69 million in 2015 (based on external research commissioned by the Group). Although passenger traffic decreased at an annual average rate of 2.9% between 2011 and 2015, high-speed train traffic increased sharply, up 12.8% a year on average over the same period. The Group estimates that Spain's railway station concession market will grow at an annual average rate of 4.5% between 2016 and 2020 (data source: GIRA).

1.5.4.4 Competitive Environment

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

a) France

The Group believes that it is the leading concession catering operator in France based on 2015 revenue, with an estimated market share of approximately 60% in the French airports sector, around 70% in the French motorways sector and approximately 35% in the French railway stations sector. It considers that the overall French concession catering market is highly concentrated, with the top three concession operators in airports, motorways and railway stations accounting for an estimated 89%, 82% and 75% of each of these sector's revenue respectively. The Group's main competitors in each of these sectors are Autogrill and SSP. In addition, a new player has recently arrived in the market for airport and railway station concession catering following Relay's repositioning.

b) Spain

In Spain, the Group operates in 18 airports and 40 motorway service plazas. It estimates that it is the leading concession catering operator in Spain based on 2015 revenue, with approximate market shares of 45.5% in airport concessions, 39.5% in motorway concessions and 30% in railway station concessions. The Spanish market is highly concentrated. Based on its own estimates, the Group believes that in the Spanish airports, railways and motorway concession catering markets, the top two players accounted for approximately 69%, 54% and 57% of each of these sector's revenue in 2014 respectively. The Group's main competitors in Spain are Autogrill (railway stations and motorways), SSP (airports and railway stations) Eat out (airports) and Abades (motorways).

c) Italy

The Italian motorway concession catering market is highly concentrated, with the three leading operators representing 90% of the market in 2014. However, the market has become increasingly open to other participants in the past several years due to market liberalization measures. In the airports market, the Group believes that it is Italy's leading concession catering operator based on 2015 revenue, with an estimated 34% market share. Its main competitors are Autogrill (motorways and airports), Chef Express (airports and motorways) and smaller companies such as Cremonini, Airest and Sarni. In the motorways market, the Group believes that it is the third-leading concession caterer in Italy based on 2013 revenue, with an estimated market share of just over 5%.

d) United States

In the United States, the Group mainly faces competition from large multinational companies, such as Autogrill (motorways and airports) and SSP (airports) as well as from regional companies, such as Delaware North (primarily for airports) and OTG (airports). In the United States, the Group believes it ranks number six in the airports concession catering market, and number two in the motorways market.

1.5.4.4.2 Market Trends

a) Continued Barriers to Entry

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

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

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

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

b) Economic Recovery and Increased Travel and Leisure Time

The Group believes that the nascent global economic recovery will result in an increase in consumer discretionary spending, boosting concession catering sales. Because the concession catering industry is closely linked to business and personal travel, it is particularly sensitive to changes in businesses' and consumers' confidence and their ability and willingness to spend. In poor economic conditions, concession catering businesses tend to be affected by business and consumer spending cutbacks. However, as the global economy continues its slow recovery, the Group expects that spending on travel and leisure will increase, driving up both volumes and revenue. For example, the Group estimates that motorway traffic increased by 4% in Spain between January 2013 and Januar 2014 (data source: Abertis), and passenger traffic in airports rose by 3% over the same period (data source: ACI). The trend that began in 2013 toward a levelling off – or even decrease – in gasoline prices in the United States should lead to an increase in motorway travel. In addition, rail travel should continue to be boosted by the expansion of high-speed rail links.

1.5.5 LAWS AND REGULATIONS APPLICABLE TO THE GROUP

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

1.5.5.1 Food 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, as well as at EU level for its operations in the European Union. The Group has implemented numerous measures to ensure compliance with applicable food regulations, such as providing certified training to employees in a number of relevant areas, including food safety, preventing contamination, preparation and storage, and facilities maintenance.

1.5.5.1.1 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, Regulation (EC) No. 852/2004, Regulation (EC) No. 853/2004 and Regulation (EC) No. 2073/2005 (implementing regulation).

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

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

The 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, from ensuring the safety of raw materials, to validating processes (e.g., cooking and washing), to 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 includes more stringent requirements for food products of animal origin, such as meat, fish and dairy products, and foods containing such products. European legislation regulates the temperature settings at which these products must be kept (below 8° Celsius) as well as the length of time for which they can be displayed.

Regulation (EC) No. 2073/2005 is an implementing regulation covering microbiological criteria for foodstuffs.

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 the "ANSES"). The ANSES is a governmental agency that is overseen by the Ministries of Health, Agriculture, the Environment, Labor and Consumer Protection. It acts as a watchdog and advisory specialist for a wide range of issues related to human and plant health and animal health and welfare, and also carries out research activities in these areas. It applies a holistic approach to health issues by analyzing all of the related risks and benefits. It assesses all of the risks (chemical, biological, physical) to which an individual may be exposed – voluntarily or involuntarily – at all ages and times of their life, whether at work, when traveling, during leisure time, or through the food they eat.

French food safety regulations incorporate the standards provided for in E.U. legislation on food safety. They also include the requirements of (i) the governmental decree issued on December 21, 2009 concerning the temperature settings at which animal-derived products must be kept, and specific provisions relating to contract catering establishments (display dishes, the obligation to report to the authorities any suspected cases of food poisoning, procedures for managing unsold food etc.) and (ii) the decree dated October 8, 2013 issued in extension to the December 21, 2009 decree and which relates to all foodstuffs that are not derived from animal goods.

The Group is also 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.

c) Italy

In Italy, the main advisory authority for food safety is the National Committee for Food Safety (*Comitato Nazionale per la Sicurezza Alimentare*, or the "CNSA"). The CNSA acts as a technical advisory body for safety issues concerning all food products and additives along the entire food chain, from primary production to processing, storage, transportation and sale. Italian food safety regulations incorporate the standards provided for in E.U. legislation on food safety. In addition to national and European-level food safety and hygiene regulations, the Group is also subject to regional and provincial food safety obligations in Italy.

The main food safety supervisory bodies in Italy are the local healthcare authorities (*Aziende Sanitarie Locali*), which have inspection powers, and the Italian police's food and drug control unit (*Nucleo Anti Sofisticazioni*)

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. While the Group is no longer 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, it is 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) United Kingdom

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

The four countries within 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) (No.2) Regulations 2012, and The Food Hygiene (Northern Ireland) Regulations 2006.

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

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

f) 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 (the BfR), and (ii) risk management, which is overseen jointly by the Federal States, the European Community and the Federal Office of Consumer Protection and Food Safety (the BVL). The application of the HACCP system provided for in E.U. Regulation (EC) No. 852/2004 is compulsory under German food safety legislation.

Certification bodies such as DOS and TÜV carry out audits to verify that food producers respect the requirements of the International Featured Standards and that they are capable of producing legally-compliant, safe and high-quality foods. Almost all of the producers of retail branded foodstuffs in Germany have these certifications.

g) United States

In the United States, food safety regulations are promulgated at the federal and state level. At federal level, the main food safety regulator is the Food and Drug Administration (the "FDA"). 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, which are regulated by the U.S. Department of Agriculture. The Group's regulatory compliance efforts include commissioning an independent sanitation auditing company to perform audits at its sites. In addition, all operators are required to receive certified food safety training. The Group has also engaged a national independent company to perform pest control prevention and inspection services.

1.5.5.1.2 Food Labeling

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

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

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

Local and national authorities may also introduce specific regulations or decrees clarifying particular points in the European regulations. For example, in France, the implementing decree 2015/447 dated April 17, 2015 – which has been effective since July 1, 2015 – clarifies the procedures for applying Regulation (EC) No. 1169/2011, and Decree no. 2002-1465 has regulated the labeling of beef in catering establishments since December 17, 2002.

1.5.5.1.3 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.

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

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

1.5.5.2 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, 2016, comprised approximately 120,000 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.

1.5.5.2.1 Laws and Regulations Governing Employment Contracts

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

1.5.5.2.2 Collective Bargaining Agreements

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

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

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

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

1.5.5.2.3 Part-Time and Temporary Work

At September 30, 2016, 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 resort to non-permanent workers may either: (i) hire an employee under a fixed-term employment contract or (ii) engage a temporary worker through an agency. The use of fixed-term employment contracts/temporary workers must be restricted to the performance of clearly defined and temporary tasks in specific circumstances provided by law (e.g., (i) to replace an employee on a temporary leave of absence or whose employment contract is suspended, (ii) to temporarily fill a position before an employee can be hired under a permanent employment contract or, after a permanent employee has left, before the position is eliminated, or (iii) to cover a temporary increase in the company's business). In particular, the Group may not use fixed-term employment contracts/temporary workers to fill a job position on a long-term basis in connection with its ordinary and ongoing business.

1.5.5.2.4 Employee Representation

a) Right to Representation and Trade Unions

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

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

b) Works Councils

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

National labor laws in most of the countries in which the Group operates also require the establishment of local works councils. The frequency of works council meetings, the degree of information that must be provided to employee representatives in works council meetings, and the extent to which opinions issued by a works council must be taken into account in management decisions vary on a country-by-country basis. In France, certain employer decisions relating to issues such as workforce reductions or changes in the legal and/or financial organization of the company (in particular in the case of a merger or a sale of assets or shares) require a prior information and/or consultation process to be carried out with the relevant works council(s) (local and/or central and/or European). In such cases, no final decision may be taken before the relevant employee representative body has delivered its formal opinion (whether negative or positive) on the proposed decision.

c) Employee Representation on Corporate Boards

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

Prior to 2015 an exemption existed pursuant to which these provisions did not apply to companies that were not required to have a works council (such as Elior Group S.A.), 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 will not be 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).

Employee directors or employee Supervisory Board members must take up office within six months following the Annual General Meeting at which the shareholders approve the amendments to the Company's Bylaws necessary for them to be elected or appointed. In accordance with Article 11, II of French Act 2015-994, this Annual General Meeting must be held within six months of:

- the 2016 fiscal year-end for companies and their subsidiaries that have over 5,000 employees in France or over 10,000 employees worldwide;
- the 2017 fiscal year-end for companies and subsidiaries that have over 1,000 employees in France or over 5,000 employees worldwide.

If the conditions set out in Articles L 225-27-1, I and L 225-79-2, I of the French Commercial Code are not met, the Company will therefore be required to propose the election of employee representative directors at the Annual General Meeting to be held in 2017.

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

d) Workplace Health and Safety

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

1.6 ELIOR GROUP ON THE STOCK MARKET

1.6.1 FINANCIAL COMMUNICATIONS AND SHAREHOLDER RELATIONS

1.6.1.1 Preparation of Financial Communications

The Chairman and 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.

1.6.1.2 Financial Communications Policy

The Chairman and 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 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 and employees have a duty of confidentiality and discretion.

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

1.6.1.3 Regular Contacts with Shareholders and Investors

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

On September 24, 2015 Elior Group's Chairman and Chief Executive Officer presented the Group's strategic plan for 2016-2020.

On December 11, 2015 the Chairman and Chief Executive Officer and the Chief Financial Officer held a conference call during which they presented the Group's results for 2014-2015 and answered questions from the financial community.

On February 26, and May 27, 2016 the Chairman and Chief Executive Officer and the Chief Financial Officer held a conference call during which they presented the Group's results for the first quarter and the first half of 2015-2016 respectively 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 website.

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

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 Chairman and 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 dialogue with the financial community.

1.6.1.4 A Steady Flow of Information

In line with the Group's objective of offering a high level of transparency, a "Finance" section has been created 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 directors' rules of procedure, the financial publications calendar, revenue and earnings 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 2016-2017

December 9, 2016	Release of full-year FY 2015-2016 results
January 27, 2017	Release of first-quarter FY 2016-2017 revenue figures
March 10, 2017	2017 Annual General Meeting
May 30, 2017	Release of first-half FY 2016-2017 results
July 28, 2017	Release of third-quarter FY 2016-2017 revenue figures
December 6, 2017	Release of full-year 2016-2017 results

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

Head of Investor Relations

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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)

1.6.2 THE ELIOR GROUP SHARE

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

On March 6, 2015, Elior Group announced that the authority responsible for the various indices of Euronext Paris – the *Conseil Scientifique des Indices Euronext Paris* – had decided to include the Company's shares in the SBF 120 index as from the close of trading on March 20, 2015. At December 31, 2015, Elior Group's closing share price was €19.30, representing a 30.8% increase since the IPO (excluding the dividend). At December 31, 2016, Elior Group's closing share price was €21.72 and its market capitalization was €3.75 billion, compared with €3.33 billion at December 31, 2015 and €2.02 billion at December 31, 2014.

Elior Group's share performance since the IPO:

	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

(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's website at www.eliorgroup.com

Per-share data

	Year ended September 30, 2016
Weighted average number of shares (in millions)	172.45
Profit for the period attributable to owners of the parent (in € millions)	135.3
Earnings per share (in €)	0.78
Net dividend per share (in €)	0.42

At the Annual General Meeting to be held on March 10, 2017 the Board will recommend the payment of a cash dividend of €0.42 per share.

2

CORPORATE SOCIAL RESPONSIBILITY

2. CORPORATE SOCIAL RESPONSIBILITY

2.1 CONTEXT AND OVERALL OBJECTIVES

2.1.1 CSR STRATEGY: THE ELIOR GROUP POSITIVE FOODPRINT PLAN

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

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

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

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

Focus on the Sustainable Development Goals

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

Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Sustainable Development Goal 3: Ensure healthy lives and promote well-being for all at all ages

Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, employment and decent work for all

Sustainable Development Goal 12: Ensure sustainable consumption and production patterns

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

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

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

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

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

Objective 3: Zero food waste to landfill.

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

The initial priorities will be announced later this year and in 2018 we will present our action plan together with the management indicators that will be used in the first phase.

2.1.2 MEMBER OF THE UNITED NATIONS GLOBAL COMPACT

In line with the particular importance we place on corporate social responsibility, we have been a member of the United Nations Global Compact since 2004. Each year, we renew our commitment to embracing the Global Compact's principles across all of our operations and in all of our decision-making processes. These principles form one of the cornerstones of our CSR approach. By signing the Global Compact we joined a movement of players who are committed to promoting corporate social responsibility both within their own businesses and with their partners (clients, customers and suppliers). The yearly Communications on Progress (COPs) that we issue enable us to raise awareness among our stakeholders about what we have achieved in our long-term CSR projects.

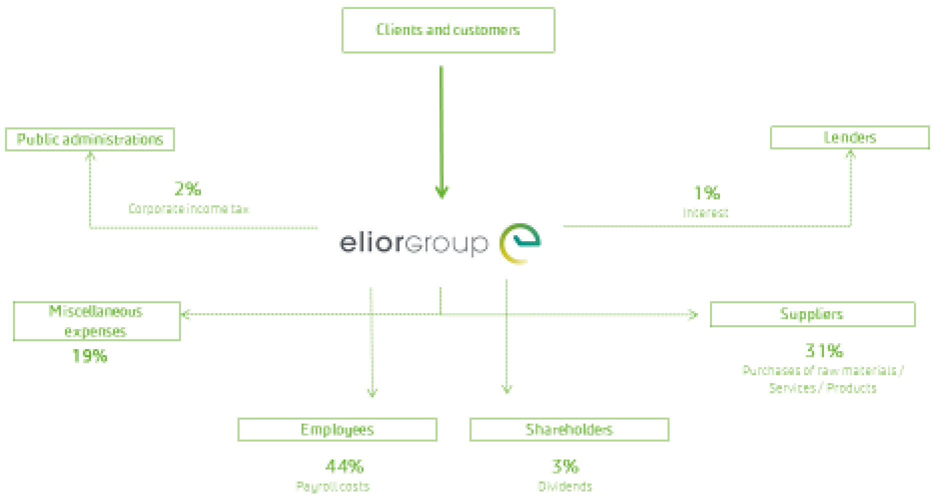
The Group is committed to respecting the Fundamental Conventions of the International Labour Organization (ILO) and, accordingly, has undertaken to uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as to support the elimination of all forms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

THE GLOBAL COMPACT
Network France
WE SUPPORT

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

2.1.3 FLOWCHART OF STAKEHOLDERS AND SHARED VALUE

The Group's €5,896 million in revenue for fiscal 2015-2016 was derived from resources contributed by its clients and customers. The value represented by the annual revenue figure is shared between the Group's various stakeholders as follows: just under half is allocated to remunerating employees and paying social security contributions, one third is allocated to purchases (i.e. paid to suppliers), and the remaining fifth is divided between various taxes and costs and paying interest to the Group's lenders.



2.1.4 MATERIALITY ANALYSIS

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

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

Our employees, who are in daily contact with our clients and guests and as such are central to our business. Day after day, they demonstrate their commitment to delivering superior service quality. As a responsible employer, we have developed an ambitious policy designed to offer professional development and personal fulfillment opportunities to all of our employees.

Our clients and customers, whose satisfaction is the focus of our entire business. The Group's long-term success depends on our ability to offer our clients and customers innovative and competitive services that are closely aligned with their needs and expectations.

Our suppliers, who enable us to propose best-in-class offerings to all of our clients by providing us with healthy, high quality products at competitive prices with a limited social and environmental cost.

Civil society: our financial partners support the development of our businesses, and we also talk regularly to municipalities and other public authorities, both as clients and as supervisors, in order to maintain a constructive dialog and positive relations with our host communities.

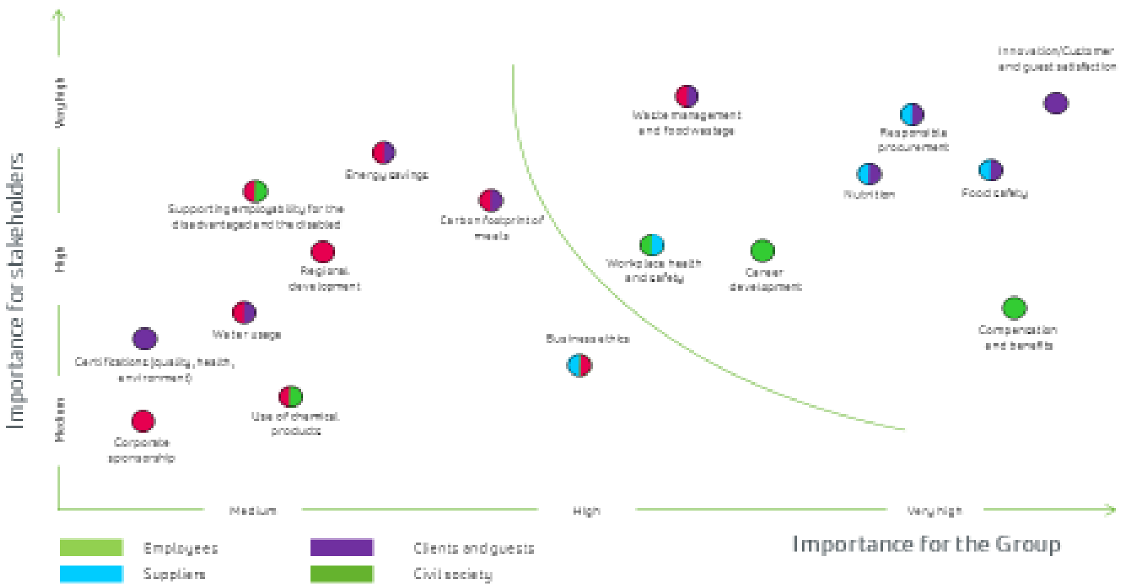
The materiality analysis was organized in three phases:

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

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

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

Elior Group Materiality Matrix

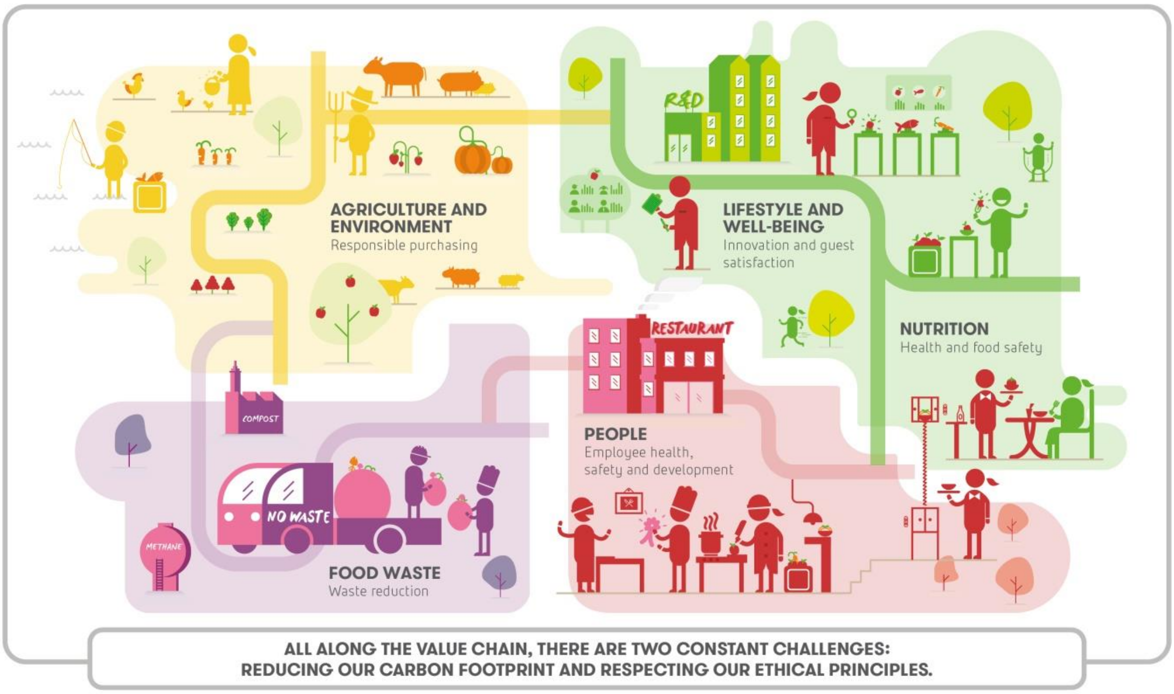


2.1.5 THE SUSTAINABILITY CHALLENGES FROM ONE END OF THE VALUE CHAIN TO THE OTHER

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

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

ELIOR GROUP MAIN MATERIAL ISSUES



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

Agriculture and the environment:

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

Lifestyle and well-being:

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

Food waste:

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

People:

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

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

2.1.6 ELIOR GROUP, OFFICIAL CATERER FOR THE COP21: RESPONSIBLE CATERING TO RISE TO THE CLIMATE CHANGE CHALLENGE

As the largest diplomatic event ever organized in France, the 21st United Nations Conference on Climate Change (COP21) represented an operational challenge for our teams. To meet organizers' extremely exacting standards and welcome the 45,000 daily participants in the best possible conditions, we relied on our central kitchens in Gonesse and Goussainville, and called on more than 300 employees to ensure optimum service throughout the event.

From November 30 to December 11, 2015, we put our teams into action to provide catering services to the 45,000 daily conference participants at Paris-Le Bourget. For this major international event, we designed a variety of food service offerings combining taste, pleasure and convenience, while demonstrating our commitment to the environment: responsible sourcing, campaigns to develop awareness of climate change issues among employees, and initiatives to fight food waste.

In the 18-month run-up to the event, we made careful preparations by organizing seminars to raise our teams' awareness of the sustainable development and climate change challenges to be discussed during the conference. In accordance with the COP21 Food Service Charter, we designed a responsible offering focused on best practices for the planet:

Some 30 catering facilities open from 5 a.m. to 10 p.m. and a self-service restaurant open around the clock

- Reduction of the catering carbon footprint thanks to procurement initiatives favoring short supply circuits and local producers from the Paris Region (33% of products sourced locally, 20% organic products of which 95% sourced in France).

- Responsible product choices: fish from sustainable fisheries, non-GMO foods, organic products (e.g., all starters were organic), free trade products (e.g., only fair trade coffee was served), certified products (e.g., 45% of red meat served carried the Bleu-Blanc-Coeur label and 45% was Label Rouge-certified).

- An extensive waste-sorting system and a goal of zero plastic by reducing packaging to the bare minimum and opting for bio-degradable food containers.

- No disposable cups, use of reusable eco-cups.

- Donation of all unsold products to charities in the Paris Region, with the support of the Chaînon Manquant association (in all, 1,350 kg. of unsold food was collected and redistributed, providing 2,700 meals).

Our services helped the COP21's organizers to obtain ISO 20121 certification of its event's sustainability management system. This international standard has been designed to help organizations in the events industry improve the sustainability of their event-related activities, products and services. ISO 20121 describes the building blocks of a management system that takes sustainable development considerations into account at each stage of the event preparation process and at all points in the supply chain. The certification process benefits not only the event's organizers but also the service providers, partners and participants. COP21 was the first government and UN-sponsored climate change conference to obtain ISO 20121 certification, following an audit performed by Bureau Veritas.

The event's quality was hailed by its Secretary General in these terms:

"I consider that you responded precisely and effectively to the expectations of our delegates, all of whom have expressed their complete satisfaction. You have been the ambassadors of French gastronomy, which you have successfully interpreted for a diverse and therefore difficult clientele. Thanks to you, I have seen a lot of happy faces at the COP, which is what we wanted."

Pierre-Henri Guignard
Secretary General responsible for preparing and organizing the COP21

2.1.7 FOCUS ON AWARDS

EcoVadis – Gold CSR rating
Elior Services (June 2016) and Elior Entreprises (December 2015) have joined the select group of companies that have been awarded the highest CSR rating by EcoVadis, an independent organization whose ratings are recognized by all of the major procurement teams in France.

Acting responsibly towards all stakeholders is one of our Group's five core values. It is also an increasingly important selection criteria for clients, who expect us to include in our contract bids detailed information about our sustainability practices and the results achieved. EcoVadis's CSR rating system involves buyers as well as suppliers, in order to speed the development of a sustainable business. Its comprehensive methodology is based on 21 criteria covering four main topics: the environment (energy use, greenhouse gas emissions, biodiversity, pollution, consumer health and safety, etc.); fair working conditions (employee health and safety, employee dialog, training and career development); business ethics (responsible marketing, anti-competitive practices, etc.) and supply chain (suppliers' social and environmental performance).

French National Association of Human Resources Directors (ANDRH) and Michael Page – Special Jury Award

National Corporate Citizen Award
Over the last three years, our contract catering subsidiary L'Alsacienne de Restauration has been conducting a pilot scheme in Alsace to help young people from disadvantaged areas to enter the job market. Some sixty young people have already taken part in the 100 Opportunities 100 Jobs scheme, some of whom have already obtained a permanent, short-term or apprenticeship contract. It earned L'Alsacienne de Restauration the Special Jury Award for the Eastern France region from the French National Association of Human Resources Directors (ANDRH) and Michael Page, as well as the National Corporate Citizen Award (large corporates Team category). These two awards recognize the Group's CSR commitment.

2.2 CSR GOVERNANCE

2.2.1 THE GROUP'S MAIN CSR PLAYERS

In order to firmly embed responsibility and accountability in our performance and operational excellence, we have put in place an internal CSR governance system. The aim of this system is to enable the Group to 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.

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

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

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

2.2.2 BUSINESS ETHICS AT ELIOR GROUP

2.2.2.1 A set of guidelines for all Group entities: the Ethics Principles

The Elior Group fundamental Ethics Principles represent a common framework for all employees to guide them in their day-to-day activities. They are based on simple core values of excellence that all employees can buy into and apply as a team.

These Ethics Principles illustrate our assertive approach to implementing the international guidelines adopted and recognized by the Group, namely the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Sustainable Development Goals.

The daily implementation of each Principle supports a continuous improvement approach that will ensure that the Group continues to be viewed as a contract caterer of choice.

During the year, 86.7% of the Group's revenue was generated in countries with a low risk of corruption based on the index drawn up by Transparency International (an NGO).

2.2.2.2 Engaged approaches by subsidiaries

The Internal Audit Department coordinates and leads deployment of the Ethics Principles in compliance with the applicable legislation. This includes integrating similar systems already implemented by the operating entities. The deployment process will be completed by the end of the current fiscal year.

The Ethics Principles have been distributed to the subsidiaries' CEOs for deployment, as from 2016, among all employees at all levels of the organization.

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

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

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

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

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

2.3 HEALTHY CHOICES

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

100% of our guests will be able to choose healthy and delicious food by 2025.

2.3.1 LEADING THE FIELD IN HYGIENE AND FOOD SAFETY

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

2.3.1.1 Strict organizational procedures and regular controls to ensure product safety

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

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

Over 30 Group entities worldwide have now received ISO 22000 certification – the industry's internationally recognized standard for food safety management – which clearly demonstrates the effectiveness of our food safety processes. In France, for example, we have centralized quality and hygiene issues within a single department, enabling us to manage product quality standards and risk prevention in an integrated way, which constitutes a real asset for meeting the challenges of safety compliance in today's constantly changing world.

The risk prevention measures we have set up are structured around a group-wide framework and strict oversight procedures. All of the Group's European sites apply the Hazard Analysis Critical Control Point (HACCP) method of identifying, analyzing and controlling risks. The HACCP manuals constitute veritable knowledge bases as they contain the Group's expertise and experience, including guidance from both operations teams and control units, as well as recommendations from professional bodies such as the SNRC (French national union of contract caterers). An on-line version of the manuals, the Food Safety Management Plan, was rolled out to all of the Group's French sites in October 2015. The hygiene rules in the manuals are adapted as closely as possible to the constraints of each particular business and factor in the changes caused by constant innovation in the design of our concepts. In addition, several Group sites have received ISO 9001 certification for their quality management systems.

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

All of our restaurants and facilities are subject to regular controls carried out by both internal and external auditors and our food quality and safety teams monitor scientific, technological and regulatory developments on an ongoing basis. Our protocols are continually tested and validated, and are regularly updated to ensure the safety of our most innovative new concepts.

The Group has also set up a Scientific Committee in France which comprises independent experts (nutritionists, pediatricians, toxicologists, microbiologists, etc.) who work with our food quality and safety teams and help to anticipate risks and regulatory developments. For example, based on the recommendations of the Scientific Committee, the Group has drawn up nutrition specifications aimed at reducing the levels of trans fats in the food served in its restaurants. And in 2015, on the Committee's recommendation, the Group banned the use of detergents containing e-series glycol ethers. In the event of a food safety crisis, the Scientific Committee can be called into action on an emergency basis

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

2.3.1.2 Rigorously selected suppliers and products

To ensure food safety we need to work in conjunction with all of our stakeholders. As a result we apply rigorous procedures when selecting our suppliers, and regularly update them in line with both regulatory and scientific developments. Suppliers are audited using specific scoring charts that vary depending on the type of product and supplier concerned. The charts focus on the key food safety issues affecting each particular profession (distributor, manufacturer, artisan, abattoir, milk-producer, importer, etc.) and the audits are performed based on a full traceability test, starting from when the raw materials are received through to the Group's distribution of the final 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 2015-2016, 314 supplier audits were carried out which enabled us to ensure the quality of the products delivered to us and verify the effectiveness of the corresponding supply chain processes.

The Group also has a responsible purchasing policy with strict requirements concerning the provenance of raw materials and the composition of products. We favor the use of products that carry the eco-label and are concentrated, and all of our client sites are supplied with detergents that do not contain any substances classified as CMR (carcinogenic, mutagenic or toxic for reproduction). In all, responsible detergents (i.e. eco-labeled, concentrated and unclassified detergents) account for around 90% of our chemical product purchases.

2.3.2 INNOVATING AND OFFERING HEALTHY, BALANCED FOOD CHOICES

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

With the aim of helping to promote healthier lifestyles, Areas in the United States raised $50,000 for the American Diabetes Association (ADA). For Areas, the ADA was the obvious choice of partner because diet plays a major role in the well-being and health of diabetes sufferers. The traditional fund raising campaign organized on service plazas on the Florida Turnpike – the United States' second longest toll motorway – was extended this year to the whole of the United States. The money collected will help the ADA to fund research and awareness programs on diabetes, a disease that affects 9.3% of the American population.

2.3.2.1 Healthy food offerings adapted to all types of consumer

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

In 2015-2016, we worked with a total of 489 nutritionists.

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

In order to satisfy our guests' broad spectrum of requirements, we work with our dietitians and nutritionists on developing balanced menus tailored to each different consumer profile. For example, under the Balance format developed for the business & industry market, a Balanced Menu is offered, which is devised based on our dietitians' recommendations. The menus are designed using varied recipes that are selected based on criteria issued by GEMRCN (a French governmental think-tank specialized in nutrition issues in the contract catering industry) and which contain controlled quantities of fat and sugar. Similarly, in Italy we have developed two new catering concepts – Elior Più and Smart Food – which both propose a high-quality food offering served in relaxing surroundings. This approach is based on providing balanced, varied and original food formats as well as innovative and interactive technological solutions that help create the ideal conditions for service quality. Elior UK's You & Life program offers a holistic approach to highlighting the link between diet and health by providing nutrition information. You & Life allows us to educate our staff and guests about well-being and the benefits of a healthy diet. It also helps them make informed food choices in support of a healthier lifestyle. We have already realigned 20% of our UK concepts with the You & Life principles and intend to continue this process in the coming years.

In 2015-2016, 75.9% of the Group's revenue was generated in markets that have put in place ambitious nutrition strategies.

Additionally, the Group applies very strict rules about the sourcing of its food products. For example, we have prohibited the use of GM-labeled products and irradiated foods in our restaurants. At the same time, we have put in place a policy aimed at reducing the levels of trans fats in the food served in our restaurants as these give rise to cardiovascular risks. And in France we have prohibited the use of palm oil since 2004, as it is rich in saturated fat and its plantations have been the source of massive deforestation in the main countries in which it is produced.

In France, after an initial partnership with Bleu Blanc Coeur set up with its subsidiary, Ansamble, on April 4, 2015 Elior stepped up its commitment by becoming a member of this organization, which promotes feeding animals a healthy and balanced diet that is rich in Omega 3 (found in plants such as grass, flax, alfalfa and lupin) in order to enhance the nutritional value of food products and encourage biodiversity on animal farms. We now have more than 80 Bleu Blanc Coeur-labeled products on our procurement list, representing over 230 tonnes of products offered to guests in 2015-2016.

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

2.3.2.2 Healthy, balanced and tasty food offerings adapted to specific consumer categories

A good diet is an integral part of the recovery of a patient and the well-being of a resident. In the healthcare market, we work alongside specialists such as the professor of geriatric medicine, Claude Jeandel, in France in order to create innovative catering solutions that are compatible with pathologies which affect people's ability to absorb nutrients (for example, malnutrition, age-related illnesses, multiple disabilities). In 2016, Elior Santé chose Professor Jeandel to lead a scientific study on Bouchées Saveurs, a solution for Alzheimer's sufferers that consists of transforming our recipes into tasty, bite-sized portions that can be eaten with the fingers. The aim of the study was to demonstrate that Bouchées Saveurs are of equivalent nutritional value to traditional meals and make mealtimes an easier, more enjoyable experience for residents and caregivers alike. The 3-month study was conducted among 23 residents of the Order of Malta-run Maison Ferrari care home in Clamart, a Paris suburb. It was monitored by a dietitian-nutritionist from Elior Group and the data were processed by a statistician.

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

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

2.3.3 RAISING GUESTS' AWARENESS OF THE IMPORTANCE OF HEALTHY EATING

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

2.3.3.1 Educational information for guests about food and nutrition

In Europe, we comply with EU Regulation 1169/2011 ("INCO regulation") on the provision of food information to consumers, which consolidates and updates existing legislation in this area and has been applicable since December 13, 2014. In line with this regulation, guests are informed when the meals prepared and served in our restaurants are known to contain one or more of 14 major allergens.

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

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

In the education market in France, we raise our guests' awareness about healthy eating habits by undertaking numerous initiatives to improve their knowledge about different foods and their properties, to provide them with information about the food supply chain and the provenance of products and to enable them to take responsibility for choosing and putting together their own menus. A breakfast club concept, Let's Have Breakfast Together, has been created to raise schoolchildren's awareness of the importance of starting the day with a balanced meal.

Seruniòn, the subsidiary responsible for contract catering services in Spain and Portugal has produced and distributed over 85,000 copies of a book designed to encourage children in the 5-to-10 age group to adopt sound eating habits and a healthy lifestyle. The book presents the typical school day of a girl called Julie, and provides 11 tips to maintain a healthy lifestyle and adopt the right reflexes. The preface signed by Prof. Juan Jose Badiola from Zaragoza University reminds readers that families and schools share responsibility for ensuring that children eat a healthy diet. This new initiative by Seruniòn adds to the educational programs developed with non-profit organizations and academia on gluten intolerance, and to the initiatives already undertaken in partnership with Unicef.

2.3.3.2 Attentive to guests' satisfaction and well-being

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

In 2015-2016, a total of 3,270 restaurants and points of sale were subject to at least one guest satisfaction survey in the contract catering business.

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

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

2.4 SUSTAINABLE INGREDIENTS

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

Ten of our main product sources will fulfill our sustainable, local sourcing criteria by 2025

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

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

In France, Elior has drawn up a Responsible Purchasing Charter which formally documents the sustainability requirements of our procurement processes, all of which are consistent with the Group's commitments and objectives. Through this Charter – which had been signed by over 94.5% of our suppliers in France by end-September 2016 – the Group's suppliers are asked to reduce their environmental footprint, to act both as responsible employers (notably by respecting children's rights and combating clandestine work) and responsible suppliers, and to draw up a CSR progress report. It illustrates the importance that the Group Purchasing Department places on these issues and also strengthens the partnerships that the department forges with its suppliers. In the same vein, we have provided our suppliers with a platform that they can use to carry out self-assessments and controls related to CSR issues. This platform – which was designed by AFNOR (the French national standards agency) and is based on ISO 26000 – not only enables us to check that our suppliers are respecting our CSR requirements but also to exchange views and ideas with them and to ascertain their progress.

Self-assessments have been completed to date by suppliers accounting for over 50% of our purchases.

Various initiatives have also been implemented at local level, for example in the United Kingdom where all of our suppliers have signed responsible purchasing charters.

We plan to align the various countries' practices by publishing a Responsible Purchasing Charter applicable across the entire organization in 2017.

94.5% of suppliers in France have signed the Elior Responsible Purchasing Charter.

314 supplier audits have been performed by the Group.

We promote employment and training for people with disabilities through our service and product purchasing policies. For example, in France we have entered into partnerships with some 139 assistance-through-work establishments covering all of our business sectors. In 2015-2016, €804,000 worth of our revenue in France was generated through projects with the social economy sector.
At the same time, we have developed a central payments system in France to ensure that the 3 million supplier invoices received each year are paid on time. We are also working to increase electronic communications with all of our suppliers to improve traceability, bring down their costs and reduce their environmental footprint. These measures currently concern 80% of the Group's suppliers in France.

2.4.2 BUILDING A SUSTAINABLE SUPPLY CHAIN

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

We also consider that we have a role to play in educating the market. The 2016 European Sustainable Development Week provided an opportunity for us to raise awareness among stakeholders of the importance for our catering business of protecting biodiversity. As we pointed out, the key to understanding and respecting biodiversity lies in developing healthy and balanced menus and selecting a wide range of products.

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

During the 2016 European Sustainable Development Week, we conducted a biodiversity awareness-raising campaign among guests and employees. Recognizing that bees play a critical role in the ecosystem, Elior Entreprises installed two hives at the Creil Airforce Base located to the north of Paris. This initiative was followed by numerous events, such as a day of honey-based menus, honey tasting sessions, exhibitions presenting the life cycle of bees and the pollination process, and a honey harvesting workshop. It illustrated the Group's commitment to installing hives at sites where our teams are present, while also deploying educational programs.

2.4.2.1 Responsibly farmed seasonal products sourced locally

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

Organic products

For almost 16 years now, we have developed a purchasing policy in France based on the use of organic and local products. For example, Elior is one of France's leading users of organic ingredients for school meals.

In 2015-2016, we had a total of 2,806 organic product references.

In February 2015, during the Paris International Agricultural Show, Group representatives visited the organic food agency stand with representatives from the national organic farming federation (FNAB) and MBIM, a non-profit organization set up to encourage people to switch to organic food. The three partners signed an agreement to encourage food buyers in France to choose locally-grown organic produce. The agreement is in line with our responsible purchasing policy which consists of favoring products grown using environmentally-sound farming practices and making a sustainable contribution to the economic development of our host regions. It led to the Solibio platform taking center stage at the L'Alsacienne de Restauration's restaurants in June 2016, during European Sustainable Development Week. The restaurants concerned were able to use the platform to source a wider range of local organic produce, including vegetables, meat, ultra-fresh products, cheese, cold cuts and fruit juice, aligned with the needs of the contract catering business.

In February 2016, Serunión in Spain opened its first 100% organic central kitchens. After four years of efforts and audits, the Malaga and Seville central kitchens were certified as 100% organic meal production centers by the CAAE, Spain's leading certification body. The Malaga central kitchen is currently able to prepare 14 different 100% organic meal choices for guests and the number is set to increase rapidly. The kitchen's staff prepare 15,000 meals a day for contract catering clients in the education and healthcare markets.

Elior is also a natural partner of Réseau Cocagne, a social enterprise that operates a network of market gardens. Working together, we were able to set up local partnerships between Cocagne's market gardens and our contract catering sites. To determine the produce to be supplied to our kitchens, the local chef and the manager of the garden concerned work closely together to analyze our needs and prepare cultivation plans. As well as allowing the delivery of fresh, locally-grown organic produce, the partnership also helps to prepare people to re-enter the workplace through their experience with Cocagne. By signing the partnership charter, our local teams and those of Cocagne commit to helping these people turn their objectives into reality. In 2015-2016, six Cocagne market gardens were included on our list of approved suppliers.

Product Selections in France

As part of our responsible purchasing policy, we are committed to seeking out and promoting local products that constitute each region's culinary ID, through our Product Selections program. The principle consists of selecting the best products in each region, based on taste, product origin and farming or production practices. This approach encourages regional development by helping local producers to find new markets. We work closely with our clients and national producers in order to help build up sustainable supply chains for fruit and vegetables, meat and cold cuts, bakery products and seafood that can meet large-scale catering needs such as ours. These producers are included in approved supplier lists kept by the purchasing departments in each country, which enables us to source products that are actually produced in the countries where we operate our restaurants. For example, we ordered 97 tonnes of PGI (Protected Geographical Indication) certified clementines in December 2015, along with 7.5 tonnes of Cantal Entre-Deux (AOP) cheese and 350 tonnes of melons produced in France between July and September 2016.

Elior has been awarded Level 1 Ecocert certification for its central kitchens in Rosny (serving nine school canteens in the Lilas district of Paris) and Fresnes (serving three school canteens in Issy-les-Moulineaux, a Paris suburb).
The certification process covers four areas of action:
More organic: offer a varied selection of organic products throughout the year.
More local: reduce the menus' carbon footprint by favoring short distribution circuits and local production.
More healthy: help to ensure that children have a balanced diet and choose "home-made" over industrially produced food.
More sustainable: implement practical measures to reduce and recycle food waste.

2.4.2.2 Responsible fishery resources

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

Since 2006, we have deployed a responsible purchasing policy designed to protect marine biodiversity and enable depleted fish populations to recover, for example by banning purchases of overfished species.

In France, Elior is a founder member of the Responsible Fishing Alliance and we no longer purchase certain endangered fish species including grenadier since 2006, red tuna since 2008, blue ling, black scabbard fish and the majority of shark species. Based on the recommendations of our Scientific Committee, we have also banned purchases of wild fish from the Baltic Sea due to the high level of industrial activity in the region and the accumulation of cancerogenic chemical compounds (dioxins and PCBs).
Our Scientific Committee has drawn up a guide in conjunction with a fishery resources expert that lists recommended and endangered species, and is distributed to restaurant managers.

In the United Kingdom we only serve fish that is on the Marine Conservation Society's "fish to eat" list and have removed 19 fish species from our menus.

2.4.2.3 Animal welfare

Conditions at certain intensive farms have led to increased global concerns about the treatment of livestock. We want to contribute to the livestock industry's necessary transition to more humane practices and will gradually focus on certain product families. Our initial commitment will be announced in early 2017 and in 2018 we will publish details of the action plans to be implemented by our subsidiaries in the coming years.

In the United States, we have already stepped up our commitment in favor of animal protection and welfare in partnership with the Humane Society of the United States, an international animal protection organization. By 2020, all of the 500 tonnes of liquid egg used each year in our US contract catering business (representing the equivalent of 10 million whole eggs) will come from free-range hens.

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

2.4.2.4 Palm oil

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

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

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

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

Elior UK supports the British government's policy of encouraging companies to switch to RSPO-certified palm oil by the end of 2016 and its sustainable palm oil policy has been communicated to all of its suppliers.

2.4.2.5 Non-food purchasing strategy

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

For example, over 3.7 million bio-degradable food containers were used by the education market's central kitchens in France in 2015-2016.

2.5 CIRCULAR MODEL

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

100% of our food waste will be recycled by 2025

2.5.1 REDUCING OUR ENVIRONMENTAL FOOTPRINT

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

The Group has put in place environmental management processes for its restaurants and other activities, including in Italy where all of the sites' environmental management systems are ISO 14001-certified.

We are also attentive to the noise and odor pollution associated with our activities. When necessary, for example in response to complaints from neighbors, we take steps to resolve the problem by carrying out sound-proofing or other work.

2.5.1.1 Energy saving measures

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

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

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

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

In 2016, we signed a 100% renewable energy contract with electricity provider EDF for all the French sites concerned by the ending of regulated tariffs under electricity contracts managed by the Group (sites with a connection power greater than 36 kVA). With this contract, which is a further step in the transition to renewable energy, the equivalent of 100% of the electricity used by the Group in France will be matched by power generated from renewable generation assets. Most of the time, our operations are carried out on our clients' premises using their equipment. This means that we can reliably track energy use only on some of our sites. Our records show that Elior sites in Italy, the education and healthcare market sites in France and Areas Northern Europe together used 102,012,523 kWh of electricity in 2015-2016.

In 2015, we launched our first energy audits (electricity, heating oil, gas, gasoline and diesel for the vehicle fleet) in all French markets, in compliance with a European directive. In December 2015, Elior UK published its first report on energy use for its administrative activities, based on Energy Savings Opportunity Scheme (ESOS) guidelines. An action plan to reduce spending on energy over the next four years is currently being drawn up.

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

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

In Italy, the new central kitchen in Bologna features energy-saving innovations such as a trigeneration production system that limits routine energy loss in traditional heating equipment. The Nuova Emilia methane-powered plant is capable of simultaneously producing electricity (thanks to a turbine), heat and refrigerated water for cooling. The 30,000 meals produced at the central kitchen every day are delivered to 400 catering sites in the region serving widely different markets: companies, schools, hospitals and government agencies.

Other examples of our initiatives in this area are the design features we have devised for motorway service plazas, such as Chaponne in France which is HQE®-certified, and the Pompano Service Plaza in the United States, which was renovated by Areas US in 2013 and has been awarded LEED certification (Leadership in Energy and Environmental Design). At the same time as seeking to reduce our own use of natural resources we partner our clients in projects aimed at achieving the same objective. For instance, Arpège and other Group units help their clients obtain and/or renew environmental certifications (such as HQE®) by involving their teams in the clients' environmental data compilation and reporting processes.

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

2.5.1.2 Water saving measures

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

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

We act at several levels:

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

In 2015-2016, Elior Italy and the Group's education and healthcare markets in France used a total of 102,012,523 cu.m. of water.

Elior Services uses cleaning equipment with water saving systems such as scrubber-dryers with a cleaning solution dosing (CSD) system and EcoFlex, and consumables such as micro-fiber wipes and pads. In 2015-2016, Elior Services also continued to install dilution centers to ensure that the right quantity of chemicals is added to the cleaning solution, avoid employees having to handle chemicals and avoid transportation of the water needed to prepare the solution.

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

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

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

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

Various initiatives are undertaken, including:

- Programs to raise employees' awareness of the types of waste generated by the Group's businesses.
- Awareness-raising events for guests.
- Deployment of waste sorting and recycling/reuse systems where possible.
- Measures to limit waste production.
- Recycling of used cooking oil, bio-degradable waste and all other types of waste.
- Reduction, and in some cases elimination of packaging at source, for example by replacing plastic bottles with water fountains (in Italy).
- Since 2012 in France, creation of logs recording the waste collected by the local authority at each site, in accordance with France's Grenelle II Act on environmental regulations (government order dated July 27, 2012)

Given that the results of our drive to promote the recycling and reuse of waste largely depend on the effectiveness of our at-source sorting systems, we focus throughout the Group on raising our clients' and guests' awareness about waste sorting. For example, we undertake numerous initiatives in schools to teach children how to correctly sort waste, such as by using a special food waste sorting table called Eco Plats Net. This concept is ergonomic both for the children and restaurant staff as it is modular and can be adapted to the space available in each dining area.

Waste collection and recycling/reuse is organized in line with the type of site and waste concerned. A service provider collects and processes the sorted waste but in some cases pre-processing equipment (such as dehydrators) is installed on site. The main methods used by the Group and its partners to recycle and reuse bio-degradable waste are composting and anaerobic digestion, which enable organic waste to be returned to the soil in the form of fertilizer.

Of the more than 1,000 sites operated by Elior Entreprises, around 300 are required to sort and recycle bio-degradable waste under France's Grenelle II Act. At around 30% of these sites, Elior Entreprises is responsible for collecting and processing the waste. At these sites, we consult service providers licensed to recycle category 3 animal by-products (SPA3) and organize selective collection and processing of the waste.

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

At all our sites, poster campaigns and/or talks are organized to raise our teams' awareness of the need to reduce waste at source and use selective sorting facilities.

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

In 2015-2016, 86.5% of the used cooking oil collected was recycled.

Non-fermentable waste produced by our sites is also recycled. For example pre-sorted packaging waste is recycled into new materials and office supplies such as ink cartridges and paper are recycled and used either for new materials or for energy.

In Spain, Areas continues to collect PET plastic waste in partnership with the Fontvella organization. In 2015-2016, 2.9 tonnes were collected and recycled versus 1.9 tonnes the previous year.

We are also committed to innovation in our services business, as demonstrated by the ongoing development of the business's Valogic paper sorting and recycling offering, which is provided in partnership with companies from the social economy sector.

2.5.1.4 Measures to reduce food waste

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

As part of our drive to reduce food waste, we have launched the anti-waste box based on the doggy bag principle that is fairly new to France. Developed with the Paris city authorities and Synhorcat, the catering industry's professional body, the anti-waste box enables guests to take leftover food away to eat later.

Reducing food waste means aligning recipe choices more closely with guests' tastes and needs.

In the education and healthcare markets, all of our new recipes are tested among guests. A committee made up of experienced chefs meets eight times a year in France to conduct culinary workshops at which new recipes are created or adjusted. The committee also approves proposals to organize culinary events around specific menus. In 2015, 200 recipes for the education market were tested by 1,500 school children and the results were analyzed by an independent organization. Recipes that obtained a score of more than 70/100 were kept, those with a score of between 50 and 69/100 were adjusted and those with a score of less than 50 were abandoned.

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

In the healthcare market, detailed food waste audits have been performed at ten healthcare facilities with the aim of identifying the causes of waste and drawing up specific measures to reduce waste levels at each facility. A food waste guide has been prepared to support facilities that are interested in taking part in this project.

In order to promote best practices in relation to reducing food waste, we encourage guests to take part in our efforts. Through the "Chasse au Gaspi" ("Stop wastage") campaign that we have used in the education market since 2010 we have raised children's awareness of how much food is wasted every day and how to consume smartly. This campaign – which uses "Stop Wastage" kits and special waste collection bins for bread and/or water – achieves excellent results. In all, the campaign has addressed 600,000 children since it began.

At the end of the food service, the Group's various entities distribute unsold food to food banks when this is allowed under local legislation. For example, Areas Northern Europe's exhibition center business gave away 2.7 tonnes of food in 2015-2016, while Elior Italy has been supplying the SITICIBO food bank since 2010.

2.5.1.5 Measures to reduce pollutant emissions

Recognizing that climate change is causing exceptional weather events that may have an impact on raw material prices, we work hard to mitigate environmental risks and prevent pollution, notably by reducing the emissions we discharge into the air, water and soil through our operations.

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

In addition, a network of some forty in-house specialists has been set up in France in order to implement and monitor action plans at Group sites. As a result of all of these initiatives, we have now identified the main sources of GHG emissions in our different businesses and have rolled out measures to reduce their impacts. These actions were stepped up in 2014 when we were awarded a Bilan Carbone® Service Provider license by the Bilan Carbone Association.

Since 2015, carbon emissions have been measured at 20 services business sites, focusing mainly on employees' daily commute. An analysis of the results has showed that the services business's average GHG emissions in the healthcare market represented around 1 metric tonne of CO_2e per full-time equivalent employee. The business is gradually switching to electric vehicles to reduce these emissions.

At Elior UK, GHG emissions from corporate activities have been measured since 2009. Carbon emissions from the various headquarters were reduced by 59% between 2008 and 2014 through home-working, video-conferencing and the resulting major transport-related impact.

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

In 2015-2016, 72.8 % of the Group's vehicles were eco-efficient.

We also take care to minimize any pollution caused by our discharges into water, as can be seen in the wastewater emissions management techniques utilized by Elior Services which optimize the use of both water and chemicals. These include impregnation, steam cleaning, microfiber and special dilution systems for cleaning products. In tandem, our concession catering operations are gradually replacing detergents by electrolyzed water for cleaning surfaces and rest rooms. This ecological process is already in use at the Francheville service plaza on the A10 motorway in France. Twenty-nine water purification plants have been installed at motorway service plazas operated under concession agreements in France, all of which comply with the applicable laws related to water treatment. Elior Entreprises and Elior Services followed suit in 2015-2016 by deploying the system at several of their sites.

2.5.2 CONTRIBUTING TO A CIRCULAR ECONOMY THROUGH INNOVATION AND PARTNERSHIPS

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

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

2.5.3 SHARING BEST SUSTAINABLE DEVELOPMENT PRACTICES WITH SUPPLIERS AND CLIENTS

With 23,000 restaurants and teams providing services on a local level, the Group plays an important part in weaving and developing the economic fabric of the regions where it operates. Highly aware of our instrumental role among the populations we serve, we have made a stated commitment to promote equitable and sustainable regional development by drawing on our expertise and business activities. We also seek to directly involve our stakeholders in community outreach programs, with the aim of sharing our sustainable development values not only with clients and guests but also with our suppliers and the public in general. To that end we take part in awareness-raising programs for all types of audience, including in partnership with sustainable development players and organizations across the world.

On France's National Anti-Food Waste Day on October 16, 2015, we set up a stand in front of the Paris City Hall to offer members of the public tips on how to prevent food waste. These included making soup from vegetables that would otherwise be thrown away and stir fries using damaged fruit (which were given away to passers-by), using fruit cores and peel to flavor whipped mousses, and challenging chefs to come up with recipes using unsold produce. These are just some of the ways that we can combat waste while treating ourselves to delicious meals.

In the education market in France we work in partnership with Worgamic, a non-profit organization which teaches children about recycling organic waste and, more generally, the life cycle of food products. Worgamic also raises awareness among secondary school students about the importance of not wasting food.

One of the ways in which Areas promotes sustainable development among the wider, general public is by introducing returnable or reusable cups at the events we cater for. Areas Northern Europe provides catering services for numerous one-off events during trade fairs and at exhibition centers and stadiums, and in France, our teams now systematically recommend to our partners the use of returnable or reusable cup solutions such as Ecocup. This type of solution helps customers to be more eco-friendly and environmentally accountable by avoiding the use of disposable plastic cups that lead to waste and pollution.

2.6 THRIVING PEOPLE AND COMMUNITIES

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

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

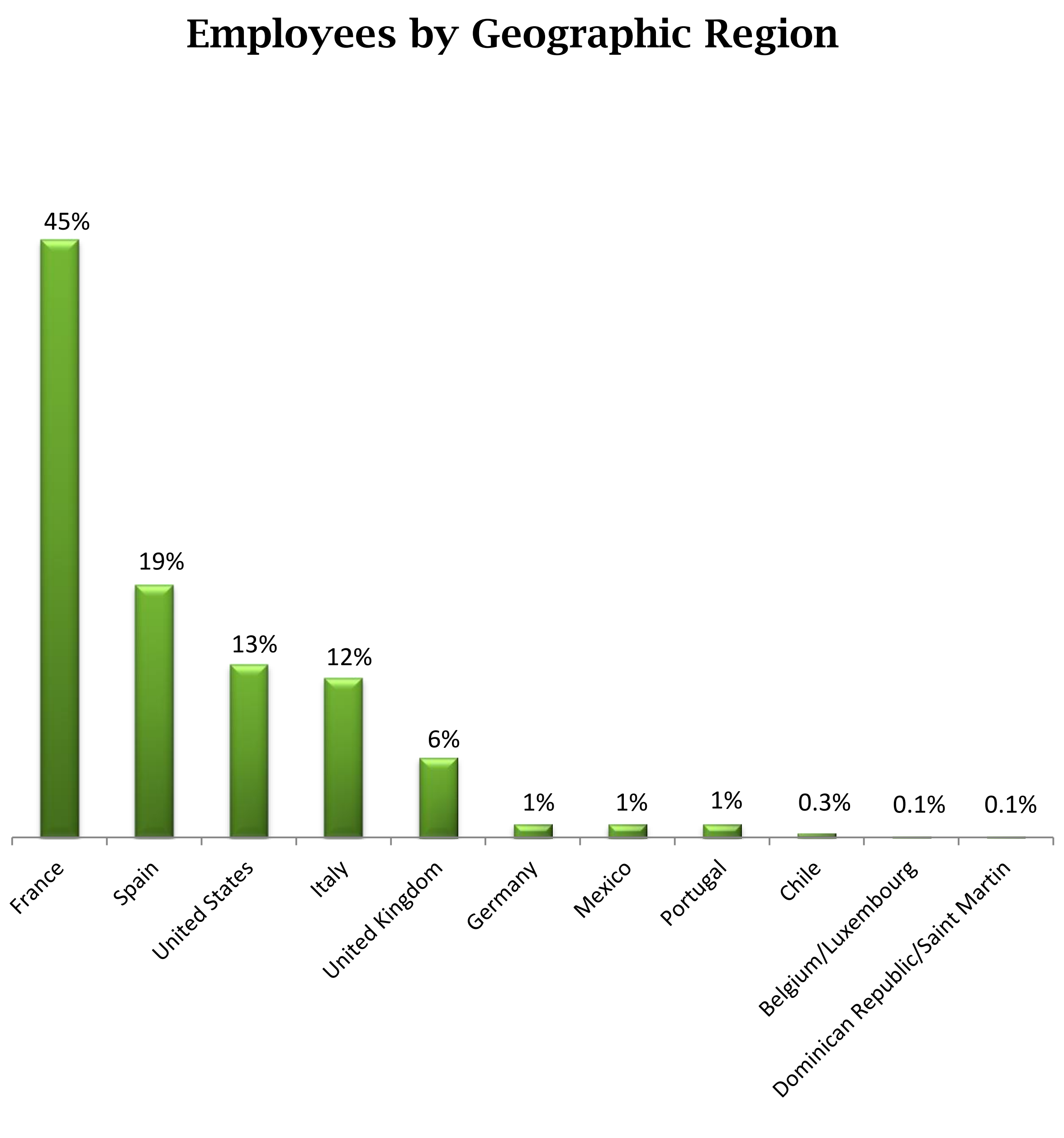
By 2025, 70% of managers will come from internal promotions, contributing to personal advancement and diversity.

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

2.6.1 EMPLOYEE DATA

As of September 30, 2016, 45% of Group employees were based in France versus 48% one year earlier.

Employees by Geographic Region



Employees by age group and gender

Age (years)	Women	Men
Under 30	61%	39%
30-39	65%	35%
40-49	69%	31%
50-59	72%	28%
60 and over	73%	27%

2.6.2 GUARANTEEING EMPLOYEE HEALTH AND SAFETY

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

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

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

2. Develop a health and safety performance management process. Most of the Group's entities currently have at least one workplace health and safety specialist who is responsible for ensuring compliance with national regulations, identifying high-risk situations and preventing incidents. The workplace health and safety departments act as a source of expertise for operations staff and each one has drawn up a specific framework for their health and safety risk assessment document (DUER) required under French law.

3. Establish new management systems.

4. Train managers. In 2015-2016 a total of 17,802 Group employees followed at least one workplace health and safety training course. This represents 124,298 training hours and makes health and safety the Group's second largest training area after technical training. Psycho-social risks are becoming an increasing cause for concern in our service business and Elior Services has therefore introduced voluntary awareness-raising sessions for managers. Specific training courses on this issue are already organized and the effort will be stepped up in the next three years. A psycho-social support help-line has also been made available to all of the service business's employees, who can confidentially discuss their problems with an independent psychologist, whether they be of a professional or personal nature.

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

6. Improve working conditions. No new health and safety agreements were signed in 2015-2016 but several existing agreements remained in full force and effect, at Areas for example. In addition, a number of measures were taken to improve employee comfort. For instance, Serunión and Areas adapted the safety shoes worn by employees. In partnership with shoe manufacturer Gaston Mille, Areas helped to make the safety shoes lighter and therefore more comfortable to wear.

In the United Kingdom, we support the Children's Starlight Foundation which helps seriously ill children and their families, becoming the foundation's leading member in 2015. This initiative was proposed by employees and backed by the Management Committee.

2.6.3 DEVELOPING EMPLOYEES' SKILLS TO ENCOURAGE INTERNAL PROMOTION

2.6.3.1 Continuous employee dialog

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

A European Works Council (EWC) has been set up, representing the 85% of Group employees based in Europe. The EWC is informed annually about the Group's financial position, business operations, strategic objectives and HR situation. Meetings are also held with members of the EWC's Bureau to discuss specific topics.

The Group operates in some countries where the economic situation and legal framework give rise to certain risks. This is the case, for example, in Chile, Mexico, the Dominican Republic and Saint Martin. Employees based in these countries represent around 1.4% of the Group's total headcount. We take particular care to ensure that our business practices in these countries comply with the spirit of the fundamental conventions of the International Labour Organization.

In France, the Group Works Council (GWC) set up in 2000 serves as the primary forum for dialog with representatives of employees and trade unions from its French subsidiaries. It includes a specialist commission which particularly focuses on analyzing HR indicators, determined jointly by the GWC and the Group. In 2015, the Group redefined the GWC's composition and extended its scope to include new entities. The agreement, which was signed on April 5, 2015, concerns the appointment of Group-level trade union coordinators and the renewal of the appointment of trade union representatives on the GWC, with certain adjustments to reflect changes in trade union representation within the Group and changes in Group structure. At the time, the trade unions appointed 30 representatives on the GWC and 5 coordinators to represent some 65 companies and over 46,000 employees in France.

At the level of its French subsidiaries and/or UES (specific groupings of entities only existing in France) – which employ 45% of the Group's total headcount – depending on the entity concerned the Group manages relations with its employees through:

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

This ongoing dialog with our employees leads to the signature of numerous collective agreements on a wide range of issues. For instance, in France, in addition to gender equality agreements and annual pay round agreements (NAO), various significant collective agreements were signed in 2015-2016. These included home-working agreements for employees in the education and healthcare markets of the contract catering business, Arpège and Elior Entreprises, and a home-working charter for headquarters and corporate teams in France signed in September 2016. These agreements illustrate our commitment to improving employees' working conditions in order to enhance the Group's financial performance. There were no negative effects on working conditions.

In the United States, the Group's subsidiary, Aladdin renewed its agreement with the United Food & Commercial Workers Union (UCFW), Local 23 (Carlow University). The renewed agreement provides for:

- Wording adjustments to comply with the principles of the Affordable Care Act (ACA), including changes to eligibility criteria and a new stock option plan for employees.
- An increase in the basic wage.
- Changes to comply with new legislation (Act 34, 151 and 114) requiring criminal record checks to be performed for all employees working in the education sector.

In Spain, the main collective agreement signed by Serunión was dated July 2015 and concerned the working conditions of the 800 employees working in the leisure market in Catalonia, including those employed in educational and socio-cultural activities, out-of-school activities, services for the elderly and summer camps for school children. The agreement also lists clients' obligations towards Group employees, in terms of protection, job classifications, skills recognition, transfers, etc., as well as providing for the creation of a committee made up of employer and employee representatives to guarantee compliance with the agreement's provisions.

The above information concerns the main changes to collective agreements signed in 2015-2016; it does not include addenda to certain agreements that may have been signed by other Group subsidiaries.

2.6.3.2 Career development measures

The Group is undergoing extensive changes, driven by client demand, developments in its operating environment, and by its own dynamic.

We continually adapt our training programs to these changes. In particular, each new employee needs to learn a number of fundamental principles so they can deliver the service quality expected of them. The training we provide ensures that all of our people, wherever they work, know these fundamental principles, particularly concerning food hygiene and health and safety. Lasting from one hour to two days, our training modules are designed in conjunction with operations managers and use tools and methods that are the most appropriate for each situation (face-to-face learning, e-learning, etc.).
We are keen for employees to drive their own career development process.

On January 15, 2016, Elior France's contract catering companies signed a human resources planning and development agreement (GE2P) that lays the foundations for the main human resources goals set for the period 2016-2018:

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

For Elior France, the investment in training contributes to the value creation process by improving service quality and customer satisfaction. It also helps to increase employees' employability, motivation and loyalty.

30% of the training hours provided to employees concern job-specific techniques, 27% health and safety and 9% managerial skills.

In the United Kingdom, the Chef School has been created to address the current shortage of experienced chefs and develop a pool of future candidates with this profile. The 9-month program is organized in several modules that take place in the kitchen, in the classroom and also in the field with professionals such as food producers and butchers. Students also work with leading chefs catering for high profile events. On completing the course, they obtain the Professional Cookery Level 2 diploma qualifying them to manage a restaurant. The initial results are promising, with all participants becoming capable of holding a position as junior chef and 80% having already been promoted.

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

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

2.6.3.3 Internal mobility

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

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

Internal mobility programs also help the Group to put in place succession plans at all levels in the organization. To this end, development centers have been set up throughout the Group to better identify the advancement potential of employees singled out as possible successors. In particular, the system was deployed in 2015-2016 for managers in line to take over executive positions. Available in the Group's four languages, it helps senior management and human resources professionals to better prepare and support moves up the career ladder. After going through the development center process, the employee prepares an action plan that will enable him or her to advance by narrowing the gap between his or her current skills and those required by the target position.

Lastly, during the year we continued to align our systems for the management of internal and external job applications. In addition, a study was undertaken with a view to deploying the Elior Recrutement on-line job site in Italy and the United Kingdom. In all, during the past year, 8% of employees changed positions within the Group.

2.6.3.4 Compensation policy

In view of the fact that payroll costs represent such a major expense item in the Group's business model (equivalent to 44.5% of revenue), our compensation policy is a key aspect of our strategy.

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

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

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

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

In 2015-2016, we worked on structuring compensation packages in order to align them more clearly with the Group's short and medium-term financial priorities and also with market practices.

2.6.4 FIGHTING DISCRIMINATION

2.6.4.1 Responsible hiring practices

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

A number of measures and initiatives have been launched and are being pursued within the Group to ensure that equal opportunities are respected. These include:

- Specific anti-discrimination training and awareness-raising seminars organized in France and internationally.
- Local roll-out of the “Elior Recrutement” system. All resumes are posted on this central hiring system, giving all candidates the same exposure to job openings. The people tasked with processing the applications are given special training, and the Elior Recrutement user charter includes rules to ensure that no candidates are discriminated against.

Elior Recrutement has been used in France since 2005 and in 2014 it was rolled out to Italy. Since 2014, access to the recruitment platform has been made easier with the launch of a mobile app that enables candidates to review vacant positions and post their resume directly on the site via their cell phone or tablet.

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

Equal opportunity and anti-discrimination policies throughout the Group

In the United States, Elior North America's hiring procedures are governed by equal opportunity and anti-discrimination policies that also underpin the company's annual affirmative action plans. Job vacancies are published through organizations that have an obligation to comply with anti-discrimination principles and to promote job opportunities for people who may find it more difficult to obtain employment (war veterans, people with disabilities, women, ethnic minorities, etc.). These principles are laid down by the US Labor Department's Office of Federal Contract Compliance Programs (OFCCP). In addition, hiring practices were reviewed in conjunction with the setting of new targets for management. Managers are being trained in hiring techniques to help them assess candidates based on their technical skills rather than on subjective criteria. Elior North America's anti-discrimination practices are described in the Employee Handbook distributed to new hires. At A'Viands, a subsidiary of Elior North America, a manager in charge of individual employee relations is responsible for ensuring that these practices are followed and for examining any complaints. At the other subsidiaries, Elior North America’s Legal Affairs Director is responsible for these matters.

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

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

Lastly, Elior Italy's SA 8000 social accountability certification attests that the fundamental human rights of its employees (and those of its subsidiaries and suppliers) are respected, in line with ILO conventions.

2.6.4.2 Gender equality

A total of 69% of the Group’s 120,000 employees worldwide are women, 42% of whom hold managerial positions (versus 41% in 2015). A number of initiatives have been launched in France and at European level to encourage more women to move up to managerial positions or to take on traditionally male-dominated jobs.

In 2015, most Group companies in France renewed their agreements or action plans to promote gender equality. The aim is to pursue a structured approach to increasing the proportion of women holding managerial positions or traditionally male-dominated jobs.

At Areas in Spain, the trade unions and management representatives signed a gender equality plan in July 2015. The plan promotes the integration, promotion and equal treatment of women and men within the organization so that the company taps the full potential of all of its employees, whatever their gender.

2.6.4.3 Employment policy for people with disabilities

With 3,606 disabled employees, the Group takes action on a daily basis both to promote the hiring of people with disabilities and to help employees retain their job if they become disabled or an existing disability becomes more serious.

We have put in place diverse initiatives and programs to promote job opportunities for people with disabilities and to partner them in their work.

In June 2015, the Group's contract catering business in France signed a three-year partnership agreement with Agefiph, an organization set up to implement government policy by promoting the hiring and continued employment of people with disabilities by private sector companies. The aim of the agreement is to establish a long-term policy of ensuring that employees keep their job or are offered alternative employment within the organization after they become disabled Eleven workshops were organized to address the following five challenges:

1. Involve managers and Management Committee members in meeting the challenges created by policies to ensure that disabled employees keep their jobs and by workplace health policies.

2. Upgrade the contract catering business's practices in terms of finding alternative employment within the organization for employees who become disabled.

3. Promote a stronger preparedness culture among managers, HR professionals, and the technical/engineering, purchasing and marketing departments.

4. Develop measures to prevent employees being declared unfit to perform their jobs and improve the employability of employees in that situation.

5. Develop and deploy a communication plan on measures to enable employees to keep their jobs, adapted to different targets.

In 2016 the following tools were introduced:

- A specialized human resources management system (POPEI) that manages DOETH statutory disabled employee reporting formalities as well as generating disability and workplace health indicators.

- A critical review of disabled employee transfers, leading to recommendations on the creation of a formal process and the method of managing it (including a review of the financial feasibility of creating a unit dedicated to helping disabled employees find alternative jobs within the organization).

- An analysis of reasons for employees being declared as having a restricted ability to perform their job or being terminated because they are unfit for work. A guide to HR aids and systems available to support internal mobility or transfers is in the process of being finalized.

Our education and healthcare catering business continued to organize "Toque Chef" workshops in partnership with Grégory Cuilleron, a disabled chef. In September 2015, ten workshops were organized with middle and high school students.

In partnership with the Concession Professions University in Evry, in early 2014 Areas contributed to the creation of a professional catering course specially designed for people with disabilities.

In 2016, the healthcare catering business continued to work with the Entraide Universitaire organization to help people with disabilities to obtain a catering qualification. The new central kitchen in Villeneuve-La-Garenne, a Paris suburb, which serves 3,000 meals per day, will be operated by 14 disabled employees overseen by a specialized mentor from Entraide Universitaire. The kitchen's layout and equipment were specially designed for people with disabilities: the different areas (food delivery area, hot and cold food preparation areas, etc.) are color-coded, as are the kitchen utensils, to help kitchen staff find their way around depending on their disability.

The Group has been a member of the Cancer@Work organization since 2012. In February 2016, we stepped up our commitment by joining its Pionniers program. The program's aim is to change attitudes towards cancer sufferers and the way they are treated at all levels of the organization. To this end, we held round-table discussions to raise employee awareness of the issue and now organize discussion groups to propose practical solutions to facilitate the return to work of employees who have a cancer-related disability.

We are involved in the fight against cancer in all of our host countries. In Italy, awareness-raising initiatives are organized between employees and the Incontradonna Onlus organization. In Spain, messages from the local cancer charity are communicated to employees every month as part of our cancer prevention campaign. In the United States, funds have been set up to enable employees suffering from serious illnesses to receive financial assistance from the Group. Lastly, in the United Kingdom, the Group supports Starlight, a charity set up to grant wishes to children suffering from cancer, through the volunteering activities of our employees.

In the United States, Areas raised over $100,000 for a local charity, Bayside Community Network, which helps disabled people in Maryland, by placing charity collection boxes in its points of sale. Areas' support is not limited to fund-raising; just as importantly, it also employs 13 people from Bayside Community Network.

2.6.4.4 Training policy for vulnerable employees within the Group

The Group's CSR commitments also involve helping employees who are vulnerable in the job market because they have difficulties with reading and/or writing. We have created specific training programs for these employees with a view to reducing the risk of them being unable to find a new job in the event that the Group loses the commercial contract for which they are employed. For example, in France we offer volunteer employees opportunities to relearn how to read, write and count either during or outside working hours and on site or in training centers. The aim is to help the trainees get onto subsequent internal training programs that lead to certificates or diplomas.

2.6.5 CONTRIBUTING TO THE DEVELOPMENT OF LOCAL COMMUNITIES

In line with our aim of helping develop the regions where we operate, one of our key objectives is to provide job opportunities for people who struggle to find work. To this end we work with local partners when hiring new employees. Around one hundred temporary staff agencies in France are now listed as approved suppliers. These agencies play a key role in helping the long-term unemployed to find work in one of our three core businesses in France.

In the same vein, in France we support the 100 Opportunities 100 Jobs charitable program whose aim is to create a network to find sustainable employment solutions for young people with few or no qualifications. In Strasbourg, Elior Group's subsidiary L'Alsacienne de Restauration is in charge of overseeing the program in partnership with the non-profit organization IMS Entreprendre pour la Cité.

2.7 REPORTING METHODOLOGY: ENVIRONMENTAL AND SOCIAL INDICATORS, STATUTORY AUDITORS' ASSURANCE REPORT

2.7.1 TABLE OF PUBLISHED INDICATORS

The consolidated HR, environmental and social indicators published in this section were prepared by a group of specialists from the Group’s operations and corporate departments.

The indicators published in this section concern the 2015-2016 fiscal year running from October 1, 2015 to September 30, 2016 (the "reporting period"), unless otherwise specified.

The data set out in this section has been verified by KPMG, one of the Group’s Statutory Auditors, in accordance with Article 225 of France’s Grenelle II Act and the related enabling legislation.

As a responsible company, Elior Group closely oversees its HR, environmental and social performance. For this purpose the Group monitors precise indicators that are adapted to its businesses of contract catering, concession catering and services. These indicators have been chosen to meet the following two main objectives:

- to comply with legal requirements, such as France's Grenelle II Act; and
- to ensure that the Group’s HR, environmental and social reporting process meets the requirements of the United Nations Global Compact.

These indicators also help give employees a greater understanding of the Group’s HR, environmental and social commitments, making them more involved in the process, and give management at both Group and country level good visibility of the progress achieved.

Table of environmental and social indicators [1]	Unit	2015-2016 Total	2015-2016 Coverage rate (%)	2014-2015 Total	2014-2015 Coverage rate (%)
Site certifications					
Percentage of revenue generated in markets that have at least one certification	%	79.2	100	85.7	100
Nutrition and consumer health and safety					
Number of on-site hygiene audits carried out during the fiscal year	no.	20,278	100	21,305	100
Number of product analyses carried out during the fiscal year	no.	111,208	100	109,350	100
Number of supplier audits carried out during the fiscal year	no.	314	100	437	100
Number of nutrition specialists working for Elior at the fiscal year-end[2]	no.	489	100	483	100
Percentage of revenue generated in markets with an ambitious nutrition policy[2]	%	75.9	100	71.9	100
Responsible purchasing					
Number of organic product references available at the fiscal year-end	no.	2,869	100	2,597	100
Proportion of suppliers who have signed the Elior Responsible Purchasing Charter in France	%	94.5	100	89.6	100
Waste management					
Percentage of used cooking oils recycled[3]	%	86.2	87.7	83.6	88.2
Vehicles and greenhouse gas emissions					
Proportion of green vehicles out of the total vehicles used by Elior	%	72.8	100	56.1	100
Fair practices					
Percentage of revenue generated in countries with a low risk of corruption based on the Transparency International (NGO) rating index	%	86.7	100	86	100

[1] Excluding recent acquisitions (Waterfall and Preferred Meals)

[2] Excluding Elior Services

[3] Excluding Elior North America, Areas USA, Areas Saint-Martin and Dominican Republic

	2015-2016		2014-2015	
		% of employees covered		% of employees covered
Number of employees				
Total workforce [(1)]	118,990	100%	107,879	100%
Permanent	86%		86%	
Non-permanent	14%		14%	
Breakdown by gender (permanent employees) [(1)]	113,773	95.6%	107,879	100%
Women	69%		69%	
Men	31%		31%	
Breakdown by business [(1)]	113,773	95.6%	107,879	100%
Contract catering	65%		63%	
Concession catering	18%		19%	
Services	17%		18%	
Group headquarters	0.1%		0.3%	
Breakdown by geographic region [(1)]	113,773	95.6%	107,879	100%
Europe				
France	45%		48%	
Spain	19%		19%	
Italy	12%		13%	
United Kingdom	6%		6%	
Germany	1%		1%	
Portugal	1%		1%	
Belgium/Luxembourg	0%		0%	
Other countries				
United States	13%		9%	
Mexico	1%		1%	
Chile	0.3%		0.7%	
Dominican Republic – Saint Martin	0.1%		0.2%	
Breakdown by category [(2)]	109,972	95.6%	107,879	100%
Managers	11%		11%	
Non-managers	89%		89%	
Breakdown by age (permanent employees) [(1)]				
Under 30	15%		15%	
30-39	21%		21%	
40-49	29%		31%	
50-59	28%		29%	
60 and over	6%		4%	

	2015-2016	% of employees covered	2014-2015	% of employees covered
Average seniority (permanent employees[1])		95.6%		100%
Managers	11.9		10.7	
Non-managers	8.3		8.7	
Recruitments and departures				
Number of external hires [1]	116,052	95.6%	108,036	100%
On a permanent contract	20,245		16,438	
Proportion of under-25s within external hires	25%		20%	
Proportion of over-50s within external hires	15%		19%	
Proportion of managers within external hires	9%		8%	
Proportion of women managers within external hires	4%		3%	
On a non-permanent contract	95,807		91,598	
Proportion of under-25s within external hires	27%		27%	
Proportion of over-50s within external hires	12%		12%	
Proportion of managers within external hires	0.3%		0.4%	
Proportion of women managers within external hires	0.1%		0.2%	
Recruitment rate		95.6%		100%
Recruitment rate for average permanent employees	21%		18%	
Number of new arrivals due to a transfer or change of operator	6,524	95.6%	7,671	

	2015-2016		2014-2015	
		% of employees covered		% of employees covered
Number of departures (excluding transfers, change of operator or mobility)	122,608	95.6%	103,243	94%
Permanent employees	20,418		13,504	
Departures rate (excluding transfers or change of operator)		95.6%	16%	94%
Average permanent employees				
At the employee's initiative	59.3%		52.4%	
At the employer's initiative	31.8		35.2%	
Non-permanent employees	102,190		89,739	
At the employer's initiative	1.2%		1.0%	
Number of departures due to a transfer or change of operator (permanent employees)	5,227	95.6%	5,433	94%
Manager retention rate (average permanent employees)[2] – (excluding transfers or change of operator)	81%	95.6%	78%	100%
Employees with less than one year's seniority	50%			
Employees with one year's seniority or more	84%			
Non-manager retention rate (average permanent employees)[2] – (excluding transfers or change of operator)	79%			
Employees with less than one year's seniority	40%		44%	
Employees with one year's seniority or more	84%		84%	
Working time organization[1]		95.6%		100%
Total workforce[1]				
Full time	52%		53%	
Part time with 24 hours/week or more	24%		N/A	
Part time with less than 24 hours/week	23%		N/A	
Total female workforce[1]				
Full time	42%		43%	
Part time with 24 hours/week or more	30%		N/A	
Part time with less than 24 hours/week	28%		N/A	
Total male workforce[1]				
Full time	74%		77%	
Part time with 24 hours/week or more	12%		N/A	
Part time with less than 24 hours/week	14%		N/A	
Workplace health and safety		95.6%		
Number of employees given health and safety training[3]	17,802	90%	24,803	94%
Proportion of total employees given at least one health and safety training course during the fiscal year	17%	90%	25%	94%
Frequency rate of workplace accidents with lost time		100%		94%

	2015-2016		2014-2015	
		% of employees covered		% of employees covered
Total workforce	37.3%		38.2%	
By geographic region				
France	47		48	
Europe excluding France	36		31	
United States	9		4	
South America	19		23	
Severity rate of workplace accidents[(4)]		100%		94%
Total workforce	1.5		1.7	
By geographic region				
France	3.0		2.6	
Europe excluding France	0.8		0.8	
United States	0.2		0.1	
South America	0.2		0.3	
Number of new cases of recognized occupational illnesses (France only)	121		278	
Absentee rate for permanent employees				
Absentee rate for medical reasons [(3)] **(occupational and other illnesses, workplace accidents)**	6.0%	90%	6.1%	94%
Managers	2.5%		2.7%	
Non-managers	5.8%		6.9%	
Short-term absentee rate (less than one month) for medical reasons (occupational and other illnesses, workplace accidents)[(5)]	3.4%	75%	3.5%	79%
Payroll costs (€ thousands)	2,625,700		2,534,000	
Payroll costs as a percentage of revenue	44.52%		44.63%	
Professional development[(3)]		90%		94%
Number of employees given at least training course during the fiscal year	43,668		47,660	
Number of employees given training leading to a professional certificate or diploma	906		2,481	
Total number of training hours	465,797		652,917	
Average number of training hours per employee	4.6		6.5	
Managers	13		16	
o/w women managers	13		16	
Non-managers	4		5	
o/w women non-managers	3		4	
Breakdown of training hours by topic				
Technical training	30%		26%	
Workplace health and safety training	27%		21%	
Food hygiene training	17%		20%	
Training leading to a professional certificate or diploma	11%		11%	
Management and leadership training	9%		8%	
Personal efficiency training	6%		3%	
Other	1%		12%	
Number of employees employed under a work-study contract during the fiscal year (France only)	1,091		1,090	

	2015-2016		2014-2015	
		% of employees covered		% of employees covered
Diversity				
Proportion of employees with a disability during the fiscal year [6]	3.2%	98%	3.5%	91%
France	4.5%		4.4%	
Direct employment rate – 2015 statutory declaration (France only)	6.1%		6.4%	
Number of employees with a disability hired during the fiscal year [6]	477	98%	315	91%
Proportion of women employees in the workforce[2]	68%	100%	69%	100%
Proportion of women within the managerial workforce[2]	42%		41%	100%
Proportion of women within workforce given training [1]	63%	100%	65%	100%
Proportion of women managers given training [1]	43%	100%	41%	100%
Talent management				
Internal mobility rate for managers (permanent employees)	8%	100%	13%	92%
Internal hiring rate for managers (permanent employees)	44%	100%	54%	
Labor relations[1]				
% of employees covered by a collective bargaining agreement	81%	100%	86%	100%

(1) Workforce as of September 30, 2016 excluding Preferred Meals and Waterfall
(2) Breakdowns are calculated based on average monthly employee numbers (sum of the number of employees at each month-end/12)
(3) Excluding Elior North America
(4) This rate does not take into account the days of lost time following an accident at Lexington, a sub-unit of Elior UK. However, it was not possible to exclude the hours worked at Lexington from this indicator, because they are not reported separately from Elior UK hours. The impact on the severity rate is not material at Group level.
(5) Excluding Elior Italy, Elior North America, Areas SGAR, Areas SG2P, Areas ROC, Areas GER ESP, Areas USA, Areas Chile.
(6) Excluding Areas USA

2.7.1.1 Reporting Scope

2.7.1.1.1 HR indicators for FY 2015-2016

HR indicators are consolidated for all Group entities. Certain additional indicators published in this document only apply to French entities (data concerning occupational illnesses and employees on work-study contracts).

The HR reporting scope covers the whole Elior Group and 95.6% of the workforce, unless otherwise specified. However, some indicators that are not based on employee numbers do not include Elior North America, the US contract catering subsidiary that recently joined the Group and has made other acquisitions since then. The reporting scope excluding Elior North America covers 93.6% of the total workforce. We are currently putting in place the necessary measures to extend the HR reporting scope to include Elior North America.

2.7.1.1.2 Environmental and social indicators for FY 2015-2016

The reporting scope for environmental and social data covers the whole Elior Group, except where stated otherwise in a footnote to the reported indicator. Consequently, a coverage rate is provided for each environmental and social indicator (see table of environmental and social indicators in section 2.7.1

above). For water and electricity use, the reporting scope is presented below (see section 2.7.1.2.1.b).

2.7.1.1.3 Changes in the reporting scope

Fiscal 2015-2016 is the Group's third year of reporting non-financial information in accordance with the Grenelle II Act.

A list of companies included in the reporting scope is provided in an appendix to this Registration Document.

The following general rules apply concerning entities included in the reporting scope (other than the specific points stated in the sections on HR, environmental and social indicators):

- The following are not included in the reporting scope: (i) companies that were deconsolidated for financial reporting purposes during the fiscal year, and (ii) contract catering, concession catering or services sites for which the Group's contract expired or was terminated during the fiscal year.

- Companies that were newly consolidated during the fiscal year (newly-formed or acquired companies) are included in the reporting scope. In such cases, the reporting period used starts from the date on which the company was consolidated for financial reporting purposes. Contract catering, concession catering and services sites for which a contract with the Group was entered into during the fiscal year are also included in the reporting scope. In these cases, the reporting period used starts from the date on which the contract for the site concerned entered into force.

2.7.1.2 Data collection methods and procedures

The HR, environmental and social indicators published in this document are obtained from several different data collection systems within the Group.

The main participants in the HR reporting process are:

- the Group Communication and CSR Department;

- the person responsible for validating the data at each level of the entity;

- the person responsible for issuing the reporting packages of each entity.

The reported HR data for France is compiled through a single reporting system via information extracted from a shared payroll system called PLEIADES, which is used by the majority of the Group's French subsidiaries. For international entities and subsidiaries that do not use PLEIADES, HR data is collected based on a standard reporting template. The Group Human Resources Department carries out consistency tests on the HR data reported by French and international entities before it is consolidated.

The main participants in the environmental and social reporting process are:

- the CSR network, which compiles and validates the data and subsequently reports it to the Group Sustainable Development Department;

- the Group Sustainable Development Department, which is responsible for consolidating the data for the Group as a whole.

2.7.1.2.1 Specific methodology for certain indicators

The Elior group has some 120,000 employees and operations in 15 countries which all have different laws and regulations, and serves customers at over 23,000 sites which vary in both size and type of business activity. Consequently, certain data can be complex to consolidate, and the calculation methods have to be adapted accordingly.

The definitions of the Group's HR, environmental and social data as well as the applicable calculation methods are set out in the reporting guidelines and system which are available to all of the contributors to the reporting process.

Definitions and explanations are provided in this document in order to give readers a clearer understanding of the indicators presented.

a) HR Indicators

MANAGERS

For operations-related posts, one or more of the following criteria must be met for an employee to be classified as a manager, namely he or she:

is responsible for one or more team members; or
works in close collaboration with the site manager; or
is responsible for one or more of the following processes: hiring, departures, resource planning, managing working hours and pay and annual performance appraisals; or
is responsible for a budget and/or placing orders.

For example, in France, "agents de maîtrise" (supervisors) in operations-related posts are qualified as managers.

RETENTION RATE

The retention rate is calculated by subtracting from 1 the number of departures divided by the average monthly workforce.

TRAINING

Consolidated training indicators correspond to the number of employees who received training and the number of hours' training given.

Employees are considered as having received training if they have participated in one or more training initiatives during the fiscal year. Training initiatives correspond to:

- synchronous or asynchronous classroom or online training (except for French entities that use PLEIADES);
- training given by full time or occasional trainers employed by the Group;
- training given by outside service providers using trainers who are not Group employees;
- training meeting the above criteria and:
    - for which written training materials have been prepared;
    - is designed to enhance the participants' professional skills and/or adapt the participants' skills to fit their job description.

The reported number of training hours corresponds to the number of hours' training given to the Group's employees during the fiscal year. Commuting time is excluded.

INTERNAL MOBILITY

The reporting period used for this indicator was July 1, 2015 through June 30, 2016.

Internal mobility only concerns the managerial population, which in France includes all employees classified as "cadres".

The internal mobility rate is calculated by dividing the number of employees who have changed position and/or duties during the period by the total number of employees concerned.

INTERNAL RECRUITMENTS

The reporting period used for this indicator was July 1, 2015 through June 30, 2016.

Internal recruitments only concern the managerial population, which in France includes all employees classified as "cadres".

The internal recruitment rate is calculated by dividing the number of employees who have changed position and/or duties during the period by the total number of positions filled during the period through both internal mobility and external recruitment.

ABSENTEEISM

The absentee rate corresponds to the number of days' absence for medical reasons (occupational or other illnesses and workplace accidents) divided by the theoretical total number of hours worked.

WORK-STUDY CONTRACTS

This indicator includes work-study contracts (apprenticeships and placements) signed during the period in France.

WORKPLACE ACCIDENTS

The published indicators related to workplace accidents do not include Elior North America (formerly THS) or Elior UK.

The workplace accident frequency rate corresponds to the number of accidents with at least one day's lost time divided by the number of hours worked and then multiplied by one million.

The severity rate corresponds to the number of days' lost time due to workplace accidents divided by the number of hours worked and then multiplied by one thousand.

Once data on workplace accidents have been entered into our systems they are not systematically corrected if the social security authorities refuse to recognize the incident as a workplace accident.

b) Environmental and Social Indicators

Unless stated otherwise, the reporting period used for these indicators was October 1, 2015 through September 30, 2016.

DEFINITION OF GREEN VEHICLES

The following vehicles are considered to be "green", as defined in the Elior Group reporting guidelines: electric vehicles, hybrid vehicles, natural gas vehicles (NGV) and vehicles that meet the Euro 5 and Euro 6 standards.

WATER AND ENERGY USE

The Group operates at a large number of different client sites in France and abroad, where it is often impossible to obtain data on water and energy use.

Consequently we are not currently in a position to reliably measure our water and energy use at these sites.

WATER USE

Reported water use data concern Elior Italy and the education and healthcare markets in France, together representing 23% of revenue.

ENERGY USE

Reported energy use data concern Elior Italy, Areas Northern Europe and the education and healthcare markets in France, together representing 35% of revenue.

We have launched a project to start monitoring our use of water and energy at client sites, notably through energy audits.

ENVIRONMENTAL PROVISIONS AND WARRANTIES

The Group does not have any environmental provisions or warranties (not including any provisions or warranties that may not have been disclosed because their disclosure would cause the Company prejudice).

EXCLUSIONS

Due to the nature of its business, land use indicators are not considered relevant to the Group, based in particular on the materiality analysis performed in 2015 (see 2.1.4).

2.7.2 ASSURANCE REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HR, ENVIRONMENTAL AND SOCIAL INFORMATION PRESENTED 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.

To the Shareholders,

In our capacity as independent third party of Elior Group, certified by COFRAC under number 3-1049[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 30 September 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Protocol"), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Independent third party's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between September 2016 and January 2017 during a seven week period.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance

[1] Whose scope is available at www.cofrac.fr

[2] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in 1.6.3 section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Protocol in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;

- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[1]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of entities selected[2] by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 32% of headcount, between 47% and 100% of quantitative environmental data disclosed and between 49% and 97% of quantitative societal data disclosed.

[1] Social indicators: Total headcount as at 30/09 (split by sex, age, region and type of contract), Number of part-time workers, Number of external recruitments (permanent/non-permanent), Number of departures split by reason including dismissals and redundancies, Absenteeism rate, Work accidents frequency rate, Work accidents severity rate, Number of training hours, Number of disabled employees who worked for the company during the year.
Environmental indicators: Number of sites which have at least one certification, Used cooking oils collected/recovered during the accounting year, Water consumption, Electricity consumption.
Societal indicators: Number of organic food references available at the end of the accounting year, Number of suppliers who signed the Supplier Code of Conduct, Number of hygiene audits carried out during the account year, Number of clients sites of contract catering services and cleaning services or facility management which have been investigated thoroughly at least once during the accounting year.
Qualitative information : Measures implemented to promote gender equality, Occupational health and safety conditions, Policies implemented regarding training, Measure implemented to protect and conserve the biodiversity, The organization of the company to integrate environmental issues and, if appropriate, the assessments and certifications process regarding environmental issues, Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste, Actions against food waste, Energy consumption and measures implemented to improve energy efficiency and renewable energy use, Integration of social and environmental issues into the company procurement policy, Territorial, economic and social impact of the economy activity : regarding regional employment and development; on the local populations, Actions of partnership and sponsorship, Measures implemented to promote consumers health and safety, Other actions implemented to promote Human Rights.

[2] ELRES Santé, Elior Services, Direction des achats Elior France, AREAS Europe du Nord, Elior Ristorazione.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

3

CORPORATE GOVERNANCE

3. CORPORATE GOVERNANCE – AFR

Chairman's Report on the Board's Operating Procedures and on Internal Control and Risk Management Procedures

This report describing the membership of the Board of Directors, the preparation and organization of the Board's work and the Group's internal control procedures 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 Chairman of the Board of Directors – who is also the Company's Chief Executive Officer – after consulting the members of the Executive Committee and representatives of the Group's various corporate functions. It was reviewed by the Audit Committee on December 5, 2016 and presented to the Board of Directors on December 8, 2016. It was approved by the Board of Directors on January 19, 2017 and will be presented to shareholders at the Annual General Meeting to be held on March 10, 2017.

For all corporate governance issues, the Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies, as revised in November 2016 (the "AFEP-MEDEF Code"), and to the recommendations issued by France's securities regulator, the AMF.

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

3.1 ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 GOVERNANCE STRUCTURE

3.1.1.1 Management Structure

The Company is a *société anonyme* governed by a Board of Directors, which in April 2015 decided to combine the positions of Chairman of the Board and Chief Executive Officer.

This decision to change the Company's governance structure was made after an in-depth analytical process during which the Board weighed up the advantages and disadvantages of other governance structures. The Board concluded that the Group needed to accelerate its development, growth and performance in order to meet the challenges arising as a result of its fast-changing competitive environment, and in order to achieve these objectives and successfully enter the next stage of its development, it should be strengthened by streamlining its organizational structure and creating a leaner governance system.

In these circumstances the Board considered that the appointment of Philippe Salle as Chairman and Chief Executive Officer was the best choice for the Company as well as for its shareholders and other stakeholders due to his successful experience in other major listed corporations. Consequently, at its meeting on April 29, 2015 the Board decided to combine the positions of Chairman and Chief Executive Officer and to appoint Philippe Salle to the new combined position with a view to creating the right conditions to drive the Group's growth and performance and achieve the changes it was seeking.

The Board's April 29, 2015 decision to combine the two positions was taken in compliance with best corporate governance practices, which are key to ensuring the Group's continued success and maintaining shareholder confidence. These best practices are also reflected in the Board's membership structure and operating procedures, the skills and ethics of the Board's members and the active role that the Board plays in determining the Group's strategy and approving major decisions, as well as the following factors:

- Since March 11, 2016 the majority of the Board's members have been independent directors, in accordance with the commitments given by the Company (as set out in its 2014-2015 Registration Document) and the recommendations of the AFEP-MEDEF Code.

- The majority of the members of the Audit Committee and the Nominations and Compensation Committee are independent directors and both of these committees are chaired by independent directors.

- During 2015-2016 a second independent director – Laurence Batlle – was appointed to the Strategy, Investments and CSR Committee. This committee also benefits from the experience and knowledge of the Company's founder, Robert Zolade, who chairs the Strategy, Investments and CSR Committee in his capacity as permanent representative of BIM. Also during the year, further to a suggestion by the Chairman and Chief Executive Officer, meetings of the Strategy, Investments and CSR Committee were opened up to enable all directors to attend in a non-voting capacity if they so wish.

- Relations between the Group's executives and the Board of Directors are organized in a balanced way. For example, (i) executives' powers are restricted (as described in Section 3.1.4 below) in relation to significant transactions and operations (particularly regarding the budgets of the Group and its principal activities, and, in excess of certain thresholds, external growth transactions, investments, commitments and guarantees), and (ii) the executives regularly report to the Board on the Group's business activities, significant events and economic and financial indicators.

- The pace of work carried out by the Board and its committees was significantly high in 2015-2016, when they met more than 40 times to discuss major issues facing the Group.

- An annual review is carried out of the Company's corporate governance practices and the operating procedures of the Board and its committees in order to regularly identify priorities and areas for improvement.

The main provisions contained in the Company's Bylaws and Board of Directors' Rules of Procedure – particularly its procedures and powers – are summarized in Section 5 of this Registration Document, "Information about the Company and its Share Capital".

The Company's governance system, the membership of the Board of Directors and the Board committees, as well as their operating procedures and activities, 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 and Chief Executive Officer

Philippe Salle, Elior Group's Chairman and 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 matters which by law may only be dealt with in Shareholders' Meetings or by the Board of Directors. In this role, he:

- Represents the Company in its dealings with third parties, and all of his actions are binding on the Company, even when they fall outside the corporate purpose, unless the Company can prove that the third party concerned was aware or, under the circumstances, could not have failed to be aware that the Chairman and Chief Executive Officer was acting outside the corporate purpose. Publication of the Bylaws does not in itself constitute adequate proof thereof.

- Is responsible for determining the Group's strategy based on the opinions and recommendations of the Strategy, Investments and CSR Committee. This strategy is then submitted to the Board of Directors for approval.

- Organizes the work and 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.

The Chairman and Chief Executive Officer's powers are subject to the restrictions provided for in the Board's Rules of Procedure (see Section 3.1.4 below).

3.1.1.3 Vice Chairman

The Board of Directors may appoint a Vice Chairman, for a period that may not exceed his term of office as a director. He may be reappointed and may be removed from office at any time by the Board of Directors.

The Vice Chairman replaces the Chairman of the Board of Directors if the Chairman is temporarily unable to perform his duties or in the event of his death. The Vice Chairman fulfils this role until the Chairman is able to resume his duties, or in the event of the Chairman's death, until a new Chairman is appointed.

Like the Chairman, the Vice Chairman's roles and responsibilities include the following:

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

- He may meet with key Group executives and make site visits in order to act on a fully-informed basis.

- he meets with shareholders at their request, and passes on to the Board any concerns they may have concerning the Company's governance.

The Vice Chairman of the Board – Charterhouse Poppy IV, which was appointed on June 11, 2014 – resigned as a director of the Company on February 23, 2016. The Board has not yet appointed a new Vice Chairman.

3.1.1.4 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.

3.1.1.5 The Group Executive Committee

In accordance with the Rules of Procedure, the Chairman and Chief Executive Officer has created an Executive Committee, whose membership and terms of reference he determines. Apart from Philippe Salle, none of the members of the Executive Committee are on the Board of Directors.

The Executive Committee's members are as follows:

- Philippe Salle, Group Chairman and Chief Executive Officer
- Cyril Capliez, Group Senior Vice-President in charge of Strategy, Development, Innovation and Public Affairs
- Olivier Dubois, Group Chief Financial Officer
- Pedro Fontana, CEO of Concession Catering Worldwide
- Brian Poplin, President and CEO of Elior North America

The Executive Committee reviews and authorizes significant projects concerning:

- Major operating contracts under negotiation in France and in international markets, and the related capital projects.
- Proposed company acquisitions or divestments, strategic partnerships and any other major ventures.

The Executive Committee also reviews the Group’s operational and sales performance on a monthly basis. It initiates and oversees cross-functional programs involving the sales and marketing, human resources, finance, budget control and purchasing functions, as well as programs to optimize productivity and the cost base.

The Executive Committee meets at monthly intervals and more frequently when required.

3.1.1.6 The Management Committee

The Chairman and Chief Executive Officer has also put in place a Management Committee comprising the members of the Executive Committee as well as the CEOs of the Group's main operating entities.

The Management Committee discusses and exchanges information on events in the life of the Group, its half-yearly and yearly performance, and the decisions made by the Executive Committee. It assists the Executive Committee, particularly for transactions that have an international dimension, and plays a role in promoting the sharing of best practices and in monitoring cross-functional programs.

The Management Committee meets twice a year.

3.1.2 BOARD OF DIRECTORS

3.1.2.1 Members of the Board of Directors

The Board of Directors comprises nine directors and one non-voting member, who are elected for four-year terms. Five of the directors are independent and four are women. In addition four directors, i.e. 44% of the Board's members, are non-French nationals – one North American, one Canadian, one Spanish and one Belgian.

The Company's aim is to ensure that a wide range of skills are represented on the Board and that the gender balance complies with the relevant legal requirements.[8]

Summary of Changes in the Board's Members During 2015-2016

Name	Independent director	Date first elected/ appointed as a director	Expiration date of current term of office	Diversity criteria
Philippe Salle, Chairman and Chief Executive Officer		March 10, 2015	Sept. 30, 2018[1]	
Gilles Auffret, director	X	June 11, 2014	Sept. 30, 2017[1]	
Laurence Batlle, director	X	June 11, 2014	Sept. 30, 2017[1]	
Anne Busquet, director	X	March 11, 2016	Sept. 30, 2019[1]	Female and international representation
Sofibim, director, represented by Gilles Cojan		June 11, 2014	Sept. 30, 2017[1]	
Emesa Corporacion Empresarial, S.L., director, represented by Emilio Cuatrecasas	X	March 11, 2016	Sept. 30, 2019[1]	International representation
Servinvest, director, represented by Sophie Javary		March 11, 2016	Sept. 30, 2019[1]	Female representation
CDPQ, director, represented by Elisabeth Van Damme	X	March 2, 2016	Sept. 30, 2017[1] [3]	International representation
BIM, director, represented by Robert Zolade		June 11, 2014	Sept. 30 2017[1]	
James Arnell, director		June 11, 2014	Feb. 23, 2016[2]	
Charterhouse Poppy IV		June 11, 2014	Feb. 23, 2016[2]	
Charterhouse Poppy II		June 11, 2014	Feb. 29, 2016[2]	
Société de Restauration 2		June 11, 2014	March 11, 2016[2]	

(1) At the close of the Annual General Meeting to be held to approve the financial statements of the fiscal year ending on the date indicated.

(2) James Arnell and Charterhouse Poppy IV resigned from their positions as directors on February 23, 2016, Charterhouse Poppy II on February 29, 2016 and Société de Restauration 2 on March 11, 2016. These resignations were due to the gradual exit from the Company's capital by the private equity funds managed by Charterhouse Capital Partners and Chequers Partenaires.

(3) The Board's appointment of CDPQ as a director on March 2, 2016 will be put forward for ratification at the Annual General Meeting to be held on March 10, 2017.

[8] At the date this document was prepared, the Board did not have any directors representing employees

Following the election as directors in 2015-2016 of Emesa Corporacion Empresarial, S.L. and Anne Busquet and the appointment of Caisse de Dépôt et Placement du Québec (CDPQ) the number of independent directors on the Board has increased to five. As a result, over 55% of the Board's members are now independent directors. This percentage is higher than the proportion recommended in the AFEP-MEDEF Code for companies that do not have controlling shareholders.

Elior Group also places great importance on ensuring gender balance on its Board and women make up over 44%[9] of its total members, either directly or as representatives of corporate directors. This percentage is higher than the proportion required under French law and recommended in the AFEP-MEDEF Code.

3.1.2.1.1 Director Independence

The Company uses the AFEP-MEDEF Corporate Governance Code for listed companies[10] as its corporate governance framework, notably for determining whether directors qualify as independent. A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that may affect his or her judgment or create a conflict of interests between the director and the corporation, its group or the management of either.

The independence criteria specified in the Board of Directors' Rules of Procedure are the same as those in the AFEP-MEDEF Code and also include additional criteria specific to the Company. When the five independent directors were elected, the criteria set out below were examined and considered as being fulfilled.

The Board's Rules of Procedure provide that an independent director of the Company 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 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;
- Receives or have received material compensation from the Company or the Group (other than directors' fees), including all forms of share-based payment and all other forms of performance-related compensation.

The Rules of Procedure stipulate that the decision to qualify a director as independent must be discussed by the Nominations and Compensation Committee, which prepares a report on the issue for the Board of Directors. Each year, prior to the publication of the Annual Report, the Board of Directors assesses each director's situation in relation to the independence criteria, based on the Nominations and Compensation Committee's report. The

[9] This percentage does not include the non-voting director Célia Cornu, who attends Board meetings purely in an advisory capacity.

[10] The exceptions are listed in Section 3.1.3, "Corporate Governance Code".

Board's conclusions are presented to shareholders in the Annual Report.

The situation of each director in relation to the independence criteria set out in the Board's Rules of Procedure based on the AFEP-MEDEF Code was reviewed by the Nominations and Compensation Committee at its meeting on December 5, 2016, and its findings were then reported to the Board of Directors. At its December 8, 2016 meeting, the Board qualified five of its members as independent: Laurence Batlle, Anne Busquet, Gilles Auffret, CDPQ represented by Elisabeth Van Damme, and Emesa Corporacion Empresarial, S.L, represented by Emilio Cuatrecasas.

During 2015-2016, all of these directors fulfilled the independence criteria in the AFEP-MEDEF Code and in particular the criterion that they do not have any business relations with the Company or the Group. In addition, the Company does not have any business relations with any entity or group with which these independent directors have ties. Based on the Nominations and Compensation Committee's analysis, the Board considered that the 5% and 6.5% ownership interests held in Elior Group by Emesa and CDPQ respectively do not affect these corporate directors' judgment or create any conflict of interests.

As from March 2016, the Board of Directors implemented the recommendation issued by France's Haut Comité de Gouvernement d'Entreprise (High Committee of Corporate Governance) concerning the proportion of independent directors on corporate boards. Consequently, the Company's percentage of independent directors is now complies with the recommendations contained in the AFEP-MEDEF Code.

Directors' compliance with independence criteria:

	Philippe Salle	Gilles Auffret	Laurence Batlle	Anne Busquet	Emesa	Sofibim	Servinvest	CDPQ	BIM
Must not be an employee or executive director of the Company, its parent, an entity consolidated by the Company or its parent, or a shareholder that holds over 10% of the Company's capital or voting rights		•	•	•	•			•	
No cross-directorships		•	•	•	•			•	
No business relations		•	•	•	•			•	
No close family ties with an executive director of the Company or the Group or with a shareholder that owns (directly or indirectly) over 10% of the Company's capital or voting rights		•	•	•	•			•	
Has not served as a statutory auditor of the Company at any time in the past five years		•	•	•	•			•	
Has not been a director of the Company for more than 12 years		•	•	•	•			•	
Does not receive or has not received material compensation from the Company or the Group (other than directors' fees)		•	•	•	•			•	

3.1.2.1.2 Profiles of the Members of the Board of Directors

a) Philippe Salle, Chairman and Chief Executive Officer

Philippe Salle began his career with Total in Indonesia prior to joining Accenture in 1990. He moved to McKinsey in 1995, where he was promoted to Senior Manager in 1998. He joined the Vedior Group (now Randstad, a company listed on Amsterdam Euronext) in 1999 and was appointed Chairman and Chief Executive Officer of Vedior France in 2002, and President of the Southern Europe zone in 2006 (France, Spain, Italy and Switzerland). He held this position until 2007, when he joined the Geoservices group – a technological company in the oil sector which was acquired by Schlumberger in 2010 – first as Managing Director then as Chairman and Chief Executive Officer up to March 2011. He then took up the post of Chairman and Chief Executive Officer of the Altran group in June 2011.

Philippe Salle is a graduate of the Ecole des Mines de Paris and obtained an MBA from the Kellogg Graduate School of Management, Northwestern University (Chicago, USA).

Date of birth: May 17, 1965

Nationality: French

Number of Elior Group shares held: 28,217

Business address: 9-11 allée de l'Arche, 92032 Paris La Défense cedex, France

Other directorships and positions held at September 30, 2016:

- *Within the Elior group*

Chairman and Chief Executive Officer and a director of Elior Restauration et Services

Chairman and Chief Executive Officer and a director of Areas Worldwide

Chairman and a director of Elior Entreprises

Chairman and a director of Elres

Chairman and a director of Arpège

Chairman of Elior Restauration Approvisionnements - Elres Appro

- *Outside the Elior group*

Director of Gaztransport & Technigaz (France, listed company)

Director of Banque Transatlantique (France, unlisted company)

Director of Bourbon (France, listed company)

Previous directorships and positions held during the past five years:

Chairman and Chief Executive Officer and a director of Altran Technologies (France)

Chairman of the Supervisory Board of Altran Deutschland Holding GmbH (Germany)

Director of Altran Italia SpA (Italy)

Director of Cambridge Consultants Limited (United Kingdom)

Director of Altran International BV (Netherlands)

Director of Altran (Singapore) Pte Ltd (Singapore)

Director of Altran Malaysia Sdn. Bhd. (Malaysia)

Director of Foliage (United States)

Director of Altran-Beyondsoft (Beijing) Technologies Co., Ltd (China)

Director of Flight Focus Pte Ltd (Singapore)

Chairman of Finellas SAS (France)

Chairman of Altimus SAS (France)

Chairman of the Fondation d'Entreprise Altran pour l'Innovation (France)

Representative of Altran Technologies as Joint Legal Manager of GMTS SNC (France)

Chairman of Arthur D. Little Services (France)

Chairman and Chief Executive Officer and a director of Géoservices (France)

Representative of Altran Technologies as a director of Altran Luxembourg SA

Director of Altran Norge AS (Norway)

Director of Altran AG (Switzerland)

Director of Altran Technologies Sweden AB (Sweden)

Director of Altran Sverige AB (Sweden)

Director of Altran SA (Belgium)

Director of Altran Shanghai Limited (China)

Legal Manager of IndustrieHansa Management GmbH (Germany)

Legal Manager of IndustrieHansa Consulting & Engineering GmbH (Germany)

Legal Manager of IndustrieHansa GmbH (Germany)

Legal Manager of Altran Aviation Engineering GmbH (Germany)

Legal Manager of IndustrieHansa Holding GmbH (Germany)

Legal Manager of Ingenieurbüro Bockholt GmbH (Germany)

Director of Altran UK Holding Limited (United Kingdom)

Director of Altran Technologies India Private Limited (India)

Director of Altran USA Holdings, Inc. (United States)

b) Gilles Auffret, independent director and Chair of the Nominations and Compensation Committee

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, he held various executive positions within the Pechiney Group, including Vice President of the Aluminium Metal Division and Chief Executive Officer of Aluminium Pechiney from 1994 to 1999. Prior to that, he served as an auditor with the French national audit office (*Cour des Comptes*) from 1975 to 1978 and as a project manager in the Industry Ministry between 1978 and 1982. Gilles Auffret is a graduate of Ecole Polytechnique, Institut d'Etudes Politiques de Paris, Ecole Nationale de la Statistique et de l'Administration Économique and École Nationale d'Administration.

Date of birth: February 15, 1947

Nationality: French

Number of Elior Group shares held: 15,200

Business address: 9-11 allée de l'Arche, 92032 Paris La Défense cedex, France

Other directorships and positions held at September 30, 2016:

- *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)

Previous directorships and positions held during the past five years:

None

c) Laurence Batlle, independent director and Chair of the Audit Committee

Laurence Batlle chairs the Executive Board of RATP Dev (a position to which she was appointed in January 2017, having served as a member on this Board since 2011). She joined RATP Dev in December 2007, serving initially as Chief Financial Officer and, since September 2014, as Director of the Americas, Africa and Sightseeing business unit. Prior to that, she spent two years with Atos Origin, as Vice President, Global Finance Support. She began her career with PricewaterhouseCoopers, where she worked from 1993 to 2005, rising to the position of partner. Laurence Batlle is a graduate of the Harvard Business School Advanced Management Program, holds a Masters in Finance and Accounting from L'Institut Commercial de Nancy and is a qualified chartered accountant in France.

Date of birth: August 20, 1971

Nationality: French

Number of Elior Group shares held: 1,000

Business address: 54, Quai de la Rapée-LAC LA 30 – 75012 Paris, France

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Member of the Executive Board of RATP Développement – a joint stock corporation (SA) with an Executive Board and a Supervisory Board (France, unlisted company)

Director of RATP Dev Transdev Asia SAS (France, unlisted company)

President of RATP Dev Participation SAS (France, unlisted company)

President of SELT SAS (France, unlisted company)

Permanent representative of RATP Dev France Services as a director of RATP El Djazaïr (Algeria, unlisted company)

Permanent representative of RATP Dev France Services as a director of Setram (Algeria, unlisted company)

Director of Bombela Operating Company (South Africa, unlisted company)

Director and President of RDSL Urban (United States, unlisted company)

Director of RATP Dev Global Sightseeing (United Kingdom, unlisted company)

Director of The Original London Sightseeing Tour Ltd (United Kingdom, unlisted company)

Director of RATP Dev Italia (Italy, unlisted company)

Director of Casa Tram (Morocco, unlisted company)

Director of M'DINA (Morocco, unlisted company)

Previous directorships and positions held during the past five years:

Director of RATP Dev UK (United Kingdom)

Director of Hong Kong Tramways (China)

CEO of RATP Dev USA (United States)

Director of RATP ElDjazaïr (Algeria)

Director of HR Richmond (United Kingdom)

Permanent representative of RATP Développement as a director of SQYBUS – a joint stock corporation with a Board of Directors (France)

Director of Flexcité 94 SAS (France)

Director of Flexcité SA – a joint stock corporation with a Board of Directors (France)

Member and Chair of the Supervisory Board of Cars Dunois SAS (France)

President of Compagnie de Transport de Charleville-Mezières SAS (France)

President of Société de Transport Interurbain des Lignes Express SAS (France)

President of RD 01 SAS (France)

President of RD 04 SAS (France)

President of RD 06 SAS (France)

President of RD 07 SAS (France)

President of RD 08 SAS (France)

President of RD 09 SAS (France)

d) Anne Busquet, independent director

Anne Busquet has been principal at AMB Advisors LLC in New York since 2006. She began her career in 1973 at Hilton International before joining the American Express group in 1978, where she held several high executive positions until 2001. She then served as President of AMB Advisors LLC from 2001 to 2003, when she joined InterActiveCorp as President of Travel Services and was subsequently appointed CEO of Local and Media Services.

Date of birth: February 27, 1950

Nationality: French and American

Number of Elior Group shares held: 2,330

Business address: 1080 5th Ave, New York, NY 10128, United States

Other directorships and positions held at September 30, 2016:

- *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)

Previous directorships and positions held during the past five years:

None.

e) Sofibim, corporate director

Sofibim is a holding company that exercises exclusive control over BIM.

Number of Elior Group shares held: 1,000

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Chair of BIM SAS (France, unlisted company)

Previous directorships and positions held during the past five years

Chair of the Supervisory Board of Elior Participations SCA (Elior group – France)

Chair of the Supervisory Board of Bercy Présidence (Elior group – France)

Chair of Octant Partenaires (France)

Director of Sophia Publications (France)

f) Gilles Cojan, representative of Sofibim

Gilles Cojan is the permanent representative of Sofibim on the Elior Group Board. From 1978 to 1986, he worked for the Servier pharmaceuticals group as Treasurer, before joining Banque Transatlantique as Chief Executive Officer of the bank's GTI Finance subsidiary. In 1990, he moved to Valeo to take up the position of Financing and Cash Management Director, and in 1992 he was appointed as Valeo's Chief Financial Officer. In 2001, he joined the Elior group as a member of the Executive Committee and Chief Executive Officer of Elior International, becoming Group Executive Vice President, International Operations and Strategy in December 2003. Gilles Cojan is a graduate of École Supérieure des Sciences Économiques et Commerciales (ESSEC).

Date of birth: July 15, 1954

Nationality: French

Business address: 54, avenue Marceau, 75008 Paris, France

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Chief Executive Officer of Sofibim SAS (France, unlisted company)

Chief Executive Officer of BIM SAS (France, unlisted company)

Permanent representative of BIM SAS as a director of El Rancho SA (France, unlisted company)

Chairman of Artalor Immo SAS (France, unlisted company)

Chairman of the Steering Committee of Yako SAS (France, unlisted company)

Chairman of the Strategy Committee of Afrimarket SAS (France, unlisted company)

Previous directorships and positions held during the past five years:

Director of Gourmet Acquisition Holdings, Inc. (Elior group – United States)

Director of Gourmet Acquisition Inc. (Elior group – United States)

Director of THS Group Inc. (Elior group – United States)

Manager of THS Holdings LLC (Elior group – United States)

Chairman of Elior Gestion (Elior group – France)

Chairman of Elior FA3C (Elior group – France)

Member of the Supervisory Board of Bercy Présidence (Elior group – France)

Member of the Supervisory Board of Elior Finance SCA (Elior group – Luxembourg)

Director of Elichef Holding (Elior group – Italy)

Chairman of Grande Vitesse Catering (Elior group – Italy)

Director of MyChef Ristorazione Commerciale (Elior group – Italy)

Director of Elior Ristorazione (Elior group – Italy)

Director of Elior Investimenti (Elior group – Italy)

Director of Aeroboutiques de Mexico (Elior group – Mexico)

Director of Areas (Elior group – Spain)

Director of Operadora AeroBoutiques (Elior group – Mexico)

Director of Textiles Deor (Elior group – Mexico)

Director of Aero Boutiques Servicios (Elior group – Mexico)

Director of Multiservicios Aeroboutiques (Elior group – Mexico)

Director of Aerocomidas (Elior group – Mexico)

Director of Servicios Aeropuertarios (Elior group – Mexico)

Chairman of ORI Investissements (France)

Chief Executive Officer of Octant Partenaires (France)

Director of Medica (France)

g) Emesa Corporacion Empresarial, S.L., independent director

Emesa Corporacion Empresarial, S.L. (a corporate director) holds 7.58% of Elior Group's capital.

Number of Elior Group shares held: 13,087,800

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Director of Devicare, S.L. (Spain, unlisted company)

Directors of Sunroad, S.L. (Spain, unlisted company)

Previous directorships and positions held during the past five years:

Director of Metropolis Inmobiliarias y Restauraciones, S.L. (Spain)

h) Emilio Cuatrecasas, representative of Emesa Corporacion Empresarial, S.L.

Emilio Cuatrecasas is Chairman of Emesa Corporacion Empresarial, S.L. He began his career in 1977 as a lawyer at the Cuatrecasas law firm, where he successively held the posts of Managing Partner, Chief Executive Officer and President until 2014. He is currently Honorary Chairman of the Cuatrecasas law firm, the non-profit organization Barcelona Global and the Asociación para el Progreso de la Dirección (APD).

Date of birth: January 12, 1954

Nationality: Spanish

Business address: avenida Diagonal 579, 10th floor, 08014, Barcelona, Spain

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Director of Union CB, S.L. (Spain, unlisted company)

Director of Emesa Corporacion Empresarial, S.L. (Spain, unlisted company)

Director of Cambriano, S.L. (Spain, unlisted company)

Director of Almerer, S.L. (Spain, unlisted company)

Director of CB Concordia, S.L. (Spain, unlisted company)

Previous directorships and positions held during the past five years:

Director of Cuatrecasas, Gonçalves Pereira, S.L.P. (Spain)

Director of Areas S.A. (Spain)

i) Servinvest, corporate director

Servinvest is a company managed by Robert Zolade.

Number of Elior Group shares held: 1,000

Other directorships and positions held at September 30, 2016:

None.

Previous directorships and positions held during the past five years:

None.

j) Sophie Javary, representative of Servinvest

Sophie Javary has headed up the EMEA Corporate Finance department at BNP Paribas since 2014. She began her career with Bank of America before moving to Indosuez. In 1994, she was appointed Managing Director at Rothschild and then Managing Partner in 2002. During her time there she notably co-managed the ABN-AMRO Rothschild joint venture between 2000 and 2007. She joined BNP Paribas in 2011 as Managing Director of the Investment Banking Europe division. Sophie Javary is a graduate of HEC Paris business school and the International Management Program (Fundacao Getulio Vargas de Sao Paulo and NY University). In 2013 she became a Knight of the French Legion of Honor.

Date of birth: May 1, 1959

Nationality: French

Business address: 4 rue d'Antin, 75002 Paris, France

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

Director of Europa Nova (NGO, France)

Lecturer at HEC

Previous directorships and positions held during the past five years:

Member of the Supervisory Board of Altamir

k) Caisse de Dépôt et Placement du Québec (CDPQ), independent director

CDPQ (a corporate director) holds 6.54% of Elior Group's capital.

Number of Elior Group shares held: 11,299,435

Other directorships and positions held at September 30, 2016:

None.

Previous directorships and positions held during the past five years:

None.

l) Elisabeth Van Damme, representative of CDPQ

Elisabeth Van Damme is currently a partner at Redwood Finance, a financial consultancy, where she advises clients such as Bureau van Dijk EE and Villa Eugénie on financial and management issues. She joined Redwood Finance from Bureau Van Dijk where she served as Chief Financial Officer 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).

Date of birth: March 17, 1966

Nationality: Belgian

Business address: 12 avenue des Ormeaux, 1180 Brussels, Belgium

Other directorships and positions held at September 30, 2016:

None.

Previous directorships and positions held during the past five years:

Permanent representative of Charterhouse Poppy II on the Board of Directors of Elior Group (Elior group – France)

m) BIM, corporate director

BIM holds 25.13% of Elior Group's capital.

Number of Elior Group shares held: 43,402,965

Other directorships and positions held at September 30, 2016:

- *Outside the Elior group*

President of Novetude Santé SAS (France, unlisted company)

President of Compagnie Hôtelière de Bagatelle SAS (France, unlisted company)

President of Financière de Bel Air SAS (France, unlisted company)

President of Compagnie de Bel Air SAS (France, unlisted company)

President of Holding Bel Air Investissements SAS (France, unlisted company)

Director of El Rancho SAS (France, unlisted company)

Previous directorships and positions held during the past five years:

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:

Chair of the Supervisory Board of HBI (Elior group – France)

n) Robert Zolade, representative of BIM

Robert Zolade is the Chairman and controlling shareholder of Sofibim, which in turn exercises exclusive control over BIM. 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.

Date of birth: September 24, 1940

Nationality: French

Business address: 54, avenue Marceau, 75008 Paris, France

Other directorships and positions held at September 30, 2016:

Chairman of the Board of Directors of Sofibim SA (Luxembourg)

Chairman of Sofibim SAS (France)

Chairman of the Board of Directors of BIM Luxembourg (Luxembourg)

Legal Manager of Servinvest SARL (France)

Vice Chairman of the Supervisory Board of Pragma Capital SA (France)

Legal Manager of Bérulle Art SARL (France)

Legal Manager of LMDB SC (France)

Legal Manager of MBOB SC (France)

Previous directorships and positions held during the past five years:

Director of Áreas IbericoAmericana 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)

o) Célia Cornu, non-voting Board member

Célia Cornu has been Chief Executive Officer of Compagnie Hôtelière de Bagatelle since 2015 and she is 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 (2002) and an MBA in Finance and Strategy from Boston University in the United States (2009).

Date of birth: October 31, 1980

Nationality: French

Number of Elior Group shares held: 0

Business address: 8 rue Christophe Colomb, 75008 Paris, France

Other directorships and positions held at September 30, 2016:

None.

Previous directorships and positions held during the past five years:

None.

3.1.2.1.3 Directors' qualifying shares and prevention of conflicts of interests

The Rules of Procedure stipulate that each director must hold at least 1,000 of the Company's shares. Individuals appointed as permanent representatives of corporate directors on the Company's Board are not required to hold any shares in their own name, as the corporate directors are all significant shareholders of the Company and their permanent representatives are direct or indirect partners or employees of the companies concerned (see Section 3.1.3, "Corporate Governance Code" below).

As far as the Company is aware, there are no family relationships between the members of the Board of Directors and the corporate officers.

As far as the Company is aware, during the past five years: no director or corporate 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.

To the best of the Company's knowledge, there are no conflicts of interest between directors' and corporate officers' duties to the Company and their private interests.

3.1.2.1.4 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.

3.1.2.2 Operating Procedures of the Board of Directors

3.1.2.2.1 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 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:

a) Examines and approves the reports of the Board of Directors and the Board committees for inclusion in the Annual Report.

b) 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.

c) Appoints directors, if necessary, and proposes directors for re-election at the Annual General Meeting.

d) Sets corporate officers' compensation, based on the recommendation of the Nominations and Compensation Committee, and allocates directors' fees.

e) Decides whether to set up stock option and free share plans and determines the Group's policy concerning discretionary profit-sharing plans (for executives and non-executives), based on the recommendation of the Nominations and Compensation Committee.

f) Oversees the quality of information disclosed to shareholders and the market in the financial statements and in connection with major transactions.

g) Approves the management report and the sections of the Annual Report describing the Company's corporate governance and its compensation policy.

h) Examines all issues that concern the efficient operation of the Company and the Group.

The Board of Directors has sole authority to amend the Rules of Procedure.

3.1.2.2.2 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 Rules of Procedure, which also describe the operating procedures of the Board committees.

The Chairman provides the directors with the information and documents needed to allow them to fulfil their duties and prepare the Board's decisions.

Board meetings are called with at least five days' notice, by e-mail and/or via a secure IT platform. The notices of meeting include the meeting agenda. Board members are generally given an information pack at least five days before the meeting date, and are also provided with any updates to the information prior to the meeting. All of these Board documents are available for download from the secure IT platform at any time. Furthermore, for emergency meetings or meetings to discuss extremely confidential matters, directors may be given additional information after the meeting has been called or once it commences.

In addition to documents dealing with specific agenda items, the meeting pack also includes the draft minutes of the previous meeting and selected analyses of the Group's business and financial performance.

Between two Board meetings, specific information memos, research, analysts' memos, economic and financial data and press releases published in France may also be provided to the directors through the secure IT platform.

Directors have an obligation not to disclose any confidential information communicated to them. This non-disclosure rule is set out in Article 3.6 of the Rules of Procedure.

At the time of their appointment, the directors received an information pack containing all the documents required to understand the Company, its organization and business and the accounting, financial and operational issues that are specific to it. They were also invited to an induction day during which they were able to meet and talk with the Group's key operations managers. The documents provided to the directors on their appointment are updated regularly and can be consulted at all times via a dedicated, secure IT platform.

b) Board of Directors' activity report

The Board of Directors met twelve times in 2015-2016 and five times between October 1, 2016 and the date this report was prepared. Notices of the meetings along with the related agenda were provided to the directors by e-mail and on a secure IT platform several days ahead of each meeting. Between meetings, the members of the Board were kept regularly informed of significant events and transactions involving the Company and received copies of all press releases published by the Company.

The duration of routine Board meetings averaged two and a half hours and the attendance rate was 95%[11].

As well as performing the duties assigned to it under French law and the Company's Bylaws, the Board of Directors also regularly received all necessary information about the implementation of the Group's 2020 strategic plan and the Tsubaki transformation plan as well as about the Group's CSR policy, results, operations and significant projects and transactions (notably acquisitions and capital expenditure projects). At each meeting, the Group's Chief Executive Officer and the Chief Financial Officer respectively gave presentations to the Board on the Group's business performance and financial position, and the CEOs of the businesses concerned reported on the implementation of the Group's new strategy and the Tsubaki plan. Several Board meetings were devoted to discussing the implementation of the new strategy by business sector and geographic region. For example, in December 2015 the Board dedicated a meeting to discussing the Group's policy on innovation and digital solutions and in May 2016 it spent two full days working on the Group's strategy and operations in the United States. On these different occasions the directors were able to meet and talk with the key executives of the Group's U.S. subsidiaries. The Board was also consulted on numerous occasions about transactions and decisions that were material to the Company or which required the Board's prior authorization pursuant to the Rules of Procedure, notably acquisitions and capital expenditure projects.

[11] Directors who resigned during the first half of the year were not included in the calculation of the attendance rate and the rate for new directors was calculated based on the number of Board meetings held since their appointment/election.

c) Attendance rates at Board meetings held in 2015-2016

Director	Number of meetings taken into account	Attendance rate
Philippe Salle	12	100%
Gilles Auffret	11	92%
Laurence Batlle	11	92%
Anne Busquet [12]	4	80%
Sofibim (Gilles Cojan)	11	92%
Emesa Corporacion Empresarial, SL. (Emilio Cuatrecasas) [12]	5	100%
Servinvest (Sophie Javary) [12]	5	100%
CDPQ (Elisabeth Van Damme) [12]	5	100%
BIM (Robert Zolade)	12	100%
James Arnell [13]	2	17%
Charterhouse Poppy IV [13]	1	8%
Charterhouse Poppy II [13]	2	17%
Société de Restauration 2 [13]	4	33%

3.1.2.3 Assessment of the Board's Operating Procedures

In accordance with the Rules of Procedure, an assessment of the Board's operating procedures is included on the agenda of at least one Board meeting per year.

In line with the recommendations of the AFEP-MEDEF Code, which the Company has voluntarily chosen to use as its corporate governance framework, in late 2016 the Board of Directors carried out a formal assessment of the operating procedures of the Board and its committees. The findings of this assessment were discussed at the Board meeting held on January 19, 2017.

This formal assessment – which will be carried out every three years – was the first since the Company's IPO. The directors were particularly involved in the process and their overall conclusion was that the Board and its committees are generally operating well. However, they identified a number of points that could be improved, with the following considered as priority areas:

- The operating procedures of the Strategy Committee should be reviewed with a view to lightening the Board's workload and therefore enable it to monitor the Company's strategy in a more in-depth manner.
- A formal process should be set up whereby the management teams of the Group's various businesses

[12] Directors appointed on March 2, 2016 (CDPQ) and elected on March 11, 2016 (Anne Busquet, Emesa Corporacion Empresarial, SL. and Servinvest). These directors' attendance rates were calculated based on the number of Board meetings held since their appointment/election.
[13] James Arnell and Charterhouse Poppy IV resigned from the Board on February 23, 2016, Charterhouse Poppy II on February 29, 2016, and Société de Restauration 2 on March 11, 2016.

give presentations on the business development of the operations within their remit so the Board can have a better overall view of the management team in place, the operations carried out by the businesses and their internal organizational structures.

- The independent directors should meet at least once a year without the non-independent directors being present, in order to propose improvements to the Board's work and operating procedures, taking into account the requirements and expectations of the Company's various stakeholders.

3.1.2.4 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.

The Board of Directors uses the work of three Board committees:

- The Audit Committee
- The Nominations and Compensation Committee
- The Strategy, Investments and CSR Committee

The 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 its chair, based on the recommendation of the Nominations and Compensation Committee.

3.1.2.4.1 Audit Committee

The Audit Committee has three members, including two independent directors – Laurence Batlle and CDPQ represented by Elisabeth Van Damme – and Sofibim, represented by Gilles Cojan. These members have the necessary technical skills for performing their duties (see Section 3.1.2.1.2 "Profiles of the Members of the Board of Directors"). The Audit Committee is chaired by Laurence Batlle, an independent director.

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 obtains assurance concerning the effectiveness of the internal control and risk management systems. It is also responsible for overseeing issues concerning 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 3.1.2.1.2, "Profiles of the Members of the Board of Directors").

The Committee's main roles and responsibilities, as defined and described in Article 4.5.3 of the Rules of Procedure, are to:

- Oversee the process for the preparation of financial information and, where appropriate, draw up recommendations for ensuring the integrity of this information.
- Monitor the effectiveness of the internal control, risk management and internal audit systems covering the procedures for preparing and processing financial and accounting information.
- Oversee the audits of the financial statements of the Company and the Group by the Statutory Auditors.
- Verify that the Statutory Auditors comply with the relevant independence criteria.

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 at least half of the Committee's members are present.

Audit Committee decisions are adopted by a majority vote of the voting members present at the meeting, with each member having one vote. The Chairman and Chief Executive Officer does not attend Audit Committee meetings.

The Committee members were given a copy of the Chairman's report on corporate governance and internal control on November 29, 2016, to enable them to approve the sections falling within the Committee's remit.

At the December 5, 2016 Audit Committee meeting, the Statutory Auditors reported on their audit work on the annual financial statements of the Company and the Group.

Other than in exceptional cases, the Audit Committee meets three days before the meeting of the Board of Directors at which it reports to the Board on its work. Its activity reports enable the directors to be fully informed and help to improve the quality of Board decisions.

Activity report

The Audit Committee met five times in 2015-2016 and twice between October 1, 2016 and the date on which this report was prepared. The attendance rate at these meetings was 95%.

The Statutory Auditors attended all of the meetings. The Group's Chief Financial Officer also attended the meetings, along with the Accounting and Consolidation Director and the Financial Control Director (who also oversees internal control) and the Internal Audit Director, as necessary.

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 applicable concerning the publication of the financial statements and financial communications, as well as the information contained in the fiscal 2015-2016 Registration Document. At its meeting on December 5, 2016, the Committee reviewed the financial statements of the Company and the Group as well as management's discussion and analysis of the financial statements. During the fiscal year, the Committee was also regularly given presentations by representatives from the Group Risk Management and Internal Audit Departments, notably related to the Group's risk map and action plans, together with the risk management and internal control work completed to date and work still under way.

3.1.2.4.2 Nominations and Compensation Committee

The Nominations and Compensation Committee has three members, including two independent directors – Gilles Auffret and Anne Busquet – and BIM, represented by Robert Zolade. It is chaired by Gilles Auffret, an independent director.

The Nominations and Compensation Committee assists 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.

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.
- Perform annual assessments of directors' independence.
- Review and make recommendations to the Board of Directors concerning the compensation packages and related conditions for executive directors of the Company and the Group's key executives.
- Review and make recommendations to the Board of Directors concerning the method of allocating directors' fees.

The Committee is also consulted by the Board of Directors concerning any exceptional compensation that the Board may wish to award to any of its members for undertaking special assignments.

The Nominations and Compensation Committee can validly conduct business, in physical meetings or by conference call or videoconference, in the same way as the Board of Directors, following a notice of meeting issued by the Committee Chairman or Secretary, provided that at least half of the members take part. The notice of meeting may be given verbally or by any other method and must include details of the agenda.

Decisions by the Nominations and Compensation Committee (corresponding to the opinions and recommendations that it issues) are made by a majority vote of the members taking part in the meeting, with each member having one vote. The Committee Chair, who is an independent director, does not have a casting vote.

The Nominations and Compensation Committee meets as often as required, but at least once a year prior to the Board meeting held to assess directors' independence based on the independence criteria adopted by the Company. The Committee also meets prior to any Board meeting held to set key executives' compensation or to approve the allocation of directors' fees.

The Chairman and Chief Executive Officer generally attends the meetings of the Nominations and Compensation Committee but meetings are also held that he does not attend, notably those at which his compensation package is discussed.

Activity report

The Nominations and Compensation Committee met seven times in 2015-2016 and four times between October 1, 2016 and the date on which this report was prepared. The attendance rate at these meetings was 100%.

The Committee recommended to the Board that the Rules of Procedure be amended when Philippe Salle was appointed and the positions of Chairman and Chief

Executive Officer were combined. These amendments concerned various changes to the roles and responsibilities of the Strategy and CSR Committee (which was renamed the Strategy, Investments and CSR Committee) as well as to the restrictions on the Chairman and Chief Executive Officer's powers. The Board of Directors approved these recommendations on April 29, 2015.

The Committee's work during its meetings in 2015-2016 mainly related to changes in the management structure of the Group's various subsidiaries. It notably reviewed the conditions for recruiting the new executives that joined the Group as well as the components of their compensation and the leaving packages for certain existing executives. It also examined the framework and conditions for changing the membership structure of the Board of Directors to reflect changes in the Company's ownership structure, particularly in connection with the exit of the private equity funds managed by Charterhouse Capital Partners and Chequers Partenaires and the ownership interests acquired by CDPQ and Emesa Corporacion Empresarial, SL.

In addition, the Committee put forward recommendations to the Board of Directors in relation to (i) the Chairman and Chief Executive Officer's compensation for 2015-2016 and 2016-2017 and the compensation of the Group's key executives, and (ii) the allocation of directors' fees for 2014-2015 and 2015-2016.

Lastly, the Committee oversaw the process for the Board's assessment of its own operating procedures and those of its committees.

3.1.2.4.3 Strategy, Investments and CSR Committee

The Strategy, Investments and CSR Committee has five members: Gilles Auffret, Philippe Salle, Laurence Batlle, Sofibim (represented by Gilles Cojan) and BIM (represented by Robert Zolade). It is chaired by BIM, represented by Robert Zolade.

With a view to ensuring a strong, balanced governance structure and facilitating the information-exchange, decision-making and review processes within the Board, the directors who are not members of the Strategy Committee, Investments and CSR Committee may attend meetings of this Committee in a non-voting capacity.

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.
- Advising on significant acquisition and divestment projects requiring the Board's approval.
- Examining the Company's social and environmental 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.

The Strategy, Investments and CSR Committee can validly conduct business, in physical meetings or by conference call or videoconference, in the same way as the Board of Directors, following a notice of meeting issued by the Committee Chair or Secretary, provided that at least half of the members take part. The notice of meeting may be given verbally or by any other method and must include details of the agenda.

Committee decisions are made by a majority vote of the members taking part in the meeting, with each member having one vote.

The Committee meets as often as required, but at least once a year.

Activity report

The Strategy, Investments and CSR Committee met nineteen times in 2015-2016 and twice between October 1, 2016 and the date on which this report was prepared. The attendance rate at these meetings was 87%.

During its meetings the Committee worked on the follow-up and implementation of the Group's 2020 strategic plan and the Tsubaki transformation plan as well as the implementation of its new CSR strategy. It put forward recommendations to the Board of Directors on the management of strategic projects as well as on acquisition projects and significant investments.

3.1.3 CORPORATE GOVERNANCE CODE

The Company uses as its corporate governance framework the AFEP-MEDEF Corporate Governance Code for listed companies (hereinafter the "Code"), except for the following recommendations:

AFEP-MEDEF Code recommendation	Company practice/Explanations
Article 19 of the Code stipulates that 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.	The Company's shareholders do not wish to impose a minimum shareholding obligation on the permanent representatives of its corporate directors. The Company has decided not to apply this recommendation of the Code because the corporate directors are significant shareholders of the Company and their permanent representatives are directly or indirectly partners or employees of the entities concerned. In addition, although it is preferable for directors to participate in the Company's shareholders' meetings, the shareholders have decided not to make this a requirement for all directors.
Concerning directors' compensation, Article 20.1 of the Code states that the method used to allocate directors' fees – the aggregate amount of which is set by shareholders at the AGM – should be determined by the Board of Directors. This method should be set in such a way that the amount received by each director takes into account their actual attendance at Board and committee meetings and therefore the variable portion should represent more than the fixed portion.	Effective 2015-2016, the variable portion of directors' fees paid to all of the Company's directors (both independent and non-independent) represents more than the fixed portion.

The AFEP-MEDEF Code to which the Company refers can be downloaded from the internet[14]. 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 included 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.

[14] http://www.afep.com/uploads/medias/documents/Corporate_Governance_Code_of_listed_corporations_November_2016.pdf

3.1.4 RESTRICTIONS ON THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S POWERS

In accordance with the Rules of Procedure, the following decisions are subject to the prior approval of the Board of Directors and may be implemented only with the formal prior consent of a straight majority of the directors[15]:

a. Approval of the consolidated annual budget of the Company and operating entities classified as strategic.

b. Approval of any long-term strategic plans for the Group 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 all or part of an Entity, enterprise or business (including through a joint venture agreement or the exercise of a call option on all or part of the entity, enterprise or business) for an amount representing more than €20 million (in terms of enterprise value), except for any acquisitions resulting from an irrevocable purchase commitment (such as put options or purchase contracts) given by the Group prior to April 29, 2015 and executed in accordance with the terms of said commitment.

d. The sale or transfer by any method of any asset (including securities) with a net asset value in excess of €20 million or whose annual revenue exceeds €40 million, except for disposals resulting from irrevocable commitments (such as call options or sale contracts) given by the Group prior to April 29, 2015 and executed in accordance with the terms of said commitment.

e. 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.

f. Any amendments to the shareholders' agreements related to Areas and THS.

g. The settlement of any litigation or dispute resulting in the payment by the Company or a Subsidiary of an amount in excess of €10 million.

h. Any investment (other than acquisitions) representing more than €5 million, and the setting of minimum returns on investments.

i. 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 €100 million for contract catering contracts or €150 million for concession catering contracts.

j. The signature, amendment or renewal of any purchase contract or contract other than those referred to in (g) above entered into by the Company or a Subsidiary with a supplier or another party when the value of such contract (calculated by multiplying the purchase volume or revenue concerned by the remaining term of the contract) exceeds €100 million.

k. Guarantees, endorsements and collateral representing a unit value in excess of €10 million and an aggregate annual value in excess of €350 million.

l. 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.

m. The Group's financing and interest rate and currency hedging policies as well as the signature or 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.

n. The amount set for the gross annual compensation (fixed and variable) of executive directors and key executives as defined in the Rules of Procedure.

The transactions subject to prior approval do not include any transactions referred to in paragraphs c, d and i above carried out between Subsidiaries that are wholly-owned, directly or indirectly, by Elior Group, Areas or Elior North America (formerly THS).

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[15] The terms that are capitalized in this list are defined in the Rules of Procedure.

3.1.5 OFFICERS' INTERESTS AND COMPENSATION

3.1.5.1 Compensation Policy: Chairman and Chief Executive Officer (Executive Director)

The principles and rules applied to determine the Chairman and Chief Executive Officer's compensation and benefits package were approved by the Board of Directors at its meeting on April 29, 2015.

The Chairman and Chief Executive Officer's compensation and benefits are decided by the Board of Directors based on the recommendation of the Nominations and Compensation Committee. Philippe Salle's compensation includes a fixed component, an annual variable component and a long-term variable component.

a) Fixed compensation

Philippe Salle's gross annual fixed compensation for 2015-2016 was €900,000, unchanged from 2014-2015.

b) Annual variable compensation

Philippe Salle's annual variable compensation – which may represent up to 100% of his gross annual fixed compensation (the "Target Amount") – is contingent on the achievement of annual quantitative targets set in relation to adjusted EBITDA and free cash flow as well as qualitative targets. If the targets are exceeded the variable component may be increased to 130% of the Target Amount (i.e. €1,170,000 gross).

The type of quantitative and qualitative targets chosen and the proportions they represent in terms of the overall variable component are determined each year by the Board of Directors after examining the recommendations issued by the Nominations and Compensation Committee.

For FY 2016-2017, 75% of Philippe Salle's variable compensation was based on the achievement of financial targets and 25% was contingent on meeting specific, pre-defined qualitative targets related to his individual performance rather than on the Group's results.

The applicable quantitative targets and the proportions they represented of the total variable component were as follows:

- **Criterion 1**: growth in adjusted EBITDA in absolute value terms versus 2014-2015, based on a constant Group structure compared with October 1, 2015 (50% weighting):
  - Growth of €0 to €20 million: 0% to 100% of his fixed annual compensation.
  - Growth of >€20 million to €30 million or over: 100% to 130% of his fixed annual compensation.
- **Criterion 2:** adjusted EBITDA to cash conversion ratio[16] (20% weighting):
  - Ratio of 35% to 39.60%: 0% to 100% of his fixed annual compensation.
  - Ratio of >39.60% to 45% or over: 100% to 130% of his fixed annual compensation.
- **Criterion 3**: reported EBITDA of acquired companies in absolute value terms (5% weighting):
  - Between $5 million and $5.7 million: 0% to 100% of his fixed annual compensation.
  - >$5.7 million to $7 million or over: 100% to 130% of his fixed annual compensation.

For the 25% of his variable compensation contingent on qualitative targets, targets related to the membership and performance of the Group's management teams represented 10% and those concerning the performance of the Board of Directors accounted for 15%.

Following a review by the Nominations and Compensation Committee of the performance levels achieved, at its meeting on December 21, 2016 the Board of Directors decided to set Philippe Salle's variable annual compensation for FY 2015-2016 at €924,390 representing 102.7% of his fixed annual compensation. Further details on his variable annual compensation for FY 2015-2016 are provided in Section 3.1.5.2 of this Registration Document.

For 2016-2017, the Board of Directors decided that a large portion of Philippe Salle's variable compensation should remain contingent on his quantitative performance, with 75% once again based on the achievement of financial

[16] Ratio of free cash flow/adjusted EBITDA

targets and 25% dependent on meeting specific, pre-defined qualitative targets related to his individual performance rather than on the Group's results.

The applicable quantitative targets and the proportions they represent of the total variable component are as follows:

- **Criterion 1**: growth in adjusted EBITDA in absolute value terms versus 2015-2016, based on a constant Group structure compared with October 1, 2016 (40% weighting)
- **Criterion 2:** adjusted EBITDA to cash conversion ratio[17] (20% weighting)
- **Criterion 3**: reported EBITDA of acquired companies in absolute value terms (10% weighting)
- **Criterion 4**: the amount of non-recurring (non-cash) items.

In the process for determining Philippe Salle's variable compensation, the Nominations and Compensation Committee and the Board of Directors considered that these quantitative criteria were the most suitable in view of the nature of the Group's businesses and for the purpose of measuring the performance levels achieved.

For the 25% of his variable compensation contingent on qualitative targets, targets related to the membership and performance of the Group's management teams represent 15% and those concerning the performance of the Board of Directors account for 10%.

c) Long-term variable compensation

The amount of Philippe Salle's long-term variable compensation (hereafter "LTVC") is contingent on growth in the Company's earnings per share as adjusted for non-recurring items (hereafter "Adjusted EPS") for the five fiscal years as from October 1, 2014. The amount of the non-recurring items taken into account when calculating Adjusted EPS will be determined at the end of each fiscal year by the Audit Committee.

Philippe Salle will only receive the LTVC if he remains in his position as Chairman and Chief Executive Officer for a specified period following the vesting date of the LTVC.

The amount of the LTVC for a given fiscal year will depend on the level of Adjusted EPS reported for that year. Based on the floor and cap mechanism put in place for Adjusted EPS, gross LTVC may amount to between €1.25 million and €2.5 million per fiscal year. There will be no entitlement to the LTVC if the Adjusted EPS floor required for triggering payment is not reached.

The amount of the LTVC for a given fiscal year ("Year Y") will vest at the end of the second fiscal year following Year Y and will be paid at the end of the fourth fiscal year following Year Y if Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date. For example, the LTVC for 2017-2018 will only vest on September 30, 2020 and will only be paid on September 30, 2022 if Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date.

As an exception, the amounts of the LTVC vested for fiscal years 2014-2015, 2015-2016 and 2016-2017 will be paid at the end of the second fiscal year following the fiscal year concerned, subject to a cap of €1.25 million. Any amount in excess of this cap will be paid as explained above, i.e. at the end of the fourth fiscal year following the fiscal year concerned if Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date.

If Philippe Salle's term of office as Chairman and Chief Executive Officer were to be terminated between the vesting date of his LTVC and its payment date as a result of his death, a chronic illness, or removal from his position for any reason other than gross negligence or serious misconduct committed in the course of his duties within the Group, as an exception to the above, the vested LTVC would be paid on the date his term is terminated.

If the growth rate for Adjusted EPS set by the Board of Directors for the period concerned (the five fiscal years as from October 1, 2014) is achieved, this would represent an almost two-fold increase in Adjusted EPS by the end of FY 2018-2019. This demonstrates how exacting the performance requirements are in order for beneficiaries to be entitled to payment of the LTVC.

Philippe Salle has the use of a company car, in line with the practice within the Group for persons with the responsibilities of Chairman and Chief Executive Officer.

d) Termination benefit

i. If the Company were to terminate Philippe Salle's term of office as Chairman and Chief Executive Officer, he may be entitled to a termination benefit equal to 12 months' compensation calculated on the basis of his average gross monthly compensation received for the

[17] Ratio of free cash flow/adjusted EBITDA

previous 12 months (fixed and variable excluding any LTVC).

This termination benefit would, however, only be payable if, at the date his position is terminated, at least one of the following two performance conditions is met:

- The Group's adjusted profit and cash flow from operations must equal or exceed two-thirds of the amounts set in the budgets for two consecutive years.
- Elior Group's share performance, as assessed over two consecutive years, must equal or exceed two-thirds of the average share performance recorded by the three companies with the highest market capitalizations listed on an EU market and operating in the same sector as the Group over that period.

The termination benefit would not be payable if Philippe Salle were removed from office for gross negligence or serious misconduct, which include, but are not limited to, the following types of behavior:

- Inappropriate behavior for a senior manager (criticizing the Company and/or its management bodies in front of external parties, etc.).
- Repeated failure to take into consideration decisions taken by the Board of Directors and/or behavior that is contrary to such decisions.
- Repeated communication errors that seriously and adversely affect the Company's image and/or value (impact on share price).

In addition, Philippe Salle would not be entitled to the termination benefit if he resigns from his position as Chairman and Chief Executive Officer.

All of this information was published on the Company's website in accordance with the applicable legal provisions.

ii. **Amendments to the conditions for the payment Philippe Salle's termination benefit**

Acting on the recommendation of the Nominations and Compensation Committee, the Board of Directors commissioned the consulting firm Mercer to carry out an analysis of the Chairman and Chief Executive Officer's compensation, particularly in relation to the structure of his termination benefit.

The findings of the analysis stated that the termination benefit clause could be amended and the payment conditions made more stringent in order to align them more with market practices. For example, the clause could provide that the payment be calculated based on the average of the percentages that the last three years of the Chairman and Chief Executive Officer's annual variable compensation represent compared with the maximum target amount of the corresponding annual variable compensation.

On the basis of this analysis, in agreement with Philippe Salle, the Nominations and Compensation Committee recommended that the Board replace the performance conditions applicable to his termination benefit, which were approved on April 29, 2015, with the stipulation that the benefit would only be payable, in full or in part, if the average (A) of the Chairman and Chief Executive Officer's annual variable compensation for the last three years represents 80% of the corresponding target annual compensation. If this condition is met, the amount of the termination benefit for which Philippe Salle would be eligible would be as follows:

- 20% of the total amount of the benefit if A equals 80%;
- 100% of the total amount of the benefit if A is equal to or more than 100%;
- if A is between 80% and 100%, a percentage of between 20% and 100% of the total amount of the benefit, calculated using linear interpolation applying the following formula:

$$20 + [(100-20) \times X]$$

$$\text{where } X = (A-80) / (100-80)$$

In accordance with Article L. 225-42-1 of the French Commercial Code, the above-described amendments to the Chairman and Chief Executive Officer's termination benefit will be put forward for shareholder approval at the Annual General Meeting to be held on March 10, 2017.

e) Non-compete agreement

The Company has entered into a non-compete agreement with Philippe Salle, pursuant to which, for a period of two years after he ceases his duties as the Company's Chairman and Chief Executive Officer, he is 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 Chairman and Chief Executive Officer; and/or

- directly or indirectly soliciting employees or officers away from the Group; and/or
- having any financial or other interests, either directly or directly, in a commercial catering and/or contract catering company.

As consideration for his non-compete covenant, Philippe Salle would be eligible for a monthly indemnity equal to 50% of his gross monthly fixed and variable compensation (excluding any LTVC) calculated based on his average monthly gross fixed and variable compensation (excluding any LTVC) received for the 12 months preceding the date on which he ceases his duties as Chairman and Chief Executive Officer. This indemnity would be payable from the date his duties as Chairman and Chief Executive Officer cease until the end of the period of validity of the non-compete covenant.

If Philippe Salle were to resign from his position as Chairman and Chief Executive Officer, the Company may decide to exempt him from his non-compete covenant. In such a case the Company would notify him of this exemption within one month of the date on which he ceases his duties and the Company would not be required to pay him the afore-mentioned non-compete indemnity.

If Philippe Salle were to be removed from his position as Chairman and Chief Executive Officer the non-compete indemnity would be payable unless he and the Company jointly agree that the obligations provided for under the non-compete agreement would no longer apply to either party.

Details of the Chairman and Chief Executive Officer's compensation are publicly disclosed and are set out in the next section of this Registration Document ("Compensation and Benefits Awarded to Corporate Officers").

In addition, all of this information was published on the Company's website in accordance with the applicable legal provisions.

No specific compensation plan has been set up for Philippe Salle.

3.1.5.2 Compensation and Benefits Awarded to Corporate Officers

The compensation and benefits awarded to corporate officers within the meaning of Article L. 225-102-1 of the French Commercial Code are presented below in the standard format recommended by AFEP and MEDEF and the AMF.

None of the Group's directors or officers holds any stock options, free shares or performance shares granted by the Company or any other Group entity.

Table 1: Compensation, stock options and free shares awarded to each executive director

Executive director	FY 2014-2015	FY 2015-2016
Philippe Salle, Chairman and Chief Executive Officer		
Compensation due for the year	€751,067.0	€1,826,951.0
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	**€751,067.0**	**€1,826,951.0**
Value of other long-term compensation plans (not vested)	€2,500,000[1]	€2,500,000[2]

(1) Amount of long-term variable compensation for FY 2014-2015 (maximum Adjusted EPS target reached). This amount will only vest at the end of the second fiscal year following FY 2014-2015 (i.e. on September 30, 2017) and provided that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date. Out of the vested amount, €1.25 million will be paid at the end of the second fiscal year following FY 2014-2015 (i.e. on September 30, 2017) and the remaining €1.25 million will be paid at the end of the fourth fiscal year following FY 2014-2015, provided, in both cases, that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at both of these dates, i.e. September 30, 2017 and September 30, 2019 (see Section 3.1.5.1 c of this Registration Document).

(2) Amount of long-term variable compensation for FY 2015-2016 (maximum Adjusted EPS target reached). This amount will only vest at the end of the second fiscal year following FY 2015-2016 (i.e. on September 30, 2018) and provided that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date. Out of the vested amount, €1.25 million will be paid at the end of the second fiscal year following FY 2015-2016 (i.e. on September 30, 2018) and the remaining €1.25 million will be paid at the end of the fourth fiscal year following FY 2015-2016, provided, in both cases, that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at both of these dates, i.e. September 30, 2018 and September 30, 2020 (see Section 3.1.5.1 c of this Registration Document).

Table 2: Compensation awarded to each executive director

Executive director	FY 2014-2015		FY 2015-2016	
	Amount due	Amount paid[(1)]	Amount due	Amount paid[(1)]
Philippe Salle, Chairman and Chief Executive Officer				
Fixed compensation[2]	€375,000	€375,000[3]	€900,000	€900,000
Annual variable compensation[2]	€375,000[4]	N/A	€924,390[9]	€375,000
Special compensation[2]	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind[7]	€1,067[8]	€1,067[8]	€2,561	€2,561
TOTAL	**€751,067**	**€376,067**	**€1,826,951**	**€1,277,561**
	Amount not vested	Amount paid	Amount not vested	Amount paid
Long-term variable compensation[2] (not vested)	€2,500,000[5],	N/A	€2,500,000[6]	N/A

(1) Total compensation paid during the fiscal year to the executive director.

(2) Gross (before payroll taxes and income tax).

(3) Of which €75,000 paid in October 2015.

(4) Variable compensation paid in January 2016, based on the Company's financial performance. Philippe Salle's compensation as Chairman and Chief Executive Officer of the Company includes a variable component (see Section 3.1.5.1 above). As Philippe Salle was appointed seven months after the start of FY 2014-2015 it was impossible to fully assess the impact of his work on the Group's operations and results. Consequently, the variable portion of his compensation for FY 2014-2015 was set, on an exceptional basis, at 100% of his fixed compensation calculated pro rata to the actual time he worked for the Company, i.e. a gross amount of €375,000.

(5) Amount of long-term variable compensation due for FY 2014-2015 (maximum Adjusted EPS target reached), which will only fully vest at the end of the second fiscal year following FY 2014-2015 (i.e. on September 30, 2017) and provided that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date. Out of the vested amount, €1.25 million will be paid at the end of the second fiscal year following FY 2014-2015 (i.e. on September 30, 2017) and the remaining €1.25 million will be paid at the end of the fourth fiscal year following FY 2014-2015, provided, in both cases, that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at both of these dates, i.e. September 30, 2017 and September 30, 2019 (see Section 3.1.5.1 c of this Registration Document).

(6) Amount of long-term variable compensation for FY 2015-2016 (maximum Adjusted EPS target reached). This amount will only vest at the end of the second fiscal year following FY 2015-2016 (i.e. on September 30, 2018) and provided that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at that date. Out of the vested amount, €1.25 million will be paid at the end of the second fiscal year following FY 2015-2016 (i.e. on September 30, 2018) and the remaining €1.25 million will be paid at the end of the fourth fiscal year following FY 2015-2016, provided, in both cases, that Philippe Salle is still Elior Group's Chairman and Chief Executive Officer at both of these dates, i.e. September 30, 2018 and September 30, 2020 (see Section 3.1.5.1 c of this Registration Document)

(7) Company car.

(8) Calculated proportionately based on Philippe Salle's time in his position as Chairman and Chief Executive Officer during FY 2014-2015.

(9) See breakdown of annual variable compensation for FY 2015-2016 below.

Breakdown of Philippe Salle's annual variable compensation for FY 2015-2016

Criterion 1 (quantitative): growth in adjusted EBITDA in absolute value terms versus 2014-2015, based on a constant Group structure compared with October 1, 2015			
Weighting: 50%			
Adjusted EBITDA growth targets (in € millions)	Amount of bonus as a % of fixed compensation	Actual growth in adjusted EBITDA (in € millions)	Amount of bonus awarded (in €)
0 to 20 20 to 30	0 to 100 100 to 130	23	**495,000**

Criterion 2 (quantitative): adjusted EBITDA to cash conversion ratio			
Weighting: 20%			
Adjusted EBITDA to cash conversion ratio targets (%)	Amount of bonus as a % of fixed compensation	Actual adjusted EBITDA to cash conversion ratio (%)	Amount of bonus awarded (in €)
35 to 39.60 >39.6 to 45	0 to 100 100 to 130	37.8	**109,440**

Criterion 3 (quantitative): reported EBITDA of acquired companies in absolute value terms			
Weighting: 5%			
Targets for reported EBITDA of acquired companies (in $ millions)	Amount of bonus as a % of fixed compensation	Actual reported EBITDA (in € millions)	Amount of bonus awarded (in €)
5 to 5.7 > 5.7 to 7	0 to 100 100 to 130	6,6	**54,450**

Criterion 4 (qualitative): membership and performance of the Group's management teams			
Weighting: 10%			
		Performance achieved (as a % of fixed compensation)	Amount of bonus awarded (in €)
		115	**103,500**

Criterion 5 (qualitative): performance of the Board of Directors			
Weighting: 15%			
		Performance achieved (as a % of fixed compensation)	Amount of bonus awarded (in €)
		120	**€162,000**
Total variable compensation for FY 2015-2016		**€924,390, i.e. 102.7% of annual fixed compensation**	

Table 3: Directors' fees and other compensation received by non-executive directors

Non-executive directors do not receive any compensation other than that shown in the table below.

Non-executive directors	Fees paid in FY 2014-2015	Fees paid in FY 2015-2016	
		Fixed portion	Variable portion
Gilles Auffret[(1)]	€122,000	€40,000	€82,000
Laurence Batlle[(1)]	€118,000	€40,000	€66,000
Anne Busquet[(1) (2)]	N/A	€16,650	€24,000
Emesa Corporacion Empresarial, S.L. (Emilio Cuatrecasas)[(1) (2)]	N/A	€16,650	€15,000
Sofibim (Gilles Cojan)	€30,000	€30,000	€49,000
Servinvest (Sophie Javary)[(2)]	N/A	€16,650	€15,000
James Arnell[(3) (4)]	€0	€0	€0
Société de Restauration 2[(3) (4)]	€0	€0	€0
Charterhouse Poppy IV[(3)]	€30,000	€11,825	€9,000
Charterhouse Poppy II[(3)]	€30,000	€12,325	€12,000
CDPQ (Elisabeth Van Damme)[(1) (2)]	€0	€16,650	€21,000
BIM (Robert Zolade)	€30,000	€30,000	€76,000
TOTAL	€360,000	€230,750	€369,000

(1) Independent directors.

(2) Directors elected at the AGM of March 11, 2016 (Servinvest, Emesa and Anne Busquet), or appointed by the Board of Directors on March 2, 2016 (CDPQ).

(3) James Arnell and Charterhouse Poppy IV resigned from the Board on February 23, 2016, Charterhouse Poppy II on February 29, 2016, and Société de Restauration 2 on March 11, 2016.

(4) James Arnell and Société de Restauration 2 (directors until February and March 2016 respectively) waived their entitlement to directors' fees for FY 2014-2015 and FY 2015-2016.

Information on directors' fees

Fees paid to independent directors

Each independent director receives a set annual amount of directors' fees totaling €40,000, including €30,000 in their capacity as a director and €10,000 for their role as the Chair of a Board committee. In addition to this fixed amount, they receive variable fees of €3,000 per Board meeting or Audit Committee or Nominations and Compensation Committee meeting attended and €1,000 per Strategy, Investments and CSR Committee meeting attended.

Fees paid to non-independent directors

Each non-independent director receives a set annual amount of directors' fees totaling €30,000.

James Arnell and Denis Metzger (representing Société de Restauration 2) waived their entitlement to directors' fees.

The amounts presented in the table above are stated gross, before taxes withheld at source.

FY 2014-2015

The amount and definitive allocation of directors' fees for FY 2014-2015 were determined by the Board of Directors on December 10, 2015. They were paid on April 13, 2016.

James Arnell and Société de Restauration 2 waived their entitlement to directors' fees.

FY 2015-2016

The amount and definitive allocation of directors' fees for FY 2015-2016 were determined by the Board of Directors on December 8, 2016.

James Arnell and Société de Restauration 2 (directors until February and March 2016 respectively) waived their entitlement to directors' fees.

Table 4: Stock options granted during the fiscal year to each executive director by the Company and any other Group entity

None.

Table 5: Stock options exercised during the fiscal year by each executive director

None.

Table 6: Performance shares granted during the fiscal year to each executive director by the Company and any other Group entity

None.

Table 7: Performance shares that vested during the fiscal year for each executive director

None.

Elior Group stock option and free share plans

Elior Group stock option plans set up in April 2010 and 2011

At the Extraordinary General Meetings held on February 12, 2010 and January 18, 2011, the Company's Managing Partner was authorized to grant stock options to Group employees under plans set up in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code. The Managing Partner used these authorizations to set up two stock option plans (on April 15, 2010 and 2011), whose main characteristics are set out in the table below.

No further options may be granted under either of these two plans.

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 corporate officers of the Company and/or related entities within the meaning of Article L. 225-180 of the French Commercial Code (other than Elior Group's Chairman and Chief Executive Officer), stock options exercisable for (i) new shares of the Company, or (ii) existing shares bought back by the Company under the conditions provided for by law. The shareholders resolved that:

- The total number of shares that may be issued on exercise of the options may not represent more than 2.2% of the Company's capital at the option grant date.
- The option exercise price may not be lower than 90% of the average of the closing prices quoted for the Elior Group share over the twenty trading days preceding the option grant date;
- The exercise of the stock options must be subject to the attainment of quantitative performance conditions and the options will only vest if the beneficiary is still a member of the Group on the vesting date.

On March 11, 2016, the Board used this shareholder authorization in order to set up two new Elior Group stock option plans for members of the Executive Committee, Management Committee, Leaders Committee and Regional Directors, other than the Company's Chairman and Chief Executive Officer. The main characteristics of these plans are described below and set out in Table 8.

The vesting of the stock options and the final number received by each beneficiary will be contingent upon (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 Regional Directors: Growth in EPS as reported between the option grant date and September 30, 2017.

Table 8: Information on stock-options

	2010 plan	2011 plan	2016 plan
Date of Managing Partners'/Board of Directors' decision to grant the stock options	April 15, 2010	April 15, 2011	March 11, 2016
Total number of stock options granted, including number of stock options granted to:	-	-	-
Executive director			
Philippe Salle	None	None	None
Non-executive directors			
Gilles Auffret	None	None	None
Laurence Batlle	None	None	None
Anne Busquet	None	None	None
Emesa Corporacion Empresarial, S.L. (Emilio Cuatrecasas)	None	None	None
Sofibim (Gilles Cojan)	None	None	None
James Arnell	None	None	None
Société de Restauration 2	None	None	None
Charterhouse Poppy IV	None	None	None
Charterhouse Poppy II	None	None	None
Servinvest (Sophie Javary)	None	None	None
CDPQ (Elisabeth Van Damme)	None	None	None
BIM (Robert Zolade)	None	None	None
Start date of exercise period	April 15, 2014	April 15, 2015	March 11, 2020
End of exercise period	Dec. 31, 2016	Dec. 31, 2016	Dec. 11, 2024
Exercise price	€5.71[18]	€5.72[18]	€16.30[19]
Exercise process (plans with several tranches)	N/A	N/A	N/A
Vesting conditions	-	-	See footnote [20] below
Number of options exercised at December 31, 2016	0	0	0
Cumulative number of cancelled and expired options	0	0	0
Stock options outstanding at the fiscal year-end	60,480	90,860	807,635[21]

[18] In 2010, when the first stock option plan was set up, the Company (then named HBI) was organized as a *société en commandite par actions* (partnership limited by shares). The option exercise price was set at €7.33 for the options granted on April 15, 2010 and €7.34 for the options granted on April 15 2011. The exercise price was adjusted by the Managing Partner following the capital reduction carried out in February 2012 (see Section 5.2.7, "Significant Changes in Share Capital").

[19] The option exercise price cannot 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.

[20] The vesting of the stock options will be contingent upon (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) and growth in EPS as reported between the option grant date and September 30, 2017 (for members of the Leaders Committee and the Regional Directors).

[21] Including 286,135 granted to members of the Executive and Management Committees and 521,500 to members of the Leaders Committee and the Regional Directors.

Elior Group free share plans set up in 2016

By way of an extraordinary resolution voted at the Annual General Meeting held on March 11, 2016, the Company's shareholders authorized the Board of Directors to grant, free of consideration and on one or more occasions, new or existing shares of the Company, in accordance with the laws and regulations in force at the grant date (notably Articles L. 225-129 *et seq.* and Articles L. 225-197-1 *et seq.* of the French Commercial Code) to employees and/or corporate 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.

On March 11, 2016, the Board used this shareholder authorization in order to set up an Elior Group free share plan for members of the Executive Committee and Management Committee, other than the Company's Chairman and Chief Executive Officer.

The vesting of the shares and the final number received by each beneficiary will be contingent on (i) the beneficiary still forming part of the Group at the end of the four-year vesting period, and (ii) the attainment of performance conditions based on EBITA margin (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2017.

Table 9: Information on share plans

	2016 plan
Date of Board of Directors' decision to grant the free shares (date of shareholder authorization)	March 11, 2016 (March 11, 2016)
Total number of shares granted, including number of shares granted to:	-
Executive director	
Philippe Salle	None
Non-executive directors	
Gilles Auffret	None
Laurence Batlle	None
Anne Busquet	None
Emesa Corporacion Empresarial, S.L. (Emilio Cuatrecasas)	None
Sofibim (Gilles Cojan)	None
James Arnell	None
Société de Restauration 2	None
Charterhouse Poppy IV	None
Charterhouse Poppy II	None
Servinvest (Sophie Javary)	None
CDPQ (Elisabeth Van Damme)	None
BIM (Robert Zolade)	None
Vesting date	March 11, 2020
End of lock-up period	March 11, 2020
Vesting conditions	See footnote [22] below
Number of free shares vested at December 31, 2016	0
Cumulative number of cancelled or forfeited free shares	0
Free shares outstanding at the year-end	143,068

[22] The vesting of the stock options will be contingent upon (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 (70% weighting) and the organic revenue growth rate (30% weighting), both assessed as at September 30, 2017. 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 said beneficiary based on the attainment of the performance conditions. The standard exceptions concerning death or disability will apply in relation to these vesting conditions.

Table 10: Stock options granted to and exercised by the ten employees other than corporate officers who received the greatest number of options

	Total number of options granted/ exercised	Weighted average exercise price	2010 plan	2011 plan	2016 plan
Options granted during the year by the Company or any other qualifying member of the Group to the ten employees of the Company and any other qualifying member of the Group who received the greatest number of options (aggregate information)	None	None	None	None	764,228
Options granted by the Company or any other qualifying member of the Group that were exercised during the year by the ten employees of the Company and any other qualifying member of the Group who exercised the greatest number of options (aggregate information)	175,900	€5.715	78,100	97,800	None

Table 11: Information disclosed in accordance with AFEP-MEDEF recommendations

Executive director	Employment contract		Supplementary pension plan		Compensation for loss of office or change in duties		Non-compete indemnity	
Philippe Salle Chairman and Chief Executive Officer Start of term of office: April 29, 2015 End of current term of office: September 30, 2018		No		No		Yes[1]		Yes[2]

(1) If the Company were to terminate Philippe Salle's term of office as Chairman and Chief Executive Officer, he may be entitled to a termination benefit equal to 12 months' compensation calculated on the basis of his average gross monthly compensation received for the previous 12 months (fixed and variable excluding any LTVC). This termination benefit entitlement was approved by the Nominations and Compensation Committee on February 24, 2014 and by the Board of Directors on April 29, 2015. Its payment would be subject to certain performance criteria being met, based on adjusted profit and cash flows for two consecutive years, and on the Company's stock market performance compared to that of a composite index (see Section 3.1.5.1.d above).

(2) The Company has entered into a non-compete agreement with Philippe Salle, pursuant to which, for a period of at least two years after he ceases his duties as the Company's Chairman and Chief Executive Officer, he is prohibited from:

- Carrying out duties for a commercial catering and/or contract catering company (as an employee, officer, consultant, shareholder or other) that are similar to or compete with the duties he performed as the Company's Chairman and Chief Executive Officer. However, this prohibition only applies to certain companies.
- Directly or indirectly soliciting employees or officers away from the Group.
- Having any financial or other interests, either directly or directly, in a commercial catering and/or contract catering company.

As consideration for his non-compete covenant, Philippe Salle would be eligible for a monthly indemnity equal to 50% of his gross monthly fixed and variable compensation (excluding any LTVC) calculated based on his average monthly gross fixed and variable compensation (excluding any LTVC) received for the 12 months preceding the date on which he ceases his duties as Chairman and Chief Executive Officer. This indemnity would be payable from the date his duties as Chairman and Chief Executive Officer cease until the end of the period of validity of the non-compete covenant.

If Philippe Salle were to resign from his position as Chairman and Chief Executive Officer, the Company may decide to exempt him from his non-compete covenant. In such a case the Company would notify him of this exemption within one month of the date on which his duties cease and the Company would not be required to pay him the aforementioned non-compete indemnity (see Sections 3.1.5.1.d and 3.1.5.1.e above).

Transactions in the Company's financial instruments carried out by members of the Board of Directors from October 1, 2015 through December 31, 2016

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
BIM	Director	Shares	Purchase	Oct. 7, 2015	€17.13	5,840,000	€100,039,200
Société de Restauration 2	Director	Shares	Sale	Oct. 9, 2015	€17.15	644,632	€11,055,438
Société de Restauration 4	Corporation affiliated with Société de Restauration 2 (an Elior Group director)	Shares	Sale	Oct. 9, 2015	€17.15	1,280,374	€21,958,414
Charterhouse Poppy VI	Corporation affiliated with Charterhouse Poppy II and Charterhouse Poppy IV	Shares	Sale	Oct. 9, 2015	€17.15	1,695,896	€29,084,616
Charterhouse Poppy IV	Director	Shares	Sale	Oct. 9, 2015	€17.15	4,265,743	€73,157,492
Charterhouse Poppy II	Director	Shares	Sale	Oct. 9, 2015	€17.15	9,645,535	€160,275,925
Gilles Auffret	Director	Shares	Purchase	Oct. 14, 2015	€16.965	3,820	€64,806.3
Philippe Salle[23]	Chairman and Chief Executive Officer	Shares	Purchase	Oct. 15, 2015	-	-	€452,900
BIM[24]	Director	Other type of financial instrument	Forward sale of shares and equity swap	Nov. 18, 2015	€15.93	-	€171,701,696
Société de Restauration 2	Director	Shares	Sale	Dec. 16, 2015	€17.78	1,276,365	€22,699,768
Société de Restauration 4	Corporation affiliated with Société de Restauration 2 (an Elior Group director)	Shares	Sale	Dec. 16, 2015	€17.78	2,537,113	€45,121,794

[23] In accordance with a commitment given to Philippe Salle before he was appointed as the Company's Chairman and Chief Executive Officer, Finellas purchased 3,100 preference shares issued by BIM Luxembourg for an aggregate €452,900. BIM Luxembourg holds 0.03% of the shares of Sofibim SA, which in turn holds 88.24% of the capital of BIM, which owns Elior Group shares (see AMF document no. 2015DD395584 dated November 20, 2015 on the AMF website).
[24] BIM repaid the credit facility that had been put in place for it to take up Elior Group shares when the Company carried out a capital increase at the time of its IPO on June 11, 2014 and which had been amended several times since that date. The amount repaid totaled €171,701,696. Following this repayment, BIM held 41,350,965 Elior Group shares (see AMF document no. 2015DD401514 dated November 27, 2015 on the AMF website).

Name	Position	Financial instrument	Transaction type	Transaction date	Gross unit price	Number of securities	Total gross amount
Charterhouse Poppy IV	Director	Shares	Sale	Jan. 18, 2016	€17.70	3,343,937	€59,187,684
Charterhouse Poppy VI	Corporation affiliated with Charterhouse Poppy II and Charterhouse Poppy IV (Elior Group directors)	Shares	Sale	Jan. 18, 2016	€17.70	1,329,579	€23,533,548
BIM	Director	Shares	Purchase	Feb. 1, 2016	€18.60	3,652,000	€67,927,200
Charterhouse Poppy IV	Corporation affiliated with Charterhouse Poppy II (an Elior Group director)	Shares	Sale	Feb. 29, 2016	€17.70	3,148,990	€55,737,123
Charterhouse Poppy II	Director	Shares	Sale	Feb. 29, 2016	€17.70	6,898,624	€122,105,644
Charterhouse Poppy VI	Corporation affiliated with Charterhouse Poppy II (an Elior Group director)	Shares	Sale	Feb. 29, 2016	€17.70	1,251,821	€22,157,231
BIM	Director	Shares	Sale (equity forward contract)	April 21, 2016	€19.14	1,600,000	€30,629,228
Anne Busquet	Director	Shares	Purchase	June 1, 2016	USD 22.7135	2,330	USD 52,922.46
Emesa Corporacion Empresarial, S.L.	Director	Shares	Purchase	Dec. 16, 2016	€21.09	4,000,000	€84,360,000

3.2 RISK MANAGEMENT

3.2.1 RISK FACTORS

3.2.1.1 Risks Related to the Group's Industry

3.2.1.1.1 Risks related to food safety

The Group is exposed to risks associated with food safety and the food supply chain, which may subject it to liability claims, harm its reputation or negatively affect its relationship with clients.

The Group's main business activity is the preparation and service of meals as well as the sale of food products in connection with the provision of outsourced services (contract catering) or the operation of sales outlets (concession catering). As a result, it is particularly exposed to damage resulting from actual or perceived issues regarding the safety or quality of the food it provides. Claims of illness or injury relating to contaminated, spoiled, mislabeled or adulterated food can require costly measures to investigate and remediate, such as withdrawing products from sale or destroying supplies and inventory that are unfit for consumption.

The Group's contract catering and concession catering businesses rely on strict adherence by employees to standards for food handling and restaurant operations. Claims related to food quality or food handling are common in the food service industry and a number of these claims affecting the Group's contract catering or concession catering businesses may exist at any given time. If the Group is found negligent in its food safety, it may be exposed to significant liability, which could have an adverse impact on its results of operations. Even if any such claims are without merit, any negative publicity as a result of allegations of unsafe food services can have a significant impact on the Group's reputation and could negatively impact its contract catering and concession catering revenues.

Furthermore, the contract catering and concession catering businesses expose the Group to risks related to the food industry in general, such as widespread contamination, nutritional concerns and other health-related issues. From time to time, food suppliers are forced to recall products and as a result the Group may have to remove certain products from its inventory and source inventory from other providers. Such events can be highly disruptive to its business.

If any of the above were to occur, it could have a material adverse effect on the Group's business, reputation, results of operations and financial position.

For these reasons, Group-wide risk management processes and procedures have been put in place to mitigate food safety risks, which include, as a minimum:

- Supplier approval procedures.
- Certification of procurement procedures and points of sale.
- Hygiene control measures (HACCP).
- Bacteriological analyses.
- Training provided to new hires and other employees.
- Procedure manuals.

See Section 3.2.2.3.1 below for further information on these processes and procedures.

3.2.1.1.2 Risks related to unfavorable economic conditions

Unfavorable economic conditions have affected, and in the future could adversely affect, the Group's results of operations and financial position.

Each of the Group's businesses may be impacted to a different extent by the effects of general economic conditions. Growth in demand for services generally correlates with economic conditions in each of the countries in which it operates, and as a result, the Group is exposed to fluctuations in revenue correlated to economic cyclicality.

The Group provides contract catering and other services to both public and private entities. Public entities facing budgetary pressures due to declining tax revenues and concerns over deficit spending, and private companies facing declining revenues, may reduce their demand for the Group's services (including, for example, with respect to hours, types of services or service scope and cost). The Group's contract catering business in particular may suffer if its clients reduce their workforce, resulting in a smaller pool of guests to serve. In addition, the guests themselves may decide to consume differently as they are not obliged to dine in the corporate restaurant provided by their employer.

The Group's concession catering business is based on a business-to-consumer model and is therefore particularly sensitive to weaker consumer confidence and reduced spending. It is also closely linked to the travel industry and is affected by factors that may cause a decline in that industry. Lower disposable income, increased unemployment, a rise in oil prices, higher interest rates, inflation, deflation and increased consumer debt levels can all incite individuals to spend less, particularly on discretionary purchases associated with light retail in concessions areas. Travel is also largely a discretionary expense, and traditionally experiences a downturn when economic conditions are poor. Moreover, opportunities to expand the Group's concession catering business may be reduced due to scaled-back development of travel facilities during a downturn in the economy.

The Group's financial and operating performance, in particular in the concession catering business, has been adversely affected by these trends in the past and could be further adversely affected by a worsening of general economic conditions in the markets in which it operates, as well as by international trading market conditions and/or related factors. The Group is especially sensitive to economic conditions in Europe, particularly in France, Spain, Italy and Portugal, where it derives a significant portion of its revenue, and to a lesser extent in the United Kingdom, where its concession catering operations are not extensive. The Group generates 48% of its revenue in France, 14.5% in Spain and Portugal, 14.5% in the United States and 13% in Italy. Its European operations have been affected by the region's weak economic performance since 2008. In Spain, for instance, between 2008 and 2015, 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 €25.0 million at September 30, 2012 and €63.0 million at September 30, 2013 (for further details on risks related to goodwill, see Section 3.2.1.2.15 below). Although the situation in this region has improved since 2015, the business has not yet returned to same levels as in 2008. The Group's ability to maintain growth in the countries in which it operates will depend on the capacity of the countries concerned to recover from the global economic slowdown, and also on increases in demand for the Group's services in these markets. The economies of the countries in which it operates may not experience growth in the future, demand for the Group's services in these markets may not increase and further expansion into new markets outside of the Group's primary markets may not be successful. For example, while the International Monetary Fund has revised its world growth forecasts downwards, the Eurozone's growth figures have remained relatively stable. The Group may not be able to sustain its current revenue or profit levels if adverse economic events or circumstances occur or continue to occur in the countries in which it operates.

Despite these conditions, the measures implemented by the Spanish and Italian governments have continued to have a positive impact on these countries' economies, which in turn has resulted in an improvement in the Group's average days' sales outstanding ratios, which have decreased by a further 10 days in Italy, going from 87 days to 77, and by a further 8 days in Spain, from 90 days to 82. The Group has taken assertive measures in Southern Europe and also in France in order to lessen the effects of the economic slowdown on its revenue. These measures have aimed at significantly reducing the Group's labor costs, by actively right-sizing employee numbers and working hours, and negotiating reductions in labor costs with employee representatives in Spain and Italy.

Lastly, the Group has put in place a number of processes and procedures with a view to managing and/or analyzing these risks, such as defining acceptable minimum returns on investment, harmonized procedures for drawing up bids (adapted to the Group's various businesses), internal approval processes prior to lodging bids, and processes for identifying the risks accepted in validated bids. In addition, *a posteriori* checks are carried out between the commercial proposal and the actual situation during the performance of the corresponding contract.

The Group has also set up "business watch" teams that monitor economic conditions on an ongoing basis in order to anticipate changes in the macro-economic environment wherever possible.

3.2.1.1.3 The Group faces a dynamic competitive landscape marked by intense competition from a variety of players. If it is unable to compete successfully with its competitors and adapt to changing market conditions, this could result in a loss of market share, decreased revenue and/or lower profitability

The Group faces significant competition from a variety of companies across both of its business lines, and its success is dependent upon its ability to demonstrate the quality and cost value of its services. In the contract catering & services business line, competitors range from small, local businesses to multinationals with substantial financial resources. In each market in which the contract catering & services businesses are operated, the Group competes based on several factors, including the depth and scope of its services, the skills and training of its personnel, its ability to tailor services to a client's particular needs and its ability to manage costs effectively. The concession catering business competes with national and international operators of food, beverage and retail concessions, where distinguishing factors include the ability to undertake significant capital expenditure necessary for starting up a concession site, marketing expertise and the scope of a concession operator's brand offering. If the Group's clients do not perceive the quality and cost value of its services, or if there is insufficient demand for new services, this could have a material adverse effect on its business, results of operations and financial position.

In addition, some of the markets in which the Group operates its businesses remain highly fragmented despite some degree of consolidation. Over time, competitors could consolidate, and the diversified service offerings or increased synergies of those consolidated businesses could intensify the competition faced by the Group. Any failure to adapt successfully to these or other changes in the competitive landscape could result in a loss of market share, decreased revenue and/or a decline in profitability, and could thus have a material adverse effect on the Group's business, results of operations, financial position or outlook.

The majority of the Group's business units have "business watch" teams that monitor market trends on an ongoing basis. This helps the Group to develop innovative offerings, which are underpinned by a portfolio of directly-owned and franchised brands that is constantly evolving.

Client satisfaction surveys are regularly launched and their results carefully analyzed, and the contract catering business units have a specific CRM (Client Relationship Management system.

Lastly, the Group is currently focusing in particular on integrating into its businesses the systems and possibilities offered by new media.

3.2.1.1.4 Events beyond the Group's control that cause a reduction in travel, including terrorist attacks, pandemics and natural disasters, could have a material adverse effect on the Group's concession catering business

The Group's concession catering business is largely dependent on sales to travelers. Consequently, it is likely to be significantly adversely affected by any event or series of events that disrupts travel or causes a reduction in travel.

The travel and leisure sector is particularly sensitive to economic factors beyond the Group's control (see Section 3.2.1.1.2 above). For example, high or rising oil prices may inhibit sales growth due to higher airline ticket prices caused by fuel surcharges. Similarly, higher gas prices for motorway travelers and a generally increased cost of living may restrict the disposable income of the Group's concession catering clients or reduce consumer confidence.

The travel sector is also subject to risks related to travelers' perception of safety. The occurrence of any one of a number of events beyond the Group's control such as armed conflicts, terrorist attacks, pandemics, severe weather conditions, natural disasters or accidents could lead to a reduction in the number of air, railway or motorway travelers on a global, regional or local level.

Further, any disruption to or suspension of services provided by airlines or train operators as a result of financial difficulties, labor disputes, construction work, increased security or otherwise, could have a material adverse effect on the number of air or rail passengers.

Any of the events described above, were they to cause a reduction in travel, would be likely to result in a decrease in concession catering sales and could have a material adverse effect on the Group's business, financial position and results of operations.

3.2.1.2 Risks related to the Group's Business

3.2.1.2.1 The Group's contract catering business is reliant on key suppliers and a disruption of the supply chain could have a material adverse effect on its results of operations

The Group relies on its relationships with suppliers of both food and non-food items in the operation of its businesses.

Except in Spain and Italy, where the contract catering and concession catering businesses each have their own purchasing organization, the Group has put in place central purchasing structures in the countries in which it operates which manage the needs of each of its businesses. For around 60% of the Group's purchases, master agreements have been signed with the main distribution platforms that serve as warehouses between suppliers and the Group's central kitchens or concession catering sites.

Although supplies are obtained from a range of sources, the Group is particularly reliant on a handful of key suppliers in certain of the markets in which it operates. In France, in 2015-2016, the top supplier represented 21.8% of the Group's purchases. The Group's top five suppliers represented 42.9% of purchases in France and the top ten 54.6%. If the Group were to lose the ability to purchase from a key supplier, it would be more difficult for it to meet its supply needs unless it rapidly found a substitute supplier. Consolidation among suppliers, if it were to occur, would further reduce the number of supply sources for the Group. In addition, in the event of a dispute with any supplier or if a supplier were to experience financial difficulties, delivery of a significant quantity of supplies could be delayed or cancelled, or the Group could be forced to purchase supplies at a higher price from other suppliers. Such events could cause a decrease in revenue and an increase in costs, thereby adversely affecting the Group's business, results of operations and financial position.

In addition, a number of factors beyond the Group's control and the control of its suppliers could harm or disrupt its supply chain. Such factors include unfavorable weather conditions or natural disasters (notably in certain regions of the United States that are prone to earthquakes or hurricanes), government action, fire, terrorism, the outbreak or escalation of armed conflicts, pandemics, workplace accidents or other occupational health and safety issues, labor actions or customs or import restrictions. Any failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could have a material adverse effect on the Group's business, results of operations and financial position, as well as requiring additional resources to restore the Group's supply chain.

3.2.1.2.2 Ability to attract, retain and motivate key personnel

The Group is reliant on site, regional, divisional and senior management teams and other key personnel for the successful operation of its businesses.

The success of the Group's operations depends on the skills, experience, efforts and policies of its executives and the continued active participation of a relatively small group of senior management personnel. If the services of all or some of these executives were to be lost, this could harm the Group's operations and impair efforts to expand its business. If one or more key executives leaves the Group, a replacement will have to be hired with the necessary qualifications to carry out the Group's strategy, if such a replacement is not available within the Group. Because competition for skilled employees is intense, and the process of finding qualified individuals can be lengthy and expensive, the Group believes that the loss of the services of key executives and employees could have a material adverse effect on its business, results of operations and financial position. The Group cannot provide assurance that it will continue to retain such key executives and employees.

The Group relies on skilled and experienced managerial personnel at each level of the organization to ensure that its operations are carried out in an effective, cost-efficient manner. Site managers are the first point of contact with clients in both the contract catering and concession catering businesses and are key to maintaining good client relations. They also have primary responsibility for evaluating and managing costs at each of the Group's restaurants and points of sale and for guaranteeing service quality and compliance with client specifications. District, regional and national managers coordinate restaurants and retail outlets and ensure that large-scale operational plans and/or capital expenditure projects are carried out efficiently, in line with Group instructions and policies. Finally, the Group depends on its senior management's skills and experience in coordinating its businesses, implementing large capital expenditure programs and formulating, evaluating and implementing new strategies.

In order for its management model to operate successfully, the Group relies on its ability to attract, train and retain qualified personnel. If one or more executives are unable or unwilling to continue in their current positions, the Group may not be able to replace them easily or provide their potential replacements with the training necessary to carry out their missions. If the Group is unable to hire or retain personnel with the requisite expertise or train such individuals effectively, it may be unable to operate its business effectively and this would have a material adverse effect on its results of operations and financial position.

In order to attract and retain high quality personnel the Group has set up a career management system called "Elior Talent" as well as numerous training programs adapted to its various professions and countries. Job descriptions have also been drawn up and are regularly updated.

The Group's compensation policy is regularly benchmarked against other market players and salaries generally include a variable portion based on the achievement of targets.

The employment contracts of managerial staff often include a non-compete clause.

3.2.1.2.3 The Group faces risks associated with entry into new markets or any acquisition of businesses or divestment of business units that it may undertake as part of its strategy

The Group has engaged in the past in strategic and targeted acquisitions as part of its growth strategy in each of its contract catering & services and concession catering business lines. It intends to continue to develop and expand its businesses through further acquisitions, notably in the United States, and to seek new growth opportunities in Northern Europe, the Middle East and Asia. The Company has uncommitted revolving credit facilities amounting to €300 million and US$ 250 million to finance its future acquisitions. Any inability by the Group to successfully complete acquisitions or integrate acquired companies may render it less competitive. The preparation and completion of acquisitions may require significant input from the Group's management teams and divert management and financial resources away from the day-to-day running of the business. Among the risks associated with acquisitions that could have a material adverse effect on the Group's business, results of operations and financial position, are the following related to acquisition opportunities:

- It may not find suitable acquisition targets.
- It may not plan or manage a particular acquisition effectively.
- It may be unable to arrange financing for an acquisition, or to obtain financing on satisfactory terms.
- It may face increased competition for acquisitions as markets in which it operates undergo continuing consolidation.
- It may overpay for the acquisition target.

The Group is also exposed to the following risks related to the acquisitions themselves:

- It may not be able to retain the acquired business's key personnel or key client contracts (which, in the case of such contracts, can be due to a "change of control" clause).
- It may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses for which it may be liable as the successor owner, controlling entity or operator in spite of any due diligence it conducted prior to the acquisition.
- Labor laws in certain countries may require the Group to retain more employees than would otherwise be optimal from entities it acquires.
- Future acquisitions could result in the Group incurring additional debt and related interest expense or contingent liabilities and amortization expenses related to intangible assets, which could have a material adverse effect on its financial position, results of operations and/or cash flow.
- Future acquisitions could result in the assumption of liabilities in excess of those valued during the due diligence phase, notably relating to disputes and litigation.
- Future acquisitions may be subject to approval by antitrust or competition authorities, which could seriously delay or even prevent completion of the transaction.
- An acquisition may not achieve the anticipated synergies or other expected benefits, or may give rise to higher risks than identified during the acquisition process.
- It may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses, such as costs and issues relating to managing, hiring and training new personnel, the integration of information technology and reporting, accounting and internal control systems or problems

coordinating supply chain arrangements; in some cases the costs incurred may not be offset by the profit generated by the acquired businesses.

- It may incur costs associated with developing appropriate risk management and internal control structures for acquisitions in a new market, or understanding and complying with a new regulatory environment.
- Additional investments may be needed in order to understand new markets and follow trends in those markets in order to compete effectively.
- It may have a reduced ability to predict the future performance of an acquired business in the event it has less experience in the acquired business's market than in its existing markets, particularly if it underestimates the level and extent of market competition.
- Acquisitions may divert management's attention from running existing businesses.

The Group may also face risks in relation to any divestments it may undertake. Divestments could result in losses and write-downs of goodwill and other intangible assets. The Group may encounter unanticipated events or delays and retain or incur legal liabilities related to the divested business with respect to employees, clients, suppliers, subcontractors, public authorities or other parties. Any of these events could have a material adverse effect on the Group's business, results of operations and financial position.

In order to mitigate acquisition-related risk, the Group systematically performs due diligences on target companies. These due diligences are performed either by in-house teams or external consultants.

The first stage of any acquisition involves analyzing the target's business plan. These analyses systematically include a review of issues such as earnings growth, potential synergies, action plans and the target's image (brand image, corporate culture, repeat business, etc.).

3.2.1.2.4 The Group could be held liable for the actions of its employees

As a provider of outsourced services through its contract catering & services business line and as an operator of food and beverage and retail outlets through its concession catering business line, the Group is reliant on a large workforce whose actions have a direct impact on consumers and/or who provide services at its clients' premises. In addition, in all of its businesses the Group provides facilities that are accessible to the public either at its own or its clients' premises. As a result, the Group may be subject to claims in connection with damage to a client's property, security breaches at a client's premises, interruptions of a client's business, the spread of infections at healthcare facilities, food contamination, violations of environmental and/or occupational health and safety regulations, unauthorized use of a client's property, willful misconduct or other tortious acts by its employees or people who have gained unauthorized access to premises through it. Such claims may be substantial and may result in adverse publicity for the Group. Moreover, such claims may not be fully covered by insurance policies. Consequently, they could have a material adverse effect on the Group's business, results of operations and financial position.

3.2.1.2.5 Some of the Group's concession catering contracts provide for minimum guaranteed payments to concession grantors; if the Group were unable to generate sufficient revenue at a concession site to meet such guaranteed payments, its results of operations could be adversely affected

Pursuant to the terms of its concession catering contracts, the Group pays to the concession grantor a fee for the right to operate points of sale at the concession site. This fee is typically determined based on the revenue generated by the Group at the points of sale. Revenue or profits at concession catering outlets may be lower than forecast due to higher-than-expected operating costs, lower passenger traffic, changes in passenger flows or a decrease in travelers' purchasing power. For this reason, some concession grantors negotiate a minimum amount that must be paid by the concession holder, regardless of the actual revenue generated. This could result in the expenses associated with a concession site being disproportionate to the Group's revenue at the site. If such a situation were to occur and the Group were unable to renegotiate the terms of the contract, its results of operations could be adversely affected.

3.2.1.2.6 Risk of revenue growth not keeping up with increases in the Group's main operating costs (labor and raw materials, including oil)

If the Group were unable to manage and control its food costs, information systems costs or labor costs (notably as a result of any labor actions), this could have a material adverse effect on its businesses.

Outsourcing is a key trend underpinning the demand for services provided by the Group. Maintaining low costs while being able to provide a wide array of services is essential for the successful operation of any outsourced business. Clients will choose this solution only if they perceive that outsourcing will enable them to obtain higher quality services at a lower overall cost and permit them to focus on their core business activities.

Food costs are a key element of the Group's operating expenses. Its contract catering business and, to a lesser extent, its concession catering business rely on its ability to purchase food supplies and prepare meals on a cost-efficient basis. Food costs are variable and prices are subject to the risk of inflation. Food price inflation can be driven by several factors, such as scarcity due to poor weather conditions, increased oil and transport prices and overall population growth.

In addition, because its businesses also require that the Group maintain a large workforce, it is particularly sensitive to labor costs. In order to operate efficiently, it is important that staffing levels are predicted accurately and properly managed. The Group's labor costs can also depend on political decisions taken by the relevant authorities to increase or reduce payroll taxes. Staffing needs are determined by studying a number of factors, including the extent of the services and volume of the products to be provided to a client and the expected footfall at a particular contract or concession catering site. If the Group overestimates its staffing needs for a particular client, its operating margins may be eroded. Labor laws applicable to the Group's business in certain countries are relatively strict. For example, the vast majority of its employees are covered by collective bargaining agreements that set wages and benefits. These agreements are periodically renegotiated and any increases in wages or benefits that could result from these renegotiations would have a material adverse effect on operating costs which the Group may be unable to pass on to any significant extent to its clients or end-consumers.

Because approximately half of its workforce is located in France, the Group's payroll costs are particularly affected by increases in French payroll taxes. However, its exposure to the risk of an increase in the statutory minimum wage is limited, because only around 1,230 employees in France were paid the minimum wage at September 30, 2016, such that the effect of a 1% increase would not be material at Group level. In addition, the risk is often lessened by the application of annual price escalation clauses contained in the Group's contracts that are based notably on increases in labor cost indexes. Moreover, in many cases, labor laws provide for other strong protections of employees' interests, requiring that the Group consult with unions, works councils or other bodies in developing or restructuring certain aspects of its business. These labor laws and consultation procedures could restrict the Group's flexibility with respect to its employment policy or reorganization plans, and could limit its ability to respond effectively to market changes; furthermore, they are not a guarantee against negative reactions from employees and employees' representative bodies. Although the Group believes its relations with its employees are generally good, it runs the risk of labor disputes potentially leading to strikes and other forms of labor action that could cause serious disruption to its operations and require costly settlements. Additionally, the Group may be affected by work stoppages at its clients' facilities or at concession sites. Any prolonged strikes or other labor actions could have a material adverse effect on the Group's business, results of operations and financial position.

Another contributing factor to the Group's costs is the implementation and maintenance of systems necessary to run its worldwide operations in an orderly fashion. For example, the Group maintains complex group-wide information technology systems in order to monitor sales at contract catering and concession catering restaurants and points of sale, as well as to track client accounts and implement accounting controls and procedures. It relies on its software providers and in-house information technology team to maintain reliable systems at the lowest possible cost and limit overheads that would otherwise have to be passed on to clients or reflected in the pricing of its concession catering and contract catering bids.

The Group's ability to pass on increased costs in its contract catering & services business line is determined by the terms of its contracts. The level of risk borne by the Group due to changes in costs and probable margins varies depending on the type of contract under which the services are provided. Although many contracts allow the Group to renegotiate pricing terms periodically to reflect increases in the cost of goods, it may be unable to do so in a timely fashion, if at all, exposing it to losses due to higher-than-expected costs during the renegotiation period and possibly for longer. Even if the Group is able to shift the burden of higher costs to its clients, it could lose market share due to a decline in the perceived value of its services. Any failure on its part to control costs or adapt to higher costs could have a material adverse effect on its business, results of operations and financial position.

With a view to managing its margins as closely as possible, the Group carries out an annual budget procedure that requires approvals and validations at several different levels. In the near future it also plans to put in place a rolling forecast system in order to round out this procedure.

Group-level performance reviews are carried out on a monthly basis and any necessary corrective measures are subsequently implemented and tracked. A strict purchasing policy has also been put in place (covering issues such as large-scale procurement, prices and product ranges) and employees are required to respect precise instructions set out in technical datasheets at production sites.

Various internal and public indices are regularly tracked and wherever possible indexation clauses are included the Group's contracts with its clients.

In concession catering and retail operations, price changes are generally subject to restrictions that may be set by the concession grantors.

3.2.1.2.7 The Group might not be able to win new contracts and the contracts that it does win might not yield the results it expects

The success of each of the Group's businesses relies on its ability to generate organic growth by winning new business from clients who choose to outsource and from concessions grantors.

A large proportion of contract catering & services and concession catering business is generated from a competitive bidding process between the Group and several other service providers. In order to be awarded a contract, the Group must be able to demonstrate its value proposition effectively. It devotes significant time and effort and incurs substantial costs in preparing a bid or a proposal for a competitive bidding process. These costs may not be recouped if the Group is not successful in its bid.

Even if a bid is successful, the contract may not yield the expected results. Although the Group thoroughly researches each opportunity to enter into a new contract to ensure that it is aligned with its overall strategic and financial objectives, it may not be able to fully evaluate the contract until operations begin. Ultimately the potential for revenue may not sufficiently outweigh the costs of providing catering or support services or of operating at a particular concession site. While contract terms are negotiated to mitigate exposure to losses, for example by including price escalation clauses based on changes in food and labor costs and capital outlay, the Group may have no choice but to terminate a contract that is unprofitable. However, its ability to terminate its contracts may be limited. For example, its contract catering & services contracts with public entities are difficult to terminate because of certain contractual provisions that are required by law to be included in public sector contracts. Additionally, certain concession catering contracts cover long periods and their termination may be difficult or complicated. If the Group underestimates the cost of providing its services under a particular contract and is unable to terminate or renegotiate the contract, it could incur significant losses that could have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.8 The early termination of a significant number of client contracts or decisions by clients not to renew their contracts could have a material adverse effect on the Group's contract catering & services and concession catering business lines

The Group conducts business with its contract catering & services clients under contracts that either have a stated term or may be terminated with advance notice. Contracts may be terminated, or not renewed, if one of the Group's competitors offers the same service for a lower price. The Group cannot predict whether a client will choose to cancel a contract or allow it to lapse. Moreover, even if contracts are renewed, their new terms may be less advantageous than previously or they may require the Group to incur significant capital expenditure. Clients may also decide to insource services previously outsourced to the Group. For example at the end of 2013, a large client in the United Kingdom announced that it had made a strategic decision to insource the catering services previously outsourced to the Group. Although this termination did not have a material adverse effect on the Group, notwithstanding the Group's general efforts to mitigate its exposure to any single client in each of its markets, the loss of a large contract or the loss of multiple contracts simultaneously could have a material adverse effect on its results of operations and financial position. Furthermore, client dissatisfaction with the Group's services could damage its reputation and negatively impact its ability to win new contracts, which could also have a material adverse effect on its business, results of operations and financial position.

In order to reduce the risk of losing major contracts, the Group has put in place procedures aimed at anticipating negotiations with the client during the course of the contract. As part of this approach a process has been set up to identify "key account" clients, and dedicated teams are assigned to these clients in the various business units.

In addition a client loyalty strategy has been drawn up at Group level and rolled out across all of the businesses.

3.2.1.2.9 The Group may have to write off receivables from clients experiencing financial difficulties

Across both of its business lines, and notably for contract catering & services, the Group is reliant on clients' ability to pay for its services. If a client experiences financial difficulties, payments may be significantly delayed and ultimately the Group may not be able to collect the amounts due under its contracts, resulting in bad debt write-offs. Although provisions are set aside for doubtful accounts, there can be no assurance that such provisions adequately cover the Group's credit risks. Significant or recurring bad debts could have a material adverse effect on the Group's financial position and results of operations.

Client credit risk is closely monitored and controlled via a DSO (Daily Sales Outstanding) reporting system that covers all of the Group's business units. Additionally, securitization and factoring programs have been set up, primarily in the Group's European contract catering entities.

3.2.1.2.10 An inability to enter into or enforce the terms of franchise agreements would adversely affect the Group's concession catering business

Brands form a key element of the Group's concession catering business strategy. Through franchise agreements, the Group is able to license well-known food, beverage and retail brands for use in concession areas that it operates worldwide. When the Group bids for a concession contract, it assembles a portfolio of brands to match the specifications set by the concession grantor. The Group believes customers are specifically drawn to well-known, main-street brands, thereby making the ability to offer such brands a key factor in generating revenue. As a result, concession grantors look specifically to the brand portfolio proposed by a bidder when considering whether to award a contract. The Group is party to a certain number of franchise agreements that provide an exclusive right to use a brand and its ability to conclude new franchise agreements is a key to its success in forming winning bids for new concessions. If the Group is unable to sign franchise agreements on favorable terms, it could prove difficult to expand the concession catering business. Further, the Group is party to franchise agreements that provide a right of first refusal in the use of a brand for a particular bid for new concessions. This enables the Group to have a preferential right to use these brands and thus have the most attractive offer possible compared to its competitors. If a franchisor were to terminate or breach a franchise agreement and the Group were to lose the right to use that particular brand, it could be at a competitive disadvantage with another concession operator bidding for the same contract. Consequently, if the Group were unable to enter into new franchise agreements or enforce the terms of existing franchise agreements, this could have an unfavorable impact on its concession catering business and, as a consequence, could have a material adverse effect on its results of operations and financial position as a whole. Lastly, as the Group does not own the brands used under franchise agreements, it could be indirectly affected by any negative events arising in relation to franchisors and their brands, most of which are beyond its control.

3.2.1.2.11 The Group's international operations may expose it to additional risks

The Group currently operates in 13 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 could have a material adverse effect on the

Group's business, financial position and results of operations.

The Group delegates considerable operational responsibility to its subsidiaries. Although Group-wide control procedures, reporting policies and codes of conduct have been adopted and individual country operations are visited and audited at regular intervals, the Group may experience incidents in certain countries or regions of managers not complying with its policies, accounting irregularities, unintended accounting misstatements or intentional or unintentional breaches of local legislation, any of which could, individually or collectively, have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.12 The Group's contract catering business relies to a significant extent on its central kitchen facilities. Disruption in the operations of any of its central kitchens could have a material adverse effect on its contract catering business and results of operations

At September 30, 2016, the Group operated 118 central kitchens – 66 in France, 31 in Italy 17 in Spain and 4 in the United States – in which meals are prepared for delivery to contract catering clients in the education, healthcare and corrections markets. Its central kitchens are strategically located to serve the needs of clients within a specific geographical area. If, as a result of an incident such as fire or a labor dispute, a central kitchen is put out of operation for an extended period of time, it would be difficult to fulfill contractual obligations to the contract catering clients that a particular central kitchen serves, especially in markets where meals are prepared hot for immediate delivery to contract catering sites and cannot therefore be transported over extended distances. Such a disruption in operations, if it were to occur, could have a material adverse effect on the contract catering business and, therefore, on the Group's results of operations as a whole. Similarly, the business could also be adversely affected if the Group were to lose a contract with a public authority that allows it to use a central kitchen for preparing meals for said public authority as well as for other parties in return for a fee.

3.2.1.2.13 The Group may incur liabilities that are not covered by insurance

Various types of insurance policies have been taken out by the Group, notably property damage insurance, general liability coverage and directors and officers liability insurance. The Group may not always be able to accurately foresee all activities and situations in order to ensure that they are fully covered by the terms of its insurance policies and, as a result, it may not be covered by insurance in specific instances. While the Group seeks to maintain the most extensive levels of cover, not all risks are insurable and it may experience major incidents of a nature that is not covered by insurance. The Group maintains a level of insurance protection that it believes is adequate, but there can be no assurance that its insurance coverage will be sufficient or effective under all circumstances and against all liabilities to which it may be subject. It could also be subject to substantial claims for damages upon the occurrence of several events within the same calendar year, which could have a material adverse effect on its insurance premiums. In addition, its insurance costs could increase over time in response to any negative development in its claims history or due to significant price increases in the insurance market in general. The Group may not be able to maintain its current insurance coverage or do so at a reasonable cost, which could have an adverse effect on its business, results of operations and financial position.

3.2.1.2.14 A financial crisis in a particular geographic region, industry or economic sector could have a material adverse effect on the Group's ability to borrow from banks or raise funds in the capital markets or otherwise

The Group's ability to borrow from banks or raise funds in the capital markets or otherwise to meet its financing requirements is dependent on favorable market conditions. Financial crises in particular geographic regions, industries or economic sectors have led, in the recent past, and could lead in the future to sharp declines in currencies, stock markets and other asset prices, in turn threatening the affected financial systems and economies.

For instance, during recent years, global credit markets have tightened significantly, initially prompted by concerns over the United States subprime 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 are not available in the future for these or other reasons, the Group may be unable to meet its financing needs, which could have a material adverse effect on its business, results of operations and financial position.

3.2.1.2.15 The Group has recorded a significant amount of goodwill and it may never realize the full amount thereof

The Group has recorded a significant amount of goodwill. Total goodwill, which represents the excess of acquisition cost over the fair value of the net assets of businesses acquired, was €2,542.0 million at September 30, 2016, representing 49.7% of its total assets. Goodwill is recorded on the acquisition date and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from a deterioration in the acquired business's performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any goodwill impairment is expensed immediately as a charge to the income statement and may not be subsequently reversed. For example, the Group recognized a €25 million goodwill impairment loss in its financial statements for the year ended September 30, 2013 and it cannot guarantee that it will not have to recognize further impairment losses in the future. Any future impairment of goodwill would result in material reductions of its profit and equity under IFRS. The goodwill impairment loss of €25 million for the year ended September 30, 2013 related to Areas' goodwill and was recognized after a similar impairment loss of €63 million was recognized in the year ended September 30, 2012 against the goodwill related to Areas Spain and Portugal.

3.2.1.2.16 The Group relies on its computer systems to conduct its business. Any instances of systems under-performance or failure could adversely affect its business

The Group relies on numerous computer systems that allow it to track and bill or record its services and costs, manage payroll and gather information upon which management bases its decisions regarding the Group's business. The administration of its business is increasingly dependent on the use of these systems. Consequently, any system failure or down-time resulting from computer viruses, hackers or other causes, or the Group's dependence on certain IT suppliers, could have an adverse effect on its business, results of operations and financial position.

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, 2016, it had total gross debt of €1,876.2 million (see Section 4.7.1.2.2, "Financial Liabilities" of this Registration Document). However, its indebtedness could have negative consequences. In particular:

- It could be required to dedicate a substantial portion of its cash flow from operations to servicing its debt, thus reducing the availability of free cash flow to fund organic growth and capital expenditure and for other general corporate purposes.
- Its vulnerability to a downturn in its business or economic conditions may be increased.
- It may be put at a competitive disadvantage compared to other market players that have less debt in relation to cash flow.
- It may have less flexibility in planning for or reacting to changes in its business and industry.
- It may have a reduced ability to invest in expanding its business, notably with a view to modernizing and extending its network.
- Its ability to exploit certain business opportunities may be restricted.
- The Company and its subsidiaries could have a reduced ability to borrow additional funds or raise equity capital in the future and the costs of such additional financing may be higher.

These risks could have a material adverse effect on the Group's business, results of operations and financial position. The Group is also exposed to the risk of fluctuations in interest rates because the majority of its debt is indexed to the Euro Interbank Offered Rate ("Euribor") plus an applicable margin. See Section 3.2.1.5.2 "Interest Rate Risk" below for a definition of Euribor. In addition to fluctuations in Euribor, the margins applicable on some of the credit facilities put in place under the Senior Facility 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 Section 4.7.1, "Liquidity and Capital Resources" of this Registration Document).

In order to effectively manage the Group's debt, several reporting schedules are analyzed on a monthly basis including schedules relating to revenue, DSO, cash out capex, commitments and disputes. A detailed reporting schedule on the Group's net debt is prepared each month and the main lines are monitored weekly.

3.2.1.3.2 As a holding company, the Company depends on the ability of its operating subsidiaries to generate profit and service debt. Any decrease in their profit or any restriction of their ability to repay their borrowings could have a material adverse effect on the Group's financial flexibility

The Company is a holding company and conducts its business indirectly through its operating subsidiaries (see Section 1.4 "Organizational Structure" of this Registration Document). These operating subsidiaries own the Group's assets and generate the vast majority of its profits and cash flows. If the subsidiaries' profits decrease, the Group's profit and cash flows will be affected, and the subsidiaries concerned may not be in a position to meet their obligations (notably to service their debts) or to make dividend payments to the Company or its intermediate subsidiaries. The Company's cash flows primarily consist of dividends from its subsidiaries as well as interest on and repayments of intra-group loans. The ability of its subsidiaries to make these payments will be dependent on various economic, commercial, contractual, legal and regulatory considerations. If any of the subsidiaries experiences a decrease in its profits or is unable to make scheduled payments to other Group subsidiaries or to the Company, this could have a material adverse effect on the ability of the subsidiaries concerned to repay their borrowings and meet their other obligations, which in turn could have a material adverse effect on the Group's business, results of operations and financial position.

3.2.1.3.3 A number of negative covenants in subsidiaries' financing agreements could restrict the Group's ability to operate its business

The Senior Facility Agreement requires the Group to comply with certain customary negative covenants and financial ratios (see Section 4.7.1, "Liquidity and Capital Resources" of this Registration Document).

The restrictions in the Senior Facility 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, 2016, comprised approximately 120,000 employees) and payroll costs (which represented 44.5% of consolidated revenue for the year ended September 30, 2016). The vast majority of the Group's workforce is based in France, Italy and Spain, where labor laws are highly protective of employees. Labor laws and regulations may not be clear, leaving substantial room for interpretation by employers and employees as well as by the courts and regulatory authorities. If a court or regulatory authority were to interpret a legal or regulatory labor-related obligation in a manner contrary to the manner in which the Group has employed its workers, or if the Group were to be found to be in violation of labor laws or regulations, it could incur significant additional operating costs or liabilities. Any changes in labor and employment laws and regulations may also subject the Group to substantial compliance costs. If any of these events were to occur, the Group's results of operations and financial position could be adversely affected.

Generally, the Group's results could be negatively affected by changes in the legal or regulatory environment in certain domains. For example, any change in the rules relating to school hours could have an adverse effect in the education market within its contract catering & services business line. Similarly, a reduction in the duration of vacations could adversely impact the Group's concession catering business due to the fall in the volume of traveler and passenger traffic that such a change would entail.

The Group's business units have a supervisory body that oversees workplace health and safety and have access to internal or external experts who monitor and advise on changes in labor laws and regulations.

3.2.1.4.2 The Group's public sector contracts may be affected by political and administrative decisions

The Group derives a significant portion of its revenue in each of its businesses from contracts with government entities and other public sector organizations. It estimates that these contracts represent approximately 32.9% of revenue for the contract catering & services business line. Business generated by public sector clients may be affected by political and administrative decisions regarding levels of public spending, particularly in light of the current attention in certain of the countries in which the Group operates to reducing national and local government budget deficits. Decisions to reduce public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on the Group's results of operations. The Group has also experienced delays in collecting amounts due to it under contracts with public entities in Spain and Italy. Although none of its public entity clients have defaulted on their payments, any difficulties the Group may have in collecting amounts due under its contracts could have a material adverse effect on its business, cash flows and results of operations.

In addition, contracts in the public sector are subject to review and monitoring by local authorities to ensure compliance with laws and regulations prohibiting anti-competitive and unethical practices. Any failure to comply with such laws and regulations could result in fines, penalties and other sanctions, including exclusion from participation in tenders for public contracts. Any such event could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

3.2.1.4.3 The adverse outcome of material litigation could have a negative financial impact and an unfavorable impact on the Group's client base and reputation

The Group has been involved, and may be involved in the future, in various legal proceedings arising in the ordinary course of its business, including disputes concerning professional liability and disputes with employees. For example, the Group is currently involved in proceedings for alleged violation of antitrust laws in Italy and in France. Some of the proceedings against it may involve claims for substantial amounts and could divert management's attention from day-to-day business operations to address such issues. Proceedings may result in substantial monetary damages, damage to the Group's reputation and reduced demand for its services, all of which could have a material adverse effect on its financial position, results of operations and/or cash flows in the period(s) in which the outcome of such matters is determined and/or the related amounts are settled.

In early 2014, the French antitrust authorities launched an investigation into 15 companies, including Elior Services Propreté et Santé, with a view to determining whether the companies concerned had engaged in anti-competitive practices in the industrial cleaning sector, notably in relation to an invitation to tender organized by the Ministry of Defense's aeronautical manufacturing division which was won by one of Elior Services Propreté et Santé's competitors. At the date of this Registration Document the investigation proceedings were still under way and no related provision had been recognized in the consolidated financial statements.

On March 18, 2014, the Italian antitrust authorities announced that they had decided to launch an investigation concerning MyChef Ristorazione Commerciale S.p.A. and Chef Express S.p.A. in order to determine whether these two companies had acted contrary to EU competition regulations at the time of their participation in 2013 in invitations to tender related to catering concessions on the Italian motorway network. At the time of their announcement the authorities stated that the two companies may have agreed between themselves on a way for each of them to be granted 8 of the 43 catering outlets included in the invitation to tender. On May 7, 2015, the Italian antitrust authorities issued a decision ordering MyChef to pay a €5 million fine. MyChef appealed this decision to the Regional Administrative Court on July 1, 2015 and on July 29, 2015 this Court suspended the payment of the fine and overturned the decision of the antitrust authorities. Subsequently, by way of a judgment handed down on April 1, 2016 the Administrative Court canceled in full the antitrust authorities' decision dated May 7, 2015 and the authorities appealed this judgment on June 30, 2016. The appeal decision is expected within 12 to 18 months. In view of the circumstances of this case no related provision has been recognized in the consolidated financial statements. In addition, the Company considers that the risk related to the case is non-material in view of the Group's size.

At the date of this Registration Document, the Group was not aware of any other governmental, judicial or arbitration proceedings, including any pending or potential proceedings, that could have or have had in the last 12 months, a significant impact on the financial situation or profitability of the Company and/or the Group.

3.2.1.4.4 French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on the Group's debt incurred in France, thus reducing the cash available to service its debt

Under Article 212 II of the French Tax Code (*Code général des impôts*), the deduction of interest paid on loans from related parties within the meaning of Article 39 (12.) of the French Tax Code, or on loans from a third party that are guaranteed by a related party (which are assimilated to related-party debt), is subject to certain restrictions. Deductions for interest paid on such loans may be partially disallowed in the fiscal year during which it accrues if the amount involved exceeds each of the following: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company's net equity and (b) the average amount of debt owed to related parties (and assimilated debt owed to third parties) over the relevant fiscal year; (ii) 25% of the company's profit before tax and non-recurring items (as adjusted for the purpose of these restrictions); and (iii) the amount of interest received by the borrower from related parties. Deductions may be disallowed for the portion of interest that exceeds, in a given fiscal year, the highest of the above three restrictions if such portion of interest is greater than €150,000.

In addition, Article 209 IX of the French Tax Code restricts deductions for interest incurred by a French company that has acquired shares in another company qualified as a participating interest (*titres de participation)* within the meaning of Article 219 I a *quinquies* of the Tax Code, if it is unable to demonstrate, for the fiscal year(s) covering the twelve months following the purchase of the shares (or the first fiscal year commencing after January 1, 2012 for shares acquired in a fiscal year commencing prior to that date): (i) that decisions concerning the shares are effectively made by the acquirer (or, if applicable, a company that controls the acquirer or a company directly controlled by the acquirer within the meaning of Article L. 233-3 I of the French Commercial Code, that is located in France) and (ii) that the acquirer (or, if applicable, a company that controls the acquirer or a company directly controlled by the acquirer within the meaning of Article L. 233-3 I of the French Commercial Code) exercises control or influence over the acquiree.

In addition, Articles 212 *bis* and 223 B *bis* of the French Tax Code provide for a general restriction on the deductibility of interest with some exceptions. Pursuant to Article 212 *bis* of the Code, only 75% of adjusted net interest expense incurred by French companies that are not members of a French tax group in fiscal years beginning on or after January 1, 2014 (85% in prior years) is deductible from their taxable profit if their interest expense net of interest income exceeds €3 million for the fiscal year concerned. For companies that are members of a tax group, under Article 223 B *bis* of the Code, the deduction limit is determined based on the tax group's taxable profit and is applied to the adjusted sum of net interest expense paid by tax group members on loans from lenders that are not members of the tax group, where the sum of the interest expense net of interest income of the tax group members exceeds €3 million for the fiscal year concerned.

Lastly, pursuant to Article 22 of the French Finance Act for 2014 (*Loi de Finances pour 2014*), for fiscal years ending on or after September 25, 2013, an additional restriction applies to deductions for interest paid to related parties within the meaning of Article 39 (12.) of the French Tax Code. If the lender is a related party within the meaning of Article 39 (12.) of the Code, the French borrower must be able to demonstrate, at the request of the French tax authorities, that the lender is liable for corporate or personal income tax on the interest for the fiscal year concerned and that said tax liability is at least equal to 25% of the corporate income tax that would be due under standard French tax rules. If the lender is domiciled or based outside France, the corporate income tax that would be due according to standard French tax rules is the amount the lender would have had to pay on the interest income if it had been domiciled or based in France. Specific rules apply when the lender is a look-through entity (*entité translucide*) within the meaning of French tax law, an undertaking for collective investment in securities (UCITS) governed by Articles L. 214-1 to L. 214-191 of the French Monetary and Financial Code (*Code Monétaire et Financier)* – a category that includes OPCVMs, FIAs, SICAVs, and SPPICAVs with a sole shareholder – or, in some cases, a similar entity governed by the laws of another country.

These tax rules could restrict the Group's ability to deduct interest on its French debt and therefore increase its tax burden, which in turn could have a material adverse effect on its financial position and cash flows.

3.2.1.4.5 The Group qualifies for the French employment incentive tax credit. However, changes in the law or in the application of related accounting rules may have a material adverse effect on the extent to which it benefits from this tax credit

In December 2012, the French government enacted a competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi*, or "CICE"), as part of its overall policy to support employment in France and improve the competitiveness of the French economy. The CICE is equal to 4% of gross salaries paid to certain employees in 2013, 6% for 2014, 2015 and 2016, and has been raised to 7% for fiscal years beginning on or after January 1, 2017. It 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 credit 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, 2016.

The CICE credit for any particular fiscal year may be used to reduce corporate income tax payable for the next three years. Any excess credits not used to offset corporate income tax during that four-year period become fully refundable in cash by the French tax authorities at the end of those four years. However, the Group believes that it should be able to regularly monetize this refund before the end of the four-year period, on a recourse or non-recourse basis, as it did in July 2016 for the 2015 credit. This would provide the Group with additional sources of liquidity in the event of monetization on a recourse basis or with additional net cash from operating activities in the case of non-recourse monetization. Nevertheless, no assurance can be given as to the Group's ability to achieve such monetization.

Further, in light of ongoing budgetary pressures in France, the French government may decide at any time to change its policy and restrict application of the CICE, for example by changing the calculation base, or eliminate it altogether. If the French economy improves, the government may also decide that the CICE is no longer needed to increase employment and enhance the competitiveness of the French economy and as a result may choose to repeal the law that established it, for budgetary or other reasons. There can be no assurance, therefore, that the Group will continue to be able to benefit from the CICE. Any changes to the CICE, including changes in the conditions or requirements companies must satisfy in order to claim the tax credit or any changes in its accounting treatment, may have the effect of reducing or eliminating its positive impact on the Group's results of operations. Finally, certain commercial partners such as clients, suppliers and concession grantors, may increase price pressure on the Group in order to share the benefit of the tax credit, which could have an impact on its revenue and margins and as such reduce or eliminate the positive impact of the CICE.

3.2.1.4.6 The Group is exposed to tax risks.

The Group seeks to create value by leveraging the synergies and the commercial strength of a multinational group. In order to do so, it must structure its organization and operations appropriately while respecting the various tax laws and regulations of the jurisdictions in which it operates, which are generally complex. Additionally, because tax laws may not provide clear-cut or definitive doctrines, the tax regime applied to the Group's operations and intragroup transactions or reorganizations is sometimes based on its interpretations of tax laws and regulations. The Group cannot guarantee that such interpretations will not be challenged by the relevant tax authorities, which may adversely affect its financial position or results of operations. Tax laws and regulations are subject to change, and new laws and regulations may make it difficult for the Group to restructure its operations in a tax-efficient manner. More generally, any failure to comply with the tax laws or regulations of the countries in which the Group operates may result in reassessments, late interest, fines or other penalties.

Furthermore, the Group may record deferred tax assets on its balance sheet, reflecting future tax savings resulting from differences between the tax and accounting values of assets and liabilities or in respect of the tax loss carryforwards of its subsidiaries. Recovery of these assets in future years depends on tax laws and regulations, the outcome of potential tax audits, and on the future results of the subsidiaries concerned. In particular, pursuant to Article 24, I-1° of the 2013 Finance Act no. 2012-1509 (*loi de finances pour 2013*) dated December 29, 2012 – which amends paragraph 3 of Article 209 of the French Tax Code – the portion of French tax loss carryforwards that may be used to offset the portion of taxable profit exceeding €1 million for a given fiscal year was reduced from 60% to 50% for fiscal years ended on or after December 31, 2012. At September 30, 2016, the Group had deferred tax assets of €216 million and available tax loss carryforwards of €385 million. Deferred tax assets of €133 million were recognized for tax loss carryforwards in the year ended September 30, 2016. Any reduction in the ability to recover these assets due to changes in laws and regulations, potential tax reassessments, or lower than expected profits could have a negative impact on the Group's results of operations and financial position.

The services the Group provides to its clients are subject to value added tax, sales taxes or other similar taxes. Tax rates may increase at any time, and any such increase could affect the Group's business and the demand for its services. This in turn could reduce its operating profit, negatively affecting its results of operations.

3.2.1.4.7 The Group is subject to multiple and complex types of regulation in each of the countries in which it operates and any failure to comply with requirements imposed by the applicable law or other governmental regulations could expose it to lawsuits, investigations and other sources of liability claims and restrictions on its operations that could have a material adverse effect on its business

The nature of the Group's businesses also subjects it to varying types of local, national and international regulations. Its contract catering and concession catering businesses are both subject to regulations concerning food safety and preparation (see Section 3.2.1.1.1 above, "Risks related to food safety", and Section 1.5.5.1, "Food Regulations" of this Registration Document). 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 are subject to inspection 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, 2016, non-Eurozone countries – essentially the United Kingdom, Mexico and the United States – accounted for over 22% of its consolidated revenue, including 6.2% contributed by the United Kingdom and 14.5% 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 0.78271 for the year ended September 30, 2016 would result in a corresponding change in consolidated revenue and recurring operating profit of €19 million and €0.8 million respectively.

- The U.S. dollar against the euro: a 5% increase or decrease in this currency compared with the average rate of 1.1112 for the year ended September 30, 2016 would result in a corresponding change in consolidated revenue and recurring operating profit of €43 million and €1.6 million respectively.

The Group's external borrowings are primarily denominated in euros, except for the financing set up when the debt of Elior North America (formerly THS USA) was refinanced in May and June 2015, which principally includes (i) $100 million worth of bonds issued by Elior Group through a private placement, (ii) the Facility I put in place under the Senior Facility Agreement, representing an aggregate $100 million, (iii) the RCF 1 and 2 revolving credit facilities which totaled $250 million at September 30, 2015 (financing matched by dollar-denominated cash flows generated by Elior North America and Areas US) and (iv) the new Facility I representing $244 million which was put in place under the Senior Facility Agreement on June 20, 2016 notably for the purpose of refinancing a portion of Areas US's external debt.

3.2.1.5.2 Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates on debt that is indexed to the Euro Interbank Offered Rate ("Euribor") and the US dollar Libor plus an applicable margin. Euribor and Libor could rise significantly in the future, which could increase the Group's interest expense and reduce cash flows available for capital expenditure, as well as hindering its ability to make payments on certain loans. Its loan agreements do not generally include a clause requiring it to hedge all or part of its related exposure to interest rate risk.

In order to manage its interest rate risks, the Group has set up interest rate swaps and caps in the past and intends to continue to put in place such contracts in the future where it deems appropriate. These hedges mitigate (i) the risk of variable interest rates affecting the fair value of the Group's fixed-rate debt, and (ii) the impact of the Group's variable-rate debt on consolidated cash. However, the Group can give no assurance that it will be able to effectively hedge its exposure to fluctuations in interest rates in the future or to continue to set up such hedges at a reasonable cost.

At September 30, 2016 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, 2016									
	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		6.3		11.4	-	5.1			-	5.1
1 to 5 years				1,391.8	-	1,391.8		(1,180)	-	211.8
Beyond 5 years				473.0	-	473.0			-	473.0
Total	0.0	6.3	0.0	1,876.2	-	1,869.8	0.0	(1,180)	-	689.9

(1) Cash investments recorded under marketable securities in the balance sheet.

(2) Corresponding to (i) the euro- and USD-denominated syndicated debt of the Company and Elior Participations SCA under the Senior Facility Agreement, (ii) US dollar bond debt related to the private placement, and (iii) liabilities under the receivables securitization program.

(3) Euro- and USD-denominated hedging instruments (swaps), effective throughout FY 2016-2017.

In FY 2015-2016, 63% 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 €6.4 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, 2016**	
	Income statement impact (before tax)	**Equity impact (before tax)**
Impact of a 1% increase in interest rates for the fiscal year	(6.4)	35
Impact of a 1% decrease in interest rates[1]	N/A	N/A

(1) Not material – not applicable based on the current Euribor and Libor rates.

3.2.1.5.3 Liquidity Risk

The Group manages its liquidity risk by maintaining adequate reserves, bank lines of credit and standby lines of credit, by preparing cash flow forecasts and monitoring actual cash flows in relation to forecasts, and by matching to the extent possible the maturity profiles of financial assets and liabilities.

The following table shows the breakdown of financial liabilities other than derivative instruments at September 30, 2016 by contractual maturity.

(in € millions)	At September 30, 2016			
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total**
Medium-term debt – Elior Group		168.0	266.0	434.0
Medium-term debt – Elior Participations		972.3	118.0	1,090.3
Sub-total: bank debt – Elior Group and Elior Participations	**0.0**	**1,140.3**	**384.0**	**1,524.3**
Elior Group bond debt (USD private placement)			89.0	89.0
Miscellaneous borrowings[1]		221.4		221.4
Obligations under finance leases	7.0	29.1		36.1
Other	4.4	1.0		5.5
Sub-total: other debt	**11.4**	**251.5**	**89.0**	**351.9**
Total debt	**11.4**	**1,391.8**	**473.0**	**1,876.2**

(1) Primarily liabilities under the receivables securitization program

The Group also has access to revolving lines of credit for a total of €300 million and US$ 250 million that can be drawn down at any time. These revolving lines of credit are subject to the customary negative covenants and other commitments (see Section 4.7.1.2.2. "Financial Liabilities" of this Registration Document).

For more information about the Group's liquidity sources, see Section 4.7.1, "Liquidity and Capital Resources" of this Registration Document.

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, 2015 and 2016, net of any accumulated impairment losses.

The Group considers that it has very low exposure to concentrations of credit risk in relation to trade receivables. The balance sheets of its companies operating in the concession catering business line do not generally include significant amounts of trade receivables. In the contract catering & services business line, there is no material exposure to concentrations of client credit risk at Group level as the relevant companies have a large number of clients and the geographic locations of these clients and the operating sites concerned are highly diverse.

The Group only enters into hedging agreements with leading financial institutions and it believes that the risk of any of these counterparties defaulting on their contractual obligations is very low as the financial exposure of each institution is limited.

3.2.1.5.5 Risks Related to Equities and Other Financial Instruments

At the date of this Registration Document, the Group did not hold any equities other than shares in non-consolidated companies and companies accounted for by the equity method. Consequently, the Group believes that it is not exposed to any material market risk related to equities and other financial instruments.

3.2.1.6 Insurance and Risk Management

3.2.1.6.1 Insurance

The Group has taken out various types of insurance cover, including property damage insurance, general liability coverage and business interruption insurance. However, certain types of operating risk are not insured, because cover is not available or is only available at a cost that the Group considers unreasonable. In addition, client credit risks are not insured. The Group regularly takes out various insurance policies for its vehicles. It has also set up directors' and officers' liability insurance. The Group considers that its insurance programs, including the insured amounts and the applicable terms and conditions, provide adequate protection against the risks it faces in the geographic areas in which it operates, taking into account the costs of such insurance and the potential risks to its continuing operations. However, it cannot provide any assurance that in the future it will not suffer any losses or be subject to any legal proceedings that are not covered by its existing insurance policies.

Annual insurance premiums paid by the Group in the year ended September 30, 2016 totaled €18.6 million, including Workers Compensation Insurance premiums of €6 million in the United States.

3.2.1.6.2 Risk of the Internal Control System Being Inefficient or Unsuited to the Group's Risk Exposure

The Group has set up detailed internal control procedures with a view to anticipating and managing the risks to which it is exposed.

The Group is exposed to specific risks related to food safety and the food supply chain (as described in Section 3.2.1.1.1 above) and has therefore implemented internal control procedures in each country where it operates in order to ensure the quality of the food used to prepare meals, and compliance with the applicable hygiene and food safety regulations. It has also put in place strict procedures to ensure the traceability of its products and comply with applicable European regulations. In line with its commitment to applying best practices in the area of hygiene, it has adopted and rolled out HACCP principles (see Section 1.5.5.1.1 a., "Food Safety and Hygiene" of this Registration Document).

Additionally, the Group is exposed to risks that may reduce travelers' mobility, such as terrorist attacks, pandemics and natural disasters (as described in Section 3.2.1.1.4 above). However, the potential impact of this risk on the Group's results is attenuated by its broad spread of businesses and wide geographic reach.

As explained in Section 3.2.1.2.1 above, the Group relies on a small number of key suppliers for certain products. If problems were to arise in obtaining supplies from these companies, this could have an adverse effect on the Group's results of operations. Nonetheless, the Group believes that this risk is fragmented, and therefore mitigated, due to the fact that it is not dependent on global suppliers. Supplier replacement procedures have been set up to deal with an emergency or crisis situation. The geographic dispersion of the Group's businesses also lessens this risk.

The Group also relies on some key personnel and its ability to attract, train and retain qualified personnel is a significant factor in its success (see Section 3.2.1.2.2 above). To strengthen employee loyalty, a talent management program has been set up that identifies key managers and tracks their career development.

Acquiring target companies, notably in new markets, can also represent a risk for the Group (see Section 3.2.1.2.3 above). This risk is limited through a selective acquisition policy that focuses on targets offering considerable potential synergies that operate in countries where the Group is already present. In addition, the Group generally gives the acquired company's key managers a stake in the transaction's success.

The Group is also exposed to liability risks arising from the actions of its employees, notably in activities that involve handling food products and interaction with the public (see Section 3.2.1.2.4 above). In order to limit this risk, the Group has implemented numerous employee training programs on health and food safety issues as well as on interaction with the public.

The Group believes that it is exposed to a risk of existing contracts not being renewed (see Section 3.2.1.2.8. above). It has implemented an active policy to lessen this risk, namely by setting up teams dedicated to retaining clients and building their loyalty. These teams use client relationship management (CRM) tools and solutions to reduce contract termination and non-renewal risks and improve client retention rates.

The Group is also exposed to a default risk in the event that clients experience financial difficulties (see Section 3.2.1.2.9. above). In order to anticipate and respond to this risk, it has set up dedicated credit and collection teams to quickly identify past-due payments and default risks and take the appropriate measures. These measures range from dunning procedures to contract terminations in the most serious cases.

The Group also believes that it is faced with two specific risks arising from its presence in numerous countries and its international reach (see Section 3.2.1.2.11 above). The first is the risk of local management failing to comply with applicable regulations. The Group believes, however, that the size of its business in each country where it operates allows it to implement adequate internal controls to ensure compliance with applicable legal, tax and labor regulations. The second is the risk of political and social instability in the countries where it operates. The Group considers that this risk is limited because the bulk of revenues are generated in countries that are politically and socially stable, mainly in the European Union and the United States.

Finally, the Group considers that it is exposed to a risk of disruption to the operations of its central kitchens that could have a material adverse effect on its results of operations. This risk has been contained by establishing a network of central kitchens in the countries in which the Group operates, helping to ensure that client commitments continue to be fulfilled in the event that a central kitchen has to be closed temporarily.

3.2.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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 are referred to in this report as "financial internal control procedures".

3.2.2.1.1 Procedures Underlying the Preparation of the Description of Internal Control and Risk Management Procedures

This description of internal control and risk management procedures has been prepared with input from the Finance, Legal Affairs, Internal Audit and other departments. The Group's various regions (comprising countries and business units) also contributed actively to the description of the internal control system referred to in this report.

This report was drawn up by the Group Finance Department and was approved by the Chairman and Chief Executive Officer. The report and the underlying procedures were reviewed by the Audit Committee on December 5, 2016 and were presented to the Board of Directors on December 8, 2016. The report was approved in full by the Board at its January 19, 2017 meeting.

3.2.2.1.2 Internal Control Framework Adopted by the Group

The description of internal control and risk management procedures is based on the five components of internal control defined and published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as updated in May 2013:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring activities

This internationally recognized model constitutes the Group's control framework.

COSO defines internal control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. These objectives cover the main aspects of internal control and may be defined as follows:

- *Operations objectives*: these pertain to the effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- *Reporting objectives:* these pertain to internal and external financial and non-financial reporting and encompass reliability, timeliness and transparency.
- *Compliance objectives:* these pertain to adherence to laws and regulations to which the entity is subject.

Like any control system, internal control provides reasonable but not absolute assurance that the entity's objectives will be met. Among its inherent limitations, internal control cannot prevent bad judgment or decisions, or external events that can cause an organization to fail to achieve its operational goals.

3.2.2.1.3 Scope of the Group's Internal Control Processes

The principles and operating methods underlying the Company's internal control system are defined at Group level and at the level of the operating entities (i.e. regions, countries and business units) in France and abroad.

The system applies to all of the Group's business activities or to the regions and business units concerned, regardless of whether management has chosen to conduct operating activities directly or to outsource them.

In the specific case of very small or newly acquired subsidiaries, an integration program has been developed to facilitate convergence of their procedures with those of the Group and ensure effective control of their operating, financial and accounting processes.

3.2.2.1.4 Organization of Internal Control and Risk Management Systems

This report describes the main control processes based on the five components defined in the COSO framework.

a) The Group's control environment

The control environment is the set of standards, processes and structures that provide the basis for carrying out internal control across the organization.

The Board of Directors and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct. There are five principles associated with the control environment:

- The control environment demonstrates the integrity and ethical values of the organization.
- The Board of Directors acts independently from management. It oversees the development and effectiveness of the internal control system.
- Under the Board's supervision, management defines the organization structure and the assignment of authority and responsibility to enable objectives to be met.
- The organization demonstrates its commitment to attracting, training and retaining competent individuals, in line with objectives.
- Each member of the organization is accountable for his or her performance in the area of internal control, to enable the objectives to be met.[25]

[25] COSO Integrated Internal Control Framework – Components and Principles

The Group's control environment is based on an internal control system driven by senior management and supported by a strong internal control culture at all levels of the organization. It is also based on the core documents and procedures that structure the Group's critical processes and must be adhered to by all Group employees:

- The Group's values, which reflect its commitments to clients, employees, the community and shareholders and explain the management philosophy and the principles on which management action is based.
- The rules drawn up by the Board of Directors and executive management for application by all Group companies. These rules contain provisions applicable to the Company and its exclusively-controlled French and international subsidiaries. The areas and issues covered by these rules include:
  - the appointment of and delegation of powers to executives within the Group;
  - management compensation arrangements;
  - investments and commitments (including guarantees, endorsements and collateral);
  - financial communications.

The control environment is aligned with the Group's decentralized organization structure.

Several networks of managers and correspondents are tasked with rolling down the control processes defined by the Company to the Group's various regions and business units. They include the network of internal control correspondents, decentralized internal auditors, and all the employees responsible for information systems security and for safety and security/insurance within the Group.

b) Governance structures and the control environment

As is the case for any entity, the Group's control environment is necessarily influenced by the way its governance is organized. This influence can be put down to a variety of historical, organizational and regulatory factors:

- The Group's internal control system results from the strategy, culture and general policies defined at the time of its formation.

- The organization of the Group's governance is now based in particular on the powers of the Chairman of the Board of Directors and the Group Chief Executive Officer being held by one person (Philippe Salle – Chairman and Chief Executive Officer).

- In line with the responsibilities assigned to audit committees in the French Commercial Code, the Audit Committee obtains assurance concerning the relevance, reliability and effective implementation of internal control procedures and procedures for the identification, coverage and management of risks associated with operating activities and the production of accounting and financial information. The Committee receives reports from the Group's Internal Audit Director and the Financial Control Director, who oversees the internal control function and regularly reviews the Group risk map. The Audit Committee also expresses an opinion on the organization and resources of the Internal Audit Department that are allocated to internal control, and is informed of the internal audit program. The Committee receives periodic summaries of the internal audit reports and of internal control work performed.

These factors mean that the Board of Directors is deeply involved in deploying the Group's strategy, monitoring its operational performance and overseeing risks and internal control. The agendas of meetings of the Board of Directors and Board committees reflect this involvement (see the section on corporate governance above).

c) Allocation of internal control roles and responsibilities

The organization of internal control is the responsibility of the Group Chairman and Chief Executive Officer, assisted by the Group Chief Financial Officer and the Group Executive Committee, which includes the Chairman and Chief Executive Officer, the Chief Financial Officer, the CEO of Concession Catering Worldwide, the Group Senior Vice-President in charge of Strategy, Development, Innovation and Public Affairs, and the President and CEO of Elior North America.

The legal organization (corporate officers) is consistent with the organization of the operational and corporate functions. As well as being represented on the boards of directors of Group companies, the Company also regularly attends management meetings in its operational entities, mainly via its Management Committee.

In particular, the Group has established a formal system of delegations of authority that is coordinated, for all business units in France, by the French Legal Affairs Department – Operations. In addition, the Group's approval rules defining authorization levels for commitments and decisions that involve the Company or a subsidiary have been updated to reflect the Group's current organizational structure. Alongside these documents, the Group has issued rules and policies that provide guidelines for each of the core functions and critical processes.

The Group's Chief Financial Officer and Vice-President, Communications also have formal delegations of authority which are drawn up by the Group Corporate Legal Affairs Department.

d) Human resources development policy – Human resources planning and development

The Human Resources Department has set up a Group-wide talent management cycle for managers in all of the Group's regions. The four milestones in the annual cycle are the career development review, the talent review, the objectives review and the compensation review. These processes are supported by the Elior Talents information system that is being deployed across all of the Group's regions.

Several other tools – the skills repository, the positions map, the skills database and the training roadmap – help clarify interview objectives, mobility pathways and career advancement opportunities. The positions map was prepared by identifying and evaluating benchmark jobs using the Mercer International Position Evaluation (IPE) system. Management training programs are developed and deployed by the Group, and teams are set up to provide training in its various regions and business units in order to meet local employees' specific needs through specially designed training solutions.

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 Recrutement online job site, with priority always given to internal candidates over external candidates with similar profiles.

Lastly, Elior Group plays close attention to maintaining pay equity and to offering competitive compensation packages. Internal and external benchmarking studies are carried out each year, covering both compensation levels and package structures. Senior executives receive an annual bonus. The bonus system was updated at the end of 2013, to align it more closely with market practices and make it more incentive-based. The system is designed to incentivize key executives to achieve Elior Group's development ambitions, by basing a significant portion of the bonus on the attainment of EBIT, EBITDA and free cash flow targets. "Roadmap" criteria are also defined by market, to support the attainment of financial targets, notably through closely monitoring cash flow. The system also includes minimum performance thresholds and an increased bonus if executives outperform in their area of responsibility.

All of these measures help to retain employees, while also facilitating performance tracking and recognition, and allowing a clear, up-to-date allocation of responsibilities.

e) Business ethics and rules of conduct

Group employees are required to perform their professional duties in accordance with the following five core values: responsibility, employee recognition, operational excellence, innovation and loyalty. These values were defined and deployed through a gradual, qualitative approach among a panel of managers representing the Group's diversity. They are presented to each new hire and also feature on the Group's intranet.

During 2016, an Elior Group Code of Ethics was drawn up, which is based on the fundamental principles underlying the main international ethics standards and guidelines adopted and recognized by the Group, i.e. the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Sustainable Development Goals.

This Code covers both daily ethical conduct and management ethics as well relations with shareholders, public authorities, clients, suppliers and members of civil society. It was published on July 22, 2016 after being approved by the Group Chairman and Chief Executive Officer. It has been translated into the languages of all of the countries in which the Group operates and is available on the Group's corporate website and intranet.

3.2.2.2 Risk Management Systems

Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risk assessment therefore forms the basis for determining how risks will be managed. Management takes into account any changes in the external environment and in its business model that could adversely affect the achievement of objectives.

There are four principles associated with risk assessment:

- The organization defines objectives in a sufficiently clear manner to permit the identification and assessment of risks to their achievement.
- Risks to the achievement of objectives are identified across the entire organization and are analyzed to determine how they should be managed.
- The organization factors fraud risk into its assessment of risks to the achievement of its objectives.
- The organization identifies and assesses changes that could have a material impact on the internal control system.[26]

A presentation of the overall risk management framework and a description of each risk are provided in the "Risk Factors" section of this Registration Document.

3.2.2.2.1 Risk Management Organization

The Group has set up a risk management system to identify, assess, prioritize and rationally process its major risks, and to track its exposure over time. The aim is to understand and take into account the risks faced by line personnel during their day-to-day activities and to ensure that appropriate plans, controls or monitoring procedures are in place to address these risks, in line with the Group's strategy and objectives.

This system enables the Group to decide on its potential risk exposures and to better manage these risks in order to efficiently deploy its strategy. The risk management system is implemented by line personnel under the leadership of the Group Finance Department and the supervision of the Board of Directors and the Audit Committee. It is a key component of the Group's governance system.

Risk management processes are organized around three pillars:

- Development of a risk map and corresponding action plans at Group level.
- Control over the risks inherent in critical processes at the level of each Group entity, which are subject to continuous assessments, in some cases with the help of external consultants.
- Audits of cross-functional processes and certain cross-functional risks by the Internal Audit Department.

[26] COSO Integrated Internal Control Framework – Components and Principles

The Group's risks were mapped in 2014 and the risk map drawn up was reviewed and validated by the Executive Committee and presented to the Audit Committee. Action plans are being implemented by local managers under the responsibility of the heads of the regions or corporate departments.

The Group's risk management system was updated in FY 2014-2015 and a self-assessment process was carried out at the level of the Group's various regions. The findings of this self-assessment were presented to the Audit Committee on May 26, 2015.

In September 2016, a map of the risks identified by the Audit Committee in 2014 was drawn up using a Governance, Risk & Compliance (GRC) system and was rolled out by the Internal Control Department to all of the Group's operations, with the temporary exception of the contract catering business in the United States. This new risk map for FY 2015-2016 will be presented to the Audit Committee in the first quarter of calendar 2017.

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, finance managers, road accident risks committee) and external correspondents (insurance engineers). It determines the Group's strategy in the areas of property damage prevention and implements a contractual risk reduction strategy in conjunction with the Legal Affairs Department – Operations, in particular through the use of clauses that limit the Group's liability. It makes decisions as to whether certain types of risks should be self-insured or insured on the market. Risks are transferred to the market via international insurance programs that help to standardize risk transfer processes and to pool insurance purchases within the Group. The main international insurance programs are placed with insurance companies that were rated at least BBB+ Stable by Standard & Poor's in 2016. These 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 Group Insurance and Risk Prevention Department has also set up a claims reporting system by business sector for the management committees of the Group's various subsidiaries. In France, a specific reporting system concerning road accidents is shared with the Road Accident Risks Committee.

Lastly, the department has developed several systems for the prevention of insurable risks:

- A regulatory watch by a central team, to provide assistance and support to the safety and security managers at the Group's various sites.
- Communication of safety and security guidelines with respect to the Group's main operational risks, prepared by the Group's safety and security managers in partnership with insurance engineers (sharing of best practices).
- Regular publication of an internal road safety newsletter in France.
- Organization of risk assessment visits at around twenty sites per year, in France and at the 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.

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[27].

The control activities set up by the Group aim to:

- Ensure that the business of the Company and its French and international subsidiaries and the activities of its employees fall within the framework defined by the applicable laws and regulations, executive management's strategic guidelines and the Company's internal commitments and rules.

- Prevent and contain the risks incurred by the Group, not only accounting and financial risks – including the risks of error or fraud – but also operational risks, to protect and preserve its businesses and the Company's assets.

- Produce accounting, financial and management information on a timely basis, in order to ensure the reliability and relevance of the financial information communicated to shareholders, in compliance with the applicable standards and regulations, and permit the Group to be managed appropriately.

The internal control system architecture, which is the responsibility of the Chairman and Chief Executive Officer, is based on a three-tier organization:

- First-tier controls are performed by each employee and his or her line manager, based on their explicit responsibilities, the procedures applicable to their activities and their instructions.

- Second-tier controls are performed by specialized functions that are independent from the activities that are the subject of the controls. They may also be performed by members of operational, support and control units.

- Third-tier controls are performed by the Group internal auditors, who have a dotted-line reporting relationship with the Chairman and Chief Executive Officer and are responsible for ensuring at all times that first and second-tier controls are effective and are systematically performed.

[27] COSO Integrated Internal Control Framework – Components and Principles

3.2.2.3.1 Food Hygiene and Safety

In each country where the Group operates, its operations management teams have put in place – under the supervision of Group executive management – "purchasing" and "quality" units in order to ensure food safety within each of the respective businesses. These units are responsible for drawing up food safety and hygiene policies and procedures and setting up the appropriate processes and systems for ensuring they are properly applied, as well as for defining the alert procedures to be used in the event of a crisis situation.

In France, these tasks are carried out by a central, independent Quality and Safety Department, which has a team of 14 people and is responsible for:

- Safeguarding the quality of the Group's food and non-food supplies.

- Defining hygiene rules for all of the Group's sites and overseeing their application.

- Providing the technical and scientific expertise required to manage administrative files with the relevant authorities.

- Dealing with any food safety alerts.

- Ensuring that the Purchasing and Logistics Department 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 sites.

The Quality and Safety Department has had ISO 9001 certification since 1994, ISO 14001 certification since 2010 and ISO 22000 certification since 2012.

The Group's international subsidiaries have also set up systems to monitor and control food safety issues.

This organization has enabled the Group to deploy several tools to guarantee the quality of the products served at all of its sites. These tools cover both upstream and downstream processes to ensure the highest levels of safety.

a) Food safety in the supply chain

Elior France's activities have been ISO 22000 certified since April 2015, covering:

- Selecting and assessing suppliers and food and non-food products – specific scope certified since end-2012.
- Managing food safety alerts – specific scope certified since end-2012.
- Establishing formally documented food hygiene instructions and applying these instructions –full scope of Elior France certified since April 2015.

For the past twelve years, the Group has applied a formal accreditation and quality tracking system for its suppliers in France, under the responsibility of the Quality and Safety Department's Product Quality unit. All new suppliers must be accredited before being listed, with accreditation based on:

- Supplier acceptance of the Group's general food quality and safety specifications.
- Supplier acceptance of the Group's product quality specifications.
- Completion of a supplier audit (on-site and/or desk audit depending on the supplier's business).

Also in France the Group has created accreditation audit questionnaires that are tailored to the supplier's business (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. Each audit is based on full traceability tests, from receipt of the raw materials to delivery of the finished product to the Group. The supplier's representations and warranties are checked point-by-point, based on between 100 and 200 criteria. A written post-audit report describes the expected improvements and implementation of the recommendations is checked during the next audit. The annual audit program takes into account the risks associated with the products, the supplier history and significant events since the last audit. In all, around 110 supplier audits are carried out each year. Similar accreditation and monitoring audits are carried out for suppliers of non-food products.

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. For example, in 2004, the focus was on testing for antibiotics in meat products, in 2009 on pesticide residues on fruit and vegetables, in 2012 on heavy metals in all products, in 2014 on the verification of reported allergens in products, in 2015-2016 on food contaminants, and since 2013 on the verification of reported ingredients, through DNA tests performed on processed products (meat and fish). 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 12 years and representing some 2,229 audits and 21,724 analyses of raw materials. Details of all audits performed at a given supplier since its accreditation can therefore be retrieved from the Quality Dashboard, as well as product lists by production site, signed specifications and product analyses performed during the testing plan. 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.

On an international level, each of the Group's regions has put in place a quality system. These systems can take different forms – ranging from the accreditation of approved suppliers to setting up dedicated quality teams – but all of the regions have put in place:

- A supplier accreditation and performance tracking system (although for Areas' operations in North and South America, accredited suppliers generally correspond to the suppliers approved by the brands that Areas uses under franchise agreements).
- A process 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 the sites operated within the region.

b) Food safety and hygiene at production sites

In France, the Quality and Safety Department's Food Hygiene unit has defined 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. The Group also has a hygiene management plan comprising around a hundred factsheets, which is distributed to all of its 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.). While the hygiene management plan mainly deals with regulatory requirements, the Group goes further when those requirements are unclear or inadequate (for example, for "use by" dates). It is regularly updated by hygiene experts to reflect new practices and regulations. Special training courses are provided by internal or external trainers for front-line employees and their line managers, to ensure that they are familiar with regulatory requirements, are capable of identifying critical issues and understand their respective responsibilities.

The Quality and Safety Department checks application of these hygiene rules and the effectiveness of these measures through a supervision system managed by independent, Cofrac-accredited laboratories. There are three types of on-site hygiene checks:

- Microbiological analyses of finished products to check the compliance with food health and safety regulations of the food products served to consumers.
- Surface analyses to check the effectiveness of cleaning operations.
- Hygiene audits focusing specifically on the application of hygiene rules and the keeping of records as defined in the HACCP manual.

The sampling and audit plan is defined based on each site's activity (nature and volume). Around 15,000 hygiene audits are carried out each year, involving some 80,000 product analyses and 15,000 surface analyses. The results of these audits and analyses are logged and stored in a central database called "SHA Web", where they can be accessed by the hygiene coordinators in each business unit in France.

Food 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 Group employees to rapidly alert the Quality and Safety Department to any suspected problems.

In the Group's international operations, food safety is ensured by applying the best practices in place in France after adapting them in line with the regions' local regulations. Each region uses independent laboratories to regularly carry out bacteriological audits and organizes training on food safety and hygiene for its employees.

Areas's operations in all of its regions are regularly audited by the brands it works with under franchise agreements, based on the brands' specific processes.

3.2.2.3.2 Workplace Health and Safety

To guarantee the health and safety of its employees, the Group has for many years applied an assertive policy to reduce their exposure to risks. This policy has been translated into specific training programs, particularly in France, to help employees better understand the risks and therefore manage them more effectively:

- **Workplace safety training**: several modules have been developed to help site managers protect the health and safety of their teams through preventive measures and analyses of workplace risks.
- **Fire/evacuation training**: this training is particularly important at sites that are visited by the public and where food is prepared on gas hobs that represent a specific fire risk.
- **Chemical risk training**: employees who use detergents and cleaning products are trained in their correct use to avoid health risks.
- **Gesture and posture training:** employees are trained in the positions to be adopted to avoid musculo-skeletal injuries and in the proper use of the equipment provided to help them.
- **Specific training modules**: for employees who perform specific tasks, electrician accreditation training or CACES safe driving training is compulsory to guarantee their safety before working on electrical installations or using motorized vehicles.
- **Workplace first-aider training**: the workplace first-aiders at all restaurants receive regular training.
- **Road safety training**: specific training to help drivers better control their vehicle in all circumstances has been introduced for employees who use their vehicle regularly or who have been involved in a road accident.

In addition, a system is in place to improve the protective equipment provided to employees:

- The Group works with manufacturers to develop more effective safety equipment (heatproof gloves, safety cutters, shoes with non-slip soles, etc.). This led, for example, to Spontex being awarded the APRIA prize in 2008 for the “tempcook” glove developed in partnership with the Group.
- Controls and tests are carried out with future users before professional safety equipment is included on the approved products list.
- Safety equipment can be ordered via a database accessible on the intranet.
- New workwear has been introduced made from sustainably produced fabrics that are Oeko-tex certified. These fabrics are made by manufacturers that comply with International Labor Organization standards and are committed to protecting the environment (in terms of consumption and discharges). They are also guaranteed as being free from carcinogenic colorants and allergenic fibers.

Each Group business unit in France has its own safety department, which is responsible for deploying all available safety processes and adapting them to the specific risks in its market.

The French business units use a specific template for their “Single Risk Assessment Document” prepared in compliance with French labor law. The template comprises a non-exclusive list of risks identified by the business units, taking into account, in particular, the advice and guidance of France’s national scientific research institute (INRS) and the specific risks associated with each environment.

Safety departments with similar responsibilities to those in France are also in place in the Group’s international regions, except for Areas in Latin America, which launched several corrective action plans during 2015-2016 whose effects will be seen in 2016-2017.

When the international regions purchase equipment (or accredit 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.

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 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.

The Finance Departments of the Group's main international regions have also drawn up – under the supervision of their executive management – rules that apply specifically to their scope of operations. These rules are derived from or supplement the rules applicable on a Group-wide basis, and are documented in manuals distributed in hard copy or via the Intranet. The internal organization issues they cover include hiring and compensation; expenditure commitments; investments and capital expenditure; bank signing authorities; expense claims; and benefits in kind. The procedures applied, which derive from Elior Group best practices, are regularly verified by internal control teams and are periodically audited by the Internal Audit Department.

3.2.2.3.4 Internal Controls related to Information Systems

The Group Information Systems Department – which reports to the Chairman and Chief Executive Officer – is responsible for developing and putting in place the Group's information systems strategy, particularly accounting and finance applications, and overseeing data protection and continuity of operations. It is currently providing in-depth support for the Group's digital transformation process.

The information systems of the Group's international subsidiaries are under the responsibility of each region's Information Systems Department. The Group Information Systems Department provides coordination and assistance with implementing and upgrading Group accounting and financial information systems.

When developing new systems and upgrading existing systems, the Group applies the dual principle of close coordination, but also clear segregation, between the Information Systems Department acting in its technical role as project manager, and user departments (e.g. the Financial Control Department, business-level Finance Departments, Human Resources Departments and operations departments) in their role as project sponsors. This enables systems to be effectively aligned with user needs in terms of analyses, controls and operations management.

The Information Systems Security Officer – who reports to the Group Information Systems Department and has a strong dotted-line reporting relationship with the Internal Audit Department – has developed a Group-wide information systems security policy. This policy sets out, *inter alia,* the Group's main information systems security risks and describes the role of the Information Systems Security Steering Committee, which is chaired by the Chief Financial Officer and whose members include the Internal Audit Director and the heads of the operating units.

The following measures were carried out during the year in conjunction with the Group Information Systems Department:

- The Group Internal Control Director sent a set of IT best practices to all of the Group's regions. This will be followed up by an information-sharing campaign and the feedback received will form the basis for mapping the application of the Group's best IT practices.

- The Group Internal Audit Director drew up an IT audit plan aimed at covering all of the Group's international operations within the space of three years. The findings of the audits will be presented to the Information Systems Security Steering Committee.

- The Group Information Systems Security Officer designed a security self-assessment questionnaire which was sent out to the subsidiaries. Technical security audits were also carried out, comprising intruder tests and an assessment of employees' awareness of best security practices.

The Group information systems security program has been designated as a strategic project within the Group's IT blueprint and the Information Systems Security Officer has been given a specific budget and a strengthened organizational structure so that he can effectively carry out his duties and oversee the transformation projects that form part of the program. Examples of the measures already put in place in order to limit information systems risks include the following:

- A program to raise employee awareness of information systems security issues has been developed, co-financed by Elior Group and around thirty companies that are members of the CIGREF. This "serious game" will be deployed with a view to promoting security-conscious behaviors within the Group.

- Business continuity procedures have been developed in partnership with an outside service provider. These are checked regularly and tested every year based on real life simulations. In addition, applications are backed up off-site, guaranteeing the integrity of data and ensuring that systems can be restarted without delay following an incident. The data from the Group's most critical applications are duplicated in a mirror datacenter which acts as a hot site in order to ensure 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.

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 all 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.

Lastly, the department manages bank signing authorities through a dedicated system covering all of the Group's business units in France.

The Financing and Treasury Department teams are organized around three units: Commitments/Reporting, Cash Management/Bank Administration and Payment Media Management/Information Systems Administration. The Group's main regions have their own treasurers who are tasked with ensuring that the Group's cash management policies and rules are effectively applied within their respective remits.

This organization, combined with the use of cash management software and payment media management software, enables the Group to obtain a direct snapshot of the subsidiaries' cash positions at any time.

The main focuses of the Financing and Treasury Department's work in the area of internal control are as follows:

Prevention of fraud risk: a comprehensive system has been set up to limit the risk of fraudulent use of payment media, in particular by limiting paper-based transfer instructions and checks. Rules about strict segregation of tasks are also applied to the entire headquarters team and to the network of treasurers.

Secure transportation of funds: the Group only uses professional money transporters. It has also put in place advanced till protection systems and new secure cash collection tools.

Development of best management practices to optimize transaction security and administrative efficiency: the Financing and Treasury Department's aim is to identify and adopt industry best practices for all of its processes. In addition to the points mentioned in this report, this objective is being met notably through industrialized cash collection processes to enable automated recording of accounting entries, a drive towards electronic payment media (bank cards, electronic meal vouchers, electronic transfers, etc.), the use of guarantee management software, and active monitoring of developments with France's association of corporate treasurers (Association Française des Trésoriers d'Entreprise).

3.2.2.3.6 Legally Secure Operations

The Group Corporate Legal Affairs Department, which reports to the Group Finance Department, coordinates the implementation of and compliance with corporate governance rules within the Company and its subsidiaries, firstly by representatives of the department acting as secretary of the Company's Board of Directors and the Board committees and of the governance bodies of its main French and international subsidiaries, and secondly by supervising the lawyers in the other subsidiaries.

Each business unit, in France and the international regions, has an in-house operations legal affairs department or works with external legal advisers. The role of these departments is to monitor the legal security of the operations carried out by the subsidiaries within their remit.

In particular, the operations legal affairs departments are responsible, either directly or by providing assistance to local management, for the protection of intangible assets owned by the Group (notably trademarks and concession rights). They also ensure that the subsidiaries within their remit comply with the applicable laws and regulations and with the Group's internal rules that apply to all of the business activities of Elior Group and its subsidiaries. When required, these departments also intervene directly or by delegation, in conjunction with external advisers, in order to help (i) protect the Group's interests in respect of legal and contractual issues associated with major contracts and with acquisitions and divestments of equity interest, and (ii) manage disputes that could have material consequences for the Group.

3.2.2.3.7 Information and Communication

Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. Management obtains or generates and uses information from both internal and external sources to support the functioning of other components of internal control. Communication enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously.

There are three principles associated with information and communication:

- The organization obtains, generates and uses relevant and quality information to support the functioning of internal control.
- The organization communicates internally the information needed for the proper operation of internal control, particularly information concerning objectives and internal control responsibilities.
- The organization provides information to external parties about matters that may affect the proper operation of internal control[28].

The Group uses the following structures and systems to obtain and communicate relevant information that allows each individual to fulfill his or her responsibilities:

- Its decentralized organization and its information system, which facilitate the circulation of information needed for decision-making purposes. Corporate and operations managers are responsible, at their respective levels, for communicating the rules, policies and procedures applicable throughout the Group.
- The 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 and operations managers.

[28] COSO Integrated Internal Control Framework – Components and Principles

3.2.2.4 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[24].

Monitoring activities are conducted at all levels of the Group. The role of the main structures involved is presented below.

3.2.2.4.1 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. Finally, 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.

3.2.2.4.2 Group Executive Committee

The Group Executive Committee oversees implementation of the Group's internal control strategy through:

- Leadership and oversight of internal control activities throughout the Group, including monitoring implementation of identified action plans.

- Presentations on internal control, which are made to the Executive Committee on a regular basis. In particular, presentations on internal control risks in regions considered as representing a priority are made by the CEOs of these regions.

In line with internal control procedures, the Group Chairman and Chief Executive Officer and the Chief Financial Officer review and authorize projects concerning significant operating contracts under negotiation, both in France and international markets, as well as the related capital expenditure programs. These powers are exercised in accordance with a specific Group procedure and are subject to the restrictions set by the Board of Directors.

3.2.2.4.3 Senior Management of the Business Units 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.

3.2.2.4.4 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, in which the Group's overall internal control framework is split into three separate parts:

- A set of Group best practices for the critical activity areas (fifteen areas covered by end-2016) that have to be effectively managed on an ongoing basis 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).
- A portfolio of twelve risks, which has been drawn up based on the Group's risk map and best practices and is used to assess risk management activities at the level of both the Group and its international regions.
- A risk portfolio covering the specific areas of fraud and corruption (which is in the process of being drawn up).

The GRC system was rolled out by the Internal Control Department during the first half of 2015-2016 to all of the Group's operations (except for Elior North America) and is intended to enable the Group to process the self-assessment questionnaires filled out by the regions relating to (i) compliance with the Group's internal control guidelines, and (ii) the risk management processes applied for the major risks identified in the risk map. It will be extended to Elior North America as from the second half of 2016-2017.

A network of internal control correspondents was set up during 2014-2015 with a view to ensuring that the internal control guidelines can be 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 business unit and region involved in the process. They are responsible for ensuring that the Group's guidelines are correctly used and that the self-assessment processes run smoothly. They also manage updates of the action plans launched by regional management based on their self-assessments, which are aimed at improving the practices applied within each region to ensure they meet the Group's requirements.

The Audit Committee is regularly informed of the work performed by the Internal Control Department as well as of the results of the internal control programs that have been launched across the Group's operations (apart from contract catering operations in the United States, which will be included at a later date) and are focused on a specific issue each month.

During 2015-2016 two self-assessment processes were launched across the Group (apart from Elior North America), relating to the application of the following best practices:

- Eight best practices concerning food safety and hygiene. The average score across the Group was 2.67 on a scale running from 1 (non-compliant) to 3 (fully compliant).
- Seven best practices concerning workplace health and safety, with the average score for the Group coming in at 2.58.

3.2.2.4.5 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 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 Chairman and Chief Executive Officer.

The Internal Audit Director meets with the Chairman and Chief Executive Officer on a regular basis and also works in conjunction with the Chairman of the Audit Committee.

The Group internal audit team comprises three auditors and the main regions also have internal auditors who report to the regional CEOs. The regional-level staff represent an average of 1.5 internal auditors for each main region.

Activities during the fiscal year ended September 30, 2016

During the fiscal year, 18 internal audits were carried out across the Group's operations, 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).
- Organizational audits.
- Reviews of commitments.
- Compliance audits.

3.2.2.5 Internal Control Procedures Covering the Preparation and Processing Of Financial and Accounting Information

3.2.2.5.1 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).

3.2.2.5.2 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, and a rollout project for concession catering operations in the United States will take place in the future.

- A financial reporting and consolidation information system that is extensively interfaced with the SAP accounting system and is used to produce the financial statements of the Company and the Group.

- A formal process for the reporting, analysis and control of the other information published in the Group's annual report (Registration Document).

The overall preparation process for published financial information is managed by an Information Committee comprising the Group's main financial managers, who check the content of financial communications and reports before they are submitted to the Audit Committee and the Board of Directors for approval prior to publication.

In parallel, during 2015-2016, 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 more suitable system within the Group's regions and business units so that they have the appropriate 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. The configuration and implementation phases for the various modules of the CPM system are planned for the coming fiscal year within a number of the Group's operations.

3.2.2.5.3 Organization of and Responsibilities for the Production of Accounting and Financial Information

The Group Accounting and Tax Department – which reports to the Group Chief Financial Officer – is responsible for (i) preparing, the Group's consolidation packages (on a half-yearly basis) and its monthly reporting packages, (ii) managing the Group's tax affairs, and (iii) determining and monitoring Group accounting policies and methods.

The Group Financial Control Department – which includes three 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 reporting rules, oversees the implementation and proper interpretation of accounting policies and ensures the consistency of information relayed within the Group.

The Group uses SAP BFC (formerly Magnitude) consolidation software. The system is operated and maintained by the Group Accounting Department and has been rolled out to all Group companies, except for Elior North America which was acquired in April 2013 and is currently treated as a consolidated sub-group. The central consolidation team comprises three people with in-depth experience of reporting and information systems. Each of them is responsible for central consolidation and reporting tasks for a group of consolidated entities; however, the team is organized so that its members can take over from each other should the need arise. Technical issues and complex consolidation operations are dealt with by the Group Accounting Director with the support of the Tax Department, the consolidation team and the Financial Control Department. The accounting managers and general ledger accountants in each business unit and the members of the SAP competence centers represent a stable network of interfaces with the Accounting and Tax Department for the application of the Group's accounting and tax policies, the supervision of the accounts closing process, tax audits and statutory audits.

Each business line (contract catering & services on the one hand and concession catering on the other) has an SAP Competence Center, which reports to the Information Systems Director of the business line concerned. The SAP

Competence Centers are responsible for developing system upgrades at the request of users in order to better meet their needs, while complying with Group procedures for the production of accounting and financial information.

3.2.2.5.4 Process for the Preparation of Accounting and Financial Information

The Group Accounting and Tax Department collates accounting data and produces the financial statements of the Company and the Group.

Budget process

The Group Financial Control Department is responsible for carrying out and overseeing the budget process and monthly reporting as well as monitoring commitments and investment and capital expenditure projects. Executive management draws on the Financial Control Department's work to launch action plans where appropriate. Management control is exercised through a network of management controllers in all of the Group's regions.

Monthly budget reviews are carried out and may result in the implementation of action plans targeted at a specific business, with the aim, for example, of improving profitability (such as by performing a detailed review of contracts whose margins are below Group expectations), accelerating commercial development, or tightening control over investments, capital expenditure or working capital. During these reviews particular attention is paid to optimizing the costs of support functions.

Reconciliations are regularly performed between management accounting data and the data used for consolidation purposes in order to ensure that financial information is reliable.

The reporting systems and budget processes of all Group units are run on SAP BFC software. The budget process begins each year in April with the communication of macro-economic budget assumptions by executive management and the Financial Control Department (including assumptions concerning general inflation, food commodities inflation and wage inflation). The regions then adapt the assumptions, review their specific challenges, threats and opportunities and present their proposed budget in July, in a standard format. Once these budget presentations are complete, a roadmap is prepared for each region detailing the action plans needed to meet the budget objectives. The budgets are approved by Elior Group's Board of Directors at the end of September and entered in the SAP BFC system.

Statutory Auditors

For many years now, Elior Group has used the services of two joint Statutory Auditors to audit the accounting and financial information of substantially all of its subsidiaries, as well as the consolidation process. They share this work on an approximately 50/50 basis.

The two Statutory Auditors – currently KPMG and PwC – carry out audit procedures directly, or indirectly through their local correspondents or offices, at the main accounting period-ends (full-year and first-half). They audit and sign off on financial statements prepared under local accounting standards and consolidation packages prepared in accordance with Group accounting policies. They issue an audit report, which they present at closing meetings held in the main subsidiaries with members of the Group Accounting and Tax Department.

During their interim work, the Statutory Auditors carry out a review of procedures and a risk identification and assessment process. The risks and processes covered by these reviews are rotated annually, and are those most likely to impact the financial statements of Group companies.

3.2.2.5.5 Process for Communicating Accounting and Financial Information to Third Parties

An Investor Relations Department was created within Group Finance in early FY 2014-2015. This department's role is to ensure that the Group’s financial communications remain anchored on the principles of equal access to information, the duty to disclose to the public any fact that, if it were known, could have an impact on the Company’s share price, and the duty to provide an accurate, true and fair view of the Group's financial position.

As the Group’s executive management is ultimately responsible for any sensitive and non-public information disclosed to the markets, it must approve the disclosure of such information in advance. Consequently, a specific approval procedure has been put in place for this purpose, with communications signed off by a Disclosure Committee. The members of the Disclosure Committee are the Group Chairman and Chief Executive Officer; the Group Chief Financial Officer; the Group Vice President, Communications; 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.

Paris, January 19, 2017

Philippe Salle
Chairman and Chief Executive Officer

3.3 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ELIOR GROUP

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

To the Shareholders,

In our capacity as Statutory Auditors of Elior Group, and in accordance with article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended 30 September 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Paris La Défense and Neuilly-sur-Seine, 20 January 2017

KPMG Audit IS	PricewaterhouseCoopers	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

3.4 EMPLOYEES

3.4.1 COMPENSATION POLICY

Elior Group's compensation and benefits policies draw on best market practices in each country, with the constant underlying aim of ensuring that a fair system is applied consistently throughout the Group and that packages are competitive in relation to the market as a whole.

The policies are underpinned by a position mapping process, which allows compensation and benefits to be tailored to each business and level of responsibility (known as "position weighting"). This process also entails performing internal diagnostic reviews and annual compensation surveys designed to compare the Group's practices with those of the market.

Positions are divided into four main categories: "executives", "senior managers", "managers" and "key contributors". Each category is sub-divided into "position classes" to ensure that the policies are tailored to each different level.

The basic salary policy for "executives", "senior managers" and "managers" is determined in line with local practices in each country, via annual salary surveys. A target positioning is defined for each position class, which applies to all of the Group's markets. The Group's reference pay scale is drawn up annually and is used during the hiring process as well as for annual salary reviews. In parallel, overall annual salary increases are aligned with local inflation rates and market practices.

The basic salary of "key contributors" is determined for each country based on the salary scales and rules established at the level of each industry and by local legislation.

The Group's variable compensation policy is aimed at ensuring that employees' performance is aligned with its short and medium-term objectives

Performance is generally assessed by reference to Group or entity-level financial criteria as well as individual criteria comprising quantitative and/or qualitative objectives. The financial criteria are based on targets in the annual budget of the Group or the entity concerned. The individual criteria are intended to encourage achievement of the financial objectives. Most of the variable compensation systems include the notion of a performance threshold and some reward outperformance.

3.4.2 LABOR RELATIONS

The Group has a European Works Council (EWC), which is regularly provided with information about the Group's financial position, business operations, strategic objectives and HR situation.

In France, the Group Works Council serves as the primary forum for dialogue with representatives of employees and trade unions from its French subsidiaries. The Group Works Council has a specialized commission that is tasked with closely monitoring human resources indicators.

At the level of its subsidiaries and/or UES (specific groupings of entities only existing in France), depending on the entity concerned the Group manages relations with its employees through:

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

The Group has also built up constructive relations with trade union representatives, both at the level of its subsidiaries and Group wide, as demonstrated by the numerous collective agreements signed on a wide range of issues (including personal insurance coverage, human resources planning and development, quality of life at work, gender equality, and inter-generational agreements).

3.4.3 STATUTORY AND DISCRETIONARY PROFIT-SHARING AGREEMENTS

3.4.3.1 Statutory Profit-Sharing Agreements

In accordance with Article L. 3322-2 of the French Labor Code, companies in France are required to set up a statutory employee profit-sharing agreement if they have at least 50 employees and if their taxable profit represents more than 5% of their return on capital employed. As the Group meets these criteria it has entered into statutory profit-sharing agreements in all of its main French subsidiaries.

To date no statutory profit-sharing agreements have been entered into in the other countries where the Group operates.

3.4.3.2 Discretionary Profit-Sharing Agreements

Under French law, discretionary profit-sharing agreements are aimed at aligning employees' collective interests with those of the company by paying bonuses that are calculated based on the company's results and performance as provided for in Article L. 3312-1 of the French Labor Code. As at the date of this Registration Document, the vast majority of Group companies had not set up any discretionary profit-sharing plans.

3.4.3.3 Incentive Plans for Key Executives

In 2016 the Group set up stock option and free share plans. See section 3.1.5.2 of this Registration Document for further information.

4

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL 2015-2016

4. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL 2015-2016 – AFR

4.1 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Year ended September 30,	
	2016	2015
Revenue	**5,896.0**	**5,674.1**
Purchase of raw materials and consumables	(1,823.5)	(1,726.3)
Personnel costs	(2,618.5)	(2,532.4)
Share-based compensation expense	(4.3)	(1.4)
Other operating expenses	(888.8)	(878.1)
Taxes other than on income	(67.3)	(64.2)
Share of profit of equity-accounted investees	3.2	1.9
reported EBITDA	**496.8**	**473.6**
Depreciation, amortization and provisions for recurring operating items	(153.0)	(156.7)
Net amortization of intangible assets recognized on consolidation	(13.0)	(8.1)
Recurring operating profit including share of profit of equity-accounted investees	**330.8**	**308.8**
Non-recurring income and expenses, net	(49.5)	(27.4)
Operating profit including share of profit of equity-accounted investees	**281.3**	**281.5**
Net financial expense	(63.0)	(107.0)
Profit before income tax	**218.3**	**174.5**
Income tax	(73.5)	(68.3)
Loss for the period from discontinued operations	(6.3)	-
Profit for the period	**138.5**	**106.2**
Attributable to non-controlling interests	3.2	(1.0)
Attributable to owners of the parent	**135.3**	**107.2**
Earnings per share (in €)	0.78	0.65
Adjusted attributable profit for the period	180.9	133.4
Adjusted earnings per share (in €)	1.05	0.80

4.1.1 CHANGES IN SCOPE OF CONSOLIDATION

In October and November 2015 respectively, Elior North America (formerly Trusthouse Services, or "THS") – an Elior Group contract catering subsidiary operating in the United States – purchased Cura Hospitality (based in Pittsburg, Pennsylvania and ABL Management (based in Baton Rouge, Louisiana). Cura Hospitality and Starr Restaurant Catering Group – which was acquired in August 2015 and operates primarily in New York and Miami – have been fully consolidated since October 1, 2015 and ABL Management since December 1, 2015.

In June 2016, Elior North America also acquired Preferred Meals (based near Chicago, Illinois), which has been consolidated since July 1, 2016.

These four companies generate combined contract catering revenue of around USD 375 million a year, in the following markets: business & industry and prestigious venues (Starr), senior living and healthcare (Cura), education and corrections facilities (ABL) and education (Preferred Meals). For the year ended September 30, 2016, they contributed an aggregate €191.1 million to consolidated revenue and €10.5 million to consolidated EBITDA.

Also during the year, Elior UK, the Group's contract catering subsidiary in the United Kingdom, acquired Waterfall Catering Group (based in Warrington in the north-west of the country). Waterfall Catering Group generates annual contract catering revenue of some £70 million and operates in the education, healthcare and social services and business & industry markets. For the year ended September 30, 2016, this subsidiary – which has been consolidated since September 1, 2016 – contributed €8.6 million to consolidated revenue and €1.0 million to consolidated EBITDA.

Finally, in FY 2015-2016 Elior Concessions Gares – an Elior Group concession catering subsidiary based in France – acquired Autogrill Restauration Service (since renamed Areas Restauration Services), which holds restaurant concessions in railway stations in France and generates annual revenue of some €50 million. For the year ended September 30, 2016, this subsidiary – which has been consolidated since May 1, 2016 – contributed €25.5 million to consolidated revenue and €1.8 million to consolidated EBITDA.

Year ended September 30, 2015

In October 2014 the Group acquired the entire capital of Lexington, a UK-based contract caterer. Lexington generates annual revenue of over £30 million in the business & industry market and has a major presence in the City of London. The acquisition was financed through an equity investment in Elior UK. Lexington has been fully consolidated in the Group's financial statements since October 1, 2014.

On April 30, 2015, Elior Group announced that it had signed a memorandum of understanding with Corporación Empresarial Emesa ("Emesa") to buy out the 38.45% non-controlling interest held by Emesa in Elior Group's Spanish subsidiary, Areas. This agreement provided for Elior Group's stake in Areas to be increased to 100% and for Emesa to become a significant shareholder of Elior Group.

The transaction was completed in July 2015 and the acquisition price was settled by way of (i) a €46 million cash payment, and (ii) the allocation to Emesa of 9 million Elior Group shares, including 1,282,500 treasury shares bought back by Elior Group on the market for €21.7 million and 7,717,500 new shares, issued at a price of €17.50 per share.

On completion of the transaction, all of the existing agreements between Areas' shareholders were terminated.

Consequently, Areas has been fully consolidated by Elior Group since July 2015 and the liability that was recognized in the consolidated balance sheet under "Liabilities relating to share acquisitions" in an amount of €160 million at September 30, 2014 and increased to €190 million in the consolidated interim financial statements at March 31, 2015 (i.e. prior to the transaction), has been reversed. The reversal was recognized in equity in a net amount of €92.3 million.

In August 2015, through its subsidiary Elior North America (formerly THS), the Group acquired the entire capital of Starr Restaurant Catering Group (SRCG), a high-end restaurant and catering group based in the United States, serving a clientele that includes corporations, non-profit organizations and cultural institutions. SRCG operates multiple sites, primarily in New York, Philadelphia and Miami, and generates annual revenue of over $40 million. The price paid for the acquisition was financed by way of US-dollar credit facilities drawn down by Elior Group in May 2015. SRCG has been fully consolidated since October 1, 2015.

4.1.2 PARTNERSHIP BETWEEN ELIOR GROUP AND ALAIN DUCASSE

Pursuant to the strategic and culinary partnership agreement signed on September 29, 2015 with master chef Alain Ducasse, which took effect on October 5, 2015, in FY 2015-2016 Elior Participations SCA purchased convertible bonds issued by Ducasse Développement and subsequently, on February 19, 2016, new shares issued by that company. Following these transactions, if it converts the bonds it acquired, Elior Group will hold an 11% interest in Ducasse Développement.

4.1.3 CHANGES IN THE PRESENTATION OF OPERATING SEGMENT INFORMATION, EFFECTIVE FROM FY 2015-2016

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

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

This new presentation has been used in the Group's consolidated financial statements for the fiscal year ended September 30, 2016. The comparative figures for FY 2014-2015 have been restated accordingly, including in the comments below.

4.1.4 REVENUE

4.1.4.1 Calculating organic revenue growth

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

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

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

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

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

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

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

4.1.4.2 Revenue analysis

Consolidated revenue rose by €221.9 million, or 3.9%, from €5,674.1 million in FY 2014-2015 to €5,896.0 million in FY 2015-2016. For information purposes, the Group's recently-acquired companies in the United States (Starr, Cura, ABL and Preferred Meals), the United Kingdom (Waterfall Catering) and France-(Areas Restaurant Services) were all consolidated for the first time in FY 2015-2016 as from the dates specified in section 1.1 above.

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

(in € millions)	12 months 2015-2016	12 months 2014-2015	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
France	2,162.9	2,136.0	2.0%	(0.7)%	(0.0)%	1.3%
International	2,065.1	1,859.3	0.6%	10.7%	(0.3)%	11.1%
Contract catering & services	4,228.0	3,995.3	1.3%	4.6%	(0.1)%	5.8%
France	657.1	715.5	(6.3)%	(1.8)%	(0.0)%	(8.2)%
International	1,010.9	963.2	7.7%	(2.2)%	(0.6)%	5.0%
Concession Catering	1,668.0	1,678.7	1.7%	(2.0)%	(0.3)%	(0.6)%
GROUP TOTAL	5,896.0	5,674.1	1.4%	2.6%	(0.2)%	3.9%

The 3.9% year-on-year increase in consolidated revenue reflects (i) organic growth of 1.4% (taking into account the 1.7% negative effect of voluntary contract exits), (ii) a positive 2.6% impact from acquisition-led growth, and (iii) a negative 0.2% currency effect.

Concerning voluntary contract exits, a monthly performance review is carried out for contracts that in the previous fiscal year generated a margin considered to be insufficient based on the Group's profitability criteria. If any action plans and/or renegotiations launched in relation to these contracts have not achieved the expected results within a period of several months, a decision may be taken to withdraw from the contracts concerned. A case-by-case analysis is systematically carried out before any such decision is taken, with a view to avoiding any negative impacts that can arise as a result of terminating a contract. The profitability criteria used for these performance reviews and analyses are in line with the profitability objectives that the Group communicates to the market.

The portion of revenue generated by international operations rose to 52% in FY 2015-2016 from 50% in the previous fiscal year.

The following table shows a revenue breakdown between the Group's six main markets and the growth rates by market for FY 2015-2016 and FY 2014-2015:

(in € millions)	12 months 2015-2016	12 months 2014-2015	Organic growth	Changes in scope of consolidation	Currency effect	Total growth
Business & industry	1,944.5	1,861.5	0.2%	4.9%	(0.7)%	4.5%
Education	1,139.4	1,068.7	2.1%	4.2%	0.3%	6.6%
Healthcare	1,144.1	1,065.1	2.5%	4.5%	0.4%	7.4%
Contract catering & services	4,228.0	3,995.3	1.3%	4.6%	(0.1)%	5.8%
Motorways	592.8	615.1	(2.5)%	(1.4)%	0.4%	(3.6)%
Airports	724.5	687.5	5.9%	0.0%	(0.5)%	5.4%
City sites & leisure	350.8	376.1	1.0%	(6.7)%	(1.0)%	(6.7)%
Concession catering	1,668.0	1,678.7	1.7%	(2.0)%	(0.3)%	(0.6)%
GROUP TOTAL	5,896.0	5,674.1	1.4%	2.6%	(0.2)%	3.9%

4.1.4.3 Contract Catering & Services

Contract catering & services revenue was up €233 million, or 5.8%, on the FY 2014-2015 figure, coming in at €4,228 million and accounting for 72% of total consolidated revenue.

Organic growth was 1.3%, reflecting a positive calendar effect but also the adverse impact of the Group's strategy of withdrawing from low- and non-profit-making contracts in Europe. Excluding voluntary contract exits organic growth came to 2.9%.

The acquisitions carried out in the United States and the United Kingdom had a €200 million favorable effect during FY 2015-2016, and net of the impact of the sale of non-strategic operations in the education market, changes in the scope of consolidation pushed up contract catering & services revenue by an overall 4.6%.

The currency effect during the year was a negative 0.1%.

In France, organic growth was 2.0% and revenue totaled €2,163 million.

- In the business & industry market, revenue was buoyed by strong business development, a favorable calendar effect and an increase in average customer spend.
- Revenue generated in the education market was up year on year thanks to both a favorable calendar effect and significantly higher restaurant attendance.
- Revenue also rose in the healthcare market, led by the performance of existing sites.

Revenue for the **international** segment advanced 11.1% to €2,065 million. Organic growth for this segment was 0.6%, mainly due to the unfavorable effect of voluntary contract exits in Europe. Acquisitions in the United States and the United Kingdom generated additional growth of 10.7% during the year, whereas the currency effect was a negative 0.3%.

- In Spain, all business units reported revenue rises, powered by good performances from existing sites as well as strong business development, particularly in the healthcare and education markets towards the end of the fiscal year.

- In the United States, the pace of growth continued to pick up in the second half of the year, especially in the education market.
- In Italy, revenue decreased due to a high number of voluntary contract exits and a more selective approach to replying to invitations to tender.
- In the United Kingdom revenue was boosted by the start-up of new contracts and good showings from existing sites in the healthcare and education markets.

4.1.4.4 Concession Catering

Concession catering revenue edged back to €1,668 million in FY 2015-2016 and represented 28% of total consolidated revenue.

Organic growth came to 1.7% but changes in the scope of consolidation and exchange rates had negative impacts of 2% and 0.3% respectively.

Revenue generated in **France** amounted to €657 million, down 8.2% on FY 2014-2015, with changes in the scope of consolidation accounting for 1.8 points of the overall year-on-year contraction.

- Revenue in the motorways market retreated, mainly due to works carried out following the renewal of certain contracts on the Cofiroute network, and the non-renewal of other contracts that expired. This adverse effect was partly offset by high traffic volumes during the summer period, on a same-site basis.
- In the airports market, revenue was weighed down by the loss of the catering contract for terminals E and F at Paris-Charles-de-Gaulle airport in 2015 and the impact on tourism of the terrorist attacks in France.
- The city sites & leisure market reported a year-on-year revenue decline due to lower numbers of visitors to sites in Paris following the terrorist attacks and an unfavorable basis of comparison with FY 2014-2015 when a number of biennial trade fairs took place. These impacts were partly offset by good business levels in the leisure sector, particularly due to the opening in June 2015 of the Bois aux Daims vacation resort village in the Vienne region.

In the **international** segment, 5.0% growth drove revenue up to €1,011 million for FY 2015-2016. Organic growth was 7.7% but changes in the scope of consolidation and exchange rates trimmed revenue by 2.2% and 0.6% respectively.

- The motorways market felt the positive effects of higher traffic volumes in Spain and Portugal and the reopening of the Okahumpka service plaza in Florida (USA).
- Revenue in the airports market was lifted by upward trends in traffic volumes in Spain, Portugal, the United States and Mexico, as well as by the opening of new points of sale and the launch of new concepts.

4.1.5 PURCHASE OF RAW MATERIALS AND CONSUMABLES

This item increased by €97.2 million, or 5.6%, from €1,726.3 million for the year ended September 30, 2015 to €1,823.5 million for FY 2015-2016.

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,			
	2016		2015	
Purchase of raw materials and consumables				
Contract catering & services	(1,356.4)	*32.1%*	(1,251.8)	*31.3%*
Concession catering	(488.2)	*29.3%*	(494.5)	*29.5%*
Corporate	21.0	–	20.0	–
Total	**(1,823.5)**	***30.9%***	**(1,726.3)**	***30.4%***

4.1.5.1 Contract Catering & Services

Purchases of raw materials and consumables for the contract catering & services business line rose by €104.6 million, or 8.4%, from €1,251.8 million for the year ended September 30, 2015, to €1,356.4 million for FY 2015-2016. The year-on-year increase was primarily attributable to Elior North America, whose acquisitions of Cura, Starr, ABL and Preferred Meals contributed €82.2 million to the overall rise, and, to a lesser extent, Elior UK, whose acquisition of Waterfall accounted for €2.5 million. Excluding changes in the scope of consolidation, purchases of raw materials and consumables increased in line with revenue growth.

As a percentage of revenue, this item edged up from 31.3% to 32.1%, but excluding the effect of acquisitions it decreased slightly. The ratio was significantly lower in FY 2015-2016 for international contract catering operations, due to cost control measures put in place and changes in the contract mix (particularly in the United Kingdom).

The ratio in France was up year on year, primarily due to the operating environment in the education and healthcare markets where prices are coming under fierce downward pressure in invitations to tender while specifications are becoming increasingly demanding for local and organic produce.

4.1.5.2 Concession Catering

Purchases of raw materials and consumables for the concession catering business line decreased by €6.3 million, or 1.3%, from €494.5 million to €488.2 million, primarily due to the termination of a number of motorways and airports contracts in France.

As a percentage of revenue, this item edged down from 29.5% to 29.3%, reflecting mixed trends across the business line's various regions:

- In France, the ratio rose year on year, mainly due to (i) a change in the weighting of the business line's markets, with railway stations and leisure sites – which have above average raw materials cost ratios – representing a larger proportion while the weighting of city sites contracted, and (ii) a decrease in the ratio for motorways, offset by an increase for the airports market as a result of a change in its business mix.
- For international concession catering operations, the ratio was lower in Spain and Portugal (primarily in the airports market thanks to improved raw materials management) as well as in the United States (especially in the motorways market as a result of the business line's revamped offering).

4.1.6 PERSONNEL COSTS

Consolidated personnel costs, excluding share-based compensation expense, increased by €86.1 million, or 3.4%, year on year, from €2,532.4 million to €2,618.5 million. However, as a percentage of revenue they inched down from 44.6% to 44.4%. This decrease was wholly attributable to the business model structures of the Group's newly-acquired companies (particularly in the United States), most of which have personnel cost ratios that are much lower than the Group's average.

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,			
	2016		2015	
Personnel costs				
Contract catering & services	(2,043.3)	*48.3%*	(1,947.5)	*48.7%*
Concession catering	(528.2)	*31.7%*	(536.6)	*32.0%*
Corporate [1]	(47.0)	–	(48.3)	–
Total	**(2,618.5)**	***44.4%***	**(2,532.4)**	***44.6%***

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

4.1.6.1 Contract Catering & Services

Personnel costs for the contract catering & services business line rose by €95.8 million, or 4.9%, from €1,947.5 million to €2,043.3 million. The year-on-year increase was primarily attributable to the effect of the acquisitions of Starr, Cura, ABL, Preferred Meals and Waterfall, which together accounted for €70.4 million of the overall rise. Excluding changes in the scope of consolidation, personnel costs for Elior North America rose in line with revenue growth.

As a percentage of revenue, contract catering & services personnel costs decreased from 48.7% to 48.3%. Excluding newly-acquired companies, however, the ratio increased slightly, reflecting rises in (i) the services business in France due to the introduction of new legal obligations concerning supplementary health benefits (whereas the ratio for contract catering operations remained stable), and (ii) all of the business line's other geographic regions; except for Italy which felt the positive effects of productivity plans put in place.

4.1.6.2 Concession Catering

Personnel costs for the concession catering business line decreased by €8.4 million, or 1.6%, from €536.6 million to €528.2 million. This reduction chiefly stemmed from a contraction in personnel costs in France due to the above-mentioned contract terminations, which more than offset an increase in these costs for international operations (in line with revenue growth).

As a percentage of revenue, personnel costs for this business line narrowed from 32.0% to 31.7%. This decrease primarily reflects high business volumes combined with tight cost control for Areas Iberia, Italy, USA and Mexico, although these positive effects were partially offset by an increase in the ratio in France, particularly in the motorways market due to a change in the business mix and in the airports market as a result of exiting certain contracts.

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 €4.3 million in FY 2015-2016 versus €1.4 million for FY 2014-2015.

4.1.7 OTHER OPERATING EXPENSES

Other operating expenses increased by €10.7 million, or 1.2%, from €878.1 million to €888.8 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,			
	2016		2015	
Other operating expenses				
Contract catering & services	(451.1)	*10.7%*	(446.9)	*11.2%*
Concession catering	(457.5)	*27.4%*	(455.7)	*27.1%*
Corporate (1)	19.8	–	24.4	–
Total	**(888.8)**	***15.1%***	**(878.1)**	***15.5%***

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

4.1.7.1 Contract Catering & Services

Other operating expenses for the contract catering & services business line rose by €4.2 million, or 0.9%, from €446.9 million to €451.1 million. The acquisitions of Cura, Starr, ABL and Preferred Meals represented €25.4 million of the overall increase, while in France other operating expenses decreased in both the education and healthcare markets.

As a percentage of revenue, the business line's other operating expenses narrowed from 11.2% to 10.7%, mainly reflecting the fact that the ratio was lower in France and the United Kingdom, which more than offset the impact of a higher ratio in the United States.

4.1.7.2 Concession Catering

Other operating expenses for the concession catering business line increased by €1.8 million, or 0.4%, from €455.7 million to €457.5 million. Spain and Portugal accounted for the majority of this rise as a result of higher concession fees payable for new contracts.

Conversely, other operating expenses for concession catering operations in France decreased year on year (in line with the business line's revenue contraction in the country).

As a percentage of revenue, other operating expenses for the concession catering business line rose slightly in FY 2015-2016, up from 27.1% to 27.4%.

4.1.8 TAXES OTHER THAN ON INCOME

This item increased by €3.1 million, or 4.8%, from €64.2 million to €67.3 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,			
	2016		2015	
Taxes other than on income				
Contract catering & services	(52.0)	*1.2%*	(45.6)	*1.1%*
Concession catering	(13.8)	*0.8%*	(14.7)	*0.9%*
Corporate	(1.5)	–	(3.9)	–
Total	**(67.3)**	***1.1%***	**(64.2)**	***1.1%***

4.1.8.1 Contract Catering & Services

Taxes other than on income for the contract catering & services business line increased by €6.4 million, or 14.0%, from €45.6 million to €52.0 million. The rise was mainly attributable to operations in the United States, with the acquisitions of Cura, Starr, ABL and Preferred Meals pushing up the figure by €6.6 million. As a percentage of revenue, taxes other than on income inched up from 1.1% to 1.2%.

4.1.8.2 Concession Catering

Taxes other than on income for the concession catering business line decreased by €0.9 million, or 6.1%, from €14.7 million to €13.8 million, with France accounting for the majority of the reduction (in line with its revenue contraction). The figure for this item as a percentage of revenue was also lower year on year, down from 0.9% to 0.8%.

4.1.9 EBITDA

Reported EBITDA as presented in the consolidated financial statements totaled €496.8 million for FY 2015-2016. The EBITDA figure used by the Group as its key operating performance indicator (and discussed in the section below) corresponds to consolidated EBITDA adjusted to exclude share-based payment expense. This adjusted EBITDA figure amounted to €501.1 million in FY 2015-2016 after deducting €4.3 million in share-based payment expense.

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

(in € millions)	Year ended September 30,		Change in EBITDA	EBITDA margin	
	2016	2015		FY 2015-2016	FY 2014-2015
Contract catering & services					
France	186.2	182.9	*3.3*	*8.6%*	*8.6%*
International	139.2	120.8	*18.4*	*6.7%*	*6.5%*
Total contract catering & services	**325.4**	**303.8**	**21.6**	**7.7%**	**7.6%**
Concession catering					
France	75.8	88.6	*(12.8)*	*11.5%*	*12.4%*
International	107.5	90.4	*17.1*	*10.6%*	*9.4%*
Total concession catering	**183.3**	**179.1**	**4.2**	**11.0%**	**10.7%**
Corporate	**(7.6)**	**(7.8)**	***0.2***		
GROUP TOTAL	**501.1**	**475.0**	**26.1**	**8.5%**	**8.4%**

Consolidated adjusted EBITDA rose by €26 million to €501 million in the year ended September 30, 2016 and represented 8.5% of revenue (or 8.6% excluding the dilutive effect of the consolidation of Preferred Meals in the United States, up 20 basis points on FY 2014-2015).

4.1.9.1 Contract Catering & Services

Adjusted EBITDA for the contract catering & services business line increased to €325 million from €304 million and represented 7.7% of revenue, up 10 basis points.

- **In France**, adjusted EBITDA totaled €186 million and represented 8.6% of revenue, unchanged from FY 2014-2015. The improvement in profitability for the catering business achieved as a result of the rollout of the Tsubaki plan was offset by higher personnel costs due to the application of new labor agreements for employees in the services business.
- In the **international** segment, adjusted EBITDA for the contract catering & services business line advanced by €18 million to €139 million. As a percentage of revenue it widened to 6.7% from 6.5% in FY 2014-2015, with the effect of enhanced profitability in Italy and the United Kingdom more than offsetting the dilutive effect of recently-acquired and consolidated companies, notably Preferred Meals in the United States (which operates mainly in the education market and has been consolidated since July 1, 2016). Excluding the dilutive effect of the consolidation of Preferred Meals, EBITDA margin came to 6.9%.

4.1.9.2 Concession Catering

Concession catering adjusted EBITDA amounted to €183 million (versus €179 million in FY 2014-2015) and represented 11.0% of revenue, up 30 basis points year on year.

- In **France**, the adjusted EBITDA figure contracted to €76 million from €89 million for FY 2014-2015, reflecting the revenue decline posted for the year.
- In the **international** segment, adjusted EBITDA rose by €17 million to €108 million and EBITDA margin surged by 120 basis points to 10.6%, led by higher profitability levels in all regions in Europe and America.

4.1.10 DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS

Consolidated depreciation, amortization and provisions for recurring operating items decreased by €3.7 million, or 2.4%, from €156.7 million to €153.0 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,			
	2016		2015	
Depreciation, amortization and provisions for recurring operating items				
Contract catering & services	(72.0)	*1.7%*	(70.9)	*1.8%*
Concession catering	(76.1)	*4.6%*	(83.9)	*5.0%*
Corporate	(4.9)	–	(1.8)	–
Total	**(153.0)**	***2.6%***	**(156.7)**	***2.8%***

4.1.10.1 Contract Catering & Services

Depreciation, amortization and provisions for recurring operating items reported by the contract catering & services business line rose by €1.1 million, or 1.6%, from €70.9 million to €72.0 million. Elior North America's acquisitions of Cura, Starr, ABL and Preferred Meals added €3.4 million onto the FY 2015-2016 total but this negative effect was partially offset by a decrease in depreciation, amortization and provisions for recurring operating items recognized in France for the education and healthcare markets.

4.1.10.2 Concession Catering

For the concession catering business line, this item decreased by €7.8 million, or 9.3%, from €83.9 million to €76.1 million, mainly due to changes in scope of consolidation and contract exits.

4.1.11 NON-RECURRING INCOME AND EXPENSES, NET

Following the issuance of the AMF recommendation concerning 2016 financial statements (DOC-2016-09 dated November 3, 2016), amortization of intangible assets recognized on acquisitions – notably for contract catering customer relationships – has been reclassified to recurring operating profit whereas it was previously recognized as a non-recurring expense. The figures for FY 2014-2015 have been restated accordingly and the analysis below is based on this restated data.

For the year ended September 30, 2016, non-recurring income and expenses represented a net expense of €49.5 million and notably included (i) €35.2 million in restructuring costs, (ii) €9.2 million in costs related to withdrawing from unprofitable contracts in France, Italy, Spain and the USA, and (iii) €5.1 million in share acquisition costs (including transaction costs) primarily for purchases of shares in the United Kingdom and the USA.

For the year ended September 30, 2015, this item represented a net expense of €27.4 million and notably included (i) restructuring costs, amounting to €13.4 million for France, Italy and THS in the contract catering business and €2.1 million for the concession catering business in Spain, (ii) €5.2 million in costs for withdrawing from unprofitable sites in Spain, Portugal and the United States, (iii) a €3.0 million loss recognized in relation to sales of non-strategic assets in the contract catering business in France and the concession catering business in Latin America, either already carried out during the year or scheduled for FY 2015-2016, (iv) €1.6 million in strategy consulting fees, and (v) €1.9 million in share acquisition costs, primarily for the purchase of shares in Lexington in the United Kingdom and THS subsidiaries in the United States.

4.1.12 NET FINANCIAL EXPENSE

Net financial expense contracted by €44.0 million, or 41.1%, from €107.0 million to €63.0 million, mainly due to the refinancing and repricing of the Group's euro- and dollar-denominated debt carried out (i) between December 2014 and May 2015, which led to an average 100 basis-point decrease in interest margins, (ii) in January 2016, which resulted in an additional 25 basis-point decrease in interest margins, and (iii) in February and May 2016 with the early redemption of the Elior Finance & Co 6.5% 2020 Senior Secured Notes (and subsequent refinancing through a bank loan). The year-on-year reduction also reflects slightly lower market interest rates and the cancelation of interest rate swaps in October 2015 (the cost of which had been provisioned for at the end of the previous fiscal year). These positive effects were, however, partially offset by the one-off impact of the early redemption of the Elior Finance & Co 6.5% 2020 Senior Secured Notes, representing a total amount of €14.1 million.

4.1.13 INCOME TAX

The Group's income tax expense rose by €5.2 million, or 7.6%, from €68.3 million to €73.5 million, representing an effective tax rate of 24.4% (or 34% including the impact of the French CVAE tax). The year-on-year increase in the income tax expense and decrease in the effective tax rate primarily reflect (i) growth in previous fiscal years of pre-tax profit in countries where tax rates are lower than the Group's average rate, and (ii) lower effective tax rates in FY 2015-2016 in a number of European countries (notably Italy as a result of the reform of the IRAP regional tax).

4.1.14 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

In FY 2015-2016 this item primarily concerned non-strategic business operations run by Areas Northern Europe. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal.

For the year ended September 30, 2016 discontinued operations generated €52.7 million in revenue and reported a net loss of €6.3 million (€57.8 million in revenue and a €2.4 million net loss for the year ended September 30, 2015).

4.1.15 ATTRIBUTABLE PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

As a result of the above-described factors – particularly the higher EBITDA figure and significantly lower finance costs, offset by higher non-recurring operational reorganization costs – the Group ended FY 2015-2016 with €135.3 million in profit attributable to owners of the parent, up 26.2% on the €107.2 million recorded for FY 2014-2015.

Earnings per share – calculated based on the weighted average number of Elior Group shares outstanding during the year ended September 30, 2016 – amounted to €0.78, representing a 20% increase on the FY 2014-2015 figure of €0.65.

4.1.16 ADJUSTED ATTRIBUTABLE PROFIT FOR THE PERIOD

Adjusted attributable profit for the period – which corresponds to profit for the period attributable to owners of the parent adjusted for (i) "Non-recurring income and expenses, net" and net of the related tax effect calculated at the Group's standard tax rate of 34%, and (ii) amortization of intangible assets recognized on consolidation in relation to acquisitions (notably customer relationships) totaled €180.9 million and represented €1.05 in adjusted earnings per share, up 31% year on year.

(in € millions)	Year ended September 30,	
	2016	2015
Profit for the period attributable to owners of the parent	**135.3**	**107.2**
Adjustments		
Non-recurring income and expenses, net (1)	49.5	27.4
Net amortization of intangible assets recognized on consolidation	13.0	8.1
Tax effect on (1) calculated at the standard rate of 34%	(16.8)	(9.3)
Adjusted attributable profit for the period	**180.9**	**133.4**
Adjusted earnings per share (in €)	**1.05**	**0.80**

4.2 CONSOLIDATED CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2016

The following table provides a summary of the Group's cash flows for the years ended September 30, 2015 and 2016.

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

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, 2015 and 2016.

(in € millions)	Year ended September 30,	
	2016	2015
reported EBITDA	496.8	473.6
Change in working capital	(0.3)	34.1
Interest and other financial expenses paid	(81.4)	(72.7)
Tax paid	(78.7)	(56.2)
Other (including dividends recieved from associates)	(61.3)	(84.9)
Net cash from operating activities	**275.1**	**293.9**

Operating activities generated a net cash inflow of €275.1 million in the year ended September 30, 2016 versus €293.9 million in FY 2014-2015. The year-on-year decrease reflects movements in all of this item's components during the year.

Change in working capital

Change in working capital had an almost neutral impact in the year ended September 30, 2016, representing a net cash outflow of €0.3 million (versus a net cash inflow of €34.1 million in FY 2014-2015). This performance reflects the combined impact of (i) slightly shorter customer payment times for certain contract catering subsidiaries (in France, Italy and Spain), offset by (ii) the cash outflows resulting from the termination of a number of contracts and shorter payment times for certain social security contributions in France. The FY 2015-2016 figure was also adversely affected by the timing of the major acquisitions carried out by the Group towards the end of the fiscal year in the USA and UK.

Interest and other financial expenses paid

For the year ended September 30, 2016, this item included the payment of a €13.6 million exit fee for interest rate swaps as well as an €11.8 million early redemption penalty for the Elior Finance & Co 6.5% 2020 Senior Secured Notes.

Excluding these non-recurring expenses, interest paid was significantly lower year on year, in line with the sharp decrease in net financial expense recorded in the income statement due to the renegotiation of interest margins on the Group's debt and the refinancing of Elior North America's debt that took place in FY 2014-2015.

Tax paid

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

This item represented a net cash outflow of €78.7 million in the year ended September 30, 2016 (versus €56.2 million in FY 2014-2015). The year-on-year increase was chiefly attributable to the payment of a €21 million prior-year tax liability following the settlement of a tax dispute during the year ended September 30, 2014 (for which a provision had been recorded in the consolidated balance sheet).

Other cash flows from operating activities

Other cash flows from operating activities primarily relate to (i) non-recurring income and expenses recorded under "Non-recurring income and expenses, net" in the consolidated income statement, and (ii) payments made in connection with fair value adjustments recognized in accordance with IFRS as part of the purchase price allocation process for acquisitions. For the years ended September 30, 2015 and 2016, other cash flows from operating activities represented net cash outflows of €84.9 million and €61.3 million respectively. The FY 2015-2016 figure chiefly consists of (i) an aggregate €50 million in restructuring costs and costs related to voluntary contract exits, primarily incurred by Elior Group in France, Areas in Spain and Elior Ristorazione in Italy, (ii) €3.2 million in transaction costs arising on Elior North America's recent acquisitions of Starr, Cura, ABL and Preferred Meals in the USA and Elior UK's acquisition of Waterfall in the United Kingdom, and (iii) €3.7 million in costs related to the Group's head office move to the Tour Egée at La Défense, Paris.

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, 2015 and 2016.

(in € millions)	Year ended September 30, 2016	2015
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(183.0)	(177.9)
Purchases of and proceeds from sale of non-current financial assets	(24.4)	1.8
Acquisition/sale of shares in consolidated companies	(253.1)	(109.6)
Net cash used in investing activities	**(460.4)**	**(285.6)**

Net cash used in investing activities totaled €285.6 million in FY 2014-2015 and €460.4 million in FY 2015-2016.

Capital expenditure

Total consolidated cash used for purchases of property, plant and equipment and intangible assets (capital expenditure), net of proceeds from sales, increased year on year from €177.9 million to €183.0 million.

The figure for contract catering & services came to €85.7 million for the year ended September 30, 2015 and €91.4 million for FY 2015-2016. As a percentage of the business line's revenue it was stable year on year, representing 2.1% and 2.2% respectively.

For concession catering, net cash used for capital expenditure totaled €85.6 million for the year ended September 30, 2015 and €73.4 million for FY 2015-2016, representing 5.1% and 4.4% of the business line's revenue respectively. The year-on-year decrease in these figures reflects a lower level of expenses incurred under capital expenditure programs in the motorways market in France and Italy.

Net cash used for capital expenditure by the Corporate segment came to €6.6 million and €18.2 million in the years ended September 30, 2015 and 2016 respectively and primarily corresponded to purchases of software and hardware in connection with the Group's new IT blueprint.

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

This item corresponded to a net cash outflow of €24.4 million in the year ended September 30, 2016, and mainly related to (i) the implementation of the strategic partnership with Ducasse Développement which resulted in Elior Group purchasing convertible bonds and shares during the fiscal year, and (ii) the acquisition of non-controlling interests in innovative start-ups whose activities are related or complementary to the Group's businesses.

The €1.8 million net cash inflow generated from "Purchases of and proceeds from sale of non-current financial assets" in the year ended September 30, 2015 was primarily due to a decrease in loans and deposits.

Acquisition/sale of shares in consolidated companies

For the year ended September 30, 2016, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €253.1 million and chiefly concerned the acquisitions of (i) Cura, ABL and Preferred Meals in the United States, (ii) Waterfall in the United Kingdom, and (iii) Areas Restauration Services in France.

For the year ended September 30, 2015, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €109.6 million, mainly corresponding to (i) the consideration paid for the Lexington shares acquired in October 2014, (ii) amounts paid in cash and in treasury shares (purchased by the Company on the market) for the purpose of buying out the 38.45% non-controlling interest in Areas in July 2015, and (iii) the acquisition cost of the shares in Starr Restaurant Catering Group purchased by THS in the United States in August 2015.

4.2.3 CASH FLOWS FROM FINANCING ACTIVITIES

The following table sets out the components of consolidated net cash from financing activities for the years ended September 30, 2015 and 2016.

(in € millions)	Year ended September 30,	
	2016	2015
Dividends paid to owners of the parent	(55.1)	(32.9)
Movements in share capital of the parent	1.8	1.4
Purchases of treasury shares	(1.1)	0
Dividends paid to non-controlling interests	(0.9)	(8.4)
Proceeds from borrowings	549.7	1,165.3
Repayments of borrowings	(351.9)	(1,101.0)
Net cash from financing activities	**142.5**	**24.4**

Net cash from financing activities totaled €142.5 million and €24.4 million in the years ended September 30, 2016 and 2015 respectively.

Dividends paid to owners of the parent

The dividend for the year ended September 30, 2015 – which corresponded to €55.1 million (€0.32 per share) and was approved by the Company's shareholders at the March 11, 2016 Annual General Meeting – was paid on April 13, 2016.

The dividend for the year ended September 30, 2014 – which corresponded to €32.9 million (€0.20 per share) and was approved by the Company's shareholders at the March 10, 2015 Annual General Meeting – was paid on April 10, 2015.

Movements in share capital of the parent

This item totaled €1.4 million and €1.8 million for the years ended September 30, 2015 and 2016 respectively and represented the amounts received in connection with capital increases carried out on exercise of Elior Group stock options.

Dividends paid to non-controlling interests

This item represented net cash outflows of €8.4 million and €0.9 million for the years ended September 30, 2015 and 2016 respectively. The year-on-year decrease was due to the Group's acquisition of full control of Areas in 2015.

Proceeds from borrowings

Consolidated cash inflows from proceeds from borrowings totaled €1,165.3 million and €549.7 million in the years ended September 30, 2015 and 2016 respectively.

For the year ended September 30, 2016 these proceeds mainly corresponded to (i) €449.7 million drawn down by Elior Group under three new bank loans, (ii) €33.1 million in drawdowns under euro- and dollar-denominated revolving credit facilities, and (iii) €44.2 million from new securitized receivables.

In FY 2014-2015, this item primarily corresponded to (i) a €950 million bank loan draw down by Elior SA and Elior Participations SCA in connection with the refinancing of all of their syndicated bank loans on December 10, 2014 (fifth amendment to the SFA), (ii) a US dollar-denominated bank loan and bond debt (representing a euro-equivalent amount of €179 million), drawn down by Elior SA and Elior Participations SCA in order to refinance THS's syndicated loan and finance its future acquisitions, (iii) €3.8 million from new securitized receivables, and (iv) a €16.3 million bank loan drawn down by Areas.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €1,101.0 million and €351.9 million in the years ended September 30, 2015 and 2016 respectively.

In FY 2015-2016, this item primarily related to (i) the early redemption of the Elior Finance & Co. 6.5% May 2020 Senior Secured Notes (€227.5 million), (ii) the refinancing of Areas' external euro-denominated debt, which was replaced by intra-Group debt (€116.4 million), and (iii) repayments of finance lease liabilities (€7.1 million).

In FY 2014-2015 this item mainly concerned (i) early repayment in an amount of €956.3 million made by Elior SA and Elior Participations SCA for two syndicated bank loans (at the time of the fifth amendment to the SFA, as referred to above), (ii) a €127.2 million early repayment for the THS credit facility, (iii) the repayment of €4.4 million in finance lease liabilities, and (iv) €8.3 million in repayments of various other bank borrowings.

Effect of exchange rate and other changes

In the year ended September 30, 2016, fluctuations in exchange rates and other changes had an overall €1.4 million net positive cash impact. This total primarily corresponds to a €3.6 million negative effect from discontinued operations, which was more than offset by cash inflows of €3.6 million due to fluctuations in the USD and GBP exchange rates and €1.9 million resulting from the share issue taken up by THS' non-controlling shareholders.

In FY 2014-2015, fluctuations in exchange rates and other changes had an overall €23.9 million net negative cash impact, with €26.0 million in cash outflows resulting from the impact on consolidated cash and cash equivalents of fluctuations in the USD and GBP exchange rates and the unwinding of USD hedges (hedges of net investments in foreign operations).

4.2.4 FREE CASH FLOW

(in € millions)	Year ended September 30,	
	2016	2015
reported EBITDA	**496.8**	**473.6**
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(183.0)	(177.9)
Change in working capital	(0.3)	34.1
Other non-recurring cash items	(61.3)	(84.9)
Tax paid	(78.7)	(56.2)
Free Cash-Flow	**173.5**	**188.7**

Free cash flow contracted to €173.5 million in the year ended September 30, 2016. The year-on-year decrease reflects the fact that the effects of the higher reported EBITDA figure and tight control over capital expenditure and non-recurring cash costs were more than offset by (i) a €21 million one-off tax payment related to prior fiscal years (for which a provision had been recognized at September 30, 2015) and (ii) the adverse impact on working capital of the acquisitions carried out towards the year-end.

The reported EBITDA to free cash flow conversion rate was 34.9% in FY 2015-2016, but adjusted for the major acquisitions carried out in the second half of the year (Areas Restauration Services, Preferred Meals and Waterfall), it came to 38%.

4.3 CONSOLIDATED BALANCE SHEET

(in € millions)	At September 30, 2016	2015
Non-current assets	3,782	3,455
Current assets excluding cash and cash equivalents	1,175	1,096
Cash and cash equivalents	161	210
Total assets	**5,118**	**4,762**

(in € millions)	At September 30, 2016	2015
Equity	1,516	1,456
Non-controlling interests	41	31
Non-current liabilities	2,099	1,746
Current liabilities	1,461	1,530
Total equity and liabilities	**5,118**	**4,762**
Net working capital requirement	(196)	(225)
Gross debt	1,857	1,654
Net debt as defined in the SFA	1,706	1,452
SFA leverage ratio (net debt as defined in the SFA / EBITDA) (*)	3.22	3.03

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

At September 30, 2016, non-current assets included deferred tax assets totaling €216 million (versus €223 million one year earlier), of which €132 million related to recognized tax loss carryforwards (€144 million at September 30, 2015). The Group's assessment of the recoverable nature of these deferred tax assets is based on the same ten-year earnings forecasts as used for the impairment tests performed for the entities concerned.

At September 30, 2016, the Group's gross debt amounted to €1,857 million (up on the September 30, 2015 figure of €1,654 million) and mainly comprised (i) euro-denominated bank borrowings amounting to €1,214 million under the Senior Facilities Agreement (SFA), and (ii) €399 million in dollar-denominated debt carried by Elior Group and Elior Participations. The remainder of the Group's gross debt at September 30, 2016 was made up of €221 million in liabilities related to trade receivables securitized by French, Italian, Spanish and UK subsidiaries and €36 million in finance lease liabilities.

The average interest rate in FY 2015-2016 – including the lending margin – on the Group's debt related to the SFA and securitized trade receivables (which represent the majority of its total debt) was 2.2% taking into account the effect of interest rate hedges (2.9% in FY 2014-2015).

Cash and cash equivalents recognized in the balance sheet amounted to €161 million at September 30, 2016. 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 €156 million.

At September 30, 2016, consolidated net debt (as defined in the SFA) stood at €1,706 million. This amount represented 3.22 times consolidated pro forma EBITDA (excluding acquisitions) versus 3.03 times at September 30, 2015.

4.4 EVENTS AFTER THE REPORTING DATE

Acquisition of MegaBite Food Services and CRCL in India

On November 21, 2016 Elior Group announced that it had signed an agreement to acquire the entire capital of MegaBite Food Services and a majority stake in CRCL. Both of these companies are based in India – MegaBite Food Services in Bangalore and CRCL in Chennai. The two companies generate combined annual revenue of some €27 million and they will be consolidated in the Group's financial statements as from the second quarter of the year ending September 30, 2017.

4.5 MAIN DISCLOSURE THRESHOLDS' CROSSED IN THE YEAR ENDED SEPTEMBER 30, 2016

In the year ended September 30, 2016, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

- On October 9, 2015, GLG Partners LP disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.23% of the Company's total shares and voting rights.
- Charterhouse Poppy II, Charterhouse Poppy IV, Charterhouse Poppy VI, Société de Restauration 2 and Société de Restauration 4 disclosed that on October 9, 2015 they had reduced their interest to below the thresholds of 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights as the result of an off-market sale of the Company's shares, which led to the end of the existing concert arrangement between those companies.
- Charterhouse Poppy II disclosed that on October 9, 2015 it had reduced its interest to below the threshold of 11% of the Company's capital and voting rights and that at that date it held 10.75% of the Company's total shares and voting rights.
- Charterhouse Poppy IV disclosed that on October 9, 2015 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 4.91% of the Company's total shares and voting rights.
- Charterhouse Poppy VI disclosed that on October 9, 2015 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 1.95% of the Company's total shares and voting rights.
- Société de Restauration 2 disclosed that on October 9, 2015 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 0.74% of the Company's total shares and voting rights.
- Société de Restauration 4 disclosed that on October 9, 2015 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 1.47% of the Company's total shares and voting rights.
- On October 12, 2015, BIM disclosed that it had raised its interest to above the thresholds of 21%, 22%, 23% and 24% of the Company's capital and voting rights and that at that date it held 24.001% of the Company's total shares and voting rights.
- On October 12, 2015, BIM disclosed that taking into account the shares underlying an equity swap it had raised its interest to above the thresholds of 26%, 27%, 28%, 29%, 30%, 31% and 32% of the Company's capital and voting rights and that at that date it potentially held 32.62% of the Company's total shares and voting rights.
- On October 13, 2015, Crédit Agricole Corporate and Investment Bank disclosed that it had directly 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 8.62% of the Company's total shares and voting rights.
- On October 13, 2015, Crédit Agricole SA disclosed that it had indirectly 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 8.62% of the Company's total shares and voting rights.
- On November 2, 2015, GLG Partners LP disclosed that it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.89% of the Company's total shares and voting rights.
- On November 4, 2015, Sycomore Asset Management disclosed that it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.03% of the Company's total shares and voting rights.

- On November 23, 2015, Crédit Agricole Corporate and Investment Bank disclosed that it had directly reduced its interest to below the thresholds of 8%, 7%, 6%, 5%, 4% and 3% of the Company's capital and voting rights and that at that date it held 2.37% of the Company's total shares and voting rights.

- On November 23, 2015, Crédit Agricole SA disclosed that it had indirectly reduced its interest to below the thresholds of 8%, 7%, 6%, 5%, 4% and 3% of the Company's capital and voting rights and that at that date it held 2.37% of the Company's total shares and voting rights.

- On November 24, 2016, BIM disclosed that it had reduced its interest to below the thresholds of 32%, 31%, 30%, 29%, 28% and 27% of the Company's capital and voting rights and that at that date it held 26.36% of the Company's total shares and voting rights.

- Marshall Wace LLP disclosed that on November 25, 2015 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 2.03% of the Company's total shares and voting rights.

- Marshall Wace LLP disclosed that at December 11, 2015 it held 2.62% of the Company's total shares and voting rights.

- On December 15, 2015, BNP Paribas Investment Partners SA disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and that at that date it held 1.0068% of the Company's total shares and 0.94% of the voting rights.

- On December 17, 2015, Covea Finance disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.87% of the Company's total shares and voting rights.

- On December 31, 2015, AXA Investment Managers disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.03% of the Company's total shares and voting rights.

- On January 12, 2016, BNP Paribas Investment Partners SA disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.01% of the Company's total shares and voting rights.

- On January 15, 2016, Massachusetts Financial Services Company disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.10% of the Company's total shares and voting rights.

- Marshall Wace LLP disclosed that at January 15, 2016 it held 2.40% of the Company's total shares and voting rights.

- On January 15, 2016, GLG Partners LP disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.51% of the Company's total shares and voting rights.

- On January 18, 2016, Charterhouse Poppy II, Charterhouse Poppy IV and Charterhouse Poppy VI disclosed that they had reduced their interest to below the threshold of 15% of the Company's capital and voting rights and that at that date they held 10.64% of the Company's total shares and voting rights29.

- On February 4, 2016, BIM disclosed that it had raised its interest to above the thresholds of 27% and 28% of the Company's capital and voting rights and that at that date it held 28.48% of the Company's total shares and voting rights.

- On March 1, 2016, Marshall Wace LLP disclosed that it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.97% of the Company's total shares and voting rights.

- On March 2, 2016, Caisse de Dépôt et Placement du Québec disclosed that it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, 5% and 6% of the Company's capital and voting rights and that at that date it held 6.55% of the Company's total shares and voting rights.

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[29] At January 18, 2016, Charterhouse Poppy II held 6.49% of the Company's capital, Charterhouse Poppy IV held 2.96% and Charterhouse Poppy VI held 1.18%.

- On March 7, 2016, BlackRock Inc. disclosed that it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.52% of the Company's total shares and voting rights.

- Charterhouse Poppy II, Charterhouse Poppy IV and Charterhouse Poppy VI disclosed that on March 2, 2016 they had reduced their interest to below the thresholds of 10% and 5% of the Company's capital and voting rights and that at that date they only held 2,000 of the Company's shares and voting rights.

- Marshall Wace LLP disclosed that on March 15, 2016 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 0.94% of the Company's total shares and voting rights.

- Allianz Global Investors GmbH disclosed that on March 16, 2016 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 1.26% of the Company's total shares and voting rights.

- Marshall Wace LLP disclosed that at March 18, 2016 it held 0.66% of the Company's total shares and voting rights.

- La Financière de l'Echiquier disclosed that on March 17, 2016 it had reduced its interest to below the threshold of 3% of the Company's capital and voting rights and that at that date it held 2.99% of the Company's total shares and voting rights.

- Ameriprise Financial Group disclosed that on March 17, 2016 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 1.23% of the Company's total shares and voting rights.

- Baring Asset Management Limited disclosed that on March 31, 2016 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 1.038% of the Company's total shares and 1.033% of the voting rights.

- Marshall Wace LLP disclosed that on April 19, 2016 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 1.30% of the Company's total shares and voting rights.

- Marshall Wace LLP disclosed that at April 25, 2016 it held 1.01% of the Company's total shares and voting rights.

- On April 28, 2016, BIM disclosed that it had reduced its interest to below the thresholds of 28%, 27%, and 26% of the Company's capital and voting rights that at that date it held 25.18% of the Company's total shares and voting rights.

- On April 29, 2016, Crédit Agricole Corporate and Investment Bank disclosed that it had directly reduced its interest to below the thresholds of 2% and 1% of the Company's capital and voting rights and that at that date it no longer held an ownership interest in the Company.

- On April 29, 2016, Crédit Agricole SA disclosed that it had indirectly reduced its interest to below the thresholds of 2% and 1% of the Company's capital and voting rights and that at that date it no longer held an ownership interest in the Company.

- GIC Private Limited disclosed that on May 26, 2016 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 1.0044% of the Company's total shares and 1.0045% of the total voting rights.

- On May 30, 2016, Amundi disclosed that it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.68% of the Company's total shares and voting rights.

- Sycomore Asset Management disclosed that on June 13, 2016 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.

- Sycomore Asset Management disclosed that on June 24, 2016 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.01% of the Company's total shares and voting rights.

- Sycomore Asset Management disclosed that on August 31, 2016 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.99% of the Company's total shares and voting rights.

- On September 5, 2016, GLG Partners LP disclosed that it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.5% of the Company's total shares and voting rights.

- On September 15, 2016, Select Equity Group, L.P. disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.012% of the Company's total shares and voting rights.

To the best of the Company's knowledge, no other shareholders submitted any notifications under the applicable disclosure threshold rules during the fiscal year.

4.6 PARENT COMPANY PROFIT AND DIVIDEND

Based on the results for FY 2015-2016, at the Annual General Meeting to be held in 2017 the Board of Directors will recommend a dividend payment of 42 euro cents per share, up 31.25% on FY 2014-2015. This dividend corresponds to a payout ratio of approximately 40% of adjusted earnings per share[30] for the fiscal year ended September 30, 2016, which amounted to €1.05.

[30] Adjusted earnings per share is calculated based on consolidated profit for the period attributable to owners of the parent (€135.2 million) adjusted for non-recurring items (a €49.5 million net expense) net of the income tax effect calculated at the Group's standard tax rate of 34% (representing an income tax effect of €16.8 million) and amortization of intangible assets recognized on acquisitions (mainly client relationships), amounting to €13 million. Adjusted profit for the period therefore totaled €180.9 million, which, based on the weighted average number of Elior Group shares outstanding during the fiscal year ended September 30, 2016, represents adjusted earnings per share of €1.05.

4.7 THE GROUP'S FINANCIAL AND LIQUIDITY POSITION

4.7.1 LIQUIDITY AND CAPITAL RESOURCES

4.7.1.1 Overview

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 5.2.2.3 to the consolidated financial statements for the years ended September 30, 2015 and 2016 in Section 4.9 of this Registration Document).

As was the case in the year ended September 30, 2016 and in previous years, the Group believes that for the year ending September 30, 2017, its cash requirements will mainly relate to (i) financing working capital requirements (see Section 4.7.7.3), (ii) financing capital expenditure (see Section 4.2.2), 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 8, 2016).

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 €275.1 million for the year ended September 30, 2016 and €293.8 million for the year ended September 30, 2015.
- Available cash: Cash and cash equivalents recorded in the consolidated cash flow statement amounted to €197.8 million and €156.2 million at September 30, 2015 and 2016 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, 2016 and 2015".
- Debt, which includes the Senior Facility Agreement (SFA), the US-dollar bond issue (private placement), the 2013 Securitization Program, and finance lease liabilities. See Note 8.16.1 to the consolidated financial statements in the section below entitled "Consolidated Financial Statements for the Years Ended September 30, 2016 and 2015" as well as the description below.

4.7.1.2.2 Financial Liabilities

The Group's financial liabilities totaled €1,673.5 million and €1,876.2 million at September 30, 2015 and 2016 respectively. The table below provides a breakdown of the Group's gross debt at each of those dates.

(in € millions)	At September 30	
	2016	**2015**
Financial liabilities under the Senior Facility Agreement	1,524.3	1,267.0
o/w Senior Secured Notes (see definition below)		227.5
USD private placement	89.0	*89.5*
Finance lease liabilities	36.1	16.8
Receivables securitization program	221.4	179.6
Other financial liabilities (short-term bank loans)	5.4	120.6
Total financial liabilities	1,876.2	1,673.5

The table below shows the Group's credit ratings:

	Moody's[1]	**S&P**[2]	**Fitch**[3]
Group	Ba2	BB+	BB-

(1) Rating at September 25, 2015
(2) Rating at March 14, 2016
(3) Rating at April 21, 2016

The following section describes the main components of the Group's financial liabilities.

4.7.2 SENIOR FACILITY AGREEMENT

Overview

On June 23, 2006, the Company entered into a Senior Facility Agreement (the "Senior Facility Agreement" or "SFA"), which has been amended several times since that date. The borrowers under this Agreement are Elior Group and Elior Participations S.C.A.

Pursuant to an addendum signed in January 2016, the Group extended by one year the maturities of Facility B, Facility C and the euro revolving facility under the SFA, and reduced the lending margins on these facilities by 25 basis points.

On February 8, 2016 the Group redeemed a portion of its Senior Secured Notes and subsequently redeemed the remainder of the outstanding Notes on June 3, 2016. These redemptions were financed through drawdowns on two new loans forming part of Facility I (Facility I6 and Facility I7), representing principal amounts of €50 million and €184 million respectively. Facility I6 and Facility I7 correspond to bank-format private placements.

In June 2016, the Group drew down a principal amount of USD 244 million under a further new Facility I loan (Facility I8).

Credit Facilities

As at the date of the Registration Document, the Senior Facility Agreement provides for the following credit facilities:

Facility	Borrower	Principal amount (in € millions)	Currency	Maturity
Facility B	Elior Group – Elior Participations	800	EUR	2021
Facility C	Elior Group – Elior Participations	150	EUR	2022
Facility I4	Elior Participations	50	USD	2020
Facility I5	Elior Participations	50	USD	2020
Facility I6	Elior Group	50	EUR	2023
Facility I7	Elior Group	184	EUR	2023
Facility I8	Elior Participations	244	USD	2021
EUR Revolving Facility	Elior Group – Elior Participations	300	EUR	2021
USD Revolving Facility	Elior Group – Elior Participations	150	USD	2020
USD Revolving Facility 2	Elior Group – Elior Participations	100	USD	2020
	Total	**2,078**		

The Senior Facility Agreement provides for the following to be made available to the Company and/or Elior Participations S.C.A., in one or more tranches: (i) a "Facility H" loan, as described in Section 4.7.3 below, "Facility H and High Yield Notes", and (ii) a "Facility I", as described below.

<u>Interest and Fees</u>

The Senior Facilities bear interest at a rate per annum equal to the Libor of the currency in which the loan is denominated (or Euribor for loans in euros), plus the applicable margins and certain usual mandatory costs.

The annual margins for certain Senior Facilities are determined by reference to the applicable leverage ratio as follows:

Leverage ratio	Facility B	Facility C	Facilities I4, I5 and I8	Facilities I6 and I7	EUR Revolving Facility	USD Revolving Facility
Greater than or equal to 3.50:1	2.00%	3.10%	1.95%	2.85%	1.60%	1.55%
Less than 3.50:1 but greater or equal to 3.00:1	1.65%	2.75%	1.70%	2.50%	1.25%	1.30%
Less than 3.00:1 but greater or equal to 2.50:1	1.40%	2.50%	1.45%	2.25%	1.00%	1.05%
Less than 2.50:1 but greater or equal to 2.00:1	1.205%	2.30%	1.20%	2.05%	0.80%	0.80%
Less than 2.00:1	1.00%	2.10%	0.95%	1.85%	0.60%	0.55%

The mechanism providing for a reduction in margins based on the leverage ratio will not apply if an “event of default”, as defined in the Senior Facility Agreement, has occurred.

Security and Guarantees

Following the redemption of the Senior Secured Notes, the pledges granted to Elior Finance & Co. S.C.A. in its capacity as lender for the Facility H1 Loan have been released.

Similarly, as the Senior Facility 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 Facility 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 Facility Agreement contains certain reporting requirements, and particularly an obligation to provide audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The Senior Facility Agreement also stipulates that the Group's leverage ratio must be less than or equal to 4:1 at September 30 and less than or equal to 4.50:1 at March 31.

Mandatory Prepayments and Cancellation

The Senior Facilities will be immediately repayable, if, among other events, there is a “change of control” or a sale of all or substantially all of the Group’s assets.

The borrowers may voluntarily (i) prepay all or part of the loans made to them under the Senior Facilities, or (ii) cancel all or part of any unused facilities under the Senior Facilities.

Events of Default

The Senior Facility 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 Facility 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 Facility Agreement is governed by English law.

4.7.3 FACILITY H AND HIGH YIELD NOTES

Overview of Facility H

The Senior Facility Agreement provides that the Company or Elior Participations S.C.A may borrow amounts under a credit facility entitled Facility H, in one or more tranches. For this purpose, a duly authorized credit institution in France must commit to make such tranches available, subject to the assurance that the loan will be immediately purchased by another lender through financing obtained in a capital markets transaction (a high yield note offering or any other similar issue), which in turn must meet a number of conditions. The interest payable on any Facility H tranche, taking into account any fees or issue premiums, must be set such that the yield to maturity does not exceed 11% per annum.

The Senior Facility Agreement provides that net proceeds of any borrowings under a Facility H tranche must be used as follows: (i) €150 million (after deducting any repayments made using the proceeds of any borrowings under Facility I) as prepayment of the Facilities granted to Elior Participations S.C.A. or the Company that mature in 2017, and then, (ii) at the discretion of the borrower concerned, for carrying out permitted acquisitions (subject to certain limits) and/or for voluntarily prepaying the term loan facilities.

The repayment, maturity and interest rate clauses applicable to a Facility H tranche will be the same as the equivalent clauses contained in the terms and conditions of the related capital markets issue, as the majority of the prepayment clauses applicable to the other Senior Facilities provided for under the Senior Facility Agreement do not apply to Facility H.

Any amounts drawn down under a Facility H tranche will be guaranteed by the Company (unless it is the borrower itself), Bercy Participations and Elior Participations S.C.A. (and any other entity that may join the Senior Facility Agreement as guarantor), subject to the related guarantee limitations. Repayments under a Facility H tranche are also secured by (i) pledges granted by the Company over its shares in Elior Participations S.C.A. and Bercy Participations, and, (ii) if Elior Participations S.C.A. is the borrower, a pledge granted by Elior Participations S.C.A. over its shares in Elior Concessions and Elior Restauration et Services, and the Avenance trademark. Any amounts recovered through enforcement of these guarantees and/or pledges will indirectly benefit the holders of the notes issued as part of the related capital markets issue.

If a Facility H tranche is issued, the Company, Bercy Participations and Elior Participations S.C.A. (and any other company that joins the Senior Facility Agreement as guarantor) must enter into a Covenant Agreement concerning the related notes that will be issued, under which they agree to respect, and ensure that their subsidiaries also respect the undertakings (other than payment undertakings) provided for in the terms and conditions of said notes.

The holders of the notes issued in connection with a Facility H tranche do not benefit from the numerous rights and protections granted to other lenders under the Senior Facility Agreement, apart from the fact that they indirectly benefit from the payments made by the Company under the related Facility H tranche and are given certain indirect, restricted rights and benefits. Neither the Company nor its subsidiaries directly guarantee the notes issued in connection with a Facility H tranche.

4.7.4 FACILITY I

Overview

The Senior Facility 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 Facility 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 Elior Concessions 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 Facility Agreement the maturities of the 5-year tranches and the revolving credit facility were extended by one year, and their respective lending margins were reduced by 25 basis points.

Two new Facility I tranches amounting to €50 million each were set up on May 22, 2015 (Facility I4) and June 23, 2015 (Facility I5). The funds under these facilities – whose drawdowns bear interest at a rate of 1.88% – were made available to Elior Participations on May 28 and June 26, 2015 respectively.

In addition, two Revolving Facilities amounting to USD 150 million (the USD Revolving Facility) and USD 100 million (the USD Revolving Facility 2) were made available to Elior Group and Elior Participations in June 2015.

Two new Facility I tranches were set up on January 15, 2016 (Facility I6, for €50 million) and April 18, 2016 (Facility I7, for €184 million). The funds under these facilities – whose drawdowns bear interest at a rate of 2.254% for Facility I6 and 2.1486% for Facility I7 – were made available to Elior Group on January 29 and May 2, 2016 respectively. They were financed by bank-format private placements within the scope of the Senior Facility Agreement.

Lastly, 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.

4.7.5 BOND ISSUE

In 2015 the Company carried out a bond issue representing a maximum USD 100 million. Interest on the bonds – which mature on May 28, 2022 – corresponds to the USD six-month Libor plus a margin [which may not exceed 2.60% per annum]. The proceeds of the bond issue (net of the related issue costs) were used to refinance Elior North America's debt (see Section 4.8.16.1 below).

The bonds were issued to the Belgian-based fund, Pandios CommVA under a private placement. Neither the Company nor its subsidiaries have granted any collateral or guarantees for the bonds. Other than the guarantee provisions, the bonds are subject to the same terms and conditions as in the Senior Facility Agreement.

4.7.6 RECEIVABLES SECURITIZATION PROGRAM

Certain French and Italian 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.

Under the 2013 Securitization Program, trade receivables arising from sales carried out or services provided in France and in Spain in relation to concession catering contracts or facility management services (subject to certain eligibility criteria) and which are denominated in euros and originated by any Elior Group Receivables Seller (except the receivables of Italian receivables sellers) are sold to FCT Camelia, a French securitization vehicle (*fonds commun de titrisation*) (the "FCT") established by Eurotitrisation as management company and HSBC France as custodian, liquidity and settlement bank. Sales to the FCT are made at the face value of the receivables, less a discount to reflect the financing costs until settlement. The FCT's commitment to fund the purchase of receivables ends in May 2018.

At September 30, 2016, outstanding securitized receivables, net of the related €69 million overcollateralization reserve, stood at €198 million. The program's cost, applied to the net amounts securitized, is approximately equal to the one-month Euribor plus 1%.

The FCT 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 FCT and swept periodically to the FCT's bank account (subject to netting against the purchase price owed for newly originated receivables, unless an event of default has occurred). Responsibility for the administration of 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.

The FCT obtains funding through an asset-backed commercial paper conduit with senior units (*parts prioritaires*) issued to Crédit Agricole Corporate and Investment Bank, Rabobank and HSBC France and subordinated units (*parts subordonnées*) issued to Elior Participations S.C.A. The subordinated units bear the risk of payment default by clients. Payment of interest and principal amounts due to Elior Participations S.C.A. under the subordinated units will be subject to the prior payment in full of interest and principal due on the senior units.

Certain specified events would terminate the Securitization Program. These include (without limitation) events relating to the performance of the receivables, payment default exceeding €5 million on any debt contracted by the Elior Group Receivables Sellers or under the Senior Facility Agreement, and accelerated repayment exceeding €1.5 million in relation to any debt contracted by the Elior Group Receivables Sellers or the Senior Facility Agreement.

Direct recourse against the Elior Group Receivables Sellers is limited to the amount of the related overcollateralization reserve. The FCT also has the benefit of (i) cash reserves provided by Elior Participations S.C.A. by way of credit enhancement and (ii) a guarantee granted by Elior Participations S.C.A. for amounts due to the FCT by the Elior Group Receivables Sellers up to a maximum principal amount of €300 million.

As well as the 2013 Receivables Securitization Program (which is an "on-balance sheet" program) in 2014 the Group set up an off-balance sheet factoring program for a number of its French subsidiaries, under which total outstandings amounted to €22 million at September 30, 2016 (out of a maximum amount of €70 million).

On June 29, 2016, an on-balance sheet receivables securitization agreement with a three-year term was put in place for a number of the Group's UK subsidiaries, under which total outstandings amounted to GBP 20 million at September 30, 2016 (out of a maximum amount of GBP 30 million).

4.7.7 PRESENTATION AND ANALYSIS OF THE GROUP'S MAIN CASH OUTFLOWS

4.7.7.1 Capital Expenditure

The Group's capital expenditure for its operations breaks down into the following categories:

- Maintenance and repairs expenditure.
- Expenditure incurred in connection with the renewal or extension of existing contracts in order to maintain or improve the retention rate.
- Expenditure for expanding the business and prospecting new clients.

The Group's capital expenditure for the years ended September 30, 2015 and 2016 totaled €177.9 million and €183 million respectively. For further information on the Group's historical, current and future capital expenditure see Section 4.2.2 above, "Cash Flows from Investing Activities".

4.7.7.2 Interest Payments and Repayments of Borrowings

A large part of the Group's cash flow is allocated to servicing and repaying its debt. The Group made total interest payments of €72.7 million and €81.4 million respectively in the years ended September 30, 2015 and 2016. During the same periods it repaid borrowings amounting to €1,010.0 million and €351.9 million.

4.7.7.3 Financing Working Capital Requirement

The Group's working capital mainly corresponds to inventories plus trade receivables and other operating receivables less trade payables and other operating payables. Structurally, its working capital requirement reflects the specific characteristics of each of its businesses

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4.8 OUTLOOK

4.8.1 MEDIUM-TERM OUTLOOK (2016-2020)

Against the backdrop of today's structurally growing markets we intend to seize the significant growth opportunities available to us. Our aim is to achieve average annual organic growth of over 3%[31] and to selectively take part in the market concentration that is currently shaping the catering industry. The global contract catering market is extremely large, estimated at €150 billion, and is expanding rapidly with the average rate of annual growth expected be6% between now and 2018. In this market our aim is to consolidate our leading positions in our historic operating countries (France, Spain and Italy), significantly broaden our coverage in the United States and the United Kingdom and to gain a foothold in Asia. The global concession catering market represents €25 billion and is expected to continue to grow at a rate of 4% per year between now and 2018, driven notably by increasing traffic volumes at airports. Following the integration of Areas, our aim in this market is to consolidate our leading positions in Continental Europe, significantly accelerate our organic growth in the United States and tap new growth opportunities in Northern Europe, the Middle East and Asia, particularly in the airports sector.

The Group's strategy for 2016-2020 is based on:

- Continuing to focus our operations on contract and concession catering, with an offering of selected related services.
- Ensuring that we have a balanced coverage of the markets and segments in which we are aiming for leadership positions.
- Applying an innovative marketing and digital approach centered on customer experience, drawing on our major assets of in-depth consumer knowledge, technological expertise and innovation capabilities.

In order to implement this strategy, we have put in place a new organizational structure, strengthened our management teams and are rolling out a transformation plan called "Tsubaki". The Tsubaki plan comprises eight main projects aimed at accelerating growth, optimizing costs and supporting operational excellence. In addition, the Group plans to devote up to one billion euros to acquisitions over the period between 2016 and 2020

The Group has set itself the following financial targets for 2020:

To generate revenue of between €7 billion and €8 billion.

- To achieve an adjusted EBITDA margin[32] representing between 9% and 10% of revenue.
- To have a free cash flow[33]/adjusted EBITDA[32] ratio of between 45% and 50%.

The Group intends to pursue its dividend payment policy, with a payout ratio of at least 40% of attributable profit, and its aim is to have a leverage ratio (net debt/pro forma EBITDA as adjusted for acquisitions and divestments of consolidated companies) of around 2.5x by 2020.

[31] Assuming the current low inflation environment continues.

[32] Excluding expenses related to stock options and free shares.

[33] Adjusted EBITDA + change in working capital – net capital expenditure – tax paid – non-recurring cash items.

4.8.2 OUTLOOK FOR FISCAL 2016-2017

A good start to FY 2016-2017 with the full-year outlook confirmed: 8.1% year-on-year increase in revenue, with 2.9% organic growth excluding the impact of voluntary contract exits.

Revenue (in € millions)	Three months 2016-2017	Three months 2015-2016[34]	Organic growth[35]	Reported growth
Contract catering & services	1,187	1,093	0.2%	8.5%
Concession catering	407	382	3.9%	6.7%
Group total	1,594	1,475	1.1%	8.1%

Business development
Business development was buoyant in the first three months of FY 2016-2017. The retention rate for contract catering & services rose once again during the period, although it was negatively affected by the Group's strategy of taking a much more selective approach to contract renewals, particularly in France and Italy. A number of major contracts were won in the first quarter of the fiscal year in the contract catering & services business, including with Klésia, the municipality of Hénin-Beaumont, Saint-Omer hospital, and Nexity in France, as well as with BNP Paribas in Italy, Barts Health NHS Trust in the United Kingdom, the armed forces in Spain and the National Gallery of Art in the United States.

External growth
During the first quarter of FY 2016-2017, the Group carried out three bolt-on acquisitions in its contract catering business – in Spain, Italy and the United States – with the aim of consolidating its contract portfolio. The newly-acquired companies together contributed €14 million to consolidated revenue for the period.

Revenue
Consolidated revenue totaled €1,594 million for the first quarter of FY 2016-2017. The 8.1% year-on-year increase reflects (i) organic growth of 2.9% (excluding the 1.8% negative effect of voluntary contract exits), (ii) an 8.1% positive impact from acquisition-led growth, and (iii) a 1.1% negative currency effect.

The portion of revenue generated by international operations rose to 55% in the first quarter of FY 2016-2017 from 52% in the comparable prior-year period.

Contract catering & services revenue was up €93 million (or 8.5%) year on year, coming in at €1,187 million and accounting for 74% of the Group's total consolidated revenue.

Organic growth was 0.2%. Excluding voluntary contract exits from low- and non-profit-making contracts in Europe, organic growth was 2.0%. It was weighed down by an unfavorable calendar effect (estimated at over 1%).compared with first-quarter FY 2015-2016.

Recent acquisition[36] accounted for €106 million (or 9.7%) of this business line's revenue figure.

The currency effect during the period was a negative 1.3%.

Revenue generated **in France** totaled €556 million. Organic growth was a negative 0.4% but excluding voluntary contract exits it amounted to 1.1%

- In the business & industry market, revenue was buoyed by the strong business development seen in the previous fiscal year, particularly for high-end catering services.
- In the education market, revenue was down year on year due to an unfavorable calendar effect, although this negative impact was partly offset by increased restaurant attendance.

[34] Restated to reflect the reclassification as discontinued operations of non-strategic assets held by Areas Northern Europe.
[35] Excluding changes in the scope of consolidation and the currency effect.
[36] ABL Management – consolidated since December 1, 2015; Preferred Meals – consolidated since July 1, 2016; Waterfall Catering Group – consolidated since September 1, 2016, and bolt-on acquisitions.

- Revenue decreased in the healthcare market as a result of certain contracts not being renewed.

Revenue for **the international segment** advanced 17.9% to €631 million. Organic growth for this segment was 0.6%, or 2.7% excluding the impact of voluntary exits from low- and non-profit-making contracts in Europe. Recent acquisitions generated additional growth of 19.8% whereas the currency effect was a negative 2.6% during the period.

- In Spain, the business & industry and education markets reported strong performances, fueled by sustained business development, which more than offset a revenue contraction in the healthcare market.

- In the United States, organic growth was boosted by the start-up of new contracts, particularly in the education market and for high-end catering services.

- In Italy, revenue was hampered by voluntary contract exits, especially in the education and healthcare markets, as well as by an unfavorable calendar effect in the business & industry market.

- In the United Kingdom, revenue in the business & industry market was also weighed down by an adverse calendar effect. In the education and healthcare markets, however, the start-up of new contracts had a positive revenue impact.

Concession catering revenue rose €25 million in the first quarter of FY 2016-2017, amounting to €407 million and representing 26% of total consolidated revenue.

Organic growth came to 3.9%. Changes in the scope of consolidation resulting from the Group's May 2016 acquisition of a portfolio of contracts in the French railway stations market fueled a 3.4% revenue increase. Changes in exchange rates – notably for the Mexican peso – had a 0.6% negative effect.

Revenue generated in **France** amounted to €161 million, up 5.1% on the same period of FY 2015-2016, although organic growth was a negative 3.4%.

- Performance in the motorways market continued to be weighed down by the termination of a number of contracts and the effects of renovating sites whose concession agreements have been renewed.

- Revenue in the airports market decreased year on year due to the loss of the catering contract for terminals E and F at Paris-Charles-de-Gaulle airport in February 2016 and a slump in air traffic at Orly-Sud airport as a result of airlines being assigned differently at the various terminals.

- The city sites & leisure market reported a revenue increase, powered by the start-up of new contracts in the railway stations segment and the positive effect of the Paris Motor Show, which was held in October 2016.

In the **international segment**, 7.7% growth drove revenue up to €246 million for the first quarter of FY 2016-2017. Organic growth was 8.7%, but changes in exchange rates trimmed 1.0% off revenue.

- The motorways market felt the positive effects of higher traffic volumes in Spain, Portugal and the United States, as well as the opening of new service plazas in Portugal, which more than offset the closure of a number of service plazas in Italy.

- Revenue in the airports market was lifted by upward trends in traffic volumes and the opening of new points of sale, notably at Bilbao airport in Spain, LAX in the United States, and in Mexico.

Outlook

As part of its strategic plan for 2016-2020, the Group has embarked on a transformation process with a view to accelerating its development. Its aim for FY 2016-2017 is to continue towards the profitable growth targets it has set itself for 2020. Thanks to its first quarter FY 2016-2017 performance, the Group is standing by its objectives for the full fiscal year, namely to achieve the following:

- Organic growth[37] of at least 3%, excluding the impact of voluntary contract exits (which is expected to be less than 100 basis points). Acquisitions carried out in FY 2015-2016 represented aggregate non-consolidated revenue of c. €250 million in that year.
- A 20 to 30 basis-point increase in adjusted EBITDA margin (i.e. excluding the impact of stock options and performance shares*) compared with FY 2015-2016 (based on a constant scope of consolidation).
- A significant rise in adjusted EBITDA (i.e. excluding the impact of stock options and performance shares*) and adjusted earnings per share.

(*) Expenses related to stock options and free shares (performance shares) were reclassified and included in the income statement for the first time in the year ended September 30, 2016. Since then, they have been recognized in reported EBITDA. Adjusted EBITDA therefore corresponds to EBITDA reported in previous years, adjusted as follows for the purposes of the Group's financial outlook:

(in € millions)	Year ended September 30		FY 2016-2017 outlook based on a constant scope of consolidation
	2016	2015	
Reported EBITDA	496.8	473.6	
Adjustment for stock options and free shares	4.3	1.4	
Adjusted EBITDA[38]	**501.1**	**475.0**	
Adjusted EBITDA margin[38]	**8.5%**	**8.4%**	**20 to 30 bps increase**

[37] Excluding the impact of changes in the scope of consolidation and the currency effect

[38] EBITDA and EBITDA adjusted for the impact of stock options and free shares.

4.9 CONSOLIDATED FINANCIAL STATEMENT FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

ELIOR GROUP

Consolidated Financial Statements for the Years Ended

September 30, 2015 and 2016 (prepared in accordance with IFRS)

IFRS Consolidated Financial Statements for the Years Ended September 30, 2016 and 2015

1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Year ended September 30, 2016	Year ended September 30, 2015
Revenue	**8.2**	**5,896.0**	**5,674.1**
Purchase of raw materials and consumables		(1,823.5)	(1,726.3)
Personnel costs	8.4	(2,618.4)	(2,532.4)
Shares-based compensation expense (*)	8.17.2	(4.3)	(1.4)
Other operating expenses		(888.8)	(878.1)
Taxes other than on income		(67.3)	(64.2)
Depreciation, amortization and provisions for recurring operating items (*)		(153.0)	(156.7)
Net amortization of intangible assets recognized on consolidation (*)		(13.0)	(8.1)
Recurring operating profit		**327.6**	**306.9**
Share of profit of equity-accounted investees	8.12	3.2	1.9
Recurring operating profit including share of profit of equity-accounted investees	**8.1**	**330.8**	**308.8**
Non-recurring income and expenses, net (*)	8.6	(49.5)	(27.4)
Operating profit including share of profit of equity-accounted investees		**281.3**	**281.5**
Financial expenses	8.5	(72.8)	(117.6)
Financial income	8.5	9.8	10.6
Profit before income tax		**218.3**	**174.5**
Income tax	8.7	(73.5)	(68.3)
Loss for the period from discontinued operations	8.8	(6.3)	-
Profit for the period		**138.5**	**106.2**
Attributable to non-controlling interests		**3.2**	**(1.0)**
Attributable to owners of the parent		**135.3**	**107.2**
Basic earnings per share (in €)	8.3	0.78	0.65
Diluted earnings per share (in €)	8.3	0.78	0.64

(*) After proforma reclassifications for the year ended September 30, 2015 (see Notes 6.18, 8.6 and 8.17.2) carried out in accordance with the AMF recommendation issued in November 2016 providing guidance on the classification of profit or loss items as recurring or non-recurring.

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, 2016	Year ended September 30, 2015
Profit for the period	**138.5**	**106.2**
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (*)	(7.3)	(0.5)
Items that may be reclassified subsequently to profit or loss		
Financial instruments	(12.7)	21.5
Currency translation differences	(3.5)	(11.9)
Income tax	4.4	(7.4)
Total items that may be reclassified subsequently to profit or loss	**(11.8)**	**2.2**
Comprehensive income for the period	**119.4**	**107.9**
Attributable to:		
- Owners of the parent	115.1	106.4
- Non-controlling interests	4.3	1.4

(*) 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, 2016	At September 30, 2015
Goodwill	8.9	2,542.0	2,376.0
Intangible assets	8.10.1	378.8	294.0
Property, plant and equipment	8.10.2	574.8	510.5
Non-current financial assets	8.11	65.1	48.6
Equity-accounted investees	8.12	5.6	3.1
Fair value of derivative financial instruments (*)	8.16.2	-	-
Deferred tax assets	8.14.1	216.0	222.9
Total non-current assets		**3,782.3**	**3,455.1**
Inventories		116.7	96.0
Trade and other receivables	8.13	933.1	907.2
Current income tax assets		24.7	17.2
Other current assets	8.14.2	72.1	59.4
Short-term financial receivables (*)		9.8	10.9
Cash and cash equivalents (*)		160.6	210.4
Assets classified as held for sale		18.3	5.6
Total current assets		**1,335.2**	**1,306.7**
Total assets		**5,117.5**	**4,761.7**

(*) Included in the calculation of net debt (see Note 6/16 for definition)

The accompanying notes form an integral part of the consolidated financial statements.

2.2 Equity and Liabilities

(in € millions)	Note	At September 30, 2016	At September 30, 2015
Share capital	8.17.1	1.7	1.7
Reserves and retained earnings		1,514.5	1,453.8
Non-controlling interests		41.2	30.6
Total equity	4.	**1,557.4**	**1,486.1**
Long-term debt (*)	8.16.1	1,846.0	1,530.4
Fair value of derivative financial instruments (*)	8.16.2	15.8	20.6
Non-current liabilities relating to share acquisitions	8.18	19.1	20.0
Deferred tax liabilities	8.14.1	74.3	50.7
Provisions for pension and other post-employment benefit obligations (1)	8.15	113.0	101.8
Other long-term provisions	8.15	26.5	22.4
Other non-current liabilities		4.7	0.0
Total non-current liabilities		**2,099.4**	**1,745.9**
Trade and other payables		729.7	701.0
Due to suppliers of non-current assets		41.7	23.9
Accrued taxes and payroll costs		556.6	559.8
Current income tax liabilities		8.9	28.7
Short-term debt (*)	8.16.1	11.5	123.5
Current liabilities relating to share acquisitions	8.18	21.8	8.7
Short-term provisions	8.15	50.1	59.2
Other current liabilities	8.19	25.1	22.5
Liabilities classified as held for sale		15.4	2.5
Total current liabilities		**1,460.7**	**1,529.7**
Total liabilities		**3,560.1**	**3,275.6**
Total equity and liabilities		**5,117.5**	**4,761.7**
(*) Included in the calculation of net debt		1,702.8	1,453.3
Net debt excluding fair value of derivative financial instruments and debt issuance costs		1,705.8	1,452.2

(1) After the proforma reclassification of share-based compensation plans which were previously recognized in provisions.

The accompanying notes form an integral part of the consolidated financial statements.

3. Consolidated Cash Flow Statement

(in € millions)	Note	Year ended September 30, 2016	Year ended September 30, 2015	
Cash flows from operating activities				
Recurring operating profit including share of profit of equity-accounted investees		330.8	308.8	(3)
Amortization and depreciation		166.3	160.1	(3)
Provisions		(0.3)	4.7	(2)
Reported EBITDA	**6.21**	**496.8**	**473.6**	(2)
Change in working capital		(0.3)	34.1	(2)
Interest and other financial expenses paid		(81.4)	(72.7)	
Tax paid		(78.7)	(56.2)	
Other cash movements		(61.3)	(84.9)	
Net cash from operating activities		**275.1**	**293.8**	
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		(195.2)	(189.0)	
Proceeds from sale of property, plant and equipment and intangible assets		12.2	11.1	
Purchases of non-current financial assets		(24.4)	1.8	
Proceeds from sale of non-current financial assets		0.0	0.0	
Acquisition/sale of shares in consolidated companies, net of cash acquired/divested		(253.1)	(109.6)	
Net cash used in investing activities		**(460.4)**	**(285.6)**	
Cash flows from financing activities				
Dividends paid to owners of the parent		(55.1)	(32.9)	
Movements in share capital of the parent		1.8	1.4	
Purchases of treasury shares		(1.1)	-	
Dividends paid to non-controlling interests		(0.9)	(8.4)	
Proceeds from borrowings		549.7	1,165.3	
Repayments of borrowings		(351.9)	(1,101.0)	
Net cash from financing activities		**142.5**	**24.4**	
Effect of exchange rate and other changes (1)		1.4	(23.9)	
Net increase/(decrease) in cash and cash equivalents		**(41.4)**	**8.8**	
Cash and cash equivalents at beginning of period		**197.6**	**188.8**	
Cash and cash equivalents at end of period	**6.9**	**156.2**	**197.6**	

(1) Including a €3.6 million net cash outflow for the year ended September 30, 2016 related to discontinued operations/operations held for sale.
(2) After the proforma reclassification of share-based compensation plans which were previously recognized in provisions.
(3) After the proforma reclassification of amortization of intangible assets recognized on consolidation, which are now included in recurring operating profit in accordance with the AMF recommendation issued in November 2016.

The accompanying notes form an integral part of the consolidated financial statements.

4. Consolidated Statement of Changes in Equity

(in € millions)	Number of shares	Share capital	Additional paid-in capital and other reserves	Profit for the period attributable to owners of the parent	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at September 30, 2014 (1)	**164,370,556**	**1.6**	**1,234.8**	**47.8**	**(2.4)**	**1,281.8**	**45.0**	**1,326.8**
Profit for the period				107.2		107.2	(1.0)	106.2
Post-employment benefit obligations			(0.5)			(0.5)		(0.5)
Changes in fair value of financial instruments			14.1			14.1	0.0	14.1
Currency translation differences					(14.4)	(14.4)	2.5	(11.9)
Comprehensive income for the period			**13.6**	**107.2**	**(14.4)**	**106.4**	**1.4**	**107.9**
Appropriation of prior-period profit			47.8	(47.8)				
Capital increase	7,954,688	0.1	1.3			1.4	1.1	2.5
Dividends paid			(33.6)			(33.6)	(7.9)	(41.5)
Other movements (2.a)			99.5			99.5	(9.1)	90.4
Balance at September 30, 2015	**172,325,244**	**1.7**	**1,363.4**	**107.2**	**(16.7)**	**1,455.5**	**30.6**	**1,486.1**
Balance at September 30, 2015	**172,325,244**	**1.7**	**1,363.4**	**107.2**	**(16.7)**	**1,455.5**	**30.6**	**1,486.1**
Profit for the period				135.3		135.3	3.2	138.5
Post-employment benefit obligations			(7.3)			(7.3)		(7.3)
Changes in fair value of financial instruments			(8.3)			(8.3)		(8.3)
Currency translation differences					(4.6)	(4.6)	1.1	(3.5)
Comprehensive income for the period			**(15.6)**	**135.3**	**(4.6)**	**115.1**	**4.3**	**119.4**
Appropriation of prior-period profit			107.2	(107.2)		0		0
Capital increase	309,231	0	1.8			1.8	2.0	3.7
Dividends paid			(55.1)			(55.1)	(0.5)	(55.6)
Share-based payments (IFRS 2)			1.2			1.2	0	1.2
Other movements (2.b)			(2.2)			(2.2)	4.8	2.6
Balance at September 30, 2016	**172,634,475**	**1.7**	**1,400.5**	**135.3**	**(21.3)**	**1,516.2**	**41.2**	**1,557.4**

(1) Including the impact of applying IFRIC 21, representing a positive amount of €6.0 million before tax (€4.2 million after tax).
(2.a) The amounts recognized under "Other movements" within "Equity attributable to owners of the parent" and "Non-controlling interests" for the year ended September 30, 2015 primarily correspond to the reversal of the liability related to the Areas put option, which was initially recognized for an amount of €160 million at September 30, 2014 and was reversed in full at September 30, 2015. This reversal had a €92 million impact on equity.
(2.b) The amounts recognized under "Other movements" within "Non-controlling interests" for the year ended September 30, 2016 primarily correspond to the reversal of a liability related to a put option written over the non-controlling interests in Elior North America (formerly THS) following an amendment to the underlying shareholders' agreement (see Note 5.2 below).

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, 2016 and 2015

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, 2016, the Company was held by the following parties: 6.6% by Caisse de Depôt et Placement du Québec (CDPQ), 25.1% by BIM SAS (which is controlled by Robert Zolade), 5.2% by Corporacion Empresarial Emesa and 63.1 % 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 Europe's contracted catering and related services industry. It operates its businesses of contract catering & services and concession catering through companies based in 13 countries – mainly in the eurozone, the United Kingdom, Latin America and the USA.

5.2 Significant Events

5.2.1 Acquisitions of Shares in Consolidated Companies

Year ended September 30, 2016

In October and November 2015 respectively, Elior North America (formerly Trusthouse Services, or "THS") – an Elior Group contract catering subsidiary operating in the United States – purchased Cura Hospitality (based in Pittsburg, Pennsylvania and ABL Management (based in Baton Rouge, Louisiana). Cura Hospitality and Starr Restaurant Catering Group – which was acquired in August 2015 and operates primarily in New York and Miami – have been fully consolidated since October 1, 2015 and ABL Management since December 1, 2015.

In June 2016, Elior North America also acquired Preferred Meals (based near Chicago, Illinois), which has been consolidated since July 1, 2016.

These four companies generate combined contract catering revenue of around USD 375 million a year, in the following markets: business & industry and prestigious venues (Starr), senior living and healthcare (Cura), education and corrections facilities (ABL) and education (Preferred Meals). For the year ended September 30, 2016, they contributed an aggregate €191.1 million to consolidated revenue and €10.5 million to consolidated EBITDA.

Also during the year, Elior UK, the Group's contract catering subsidiary in the United Kingdom, acquired Waterfall Catering Group (based in Warrington in the north-west of the country). Waterfall Catering Group generates annual contract catering revenue of some €89 million and operates in the education, healthcare and social services and business & industry markets. For the year ended September 30, 2016, this subsidiary – which has been consolidated since September 1, 2016 – contributed €8.6 million to consolidated revenue and €1.0 million to consolidated EBITDA.

Finally, in FY 2015-2016 Elior Concessions Gares – an Elior Group concession catering subsidiary based in France – acquired Autogrill Restauration Service (since renamed Areas Restauration Services), which holds restaurant concessions in railway stations in France and generates annual revenue of some €50 million. For the year ended September 30, 2016, this subsidiary – which has been consolidated since May 1, 2016 – contributed €25.5 million to consolidated revenue and €1.8 million to consolidated EBITDA.

Year ended September 30, 2015

In October 2014 the Group acquired the entire capital of Lexington, a UK-based contract caterer. Lexington generates annual revenue of over £38 million in the business & industry market and has a major presence in the City of London. The acquisition was financed through an equity investment in Elior UK. Lexington has been fully consolidated in the Group's financial statements since October 1, 2014.

On April 30, 2015, Elior Group announced that it had signed a memorandum of understanding with Corporación Empresarial Emesa ("Emesa") to buy out the 38.45% non-controlling interest held by Emesa in Elior Group's Spanish subsidiary, Areas. This agreement provided for Elior Group's stake in Areas to be increased to 100% and for Emesa to become a significant shareholder of Elior Group.

The transaction was completed in July 2015 and the acquisition price was settled by way of:

- a €46 million cash payment; and
- the allocation to Emesa of 9 million Elior Group shares, including:
    - 1,282,500 treasury shares bought back by Elior Group on the market for €21.7 million, and
    - 7,717,500 new shares, issued at a price of €17.50 per share.

On completion of the transaction, all of the existing agreements between Areas' shareholders were terminated.

Consequently, Areas has been fully consolidated by Elior Group since July 2015 and the liability that was recognized in the consolidated balance sheet under "Liabilities relating to share acquisitions" in an amount of €160 million at September 30, 2014 and increased to €190 million in the consolidated interim financial statements at March 31, 2015 (i.e. prior to the transaction), has been reversed. The reversal was recognized in equity in a net amount of €92.3 million.

In August 2015, through its subsidiary THS, the Group acquired the entire capital of Starr Restaurant Catering Group (SRCG), a high-end restaurant and catering group based in the United States, serving a clientele that includes corporations, non-profit organizations and cultural institutions. SRCG operates multiple sites, primarily in New York, Philadelphia and Miami, and generates annual revenue of over $40 million. The price paid for the acquisition was financed by way of the US-dollar credit facilities drawn down by Elior Group in May 2015. SRCG has been fully consolidated since October 1, 2015.

5.2.2 Other Significant Events

Year ended September 30, 2016

5.2.2.1 Partnership between Elior Group and Alain Ducasse

Pursuant to the strategic and culinary partnership agreement signed on September 29, 2015 with master chef Alain Ducasse, which took effect on October 5, 2015, in FY 2015-2016 Elior Participations SCA purchased convertible bonds issued by Ducasse Développement and subsequently, on February 19, 2016, new shares issued by that company. Following these transactions, if it converts the bonds it acquired, Elior Group will hold an 11% interest in Ducasse Développement.

5.2.2.2 Early redemption of the Elior Finance & Co 6.5% May 2020 Senior Secured Notes

On February 9 and May 4, 2016 Elior Group redeemed in advance of term the outstanding Elior Finance & Co 6.5% May 2020 Senior Secured Notes. The aggregate redemption represented a nominal amount of €227.5 million and the corresponding cash outflow for Elior Group was €240.0 million, including €11.8 million in early redemption penalties. It was financed by way of Elior Group SA making drawdowns under new syndicated bank loans set up on January 29 and May 2, 2016, which expire in January and May 2023 respectively. Interest on these new loans is based on the Euribor plus a standard margin of 2.5%.

The full redemption of these Senior Secured Notes resulted in the release of all of the collateral underlying the Senior Facilities Agreement and means that Elior Group is no longer required to publish condensed interim consolidated financial statements for its quarterly closings at December 31 and June 30.

5.2.2.3 Refinancing of the Elior North America acquisition debt and repayment of Area USA's dollar-denominated debt in June 2016 (8th amendment)

In January 2016, the Group signed the eighth amendment to the SFA with a view to refinancing the debt used for Elior North America's previous acquisitions and to repay Areas USA's external local bank debt denominated in US dollars. This amendment provided for (i) a new Facility I loan to be set up under the SFA, representing a principal amount of USD 244 million, and (ii) a new Uncommitted Revolving Facility to be put in place under the SFA, representing a principal amount of USD 100 million. The Facility I loan provided for in this new amendment was draw down on June 20, 2016.

The new Facility I loan has a 5-year maturity. Interest payable on the loan is based on the USD Libor plus a margin of 1.70% per annum at inception, which may subsequently vary depending on the leverage ratio, but may not exceed 1.95% per annum. This loan is subject to all the other terms and conditions of the SFA.

The new Uncommitted Revolving Facility also has a 5-year maturity. If it is drawn down, the interest payable will be based on the USD Libor plus a margin of 1.30% per annum at the time the facility is set up, which may subsequently vary depending on the leverage ratio and the amount drawn down, but may not exceed 1.55% per annum. This revolving facility is subject to all the other terms and conditions of the SFA.

5.2.2.4 Dividend payment by Elior Group on April 13, 2016

The dividend for the year ended September 30, 2015 – which corresponded to €55.1 million (€0.32 per share) and was approved by the Company's shareholders at the March 11, 2016 Annual General Meeting – was paid on April 13, 2016.

Year ended September 30, 2015

5.2.2.5 Renegotiation of the Group's syndicated bank loans (5th amendment)

On December 10, 2014, the Group refinanced all of its credit facilities (term loans and revolving loans) under the Senior Facility Agreement pursuant to an amendment signed on December 3, 2014. This refinancing – which involved a total amount of €950 million – enabled the Group to (i) significantly lower the cost of its senior debt thanks to a reduction in the applicable interest margins, (ii) extend the maturity of this debt to 2019 and 2022 (for part of the debt), and (iii) obtain less strict financial and non-financial covenants. The €15 million in bank fees paid in connection with this amendment are being recognized in the income statement over the term of the new credit facilities.

5.2.2.6 Dividend payment by Elior Group on April 10, 2015

The dividend for the year ended September 30, 2014 – which corresponded to €32.9 million (€0.20 per share) and was approved by the Company's shareholders at the March 10, 2015 Annual General Meeting – was paid on April 10, 2015.

5.2.2.7 Sale on May 7, 2015 of 16.4 million Elior Group shares by investment structures managed by Charterhouse Capital Partners and Chequers Partenaires

On May 7, 2015, investment structures managed by Charterhouse Capital Partners and Chequers Partenaires announced that they had sold 16.4 million Elior Group shares (representing around 10% of the Company's capital) through an expedited private placement. Together, these structures held 29.81 % of Elior Group's capital at end-September 2015.

5.2.2.8 Repayment and refinancing on May 28, and June 23, 2015 of the US dollar-denominated THS acquisition debt (6th and 7th amendments to the SFA)

On May 28 and June 23, 2015, the Group signed the sixth and seventh amendments to the SFA, which provided for (i) Elior Group SA to issue bonds representing a principal amount of USD 100 million as part of a private placement to be taken up by an investor, (ii) a new Facility I loan to be set up under the SFA, representing a principal amount of USD 100 million, and (iii) a new Uncommitted Revolving Facility to be put in place under the SFA, representing a principal amount of USD 250 million. The drawdowns corresponding to these new amendments took place on May 28, 2015.

The Company's bond issue – representing a maximum principal amount of USD 100 million – pays interest based on the six-month USD Libor plus a margin of 2.15% per annum at the time of issue, which may subsequently be increased to a maximum of 2.60% per annum. The bonds have a 7-year maturity.

The new Facility I loan has a 5-year maturity. Interest payable on the loan is based on the USD Libor plus a margin of 1.70% per annum at inception, which may subsequently vary depending on the leverage ratio, but may not exceed 1.95% per annum. This loan is subject to all the other terms and conditions of the SFA.

The new Uncommitted Revolving Facility also has a 5-year maturity. If it is drawn down, the interest payable will be based on the USD Libor plus a margin of 1.30% per annum at the time the facility is set up, which may subsequently vary depending on the leverage ratio and the amount drawn down, but may not exceed 1.55% per annum. This loan is subject to all the other terms and conditions of the SFA.

These new financing arrangements notably permitted the repayment of the debt originally drawn down locally by THS USA in 2013 (with no recourse against Elior Group). The new financing was made available to Elior North America via an intra-group loan. Since the repayment of this debt, the entities making up the THS group have been considered as Elior Group SA subsidiaries for the purposes of the SFA.

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, 2016 and 2015

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, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and endorsed by the European Union's Accounting Regulatory Committee. The IFRSs and related interpretations adopted by the European Union can be viewed on the European Commission's website at
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The consolidated financial statements cover the operations, results and cash flows for the twelve-month periods ended September 30, 2016 and 2015, 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 19, 2017 and will be submitted for approval at the Annual General Meeting to be held on March 10, 2017. They are presented in millions of euros unless otherwise specified.

The accounting principles in force at September 30, 2016 have been applied for all of the periods presented in these consolidated financial statements. Certain presentation reclassifications have been made in the consolidated income statement, notably as a result of the recommendation issued by the AMF in November 2016 providing guidance on the classification of profit or loss items as recurring or non-recurring (see Notes 6.18, 8.6 and 8.17.2).

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

None.

6.1.3 New Standards, Amendments and Interpretations Issued by the IASB and Adopted by the European Union but not yet Applied by the Group

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

- Amendments to IAS 1, "Disclosure Initiative", effective for annual periods beginning on or after January 1, 2016 and adopted by the European Union by way of Commission Regulation (EU) 2015/2406 dated December 18, 2015.
- IFRS 9, "Financial Instruments", effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018 and adopted by the European Union by way of Commission Regulation (EU) 2016/1905 dated September 22, 2016.
- IFRS 16, "Leases", effective for annual periods beginning on or after January 1, 2019 (not yet adopted by the EU).

The Group did not early adopt any standards or amendments during FY 2015-2016. It is currently in the process of analyzing the potential impacts of the above-mentioned new standards and amendments.

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, 2016 – is provided in Note 14 below.

6.3 Fiscal Year-Ends

Elior Group's 2015-2016 and 2014-2015 fiscal years cover the 12-month periods from October 1, 2015 through September 30, 2016 and October 1, 2014 through September 30, 2015 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-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.

For the years ended September 30, 2016 and 2015, the balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in Elior Group's accounts have been translated (i) at the exchange rate prevailing at September 30 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, 2016 and 2015 were based on Paris stock exchange rates and were as follows:

	Year ended September 30, 2016		Year ended September 30, 2015	
	Period-end rate	Average rate	Period-end rate	Average rate
- € /US $:	1.1241	1.1112	1.1177	1.1491
- € /£ :	0.8661	0.7827	0.7388	0.7433
- € /MXN :	21.78	19.91	18.91	17.37
- € /CLP :	739.24	760.48	778.31	722.18

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 4 to 6 years.

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 timeframe, the impacts of any such fair value adjustments are recognized directly in profit or loss, unless they correspond to error corrections.

6.6 Impairment Tests

In accordance with IAS 36, "Impairment of Assets", intangible assets are tested for impairment whenever there is an indication that they may be impaired. The impairment tests are carried out using the discounted cash flow method. Future cash flows are calculated by the Group's management team using the medium and long-term strategic plans drawn up by each business. These plans form the basis of the calculation for all intangible assets, including trademarks and goodwill.

If an asset's recoverable amount (determined based on the present value of the future cash flows expected to be derived from the asset) is lower than its carrying amount, a corresponding impairment loss is recognized in the income statement under "Non-recurring income and expenses, net".

At each reporting date the carrying amounts of property, plant and equipment, intangible assets and goodwill are reviewed in order to assess whether there is any indication that they may be impaired. If such an indication exists, the recoverable amount of the asset concerned is estimated. Goodwill is tested for impairment annually at September 30.

For the purposes of impairment testing, assets are grouped into cash-generating units (CGUs) which correspond to the smallest identifiable group of assets that generates cash inflows from continuing use of the assets that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising on business combinations is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The Group has identified the following 12 CGUs, which generally correspond to its main legal entities that operate separate activities:

Contract catering & services – France:

- Elior Entreprises (to which Ansamble was added in 2012)
- ELRES
- Elior Services Propreté & Santé (ESPS)

Contract catering & services – International:

- Elior Italia
- Elior Iberia (Spain & Portugal)
- Elior UK

· Elior North America (formerly THS USA)

Concession catering:

· Areas Northern Europe (France, Germany, Belgium and Luxembourg)
· Areas Italia
· Areas Iberia (Spain & Portugal)
· Areas USA
· Areas LATAM (Mexico, Chile, the Dominican Republic and Saint Martin)

Goodwill is allocated to the CGUs listed above.

An impairment loss is recorded if the estimated recoverable amount of a CGU is lower than its carrying amount. The recoverable amount of a CGU corresponds to the higher of its fair value less costs of disposal and its value in use.

In practice, the recoverable amounts of the Group's CGUs have been determined based on their value in use, calculated using projections of the cash flows that the Group expects to derive from each CGU. The cash flow projections used were based on five-year budgets drawn up for each CGU and validated by Group management. The underlying assumptions used for the projections were as follows:

- Average annual growth in consolidated revenue based on the business plan and generally corresponding to between 1.5% and 4.8%, depending on the business segment and country concerned.
- Stable or moderate growth in operating margins (EBITDA), corresponding to between 6.8% and 13.2% depending on the CGU concerned.

Cash flow projections beyond the five-year budget period are estimated by extrapolating the projections using a long-term growth rate which may not exceed the average long-term growth rate for the operating segment.

Future cash flows are discounted using the estimated weighted average cost of capital (WACC) for the segment.

The Group uses a post-tax discount rate applied to post-tax cash flows.

The main assumptions used for the impairment tests performed were as follows:

	Discount rate		Perpetuity growth rate	
	Year ended September 30, 2016	Year ended September 30, 2015	Year ended September 30, 2016	Year ended September 30, 2015
Europe (excluding Spain and Portugal) and USA	6.0% - 7.5%	6.0% - 7.0%	2.0%	2.0%
Spain and Portugal	7.5%	7.5%	2.0%	2.0%
Central and Latin America	7.5% - 8.5%	8.0% - 9.5%	2.0%	2.0%

No material goodwill impairment losses were recognized in the years ended September 30, 2016 or 2015.

Sensitivity of the recoverable amount of groups of CGUs to changes in the assumptions applied

In accordance with IAS 36, the Group carried out sensitivity analyses on the results of the impairment tests performed, using different assumptions for the long-term growth rate, projected cash flows and discount rate, as set out below.

These sensitivity analyses did not reveal any reasonably possible scenarios in which the recoverable amount of any of the Group's CGUs or groups of CGUs would fall below their carrying amount if the different assumptions were applied.

Consequently, no impairment losses would need to be recognized in relation to the assets tested for each CGU or group of CGUs if the following changes were made to the assumptions used:

- a 50 basis-point decrease in the long-term growth rate;
- a 5% decrease in projected net cash flows based on the duration of the relevant business plans and on the terminal value;
- a 50 basis-point increase in the discount rate.

6.7 Property, Plant and Equipment

As permitted under IAS 16, "Property, Plant and Equipment", the Group has elected to apply the cost model rather than the revaluation model for measuring property, plant and equipment. Consequently, these assets are carried at acquisition or production cost less accumulated depreciation and any accumulated impairment losses. The capitalization of borrowing costs provided for in IAS 23R is not applicable to the Group. Property, plant and equipment are depreciated using the straight-line method, over the estimated useful lives of each main class of asset, as follows:

- Buildings: between 20 and 40 years
- Fixtures and fittings: between 5 and 12 years
- Catering equipment: between 5 and 10 years
- Office equipment: between 4 and 5 years
- IT equipment: between 3 and 4 years
- Vehicles: between 4 and 5 years

The residual values and useful lives of property, plant and equipment are reviewed at each fiscal year-end based on indicators such as the term of the underlying operating contract.

In accordance with IAS 17, assets held under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are initially recognized at the lower of their fair value and the present value of the minimum lease payments, and are depreciated over the shorter of their useful lives and the lease terms. The corresponding obligation is recognized under debt on the liabilities side of the balance sheet. Lease payments are then apportioned between the finance charge and the reduction of the outstanding liability.

6.8 Operating Working Capital Accounts (Inventories and Trade and Other Receivables)

6.8.1 Inventories

Inventories of raw materials and goods held for resale are measured at the lower of cost and net realizable value.

The majority of the Group's inventories are measured at the most recent purchase price, net of supplier rebates and discounts, given the high turnover rate due to inventories being primarily composed of perishable goods. This method is consistent with the "First-in First-out method" recommended in IAS 2, "Inventories". Borrowing costs are not included in the measurement.

6.8.2 Trade and Other Receivables

Trade and other receivables are initially recognized at fair value. If these items 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 11.3). 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. The provisions are discounted when the effect of the time value of money is material.

6.11 Current and Deferred Taxes

Consolidated income tax corresponds to the aggregate amount of income tax reported by each of the Group's companies, adjusted for any deferred taxes. French subsidiaries that are over 95%-owned by Elior Group form part of a consolidated tax group headed by Elior Group.

The Group has elected to apply the following accounting treatment to the business tax (*Contribution Economique Territoriale* – CET) applicable to French entities pursuant to the 2010 French Finance Act:

- The portion of the CET tax based on the rental value of real estate (CFE) is recognized as an operating expense.

- The portion of the CET tax based on the value added by the business (CVAE) is recognized as an income tax within the meaning of IAS 12.

In accordance with IAS 12, "Income Taxes", deferred taxes are recognized for (i) all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and (ii) the carryforward of unused tax losses (apart from in exceptional cases) to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred taxes are calculated using the liability method, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in tax rates is recorded in the income statement, except if the related tax was generated either by (i) a transaction recognized directly in equity under other comprehensive income, or (ii) in connection with a business combination. Deferred tax assets and liabilities are not discounted.

The reform introduced by the French Amended Finance Act for 2012 – which limits the amount of tax loss carryforwards that can be offset annually against taxable profit – did not affect the amount of deferred taxes recognized in relation to Elior Group's tax loss carryforwards at either September 30, 2016 or 2015.

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, 2016 and 2015 were as follows:

- For the Year Ended September 30, 2016

Country	France	Italy	Spain	Germany
Type of obligation	Statutory retirement bonuses and long-service awards	TFR provision for employment contract termination indemnities	Retirement and loyalty bonuses	Loyalty bonuses
Discount rate	0.85%			
Salary growth rate	2 to 2.25%	N/A	0.5%	N/A

- For the Year Ended September 30, 2015

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	2%			
Salary growth rate	2 to 2.5%	N/A	1.0% to 1.5%	N/A

The discount rate applied is determined by reference to the interest rates on high quality corporate bonds that have the same terms to maturity as the terms of the related obligations.

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, 2016 Elior Group held 56,844 shares in treasury (representing €1,158 thousand) in connection with its liquidity contract.

6.14 Recognition and Measurement of Financial Assets and Liabilities

6.14.1 Recognition and Measurement of Financial Assets

The Group's financial assets comprise (i) non-current financial assets, corresponding to loans (including loans and advances to subsidiaries and associates), and deposits and guarantees, (ii) trade and other receivables, (iii) derivatives, and (iv) cash and cash equivalents.

Financial assets are recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. When a financial asset is initially recognized, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the acquisition date, the Group classifies financial assets in one of the following categories defined in IAS 39:

- Loans and receivables

This category includes non-current financial assets, loans and advances to subsidiaries and associates, other loans, deposits and guarantees and trade and other receivables. After initial recognition at fair value they are measured at amortized cost using the effective interest method.

An impairment loss is recorded as an operating expense if the recoverable amount of a loan or receivable is lower than its carrying amount.

Deposits and guarantees correspond to amounts paid to lessors as guarantees for rental payments. The value of these assets is adjusted regularly in line with adjustments to the corresponding rental payments. The impact of discounting these amounts is deemed to be non-material for the purpose of the Group's consolidated financial statements.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss correspond to assets that are held for trading which the Group intends to sell in the near term.

6.14.2 Recognition and Measurement of Financial Liabilities

Financial liabilities comprise borrowings, bank overdrafts, liabilities relating to share acquisitions, derivatives, and trade payables and other payables.

Financial liabilities other than those at fair value through profit or loss (i.e. derivatives) are initially recognized at fair value less transaction costs and are subsequently measured at amortized cost using the effective interest method (which factors in the related issuance costs as well as any issue or redemption premiums).

6.15 Recognition and Measurement of Derivatives

6.15.1 Interest Rate and Foreign Currency Instruments

In accordance with IAS 39, derivatives are recognized in the balance sheet at fair value. As prescribed in IFRS 7, the fair value of interest rate and currency derivatives is calculated by discounting future cash flows at the interest rate prevailing at the balance sheet date.

The method used for recognizing changes in the fair value of derivatives depends on (i) whether there is formal designation and documentation of a hedging relationship in accordance with the criteria in IAS 39, and (ii) the type of hedge used:

- If there is no hedging relationship within the meaning of IAS 39, changes in fair value of derivatives are recorded in the income statement.
- The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income with a corresponding adjustment to the fair value reserve). The gain or loss relating to the ineffective portion is recognized in the income statement.

6.15.2 Liabilities Relating to Share Acquisitions and Commitments to Purchase Non-Controlling Interests

When the Group acquires an equity interest in a subsidiary, it may give the non-controlling shareholders of the acquired subsidiary a commitment to subsequently purchase their shares. Such purchase commitments correspond to put options written by the Group.

In accordance with IAS 32 and since the application of the revised version of IFRS 3, the Group recognizes a financial liability in its consolidated financial statements for put options written over non-controlling interests, with the amount of the liability calculated based on the price formulas in the related contractual documentation. A corresponding adjustment is made to equity and subsequent changes in the value of the financial liability are recognized in equity. For put options written in connection with acquisitions carried out before the application of IFRS 3R, any changes in the value of the underlying financial liability that arise subsequent to initial recognition as a result of the change in the estimated value of the options' exercise price are recorded as an adjustment to goodwill, which was the accounting treatment applied prior to IFRS 3R.

At September 30, 2016, liabilities relating to share acquisitions, recognized in accordance with IAS 32, primarily related to put options written over non-controlling interests in Waterfall Catering Group (€8.8 million) and MyChef (€12.5 million).

At September 30, 2015, following Elior Group's buyout of Emesa's 38.45% interest in Areas for an aggregate €67.7 million (settled partly in cash and partly in newly-issued Elior Group shares as described in Note 5.2.1 above), the liability previously recognized in the balance sheet in relation to the put option was reversed in full through equity. This resulted in a €92.3 million positive impact on equity.

6.16 Definition of Net Debt

Net debt as defined by the Group represents short- and long-term debt plus the fair value of derivative financial instruments recognized under liabilities, less cash and cash equivalents, short-term financial receivables recognized in accordance with IFRIC 12 and the fair value of derivative financial instruments recognized under assets. It does not include liabilities relating to share acquisitions.

6.17 Revenue

Consolidated revenue corresponds to sales of goods and services in the course of the ordinary activities of consolidated companies. It includes all income provided for in the Group's contracts, whether the Group entity concerned is acting as principal (the majority of cases) or agent.

Revenue is measured at the fair value of the consideration received or receivable, net of all discounts and rebates, VAT and other sales taxes. It is recognized when it is probable that future economic benefits will flow to the Group and those benefits can be measured reliably. No revenue is recognized if there is significant uncertainty about the recoverability of the costs incurred in connection with the rendering of services.

Revenue generated from the rendering of contract catering services and support services or the sale of goods in travel retail stores is recognized when the service is rendered or the goods are sold.

6.18 Share-Based Compensation Expense

The Group's share-based compensation plans correspond to:

- Stock option and restricted share plans set up within Elior North America when THS USA was acquired in 2013. These plans are recognized as employee benefits in accordance with IAS 19 as they will be settled by way of a future cash payment calculated using a formula that is not based on the fair value of Elior North America shares. The measurement of the plans takes into account the fact that Elior Concessions has a call option exercisable between December 2019 and February 2020.
- Elior Group stock option and performance share plans authorized by the Company's shareholders at the March 11, 2016 Annual General Meeting and put in place in FY 2015-2016 for a number of Group managers (excluding managers at Elior North America). As these plans are payable in Elior Group shares they are considered to be equity-settled instruments and are therefore recognized in accordance with IFRS 2.

The expense related to these plans amounted to €4.3 million in FY 2015-2016 compared with €1.4 million in FY 2014-2015, as in that year only the US plans were in place.

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 amortization, depreciation 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, costs incurred in the course of debt restructuring, acquisition costs of consolidated subsidiaries, and gains and losses on disposals of assets or investments in consolidated companies.

In prior years "Non recurring income and expenses, net" also included annual charges to amortization recorded in the consolidated financial statements for intangible assets that are recognized on business combinations (notably customer relationships). Effective from the year ended

September 30, 2016, however, these charges are now recognized within recurring operating profit. The comparative income statement for the year ended September 30, 2015 has been restated to include this change in order to permit meaningful year-on-year comparisons.

6.21 Reported EBITDA

Reported EBITDA is defined as recurring operating profit, including share of profit of equity-accounted investees, before depreciation, amortization and provisions for recurring operating items (recognized in accordance with IAS 37).

6.22 Recurring Operating Profit

Recurring operating profit represents total income less total expenses before (i) non-recurring income and expenses, net, (ii) financial income and expenses, (ii) profit/(loss) from discontinued operations or operations held for sale, and (iii) income tax. Since the year ended September 30, 2014 the Group has included within recurring operating profit the share of profit of equity accounted investees whose activities are the same or similar to those of the Group as a whole.

6.23 Calculation of Earnings Per Share

In accordance with IAS 33, basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period excluding shares held in treasury.

For the purpose of calculating diluted earnings per share, (i) the weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, and (ii) profit attributable to owners of the parent is increased by the amount of dividends and interest recognized in the period in respect of any dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive, when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. The achievement of the performance conditions applicable under the stock option and performance share plans put in place by Elior Group in March 2016 will be assessed at September 30, 2017. As these conditions had not yet been met at September 30, 2016 the instruments concerned were not considered to be dilutive for the purposes of calculating diluted earnings per share at that date.

6.24 Segment Reporting

At September 30, 2016 and 2015, the Group was structured into two main 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 the contract catering & services business and the concession catering business, these operating segments correspond to "France" and "International". Prior to the organizational changes that took place in FY 2015-2016, the operating segments of the concession catering business line (which is now operated under the Areas brand) corresponded to "France, Northern Europe and Italy" and "Spain, Portugal and the Americas". The figures for FY 2014-2015 have been restated accordingly, in order to enable meaningful year-on-year comparisons.

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

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:

- FY 2015-2016:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2016	France	International	Total	France	International	Total		
Revenue	2,162.9	2,065.1	**4,228.0**	657.1	1,010.9	**1,668.0**	0	**5,896.0**
Non-current assets	1,220.7	1,073.2	**2,294.0**	603.9	555.8	**1,159.7**	41.9	**3,495.6**

- FY 2014-2015:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2015	France	International	Total	France	International	Total		
Revenue	2,136.0	1,859.3	**3,995.3**	715.5	963.2	**1,678.7**	0	**5,674.1**
Non-current assets	1,192.0	832.4	**2,024.5**	576.5	554.1	**1,130.6**	25.4	**3,180.4**

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 these estimates if different assumptions or circumstances apply.

Significant items that were subject to such estimates and assumptions include goodwill and other intangible assets and property, plant and equipment (Notes 6.5, 6.6, 6.7, 8.9 and 8.10), provisions for litigation and pension plan assets and liabilities (Note 8.15), as well as 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, 2016, assets recognized as held for sale in the consolidated balance sheet corresponded to non-strategic concession catering operations in France, Belgium and Réunion. These operations were reclassified in the balance sheet at September 30, 2016.

IFRS 5 sets out the accounting treatment, presentation and disclosures required in relation to assets or groups of assets held for sale and discontinued operations. A discontinued operation represents a separate major line of business or a geographical area of operations that the Group has either disposed of or has classified as held for sale.

IFRS 5 requires entities to present assets and groups of assets held for sale in a separate line in the balance sheet if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, (i) the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, (ii) the entity concerned must have made the decision to sell the asset (e.g. by management being committed to a plan to sell), and (iii) the sale must be highly probable within 12 months following the end of the reporting period.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and cease to be depreciated once they are classified in this category.

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

The net cash flows attributable to discontinued operations are presented in “Effect of exchange rate and other changes” in the cash flow statement, corresponding to the cash flows generated by these operations until the date of their disposal and the cash generated by their disposal (excluding tax), for the current period and the comparative periods presented.

7. Changes in Group Structure During the Years Ended September 30, 2016 and 2015

The following companies were acquired and consolidated or sold and deconsolidated during the twelve months ended September 30, 2016:

	Country	% interest at Sept. 30, 2015	Type of transaction	Consolidation method	% interest at Sept. 30, 2016	Consolidation period
Areas Restauration Services	France	-	Acquisition	Full	100%	May 1, 2016 - Sept. 30, 2016
Waterfall Catering Group Ltd and subsidiaries	United Kingdom	-	Acquisition	Full	80%	Sept. 1, 2016 - Sept. 30, 2016
Starr	United States	-	Acquisition	Full	100%	Oct. 1, 2015 - Sept. 30, 2016
Cura	United States	-	Acquisition	Full	100%	Oct. 1, 2015 - Sept. 30, 2016
ABL	United States	-	Acquisition	Full	100%	Dec. 1, 2015 - Sept. 30, 2016
Preferred Meals and subsidiaries	United States	-	Acquisition	Full	100%	July 1, 2016 - Sept. 30, 2016

The following companies were acquired and consolidated or sold and deconsolidated during the twelve months ended September 30, 2015:

	Country	% interest at Sept. 30, 2013	Type of transaction	Consolidation method	% interest at Sept. 30, 2014	Consolidation period
NSTL	France	100%	Sale	Full	-	Oct. 1, 2014 - June 30, 2015
Lexington	United Kingdom		Acquisition	Full	100%	Oct. 1, 2014 - Sept. 30, 2015

8. Analysis of Changes in Income Statement and Balance Sheet Items

8.1 Income Statement Information by Operating Segment

FY 2015-2016:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2016	France	International	**Total**	France	International	**Total**		
Revenue	**2,162.9**	**2,065.1**	**4,228.0**	**657.1**	**1,010.9**	**1,668.0**	**0**	**5,896.0**
Recurring operating profit including share of profit of equity-accounted investees	151.0	88.2	**239.3**	43.9	61.3	**105.2**	(13.7)	**330.8**
Recurring operating profit/(loss) as a % of revenue	*7.0%*	*4.3%*	***5.7%***	*6.7%*	*6.1%*	***6.3%***	*(0.2)%*	***5.6%***
Non-recurring income and expenses, net	(10.4)	(10.5)	**(21.0)**	(3.8)	(10.1)	**(13.9)**	(14.7)	**(49.5)**
Operating profit/(loss)	140.6	77.7	**218.3**	40.1	51.2	**91.3**	(28.3)	**281.3**
Net financial expense								**(63.0)**
Income tax								**(73.5)**
Loss for the period from discontinued operations								**(6.3)**
Profit for the period attributable to non-controlling interests								**3.2**
Profit for the period attributable to owners of the parent								**135.3**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(37.2)	(46.7)	**(83.9)**	(31.5)	(45.4)	**(76.9)**	(5.5)	**(166.3)**
Other expenses with no cash impact	2.0	(1.1)	**0.9**	(0.3)	(0.9)	**(1.2)**	0.6	**0.3**
Reported EBITDA	186.2	136.1	**322.3**	75.7	107.6	**183.3**	(8.8)	**496.8**

FY 2014-2015:

(in € millions)	Contract catering & services			Concession catering			Corporate	Group total
Year ended September 30, 2015	France	International	**Total**	France	International	**Total**		
Revenue	**2,136.0**	**1,859.3**	**3,995.3**	**715.5**	**963.2**	**1,678.7**	**-**	**5,674.1**
Recurring operating profit including share of profit of equity-accounted investees	144.6	78.7	**223.3**	51.0	44.1	**95.2**	(9.6)	**308.8**
Recurring operating profit/(loss) as a % of revenue	*6.8%*	*4.2%*	***5.6%***	*7.1%*	*4.6%*	***5.7%***	*(0.2)%*	***5.4%***
Non-recurring income and expenses, net	(2.9)	(4.1)	**(7.0)**	(0.5)	(7.3)	**(7.7)**	(12.6)	**(27.4)**
Operating profit/(loss)	141.8	74.5	**216.3**	50.6	36.9	**87.4**	(22.2)	**281.5**
Net financial expense								**(107.0)**
Income tax								**(68.3)**
Profit for the period attributable to non-controlling interests								**(1.0)**
Profit for the period attributable to owners of the parent								**107.2**
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(35.1)	(38.8)	**(73.9)**	(38.1)	(46.2)	**(84.3)**	(1.9)	**(160.1)**
Other expenses with no cash impact	(3.3)	(1.9)	**(5.2)**	0.6	(0.2)	**0.4**	0.1	**(4.7)**
Reported EBITDA	182.9	119.4	**302.3**	88.5	90.5	**179.1**	(7.8)	**473.6**

8.2 Consolidated Revenue

FY 2015-2016:

– Revenue by business line and market

(in € millions)	Year ended Sept. 30, 2016	% of total revenue	Year ended Sept. 30, 2015	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	1,944.5	33.0%	1,861.5	32.8%	83.0	4.5%
Education	1,139.4	19.3%	1,068.7	18.8%	70.6	6.6%
Healthcare	1,144.1	19.4%	1,065.1	18.8%	79.0	7.4%
Sub-total: Contract catering & services	**4,228.0**	**71.7%**	**3,995.3**	**70.4%**	**232.6**	**5.8%**
Concession catering						
Airports	724.5	12.3%	687.5	12.1%	37.0	5.4%
Motorways	592.8	10.1%	615.1	10.8%	(22.3)	(3.6)%
City sites & leisure	350.8	5.9%	376.1	6.6%	(25.4)	(6.7)%
Sub-total: Concession catering	**1,668.0**	**28.3%**	**1,678.7**	**29.6%**	**(10.7)**	**(0.6)%**
Total	**5,896.0**	**100.0%**	**5,674.1**	**100.0%**	**221.9**	**3.9%**

– Revenue by geographic region

(in € millions)	Year ended Sept. 30, 2016	% of total revenue	Year ended Sept. 30, 2015	% of total revenue	Year-on-year change	% change
France	2,820.0	47.8%	2,851.5	50.3%	(31.5)	(1.1)%
Europe excluding France	2,134.5	36.2%	2,110.6	37.2%	23.9	1.1%
Other countries	941.5	16.0%	711.9	12.5%	229.5	32.2%
Total	**5,896.0**	**100.0%**	**5,674.1**	**100.0%**	**221.9**	**3.9%**

FY 2014-2015:

– Revenue by business line and market

(in € millions)	Year ended Sept. 30, 2015	% of total revenue	Year ended Sept. 30, 2014	% of total revenue	Year-on-year change	% change
Contract catering & services						
Business & industry	1,861.5	32.8%	1,722.9	32.3%	138.6	8.0%
Education	1,068.7	18.8%	1,049.9	19.7%	18.8	1.8%
Healthcare	1,065.1	18.8%	1,001.0	18.7%	64.1	6.4%
Sub-total: Contract catering & services	**3,995.3**	**70.4%**	**3,773.8**	**70.7%**	**221.5**	**5.9%**
Concession catering						
Airports	687.5	12.1%	623.3	11.7%	64.2	10.3%
Motorways	615.1	10.8%	575.4	10.8%	39.7	6.9%
City sites & leisure	376.1	6.6%	368.3	6.9%	7.8	2.1%
Sub-total: Concession catering	**1,678.7**	**29.6%**	**1,567.0**	**29.3%**	**111.7**	**7.1%**
Total	**5,674.1**	**100.0%**	**5,340.8**	**100.0%**	**333.3**	**6.2%**

– Revenue by geographic region

(in € millions)	Year ended Sept. 30, 2015	% of total revenue	Year ended Sept. 30, 2014	% of total revenue	Year-on-year change	% change
France	2,851.5	50.3%	2,828.8	53.0%	22.7	0.8%
Europe excluding France	2,110.6	37.2%	1,933.4	36.2%	177.2	9.2%
Other countries	711.9	12.5%	578.6	10.8%	133.3	23.0%
Total	**5,674.1**	**100.0%**	**5,340.8**	**100.0%**	**333.3**	**6.2%**

8.3 Earnings Per Share

The table below shows the number of outstanding shares before and after dilution.

	Year ended September 30	
	2016	**2015**
Weighted average number of shares outstanding - Basic	172,448,564	165,890,821
Dilutive impact of stock option plans	108,132	456,931
Weighted average number of shares outstanding - Diluted	172,556,696	166,347,752

Basic and diluted earnings per share for the years ended September 30, 2016 and 2015 were as follows:

	Year ended September 30	
	2016	**2015**
Profit attributable to owners of the parent	135.3	107.2
Basic earnings per share (in €)	**0.78**	**0.65**
Diluted earnings per share (in €)	**0.78**	**0.64**

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, 2016	Year ended Sept. 30, 2015
Personnel costs (excluding employee profit-sharing)	(2,617.7)	(2,531.9)
Employee profit-sharing	(0.7)	(0.5)
Shares-based compensation expense (*)	(4.3)	(1.4)
Personnel costs	**(2,622.8)**	**(2,533.8)**

(*) The figure for the year ended September 30, 2015 is presented after a proforma reclassification (see Note 8.7.2)

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, 2016 and 2015 (both full and part-time) can be analyzed as follows by category:

	At Sept. 30, 2016	At Sept. 30, 2015
Management and supervisory staff	18,185	17,569
Other	100,805	90,310
Total	**118,990**	**107,879**

Employee numbers break down as follows by geographic region:

	At Sept. 30, 2016	At Sept. 30, 2015
France	51,737	51,809
International	67,253	56,070
Total	**118,990**	**107,879**

8.5 Financial Income and Expenses

The net financial expense recorded in the years ended September 30, 2016 and 2015 breaks down as follows:

(in € millions)	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Interest expense on debt	(51.4)	(78.7)
Interest income on short-term investments	2.6	5.8
Other financial income and expenses (1)	(12.3)	(32.3)
Interest cost on post-employment benefit obligations	(1.9)	(1.8)
Net financial expense	**(63.0)**	**(107.0)**
(1) Including:		
- Fair value adjustments on interest rate hedging instruments	*(0.4)*	*(20.2)*
- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies	*(1.0)*	*(0.0)*
- Amortization of debt issuance costs (a)(b)	*(6.3)*	*(16.9)*
- Early redemption penalties on the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes	*(11.8)*	*-*
- Net foreign exchange gain/(loss)	*7.2*	*4.8*

(a) Including, for FY 2014-2015, €8.6 million in early amortization of debt issuance costs.
(b) Including, for FY 2015-2016, €2.3 million in amortization of debt issuance costs as a result of the early redemption of the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes.

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

Following the issuance of the AMF recommendation concerning 2016 financial statements (DOC-2016-09 dated November 3, 2016), amortization of intangible assets recognized on consolidation – notably for contract catering customer relationships – has been reclassified to recurring operating profit whereas it was previously recognized as a non-recurring expense. The figures for FY 2014-2015 have been restated accordingly and the analysis below is based on this restated data.

For the year ended September 30, 2016, non-recurring income and expenses represented a net expense of €49.5 million and notably included (i) €35.2 million in restructuring costs, (ii) €9.2 million in costs related to withdrawing from unprofitable contracts in France, Italy, Spain and the USA, and (iii) €5.1 million in share acquisition costs (including transaction costs) primarily for purchases of shares in the United Kingdom and the USA.

For the year ended September 30, 2015, this item represented a net expense of €27.4 million and notably included (i) restructuring costs, amounting to €13.4 million for France, Italy and THS in the contract catering business and €2.1 million for the concession catering business in Spain, (ii) €5.2 million in costs for withdrawing from unprofitable sites in Spain, Portugal and the United States, (iii) a €3.0 million loss recognized in relation to sales of non-strategic assets in the contract catering business in France and the concession catering business in Latin America, either already carried out during the year or scheduled for FY 2015-2016, (iv) €1.6 million in strategy consulting fees, and (v) €1.9 million in share acquisition costs, primarily for the purchase of shares in Lexington in the United Kingdom and THS subsidiaries in the United States.

8.7 Income Tax

(in € millions)	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Current tax	(51.9)	(51.8)
Deferred tax	(21.6)	(16.5)
Total	**(73.5)**	**(68.3)**

The portion of the CET tax based on value added (CVAE) has been recognized as current income tax in the amounts of €26.8 million and €28.2 million for the years ended September 30, 2016 and 2015 respectively (see Note 6.11).

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, 2016 and 2015:

(in € millions)	Year ended Sept. 30, 2016		Year ended Sept. 30, 2015	
	Base	Tax impact	Base	Tax impact
Profit before income tax	**218.3**		**174.5**	
Share of profit of equity-accounted investees	(3.2)		(1.9)	
Profit before income tax and share of profit of equity-accounted investees	215.1		172.6	
Theoretical income tax (1)		(74.1)		(59.4)
Impact of tax rates on profit generated outside France		5.8		(2.1)
Tax losses for which no deferred tax asset was recognized and impairment of deferred tax assets		(3.7)		(6.8)
Income not subject to tax and expenses not deductible for tax purposes		(1.5)		-
Net income tax expense		**(73.5)**		**(68.3)**

(1) The standard income tax rate used by the Group is 34.43%.

8.8 Loss for the Period from Discontinued Operations

At September 30, 2016, assets classified as held for sale in the consolidated balance sheet primarily corresponded to non-strategic operations run by Areas Northern Europe. These operations were reclassified in the balance sheet at September 30, 2016.

Profit or loss from discontinued operations, after the elimination of intra-group transactions, is presented on a separate line of the income statement. It includes the post-tax profit or loss of discontinued operations for the period until the date of their disposal as well as the post-tax gain or loss recognized on the disposal. For the year ended September 30, 2016, discontinued operations generated €52.7 million in revenue and reported a net loss of €6.3 million (€57.8 million in revenue and a €2.4 million net loss for the year ended September 30, 2015).

8.9 Analysis of Goodwill

The table below shows an analysis of consolidated goodwill by operating segment (which include the CGUs defined in Note 6.5 above).

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Elior Entreprises	574.7	574.7
Other – France (Enseignement, Santé and Services)	498.7	498.7
Sub-total – France	**1,073.4**	**1,073.4**
International	**742.6**	**613.7**
Contract catering & services	**1,816.0**	**1,687.1**
Sub-total – France	453.6	423.0
Northern Europe and Italy	86.7	86.7
Sub-total - France, Northern Europe and Italy	**540.3**	**509.7**
Spain, Portugal and the Americas	**185.7**	**179.2**
Concession catering (Areas)	**726.0**	**688.9**
Group total	**2,542.0**	**2,376.0**

The main movements in goodwill in the years ended September 30, 2016 and 2015 related to the following:

For the year ended September 30, 2016:

- €70.2 million in goodwill recognized in relation to Elior North America's acquisitions of Starr, Cura, ABL and Preferred Meals during the year, after the assignment of provisional fair values to these companies' identifiable intangible assets.

- €30.7 million in goodwill recognized in relation to Areas Restauration Services following the Group's acquisition of full control of this company in May 2016.

- €62.6 million in goodwill recognized in relation to the acquisition of Waterfall Catering Group in the United Kingdom following its first-time consolidation on September 1, 2016. The purchase price allocation process was still underway at September 30, 2016 and will be completed in FY 2016-2017, when the final fair values will be recognized for the identifiable intangible assets and resulting goodwill.

For the year ended September 30, 2015:

- €17.1 million in goodwill recognized on the purchase of Lexington in the United Kingdom following the Group's acquisition of full control over this company on October 1, 2014.

8.10 Analysis of Intangible Assets and Property, Plant and Equipment

8.10.1 Intangible Assets

(in € millions)	At Sept. 30, 2015	Additions	Disposals	Other movements (2)	At Sept. 30, 2016
Concession rights	176.9	9.7	(1.1)	7.7	193.2
Assets operated under concession arrangements (1)	37.0	0	0.0	(0.0)	37.0
Trademarks	38.9	0.2	(0.1)	3.6	42.5
Software	107.5	10.8	(7.9)	8.3	118.7
Intangible assets in progress	17.5	24.4	(0.1)	(18.7)	23.1
Other	133.5	2.8	(0.5)	74.3	210.1
Gross value	**511.2**	**47.8**	**(9.6)**	**75.2**	**624.6**
Concession rights	(49.2)	(12.6)	0.9	0.6	(60.3)
Assets operated under concession arrangements (1)	(36.9)	0	0.0	(0.0)	(36.9)
Trademarks	(12.2)	(3.4)	0.1	(0.4)	(15.8)
Software	(82.6)	(10.8)	7.8	0.9	(84.6)
Other	(36.3)	(12.1)	0.5	(0.2)	(48.1)
Total amortization	**(217.2)**	**(38.8)**	**9.3**	**0.9**	**(245.8)**
Carrying amount	**294.0**	**9.0**	**(0.3)**	**76.1**	**378.8**

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

(2) "Other movements" primarily relate to (i) the first-time consolidation of Starr, ABL, Cura and Preferred Meals and the allocation of these companies' purchase prices, and (ii) the impact of reclassifying assets held by Areas USA concerning Florida's Turnpike from "Property, plant and equipment" to "Intangible assets" in accordance with IFRIC 12.

(in € millions)	At Sept. 30, 2014	Additions	Disposals	Other movements (2)	At Sept. 30, 2015
Concession rights	163.6	7.0	(1.7)	7.9	176.9
Assets operated under concession arrangements (1)	36.3	0.0	0.0	0.6	37.0
Trademarks	34.3	0.2	(0.0)	4.3	38.9
Software	97.1	7.4	(1.5)	4.5	107.5
Intangible assets in progress	13.8	8.1	(0.1)	(4.2)	17.5
Other	107.9	7.3	(0.3)	18.6	133.5
Gross value	**453.0**	**30.1**	**(3.6)**	**31.8**	**511.2**
Concession rights	(42.0)	(7.9)	1.6	(0.9)	(49.2)
Assets operated under concession arrangements (1)	(36.3)	(0.1)	0.0	(0.6)	(36.9)
Trademarks	(11.0)	(1.1)	0.0	(0.1)	(12.2)
Software	(76.0)	(9.6)	1.3	1.7	(82.6)
Other	(27.5)	(8.9)	0.1	(0.0)	(36.3)
Total amortization	**(192.8)**	**(27.5)**	**3.0**	**0.1**	**(217.2)**
Carrying amount	**260.2**	**2.6**	**(0.6)**	**31.8**	**294.0**

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

8.10.2 Property, Plant and Equipment

(in € millions)	At Sept. 30, 2015	Additions	Disposals	Other movements (1)	At Sept. 30, 2016
Land	3.8	0.1	(0.0)	1.6	5.5
Buildings	163.6	4.9	(24.7)	24.6	168.4
Technical installations	785.5	66.1	(56.6)	11.2	806.3
Other items of property, plant and equipment	519.6	60.1	(74.4)	27.2	532.5
Assets under construction	22.1	25.6	(1.0)	(18.9)	27.9
Prepayments to suppliers of property, plant and equipment	1.4	5.6	(0.0)	(1.0)	6.0
Gross value	**1,496.0**	**162.4**	**(156.7)**	**44.8**	**1,546.5**
Buildings	(97.0)	(9.5)	23.3	(8.5)	(91.6)
Technical installations	(541.2)	(75.8)	54.7	4.8	(557.6)
Other items of property, plant and equipment	(347.3)	(54.4)	72.4	6.8	(322.5)
Total depreciation	**(985.6)**	**(139.7)**	**150.4**	**3.1**	**(971.7)**
Carrying amount	**510.5**	**22.7**	**(6.4)**	**47.9**	**574.8**

(in € millions)	At Sept. 30, 2014	Additions	Disposals	Other movements (2)	At Sept. 30, 2015
Land	3.7	0.0	0.0	0.1	3.8
Buildings	161.7	6.3	(5.1)	0.7	163.6
Technical installations	770.9	78.7	(41.6)	(22.5)	785.5
Other items of property, plant and equipment	493.5	50.7	(30.3)	5.7	519.6
Assets under construction	14.7	19.9	(5.2)	(7.3)	22.1
Prepayments to suppliers of property, plant and equipment	2.3	1.1	(0.2)	(1.8)	1.4
Gross value	**1,446.8**	**156.8**	**(82.4)**	**(25.2)**	**1,496.0**
Buildings	(93.7)	(10.2)	4.2	2.7	(97.0)
Technical installations	(530.9)	(75.5)	41.2	24.0	(541.2)
Other items of property, plant and equipment	(323.8)	(52.9)	29.2	0.3	(347.3)
Total depreciation	**(948.5)**	**(138.6)**	**74.6**	**26.9**	**(985.6)**
Carrying amount	**498.4**	**18.2**	**(7.8)**	**1.7**	**510.5**

(1) "Other movements" primarily reflect (i) the first-time consolidation of Starr, Cura, ABL and Preferred Meals in the United States and Areas Restauration Services in France, and (ii) the impact of reclassifying assets held by Areas USA concerning Florida's Turnpike from "Property, plant and equipment" to "Intangible assets" in accordance with IFRIC 12.

(2) "Other movements" primarily reflect (i) the impact of reclassifying assets held by Areas USA concerning Florida's Turnpike from "Property, plant and equipment" to "Intangible assets" in accordance with IFRIC 12, and (ii) exchange rate effects in the United States and the United Kingdom.

At September 30, 2016 and 2015, the value of non-current assets held under finance leases broke down as follows (excluding the assets described in Note 8.10.1 relating to the restatement of the three-way finance leases entered into concerning central kitchen facilities in the Group's education market):

	At Sept. 30, 2016	At Sept. 30, 2015
Gross value	88.1	62.0
Depreciation	(51.0)	(43.4)
Net value	**37.2**	**18.6**

Out of the total year-on-year increase in non-current assets held under finance leases, €19.4 million stemmed from the application of new contractual terms and conditions for operating the vehicle fleet of the contract catering business in France. These new contract terms – which came into effect from April 1, 2016 – resulted in reclassifying as finance leases contracts that were previously classified as operating leases. This change resulted in a €1.8 million increase in depreciation expense in the income statement, offset by a decrease in finance lease payments.

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, 2016
Contract catering & services	194.9	283.1	478.0
Concession catering	162.6	271.2	433.7
Headquarters, holding companies and purchasing entities	21.4	20.5	41.9
Total	**378.8**	**574.8**	**953.6**

(in € millions)	Carrying amount - intangible assets	Carrying amount - property, plant and equipment	At Sept. 30, 2015
Contract catering & services	124.4	213.0	337.4
Concession catering	158.9	282.8	441.7
Headquarters, holding companies and purchasing entities	10.7	14.7	25.4
Total	**294.0**	**510.5**	**804.5**

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, 2016
France	61.8	277.7	339.5
International	317.0	297.0	614.1
Total	**378.8**	**574.8**	**953.6**

(in € millions)	Carrying amount - intangible assets	Carrying amount - property, plant and equipment	At Sept. 30, 2015
France	52.5	245.0	297.5
International	241.5	265.4	506.9
Total	**294.0**	**510.5**	**804.5**

8.11 Non-current Financial Assets

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
	Carrying amount	Carrying amount
Investments in non-consolidated companies (1) (2)	**33.6**	**21.4**
Loans	4.5	2.4
Deposits and guarantees paid	24.7	22.4
Financial receivables	2.3	2.5
Total	**65.1**	**48.6**

(1) At September 30, 2015, "Investments in non-consolidated companies" notably included the shares held by the Group in Starr Restaurant Catering Group, which was acquired in August 2015 and was consolidated in FY 2015-2016 as from October 1, 2015.

(2) At September 30, 2016, "Investments in non-consolidated companies" and "Loans" notably included (i) the shares held by the Group in Ducasse Développement, and (ii) non-controlling interests held in, and a loan granted to, innovative companies operating in the catering industry (most of which were acquired during FY 2015-2016).

8.12 Equity-accounted Investees

(in € millions)	Carrying amount at Sept. 30, 2015	Dividends paid	Profit for the period (1)	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2016
Motorways subsidiaries (France)	0.4	(0.2)	0.2	(0.0)	0.4
N.W.L (France and International)	2.5	(0.3)	2.7		4.9
Riverside Events (UK)	0.2	(0.1)	0.2		0.3
Total	**3.0**	(0.5)	3.1	(0.0)	5.6

(in € millions)	Carrying amount at Sept. 30, 2014	Dividends paid	Profit for the period (1)	Changes in scope of consolidation and other	Carrying amount at Sept. 30, 2015
Motorways subsidiaries (France)	0.4	(0.1)	0.1	(0.0)	0.4
N.W.L (France et International) (2)	1.4	(0.6)	1.7		2.5
Riverside Events (UK)	0.1	(0.1)	0.1		0.2
Total	**1.9**	**(0.8)**	**1.9**	**(0.0)**	**3.0**

(1) These amounts are included in recurring operating profit in the consolidated financial statements.

(2) A joint venture set up at the end of FY 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 in conjunction with Newrest since the beginning of FY 2013-2014.

8.13 Trade and Other Receivables

(in € millions)	At Sept. 30, 2016		At Sept. 30, 2015	
	Gross	Net	Gross	Net
Trade receivables	702.4	663.3	678.3	639.6
Revenue accruals	96.7	96.7	88.9	88.9
Prepayments to suppliers	60.1	60.1	69.5	69.5
Prepaid and recoverable VAT (1)	51.1	51.1	43.7	43.7
Receivables relating to asset disposals	1.8	1.8	4.4	4.4
Other	60.0	60.0	61.1	61.1
Total	**972.1**	**933.1**	**945.9**	**907.2**

(1) Accrued taxes and payroll costs included accrued and payable VAT in respective amounts of €76.5 million and €77.4 million at September 30, 2015 and 2014.

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, 2016	At Sept. 30, 2015
Receivables not past due	444.7	444.7
Receivables less than 30 days past due	104.7	91.9
Receivables more than 30 days but less than 6 months past due	82.8	71.0
Receivables more than 6 months but less than 1 year past due	13.3	15.5
Receivables more than 1 year past due	17.8	20.2
Total net trade receivables	**663.3**	**643.3**

The trade receivables balance recognized in the consolidated balance sheet includes receivables of certain contract catering subsidiaries in France, Spain, Italy and the UK which have been sold under receivables securitization programs or factoring contracts. The buyers' right of recourse under these programs is limited to the amount of the related overcollateralization reserve.

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Outstanding balance of sold receivables	298.0	276.3
Amount (excl. VAT)	76.8	96.9
Net outstanding balance	**221.2**	**179.4**

An off-balance sheet factoring program was put in place in July 2014 for certain trade receivables held by the Group's main contract catering subsidiaries in France. The outstanding amount of trade receivables sold under this program totaled €23.4 million at September 30, 2016 (€27.4 million at September 30, 2015). The program provides for an overcollateralization reserve of 5% of the outstanding sold receivables, which was recognized in the balance sheet in an amount of €1.5 million at September 30, 2016 (€2.0 million at September 30, 2015).

In FY 2015-2016, the Group sold its CICE tax credit for 2015 to a bank on a no-recourse basis for €53 million. A capital loss of €0.4 million arose on this sale, which was recorded under "Other financial expenses" in July 2016.

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, 2016 and 2015 break down as follows by type of temporary difference:

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Paid leave provisions	7.8	7.9
Other non-deductible provisions and expenses	30.6	25.6
Provisions for pension benefit obligations	34.6	31.4
Fair value adjustments (1)	(63.4)	(36.7)
Recognition of tax loss carryforwards (2)	132.0	144.0
Total	**141.6**	**172.2**
Deferred tax assets	216.0	222.9
Deferred tax liabilities	(74.3)	(50.7)
Total	**141.6**	**172.2**

(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, 2016 (i) €98 million in tax loss carryforwards for Elior Group recoverable through the French tax consolidation group which it heads, and (ii) €17 million in tax loss carryforwards of the Group's subsidiary, Areas USA.

-At September 30, 2015 (i) €104 million in tax loss carryforwards for Elior Group recoverable through the French tax consolidation group which it heads, and (ii) €23 million in tax loss carryforwards of the Group's subsidiary, Areas USA.

Deferred taxes are classified under non-current assets and liabilities in the consolidated balance sheet. Unrecognized deferred tax assets did not represent a material amount at September 30, 2016.

8.14.2 Other Current Assets

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Prepaid expenses	51.1	34.3
Other	21.0	25.1
Total	**72.1**	**59.4**

8.15 Provisions

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

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Commercial risks	2.8	3.3
Tax risks and employee-related disputes	26.5	28.7
Reorganization costs	1.2	3.6
Employee benefits	11.2	11.1
Other	8.4	12.5
Short-term provisions	**50.1**	**59.2**
Employee benefits	113.0	101.8
Non-renewal of concession contracts	8.8	9.4
Other	17.8	13.0
Long-term provisions	**139.5**	**124.1**
Total	**189.6**	**183.3**

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.

Provisions for employee benefits totaled €124.3 million at September 30, 2016, including €14.7 million relating to the TFR provision for Italian companies.

At September 30, 2015, provisions for employee benefits totaled €112.8 million, including €17.6 million relating to the TFR provision for Italian companies.

The funding of employee benefit obligations and the reconciliation with assets and liabilities recorded in the balance sheet can be analyzed as follows:

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Accumulated benefit obligation at the period-end	**124.3**	**112.8**
Value of plan assets	-	-
Provisions recognized in the consolidated balance sheet at the period-end	**124.3**	**112.8**
o/w short-term	11.2	11.1
o/w long-term	113.0	101.8

Movements in these provisions during the years ended September 30, 2016 and 2015 can be analyzed as follows:

Provision at September 30, 2014	**115.7**
Service cost net of benefits paid	(2.1)
Interest cost	1.8
Other movements (impact of changes in scope of consolidation, exchange rates, reclassifications and changes in accounting method)	(2.6)
Provision at September 30, 2015	**112.8**
Service cost net of benefits paid	(4.1)
Interest cost	1.9
Other movements (impact of changes in scope of consolidation, exchange rates, reclassifications and changes in accounting method) (1)	13.7
Provision at September 30, 2015	**124.3**

(1) *Impact of change in discount rate and newly-consolidated companies.*

8.16 Debt and Hedging Instruments

8.16.1 Analysis of Debt by Type

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

(in € millions)	Original currency	At Sept. 30, 2016 Amortized cost (2)	At Sept. 30, 2016 Repayment/ redemption value	At Sept. 30, 2015 Amortized cost (1)	At Sept. 30, 2015 Repayment/ redemption value
Bank overdrafts	€	2.6	2.6	2.3	2.3
Other short-term debt (including short-term portion of obligations under finance leases)	€ / $	8.9	8.9	121.3	121.3
Sub-total – short-term debt		**11.5**	**11.5**	**123.5**	**123.5**
Syndicated loans	€ / $	1,506.7	1,524.3	1,113.4	1,128.9
Other medium- and long-term borrowings (3) (4)	€	89.0	89.0	224.9	227.5
Factoring and securitized trade receivables	€	220.2	221.4	178.2	179.6
Other long-term debt (including obligations under finance leases)	€	30.1	30.1	13.9	13.9
Sub-total – long-term debt		**1,846.0**	**1,864.7**	**1,530.4**	**1,550.0**
Total debt		**1,857.4**	**1,876.2**	**1,654.0**	**1,673.5**

(1) The amortized cost of bank borrowings at September 30, 2015 was calculated taking into account a net €19.5 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elior North America acquisition debt. The amount recognized included the bank fees paid for the debt refinancing operations carried out in December 2014 as well as accelerated amortization of debt issuance costs following the refinancing of the Elior North America acquisition debt in May 2015.

(2) The amortized cost of bank borrowings at September 30, 2016 was calculated taking into account a net €18.8 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elior North America acquisition debt.

(3) At September 30, 2015 this item included €227.5 million in debt owed to Elior Finance & Co. following that company's issuance of Senior Secured Notes (with a fixed-rate 6.5% coupon and maturing in May 2020), the proceeds of which were on-lent to Elior Group based on the same terms and conditions as those applicable for the Senior Secured Notes. This debt was repaid in advance of term during FY 2015-2016.

(4) At September 30, 2016 this item corresponded to the Group's $100 million USD private placement.

The Group's debt at September 30, 2016 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2016:

- For Elior Group SA:
  - A senior bank loan totaling €200.0 million at September 30, 2016, of which €168 million is repayable in January 2021 and €32 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2021 and 2.75% for the portion repayable in 2022.
  - US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds – which represented an aggregate $100 million at September 30, 2016 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.
  - A senior bank loan totaling €234.0 million at September 30, 2016, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest on this loan is based on the Euribor plus a standard margin of 2.50%.
- For Elior Participations SCA:
  - A senior bank loan totaling €750.0 million at September 30, 2016, of which €632 million is repayable in January 2021 and €118 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2021 and 2.75% for the portion repayable in 2022. In addition, Elior Participations SCA has a €300 million revolving credit facility (which can also be used by Elior Group SA) that expires in January 2021 and carries a variable interest rate based on the Euribor plus a standard margin of 1.25%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2016, Elior Participations had drawn down €30.0 million of this facility.
  - A US-dollar denominated senior bank loan totaling $344 million at September 30, 2016, which was set up under the SFA and of which $100 million is repayable in May 2020 and $244 million in June 2021. Of this total amount, $50 million was drawn down in May 2015 (6th amendment to the SFA), $50 million in June 2015 (7th amendment) in connection with the refinancing of the original Elior North America acquisition debt, and $244 million in June 2016 (8th amendment). Interest is based on the USD Libor plus a standard margin of 1.70%. In addition, Elior Participations has a $250 million revolving credit facility (which can also be used by Elior Group) that expires in May 2020 and carries a variable interest rate based on the Libor plus a standard margin of 1.30%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2016, Elior Participations had drawn down $5.0 million of this facility.

Liabilities relating to the Groups receivables securitization program. At September 30, 2016, outstanding securitized receivables – net of the related €77.0 million overcollateralization reserve – stood at €221.0 million. This securitization program was set up at the end of 2006 for a period of five years and was subsequently extended until June 2018. The ceiling on the program (net of the equivalent of an overcollateralization reserve) is €300 million and it now includes the receivables of Elior Group's Spanish, Italian and UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.5% in FY 2015-2016.

The Group's debt at September 30, 2015 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at September 30, 2015:

- For Elior Group SA:
    - A senior bank loan totaling €200.0 million at September 30, 2015, of which €168 million repayable in December 2019 and €32 million in December 2022. Interest on this loan is based on the Euribor plus a standard margin of 1.90% for the portion repayable in 2019 and 2.75% for the portion repayable in 2022. In addition, Elior Group SA has a €300.0 million revolving credit facility (which can also be used by Elior Participations) that expires in December 2019 and carries a variable interest rate based on the Euribor plus a standard margin of 1.50%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2015 none of this facility had been drawn down by Elior Group.
    - 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 THS acquisition debt. These bonds – which represented an aggregate $100 million at September 30, 2015 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%. In addition, Elior Group SA has a $250 million revolving credit facility (which can also be used by Elior Participations) that expires in May 2020 and carries a variable interest rate based on the Libor plus a standard margin of 1.30%. If this revolving credit facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At September 30, 2015 none of this facility had been drawn down by Elior Group.
    - A €227.5 million loan at a fixed interest rate of 6.5% and maturing in May 2020, which was granted to Elior Group by Elior Finance & Co. using the proceeds of an issue of Senior Secured Notes carried out by Elior Finance & Co on the Luxembourg stock exchange in April 2013. The terms and conditions of the loan mirrored those of the Senior Secured Notes.
- For Elior Participations SCA:
    - A senior bank loan totaling €750.0 million at September 30, 2015, of which €632 million repayable in December 2019 and €118 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.90% for the portion repayable in 2019 and 2.75% for the portion repayable in 2022.
    - A US-dollar denominated senior bank loan totaling $100 million at September 30, 2015, which was set up under the SFA and is repayable in May 2020. Of this total, $50 million was drawn down in May 2015 (6th amendment to the SFA) and a further $50 million in June 2015 (7th amendment) in connection with the refinancing of the original THS acquisition debt. Interest is based on the USD Libor plus a standard margin of 1.70%.

Liabilities under the Groups receivables securitization program described in Note 8.12 above. At September 30, 2015, outstanding securitized receivables – net of the related €97.1 million overcollateralization reserve – stood at €179.4 million. This securitization program was set up at the end of 2006 for a period of five years and was subsequently extended until June 2018. The ceiling on the program (net of the equivalent of an overcollateralization reserve) is €300 million and at September 30, 2015 it included the receivables of Elior Group's Spanish and Italian subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.5% in FY 2014-2015.

A maturity schedule of the Group's debt is provided in Note 11.3.

8.16.2 Derivative Financial Instruments

At September 30, 2016 and 2015, a portion of the Group's debt was hedged by caps, swaps and FRAs set up by Elior Group and Elior Participations.

The amounts of debt hedged by these instruments were as follows at September 30, 2016 (excluding hedges that expired at June 30, 2016 which covered the period between June 30, 2016 and December 31, 2016):

(in € millions)	Amount (excl. VAT)	Amount (excl. VAT)
From Dec. 31, 2016 through Sept. 30, 2019	1,000	
From Oct. 31, 2019 through Sept. 30, 2020	850	

(in USD millions)	Amount (excl. VAT)	Amount (excl. VAT)
From Dec. 31, 2016 through March 31, 2018	100	100
From April 1, 2018 through June 30, 2018	100	100

(1) Swaps
(2) Purchases of caps

The amounts of debt hedged by these instruments were as follows at September 30, 2015 (excluding hedges that expired at June 30, 2015 which covered the period between June 30, 2015 and December 31, 2015):

(in € millions)	Amount (excl. VAT)	Amount (excl. VAT)
From Dec. 31, 2015 through Dec. 31, 2016	950	
From Dec. 31, 2016 through Sept. 30, 2018	950	
From Sept. 30, 2018 through Sept. 30, 2019	150	

(in USD millions)	Amount (excl. VAT)	Amount (excl. VAT)
From June 30, 2016 through June 30, 2018		75

(1) Swaps and FRAs
(2) Purchases of caps

The Group's derivative financial instruments (caps, FRAs and currency and interest rate swaps) are accounted for in accordance with IAS 39. See Note 6.15 for further details.

Analysis:

(in € millions)	Fair value of derivatives: Assets/(Liabilities)	
	At Sept. 30, 2016	At Sept. 30, 2015
Instruments qualifying as cash flow hedges	(15.5)	(2.8)
Instruments qualifying as fair value hedges		
Instruments not qualifying for hedge accounting	(0.3)	(17.8)
Total	**(15.8)**	**(20.6)**
Interest rate hedging instruments	(15.5)	(16.9)
Foreign currency hedging instruments	(0.3)	(3.7)
Total	**(15.8)**	**(20.6)**

Derivatives are classified as non-current assets and liabilities in the consolidated balance sheet. The net-of-tax amounts recorded in equity (under "Other comprehensive income") in relation to cash flow hedges were a negative €8.3 million for the year ended September 30, 2016 and a positive €14.1 million for the year ended September 30, 2015 (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, 2016 or 2015 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, 2016, Elior Group SA's share capital amounted to €1,726,344.75 divided into 172,634,475 shares with a par value of €0.01 each. A total of 309,231 new Elior Group shares were issued during FY 2015-2016 following the exercise of stock options.

At September 30, 2015, Elior Group SA's share capital amounted to €1,723,252.44 divided into 172,325,244 shares with a par value of €0.01 each. In July 2015, the Company's share capital was increased when it bought out Emesa's 38.45% non-controlling interest in Areas. The buyout partly involved a share-for-share exchange, with Emesa transferring Areas shares to Elior Group and Elior Group transferring 7,712,520 newly-issued shares to Emesa. In addition, 237,188 new Elior Group shares were issued during FY 2014-2015 following the exercise of stock options.

8.17.2 Stock Options Granted to Employees of Elior Group and its Subsidiaries

8.17.2.1 Elior Group Stock Option Plans Set Up Prior to the Year Ended September 30, 2016

Date of Shareholders' Meeting	Grant date	Start of exercise period	End of exercise period	Exercise price par share (in €) (1)	Total number of shares under option (2)
Feb. 12, 2010	April 15, 2010	April 15, 2014	Dec.31, 2016	5.71	60,480
Jan. 18, 2011	April 15, 2011	April 15, 2015	Dec.31, 2016	5.72	90,860
Total					**151,340**

(1) *Exercise prices have been adjusted to take into account the capital reduction carried out on February* 2, 2012.
(2) *Adjusted to take into account departures of beneficiaries.*

8.17.2.2 Elior Group Stock Options and Performance Shares Granted During the Year Ended September 30, 2016

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price par share (in €)	Total number of shares under option/vestable free shares	Fair value of plan (in € millions)
Mar. 11, 2016	Stock options	Mar. 11, 2018	Mar. 11, 2022	16.3	807,635	3.1
Mar. 11, 2016	Performance Shares	-	-	N/A	143,068	2.6
Total					**950,703**	**5.7**

The stock options and free shares granted during FY 2015-2016 were mainly to Management Committee members and Committee leaders in companies other than Elior North America (see Note 1.17.2.3 below). The options and shares will only be exercisable/vest if the beneficiary still forms part of the Group on the exercise/vesting date and if certain pre-defined performance conditions are met (based on organic revenue growth and increases in operating margin and earnings per share). The achievement of these performance conditions will be assessed at the end of the second fiscal year following the grant date, i.e. at September 30, 2017 for the March 2016 plans.

The stock options granted in FY 2015-2016 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%

The aggregate fair value of the stock options and free shares granted in March 2016 amounted to €5.7 million and the related expense recognized in the FY 2015-2016 income statement was €1.2 million.

8.17.2.3 Elior North America stock options and restricted shares granted to managers of Elior North America

The stock options and restricted shares granted to Elior North America's managers when THS was acquired in 2013 and subsequently to new managers joining the company will only be exercisable/vest if the beneficiary still forms part of the company on the exercise/vesting date and if certain pre-defined performance conditions are met. These conditions are based on Elior Group's internal rate of return (IRR) calculated by reference to the value of Elior North America shares at September 30, 2019 compared with the capital invested by Elior Group since its acquisition of THS in 2013.

The value of Elior North America's shares will be calculated based on accounts at September 30, 2019 using the following formula:

- Enterprise value using the multiple originally applied for the acquisition of THS by Elior Group in 2013.
- Less the net debt of the Elior North America sub-group.

The IRR figure obtained will be compared against a pre-defined threshold and the difference between these two amounts will determine (i) the number of options and restricted shares actually allocated, and (ii) the purchase price of the shares concerned.

In view of the features of this plan, the options and shares granted have been classified as cash-settled instruments and are therefore accounted for in accordance with IAS 19.

The total fair value of the liability related to this plan was estimated at €6.6 million at September 30, 2016 and the related expense recognized in the FY 2015-2016 income statement totaled €3.1 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, 2016 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €40.9 million. This total primarily includes the following:

Commitments to purchase non-controlling interests

- €12.5 million corresponding to the Group's liability towards the non-controlling shareholders of MyChef (which is fully consolidated by the Group) relating to the 11.2% of the company's capital which is not yet owned by the Group but is covered by cross put and call options which have been exercisable since 2011.
- €8.8 million corresponding to the Group's liability towards the non-controlling shareholders of Waterfall Catering Group (payment of an exit price for the 20% of the company's capital that they still hold).

Liabilities relating to share acquisitions

- €3.6 million relating to additional purchase consideration payable for the acquisition of UK-based subsidiary, Lexington.
- €14.8 million relating to additional purchase consideration payable for the acquisitions carried out by Elior North America during FY 2015-2016.

The net amount recorded in the consolidated financial statements at September 30, 15 for liabilities relating to share acquisitions and commitments to purchase non-controlling interests totaled €28.7 million and primarily included the following:

- €12.5 million corresponding to the Group's liability towards the non-controlling shareholders of MyChef (which is fully consolidated by the Group) relating to the 11.2% of the company's capital which is not yet owned by the Group but is covered by cross put and call options which have been exercisable since 2011.
- €8.7 million corresponding to the Group's estimated liability towards the non-controlling shareholders of THS USA relating to the put option that they hold on 5.66% of the company's capital, exercisable between August 31, 2016 and October 31, 2016.
- €4.1 million relating to additional purchase consideration payable for the acquisition of Lexington.

8.19 Other Current Liabilities

Other current liabilities consist of the following:

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Deferred income	18.1	16.2
Other liabilities	7.0	6.3
Total	**25.1**	**22.5**

9. Off-Balance Sheet Commitments

9.1 Pledges and Guarantees Granted in relation to Bank Borrowings and Senior Secured Notes

As guarantees for the bank borrowings and Senior Secured Notes financing set up for Elior Group and Elior Participations – which represented a total principal amount of €1,356.4 million at September 30, 2015 – Elior Group had granted the lenders a pledge over the shares that it held in Elior Participations and Bercy Participations, and Elior Participations had granted a pledge over the shares that it held in its subsidiaries, Elior Restauration et Services and Areas Worldwide (formerly Elior Concessions).

In addition, the amounts owed by Elior Participations in connection with these financing arrangements were guaranteed by Elior Group and Bercy Participations. Following the full early redemption of the Elior Finance & Co 6.5% May 2020 Senior Secured Notes, all of these guarantees were released.

9.2 Guarantees Given/Received

(in € millions)	At Sept. 30, 2016	At Sept. 30, 2015
Guarantees given on commercial contracts (1)	303.1	306.1
Total guarantees given (2)	**303.1**	**306.1**

(1) Guarantees relating to performance bonds, commitments to pay concession fees and charges, and bid bonds for contracts.
(2) The precise maturity of these guarantees cannot be determined.

The Group also grants and receives guarantees in respect of assets and liabilities in relation to acquisitions and divestments of businesses, upon terms and conditions which are usual for such transactions. Where the guarantees granted by the Group are subject to valid claims not yet settled at the reporting date, a provision is recorded in the balance sheet.

9.3 Commitments under Operating Leases

At September 30, 2016, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €282.1 million, breaking down as follows by maturity:

- Less than one year: €79.5 million

- 1 to 5 years: €165.2 million
- Beyond 5 years: €37.4 million

These commitments concerned numerous lease contracts negotiated locally in the various countries in which the Group operates and mainly related to (i) site equipment, office equipment and vehicles (€93.2 million), and (ii) office rental payments (€188.9 million).

At September 30, 2015, the Group's total commitments under operating leases – based on the residual terms of the contracts concerned – stood at €214.5 million, breaking down as follows by maturity:

- Less than one year: €72.2 million
- 1 to 5 years: €129.2 million
- Beyond 5 years: €13.1 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 (€84.6 million), and (ii) office rental payments (€129.9 million).

10. Related Party Transactions

10.1 Executive Compensation and Benefits

Compensation and benefits are paid to executives, corresponding to individuals who exercise authority and responsibility for the control and management of the Group's entities.

Philippe Salle is Chairman and Chief Executive Officer of the Group and is a corporate officer of Elior Group SA.

(in € millions)	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Short-term benefits (amount recognized in the income statement)	3.9	4.9
Post-employment benefits (recognized as a liability in the balance sheet)	-	-

The figures presented in the table above comprise directors' fees as well as all other types of compensation and benefits that Elior Group SA and/or other Group companies either paid (or awarded for the year in return for duties performed). For the year ended September 30, 2016 they concerned the members of the Executive Team which comprises five people, including the Group Chairman and Chief Executive Officer. For the year ended September 30, 2015, the amounts presented concern the members of the Executive Team, which comprised four people including the Group Chairman and Chief Executive Officer as from May 1, 2015 when he took up his post.

The figures for the year ended September 30, 2015, also include a €2.3 million termination benefit paid to the Group's former Chief Executive Officer (including a non-compete indemnity deferred over a period of two years as from September 1, 2015), of which €1.6 million was paid during FY 2014-2015.

10.2 Other Related Party Transactions

None.

11. Financial Risk Management and Financial Instruments

11.1 Exposure to Foreign Exchange Risk

The Group operates primarily in eurozone countries. In the year ended September 30, 2016, the Group's main non-eurozone countries –the United Kingdom, Mexico and the United States – accounted for 22.3% of consolidated revenue (19.2% in FY 2014-2015), including 6.2% contributed by the United Kingdom (FY 2014-2015: 6.7%) and 14.5% by the United States (FY 2014-2015: 10.7%).

The revenues and expenses of Group companies are invoiced and paid in local currencies. As a general rule, Group companies have no significant receivables or payables denominated in foreign currencies. Consequently, the Group has no significant foreign exchange risk exposure in relation to its business transactions.

The Group's external borrowings are primarily denominated in euros, apart from the dollar-denominated borrowings set up on the refinancing of the debt of Elior North America and Areas USA (within the scope of the SFA), which amounted to $449 million at September 30, 2016. The Group's foreign exchange risk in relation to its borrowings is therefore low. Internal borrowings between eurozone and non-eurozone Group subsidiaries are generally hedged through currency swap transactions.

Elior Participations SCA uses forward currency sale contracts to hedge loans granted to its subsidiaries in the United States and the United Kingdom. The outstanding amounts of these currency hedges were £54.9 million and $63.1 million at September 30, 2016 and £34.1 million at September 30, 2015.

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 exchange rate compared with the average rate of 0.78271 for the year ended September 30, 2016 would result in a corresponding change in consolidated revenue and recurring operating profit of €19 million and €0.8 million respectively.
- The U.S. dollar against the euro: a 5% increase or decrease in this exchange rate compared with the average rate of 1.1112 for the year ended September 30, 2016 would result in a corresponding change in consolidated revenue and recurring operating profit of €43 million and €1.5 million respectively.

11.2 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 US dollar 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, 2016 for Elior Group and Elior Participations:

<u>Hedges in euros</u>

- For the period from December 31, 2016 through September 30, 2018: 0.215% for firm hedges (€1,000 million).
- For the period from September 30, 2018 through September 30, 2019: 0.051% for firm hedges (€1,000 million).
- For the period from September 30, 2019 through September 30, 2020: 0.015% for firm hedges (€850 million).

<u>Hedges in US dollars</u>

- For the period from December 31, 2016 through September 30, 2018: 0.936% for firm hedges ($100 million).
- For the period from December 31, 2016 through September 30, 2018: 2.0% for optional hedges ($100 million).

At September 30, 2015, the rates at which the Group's debt was hedged (against the 6-month Euribor) were as follows for Elior Group and Elior Participations:

- For the period from December 31, 2015 through December 31, 2016: 0.234% for firm hedges (€950 million).

- For the period from December 31, 2016 through September 30, 2018: 0.234% for firm hedges (€950 million).
- For the period from September 30, 2018 through September 30, 2019: 0.304% for firm hedges (€150 million).

These rates do not include lending margins, which are set out in Note 8.15.1. Taking into account these hedging transactions, a 1% increase in interest rates would have an impact of approximately €6 million on the Group's finance costs for FY 2016-2017.

11.3 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 (based on repayment/redemption value):

		At Sept. 30, 2016				At Sept. 30, 2015	
(in € millions)	Original currency	Short-term	*Due in 1 to 5 years*	*Due beyond 5 years*	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings – Elior Group SA	€		*168.0*	*82.0*	250.0		200.0
Medium-term borrowings – Elior Participations and Elior North America	€ / $		*972.3*	*118.0*	1,090.3		839.5
Other medium- and long-term bank borrowings	€		*0.6*	*184.0*	184.6		0.9
Sub-total – bank borrowings		**0**	***1,141.0***	***384.0***	**1,525.0**	**0.0**	**1,040.4**
Other debt							
Elior Group bond debt (USD private placement)	$			*89.0*	89.0		89.5
Loan from Elior Finance & Co SCA – 6.5% Senior Secured Notes maturing in May 2020	€		*0*		0		227.5
Finance leases	€	(0.0)	*29.1*	*0*	29.1	4.2	12.6
Other (1)	€ / $	7.0	*221.4*	*0.4*	221.7	106.5	180.0
Bank overdrafts (2)	€	2.6				2.3	
Current accounts (2)	€	0.2				0.3	
Accrued interest on borrowings (2)	€	1.7				10.3	
Sub-total – other debt		**11.5**	***250.5***	***89.3***	**339.8**	**123.5**	**509.6**
Total debt		**11.5**	***1,391.4***	***473.3***	**1,864.7**	**123.5**	**1,550.0**

(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.

11.4 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.

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).

11.5 Fair Value of Financial Assets and Liabilities

(in € millions)	Carried at amortized cost	Fair value hierarchy level	At Sept. 30, 2016		At Sept. 30, 2015	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Non-current financial assets	✓		65.1	65.1	48.6	48.6
Equity-accounted investees		Level 3	5.6	5.6	3.1	3.1
Derivative financial instruments		Level 2	-	-	-	-
Trade and other receivables	✓		933.1	933.1	907.2	907.2
Other current assets	✓		72.1	72.1	59.4	59.4
Short-term financial receivables	✓		9.8	9.8	10.9	10.9
Cash and cash equivalents		Level 1	160.6	160.6	210.4	210.4
Financial liabilities						
Short- and long-term debt	✓		1,857.4	1,857.4	1,654.0	1,654.0
Derivative financial instruments		Level 2	15.8	15.8	20.6	20.6
Liabilities relating to share acquisitions		Level 3	40.9	40.9	28.7	28.7
Trade and other payables	✓		729.7	729.7	701.0	701.0
Due to suppliers of non-current assets	✓		41.7	41.7	23.9	23.9

12. Events After the Reporting Date

Acquisition of MegaBite Food Services and CRCL in India

On November 21, 2016 Elior Group announced that it had signed an agreement to acquire the entire capital of MegaBite Food Services and a majority stake in CRCL. Both of these companies are based in India – MegaBite Food Services in Bangalore and CRCL in Chennai. The two companies generate combined annual revenue of some €27 million and they will be consolidated in the Group’s financial statements as from the second quarter of the year ending September 30, 2017.

13. Additional Information

13.1 Statutory Auditors’ Fees

Statutory Auditors’ fees for the year ended September 30, 2016 recorded in the income statement and relating to fully consolidated companies amounted to €5.0 million. The total breaks down as €3.5 million for statutory audit work and €1.5 million for audit-related services provided in connection with due diligence procedures for acquisitions and financing operations.

In order to ensure that the statutory audit work performed on the financial statements of the Group’s companies is consistent and of a high quality, and with a view to centralizing relations with the external auditors at Finance Department and Audit Committee level, a plan has been drawn up for substantially all of the Group’s subsidiaries stipulating that they appoint one of the two international audit firms used by Elior Group (PricewaterhouseCoopers Audit and KPMG).

Together, PricewaterhouseCoopers Audit and KPMG – which are members of the Compagnie Régionale des Commissaires aux Comptes de Versailles – represent nearly 100% of the Group’s audit fees. The fees paid by Group subsidiaries to audit firms other than PricewaterhouseCoopers, KPMG or the members of their networks, for the audits of their accounts, amounted to €0.4 million for FY 2015-2016.

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			
	2016		2015		2016		2015	
	Amount (excl. VAT)	**%**	**Amount (excl. VAT)**	**%**	**Amount (excl. VAT)**	**%**	**Amount (excl. VAT)**	**%**
1- Audit services rendered by the Group's statutory auditors or members of their network in relation to certifying individual or consolidated accounts								
- Elior	224	*13%*	304	*20%*	224	*10%*	238	*12%*
- Consolidated subsidiaries	1,219	*70%*	1,102	*72%*	1,465	*67%*	1,262	*63%*
2 - Other authorized services rendered by the statutory auditors or members of their network								
- Elior	86	*5%*	21	*1%*	94	*4%*	107	*5%*
- Consolidated subsidiaries	217	*12%*	106	*7%*	392	*18%*	393	*20%*
Total	**1,745**	***100%***	**1,534**	***100%***	**2,175**	***100%***	**2,000**	***100%***
- Elior	309	*18%*	325	*21%*	318	*15%*	345	*17%*
- Consolidated subsidiaries	1,435	*82%*	1,209	*79%*	1,857	*85%*	1,655	*83%*

14. List of Consolidated Companies at September 30, 2016

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				CO	Full
Actair				CO	Full
Actal		51%		CO	Full
Ansamble		99%		CT	Full
Ansamble Investissements				HOLD	Full
Aprest				MO	Full
Areas Management				CO	Full
Areas Northern Europe				CO	Full
Areas Restauration Services	FTC			CO	Full
Areas Services				CO	Full
Arpège				CT	Full
Bercy Participations				HOLD	Full
Bercy Services I				MO	Full
Bercy Services II				MO	Full
BSXXV				HOLD	Full
BSXXVII	FTC	60%		HOLD	Full
C2L				HOLD	Full
Concessions Aéroports France				CO/HOLD	Full
E.L.R.E.S.				CT/HOLD	Full
ECP France				CO	Full
EGEE Venture	FTC			HOLD	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 Concessions Marketing				MO	Full
Elior Concessions Services				MO	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 Musées				CO	Full
Elior Orly Ouest				CO	Full
Elior Orly Sud				CO	Full
Elior Orsay				CO	Full
Elior RC France				HOLD	Full
Elior Roissy				CO	Full
Elior Restauration Approvisionnements				CT	Full

Company	% ownership	% control	Principal activity	Consolidation method
Elior Restauration et Services			HOLD	Full
Elior Retail Gares			CO	Full
Elior Services à la Personne			CT	Full
Elior Services Propreté et Santé			CT/HOLD	Full
Elior Services Supports			MO	Full
Elior Participations			HOLD	Full
Elior Trésorerie			MO	Full
Eurobar			CO	Full
First Maintenance Company			CT	Full
G.S.R			CO	Full
H.R.C.			CO/HOLD	Full
IFRC			MO	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
SC2R			MO	Full
SCICB			CT	Full
Services et Santé			CT	Full
SG2P			CO	Full
SG2S			CO	Full
SGAR			CO	Full
SHRHM			CO	Full
SLRH			CO	Full
SMR			CT	Full
Soferest			CO	Full
Soreno			CT	Full
Soreset			CT	Full
SPR			CO	Full
SRAM	44%		CO	Full
SRBS	40%	40%	CO	Equity
SRHAJ			CO	Full
SRHVMB	84%		CO	Full
Tabapag			CT	Full
French Overseas Territories				
S.O.G.E.C.C.I.R.			CT	Full

Company		% ownership	% control	Principal activity	Consolidation method
Germany					
ECP Deutschland				CO	Full
Elior Autobahn Ost				CO	Full
Elior Autobahn Süd				CO	Full
Elior Autobahn West				CO	Full
Elior Deutschland Gmbh				HOLD	Full
ESP Deutschland				CO	Full
Belgium					
Elior Charleroi				CO	Full
SAREB				CO	Full
SREB				CO	Full
Chile					
Áreas Chile				CO	Full
Spain					
Alimentacion Saludable Gallega					
Arco Duplo		70%	100%	CO	Full
ARCE				CT	Full
Alessa Catering Services				CT	Full
Basic Serveis Escolars				CT	Full
Excellent Market				CT	Full
Geriatrio Siglo XXI				CT	Full
Areamed		50%	100%	CO	Full
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
Serunión				CT/HOLD	Full
Serunión Norte				CT	Full
Serunión Servicios				CT	Full
Serunión Vending				CT	Full
United States					
ABL Management	FTC	77%	100%	CT	Full
Aladdin Food Management Services		77%	100%	CT	Full
AmeriServe		77%	100%	CT	Full
Áreas USA inc				CO	Full
A'Viands		77%	100%	CT	Full
CFM		77%	100%	CT	Full
Cura Hospitality	FTC	77%	100%	CT	Full
Food Service Inc	FTC	77%	100%	CT	Full
Fitz Vogt Acquisition		77%	100%	HOLD	Full
Fitz Vogt & Associates		77%	100%	CT	Full
Fitz Vogt & Enterprises		77%	100%	CT	Full
Gourmet Acquisition Holding		77%	100%	HOLD	Full
Gourmet Acquisition		77%	100%	HOLD	Full
Lindley Acquisition		77%	100%	HOLD	Full
Preferred Meals	FTC	77%	100%	CT	Full

Company		% ownership	% control	Principal activity	Consolidation method
Starr Restaurant Catering Group	FTC	77%	100%	CT	Full
Summit Food Service		77%	100%	CT	Full
TrustHouse Services Holding		77%	100%	HOLD	Full
TrustHouse Services Group		77%	100%	MO	Full
Valley Services		77%	100%	CT	Full
United Kingdom					
Azure Support Services				CO	Full
Caterplus Services Ltd	FTC	80%	100%	CT	Full
Digby Trout Restaurants				CO	Full
Eliance Events				CO	Full
Eliance Restaurants				CO	Full
Eliance UK				CO	Full
Elior UK				CT	Full
Elior UK Holdings				HOLD	Full
Elior UK Services				MO	Full
Hold & Co UK				CO	Full
Le Bistro				CO	Full
Lexington				CO	Full
Riverside Events		50%	50%	CO	Equity
Taylor Shaw Ltd	FTC	80%	100%	CT	Full
Waterfall Elior Ltd	FTC	80%	100%	CT/HOLD	Full
Waterfall Services Ltd	FTC	80%	100%	CT	Full
India					
Elior India				CT	Full
Italy					
Elior Ristorazione		99%		CT	Full
Elior Concessioni SRL				HOLD	Full
Elichef				HOLD	Full
Elior Servizi		99%		CT	Full
Gemeaz		99%		CT	Full
Meridia		50%		CT	Full
MyChef				CO	Full
SEA Services		60%	100%	CO	Full
Mexico					
Aerocomidas				CO	Full
Aeroboutiques de Mexico				CO	Full
Portugal					
Areas Portugal				CO	Full
Feito de Portugal				CO	Full
Marhotel	FTC			CO	Full
Serunión Restaurantes Portugal				CT	Full
Unitrato				CO	Full
Switzerland					
Elior Suisse				CO	Full

- *FULL: fully consolidated companies.*
- *EQUITY: companies accounted for by the equity method.*
- *CT: companies specialized in contract catering & services.*
- *CO: companies specialized in concession catering.*
- *HOLD: companies operating as holding companies.*
- *MO: companies providing headquarters and support services to Group companies.*
- *FTC: companies consolidated for the first time during the period.*

4.10 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the Group's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 30 september 2016, on:

- the audit of the accompanying consolidated financial statements of Elior Group S.A;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 as at 30 september 2016 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matters:

At each year end, the company systematically performs impairment tests on goodwill and assets with indefinite useful lives and assesses whether there is any indication of impairment of long-term assets, using the methods described in notes 6.5 and 6.6 to the consolidated financial statements. We examined the methods used for the impairment tests, along with the cash flow forecasts and assumptions used and we verified that note 6.6 to the consolidated financial statements provides appropriate disclosures thereon.

As stated in note 6.25 to the consolidated financial statements, as the estimates used are based on assumptions, which are inherently uncertain, actual figures may differ significantly from the forecasts used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory Auditors

Paris La Défense et Neuilly-sur-Seine, le 20 janvier 2017,

KPMG Audit IS	**PricewaterhouseCoopers**	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

4.11 SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY FOR THE YEAR ENDED SEPTEMBER 30, 2016

INCOME STATEMENT

(in € thousands)	Note	Year ended September 30, 2016	Year ended September 30, 2015
Operating income			
Net revenue	4.10.3.1	22,934	22,371
Own work capitalized		1,336	
Reversals of depreciation, amortization and provisions, expense transfers			
Other income			
Total operating income		**24,270**	**22,371**
Operating expenses			
Purchase of raw materials and consumables			2
Other operating expenses		15,395	12,963
Taxes other than on income		484	841
Personnel costs		18,638	20,728
Depreciation, amortization and provision expense		115	645
Total operating expenses		**34,632**	**35,179**
Operating profit/(loss)		(10,362)	(12,808)
Net financial income/(expense)	4.10.3.2	(19,878)	34,534
Net non-recurring expense	4.10.3.3	(12,003)	(1)
Income tax	4.10.3.4	(39,927)	(102,592)
Profit/(loss) for the period		**(2,316)**	**124,317**

BALANCE SHEET – ASSETS

(in € thousands)	Note	At Sept. 30, 2016			At Sept. 30, 2015
		Gross	Depr., amort. and provisions	Net	Net
Intangible assets	4.10.4.1 and 4.10.4.3	3,398	62	3,336	2,001
Property, plant and equipment	4.10.4.1 and 4.10.4.3	2,813	1,016	1,797	1,942

Long-term investments	4.10.4.2	1,741,200		1,741,200	1,741,200
Total fixed assets		**1,747,411**	**1,078**	**1,746,333**	**1,745,143**
Advances and downpayments		35		35	1
Trade receivables		3,008		3,008	661
Other receivables	4.10.4.4	971,137		971,137	958,688
Marketable securities		2,117		2,117	2,046
Cash		218		218	29
Prepaid expenses		1,114		1,114	651
Total current assets		**977,629**		**977,629**	**962,076**
Unrealized foreign exchange losses		2,329		2,329	1,890
TOTAL ASSETS		**2,727,369**	**1,078**	**2,726,291**	**2,709,109**

BALANCE SHEET – EQUITY AND LIABILITIES

(in € thousands)	Note	At Sept. 30, 2016	At Sept. 30, 2015
Share capital		1,726	1,723
Share premium account		1,664,996	1,663,232
Other reserves		173	140
Retained earnings		330,873	261,732
Profit/(loss) for the period		(2,316)	124,317
Total equity	4.10.4.7	**1,995,452**	**2,051,144**
Equity loans (*titres participatifs*)			
Provisions for contingencies and charges	4.10.4.9	**3,352**	**2,913**
Borrowings		524,245	524,025
Trade payables		3,770	3,495
Other liabilities		197,057	125,640
Total liabilities	4.10.4.10	**725,072**	**653,161**
Unrealized foreign exchange gains		**2,415**	**1,892**
TOTAL EQUITY AND LIABILITIES		**2,726,291**	**2,709,109**

4.11.1 BASIS OF PREPARATION, GENERAL INFORMATION AND SIGNIFICANT EVENTS OF THE YEAR

These notes are an integral part of the parent company financial statements.

They provide additional disclosures concerning the balance sheet and income statement in order to provide a true and fair view of the Company's assets and liabilities, financial position and results of operations.

Non-compulsory disclosures are made only where the information concerned is material.

4.11.1.1 General information about the Company and its business

Elior Group is a French joint stock corporation (*société anonyme*) registered and domiciled in France. On

September 1, 2016 its headquarters were relocated to 9-11 allée de l'Arche, Paris La Défense cedex 92032, France.

At September 30, 2016, Elior Group was 25.1% owned by Bagatelle Investissement et Management – "BIM" (which is wholly-owned by Robert Zolade), 5.2% by Corporacion Empresarial Emesa, S.L, 6.6% by Caisse de Dépôt et Placement du Québec, and 63.1% 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 13, 2016

The dividend for the year ended September 30, 2015 – which corresponded to €55.1 million (€0.32 per share) and was approved by the Company's shareholders at the March 11, 2016 Annual General Meeting – was paid on April 13, 2016.

4.11.1.2.2 Early redemption of the Elior Finance & Co SCA 6.5% May 2020 Senior Secured Notes

On February 9 and May 4, 2016 Elior Group redeemed in advance of term the outstanding Elior Finance & Co 6.5% May 2020 Senior Secured Notes. The aggregate redemption represented a nominal amount of €227.5 million and the corresponding cash outflow for Elior Group was €240.0 million, including €11.8 million in early redemption penalties. It was financed by way of Elior Group making drawdowns under new syndicated bank loans totaling €234 million set up on January 29 and May 2, 2016, which expire in January and May 2023 respectively. Interest on these new loans is based on the Euribor plus a standard margin of 2.5%.

The full redemption of these Senior Secured Notes resulted in the release of all of the collateral underlying the Senior Facilities Agreement and means that Elior Group is no longer required to publish condensed interim consolidated financial statements for its quarterly closings at December 31 and June 30.

4.11.2 ACCOUNTING PRINCIPLES AND METHODS

4.11.2.1 Accounting principles

The financial statements for the year ended September 30, 2016 have been prepared in accordance with French generally accepted accounting principles.

The accounting principles used are identical to those applied for FY 2014-2015. Accounting entries are based on the historical cost method.

All amounts referred to in the notes to the financial statements are in thousands of euros, unless otherwise specified.

4.11.2.2 Accounting methods

The main accounting methods applied by the Company are described below.

4.11.2.2.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at acquisition cost, which corresponds to their purchase price plus incidental expenses and excluding transaction costs.

Depreciation and amortization are calculated by the straight-line method over the following estimated useful lives:

Software:	1 to 6 years
Fixtures and fittings:	5 to 10 years
Plant and equipment:	5 to 7 years
IT equipment:	3 to 4 years

4.11.2.2.2 Shares in subsidiaries and affiliates and other long-term securities

The gross value of these assets corresponds to cost excluding incidental expenses. If their fair value is lower than this gross value a provision for impairment is recognized.

Fair value corresponds to value in use for the Company, which is determined based on Elior Group's equity in the underlying net assets of the companies concerned, adjusted where applicable to take account of their growth and earnings prospects.

4.11.2.2.3 Receivables

Receivables are stated at nominal value. A provision for impairment is recognized if their fair value is lower than this gross value.

4.11.2.2.4 Foreign currency transactions

Income and expenses denominated in foreign currencies are translated into euros using the exchange rate prevailing at the transaction date. Foreign currency payables, receivables and cash balances are translated using the year-end exchange rate and any resulting translation differences are recognized in the balance sheet under "Unrealized foreign exchange losses" or "Unrealized foreign exchange gains". A provision is recorded for the unhedged portion of any unrealized foreign exchange losses at the year end.

4.11.2.3 Tax consolidation

Since February 1, 2006, pursuant to Articles 223.A, 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.

The income tax for FY 2015-2016 recorded in the income statement can be analyzed as follows including the impact of tax consolidation:

(in € thousands)	
Income tax for the head of the tax consolidation group	5,209
Tax payable by profitable members of the tax group	(46,548)
Corporate sponsorship tax credit	(30)
Other	1,622
Income tax including impact of tax consolidation	**(39,927)**

4.11.2.4 Consolidating company

At September 30, 2016 Elior Group was the parent company responsible for preparing the consolidated financial statements of the Elior group.

4.11.2.5 Retirement benefit obligations

The following obligations are presented in "Off-balance sheet commitments": (i) obligations for the payment of statutory and contractual retirement indemnities related to active employees, and (ii) obligations relating to supplementary pension plans, measured using the projected unit credit method based on end-of-career salaries, net of the value of any plan assets.

4.11.3 NOTES TO THE INCOME STATEMENT

4.11.3.1 Revenue

	France	Other countries	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Management of the Group and services provided to the Group	7,109	5,938	13,047	12,125
Rebillings of personnel costs	4,540		4,540	5,933
Rebillings of insurance costs	3,115	289	3,404	3,157
Other rebillings	1,885	58	1,943	1,156
TOTAL	**16,649**	**6,285**	**22,934**	**22,371**

4.11.3.2 Net financial income/(expense)

	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Dividends received from subsidiaries	58	62,964
Interest income	438	889
Interest expense	(20,374)	(29,319)
TOTAL	**(19,878)**	**34,534**

4.11.3.3 Net non-recurring expense

	Year ended Sept. 30, 2016	Year ended Sept. 30, 2015
Retirement of fixed assets	(31)	
Expenses related to debt refinancing	(11,970)	
Other non-recurring expenses	(2)	(1)
TOTAL	**(12,003)**	**(1)**

4.11.3.4 Income tax analysis

	Pre-tax loss for year ended Sept. 30, 2016	Income tax due	Post-tax loss for year ended Sept. 30, 2016	Post-tax profit for year ended Sept. 30, 2015
Profit/(loss) from ordinary activities	(30,241)		(30,241)	21,726
Net non-recurring expense	(12,003)		(12,003)	(1)
Impact of tax consolidation		(39,898)	39,898	102,589
Corporate sponsorship tax credit		(30)	30	3
TOTAL	**(42,244)**	**(39,928)**	**(2,316)**	**124,317**

4.11.4 NOTES TO THE BALANCE SHEET

4.11.4.1 Property, plant and equipment and intangible assets

	Gross at Sept. 30, 2015	Increase	Decrease	Gross at Sept. 30, 2016
Intangible assets	2,079	1,336	(17)	3,398
Property, plant and equipment	2,864		(51)	2,813
TOTAL	**4,943**	**1,336**	**(68)**	**6,211**

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 the development costs incurred by the Group in 2016 in connection with the Tsubaki project.

Property, plant and equipment correspond to premises located at 101 rue de Tolbiac, 75013 Paris, France.

4.11.4.2 Depreciation and amortization

	Cumulative amount at Sept. 30, 2015	Additions	Reversals	Cumulative amount at Sept. 30, 2016
Intangible assets	78		(16)	62
Property, plant and equipment	922	115	(21)	1,016
TOTAL	**1,000**	**115**	**(37)**	**1,078**

4.11.4.3 Long-term investments

	Gross at Sept. 30, 2015	Increase	Decrease	Gross at Sept. 30, 2016
Investments in subsidiaries and affiliates	1,741,183			1,741,183
Other long-term investment securities	3			3
Deposits	14			14
TOTAL	**1,741,200**	**0**	**0**	**1,741,200**

At September 30, 2016, the Company owned 139,312,620 shares in Elior Participations, representing a total gross value of €1,740,720,983.30, and 500 shares in Bercy Participations, representing a total value of €461,833.33.

4.11.4.4 Maturity schedule of receivables and long-term investments

	At Sept. 30, 2016	Due within one year	Due beyond 1 year
Other long-term investments	14	2	12
Trade receivables	3,008	3,008	
Other receivables	5,638	5,638	
Tax receivables arising on tax consolidation	5,840	5,840	
Current accounts with subsidiaries	959,659	959,659	
Prepaid expenses	1,114	1,114	
TOTAL	**975,273**	**975,261**	**12**

4.11.4.5 Accrued income

	At Sept. 30, 2016
Revenue accruals	2,481
TOTAL	**2,481**

4.11.4.6 Prepaid expenses

	At Sept. 30, 2016
Operating expenses	1,110
Financial expenses	4
TOTAL	**1,114**

4.11.4.7 Equity

	At Sept. 30, 2015	Appropriation of FY 2014-2015 profit	Dividend payment	Capital increase	FY 2015-2016 loss	At Sept. 30, 2016
Share capital	1,723			3		1,726
Share premium account	1,663,232			1,765		1,664,997
Other reserves	140	32				172
Retained earnings	261,732	124,285	55,144			330,873
Profit/(loss) for the period	124,317	(124,317)			(2,316)	(2,316)
TOTAL	**2,051,144**		**55,144**	**1,768**	**(2,316)**	**1,995,452**

4.11.4.8 Share capital

	At Sept. 30, 2015	Increase	Decrease	At Sept. 30, 2016
Number of shares	172,325,244	309,231		172,634,475
Amount (in €)	1,723,253	3,092		1,726,345

At September 30, 2016, the share capital of Elior Group amounted to €1,726,344.75, divided into 172,634,475 shares with a par value of €0.01 each.

The increase in the Company's share capital during the year was due to the issue of 309,231 Elior Group shares on the exercise of stock options (see Note 4.11.5.2 below).

4.11.4.9 Provisions

	At Sept. 30, 2015	Additions	Reversals	At Sept. 30, 2016
Other provisions for contingencies and charges	530			530
Provisions for taxes	493			493
Provisions for foreign exchange losses	1,890	**439**		2,329
TOTAL	**2,913**	**439**	-	**3,352**
O/w recorded under:				
- Operating income and expenses				
- Financial income and expenses		439		
- Non-recurring income and expenses				
- Income taxes				

4.11.4.10 Maturity schedule of liabilities

	At Sept. 30, 2016	Due within 1 year	Due in 1-5 years	Due beyond 5 years
Bond debt (USD private placement)	88,960			88,960
Bank borrowings	435,285	1,285	168,000	266,000
Other borrowings				
Trade payables	3,770	3,770		
Other liabilities	12,456	12,456		
Tax payables arising on tax consolidation	184,351	184,351		
Deferred income	250	250		
TOTAL	**725,072**	**202,112**	**168,000**	**354,960**

Elior Group's debt at September 30, 2016 included:

- US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds – which represented an aggregate $100 million at September 30, 2016 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.

- A senior bank loan totaling €200.0 million at September 30, 2016, of which €168 million is repayable in January 2021 and €32 million in December 2022. Interest is based on the Euribor plus a standard margin of 1.65% for the portion repayable in 2021 and 2.75% for the portion repayable in 2022.

- A senior bank loan totaling €234.0 million at September 30, 2016, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest on this loan is based on the Euribor plus a standard margin of 2.50%.

In 2013, Elior Finance & Co granted Elior Group a €227.5 million loan at a fixed interest rate of 6.5% and maturing in May 2020, using the proceeds of an issue of Senior Secured Notes carried out by Elior Finance & Co on the Luxembourg stock exchange in April of that year. The terms and conditions of the loan mirrored those of the Senior Secured Notes. This loan was redeemed in advance of term in FY 2015-2016, in two tranches - one in February 2016 (€50 million) and the other in May 2016 (the remaining €177.5 million). See Note 1.2.2 above for further details.

Amount and maturity of trade payables	Total	Due within 30 days	Due in 31-44 days	Due in 45-75 days	Due in 76-90 days	Due beyond 90 days
Trade payables due to non-Group entities	713	554	159			
Trade payables due to suppliers of fixed assets	520		520			
Trade payables due to Group entities	31	31				
TOTAL	**1,264**	**585**	**679**		-	-

4.11.4.11 Accrued expenses

	At Sept. 30, 2016
Borrowings and accrued interest	1,134
Trade payables	3,025
Taxes and payroll costs	5,935
Credit notes due to clients	512
TOTAL	**10,606**

4.11.5 ADDITIONAL INFORMATION

4.11.5.1 Related party transactions and balances

	At Sept. 30, 2016
ASSETS	
Long-term investments: investments in subsidiaries and affiliates	1,741,183
Trade receivables	2,481
Intra-group current accounts	959,659
Tax receivables	5,840
Total	2,709,163
LIABILITIES	
Trade payables	31
Tax payables	184,351
Other liabilities	513
Total	184,895
INCOME STATEMENT	
Financial expenses	
Financial income	416

Related parties correspond to companies that are fully consolidated by Elior Group.

4.11.5.2 Financial commitments

4.11.5.2.1 Pledges and guarantees granted in relation to bank borrowings and bond debt

As guarantees for the bank borrowings and Senior Secured Notes financing set up for Elior Group and Elior Participations – which represented a total principal amount of €1,356.4 million at September 30, 2015 – Elior Group had granted the lenders a pledge over the shares that it held in Elior Participations and Bercy Participations, and Elior Participations had granted a pledge over the shares that it held in its subsidiaries, Elior Restauration et Services and Areas Worldwide (formerly Elior Concessions). In addition, the amounts owed by Elior Participations in connection with these financing arrangements were guaranteed by Elior Group and Bercy Participations. Following the full early redemption of the Elior Finance & Co 6.5% May 2020 Senior Secured Notes, all of these guarantees were released.

4.11.5.2.2 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, 2016, the obligation was calculated using a net discount rate of 2% and based on a retirement age of between 62 and 64 and voluntary retirement. At that date it totaled €881,602, the full amount of which related to indemnities payable to employees on retirement.

4.11.5.2.3 Stock options granted to employees of Elior Group and its subsidiaries

(i) Elior Group stock option plans set up prior to the year ended September 30, 2016:

Date of Shareholders' Meeting	Grant date	Start of exercise period	End of exercise period	Exercise price per share (in €)[1]	Total number of shares under option[2]
Feb. 12, 2010	April 15, 2010	April 15, 2014	Dec. 31, 2016	5.71	60,480
Jan. 18, 2011	April 15, 2011	April 15, 2015	Dec. 31, 2016	5.72	90,860
Total					**151,340**

[1] *Exercise prices have been adjusted to take into account the capital reduction carried out on February 2, 2012.*

[2] *Adjusted to take into account departures of beneficiaries.*

A total of 309,231 options were exercised during FY 2015-2016.

(ii) Elior Group stock options and performance shares granted during the year ended September 30, 2016

Date of Shareholders' Meeting	Type of instrument	Start of exercise period	End of exercise period	Exercise price per share (in €)	Total number of shares under option/ vestable free shares
March 11, 2016	Stock options	March 11, 2018	March 11, 2022	16.3	807,635
March 11, 2016	Performance shares			N/A	143,068
Total					**950,703**

The stock options and free shares granted during FY 2015-2016 were mainly to Management Committee and Leaders Committee members in companies other than Elior North America. The options and shares will only be exercisable/vest if the beneficiary still forms part of the Group on the exercise/vesting date and if certain pre-defined performance conditions are met (based on organic revenue growth and increases in operating margin and earnings per share). The achievement of these performance conditions will be assessed at the end of the second fiscal year following the grant date, i.e. at September 30, 2017 for the March 2016 plans.

The stock options granted in FY 2015-2016 have a four-year life and are exercisable for shares at a 10% discount to their market value.

4.11.5.3 Average headcount

Number of employees	At Sept. 30, 2016	At Sept. 30, 2015
Managerial employees	21	25
TOTAL	**21**	**25**

4.11.5.4 Subsidiaries and affiliates

(in € thousands)	Share capital	Equity, excluding share capital	% ownership	Gross value of shares held	Net value of shares held	Out-standing loans and advances	Guarantees given	Net revenue for the last fiscal year	Profit for the period	Dividends received
Affiliates										
Bercy Participations[1]	37	8	100%	462	462				10	58
Elior Participations[1]	5,310	420,434	100%	1,740,721	1,740,721	959,659		25,870	245,842	

(1) Fiscal year from October 1, 2015 to September 30, 2016.

4.11.5.5 Deferred taxes

Analysis	Base	Tax effect Deferred tax benefit
Provisions	3,352	1,117
Deferred tax assets	3,352	1,117
Tax loss carryforwards before tax consolidation	4,285	1,429
Tax loss carryforwards after tax consolidation	555,049	185,016

4.11.5.6 Directors' fees

Directors' fees paid in FY 2015-2016 totaled €432,000.

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 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016
Capital at year-end					
Share capital	1,088,204	1,088,204	1,643,706	1,723,252	1,726,345
Number of ordinary shares outstanding	108,820,358	108,820,358	164,370,556	172,325,244	172,634,475
Number of preferred non-voting shares	0	0	0	0	
Maximum number of shares to be created on exercise of stock options	0	0	0	0	
Maximum number of shares to be created on conversion of bonds	0	0	0	0	
Results of operations					
Net revenue	21,261,452	21,396,332	21,309,934	22,370,878	22,933,610
Profit/(loss) before tax, employee profit-sharing, depreciation, amortization and provisions	148,203,995	(25,851,045)	(68,356,619)	24,260,349	(41,659242)
Income tax	(46,797,320)	(50,666,041)	(32,528,040)	(102,592,298)	(39,927640)
Employee profit-sharing	0	0	0	0	0
Profit/(loss) after tax, employee-profit sharing, depreciation, amortization and provisions	196,372,241	3,882,411	(34,543,373)	124,317,351	(2,315,980)
General Partners' profit share	196,372	3,882			
Total dividend payout			32,874,111	55,144,078	72,506,480
Per share data					
Profit/(loss) per share after tax and employee profit-sharing, before depreciation, amortization and provisions	1.79	0.23	(0.22)	0.74	(0.01)
Earnings/(loss) per share	1.80	0.04	(0.21)	0.72	(0.01)
Dividend per share	0.00	0.00	0.20	0.32	0.42
Employee data					
Average number of employees	26	25	25	25	21
Total payroll	8,059,659	8,277,897	19,173,774	16,824,031	12,654,126
Benefits	3,213,912	3,518,448	7,107,350	3,903,951	5,983,841

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. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended 30 September 2016, on:

- the audit of the accompanying financial statements of Elior Group SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters.

Note 2.2.2 to the financial statements describes the accounting rules and methods applied to value equity securities. As part of our assessment of the accounting rules and methods applied by the Company, we verified the appropriateness of these accounting methods and the disclosures provided in the notes to the financial statements.

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 which is expressed in the first part of this report.

III - Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, 20 January 2017

KPMG Audit IS	**PricewaterhouseCoopers**	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

4.13 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

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

To the Shareholders,

In our capacity as Statutory Auditors of 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 the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, 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 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 during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorised by the Board of Directors.

- **Eighth amendment of 29 January 2016 to the Senior Facilities Agreement (SFA)**

Agreement authorised by the Board of Directors on: 10 December 2015

Contracting entities: Elior Participations (of which Bercy Participations, chaired by Elior Group represented by Philippe Salle, is manager [gérant]) and Bercy Participations (of which Elior Group, represented by Philippe Salle, is Chairman)

Person concerned: Philippe Salle (Director and Chairman and Chief Executive Officer of Elior Group, which is Chairman of Bercy Participations, which is manager [gérant] of Elior Participations)

Nature and purpose: as part of the restructuring of the Group's financing, on 29 January 2016 Elior Group authorised an eighth amendment to the SFA.

Terms and conditions: the main provisions of the eighth amendment to the SFA are as follows:

- extending the maturity of (i) Facility B of the Original Revolving Facility, (ii) the Facility I Commitment and (iii) the Uncommitted Acquisition Facility, so that they expire on the fifth anniversary of the date on which this addendum enters into force;

- amending the definition of Permitted Financial Indebtedness;

- renewing the Uncommitted Revolving Facility Commitment Period from the date on which this addendum enters into force and ensuring that the amounts of the Uncommitted Revolving Facility confirmed up to that date are excluded from the limits of €400 million and USD 400 million, respectively; and

- authorising the Company to implement a commercial paper issue in order to finance its working capital and short-term business requirements.

Reason provided by the Company: "this transaction will allow the Group to make savings on its finance costs, and will pay for itself within one year. In addition, the transaction should help to make certain covenants less restrictive."

Agreements and commitments authorised after the year end

We were informed of the following agreements and commitments, which have been authorised since the year end by the Board of Directors.

- **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)

Nature and purpose: on the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to appoint the firm Mercer to conduct a review of the Chairman and Chief Executive Officer's remuneration and particularly the structure of his termination benefits. In its review, Mercer concluded that the termination benefit clause could be amended and the grant conditions tightened to bring them into line with market practices. The clause could, for example, provide for a payment calculated on the basis of the average of the Chairman and Chief Executive Officer's annual bonuses – as a percentage of the maximum target bonus – for each of the last three years.

Terms and conditions: based on the aforementioned review, the Nominations and Compensation Committee, with the agreement of Philippe Salle, recommended that the Board replace the termination benefit performance conditions approved on 29 April 2015, and specify that the termination benefit will only be payable, in part or in full, if the average percentage (A) of the Chairman and Chief Executive Officer's annual bonuses for his last three years is more than or equal to 80%. 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 more 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."

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 2016.

1. FINANCING

- **Agreements entered into in connection with the bond issue of April 2013 – "Senior Secured Notes 2020"**

Agreement authorised by the Board of Directors (or the Supervisory Board before 11 June 2014) on: 17 April 2013

Contracting entities: Elior Participations (of which Sofibim was Chairman of the Supervisory Board at the authorisation date), Bercy Participations (of which Elior Group is Chairman), Elior Finance & Co, Elior Finance S.r.l. (managing general partner [gérant commandité] of Elior Finance & Co), and Bercy Présidence (merged with/absorbed by Elior Group on 11 June 2014)

Persons concerned: Gilles Cojan (Chief Executive Officer of Sofibim, Director of Elior Group and member of the Supervisory Board of Elior Finance & Co), Robert Zolade (Director and Honorary Chairman of Elior Group, member of the Supervisory Board of Elior Finance & Co, and Chairman of Sofibim), James Arnell (Director of Elior Group and member of the Supervisory Board of Bercy Présidence), and Olivier Dubois (Chairman of the Supervisory Board of Elior Participations since 16 July 2015 and manager [gérant] of Elior Finance S.r.l.)

Nature and purpose: as part of the bond issue of April 2013 carried out by Elior Finance & Co (a company governed by Luxembourg law with no ownership links with Elior Group or any other Elior Group company) to finance the drawdown of Facility H under the SFA, Elior Group entered into the following agreements:

- the Purchase Agreement, signed by Elior Group, Bercy Présidence, Elior Participations and Bercy Participations with Elior Finance & Co, relating to the collateral for the bond issue;

- the Covenant Agreement, signed by Elior Group, Bercy Présidence, Elior Participations and Bercy Participations with Elior Finance & Co, pursuant to which Elior Group agrees to comply and ensure that its subsidiaries comply with the issuer's obligations with respect to the bond issue;

- the Fee Arrangement Agreement, signed with Elior Finance & Co, under which Elior Group agrees to bear the costs incurred by Elior Finance & Co with respect to the bond issue.

These three agreements expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

Amount recorded during the year: for the year ended 30 September 2016, Elior recorded an expense of €147,204 with respect to this agreement.

- **Fourth amendment of 3 February 2014 to the Senior Facilities Agreement (SFA) and the Intercreditor Deed, initially entered into on 23 June 2006 and amended on 18 July 2007, 11 April 2012 and 17 April 2013**

<u>Agreement authorised by the Board of Directors (or the Supervisory Board before 11 June 2014) on</u>: 29 January 2014

<u>Contracting entities</u>: Elior Participations, Bercy Participations, Elior Restauration et Services and Elior Concessions

<u>Persons concerned</u>: BIM, Ori Investissements, Lionel Giacommotto, James Arnell, Stéphane Etroy, Denis Metzger, Jérôme Kinas and Jacques Roux

<u>Nature and purpose</u>: as part of the restructuring of Elior Group's financing effective as of 3 February 2014, at its meeting of 29 January 2014 the Supervisory Board authorised a fourth amendment to the SFA.

<u>Terms and conditions: the main provisions of the fourth amendment to the SFA are as follows</u>:

- reducing the interest rate margin applicable to credit facilities granted to Elior Group and Elior Participations under the terms of the SFA;

- granting Elior Group the use of Facility I;

- relaxing certain restrictions to the assignment of debt;

- extending the term of the SFA to 18 October 2015.

To guarantee the fulfilment of its obligations with respect to Facility I, the Company is required under the terms of the SFA to pledge accounts comprising Elior Participations (formerly Elior SCA) and Bercy Participations securities to the lenders of Facility I. Collateral already existing on these securities accounts takes precedence in all instances.

In accordance with the terms and conditions of the SFA, Elior Participations will also guarantee Facility I by pledging accounts of Elior Restauration et Services and Elior Concessions securities.

These guarantees expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

In addition, on 23 July 2006, the borrowers (the Company and Elior Participations) and the banks and credit institutions party to the SFA signed an Intercreditor Deed which primarily governs the priority of payments to lenders and the Company's shareholders. The deed was amended at the same time as the SFA.

The Intercreditor Deed expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

- **Fifth amendment of 3 December 2014 to the Senior Facilities Agreement (SFA)**

<u>Agreement authorised by the Board of Directors (or the Supervisory Board before 11 June 2014) on</u>: 2 December 2014

<u>Contracting entities</u>: Elior Participations (of which Sofibim was Chairman of the Supervisory Board at the authorisation date) and Bercy Participations (of which Elior Group is Chairman)

<u>Persons concerned</u>: Gilles Cojan (Chief Executive Officer of Sofibim, Director of Elior Group) and Robert Zolade (Director and Honorary Chairman of Elior Group and Chairman of Sofibim)

<u>Nature and purpose</u>: as part of the restructuring of the Group's financing, on 3 December 2014 Elior authorised a fifth amendment to the SFA.

Terms and conditions: the main provisions of the fifth amendment to the SFA are as follows:

- drawing down new credit tranches under the SFA ("New Tranches");

- repaying all existing tranches under the SFA with the exception of Facility H;

- reducing the cost of its senior debt;

- extending its maturity to 2019 and 2022;

- relaxing the financial and extra-financial covenants.

In accordance with the SFA, Elior Group stood surety for the commitments made by its direct and indirect subsidiaries under the SFA and pledged its Elior Participations and Bercy Participations securities to the lenders.

These guarantees expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

In addition, on 23 July 2006, the borrowers (Elior Group and Elior Participations) and the banks and credit institutions party to the SFA signed an Intercreditor Deed which primarily governs the priority of payments to the Lenders and Elior Group's shareholders. The deed was amended at the same time as the SFA.

The Intercreditor Deed expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

2. REMUNERATION

- **Gilles Petit's employment contract**

Agreement authorised by the Board of Directors (or the Supervisory Board before 11 June 2014) on: 11 June 2014

Contracting entities: N/A

Person concerned: Gilles Petit (Chief Executive Officer until 10 March 2015)

Nature and purpose: on 11 June 2014, Elior Group and Gilles Petit, the Chief Executive Officer, signed an addendum to his employment contract, entered into on 1 October 2010, which suspends the employment contract for his term of office as Chief Executive Officer. On 24 February 2014, the Company and Gilles Petit also signed an addendum to his employment contract providing for a non competition agreement.

Terms and conditions: the non-competition agreement prohibits Gilles Petit from holding a similar or competing position in any company in the commercial and/or contract catering industries for two years following the termination of his employment contract. This non-competition agreement is limited to the main groups in contract catering and related industries in the European Union and to major contract catering companies in France, Spain, Italy, the United Kingdom, Portugal and Germany. During the same two-year period, Gilles Petit is also prohibited from directly or indirectly holding financial or any other interests in any of the aforementioned companies. As consideration, Gilles Petit will receive a monthly payment equal to 50% of his gross monthly salary for the two years following the termination of his employment contract.

Amount recorded during the year: on 10 March 2015, the Board of Directors decided to terminate Gilles Petit's term of office as Chief Executive Officer and authorised a non-competition compensation payment in his favour. The Company paid non-competition compensation in an amount of €380,882 to Gilles Petit for the year ended 30 September 2016. A provision for the full amount of this compensation had been booked during the year ended 30 September 2015.

Agreements and commitments approved during the year

We were informed that the following agreements and commitments, already approved by the Annual General Meeting on 11 March 2016, following the Statutory Auditors' special report of 28 January 2016, were implemented during the year.

1. FINANCING

- **Sixth amendment of 28 May 2015 to the Senior Facilities Agreement (SFA)**

Agreement authorised by the Board of Directors on: 29 April 2015

Contracting entities: Elior Participations (of which Sofibim was Chairman of the Supervisory Board at the authorisation date) and Bercy Participations (of which Elior Group is Chairman)

Persons concerned: Gilles Cojan (Chief Executive Officer of Sofibim and Director of Elior Group) and Robert Zolade (Director and Honorary Chairman of Elior Group and Chairman of Sofibim)

Nature and purpose: in order to refinance THS's debt, Elior Group authorised a sixth amendment to the SFA on 28 May 2015.

Terms and conditions: the main provisions of the sixth amendment are as follows:

- a bond issue by Elior Group for a principal amount of USD 100 million subscribed by a private investor;

- the setting up, under the Credit Agreement, of a new Facility I available to Elior Participations ("Facility I4") for a principal amount of USD 50 million;

- the setting up of a new revolving line of credit under the Credit Agreement for a principal amount of USD 150 million ("Revolving Facility 1").

In accordance with the SFA, Elior stood surety for the commitments made by its direct and indirect subsidiaries under the SFA and pledged its Elior Participations and Bercy Participations securities to the lenders.

These guarantees expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

In addition, on 23 July 2006, the borrowers (the Company and Elior Participations) and the banks and credit institutions party to the SFA signed an Intercreditor Deed which primarily governs the priority of payments to lenders and the Company's shareholders. The deed was amended at the same time as the SFA.

The Intercreditor Deed expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

In accordance with French law, we inform you that the prior approval granted by the Board of Directors does not include the Company's reasons as required by article L.225-38 of the French Commercial Code.

- **Seventh amendment of 23 June 2015 to the Senior Facility Agreement (SFA)**

Agreement authorised by the Board of Directors on: 28 May 2015

Contracting entities: Elior Participations (of which Bercy Participations, chaired by Elior Group represented by Philippe Salle, is manager [gérant]) and Bercy Participations (of which Elior Group, represented by Philippe Salle, is Chairman)

Person concerned: Philippe Salle (Director and Chairman and Chief Executive Officer of Elior Group, which is Chairman of Bercy Participations, which is manager [gérant] of Elior Participations)

Nature and purpose: with a view to refinancing Areas USA's debt and financing future acquisitions, Elior Group authorised a seventh amendment to the SFA on 23 June 2015.

In accordance with the SFA, Elior Group stood surety for the commitments made by its direct and indirect subsidiaries under the SFA and pledged its Elior Participations and Bercy Participations securities to the lenders.

These guarantees expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

In addition, on 23 July 2006, the borrowers (the Company and Elior Participations) and the banks and credit institutions party to the SFA signed an Intercreditor Deed which primarily governs the priority of payments to lenders and the Company's shareholders. The deed was amended at the same time as the SFA.

The Intercreditor Deed expired on 4 May 2016 upon the repayment of all the amounts due under the "Senior Secured Notes 2020" arrangement.

Terms and conditions: the main provisions of the seventh amendment to the SFA are as follows:

- the setting up of a new credit tranche available to Elior Participations ("Facility I5") for a principal amount of USD 50 million;

- the setting up of a revolving line of credit for a principal amount of USD 100 million ("Revolving Facility 2").

In accordance with French law, we inform you that the prior approval granted by the Board of Directors does not include the Company's reasons as required by article L.225-38 of the French Commercial Code.

2. REMUNERATION

- **Remuneration of Philippe Salle, Chairman and Chief Executive Officer of the Company**

Contracting entities: N/A

Person concerned: Philippe Salle (Chairman and Chief Executive Officer)

Fixed remuneration authorised by the Board of Directors on 10 December 2015

Philippe Salle's gross annual salary for fiscal 2015-2016 is set at €900,000. This fixed remuneration is paid on a monthly basis.

Amount recorded during the year:

The Company recorded an expense of €900,000 with respect to Philippe Salle's fixed remuneration for the year ended 30 September 2016.

Basic variable remuneration authorised by the Board of Directors on 2 November 2015

In addition to his salary, Philippe Salle is entitled to an annual bonus. The amount of this annual bonus is set at 100% of his gross annual salary (the "target amount") and is subject to the fulfilment of quantitative annual objectives, based on revenue, EBITDA and operating cash flow, as well as qualitative objectives. When determining the conditions for the annual bonus, the Nominations and Compensation Committee decided that these quantitative criteria were the most appropriate for measuring the performance levels achieved, given the nature of the Group's businesses.

Each year, after considering the recommendations issued by the Nominations and Compensation Committee, the Board of Directors sets the quantitative and qualitative objectives and determines to what extent these objectives contribute to the annual bonus. In addition, the annual bonus may be increased to 130% of the target amount, i.e., a gross amount of €1,170,000, if the objectives are exceeded.

Amount recorded during the year: On 21 December 2016, the Board of Directors approved an amount of €924,390 with respect to Philippe Salle's variable remuneration for the year ended 30 September 2016. The Company recorded an amount of €900,000 for the period.

Long-term variable remuneration authorised by the Board of Directors on 29 April 2015

The amount of Philippe Salle's long-term variable remuneration (hereinafter "LTVR") is dependent on the growth of the Company's earnings per share less exceptional items (hereinafter "earnings per share") over the five fiscal years from 1 October 2014. The amount relating to exceptional items to be taken into account in the calculation of earnings per share is decided at the end of each fiscal year by the Audit Committee.

The payment of the LTVR is dependent on Philippe Salle continuing to serve as Chairman and Chief Executive Officer of the Company over a given period following the date on which he is granted rights to the LTVR concerned.

The amount of the LTVR for a given year is calculated based on earnings per share for that same year and includes a threshold and ceiling mechanism whereby gross LTVR could vary between €1.25 million and €2.5 million per year. However, if the threshold is not reached, Philippe Salle will not be paid the LTVR for that year.

Philippe Salle will acquire rights to the LTVR for year Y at the end of the second year following year Y and the LTVR will be paid at the end of the fourth year following year Y if he is still Chairman and Chief Executive Officer of Elior Group at that date. For example, he will acquire rights to the LTVR for 2018 on 30 September 2020 and will be paid the corresponding amount on 30 September 2022 if he is still Chairman and Chief Executive Officer of Elior Group at that date.

Exceptionally, the LTVR acquired for 2015, 2016 and 2017 will be paid at the end of the second year following the year concerned, within the limit of €1.25 million. Any additional remuneration due will be paid according to the method described above, i.e., at the end of the fourth year following the year concerned if Philippe Salle is still Chairman and Chief Executive officer of Elior Group at that date.

In addition, if Philippe Salle's term of office as Chairman and Chief Executive Officer is terminated between the LTVR acquisition date and the payment date as a result of death, long-term illness or dismissal for any reason other than serious or gross misconduct committed during the performance of his duties within the Group, the LTVR acquired will be exceptionally paid on the date of termination.

The earnings per share growth rate set by the Board of Directors for the period concerned (five years from 1 October 2014) should lead to earnings per share nearly doubling by the end of 2019.

Amount recorded during the year: On 21 December 2016, the Board of Directors approved an amount of €2.5 million with respect to Philippe Salle's long-term variable remuneration for the year ended 30 September 2016. The Company recorded an amount of €625,000 in its financial statements for the year corresponding to the portion allocated for services rendered as of 30 September 2016.

Termination benefit authorised by the Board of Directors on 29 April 2015

After considering the recommendations issued by the Nominations and Compensation Committee, the Board of Directors recommended that Philippe Salle receive termination benefits in the event that he is removed from his position as Chairman and Chief Executive Officer of the Company, in accordance with the provisions of article L.225-42-1 of the French Commercial Code. Termination benefits are set at 12 months' remuneration based on the average basic monthly fixed and variable remuneration, excluding any LTVR, paid during the 12 months preceding the date of his removal from office by the Board of Directors. The payment of the termination benefits is subject to the fulfilment of one of the following two performance conditions at the termination date:

- the Group's adjusted net income and operating cash flow are equal to or greater than two thirds of the budgeted amounts for two consecutive years;
- Elior Group's share performance over two consecutive years is equal to or greater than two-thirds of the average share performance of the three largest stock market capitalisations for companies listed in the European Union and operating within the same industry as the Group over the same period.

Termination benefits are not payable in the event of dismissal for serious or gross misconduct, characterised by, but not limited to, the following:

- inappropriate behaviour for a corporate executive, e.g., criticising the company and/or its executive bodies to a third party;
- repeated failure to take into account the Board of Directors' decisions and/or taking actions contrary to said decisions;
- frequent communication errors that seriously damage the Company's image and/or values, e.g., impacting the Company's share price.

Termination benefits are not payable should Philippe Salle resign from his duties as Chairman and Chief Executive Officer of the Company.

The termination benefit performance conditions were amended by the Board of Directors at its meeting on 19 January 2017. They are presented under "Agreements and commitments authorised after the year end".

Company car authorised by the Board of Directors on 29 April 2015

Philippe Salle has access to a company car for his personal use. The car will be declared as a benefit in kind within the meaning of the French tax and labour regulations.

Social security benefits and insurance policies authorised by the Board of Directors on 29 April 2015

Philippe Salle benefits from the social security and pension plans and the professional liability insurance cover available to corporate officers within Elior Group.

Reason provided by the Company: "the Nominations and Compensation Committee sought to verify that the remuneration structure, its features and amounts took into account the interests of the Company, market practices and the performance levels expected. In particular, the Committee assessed the appropriateness of the proposed remuneration with respect to the Company's operations, its competitive environment and French and international market practices. The Committee also ensured that the remuneration included a long-term variable portion to ensure the stability of the Group's executive management. This is critical for the effective implementation of the Group's strategy and for the achievement of the Group's development and growth objectives."

- **Non-competition compensation payable to Philippe Salle, Chairman and Chief Executive Officer of the Company**

Agreement authorised by the Board of Directors on: 29 April 2015

Contracting entities: N/A

Person concerned: Philippe Salle (Chairman and Chief Executive Officer)

Nature, purpose and terms and conditions: after considering the recommendations issued by the Nominations and Compensation Committee, the Board of Directors recommended a non competition agreement which the Company subsequently signed with Philippe Salle. Under the terms and conditions of the agreement, for a period of two years following the termination of his term as Chairman and Chief Executive Officer, 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 the Company; and/or
- directly or indirectly approaching employees or corporate officers of the Group; and/or

- directly or indirectly holding financial or any other interests in any of the aforementioned companies.

As consideration for the non-competition obligation, Philippe Salle will receive a monthly payment equal to 50% of his basic gross fixed and variable monthly remuneration (excluding LTVR) from the date of his termination and for the duration of the non-competition obligation. The amount due is calculated based on the average monthly basic gross fixed and variable remuneration (excluding LTVR) paid during the 12 months preceding his termination date.

In the event that Philippe Salle resigns from his position as Chairman and Chief Executive Officer, the Company may decide to waive his non-competition obligation by informing him of its decision within a month following the date of his resignation. In this case, the Company will be released from its obligation to pay the aforementioned non-competition compensation.

In the event that Philippe Salle is removed from his position as Chairman and Chief Executive Officer, the non-competition compensation will be payable, unless Philippe Salle and the Company mutually agree to be released from their respective obligations under the non-competition agreement. There is no specific pension plan in place.

Reason provided by the Company: "the Board of Directors authorised non-competition compensation mainly on account of the strategic information to which he has access in his position as Chairman and Chief Executive Officer."

The Statutory Auditors

Paris La Défense and Neuilly-sur-Seine, 27 January 2017

KPMG Audit IS	**PricewaterhouseCoopers**	
François Caubrière *Partner*	Anne-Laure Julienne Partner	Eric Bertier Partner

5

INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

5. INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

5.1 INFORMATION ABOUT ELIOR GROUP SA

This section sets out the main provisions of the Company's Bylaws as adopted on March 13, 2014 by way of a collective decision of the shareholders and subsequently updated following the relocation of the Company's registered office and successive capital increases carried out on the exercise of stock options. 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 full text of the Bylaws is available on the Company's website at 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 (Article 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 Chairman and Chief Executive Officer or Chief Operating Officer(s) without said consent.

The decisions concerned are detailed in Section 3, "Corporate Governance", of this Registration Document.

5.1.3.2 Membership Structure of the Board of Directors (Article 15 of the Bylaws and Article 2 of the Rules of Procedure)

The Company is administered by a Board of Directors comprising at least three and no more than eighteen members, except where otherwise permitted by law.

Directors are elected, re-elected or removed from office in accordance with the terms and conditions provided for in the applicable laws and regulations as well as in the Bylaws.

Directors are elected for four-year terms. However, shareholders in an Ordinary General Meeting may elect certain directors for a term of less than four years, or, if appropriate, reduce the term of one or more directors, in order to ensure that Board members are re-elected on a staggered basis.

Directors may be re-elected, and they may be removed from office at any time by way of a decision taken in an Ordinary General Meeting.

No more than one third of the Board's members may be aged over 80. If this threshold is exceeded and no director aged over 80 resigns voluntarily, the oldest director on the Board shall be deemed to have resigned. However, if the threshold is exceeded due to a decrease in the number of Board members, this automatic resignation provision shall not apply, if, within a period of three months, new directors are elected such that the proportion of directors over the age of 80 returns to less than one third of the Board's total members.

Directors may be individuals or legal entities. Legal entities elected to the Board are required to appoint a permanent representative who is subject to the same conditions, duties and liability as if he were a director in his own right (without prejudice to the joint and several liability of the legal entity he represents), and whose term of office will be of the same duration as that of the legal entity he represents.

If a legal entity removes its permanent representative from office, it must immediately notify the Company thereof in writing and provide the Company with the details of its new permanent representative. The same requirements apply in the event of death, resignation or prolonged incapacity of a permanent representative

All directors, other than directors representing employee shareholders, are subject to a minimum stock ownership requirement.

The Board of Directors comprises at least one independent member.

A director is deemed to be independent when he has no relationship whatsoever with the Company, the Group or the management of either that could compromise his judgment, or give rise to a conflict of interests.

Consequently, an independent director may not:

- Either currently be, or have been at any time in the last five years, an employee or an executive director of the Company or the Group, or an employee or director of a shareholder that owns (directly or indirectly) over 10% of the Company's capital or voting rights.
- Be an executive director of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee or an executive director of the Company (currently in office or having held such office in the past five years) is a director.
- Be a customer, supplier, investment banker or 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 Board of Directors is responsible for determining whether or not any relationship that a director may have with the Company or Group is material, based on the criteria defined in this Registration Document. 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 an executive director 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 Section 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 held a corporate officer's position within the Company. 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 conflicts of interest by raising awareness about facts or circumstances that may lead to such conflicts. He is informed by each director of any actual or potential conflicts of interest that may arise and relays this information to the Board of Directors. He also informs the Board of any actual or potential conflicts of interest that he may have identified himself.
- Overseeing periodic assessments of the Board of Directors' operating procedures.

As part of his work, the Senior Independent Director may suggest to the Chairman of the Board of Directors:

- that additional points be included in a Board meeting agenda; and/or

- that the Board of Directors meet to discuss a pre-defined agenda concerning an important or urgent matter requiring an extraordinary Board meeting.

The Senior Independent Director ensures that the directors have the possibility of meeting the Group's executive managers and statutory auditors, in accordance with the provisions of the Rules of Procedure.

More generally, the Senior Independent Director ensures that the directors receive all the information they need to exercise their duties in the best possible conditions, as stipulated in the Rules of Procedure.

Once a year, the Senior Independent Director reports to the Board of Directors on his work.

At the date of this Registration Document, the Board of Directors had not appointed a 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 Chairman and 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, and (iii) a Strategy, Investments and CSR Committee.

5.1.3.8 Operating Procedures of the Board of Directors (Article 16 of the Bylaws and Article 3 of the Rules of Procedure)

The Board of Directors meets as often as required in the interests of the Company. Board meetings may be called by any method, including orally, by the Chairman of the Board or any other of its members. They are held at the Company's head office or any other venue specified in the notice of meeting.

A Board meeting may be validly constituted, even if it is not called in advance, if all of the Board's members are present or represented. At least half of the Board's members must be present in order for a meeting to be validly constituted.

Decisions of the Board are generally made by a straight majority vote of the directors present or represented and in the case of a split decision, the Chairman has a casting vote. However, the Board's Rules of Procedure may provide that certain decisions require a larger majority.

The Rules of Procedure specify that directors who take part in Board meetings by video-conference, or by any other telecommunications or remote transmission media that comply with the technical conditions set down in the applicable laws and regulations, are considered as being physically present for the calculation of the quorum and voting majority.

Directors may give proxy to another director to represent them at a Board meeting, but no director may hold more than one proxy at any single meeting.

5.1.3.9 Compensation paid to Members of the Board of Directors (Article 15 of the Bylaws and Article 3.5 of the Rules of Procedure)

The aggregate amount of directors' fees is set by shareholders at the Annual General Meeting and the Board of Directors allocates said aggregate amount among its individual members based on the recommendation of the Nominations and Compensation Committee. The amount allocated to each director takes into account their attendance at meetings of the Board and its Committees.

An additional amount of directors' fees may be allocated, or special compensation paid, to any director entrusted with any specific duties or assignments, such as the role of Senior Independent Director. Any such payment of special compensation is subject to the procedure applicable to related party agreements.

5.1.4 EXECUTIVE MANAGEMENT (ARTICLE 18 OF THE BYLAWS)

5.1.4.1 Appointment of a Chief Executive Officer

The Company's executive management is performed either by the Chairman of the Board, in which case he is given the title of Chairman and Chief Executive Officer, or by another individual appointed by the Board – who may or may not be a Board member – who is given the title of Chief Executive Officer.

The Board of Directors may decide whether to separate or combine the duties of Chairman and Chief Executive Officer at any time, and must review the decision on the expiration of each term of office of the Chief Executive Officer or the Chairman when the Chairman is also responsible for the Company's executive management.

The duration of the term of office of the Chief Executive Officer and any Chief Operating Officer(s) appointed is set at the time of their appointment. However, if the Chief Executive Officer and the Chief Operating 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 Chief Operating Officer(s) if recommended by the Chief Executive Officer. If either the Chief Executive Officer or a Chief Operating 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 Chief Operating 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 Chief Operating Officer(s).

5.1.4.2 Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act on behalf of the Company under all circumstances within the scope of the corporate purposes, except for those powers directly vested by law in shareholders and the Board of Directors.

The Chief Executive Officer represents the Company in its dealings with third parties. In its relations with third parties the Company is bound by any actions of the Chief Executive Officer that fall outside the scope of the Company's corporate purposes unless it can be demonstrated that the third party knew – or in light of the circumstances could not have been unaware – that such actions exceeded the remit of the corporate purposes. Publication of the Bylaws does not, in itself, constitute adequate proof thereof.

Decisions taken by the Board of Directors that restrict the Chief Executive Officer's powers are not binding on third parties. For internal purposes, the Group has decided that certain strategic decisions cannot be taken by the Chief Executive Officer without the Board of Directors' prior express consent, given by a straight majority vote (See Section 3.1.4 above, "Restrictions on the Chairman and Chief Executive Officer's Powers").

The Chief Executive Officer and Chief Operating 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 Chief Operating Officer(s) who granted them have expired.

5.1.4.3 Chief Operating Officers (Article 18 of the Bylaws)

On the recommendation of the Chief Executive Officer, the Board of Directors may appoint up to five Chief Operating Officers who must be individuals rather than legal entities.

The age limit for holding office as Chief Operating Officer is 70. If a Chief Operating 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 Chief Operating Officer(s). The Chief Operating Officer(s) have the same powers as the Chief Executive Officer in their dealings with third parties.

At the date of this Registration Document, the Company had not appointed any Chief Operating 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 preemptive subscription rights for capital increases, in accordance with the terms and conditions provided for in the French Commercial Code.

5.1.5.5 Restrictions on Voting Rights

The Bylaws do not contain any clauses that restrict the voting rights attached to the Company's shares.

5.1.6 AMENDMENTS TO THE RIGHTS OF SHAREHOLDERS (ARTICLE 20.6 OF THE BYLAWS)

Shareholder rights as set out in the Company's Bylaws may only be amended at an Extraordinary General Meeting. However, an Extraordinary General Meeting may only take decisions that increase shareholders' commitments or affect their equal treatment if unanimously agreed by all of the shareholders, other than in the case of operations resulting from a properly performed reverse stock split.

5.1.7 GENERAL SHAREHOLDERS' MEETINGS (ARTICLE 20 OF THE BYLAWS)

General Shareholders' Meetings are called and held in accordance with the terms, conditions and timeframes provided for by law, either at the Company's head office or any other venue specified in the notice of meeting.

5.1.7.1 Attending and Voting at General Shareholders' Meetings

All shareholders are entitled to participate in General Shareholders' Meetings, either in person or by proxy.

Prior to each meeting, the Board of Directors may decide that shareholders may participate in the meeting via video-conference or web conference, or any other telecommunications media or remote transmission methods (including the Internet) that enable them to be identified in accordance with the conditions provided for in the applicable laws and regulations, in which case they will be deemed as being physically present for the purpose of calculating the quorum and voting majority. In such a case, the Board's decision must be published in the notice of meeting.

Any shareholder may vote remotely or by proxy as provided for in the applicable laws and regulations, using a form drawn up by the Company and returned to the Company in accordance with the terms and conditions of the applicable laws and regulations, including electronically or by remote transmission (if so decided by the Board of Directors). This form must be received by the Company in accordance with the applicable regulatory terms and conditions in order for it to be taken into account.

5.1.7.2 Organization of General Shareholders' Meetings

The agenda of each General Shareholders' Meeting is drawn up by the person who issues the notice of meeting and is included in said notice.

Shareholders may not deliberate on any issues that are not included in the agenda of a General Shareholders' Meeting. However, as an exception to this rule, shareholders are always entitled to deliberate on removing one or more directors from office and electing their replacements.

One or more shareholders whose shareholding represents at least the amount required by law may put forward a proposed resolution to be included in the agenda of a General Shareholders' Meeting, in accordance with the terms, conditions and timeframes provided for by law.

An attendance register containing all of the information provided for by law is kept for each General Shareholders' Meeting.

General Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a director specifically authorized by the Board of Directors to act in the capacity of Chairman. Failing that, the General Shareholders' Meeting elects its own Chairman.

The role of scrutineers at a General Shareholders' Meeting is carried out by the two shareholders present at the Meeting who hold or represent the largest number of voting rights and who agree to take on the role.

The meeting officers thus appointed then appoint a secretary, who may or may not be a shareholder.

The meeting officers are responsible for checking, certifying and signing the attendance register, ensuring that discussions during the Meeting take place in an appropriate manner, dealing with any incidents that may arise during the Meeting, checking the votes of the shareholders and verifying that they are properly cast, as well as ensuring that the minutes of the Meeting are drawn up.

Minutes are prepared for each General Shareholders' Meeting and copies or extracts thereof are certified and issued in accordance with the applicable laws and regulations.

5.1.8 ARTICLES OF THE BYLAWS OR THE RULES OF PROCEDURE THAT COULD HAVE AN IMPACT IN THE EVENT OF A CHANGE IN CONTROL

There are no clauses in the Company's Bylaws or the Rules of Procedure that could have the effect of delaying, deferring or preventing a change in control of the Company.

5.1.9 IDENTIFICATION OF SHAREHOLDERS AND DISCLOSURE THRESHOLDS

5.1.9.1 Identification of Shareholders (Article 13 of the Bylaws)

The Company uses available legal procedures to identify its shareholders.

To this end, the Company may request, at any time, that the securities clearing house provide it with the name (or corporate name), address and nationality of holders of bearer shares and other securities carrying immediate or deferred rights to vote at General Shareholders' Meetings, as well as the number of securities held in each case and any restrictions applicable to the securities.

5.1.9.2 Disclosure Thresholds (Article 14 of the Bylaws)

In addition to the disclosures required by law, any person or legal entity, acting alone or in concert within the meaning of Articles L. 233-10 *et seq.* of the French Commercial Code, that comes to own, directly or indirectly, a number of shares representing at least 1% of the Company's total shares or voting rights, is required to disclose the interest to the Company by registered letter with recorded delivery, before the close of trading on the fourth trading day following the threshold being crossed.

This disclosure requirement applies each time the shareholder's interest exceeds any further multiples of 1% of the Company's total shares or voting rights. The same disclosure formalities must also be followed each time a shareholder's interest is reduced to below any 1% threshold as explained above.

All of the forms of shareholding covered by Articles L. 233-7 *et seq.* of the French Commercial Code must be taken into account for the calculation of the above-mentioned thresholds.

Such disclosures must contain all of the information required pursuant to the applicable laws and regulations.

If a shareholder fails to comply with these disclosure rules, at the request of one or more shareholders with combined holdings representing at least 3% of the Company's capital or voting rights, the shares in excess of the threshold concerned will be stripped of voting rights, in accordance with the conditions and subject to the limits set down by law.

See Section 5.3 of this Registration Document for details of the disclosure thresholds crossed during fiscal 2015-2016.

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, 2016, the Company's share capital amounted to €1,727,417.85, represented by 172,741,785 fully-paid shares, all of the same class, with a par value of €0.01 each.

The table below shows the financial authorizations granted by shareholders to the Board of Directors that were in effect during FY 2015-2016 and at the date of this Registration Document.

Resolution number and date of Annual General Meeting (AGM)	Description of authorization granted to the Board of Directors	Use of authorization in FY 2015-2016
14 March 11, 2016 AGM	**Type of authorization:** To purchase Elior Group shares under a share buyback program **Duration:** 18 months **Maximum number of shares that may be bought back:** 10% of the total number of shares making up the Company's capital at the date the authorization is used **Maximum amount that may be invested in the share buyback program:** €430 million	See section 5.2.3, "Treasury Shares, Own Shares and Share Buyback Programs"
10 March 10, 2015 AGM	**Type of authorization:** To issue shares and/or securities carrying rights to the Company's shares and/or securities carrying rights to the allocation of debt securities, by way of a public offering, without pre-emptive subscription rights for existing shareholders[1 2] **Duration:** 26 months **Maximum nominal amount of capital increase(s):** €300,000 **Maximum nominal amount of debt securities:** €400 million	None
18 March 11, 2016 AGM	**Type of authorization:** To issue ordinary shares and/or securities carrying rights to the Company's shares and/or securities carrying rights to the allocation of debt securities, with pre-emptive subscription rights for existing shareholders[3] **Duration:** 18 months **Maximum nominal amount of capital increase(s):** €430,000 **Maximum nominal amount of debt securities:** €750 million	None
12 March 10, 2015 AGM	**Type of authorization:** To issue shares and/or securities carrying rights to the Company's shares and/or securities carrying rights to the allocation of debt securities, by way of a private placement as referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders[1 2] **Duration:** 26 months **Maximum nominal amount of capital increase(s):** €200,000 **Maximum nominal amount of debt securities:** €200 million	None

Resolution number and date of Annual General Meeting (AGM)	Description of authorization granted to the Board of Directors	Use of authorization in FY 2015-2016
13 March 10, 2015 AGM	**Type of authorization:** To increase the number of securities issued as part of a capital increase carried out pursuant to the 10th or 12th resolutions of the March 10, 2015 AGM – either with or without pre-emptive subscription rights for existing shareholders – in accordance with Article L. 225-135-1 of the French Commercial Code (greenshoe option)[1] **Duration:** 26 months **Maximum nominal amount of additional securities that may be issued using the greenshoe option:** 15% of the original issue **Maximum nominal amount:** Additional securities issued at the same price as for the original issue. The nominal amount(s) of the capital increase(s) carried out in accordance with this authorization is included in the above ceilings for capital increases carried out pursuant to the 10th and 12th resolutions of the AGM held on March 10, 2015	None
21 March 11, 2016 AGM	**Type of authorization:** To issue shares and/or securities carrying rights to the Company's shares, without pre-emptive subscription rights, in payment for shares and/or securities carrying rights to shares in another company contributed to the Company in transactions other than public tender offers[3] **Duration:** 18 months **Maximum amount of capital increase(s):** 10% of the Company's capital	None
22 March 11, 2016 AGM	**Type of authorization:** To increase the Company's capital by capitalizing reserves, profit, the share premium account or other eligible items. **Duration:** 18 months **Maximum amount of capital increase(s) including the issue premium:** maximum amounts eligible for capitalization at the date of the Board of Directors' decision to use the authorization	None
25 March 11, 2016 AGM	**Type of authorization:** To grant stock options to employees and/or corporate officers of the Company or related entities, with a waiver of shareholders' pre-emptive subscription rights for the shares issued on exercise of the options **Duration:** 38 months **Ceiling:** Stock options granted may be exercisable for shares representing a maximum of 2.2% of the Company's capital at the option grant date. The aggregate number of options that may be granted to corporate officers of the Company may not represents more than 30% of the total number of options granted by the Board of Directors under the authorization	See Section 5.2.3.2, "Share Equivalents"
26 March 11, 2016 AGM	**Type of authorization:** To grant free shares to employees and/or corporate officers of the Company or related entities, with a waiver of shareholders' pre-emptive subscription rights for the vested free shares **Duration:** 38 months **Ceiling:** The total number of shares granted under the authorization may not exceed 0.3% of the Company's capital at the grant date	See Section 5.2.3.2, "Share Equivalents"

Resolution number and date of Annual General Meeting (AGM)	Description of authorization granted to the Board of Directors	Use of authorization in FY 2015-2016
27 March 11, 2016 AGM	**Type of authorization:** To reduce the Company's capital by canceling treasury shares **Duration:** 18 months **Maximum number of shares that may be canceled:** 10% of the Company's capital	None

(1) The aggregate nominal amount of capital increases carried out pursuant to these authorizations – either directly or on exercise of rights to shares – may not exceed €500,000 and the aggregate nominal amount of debt securities that may be issued may not exceed €400 million (18th resolution of the March 10, 2015 AGM).

(2) For issues representing up to 10% of the Company's share capital per year (as determined at the date of the issue), powers may be delegated in accordance with the law to alter the pricing rules provided for in the tenth and twelfth resolutions and to apply a discount of up to 5% of the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the pricing date for the capital increase (14th resolution of the March 10, 2015 AGM).

(3) The aggregate nominal amount of capital increases carried out pursuant to these authorizations – either directly or on exercise of rights to shares – may not exceed €514,000 and the aggregate nominal amount of any debt securities that may be issued may not exceed €900 million (24th resolution of the March 11, 2016 AGM).

The table below sets out the authorizations that will be submitted for approval at the Annual General Meeting of March 10, 2017, and which, if adopted, will replace the authorizations currently in force.

Resolution number	Description of authorization
9	**Type of authorization:** To purchase Elior Group shares under a share buyback program **Duration:** 18 months **Maximum number of shares that may be bought back:** 10 % of the total number of shares making up the Company's capital at the date the authorization is used **Maximum amount that may be invested in the share buyback program:** €460 million
10	**Type of authorization:** To issue 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):** €430,000 **Maximum nominal amount of debt securities:** €750 million
11	**Type of authorization:** To increase the Company's capital by capitalizing reserves, profit, the share premium account or other eligible items **Duration:** 26 months **Maximum amount of capital increase(s):** maximum amounts eligible for capitalization at the date of the Board of Directors' decision to use the authorization

Resolution number	Description of authorization
12	**Type of authorization:** To issue shares and/or securities carrying rights to the Company's shares, in payment for shares and/or securities carrying rights to shares in another company contributed to the Company in transactions other than public tender offers **Duration:** 26 months **Maximum amount of capital increase(s):** 10% of the Company's capital/amount of capital increase(s) included in the €430,000 blanket ceiling provided for in the 10th resolution
13	**Type of authorization:** To issue shares/and or securities to members of an employee share ownership plan, without pre-emptive subscription rights for existing shareholders **Duration:** 26 months **Maximum amount of capital increase(s):** 2% of the Company's capital, with a sub-ceiling of 1% per rolling 12-month period/amount of the capital increase(s) included in the €430,000 blanket ceiling provided for in the 10th resolution
14	**Type of authorization:** To reduce the Company's capital by canceling treasury shares **Duration:** 24 months **Maximum number of shares that may be canceled:** 10% of the Company's capital as at the date of the authorization

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

5.2.3.1 Share Buyback Authorizations

On March 11, 2016, 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 new authorization – which superseded the one given on May 10, 2015 – 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 has been 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, in accordance with market practices recognized by the applicable regulations, 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.
- For implementing (i) stock option plans or (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 that involve the sale of shares previously bought back by the Company under such a resolution or that provide for the allocation of shares without consideration in connection with a matching contribution to the plan by the Company and/or in place of the discount, or (iv) grants of shares to employees and/or officers of the Company or of any related entities, in accordance with the applicable laws and regulations.

- 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 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 11, 2016, 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 an investment services provider that complies with an AMF-recognized code of ethics (Rothschild & Cie). The amount allocated to the liquidity contract was €2 million and the maximum purchase price for each Elior Group share that could be bought back under the liquidity contract was set at €18 (excluding transaction costs and fees). On June 1, 2016, the Company entered into a liquidity contract with Natixis which replaced the contract with Rothschild & Cie. The amount allocated to this new contract – which has a one-year automatically renewable term and covers the purchase of ordinary shares – is €3 million, corresponding to the maximum amount that may be invested in the program. The contract complies with the AMAFI code of ethics approved by the AMF on March 8, 2011.

At December 31, 2016, the Company held 183 shares in treasury.

5.2.3.2 Share Equivalents

At the date of this Registration Document, the Company had not granted any stock options or free shares, other than those granted under the plans of April 15, 2010, April 15, 2011 and March 11, 2016, as described in Section 3.1.5.2 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
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

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.

5.3 THE COMPANY'S OWNERSHIP STRUCTURE – AFR

At December 31, 2016 and 2015, the Company's ownership structure was as follows:

	At December 31, 2015			At December 31, 2016		
Shareholder	Number of shares held	% capital	% voting rights	Number of shares held	% capital	% voting rights
Charterhouse Poppy II[1]	18,518,581	10.7%	10.7%	0	0.0%	0.0%
Charterhouse Poppy IV[1]	8,452,753	4.9%	4.9%	0	0.0%	0.0%
Charterhouse Poppy VI[1]	3,360,492	1.9%	1.9%	0	0.0%	0.0%
BIM[2]	41,350,965	24.0%	24.0%	43,402,965	25.13%	25.13%
Emesa	9,001,000	5.2%	5.2%	13,087,800	7.58%	7.58%
CDPQ	0	0.0%	0.0%	11,299,435	6.54%	6.54%
Free float	91,669,170	53.3%	53.3%	104,951,402	60.75%	60.75%
Treasury shares	183	0.0%	*N/A*	183	0.0%	*N/A*
TOTAL	**172,354,144**	**100.0%**	**100.0%**	**172,741,785**	**100.0%**	**100.0%**

(1) Entities controlled by Charterhouse Capital Partners LLP.

(2) Entity controlled by Robert Zolade.

Charterhouse Poppy II, Charterhouse Poppy IV, Charterhouse Poppy VI, Société de Restauration 2 and Société de Restauration 4 disclosed that on October 9, 2015, acting in concert, they had reduced their interest to below the thresholds of 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights. These thresholds were crossed as the result of an off-market sale of Elior Group shares, which led to the end of the concert arrangement that previously existed between the five companies.

Between October 1, 2015 and December 31, 2016, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

- On October 9, 2015, GLG Partners LP disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.23% of the Company's total shares and voting rights.
- Charterhouse Poppy II, Charterhouse Poppy IV, Charterhouse Poppy VI, Société de Restauration 2 and Société de Restauration 4 disclosed that on October 9, 2015 they had reduced their interest to below the thresholds of 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights as the result of an off-market sale of the Company's shares, which led to the end of the existing concert arrangement between those companies.
- Charterhouse Poppy II disclosed that on October 9, 2015 it had reduced its interest to below the threshold of 11% of the Company's capital and voting rights and that at that date it held 10.75% of the Company's total shares and voting rights.
- Charterhouse Poppy IV disclosed that on October 9, 2015 it had reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 4.91% of the Company's total shares and voting rights.
- Charterhouse Poppy VI disclosed that on October 9, 2015 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 1.95% of the Company's total shares and voting rights.
- Société de Restauration 2 disclosed that on October 9, 2015 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 0.74% of the Company's total shares and voting rights.

- Société de Restauration 4 disclosed that on October 9, 2015 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 1.47% of the Company's total shares and voting rights.
- On October 12, 2015, BIM disclosed that it had raised its interest to above the thresholds of 21%, 22%, 23% and 24% of the Company's capital and voting rights and that at that date it held 24.001% of the Company's total shares and voting rights.
- On October 12, 2015, BIM disclosed that taking into account the shares underlying an equity swap it had raised its interest to above the thresholds of 26%, 27%, 28%, 29%, 30%, 31% and 32% of the Company's capital and voting rights and that at that date it potentially held 32.62% of the Company's total shares and voting rights.
- On October 13, 2015, Crédit Agricole Corporate and Investment Bank disclosed that it had directly 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 8.62% of the Company's total shares and voting rights.
- On October 13, 2015, Crédit Agricole SA disclosed that it had indirectly 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 8.62% of the Company's total shares and voting rights.
- On November 2, 2015, GLG Partners LP disclosed that it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.89% of the Company's total shares and voting rights.
- On November 4, 2015, Sycomore Asset Management disclosed that it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.03% of the Company's total shares and voting rights.
- On November 23, 2015, Crédit Agricole Corporate and Investment Bank disclosed that it had directly reduced its interest to below the thresholds of 8%, 7%, 6%, 5%, 4% and 3% of the Company's capital and voting rights and that at that date it held 2.37% of the Company's total shares and voting rights.
- On November 23, 2015, Crédit Agricole SA disclosed that it had indirectly reduced its interest to below the thresholds of 8%, 7%, 6%, 5%, 4% and 3% of the Company's capital and voting rights and that at that date it held 2.37% of the Company's total shares and voting rights
- On November 24, 2015, BIM disclosed that it had reduced its interest to below the thresholds of 32%, 31%, 30%, 29%, 28% and 27% of the Company's capital and voting rights and that at that date it held 26.36% of the Company's total shares and voting rights.
- Marshall Wace LLP disclosed that on November 25, 2015 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 2.03% of the Company's total shares and voting rights.
- Marshall Wace LLP disclosed that at December 11, 2015 it held 2.62% of the Company's total shares and voting rights.
- On December 15, 2015, BNP Paribas Investment Partners SA disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and that at that date it held 1.0068% of the Company's total shares and 0.94% of the voting rights.
- On December 17, 2015, Covea Finance disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.87% of the Company's total shares and voting rights.
- On December 31, 2015, AXA Investment Managers disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.03% of the Company's total shares and voting rights.
- On January 12, 2016, BNP Paribas Investment Partners SA disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.01% of the Company's total shares and voting rights.
- On January 15, 2016, Massachusetts Financial Services Company disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.10% of the Company's total shares and voting rights.
- Marshall Wace LLP disclosed that at January 15, 2016 it held 2.40% of the Company's total shares and voting rights.
- On January 15, 2016, GLG Partners LP disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.51% of the Company's total shares and voting rights.
- On January 18, 2016, Charterhouse Poppy II, Charterhouse Poppy IV and Charterhouse Poppy VI disclosed that they had reduced their interest to below the threshold of 15% of the Company's capital and voting rights and that at that date they held

10.64% of the Company's total shares and voting rights[39].

- On February 4, 2016, BIM disclosed that it had raised its interest to above the thresholds of 27% and 28% of the Company's capital and voting rights and that at that date it held 28.48% of the Company's total shares and voting rights.
- On March 1, 2016, Marshall Wace LLP disclosed that it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.97% of the Company's total shares and voting rights.
- On March 2, 2016, Caisse de Dépôt et Placement du Québec disclosed that it had raised its interest to above the thresholds of 1%, 2%, 3%, 4%, 5% and 6% of the Company's capital and voting rights and that at that date it held 6.55% of the Company's total shares and voting rights.
- On March 7, 2016, BlackRock Inc. disclosed that it had raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.52% of the Company's total shares and voting rights.
- Charterhouse Poppy II, Charterhouse Poppy IV and Charterhouse Poppy VI disclosed that on March 2, 2016 they had reduced their interest to below the thresholds of 10% and 5% of the Company's capital and voting rights and that at that date they only held 2,000 of the Company's shares and voting rights.
- Marshall Wace LLP disclosed that on March 15, 2016 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 0.94% of the Company's total shares and voting rights.
- Allianz Global Investors GmbH disclosed that on March 16, 2016 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 1.26% of the Company's total shares and voting rights.
- Marshall Wace LLP disclosed that at March 18, 2016 it held 0.66% of the Company's total shares and voting rights.
- La Financière de l'Echiquier disclosed that on March 17, 2016 it had reduced its interest to below the threshold of 3% of the Company's capital and voting rights and that at that date it held 2.99% of the Company's total shares and voting rights.
- Ameriprise Financial Group disclosed that on March 17, 2016 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 1.23% of the Company's total shares and voting rights.
- Baring Asset Management Limited disclosed that on March 31, 2016 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 1.038% of the Company's total shares and 1.033% of the voting rights.
- Marshall Wace LLP disclosed that on April 19, 2016 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 1.30% of the Company's total shares and voting rights.
- Marshall Wace LLP disclosed that at April 25, 2016 it held 1.01% of the Company's total shares and voting rights.
- On April 28, 2016, BIM disclosed that it had reduced its interest to below the thresholds of 28%, 27%, and 26% of the Company's capital and voting rights that at that date it held 25.18% of the Company's total shares and voting rights.
- On April 29, 2016, Crédit Agricole Corporate and Investment Bank disclosed that it had directly reduced its interest to below the thresholds of 2% and 1% of the Company's capital and voting rights and that at that date it no longer held an ownership interest in the Company.
- On April 29, 2016, Crédit Agricole SA disclosed that it had indirectly reduced its interest to below the thresholds of 2% and 1% of the Company's capital and voting rights and that at that date it no longer held an ownership interest in the Company.
- GIC Private Limited disclosed that on May 26, 2016 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 1.0044% of the Company's total shares and 1.0045% of the total voting rights.
- On May 30, 2016, Amundi disclosed that it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.68% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on June 13, 2016 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.

[39] At January 18, 2016, Charterhouse Poppy II held 6.49% of the Company's capital, Charterhouse Poppy IV held 2.96% and Charterhouse Poppy VI held 1.18%.

- Sycomore Asset Management disclosed that on June 24, 2016 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.01% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on August 31, 2016 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.99% of the Company's total shares and voting rights.
- On September 5, 2016, GLG Partners LP disclosed that it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.5% of the Company's total shares and voting rights.
- On September 15, 2016, Select Equity Group, L.P. disclosed that it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.012% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on October 11, 2016 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2% of the Company's total shares and voting rights
- Crédit Agricole Corporate and Investment Bank disclosed that on October 12, 2016 it had directly raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.01% of the Company's total shares and voting rights.
- Crédit Agricole S.A. disclosed that on October 12, 2016, it had indirectly raised its interest to above the threshold of 5% of the Company's capital and voting rights and that at that date it held 5.01% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on October 13, 2016 it had directly reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 4.77 % of the Company's total shares and voting rights.
- Crédit Agricole S.A. disclosed that on October 13, 2016 it had indirectly reduced its interest to below the threshold of 5% of the Company's capital and voting rights and that at that date it held 4.77% of the Company's total shares and voting rights.
- On November 2, 2016, FIL Limited of Pembroke Hall disclosed that it had raised its interest to above the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date it held 2.42% of the Company's total shares and voting rights.
- On December 21, 2016, Emesa Corporacion Empresarial, S.L. disclosed that it had raised its interest to above the thresholds of 6% and 7% of the Company's capital and voting rights and that at that date it held 7.58% of the Company's total shares and voting rights.
- On December 21, 2016, Citigroup Global Markets Limited disclosed that, taking into account derivative instruments, it had raised its interest to above the thresholds of 1% and 2% of the Company's capital and voting rights and that at that date it held 2.15% of the Company's total shares and voting rights.
- On December 23, 2016, Citigroup Global Markets Limited disclosed that, taking into account derivative instruments, it held 2.56% of the Company's total shares and voting rights.

To the best of the Company's knowledge, no other shareholders submitted any notifications under the applicable disclosure threshold rules during the fiscal year.

5.3.1 SHAREHOLDER VOTING RIGHTS

Each Company share carries one voting right. The Company's Bylaws do not provide for double voting rights.

At December 31, 2016, the total number of the Company's shares was 172,741,785 and the total number of exercisable voting rights was 172,739,483 (see Section 5.2.3.1 above for information concerning the share buyback program).

5.3.2 MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS AND SHAREHOLDING PATTERN OF THE COMPANY

Charterhouse, Chequers, BIM and Sofibim gave a commitment that for as long as they collectively held more than 50% of the Company's share capital and voting rights:

a) BIM and Sofibim would remain members of the Company's Board of Directors for as long as they collectively held, directly or indirectly, at least 10% of the Company's share capital.

b) Société de Restauration 2, Charterhouse Poppy II, Charterhouse Poppy IV, James Arnell (or any person appointed to replace him on the proposal of the Charterhouse entities), would remain members of the Company's Board of Directors, for as long as the Charterhouse entities and Chequers entities collectively held, directly or indirectly, at least 30% of the Company's share capital.

This commitment was given for a period of four years (i.e. until 2018), corresponding to the first term of office of the members of the Company's Board of Directors.

Since October 9, 2015 the above entities have collectively owned less than 50% of the Company's share capital (or less than the individual thresholds referred to above). Consequently the commitment no longer applies.

Following the exit from the Company's capital of the private equity funds managed by Charterhouse Capital Partners and Chequers Partenaires, and the ownership interests taken up by Emesa Corporacion Empresarial, SL. and Caisse de Dépôt et Placement du Québec (CDPQ), the Board of Directors' membership structure changed as follows:

- James Arnell and Charterhouse Poppy IV resigned on February 23, 2016, Charterhouse Poppy II on February 29, 2016, and Société de Restauration 2 on March 11, 2016.
- At the Annual General Meeting held on March 11, 2016, Emesa Corporacion Empresarial, S.L., Servinvest and Anne Busquet were elected as directors for a four-year term expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending September 30, 2019.
- On March 2, 2016, Caisse de Dépôt et Placement du Québec was appointed as a director by the Board of Directors, for the remaining term of its predecessor, Charterhouse Poppy IV – i.e. expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending September 30, 2017.

The membership structure of the Board of Directors and the Board committees is set out in Section 3.1.2.1, "Members of the Board of Directors" of this Registration Document.

5.3.3 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.

5.3.4 CONTROL STRUCTURE

The concert arrangement that existed between Charterhouse Poppy II, Charterhouse Poppy IV, Charterhouse Poppy VI, Société de Restauration 2 and Société de Restauration 4 ended on October 9, 2015 following an off-market sale of Elior Group shares that resulted in the reduction of these entities' interests to below the ownership thresholds of 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights.

Following the sale of Elior Group shares carried out on May 12, 2015 by Charterhouse Poppy II, Charterhouse Poppy IV, Charterhouse Poppy VI, Société de Restauration 2 and Société de Restauration 4, the Company is no longer controlled within the meaning of Article L.233-3 of the French Commercial Code.

6

ADDITIONAL INFORMATION

6. ADDITIONAL INFORMATION

6.1 MATERIAL CONTRACTS

The Group's principal material contracts are as follows:

6.1.1 SENIOR FACILITY AGREEMENT

See Section 4.7.2., "Senior Facility Agreement".

6.1.2 RECEIVABLES SECURITIZATION PROGRAM

See Section 4.7.6., "Receivables Securitization Program".

6.2 DOCUMENTS AVAILABLE TO THE PUBLIC

Documents relating to the Company that are required to be made available to the public – notably its bylaws, accounts, financial information, and reports presented by the Board of Directors and the Statutory Auditors at General Shareholders' Meetings – can be viewed at the Company's headquarters at 9-11 allée de l'Arche, 92032 Paris La Défense cedex, France.

The provisional calendar for the publication of financial press releases for 2016-2017 is presented in Section 1.6.1.4. of this Registration Document.

These documents are also available on Elior Group's website at www.eliorgroup.com.

6.3 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE ACCOUNTS – AFR

6.3.1 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 (see Section 6.9).

I obtained a statement from the 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 by Philippe Salle, Group Chairman and Chief Executive Officer on January 27, 2017.

6.3.2 AUDITORS

	Date first appointed	Term	Expiration of current term
Statutory Auditors			
PricewaterhouseCoopers Audit Represented by Eric Bertier and Anne-Laure Julienne 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles	October 26, 2006	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2017
KPMG AUDIT IS Represented by François Caubrière Tour EQHO Avenue Gambetta 92066 Paris La Défense Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.	January 30, 2008	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2019
Substitute Auditors			
KPMG AUDIT ID Represented by Jean-Paul Vellutini Tour EQHO Avenue Gambetta 92066 Paris La Défense Cedex, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.	January 7, 2014	Six fiscal years	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2019
Jean-Christophe Georghiou[1] 63 rue de Villiers 92208 Neuilly sur Seine, France Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles	May 26, 2014	For the remainder of Yves Nicolas' term	At the Annual General Meeting to be held to approve the financial statements for the fiscal year ending September 30, 2017

(1) Appointed to replace Yves Nicolas at the Annual General Meeting of May 26, 2014

6.4 INFORMATION INCORPORATED BY REFERENCE

In application of Article 28 of European Commission Regulation 809/2004/EC, the following information is incorporated by reference into this Registration Document:

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2015, presented in the Registration Document registered by the AMF on January 28, 2016 under number R16-003.

- The Group's consolidated financial statements and the related Management's Discussion and Analysis and Statutory Auditors reports for the fiscal year ended September 30, 2014, presented in the Registration Document registered by the AMF on January 26, 2015 under number R15-005.

- The Group’s consolidated financial statements for the fiscal years ended September 30, 2013, 2012 and 2011 referred to in Section 20.1.1 of the Document de Base, and presented in Appendix II of the Document de Base registered by the AMF on April 15, 2014 under number I. 14-015.

- The Statutory Auditors’ report on the consolidated financial statements for the fiscal years ended September 30, 2013, 2012 and 2011 presented in Section 20.1.2 of the Document de Base.

- The interim and other financial information concerning the three-month periods ended December 31, 2013 and 2012 presented in Section 20.4 of the Document de Base.

6.5 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTERESTS

This Registration Document contains information about the Group's markets and competitive positioning, in particular in Chapter 1, "Elior Group". Some of this information is based on publicly available data obtained from sources that the Group believes to be reliable, but which have not been independently verified, such as market research published by various organizations, notably reports prepared by (i) GIRA Foodservice for information on the contract catering and concession catering markets in France, Spain and Italy, (ii) INSEE/ESAN concerning the support services market, (iii) Technomic for markets in the United States, and (iv) Peter Roberts for markets in the United Kingdom. The Group cannot guarantee that a third party using different methods to collate, analyze or calculate data about these markets would reach the same conclusions. Other market information is based on research conducted by a well-known international specialist firm specifically commissioned by the Group. Unless otherwise stated, all data included in this Registration Document regarding the size, scale and share of markets relevant to the Group is based on the Group's own estimates and is provided for information purposes only.

The Company certifies that where information has been sourced from a third party, it has been accurately reproduced, and that as far as the Company is aware and is able to ascertain from information published or provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

6.6 CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT

The table below cross-references the pages in the Registration Document with the key information required under European Commission Regulation 809/2004/EC implementing Directive 2003-1971//EC.

Key information required under Annex 1 of European Commission Regulation 809/2004		Section	Page number(s)
1	**Persons responsible**	6.3.1	339
2	**Statutory Auditors**	6.3.2	340
3	**Selected financial information**	1.2	8-11
4	**Risk factors**	3.2.1 Note 11 of the consolidated financial statements	139-159 ; 279-282
5	**Information about the issuer**		
5.1	History and development of the issuer	1.1, 1.3	6-7 ; 12-13
5.2	Investments	4.2.2, 4.7.7.1	199-200 ; 216
6	**Business overview**		
6.1	Principal activities	1.5.1	15-27
6.2	Principal markets	1.5.3, 1.5.4, 4.1.4, 6.5	31-35 ; 35-41 186-189 ; 342
6.3	Exceptional factors	4.11.1.1 Note 5.2 of the consolidated financial statements	292-293 ; 233-235
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	142 ; 146 146-147 ; 149
6.5	Competitive position	1.5.3, 1.5.4	31-35 ; 35-41
7	**Organizational structure**	1.4	14

Key information required under Annex 1 of European Commission Regulation 809/2004		Section	Page number(s)
7.1	Brief description of the Group	1.3, 1.5.1	12-13 ; 15-27
7.2	List of significant subsidiaries	1.4 Note 14 of the consolidated financial statements	14 ; 285-288
8	**Property, plant and equipment**	N/A	
9	**Operating and financial review**		
9.1	Financial condition	4.1, 4.6, 4.7	184-197 ; 209 210-217
9.2	Operating results	4.11 Note 1.1 of the consolidated financial statements	291-303 ; 227
10	**Capital resources**	4.7.1	210-211
11	**Research and development, patents and licenses**	N/A	
12	**Trend information**	1.5.2, 1.5.4, 4.4	27-31 ; 35-41 ; 204
13	**Profit forecasts or estimates**	4.1, 4.8	184-197 ; 218-221
14	**Board of Directors and executive management**	3.1	100-138
14.1	Information about members of the Board of Directors and executive management	3.1.1, 3.1.2	100-102 ; 103-120
14.2	Conflicts of interest	3.1.2.1.1, 3.1.2.1.3	104-106 ; 113-114
15	**Remuneration and benefits**		
15.1	Remuneration and benefits in kind	3.1.5 Note 10.1 of the consolidated financial statements	122-138 ; 278
15.2	Total amounts set aside or accrued to provide pension, retirement or similar benefits	4.1, 4.1.10 Note 6.10 of the consolidated financial statements	184-197 ; 195 ; 241
16	**Board practices**	3.1.2.2, 3.1.4	114-116 ; 121

	Key information required under Annex 1 of European Commission Regulation 809/2004	Section	Page number(s)
16.1	Expiration date of current terms of office	3.1.2.1	103-114
16.2	Service contracts with members of the administrative and management bodies	3.1.2.1.4	114
16.3	Information about the Audit Committee and the Nominations and Compensation Committee	3.1.2.4.1, 3.1.2.4.2	117-118 ; 118-119
16.4	Statement of compliance with France's corporate governance regime	3.1.1.1, 3.1.3, 3.1.5.2	100-101 ; 120 125-138
17	**Employees**	1.5.5.2.1, 3.4 Note 8.4 of the consolidated financial statements	45 ; 180-181 254
17.1	Number of employees	2.6.1, 2.7.1 Note 8.4.2 of the consolidated financial statements	78-79 ; 86-95 254
17.2	Shareholdings and stock options	5.2.3, 5.2.4	326-327 328
17.3	Employee share ownership	5.3	331-335
18	**Major shareholders**		
18.1	Shareholders holding more than 5% of the Company's capital or voting rights	5.3	331-335
18.2	Different voting rights	5.3.1	334
18.3	Control of the issuer	5.3.4	335
18.4	Arrangements which may result in a change in control of the issuer	5.3.3	335
19	**Related party transactions**	4.1.2 Notes 10.1 and 10.2 of the consolidated financial statements	186 ; 278
20	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	1.2, 4.6, 4.7, 4.9	8-11 ; 209 210-217 ; 222-288

	Key information required under Annex 1 of European Commission Regulation 809/2004	Section	Page number(s)
20.1	Historical financial information*	*	
20.2	Pro forma financial information	N/A	
20.3	Financial statements	4.9, 4.11	222-288 ; 291-303
20.4	Auditing of historical annual financial information	4.10, 4.12	289-290 ; 304-305
20.5	Date of latest financial information	September 30, 2016	
20.6	Interim and other financial information	N/A	
20.7	Dividend policy	4.6	209
20.8	Legal and arbitration proceedings	3.2.1.4.3, 3.2.1.4.7	151-152 ; 154
20.9	Significant changes in the issuer's financial or trading position	3.2.1.2.1, 4.4	142 ; 204
21	**Additional information**		
21.1	Share capital	5.2.1, 5.2.5, 5.2.6, 4.11.4.7, 4.11.4.8	323-326 ; 328 329-330 ; 297 ; 298
21.2	Articles of incorporation and bylaws	5.1	315-322
22	**Material contracts**	4.7.2, 4.7.3, 4.7.4, 4.7.5, 4.7.6	211-213 ; 214 ; 214-215 ; 215 ; 215-216
23	**Third party information and statement by experts and declarations of any interests**	6.5	342
24	**Documents available to the public**	6.2	338
25	**Information on holdings**	1.4, 4.11.5.4 Notes 7 and 14 of the consolidated financial statements	14 ; 302 ; 248 285-288

* 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 for the fiscal years ended September 30, 2013, 2012 and 2011 referred to in Section 20.1.1 of the *Document de Base*, and presented in Appendix II of the *Document de Base*.

The Statutory Auditors' report on the consolidated financial statements for the fiscal years ended September 30, 2013, 2012 and 2011 presented in Section 20.1.2 of the *Document de Base*.

The interim and other financial information concerning the three-month periods ended December 31, 2013 and 2012 presented in Section 20.4 of the *Document de Base*.

The Group's consolidated financial statements for the year ended September 30, 2014 presented in Chapter 4 of the 2013-2014 Registration Document.

The Statutory Auditors' report on the consolidated financial statements for the fiscal year ended September 30, 2014, presented in Chapter 4 of the 2013-2014 Registration Document.

The *Document de Base* and the 2013-2014 Registration Document were respectively registered by the AMF on April 15, 2014 under number I. 14-015 and January 26, 2015 under number R15-005.

6.7 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

6.8 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

	Section	Page number(s)
Business review	4.1	184-197
Earnings analysis	4.1	184-197
Balance sheet analysis	4.7	210-217
Description of main risks and uncertainties	3.2.1	139-159
Information on the use of financial instruments	4.1	184-197
Exposure to price, credit, liquidity, currency and cash flow risks	Note 11 of the consolidated financial statements	279-282
Summary table of financial authorizations in force granted to the Board of Directors and use of such authorizations during the fiscal year	5.2.1	323-326
Information required under Article L. 225-100-3 of the French Commercial Code regarding factors that could have an impact in the event of a public offer	5.2	323-330
Information required under Article L. 225-211 of the French Commercial Code regarding share buybacks	5.2.3.1	326-327
Financial position in fiscal 2015-2016	4	184-313
Likely changes in financial position	4.8	218-221
Significant events since the end of fiscal 2015-2016	4.4	204
Research and development activities	N/A	
Operations and results of Elior Group	4.11	291-303
Operations and results of Elior Group's subsidiaries in fiscal 2015-2016	4.11.5.4	302
Outlook	4.8	218-221
Five-year financial summary for Elior Group	4.11.5.7	303
Employee share ownership at the fiscal year-end	5.3	331-335
Compensation and benefits in kind paid to each executive and non-executive director during the fiscal year	3.1.5	122-138

	Section	Page number(s)
List of directorships and other positions held by each executive and non-executive director	3.1.2.1.2	106-113
HR and environmental information	2	54-98
Material investments in and/or takeovers of companies with registered offices in France	Note 14 of the consolidated financial statements	285-288
Summary of transactions in Elior Group shares carried out by executives	3.1.5.2	125-138
Information on supplier payment times	4.11.4.10	299
Chairman's report on corporate governance and internal control	3	100-181
Dividends paid over the past three fiscal years	4.11.5.7	303

6.9 INFORMATION REQUIRED UNDER ARTICLE R. 225-105-1 OF THE FRENCH COMMERCIAL CODE (THE “GRENELLE II” ACT)

Grenelle II Act – Article 225	Section
Human resources information	
Employment	
Total workforce and breakdown by gender, age and geographic area	2.6.1
Recruitments, redundancies and dismissals	2.7.1
Compensation policy and changes in compensation	2.6.2.4
Work organization	
Organization of working hours	2.7.1
Absenteeism	2.7.1
Labor relations	
Organization of employee-management dialogue, particularly the rules and procedures governing informing and consulting employees and employee-management negotiations	2.6.2
Collective agreements	2.6.2.1
Health and safety	
Workplace health and safety conditions	2.6.1
Workplace health and safety agreements signed with unions or employee representatives	2.7.1
Workplace accidents (including frequency and severity rates) and occupational illnesses	2.7.1
Training	
Training policies	2.6.2.2
Total number of training hours	2.6.2.2

Equal opportunities	
Measures promoting gender equality	2.6.3.2
Measures promoting the employment and integration of people with disabilities	2.6.3.3
Non-discrimination policy	2.6.3
Compliance with and promotion of the ILO’s fundamental conventions relating to:	
Freedom of association and the effective recognition of the right to collective bargaining	2.1.2 2.6.2.1
The elimination of discrimination in respect of employment and occupation	2.1.2 2.6.3.1
The elimination of all forms of forced or compulsory labor	2.1.2
The effective abolition of child labor	2.1.2

Grenelle II Act – Article 225	Section
Environmental information	
General environmental policy	
Organization of the Company to take into account environmental issues If applicable, environmental evaluation and certification measures	2.5.1
Training and information given to employees on environmental protection	2.5.1.4
Resources devoted to preventing environmental risks and pollution	2.5.1.5
Indicators concerning the amount of provisions and guarantees in place for environmental risks (provided the disclosure of such information does not cause the Company prejudice)	2.7.4.2
Pollution	
Measures to prevent, reduce and/or clean up discharges into air, water and soil which seriously affect the environment	2.5.1.3 2.5.3
Noise and all other types of pollution generated by an activity	2.5.1
The circular economy	
Measures to prevent, recycle, re-use and eliminate waste	2.5.1.3 2.5.3
Waste prevention and management – Measures for combating food waste	2.5.1.4 2.5.2
Sustainable use of resources – Water use and water supply taking into account any local restrictions	2.5.1.2 2.7.4.2
Sustainable use of resources – Consumption of raw materials and measures taken to improve the efficiency of raw materials use	2.5.1.4
Sustainable use of resources – Energy use, measures taken to improve energy efficiency and use of renewable energies	2.5.1.1 2.7.4.2
Sustainable use of resources – Land use	2.7.4.2
Climate change	
Main sources of greenhouse gases due to human activity, notably as a result of using the goods and services produced by such activity	2.5.1.5
Protecting biodiversity	
Measures taken to protect and enhance biodiversity	2.4.2

Social information	
Geographic, economic and social impact of the Company's business	
In terms of employment and regional development	2.4.2.1
On neighbors and local communities	2.6.4
Relations with persons and organizations with an interest in the Company's operations, notably social inclusion organizations, training and educational establishments, environmental protection associations, consumer associations and local residents	
Dialog with these persons and organizations	2.3.2.1 2.3.3.2
Partnerships and corporate sponsorship	2.5.2 2.6.4
Subcontractors and suppliers	
Factoring CSR issues into the purchasing policy	2.3.1.2 2.4.1 2.4.2.1
The extent of recourse to subcontracting, and taking into account suppliers' and subcontractors' CSR policies when selecting external providers	2.3.1.2 2.4.1 2.4.2.1
Fair practices	
Measures taken to prevent corruption	2.2.2
Measures taken to enhance consumer health and safety	2.3.2
Other	
Other measures taken to support human rights	2.1.2

The 21 Advanced Criteria for Communications on Progress (COP) under the United Nations Global Compact	Section
1. The COP describes mainstreaming into corporate functions and business units	2.1 2.2
2. The COP describes value chain implementation	2.1.5
3. The COP describes robust commitments, strategies or policies in the area of human rights	2.1.2 2.2.2 2.4.1 2.6
4. The COP describes effective management systems to integrate the human rights principles	2.2.1 2.4.1 2.4.6
5. The COP describes effective monitoring and evaluation mechanisms of human rights integration	2.1.5
6. The COP describes robust commitments, strategies or policies in the area of labor	2.4.1 2.6
7. The COP describes effective managements systems to integrate the labor principles	2.6
8. The COP describes effective monitoring and evaluation mechanisms of labor principles integration	2.6
9. The COP describes robust commitments, strategies or policies in the area of environmental stewardship	2.1.5
10. The COP describes effective management systems to integrate the environmental principles	2.4 2.5
11. The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	2.5
12. The COP describes robust commitments, strategies or policies in the area of anti-corruption	2.1.5 2.2.2
13. The COP describes effective management systems to integrate the anti-corruption principle	2.2.2
14. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	2.2.2
15. The COP describes core business contributions to UN goals and issues	2.1.1 2.1.2 2.3.2.1
16. The COP describes strategic social investments and philanthropy	2.6
17. The COP describes advocacy and public policy engagement	2.1.1

The 21 Advanced Criteria for Communications on Progress (COP) under the United Nations Global Compact	Section
18. The COP describes partnerships and collective action	2.3 2.4 2.5 2.6
19. The COP describes CEO commitment and leadership	2.1
20. The COP describes Board adoption and oversight	2.2.1
21. The COP describes stakeholder engagement	2.1.4

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