



May 29, 2019

Elior Group SA

Interim Financial Report

October 1, 2018 - March 31, 2019

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1.1 ANALYSIS OF THE GROUP'S BUSINESS AND CONSOLIDATED RESULTS

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Revenue	2,600	2,564
Purchase of raw materials and consumables	(831)	(819)
Personnel costs	(1,253)	(1,231)
Share-based compensation expense	(6)	(5)
Other operating expenses	(287)	(286)
Taxes other than on income	(44)	(38)
Depreciation, amortization and provisions for recurring operating items	(62)	(59)
Net amortization of intangible assets recognized on consolidation	(10)	(9)
Recurring operating profit from continuing operations	107	117
Share of profit of equity-accounted investees	(1)	-
Recurring operating profit from continuing operations including share of profit of equity-accounted investees	106	117
Non-recurring income and expenses, net	(6)	(9)
Operating profit from continuing operations including share of profit of equity-accounted investees	100	108
Net financial expense	(31)	(34)
Profit from continuing operations before income tax	69	74
Income tax	(37)	(16)
Net profit for the period from continuing operations	32	58
Net Loss for the period from discontinued operations	(33)	(17)
Net Profit for the period	(1)	41
Attributable to:		
<i>Owners of the parent</i>	-	37
<i>Non-controlling interests</i>	(1)	4
Earnings per share (in €)		
Earnings per share - continuing operations		
<i>Basic</i>	0.18	0.30
<i>Diluted</i>	0.18	0.30
Earnings/(loss) per share - discontinued operations		
<i>Basic</i>	(0.18)	(0.09)
<i>Diluted</i>	(0.18)	(0.09)
Total earnings per share		
<i>Basic</i>	-	0.21
<i>Diluted</i>	-	0.21

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

1.1.1 SIGNIFICANT EVENTS

Six months ended March 31, 2019

As part of the review of its strategic options, and following a bid process, on March 20, 2019, Elior Group announced that it had entered into exclusive discussions with PAI Partners concerning the sale of its concession catering operations grouped within its Areas subsidiary.

Following this announcement, and in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", the Group's concession catering business has been presented under discontinued operations in the income statement and its assets and liabilities have been classified as assets and liabilities held for sale in the balance sheet (see *Note 23 to Condensed Interim Consolidated Financial Statements*).

No significant acquisitions or divestments were carried out in the six months ended March 31, 2019.

Six months ended March 31, 2018

- Acquisitions and Divestments

In November 2017, Elior North America (formerly TrustHouse Services) - an Elior Group contract catering subsidiary operating in the United States - acquired CBM Managed Services ("CBM"), based in Sioux Falls, South Dakota, which provides foodservices to correctional facilities.

CBM has just under 1,000 employees serving 200 locations in 29 states and generated annual revenue of approximately \$70 million prior to the acquisition.

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

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

- Other Significant Events

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

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

1.1.2 REVENUE

1.1.2.1 Calculating organic revenue growth

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

(i) Changes in the scope of consolidation resulting from acquisitions, divestments and transfers of operations held for sale that took place during each of the relevant periods, as follows (it being specified that significant acquisitions are acquired companies whose annual revenue corresponds to more than 0.1% of the Group’s consolidated revenue for period n-1):

- for acquisitions completed during period n-1, the Group considers as a “change in scope of consolidation” effect the revenue generated by the acquired operations from the beginning of period n until one year after the date on which the acquired operations were included in the scope of consolidation;
- for acquisitions completed during period n, the Group considers as a “change in scope of consolidation” effect the revenue generated by the acquired operations from the date on which the acquired operations were included in the scope of consolidation until the end of the period n;
- for divestments completed during period n-1, the Group considers as a “change in scope of consolidation” effect the revenue generated by the divested operations during period n-1; and
- for divestments completed during period n, the Group considers as a “change in scope of consolidation” effect the revenue generated by the divested operations from the date corresponding to one year before the deconsolidation of the divested operations until the end of period n-1.

1.1.2.2 Revenue analysis

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

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

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

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

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

(iii) The effect of changes in accounting policies as described below.

The effect of changes in accounting policies notably concerns IFRS 15, “Revenue from Contracts with Customers”, which is applicable by the Group for the first time as from October 1, 2018.

impact from the change in accounting policy related to the first-time application of IFRS 15.

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

The following table shows a breakdown of consolidated revenue by geographic region as well as a breakdown of revenue growth between organic growth, changes in scope of consolidation and the impact of changes in exchange rates (currency effect) and changes in accounting policies, by segment and for the Group as a whole.

(in € millions)	6 months 2018-2019	6 months 2017.-2018 (1)	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
France	1,164	1,160	0.9%	0.0%	0.0%	(0.6)%	0.3%
International	1,424	1,392	(1.8)%	3.1%	2.3%	(1.2)%	2.4%
Contract catering & Services	2,588	2,552	(0.6)%	1.7%	1.3%	(0.9)%	1.4%
France	12	12	(5.3)%	0.0%	0.0%	0.0%	(5.3)%
Corporate & Other	12	12	(5.3)%	0.0%	0.0%	0.0%	(5.3)%
GROUP TOTAL	2,600	2,564	(0.6)%	1.7%	1.3%	(0.9)%	1.4%

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

The following table shows a revenue breakdown between the Group's three main markets and the growth rates by market for the first six months of fiscal 2018-2019 and fiscal 2017-2018:

(in € millions)	6 months 2018-2019	6 months 2017.-2018 (1)	Organic growth	Changes in scope of consolidation	Currency effect	Other	Total growth
Business & Industry	1,150	1,144	(0.8)%	1.1%	0.9%	(0.7)%	0.5%
Education	824	827	(1.0)%	0.0%	1.7%	(1.1)%	(0.4)%
Healthcare	626	593	0.2%	5.1%	1.4%	(1.1)%	5.7%
GROUP TOTAL	2,600	2,564	(0.6)%	1.7%	1.3%	(0.9)%	1.4%

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

1.1.2.3 Contract Catering & Services

Contract Catering & Services revenue rose €36 million, or 1.4% year on year (2.3% excluding the impact of IFRS 15) to €2,588 million.

Revenue for the **international** segment climbed 2.4% to €1,424 million. Organic growth for this segment was a negative 1.8%, recent acquisitions generated additional growth of 3.1%, and the currency effect was a positive 2.3%. The calendar effect was slightly favorable during the period.

- In Spain, the ramp-up of new contracts in the Business & Industry market more than offset the effect of site closures in the Education market.
- In the United States, growth slowed in the first half of 2018-2019, notably due to the unexpected loss of the contract with the *Alabama Department of Social Service*.

- In Italy, revenue was impacted by the Group's decision not to renew a number of major public sector contracts. However, sales momentum was promising in the private sector in new market segments.
- In the United Kingdom, revenue declined during the period due to the termination of contracts with the Ministry of Defense.

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

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

1.1.2.4 Corporate & Other

The Corporate & Other segment generated €12 million in revenue in first-half 2018-2019. This segment's total

revenue figure for the full fiscal year is expected to come in at around €25 million.

1.1.3 PURCHASE OF RAW MATERIALS AND CONSUMABLES

This item increased by €12 million, or 1.4%, from €819 million for the six months ended March 31, 2018 to €831 million for the first half of 2018-2019. Purchases of raw materials and consumables for the Contract Catering & Services business line rose by €13 million, or 1.6%, from €816 million for the six months ended March 31, 2018 to €829 million for the first half of 2018-2019. This year-on-

year increase was primarily attributable to the acquisitions carried out by Elior North America during 2017-2018 and the first half of 2018-2019 (CBM and Bateman).

As a percentage of revenue, this item remained stable at 32%.

1.1.4 PERSONNEL COSTS

Consolidated personal costs increased by €22 million, or 1.8%, year on year, from €1,231 million for the six months ended March 31, 2018 to €1,253 million for the first half

of 2018-2019. As a percentage of revenue, however, they remained stable at 48%.

1.1.4.1 Contract Catering & Services

Personnel costs for the Contract Catering & Services business line rose by €18 million, or 1.5%, from €1,217 million for the six months ended March 31, 2018 to €1,235 million for the first half of 2018-2019. The year-

on-year increase was primarily attributable to the impact of recent acquisitions (CBM and Bateman).

As a percentage of revenue, Contract Catering & Services personnel costs remained stable at 47.5%.

1.1.4.2 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 €6

million in the first half of 2018-2019 versus €5 million in the same period of 2017-2018.

1.1.5 OTHER OPERATING EXPENSES

Other operating expenses increased by €1 million, or 0.3%, from €286 million for the six months ended March 31, 2018 to €287 million in the first half of 2018-2019.

For the Contract Catering & Services business line, this item decreased by €2 million, from €291 million for the six months ended March 31, 2018 to €289 million in the first half of 2018-2019, and remained stable year on year as a percentage of revenue, at 11.1%.

1.1.6 TAXES OTHER THAN ON INCOME

This item increased by €6 million, or 16.2%, from €38 million for the six months ended March 31, 2018 to €44 million for the first half 2018-2019.

For the Contract Catering & Services business line, taxes other than on income rose by €6 million, or 16.0%, from

€37 million for the six months ended March 31, 2018 to €43 million for the first half 2018-2019. The year-on-year increase was primarily attributable to operations in the United States, due to the acquisitions of CBM and Bateman.

1.1.7 DEPRECIATION, AMORTIZATION AND PROVISIONS FOR RECURRING OPERATING ITEMS

Consolidated depreciation, amortization and provisions for recurring operating items increased by €3 million from €59 million for the six months ended March 31, 2018 to €62 million for the first half 2018-2019.

For the Contract Catering & Services business line, this item rose by €3 million, or 5.3%, from €54 million for the six months ended March 31, 2018 to €57 million for the first half 2018-2019, with the majority of the year-on-year increase stemming from operations in the United States and also due to higher capital expenditure in recent years.

1.1.8 ADJUSTED EBITA AND RECURRING OPERATING PROFIT INCLUDING SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES

1.1.8.1 Adjusted EBITA

Adjusted EBITDA - which is used by the Group as its key operating performance indicator - came to €122 million

in the six months ended March 31, 2019 versus €131 million in the first half of 2017-2018.

The following table sets out Adjusted EBITA by segment and as a percentage of the revenue of each segment.

(in € millions)	Six months ended March 31,		Change in adjusted EBITA	Adjusted EBITA margin	
	2019	2018 (1)		H1 2019	H1 2018
France	69	72	(3)	5.9%	6.2%
International	66	65	1	4.7%	4.6%
Contract Catering & Services	135	137	(2)	5.2%	5.4%
Corporate & Other	(13)	(6)	(7)		
GROUP TOTAL	122	131	(9)	4.7%	5.1%

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

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

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

- In **France**, adjusted EBITA totaled €69 million and represented 5.9% of revenue, 30 basis-points lower than in first-half 2017-2018. This margin contraction reflects an increase in depreciation and amortization due to higher capital expenditure in prior years as well as a lower CICE tax credit rate.
- Adjusted EBITA for the **Corporate & Other** segment declined in first-half 2018-2019 due to IT opex as a consequence of prior years' investments, and the investments injected into the Group's support functions to carry out its transformation process. This segment includes the adjusted EBITA contribution from city-site catering entities accounted for by the equity method.

1.1.8.2 Recurring Operating Profit Including Share of Profit of Equity-Accounted Investees

Recurring operating profit, including the share of profit of equity-accounted investees, came to €106 million in the six months ended March 31, 2019 compared with €117 million in the first six months of 2017-2018. The first-half

2018-2019 figure includes €10 million in amortization of intangible assets related to acquisitions and €6 million in share-based compensation expense (versus €9 million and €5 million respectively in first-half 2017-2018).

1.1.9 NON-RECURRING INCOME AND EXPENSES, NET

For the first half of 2018-2019, non-recurring income and expenses represented a net expense of €6 million in the six months ended March 31, 2019 and primarily included €5 million in restructuring costs incurred by the Group's French and international operations.

For the six months ended March 31, 2018, this item represented a net expense of €9 million and primarily included (i) €7 million in reorganization costs and contract exit costs incurred by the Group's French and international operations, and (ii) €2 million in share acquisition costs.

1.1.10 NET FINANCIAL EXPENSE

Net financial expense was €3 million, or 8.3%, slightly lower than the first-half 2017-2018 figure, coming from €34 million in the six months ended March 31, 2018 to €31 million in the six months ended March 31, 2019.

The year-on-year decrease primarily reflects the fact that the first-half 2017-2018 figure included impairment losses recognized on certain non-controlling interests in start-ups whose activities are related to or complementary

to the Group's businesses. However, this impact was partly offset by an increase in interest expense in the six months ended March 31, 2019 for the unhedged portion of the Group's dollar-denominated debt, due to the rise in the USD Libor, as well as a 35 basis-point rise in the fixed rates applicable under the SFA, the Group's higher amounts of securitized receivables and its increased use of its revolving credit facilities.

1.1.11 INCOME TAX

The Group's income tax expense rose by €21 million from €16 million in the six months ended March 31, 2018 to €37 million for the first half 2018-2019.

The estimated average tax rate for the year ending September 30, 2019 which was used to calculate the income tax expense for the six months ended March 31, 2019 was 23%. The estimated rate applied for the six months ended March 31, 2018 was 5%.

This year-on-year increase in the estimated annual rate, excluding the French CVAE tax, is chiefly due to the abolition as from January 1, 2019 of the CICE tax credit in

France, which has been replaced by a reduction in payroll taxes. Also, the income tax expense for the six months ended March 31, 2018 included the positive impact of the reduction in the federal corporate income tax rate in the USA from 35% to 21% following the US tax reform effective from January 1, 2018. The net non-recurring income tax benefit resulting from this rate reduction was €14 million for full-year 2017-2018.

The CVAE tax is accrued based on 50% of the expected annual CVAE charge. The CVAE charge for the six months ended March 31, 2019 amounted to €12 million (unchanged from the corresponding prior-year period).

1.1.12 NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

In view of the above factors, profit for the period from continuing operations came to €32 million in first-half

2018-2019, against €58 million for the same period of 2017-2018.

1.1.13 NET RESULTS OF DISCONTINUED OPERATIONS

The Concession Catering business line (classified under discontinued operations) posted a €33 million loss for the period (versus a €17 million loss in first-half fiscal 2017-2018), including €17 million in one-off transaction expenses.

For the six months ended March 31, 2018, this item also included the 40% residual interest held by the Group in museum catering operations in France following the transfer of control of these operations to Groupe Ducasse during fiscal 2016-2017 (representing €7 million in revenue and a €1 million loss for the period).

1.1.14 ATTRIBUTABLE PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

As a result of the factors described above, the Group's attributable profit for the six months ended March 31, 2019 came in at break even, compared with €37 million for the first half of 2017-2018.

Earnings per share - calculated based on the weighted average number of Elior Group shares outstanding during the period - amounted to €0.00 compared with €0.21 for first-half 2017-2018.

1.1.15 ADJUSTED ATTRIBUTABLE PROFIT FOR THE PERIOD

Adjusted attributable profit for the period - which corresponds to profit for the period attributable to owners of the parent adjusted for (i) "Non-recurring income and expenses, net", net of the related tax effect calculated at the Group's standard tax rate of 34% for the six-month periods ended March 31, 2018 and 2019, (ii)

exceptional impairment of investments in and loans to non-consolidated companies, (iii) goodwill impairment losses, and (iv) amortization of intangible assets recognized on consolidation in relation to acquisitions (notably customer relationships) - totaled €33 million and represented €0.18 in adjusted earnings per share.

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Profit for the period attributable to owners of the parent	-	37
<u>Adjustments</u>		
Non-recurring income and expenses, net (2) (*)	32	13
Goodwill impairment losses	-	-
Net amortization of intangible assets recognized on consolidation	11	10
Exceptional impairment of investments in and loans to non-consolidated companies	-	6
Tax effect on (*) calculated at the standard rate of 34%	(11)	(5)
Adjusted attributable profit for the period	32	61
Adjusted earnings per share (in €)	0.18	0.36

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

(2) The figures for the first half ended March 31, 2018 and 2019 include the Continued and Discontinued operations.

1.2 CONSOLIDATED CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

The following table provides a summary of the Group's cash flows for the six-month periods ended March 31, 2018 and 2019.

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Net cash from operating activities - continuing operations	121	72
Net cash used in investing activities - continuing operations	(68)	(155)
Net cash from financing activities - continuing operations	75	208
Effect of exchange rate and other changes	(3)	4
Increase/(decrease) in net cash and cash equivalents - continuing operations	125	129
Increase/(decrease) in net cash and cash equivalents - discontinued operations	(127)	(82)
Total increase/(decrease) in net cash and cash equivalents	(2)	47

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

1.2.1 CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS

The following table sets out the components of consolidated net cash from operating activities (continuing operations) for the six-month periods ended March 31, 2018 and 2019.

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
EBITDA	178	185
Change in operating working capital	(18)	(78)
Interest and other financial expenses paid	(28)	(24)
Tax paid	-	4
Other (including dividends received from associates)	(11)	(15)
Net cash from operating activities - continuing operations	121	72

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

Operating activities for the Group's continuing operations generated a net cash inflow of €121 million in the six months ended March 31, 2019 versus €72 million in the first half of 2017-2018.

Change in operating working capital

This item improved in first-half 2018-2019, representing a net cash outflow of €18 million compared with €78 million for the equivalent prior-year period. This year-on-year decrease reflects (i) the reduction in the Group's CICE tax receivable in France and its payroll taxes in the first half of 2018-2019 following the CICE tax credit reform effective from January 1, 2019, (ii) better inventory management, (iii) higher sales of receivables in France and Spain under the receivables securitization program, and (iv) the greater weighting of the Contract Catering business within the Group's overall revenue.

Interest and other financial expenses paid

This item represented a slightly higher net cash outflow in first-half 2018-2019 than in the first half of 2017-2018, reflecting the increase in average consolidated debt and slightly higher borrowing costs on US-dollar denominated debt.

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 nil amount in the six months ended March 31, 2019 (versus a €4 million net cash outflow in the same period of 2017-2018). The year-on-year decrease was mainly due to refunds received in first-half 2018-2019 for income tax overpaid in France during 2017-2018.

Other cash flows from operating activities

Other cash flows from operating activities primarily relate to non-recurring income and expenses recorded under "Non-recurring income and expenses, net" in the consolidated income statement.

This item represented net cash outflows of €15 million and €11 million for the six-month periods ended March 31, 2018 and 2019 respectively. The first-half 2018-2019 figure chiefly consists of restructuring costs.

1.2.2 CASH FLOWS FROM INVESTING ACTIVITIES – CONTINUING OPERATIONS

The following table sets out the components of consolidated net cash used in investing activities (continuing operations) for the six-month periods ended March 31, 2018 and 2019.

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(60)	(96)
Purchases of and proceeds from sale of non-current financial assets	8	(3)
Acquisition/sale of shares in consolidated companies	(16)	(56)
Net cash used in investing activities – continuing operations	(68)	(155)

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

Net cash used in investing activities for continuing operations totaled €155 million in the six months ended March 31, 2018 and €68 million in the six months ended March 31, 2019.

Capital expenditure

Consolidated cash used for purchases of property, plant and equipment and intangible assets (capital expenditure), net of proceeds from sales, decreased year on year from €96 million to €60 million for the six-month periods ended March 31, 2018 and 2019 respectively.

The figure for Contract Catering & Services came to €88 million for the six months ended March 31, 2018 and €58 million for first-half 2017-2018, representing 3.4% and 2.2% of this business line's revenue respectively. The year-on-year decrease reflects the Group's more selective strategy regarding capital expenditure projects.

Net cash used for capital expenditure by the Corporate & Other segment amounted to €8 million and €2 million for the six-month periods ended March 31, 2018 and 2019 respectively. The first half 2018-2019 figure primarily concerns purchases of computer software and hardware and investments in technological developments 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 inflow of €8 million in the six months ended March 31, 2019 and primarily related to the sale of non-controlling interests in start-ups whose activities are related or complementary to the Group's businesses.

For the first six months of 2017-2018, "Purchases of and proceeds from sale of non-current financial assets" represented a net cash outflow of €3 million and chiefly concerned guarantee deposits.

Acquisition/sale of shares in consolidated companies

For the six months ended March 31, 2019, acquisitions and sales of shares in consolidated companies represented a net cash outflow of €16 million and primarily corresponded to earn-out payments relating to acquisitions in the United States and India carried out in prior periods.

For the six months ended March 31, 2018, this item represented a net cash outflow of €56 million and chiefly concerned the acquisitions of CBM Managed Services in the United States, and the airport concession catering activities of La Taba in Mexico.

1.2.3 CASH FLOWS FROM FINANCING ACTIVITIES – CONTINUING OPERATIONS

The following table sets out the components of consolidated net cash from financing activities (continuing operations) for the six-month periods ended March 31, 2018 and 2019.

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Dividends paid to owners of the parent	-	-
Movements in share capital of the parent	-	-
Acquisition/sale of treasury shares	-	(1)
Dividends paid to non-controlling interests	-	-
Proceeds from borrowings	82	250
Repayments of borrowings	(7)	(41)
Net cash from financing activities – continuing operations	75	208

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

Net cash from financing activities for continuing operations totaled €75 million and €208 million in the six-month periods ended March 31, 2019 and 2018 respectively.

Proceeds from borrowings

Consolidated cash inflows from proceeds from borrowings totaled €250 million and €82 million in the six-month periods ended March 31, 2018 and 2019 respectively.

For the six months ended March 31, 2019, these proceeds mainly corresponded to (i) €37 million from new securitized receivables, and (ii) €44 million in drawdowns on the euro-denominated revolving credit facility.

For the six months ended March 31, 2018, proceeds from borrowings primarily related to (i) €39 million from new

securitized receivables and (ii) €207 million in drawdowns on euro- and dollar-denominated revolving credit facilities.

Repayments of borrowings

Repayments of borrowings led to net cash outflows of €41 million and €7 million in the six-month periods ended March 31, 2018 and 2019 respectively.

In first-half 2018-2019, this item mainly concerned repayments of finance lease liabilities (€6 million), and in first-half 2017-2018, it primarily related to repayments of revolving credit facilities (€35 million) and finance lease liabilities.

1.2.4 FREE CASH FLOW

(in € millions)	Six months ended March 31,	
	2019	2018 (1)
Adjusted EBITDA	184	190
Share-based compensation expense	(6)	(5)
EBITDA	178	185
Purchases of and proceeds from sale of property, plant and equipment and intangible assets	(60)	(96)
Change in operating working capital	(18)	(78)
Other cash flows from operating activities	(11)	(15)
Operating free cash flow	89	(4)
Tax paid	-	4
Free cash flow	89	-

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

Operating free cash flow totaled €89 million for the six months ended March 31, 2019, up €93 million on first-half 2017-2018. This year-on-year increase was due to (i) more optimized working capital – partly due to the fact

that the CICE tax credit in France has been replaced by a reduction in payroll taxes and the use of the receivables securitization program – and (ii) lower restructuring costs and capital expenditure.

1.3 SIMPLIFIED CONDENSED CONSOLIDATED BALANCE SHEET

(in € millions)	At March 31, 2019	At Sept. 30, 2018	(in € millions)	At March 31, 2019	At Sept. 30, 2018
Non-current assets	2,748	4,090	Equity	1,389	1,460
Current assets excluding cash and cash equivalents (*)	964	1,133	Non-controlling interests	7	11
Assets classified as held for sale	1,627	-	Non-current liabilities	2,237	2,173
Cash and cash equivalents	66	143	Current liabilities (*)	1,373	1,722
Total assets	5,405	5,366	Liabilities classified as held for sale	399	-
			Total equity and liabilities	5,405	5,366
			Net operating working capital requirement	(257)	(393)
			Gross debt	2,053	1,959
			Net debt as defined in the SFA	2,000	1,830
			SFA leverage ratio (net debt as defined in the SFA / adjusted EBITDA)	3.94	3.62

(*) Excluding assets and liabilities classified as held for sale.

The Group's gross debt amounted to €2,053 million at March 31, 2019, €94 million higher than the €1,959 million figure at September 30, 2018, and mainly comprised bank borrowings amounting to €1,734 million under the Senior Facilities Agreement (SFA) (including €256 million in drawdowns of euro- and dollar-denominated revolving credit facilities). The remainder included liabilities related to trade receivables securitized by French, Italian and Spanish subsidiaries, amounting to €125 million, and €34 million in finance lease liabilities.

The average interest rate for the first half of 2018-2019 - including the lending margin but excluding the impact of interest rate hedges - on the Group's debt related to the SFA, bonds and secured receivables (which represent the majority of its total debt) was 2.6% (2.1% in first-half 2017-2018).

Cash and cash equivalents recognized in the balance sheet amounted to €66 million at March 31, 2019. At the same date, net cash and cash equivalents presented in the cash flow statement, i.e. net of bank overdrafts and short-term accrued interest, totaled €4 million.

At March 31, 2019, consolidated net debt (as defined in the SFA) stood at €2,000 million. This amount represented 3.94 times consolidated adjusted EBITDA on a rolling 12-month basis versus 3.62 times at September 31, 2018.

1.4 EVENTS AFTER THE REPORTING DATE

Payment of the dividend for fiscal 2017-2018, with the option of a cash or stock dividend payment

On April 16, 2019, Elior Group SA paid the dividend for fiscal 2017-2018 and issued 2,327,852 new shares to shareholders who had exercised the stock dividend option. These shares were issued at par with an issue premium equaling the difference between the subscription price and par. The total subscription price for the 2,327,852 new shares was €27,305,703.96, and the Company's capital was increased by €23,278.52.

Purchase offer for the Concession Catering business

On April 24, 2019, Elior Group announced that it had received a binding offer from PAI Partners for the acquisition of its concession catering operations grouped within its Areas subsidiary, representing an enterprise value of €1,542 million.

The closing of the transaction is subject to the usual conditions precedent applicable to this type of transaction and to conducting the information-consultation procedure with the Group's employee representative bodies required under French law.

The deal is expected to close during the summer of 2019. The sale proceeds would be used to reduce Elior Group's leverage ratio to a range between 1.5 and 2.0 times EBITDA. Within this range, the Group would be able to give the rescaled outfit the resources required to pursue an ambitious expansion drive, buy back its own shares or pay dividends to its shareholders.

1.5 MAIN DISCLOSURE THRESHOLDS CROSSED DURING THE SIX MONTHS ENDED MARCH 31, 2019

In the six months ended March 31, 2019, the Company received the following notifications concerning the crossing of disclosure thresholds (as specified in the applicable laws and/or the Company's Bylaws):

- Citadel disclosed that on October 15, 2018 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.001% of the Company's total shares and voting rights.
- Allianz Global Investors disclosed that on October 24, 2018 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.9987% of the Company's total shares and voting rights.
- Group Caisse des Dépôts disclosed that on October 25, 2018 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.01% of the Company's total shares and voting rights.
- Ostrum disclosed that on November 9, 2018 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.993% of the Company's total shares and voting rights.
- Edmond de Rothschild disclosed that on November 16, 2018 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.05% of the Company's total shares and voting rights.
- Citadel disclosed that on November 20, 2018 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.829% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on November 21, 2018 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.19% of the Company's total shares and voting rights.
- Amundi disclosed that on November 22, 2018 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 2.82% of the Company's total shares and voting rights.
- Amber Capital disclosed that on November 26, 2018 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.063% of the Company's total shares and voting rights.
- Groupe Bertrand disclosed that on November 28, 2018 it had raised its interest to above the threshold of 1% of the Company's capital and voting rights.
- York Capital Management disclosed that on December 5, 2018, it had raised its interest to above the threshold of 1% of the Company's capital and voting rights and that at that date it held 1.47% of the Company's total shares and voting rights.
- Groupe Bertrand disclosed that on December 4, 2018 it had raised its interest to above the thresholds of 2% and 3% of the Company's capital and voting rights.
- Groupe Bertrand disclosed that on December 5, 2018 it had raised its interest to above the threshold of 4% of the Company's capital and voting rights.
- Groupe Bertrand disclosed that on December 7, 2018 it had raised its interest to above the threshold of 5% of the Company's capital and voting rights.
- T. RowePrice disclosed that on December 7, 2018 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.95% of the Company's total shares and 0.94% of its voting rights.
- Allianz Global Investors disclosed that on December 10, 2018 it had raised its interest to above the threshold of 2% of the Company's capital and voting rights and that at that date it held 2.01% of the Company's total shares and voting rights.
- BNP Paribas Asset Management Holding disclosed that on December 6, 2018 it had reduced its interest to below the threshold of 1% of the Company's capital and voting rights and that at that date it held 0.8626% of the Company's total shares and 0.8331% of its voting rights.
- Crédit Agricole SA disclosed that on January 8, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.02% of the Company's total shares and voting rights.
- Allianz Global Investors disclosed that on January 8, 2019 it had reduced its interest to below the threshold of 2% of the Company's capital and voting rights and that at that date it held 1.99% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on January 10, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.92% of the Company's total shares and voting rights.

- Franklin Resources, Inc. disclosed that on January 14, 2019 it had reduced its interest to below the threshold of 4% of the Company's capital and voting rights and that at that date it held 3.9598% of the Company's total shares and voting rights.
- York Capital Management disclosed that on January 25, 2019, 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.
- Amber Capital disclosed that on January 23, 2019 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 0.983% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on January 28, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.02% of the Company's total shares and voting rights.
- Fidelity International disclosed that on January 29, 2019 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 1.16% of the Company's total shares and voting rights.
- Citi disclosed that on February 12, 2019 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 5.2785% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 12, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.17% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 14, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.67% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on February 14, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.97% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 15, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.25% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that on February 15, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.55% of the Company's total shares and voting rights.
- Sycomore Asset Management disclosed that on February 19, 2019 it had raised its interest to above the threshold of 3% of the Company's capital and voting rights and that at that date it held 3.06% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that:
 - on February 27, 2019 it had raised its interest to above the threshold of 8% of the Company's capital and voting rights and that at that date it held 8.38% of the Company's total shares and voting rights; and
 - on February 28, 2019 it had reduced its interest to below the threshold of 8% of the Company's capital and voting rights and that at that date it held 7.43% of the Company's total shares and voting rights.
- Crédit Agricole Corporate and Investment Bank disclosed that on February 28, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.96% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that:
 - on March 11, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.75% of the Company's total shares and voting rights;
 - on March 12, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.02% of the Company's total shares and voting rights; and
 - on March 13, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.93% of the Company's total shares and voting rights.
- Amber Capital disclosed that on March 20, 2019 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 1.026% of the Company's total shares and voting rights.
- Crédit Agricole SA disclosed that:
 - on March 26, 2019 it had raised its interest to above the threshold of 7% of the Company's capital and voting rights and that at that date it held 7.27% of the Company's total shares and voting rights; and
 - on March 27, 2019 it had reduced its interest to below the threshold of 7% of the Company's capital and voting rights and that at that date it held 6.76% of the Company's total shares and voting rights.

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



May 29, 2019

Elior Group SA

Condensed Interim Consolidated Financial Statements

For the Six-Month Periods Ended March 31, 2019 and 2018

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

www.eliorgroup.com

Elior Group SA
Société anonyme
Share capital: €1,759,912.94
Registered in Nanterre under no. 408 168 003
Registered office: 9-11 Allée de l'Arche, 92032 Paris La Défense, France

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1. Consolidated Income Statement and Statement of Comprehensive Income

1.1 Consolidated Income Statement

(in € millions)	Note	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited (1)
Revenue	13.1	2,600	2,564
Purchase of raw materials and consumables		(831)	(819)
Personnel costs		(1,253)	(1,231)
Share-based compensation expense		(6)	(5)
Other operating expenses		(287)	(286)
Taxes other than on income		(44)	(38)
Depreciation, amortization and provisions for recurring operating items		(62)	(59)
Net amortization of intangible assets recognized on consolidation		(10)	(9)
Recurring operating profit from continuing operations		107	117
Share of profit of equity-accounted investees		(1)	-
Recurring operating profit from continuing operations including share of profit of equity-accounted investees	13.1	106	117
Non-recurring income and expenses, net	14.	(6)	(9)
Operating profit from continuing operations including share of profit of equity-accounted investees		100	108
Financial expenses	20.2	(33)	(36)
Financial income	20.2	2	2
Profit from continuing operations before income tax		69	74
Income tax	15.	(37)	(16)
Net profit for the period from continuing operations		32	58
Net loss for the period from discontinued operations	23.	(33)	(17)
Net profit/(loss) for the period		(1)	41
Attributable to owners of the parent		0	37
Attributable to non-controlling interests		(1)	4

(in € millions)	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited (1)
Earnings per share (in €)		
Earnings per share - continuing operations		
Basic	0.18	0.30
Diluted	0.18	0.30
Earnings/(loss) per share - discontinued operations		
Basic	(0.18)	(0.09)
Diluted	(0.18)	(0.09)
Total earnings per share		
Basic	0.00	0.21
Diluted	0.00	0.21

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

1.2 Consolidated Statement of Comprehensive Income

(in € millions)	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited (1)
Net profit/(loss) for the period	(1)	41
Items that will not be reclassified subsequently to profit or loss		
Post-employment benefit obligations (2)	-	-
Items that may be reclassified subsequently to profit or loss		
Financial instruments	(10)	7
Currency translation differences	4	(6)
Income tax	3	(3)
Total items that may be reclassified subsequently to profit or loss	(3)	(2)
Comprehensive income/(expense) for the period	(4)	39
Attributable to:		
- Owners of the parent	(3)	36
- Non-controlling interests	(1)	3

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

(2) Net of the effect of income tax.

2. Consolidated Balance Sheet

2.1 Assets

(in € millions)	Note	At March 31, 2019 Unaudited	At September 30, 2018 Audited
Goodwill	17.	1,850	2,541
Intangible assets	18.	279	524
Property, plant and equipment	19.	402	747
Other non-current assets		10	-
Non-current financial assets		43	72
Equity-accounted investees		1	9
Fair value of derivative financial instruments (*)		2	8
Deferred tax assets		161	188
Total non-current assets		2,748	4,090
Inventories		91	132
Trade and other receivables		804	879
Contract assets		-	-
Current income tax assets		19	23
Other current assets		50	97
Short-term financial receivables (*)		-	2
Cash and cash equivalents (*)		66	143
Assets classified as held for sale	23.	1,627	0
Total current assets		2,657	1,276
Total assets		5,405	5,366

(*) Included in the calculation of net debt

2.2 Equity and Liabilities

(in € millions)	Note	At March 31, 2019 Unaudited	At September 30, 2018 Audited
Share capital		2	2
Reserves and retained earnings		1,387	1,458
Non-controlling interests		7	11
Total equity	4.	1,396	1,471
Long-term debt (*)	20.	1,969	1,874
Fair value of derivative financial instruments (*)		10	5
Non-current liabilities relating to share acquisitions		100	100
Deferred tax liabilities		51	59
Provisions for pension and other post-employment benefit obligations	21.	90	109
Other long-term provisions	21.	17	20
Other non-current liabilities		-	7
Total non-current liabilities		2,237	2,173
Trade and other payables		574	850
Due to suppliers of non-current assets		17	75
Accrued taxes and payroll costs		509	601
Current income tax liabilities		26	11
Short-term debt (*)	20.	85	84
Current liabilities relating to share acquisitions		2	16
Short-term provisions	21.	34	51
Contract liabilities		42	-
Other current liabilities		84	34
Liabilities classified as held for sale	23.	399	0
Total current liabilities		1,772	1,722
Total liabilities		4,009	3,895
Total equity and liabilities		5,405	5,366
<i>(*) Included in the calculation of net debt</i>		1,995	1,812
<i>Net debt excluding fair value of derivative financial instruments and debt issuance costs</i>		2,000	1,830

3. Consolidated Cash Flow Statement

(in € millions)	Note	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited (1)
Cash flows from operating activities – continuing operations			
Recurring operating profit including share of profit of equity-accounted investees		106	117
Amortization and depreciation		72	65
Provisions		-	3
EBITDA		178	185
Change in operating working capital		(18)	(78)
Interest and other financial expenses paid		(28)	(24)
Tax paid		-	4
Other cash movements		(11)	(15)
Net cash from operating activities – continuing operations		121	72
Cash flows from investing activities – continuing operations			
Purchases of property, plant and equipment and intangible assets (2)	18. 19.	(62)	(97)
Proceeds from sale of property, plant and equipment and intangible assets		2	1
Purchases of financial assets		-	(4)
Proceeds from sale of financial assets		8	1
Acquisitions of shares in consolidated companies, net of cash acquired	11.	(16)	(56)
Other cash flows related to investing activities		-	-
Net cash used in investing activities – continuing operations		(68)	(155)
Cash flows from financing activities – continuing operations			
Dividends paid to owners of the parent		-	-
Movements in share capital of the parent		-	-
Acquisition/sale of treasury shares		-	(1)
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	20.	82	250
Repayments of borrowings	20.	(7)	(41)
Net cash from financing activities – continuing operations		75	208
Effect of exchange rate and other changes		(3)	4
Increase/(decrease) in net cash and cash equivalents – continuing operations		125	129
Increase/(decrease) in net cash and cash equivalents – discontinued operations	23.	(127)	(82)
Net cash and cash equivalents at beginning of period		78	79
<i>Net cash and cash equivalents at beginning of period – continuing operations</i>		(7)	12
<i>Net cash and cash equivalents at beginning of period classified as assets held for sale</i>		85	67
Net cash and cash equivalents at end of period		76	126
<i>Net cash and cash equivalents at end of period – continuing operations</i>		(4)	39
<i>Net cash and cash equivalents at end of period classified as assets held for sale</i>		80	87

(1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

(2) Purchases of property, plant and equipment and intangible assets are presented net of the change during the

period in amounts due to suppliers of non-current assets. In the six months ended March 31, 2019 this change had an €8 million positive cash impact.

Bank overdrafts repayable on demand and current accounts held for treasury management purposes are an integral part of the Group's cash management and are therefore deducted from cash in the cash flow statement whereas they are classified as short-term debt in the balance sheet. These items represent the sole difference between the cash and cash equivalents figure presented under assets in the balance sheet and the amount presented in the cash flow statement under "Net cash and cash equivalents at end of period".

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

(in € millions)	March 31, 2019 Unaudited	September 30, 2018 Audited
Balance sheet - Assets	66	143
Cash and cash equivalents	66	143
Balance sheet - Liabilities	70	65
Bank overdrafts	56	61
Intra-Group current accounts	4	2
Accrued interest	10	2
Net cash and cash equivalents presented in the cash flow statement	(4)	78

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, 2017	172,741,785	2	1,475	114	(27)	1,563	54	1,618
Profit for the period				34		34	4	38
Post-employment benefit obligations			2			2		2
Changes in fair value of financial instruments			6			6		6
Translation reserve					3	3	0	2
Comprehensive income for the period			8	34	3	44	4	48
Appropriation of prior-period profit			114	(114)		0		
Capital increase	3,207,311	0	15			15	2	17
Dividends paid			(36)			(36)	(2)	(38)
Share-based payments (IFRS 2)			2			2		2
Other movements (1)			(128)			(128)	(48)	(176)
Balance at September 30, 2018	175,949,096	2	1,449	34	(25)	1,460	11	1,471
Balance at September 30, 2018	175,949,096	2	1,449	34	(25)	1,460	11	1,471
Impacts of IFRS 9 & IFRS 15			(9)			(9)	0	(9)
Balance at October 1, 2018	175,949,096	2	1,440	34	(25)	1,451	11	1,462
Profit/(loss) for the period				0		0	(1)	(1)
Post-employment benefit obligations			0			0		0
Changes in fair value of financial instruments			(7)			(7)		(7)
Translation reserve					4	4	0	4
Comprehensive income/(expense) for the period			(7)	0	4	(3)	(1)	(4)
Appropriation of prior-period profit			34	(34)		0		
Capital increase	42,198					0		0
Dividends paid			(60)			(60)	(3)	(62)
Share-based payments (IFRS 2)			0			0	0	0
Other movements			0			0	0	0
Balance at March 31, 2019	175,991,294	2	1,408	0	(21)	1,389	7	1,396

(1) The amounts recognized under "Other movements" within "Equity attributable to owners of the parent" and "Non-controlling interests" for the year ended September 30, 2018 mainly correspond to the impact of the purchase of non-controlling interests in Elior North America.

Notes to the IFRS Consolidated Financial Statements for the Six-Month Periods ended March 31, 2019 and 2018

5. General Information

Elior Group SA (the “Company”) is a French joint stock corporation (*société anonyme*) registered and domiciled in France. Its headquarters are located at 9-11 Allée de l’Arche, Paris La Défense, France. At March 31, 2019, the Company was held by the following parties: 6.6% by Caisse de Dépôt et Placement du Québec (CDPQ), 22.7% by BIM SAS (which is controlled by Robert Zolade), 9.7% by Corporacion Empresarial Emesa, 5.1% by Fonds Stratégique de Participations and 56.0% by private and public investors following the Company’s admission to trading on Euronext Paris on June 11, 2014.

The Elior group – comprising Elior Group SA and its subsidiaries (the “Group”) – is a major player in contracted catering and related services. It operates its businesses of Contract Catering & Services and Concession Catering through companies based in 15 countries – mainly in the eurozone, the United Kingdom, Latin America, the USA and India.

6. Significant Events

Six months ended March 31, 2019

As part of the review of its strategic options, and following a bid process, on March 20, 2019, Elior Group announced that it had entered into exclusive discussions with PAI Partners concerning the sale of its concession catering operations grouped within its Areas subsidiary.

Following this announcement, and in accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations”, the Group’s concession catering business has been presented under discontinued operations in the income statement and its assets and liabilities have been classified as assets and liabilities held for sale in the balance sheet (see Note 23).

Six months ended March 31, 2018

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

In November 2017, Elior North America (formerly TrustHouse Services) – an Elior Group contract catering subsidiary operating in the United States – acquired CBM Managed Services (“CBM”), based in Sioux Falls, South Dakota, which provides foodservices to correctional facilities.

CBM has just under 1,000 employees serving 200 locations in 29 states and generated annual revenue of approximately \$70 million prior to the acquisition.

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

- **Other Significant Events**

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

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

7. Basis of Preparation of the Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements for the six months ended March 31, 2019 (first-half 2018-2019) have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These financial statements do not include all the information and disclosures required in accordance with IFRS for annual financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the fiscal year ended September 30, 2018, which were prepared in accordance with IFRS as adopted in the European Union.

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

No actuarial assessments of pension and other post-employment benefit obligations have been performed for these condensed interim consolidated financial statements. The related expense for the six-month periods ended March 31, 2018 and 2019 represents half of the expense calculated for the full years ended September 30, 2018 and 2019, respectively.

The accounting policies used are the same as those applied in the annual consolidated financial statements at September 30, 2018, except for the standards and interpretations which have been adopted by the European Union and have been applied for the first time in these financial statements for the six months ended March 31, 2019.

The unaudited condensed interim consolidated financial statements were approved for issue by Elixir Group's Board of Directors on May 28, 2019. Unless otherwise specified they are presented in millions of euros, rounded to the nearest million.

8. New Standards, Amendments and Interpretations

- **News standards, amendments and interpretations adopted by the European Union and applied by the Group as from the fiscal year commencing October 1, 2018**
 - IFRS 9 "Financial Instruments" applicable as from January 1, 2018.
 - IFRS 15 "Revenue from Contracts with Customers" applicable as from January 1, 2018.

The Group has adopted IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers as from October 1, 2018. The impacts of adoption on the Group's consolidated financial statements and accounting policies are described below. In accordance with the transitional provision of IFRS 9 and IFRS 15, the Group has not restated prior year comparatives.

The following table shows the adjustments recognized for each line item in the Statement of financial position. Line items that were not impacted by the changes have not been included, and as a result, the sub-totals and totals cannot be calculated from the numbers provided.

(In € millions)	At September 30, 2018	IFRS 9	IFRS 15	At October 1st, 2018
Other non-current assets	-	-	11	11
Deferred tax assets	188	3	-	191
Total non-current assets	4,090	3	11	4,103
Trade and other receivables	879	(12)	-	868
Contract assets	-	-	-	-
Other current assets	97	-	(11)	86
Total current assets	1,276	(12)	(11)	1,254
Total assets	5,366	(9)	-	5,357
Reserves and retained earnings	1,458	(9)	-	1,449
Total equity	1,471	(9)	-	1,462
Trade and other payables	850	-	(48)	802
Contract liabilities	-	-	48	48
Other current liabilities	34	-	-	34
Total current liabilities	1,722	-	-	1,722
Total liabilities	3,895	-	-	3,895
Total equity and liabilities	5,366	(9)	-	5,357

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. On adoption, the Group has not restated the comparative period but presents the cumulative effect of adopting IFRS 9 as a transition adjustment to the opening balance of other comprehensive income and retained earnings as of October 1, 2018. The effect of changes to the Group's consolidated financial statements due to the adoption of IFRS 9 are described below.

Classification and measurement of financial assets

The Group has classified its financial assets in the following two categories: financial assets measured at amortized cost and financial assets measured at fair value through profit and loss. The selection of the appropriate category is made based both on Elixir Group's business model for managing the financial asset and on the contractual cash flows characteristics of the financial asset. The new asset classes replace the following IAS 39 asset classification categories: derivative and other current financial assets, loans receivable, trade receivables, financial assets at fair value through profit and loss.

The Group's business model for managing financial assets is defined on portfolio level. The business model must be observable on practical level by the way business is managed. The cash flows of financial assets measured at

amortized cost are solely payments of principal and interest. These assets are held within a business model which has an objective to hold assets to collect contractual cash flows. Financial assets measured at fair value through profit and loss are assets that do not fall in either of the amortized cost category or fair value through other comprehensive income category.

Other non-current financial assets: Investments unlisted venture funds are classified as fair value through profit and loss. Under IAS 39, these items were classified at amortized cost. Fair valuation is recorded in other financial income and expenses based on the business model assessment performed in conjunction with IFRS 9 transition.

Loans: The Group's business model for managing loans to third parties is to collect contractual cash flows and hence to recognize and measure at amortized cost. When contractual provisions of a loan may affect the cash flows, the loan is recognized and subsequently re-measured at fair value through profit and loss. Under IAS 39, these items were measured at amortized cost less impairment using the effective interest method.

Classification and measurement of financial liabilities

The Group classifies derivative liabilities at fair value through profit and loss and all other financial liabilities at amortized cost. These classes replace the IAS 39 classes as derivative and other financial liabilities, compound

financial instruments, loans payable, and account payable. The implementation of IFRS 9 has not had an effect on the classification and measurement of financial liabilities. In particular, the analysis on non-substantial amendments of our financial debt since 2014 did not result in the application of paragraph B5.4.5 of IFRS 9 that leads to modify the carrying value of the financial debt with the recognition of an immediate gain or loss in counterpart.

Hedge accounting

The Group's hedge accounting model has not been impacted by IFRS 9, all hedging relationships qualify for treatment as continuing hedging relationship. The requirement for hedge effectiveness of 80-125 % has been removed from IFRS 9 and the effectiveness of hedging is evaluated based on the economic relationship between the hedging instrument and hedged item.

Impairment

The Group assesses expected credit losses ("ECL") on financial assets on a forward-looking basis whereas the impairment provision under IAS 39 was based on actual credit losses. The impairment requirements concern the following financial assets: financial assets measured at amortized cost as well as financial guarantee contracts and loan commitments.

A loss allowance is recognized based on 12-month expected credit losses unless the credit risk for the financial instrument has increased significantly since initial recognition. For trade receivables and contract assets, the Group applies a simplified impairment approach to recognize a loss allowance based on lifetime expected credit losses.

The changes to classification and measurement of financial assets in the Statement of financial position is described line-by-line as follows:

(In € millions)	At September 30, 2018	IAS 39 Classification	IFRS 9 Classification	Change in assessment	At October 1st, 2018
Financial assets					
Non-current financial assets	72	Amortized costs	Amortized costs FVTPL		63 9
Fair value of derivative financial instruments	8	FVTPL	FVTPL		8
Trade and other receivables	879	Amortized costs	Amortized costs	(12)	867
Other current assets	97	Amortized costs	Amortized costs		97
Short-term financial receivables	2	Amortized costs	Amortized costs		2
Cash and cash equivalents	143	FVTPL	FVTPL		143
Equity					
Reserves and retained earnings	1,458			(9)	1,449
Non-controlling interests	11				11
Total equity	1,471			(9)	1,462
Financial assets					
Due to suppliers of non-current assets	75	Amortized costs	Amortized costs		75
Long-term debt	1,874	Amortized costs	Amortized costs		1,874
Fair value of derivative financial instruments	5	FVTPL	FVTPL		5
Non-current liabilities relating to share acquisitions	100	Amortized costs	Amortized costs		100
Short-term debt	84	Amortized costs	Amortized costs		84
Current liabilities relating to share acquisitions	16	Amortized costs	Amortized costs		16
Other current liabilities	34	Amortized costs	Amortized costs		34

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 – Revenue and IAS 11 – Construction contracts and establishes a new five-step model that applies to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized to reflect the transfer of promised goods and services to customers for amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods and services.

The Group has conducted the analysis of the impacts of the adoption of IFRS 15 on each of its two segments as well as on its business presented in discontinued operations and concluded that the new standard has not had a significant impact on its consolidated financial statements. It mainly affects the classification of certain expenses in reduction of revenue. The impacts on revenues for the year ended September 30, 2018 and for the six-month ended March 31, 2019 amounted to €40 million and €21 million, respectively.

Consideration payable to client

As part of its normal business, the Group may pay amounts to clients when it wins contract catering & services contracts, corresponding to up-front discounts. These payments are essentially granted for multi-year contracts. Consideration paid to a customer is considered as a non-current asset and amortized over the length of the contract as a reduction of revenue, according to IFRS 15, when it does not correspond to consideration paid to clients that does not relate to distinct good or service received from the client. Previously, the Group presented consideration paid to client in current assets in the balance sheet and in operating expenses in the Income Statement, spread over the contract life. Consideration paid to customer are accounted for as “Other non-current assets” in the balance sheet.

Variable consideration

The Group sometimes has to pay certain fees to its clients that it previously recorded under operating expenses, but which, in accordance with IFRS 15, is now reclassified as a reduction of revenue. This reclassification does not apply to concession catering operations when Elior's client is not the concession grantor but instead is the end-consumer as in this case the fees fall within the scope of IFRIC 12 or IAS 17 (see the last bullet point above on the expected impacts of IFRS 16).

• News standards, amendments and interpretations issued by the IASB but not yet applied by the Group

Main standards, amendments and interpretations that have been issued but whose application is not yet mandatory are as follows:

- IFRS 16, "Leases", applicable for annual periods beginning on or after January 1, 2019,
- IFRIC 23 “ Uncertainty over Income Tax Treatment” applicable for annual periods beginning on or after January 1, 2019,
- Amendment to IAS 19 “Plan amendment, curtailment or settlement” applicable for annual periods beginning on or after January 1, 2019, provided that they are adopted by the European Union,
- Improvements to IFRSs 2015-2017 applicable for annual periods beginning on or after January 1, 2019, not yet adopted yet by the European Union.

The Group did not early adopt any of these standards, amendments or interpretations by anticipation. The Group is currently assessing the potential impacts of them.

IFRS 16 “Leases”

IFRS 16 “Leases” is applicable by the Group as from the fiscal year commencing October 1, 2019 and ending September 30, 2019.

IFRS 16 removes the distinction between operating leases and finance leases. Under this new standard, apart from short-term leases and leases of low-value assets (for which the standard offers an exemption), lessees are required to bring all of their leases on balance sheet, recognizing an asset corresponding to their right to use the leased item and a lease liability representing the obligation to make the fixed lease payments over the term of the lease.

The expected impact of the standard – which is still being analyzed – will be the recognition of lease liabilities for the following:

- operating leases for on-site equipment, office equipment and vehicles.
- certain concession agreements, which, although referred to as “concession” agreements, do not fall within the scope of IFRIC 12, notably in the motorways, airports, railway stations and city sites markets. The liability that will need to be recognized under IFRS 16 relates to the occupancy fees paid to concession grantors when the agreements include a guaranteed minimum fee clause. A corresponding asset will be recognized in the balance sheet for the right to use the assets covered by the agreements.

The Group plans to use the modified retrospective approach when it adopts IFRS 16 for the first time, which will affect the opening balance sheet as of October 1, 2019. It has not yet assessed whether it has any leases that fall within the scope of the exemptions provided for in the standard.

9. Use of Estimates

The preparation of interim consolidated financial statements requires Management of both the Group and its subsidiaries to use certain estimates and assumptions that may have an impact on the reported values of assets, liabilities and contingent liabilities at the balance sheet date and on items of income and expense for the period.

These estimates and assumptions - which are based on historical experience and other factors believed to be reasonable in the circumstances - are used to assess the carrying amount of assets and liabilities. Actual results may differ significantly from the estimates if different assumptions or circumstances apply.

In preparing these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial

statements for the year ended September 30, 2018, with the exception of changes in estimates that are required in determining the provision for income taxes.

10. Exchange Rates

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

For the six-month periods ended March 31, 2019 and 2018, the balance sheets, income statements, and cash flow statements of certain subsidiaries whose functional currency differs from the presentation currency used in the consolidated financial statements have been translated (i) at the exchange rate prevailing at March 31, 2019 and 2018 respectively for the balance sheet, and (ii) at the average exchange rate for the period for the income statement and cash flow statement, except in the case of significant fluctuations in exchange rates. Any resulting translation differences have been recorded in other comprehensive income.

The main exchange rates used in the consolidated financial statements for the six-month periods ended March 31, 2019 and 2018 were based on Paris stock exchange rates and were as follows:

	Six months ended March 31, 2019		Six months ended March 31, 2018	
	Period-end rate	Average rate	Period-end rate	Average rate
- € /US \$:	1.1217	1.1384	1.2321	1.2032
- € /£:	0.8605	0.8798	0.8788	0.8852
- € /MXN:	21.79	22.22	22.42	22.69
- € /CLP:	762.81	767.41	744.16	742.96
- € /INR:	77.60	81.14	80.22	77.66

11. Business Combinations

Six months ended March 31, 2019

No significant acquisitions or divestments were carried out in the six months ended March 31, 2019.

Six months ended March 31, 2018

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

These two companies are fully consolidated (since December 1, 2017 for CBM and since February 1, 2018 for La Tabla). The goodwill recognized on their first-time consolidation – after assigning fair values to their identifiable assets and liabilities under the purchase price allocation process – amounted to an aggregate €23 million. Together, the two companies represent annual revenue of approximately €67 million.

12. Seasonality of Operations

Revenue and recurring operating profit generated by the Group's operations are subject to seasonal fluctuations.

During the second half of the fiscal year, the Contract Catering & Services business line generates lower recurring operating profit, both in absolute value terms and as a percentage of revenue, as it experiences lower business volumes due to the fact that a large number of employees and students are on vacation in the summer.

In addition, changes in the number of working days and the dates on which public holidays or school vacations fall impact the period-on-period comparability of the Group's revenue and profitability.

Net cash from operating activities is also subject to seasonal variations, which are mainly due to changes in working capital. In the Contract Catering & Services business line, the amount of trade receivables increases during the first half of the fiscal year as revenue invoiced to clients is at its peak during this period, and decreases during the second half.

13. Segment Reporting

As a result of the planned sale of its Concession Catering business, the Group has two continuing operations: “Contract Catering” and “Services”, which are divided into four operating sectors: “Contract Catering – France”,

“Services – France”, “Contract Catering – International” and “Services – International”.

The above four sectors for the Group's continuing operations are grouped together in two operating segments: “Contract Catering & Services – France” and “Contract Catering & Services – International”, in accordance with the requirements of IFRS 8. The Contract Catering & Services businesses have been aggregated into a single operating segment as they have similar economic characteristics in terms of their long-term profitability, the nature of their services, the nature of their production processes, their type of customers, and the nature of their regulatory environment.

The segment information presented is based on financial data from the Group's internal reporting system. This data is regularly reviewed by the Chief Executive Officer, who is now the Group's chief operating decision maker.

The “Concession Catering” operating segments are now presented as discontinued operations.

The “Corporate & Other” segment mainly comprises unallocated central functions, the Group's head office expenses, and residual Concession Catering activities not included in the sale of Areas.

The figures for the six months ended March 31, 2018 have been represented to permit meaningful year-on-year comparisons following the reclassification of the “Concession Catering” operating segment as a discontinued operation.

The following tables show revenue, adjusted EBITA and non-current assets by operating segment (France and International) and revenue by client market for the six months ended March 31, 2019 and 2018.

13.1 Revenue, adjusted EBITA and non-current assets by segment

(in € millions)	Contract Catering & Services			Corporate & Other	Group total	
	Six months ended March 31, 2019 Unaudited	France	International			Total
Revenue		1,164	1,424	2,588	12	2,600
Recurring operating profit/(loss) including share of profit of equity-accounted investees		69	50	119	(13)	106
<i>Of which:</i>						
Share-based compensation expense		-	6	6	-	6
Net amortization of intangible assets recognized on consolidation		-	10	10	-	10
Adjusted EBITA		69	66	135	(13)	122
<i>Adjusted EBITA as a % of revenue</i>		<i>6%</i>	<i>5%</i>	<i>5%</i>		<i>5%</i>
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(25)	(32)	(57)	(5)	(62)
Non-current assets (1)		1,274	1,217	2,491	41	2,531

(1) Non-current assets including the carrying amount of goodwill, intangible assets and property, plant and equipment.

(in € millions)	Contract Catering & Services				Corporate & Other	Group total
	Six months ended March 31, 2018 Unaudited (2)	France	International	Total		
Revenue		1,160	1,392	2,552	12	2,564
Recurring operating profit/(loss) including share of profit of equity-accounted investees		72	51	123	(6)	117
<i>Of which:</i>						
Share-based compensation expense		-	5	5	-	5
Net amortization of intangible assets recognized on consolidation		-	9	9	-	9
Adjusted EBITA		72	65	137	(6)	131
<i>Adjusted EBITA as a % of revenue</i>		<i>6%</i>	<i>5%</i>	<i>5%</i>		<i>5%</i>
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(26)	(28)	(54)	(5)	(59)
Non-current assets (1)		1,275	1,229	2,504	43	2,547

- (1) Non-current assets including the carrying amount of goodwill, intangible assets and property, plant and equipment.
- (2) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

13.2 Revenue by client market

(in € millions)	Six months ended March 31, 2019 Unaudited	% of total revenue	Six months ended March 31, 2018 Unaudited (1)	% of total revenue	Year-on-year change (€m)	Year-on-year change (%)
Business & Industry	1,150	44.2%	1,144	44.6%	6	0.5%
Education	824	31.7%	827	32.3%	(3)	(0.4)%
Healthcare	626	24.1%	593	23.1%	33	5.7%
Group total	2,600	100.0%	2,564	100.0%	36	1.4%

- (1) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

14. Non-Recurring Income and Expenses, Net

This item represented a net expense of €6 million for the six months ended March 31, 2019 and primarily included €5 million recorded by the Group's French and international operations for restructuring and business exit costs.

15. Income Tax

Income tax expense, excluding the French CVAE tax on value added generated by the business, is recognized based on Management's estimate of the average annual income tax rate for the full fiscal year. The estimated rate for the year ending September 30, 2019 and used for the six months ended March 31, 2019 was 23%. The estimated rate applied for the six months ended March 31, 2018 was 5%.

The increase in the estimated annual rate, excluding the CVAE tax, is chiefly due to the abolition as from January 1, 2019 of the CICE tax credit in France, which has been replaced by a reduction in payroll taxes. Also, the income

16. Dividends

At the March 22, 2019 Annual General Meeting, the Company's shareholders approved a €60 million dividend payment for the year ended September 30, 2018, corresponding to €0.34 per share, payable either in cash or in new Elior Group shares. This dividend payment has been recorded under "Other current liabilities" in the consolidated balance sheet at March 31, 2019.

The delivery of the new shares to shareholders who opted for the stock dividend payment was made on the same date as the cash dividend payment, i.e. April 16, 2019 (see Note 24).

The dividend for the year ended September 30, 2017 - which totaled €73 million (€0.42 per share) and was

For the six months ended March 31, 2018, "Non-recurring income and expenses, net" represented a net expense of €9 million, breaking down as (i) €7 million recorded by the Group's French and international operations for reorganization and business exit costs, and (ii) €2 million in share acquisition costs.

tax expense for the six months ended March 31, 2018 included the positive impact of the reduction in the federal corporate income tax rate in the USA from 35% to 21% following the US tax reform effective from January 1, 2018. The net non-recurring income tax benefit resulting from this rate reduction was €14 million for full-year 2017-2018.

The CVAE tax is accrued based on 50% of the expected annual CVAE charge. The CVAE charge for the six months ended March 31, 2019 amounted to €12 million (unchanged from the corresponding prior-year period).

approved by the Company's shareholders at the March 9, 2018 Annual General Meeting - was paid as follows:

- 86,695,117 coupons were paid in the form of new Elior Group shares, corresponding to 2,147,465 shares plus a cash balance of €163 thousand for fractions of shares.
- 85,976,082 coupons were paid in cash, representing an aggregate €36 million.

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

17. Goodwill

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

(in € millions)	At September 30, 2018 Audited	Increases	Decreases	Other movements including currency translation differences (4)	At March 31, 2019 Unaudited
Elior Restauration Entreprises	578	-	-	-	578
Elior Restauration Enseignement et Santé	365	-	-	-	365
Elior Services	134	1	-	-	135
France	1,077	1	-	-	1,078
Elior North America	271	2	-	5	278
Elior Europe - other countries (1)	492	-	-	2	494
Elior India	-	-	-	-	-
International	762	2	-	7	772
Contract Catering & Services	1,840	3	-	7	1,850
Areas Northern Europe	424	-	-	(424)	-
Areas Southern Europe (2)	213	-	-	(213)	-
Areas Americas (3)	65	-	-	(65)	-
Concession Catering (Areas)	701	-	-	(701)	-
Group total	2,541	3	0	(694)	1,850

(1) Grouping of the following CGUs: Elior UK, Elior Iberia and Elior Italy

(2) Grouping of the following CGUs: Areas Iberia and Areas Italy

(3) Grouping of the following CGUs: Areas USA and Areas LATAM

(4) The "Other movements" column corresponds to currency translation differences and the reclassification of the Concession Catering business's goodwill to "Assets classified as held for sale".

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

After reviewing its performance for the first half of 2018-2019 and based on its updated forecasts for the full fiscal year, the Group did not identify any indication of goodwill impairment at March 31, 2019.

18. Intangible Assets

(in € millions)	At September 30, 2018 Audited	Additions	Disposals	Other movements (2)	At March 31, 2019 Unaudited
Concession rights	272	-	-	(251)	21
Assets operated under concession arrangements (1)	37	-	-	-	37
Trademarks	72	-	-	(47)	25
Software	172	1	-	(48)	124
Intangible assets in progress	34	4	-	(20)	18
Other	277	-	-	-	277
Gross value	864	5	-	(366)	502
Concession rights	(89)	(1)	-	82	(7)
Assets operated under concession arrangements (1)	(37)	-	-	-	(37)
Trademarks	(25)	(1)	-	20	(6)
Software	(107)	(8)	-	30	(85)
Other	(82)	(10)	-	4	(88)
Total amortization	(340)	(20)	-	136	(223)
Carrying amount	524	(15)	0	(231)	279

- (1) Assets recognized in accordance with IFRIC 12 for the Group's right to use central kitchens in the education market in France as granted under leases and public sector contracts.
- (2) The "Other movements" column corresponds to currency translation differences and the reclassification of the Contract Catering business's intangible assets to "Assets classified as held for sale".

19. Property, Plant and Equipment

(in € millions)	At September 30, 2018 Audited	Additions	Disposals	Other movements (1)	At March 31, 2019 Unaudited
Land	9	-	-	-	9
Buildings	177	2	(2)	(87)	91
Technical installations	718	16	(6)	(240)	488
Other items of property, plant and equipment	862	23	(8)	(479)	397
Assets under construction	40	7	-	(40)	7
Prepayments to suppliers of property, plant and equipment	4	1	-	(3)	2
Gross value	1,810	49	(16)	(849)	994
Buildings	(91)	(2)	1	48	(44)
Technical installations	(477)	(26)	6	159	(339)
Other items of property, plant and equipment	(494)	(26)	7	304	(209)
Total depreciation	(1,063)	(54)	14	511	(592)
Carrying amount	747	(5)	(2)	(338)	402

(1) The "Other movements" column corresponds to currency translation differences and the reclassification of the Contract Catering business's property, plant and equipment to "Assets classified as held for sale".

20. Debt and Financial Income and Expenses

20.1 Debt

20.1.1 Analysis of debt

The carrying amount and fair value of the Group's debt can be analyzed as follows:

(in € millions)	Original currency	At March 31, 2019 Unaudited		At September 30, 2018 Audited	
		Amortized cost (1)	Fair value	Amortized cost (2)	Fair value
Bank overdrafts	€	56	56	61	61
Other short-term debt (including short-term portion of obligations under finance leases)	€	29	29	23	23
Sub-total - short-term debt		85	85	84	84
Syndicated loans	€ / \$	1,734	1,747	1,674	1,689
Other medium- and long-term borrowings	€ / \$	89	89	86	86
Factoring and securitized trade receivables	€	125	125	88	88
Other long-term debt (including obligations under finance leases)	€	21	21	26	26
Sub-total - long-term debt		1,969	1,982	1,874	1,889
Total debt		2,054	2,067	1,958	1,973

- (1) The amortized cost of bank borrowings at March 31, 2019 was calculated taking into account a net €13 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elixir North America acquisition debt.
- (2) The amortized cost of bank borrowings at September 30, 2018 was calculated taking into account a net €15 million in bank fees related to the Group's debt refinancing operations (Amend & Extend process) and refinancing the Elixir North America acquisition debt.

The following table shows the movements in the Group's debt in the six months ended March 31, 2019:

(in € millions)	At September 30, 2018 Audited	Issues	Redemptions/ repayments	Other movements (1)	At March 31, 2019 Unaudited
Syndicated loans	1,690	44	-	13	1,747
Factoring and securitized trade receivables	88	37	-	-	125
Finance leases	39	1	(6)	-	34
Other borrowings	96	-	(1)	10	105
Total debt (2)	1,913	82	(7)	23	2,011

(1) Including currency translation differences and finance lease obligations with no cash impact.

(2) Total fair value of debt excluding bank overdrafts (€56 million at March 31, 2019 and €61 million at September 30, 2018).

The Group's debt at March 31, 2019 included:

Syndicated bank loans at a variable rate based on the Euribor plus a margin, which broke down as follows at March 31, 2019:

- For Elior Group SA:
 - A senior bank loan totaling €950 million at March 31, 2019, of which €800 million is repayable in May 2023 and €150 million in December 2024. Interest is based on the Euribor plus a standard margin of 2.00% for the portion repayable in 2023 and 2.85% for the portion repayable in 2024.
 - US-dollar denominated bond debt issued as part of a private placement carried out in May 2015 (6th amendment to the SFA) in connection with the refinancing of the original Elior North America acquisition debt. These bonds – which represented an aggregate \$100 million at March 31, 2019 – are redeemable in May 2022. Interest on the bonds is based on the 6-month USD Libor plus a standard margin of 2.15%.
 - A senior bank loan totaling €234 million at March 31, 2019, of which €50 million is repayable in January 2023 and €184 million in May 2023. Interest is based on the Euribor plus a standard margin of 2.85%.
 - A US dollar-denominated senior bank loan totaling \$344 million, which was set up under the SFA and is repayable in May 2023. Interest is based on the USD Libor plus a standard margin of 2.00%.
- For Elior Participations SCA:
 - A €450 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Euribor plus a standard margin of 1.60%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At March 31, 2019, Elior Participations had drawn down €170 million of this facility.
 - A \$250 million revolving credit facility (which can also be used by Elior Group), expiring in May 2023. Interest is based on the Libor plus a standard margin of 1.60%. If the facility is not used, a commitment fee is payable which is calculated as a portion of the margin applied. At March 31, 2019, Elior Participations had drawn down \$97 million of this facility.

Liabilities relating to the Group's first receivables securitization program.

At March 31, 2019, outstanding securitized receivables under this program – net of the related €28 million overcollateralization reserve – stood at €104 million. The program was set up in July 2017 for a period of four years. Its ceiling (net of the equivalent of an overcollateralization reserve) is €360 million and it includes the receivables of Elior Group's French and Spanish subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.43% in first-half 2018-2019.

Liabilities relating to the Group's second receivables securitization program.

At March 31, 2019, outstanding securitized receivables under the Group's second securitization program – net of the related £5 million overcollateralization reserve – stood at £18 million. The program was set up in July 2016 for a period of three years. Its ceiling (net of the equivalent of an overcollateralization reserve) is £30 million and it includes the receivables of Elior Group's UK subsidiaries. The program's cost, based on net amounts securitized, was approximately 1.50% in first-half 2018-2019.

20.1.2 Interest rate swaps

A portion of the Group's debt is hedged by interest rate swaps intended to replace variable rates with fixed rates. At March 31, 2019, 67% of the Group's variable-rate debt was hedged, versus 68% at September 30, 2018.

The rates at which the Group's debt was hedged (against the Euribor and USD Libor) were as follows at March 31, 2019 for Elior Group and Elior Participations:

Hedges in euros

- From April 1, 2019 through September 30, 2019: 0.051% for firm hedges (€1,000 million).
- From October 1, 2019 through September 30, 2020: 0.075% for firm hedges (€1,000 million).
- From October 1, 2020 through December 31, 2021: 0.351% for firm hedges (€550 million).

Hedges in US dollars

- From April 1, 2019 through September 30, 2020: 2.032% for firm hedges (\$400 million).
- From October 1, 2020 through December 31, 2021: 2.558% for firm hedges (\$200 million).

20.1.3 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 leverage) 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. They require the Group's leverage ratio to be no more than 4.00x at end-September and 4.50x at end-March.

These covenants were respected at both March 31, 2019 and September 30, 2018.

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.

The Group's debt can be analyzed as follows by maturity (based on fair values):

(in € millions)	Original currency	At March 31, 2019 Unaudited			At September 30, 2018 Audited		
		Short-term	Due in 1 to 5 years	Due beyond 5 years	Long-term	Short-term	Long-term
Bank borrowings							
Medium-term borrowings - Elior Group SA	€		1,341	150	1,491	-	1,480
Medium-term borrowings - Elior Participations	€ / \$		256		256	-	209
Other medium- and long-term bank borrowings	€				-	-	-
Sub-total - bank borrowings			1,597	150	1,747	-	1,689
Other debt							
Elior Group bond debt (USD private placement)	\$		89		89	-	86
Finance leases	€	14	20		20	15	24
Other (1)	€	5	126		126	8	90
Bank overdrafts (2)	€	56			-	61	-
Current accounts (2)	€	-			-	-	-
Accrued interest on borrowings (2)	€ / \$	10			-	-	-
Sub-total - other debt		85	235	-	235	84	200
Total debt		85	1,832	150	1,982	84	1,889

(1) Including liabilities under the receivables securitization programs.

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

20.2 Financial Income and Expenses

The net financial expense recorded in the six-month periods ended March 31, 2019 and 2018 breaks down as follows:

(in € millions)	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited (2)
Interest expense on debt	(29)	(25)
Interest income on short-term investments	1	1
Other financial income and expenses (1)	(2)	(9)
Interest cost on post-employment benefit obligations	(1)	(1)
Net financial expense	(31)	(34)

(1) Including:

- Fair value adjustments on interest rate and currency hedging instruments

(1) -

- Disposal gains/(losses) and movements in provisions for impairment of shares in non-consolidated companies

- (6)

- Amortization of debt issuance costs

(2) (2)

- Net foreign exchange gain/(loss)

1 -

- Other financial expenses

- (1)

(2) The figures for the six months ended March 31, 2018 have been represented to reflect the impacts of the planned sale of the Concession Catering business.

The year-on-year increase in the Group's net financial expense was primarily due to (i) the higher amount of interest paid on the unhedged portion of US-dollar denominated debt as a result of the rise in the USD Libor, (ii) the higher amount of outstanding securitized receivables, (iii) the increased use of the Group's revolving credit facilities and (iv) a 35-basis point increase in the fixed interest rates applicable under the SFA.

21. Provisions

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

(in € millions)	At March 31, 2019 Unaudited	At September 30, 2018 Audited
Tax risks and employee-related disputes	14	17
Reorganization costs	3	3
Employee benefits	10	11
Other	7	19
Short-term provisions	34	51
Employee benefits	90	109
Non-renewal of concession contracts	10	11
Other	7	8
Long-term provisions	107	128
Total	141	179

The year-on-year decrease in provisions for employee benefits was due to the reclassification of €18 million worth of these provisions to “Liabilities classified as held for sale”.

22. Related Party Transactions

None.

23. Discontinued operations

Following a bid process, on March 20, 2019, Elior Group announced that it had entered into exclusive discussions with PAI Partners concerning the sale of its Concession Catering business.

As the sale of this business - which corresponds to an operating segment - was considered to be highly probable at March 31, 2019, it has been classified under discontinued operations in the consolidated income statement and cash flow statement for both of the periods presented. The assets and liabilities of the Concession Catering business have been recorded in “Assets classified

as held for sale” and “Liabilities classified as held for sale” in the consolidated balance sheet at March 31, 2019.

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.

Results of discontinued operations

(In € millions)	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited
Revenue	834	782
Purchase of raw materials and consumables	(247)	(243)
Personnel costs	(281)	(269)
Share-based compensation expense	-	-
Other operating expenses	(260)	(221)
Taxes other than on income	(9)	(8)
Depreciation, amortization and provisions for recurring operating items	(48)	(44)
Net amortization of intangible assets recognized on consolidation	(1)	(1)
Recurring operating profit/(loss) from discontinued operations	(12)	(6)
Share of profit of equity-accounted investees	0	1
Recurring operating profit/(loss) from discontinued operations including share of profit of equity-accounted investees	(12)	(5)
Non-recurring income and expenses, net	(26)	(4)
Operating profit/(loss) from discontinued operations including share of profit of equity-accounted investees	(38)	(9)
Financial expenses	(2)	(1)
Financial income	1	1
Profit/(loss) from discontinued operations before income tax	(39)	(9)
Income tax	6	(8)
Net profit/(loss) for the period from discontinued operations	(33)	(17)

Assets and liabilities classified as held for sale

(In € millions)	At March 31, 2019 Unaudited		At March 31, 2019 Unaudited
Goodwill	701	Long-term debt	3
Intangible assets	236	Deferred tax liabilities	12
Property, plant and equipment	341	Provisions for pension and other post-employment benefit obligations	17
Non-current financial assets	32	Other long-term provisions	2
Equity-accounted investees	9	Other non-current liabilities	8
Deferred tax assets	40	Total non-current liabilities	42
Total non-current assets	1,358	Trade and other payables	186
Inventories	39	Due to suppliers of non-current assets	36
Trade and other receivables	94	Accrued taxes and payroll costs	108
Current income tax assets	1	Current income tax liabilities	10
Other current assets	53	Short-term debt	1
Short-term financial receivables	1	Short-term provisions	9
Cash and cash equivalents	81	Other current liabilities	7
Total current assets	269	Total current liabilities	357
Total assets	1,627	Total liabilities	399

Change in net cash and cash equivalents of discontinued operations

(In € millions)	Six months ended March 31, 2019 Unaudited	Six months ended March 31, 2018 Unaudited
EBITDA	37	40
Change in operating working capital	(68)	(44)
Tax paid	(7)	(5)
Other cash movements	(19)	(5)
Net cash used in operating activities - discontinued operations	(56)	(13)
Purchases of property, plant and equipment and intangible assets	(64)	(55)
Proceeds from sale of property, plant and equipment and intangible assets	3	2
Purchases of financial assets	(4)	(4)
Acquisitions of shares in consolidated companies, net of cash acquired	-	(11)
Net cash used in investing activities - discontinued operations	(65)	(68)
Dividends paid to non-controlling interests	(3)	(2)
Proceeds from borrowings	-	1
Repayments of borrowings	(4)	(1)
Net cash used in financing activities - discontinued operations	(7)	(2)
Effect of exchange rate and other changes	1	1
Increase/(decrease) in net cash and cash equivalents - discontinued operations	(127)	(82)

24. Events After the Reporting Date

Payment of the dividend for fiscal 2017-2018, with the option of a cash or stock dividend payment

On April 16, 2019, Elior Group paid the dividend for fiscal 2017-2018 and issued 2,327,852 new shares to shareholders who had exercised the stock dividend option. The shares were issued at par with an issue premium equaling the difference between the subscription price and par. The total subscription price for the 2,327,852 new shares was €27,305,703.96, and the Company's capital was increased by €23,278.52.

Purchase offer for the Concession Catering business

On April 24, 2019, Elior Group announced that it had received a binding offer from PAI Partners for the acquisition of its concession catering operations grouped within its Areas subsidiary, representing an enterprise value of €1,542 million.

The closing of the transaction is subject to the usual conditions precedent applicable to this type of transaction and to conducting the information-consultation procedure with the Group's employee representative bodies required under French law.

The deal is expected to close during the summer of 2019. The sale proceeds would be used to reduce Elior Group's leverage ratio to a range between 1.5 and 2.0 times EBITDA. Within this range, the Group would be able to give the rescaled outfit the resources required to pursue an ambitious expansion drive, buy back its own shares or pay dividends to its shareholders.

3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Elior Group SA

**Statutory Auditors' review report
on the interim financial information**

(For the six months ended March 31, 2019)

PricewaterhouseCoopers Audit

63 rue de Villiers
92 208 Neuilly-sur-Seine
France

KPMG Audit IS

Tour EQHO
2 Avenue Gambetta
CS 60055
92 066 Paris La Défense Cedex
France

**Statutory Auditors' review report
on the interim financial information****(For the six months ended March 31, 2019)**

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

Elior Group SA

9 -11 Allée de l'Arche
92032 Paris La Défense cedex

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Elior Group, for the six months ended March 31, 2019;
- the verification of the information contained in the interim management report.

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

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and

consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to:

- Note 8 “New standards, amendments and interpretations” to the condensed interim consolidated financial statements, which describes the consequences of the first-time application as of October 1, 2018 of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”;
- Note 23 “Discontinued operations” and Note 24 “Events after the reporting date – Purchase offer for the concession catering business” to the condensed interim consolidated financial statements, which describe the accounting impacts of the announcement by Elixir Group, on March 20, 2019, that it had entered into exclusive discussions with PAI Partners for the sale of its concession catering activities.

II - Specific verification

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

Paris La Défense and Neuilly-sur-Seine, May 29, 2019

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

KPMG Audit IS

Matthieu Moussy

François Caubrière

Partner

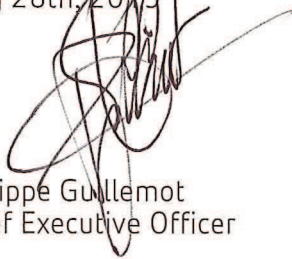
Partner

4 ATTESTATION OF RESPONSABILITY FOR THE HALF YEAR FINANCIAL REPORT

RESPONSABILITY FOR THE HALF YEAR FINANCIAL REPORT

I hereby affirm that to the best of my knowledge the condensed financial statements presented for the 2018-2019 half-year have been prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position, and profits of Elixir Group, and of that of all of the companies included within the consolidation scope. The half year activity review included in the attached report presents a true view of the significant events which took place during the first six months of the full year period and of their impact on the half year financial statements, the principle transactions between related parties, and describes the main risks and uncertainties for the remaining six months of the year.

Paris La Défense,
May 28th, 2019



Philippe Guillemot
Chief Executive Officer