# Elis – 2016 Half-year report

# CONTENTS

1 Certification of the person responsible ........ 2

2 Presentation of the Group ........ 3

2.1 Company profile and financial highlights of the first half of 2016 ........ 4

2.2 Risks factors and transactions with related parties ........ 6

3 Management report for the first half of 2016 ........ 7

3.1 Key highlights of the first half of 2016 ........ 8

3.2 Group Results ........ 8

3.3 Events after the reporting period ........ 13

4 Corporate governance ........ 14

4.1 Composition of the Supervisory Board as at June 30, 2016 ........ 15

4.2 Composition of the Supervisory Board's committees as at June 30, 2016 ........ 16

4.3 Composition the Management Board ........ 16

4.4 Compensation of the members of the Management Board ........ 16

5 Condensed half-year consolidated financial statements ........ 18

5.1 Statutory Auditors' review report on the half-year financial information ........ 19

5.2 Condensed half-year consolidated financial statements for the six months ended June 30, 2016 ........ 20

6 Information about share capital ........ 48

6.1 Share capital structure ........ 49

6.2 Share capital and shareholding structure ........ 49

6.3 Crossing of shareholding thresholds ........ 50

6.4 Share buyback ........ 51

6.5 Unissued authorized capital ........ 51

6.6 Potential shares ........ 53

6.7 Shareholders' agreement and SETTLEMENTS ........ 53

# 1
# Certification of the person responsible

**Xavier Martiré, Chairman of the Management Board, is responsible for this document.**

"I hereby declare that, to the best of my knowledge, the condensed half-year consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all companies in the Group, and that the accompanying half-year management report gives a true and fair view of significant events occurring during the first six months of 2016, their impact on the financial statements, the main related party transactions for the period, as well as a description of the major risks and uncertainties faced by those companies during the remaining six months of the year. "

Puteaux, July 29, 2016

Chairman of the Management Board,

Xavier Martiré

# 2
# Presentation of the Group

2.1 Company profile and financial highlights of the first half of 2016....... 4

2.2 Risks factors and transactions with related parties ................................ 6

2.2.1 Risk factors ........................................................................................................... 6

2.2.2 Transactions with related parties ........................................................................ 6

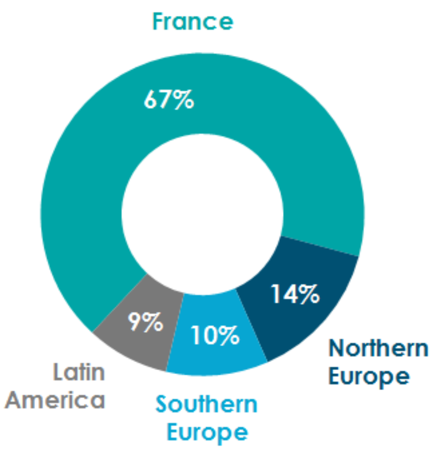
# 2.1 Company profile and financial highlights of the first half of 2016

Elis is a leading multi-service group in the rental, laundry and maintenance of flat linen, workwear and hygiene and well-being appliances in Europe and Latin America. With more than 21,000 employees spread across 13 countries, in 2015 Elis's consolidated revenue was €1,415.4 million with consolidated EBITDA of €446.1 million. Drawing on more than a century of expertise, Elis today makes deliveries to more than 240 000 businesses of all sizes in the Hospitality, Healthcare, Industry, and Trade and Services sectors, thanks to its network of 305 processing and dispatching centers and 13 clean rooms, which guarantees it an unrivaled proximity to its clients.

## FINANCIAL HIGHLIGHTS OF THE FIRST HALF OF 2016

| *(EUR million)* | H1 2016 | H1 2015 | Change |
|---|---|---|---|
| **Revenues** | **730.2** | **682.4** | **+7.0%** |
| **EBITDA** | **216.1** | **204.6** | **+5.6%** |
| % of revenues | 29.6% | 30.0% | |
| EBIT | 92.5 | 87.7 | +5.5% |
| % of revenues | 12.7% | 12.9% | |
| **Headline net result *** | **38.9** | **15.7** | x2.5 |
| **Headline free cash flow **** | **6.7** | **(22.9)** | n/a |
| **Adjusted net debt at end of period ***** | **1,506.4** | **1,440.7** | |
| Adjusted net debt / EBITDA *** | 3.2x | 3.1x | |

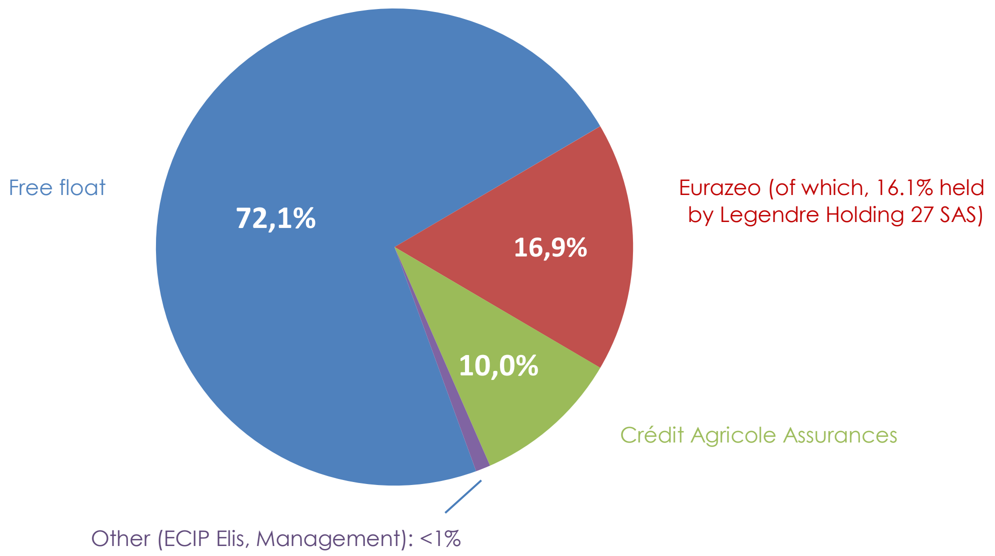
## BREAKDOWN OF REVENUE FOR FIRST-HALF 2016 BY REGION



## DETAIL OF CHANGES IN REVENUE

| (EUR million) | 2016 Q1 | 2016 Q2 | 2016 H1 | 2015 Q1 | 2015 Q2 | 2015 H1 | Change Q1 | Change Q2 | Change H1 |
|---|---|---|---|---|---|---|---|---|---|
| Trade & Services | 84.8 | 85.8 | 170.6 | 83.1 | 85.5 | 168.6 | +2.1% | +0.4% | +1.2% |
| Hospitality | 66.9 | 82.9 | 149.7 | 62.2 | 83.3 | 145.5 | +7.4% | -0.5% | +2.9% |
| Industry | 47.1 | 46.9 | 94.1 | 46.7 | 47.2 | 94.0 | +0.9% | -0.6% | +0.1% |
| Healthcare | 41.3 | 41.2 | 82.5 | 39.4 | 39.9 | 79.3 | +4.8% | +3.3% | +4.0% |
| **France*** | **234.0** | **250.7** | **484.7** | **228.2** | **250.5** | **478.6** | **+2.6%** | **+0.1%** | **+1.3%** |
| Northern Europe | 50.3 | 52.2 | 102.5 | 38.2 | 46.1 | 84.2 | +31.7% | +13.3% | +21.6% |
| Southern Europe | 33.5 | 40.3 | 73.8 | 28.9 | 37.1 | 66.0 | +16.0% | +8.7% | +11.9% |
| **Europe**** | **83.8** | **92.5** | **176.3** | **67.0** | **83.2** | **150.2** | **+25.0%** | **+11.3%** | **+17.4%** |
| **Latin America** | **28.1** | **31.7** | **59.8** | **22.3** | **22.8** | **45.1** | **+26.1%** | **+38.9%** | **+32.6%** |
| **Manufacturing entities** | **4.7** | **4.8** | **9.5** | **4.5** | **3.9** | **8.5** | **+4.2%** | **+20.9%** | **+12.0%** |
| **TOTAL** | **350.6** | **379.7** | **730.2** | **322.0** | **360.4** | **682.4** | **+8.9%** | **+5.4%** | **+7.0%** |

## ELIS'S SHARE CAPITAL AS AT JUNE 30, 2016



## 2.2 Risks factors and transactions with related parties

### 2.2.1 RISK FACTORS

The main risk factors that the Group could face during the second half of 2016 are similar to those described in chapter 2 of the 2015 Registration Document, section 2.1 "Risks factors" on pages 42 to 60 of said document.

### 2.2.2 TRANSACTIONS WITH RELATED PARTIES

The major transactions with other related parties are set out in notes 5.2 and 12] to the condensed half-year consolidated financial statements on pages 39 and 47 of this 2016 half year financial report.

# 3

# Management report for the first half of 2016

3.1 Key highlights of the first half of 2016 ........ 8
3.1.1 Acquisitions ........ 8
3.1.2 Change in the Governance ........ 8
3.2 Group Results ........ 8
3.3 Events after the reporting period ........ 13

## 3.1 Key highlights of the first half of 2016

### 3.1.1 ACQUISITIONS

On January 7, 2016, Elis announced it had closed two transactions in Germany and Brazil. In Germany, the Group acquired two laundries serving mainly Hospitality and Healthcare customers in the northern part of the country. This acquisition strengthens Elis's presence in the strategic region of Hamburg, Germany's second largest city in terms of population. Elis, which is determined to continue its industrial and commercial development in Germany, now has a network of 11 laundries in the country following this acquisition.

In Brazil, the Group acquired a laundry near Sao Paulo exclusively serving high-end Healthcare customers, with a brand, Martins & Lococo, that is well recognized for quality. With this acquisition, Elis further expanded its operations in the Brazilian region with the highest GDP per capita.

On June 20, 2016, the Group acquired On My Way, a Swiss startup offering innovative linen cleaning solutions to private individuals (www.on-my-way.ch).

On My Way provides private individuals with a linen-cleaning service, by gathering their linen in pickup points located on their everyday route (gas stations, supermarkets) as well as at their offices. This new activity is a natural extension of the Group's services, adding to its indisputable industrial know-how and close proximity to customers thanks to a network of more than 300 processing centers in the world.

### 3.1.2 CHANGE IN THE GOVERNANCE

The Combined General Meeting of Elis, convened on May 27, 2016, ratified the Supervisory Board's decision of March 9, 2016 to co-opt Maxime de Bentzmann as a new member of the Supervisory Board, replacing Eric Schaefer who resigned. This General Meeting also reappointed Marc Frappier and Michel Datchary as members of the Supervisory Board for another four years-period, and in their respective functions at the Appointments and Compensation Committee.

On June 1, 2016, the Supervisory Board of Elis decided to co-opt Magali Chasse as a new member of the Supervisory Board, replacing Virginie Morgon who resigned. This co-optation followed Eurazeo's sale of 11,400,617 shares to Crédit Agricole Assurances, via its subsidiary Predica.

## 3.2 Group Results

- Revenue growth and EBITDA margin in line with expectations despite a difficult environment in France and Brazil
  - Revenue: €730.2mn (+7.0% of which +3.1% organic growth)
  - EBITDA: €216.1mn (29.6% of revenue)
  - Slight decrease in EBITDA margin in France (-27bps), in line with expectations
  - EBITDA margin improvement of +71bps in Europe (excluding France) and +176bps in Latin America
- Further M&A activity
  - Two significant acquisitions in the first half, in Germany and in Brazil
  - Another significant acquisition in July in Switzerland
  - Successful integration of the Chilean subsidiary
- 2016 outlook confirmed
  - Revenue: €1.5bn with +3% organic and +4% M&A
  - EBITDA margin: -30 bps in France and further improvement in Europe and Latin America

| *(EUR million)* | **H1 2016** | H1 2015 | Change |
|---|---|---|---|
| Revenue | 730.2 | 682.4 | +7.0% |
| EBITDA | 216.1 | 204.6 | +5.6% |
| EBIT | 92.5 | 87.7 | +5.5% |
| Net result | 23.1 | (80.6) | n/a |
| Headline net result* | 38.9 | 15.7 | +148.5% |
| Headline free cash-flow** | 6.7 | (22.9) | n/a |
| Adjusted net debt (as of end of period)*** | 1,506.4 | 1,440.7 | |

*Percentage change calculations are based on actual figures*
** After elimination PPA depreciation and 2015 IPO and refinancing expenses (net of tax)*
*** After elimination of 2015 IPO and refinancing expenses (net of tax)*
**** The basis of comparison is as of 31 December 2015*
*The definitions of organic revenue growth, EBITDA, EBITDA margin, EBIT, headline free cash-flow and adjusted net debt are in the "Financial definitions" section of this release.*

**Puteaux, July 26, 2016 –** Elis, the leading multi-services group in Europe and Latin America, specializing in the rental and maintenance of flat linen, professional clothing, hygiene and well-being appliances, today announces its first half 2016 financial results.

The accounts have been approved by the Management Board and examined by the Supervisory Board on July 25, 2016. They have been the subject of a limited review by the company's auditors.

Commenting on the first half 2016 results, **Xavier Martiré, CEO of Elis,** said:

*« We are pleased to announce today results for the first half in line with full-year targets. Despite an environment that remains sluggish, especially in France and Brazil, Group organic revenue growth was +3.1% and EBITDA margin was in line with our expectations.*

*In France, organic revenue growth in the first half was +1.3%. In a market already impacted by the November 2015 terrorist attacks, several protests and strikes in the second quarter had a further negative effect on our activity, especially in Hospitality. The initiatives we put in place partially offset the persisting tough condition of the French market and we contained the EBITDA margin decrease to less than 30 basis points, in line with our full-year expectations.*

*In Europe, acquisitions and organic growth of almost 6% helped strengthen our market share. EBITDA margin improved 70 basis points, thanks notably to the achievement of synergies.*

*In Latin America, despite a difficult environment in Brazil, our commercial momentum allowed us to post organic growth of above +10%, which confirms the market's strong potential. In addition, the transfer of Elis' know-how led to a 180 basis point improvement in margin.*

*In the first half, the Group continued its strategy and consolidated its positions in Europe and Latin America with acquisitions in Switzerland and Brazil. These acquisitions will contribute to further accelerate Elis' development.*

*On the back of the first-half results, we confirm our full-year objectives: we target revenues of €1.5bn driven by 3% organic growth and external growth of 4%. As far as margins are concerned, we expect a decrease of 30 basis points in France but aim to achieve further margin improvement in Europe and in Latin America.»*

## Revenues

### REPORTED REVENUE GROWTH

| (EUR million) | 2016 Q1 | 2016 Q2 | 2016 H1 | 2015 Q1 | 2015 Q2 | 2015 H1 | Change Q1 | Change Q2 | Change H1 |
|---|---|---|---|---|---|---|---|---|---|
| **Trade & Services** | **84.8** | **85.8** | **170.6** | **83.1** | **85.5** | **168.6** | **+2.1%** | **+0.4%** | **+1.2%** |
| Hospitality | 66.9 | 82.9 | 149.7 | 62.2 | 83.3 | 145.5 | +7.4% | -0.5% | +2.9% |
| Industry | 47.1 | 46.9 | 94.1 | 46.7 | 47.2 | 94.0 | +0.9% | -0.6% | +0.1% |
| Healthcare | 41.3 | 41.2 | 82.5 | 39.4 | 39.9 | 79.3 | +4.8% | +3.3% | +4.0% |
| France* | 234.0 | 250.7 | 484.7 | 228.2 | 250.5 | 478.6 | +2.6% | +0.1% | +1.3% |
| Northern Europe | 50.3 | 52.2 | 102.5 | 38.2 | 46.1 | 84.2 | +31.7% | +13.3% | +21.6% |
| Southern Europe | 33.5 | 40.3 | 73.8 | 28.9 | 37.1 | 66.0 | +16.0% | +8.7% | +11.9% |
| **Europe**** | **83.8** | **92.5** | **176.3** | **67.0** | **83.2** | **150.2** | **+25.0%** | **+11.3%** | **+17.4%** |
| **Latin America** | **28.1** | **31.7** | **59.8** | **22.3** | **22.8** | **45.1** | **+26.1%** | **+38.9%** | **+32.6%** |
| **Manufacturing entities** | **4.7** | **4.8** | **9.5** | **4.5** | **3.9** | **8.5** | **+4.2%** | **+20.9%** | **+12.0%** |
| **TOTAL** | **350.6** | **379.7** | **730.2** | **322.0** | **360.4** | **682.4** | **+8.9%** | **+5.4%** | **+7.0%** |

*Percentage change calculations are based on actual figures*
** After other items including Rebates*
*** Europe excluding France*

### ORGANIC REVENUE GROWTH

| (EUR million) | Q1 organic growth | Q2 organic growth | H1 2016 organic growth |
|---|---|---|---|
| Trade & Services | +2.1% | +0.4% | +1.2% |
| Hospitality | +7.4% | -0.5% | +2.9% |
| Industry | +0.9% | -0.6% | +0.1% |
| Healthcare | +4.8% | +3.3% | +4.0% |
| **France*** | **+2.6%** | **+0.1%** | **+1.3%** |
| Northern Europe | +2.6% | +2.6% | +2.6% |
| Southern Europe | +11.0% | +8.7% | +9.7% |
| **Europe**** | **+6.2%** | **+5.3%** | **+5.7%** |
| **Latin America** | **+13.9%** | **+10.0%** | **+11.9%** |
| **Manufacturing entities** | **+5.6%** | **+25.4%** | **+14.8%** |
| **TOTAL** | **+4.1%** | **+2.2%** | **+3.1%** |

*Percentage change calculations are based on actual figures*
** After other items including Rebates*
*** Europe excluding France*

In the first half of 2016, Group revenues increased by 7.0% to €730.2mn. Organic growth of +3.1% and the impact of acquisitions of +5.6% were partially offset by a 1.7% negative impact from exchange rates.

### France

In the first half of 2016, the +1.3% organic revenue growth in France was entirely organic. The very favorable, non-recurring calendar effects in Q1 (Easter week in March vs April in 2015 and the impact of an additional day in February as 2016 is a leap year) led to a mechanical growth slowdown in Q2 (+0.1% vs +2.6% in Q1). Additionally:

- Revenues for the Trade & Services segment increased by +1.2%. The economic environment remained difficult, leading to soft growth despite good commercial dynamism in the services segment during the first quarter.
- Revenue growth for the Hospitality was at +2.9%. On the top of the above-mentioned calendar effects, the second quarter was negatively impacted by bad weather and by several strikes and protests in the country. However, the roll-out of large contracts with hotels is in line with our expectations.
- Revenues for the Industry segment were virtually flat. The activity with existing clients was generally weak and the tough environment negatively impacted the second quarter.
- Revenues for the Healthcare segment grew by 4.0%, helped by the roll-out of large contracts for both short-stay and long-stay.

### Europe (excluding France)

In the first half, revenue growth in Northern Europe (+21.6%) was largely driven by the acquisitions completed in April 2015, July 2015 and January 2016. Organic revenue growth was up +2.6% with Switzerland and Germany, our main markets in the region, being well oriented.

Revenue in Southern Europe continued to be dynamic (+11.9%) in a favorable economic environment with an organic growth at almost +10%. This performance was again driven by Spain ; the intrinsic growth of the market and our very good commercial momentum in all segments confirm the strong potential of the country, where we continue to gain market share.

### Latin America

Revenue growth in Latin America (+8.0%) was driven by acquisitions, which accounted for about half our growth.

Revenue growth in Latin America increased +32.6%, largely due to acquisitions we completed in Brazil in July 2015 and in January 2016, and the acquisition of Albia in Chile (consolidated since October 1st 2015). Organic growth was +11.9% in the first half and was achieved entirely in Brazil. This was due to three main effects: (i) price increases, (ii) strong activity from hospitals, laboratories and medical centers as a consequence of epidemics that impacted Brazil during its summer in Q1 and (iii) gains of new contracts with large clients which chose the rental and maintenance model for the first time. In a difficult environment in Brazil, this good organic performance confirms the market's strong potential. The depreciation of the Brazilian Real strongly impacted our reported revenue growth with a -22.4% impact on revenues in the region. That said, the FX effect should reverse in the second half.

## EBITDA

| *(EUR million)* | **H1 2016** | H1 2015 | Change |
|---|---|---|---|
| **France** | **163.3** | **162.7** | **+0.4%** |
| *As a % of revenues* | *33.7%* | *33.9%* | *-27bps* |
| **Europe*** | **40.7** | **33.6** | **+21.2%** |
| *As a % of revenues* | *23.1%* | *22.3%* | *+71bps* |
| **Latin America** | **12.5** | **8.6** | **+44.8%** |
| *As a % of revenues* | *20.8%* | *19.1%* | *+176bps* |
| **Manufacturing entities** | **1.7** | **1.4** | **+21.0%** |
| *As a % of revenues* | *12.1%* | *10.1%* | *+196bps* |
| **Holdings** | **(2.1)** | **(1.6)** | **n/a** |
| **TOTAL** | **216.1** | **204.6** | **+5.6%** |
| *As a % of revenues* | *29.6%* | *30.0%* | *-39bps* |

*Percentage change calculations are based on actual figures*
** Europe excluding France*

In H1 2016, Group EBITDA increased +5.6% to €216.1mn. EBITDA as a percentage of revenues fell 39bps due to the decrease in French EBITDA margin (-27bps) and to a negative mix effect as Europe and Latin America, which have lower margins, have higher revenue growth rates.

In France, EBITDA as a percentage of revenues fell nearly 30bps as expected, mainly due to market conditions which remain tough but which were partially compensated for by the productivity initiatives we put in place.

In Europe (excluding France), the consolidation of our footprint and the transfer of know-how continued to bear fruit with EBITDA margin up 71bps.

In Latin America, transfer of know-how and the successful integration of the Chilean subsidiary led to a +176bps EBITDA margin improvement.

## From EBITDA to Net result

| *(EUR million)* | **H1 2016** | H1 2015 |
|---|---|---|
| **EBITDA** | **216.1** | **204.6** |
| *As a % of revenues* | *29.6%* | *30.0%* |
| Depreciation & amortization | (123.6) | (116.9) |
| **EBIT** | **92.5** | **87.7** |
| *As a % of revenues* | *12.7%* | *12.9%* |
| Banking charges | (0.7) | (0.8) |
| PPA depreciation | (22.0) | (21.8) |
| Goodwill impairment | - | - |
| Other operating income and expenses | (2.5) | (4.8) |
| **Operating result** | **67.3** | **60.4** |
| *As a % of revenues* | *9.2%* | *8.8%* |
| Financial result | (27.0) | (42.5) |
| IPO & refinancing expenses | - | (123.3) |
| **Result before tax** | **40.2** | **(105.4)** |
| Tax | (17.1) | 24.8 |
| **Reported net result** | **23.1** | **(80.6)** |
| **Headline net result*** | **38.9** | **15.7** |

*Percentage change calculations are based on actual figures*
** After elimination of PPA depreciation and 2015 IPO and refinancing expenses*

### EBIT

As a percentage of revenues, EBIT was down 19bps in the first half. The decrease in EBITDA margin in partially offset by a lower amount of Depreciation & amortization as a percentage of revenues than in H1 2015. This highlights the better discipline with regard to purchase of linen.

### Operating result

Operating result increased both in value and as a percentage of revenues.

PPA depreciation was mainly accounted for in 2007 and the amortization period will end in 2018.

### Financial result

Financial result shows strong improvement. As a reminder, Elis completely refinanced its debt in February 2015 and then in April 2015. The H1 2015 Financial result was therefore not normative. It is in H1 2016.

### Net result

Net result amounted to €23.1mn. In the first half of 2015, it included €123.3mn of non-recurring expenses related to the IPO and various debt refinancing charges.

### Headline net result

After the elimination of PPA depreciation (net of tax), Headline net result amounted to €38.9m in H1 2016, significantly up relative to H1 2015.

## Other financial items

### Investments

Group net investments amounted to €134.1mn in H1 2016 (18.4% of revenues), compared to €141.1mn in H1 2015 (20.7% of revenues). As a reminder, H1 2015 was impacted by linen purchase and by some industrial investments in order to absorb additional volumes linked to large contracts signed at the end of 2014.

### Headline free cash-flow

Headline free cash-flow amounted to €6.7mn, compared to -€22.9mn in H1 2015. This improvement is due to the increase of operating cash-flow and to the decline in interest expenses. For the record, due to the seasonality of the business, almost all full-year Headline Free cash is generated during the second half of the year.

### Adjusted net financial debt

Group adjusted net financial debt as of 30th June 2016 was €1,506.4mn or 3.2x trailing 12 month EBITDA (proforma for the full year impact of acquisitions).

In addition to the elements mentioned above, the net financial debt is impacted by the acquisitions completed at the beginning of the year and by the payment made to shareholders of €39.9mn for the 2015 financial year.

### Payment for the 2015 financial year

The Annual General Meeting held on May 27, 2016 approved the cash payment of €0.35 per share for the 2015 financial year. This payment was made on June 7, 2016. In 2015, a similar payment was made on July 2, 2015.

## Financial definitions

- Organic growth in the Group's revenue is calculated excluding (i) the impacts of changes in the scope of consolidation of "major acquisitions" and "major disposals" in each of the periods under comparison, as well as (ii) the impact of exchange rate fluctuations.
- EBITDA is defined as EBIT before depreciation and amortization net of the portion of grants transferred to income.
- EBITDA margin is defined as EBITDA divided by revenues.
- EBIT is defined as net income (loss) before net financial expense, income tax, share in income of equity-accounted companies, amortization of customer relationships, goodwill impairment, other operating income and expenses, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments).
- Headline free cash-flow is defined as cash EBITDA minus non cash-items items and after (i) business-related changes in working capital, (ii) linen purchases and (iii) manufacturing capital expenditures, net of proceeds, minus interests payments and minus tax paid.
- The concept of Adjusted net debt used by the Group consists of the sum of non-current financial liabilities, current financial liabilities and cash and cash equivalents adjusted by capitalized debt arrangement costs, the impact of applying the effective interest rate method, and the loan from employee profit-sharing fund.

# 3.3 Events after the reporting period

No significant events have occurred since the half-year financial statements were closed.

# 4
# Corporate governance


4.1 Composition of the Supervisory Board as at June 30, 2016................15

4.2 Composition of the Supervisory Board's committees as at June 30, 2016................................................................................16

4.3 Composition the Management Board ..................................................16

4.4 Compensation of the members of the Management Board ............16

The Combined General Shareholders' Meeting was held on May 27, 2016, achieving a quorum of 74.01%, representing 242 shareholders and 84,317,482 shares representing 104,493,082 voting rights. This General Meeting approved all resolutions included on the agenda.

As mentioned above in the section 3.1.2, during this General Meeting, the shareholders notably approved the Supervisory Board's recommendation to reappoint Michel Datchary and Marc Frappier as members of the Supervisory Board for another four years, and the ratification of the co-optation of Maxime de Bentzmann as a new member of the Supervisory Board for the remaining term of office of his predecessor. The Supervisory Board also extended the terms of office of Michel Datchary and Marc Frappier in the Appointments and Compensation Committee.

On June 1, 2016, the Supervisory Board co-opted Magali Chesse as a new member of the Supervisory Board, replacing Virginie Morgon who resigned. At the same date, Philippe Audouin resigned from his duties in the Audit Committee without consequence on his membership of the Supervisory Board, and Magali Chesse was appointed by the Supervisory Board to succeed him at this committee.

## 4.1 Composition of the Supervisory Board as at June 30, 2016

As at June 30, 2016, the Elis Supervisory Board was composed of nine members, three of whom were women and five independent, i.e. 56% of the members of the Supervisory Board:

| Full name or company name | Position | | Expiration of term of office |
|---|---|---|---|
| Thierry Morin | Chairman of the Supervisory Board | ■ | General Meeting called to approve the financial statements for the year that will end on December 31, 2018, to be held in 2019 |
| Marc Frappier | Vice-Chairman of the Supervisory Board | | General Meeting called to approve the financial statements for the year that will end on December 31, 2019, to be held in 2019 |
| Michel Datchary | Member of the Supervisory Board | ■ | General Meeting called to approve the financial statements for the year that will end on December 31, 2019, to be held in 2019 |
| Magali Chesse | Member of the Supervisory Board | | General Meeting called to approve the financial statements for the year that will end on December 31, 2018, to be held in 2019 |
| Philippe Delleur | Member of the Supervisory Board | ■ | General Meeting called to approve the financial statements for the year that will end on December 31, 2018, to be held in 2019 |
| Florence Noblot | Member of the Supervisory Board | ■ | General Meeting called to approve the financial statements for the year that will end on December 31, 2016, to be held in 2019 |
| Agnès Pannier-Runacher | Member of the Supervisory Board | ■ | General Meeting called to approve the financial statements for the year that will end on December 31, 2017, to be held in 2019 |
| Philippe Audouin | Member of the Supervisory Board | | General Meeting called to approve the financial statements for the year that will end on December 31, 2016, to be held in 2019 |
| Maxime de Bentzmann | Member of the Supervisory Board | | General Meeting called to approve the financial statements for the year that will end on December 31, 2017, to be held in 2019 |

■ *Independent member.*

## 4.2 Composition of the Supervisory Board's committees as at June 30, 2016

As at June 30, 2016, the Supervisory Board's committees were comprised as follows:

- The Audit Committee was comprised of the following three members (two of which were deemed independent) appointed for a term coincident with their terms of office as members of the Supervisory Board:
  - Agnès-Pannier-Runacher, Chairman of the Audit Committee;
  - Thierry Morin, member of the Audit Committee;
  - Magali Chesse, member of the Audit Committee;
- The Appointments and Compensation Committee was comprised of the following three members (two of which were deemed independent), appointed for a term coincident with their terms of office as members of the Supervisory Board:
  - Michel Datchary, Chairman of the Appointments and Compensation Committee;
  - Florence Noblot, member of the Chairman of the Appointments and Compensation Committee;
  - Marc Frappier, member of the Chairman of the Appointments and Compensation Committee.

## 4.3 Composition the Management Board

As at June 30, 2016, the Management Board was comprised of the following three members:

| Full name | Position | Expiration of term of office |
|---|---|---|
| Xavier Martiré | Chairman of the Management Board | September 5, 2018 |
| Louis Guyot | Member of the Management Board | September 5, 2018 |
| Matthieu Lecharny | Member of the Management Board | September 5, 2018 |

## 4.4 Compensation of the members of the Management Board

In accordance with the authorization granted by the 22nd resolution of the General Meeting of May 27, 2016 and the authorization of the Supervisory Board, upon the recommendation of the Appointments and Compensation Committee, a new performance share plan was set up during the first half of 2016. It benefits from the new provisions of the Macron Law of August 6, 2015.

On 15 June 2016, as part of the new plan, 207,520 performance shares were granted to Xavier Martiré in his capacity as Chairman of the Management Board, and 35,071 performance shares were granted to each of the other members of the Management Board, Louis Guyot and Matthieu Lecharny, in their respective capacities as Chief Financial Officer and Chief Operating Officer. This grant was part of an overall plan for more than 200 Group executives and senior managers totaling 998,636 shares (representing 0.875% of the Company's share capital as it stood on the date of the grant decision, including 0.243% for the members of the Management Board).

Two classes of shares (A and B) were granted in 2016.

Each of these classes of shares granted to the Executive Committee (including the members of the Management Board) shall only vest at the end of a vesting period of three years from their grant date. The vesting is subject to combined conditions of continued presence and achievement of performance targets. The performance conditions were defined based on three quantitative criteria linked to consolidated revenue, consolidated EBIT and the Company's share price performance relative to the SBF 120 index for class A performance shares, and based on two criteria linked to consolidated revenue and consolidated EBIT for class B performance shares.

The performance will be evaluated at the end of a two-year period (i.e. at the end of the 2017 financial year) for 67% of the performance shares granted for each class, and at the end of a three-year period (i.e. at the end of the 2018 financial year) for 33% of the performance shares granted for each class.

The number of vested shares will depend on the number of targets achieved with the understanding that, for each share class, the achievement of performance targets is binary, so that if a target is not met, the number of rights linked to that target is not due and the corresponding shares do not vest.

On this basis, 20% of the class A shares thus granted shall vest if one criterion is satisfied, 50% if two targets are met and 100% if all three targets are met. Class B performance shares shall vest if at least one target is met with the understanding that the achievement of a single criterion gives the right to vest 50% of the performance shares.

The plan requires no lock-up period, but each member of the Management Board are required to hold a certain number of shares until they step down from their duties.

# 5

# Condensed half-year consolidated financial statements

5.1 Statutory Auditors' review report on the half-year financial information........................................................................................19

5.2 Condensed half-year consolidated financial statements for the six months ended June 30, 2016 ..........................................................20

5.2.1 Interim consolidated income statement..............................................................................20

5.2.2 Interim consolidated statement of comprehensive income ..........................................21

5.2.3 Interim consolidated statement of financial position – assets ........................................22

5.2.4 Interim consolidated statement of financial position – equity and liabilities ................23

5.2.5 Interim consolidated statement of cash flows ..................................................................24

5.2.6 Interim consolidated statement of changes in equity for the six months ended June 30, 2016.........................................................................................................25

5.2.7 Interim consolidated statement of changes in equity for the six months ended June 30, 2015.........................................................................................................26

5.2.8 Notes to the condensed half-year consolidated financial statements.........................27

## 5.1 Statutory Auditors' review report on the half-year financial information

**For the period from January 1st, 2016 to June 30th, 2016**

*This is a free translation into English of the Statutory Auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users year. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

**Elis SA** 33, rue Voltaire

92800 Puteaux

To the Shareholders

In compliance with the assignment entrusted to us by your General Meeting 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 half-year consolidated financial statements of ELIS, for the period from January 1st, 2016 to June 30th, 2016,
- the verification of the information presented in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Management Board. 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 half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

### II - SPECIFIC VERIFICATION

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

| PricewaterhouseCoopers Audit | Mazars |
|---|---|
| Bruno TESNIERE | Isabelle MASSA |

# 5.2 Condensed half-year consolidated financial statements for the six months ended June 30, 2016

## 5.2.1 INTERIM CONSOLIDATED INCOME STATEMENT

| (In thousands of euros) | Notes | H1-2016 | H1-2015 |
|---|---|---|---|
| *(unaudited)* | | | |
| Revenue | 3.1 | 730,233 | 682,396 |
| Cost of linen, equipment and other consumables | | (121,083) | (114,700) |
| Processing costs | | (276,906) | (255,210) |
| Distribution costs | | (116,482) | (110,830) |
| Gross margin | | 215,762 | 201,656 |
| Selling, general and administrative expenses | | (123,919) | (114,752) |
| Operating income before other income and expense and amortization of customer relationships | 3.2 | 91,843 | 86,904 |
| Amortization of customer relationships | 4.1 | (22,017) | (21,769) |
| Goodwill impairment | | 0 | 0 |
| Other income and expense | 4.2 | (2,550) | (25,970) |
| Operating income | | 67,275 | 39,165 |
| Net financial expense | 8.1 | (27,003) | (144,556) |
| Income (loss) before tax | | 40,272 | (105,391) |
| Income tax benefit (expense) | 9 | (17,145) | 24,751 |
| Share of net income of equity-accounted companies | | 0 | 0 |
| Net income (loss) | | 23,127 | (80,640) |
| Attributable to: | | | |
| - owners of the parent | | 23,119 | (80,638) |
| - non-controlling interests | | 8 | (2) |
| Earnings (loss) per share (EPS): | | | |
| - basic, attributable to owners of the parent | 10.3 | €0.20 | €(0.82) |
| - diluted, attributable to owners of the parent | 10.3 | €0.20 | €(0.82) |

## 5.2.2 INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (In thousands of euros) | Notes | H1-2016 | H1-2015 |
|---|---|---|---|
| Net income (loss) | | 23,127 | (80,640) |
| Gains (losses) on change in fair value of hedging instruments | | (5,399) | 961 |
| Hedging reserve reclassified to income | | 402 | 5,887 |
| **Total change in hedging reserve** | | **(4,997)** | **6,848** |
| Related tax | | 1,716 | (2,358) |
| **Translation reserve** | | **28,642** | **3,945** |
| **Other comprehensive income (loss) which may be subsequently reclassified to income** | | **25,361** | **8,435** |
| **Actuarial gains and losses recognized in equity** | | **(3,740)** | **0** |
| Related tax | | 1,288 | 0 |
| **Other comprehensive income (loss) which may not be subsequently reclassified to income** | | **(2,452)** | **0** |
| **Other comprehensive income** | | **22,909** | **8,435** |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | 46,037 | (72,205) |
| Attributable to: | | | |
| - owners of the parent | | 46,027 | (72,107) |
| - non-controlling interests | | 10 | (98) |

## 5.2.3 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

| (In thousands of euros) | Notes | June 30, 2016<br>net | Dec. 31, 2015<br>net |
|---|---|---|---|
| *(unaudited)* | | | |
| Goodwill | 6.1 | 1,616,759 | 1,586,889 |
| Intangible assets | | 354,681 | 370,965 |
| Property, plant and equipment | | 800,876 | 775,214 |
| Equity-accounted companies | | 0 | 0 |
| Available-for-sale financial assets | | 180 | 146 |
| Other non-current assets | | 4,811 | 6,270 |
| Deferred tax assets | | 14,131 | 12,444 |
| TOTAL NON-CURRENT ASSETS | | 2,791,437 | 2,751,927 |
| Inventories | | 55,779 | 52,464 |
| Trade and other receivables | | 395,957 | 358,339 |
| Current tax assets | | 3,280 | 4,099 |
| Other assets | | 14,868 | 12,780 |
| Cash and cash equivalents | 8.3 | 136,302 | 56,594 |
| Assets held for sale | 2.4 | 8,364 | 0 |
| TOTAL CURRENT ASSETS | | 614,550 | 484,276 |
| **TOTAL ASSETS** | | **3,405,987** | **3,236,203** |

### 5.2.4 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

| (In thousands of euros) | Notes | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|---|
| Share capital | 10.1 | 1,140,062 | 1,140,062 |
| Additional paid-in capital | | 280,874 | 320,777 |
| Other reserves | | 724 | 724 |
| Retained earnings (accumulated deficit) | | (341,753) | (361,531) |
| Other components of equity | | (21,712) | (45,610) |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | 1,058,195 | 1,054,420 |
| NON-CONTROLLING INTERESTS | | 603 | (338) |
| TOTAL EQUITY | | 1,058,798 | 1,054,083 |
| Non-current provisions | 7.1 | 23,514 | 23,820 |
| Employee benefit liabilities | | 62,642 | 58,259 |
| Non-current borrowings | 8.2 | 1,267,226 | 1,267,386 |
| Deferred tax liabilities | | 187,322 | 181,770 |
| Other non-current liabilities | | 44,088 | 39,810 |
| TOTAL NON-CURRENT LIABILITIES | | 1,584,792 | 1,571,045 |
| Current provisions | 7.1 | 5,576 | 5,766 |
| Current tax liabilities | | 1,190 | 1,787 |
| Trade and other payables | | 128,768 | 135,034 |
| Other liabilities | | 244,853 | 232,546 |
| Bank overdrafts and current borrowings | 8.2 | 379,408 | 235,942 |
| Liabilities directly associated with assets held for sale | 2.4 | 2,603 | 0 |
| TOTAL CURRENT LIABILITIES | | 762,398 | 611,076 |
| **TOTAL EQUITY AND LIABILITIES** | | **3,405,987** | **3,236,203** |

## 5.2.5 INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| (In thousands of euros) | Note | H1-2016 | H1-2015 |
|---|---|---|---|
| *(unaudited)* | | | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **CONSOLIDATED NET INCOME (LOSS)** | | **23,127** | **(80,640)** |
| Depreciation, amortization and provisions | 4.1 | 144,060 | 137,613 |
| Portion of grants transferred to income | 4.1 | (58) | (59) |
| Goodwill impairment | | 0 | 0 |
| Share-based payments | | 654 | 345 |
| Discounting adjustment on provisions and retirement benefits | 8.1 | 502 | 466 |
| Net gains and losses on disposal of assets | | 903 | 274 |
| Share of net income of equity-accounted companies | | 0 | 0 |
| Other | | (817) | (1,141) |
| Dividends received (from non-consolidated entities) | | (12) | (12) |
| **CASH FLOWS AFTER FINANCE COSTS AND TAX** | | **168,359** | **56,846** |
| Net finance costs | 8.1 | 26,787 | 75,206 |
| Income tax expense | | 17,145 | (24,751) |
| **CASH FLOWS BEFORE FINANCE COSTS AND TAX** | | **212,292** | **107,301** |
| Income tax paid | | (7,120) | (11,563) |
| Change in inventories | | (2,636) | 1,090 |
| Change in trade and other receivables | | (31,383) | (17,565) |
| Change in other assets | | (2,702) | 1,239 |
| Change in trade and other payables | | (7,339) | (14,126) |
| Change in other liabilities | | 7,856 | 3,037 |
| Other changes | | (103) | (37) |
| Employee benefits | | 204 | 289 |
| **NET CASH FROM OPERATING ACTIVITIES** | | **169,070** | **69,665** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of intangible assets | | (4,879) | (3,143) |
| Proceeds from sale of intangible assets | | 0 | 0 |
| Acquisition of property, plant and equipment | | (129,239) | (138,334) |
| Proceeds from sale of property, plant and equipment | | 185 | 386 |
| Acquisition of subsidiaries, net of cash acquired | 2.1 | (32,122) | (52,377) |
| Proceeds from disposal of subsidiaries, net of cash transferred | | 1,000 | 1,000 |
| Changes in loans and advances | | 461 | 300 |
| Dividends from equity-accounted companies | | 12 | 12 |
| Investment grants | | 54 | 11 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(164,528)** | **(192,145)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Capital increase | | 457 | 689,418 |
| Treasury shares | | 449 | (1,002) |
| Dividends paid | | | |
| - to owners of the parent | | (39,871) | 0 |
| - to non-controlling interests | | 0 | 0 |
| Change in borrowings (1) | | 136,210 | (472,059) |
| *- Proceeds from new borrowings* | | *866,865* | *2,088,639* |
| *- Repayment of borrowings* | | *(730,655)* | *(2,560,698)* |
| Net interest paid | | (22,790) | (52,466) |
| Other flows related to financing activities | | (331) | 1,231 |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **74,125** | **165,122** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **78,666** | **42,642** |
| Cash and cash equivalents at beginning of period | | 55,697 | 58,523 |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | 1,123 | 309 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 8.3 | **135,486** | **101,475** |

(1) Net change in credit lines

## 5.2.6 INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2016

| (In thousands of euros) | Share capital | Additional paid-in capital | Other reserv es | Retained earnings (accumulated deficit) | Hedging reserv es | Translation reserv e | Share-based payment reserv e | Treasury share reserv e | Actuarial gains and losses | Deferred taxes | **Owners of the parent** | Non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(unaudited)* | | | | | | | | | | | | | |
| **Balance as at December 31, 2015** | **1,140,062** | **320,777** | **724** | **(361,531)** | **(9,984)** | **(33,340)** | **981** | **(2,175)** | **(6,502)** | **5,410** | **1,054,420** | **(338)** | **1,054,083** |
| Increase in share capital | | 0 | | | | | | | | | 0 | 457 | 457 |
| Decrease in share capital | | | | | | | | | | | 0 | | 0 |
| Amonts paid to shareholders | | (39,902) | 0 | 31 | 0 | 0 | | | 0 | 0 | (39,871) | | (39,871) |
| Changes in consolidation scope | | | | -3,360 | 0 | 0 | | | (117) | 5 | (3,472) | 474 | (2,998) |
| Other movements | | | | (12) | 0 | 0 | 654 | 449 | 0 | 0 | 1,091 | 0 | 1,091 |
| Net income (loss) for the period | | | | 23,119 | | | | | | | 23,119 | 8 | 23,127 |
| Other comprehensive income | | | | | (4,997) | 28,641 | | | (3,740) | 3,004 | 22,908 | 2 | 22,909 |
| Total comprehensive income | | | | 23,119 | (4,997) | 28,641 | 0 | 0 | (3,740) | 3,004 | 46,027 | 10 | 46,037 |
| **Balance as at June 30, 2016** | **1,140,062** | **280,874** | **724** | **(341,753)** | **(14,981)** | **(4,699)** | **1,635** | **(1,726)** | **(10,359)** | **8,419** | **1,058,195** | **603** | **1,058,798** |
| | | | | (21,712) | | | | | | | | | |

## 5.2.7 INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2015

| (In thousands of euros) | Share capital | Additional paid-in capital | Other reserves | Retained earnings | Hedging reserves (1) | Translation reserve | Share payment reserve | Treasury share reserve | Actuarial gains and losses | Deferred taxes | Owners of parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(unaudited)* | | | | | | | | | | | | | |
| **Balance as at December 31, 2013** | **497,610** | **175,853** | **7,224** | **(302,305)** | **(13,238)** | **574** | **0** | **0** | **(3,273)** | **5,832** | **368,277** | **(125)** | **368,152** |
| Increase in share capital | 658,805 | 181,801 | | | | | | | | | 840,606 | | 840,606 |
| Decrease in share capital | (16,354) | (3,463) | | (1,410) | | | | | | | (21,227) | | (21,227) |
| Amonts paid to shareholders | | (33,402) | (6,500) | 21 | 0 | 0 | | | 0 | 0 | (39,881) | | (39,881) |
| Changes in consolidation scope | | | | | 0 | 0 | | | 0 | 0 | 0 | | 0 |
| Other changes | | | | (8) | 0 | 0 | | (1,002) | 0 | 0 | (665) | 0 | (665) |
| Net income (loss) for the period | | | | (80,638) | | | | | | | (80,638) | (2) | (80,640) |
| Other comprehensive income | | | | | 6,848 | 4,042 | | | 0 | (2,358) | 8,532 | (97) | 8,436 |
| Total comprehensive income | | | | (80,638) | 6,848 | 4,042 | 0 | 0 | 0 | (2,358) | (72,106) | (98) | (72,204) |
| **Balance as at December 31, 2014** | **1,140,062** | **320,789** | **724** | **(384,334)** | **(6,390)** | **4,610** | **345** | **(1,002)** | **(3,273)** | **3,475** | **1,075,004** | **(224)** | **1,074,780** |

(2,235)

## 5.2.8 NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

The Elis Group is a leader in the textile rental, laundry and maintenance of textiles and hygiene services in Continental Europe and Brazil. Elis is a French legal entity listed on Euronext Paris having its registered office at 33, rue Voltaire, 92800 Puteaux, France.

The condensed half-year consolidated financial statements have been approved by the Management Board on July 25, 2016 and were reviewed by the Audit Committee on July 22, 2016 and by the Supervisory Board on July 25, 2016. They have also been reviewed by the Statutory Auditors.


| | | |
|---|---|---|
| NOTE 1 | Significant accounting policies | 28 |
| NOTE 2 | Key highlights and change in the scope of consolidation | 32 |
| NOTE 3 | Operating segments | 36 |
| NOTE 4 | Other operating data | 38 |
| NOTE 5 | Employee benefits expense | 39 |
| NOTE 6 | Intangible assets and property, plant and equipment | 40 |
| NOTE 7 | Provisions and contingent liabilities | 41 |
| NOTE 8 | Financing and financial instruments | 42 |
| NOTE 9 | Income tax expense | 46 |
| NOTE 10 | Stockholders' equity and earnings per share | 46 |
| NOTE 11 | Off-balance sheet commitments | 47 |
| NOTE 12 | Related party disclosures | 47 |
| NOTE 13 | Events after the reporting period | 47 |

# NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

## 1.1 BASIS OF PREPARATION

The Elis Group's condensed half-year consolidated financial statements include the financial statements of Elis and its subsidiaries.

The Elis Group (or the Group) refers to Elis (or the Company), the parent company of the Elis Group, and the companies it controls and consolidates.

The condensed half-year consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for derivative financial instruments and available-for-sale financial assets which have been measured at fair value. The financial statements are presented in thousands of euros, unless otherwise stated.

## 1.2 ACCOUNTING STANDARDS APPLIED

The condensed half-year consolidated financial statements of Elis for the six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, notably IAS 34 "Interim Financial Reporting". As they are condensed financial statements, they do not include all of the information required by IFRS for a complete set of financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2015.

The condensed half-year consolidated interim financial statements have been prepared in accordance with the international standards issued by the IASB, which include IFRS and International Accounting Standards (IAS), interpretations issued by the former International Financial Committee (IFRIC), now referred to as the IFRS Interpretations Committee and by the former Standing Interpretations Committee (SIC), endorsed by the European Union and applicable as at the reporting date. As at June 30, 2016, the Group had not opted for the early adoption of any other standards, amendments or interpretations that have been issued but are not yet mandatory.

The financial statements comprise:

- the consolidated income statement and the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the consolidated statement of changes in equity;
- the notes to the consolidated financial statements.

The amounts are shown with comparative figures from the consolidated financial statements for the year ended December 31, 2015 and with the condensed half-year consolidated financial statements for the six months ended June 30, 2015.

## 1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and related disclosures. Amounts reported in future financial statements may differ from current estimates due to changes in assumptions or if conditions vary from those anticipated.

In preparing these condensed half-year consolidated financial statements, the judgments and significant estimates made by management in applying the Group's accounting policies were the same as those made for the consolidated financial statements for the year ended December 31, 2015, with the exception of:

- estimates made to determine the income tax expense for interim periods;
- provisions for the French business tax (cotisation sur la valeur ajoutée – CVAE) and profit-sharing expenses, which are set aside on the basis of 50% of the estimated expense for full-year;

- retirement benefit liabilities were not remeasured using actuarial methods for the purposes of the condensed half-year consolidated financial statements. The retirement benefit expense for the period corresponds to 50% of the estimated expense for full-year 2016, based on data used as at December 31, 2015, extrapoled for any significant changes in assumptions (discount rate in France). In Switzerland, particularly, the discount rate of provisions for retirement indemnities decreased by around 50 basis points compared to December 31, 2015. Such a drop would entail an increase of employee-benefit liabilities of €6.5 million an a decrease in consolidated equity. Pension plan assets related to employee benefits of Switzerland have also not been revalued as at June 30, 2016. The impact of these changes has not been recognized in the condensed consolidated financial statements as at 30 June 2016.

## 1.4 SEASONALITY OF OPERATIONS

Revenue, recurring operating income (before other income and expense) and all operating indicators are subjects to low seasonal fluctuations, with the exception of tourism and summer vacation periods which impact activity at certain centers. The extent of the seasonal impact varies in the countries in which the Group operates. Consequently, the half-year results for the six months ended June 30, 2016 are not necessarily representative of those that may be expected for full-year 2016.

## 1.5 ACCOUNTING CHANGES AND RESTATEMENT OF PRIOR-YEAR FINANCIAL INFORMATION

The accounting policies adopted are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2015, as the standards, amendments and improvements published by the IASB that are mandatory for financial periods beginning on or after January 1, 2016 have no impact on the Group's consolidated financial statements for the six months ended June 30, 2016.

Moreover, IFRS 3 requires previously published comparative periods to be retrospectively restated in the event of business combinations (recognition of the final fair value of the assets acquired and liabilities and contingent liabilities assumed if fair value had been estimated on a provisional basis at the end of the previous reporting period).

In connection with the acquisitions of the past 12 months, the amount of allocated goodwill shown in the condensed half-year consolidated financial statements differs from that presented in the consolidated financial statements for the year ended December 31, 2015 published in the 2015 Registration Document by an amount of €2,452 thousand.

The following tables show the impacts of this allocation on the statement of financial position as at December 31, 2015 approved in March 2016.

| (In thousands of euros) | Dec. 31, 2015 published | IFRS 3 | Dec. 31, 2015 restated |
|---|---|---|---|
| *(unaudited)* | | | |
| Goodwill | 1,589,340 | (2,452) | 1,586,889 |
| Intangible assets | 368,778 | 2,188 | 370,965 |
| Property, plant and equipment | 774,923 | 290 | 775,214 |
| Equity-accounted companies | 0 | 0 | 0 |
| Available-for-sale financial assets | 146 | 0 | 146 |
| Other non-current assets | 6,270 | 0 | 6,270 |
| Deferred tax assets | 12,118 | 326 | 12,444 |
| TOTAL NON-CURRENT ASSETS | 2,751,575 | 352 | 2,751,927 |
| Inventories | 52,547 | (83) | 52,464 |
| Trade and other receivables | 358,341 | (2) | 358,339 |
| Current tax assets | 4,099 | 0 | 4,099 |
| Other assets | 12,780 | 0 | 12,780 |
| Cash and cash equivalents | 56,594 | 0 | 56,594 |
| Assets held for sale | 0 | 0 | 0 |
| TOTAL CURRENT ASSETS | 484,361 | (85) | 484,276 |
| **TOTAL ASSETS** | **3,235,936** | **267** | **3,236,203** |

| (In thousands of euros) | Dec. 31, 2015 published | IFRS 3 | Dec. 31, 2015 restated |
|---|---|---|---|
| *(unaudited)* | | | |
| Share capital | 1,140,062 | 0 | 1,140,062 |
| Additional paid-in capital | 320,777 | 0 | 320,777 |
| Other reserves | 724 | 0 | 724 |
| Retained earnings (accumulated deficit) | (361,142) | (389) | (361,531) |
| Other components of equity | (45,616) | 6 | (45,610) |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | 1,054,804 | (383) | 1,054,420 |
| NON-CONTROLLING INTERESTS | (338) | 0 | (338) |
| TOTAL EQUITY | 1,054,466 | (383) | 1,054,083 |
| Non-current provisions | 22,918 | 902 | 23,820 |
| Employee benefit liabilities | 58,259 | 0 | 58,259 |
| Non-current borrowings | 1,267,386 | 0 | 1,267,386 |
| Deferred tax liabilities | 182,131 | (360) | 181,770 |
| Other non-current liabilities | 39,639 | 171 | 39,810 |
| TOTAL NON-CURRENT LIABILITIES | 1,570,332 | 712 | 1,571,045 |
| Current provisions | 5,766 | 0 | 5,766 |
| Current tax liabilities | 1,848 | (60) | 1,787 |
| Trade and other payables | 135,059 | (25) | 135,034 |
| Other liabilities | 232,546 | 0 | 232,546 |
| Bank overdrafts and current borrowings | 235,919 | 23 | 235,942 |
| Liabilities directly associated with assets held for sale | 0 | 0 | 0 |
| TOTAL CURRENT LIABILITIES | 611,138 | (62) | 611,076 |
| **TOTAL EQUITY AND LIABILITIES** | **3,235,936** | **267** | **3,236,203** |

# NOTE 2 KEY HIGHLIGHTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

## 2.1 ACQUISITIONS CARRIED OUT IN FIRST-HALF 2016

The Group made the following investments during the period:

### In Germany:

On January 7, 2016, the Group acquired two laundries in Wismar and Stralsund, employing 340 people. This first acquisition of 2016 has strengthened Elis's industrial presence in Germany where it now has 11 processing centers.

The two laundries have combined revenue of approximately €14 million, with the Wismar plant's customers split equally between the hospitality and healthcare sectors, and the Stralsund plant, located on the Baltic Coast, serving mainly hotel customers.

### In Brazil:

On June 15, 2016, the Group acquired Uniforme Lavanderia e Locação Eireli operating a laundry in Camaçari and providing services mainly to the industry in the Bahia region (2015 revenue of €0.6 million). This company employed some 26 people.

### In Spain:

On June 2, 2016, Elis Manomatic acquired the assets of Servicios Hosteleros Textill Rent ((in liquidation)) operating a laundry in Almansa (Albacete) and providing services mainly to hospitality customers in the region of Valence, Alicante and Murcia. This company employed 40 people and its 2015 revenue was €1.5 million.

### In France:

On April 1, 2016, the Group acquired BMF, located in Yerres (department 91, France). Active in the 3D pest control market and employing 16 people, BMF posted total revenue of €1.1 million in 2015.

### In Switzerland:

On June 9, 2016, the Group acquired On My Way, a Swiss startup offering innovative linen cleaning solutions to private individuals (www.on-my-way.ch). On My Way provides private individuals with a linen-cleaning service, by gathering their linen in pickup points located on their everyday route (gas stations, supermarkets) as well as at their offices. This new activity is the natural extension of the Group's services.

### SUMMARY OF THE AFOREMENTIONED ACQUISITIONS

The identifiable assets and liabilities at the acquisition date were as follows:

| (In thousands of euros) | Fair value at the acquisition date | of which France | of which Germany | of which Spain | of which Switzerland | of which Brazil |
|---|---|---|---|---|---|---|
| **Statement of financial position** | | | | | | |
| Intangible assets | 385 | 0 | 361 | 0 | 24 | 0 |
| Property, plant and equipment | 19,329 | 938 | 12,828 | 5,245 | 14 | 304 |
| Available-for-sale financial assets | 47 | 0 | 47 | 0 | 0 | 0 |
| Other non-current assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventories | 96 | 2 | 76 | 0 | 18 | 0 |
| Trade and other receivables | 1,440 | 320 | 1,043 | 0 | 30 | 47 |
| Current tax assets | 54 | 0 | 54 | 0 | 0 | 0 |
| Other assets | 164 | 7 | 114 | 0 | 11 | 32 |
| Other financial assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 1,252 | 364 | 898 | 0 | (10) | 0 |
| Non-current provisions | (67) | (67) | 0 | 0 | 0 | 0 |
| Employee benefit liabilities - non-current portion | (27) | 0 | (27) | 0 | 0 | 0 |
| Non-current borrowings | (3,057) | (6) | (2,923) | 0 | (128) | 0 |
| Deferred tax liabilities | (566) | 0 | (566) | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Current provisions | (4) | 0 | (4) | 0 | 0 | 0 |
| Employee benefit liabilities - current portion | 0 | 0 | 0 | 0 | 0 | 0 |
| Current tax payables | 1 | 25 | (24) | 0 | 0 | 0 |
| Trade and other payables | (824) | (42) | (718) | 0 | (13) | (52) |
| Other liabilities | (3,852) | (163) | (3,173) | (100) | (21) | (396) |
| Bank overdrafts and current borrowings | (104) | 0 | 0 | 0 | (103) | (1) |
| **Total identifiable net assets at fair value** | **14,265** | **1,378** | **7,986** | **5,145** | **(177)** | **(66)** |
| Non-controlling interests measured at fair value | (1,820) | 0 | 0 | 0 | (1,820) | 0 |
| Goodwill | 12,753 | 533 | 8,326 | 0 | 3,361 | 533 |
| **Purchase price** | **25,199** | **1,911** | **16,312** | **5,145** | **1,365** | **467** |

**Cash flows from acquisitions**

| (In thousands of euros) | June 30, 2016 | of which France | of which Germany | of which Spain | of which Switzerland | of which Brazil |
|---|---|---|---|---|---|---|
| Net cash acquired | 1,251 | 364 | 898 | 0 | (10) | 0 |
| Amount paid | (33,373) | (2,453) | (16,919) | (4,148) | (4,004) | (5,849) |
| **Net cash flow** | **(32,122)** | **(2,089)** | **(16,021)** | **(4,148)** | **(4,014)** | **(5,849)** |

As at June 30, 2016, due to these recent acquisitions, the initial accounting for the business combinations acquired during the last 12 months had not been completed and the amounts recognized were therefore provisional.

Since the acquisition date, the acquired subsidiaries have contributed €7.9 million in revenue and €0.4 million in operating income (before amortization of customer relationships).

## Residual goodwill

Residual goodwill reflects unidentifiable items, such as the Group's human capital and the synergies expected to be derived from the acquisitions.

## 2.2 ACQUISITION OF NON-CONTROLLING INTERESTS

In February 2016, the Group acquired in cash all non-controlling interests in the InoTex sub-group. The impact of this acquisition is presented under the line item "Changes in consolidation scope" of the statement of changes in equity for the six months ended June 30, 2016.

## 2.3 CHANGES IN THE SCOPE OF CONSOLIDATION

The following changes in the scope of consolidation occurred during the first half of 2016:

| Company name | Registered office | Principal Activity | % interest 2016 | % interest 2015 |
|---|---|---|---|---|
| ***France*** | | | | |
| BMF | Yerres | Textile & hygiene services | 100 | - |
| ***Germany*** | | | | |
| Wismarer Wäscherei GmbH | Wismar | Textile & hygiene services | 100 | - |
| KlinTex GmbH | Waren/Müritz | Other activity | 100 | - |
| Textilpflege Stralsund GmbH & Co. KG | Stralsund | Textile & hygiene services | 100 | - |
| Textilpflege Stralsund Verwaltungs GmbH | Stralsund | Other activity | 100 | - |
| ***Brazil*** | | | | |
| AJS Industria e Comercio de Confeccoes Ltda | Eusébio | Other activity | Liquidation | 100 |
| Uniforme Lavanderia e Locação Eireli EPP | Camaçari | Textile & hygiene services | 100 | - |
| ***Spain*** | | | | |
| Elis Indusal UTE | Parets del Vallès (Barcelona) | Textile & hygiene services | 90 | - |
| ***Switzerland*** | | | | |
| Blanchisserie des Epinettes, Acacias S.A. | Nyon | Other activity | Merger | 100 |
| Hedena S.A. | Nyon | Other activity | Merger | 100 |
| InoTex Bern AG | Bern | Textile & hygiene services | 100 | 84 |
| Lavopital S.A. | Plan-les-Ouates | Dormant | Merger | 100 |
| Lavotel Textilleasing GmbH | Rüdtligen-Alchenflüh | Textile & hygiene services | Merger | 100 |
| On my Way | Lausanne | Textile & hygiene services | 50 | - |
| Picsou Management AG | Muri Bei Bern | Other activity | 100 | 51 |
| SiRo Holding AG | Muri Bei Bern | Other activity | 100 | 51 |
| Wäscheria Textil Service AG | Ilanz | Textile & hygiene services | 100 | 84 |
| Wäscheria Textil Service Bad Ragaz AG | Bad Ragaz | Textile & hygiene services | 100 | 84 |
| WashTex Holding AG | Bern | Other activity | 100 | 84 |

## 2.4 NON-CURRENT ASSETS HELD FOR SALE

As at June 30, 2016, non-current assets held for sale net of related liabilities broke down as follows:

| (In thousands of euros) | June 30, 2016 |
|---|---|
| **Non-current assets** | |
| Goodwill | 0 |
| Intangible assets | 0 |
| Property, plant and equipment | 8,364 |
| Equity-accounted companies | 0 |
| **Current assets** | |
| Inventories | 0 |
| Trade and other receivables | 0 |
| Other assets | 0 |
| Cash and cash equivalents | 0 |
| **Assets held for sale** | **8,364** |
| **Non-current liabilities** | |
| Provisions | 687 |
| Employee benefit liabilities | 0 |
| Deferred tax liabilities | 1,916 |
| **Current liabilities** | |
| Trade and other payables | 0 |
| Other liabilities | 0 |
| **Liabilities directly related to assets held for sale** | **2,603** |

The Group reclassified, to non-current assets held for sale, the assets of the Puteaux site, hosting the Group's headquarters and a former processing center. On July 2015, M.A.J. signed a sale agreement for the site with a property developer group for a maximum amount of €54 million. This transaction is still subject to conditions precedent and, in particular, to the obtaining of building permits for a residential program. The sale agreement will expire on March 30, 2017.

## 2.5 EVENTS AFTER THE REPORTING PERIOD RELATED TO CHANGES IN THE CONSOLIDATION SCOPE

In early 2016, the Group completed two acquisitions in Switzerland:

- Hygiene SA in Geneva, specialized in disinfection and pest control (3D pest control). Hygiene SA generated revenue of CHF2.2 million in 2015 and employs 12 people;
- Wäscherei Mariano, a laundry closed to Zurich, mainly serving customers in the catering sector. The company employs 45 people and generated annual revenue of CHF7 million in 2015. With this transaction, Elis strengthens his coverage in the Canton of Zurich which is the largest market for hospitality services in Switzerland. The Group now operates 18 processing plants in this country, constituting an unrivaled network for serving historical customers in the hospitality and healthcare segments, but also manufacturers with Elis professional workwear offering.

# NOTE 3 OPERATING SEGMENTS

The definition of segments and the rules for assessing the performance of each segment as at June 30, 2016 are the same as those used to prepare the annual financial statements.

## 3.1 REVENUE

| (In millions of euros) | H1-2016 | France | Europe | Brazil | Manufacturing entities | Eliminations & holding companies | Total |
|---|---|---|---|---|---|---|---|
| External customers | | 484.7 | 176.3 | 59.8 | 9.5 | 0.0 | 730.2 |
| Inter-segment | | 0.6 | 0.3 | (0.0) | 4.7 | (5.7) | 0.0 |
| **Segment revenue** | | **485.3** | **176.6** | **59.8** | **14.2** | **(5.7)** | **730.2** |

| (In millions of euros) | H1-2015 | France | Europe | Brazil | Manufacturing entities | Eliminations & holding companies | Total |
|---|---|---|---|---|---|---|---|
| France | | 478.6 | 150.2 | 45.1 | 8.5 | 0.0 | 682.4 |
| Foreign countries | | 0.9 | 0.2 | (0.0) | 5.5 | (6.6) | 0.0 |
| **Segment revenue** | | **479.5** | **150.4** | **45.1** | **14.0** | **(6.6)** | **682.4** |

## 3.2 EARNINGS

| (In millions of euros) | H1-2016 | France | Europe | Brazil | Manufacturing entities | Eliminations & holding companies | Total |
|---|---|---|---|---|---|---|---|
| **Operating income before other income and expense and amortization of customer relationships** | | **83.1** | **7.3** | **2.6** | **1.0** | **(2.2)** | **91.8** |
| *Miscellaneous financial items* | | *0.2* | *0.1* | *0.1* | *0.0* | *0.1* | *0.7* |
| EBIT | | 83.3 | 7.4 | 2.8 | 1.1 | (2.1) | 92.5 |
| *Depreciation and amortization including portion of grants transferred to income* | | *80.0* | *33.3* | *9.7* | *0.6* | *0.0* | *123.6* |
| **EBITDA** | | **163.3** | **40.7** | **12.5** | **1.7** | **(2.1)** | **216.1** |
| | | *33.7%* | *23.1%* | *20.8%* | *12.1%* | | *29.6%* |

| (In millions of euros) | H1-2015 | France | Europe | Brazil | Manufacturing entities | Eliminations & holding companies | Total |
|---|---|---|---|---|---|---|---|
| **Operating income before other income and expense and amortization of customer relationships** | | **83.8** | **4.1** | **(0.1)** | **0.7** | **(1.7)** | **86.9** |
| *Miscellaneous financial items* | | *0.3* | *0.2* | *0.2* | *0.0* | *0.0* | *0.8* |
| EBIT | | 84.2 | 4.3 | 0.2 | 0.8 | (1.6) | 87.7 |
| *Depreciation and amortization including portion of grants transferred to income* | | *78.5* | *29.3* | *8.4* | *0.7* | *0.0* | *116.9* |
| **EBITDA** | | **162.7** | **33.6** | **8.6** | **1.4** | **(1.6)** | **204.6** |
| | | *33.9%* | *22.3%* | *19.1%* | *10.1%* | | *30.0%* |

### Non-IFRS indicators

EBIT is defined as net income (loss) before net financial expense, income tax, shareof net income of equity-accounted companies, amortization of customer relationships, goodwill impairment losses, other income and expense, miscellaneous financial items (bank fees recognized in operating income) and expenses related to IFRS 2 (share-based payments).

EBITDA is defined as EBIT before depreciation and amortization net of the portion of grants transferred to income.

## 3.3 INFORMATION BY COUNTRY AND CUSTOMER SEGMENT

| (In millions of euros) | H1-2016 | H1-2015 |
|---|---|---|
| *Hospitality* | *149.7* | *145.5* |
| *Industry* | *94.1* | *94.0* |
| *Trade & Services* | *170.6* | *168.6* |
| *Healthcare* | *82.5* | *79.3* |
| *Other* | *- 12.2* | *- 8.8* |
| France | 484.7 | 478.6 |
| *Germany* | *36.6* | *25.7* |
| *Belgium & Luxembourg* | *14.7* | *15.0* |
| *Czech Republic* | *0.9* | *0.9* |
| *Switzerland* | *50.3* | *42.6* |
| *Northern Europe* | *102.5* | *84.2* |
| *Spain & Andorra* | *40.0* | *33.7* |
| *Italy* | *13.6* | *13.4* |
| *Portugal* | *20.3* | *18.8* |
| *Southern Europe* | *73.8* | *66.0* |
| Europe | 176.3 | 150.2 |
| *Brazil* | *50.2* | *45.1* |
| *Chile* | *9.6* | - |
| Latin America | 59.8 | 45.1 |
| Manufacturing entities | 9.5 | 8.5 |
| **Revenue** | **730.2** | **682.4** |

# NOTE 4 OTHER OPERATING DATA

## 4.1 DEPRECIATION, AMORTIZATION, PROVISIONS AND OTHER COSTS BY NATURE

| (In thousands of euros) | H1-2016 | H1-2015 |
|---|---|---|
| **Depreciation and amortization** | | |
| *- included in "Operating income before other income and expense and amortization of customer relationships"* | | |
| Property, plant and equipment and intangible assets | (34,692) | (32,041) |
| Linen and mats | (80,649) | (76,590) |
| Other leased items | (8,325) | (8,339) |
| Portion of grants transferred to income | 58 | 59 |
| *- included in "Other income and expense"* | 0 | 0 |
| *- amortization of customer relationships* | (22,017) | (21,769) |
| **Total depreciation and amortization including portion of grants transferred to income** | **(145,625)** | **(138,681)** |
| **Additions to or reversal of provisions** | | |
| *- included in "Operating income before other income and expense and amortization of customer relationships"* | 1,398 | 859 |
| *- included in "Other income and expense"* | 226 | 268 |
| **Total additions to or reversal of provisions** | **1,624** | **1,126** |
| **Operating lease expense** | **(17,563)** | **(16,883)** |

## 4.2 OTHER OPERATING INCOME AND EXPENSE

| (In thousands of euros) | H1-2016 | H1-2015 |
|---|---|---|
| Transaction costs | (681) | (1,367) |
| Put option over non controlling interests - liability adjustment | 0 | 1,141 |
| Restructuring costs | (1,104) | (1,291) |
| Uncapitalizable costs for change in IT systems | (183) | (1,198) |
| Contingencies | (387) | 0 |
| Expenses relating to site disposal | (95) | (353) |
| IPO expenses & related non recurring compensation | 0 | (21,210) |
| Expense associated with free shares granted, post IPO | (654) | (979) |
| Badwill | 817 | 0 |
| Other | (263) | (713) |
| **Other income and expense** | **(2,550)** | **(25,970)** |

# NOTE 5 EMPLOYEE BENEFITS EXPENSE

## 5.1 SHARE-BASED PAYMENTS

In accordance with IFRS 2, Elis estimated the fair value of services received in return for bonus shares granted, based on the fair value of the equity instruments granted measured using the Monte-Carlo model, which is conditioned on the variation of the share price, weighted by a reasonable assumption of meeting the share grant criteria. The expense, recognized together with a corresponding entry to equity, is spread over the vesting period starting from the date of the Management Board's approval of the plan and is recorded under operating income.

The details of the performance shares plan granted free of charge in 2015 are presented in the 2015 Registration Document including the annual financial report, on page 197. As at June 30, 2016, the number of remaining rights to be vested as part of these plans amounted to 495,678 performance shares for the April 7, 2015 plan and 42,693 performance shares for the December 21, 2016 plan.

During June 2016, a new performance share plan was granted. This plan covered 998,636 performance shares of two classes (A and B) granted to slightly more than 200 Group executives and senior managers (including the members of the Management Board).

These shares vest at the end of a two-year vesting period, except for the members of the Executive Committee (including the members of the Management Board), for whom the shares vest at the end of a three-year vesting period. The vesting of the shares of both classes is subject to combined conditions of continued presence and achievement of performance targets. The performance conditions were defined based on three criteria linked to consolidated revenue, consolidated EBIT and the Company’s share price performance relative to the SBF 120 index for class A shares, and based on two criteria linked to consolidated revenue and consolidated EBIT for class B performance shares.

The performance will be evaluated over a two-year period for all beneficiaries, except for the members of the Executive Committee (including the members of the Management Board), for whom the performance will be evaluated over a two-year period (2016 and 2017) for 67% of the performance shares granted, and over a three-year period (2016, 2017 and 2018) for 33% of the performance shares granted.

## 5.2 EXECUTIVE COMPENSATION (RELATED PARTY TRANSACTIONS)

As at June 30, 2016, executives comprise the eight members and the Chairman of the management Board. Total compensation (paid or payable) of the main executives is as follows:

| (In thousands of euros) | H1-2016 | H1-2015 |
|---|---|---|
| Short-term employee benefits | 3,330 | 8,169 |
| Post-employment benefits | 18 | 29 |
| Termination benefits | - | 74 |
| Share-based payments | 251 | 726 |

# NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

## 6.1 GOODWILL

| (In thousands of euros) | June 30, 2016 |
|---|---|
| Gross value | 1,654,576 |
| Accumulated impairment | (67,687) |
| **Carrying amount at beginning of period** | **1,586,889** |
| Acquisitions | 12,753 |
| Disposals | 0 |
| Translation adjustments | 15,984 |
| Other changes | 39 |
| **Changes in gross carrying amount** | **28,776** |
| Impairment | 0 |
| Translation adjustments | 1,094 |
| Reclassification as assets held for sale | 0 |
| **Changes in impairment** | **1,094** |
| **Carrying amount at end of period** | **1,616,759** |
| Gross value | 1,683,352 |
| Accumulated impairment | (66,593) |

## 6.2 IMPAIRMENT TESTS AS AT JUNE 30, 2016

In accordance with IAS 36, the Group identifies indications of impairment using both internal and external sources of information.

External sources of information primarily consist of reviewing the weighted average cost of capital (WACC).

Internal sources of information are based on the main indicators used in financial reporting. A significant drop in revenue/profitability or failure to meet the forecasts are indicators of impairment.

Given the economic environment, the Group regularly reviews the performance of each cash-generating unit (CGU) before deciding whether to perform impairment tests. After reviewing both internal and external sources of information, management concluded that there was no indication of impairment as at June 30, 2016.

# NOTE 7 PROVISIONS AND CONTINGENT LIABILITIES

## 7.1 PROVISIONS

| (in thousands of euros) | Compliance | Litigation | Other | Total |
|---|---|---|---|---|
| **As at December 31, 2015** | 16,161 | 9,072 | 4,353 | **29,586** |
| Increases/additions for the year | | 750 | 318 | 1,068 |
| Changes in consolidation scope | | | 71 | 71 |
| Decreases/reversals of provisions used | -519 | -2,109 | -59 | -2,687 |
| Reclassification/translation adjustments | -365 | 840 | 578 | 1,053 |
| **As at June 30, 2016** | 15,277 | 8,553 | 5,260 | **29,090** |
| Current portion | | 4,055 | 1,522 | **5,576** |
| Non-current portion | 15,277 | 4,498 | 3,738 | **23,514** |
| *France* | *10,537* | *3,434* | *1,019* | *14,990* |
| *Europe* | *2,799* | *374* | *186* | *3,360* |
| *Brazil* | *1,940* | *4,746* | *4,055* | *10,741* |
| *Manufacturing Entities* | | | | |

## 7.2 CONTINGENT LIABILITIES

The Elis Group has contingent liabilities relating to legal or arbitration proceedings arising in the normal course of its business:

- in Brazil:

**Proceedings related to alleged acts of administrative improbity**

Atmosfera filed a preliminary response in December 2014 to a public action filed against several industrial laundry service providers, including Atmosfera, relating to alleged bribery regarding contracts in the State of Rio de Janeiro. The public prosecutor rejected arguments put forward by Atmosfera and ruled to continue the action.

As at June 30, 2016, Atmosfera was still awaiting additional information and therefore is unable to estimate the contingent liability incurred and the indemnification asset to be received under the vendor warranty. The Atmosfera Group's former owners, who were notified of the proceedings through interim measures on November 26, 2014 with respect to the December 20, 2013 guarantee agreement relating to the acquisition of the Atmosfera Group, have disputed Atmosfera's compensation request.

**Proceedings related to degrading working conditions**

- Proceedings initiated by the national prosecuting authority

At the end of a hearing held on April 20, 2015, the public prosecutor and Atmosfera failed to reach an agreement on a settlement that would have required Atmosfera to adopt a series of measures. The public prosecutor is analyzing Atmosfera's defense and could initiate a civil action to compel Atmosfera to pay punitive damages. A provision was recognized in this respect.

- Proceedings initiated by Atmosfera before the Labor Court against Brazil's Ministry of Work and Employment

Atmosfera filed an appeal that challenged the decision of the Ministry of Labor which provided for the inclusion of Atmosfera on the blacklist of companies convicted of this type of practice.

Regarding the decision on the substance of the case to be rendered by the Labor Court, a next hearing is expected to take place in 2016. The decision should be rendered in the weeks following the hearing, unless the judge accepts the production of evidence, including witness statements, in which case it may be several months before a decision is rendered.

In the interim, Brazil's Ministry of Work and Employment attempted to challenge the Supreme Court's preliminary injunction through an executive order aimed at permitting publication of the blacklist, which has been published on May 16, 2016 making the publication of a blacklist possible again. However, previously, Atmosfera submitted an application to the Labor Court for the provisional suspension of its addition to the blacklist pending a decision on the substance of its case. On April 7, 2015, Atmosfera won this interim proceeding and obtained the suspension of its addition to the blacklist.

- In France:

The Group was informed of an inquiry by the French competition authorities following a complaint relating to some of the Group's pricing practices, which was filed by a self-catering cottage, a customer of the Group, with the Pays de Loire regional board for companies, competition, consumption, labor and employment (DIRECCTE). The Group cannot rule out the investigation being extended to practices other than pricing practices.

No provision was recognized as at June 30, 2016 since at this stage it is difficult to assess whether this risk will materialize and what might be the consequences, especially financial, for the Group.

# NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

## 8.1 NET FINANCIAL EXPENSE

| (In thousands of euros) | H1-2016 | H1-2015 |
|---|---|---|
| Interest expense on borrowings and employee profit-sharing fund | (26,560) | (69,657) |
| **Gross finance costs** | **(26,560)** | **(69,657)** |
| Gains (losses) on traded derivatives | (281) | (5,887) |
| Other financial income | 54 | 338 |
| **Net finance costs** | **(26,787)** | **(75,206)** |
| Foreign exchange gains | 198 | 344 |
| Foreign exchange losses | (153) | (427) |
| Interest expense on provisions and retirement benefits | (502) | (466) |
| Other | 241 | (68,801) |
| **Total other financial income and expenses** | **(216)** | **(69,350)** |
| **Net financial expense** | **(27,003)** | **(144,556)** |

The main changes were mainly due to:

- The refinancing at better conditions that has followed the IPO in April 2015. In 2015, gross finance costs included accelerated amortization of debt issuance costs of €24.9 million.
- Losses on trading derivatives in respect of the partial termination on May 11, 2015 of the interest rate risk hedging swap agreements. The nominal amount was reduced from €650 million to €450 million (including €8.4 million that was paid in respect of the partial termination).
- Costs related to the early redemption of the principal amount and interests due under the Senior Secured Notes and Senior Subordinated Notes due in 2018 and of approximately 40% of the Legendre Holding 27's loan (PIK Proceeds Loan). In 2015 they were included for an amount of €68.9 million in the line item "Other" in the table above.

## 8.2 GROSS DEBT

As at June 30, 2016, consolidated debt mainly comprised the following:

| (in thousand of euros) | June 30, 2016 | Fixed | Floating hedged | Floating unhedged | Maturities |
|---|---|---|---|---|---|
| Notes 3% | **804,067** | 804,067 | 0 | 0 | 2022 |
| Senior Credit Facilities Agreement EURIBOR +2.125% | **582,676** | 0 | 452,076 | 130,600 | 2020 |
| Commercial paper | **234,900** | 234,900 | 0 | 0 | less than 12 months |
| Unamortized loan costs | **(25,062)** | (8,645) | (12,737) | (3,680) | |
| Loan from employee profit-sharing fund | **28,965** | 28,965 | 0 | 0 | |
| Finance leases | **8,187** | 8,187 | 0 | 0 | |
| Other | **12,086** | 9,583 | 955 | 1,548 | |
| Overdrafts | **816** | 0 | 0 | 816 | |
| **Borrowings** | **1,646,634** | **1,077,056** | **440,294** | **129,284** | |

- Senior Credit Facilities Agreement
- Within the framework of the revolving credit facility (Swingline and Revolving Facility), the Group proceeded to 4 drawdowns totaling €280 million over maximum periods of one month (€55, €95, €60 and €70 million, respectively) and repayments for a total principal amount of €200 million in the first half of 2016 (the last drawdown of €70 million will be paid at the end of July).
- As at June 30, 2016, the Group had an undrawn credit line in the amount of approximately €270 million, with €35.1 million available.
- Commercial paper

As at June 30, 2016, outstandings of the commercial paper program amounted to €234.9 million, versus an outstanding amount of €169.5 million as at December 31, 2015, up €65.4 million.

## 8.3 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

| (In thousands of euros) | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Demand deposits | 128,603 | 21,891 |
| Term deposits and marketable securities | 7,699 | 34,703 |
| **Cash and cash equivalents** | **136,302** | **56,594** |
| Cash classified as assets held for sale | 0 | 0 |
| Bank overdrafts | (816) | (897) |
| **Cash and cash equivalents, net** | **135,486** | **55,697** |

In Brazil, where exchange control restrictions may exist, cash and cash equivalents totaled €7.9 million as at June 30, 2016, compared with €4.0 million as at December 31, 2015.

In France, cash allocated to the Elis liquidity agreement amounted to €1.2 million as at June 30, 2016, compared with €0.8 million as at December 31, 2015.

## 8.4 NET DEBT

| (In thousands of euros) | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Bond debt | 800,000 | 800,000 |
| Structured facilities | 580,000 | 500,000 |
| Commercial paper | 234,900 | 169,500 |
| Finance lease liabilities | 8,187 | 8,646 |
| Other loans and overdrafts | 12,902 | 12,561 |
| Loan from employee profit-sharing fund | 28,965 | 33,864 |
| Loans | 864,953 | 724,571 |
| Accrued interest | 6,743 | 6,619 |
| Unamortized loan costs | (25,062) | (27,862) |
| **Borrowings** | **1,646,634** | **1,503,328** |
| Of which maturing in less than one year | 379,408 | 235,942 |
| Of which maturing in more than one year | 1,267,226 | 1,267,386 |
| **Cash and cash equivalents (assets)** | **136,302** | **56,594** |
| **Net debt** | **1,510,333** | **1,446,734** |
| **Loans and borrowings by currency** | | |
| EUR | 1,641,538 | 1,497,847 |
| GBP | | |
| CHF | 3,704 | 4,151 |
| CZK | | |
| BRL | 1,392 | 1,330 |
| CLP | | |
| **Reconciliation to adjusted net debt** | | |
| **Net debt** | **1,510,333** | **1,446,734** |
| Unamortized loan costs | 25,062 | 27,862 |
| Loan from employee profit-sharing fund | (28,965) | (33,864) |
| **Adjusted net debt** | **1,506,429** | **1,440,732** |

## 8.5 FINANCIAL ASSETS AND LIABILITIES

| (In thousands of euros) | June 30, 2016 Carrying amount | June 30, 2016 Fair value | Breakdown by category of financial instrument: Fair value through income | Fair value through equity | Loans and receivables | Debt at amortized cost | Derivative financial instruments |
|---|---|---|---|---|---|---|---|
| Available-for-sale financial assets (non-current) | 180 | 180 | | 180 | | | |
| Other non-current assets | 4,811 | 4,811 | | | 4,811 | | 0 |
| Trade and other receivables | 395,957 | 395,957 | | | 395,957 | | |
| Other current assets | 14,868 | 14,868 | | | 13,642 | | 1,226 |
| Cash and cash equivalents | 136,302 | 136,302 | 136,302 | | | | |
| **Financial assets** | **552,117** | **552,117** | **136,302** | **180** | **414,410** | **0** | **1,226** |
| Loans and borrowings | 1,267,226 | 1,272,576 | | | | 1,267,226 | |
| Other non-current liabilities | 44,088 | 44,088 | | | 20,374 | | 23,714 |
| Trade and other payables | 128,768 | 128,768 | | | 128,768 | | |
| Other liabilities | 244,853 | 244,853 | | | 244,853 | | 0 |
| Bank overdrafts and portions of loans due in less than one year | 379,408 | 385,133 | | | | 379,408 | |
| **Financial liabilities** | **2,064,343** | **2,075,418** | **0** | **0** | **393,995** | **1,646,634** | **23,714** |

| (In thousands of euros) | Dec. 31, 2015 Carrying amount | Dec. 31, 2015 Fair value | Breakdown by category of financial instrument: Fair value through income | Fair value through equity | Loans and receivables | Debt at amortized cost | Derivative financial instruments |
|---|---|---|---|---|---|---|---|
| Available-for-sale financial assets (non-current) | 146 | 146 | | 146 | | | |
| Other non-current assets | 6,270 | 6,270 | | | 6,270 | | 0 |
| Trade and other receivables | 358,339 | 358,339 | | | 358,339 | | |
| Other current assets | 12,780 | 12,780 | | | 10,727 | | 2,053 |
| Cash and cash equivalents | 56,594 | 56,594 | 56,594 | | | | |
| **Financial assets** | **434,128** | **434,128** | **56,594** | **146** | **375,335** | **0** | **2,053** |
| Loans and borrowings | 1,947,291 | 1,992,484 | | | | 1,947,291 | |
| Other non-current liabilities | 39,810 | 39,810 | | | 20,550 | | 19,260 |
| Trade and other payables | 135,034 | 135,034 | | | 135,034 | | |
| Other liabilities | 232,546 | 232,546 | | | 232,546 | | 0 |
| Bank overdrafts and portions of loans due in less than one year | 235,942 | 241,584 | | | | 235,942 | |
| **Financial liabilities** | **1,910,718** | **1,924,561** | **0** | **0** | **388,130** | **1,503,328** | **19,260** |

The table below shows the level at which each fair value is ranked in the fair value hierarchy:

| (In thousands of euros) | June 30, 2016 Fair value | Fair value hierarchy: Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Current asset derivatives (currency forward USD/EUR) | 1,226 | | 1,226 | |
| **Assets measured at fair value** | **1,226** | **0** | **1,226** | **0** |
| Non-current derivatives - liabilities (interest rate swap) | 23,714 | | 23,714 | |
| **Liabilities measured at fair value** | **23,714** | **0** | **23,714** | **0** |
| Notes 3% | 790,080 | 790,080 | | |
| **Liabilities for which fair value is disclosed** | **790,080** | **790,080** | **0** | **0** |

| (In thousands of euros) | Dec. 31, 2015 Fair value | Fair value hierarchy: Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Current asset derivatives (currency forward USD/EUR) | 2,053 | | 2,053 | |
| **Assets measured at fair value** | **2,053** | **0** | **2,053** | **0** |
| Non-current derivatives - liabilities (interest rate swap) | 19,260 | | 19,260 | |
| **Liabilities measured at fair value** | **19,260** | **0** | **19,260** | **0** |
| Notes 3% | 780,800 | 780,800 | | |
| **Liabilities for which fair value is disclosed** | **780,800** | **780,800** | **0** | **0** |

# NOTE 9 INCOME TAX EXPENSE

The Group recognizes income tax expense for interim periods based on its best estimate of the weighted average annual tax rate expected to apply to total annual earnings. This rate is computed on a country-by-country basis.

# NOTE 10 STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

## 10.1 CHANGES IN SHARE CAPITAL

| | |
|---|---|
| **Number of shares as at December 31, 2015** | **114,006,167** |
| **Number of shares as at June 30, 2016** | **114,006,167** |
| Number of authorized shares | 114,006,167 |
| Number of shares issued and fully paid up | 114,006,167 |
| Number of shares issued and not fully paid up | - |
| Par value of shares | 10.00 |
| Treasury shares | 129,158 |
| Shares reserved for issue under options and sales agreements | - |

## 10.2 DIVIDENDS AND DISTRIBUTIONS PAID AND PROPOSED

The General Meeting of May 27, 2016 approved the payment of a dividend in the amount of €0.35 per share, representing an aggregate amount of €39,871 thousand (versus €39,881 thousand for the previous year, paid on July 2, 2015).

## 10.3 EARNINGS PER SHARE

The weighted average number of ordinary shares outstanding during the period is disclosed below:

| (in thousands of euros) | H1-2016 | H1-2015 |
|---|---|---|
| **Net income or loss attributable to owners of the parent** | **23,119** | **-80,638** |
| Weighted average number of shares | 113,896,758 | 98,926,168 |
| Weighted average number of shares used for diluted EPS | 114,145,451 | 98,926,168 |

## NOTE 11 OFF-BALANCE SHEET COMMITMENTS

| (In thousands of euros) | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| **Commitments given** | | |
| Assignment and pledge of receivables as collateral | | |
| Pledges, mortgages and sureties | | |
| Pledges, endorsements and guarantees given | 10,442 | 24,229 |
| Liability guarantees | 2,150 | 2,150 |
| Other commitments given | | |
| Operating leases | | |
| -Future minimum lease payments under not-cancellable operating leases (within one year) | 25,923 | 23,761 |
| -Future minimum lease payments under not-cancellable operating leases (between 1 and 5 years) | 75,008 | 67,281 |
| -Future minimum lease payments under not-cancellable operating leases (after five years) | 122,080 | 121,002 |
| **Commitments received** | | |
| Pledges, mortages and sureties | | |
| Pledges, endorsements and guarantees received | 12,254 | 9,694 |
| Liability guarantees | 116,589 | 103,393 |
| Other commitments received | | |

## NOTE 12 RELATED PARTY DISCLOSURES

| (In thousands of euros) | H1-2016 | H1-2015 | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|---|---|
| | **Expense** | **Expense** | **Payables with related parties** | **Payables with related parties** |
| **Entity with significant influence over the Group** | | | | |
| Legendre Holding 27 (interests) | - | (2,482) | - | - |
| Legendre Holding 27 (PIK proceed note) | - | (8,678) | - | - |

In the first half of 2015, as agreed between Elis, Eurazeo and the banks responsible for the investment with respect to the Company's initial public offering, Elis and Eurazeo paid amounts of €11.9 million and €2.6 million respectively.

## NOTE 13 EVENTS AFTER THE REPORTING PERIOD

No other events have occurred since the condensed half-year consolidated financial statements were prepared as at June 30, 2016 that are likely to have a material impact on the financial position of the Elis Group, except for the events specified in note 2.5 to the condensed half-year consolidated financial statements.

# 6
# Information about share capital

6.1 Share capital structure ... 49
6.2 Share capital and shareholding structure ... 49
6.3 Crossing of shareholding thresholds ... 50
6.4 Share buyback ... 51
6.5 Unissued authorized capital ... 51
6.6 Potential shares ... 53
6.7 Shareholders' agreement and SETTLEMENTS ... 53

## 6.1 Share capital structure

As at June 30, 2016, the Company's share capital was €1,140,061,670, divided into 114,006,167 shares with a par value of €10.00 each.

Each share comes with voting rights, except for the 129,158 treasury shares held by the Company as at June 30, 2016.

## 6.2 Share capital and shareholding structure

The latest ownership structure of the Company's share capital is available on the Group's website at http://www.corporate-elis.com.

It is reminded that in accordance with the provisions of Article 9 of the Company's articles of incorporation, a double voting right is granted to the shares held in registered form for at least two years. As at June 30, 2016, 9,263,389 shares had double voting rights.

Based on statutory disclosures establishing an interest of more than 5% of share capital or voting rights, and disclosures by parties related to the Group, the ownership structure is as follows as at June 30, 2016:

| | December 31, 2015 | | | June 30, 2016 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Shareholders | Number of shares | % of share capital and theoretical voting rights | % of share capital and exercisable voting rights | Number of shares | Number of theoretical voting rights | Number of exercisable voting rights | % of share capital | % of theoretical voting rights | % of exercisable voting rights |
| Legendre Holding 27 SAS | 43,853,538 | 38.46 | 38.51 | 18,351,303 | 27,109,817 | 27,109,817 | 16.1 | 21.97 | 22 |
| Eurazeo SA[(a)] | 3,467,774 | 3.04 | 3.04 | 906,864 | 1,330,179 | 1,330,179 | 0.8 | 1.07 | 1.08 |
| Subtotal | 47,321,312 | 41.50 | 41.55% | 19,258,167 | 28,439,996 | 28,439,996 | 16.9 | 23.05 | 23.08 |
| ECIP Elis SARL[(a)] | 592,849 | 0.52 | 0.52 | 154,952 | 309,904 | 309,904 | 0.14 | 0.24 | 0.25 |
| Predica | - | - | - | 11,400,617 | 11,400,617 | 11,400,617 | 10 | 9.24 | 9.24 |
| Franklin Resources, Inc. | 4,615,992 | 4.05 | 4.05 | 6,505,788 | 6,505,788 | | 5.71 | 5.27 | 5.27 |
| Executives and employees | 375,377 | 0.32 | 0.32 | 58,116 | 113,882 | 113,882 | 0.05 | 0.09 | 0.09 |
| Treasury stock | 148,147 | 0.12 | 0 | 129,158 | 129,158 | 0 | 0.11 | 0.10 | 0 |
| Free float | 60,952,470 | 53.46 | 53.53 | 76,499,369 | 76,499,369 | 76,499,369 | 67.10 | 61.99 | 67.33 |
| **TOTAL** | **114,006,167** | **100%** | **113,858,020** | **114,006,167** | **123,398,714** | **123,269,556** | **100** | **100** | **100** |

*(a) Shareholders who have disclosed that they are bound by a shareholder's agreement (see section xxx below and section 8.5.10 of the 2015 Registration Document).*

Since the beginning of the 2016 financial year, Eurazeo has reduced its stake in the capital of the Company by approximately 25% following the completion of the following transactions:

- The sale on April 14, 2016, via its subsidiary Legendre Holding 27, of 17,100,925 shares of the Company representing 15% of the share capital and 12,74% of the voting rights as part of an accelerated book building with institutional investors.http://www.boursier.com/actions/cours/elis-FR0012435121,FR.html This book building has notably allowed to increase the liquidity of the Elis shares due to a significant rise in Elis's free float;
- The sale on May 30, 2016 to Crédit Agricole Assurances (via its subsidiary Predica) of 11,400,617 shares of the Company representing 10% of the share capital and 9.2% of the voting rights. As part of this transaction, under the non-concert agreement with Eurazeo detailed below in section 6.7 of this report and section 8.5.10 of the 2015 Registration Document, Ecip Elis sold 437,897 shares to Crédit Agricole Assurances and held 0.14% of the share capital and 0.25% of the voting rights of the Company as at 30 June 2016.

Following the completion of the above mentioned transactions, Eurazeo remains one of the major shareholders in the Company and holds directly and indirectly via its subsidiary Legendre Holding 27, 19,257,667 shares representing 28,439,996 voting rights, i.e. respectively 16.9% of the share capital and 23.05% of the theoretical voting rights as at June 30, 2016. It is reminded that Eurazeo and Legendre Holding 27 have acquired double voting rights, in accordance with the provisions of Article 9 of the articles of incorporation, and they were exempt from the requirement to file a pprposed tender offer pursuant to Articles 234-8 and 234-9,10° of the AMF General Regulations (AMF Opinion 2016C0886).

## 6.3 Crossing of shareholding thresholds

Since January 1, 2016, the following notices of the crossing of shareholding thresholds were filed with the AMF:

By letter dated June 14, 2016, Franklin Resources Inc. disclosed that on June 1, 2016, its holding had exceeded the threshold of 1% of Elis's voting rights due to a decrease in the total number of voting rights on June 1, 2016, and had also exceeded the threshold of 5% of Elis's voting rights, and that it had held 6,505,788 Elis shares as at that date, representing 5.70% of the share capital and 5.27% of the voting rights.

By letter dated June 2, 2016, Crédit Agricole and Crédit Agricole Assurances disclosed that on May 30, 2016 their holdings indirectly (through their subsidiary Predica) had exceeded the thresholds of 5% and 10% of Elis's share capital and the threshold of 5% of Elis's voting rights, following the off-market purchase of 11,400,617 Elis shares on that date, and that they indirectly had held 11,400,617 Elis shares as at that date, representing the same number of voting rights.

By letter dated June 2, 2016, Predica Prévoyance Dialogue du Crédit Agricole disclosed that on May 30, 2016, its holding had exceeded the thresholds of 5% and 10% of Elis's share capital and the threshold of 5% of Elis's voting rights, following the off-market acquisition of 11,400,617 Elis shares on that date, and that it had held 11,400,617 Elis shares at that date, representing the same number of voting rights.

By letter dated June 2, 2016, Eurazeo disclosed that on May 30, 2016, in concert with its subsidiary Legendre Holding 27, its holding had fallen below the thresholds of 25% and 20% of Elis's share capital and the thresholds of 1/3, 30% and 25% of Elis's voting rights, following the off-market sale of 10,962,720 shares (8,401,310 of those shares were sold by Legendre Holding 27 and 2,561,410 were sold by Eurazeo) and that it had held directly and indirectly 19,257,667 shares and 28,439,496 voting rights as at that date, i.e. respectively, 16.89% of the share capital and 23.05 of the voting rights (908,367 shares held by Eurazeo, representing 0.80% of the share capital and 1.08% of the voting rights, and 18,351,303 shares held by Legendre Holding 27, representing 16.10% of the share capital and 21.97% of the voting rights).

By letter dated April 20, 2016, Deutsche Bank AG disclosed that on April 15, 2016, its holding had exceeded the thresholds of 5% and 10% of Elis's share capital and voting rights, and that it had held 13,730,950 Elis shares as at that date, representing 12.04% of the share capital and 10.23% of the voting rights.

By letter dated April 19, 2016, Eurazeo disclosed that on April 14, 2016 in concert with its subsidiary Legendre Holding 27, its holding had fallen below the thresholds of 1/3 and 30% of Elis's share capital following the sale by Legendre Holding 27 of 17,100,925 Elis shares representing 15% of Elis's share capital and 12.74% of Elis's voting rights as part of an accelerated book building with institutional investors, and that together they had held 30,220,387 shares (i.e 26.51% of the share capital) and 49,765,861 voting rights (i.e. 37.08% of the voting rights).

By letter dated April 19, 2016, Legendre Holding 27 disclosed that on April 12, 2016, its holding had fallen below the thresholds of 1/3, 30% and 25% 5% of Elis's share capital and the threshold of 1/3 of Elis's voting rights, and that it had held as at that date 26,752,613 shares and 43,313,362 voting rights, i.e. 5.71% of the share capital and 4.85% of the voting rights.

By letter dated January 27, 2016, Franklin Resources Inc. disclosed that on January 22, 2016 its holding had exceeded the threshold of 5% of the share capital and voting rights of the Company, and that it had held 5,843,514 Company shares as at that date, representing the same number of voting rights, i.e. 5.13% of the Company's share capital and voting rights.

To the best of the Company's knowledge, as at June 30, 2016 no shareholder other than those mentioned above held, directly or indirectly, 5% or more of the Company's share capital and voting rights.

## 6.4 Share buyback

On May 27, 2016, the General Shareholders' Meeting voting as an Ordinary General Meeting renewed, for a period of 18 months, the authorization granted to the Company by the Combined General Shareholders' meeting of June 24, 2015 to trade in its own shares. The description of the share buyback program is available on the Company's website at http://www.corporate-elis.com.

The only use made of the share buyback program during the first half of 2016 was in the context of the liquidity agreement managed by Kepler Cheuvreux. The half-year report on the liquidity agreement is available on the Group's website at http://www.corporate-elis.com

## 6.5 Unissued authorized capital

To allow the Company to raise funds on the financial markets as part of its initial public offering, and to aid the Group's development, if necessary, the General Meeting of May 27, 2016 renewed the financial delegations granted to the Management Board and authorized the latter to grant free shares to Group employees and executives. All the authorizations and delegations granted to the Management Board that can lead to the issuance of securities giving access to the Company's share capital, and were valid as at June 30, 2016, are listed below:

| Type of delegation or authorization granted to the Management Board by the General Meeting | Maximum amount authorized *(In euros)* | Authorization date | Expiration date | Duration of validity | Use in 2016 |
|---|---|---|---|---|---|
| **Capital increase through the issue of shares and/or any other securities giving access to the share capital** | | | | | |
| Capital increase through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital with preferential subscription rights | 500 million(1) | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Capital increase** through the capitalization of reserves, profits or share premiums, or other | 130 million | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Capital increase** through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital **without preferential subscription rights and a public exchange offer** | 114 million(2)(3) | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Share capital increase** through the issue of shares and/or any other securities giving access, immediately or in future, to the Company's share capital **without preferential subscription rights as part of an offering covered by section II of Article 411-2 of the French Monetary and Financial** | 5% of the Company's existing share capital as at the date of the transaction per 12-month | May 27, 2016 | July 27, 2018 | 26 months | - |

| Code | period(3)(4) | | | | |
|---|---|---|---|---|---|
| **Authorization**, in the event of an issue of shares and/or securities giving access, immediately or in the future, to the Company's share capital, without preferential subscription rights, to set the issue price | 10% of the Company's share capital as at the date of the transaction per 12-month period | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Capital increase** through the issue of share and/or securities giving access, immediately or in the future, to the Company's share capital, **in consideration for contributions in kind** granted to the Company | 10% of the Company's share capital at the time of the issue | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Increase in the number of shares or other securities** to be issued in the event of a capital increase with or without preferential subscription rights. | 15% of the initial issue | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Share buyback program** | | | | | |
| **Share buyback** | 10% of the share capital<br><br>Maximum purchase price per share: €30<br><br>Maximum amount of purchases: 350 million | May 27, 2016 | November 27, 2017 | 18 months | Use excluding liquidity agreement: None<br><br>As at June 30, 2016, 129,158 shares were included in the liquidity agreement(5) |
| **Capital reduction through the cancellation of treasury shares** | 10% of the share capital per 24-month period | May 27, 2016 | July 27, 2018 | 26 months | - |
| **Transactions reserved for employees and executive corporate officers** | | | | | |
| **Grant of bonus shares, existing or to be issued**, to Group employees and/or executive corporate officers | 2.5% of total shares of the Company at the grant date (0.55% for the corporate officers) | May 27, 2016 | July 27, 2019 | 38 months | June 15, 2016 |
| **Capital increase** through the issue of shares, and/or other securities giving access to the Company's share capital reserved for employees participating in a Company savings plan | 20 million | May 27, 2016 | July 27, 2018 | 26 months | |

*(1) Overall limit of capital increases with and without preferential subscription rights that may be carried out under the thirteenth to eighteenth resolutions of the General Shareholders' Meeting of May 27, 2016.*

*(2) Overall limit applicable to capital increases without preferential subscription rights that may be carried out under the fourteenth, fifteenth and seventeenth resolutions of the General Shareholders' Meeting of May 27, 2016.*

*(3) Deducted from the overall limit of €500 million set by the twentieth resolution of the General Shareholders' Meeting of May 27, 2016.*

*(4) Deducted from the limit of €114 million set by the fourteenth resolution of the General Shareholders' Meeting of May 27, 2016.*

*(5) See details in the Management Board's report included in section 8.4.1 of the 2015 Registration Document.*

Pursuant to the above authorizations, 998,636 performance shares were granted by the Management Board on June 15, 2016.

## 6.6 Potential shares

As at June 30, 2016, there is no potentially dilutive instrument outstanding.

## 6.7 Shareholders' agreement and Settlements

In letters dated March 25, 2015 and March 27, 2015, in accordance with the provisions of Article L.233-11 of the French Commercial Code, Eurazeo and Ecip Elis notified the Company, for the purposes of filing with the AMF, of the signing of a shareholder agreement (the "Agreement") relating to their holding in the Company's share capital and defining the terms and conditions of their investment in the Company's capital. The Agreement provides for a divestment clause under the terms of which each of the parties to the Agreement undertake, in the event of a sale of all or some of their Elis shares, to sell said shares concomitantly and under the same legal and financial terms and conditions. In the event of partial sale, the number of Elis shares sold by the parties shall be determined on a prorata basis of the parties' respective holdings in Elis's capital. Notwithstanding the foregoing, the Shareholders' Agreement provides that Ecip Elis's shareholders may assign or contribute the interest held by Ecip Elis in the Company' share capital, in favor of their respective shareholders, even if Eurazeo continues to keep its interest in Elis.

The Agreement entered into force on March 23, 2015 and shall remain in force as long as Eurazeo and Ecip Elis hold Company shares, it being specified that each of the parties may terminate the agreement by giving written notice three months prior to the date on which the cancellation is due to take effect.

The Agreement was submitted to the AMF on March 25 and March 27, 2015 and a notice relating thereto was published by the AMF on its website on March 30, 2015 (215C0370 of March 30, 2015). Parties to the Agreement have declared that the Agreement does not constitute concerted action as defined by Article L. 233-10 of the French Commercial Code.

By letter dated May 30, 2016, Eurazeo, Legendre Holding and Predica entered into a five-year agreement, tacitly renewable, on the Company's corporate governance, whereby they notably undertake some commitments related to the composition of the Elis Supervisory Board based on their respective holding in the Company. Legendre Holding and Predica undertook (i) that the members of the Supervisory Board appointed on their proposal vote in favor of a majority of independent members on the Company's Supervisory Board, and that (ii) they exercise their voting rights in the General Shareholders' Meetings in favor of maintaining a majority of independent members on the Company's Supervisory Board (except in the event of a significant change in Elis's shareholding structure). In addition, subject to Predica holding at least 5% of Elis's share capital, Eurazeo and Legendre Holding 27 have undertaken that (i) the Supervisory Board members appointed on their proposal vote in favor of any resolution allowing Predica to have a member on the Company's Supervisory Board and that (ii) they exercise their voting rights at any General Shareholders' Meeting in favor of such a resolution.

Eurazeo and Legendre Holding 27 have also undertaken to ensure that, within six months from the date their direct or indirect holdings fall below:

- 15% of Elis's voting rights, they will be represented by only two representatives on the Company's Supervisory Board; and
- 10% of Elis's voting rights, they will be represented by only one representative on the Company's Supervisory Board.

The parties disclosed that this agreement on the Company's corporate governance does not constitute acting in concert within the meaning of the Article L.233-10 of the French Commercial Code.

To the best of the Company's knowledge, there are no other agreements likely to have a material impact on the Company's capital in the event of a public offer for the Company's shares.

Elis

French corporation (*société anonyme*) governed by a Management Board and a Supervisory Board, with share capital of €1,140,061,670

Registered office: 33, rue Voltaire – 92800 Puteaux – France

Nanterre Trade and Companies Register (R.C.S. Nanterre) no. 499 668 440